

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



JUN 02 2008  
OCD-ARTESIA

30-015-35557

May 30, 2008

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

Dear Sir/Ma'am

Included in this mailing is the closure report for OGX Resources, Colt State #1 in Eddy County, New Mexico. As indicated in the summary the pit closure work began March 25, 2008 and was completed on April 10, 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](mailto:paula@basinbroadband.com) or the company e-mail address at [allstate@basinbroadband.com](mailto: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  
JUN 26 2008

**OGX Resources  
Pit Closure Report for Colt State #1  
API#30-015-35557  
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 30, 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 Colt State #001 lease in Eddy County on February 21, 2008. As described in the Form C-144 (Attachment III) for the Colt State #001, 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 10, 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**

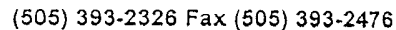
Analysis Date: 04/02/08  
Sampling Date: 04/02/08  
Sample Type: SOIL  
Sample Condition: INTACT  
Sample Received By: ML  
Analyzed By: HM

METHOD: Standard Methods	4500-CIB
--------------------------	----------

*Hope S. Moreno*  
Chemist

04-03-08  
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.



## Page \_\_\_\_\_ of \_\_\_\_\_

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



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

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

Receiving Date: 04/07/08  
Reporting Date: 04/07/08  
Project Owner: OGX  
Project Name: COLT  
Project Location: MALAGA, NM

Analysis Date: 04/07/08  
Sampling Date: 04/07/08  
Sample Type: SOIL  
Sample Condition: INTACT  
Sample Received By: ML  
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl <sup>-</sup> (mg/kg)
H14587-1	SE CORNER	48
H14587-2	SW CORNER	48
H14587-3	NE CORNER	64
H14587-4	NW CORNER	48
Quality Control		490
True Value QC		500
% Recovery		98.0
Relative Percent Difference		< 0.1

METHOD: Standard Methods

4500-Cl<sup>-</sup>B

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

  
Chemist

  
Date

H14587 ALLSTATE

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.





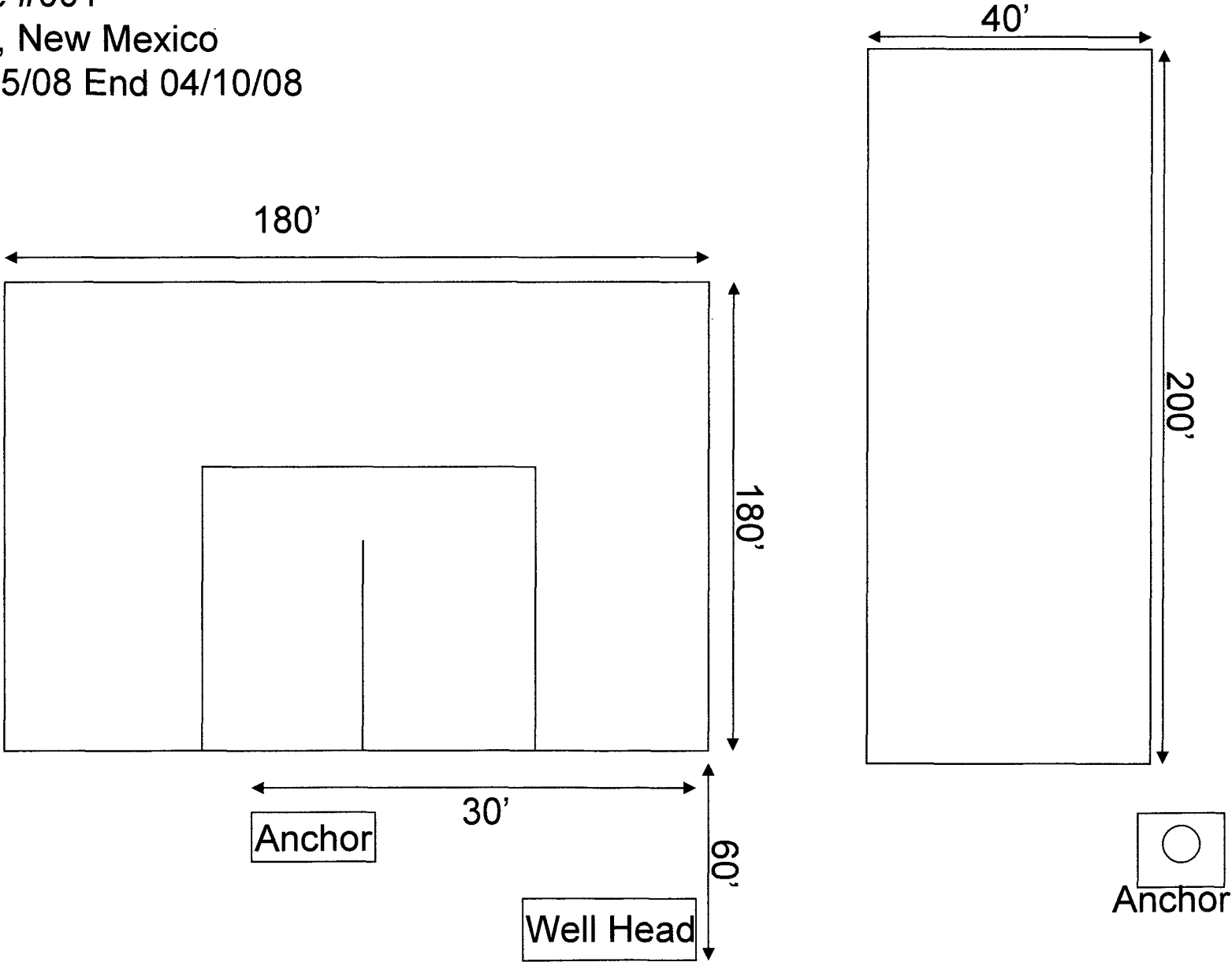
## CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page \_\_\_\_\_ of \_\_\_\_\_

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

## Site Map

OGX Resources  
Colt State #001  
Eddy Co., New Mexico  
Begin 3/25/08 End 04/10/08



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

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

Form C-144  
June 1, 2004

**Pit or Below-Grade Tank Registration or Closure**

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒ X

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☒ X

**S**

FEB 21 2008  
OCD-ARTESIA

Operator: OGX Resources Telephone: 432-685-1287 e-mail address:  
Address: 400 N Marienfield Suite 200 Midland, Texas 79702  
Facility or well name: Colt State #1 30-015-35557 U/L or Qtr/Qtr N Sec 5 T 25S R 28E  
County: Eddy Latitude Longitude NAD: 1927 ☐ 1983 ☐  
Surface Owner: Federal ☐ State ☒ Private ☐ Indian ☐

**Pit**  
Type: Drilling ☒ Production ☐ Disposal ☐  
Workover ☐ Emergency ☐  
Lined ☒ Unlined ☐  
Liner type: Synthetic ☒ Thickness 20/12mil 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 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)XXX  
(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)XXX

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)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 CKD. 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 guidelines ☒ 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.

**See Attached  
Stipulations**

Gerry Guye  
Compliance Officer

Signature

Date:

FEB 21 2008