District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
June 16, 2008

Submit to appropriate District Office

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

[1] Operator Name and Address	[2] OGRID Number / [3] API Number
Stellar Energy, LLC 4120 W. Kitty Hawk #1 Chandler Arizona 85226	269554 30 - 053 - 20040

[3] Property Code	[5] Property Name	[6] Well No.
Private 37911	Black Butte	#1

[9] Proposed Pool 1	[10] Proposed Pool 2

GC-2

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Projected	6	2N	3E	(See Below)	(See Below)	(See Below)	(See Below)	(See Below)	Socorro

[8] Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	0	Rotary		5136 Feet
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
NO	3,500'	Pennsylvanian	Unknown	December 30, 2009

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4 "	9 5/8"	36 # J-55	~~200'~~ 1000'	~~110~~ ≈ 500	SURFACE
8 3/4 "	7"	20 # J-55	3,500 '	800	SURFACE

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

We propose to drill a 3,500' Basement Test in Socorro County At N34 25' 25.0", W106 40'29.9" WGS 84. This Well will test the oil and gas potential from the surface to the top of the Precambrian Basement.

COLLECT AND BACK SAMPLES FOR
NEW MEXICO BUREAU OF MINES, SOCORRO
AT AT LEAST TEN FOOT INTERVALS

OIL CONSERVATION COMMISSION TO BE NOTIFIED
WITHIN 24 HOURS OF BEGINNING OPERATIONS

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: Jay T Kentera

Printed name: Jay T Kentera

Title: Manager Stellar Energy, LLC

E-mail Address: JayKentera@aol.com

Date: 10/14/09 Phone: 480-831-5800

OIL CONSERVATION DIVISION

Approved by: Ed Martin

Title: DISTRICT SUPERVISOR

Approval Date: 11/20/09 Expiration Date: 11/20/11

Conditions of Approval Attached ☑

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED OCD
2009 OCT 14 A 8:31

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
PRIVATE	Black Butte	#1
7 OGRID No.	**8 Operator Name**	**9 Elevation**
	Stellar Energy LLC	5136' NAVD 88

GC-2

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*SEE BELOW				SEE BELOW					Socorro

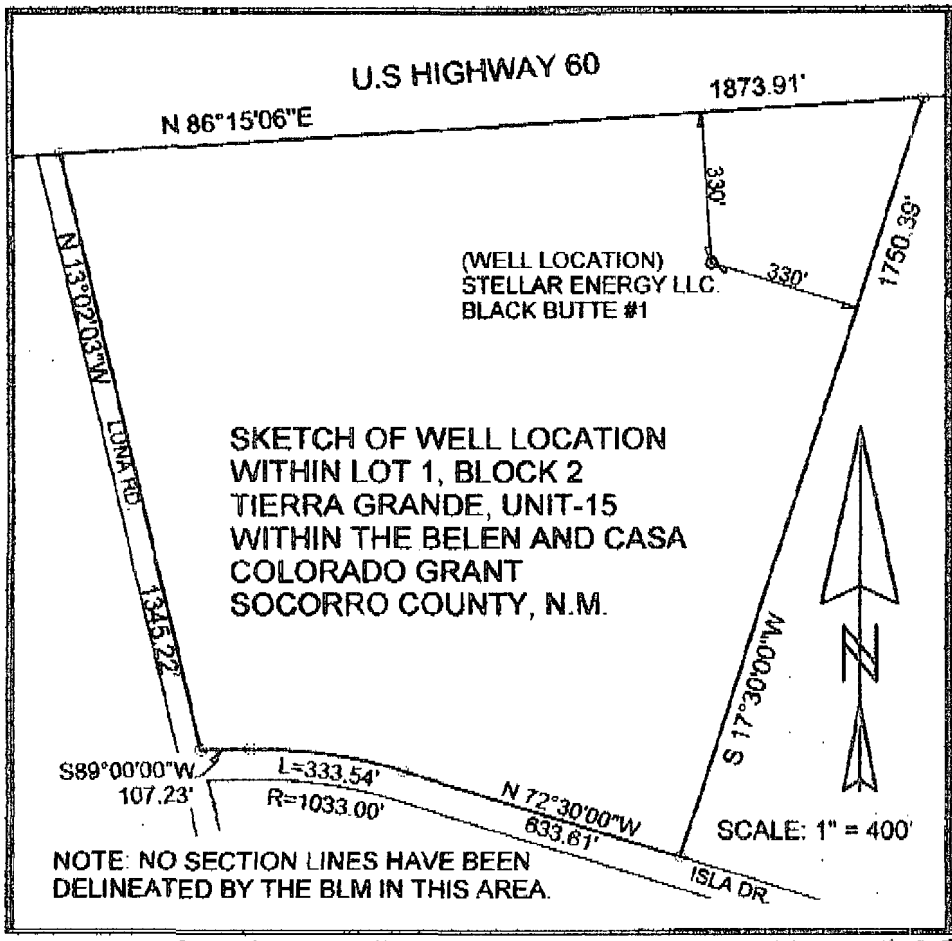
*Within a Land Grant where no delineated section lines have been run by the BLM

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
				SEE B					

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Jay T Kent 10/14/09
Signature Date

JAY T KENTERA
Printed Name

FOR STELLAR ENERGY LLC

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

7-14-09
Date of Survey

Signature and Seal of Professional Surveyor: Matthew D. Norman

MATTHEW D. NORMAN
NEW MEXICO
17821
REGISTERED PROFESSIONAL SURVEYOR

17821
Certificate Number

* N34° 25' 25.0" W106° 40' 29.9", WGS84

Stellar Energy, LLC
4120 W. Kitty Hawk #1
Chandler, AZ 85226
OGRID: 269554

Black Butte #1
API: 30-053-20040

APD Conditions of Approval
To be included in well file

1. After conversation with Jay Kentera on 11/19/09, a setting depth for the surface casing of this well will be 1000 feet. This change has been made to the C-101.
2. All strings of casing will be cemented to surface. This change has been made to the C-101.
3. District IV Supervisor will be notified, in advance, of the spud date.
4. Stellar will collect and sack samples for the New Mexico Bureau of Mines in Socorro. Samples will be taken at 10-foot intervals.

NEW MEXICO OIL CONSERVATION DIVISION

Ed Martin 11/20/09

Ed Martin
District IV Supervisor

Martin, Ed, EMNRD

To: jaykentera@aol.com
Subject: Stellar Energy Black Butte #1

Almost everything in the application to drill package looks ok. The major exception is the setting depth for the surface casing.

Literature outside the State Engineer's office shows water wells producing at a depth of around 500 feet. These wells are South of where you want to drill.

In an area West of your location, surface casing on oil and gas wells has been set at around 1,300 feet.

There is not enough information on groundwater depth in this area to establish a hard and fast rule on where to set surface casing. However, in my opinion, we should be more cautious.

I propose a change to your well construction so that surface casing is set at 1,000 feet instead of the 200 feet shown on the application. As we gain experience in this area, that could change for subsequent wells. This should be cemented to surface.

If OK with you, I can change my originals to reflect this and you should be good to go.

Please call me if you have questions.

Ed Martin
District IV Supervisor
New Mexico Oil Conservation Division
1220 S. St. Francis
Santa Fe, NM 87505
505-476-3470 phone
505-476-3462 fax
505-690-2365 cell
ed.martin@state.nm.us

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
CC 00804		DOM	CU	1	1	1	31	02N	03E			90	73	17
RG 37805		DOM	BE				10	02N	03E			84	16	68
RG 42362		STK	SO	1	1	3	27	02N	03E			300	153	147
RG 53982		DOM	SA		2	4	28	02N	03E			126	58	68
RG 55353		DOM	SA	1	2	2	28	02N	03E			190	16	174
RG 56484		DOM	SA	4	3	3	27	02N	03E			45	21	24

Average Depth to Water: **56 feet**

Minimum Depth: **16 feet**

Maximum Depth: **153 feet**

Record Count: 6

PLSS Search:

Township: 02N **Range:** 03E

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State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
2008 NOV 13 PM 12 00

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action: ☒ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
☐ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method
☐ Modification to an existing permit
☐ Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.
Operator: Stellar Energy, LLC. OGRID #: 269554
Address: c/o Walsh Engineering, 7415 E. Main St., Farmington, NM 87402
Facility or well name: Black Butte #1
API Number: 30- OCD Permit Number:
U/L or Qtr/Qtr Section Township Range County: Socorro
Center of Proposed Design: Latitude 36.25' 25.0" N Longitude 106.40'29.9" W NAD: ☐ 1927 ☐ 1983
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2.
☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other
☐ String-Reinforced
Liner Seams: ☒ Welded ☒ Factory ☐ Other Volume: 8400 bbl Dimensions: L 95 x W 50 x D 10

3.
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation: ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other
☐ Lined ☐ Unlined Liner type: Thickness mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other
Liner Seams: ☐ Welded ☐ Factory ☐ Other

4.
☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: bbl Type of fluid:
Tank Construction material:
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other
Liner type: Thickness mil ☐ HDPE ☐ PVC ☐ Other

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

6.

Fencing: Subsection D of 19.15.17.11 NMAC *(Applies to permanent pits, temporary pits, and below-grade tanks)*

☐ Chain link, six feet in height, two strands of barbed wire at top *(Required if located within 1000 feet of a permanent residence, school, hospital, institution or church)*

☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet

☒ Alternate. Please specify____4' Hog Wire w/ one strand of barbed wire on top

7.

Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☐ Other_____

☐ Monthly inspections (If netting or screening is not physically feasible)

8.

Signs: Subsection C of 19.15.17.11 NMAC

☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

☒ Signed in compliance with 19.15.3.103 NMAC

9.

Administrative Approvals and Exceptions:

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

☐ Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.

☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

10.

Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. **Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.**

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to temporary, emergency, or cavitation pits and below-grade tanks)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No ☐ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. *(Applies to permanent pits)* - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☒ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☒ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☒ No

11.
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- ☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☒ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9
- ☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____

☐ Previously Approved Operating and Maintenance Plan API Number: _____ *(Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

13.
Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Climatological Factors Assessment
- ☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Nuisance or Hazardous Odors, including H_2S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ Oil Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

14.
Proposed Closure: 19.15.17.13 NMAC
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.

Type: ☒ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System ☐ Alternative

Proposed Closure Method:
- ☐ Waste Excavation and Removal
- ☐ Waste Removal (Closed-loop systems only)
- ☒ On-site Closure Method (Only for temporary pits and closed-loop systems)
  - ☒ In-place Burial ☐ On-site Trench Burial
- ☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

15.
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

16.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please provide the information below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

17.

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No ☐ NA
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☒ No ☐ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☒ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☒ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☒ No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☒ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes ☒ No
Within a 100-year floodplain. - FEMA map	☐ Yes ☒ No

18.

On-Site Closure Plan Checklist: (19.15.17.13 NMAC) ***Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.***

☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC

☒ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC

☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC

☒ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 NMAC

☒ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC

☒ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC

☒ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC

☒ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)

☒ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

☒ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

19.
Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Paul C. Thompson, P.E. Title: Agent / Engineer

Signature: Paul C. Thomp Date: 11/10/09

e-mail address: paul@walsheng.net Telephone: 505.327.4892

20.
OCD Approval: ☐ Permit Application (including closure plan) ☐ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: _____ **Approval Date:** _____

Title: _____ **OCD Permit Number:** _____

21.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ **Closure Completion Date:** _____

22.
Closure Method:

☐ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)
☐ If different from approved plan, please explain.

23.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

24.
Closure Report Attachment Checklist: ***Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.***

☐ Proof of Closure Notice (surface owner and division)
☐ Proof of Deed Notice (required for on-site closure)
☐ Plot Plan (for on-site closures and temporary pits)
☐ Confirmation Sampling Analytical Results (if applicable)
☐ Waste Material Sampling Analytical Results (required for on-site closure)
☐ Disposal Facility Name and Permit Number
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique
☐ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude _____ Longitude _____ NAD: ☐ 1927 ☐ 1983

25.
Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name

4 Property Code	5 Property Name	6 Well Number
	Black Butte # 1	

7 OGRID No.	8 Operator Name	9 Elevation
	Stellar Energy LLC	5136' NAVD 88

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*SEE BELOW									Socorro

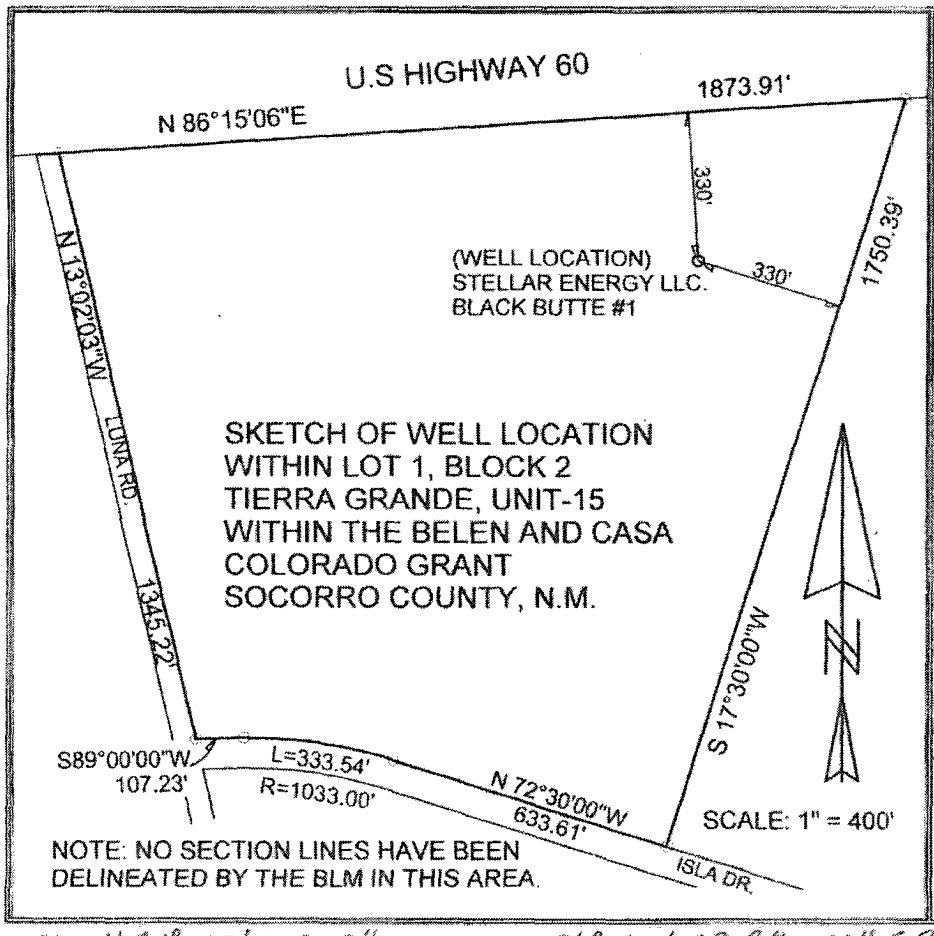
Within a Land Grant where no delineated section lines have been run by the BLM

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature Date

Printed Name

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

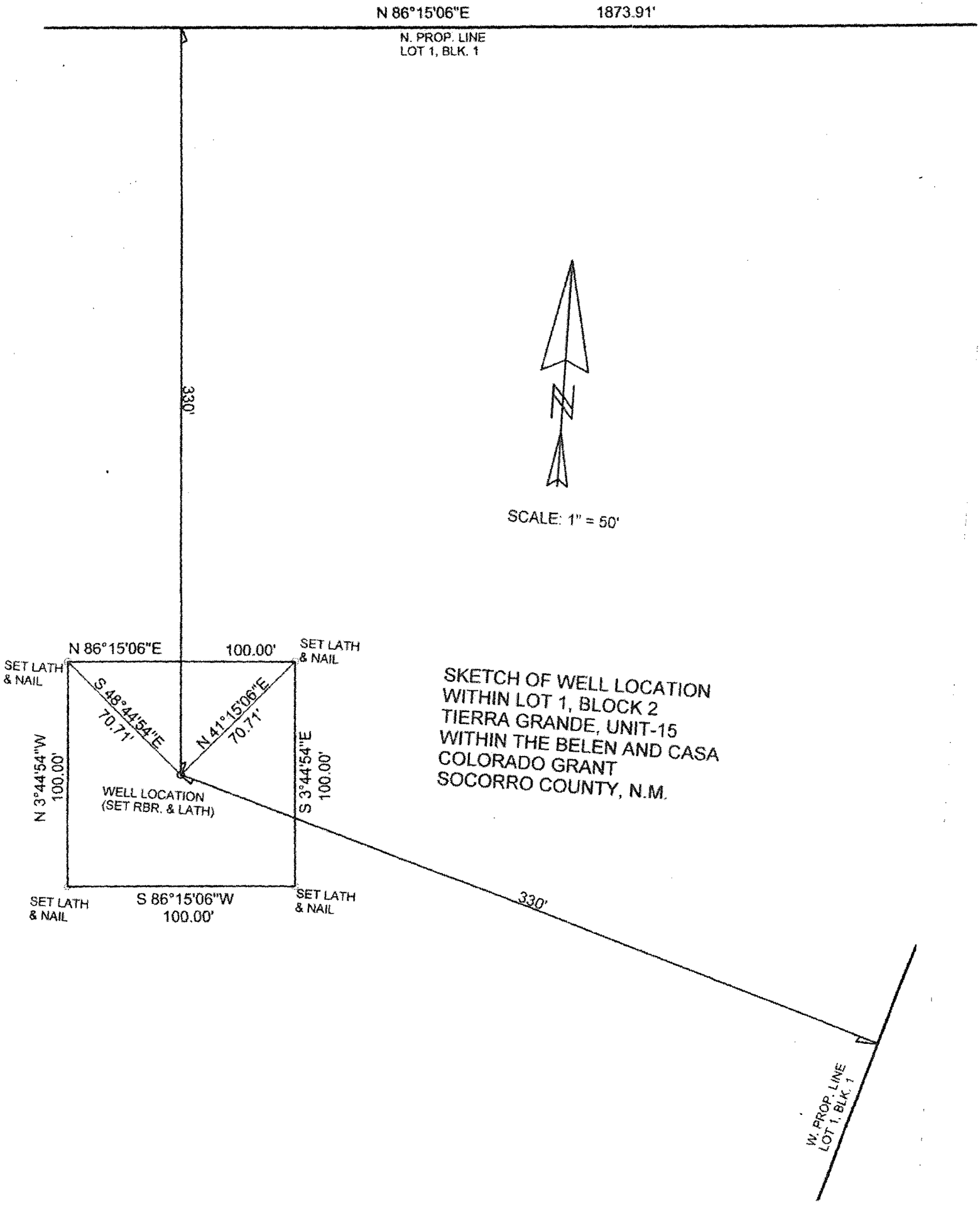
7-14-09
Date of Survey

Signature and Seal of Professional Surveyor:

MATTHEW D. NORMAN
NEW MEXICO
17821
REGISTERED PROFESSIONAL SURVEYOR

17821
Certificate Number

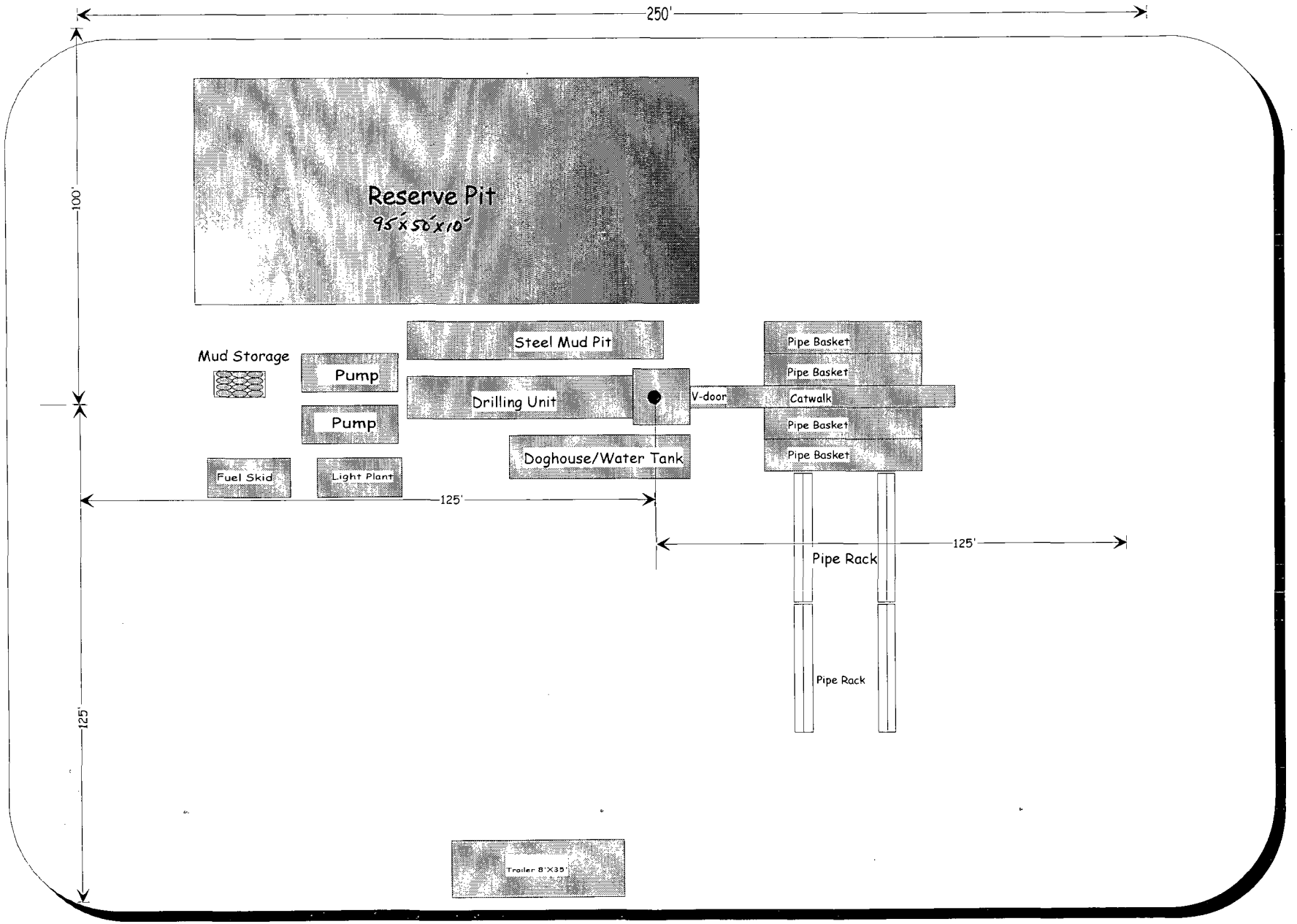
* N 34° 25' 25.0" W 106° 40' 29.9", N6584
NAD 83



SKETCH OF WELL LOCATION
WITHIN LOT 1, BLOCK 2
TIERRA GRANDE, UNIT-15
WITHIN THE BELEN AND CASA
COLORADO GRANT
SOCORRO COUNTY, N.M.

Plat #3
Location Diagram

Location Dimensions 250' X 225'



Stellar Energy, LLC
Typical Location Layout

Hydro geologic considerations for the Stellar Energy LLC, Black Butte No. 1 well.
Socorro County, New Mexico

Hydro geologic context:

The Stellar Energy Black butte No. 1 well in projected section 6 of Township 2 North, Range 3 East (N 34 degrees, 25', 25" and W 106 degrees, 40', 29.9" of W6584) will be drilled on the Llano de Sandia alluvial outwash plain of the Los Pinos Mountains.

The Llano de Sandia is a broad, smooth plain that descends westerly from the mountain front and generally has a thin Quaternary sand and gravel cover over the underlying Tertiary Santa Fe formation. Generally the water table under the Llano de Sandia slopes from the mountains toward the Rio Grande some 12 to 15 miles to the west of the mountain front (Spiegel, 1955).

In the vicinity of the Stellar Energy well the water table as reported by Spiegel dips westerly at approximately 10 feet per mile and was reported by Spiegel (1955) to be 328.4 to 380+ feet below the land surface in the Campbell Farming Corp. well (2N.3E.18.240) and the West-Pyle Cattle Co. well (2N.3E.10.410) respectively.

The most recent water well was drilled in March 2008 by Greenup Geo Drilling near the Stellar location. The New Mexico State Engineers Point of Diversion Summary of this well (RG 90169 POD1 – NAD83 UTM X=346642 Y=3809264) confirms the depth of the water table in this immediate vicinity by a reported water depth of 465 feet. This water well reported the water bearing formation (in the Santa Fe formation) at 740 to 763 feet.

At the location of the Stellar well the surface is flat and sparsely covered with cholla and range grass. No significant arroyos are within the immediate area. The only drainage of importance is Pino Draw over 1.3 kilometers to the southwest.

Reference: Spiegel, 1955, Geology and Ground Water Resources of Northeastern Socorro County, New Mexico, New Mexico Institute of Mining and Technology Ground Water Report 4., 99p.

Site-specific information:

Surface hydrology: The site has no obvious immediate drainage other than surface transpiration, vertical soaking into the Quaternary cover and possible sheet flood drainage into small arroyos (less than 1 foot in depth) within several hundred feet to the east.
First water bearing formation: Tertiary Santa Fe formation
Formation thickness: 23 feet of reported sandstone, gravel and conglomerate.
Underlying formation: Unknown but probably lower Tertiary Baca formation.
Depth to groundwater: Nearest water well has depth to water reported at 462 feet.

Stellar Energy, LLC
Black Butte #1
Temporary Reserve Pit Application
Sitting Criteria

1. According to the iWaters Database from the State Engineers Office, the surface Owner, New Mexico Land Company, has a water well within ¼ mile of the proposed location. This well was drilled to a depth of 763' and found the top of the water column at 462'. See attached printout.

2. As shown on the attached topographic map and aerial photos, there are no continuously flowing watercourses within 300' of the well, or any significant watercourses, lakebeds, sinkholes, or playa lakes within 200' of the well.

3. There are no permanent residences, schools, hospitals, institutions, churches within 300' of the well.

4. There are no domestic water wells or springs within 500' of the well. See iWaters Database printout.

5. The well is not located within any municipal boundaries.

6. The well is not within 500' of any wetlands. See attached topographic map and aerial photos.

7. There are no subsurface mines in this area. See attached map from the NM EMNRD Mining and Mineral Division.

8. The Black Butte #1 is not located in an "unstable" area. The location is not over a mine and is not on the side of a steep hill. The location of the excavated pit material will not be located within 300' of a continuously flowing watercourse or 200' from any other watercourse.

9. The well is not located in a 100-year floodplain. This area has not been mapped by FEMA (see attached) but it is obvious from the topo map and aerial photos that this area is not in a floodplain.

10. In the event that the composite pit sample that is mixed 3:1 with native soils does not meet the requirements for onsite burial, the pit contents will be removed and disposed of at the Envirotech Landfarm #2 (NMOCD Permit #11).

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Twsp	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
RG 90169 POD1		DOL	SO							346642	3809264	0	763	462	301
RG 77120		DOM	SO							345808	3810665	1630	380		
RG 69349			SO							345319	3810595	1876	455	360	95
RG 87735 POD1	MRG	MUL	SO							345308	3810605	1891	460	352	108
RG 71877		DOM	SO							345258	3810611	1930	465	275	190
RG 69348		MUL	SO							345335	3810686	1930	440	340	100
RG 68961		MUL	SO							345320	3810686	1941	475	340	135
RG 69085		MUL	SO							345320	3810686	1941	468	340	128
RG 62624		DOM	SO							344999	3810599	2116	300		
RG 73861		DOM	SO							345185	3810871	2168	400		
RG 81254		DOM	SO							345312	3811157	2312	440		
RG 72776		DOM	SO				36	03N	02E	345481	3811340	2378	468	350	118
RG 65603 POD1	MRG	MUL	SO							344190	3810532	2759	360	317	43
RG 75042		DOM	SO							343863	3808677	2839	500		
RG 84532	MRG	MUL	SO	4	4		02	02N	02E	344028	3810501	2890	450		
RG 90448 POD1	MRG	DOM	SO							343667	3809292	2974	505	280	225
RG 70797		DOM	SO							344880	3812079	3320	488	320	168
RG 71497		DOM	SO							343311	3810894	3707	310		
RG 68248		DOM	SO							342845	3810214	3912	320		
RG 62649		DOM	SO							342846	3810290	3931	360	280	80
RG 69540		MUL	SO							342807	3810824	4139	380	340	40
RG 88738 POD1		DOM	SO							342640	3810349	4145	340	251	89
RG 84533			SO	4	2		10	02N	02E	342397	3809774	4274	450		
RG 67442		DOM	SO							342414	3810371	4369	350		
RG 66349		DOM	SO							342328	3810281	4431	442	323	119
RG 91513 POD1	MRG	DOM	SO				03	02N	02E	342354	3810421	4440	330		
RG 87885 POD1		DOM	SO							342576	3811057	4442	500	282	218
RG 82958		DOM	SO							342390	3810852	4538	180	28	152
RG 77319		DOM	SO							341808	3810105	4906	360	10	350

New Mexico Office of the State Engineer

Point of Diversion by Location

(with Owner Information)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(acre ft per annum) (quarters are smallest to largest) (NAD83 UTM in meters)

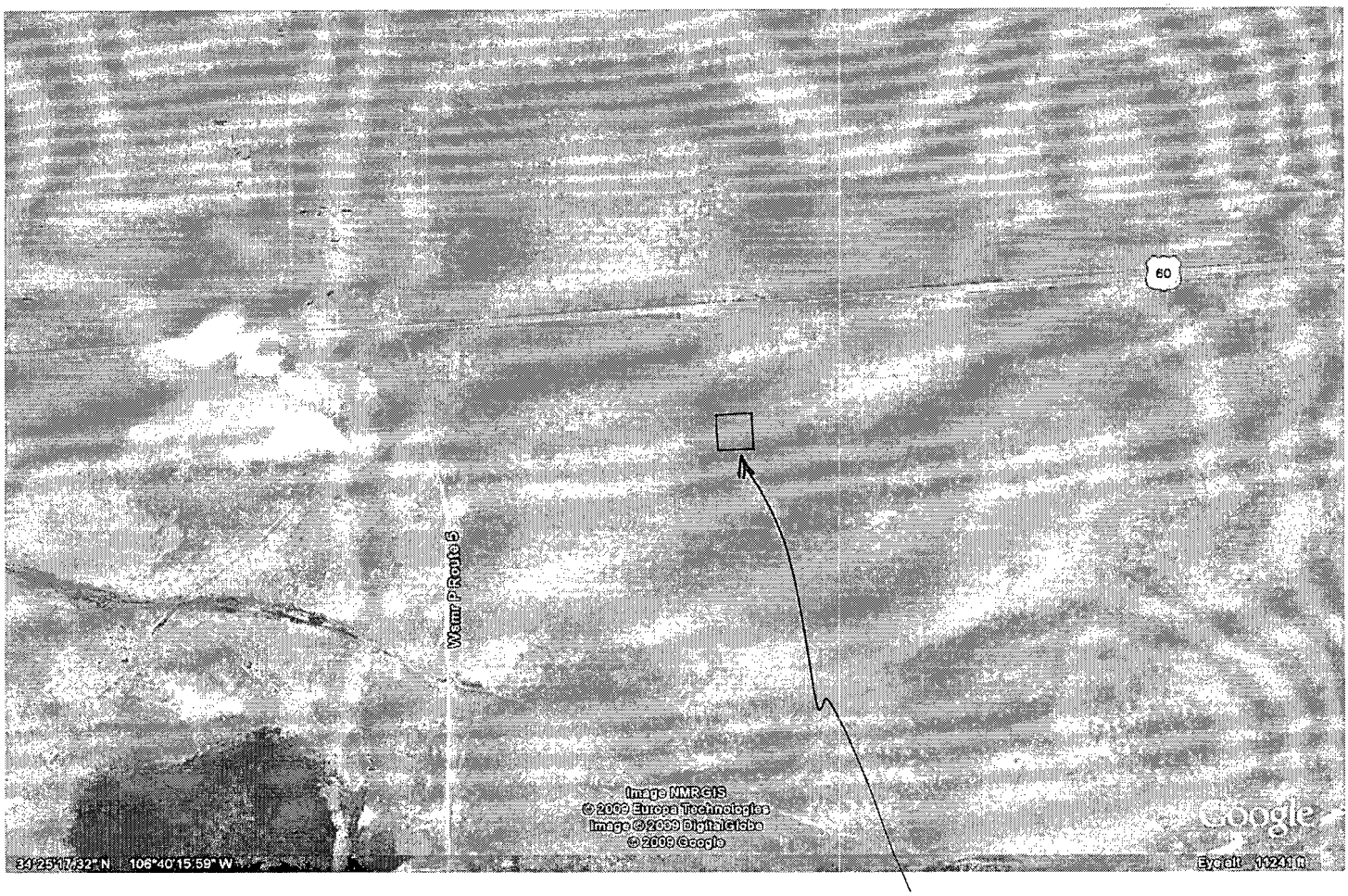
WR File Nbr	Sub basin	Use	Diversion	Owner	County	POD Number	Grant	Source	q q q 64 16 4	Sec	Tws	Rng	X	Y
RG 90169		DOL	3	NEW MEXICO LAND LLC	SO	RG 90169 POD1	BELEN/SEVILLETA	Shallow					346641	3809264

Record Count: 1

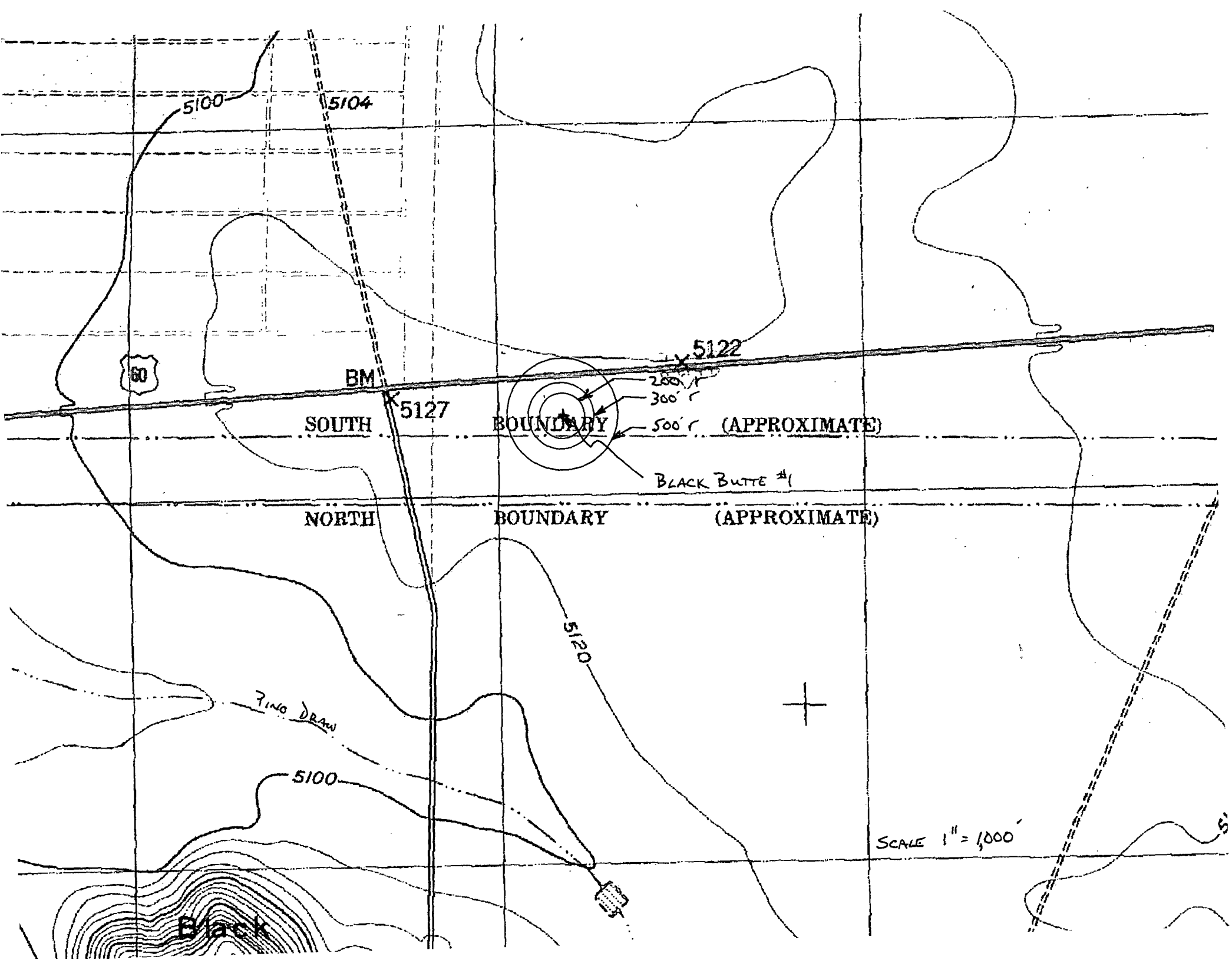
POD Search:

POD Number: RG 90169

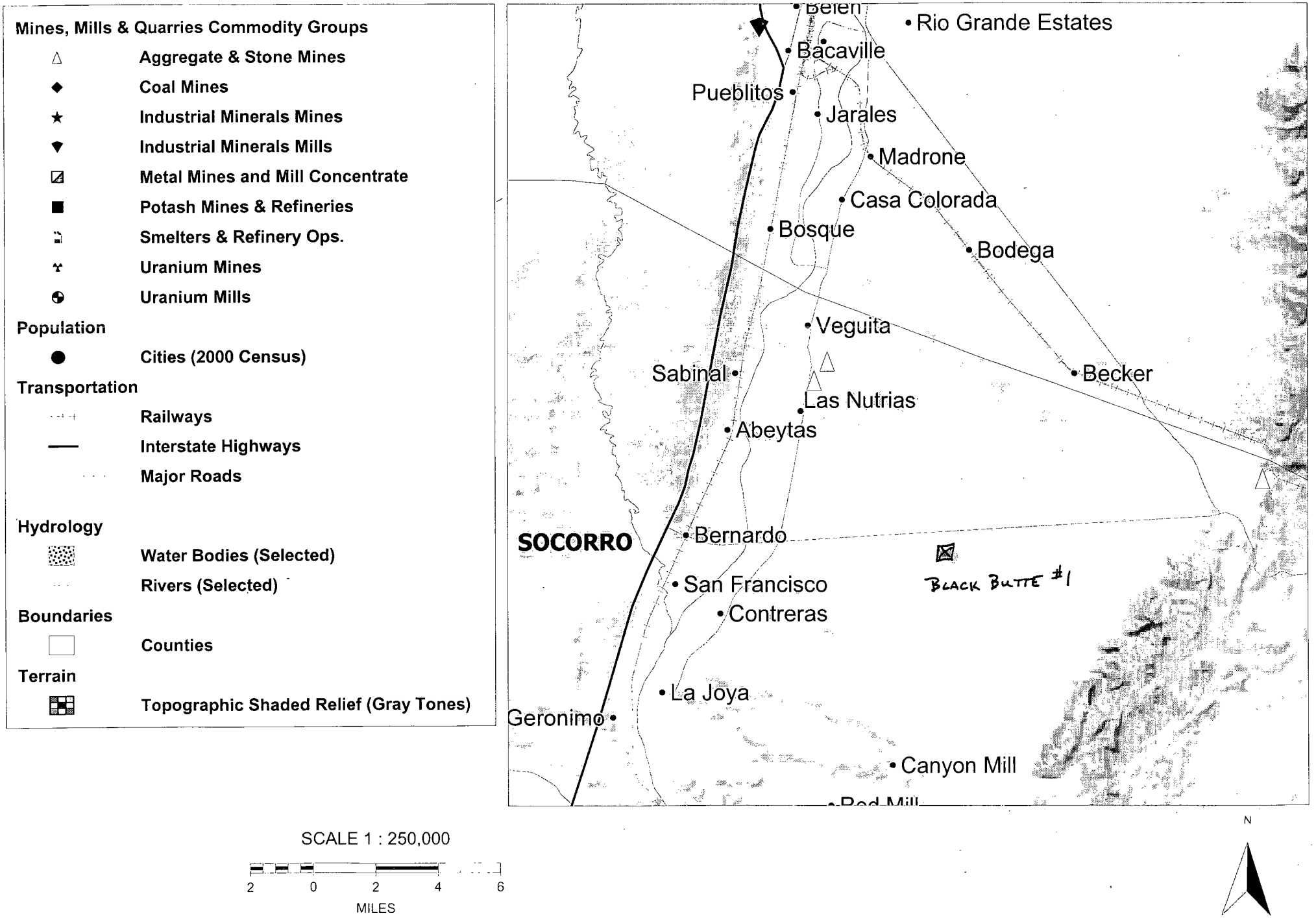
Sorted by: File Number



BLACK BUTTE #1

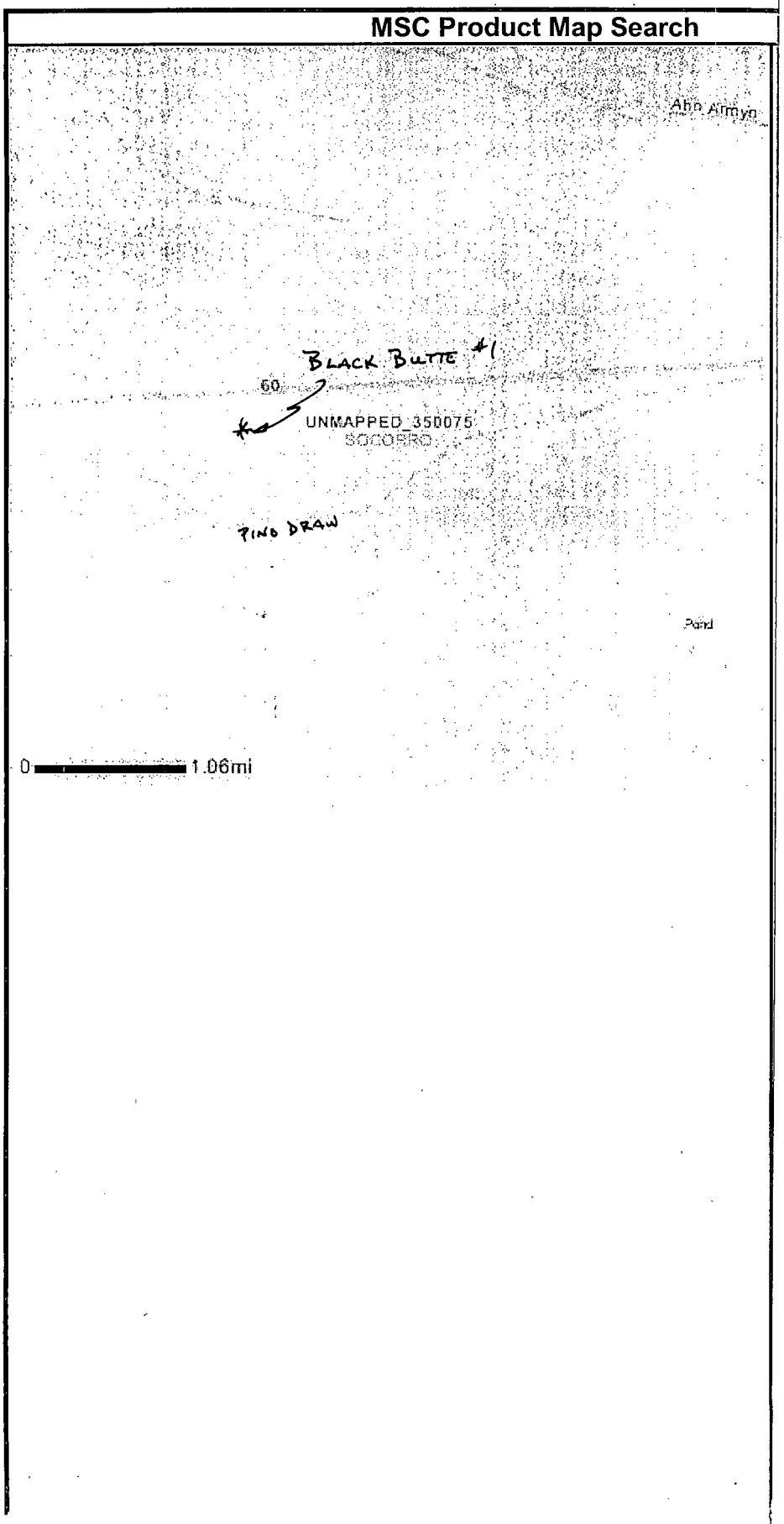

5100
5104
5122
60
BM
5127
200' r
300' r
500' r
SOUTH BOUNDARY (APPROXIMATE)
BLACK BUTTE #1
NORTH BOUNDARY (APPROXIMATE)
5120
PINO DRAW
5100
SCALE 1" = 1,000'
Black

MMQonline Public Version



http://www.emnrd.state.nm.us/MMD/MMQonline/MMQonline-PUBLIC-PROD.mwf

Tuesday, November 10, 2009 11:32 AM



Legend

Public Flood Map

- Not Printed
- Printed

Cities

- Other Places, 1..2,500
- Small Towns, 2,500..10,000
- Towns, 10,000..30,000
- Small Cities, 30,000..100,000
- Cities, 100,000..300,000
- State Largest Cities, 100,000..300,000
- Big Cities, 300,000..1,000,000
- Major Cities > 1,000,000

Major Roads

- Major Highways
- Highways
- Major Roads
- Streets
- Ramps
- Ferry Crossing

Railroads

- Major Railroads

State Borders

Minor Rivers, Creeks

Lakes, Major Rivers

- Big Rivers or Streams
- Big Lakes or Ponds
- Medium Lakes or Ponds
- Small Lakes or Ponds
- Small Rivers or Streams
- Reservoirs
- Bays, Gulfs
- Glaciers
- Canals, Aqueducts

Major Lakes

Parks

- National Parks and Forests
- State Parks and Forests
- Local Parks

US Territories

City Limits

- Major Cities > 1,000,000
- Big Cities, 300,000..1,000,000
- State Largest Cities, 100,000..300,000
- Cities, 100,000..300,000
- Small Cities, 30,000..100,000
- Towns, 10,000..30,000
- Small Towns, 2,500..10,000
- Other Places, 1..2,500

Counties

Other Countries

Stellar Energy, LLC
Black Butte #1
Pit Design and Construction Plan

In accordance with Rule 19 15 17 the following information describes the design and construction for temporary pits on Stellar Energy, LLC Company's locations; this is Stellar Energy, LLC's standard procedure for all temporary pits. A separate plan will be submitted for any temporary pit which does not conform to this plan.

General Plan

1 Stellar Energy, LLC will design and construct a temporary pit to contain liquids and solids and prevent contamination of fresh water and protect public health and environment
2 Prior to constructing the pit, topsoil will be stockpiled in the construction zone for later use in restoration
3 Stellar Energy, LLC will post a well sign, not less than 12' by 14', on the well site prior to construction of the temporary pit. The sign will list the operator on record as the operator, the location of the well by unit letter, section, township rang, and emergency telephone numbers
4 Stellar Energy, LLC shall construct all new fences unitizing 48' steel mesh field-fence (hogwire) on the bottom with a single strand of barbed wire on top. T-posts shall be installed every 12 feet and corners shall be anchored utilizing a secondary T-post. Temporary pits will be fenced at all times excluding drilling or overwork operations, when the front side of the fence will be temporarily removed for operational purposes
5 Stellar Energy, LLC shall construct the temporary pit so that the foundation and interior slopes are firm and free of rocks, debris, sharp edges or irregularities to prevent liner failure
6 Stellar Energy, LLC shall construct the pit so that the slopes are no steeper than two horizontal feet to 1 vertical foot
7 Pit walls will be walked down by a crawler type tractor following construction
8 All temporary pits will be lined with a 20-mil, string reinforced, LLDPE liner, complying with EPA SW-846 method 9090A requirements
9 Geotextile will be installed beneath the liner when rocks, debris, sharp edges or irregularities cannot be avoided
10 All liners will be anchored in the bottom of a compacted earth-filled trench at least 18 inches deep
11 Stellar Energy, LLC will minimize liner seams and orient them up and down, not across a slope. Factory seams will be used whenever possible. Stellar Energy, LLC will ensure all field seams are welded by qualified personnel. Field seams will be overlapped four to six inches and will be oriented parallel to the line of maximum slope. Stellar Energy, LLC will minimize the number of field seams in corners and irregularly shaped areas
12 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides, or a manifold system
13 The pit shall be protected from run-off by constructing and maintaining diversion ditched around the location or around the perimeter of the pit in some cases
14 The volume of the pit shall not exceed 10 acre-feet, including freeboard
15 Temporary blow pits will be constructed to allow gravity flow to discharge into lined drill pit
16 The lower half of the blow pit (nearest lined pit) will be lined with the same 20 mil liner. The upper half of the blow pit will remain unlined as allowed in Rule 19 15 17 11 F 11
17 Stellar Energy, LLC will not allow freestanding liquids to remain on the unlined portion of temporary blow pit

Stellar Energy, LLC
Black Butte
Maintenance and Operating Plan

In accordance with Rule 19 15 17 the following information described the operation and maintenance of temporary pits on Stellar Energy, LLC locations. This is Stellar Energy, LLC's standard procedure for all temporary pits. A separate plan will be submitted for any temporary pit which does not conform to this plan.

General Plan

1 Stellar Energy, LLC will operate and maintain a temporary pit to contain liquids and solids and prevent contamination of fresh water and protect public health and environment
2 Stellar Energy, LLC will conserve drilling fluids by transferring liquids to pits ahead of the rigs whenever possible. All other drilling fluids will be disposed at Basin Disposal, Inc. Permit # NM-01-005
3 Stellar Energy, LLC will not discharge or store any hazardous waste in any temporary pit
4 If any pit liner's integrity is compromised or if any penetration of the liner occurs above the liquid's surface, then Stellar Energy, LLC shall notify the Santa Fe Division office by phone or email within 48 hours of the discovery and repair the damage or replace the liner
5 If a leak develops below the liquid's level, Stellar Energy, LLC shall remove all liquids above the damaged liner within 48 hours and repair the damage or replace the liner. Stellar Energy, LLC shall notify the Santa Fe Division office by phone or email within 48 hours of the discovery for leaks less than 25 barrels. Stellar Energy, LLC shall notify the Santa Fe Division office as required pursuant to Subsection B of 19 15 3 116 NMAC shall be reported within twenty-four (24) hours of discovery of leaks greater than 25 barrels. In addition, immediate verbal notification pursuant to Subsection B, Paragraph (1) and Subparagraph (d) of 19 15 3 116 NMAC shall be reported to the division's Environmental Bureau Chief
6 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides, or manifold system
7 The pit shall be protected from run-off by constructing and maintaining diversion ditches around the location or around the perimeter of the pit in some cases
8 Stellar Energy, LLC shall immediately remove any visible layer or oil from the surface of temporary pit after cessation of a drilling or workover operation. Oil absorbent booms will be utilized to contain and remove oil from the pit's surface. An oil absorbent boom will be stored on-site until closure of pit
9 Only fluids generated during the drilling or workover process may be discharged into a temporary pit
10 Stellar Energy, LLC will maintain the temporary pit free of miscellaneous solid waste or debris
11 During drilling or workover operations, Stellar Energy, LLC will inspect the temporary pit at least once daily to ensure compliance with this plan. Inspections will be logged in the IADC reports. Stellar Energy, LLC will file this log with the Santa Fe Division office upon closure of the pit
12 After drilling or workover operations, Stellar Energy, LLC will inspect the temporary pit weekly so long as liquids remain in the temporary pit. A log of the inspections will be stored at Stellar Energy, LLC's office electronically and will be filed with the Santa Fe Division office upon closure of the pit
13 Stellar Energy, LLC shall maintain at least two feet of freeboard for a temporary pit
14 Stellar Energy, LLC shall remove all free liquids from a temporary pit within 30 days from the date the operator releases the drilling or workover rig
15 Stellar Energy, LLC shall remove all free liquids from a cavitations pit within 48 hours after completing cavitations. Stellar Energy, LLC may request additional time to remove liquids from the Santa Fe Division office if it is not feasible to remove liquids within 48 hours

Stellar Energy, LLC
Black Butte
Closure Plan

In accordance with Rule 19.15.17.12 NMAC the following information describes the closure requirements of temporary pits on Stellar Energy, LLC Company's locations. This is Stellar Energy, LLC's standard procedure for all temporary pits. A Separate plan will be submitted for any temporary pit which does not conform to this plan.

All closure activities will include proper documentation and be available for review upon request and will be submitted to OCD within 60 days of the pit closure. Closure report will be filed on C-144 and incorporated the following:

- Detail on Capping and Covering, where applicable
- Plot Plan (Pit diagram)
- Inspection reports
- Sampling Results
- C-105
- Copy of Deed Notice will be filed with County Clerk

General Plan

1 All free standing liquids will be removed at the start of the pit closure process from the pit and disposed of in a division-approved facility or recycle, reuse or reclaim the liquids in a manner that the appropriate division district office approves
2 The preferred method of closure for all temporary pits will be on-site burial, assuming that all criteria listed in sub-section (B) of 19.15.17.13 are met
3 The surface owner shall be notified of Stellar Energy, LLC's proposed closure plan using a means that provides proof of notice i.e., certified mail, return receipt requested
4 Within 6 months of the Rig Off status occurring Stellar Energy, LLC will ensure that temporary pits are closed, re-contoured, and reseeded
5 Notice of Closure will be given to the Santa Fe Division office between 72 hours and one week of closure via email, or verbally, The notification of closure will include the following:
    i. Operator's name
    ii. Location by Unit Letter, Section, Township, and Range. Well name and API Number
6 Liner of temporary pit shall be removed above "mud level" after stabilization. Removal of liner will consist of manually or mechanically cutting liner at mud level and removing all remaining liner. Care will be taken or remove "All" of the liner i.e., edges of liner entrenched or buried. All excessive liver will be disposed of at a licensed disposal facility
7 Pit contents shall be mixed with non-waste containing, earthen material in order to achieve the solidification process. The solidification process will be accomplished using a combination of natural drying and mechanically mixing. Pit contents will be mixed with non-waste, earthen material to a consistency that is deemed a safe and stable. The mixing ratio shall not exceed 3 parts clean soil to 1 part pit contents
8 A five point composite sample will be taken of the pit using sampling tools and all samples tested per Subsection B of 19.15.17.13(B)(1)(b). In the event that the criteria are not met, all contents will be handled per Subparagraph (a) of Paragraph (1) of Subsection B of 19.15.17.13 i.e., Dig and haul to the Envirotech, Inc. Landfarm (NMOCD Permit #11) or other NMOCD approved facility.

Components	Tests Method	Limit (mg/Kg)
Benzene	EPA SW-846 8021B or 8260B	0.2
BTEX	EPA SW-846 8021B or 8260B	50
TPH	EPA SW-846 418.1	2500
GRO/DRO	EPA SW-846 8015M	500
Chlorides	EPA 300.1	1000

9 Upon completion of solidification and testing, the pit area will be backfilled with compacted, non-waste containing, earthen material. A minimum of four feet of cover shall be achieved and the cover shall include one foot of suitable material to establish vegetation at the site, or the background thickness of topsoil, whichever is greater

10 Re-contouring of location will match fit, shape, line, form and texture of the surrounding area. Re-shaping will include drainage control, prevent ponding, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be placed in areas where needed to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with smooth surface, fitting the natural landscape

11 Notification will be sent to OCD when the reclaimed area is seeded

12 Stellar Energy, LLC shall seed the distributed areas the first growing season after the operator closes the pit. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. BLM or Forest Service stipulated seed mixed will be used on federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover thorough two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs

13 The temporary pit will be located with a steel marker, no less than four inches in diameter, cemented in a hole three feet deep in the center of the onsite burial upon the abandonment of all the wells on the pad. The marker will be a four foot tall riser with the operator's information at the time of all wells on the pad are abandoned. The operator's information will include the following: Operator Name, Lease Name, Well Name and Number, unit Number, Section, Township, Range and an indicator that the marker is an onsite burial location

WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892 • Fax: (505) 327-9834

November 10, 2009

CERTIFIED MAIL

Mr. Jay Kentera
New Mexico Land Co., LLC
1615 East Warner Road, Suite 4
Tempe, AZ 85284

Re: Stellar Energy, LLC
Black Butte #1

Dear Mr. Kentera,

According to NMOCD rules, Stellar Energy, LLC is notifying you that they intend to bury the drill cuttings in the reserve pit, assuming that they qualify as per Subsection B of 19.15.17.13 (B) (1)(b) NMAC. No action is required on your part. If you have any questions, please don't hesitate to call me.

Sincerely,

Paul C. Thompson

Paul C. Thompson, P.E.
Agent for Stellar Energy, LLC

7006 2150 0004 0531 4932

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS. FOLD AT DOTTED LINE

CERTIFIED MAIL™

7006 2150 0004 0531 4932

7006 2150 0004 0531 4932

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$

Postmark Here

Sent To: NM land co, LLC
Street, Apt. No., or PO Box No.: 1615 E. Warner Rd. Suite 4
City, State, ZIP+4: Tempe AZ 85284

PS Form 3800, August 2006 — See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Jay Kentera
NM land co, LLC
1615 E. Warner Rd.
Suite 4
Tempe, AZ 85284

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* | C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☑ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

2. Article Number *(Transfer from service label)* 7006-2150-0004-0531-4932

PS Form 3811, February 2004 — Domestic Return Receipt — 102595-02-M-1540