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.

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

BGT 1

- ☐ 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: __M&G Drilling CO INC _____ OGRID #:____141852_____
Address: ___P.O. Box 5940 Farmington, NM 87499_____
Facility or well name: __Graham #003_____
API Number: _____30-045-22485_____ OCD Permit Number: _____
U/L or Qtr/Qtr _____J_____ Section ____03_____ Township __27N_____ Range ___08W_____ County: ____San Juan _____
Center of Proposed Design: Latitude ____36.600071_____ Longitude ___-107.6658936_____ 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
☐ 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: ____95_____bbl Type of fluid: _____Produced Water_____
Tank Construction material: _____Steel_____
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☒ Visible sidewalls only ☐ Other _____
Liner type: Thickness _____mil ☐ HDPE ☐ PVC ☐ Other _____

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__ Four Foot height with mesh T-Post_____

6.
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)

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, lakebed, 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: CRWhitehead **Approval Date:** May 25, 2021

Title: Environmental Specialist **OCD Permit Number:** BGT 1

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: October 29, 2020**

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 36.600071 Longitude -107.6658936 NAD: ☐ 1927 ☒ 1983

22.

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: Agent/ Regulatory Compliance Manager

Signature:  Date: 12/29/2020

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

Vanessa Fields

From: Vanessa Fields
Sent: Monday, October 26, 2020 10:18 AM
To: Smith, Cory, EMNRD; Adeloye, Abiodun A
Cc: Diane Montano; Pat Gottlieb; aatencio@qwestoffice.net; bjaramillo@qwestoffice.net; Bonnie Vistica
Subject: 72 hour notification for the Removal of the BGT's on the referenced locations. M&G Drilling will start at the Hammond #055 API 30-045-21734 Thursday October 29, 2020 9:30 am

Good morning,

Walsh Engineering on behalf of M&G Drilling is providing 72 hour notification for the Removal of the BGT's on the referenced locations. M&G Drilling will start at the Hammond #055 API 30-045-21734 Thursday October 29, 2020 9:30 am

Hammond #055 API 30-045-21734
Marron #042A API 30-045-21892
Graham #003 API 30-045-22485

Please let me know if you should have any questions and/or concerns.

Thank you,

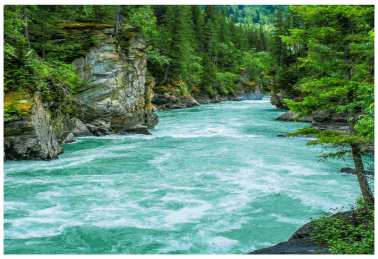
Vanessa Fields
Regulatory Compliance Manager
Walsh Engineering /Epic Energy LLC.
O: 505-327-4892
C: 505-787-9100
vanessa@walsheng.net

Report to:

Alfonso Atencio

PO Box 5940

Farmington, NM 87499



5796 U.S. Hwy 64
Farmington, NM 87401

Phone: (505) 632-1881
Envirotech-inc.com

envirotech

Practical Solutions for a Better Tomorrow

Analytical Report

M & G Drilling

Project Name: Largo

Work Order: E010140

Job Number: 04033-0002

Received: 10/29/2020

Revision: 1

Report Reviewed By:

Walter Hinchman
Laboratory Director
11/5/20

Envirotech Inc. certifies the test results meet all requirements of TNI unless noted 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, holds the Utah TNI certification NM009792018-1 for data reported.
Envirotech Inc, holds the Texas TNI certification T104704557-19-2 for data reported.

Date Reported: 11/5/20

Alfonso Atencio
PO Box 5940
Farmington, NM 87499

Project Name: Largo
Workorder: E010140
Date Received: 10/29/2020 5:24:00PM

Alfonso Atencio,

Thank you for choosing Envirotech, Inc. as your analytical testing laboratory for the sample(s) received on, 10/29/2020 5:24:00PM, under the Project Name: Largo.

The analytical test results summarized in this report with the Project Name: Largo apply to the individual samples collected, identified and submitted bearing the project name on the enclosed chain-of-custody. Subcontracted sample analyses not conducted by Envirotech, Inc., are attached in full as issued by the subcontract laboratory.

Please review the Chain-of-Custody (COC) and Sample Receipt Checklist (SRC) for any issues reguarding sample receipt temperature, containers, preservation etc. To best understand your test results, review the entire report summarizing your sample data and the associated quality control batch data.

All reported data in this analytical report were analyzed according to the referenced method(s) and are in compliance with the latest NELAC/TNI standards, unless otherwise noted. Samples or analytical quality control parameters not meeting specific QC criteria are qualified with a data flag. Data flag definitions are located in the Notes and Definitions section of this analytical report.

If you have any questions concerning this report, please feel free to contact Envirotech, Inc.

Respectfully,

Walter Hinchman
Laboratory Director
Office: 505-632-1881
Cell: 775-287-1762
whinchman@envirotech-inc.com

Raina Lopez
Laboratory Administrator
Office: 505-632-1881
rlopez@envirotech-inc.com

Alexa Michaels
Sample Custody Officer
Office: 505-632-1881
labadmin@envirotech-inc.com

Envirotech Web Address: www.envirotech-inc.com

Table of Contents

Sample Summary

M & G Drilling	Project Name:	Largo	**Reported:**
PO Box 5940	Project Number:	04033-0002	
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/05/20 14:42

Client Sample ID	Lab Sample ID	Matrix	Sampled	Received	Container
Hammond 55	E010140-01A	Soil	10/29/20	10/29/20	Glass Jar, 4 oz.
Marron 42A	E010140-02A	Soil	10/29/20	10/29/20	Glass Jar, 4 oz.
Graham 03	E010140-03A	Soil	10/29/20	10/29/20	Glass Jar, 4 oz.

Sample Data

M & G Drilling	Project Name:	Largo	
PO Box 5940	Project Number:	04033-0002	**Reported:**
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/5/2020 2:42:21PM

Hammond 55

E010140-01

Analyte	Result	Reporting Limit	Dilution	Prepared	Analyzed	Notes
Volatile Organics by EPA 8021B	mg/kg	mg/kg	Analyst: IY			Batch: 2045007
Benzene	ND	0.0250	1	11/02/20	11/03/20	
Toluene	ND	0.0250	1	11/02/20	11/03/20	
Ethylbenzene	ND	0.0250	1	11/02/20	11/03/20	
p,m-Xylene	ND	0.0500	1	11/02/20	11/03/20	
o-Xylene	ND	0.0250	1	11/02/20	11/03/20	
Total Xylenes	ND	0.0250	1	11/02/20	11/03/20	
Surrogate: 4-Bromochlorobenzene-PID		*100 %*	*70-130*	*11/02/20*	*11/03/20*	
Nonhalogenated Organics by EPA 8015D - GRO	mg/kg	mg/kg	Analyst: IY			Batch: 2045007
Gasoline Range Organics (C6-C10)	ND	20.0	1	11/02/20	11/03/20	
Surrogate: 1-Chloro-4-fluorobenzene-FID		*95.8 %*	*70-130*	*11/02/20*	*11/03/20*	
Nonhalogenated Organics by EPA 8015D - DRO/ORO	mg/kg	mg/kg	Analyst: JL			Batch: 2045031
Diesel Range Organics (C10-C28)	ND	25.0	1	11/04/20	11/04/20	
Oil Range Organics (C28-C35)	ND	50.0	1	11/04/20	11/04/20	
Surrogate: n-Nonane		*91.5 %*	*50-200*	*11/04/20*	*11/04/20*	
Anions by EPA 300.0/9056A	mg/kg	mg/kg	Analyst: NE			Batch: 2045017
Chloride	**20.7**	20.0	1	11/03/20	11/03/20	

Sample Data

M & G Drilling	Project Name:	Largo	
PO Box 5940	Project Number:	04033-0002	**Reported:**
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/5/2020 2:42:21PM

Marron 42A

E010140-02

Analyte	Result	Reporting Limit	Dilution	Prepared	Analyzed	Notes
Volatile Organics by EPA 8021B	mg/kg	mg/kg	Analyst: IY			Batch: 2045007
Benzene	ND	0.0250	1	11/02/20	11/04/20	
Toluene	ND	0.0250	1	11/02/20	11/04/20	
Ethylbenzene	ND	0.0250	1	11/02/20	11/04/20	
p,m-Xylene	ND	0.0500	1	11/02/20	11/04/20	
o-Xylene	ND	0.0250	1	11/02/20	11/04/20	
Total Xylenes	ND	0.0250	1	11/02/20	11/04/20	
Surrogate: 4-Bromochlorobenzene-PID		*101 %*	*70-130*	*11/02/20*	*11/04/20*	
Nonhalogenated Organics by EPA 8015D - GRO	mg/kg	mg/kg	Analyst: IY			Batch: 2045007
Gasoline Range Organics (C6-C10)	ND	20.0	1	11/02/20	11/04/20	
Surrogate: 1-Chloro-4-fluorobenzene-FID		*96.0 %*	*70-130*	*11/02/20*	*11/04/20*	
Nonhalogenated Organics by EPA 8015D - DRO/ORO	mg/kg	mg/kg	Analyst: JL			Batch: 2045031
Diesel Range Organics (C10-C28)	**41.0**	25.0	1	11/04/20	11/04/20	
Oil Range Organics (C28-C35)	ND	50.0	1	11/04/20	11/04/20	
Surrogate: n-Nonane		*99.1 %*	*50-200*	*11/04/20*	*11/04/20*	
Anions by EPA 300.0/9056A	mg/kg	mg/kg	Analyst: NE			Batch: 2045017
Chloride	ND	20.0	1	11/03/20	11/03/20	

Sample Data

M & G Drilling	Project Name:	Largo	
PO Box 5940	Project Number:	04033-0002	**Reported:**
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/5/2020 2:42:21PM

Graham 03

E010140-03

Analyte	Result	Reporting Limit	Dilution	Prepared	Analyzed	Notes
Volatile Organics by EPA 8021B	mg/kg	mg/kg	Analyst: IY			Batch: 2045007
Benzene	ND	0.0250	1	11/02/20	11/04/20	
Toluene	ND	0.0250	1	11/02/20	11/04/20	
Ethylbenzene	ND	0.0250	1	11/02/20	11/04/20	
p,m-Xylene	ND	0.0500	1	11/02/20	11/04/20	
o-Xylene	ND	0.0250	1	11/02/20	11/04/20	
Total Xylenes	ND	0.0250	1	11/02/20	11/04/20	
Surrogate: 4-Bromochlorobenzene-PID		*101 %*	*70-130*	*11/02/20*	*11/04/20*	
Nonhalogenated Organics by EPA 8015D - GRO	mg/kg	mg/kg	Analyst: IY			Batch: 2045007
Gasoline Range Organics (C6-C10)	ND	20.0	1	11/02/20	11/04/20	
Surrogate: 1-Chloro-4-fluorobenzene-FID		*95.6 %*	*70-130*	*11/02/20*	*11/04/20*	
Nonhalogenated Organics by EPA 8015D - DRO/ORO	mg/kg	mg/kg	Analyst: JL			Batch: 2045031
Diesel Range Organics (C10-C28)	ND	25.0	1	11/04/20	11/04/20	
Oil Range Organics (C28-C35)	ND	50.0	1	11/04/20	11/04/20	
Surrogate: n-Nonane		*89.8 %*	*50-200*	*11/04/20*	*11/04/20*	
Anions by EPA 300.0/9056A	mg/kg	mg/kg	Analyst: NE			Batch: 2045017
Chloride	ND	20.0	1	11/03/20	11/03/20	

QC Summary Data

M & G Drilling	Project Name:	Largo	**Reported:**
PO Box 5940	Project Number:	04033-0002	
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/5/2020 2:42:21PM

Volatile Organics by EPA 8021B

Analyst: IY

Analyte	Result	Reporting Limit	Spike Level	Source Result	Rec	Rec Limits	RPD	RPD Limit	Notes
	mg/kg	mg/kg	mg/kg	mg/kg	%	%	%	%	
Blank (2045007-BLK1)									Prepared: 11/02/20 Analyzed: 11/04/20
Benzene	ND	0.0250							
Toluene	ND	0.0250							
Ethylbenzene	ND	0.0250							
p,m-Xylene	ND	0.0500							
o-Xylene	ND	0.0250							
Total Xylenes	ND	0.0250							
Surrogate: 4-Bromochlorobenzene-PID	*7.97*		*8.00*		*99.7*	*70-130*			
LCS (2045007-BS1)									Prepared: 11/02/20 Analyzed: 11/04/20
Benzene	5.00	0.0250	5.00		99.9	70-130			
Toluene	4.98	0.0250	5.00		99.6	70-130			
Ethylbenzene	4.93	0.0250	5.00		98.6	70-130			
p,m-Xylene	9.99	0.0500	10.0		99.9	70-130			
o-Xylene	4.98	0.0250	5.00		99.7	70-130			
Total Xylenes	15.0	0.0250	15.0		99.9	70-130			
Surrogate: 4-Bromochlorobenzene-PID	*8.24*		*8.00*		*103*	*70-130*			
Matrix Spike (2045007-MS1)				**Source: E010132-01**					Prepared: 11/02/20 Analyzed: 11/04/20
Benzene	5.91	0.0250	5.00	ND	118	54-133			
Toluene	5.91	0.0250	5.00	0.0274	118	61-130			
Ethylbenzene	5.88	0.0250	5.00	ND	118	61-133			
p,m-Xylene	12.2	0.0500	10.0	0.265	119	63-131			
o-Xylene	6.04	0.0250	5.00	0.0726	119	63-131			
Total Xylenes	18.2	0.0250	15.0	0.337	119	63-131			
Surrogate: 4-Bromochlorobenzene-PID	*8.43*		*8.00*		*105*	*70-130*			
Matrix Spike Dup (2045007-MSD1)				**Source: E010132-01**					Prepared: 11/02/20 Analyzed: 11/04/20
Benzene	5.32	0.0250	5.00	ND	106	54-133	10.6	20	
Toluene	5.28	0.0250	5.00	0.0274	105	61-130	11.3	20	
Ethylbenzene	5.26	0.0250	5.00	ND	105	61-133	11.3	20	
p,m-Xylene	10.8	0.0500	10.0	0.265	105	63-131	12.5	20	
o-Xylene	5.36	0.0250	5.00	0.0726	106	63-131	12.1	20	
Total Xylenes	16.1	0.0250	15.0	0.337	105	63-131	12.3	20	
Surrogate: 4-Bromochlorobenzene-PID	*8.17*		*8.00*		*102*	*70-130*			

QC Summary Data

M & G Drilling	Project Name:	Largo	**Reported:**
PO Box 5940	Project Number:	04033-0002	
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/5/2020 2:42:21PM

Nonhalogenated Organics by EPA 8015D - GRO

Analyst: IY

Analyte	Result	Reporting Limit	Spike Level	Source Result	Rec	Rec Limits	RPD	RPD Limit	Notes
	mg/kg	mg/kg	mg/kg	mg/kg	%	%	%	%	
Blank (2045007-BLK1)									Prepared: 11/02/20 Analyzed: 11/04/20
Gasoline Range Organics (C6-C10)	ND	20.0							
Surrogate: 1-Chloro-4-fluorobenzene-FID	*6.87*		*8.00*		*85.9*	*70-130*			
LCS (2045007-BS2)									Prepared: 11/02/20 Analyzed: 11/04/20
Gasoline Range Organics (C6-C10)	45.2	20.0	50.0		90.4	70-130			
Surrogate: 1-Chloro-4-fluorobenzene-FID	*7.05*		*8.00*		*88.1*	*70-130*			
Matrix Spike (2045007-MS2)				**Source: E010132-01**					Prepared: 11/02/20 Analyzed: 11/04/20
Gasoline Range Organics (C6-C10)	62.2	20.0	50.0	ND	124	70-130			
Surrogate: 1-Chloro-4-fluorobenzene-FID	*7.02*		*8.00*		*87.7*	*70-130*			
Matrix Spike Dup (2045007-MSD2)				**Source: E010132-01**					Prepared: 11/02/20 Analyzed: 11/04/20
Gasoline Range Organics (C6-C10)	57.6	20.0	50.0	ND	115	70-130	7.82	20	
Surrogate: 1-Chloro-4-fluorobenzene-FID	*7.11*		*8.00*		*88.9*	*70-130*			

QC Summary Data

M & G Drilling	Project Name:	Largo	**Reported:**
PO Box 5940	Project Number:	04033-0002	
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/5/2020 2:42:21PM

Nonhalogenated Organics by EPA 8015D - DRO/ORO

Analyst: JL

Analyte	Result	Reporting Limit	Spike Level	Source Result	Rec	Rec Limits	RPD	RPD Limit	Notes
	mg/kg	mg/kg	mg/kg	mg/kg	%	%	%	%	
Blank (2045031-BLK1)									Prepared: 11/04/20 Analyzed: 11/04/20
Diesel Range Organics (C10-C28)	ND	25.0							
Oil Range Organics (C28-C35)	ND	50.0							
Surrogate: n-Nonane	*52.5*		*50.0*		*105*	*50-200*			
LCS (2045031-BS1)									Prepared: 11/04/20 Analyzed: 11/04/20
Diesel Range Organics (C10-C28)	460	25.0	500		92.1	38-132			
Surrogate: n-Nonane	*47.7*		*50.0*		*95.5*	*50-200*			
Matrix Spike (2045031-MS1)				**Source: E010140-01**					Prepared: 11/04/20 Analyzed: 11/04/20
Diesel Range Organics (C10-C28)	480	25.0	500	ND	96.1	38-132			
Surrogate: n-Nonane	*45.4*		*50.0*		*90.7*	*50-200*			
Matrix Spike Dup (2045031-MSD1)				**Source: E010140-01**					Prepared: 11/04/20 Analyzed: 11/04/20
Diesel Range Organics (C10-C28)	469	25.0	500	ND	93.8	38-132	2.40	20	
Surrogate: n-Nonane	*50.6*		*50.0*		*101*	*50-200*			

QC Summary Data

M & G Drilling	Project Name:	Largo	**Reported:**
PO Box 5940	Project Number:	04033-0002	
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/5/2020 2:42:21PM

Anions by EPA 300.0/9056A

Analyst: NE

Analyte	Result	Reporting Limit	Spike Level	Source Result	Rec	Rec Limits	RPD	RPD Limit	Notes
	mg/kg	mg/kg	mg/kg	mg/kg	%	%	%	%	
Blank (2045017-BLK1)									Prepared: 11/03/20 Analyzed: 11/03/20
Chloride	ND	20.0							
LCS (2045017-BS1)									Prepared: 11/03/20 Analyzed: 11/03/20
Chloride	253	20.0	250		101	90-110			
Matrix Spike (2045017-MS1)				**Source: E010132-01**					Prepared: 11/03/20 Analyzed: 11/03/20
Chloride	253	20.0	250	ND	101	80-120			
Matrix Spike Dup (2045017-MSD1)				**Source: E010132-01**					Prepared: 11/03/20 Analyzed: 11/03/20
Chloride	253	20.0	250	ND	101	80-120	0.0316	20	

QC Summary Report Comment:
Calculations are based off of the raw (non-rounded) data. However, for reporting purposes all QC data is rounded to three significant figures. Therefore, hand calculated values may differ slightly.

Definitions and Notes

M & G Drilling	Project Name:	Largo	
PO Box 5940	Project Number:	04033-0002	**Reported:**
Farmington NM, 87499	Project Manager:	Alfonso Atencio	11/05/20 14:42

ND	Analyte NOT DETECTED at or above the reporting limit
NR	Not Reported
RPD	Relative Percent Difference

Note (1): Methods marked with ** are non-accredited methods.

Note (2): Soil data is reported on an "as received" weight basis, unless reported otherwise.

Project Information | Chain of Custody | Page 1 of 1

Client:	M&G Drilling
Project:	LARGO
Project Manager:	ATENCIO
Address:	
City, State, Zip	
Phone:	
Email:	
Report due by:	

Bill To

Attention:	
Address:	
City, State, Zip	
Phone:	
Email:	

Lab Use Only

Lab WO#	Job Number
E010140	04033-0002

TAT

1D	2D	3D	Standard
			X

EPA Program

CWA	SDWA	RCRA

State

NM	CO	UT	AZ	TX	

Time Sampled	Date Sampled	Matrix	No. of Containers	Sample ID	Lab Number	DRO/ORO by 8015	GRO/DRO by 8015	BTEX by 8021	VOC by 8260	Metals 6010	Chloride 300.0	Remarks
10:17 A	10/29/20		14 oz	HAMMOND 55	1	X	X	X			X	
11:12 A	10/29/20		14 oz	MARRON 42A	2	X	X	X			X	
12:27	10/29/20		14 oz	GRAHAM 03	3	X	X	X			X	

Additional Instructions:

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: ATENCIO

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
	10/29/20	5:24		10/29/20	17:24
Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time

Lab Use Only
Received on ice: Y / N
T1 17.7 T2 19.1 T3 17.1
AVG Temp °C 18.0

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 samples is applicable only to those samples received by the laboratory with this COC. The liability of the laboratory is limited to the amount paid for on the report.

envirotech

Envirotech Analytical Laboratory

Printed: 10/30/2020 4:26:45PM

Sample Receipt Checklist (SRC)

Instructions: Please take note of any NO checkmarks.
If we receive no response concerning these items within 24 hours of the date of this notice, all the samples will be analyzed as requested.

Client:	M & G Drilling	Date Received:	10/29/20 17:24	Work Order ID:	E010140
Phone:	(505)325-6779	Date Logged In:	10/30/20 16:23	Logged In By:	Raina Lopez
Email:	aatencio@qwestoffice.net	Due Date:	11/05/20 17:00 (5 day TAT)		

Chain of Custody (COC)

1. Does the sample ID match the COC?	Yes	
2. Does the number of samples per sampling site location match the COC	Yes	
3. Were samples dropped off by client or carrier?	Yes	Carrier: Alfonso Atencio
4. Was the COC complete, i.e., signatures, dates/times, requested analyses?	Yes	
5. Were all samples received within holding time? Note: Analysis, such as pH which should be conducted in the field, i.e, 15 minute hold time, are not included in this disucssion.	Yes	

Comments/Resolution

Sample Turn Around Time (TAT)

6. Did the COC indicate standard TAT, or Expedited TAT?	Yes

Sample Cooler

7. Was a sample cooler received?	Yes
8. If yes, was cooler received in good condition?	Yes
9. Was the sample(s) received intact, i.e., not broken?	Yes
10. Were custody/security seals present?	No
11. If yes, were custody/security seals intact?	NA
12. Was the sample received on ice? If yes, the recorded temp is 4°C, i.e., 6°±2°C Note: Thermal preservation is not required, if samples are received w/i 15 minutes of sampling	No
13. If no visible ice, record the temperature. Actual sample temperature: 18°C	

Sample Container

14. Are aqueous VOC samples present?	No
15. Are VOC samples collected in VOA Vials?	NA
16. Is the head space less than 6-8 mm (pea sized or less)?	NA
17. Was a trip blank (TB) included for VOC analyses?	NA
18. Are non-VOC samples collected in the correct containers?	Yes
19. Is the appropriate volume/weight or number of sample containers collected?	Yes

Field Label

20. Were field sample labels filled out with the minimum information:	
Sample ID?	Yes
Date/Time Collected?	Yes
Collectors name?	No

Sample Preservation

21. Does the COC or field labels indicate the samples were preserved?	No
22. Are sample(s) correctly preserved?	NA
24. Is lab filteration required and/or requested for dissolved metals?	No

Multiphase Sample Matrix

26. Does the sample have more than one phase, i.e., multiphase?	No
27. If yes, does the COC specify which phase(s) is to be analyzed?	NA

Subcontract Laboratory

28. Are samples required to get sent to a subcontract laboratory?	No	
29. Was a subcontract laboratory specified by the client and if so who?	NA	Subcontract Lab:

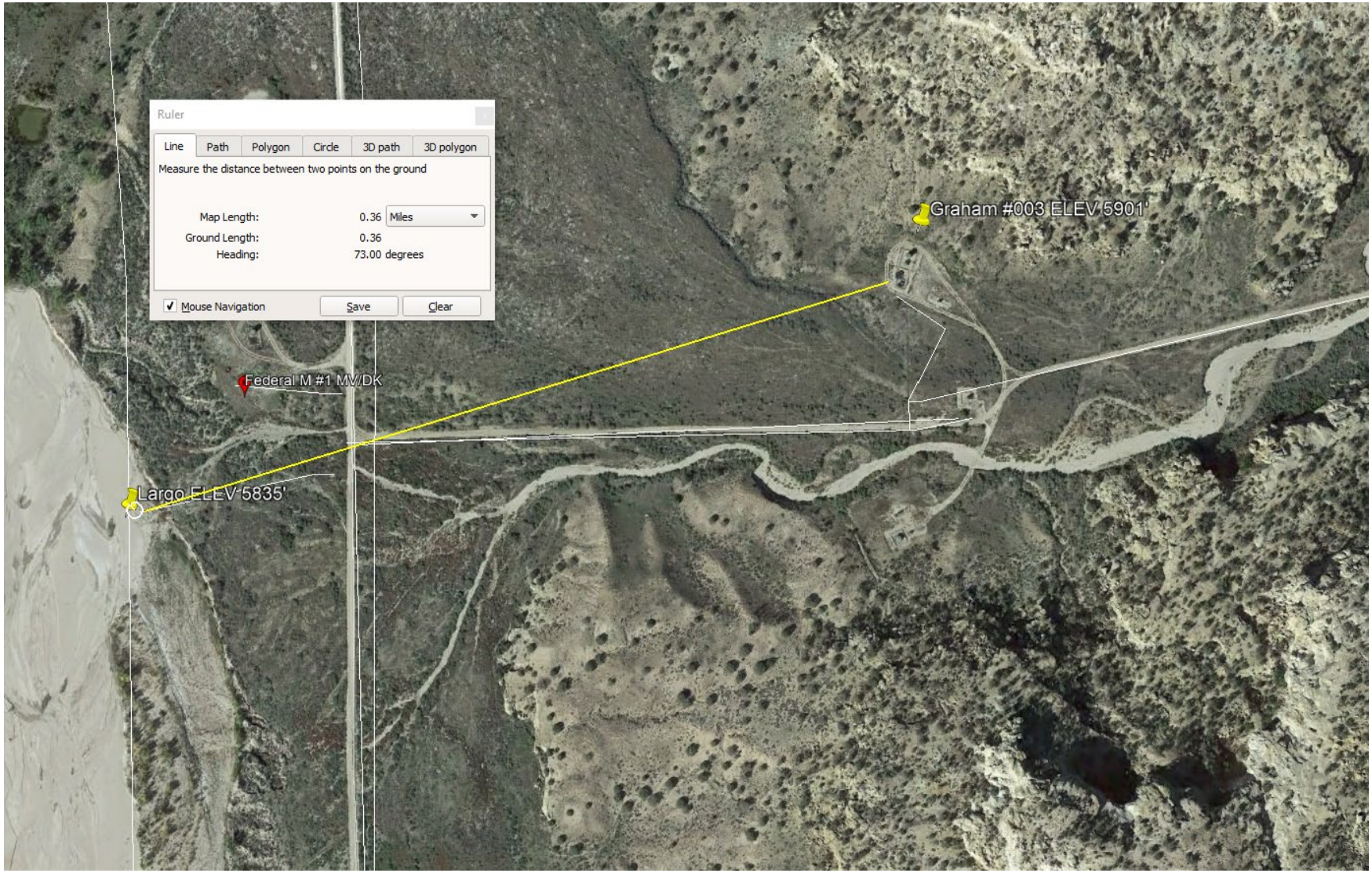
Client Instruction

Signature of client authorizing changes to the COC or sample disposition.

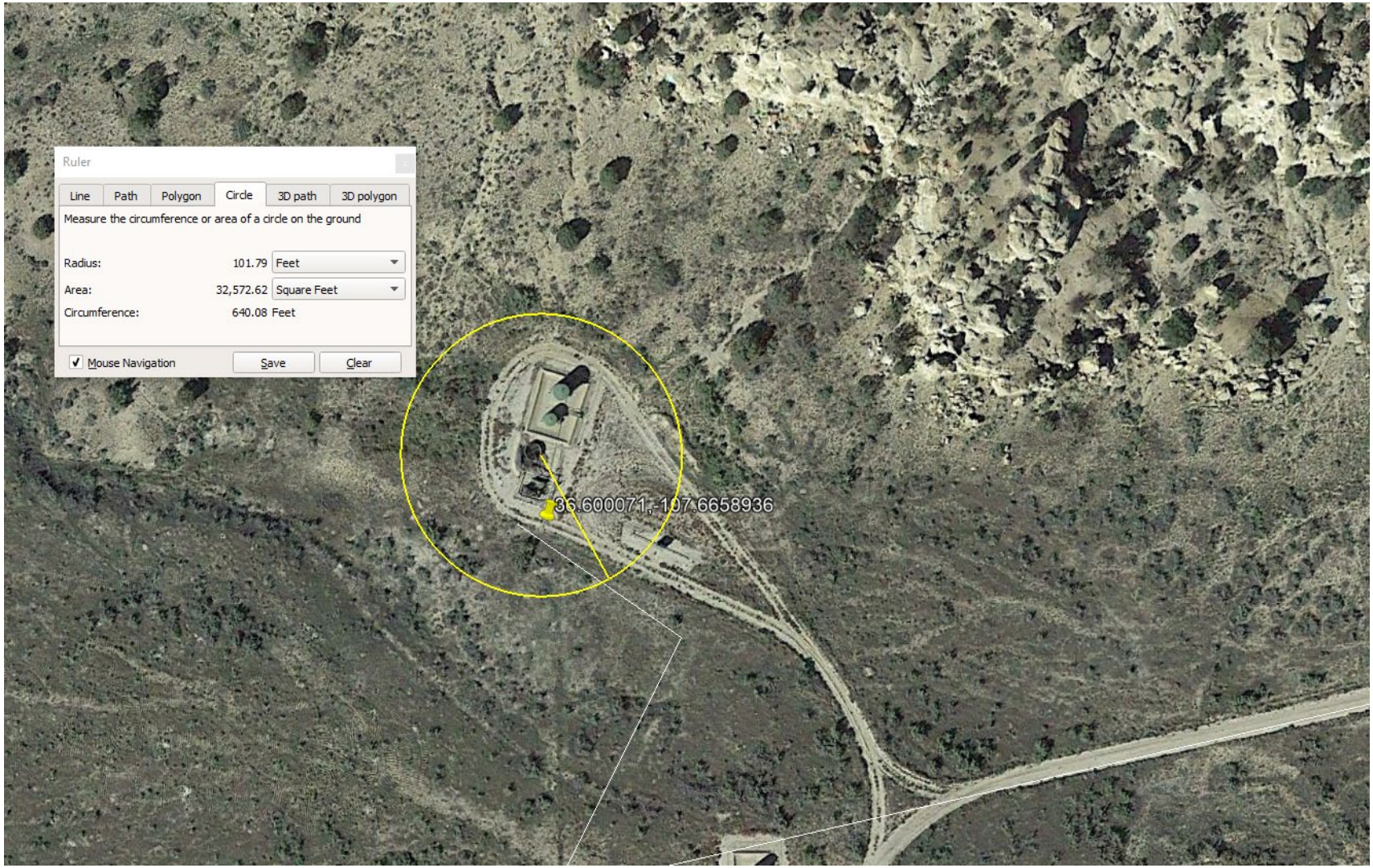
Date

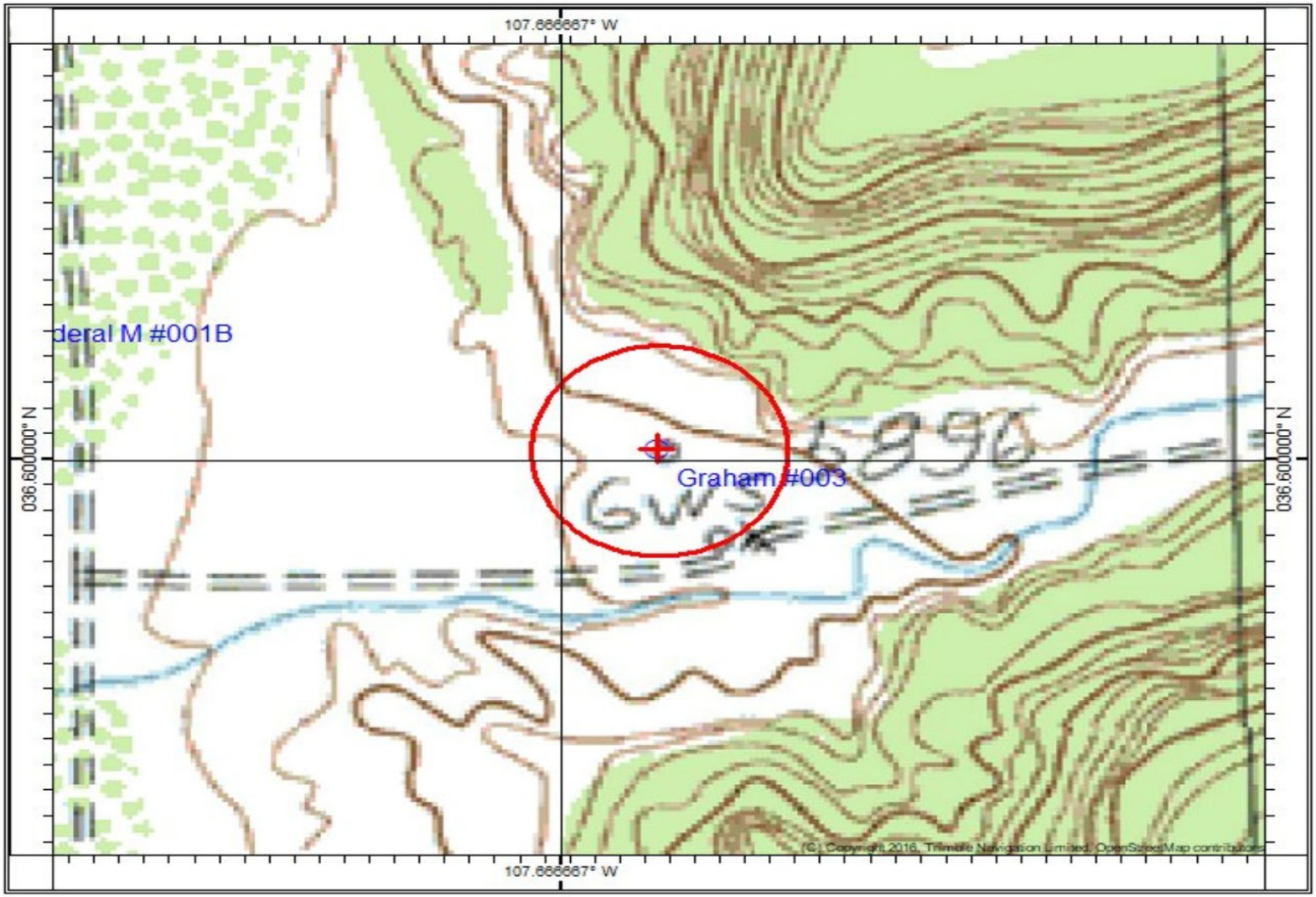
envirotech Inc.

Graham Distance to Surface Water
Depth to Groundwater based on Elevation from Largo Canyon
66’



Graham #003 API 30-045-22485
Sitting Criteria

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Graham #003
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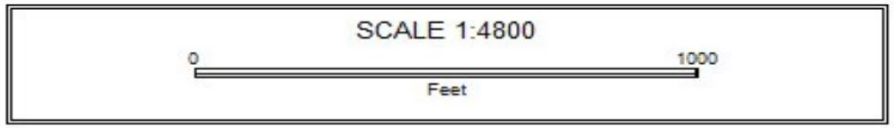
(C) Copyright 2016, TrimbleMaps Navigation Limited, OpenStreetMap contributors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Not secure | nmwrrs.ose.state.nm.us/ReportProxy?queryData=%7B"report"%3A"waterColumn"%2C%0A"BasinDiv"%3A"true"%2C%0A"Basin"%3A""%2C%0

New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

Section(s): 03 **Township:** 27N **Range:** 08W

12/29/20 11:49 AM

WATER COLUMN/ AVERAGE DEPTH TO WATER

Not secure | nmwrrs.ose.state.nm.us/ReportProxy?queryData=%7B"report"%3A"waterColumn"%2C%0A"BasinDiv"%3A"true"%2C%0A"Basin"%3A""%2C%0A"Coun

New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

Section(s): 04 **Township:** 27N **Range:** 08W

12/29/20 11:50 AM

WATER COLUMN/ AVERAGE DEPTH TO WATER

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 M&G Drilling CO INC.	OGRID 141852
Contact Name Agent/ Vanessa Fields	Contact Telephone 505-787-9100
Contact email vanessa@walsheng.net	Incident # *(assigned by OCD) N/A*
Contact mailing address 7415 East Main Street Farmington, NM 87402	

Location of Release Source

Latitude 36.600071 Longitude -107.6658936

(NAD 83 in decimal degrees to 5 decimal places)

Site Name Graham #003	Site Type Gas
Date Release Discovered N/A	API# *(if applicable) 30-045-22485*

Unit Letter	Section	Township	Range	County
J	03	27N	08W	San Juan

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

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

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

Cause of Release **On October 29, 2020 M&G Drilling removed the steel below grade tank on the Marron 03 #003. When the BGT was removed no visible signs of staining or wet soil was observed. M&G Drilling collected (1) (5) point composite sample from where the BGT was removed. The closure samples were analyzed by Envirotech Labs in referenced to Table 1 Closure standards. Analytical results complied with Table 1 closure standards.**

Analytical Results:

Benzene: Non-Detect
BTEX: Non-Detect
GRO: Non-Detect
DRO: Non-Detect
ORO: Non-Detect
Chloride: Non-Detect

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:
N/A no release occurred

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.

State of New Mexico
Oil Conservation Division

Incident ID	
District RP	
Facility ID	
Application ID	

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: __Agent/ Vanessa Fields_____ Title: __ Agent/ Regulatory Compliance Manager _____

Signature: _____ Date: ____12/28/2020_____

email: __vanessa@walshemg.net_____ Telephone: __505-787-9100_____

OCD Only

Received by: _____ Date: _____

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: __Agent/ Vanessa Fields_____ Title: __Agent/ Regulatory Compliance Manager _____

Signature: _____ Date: ___12/28/2020_____

email: __vanessa@walsheng.net_____ Telephone: _____505-787-9100_____

OCD Only

Received by: _____ Date: _____

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

Closure Approved by: _____ Date: _____

Printed Name: _____ Title: _____

M&G Drilling CO INC
San Juan Basin
Below Grade Tank
Closure Plan

Lease Name: Graham #003
API No.: 30-045-22485
Description: Unit J, Section 03, Township 27N, Range 08W, San Juan County

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure requirements of below-grade tanks on M&G Drilling CO INC locations. This is M&G Drilling CO INC standard procedure for all below-grade tanks. A separate plan will be submitted for any below-grade tank which does not conform to this plan.

General Plan

1. M&G DRILLING CO INC will obtain approval of this closure plan prior to commencing closure of the below grade tank at this location pursuant to 19.15.17.13.C (1) NMAC

2. M&G DRILLING CO INC will notify the surface owner by certified mail, return receipt requested, that the M&G Drilling CO INC plans closure operations at least 72 hours, but no more than one week, prior to any closure operation. Notice will include:

    a. Well Name
    b. API #
    c. Well Location

72 Hour Notice was provided to the NMOCD District III Office and to the Farmington BLM Field Office. Attached is a copy of the notification. A BLM representative was onsite to witness the sampling confirmation.

3. Within 60 days of cessation of operations, M&G DRILLING CO INC will remove liquids and sludge from below-grade tanks prior to implementing a closure method and will dispose of the liquids and sludge in a division-approved facility. Approved facilities and waste streams include:

    a. Soils, tank bottoms, produced sand, pit sludge and other exempt wastes impacted by petroleum hydrocarbons will be disposed of at:
    Envirotech: Permit #NM01-0011 and *IEI: Permit # NM01-0010B*

    b. Produced Water will be disposed of at:
    Basin Disposal: Permit # NM01-005 and *M&G DRILLING CO INC owned saltwater Disposal Facilities*

All liquids that were in the BGT were removed and sent to one of their referenced Division approved facilities.

4. Within six (6) months of cessation of operations, M&G DRILLING CO INC will remove the below-grade tank and dispose of it in a division-approved facility or recycle, reuse, or reclaim it in a manner that the appropriate division district office approves. If there is any equipment associated with a below-grade tank, then the M&G Drilling CO INC shall remove the equipment, unless the equipment is required for some other purpose.

   All referenced equipment associated with the BGT removal has been removed and utilized for reuse.

5. M&G DRILLING CO INC will collect a closure sample of the soil beneath the location of the below grade tank that is being closed. The closure sample will consist of a five-point composite sample to include any obvious stained or wet soils, or other evidence of contamination. The closure sample will be analyzed for all constituents listed in Table I below, including DRO+GRO, Chlorides, TPH, benzene and BTEX.

On October 29, 2020 M&G Drilling removed the steel below grade tank on the Graham #003. When the BGT was removed no visible signs of staining or wet soil was observed. M&G Drilling collected (1) (5) point composite sample from where the BGT was removed. The closure samples were analyzed by Envirotech Labs in referenced to Table 1 Closure standards. Analytical results complied with Table 1 closure standards.

Analytical Results:
Benzene: Non-Detect
BTEX: Non-Detect
GRO: Non-Detect
DRO: Non-Detect
ORO: Non-Detect
Chloride: Non-Detect

Table I
Closure Criteria for Soils Impacted by a Release

Minimum depth below any point within the horizontal boundary of the release to ground water less than 10,000 mg/l TDS	Constituent	Method*	Limit**
≤ 50 feet	Chloride***	EPA 300.0 or SM4500 Cl B	600 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	100 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
51 feet-100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	10,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
>100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	20,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg

6. If any contaminant concentration is higher than the parameters listed in Table I of 19.15.17.13 NMAC, the division may require additional delineation upon review of the results and the M&G Drilling CO INC must receive approval before proceeding with closure. If all contaminant concentrations are less than or equal to the parameters listed in Table I of 19.15.17.13 NMAC, then the M&G Drilling CO INC can proceed to backfill the pit, pad, or excavation with non-waste containing, uncontaminated, earthen material.

   On October 29, 2020 M&G Drilling removed the steel below grade tank on the Graham #003. When the BGT was removed no visible signs of staining or wet soil was observed. M&G Drilling collected (1) (5) point composite sample from where the BGT was removed. The closure samples were analyzed by Envirotech Labs in referenced to Table 1 Closure standards. Analytical results complied with Table 1 closure standards.

   Analytical Results:
   Benzene: Non-Detect
   BTEX: Non-Detect
   GRO: Non-Detect
   DRO: Non-Detect
   ORO: Non-Detect
   Chloride: Non-Detect

7. After closure has occurred, M&G DRILLING CO INC will reclaim the former BGT area, if it is no longer being used for extraction of oil and gas, by substantially restoring the impacted surface area to the condition that existed prior to oil and gas operations. M&G DRILLING CO INC will construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover materials. The soil cover shall consist of the background thickness of topsoil, or one foot of suitable materials to establish vegetation at the site, whichever is greater. All areas will be reclaimed as early as practicable, and as close to their original condition or land use as possible. They shall be maintained in a way as to control dust and minimize erosion.

   The area of the BGT removal has been returned to grade surface. The area will be reclaimed once the well has been plugged and abandoned.

8. M&G DRILLING CO INC will complete reclamation of all disturbed areas no longer in use when the ground disturbance activities at the site have been completed. The reseeding shall take place during the first favorable growing season after closure. Reclamation activities will be considered completed when a uniform vegetative cover has been established that reflects a life-form ratio of plus or minus fifty percent (50%) of pre-disturbance levels, and a total percent plant cover of at least seventy percent (70%) of pre-disturbance levels, excluding noxious weeds.

   *Re-vegetation and reclamation obligations imposed by other applicable federal, state or tribal agencies on lands managed by those agencies shall supersede the above

requirements, provided they provide equal or better protection of fresh water, human health and the environment.

9. M&G DRILLING CO INC will notify the Aztec Office of the NMOCD by email when reclamation and closure activities are completed.

10. Within 60 days of closure, M&G DRILLING CO INC will submit a closure report to the Aztec office of the NMOCD, filed on Form C-144. The report will include the following:
    a. Proof of closure notice to NMOCD and surface owner
    b. Confirmation sampling analytical results
    c. Soil backfill and cover installation information
    d. Photo documentation of site reclamation

The area has been backfilled and returned to grade surface. The area will be reclaimed once the well has been plugged and abandoned.

From: Smith, Cory, EMNRD
To: Vanessa Fields
Cc: Diane Montano
Subject: RE: M&G Drilling Graham #003 BGT API 30-045-22485 removed prior to approved Closure Plan
Date: Tuesday, December 29, 2020 2:15:08 PM

Vanessa,

OCD has reviewed the situation and since the notification was provided and a BLM representative witness the closure sampling.. OCD is ok with the closure being submitted without a prior approved Closure Plan.

Please in the future make sure that the plan is approved prior to closure as the laboratory sample may not be accepted and could possibly result in future compliance issues pursuant to 19.15.5 NMAC.

Please include this approval along with all of the normal required documents in your Closure report.

Thanks,

Cory Smith • Environmental Specialist
Environmental Bureau
EMNRD - Oil Conservation Division
1000 Rio Brazos | Aztec, NM 87410
505.334.6178 x115 | Cory.Smith@state.nm.us
http://www.emnrd.state.nm.us/OCD/

From: Vanessa Fields <vanessa@walsheng.net>
Sent: Tuesday, December 29, 2020 9:24 AM
To: Smith, Cory, EMNRD <Cory.Smith@state.nm.us>
Cc: Diane Montano <dmontano@mgdrilling.com>
Subject: [EXT] M&G Drilling Graham #003 BGT API 30-045-22485 removed prior to approved Closure Plan
Importance: High

Good morning Cory,

After a records review it was determined that M&G Drilling inadvertently removed the Graham #003 BGT API 30-045-22485 without an approved closure plan. However, M&G Drilling did provide the NMOCD District III Office and the BLM with the required 72 hour notification and a BLM representative was onsite to witness the BGT removal and sampling. A process review was conducted to ensure an approved Closure Plan is approved by the NMOCD in the future before removal of any BGTS.

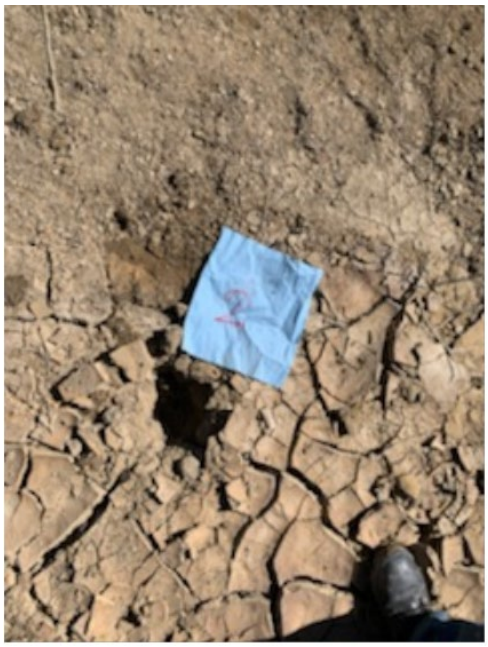
Walsh Engineering on behalf of M&G Drilling is requesting a Final C-144 to be submitted to the NMOCD for closure. However, all sitting criteria will be included in the final C-144.

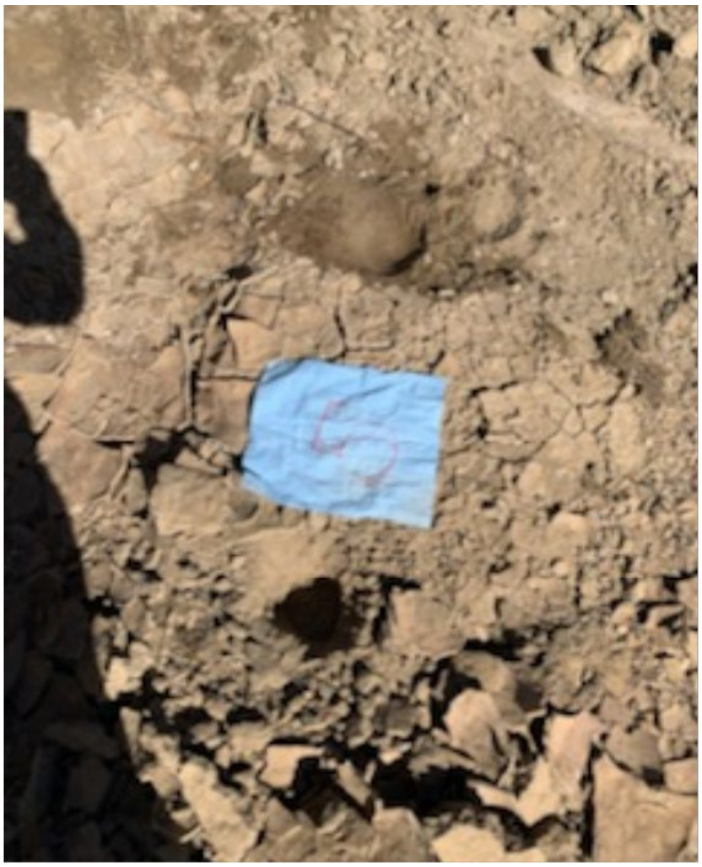
Please let me know if the NMOCD approves the requested variance.

Thank you,

Vanessa Fields
Regulatory Compliance Manager
Walsh Engineering /Epic Energy LLC.
O: 505-327-4892
C: 505-787-9100
vanessa@walsheng.net


N&G DRILLING CO. INC.
GRAHAM #003
1450' FSL & 1830' FEL
LAT. 36.6003
LONG. -107.66532 (NAD 83)
SAN JUAN COUNTY, NEW MEXICO






M&G DRILLING CO. INC.
GRAHAM #003
1450' FSL & 1830' FEL
LAT. 36.6003
LONG. -107.66532 (NAD 83)
SAN JUAN COUNTY, NEW MEXICO

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 13288

CONDITIONS

Operator:	OGRID:
M & G DRLG CO INC P.O. Box 5940 Farmington, NM 87499	141852
	Action Number: 13288
	Action Type: [C-144] Below Grade Tank Plan (C-144B)

CONDITIONS

Created By	Condition	Condition Date
cwhitehead	None	5/25/2021