

State of New Mexico

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 87401
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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HOBSOCD

Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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: ConocoPhillips Company OGRID #: 217817
Address: 3300 N "A" St., Bldg. 6, Midland, TX 79705
Facility or well name: Warren Unit 328
API Number: 30-025- 39328 OCD Permit Number: PI-00868
U/L or Qtr/Qtr H Section 34 Township 20-S Range 38E County: Lea
Center of Proposed Design: Latitude _____ Longitude _____ NAD: X 1927 1983
Surface Owner: Federal State X Private Tribal Trust or Indian Allotment

Pit: Subsection F or G of 19.15.17.11 NMAC
Temporary: Drilling Workover
 Permanent Emergency Cavitation Steel Pit
 Lined Unlined
Liner type: Thickness _____ mil LLDPE HDPE PVC
 Other _____ String-Reinforced
Seams: Welded Factory Other _____
Volume: _____ bbl Dimensions: L _____ x W _____ x D _____

Closed-loop System: Subsection H of 19.15.17.11 NMAC
 Drying Pad Tanks Haul-off Bins Other _____
 Lined Unlined
Liner type: Thickness _____ mil LLDPE HDPE PVC
 Other _____
Seams: Welded Factory Other _____
Volume: _____ bbl _____ yd³
Dimensions: Length _____ x Width _____

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: Thickness _____ mil HDPE PVC
 Other _____

Fencing: Subsection D of 19.15.17.11 NMAC
 Chain link, six feet in height, two strands of barbed wire at top
 Four foot height, four strands of barbed wire evenly spaced between one and four feet
Netting: Subsection E of 19.15.17.11 NMAC
 Screen Netting Other _____
 Monthly inspections
Signs: Subsection C of 19.15.17.11 NMAC
 12"x24", 2' lettering, providing Operator's name, site location, and emergency telephone numbers
 Signed in compliance with 19.15.3.103 NMAC

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:
 Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.
 Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

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 | <input type="checkbox"/> Yes <input type="checkbox"/> 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 | <input type="checkbox"/> Yes <input type="checkbox"/> 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 | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> 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 | <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> 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 | <input type="checkbox"/> Yes <input 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 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 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 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 type="checkbox"/> No |
| Within a 100-year floodplain.
- FEMA map | <input type="checkbox"/> Yes <input type="checkbox"/> 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
 - X Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
 - X Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
 - X 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
 - X Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
 - X Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
 - X 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: X Drilling Workover Emergency Cavitation Permanent Pit Below-grade Tank X Closed-loop System Alternative

Proposed Closure Method: Waste Excavation and Removal
X 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 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 type="checkbox"/> Yes <input 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 type="checkbox"/> Yes <input 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 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 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 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 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 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 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 type="checkbox"/> No |
| Within a 100-year floodplain.
- FEMA map | <input type="checkbox"/> Yes <input 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: Controlled Recovery, Inc. Disposal Facility Permit Number: R-9166

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:

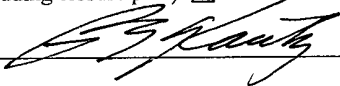
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Donna Williams Title: Sr. Regulatory Specialist

Signature:  Date: 12/8/08

e-mail address: Donna.J.Williams@Conocophillips.com Telephone: 432-688-6943

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

OCD Representative Signature:  Approval Date: 01/22/09

Title: **Geologist** OCD Permit Number: P1-00868

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

Closure Method:

- Waste Excavation and Removal On-Site Closure Method Alternative Closure Method
- If different from approved plan, please explain.

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): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

ConocoPhillips Company
Closed Loop System Design, Operating and Maintenance, and Closure Plan

Well: Warren Unit 328

Date: 12/8/2008

ConocoPhillips proposes the following plan for design, operating and maintenance, and closure of our proposed closed loop system for the above named well:

1. We propose to use a closed loop system with steel pits, haul-off bins, and frac tanks for containing all cuttings, solids, mud, water, brine, and liquids. We will not dig a pit, nor will we use a drying pad, nor will we build an earth pit above ground level, nor will we dispose of or bury any waste on location.

All drilling waste and all drilling fluids (fresh water, brine, mud, cuttings, drill solids, cement returns, and any other liquid or solid that may be involved) will be contained on location in the rig's steel pits or in haul-off bins or in frac tanks as needed. The intent is as follows:

- We propose to use the rigs' steel pits for containing and maintaining the drilling fluids.
- We propose to remove cuttings and drilled solids from the mud by using solids control equipment and to contain such cuttings and drilled solids on location in haul-off bins.
- We propose that any excess water that may need to be stored on location will be stored in frac tanks.

The closed loop system components will be inspected daily by each tour and any needed repairs will be made immediately. Any leak in the system will be repaired immediately, and any spilled liquids and / or solids will be cleaned up immediately, and the area where any such spill occurred will be remediated immediately.

2. Cuttings and solids will be removed from location in haul-off bins by an authorized contractor and disposed of at an authorized facility. For this well, we propose the following disposal facility:

Controlled Recovery Inc,
4507 West Carlsbad Hwy, Hobbs, NM 88240,
P.O. Box 388 Hobbs, New Mexico 88241
Toll Free Phone: 877.505.4274, Local Phone Number: 432-638-4076

The physical address for the plant where the disposal facility is located is Highway 62/180 at mile marker 66 (33 miles East of Hobbs, NM and 32 miles West of Carlsbad, NM).

The Permit Number for CRI is R9166

A photograph showing the type of haul-off bins that will be used is attached.

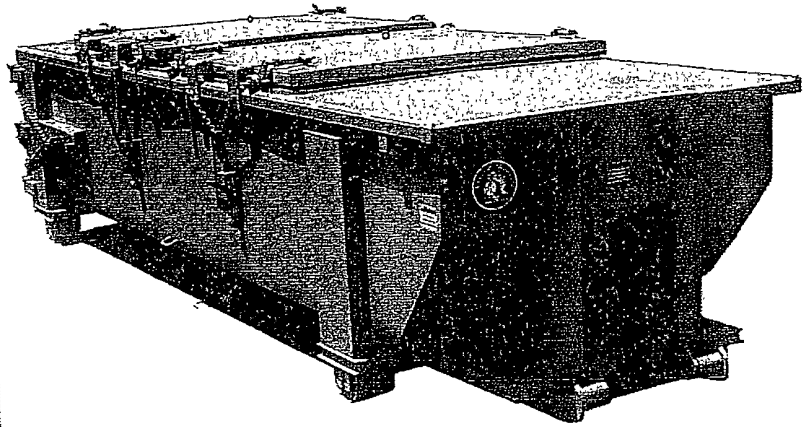
3. Mud will be transported by vacuum truck and disposed of at Controlled Recovery Inc at the facility described above.
4. Fresh Water and Brine will be hauled off by vacuum truck and disposed of at an authorized salt water disposal well. We propose the following for disposal of fresh water and brine as needed:
 - Nabors Well Services Company, 3221 NW County Rd, Hobbs, NM 88240, PO 5208 Hobbs, NM, 88241, Permit SWD 092. (Well Location: Section 3, T19S R37E)
 - Basic Energy Services, PO Box 1869 Eunice, NM 88231 Phone Number 575 394 2545, Facility located at Hwy 18, Mile Marker 19, Eunice, NM.
 - Key Energy Services, 2105 Avenue O, Eunice, NM 88231, Phone Number 505 394 2585 (Atha Well, Section 31 T21S R36E, BLM Permit # LC036441) (Christmas Well, Unit B, Section 28, T22S R37E, State Permit # SWD # 606)

Steven O. Moore, Staff Drilling Engineer
ConocoPhillips Company, 600 North Dairy Ashford, Room # 2WL-13022, Houston, TX 77079-1175
Office Phone 832 486 2459, Cell Phone 281 467 7596

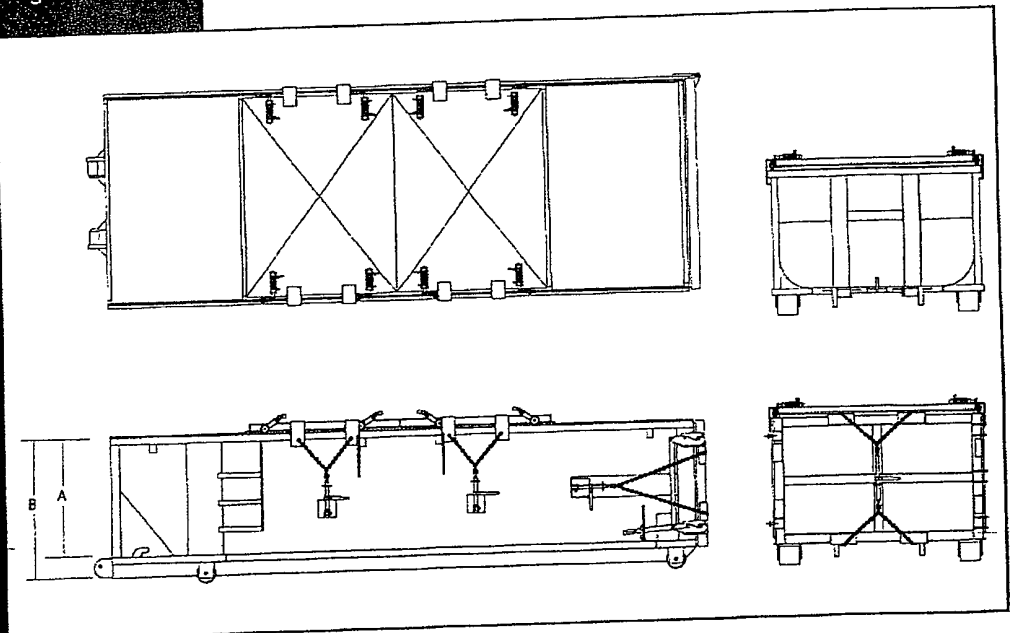
SPECIFICATIONS

Heavy Duty Split Metal Rolling Lid

FLOOR: 3/16" PL one piece
 CROSS MEMBER: 3 x 4 1/2 channel 16" on center
 WALLS: 3/16" PL solid welded with tubing top inside liner hooks
 DOOR: 3/16" PL with tubing frame
 FRONT: 3/16" PL slant formed
 PICK UP: Standard cable with 2" x 6" x 1/4" rails, gusset at each crossmember
 WHEELS: 10 DIA x 9 long with rease fittings
 DOOR LATCH: 3 Independent ratchet binders with chains; vertical second latch
 GASKETS: Extruded rubber seal with metal retainers
 WELDS: All welds continuous except sub-structure crossmembers
 FINISH: Coated inside and out with direct to metal, rust inhibiting acylic enamel color coat
 HYDROTESTING: Full capacity static test
 DIMENSIONS: 22'-11" long (21'-8" inside), 99" wide (88" inside), see drawing for height
 OPTIONS: Steel grit blast and special paint, Ampliroll, Heil and Ding pickup
 ROOF: 3/16" PL roof panels with tubing and channel support frame
 LIDS: (2) 68" x 90" metal rolling lids spring loaded, self raising
 ROLLERS: 4" V-groove rollers with delrin bearings and grease fittings
 OPENING: (2) 60" x 82" openings with 8" divider centered on container
 LATCH: (2) independent ratchet binders with chains per lid
 GASKETS: Extruded rubber seal with metal retainers



CONT.	A	B
20 YD	41	53
25 YD	53	65
30 YD	65	77



ConocoPhillips
Location Schematic and Rig Layout
for Closed Loop System
H&P #306
(PICTURE NOT TO SCALE)

WARREN UNIT 328

