District I 1625 N French Dr., Hobbs, NM 88240

State of New Mexico Energy Minerals and Natural Resources Form C-144 July 21, 2008

District II 1301 W Grand Ave, Artesia, NM 88210 District III

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

For temporary pits, closed-loop sytems, and below-grade tanks, submit to the appropriate NMOCD District Office

API Number:

District IV

1000 Rio Brazos Rd, Aztec, NM 87410 For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office 1220 S St Francis Dr , Santa Fe, NM 87505 Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application Type of action: X Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method Modification to an existing permit Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances Operator: Burlington Resources Oil & Gas Company, LP OGRID#: 14538 Address: PO Box 4289, Farmington, NM 87499 Facility or well name: McGrath 3 30-045-08709 OCD Permit Number

U/L or Qtr/Qtr: J(NW/SE) Section: 3 Township: 29N Range: 12W County: San Juan	
Center of Proposed Design: Latitude: 36.7523 °N Longitude: 108.08221 °W NAD): X 1927 1983
Surface Owner: X Federal State Private Tribal Trust or Indian Allotment	
Temporary Drilling Workover	
3	
X Closed-loop System: Subsection H of 19 15 17 11 NMAC Type of Operation X P&A Drilling a new well Workover or Drilling (Applies to activities which require prior appronotice of intent) Drying Pad X Above Ground Steel Tanks Haul-off Bins Other Lined Unlined Liner type Thickness mil LLDPE HDPE PVD Other Liner Seams Welded Factory Other	val of a permit or
Below-grade tank: Subsection I of 19 15 17 11 NMAC	
Volumebbl Type of fluid	
Tank Construction material Secondary containment with leak detection Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off Visible sidewalls and liner Visible sidewalls only Other Liner Type Thickness mil HDPE PVC Other	_
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Alternative Method:	
Submittal of an exception request is required Exceptions must be submitted to the Santa Fe Environmental Bureau office for considerati	on of approval

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Oil Conservation Division

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Fencing: Subsection D of 19 15 17 11 NMAC (Applies to permanent pit, temporary pits, and below-grade tanks) Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school, hospital, institution or church) Four foot height, four strands of barbed wire evenly spaced between one and four feet Alternate. Please specify						
Netting: Subsection E of 19.15 17.11 NMAC (Applies to permanent pits and permanent open top tanks) Screen Netting Other Monthly inspections (If netting or screening is not physically feasible)						
Signs: Subsection C of 19 15 17 11 NMAC 12" X 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers X Signed in compliance with 19 15 3 103 NMAC						
Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required Please refer to 19 15.17 NMAC for guidance. Please check a box if one or more of the following is requested, if not leave blank: Administrative approval(s) Requests must be submitted to the appropriate division district of the Santa Fe Environmental Bureau office for consideration of approval (Fencing/BGT Liner) Exception(s) Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval						
Siting Criteria (regarding permitting) 19 15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau Office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above grade-tanks associated with a closed-loop system.						
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - 1WATERS database search, USGS; Data obtained from nearby wells	Yes	□No				
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	Yes	□No				
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.	Yes	No				
(Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Acrial photo, Satellite image	□na					
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applied to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	Yes NA	No				
Within 500 horizonal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.	Yes	□No				
- NM Office of the State Engineer - 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	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				

Temporary Pits, Emergency Pits and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19 15 17 9 NMAC Instructions: Each of the following items must be attached to the application—Please indicate, by a check mark in the box, that the documents are attached.			
Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17 9 NMAC			
Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9			
Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC			
Design Plan - based upon the appropriate requirements of 19 15.17.11 NMAC			
Operating and Maintenance Plan - based upon the appropriate requirements of 19 15.17 12 NMAC			
Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15.17.9 NMAC and 19.15 17.13 NMAC			
Previously Approved Design (attach copy of design) API or Permit			
12			
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19 15 17 9 NMAC Instructions: Each of the following items must be attached to the application Please indicate, by a check mark in the box, that the documents are attached Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9			
Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19 15.17 10 NMAC			
X Design Plan - based upon the appropriate requirements of 19.15.17 11 NMAC			
Operating and Maintenance Plan - based upon the appropriate requirements of 19 15.17.12 NMAC			
X Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15 17 9 NMAC and 19 15.17 13 NMAC			
Previously Approved Design (attach copy of design) API			
Previously Approved Operating and Maintenance Plan API			
13			
Permanent Pits Permit Application Checklist: Subsection B of 19.15.17 9 NMAC			
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.			
Hydrogeologic Report - based upon the requirements of Paragraph (I) of Subsection B of 19.15.17.9 NMAC			
Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15.17.10 NMAC			
Climatological Factors Assessment			
Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC			
☐ Dike Protection and Structural Integrity Design—based upon the appropriate requirements of 19 15 17.11 NMAC ☐ Leak Detection Design—based upon the appropriate requirements of 19 15 17 11 NMAC			
Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15 17.11 NMAC			
Quality Control/Quality Assurance Construction and Installation Plan			
Operating and Maintenance Plan - based upon the appropriate requirements of 19 15.17.12 NMAC			
Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19 15 17.11 NMAC			
Nuisance or Hazardous Odors, including H2S, Prevention Plan			
Emergency Response Plan			
Oil Field Waste Stream Characterization			
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 XP&A Permanent Pit Below-grade Tank X Closed-loop System			
Alternative			
Proposed Closure Method Waste Excavation and Removal			
X Waste Removal (Closed-loop systems only)			
On-site Closure Method (only for temporary pits and closed-loop systems) In-place Burial On-site Trench			
Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)			
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, drılling 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			
Site Resimination Figure 2 according to appropriate requirements of subsection 0 of 17 15.17.15 (NVIAC			

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16 Waste Removal Closure For Closed-loop Systems That Utilize Above Ground St Instructions Please identify the facility or facilities for the disposal of liquids, drillin					
facilities are required	Dianocal Faulity Domnit #	NIM OL OOLL / NIM OL OO	NOD		
Disposal Facility Name Envirotech / JFJ Landfarm / IEI Disposal Facility Name Basin Disposal Facility	Disposal Facility Permit # Disposal Facility Permit #		0108		
Will any of the proposed closed-loop system operations and associated activit			service and		
Yes (If yes, please provide the information					
Siting Criteria (Regarding on-site closure methods only: 19.15 17 10 NMAC Instructions Each sting criteria requires a demonstration of compliance in the closure plan Recommendations of acceptable source material are provided below. Requests regarding changes to certain sting criteria may require administrative approval from the appropriate district office or may be considered on 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 of	otained from nearby wells		Yes No		
Ground water is between 50 and 100 feet below the bottom of the buried was - NM Office of the State Engineer - tWATERS database search, USGS, Data ob			Yes No		
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 ob	tained from nearby wells		Yes No		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other signif (measured from the ordinary high-water mark)	·	nkhole, or playa lake	Yes No		
- Topographic map, Visual inspection (certification) of the proposed site					
Within 300 feet from a permanent residence, school, hospital, institution, or church in - Visual inspection (certification) of the proposed site, Aerial photo, satellite image	•	pplication	Yes No		
Within 500 horizontal feet of a private, domestic fresh water well or spring that less the purposes, or within 1000 horizontal fee of any other fresh water well or spring, in exist - NM Office of the State Engineer - iWATERS database, Visual inspection (certification)	stence at the time of the initial ap		∐Yes ∐No		
Within incorporated municipal boundaries or within a defined municipal fresh water was pursuant to NMSA 1978, Section 3-27-3, as amended		pal ordinance adopted	Yes No		
- Written confirmation or verification from the municipality, Written approval obtained from the municipality Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (certification) of the proposed site		Yes No			
Within the area overlying a subsurface mine - Written confirantion 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 & M. Transporate area.	Inneral Resources, USGS, NM (Geological Society,	Yes No		
Topographic map 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 bee attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15 17 10 NMAC Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC					
Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19 15 17 11 NMAC					
Construction/Design Plan of Temporary Pit (for in place burial of a drying pad) - based upon the appropriate requirements of 19 15 17.11 NMAC					
Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 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:					
1 hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief					
Name (Print) Dollie Busse Title Staff Regulatory Technician					
Signature Mille J. Ousse Date 9/24/12					
e-mail address dollie I.busse@conocophillips com Telephone 505-324-6104					
20 OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment)					
OCD Representative Signature: Approval Date:					
Title: 6m Piance Ottzer OCH 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 complitane 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 (surrace owner and division)					
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					
On-site Closure Edulude Editude Editude 1903					
25					
Operator Closure Certification:					
I hereby certify that the information and attachments submitted with this closure report is ture, accurate and complete to the best of my knowledge and belief. I also certify that					
the closure complies with all applicable closure requirements and conditions specified in the approved closure plan					
Name (Print) Title					
Signature Date					
e-mail address Telephone					

Burlington Resources Oil & Gas Company, LP Closed-loop Plans

Closed-loop Design Plan

BR's closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will include an above ground tank suitable for holding the cuttings and fluids for rig operations. The tank will be sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

- 1. Fencing is not required for an above ground closed-loop system
- 2. It will be signed in compliance with 19.15.3.103 NMAC
- 3. A frac tank will be on location to store fresh water

Closed-loop Operating and Maintenance Plan

BR's closed-loop tank will be operated and maintained to contain liquids and solids in order to prevent contamination of fresh water sources, in order to protect public health and the environment. To ensure the operation is maintained the following steps will be followed:

- 1. The liquids will be vacuumed out and disposed of at the Basin Disposal facility (Permit # NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). Solids in the closed-loop tank will be vacuumed out and disposed of at Envirotech (Permit # NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B) on a periodic basis to prevent over topping.
- 2. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cutting used or generated by rig operations will be placed or stored in the tank.
- 3. The division district office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon the discovery of the compromised tank, repairs will be enacted immediately

Closed-loop Closure Plan

The closed-loop tank will be closed in accordance with 19.15.17.13. This will be done by transporting cuttings and all remaining sludges to Envirotech (Permit # NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B) immediately following rig operations. All remaining liquids will be transported and disposed of in the Basin Disposal facility (Permit # NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). The tanks will be removed from the location as part of the rig move. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.