Page 1 of 33

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 April 3, 2017

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

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

BGT 1

- ☐ 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.

1.
Operator: Phoenix Hydrocarbons Operating Corp OGRID #: 188483
Address: P.O Box 3638 Midland, TX 79705
Facility or well name: Federal R #001B
API Number: 30-045-31870 OCD Permit Number:
U/L or Qtr/Qtr A Section 15 Township 27N Range 08W County: San Juan
Center of Proposed Design: Latitude 36.5789757 Longitude -107.6641388 NAD83
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☐ **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 _____mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____ Volume: _____bbl Dimensions: L_____ x W_____ x D_____

3.
☒ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: 95 bbl Type of fluid: Produced Water
Tank Construction material: fiberglass
☐ 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: Thickness _____mil ☐ HDPE ☐ PVC ☐ Other _____

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 48" high rebar and hog wire

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

Page 2 of 33

6.
Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☒ Other____expanded metal _____

☐ 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.
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. **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. ☐ Yes ☒ No ☐ NA
- ☐ NM Office of the State Engineer - iWATERS database search; ☐ USGS; ☐ Data obtained from nearby wells

Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit . ☐ Yes ☐ No ☐ NA
NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

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)** ☐ Yes ☐ No
- Written confirmation or verification from the municipality; Written approval obtained from the municipality

Within the area overlying a subsurface mine. **(Does not apply to below grade tanks)** ☐ Yes ☐ No
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

Within an unstable area. **(Does not apply to below grade tanks)** ☐ Yes ☐ No
- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

Within a 100-year floodplain. **(Does not apply to below grade tanks)** ☐ Yes ☐ No
- FEMA map

Below Grade Tanks

Within 100 feet of a continuously flowing watercourse, significant watercourse, lakebed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark). ☒ Yes ☒ No
- Topographic map; Visual inspection (certification) of the proposed site

Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption. ☐ Yes ☒ No
- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Temporary Pit using Low Chloride Drilling Fluid (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.) ☐ Yes ☐ No
- Topographic map; Visual inspection (certification) of the proposed site

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. ☐ Yes ☐ No
NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

Page 3 of 33

Within 100 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Temporary Pit Non-low chloride drilling fluid	
Within 300 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). - 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. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 500 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 1000 feet of any other fresh water well or spring, in the 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
Within 300 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Permanent Pit or Multi-Well Fluid Management Pit	
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 1000 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	☐ Yes ☐ No
Within 500 horizontal feet of a spring or a fresh water well used for domestic or stock watering purposes, 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 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No

10.
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 and 19.15.17.13 NMAC

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

11.
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: _____

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

Page 4 of 33

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 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 H_2S, 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

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 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

14.
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
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

15.
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 ☐ No ☐ NA
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	☐ Yes ☐ No ☐ 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	☐ Yes ☐ No ☐ NA
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 site	☐ Yes ☐ 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	☐ Yes ☐ 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	☐ Yes ☐ No
Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 300 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; 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	

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

Page 5 of 33

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 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

16.
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 19.15.17.11 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 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
- ☐ Site Reclamation 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 belief.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

18.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure ~~Plan (only)~~ ☐ OCD Conditions (see attachment)

OCD Representative Signature: CRWhitehead **Approval Date:** July 27, 2021

Title: Environmental Specialist **OCD Permit Number:** BGT 1

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:** 4/16/2020

20.
Closure Method:

☒ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)
☐ If different from approved plan, please explain.

21.
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 (surface owner and division)
- ☐ 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

On-site Closure Location: Latitude 36.5789757 Longitude -107.6641388 NAD: ☐ 1927 ☒ 1983

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

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): __Vanessa Fields _____ Title: ___Regulatory Compliance Manager _____

Signature:____ _____ Date: ___1/11//2020_____

e-mail address:____vanessa@walsheng.net_____ Telephone: _____505-787-9100_____

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

Page 7 of 33

Vanessa Fields

From: Vanessa Fields
Sent: Monday, April 6, 2020 4:44 PM
To: Smith, Cory, EMNRD; Jimmie McKinney
Cc: Adeloye, Abiodun A; Vern Andrews; Russell Mcquitty
Subject: RE: Phoenix Hydrocarbons Compliance issues in T27N R8W BGT's

Cory,

Thursday the 9th is correct. Sorry for the typo.

Vanessa Fields
Regulatory Compliance Manager
Walsh Engineering /Epic Energy LLC.
O: 505-327-4892
C: 505-787-9100
vanessa@walsheng.net

From: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>
Sent: Monday, April 6, 2020 4:39 PM
To: Jimmie McKinney <jimmie@walsheng.net>; Vanessa Fields <vanessa@walsheng.net>
Cc: Adeloye, Abiodun A <aadeloye@blm.gov>; Vern Andrews <vern@walsheng.net>; Russell Mcquitty <russell@walsheng.net>
Subject: RE: Phoenix Hydrocarbons Compliance issues in T27N R8W BGT's

Vanessa,

Bit confused on the date there.. Did you mean Thursday April 9th?

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

From: Jimmie McKinney <jimmie@walsheng.net>
Sent: Monday, April 6, 2020 3:36 PM
To: Vanessa Fields <vanessa@walsheng.net>
Cc: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>; Adeloye, Abiodun A <aadeloye@blm.gov>; Vern Andrews <vern@walsheng.net>; Russell Mcquitty <russell@walsheng.net>
Subject: [EXT] Re: Phoenix Hydrocarbons Compliance issues in T27N R8W BGT's

Ok thanks

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

Page 8 of 33

Jimmie McKinney
Sent from my iPhone

On Apr 6, 2020, at 3:34 PM, Vanessa Fields <vanessa@walsheng.net> wrote:

Good afternoon,

Walsh Engineering on behalf of Phoenix Hydrocarbons will begin collecting composite samples on the referenced BGT's on Thursday April 7, 2020 at 9:00 at the Federal R #001A.

We will start at the Federal R #001A and proceed from there.

Please let me know if you have any questions.

Thank you,

Vanessa Fields
Regulatory Compliance Manager
Walsh Engineering /Epic Energy LLC.
O: 505-327-4892
C: 505-787-9100
vanessa@walsheng.net

From: Vanessa Fields
Sent: Wednesday, March 25, 2020 9:29 AM
To: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>
Cc: Vern Andrews <vern@walsheng.net>
Subject: Phoenix Hydrocarbons Compliance issues in T27N R8W BGT's

Good morning Cory,

A Closure plan nor Below Grade Tank registration was never submitted for the referenced below grade tanks that are referenced in the compliance issue, nor were they closed in accordance with 19.15.17.

Walsh Engineering is respectfully requesting to collect 1 (5-point) augured composite sample from a depth of 8' or the first interval that contains signs of a release under each of the production tanks that were set above grade surface where the below grade tanks were previously set. 72 hour notification will be provided to the NMOCD and Surface owner; all closure criteria will be in accordance with 19.15.17 and provided in the Final C-144.

The following locations have had BGTs closed out with no C-144 BGT Closure Permits in the well files, please email me the closure dates associated with each location to determine if the closures are in compliance with 19.15.17 NMAC:

[30-045-25856] FEDERAL R #001A – Fiberglass BGT closed and reset above grade.
[30-045-25889] FEDERAL R #003 – Steel single wall double bottom BGT closed and reset above grade.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

[30-045-20362] FEDERAL R #001 – Fiberglass BGT closed and reset above grade sometime between 10/16/2012 and 7/18/2018.
[30-045-31870] FEDERAL R #001B – Steel single wall double bottom BGT has been closed and reset above grade.
cJK1707641326 - [30-045-29025] LARGO FEDERAL #001R - Onsite for follow up inspection for below grade tank compliance. Below grade tank has been reset above grade, compliance remains open until compliant with 19.15.17 NMAC.
[30-045-23465] FEDERAL E #002A – Steel single wall double bottom BGT closed and reset above grade.
[30-045-20963] LARGO FEDERAL #002 – Fiberglass BGT closed and appears to be in the process of being reset above grade.
[30-045-30801] FEDERAL E #002R – Steel BGT closed and reset above grade.

Thank you,

Vanessa Fields
Regulatory Compliance Manager
Walsh Engineering /Epic Energy LLC.
O: 505-327-4892
C: 505-787-9100
vanessa@walsheng.net

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Analytical Report

Report Summary

Client: Phoenix Hydrocarbons

Samples Received: 4/9/2020
Job Number: 17078-0002
Work Order: P004029
Project Name/Location: Federal #1B

Report Reviewed By: Walter Hinchman Date: 4/16/20

Walter Hinchman, Laboratory Director

NELAP ACCREDITED TNI LABORATORY

Envirotech Inc. certifies the test results meet all requirements of TNI unless footnoted otherwise.
Statement of Data Authenticity: Envirotech, Inc, attests the data reported has not been altered in any way.
Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.
Envirotech, Inc, holds the Utah TNI certification NM009792018-1 for the data reported.
Envirotech, Inc, holds the Texas TNI certification T104704557-19-2 for the data reported.

5796 Highway 64, Farmington, NM 87401 Ph (505) 632-0615 Fx (505) 632-1865
24 Hour Emergency Response Phone (800) 362-1879
envirotech-inc.com
Labadmin@envirotech-inc.com

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Phoenix Hydrocarbons	Project Name:	Federal #1B	
PO Box 3638	Project Number:	17078-0002	**Reported:**
Midland TX, 79702	Project Manager:	Vanessa Fields	04/16/20 12:50

Analytical Report for Samples

Client Sample ID	Lab Sample ID	Matrix	Sampled	Received	Container
Feberal #1B	P004029-01A	Soil	04/09/20	04/09/20	Glass Jar, 4 oz.

Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Phoenix Hydrocarbons	Project Name:	Federal #1B	
PO Box 3638	Project Number:	17078-0002	**Reported:**
Midland TX, 79702	Project Manager:	Vanessa Fields	04/16/20 12:50

Feberal #1B

P004029-01 (Solid)

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Volatile Organics by EPA 8021									
Benzene	ND	0.0250	mg/kg	1	2016002	04/13/20	04/14/20	EPA 8021B	
Toluene	ND	0.0250	mg/kg	1	2016002	04/13/20	04/14/20	EPA 8021B	
Ethylbenzene	ND	0.0250	mg/kg	1	2016002	04/13/20	04/14/20	EPA 8021B	
p,m-Xylene	ND	0.0500	mg/kg	1	2016002	04/13/20	04/14/20	EPA 8021B	
o-Xylene	ND	0.0250	mg/kg	1	2016002	04/13/20	04/14/20	EPA 8021B	
Total Xylenes	ND	0.0250	mg/kg	1	2016002	04/13/20	04/14/20	EPA 8021B	
Surrogate: 4-Bromochlorobenzene-PID		*104 %*	*50-150*		*2016002*	*04/13/20*	*04/14/20*	*EPA 8021B*	
Nonhalogenated Organics by 8015 - DRO/ORO									
Diesel Range Organics (C10-C28)	**603**	25.0	mg/kg	1	2016006	04/13/20	04/13/20	EPA 8015D	
Oil Range Organics (C28-C40)	**510**	50.0	mg/kg	1	2016006	04/13/20	04/13/20	EPA 8015D	
Surrogate: n-Nonane		*103 %*	*50-200*		*2016006*	*04/13/20*	*04/13/20*	*EPA 8015D*	
Nonhalogenated Organics by 8015 - GRO									
Gasoline Range Organics (C6-C10)	ND	20.0	mg/kg	1	2016002	04/13/20	04/14/20	EPA 8015D	
Surrogate: 1-Chloro-4-fluorobenzene-FID		*92.5 %*	*50-150*		*2016002*	*04/13/20*	*04/14/20*	*EPA 8015D*	
Anions by 300.0/9056A									
Chloride	**25.4**	20.0	mg/kg	1	2016003	04/13/20	04/13/20	EPA 300.0/9056A	

Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Phoenix Hydrocarbons	Project Name:	Federal #1B	
PO Box 3638	Project Number:	17078-0002	**Reported:**
Midland TX, 79702	Project Manager:	Vanessa Fields	04/16/20 12:50

Volatile Organics by EPA 8021 - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 2016002 - Purge and Trap EPA 5030A										
Blank (2016002-BLK1)				Prepared: 04/13/20 0 Analyzed: 04/14/20 1						
Benzene	ND	0.0250	mg/kg							
Toluene	ND	0.0250	"							
Ethylbenzene	ND	0.0250	"							
p,m-Xylene	ND	0.0500	"							
o-Xylene	ND	0.0250	"							
Total Xylenes	ND	0.0250	"							
Surrogate: 4-Bromochlorobenzene-PID	*8.25*		"	*8.00*		*103*	*50-150*			
LCS (2016002-BS1)				Prepared: 04/13/20 0 Analyzed: 04/14/20 1						
Benzene	4.26	0.0250	mg/kg	5.00		85.2	70-130			
Toluene	4.55	0.0250	"	5.00		91.0	70-130			
Ethylbenzene	4.66	0.0250	"	5.00		93.3	70-130			
p,m-Xylene	9.33	0.0500	"	10.0		93.3	70-130			
o-Xylene	4.71	0.0250	"	5.00		94.3	70-130			
Total Xylenes	14.0	0.0250	"	15.0		93.6	0-200			
Surrogate: 4-Bromochlorobenzene-PID	*8.67*		"	*8.00*		*108*	*50-150*			
Matrix Spike (2016002-MS1)		**Source: P004029-01**		Prepared: 04/13/20 0 Analyzed: 04/14/20 1						
Benzene	4.44	0.0250	mg/kg	5.00	ND	88.7	54.3-133			
Toluene	4.77	0.0250	"	5.00	ND	95.4	61.4-130			
Ethylbenzene	4.90	0.0250	"	5.00	ND	98.0	61.4-133			
p,m-Xylene	9.78	0.0500	"	10.0	ND	97.8	63.3-131			
o-Xylene	4.94	0.0250	"	5.00	ND	98.7	63.3-131			
Total Xylenes	14.7	0.0250	"	15.0	ND	98.1	0-200			
Surrogate: 4-Bromochlorobenzene-PID	*8.58*		"	*8.00*		*107*	*50-150*			
Matrix Spike Dup (2016002-MSD1)		**Source: P004029-01**		Prepared: 04/13/20 0 Analyzed: 04/14/20 2						
Benzene	4.40	0.0250	mg/kg	5.00	ND	88.0	54.3-133	0.784	20	
Toluene	4.73	0.0250	"	5.00	ND	94.7	61.4-130	0.785	20	
Ethylbenzene	4.87	0.0250	"	5.00	ND	97.4	61.4-133	0.626	20	
p,m-Xylene	9.73	0.0500	"	10.0	ND	97.3	63.3-131	0.557	20	
o-Xylene	4.90	0.0250	"	5.00	ND	98.0	63.3-131	0.748	20	
Total Xylenes	14.6	0.0250	"	15.0	ND	97.5	0-200	0.621	200	
Surrogate: 4-Bromochlorobenzene-PID	*8.45*		"	*8.00*		*106*	*50-150*			

Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Phoenix Hydrocarbons	Project Name:	Federal #1B	
PO Box 3638	Project Number:	17078-0002	**Reported:**
Midland TX, 79702	Project Manager:	Vanessa Fields	04/16/20 12:50

Nonhalogenated Organics by 8015 - DRO/ORO - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 2016006 - DRO Extraction EPA 3570										
Blank (2016006-BLK1)				Prepared & Analyzed: 04/13/20 1						
Diesel Range Organics (C10-C28)	ND	25.0	mg/kg							
Oil Range Organics (C28-C40)	ND	50.0	"							
Surrogate: n-Nonane	*42.8*		"	*50.0*		*85.6*	*50-200*			
LCS (2016006-BS1)				Prepared & Analyzed: 04/13/20 1						
Diesel Range Organics (C10-C28)	429	25.0	mg/kg	500		85.7	38-132			
Surrogate: n-Nonane	*47.3*		"	*50.0*		*94.5*	*50-200*			
Matrix Spike (2016006-MS1)		**Source: P004029-01**		Prepared & Analyzed: 04/13/20 1						
Diesel Range Organics (C10-C28)	1080	25.0	mg/kg	500	603	95.3	38-132			
Surrogate: n-Nonane	*54.1*		"	*50.0*		*108*	*50-200*			
Matrix Spike Dup (2016006-MSD1)		**Source: P004029-01**		Prepared & Analyzed: 04/13/20 1						
Diesel Range Organics (C10-C28)	1010	25.0	mg/kg	500	603	81.1	38-132	6.77	20	
Surrogate: n-Nonane	*58.3*		"	*50.0*		*117*	*50-200*			

Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Phoenix Hydrocarbons	Project Name:	Federal #1B	
PO Box 3638	Project Number:	17078-0002	**Reported:**
Midland TX, 79702	Project Manager:	Vanessa Fields	04/16/20 12:50

Nonhalogenated Organics by 8015 - GRO - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 2016002 - Purge and Trap EPA 5030A										
Blank (2016002-BLK1)				Prepared: 04/13/20 0 Analyzed: 04/14/20 1						
Gasoline Range Organics (C6-C10)	ND	20.0	mg/kg							
Surrogate: 1-Chloro-4-fluorobenzene-FID	*7.32*		"	*8.00*		*91.4*	*50-150*			
LCS (2016002-BS2)				Prepared: 04/13/20 0 Analyzed: 04/14/20 1						
Gasoline Range Organics (C6-C10)	41.2	20.0	mg/kg	50.0		82.4	70-130			
Surrogate: 1-Chloro-4-fluorobenzene-FID	*7.57*		"	*8.00*		*94.7*	*50-150*			
Matrix Spike (2016002-MS2)		**Source: P004029-01**		Prepared: 04/13/20 0 Analyzed: 04/14/20 2						
Gasoline Range Organics (C6-C10)	40.9	20.0	mg/kg	50.0	ND	81.9	70-130			
Surrogate: 1-Chloro-4-fluorobenzene-FID	*7.38*		"	*8.00*		*92.2*	*50-150*			
Matrix Spike Dup (2016002-MSD2)		**Source: P004029-01**		Prepared: 04/13/20 0 Analyzed: 04/14/20 2						
Gasoline Range Organics (C6-C10)	40.2	20.0	mg/kg	50.0	ND	80.3	70-130	1.94	20	
Surrogate: 1-Chloro-4-fluorobenzene-FID	*7.30*		"	*8.00*		*91.2*	*50-150*			

Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Phoenix Hydrocarbons	Project Name:	Federal #1B	
PO Box 3638	Project Number:	17078-0002	**Reported:**
Midland TX, 79702	Project Manager:	Vanessa Fields	04/16/20 12:50

Anions by 300.0/9056A - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 2016003 - Anion Extraction EPA 300.0/9056A										
Blank (2016003-BLK1)				Prepared & Analyzed: 04/13/20 1						
Chloride	ND	20.0	mg/kg							
LCS (2016003-BS1)				Prepared & Analyzed: 04/13/20 1						
Chloride	253	20.0	mg/kg	250		101	90-110			
Matrix Spike (2016003-MS1)		**Source: P004038-01**		Prepared & Analyzed: 04/13/20 1						
Chloride	5460	40.0	mg/kg	250	4990	189	80-120			M2
Matrix Spike Dup (2016003-MSD1)		**Source: P004038-01**		Prepared & Analyzed: 04/13/20 1						
Chloride	5030	40.0	mg/kg	250	4990	15.3	80-120	8.27	20	M2

QC Summary Report
Comment:
Calculations are based off of the raw (non-rounded) data. However, for reporting purposes all QC data is rounded to three significant figures. Therefore, hand calculated values my differ slightly.

Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

envirotech
Analytical Laboratory

Phoenix Hydrocarbons	Project Name:	Federal #1B	
PO Box 3638	Project Number:	17078-0002	**Reported:**
Midland TX, 79702	Project Manager:	Vanessa Fields	04/16/20 12:50

Notes and Definitions

M2	Matrix spike recovery was outside quality control limits. The associated LCS spike recovery was acceptable.
ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
RPD	Relative Percent Difference
**	Methods marked with ** are non-accredited methods.

Soil data is reported on an "as received" weight basis, unless reported otherwise.

Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.

Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

Chain of Custody

Project Information

c/o Phoenix Hydrocarbons

Client: Walsh Engineering

Project: FEDERAL #13

Project Manager: Vanessa Fields

Address: 7415 E. Main Street

City, State, Zip Farmington NM 87402

Phone: 505.787.9400

Email: Vanessa@walsheng.net

Report Attention

Report due: Standard

Attention: Vanessa Fields

Address: 7415 E. Main St.

City, State, Zip Farmington nm 87402

Phone: 505.787.9400

Email: Vanessa@walsheng.net

Lab Use Only

Lab WO# P004029

Job Number 17078-0002

TAT: 1D, 3D

EPA Program: RCRA, CWA, SDWA

State: NM, CO, UT, AZ, TX, OK

Analysis and Method

Time Sampled	Date Sampled	Matrix	No Containers	Sample ID	Lab Number	DRO/ORO by 8015	GRO/DRO by 8015	BTEX by 8021	VOC by 8260	Metals 6010	Chloride 300.0	Remarks
1415HRS	4-9-20	S	1	FEDERAL #13	1	X	X	X			X	

Additional Instructions:

I, (field sampler), attest to the validity and authenticity of this sample. I am aware that tampering with or intentionally mislabelling the sample location, date or time of collection is considered fraud and may be grounds for legal action. Sampled by: Bliss Moriarty

Samples requiring thermal preservation must be received on ice the day they are sampled or received packed in ice at an avg temp above 0 but less than 6°C on subsequent days.

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
	4-9-20	3:35pm	Raina Lopez	4/9/20	15:35
Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time

Lab Use Only

Received on ice: (Y) / N

T1 T2 T3

AVG Temp °C 4

Container Type: g - glass, p - poly/plastic, ag - amber glass, v - VOA

Sample Matrix: S - Soil, Sd - Solid, Sg - Sludge, A - Aqueous, O - Other

Note: Samples are discarded 30 days after results are reported unless other arrangements are made. Hazardous samples will be returned to client or disposed of at the client expense. The report for the analysis of the above samples is applicable only to those samples received by the laboratory with this COC. The liability of the laboratory is limited to the amount paid for on the report.

envirotech Analytical Laboratory

5795 US Highway 64, Farmington, NM 87401

24 Hour Emergency Response Phone (800) 362-1879

Ph (505) 632-1881 Fx (505) 632-1865

envirotech-inc.com

labadmin@envirotech-inc.com

Released to Imaging: 7/27/2021 2:28:33 PM

New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

Section(s): 15 **Township:** 27N **Range:** 08W

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

1/13/21 8:36 AM

WATER COLUMN/ AVERAGE DEPTH TO WATER

Received by OCD: 1/14/2021 10:24:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

Section(s): 14 **Township:** 27N **Range:** 08W

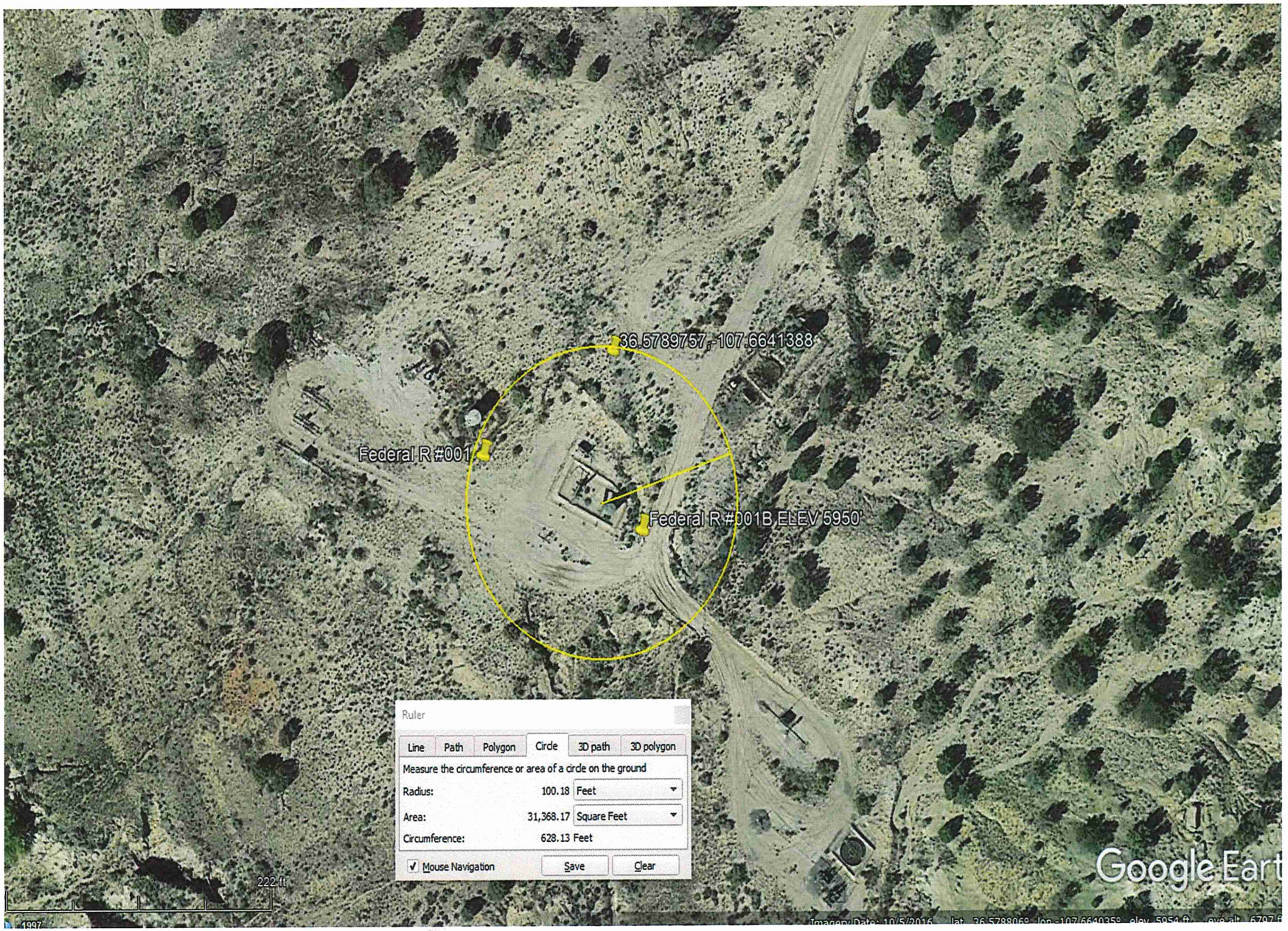
The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

1/13/21 8:36 AM

WATER COLUMN/ AVERAGE DEPTH TO WATER

Received by OCD: 1/14/2021 10:34:44 AM

Federal R #001B Distance to Surface Water



Federal R #001B Sitting Criteria
Depth to Groundwater 75'

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-141
Revised August 24, 2018
Submit to appropriate OCD District office

Incident ID	
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party Phoenix Hydrocarbons Operating CORP	OGRID 188483
Contact Name Vanessa Fields	Contact Telephone 505-787-9100
Contact email vanessa@walsheng.net	Incident # *(assigned by OCD) N/A*
Contact mailing address 7415 East Main Street Farmington, NM 87402	

Location of Release Source

Latitude 36.5789757 Longitude -107.6641388
(NAD 83 in decimal degrees to 5 decimal places)

Site Name Federal R #001B	Site Type Gas
Date Release Discovered N/A	API# *(if applicable) 30-045-31870*

Unit Letter	Section	Township	Range	County
H	23	27N	08W	San Juan

Surface Owner: ☐ State ☒ Federal ☐ Tribal ☐ Private (*Name:* _____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

☐ Crude Oil	Volume Released (bbls)	Volume Recovered (bbls)
☐ Produced Water	Volume Released (bbls)	Volume Recovered (bbls)
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	☐ Yes ☐ No
☐ Condensate	Volume Released (bbls)	Volume Recovered (bbls)
☐ Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
☐ Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release: Analytical results for Benzene were Non-Detect, Total BTEX was Non-Detect. DRO was 603 mg/kg, ORO 510 mg/kg, GRO was Non-Detect, chloride levels were 25.4 mg/kg demonstrating a release did not occur.

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Was this a major release as defined by 19.15.29.7(A) NMAC? ☐ Yes ☒ No	If YES, for what reason(s) does the responsible party consider this a major release?
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc.)?	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury

☒ The source of the release has been stopped.
☒ The impacted area has been secured to protect human health and the environment.
☒ Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices.
☒ All free liquids and recoverable materials have been removed and managed appropriately.

If all the actions described above have not been undertaken, explain why:

Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: Vanessa Fields Title: Regulatory Compliance Manager

Signature: Date: 1/11/2021

email: vanessa@walsheng.net Telephone: 505-787-9100

OCD Only

Received by: Date:

Page 24 of 33
Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

Closure Report Attachment Checklist: ***Each of the following items must be included in the closure report.***

☐ A scaled site and sampling diagram as described in 19.15.29.11 NMAC

☐ Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)

☐ Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)

☐ Description of remediation activities

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: Vanessa Fields Title: Regulatory Compliance Manager

Signature: Date: 1/11/2021

email: vanessa@walsheng.net Telephone: 505-787-9100

OCD Only

Received by: Date:

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

Closure Approved by: Date:

Printed Name: Title:

Page 25 of 33
Received by OCD: 1/14/2021 10:34:44 AM
Released to Imaging: 7/27/2021 2:28:33 PM

Page 26 of 33

Phoenix Hydrocarbons Operating Corp

Below Grade Tank Closure Plan

Federal R #001B

U/L: A, Section 15, TWN: 27N. RNG: 08W

San Juan County, New Mexico

30-045-31870

As stipulated in Rule 19 .15 .17 .13 NMAC, the following information adheres to the requirements established in closing below-grade tanks (BGTs) on Phoenix Hydrocarbons Operating Corp well sites. This plan will address the standard protocols and procedures for closure of BGTs.

Phoenix Hydrocarbons Operating Corp proposes to close its existing BGTs that do not meet the requirements of Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC or are not included in Paragraph (5) of Subsection I of 19.15.17.11 NMAC in accordance with this closure plan and the transitional provisions of Subsection E of 19.15.17.17 NMAC, or within five (5) years after the effective date (June 16, 2008) of 19.15.17 NMAC.

The following outline addresses all requirements for closure of Phoenix Hydrocarbons Operating Corp BGTs:

1.Prior notification of Phoenix Hydrocarbons Operating Corp intent to close the BGT will follow 19.15.17.13J (I) and (2).

a. Phoenix Hydrocarbons Operating Corp will notify the surface owner by certified mail, return receipt requested, of closure plans. Evidence of mailing of the notice to the address of the surface owner shown in the county tax records is enough to demonstrate compliance with this requirement.

b. notification will also be given to the division District III office verbally or by other means at least 72 hours, but not more than one (1) week, prior to any closure operation. The notice will include the operator's name and the well's name, number, and API number, in addition to the well's legal description, including the unit letter, section, township, and range.

Notification was provided to the NMOCD District III office & BLM. Attached is a copy of the notification. A BLM representative was onsite to witness sampling

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

2.Phoenix Hydrocarbons Operating Corp will remove liquids and sludge from the BGT prior to implementing a closure method and dispose of the liquids and sludge in a NMOCD's division-approved facility. A list of Phoenix Hydrocarbons Operating Corp approved disposal facilities is below:

Fluid disposal:

Agua Moss

Sunco well #1

U/L=E, SWNW, Section 2, T29N-Rl2W San Juan, New Mexico

Permit #NM-01-0009

Basin Disposal Inc.

Basin Disposal well # 1

U/L=F, SWNW, Section 3, T29N-Rl 1 W San Juan, New Mexico

Permit #NM-01-0005

Solid disposal:

Envirotech Land Farm

Disposal Facility

Section 6, T26N-R10W, County Road #7175 San Juan, New Mexico

Permit #NM-01-0011

3.Phoenix Hydrocarbons Operating Corp will remove the BGT from the pit and place it at ground level adjacent to the original BGT site.

A Closure plan nor Below Grade Tank registration was never submitted for the referenced below grade tanks that are referenced in the compliance issue, nor were they closed in accordance with 19.15.17.

Walsh Engineering is respectfully requesting to collect 1 (5-point) augured composite sample from a depth of 8'or the first interval that contains signs of a release under each of the production tanks that were set above grade surface where the below grade tanks were previously set. 72-hour notification will be provided to the NMOCD and Surface owner; all closure criteria will be in accordance with 19.15.17 and provided in the Final C-144.

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

4.Phoenix Hydrocarbons Operating Corp will hook up necessary equipment and piping for temporary tank use. At this time, any on-site equipment not necessary to the operation of the tank will be removed from the site.

All Equipment associated with the below Grade Tank removal was removed. An above ground tank was instated in the same area where the below grade tank was removed. Walsh Engineering collected 1 (5-point) augured composite sample from a depth of 8'or the first interval that contains signs of a release under each of the production tanks that were set above grade surface where the below grade tanks were previously set. No Evidence of hydrocarbons were noted during the auguring process and a composite sample was collected at the 8-foot interval.

5.Phoenix Hydrocarbons Operating Corp will test the soils beneath the original BGT location to determine whether a release has occurred. At a minimum, a five (5) point composite sample will be collected in addition to individual grab samples from areas that are wet, discolored, or showing other evidence of a release. The samples will be analyzed for BTEX, TPH, and chlorides to demonstrate that they do not exceed certain concentrations. The testing methods and closure standards for those constituents are as follows:

Analytical results for Benzene were Non-Detect, Total BTEX was Non-Detect. DRO was 603 mg/kg, ORO 510 mg/kg, GRO was Non-Detect, chloride levels were 25.4 mg/kg demonstrating a release did not occur.

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

Table I Closure Criteria for Soils Impacted by a Release			
Minimum depth below any point within the horizontal boundary of the release to ground water less than 10,000 mg/l TDS	Constituent	Method*	Limit**
≤ 50 feet	Chloride***	EPA 300.0 or SM4500 Cl B	600 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	100 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
51 feet-100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	10,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
>100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	20,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg

Notes: mg/Kg= milligram per kilogram; BTEX = benzene, toluene, ethylbenzene, and total xylenes; TPH = total petroleum hydrocarbons. Other EPA methods that the division approves may be applied to all constituents listed. The Chlorides closure standards will be determined by whichever concentration level is greatest.

6. Phoenix Hydrocarbons Operating Corp will notify the division District III office of the soil test results on Form C-14 l. It is understood that the NMOCD may require additional delineation upon review of the results.

Analytical results for Benzene were Non-Detect, Total BTEX was Non-Detect. DRO was 603 mg/kg, ORO 510 mg/kg, GRO was Non-Detect, chloride levels were 25.4 mg/kg demonstrating a release did not occur.

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

7. If it is determined that a release has occurred, then Phoenix Hydrocarbons Operating Corp will comply with 19.15.3.116 NMAC and 19.15.1.19 NMAC, as appropriate.

A C-141 is attached for Closure demonstrating a release did not occur.

8. If the confirmation sampling demonstrates that a release has not occurred or that any release does not exceed the concentrations specified above, then Phoenix Hydrocarbons Operating Corp will backfill the · excavation with compacted, non-waste containing, earthen material; construct a division prescribed soil cover; re-contour the site; and move the fiberglass tank onto the newly backfilled and compacted site. The division-prescribed soil cover, re-contouring, and re-vegetation requirements shall comply with Subsections G, H, and I of 19.15.17.13

NMAC.

The area has been backfilled and placed with a above ground tank. The area will be reclaimed once the well has been plugged and abandoned.

9.Reclamation will follow 19.15.17.130 (1) and (2).

a. The BGT location and all areas associated with the BGT, including associated access roads, if applicable, will be reclaimed to a safe and stable condition that blends with the surrounding undisturbed area. It is understood that Phoenix Hydrocarbons Operating Corp shall substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as provided in Subsection H of 19 .15 .1 7 .13 NMA C and re-contour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography.

b. Re-vegetation will not be completed at the time the BGT pit is reclaimed but will instead be applied for as part of the P&A process when the well is plugged and abandoned.

10.Soil cover will follow 19.15.17.13H (1) and (3).

a. The soil cover for closures where the BGT has been removed or contaminated soil has been remediated to the NMOCD's satisfaction will consist of the background thickness of topsoil or one (1) foot of suitable material to establish vegetation at the site, whichever is greater.

b. The soil cover will be constructed to the site's existing grade, and all possible efforts will be conducted to prevent ponding of water and erosion of the cover material.

The area has been backfilled and placed with a above ground tank. The area will be reclaimed once the well has been plugged and abandoned.

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM

11.Within 60 days of closure completion, Phoenix Hydrocarbons Operating Corp will submit a closure report on NMOCD's Form C-144, with necessary attachments to document all closure activities, including sampling results; information required by 19.15.17 NMAC; and details on backfilling, capping, and covering, where applicable. Phoenix Hydrocarbons Operating Corp will certify that all information in the report and attachments is correct and that Phoenix Hydrocarbons Operating Corp has complied with all applicable closure requirements and conditions specified in the approved closure plan.

Received by OCD: 1/14/2021 10:34:44 AM

Released to Imaging: 7/27/2021 2:28:33 PM


HYDROCARBONS OPERATOR CORP
FEDERAL R #1B NMSF-078476
BLANCO MESAVERDE
830' FNL & 1045' FEL
SEC. 15, T27N, R8W
SAN JUAN COUNTY, NEW MEXICO

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Operator: PHOENIX HYDROCARBONS OPERATING CORP P.O. Box 3638 Midland, TX 79705	OGRID: 188483
	Action Number: 14703
	Action Type: [C-144] Below Grade Tank Plan (C-144B)

CONDITIONS

Created By	Condition	Condition Date
cwhitehead	None	7/27/2021