District I 1625 N. French Dr., Hobbs, NM 88240 District II 811 S. First St., 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 Revised June 6, 2013

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office. For permanent pits submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

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

1 toposed Attendative Wethou Terrint of Closure I fan Application			
Type of action: Below grade tank registration Permit of a pit or proposed alternative method Closure of a pit, below-grade tank, or proposed alternative method Modification to an existing permit/or registration Closure plan only submitted for an existing permitted or non-permitted pit, below-grade tank, or proposed alternative method			
Instructions: Please submit one application (Form C-144) per individual pit, 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: Murchison Oil and Gas, Inc. OGRID #: 15363			
Address: 7250 DALLAS PARKWAY STE 1400 PLANO, TX 75024			
Facility or well name: War Horse Federal Com 2H			
API Number: <u>30-015-43333</u> OCD Permit Number: <u>2-13-0026</u>			
U/L or Qtr/Qtr H Section 21 Township 18S Range 29E County: Eddy			
Center of Proposed Design: Latitude <u>32 44 05.250</u> Longitude <u>-104 04 18.608</u> NAD: □1927 ⊠ 1983			
Surface Owner: Federal State Tribal Trust or Indian Allotment			
☑ Pit: Subsection F, G or J of 19.15.17.11 NMAC Temporary: ☑ Drilling ☐ Workover ☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A ☐ Multi-Well Fluid Management Low Chloride Drilling Fluid ☐ yes ☒ no ☒ Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other ☒ String-Reinforced Liner Seams: ☒ Welded ☐ Factory ☐ Other			
3. Below-grade tank: Subsection I of 19.15.17.11 NMAC			
Volume:bbl Type of fluid:			
Tank Construction material:			
_			
Secondary containment with leak detection Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off			
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other			
Liner type: Thicknessmil			
4. Alternative Method:			
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.			
5. Fencing: Subsection D of 19.15.17.11 NMAC (Applies to permanent pits, temporary pits, and below-grade tanks)			
☐ Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school, hospital, institution or church)			
☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet			
☐ Alternate. Please specify			

 Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks) ☐ Screen ☐ Netting ☐ Other 			
Monthly inspections (If netting or screening is not physically feasible)			
7. Signs: Subsection C of 19.15.17.11 NMAC ☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers ☐ Signed in compliance with 19.15.16.8 NMAC			
8. Variances 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: □ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. □ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.			
9. <u>Siting Criteria (regarding permitting)</u> : 19.15.17.10 NMAC <i>Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below.</i> Siting criteria does not apply to drying pads or above-grade tanks.			
General siting			
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☑ NA		
Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit. NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells See Figures 1 & 2	☐ Yes ⊠ No ☐ NA		
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. (Does not apply to below grade tanks) See Figure 5 - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ⊠ No		
Within the area overlying a subsurface mine. (Does not apply to below grade tanks) See Figure 7 - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ⊠ No		
Within an unstable area. (Does not apply to below grade tanks) See Figure 8 - 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. (Does not apply to below grade tanks) See Figure 9 - FEMA map	☐ Yes ⊠ No		
Below Grade Tanks			
Within 100 feet of a continuously flowing watercourse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No		
Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption;. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No		
<u>Temporary Pit using Low Chloride Drilling Fluid</u> (maximum chloride content 15,000 mg/liter)			
Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.) - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No		
Within 300 feet from a occupied permanent residence, school, hospital, institution, or church in existence at the time of initial application.	☐ Yes ☐ No		
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image			
Within 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet of any other fresh water well or spring, in existence at the time of the initial application. NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No		

☐ Yes ☐ No			
☐ Yes ⊠ No			
☐ Yes ⊠ No			
☐ Yes ⊠ No			
☐ Yes ⊠ No			
☐ Yes ☐ No			
☐ Yes ☐ No			
☐ Yes ☐ No			
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 (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC Previously Approved Design (attach copy of design) API Number: or Permit Number: or Permit Number:			
Multi-Well Fluid Management Pit 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. 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 A List of wells with approved application for permit to drill associated with the pit. Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC Hydrogeologic Data - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Previously Approved Design (attach copy of design) API Number: or Permit Number: or Permit Number:			

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12. 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			
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 H ₂ S, 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	, ure		
13. Proposed Closure: 19.15.17.13 NMAC Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan. Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Multi-well Fluid Management	gement Pit		
☐ 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			
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 C 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 H of 19.15.17.13 NMAC			
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 require justifications and/or demonstrations of equivalency. Please refer to 19.15.17.10 NMAC for guidance.			
Ground water is less than 25 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells Yes NA	⊠ No		
Ground water is between 25-50 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells \[\sum_{NA} \] \text{Yes} \[\sum_{NA} \]	⊠ No		
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 NA	☐ No		
Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed	⊠ 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	⊠ No		
Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	⊠ No		
Within 300 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	⊠ 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	⊠ 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.	□ Vas ⊠ Na			
- FEMA map	☐ Yes ⊠ No			
	☐ Yes ⊠ No			
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 E of 19.15.17.13 NMAC Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Subsection K of 19.15.17.11 NMAC Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.13 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 19.15.17.13 NMAC Waste Material Sampling Plan - based upon the appropriate requirements 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 H of 19.15.17.13 NMAC				
17. 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 believed.	ef.			
Name (Print): Greg Boans Title: Production Superintendent	<u>t</u>			
Signature: Date: March 30, 2016				
e-mail address: gboans@jdmii.com Telephone: (575) 361-4962				
18. OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment) Mod	diffication to existing			
OCD Representative Signature: Approval Date: S	permit			
Title: Environmental Specialist OCD Permit Number: 2-13-0026	<u></u>			
19. Closure Report (required within 60 days of closure completion): 19.15.17.13 NMAC Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed. Closure Completion Date:				
20.				
Closure Method: ☐ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-lo ☐ If different from approved plan, please explain.	op systems only)			
21. Closure Report Attachment Checklist: Instructions: Each of the following items must be attached to the closure report. Please incomark in the box, that the documents are attached. Proof of Closure Notice (surface owner and division)	dicate, by a check			
Proof of Deed Notice (required for on-site closure for private land only) Plot Plan (for on-site closures and temporary pits) Confirmation Sampling Analytical Results (if applicable) Waste Material Sampling Analytical Results (required for on-site closure) Disposal Facility Name and Permit Number Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique Site Reclamation (Photo Documentation)				

22.			
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):	Title:		
Signature:	Date:		
e-mail address:	Telephone:		

R. T. HICKS CONSULTANTS, LTD.

901 Rio Grande Blvd NW ▲ Suite F-142 ▲ Albuquerque, NM 87104 ▲ 505.266.5004 ▲ Fax: 505.266-0745 Artesia ▲ Carlsbad ▲ Durango ▲ Midland

March 30, 2016

Ms. Heather Patterson Mr. Mike Bratcher NMOCD District 2 811 S. First Street Artesia, New Mexico 88210 Via E-mail

RE: MINOR MODIFICATION to C-144 pit permit #2-13-0026

Murchison Oil and Gas - War Horse Fed Com 2H

Dear Ms. Patterson and Mr. Bratcher:

On behalf of Murchison Oil and Gas, Inc., R.T. Hicks Consultants, Ltd. re-submits an enclosed minor modification to the above-referenced temporary pit permit. In response to the NMOCD's March 1, 2016 denial of the variance request submitted on January 22, this design includes 1.5H:1V slope for *only* the suction walls of the pit. Please note the following

- 1. District 2 approved the C-144 permit on July 28, 2015.
- 2. The approved permit included a variance to change the slopes to 1.5H:1V for the suction walls of the pit.
- 3. The minor modification is for a pit design smaller than the one originally submitted. This new configuration will allow the entire footprint of the pit within the location pad.
- 4. This submission is copied to the surface owner (BLM) as notification of the intent to use a temporary pit while drilling this well.

Please let me know if you have any questions or concerns.

Sincerely,

R.T. Hicks Consultants

Knistin Pope

Kristin Pope

Enclosed: C-144 form, Plates 1 and 2

Copy: Murchison Oil and Gas

Robert Gomez, BLM (surface owner)



