

R. T. HICKS CONSULTANTS, LTD.

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September 14, 2016

Ms. Kristen Lynch
NMOCD District 1
1625 French Drive
Hobbs, New Mexico 88240
VIA EMAIL

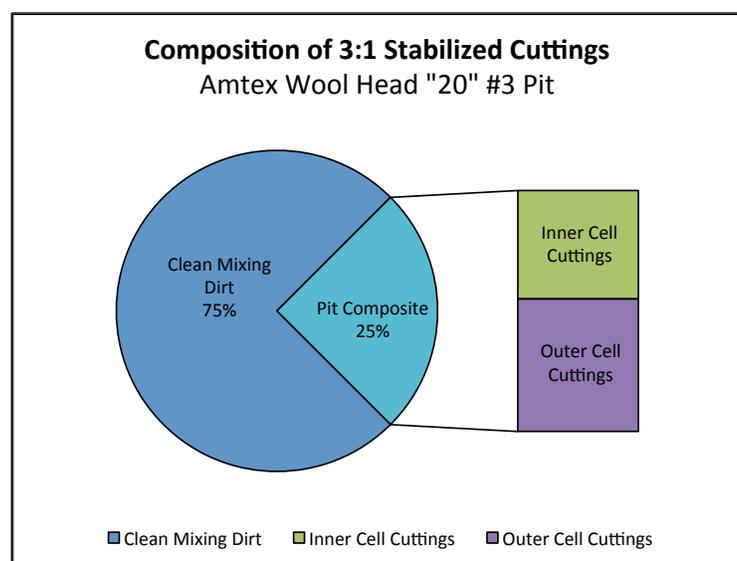
RE: AMTEX Energy, Inc. Wool Head "20" State No. 3 Temporary Pit, In-place Burial Notice
API #30-025-42142, Permit #P1-06563, Unit M, Section 20, T21S, R33E, Lea County

Ms. Lynch:

On behalf of Amtex Energy, Inc., R. T. Hicks Consultants provides this notice to NMOCD with a copy to the State Land Office (email return receipt in lieu of US Mail per approved variance request) that closure operations at the above-referenced pit is scheduled to begin on **Tuesday, September 20, 2016**. Please note that we utilized a variance approved by NMOCD on December 18, 2014 to substitute TPH via 8015 method (GRO + DRO+ ext. DRO) in lieu of method 418.1. The closure process should require about two weeks, depending on the weather and the availability of machinery.

The "In-place Burial" closure plan for the pit was approved by NMOCD on October 17, 2014 with the C-144 temporary pit application. The rig was released from the well on December 13, 2014 and the pit was then used to contain flow-back fluids to complete the well. A second well, sharing the same location and pit, was considered by the operator but market conditions prevented additional wells from being drilled.

Samples collected on August 17, 2016 consisted of a 4-point composite from the inner horseshoe cell, a 4-point composite from the outer horseshoe cell, and a 5-point composite from the clean soil of the berms (beneath the liner) that will be used for stabilization mixing. The table on page 2 of this notice demonstrates the calculated concentration for "3:1 stabilized" material that results when the pit contents are combined with available mixing soil during the closure process. The calculated value mathematically mixes 3 parts clean soil (mixing dirt) with 1 part of the weighted pit composite calculation, as depicted in the adjacent chart. The pit composite consists of 45% solids from the inner cell of the drilling pit and 55% of the solids from the outer cell, representative of the volume of cuttings in each cell.



Amtex Energy Inc., Wool Head "20" State No. 3 Temporary Pit	Sample Type	Sample Date	Chloride (mg/kg)	Benzene (mg/kg)	BTEX (mg/kg)	GRO+DRO (mg/kg)	GRO+DRO +extDRO (mg/kg)
Inner Composite (45%)	4-pt field comp.	8/17/16	78,400	1.140	12.7	357.5	419.0
Outer Composite (55%)	4-pt field comp.	8/17/16	22,000	0.895	21.6	456.8	547.8
Mixing Dirt	5-pt field comp.	8/17/16	32.0	ND	ND	ND	ND
3:1 Stabilized CALCULATED (3 parts mixing dirt, 1 part weighted pit cuttings)			11,869	0.289	4.62	118.0	145.0
NMAC 19.15.17.13 Table II (>100 ft) Closure Criteria			80,000	10	50	1,000	2,500

ND = Not Detect, Used Laboratory's Reporting Limit for Calculations

The formula used in the table:

$$3:1 \text{ Stabilized Solids} = \frac{[(\text{Outer Composite} \times 0.55) + (0.45 \times \text{Inner Composite}) + (3 \times \text{Mixing Dirt})]}{4}$$

Laboratory analyses of the component samples and the calculation of 3:1 stabilized cuttings "demonstrate that, after the waste is solidified or stabilized with soil or other non-waste material at a ratio of no more than 3:1 soil or other non-waste material to waste, the concentration of any contaminant in the stabilized waste is not higher than the parameters listed in Table II of 19.15.17.13 NMAC." Thank you for your consideration of this notice of in-place closure. I will follow-up this notice to you with a phone call today as required by the Pit Rule.

Sincerely,

R.T. Hicks Consultants



Dale T. Littlejohn
Geologist

Copy: Amtex Energy Inc,
Ed Martin via email
New Mexico State Land Office