

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

AUG 14 2007

Form C-144
June 1, 2004

OCD-ARTESIA
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: LCX Energy LLCTelephone: 432-687-1575e-mail address: jlavery@eeronline.comAddress: 110 N. Marienfeld Suite 200 Midland, Texas 79701Facility or well name: 1823 Nichols #2-1 API #: 30-015-34851 U/L or Qtr/Qtr M Sec 2 T 18S R 23ECounty: Eddy Latitude N 38°46' 18.99" Longitude W 104°40' 02.21" NAD: 1927 ☐ 1983 ☒Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐**Pit**Type: Drilling ☐ Production ☐ Disposal ☐Workover ☐ Emergency ☐Lined ☒ Unlined ☐Liner type: Synthetic ☒ Thickness 12 mil Clay ☐Pit Volume: 11000 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) XXX

(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) XXX

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) XXX

Ranking Score (Total Points)

10 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: _____ (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: Work Plan for the closure of drilling pit. The drilling pit contents will be mixed to stiffen the pit contents. An encapsulation trench will be excavated

and lined with a 12 mil synthetic liner on former drilling pit site. Drilling pit contents will then be emplaced into the encapsulation trench. A 20 mil synthetic liner will

then be placed over the pit contents with a min of a 3" over lap of the underlying trench area. Then encapsulation trench will then be backfilled back to grade using a min of 3"

of clean soil and like material. A one call and 48 hr notice will be provided to the Oil Conservation Division before pit closure actions begin. Pit closure actions will begin

1 week after permit approval.

If burial trench is to be constructed in pit area, samples are to be obtained and analyses submitted to OCD PRIOR to lining trench.

NOTIFY OCD 24 HOURS PRIOR to beginning closure and 24 HOURS PRIOR to obtaining samples. Samples are to be obtained from pit area and analyses submitted to OCD prior to back-filling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) other: _____

Date: 8/2/07Printed Name/Title: John Lavery Engineer MGR Signature: [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:

Gerry Guye

Printed Name/Title

Compliance Officer

Signature: [Signature]

Date:

AUG 30 2007