

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

Form C-144
June 1, 2004

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

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: Nadel & Gussman Permian, LLC Telephone: 432-682-4429 e-mail address: kemm@naguss.com
Address: 601 N. Marienfeld, Suite 508, Midland, Texas 79701
Facility or well name: Carrington State #1 API #: 3001534062 U/L or Qtr/Qtr Lot: K S12 T17S R28E
County: Eddy Latitude N Longitude W NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal State X Private ☐ Indian ☐

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OCD-ARTESIA

Pit Type: Drilling X Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined X Unlined <input type="checkbox"/> Liner type: Synthetic X Thickness: 12ml Clay <input type="checkbox"/> Pit Volume: 2500 bbl	Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? <input type="checkbox"/> If not, explain why not. _____
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of groundwater.) Closest water wells in the area show depth to groundwater at 110 feet.	Less than 50 feet (20 points) 0 pts. 50 feet or more, but less than 100 feet (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) 0pts. No XXX (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) 0 pts. 1000 feet or more (0 points)
	Ranking Score (Total Points) 10 pts.

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. . Digital Photos shall be submitted for before and after remediation activity. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite X offsite ☐ If offsite, name of facility: NA (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No X 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.

Additional Comments: Please refer to the attached letter for detailed "Closure Plan" information, digital photos, and sample location diagram.

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 X, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: October 27, 2005

Printed Name/Title Kem McCready, Operations Engineer

Signature

Kem McCready

Your 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:

NOV 15 2005

[Signature]

Mr. Kern McCready
Operations Engineer
NADEL AND GUSSMAN PERMIAN, LLC
601 N. Marienfeld
Suite 508
Midland, TX 79701

November 2, 2005

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Carrington State #1 Pit Closure Documents

Dear Mr. Bratcher:

Pursuant to the State of New Mexico regulatory requirements for permanent closure of drilling pits, enclosed herewith is the completed Form C-144, before and after digital photos, sample location diagram and additional information constituting the "Closure Plan" for closure of the Nadel and Gussman Permian, LLC, hereinafter "NGP", Carrington State #1 drilling pit (API No. 3001534062) located in U/L K S12, T17S, R28E of Eddy County, New Mexico.

INTRODUCTION

Remediation of the NGP Carrington State # 1 drilling pit is targeted to begin early November with completion expected by mid-November 2005, weather and the occurrence of unexpected conditions not within the Operator's control permitting. NGP intends to maintain its commitment to environmental health and safety and fully comply with the regulatory Performa of the State of New Mexico, OCD regarding permanent closure of Carrington State #1 drilling pit.

Potential, temporary contamination from the Carrington State #1 drilling pit site, should any exist, resulted solely from oil and gas production activities. Potential contaminants of concern are typical mid to high-level concentrations of brines, typical polymers (such as xanthium gum and starch) and in general, drilling mud and fluids remaining upon completion of said drilling operations.

Area land use is primarily ranching with domestic pasturage and oil and gas production activities. The NGP Carrington State #1 drilling pit is situated 110 feet above the groundwater table pursuant to the New Mexico State Engineer's Office database for this area.

Consequently, NGP intends enact onsite disposal for permanent closure of said stated pit. (see Form C-144). This compliance action shall strictly engage the State of New Mexico, OCD standards, i.e. clean-up level for Carrington State #1 drilling pit shall meet the less than 100ppm of TPH, ND for BTEX and the less than 250ppm of chlorides.

CLOSURE PLAN

Prior to commencement of closure activities, NGP contractor will contact One-Call for line spot clearance confirming the State of New Mexico, OCD is in agreement with the proposed "Closure Plan" for removal of approximately 2,500 bbl of liquid followed by the encasement of all fines (drill cuttings) approximately 90 days later ensuring the impacted soils have dried sufficiently to allow for maneuverability of heavy equipment in the pit area and permanent closure. Due to the fact that it is mandatory to environmental health and safety to control pit volumes at all times, the liquid material was pumped off as needed and properly disposed of during August 2005 at the close of drilling activities.

- ❖ Contractor shall mobilize to Carrington State #1 drilling pit site located approximately 15 miles East and 3.5 miles North on Turkey Track Road (see Form C-144) near Artesia, New Mexico. Personnel necessary to provide for the initiation and completion of said remediation activities presented above shall be engaged as is appropriate to the mandated exercise.
- ❖ No remediation activity shall occur off the existing pad or already disturbed areas as authorized by the APD and approved Best Management Practices (BMP's). NGP shall consider weather conditions and necessary equipment positioning to provide a clear area for adequate staging for site control and safety compliance, ensuring all operations shall be compliant with New Mexico, OCD regulatory Performa.
- ❖ Carrington State #1 drilling pit is lined with a 12ml HDPE liner, which shall be left in place by the contractor who will then attach a new 20 ml/12ml HDPE liner sealing it to the existing ends of the original 12ml HDPE liner. This HDPE material is cut large enough to be superimposed and sealed as a "cover liner" a-top the remaining exposed drill cuttings, permanently encasing all drill pit materials within it, sealed from the surrounding environment. Once achieved, four feet of backfill material to ensure placement integrity and prevent seepage of encased materials will be deposited on and around this packaged material.
- ❖ Backfilling of the Carrington State #1 drilling pit shall be commensurate with existing topography and terrain relief features (contouring) so as to return it to its previous condition as near as is possible, including a slit crown contour for prevention of water impoundment and reseeding of the reclaimed area.
- ❖ The "Closure Plan" shall include a final report providing lab analysis of the backfill material, digital project photos and evidentiary narrative to support the completed disposition of the Carrington State #1 drilling pit site.

Should you have questions, please call 432-682-4429 (office) or 432-425-6347 (cell).

Sincerely,


Kem McCready
Operations Engineer

cc: State of New Mexico, OCD, Form C-144