

Robin Terrell
Mewbourne Oil Company
PO Box 5270
Hobbs, New Mexico 88241

October 9, 2007

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

RE: Penlon Ranch 24 State 001 - Final Pit Closure

Penlon Ranch 24 State 001

API: 30-015-35325

Sec 24-T20S-R27E

990' FNL & 660' FEL

Depth to Ground Water: 75'

Planned Analytical Testing: Chlorides

Site Ranking Score:

Primary Land Use: Ranching and Oil & Gas Production

Pursuant to Pit Rule 50 of the New Mexico Oil Conservation District of the State of New Mexico regulatory requirement for pit closure, please accept the following documentation for final closure of the drilling pit for the aforementioned location.

An Insitu burial trench was excavated and lined with 12mil liner. All drill cuttings were stiffened and transferred to the lined Insitu trench. Upon transferring all pit contents to the lined burial trench, field tests were performed on the soil within in the confines of the original drill pit. The field results of chloride delineation of the impacted material are as follows (a diagram has also been attached):

Q1	12' -80mg/kg	Q2	12' -80mg/kg	Q3	12' 1100mg/kg
					15' 660mg/kg
					17' 100mg/kg

After field tests were performed, Mike Bratcher of the New Mexico Oil Conservation Division (NMOCD) was contacted. Approval for closure was granted with no stipulations:

Pursuant to NMOCD Pit Rule 50, a 20mil liner was placed on top of the Insitu trench to seal in the impacted soils and the stiffened drill cuttings. The pit area was backfilled with clean native material and contoured to the surrounding terrain.

Soil samples were collected, prepared and packaged per EPA guidelines and forwarded to Trace Analysis in Lubbock, Texas for official analytical testing. Please find the official analytical results attached hereto.

Please review the attached documentation and contact me at 505-393-5905 with any questions or concerns.

Sincerely,

Robin Terrell
Production Engineer

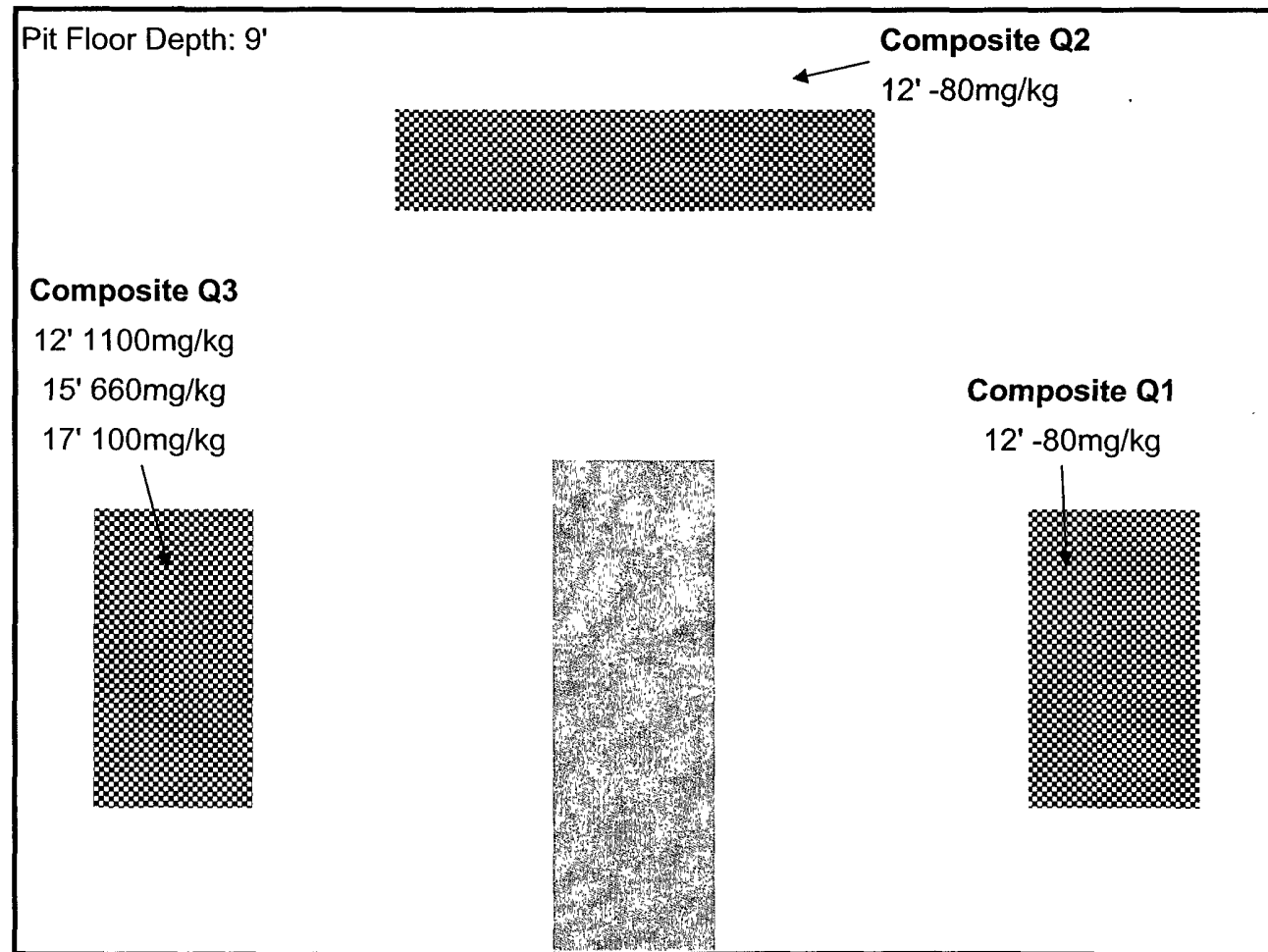
OTCD copy

/sjt

Accepted for record
NMOCD

Penlon Ranch 24 State 001
Field Results
Floor 10/09/07

Lined
Burial
Trench



**** NOTE: Single Horse Shoe**

Valley Energy Services, Inc.

PO Box 207
Loving, NM 88256

Invoice

Date	Invoice #
10/9/2007	631

Bill To
Mewbourne Oil Company Robin Terrell PO Box 5270 Hobbs, NM 88241

Terms	Rep
Due on receipt	SJT

Location
Penlon Ranch 24 State 001

Quantity	Item Code	Description	Price Each	Amount
4	Enviro Sampling	pulled infield samples for delineation; contacted Mike Bratcher with results - approval to close	65.00	260.00T
0.5	Enviro Reports		65.00	32.50T
0.5	Enviro misc	prepared, packaged and sent samples to Trace Analysis for official analyticals	65.00	32.50T
40	Mileage Charge		0.50	20.00T
		New Mexico Sales Tax	6.3125%	21.78
			Total	\$366.78

10/01/2007 12:52 5053934658

TALON LPE HOBBS

PAGE 02/02

1040 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Avenue, Artesa, 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 ☒

Operator: <u>New Bourne Oil</u> Telephone: <u>393-5905</u> e-mail address: _____	
Address: <u>701 S. Cecil Hobbs NM 88240</u>	
Facility or well name: <u>Penlon Ranch 24 st. #1</u> API #: <u>30-015-36325</u> U/L or O/L/Olt: _____ Sec: <u>24</u> T: <u>265</u> R: <u>27E</u>	
County: <u>Edo County</u> Latitude: _____ Longitude: _____ NAD: 1927 ☐ 1983 ☐	
Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐	
<u>30-015-35325</u>	
Pit Type: Drilling ☐ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☐ Unlined ☐ Liner type: Synthetic ☐ Thickness _____ mil Clay ☐ Pit Volume _____ bbl	Below-grade tank 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 seasoned high water elevation of ground water.)	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) X 100 feet or more (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 (20 points) No (0 points) X
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points) X
Ranking Score (Total Points) 10	

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: DEEP BURY CONTENTS OF PIT in TRENCH USING
12 mil LINER + 20 mil CAP. DEEP BURY TRENCH WILL HAVE
4-5 FT OF TOP COVER.

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: 10/1/07

Printed Name/Title: ED. TAYLOR OPER. MGR Signature: ED. TAYLOR

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 Branigan

OCT 02 2007

NOTIFY OCD 24 HOURS PRIOR to beginning closure and 24 HOURS PRIOR to obtaining samples. Samples are to be obtained from pit area and analyses submitted to OCD prior to back-filling.

If burial trench is to be constructed in pit area, samples are to be obtained and analyses submitted to OCD PRIOR to lining trench.

A black and white photograph of an oil field. In the foreground, a sign is mounted on a metal post. The sign contains text about the Melbourne Oil Company and Penlon Ranch. The background shows a flat, open landscape with some industrial structures and a cloudy sky.

MELBOURNE OIL COMPANY
PENLON RANCH "24" STATE #1
990' FNL & 660' FEL
SEC. 24, T20S, R27E
EDDY COUNTY, NEW MEXICO
API #30-Q15-35325















AMARILLO • AUSTIN • MIDLAND • NEW BRAUNFELS • TULSA, OK • HOBBS, NM

Project Correspondence Sheet

☐ Field ☐ Office ☐ Reimbursement ☐ Proposal
☐ OK ☐ NM ☐ TX ☐ Other

Date:	Time:	Project Manager:
Project Number:		
Project Name: <u>PENLOW RANCH 24 ST. #1</u>		
Topic: <u>DIAGRAM FOR DEEP BURY TRENCH</u>		
Notes:		
Document must be filed in Project File	Prepared by:	Page ____ of ____

TRACE ANALYSIS, INC.

6701 Aberdeen Avenue, Suite 9
200 East Sunset Road, Suite E
5002 Basin Street, Suite A1
8808 Camp Bowie Blvd West, Suite 180

Lubbock, Texas 79424
El Paso, Texas 79922
Midland, Texas 79703
Ft Worth, Texas 76116

800•378•1296
888•588•3443
432•689•6301
817•201•5260

806•794•1296
915•585•3443
FAX 432•689•6313
FAX 817•560•4336

E-Mail lab@traceanalysis.com

Bill To: Mewbourne Oil Company
P. O. Box 5270
Hobbs, NM 88220

Attn: Robin Terrell

RECEIVED

OCT 19 2007

BY: _____

Invoice No. 25806



Lab Location: Lubbock
Invoice Date: 2007-10-16
Payment Due: 2007-11-15

Work Order: 7101213



Project Location: Sec 24-T20S-R27E Eddy County, NM

Project Name: Penlon Ranch 24 St #1

Item	Quantity	Matrix	Description	Price	Sub Total
Chloride/2 DAY RUSH	3	soil	139150 - 139152	\$29.75	\$89.25

Payment Terms: Net-30

Total \$89.25

Dr. Blair Leftwich, Director

Summary Report

Robin Terrell
Mewbourne Oil Company
P. O. Box 5270
Hobbs, NM, 88220

Report Date: October 16, 2007

Work Order: 7101213



Project Location: Sec 24-T20S-R27E Eddy County, NM
Project Name: Penlon Ranch 24 St #1

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
139150	Q1 12'	soil	2007-10-09	14:00	2007-10-12
139151	Q2 12'	soil	2007-10-09	14:30	2007-10-12
139152	Q3 17'	soil	2007-10-09	15:00	2007-10-12

Sample: 139150 - Q1 12'

Param	Flag	Result	Units	RL
Chloride		42.8	mg/Kg	5.00

Sample: 139151 - Q2 12'

Param	Flag	Result	Units	RL
Chloride		<20.0	mg/Kg	5.00

Sample: 139152 - Q3 17'

Param	Flag	Result	Units	RL
Chloride		59.8	mg/Kg	5.00

TRACE ANALYSIS, INC.

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817•201•5260

FAX 806•794•1298
FAX 915•585•4944

FAX 432•689•6313
FAX 817•560•4336

E-Mail lab@traceanalysis.com

Analytical and Quality Control Report

Robin Terrell
Mewbourne Oil Company
P. O. Box 5270
Hobbs, NM, 88220

Report Date: October 16, 2007

Work Order: 7101213



Project Location: Sec 24-T20S-R27E Eddy County, NM
Project Name: Penlon Ranch 24 St #1
Project Number: Penlon Ranch 24 St #1

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
139150	Q1 12'	soil	2007-10-09	14:00	2007-10-12
139151	Q2 12'	soil	2007-10-09	14:30	2007-10-12
139152	Q3 17'	soil	2007-10-09	15:00	2007-10-12

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 4 pages and shall not be reproduced except in its entirety, without written approval of TraceAnalysis, Inc.

Dr. Blair Leftwich, Director

Standard Flags

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

Case Narrative

Samples for project Penlon Ranch 24 St #1 were received by TraceAnalysis, Inc. on 2007-10-12 and assigned to work order 7101213. Samples for work order 7101213 were received intact at a temperature of 22.0 deg C.

Samples were analyzed for the following tests using their respective methods.

Test	Method
Chloride (Titration)	SM 4500-Cl B

Results for these samples are reported on a wet weight basis unless data package indicates otherwise.

A matrix spike (MS) and matrix spike duplicate (MSD) sample is chosen at random from each preparation batch. The MS and MSD will indicate if a site specific matrix problem is occurring, however, it may not pertain to the samples for work order 7101213 since the sample was chosen at random. Therefore, the validity of the analytical data reported has been determined by the laboratory control sample (LCS) and the method blank (MB). These quality control measures are performed with each preparation batch to ensure data integrity.

All other exceptions associated with this report have been footnoted on the appropriate analytical page to assist in general data comprehension. Please contact the laboratory directly if there are any questions regarding this project.

Analytical Report

Sample: 139150 - Q1 12'

Analysis: Chloride (Titration)
QC Batch: 42089
Prep Batch: 36367

Analytical Method: SM 4500-Cl B
Date Analyzed: 2007-10-16
Sample Preparation: 2007-10-16

Prep Method: N/A
Analyzed By: ER
Prepared By: ER

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		42.8	mg/Kg	4	5.00

Sample: 139151 - Q2 12'

Analysis: Chloride (Titration)
QC Batch: 42089
Prep Batch: 36367

Analytical Method: SM 4500-Cl B
Date Analyzed: 2007-10-16
Sample Preparation: 2007-10-16

Prep Method: N/A
Analyzed By: ER
Prepared By: ER

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		<20.0	mg/Kg	4	5.00

Sample: 139152 - Q3 17'

Analysis: Chloride (Titration)
QC Batch: 42089
Prep Batch: 36367

Analytical Method: SM 4500-Cl B
Date Analyzed: 2007-10-16
Sample Preparation: 2007-10-16

Prep Method: N/A
Analyzed By: ER
Prepared By: ER

Parameter	Flag	RL Result	Units	Dilution	RL
Chloride		59.8	mg/Kg	4	5.00

Method Blank (1) QC Batch: 42089

QC Batch: 42089
Prep Batch: 36367

Date Analyzed: 2007-10-16
QC Preparation: 2007-10-16

Analyzed By: ER
Prepared By: ER

Parameter	Flag	MDL Result	Units	RL
Chloride		<3.25	mg/Kg	5

Laboratory Control Spike (LCS-1)

QC Batch: 42089
Prep Batch: 36367

Date Analyzed: 2007-10-16
QC Preparation: 2007-10-16

Analyzed By: ER
Prepared By: ER

Param	LCS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	101	mg/Kg	1	100	<3.25	101	90 - 110

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	92.7	mg/Kg	1	100	<3.25	93	90 - 110	9	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: 139157

QC Batch: 42089 Date Analyzed: 2007-10-16 Analyzed By: ER
 Prep Batch: 36367 QC Preparation: 2007-10-16 Prepared By: ER

Param	MS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	¹ 848	mg/Kg	20	2000	613.346	12	84.6 - 117

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	² 840	mg/Kg	20	2000	613.346	11	84.6 - 117	1	20

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

Standard (ICV-1)

QC Batch: 42089 Date Analyzed: 2007-10-16 Analyzed By: ER

Param	Flag	Units	ICVs True Conc.	ICVs Found Conc.	ICVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	99.4	99	85 - 115	2007-10-16

Standard (CCV-1)

QC Batch: 42089 Date Analyzed: 2007-10-16 Analyzed By: ER

Param	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	101	101	85 - 115	2007-10-16

¹Matrix spike recovery out of control limits due to matrix interference. Use LCS/LCSD to demonstrate analysis is under control

²Matrix spike recovery out of control limits due to matrix interference. Use LCS/LCSD to demonstrate analysis is under control

TraceAnalysis, Inc.

email lab@traceanalysis.com

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

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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: Mentum Oil Co (MOC) Phone #: _____

Address: PO Box 5210 Ardmore, NM 80420 Fax #: _____

Contact Person: Robert Terral E-mail: Robert.Terral@mentumoil.com

Invoice to: _____

(If different from above)

Project #: _____

Project Location (including state): Eddy County NM Project Name: Penton Ranch 24 St #1

Sec 24-TADS-RATE Sampler Signature: Shelly

LAB # (LAB USE ONLY)	FIELD CODE	# CONTAINERS	Volume / Amount	MATRIX				PRESERVATIVE METHOD						SAMPLING	
				WATER	SOIL	AIR	SLUDGE	HCl	HNO ₃	H ₂ SO ₄	NaOH	ICE	NONE	DATE	TIME
139150	Q1 12'	1			X								X	10/9/01	1400
151	Q2 12'	1			X								X	5	1430
152	Q3 17'	1			X								X	10/9/01	1500

ANALYSIS REQUEST (Circle or Specify Method No.)

MTBE 3021B / 602 / 8260B / 624

BTEX 3021B / 602 / 8260B / 624

TPH 418 1 / TX1005 / TX1005 EX(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

PCBs 8082 / 608

Pesticides 3081A / 608

BOD TSS pH

Moisture Content

XXXXXX

Turn Around Time (different from standard)

Hold

Relinquished by: ES Company: VES Date: 10/9/01 Time: 1645

Received by: _____ Company: _____ Date: _____ Time: _____ Temp °C: _____

Relinquished by: _____ Company: _____ Date: _____ Time: _____

Received by: ES Company: VES Date: 10/12/01 Time: 1000 Temp °C: 20

LAB USE ONLY

Intact Y/N

Headspace Y/N/NA

Log-in Review Y

REMARKS:

☐ Dry Weight Basis Required

☐ TRRP Report Required

☐ Check If Special Reporting Limits Are Needed

Small Single Horse Shoe

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

Carrier # UPS 12 762 462 221048629

TraceAnalysis, Inc.

email: lab@traceanalysis.com

6701 Aberdeen Avenue, Suite 9
Lubbock, Texas 79424
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 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: Mentmore Oil Co (MOC)										Phone #:	
Address: PO Box 5270 Hobbs NM 88240										Fax #:	
Contact Person: Robin Terrell										E-mail: Robin@Shelly	
Invoice to:											
(If different from above)											
Project #:											
Project Location (including state): Eddy County NM											
Project Name: Penton Ranch 24 St #1											
Sampler Signature: Shelly Tucker											
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											
LAB # (LAB USE ONLY)											
FIELD CODE											
# CONTAINERS											
Volume / Amount											
MATRIX											
PRESERVATIVE METHOD											
SAMPLING											
DATE											
TIME											
139150 Q1 12' 1 1 X 10/9/07 1400											
151 Q2 12' 1 1 X 10/9/07 1430											
152 Q3 17' 1 1 X 10/9/07 1500											
Small Single Horse Shoe											
LAB USE ONLY											
REMARKS:											
Relinquished by: Shelly Tucker Company: VES Date: 10/9/07 Time: 1645											
Received by: Shelly Tucker Company: VES Date: 10/9/07 Time: 1645											
Relinquished by: Shelly Tucker Company: VES Date: 10/9/07 Time: 1645											
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Received by: Shelly Tucker Company: VES Date: 10/9/07 Time: 1645											

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

Carrier #

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