

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  
June 1, 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: SDX Resources, Inc. Telephone: 432/685-1761 e-mail address: cmorgan@sdxresources.com

Address: PO Box 5061, Midland, TX 79704

Facility or well name: Kersey State #3 API #: 30-015-35562 U/L or Qtr/Qtr I Sec 32 T 17S R 28E

County: Eddy 1650' FSL 990' FEL Longitude NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☐ State ☒ Private ☐ Indian ☐

JUL 26 2007

OCD-ARTESIA

<b>Pit</b> Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>8000</u> bbl	<b>Below-grade tank</b> Volume: <u>      </u> bbl Type of fluid: <u>      </u> Construction material: <u>      </u> Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not. <u>      </u>									
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	<table border="1"><tr><td>Less than 50 feet</td><td>(20 points)</td><td></td></tr><tr><td>50 feet or more, but less than 100 feet</td><td>(10 points)</td><td>10</td></tr><tr><td>100 feet or more</td><td>( 0 points)</td><td></td></tr></table>	Less than 50 feet	(20 points)		50 feet or more, but less than 100 feet	(10 points)	10	100 feet or more	( 0 points)	
Less than 50 feet	(20 points)									
50 feet or more, but less than 100 feet	(10 points)	10								
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.)	<table border="1"><tr><td>Yes</td><td>(20 points)</td><td></td></tr><tr><td>No</td><td>( 0 points)</td><td>0</td></tr></table>	Yes	(20 points)		No	( 0 points)	0			
Yes	(20 points)									
No	( 0 points)	0								
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	<table border="1"><tr><td>Less than 200 feet</td><td>(20 points)</td><td></td></tr><tr><td>200 feet or more, but less than 1000 feet</td><td>(10 points)</td><td></td></tr><tr><td>1000 feet or more</td><td>( 0 points)</td><td>0</td></tr></table>	Less than 200 feet	(20 points)		200 feet or more, but less than 1000 feet	(10 points)		1000 feet or more	( 0 points)	0
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200 feet or more, but less than 1000 feet	(10 points)									
1000 feet or more	( 0 points)	0								
<b>Ranking Score (Total Points)</b> 10										

**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: (check the onsite box if you are burying in place) 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.

Additional Comments: Propose to mix pit contents with earthen material. Dig & line an encapsulation pit (within the existing reserve area) with a 12 mil synthetic liner.

Place mixed contents in encapsulation pit. Cap with 20 mil synthetic liner & cover entire area with 3' clean top soil.

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: 7/24/07

Printed Name/Title Bonnie Atwater, Regulatory Tech

Signature Bonnie Atwater

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:

Printed Name/Title

Signature

Signed By Mike Brannan

Date: AUG 02 2007

Notify OCD 24 hours prior to beginning pit closure.

Samples are to be obtained from Pit area and analysis submitted to NMOCD prior to back-filling. NOTIFY NMOCD 24 HOURS PRIOR TO OBTAINING SAMPLES.

If burial trench is constructed in pit area - Sample analyses are to be submitted to NMOCD PRIOR to lining the trench.

②