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

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 convict the appropriate NMOCD 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					
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					
OperatorMcElvain Oil & Gas Properties, IncOGRID #22044					
Address1050 17 th Street, Suite 1800, Denver, CO 80265					
Facility or well name _Elk Com 10_#1					
API Number30-039-26201 OCD Permit Number					
U/L or Qtr/Qtr _H Section10 Township25N Range2W County · Rio Arriba					
Center of Proposed Design ⁻ Latitude36.41421 N Longitude -107.03114 W 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. Thicknessmil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other ☐ String-Reinforced ☐ Unlined ☐ Factory ☐ Other ☐ Other ☐ Seams ☐ Welded ☐ Factory ☐ Other ☐ Other ☐ Seams ☐ Welded ☐ Factory ☐ Other ☐					
String-Reinforced RECEIVED					
Liner Seams Welded Factory Other Volume bbl Dimensions L SEP x 2008 x D5					
Oil Cons. Div. Dist. 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) Drives Park Above Crown Steel Tenks D Head off Pine D Other					
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 untent)					
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other					
☐ Lined ☐ Unlined Liner type Thicknessmil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other					
Liner Seams					
4					
Below-grade tank: Subsection I of 19.15.17 11 NMAC					
Volume 95bbl Type of fluid:Oil & Water					
Tank Construction materialSteel					
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					

Submittal of an exception request is required Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Alternative Method:

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, institution or church) Four foot height, four strands of barbed wire evenly spaced between one and four feet Alternate. Please specify 4 " Hog wire w/ top rail = 4'	hospital,			
Netting: Subsection E of 19 15 17 11 NMAC (Applies to permanent pits and permanent open top tanks) Screen Netting OtherExpanded Metal 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 ☐ 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 or the Santa Fe Environmental Bureau consideration of approval Exception(s) Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	office for			
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 accept material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying above-grade tanks associated with a closed-loop system.	priate district pproval.			
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 significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - 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 (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site, Aerial photo; Satellite image	☐ Yes ☐ No ☑ NA			
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application (Applies to permanent pits)				
 Visual inspection (certification) of the proposed site, Aerial photo, Satellite image 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 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			
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				
Within an unstable area - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map				
Within a 100-year floodplain - FEMA map				

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:					
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) □ 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)					
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 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 H ₂ S, Prevention Plan Cilosure Plan - based upon the appropriate requirements of 19.15 17.11 NMAC					
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)					
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 G of 19 15 17 13 NMAC					

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground S Instructions: Please indentify the facility or facilities for the disposal of liquids, diffacilities 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					
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 signilake (measured from the ordinary high-water mark) - Topographic map, Visual inspection (certification) of the proposed site	ficant watercourse or lakebed, sinkhole, or playa	Yes No			
Within 300 feet from a permanent residence, school, hospital, institution, or church i Visual inspection (certification) of the proposed site, Aerial photo; Satellite is		☐ Yes ☐ No			
Within 500 horizontal feet of a private, domestic fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spin NM Office of the State Engineer - iWATERS database; Visual inspection (c	ring, in existence at the time of initial application	Yes No			
Within incorporated municipal boundaries or within a defined municipal fresh water adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality, Written approval	-	Yes No			
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map; Visual inspection (certification) of the proposed site					
Within the area overlying a subsurface mine Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division					
 Within an unstable area Engineering measures incorporated into the design, NM Bureau of Geology Society; Topographic map 	& Mineral Resources, USGS, NM Geological	☐ Yes ☐ No			
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 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					

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) Deborah K Powell TitleEngineering Tech Supervisor				
Signature: Date 9-4-08				
e-mail addressDebbyP@McElvain.com Telephone303-893-0933				
20 OCD Approval: ☐ Permit Application (including closure plan), ☐ Closure Plan (only) ☐ OCD Conditions (see attachment)				
OCD Representative Signature: 4/25/2012				
Title: Compliance office OCD 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:				
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.				
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: Instructions: Please indentify 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				
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 0 4 Cl C (S 4)				
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				

District 1 PO Gox 1980, Hobbs, NM 88241-1980

District II PO Drawer DD, Artesia, NM 88211-0719

District III

State of New Mexico Energy, Minerals & Natural Resources Depart

OIL CONSERVATION DIVISION PO Box 2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

1000 Rio Brazos Rd., A	ztec, NM 87	410	Sar	nta Fe, NM	87504-2088	3			
District IV PO 80x 2088, Santa Fe, NM 87504-2088									
WELL LOCATION AND ACREAGE DEDICATION PLAT									
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New Mexico Office of the State Engineer POD Reports and Downloads

Township: 25N Range: 02W Sections:				
NAD27 X: Zone: Search Radius:				
County: Basin: Number: Suffix:				
Owner Name: (First) (Last) O Non-Domestic O Domestic O All				
ROD / Surface Data Report Avg Depth to Water Report & Water Column Report &				
Clear Form! WATERS Menu Help				

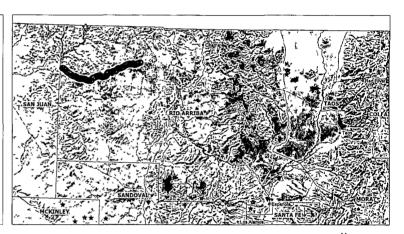
WATER COLUMN REPORT 07/29/2008

(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are biggest to smallest) Water (in feet) Depth Depth Rng Sec q q q POD Number Well Column Tws Zone Water RG 53087 25N 02W 27 2 1 380 70 310 02W 02 4 4 4 SJ 01752 25N 210 85 125 SJ 01861 25N 02W 04 1 4 2 303 100 203 SJ 01861 CLW228229 25N 02W 04 1 4 2 200 100 100 SJ 01473 25N 02W 08 240 02W 09 4 3 1 100 160 SJ 02477 25N 260 _ 25N SJ 02736 02W 10 4 1 1 375 60 315 ____ 25N 02W 11 SJ 01751 1 2 3 372 90 282 SJ 03461 25N 02W 11 1 2 3 272432 1971609 265 160 105 ____ 25N SJ 01758 02W 12 1 3 235 80 155 ___ 25N SJ 03212 02W 13 1 4 2 430 180 250 ____ 25N SJ 01754 02W 14 192 90 102 25N 02W 14 SJ. 03292 3 3 4 260 ____ 25N SJ 03028 02W 16 1 1 1 230 105 125 _ 25N SJ 02355 02W 17 2 4 3 260 80 180 ___ 25N SJ 02911 02W 17 3 4 1 240 85 155 SJ 02091 X 25N 02W 25 4 3 345 120 225 SJ 01089 25N 02W 26 240 90 150 _ 25N 02W 27 2 1 380 70 SJ 02342 310 ___ 25N SJ 03498 02W 27 3 1 4 560 340 220 25N 02W 28 1 2 3 1200 SJ 02917 SJ 02986 25N 02W 28 2 2 2 270 140 130 _ 25N 02W 28 3 2 2 650 265 385 SJ 02738 _ 25N SJ 00326 02W 29 205 160 45 SJ 00279 25N 02W 31 210 85 125 362117 1070216 SJ 03647 __ 25N 02W 34 667 280 387

Record Count: 26

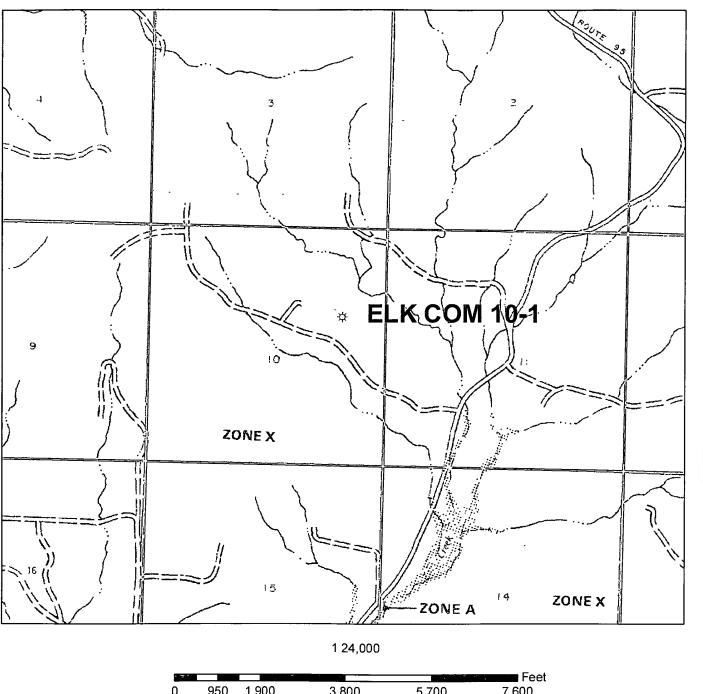
Rio Arriba Mines, Mills And Quarries Web Map

Mines, Mills & Quarries Commodity Groups					
Δ	Aggregate & Stone Mines				
•	Coal Mines				
*	Industrial Minerals Mines				
•	Industrial Minerals Mills				
	Metal Mines and Mill Concentrate				
_)	Potash Mines & Refineries				
3	Smelters & Refinery Ops.				
*	Ilranium Minee				

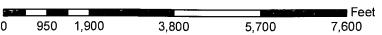


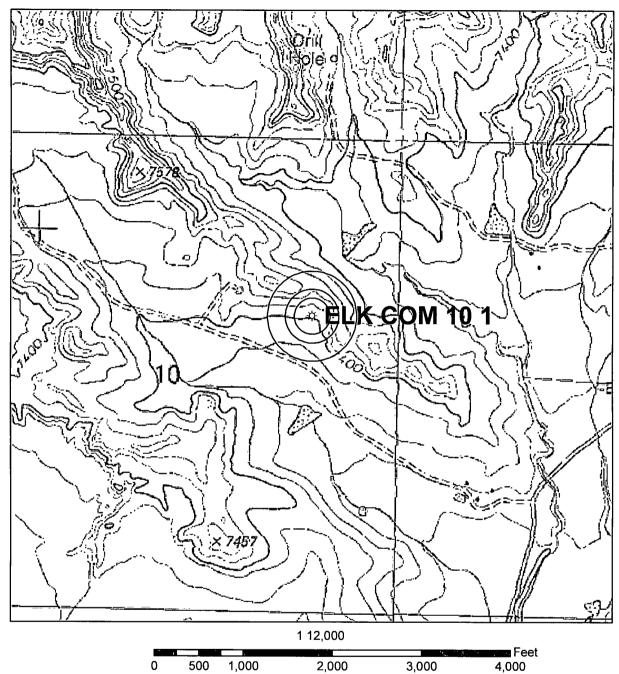






NATIONAL FLOOD INSURANCE PROGRAM FIRM FLOOD INSURANCE RATE MAP RIO ARRIBA COUNTY, **NEW MEXICO** UNINCORPORATED AREAS PANEL 775 OF 1325 (SEE MAP INDEX FOR PANELS NOT PHINTED) 1.4 PANEL LOCATION COMMUNITY-PANEL NUMBER 350049 0775 B EFFECTIVE DATE: JANUARY 5, 1989 Federal Emergency Management Agency





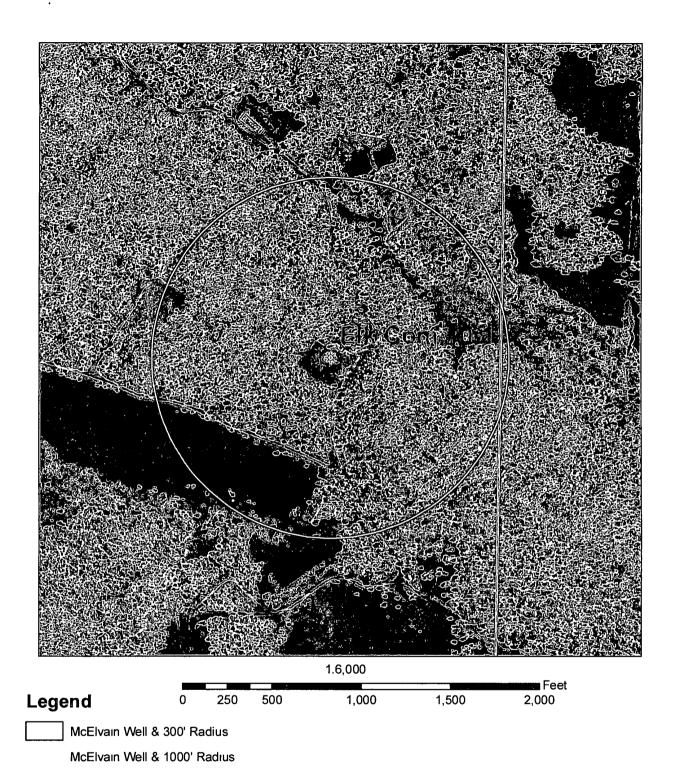
Legend

McElvain Well & 200' Radius

McElvain Well & 300' Radius

McElvain Well & 500' Radius

Source: USGS 1:24,000 Scale Topographic Map Series San Juan Basin New Mexico Township 25N 2W Section 10



Aerial Source: NM Resource Geographic Information System Program made available by the University of New Mexico and the State of New Mexico 2005-2006 vintage Digital Orthophoto Quarter-Quadrangles were derived from the New Mexico Statewide Orthophotography Project. Source imagery flown at 35,000' above average ground.

San Juan Basin New Mexico Township 25N 2W Section 10

Siting Criteria Compliance Demonstrations

The Elk Com 10 #1 well is not located in an unstable area. The location is not over a mine and is not on the side of a hill. The location of the excavated pit material is not located within 300' of any continuously flowing watercourse or 200' from any other water course.

McElvain Oil & Gas Properties, Inc. San Juan Basin Below Grade Tank Design and Construction

In accordance with Rule 19.15.17 NMAC the following describes the as-built construction of the Below Grade Tank on the McElvain Oil & Gas Properties, Inc (MOG) Elk Com 10 #1 well located in the SENE of Sec 10, T25N, 2W.

As-built Installation:

- 1. The existing tank pit consists of an approximate 15 foot by 5 foot earth walled hole into which a 12 foot by 5 foot double bottom, single wall 95 bbl tank with leak detection is installed.
- 2. The tank walls are open for visual inspection to identify the occurrence of leaks.
- 3. There is an expanded metal covering on the top of the below grade tank.
- 4. The tank pit is surrounded by a 30ft X 30ft X 2ft berm that is contained within a 50 ft X 140 ft berm that encloses the tank battery to prevent overflow or surface water run-on.
- 5. A general location sign is displayed on site.
- 6. The pit tank is fenced with 4 foot field fence with a top rail.

McElvain Oil & Gas Properties, Inc. San Juan Basin Below Grade Tank Maintenance and Operating Plan

In accordance with Rule 19.15.17 NMAC the following describes the below grade tank operation and maintenance plan for the McElvain Oil & Gas Properties, Inc (MOG) on the Elk Com 10 #1 well located in the SENE of Sec 10, T25N, 2W.

General Plan:

- 1. MOG shall operate and maintain the below grade tank to contain liquids and solids and prevent contamination of fresh water to protect the public health and environment.
- 2. MOG shall not allow a below grade tank to overflow or allow surface water run-on to enter the below grade tank.
- 3. MOG shall continuously remove any visible or measurable layer of oil from the fluid surface of a below grade tank in an effort to prevent significant accumulation of oil over time.
- 4. MOG shall inspect the below grade tank monthly and maintain a written record of each inspection for five years.
- 5. MOG shall maintain adequate freeboard to prevent overtopping of the below grade tank.

McElvain Oil & Gas Properties, Inc. San Juan Basin Closure Plan

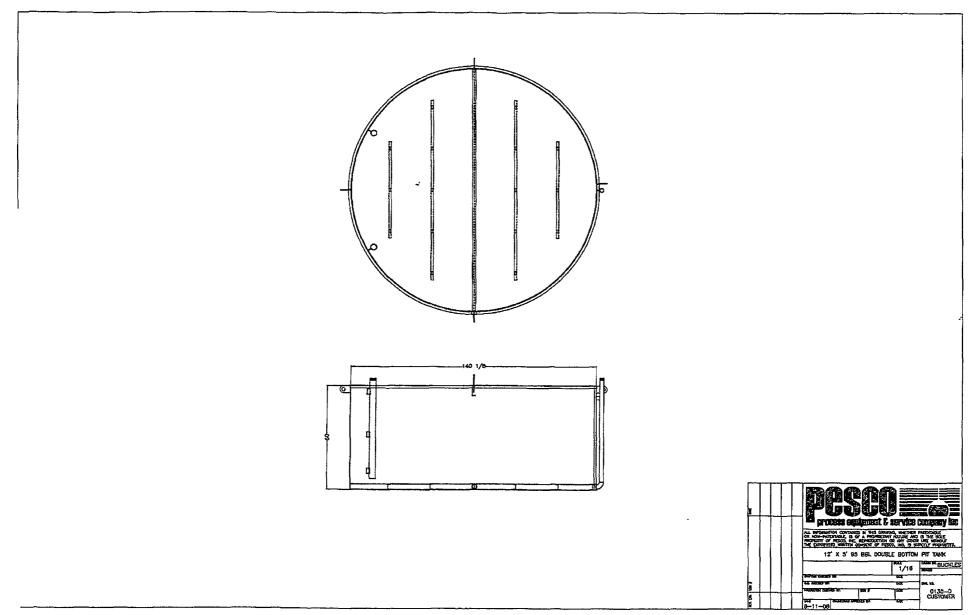
In accordance with Rule 19.15.17.1 NMAC the following procedure describes the closure plan for the McElvain Oil & Gas Properties, Inc (MOG) below grade tank on the Elk Com 10 #1 well located in the SENE of Sec 10, T25N, 2W.

Closure Requirements:

- 1. MOG shall close the below grade tank within the time periods provided in 19.15.17.13 NMAC or by an earlier date that the division requires because of imminent danger to fresh water, public health, or the environment.
- 2. MOG shall close an existing below grade tank that does not meet the requirements of Paragraph (1) through (4) of Subsection I of 19.15.17.11 NMAC or is not included in Paragraph (5) of Subsection I of 19.15.17.11 NMAC within five years after June 16, 2008 if not retrofitted to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC.
- 3. MOG shall close a permitted below grade tank within 60 days of cessation of the below ground tank's operation or as required by the transitional provisions of Subsection B of 19.15.17.17 NMAC in accordance with a closure plan that the appropriate division district office approves. The closure report will be filed on C-144.
- 4. All liquids will be removed from the temporary permit prior to closure and the liquids disposed of in a division approved facility.
- 5. MOG 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.
- 6. MOG will remove any on-site equipment associated with the below grade tank unless the equipment is required for some other purpose.
- 7. MOG shall test the soils beneath the below grade tank to determine whether a release has occurred. MOG shall collect a five point composite sample and individual grab samples from any area that is wet, discolored, or showing other evidence of a release. The samples will be analyzed 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 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. MOG shall notify the division of its results on form C-141.
- 8. If MOG or the division determines that a release has occurred, then MOG shall comply with 19.15.3.116 NMAC and 19.15.1.19 NMAC as appropriate.
- 9. If contamination is confirmed by field sampling. MOG will follow the Guidelines For Remediation Of Leaks, Spills, and Releases NMOCD August 1993 when remediating identified contaminants.
- 10. If the sampling program demonstrates 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 MOG shall backfill the excavation with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; re-contour, and re-vegetate the site.
- 11. Notice of closure will be given to the Aztec Division office between 72 hours and one week of closure via email or verbally. The notification of closure will include the following:
 - · Operator's name
 - · Location by Unit Letter, Section Township, and Range.
 - · Well name and API number
- 12. All closure activities will include proper documentation and be available for review upon request and will be submitted to OCD within 60 days of closure of the blow grade tank. The closure report will be filed on C-144 and incorporate the following:
 - · Details on capping and covering where applicable
 - · Inspection reports
 - · Sampling results
- 13. The site will be re-contoured to match the surrounding area. Natural drainages will be unimpeded and erosion control will be utilized where necessary.
- 14. MOG shall seed the disturbed areas the first growing season with a division approved seed mixture after pit closure. Seeding will be accomplished by drilling on the contour whenever possible or by other division approved methods. Repeat seeding or planting will be continued until successful vegetative growth occurs.
- 15. A minimum of four feet of cover shall be achieved and the cover shall include one foot of suitable material to establish vegetation at the site, or the thickness of the topsoil native to the area, whichever is greater.

16. The surface owner shall be notified of MOG's closing of the below grade tank as per the approved closure plan using certified mail with return receipt requested.



ELK CDM 10 #1

McElvain Oil & Gas Properties, Inc.

Hydrogeological Report For

Elk Com 10 #1

Surface Formation:

San Jose Formation

Regional and Local Geology

The Tertiary San Jose Formation is a fluvial and alluvial deposit of Eocene age and is the youngest bedrock unit of the Tertiary in the San Juan Basin (Baltz, 1967). The San Jose is the surface formation in most of the central San Juan Basin to the eastern margin of the basin. Where it is buried, it is unconformably overlain by Quaternary sediments. It rests on an erosional surface over the Tertiary Nacimiento Formation south of the Colorado-New Mexico state line, and lies over the Cretaceous-Tertiary Animas north of the state line (Fassett, 1974). The San Jose has been differentially eroded, deeply in places, and has produced a varied to rugged physiography and a thickness range of less than 200' in the south to nearly 2700' in the eastern part of the basin (Stone et al., 1983).

Baltz (1967) subdivided the San Jose Formation into four members. In the area of this well, the lower third to half of the formation is made up of the Cuba Mesa Member, a conglomeratic arkosic sandstone containing lenticular shales and pebbles of volcanic rock in places. The Cuba Mesa Member is thought to have been deposited by streams flowing to the west and southwest from highlands east and northeast of the present basin boundary, composed of granite and metamorphic rocks of Precambrian age (Baltz, 1967).

The Llaves Member overlies the Cuba Mesa Member and contains massive beds of resistant arkosic conglomeratic sandstone, and numerous thin beds of clay, shale and mudstone. The Llaves Member is thought to be a large, narrow northwest-trending fan deposited in the deepest part of the central basin by streams flowing northwestward from a Precambrian terrain in the position of the present Brazos and Sangre de Cristo uplifts (Baltz, 1967). The Llaves Member inter-tongues and grades into the Regina Member where present, but is not present at this location.

In this location, the Tapacitos Member lies above a persistent sandstone in the Llaves Member (Baltz, 1967) The Tapacitos is a silty to sandy mudstone containing interbedded, thin, poorly-consolidated sandstone, claystone, and an abundance of swelling clays (Stone et al., 1983) which would act as an aquitard to the underlying Llaves and Cuba Mesa Members.

Hydraulic Properties

Tertiary and Quaternary hydrologic properties, regional flow patterns and water quality do not vary significantly from unit to unit. Where pumping levels and drilling depths are economically feasible and where water quality is suitable, the San Jose, Nacimiento and Animas Formations are a source of water for public-supply, commercial, private-domestic and livestock use. Water in the San Jose, Nacimiento and Animas Formations occurs under both water table and artesian conditions. Recharge to the aquifers is from infiltration of precipitation and stream flow on outcrops, and from vertical upward leakage of water from underlying strata (Levings et al., 1990). Rates of such leakage, however, are very low except in areas of intense fracturing (Stone et al., 1983).

Because of their lithology, the better-qualifying zones in the San Jose Formation would be the Cuba Mesa and Llaves Members. Cuba Mesa wells may yield 30 to 60 gallons per minute (gpm). Specific capacity of one well described is 0.23 gpm per foot of drawdown at 1 hour of pumping. The Cuba Mesa aquifer of the San Jose will yield water suitable for livestock and industrial use. The aquifers of Tertiary rocks yield water that is characteristically high in ions of sodium and sulfate. The removal of iron may be required (Stone et al , 1983).

Hydrology & Conclusion

A records search of the NM Office of the State Engineer iWaters database was conducted around the area centered on the section in which lies the Elk Com 10 #1 well location, 25N 2W section 10. Eight wells with depth to water records were identified. Average: 167', minimum: 60', max: 248'. Topography accounts for the broad range of water depths. One water well was found in section 10 and recorded 60' depth to water. This well lies in a narrow tributary/valley, near an intermittent stream bed, between two mesas which rise approx. 100' elevation above the valley floor. The Elk Com 10 #1 location is on the edge of the same tributary and is 20' higher in elevation than the valley floor, indicating depth to water in the Elk Com 10 #1 is 80'.

References

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Scholle, P.A., 2003, Geologic Map of New Mexico 1:500,000, NM Bureau of Geology and Mineral Resources, published in cooperation with the USGS, 2 sheets.

Stone, W.J., Lyford, F.P., Frenzel, P.F., Mizell, N.H., and Padgett, E.T., 1983, Hydrogeology and water resources of San Juan Basin, New Mexico, New Mexico Bureau of Mines and Mineral Resources, Hydrologic Report 6, 70p.

BGT Closure Sampling Required by NMOCD Components Method

EPA 300 1

Chlorides

Benzene	EPA SW-846 8021B or 8260B	0.2 mg/Kg
BTEX	EPA SW-846 8021B or 8260B	50 mg/Kg
TPH	EPA SW-846 418.1	100 mg/Kg

Limit

250 mg/Kg