District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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
Revised April 3, 2017

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office.
For permanent pits submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

BGT 3

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

Type of action:
- ☐ Below grade tank registration
- ☐ Permit of a pit or proposed alternative method
- ☒ Closure of a pit, below-grade tank, or proposed alternative method
- ☐ Modification to an existing permit/or registration
- ☐ Closure plan only submitted for an existing permitted or non-permitted pit, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, 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: EPIC ENERGY, LLC OGRID #: 372834
Address: 7415 E. Main Street Farmington, NM 87402
Facility or well name: Horton #009
API Number: 30-045-22671 OCD Permit Number:
U/L or Qtr/Qtr G Section 22 Township 32N Range 11W County: San Juan
Center of Proposed Design: Latitude 36.9734612 Longitude -107.9733734 NAD83
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☐ **Pit:** Subsection F, G or J of 19.15.17.11 NMAC
Temporary: ☐ Drilling ☐ Workover Release Confirmed Addtional C-141 Required, Incident# NCS1900849847
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A ☐ Multi-Well Fluid Management Low Chloride Drilling Fluid ☐ yes ☐ no
☐ 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.
☒ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: 25 bbl Type of fluid: Produced Water
Tank Construction material: Fiberglass
☐ 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

4.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

5.
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 48" high rebar and hog wire

6.
Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☒ Other____expanded metal _____

☐ Monthly inspections (If netting or screening is not physically feasible)

7.
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 19.15.16.8 NMAC

8.
Variances 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:

☐ Variance(s): Requests must be submitted to the appropriate division district for consideration of approval.

☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

9.
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. **Siting criteria does not apply to drying pads or above-grade tanks.**

General siting	
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank. - ☐ NM Office of the State Engineer - iWATERS database search; ☐ USGS; ☐ Data obtained from nearby wells	☐ Yes ☒ No ☐ NA
Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit . NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
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. **(Does not apply to below grade tanks)** - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within the area overlying a subsurface mine. **(Does not apply to below grade tanks)** - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. **(Does not apply to below grade tanks)** - 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. **(Does not apply to below grade tanks)** - FEMA map	☐ Yes ☐ No
Below Grade Tanks	
Within 100 feet of a continuously flowing watercourse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption;. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☒ No
Temporary Pit using Low Chloride Drilling Fluid (maximum chloride content 15,000 mg/liter) Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.) - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a occupied 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 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet 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 search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No

Within 100 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Temporary Pit Non-low chloride drilling fluid	
Within 300 feet of a continuously flowing watercourse, or any other significant watercourse, or within 200 feet of any 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 spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 1000 feet of any other fresh water well or spring, in the existence at the time of the initial application; - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Permanent Pit or Multi-Well Fluid Management Pit	
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 1000 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 spring or a fresh water well used for domestic or stock watering purposes, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ 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

10.

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: _____

11.

Multi-Well Fluid Management Pit 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.

- ☐ 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
- ☐ A List of wells with approved application for permit to drill associated with the pit.
- ☐ 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
- ☐ Hydrogeologic Data - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
- ☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC

☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.
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 H_2S, 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

13.
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 ☐ Multi-well Fluid Management Pit ☐ 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

14.
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 C 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 H of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

15.
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 require justifications and/or demonstrations of equivalency. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 25 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 25-50 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 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 100 feet of a continuously flowing watercourse, or 200 feet of any other significant 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. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, 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
Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 300 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; 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 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

16.
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 E of 19.15.17.13 NMAC
- ☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Subsection K 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 19.15.17.13 NMAC
- ☐ Waste Material Sampling Plan - based upon the appropriate requirements 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 H of 19.15.17.13 NMAC
- ☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

17.
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): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

18.
OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: _____ **Approval Date:** 12/24/2020

Title: Environmental Specialist **OCD Permit Number:** BGT 3

19.
Closure Report (required within 60 days of closure completion): 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:** 12/3/2018

20.
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.

21.
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 for private land only)
- ☐ 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 36.9734612 Longitude -107.9733734 NAD: ☐ 1927 ☒ 1983

2.

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): Vanessa Fields Title: Regulatory Compliance Manager

Signature: Date: 7/23/2020

e-mail address: vanessa@walsheng.net Telephone: 505-787-9100

From: Smith, Cory, EMNRD
Sent: Wednesday, January 9, 2019 7:06 AM
To: 'vern@walsheng.net' <vern@walsheng.net>; 'Michael Dean' <michael.dean@walsheng.net>; Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>; 'John Hampton Jr.' <jdhampton@walsheng.net>
Cc: Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>
Subject: RE: [EXT] RE: Hallador Horton #9 assigned incident# ncs1900849847

Vern,

These are assigned incident # because a release occurred at the location. Once Walsh/Hallador submits a final C-141 with all the sample data and required information per 19.15.29 NMAC these incident will be closed with approval.

If you have any other questions please let me know.

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

From: vern@walsheng.net <vern@walsheng.net>
Sent: Tuesday, January 8, 2019 4:02 PM
To: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>; 'Michael Dean' <michael.dean@walsheng.net>; Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>; 'John Hampton Jr.' <jdhampton@walsheng.net>
Cc: Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>
Subject: [EXT] RE: Hallador Horton #9 assigned incident# ncs1900849847

Cory why are these assigned an incident number with closure not approved? Is this due to exceeding the 100ppm TPH limits per the analysis?
Thanks for the clarification help,

Thank you,
Vern Andrews
505-320-1763
vern@walsheng.net

From: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>
Sent: Tuesday, January 8, 2019 1:55 PM
To: Michael Dean <michael.dean@walsheng.net>; Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>; 'Vern Andrews' <vern@walsheng.net>; 'John Hampton Jr.' <jdhampton@walsheng.net>
Cc: Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>
Subject: Hallador Horton #9 assigned incident# ncs1900849847

All,

OCD has received the initial C-141 for the release an incident# has been assigned to the release (Highlighted below) please use this for all future communication/submittals

NCS1900849847 HORTON #9 @ 30-045-22671

General Incident Information

Site Name:	HORTON #9
Well:	[30-045-22671] HORTON #009
Facility:	
Operator:	[12672] HALLADOR PETROLEUM LLP
Status:	Closure Not Approved
Type:	Release Other
District:	Aztec
Incident Location:	G-20-32N-11W Lot 0 FNL 0 FEL
Lat/Long:	36.97356,-107.97335 NAD83

If you have any additional questions please let me know.

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

From: Smith, Cory, EMNRD
Sent: Thursday, December 20, 2018 10:02 AM
To: 'Michael Dean' <michael.dean@walsheng.net>; Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>; 'Vern Andrews' <vern@walsheng.net>; 'John Hampton Jr.' <jdhampton@walsheng.net>
Cc: Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>
Subject: RE: [EXT] RE: Hallador BGT's

Michael,

Tomorrow at 8:30 AM works for me if this is on federal land please make sure you notify the land owner of the sampling event.

Thanks,

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115

y.smith@state.nm.us

From: Michael Dean <michael.dean@walsheng.net>
Sent: Thursday, December 20, 2018 10:01 AM
To: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>; Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>; 'Vern Andrews' <vern@walsheng.net>; 'John Hampton Jr.' <jdhampton@walsheng.net>
Cc: Powell, Brandon, EMNRD <Brandon.Powell@state.nm.us>
Subject: RE: [EXT] RE: Hallador BGT's

That works for me 8:30 am work for you.

From: Smith, Cory, EMNRD [mailto:Cory.Smith@state.nm.us]
Sent: Thursday, December 20, 2018 9:36 AM
To: Michael Dean; Fields, Vanessa, EMNRD; Vern Andrews; 'John Hampton Jr.'
Cc: Powell, Brandon, EMNRD
Subject: RE: [EXT] RE: Hallador BGT's

Michael,

OCD Requires 2 business day notification for release confirmation sampling. As I mentioned on the phone earlier it was a possibility that I could make it for sampling today however due to the sampling times and distance between the sites I will not be able to accommodate your request for sampling day. The earliest I can sampling is first thing tomorrow morning would that work for you?

Thanks,

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

From: Michael Dean <michael.dean@walsheng.net>
Sent: Thursday, December 20, 2018 8:22 AM
To: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>; Fields, Vanessa, EMNRD <Vanessa.Fields@state.nm.us>; Vern Andrews <vern@walsheng.net>; 'John Hampton Jr.' <jdhampton@walsheng.net>
Subject: [EXT] RE: Hallador BGT's

ry
e have got the Horton #9 listed below ready for the second sampling after the initial samples did not meet the closer numbers uld we set a time for this afternoon please.
anks!

---

om: Michael Dean [mailto:michael.dean@walsheng.net]
nt: Tuesday, November 27, 2018 8:13 AM
: 'Smith, Cory, EMNRD'; 'Fields, Vanessa, EMNRD'; Vern Andrews; 'John Hampton Jr.'
bject: Hallador BGT's

rton 2A API (30-045-23392)

Horton 2C API (30-045-31435)
Horton 7 API (30-045-21362)
Horton 9 API (30-045-22671)
Horton 2B API (30-045-30160)
I would like to get these pits pulled and sampled Friday November 30, 2018 at 9:00 am on location at the Horton 2B.

Michael L. Dean
Walsh Engineering
505-860-0481

vern@walsheng.net

From: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>
Sent: Monday, March 18, 2019 10:01 AM
To: 'Tim Lovseth'; Fields, Vanessa, EMNRD
Cc: Powell, Brandon, EMNRD; vern@walsheng.net; 'John Hampton Jr.'; 'Michael Dean'
Subject: RE: [EXT] RE: Hallador Horton #9 assigned incident# ncs1900849847

Follow Up Flag: Follow up
Flag Status: Flagged

Tim,

OCD has not received the Final C-141 for the release at the Horton #9

The release was discovered on 12/3/2018 the Closure report was due on 3/3/19.

Please submit a final C-141 with all the required attachments per 19.15.29.12 NMAC. No later then 4/1/19

NCS1900849847 HORTON #9 @ 30-045-22671

General Incident Information

Site Name:	HORTON #9
Well:	[30-045-22671] HORTON #009
Facility:	
Operator:	[12672] HALLADOR PETROLEUM LLP
Status:	Closure Not Approved
Type:	Release Other
District:	Aztec
Incident Location:	G-20-32N-11W Lot: 0 FNL 0 FEL
Lat/Long:	36.97356,-107.97335 NAD83

Cory Smith
Environmental Specialist
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
(505)334-6178 ext 115
cory.smith@state.nm.us

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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-141
Revised August 24, 2018
Submit to appropriate OCD District office

Incident ID	
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party - Hallador Petroleum LLP	OGRID
Contact Name - Vern Andrews	Contact Telephone 505-320-1763
Contact email - vern@walsheng.net	Incident # NCS1900849847
Contact mailing address 7415 E. Main St. Farmington NM 87402	

Location of Release Source

Latitude 36.97356°_____ Longitude 107.97335°_____
(NAD 83 in decimal degrees to 5 decimal places)

Site Name - Horton # 9	Site Type Oil and Gas
Date Release Discovered 12/3/2018	API# *(if applicable)* 30-045-22671

Unit Letter	Section	Township	Range	County
G	22	32N	11W	San Juan

NMOCD
APR 01 20
DISTRICT III

Surface Owner: ☐ State ☒ Federal ☐ Tribal ☐ Private (*Name: FEDERAL*_____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

☒ Crude Oil	Volume Released (bbls) Unknown Amount	Volume Recovered (bbls) - 0
☒ Produced Water	Volume Released (bbls) Unknown Amount	Volume Recovered (bbls) - 0
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	☐ Yes ☒ No
☐ Condensate	Volume Released (bbls) Unknown Amount	Volume Recovered (bbls)
☐ Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
☐ Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release- This was a historical release was probably caused by a produced water pit overflowed or something to that nature. The release was discovered from a soil analysis while closing the below grade produced water pit. With this being a historical release, the amount of crude oil &produced water is unknown.

45

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Was this a major release as defined by 19.15.29.7(A) NMAC? ☐ Yes ☒ No	If YES, for what reason(s) does the responsible party consider this a major release?
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)?	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury

☒ The source of the release has been stopped.
☒ The impacted area has been secured to protect human health and the environment.
☒ Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices.
☒ All free liquids and recoverable materials have been removed and managed appropriately.

If all the actions described above have not been undertaken, explain why:

Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: Vern Andrews Title: Production Superintendent

Signature: _____ Date: _____

email: vern@walsheng.net Telephone: 505-327-4892

OCD Only

Received by: _____ Date: _____

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

State of New Mexico
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Site Assessment/Characterization

This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

What is the shallowest depth to groundwater beneath the area affected by the release?	_____ (ft bgs)
Did this release impact groundwater or surface water?	☐ Yes ☒ No
Are the lateral extents of the release within 300 feet of a continuously flowing watercourse or any other significant watercourse?	☐ Yes ☒ No
Are the lateral extents of the release within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)?	☐ Yes ☒ No
Are the lateral extents of the release within 300 feet of an occupied permanent residence, school, hospital, institution, or church?	☐ Yes ☒ No
Are the lateral extents of the release within 500 horizontal feet of a spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes?	☐ Yes ☒ No
Are the lateral extents of the release within 1000 feet of any other fresh water well or spring?	☐ Yes ☒ No
Are the lateral extents of the release within incorporated municipal boundaries or within a defined municipal fresh water well field?	☐ Yes ☒ No
Are the lateral extents of the release within 300 feet of a wetland?	☐ Yes ☒ No
Are the lateral extents of the release overlying a subsurface mine?	☐ Yes ☒ No
Are the lateral extents of the release overlying an unstable area such as karst geology?	☐ Yes ☒ No
Are the lateral extents of the release within a 100-year floodplain?	☐ Yes ☒ No
Did the release impact areas **not** on an exploration, development, production, or storage site?	☐ Yes ☒ No

Attach a comprehensive report (electronic submittals in .pdf format are preferred) demonstrating the lateral and vertical extents of soi contamination associated with the release have been determined. Refer to 19.15.29.11 NMAC for specifics.

Characterization Report Checklist: ***Each of the following items must be included in the report.***

- ☐ Scaled site map showing impacted area, surface features, subsurface features, delineation points, and monitoring wells.
- ☒ Field data
- ☒ Data table of soil contaminant concentration data
- ☒ Depth to water determination
- ☒ Determination of water sources and significant watercourses within ½-mile of the lateral extents of the release
- ☐ Boring or excavation logs
- ☐ Photographs including date and GIS information
- ☒ Topographic/Aerial maps
- ☒ Laboratory data including chain of custody

If the site characterization report does not include completed efforts at remediation of the release, the report must include a proposed remediati plan. That plan must include the estimated volume of material to be remediated, the proposed remediation technique, proposed sampling pl and methods, anticipated timelines for beginning and completing the remediation. The closure criteria for a release are contained in Table 1 19.15.29.12 NMAC, however, use of the table is modified by site- and release-specific parameters.

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
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I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: VERN ANDREWS Title: PRODUCTION MANAGER

Signature: Vern O. Andrews Date: 3/28/19

email: vern@walsheng.net Telephone: 505-327-4892

OCD Only

Received by: _____ Date: _____

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Remediation Plan

Remediation Plan Checklist: ***Each of the following items must be included in the plan.***

- ☐ Detailed description of proposed remediation technique
- ☐ Scaled sitemap with GPS coordinates showing delineation points
- ☐ Estimated volume of material to be remediated
- ☐ Closure criteria is to Table 1 specifications subject to 19.15.29.12(C)(4) NMAC
- ☐ Proposed schedule for remediation (note if remediation plan timeline is more than 90 days OCD approval is required)

Deferral Requests Only: ***Each of the following items must be confirmed as part of any request for deferral of remediation.***

- ☐ Contamination must be in areas immediately under or around production equipment where remediation could cause a major facility deconstruction.
- ☐ Extents of contamination must be fully delineated.
- ☐ Contamination does not cause an imminent risk to human health, the environment, or groundwater.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Printed Name: _____ Title: _____

Signature: _____ Date: _____

email: _____ Telephone: _____

OCD Only

Received by: _____ Date: _____

☐ Approved ☐ Approved with Attached Conditions of Approval ☐ Denied ☐ Deferral Approved

Signature: _____ Date: _____

NO REMEDIATION PLAN. SOIL HAULED TO IEI LANDFARM

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

Closure Report Attachment Checklist: ***Each of the following items must be included in the closure report.***

☒ A scaled site and sampling diagram as described in 19.15.29.11 NMAC

☒ Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)

☒ Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)

☒ Description of remediation activities

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: VERN ANDREWS Title: PRODUCTION MANAGER

Signature: Vern O. Andrews Date: 3/28/19

email: vern@walsheng.net Telephone: 505-327-4892

OCD Only

Received by: OCD Date: 4/1/19

losure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and mediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible rty of compliance with any other federal, state, or local laws and/or regulations.

losure Approved by: Date: 4/9/19

rinted Name: Cory Title: Environmental Spec.


Horton #9 BLT - 3RP-2671

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

Basin/County Search:

Basin: San Juan **County:** San Juan **Subbasin:** Animas River

PLSS Search:

Q64: NE **Q16:** SW **Q4:** NE **Section(s):** 22 **Township:** 32N **Range:** 11W

Notes

Hallador BGT Closure Notes for Horton 2A,2B,2C,7 & 9 Well Locations.

11-27-18 – Notified Cory Smith with NMOCD of intent to remove multiple BGT's and sample for closure.

11-30-18 – Removed BGT's and sampled per NMOCD rules. Sample results received on 12-5-18 showed the Horton #9 TPH to be >100 ppm so Cory Smith was notified that the BGT sample did not pass. Initial C-141 for Horton #9 filled out and submitted to NMOCD. (Attached). Horton 2A,2B,2C,7 samples tested below 100 ppm and request for closure submitted to NMOCD.

12-17-18 – Additional excavation on Horton #9 BGT completed, C-138 filled out and submitted to IEI Landfarm, estimated 10 yards. Horton 2A,2B,2C,7 BGT holes backfilled and steel water tanks reset, fences replaced and wells returned to production.

12-20-18 – Michael Dean called Cory Smith with NMOCD and emailed that 2nd sampling desired and 8:30am on 12-21-18 agreed upon.

12-21-18 – Michael Dean & Cory Smith met on location and sampled walls and bottom of BGT excavation, composite samples were taken. Samples submitted to Envirotech Labs for analysis.

1-9-19 – Horton #9 soil sample analysis received. Analysis shows TPH<100ppm, Cory Smith with NMOCD notified that samples are below regulatory limits.

SAMPLE LOCATIONS

1ST SAMPLES - FAILED ANALYSIS

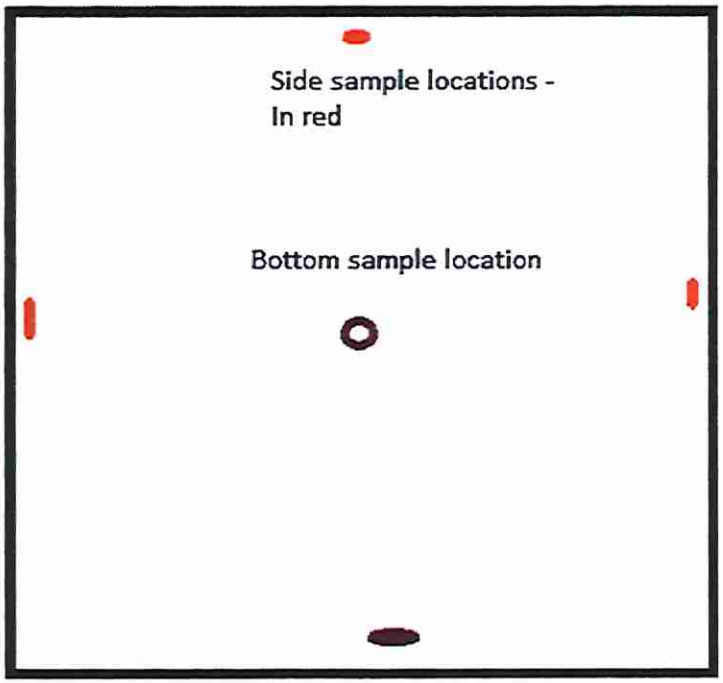
2ND SAMPLES - OK - < 100 PPM

NORTH

Hallador Petroleum

Horton # 9
30-045-22671
G-22-T32N-R11W
San Juan, NM
N36.97356 W107.97335

Below Grade Tank Location

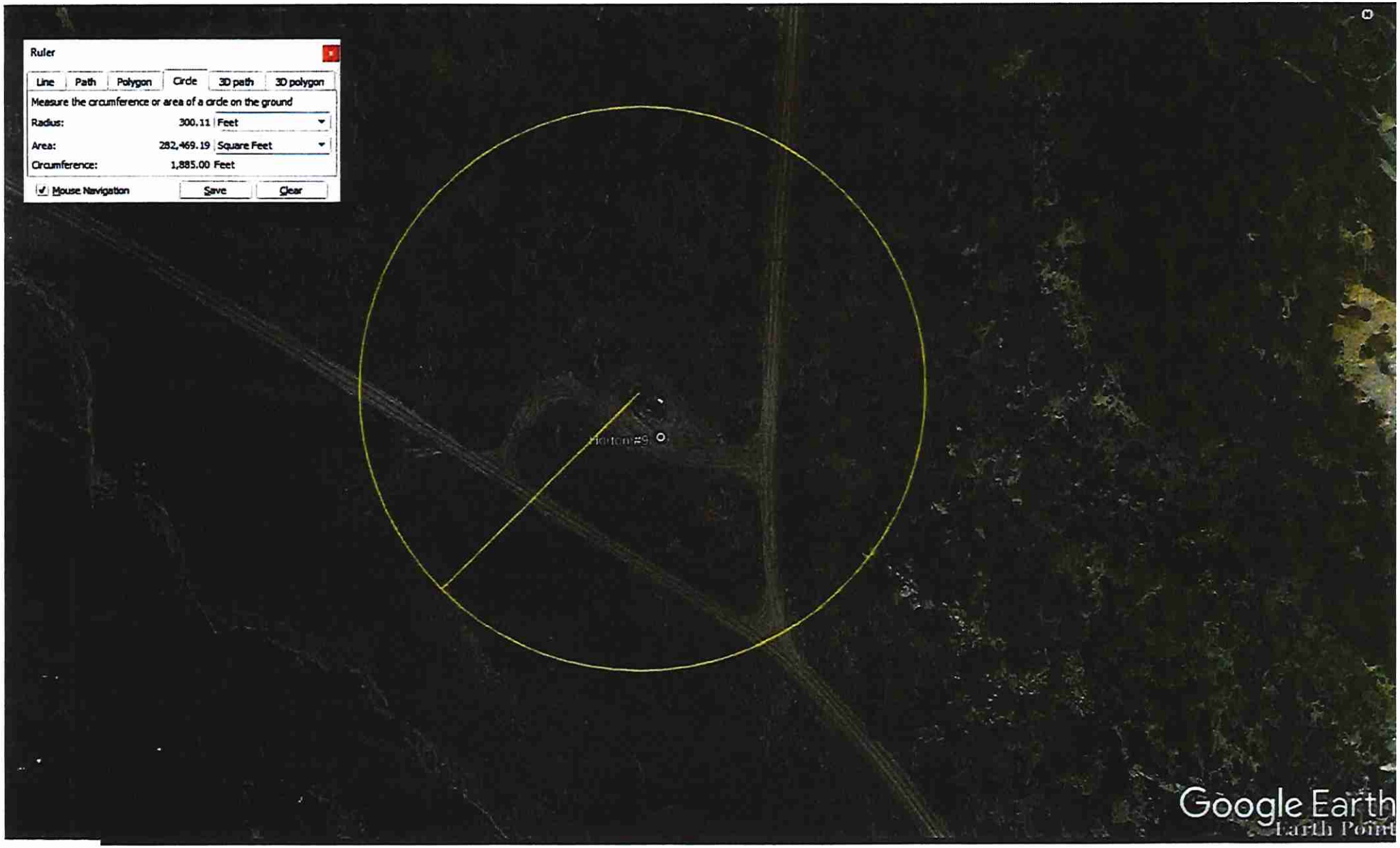


Compressor

2 Phase Separator

WH

DISTANCE TO ARROYO > 300'



envirotech
Analytical Laboratory

FINAL SAMPLING.
OK TO CLOSE. VA. 1/9/19

Analytical Report

Report Summary

Client: Hallador

Chain Of Custody Number:

Samples Received: 12/21/2018 12:45:00PM

Job Number: 18010-0004

Work Order: P812047 Project Name/Location:

Below Grade Pit/ Horton 9

API# 30-045-22671

NCS 1900849847

Report Reviewed By: Walter Hinchman Date: 1/9/19

Walter Hinchman, Laboratory Director

Date: 1/9/19

Tim Cain, Project Manager

Envirotech Inc. certifies the test results meet all requirements of TNI unless footnoted otherwise.
Statement of Data Authenticity: Envirotech, Inc, attests the data reported has not been altered in any way.
Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc.
Envirotech, Inc, currently holds the appropriate and available Utah TNI certification NM009792018-1 for the data reported.

5796 US Highway 64, Farmington, NM 87401 Ph (505) 632-0615 Fx (505) 632-1865
Three Springs • 65 Mercado Street, Suite 115, Durango, CO 81301 Ph (970) 259-0615 Fr (800) 362-1879
envirotech-inc.com
laboratory@envirotech-inc.com

envirotech
Analytical Laboratory

Hallador	Project Name:	Below Grade Pit/ Horton 9 API#30-045-22671	
1660 Lincoln St Suite 2700	Project Number:	18010-0004	Reported:
Denver CO, 80264	Project Manager:	Micheal l. Dean	01/09/19 15:42

Analyical Report for Samples

Client Sample ID	Lab Sample ID	Matrix	Sampled	Received	Container
Sides	P812047-01A	Soil	12/21/18	12/21/18	Glass Jar, 4 oz.
Bottom	P812047-02A	Soil	12/21/18	12/21/18	Glass Jar, 4 oz.

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Analytical Laboratory

Hallador	Project Name:	Below Grade Pit/ Horton 9 API#30-045-22671	
1660 Lincoln St Suite 2700	Project Number:	18010-0004	Reported:
Denver CO, 80264	Project Manager:	Micheal l. Dean	01/09/19 15:42

Sides

P812047-01 (Solid)

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Volatile Organics by EPA 8021									
Benzene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Toluene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Ethylbenzene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
p,m-Xylene	ND	200	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
o-Xylene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Total Xylenes	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Total BTEX	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Surrogate: 4-Bromochlorobenzene-PID		*102 %*		*50-150*	*1901002*	*01/02/19*	*01/03/19*	*EPA 8021B*	
Nonhalogenated Organics by 8015									
Gasoline Range Organics (C6-C10)	ND	20.0	mg/kg	1	1901002	01/02/19	01/03/19	EPA 8015D	
Diesel Range Organics (C10-C28)	ND	25.0	mg/kg	1	1901008	01/02/19	01/07/19	EPA 8015D	
Oil Range Organics (C28-C40+)	ND	50.0	mg/kg	1	1901008	01/02/19	01/08/19	EPA 8015D	
Surrogate: 1-Chloro-4-fluorobenzene-FID		*107 %*		*50-150*	*1901002*	*01/02/19*	*01/03/19*	*EPA 8015D*	
Surrogate: n-Nonane		*115 %*		*50-200*	*1901008*	*01/02/19*	*01/08/19*	*EPA 8015D*	
Anions by 300.0/9056A									
Chloride	ND	20.0	mg/L	10	1851030	12/21/18	12/21/18	EPA 300.0/9056A	

PASS

envirotech
Analytical Laboratory

Hallador	Project Name:	Below Grade Pit/ Horton 9 API#30-045-22671	
1660 Lincoln St Suite 2700	Project Number:	18010-0004	**Reported:**
Denver CO, 80264	Project Manager:	Micheal l. Dean	01/09/19 15:42

Bottom

P812047-02 (Solid)

Analyte	Result	Reporting Limit	Units	Dilution	Batch	Prepared	Analyzed	Method	Notes
Volatile Organics by EPA 8021									
Benzene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Toluene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Ethylbenzene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
p,m-Xylene	ND	200	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
o-Xylene	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Total Xylenes	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Total BTEX	ND	100	ug/kg	1	1901002	01/02/19	01/03/19	EPA 8021B	
Surrogate: 4-Bromochlorobenzene-PID		*102 %*	*50-150*		*1901002*	*01/02/19*	*01/03/19*	*EPA 8021B*	
Nonhalogenated Organics by 8015									
Gasoline Range Organics (C6-C10)	ND	20.0	mg/kg	1	1901002	01/02/19	01/03/19	EPA 8015D	
Diesel Range Organics (C10-C28)	ND	25.0	mg/kg	1	1901008	01/02/19	01/07/19	EPA 8015D	
Oil Range Organics (C28-C40+)	ND	50.0	mg/kg	1	1901008	01/02/19	01/07/19	EPA 8015D	
Surrogate: 1-Chloro-4-fluorobenzene-FID		*108 %*	*50-150*		*1901002*	*01/02/19*	*01/03/19*	*EPA 8015D*	
Surrogate: n-Nonane		*113 %*	*50-200*		*1901008*	*01/02/19*	*01/07/19*	*EPA 8015D*	
Anions by 300.0/9056A									
Chloride	ND	20.0	mg/L	10	1851030	12/21/18	12/21/18	EPA 300.0/9056A	

PASS

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Analytical Laboratory

Hallador	Project Name:	Below Grade Pit/ Horton 9 API#30-045-22671	
1660 Lincoln St Suite 2700	Project Number:	18010-0004	Reported:
Denver CO, 80264	Project Manager:	Micheal l. Dean	01/09/19 15:42

Volatile Organics by EPA 8021 - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1901002 - Purge and Trap EPA 5030A										
Blank (1901002-BLK1)				Prepared: 01/02/19 0 Analyzed: 01/02/19 1						
Benzene	ND	100	ug/kg							
Toluene	ND	100	"							
Ethylbenzene	ND	100	"							
p,m-Xylene	ND	200	"							
o-Xylene	ND	100	"							
Total Xylenes	ND	100	"							
Total BTEX	ND	100	"							
Surrogate: 4-Bromochlorobenzene-PID	*8140*		"	*8000*		*102*	*50-150*			
LCS (1901002-BS1)				Prepared: 01/02/19 0 Analyzed: 01/02/19 2						
Benzene	4180	100	ug/kg	5000		83.6	70-130			
Toluene	4190	100	"	5000		83.8	70-130			
Ethylbenzene	4220	100	"	5000		84.3	70-130			
p,m-Xylene	8690	200	"	10000		86.9	70-130			
o-Xylene	4290	100	"	5000		85.7	70-130			
Total Xylenes	13000	100	"	15000		86.5	70-130			
Surrogate: 4-Bromochlorobenzene-PID	*8250*		"	*8000*		*103*	*50-150*			
Matrix Spike (1901002-MS1)		Source: P812051-01		Prepared: 01/02/19 0 Analyzed: 01/02/19 2						
Benzene	4920	100	ug/kg	5000	ND	98.5	54.3-133			
Toluene	4950	100	"	5000	ND	99.0	61.4-130			
Ethylbenzene	5000	100	"	5000	ND	100	61.4-133			
p,m-Xylene	10200	200	"	10000	ND	102	63.3-131			
o-Xylene	4970	100	"	5000	ND	99.3	63.3-131			
Total Xylenes	15200	100	"	15000	ND	101	63.3-131			
Surrogate: 4-Bromochlorobenzene-PID	*8230*		"	*8000*		*103*	*50-150*			
Matrix Spike Dup (1901002-MSD1)		Source: P812051-01		Prepared: 01/02/19 0 Analyzed: 01/02/19 2						
Benzene	5240	100	ug/kg	5000	ND	105	54.3-133	6.21	20	
Toluene	5240	100	"	5000	ND	105	61.4-130	5.71	20	
Ethylbenzene	5280	100	"	5000	ND	106	61.4-133	5.55	20	
p,m-Xylene	10800	200	"	10000	ND	108	63.3-131	5.45	20	
o-Xylene	5240	100	"	5000	ND	105	63.3-131	5.32	20	
Total Xylenes	16000	100	"	15000	ND	107	63.3-131	5.41	20	
Surrogate: 4-Bromochlorobenzene-PID	*8210*		"	*8000*		*103*	*50-150*			

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Analytical Laboratory

Hallador	Project Name:	Below Grade Pit/ Horton 9	
1660 Lincoln St Suite 2700	Project Number:	18010-0004	**Reported:**
Denver CO, 80264	Project Manager:	Micheal l. Dean	01/09/19 15:42

Nonhalogenated Organics by 8015 - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1901002 - Purge and Trap EPA 5030A										
Blank (1901002-BLK1)				Prepared: 01/02/19 0 Analyzed: 01/02/19 1						
Gasoline Range Organics (C6-C10)	ND	20.0	mg/kg							
Surrogate: 1-Chloro-4-fluorobenzene-FID	*8.77*		"	*8.00*		*110*	*50-150*			
LCS (1901002-BS2)				Prepared: 01/02/19 0 Analyzed: 01/02/19 2						
Gasoline Range Organics (C6-C10)	43.1	20.0	mg/kg	50.0		86.1	70-130			
Surrogate: 1-Chloro-4-fluorobenzene-FID	*9.12*		"	*8.00*		*114*	*50-150*			
Matrix Spike (1901002-MS2)		Source: P812051-01		Prepared: 01/02/19 0 Analyzed: 01/02/19 2						
Gasoline Range Organics (C6-C10)	44.2	20.0	mg/kg	50.0	ND	88.3	70-130			
Surrogate: 1-Chloro-4-fluorobenzene-FID	*8.71*		"	*8.00*		*109*	*50-150*			
Matrix Spike Dup (1901002-MSD2)		Source: P812051-01		Prepared: 01/02/19 0 Analyzed: 01/02/19 2						
Gasoline Range Organics (C6-C10)	48.8	20.0	mg/kg	50.0	ND	97.6	70-130	9.94	20	
Surrogate: 1-Chloro-4-fluorobenzene-FID	*8.83*		"	*8.00*		*110*	*50-150*			

envirotech
Analytical Laboratory

Hallador	Project Name:	Below Grade Pit/ Horton 9	
1660 Lincoln St Suite 2700	Project Number:	18010-0004	Reported:
Denver CO, 80264	Project Manager:	Micheal l. Dean	01/09/19 15:42

Nonhalogenated Organics by 8015 - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1901008 - DRO Extraction EPA 3570										
Blank (1901008-BLK1)				Prepared: 01/02/19 1 Analyzed: 01/08/19 1						
Diesel Range Organics (C10-C28)	ND	25.0	mg/kg							
Oil Range Organics (C28-C40+)	ND	50.0	"							
Surrogate: n-Nonane	*65.0*		"	*50.0*		*130*	*50-200*			
LCS (1901008-BS1)				Prepared: 01/02/19 1 Analyzed: 01/07/19 2						
Diesel Range Organics (C10-C28)	460	25.0	mg/kg	500		92.1	38-132			
Surrogate: n-Nonane	*56.9*		"	*50.0*		*114*	*50-200*			
Matrix Spike (1901008-MS1)	Source: P812047-01			Prepared: 01/02/19 1 Analyzed: 01/07/19 2						
Diesel Range Organics (C10-C28)	424	25.0	mg/kg	500	ND	84.7	38-132			
Surrogate: n-Nonane	*55.8*		"	*50.0*		*112*	*50-200*			
Matrix Spike Dup (1901008-MSD1)	Source: P812047-01			Prepared: 01/02/19 1 Analyzed: 01/07/19 2						
Diesel Range Organics (C10-C28)	431	25.0	mg/kg	500	ND	86.1	38-132	1.66	20	
Surrogate: n-Nonane	*55.9*		"	*50.0*		*112*	*50-200*			

envirotech
Analytical Laboratory

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Denver CO, 80264	Project Manager:	Micheal I. Dean	01/09/19 15:42

Anions by 300.0/9056A - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1851030 - Anion Extraction EPA 300.0/9056A										
Blank (1851030-BLK1)				Prepared & Analyzed: 12/21/18 1						
Chloride	ND	20.0	mg/L							
LCS (1851030-BS1)				Prepared & Analyzed: 12/21/18 1						
Chloride	254	20.0	mg/L	250		102	90-110			
Matrix Spike (1851030-MS1)	Source: P812047-01			Prepared & Analyzed: 12/21/18 1						
Chloride	259	20.0	mg/L	250	ND	104	80-120			
Matrix Spike Dup (1851030-MSD1)	Source: P812047-01			Prepared & Analyzed: 12/21/18 1						
Chloride	260	20.0	mg/L	250	ND	104	80-120	0.273	20	

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Analytical Laboratory

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1660 Lincoln St Suite 2700	Project Number:	18010-0004	Reported:
Denver CO, 80264	Project Manager:	Micheal I. Dean	01/09/19 15:42

Notes and Definitions

DET	Analyte DETECTED
ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
RPD	Relative Percent Difference
**	Methods marked with ** are non-accredited methods.

Project Information

Chain of Custody

Page 1 of 1

Client:	HALLADOR
Project:	BELOW GRADE PIT / HORTON 9
Project Manager:	MICHAEL L DEAN
Address:	7415 E MAIN ST
City, State, Zip	FARMINGTON N.M. 87402
Phone:	505-320-1763
Email:	MICHAEL.DEAN@WALSHENG.NET

Report Attention

Report due by:	1-4-19
Attention:	VERN ANDREWS
Address:	7415 E MAIN
City, State, Zip	FARMINGTON 87402
Phone:	505-320-1763
Email:	VERN@WALSHENG.NET

Lab Use Only

Lab WO#	Job Number
P812047	18010-0004

TAT

1D	3D
	X

EPA Program

RCRA	CWA	SDWA

State

NM	CO	UT	AZ
X			

Time Sampled	Date Sampled	Matrix	No Containers	Sample ID	Lab Number	DRO/ORO by 8015	GRO/DRO by 8015	BTEX by 8021	VOC by 8260	Metals 6010	Chloride 300.0	TPH 418.1					Remarks
8:45	12-21-18	SD	4	SIDES	1	X	X	X			X						
8:45	12-21-18	SD	4	BOTTOM	2	1	1	1			1						

Analysis and Method

Additional Instructions:

VIS Ice in Cooler

I, (field sampler), attest to the validity and authenticity of this sample. I am aware that tampering with or intentionally mislabelling the sample location, date or time of collection is considered fraud and may be grounds for legal action. Sampled by: Michael Dean

Samples requiring thermal preservation must be received on ice the day they are sampled or received packed in ice at an avg temp above 0 but less than 6 °C on subsequent days.

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
MICHAEL L DEAN	12-21-18	12:45	Jessica Gallegos	12-21-18	12:45
Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time

Lab Use Only

Received on ice: (Y) / N

T1 T2 T3

AVG Temp °C 4

Sample Matrix: S - Soil, Sd - Solid, Sg - Sludge, A - Aqueous, O - Other

Container Type: g - glass, p - poly/plastic, ag - amber glass, v - VOA

Note: Samples are discarded 30 days after results are reported unless other arrangements are made. Hazardous samples will be returned to client or disposed of at the client expense. The report for the analysis of the above boratory with this COC. The liability of the laboratory is limited to the amount paid for on the report.

envirotech Analytical Laboratory
5796 US Highway 64, Farmington, NM 87401 Ph (505) 632-0615 Fx (505) 632-1865
Three Springs • 65 Mercado Street, Suite 115, Durango, CO 81301 Ph (970) 259-0615 Fr (800) 362-1879

EPIC Energy L.L.C

Below Grade Tank Closure Plan

Horton #009

U/L: G, Section 22, TWN: 32N. RNG: 11W

San Juan County, New Mexico

30-045-22671

As stipulated in Rule 19 .15 .17 .13 NMAC, the following information adheres to the requirements established in closing below-grade tanks (BGTs) on EPIC Energy L.L.C well sites. This plan will address the standard protocols and procedures for closure of BGTs.

EPIC Energy L.L.C proposes to close its existing BGTs that do not meet the requirements of Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC or are not included in Paragraph (5) of Subsection I of 19.15.17.11 NMAC in accordance with this closure plan and the transitional provisions of Subsection E of 19.15.17.17 NMAC, or within five (5) years after the effective date (June 16, 2008) of 19.15.17 NMAC.

The following outline addresses all requirements for closure of EPIC Energy L.L.C BGTs:

1.Prior notification of EPIC Energy L.L.C intent to close the BGT will follow 19.15.17.13J (I) and (2).

a. EPIC Energy L.L.C will notify the surface owner by certified mail, return receipt requested, of closure plans. Evidence of mailing of the notice to the address of the surface owner shown in the county tax records is enough to demonstrate compliance with this requirement.

b. notification will also be given to the division District III office verbally or by other means at least 72 hours, but not more than one (1) week, prior to any closure operation. The notice will include the operator's name and the well's name, number, and API number, in addition to the well's legal description, including the unit letter, section, township, and range.

Notification was provided to the NMOCD District III office. Attached is a copy of the notification.

2.EPIC Energy L.L.C will remove liquids and sludge from the BGT prior to implementing a closure method and dispose of the liquids and sludge in a NMOCD's division-approved facility. A list of EPIC Energy L.L.C approved disposal facilities is below:

Fluid disposal:

Agua Moss

Sunco well #1

U/L=E, SWNW, Section 2, T29N-Rl2W San Juan, New Mexico

Permit #NM-01-0009

Basin Disposal Inc.

Basin Disposal well # 1

U/L=F, SWNW, Section 3, T29N-Rl 1 W San Juan, New Mexico

Permit #NM-01-0005

Solid disposal:

Envirotech Land Farm

Disposal Facility

Section 6, T26N-R10W, County Road #7175 San Juan, New Mexico

Permit #NM-01-0011

3.EPIC Energy L.L.C will remove the BGT from the pit and place it at ground level adjacent to the original BGT site.

The Below Grade tank was transported for recycling

4.EPIC Energy L.L.C will hook up necessary equipment and piping for temporary tank use. At this time, any on-site equipment not necessary to the operation of the tank will be removed from the site.

All Equipment associated with the below Grade Tank removal was removed. An above ground tank was instated in the same area where the below grade tank was removed.

5.EPIC Energy L.L.C will test the soils beneath the original BGT location to determine whether a release has occurred. At a minimum, a five (5) point composite sample will be collected in addition to individual grab samples from areas that are wet, discolored, or showing other evidence of a release. The samples will be analyzed for BTEX, TPH, and chlorides to demonstrate that they do not exceed certain concentrations. The testing methods and closure standards for those constituents are as follows:

Initial and Final C-141 included. Release was remediated and closed by NMOCD incident # 1900849847 Initial and Final C-141 enclosed for review

Constituents	Testing Method	Closure Standards (mg/Kg)
Benzene	US EPA SW-846 methods 8021B or 8260B	0.2
total BTEX	US EPA SW-846 methods 8021B or 8260B	50
TPH	US EPA method 418.1	100
Chlorides	US EPA method 300.1	250 or background

Notes: mg/Kg= milligram per kilogram; BTEX = benzene, toluene, ethylbenzene, and total xylenes; TPH = total petroleum hydrocarbons. Other EPA methods that the division approves may be applied to all constituents listed. The Chlorides closure standards will be determined by whichever concentration level is greatest.

6. EPIC Energy L.L.C will notify the division District III office of the soil test results on Form C-14 l. It is understood that the NMOCD may require additional delineation upon review of the results.

Initial and Final C-141 included. Release was remediated and closed by NMOCD incident # 1900849847 Initial and Final C-141 enclosed for review

7. If it is determined that a release has occurred, then EPIC Energy L.L.C will comply with 19.15.3.116 NMAC and 19.15.1.19 NMAC, as appropriate.

Initial and Final C-141 included. Release was remediated and closed by NMOCD incident # 1900849847 Initial and Final C-141 enclosed for review

8. If the confirmation sampling demonstrates that a release has not occurred or that any release does not exceed the concentrations specified above, then EPIC Energy L.L.C will backfill the · excavation with compacted, non-waste containing, earthen material; construct a division prescribed soil cover; re-contour the site; and move the fiberglass tank onto the newly backfilled and compacted site. The division-prescribed soil cover, re-contouring, and re-vegetation requirements shall comply with Subsections G, H, and I of 19.15.17.13

NMAC.

The area has been backfilled and will be reclaimed once the well has been plugged and abandoned.

9.Reclamation will follow 19.15.17.130 (1) and (2).

a. The BGT location and all areas associated with the BGT, including associated access roads, if applicable, will be reclaimed to a safe and stable condition that blends with the surrounding undisturbed area. It is understood that EPIC Energy L.L.C 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 .1 7 .13 NMA C and re-contour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography.

b. Re-vegetation will not be completed at the time the BGT pit is reclaimed but will instead be applied for as part of the P&A process when the well is plugged and abandoned.

10.Soil cover will follow 19.15.17.13H (1) and (3).

a. The soil cover for closures where the BGT has been removed or contaminated soil has been remediated to the NMOCD's satisfaction will consist of the background thickness of topsoil or one (1) foot of suitable material to establish vegetation at the site, whichever is greater.

b. The soil cover will be constructed to the site's existing grade, and all possible efforts will be conducted to prevent ponding of water and erosion of the cover material.

The area has been backfilled and will be reclaimed once the well has been plugged and abandoned

11.Within 60 days of closure completion, EPIC Energy L.L.C will submit a closure report on NMOCD's Form C-144, with necessary attachments to document all closure activities, including sampling results; information required by 19.15.17 NMAC; and details on backfilling, capping, and covering, where applicable. EPIC Energy L.L.C will certify that all information in the report and attachments is correct and that EPIC Energy L.L.C has complied with all applicable closure requirements and conditions specified in the approved closure plan.

Horton #009
API# 30-045-22671

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 9368

CONDITIONS OF APPROVAL

Operator:			OGRID:	Action Number:	Action Type:
EPIC ENERGY, L.L.C.	7415 E Main St	Farmington, NM87402	372834	9368	C-144

OCD Reviewer	Condition
csmith	Release confirmed Assigned to incident# NCS1900849847