

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.

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.

1. Operator: McElvain Oil & Gas Properties, Inc. OGRID #: 22044
Address: 1050 17th St., Suite 2500, Denver, CO 80265-2080
Facility or well name: Kenji No. 1
API Number: 30-045-32974 OCD Permit Number: _____
U/L or Qtr/Qtr B Section 17 Township 30N Range 13W County: San Juan
Center of Proposed Design: Latitude 36.81766°N Longitude 108.22545°W NAD: ☐ 1927 X 1983
Surface Owner: ☐ Federal ☐ State X Private ☐ Tribal Trust or Indian Allotment

2. X **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: ☐ Drilling a new well X 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

3. **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

4. **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: _____

5. **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: <u>Solids-JFJ Landfarm</u>	Disposal Facility Permit Number: <u>10</u>
Disposal Facility Name: <u>Liquids-Key Four Corners</u>	Disposal Facility Permit Number: <u>9</u>

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

6. **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): Robert E. Fielder Title: Agent

Signature: Robert E. Fuld Date: August 26, 2011

e-mail address: pmci@advantas.net Telephone: 505.320.1435

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____

Approval Date: 8/30/2011

Title: Compliance Officer

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 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

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: _____

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised July 10, 2010

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

Submit one copy to appropriate
District Office

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

☐ AMENDED REPORT

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045-32974	² Pool Code 71629	³ Pool Name BASIN FRUITLAND COAL
⁴ Property Code 36851	⁵ Property Name KENJI	⁶ Well Number 1
⁷ GRID No. 22044	⁸ Operator Name MCELVAIN OIL AND GAS PROPERTIES, INC.	⁹ Elevation 5476'

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
B	17	30N	13W		1046'	NORTH	1709'	EAST	SAN JUAN

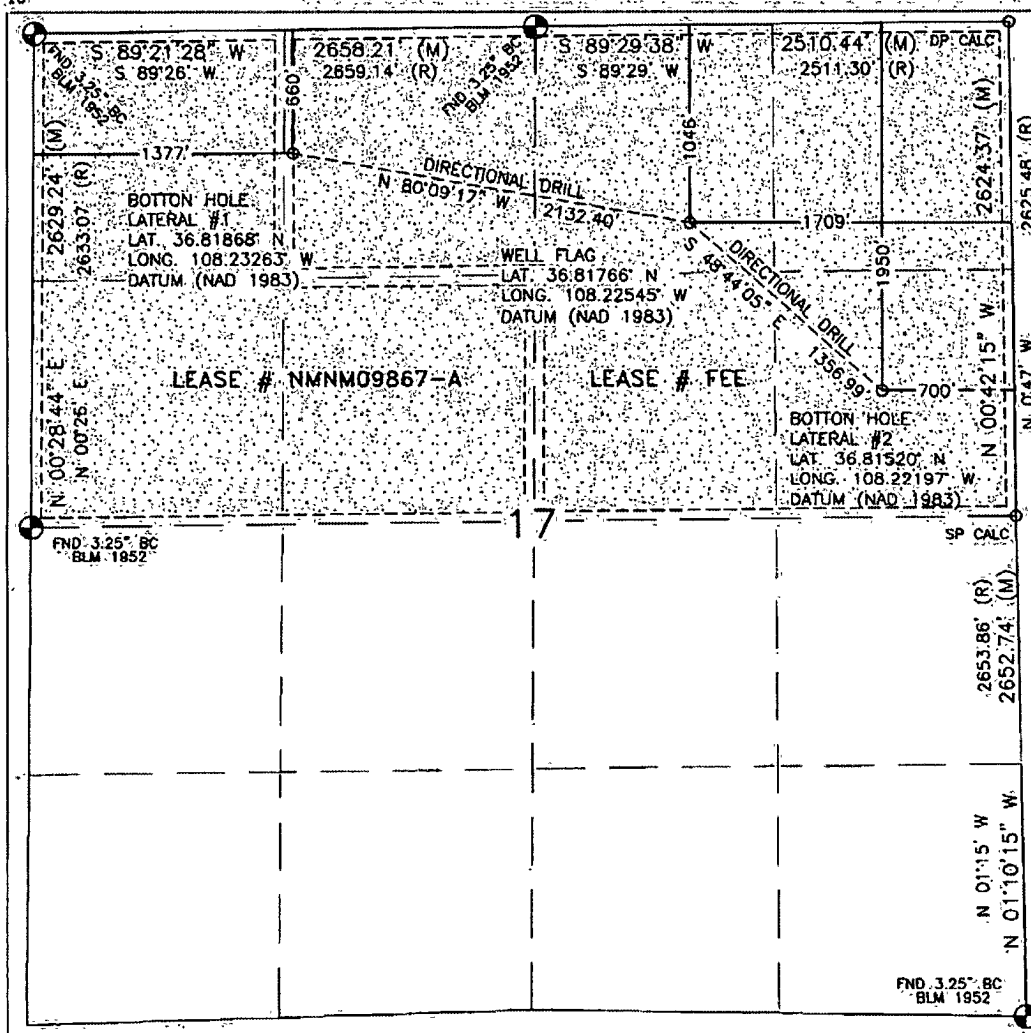
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	17	30N	13W		660'	NORTH	1377'	WEST	SAN JUAN
H	17	30N	13W		1950'	NORTH	700'	EAST	SAN JUAN

¹² Dedicated Acres 320.00 Acres - (N/2)	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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

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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 _____

E-mail Address _____

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.

JULY 27, 2011

Date of Survey

Signature and Seal of Professional Surveyor

David Russell
REGISTERED PROFESSIONAL LAND SURVEYOR
1979
DAVID RUSSELL

Certificate Number 10201

LATITUDE: 36.81766°N
LONGITUDE: 108.22545°W
DATUM: NAD 83

McELVAIN OIL AND GAS PROPERTIES, INC.

KENJI #1

1046' FNL & 1709' FEL

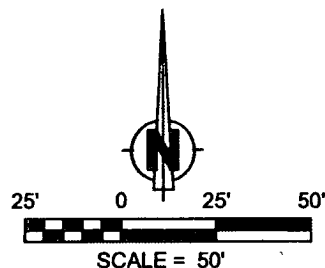
LOCATED IN THE NW/4 NE/4 OF SECTION 17,

T30N, R13W, N.M.P.M.,

SAN JUAN COUNTY, NEW MEXICO

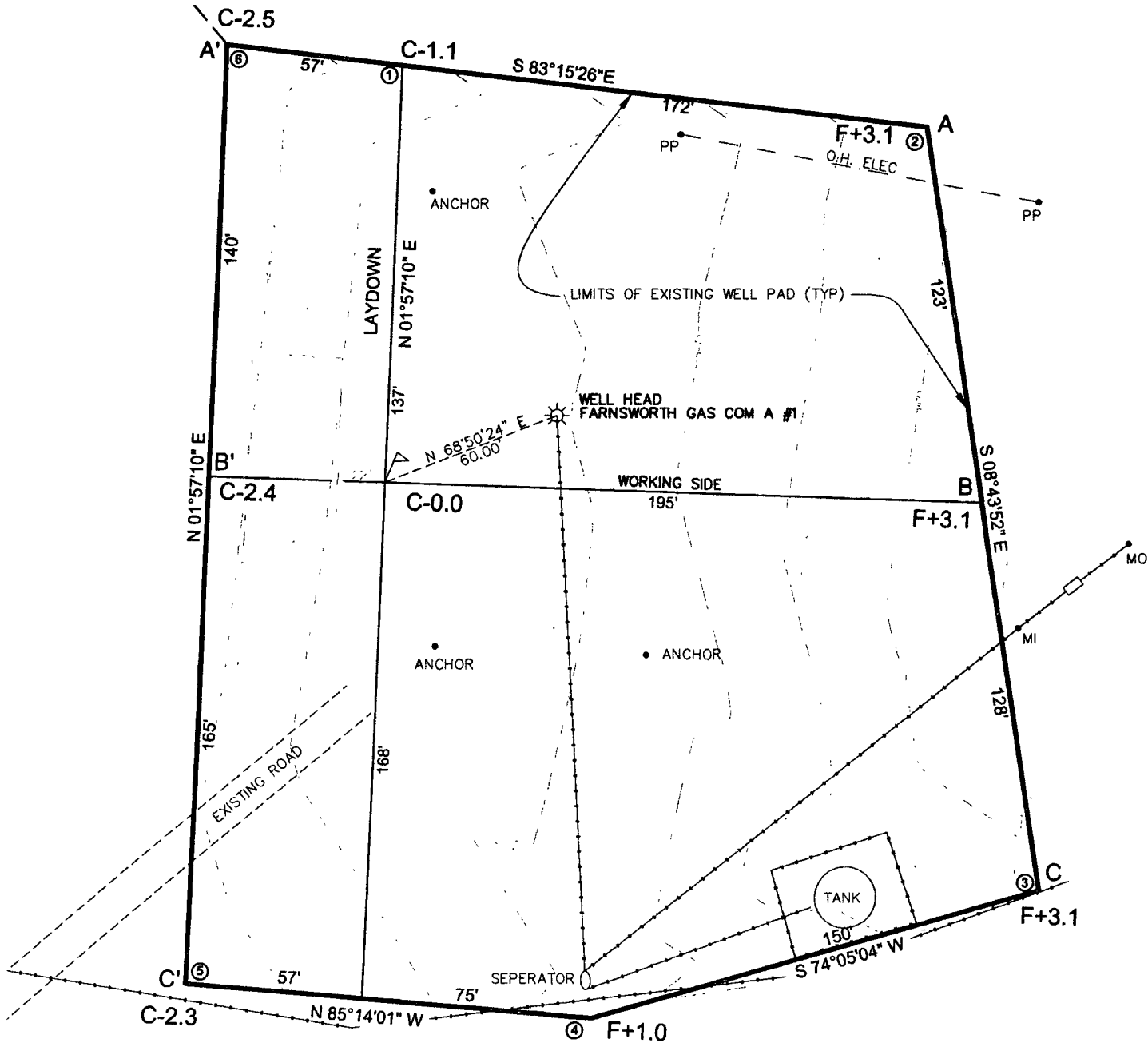
GROUND ELEVATION: 5476', NAVD 88

FINISHED PAD ELEVATION: 5476.3'



FND 3.25" BC
BLM 1952

17
20
S 40°21'42" E
1176.96'



FOOT CONTOUR INTERVAL SHOWN

SCALE: 1" = 50'

OB No.: MCLV012

DATE: 02/07/08



Russell Surveying

1409 W. Aztec Blvd. #2

Aztec, New Mexico 87410

(505) 334-8637

Closed Loop

Operating and Maintenance Procedures

McElvain Oil & Gas Properties, Inc. (MOG)

Kenji No. 1

- I. Design and Construction Specifications
 - a. This is an existing location and no additional surface disturbing activities are anticipated outside of the existing disturbance.
 - b. In lieu of a pit sign, MOG has installed and will maintain a sign on the wellsite in accordance with the provisions of Rule 103.
 - c. No fencing will be required since all drilling and workover operations fluids will be contained in above grade steel pits or tanks.
 - d. All fluids for the pre-drill workover operation, the drilling phase of the two laterals and the post-drill workover operations outlined in the drilling plan with the APD will be contained in either above ground steel pits or flow back tanks.
 - e. No drying pads or sumps will be used in conjunction with this closed loop system.
- II. Operational Plan
 - a. MOG will operate and maintain the closed loop system to contain the liquids and solids associated with the workover and drilling phase of this operation, prevent contamination of the fresh water supply and protect the public health and the environment.
 - b. MOG will not dispose of or store any hazardous material in the above ground steel tanks/pits associated with the workover and drilling phase of this operation.
 - c. MOG will monitor the condition of the installed steel tanks/pits from the date it is installed until the final workover operation is completed to insure there are no leaks from the steel tanks/pits. Visual inspection will be daily while the rig is onsite and weekly from rig release date to interim closure date. MOG will take the appropriate measures to repair and report to NMOCD any breach of the steel pit integrity within 48 hours of detection.
 - d. Two feet of freeboard will be maintained in the steel tank used while drilling operations are in progress.
 - e. Solids will be removed by vacuum truck from the solids bin of the steel tank as needed during the drilling operation. The solids will be hauled to the JFJ Landfarm, NM permit # 10.
 - f. MOG will remove all free liquid from the steel tanks/pits at the end of the pre-drill workover, drilling, and post-drill workover phases and haul it to the Key Four Corners facility, permit # 9. All fluids associated with the post-drilling workover operations that are accumulated and stored in the flow back tank will be removed within 30 days of cessation of these operations and hauled to the Key Four Corners facility. Accumulated

solids in the steel mud tank and the flowback tank will be removed by a vacuum truck and hauled to the JFJ Landfarm as soon as the liquids are removed.

- g. The steel tanks/pits will be maintained free of any solid refuse. This will be stored in a trash basket on the location.
- h. The steel tanks/pits will be maintained free of any oil accumulation by skimming any oil produced from the well during drilling or workover operations and transfer to the oil tank on location for treatment and sale. MOG will keep an oil absorbent boom on location for the entire time the pits/tanks are open.

III. Closure Plan

- a. MOG will close this closed loop system within 60 days of the release of the workover rig used for the post-drill workover. MOG will provide 72 hour notice to the District 3 office prior to commencing closure operations.
- b. MOG will remove the steel tanks/pits as soon as the liquids and solids removal is complete. A sample collection program, in accordance with the closure requirements of 19.15.17.13.B(1)(b)(i) will be initiated as soon as the steel tank is removed of any areas stained by accidental discharge. The samples will be analyzed and reported in accordance with the regulations.
 - i. If the testing of the soil meets the quality standards of 19.15.17.13.B(1)(b)(i), shown in the table below, MOG will proceed with reclamation as outlined in c. below.
 - ii. If test results of the soil do not meet the quality standards of 19.15.17.13.B(1)(b)(i), shown in the table below, MOG will consult with the Aztec district office and the applicable closure method determined by this office will be initiated.

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

- c. MOG will file the applicable closure report with attachments within 60 days of completion of closure.
- d. Areas of the pad disturbed by truck traffic associated with the workover and drilling operation not needed for future production operations will be seeded with a BLM equivalent seed mix containing at least three native plant species, including at least one grass, during interim reclamation. Seeding will be accomplished by disc and broadcast seeding methods with a mixture containing no noxious weeds. 70% coverage will be maintained through two successive growing seasons. MOG will provide notice to NMOCD at the end of the second successful season. At the time of final abandonment the pad area will be re-contoured and seeded by disc and drill methods using a mix

containing no noxious weeds specified by the landowner. The seeded area will be monitored to insure 70% coverage during the next two growing seasons and re-seeded or supplemented as necessary and in compliance with the desires of the landowner.