

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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☒

Operator: Gruy Petroleum Management Co. Telephone: 972-443-6489 e-mail address: zfarris@magnumhunter.com

Address: P.O. Box 140907, Irving, Tx 75014-0907

Facility or well name: Marquardt 12 Penn Federal #1 API #: 30-015-33461 U/L or Qtr/Qtr O Sec 12 T 25S R 26E

County: Eddy Latitude 320822.23 N Longitude 1041435.33 W NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☐ Indian ☐

Pit Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness 12 mil Clay ☐ Volume bbl	Below-grade tank Volume: bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes ☐ If not, explain why not:
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) >70' See water well record	Less than 50 feet (20 points) 50 feet or more, but less than 100 feet (10 points) 100 feet or more (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) No (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) 1000 feet or more (0 points)
Ranking Score (Total Points) -0-	

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☒ offsite ☐ If offsite, name of facility (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☒ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 4-25-06

Printed Name/Title: Zeno Farris Manager Operations Administration

Signature: *Zeno Farris*

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval: MAY 04 2006

Date:

Printed Name/Title:

Signature: *[Signature]*

Surface Pit Closure Plan

Pit Parameters

Well site: Marquardt 12 Penn Federal # 1

Legal Description: 880 FSL 1760 FEL

Section: 12 25S 26 E

Eddy County, New Mexico

The reserve pit insitu on this leasehold is being permitted to close as per New Mexico OCD "Pit and Below Grade Tank Guidelines" dated November 1, 2004.

This pit was excavated and formed to the dimensions roughly 120 feet x 115 feet x 6 feet deep. A 12 mil membrane liner and pad was used to prevent leakage to the surface soils. A visual examination of the membrane liner indicates that the liner has maintained its integrity.

The well bore penetrated a salt/anhydrite section causing the drilling fluid to saturate to a concentration weight of > 9.5 ppg.

After the drilling and completion phase of this project, the water phase of the pit contents were pumped and hauled to an approved water injection facility. The remaining solids were mechanically pulled to the corners of the containment area to allow them to dry and leach out as much liquid phase as possible. Again these liquids were hauled to an approved water injection facility. It is estimated that the volume of solids remaining are to +/- 2500 yards. The burial cell is to

be excavated and lined with a minimum 12 mil membrane that complies with ASTM Standard(s): D 5747, D 5199, D-5994, and D-4833. The cuttings will be loaded as to allow for > 36" freeboard to ground level. After the cuttings are loaded, the 12 mil liner will be folded over the top. A 20 mil minimum thickness liner meeting the minimum requirements as outlined in ASTM Standard Methods: D-5747, D- 5199, D-5994, D-4833; will be used to cap and cover to an extended area that exceeds three feet in all directions from the edge of the burial cell. This cap will be constructed as to slope and allow for water runoff from burial cell.

A minimum of 36" of top soil will be used to cover the burial cell. This soil must be capable of supporting native plant growth. A seed mixture will be used as to conform to local BLM as well as New Mexico OCD requirements. The seeding and propagation of required native plants will be monitored as to insure that growth is re-established.

After the drilled solids are buried, the natural contour of the surrounding soils will be mechanically shaped as prevent erosion of the well site until vegetation is established.

The caliches and soils will be pulled from the well site pad to allow for a 200 X 300 pad dimension for production use. The remaining materials will be used to maintain lease roads and other drill sites

File Number: _____

NEW MEXICO OFFICE OF THE STATE ENGINEER
WELL RECORD

1. OWNER OF WELL

Name: Gruy Petroleum Management Co. Work Phone: 972-443-6489
Contact: Zeno Farris Home Phone: _____
Address: P.O. Box 140907
City: Irving State: TX Zip: 75014-0907

2. LOCATION OF WELL (A, B, C, or D required, E or F if known)

A. 1/4 1/4 1/4 Section: 1 Township: 25S Range: 28E N.M.P.M.
in Eddy County.

B. X = _____ feet, Y = _____ feet, N.M. Coordinate System
Zone in the _____ Grant.
U.S.G.S. Quad Map _____

C. Latitude: 32 d 09 m 26.71 s Longitude: 104 d 14 m 34.19 s

D. East _____ (m), North _____ (m), UTM Zone 13, NAD _____ (27 or 83)

E. Tract No. _____, Map No. _____ of the _____ Hydrographic Survey.

F. Lot No. _____, Block No. _____ of Unit/Tract _____ of the
_____ Subdivision recorded in _____ County.

G. Other: _____

H. Give State Engineer File Number if existing well: _____

I. On land owned by (required): BML

3. DRILLING CONTRACTOR

License Number: WD-1456
Name: White Drilling Company, Inc. Work Phone: 325-893-2950
Agent: John W. White Home Phone: 325-893-2950
Mailing Address: P.O. Box 906
City: Glyde State: TX Zip: 79510

4. DRILLING RECORD: MARQUARDT 1 PENN FED 1

Drilling began: 3-20-06; Completed: 3/22/06; Type tools: Air Rotary;
Size of hole: 6 1/8 in.; Total depth of well: 70.0 ft.;
Completed well is: shallow (shallow, artesian);
Depth to water upon completion of well: Dry ft.

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NEW MEXICO OFFICE OF THE STATE ENGINEER
WELL RECORD

5. PRINCIPAL WATER-BEARING STRATA: MARQUARDT 1 PENN FED 1

Depth in Feet		Thickness	Description of	Estimated Yield
From	To	in feet	water-bearing formation	(GPM)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

6. RECORD OF CASING

Diameter (inches)	Pounds per ft.	Threads per in.	Depth in Feet		Length (feet)	Type of Shoe	Perforations	
			Top	Bottom			From	To
2.0	Sch. 40	4.0	0.0	60.0	60.0	_____	_____	_____
2.0	.020	4.0	60.0	70.0	10.0	_____	60.0	70.0
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____

7. RECORD OF MUDDING AND CEMENTING

Depth in Feet		Hole	Sacks	Cubic Feet	Method of Placement
From	To	Diameter	of mud	of Cement	
70.0	10.0	6 1/8	19.0	_____	Bentonite Pellets
10.0	0.0	6 1/8	6.0	1.997	Hand Mix - cement
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

8. PLUGGING RECORD

Plugging Contractor: _____
Address: _____
Plugging Method: _____
Date Well Plugged: _____
Plugging approved by: _____
State Engineer Representative

No.	Depth in Feet		Cubic Feet of Cement
	Top	Bottom	
1	_____	_____	_____
2	_____	_____	_____
3	_____	_____	_____
4	_____	_____	_____
5	_____	_____	_____

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NEW MEXICO OFFICE OF THE STATE ENGINEER
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9. LOG OF HOLE: MARQUARDT 1 PENN FED 1

[illegible]

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NEW MEXICO OFFICE OF THE STATE ENGINEER
WELL RECORD

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- This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no text or other markings on the paper.

Driller

3/28/06
(mm/dd/year)

Quad _____; FWL _____; FSL _____; Use _____; Location No. _____

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