

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

Form C-144  
June 1, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes  No

Type of action: Registration of a pit or below-grade tank  Closure of a pit or below-grade tank

Operator: LCX Energy, LLC Telephone: 432-687-1575 e-mail address: \_\_\_\_\_  
Address: 100 N. Marienfeld, Ste. 200, Midland, TX. 79701  
Facility or well name: Freshwater Frac. Pit API #: 30-015-33055 U/L or Qtr/Qtr \_\_\_\_\_ Sec 20 T 16S R 24E  
County: Eddy Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: 1927  1983   
Surface Owner: Federal  State  Private  Indian

**Pit**  
Type: Drilling  Production  Disposal   
Workover  Emergency  Other  (Fresh Water Frac. Pit)  
Lined  Unlined   
Liner type: Synthetic  Thickness 12 mil Clay   
Pit Volume 80,000 bbl

**Below-grade tank**  
Volume: \_\_\_\_\_ bbl Type of fluid: \_\_\_\_\_  
Construction material: \_\_\_\_\_  
Double-walled, with leak detection? Yes  If not, explain why \_\_\_\_\_  
**RECEIVED**  
**MAY 18 2006**  
**OUU-ANTECOM**

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) ( 0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) ( 0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) ( 0 points)
<b>Ranking Score (Total Points)</b>		<b>0</b>

**If this is a pit closure:** (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite  offsite  If offsite, name of facility \_\_\_\_\_. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No  Yes  If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Date: 5/17/2006  
Printed Name/Title Larry Gillette / Operations Manager Signature Larry Gillette

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:  
Printed Name/Title Mike Proctor Asst Signature Mike Proctor Date: 5/31/06





3106 N. Big Spring St., Ste. 100  
Midland, TX 79705  
Tel: (432) 685-9158  
Fax: (432) 218-7396  
dwaine@graysurfacespecialties.cc

May 15, 2006

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
Attention: Mike Bratcher  
District II Artesia  
1301 W. Grand Avenue  
Artesia, New Mexico 88210

Re: Freshwater Pit Permit  
Section 20, T-16-S, R24-E  
Eddy County, New Mexico

Dear Mr. Bratcher,

Enclosed are two original survey plats along with a drawing of the proposed pit. The pit is to be used for freshwater storage to be used in completion operations for multiple adjacent wells.

If you have any questions, please feel free to contact me at 432-685-9158.

Thank you for your assistance,

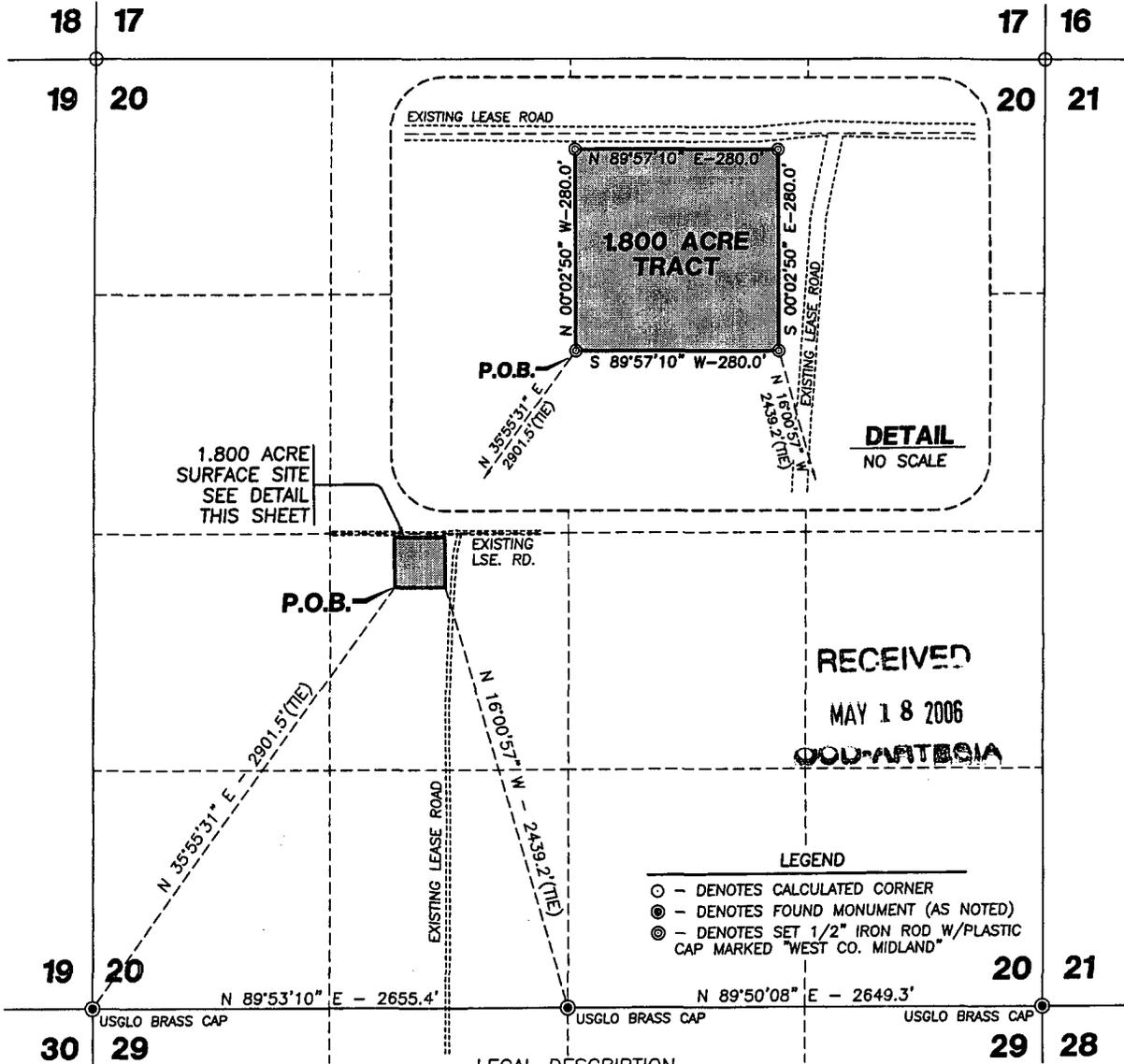
Sincerely,

A handwritten signature in black ink, appearing to read "Dwaine Moore", written over a light blue horizontal line.

Dwaine Moore  
Gray Surface Specialties

RECEIVED  
MAY 18 2006  
ODD-ARTESIA

**SECTION 20, TOWNSHIP 16 SOUTH, RANGE 24 EAST, N.M.P.M.  
EDDY COUNTY  
NEW MEXICO**



**NOTE:**  
1.) BEARINGS SHOWN HEREON ARE MERCATOR GRID AND CONFORM TO THE NEW MEXICO COORDINATE SYSTEM "NEW MEXICO EAST ZONE", NORTH AMERICAN DATUM OF 1983. DISTANCES ARE SURFACE VALUES.

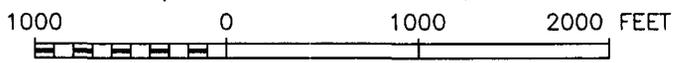
**RECEIVED**  
MAY 18 2006  
**ODD-ARTESIA**

- LEGEND**
- - DENOTES CALCULATED CORNER
  - ⊙ - DENOTES FOUND MONUMENT (AS NOTED)
  - ⊙ - DENOTES SET 1/2" IRON ROD W/PLASTIC CAP MARKED "WEST CO. MIDLAND"

**LEGAL DESCRIPTION**

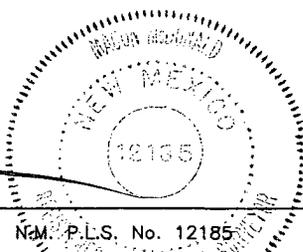
BEING A 1.800 ACRE TRACT OF LAND LOCATED ON STATE OF NEW MEXICO LAND IN SECTION 20, TOWNSHIP 16 SOUTH, RANGE 24 EAST, N.M.P.M., ~~TEX~~ EDDY COUNTY NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD W/PLASTIC CAP MARKED "WEST CO. MIDLAND" SET IN THE NE/4 SW/4 OF SAID SECTION 20, FOR THE SOUTHWEST CORNER OF THIS TRACT, WHICH LIES N 35°55'31" E, 2901.5 FEET FROM A USGLO BRASS CAP FOUND AT OR NEAR THE SOUTHWEST CORNER OF SAID SECTION 20;  
 THENCE N 00°02'50" W, 280.0 FEET TO A 1/2" IRON ROD W/PLASTIC CAP MARKED "WEST CO. MIDLAND" SET FOR THE NORTHWEST CORNER OF THIS TRACT;  
 THENCE N 89°57'10" W, 280.0 FEET TO A 1/2" IRON ROD W/PLASTIC CAP MARKED "WEST CO. MIDLAND" SET FOR THE NORTHEAST CORNER OF THIS TRACT;  
 THENCE S 00°02'50" E, 280.0 FEET TO A 1/2" IRON ROD W/PLASTIC CAP MARKED "WEST CO. MIDLAND" SET FOR THE SOUTHEAST CORNER OF THIS TRACT WHICH LIES N 16°00'57" W, 2439.2 FEET FROM A USGLO BRASS CAP FOUND AT OR NEAR THE SOUTH 1/4 CORNER OF SAID SECTION 20;  
 THENCE S 89°57'10" W, 280.0 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.800 ACRES OF LAND.



**LCX ENERGY, LLC**

A 1.800 ACRE SURFACE SITE  
 LOCATED ON STATE OF NEW MEXICO LAND  
 SECTION 20, TOWNSHIP 16 SOUTH, RANGE 24 EAST,  
 N.M.P.M., ~~TEX~~ EDDY COUNTY, NEW MEXICO.

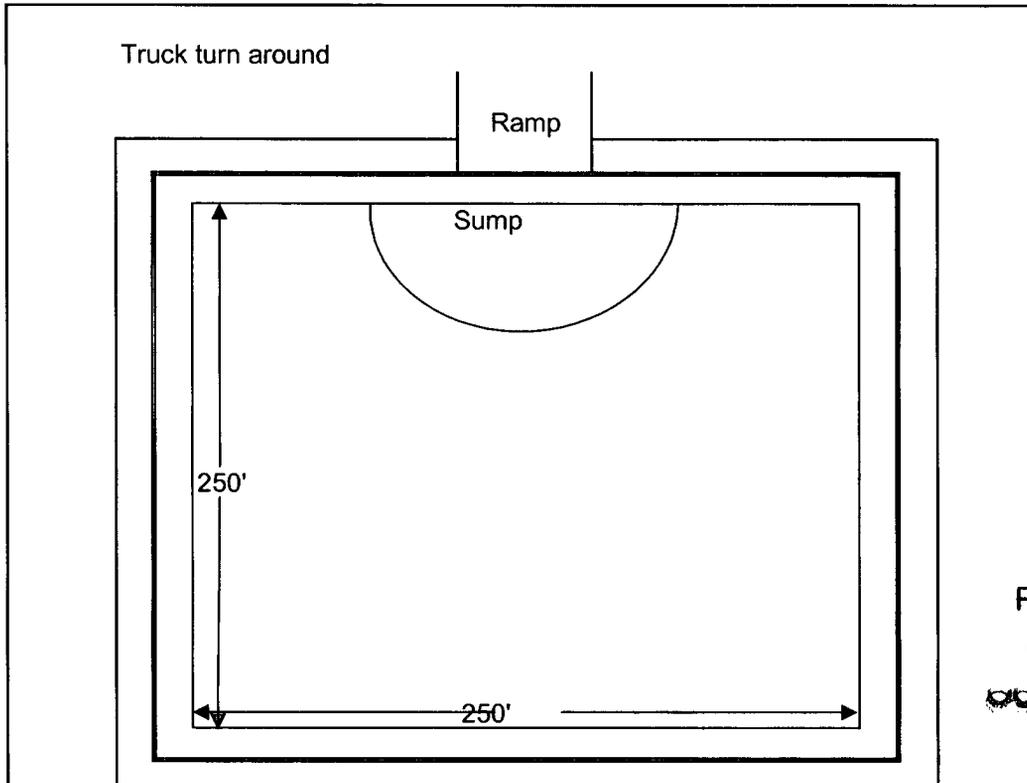


MACON McDONALD N.M. P.L.S. No. 12185

**WEST COMPANY OF MIDLAND, INC.**  
 110 W. LOUISIANA AVE. STE. 110  
 MIDLAND TEXAS, 79701  
 (432) 687-0865 - FAX: (432) 687-0868

Survey Date: 5-4-2006	Sheet 1 of 1 Sheets
W.O. Number: 2006-0406	Drawn By: JSR
Date: 5-15-2006	2006-0412.DWG
Scale: 1" = 1000'	

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RECEIVED  
MAY 18 2006  
COURTESIA

Pit needs to be 250' X 250' X 5' deep inside the firewall.  
Needs to slope from the the firewalls to the sump which should be dug about 3' deeper than the 5' depth.  
Firewalls need to slope back from the 250' X 250' outline.  
The ramp is for the company transferring water a place to park their big irrigation pumps.



3106 N. Big Spring St. Ste. 100  
Midland, TX 79705  
Tel: (432) 685-9158

June 28, 2006

Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505  
Attn: Mike Bratcher

Re: Freshwater Pit Permit  
Section 20, T16S, R24E  
1624 State 291, API- 30-015-33055  
Eddy Co., NM

Dear Mr. Bratcher:

LCX Energy, LLC respectfully requests a Freshwater Pit Permit approval for the above mentioned location. Enclosed you will a copy of the executed ROE from the State of New Mexico, documenting approval for entry on State Lands.

Please call if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lee Ann Rollins', with a long horizontal flourish extending to the right.

Lee Ann Rollins  
Gray Surface Specialities

Enclosures



COPI

**PATRICK H. LYONS**  
**COMMISSIONER**

*State of New Mexico*  
*Commissioner of Public Lands*

310 OLD SANTA FE TRAIL  
P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

**COMMISSIONER'S OFFICE**  
Phone (505) 827-5760  
Fax (505) 827-5766  
[www.nmstatelands.org](http://www.nmstatelands.org)

June 19, 2006

Gray Surface Specialities  
3106 N. Big Springs St., Ste. 100  
Midland, TX 79705

Attn: Lee Ann Rollins

Re: Right-of-Entry Permit No. ROE-1324

Dear Ms. Rollins,

Enclosed is an approved copy of the captioned right-of-entry permit. If any corrections are necessary, please let us know and we will retype or amend this permit as necessary.

If you have any questions, please feel free to contact this office at the address above or call us at (505) 827-5710 for Melissa Armijo or (505) 827-5729 for the Right of Way Manager, Cody Morrow.

Sincerely,

Melissa Armijo, Management Analyst  
Surface Resources Management Division

*[Faint, illegible text, possibly bleed-through from the reverse side of the page]*

**-State Land Office Beneficiaries -**

Carrie Tingley Hospital • Charitable Penal & Reform • Common Schools • Eastern NM University • Rio Grande Improvement • Miners' Hospital of NM • NM Boys School • NM Highlands University • NM Institute of Mining & Technology • New Mexico Military Institute • NM School for the Deaf • NM School for the Visually

**NEW MEXICO STATE LAND OFFICE  
Patrick H. Lyons, Commissioner of Public Lands  
New Mexico State Land Office Building  
P.O. Box 1148, Santa Fe, NM 87504-1148**

**RIGHT OF ENTRY PERMIT  
CONTRACT NO. ROE-1324**

**1. RIGHT OF ENTRY PERMIT**

This permit is issued under the authority of NMSA 1978, Section 19-1-2. In consideration of and subject to the terms, covenants, conditions, agreements, obligations and reservations contained in the permit and all other existing rights and regulations, the Commissioner of Public Lands, New Mexico State Land Office, State of New Mexico, hereinafter called "COMMISSIONER," grants to LCX Energy State of Incorporation (if applicable), \_\_\_\_\_, whose address is, 100 N. Marienfield. Ste 200, Midland, TX 79701 hereinafter called "PERMITTEE," permission to enter upon the specific tract(s) of State Trust Land described in this permit only for the term, and only for the permitted use, described in this permit.

**2. TERM AND LAND DESCRIPTION**

Right of entry is granted for a term of 180 days, commencing May 31, 2006 and ending December 1, 2006 to the following State Trust Lands.

**Section 20, Township 16 South, Range 24 East  
Eddy County**

**3. FEE.**

**\$500.00**

**4. PERMITTED USE, PERSONNEL, EQUIPMENT AND MATERIALS**

Permitted use is for the purpose of: To construct & operate a fresh water pit to be utilized for frac operations for wells.

Personnel, equipment, and materials to be present on State Trust Lands

Equipment:

Personnel: Employees of Gray Surface Specialities and LCX Energy

**The granting of this permit does not allow access across private lands.**

**5. IMPROVEMENTS**

No improvements shall be placed on the premises without the prior written consent of the

Commissioner.

## **6. RESERVATIONS**

Commissioner reserves the right to execute leases, rights of way, easements, permits, exchange agreements, sale agreements, permits and other lawful rights on or across the land covered by this permit, including but not limited to any such rights for mining purposes and for the extraction of oil, gas, salt, geothermal resources, and other mineral deposits therefrom and the right to go upon, explore for, mine, remove and sell same.

## **7. COMPLIANCE WITH LAWS**

Permittee shall at its own expense comply fully with and be subject to all applicable regulations, rules, ordinances, and requirements of law or of the Commissioner, including but not limited to the regulations of the State Land Office; Chapter 19 NMSA governing State Trust Lands; federal and state environmental laws and regulations; and the New Mexico Cultural Properties Act, NMSA 1978 Sections 18-6-1 through 18-6-23. It is illegal for any person or his agent to appropriate, excavate, injure, or destroy any historic, or prehistoric ruin or monument, or any object of historical, archaeological, architectural, or scientific value situated on lands owned or controlled by the State Land Office without a valid permit issued by the Cultural Properties Review Committee and approved by the Commissioner of Public Lands.

## **8. HOLD HARMLESS AND INDEMNIFICATION**

Permittee shall save, hold harmless, indemnify and defend Commissioner, the State Land Office, the State of New Mexico, and any of their officers, employees or agents, in their official and individual capacities, of and from any and all liability, claims, losses, damages, costs, and fees arising out of or alleged to arise out of, or directly or indirectly connected with, the operations of Permittee under this permit on or off State Trust Lands or arising out of the presence on State Trust Lands of any equipment, material, agent, invitee, contractor or subcontractor of Permittee. This Hold Harmless and Indemnification clause covers any claim, including any brought in any court or before any administrative agency, of any loss or alleged loss, and any damages or alleged damages asserted with respect to any violation or alleged violation of any state, federal or local law or regulation, including but not limited to any environmental law or regulation, any cultural properties law (including the New Mexico Cultural Properties Act, cited above) or regulation, and any alleged damage to the property, rights or interests of any State Land Office lessee, right-of-way holder, or other permittee.

## **9. AMENDMENT**

This permit shall not be altered, changed or amended except by an instrument in writing executed by Commissioner and Permittee.

**10. WITHDRAWAL**

Commissioner reserves the right to withdraw any or all of the land authorized for use under this permit. If applicable, Permittee shall vacate the acreage specified within 30 days after receipt of written notification of withdrawal from the Commissioner.

**11. CANCELLATION**

The violation by Permittee of any of the terms, conditions or covenants of this permit or the nonpayment by Permittee of the fees due under this permit shall at the option of the Commissioner be considered a default and shall cause the cancellation of this permit 30 days after Permittee has been sent written notice of such.

**12. PRESERVE AND PROTECT**

The Permittee agrees to preserve and protect the natural environmental conditions of the land encompassed in this permit, and to take those reclamation or corrective actions that are accepted soil and water conservation practices and that are deemed necessary by the Commissioner to protect the land from pollution, erosion, or other environmental degradation. The Permittee further agrees not to injure the property of, or interfere with the operations or rights of, any State Land Office lessee, right-of-way holder, easement holder or other permittee who has rights to use the State Trust Land subject to this permit.

**13. RECLAMATION, REMOVAL OF EQUIPMENT, MATERIALS, AND WASTE**

The Permittee agrees to reclaim those areas that may be damaged by activities conducted thereon.

The Permittee agrees to remove from the State Trust Lands, no later than the end of the term of this permit, all equipment and materials it has placed or brought upon the land and to clean up and remove from the land any trash, waste, effluent, or other products used or brought upon the land in connection with this permit.

**14. SPECIAL INSTRUCTIONS AND/OR RESTRICTIONS**

1. No off road traffic allowed.
2. No wood collection or tree cutting allowed.
3. Disturbing, dislodging, damaging, defacing, destroying or removing historical archaeological, paleontological or cultural sites or artifacts is prohibited.
4. Disturbing, dislodging, damaging, defacing, destroying any improvement, fixture, item, object or thing placed or located in, under or upon the land is prohibited.

5. This permit does not grant a right to enter State Trust Lands to which there is no public access.

6. Any uses or activities not within the scope of this permit are not allowed unless prior written approval from the Commissioner of Public Lands is granted.

7. OTHER:

WITNESS the hands and seals of PERMITTEE and COMMISSIONER on the day(s) and year entered below.

[Signature]  
PERMITTEE

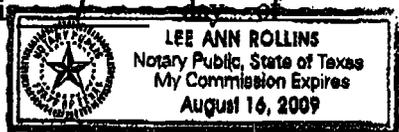
Telephone: 432-687-1575

ACKNOWLEDGMENT

STATE OF NEW MEXICO Texas)

COUNTY OF Midland)

The foregoing instrument was acknowledged before me this 9<sup>th</sup> day of June, 2006.



My Commission Expires: 8/16/09

[Signature]  
NOTARY PUBLIC

[Signature]  
COMMISSIONER OF PUBLIC LANDS

DATE: 6-16-06