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**Field Activity Report**

**For**

**Drill Pad Remediation and H<sub>2</sub>S Sign Installation  
Frontier AGI #1, Maljamar, NM**

**November 20, 2012**

Geolex supervised the drilling pad downsizing and remediation and the placement of H<sub>2</sub>S warning signs on wells that penetrate the injection zone in accordance with the Conditions of Approval and the NM OCD Order, respectively. PB Energy contracted SWEATT Construction to perform the excavation and restoration activities. Geolex geologist, Tom Sharp, directed the work to ensure the work was completed in accordance with the Application for Permit to Drill (APD), the COA for the APD, and the Frontier Field Services, LLC requirements, and the NM OCD Order. Plans were adjusted at the request of Frontier's Construction Supervisor, Jeff Bowman, to allow for a fence and gate on the northeast side of the pad and to tie the drilling pad into the compressor station pad.

Prior to beginning work, a safety meeting was conducted and utilities in the vicinity of the work area were cleared. Three pipelines run east-west under the pad several feet below the native desert topography. No excavating below native topography was conducted in the vicinity of the pipelines.

The scope of work required the removal of caliche on the north, east and south sides of the drilling pad and restoring the surface with native sand to match the existing dune structure. The south side of the pad was cut and the cut material (native sand) was used to fill the north side of the pad to match existing dunes. There is no topsoil in the area of the site, therefore, no topsoil was placed in the restoration areas. The north access road was moved 15 feet to the east for adequate room for truck entrance that will avoid the H<sub>2</sub>S monitors.

The caliche was initially excavated and stockpiled with a Caterpillar D-6 dozer on November 15, 2012. On November 16, 2012, a frontend loader and two end-dump trucks were used to load and transport the caliche to the new parking lot construction area located northwest of the flare. No soil was transported off-site.

The sand below the caliche on the south side was ripped, stockpiled, loaded, and transported to the north side fill area. A water truck was used to control dust and to add moisture for soil compaction. On November 17, 2012, the frontend loader spread the sand on the north side to match existing dunes. The sides of the pad were sloped at a low angle to match the existing dune structure and to slow erosion. The sand was moistened and compacted by wheel rolling with the frontend loader. No compaction testing was performed.

The prior and final site configurations are shown in attached Figure 1. All applicable requests of the Pecos District Conditions of Approval (COA) have been completed in accordance with Section IX: Interim Reclamation, page 13; except for seeding the reclaimed areas. Seed will be placed on the restored areas at a later date and prior to spring 2013.

In addition to completing the drill pad remediation, Geolex posted H<sub>2</sub>S warning signs at the 8 wells within a half mile that penetrate the injection zone to satisfy the requirements of the NM OCD Order (Figure 2 and photos).

These wells include:

Federal B1 #001  
SWD 29 #001  
Federal Hudson #001  
Hudson #1  
Baish A #14  
Baish A #12  
Elvis #2  
Elvis #4

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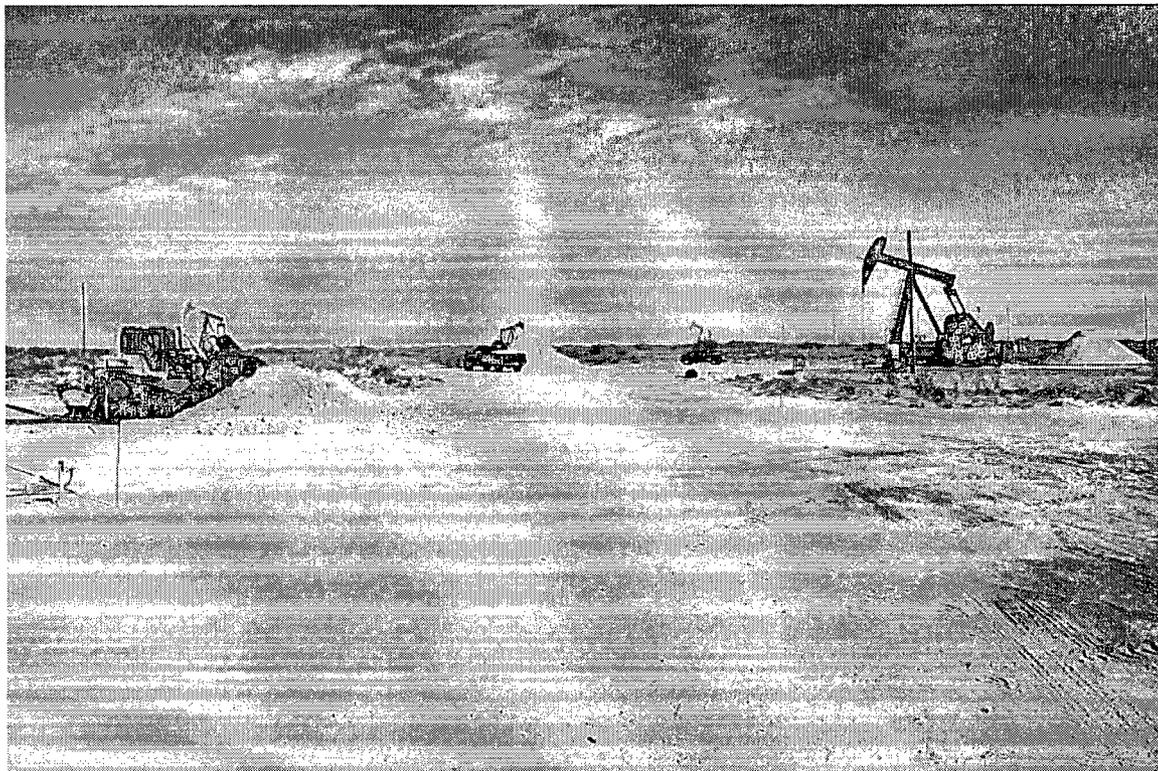
The first two wells on the list, Federal B1 #001 and SWD 29 #001, already had the required signs; therefore, no signs were installed at these two wells (see attached photos).

Photographic documentation of the above activities is included with this letter.

## Photos of Drilling Pad Downsizing and Reclamation Construction



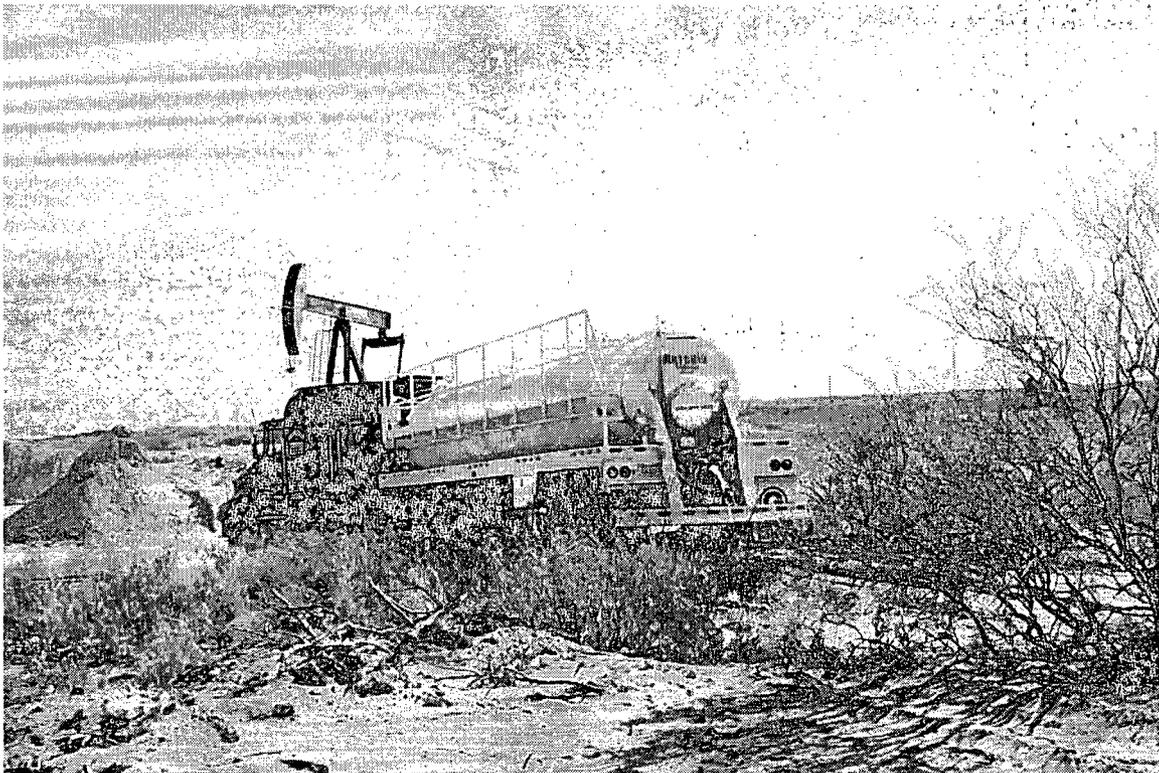
Removing surface caliche layer from the north side of the drill pad



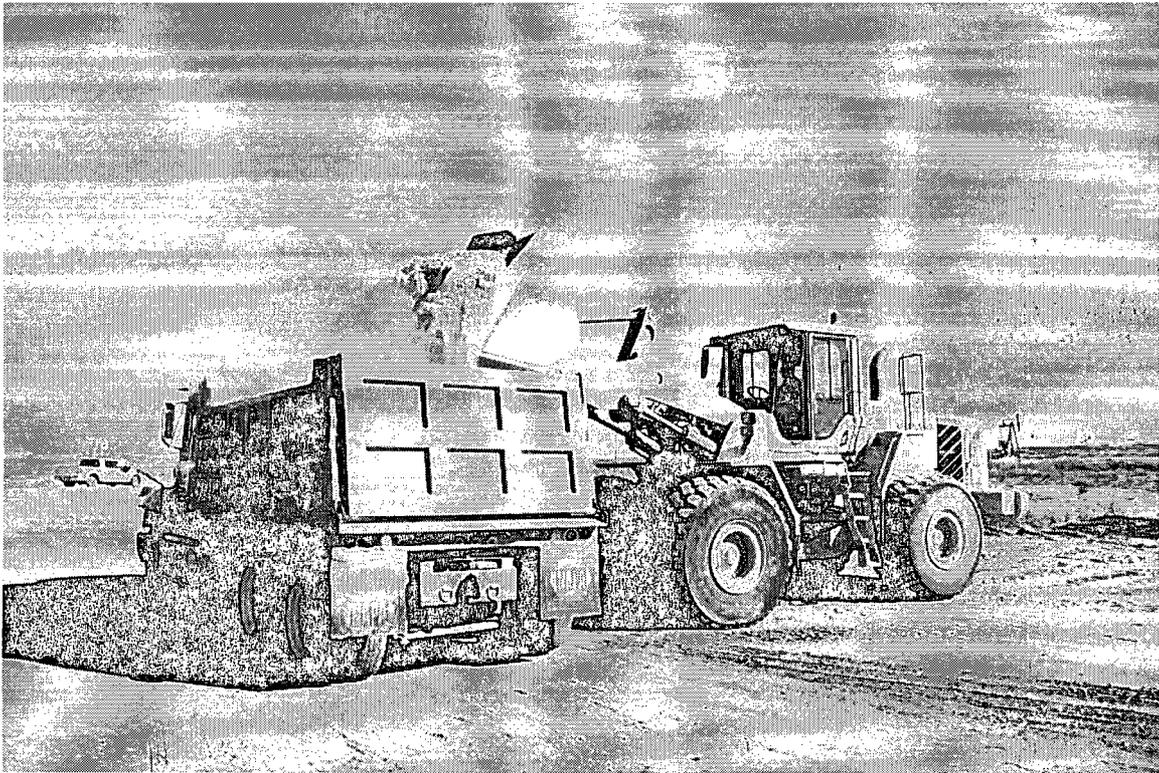
Stockpiling caliche next to the access road



Stockpiled caliche for transport to the new parking lot area



Water truck watering and compacting temporary access along flare fence



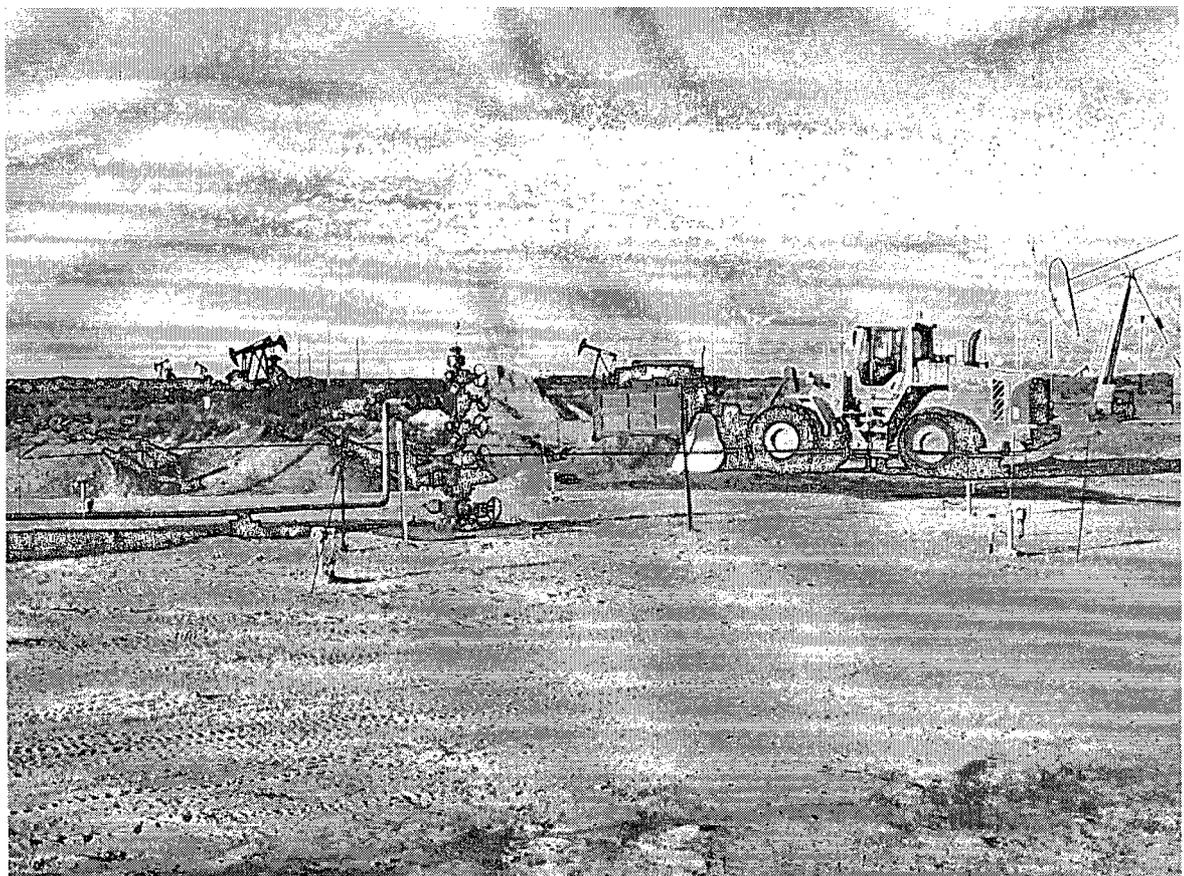
Frontend Loader loading caliche into dump truck



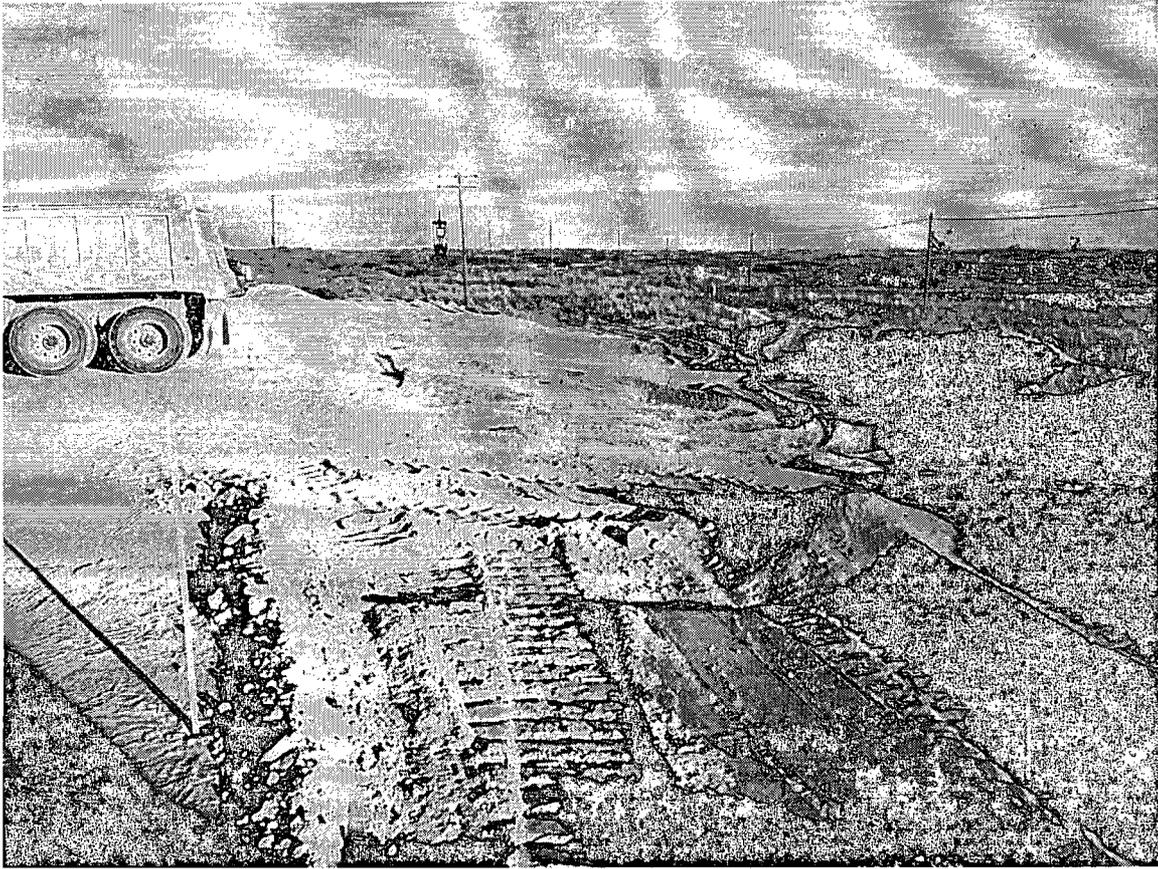
View of area while transporting caliche



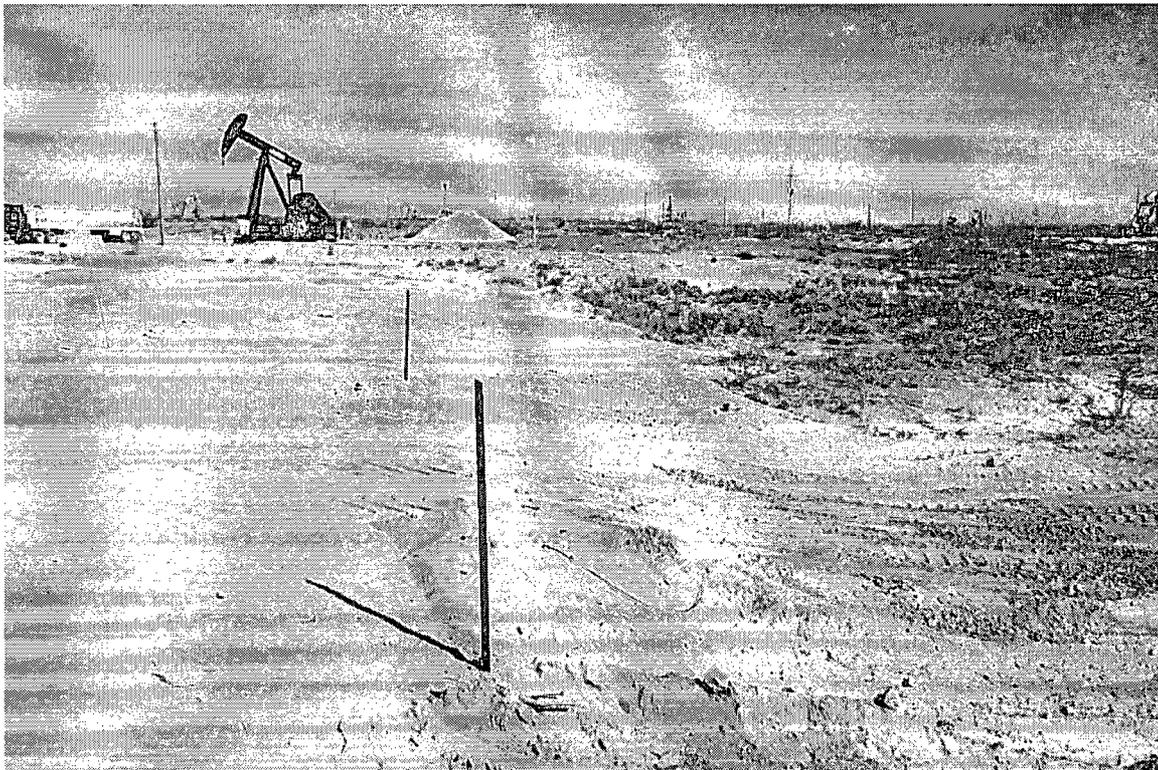
View of south side of drill pad after caliche was stripped off.



View of north fill area after caliche was remove and native sand deposited



South cut area after removing stockpiled sand



View looking north of newly constructed east slope to native desert.



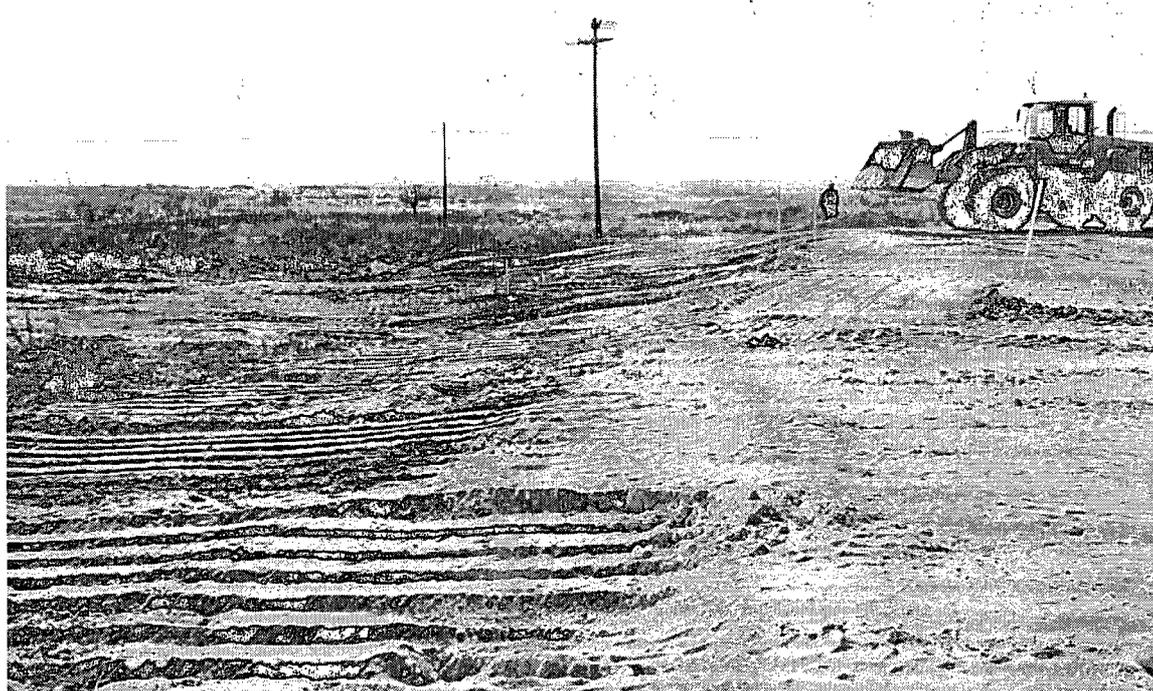
View of east slope pipeline marker



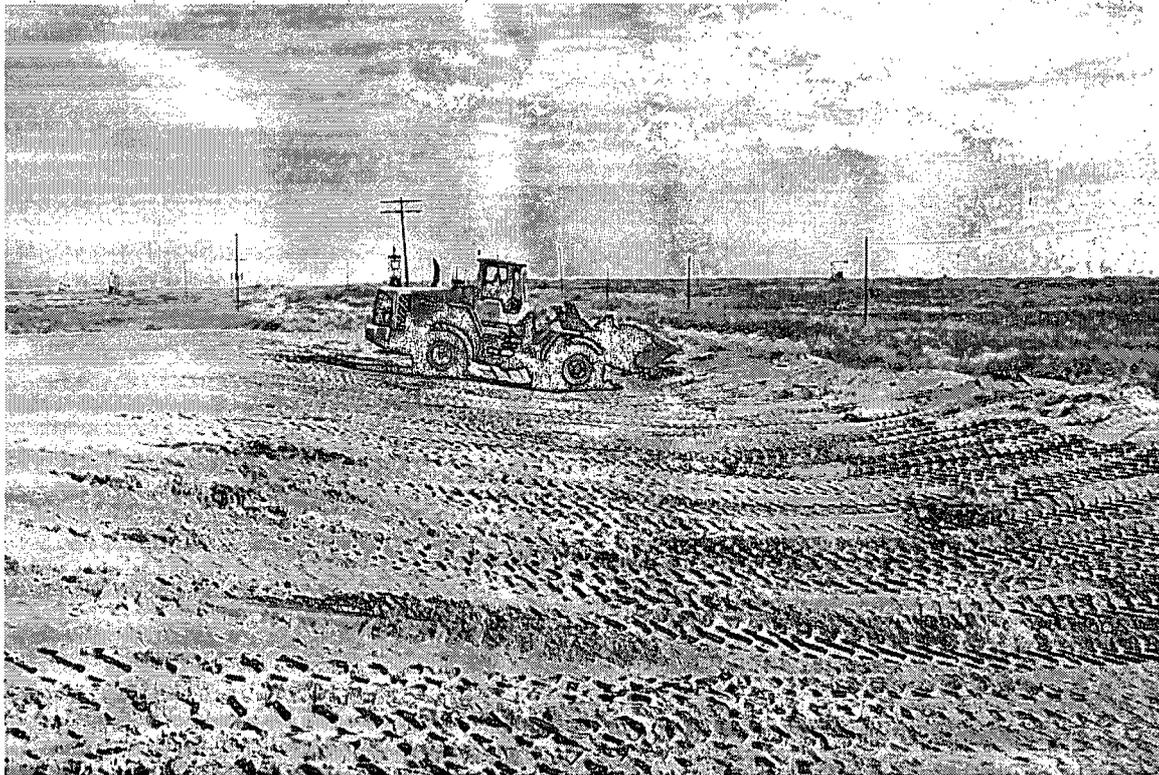
View of north remediated area with access road



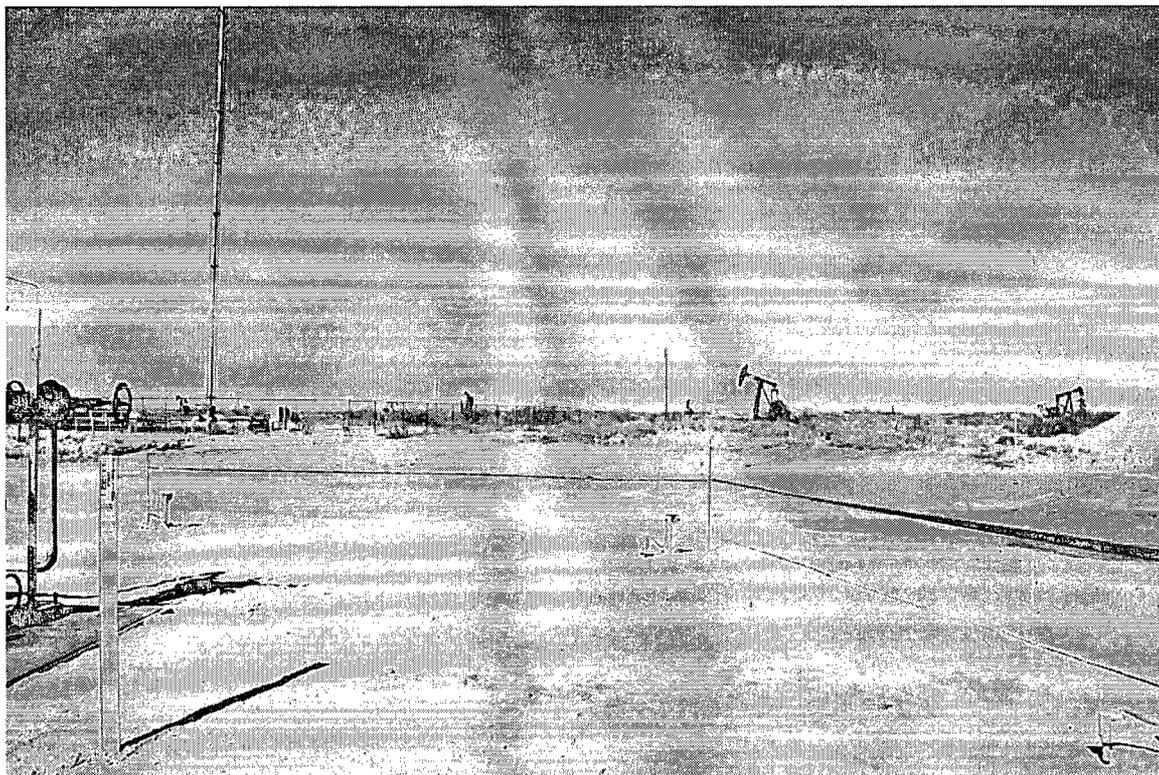
View of northeast corner after remediation



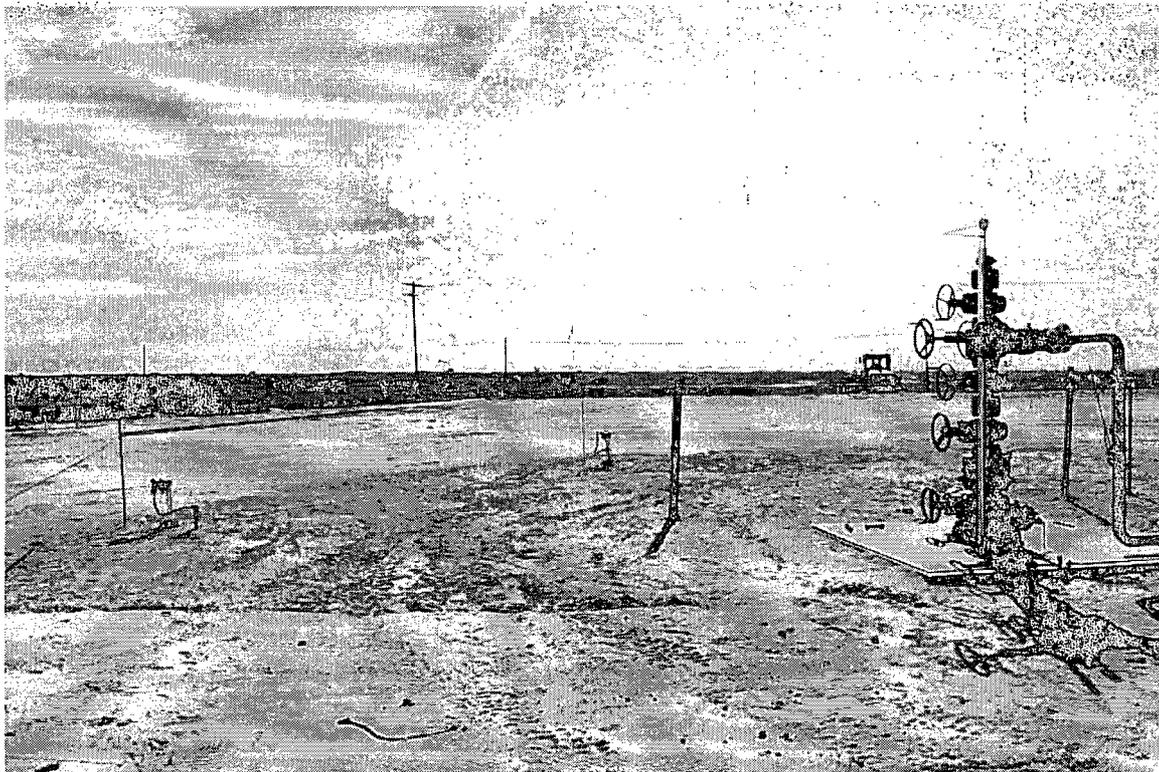
View looking south along the east side of the well pad after remediation



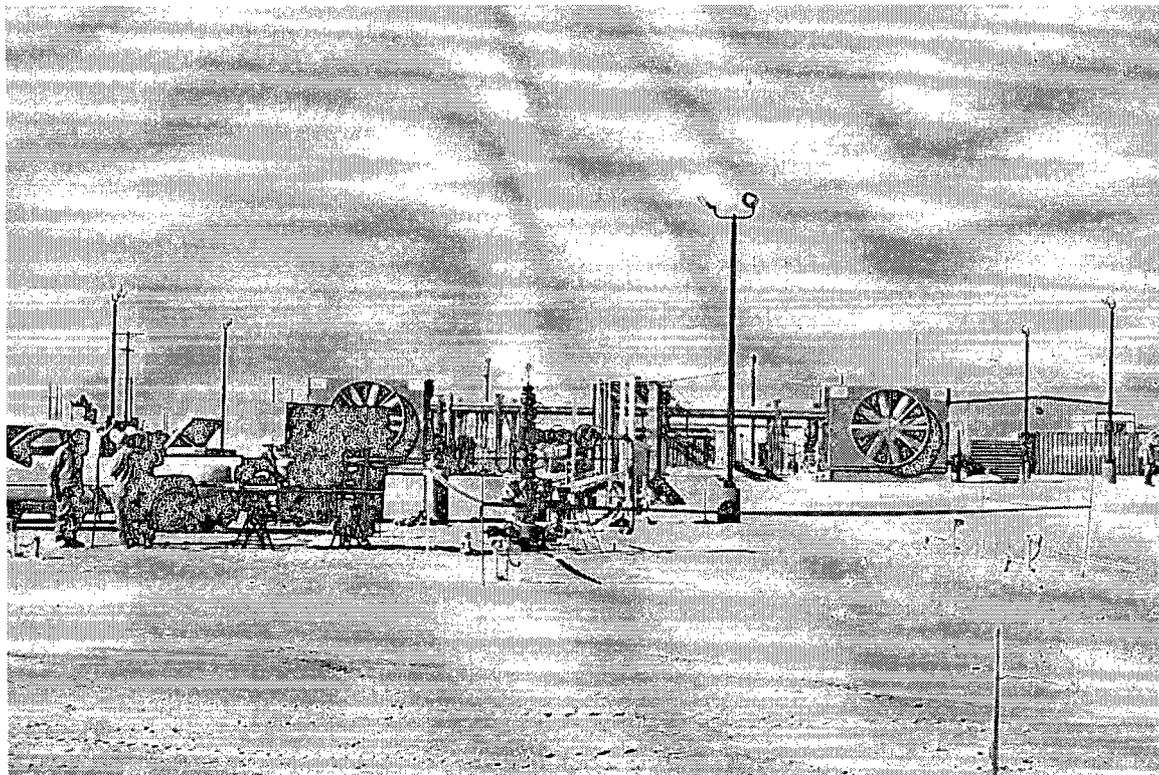
View of the south side of the pad (the cut side) newly constructed slope and dunes



View looking north from AGI #1



View looking south from AGI #1

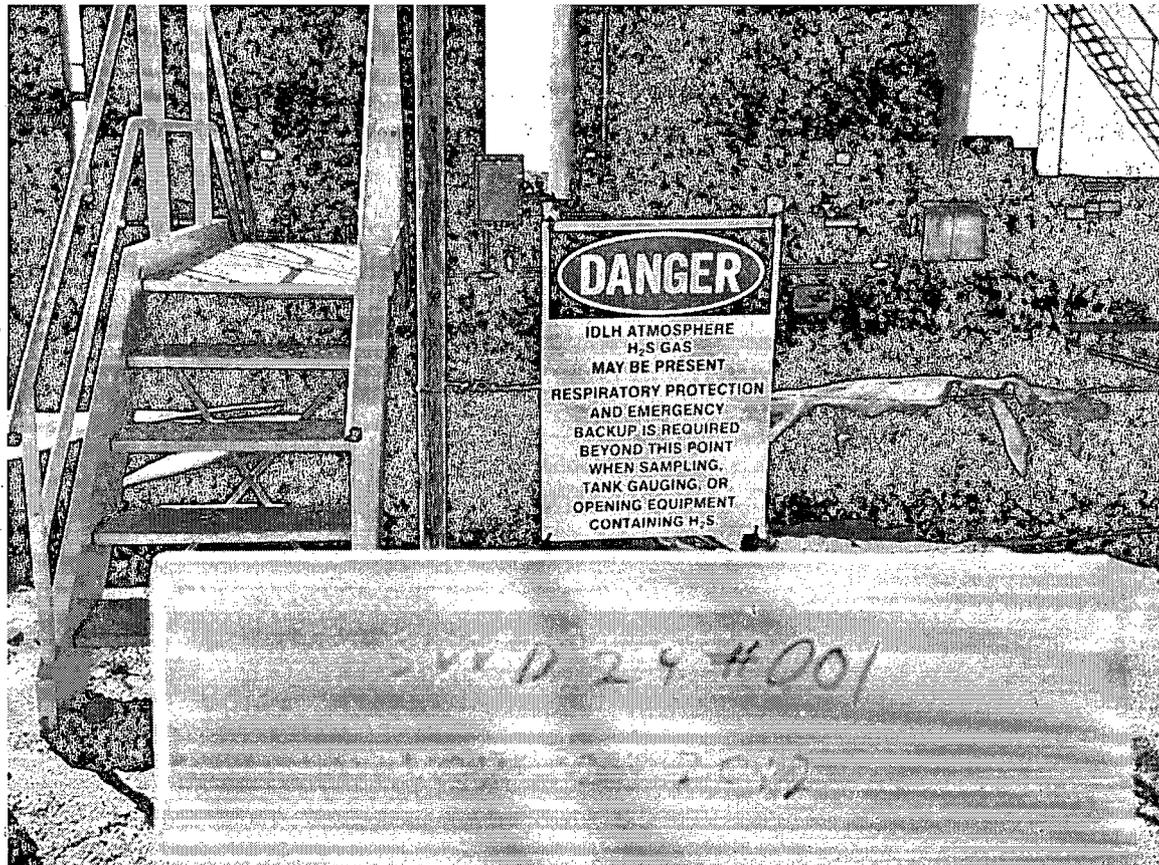


View looking west at AGI #1

Photos of H2S Signs at 8 Wells Penetrating the Injection Zone



Federal B1 #001



SWD 29 #001



Hudson Federal #001



Hudson # 1



Baish A #12



Baish A #14



Elvis #2



Elvis #4