



PC
1/5/06

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 4, 2006

Rey Baribault rab@inflowpetro.com
InFlow Petroleum Resources, LP
13760 Noel Road Suite 104
Dallas, TX 75240

Re: Justis Blinbry Field Mosley No. 1 Pit Closure Proposal
Site Location: UL-P, Sec 34 - T24S - R37E
C-144 Dated: December 15, 2005

Dear Mr. Baribault,

The New Mexico Oil Conservation Division (OCD) reviewed the above referenced closure plan submitted by InFlow Petroleum Resources, LP (InFlow). The plan is **hereby approved**. Once the operation is completed, please submit a final report so it can be closed in the records.

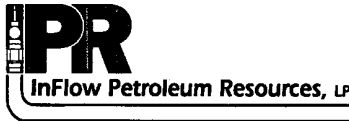
Please be advised that OCD approval does not relieve InFlow of responsibility should operations result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve InFlow of responsibility for compliance with any federal, state or local laws and/or regulations.

If you have any questions or need assistance please call me at (505) 393-6161, x111 or e-mail larry.johnson@state.nm.us

Sincerely,

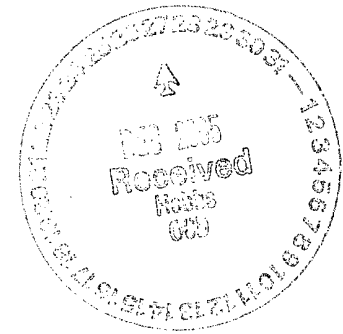
Larry Johnson - Environmental Engineer

Cc: Roger Anderson - Environmental Bureau Chief
Chris Williams - District I Supervisor
Paul Sheeley- Environmental Engineer



December 19, 2005

Mr. Larry Johnson
EMNRD Oil Conservation Division
1625 N. French Drive
Hobbs, NM 88240



Re: Form C-144 Application for Pit Closure Approval
Mosley Lease, S34-T24S-R37E, Lea County
InFlow Petroleum Resources, LP (OGRID 225789)

Dear Mr. Johnson:

Enclosed please find our Form C-144 Application for Pit Closure requesting approval of the proposed procedures to excavate and remediate the inactive production fluid pit on the Mosley lease in Lea County operated by InFlow Petroleum Resources, LP.

The Mosley pit delineation work was conducted on November 18, 2005 with an anchor boring truck equipped with 10-inch diameter auger. Samples for laboratory analysis were obtained from the five bottom-hole cores at a point when visually clean material returned to surface from the boring operation. For the four perimeter bores, the sample depths for clean material were between three and six feet. For the center bore, the clean sample depth was taken at 8 feet.

The lab results reported by Cardinal Laboratories are included attached to the Form C-144. All perimeter bore samples are non-detect for TPH, BTEX and chlorides. The sample from the center bore showed a slightly elevated TPH level of 1,028 mg/ml, three percent above the 1,000 mg/ml tolerance for depth to ground water in this area. The BTEX levels from this center bore sample are well below concentrations of concern and chlorides are non-detect.

Please review our excavation and remediation proposal which is included in the environmental consultant report dated December 8, 2005. Upon approval, InFlow will commence scheduling remediation work on this pit. If you have any questions, please do not hesitate to contact me at (469) 916-8373, ext. 1.

Best Regards,

A handwritten signature in black ink, reading 'Rey A. Baribault'. The signature is fluid and cursive, with a large 'R' and 'B'.

Rey A. Baribault, CEO
IPR Energy, LLC – General Partner
of InFlow Petroleum Resources, LP

Enclosures

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: InFlow Petroleum Resources, LP Telephone: 469-916-8373 e-mail address: rab@inflowpetro.com
Address: 13760 Noel Road, Suite 104, Dallas, Texas 75240
Facility or well name: Justis (Blinebry) Field - Mosley No. 1 API #: 30-025-20152 U/L or Qtr/Qtr P Sec 34 T 24S R 37E
County: Lea Latitude 32.165 Longitude -103.143 NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐

Pit

Type: Drilling ☐ Production ☒ Disposal ☐

Workover ☐ Emergency ☐

Lined ☐ Unlined ☒

Liner type: Synthetic ☐ Thickness mil Clay ☐

Pit Volume 319 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.) 50 - 100 feet

Less than 50 feet

(20 points)

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)

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)

Ranking Score (Total Points)

10 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 B. J. Doom - land farm. (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:

Pit delineation was conducted on November 18, 2005 as approved by Larry Johnson - Hobbs OCD. Soil samples were obtained from 5 borings - at 4' depth in the 4 perimeter bores D-1,2,4, and 5 and at 8' depth in the center bore D-3. Sample analyses for TPH, BTEX and chlorides were conducted by Cardinal Labs - Hobbs and results provided on November 22, 2005. Excavation and remediation plan is provided in attached report dated December 8, 2005 by West Texas Environmental, Inc.

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: 12/15/05

Printed Name/Title Rey A. Baribault, CEO - Gen Par IPR Energy, LLC

Signature Rey A. Baribault

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

Date:

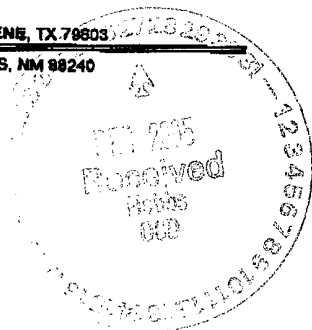
PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other causes whatsoever shall be deemed waived 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.



PHONE (815) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
WEST TEXAS ENVIRONMENTAL
ATTN: MIKE HERRON
1600 GARDEN CITY HIGHWAY
MIDLAND, TX 79701
FAX TO: 432-682-9090



Receiving Date: 11/18/2005
Project Owner: NONE GIVEN
Project Number: NONE GIVEN
Project Name: MOSLEY TB
Project Location: LEA, CO
Reporting Date: 11/22/2005

Sampling Dates: 11/18/2005
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AH
Analyzed By: JD

LAB ID	SAMPLE ID	TPH	TPH	TPH
		C ₆ -C ₁₂ (mg/L)	>C ₁₂ -C ₂₈ (mg/L)	Total (mg/L)
H10422-1	MOSLEY D-1	<50.0	<50.0	<50.0
H10422-2	MOSLEY D-2	<50.0	<50.0	<50.0
H10422-3	MOSLEY D-3	<50.0	1080	1080
H10422-4	MOSLEY D-4	<50.0	<50.0	<50.0
H10422-5	MOSLEY D-5	<50.0	<50.0	<50.0

BENZENE	TOLUENE	ETHYL-	TOTAL
		BENZENE	XYLENES
(mg/L)	(mg/L)	(mg/L)	(mg/L)
<0.002	<0.002	<0.002	<0.006
<0.002	<0.002	<0.002	<0.006
0.010	0.002	0.016	<0.006
<0.002	<0.002	<0.002	<0.006
<0.002	<0.002	<0.002	<0.006

Extraction Date:	11/21/05	11/21/05	11/21/05
Analysis Date:	11/21/05	11/21/05	11/21/05
Method Blank	<50.00	<50.00	<50.00
CS			
True Value LCS			
CS % Recovery			
Matrix Spike (MS)			215
Matrix Spike Dup (MSD)			188
True Value Matrix Spike			200
MS % Recovery			107.0%
MSD % Recovery			93.8%
Matrix Spike RPD			7.0%

11/21/05	11/21/05	11/21/05	11/21/05
11/21/05	11/21/05	11/21/05	11/21/05
<0.002	<0.002	<0.002	<0.006
0.097	0.096	0.098	0.285
0.1	0.1	0.1	0.3
97.0%	96.0%	98.0%	96.0%
0.0%	1.1%	4.8%	6.6%

LAGS:

Methods: TPH TCEQ 1005 Rev. 3; BTEX-MTBE SW-846 8021B, 5030B

Laboratory Manager

Date

H10422%20BTEXTPH%20SOIL11.xls

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.

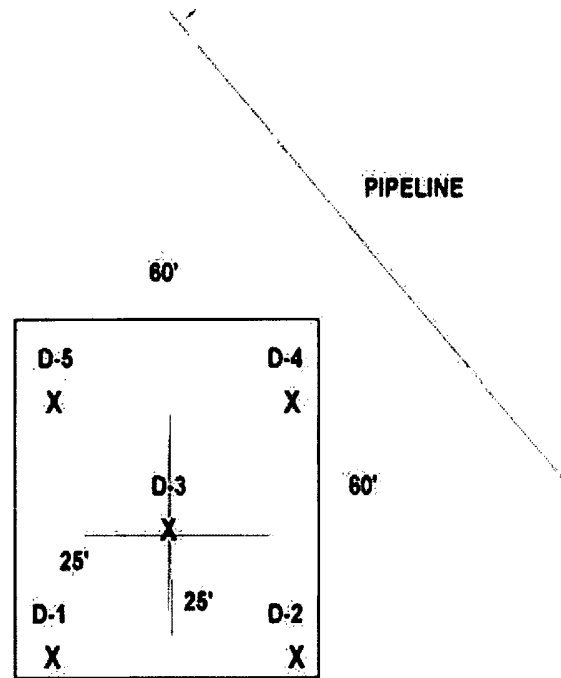
MOSLEY #1 PIT SITE DOCUMENTATION MAP

N →

X'S = BORES

D-1, D-2, D-4, D-5 @ 6'

D-3 @ 8'



MOSLEY TB



NOT TO SCALE



West Texas Environmental Inc.

December 8, 2005

Mr. Roy Baribault
InFlow Petroleum
13760 Noel Rd., Suite 104
Dallas, Texas 75240

Re: Mosley Pit Delineation and Remediation Recommendations

Mr. Baribault,

The following information is the report on the delineation sampling exacted on the pit located west of InFlow Petroleum Resources' (IPR) Mosley Tank Battery in Lea County, New Mexico. West Texas Environmental (WTE) was contracted as the consulting firm to conduct boring and sampling operations to determine depth, extent and level of assumed Hydrocarbon contamination located within the affected area.

Per Oil Conservation Division (OCD) mandate, WTE was requested to bore 5 holes (4 corners, 1 center) to at least 6' in depth. Along with minimum depth requirements, WTE was further requested to insure a visually perceived clean material return from the boring operation prior to extracting bottom hole samples.

Once these criteria were met, 5 bottom holes samples were to be extracted, identified, iced and transported to Cardinal Labs in Hobbs, N.M. for analysis by accepted Methods for TPH, BTEX and chlorides. Copies of the analysis provided by Cardinal have already been forwarded to IPR's office.

In addition to this report, you will find a recommendation for remedy and estimated costs associated with the remediation plan. IPR, at its discretion, may forward any or all of this report to the OCD in Hobbs.

Should you or any party have any questions regarding this report or its findings, please contact me at your earliest convenience.

Sincerely,
West Texas Environmental, Inc.

Mike Herron
President / Project Manager



MOSLEY PIT DELINEATION

The pit lies 150' due west of the Mosley Battery. Its current visible dimensions are 60' x 60'. There appears to be a moderate volume of likely hydrocarbon contaminated asphaltic material in the center of the site. The perimeter contains lesser volumes of contaminated material that appear to have been moved from the center during a previous attempt to remedy. This is evident from the position of the contaminant on top of and mixed in with surface soil and sub surface caliche. Also of note are the varying sizes, shapes and positions of the perimeter volumes. These variances appear to indicate previous stockpile or push efforts by mechanical means. During 3 site inspections including the boring/sampling procedure, no free fluid was observed on the surface; however, a viscous sheen indicating possible sub surface liquidity was noted. The New Mexico One Call System was notified and 1 underground pipeline was found and marked 20' from the northwest corner of the site. This line runs diagonally to the site from northeast to southwest.

On 11/14/05, WTE sent a 2 man team with tractor and PTO-driven 6' auger to bore 5 holes for bottom delineation samples. Three unsuccessful attempts to bore on different perimeter sites were made. Solid rock prevented bore penetration below 3'. Since the procedure called for depth of at least 6', the project was halted.

On 11/18/05, WTE sent a 2 man team and an anchor boring truck with 10" diameter auger to the site. Prior to and after each bore, the auger bit and core barrel used to extract the samples were decontaminated with soap and water to prevent cross contamination.

Bore 1 was located inside the southeast corner approximately 25' from the center. Surface soil was noted to a depth of 2 1/2'. Solid rock was encountered at 3' and continued to 6'. Clean material with no discoloring or aromatics was noted through surface returns beginning at 3'. Purge runs were made with the auger to insure proper depth and bore integrity. A 2" steel core barrel was driven mechanically by the auger into the bore and a sample of caliche material was extracted. This sample was identified as Mosley D-1.

Bore 2 was located inside the northeast corner approximately 25' from the center. Similar top soil and rock depths as Bore 1 were noted. Clean material was noted at 4'. Sampling procedure was the same for this and all remaining bores. This sample was identified as D-2.

Bore 3 was located in the center of the site. As expected, immediate returns of a viscous nature were noted. Hard rock was hit at 4 1/2'. Boring continued to 6' with returns showing darker color and emitting slight aromatics. Penetration continued to 7' and 8' with color turning to a light gray. Fewer aromatics were detected. At 8', the core barrel was attached and driven mechanically into the bore and a bottom sample was extracted. This sample was identified as D-3.

Bore 4 was located in the northwest corner approximately 20' from the center. The additional 5' was utilized to insure safe distance from the pipeline. Darker returns were noted on this bore to 5'; however, clean material was met at 6' and a sample was extracted. This sample was identified as D-4.

Bore 5 was located in the southwest corner approximately 25' from the center. Hard rock and clean returns were noted at 3'. At 6' the core barrel was attached and a sample was extracted. This sample was identified as D-5.

All 5 samples were transported to Cardinal Labs in Hobbs for TPH analysis by EPA Method 8015, BTEX analysis by EPA Method 8021 and for chlorides by Standard Method 4500Cl B.

Analytical results provided by Cardinal clearly shows that the perimeter bores are non-detect for TPH, BTEX and chlorides at 6' for D-1, D-2, D-4 and D-5. Based on visual returns to the surface during the sampling procedure, WTE is confident that little or no leaching has occurred below 4'



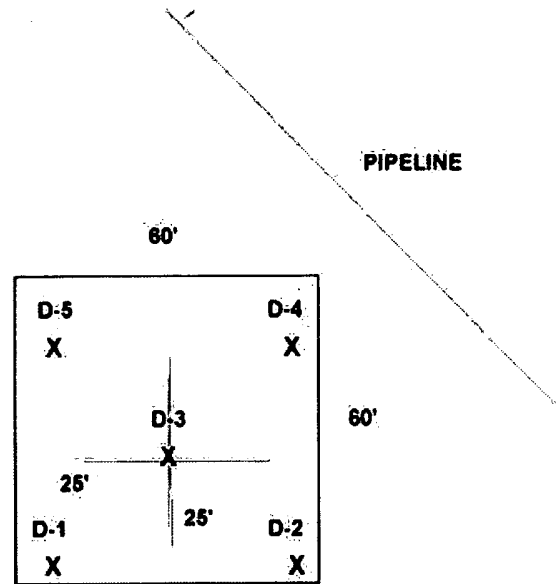
MOSLEY #1 PIT SITE DOCUMENTATION MAP

N →

X'S = BORES

D-1, D-2, D-4, D-5 @ 6'

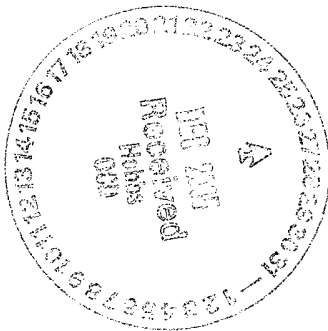
D-3 @ 8'



MOSLEY TB



NOT TO SCALE



MOSLEY PIT REMEDIATION COST ESTIMATE
WEST TEXAS ENVIRONMENTAL, INC.
DECEMBER 8, 2005

	<u>Unit Cost</u>	<u># Units</u>	<u>Cost</u>
150 yards TPH contaminated soil disposal @ \$ 22.00/yd	\$ 22.00	150 yds	\$ 3,300.00
13/ 12 yard/ 4 hour loads trucking to dispose @ \$ 65.00/hr	\$ 65.00	52 hrs	\$ 3,380.00
150 yards replacement soil @ \$ 9.00/yd	\$ 9.00	150 yds	\$ 1,350.00
13/ 12 yard/ 4 hour loads trucking to replace @ \$ 65.00/hr	\$ 65.00	52 hrs	\$ 3,380.00
50 hours to excavate, load soil to dispose @ \$ 55.00/hr	\$ 55.00	50 hrs	\$ 2,750.00
24 hours to backfill, spread and restore @ \$ 55.00/hr	\$ 55.00	24 hrs	\$ 1,320.00
10 hours spring planting and seeding @ \$ 75.00/hr	\$ 75.00	10 hrs	\$ 750.00
4 soil samples if req'd (TPH, BTEX, Chl.) @ \$ 375.00/ea	\$ 375.00	4 smpls	\$ 1,500.00
4 days consultant time @ \$ 450.00/dy	\$ 450.00	4 dys	\$ 1,800.00
Total estimated cost to remedy:			\$ 19,530.00

