District I

1625 N French Dr , Hobbs, NM 88240

District II

1301 W Grand Ave , Artesia, NM 88210

District III

1000 Rio Brazos Rd , Aztec, NM 87410

1220 S St Francis Dr , Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Department

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

July 21, 2008 For temporary pits, closed-loop sytems, and below-grade

Form C-144

tanks, submit to the appropriate NMOCD District Office

For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application X Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method Modification to an existing permit Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances Operator. ConocoPhillips Company OGRID#. 217817 Address PO Box 4289, Farmington, NM 87499 Facility or well name SAN JUAN 32-7 UNIT 69N API Number: 30-045-35200 OCD Permit Number U/L or Qtr/Qtr A(NE/NE) Section: 35 Township: 32N Range⁻ County: SAN JUAN 36,93907 ٥N Center of Proposed Design Latitude. Longitude: 107.53402 °W NAD 1927×1983 Surface Owner: Private Tribal Trust or Indian Allotment Federal Pit: Subsection F or G of 19 15 17 11 NMAC Drilling Workover Temporary Permanent Emergency Cavitation Thickness mil Unlined Liner type LLDPE HDPE String-Reinforced Liner Seams Subsection H of 19 15 17 11 NMAC X Closed-loop System: Workover or Drilling (Applies to activities which require prior approval of a permit or Type of Operation X Drilling a new well notice of intent) Drying Pad X Above Ground Steel Tanks Haul-off Bins Other Thickness 20 mil X LLDPE HDPE Unlined Factory Below-grade tank: Subsection I of 19 15 17 11 NMAC Volume bbi Type of fluid OIL CONS. DIV. DI Tank Construction material Secondary containment with leak detection Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off Visible sidewalls and liner Visible sidewalls only Other HDPE **TPVC** Liner Type Thickness Other **Alternative Method:** Submittal of an exception request is required Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Fencing: Subsection D of 19 15 17 11 NMAC (Applies to permanent pit, temporary pits, and below-grade tanks) Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school, hospital, institution or church) Four foot height, four strands of barbed wire evenly spaced between one and four feet Alternate Please specify				
Netting: Subsection E of 19 15 17 11 NMAC (Applies to permanent pits and permanent open top tanks) Screen Netting Other Monthly inspections (If netting or screening is not physically feasible)				
Signs: Subsection C of 19 15 17 11 NMAC 12" X 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers X Signed in compliance with 19 15 3 103 NMAC				
Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19 15 17 NMAC for guidance. Please check a box if one or more of the following is requested, if not leave blank: Administrative approval(s). Requests must be submitted to the appropriate division district of the Santa Fe Environmental Bureau office for consideration of approval (Fencing/BGT Liner). Exception(s). Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.				
10 Siting Criteria (regarding permitting) 19.15.17.10 NMAC				
Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau Office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above grade-tanks associated with a closed-loop system.				
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - IWATERS database search; USGS; Data obtained from nearby wells	Yes	No		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map, Visual inspection (certification) of the proposed site	Yes	□No		
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.	Yes	No		
(Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	□NA			
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applied to permanent pits)	☐Yes ☐NA	No		
- Visual inspection (certification) of the proposed site; Aerial photo, Satellite image Within 500 horizonal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.	Yes	No		
- NM Office of the State Engineer - 1WATERS database search; Visual inspection (certification) of the proposed site.				
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended - Written confirmation or verification from the municipality, Written approval obtained from the municipality	Yes	No		
 Written confirmation or verification from the municipality. Written approval obtained from the municipality. Within 500 feet of a wetland. US Fish and Wildlife Wetland Identification map, Topographic map; Visual inspection (certification) of the proposed site. 	Yes	No		
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD - Mining and Mineral Division	Yes	No		
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources, USGS, NM Geological Society; Topographic map	Yes	No		
Within a 100-year floodplain FEMA man	Yes	No		

Temporary Pits, Emergency Pits and Below-grade Tanks Permit Application Attachment Checklist Subsection B of 19 15 17 9 NMAC			
Instructions Each of the following items must be attached to the application Please indicate, by a check mark in the box, that the documents are attached			
Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19 15 17 9 NMAC			
Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19 15 17 9			
Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15 17 10 NMAC			
Design Plan - based upon the appropriate requirements of 19 15 17 11 NMAC			
Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17 12 NMAC			
Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of			
Previously Approved Design (attach copy of design) API or Permit			
12			
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19 15 17 9 NMAC			
Instructions Each of the following items must be attached to the application Please indicate, by a check mark in the box, that the documents are attached Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19 15 17 9			
String Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19 15 17 10 NMAC			
X Design Plan - based upon the appropriate requirements of 19 15 17 11 NMAC			
X Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17 12 NMAC			
X Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15 17 9			
NMAC and 19 15 17 13 NMAC			
Previously Approved Design (attach copy of design) API			
Previously Approved Operating and Maintenance Plan API			
13			
Permanent Pits Permit Application Checklist: Subsection B of 19 15 17 9 NMAC			
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.			
Hydrogeologic Report - based upon the requirements of Paragraph (I) of Subsection B of 19 15 17 9 NMAC			
Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15 17 10 NMAC			
Climatological Factors Assessment			
Certified Engineering Design Plans - based upon the appropriate requirements of 19 15 17 11 NMAC			
Dike Protection and Structural Integrity Design based upon the appropriate requirements of 19 15 17 11 NMAC			
Leak Detection Design - based upon the appropriate requirements of 19 15 17 11 NMAC			
Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19 15.17 11 NMAC			
Quality Control/Quality Assurance Construction and Installation Plan			
Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17.12 NMAC			
Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19 15 17 11 NMAC			
Nuisance or Hazardous Odors, including H2S, Prevention Plan			
Emergency Response Plan			
Oil Field Waste Stream Characterization			
Monstoring and Inspection Plan			
Erosion Control Plan			
Closure Plan - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC			
14			
Proposed Closure: 19 15 17 13 NMAC			
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.			
Type Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank X Closed-loop System			
Alternative			
Proposed Closure Method Waste Excavation and Removal			
X Waste Removal (Closed-loop systems only)			
On-site Closure Method (only for temporary pits and closed-loop systems)			
In-place Burial On-site Trench			
Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)			
15			
Waste Excavation and Removal Closure Plan Checklist (19 15 17 13 NMAC) Instructions: Each of the following items must be attached to the closure plan.			
Please indicate, by a check mark in the box, that the documents are attached.			
Protocols and Procedures - based upon the appropriate requirements of 19 15.17 13 NMAC			
Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC			
Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)			
Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC			
Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC			
1			

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16 Waste Removal Closure For Closed-loop Systems That Utilize Above Ground	d Steel Tanks or Haul-off Bins Only:(19 15 17 13 D NMAC)			
Instructions Please identify the facility or facilities for the disposal of liquids, dr. facilities are required	illing fluids and drill cuttings. Use attachment if more than two)		
Disposal Facility Name Envirotech / JFJ Landfarm % IEI	Disposal Facility Permit #. NM-01-0011 / NM-01-0	0010B		
Disposal Facility Name Basin Disposal Facility	Disposal Facility Permit # NM-01-005			
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will nbe used for future service and Yes (If yes, please provide the information No				
Required for impacted areas which will not be used for future service and operations Soil Backfill and Cover Design Specification - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC				
17 Siting Criteria (Regarding on-site closure methods only: 19 15 17 10 NMAC Instructions Each siting criteria requires a demonstration of compliance in the closure plan Recommendations of acceptable source material are provided below Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval Justifications and/or demonstrations of equivalency are required Please refer to 19 15 17 10 NMAC for guidance				
Ground water is less than 50 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search, USGS Date	a obtained from nearby wells	Yes No		
Ground water is between 50 and 100 feet below the bottom of the buried	l waste	☐Yes ☐No		
- NM Office of the State Engineer - tWATERS database search, USGS, Data		N/A		
Ground water is more than 100 feet below the bottom of the buried wast	e	☐Yes ☐No		
- NM Office of the State Engineer - 1WATERS database search, USGS, Data	a obtained from nearby wells	N/A		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other s (measured from the ordinary high-water mark)	Yes No			
- Topographic map, Visual inspection (certification) of the proposed site				
Within 300 feet from a permanent residence, school, hospital, institution, or chure - Visual inspection (certification) of the proposed site, Aerial photo, satellite	• •	Yes No		
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal fee of any other fresh water well or spring, in existence at the time of the initial application - NM Office of the State Engineer - iWATERS database, Visual inspection (certification) of the proposed site				
Within incorporated municipal boundaries or within a defined municipal fresh water pursuant to NMSA 1978, Section 3-27-3, as amended - Written confirmation or verification from the municipality, Written approve		Yes No		
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map, Visua		Yes No		
Within the area overlying a subsurface mine		Yes No		
- Written confirantion or verification or map from the NM EMNRD-Mining Within an unstable area	and Mineral Division	Yes No		
Engineering measures incorporated into the design, NM Bureau of Geology Topographic map	& Mineral Resources, USGS, NM Geological Society,			
Within a 100-year floodplain - FEMA map		Yes No		
On-Site Closure Plan Checklist: (19 15 17 13 NMAC) Instructions: Each of the following items must bee attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.				
Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15 17 10 NMAC				
Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC				
Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19 15 17 11 NMAC				
Construction/Design Plan of Temporary Pit (for in place burial of a drying pad) - based upon the appropriate requirements of 19 15 17 11 NMAC				
Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC Confirmation Sampling Plan (if applicable) based upon the appropriate requirements of Subscatton F of 10 15 17 13 NMAC				
Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15 17 13 NMAC				
Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)				
Soil Cover Design - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC				
Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC				
Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC				

Operator Application Certification: I have be control to the unformation as both the control to the control to the both to th			
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief			
Name (Print) Signature Signature Jamie Goodwin Title Regulatory Technician Date			
e-mail address			
20			
OCD Approval: Permit Application (including closure/plan) Closure/Plan (only) OCD Conditions (see attachment)			
OCD Representative Signature:Approval Date:Approval Date:			
Title: Compliance Office QCD Permit Number:			
Closure Report (required within 60 days of closure completion): Subsection K of 19 15 17 13 NMAC Instructions Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure			
report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an			
approved closure plan has been obtained and the closure activities have been completed			
Closure Completion Date:			
22			
Closure Method:			
Waste Excavation and Removal On-site Closure Method Alternative Closure Method Waste Removal (Closed-loop systems only)			
If different from approved plan, please explain			
23			
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:			
Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities			
were utilized. Disposal Facility Name Disposal Facility Permit Number			
Disposal Facility Name Disposal Facility Permit Number			
Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?			
Yes (If yes, please demonstrate compliane to the items below)			
Required for impacted areas which will not be used for future service and operations			
Site Reclamation (Photo Documentation)			
Soil Backfilling and Cover Installation			
Re-vegetation Application Rates and Seeding Technique			
24			
Closure Report Attachment Checklist: Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.			
Proof of Closure Notice (surface owner and division)			
Proof of Deed Notice (required for on-site closure)			
Plot Plan (for on-site closures and temporary pits)			
Confirmation Sampling Analytical Results (if applicable)			
Waste Material Sampling Analytical Results (if applicable)			
Disposal Facility Name and Permit Number			
Soil Backfilling and Cover Installation			
Re-vegetation Application Rates and Seeding Technique			
Site Reclamation (Photo Documentation)			
On-site Closure Location Latitude Longitude NAD 1927 1983			
25			
Operator Closure Certification:			
I hereby certify that the information and attachments submitted with this closure report is ture, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.			
Name (Print) Title			
Signature Date			
e-mail address Telephone			

Form C-144

ConocoPhillips Company

Closed Loop Design:

The closed loop design will not incorporate a temporary pit or below grade tank. The plan will utilize an above grade tank suitable for holding the cuttings and fluids generated during drilling operations. The volume of the tank shall be of a sufficient volume to maintain an adequate free board for periodic removal and disposal of cuttings and fluids.

ConocoPhillips Company may incorporate the use of a 20 mil, string reinforced, LLDPE liner with factory welded seams to line the drying pad in order to minimize the volume of fluids to be disposed of. The drying pad will be designed to prevent contamination of fresh water, protect public health and the environment, and have sumps to facilitate the collection of liquids derived from drilling cuttings, as specified per subsection H of 19.15.17:11. The cuttings pad will be constructed above grade and containment will be through the use of earthen berms of sufficient height to contain the cuttings and prevent run-off of surface water or fluids. The drying pad area will replace the area of the drill site previously designated for the reserve pit. It will be signed in compliance with 19 15.3 103.NMAC Frac tanks will be utilized on site for fresh water storage.

Closed Loop Operations and Maintenance:

The closed loop system will be operated and maintained for solids and liquid containment to prevent ground water contamination as follows:

- 1. Any free liquids will be recovered and reused or disposed of at the Basin Disposal Facility (Permit # NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). Reuse may include the relocating of liquids to be used in other permitted drilling operations
- 2. Drill solids will be recovered from location and hauled to Envirotech (Permit #NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B) periodically as required to maintain a safe free board in the cuttings tank. No onsite trench burial of cuttings will occur.
- 3. In the event a drying pad is utilized, the cuttings will be picked up and transported to Basin Disposal Facility (Permit #NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). The liner will be disposed of at the San Juan County Landfill located on CR 3100. The drying pad will be closed within 6 months from the date that the drilling rig is released Berms constructed from native materials will be bladed on site to the location's contour.
- 4. Any drilling materials or trash will be stored and disposed of appropriately.
- 5. The NMOCD will be notified within 48 hours of the discovery of compromised integrity of the closed loop containment. Any required repairs will commence immediately.

Closed Loop Closure Plan:

1. Upon completion of the drilling operations, all solids and liquids will be removed and disposed of to Envirotech (Permit #NM-01-0011) and/or Basin Disposal Facility (Permit #NM-01-005) and/or JFJ Landfarm % Industrial Ecosystem Inc. (Permit #NM-01-0010B) Equipment shall also be removed from location. In the event a drying pad is utilized, the solids contained on the pad shall remain on site to allow sufficient drying and will then be transported to Envirotech (Permit #NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit #NM-01-0010B) within 6 months from the date that the drilling rig is released.

2. After the drying pad is removed the surface below will be visually inspected for any contamination. If contamination is discovered a five point composite sample will be taken of the drying pad area using sampling tools and all samples tested per Subsection B of 19 15.17.13(B)(1)(b). In the event that the criteria are not met, all contents will be handled per Subparagraph (a) of Paragraph (1) of Subsection B of 19.15.17.13 i.e., Dig and haul.

Components	Tests Method	Limit (mg/Kg)
Benzene	EPA SW-846 8021B or 8260B	0.2
BTEX	EPA SW-846 8021B or 8260B	50
TPH	EPA SW-846 418.1	2500
GRO/DRO	EPA SW-846 8015M	500
Chlorides	EPA 300.1	500

- 3 Re-contouring of location will match fit, shape, line, form and texture of the surrounding. Re-shaping will include drainage control, prevent ponding, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be place in areas where needed to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with smooth surface, fitting the natural landscape.
- 4. Notification will be sent to OCD when the reclaimed area is seeded.
- 5. COP shall seed the disturbed areas the first growing season after the operator closes the drying pad. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. BLM or Forest Service stipulated seed mixes will used on federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs.

Туре	Variety or Cultivator	PLS/A
Western wheatgrass	Arrıba	3.0
Indian ricegrass	Paloma or Rimrock	3.0
Slender wheatgrass	San Luis	2.0
Crested wheatgrass	Hy-crest	3.0
Bottlebrush Squirreltail	Unknown	2.0
Four-wing Saltbrush	Delar	.25

Species shall be planted in pounds of pure live seed per acre: Present Pure Live Seed (PLS) = Purity X Germination/100 Two lots of seed can be compared on the basis of PLS as follows:

Source No. One (poor quality)
Purity
50 percent
Germination
Percent PLS
20 percent

Source No. two (better quality)
Purity
80 percent
Germination
63 percent
Percent PLS
50 percent

5 lb. bulk seed required to make 2 lb. bulk seed required to make

1 lb. PLS 1 lb. PLS