Mr. Robin Terrell
Mewbourne Oil Company
POB 5270
Hobbs, New Mexico 88240

12 September 2007

APPROVED - 9.13.07
ENVIRONMENTAL ENGINEER

Mr. Larry Johnson
OIL CONSERVATION DIVISION
1625 North French Drive
Hobbs, NM 88240

Re: Closure Statement for Osudo "20" State Com # 1

Dear Mr. Johnson:

Mewbourne Oil Company (MOC) has closed the drilling pit on the above mentioned wellsite. The contents of the pit were placed in an onsite encapsulation trench that met all rules and regulations set by the NMOCD. After the pit contents were placed in the trench soil samples were taken from the pit floor. Due to the minimal amount of chlorides in the soil MOC obtained verbal permission from Larry Johnson of the NMOCD to blend the remaining material and close the pit. The floor of the pit was then blended and the pit was then contoured back to the original topography. The pit was closed on 6/26/07.

Sincerely,

Robin Terrell
Production Engineer

SEP 2007
Received
Hobbs
OCD

Enclosure: Lab analysis of soil samples

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: Mewbourne Oil Telephone: (505)393-5905 e-mail address: —
Address: P.O. Box 5270 Hobbs NM 88240
Facility or well name: Osudo South 20 St. Com #1 API #: 30-025-37560 U/L or Qtr/Qtr C Sec 20 T 21S R 35E
County: Lea Latitude N32°28'11.8" Longitude W103°23'30.6" NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal ☐ State ☒ Private ☐ Indian ☐

Pit
Type: Drilling ☒ Production ☐ Disposal ☐
Workover ☐ Emergency ☐
Lined ☒ Unlined ☐
Liner type: Synthetic ☒ Thickness 12 mil 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 75'-100'	(20 points) (10 points) (0 points) 10
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) 0
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) 0
	Ranking Score (Total Points)	10

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 your are burying in place) onsite ☒ offsite ☐ If offsite, name of facility N/A. (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 N/A ft. and attach sample results.
(5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
Refer to Attached Pit Closure Plan
Deep Burr

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: 6/26/07
Printed Name/Title Dusty L. Wilson / Field Super. Signature [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.

Approval:
Printed Name/Title L Johnson, Env Eng Signature [signature] Date: 6.28.07

O. Box 310
Hobbs, NM 88241-0310

Off 505.392.8584
Cell 505.631.2442
Fax 505.392.3085

New Mexic Environmental Services

Hobbs, New Mexico

Reserve Pit Remediation

SURFACE PIT CLOSURE PLAN

PIT PARAMETERS

COMPANY: Mewbourne Oil Co.
WELL SITE: Osudo South 20 State Com #1
LEGAL DESCRIPTION: Unit C Sec 20 T21s R35e, 660 FNL 1980 FWL, Lea co.

The reserve pit inset on this leasehold is being permitted to close as per New Mexico OCD "Pit and Below Grade Tank Guidelines" dated November 1, 2004.

This pit was excavated and formed to the dimensions roughly 120' X 150' X 6' deep. A 12 mil membrane liner and pad was used to prevent leakage to the surface soils. A visual examination of the membrane liner indicates that the liner had maintained its integrity.

After the drilling and completion phase of this project, the water phase of the pit contents were pumped and hauled to an approved water injection facility. It is estimated that the volume of solids remaining are to +/- 1500 yards. The burial cell is to be excavated and lined with a minimum 12 mil membrane that complies with ASTM Standards: D-5747, D-5199, D-5994, and D-4833. The cuttings will be loaded as to allow for > 36" freeboard to ground level. After the cuttings are loaded the 12 mil liner will be folded over the top, and a 20 mil minimum thickness liner meeting the minimum requirements as outlined in ASTM Standard Methods: D-5747, D-5199, D-5994, D-4833; will be used to cap and cover to an extended area that exceeds three feet in all directions from the

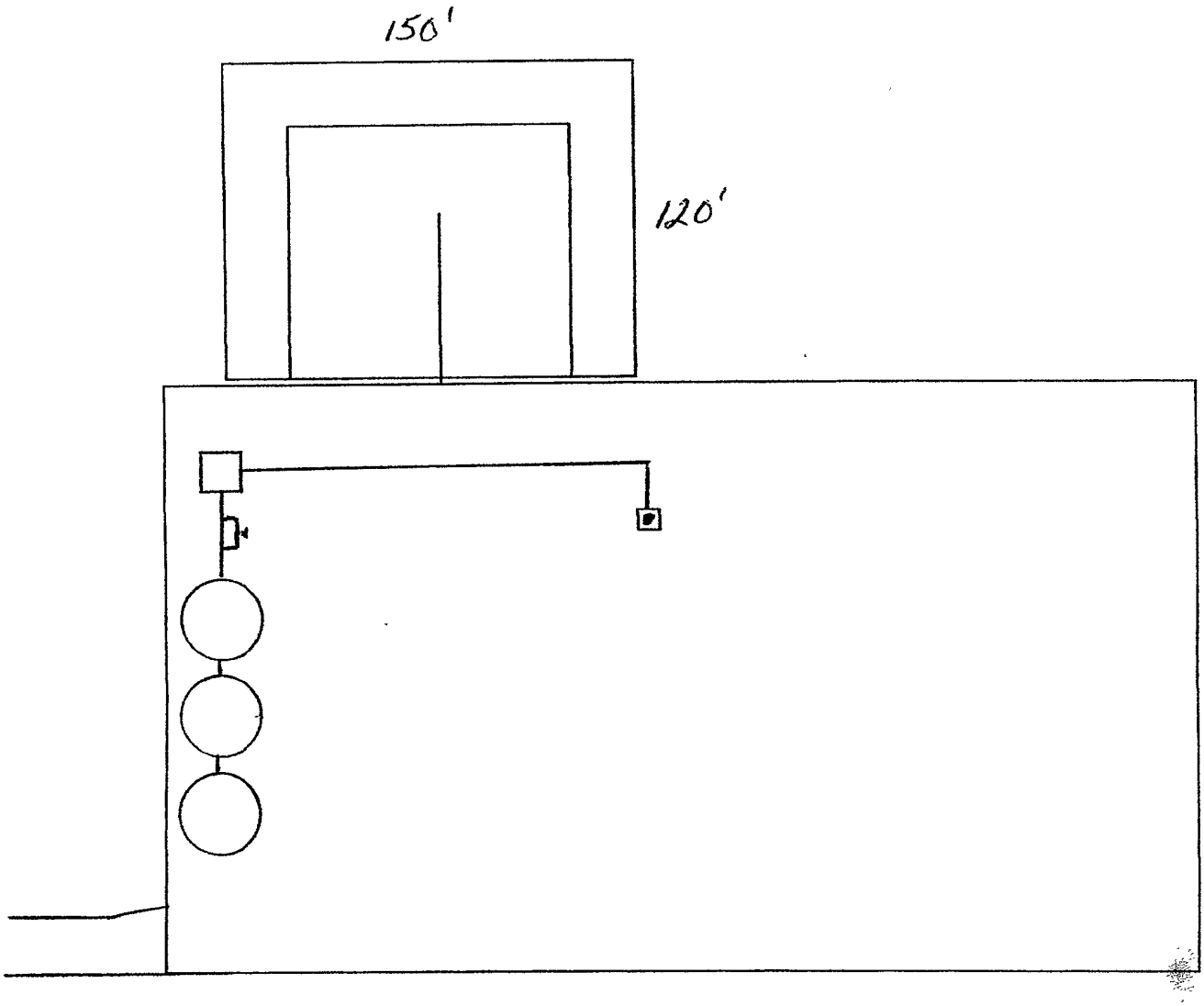
edge of the burial cell. This cap will be constructed as to slope and allow for water runoff from burial cell.

A minimum of 36" of top soil will be used to cover the burial cell. This soil must be capable of supporting plant growth. A seed mixture will be used as to conform to local BLM and OCD requirements.

After the drilling solids are buried, the natural contour of the surrounding soils will be mechanically shaped as to prevent erosion of the well site until vegetation is established.

LOCATION DIAGRAM

Mewbourne Oil, Osudo South 20 State com #1
API #30-025-37560
V-DOOR East



NEW MEXICO ONE CALL
Locate Request Confirmation

Ticket #:2007260836 Reason Code:STANDARD LOCATE
Work to Begin Date: 06/28/2007 Time: 07:36:00 AM

CALLER INFORMATION

MARLEANA Excavator Type:HOMEOWNER
NEW MEXICO ENVIRONMENTAL SERVICES Tel.:(505)392-9575

DIG LOCATION

City:RURAL LEA
Subdivision:
Address : To:
Street : *OSUDO SOUTH 20 STATE COM #1
Nearest Intersecting Street :

Second Intersecting Street :

Marleana

Additional Dig Information:
W0706260646130 FROM ST RD 8 AND HWY 42 IN MONUMENT
GO S ON ST RD 8 10.3 MI TO 176. GO W ON 176, 8.7
MI TO SAN SIMON RD. GO S .7 MI TURN E ON LEASE RD.
GO 1.1 MI. TURN E AND GO .3 MI ONTO LOCATION.
SPOT 600' RADIUS OF WELL HEAD

Remarks: LAT:N32*28'11.8" LONG:W103*23'30.6"

Township: 21S Range: 35E Section 1/4: 20 NW

Type of Work: DEEP BURY RESERVE PIT

The following utility owners have been notified of
your proposed excavation site:
DCP MIDSTREAM - EUNICE

IMPORTANT CONFIRMATION NOTICE

Your fax request has been received and processed. It is your responsibility to review the information provided on this faxback confirmation ticket and ensure it has been correctly interpreted from your request. Notify us immediately of any corrections or errors. Acceptance of this faxback confirmation ticket means you accept responsibility for the accuracy of the information contained in the ticket and you agree to indemnify New Mexico One Call Systems, Inc. of all liability, claims, fees, or damages, including reasonable attorney fees arising from or resulting from the use of the information provided on this confirmation ticket.

New Mexico Law requires you to wait two working days from the date and time of this confirmation notice before you begin excavation. This request is valid for ten working days. Only the facility owners listed

11' 4250

Summary Report

Dusty Wilson
New Mexico Environmental
P.O. Box 310
Hobbs, NM, 88241

Report Date: July 20, 2007

Work Order: 7072004

Project Location: 660/N 1980/W Sec 20 T215 R35E Lea Co., NM
Project Name: API-30-025-37560
Project Number: Mewboarne, Osudo South 20 State Com #1

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
130435	Sample #001 SE 1/4 9'	soil	2007-07-18	15:45	2007-07-20
130436	Sample #002 NE 1/4 9'	soil	2007-07-18	15:36	2007-07-20
130437	Sample #003 NW 1/4 9'	soil	2007-07-18	15:20	2007-07-20
130438	Sample #004 SW 1/4 8'	soil	2007-07-18	15:03	2007-07-20
130439	Sample #005 BG	soil	2007-07-18	14:45	2007-07-20

Sample: 130435 - Sample #001 SE 1/4 9'

Param	Flag	Result	Units	RL
Chloride		**1230**	mg/Kg	5.00

Sample: 130436 - Sample #002 NE 1/4 9'

Param	Flag	Result	Units	RL
Chloride		**1580**	mg/Kg	5.00

Sample: 130437 - Sample #003 NW 1/4 9'

Param	Flag	Result	Units	RL
Chloride		**300**	mg/Kg	5.00

Sample: 130438 - Sample #004 SW 1/4 8'

Param	Flag	Result	Units	RL
Chloride		**1830**	mg/Kg	5.00

Sample: 130439 - Sample #005 BG

Param	Flag	Result	Units	RL
Chloride		**113**	mg/Kg	5.00

TRACEANALYSIS, INC.

6701 Aberdeen Avenue, Suite 9 Lubbock, Texas 79424 800•378•1296 806•794•1296 FAX 806•794•1298
200 East Sunset Road, Suite E El Paso, Texas 79922 888•588•3443 915•585•3443 FAX 915•585•4944
5002 Basin Street, Suite A1 Midland, Texas 79703 432•689•6301 FAX 432•689•6313
6015 Harris Parkway, Suite 110 Ft. Worth, Texas 76132 817•201•5260
E-Mail: lab@traceanalysis.com

Analytical and Quality Control Report

Dusty Wilson
New Mexico Environmental
P.O. Box 310
Hobbs, NM, 88241

Report Date: July 20, 2007

Work Order: 7072004

Project Location: 660/N 1980/W Sec 20 T215 R35E Lea Co., NM
Project Name: API-30-025-37560
Project Number: Mewboarne, Osudo South 20 State Com #1

Enclosed are the Analytical Report and Quality Control Report for the following sample(s) submitted to TraceAnalysis, Inc.

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
130435	Sample #001 SE 1/4 9'	soil	2007-07-18	15:45	2007-07-20
130436	Sample #002 NE 1/4 9'	soil	2007-07-18	15:36	2007-07-20
130437	Sample #003 NW 1/4 9'	soil	2007-07-18	15:20	2007-07-20
130438	Sample #004 SW 1/4 8'	soil	2007-07-18	15:03	2007-07-20
130439	Sample #005 BG	soil	2007-07-18	14:45	2007-07-20

These results represent only the samples received in the laboratory. The Quality Control Report is generated on a batch basis. All information contained in this report is for the analytical batch(es) in which your sample(s) were analyzed

Dr. Blair Leftwich, Director

Standard Flags

B - The sample contains less than ten times the concentration found in the method blank

Case Narrative

Samples for project API-30-025-37560 were received by TraceAnalysis, Inc. on 2007-07-20 and assigned to work order 7072004. Samples for work order 7072004 were received intact at a temperature of 1.0 deg.C.

Samples were analyzed for the following tests using their respective methods.

Test	Method
Chloride (Titration)	SM 4500-Cl B

Results for these samples are reported on a wet weight basis unless data package indicates otherwise.

A matrix spike (MS) and matrix spike duplicate (MSD) sample is chosen at random from each preparation batch. The MS and MSD will indicate if a site specific matrix problem is occurring, however, it may not pertain to the samples for work order 7072004 since the sample was chosen at random. Therefore, the validity of the analytical data reported has been determined by the laboratory control sample (LCS) and the method blank (MB). These quality control measures are performed with each preparation batch to ensure data integrity.

All other exceptions associated with this report have been footnoted on the appropriate analytical page to assist in general data comprehension. Please contact the laboratory directly if there are any questions regarding this project.

TRACEANALYSIS, INC.
6701 Aberdeen Avenue, Suite 9 Lubbock Texas 79424 800•378•1296 806•794•1296 FAX 806•794•1298
200 East Sunset Road, Suite E El Paso, Texas 79922 888•588•3443 915•585•3443 FAX 915•585•4944
5002 Basin Street, Suite A1 Midland Texas 79703 432•689•6301 FAX 432•689•6313
6015 Harris Parkway, Suite 110 Ft. Worth, Texas 76132 817•201•5260
E-Mail: lab@traceanalysis.com

Analytical and Quality Control Report

Dusty Wilson
New Mexico Environmental
P.O. Box 310
Hobbs, NM, 88241

Report Date: July 26, 2007

Work Order: 7072517

Project Location: Unit C Sec 20 T215 R35E Lea Co., NM
Project Name: API-30-025-37560
Project Number: Mewbourne, Osudo South 20 State Com #1

Enclosed are the Analytical Report and Quality Control Report for the following sample(s) submitted to TraceAnalysis, Inc.

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
130882	Sample #001 SE 1/4 11'	soil	2007-07-24	09:20	2007-07-25
130883	Sample #002 NE 1/4 11'	soil	2007-07-24	09:35	2007-07-25
130884	Sample #003 NW 1/4 10'	soil	2007-07-24	09:47	2007-07-25
130885	Sample #004 SW 1/4 11'	soil	2007-07-24	10:00	2007-07-25

These results represent only the samples received in the laboratory. The Quality Control Report is generated on a batch basis. All information contained in this report is for the analytical batch(es) in which your sample(s) were analyzed.

Dr. Blair Leftwich, Director

Standard Flags

B - The sample contains less than ten times the concentration found in the method blank.

Case Narrative

Samples for project API-30-025-37560 were received by TraceAnalysis, Inc. on 2007-07-25 and assigned to work order 7072517. Samples for work order 7072517 were received intact at a temperature of 1.0 deg.C.

Samples were analyzed for the following tests using their respective methods.

Test	Method
Chloride (Titration)	SM 4500-Cl B

Results for these samples are reported on a wet weight basis unless data package indicates otherwise.

A matrix spike (MS) and matrix spike duplicate (MSD) sample is chosen at random from each preparation batch. The MS and MSD will indicate if a site specific matrix problem is occurring, however, it may not pertain to the samples for work order 7072517 since the sample was chosen at random. Therefore, the validity of the analytical data reported has been determined by the laboratory control sample (LCS) and the method blank (MB). These quality control measures are performed with each preparation batch to ensure data integrity.

All other exceptions associated with this report have been footnoted on the appropriate analytical page to assist in general data comprehension. Please contact the laboratory directly if there are any questions regarding this project.

Sample: 130885 - Sample #002 NE 1/4 11'

Analysis:	Chloride (Titration)	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
QC Batch:	39429	Date Analyzed:	2007-07-26	Analyzed By:	ER
Prep Batch:	34136	Sample Preparation:	2007-07-25	Prepared By:	JS

Parameter	Flag	Result	RL Units	Dilution	RL
Chloride		157	mg/Kg	4	5.00

Sample: 130884 - Sample #003 NW 1/4 10'

Analysis:	Chloride (Titration)	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
QC Batch:	39429	Date Analyzed:	2007-07-26	Analyzed By:	ER
Prep Batch:	34136	Sample Preparation:	2007-07-25	Prepared By:	JS

Parameter	Flag	Result	RL Units	Dilution	RL
Chloride		101	mg/Kg	4	5.00

Sample: 130885 - Sample #004 SW 1/4 11'

Analysis:	Chloride (Titration)	Analytical Method:	SM 4500-Cl B	Prep Method:	N/A
QC Batch:	39429	Date Analyzed:	2007-07-26	Analyzed By:	ER
Prep Batch:	34136	Sample Preparation:	2007-07-25	Prepared By:	JS

Parameter	Flag	Result	RL Units	Dilution	RL
Chloride		161	mg/Kg	4	5.00

Method Blank (1) QC Batch: 39429

QC Batch:	39429	Date Analyzed:	2007-07-26	Analyzed By:	ER
Prep Batch:	34136	QC Preparation:	2007-07-25	Prepared By:	TS

Report Date: July 26, 2007 | Work Order: 7072517 | Page Number: 4 of 5
Mewbourne, Osudo South 20 State Com #1 | API-30-025-37560 | Unit C Sec 20 T21S R35E Lea Co., NM

Parameter	Flag	MDL Result	Units	RL
Chloride		<3.25	mg/Kg	5

Laboratory Control Spike (LCS-1)

QC Batch: 39429 | Date Analyzed: 2007-07-26 | Analyzed By: ER
Prep Batch: 34136 | QC Preparation: 2007-07-25 | Prepared By: TS

Param	LCS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	103	mg/Kg	1	100	<3.25	103	90 - 110

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param	LCSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	102	mg/Kg	1	100	<3.25	102	90 - 110	1	20

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Matrix Spike (MS-1) Spiked Sample: 130877

QC Batch: 39429 | Date Analyzed: 2007-07-26 | Analyzed By: ER
Prep Batch: 34136 | QC Preparation: 2007-07-25 | Prepared By: TS

Param		MS Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit
Chloride	[1]	637	mg/Kg	4	400	112	131	84.6 - 117

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Param		MSD Result	Units	Dil.	Spike Amount	Matrix Result	Rec.	Rec. Limit	RPD	RPD Limit
Chloride	[2]	817	mg/Kg	4	400	112	176	84.6 - 117	25	20

Percent recovery is based on the spike result. RPD is based on the spike and spike duplicate result.

Standard (ICV-1)

QC Batch: 39429 | Date Analyzed: 2007-07-26 | Analyzed By: ER

Param	Flag	Units	ICVs True Conc.	ICVs Found Conc.	ICVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	100	100	85 - 115	2007-07-26

Standard (CCV-1)

QC Batch: 39429 | Date Analyzed: 2007-07-26 | Analyzed By: ER

[1] Matrix spike recovery out of control limits due to matrix interference. Use LCS/LCSD to demonstrate analysis is under control.
[2] Matrix spike recovery out of control limits due to matrix interference. Use LCS/LCSD to demonstrate analysis is under control.

Report Date: July 26, 2007 Work Order: 7072517 Page Number: 5 of 5
Mewbourne, Osudo South 20 State Com #1 API-30-025-37560 Unit C Sec 20 T21S R35E Lea Co., NM

Param	Flag	Units	CCVs True Conc.	CCVs Found Conc.	CCVs Percent Recovery	Percent Recovery Limits	Date Analyzed
Chloride		mg/Kg	100	100	100	85 - 115	2007-07-26

LAB Order ID # 7072517

TraceAnalysis, Inc.

email: lab@traceanalysis.com

6701 Aberdeen Avenue, Suite 9, Lubbock, Texas 79424, Tel (806) 794-1296, Fax (806) 794-1298, 1 (800) 378-1296

5002 Basin Street, Suite A1, Midland, Texas 79703, Tel (432) 689-6301, Fax (432) 689-6313

200 East Sunset Rd., Suite E, El Paso, Texas 79922, Tel (915) 585-3443, Fax (915) 585-4944, 1 (888) 588-3443

6015 Harris Pkwy., Suite 110, Ft. Worth, Texas 76132, Tel (817) 201-5260

Company Name: New Mexico Environmental Services Phone #: (505) 392-9575

Address: (Street, City, Zip) P.O. Box 310, Hobbs NM 88242 Fax #: (505) 392-3085

Contact Person: Dusty Wilson (505) 631-8154 E-mail: —

Invoice to: (If different from above) Same

Project #: API# 30-025-37560

Project Name: Melbourne Osudo South 20 St. Com. #1

Project Location (including state): Unit C Sec 20 T21S R35E

Sampler Signature: [signature]

LAB # (LAB USE ONLY)	FIELD CODE	# CONTAINERS	Volume / Amount	MATRIX: SOIL	PRESERVATIVE METHOD: ICE	SAMPLING: DATE	SAMPLING: TIME	Cl	*Within 48 hrs is ok*
130882	Sample # 001 SE 1/4 11'	1	4 oz	X	X	7/24/07	9:20 am	X	X
883	Sample # 002 NE 1/4 11'	〃	〃	X	X	〃	9:35 am	X	X
884	Sample # 003 NW 1/4 10'	〃	〃	X	X	〃	9:47 am	X	X
885	Sample # 004 SW 1/4 11'	〃	〃	X	X	〃	10:00 am	X	X

Matrix options: WATER, SOIL, AIR, SLUDGE. Preservative Method options: HCl, HNO_3, H_2SO_4, NaOH, ICE, NONE.

ANALYSIS REQUEST (Circle or Specify Method No.): MTBE 8021B / 602 / 8260B / 624; BTEX 8021B / 602 / 8260B / 624; TPH 418.1 / TX1005 / TX1005 Ext(C35); TPH 8015 GRO / DRO / TVHC; PAH 8270C / 625; Total Metals Ag As Ba Cd Cr Pb Se Hg 6010B/200.7; TCLP Metals Ag As Ba Cd Cr Pb Se Hg; TCLP Volatiles; TCLP Semi Volatiles; TCLP Pesticides; RCI; GC/MS Vol. 8260B / 624; GC/MS Semi. Vol. 8270C / 625; PCB's 8082 / 608; Pesticides 8081A / 608; BOD, TSS, pH; Moisture Content; Cl; *Within 48 hrs is ok*; Turn Around Time if different from standard; Hold

Relinquished by	Date	Time	Received by	Date	Time
[signature]	7/25/07	7:40 am	[signature]	7/25/07	7:40 am
[signature]	7/25/07	7:40 am			
[signature]	7/25/07	11:05 am	Received at Laboratory by: [signature]	07/25/07	11:05

LAB USE ONLY

Intact (Y) / N

Headspace Y / (N)

Temp 1

Log-in-Review [initials]

Carrier # Carly Ju[illegible]

REMARKS:

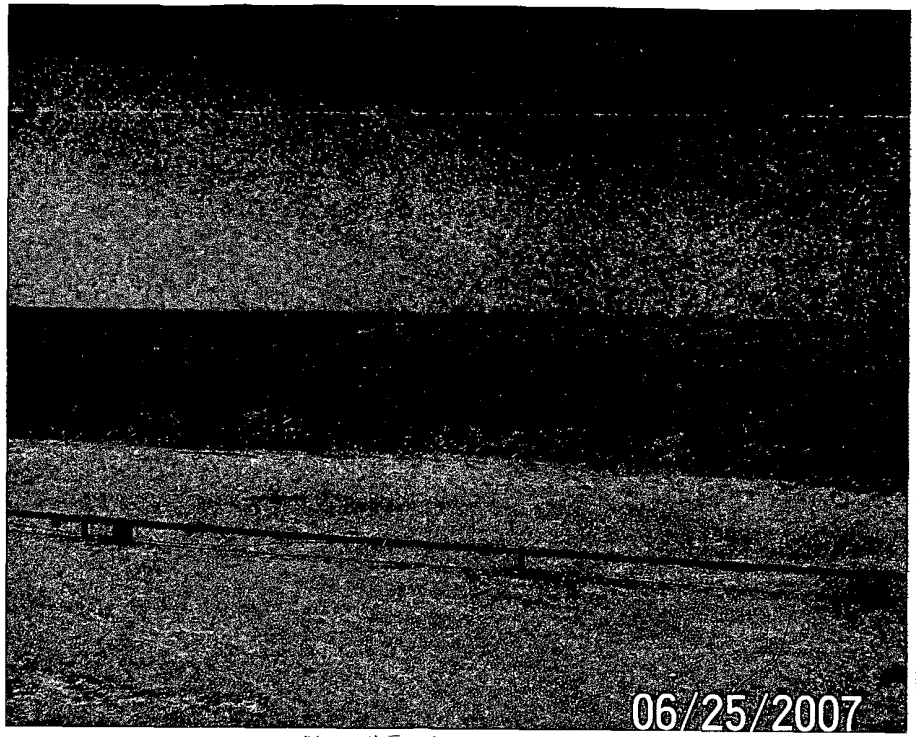
☐ Dry Weight Basis Required

☐ TRRP Report Required

☐ Check If Special Reporting Limits Are Needed

Submittal of samples constitutes agreement to Terms and Conditions listed on reverse side of C. O. C.

ORIGINAL COPY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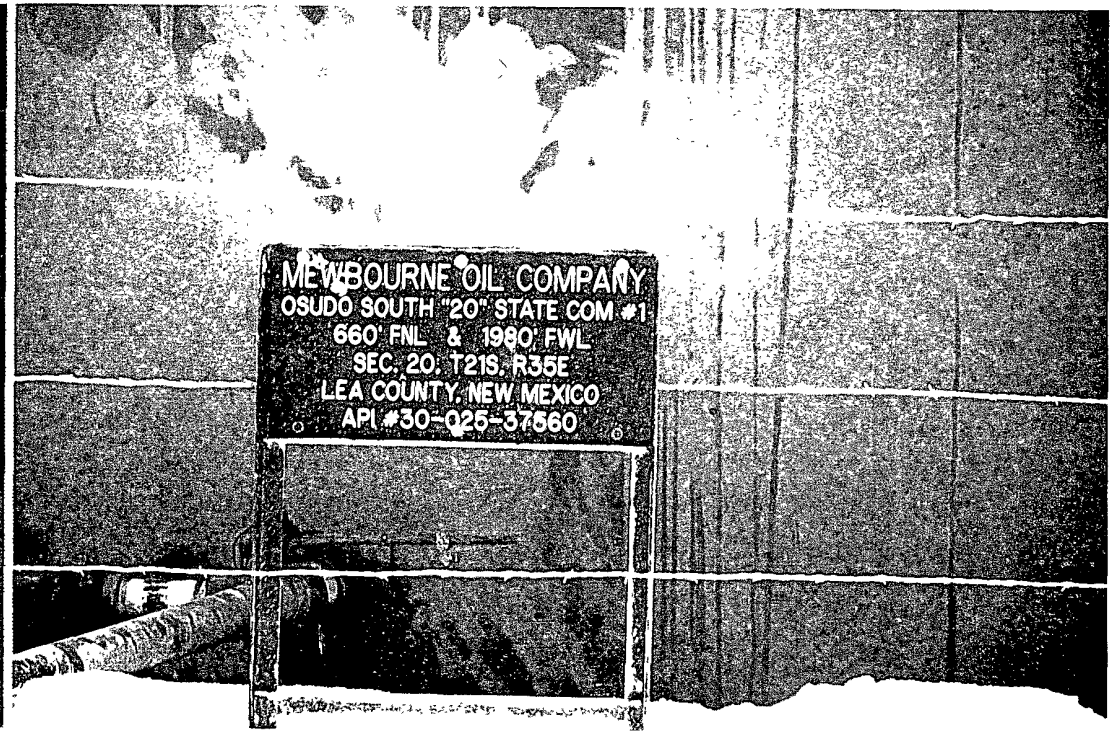
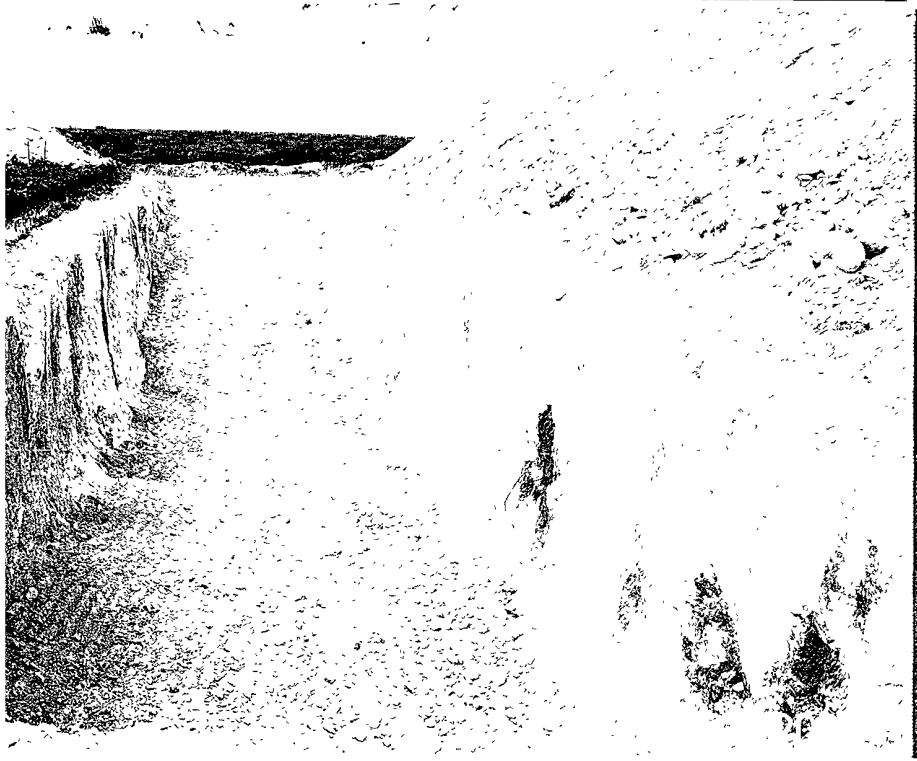
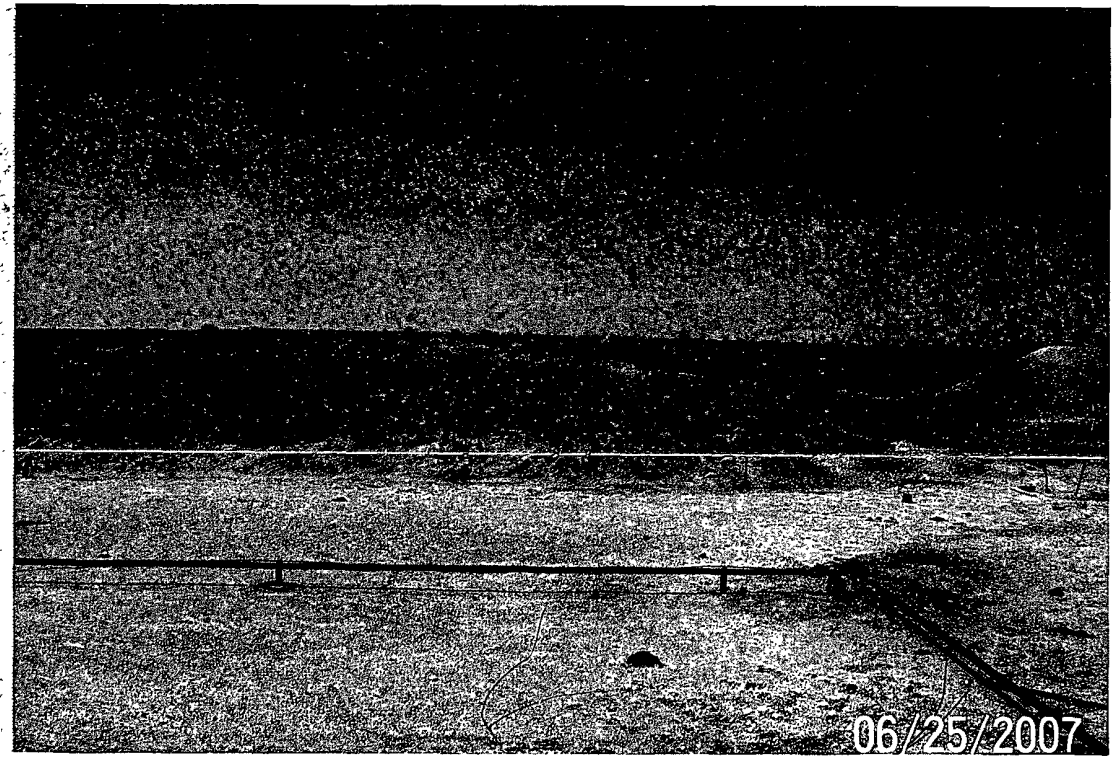

MEWBOURNE OIL COMPANY
OSUDO SOUTH "20" STATE COM #1
660' FNL & 1980' FWL
SEC. 20, T21S, R35E
LEA COUNTY, NEW MEXICO
API #30-025-37560

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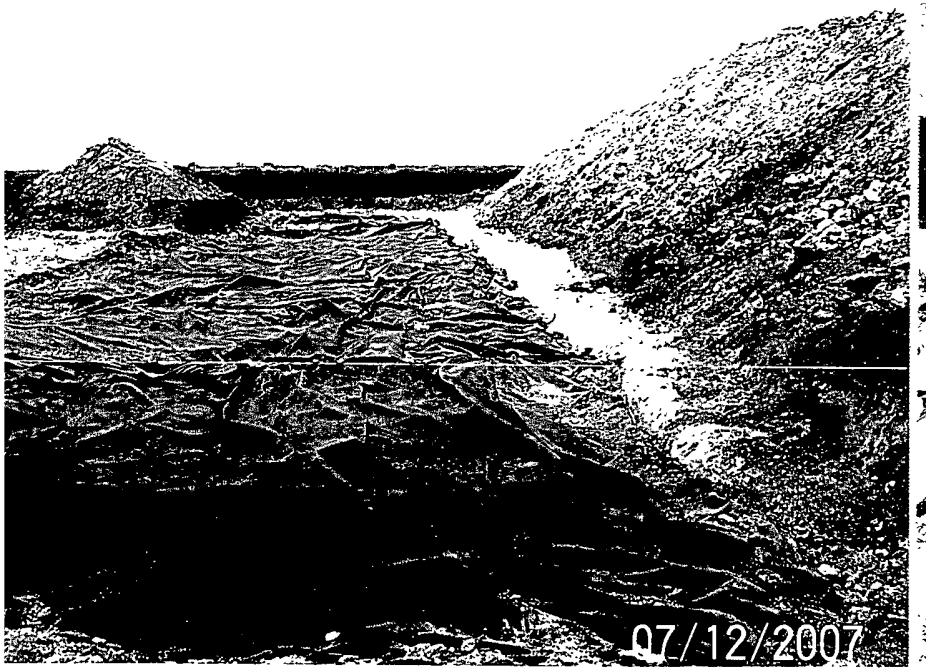
12/01/2006


05/07/2007


07/12/2007