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 Relow Grade Tonk or

Fit, 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:M&G Drilling CO INC OGRID #:141852				
Address:P.O. Box 5940 Farmington, NM 87499				
Facility or well name:Hammond #055A				
API Number:30-045-21735 OCD Permit Number:				
U/L or Qtr/QtrISection26Township27NRange08WCounty:San Juan				
Center of Proposed Design: Latitude36.542244 Longitude107.6469803 NAD83				
Surface Owner: 🛮 Federal 🗌 State 🔲 Private 🔲 Tribal Trust or Indian Allotment				
□ Permanent □ Emergency □ Cavitation □ P&A □ Multi-Well Fluid Management Low Chloride Drilling Fluid □ yes □ no □ Lined □ Unlined Liner type: Thicknessmil □ LLDPE □ HDPE □ PVC □ Other □ String-Reinforced Volume:bbl Dimensions: Lx D Thickness Other Volume: Volume: Description: Thickness Description: Des				
3.				
Below-grade tank: Subsection I of 19.15.17.11 NMAC				
Volume:100bbl 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				
□ Visible sidewalls and liner ☑ Visible sidewalls only □ Other Liner type: Thickness mil □ HDPE □ PVC □ Other				
Liner type: Tricknessmii				
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				
Form C-144 Oil Conservation Division Page L of 6				

6. Netting: Subsection E of 19.15.17.11 NMAC (App.	plies to permanent pits and permanent open top tanks)	
Screen Netting Other		
Monthly inspections (If netting or screening is r	not physically feasible)	
7. Signs: Subsection C of 19.15.17.11 NMAC		
☐ 12"x 24", 2" lettering, providing Operator's nar	ne, site location, and emergency telephone numbers	
⊠ Signed in compliance with 19.15.16.8 NMAC		
Please check a box if one or more of the following Variance(s): Requests must be submitted to	vare required. Please refer to 19.15.17 NMAC for guidance. g is requested, if not leave blank: the appropriate division district for consideration of approval. to the Santa Fe Environmental Bureau office for consideration of approval.	
9. Siting Criteria (regarding permitting): 19.15.17 Instructions: The applicant must demonstrate commaterial are provided below. Siting criteria does	mpliance for each siting criteria below in the application. Recommendations of ac	ceptable source
General siting		
	om of a low chloride temporary pit or below-grade tank. TERS database search; USGS; Data obtained from nearby wells	☐ Yes ⊠ No ☐ NA
	om of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit. base search; USGS; Data obtained from nearby wells	Yes No
adopted pursuant to NMSA 1978, Section 3-27-3, a	n a defined municipal fresh water well field covered under a municipal ordinance as amended. (Does not apply to below grade tanks) the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within the area overlying a subsurface mine. (Does - Written confirmation or verification or ma	s not apply to below grade tanks) p from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area. (Does not apply to below - Engineering measures incorporated into the Society; Topographic map	y grade tanks) e design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological	☐ Yes ☐ No
Within a 100-year floodplain. (Does not apply to I - FEMA map	below grade tanks)	Yes No
Below Grade Tanks		
from the ordinary high-water mark).	urse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured	☐ Yes ☒ No
- NM Office of the State Engineer - iWATE	ater well used for public or livestock consumption;. 2RS 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)	
	urse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole ater mark). (Applies to low chloride temporary pits.) fication) of the proposed site	Yes No
Within 300 feet from a occupied permanent resider application.	nce, school, hospital, institution, or church in existence at the time of initial	☐ Yes ☐ No
- Visual inspection (certification) of the prop	posed site; Aeriai pnoto; Satellite image	·
Within 200 horizontal feet of a spring or a private, watering purposes, or 300feet of any other fresh water NM Office of the State Engineer - iWATERS data	domestic fresh water well used by less than five households for domestic or stock ater well or spring, in existence at the time of the initial application. base search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Form C-144	Oil Conservation Division Page 2 o	f 6

Form C-144

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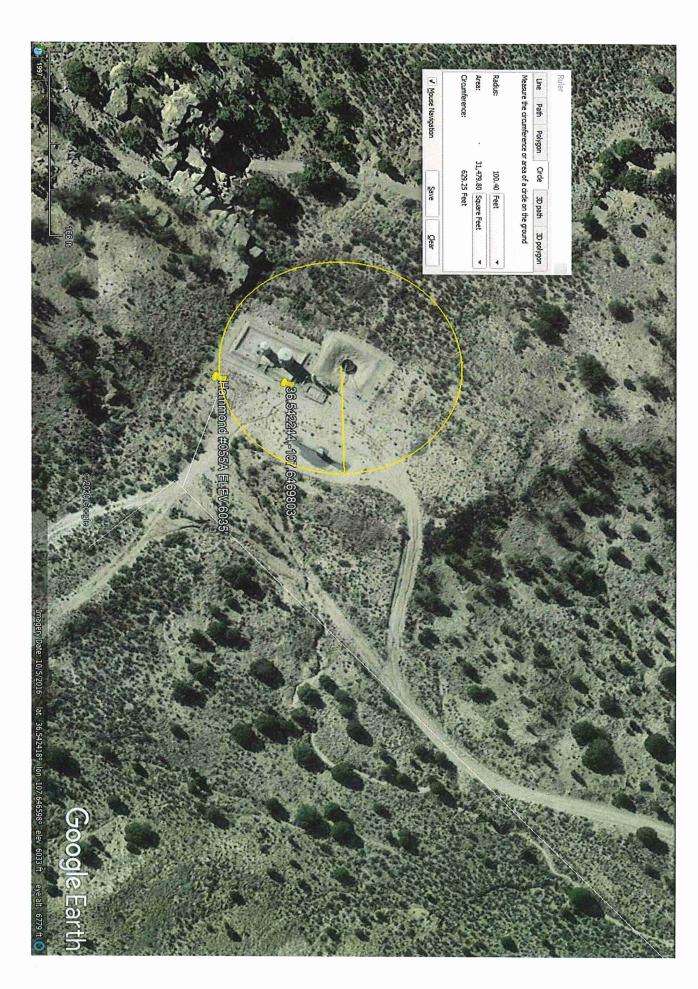
Page 4 of 6 Oil Conservation Division Form C-144

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			
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 19.15.17.13 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				
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): Vanessa Fields Title:Regulatory Compliance ManagerAgent/Representative Signature:				
e-mail address:vanessa@walsheng.net Telephone:505-787-9100				
18. OCD Approval: □ Permit Application (including closure plan) ☑ Closure Plan (only) □ OCD Conditions (see attachment) OCD Representative Signature:				
OCD Representative Signature: Approval Date: June 14, 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:				
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.				
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)				
Proof of Deed Notice (required for on-site closure for private faild 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				

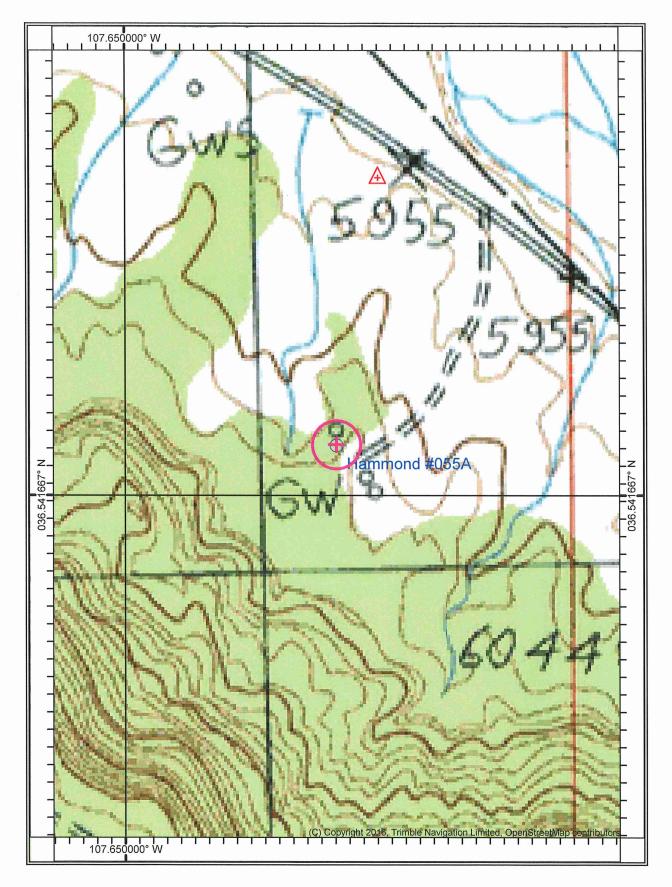
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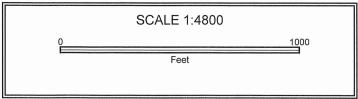
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HAMMOND #055A Sitting Criteria

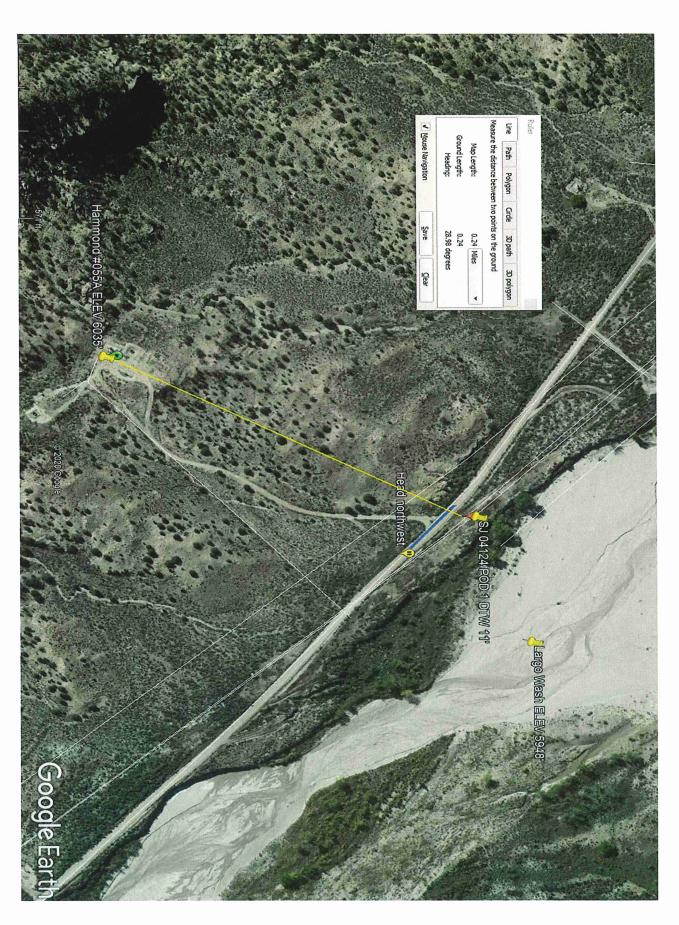


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HAMMOND #055A Depth to Groundwater 81'





New Mexico Office of the State Engineer

Water Column/Average Depth to Water

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Ť	21 feet	um Depth:	Maximum								
~	21 feet	Minimum Depth:	Minimu								
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11	21	32	4047715 🌏	263234	26 27N 08W	27N	26	SJ	SJ		SJ 04124 POD3
11	21	32	4047703	263240	26 27N 08W	27N	26	SJ	SJ		SJ 04124 POD2
11	21	32	4047683	263248	26 27N 08W	27N	26	SJ	SJ		SJ 04124 POD1
Water Column	Water DepthWellDepthWater Columi	DepthWellDo	¥	×	Rng	Tws	Sub- Q Q Q Q basin County 64 16 4 Sec Tws	County		Code	POD Number
	(In feet)	rs)	-SE) (NAD83 UTM in meters)	4=SE) (NAD83	E 3=SW argest)	V 2=N est to I	(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are smallest to largest) (N		Oh; 1, ane ile i	(R=POD replaced, O=orpha C=the file closed)	(A CLW#### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

Record Count: 3

PLSS Search:

Township: 27N

Section(s): 26

Range: 08W

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

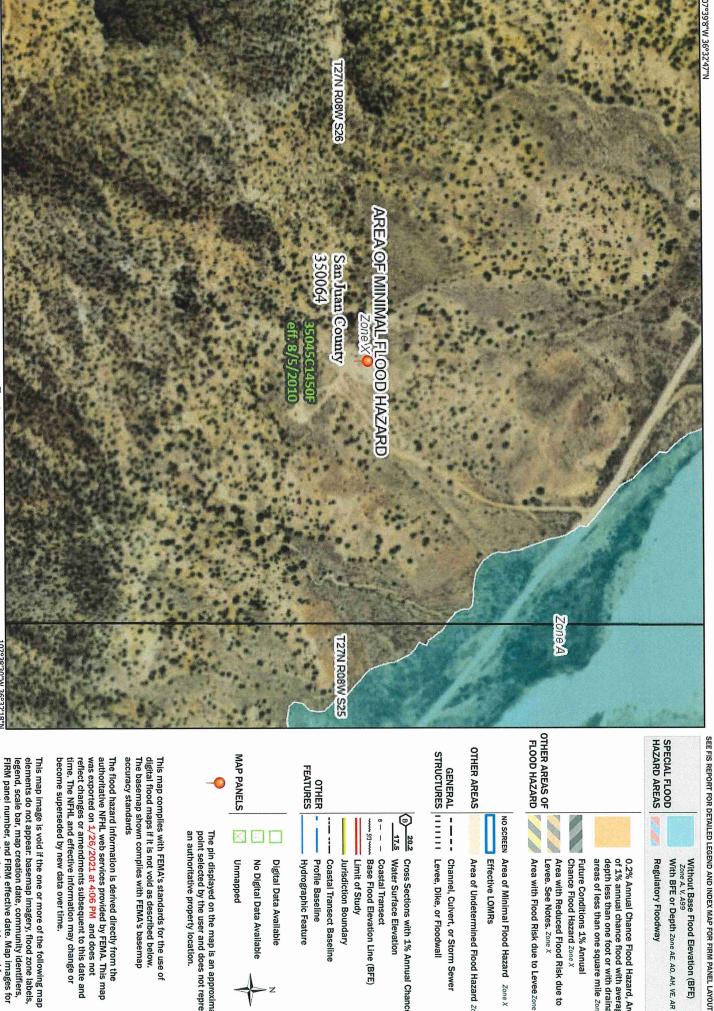
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WATER COLUMN/ AVERAGE DEPTH TO

National Flood Hazard Layer FIRMette







Legend

SPECIAL FLOOD HAZARD AREAS





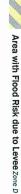
Regulatory Floodway With BFE or Depth Zone AE, AO, AH, VE, AR Without Base Flood Elevation (BFE)
Zone A. V, A99



areas of less than one square mile Zone depth less than one foot or with drainag of 1% annual chance flood with average 0.2% Annual Chance Flood Hazard, Area



Levee. See Notes. Zone X Area with Reduced Flood Risk due to Chance Flood Hazard Zone X **Future Conditions 1% Annual**



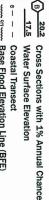
NO SCREEN Area of Minimal Flood Hazard Zone X **Effective LOMRs**

Area of Undetermined Flood Hazard Zone

OTHER AREAS

STRUCTURES | 1111111 Levee, Dike, or Floodwall Channel, Culvert, or Storm Sewer

GENERAL





FEATURES

OTHER



Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represe an authoritative property location.

The basemap shown complies with FEMA's basemap This map complies with FEMA's standards for the use of accuracy standards digital flood maps if it is not void as described below.

was exported on 1/26/2021 at 4:06 PM and does not reflect changes or amendments subsequent to this date and authoritative NFHL web services provided by FEMA. This map The flood hazard information is derived directly from the become superseded by new data over time. time. The NFHL and effective information may change or

FIRM panel number, and FIRM effective date. Map images for elements do not appear: basemap imagery, flood zone labels, unmapped and unmodernized areas cannot be used for This map image is void if the one or more of the following map egend, scale bar, map creation date, community identifiers

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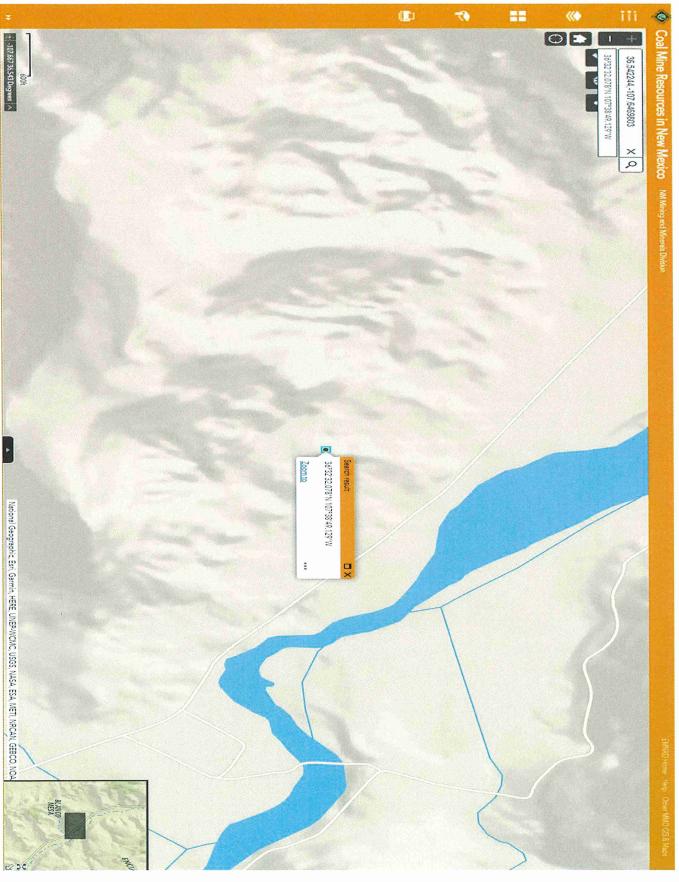
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M&G Drilling CO INC San Juan Basin **Below Grade Tank** Closure Plan

Lease Name: Hammond #055A API No.:

30-045-21735

Description: Unit I, Section 26, 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
- 3. M&G DRILLING CO INC will notify the NMOCD Aztec Office by email that the M&G 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

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- 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.
- 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.

		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.
- 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.
- 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 predisturbance 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

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

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 16128

CONDITIONS

Operator:	OGRID:
M & G DRLG CO INC	141852
P.O. Box 5940	Action Number:
Farmington, NM 87499	16128
	Action Type:
	[C-144] Below Grade Tank Plan (C-144B)

CONDITIONS

Created By	Condition	Condition Date
cwhitehead	None	6/14/2021