### 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 July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office. For permanent pits and exception, submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office, 24 RM 11 42

### Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

Type of action: Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method

Existing BGT  Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method  Modification to an existing permit  Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system,
below-grade tank, or proposed alternative method
Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request
Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.
Operator: XTO Energy, Inc. OGRID #: 5380
Address: #382 County Road 3100, Aztec, NM 87410
Facility or well name: Gallegos Federal 26 12 19 #1
API Number:         3004528900         OCD Permit Number:
U/L or Qtr/Qtr A Section 19 Township 26N Range 12W County: San Juan
Center of Proposed Design:         Latitude36.4776
Surface Owner: 🗵 Federal 🗌 State 🗎 Private 🔲 Tribal Trust or Indian Allotment
Temporary: Drilling Workover    Permanent   Emergency   Cavitation   P&A     Lined   Unlined Liner type: Thicknessmil   LLDPE   HDPE   PVC   Other   String-Reinforced   Liner Seams: Welded   Factory   Other
4.
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 Visible sidewalls, vaulted, automatic high-level shut off, no liner
Liner type: Thicknessmil
Alternative Method:  Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

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 institution or church)	, hospital,
Four foot height, four strands of barbed wire evenly spaced between one and four feet	
✓ Alternate. Please specify Four foot height, steel mesh field fence (hogwire) with pipe top railing	
7.  Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)	
☐ Screen ☐ Netting ☒ Other Expanded metal or solid vaulted top	
Monthly inspections (If netting or screening is not physically feasible)	
8. Signs: Subsection C of 19.15.17.11 NMAC	
12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers	
⊠ Signed in compliance with 19.15.3.103 NMAC	
9.  Administrative Approvals and Exceptions:  Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.  Please check a box if one or more of the following is requested, if not leave blank:  Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau consideration of approval.  Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	ı office for
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 accommaterial are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the approffice or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to dry above-grade tanks associated with a closed-loop system.	opriate district approval.
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank.  - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes 🗵 No
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 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.  (Applies to temporary, emergency, or cavitation pits and below-grade tanks)  - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☑ No
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.  (Applies to permanent pits)  - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	Yes No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.  - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ 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 500 feet of a wetland.  - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ⊠ No
Within the area overlying a subsurface mine.  Witten 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
	☐ Yes ⊠ No
Within a 100-year floodplain.  - FEMA map  Form C-144  Oil Conservation Division  Page 2 of 2	-
Form C-144 Oil Conservation Division Page 2 of :	)

		nment Checklist: Subsection B of 19.15.17.9 NMAC adicate, by a check mark in the box, that the documents are
<ul> <li>☒ Hydrogeologic Report (Below-grade Tanks)</li> <li>☐ Hydrogeologic Data (Temporary and Emerge</li> <li>☒ Siting Criteria Compliance Demonstrations -</li> <li>☒ Design Plan - based upon the appropriate req</li> <li>☒ Operating and Maintenance Plan - based upon</li> </ul>	ency Pits) - based upon the requirement based upon the appropriate requirement uirements of 19.15.17.11 NMAC in the appropriate requirements of 19.15	s of Paragraph (2) of Subsection B of 19.15.17.9 NMAC ats of 19.15.17.10 NMAC
	ugh 18, if applicable) - based upon the	appropriate requirements of Subsection C of 19.15.17.9 NMAC
Previously Approved Design (attach copy of de	esign) API Number:	or Permit Number:
12.		
attached.  Geologic and Hydrogeologic Data (only for	e attached to the application. Please in on-site closure) - based upon the requir (only for on-site closure) - based upon t quirements of 19.15.17.11 NMAC	rements of Paragraph (3) of Subsection B of 19.15.17.9 the appropriate requirements of 19.15.17.10 NMAC
	ough 18, if applicable) - based upon the	appropriate requirements of Subsection C of 19.15.17.9 NMAC
Previously Approved Design (attach copy of do	<del>-</del>	
	· · · · · · · · · · · · · · · · · · ·	(Applies only to closed-loop system that use
above ground steel tanks or haul-off bins and prop	ose to implement waste removal for clo	sure)
attached.  ☐ Hydrogeologic Report - based upon the requ ☐ Siting Criteria Compliance Demonstrations - ☐ Climatological Factors Assessment ☐ Certified Engineering Design Plans - based u ☐ Dike Protection and Structural Integrity Desi ☐ Leak Detection Design - based upon the appu ☐ Liner Specifications and Compatibility Asses ☐ Quality Control/Quality Assurance Construct ☐ Operating and Maintenance Plan - based upon ☐ Freeboard and Overtopping Prevention Plan ☐ Nuisance or Hazardous Odors, including H₂S ☐ Emergency Response Plan ☐ Oil Field Waste Stream Characterization ☐ Monitoring and Inspection Plan ☐ Erosion Control Plan ☐ Closure Plan - based upon the appropriate re	- based upon the appropriate requirements of 19 ign - based upon the appropriate requirements of 19 ign - based upon the appropriate requirements of 19.15.17.11 N ssment - based upon the appropriate rection and Installation Plan on the appropriate requirements of 19.15 - based upon the appropriate requirements of 19.15 - based upon the appropriate requirements, Prevention Plan	nts of 19.15.17.10 NMAC  9.15.17.11 NMAC ements of 19.15.17.11 NMAC MAC quirements of 19.15.17.11 NMAC  5.17.12 NMAC ents of 19.15.17.11 NMAC
Proposed Closure: 19.15.17.13 NMAC Instructions: Please complete the applicable boxe	es, Boxes 14 through 18, in regards to	the proposed closure plan.
Type: Drilling Workover Emergency [ Alternative	☐ Cavitation ☐ P&A ☐ Permanent	t Pit 🗵 Below-grade Tank 🗌 Closed-loop System
Proposed Closure Method: Waste Excavation	Closed-loop systems only) ethod (Only for temporary pits and clos e Burial  On-site Trench Burial	sed-loop systems) ed to the Santa Fe Environmental Bureau for consideration)
Waste Excavation and Removal Closure Plan Closure plan. Please indicate, by a check mark in   ☐ Protocols and Procedures - based upon the applicable) - ☐ Confirmation Sampling Plan (if applicable) - ☐ Disposal Facility Name and Permit Number	hecklist: (19.15.17.13 NMAC) Instructive box, that the documents are attack propriate requirements of 19.15.17.13 based upon the appropriate requirement (for liquids, drilling fluids and drill cut as - based upon the appropriate requirements of Subsection I of 19.	ctions: Each of the following items must be attached to the hed.  NMAC nts of Subsection F of 19.15.17.13 NMAC tings) ments of Subsection H of 19.15.17.13 NMAC
Form C-144	Oil Conservation Divisio	on Page 3 of 5

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Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

I hereby certify that the information submitted with this application is tru-	e, accurate and complete to the	e best of my knowledge and belief.
lame (Print): Kim Champlin	Title:	Environmental Representative
signature: Kim Champler	Date: I	1/19/2008
-mail address: kim_champlin@xtoenergy.com		(505) 333-3100
0.		
OCD Approval:  Permit Application (including closure plan)  Cl	losure Plan (only) OCD	Conditions (see attachment)
OCD Representative Signature: Jaclyn Burdine		Approval Date:
Fitte: Environmental Specialist-A		
ts.  Closure Report (required within 60 days of closure completion): Sub Instructions: Operators are required to obtain an approved closure plan The closure report is required to be submitted to the division within 60 d section of the form until an approved closure plan has been obtained an	n prior to implementing any clays of the completion of the c	losure activities and submitting the closure report losure activities. Please do not complete this
	☐ Closure Comp	letion Date:
Closure Method:  Waste Excavation and Removal On-Site Closure Method  If different from approved plan, please explain.	Alternative Closure Method	☐ Waste Removal (Closed-loop systems only)
Closure Report Regarding Waste Removal Closure For Closed-loop S Instructions: Please indentify the facility or facilities for where the liquitivo facilities were utilized.  Disposal Facility Name:	ids, drilling fluids and drill cu	nttings were disposed. Use attachment if more that
Disposal Facility Name:		mit Number:
Were the closed-loop system operations and associated activities performed.  Yes (If yes, please demonstrate compliance to the items below)		e used for future service and operations?
Required for impacted areas which will not be used for future service and  Site Reclamation (Photo Documentation)  Soil Backfilling and Cover Installation  Re-vegetation Application Rates and Seeding Technique	operations:	
Closure Report Attachment Checklist: Instructions: Each of the followark in the box, that the documents are attached.  Proof of Closure Notice (surface owner and division)  Proof of Deed Notice (required for on-site closure)  Plot Plan (for on-site closures and temporary pits)  Confirmation Sampling Analytical Results (if applicable)  Waste Material Sampling Analytical Results (required for on-site closures)  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		no the closure report. Please indicate, by a check  NAD: 1927 1983
s. Operator Closure Certification:		**
hereby certify that the information and attachments submitted with this coelief. I also certify that the closure complies with all applicable closure re-	requirements and conditions sp	ecified in the approved closure plan.
Name (Print):	Title:	
ignature:		
-mail address:	Telephone:	
Form C-144 Oil Cons		

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### OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Meixco 7504-2088

P.O. Box 1980, Hobbs, NM 88240

FF2 -1 P.112:31

DISTRICT II P.O. Drawer DD, Artesia, NM \$8210 WELL LOCATION AND ACREAGE DEDICATION PLAT DISTRICT III 1000 Rie Brazos Rd., Aztec, NM \$7410 TUH. N.M. All Distances must be from the outer boundaries of the section 26 - 12 - 19La GALLEGOS FEDERAL RESOURCES INC Operator MARALEX Township T. 26 Range R.12 W. SAN JUAN Section Unit Letter 19 N. **NMPM** EAST Actual Footage Location of Well: 990 NORTH feet from the linc line and feet from the Dedicated Acreage: 320 Producing Formation Ground level Elev. Basin Fruitland Coal 6029 Fruitland Coal Acres 1. Outline the acreage dedicated to the subject well by colored pencil or hachue marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership id dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.? If answer is "yes" type of consolidation No If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if neccessary. No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, climinating such interest, has been approved by the Division. **OPERATOR CERTIFICATION** 5222.58 N 89-56 E I hereby certify that the information contained herein in true and complete to the 8 best of my knowledge and belief. Singature Printed Name A. M. O'Hare 990 Position President Company 3 Maralex Resources Inc. 00-03 Date 12/1/92 SURVEYOR CERTIFICATION z SEC. 19 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my knowledge and belief. Date Surveyed NOVEMBER 25, 1992 Signature & Seal 11:05:45 Professional Survey DE62-8-1992 OIL COM. DIV VEYOR 2000 1500 1000 500 2310 2640 1980 660 990 1320 1650

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	-		Client:	XTO Energy
Lodestar Services, Inc. PO Box 4465, Durango, CO 81302		Pit Permit	Project:	Pit Permits
		Siting Criteria	Revised:	11/10/2008
		Information Shee		Daniel Newman
V		IIIIOIIIIation Silee	t Frepared by.	Daniel Newman
API#:		3004528900	USPLSS:	T26N,R12W,19A
		3004320300	00. 255.	12011/112211/122/1
Name:	Gallego	s Federal 26 12 19 #1	Lat/Long:	36.4776 / -108.14721
	=111		Geologic	
Depth to groundwater:		> 100'		Nacimiento Formation
Deptit to groundwater.	State of the		ioimation.	Nacimento i ornation
Distance to classes				
continuously flowing	15.75 mile	es south of the San Juan		
watercourse:		River		
***************************************				
Distance to closest	0.5001			
significant watercourse,		est of the West Fork of		
lakebed, playa lake, or	G	iallegos Canyon		
sinkhole:				
			Soil Type:	Entisols & Aridisols
Permanent residence,				
school, hospital,		No		
institution or church		110		
within 300'				
			Annual	8.71 inches average
			Precipitation:	
Domestic fresh water			Precipitation	
well or spring within		No	Notes:	no significant precipatation events
500'				
Any other fresh water				
well or spring within		No		
1000'				
				The same of the sa
Within incorporated		No	Attached	
municipal boundaries			Documents:	
Within defined				Topo map, ground water data map, ariel
municipal fresh water		No		photo, mines and quarries map, FEMA
well field				map
Marate edicate mant		No	Mining Activity:	No
Wetland within 500'				
Within unstable area		No		
	and the second			
Within 100 year flood	ł .	Zone X		
plain				
Additional Notes:				
				i de la companya de

### Gallegos Federal 26 12 19 #1 Below Ground Tank Hydrogeologic Report for Siting Criteria

### General Geology and Hydrology

The San Juan Basin is a typical Rocky Mountain basin with a gently dipping southern flank and a steeply dipping northern flank. Asymmetrically layered Tertiary sandstones and shales, along with Quaternary alluvial deposits, dominate surficial geology (Dane and Bachman, 1965). The proposed pit location will be located in the central Bisti region of the San Juan Basin within an area dominated by irrigated fields of the Navajo Indian Irrigation Project. The predominant geologic formation is the Nacimiento Formation of Tertiary age, which underlies surface soils and is often exposed (Dane and Bachman, 1965). Deposits of Quaternary alluvial and aeolian sands occur prominently near the surface of the area, especially near streams and washes.

Cretaceous and Tertiary sandstones, as well as Quaternary alluvial deposits serve as the primary aquifers in the San Juan basin (Stone et al., 1983). In most of the proposed area, the Nacimiento Formation lies at the surface and grades into the Animas Formation to the west. Thickness of the Nacimiento ranges from 418 to 2232 feet (Stone et al., 1983). Aquifers within the coarser and continuous sandstone bodies of the Nacimiento Formation are between 0 and 1000' deep in this section of the basin (Stone et al., 1983). Groundwater within these aquifers flows toward the San Juan River.

The prominent soil type at the proposed site are entisols and aridisols, which are defined as soils that exhibit little to no any profile development (www.emnrd.state.nm.us). Soils are basically unaltered from their parent rock. Miles of arroyos, washes and intermittent streams exist as part of the drainage network towards the San Juan River. These features often cut into soil and other unconsolidated materials, contributing to sedimentation downstream. The sudden influx of water from storm events easily erodes the soils that cover the area.

The climate of the region is arid, averaging just over 8 inches of rainfall annually. As is typical of the southwestern United States monsoonal weather patterns, most precipitation falls from August through October. The heaviest rainfall occurs in the summer in isolated, intense cloudbursts. November through June is relatively dry. Snow generally falls from December to mid-February and averages less than one-half inch in depth. However, most recharge occurs during the winter months during snowmelt periods from the upper elevations (Western Regional Climate Center www.wrcc.dri.edu).

The predominant vegetation is sagebrush and grasses with a more restricted pinon-juniper association (Dick-Peddie, 1993).

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### Site Specific Hydrogeology

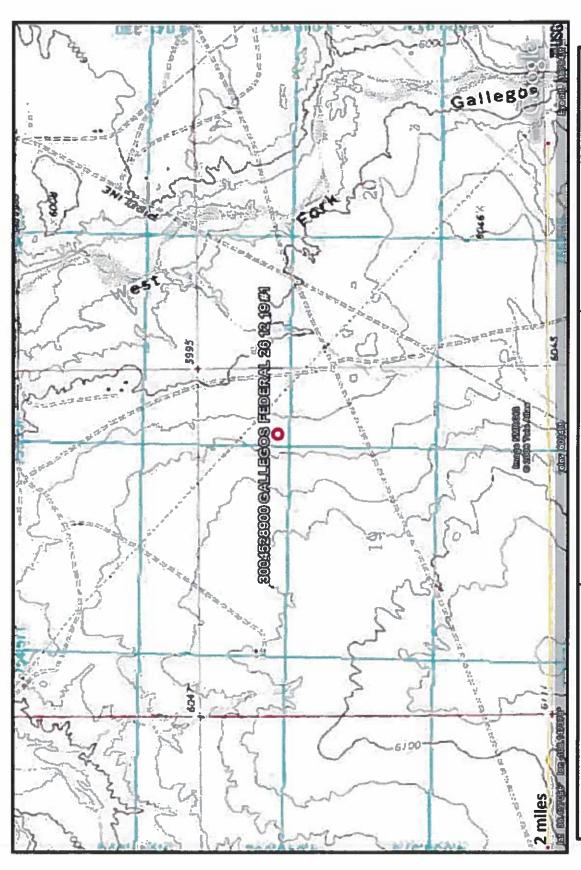
Depth to groundwater is estimated to be greater than 100 feet. This estimation is based on data from Stone and others (1983), the USGS Groundwater Atlas of the United States and depth to groundwater data published on the New Mexico State Engineer's iWaters Database website. Local topography and proximity to surface hydrologic features are also taken into consideration.

Beds of water-yielding sandstone are present in the Nacimiento Formation, which are fluvial in origin and are interbedded with siltstone, shale and coal. Porous sandstones form the principal aquifers, while relatively impermeable shales form confining units between the aquifers (Stone et al., 1983). Local aquifers exist within the Nacimiento Formation at depth's greater than 100 feet and thicknesses of the aquifer can be up to 3500 feet (USGS, Groundwater Atlas of the US).

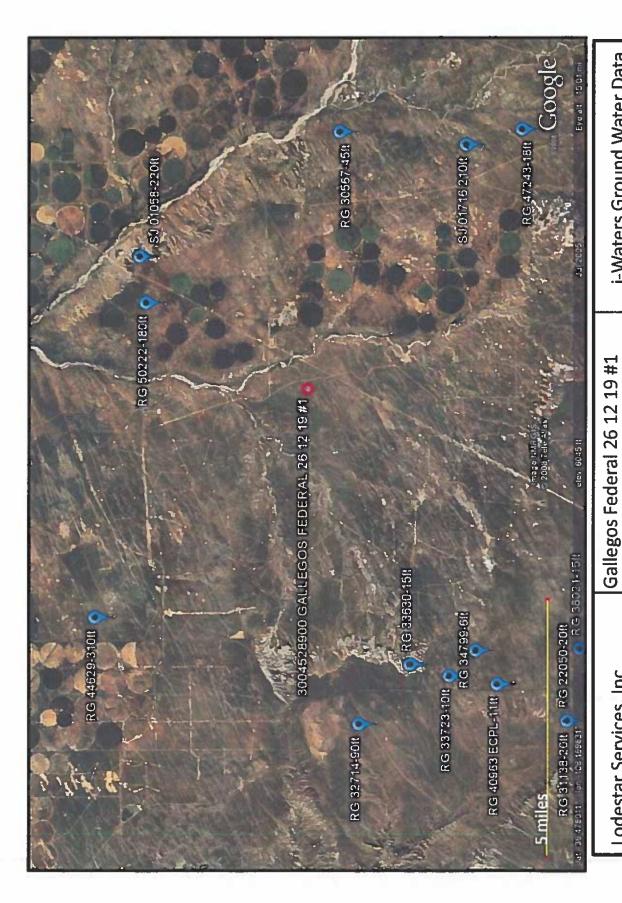
The site in question is located 1.42 miles south of an unnamed arroyo, at an elevation of approximately 6,046 feet and approximately 3,491 feet west of the West Fork of Gallegos Canyon. Broad shalely hills are interspersed with occasional sandstone outcrops, and systems of dry washes and their tributaries are evident on the attached aerial image. Groundwater is expected to be shallow within Gallegos Canyon. The floor of the West Fork Gallegos Canyon is at an elevation of approximately 5,973 feet approximately 70 feet lower in elevation.

Groundwater data available from the NM State Engineer's iWaters Database for wells near the proposed site are attached. A map showing the locations of wells in reference to the proposed pit location is also attached. Water drops show locations of wells and the labels for each water drop indicate depth to groundwater in feet. The closest well to the site is an elevation of approximately of 5,968 feet and is located 3.51 miles to the northwest this well puts groundwater at 180 feet below the surface. The observations made within this report suggest that groundwater is greater than 100 feet deep at the proposed location.

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**TOPOGRAPHIC MAP** Gallegos Federal 26 12 19 #1 T26N,R12W,19A San Juan County, NM Lodestar Services, Inc **Durango, CO 81302** PO Box 4465



Lodestar Services, Inc PO Box 4465 Durango, CO 81302

eral 25 12 19 #1 i-Wat 19A inty , NM

i-Waters Ground Water Data

## New Mexico Office of the State Engineer POD Reports and Downloads

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REPORT
MATER
Q
DEPTH
AVERAGE

	Feet)	Avg	<b>B</b> D	를	15	20	56	44	80	
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	(Depth V	Hin	Q	11	15	20	51	30	90	
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		×								
		Zone								
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		Rog	13W	13W	137	131	131	13W	13W	
		TWB	25N	25N	25N	25N	25N	25N	25N	
		Bsn	RG	RG	RG	RG	RG	RG	RG	

Record Count: 12

# New Mexico Office of the State Engineer POD Reports and Downloads

Feet)	Avg	180	45	220
Water in	Max	180	45	220
(Depth	Min	180	45	220
	Wells	T	H	<del>, -</del>
	×			
	×			
	Zone			
	Sec	04	25	03
	Rng	120	12W	12W
	TWS	26N	26N	26N
	Bsn	RG	RG	SG

New Mexico Office of the State Engineer POD Reports and Downloads

	Water in Feet)
11/07/2008	(Depth
REPORT	
F WATER	
DEPTH OF	
AVERAGE	

	Б	0	10
)	Av	5	15
	Max	90	15
1	Min	90	15
	Wells	7	-
	×		
	×		
	Zone		
	Sec	30	32
			13W
	TWB	26N	26N
	Bsn	RG	RG

Record Count: 2

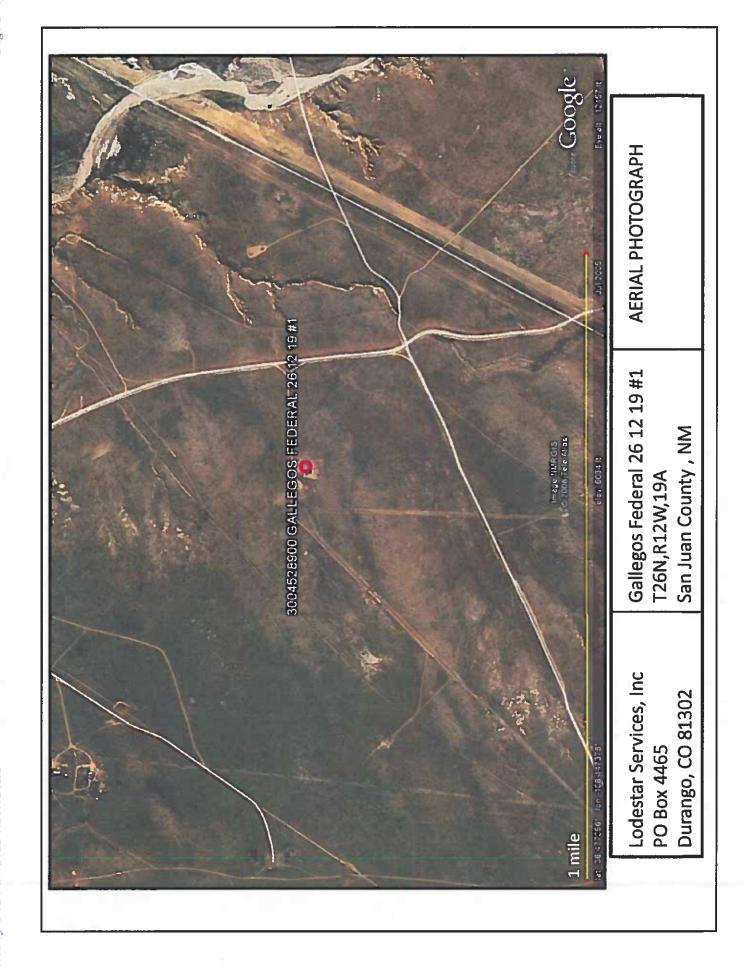
## New Mexico Office of the State Engineer POD Reports and Downloads

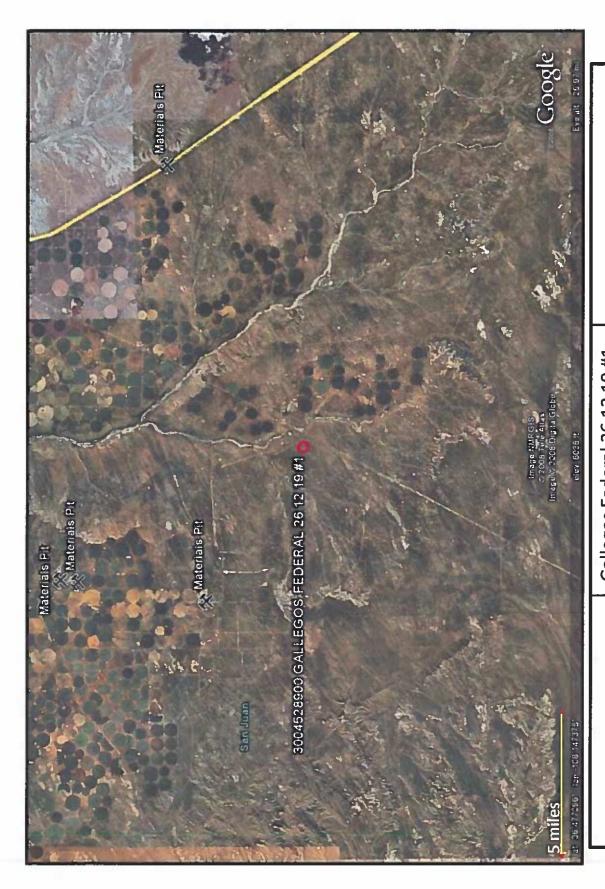
	Feet)	145	30€	
	4	145		
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REPORT 11/03/2008	Wells	=	471	
REPORT	>1			
OF WATER	×			
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AVE	Ring	12W	121	
	Tws	27N	27N	
	Ben	RG	53	

## New Mexico Office of the State Engineer POD Reports and Downloads

AVERAGE DEPTH OF WATER REPORT 11/07/2008

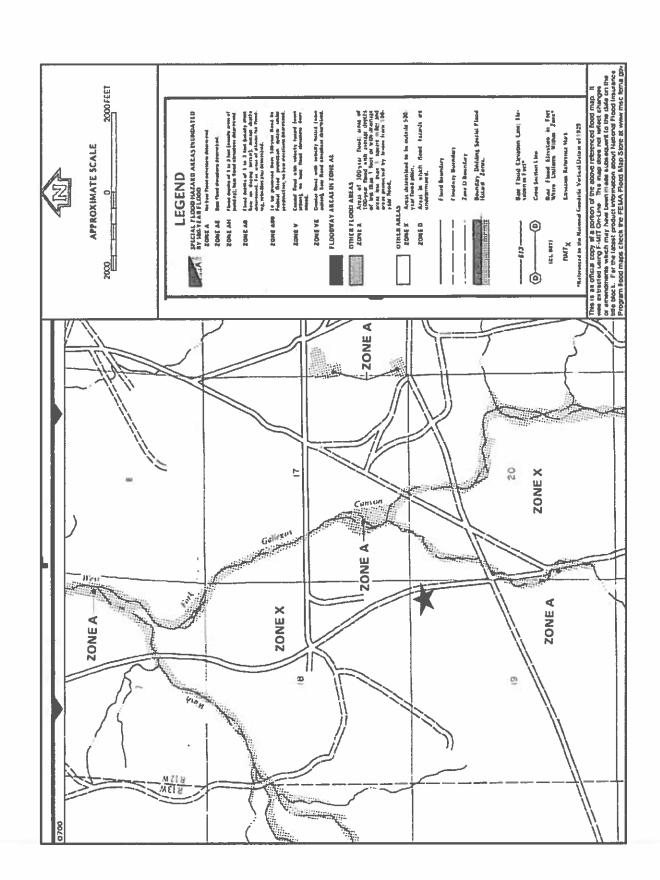
Feet)		
ij	M.	0
Water in	Ma	31
(Depth		
	Wells	-1
	X	
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	Zone	
	Sec	33
	Rud	13W
	TWS	27N
	Bsn	RG





Lodestar Services, Inc PO Box 4465 Durango, CO 81302 Callegos Federal 26 12 19 #1 T26N,R12W,19A San Juan County , NM

Mines and Quarries Map



### XTO Energy Inc. San Juan Basin (Northwest New Mexico) General Design and Construction Plan For Below-Grade Tanks

In accordance with Rule 19.15.17.11 NMAC the following information describes the design and construction of below-grade tanks on XTO Energy Inc. (XTO) locations. This is XTO's 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

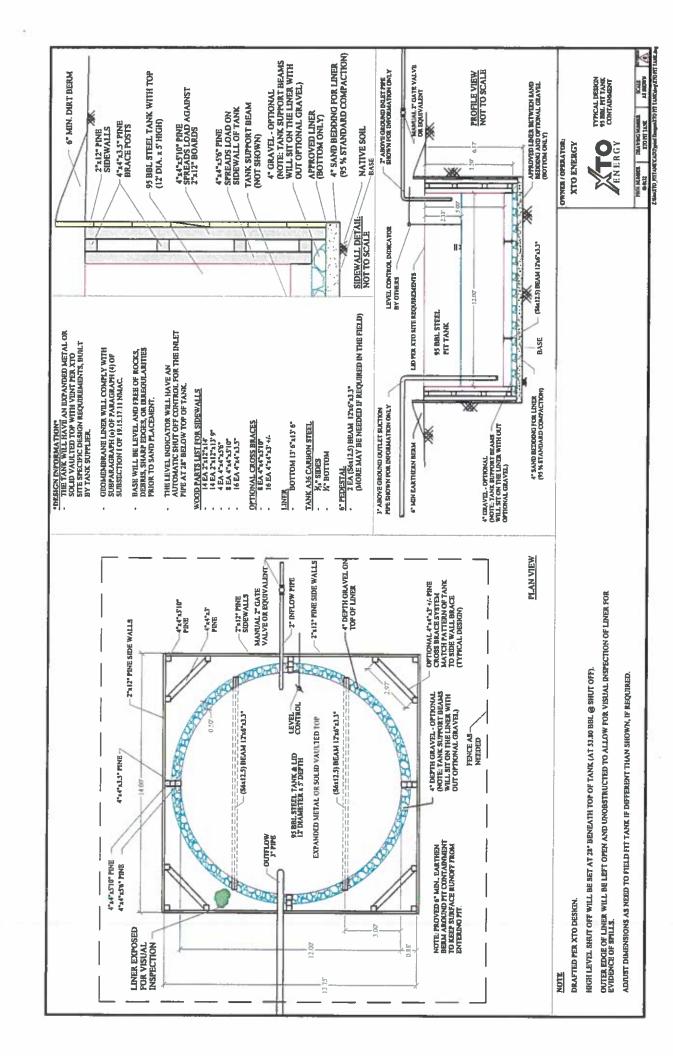
- XTO will design and construct below-grade tanks to contain liquids and solids and prevent contamination of fresh water and protect public health and environment.
- XTO will post a well sign, in compliance with 19.15.3.103 NMAC, on the existing well site
  operated by XTO where the existing below-grade tank is located. The sign will list the Operator
  on record as the operator, the location of the well site by unit letter, section, township, range, and
  emergency telephone numbers.
- 3. XTO is requesting approval of an alternative fencing to be used on below-grade tank locations. Below-grade tank locations will be fenced utilizing 48" steel mesh field-fence (hogwire) with pipe railing along the top. A 6' chain link fence will be utilized around the well pad if the well site is within a city limits or ¼ mile of a permanent residence, school, hospital, institution or church. Below-grade tanks located within 1000' of a permanent residence, school, hospital, institution or church will be fenced by 6' chain link fence with at least two strands of barbed wire at the top. All gates associated with below-grade tanks will remain closed and locked when responsible individuals are not on site.
- 4. XTO shall construct below-grade tanks with an expanded metal covering or solid vaulted top on the top of the below-grade tank.
- 5. XTO will ensure that below-grade tanks are constructed of materials resistant to the below-grade tank's particular contents and resistant to damage from sunlight. Tanks will be constructed of A36 carbon steel with 3/16" sides and \(\frac{4}{3}\)" bottom. (See attached drawing).
- 6. The below-grade tank system will have a properly constructed foundation consisting of a level base free of rocks, debris, sharp edges or irregularities to prevent punctures, cracks or indentations of the liner or tank bottom. Sand bedding (4") will be placed on top of a level foundation to ensure prevention of punctures, cracks or indentations of the liner or tank bottom.
- 7. XTO will construct a berm and/or diversion ditch in a manner that prevents the collection of surface water run-on. Below-grade tanks will be equipped with automatic high level shut-off devices as well as manually operated shut-off valves. (See attached drawing).
- 8. XTO will construct and use below-grade tanks that do not have double walls. The below-grade tank sidewalls will be open for visual inspection for leaks. The sidewalls of the cellar will be constructed with 2" X 12" pine sidewalls and 4" X 4" pine brace posts. The below-grade tank

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XTO Energy Inc.
San Juan Basin (Northwest New Mexico)
General Design and Construction Plan
For Below-Grade Tanks
Page 2

bottom will be elevated a minimum of 6" above the underlying ground surface and the below-grade tank will be underlain with a geomembrane liner to divert leaked liquid to a location that can be visually inspected. (See attached drawing).

- XTO will equip below-grade tanks designed in this manner with a properly functioning automatic high-level shut-off control device and manual controls to prevent overflows. (See attached drawing).
- 10. XTO will demonstrate to the OCD that the geomembrane liner complies with the specifications of Subparagraph (a) of Paragraph (4) of Subsection I of 19.15.17.11 NMAC and obtain approval from OCD prior to the installation of the design. The geomembrane liner shall have a hydraulic conductivity no greater than 1 x 10-9 cm/sec. The geomembrane liner shall be composed of an impervious, synthetic material that is resistant to petroleum hydrocarbons, salts and acidies and alkaline solutions. The liner material shall be resistant to ultraviolet light. Liner compatibility shall comply with EPA SW-846 method 9090A. (See attached drawing).
- 11. The general specifications for design and construction are attached.



### XTO Energy Inc. San Juan Basin (Northwest New Mexico) General Maintenance and Operating Plan For Below-Grade Tanks

In accordance with Rule 19.15.17.12 NMAC the following information describes the operation and maintenance of below-grade tanks on XTO Energy Inc. (XTO) locations. This is XTO's 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. XTO will operate and maintain below-grade tanks to contain fiquids and solids, maintain the integrity of the liner and secondary containment system, prevent contamination of fresh water and protect public health and the environment. Fluid levels will be monitored weekly and high levels will be removed as necessary. Monthly inspections will be conducted to monitor integrity of below-grade tank systems and below-grade tanks will be equipped with automatic high-level shut-off devices.
- 2. XTO will not allow below-grade tanks to overflow and will use berms and/or diversion ditch to prevent surface run on to enter the below-grade tank. Below-grade tanks will be equipped with automatic high-level shut-off control devices as well as manually operated shut-off valves. See attached drawing for vault design and placement of diversion berms and shut-off devices.
- 3. XTO will continuously remove any visible or measurable layer of oil from the fluid surface of below-grade tanks in order to prevent significant accumulation of oil.
  - XTO will inspect the below-grade tank monthly and maintain written records for five years.
     Monthly inspections will consist of documenting the following: (see attached template),

Well Name

API#

Sec., Twn., Rng.

XTO Inspector's name

Inspection date and time

Visible tears in liner

Visible signs of tank overflow

Collection of surface run on

Visible layer of oil

Visible signs of tank leak

Estimated freeboard

- 5. XTO will maintain adequate freeboard to prevent over topping of the below-grade tank. High level shut-off devices control the freeboard at an average of 28" beneath the top of the tank.
- XTO will not discharge into or store any hazardous waste in any below-grade tank.
- If a below-grade tank develops a leak, or if any penetration of a below-grade tank occurs below
  the liquids surface, XTO will remove all liquids above the damage or leak line within 48 hours,

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XTO Energy Inc.
San Juan Basin (Northwest New Mexico)
General Maintenance and Operating Plan
For Below-Grade Tanks
Page 2

notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the below-grade tank. If an existing below-grade tank does not meet current requirements of Paragraphs 1-4 of Subsection I of 19.15.17.11 NMAC the tank will be modified or retrofitted to comply. If compliance can not be achieved XTO will implement the approved closure plan.

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			Freeboard	Est, (ff)													
			Any visible signs	of a tank leak (Y/N)													
N FORM			Visible layer	01 O 1 V N		:						:			i	1	
NSPECTIO	API No.:	Range:	Collection of surface	run on (Y/N)													
MONTHLY BELOW GRADE TANK INSPECTION FORM			Any visible signs of	(ank overriows (Y/N)					9								
ILY BELO		Township:	Any visible liner	lears (T/N)								ption:					
MONT			<u> </u>	96								Provide Detailed Description:					
		Sec.	Inspection	Cale								Provide De					
	Well Name:	Legals	XTO Inspector's	מפווס								Notes:		MISC:			

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### XTO Energy Inc. San Juan Basin (Northwest New Mexico) General Closure Plan For Below-Grade Tanks

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure requirements of below-grade tanks on XTO Energy Inc. (XTO) locations. This is XTO's 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

- XTO will close below-grade tanks within the time periods provided in 19.15.17.13 NMAC, or by an earlier date that the division requires because of imminent danger to fresh water, public health or the environment.
- XTO will close a below-grade tank that does not meet the requirements of Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC or is not included in Paragraph (5) of Subsection I of 19.15.17.11 NMAC within five years after June 16, 2008, if not retrofitted to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC.
- 3. XTO will close a permitted below-grade tank within 60 days of cessation of the below-grade tank's operation or as required by the transitional provisions of Subsection B of 19.15.17.17 NMAC in accordance with a closure plan that the appropriate division district office approves. The closure report will be filed on form C-144.
- 4. XTO 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:

Envirotech Permit No. NM01-0011 and IEI Permit No. NM 01-0010B

Soil contaminated by exempt petroleum hydrocarbons

Produced sand, pit sludge and contaminated bottoms from storage of exempt wastes

Basin Disposal Permit No. NM01-005 Produced water

- 5. XTO 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 has approved prior to removal. Any associated liners will be removed, properly cleaned and disposed of per 19.15.9.712 NMAC at San Juan County Landfill. Documentation of the final disposition will be included in the closure report.
- 6. XTO will remove any on-site equipment associated with a below-grade tank unless the equipment is required for some other purpose.
- 7. XTO will test the soils beneath the below-grade tank to determine whether a release has occurred. At a minimum 5 point composite sample will be collected along with individual grab samples from any area that is wet, discolored or showing other evidence of a release. Samples will be

XTO Energy Inc.
San Juan Basin (Northwest New Mexico)
General Closure Plan
For Below-Grade Tanks
Page 2

analyzed for BTEX, TPH and chlorides to demonstrate that the benzene concentration, as determined by EPA SW-846 methods 8021B or 8260B or EPA method that the division approves, does not exceed 0.2 mg/kg; total BTEX concentration, as determined by EPA SW-846 methods 8021B or 8260B or other EPA method that the division approves, does not exceed 50 mg/kg; the TPH concentration, as determined by EPA method 418.1 or other EPA method that the division approves, does not exceed 100mg/kg; and the chloride concentration, as determined by EPA method 300.1 or other EPA method that the division approves, does not exceed 250 mg/kg, or the background concentration, whichever is greater. XTO will notify the division of its results on form C-141.

- If XTO or the division determines that a release has occurred, XTO will comply with 19.15.3.116
   NMAC and 19.15.1.19NMAC as appropriate.
- 9. If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (4) of Subsection E of 19.15.17.13 NMAC, XTO will backfill the excavation with compacted, non-waste containing, earthen material; construct a division prescribed soil cover; recontour and re-vegetate the site.
- 10. Notice of Closure operations will be given to the Aztec Division District III office between 72 hours and one week prior to the start of closure activities via email or verbally. The notification will include the following:
  - i. Operator's name
  - ii. Well Name and API Number
  - iii. Location by Unit Letter, Section, Township, and Range

The surface owner shall also be notified prior to the implementation of any closure operations of below-grade tanks as per the approved closure plan using certified mail, return receipt requested.

- 11. Re-contouring of location will match fit, shape, line, form and texture of the surrounding area.

  Re-shaping will include drainage control, prevent ponding, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be placed in areas where needed to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with smooth surface, fitting the natural landscape.
- 12. A minimum of 4 feet of cover shall be achieved and the cover shall include 1 foot of suitable material to establish vegetation at the site, or the background thickness of topsoil, whichever is greater. Soil cover will be constructed to the site's existing grade and ponding of water and erosion of the cover material will be prevented with drainage control, natural drainages and silt traps where needed.
- 13. XTO will seed the disturbed areas the first growing season after the operator closes the pit. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. BLM or Forest Service stipulated seed mixes will be used on federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs.

XTO Energy Inc.
San Juan Basin (Northwest New Mexico)
General Closure Plan
For Below-Grade Tanks
Page 3

- 14. All closure activities will include proper documentation and be available for review upon request and will be submitted in closure report form to OCD within 60 days of closure of the below-grade tank. Closure report will be filed on form C-144 and incorporate the following:
  - i. Proof of closure notice to division and surface owner,
  - ii. Details on capping and covering, where applicable;
  - iii. Inspection reports,
  - iv. Confirmation sampling analytical results;
  - v. Disposal facility name(s) and permit number(s).
  - vi. Soil backfilling and cover installation;
  - vii. Re-vegetation application rates and seeding techniques, (or approved alternative to re-vegetation requirements if applicable);
  - viii. Photo documentation of the 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**

QUESTIONS

Action 132306

### **QUESTIONS**

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street	Action Number:
Houston, TX 77002	132306
	Action Type:
	[C-144] Legacy Below Grade Tank Plan (C-144LB)

### QUESTIONS

Facility and Ground Water						
Please answer as many of these questions as possible in this group. More information will help us identify the appropriate associations in the system.						
Facility or Site Name	GALLEGOS FEDERAL 26 12 19 1					
Facility ID (f#), if known	Not answered.					
Facility Type	Below Grade Tank - (BGT)					
Well Name, include well number	GALLEGOS FEDERAL 26 12 19 1					
Well API, if associated with a well	3004528900					
Pit / Tank Type	Not answered.					
Pit / Tank Name or Identifier	Not answered.					
Pit / Tank Opened Date, if known	Not answered.					
Pit / Tank Dimensions, Length (ft)	Not answered.					
Pit / Tank Dimensions, Width or Diameter (ft)	Not answered.					
Pit / Tank Dimensions, Depth (ft)	Not answered.					
Ground Water Depth (ft)	Not answered.					
Ground Water Impact	Not answered.					
Ground Water Quality (TDS)	Not answered.					

Below-Grade Tank	
Subsection I of 19.15.17.11 NMAC	
Volume / Capacity (bbls)	95
Type of Fluid	Produced Water
Pit / Tank Construction Material	Steel
Secondary containment with leak detection	Not answered.
Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off	Not answered.
Visible sidewalls and liner	Not answered.
Visible sidewalls only	True
Tank installed prior to June 18. 2008	True
Other, Visible Notation. Please specify	Not answered.
Liner Thickness (mil)	Not answered.
HDPE (Liner Type)	Not answered.
PVC (Liner Type)	Not answered.
Other, Liner Type. Please specify (Variance Required)	Not answered.

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

**QUESTIONS** (continued)

QUESTIONS, Page 2

Action 132306

Operator: HILCORP ENERGY COMPANY	OGRID: 372171
1111 Travis Street	Action Number:
Houston, TX 77002	132306
	Action Type: [C-144] Legacy Below Grade Tank Plan (C-144LB)
QUESTIONS	
Fencing	
Subsection D of 19.15.17.11 NMAC (Applies to permanent pits, temporary pits, and below-grade tank	rs)
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)	Not answered.
Four foot height, four strands of barbed wire evenly spaced between one and four feet	Not answered.
Alternate, Fencing. Please specify (Variance Required)	4' hogwire
Netting	
Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)	
Screen	Not answered.
Netting	Not answered.
Other, Netting. Please specify (Variance May Be Needed)	expanded metal or solid vaulted top
Signs Subsection C of 19.15.17.11 NMAC (If there are multiple operators at a site, each operator must have	e their own sign in compliance with Subsection C of 19.15.17.11 NMAC.)
12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers	Not answered.
Signed in compliance with 19.15.16.8 NMAC	True
Variances and Exceptions	
Justifications and/or demonstrations ofequivalency are required. Please refer to 19.15.17 NMAC for Please check a box if one or more of the following is requested, if not leave blank:	guidance.
Variance(s): Requests must be submitted to the appropriate division district for consideration of approval.	Not answered.
Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval	Not answered.

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District IV

**State of New Mexico Energy, Minerals and Natural Resources Oil Conservation Division** 1220 S. St Francis Dr. Santa Ea NIM 97505

QUESTIONS, Page 3

Action 132306

1220 S. St Francis Dr., Santa Fe, NM 87505 Phone:(505) 476-3470 Fax:(505) 476-3462	i Fe, Nivi 6/505
QUEST	IONS (continued)
Operator: HILCORP ENERGY COMPANY 1111 Travis Street Houston, TX 77002	OGRID:
QUESTIONS	[6 FFI] Edgady Bolon Grade Faint Fain (6 FFIED)
Siting Criteria (regarding permitting)  19.15.17.10 NMAC  Instructions: The applicant must demonstrate compliance for each siting criteria below. Siting criteria does not apply to drying pads or above-grade tanks.	below in the application. Recommendations of acceptable source material are provided
Siting Criteria, General Siting	
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank	No
NM Office of the State Engineer - iWATERS database search	True
USGS	Not answered.
Data obtained from nearby wells	Not answered.
Siting Criteria, 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)	No
Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption	No
Proposed Closure Method	
Below-grade Tank	Below Grade Tank - (BGT)
Waste Excavation and Removal	True
Alternate Closure Method. Please specify (Variance Required)	Not answered.

11/19/2008

Operator Application Certification Registered / Signature Date

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

ACKNOWLEDGMENTS

Action 132306

### **ACKNOWLEDGMENTS**

Operator:	OGRID:
HILCORP ENERGY COMPANY	372171
1111 Travis Street	Action Number:
Houston, TX 77002	132306
	Action Type:
	[C-144] Legacy Below Grade Tank Plan (C-144LB)

### **ACKNOWLEDGMENTS**

V	I acknowledge that I have received prior approval from the OCD to submit documentation of a legacy below-grade tank on behalf of my operator.
V	I hereby certify that the information submitted with this documentation is true, accurate and complete to the best of my knowledge and belief.

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CONDITIONS

Action 132306

### **CONDITIONS**

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	[C-144] Legacy Below Grade Tank Plan (C-144LB)

### CONDITIONS

Created E	y Condition	Condition Date
jburdin	None None	8/19/2022