District I

1625 N. French Di., Hobbs, NM 88240

1301 W Grand Ave, Artesia, NM 88210

District III

1000 Rio Brazos Rd , Aztec, NM 87410

## State of New Mexico Energy Minerals and Natural Resources

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

July 21, 2008 For temporary pits, closed-loop sytems, and below-grade

Form C-144

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

#### District IV appropriate NMOCD District Office 1220 S St Francis Dr , Santa Fe, NM 87505 Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application Type of action: X 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: ConocoPhillips Company OGRID#: 217817 Address: PO Box 4289, Farmington, NM 87499 Facility or well name: SAN JUAN 32-7 UNIT 17B API Number: 30-045-35131 OCD Permit Number U/L or Qtr/Qtr: A(NE/NE) Section: 17 Township: 31N Range: County: San Juan 36.90449 Center of Proposed Design: Latitude: °N Longitude: 107.588329 **°W** NAD: 1927 X 1983 Surface Owner: X Private Tribal Trust or Indian Allotment Federal Pit: Subsection F or G of 19 15 17 11 NMAC Drilling Workover Temporary Permanent Emergency Cavitation P&A Thickness mil LLDPE HDPE PVC Other Lined Unlined Liner type String-Reinforced Liner Seams Volume: bbl Dimensions L Subsection H of 19 15 17 11 NMAC Closed-loop System: 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' X Above Ground Steel Tanks Haul-off Bins Other LLDPE HDPE Lined Unlined Thickness mil PVD Other Liner type Welded Liner Seams Factory Other Below-grade tank: Subsection I of 19 15 17 11 NMAC 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 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.

Fencing: Subsection D of 19.15 17 11 NMAC (Applies to permanent put, 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				
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  X 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 of the Santa Fe Environmental Bureau office for consideration of approval  (Fencing/BGT Liner)  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.  - 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 watercourse, 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.	Yes	No		
(Applies to temporary, emergency, or cavitation pits and below-grade tanks)  - Visual inspection (certification) of the proposed site. Acrial photo: Satellite image	NA			
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.  (Applied to permanent pits)	Yes NA	No		
<ul> <li>Visual inspection (certification) of the proposed site, Aerial photo; Satellite image</li> <li>Within 500 horizonal 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.</li> </ul>	Yes	No		
<ul> <li>NM Office of the State Engineer - 1WATERS database search; Visual inspection (certification) of the proposed site</li> <li>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</li> <li>Written confirmation or verification from the municipality; Written approval obtained from the municipality</li> </ul>	Yes	□No		
<ul> <li>Within 500 feet of a wetland.</li> <li>US Fish and Wildlife Wetland Identification map; Topographic map, Visual inspection (certification) of the proposed site</li> <li>Within the area overlying a subsurface mine.</li> </ul>	Yes Yes	□No		
<ul> <li>Written confirmation or verification or map from the NM EMNRD - Mining and Mineral Division</li> <li>Within an unstable area.</li> <li>Engineering measures incorporated into the design, NM Bureau of Geology &amp; Mineral Resources, USGS, NM Geological</li> </ul>	Yes	∏No		
Society, Topographic map  Within a 100-year floodplain  - FEMA map	Yes	□No		

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				
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 or Permit				
Closed Loan Systems Poursit Application Attachment Checklist, C. L., J. D. C10 15 17 0 N 44 C				
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				
X Design Plan - based upon the appropriate requirements of 19 15.17.11 NMAC				
X Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17.12 NMAC				
X 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				
Previously Approved Operating and Maintenance Plan API				
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 (I) 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 10.15.17.12 NIMAC				
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 X Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank X Closed-loop System				
Alternative				
Proposed Closure Method Waste Excavation and Removal				
X Waste Removal (Closed-loop systems only)				
On-site Closure Method (only for temporary pits and closed-loop systems)				
In-place Burial On-site Trench				
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				

Form C-144 Oil Conservation Division Page 3 of 5

16 Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tank				
Instructions Please identify the facility or facilities for the disposal of liquids, drilling fluids of facilities are required				
Disposal Facility Name Envirotech / JFJ Landfarm % IEI Dispos	al Facility Permit # NM-01-0011 / NM-0	01-0010B		
Disposal Facility Name: Basin Disposal Facility Dispos	al Facility Permit #. NM-01-005			
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 .  Yes (If yes, please provide the information No				
Required for impacted areas which will not be used for future service and operations:  Soil Backfill and Cover Design Specification - based upon the appropriate requirements of Subsection H of 19 15 17 13 NMAC  Re-vegetation Plan - based upon the appropriate requirements of Subsection G 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 fine	on nearby wells	Yes No		
Ground water is between 50 and 100 feet below the bottom of the buried waste		Yes No		
- NM Office of the State Engineer - tWATERS database search, USGS, Data obtained fro	n nearby wells	`		
Ground water is more than 100 feet below the bottom of the buried waste.		Yes No		
- NM Office of the State Engineer - tWATERS database search; USGS, Data obtained fro	n nearby wells	N/A □		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant water (measured from the ordinary high-water mark).	rcourse or lakebed, sinkhole, or playa lake	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 - Visual inspection (certification) of the proposed site, Aerial photo, satellite image .	at the time of initial application	Yes No		
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five he purposes, or within 1000 horizontal fee of any other fresh water well or spring, in existence at t - NM Office of the State Engineer - iWATERS database, Visual inspection (certification) or	he time of the initial application	Yes No		
Within incorporated municipal boundaries or within a defined municipal fresh water well field of pursuant to NMSA 1978, Section 3-27-3, as amended  - Written confirmation or verification from the municipality, Written approval obtained from	overed under a municipal ordinance adopted	Yes No		
Within 500 feet of a wetland  - US Fish and Wildlife Wetland Identification map, Topographic map, Visual inspection (c		Yes No		
Within the area overlying a subsurface mine		Yes No		
- Written confiramtion or verification or map from the NM EMNRD-Mining and Mineral D	ivision			
Within an unstable area	HISCONING I. IS	Yes No		
<ul> <li>Engineering measures incorporated into the design, NM Bureau of Geology &amp; Mineral Re Topographic map</li> </ul>	sources, USGS, NIM Geological Society,			
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 bee 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 Re-vegetation Plan - based upon the appropriate requirements of Subsection Lo				
Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC				

Form C-144 Oil Conservation Division Page 4 of 5

19				
Operator Application Certification:    househor contribution to information submitted with this application is true accurate and consolete to the host of our least of our lea				
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) CRYSTAL TAFOYA / Title STAFF REGULATORY TECHNICIAN				
Signature Date. 6/7/201  c-mail address crystal tafoya@conocophillipscom Telephone (505) 326-9837				
c-mail addresscrystal tafoya@conocophillips.com / Telephone(5b5) 326-9837				
OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment)  OCD Representative Signature: Approval Date: 6/8/2011  Title: Compliance Office OCD Permit Number:				
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 opeartions?  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				
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 (if applicable)  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	<del></del> -			
Operator Closure Certification:  I hereby certify that the information and attachments submitted with this closure report is ture, accurate and complete to the best of my knowledge and helief. 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	ľ			

Oil Conservation Division Page 5 of 5

Form C-144

# ConocoPhillips Company Closed-loop Plans

# Closed-loop Design Plan

. 1

COPC's closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will include an above ground tank suitable for holding the cuttings and fluids for rig operations. The tank will be sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

- 1. Fencing is not required for an above ground closed-loop system
- 2. It will be signed in compliance with 19.15.3.103 NMAC
- 3. A frac tank will be on location to store fresh water

## **Closed-loop Operating and Maintenance Plan**

COPC's closed-loop tank will be operated and maintained to contain liquids and solids in order to prevent contamination of fresh water sources, in order to protect public health and the environment. To ensure the operation is maintained the following steps will be followed:

- 1. The liquids will be vacuumed out and disposed of at the Basin Disposal facility (Permit # NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). Solids in the closed-loop tank will be vacuumed out and disposed of at Envirotech (Permit # NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B) on a periodic basis to prevent over topping.
- 2. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cutting used or generated by rig operations will be placed or stored in the tank.
- 3. The division district office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon the discovery of the compromised tank, repairs will be enacted immediately

# Closed-loop Closure Plan

The closed-loop tank will be closed in accordance with 19.15.17.13. This will be done by transporting cuttings and all remaining sludges to Envirotech (Permit # NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B) immediately following rig operations. All remaining liquids will be transported and disposed of in the Basin Disposal facility (Permit # NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). The tanks will be removed from the location as part of the rig move. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.