

A
E
S

ALLSTATE ENVIRONMENTAL SERVICES, LLC

P.O. Box 11322
Midland, Texas 79702
Office: (432) 682-3547
Fax: (432) 682-4182
Contractors License #94195



MAY -9 2008
OCD-ARTESIA

May 06, 2008

New Mexico Oil Conservation Division
District 2
1301 Grand Avenue
Artesia, New Mexico 88210

30-015-35558

Dear Sir/Ma'am

Included in this mailing is the closure report for OGX Resources, Kimber State #1 in Eddy County, New Mexico. As indicated in the summary the pit closure work began April 14, 2008 and was completed on April 29, 2008.

Any concern or questions regarding this site may be addressed to Paula Guell, Office Supervisor, Allstate Environmental Services, at 432-682-3547, or e-mail paula@basinbroadband.com or the company e-mail address at allstate@basinbroadband.com

Sincerely,

Paula Guell
Office Supervisor
Allstate Environmental Services, LLC

Cc: OGX Resources, T.X.
Allstate Environmental Services - file

Accepted for record
NMOCD

MAY 13 2008

Signed By

Mike Brannon

**OGX Resources
Pit Closure Report for Kimber State #1
API#30-015-35558
Eddy County, New Mexico**

Prepared for:

**OGX RESOURCES
400 N. Marienfield
Midland Texas 79702**

By:

**Allstate Environmental Services, LLC
P.O. Box 11322.
Midland, TX 79702
(432) 682-3547**

May 6, 2008

TABLE OF CONTENTS

Closure Summary

Attachment I Analytical Results

Attachment II Map

Attachment III C-144

Closure Summary

Pursuant to the Pit and Below-Grade Tank Guidelines as published November 1, 2004 by the New Mexico Oil Conservation Division.

Allstate Enviromental Services was contracted by OGX Resources to commence closure activities of the drilling pits at the Kimber State #1 lease in Eddy County on February 21, 2008. As described in the Form C-144 (Attachment III) for the Kimber State #1, the fluids in the pit were removed and disposed of. The contents were then stiffened and buried per option IV.B.3 (b) of the Pit and Below-Grade Tank Guidelines. Closure of the pit was completed April 29, 2008.

A map drawing of the pits in relation to any other equipment on the location is included in Attachment II.

Analytical Report



**ANALYTICAL RESULTS FOR
SOUTH ENVIRONMENTAL
ATTN: DAN DOLAN
P.O. BOX 11322
MIDLAND, TX 79702
FAX TO: (575) 365-2851**

Analysis Date: 04/28/08
Sampling Date: 04/28/08
Sample Type: SOIL
Sample Condition: INTACT
Sample Received By: ML
Analyzed By: KS

LAB NO.	SAMPLE ID	Cl ⁻ (mg/kg)
H14717-1	SW CORNER	640
H14717-2	NW CORNER	112
H14717-3	SE CORNER	160
H14717-4	NE CORNER	96
Quality Control		510
True Value QC		500
% Recovery		102
Relative Percent Difference		2.0

Note: Analyses performed on 1:4 w:v aqueous extracts.

04/28/08
Date

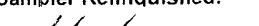


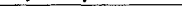
PLEASE NOTE **Liability and Damages.** **Cardinal's** liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by **Cardinal** within thirty (30) days after completion of the applicable service. In no event shall **Cardinal** be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by **Cardinal**, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



(505) 393-2326 Fax (505) 393-2476

[illegible]

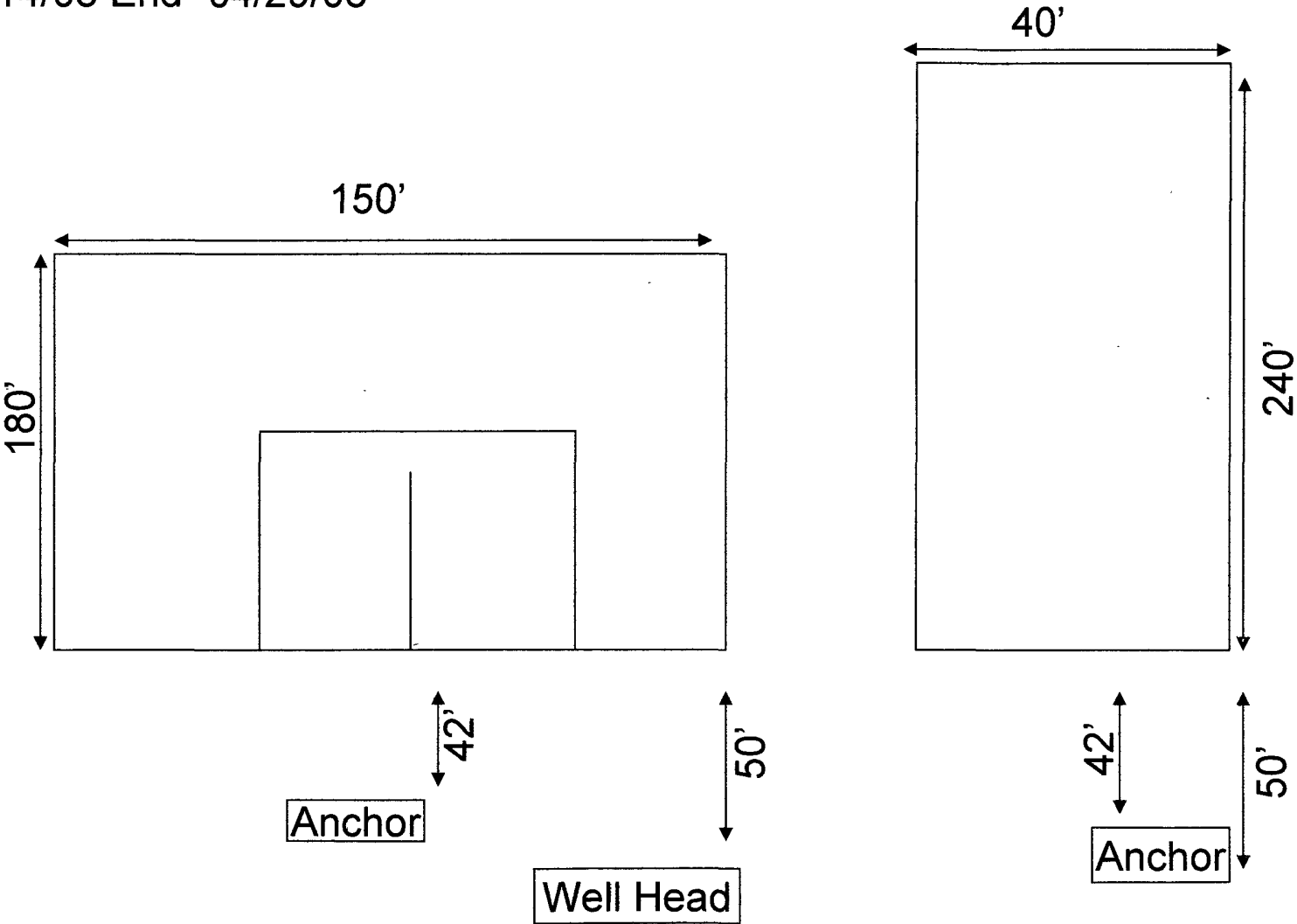
Terms and Conditions Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees

Sampler Relinquished: 		Date: 4-28-08		Received By: 		Phone Result: <input type="checkbox"/> No Add'l Phone #:	
Relinquished By:		Time: 10:00		Received By:		Fax Result: <input type="checkbox"/> No Add'l Fax #:	
Delivered By: (Circle One) Sampler - UPS - Bus - Other:		Date: Time:		Temp.		REMARKS: 	
				Sample Condition Cool Intact <input type="checkbox"/> Yes <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No		CHECKED BY: (Initials) 	

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

Site Map

OGX Resources
Kimber State #1
Eddy Co., New Mexico
Begin- 04/14/08 End- 04/29/08



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 ☒

Operator: OGX Resources Telephone: 432-685-1287 e-mail address:
Address: 400 N Marienfield Suite 200 Midland, Texas 79702
Facility or well name: Kimber State #1 30-015-35558 U/L or Qtr/Qtr C Sec 07 T 25S R 28E
County: Eddy Latitude Longitude NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal ☐ State X Private ☐ Indian ☐

FEB 21 2008
OCD-ARTESIA

Pit	Below-grade tank
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 20/12mil Clay <input type="checkbox"/> Pit Volume _____ bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> 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 (20 points)XXX 50 feet or more, but less than 100 feet (10 points) 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)XXX
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)XXX
	Ranking Score (Total Points) 20 points

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: Closure work plan for drilling pit An encapsulation trench will be constructed and lined with a 12 mil synthetic liner next to existing drilling pit. The drilling pit contents will be excavated and emplaced into the encapsulation trench using a mixture of three to one pit material and Class H bulk cement or GKD. The emulsion of pit material and cement will be mixed using a trackhoe and water added if needed. After completion of solidifying pit material in cement and pit contents have set in place for a minimum of 24 hours, the encapsulation trench will then be capped using a 20 mil synthetic liner and backfilled to grade using a minimum of 3' of like material and clean soil. A one call and 48 hour notification to OCD will be made before action begins.

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

Date: 2/18/08

Printed Name/Title Dan Dolan/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.

Approved:
Printed

See Attached
Stipulations

Gerry Guye
Compliance Officer

Signature

Date: FEB 21 2008

Form C-144

Stipulations for closing
Of Pit

Samples are to be obtained from pit area and analysis submitted to NMOCD prior to back filling. Notify NMOCD 24 hours prior to obtaining samples.

If burial trench is to be constructed in the pit area, samples are to be obtained from that area and analyses submitted to NMOCD prior to lining the pit, but after contaminated soils have been excavated from trench area.

Notify NMOCD 24 hours prior to beginning closure.

DATA INDICATES THIS AREA TO BE WATER SENSITIVE. As a condition of approval, if during pit construction, water is encountered or if water seeps into pits after construction the **OCD MUST BE CONTACTED IMMEDIATELY**

If pit is situated in an agricultural area pit contents must be hauled to an NMOCD approved disposal area.

Encapsulation insitu will be accomplished by mixing earthen materials with the pit contents, as necessary to stiffen the pit contents sufficiently to provide physical stability and support for the pit cover. No fluids are to be encapsulated in the bury pit.