

District I

1635 N. French Dr., Hobbs, NM 88240

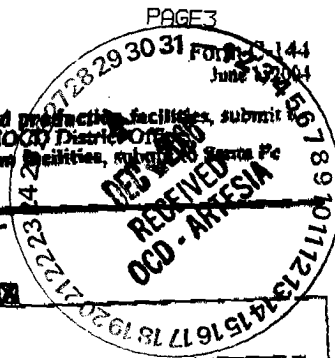
301 W. Grand Avenue, Artesia, NM 88210

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 ResourcesOil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505For drilling and production facilities, submit appropriate NMOC District Office.
For downstream facilities, submit 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: CHI Operating, Inc. Telephone: 432-685-5001 e-mail address: _____
 Address: P.O. Box 1799 Midland, TX 79702
 Facility or well name: Kodiak 2 API #: 30-015-83462 U/L or Q/L/O: 0 Sec 17 T 22S R 27E
 Country: Eddy Latitude _____ Longitude _____ NAD: 1927 ☐ 1983 ☐
 Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐

Pit Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☐ Thickness: _____ mil Clay ☐ Pit Volume _____ bbl		Below-grade tank 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) ✓ (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) —	
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)	
Ranking Score (Total Points)		30	

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 CRI. (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:

CHI Operating Inc. plans to close the drilling pit on the Kodiak #2
AS PER New Mexico O.C. Conservation Division Rules in the Pit and Below
Grade TANK Guidelines, CHI plans to REMOVE all fluids and drill cuttings
All cuttings will be taken to a NMOC approved site for disposal and
backfill with onsite stockpiled soils.

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 NMOC guidelines ☒ a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

Date: 12-28-06Printed Name/Title: Brad Larson / Agent Signature: Brad Larson

Your certification and NMOC approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water 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: Jim W. Green Signature: Jim W. GreenDate: 1/2/07