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

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

<u>District IV</u> 1220 S St Francis Dr., Santa Fe, NM 87505		appropriate NMOCD District Office.	
1220 5 St Trancis Dr., Santa FC, NW 67505	Pit, Closed-Loop System, Below-G	rade Tank or	
Ω Propo	osed Alternative Method Permit or C		
ω_0			
Type of action:	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 met		
Instructions: Please submit one ap	- , ,	l-loop system, below-grade tank or alternative request	
	this request does not relieve the operator of liability should operation		
environment Nor does approval relie	eve the operator of its responsibility to comply with any other applic	able governmental authority's rules, regulations or ordinances	
Operator: Burlington Resources Oi	& Gas Company, LP	OGRID#: 14538	
Address: PO Box 4289, Farmingto	n, NM 87499		
Facility or well name: HUERFANI	ΓΟ UNIT 82N		
API Number:30	0-045-35310 OCD Permit No	umber:	
U/L or Qtr/Qtr: M(SW/SW) Section	on: 25 Township: 27N Range:	9W County: SAN JUAN	
Center of Proposed Design: Latitude	: <u>36.53936</u> °N Longitude:	107.74617 °W NAD: 1927 X 1983	
Surface Owner: Federal	State Private X Tribal Trust or In	ndian Allotment	
Permanent Emergency X C Lined Unlined Li String-Reinforced	kover	RCVD MAY 3'12 OIL CONS. DIV. HDPE PVC Other DIST. 3 bbl Dimensions L x w x D	
	ion H of 19.15.17.11 NMAC Drilling a new well Workover or Drilling (Applination of the intent)	ies to activities which require prior approval of a permit or	
Lined Unlined Line	nd Steel Tanks	HDPE PVD Other	
	of 19.15.17.11 NMAC bl Type of fluid: tection Visible sidewalls, liner, 6-inch lift and Visible sidewalls only Other mil HDPE PVC Other	automatic overflow shut-off	
5 Alternative Method:			
Submittal of an exception request is req	uired Exceptions must be submitted to the Santa Fe En	vironmental Bureau office for consideration of approval.	

6	•				
	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				
7					
,	Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)				
	Screen Netting Other		į		
	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				
	X 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:				
	X Administrative approval(s): Requests must be submitted to the appropriate division district of the Santa Fe Environmental Bureau office for considerable approval (s):	leration of app	roval.		
	(Cavitation pit for Pre-set)				
	Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval				
1					
	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.	□Yes	□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 watercourse, lakebed, sinkhole, or playa lake	Yes	□No		
	(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.	∐Yes	∐No		
	(Applies to temporary, emergency, or cavitation pits and below-grade tanks)	□NA			
	- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image				
	Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.	Yes	No		
	(Applied to permanent pits)	☐ □NA	L		
	- 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	Yes	No		
	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	Yes	No		
	adopted pursuant to NMSA 1978, Section 3-27-3, as amended - Written confirmation or verification from the municipality; Written approval obtained from the municipality				
	Within 500 feet of a wetland.	Yes	□No		
	- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site		_		
	Within the area overlying a subsurface mine.	Yes	□No		
	- Written confirmation or verification or map from the NM EMNRD - Mining and Mineral Division	□v _{aa}	\square_{N_C}		
	 Within an unstable area. Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological 	Yes	∐No		
	Society; Topographic map		_		
	Within a 100-year floodplain	Yes	□No		
	- CENIA III/B				

Form C-144 Oil Conservation Division Page 2 of 5

Temporary Pits, Emergency Pits and Below-grade Tanks Permit Application Attachment ChecklistSubsection 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			
19.15.17.9 NMAC and 19.15 17.13 NMAC			
Previously Approved Design (attach copy of design) APIor 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			
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			
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			
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 X 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			
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			

Form C-144 Oil Conservation Division Page 3 of 5

16 Waste Removal Closure For Closed-loop Systems That Utilize Above Ground S	Steel Tanks or Haul-off Bins Only:(19 15 17 13 D NMAC)	į		
Instructions Please identify the facility or facilities for the disposal of liquids, drill facilities are required.				
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 act Yes (If yes, please provide the information No		e service and		
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 G 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 NM Instructions Each siting criteria requires a demonstration of compliance in the closure plan certain siting criteria may require administrative approval from the appropriate district office office for consideration of approval Justifications and/or demonstrations of equivalency are	Recommendations of acceptable source material are provided below or may be considered an exception which must be submitted to the S			
Ground water is less than 50 feet below the bottom of the buried waste.	obtained from manky wells	Yes No		
- NM Office of the State Engineer - (WATERS database search; USGS) Data of	ŕ	∐N/A		
Ground water is between 50 and 100 feet below the bottom of the buried w		Yes No		
- NM Office of the State Engineer - 1WATERS database search, USGS. Data of	obtained from nearby wells			
Ground water is more than 100 feet below the bottom of the buried waste.		Yes No		
- NM Office of the State Engineer - IWATERS database search; USGS, Data of	btained from nearby wells	∐N/A		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other sign (measured from the ordinary high-water mark). - Topographic map: Visual inspection (certification) of the proposed site	nificant watercourse or lakebed, sinkhole, or playa lake	Yes No		
	on opiotomos et the time of instal analysis in			
Within 300 feet from a permanent residence, school, hospital, institution, or church - Visual inspection (certification) of the proposed site, Aerial photo, satellite im	- 	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 approval	·	Yes No		
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map, Visual i		Yes No		
Within the area overlying a subsurface mine.	, ,	Yes No		
- Written confiramtion or verification or map from the NM EMNRD-Mining an	d Mineral Division			
Within an unstable area. - Engineering measures incorporated into the design, NM Bureau of Geology &	Yes No			
Topographic map 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				
X 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				
X 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			

Form C-144 Oil Conservation Division Page 4 of 5

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): Jamie Goodwin - Title Regulatory Technician			
Signature: Sala			
e-mail address: () jamie l.goodwin@conocophillips.com Telephone: 505-326-9784			
20			
OCD Approval: Permit Application (including closure plan) [] Closure Plan (only) [OCD Conditions (see attachment)			
OCD Representative Signature: Standard Company Approval Date: 5/25/2012			
Title: OM Janes Com 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:			
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 Perinit 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 On and the Classical Contifications			
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):			
Signature: Date.			
e-mail address: Telephone:			

Oil Conservation Division Page 5 of 5

Form C-144

Burlington Resources Oil & Gas Company, LP Cavitation Pit for Closed-Loop Locations

Design:

Burlington Resources Oil & Gas Company, LP will use a cavitation pit plan when the surface casing will be pre-set on closed-loop locations. The drill cuttings will be stockpiled on the surface.

Operations and Maintenance:

The cavitation pit will be operated and maintained as follows:

- 1. Only Fresh water and air will be used in the drilling of the surface casing.
- 2. The Cement used will be: Neat Cement with no additives.
- 3. All of the fluids will be removed within 48hrs after drilling.
- 4. A representative five point composite sample will be taken of the drill cuttings, after the setting of the surface casing is complete, using sampling tools and all samples will be tested per Subsection B of 19.15.17.13(B)(1)(b). In the event that the testing criteria is not met, all contents will be dug and hauled per Subparagraph (a) of Paragraph (1) of Subsection B of 19.15.17.13 i.e.

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

The NMOCD will be notified via email of the test results of the cavitation surface as follows:

Components	Tests Method	Limit (mg/Kg)	Results
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	

Closure Plan:

- 1. The NMOCD will be notified of the sample results and the intent to start the closure process 3-7 days prior to the drill cuttings being transported, moved, or distributed on location.
- In the event the criteria are not met, all solids and liquids will be removed and disposed of at 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).
- 3. Testing results will be submitted with the Closure Report of the well locations Closed-Loop Permit on Form C-144.

Burlington Resources is aware that approval of this plan does not relieve Burlington Resources of liability should operations result in pollution of surface water, ground water, or the environment. Nor does approval relieve ConocoPhillips of its responsibility to comply with any other applicable governmental authority's rules and regulations.

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. BR 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	Arriba	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

Source No. two (better quality)

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

1 lb. PLS 1 lb. PLS

Burlington Resources Oil & Gas Company, LP MUD PRE SET DRILL

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.

Burlington Resources Oil & Gas Company, LP 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:

- 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.