District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos District IV 1220 S. St. Franci

	State of	New	Mexi	co
Energy	Minerals	and N	atural	Resourc

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Form C-141 Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

1000 Rio Brazos Road, Aztec, NM 874101220 SDistrict IV1220 S1220 S. St. Francis Dr., Santa Fe, NM 87505Santa						vation Div St. Franc , NM 875	is Dr.	0 1 20 BBSO		Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form	
			Rele	ease Notific				ction	1		
Mama of Co		mantum Do	CONFOOD			OPERAT	am Robbins	L	Initia	al Report 🛛 Final Report	
		uantum Re		ey St. Ste 2400.			No. (575) 390-4	1666			
Houston, T		Jenter, 1401	WICKIM	cy 51. 511 2400	,	relephone r	10. (373) 390-4	1000			
Facility Nar		10 pit		Facility Typ	e Open pit						
			1			JP	P P				
Surface Ow	ner P. Sir	ns		Mineral C	Owner				Lease N	No.	
				LOCA	TION	OF REI	LEASE				
Unit Letter	Section	Township	Range	Feet from the	North/	South Line	Feet from the	East/We	st Line	County	
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was minear			Yes 🗌	No 🗌 Not R	equired		tr nom.				
By Whom?	5.20				-	Date and H	lour				
Was a Water	course Read	ched?					olume Impacting t	the Waterc	ourse.		
			Yes 🗵	No							
If a Watercou	urse was Im	pacted, Descr	ibe Fully.'	* N/A		1					
#10 well hea 160 yards of and sent to a and DRO les was on site 5 Describe Are	d (30-025-2 soil and as commerci ss than 10 n days later a Affected	20983) that he sphaltic mate ial laboratory mg/kg. On Ja- to gauge the and Cleanup	ad detritu rial. The for confi nuary 13 well. No Action Tal	s and asphaltic i material was tal rmation of field th , 2011, a soil bo groundwater was cen.* The C-144	material ken to a number ore was a as eviden was verl	at the bottom NMOCD app s. The lab re advanced to need for the s bally approv	m of the pit. A t proved facility. esults showed a c get confirmation site. ed by NMOCD of	rack hoe w Samples w chloride co n of ground on Jan. 21	vas utiliz vere tako oncentra dwater o , 2011. '	r the Northeast Pearl Queen ized to remove the detritus and en from the bottom of the pit ation of 16 mg/kg and GRO depth. ARC Environmental The affected size of the pit was	
										al (94 yards) was taken to sis. The soils returned clean	
										hese soils were returned to the	
										X non-detect, Cl- was 16	
mg/kg, TPH	418.1 was	1430 mg/kg,	GRO was	non-detect and	DRO wa	as 306 mg/kg). The site was l	backfilled	to 1 foot	t bgs with clean caliche and	
				nd. Soil amendr							
regulations a public health should their of	ll operators or the envi operations h nment. In a	are required to ronment. The nave failed to addition, NMC	o report and acceptance adequately OCD accept	nd/or file certain in ce of a C-141 report investigate and r	release no ort by the remediate	otifications and NMOCD m e contaminati	nd perform correct arked as "Final R on that pose a thr	ctive action deport" doe reat to grou	s for release not reliand water	suant to NMOCD rules and eases which may endanger ieve the operator of liability rr, surface water, human health compliance with any other	

rederal, state, or rocar laws and/or regulations.						
Signature: Cum Callos		VATION DIVISION				
Printed Name: Cam Robbins	Approved by District Supervisor: Jlogh Lehm					
Title: Production Foreman	Approval Date: 03/01/11	Expiration Date: -				
E-mail Address: maximum@valornet.com Date: 3/1/2011 Phone: (575) 390-4666	Conditions of Approval:	Attached \square RP-02-1 -268				
		061 -001				

* Attach Additional Sheets If Necessary

District and Artesia, NM 88246 1625 The International Artesia, NM 88246 1301 The Prev Russian Artesia, NM 88246 1301 The Prev Russian Artes, NM 87505 1220

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-141 Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

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123 C			e .	LOC	ATION	OF REI	LEASE					
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* Attach Ad

Rice Environmental Consulting & Safety

P.O. Box 5630 Hobbs, NM 88241 Phone 575.393.4411 Fax 575.393.0293

RECEIVED

MAY 01 2011 HOBBSOCD

March 1st, 2011

Mr. Geoffrey Leking New Mexico Energy, Minerals, & Natural Resources Oil Conservation Division, Environmental Bureau 1625 N. French Drive Hobbs, New Mexico 88240

> RE: Quantum Resources Northeast Pearl Queen Well #10 30-025-20983 Unknown Pit (P-1-02-254) 1RP-02-11-2681 TERMINATION REQUEST Unit Letter D, Sec. 24, T19S R35E, 990' FNL & 330' FWL Lea County, New Mexico

Mr. Leking:

Rice Environmental Consulting and Safety (RECS) would like to take this opportunity to present the Waste Excavation and Removal Closure Plan of the C-144 for the Quantum Resources' above mentioned site. Attached you will find the initial and final C-141 and C-144 and our C-144 work plan that addressed the reclamation of the Unknown Pit near the Northeast Pearl Queen #10 well.

Sincerely,

Haskell Conder Environmental Manager RECS

District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, 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



For temporary pits, closed-loop systems, and being grants to the appropriate NMOCD District Office.

For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and

MAY 0 1 2011

Form C-144 July 21, 2008

1220 S. St. Francis Dr., Santa Fe, NM 87505	Santa Fe, NM 87505	District Office.
	Loop System, Below-Grade	
Proposed Alternative	e Method Permit or Closure	Plan Application
Closure of a pit	closed-loop system, below-grade tank, , closed-loop system, below-grade tank an existing permit	
below-grade tank, or proposed altern		or non permitted pit, erosed-roop system,
Instructions: Please submit one application (For		stem, helow-grade tank or alternative request
Please be advised that approval of this request does not relieve the environment. Nor does approval relieve the operator of its respo	ne operator of liability should operations result	in pollution of surface water, ground water or the
I. Operator: <u>Quantum Resources</u>	OGRID #:	
Address: 5 Houston Center, 1401 McKinley St. Ste		
Facility or well name: Northeast Pearl Queen Unit #10		
API Number:		-1-02-254
U/L or Qtr/Qtr D Section 24 To		
Center of Proposed Design: Latitude		
Surface Owner: 🗌 Federal 🗌 State 🛛 Private 🗌 Tribal 1		
Temporary: Drilling Workover Permanent Emergency Cavitation P&A Lined Unlined Liner type: Thickness String-Reinforced Liner Seams: Welded Factory Other		
3. Closed-loop System: Subsection H of 19.15.17.11 NM Type of Operation: P&A Drilling a new well W intent) Drying Pad Above Ground Steel Tanks Haul- Lined Unlined Liner type: Thickness Liner Seams: Welded Factory Other	MAC /orkover or Drilling (Applies to activities w off Bins Other mil LLDPE HDPE PVC [hich require prior approval of a permit or notice of
Below-grade tank: Subsection I of 19.15.17.11 NMA Volume:bbl Type of fluid:		
Tank Construction material:		
Secondary containment with leak detection Visibl		overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only		
Liner type: Thickness mil		
5.		
Alternative Method:		
Submittal of an exception request is required. Exceptions	must be submitted to the Santa Fe Environm	nental 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, hospital, institution or church)

Four foot height, four strands of barbed wire evenly spaced between one and four feet

Alternate. Please specify

6

7.

8.

10.

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

Screen Netting Other

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

Signs: Subsection C of 19.15.17.11 NMAC

12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

Signed in compliance with 19.15.3.103 NMAC

Administrative Approvals and Exceptions:

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.

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

Siting Criteria (regarding permitting): 19.15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of accel material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appro office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a 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 ☐ NA
 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 ☐ NA
 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. 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.	☐ Yes ☐ No

FEMA map

11. 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 19.15.17.10 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 nd 19.15.17.13 NMAC Previously Approved Design (attach copy of design) API Number: or Permit Number:
12. Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9 Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC 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 Previously Approved Design (attach copy of design) API Number: Previously Approved Operating and Maintenance Plan API Number: API Number: API Number: Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)
13. Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Hydrogeologic Report - based upon the requirements of Paragraph (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 Quality Control/Quality Assurance Construction and Installation Plan Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.11 NMAC Nuisance or Hazardous Odors, including H ₂ S, 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 19.15.17.9 NMAC and 19.15.17.13 NMAC
14. Proposed Closure: 19.15.17.13 NMAC Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan. Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Closed-loop System 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 (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)
 15. Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached. Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Disposal Facility Name and Permit Number (for liquids, 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 I of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

Oil Conservation Division

16. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.) Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if facilities are required.									
Disposal Facility Name: Disposal Facility Permit Number:									
Disposal Facility Name: Disposal Facility Permit Number:									
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that <i>will not</i> be used for future service and operations. Yes (If yes, please provide the information below) No									
Required for impacted areas which will not be used for future service and operations: Soil Backfill and Cover Design Specifications based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	с								
^{17.} <u>Siting Criteria (regarding on-site closure methods only)</u> : 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable sound provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate dist considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Just demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.	rict office or may be								
Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	□ Yes □ No □ NA								
Ground water is between 50 and 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								
 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 									
 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 									
 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 									
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; Visual inspection (certification) of the proposed site									
 Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. Written confirmation or verification from the municipality; Written approval obtained from the municipality 	🗌 Yes 🗌 No								
 Within 500 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site 	🗌 Yes 🗌 No								
 Within the area overlying a subsurface mine. Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division 	Yes No								
 Within an unstable area. Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map 	Yes No								
Within a 100-year floodplain. - FEMA map	🗌 Yes 🗌 No								
 18. On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.13 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 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cann Soil Cover Design - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC 	15.17.11 NMAC								

19.
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:
20. OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment) RCLOS CORT
OCD Representative Signature: Steaffrug Lehing Approval Date: 03/01/11
OCD Representative Signature: <u>Alexander and Strang</u> Approval Date: <u>03</u> 01/11 Title: <u>Empiremmental Engineer</u> OCD Permit Number: <u>P-1-02-254</u>
^{21.} <u>Closure Report (required within 60 days of closure completion)</u> : Subsection K of 19.15.17.13 NMAC Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.
Closure Completion Date: 2/28/2011
22. Closure Method: ⊠ Waste Excavation and Removal □ On-Site Closure Method □ Alternative Closure Method □ Waste Removal (Closed-loop systems only) □ If different from approved plan, please explain.
^{23.} <u>Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:</u> Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.
Disposal Facility Name: Disposal Facility Permit Number:
Disposal Facility Name: Disposal Facility Permit Number:
Were the closed-loop system operations and associated activities performed on or in areas that <i>will not</i> be used for future service and operations? Yes (If yes, please demonstrate compliance to the items below) No
Required for impacted areas which will not be used for future service and operations: Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique
24. Closure Report Attachment Checklist: Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.
25. 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): Cam Robbins Title: Production Foreman
Signature: Cum Rolling Date: 3/1/2011
e-mail address: <u>maximum@valornet.com</u> Telephone: <u>(575) 390-4666</u>

Summary/Overview

The site is located approximately 16 miles east of Hobbs, New Mexico in Unit Letter D, Sec. 24, T19S R35E. On November 15th, 2010, NMOCD discovered an unknown pit and informed Melrose Operating now Quantum Resources of their finding and their request that it be closed per NMOCD standards.

Quantum Resources contracted with Rice Environmental Consulting and Safety (RECS) to close the unknown pit per NMOCD guidelines.

The potential contaminates of concern are chlorides, hydrocarbons, and BTEX.

The land's primary use is for domestic pasture for ranching and the production of oil and gas.

On January 13th, 2011, a soil bore was advanced approximately 60 feet north-west of the pit to determine depth to groundwater. The bore was drilled to red bed clay which is the bottom of the aquifer. The bore was left open for over 5 days and then gauged by ARC Environmental personnel. No groundwater was evidenced in the bore.

Protocols and Procedures

• RECS will assure that One-Calls occur for line spot clearance before excavation begins.

The One-Calls were cleared by November 29th, 2010

• RECS will notify the surface owner, P. Sims, of the RECS' proposal for the site closure method.

P. Sims was notified on January 25th, 2011 that work would commence at the subject site.

• **RECS will mobilize to the site location with equipment and personnel needed to reclaim the site per NMOCD requirements.** RECS personnel were on site beginning on November 29th, 2010 and continued through to February 28th, 2011. Throughout the reclamation, a belly dump, a dump truck, two back hoes, and a track hoe were used at various times.

• RECS personnel will supervise the removal of detritus from the bottom of the pit and excavate asphaltic soils. The detritus and asphaltic soils will be disposed of at a NMOCD approved facility.

Work began by on November 29th, 2010. A plastic liner was laid down and the detritus from the pit was removed and placed on the plastic. On December 1st, 2010, the detritus was NORM surveyed. Work began by digging out the berm that surrounded the pit. Plastic was laid south of the pit as a holding for the

removed asphaltic material. Asphaltine was removed from the walls of the pit and placed on the plastic. In addition, the pit was excavated down two feet. The soils from the two feet were sent to a commercial laboratory and came back clean (BTEX non-detect, chloride = 64 mg/kg, TPH 418.1 = 1820 mg/kg, GRO nondetect, and DRO = 211 mg/kg). The soils were returned to the excavation. The scrap metal from the bottom of the pit was separated out and one load of scrap metal was taken to Hobbs Iron and Metal on January 28th, 2011. The remaining scrap metal was hauled to Hobbs Iron and Metal on January 31st, 2011. On February 7th and 8th, 2011, the asphaltic material from the walls of the pit and the top foot of soils (94 yards) were transported to Sundance.

• RECS will obtain, at a minimum, a 5 point composite sample from the bottom of the pit for the areas with staining or discoloration and have it analyzed by a commercial laboratory for benzene, total BTEX, TPH, the GRO and DRO combined fraction and chlorides. Benzene will not exceed 0.2 mg/kg, total BTEX will not exceed 50 mg/kg, total TPH will not exceed 2500 mg/kg, the GRO and DRO combined fraction will not exceed 500 mg/kg, and chlorides will not exceed 1,000 mg/kg.

The final excavation of the pit was 58 ft x 30 ft x 12 ft deep. At 12 ft bgs, a 5 point bottom composite was taken to a commercial laboratory for confirmation of field testing on February 15th, 2011. BTEX for the 5 point composite showed non-detect. The chloride reading showed 16 mg/kg. TPH 418.1 showed a reading of 1430 mg/kg. GRO showed non-detect and the DRO showed 306 mg/kg.

- **RECS will notify the State of the results on form C-141.** The initial and final C-141 is attached.
- If sampling demonstrates that a leak occurred, RECS will comply with 19.15.29 NMAC and 19.15.30 NMAC; otherwise RECS will backfill the pit with compacted, non-waste containing, earthen material; construct a NMOCD prescribed soil cover; re-contour and re-vegetate the site. Sampling demonstrated that a leak occurred. The pit was excavated down two feet. The soils from the two feet were sent to a commercial laboratory and came back clean (BTEX non-detect, chloride = 64 mg/kg, TPH 418.1 = 1820 mg/kg, GRO non-detect, and DRO = 211 mg/kg). The soils were returned to the excavation. The site was backfilled with 204 feet of clean caliche. The top foot of the excavation was backfilled with clean blow sand. 156 yards of blow sand was imported to complete the backfill and contour it to the surrounding landscape. CA+ Nhance, a soil amendment, was added to the soil. A fence with silk netting was placed around the area to provide a hindrance to wind erosion and to keep the seed in place. The site was seeded February 28, 2011.

Once all remediation criteria have been met for site closure, the site will be seeded. Vegetative cover will equal 70% of the native perennial vegetative cover 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 or until successful growth is established. The site was seeded on February 28th, 2011. The species of vegetation used for seeding are the following: Sand Dropseed, Green Sprangletop, Plain Bristlegrass, Blue Grama, Black Grama, Sideoats Grama, Tall Fescue, Sorghum Alum, and Triticale (a hybrid wheat). The site will be observed for two successive growing seasons or until successful growth is established.

Confirmation Sampling Plan

• Not applicable

Disposal Facility Name and Permit Number

• Sundance Services, Inc.; Permit Number: 149972

Soil Backfill and Cover Design Specifications

• The soil cover for closures shall consist of background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

The top foot of the excavation was backfilled with clean blow sand. 156 yards of blow sand was imported to complete the backfill and contour it to the surrounding landscape. CA+ Nhance, a soil amendment, was added to the soil.

• RECS will construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material. The site was contoured to the surrounding landscape to prevent ponding of water at the site.

Revegetation Plan

- During the first growing season after RECS closes the pit, RECS shall seed the disturbed areas. The site was seeded on February 28th, 2011.
- RECS shall obtain vegetative cover that equals 70% of the native perennial vegetative cover 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 or until successful growth is established.

The species of vegetation used for seeding are the following: Sand Dropseed, Green Sprangletop, Plain Bristlegrass, Blue Grama, Black Grama, Sideoats Grama, Tall Fescue, Sorghum Alum, and Triticale (a hybrid wheat). The site should return to normal vegetative capacity within two growing seasons.

Site Reclamation Plan

• Once RECS closes the pit, RECS shall reclaim the pit area and associated roads to restore the impacted surfaces to the condition prior to oil and gas operations.

The site was backfilled and contoured to the surrounding area. The site and the two track road were seeded on February 28th, 2011.

• The area will be re-contoured to the existing area and blends with the surrounding topology and re-vegetate.

The site was backfilled and contoured to the surrounding area. The site and the two track road were seeded on February 28th, 2011.

If you have any questions or need any further information, please do not hesitate to contact me.

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TICKET, OPERATOR/SHIPPER REPRESENTS MATERIAL EXEMPT FROM THE RESOURCE, O TO TIME, 40 U.S.C. § 6901, et seq., THE NM THERETO, BY VIRTUE OF THE EXEMPTION / ASSOCIATED WITH THE EXPLORATION, DE GEOTHERMAL ENERGY. ALSO AS A CONDITION TO SUNDANCE SE TICKET. TRANSPORTER REPRESENTS / OPERATOR/SHIPPER TO TRANSPORTER IS FACILITY FOR DISPOSAL.	CONSERVATION AND RECOVERY AG HEALTH AND SAF. CODE § 361.001 AFFORDED DRILLING FLUIDS, PRO EVELOPMENT OR PRODUCTION C RVICES, INC.'S ACCEPTANCE OF TH AND WARRANTS THAT ONLY	CT OF 1976, AS AMENDED FROM TIME I et seq., AND REGULATIONS RELATED XOUCED WATERS, AND OTHER WASTE OF CRUDE OIL OR NATURAL GAS OR IE MATERIALS SHIPPED WITH THIS JOB THE MATERIAL DELIVERED BY
THIS WILL CERTIFY that the above Transp above described location, and that it was te materials were added to this load, and that to DRIVER: MAMEC FAA	ndered by the above described ship	oper. This will certify that no additional
(SIGNATURE) FACILITY REPRESENTATIVE:	2. Sta Cruzy	Dink Teascaster
	Canary - Sundance Acct #1	Pink - Transporter
Re-orger from: TOTALLY S		

P.O. Box 1737 Eunice, New Mi (575) 394-2511		TICKET No. 153510
LEASE OPERATOR/SHIPPER/COMPANY:	elrase	
LEASE NAME: NIF PRI #10		
TRANSPORTER COMPANY: Herprin	Trucking	TIME 4, 40 AMPM
THE INCLUSION OF THE PARTY OF T	C.3 J GENE	MAN'S NAME CIEM Rollins
CHARGE TO: MILLYCOL		ING NAME IND NUMBER
	TYPE OF MATERIAL	
[] Production Water	[] Drilling Fluids	[] Rinsate
[] Tank Bottoms	Contaminated Soil	[] Jet Out
[] Solids	[] BS&W Content:	[] Call Out
Description:	D	
RRC or API #		C-133#
AS A CONDITION TO SUNDANCE SERVIC TICKET, OPERATOR/SHIPPER REPRESENTS A MATERIAL EXEMPT FROM THE RESOURCE, CO TO TIME, 40 U.S.C. § 6901, et seq., THE NM H THERETO, BY VIRTUE OF THE EXEMPTION A ASSOCIATED WITH THE EXPLORATION, DEV GEOTHERMAL ENERGY. ALSO AS A CONDITION TO SUNDANCE SER TICKET. TRANSPORTER REPRESENTS A OPERATOR/SHIPPER TO TRANSPORTER IS I FACILITY FOR DISPOSAL. THIS WILL CERTIFY that the above Transpo above described location, and that it was ten materials were added to this load, and that th DRIVER: SIGNATURE FACILITY REPRESENTATIVE:	AND WARRANTS THAT THE WARRANTS THAT THE WARRANTS THAT THE WARRANTS THAT THE WARRANT AND RECOVERY IEALTH AND SAF. CODE § 361.0 FFORDED DRILLING FLUIDS, P VELOPMENT OR PRODUCTION IVICES, INC.'S ACCEPTANCE OF ND WARRANTS THAT ONIN NOW DELIVERED BY TRANSPO INTER loaded the material represent of the above described su	ASTE MATERIAL SHIPPED HEREWITH IS TACT OF 1976, AS AMENDED FROM TIME 201 et seq., AND REGULATIONS RELATED RODUCED WATERS, AND OTHER WASTE I OF CRUDE OIL OR NATURAL GAS OR THE MATERIALS SHIPPED WITH THIS JOB LY THE MATERIAL DELIVERED BY DRTER TO SUNDANCE SERVICES, INC'S Ented by this Transporter Statement at the hipper. This will certify that no additional
	Canary - Sundance Acct #1	Pink - Transporter
Re-order from: TOTALLY SH	ARP ADVERTISING - 432-586-5401 - www.Pr	emeSupermarket.com

P.O. Box 1737 Eunice, New (575) 394-2511	Mexico 88231	TJCKET No.	153551
LEASE OPERATOR/SHIPPER/COMPANY:	Telroso,		
LEASE NAME: N.F. P. G. #	11)		
TRANSPORTER COMPANY: Hered	a Trucking	TIM	NEG: 22 AMIPM
DATE 17/ . VEHICIENO	007 (GENERA	MAN'S NAME	n Rollins
CHARGETO: Michae		NUMBER	
	TYPE OF MATERIAL		
[] Production Water	[] Drilling Fluids	[] Rinsate	
[] Tank Bottoms	Contaminated Soil	[] Jet Out	
[] Solids	[] BS&W Content:	[] Call Out	t
Description: OIN	>		
RRC or API #		C-133#	
AS A CONDITION TO SUNDANCE SERV TICKÉT, OPERATOR/SHIPPER REPRESENTS MATERIAL EXEMPT FROM THE RESOURCE, TO TIME, 40 U.S.C. § 6901, et seq., THE NM THERETO, BY VIRTUE OF THE EXEMPTION ASSOCIATED WITH THE EXPLORATION, DI GEOTHERMAL ENERGY. ALSO AS A CONDITION TO SUNDANCE SE TICKET. TRANSPORTER REPRESENTS OPERATOR/SHIPPER TO TRANSPORTER IS FACILITY FOR DISPOSAL THIS WILL CERTIFY that the above Transp above described location, and that it was te materials were added to this load, and that DRIVER:	AND WARRANTS THAT THE WAST CONSERVATION AND RECOVERY AC HEALTH AND SAF. CODE § 361.001 AFFORDED DRILLING FLUIDS, PRO EVELOPMENT OR PRODUCTION O EVELOPMENT OR PRODUCTION O ERVICES, INC.'S ACCEPTANCE OF TH AND WARRANTS THAT ONLY NOW DELIVERED BY TRANSPOR Poorter loaded the material represent endered by the above described ship	TE MATERIAL SHIP CT OF 1976, AS AME et seq., AND REGU DUCED WATERS, A F CRUDE OIL OR A E MATERIALS SHIPF THE MATERIAL TER TO SUNDANCI ed by this Transport oper. This will certify	PED HEREWITH IS ENDED FROM TIME VLATIONS RELATED IND OTHER WASTE NATURAL GAS OR PED WITH THIS JOB DELIVERED BY E SERVICES, INC:S
FACILITY REPRESENTATIVE:	da Sta Crus	Bink Trees	
White - Sundance Re-order from: TOTALLY S	Canary - Sundance Acct #1 HARP ADVERTISING + 432-586-5401 + www.Promo	Pink • Transpo Supermarket.com	orter

ST.	P.Ö. Box 1737 Eunice, New 1 (575) 394-2511	Mexico 88231	TICKET No. 15962
LEASE OPERAT	DR/SHIPPER/COMPANY:	cantum Rea	
LEASE NAME:		suren # IC F	Pit.
TRANSPORTER		er	TIME 2: 274
DATE: 7M	11 VEHICLE NO:	GENERAT	MANSMANE CAME Rob
CHARGE TO:	Conantum	RIG N	AME
		TYPE OF MATERIAL	
	[] Production Water	[] Drilling Fluids	[] Rinsate
	[] Tank Bottoms	Contaminated Soil	[] Jet Out
	[] Solids	[] BS&W Content	[] Call Out
Descri	iption:plr)	
RRC or API #			C-133#
VOLUME OF M	ATERIAL [] BBLS	: XI VARD	2 : []
	PERALOR/SMIPPEN REPRESENTS		
MATERIAL TO TIME, 4 THERETO, ASSOCIAT GEOTHERI ALSO AS	EXEMPT FROM THE RESOURCE, C IO U.S.C. § 6901, et seq., THE NM BY VIRTUE OF THE EXEMPTION / ED WITH THE EXPLORATION, DE MAL ENERGY. 5 A CONDITION TO SUNDANCE SE	AND WARRANTS THAT THE WAST CONSERVATION AND RECOVERY AC HEALTH AND SAF. CODE § 361.001 AFFORDED DRILLING FLUIDS, PROD VELOPMENT OR PRODUCTION OF RVICES, INC.'S ACCEPTANCE OF THE	T OF 1976, AS AMENDED FROM TI et seq, and regulations relat duced waters, and other wat crude oil or natural gas materials shipped with this j
MATERIAL TO TIME, 4 THERETO, ASSOCIAT GEOTHÉRI ALSO AS TICKET. T OPERATOR FACILITY F THIS WIL above desi	EXEMPT FROM THE RESOURCE, C IOULS.C. § 6901, et seq., THE NM BY VIRTUE OF THE EXEMPTION / ED WITH THE EXPLORATION, DE MAL ENERGY. 5 A CONDITION TO SUNDANCE SE TRANSPORTER - REPRESENTS / RVSHIPPER TO TRANSPORTER IS FOR DISPOSAL L CERTIFY that the above Transp cribed focation, and that it was te	CONSERVATION AND RECOVERY AC HEALTH AND SAF. CODE § 361.001 AFFORDED DRILLING FLUIDS, PROD VELOPMENT OR PRODUCTION OF	TOF 1976, AS AMENDED FROM TI et seq., AND REGULATIONS RELAT DUCED WATERS, AND OTHER WAS CRUDE OIL OR NATURAL GAS MATERIALS SHIPPED WITHTHIS J THE MATERIAL DELIVERED ER TO SUNDANCE SERVICES, IN d by this Transporter Statement at per. This will certify that no addition
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ARGETO: [] Prod [] Prod [] Tank [] Solid Description:	e ci - Sa (Pic. (. Pic. (.	Kent Kent 21 Rest TYPE OF MATH (] Drilling F VI Contamir	CERIAL Nuids	TIA	NEH: 1. D ANOPM
ANSPORTER COMPANY: ATE: 2/-7/11 V HARGE TO: 11.4 [] Prod [] Tank [] Solid Description:	uction Water Bottoms	Ker 21 Rear TYPE OF MATE () Drilling Fl XI Contamin	CERIAL Nuids	TIA DR COMPANY MANS NAME ALL ME LUMECA	n Pobler
ATE: 2/-7/11 V IARGE TO: 11 A [] Prod [] Tank [] Solid Description:	uction Water Bottoms	Ke.t. 31 Kest TYPE OF MATE () Drilling Fl VI Contamin	GENEDATI RIGAU AND N ERIAL		n Pobler
IARGE TO:	uction Water Bottoms	[] Drilling Fl	RIAL Inids	MAN'S NAME (/// RAE HUMBER	n Poblin
[] Prod [] Tank [] Solid Description:	uction Water Bottoms	[] Drilling Fl	ERIAL Iuids	ILIMIES .	
1 Tank [] Solid Description:	Bottoms	[] Drilling Fl	luīds	[] Rinsate	
1 Tank [] Solid Description:	Bottoms	Contamir		[] Rinsate	
[] Solid		~	Ind Lot		
Description:	s	I I DEGUN C-	areo 200	[] Jet Out	
		[] BS&W Co	ntent:	[] Call Ou	t
RC or API #		010			
				C-133#	
AS A CONDITION TO : TICKET, OPERATOR/SHIPF MATERIAL EXEMPT FROM TO TIME, 40 U.S.C. § 6901 THERETO, BY VIRTUE OF T ASSOCIATED WITH THE E GEOTHERMAL ENERGY.	ER REPRESENT THE RESOURCE et seq. THE NA HE EXEMPTION	S AND WARRANTS TH CONSERVATION AND A HEALTH AND SAF CO I AFFORDED DRILLING	AT THE WASTE RECOVERY ACT DE 5 361.001 é FLUIDS, PROD	MATERIAL SHIP OF 1976, AS AMI It seq., AND REGU	PED HEREWITH IS ENDED FROM TIME PLATIONS RELATED IND OTHER WASTE
ALSO AS A CONDITION TICKET. TRANSPORTER OPERATOR/SHIPPER TO T FACILITY FOR DISPOSAL	REPRESENTS	AND WARRANTS	THAT ONLY	THE MATERIAL	DELIVERED BY
THIS WILL CERTIFY that above described location, materials were added total DRIVER DRIVER FACILITY REPRESENTAT	and that it was i is load, and thay S	sporter loaded the man tendend by the above sporterial was defined and the sport of the sport and the sport of the sport o	Mol represented described shipp ered without ind	d by this Transport ier. This will certify cident.	ter Statement of the e that no additional
White - Sur	idance	Canary - Sundance	Acet #1	Pink - Transpo	orter

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	RO. Box 1737 Eunice, I (575) 394		TICKET No. 159602
LEASE OPERATO	R/SHIPPER/COMPANY:	Sugatur K	enoures
LEASENAME	U.E. Pear	Ducen #1	
TRANSPORTER	COMPANY: YU	ikers.	TIME 17:5/ AM
DATE 3/1	VEHICLENO:	21 9	ENERATOR COMPANY ALA INI Rober
CHARGETO:	Guantic	Printer	RIG NAME AND NUMBER
	Contra Marine		
		TYPE OF MATERIAL	
	[] Production Water	[] Drilling Fluids	[] Rinsate
	[] Tank Bottoms	Contaminated Soil	[] Jet Out
	[] Solids	[] BS&W Content:	[] Call Out
Descrip	tion:	D	· · · · · · · · · · · · · · · · · · ·
RRC or API #			C-133#
VOLUME OF MA	TERIAL [] BBLS.	: YARD	20 : 11
TO TIME, 40 THERETO, 1 ASSOCIATE GEOTHERM ALSO AS, TICKET. TI OPERATOR FACILITY FO THIS WILL above desc materials w	U.S.C. § 6901, et seq. THE BY VIRTUE OF THE EXEMPTI D WITH THE EXPLORATION IAL ENERGY. A CONDITION TO SUNDANG RANSPORTER REPRESENT /SHIPPER TO TRANSPORTE OR DISPOSAL CERTIFY that the above The ribed Ignation, and that it w	NM HEALTH AND SAF CODE § 361 ION AFFORDED DRILLING FLUIDS, N, DEVELOPMENT OR PRODUCTIO CE SERVICES, INC'S ACCEPTANCE O IS AND WARRANTS THAT O BR IS NOW DELIVERED BY TRANS	RY ACT OF 1976, AS AMENDED FROM TIME 1.001 et seq., AND REGULATIONS RELATED PRODUCED WATERS, AND OTHER WASTE ON OF CRUDE OIL OR NATURAL GAS OR. IF THE MATERIALS SKIPPED WITH THIS JOB INLY THE MATERIAL DELIVERED BY PORTER TO SUNDANCE SERVICES, INC'S esented by this Transporter Statement at the shipper. This will certify that no additional out incident.
FACILITY			

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	ANCE SERV 0. Box 1737 Eunice, New M (575) 394-2511		TICKET No.	159653
LEASE OPERATOR/SHIP	PER/COMPANY:	Quantum	Res.	
EASENAME NE	Peage	Guin #1	O-Pit	
TRANSPORTER COMPAN	W: Pluck	ler	TIN	E11:33ANGROM
DATE: 2/7/11	VEHICLE NO:	5	GENERATOR COMPANY	~ Ribbins
CHARGETO:	10 uturn	Peri	RIG NAME AND NUMBER	
		TYPE OF MATERIAL		
	Production Water	() Drilling Fluids	[] Rinsate	
	Tank Bottoms Solids	[] BS&W Content:	sil [] Jet Out [] Call Out	
11		t 1 Bacer Contenc		
Description:	011)		
RRC or API #			Ç-1334	
VOLUME OF MATERIAL	[] BBLS	: XI YARD	17 :	[]
TICKET, OPERATOR	N TO SUNDANCE SERVI	ICES, INC:S ACCEPTANCE OF AND WARRANTS THAT THE	THE MATERIALS SHIPPI WASTE MATERIAL SHIP	D.WITH THIS JOB PED HEREWITH IS
TICKET, OPERATOR MATERIAL EXEMPT TO TIME, 40 U.S.C. 5 THERETO, BY VIRTU ASSOCIATED WITH GEOTHERMAL ENER ALSO AS A CONDI TICKET. TRANSPO OPERATOR/SHIPPEI FACILITY FOR DISPO	N TO SUNDANCE SERVI VSHIPPER REPRESENTS FROM THE RESOURCE, C 5 6901, et seq., THE NM H JE OF THE EXEMPTION A THE EXPLORATION, DE RGY. RTION TO SUNDANCE SEI RTER REPRESENTS A R TO TRANSPORTER IS DSAL.	ICES, INC:S ACCEPTANCE OF AND WARRANTS THAT THE CONSERVATION AND RECOVE HEALTH AND SAF. CODE § 36 AFFORDED DRILLING FLUIDS EVELOPMENT OR PRODUCT RVICES, INC:S ACCEPTANCE AND WARRANTS THAT NOW DELIVERED BY TRAN	F THE MATERIALS SHIPP WASTE MATERIAL SHIP BRY ACT OF 1976, AS AME SLOOT et seq., AND REGU S, PRODUCED WATERS, A ION OF CRUDE OIL OR OF THE MATERIALS SHIPP ONLY THE MATERIAL SPORTER TO SUNDANCE	ED WITH THIS JOB PED HEREWITH IS INDED FROM TIME LATIONS RELATED ND OTHER WASTE NATURAL GAS OR ED WITH THIS JOB DELIVERED BY E SERVICES, INC'S
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	PO. Box 1737 Eurice, Ne (575) 394-2	w Mexico 88231	TICK	TNo. 159737
LEASE OPERATO	DR/SHIPPER/COMPANY:	Haitum	Ken.	
LEASE NAME:		Succase Pi		
TRANSPORTER	COMPANY: Par	ker		TIME K .: LZAMIE
DATE 28	11 VEHICLENO:	15	GENERATOR COMPA	NY Æ
CHARGE TO:	Bunter	n. Keni	BIG NAME	· · · · · · · · · · · · · · · · · · ·
		TYPE OF MATERIA	uL.	
	[] Production Water	[] Drilling Fluids] Rinsate
	[] Tank Bottoms			JetOut CallOut
	[] Solids	[] BS&W Conten	G L	
Descrip	otion:Of	D		<u> </u>
RRC of API #			C	-133#
				LS SHIPPED WITH THIS JOB
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TICKET, OP MATERIAL TO TIME, 44 THERETO, I ASSOCIATE GEOTHERM ALSO AS TICKET. TI OPERATOR FACILITY FO THIS WILL above desc materials w	ERATOR/SHIPPER REPRESENT EXEMPT FROM THE RESOURCE I U.S.C. § 6901, et seq., THE NI BY VIRTUE OF THE EXEMPTION D. WITH THE EXPLORATION, MALENERGY. A CONDITION TO SUNDANCE RANSPORTER REPRESENTS /SHIPPER TO TRANSPORTER DR DISPOSAL CERTIFY that the above Tran ribed location, and that it was were added to this that it was rere added to this that it was	IS AND WARRANTS THAT T E CONSERVATION AND REC M HEALTH AND SAF, CODE & N AFFORDED DRILLING FLU DEVELOPMENT OR PRODU SERVICES, INC'S ACCEPTAN AND WARRANTS THAT IS NOW DELIVERED BY TR IS NOW DELIVERED BY TR IS porter loaded the material tendered by The above desci	HE WASTE MATER SVERY ACTOF 197 3361.001 et seq., A NOS, PRODUCED V CTION OF CRUDE CE OF THE MATERI ONLY THE W ANSPORTER TO S represented by this ibed shipper. This is without incident.	IAL SHIPPED HEREWITH IS GAS AMENDED FROM TIME IND REGULATIONS RELATED VATERS, AND OTHER WASTE OIL OR NATURAL GAS OR ALS SHIPPED WITH THIS JOB MATERIAL DELIVERED BY UNDANCE SERVICES, INC.'S Transporter Statement at the

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#	SUNDANCE SERV P.O. Box 1737 Eunice, New 1 (575) 394-2511	Mexico 88231	TICKET No. 15976
LEASE OF	PERATOR/SHIPPER/COMPANY:	antune Kes.	•
LEASE NA		Juan, Pit 7	#10
TRANSPO	PRTER COMPANY: HELK	er.	TIME 2:49 AN
DATE 2	B/11 VEHICLE NO: /	5 ^{GDND}	MASH'S NAME Cam Rubb
CHARGE	TO: Quantin K	es. A	G NAME ND NUMBER
[TYPE OF MATERIAL	
	[] Production Water	[] Drilling Fluids	[] Rinsate
	[] Tank Bottoms	Contaminated Soil	[] Jet Out
	[] Solids	[] BS&W Content:	[] Call Out
	Description: OID		
RRC or Al			C-133#
MOLLINE	OF MATERIAL [] BBLS.	: YARD	12 11 11
MAT TOT THE ASSO GEO AL TICK OPE	ET, OPERATOR/SHIPPER REPRESENTS ERIAL EXEMPT FROM THE RESOURCE, O IME, 40 U.S.C. 'S 6901, et seq. THE NM 1 RETO, BY VIRTUE OF THE EXEMPTION / OCIATED WITH THE EXPLORATION, DE ITHERMAL ENERGY. SO AS A CONDITION TO SUNDANCE SE LET. TRANSPORTER REPRESENTS / RATOR/SHIPPER TO TRANSPORTER IS JUTY FOR DISPOSAL.	ONSERVATION AND RECOVERY A HEALTH AND SAF. CODE \$ 361:00 AFFORDED DRILLING FLUIDS, PR VELOPMENT OR PRODUCTION RVICES, INC:S ACCEPTANCE OF T IND WARRANTS THAT ONL	ACT OF 1976; AS AMENDED TROM TIME IT et seq. AND REGULATIONS RELATED ODUCED WATERS, AND OTHER WASTE OF CRUDE OIL OR NATURAL GAS OR HE MATERIALS SHIPPED WITH THIS JOB Y THE MATERIAL DELIVERED BY
abo mat		ndered by the above described sh	nted by this Transporter Statement at the Ipper. This will certify that no additional Incident.
	CILITY REPRESENTATIVE	Sla (2002) Canary - Sundance Acct #1	Pink - Transporter
8			

. 0 2

PAY

MAXIMUM LEASE SER INC

HOBBS IRON & METAL, INC.

920 SOUTH GRIMES PH. 575-393-1726

HOBBS, NEW MEXICO 88241

* THREE HUNDRED TWENTY-FOUR AND 80 / 100 *

P.O. BOX 2007

575-394-0050

CHECK NO. 085036

LEA COUNTY STATE BANK Hobbs, New Mexico 88241 95-163-1122 DATE

AMOUNT

02/17/2011

\$ 324.80

TO THE QUANTUM RESOURCES ORDER 2350 AVE 0 OF EUNICE, NM 88231

#085036# #112201836# 01038702#

Date	Invoice Number	Invoice Description	Invoice Amount	Discount Taken	Amount Paid
01/28/11	196825	scrap	\$252.80	\$0.00	\$252.80
01/31/11	197009	SCRAP	\$72.00	\$0.00	\$72.00

Vendor: MELR01 Check #: 85036 QUANTUM RESOURCES

Check Date: 02/17/11

\$324.80

\$0.00

\$324.80





New Mexico Regulation and Licensing Department CONSTRUCTION INDUSTRIES DIVISION 505 Marquette Avenue, NE • Suite 1810 • Albuquerque, New Mexico 87102 www.rld.state.nm.us/Q5/RecycledMetals.html

RECYCLED METAL PURCHASE RECORD

Hobbs Iron & Metal, Inc.

920 S. Grimes Hobbs, N.M. 88240 505-393-1726 / 505-393-5654 Fax

SELLER

JESUS GUTIERREZ VASQUEZ 5387 CO RD 154 #37 GLENWD SPGS, CO 81601 DRIVER LICENSE 06-104-1242CO COLORADO

COMPANY NAME: MELROSE OPERATING/ PARKER

Address: 2350 AVE O EUNICE, NM 88231

PURCHASE INFORMATION

Item	Gross	Tare	Net	\$/#	Total
UNPREPARED STEEL	19,700.0	18,800.0	900.0	\$0.0800 LB	\$72.00

TOTAL	\$72.00
PAID CHECK	

SELLERS STATEMENT OF OWNERSHIP

I hereby represent and warrant that I am legal owner of the material reported on this record and have the legal right to sell this material to a second-hand metal dealer, or that I am legally entitled to sell the material to a second-hand metal dealer on behalf of the legal owner

1-31-11

JESUS GUTIERREZ VASQUEZ

Original forms and signatures kept on record at Hobbs Iron and Metal, Inc. 920 S. Grimes, Hobbs, NM and are available upon request by Regulation and Licensing Department.

575-394-0050

Purchase No. 196825

D.3



New Mexico Regulation and Licensing Department CONSTRUCTION INDUSTRIES DIVISION 505 Marquette Avenue, NE - Suite 1810 - Albuquerque, New Mexico 87102 www.rld.state.nm.us/CS/RecycledMetals.html

RECYCLED METAL PURCHASE RECORD

Hobbs Iron & Metal, Inc.

920 S. Grimes Hobbs, N.M. 88240 505-393-1726 / 505-393-5654 Fax

SE	LL	ER
----	----	----

ROY CRIPPIN 1000 AVE G EUNICE, NM 88231 DRIVER LICENSE 508362871 NM NEW MEXICO

COMPANY NAME: MELROSE OPERATING

PURCHASE INFORMATION

Item	Gross	Tare	Net	\$/#	Total
UNPREPARED STEEL	24,180.0	21,020.0	3,160.0	\$0.0800 LB	\$252.80

TOTAL	\$252.80
PAID CHECK	

SELLERS STATEMENT OF OWNERSHIP

I hereby represent and warrant that I am legal owner of the material reported on this record and have the legal right to sell this material to a second-hand metal dealer, or that I am legally entitled to sell the material to a second-hand metal dealer on behalf of the legal owner

Boy Cuppin

1-28-11

ROY CRIPPIN

Original forms and signatures kept on record at Hobbs Iron and Metal, Inc. 920 S. Grimes, Hobbs, NM and are available upon request by Regulation and Licensing Department.

LEA COUNTY LANDFILL 3219 E. STATE RD #176 EUNICE, NM 88231 000000 CASH CUSTOMER

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 Grub
 GRub
 Weighwaster

 17
 065923
 Tillie DeLarosa

 DATE NO
 ETMEIN
 Time OUT

 DATE NO
 ETMEIN
 Time OUT

 01/26/11
 01/26/11
 13:18

 BRYANS
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	0.61	
Inbound - Cash ticket	11.56	· .
- punoquI	CONSTRUCTN/DEMO LEA 34.00 11.56 0.61 12.17	•
	24	Sat. -Sat.
EB EB		Mon
16460 15780	CONSTRUCTN/DEMO LEA	Standard Operating Hours 7:30A.M 4:30P.M. Mon Sat. Daylight Saving Time Hours 7:30A.M5:30P.M. MonSat. Sunday CLOSED (575)394-9109
	CONSTRUCT	15 7:30A.M.
Scale I Gross Wt Scale 1 Tare Wt. Net Weight	TON	ng Hour Time Ho
		Operati Saving LOSED
	¥E.0	Standard Operating Hour Daylight Saving Time Ho Sunday CLOSED (575)394-9109

WW6T1 TV) REORDER CONTACT CAROLINA SOFTWARE (910) 799-6767 SIGNATURE

7.83

CHECK NO.

Drafted by: Lara Weinheimer Drawing date: 3/1/2011 Figure 4

NMOCD Case #: P-1-02-254 Legals: UL/D sec. 24 T19S R35E

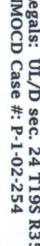
feet Z 12 10 N 8 6 4 0 5pt Bottom Comp. B <0.05 T <0.05 **************************** I I B <0.05 T <0.05 E <0.05 X <0.150 TPH 418.1 1820 B <0.05 T <0.05 TPH <10 CL- <16 **TPH 211** TPH 16.7 E <0.05 X <0.150 T CL- 16 E <0.05 30 ft X<0.150 TPH 418.1 <100 TPH 418.1 1430 CL- 64 CL- 96 C- 64 Excavation Boundary **TPH 306** I I I 1' Blow Sand 4' Imported Caliche 5' Berm Soil 2' Blended Backfill 5

Cross Section of Excavation

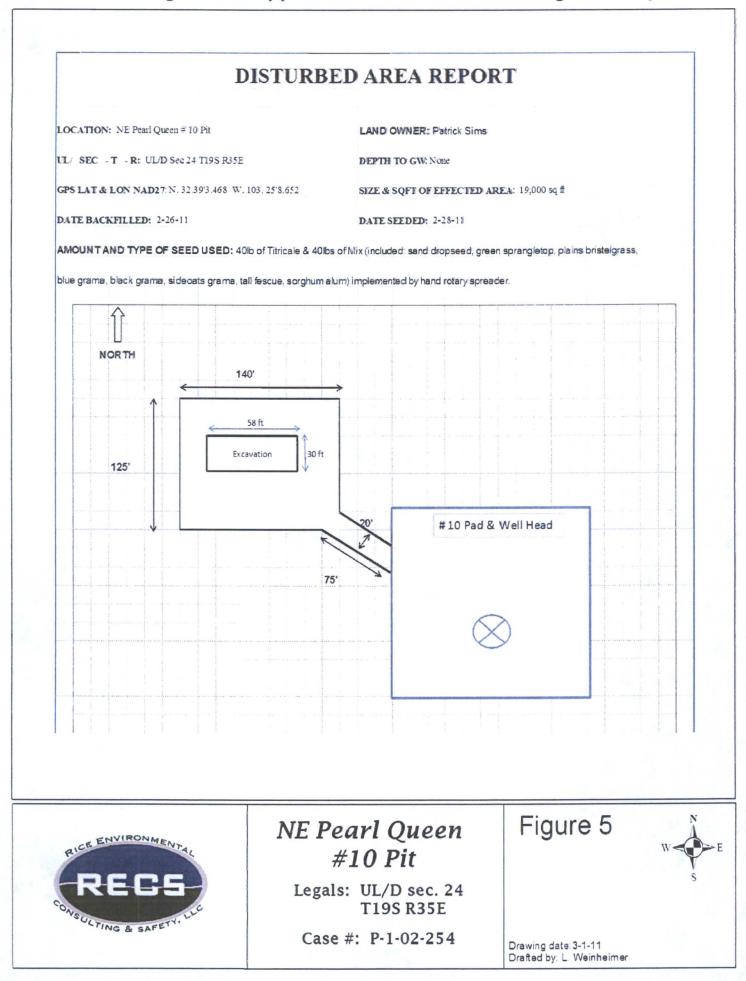


Phone (575) 393-9174 Fax (575) 393-0293 Hobbs, NM 88241 P.O. Box 5650

NE Pearl Queen #10 Pit



Re-vegetation Application Rates and Seeding Techniques





PO Box 5630 Hobbs, NM 88241 Phone: (575) 393-4411 Fax: (575) 393-0293

REVEGETATION FORM

1. General Inform	nation					
Site name:		1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1				and the second second
U/L D	Section 24	Township 19S	Range 37E	County Lea	Latitude N. 32° 39'3.468	Longitude W.103° 25'8.652
Contact Name:	Hack Co	nder				
Email: hconder@riceswd.co	m					
Site size:19,000		square feet	Map det	ail of site attac	hed 🖂	
Additional information	on:					
					y ripping shall be remo	
Salvaged from site	Bioremedi		Imported 🛛	Blended	⊠ Depth	n (in):
Texture:		soil & subsoil:		5 1 (1)		
Soil prep methods:	Rip 🗌	Depth(in):	Disc 🗌	Depth (in):	Rollerpach	
Date completed:						
2 / 28 /2011						
3. Bioremediation	n					2 12 2 4 2
Fertilizer 🛛			Hay		Other	
Type: CA+	Enhance				Describ	e:
Lbs/acre: 34.51	b per sq ft					
4. Seeding				hall contain the	site name and S-T-R.	
Custom seed mix 🛛	Prescribed n	nix 🗌 Seed	mix name:	Doom Mix	Seedin	ng date: 2 / 28 /2011
Broadcast						
Method: Hand Rotary	y Spreader					1.
Soil conditions durin	g seeding: I	Dry 🛛 🛛 Dan	np 🗌 Wet 🗌			
Photos attached	Observa	ations:				1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1
Number of photos:						
5. Certification	I hereby certify that	the information in	this form and attac	hments is true and	complete to the best of m	y knowledge and belief.
Name: Jorda	n Woodfin		Title:	Environmen	tal Tech.	Date: 3-1-11

Signature:

NE Pearl Queen #10 Pit Unit D, Section 24, T-19-S, R-35-E



Pit prior to excavation, facing east



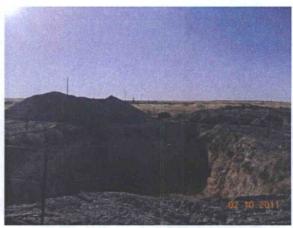
Excavating, facing south



Excavation, facing west



Hauling off soil, facing north



Final Excavation, facing west



Importing caliche, facing southwest



Backfilling excavation, facing northwest



Spreading soil with amendments, facing southwest



Backfilling, facing south



Spreading seed using a hand rotary spreader, facing northwest



Tilling in seed using a tractor, facing northwest



Site completed, facing southeast

District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV

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

District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505	Department Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505	For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office. For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.
Proposed Alter Type of action: Permit Closur Modifi	losed-Loop System, Below-Grade rnative Method Permit or Closure of a pit, closed-loop system, below-grade tank, e of a pit, closed-loop system, below-grade tank, ication to an existing permit	Plan Application or proposed alternative method , or proposed alternative method
below-grade tank, or propos	re plan only submitted for an existing permitted of ed alternative method tion (Form C-144) per individual pit, closed-loop system	
Please be advised that approval of this request does no environment. Nor does approval relieve the operator of	t relieve the operator of liability should operations result of its responsibility to comply with any other applicable g	in pollution of surface water, ground water or the governmental authority's rules, regulations or ordinances.
Address: <u>5 Houston Center, 1401 McKinle</u>	OGRID #: OGRID #: ey St. Ste 2400, Houston, TX n Unit #10	
		-1-02-254
U/L or Qtr/Qtr Section24	TownshipT19SRangeR35ELongitude	County: <u>LEA</u>
String-Reinforced		
intent) Drying Pad Above Ground Steel Tanks Lined Unlined Liner type: Thickness	vell Workover or Drilling (Applies to activities where the second secon] Other
Tank Construction material: Secondary containment with leak detection Visible sidewalls and liner	luid:	overflow shut-off
5. Alternative Method: Submittal of an exception request is required. Ex	ceptions must be submitted to the Santa Fe Environm	ental 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, hospital, institution or church)

Four foot height, four strands of barbed wire evenly spaced between one and four feet

Alternate. Please specify_

7.

8.

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

Screen Netting Other

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

Signs: Subsection C of 19.15.17.11 NMAC

12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

Signed in compliance with 19.15.3.103 NMAC

Administrative Approvals and Exceptions:

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

Please check a box if one or more of the following is requested, if not leave blank:

Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval.

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

10. Siting Criteria (regarding permitting): 19.15.17.10 NMAC

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 accept material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appro office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a 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
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 ☐ NA
 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 ☐ NA
 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. 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.	Yes No

11. 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 19.15.17.10 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 Previously Approved Design (attach copy of design) API Number:	
12. Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9 Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC 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: (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)	
above ground steet tanks of nutat-op ones and propose to imprement wate removal for closure) 13. Permanent Pits Permit Application Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Hydrogeologic Report - based upon the requirements of Paragraph (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 Leak Detection Design - 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 Muisance or Hazardous Odors, including H ₂ S, 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 19.15.17.9 NMAC and 19.15.17.13 NMAC	
14. Proposed Closure: 19.15.17.13 NMAC Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan. Type: Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Closed-loop System Alternative Maternative Waste Excavation and Removal Below-grade Tank 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 (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration) Is. 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 Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Soil Backfill and cover Design Specifications - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC	

Oil Conservation Division

16. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Instructions: Please indentify the facility or facilities for the disposal of liquids, facilities are required.	Steel Tanks or Haul-off Bins Only: (19.15.17.13.1 drilling fluids and drill cuttings. Use attachment if r	D NMAC) more than two	
Disposal Facility Name:	Disposal Facility Permit Number:		
Disposal Facility Name:	Disposal Facility Permit Number:		
Will any of the proposed closed-loop system operations and associated activities o Yes (If yes, please provide the information below) No			
Required for impacted areas which will not be used for future service and operation Soil Backfill and Cover Design Specifications based upon the appropriate Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsect	e requirements of Subsection H of 19.15.17.13 NMAG I of 19.15.17.13 NMAC	c	
^{17.} <u>Siting Criteria (regarding on-site closure methods only)</u> : 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the provided below. Requests regarding changes to certain siting criteria may requi considered an exception which must be submitted to the Santa Fe Environmenta demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC	re administrative approval from the appropriate dist I Bureau office for consideration of approval. Justi	rict office or may be	
Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Dat	a obtained from nearby wells	□ Yes □ No □ NA	
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Dat	a 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; Dat	a obtained from nearby wells	□ Yes □ No □ NA	
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other sig- lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	mificant watercourse or lakebed, sinkhole, or playa	🗌 Yes 🗌 No	
Within 300 feet from a permanent residence, school, hospital, institution, or church - Visual inspection (certification) of the proposed site; Aerial photo; Satellit		Yes No	
Within 500 horizontal feet of a private, domestic fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or s - NM Office of the State Engineer - iWATERS database; Visual inspection	spring, in existence at the time of initial application.	🗌 Yes 🗌 No	
Within incorporated municipal boundaries or within a defined municipal fresh wat adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approx		🗌 Yes 🗌 No	
 Within 500 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; Visu 	al inspection (certification) of the proposed site	🗌 Yes 🗌 No	
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining	g and Mineral Division	🗌 Yes 🗌 No	
 Within an unstable area. Engineering measures incorporated into the design; NM Bureau of Geolog Society; Topographic map 	y & Mineral Resources; USGS; NM Geological	🗌 Yes 🗌 No	
Within a 100-year floodplain. - FEMA map		Yes No	
 18. On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must 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 19.15.17.13 NMAC Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.13 NMAC Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved) Soil Cover Design - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC 			

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

15.			
Operator Application Certification: 1 hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.			
Name (Print): CAM Robbins Title: Prod Forman			
Signature: Can Rollins Date: 2-7-11			
e-mail address: maximum@Valornet.com Telephone: 575-390-4666	-		
18. OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment)			
OCD Representative Signature: Approval Date:			
	-		
Title: OCD Permit Number:	_		
21. <u>Closure Report (required within 60 days of closure completion)</u> : Subsection K of 19.15.17.13 NMAC Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.			
Closure Completion Date:			
22. <u>Closure Method:</u> Waste Excavation and Removal On-Site Closure Method Alternative Closure Method Waste Removal (Closed-boop systems only) If different from approved plan, please explain.			
23. <u>Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:</u> Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.			
Disposal Facility Name: Disposal Facility Permit Number:			
Disposal Facility Name: Disposal Facility Permit Number:			
Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?			
Required for impacted areas which will not be used for future service and operations: Site Reclamation (Photo Documentation) Scill Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique			
 24. <u>Closure Report Attachment Checklist</u>: Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check murk in the box, that the documents are attached. Proof of Closure Notice (surface owner and division) Proof of Deed Notice (required for on-site elosure) 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 Backtilling and Cover Installation Re-vegetation Application Rates and Seeding Technique She Reclamation (Photo Documentation) 			
On-site Closure Location: Latitude Longitude NAD: 1927 1983			
25. 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. Talso certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.			
Name (Print): Title:			
Signature: Date:			
e-mail address: Telephone:	_		

Rice Environmental Consulting & Safety

P.O. Box 5630 Hobbs, NM 88241 Phone 575.393.4411 Fax 575.393.0293

January 21, 2011

Mr. Geoffrey Leking New Mexico Energy, Minerals, & Natural Resources Oil Conservation Division, Environmental Bureau 1625 N. French Drive Hobbs, New Mexico 88240

> RE: Quantum Resources Northeast Pearl Queen Well #10 30-025-20983 Unknown Pit (P-1-02-254) Investigation and Corrective Action Plan (Closure Plan) Unit Letter D, Sec. 24, T19S R35E, 990' FNL & 330' FWL Lea County, New Mexico

Mr. Leking:

Rice Environmental Consulting and Safety (RECS) would like to take this opportunity to present the Waste Excavation and Removal Closure Plan of the C-144 for the Quantum Resources' above mentioned site. Attached you will find the C-144 and our work plan to address the reclamation of the Unknown Pit near the Northwest Pearl Queen #10 well.

Sincerely,

Haskell Conder Environmental Manager RECS

Summary/Overview

The site is located approximately 16 miles east of Hobbs, New Mexico in Unit Letter D, Sec. 24, T19S R35E. On November 15th, 2010, NMOCD discovered an unknown pit and informed Melrose Operating now Quantum Resources of their finding and their request that it be closed per NMOCD standards.

Quantum Resources contracted with Rice Environmental Consulting and Safety (RECS) to close the unknown pit per NMOCD guidelines.

The potential contaminates of concern are chlorides, hydrocarbons, and BTEX.

The land's primary use is for domestic pasture for ranching and the production of oil and gas.

On January 13th, 2011, a soil bore was advanced approximately 60 feet north-west of the pit to determine depth to groundwater. The bore was drilled to red bed clay which is the bottom of the aquifer. The bore was left open for over 5 days and then gauged by ARC Environmental personnel. No groundwater was evidenced in the bore.

Protocols and Procedures

- RECS will assure that One-Calls occur for line spot clearance before excavation begins.
- RECS will notify the surface owner, P. Sims, of the RECS' proposal for the site closure method.
- RECS will mobilize to the site location with equipment and personnel needed to reclaim the site per NMOCD requirements
- RECS personnel will supervise the removal of detritus from the bottom of the pit and excavate asphaltic soils. The detritus and asphaltic soils will be disposed of at a NMOCD approved facility.
- RECS will obtain, at a minimum, a 5 point composite sample from the bottom of the pit for the areas with staining or discoloration and have it analyzed by a commercial laboratory for benzene, total BTEX, TPH, the GRO and DRO combined fraction and chlorides. Benzene will not exceed 0.2 mg/kg, total BTEX will not exceed 50 mg/kg, total TPH will not exceed 2500 mg/kg, the GRO and DRO combined fraction will not exceed 500 mg/kg, and chlorides will not exceed 1,000 mg/kg.

- RECS will notify the State of the results on form C-141.
- If sampling demonstrates that a leak occurred, RECS will comply with 19.15.29 NMAC and 19.15.30 NMAC; otherwise RECS will backfill the pit with compacted, non-waste containing, earthen material; construct a NMOCD prescribed soil cover; re-contour and re-vegetate the site.
- Once all remediation criteria have been met for site closure, the site will be seeded. Vegetative cover will equal 70% of the native perennial vegetative cover consisting of at least three native plant species, including at least one grass, but not including noxious weeks, and maintain that cover through two successive growing seasons or until successful growth is established.

Confirmation Sampling Plan

• Not applicable

Disposal Facility Name and Permit Number

• Sundance Services, Inc.; Permit Number: 149972

Soil Backfill and Cover Design Specifications

- The soil cover for closures shall consist of background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.
- RECS will construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

Revegetation Plan

- During the first growing season after RECS closes the pit, RECS shall seed the disturbed areas.
- RECS shall obtain vegetative cover that equals 70% of the native perennial vegetative cover consisting of at least three native plant species, including at least one grass, but not including noxious weeks, and maintain that cover through two successive growing seasons or until successful growth is established.

Site Reclamation Plan

- Once RECS closes the pit, RECS shall reclaim the pit area and associated roads to restore the impacted surfaces to the condition prior to oil and gas operations.
- The area will be re-contoured to the existing area and blends with the surrounding topology and re-vegetate.

If you have any questions or need any further information, please do not hesitate to contact me.