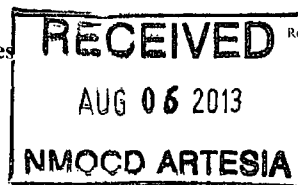


District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

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



Form C-101
Revised August 1, 2011
Permit

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

Operator Name and Address Silver Spike Energy Operating of NM, LLC P.O. Box 50885 Midland, TX 79701		OGRID Number 300017
		API Number 30-015- 41590
Property Code 40055	Property Name Mills Ranch SWD	Well No. 1

7 Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
A	7	23 S	31 E		970'	North	206'	East	Eddy

8 Pool Information

SWD; Devonian	96101
----------------------	--------------

Additional Well Information

Work Type N	Well Type S	Cable/Rotary R	Lease Type P	Ground Level Elevation 3299'
Multiple N	Proposed Depth 17000' PBD	Formation Devonian	Contractor Patriot Drilling	Spud Date 10/01/2013
Depth to Ground water ~350'	Distance from nearest fresh water well > 1 mile	Distance to nearest surface water n/a		

19 Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/lb	Setting Depth	Sacks of Cement	Estimated TOC
Surface	20.0"	16.0"	75.0# J-55	550'	570 'C'	Circ. to S urf.
Intermediate	12.25"	9.625"	40.0# J-55	3600'	620 'C' + 150	Circ. to S urf.
2nd Inter.	8.75"	7.0"	26.0#	10800'	600 'H' + 150	2000'
Prod/LNR	6.125"	5.0"	23.2#	10700'-15400'	425 'H'	Top of LNR

Casing/Cement Program: Additional Comments

Drilling operation will utilized a closed-loop system of tanks and/or haul-off bins. Soil background samples have been taken and area will be checked for leaks or spills rig and other equipment has be removed. Appropriate reporting and forms will be filed as needed. Completions will have closed-loop.

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Blind Ram	5000 psi	8000 psi	Townsend Mfg.

I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

I further certify that the drilling pit will be constructed according to NMOC D guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Printed name: **Ben Stone**

Title: **Agent for Silver Spike Energy Operating of NM, LLC**

E-mail Address: **ben@sosconsulting.us**

Date: **8/02/2013**

Phone: **903-488-9850**

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date:

Expiration Date:

Conditions of Approval Attached

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax: (575) 393-0720

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811 S. First St., Artesia, NM 88210
Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-015-41590	Pool Code 96101	Pool Name SWD; DEVONIAN
Property Code 40055	Property Name MILLS RANCH SWD	Well Number 1
OCRID No. 300017	Operator Name SILVER SPIKE ENERGY OPERATING of NM, LLC	Elevation 3299'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	7	23 S	31 E		970	NORTH	206	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 0	Joint or Infill	Consolidation Code	Order No.						

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

	SURFACE LOCATION Lat - N 32°19'25.10" Long - W 103°48'33.69" NMSPCE- N 481867.5 E 703191.3 (NAD-83)
	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature <u>Ben Stone</u> Date <u>8/06/2011</u> Printed Name <u>Ben Stone</u> Email Address <u>ben@sasconsulting.us</u>
	SURVEYOR CERTIFICATION 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. Date Surveyed <u>8/06/2011</u> Signature & Seal of Professional Surveyor <u>Gary L. Jones</u> Certificate No. <u>Gary L. Jones 7977</u>
	BASIN SURVEYS 28677

**Silver Spike Energy Operating NM, LLC
Mills Ranch SWD Well No.1
Section 7, Twp 23-S, Rng 31-E
Eddy County, New Mexico**

Well Program - New Drill

Objective: Drill new well for commercial salt water disposal into the Devonian formation.

1. Geologic Information - Devonian Formation

This area of the Devonian consists of dolomites with some cherty domites characterized by intercrystalline and vugular porosity. Additional porosity can be found when the well bore encounters detrital carbonates interspersed throughout.

Estimated Formation Tops:

T/Fresh Water	346
T/Rustler	191
T/Salado	556
T/Lamar	3536
Delaware Sand	3581
Bone Spring	7384
Wolfcamp	10693
Middle Wolfcamp	11351
Strawn	12283
Atoka	12395
Morrow	12254
Middle Morrow	13520
Lower Morrow	13915
Mississippian	14662
Woodford	15122
Devonian	15291
TD	17000

2. Drilling Procedure

- a. MIRU drilling rig and associated equipment. Set up H2S wind direction indicators; brief all personnel on Emergency Evacuation Routes.
- b. All contractors conduct safety meeting prior to current task. All equipment inspected daily. Repair / replace as required.
- c. Well spud operations commence.
- d. Mud logger monitoring returns; cuttings & waste hauled to specified facility. CRI - LEA COUNTY
- e. After surface casing set/drilled; if H2S levels >20ppm detected, implement H2S Plan accordingly. (e.g., cease operations, shut in well, employ H2S safety trailer & personnel safety devices, install flare line, etc. - refer to plan.)
- f. Spills contained & cleaned up immediately. Repair or otherwise correct the situation within 48 hours before resuming operations. Notify OCD within 24 hours. Remediation started ASAP if required. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.
- g. Sundry forms filed as needed - casing, cement, etc. - operations continue to completion.

Well Program - New Drill (cont.)

3. Casing program - Casing designed as follows:

Surface	20.0" hole	16."	75# J-55 LT&C	550'	570 sx	Circ to Surf
Intermediate	12.25" hole	9.625"	40.0# J-55 ST&C	3600'	780 sx	Circ to Surf
2nd Inter	8.75" hole	7.0"	26.0# HCP-110 LT&C	10800'	750 sx	2000'
Prod/ Lnr	6.125" hole	5.0"	23.2# HCN-80 LT&C	15400'	425 sx	TOL
Openhole	3.75" hole	OH	n/a	16900'	n/a	n/a

4. Cementing Program:

Surface – 570 sxs (14.8#; 1/33 ft³/sk) 75% excess; circulated to surface

1st Intermediate – LEAD 620 sxs (11.8#; 2.65 ft³/sk); TAIL 150 sxs (14.8#; 1.33 ft³/sk) 50% excess; circulated to surface

2nd Intermediate – LEAD 600 sxs (11.8#; 2.65 ft³/sk); TAIL 150 sxs (14.8#; 1.33 ft³/sk) 30% excess; TOC = 2000'

Prod Liner – 425 sxs (13.2#; 1/36 ft³/sk) 30% excess; TOC = 10,700'

5. Pressure Control - BOP diagram is attached to this application. All BOP and related equipment shall comply with well control requirements as described NMOCD rules and regulations. Minimum working pressure of the BOP and related equipment required for the drilling operations shall be 5000 psi. OCD will be notified a minimum of 4 hours prior to BOP pressure tests. The test shall be performed utilizing a test plug (no cup or J-packer). Test shall be conducted at installation and at any point during operations that conditions warrant and every 30 days from any previous test. The results of the test shall be submitted to the OCD Artesia district office.

6. Mud Program & Monitoring - Mud will be balanced for all operations as follows:

DEPTH	MUD TYPE	WEIGHT	FV	PV	YP	FL	Ph
0-550'	FW Spud Mud	8.5-9.2	70-40	20	12	NC	10.0
550'-3600'	Brine Water	9.8-10.2	28-32	NC	NC	NC	10.0
3600'-10800'	FW/Gel	8.7-9.0	28-32	NC	NC	NC	9.5-10.5
10800'-15400'	XCD Brine Mud	11.0-12.5	45-48	20	10	<5	9.5-10.5
15400'-16900'	FW Mud	8.4-8.6	28-30	NC	NC	NC	9.5-10.5

Mud and all cuttings monitored w/ cuttings recovered for disposal. Returns shall be visually and electronically monitored. In the event of H2S, mud shall be adjusted appropriately by weight and H2S scavengers.

7. Auxiliary Well Control and Monitoring - Not Applicable

Well Program - New Drill (cont.)

8. **H₂S Safety** - There is a low risk of H₂S in this area. The operator will comply with the provisions of 19.15.11 NMAC. All personnel will wear monitoring devices and a wind direction sock will be placed on location.

9. **Logging, Coring and Testing** - Silver Spike Energy Operating of NM expects to run a standard porosity log from TD to approximately 3600'. No corings or drill tests will be conducted. (The well may potentially be step rate tested in the future if additional injection pressures are required.)

10. **Potential Hazards** - No abnormal pressures or temperatures are expected.

No loss of circulation is expected to occur with the exception of drilling into the target disposal zone. All personnel will be familiar with the safe operation of the equipment being used to drill this well.

The maximum anticipated bottom hole pressure is 9000 psi and the maximum anticipated bottom hole temperature is 190 F.

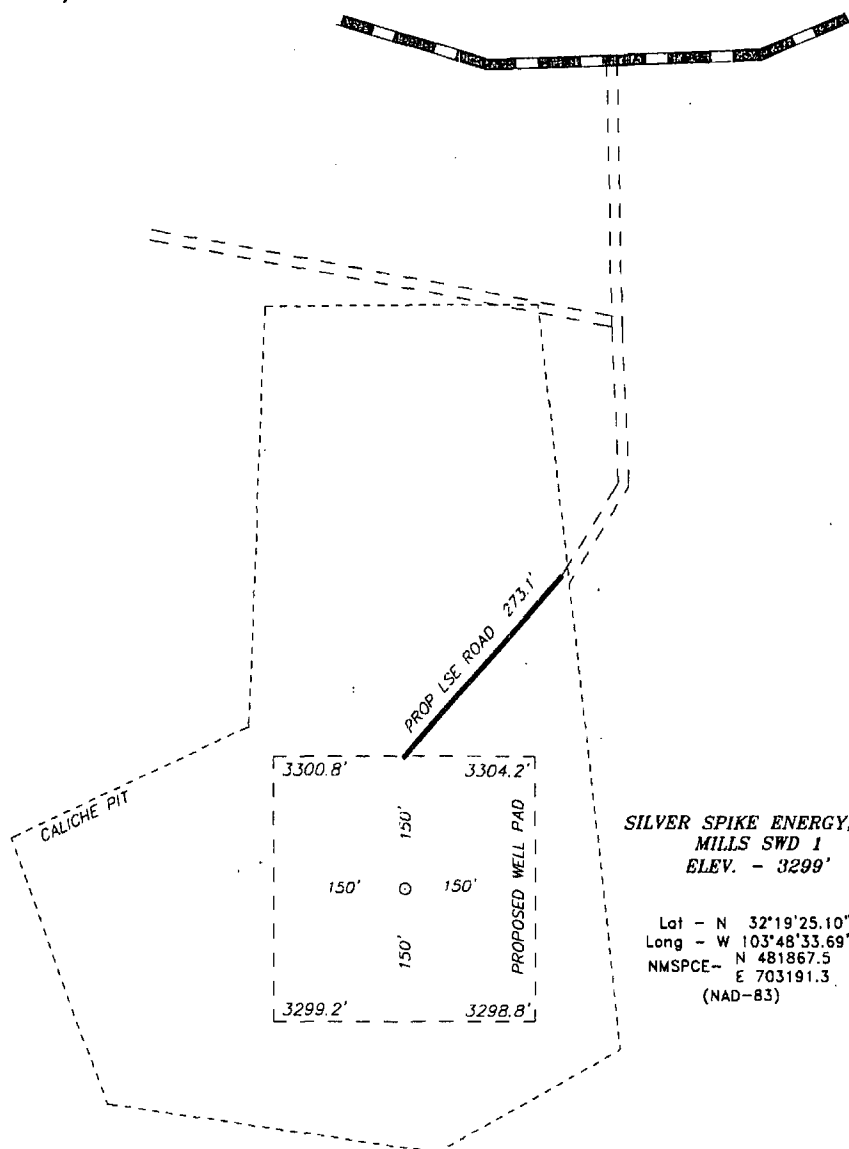
11. **Waste Management** - All drill cuttings and other wastes associated with and drilling operations will be transported to a CRI facility permitted by the Environmental Bureau of the New Mexico Oil Conservation Division.

12. **Anticipated Start Date** - Upon approval of all permits for SWD, operations would begin within 30 days. Completion of the well operations will take six to seven weeks. Installation of the tank battery, berms, plumbing and other and associated equipment would be occurring during the same interval. In any event, it is not expected for the construction phase of the project to last more than 60 days, depending on availability of contractors and equipment. At the time of this submittal, and subject to the availability of the drilling contractor, the anticipated start date is:

September 1, 2013.

13. **Configure for Salt Water Disposal** - Prior to commencing any work, an NOI sundry(ies) will be submitted to configure the well for SWD and will detail the completion workover including all work otherwise described above, any change to the procedure noted herein and to perform mechanical integrity pressure test per OCD test procedures. (Notify NMOCD 24 hours prior.) The casing/tubing annulus will be monitored for communication with injection fluid or loss of casing integrity. Anticipated daily maximum volume is 30000 bpd and average of 20000 bpd at a maximum surface injection pressure of 3080 psi.

SECTION 34, TOWNSHIP 25 SOUTH, RANGE 26 EAST, N.M.P.M.,
EDDY COUNTY, NEW MEXICO.



SILVER SPIKE ENERGY, LP
MILLS SWD 1
ELEV. - 3299'

Lat - N 32°19'25.10"
Long - W 103°48'33.69"
NMSPCE- N 481867.5
E 703191.3
(NAD-83)

200 0 200 400 FEET
SCALE: 1" = 200'

Directions to Location:

FROM THE JUNCTION OF MILLS AND WIPP, GO EAST
ON MILLS FOR 1.1 MILES TO LEASE ROAD, ON LEASE
ROAD GO SOUTH 0.1 MILES TO PROPOSED LEASE
ROAD.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 28677 Drawn By: J. SMALL

Date: 05-23-2013 Disk: JMS 28677

SILVER SPIKE ENERGY, LP

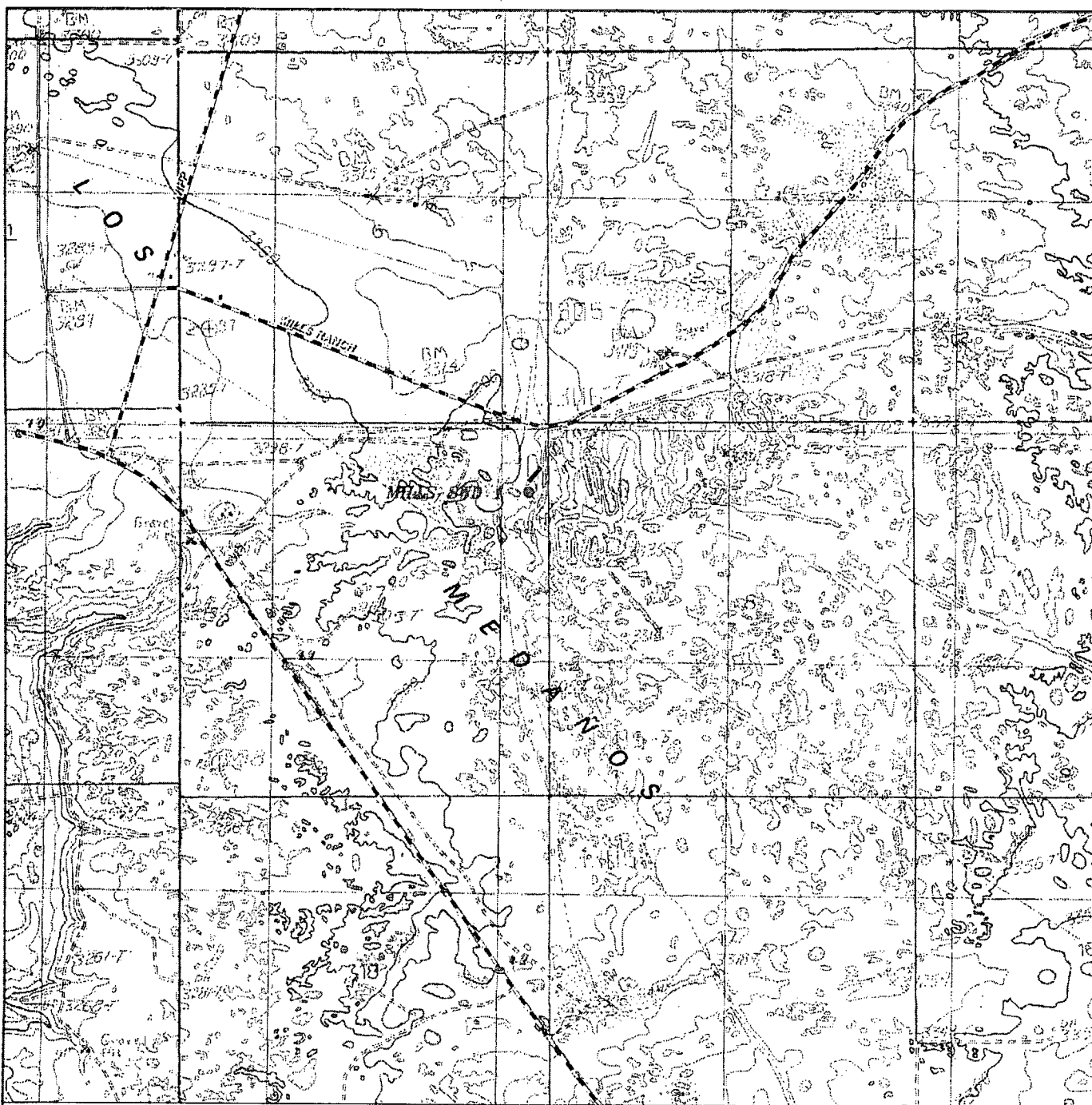
REF: MILLS SWD 1 / WELL PAD TOPO

THE MILLS SWD 1 LOCATED 970'

FROM THE NORTH LINE AND 206' FROM THE EAST LINE OF
SECTION 7, TOWNSHIP 23 SOUTH, RANGE 31 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO.

Survey Date: 05-09-2013 Sheet 1 of 1 Sheets



MILLS SWD 1

Located 970' FNL and 206' FEL

Section 7, Township 23 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

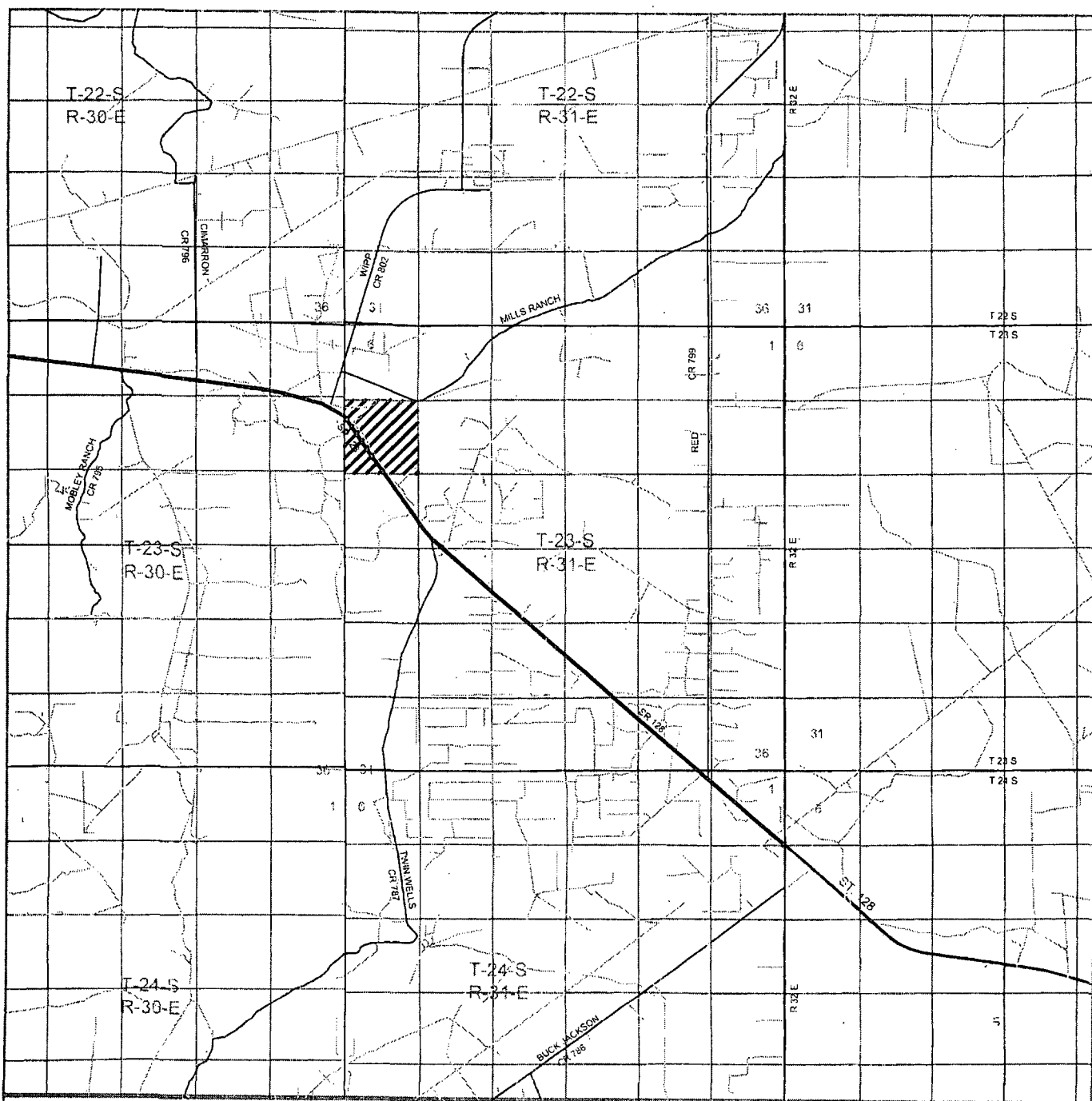
W.D. Number: JMS 28677

Survey Date: 05-09-2013

Scale: 1" = 2000'

Date: 05-23-2013

SILVER SPIKE
ENERGY, LP



MILLS SWD 1

Located 970' FNL and 206' FEL

Section 7, Township 23 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.

basin
surveys

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
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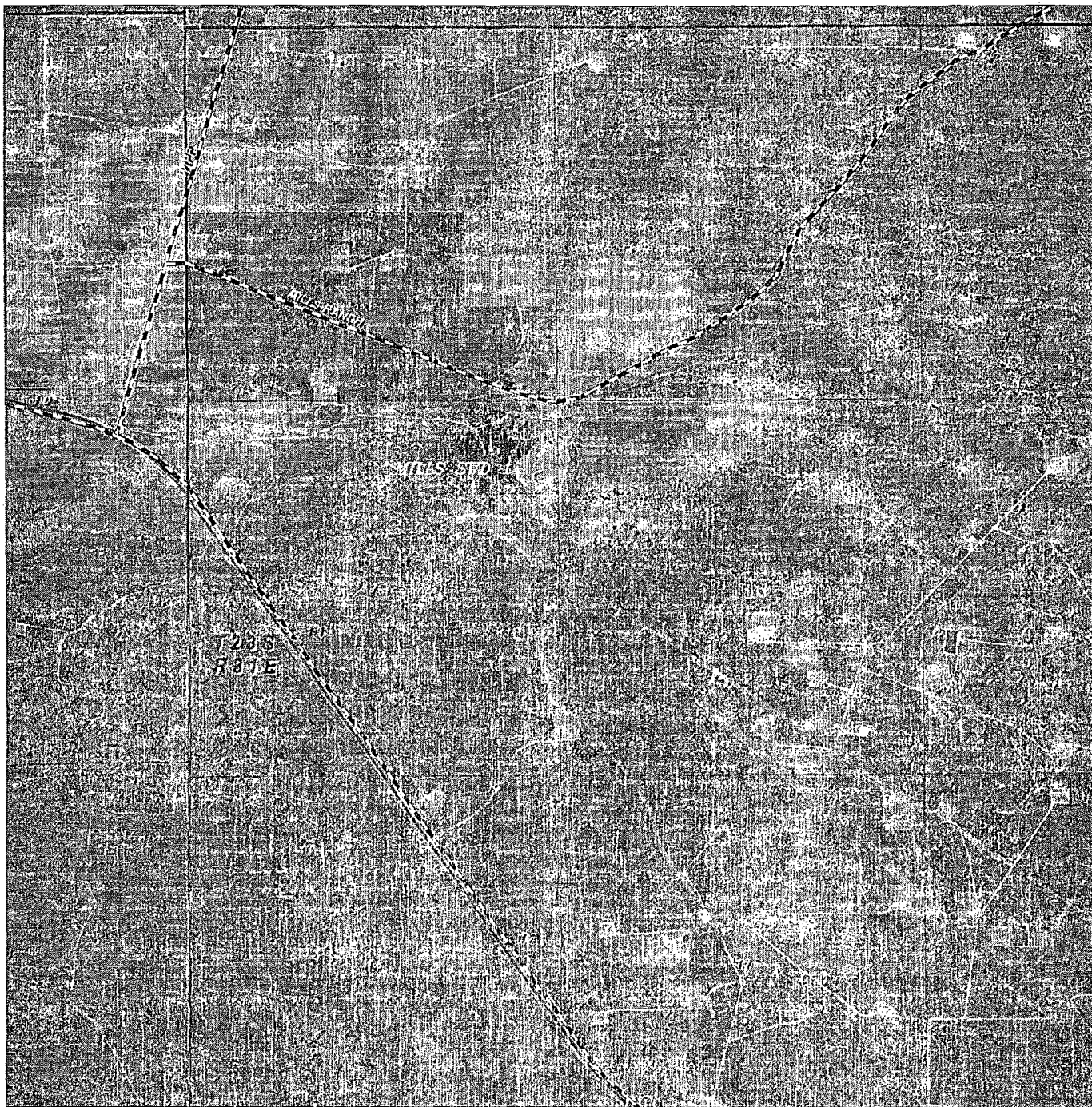
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Survey Date: 05-09-2013

Scale: 1" = 2 Miles

Date: 05-23-2013

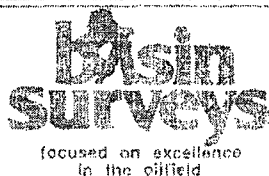
SILVER SPIKE
ENERGY, LP



MILLS SWD 1

Located 970' FNL and 206' FEL

Section 7, Township 23 South, Range 31 East,
N.M.P.M., Eddy County, New Mexico.



P.O. Box 1735
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 -- Office
(575) 392-2206 -- Fax
basinsurveys.com

W.O. Number: JMS 28677

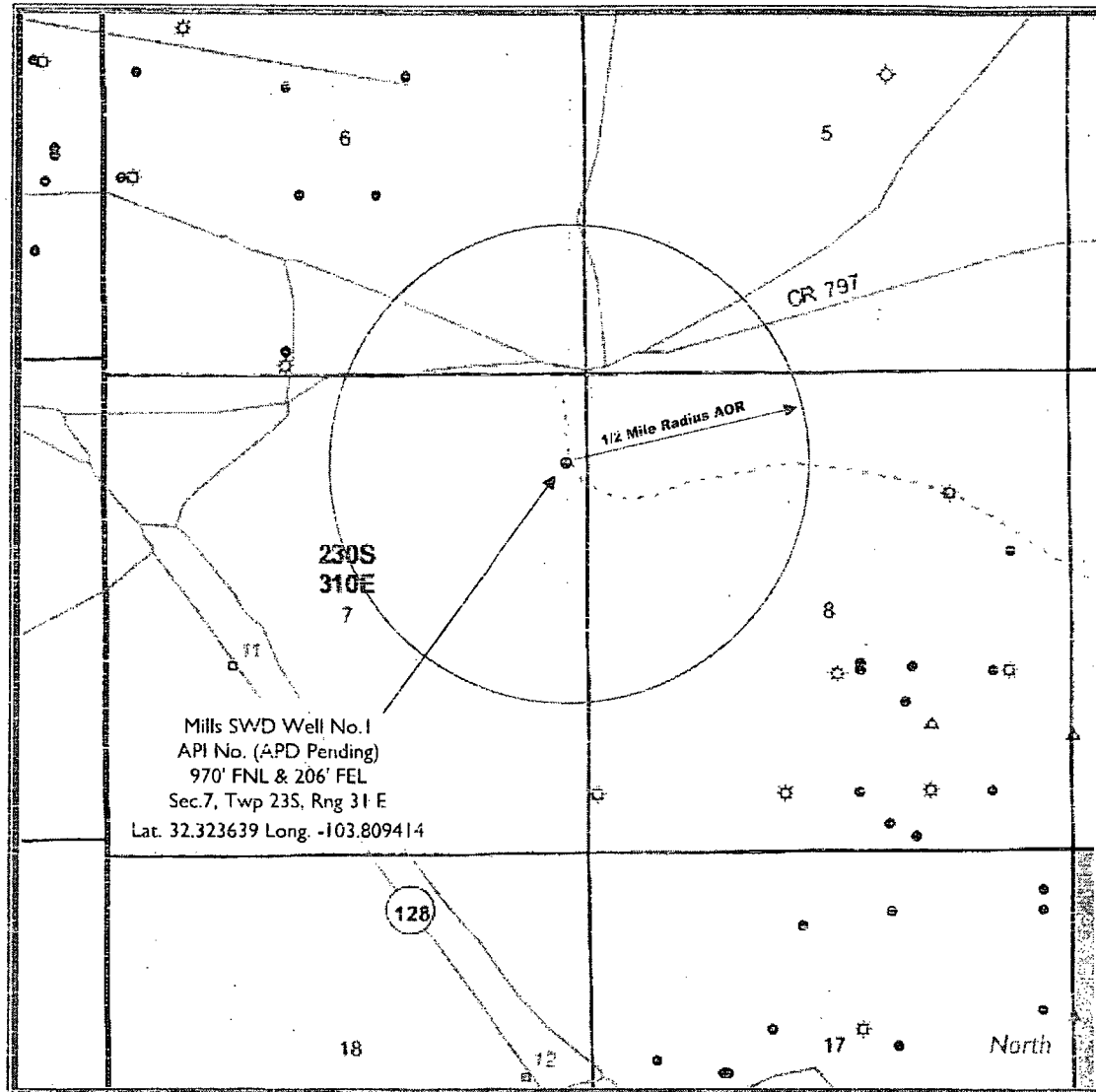
Scale: 1" = 2000'

YELLOW TINT - USA LAND
BLUE TINT - STATE LAND
NATURAL COLOR - FEE LAND

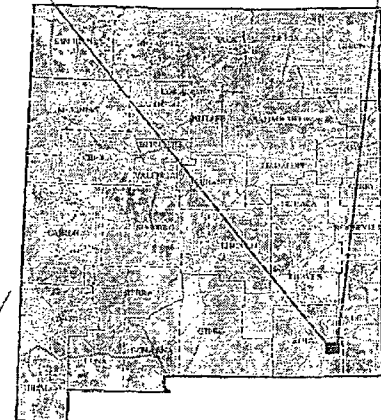
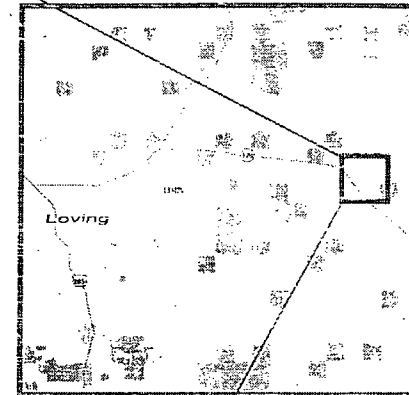
SILVER SPIKE
ENERGY, LP

Mills SWD Well No.1 - Area of Review / Overview Map

(Attachment to NMOCD Form C-108, Application for Authority to Inject.)



~21 miles East of Loving, NM



Eddy County, New Mexico

Silver Spike Energy Operating of NM, LLC



**PATRIOT DRILLING, LLC
RIG #4 INVENTORY
DEPTH CAPACITY 16,000'**

**DRAWWORKS
1,300 HP**

National 80B-M powered by 2 Caterpillar C-18, engines,
(600 HP each) each with torque convertors.
1 1/4" drilling line 342 Parmac Hydromatic brake

DERRICK

142' Lee C. Moore rated @750,000# SHL.

SUBSTRUCTURE

20' box on box rated @750,000 # GNC.
16' Clearance below rotary bushings.

TRAVELING EQUIPMENT

Ideco 350 ton block & hook.
Ideco 350 ton swivel.

ROTARY TABLE

National Type 27 1/2".

PUMP

1-Bridges RSF-(1,600 HP) triplex powered by
CAT 3512 engine (1,300 HP).
1-Bridges 1000 triplex powered by CAT 3508 engine (960 HP).

BOP

1-Townsend 82 double ram 13 3/8" X 5,000#.
1-Townsend 90 annular 13 3/8" X 5,000#.
1-2" X 3" 5,000# choke manifold & HCR valve.
1-5 station, Koomey type 80 gallon accumulator.

MUD SYSTEM

2-8' X 12' X 45' pits, 1,200 bbl total including 120 bbl slug pit.
4-5" x 6" centrifugals electric stirrers
1-MI-SWACO LM2 shale shaker

GENERATOR

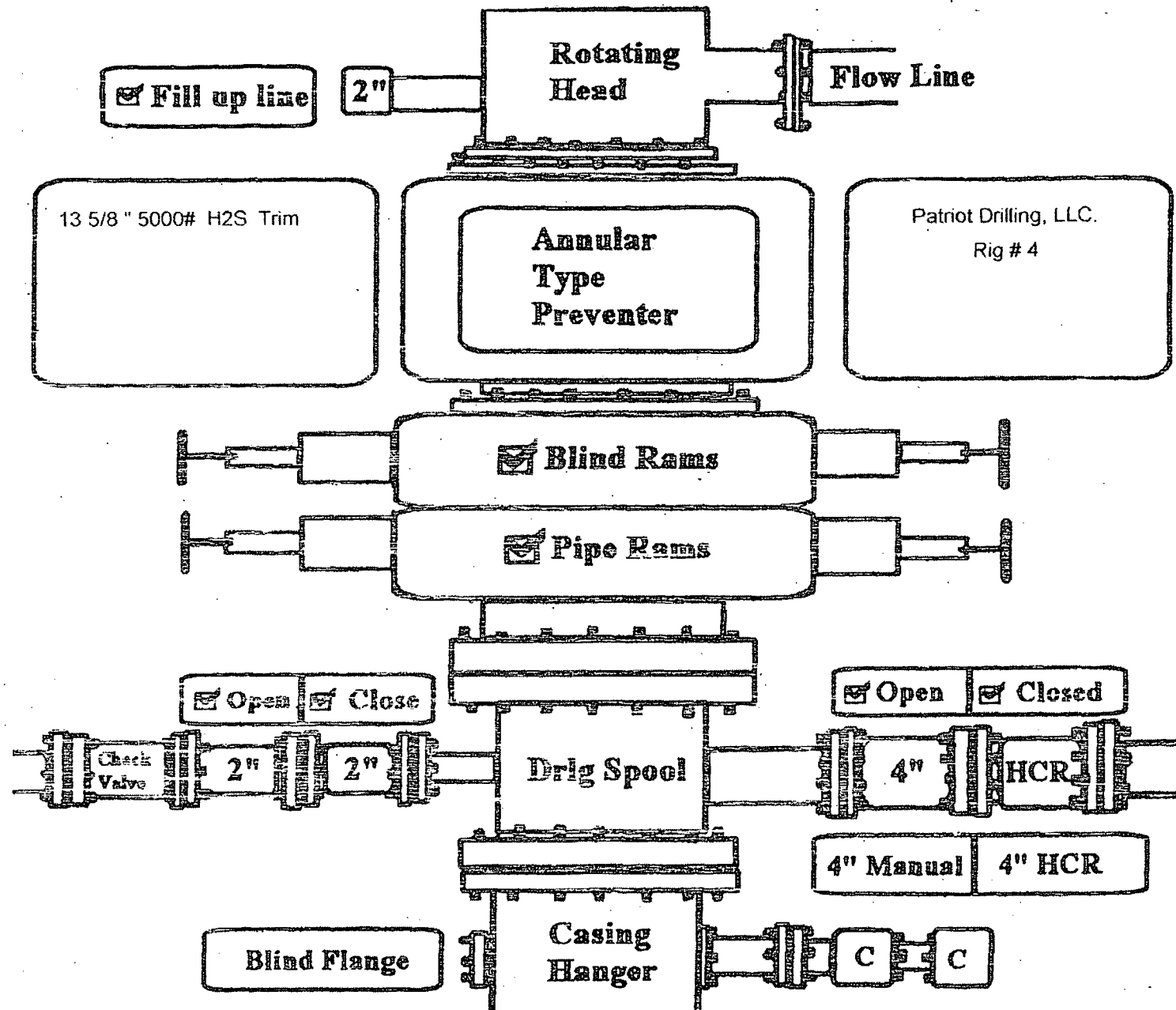
2 - C15 CAT 320 KW gen sets

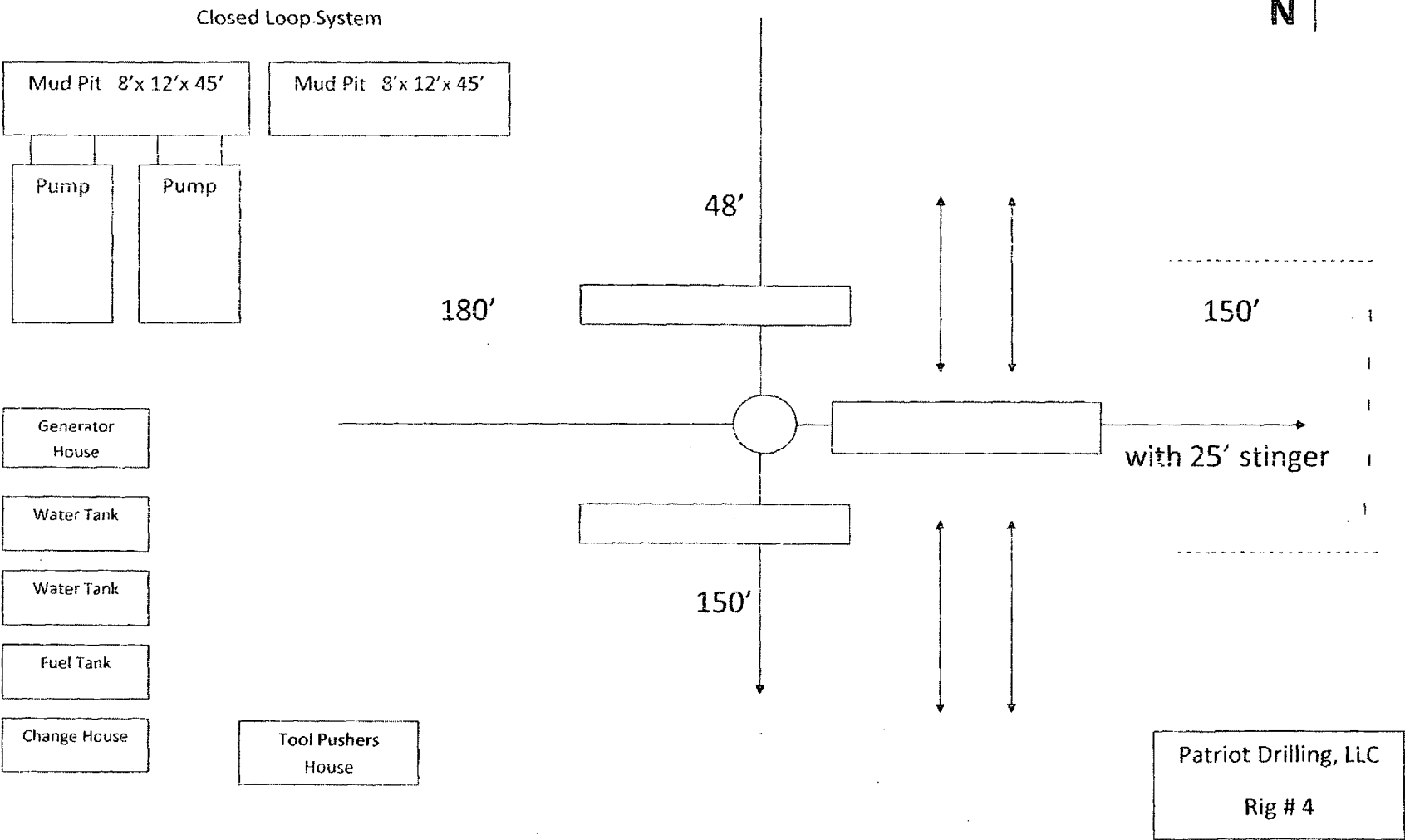
DRILL PIPE

11,000' 4 1/2" 16.60, X-95 4 1/2" XH
2,000' - 4 1/2" 16.60, G-105 4 1/2" XH

DRILL COLLARS

5-8" x 2 13/16" x 30' w/ 6 5/8" Reg. conn.
27-6 1/2" x 2 1/4" x 31' w/ 4 1/2" x H conn.



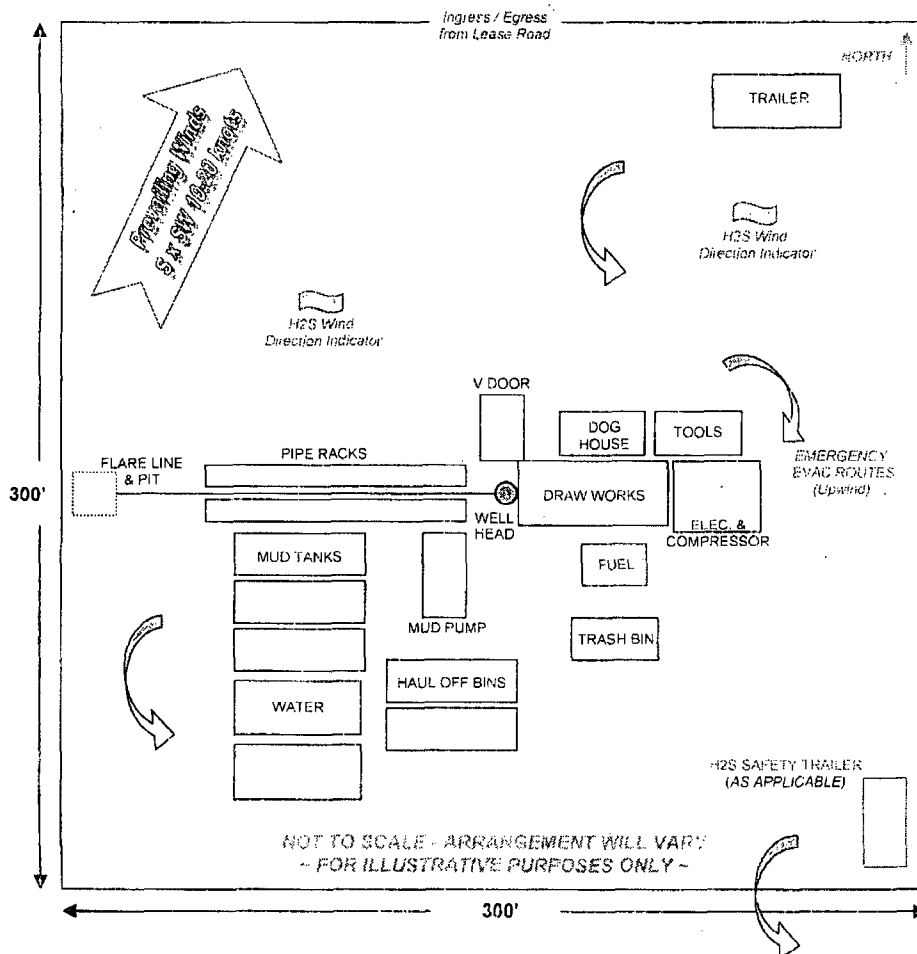


Standard Drill - Operating Procedure & Site Setup

ALL OPERATIONS CONDUCTED WITHIN EXISTING PAD SITE
NOT EXCEEDING SURVEYED SITE. ORIENTATION PER BEST FIT.

1. MIRU Drilling and drilling support contractors / equipment.
2. Set up H2S wind direction indicators; brief all personnel on Emergency Evacuation Routes.
3. All contractors conduct safety meeting prior to current task.
4. If H2S levels >20ppm detected, implement H2S Plan *accordingly*. (e.g., cease operations, shut in well, employ H2S safety trailer & personnel safety devices, install flare line, etc. - refer to plan.)
5. All equipment inspected daily. Repair / replace as required.
6. Mud logger monitoring returns: cuttings & waste hauled to specified facility. CRI - LEA COUNTY
7. Spills contained & cleaned up immediately. Repair or otherwise correct the situation within 48 hours before resuming operations. Notify OCD within 24 hours. Remediation started ASAP if required. Operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.
8. Sundry forms filed as needed - casing, cement, etc. - operations continue to completion.

TYPICAL LOCATION SETUP (V Door North)



CLOSURE PLAN DETAIL

Silver Spike Energy Operating of NM, LLC Mills Ranch SWD No.1 Facility

Overview and Background

Silver Spike Energy Operating of NM has negotiated terms with the landowner, Stacie Mills to drill, construct and otherwise operate and maintain a commercial salt water disposal facility located in Unit Letter 'A' of Section 7, Township 23 South, Range 31 East and is approximately 21 miles east of Loving, New Mexico. The area, situated approximately 1 mile east of NM 128 and two-tenths of a mile south of Eddy County Road 797, is at the northwestern edge of an historically oil and gas producing area. Additional producing areas are located to the north of the subject location.

In the general area, vegetation is composed of native plains bristlegrass and other sand grasses and mesquite shrubs and trees. Some yucca and sand shinnery (scrub) oak may also be found in the area. Grazing is limited and surface water is generally not present. Topography is very flat with less than 10 feet of change in elevation for approximately ½ mile in all directions. Groundwater in the area is more than 300 feet in depth and there are no domestic water wells within one mile. There are no mineral mines or known karst areas in the immediate vicinity. The immediate site is located within the surface boundaries of a caliche pit, historically mined and sold by the landowner for oil and gas operations in the area.

Upon approval of the pending SWD permit, Silver Spike Energy Operating will construct all facilities including tanks, pipelines and pumps to operate the commercial SWD facility. The well and tank battery site will be fenced while the truck offloading station will be outside the fenced area for easy access by truck. The tanks and pumps will be enclosed by a berm constructed to contain 150% of the volume of the tanks. The Devonian disposal well will be designed to accept a maximum daily volume of 30,000 bwpd with an average daily volume expected to be around 20,000 bwpd. The surface injection pressure will be 3080 psi. It is not expected that an increase should ever be required however, if needed, the operator would conduct a step rate test to determine the formation parting pressure and request a new permitted pressure of 50 psi less than frac pressure.

Silver Spike Energy Operating of NM, LLC wishes to further establish itself as an "operator in good standing" with the NMOCD by complying with 19.15.17.13 NMAC by submitting this C-144 CLEZ Closure Plan.

For the purpose of this narrative the term "operator" shall refer to Silver Spike Operating of NM, LLC, its agent or its contractor(s) retained for the operations described herein.

Please Note: The drilling operation will consist of a closed loop system utilizing tanks and/or haul off bins for all cuttings and drilling wastes.



Closure Plan Detail

1. Procedure and Protocols

(a) Upon rig down of all drilling equipment and associated containment vessels, the operator shall test the collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for **BTEX, TPH, the GRO and DRO combined fraction and chlorides** to demonstrate that:

- 1) benzene concentration does not exceed 0.2 mg/kg, and;
- 2) total BTEX concentration does not exceed 50 mg/kg, both constituents determined by EPA SW-846 methods 8021B or 8260B, and;
- 3) TPH concentration does not exceed 2500 mg/kg; as determined by EPA method 418.1 or 19.15.17 NMAC <http://www.nmcpr.state.nm.us/nmac/parts/title19/19.015.0017.htm> [1/16/2009 4:19:53 PM], and;
- 4) GRO and DRO combined fraction does not exceed 500 mg/kg, both constituents determined by EPA SW-846 method 8015M, and;
- 5) chloride concentration does not exceed 1000 mg/kg, as determined by EPA method 300.1.

The various contaminants will be remediated to the specified levels or background concentration, whichever is greater. Other EPA methods may be approved by the division but are not anticipated to be utilized in this closure or subsequent remediation.

(b) The operator shall notify the division of its results on form C-141. Additional delineation may be performed pending a review of the results by NMOCD.

(c) If the operator or the division determines that a release has occurred, then the operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, **as appropriate**.

1) Notification – The operator will report any unauthorized release of oil, gases, produced water, condensate or oil field waste including regulated NORM, or other oil field related chemicals, contaminants or mixtures of those chemicals or contaminants that occur during drilling, producing, storing, disposing, injecting, transporting, servicing or processing and to establish reporting procedures.

2) Remediation – The operator will conduct operations to abate pollution of subsurface water so that ground water of the state that has a background concentration of 10,000 mg/l or less TDS is either remediated or protected for use as domestic, industrial and agricultural water supply, and will remediate or protect those segments of surface waters that are gaining because of subsurface-water inflow for uses designated in the water quality standards for interstate and intrastate surface waters in New Mexico, 20.6.4 NMAC; and will abate surface-water pollution so that surface waters of the state are remediated or protected for designated or attainable uses as defined in the water quality standards for interstate and intrastate surface waters in New Mexico, 20.6.4 NMAC.

(d) If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Subparagraph (b) of Paragraph (1) of Subsection B of 19.15.17.13 NMAC, ~~then the operator shall construct a division-prescribed soil cover, recontour and re-vegetate the site. The division-prescribed soil cover, recontouring and re-vegetation requirements shall comply with Subsections G, H and I of 19.15.17.13 NMAC.~~

Exception Requested - The site is located within an existing, large caliche pit. The operator proposes fill of clean, compacted caliche during the ongoing operation of the site as a salt water disposal facility. At the time of final decommissioning of all operations, the operator shall include a topsoil design to facilitate re-vegetation, if applicable at that future date, and will be properly permitted through applicable regulatory agencies.



2. Waste Removal - Disposal Facility Name and Permit Number

The waste (all pit contents, liner and any excavated contaminated soil) shall be transferred to the division-authorized, permitted facility in Lea County operated by CRI (Controlled Recovery Inc.). Permit number R-9166.

3. Soil Backfill and Cover Design Specifications

~~(a) The soil cover for closures where the operator has removed the pit contents or remediated the contaminated soil to the division's satisfaction shall consist of the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.~~

Exception Requested - The site is located within an existing, large caliche pit. The operator proposes fill of clean, compacted caliche during the ongoing operation of the site as a salt water disposal facility. At the time of final decommissioning of all operations, the operator shall include a topsoil design to facilitate re-vegetation, if applicable at that future date, and will be properly permitted through applicable regulatory agencies.

(b) The operator shall construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

4. Re-Vegetation Plan

The operator shall substantially restore and re-vegetate the impacted area's surface in accordance with Subsections G, H and I of 19.15.17.13 NMAC.

Exception Requested - As the facility is a semi-permanent, ongoing oil and gas operation, all surface area within and outside the fenced perimeter is compacted caliche, potentially with some small concrete equipment pads in use. At this time, for the duration of continuing operations, the operator proposes to backfill and compact the site to match the surrounding site location. As the area impacted by operation is approximately 2 acres, it would not be useful to only try a small footprint re-vegetation effort while the area is still subject to moving equipment and ongoing operations.

This plan will effectively prevent erosion, and protect fresh water, human health and the environment.

~~(a) The first growing season after the operator closes a pit or trench or is no longer using a drying pad, below-grade tank or an area associated with a closed-loop system, pit or below-grade tank including access roads, the operator shall seed or plant the disturbed areas.~~

~~(b) The operator shall accomplish seeding by drilling on the contour whenever practical or by other division-approved methods. The operator shall obtain vegetative cover that equals 70% of the native perennial vegetative cover (un-impacted by overgrazing, fire or other intrusion damaging to native vegetation) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. During the two growing seasons that prove viability, there shall be no artificial irrigation of the vegetation.~~

~~(c) The operator shall repeat seeding or planting until it successfully achieves the required vegetative cover.~~

~~(d) When conditions are not favorable for the establishment of vegetation, such as periods of drought, the division may allow the operator to delay seeding or planting until soil moisture~~



~~conditions become favorable or may require the operator to use additional cultural techniques such as mulching, fertilizing, irrigating, fencing or other practices.~~

~~(e) The operator shall notify the division when it has seeded or planted and when it successfully achieves re-vegetation.~~

5. Site Reclamation Plan

(a) Once the operator has closed any area associated with a closed-loop system, pit, trench or below-grade tank, the operator shall reclaim the location, drying pad location, below-grade tank location or trench location and all areas associated with the closed-loop system, pit, trench or below-grade tank including associated access roads to a safe and stable condition that blends with the surrounding undisturbed area. The operator shall substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, recontour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate according to Subsection I of 19.15.17.13 NMAC.

(b) The operator may propose an alternative to the re-vegetation requirement if the operator demonstrates that the proposed alternative effectively prevents erosion, and protects fresh water, human health and the environment. The proposed alternative shall be agreed upon by the surface owner. The operator shall submit the proposed alternative, with written documentation that the surface owner agrees to the alternative, to the division for approval.

Summary and Conclusion

Silver Spike Energy Operating of NM, LLC seeks approval for its plan contained herein, to responsibly close and otherwise remediate any release of drilling fluids, hydrocarbons or chlorides. All wastes will be excavated and disposed of at the CRI licensed waste disposal facility. Further, Silver Spike Energy Operating will continue operations at the site with appropriate housekeeping guidelines in place and will notify the NMOCD and submit complete and accurate paperwork for any events requiring such.

At whatever point in the future the site is to be decommissioned while still operated by Silver Spike Energy Operating, a new C-144 and other required forms shall be submitted to NMOCD. Until that time, Silver Spike will maintain a clean and well kept site for safe operations, protection of underground sources of drinking water and the environment, public health and esthetics.

Prepared and submitted by:

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SOS Consulting, LLC
Agent for Silver Spike Energy Operating of NM, LLC



Permit Conditions of Approval

API: 30-015-41590

OCD Reviewer	Condition
CSHAPARD	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string

R. Dade Cannot inject until SWD order ap'd