

## OPERATOR'S COPY

Form 3160-3  
(August 1999)UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED  
OMB No. 1004-0136  
Expires November 30, 2000

5. Lease Serial No.

NM-0559993

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

34277

8. Lease Name and Well No.

Jack Federal, Well No. 1

9. API Well No.

30-005-63685

10. Field and Pool, or Exploratory

Four Ranch Wolfcamp 76750

11. Sec., T., R., M., or Blk. and Survey or Area

Sec. 25-T9S-R25E

12. County or Parish

Chaves

13. State

NM

1a. Type of Work: ☒ DRILL ☐ REENTER1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator

McClellan Oil Corporation

3a. Address

P.O. Box 730 Roswell, NM 88202

3b. Phone No. (Include area code)

(505) 622-3200

4. Location of Well (Report location clearly and in accordance with any State requirements. \*)

At surface 1980' FSL &amp; 1980' FEL

At proposed prod. zone same

14. Distance in miles and direction from nearest town or post office\*

17 road miles northeast of Roswell, NM

15. Distance from proposed\*

location to nearest

property or lease line, ft.

(Also to nearest drig. unit line, if any)

1980'

16. No. of Acres in lease

1,872.48

17. Spacing Unit dedicated to this well

320

18. Distance from proposed location\*

to nearest well, drilling, completed,

applied for, on this lease, ft.

1361'

19. Proposed Depth

5500'

20. BLM/BIA Bond No. on file

NM-2301

21. Elevations (Show whether DP, KDB, RT, GL, etc.)

3663' GL

22. Approximate date work will start\*

July 3, 2004

23. Estimated duration

3 - 4 weeks

## 24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.

2. A Drilling Plan.

3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).

5. Operator certification.

6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

George R. Smith

Name (Printed/Typed)

George R. Smith

Date

05/28/04

Title

Agent for McClellan Oil Corp.

Approved by (Signature)

LARRY D. BRAY

Name (Printed/Typed)

/S/LARRY D. BRAY

JUN 28 2004

Title

Assistant Field Manager,  
Lands And Minerals

Office

ROSWELL FIELD OFFICE

APPROVED FOR 1 YEAR

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

\*(Instructions on reverse)

Lease Responsibility Statement: McClellan Oil Corporation accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof.

George R. Smith, agent

APPROVAL SUBJECT TO  
GENERAL REQUIREMENTS AND  
SPECIAL STIPULATIONS ATTACHED

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

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

Form C-144  
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: McClellan Oil Corporation Telephone: (505) 622-3200 e-mail address: Sulimar@qwest.net  
Address: P. O. Drawer 730, Roswell, New Mexico, 88202-0730  
Facility or well name: Jack Federal No. 1 API #: \_\_\_\_\_ U/L or Qtr/Qtr J Sec 25 T 9 South R 25 East  
County: Chaves Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Volume _____ bbl	<b>Below-grade tank</b> Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____						
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	<table border="1"><tr><td>Less than 50 feet</td><td>(20 points)</td></tr><tr><td><u>50 feet or more, but less than 100 feet</u></td><td><u>(10 points)</u></td></tr><tr><td>100 feet or more</td><td>(0 points)</td></tr></table>	Less than 50 feet	(20 points)	<u>50 feet or more, but less than 100 feet</u>	<u>(10 points)</u>	100 feet or more	(0 points)
Less than 50 feet	(20 points)						
<u>50 feet or more, but less than 100 feet</u>	<u>(10 points)</u>						
100 feet or more	(0 points)						
Venthead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	<table border="1"><tr><td>Yes</td><td>(20 points)</td></tr><tr><td><u>No</u></td><td><u>(0 points)</u></td></tr></table>	Yes	(20 points)	<u>No</u>	<u>(0 points)</u>		
Yes	(20 points)						
<u>No</u>	<u>(0 points)</u>						
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	<table border="1"><tr><td>Less than 200 feet</td><td>(20 points)</td></tr><tr><td>200 feet or more, but less than 1000 feet</td><td>(10 points)</td></tr><tr><td><u>1000 feet or more</u></td><td><u>(0 points)</u></td></tr></table>	Less than 200 feet	(20 points)	200 feet or more, but less than 1000 feet	(10 points)	<u>1000 feet or more</u>	<u>(0 points)</u>
Less than 200 feet	(20 points)						
200 feet or more, but less than 1000 feet	(10 points)						
<u>1000 feet or more</u>	<u>(0 points)</u>						
Ranking Score (Total Points) <u>10 points</u>							

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location:

onsite ☐ offsite ☐ If offsite, name of facility \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: July 27, 2004

Printed Name/Title Mark McClellan/President Signature Mark McClellan

Our certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: AUG 5 2004 Signature [Signature]  
Date: \_\_\_\_\_  
Printed Name/Title \_\_\_\_\_ Signature \_\_\_\_\_

**Director I**

1625 N. French Dr., Hobbs, NM 88240

**Director II**

1301 W. Grand Avenue, Artesia, NM 88210

**Director III**

1000 Rio Brazos Rd., Aztec, NM 87410

**Director IV**

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

**State of New Mexico**  
**Energy, Minerals & Natural Resources Department**  
**OIL CONSERVATION DIVISION**  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

Form C-102

Revised June 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-005-63685</b>		Pool Code <b>76750</b>	Pool Name <b>Foor Ranch Wolfcamp</b>
Property Code	Property Name <b>Jack Federal</b>		Well Number <b>1</b>
OGRIID No. <b>14348</b>	Operator Name <b>McClellan Oil Corporation</b>		Elevation <b>3663 GL</b>

**10 Surface Location**

UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County
<b>J</b>	<b>25</b>	<b>9S</b>	<b>25E</b>		<b>1980</b>	<b>South</b>	<b>1980</b>	<b>East</b>	<b>Chaves</b>

**11 Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

<div style="position: relative; height: 100px;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; border: 1px solid black;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%); font-weight: bold;">NM-0559993</div> <div style="position: absolute; top: 60%; left: 40%; transform: rotate(90deg); font-weight: bold;">1980'</div> <div style="position: absolute; top: 60%; left: 50%; font-weight: bold;">1980'</div> </div>	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <u>Mark McClellan</u> Signature <u>Mark McClellan</u> Printed Name <u>President</u> Title and E-mail Address <u>5/12/04</u> Date
	<b>18 SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief. <div style="border: 2px solid black; border-radius: 50%; padding: 10px; text-align: center;">             STATE OF NEW MEXICO              5-5-04              6290              REGISTERED PROFESSIONAL ENGINEER           </div> <u>[Signature]</u> Signature and Seal of Registered Surveyor Date of Survey Certificate Number <b>6290</b>

**APPLICATION FOR DRILLING  
MCCLELLAN OIL CORPORATION**  
Jack Federal, Well No. 1  
1980' FSL & 1980' FEL, Sec. 25-T9S-R2SE  
Chaves County, New Mexico  
Lease No.: NM-0559993  
(Development Well)

In conjunction with Form 3160-3, Application for Permit to Drill subject well, McClellan Oil Corporation submits the following items of pertinent information in accordance with BLM requirements:

1. The geologic surface formation is recent Permian with quaternary alluvium and other surficial deposits.
2. The estimated tops of geologic markers are as follows:

San Andres	610'	Penn Lime	5,183
Glorieta	1,692'	Strawn	5,305'
Tubb	3,184'	Granite Wash	5,366'
Abo	3,935'	T.D.	5,500'
Wolfcamp	4,609'		
Wolfcamp 3	4,962'		

3. The estimated depths at which water, oil or gas formations are anticipated to be encountered:

Water: Surface water in the Triassic between 80' - 230'.  
Oil: Possible in San Andres  
Gas: Possible in the Abo, Wolfcamp or Penn.

4. Proposed Casing Program:

HOLE SIZE	CASING SIZE	WEIGHT	GRADE	JOINT	SETTING DEPTH	QUANTITY OF CEMENT
12 1/4"	8 5/8"	24.0#	J-55	ST&C	900'	Circ. 500 sx "C"
7 7/8"	5 1/2"	15.5#	J-55	ST&C	5,500'	500 sx "C"

5. Proposed Control Equipment: See Exhibit "E".

BOP Program:

A 10" 3000 psi wp Shaffer, Type E, double ram BOP, will be installed on the 8 5/8" casing and used as a 2000 psi wp system. Casing and BOP will be tested before drilling out with 7 7/8". ~~Request waiver to test to a maximum of 1000 psi wp with a rig pump.~~

6. Mud Program:

		MUD WEIGHT	VIS.	W/L CONTROL
0' - 900':	Fresh water with native mud	8.8 - 9.2 ppg	36 - 40	No W/L control
900' - 3800':	Use 10# brine mud to top of Abo	10.0 - 10.2 ppg	28 - 30	No W/L control
3800' - 5500':	Brine mud w/6 % diesel:	9.8 - 10.2 ppg	40 - 45	W/L control <10 cc

7. Auxiliary Equipment: Blowout Preventer, gas detector, Kelly cock,.

8. Testing, Logging, and Coring Program:

Drill Stem Tests: None planned.

Logging: T.D. to 1100': Schlumberger Platform Express: 3 Detector Litho Density, Azimuthal Laterlog  
Micro-CFL/NGT, Borehole Compensated Sonic Natural Gamma Ray Logs  
1100' to surface: GR/Neutron

Coring: None planned.

**MCCLELLAN OIL CORPORATION**

Jack Federal, Well No. 1

Page 2

9. No abnormal pressures or temperatures are anticipated. In the event abnormal pressures are encountered, the proposed mud program will be modified to increase the mud weight. Estimated surface pressure = 1210 psi (evac. hole) with BH temperature of 115°.
10. H<sub>2</sub>S: None expected. None in previously drilled wells.
11. Anticipated starting date: July 5, 2004.  
Anticipated completion of drilling operations: Approx. 4 weeks.

**MULTI POINT SURFACE USE AND OPERATIONS PLAN****MCCLELLAN OIL CORPORATION**

Jack Federal, Well No 1  
1980' FSL & 1980' FEL, Sec. 25-T9S-R25E  
Chaves County, New Mexico  
Lease No.: NM-0559993  
(Four Ranch Wolfcamp)

This plan is submitted with the Application for Permit to Drill the above described well. The purpose of the plan is to describe the location of the proposed well, the proposed construction activities and operations plan, to be followed in rehabilitating the surface environmental effects associated with the operations.

**1. EXISTING ROADS:**

- A. Exhibit "A" is a portion of a BLM Comanche Spring Topo map showing the location of the proposed well as staked. The well site location is approximately 17 road miles northeast of Roswell, NM. Traveling east of Roswell on U.S. Highway 380 there will be 10 miles of paved road and 7 miles of gravel county/ ranch roads.
- B. Directions: Travel east of Roswell, NM on U. S. Highway #380 for 10 miles to the Bottomless Lakes turnoff. Turn north on gravel county road for approximately 5 miles and cross a cattle guard that is approximately 1500 feet east of the ranch house and windmill. Continue northwest for .2 mile to a road intersection; turn left (northwest) along oilfield pipeline for approximately 1.2 miles to a road on the right (north). Turn northeast on this road for .3 mile, passing the MM Federal #7 well site on the right. The proposed access road will start on the north side of this pad, running east for 900 feet to the southwest corner of the proposed well site.

**2. PLANNED ACCESS ROAD:**

- A. Length and Width: The proposed access road will be approximately 900 feet in length, 12 feet wide (24' Max.). The proposed and existing roads are color coded on Exhibit "A".
- B. Construction: The new access road will be constructed by grading and topping with compacted caliche. The surface will be properly drained.
- C. Turnouts: There may be one turnout at the midpoint increasing the width to 20 feet for passing.
- D. Culverts: None required.
- E. Cuts and Fills: None required.
- F. Gates, Cattle guards: None required.
- G. Off Lease ROW: None required.

**3. LOCATION OF EXISTING WELLS:**

- A. Existing wells within a two-mile radius are shown on Exhibit "C".

**MCCLELLAN OIL CORPORATION**

Jack Federal, Well No 1

Page 2

**4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES;**

- A. McClellan Oil Corporation has no production facilities on the lease at this time.
- B. If the well proves to be commercial, the necessary production facilities and gas production-process equipment and tank battery, if required, will be installed on the drilling pad. The gas purchaser will run the gas lines to the well site.

**5. LOCATION AND TYPE OF WATER SUPPLY:**

- A. It is planned to drill the proposed well with fresh water that will be obtained from private or commercial sources and will be transported over the existing and proposed access roads.

**6. SOURCE OF CONSTRUCTION MATERIALS:**

- A. Caliche for surfacing the proposed access road and well site pad will be obtained from a pit on the location if available or from a Federal pit in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ , Sec. 25-T9S-R25E. No surface materials will be disturbed except those necessary for actual grading and leveling of the drill site and access roads.

**7. METHODS OF HANDLING WASTE DISPOSAL:**

- A. Drill cuttings will be disposed of in the reserve pits.
- B. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- C. All pits will be fenced with normal fencing materials to prevent livestock from entering the area.
- D. Water produced during operations will be collected in tanks until hauled to an approved disposal system, or a separate disposal application will be submitted to the BLM for approval.
- E. Oil produced during operations will be stored in tanks until sold.
- F. Current laws and regulations pertaining to the disposal of human waste will be complied with.
- G. Trash, waste paper, garbage and junk will be contained in trash bins to prevent scattering by the wind and will be removed for deposit in an approved sanitary landfill within 30 days after finishing drilling and/or completion operations.

**8. ANCILLARY FACILITIES:**

- A. None required.

**McCLELLAN OIL CORPORATION**  
Jack Federal, Well No 1  
Page 3

**9. WELL SITE LAYOUT:**

- A. Exhibit "D" shows the relative location and dimensions of the well pad, reserve pits, and major rig components. The original pad and pit area was staked and flagged, 500' X 500' for archaeological clearance.
- B. Mat Size: 260' X 185', plus 100' X 100' reserve pits on the north
- C. Cut & Fill: The center of the pad will be cut 3 - 4 feet with fill to the south, west, north and northwest.
- D. The surface will be topped with compacted caliche and the reserve pits will be plastic lined.

**10. PLANS FOR RESTORATION OF THE SURFACE:**

- A. After completion of drilling and/or completion operations, all equipment and other material not required for operations will be removed. Pits will be filled and the location cleaned of all trash and junk to leave the well site in an aesthetically pleasing a condition as possible.
- B. Any unguarded pits containing fluids will be fenced until they are filled.
- C. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled as soon as they are dry enough to be worked.

**11. OTHER INFORMATION:**

- A. Topography: The well site and access road are located in an area that has a southwest facing slope that drains toward the Pecos River. There is an overall 1.33% slope to the southwest from an elevation of 3663' GL.
- B. Soil: The topsoil at the well site is a light brown colored loam with scatter of gravel. The soil is of the Holloman-Gypsum land complex series.
- C. Flora and Fauna: The vegetation cover is a fairly good grass cover of threeawn, grama, dropseed, sacaton, bush muhly along with plants of mesquite, broomweed, yucca, cacti and miscellaneous weeds and wildflowers. The wildlife consists of rabbits, antelope, deer, coyotes, rattlesnakes, lizards, dove, quail and other wildlife typical of the semi-arid desert land.
- D. Ponds and Streams: None in the immediate vicinity except an intermittent spring fed draw.5 miles southwest.
- E. Residences and Other Structures: None in immediate vicinity except oilfield production equipment.
- F. Land Use: Cattle grazing.
- G. Surface Ownership: The proposed well site and access road are on Federal surface.
- H. There is no evidence of any archaeological, historical or cultural sites in the area. Archaeological Survey Consultants, P. O. Box D, Roswell, NM 88202 is conducting an archaeological survey and their report was submitted to the appropriate government agencies.

**McCLELLAN OIL CORPORATION**

Jack Federal, Well No 1

Page 4

**12. OPERATOR'S REPRESENTATIVE:**

- A. The field representative for assuring compliance with the approved use and operations plan is as follows:

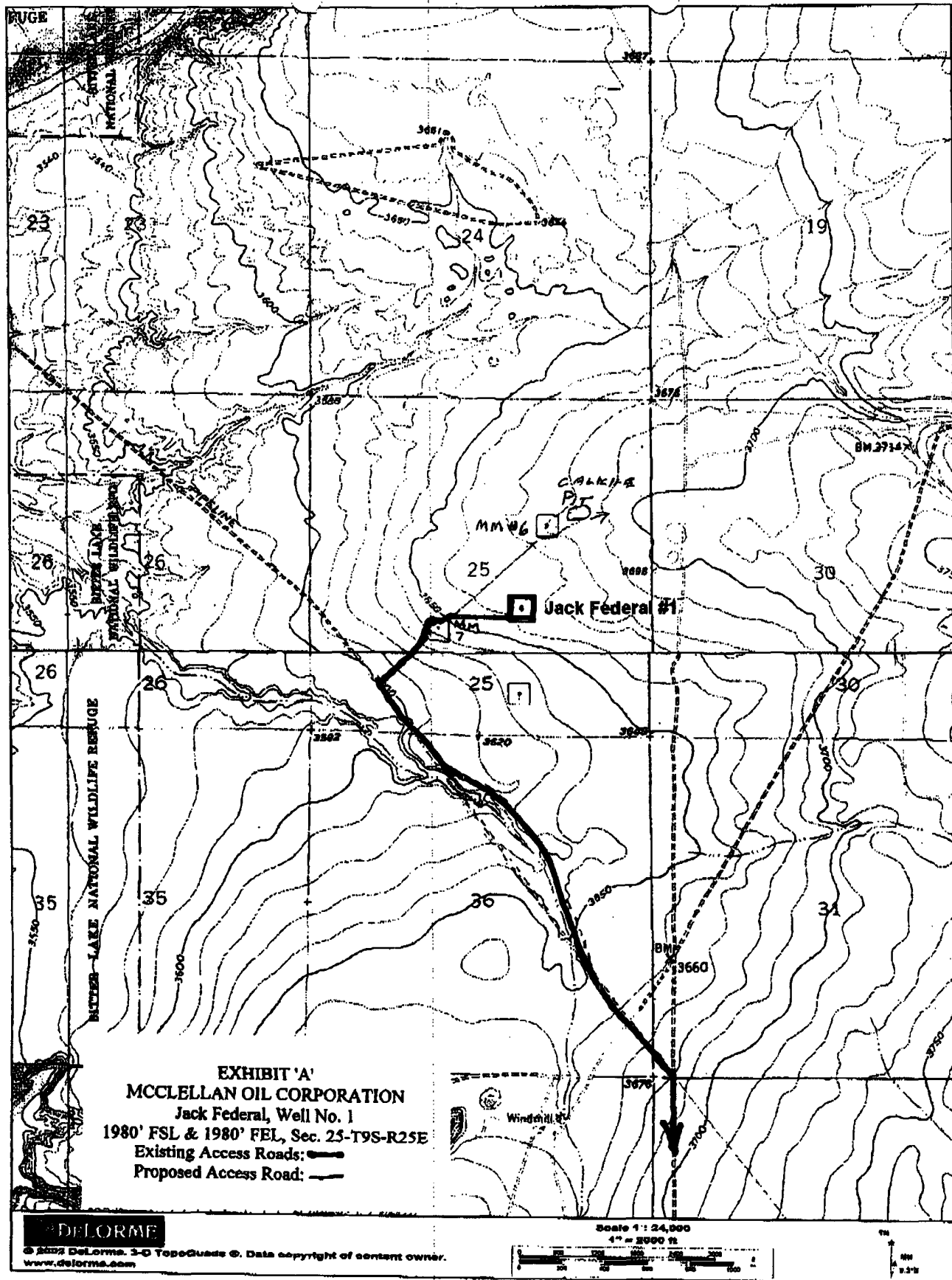
Mark McClellan  
McCLELLAN OIL CORPORATION  
P. O. Box 730  
Roswell, NM 88202  
Office Phone: (505) 622-3200  
Home Phone: (505) 622-2128

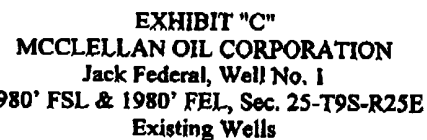
**13. CERTIFICATION:**

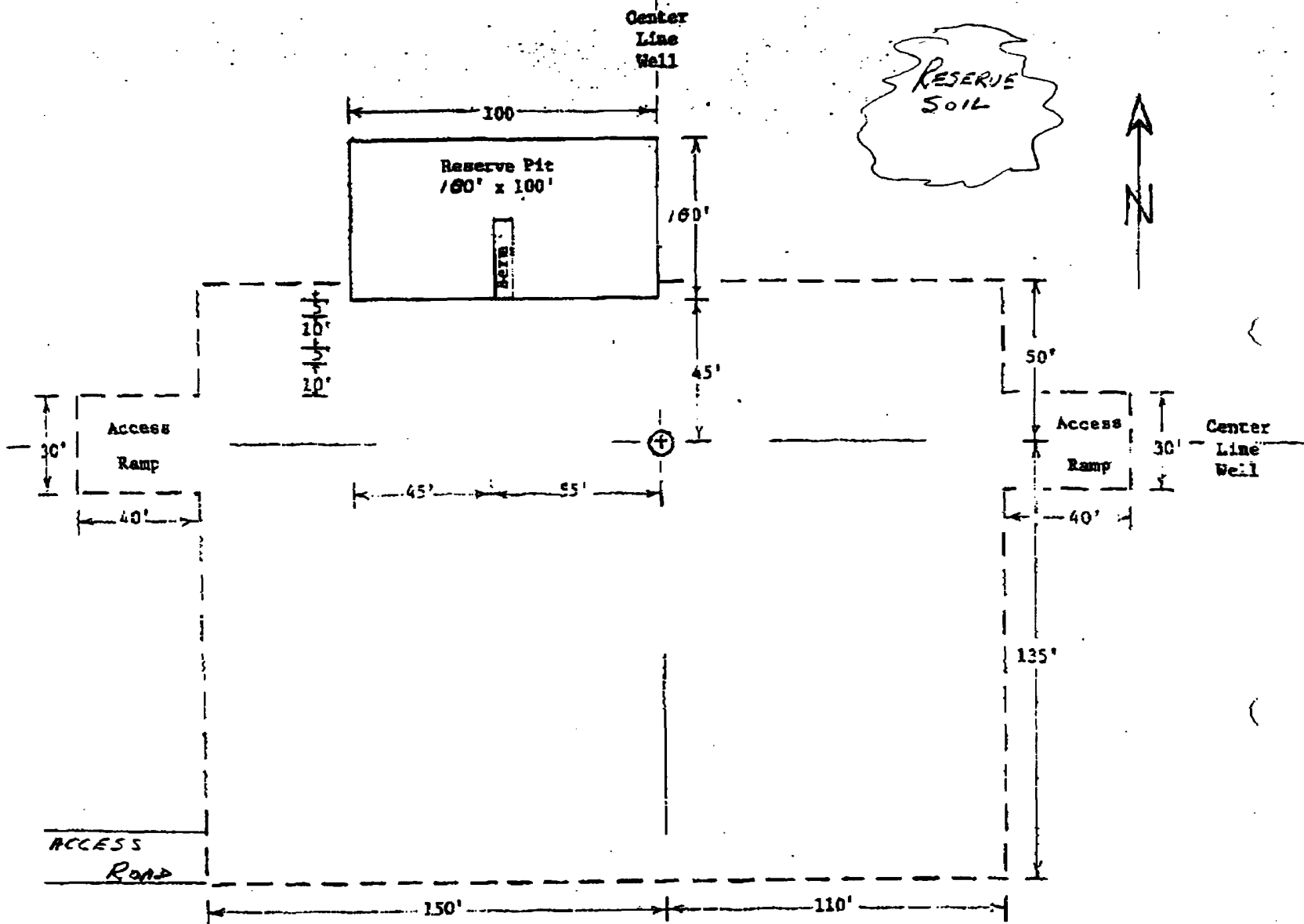
I hereby certify that I have inspected the proposed drill site and access route; that I am familiar with the conditions which presently exist; that the statements made in the plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by McClellan Oil Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

May 28, 2004

  
George R. Smith  
Agent for: McClellan Oil Corporation







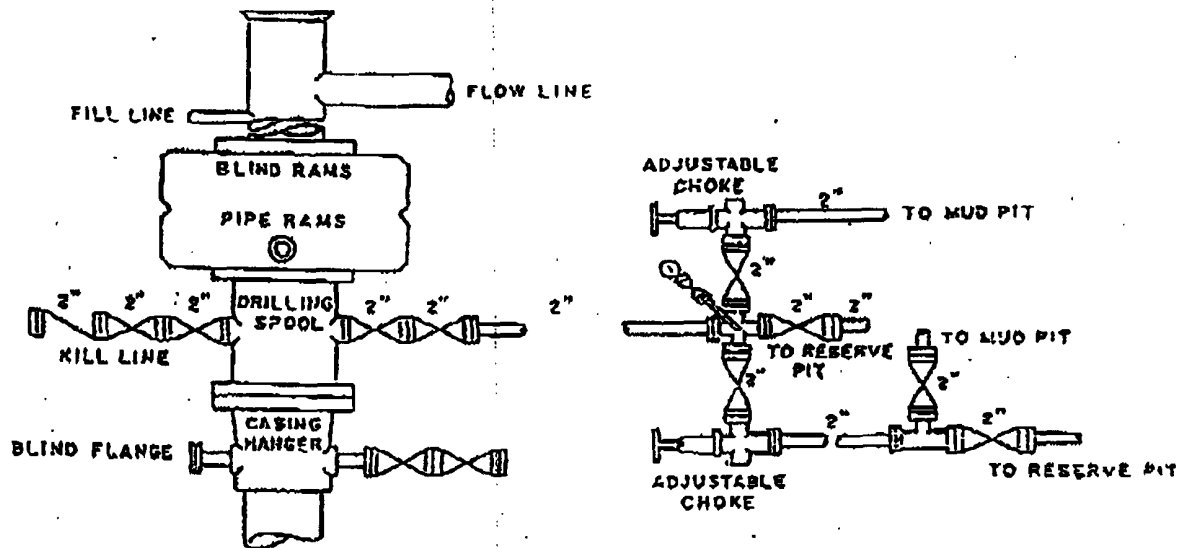
UNITED DRILLING, INC.

LOCATION PLAT

RIG 5

Section 18-60' 10' 0' 0'

EXHIBIT "E"  
MCLELLAN OIL CORPORATION  
Jack Federal, Well No. 1  
BOP Specifications

**11" Cameron Double Ram BOP****BOP DIAGRAM**

3000# Working Pressure  
Rams Operated Daily

EXHIBIT "D"  
MCCLELLAN OIL CORPORATION  
Jack Federal, Well No. 1  
Pad & Pit Layout

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
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State of New Mexico  
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Form C-144  
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.  
For downstream facilities, submit to Santa Fe office

### Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒  
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: McClellan Oil Corporation Telephone: 505-622-3200 e-mail address: \_\_\_\_\_

Address: P.O. Box 730 Roswell, NM 88202

Facility or well name: Jack Federal, Well #1 API #: \_\_\_\_\_ U/L or Qtr/Qtr J Sec 25 T 9S R 25E

County: Chaves Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

<b>Below-grade tank</b> Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input type="checkbox"/> Thickness brine pit 20_mil Clay <input type="checkbox"/> Volume _____ bbl	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water. 90')	Less than 50 feet (20 points) <u>50 feet or more, but less than 100 feet</u> (10 points) 100 feet or more (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) <u>No</u> (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) <u>1000 feet or more</u> (0 points)
Ranking Score (Total Points)	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility: \_\_\_\_\_ (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface \_\_\_\_\_ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: May 28, 2004

Printed Name/Title: George R. Smith, agent for McClellan Oil Corporation

Signature: George R. Smith

Our certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Date: \_\_\_\_\_

Printed Name/Title: \_\_\_\_\_ Signature: \_\_\_\_\_

# EXHIBIT A

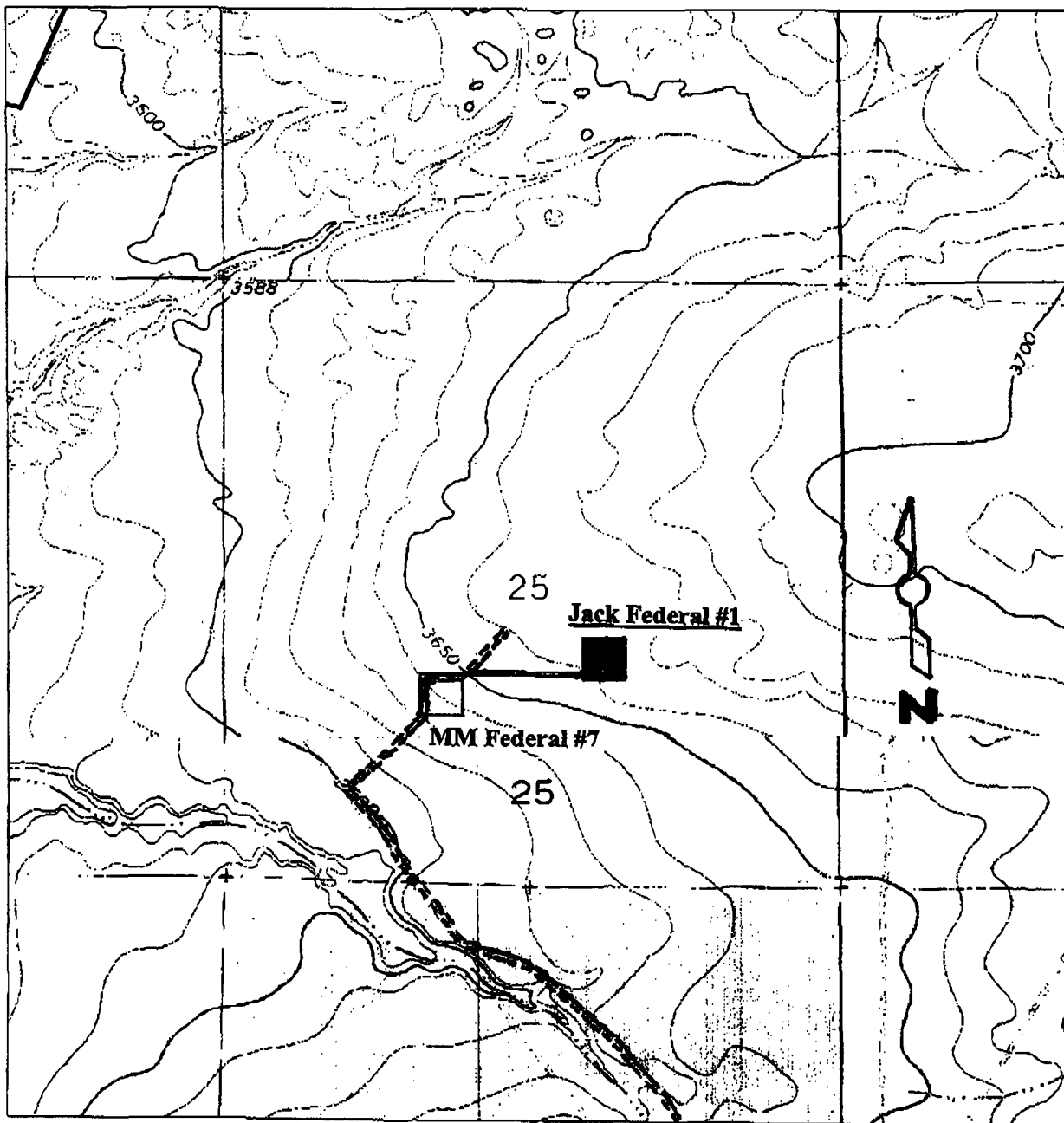
**Operator: McClellan Oil Corporation**

**BLM Serial Number: NM-0559993**

**Well Name & NO.: Jack Federal #1**

**Location: Section 25, T. 9 S., R. 25 E.**

**1980' FSL & 1980' FEL, Chaves County, N.M.**



## EXHIBIT B

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### WELL DRILLING REQUIREMENTS

OPERATORS NAME: McClellan Oil Corporation LEASE NO.: NM-0559993WELL NAME & NO: Jack Federal #1QUARTER/QUARTER & FOOTAGE: NW¼/SE¼ - 1980' FSL & 1980' FELLOCATION: Section 25, T. 9 S., R. 25 E., NMPMCOUNTY: Chaves County, New Mexico

#### I. GENERAL PROVISIONS:

- A. The operator has the right of administrative review of these requirements pursuant to 43 CFR 3165.1(a).
- B. The operator shall hereafter be identified as the holder in these requirements. The Authorized Officer is the person who approves the Well Drilling Requirements.

#### II. WELL PAD CONSTRUCTION REQUIREMENTS:

A. The BLM shall administer compliance and monitor construction of the access road and well pad. Notify Richard G. Hill at least 3 working days (72 Hours) prior to commencing construction of the access road and/or well pad. Roswell Field Office number (505) 627-0247.

B. Prior to commencing construction of the access road, well pad, or other associated developments, the holder shall provide the dirt contractor with a copy of the approved APD signature page, a copy of the location map (EXHIBIT A), a copy of pages 1 & 2 from the Well Drilling Requirements (EXHIBIT B), and a copy of the Permanent Resource Road Requirements (EXHIBIT D).

C. The holder shall stockpile the topsoil from the surface of the well pad for reclamation purposes. The topsoil on the Jack Federal #1 well pad is approximate 6 inches in depth. Approximately 800 cubic yards of topsoil shall be stockpiled on the Southeast corner of the well pad, opposite the reserve pit. Upon reclamation of the well pad, the topsoil stockpile shall be redistributed over the disturbed areas. See Well Drilling Requirements - VI. Seeding Requirements - for reclamation of the well pad.

#### D. Reserve Pit Requirements:

1. The reserve pit shall be constructed 100' X 100' on the North side of the well pad.
2. The reserve pit shall be constructed to a minimum depth of four (4) feet below ground level. This pit shall be constructed, so that upon completion of drilling operations, the dried pit contents will be buried a minimum depth of three feet below ground level. Should the pit content level not meet the three foot minimum depth requirement, the excess contents shall be removed until the required minimum depth of three feet below ground level requirement has been met. The excess contents which have been removed shall be disposed of at an authorized location. Contact Jessica Rubado, at (505) 627-0240, three days before commencing the reserve pit reclamation.
3. The plastic lining that is used to line the reserve pit shall be at least 2 mil in thickness and have a bursting strength of 170 PSI. Upon reclamation of the reserve pit, the plastic lining shall be cut a minimum of two (2) feet below ground level, shall be removed, and properly disposed of before the reserve pit is backfilled.

**WELL DRILLING REQUIREMENTS****2 of 8 pages**

4. The reserve pit shall be fenced on three (3) sides during drilling operations. The fourth side shall be fenced immediately upon rig release.
5. The reserve pit shall be constructed so as not to leak, break, or allow discharge of drilling muds. Under no circumstances will the reserve pit be cut to drain drilling muds on the terrain.
6. The reserve pit shall not be located in any natural drainage.
7. The reserve pit shall be equipped to deter entry by birds, bats, other wildlife, and livestock, if the reserve pit contains any oil and/or toxic fluids.
8. Drilling muds shall be properly disposed of before the reserve pit is reclaimed. Drilling muds can be allowed to evaporate in the reserve pit or be removed and transported to an authorized disposal site. The reserve pit shall be backfilled when dry.
9. Dumping of junk or trash into the reserve pit is not allowed. Junk or trash shall be removed from within the reserve pit before the reserve pit is reclaimed. **Junk or trash shall not be buried in the reserve pit.**

**E. Federal Mineral Materials Pit Requirements:**

1. Caliche, gravel, or other related materials from new or existing pits on Federal mineral estate shall not be taken without prior approval from the authorized officer. Contact Jerry Dutchover at (505) 627 -0236.
2. Payment for any Federal mineral materials that will be used to surface the access road and the well pad is required prior to removal of the mineral materials.
3. Mineral Materials extracted during construction of the reserve pit may be used for development of the pad and access road as needed, for the Jack Federal #1 gas well only. Removal of any additional material on location must be purchased from BLM prior to removal of any material .
  - a. An optional mineral material pit may be constructed within the archaeologically cleared area. The mineral material removed in the process can be used for pad and access road construction. However, a mineral material sales contract must be purchased from the BLM prior to removal of any material.

**F. Well Pad Surfacing Requirement:**

The well pad shall be surfaced with 6 inches of compacted caliche, gravel, or other approved surfacing material. The well pad shall be surfaced prior to drilling operations. See Permanent Resource Road Requirements - EXHIBIT D - requirement #4, for road surfacing.

**G. Cave Requirements:**

1. If, during any construction activities any sinkholes or cave openings are discovered, all construction activities shall immediately cease. Contact Larry Bray at (505) 627-0250.
2. The BLM Authorized Officer will, within 24 hours of notification in "A" above, conduct an on-the-ground field inspection for karst. At the field inspection the authorized field inspector will authorize or suggest mitigating measures to lessen the damage to the karst environment. A verbal order to proceed or stop the operation will be issued at that time.

**WELL DRILLING REQUIREMENTS**

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**III. DRILLING OPERATION REQUIREMENTS:****A. GENERAL DRILLING REQUIREMENTS:**

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell NM 88201, (505) 627-0272 in sufficient time for a representative to witness:

A. Spudding    B. Cementing casing: 8 1/2 inch 5 1/2 inch    C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

4. The API No. assigned to the well by NMOC D shall be included on the subsequent report of setting the first casing string.

**B. CASING:**

1. The 8 1/2 inch surface casing shall be set at 900' and cement circulated to the surface. If cement does not circulate to the surface the appropriate BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. The minimum required fill of cement behind the 5 1/2 inch intermediate casing is cement shall extend upward a minimum of 500 feet above the uppermost perforation.

**C. PRESSURE CONTROL:**

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 8 1/2 inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 2000 psi.

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the tests.

- A. The results of the test shall be reported to the appropriate BLM office.
- B. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.
- C. Testing must be done in a safe workman-like manner. Hard line connections shall be required.
- D. BOPE shall be tested before drilling into the Wolfcamp formation.

**D. IV. DRILLING MUD:**

Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the Wolfcamp formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

- A. Recording pit level indicator to indicate volume gains and losses.
- B. Mud measuring device for accurately determining the mud volumes necessary to fill the hole during trips.
- C. Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

**WELL DRILLING REQUIREMENTS**

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**IV. DOWN HOLE ABANDONMENT REQUIREMENTS:**

A. If the well is a dry hole and will be plugged, approval of the proposed plugging program may be obtained orally. However, oral approval must be confirmed in writing by immediately filing a Sundry Notice And Report On Wells (Form 3160-5) "Notice of Intention to Abandon", and submitting an original and five (5) copies to the Roswell Field Office. The report should show the total depth reached, the reason for plugging, and the proposed intervals, by depths, where plugs are to be placed, type of plug, type of plugging mud, etc..

B. If the well is not drilled, please notify the BLM so that an official release can be approved.

**V. SURFACE RECLAMATION/RESTORATION REQUIREMENTS:**

A. When the well is abandoned the "Notice of Intention to Abandon" (Form 3160-5) could also be used by the holder as the initial report for the surface reclamation/restoration of the access road and well pad. Upon receipt of the "NOI" the Authorized Officer shall provide the holder with the specific requirements for the reclamation/restoration of the access road and well pad.

B. **Subsequent Report Of Abandonment:** The holder shall submit a second report on Form 3160-5, Sundry Notice and Report On Wells, the original and five (5) copies to the Roswell Field Office, pertaining to the reclamation/restoration of the access road and well pad. The holder shall demonstrate that the surface reclamation/restoration requirements have been complied with. The holder shall specify that the reclamation work accomplished the restoration of the disturbed areas to as near the original surface condition the land was in prior to construction of the access road and well pad.

C. **Final Abandonment Notice:** The holder shall submit a third report on Form 3160-5, Sundry Notice and Report On Wells, the original and five (5) copies to the Roswell Field Office, that will ascertain that all surface reclamation/restoration requirements have finally been completed and that the access road and well pad are ready for final inspection. The holder shall specify that the surface has been reclaimed in accordance with federal regulations and request final approval of the access road and well pad.

D. The holder shall comply with all the surface reclamation/restoration required by the Authorized Officer pertaining to the reclamation/restoration of the access road and well pad. Liability under bond shall be retained until surface reclamation/restoration of the access road and well pad has been completed to the satisfaction of the Authorized Officer.

**VI. SEEDING REQUIREMENTS:**

A. The stockpile of topsoil shall be spread over the well pad to cultivate a seedbed. The holder shall not mix the topsoil with the reserve pit area soil. The mixing of the soil will render the conservation of the topsoil for reclamation purposes pointless, if the topsoil is contaminated with the reserve pit mud and cuttings.

B. The reclaimed area(s) shall be seeded with the DPC seed mixture that was determined by the Roswell Field Office for the Desired Plant Community on this well site.

C. The same seed mixture shall be used on the reclaimed access road; See **PERMANENT RESOURCE ROAD REQUIREMENT #12.**

**WELL DRILLING REQUIREMENTS**

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D. The planting of the seed shall be done in accordance with the following seeding requirements:

1. The access road and well pad shall be ripped a minimum of 16 inches deep. The topsoil soil shall be plowed under with soil turning equipment and the plowed surface shall be disked before seeding. Seed shall be planted using a drill equipped planter with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. Smaller/heavier seed has a tendency to drop to the bottom of the drill and is planted first, the holder shall take appropriate measures to ensure this does not occur. Where drilling is not possible, seed shall be broadcast and the area shall be raked or chained to cover the seed. When broadcasting the seed, the pounds per acre noted below are to be doubled.

2. The holder shall seed all the disturbed areas with the DPC seed mixture listed below. The seed mixture shall be planted in the amounts specified in pounds of pure live seed per acre, (Pounds of pure live seed per acre: pounds of seed X percent purity X percent germination = pounds pure live seed). There shall be no primary or secondary noxious weeds in the seed mixture.

In accordance with State law(s) the seed should be tested for purity and viability within nine (9) months prior to sell. Commercial seed shall be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and the certified seed tag shall be made available for inspection by the Authorized Officer.

3. **Desired Plant Community** seed mixture to be planted in pounds of pure live seed per acre:

Alama silt loam, dry, 0-3% Slope  
Hollomex loam, 1-9% slope, dry  
Reeves loam, 0-2% slope, dry  
Milner loam, 0-2% slope, dry

Loamy, SD-3 Ecological Site  
August 27, 1998

<u>Common Name and Preferred Variety</u>	<u>Scientific Name</u>	<u>Pounds of Pure Live Seed Per Acre</u>
Blue grama, var. Lovington	( <i>Bouteloua gracilis</i> )	4.00 LBS.
Sideoats grama, var. Vaughn or El Reno	( <i>Bouteloua curtipendula</i> )	1.00 LB.
Sand dropseed	( <i>Sporobolus cryptandrus</i> )	0.50 LB.
Vine mesquite	( <i>Panicum obtusum</i> )	1.00 LB.
Plains bristlegrass	( <i>Setaria macrostachya</i> )	1.00 LB.
Indian blanketflower	( <i>Gaillardia aristata</i> )	0.50 LB.
Desert or Scarlet	( <i>Sphaeralcea ambigua</i> )	.
Globemallow	or ( <i>S. coccinea</i> )	1.00 LB.
<b>TOTAL POUNDS PURE LIVE SEED PER ACRE</b>		<b>9.00 LBS.</b>

If one species is not available, increase ALL others proportionately. Certified Weed Free Seed. A minimum of 4 species is required, including 1 forb species.

**WELL DRILLING REQUIREMENTS**

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A. The recommended time to seed is from June 15<sup>th</sup> through September 15<sup>th</sup>. The optimum seeding time is in mid-July. Successive seeding should be done either late in the fall (Sept. 15<sup>th</sup> - Nov. 15<sup>th</sup>, before freeze up) or early as possible the following spring to take advantage of available ground moisture. However, the holder may seed immediately after completing surface abandonment requirements.

B. The seeding of the disturbed areas shall be repeated until a vegetative thicket is established on the access road and well pad. The Authorized Officer shall make the determination when the regrowth on the disturbed areas is satisfactory.

C. The holder shall be responsible for the establishment of vegetation on the access road and well pad. Evaluation of vegetation growth will not be made before the completion of the first growing season after seeding. The Authorized Officer reserves the right to require reseeding at a specific time if seed does not germinate after one growing season. Waiver of this requirement would be considered if diligent attempts to revegetate the disturbed areas have failed and the Authorized Officer determines that further attempts to replant the access road and well pad is futile.

D. Contact Jessica Rubado (505) 627-0240 to witness the seeding operations, two (2) days prior to seeding the disturbed areas.

**VII. Invasive and Noxious Weeds Requirement:**

A. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action. The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.

B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

**VIII. ON LEASE - WELL REQUIREMENTS:**

A. The holder shall post signs identifying the location permitted herein with the requirements contained in Onshore Oil and Gas Order #1 and 43 CFR 3162.6.

B. The following data is required on the well sign that shall be posted in a conspicuous place on the well pad. The sign shall be kept up with current identification and shall be legible for as long as the well is in existence:

Operator Name: McClellan Oil Corporation  
Well Name & No.: Jack Federal #1  
Lease No.: NM-0559993  
Footage: 1980' FSL & 1980' FEL  
Location: Section 25, T. 9 S., R. 25 E.

**WELL DRILLING REQUIREMENTS**

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**C. UPON ABANDONMENT OF THE WELL, THE SAME INFORMATION SHALL BE INSCRIBED ON THE DRY HOLE MARKER WITH A BEADED WELD.**

**D. The approval of the APD does not in any way imply or grant approval of any on-lease, off-lease, or off-unit action(s). It is the responsibility of the holder to obtain other approval(s) such as rights-of-way from the Roswell Field Office or other agencies, including private surface landowner(s).**

**E. All vehicles, including caterpillar track-type tractors, motor graders, off-highway trucks and any other type of motorized equipment that is used in the construction of the access road and well pad shall be confined to the area(s) herein approved. The drilling rig that is used to drill the well shall also be confined to the approved area(s).**

**F. Containment Structure Requirement:**

**1. A containment structure or earthen dike shall be constructed and maintained around all storage facilities/batteries. The containment structure or earthen dike shall surround the storage facilities/batteries.**

**2. The containment structure or earthen dike shall be constructed two (2) feet high around the facilities/batteries (the containment structure or earthen dike can be constructed higher than the two (2) feet high minimum).**

**3. The perimeter of the containment structure or earthen dike can be constructed substantial larger for greater holding capacity of the contents of the largest tank.**

**4. The containment structure or earthen dike shall be constructed so that in case of a spill the structure can contain the entire contents of the largest tank, plus 24 hour production, within the containment structure or earthen dike, unless more stringent protective requirements are deemed necessary by the Authorized Officer.**

**5. The holder shall construct a two (2) foot berm on the North and on the West edges of the Well Pad to protect a significant karst feature located in the vicinity of the Well Pad. This berm would prevent leakage from entering into the karst feature.**

**G. Well Completion Requirement:**

**If the well is completed, all areas of the well pad not necessary for operations shall be reclaimed to resemble the original contours of the surrounding terrain. Cut-and-fill slopes shall be re-contoured and reduced to a slope of 3:1 or less.**

**H. Painting Requirement:**

**All above-ground structures (e.g.: meter houses, tanks, above ground pipelines, and related appurtenance, etc.) not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for painting all the well facilities is;**

**WELL DRILLING REQUIREMENTS****8 of 8 pages**

Slate Gray, Munsell Soil Color Chart Number 5Y 6/1

**I. Fence Requirement:**

The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. On private surface the holder shall contact the land owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence. No permanent gates shall be allowed unless approved by the Authorized Officer.

**J. Open-vent Exhaust Stack Requirements:**

1. All open-vent exhaust stacks associated with heater-treater, separators and dehydrator units shall be modified to prevent birds and bats from entering them and to the extent practical to discourage perching and nesting.
2. New production equipment installed on federal leases after November 1<sup>st</sup>, 1993, shall have the open-vent exhaust stacks constructed to prevent the entry of birds and bats and to the extent practical, to discourage perching, and nesting.

**IX. SPECIAL REQUIREMENT(S): NONE**



**United States Department of the Interior**  
**BUREAU OF LAND MANAGEMENT**  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201

## EXHIBIT C

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### CONDITIONS OF APPROVAL

OPERATOR: McClellan Oil Corporation

LEASE NO: NM-0559993

WELL NAME & NO.: Jack Federal #1

LOCATION: Section 25 T. 9 S., R. 26 E., N.M.P.M.

QUARTER/QUARTER & FOOTAGE: NW¼SE¼ - 1980' FSL & 1980' FEL

COUNTY: Chaves County, New Mexico

#### GENERAL CONDITIONS OF APPROVAL:

1. The operator shall hereafter be identified as the holder in these requirements. The Authorized Officer is the person who approves the Conditions Of Approval.
2. The holder shall indemnify the United States against any liability for damage to life or property arising from occupancy or use of public lands under this authorization.
3. The holder shall have surface use approval prior to any construction work on change(s) or modification(s) to the access road and/or well pad. The holder shall submit (Form 3160-5), Sundry Notice and Report On Wells, an original plus one (1) copy to the Roswell Field Office, stating the basis for any changes to previously approved plans. Prior to any revised construction the holder shall have an approved Sundry Notice and Report On Wells or written authorization to proceed with the change in plans ratified by the Authorized Officer.
4. **Weed Control/Noxious Weeds:**
  - A. The holder shall be held responsible if noxious weeds become established within the area. Evaluation of the growth of noxious weeds shall be made upon discovery. Weed control will be required on the disturbed land where noxious weeds exist, which includes the roads, pads, associated pipelines, and adjacent land affected by the establishment of weeds due to this action. The holder is responsible for consultation with the Authorized Officer for acceptable weed control methods, which include following EPA and BLM requirements and policy.
  - B. The holder shall insure that the equipment and or vehicles that will be used to construct, maintain and administer the access roads, well pad and resulting well are not polluted with invasive and noxious weed seed. Transporting of invasive and noxious weed seed could occur if the equipment and vehicles were previously used in noxious weed infested areas. In order to prevent the spread of noxious weeds, the Authorized Officer shall require that the equipment and vehicles be cleaned with either high pressure water or air prior to construction, maintenance and administration of the access roads, well pad, and resulting well.

**CONDITIONS OF APPROVAL****2 of 3 pages****5. Hazardous Substances:**

a. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act Of 1976, as amended (15 U.S.C. 2601, *et. seg.*) with regard to any toxic substances that are used, generated by or stored on the project/pipeline route or on facilities authorized. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193). Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

b. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substances or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seg.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seg.*) on this project/pipeline (unless the release or threatened release is wholly unrelated to the holder's activity on the pipeline). This agreement applies without regard to whether a release is caused by the operator, its agent, or unrelated third parties.

**6. Undesirable Events:**

If, during any phase of the construction, operation, maintenance, or termination of the authorization, any oil or other pollutants, should be discharged, and impacting Federal land, the control and total removal, disposal, and cleaning up of such oil or other pollutants, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal land, or to repair all damages to Federal land resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

**7. Archaeological, Paleontology, and Historical Sites:**

a. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder shall be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

**CONDITIONS OF APPROVAL****3 of 3 pages**

b. The holder is hereby obligated to comply with procedures established in the Native American Graves Protection and Repatriation Act (NAGPRA) to protect such cultural items as human remains, associated funerary objects, sacred objects, and objects of cultural patrimony discovered inadvertently during the course of project implementation. In the event that any of the cultural items listed above are discovered during the course of the project work, the holder shall immediately halt the disturbance and contact the BLM within 24 hours for instructions. The holder or initiator of any project shall be held responsible for protecting, evaluating, reporting, excavating, treating, and disposing of these cultural items according to the procedures established by the BLM in consultation with Indian Tribes. Any unauthorized collection or disturbance of cultural resources may result in a shutdown order by the Authorized Officer.

**8. Sanitation:**

The holder shall be responsible for maintaining the site in a sanitary condition at all times; waste materials shall be disposed of promptly at an appropriate waste disposal site. "Waste" means all discarded matter including, but not limited to, human waste, trash, garbage, refuse, oil drums, petroleum products, ashes, and equipment.

**9. Open-top Tanks:** Any open-top tank containing oil and/or toxic fluids shall be covered with netting or equipped to prevent birds, bats, and other wildlife from entering the open-top tank.

**10. Other:** The access road shall be constructed as originally proposed by the holder if possible, but in any event the access road will not encroach closer than 300 feet of the identified significant karst feature located near the Northwest corner of the proposed Well Pad. The access road will be constructed in such manner as to encourage drainage away from the karst feature.