

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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AMENDED APPLICATION OF WILLIAMS PRODUCTION CO., LLC FOR APPROVAL OF A CLOSED-LOOP SYSTEM FOR THE ROSA SWD WELL NO. 2 AND FOR THE IN-PLACE BURIAL OF DRILLING WASTES AT ANOTHER WELL LOCATION, NEW MEXICO.

CASE NO. 14463

OIL CONSERVATION DIVISION ENFORCEMENT AND COMPLIANCE
MANAGER'S MOTION FOR RECONSIDERATION OF MOTION TO DISMISS
WILLIAMS PRODUCTION CO. LLC'S APPLICATION FOR HEARING
AND MOTION TO SET THE CASE BEFORE THE OIL CONSERVATION
COMMISSION IF THE MOTION TO DISMISS IS DENIED

COMES NOW, the Enforcement and Compliance Manager of the New Mexico Oil Conservation Division (hereinafter, "OCD"), by and through his attorney, Sonny Swazo, and hereby moves for reconsideration of the OCD's motion to dismiss the above-entitled application for hearing filed by Williams Production Co. LLC (hereinafter, "Williams"). (A copy of OCD's original motion to dismiss is attached as Exhibit A.)

The OCD asks that the OCD Division Director issue a written ruling on the motion to dismiss, and that the OCD Division Director set this matter for hearing before the Oil Conservation Commission pursuant to 19.15.4.20 NMAC if the motion to dismiss is denied.

Williams' application for hearing should be dismissed because it seeks exceptions to 19.15.17 NMAC (the Pit Rule) without going through the administrative process set out in the Rule. Williams (1) failed to follow the process set out by the Pit Rule to apply for an exception; (2) failed to provide required notice to the public and affected parties; (3) failed to make the showings required for an exception; and (4) bypassed the process for obtaining review by the

OCD's the Environmental Bureau. In addition, it appears that the exception that Williams seeks would allow it to dispose of oilfield waste from multiple locations at a single site. That would require a permit for a surface waste management facility under 19.15.36 NMAC, and Williams cannot bypass those permitting requirements.

ARGUMENT

Williams is proposing using a temporary drilling pit to drill the Rosa SWD Well No. 002 (30-039-30812), a well that is located miles away from the pit site. For the Rosa SWD Well No. 002, the pit would provide additional fluids storage for pressure control, hole stability and solids/cuttings management. (See Paragraph 8 of Amended Application.) Williams also wants to use the pit for other wells. However, it is unclear from Williams' hearing application which wells would use the pit or even where the pit would be located. Williams proposes two sites in its hearing application—the Rosa Unit Well No. 634C located in Section 23, Township 31 North, Range 6 West, NMPM, and the Rosa Unit Well No. 635B located in Section 21, Township 31 North North, Range 5 West, NMPM. (See Paragraph 7 of Amended Application.) However, these wells may be the Rosa Unit No. 634B and Rosa Unit No. 635C, since Williams has identified the Rosa Unit No. 634B as another possible site, but it is not certain. (See Paragraph 7 of Williams' Response to OCD's Motion to Dismiss.) It is unclear whether Williams plans to use only one site or multiple sites to dispose of its wastes. Muddying up the waters is the fact that Williams recently filed several other permit applications for the same wells involving different proposals.¹ With no clear proposal, it is unclear what type of set-up Williams plans on

¹ On March 23, 2010, the Aztec OCD Office received a Form C-144 CLEZ from Williams for a closed-loop system at the Rosa SWD Well No. 002. (See Form C-144 CLEZ, attached as Exhibit B.) In the Form C-144 CLEZ Williams states that the closed-loop system will not entail the use of a temporary pit and that the wastes from the closed-loop system will be disposed of at a disposal facility, Envirotech. (Id. at Page 3.) This is contrary to what Williams is representing in

using. But one thing is clear, Williams wants an open order from the OCD to allow it to use a pit at its own discretion.

Williams' application seeks approval for use of a temporary pit in a manner that would require exceptions to the Pit Rule:

- Subparagraph (f) of Paragraph (2) of 19.15.17.13.F NMAC provides that "[t]he operator shall use a separate temporary pit for closure of each drying pad associated with a closed-loop system." Williams is asking for permission to use its temporary pit to combine waste from the closed-loop system at the Rosa Unit 634B with waste from the closed-loop system at the Rosa SWD No. 2.
- Pursuant to Subparagraph (f) of Paragraph (2) of 19.15.17.13.F NMAC, an operator burying the contents of a drying pad associated with a closed-loop system shall construct a temporary pit "within 100 feet of the drying pad associated with a closed-loop system." Williams is asking for permission to construct and use a temporary pit some nine miles away from one of the closed-loop systems it will serve.
- Paragraphs (1) and (2) of 19.15.17.13.D NMAC set out the two closure methods for closed-loop systems recognized by the Pit Rule: Waste removal and on-site burial. Any deviations from these recognized methods constitutes an "alternative closure method," and the operator must apply for an exception, 19.15.17.13.D(3) NMAC, and make the showing required in 19.15.17.15.B NMAC. The Williams' proposal to dispose of waste from a closed-loop system at a temporary drilling pit associated with a different well is not a closure method recognized by the Pit Rule, and requires an exception. Williams' pit application also refers to disposing of cuttings in the temporary pit if the cuttings are treated with a soil burner. Disposal after treatment with a soil burner is an alternative closure method requiring an exception.

In addition, Williams' applications contain many provisions that would require exceptions to the Pit Rule. For example, Williams' proposed closure limit for chlorides is 1000

its amended application and April 8, 2010 response to OCD's motion to dismiss. On March 9, 2010, the Aztec OCD Office received a Form C-144 for a closed-loop system and temporary drilling pit for the Rosa Unit No. 634B. (See Form C-144, attached as Exhibit C.) This well is located 10 miles from the Rosa SWD Well No. 002. (See Paragraph 7 of Williams' Response to OCD's Motion to Dismiss.) On March 9, 2010, the Aztec OCD Office received a Form C-144 for a closed-loop system and temporary drilling pit for the Rosa Unit 635C. (See Form C-144, attached as Exhibit D.) In each Form C-144 Williams represented that the pit would only be used for that particular well for which the form was submitted. None of the forms mentioned that the pit would also be used for the Rosa SWD Well No. 002, or any other well for that matter. This is contrary to what Williams represented in its April 8, 2010 response to OCD's motion to dismiss. Because none of the forms presented the proposal that Williams is requesting in its hearing application, the Aztec OCD Office did not review the forms for such a proposal. (See Affidavit of Brandon Powell, attached as Exhibit F.)

mg/kg, but based on the information they provided in their C-144, the in-place closure standard for chlorides cannot exceed 500 mg/kg or the background concentration, whichever is greater. Williams proposes to use the sampling protocol for the waste excavation and removal closure method, which involves sampling beneath the temporary pit, but the correct sampling protocol for in-place burial would require sampling the contents of the temporary pit itself. Williams proposes to report releases in accordance with 19.15.29 NMAC (which considers the volume of a release), but the Pit Rule requires reporting of releases in accordance with 19.15.17.12.A(5) NMAC (which requires reporting of any release, regardless of volume).

Williams has not applied for any exception in accordance with 19.15.17 NMAC. It cannot obtain the exceptions it seeks through the hearing process without first meeting the procedural requirements set out in the Pit Rule. Therefore, its application for hearing should be denied.

I. Williams has not properly applied for the exception to 19.15.17 NMAC that is proposed in its hearing application.

19.15.17.15 NMAC establishes an administrative process that operators are required to follow to apply for an exception. 19.15.17.9.A NMAC states, “An operator shall use form C-144 to apply to the division for a permit to construct or use a pit, closed-loop system, below-grade tank or proposed alternative method to which 19.15.17 NMAC applies.” 19.15.17.9.D NMAC states, “An operator shall file an application, form C-144, and all required attachments with the environmental bureau in the division’s Santa Fe office to request approval to use or construct a permanent pit or request an exception pursuant to 19.15.17.15 NMAC”

Williams never filed a Form C-144 with the Environmental Bureau for the exceptions that it is seeking in its hearing application. Williams states that filing a Form C-144 for the request would amount to a fool’s errand because the Aztec OCD Office would deny it for the

same reasons that it denied its Form C-144 application for a pit that Williams proposed using to provide additional fluids storage for pressure control, hole stability and solids/cuttings management at the Rosa Unit No. 394 location to drill the Rosa SWD Well No. 002 with a closed-loop system. The Aztec OCD Office denied that Form C-144 because Williams was requesting to dispose of drilling wastes off the well site. (See Page 1 of Form C-144, attached as Exhibit E.) The Aztec OCD office informed Williams that its proposal to dispose of drilling wastes off the drill site required it to either obtain a surface waste management facility permit in accordance with 19.15.36 NMAC or haul the material to an OCD-approved disposal facility. (Id.) Williams is asking the OCD for a ruling which would allow it to dispose of drilling wastes off the wellsite where the waste is generated.

Williams' request to dispose of the drilling wastes off the wellsite where the waste is generated is an exception to the Pit Rule. Using one pit for more than one closed-loop system is also an exception to the Pit Rule. Using a pit to dispose of wastes from a drill site located miles away from the pit is an exception to the Pit Rule. Williams' request to use one pit to dispose of wastes from more than one drill site would make the site a surface waste management facility. As such, Williams needs to follow the proper application procedures for a Pit Rule exception or surface waste management facility.

Williams claims that the Aztec OCD Office has approved co-located pits on the Rosa Unit previously and the same design would be utilized here. (See Paragraph 12 of Williams' Response to OCD's Motion to Dismiss.) The OCD has never been presented with the proposal that Williams is seeking in its hearing application. (See Affidavit of Brandon Powell, attached as Exhibit F.) The Aztec OCD Office has approved co-located pits for wells drilled on the same

well pad, but not for wells drilled on separate well pads. (Id.) This is not the same situation being presented in Williams' hearing application.

An OCD ruling that would allow an operator to dispose of drilling wastes off the wellsite where the wastes are generated would establish a bad precedent. It would create a foundation upon which operators could request various proposals for off-site disposal. An operator would be allowed to dispose of its drilling wastes anywhere within the State. Landowners could agree to dispose of the drilling wastes on their property even though none of the drilling activity occurred on site. Drilling wastes could come from multiple drill sites. This would also allow an operator to circumvent the rule for surface waste management facilities. The surface waste management facility rule requires, among other things, that the operator post financial assurance for the facility, see 19.15.36.11 NMAC, that the public and affected parties have the right to notice and comment on any surface waste management facility application, see 19.15.36.9, .10 NMAC, and that the surface waste management facility be constructed and operated in a manner that would not endanger fresh water, public health, safety, or the environment, see 19.15.36.12.A(1) NMAC.

Additionally, allowing Williams to pursue its proposal through a hearing application rather than the application process established by 19.15.17 NMAC would circumvent the administrative process established in Rule 19.15.17 NMAC. This also sets a bad precedent because operators would not be required to follow the application process established in 19.15.17 NMAC. Operators could file a hearing application for their proposal instead of going through the required administrative review process. This would saddle OCD hearing examiners with an increased workload because they would have to process all of the hearing applications.

An administrative review process of a permit application is important for several reasons. It promotes the efficient use of limited OCD resources. It gets the operator to nail down its proposal. It ensures that an application is administratively complete. It ensures that the applicant has met all of the conditions necessary for approval. It provides a useful record for OCD hearing examiners in cases of appeal. Most importantly, it allows the Environmental Bureau- the OCD staff with specialized expertise- to perform the initial evaluation.

Currently the Environmental Bureau is preparing a guidance manual for the Pit Rule. In preparing that guidance, the Environmental Bureau will be taking a comprehensive look at the Pit Rule and its requirements. Allowing the Engineering Bureau to conduct a hearing on an issue that has not been developed through the regular administrative process creates the potential for confusion and conflict. The facts and the legal positions should be fully developed before the issue reaches hearing.

II. Williams has not complied with the notification requirements for an exception.

The public and affected parties have the right to notice of any application for exception, and to comment on any exception. The Rule requires the operator to give written notice by certified mail, return receipt requested, to the surface owner of record where the proposed alternative is or will be located; to surface owners of record within one-half mile of the location; to the county commission of the county where the proposed alternative is or will be located; to the appropriate city officials if the proposed alternative is or will be located within city limits, within one-half mile of the city limits or within the city's zoning and planning jurisdiction; to affected federal or tribal or pueblo governmental agencies; and to such other persons as the Environmental Bureau may direct. (See 19.15.17.15.A(2) NMAC.) The notices must be

approved by the Environmental Bureau. (Id.) Any person wishing to comment on an application for an exception may file comments or request a hearing. (See 19.15.17.15.A(3) NMAC.)

There has been no showing of Williams' compliance with the notice requirements of 19.15.17.15.A NMAC. No exceptions to the Pit Rule can be granted without the required public notice.

III. Williams has not made the necessary showings for an exception and the Environmental Bureau has not made the required determinations for an exception.

Under 19.15.17 NMAC, the Environmental Bureau is the OCD office that is charged with determining exception requests. For all exceptions, 19.15.17.15.A(1) NMAC provides that the operator must demonstrate to Environmental Bureau's satisfaction that the granting of the exception provides equivalent or better protection of fresh water, public health and the environment. For alternative closure methods, 19.15.17.15.B NMAC provides that the Environmental Bureau may grant the proposed exception if all of the following requirements are met:

(1) The operator demonstrates that the proposed alternative method protects fresh water, public health and the environment.

(2) The operator shall remove liquids prior to implementing a closure method and dispose of the liquids in a division-approved facility or recycle or reuse the liquids in a manner that the environmental bureau in the division's Santa Fe office approves.

(3) The operator demonstrates to the satisfaction of the environmental bureau in the division's Santa Fe office that any proposed alternative closure method will implement one or more of the following practices: waste minimization; treatment using best demonstrated available technology; reclamation; reuse; recycling; or reduction in available contaminant

concentration; and subject to such conditions as the environmental bureau in the division's Santa Fe office deems necessary in order to protect fresh water, public health and the environment.

(4) The provisions of Subsection A of 19.15.17.15 NMAC shall apply to applications for exceptions pursuant to Subsection B of 19.15.17.15 NMAC.

Williams has not made the factual showings that it is required to make under 19.15.17.15 NMAC for an exception. Whether an exception is approved or denied requires a determination by the Environmental Bureau. The procedures are meant to get exceptions in front of the Environmental Bureau because they are in the best position to evaluate the proposal. That has not happened in this case because Williams has decided to apply for a hearing on its proposal rather than applying for an exception through the administrative process.

IV. Williams seeks approval for a surface waste management facility, without following the requirements of 19.15.36 NMAC.

Williams' proposal in its hearing application to use a temporary pit to dispose of the drilling wastes for a well that is located miles away from the same location as the pit, and wells located at the same location as the pit, resembles a request for a surface waste management facility. A surface waste management facility is a facility that receives oil field waste for collection, disposal, evaporation, remediation, reclamation, treatment or storage. See 19.15.2.7.S(11) NMAC. To request a surface waste management facility, Williams has to apply for a permit pursuant to the provisions of 19.15.36 NMAC. Williams has not applied for a surface waste management facility permit.

CONCLUSION

Williams' hearing application should be denied because Williams is requesting an exception to 19.15.17 NMAC for which it has not properly applied. Williams has not provided the public and affected parties with the notification that it is required to provide when requesting an

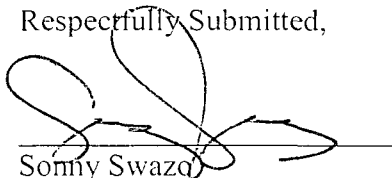
exception, Williams has not made the necessary showings for approval of an exception request, and the Environmental Bureau has not been allowed to make the determinations that it is required to make under 19.15.17 NMAC for an exception. To the extent Williams is seeking approval to dispose of oilfield wastes at a central facility, it is seeking a permit for a surface waste management facility under 19.15.36 NMAC. Williams has not followed the process set by 19.15.36 NMAC for obtaining such a permit.

The OCD seeks a written ruling from the Division Director on its motion to dismiss because this case raises serious procedural questions that will define the roles of the Engineering Bureau and the Environmental Bureau and impact how the OCD handles permitting under the Pit Rule and the Surface Waste Management Rule. If the Division Director denies the motion to dismiss, the OCD asks that the hearing in this case be set before the Oil Conservation Commission, so that the issues can be decided by the body that adopted the Pit Rule and the Surface Waste Management Rule.

WHEREFORE, the OCD Enforcement and Compliance Manager respectfully requests:

- (1) the OCD Director grant his motion to dismiss the above-entitled application;
- (2) the OCD Director issue a written ruling on the motion to dismiss;
- (3) the OCD Director to set this matter for hearing before the Oil Conservation Commission pursuant to 19.15.4.20 NMAC if the motion to dismiss is denied;
- (4) for such other and further relief as the OCD deems necessary and appropriate.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Sonny Swazo", is written over a horizontal line.

Sonny Swazo
Oil Conservation Division
Energy, Minerals and Natural Resources Dept.
1220 S. St. Francis Drive

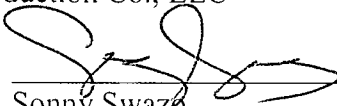
Santa Fe, NM 87505
Phone: (505) 476-3463
Fax: (505) 476-3462
Email: sonny.swazo@state.nm.us

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following party on April 22, 2010:

Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208
Phone: (505) 988-4421
Fax: (505) 983-6043
Email: omundsdry@hollandhart.com

Attorney for Applicant Williams Production Co., LLC



Sonny Swazo

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

AMENDED APPLICATION OF WILLIAMS PRODUCTION CO., LLC FOR
APPROVAL OF A CLOSED-LOOP SYSTEM FOR THE ROSA SWD WELL NO. 2 AND
FOR THE IN-PLACE BURIAL OF DRILLING WASTES AT ANOTHER WELL
LOCATION, NEW MEXICO

RECEIVED
OIL CONSERVATION DIVISION
MARCH 25 2010

CASE NO. 14463

OIL CONSERVATION DIVISION'S MOTION TO DISMISS WILLIAMS
PRODUCTION CO. LLC'S APPLICATION FOR HEARING

COMES NOW, the Enforcement and Compliance Manager of the New Mexico Oil Conservation Division (hereinafter, "OCD"), by and through his attorney, Sonny Swazo, and hereby moves the OCD to dismiss the above-entitled application for hearing filed by Applicant Williams Production Co. LLC (hereinafter, "Applicant").

AS GROUNDS, the OCD Enforcement and Compliance Manager states the following:

1. On March 25, 2010, Applicant filed the above-entitled amended application for hearing seeking "an order approving a closed-loop system for the Rosa SWD Well No. 2 and the in-place burial of drilling and completion wastes at another well location."
2. Applicant states in its hearing application that it "seeks to take the waste [from the Rosa SWD Well No. 2] to an approved temporary pit at another proposed well location – either the Rosa Unit Well No. 634C located in Section 23, Township 31 North, Range 6 West, NMPM or the Rosa Unit Well No. 635B located in Section 21, Township 31 North North, Range 5 West, NMPM," and bury it on-site.

3. The rules regarding the construction or use of a closed-loop system or pit are set out in Rule 19.15.17 NMAC.
4. Rule 19.15.17.8 requires an operator to have a permit in order to construct or use a closed-loop system or pit.
5. The permit application is described in Rule 19.15.17.9 NMAC.
6. Subsection A of 19.15.17.9 NMAC states in relevant part:

An operator shall use form C-144 to apply to the division for a permit to construct or use a pit, closed-loop system, below-grade tank or proposed alternative method to which 19.15.17 NMAC applies. The operator shall submit the form C-144 either separately or as an attachment to a permit application for a facility with which the pit, closed-loop system, below-grade tank or proposed alternative method will be associated.

7. Subsection B of 19.15.17.9 NMAC requires the permit application to include a detailed plan for the type of waste management system that the operator proposes to use.
8. The detailed plan required for a temporary pit is described in Paragraph 2 of Subsection B of 19.15.17.9 NMAC. Paragraph 2 states:

The plan for a temporary pit shall use appropriate engineering principles and practices and follow applicable liner manufacturers' requirements. The plan shall include operating and maintenance procedures, a closure plan and hydrogeologic data that provides sufficient information and detail on the site's topography, soils, geology, surface hydrology and ground water hydrology to enable the appropriate division district office to

evaluate the actual and potential effects on soils, surface water and ground water and compliance with the siting criteria of 19.15.17.10 NMAC. The plan for a temporary pit may incorporate by reference a standard design for multiple temporary pits that the operator files with the application or has previously filed with the appropriate division district office.

9. The detailed plan required for a closed-loop system is described in Paragraph 3 of Subsection B of 19.15.17.9 NMAC. Paragraph 3 states:

The plan for a closed-loop system shall use appropriate engineering principles and practices and follow applicable manufacturers' requirements. The plan shall include operating and maintenance procedures and a closure plan. The plan for a closed-loop system may incorporate by reference a standard design for multiple projects that the operator files with the application or has previously filed with the appropriate division district office. If the operator proposes to bury the contents of a drying pad associated with a closed-loop system in an on-site trench, the operator shall provide sufficient information and detail on the site's topography, soils, geology, surface hydrology and ground water hydrology to enable the appropriate division district office to evaluate the actual and potential effects on soils, surface water and ground water and compliance with the siting criteria of 19.15.17.10 NMAC.

10. Subsection C of 19.15.17.9 NMAC requires the permit application to have a closure plan. Subsection C describes the requirements for a closure plan.

11. The filing of a permit application for temporary pit is described in Paragraph 2 of Subsection D of Rule 19.15.17.9 NMAC, which states:

To request approval to use or construct a temporary pit, closed-loop system or below-grade tank, an operator shall file an application, form C-144, and all required attachments with the appropriate division district office. If the operator plans to use a temporary pit, the operator shall provide the proposed pit location on form C-102.

12. Subsection A of 19.15.17.16 NMAC states:

The division shall review all applications to permit facilities subject to 19.15.17 NMAC, and may approve, deny or approve an application with conditions. If the division denies an application or approves the application subject to conditions not expressly provided by the Oil and Gas Act or in 19.15 NMAC, then the division shall notify the applicant by certified mail, return receipt requested, and shall set the matter for hearing if the applicant so requests within 10 days after receipt of such notification.

13. As provided by the rules, Applicant is required to have a permit in order to construct or use a closed-loop system or temporary pit. The rules require Applicant to use form C-144 to apply for a permit. The permit application is required to contain certain information. A permit application for a closed-loop system is required to include a detailed plan as provided by the rule. A permit application for a temporary pit is required to include a detailed plan as provided by the rule. Since Applicant plans to use a temporary pit, Applicant is required to provide the proposed pit location on

form C-102. The rules require the C-144 to be filed with the appropriate district office. The rules allow the Applicant the opportunity for a hearing if the OCD were to deny its permit application or approve the permit application subject to conditions not expressly provided by the Oil and Gas Act or in 19.15 NMAC.

14. Applicant has not properly applied for a permit to construct or use a temporary pit at either the Rosa Unit Well No. 634C or Rosa Unit Well 635B. As the application indicates, Applicant never applied for a permit to construct or use a temporary pit at either the Rosa Unit Well No. 634C or Rosa Unit Well 635B, for purposes of drilling the Rosa SWD Well No. 2. The exhibits attached to Applicant's hearing application are not for the Rosa Unit Well No. 634C or Rosa Unit Well 635B.

15. Applicant states that the temporary pit will be located at "another proposed well location" – either the Rosa Unit Well No. 634C or Rosa Unit Well 635B, indicating that the temporary pit will be used to drill the Rosa Unit Well No. 634C or Rosa Unit Well 635B in addition to drilling the Rosa SWD Well No. 2. These would be factors to consider in any permit application to construct or use a temporary pit at either the Rosa Unit Well No. 634C or Rosa Unit Well 635B.

16. Applicant is not entitled to a hearing at this point because there has been no denial of a permit application, or approval of a permit application subject to conditions not expressly provided by the Oil and Gas Act or in 19.15 NMAC.

17. Applicant needs to apply for a permit in accordance with the rules.

WHEREFORE, the OCD Enforcement and Compliance Manager respectfully requests that the OCD dismiss the above-entitled hearing application so that Applicant may properly follow the administrative procedures for applying for a permit to construct or use a closed-loop

system or temporary pit; and for such other and further relief as the OCD deems necessary and appropriate.

Respectfully Submitted,



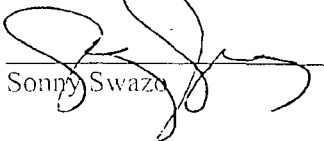
Sonny Swazo
Oil Conservation Division
Energy, Minerals and Natural Resources Dept.
1220 S. St. Francis Drive
Santa Fe, NM 87505
Phone: (505) 476-3463
Fax: (505) 476-3462
Email: sonny.swazo@state.nm.us

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following party on April 6, 2010:

Ocean Munds-Dry
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208
Phone: (505) 988-4421
Fax: (505) 983-6043
Email: omundsdry@hollandhart.com

Attorney for Applicant Williams Production Co., LLC



District I
1525 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

Form C-144 CLEZ
July 21 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office

5775

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144

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.

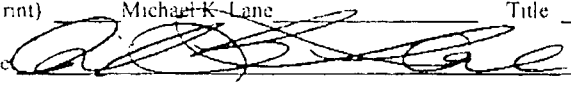
Operator	Williams Production Co, LLC	OGRID #	120782	RCVD MAR 23 '10					
Address	PO Box 640, Aztec, NM 87410	Oil Cons. Div. DIST. 3							
Facility or well name	Rosa Unit SWD #2								
API Number	30-039-29508 30812	OCD Permit Number							
U/L or Qtr/Qtr	F	Section	25	Township	31N	Range	05W	County	Rio Arriba
Center of Proposed Design	Latitude	36 87077N	Longitude	-107 31548W	NAD	☐ 1927 ☒ 1983			
Surface Owner	☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment								

☒ Closed-loop System	Subsection H of 19 15 17 11 NMAC
Operation	☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☒ Above Ground Steel Tanks or	☒ Haul-off Bins

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	

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	
☒ 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 Box 5) - 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
☐ Previously Approved Operating and Maintenance Plan	API Number

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only	(19 15 17 13 D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.	
Disposal Facility Name	See attached CLP
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 will not 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	

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)	Michael K. Lane
Title	Sr. EH&S Specialist
Signature	
Date	3/22/09
e-mail address	myke.lane@williams.com
Telephone	505-634-4219

7
OCD Approval ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____ Approval Date _____

Title _____ OCD Permit Number _____

8
Closure Report (required within 60 days of closure completion) 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 _____

9
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only

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?

☐ 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

10
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) _____ Title _____

Signature _____ Date _____

e-mail address _____ Telephone _____

Williams Production Co , LLC
San Juan Basin, New Mexico Assets
Closed-Loop System Plan Drilling/Completion

In accordance with Rule 19-15-17 NMAC, the following plan describes the general Design & Construction, Operation & Maintenance, and Closure of Closed-Loop systems on Williams Production Co, LLC (WPX) locations in the San Juan Basin of New Mexico

Closed-Loop Design Plan

The Closed-Loops System will consist of one or more temporary above-ground tank(s) suitable for holding the cuttings and fluids for rig operations and the planned workover activities. The tank(s) will be of sufficient volume to maintain a safe free-board between disposal of the liquids and solids from rig operations. Additional design considerations include:

1. The Closed-loop System used by WPX will not entail a drying pad, temporary pit, below-grade tank or sump.
2. Fencing is not required for an above-ground closed-loop system.
3. It will be signed in compliance with 19-15-3-103 NMAC.
4. A frac tank will be on location to store water.
5. Tanks will be placed on the active and disturbed areas of the well location and within the existing ROW footprint. See attached Schematic.

Closed-Loop Operations/Maintenance Plan

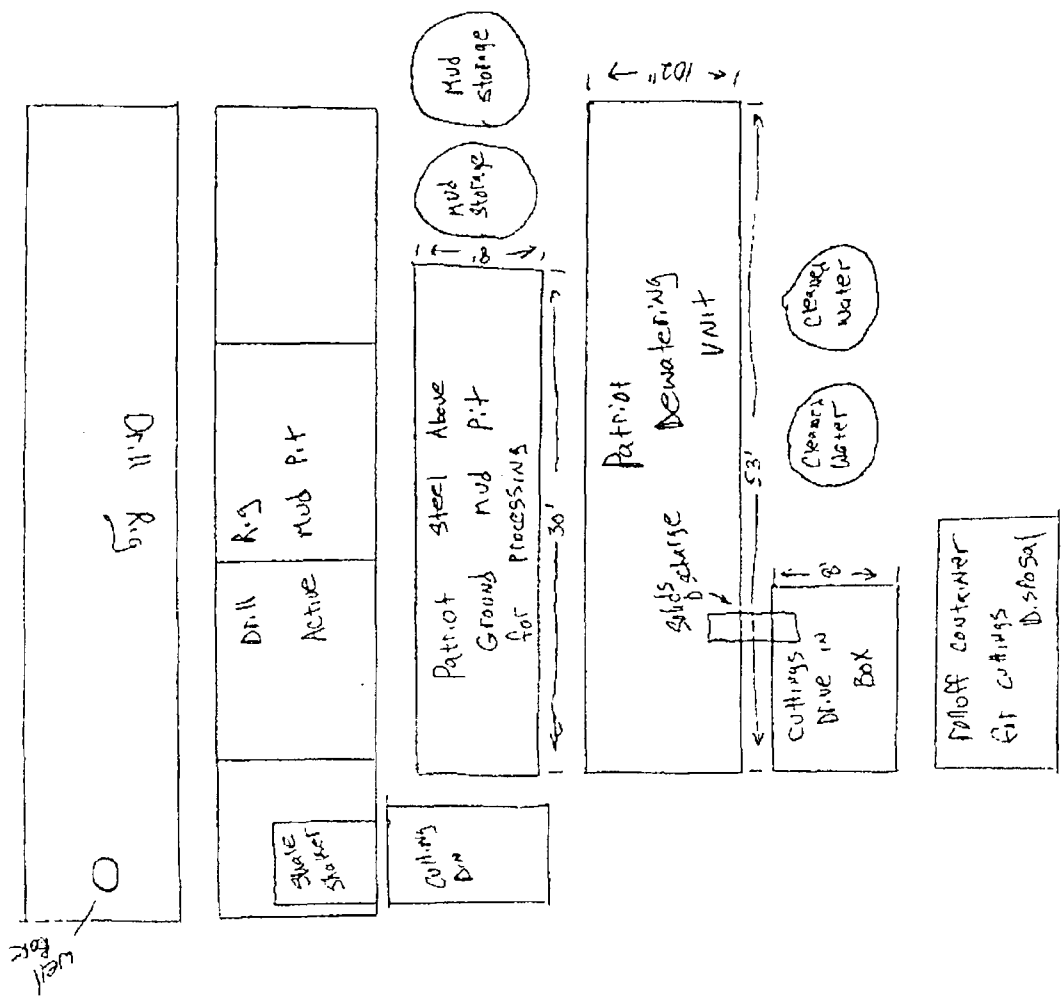
The Closed-Loops System will be operated and maintained to contain liquids and solids to aid in the prevention of contamination of fresh water sources, in order to protect public health and the environment. The following steps will be followed to attain this goal:

1. The liquids will be vacuumed out and disposed of at one of the following facilities depending on the proximity of the well and available disposal volumes: Rosa Unit SWD #1 (Order SWD-916, API 30-039-27055), Jillson Fed SWD #001 (Order R10168/R10168A, API 30-039-25465), Middle Mesa SWD #001 (Order SWD-350-0, API 30-045-27004) and/or Basin Disposal (Permit NM-01-0005).
2. Solids in the Closed-Loop tank will be vacuumed out and disposed of at Envirotech (Permit Number NM-01-0011) on a periodic basis to prevent over topping.
3. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank(s). Only fluids or cutting intrinsic to, used or generated by rig operations will be placed or stored in the tank(s).
4. The Division District office will be notified within 48 hours of the discovery of compromised integrity of the Closed-Loop System. Upon discovery of the compromised tank, repairs will be enacted immediately.
5. All of the above operations will be inspected and a log will be signed and dated. During rig operations the inspection will be daily.

Closed-Loop Closure Plan

The Closed-Loops System will be closed in accordance with 19-15-17-13. This will be done by:

1. Transporting cuttings and all remaining sludge to Envirotech (Permit Number NM-01-0011) following rig operations.
2. Transport for disposal. All remaining liquids will be of in one of the following facilities depending on the proximity of the well and available disposal volumes: Rosa Unit SWD #1 (Order SWD-916, API 30-039-27055), Jillson Fed SWD #001 (Order R10168/R10168A, API 30-039-25465), Middle Mesa SWD #001 (Order SWD-350-0, API 30-045-27004) and/or Basin Disposal (Permit NM-01-0005).
3. Removal of the tank(s) from the well location as part of the rig move.
4. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible, or as stipulated by the landowner in a surface use agreement.



For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOC District Office
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOC District Office

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
- ☐ 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 Williams Operating Co, LLC OGRID # 120782
Address PO Box 640 / 721 S Main Aztec, NM 87410
Facility or well name Rosa Unit 634 B
API Number _____ OCD Permit Number _____
U/L or Qtr/Qtr H Section 22 Township 31N Range 6W County Rio Arriba
Center of Proposed Design Latitude 36.88756N Longitude -107.44689W NAD ☐ 1927 ☒ 1983
Surface Owner ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

☒ Pit Subsection F or G of 19 15 17 11 NMAC
Temporary ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☒ String-Reinforced
Liner Seams ☒ Welded ☒ Factory ☐ Other
Volume 12000 bbl Dimensions L 80' x W 40' x D 20'

☒ Closed-loop System Subsection H of 19 15 17 11 NMAC

Type of Operation ☐ P&A ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)

☐ Drying Pad ☒ Above Ground Steel Tanks ☒ Haul-off Bins ☐ Other _____

☐ Lined ☐ Unlined Liner type Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____

Liner Seams ☐ Welded ☐ Factory ☐ Other _____

☐ Below-grade tank Subsection 1 of 19 15 17.11 NMAC

Volume _____ bbl Type of fluid _____

Tank Construction material _____

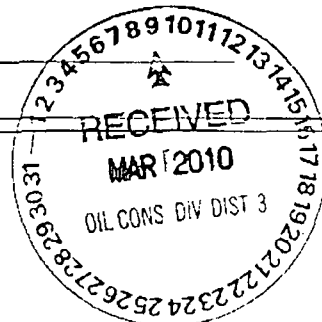
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off

☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other _____

Liner type Thickness _____ mil ☐ HDPE ☐ PVC ☐ Other _____

☐ **Alternative Method**

Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.



6

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 As per BLM specifications

7

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)

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 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

Instructions The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval Applicant must attach justification for request. Please refer to 19 15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.

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 (<i>Applies to temporary, emergency, or cavitation pits and below-grade tanks</i>) - 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 (<i>Applies to permanent pits</i>) - 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 - FEMA map	☐ 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 11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17 12 NMAC
☒ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC
☐ Previously Approved Design (attach copy of design) API Number _____ or Permit Number _____

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 _____
☐ Previously Approved Operating and Maintenance Plan 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
☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19 15 17 11 NMAC
☐ Quality Control/Quality Assurance Construction and Installation Plan
☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17 12 NMAC
☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19 15 17 11 NMAC
☐ Nuisance or Hazardous Odors, including H₂S, Prevention Plan
☐ Emergency Response Plan
☐ Oil Field Waste Stream Characterization
☐ Monitoring and Inspection Plan
☐ Erosion Control Plan
☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC

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

16

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only (19 15 17 13 D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required

Disposal Facility Name Envirotech Disposal Facility Permit Number NM-01-0011

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 *will not* 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

17

Siting Criteria (regarding on-site closure methods only): 19 15 17 10 NMAC

Instructions. Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15 17 10 NMAC for guidance.

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	☒ Yes ☐ No ☐ NA
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 - 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, 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 - 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 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 11 NMAC
- ☒ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☒ Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC
- ☒ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 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 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

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) Michael K. Lane Title Sr. EH & S Specialist

Signature [Signature] Date 3/8/10

e-mail address myke.lane@williams.com Telephone 505-634-4219

20

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

OCD Representative Signature: [Signature] Approval Date: 3/16/10

Title: Enviro/spec OCD Permit Number: _____

21

Closure Report (required within 60 days of closure completion) 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

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

Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only

Instructions: Please identify 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?

☐ 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.

- ☐ 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 closure)
☐ Disposal Facility Name and Permit Number
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique
☐ Site Reclamation (Photo Documentation)

On-site Closure Location Latitude _____ 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. I also 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 _____

District I
1625 N French Dr Hobbs, NM 88240

District II
1301 W Grand Avenue Artesia NM 86210

District III
1000 Rio Brazos Rd Aztec NM 87410

District IV
1220 S St Francis Dr Santa Fe NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St Francis Dr
Santa Fe, NM 87505

Form C-102
Revised October 12 2005
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code 17033	*Property Name ROSA UNIT		*Well Number 634B
*OGRID No 120782	*Operator Name WILLIAMS PRODUCTION COMPANY		*Elevation 6260

10 Surface Location

UL or lot no	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
H	22	31N	6W		1485	NORTH	645	EAST	RIO ARriba

11 Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
H	23	31N	6W		1980	NORTH	20	EAST	RIO ARriba

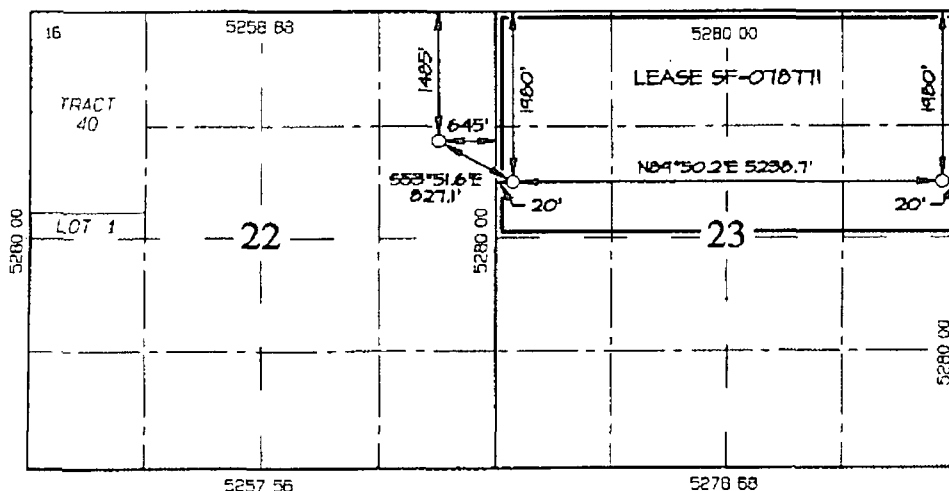
12 Dedicated Acres 320.0 Acres - (N/2)	13 Joint or Infill	14 Consolidation Code	15 Order No
---	--------------------	-----------------------	-------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

SURFACE LOCATION
1485 FNL 645' FEL
SECTION 22, T31N, R6W
LAT 36 88830"N
LONG 107 44339"W
DATUM NAD1983

POINT-OF-ENTRY
1980 FNL 20 FNL
SECTION 23, T31N, R6W
LAT 36 88695"N
LONG 107 44111"W
DATUM NAD1983

END-OF-LATERAL
1980 FNL 20 FEL
SECTION 23, T31N, R6W
LAT 36 88693"N
LONG 107 42320"W
DATUM NAD1983



THE HORIZONTAL LATERAL REPRESENTED ON THIS PLAT CORRESPONDS TO THE BLACK SEGMENT WHICH VARIES IN THE ELEVATION FROM 6891.0 AT THE POINT-OF-ENTRY TO 6749.0' AT THE END-OF-LATERAL

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

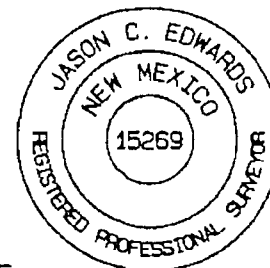
Printed Name _____

18 SURVEYOR CERTIFICATION

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 supervision and that the same is true and correct to the best of my belief.

Survey Date SEPTEMBER 11, 2009

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

634B Pit App

WILLIAMS PRODUCTION COMPANY ROSA UNIT #634B
 1485' FNL & 645' FEL, SECTION 22, T31N, R6W, NMPM
 RIO ARriba COUNTY, NEW MEXICO ELEVATION: 6260'



~ SURFACE OWNER ~

Bureau of Land Management & Bureau of Reclamation

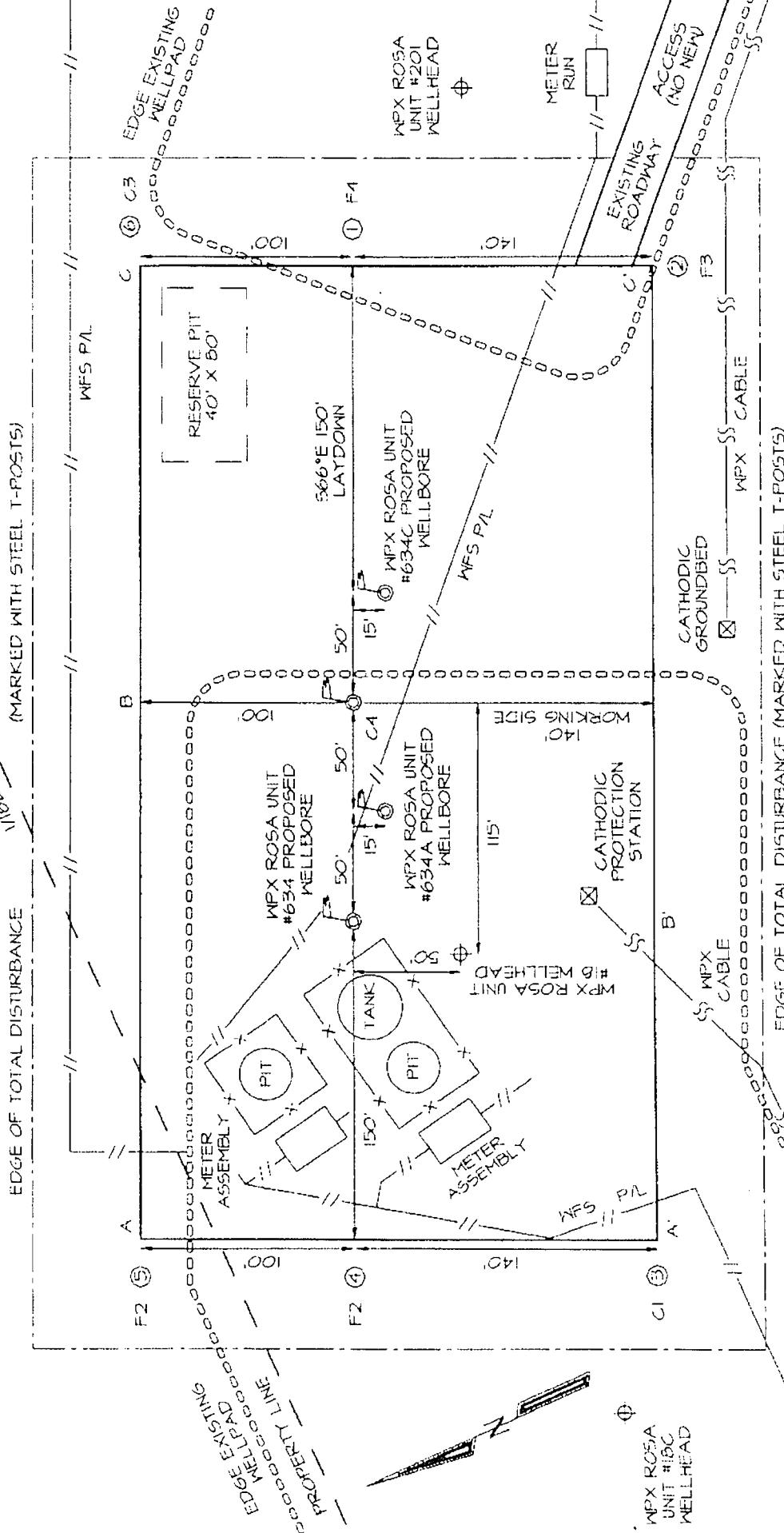
LATITUDE: 36.88830° N
 LONGITUDE: 107.44339° W
 DATUM: NAD1983

Bureau of Reclamation - 0.30 Acres

Bureau of Land Management - 3.99 Acres

EDGE OF TOTAL DISTURBANCE (MARKED WITH STEEL T-POSTS)

110' LINE



EDGE OF TOTAL DISTURBANCE (MARKED WITH STEEL T-POSTS)

Steel T-Posts have been set to define the Edge of Disturbance limits which are 50' offset from the edge of the staked wellpad.

**Hydrogeological Report
Williams Production Company, LLC
Rosa Unit #634 Series**

Regional Hydrological Context

Referenced Well Location:

The referenced well and pit is located on Bureau of Land Management land within Farmington Field Office (FFO) management jurisdiction in Rio Arriba County, New Mexico. This site is positioned in the northeastern portion of the San Juan Basin, an asymmetrical syncline that extends from northwestern New Mexico into southwestern Colorado (Carson National Forest FEIS, 2008). Elevation of the referenced well is approximately 6256 feet MSL.

General Regional Groundwater Description:

As a portion of the San Juan Basin, the FFO administrative area is underlain by sandstone aquifers of the Colorado Plateau. The primary aquifer of potential concern at this location is the Uinta-Animas Aquifer, composed primarily of Lower Tertiary rocks in the San Juan Basin. The aquifer consists of the San Jose Formation, the underlying Animas formation and its lateral equivalent, the Nacimiento formation, and the Ojo Alamo Sandstone. The thickness of the Uinta-Animas aquifer generally increases toward the central part of the Basin. In this region, the maximum thickness of the aquifer is approximately 3500 feet (USGS, 2001). This aquifer contains fresh to moderately saline water.

Groundwater generally flows toward the San Juan River and its tributaries, where it becomes alluvial groundwater or is discharged to stream flow. Additional information regarding the hydrogeologic setting can be found in the provided references.

Site Specific Information:

1st Water Bearing Formation:
Formation Thickness:
Underlying Formation:
Depth to Groundwater:

Surface Hydrology. The proposed pit is located on a mid-elevation, north-facing slope toward Laguna Seca Draw/Navajo Reservoir junction (0.17 miles to the north).
San Jose, Tertiary
Approximately 1,900 ft
Nacimiento, Tertiary
Depth to groundwater is estimated at greater than 100 feet bgs. Within a one-mile radius of this location, there are no iWATERS wells with recorded water depth information. However, cathodic data associated with the Rosa Unit Nos. 12B (approximately 1,696 feet from pit), 18 (approximately 110 feet from pit) and 201 (approximately 612 feet from pit) show depth to moisture between 110 and 300 feet (see Siting Criteria Map I for details).

References:

Allen, Erin. Undated. Colorado Plateau Aquifers.
<http://academic.emporia.edu/schulmen/hydro/TERM%20PROJECTS/2007/Allen/Aquifer.html>

New Mexico Office of the State Engineer. 2010. iWATERS Database search. March, 2010.

United States Department of Agriculture, Forest Service. 2008. Final Environmental Impact Statement for Surface Management of Gas Leasing and Development. Jicarilla Ranger District, Carson National Forest, Rio Arriba County, New Mexico.

United States Department of the Interior. Bureau of Land Management. 2003. Final Farmington Resource Management Plan and Final Environmental Impact Statement. Farmington Field Office, Farmington, New Mexico.

United States Geological Survey. 2001. Ground Water Atlas of the United States. Arizona, Colorado, New Mexico and Utah. USGS Publication HA 730-C, <http://capp.water.usgs.gov>



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

No records found

PLSS Search

Section(s) 22

Township 31N

Range 08W

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

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Page 1 of 1

WATER COLUMN/AVERAGE
DEPTH TO WATER



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

No records found

PLSS Search

Section(s) 23

Township 31N

Range 08W

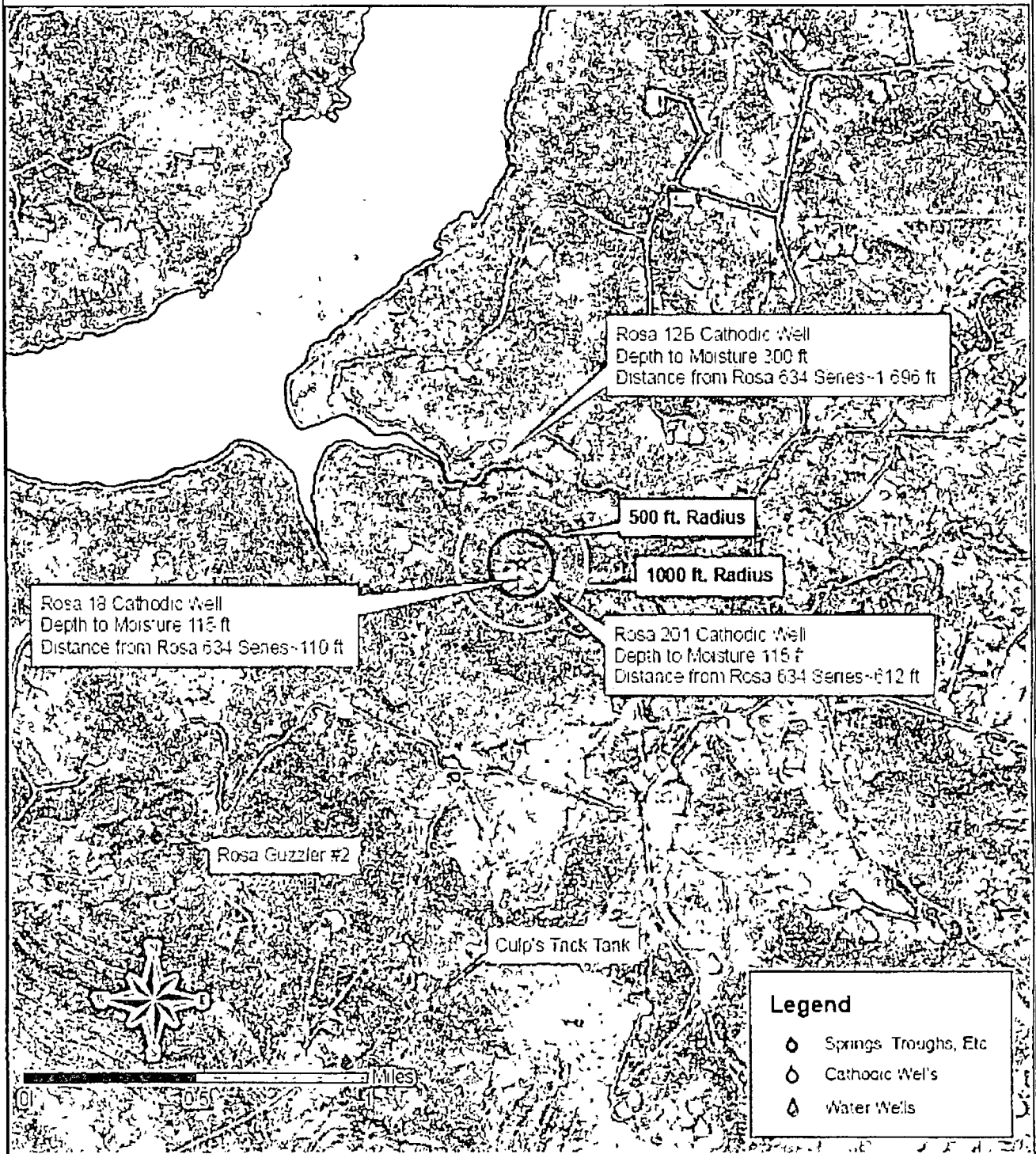
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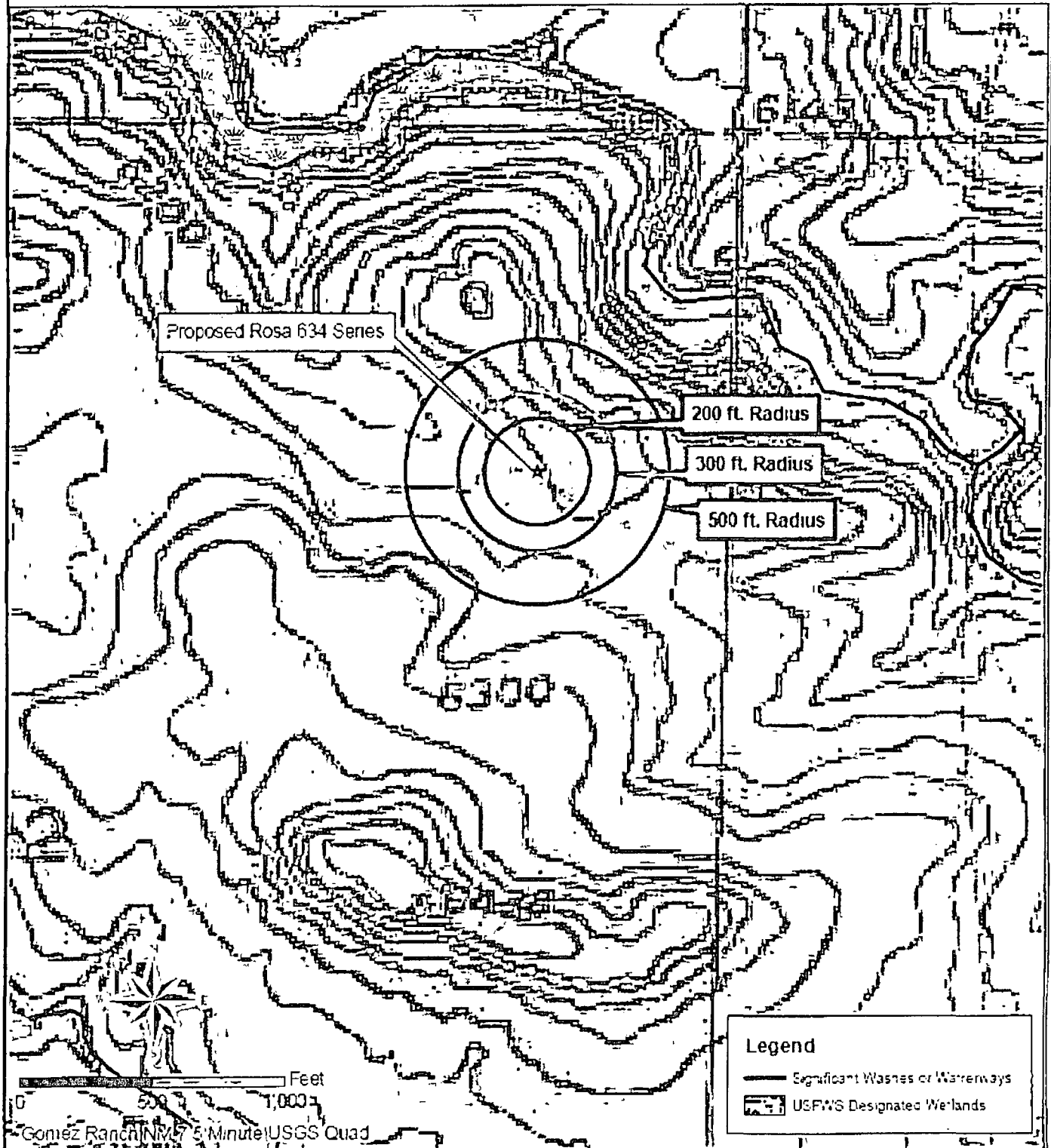
Page 1 of 1

WATER COLUMN/AVERAGE
DEPTH TO WATER

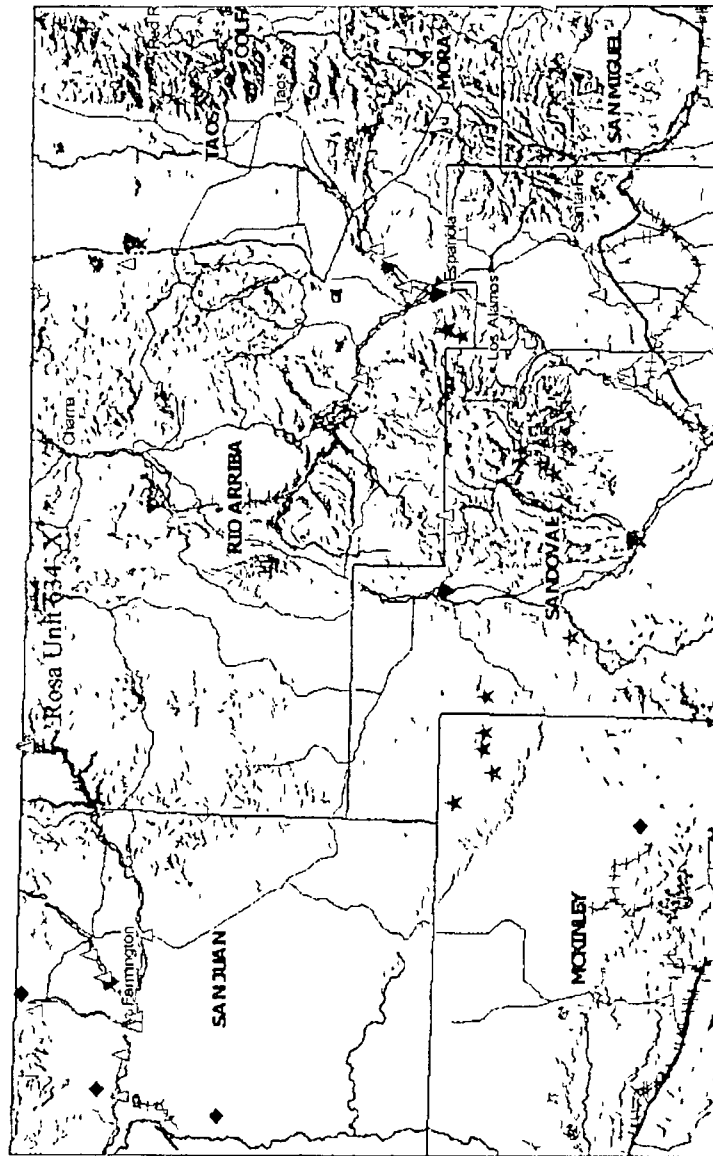
Siting Criteria Map I
 Water Wells, Cathodic Wells, & Springs
 Williams Production Company, LLC
 Proposed Rosa Unit # 634 Series
 T31N, R06W, Section 22 NMPM
 Rio Arriba County, New Mexico



Siting Criteria Map II
 Topographic Features
 Williams Production Company, LLC
 Rosa Unit No. 634 Series
 T31N. R06W, Section 22 NMPM
 Rio Arriba County, New Mexico



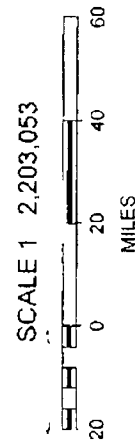
MMQonline Public Version



Mines, Mills & Quarries Commodity Groups

- △ Aggregate & Stone Mines
- ◆ Coal Mines
- ★ Industrial Minerals Mines
- ▼ Industrial Minerals Mills
- ☐ Metal Mines and Mill Concentrate
- Potash Mines & Refineries
- ⌘ Smelters & Refinery Ops
- ✱ Uranium Mines
- ⊕ Uranium Mills

Population

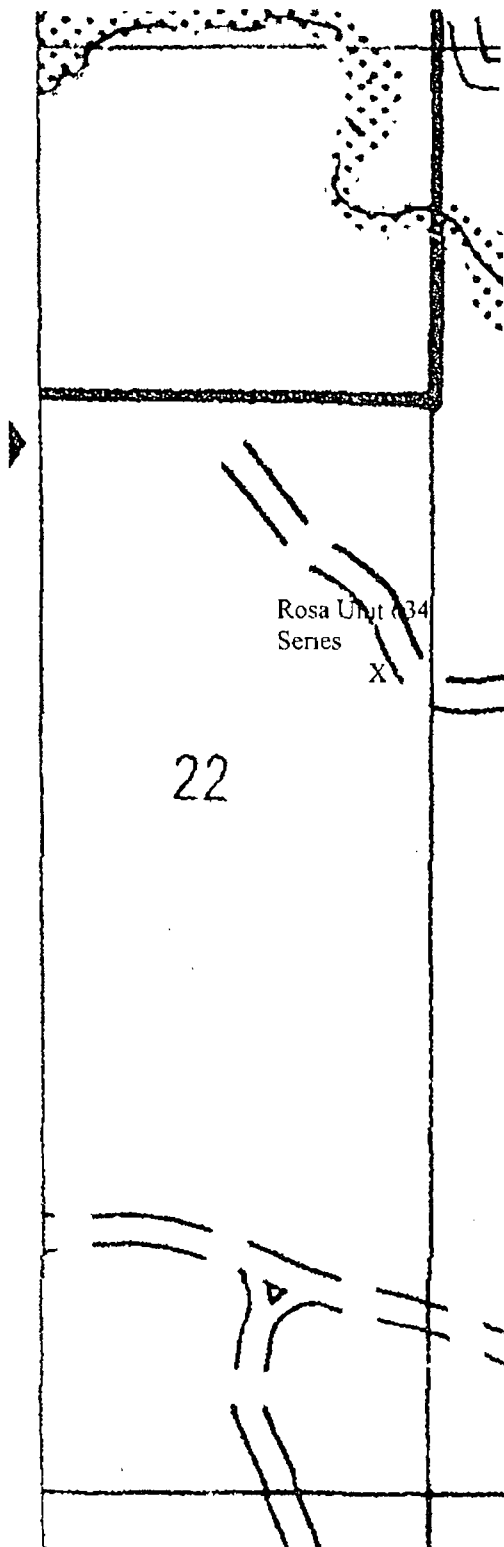


FEMA Map – 100-Year Floodplain:

According to FEMA records, this site is not located in a 100-year floodplain (see attached FEMA map)

Siting Criteria Compliance Demonstrations:

The Rosa Unit #634 Series wells are not located in an unstable area. The location is not situated over a mine or a steep slope. Excavated pit material will not be located within 300 feet of a continuously flowing water course or within 200 feet of any other significant water course, lakebed, sinkhole, or playa lake (see Siting Criteria Map II). The site is not within 500 feet of any reported riparian areas or wetlands (see attached USFWS wetland map), within 500 feet of any private, domestic fresh water well or spring, or within 1000 feet of any other fresh water well or spring (see Siting Criteria Map I). The proposed pit will not be within any incorporated municipal boundaries or defined municipal freshwater well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. The location of the proposed pit is not within 300 feet of any permanent residence, school, hospital, institution, or church.



Williams Production Co., LLC
Rosa Unit #634B (API: Pending)
Drilling and Completion
Closed-Loop & Temporary Pit System

In accordance with Rule 19.15.17 NMAC, the following plans describes the Design and Construction (D&C), the Maintenance and Operation (O&M) and Closure of a closed-loop and temporary pit system to be used for the drilling and completion of the Rosa Unit 634B by Williams Production Co, LLC (WPX)

This system is required as the first portion of the well will be drilled with convention slick-water drilling mud, while the horizontal portion of the well will use an Oil-Based Mud system. The Temporary pit will be used to handle the slick-water muds and associated cuttings ONLY. Once the mud system is converted to OBM the Closed-Loop system will be used. The OBM cuttings and solids will require disposal at an offsite NMOCD permitted landfarm.

The Closed-loop portion of this system will be located immediately adjacent to the drilling/completion rig for solids and fluid handling and to prevent impacts to the immediate environment surrounding the wellsite. The temporary pit portion of the system will be used only for the slick-water mud system. The temporary pit will be on the multi-well pad site.

Design and Construction Plans

Closed-Loop Design & Construction Plan:

The Closed-Loops System will consist of one or more temporary above-ground tank(s) suitable for holding the cuttings and fluids for rig operations and the planned Drilling/Completion activities. The tank(s) will be of sufficient volume to maintain a safe free-board between disposal of the liquids and solids from rig operations. Additional design considerations include:

1. The Closed-loop System used by WPX will not entail a drying pad, below-grade tank or sump.
2. Fencing is not required for an above-ground closed-loop system.
3. It will be signed in compliance with 19.15.3.103 NMAC.
4. A temporary pit will be used to store surplus liquids and handle the large volume of cutting anticipated while drilling the disposal well.
5. Haul-off bins or similar containers will be used to temporarily hold dewatered solid prior to disposal either offsite at Envirotech (Permit NM-01-0011) or in the temporary pit if cuttings treated with a soil-burner meet TPH/BTEX levels. Written NMOCD approval of the soil-burner will be required prior to use of this disposal option.
6. Tanks will be placed on the active and disturbed areas of the new well location and within the existing ROW footprint.

Temporary Design & Construction Plan:

General Requirements

- 1 WPX will be designed and constructed the temporary pit to contain surplus liquids and recovered solids associated with the drilling and completion of the referenced well which will prevent contamination of fresh water resources and protect public health and the environment
- 2 Prior to excavation of the pit, topsoil will be stripped and stockpiled within the *construction zone* of the wellsite want within the ROW for later use during restoration
- 3 WPX will post a well sign, not less than 12" by 24", on the well site prior to construction of the temporary pit. This sign will list the operator on record, the location of the well site by unit letter/section/township/range, and emergency telephone number(s)
- 4 WPX shall construct all new fences utilizing 48" steel mesh field-fence (hogwire) on the bottom with a single strand of barbed wire on top. T-posts will be installed every 12 feet and corners shall be anchored utilizing a secondary T-post or similar bracing. The temporary pit will be fenced at all times excluding drilling/completion operations, at which time the "front" side of the fence will be temporarily removed for operational purposes
- 5 WPX shall construction the temporary pit so that the foundation and interior slopes are firm and free of rocks, debris, sharp edges or irregularities to meet manufacturers' specifications and potential liner failure
- 6 WPX shall construct the pit so that the slopes are no steeper than two horizontal to one vertical. Where steeper slopes are required due to surface owner and right-of-way restriction, an engineer's certification of stability will be provided
- 7 The pit walls will be walked down by a crawler type tractor following construction and prior to liner installation
- 8 The temporary pit will be lined with a 20-mil, string reinforced, LLDPE liner, complying with EPA SW-846 method 9090A requirements
- 9 Geotextile will be installed beneath the liner when rocks, debris, sharp objects or irregularities cannot be avoided
- 10 *The liner will be anchored in the bottom* of a compacted earth-filled trench consistent with manufacturer's specifications and at least 18 inches deep
- 11 WPX will minimize liner seams and orient them up and down, not across slope faces. Factory seams will be used whenever possible. Field seams will be overlapped per manufacturers' specifications. WPX will minimize the number of field seams in corners and irregularly shaped areas
- 12 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides (secondary liner placed over the primary liner), and/or a *manifold system*
- 13 The pit shall be protected from run-on by construction of diversion ditches around the location or around the perimeter of the pit as necessary
- 14 The volume of the pit shall not exceed 10 acre-feet (77,580 bbl), including freeboard
- 15 No temporary blow pit will be needed for the drilling and completion of the reference well

Maintenance & Operating Plan

Closed-Loop Plan:

The Closed-Loops System will be operated and maintained to contain liquids and solids, to aid in the prevention of contamination of fresh water sources, in order to protect public health and the environment. The following steps will be followed to attain this goal:

- 1 The liquids will be transferred to and from the temporary above-ground rig tanks using vacuum trucks. Liquid levels will be maintained to provide required free-board and prevent overtopping.
- 2 Solids in the Closed-Loop tank will be vacuumed out and disposed of at Envirotech (Permit Number NM-01-0011) on a periodic basis to prevent overtopping.
- 3 No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank(s). Only fluids or cutting intrinsic to, used or generated by rig operations will be placed or stored in the tank(s).
- 4 The Division District office will be notified within 48 hours of the discovery of compromised integrity of the Closed-Loop System. Upon discovery of the compromised tank, repairs will be enacted immediately.
- 5 All of the above operations will be inspected and a log will be signed and dated. During rig operations the inspection will be daily.

Temporary Pit Plan:

- 1 WPX will operate and maintain the temporary pit to contain liquids and solids associated with the drilling and completion of the referenced well which will prevent contamination of fresh water resources and protect public health and the environment.
- 2 WPX will to the extent practical conserve drilling fluids for reuse by transferring liquids to other pits ahead of the rig. Any excess fluids that are not needed for well control during drilling or completion will be disposed by evaporation or transport to Basin Disposal, Inc. in Bloomfield, New Mexico (Permit # NM-01-005).
- 3 WPX shall maintain at least two (2) feet of vertical freeboard for the temporary pit.
- 4 WPX shall remove all free liquids from the temporary pit within 30 days from the date the drilling or completion rig is released.
- 5 Only fluids and solids generated during the slick-water drilling/completion process will be discharged into the temporary pit. Other miscellaneous solid waste or debris will not be allowed.
- 6 WPX will not discharge or store any hazardous waste as defined under RCRA 40CFR 261 and 19.15.1.7 W(3) NMAC in the temporary pit or associated Closed-Loop system.
- 7 If any pit liner's integrity is compromised, or if any penetration of the liner occurs:
 - a Above the liquid's surface, WPX shall repair the damage or replace the liner as necessary. WPX will notify the NMOCD Aztec District Office by phone or email within 48-hours of discovery.
 - b Leak below the liquid's surface, WPX shall suspend operations, remove all liquids above the damaged liner within 48 hours, and repair the damage or replace the liner. WPX will notify and report to NMOCD as follows:
 - i If the release is less than 25 bbls, the Aztec District Office by phone or email within 48-hours of discovery and repair.
 - ii If the release is suspected to be greater than 25 bbls, the Aztec District Office and the Environmental Bureau Chief by phone for immediate verbal notification pursuant to 19.15.3.116 B (1)(d).
 - c Written Spill/Release reports will be submitted on Form C-141 per 19.15.3.116 C NMAC within 15 days to the Aztec District Office.

- 8 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides (secondary liner placed over the primary liner), and/or a manifold system
- 9 Diversion ditches, around the location or around the perimeter of the pit, shall be maintained as protection from run-on
- 10 WPX shall immediately remove any visible layer of oil from the surface of a temporary pit following cessation of drilling/completion operations. Oil absorbent booms will be utilized to contain and remove oil. An oil absorbent boom will be stored on-site until the pit is covered.
- 11 WPX will inspect the temporary pit as follows to ensure compliance with this plan:
 - a Daily during drilling or workover operations. Inspections will be included with the IADC reports
 - b Weekly as long as liquids remain in the pit. Electronic copies of the inspections will be kept at the WPX San Juan Basin office
 - c Copies of the inspections will be filed with the NMOCD Aztec District office upon pit closure

Closure Plan

Closed-Loop Plan:

The Closed-Loops System will be closed in accordance with 19.15.17.13. This will be done by

- 1 WPX will vacuum remove any residual cutting and sludge from all temporary above-ground tanks and transporting cuttings to the Temporary Pit following rig operations
- 2 WPX will conserve drilling fluids for reuse by transferring liquids to other permitted pits ahead of the rig, or return the OBM fluids to the vendor for reuse
- 3 Removal of the tank(s) from the well location as part of the rig move
- 4 At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible, or as stipulated by the surface management agency (i.e. USFS) in the APD conditions of approval

Temporary Pit In-place Closure Plan

In accordance with Rule 19.15.17.13 NMAC, the following plan describes the in-place closure requirements of the temporary pit to be used with the reference well. Since the pit location is in a non-sensitive area with groundwater > 100 feet below the pit bottom, the closure criteria for non-sensitive areas will be followed.

All closure activities will include proper documentation and will be submitted to OCD within 60 days of the pit closure on a Closure Report using Division Form C-144. The Report will include the following:

- Details on Capping and Covering, where applicable
- Plot Plan (Pit Diagram)
- Inspection reports
- Sampling Results
- Division Form C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Closure Procedure

- 1 All free standing liquids will be removed from the pit at the start of the closure process. To the extent practical WPX will attempt to conserve drilling fluids for reuse by transferring liquids to other permitted pits ahead of the rig. Any excess fluids that are not needed for well control during drilling or completion will be disposed by evaporation or transport to Basin Disposal, Inc. in Bloomfield, New Mexico (Permit # NM-01-005).
- 2 The method of closure for the temporary pit will be in-place burial on-site closure as all the criteria in 19.15.17.13 B are met.

- 3 The surface owner shall be notified of WPX's proposed closure plan using a means that provides proof of notice and consistent with the BLM-NMOCD MOU
- 4 Within six months of the "rig-off" status occurring WPX will ensure that the temporary pit is covered, recontoured and reseeding in progress consistent with the USFS APD conditions of approval
- 5 Notice of Closure will be given to the Aztec District office between 72 hours and one week of the scheduled closure via email or phone. The notification of closure will include the following: Operator's Name, (WPX), Well Name and API Number, and Location (USTR)
- 6 The pit liner shall be removed above "mud level" after stabilization. Removal of the liner will consist of manually or mechanically cutting the liner at the mud level and removing all remaining liner. Care will be taken to remove "all" of the liner (i.e. anchored material). All excessive liner will be disposed of at a licensed disposal facility (probably San Juan Regional Landfill operated by Waste Management under NMED Permit SWM-052426)
- 7 Solidification of the remaining pit contents shall be achieved by mixing non-waste containing, earthen material. The solidification process will be accomplished using a combination of natural drying and mechanical mixing. Pit contents will be mixed with non-waste, earthen material to a consistency that is deemed safe and stable. The mixing ratio shall not exceed 3 parts non-waste to 1 part pit contents.
- 8 A five-point composite sample will be taken of the pit using sampling tools and all samples tested per 19 15 17 13(B)(1)(b) NMAC. In the event that the criteria are not met (See Table 1), all contents will be handled per 19 15 17 13(B)(1)(a) (i.e. dig and haul to a Division-approved facility). Approval to haul will be requested of the Aztec District office prior to initiation.

Table 1. Closure Criteria for Temporary Pits in Non-sensitive Areas

Components	Testing Methods	Closure Limits (mg/Kg)
Benzene	EPA SW-846 Method 8021B or 8260B	0.2
BTEX	EPA SW-846 Method 8021B or 8260B	50
TPH	EPA SW-846 Method 418.1 modified	2500
GRO/DRO	EPA SW-846 Method 8015M (GRO/DRO)	500
Chlorides	EPA SW-846 Method 300.1	1000

- 9 Upon completion of solidification and testing, the pit area will be backfilled with non-waste earthen material compacted to native conditions to enable effective revegetation for successful evapotranspiration. A minimum of four feet of cover including replacement of one foot of suitable material to establish vegetation, or the background thickness of topsoil, whichever is greater.
- 10 Following cover, the site will be recontoured to meet the Surface Management Agency USFS APD conditions of approval requirements. Re-contouring will attempt to match fit, shape, line form, and texture of the surrounding geography. Re-shaping will include drainage control, prevent ponding, and minimize erosion. Natural drainages will be unimpeded and stormwater Best Management Practices (BMPs) will be used to aid in soil stabilization and protection surface water quality.
- 11 Notification will be sent to the Aztec District office when the reclaimed area is seeded.

- 12 WPX shall seed the disturbed areas the first growing season after the pit is covered. Seeding will be accomplished via drilling on the contour whenever practical, or by other Division-approved methods. 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 maintained that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs. *Note: WPX assumes the seeding stipulations including mix and seeding methods specified by the USFS as the Surface Management Agency and as part of the APD are Division-approved methods unless notified by the Division of their unacceptability.*
- 13 The temporary pit will be located with a steel marker, no less than four inches in diameter, cemented in a hole three feet deep in the center of the on site burial upon the abandonment of all wells on the pad. The marker will be flush with the ground to allow access of the active well pad and for safety concerns. The marker will include a threaded collar to be used for future abandonment. The top of the marker will contain a welded steel 12" square plate that indicates the on site burial of the temporary pit. The plate will be easily removable and a four-foot tall riser will be threaded into the top of the collar marker and welded around the base with the operations information at the time of all wells on the pad abandoned. The information will include Operator Name, Lease Name, Well Name, and number, USTR, and an indicator that the marker is an onsite pit burial location.

Lane, Myke

From Lane, Myke
Sent Tuesday, March 09, 2010 10:47 AM
To Mark Kelly (Mark_Kelly@nm.blm.gov)
Cc Powell, Brandon, EMNRD, Meador, Tasha, Riley, Heather
Subject Landowner Notice - Rosa 634B Pit Closure

This correspondence is to notify the BLM that Williams Production is planning to use a temporary pit associated with the drilling and completion of the reference well and following discontinued use of the pit will close by onsite burial. The planned closure is consistent with the Surface Use Plan submitted with Williams APD.

It should be noted that this well will be drilled using a slick-water mud system for the vertical section of the well. This mud system will use the Temporary pit.

A Oil-Based Mud system will be used for the horizontal section. A Closed-Loop mud control system will be used and no onsite waste disposal is planned for the solids from this CLP.

This notice is to comply with the NMOC D Pit Rule 19.15.17 NMAC requirement to notify surface owners of the operator's intended closure method. If site conditions do not allow Williams to close in-place, we will provide your office with prior notice should the USFS have any concerns.

Please contact us if there are any questions or additional information is required.

Michael K. (Myke) Lane, PE
EH&S Team Leader - San Juan Basin Operations
721 S. Main/PO Box 640, Aztec, NM 87410
(505) 634-4219(off), -4205(fax), 330-3198(cell)

"The problems we face cannot be resolved at the same level of thinking as that which gave rise to them!"---shared with me by Brent Hale

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
1229 S. St. Francis Dr., Santa Fe, NM 87505

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

Form C-144
July 21, 2008

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.

Selle
**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
☐ 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.

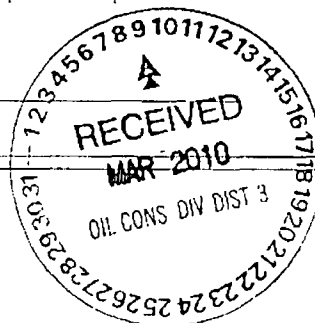
1
Operator Williams Operating Co, LLC OGRID # 120782
Address PO Box 640 / 721 S Main Aztec, NM 87410
Facility or well name Rosa Unit 635C
API Number _____ OCD Permit Number _____
U/L or Qtr/Qtr E Section 21 Township 31N Range 6W County Rio Arriba
Center of Proposed Design Latitude 36.88730N Longitude -107.37528W NAD ☐ 1927 ☒ 1983
Surface Owner ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2
☒ **Pit** Subsection F or G of 19.15.17.11 NMAC
Temporary ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☒ String-Reinforced
Liner Seams ☒ Welded ☒ Factory ☐ Other _____ Volume 12000 bbl Dimensions L 80' x W 40' x D 20'

3
☒ **Closed-loop System** Subsection H of 19.15.17.11 NMAC
Type of Operation ☐ P&A ☒ Drilling a new well ☒ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☒ Above Ground Steel Tanks ☒ Haul-off Bins ☐ Other _____
☒ Lined ☐ Unlined Liner type Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
Liner Seams ☒ Welded ☒ Factory ☐ Other _____

4
☐ **Below-grade tank** Subsection I of 19.15.17.11 NMAC
Volume _____ bbl Type of fluid _____
Tank Construction material _____
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other _____
Liner type Thickness _____ mil ☐ HDPE ☐ PVC ☐ Other _____

5
☐ **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, hospital, institution or church)
- ☐ Four foot height, four strands of barbed wire evenly spaced between one and four feet
- ☒ Alternate Please specify As per USFS specifications

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 acceptable source material are provided below Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval Applicant must attach justification for request Please refer to 19 15 17 10 NMAC for guidance Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank	☐ Yes ☒ No
- 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)	☐ Yes ☒ No
- 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 (Applies to temporary, emergency, or cavitation pits and below-grade tanks)	☐ Yes ☒ No
- Visual inspection (certification) of the proposed site, Aerial photo, Satellite image	☐ 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)	☐ Yes ☐ No
- Visual inspection (certification) of the proposed site, Aerial photo, Satellite image	☒ 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	☐ Yes ☒ No
- NM Office of the State Engineer - iWATERS database search, 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	☐ Yes ☒ No
- Written confirmation or verification from the municipality, Written approval obtained from the municipality	
Within 500 feet of a wetland	☐ Yes ☒ No
- US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (certification) of the proposed site	
Within the area overlying a subsurface mine	☐ Yes ☒ No
- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	
Within an unstable area	☐ Yes ☒ No
- Engineering measures incorporated into the design, NM Bureau of Geology & Mineral Resources USGS, NM Geological Society, Topographic map	
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 11 NMAC
- ☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17 12 NMAC
- ☒ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC
- ☐ Previously Approved Design (attach copy of design) API Number _____ or Permit Number _____

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 _____
- ☐ Previously Approved Operating and Maintenance Plan 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
- ☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Quality Control/Quality Assurance Construction and Installation Plan
- ☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17 12 NMAC
- ☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19 15 17 11 NMAC
- ☐ Nuisance or Hazardous Odors, including H₂S, Prevention Plan
- ☐ Emergency Response Plan
- ☐ On Field Waste Stream Characterization
- ☐ Monitoring and Inspection Plan
- ☐ Erosion Control Plan
- ☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19 15 17 9 NMAC and 19 15 17 13 NMAC

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 French 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

16

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only (19 15 17 13 D NMAC)*Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.*Disposal Facility Name Envirotech Disposal Facility Permit Number NM-01-0011

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 will not 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 Sub-section 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

17

Siting Criteria (regarding on-site closure methods only) 19 15 17 10 NMAC*Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19 15 17 10 NMAC for guidance.*

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	☐ Yes ☒ No ☐ NA
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 - 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, 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 of 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. Please indicate, by a check mark in the box, that the documents are attached.*

- ☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15 17 10 NMAC
- ☒ Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F 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 11 NMAC
- ☒ Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC
- ☒ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 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 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

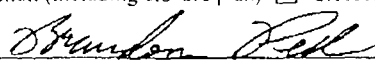
19

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) Michael K. Lane Title Sr. EIT & S SpecialistSignature  Date 3/9/10e-mail address myke.lane@williams.com Telephone 505-635-4219

20

OCD Approval ☒ Permit Application (including closure plan) ☐ Closure Plan (only) ☐ OCD Conditions (see attachment)OCD Representative Signature  Approval Date 3/16/10Title Enviro / spec OCD Permit Number _____

21

Closure Report (required within 60 days of closure completion) 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

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

Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:*Instructions. Please identify 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?

☐ 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.*

- ☐
- 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 closure)
-
- ☐
- Disposal Facility Name and Permit Number
-
- ☐
- Soil Backfilling and Cover Installation
-
- ☐
- Re-vegetation Application Rates and Seeding Technique
-
- ☐
- Site Reclamation (Photo Documentation)

On-site Closure Location Latitude _____ 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. I also 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 _____

District I
1625 N French Dr Hobos NM 88240

District II
1301 W Grand Avenue Artesia, NM 88210

District III
1000 Rio Brazos Rd Aztec NM 87410

District IV
1220 S St Francis Dr Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St Francis Dr
Santa Fe, NM 87505

Form O-102
Revised October 12 2005

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code 97232	*Pool Name BASIN MANCOS
*Property Code 17033	*Property Name ROSA UNIT		*Well Number 635C
*OSRID No 120782	*Operator Name WILLIAMS PRODUCTION COMPANY		*Elevation 6418'

10 Surface Location

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	21	31N	5W		1890	NORTH	460	WEST	RIO ARriba

11 Bottom Hole Location If Different From Surface

UL or lot no	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	20	31N	5W		1976	NORTH	20	WEST	RIO ARriba

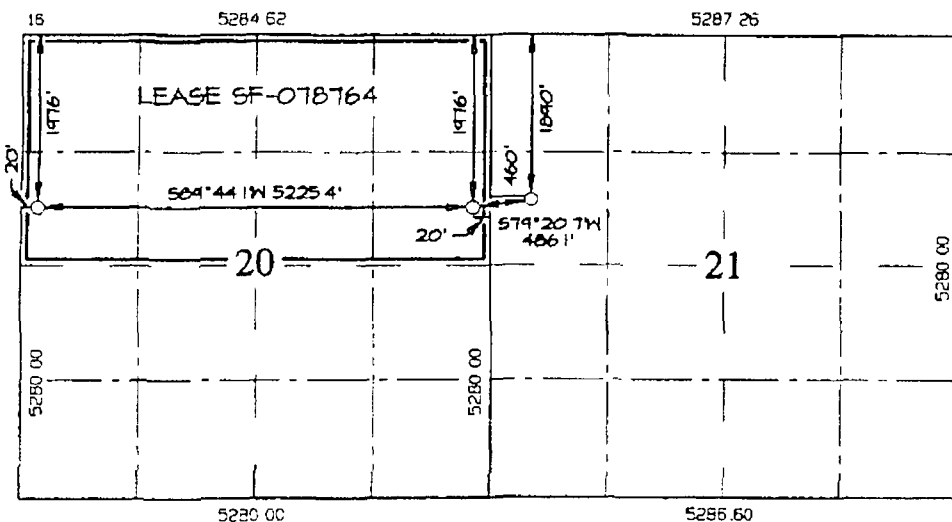
*Dedicated Acres 320.0 Acres - (N/2)	*Joint or Infill	*Consolidation Code	*Order No
---	------------------	---------------------	-----------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

END-OF-LATERAL
1976 FNL 20 FNL
SECTION 20, T31N, R5W
LAT 36 88687'N
LONG 107 39463'W
DATUM NAD1983

POINT-OF-ENTRY
1976 FNL 20 FEL
SECTION 20, T31N, R5W
LAT 36 88687'N
LONG 107 37677'W
DATUM NAD1983

SURFACE LOCATION
1890 FNL 460 FNL
SECTION 21, T31N, R5W
LAT 36 88711'N
LONG 107 37513'W
DATUM NAD1983



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom-hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

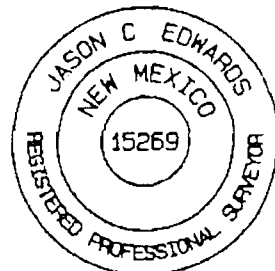
Printed Name _____

18 SURVEYOR CERTIFICATION

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 supervision, and that the same is true and correct to the best of my belief.

Survey Date JANUARY 18, 2010

Signature and Seal of Professional Surveyor



JASON C. EDWARDS
Certificate Number 15269

THE HORIZONTAL LATERAL REPRESENTED ON THIS PLAT CORRESPONDS TO THE OLIVE SEGMENT WHICH VARIES IN ELEVATION FROM 7333.0' AT THE POINT-OF-ENTRY TO 7237.0' AT THE END-OF-LATERAL

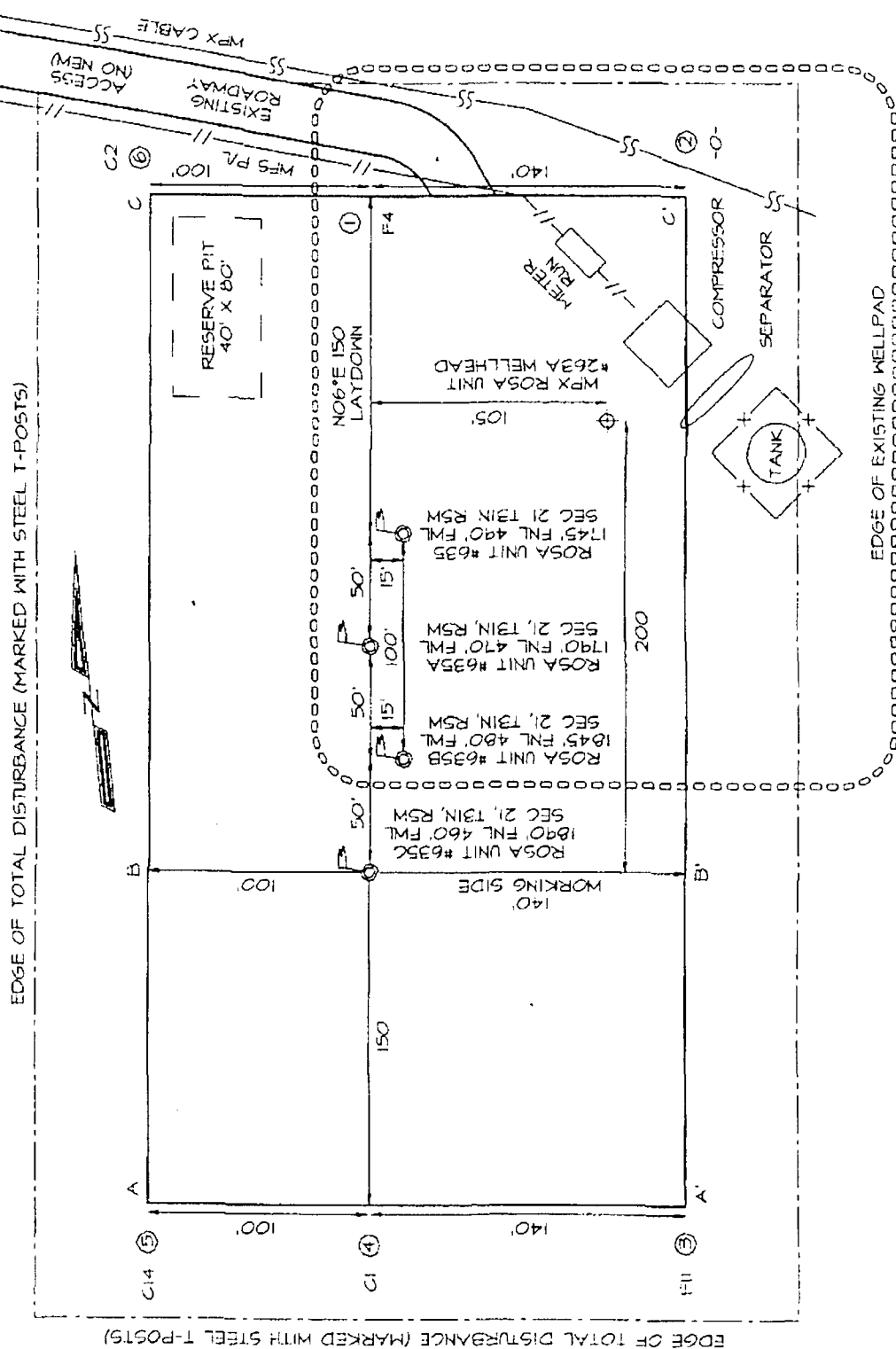
Rosa 635C

WILLIAMS PRODUCTION COMPANY ROSA UNIT #635 WELLPAD
 LOCATED IN THE NW/4 OF SECTION 21, T31N, R5W
 NMMPM, RIO ARriba COUNTY, NEW MEXICO



~ SURFACE OWNER ~
 Bureau of Land Management

Steel T-Posts have been set to define the Edge of Disturbance limits which are 50' offset from the edge of the stacked wellpad.



**Hydrogeological Report
Williams Production Company, LLC
Rosa Unit #635 Series**

Regional Hydrological Context

Referenced Well Location:

The referenced well and pit is located on Bureau of Land Management land within Farmington Field Office (FFO) management jurisdiction in Rio Arriba County, New Mexico. This site is positioned in the northeastern portion of the San Juan Basin, an asymmetrical syncline that extends from northwestern New Mexico into southwestern Colorado (Carson National Forest FEIS, 2008). Elevation of the referenced well is approximately 6419 feet MSL.

General Regional Groundwater Description:

As a portion of the San Juan Basin, the FFO administrative area is underlain by sandstone aquifers of the Colorado Plateau. The primary aquifer of potential concern at this location is the Uinta-Animas Aquifer, composed primarily of Lower Tertiary rocks in the San Juan Basin. The aquifer consists of the San Jose Formation, the underlying Animas formation and its lateral equivalent, the Nacimiento formation, and the Ojo Alamo Sandstone. The thickness of the Uinta-Animas aquifer generally increases toward the central part of the Basin. In this region, the maximum thickness of the aquifer is approximately 3500 feet (USGS, 2001). This aquifer contains fresh to moderately saline water.

Groundwater generally flows toward the San Juan River and its tributaries, where it becomes alluvial groundwater or is discharged to stream flow. Additional information regarding the hydrogeologic setting can be found in the provided references.

Site Specific Information:

	Surface Hydrology. The proposed pit is located on a mid-elevation, northeast-facing slope associated with Laguna Seca Mesa. Drainage flows immediately to the northeast into an ephemeral wash, then into Cabresto Canyon approximately 0.6 miles to the north.
1st Water Bearing Formation:	San Jose, Tertiary
Formation Thickness:	Approximately 1,900 ft
Underlying Formation:	Nacimiento, Tertiary
Depth to Groundwater:	Depth to groundwater is estimated at greater than 100 feet bgs. Within a one-mile radius of this location, there are no iWATERS wells with recorded water depth information. However, cathodic data associated with the Rosa Unit Nos. 12B (approximately 1,696 feet from pit), 18 (approximately 110 feet from pit) and 201 (approximately 612 feet from pit) show depth to moisture between 110 and 300 feet (see Siting Criteria Map 1 for details).

References:

Allen, Ern. Undated. Colorado Plateau Aquifers.
<http://academic.emporia.edu/schulmem/hydro/TERM%20PROJECTS/2007/Allen/Aquifer.html>

New Mexico Office of the State Engineer. 2010. iWATERS Database search. March, 2010.

United States Department of Agriculture, Forest Service. 2008. Final Environmental Impact Statement for Surface Management of Gas Leasing and Development. Jicarilla Ranger District, Carson National Forest, Rio Arriba County, New Mexico.

United States Department of the Interior. Bureau of Land Management. 2003. Final Farmington Resource Management Plan and Final Environmental Impact Statement. Farmington Field Office, Farmington, New Mexico.

United States Geological Survey. 2001. Ground Water Atlas of the United States. Arizona, Colorado, New Mexico and Utah. USGS Publication HA 730-C, <http://capp.water.usgs.gov>



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

No records found

PLSS Search

Section(s) 21

Township 31N

Range 09W

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

3/4/10 9:34 AM

Page 1 of 1

WATER COLUMN/AVERAGE
DEPTH TO WATER



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

No records found

PLSS Search

Section(s) 20

Township 31N

Range 00W

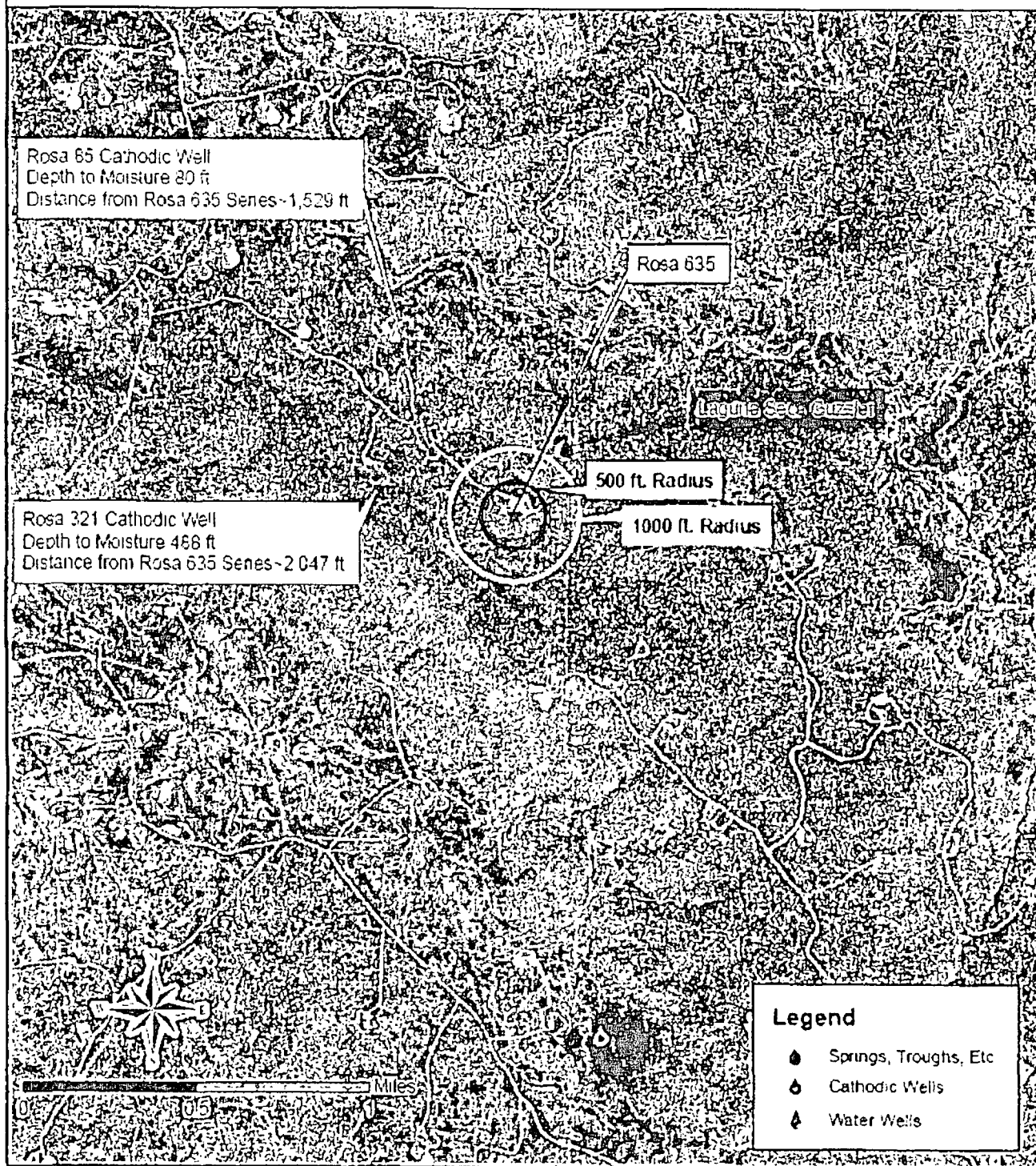
The data is furnished by the NMOS&ISC and is accepted by the recipient with the expressed understanding that the OSE&ISC make no warranties expressed or implied concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

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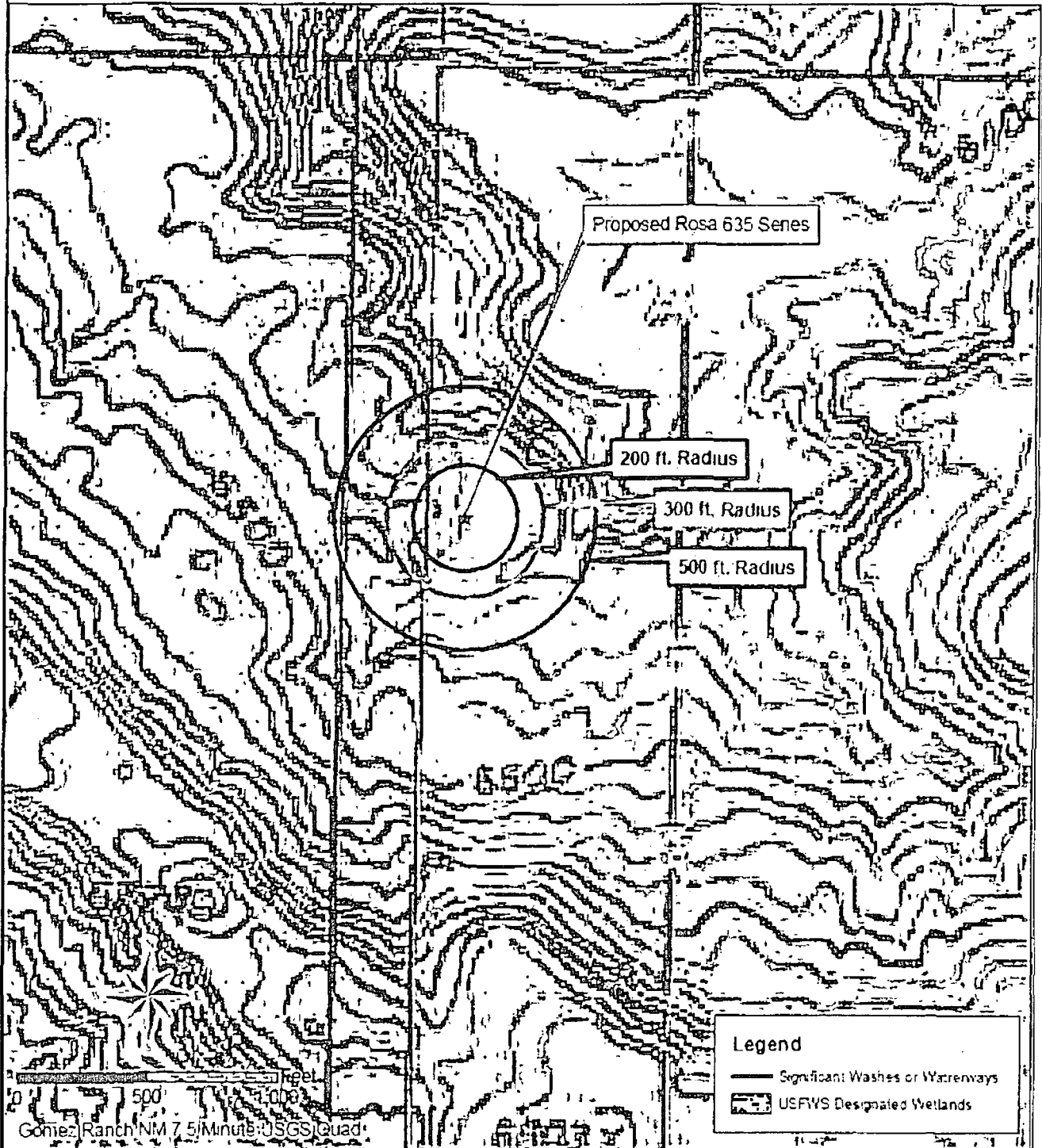
Page 1 of 1

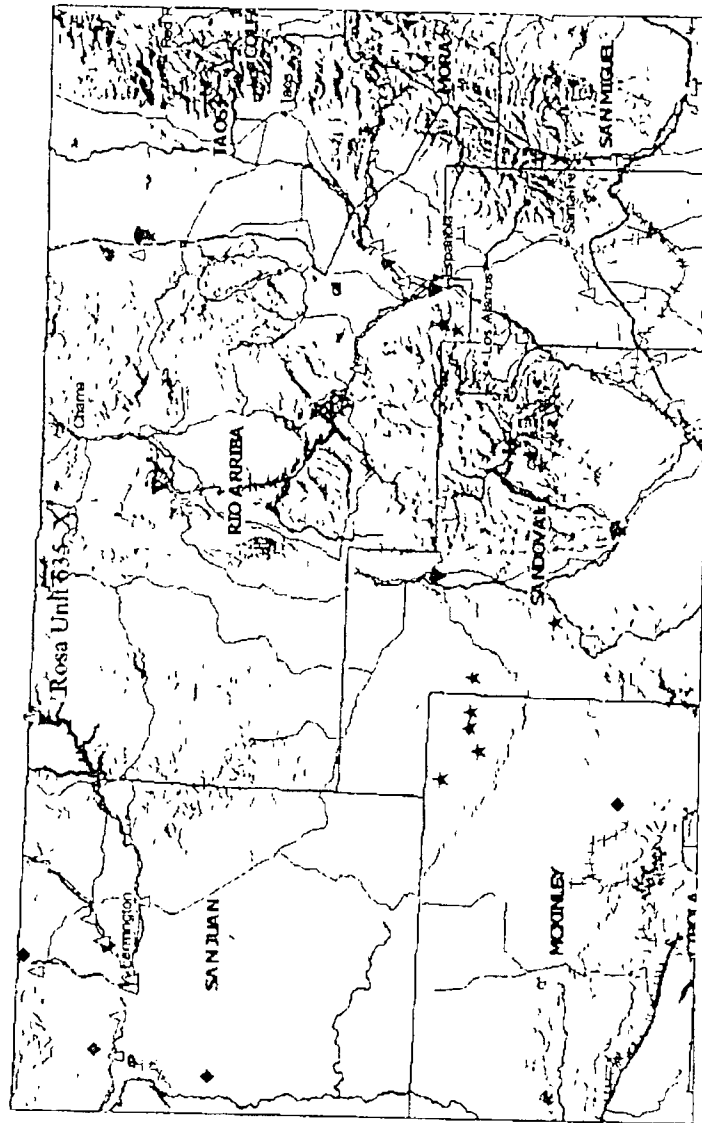
WATER COLUMN/AVERAGE
DEPTH TO WATER

Siting Criteria Map I
 Water Wells, Cathodic Wells, & Springs
 Williams Production Company, LLC
 Proposed Rosa Unit # 635 Series
 T31N, R06W, Section 21 NMPM
 Rio Arriba County, New Mexico



Siting Criteria Map II
Topographic Features
Williams Production Company, LLC
Rosa Unit No. 635 Series
T31N, R06W, Section 21 NMPM
Rio Arriba County, New Mexico





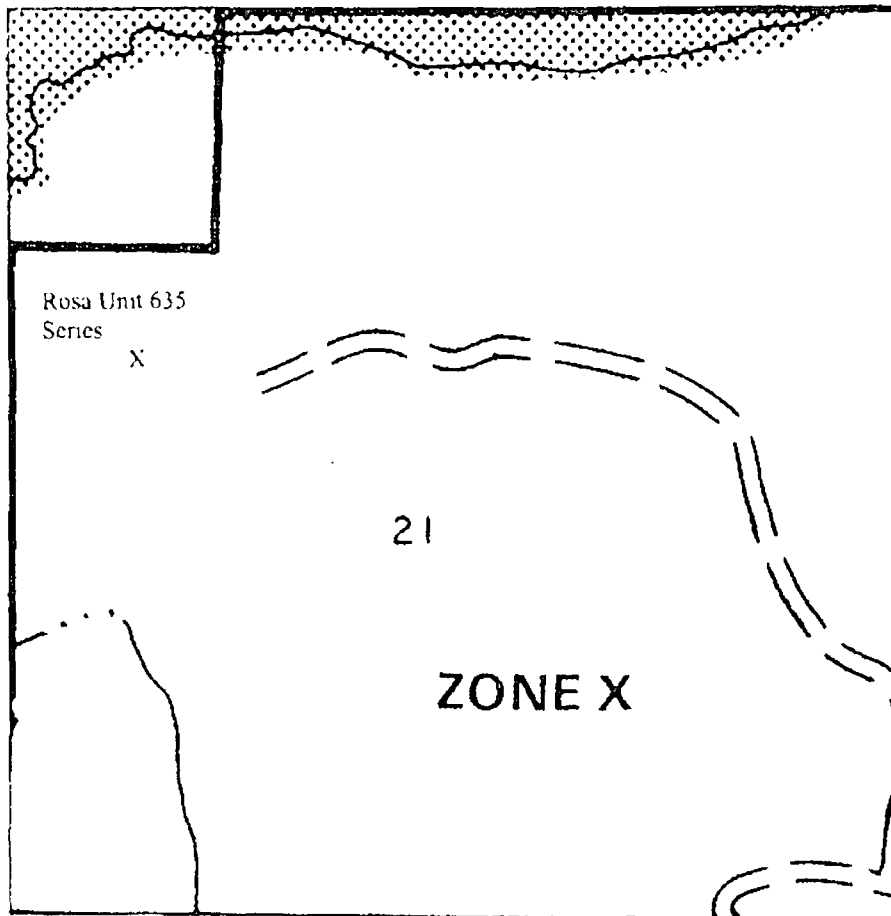
Mines, Mills & Quarries Commodity Groups	
△	Aggregate & Stone Mines
◆	Coal Mines
★	Industrial Minerals Mines
▼	Industrial Minerals Mills
◻	Metal Mines and Mill Concentrate
◼	Potash Mines & Refineries
⊖	Smelters & Refinery Ops.
γ	Uranium Mines
⊙	Uranium Mills
Population	

FEMA Map – 100-Year Floodplain:

According to FEMA records, this site is not located in a 100-year floodplain (see attached FEMA map)

Siting Criteria Compliance Demonstrations:

The Rosa Unit #635 Series wells are not located in an unstable area. The location is not situated over a mine or a steep slope. Excavated pit material will not be located within 300 feet of a continuously flowing water course or within 200 feet of any other significant water course, lakebed, sinkhole, or playa lake (see Siting Criteria Map (I)). The site is not within 500 feet of any reported riparian areas or wetlands (see attached USFWS wetland map), within 500 feet of any private, domestic fresh water well or spring, or within 1000 feet of any other fresh water well or spring (see Siting Criteria Map I). The proposed pit will not be within any incorporated municipal boundaries or defined municipal freshwater well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. The location of the proposed pit is not within 300 feet of any permanent residence, school, hospital, institution, or church.



Williams Production Co., LLC
Rosa Unit #635C
Drilling and Completion
Closed-Loop & Temporary Pit System

In accordance with Rule 19.15.17 NMAC, the following plans describes the Design and Construction (D&C), the Maintenance and Operation (O&M) and Closure of a closed-loop and temporary pit system to be used for the drilling and completion of the Rosa Unit 634B by Williams Production Co, LLC (WPX)

This system is required as the first portion of the well will be drilled with convention slick-water drilling mud, while the horizontal portion of the well will use an Oil-Based Mud system. The Temporary pit will be used to handle the slick-water muds and associated cuttings ONLY. Once the mud system is converted to OBM the Closed-Loop system will be used. The OBM cuttings and solids will require disposal at an offsite NMOCD permitted landfarm.

The Closed-loop portion of this system will be located immediately adjacent to the drilling/completion rig for solids and fluid handling and to prevent impacts to the immediate environment surrounding the wellsite. The temporary pit portion of the system will be used only for the slick-water mud system. The temporary pit will be on the multi-well pad site.

Design and Construction Plans

Closed-Loop Design & Construction Plan:

The Closed-Loops System will consist of one or more temporary above-ground tank(s) suitable for holding the cuttings and fluids for rig operations and the planned Drilling/Completion activities. The tank(s) will be of sufficient volume to maintain a safe free-board between disposal of the liquids and solids from rig operations. Additional design considerations include:

1. The Closed-loop System used by WPX will not entail a drying pad, below-grade tank or sump.
2. Fencing is not required for an above-ground closed-loop system.
3. It will be signed in compliance with 19.15.3.103 NMAC.
4. A temporary pit will be used to store surplus liquids and handle the large volume of cutting anticipated while drilling the disposal well.
5. Haul-off bins or similar containers will be used to temporarily hold dewatered solid prior to disposal either offsite at Envirotech (Permit NM-01-0011) or in the temporary pit if cuttings treated with a soil-burner meet TPH/BTEX levels. Written NMOCD approval of the soil-burner will be required prior to use of this disposal option.
6. Tanks will be placed on the active and disturbed areas of the new well location and within the existing ROW footprint.

Temporary Design & Construction Plan

General Requirements

- 1 WPX will be designed and constructed the temporary pit to contain surplus liquids and recovered solids associated with the drilling and completion of the referenced well which will prevent contamination of fresh water resources and protect public health and the environment
- 2 Prior to excavation of the pit, topsoil will be stripped and stockpiled within the construction zone of the wellsite want within the ROW for later use during restoration
- 3 WPX will post a well sign, not less than 12" by 24", on the well site prior to construction of the temporary pit. This sign will list the operator on record, the location of the well site by unit letter/section/township/range, and emergency telephone number(s)
- 4 WPX shall construct all new fences utilizing 48" steel mesh field-fence (hogwire) on the bottom with a single strand of barbed wire on top. T-posts will be installed every 12 feet and corners shall be anchored utilizing a secondary T-post or similar bracing. The temporary pit will be fenced at all times excluding drilling/completion operations, at which time the "front" side of the fence will be temporarily removed for operational purposes
- 5 WPX shall construction the temporary pit so that the foundation and interior slopes are firm and free of rocks, debris, sharp edges or irregularities to meet manufacturers' specifications and potential liner failure
- 6 WPX shall construct the pit so that the slopes are no steeper than two horizontal to one vertical. Where steeper slopes are required due to surface owner and right-a-way restriction, an engineer's certification of stability will be provided
- 7 The pit walls will be walked down by a crawler type tractor following construction and prior to liner installation
- 8 The temporary pit will be lined with a 20-mil, string reinforced, LLDPE liner, complying with EPA SW-846 method 9090A requirements
- 9 Geotextile will be installed beneath the liner when rocks, debris, sharp objects or irregularities cannot be avoided
- 10 The liner will be anchored in the bottom of a compacted earth-filled trench consistent with manufacturer's specifications and at least 18 inches deep
- 11 WPX will minimize liner seams and orient them up and down, not across slope faces. Factory seams will be used whenever possible. Field seams will be overlapped per manufacturers' specifications. WPX will minimize the number of field seams in corners and irregularly shaped areas
- 12 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides (secondary liner placed over the primary liner), and/or a manifold system
- 13 The pit shall be protected from run-on by construction of diversion ditches around the location or around the perimeter of the pit as necessary
- 14 The volume of the pit shall not exceed 10 acre-feet (77,580 bbl), including freeboard
- 15 No temporary blow pit will be needed for the drilling and completion of the reference well

Maintenance & Operating Plan

Closed-Loop Plan:

The Closed-Loops System will be operated and maintained to contain liquids and solids, to aid in the prevention of contamination of fresh water sources, in order to protect public health and the environment. The following steps will be followed to attain this goal:

- 1 The liquids will be transferred to and from the temporary above-ground rig tanks using vacuum trucks. Liquid levels will be maintained to provide required free-board and prevent overtopping
- 2 Solids in the Closed-Loop tank will be vacuumed out and disposed of at Envirotech (Permit Number NM-01-0011) on a periodic basis to prevent over topping

- 3 No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank(s). Only fluids or cutting intrinsic to, used or generated by rig operations will be placed or stored in the tank(s).
- 4 The Division District office will be notified within 48 hours of the discovery of compromised integrity of the Closed-Loop System. Upon discovery of the compromised tank, repairs will be enacted immediately.
- 5 All of the above operations will be inspected and a log will be signed and dated. During rig operations the inspection will be daily.

Temporary Pit Plan

- 1 WPX will operate and maintain the temporary pit to contain liquids and solids associated with the drilling and completion of the referenced well which will prevent contamination of fresh water resources and protect public health and the environment.
- 2 WPX will to the extent practical conserve drilling fluids for reuse by transferring liquids to other pits ahead of the rig. Any excess fluids that are not needed for well control during drilling or completion will be disposed by evaporation or transport to Basin Disposal, Inc in Bloomfield, New Mexico (Permit # NM-01-005).
- 3 WPX shall maintain at least two (2) feet of vertical freeboard for the temporary pit.
- 4 WPX shall remove all free liquids from the temporary pit within 30 days from the date the drilling or completion rig is released.
- 5 Only fluids and solids generated during the slick-water drilling/completion process will be discharged into the temporary pit. Other miscellaneous solid waste or debris will not be allowed.
- 6 WPX will not discharge or store any hazardous waste as defined under RCRA 40CFR 261 and 19.15.117 W(3) NMAC in the temporary pit or associated Closed-Loop system.
- 7 If any pit liner's integrity is compromised, or if any penetration of the liner occurs:
 - a Above the liquid's surface, WPX shall repair the damage or replace the liner as necessary. WPX will notify the NMOCD Aztec District Office by phone or email within 48-hours of discovery.
 - b Leak below the liquid's surface, WPX shall suspend operations, remove all liquids above the damaged liner within 48 hours, and repair the damage or replace the liner. WPX will notify and report to NMOCD as follows:
 - i If the release is less than 25 bbls, the Aztec District Office by phone or email within 48-hours of discovery and repair.
 - ii If the release is suspected to be greater than 25 bbls, the Aztec District Office and the Environmental Bureau Chief by phone for immediate verbal notification pursuant to 19.15.3.116 B (1)(d).
 - c Written Spill/Release reports will be submitted on Form C-141 per 19.15.3.116 C NMAC within 15 days to the Aztec District Office.
- 8 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides (secondary liner placed over the primary liner), and/or a manifold system.
- 9 Diversion ditches, around the location or around the perimeter of the pit, shall be maintained as protection from run-on.
- 10 WPX shall immediately remove any visible layer of oil from the surface of a temporary pit following cessation of drilling/completion operations. Oil absorbent booms will be utilized to contain and remove oil. An oil absorbent boom will be stored on-site until the pit is covered.
- 11 WPX will inspect the temporary pit as follows to ensure compliance with this plan:
 - a Daily during drilling or workover operations. Inspections will be included with the IADC reports.
 - b Weekly as long as liquids remain in the pit. Electronic copies of the inspections will be kept at the WPX San Juan Basin office.
 - c Copies of the inspections will be filed with the NMOCD Aztec District office upon pit closure.

Closure Plan

Closed-Loop Plan:

The Closed-Loops System will be closed in accordance with 19.15.17.13. This will be done by

- 1 WPX will vacuum removed any residual cutting and sludge from all temporary above-ground tanks and transporting cuttings to the Temporary Pit following rig operations
- 2 WPX will conserve drilling fluids for reuse by transferring liquids to other permitted pits ahead of the rig, or return the OBM fluids to the vendor for reuse
- 3 Removal of the tank(s) from the well location as part of the rig move
- 4 At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible, or as stipulated by the surface management agency (i.e. USFS) in the APD conditions of approval

Temporary Pit In-place Closure Plan

In accordance with Rule 19.15.17.13 NMAC, the following plan describes the in-place closure requirements of the temporary pit to be used with the reference well. Since the pit location is in an area with groundwater > 50 feet below the pit bottom the closure criteria for these vulnerable areas will be followed.

All closure activities will include proper documentation and will be submitted to OCD within 60 days of the pit closure on a Closure Report using Division Form C-144. The Report will include the following:

- Details on Capping and Covering, where applicable
- Plot Plan (Pit Diagram)
- Inspection reports
- Sampling Results
- Division Form C-105 WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Closure Procedure

- 1 All free standing liquids will be removed from the pit at the start of the closure process. To the extent practical WPX will attempt to conserve drilling fluids for reuse by transferring liquids to other permitted pits ahead of the rig. Any excess fluids that are not needed for well control during drilling or completion will be disposed by evaporation or transport to Basin Disposal, Inc in Bloomfield, New Mexico (Permit # NM-01-005)
- 2 The method of closure for the temporary pit will be in-place burial on-site closure as all the criteria in 19.15.17.13 B are met
- 3 The surface owner shall be notified of WPX's proposed closure plan using a means that provides proof of notice and consistent with the BLM-NMOCD MOU
- 4 Within six months of the "rig-off" status occurring WPX will ensure that the temporary pit is covered, recontoured and reseeded in progress consistent with the USFS APD conditions of approval
- 5 Notice of Closure will be given to the Aztec District office between 72 hours and one week of the scheduled closure via email or phone. The notification of closure will include the following: Operators Name (WPX), Well Name and API Number, and Location (USTR)
- 6 The pit liner shall be removed above "mud level" after stabilization. Removal of the liner will consist of manually or mechanically cutting the liner at the mud level and removing all remaining liner. Care will be taken to remove "all" of the liner (i.e. anchored material). All excessive liner will be disposed of at a licensed disposal facility (probably San Juan Regional Landfill operated by Waste Management under NMED Permit SWM-052426)

- 7 Solidification of the remaining pit contents shall be achieved by mixing non-waste containing, earthen material. The solidification process will be accomplished use a combination of natural drying and mechanical mixing. Pit contents will be mixed with non-waste, earthen material to a consistency that is deemed safe and stable. The mixing ratio shall not exceed 3 parts non-waste to 1 part pit contents.
- 8 A five-point composite sample will be taken of the pit using sampling tools and all samples tested per 19.15.17.13(B)(1)(b) NMAC. In the event that the criteria are not met (See Table 1), all contents will be handled per 19.15.17.13(B)(1)(a) (i.e. dig and haul to a Division-approved facility). Approval to haul will be requested of the Aztec District office prior to initiation.

Table 1 Closure Criteria for Temporary Pits in Non-sensitive Areas
with Groundwater >50-100 feet

Components	Testing Methods	Closure Limits (mg/Kg)
Benzene	EPA SW-846 Method 8021B or 8260B	0.2
BTEX	EPA SW-846 Method 8021B or 8260B	50
TPH	EPA SW-846 Method 418.1 modified	2500
GRO/DRO	EPA SW-846 Method 8015M (GRO/DRO)	500
Chlorides	EPA SW-846 Method 300.1	500

- 9 Upon completion of solidification and testing, the pit area will be backfilled with non-waste earthen material compacted to native conditions to enable effective revegetation for successful evapotranspiration. A minimum of four feet of cover including replacement of one foot of suitable material to establish vegetation, or the background thickness of topsoil, whichever is greater.
- 10 Following cover, the site will be recontoured to meet the Surface Management Agency USFS APD conditions of approval requirements. Re-contouring will attempt to match fit, shape, line form, and texture of the surrounding geography. Re-shaping will include drainage control, prevent ponding, and minimize erosion. Natural drainages will be unimpeded and stormwater Best Management Practices (BMPs) will be used to aid in soil stabilization and protection surface water quality.
- 11 Notification will be sent to the Aztec District office when the reclaimed area is seeded.
- 12 WPX shall seed the disturbed areas the first growing season after the pit is covered. Seeding will be accomplished via drilling on the contour whenever practical, or by other Division-approved methods. 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 maintained that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs. *Note: WPX assumes the seeding stipulations including mix and seeding methods specified by the USFS as the Surface Management Agency and as part of the APD are Division-approved methods unless notified by the Division of their unacceptability.*
- 13 The temporary pit will be located with a steel marker, no less than four inches in diameter, cemented in a hole three feet deep in the center of the on-site burial upon the abandonment of all wells on the pad. The marker will be flush with the ground to allow access of the active well pad and for safety concerns. The marker will include a threaded collar to be used for future abandonment. The top of the marker will contain a welded steel 12" square plate that indicates the on-site burial of the temporary pit. The plate will be easily removable and a four-foot tall riser will be threaded into the top of the collar marker and welded around the base with the operations information at the time of all wells on the pad abandoned. The information will include Operator Name, Lease Name, Well Name, and number, USTR, and an indicator that the marker is an on-site pit burial location.

Lane, Myke

From Lane, Myke
Sent Tuesday, March 09, 2010 10:48 AM
To Mark Kelly (Mark_Kelly@nm.blm.gov)
Cc Powell, Brandon, EMNRD, Meador, Tasha, Riley, Heather
Subject Landowner Notice - Rosa 635C Pit Closure

This correspondence is to notify the BLM that Williams Production is planning to use a temporary pit associated with the drilling and completion of the reference well and following discontinued use of the pit will close by onsite burial. The planned closure is consistent with the Surface Use Plan submitted with Williams APD.

It should be noted that this well will be drilled using a slick-water mud system for the vertical section of the well. This mud system will use the Temporary pit.

A Oil-Based Mud system will be used for the horizontal section. A Closed-Loop mud control system will be used and no onsite waste disposal is planned for the solids from this CLP.

This notice is to comply with the NMOCB Pit Rule 19.15.17 NMAC requirement to notify surface owners of the operator's intended closure method. If site conditions do not allow Williams to close in-place, we will provide your office with prior notice should the USFS have any concerns.

Please contact us if there are any questions or additional information is required.

Michael K. (Myke) Lane, PE
EH&S Team Leader - San Juan Basin Operations
721 S. Main/PO Box 640, Aztec, NM 87410
(505) 634-4219(off), -4205(fax), 330-3198(cell)

"The problems we face cannot be resolved at the same level of thinking as that which gave rise to them!"---shared with me by Brent Hale

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

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 exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

4919

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
☐ 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.

1. Operator: Williams Operating Co, LLC OGRID #: 120782
Address: PO Box 640 / 721 S Main Aztec, NM 87410
Facility or well name: Rosa SWD Unit No. 2
API Number: 30-039-30812 OCD Permit Number: _____
U/L or Qtr/Qtr E Section 25 Township 31N Range 5W County: Rio Arriba
Center of Proposed Design: Latitude 36.886951N / 36.87077N Longitude -107.311156W / -107.31548W NAD: ☐ 1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2. ☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☒ String-Reinforced
Liner Seams: ☒ Welded ☒ Factory ☐ Other _____ Volume: 44,000 bbl Dimensions: L 140' x W 70' x D 25'

3. ☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Type of Operation: ☐ P&A ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☒ Above Ground Steel Tanks ☒ Haul-off Bins ☐ Other _____
☐ Lined ☐ Unlined Liner type: Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____

***Denied**

The OCD District office reviewed the permit and due to the complexities the District office also contacted the OCD Environmental Bureau regarding the permit. As a result of the discussions the OCD hereby denies Williams permit application. Williams closure plan proposed hauling the drilling cuttings and materials to an off-site location for burial and disposal. Pursuant to 19.15.17.13.D NMAC, approved closure methods for closed-loop systems include transferring waste material and the drying pad liner to a division-approved facility or on-site burial. Pursuant to the on-site closure method provisions of 19.15.17.13.F NMAC, an operator "may use in-place burial (burial in the existing temporary pit) for closure of a temporary pit or bury the contents of a drying pad associated with a closed-loop system in a temporary pit that the operator constructs in accordance with Paragraphs (1) through (6) and (10) of Subsection F of 19.15.17.11 NMAC for closure of a drying pad associated with a closed loop system" on-site. Off-site disposal would require the operator to obtain a surface waste management facility permit (landfill permit) in accordance with 19.15.36 NMAC, unless the waste material is hauled to a division-approved facility.

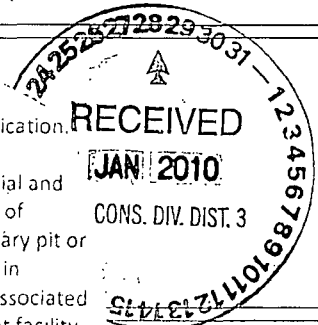


Exhibit E

6.

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 As per USFS specifications

7.

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)

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 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

Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.

Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank.

☐ Yes ☒ No

- 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).

☐ Yes ☒ No

- 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. (*Applies to temporary, emergency, or cavitation pits and below-grade tanks*)

☐ Yes ☒ No

☐ NA

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (*Applies to permanent pits*)

☐ Yes ☐ No

☒ NA

- 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.

☐ Yes ☒ No

- NM Office of the State Engineer - iWATERS database search; 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.

☐ Yes ☒ No

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

Within 500 feet of a wetland.

☐ Yes ☒ No

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

Within the area overlying a subsurface mine.

☐ Yes ☒ No

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

Within an unstable area.

☐ Yes ☒ No

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

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 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

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: _____
☐ Previously Approved Operating and Maintenance Plan 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
☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Quality Control/Quality Assurance Construction and Installation Plan
☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☐ Nuisance or Hazardous Odors, including H₂S, Prevention Plan
☐ Emergency Response Plan
☐ Oil Field Waste Stream Characterization
☐ Monitoring and Inspection Plan
☐ Erosion Control Plan
☐ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

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

16.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Temporary Pit on Rosa 394 Location _____ 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 will not 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

17.

Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC

Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

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

☒ Yes ☐ No

☐ NA

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.

- 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; 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.

- 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 Subsection F of 19.15.17.13 NMAC

☐ Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC

☒ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.11 NMAC

☒ Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC

☒ Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 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 H of 19.15.17.13 NMAC

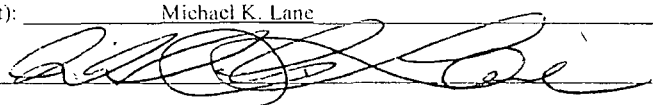
☒ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

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

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): Michael K. LaneTitle: Sr. EH & S SpecialistSignature: Date: 1/26/2010e-mail address: myke.lane@williams.comTelephone: 505-634-4219

20.

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

OCD Rep

*** Denied**

Title: _____ The OCD District office reviewed the permit and due to the complexities the District office also contacted the OCD Environmental Bureau regarding the permit. As a result of the discussions the OCD hereby denies Williams permit application.

21.

Closure R Instruction.
The closure section of

Williams closure plan proposed hauling the drilling cuttings and materials to an off-site location for burial and disposal. Pursuant to 19.15.17.13.D NMAC, approved closure methods for closed-loop systems include transferring waste material and the drying pad liner to a division-approved facility or on-site burial. Pursuant to the on-site closure method provisions of 19.15.17.13.F NMAC, an operator "may use in-place burial (burial in the existing temporary pit) for closure of a temporary pit or bury the contents of a drying pad associated with a closed-loop system in a temporary pit that the operator constructs in accordance with Paragraphs (1) through (6) and (10) of Subsection F of 19.15.17.11 NMAC for closure of a drying pad associated with a closed loop system" on-site. Off-site disposal would require the operator to obtain a surface waste management facility permit (landfill permit) in accordance with 19.15.36 NMAC, unless the waste material is hauled to a division-approved facility.

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22.

Closure M

☐ 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.

Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please identify 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?

☐ 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.

- ☐ 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 closure)
☐ Disposal Facility Name and Permit Number
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique
☐ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude _____ 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. I also 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: _____

Williams Production Co., LLC
Rosa SWD #2 (API: 30-039-30812)
Drilling and Completion
Closed-Loop & Temporary Pit System

In accordance with Rule 19.15.17 NMAC, the following plans describes the Design and Construction (D&C); the Maintenance and Operation (O&M) and Closure of a closed-loop and temporary pit system to be used for the drilling and completion of the Rosa Unit SWD #2 by Williams Production Co, LLC (WPX).

The Closed-loop portion of this system will be located immediately adjacent to the drilling/completion rig for solids and fluid handling and to prevent impacts to the immediate environment surrounding the wellsite. The temporary pit portion of the system will be needed to provided additional fluids storage for pressure control, hole stability and solids management. The temporary pit will be located at a less environmental sensitive new drill well location (Rosa Unit #394: API 30-039-29706) within 1.1 miles north of the SWD #2 wellsite.

Design and Construction Plans

Closed-Loop Design & Construction Plan:

The Closed-Loops System will consist of one or more temporary above-ground tank(s) suitable for holding the cuttings and fluids for rig operations and the planned Drilling/Completion activities. The tank(s) will be of sufficient volume to maintain a safe free-board between disposal of the liquids and solids from rig operations. Additional design considerations include:

1. The Closed-loop System used by WPX will not entail a drying pad, below-grade tank or sump.
2. Fencing is not required for an above-ground closed-loop system.
3. It will be signed in compliance with 19.15.3.103 NMAC
4. A temporary pit will be used to store surplus liquids and handle the large volume of cutting anticipated while drilling the disposal well.
5. Haul-off bins or similar containers will be used to temporarily hold dewatered solid prior to disposal in the temporary pit.
6. Tanks will be placed on the active and disturbed areas of the SWD well location and within the existing ROW footprint.

Temporary Design & Construction Plan:

General Requirements:

1. WPX will be designed and constructed the temporary pit to contain surplus liquids and recovered solids associated with the drilling and completion of the referenced SWD well which will prevent contamination of fresh water resources and protect public health and the environment.
2. Prior to excavation of the pit, topsoil will be stripped and stockpiled within the construction zone of the wellsite want within the ROW for later use during restoration.
3. WPX will post a well sign, not less than 12" by 24", on the well site prior to construction of the temporary pit. This sign will list the operator on record, the location of the well site by unit letter/section/township/range, and emergency telephone number(s).
4. WPX shall construct all new fences utilizing 48" steel mesh field-fence (hogwire) on the bottom with a single strand of barbed wire on top. T-posts will be installed every 12 feet and corners shall be anchored utilizing a secondary T-post or similar bracing. The temporary pit will be fenced at all times excluding drilling/completion operations, at which time the "front" side of the fence will be temporarily removed for operational purposes.

5. WPX shall construct the temporary pit so that the foundation and interior slopes are firm and free of rocks, debris, sharp edges or irregularities to meet manufacturers' specifications and potential liner failure.
6. WPX shall construct the pit so that the slopes are no steeper than two horizontal to one vertical. Where steeper slopes are required due to surface owner and right-of-way restriction, an engineer's certification of stability will be provided.
7. The pit walls will be walked down by a crawler type tractor following construction and prior to liner installation.
8. The temporary pit will be lined with a 20-mil, string reinforced, LLDPE liner, complying with EPA SW-846 method 9090A requirements.
9. Geotextile will be installed beneath the liner when rocks, debris, sharp objects or irregularities cannot be avoided.
10. The liner will be anchored in the bottom of a compacted earth-filled trench consistent with manufacturer's specifications and at least 18 inches deep.
11. WPX will minimize liner seams and orient them up and down, not across slope faces. Factory seams will be used whenever possible. Field seams will be overlapped per manufacturers' specifications. WPX will minimize the number of field seams in corners and irregularly shaped areas.
12. The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides (secondary liner placed over the primary liner), and/or a manifold system.
13. The pit shall be protected from run-on by construction of diversion ditches around the location or around the perimeter of the pit as necessary.
14. The volume of the pit shall not exceed 10 acre-feet (77,580 bbl), including freeboard.
15. No temporary blow pit will be needed for the drilling and completion of the reference SWD.

Maintenance & Operating Plan

Closed-Loop Plan:

The Closed-Loops System will be operated and maintained: to contain liquids and solids, to aid in the prevention of contamination of fresh water sources, in order to protect public health and the environment. The following steps will be followed to attain this goal:

1. The liquids will be transferred to and from the temporary above-ground rig tanks using vacuum trucks. Liquid levels will be maintained to provide required free-board and prevent overtopping. Surplus liquids will be stored in the Temporary Pit and transferred to and from the Closed-Loop system as needed to effectively drill and complete the well.
2. Solids in the Closed-Loop tanks will be vacuumed out and transferred to the Temporary pit on a periodic basis to ensure sufficient liquid volumes for effective drilling/completion and to prevent over topping.
3. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank(s). Only fluids or cutting intrinsic to, used or generated by rig operations will be placed or stored in the tank(s).
4. The Division District office will be notified within 48 hours of the discovery of compromised integrity of the Closed-Loop System. Upon discovery of the compromised tank, repairs will be enacted immediately.
5. All of the above operations will be inspected and a log will be signed and dated. During rig operations the inspection will be daily.

Temporary Pit Plan:

1. WPX will operate and maintain the temporary pit to contain liquids and solids associated with the drilling and completion of the referenced SWD well which will prevent contamination of fresh water resources and protect public health and the environment.
2. WPX will to the extent practical conserve drilling fluids for reuse by transferring liquids to other pits ahead of the rig. Any excess fluids that are not needed for

- well control during drilling or completion will be disposed by evaporation or transport to Basin Disposal, Inc in Bloomfield, New Mexico (Permit # NM-01-005).
3. WPX shall maintain at least two (2) feet of vertical freeboard for the temporary pit.
 4. WPX shall remove all free liquids from the temporary pit within 30 days from the date the drilling or completion rig is released.
 5. Only fluids and solids generated during the drilling/completion process and from the reference closed-loop system will be discharged into the temporary pit. Other miscellaneous solid waste or debris will not be allowed.
 6. WPX will not discharge or store any hazardous waste as defined under RCRA 40CFR 261 and 19.15.1.7.W(3) NMAC in the temporary pit or associated Closed-Loop system.
 7. If any pit liner's integrity is compromised, or if any penetration of the liner occurs:
 - a. Above the liquid's surface, WPX shall repair the damage or replace the liner as necessary. WPX will notify the NMOCD Aztec District Office by phone or email within 48-hours of discovery.
 - b. Leak below the liquid's surface, WPX shall suspend operations, remove all liquids above the damaged liner within 48 hours, and repair the damage or replace the liner. WPX will notify and report to NMOCD as follows:
 - i. If the release is less than 25 bbls, the Aztec District Office by phone or email within 48-hours of discovery and repair.
 - ii. If the release is suspected to be greater than 25 bbls, the Aztec District Office and the Environmental Bureau Chief by phone for immediate verbal notification pursuant to 19.15.3.116.B (1)(d).
 - c. Written Spill/Release reports will be submitted on Form C-141 per 19.15.3.116.C NMAC within 15 days to the Aztec District Office.
 8. The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides (secondary liner placed over the primary liner), and/or a manifold system.
 9. Diversion ditches, around the location or around the perimeter of the pit, shall be maintained as protection from run-on.
 10. WPX shall immediately remove any visible layer of oil from the surface of a temporary pit following cessation of drilling/completion operations. Oil absorbent booms will be utilized to contain and remove oil. An oil absorbent boom will be stored on-site until the pit is covered.
 11. WPX will inspect the temporary pit as follows to ensure compliance with this plan:
 - a. Daily during drilling or workover operations. Inspections will be included with the IADC reports.
 - b. Weekly as long as liquids remain in the pit. Electronic copies of the inspections will be kept at the WPX San Juan Basin office.
 - c. Copies of the inspections will be filed with the NMOCD Aztec District office upon pit closure.

Closure Plan

Closed-Loop Plan:

The Closed-Loops System will be closed in accordance with 19.15.17.13. This will be done by:

1. WPX will vacuum removed any residual cutting and sludge from all temporary above-ground tanks and transporting cuttings to the Temporary Pit following rig operations.
2. WPX will to the extent practical conserve drilling fluids for reuse by transferring liquids to other permitted pits ahead of the rig. Any excess fluids that are not needed for well control during drilling or completion will be disposed by evaporation or transport to Basin Disposal, Inc in Bloomfield, New Mexico (Permit # NM-01-005).
3. Removal of the tank(s) from the well location as part of the rig move.
4. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible, or as stipulated by the surface management agency (i.e. USFS) in the APD conditions of approval.

Temporary Pit In-place Closure Plan

In accordance with Rule 19.15.17.13 NMAC, the following plan describes the in-place closure requirements of the temporary pit to be used with the reference SWD well. Since the pit location is in a non-sensitive area with groundwater > 100 feet below the pit bottom the closure criteria for non-sensitive areas will be followed.

All closure activities will include proper documentation and will be submitted to OCD within 60 days of the pit closure on a Closure Report using Division Form C-144. The Report will include the following:

- Details on Capping and Covering, where applicable
- Plot Plan (Pit Diagram)
- Inspection reports
- Sampling Results
- Division Form C-105: WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Closure Procedure:

1. All free standing liquids will be removed from the pit at the start of the closure process. To the extent practical WPX will attempt to conserve drilling fluids for reuse by transferring liquids to other permitted pits ahead of the rig. Any excess fluids that are not needed for well control during drilling or completion will be disposed by evaporation or transport to Basin Disposal, Inc in Bloomfield, New Mexico (Permit # NM-01-005).
2. The method of closure for the temporary pit will be in-place burial on-site closure as all the criteria in 19.15.17.13.B are met.
3. The surface owner shall be notified of WPX's proposed closure plan using a means that provides proof of notice and consistent with the BLM-NMOCD MOU.
4. Within six months of the "rig-off" status occurring WPX will ensure that the temporary pit is covered, recontoured and reseeded in progress consistent with the USFS APD conditions of approval.
5. Notice of Closure will be given to the Aztec District office between 72 hours and one week of the scheduled closure via email or phone. The notification of closure will include the following: Operators Name (WPX), Well Name and API Number, and Location (USTR)
6. The pit liner shall be removed above "mud level" after stabilization. Removal of the liner will consist of manually or mechanically cutting the liner at the mud level and removing all remaining liner. Care will be taken to remove "all" of the liner (i.e. anchored material). All excessive liner will be disposed of at a licensed disposal facility (probably San Juan Regional Landfill operated by Waste Management under NMED Permit SWM-052426).
7. Solidification of the remaining pit contents shall be achieved by mixing non-waste containing, earthen material. The solidification process will be accomplished use a combination of natural drying and mechanical mixing. Pit contents will be mixed with non-waste, earthen material to a consistency that is deemed safe and stable. The mixing ratio shall not exceed 3 parts non-waste to 1 part pit contents.
8. A five-point composite sample will be taken of the pit using sampling tools and all samples tested per 19.15.17.13(B)(1)(b) NMAC. In the event that the criteria are not met (See Table 1), all contents will be handled per 19.15.17.13(B)(1)(a) (i.e. dig and haul to a Division-approved facility). Approval to haul will be requested of the Aztec District office prior to initiation.

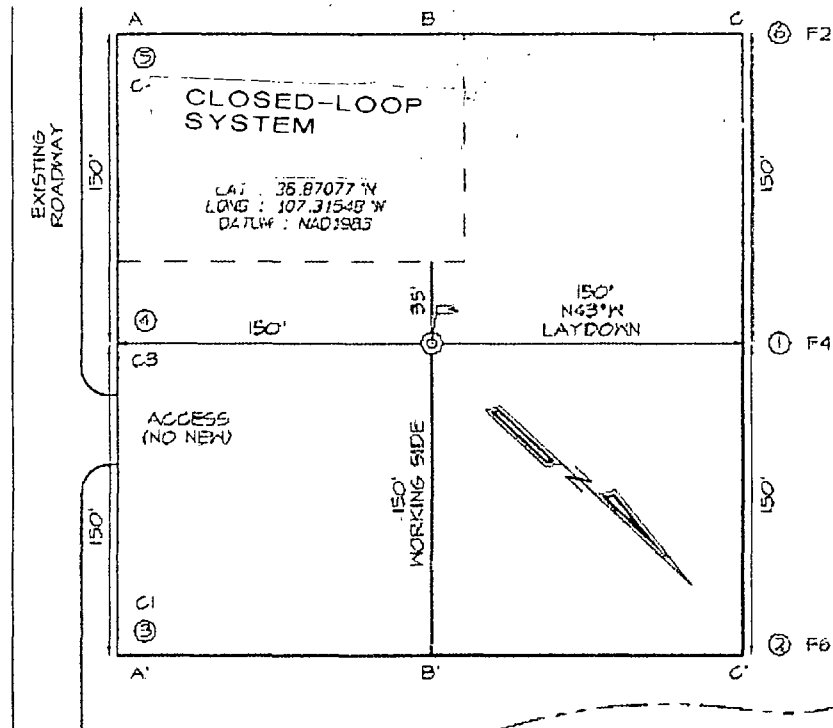
Table 1: Closure Criteria for Temporary Pits in Non-sensitive Areas

Components	Testing Methods	Closure Limits (mg/Kg)
Benzene	EPA SW-846 Method 8021B or 8260B	0.2
BTEX	EPA SW-846 Method 8021B or 8260B	50
TPH	EPA SW-846 Method 418.1 modified	2500
GRO/DRO	EPA SW-846 Method 8015M (GRO/DRO)	500
Chlorides	EPA SW-846 Method 300.1	1000

9. Upon completion of solidification and testing, the pit area will be backfilled with non-waste earthen material compacted to native conditions to enable effective revegetation for successful evapotranspiration. A minimum of four feet of cover including replacement of one foot of suitable material to establish vegetation, or the background thickness of topsoil, whichever is greater.
10. Following cover, the site will be recontoured to meet the Surface Management Agency USFS APD conditions of approval requirements. Re-contouring will attempt to match fit, shape, line form, and texture of the surrounding geography. Re-shaping will include drainage control, prevent ponding, and minimize erosion. Natural drainages will be unimpeded and stormwater Best Management Practices (BMPs) will be used to aid in soil stabilization and protection surface water quality.
11. Notification will be sent to the Aztec District office when the reclaimed area is seeded.
12. WPX shall seed the disturbed areas the first growing season after the pit is covered. Seeding will be accomplished via drilling on the contour whenever practical, or by other Division-approved methods. 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 maintained that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs. *Note: WPX assumes the seeding stipulations including mix and seeding methods specified by the USFS as the Surface Management Agency and as part of the APD are Division-approved methods unless notified by the Division of their unacceptability.*
13. The temporary pit will be located with a steel marker, no less than four inches in diameter, cemented in a hole three feet deep in the center of the on site burial upon the abandonment of all wells on the pad. The marker will be flush with the ground to allow access of the active well pad and for safety concerns. The marker will include a threaded collar to be used for future abandonment. The top of the marker will contain a welded steel 12" square plate that indicates the on site burial of the temporary pit. The plate will be easily removable and a four-foot tall riser will be threaded into the top of the collar marker and welded around the base with the operations information at the time of all wells on the pad abandoned. The information will include Operator Name, Lease Name, Well Name, and number, USTR, and an indicator that the marker is an onsite pit burial location

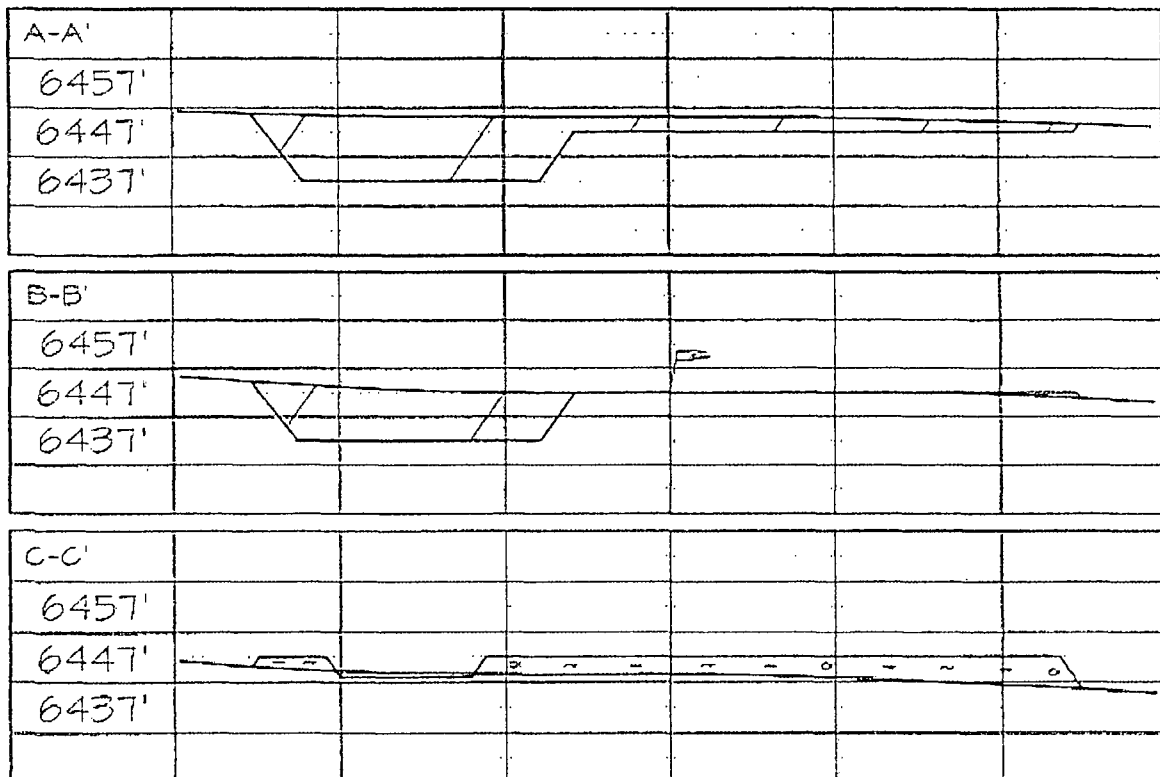
Location of Closed-Loop System

WILLIAMS PRODUCTION COMPANY ROSA UNIT SWD #2
2460' FNL & 2095' FWL, SECTION 25, T31N, R5W, NMPM
RIO ARriba COUNTY, NEW MEXICO ELEVATION: 6447'



LATITUDE: 35.87108° N
LONGITUDE: 107.31541° W
 DATUM: NAD83

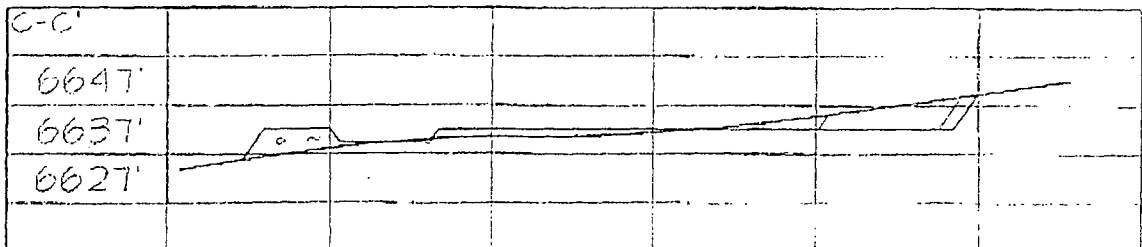
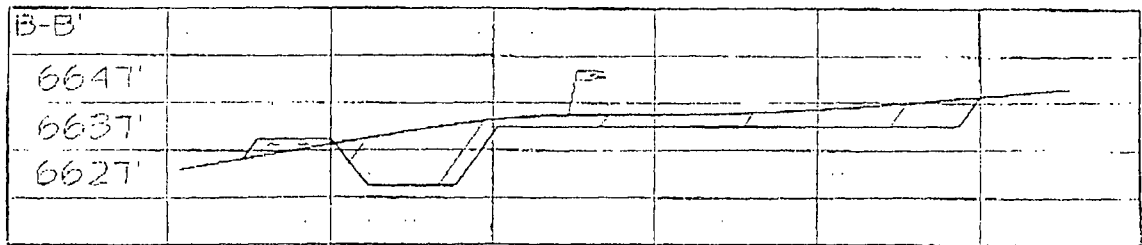
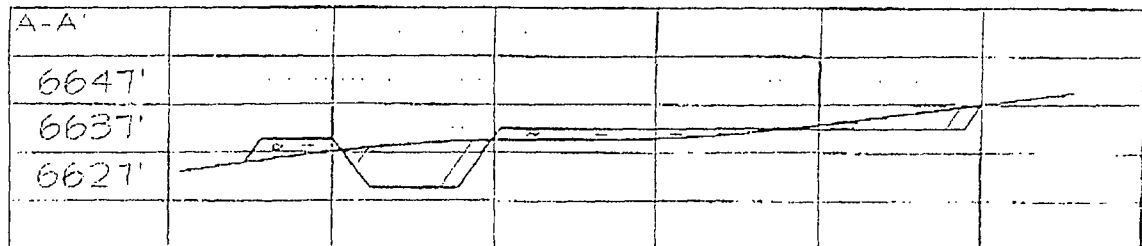
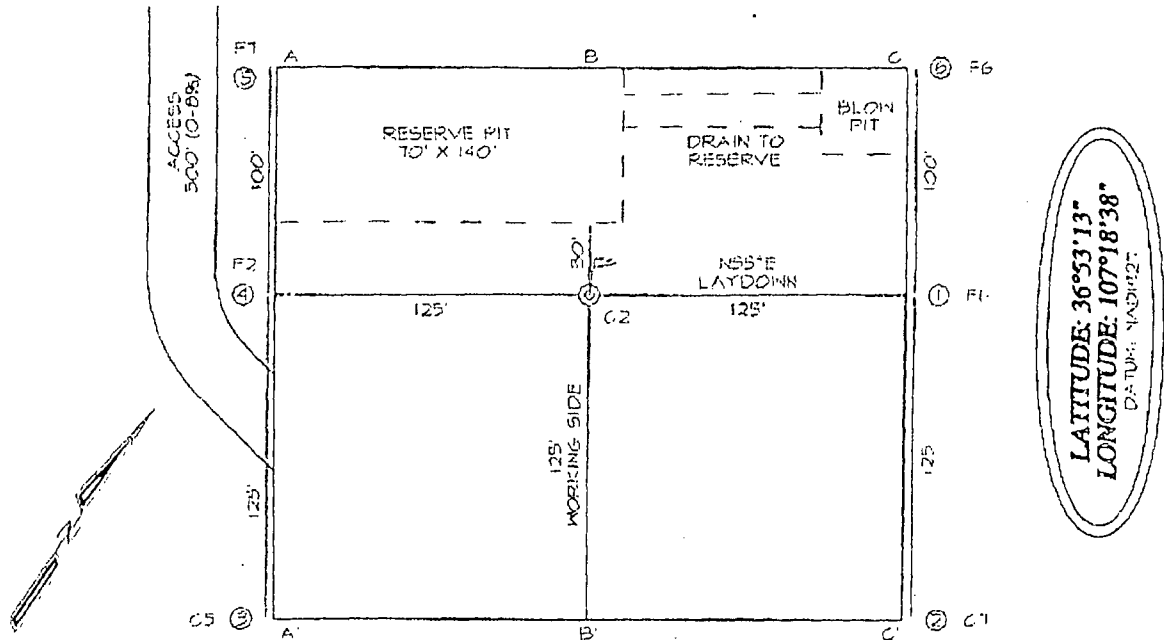
Steel T-Pipe have been set to define the Edge of Disturbance limits which are 50' offset from the edge of the stated wellpad.



Location of Temporary Pit System

ROSA UNIT SWD #2

WILLIAMS PRODUCTION COMPANY ROSA UNIT #394
1975' FNL & 1980' FEL, SECTION 24, T31N, R5W, NMPM
RIO ARriba COUNTY, NEW MEXICO ELEVATION: 6639'



**Hydrogeological Report
Williams Production Company, LLC
Rosa Unit SWD #2 Temporary Pit
Regional Hydrological Context**

Referenced Well Location:

The referenced temporary pit is located on Carson National Forest's Jicarilla Ranger District jurisdiction in Rio Arriba County, New Mexico. This site is positioned in the northeastern portion of the San Juan Basin, an asymmetrical syncline that extends from northwestern New Mexico into southwestern Colorado (Carson National Forest FEIS, 2008). Elevation of the referenced well is approximately 6639 feet MSL.

General Regional Groundwater Description:

As a portion of the San Juan Basin, the Jicarilla Ranger District is underlain by sandstone aquifers of the Colorado Plateau. The primary aquifer of potential concern at this location is the Uinta-Animas Aquifer, composed primarily of Lower Tertiary rocks in the San Juan Basin. The aquifer consists of the San Jose Formation; the underlying Animas formation and its lateral equivalent, the Nacimiento formation; and the Ojo Alamo Sandstone. The thickness of the Uinta-Animas aquifer generally increases toward the central part of the basin. In this region, the maximum thickness of the aquifer is approximately 3500 feet (USGS, 2001). This aquifer contains fresh to moderately saline water.

Groundwater generally flows toward the San Juan River and its tributaries, where it becomes alluvial groundwater or is discharged to stream flow. Additional information regarding the hydrogeologic setting can be found in the provided references.

Site Specific Information:

Surface Hydrology:

The pit is located on a large level northern bench approximately 40-60 feet above Martinez Canyon. The topography slopes toward a drainage associated with Martinez Canyon. Martinez Canyon is located approximately ½ mile to the north and Cabresto Canyon is located approximately one (1) mile to the south.

1st Water Bearing Formation:

San Jose, Tertiary

Formation Thickness:

Approximately 1,900 ft.

Underlying Formation:

Nacimiento, Tertiary

Depth to Groundwater:

Depth to groundwater is estimated at greater than 100 feet bgs. Within a one-mile radius of this location, there were no iWATERS wells with recorded water depth information. Comparison to cathodic wells on six gas well locations near the proposed well indicate the groundwater show be greater than 124 to 290 feet. See Table 1 and Siting Criteria Map I for details.

References:

Allen, Erin. Undated. Colorado Plateau Aquifers.

<http://academic.emporio.edu/schulmem/hydro/TERM%20PROJECTS/2007/Allen/Aquifer.html>.

New Mexico Energy, Minerals and Natural Resources Department, Division of Mining and Minerals. Database. 2010. Internet accessed January 2010.

New Mexico Office of the State Engineer. 2010. iWaters database. Internet accessed January 2010.

New Mexico WQCC. 2005. State of New Mexico Water Quality Act and the Water Control Commission Regulations.

United States Department of Agriculture, Forest Service. 2008. Final Environmental Impact Statement for Surface Management of Gas Leasing and Development, Jicarilla Ranger District, Carson National Forest, Rio Arriba County, New Mexico.

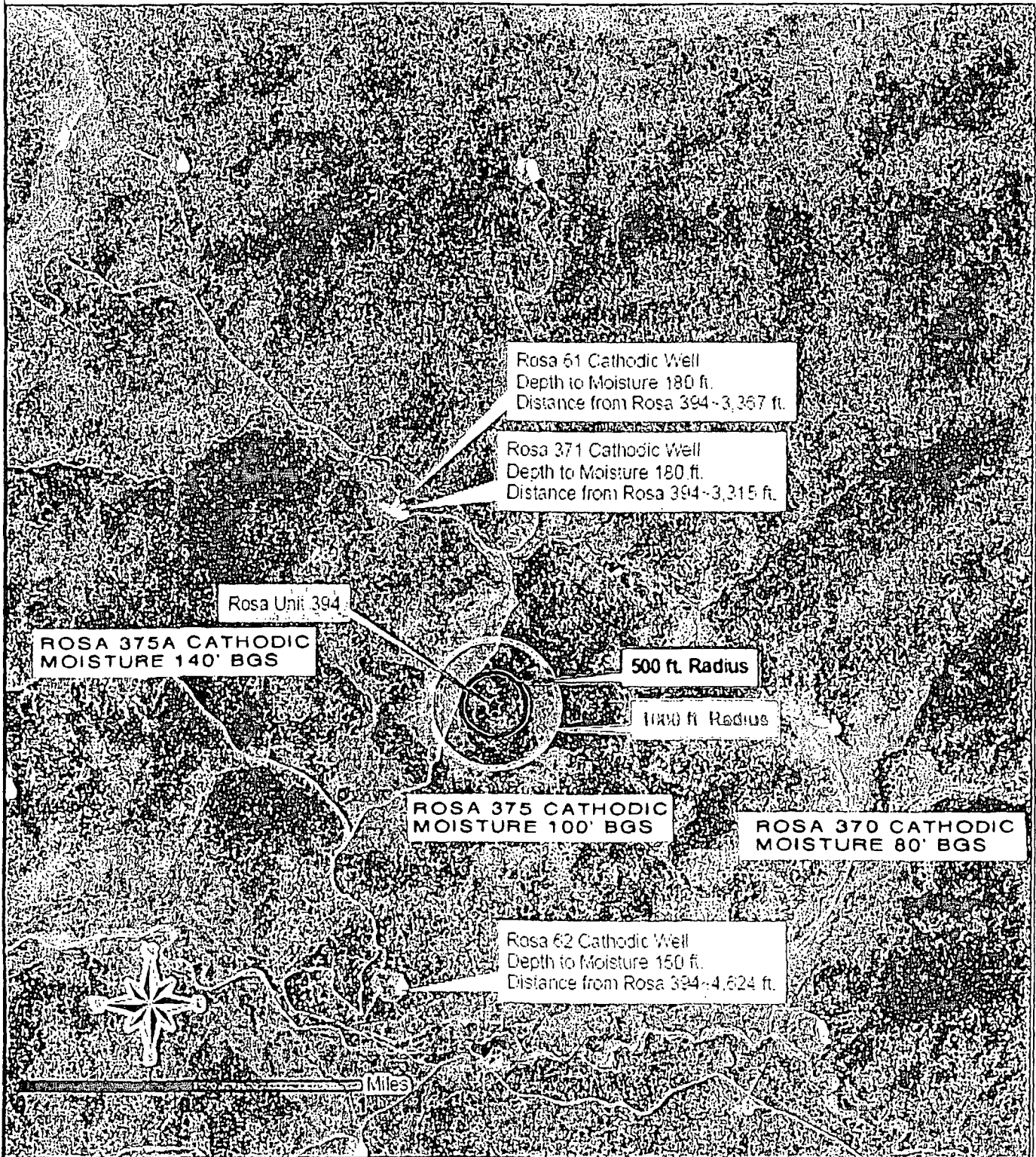
United States Department of the Interior. Bureau of Land Management. 2003. Final Farmington Resource Management Plan and Final Environmental Impact Statement. Farmington Field Office, Farmington, New Mexico.

United States Geological Survey. 2001. Ground Water Atlas of the United States: Arizona, Colorado, New Mexico and Utah. USGS Publication HA 730-C; <http://capp.water.usgs.gov>.

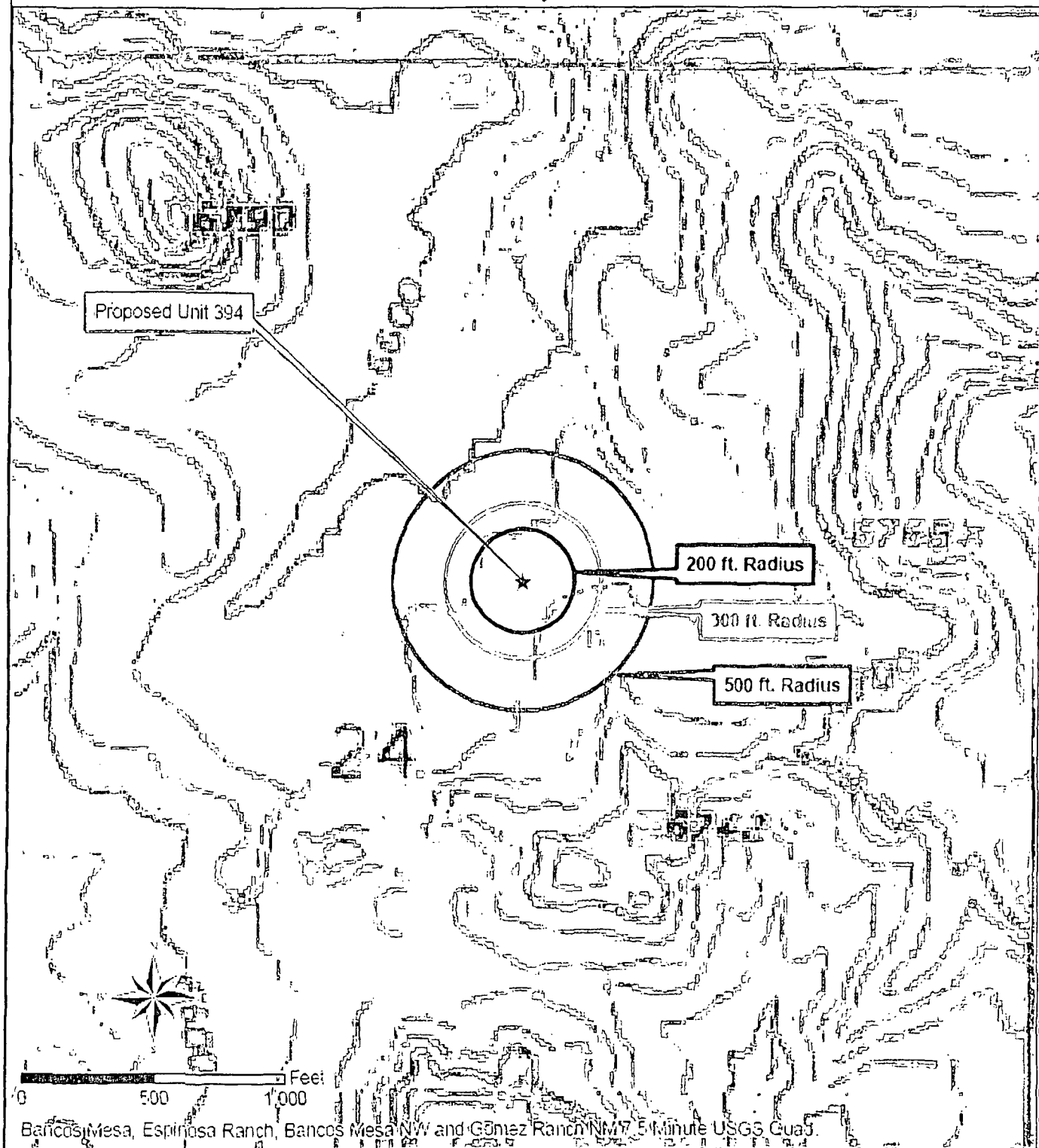
Table 1: Comparison of Cathodic Well Data to Proposed Rosa Unit
SWD #2 Temporary Pit Location

Well	Lat	Long	Site Elevation (ft) MSL	Depth to Moisture		Relative to RU 394	
				BGS (ft)	Elevation (ft) MSL	GW Elevation (ft) BGS	Distance (ft)
Rosa SWD#2 Temp Pit	36.886944	107.310556	6639	100	6539	>100	0
Rosa 371	36.89495	-107.31722	6530	180	6350	289	3315
Rosa 370	36.87788	-107.29895	6554	80	6474	165	4125
Rosa 375	36.88244	-107.31644	6596	100	6496	143	2062
Rosa 375A	36.88972	107.31972	6655	140	6515	124	2743
Rosa 62	36.87523	-107.31685	6606	150	6456	183	4624
Rosa 61	36.89502	-107.31767	6527	180	6347	292	3367

Siting Criteria Map I
Water Wells, Cathodic Wells, & Springs
Williams Production Company, LLC
ROSA UNIT SWD #2 TEMP PIT
T31N, R05W, Section 24 NMPM
Rio Arriba County, New Mexico

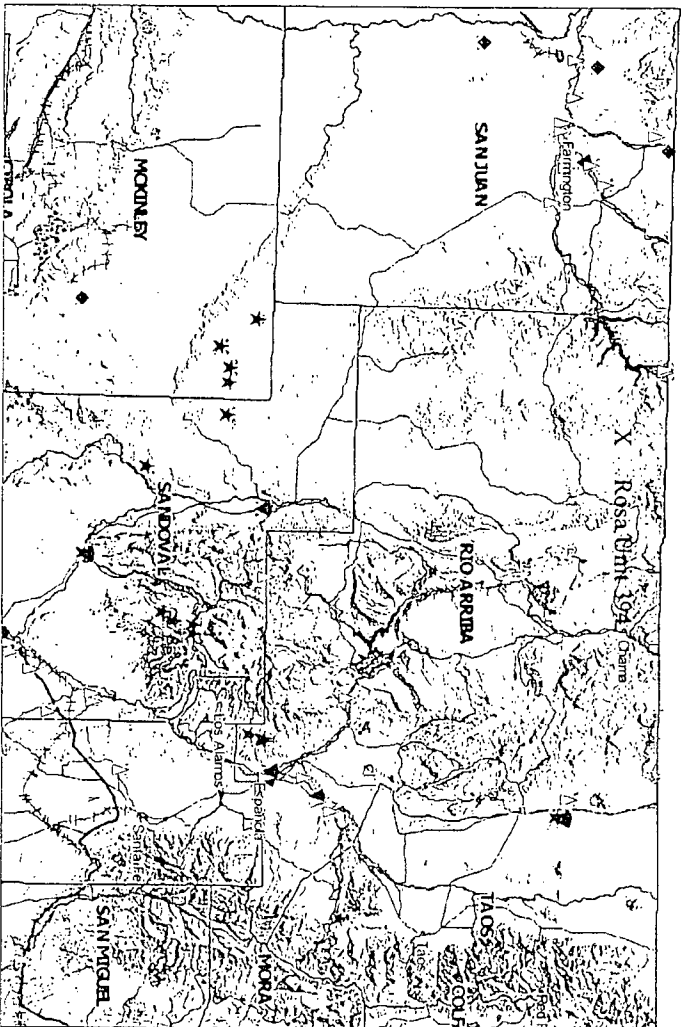


Siting Criteria Map II
Topographic Features
Williams Production Company, LLC
ROSA UNIT SWD #2 TEMP PIT
T31N, R05W, Section 24 NMPM
Rio Arriba County, New Mexico



MMQonline Public Version

- Mines, Mills & Quarries Commodity Groups**
- ▲ Aggregate & Stone Mines
 - ◆ Coal Mines
 - ★ Industrial Minerals Mines
 - ▼ Industrial Minerals Mills
 - ☑ Metal Mines and Mill Concentrate
 - ☐ Potash Mines & Refineries
 - ☐ Smelters & Refinery Ops.
 - ✕ Uranium Mines
 - ⊙ Uranium Mills
- Population**



SCALE 1 : 2,203,053

20 0 20 40 60

MILES



FEMA Map – 100-Year Floodplain:

As this location is within Carson National Forest, no FEMA maps are available. However, ortho-photographic and topographic maps, and an on site investigation indicate that this location is not within a floodplain..

Siting Criteria Compliance Demonstrations:

The Rosa Unit #394 well is not located in an unstable area. The location is not situated over a mine or a steep slope. Excavated pit material will not be located within 300 feet of a continuously flowing water course or within 200 feet of any other significant water course, lakebed, sinkhole, or playa lake (see Siting Criteria Map II). The site is not within 500 feet of any reported riparian areas or wetlands; within 500 feet of any private, domestic fresh water well or spring; or within 1000 feet of any other fresh water well or spring (see Siting Criteria Map I). The proposed pit will not be within any incorporated municipal boundaries or defined municipal freshwater well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. The location of the proposed pit is not within 300 feet of any permanent residence, school, hospital, institution, or church.

Lane, Myke

From: Lane, Myke
Sent: Tuesday, January 26, 2010 5:55 PM
To: 'John Reidinger'; 'Jon J Miller'
Cc: Meador, Tasha ; Higgins, Larry ; Riley, Heather
Subject: Landowner Notice - Rosa SWD #2 Closed-Loop & Temporary Pit System

This correspondence is to notify the USFS that Williams Production is planning to use a Closed-Loop with temporary pit associated with the drilling and completion of the reference well. The Closed-Loop system consisting of temporary above-ground tanks only will be used on the SWD#2 wellpad. The temporary pit needed for surplus mud storage and solids handling will be located on the Rosa #394. This will minimize the need for trucking liquid and solids handling during drilling/completion operations, ensuring sufficient mud and liquids are readily available to effectively and safely install the reference well. Following discontinued use of the Closed-Loop system all tanks will be removed from the well site, and the temporary pit will close by onsite burial. The planned closure is consistent with the Surface Use Plans submitted with Williams APDs.

This notice is to comply with the NMOC D Pit Rule 19.15.17 NMAC requirement to notify surface owners of the operator's intended closure method(s). If site conditions do not allow Williams to close in-place, we will provide your office with prior notice should the USFS have any concerns.

Please contact us if there are any questions or additional information is required

Michael K. (Myke) Lane, PE
EH&S Team Leader - San Juan Basin Operations
721 S. Main/PO Box 640, Aztec, NM 87410
(505) 634-4219(off); -4205(fax); 330-3198(cell)

"The problems we face cannot be resolved at the same level of thinking as that which gave rise to them!"---shared with me by Brent Hale

Tracking:

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**AMENDED APPLICATION OF WILLIAMS PRODUCTION CO., LLC FOR
APPROVAL OF A CLOSED-LOOP SYSTEM FOR THE ROSA SWD WELL NO 2 AND
FOR THE IN-PLACE BURIAL OF DRILLING WASTES AT ANOTHER WELL
LOCATION, NEW MEXICO**

CASE NO. 14463

AFFIDAVIT OF BRANDON POWELL

I, Brandon Powell, being first duly sworn under oath, state the following

- 1 The information contained in this Affidavit is true and is based upon my knowledge
- 2 I have been employed as the Environmental Specialist at the Aztec, New Mexico office of the Oil Conservation Division ("OCD") since 2006
- 3 My duties include reviewing all form C-144 Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method or Closure Plan Applications, and all form C-144 CLF7 Closed-Loop System Permit or Closure Plan Applications, submitted to the OCD Aztec Office
- 4 The Aztec office has previously approved co-located pits for wells which were drilled on the same well pad, but not for wells drilled on separate well pads
- 5 On March 9, 2010, the OCD Aztec Office received a form C-144 Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method or Closure Plan Application for the Rosa Unit No 634B. The form C-144 requested a closed-loop system and temporary drilling pit for the Rosa Unit No 634B. Williams did not request that the pit be used for any other well besides the Rosa Unit No 634B. Since Williams identified the Rosa Unit No 634B as the only well that would be using the pit, I reviewed the form C-144 for that purpose only. I did not review the form C-144 for the proposal that Williams is making in its hearing application because it was never applied for by Williams.

Exhibit F

FURTHER AFFIANT SAYETH NOT

Brandon Powell
Brandon Powell

SUBSCRIBED AND SWORN before me this 22 day of April, 2010



OFFICIAL SEAL
AMY H. VERMERSCH
NOTARY PUBLIC
STATE OF NEW MEXICO

My commission expires 2/26/12

Amy H. Vermersch
Notary Public

My Commission Expires

2.26.2012