

District I
1635 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
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
July 21, 2008

For temporary pits, closed-loop systems, and below-grade 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.

8316

Pit, Closed-Loop System, Below-Grade Tank, or
Proposed Alternative Method Permit or Closure Plan Application

Type of action: ☐ 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.

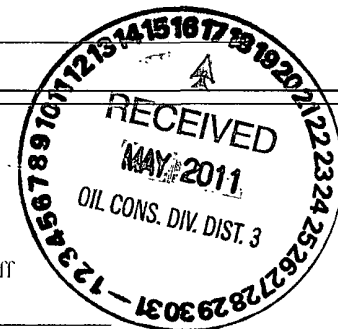
1.
Operator: Maralex Resources, Inc. OGRID #: 013998
Address: P.O. Box 338, Ignacio, Co 81122
Facility or well name: Rick Wells #1
API Number: 30-045-27317 OCD Permit Number: _____
U/L or Qtr/Qtr SENE Section 8 Township 26N Range 13W County: San Juan
Center of Proposed Design: Latitude _____ Longitude _____ NAD: ☐ 1927 ☐ 1983
Surface Owner: ☐ Federal ☐ State ☐ Private ☒ Tribal Trust or Indian Allotment

2.
☐ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☐ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☐ Lined ☐ Unlined Liner type: Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____ Volume: _____ bbl Dimensions: L _____ x W _____ x D _____

3.
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation: ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other _____
☐ Lined ☐ Unlined Liner type: Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____

4.
☒ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: _____ bbl Type of fluid: _____
Tank Construction material: steel
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other _____
Liner type: Thickness _____ mil ☐ HDPE ☐ PVC ☐ Other _____

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.



6.

Fencing: Subsection D of 19.15.17.11 NMAC (*Applies to permanent pits, 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 _____

7.

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)

8.

Signs: Subsection C of 19.15.17.11 NMAC

- ☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
- ☐ Signed in compliance with 19.15.3.103 NMAC

9.

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 or the Santa Fe Environmental Bureau office for consideration of approval.
- ☐ 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. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | |
| Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - Topographic map; Visual inspection (certification) of the proposed site | |
| Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (<i>Applies to temporary, emergency, or cavitation pits and below-grade tanks</i>) | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> NA |
| Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (<i>Applies to permanent pits</i>) | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> NA |
| 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 feet of any other fresh water well or spring, in existence at the time of initial application. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - NM Office of the State Engineer - iWATERS 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. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - Written confirmation or verification from the municipality; Written approval obtained from the municipality | |
| Within 500 feet of a wetland. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | |
| Within the area overlying a subsurface mine. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division | |
| Within an unstable area. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map | |
| Within a 100-year floodplain. | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| - FEMA map | |

11.

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 NMAC
- ☐ 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 19.15.17.9 NMAC and 19.15.17.13 NMAC
- ☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

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
- ☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - 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 19.15.17.9 NMAC and 19.15.17.13 NMAC
- ☐ Previously Approved Design (attach copy of design) API Number: _____
- ☐ Previously Approved Operating and Maintenance Plan API Number: _____ (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

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 (1) 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
- ☐ Monitoring 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 ☐ Closed-loop System
- ☐ Alternative
- Proposed Closure Method: ☒ Waste Excavation and Removal
- ☐ Waste Removal (Closed-loop systems only)
- ☐ On-site Closure Method (Only for temporary pits and closed-loop systems)
- ☐ In-place Burial ☐ On-site Trench Burial
- ☐ 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
- ☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?☐ Yes (If yes, please provide the information below) ☐ No*Required for impacted areas which will not be used for future service and operations:*☐ 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☐ 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; Data obtained from nearby wells

☐ Yes ☒ No
☐ NA

Ground water is between 50 and 100 feet below the bottom of the buried waste

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☐ Yes ☒ No
☐ NA

Ground water is more than 100 feet below the bottom of the buried waste.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

☒ Yes ☐ No
☐ NA

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or 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.

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ 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 feet of any other fresh water well or spring, in existence at the time of initial application.

- NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

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

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 map

☐ Yes ☒ No

18.

On-Site 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.☒ 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 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

19.

Operator Application Certification:

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): _____ Doris Ney _____ Title: _____ Production Tech. _____

Signature: _____ Date: _____ 5/17/2011 _____

e-mail address: _____ dneey@maralexinc.com _____ Telephone: _____ 970-563-4000 _____

20.

OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: _____ prior Verbal Given by Brandon Powell Approval Date: 12/23/2011

Title: Compliance Officer _____ OCD Permit Number: _____

21.

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 compliance to the items below) ☐ No

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 (required for on-site closure)
☐ 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 true, 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: _____

Maralex Resources, Inc.
San Juan Basin
Closure Plan

Lease Name: Rick's Well #1

API No: 30-045-27317

Description: Sec. 08-T26N-R13W

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure of the below-grade tank referenced above. All proper documentation regarding closure activities is being included with the C-144. This tank has not been in use for approximately one year and does not contain any liquids.

- ◆ Proof of Closure Notice
- ◆ Proof of Deed Notice (Not Required)
- ◆ Plot Plan (Not Required)
- ◆ C-105 (Not Required)
- ◆ Sampling Results
- ◆ Details on Soil Backfilling and Cover Installation
- ◆ Re-vegetation Application Rates and Seeding Technique
- ◆ Site Reclamation Photos

Subsection E. Closure method for below-grade tanks.

1. The operator shall remove all liquids and sludge from the below-grade tank prior to implementing a closure method and shall dispose of the liquids and sludge in a division-approved facility.

No fluids exist in the tank.

2. The operator shall remove the below-grade tank and dispose of it in a division-approved facility or recycle, reuse or reclaim it in a manner that the appropriate division district office approves.

The below-grade tank will be removed from the site.

3. If there is any on-site equipment associated with a below-grade tank, then the operator shall remove the equipment, unless the equipment is required for some other purpose.

All equipment associated with the below-grade tank has been removed.

4. The operator shall test the soils beneath the permanent pit to determine whether a release has occurred. The operator shall collect, at a minimum, a five point, composite sample; collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for BTEX, TPH and chlorides to demonstrate that the benzene concentration, as determined by EPA SW-846 methods 8021B or 8260B or other EPA method that the division approves, does not exceed 0.2 mg/kg; total BTEX concentration, as determined by EPA SW-846 methods 8021B or 8260B or other EPA

method that the division approves, does not exceed 50 mg/kg; the TPH concentration, as determined by EPA method 418.1 or other EPA method that the division approves, does not exceed 100 mg/kg; and the chloride concentration, as determined by EPA method 300.1 or other EPA method that the division approves, does not exceed 250 mg/kg, or the background concentration, whichever is greater. The operator shall notify the division of its results on form C-141. The division may require additional delineation upon review of the results.

A five point composite sampling was obtained on March 30, 2011 and submitted to Cardinal Laboratories. The results are within limits and report is attached.

5. If the operator or the division determines that a release has occurred, then the operator shall comply with 19.15.29 NMAC and 19.15.30 NMAC, as appropriate.

See #4 above.

5. If the sampling program determines that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (4) of Subsection E of 19.15.17.13 NMAC, then the operator shall backfill the excavation with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; recontour and re-vegetate the site. The division-prescribed soil cover, recontouring and re-vegetation requirements shall comply with Subsections G, H and I of 19-15.17.13 NMAC
See #4 above

Subsection G. Reclamation of pit locations, on-site burial locations and drying pad locations.

1. Once the operator has closed a pit or trench or is no longer using a drying pad, below-grade tank or an area associated with a closed-loop system, pit, trench or below-grade tank, the operator shall reclaim the pit location, drying pad location, below-grade tank location or trench location and all areas associated with the closed-loop system pit, trench or below-grade tank including associated access roads to a safe and stable condition that blends with the surrounding undisturbed area. The operator shall substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, recontour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate according to Subsection I of 19.15.17.13 NMAC.

Soil stored on location will be used to backfill the below-grade tank area. Area will be restored to the condition that existed prior to the existence of the below-grade tank and will be contoured to blend with the surrounding topography.

Subsection H. Soil cover designs.

1. The soil cover for closures where the operator has removed the pit contents or remediated the contaminated soil to the division's satisfaction shall consist of the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

Please see Subsection G, Item 1, above

3. The operator shall construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

Soil cover will be constructed and graded so as to prevent ponding of water and erosion of the cover material.

Subsection I. Re-vegetation

Maralex shall seed the area using Seed Mix No. 6 – BIA (Crownpoint), or similar mix, per recommendation of the BLM. Per Subsection requirements, no artificial irrigation shall be applied during the first two growing seasons. Maralex shall repeat seeding as necessary until the required vegetative cover is established.

Subsection J. Closure Notice

1. The operator shall notify the surface owner by certified mail, return receipt requested, that the operator plans to close a temporary pit, a permanent pit, a below-grade tank or where the operator has approval for on-site closure. Evidence of mailing of the notice to the address of the surface owner shown in the county tax records is sufficient to demonstrate compliance with this requirement.

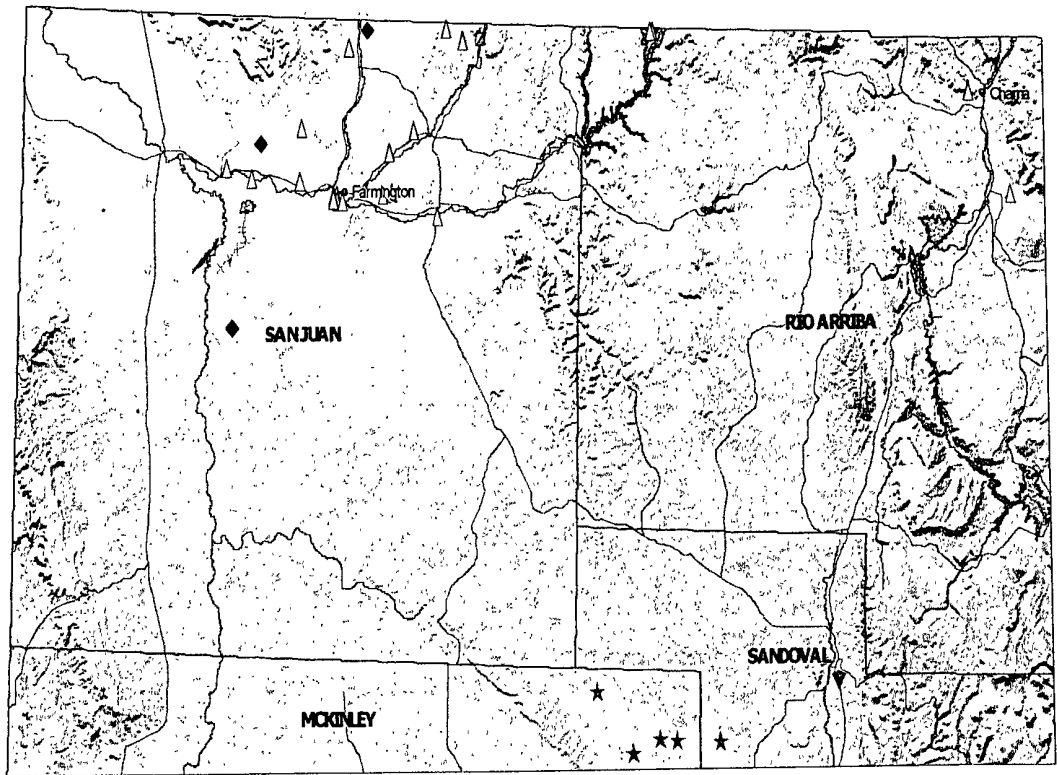
Notification has been provided, copy attached.

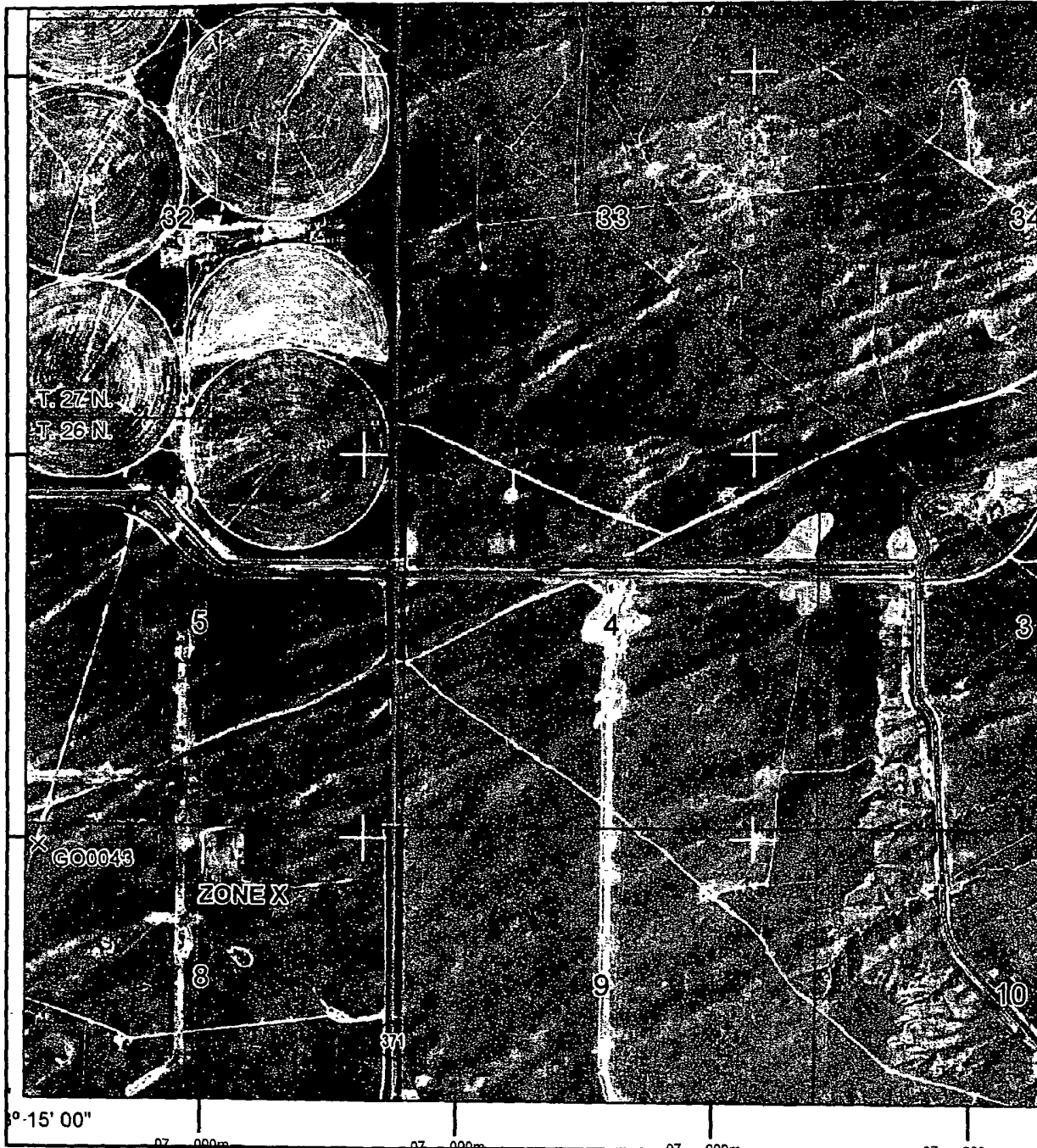
2. An operator of a temporary pit or below-grade tank or an operator who is approved for on-site closure shall notify the appropriate division district office verbally or by means at least 72 hours, but not more than one week, prior to any closure operation. The notice shall include the operator's name and the location to be closed by unit letter, section township and range. If the closure is associated with a particular well, then the notice shall also include the well's name, number and API number.

Maralex will notify the appropriate division office prior to any closure operation. Closure will occur upon approval of the plan by the OCD.

3. An operator of a permanent pit shall notify the environmental bureau in the division's Santa Fe office at least 60 days prior to cessation of operations and provide a proposed schedule for closure. If there is no closure plan on file with the environmental bureau in the division's Santa Fe office applicable to the permanent pit, the operator shall provide a closure plan with this notice. Upon receipt of the notice and proposed schedule, the environmental bureau in the division's Santa Fe office shall review the current closure plan for adequacy and inspect the site.

N/A





MAP SCALE 1" = 2000'

0 2000 4000 FEET

0 600 1200 METERS

NFP

PANEL 1350F

FIRM

FLOOD INSURANCE RATE MAP
SAN JUAN COUNTY,
NEW MEXICO
AND INCORPORATED AREAS

PANEL 1350 OF 2750

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
SAN JUAN COUNTY	350064	1350	F

Notice to User: The Map Number shown below should be used when placing map orders. The Community Number shown above should be used on insurance applications for the subject community.



MAP NUMBER
35045C1350F

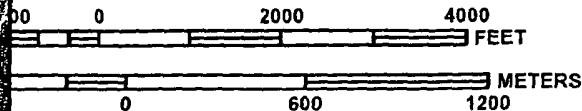
EFFECTIVE DATE
AUGUST 5, 2010

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov



MAP SCALE 1" = 2000'



NFIP

PANEL 1675F

FIRM

FLOOD INSURANCE RATE MAP

SAN JUAN COUNTY,
NEW MEXICO
AND INCORPORATED AREAS

PANEL 1675 OF 2750

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS

COMMUNITY	NUMBER	PANEL	SUFFIX
SAN JUAN COUNTY	350064	1675	F

Notice to User: The Map Number shown below should be used when placing map orders. The Community Number shown above should be used on insurance applications for the subject community.

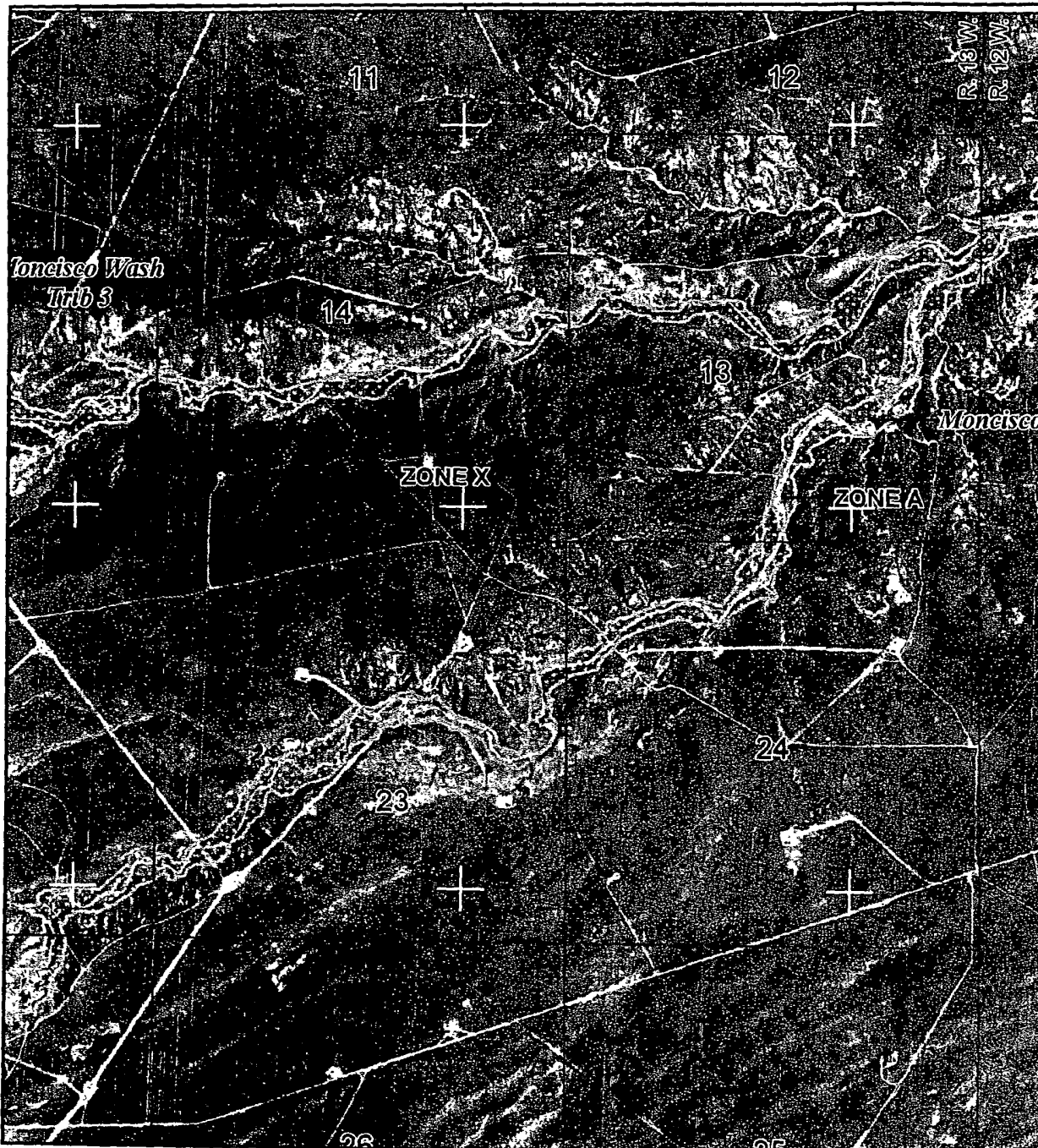


MAP NUMBER
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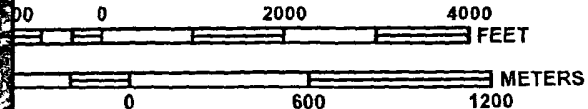
EFFECTIVE DATE
AUGUST 5, 2010

Federal Emergency Management Agency

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MAP SCALE 1" = 2000'



NFIP

PANEL 1675F

FIRM

FLOOD INSURANCE RATE MAP
SAN JUAN COUNTY,
NEW MEXICO
AND INCORPORATED AREAS

PANEL 1675 OF 2750

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
SAN JUAN COUNTY	350064	1675	F

Notice to User: The Map Number shown below should be used when placing map orders. The Community Number shown above should be used on insurance applications for the subject community.



MAP NUMBER
35045C1675F

EFFECTIVE DATE
AUGUST 5, 2010

Federal Emergency Management Agency

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LEGEND



SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

- ZONE A** No Base Flood Elevations determined.
- ZONE AE** Base Flood Elevations determined.
- ZONE AH** Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.
- ZONE AO** Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
- ZONE AR** Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
- ZONE A99** Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
- ZONE V** Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
- ZONE VE** Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.



FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.



OTHER FLOOD AREAS

- ZONE X** Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.



OTHER AREAS

- ZONE X** Areas determined to be outside the 0.2% annual chance floodplain.
- ZONE D** Areas in which flood hazards are undetermined, but possible.

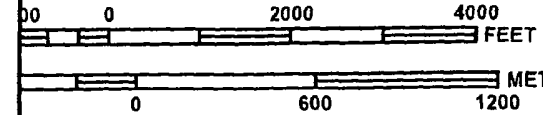


COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS



OTHER AREAS

MAP SCALE 1" = 2000'



NATIONAL FLOOD INSURANCE PROGRAM

PANEL 1675F

FIRM

FLOOD INSURANCE RATE MAP

**SAN JUAN COUNTY,
NEW MEXICO
AND INCORPORATED AREAS**

PANEL 1675 OF 2750

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS

COMMUNITY	NUMBER	PANEL	SUFFIX
SAN JUAN COUNTY	350084	1675	F

Notice to User: The Map Number shown below should be used when placing map orders, the Community Number shown above should be used on insurance applications for the subject community.

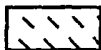


**MAP NUMBER
35045C1675F**

**EFFECTIVE DATE
AUGUST 5, 2010**










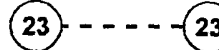
Federal Emergency Management Agency

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OTHERWISE PROTECTED AREAS (OPAs)

CBRS areas and OPAs are normally located within or adjacent to Special Flood Hazard Areas.

-  1% annual chance floodplain boundary
-  0.2% annual chance floodplain boundary
-  Floodway boundary
-  Zone D Boundary
-  CBRS and OPA Boundary
-  Boundary dividing Special Flood Hazard Areas of different Base Flood Elevations, flood depths or flood velocities.
-  Base Flood Elevation line and value; elevation in feet*
(EL 987)
-  Base Flood Elevation value where uniform within zone; elevation in feet*
- *Referenced to the North American Vertical Datum of 1988
-  Cross section line
-  Transect line
- 97° 07' 30", 32° 22' 30"
- 4760000E
- 600000 FT
- DX5510 X
- M1.5

MAP REPOSITORIES
Refer to Map Repositories list on Map Index.

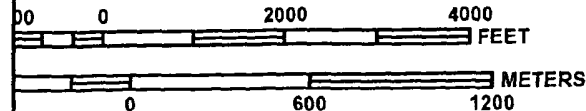
EFFECTIVE DATE OF COUNTYWIDE FLOOD
INSURANCE RATE MAP PANEL
AUGUST 5, 2010

EFFECTIVE DATE(S) OF REVISION(S) TO THIS PANEL

For community map revision history prior to countywide mapping, refer to the Community Map History table located in the Flood Insurance Study report for this jurisdiction.

To determine if flood insurance is available in this community, contact your insurance agent or call the National Flood Insurance Program at 1-800-638-6620.

MAP SCALE 1" = 2000'



NATIONAL FLOOD INSURANCE PROGRAM

PANEL 1675F

FIRM

FLOOD INSURANCE RATE MAP

SAN JUAN COUNTY,
NEW MEXICO
AND INCORPORATED AREAS

PANEL 1675 OF 2750

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
SAN JUAN COUNTY	350064	1675	F

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MAP NUMBER
35045C1675F

EFFECTIVE DATE
AUGUST 5, 2010

Federal Emergency Management Agency

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April 07, 2011

Debbie Zufelt

Green Analytical Laboratories

75 Suttle Street

Durango, CO 81303

RE: MARALEX RESOURCES

Enclosed are the results of analyses for samples received by the laboratory on 04/04/11 8:00.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

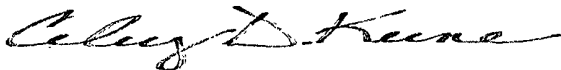
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,



Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

 Green Analytical Laboratories
 Debbie Zufelt
 75 Suttle Street
 Durango CO, 81303
 Fax To: (970) 247-4227

 Received: 04/04/2011
 Reported: 04/07/2011
 Project Name: MARALEX RESOURCES
 Project Number: 1103-133-01,02
 Project Location: NOT GIVEN

 Sampling Date: 03/30/2011
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: RICK'S #2 (H100657-01)

BTEX 8021B			mg/kg		Analyzed By: CMS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	04/05/2011	ND	1.77	88.5	2.00	3.71		
Toluene*	<0.050	0.050	04/05/2011	ND	1.87	93.4	2.00	4.51		
Ethylbenzene*	<0.050	0.050	04/05/2011	ND	1.91	95.5	2.00	3.62		
Total Xylenes*	<0.150	0.150	04/05/2011	ND	5.71	95.1	6.00	3.78		

Surrogate: 4-Bromofluorobenzene (PIL) 74.5 % 70-130

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	04/05/2011	ND	400	100	400	3.92	

TPH 8015M		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	04/05/2011	ND	207	103	200	2.37	
DRO >C10-C28	14.2	10.0	04/05/2011	ND	177	88.7	200	17.7	
EXT DRO >C28-C35	10.8	10.0	04/05/2011						

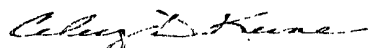
Surrogate: 1-Chlorooctane 108 % 70-130

Surrogate: 1-Chlorooctadecane 111 % 70-130

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

Green Analytical Laboratories
Debbie Zufelt
75 Suttle Street
Durango CO, 81303
Fax To: (970) 247-4227

Received:	04/04/2011	Sampling Date:	03/30/2011
Reported:	04/07/2011	Sampling Type:	Soil
Project Name:	MARALEX RESOURCES	Sampling Condition:	Cool & Intact
Project Number:	1103-133-01,02	Sample Received By:	Jodi Henson
Project Location:	NOT GIVEN		

Sample ID: RICK'S #1 (H100657-02)

BTX 8021B		mg/kg		Analyzed By: CMS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.025	0.025	04/06/2011	ND	1.81	90.4	2.00	3.37	
Toluene*	<0.025	0.025	04/06/2011	ND	1.94	97.2	2.00	1.08	
Ethylbenzene*	<0.025	0.025	04/06/2011	ND	2.08	104	2.00	0.824	
Total Xylenes*	0.095	0.075	04/06/2011	ND	6.20	103	6.00	0.964	

Surrogate: 4-Bromofluorobenzene (PIL) 94.1 % 70-130

Chloride, SM4500Cl-B		mg/kg		Analyzed By: HM					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	2200	16.0	04/05/2011	ND	400	100	400	3.92	

TPH 8015M		mg/kg		Analyzed By: AB					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	04/05/2011	ND	207	103	200	2.37	
DRO >C10-C28	1160	10.0	04/05/2011	ND	177	88.7	200	17.7	
EXT DRO >C28-C35	720	10.0	04/05/2011						

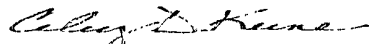
Surrogate: 1-Chlorooctane 121 % 70-130

Surrogate: 1-Chlorooctadecane 117 % 70-130

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

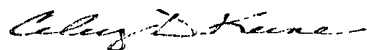
Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



Cardinal
CHAIN OF CUSTODY RECORD

Page ____ of ____

Client: GREEN ANALYTICAL
Contact: DEBBIE ZUFELT
Address: 75 SUTTLE ST
DURANGO, CO 81303
Phone Number: 970-247-4220
FAX Number: 970-247-4227

NOTES:

- 1) Ensure proper container packaging.
- 2) Ship samples promptly following collection.
- 3) Designate Sample Reject Disposition.

PO# GA 11 - 0611

Project Name: Marcalex RESOURCES

Table 1. - Matrix Type

1 = Surface Water, 2 = Ground Water
3 = Soil/Sediment, 4 = Rinsate, 5 = Oil
6 = Waste, 7 = Other (Specify) _____

FOR GAL USE ONLY

GAL JOB # _____

Samplers Signature: _____

PLEASE CALL WITH ANY QUESTION

Lab Name: Green Analytical Laboratories (970) 247-4220 FAX (970) 247-4227		Analyses Required										Comments								
Address: 75 Suttle Street, Durango, CO 81303																				
Sample ID	Collection		Collected by: (Init.)	Miscellaneous			Preservative(s)													
	Date	Time		Matrix Type (from Table 1)	No. of Containers	Sample Filtered ? Y/N	Unpreserved (Ice Only)	HNO3	HCL	H2SO4	NAOH	Other (Specify)								
H100657-1																				
1A-B 2A-B 1 Rick's #2	03/30/11	1255	DR	3	2		✓						TPH 8015 EXT	BTX 8021	(May need a CI will call to verify)					1103-133-01
2 Rick's #1	1	1305	DR	3	2		✓						✓	✓						-02
3.																				
4.																				
5.																				
6.																				
7.																				
8.																				
9.																				
10.																				
Relinquished by: <u>Kelvin Wall</u>			Date: <u>04/01/11</u>			Time: <u>1400</u>			Received by: <u>Heidi Wall</u>			Date: <u>4/4/11</u>			Time: <u>8:00</u>					
Relinquished by:			Date:			Time:			Received by:			Date:			Time:					

* Sample Reject: [] Return [] Dispose [] Store (30 Days)

20c #26



864 20 Road Unit A
Fruita, Colorado 81521
(970) 858-8550
FAX (970) 858-8155

7007 2560 0001 1293 7938

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City, State, ZIP+4 <i>Farmington, NM 87401</i>	
PS Form 3800, August 2006 See Reverse for Instructions	

P.O. Box 338
Ignacio, Colorado 81137
(970) 563-4000
FAX (970) 563-4116

May 17, 2011

Sent via Certified Mail, Return Receipt Requested

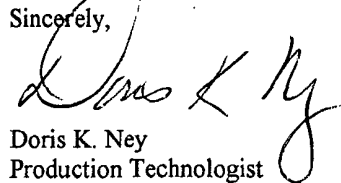
Federal Indian Minerals Office
1235 La Plata Highway, Suite B
Farmington, NM 87401

To Whom it May Concern:

Please be advised that Maralex Resources, Inc. intends to close the permanent pit associated with the Rick's Well #2, located at SWSW Section 9, Township 26N, Range 13W, San Juan County, New Mexico as well as the below-grade tank associated with Rick's Well #1, located at SENE Section 8, Township 26N, Range 13W, San Juan County, New Mexico. Closure will occur upon plan approval by the Bureau of Land Management.

Should you have any questions, please contact me at 970-563-4000.

Sincerely,


Doris K. Ney
Production Technologist