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 ☐ Submitted 4/16/04
Type of action. Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

DEC 20 2007
OCD-ARTESIA

Operator MCKAY OIL CORPORATION Telephone. 505-622-4795 e-mail address: jennifer@mckayoil.com
Address PO Box 2014 Roswell, NM 88202-2014
Facility or well name LL&E B Fed #5 API # 30-005-63751 U/L or Qtr/Qtr O Sec 1 T 6S R 22E
County CHAVES Latitude Longitude NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type Synthetic ☐ Thickness 12 mil Clay ☐ Pit Volume bbl	Volume bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes ☐ If not, explain why not	
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)**
	Ranking Score (Total Points)	0

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 your 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 An Amended Plan Pit Remediation is attached

MAY 29 2008
OCD-ARTESIA

Pit Closed 4.22.08
Accepted for record
NMOCD MAY 29 2008 TRENCH BURY @ LL&E C Fed #3

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. 12/19/2007
Printed Name/Title James L Schultz, Agent 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 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 Signature **Signed By** Mike Bratcher Date DEC 20 2007

Approval per attached work plan - Notify OCD 24 Hours prior to commencement of operations & 24 Hours Prior to obtaining Samples

TALON LPE
"All the Pieces"

AMARILLO
921 North Bivins
Amarillo, Texas 79107
Phone 806.467.0607
Fax 806.467.0622

AUSTIN
3003 Tom Gary Cove
Building C-100
Round Rock, Texas 78664
Phone 512.989.3428
Fax 512.989.3487

MIDLAND
#9 East Industrial Loop
Midland, Texas 79701
Phone 432.522.2133
Fax 432.522.2180

NEW BRAUNFELS
707 N. Walnut Ave
Suite 208
New Braunfels, Texas 79130
Phone 210.579.0235
Fax 210.568.2191

TULSA
9906 East 43st Street, Ste. G
Tulsa, OK 74146
Phone 918.742.0871
Fax 918.742.0876

HOBBS
318 East Taylor Street
Hobbs, New Mexico 88241
Phone 505.393.4261
Fax 505.393.4658

ENVIRONMENTAL CONSULTING
ENGINEERING
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CONSTRUCTION
EMERGENCY RESPONSE

Toll Free: 866.742.0742
www.talonlpe.com

May 15, 2008

Mr. Mike Bratcher
NMOCD District 2 Office
1301 W Grand
Artesia, New Mexico 88210

Re: Reserve Pit Closure – Final Report

Operator:	McKay Oil Corporation
Lease Name:	LL & E B Federal 5
Legal:	Unit O Sec 01, T6S, R22E
API:	30-005-63751

Dear Mr. Bratcher:

Talon/LPE was contracted by TNT Backhoe Services to perform analytical testing at McKay Oil Corporation's LL & E B Federal 5. The pit closure was performed in accordance with New Mexico Oil Conservation Division (NMOCD) rules and guidelines.

Due to the inability to excavate a burial trench on site, Mike Bratcher of the NMOCD approved to have all drill cuttings and soil transferred to the LL&E B Federal 3 where excavating an burial trench was more applicable. On December 20, 2007 the pit closure form (Form C-144) was approved by the NMOCD and closure activities were initiated in April 2008. All drill cuttings and soil were stiffened prior to transport and being placed into the Insitu trench which was lined with a 20mil plastic. Once all impacted material was transferred to the Insitu trench, it was sealed with a 20mil cap. This letter documents the final pit closure activities and related information

On April 22, 2008, Ms. Shelly J. Tucker (Talon/LPE) collected four composite samples from the bottom of the excavation. Each sample was composed of five aliquots from each quadrant (SE, SW, NE and NW) of the excavation floor. The samples were submitted to Trace Analysis Inc. (Trace) in Midland, Texas for chloride analysis. Laboratory data sheets are attached to this report.

Table 1: Official Analytical Testing Results

Area Sample Taken	Depth (from surface)	Chloride (mg/kg)	Soil Type
SE	3'	284	Solid rock
SW	3'	650	Solid rock
NE	3'	787	Solid rock
NW	3'	1250	Solid rock

Note: The analytical results are in excess of the NMOCD guidelines for closure; but, due to the fact the floor of the original reserve pit is solid rock one can be fairly confident no further migration should occur to impact ground water.

Upon receipt of the analytical data, verbal permission was granted by Mike Bratcher of the NMOCD to close the aforementioned location. The pit area was backfilled with native material, contoured to the surrounding terrain and reseeded with an approved seed mixture.

At this time Talon/LPE and McKay Oil Corporation are requesting this pit be granted closure.

Respectfully Submitted,

Shelly J. Tucker
New Mexico Project Manager
Talon/LPE
/sjt

LL & EB Federal 05
Official Results
Floor 04/22/08

Pit Floor Depth: 3' **NW Composite** **1250mg/kg**	**NE Composite** **787mg/kg**
SW Composite **650mg/kg**	**NW Composite** **284mg/kg**

TraceAnalysis, Inc.

6701 Aberdeen Avenue, Suite 9 Lubbock, Texas 79424 800•378•1296 806•794•1296 FAX 806•794•1298
200 East Sunset Road, Suite E El Paso, Texas 79922 888•588•3443 915•585•3443 FAX 915•585•4944
5002 Basin Street, Suite A1 Midland, Texas 79703 432•689•6301 FAX 432•689•6313
6015 Harris Parkway, Suite 110 Ft. Worth, Texas 76132 817•201•5260
E-Mail: lab@traceanalysis.com

Analytical and Quality Control Report

Shelly Tucker
Talon LPE-Hobbs
318 E Taylor
Hobbs, NM, 88240

Report Date: April 25, 2008

Work Order: 8042337

Project Location: Chaves County, NM
Project Name: LL&E B Fed #5
Project Number: TNTBAC002PIT

Enclosed are the Analytical Report and Quality Control Report for the following sample(s) submitted to TraceAnalysis, Inc.

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
157681	SE	soil	2008-04-22	11:00	2008-04-23
157682	SW	soil	2008-04-22	11:30	2008-04-23
157689	NE	soil	2008-04-22	12:00	2008-04-23
157690	NW	soil	2008-04-22	12:00	2008-04-23

These results represent only the samples received in the laboratory. The Quality Control Report is generated on a batch basis. All information contained in this report is for the analytical batch(es) in which your sample(s) were analyzed.

This report consists of a total of 5 pages and shall not be reproduced except in its entirety, without written approval of TraceAnalysis, Inc.

Michael Abel

Dr. Blair Leftwich, Director

Standard Flags

B - The sample contains less than ten times the concentration found in the method blank.

COPY

Analytical Report

Sample: 157681 - SE

Analysis:	Chloride (Titration)	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
QC Batch:	47763	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41069	Sample Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		**284**	mg/Kg	50	2.00

Sample: 157681 - SE

Analysis:	Conductivity	Analytical Method:	SM 2510B	Prep Method:	N/A
QC Batch:	47781	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41081	Sample Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	RL Result	Units	Dilution	RL
Specific Conductance		**2510**	uMHOS/cm	1	0.00

Sample: 157682 - SW

Analysis:	Chloride (Titration)	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
QC Batch:	47763	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41069	Sample Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		**650**	mg/Kg	50	2.00

Sample: 157682 - SW

Analysis:	Conductivity	Analytical Method:	SM 2510B	Prep Method:	N/A
QC Batch:	47781	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41081	Sample Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	RL Result	Units	Dilution	RL
Specific Conductance		**3710**	uMHOS/cm	1	0.00

Sample: 157689 - NE

Analysis:	Chloride (Titration)	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
QC Batch:	47763	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41069	Sample Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		**787**	mg/Kg	50	2.00

Sample: 157690 - NW

Analysis:	Chloride (Titration)	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
QC Batch:	47763	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41069	Sample Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		**1250**	mg/Kg	50	2.00

Method Blank (1) QC Batch: 47763

QC Batch:	47763	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41069	QC Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	MDL Result	Units	RL
Chloride		<0.500	mg/Kg	2

Method Blank (1) QC Batch: 47781

QC Batch:	47781	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41081	QC Preparation:	2008-04-24	Prepared By:	AR

Parameter	Flag	MDL Result	Units	RL
Specific Conductance		4.88	uMHOS/cm	0

Duplicates (1)

QC Batch:	47781	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41081	QC Preparation:	2008-04-24	Prepared By:	AR

Param	Duplicate Result	Sample Result	Units	Dilution	RPD	RPD Limit
Specific Conductance	3770	3710	uMHOS/cm	1	2	2.5

Laboratory Control Spike (LCS-1)

QC Batch:	47763	Date Analyzed:	2008-04-24	Analyzed By:	AR
Prep Batch:	41069	QC Preparation:	2008-04-24	Prepared By:	AR

Param	LCS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	98.8	mg/Kg	1	100	<0.500	99	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param	LCSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	101	mg/Kg	1	100	<0.500	101	85 - 115	2	20

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Matrix Spike (MS-1) Spiked Sample: 157694

QC Batch: 47763 Date Analyzed: 2008-04-24 Analyzed By: AR
Prep Batch: 41069 QC Preparation: 2008-04-24 Prepared By: AR

Param	MS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	5110	mg/Kg	50	5000	92.91	100	85 - 115

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param	MSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	5030	mg/Kg	50	5000	92.91	99	85 - 115	2	20

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Standard (ICV-1)

QC Batch: 47763 Date Analyzed: 2008-04-24 Analyzed By: AR

Param	Flag	Units	ICVs True Conc.	ICVs Found Conc.	ICVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	100	100	85 - 115	2008-04-24

Standard (CCV-1)

QC Batch: 47763 Date Analyzed: 2008-04-24 Analyzed By: AR

Param	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	100	100	85 - 115	2008-04-24

Standard (ICV-1)

QC Batch: 47781 Date Analyzed: 2008-04-24 Analyzed By: AR

Param	Flag	Units	ICVs True Conc.	ICVs Found Conc.	ICVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Specific Conductance		uMHOS/cm	1410	1400	99	90 - 110	2008-04-24

Standard (CCV-1)

QC Batch: 47781 Date Analyzed: 2008-04-24 Analyzed By: AR

Param	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Specific Conductance		uMHOS/cm	1410	1480	105	90 - 110	2008-04-24

LAB Order ID # 8042337 Page 1 of 1

TraceAnalysis, Inc.

email: lab@traceanalysis.com

6701 Aberdeen Avenue, Suite 9
Lubbock, Texas 79424
Tel (806) 794-1296
Fax (806) 794-1298
1 (800) 378-1296

5002 Basin Street, Suite A1
Midland, Texas 79703
Tel (432) 689-6301
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200 East Sunset Rd., Suite E
El Paso, Texas 79922
Tel (915) 585-3443
Fax (915) 585-4944
1 (888) 588-3443

8808 Camp Bowie Blvd. West, Suite 180
Ft. Worth, Texas 76116
Tel (817) 201-5260
Fax (817) 560-4336

Company Name: McKay Oil Company — Phone #:

Address: (Street, City, Zip) — Fax #:

Contact Person: Jim Shultz - 575-626-6879 — E-mail: Sheeay

Invoice to: (If different from above)

Project #: TNTBAC002PIT — Project Name: LL&E B Fed #5

Project Location (including state): Chaves County — Sampler Signature: Jim Shultz

LAB # (LAB USE ONLY)	FIELD CODE	# CONTAINERS	Volume / Amount	MATRIX: WATER	SOIL	AIR	SLUDGE	PRESERVATIVE METHOD: HCl	HNO_3	H_2SO_4	NaOH	ICE	NONE	SAMPLING: DATE	TIME
542681	SE	1			X									4.22.08	1100
682	SW	1			X									4.22.08	1130
542689	NE	1			X									4.22.08	1200
690	NW	1			X									4.22.08	1230

ANALYSIS REQUEST (Circle or Specify Method No.)

MTBE 8021B / 602 / 8260B / 624	BTEX 8021B / 602 / 8260B / 624	TPH 418.1 / TX1005 / TX1005 Ext(C35)	TPH 8015 GRO / DRO / TVHC	PAH 8270C / 625	Total Metals Ag As Ba Cd Cr Pb Se Hg 6010B/200.7	TCLP Metals Ag As Ba Cd Cr Pb Se Hg	TCLP Volatiles	TCLP Semi Volatiles	TCLP Pesticides	RCI	GC/MS Vol 8260B / 624	GC/MS Semi. Vol. 8270C / 625	PCB's 8082 / 608	Pesticides 8081A / 608	BOD, TSS, pH	Moisture Content	Chlorides					Turn Around Time if different from standard	Hold
																	X					RUSH	
																	X						
																	X						
																	X						

Relinquished by: Jim Shultz Company: Date: 4.23.08 Time:
Received by: Trace Company: Date: 4-23-08 Time: 15:55 Temp°c: 3.8°C

Relinquished by: Trace Company: Date: 4-23-08 Time: 15:55
Received by: Company: Date: Time: Temp°c:

Relinquished by: Company: Date: Time:
Received by: Company: Date: Time: Temp°c:

LAB USE ONLY
Intact (Y) / N
Headspace Y / N / NA
3.8 °C
Log-in-Review

REMARKS:
All tests - Midland

- ☐ Dry Weight Basis Required
- ☐ TRRP Report Required
- ☐ Check If Special Reporting Limits Are Needed

Submittal of samples constitutes agreement to Terms and Conditions listed on reverse side of C. O. C.

Carrier # carry in

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