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

| 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 nvironment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances. |
| 1. Operator: |
| Address: 382 Road 3100 Aztec NM 87410 |
| Facility or well name: San Juan 28-7 Unit 33A BGT #2 |
| API Number:30-039-22238 OCD Permit Number_ |
| U/L or Qtr/Qtr J Section 13 Township 28N Range 7W County: Rio Arriba |
| Center of Proposed Design: Latitude 36.657824 °N Longitude -107.521991 °W NAD83 |
| 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 mil □ LLDPE □ 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: Max 120 bbl Type of fluid: Produced Water Tank Construction material: Metal 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: Thickness45mil |
| 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. |
| 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 4' hog wire fence with a single strand of barbed wire on top |

| 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 | |
| Nation State Stat | |
| 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 accept material are provided below. Siting criteria does not apply to drying pads or above-grade tanks. | otable source |
| 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 |
| <u>Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit.</u> NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | Yes No |
| Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. (Does not apply to below grade tanks) - 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) - 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) 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) - 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 |

| 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 |
| Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 N Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the doc 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 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 19.13 and 19.15.17.13 NMAC Previously Approved Design (attach copy of design) API Number: or Permit Number: or Pe | NMAC 15.17.9 NMAC |
| 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 doc 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. 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: | |

| 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 attached. | documents are |
| 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 | |
| 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 F | luid 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 sour | |
| provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. F | lease refer to |
| 19.15.17.10 NMAC for guidance. | T |
| Ground water is less than 25 feet below the bottom of the buried waste. | ☐ Yes ☐ No |
| - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | □ NA |
| Ground water is between 25-50 feet below the bottom of the buried waste | ☐ Yes ☐ No |
| - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | □ NA |
| Ground water is more than 100 feet below the bottom of the buried waste. | Yes No |
| - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | ∐ NA |
| Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, lakebed, sinkhole, or playa | Yes No |
| lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site | |
| Within 300 feet from a 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 | l les l No |
| Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, in existence | ☐ Yes ☐ No |
| at the time of initial application. | |
| - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site | |
| 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 | |

| 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 Within a 100-year floodplain. | ☐ Yes ☐ No |
| - FEMA map | ☐ 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 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 19.15.17.13 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 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 | 11 NMAC 15.17.11 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): Kandis Roland Title: Operations/Regulatory Technician | <u>1 – Sr.</u> |
| Signature: Kandis Roland Date: 1/11/2021 | |
| e-mail address: <u>kroland@hilcorp.com</u> Telephone: <u>505.324.5149</u> | |
| 18. OCD Approval: Permit Application (including closure plan) Closure Plan (only) COCD Conditions (see attachment) | |
| OCD Representative Signature: CRWhitshead Approval Date: May 3 | 3, 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 is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not 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 incommark 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) | dicate, by a check |

| 22. | |
|---------------------------------|---|
| Operator Closure Certification: | |
| | with this closure report is true, accurate and complete to the best of my knowledge and closure requirements and conditions specified in the approved closure plan. |
| Name (Print): | Title: |
| Signature: | Date: |
| e-mail address: | Telephone: |

San Juan 28-7 Unit 33A (BELOW GRADE TANK)

Hilcorp Energy Company requests a variance for the items listed below. The requested variance, per 19.15.17.15.A, provides equal or better protection of fresh water, public health & the environment.

1. Fencing

Fencing as described in Section 5 under Alternate, Hilcorp will construct all new fences
around the below grade tank utilizing 48" steel mesh field-fence (hog-wire) on the bottom
with a single strand of barbed wire or a welded railing on top. T-posts shall be installed
every 12 feet and corners shall be anchored utilizing a secondary T-post. Below grade tanks
will be fenced, regardless of location.

2. Geo-membrane Liner

- The geo-membrane liner consists of a 45-mil flexible LLDPE material manufactured by Brawler Industries, LLC as SuperScrim H45. SuperScrim H45 is manufactured with LLDPE and is 45 mil inch thickness and is reinforced with polyester scrim. The geomembrane liner has a hydraulic conductivity of less than 5 X 10-14 cm/s and is resistant to ultraviolet light, petroleum hydrocarbons, salts and acidic and alkaline solutions. The manufacturer specific sheet is attached.
- 3. Hilcorp will notify Public Entity Surface Owners by email in lieu of certified mail. Private Entity Surface Owners will still be notified via certified mail.



New Mexico Office of the State Engineer **Point of Diversion Summary**

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest)

(NAD83 UTM in meters)

Well Tag **POD Number**

Q64 Q16 Q4 Sec Tws Rng

SJ 03091

2 2 29 28N 06W

277834 4057457*

Driller License: 1357

Driller Company:

BAILEY DRILLING COMPANY

Driller Name: BAILEY, MARK

Drill Start Date: 05/17/2001 Log File Date: 05/30/2001 **Drill Finish Date:**

05/18/2001

Plug Date:

Shallow

Pump Type:

PCW Rcv Date:

Estimated Yield: 10 GPM

Pipe Discharge Size: Depth Well:

Depth Water:

Sandstone/Gravel/Conglomerate

Source:

Casing Size: 5.00 150 feet

150

90 feet

Water Bearing Stratifications:

Top Bottom Description

Casing Perforations:

Top Bottom

110 150

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.

1/8/21 3:00 PM

POINT OF DIVERSION SUMMARY

^{*}UTM location was derived from PLSS - see Help

Received by OCD: 1/11/2021 6:19:30 AM_ Page 9 of 21 Legend San Juan 28-7 Unit 33A Hilcorp Cathodic 2008 CO Water Wells Hydrogeologic **POD Waters** Wetlands Waterways San Juan 28-7 Unit 33A 18 Water Vulnerable Areas 17 17 16 28N 7W 28N 6W 21 28N 6W 24 19 Notes POD # SJ 03091 GW @ 90' 30 28 0.6 Miles This map is to be used for Hilcorp or Harvest purposes only. 1: 20,000 👗 Not survey quality. NAD_1927_StatePlane_New_Mexico_West_FIPS_3003

Released to Imaging: 5/3/2021 2:18:07 PM

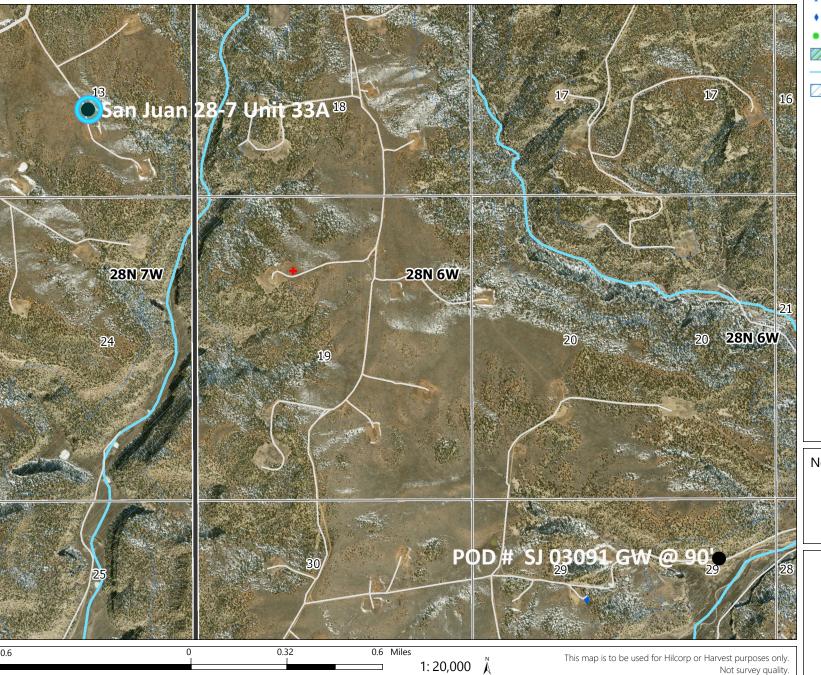
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San Juan 28-7 Unit 33A

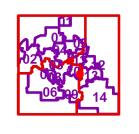
Legend

- Cathodic 2008
- CO Water Wells
- Hydrogeologic
- **POD Waters**
- Wetlands
- Waterways
- Water Vulnerable Areas



Notes

Not survey quality.



NAD_1927_StatePlane_New_Mexico_West_FIPS_3003 Released to Imaging: 5/3/2021 2:18:07 PM

Below Grade Tank (BGT) Siting Criteria and Compliance Demonstrations

| Well Name. San Juan 20-7 Offic 33A | Well Name: | San Juan 28-7 Unit 33A |
|------------------------------------|------------|------------------------|
|------------------------------------|------------|------------------------|

1. <u>Depth to groundwater (should not be less than 25 feet)</u>:

The nearest recorded well with available water-depth information is POD # SJ03091 with groundwater @ 90' as indicated in the **iWaters Data Sheet** attached. The subject well is 260' more in elevation from the bottom of the BGT making depth to groundwater at 350'.

2. <u>Distance to watercourse (should not be within 100 feet of a continuously flowing watercourse, other significant watercourse, lakebed, sinkhole, wetland or playa lake [measured from the ordinary high-water mark]):</u>

Aerial map attached indicates that there are **no** lakebeds, sinkholes, playa lakes, or watercourses within 100 feet of the proposed Below Grade Tank.

3. <u>Distance to springs or wells (should not be within 200 feet of a spring or a fresh water</u> well used for public or livestock consumption):

Aerial map attached indicates that the Below Grade Tank will **not** be within 200 feet of any recorded well or spring.

Hydrogeological report for San Juan 28-7 Unit 33A

Regional Hydrogeological context:

The San Jose Formation of Eocene age occurs in New Mexico and Colorado, and its outcrop forms the land surface over much of the eastern half of the central basin. It overlies the Nacimiento Formation in the area generally south of the Colorado-New Mexico State line and overlies the Animas Formation in the area generally north of the State line.

The San Jose Formation was deposited in various fluvial-type environments. In general, the unit consists of an interbedded sequence of sandstone, siltstone, and variegated shale. Thickness of the San Jose Formation generally increases from west to east (200 feet in the west and south to almost 2,700 feet in the center of the structural basin). Ground water is associated with alluvial and fluvial sandstone aquifers. Thus, the occurrence of ground water is mainly controlled by the distribution of sandstone in the formation. The distribution of such sandstone is the result of original depositional extent plus any post-depositional modifications, namely erosion and structural deformation. Transmissivity data for San Jose Formation are minimal. Values of 40 and 120 feet squared per day were determined from two aquifer tests (Stone et al, 1983, table 5). The reported or measured discharge from 46 water wells completed in San Jose Formation ranges from 0.15 to 61 gallons per minute and the median is 5 gallons per minute. Most of the wells provide water for livestock and domestic use.

The San Jose Formation is a very suitable unit for recharge from precipitation because soils that form on the unit are sandy and highly permeable and therefore readily adsorb precipitation. However, low annual precipitation, relatively high transpiration and evaporation rates, and deep dissection of the San Jose Formation by the San Juan River and its tributaries all tend to reduce the effective recharge to the unit.

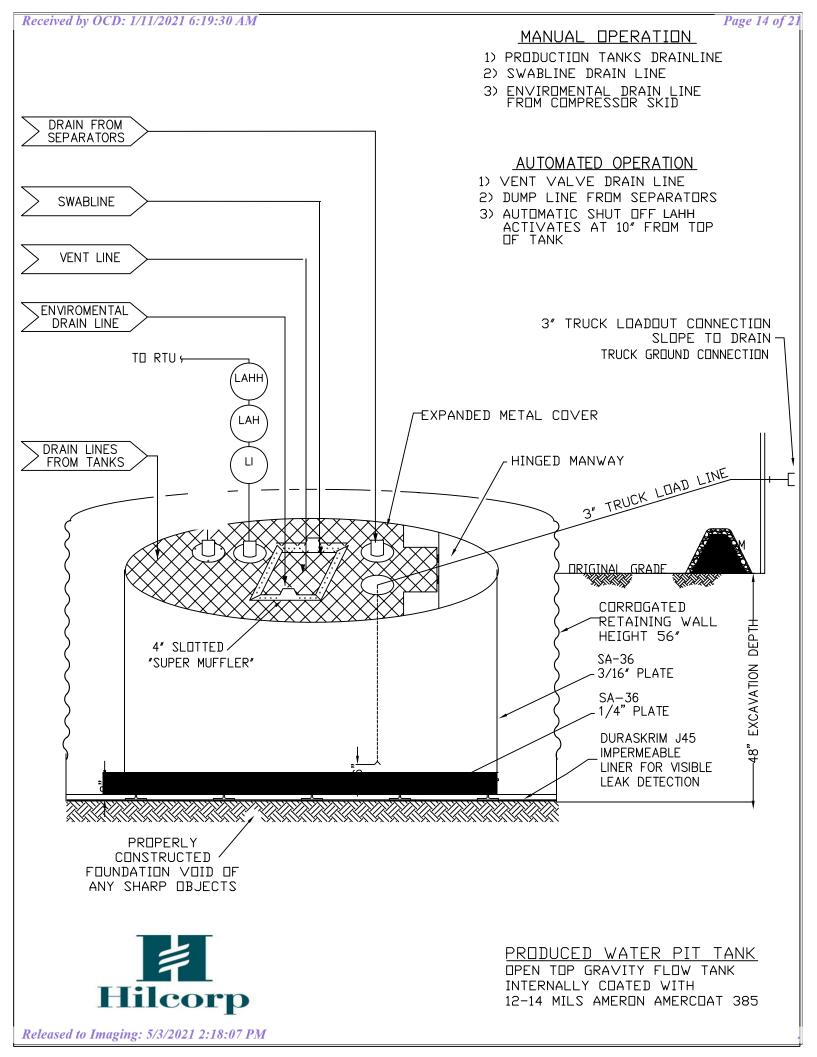
Stone et al., 1983, Hydrogeology and Water Resources of the San Juan Basin, New Mexico: Socorro, New Mexico Bureau of Mines and Mineral Resources Hydrologic Report 6, 70 p.

Below Grade Tank Design and Construction

In accordance with NMAC 19.15.17 the following information describes the design and construction of below-grade tanks on Hilcorp Energy Company, hereinafter known as HEC, locations. This is HEC's standard procedure for all below grade tanks (BGT). A separate plan will be submitted for any BGT which does not conform to this plan.

General Plan:

- 1. HEC will design and construct a properly sized and approved BGT which will contain liquids and should prevent contamination of fresh water to protect the public health and environment.
- HEC signage will comply with 19.15.17.11.C NMAC.
- 3. HEC is requesting approval of an alternative fencing to be used on BGT tank locations. HEC requests to utilize 48" steel mesh field-fence (hog-wire) on the bottom with a single strand of barbed wire or a welded railing on top. T-posts shall be installed every 12 feet and corners shall be anchored utilizing a secondary T-post. BGTs will be fenced, regardless of location.
 - a. If the BGT is located within 1000' of an occupied permanent residence, school, hospital, institution or church, HEC will construct A 6' chain link fence with two strands of barbed wire or a welded railing on top. The operator shall ensure that all gates associated with the fence are closed and locked when responsible personnel are not onsite.
- 4. HEC will construct a screened, expanded metal covering, on the top of the BGT.
- 5. HEC will ensure that a BGT is constructed of materials resistant to the BGT's particular contents and resistant to damage from sunlight as shown on design drawing and specification sheet.
- 6. The HEC BGT system will have a properly constructed foundation consisting of a level base free of rocks, debris, sharp edges or irregularities to prevent punctures, cracks or indentations of the liner or tank bottom as shown on design drawing.
- 7. HEC shall operate and install the BGT to prevent the collection of surface water run-on. HEC has built in shut off devices that do not allow a BGT to overflow. HEC constructs berms and corrugated retaining walls at least 6" above ground to keep from surface water run-on entering the BGT as shown on the design plan.
- 8. If HEC needs to modify/retrofit the existing BGT it will meet the below specifications.
- 9. HEC will construct and use a BGT that does not have double walls. The BGT's side walls will be open for visual inspection for leaks, the BGT's bottom is elevated a minimum of six inches above the underlying ground surface and the BGT is underlain with a geomembrane liner to divert leaked liquid to a location that can be visually inspected.
- 10. HEC will equip below grade tanks with a properly functioning, automatic high-level shut off control device, as well as manual controls, to prevent overflows.
- 11. HEC will utilize a geomembrane liner manufactured by Brawler Industries, LLC as SuperScrim H45. SuperScrim H45 is manufactured with LLDPE and is 45 mil inch thickness and is reinforced with polyester scrim. The geomembrane liner has a hydraulic conductivity of less than 5 X 10⁻¹⁴ cm/s and is resistant to ultraviolet light, petroleum hydrocarbons, salts and acidic and alkaline solutions. The manufacturer specific sheet is attached.
- 12. The general specification for design and construction are attached





SuperScrim™ H Product Specifications

This product meets GRI GM 25 Specifications

| Properties | Properties Test Method Frequency | | | m Average | Values |
|---|--|-------------|------------|------------|---------------|
| | 1 | | H30 | H36 | H45 |
| Thickness, Nominal (mils) Min. Ave. (mils) | ASTM D5199 | Per roll | 30 27 | 36 32 | 45 40 |
| Weight Nominal (lb/1000, ft²) Min. Ave. (lb/1000, ft²) | ASTM D5261 | Per roll | 140 125 | 168 151 | 210 189 |
| Grab Tensile Strength (lb), min. ave. Elongation (%), min. ave. | ASTM D7004 (each direction) (each direction) | 30,000 lb | 300 25 | 310 25 | 320 25 |
| Tongue Tear (lb), min. ave. | ASTM D5884 (each direction) | 30,000 lb | 130 | 130 | 130 |
| Index Puncture (lb), min. ave. | ASTM D4833 | 30,000 lb | 85 | 103 | 105 |
| Ply Adhesion (lb), min. ave. (1) | ASTM D6636 | 30,000 lb | 20 | 25 | 25 |
| Oxidative Induction Time (OIT) (2) (a) Standard OIT Or | ASTM D3895 | Formulation | >100 | >100 | >100 |
| (b) High Pressure OIT | ASTM D5885 | | >1000 | >1000 | >1000 |
| Standard Roll Dimensions | | | | | |
| Roll Width (3), ft | | | 11.83 | 11.83 | 11.83 |
| Roll Length (3), ft | | | | 1230 | 1000 |
| Roll Area, ft ² | | | | 14,551 | 11,830 |

(1)Alternatively, an acceptable ply adhesion is to have a film tearing bond occur within the sheet material.
(2)The Manufacturer has the option to select either one of the OIT methods listed to evaluate the antioxidant effectiveness in the geomembrane.

 $^{(3)}$ Roll widths and lengths have a tolerance of $\pm\,1\%$

 $*Custom\ material\ thicknesses\ also\ available$

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This is a preliminary data sheet based upon laboratory testing of initial manufacturing lots and may be changed without notice as additional product testing data becomes available.



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SE HABLA ESPAÑOL

www.brawler.com



SuperScrim™ WC Product Specifications

| Properties | Test Method | | N | linimum A | verage Valu | ies | |
|----------------------------|-------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | 9 mil | 12 mil | 16 mil | 20 mil | 24 mil | 30 mil |
| Weight | D5261 | 5.4 oz/yd ² | 5.7 oz/yd ² | 7.2 oz/yd ² | 9.6 oz/yd ² | 11.5 oz/yd ² | 13.4 oz/yd ² |
| Thickness | | 9 mil | 12 mil | 16 mil | 20 mil | 24 mil | 30 mil |
| Grab Tensile (lbs.) | D751 | MD 200 CD 135 | MD 210 CD 176 | MD 230 CD 210 | MD 330 CD 286 | MD 352 CD 300 | MD 352 CD 300 |
| Mullen Burst | D6241 | 300 psi | 350 psi | 400 psi | 600 psi | 680 psi | 780 psi |
| Accelerated UV Weathering | D4355 | >80% after 2000 hrs exposure | >90% after 2000 hrs exposure |
| Standard Roll Dimensions | | | | | | | |
| Roll Length (2), Ft | | 3,000 | 3,000 | 4,000 | 3,000 | 2,250 | 2,250 |
| Roll Width (2), Ft | | 12 | 12 | 12 | 12 | 12 | 12 |
| Roll Area, Ft ² | | 36,000 | 36,000 | 48,000 | 36,000 | 27,000 | 27,000 |

(1)9 of 10 views shall be Category 1 or 2. No more than 1 view from Category 3.

 $^{(2)}$ Roll widths and lengths have a tolerance of \pm 1%

Custom material thicknesses also available

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Hilcorp Energy Company San Juan Basin Below Grade Tank Maintenance and Operating Plan

In accordance with Rule 19.15.17 the following information describes the operation and maintenance of a below-grade tank (BGT) on a Hilcorp Energy Company (HEC) location. This is HEC's standard procedure for all BGT's. A separate plan will be submitted for any BGT which does not conform to this plan.

General Plan:

- 1. HEC will operator and maintain a BGT to contain liquids and solids and maintain the integrity of the liner, liner system and secondary containment system to prevent contamination of fresh water and protect public health and the environmental. HEC will perform an inspection on a monthly basis, install cathodic protection and automatic overflow shutoff devices as seen on the design plan.
- 2. HEC will not discharge into or store any hazardous waste in the BGT.
- 3. HEC shall operator and install the BGT to prevent the collection of surface water run-on. HEC has built in shut-off devices that do not all ow a BGT to overflow. HEC constructs berms and corrugated retained walls at least 6" above grade to keep surface water run-on from entering the BGT as shown on the design plan.
- 4. As per 19.15.17.12.D(3), HEC will inspect the BGT for leakage and damage at least monthly. The operator will document the integrity of each tank at least annually and maintain a written record for 5 years. Inspections may include 1) containment berms adequate and no oil present, 2) tanks had no visible leaks or sign of corrosion, 3) tank valves, flanges, and hatches had no visible leaks and 4) no evidence of significant spillage of produced liquids. HEC shall remove any visible or measurable layer of oil from the fluid surface of the BGT in an effort to prevent significant accumulation of oil overtime.
- 5. HEC shall maintain adequate freeboard to prevent overtopping of the BGT.
- 6. If a BGT develops a leak, then HEC shall removal all liquid above the damage or leak within 48 hours of discovery, notify the appropriate division office pursuant to 19.15.29 NMAC and repair the damage or replace BGT as applicable.
- 7. If HEC discovers a BGT designed in accordance with 19.15.17.11.I(5) has lost integrity the BGT will promptly be drained and removed from service and HEC will follow the approved closure plan. If HEC discovers a retrofitted BGT designed in accordance with 19.15.17.11.I(4)(a-c), does not demonstrate integrity or that the BGT develops any of the conditions identified in Paragraph (5) of Subsection A of 19.15.17.12 NMAC shall repair the damage or close the existing BGT pursuant to the closure requirements of 19.15.17.13 NMAC.
- 8. If HEC equips or retrofits the existing BGT to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC, HEC shall visually inspect the area beneath the BGT during the retrofit and document any areas that are wet, discolored or showing other evidence of a release on form C-141. HEC shall measure and report to the division the concentration of contaminants in the wet or discolored soil with respect to the standards set forth in Table I of 19.15.17.13 NMAC. If there is no wet or discolored soil or if the concentration of contaminants in the wet or discolored soil is less than the standard set forth in Table I of 19.15.17.13 NMAC, then HEC will proceed with the closure requirements of 19.15.17.13 NMAC prior to initiating the retrofit or replacement.

Hilcorp Energy Company San Juan Asset Production BGT Closure Plan

In accordance with Rule 19.15.17.13 NMAC, the following plan describes the general closure requirements of a below-grade tank (BGT) on any Hilcorp Energy Company (HEC) location in the San Juan Asset. This is HEC's standard closure procedure for all BGT's regulated under Rule 19.15.17 NMAC and operated by HEC. For those closures which do not conform to this standard closure plan, a separate BGT specific closure plan will be developed and utilized.

Closure Conditions and Timing for BGT:

- Within 60 days of cessation of operation HEC will:
 - o Remove all liquids and sludge and dispose in a division approved manner.
- Within 72 hours or 1 week prior to closure HEC will:
 - Give notice to surface owners by certified mail. For public entities by email as specified on the variance page.
 - o Give notice to Division District Office verbal or in writing/email.
- Within 6 months of cessation of operation HEC will:
 - o Remove BGT and dispose, recycle, reuse, or reclaim in a division approved manner.
 - o Remove unused onsite equipment associated with the BGT.
- Within 60 days of closure HEC will:
 - o Send the Division District Office a Closure Report per 19.15.17.13.F (1).

General Plan Requirements:

- 1. Prior to initiating any BGT closure, except in the case of an emergency, HEC will notify the surface owner of the intent to close the BGT by certified mail no later than 72 hours or 1 week before closure and a copy of this notification will be included in the closure report. In the case of an emergency, the surface owner will be notified as soon as practical.
- 2. Notice of closure will be given to the Division District office between 72 hours and 1 week of the scheduled closure via email or phone. The notification of closure will include the following:
 - a. Operators Name
 - b. Well Name and API Number
 - c. Location
- 3. All liquids will be removed from the BGT following cessation of operation. Produced water will be disposed of at one of HEC's approved Salt Water Disposal facilities or at a Division District Office approved facility.
- 4. Solids and sludge's will be shoveled and/or vacuumed out for disposal at one of the Division District Office approved facilities, depending on the proximity of the BGT site: Envirotech Land Farm (Permit #NM-01-011), Industrial Ecosystems Inc. JFJ Land Farm (Permit #NM-01-0010B), and Basin Disposal (Permit #NM-01-005).
- 5. HEC will obtain prior approval from the Division District Office to dispose, recycle, reuse, or reclaim the BGT and provide documentation of the disposition of the BGT in the closure report. Steel materials will be recycled or reused as approved by the Division District Office. Fiberglass tanks will be empty, cut up or shredded, and EPA cleaned for disposal as solid waste. Liner materials will be cleaned without soils or contaminated material for disposal as solid waste. Fiberglass tanks and liner materials will meet the conditions of 19.15.35 NMAC. Disposal will be at a licensed disposal facility, presently San Juan County Landfill operated by Waste Management under NMED Permit SWM-052426.
- 6. Any equipment associated with the BGT that is no longer required for some other purpose, following the closure, will be removed.

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- 7. Following removal of the tank and any liner material, HEC will test the soils beneath the BGT as follows:
 - a. At a minimum, a five-point composite sample will be taken to include any obvious stained or wet soils or any other evidence of contamination.
 - b. The laboratory sample shall be analyzed for the constituents listed in Table I of 19.15.17.13.

| | | Table I | |
|-----------------------------------|-------------|--|------------------|
| Closure Criteria for Soils Beneat | | nks, Drying Pads Associated with Closed-Loop | Systems and Pits |
| Booth halous hatters of other | | ontents are Removed Method* | Limit** |
| Depth below bottom of pit to | Constituent | ivietnoa* | Limit |
| groundwater less than 10,000 | | | |
| mg/I TDS | | | |
| | Chloride | EPA 300.0 | 600 mg/kg |
| ≤50 feet | TPH | EPA SW-846 Method 418.1 | 100 mg/kg |
| | BTEX | EPA SW-846 Method 8021B or 8260B | 50 mg/kg |
| | Benzene | EPA SW-846 Method 8021B or 8015M | 10 mg/kg |
| | Chloride | EPA 300.0 | 10,000 mg/kg |
| 51 feet-100 feet | TPH | EPA SW-846 Method 418.1 | 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 8015M | 10 mg/kg |
| | Chloride | EPA 300.0 | 20,000 mg/kg |
| > 100 feet | TPH | EPA SW-846 Method 418.1 | 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 8015M | 10 mg/kg |

^{*}Or other test methods approved by the division

(19.15.17.13 NMAC-Ro, 19.15.17.13 NMAC 3/28/2013)

- 8. If the Division District Office and/or HEC determine there is a release, HEC will comply with 19.15.17.13.C.3b.
- 9. Upon completion of the tank removal, pursuant to 19.15.17.13.C.3c, if all contaminant concentrations are less than or equal to the parameters listed in Table I of 19.15.17.13 NMAC, the excavation will be backfilled with non-waste containing earthen material compacted and covered with a minimum of one foot top soil, or background thickness of top soil, whichever is greater. The surface will then be re-contoured to match the native grade, prevent ponding of water, and prevent erosion of cover material.
- 10. For those portions of the former BGT area no longer required for production activities, HEC will seed the disturbed area in the first favorable growing season following the closure of the BGT. Seeding will be accomplished via drilling on the contour whenever practical, or by other Division District Office approved methods. HEC will notify the Division District Office when reclamation and re-vegetation is complete.

Reclamation of the BGT shall be considered complete when:

- Established vegetative cover reflects a life form ratio of +/- 50% of pre disturbance levels.
- Total plant cover is at least 70% of pre-disturbance levels (Excluding noxious weeds) OR
- Pursuant to 19.15.17.13.H.5d HEC will comply with obligations imposed by other applicable federal or tribal agencies in which there re-vegetation and reclamation requirements provide equal or better protection of fresh water, human health and the environment.

Revised 3/15/2016

^{**}Numerical limits or natural background level, whichever is greater

11. For those portions of the former BGT area required for production activities, reseeding will be done at well abandonment, and following the procedure noted above.

Closure Report:

All closure activities will include proper documentation and will be submitted to OCD within 60 days of the BGT closure on a Closure Report using Division District Office Form C-144. The Report will include the following:

- Proof of Closure Notice (surface owner and Division District Office)
- Backfilling & cover installation
- Confirmation Sampling Analytical Results
- Application Rate & Seeding techniques
- Photo Documentation of Reclamation

<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone:(575) 393-6161 Fax:(575) 393-0720

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

CONDITIONS

Action 14328

CONDITIONS OF APPROVAL

| Operator: | | | OGRID: | Action Number: | Action Type: |
|------------------------|--------------------|------------------|--------|----------------|--------------|
| HILCORP ENERGY COMPANY | 1111 Travis Street | Houston, TX77002 | 372171 | 14328 | C-144B |

| OCD Reviewer | Condition |
|--------------|-----------|
| cwhitehead | None |