NOTIFICATION OF DRILLING PIT CLOSURE
RIO STATE NO. 3

API NO. 30 015 33690 U/L D S36 R18S T24E

Murchison Oil & Gas, Inc. herewith notifies the State of New Mexico, Oil Conservation Division (OCD) that it completed closure of the Rio State No. 3 drilling pit on May 10, 2006 pursuant to the requirements of OCD, Rule 50.

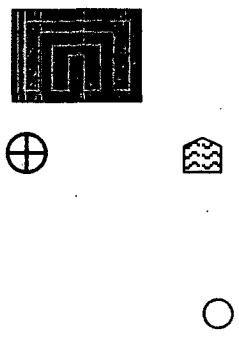
Onyx Contractors, Inc. notified One Call prior to initiating and completing the insitu closure of the above-cited drilling pit. Permission to close was given by the State of New Mexico, OCD and all notifications were done according to schedule.

Attached are the facility diagram, appropriate photos and lab data for documentation purposes. All other pertinent information can be obtained either from the C-144 or the Closure Plan currently on file with OCD.

Tommy Folsom, Production Manager — Date 8/1/06

Enclosures: Photos, Lab Data

Facility Diagram (not to scale)



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-144
June 1, 2004

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 X

AUG 2006 RECEIVED OCD - ARTESIA

Operator: MURCHISON OIL AND GAS, INC. Telephone: 505-628-3932 e-mail address: tommyfolsom@valornet.com
Address: PO Box 627, 406 N. Guadalupe, Suite B, Carlsbad, NM 88221-0627
Facility or well name: Rio State No. 3 API #: 3001533690 U/L or Qtr/Qtr Lot D Sec 36 T18S R24E
County: Eddy Latitude N_____ Longitude W_____ NAD: 1927 ☐ 1983 ☐
Surface Owner: State X

Pit	Below-grade tank N/A	
Type: Drilling X Lined X Liner type: Synthetic X Thickness: 12mil HDPE Liner Pit Volume: 2400 bbl. (Approximately)	Volume: N/A bbl Type of fluid: N/A Construction material: N/A Double-walled, with leak detection? ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of groundwater.) Yates applied to drill a well in S36 in 2/93 but no water information exists. All other data shows approximately 300' to groundwater.	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points) **0 pts.**
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 X	(20 points) (0 points) **0 pts.**
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) **10 pts.** (0 points)
	Ranking Score (Total Points)	**10 pts.**

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. **Digital photos shall be submitted for before and after remediation activity.** (2) Indicate disposal location: **Insitu as described above.** If offsite, name of facility: N/A (4) Groundwater encountered: No X 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: **Please refer to the attached letter for detailed "Closure Plan" information, digital photos, and sample location diagram. For purposes of continuity, all materials shall be submitted as part of the final closure report.**

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 X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: **25 January 2006**
Printed Name/Title: **Tommy W. Folsom, Production Manager** Signature _____

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 groundwater 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: _____ Signature _____ Date: _____

Accepted for record - NMOCD AUG 08 2006

Explanation of codes	
B	*Analyte Detected in Method Blank*
E	*Result is Estimated*
H	*Analyzed Out of Hold Time*
N	*Tentatively Identified Compound*
S	*Subcontracted*
1-9	*See Footnote*

MURCHISON OIL & GAS
attn: **TOMMY FOLSOM**
PO BOX 627
CARLSBAD NM 88220

STANDARD

Assaigai Analytical Laboratories, Inc.

Certificate of Analysis

All samples are reported on an "as received" basis, unless otherwise noted (i.e. - Dry Weight).

Client: **MURCHISON OIL & GAS**
Project: **RIO STATE NO.3**
Order: **0605119 COD** Receipt: **05-04-06**

William P. Biava: President of Assaigai Analytical Laboratories, Inc.

Sample: ***PIT NE CORNER*** Collected: *05-03-06 13:00:00* By: *CW*
Matrix: ***SOIL***

QC Group	Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
0605119-0001A		**SW846 9056 Anions by Ion Chromatography**						By: JTK		
W06343	WC.2006.1129.4	16887-00-6	Chloride	1510	mg / Kg	50	0.5		05-04-06	05-05-06

Sample: ***PIT NW CORNER*** Collected: *05-03-06 13:10:00* By: *CW*
Matrix: ***SOIL***

QC Group	Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
0605119-0002A		**SW846 9056 Anions by Ion Chromatography**						By: JTK		
W06343	WC.2006.1129.7	16887-00-6	Chloride	387	mg / Kg	50	0.5		05-04-06	05-05-06

Sample: ***PIT SE CORNER*** Collected: *05-03-06 13:20:00* By: *CW*
Matrix: ***SOIL***

QC Group	Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
0605119-0003A		**SW846 9056 Anions by Ion Chromatography**						By: JTK		
W06343	WC.2006.1129.8	16887-00-6	Chloride	1450	mg / Kg	50	0.5		05-04-06	05-05-06

Assaigai Analytical Laboratories, Inc.

Certificate of Analysis

All samples are reported on an "as received" basis, unless otherwise noted (i.e. - Dry Weight).

Client: **MURCHISON OIL & GAS**
Project: **RIO STATE NO.3**
Order: **0605119 COD** Receipt: **05-04-06**

Sample: ***PIT SW CORNER*** Collected: *05-03-06 13:50:00* By: *CW*
Matrix: ***SOIL***

QC Group	Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
0605119-0004A		**SW846 9056 Anions by Ion Chromatography**						By: JTK		
W06343	WC.2006.1129.9	16887-00-6	Chloride	415	mg / Kg	50	0.5		05-04-06	05-05-06

Sample: ***PIT MIDDLE*** Collected: *05-03-06 14:00:00* By: *CW*
Matrix: ***SOIL***

QC Group	Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
0605119-0005A		**SW846 9056 Anions by Ion Chromatography**						By: JTK		
W06343	WC.2006.1129.10	16887-00-6	Chloride	1410	mg / Kg	50	0.5		05-04-06	05-05-06

Sample: ***INSITU PIT BOTTOM COMP*** Collected: *05-03-06 14:30:00* By: *CW*
Matrix: ***SOIL***

QC Group	Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
0605119-0006A		**SW846 9056 Anions by Ion Chromatography**						By: JTK		
W06343	WC.2006.1129.11	16887-00-6	Chloride	392	mg / Kg	50	0.5		05-04-06	05-05-06

Sample: ***BACKGROUND COMP.*** Collected: *05-03-06 14:45:00* By: *CW*
Matrix: ***SOIL***

QC Group	Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
0605119-0007A		**SW846 9056 Anions by Ion Chromatography**						By: JTK		
W06343	WC.2006.1129.13	16887-00-6	Chloride	34.2	mg / Kg	50	0.5		05-04-06	05-05-06

Unless otherwise noted, all samples were received in acceptable condition and all sampling was performed by client or client representative. Sample result of ND indicates Not Detected, ie result is less than the sample specific Detection Limit. Sample specific Detection Limit is determined by multiplying the sample Dilution Factor by the listed Reporting Detection Limit. All results relate only to the items tested. Any miscellaneous workorder information or foonotes will appear below.

Analytical results are not corrected for method blank or field blank contamination.

MEMO: Samples were received with no ice.

Report Date: *5/5/2006 4:35:51 PM*