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 ☐ ~~Submitted 4/16/04~~
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☒

JAN 28 2008
OCD-ARTESIA

Operator MCKAY OIL CORPORATION Telephone 505-623-4795 e-mail address: jennifer@mckayoil.com
Address PO Box 2014 Roswell, NM 88202-2014
Facility or well name. Lookout Federal B #8 API # 30-005-63743 U/L or Qtr/Qtr G Sec 9 T 6S R 22E
County CHAVES Latitude Longitude NAD. 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit	**Below-grade tank**	
Type Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type Synthetic ☐ Thickness 12 mil Clay ☐ Pit Volume 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) (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)	0

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 your 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. Operator had decided not to reuse the wellpad for a horizontal well. Therefore, a plan of reserve pit remediation is attached.

TRENCH BURY

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. 1/25/2008
Printed Name/Title James L Schultz, 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
Signature Signed By Mike Bratcher Date JAN 31 2008

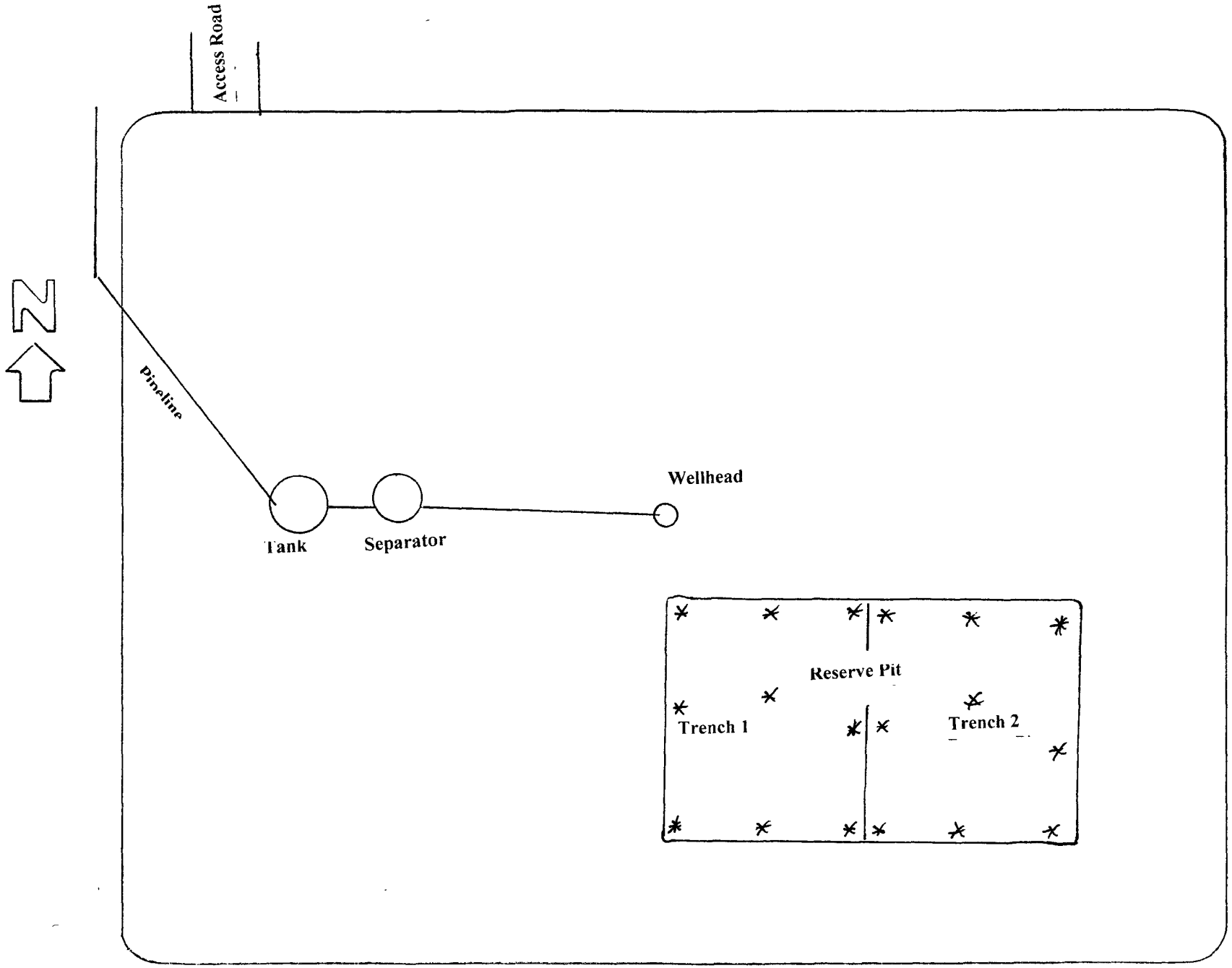
NOTIFY OCD 24 HOURS PRIOR to beginning closure and 24 HOURS PRIOR to obtaining samples. Samples are to be obtained from pit area and analyses submitted to OCD prior to back-filling.

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

Reserve Pit Remediation Plan

Lookout B Fed. #8
1680'FNL & 1680'FEL
Sec. 9, T6S, R22E

1. Operator will remove all liquid contents in pit and allow to the bottom of the pit to dry.
2. Pile cuttings and original pit liner on east side of reserve pit area.
3. Collect soil samples from inside the pit on the cleared side (west side) of reserve pit at surface.
4. Dig trench 1 (westside of pit area) big enough to put all of the cuttings in and leave enough room for 3' backfill material. (NOTE: Trench size depends on amount of cuttings, rock formations, surrounding terrain and mud solidity.)
5. Collect soil samples from inside trench 1 area to a depth reading 250 ppm chloride as shown on Exhibit A.
6. Line trench 1 with 20 MIL liner.
7. Fill trench 1 with cuttings, original pit liner and any contaminated soil.
8. Cap trench 1 with 20 MIL liner.
9. Back fill trench 1 area with 3' of topsoil.
10. Test east side of pit area for chlorides as shown on Exhibit A. Dig trench 2 (northside of pit area) down to a depth that test a maximum of 250 ppm chloride, putting the soil on a 20 MIL liner on SW corner of location.
11. Line trench 2 with 20 MIL liner.
12. Fill the trench 2 with any contaminated soil.
13. Cap trench 2 with 20 MIL liner.
14. Back fill trench 2 area with 3' of topsoil.
15. Seed entire pit area per BLM specifications.


Access Road
N
Pipeline
Wellhead
Tank
Separator
Reserve Pit
Trench 1
Trench 2
Soil Sample