



ALLSTATE ENVIRONMENTAL SERVICES, LLC

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Contractors License #94195



30-015-34539



July 21, 2006

New Mexico Oil Conservation Division
District2
1301 Grand Avenue
Artesia, New Mexico 88210

Dear Sir/Ma'am

Included in this mailing is the closure report for COG Operating Corp. Texaco BE #7 lease. As indicated in the summary the pit closure work was begun on July 17, 2006 and completed on July 21, 2006.

Any concern or questions regarding this site may be addressed to Randy Offield, Allstate Environmental Services, at 432-682-3547 or his e-mail address at allstateenviro@sbcglobal.net

Sincerely
Mark Meadows for Randy Offield-Owner
Allstate Environmental Services

Cc: COG Operating Corp-Artesia, N.M.
Allstate Environmental Svcs. file

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., 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 and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-015-34539
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator COG Operating LLC		6. State Oil & Gas Lease No. B-1565
3. Address of Operator 550 W. Texas Suite 1300 Midland, TX 79701		7. Lease Name or Unit Agreement Name Texaco BE
4. Well Location Unit Letter <u>A</u> <u>330</u> feet from the <u>North</u> line and <u>990</u> feet from the <u>East</u> line Section <u>16</u> Township <u>17S</u> Range <u>30E</u> NMPM County <u>Eddy</u>		8. Well Number <u>7</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3681' GR		9. OGRID Number 229137
Pit or Below-grade Tank Application <input type="checkbox"/> or Closure <input checked="" type="checkbox"/>		10. Pool name or Wildcat Loco Hills Paddock
Pit type <u>Drilling</u> Depth Groundwater <u>150'</u> Distance from nearest fresh water well <u>1000'</u> Distance from nearest surface water <u>1000'</u>		
Pit Liner Thickness: <u>12</u> mil Below-Grade Tank: Volume _____ bbls; Construction Material _____		

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Pit Closure <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

COG Operating LLC proposes to close Drilling pit as follows:

1. Remove fluids from pit.
2. A Deep Trench pit will be constructed next to the existing reserve pit and lined with a 12 mil liner, the contents will be encapsulated in this pit and liner will be folded over the mud and cuttings.
3. Cover liner with 20 mil liner with excess of 3' on all sides as per option IV.B.3.(b) of the Pit and Below-Grade Tank Guidelines..
4. Cover with a minimum 3' of native soil.
5. Contour pit to prevent erosion and ponding of rainwater.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any 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 ☐

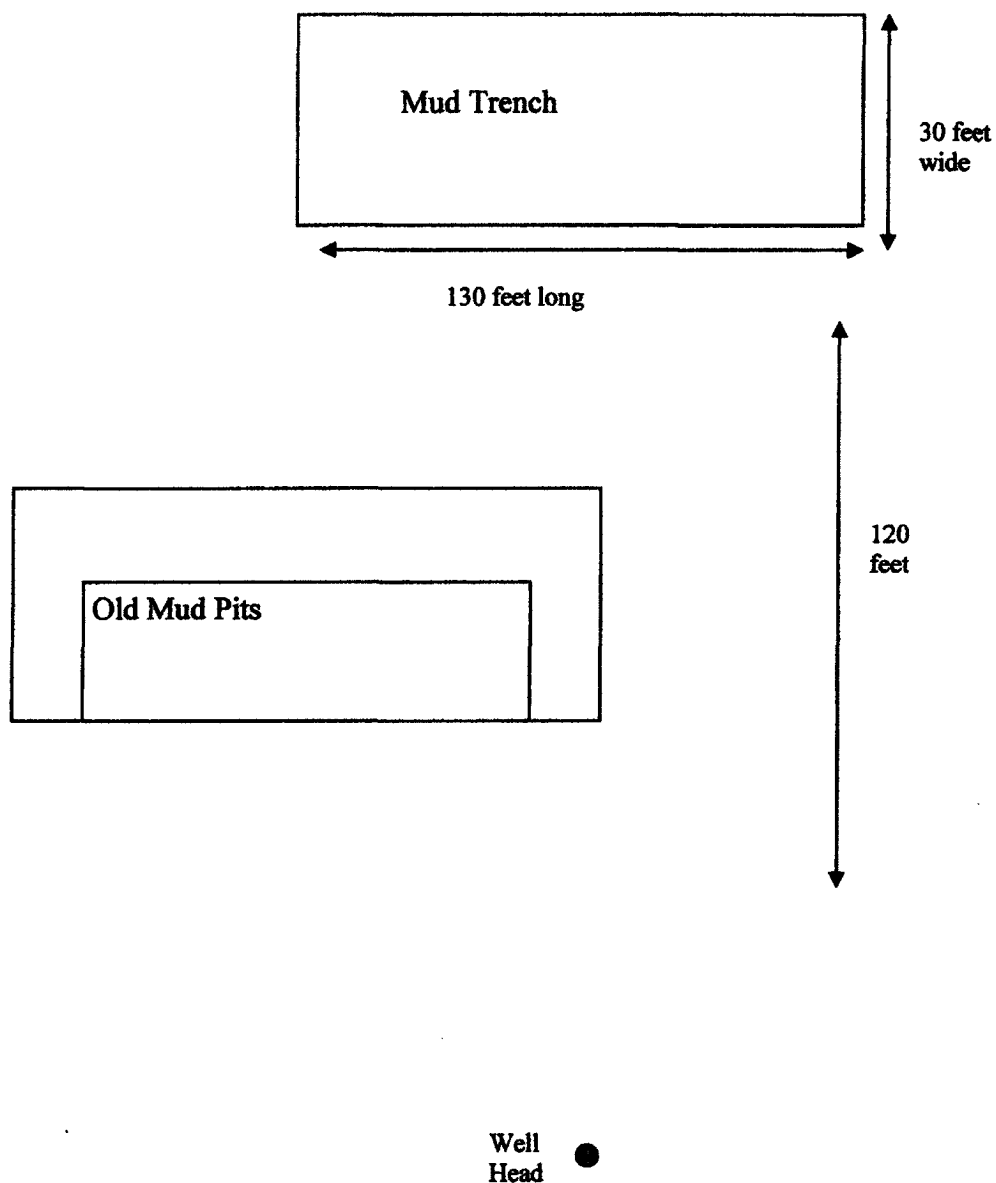
SIGNATURE Jerry W. Sherrell TITLE Production Clerk DATE 5/15/06
Type or print name Jerry W. Sherrell E-mail address: DKuykendall@conchoresources.com Telephone No. 4326854372
For State Use On Gerry Guye
APPROVED BY: Gerry Guye TITLE Deputy Field Inspector DATE MAY 17 2006
Conditions of Approval (if any) District II - Artesia

Accepted for record - NMOCD

12/20/06

RECEIVED

AUG 11 2006



COG Operating, LLC

Texaco BE #7 **API #: 30-015-34539**

Eddy County, New Mexico

Completed Pit Closure 7-21-06

BEGAN	7-17-06
COMPLETED	7-21-06