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
June 1, 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: Yates Petroleum Corporation Telephone: 505-748-4500 e-mail address: mikes@ypcnm.com
Address: 105 South 4th Street, Artesia, N.M. 88210
Facility or well name: Humidor State Unit 2 API #: 30-015-23221 U/L or Qtr/Qtr J Sec 26 T 24S R 27E
County: Eddy Latitude: 32.18621 Longitude: 104.15876 NAD: 1927 ☒ 1983 ☐
Surface Owner: Federal ☐ State ☒ Private ☐ Indian ☐

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OCD-ARTESIA

Pit	**Below-grade tank**	
Type: Drilling ☒ Production ☐ Disposal ☐ Work over ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Pit Volume 12,000 bbl	Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) XXXX (10 points) (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 No	(20 points) (0 points) XXXX
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points) XXXX
	Ranking Score (Total Points)	**20 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: (check the onsite box if you are burying in place) onsite ☒ 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 ☐ 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.

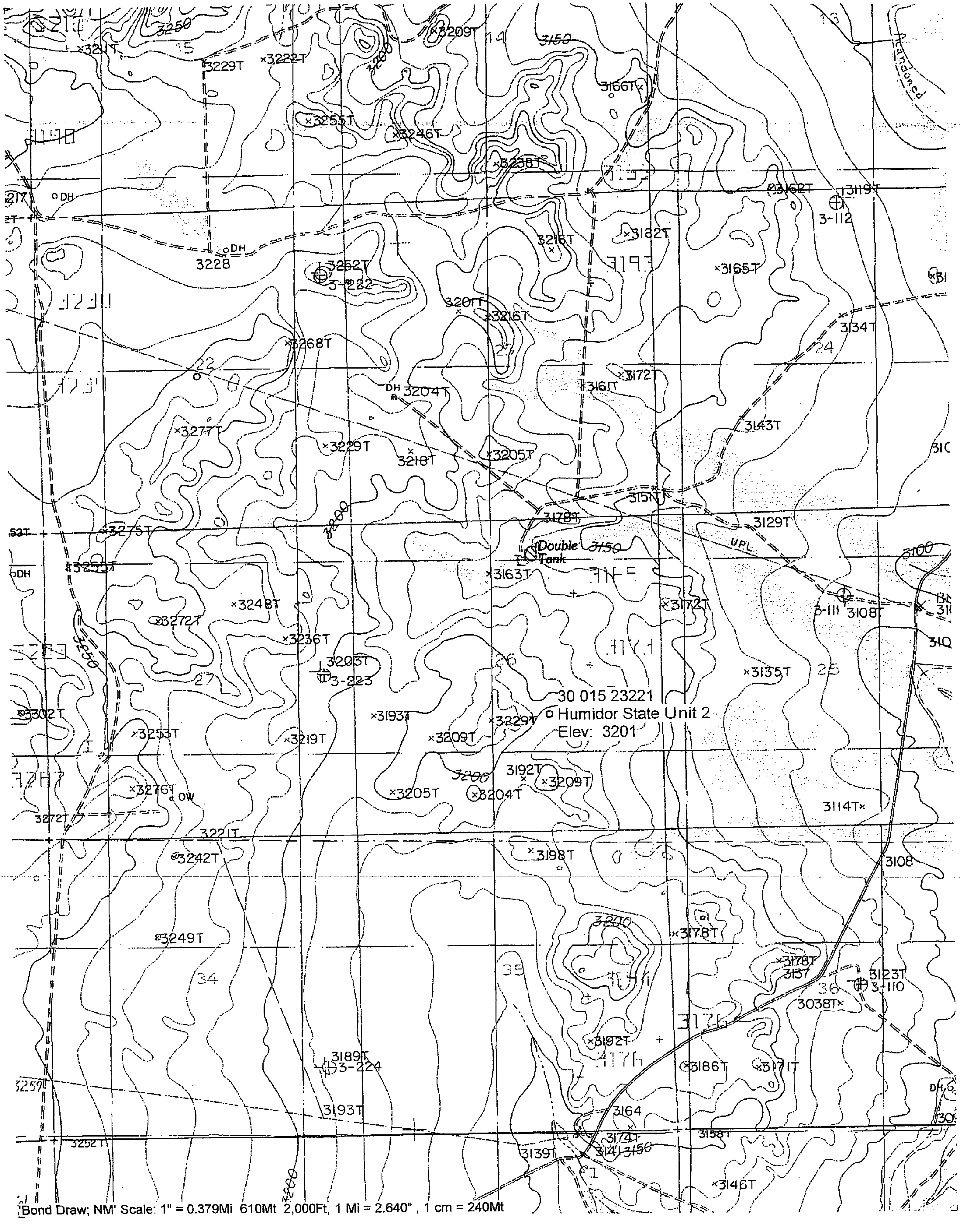
Additional Comments: Closure work plan for drilling pit. An encapsulation trench will be constructed and lined with 12 mil synthetic liner next to existing drilling pit. The drilling pit contents will be excavated and emplaced into the encapsulation trench using a mixture of three to one pit material and Class H bulk cement or CKD. The emulsion of pit material and cement will be mixed using a track hoe and water added if needed. After completion of solidifying pit material in cement and pit contents have set in place for a minimum of 24 hours, the encapsulation trench will then be capped using a 20 mil synthetic liner and backfilled to grade using a minimum of 3' of like material and clean soil. A one call and 48 hour notification to OCD will be made before pit closure action begins. Beginning pit closure date: N/A. Ending pit closure date: N/A

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: 10/10/2005
Printed Name/Title Mike Stubblefield / Regulatory Agent Signature _____

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:
Printed Name/Title Gerry Guye Compliance Officer Signature _____ Date: 12-2-05

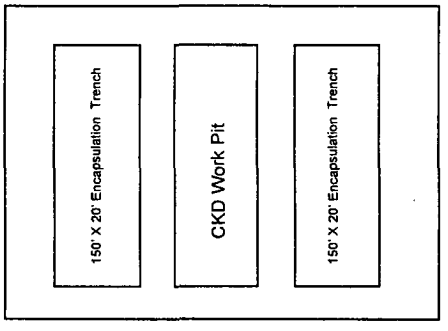


'Bond Draw; NM' Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640" , 1 cm = 240Mt

YATES PETROLEUM CORPORATION

Reserve Pit Solidification Procedure

1. Diagram of deep burial trench(s) is provided with application for closure (form C-144)



Reserve pit 150' x 150'

2. **Solidification of Cuttings**:
   (A) The cuttings will be mixed with a track hoe. Contents will be lifted and dropped so as to create a stirring process. This process will continue until CKD and pit contents are thoroughly bonded.
   (B) The solidification material will be Cement Kiln Dust (CKD).
   (C) CKD to pit contents ratio will be 1 yard of pit contents to 240 lbs. of CKD or 1,000 cubic yards of pit contents to 120 tons of CKD. Pit contents will be measure to determine actual volume (length x width x depth /27). CKD is weighed and delivered to the site in 40,000 lb increments.

   A 1,200 cubic yard work pit is constructed inside the original reserve pit beside the encapsulation/solidification trench. One thousand cubic yards of pit contents will be placed in the work trench along with six 20 ton loads of CKD to begin the mixing process.
   (D) Fresh water may be introduced to initiate the bonding process of CKD and pit contents.
   (E) In order to assure proper mixing, all CKD is precisely weighed before delivery and pit construction is measured to a pre-determined need depending on exact volume of pit contents.

3. A minimum of three representative samples will be taken from pit contents prior to any work. These samples will be stored in closed containers.

4. Each stage being mixed will be sampled prior to transferring the slurry to the deep trench as follows:
   (A) One sample of the slurry will be taken at the beginning of the transference and stored in a closed container.
   (B) One sample of the slurry will be taken at the beginning of the transference and stored in an open container.
   (C) One sample of the slurry will be taken at the end of the transference and stored in a closed container.
   (D) One sample of the slurry will be taken at the end of the transference and stored in an open container.

5. All samples will be stored in environmentally approved containers.

6. All samples and associated paperwork will be delivered to the OCD office within 3 working days of closure.