



December 1, 2008

RECEIVED

DEC 12 2008

HOBBSOCD

Paul Kautz
New Mexico Oil Conservation Division
1625 N. French Dr.
Hobbs, New Mexico 88240

AMARILLO
922 North Bivins
Amarillo, Texas 79107
Phone 806.467.0607
Fax 806.467.0622

RE: Request for Pit Closure at the Fasken Oil & Ranch 26A Federal #3.

During October 2008 Talon/LPE (Talon) was contracted by Fasken Oil & Ranch to perform pit closure activities at the Fasken Oil & Ranch 26A Federal #3, API# 30-025-39008, Unit P Sec 26-T18S-R33E, in Lea County New Mexico. The C-144 for this pit closure was submitted and approved by Paul Kautz of the New Mexico Oil Conservation Division (NMOCD) on July 7, 2008. The original C-144 was approved for onsite burial but after initial testing of the drill cuttings it was decided that waste excavation and removal was the best option for closing this reserve pit. Eb Taylor with Talon/LPE talked with Paul Kautz on October 7, 2008 and received approval to excavate and transport the drill cuttings for disposal.

AUSTIN
3003 Tom Gary Cove
Building C-100
Round Rock, Texas 78664
Phone 512.989.3426
Fax 512.989.3497

MIDLAND
#9 East Industrial Loop
Midland, Texas 79701
Phone 432.522.2133
Fax 432.522.2120

NEW BRAUNFELS
707 N. Walnut Ave.
Suite 208
New Braunfels, Texas 78130
Phone 214.579.0235
Fax 214.568.219

On October 16, 2008 Talon excavated all drill cuttings from the reserve pit area and transported them to Lea Land Disposal Facility (permit number WM-01-35) for disposal. When excavation and disposal of the drill cuttings was complete, Paul Kautz with the NMOCD was notified that the reserve pit floor was scheduled to be sampled on October 24, 2008. On this date, Talon representative Eb Taylor collected four samples from the reserve pit floor and submitted them to Cardinal Laboratory of Hobbs, New Mexico for analysis of benzene, toluene, ethyl benzene, and xylene (BTEX) using SW-846 Method 8021B, total petroleum hydrocarbons (TPH) using SW-846 Method 8015 GRO/DRO, and total chlorides. The subsequent results from these analyses indicate all samples were within acceptable limits for closure under NMOCD guidelines.

After review of attached documents and analysis by the NMOCD, Talon and Fasken Oil & Ranch request that this pit be considered properly closed.

TULSA

9900 East 43rd Street, Ste. G
Tulsa, OK 74146
Phone 918.742.0871
Fax 918.742.0876

Sincerely,

Eb Taylor
New Mexico Division Manager
Talon/LPE

HOBBS
319 East Taylor Street
Hobbs, New Mexico 88241
Phone 505.393.4261
Fax 505.393.4650

ENVIRONMENTAL CONSULTING
ENGINEERING
DRILLING
CONSTRUCTION
EMERGENCY RESPONSE

Toll Free: 866.742.0742
www.talonlpe.com

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
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
June 24, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office

Pit, Closed-Loop System, Below-Grade Tank, or
Proposed Alternative Method Permit or Closure Plan Application

Type of action: ☒ Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method
☒ Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

Operator: Fasken Oil and Ranch, Ltd. OGRID #: 151416 ✓
Address: 303 W. Wall Ave., Suite 1800 Midland, TX 79701-5116
Facility or well name: Federal 26-A No. 3
API Number: 30-025-39008 ✓ OCD Permit Number: P1-00101 ✓
U/L or Qtr/Qtr P Section 26 Township 18S Range 33E County: Lea
Center of Proposed Design: Latitude N 32° 42' 46.05" Longitude W 103° 37' 36.37" NAD: ☐ 1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

<input checked="" type="checkbox"/> Pit: Subsection F or G of 19.15.17.11 NMAC Temporary: <input checked="" type="checkbox"/> Drilling <input type="checkbox"/> Workover <input type="checkbox"/> Permanent <input type="checkbox"/> Emergency <input type="checkbox"/> Cavitation <input type="checkbox"/> Steel Pit <input checked="" type="checkbox"/> Lined <input type="checkbox"/> Unlined Liner type: Thickness <u>20</u> mil <input type="checkbox"/> LLDPE <input checked="" type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other _____ <input checked="" type="checkbox"/> String-Reinforced Seams: <input checked="" type="checkbox"/> Welded <input type="checkbox"/> Factory <input type="checkbox"/> Other _____ Volume: <u>25,000</u> bbl Dimensions: L <u>165'</u> x W <u>120'</u> x D <u>7'</u>	<input type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC <input type="checkbox"/> Drying Pad <input type="checkbox"/> Tanks <input type="checkbox"/> Haul-off Bins <input type="checkbox"/> Other _____ <input type="checkbox"/> Lined <input type="checkbox"/> Unlined Liner type: Thickness _____ mil <input type="checkbox"/> LLDPE <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other _____ Seams: <input type="checkbox"/> Welded <input type="checkbox"/> Factory <input type="checkbox"/> Other _____ Volume: _____ bbl _____ yd ³ Dimensions: Length _____ x Width _____
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<input type="checkbox"/> Below-grade tank: Subsection I of 19.15.17.11 NMAC Volume: _____ bbl Type of fluid: _____ Tank Construction material: _____ <input type="checkbox"/> Secondary containment with leak detection <input type="checkbox"/> Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off <input type="checkbox"/> Visible sidewalls and liner <input type="checkbox"/> Visible sidewalls only <input type="checkbox"/> Other _____ Liner type: Thickness _____ mil <input type="checkbox"/> HDPE <input type="checkbox"/> PVC <input type="checkbox"/> Other _____	<input type="checkbox"/> Fencing: Subsection D of 19.15.17.11 NMAC <input type="checkbox"/> Chain link, six feet in height, two strands of barbed wire at top <input checked="" type="checkbox"/> Four foot height, four strands of barbed wire evenly spaced between one and four feet <input type="checkbox"/> Netting: Subsection E of 19.15.17.11 NMAC <input type="checkbox"/> Screen <input type="checkbox"/> Netting <input type="checkbox"/> Other _____ <input type="checkbox"/> Monthly inspections <input type="checkbox"/> Signs: Subsection C of 19.15.17.11 NMAC <input type="checkbox"/> 12'x24', 2' lettering, providing Operator's name, site location, and emergency telephone numbers <input type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC
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<input type="checkbox"/> Alternative Method: Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance. Please check a box if one or more of the following is requested, if not leave blank: <input type="checkbox"/> Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval. <input type="checkbox"/> Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.
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Siting Criteria (regarding permitting): 19.15.17.10 NMAC

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☒ No

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to temporary, emergency, or cavitation pits and below-grade tanks)

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☒ No

☐ NA

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to permanent pits)

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☒ No

☐ NA

Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

☐ Yes ☒ No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

☐ Yes ☒ No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

☐ Yes ☒ No

Within a 100-year floodplain.

- FEMA map

☐ Yes ☒ No
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- ☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☒ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (required for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations (required for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

NMAC

☐ Previously Approved Design (attach copy of design) API Number _____

Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC
☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
☐ Climatological Factors Assessment
☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Quality Control/Quality Assurance Construction and Installation Plan
☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Nuisance or Hazardous Odors, including H₂S, Prevention Plan
☐ Emergency Response Plan
☐ Oil Field Waste Stream Characterization
☐ Monitoring and Inspection Plan
☐ Erosion Control Plan
☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

Proposed Closure: 19.15.17.13 NMAC

- Type: ☒ Drilling ☐ Workover ☐ Emergency ☐ Cavitation ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System ☐ Alternative
- Proposed Closure Method: ☐ Waste Excavation and Removal
☐ Waste Removal (Closed-loop systems only)
☒ On-site Closure Method (Only for temporary pits and closed-loop systems)
 ☐ In-place Burial ☒ On-site Trench Burial
☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

- | | |
|---|---|
| Ground water is less than 50 feet below the bottom of the buried waste.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> NA |
| Ground water is between 50 and 100 feet below the bottom of the buried waste
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> NA |
| Ground water is more than 100 feet below the bottom of the buried waste.
- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> NA |
| Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).
- Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.
- NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.
- Written confirmation or verification from the municipality; Written approval obtained from the municipality | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within 500 feet of a wetland.
- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within the area overlying a subsurface mine.
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within an unstable area.
- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Within a 100-year floodplain.
- FEMA map | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
- ☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Waste Removal Closure For Closed-loop Systems That Utilize Haul-off Bins Only: (19.15.17.13.D NMAC) Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings.

Disposal Facility Name: _____

Disposal Facility Permit Number: _____

On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- ☐ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Construction and Design of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC
- ☐ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- ☐ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC
- ☐ Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)
- ☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- ☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Tommy E. TaylorTitle: Drilling ManagerSignature: Tommy E. TaylorDate: 7/2/08e-mail address: tommyt@forl.comTelephone: 432-556-2228

OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____

Approval Date: 7/7/08

Title: _____

OCD Permit Number: PI-00101

Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

☐ Closure Completion Date: 10/24/2008**Closure Method:**

☒ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method

☒ If different from approved plan, please explain. SEE CLOSURE LETTER

Closure Report Attachment Checklist: Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Proof of Closure Notice
- ☐ Proof of Deed Notice (if applicable)
- ☐ Plot Plan
- ☒ Confirmation Sampling Analytical Results
- ☒ Waste Material Sampling Analytical Results
- ☒ Disposal Facility Name and Permit Number
- ☒ Soil Backfilling and Cover Installation
- ☒ Re-vegetation Application Rates and Seeding Technique
- ☐ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude _____

Longitude _____

NAD: ☐ 1927 ☐ 1983**Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): Jimmy D. CarlileTitle: Regulatory Affairs Coord.Signature: Jimmy D. CarlileDate: 12/1/08e-mail address: jimmyc@forl.comTelephone: (432) 687-1777

July 7, 2008

Fasken Oil and Ranch, Ltd.
Federal 26A No. 3
510' FSL and 510' FEL
Sec. 26, T18S, R33E
Lea County, NM

RE: Form C-144 Attachment

Hydrogeologic Data: Nearest water well according to the State Engineer's Database is in the SE/NE of Section 24, T18S, R33E. Water is found at a depth of 195'. A visual inspection of the immediate area has been made and there are no known water wells within a 1 mile radius of this drilling location.

Design Plan: Pit size will be approximately 120' x 165' x 7' double horseshoe design. A geotextile liner will be installed along with a 20 mil HDPE cross laminated liner.

Operating and Maintenance Plan: Pit will be monitored daily for proper fluid levels during drilling operations. A daily log will be kept indicating the fluid level in the pit. Any abnormal drop in fluid levels will be reported to the NMOCD district office. The pit will be de-water immediately after drilling operations have been completed. The pit will be inspected weekly after de-watering and a log will be kept indicating the condition of the pit and any fluid level.

Closure Plan: After de-watering, the pit will be left to dry through natural evaporation. Pit will be buried on site using the on-site trench burial method. A test well will be drilled adjacent to this pit to determine the water depth. This depth will be reported to the NMOCD. If the water depth requirement or lab criteria data do not meet the minimum standards for deep trench burial, the drill cuttings will be dug out and hauled to an NMOCD approved disposal. At the current time the CRI disposal facility at Halfway Bar will be utilized for drill cuttings disposal. The permit number for the CRI facility is Permit Number 6. See the attachment.

Maps: A topographic map is attached showing the surrounding area. FEMA reports that a 100 year flood plain map has not been constructed for this area. A visual inspection of the area does not indicate that flooding or standing water would occur.

In addition, attached is a copy of the cover page of the APD approved by the Bureau of Land Management showing that the BLM as surface owner is fully aware of this permit and reserve pit.

An attachment is provided showing the pit design as drawn by Talon LPE.

Form C-102 is attached showing the pit location and potential on-site deep trench location. The latitude and longitude for each is shown on the plat. These data reference the center of the pit and trench.

An attachment is provided showing the trench design, including the soil cover design of a minimum of 4' with a minimum of 1' topsoil.

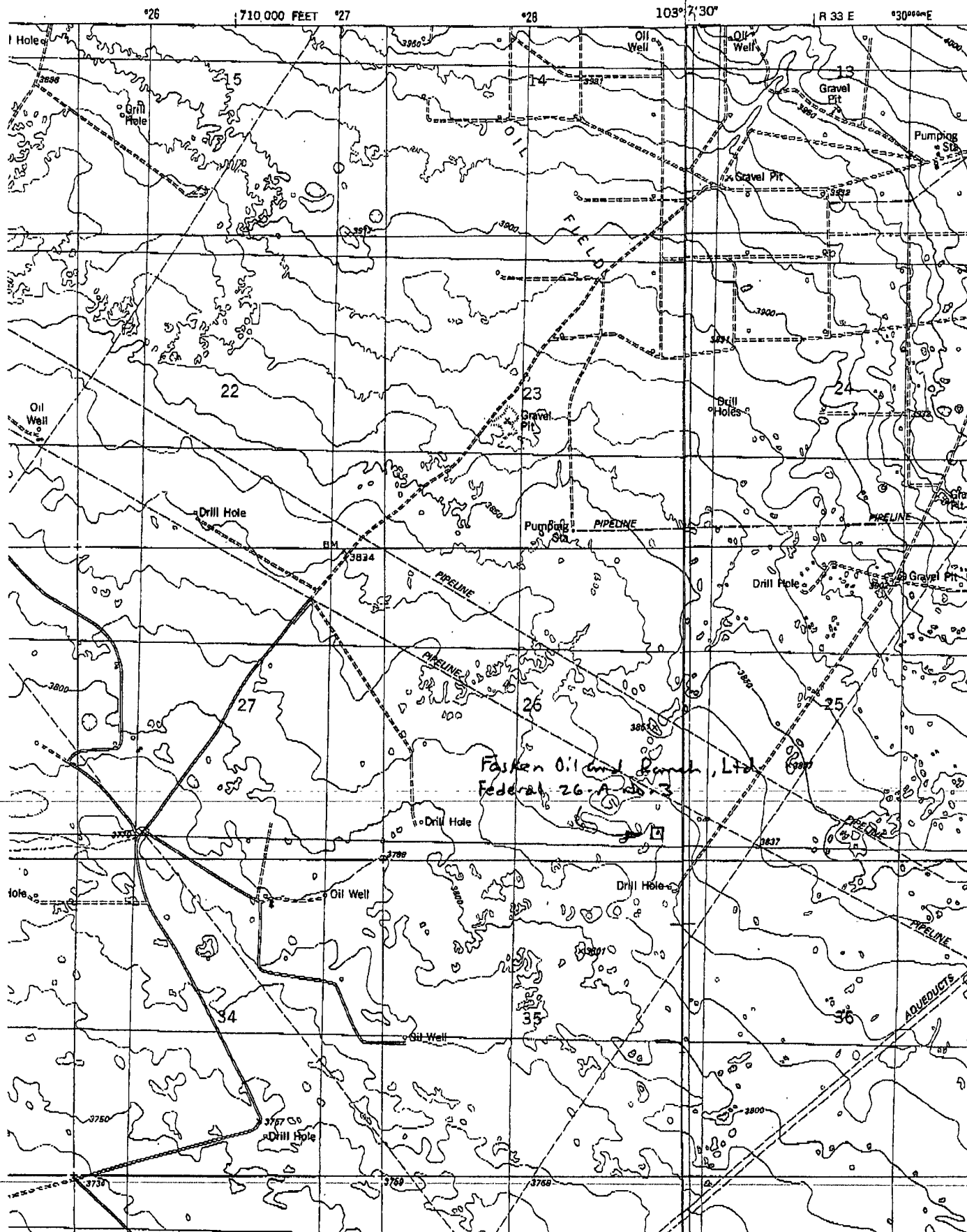
The re-vegetation design required by the Bureau of Land Management is also provided. This data comes from the stipulations in the BLM's approval of our drilling permit.

Waste Material Sampling Plan: Talon LPE will take a minimum of a 5 spot soil sample after the reserve pit is dug prior to lining. After drilling the well, Talon LPE will sample the pit contents and determine if the requirements for contaminants in the waste meet NMOC standards. If standards are met, we will deep bury the pit contents in an on-site trench as shown above. If not, we will dig and haul the pit contents to CRI. In either case, we will have Talon LPE take another 5 spot sample after the waste has been removed from the pit to verify that soil standards have been met.

A sign will be placed on the 4', 4 strand barb-wire fence identifying Fasken Oil and Ranch, Ltd. as the operator, the location of the pit, and providing an emergency phone number.

NEW MEXICO-LEA CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)
NW/4 LAGUNA QATUNA 18' QUADRANGLE

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY



Field No.	Field Name	Field No.	Company	Field Name	Field No.
19	GANDY MARLEY INC	10/06/1994	Chaves	GANDY MARLEY LANDFARM	-4-11 S-31 E
28	OLD LOCO OIL CO	07/02/1985	Eddy	OLD LOCO TREATING PLANT	-19-17 S-31 E
43	Loco Hills Landfarm LLC	11/08/2004	Eddy	Loco Hills Landfarm	m-32-16 S-30 E
4	LOCO HILLS WATER DISPOSAL	10/30/1981	Eddy	LOCO HILLS WATER DISPOSAL	M-16-17 S-30 E
36	OK HOT OIL SERVICE INC	08/16/2000	Eddy	OK HOT OIL SERVICES INC	O-14-17 S-28 E
24	CHAPARRAL SWD	01/31/1995	Lea	CHAPARRAL TREATING PLANT	B-17-23 S-37 E
35	LEA LAND INC	01/05/2000	Lea	LEA LAND LANDFILL	-32-20 S-32 E
12	C&C LANDFARM INC	11/16/1992	Lea	C&C LANDFARM	B-3-20 S-37 E
13	ENVIRONMENTAL PLUS INC	02/15/1993	Lea	ENVIRONMENTAL PLUS LANDFARM	-14-22 S-37 E
15	GOO YEA LANDFARM INC	11/16/1992	Lea	GOO YEA LANDFARM	-14-11 S-38 E
23	J&L LANDFARM INC	05/10/1998	Lea	J&L LANDFARM	-9-20 S-38 E
25	GANDY CORP	06/27/1973	Lea	Gandy Corp. Treating Plant	-11-10 S-35 E
26	JENEX OPERATING CO	09/21/1983	Lea	JENEX TREATING PLANT	D-14-20 S-38 E
30	ARTESIA AERATION LLC	06/29/1999	Lea	ARTESIA AERATION LANDFARM	-7-17 S-32 E
32	SOUTH MONUMENT SURFACE WASTE FACILITY LLC	10/04/1998	Lea	SOUTH MONUMENT LANDFARM	A-25-36 S-20 E
33	DOOM LANDFARM	04/03/2000	Lea	DOOM LANDFARM	g-5-25 S-37 E
34	DD LANDFARM INC	04/12/2000	Lea	DD LANDFARM	-31-21 S-38 E
21	RHINO OILFIELD DISPOSAL INC	11/17/1997	Lea	RHINO OILFIELD LANDFARM	-34-20 S-38 E
44	COMMERCIAL EXCHANGE, INC	11/01/2004	Lea	Blackwater Oil Reclamation Facility	d-1-25 S-37 E
39	PITCHFORK LANDFARM LLC	10/30/2002	Lea	PITCHFORK LANDFARM	A-5-24 S-34 E
6	CONTROLLED RECOVERY INC	04/27/1990	Lea	CONTROLLED RECOVERY	-27-20 S-32 E
42	COMMERCIAL EXCHANGE, INC.	07/22/2004	Lea	Blackwater Landfarm	f-1-25 S-37 E
38	SAUNDERS LANDFARM LLC	10/28/2002	Lea	SAUNDERS LANDFARM	M-7-14 S-34 E
41	LAZY ACE LANDFARM LLC	03/09/2004	Lea	LAZY ACE LANDFARM	M-22-20 S-34 E
3	SUNDANCE SERVICES, INC.	08/30/1977	Lea	SUNDANCE PARABO	m-29-21 S-38 E
37	COMMERCIAL EXCHANGE, INC.	03/31/2003	Lea	COMMERCIAL SURFACE WM FACILITY	A-1-20 S-36 E
8	T-N-T ENVIRONMENTAL INC	01/19/1987	Rio Arriba	TNT EVAP POND/LANDFARM	-8-25 N-3 W
11	ENVIROTECH INC	07/07/1992	San Juan	ENVIROTECH LANDFARM #2	-6-26 N-10 W
9	KEY FOUR CORNERS INC	04/02/1991	San Juan	KEY EVAP POND and Landfarm	E-2-29 N-12 W
10	JFJ LANDFARM LLC	07/22/2002	San Juan	JFJ Land Farm Crouch Mesa (Formerly Tierra)	j-2-29 N-12 W
5	BASIN DISPOSAL INC	10/16/1987	San Juan	BASIN DISPOSAL EVAP. POND	F-3-29 N-11 W

DISTRICT I

1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

1801 W. Grand Avenue, Artesia, NM 88210

DISTRICT III

1000 Rio Brackos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, New Mexico 87505Form C-102
Revised October 12, 2005

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 8 Copies

Pit Plat AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-39008	Pool Code 21650	Pool Name EK:Bone Spring
Property Code 22213	Property Name FEDERAL 26-A	Well Number 3
OGRID No. 151416	Operator Name FASKEN OIL AND RANCH, LTD	Elevation 3823'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	26	18 S	33 E		510	SOUTH	510	EAST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No. PI-DO(1)						

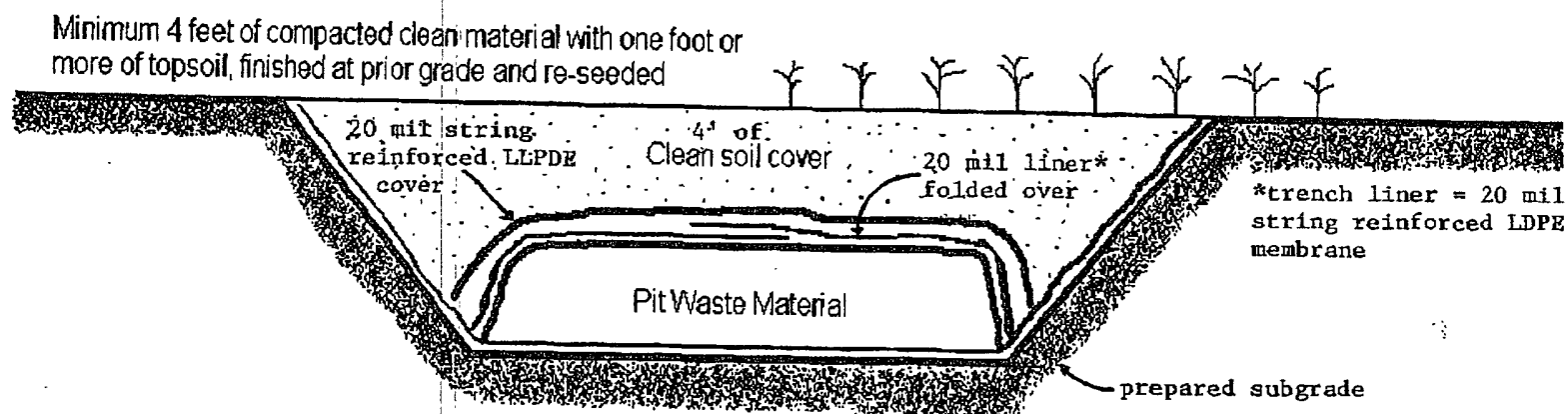
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

		OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. <u>Jimmy D. Carlile</u> 1/16/08 Signature Date Jimmy D. Carlile Regulatory Affairs Coord. Printed Name <u>jimmyc@forl.com</u>	
		SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. JANUARY 16, 2008 Date Surveyed <u>W.O. Jones</u> Signature Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS	

Fasken Oil and Ranch, Ltd.

Federal 26A No. 3

On-Site Trench Design



The length and width and depth of the on-site trench will be determined after calculating the volume of waste material compared to the depth to groundwater.

IX. INTERIM RECLAMATION & RESERVE PIT CLOSURE

A. INTERIM RECLAMATION

If the well is a producer, interim reclamation shall be conducted on the well site in accordance with the orders of the Authorized Officer. The operator shall submit a Sundry Notices and Reports on Wells (Notice of Intent), Form 3160-5, prior to conducting interim reclamation.

During the life of the development, all disturbed areas not needed for active support of production operations should undergo interim reclamation in order to minimize the environmental impacts of development on other resources and uses.

At the time reserve pits are to be reclaimed, operators should work with BLM surface management specialists to devise the best strategies to reduce the size of the location. Any reductions should allow for remedial well operations, as well as safe and efficient removal of oil and gas.

During reclamation, the removal of caliche is important to increasing the success of revegetating the site. Removed caliche may be used for road repairs, fire walls or for building other roads and locations. In order to operate the well or complete workover operations, it may be necessary to drive, park and operate on restored interim vegetation within the previously disturbed area. Disturbing revegetated areas for production or workover operations will be allowed. If there is significant disturbance and loss of vegetation, the area will need to be revegetated. Communicate with the appropriate BLM office for any exceptions/exemptions if needed.

B. RESERVE PIT CLOSURE

The reserve pit, when dried and closed, shall be recontoured, all trash removed, and reseeded as follows:

Seed Mixture for LPC Sand/Shinnery Sites

The holder shall seed all disturbed areas with the seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed (PLS)* per acre. There shall be no primary or secondary noxious weeds in the seed mixture. Seed will be tested and the viability testing of seed will be done in accordance with State law(s) and within nine (9) months prior to purchase. Commercial seed will be either certified or registered seed. The seed container will be tagged in accordance with State law(s) and available for inspection by the authorized officer.

Seed will be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture will be evenly and uniformly planted over the disturbed area (smaller/heavier seeds have a tendency to drop the bottom of the drill and are planted first). The holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed will be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre are to be doubled. The seeding will be repeated until a satisfactory stand is established as determined by the authorized officer. Evaluation of growth will not be made before completion of at least one full growing season after seeding.

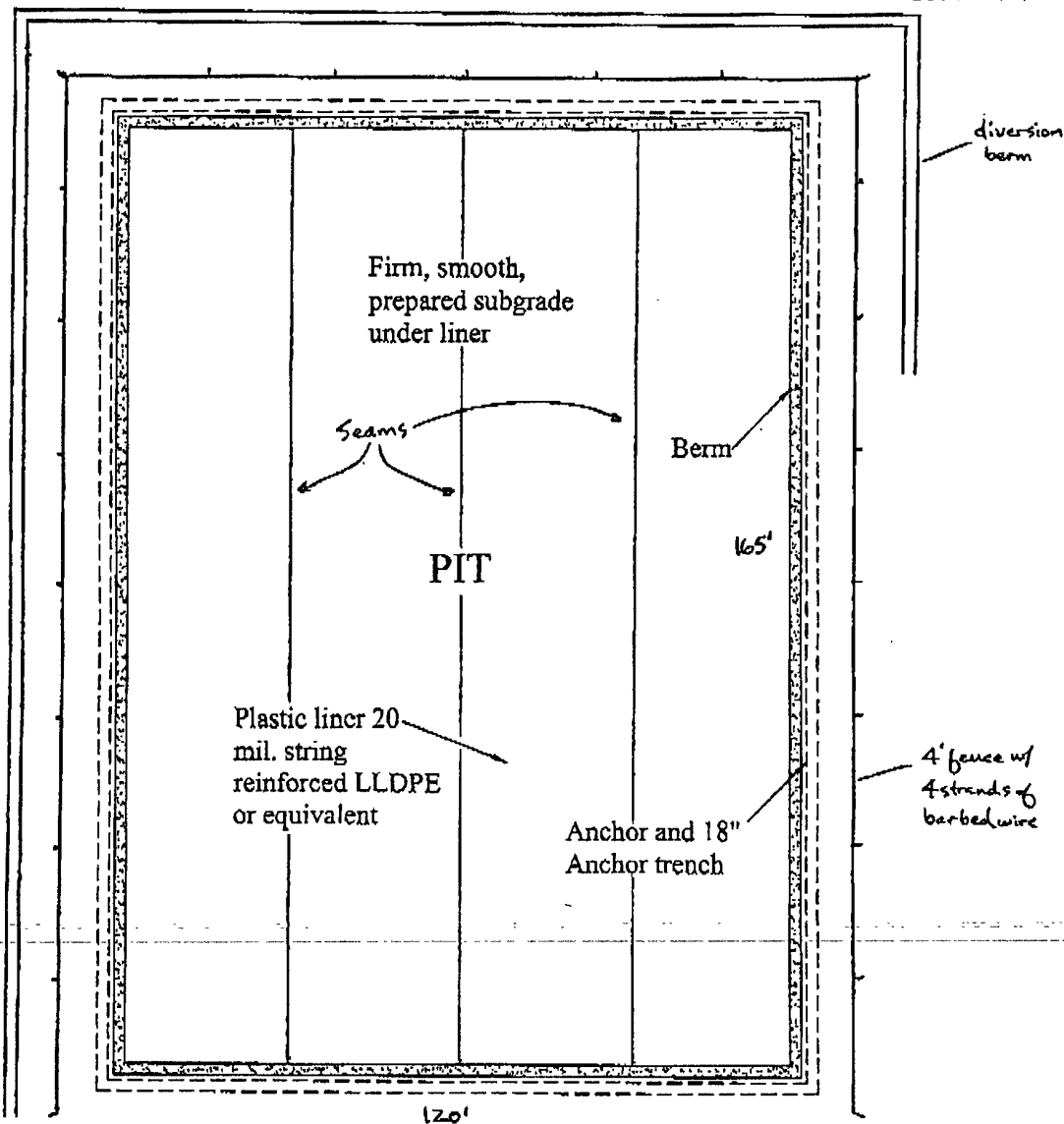
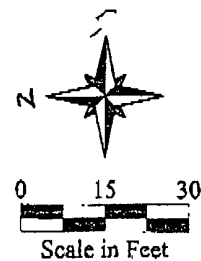
Species to be planted in pounds of pure live seed* per acre:

<u>Species</u>	<u>lb/acre</u>
Plains Bristlegrass	5lbs/A
Sand Bluestem	5lbs/A
Little Bluestem	3lbs/A
Big Bluestem	6lbs/A
Plains Coreopsis	2lbs/A
Sand Dropseed	1lbs/A
**Four-winged Saltbush	5lbs/A

* This can be used around well pads and other areas where caliche cannot be removed.

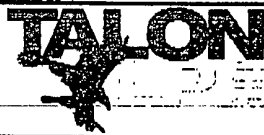
*Pounds of pure live seed:

Pounds of seed x percent purity x percent germination = pounds pure live seed



Site Overhead View

● Wellhead

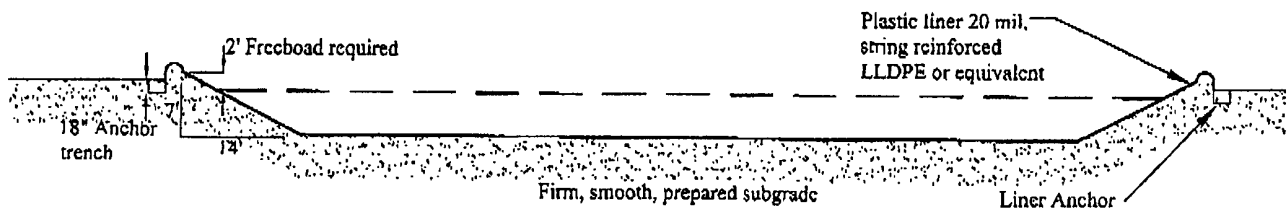
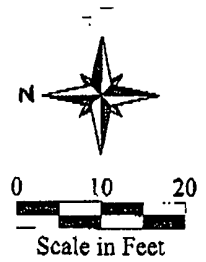


Date: 07/07/2008

Scale: 1" = 30'

Drawn By: SJA

Fasken Oil And Ranch
Federal 26 A23
Ncw Mexico
Pit Liner Detail Plat



Site Detail



Date: 07/07/2008

Scale: 1" = 20

Drawn By: SJA

Fasken Oil And Ranch
Federal 26 A23
New Mexico
Pit Liner Detail Plat



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

ANALYTICAL RESULTS FOR
TALON LPE
ATTN: EB TAYLOR
318 E. TAYLOR
HOBBS, NM 88240

Receiving Date: 10/24/08
Reporting Date: 10/29/08
Project Owner: FASKEN
Project Name: FASKEN OIL & RANCH FED 26A #3
Project Location: LEA COUNTY, NM

Sampling Date: 10/24/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AB
Analyzed By: ZL

LAB NUMBI SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL	TOTAL
			BENZENE (mg/kg)	XYLENES (mg/kg)
ANALYSIS DATE	10/28/08	10/28/08	10/28/08	10/28/08
H16187-1 BH-1	<0.050	<0.050	<0.050	<0.300
H16187-2 BH-2	<0.050	<0.050	<0.050	<0.300
H16187-3 BH-3	<0.050	<0.050	<0.050	<0.300
H16187-4 BH-4	<0.050	<0.050	<0.050	<0.300
Quality Control	0.045	0.050	0.051	0.156
True Value QC	0.050	0.050	0.050	0.150
% Recovery	90.0	100	102	104
Relative Percent Difference	16.3	1.0	0.8	1.3

METHOD: EPA SW-846 8021B

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
AND TOTAL XYLENES.

Chemist

Date

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ANALYTICAL RESULTS FOR
TALON LPE
ATTN: EB TAYLOR
318 E. TAYLOR
HOBBS, NM 88240

Receiving Date: 10/24/08
Reporting Date: 10/27/08
Project Owner: FASKEN
Project Name: FASKEN OIL & RANCH FED 26A #3
Project Location: LEA COUNTY, NM

Sampling Date: 10/24/08
Sample Type: SOIL
Sample Condition: COOL & INTACT
Sample Received By: AB
Analyzed By: AB/HM

LAB NUMBER	SAMPLE ID	GRO (C ₅ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	418.1 TOTAL TPH (mg/kg)	CI* (mg/kg)
		10/25/08	10/25/08	10/24/08	10/24/08
H16187-1	BH-1	<10.0	<10.0	<100	96
H16187-2	BH-2	<10.0	<10.0	<100	64
H16187-3	BH-3	<10.0	<10.0	<100	32
H16187-4	BH-4	<10.0	<10.0	<100	64
Quality Control		597	537	322	500
True Value QC		500	500	300	500
% Recovery		119	107	107	100
Relative Percent Difference		17.8	9.4	2.6	2.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; EPA 418.1; CI: Std. Methods 4500-CI-B

*Analyses performed on 1:4 w/v aqueous extracts.

Chemist

Date

H16187 TPH2CL TALON

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101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Page 1 of 1

Company Name: <u>TAYLOR IPE</u>				BILL TO				ANALYSIS REQUEST																						
Project Manager: <u>EB TAYLOR</u>				P.O. #:				<div style="display: flex; flex-direction: column; align-items: center;"> <div>TPH CRO. DEC</div> <div>TPH 418.1</div> <div>BTX 80213</div> <div>CHLORIDES 4500 P</div> </div>																						
Address: <u>318 E HOBBS TAYLOR</u>				Company: <u>FASKEW</u>																										
City: <u>HOBBS</u> State: <u>NM</u> Zip: <u>88240</u>				Attn: <u>JIMMY CARLIE</u>																										
Phone #: <u>432 238-6388</u> Fax #:				Address:																										
Project #: _____ Project Owner: <u>FASKEW</u>				City:																										
Project Name: <u>FASKEW RIL T RANCH FEO 2UA #3</u>				State: _____ Zip: _____																										
Project Location: <u>LEA COUNTY NM</u>				Phone #:																										
Sampler Name: <u>EB TAYLOR</u>				Fax #:																										
FOR LAB USE ONLY																														
Lab I.D.		Sample I.D.		RAD/BOB (COMP.)	# CONTAINERS	MATRIX					PRESERV		SAMPLING																	
						GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER	DATE	TIME														
<u>H16187-1</u>		<u>BH-2</u>		<u>X</u>	<u>2</u>			<u>X</u>				<u>X</u>	<u>10/24</u>	<u>7:00</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>												
<u>-2</u>		<u>BH-2</u>		<u>X</u>	<u>2</u>			<u>X</u>				<u>X</u>	<u>10/24</u>	<u>7:10</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>												
<u>-3</u>		<u>BH-3</u>		<u>X</u>	<u>2</u>			<u>X</u>				<u>X</u>	<u>10/24</u>	<u>7:15</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>												
<u>-4</u>		<u>BH-4</u>		<u>X</u>	<u>2</u>			<u>X</u>				<u>X</u>	<u>10/24</u>	<u>7:25</u>	<u>X</u>	<u>X</u>	<u>X</u>	<u>Y</u>												

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Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished:		Date: <u>10/24/02</u>	Received By: <u>CB</u>	Phone Result: <input type="checkbox"/> No	Add'l Phone #:
Relinquished By: <u>EB</u>		Time: <u>10:40</u>		Fax Result: <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One)		Date: _____	Received By: _____	REMARKS: <u>RUSH ON CHLORIDES CALL W/ VERBALS</u>	
Sampler - UPS - Bus - Other:		Temp: _____	Sample Condition: Cool Intact	CHECKED BY: <u>EB</u>	
			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	(Initials)	

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