District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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 Revised April 3, 2017

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office.

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

BGT 1	Proposed Alternative Method Porm	
	Proposed Alternative Method Perm Type of action: Below grade tank registration Permit of a pit or proposed alternati Closure of a pit, below-grade tank, of Modification to an existing permit/of Closure plan only submitted for an or proposed alternative method	ve method or proposed alternative method
	Instructions: Please submit one application (Form C-144) per	individual nit halow grada tank or alternative request
lease be advised tha	at approval of this request does not relieve the operator of liability sl	ould operations result in pollution of surface water, ground water or the any other applicable governmental authority's rules, regulations, or ordinances.
1. Operator: M&G	G Drilling CO INC	OGRID #:141852
	Box 5940 Farmington, NM 87499	
	ame:Marron #042A	OCD Permit Number:
		Range 08W County: San Juan
		Longitude107.6723785 NAD83
Surface Owner: 🔼	☐ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotme	11
Temporary: Description Descrip		- · · · · · · · · · · · · · · · · · · ·
3. ⊠ Relow-grade t	tank: Subsection I of 19.15.17.11 NMAC	
	bbl Type of fluid:Produced Wat	er
Tank Construction	n material:Steel	
☐ Visible sidewa	ontainment with leak detection Visible sidewalls, liner, 6-incompalls and liner Visible sidewalls only Other Other Detection HDPE PVC Other Other Other Other Other Other Other Oth	
4.		
Alternative M Submittal of an ex		e Santa Fe Environmental Bureau office for consideration of approval.
5.		
	tion D of 19.15.17.11 NMAC (Applies to permanent pits, tempor	
institution or churc	/	
_	ht, four strands of barbed wire evenly spaced between one and fo	ur feet
	ase specify Four Foot height with mesh T-Post	

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)	
5. 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 19.15.16.8 NMAC	
Variances 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: Variance(s): Requests must be submitted to the appropriate division district for consideration of approval. Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	
9. 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 acceptance are provided below. Siting criteria does not apply to drying pads or above-grade tanks.	ptable source
General siting	
Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☑ No ☐ NA
<u>Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit .</u> NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
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. (Does not apply to below grade tanks) - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within the area overlying a subsurface mine. (Does not apply to below grade tanks) - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
 Within an unstable area. (Does not apply to below grade tanks) 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. (Does not apply to below grade tanks) - FEMA map	Yes No
Below Grade Tanks	
Within 100 feet of a continuously flowing watercourse, significant watercourse, lakebed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	⊠ Yes □ No
Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ⊠ No
<u>Temporary Pit using Low Chloride Drilling Fluid</u> (maximum chloride content 15,000 mg/liter)	
Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.) - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within 300 feet from a occupied 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 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet of any other fresh water well or spring, in existence at the time of the initial application. NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	☐ Yes ☐ No

☐ Yes ☐ No
☐ Yes ☐ No
☐ Yes ☐ No
AC ments are IMAC .17.9 NMAC
ments are 5.17.9 NMAC

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	1
### 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 Errosion Control Plan Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC	
Proposed Closure: 19.15.17.13 NMAC Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regard to the proposed closure plan. Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Multi-well F Alternative	luid Management Pit
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	
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be 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 C 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 H of 19.15.17.13 NMAC □ Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC	
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 sour provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. In 19.15.17.10 NMAC for guidance.	
Ground water is less than 25 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 25-50 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 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
Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant 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. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No
Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, 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
Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No
Within 300 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; 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 ap	proval obtained from the municipality	☐ Yes ☐ No
Within the area overlying a subsurface mine Written confirmation or verification or map from the NM EMNRD-M	ining and Mineral Division	☐ Yes ☐ No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Ge	ology & Mineral Resources; USGS; NM Geological	
Society; Topographic map Within a 100-year floodplain.		☐ Yes ☐ No
- FEMA map		☐ Yes ☐ No
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each by a check mark in the box, that the documents are attached. □ Siting Criteria Compliance Demonstrations - based upon the appropriate Proof of Surface Owner Notice - based upon the appropriate requirement □ Construction/Design Plan of Burial Trench (if applicable) based upon the Construction/Design Plan of Temporary Pit (for in-place burial of a dry □ Protocols and Procedures - based upon the appropriate requirements of □ Confirmation Sampling Plan (if applicable) - based upon the appropriate Waste Material Sampling Plan - based upon the appropriate requirement □ Disposal Facility Name and Permit Number (for liquids, drilling fluids a Soil Cover Design - based upon the appropriate requirements of Subsec □ Re-vegetation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropriate requirements of Subsec □ Site Reclamation Plan - based upon the appropr	e requirements of 19.15.17.10 NMAC ats of Subsection E of 19.15.17.13 NMAC the appropriate requirements of Subsection K of 19.15.17. ting pad) - based upon the appropriate requirements of 19. 19.15.17.13 NMAC are requirements of 19.15.17.13 NMAC ts of 19.15.17.13 NMAC and drill cuttings or in case on-site closure standards cannot tion H of 19.15.17.13 NMAC etion H of 19.15.17.13 NMAC	11 NMAC 15.17.11 NMAC
Operator Application Certification: I hereby certify that the information submitted with this application is true, ac Name (Print): Vanessa Fields Tilds Signature: Vanessa Fields	curate and complete to the best of my knowledge and beli tle:Regulatory Compliance ManagerAgent/Represe Date:7/19/2020	entative
e-mail address:vanessa@walsheng.net	Telephone:505-787-9100	
18. OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure	e Plan (only) OCD Conditions (see attachment)	
OCD Representative Signature:	Approval Date: 9/15/20)20
Title: Environmental Specialist	OCD Permit Number: BGT 1	
Closure Report (required within 60 days of closure completion): 19.15.17 Instructions: Operators are required to obtain an approved closure plan pri	or to implementing any closure activities and submitting	
The closure report is required to be submitted to the division within 60 days section of the form until an approved closure plan has been obtained and the		complete this
The closure report is required to be submitted to the division within 60 days section of the form until an approved closure plan has been obtained and the closure Method:	e closure activities have been completed.	

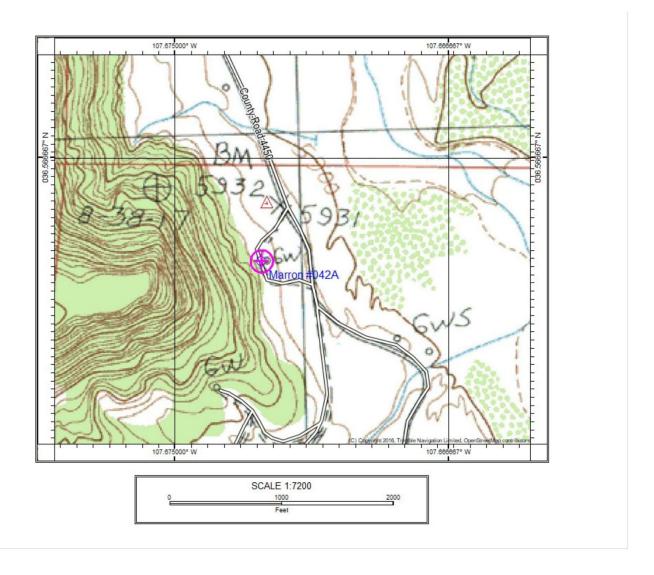
22. Operator Closure Certification:			
			te and complete to the best of my knowledge and specified in the approved closure plan.
Name (Print):	Title:		
Signature:		Date:	
e-mail address:	Telephone:		

Form C-144 Oil Conservation Division Page 6 of 6

Marron #042A API 30-045-21892 Sitting Criteria Depth to Groundwater less than 50'



Marron #042A Topo Map





New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

Section(s): 23 Township: 27N 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.

7/17/20 11:11 AM

WATER COLUMN/ AVERAGE DEPTH TO WATER



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

23

Section(s):

Township: 26N Range:

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.

7/17/20 11:11 AM

WATER COLUMN/ AVERAGE DEPTH TO WATER



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

No records found.

PLSS Search:

22

Section(s):

Township: 27N 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.

7/17/20 11:11 AM

WATER COLUMN/ AVERAGE DEPTH TO WATER

17

M&G Drilling CO INC San Juan Basin Below Grade Tank Closure Plan

Lease Name: Marron #042A API No.: 30-045-21892

Description: Unit C, Section 22, Township 27N, Range 08W, San Juan County

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure requirements of below-grade tanks on M&G Drilling CO INC locations. This is M&G Drilling CO INC standard procedure for all below-grade tanks. A separate plan will be submitted for any below-grade tank which does not conform to this plan.

General Plan

- 1. M&G DRILLING CO INC will obtain approval of this closure plan prior to commencing closure of the below grade tank at this location pursuant to 19.15.17.13.C (1) NMAC
- 2. M&G DRILLING CO INC will notify the surface owner by certified mail, return receipt requested, that the M&G Drilling CO INC plans closure operations at least 72 hours, but no more than one week, prior to any closure operation. Notice will include:
 - a. Well Name
 - b. API#
 - c. Well Location
- 3. M&G DRILLING CO INC will notify the NMOCD Aztec Office by email that the M&G Drilling CO INC plans closure operations at least 72 hours, but no more than one week, prior to any closure operation. Notice will include:
 - a. Well Name
 - b. API#
 - c. Well Location
- 4. Within 60 days of cessation of operations, M&G DRILLING CO INC will remove liquids and sludge from below-grade tanks prior to implementing a closure method and will dispose of the liquids and sludge in a division-approved facility. Approved facilities and waste streams include:
 - a. Soils, tank bottoms, produced sand, pit sludge and other exempt wastes impacted by petroleum hydrocarbons will be disposed of at:

 Envirotech: Permit #NM01-0011 and IEI: Permit #NM01-0010B
 - b. Produced Water will be disposed of at:

 Basin Disposal: Permit # NM01-005 and M&G DRILLING CO INC owned saltwater

 Disposal Facilities

- 5. Within six (6) months of cessation of operations, M&G DRILLING CO INC will remove the below-grade tank and dispose of it in a division-approved facility or recycle, reuse, or reclaim it in a manner that the appropriate division district office approves. If there is any equipment associated with a below-grade tank, then the M&G Drilling CO INC shall remove the equipment, unless the equipment is required for some other purpose.
- 6. M&G DRILLING CO INC will collect a closure sample of the soil beneath the location of the below grade tank that is being closed. The closure sample will consist of a five-point composite sample to include any obvious stained or wet soils, or other evidence of contamination. The closure sample will be analyzed for all constituents listed in Table I below, including DRO+GRO, Chlorides, TPH, benzene and BTEX.

		Table I	
	Closure Criteria for	Soils Impacted by a Release	
Minimum depth below any point within the horizontal boundary of the release to ground water less than 10,000 mg/l TDS	Constituent	Method*	Limit**
≤ 50 feet	Chloride***	EPA 300.0 or SM4500 Cl B	600 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	100 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
51 feet-100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	10,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg
>100 feet	Chloride***	EPA 300.0 or SM4500 Cl B	20,000 mg/kg
	TPH (GRO+DRO+MRO)	EPA SW-846 Method 8015M	2,500 mg/kg
	GRO+DRO	EPA SW-846 Method 8015M	1,000 mg/kg
	BTEX	EPA SW-846 Method 8021B or 8260B	50 mg/kg
	Benzene	EPA SW-846 Method 8021B or 8260B	10 mg/kg

- 7. If any contaminant concentration is higher than the parameters listed in Table I of 19.15.17.13 NMAC, the division may require additional delineation upon review of the results and the M&G Drilling CO INC must receive approval before proceeding with closure. If all contaminant concentrations are less than or equal to the parameters listed in Table I of 19.15.17.13 NMAC, then the M&G Drilling CO INC can proceed to backfill the pit, pad, or excavation with non-waste containing, uncontaminated, earthen material.
- 8. After closure has occurred, M&G DRILLING CO INC will reclaim the former BGT area, if it is no longer being used for extraction of oil and gas, by substantially restoring the impacted surface area to the condition that existed prior to oil and gas operations. M&G DRILLING CO INC will construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover materials. The soil cover shall consist of the background thickness of topsoil, or one foot of suitable materials to establish vegetation at the site, whichever is greater. All areas will be reclaimed as early as practicable, and as close to their original condition or land use as possible. They shall be maintained in a way as to control dust and minimize erosion.
- 9. M&G DRILLING CO INC will complete reclamation of all disturbed areas no longer in use when the ground disturbance activities at the site have been completed. The reseeding shall take place during the first favorable growing season after closure. Reclamation activities will be considered completed when a uniform vegetative cover has been established that reflects a life-form ratio of plus or minus fifty percent (50%) of predisturbance levels, and a total percent plant cover of at least seventy percent (70%) of pre-disturbance levels, excluding noxious weeds.
 - *Re-vegetation and reclamation obligations imposed by other applicable federal, state or tribal agencies on lands managed by those agencies shall supersede the above requirements, provided they provide equal or better protection of fresh water, human health and the environment.
- 10. M&G DRILLING CO INC will notify the Aztec Office of the NMOCD by email when reclamation and closure activities are completed.
- 11. Within 60 days of closure, M&G DRILLING CO INC will submit a closure report to the Aztec office of the NMOCD, filed on Form C-144. The report will include the following:
 - a. Proof of closure notice to NMOCD and surface owner
 - b. Confirmation sampling analytical results
 - c. Soil backfill and cover installation information
 - d. Photo documentation of site reclamation