

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 August 1, 2011

For temporary pits, closed-loop systems, and below-grade 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 appropriate NMOCD District Office.

Pit, Closed-Loop System, Below-Grade Tank, or
Proposed Alternative Method Permit or Closure Plan Application

8986

Type of action: ☒ 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.

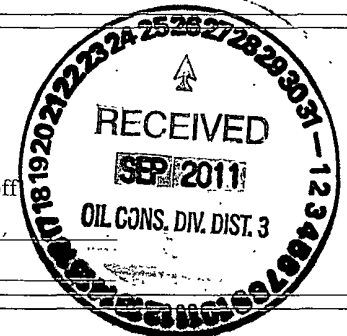
1.
Operator: Blue Dolphin Production, LLC OGRID #: 226829
Address: 609 S. Kelly, Suite F-1, Edmond, OK 73003
Facility or well name: Nutrias Prospect #1
API Number: 30-039-31018 OCD Permit Number: _____
U/L or Qtr/Qtr A Section 35 Township 27N Range 2E County: Rio Arriba
Center of Proposed Design: Latitude 36.5361322 N Longitude 106.6899876 W NAD: ☒ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: ☒ Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
☒ Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☐ String-Reinforced
Liner Seams: ☒ Welded ☒ Factory ☐ Other _____ Volume: 10,500 bbl Dimensions: L 100' x W 60' x D 10'

3.
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
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)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other _____
☐ Lined ☐ Unlined Liner type: Thickness _____ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
Liner Seams: ☐ Welded ☐ Factory ☐ Other _____

4.
☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: _____ bbl 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 _____ mil ☐ HDPE ☐ PVC ☐ Other _____

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.



6.

Fencing: Subsection D of 19.15.17.11 NMAC (*Applies to permanent pits, 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 4' steel mesh field fence with one strand of barbed wire on top

7.

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)

8.

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

9.

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 or the Santa Fe Environmental Bureau office for consideration of approval.
- ☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

10.

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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (<i>Applies to temporary, emergency, or cavitation pits and below-grade tanks</i>) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (<i>Applies to permanent pits</i>) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> NA
Within 500 horizontal 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. - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 approval obtained from the municipality	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Within a 100-year floodplain. - FEMA map	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

11.

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 NMAC
☒ 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 Number: _____ or Permit Number: _____

12.

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
☐ 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 Number: _____

☐ Previously Approved Operating and Maintenance Plan API Number: _____ (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

13.

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 (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
☐ 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 ☐ Workover ☐ Emergency ☐ Cavitation ☐ P&A ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System
☐ Alternative

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 (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

16.

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: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

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

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 from nearby wells

☐ Yes ☒ No
☐ NA

Ground water is between 50 and 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
☐ 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
☐ NA

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or 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 500 horizontal 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.

- NM Office of the State Engineer - iWATERS database; 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 approval obtained from the municipality

☐ Yes ☒ No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

☐ Yes ☒ No

Within an unstable area.

- 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.

- FEMA map

☐ Yes ☒ No

18.

On-Site 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.*

☒ 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 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

19.

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): Paul C. Thompson, P.E. Title: Agent

Signature: Paul C. Thompson Date: 9/23/11

e-mail address: paul@walsheng.net Telephone: (505) 327-4892

20.

OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: Gonath D. Kelly Approval Date: 9/28/2011

Title: Compliance Officer OCD Permit Number: _____

21.

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 indentify 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

24.

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 (required for on-site closure)
☐ 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.

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

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

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

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

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, N.M. 87505

Form C-102
Revised October 15, 2009
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number		² Pool Code	³ Pool Name WILCAT ENTRADA
⁴ Property Code	⁵ Property Name NUTRIAS PROSPECT		⁶ Well Number #1
⁷ OCRID No. 226829	⁸ Operator Name BLUE DOLPHIN PRODUCTION, LLC		⁹ Elevation 7222

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
A	35	27 N	2 E		500	NORTH	335	EAST	RIO ARRIBA

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

¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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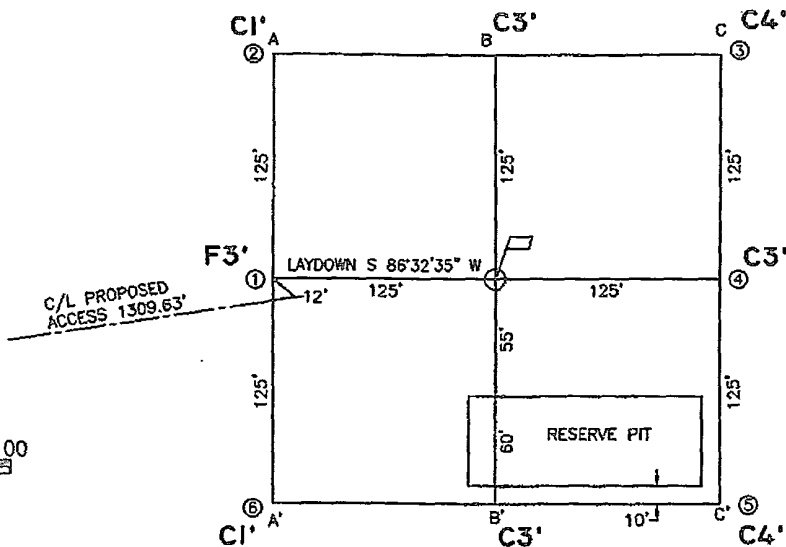
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ N 89°58'10" W 2641.23' (M) N 0°18'08" E 80 CH. (R) 2662.06' (M) N 0°1' W (R) N 0°00'13" E N 89°53'09" W WEST (R) 2642.12' (M) 80 CH. (R) N 89°42'11" W 2636.72' (M)	2650.22' (M) WEST (R)	N 89°38'12" W 80.10 CH. (R) LAT: 36.5361322° N LONG: 106.6899876° W NAD 83 LAT: 36.5361168° N LONG: 106.6893956° W NAD 27	2647.69' (M) 500' 335' 2651.19' (M) 80 CH. (R) N 0°18'26" E N 0°1' W (R) 2652.89' (M) N 0°24'33" E	<p>17 OPERATOR CERTIFICATION</p> <p>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.</p> <p><i>[Signature]</i> 01-19-2011 Signature Date S.M. Libby Printed Name</p>
	SECTION 35			<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>06/08/10 Date of Survey Signature and Seal of Professional Surveyor <i>[Signature]</i> MARSHALL W. LINDEEN NEW MEXICO 17078 17078 Certificate Number</p>

BEFORE DIGGING
CALL FOR UTILITY
LINE LOCATION!



0 50 100
SCALE: 1"=100'



A-A'

℄

7240	.....	.....	.....	.....
7230	.....	.....	.....	.....
7220	.....	.....	.....	.....
7210	.....	.....	.....	.....
7200	.....	.....	.....	.....

B-B'

℄

7240	.....	.....	.....	.....
7230	.....	.....	.....	.....
7220	.....	.....	.....	.....
7210	.....	.....	.....	.....
7200	.....	.....	.....	.....

C-C'

℄

7240	.....	.....	.....	.....
7230	.....	.....	.....	.....
7220	.....	.....	.....	.....
7210	.....	.....	.....	.....
7200	.....	.....	.....	.....

CROSS SECTIONS

HORIZONTAL: 1"=100'

VERTICAL: 1"=50'

LEASE: NUTRIAS PROSPECT

FOOTAGE: 500' FNL, 335' FEL

SEC. 35 TWN. 27 N RNG. 2 E N.M.P.M.

LAT: N 36.5361322° LONG: W 106.6899876° (NAD 83)

ELEVATION: 7222

BLUE DOLPHIN PRODUCTION, LLC

SURVEYED: 06/08/10

REV. DATE:

CHECKED BY: A.D.

DRAWN BY: C.B.

DATE DRAWN: 06/09/10

FILE NAME: 9630C02



P.O. BOX 3651
FARMINGTON, NM 87499
OFFICE: (505) 334-0408

Hydro geological report for Nutrias Prospect #1**Regional Hydro geological context:**

The Nutrias Prospect #1 is located on Federal land approximately 1.5 miles south of Nutrias Canyon in Rio Arriba County, New Mexico. The area of the well pad gradually slopes towards the southwest, towards the Chama River which is approximately three miles west of the proposed location. The sage brush covered slope is primarily dry, shale soil with occasional small rocks.

A records search of the New Mexico Office of the State Engineer-iWATERS database indicated that there is only one water well within 2,000 meters of the proposed well. This well is 993 meters north of the location in Section 26, T27N, R2E. This water well has a total depth of 385' and a depth to ground water of 264'. Based on this data the ground water depth is believed to be greater than 115' below the pit.

Geologic maps of the area indicate that the surface formation at the proposed well site is the Mancos Shale formation. The Mancos Shale Formation of Late Cretaceous age occurs in New Mexico and Colorado and its outcrop forms the land surface over much of the eastern edge of the San Juan Basin. It lies between the Point Lookout member of the Mesa Verde Group and the Dakota Formation.

According to Stone et al, 1983, Hydrogeology and Water Resources of the San Juan Basin, New Mexico, Socorro, New Mexico Bureau of Mines and Mineral Resources Hydrologic Report 6, the Mancos formation is not listed as a potential water aquifer. Only the Crevasse Canyon and Gallup Sandstone layers, which are more prevalent in the southwest part of the San Juan Basin, are potential aquifers.

Site specific information:

Surface hydrology:	The site is located in the Chama River drainage and is drained by a number of small intermittent drainages.
1st water-bearing formation:	Dakota, late cretaceous
Formation thickness:	200-300 Feet
Underlying formation:	Morrison, late Jurassic
Depth to groundwater:	The closest water well has a depth to groundwater of 264'. The Nutrias Prospect #1 is located 1.25 miles south of the water well. The Nutrias Prospect #1 is located at 7222' elevation where the above mentioned water well is at 7115' elevation.

FEMA Map – 100 year floodplain

The attached FEMA Map indicates that the proposed location is outside 100 year floodplain.

Sitting Criteria Compliance Demonstrations

The Nutrias Prospect #1 is not located in an unstable area. The location is not over a mine and is not on the side of a steep hill. The location of the excavated pit material will not be located within 300' of any continuously flowing watercourse or 200' from any other watercourse.

Blue Dolphin Production, LLC.

Nutrias Prospect #1

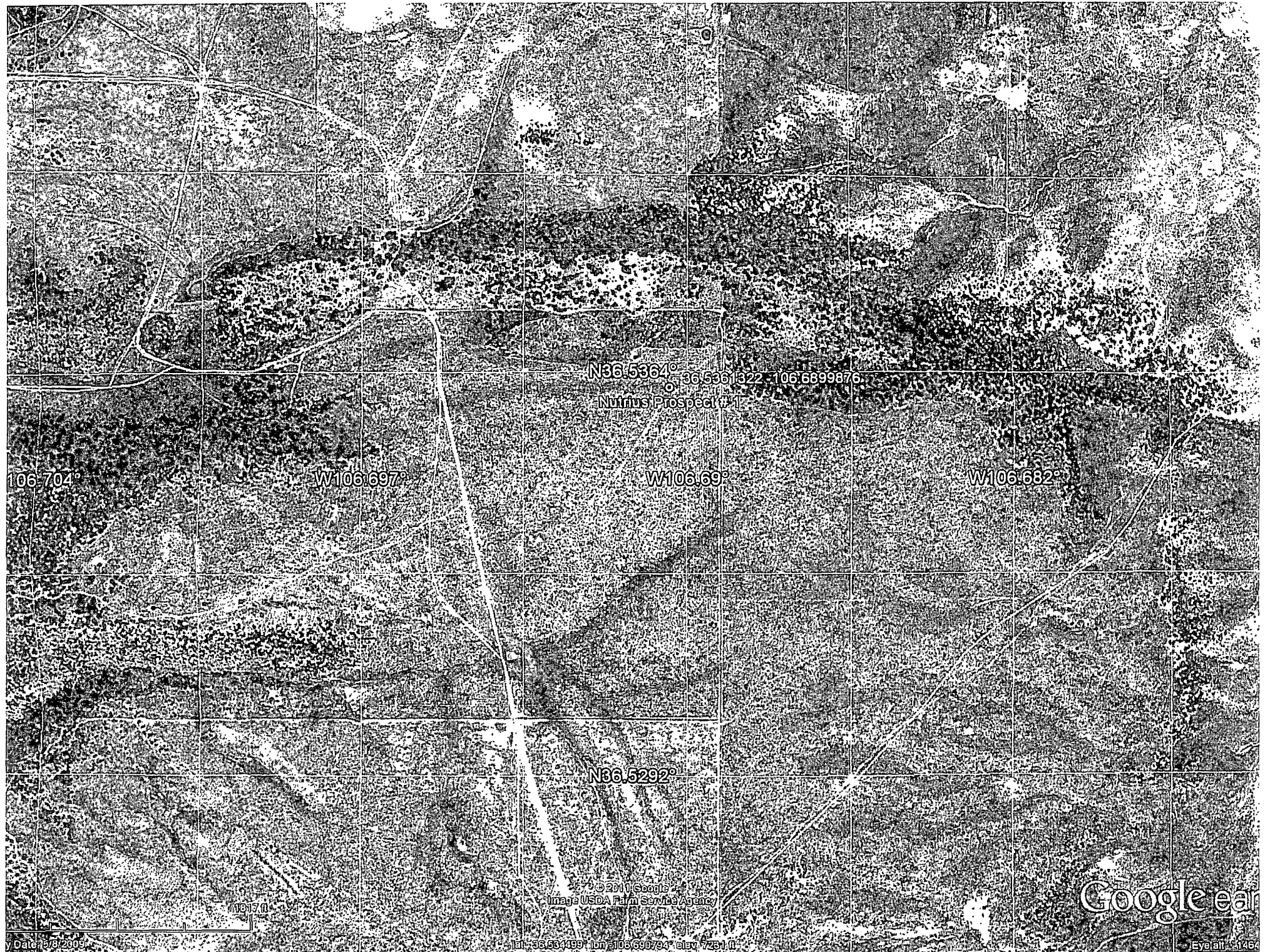
Temporary Reserve Pit Application

Sitting Criteria

1. According to the iWATERS Database from the State Engineers Office, there is only one water well within 2000 meters of the proposed location. This well is 1.25 miles north of the Nutrias Prospect location is Section 26, T27N, R2E. The depth to ground water is listed is 264'. Based on this data the ground water depth is believed to be greater than 115' below the pit. See attached printout.
2. As shown on the attached topographic map and aerial photos, there are no continuously flowing watercourses within 300' of the well, or any significant watercourses, lakebeds, sinkholes, or playa lakes within 200' of the well.
3. There are no permanent residences, schools, hospitals, institutions, churches within 300' of the well.
4. There are no domestic water wells or springs within 500' of the well. See iWATERS Database printout.
5. The well is not located within and municipal boundaries.
6. The well is not within 500' if any wetlands. See attached topographic map and aerial photos.
7. There are no subsurface mines in Section 5, T30N, R11W. See attached map from the NM EMNRD Mining and Mineral Division.
8. The Nutrias Prospect #1 is not located in an "unstable" area. The location is not over a mine and is not on the side of a steep hill. The location of the excavated pit material will not be located within 300' of a continuously flowing watercourse or 200' from any other watercourse.
9. The well is not located in a 100 – year floodplain as visible on the topographic map and the FEMA Flood Insurance Rate Map.
10. In the event that the composite pit sample that is mixed 3:1 with native soils does not meet the requirements for onsite burial the pit contents will be removed and disposed of at the Envirotech Land farm #2 (NMOCD Permit #11)

POD Number	Subbasin	Use	County	q64	q16	q4	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
RG 91885 POD1	CH	STK	RA	1	3	3	26	27N	02E	347391	4045282	993	385	264	121
RG 43601		STK	RA	2	4	3	30	27N	03E	351128	4045153	* 2815	900	73	827
RG 41718		DO M	XX							345900	4048848	4602	260	160	100
RG 41717		DO M	XX							345444	4048924	4919	120	60	60
RG 91774 POD1	CH	STK	RA	4	3	4	32	27N	03E	353159	4043298	5107	420	272	148
RG 89506 POD1		DO M								346496	4050012	5396	340	100	240
RG 82552		DO M	RA							347332	4050256	5413	240	138	102
RG 90752 POD1		DO M	RA							347385	4050365	5511	140	90	50
RG 72629		DO M	RA							350825	4050247	5874	200	30	170
RG 72796	CH	SAN	RA							345613	4050224	5942	220	90	130
RG 46335		DO M	XX							347967	4051140	6216	300		
RG 68461		DO M	RA							347946	4051474	6550	400		
RG 68460		DO M	RA							347915	4051474	6552	165	58	107
RG 54608 X		DO M	TA			2	04	26N	13E	353882	4048592	6656	160	80	80
RG 46307	CHTA	DO M	RA							350140	4051415	6731	420	80	340
RG 58564		DO M	RA							344839	4050867	6879	280	230	50
RG 72580		DO M	RA							350692	4051682	7152	185	105	80
RG 52653		DO M	RA							345083	4051663	7468	100	45	55
RG 83314		DO M	RA							345042	4051805	7613	430	250	180
RG 57879		DO M	RA							350365	4052357	7699	438	340	98
RG 89845 POD1	CH	STK	RA							352260	4051641	7778	235	200	35
RG 83589		DO M	RA							345445	4052163	7779	600	150	450
RG 82672		DO M	RA				23	26N	02E	347216	4037096	7915	70		
RG 63841		DO M	RA							355766	4048110	8094	350	220	130
													Avg depth to water	144	
													Minimum depth.	30	
													Maximum depth	340	

*UTM location was derived from PLSS - see Help



N36.5364° 36.5361322 -106.6899876
Nunius Prospect #1

W106.704°

W106.697°

W106.69°

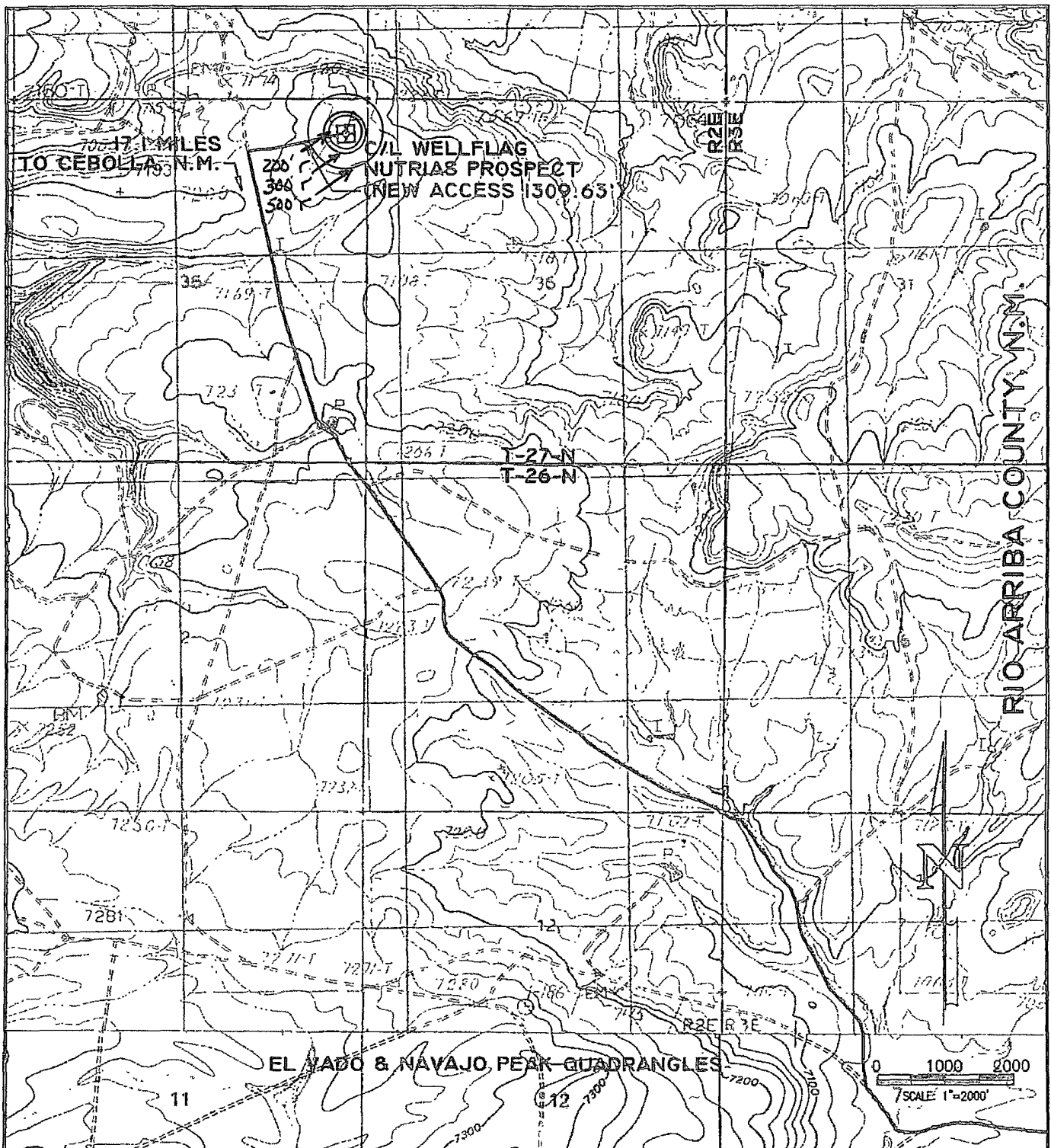
W106.682°

N36.5292°

10/17/11

© 2011 Google
Image USDA Farm Service Agency

Google Earth



LEASE: NUTRIAS PROSPECT

FOOTAGE: 500' FNL, 335' FEL

SEC. 35 TWN. 27 N RNG. 2 E N.M.P.M.

LAT: N 36.5361322° LONG: W 106.6899876° (NAD 83)

ELEVATION: 7222

BLUE DOLPHIN PRODUCTION, LLC

SURVEYED: 06/08/10

REV. DATE:

CHECKED BY: A.D.

DRAWN BY: C.B.

DATE DRAWN: 06/09/10

FILE NAME: 9630T02

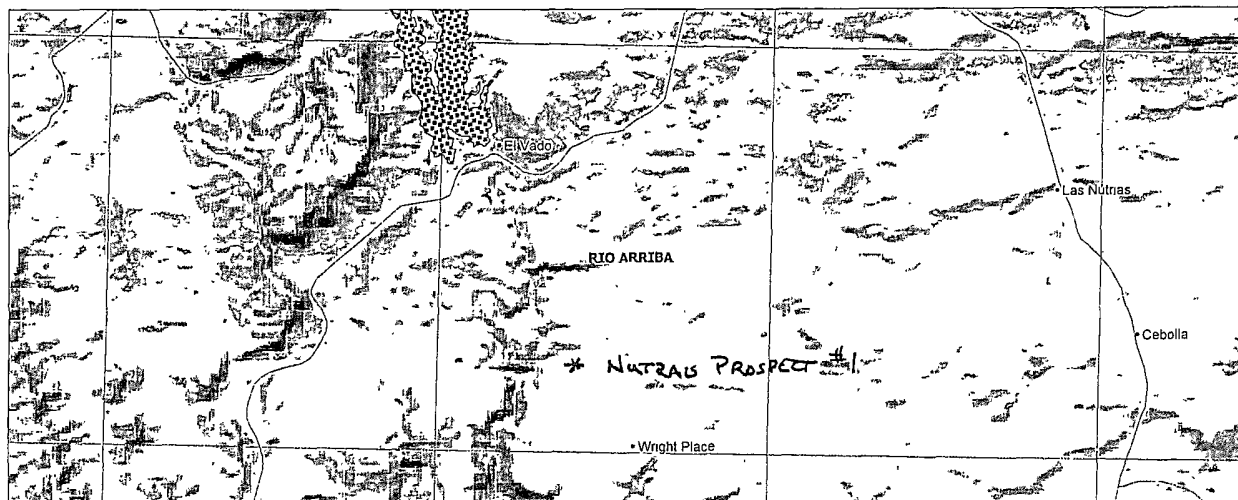


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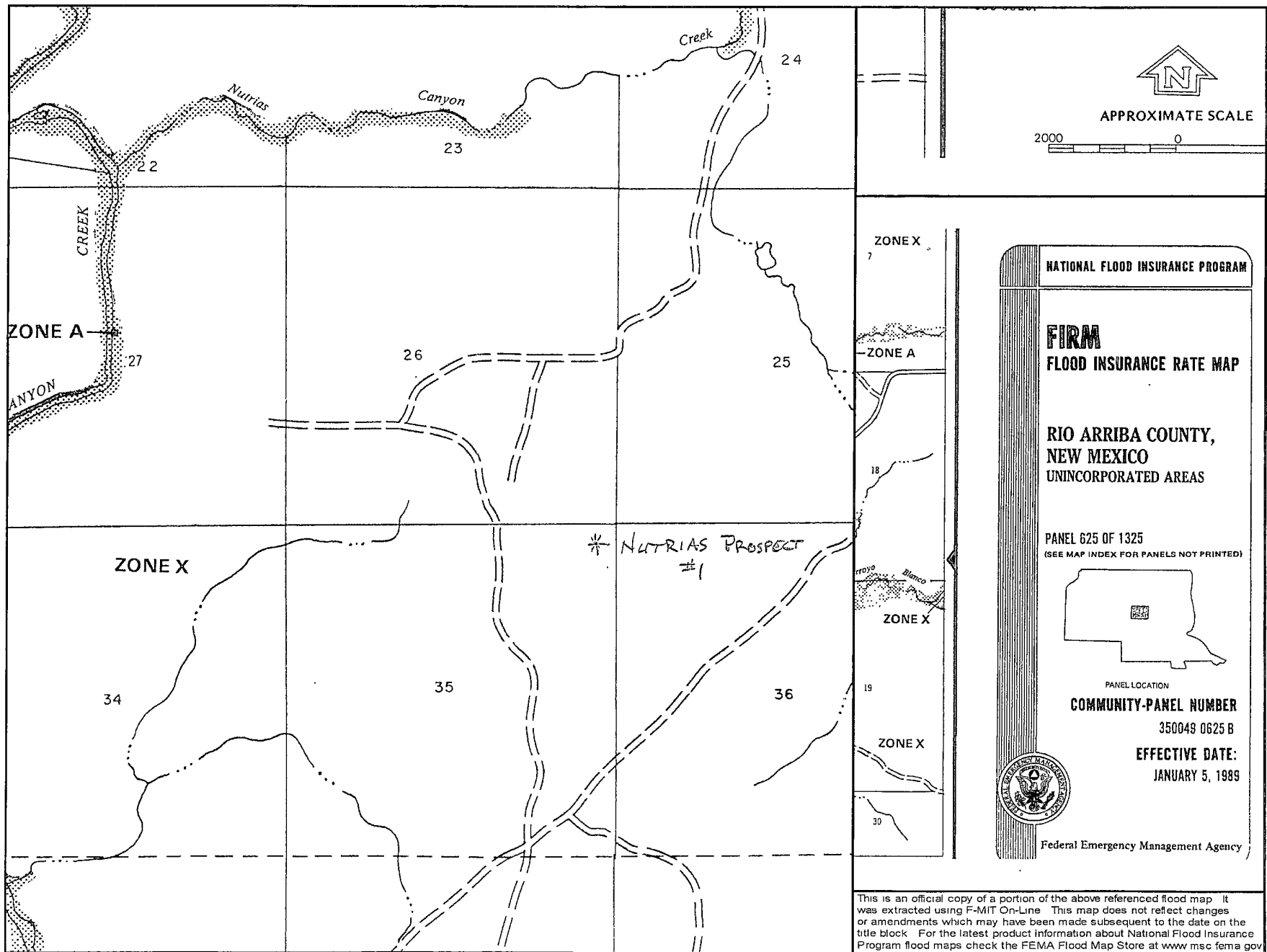
Mines, Mills & Quarries Commodity Groups

-  Aggregate & Stone Mines
-  Coal Mines
-  Industrial Minerals Mines
-  Industrial Minerals Mills
-  Metal Mines and Mill Concentrate
-  Potash Mines & Refineries
-  Smelters & Refinery Ops.
-  Uranium Mines
-  Uranium Mills



SCALE 1 : 250,000





**Blue Dolphin Production, LLC
San Juan Basin
Pit Design and Construction Plan**

In accordance with Rule 19 15 17 the following information describes the design and construction for temporary pits on Blue Dolphin Production, LLC Company's locations; this is Blue Dolphin Production, LLC's standard procedure for all temporary pits. A separate plan will be submitted for any temporary pit which does not conform to this plan.

General Plan

- 1 Blue Dolphin Production, LLC will design and construct a temporary pit to contain liquids and solids and prevent contamination of fresh water and protect public health and environment
- 2 Prior to constructing the pit, topsoil will be stockpiled in the construction zone for later use in restoration
- 3 Blue Dolphin Production, LLC will post a well sign, not less than 12' by 14', on the well site prior to construction of the temporary pit. The sign will list the operator on record as the operator, the location of the well by unit letter, section, township rang, and emergency telephone numbers
- 4 Blue Dolphin Production, LLC shall construct all new fences unitizing 48" steel mesh field-fence (hogwire) on the bottom with a single strand of barbed wire on top. T-posts shall be installed every 12 feet and corners shall be anchored utilizing a secondary T-post. Temporary pits will be fenced at all times excluding drilling or overwork operations, when the front side of the fence will be temporarily removed for operational purposes
- 5 Blue Dolphin Production, LLC shall construct the temporary pit so that the foundation and interior slopes are firm and free of rocks, debris, sharp edges or irregularities to prevent liner failure
- 6 Blue Dolphin Production, LLC shall construct the pit so that the slopes are no steeper than two horizontal feet to 1 vertical foot
- 7 Pit walls will be walked down by a crawler type tractor following construction
- 8 All temporary pits will be lined with a 20-mil, string reinforced, LLDPE liner, complying with EPA SW-846 method 9090A requirements
- 9 Geotextile will be installed beneath the liner when rocks, debris, sharp edges or irregularities cannot be avoided
- 10 All liners will be anchored in the bottom of a compacted earth-filled trench at least 18 inches deep
- 11 Blue Dolphin Production, LLC will minimize liner seams and orient them up and down, not across a slope. Factory seams will be used whenever possible. Blue Dolphin Production, LLC will ensure all field seams are welded by qualified personnel. Field seams will be overlapped four to six inches and will be oriented parallel to the line of maximum slope. Blue Dolphin Production, LLC will minimize the number of field seams in corners and irregularly shaped areas
- 12 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides, or a manifold system
- 13 The pit shall be protected from run-off by constructing and maintaining diversion ditched around the location or around the perimeter of the pit in some cases
- 14 The volume of the pit shall not exceed 10 acre-feet, including freeboard
- 15 Temporary blow pits will be constructed to allow gravity flow to discharge into lined drill pit
- 16 The lower half of the blow pit (nearest lined pit) will be lined with the same 20 mil liner. The upper half of the blow pit will remain unlined as allowed in Rule 19 15 17 11 F 11
- 17 Blue Dolphin Production, LLC will not allow freestanding liquids to remain on the unlined portion of temporary blow pit

Blue Dolphin Production, LLC Resources Operating LP
San Juan Basin
Maintenance and Operating Plan

In accordance with Rule 19 15 17 the following information described the operation and maintenance of temporary pits on Blue Dolphin Production, LLC locations. This is Blue Dolphin Production, LLC's standard procedure for all temporary pits. A separate plan will be submitted for any temporary pit which does not conform to this plan.

General Plan

- 1 Blue Dolphin Production, LLC will operate and maintain a temporary pit to contain liquids and solids and prevent contamination of fresh water and protect public health and environment
- 2 Blue Dolphin Production, LLC will conserve drilling fluids by transferring liquids to pits ahead of the rigs whenever possible. All other drilling fluids will be disposed at Basin Disposal, Inc. Permit # NM-01-005
- 3 Blue Dolphin Production, LLC will not discharge or store any hazardous waste in any temporary pit
- 4 If any pit liner's integrity is compromised or if any penetration of the liner occurs above the liquid's surface, then Blue Dolphin Production, LLC shall notify the Aztec Division office by phone or email within 48 hours of the discovery and repair the damage or replace the liner
- 5 If a leak develops below the liquid's level, Blue Dolphin Production, LLC shall remove all liquids above the damaged liner within 48 hours and repair the damage or replace the liner. Blue Dolphin Production, LLC shall notify the Aztec Division office by phone or email within 48 hours of the discovery for leaks less than 25 barrels. Blue Dolphin Production, LLC shall notify the Aztec division office as required pursuant to Subsection B of 19 15 3 116 NMAC shall be reported within twenty-four (24) hours of discovery of leaks greater than 25 barrels. In addition, immediate verbal notification pursuant to Subsection B, Paragraph (1) and Subparagraph (d) of 19 15 3 116 NMAC shall be reported to the division's Environmental Bureau Chief
- 6 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides, or manifold system
- 7 The pit shall be protected from run-off by constructing and maintaining diversion ditches around the location or around the perimeter of the pit in some cases
- 8 Blue Dolphin Production, LLC shall immediately remove any visible layer or oil from the surface of temporary pit after cessation of a drilling or workover operation. Oil absorbent booms will be utilized to contain and remove oil from the pit's surface. An oil absorbent boom will be stored on-site until closure of pit
- 9 Only fluids generated during the drilling or workover process may be discharged into a temporary pit
- 10 Blue Dolphin Production, LLC will maintain the temporary pit free of miscellaneous solid waste or debris
- 11 During drilling or work over operations, Blue Dolphin Production, LLC will inspect the temporary pit at least once daily to ensure compliance with this plan. Inspections will be logged in the IADC reports. Blue Dolphin Production, LLC will file this log with the Aztec Division office upon closure of the pit
- 12 After drilling or work over operations, Blue Dolphin Production, LLC will inspect the temporary pit weekly so long as liquids remain in the temporary pit. A log of the inspections will be stored at Blue Dolphin Production, LLC's office electronically and will be filed with the Aztec Division office upon closure of the pit
- 13 Blue Dolphin Production, LLC shall maintain at least two feet of freeboard for a temporary pit
- 14 Blue Dolphin Production, LLC shall remove all free liquids from a temporary pit within 30 days from the date the operator releases the drilling or workover rig
- 15 Blue Dolphin Production, LLC shall remove all free liquids from a cavitations put within 48 hours after completing cavitations. Blue Dolphin Production, LLC may request additional time to remove liquids from Aztec Division office if it is not feasible to remove liquids within 48 hours

**Blue Dolphin Production, LLC
San Juan Basin
Closure Plan**

In accordance with Rule 19.15.17.12 NMAC the following information describes the closure requirements of temporary pits on Blue Dolphin Production, LLC Company's locations. This is Blue Dolphin Production, LLC's standard procedure for all temporary pits. A Separate plan will be submitted for any temporary pit which does not conform to this plan.

All closure activities will include proper documentation and be available for review upon request and will be submitted to OCD within 60 days of the pit closure. Closure report will be filed on C-144 and incorporated the following:

- Detail on Capping and Covering, where applicable
- Plot Plan (Pit diagram)
- Inspection reports
- Sampling Results
- C-105
- Copy of Deed Notice will be filed with County Clerk

General Plan

- 1 All free standing liquids will be removed at the start of the pit closure process from the pit and disposed of in a division-approved facility or recycle, reuse or reclaim the liquids in a manner that the appropriate division district office approves
- 2 The preferred method of closure for all temporary pits will be on-site burial, assuming that all criteria listed in sub-section (B) of 19.15.17.13 are met
- 3 The surface owner shall be notified of Blue Dolphin Production, LLC's proposed closure plan using a means that provides proof of notice i.e., certified mail, return receipt requested
- 4 Within 6 months of the Rig Off status occurring Blue Dolphin Production, LLC will ensure that temporary pits are closed, re-contoured, and reseeded
- 5 Notice of Closure will be given to the Aztec Division office between 72 hours and one week of closure via email, or verbally, The notification of closure will include the following:
 - i. Operator's name
 - ii. Location by Unit Letter, Section, Township, and Range. Well name and API Number
- 6 Liner of temporary pit shall be removed above "mud level" after stabilization. Removal of liner will consist of manually or mechanically cutting liner at mud level and removing all remaining liner. Care will be taken to remove "All" of the liner i.e., edges of liner entrenched or buried. All excessive liner will be disposed of at a licensed disposal facility
- 7 Pit contents shall be mixed with non-waste containing, earthen material in order to achieve the solidification process. The solidification process will be accomplished using a combination of natural drying and mechanically mixing. Pit contents will be mixed with non-waste, earthen material to a consistency that is deemed a safe and stable. The mixing ratio shall not exceed 3 parts clean soil to 1 part pit contents
- 8 A five point composite sample will be taken of the pit using sampling tools and all samples tested per Subsection B of 19.15.17.13(B)(1)(b). In the event that the criteria are not met, all contents will be handled per Subparagraph (a) of Paragraph (1) of Subsection B of 19.15.17.13 i.e., Dig and haul to the Envirotech, Inc. Landfarm (NMOCD Permit #11).

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	1000

- 9 Upon completion of solidification and testing, the pit area will be backfilled with compacted, non-waste containing, earthen material. A minimum of four feet of cover shall be achieved and the cover shall include one foot of suitable material to establish vegetation at the site, or the background thickness of topsoil, whichever is greater
- 10 Re-contouring of location will match fit, shape, line, form and texture of the surrounding area. Re-shaping will include drainage control, prevent ponding, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be placed in areas where needed to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with smooth surface, fitting the natural landscape
- 11 Notification will be sent to OCD when the reclaimed area is seeded
- 12 Blue Dolphin Production, LLC shall seed the distributed areas the first growing season after the operator closes the pit. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. BLM or Forest Service stipulated seed mixed will be used on federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover thorough two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs
- 13 The temporary pit will be located with a steel marker, no less than four inches in diameter, cemented in a hole three feet deep in the center of the onsite burial upon the abandonment of all the wells on the pad. The marker will be a four foot tall riser with the operator's information at the time of all wells on the pad are abandoned. The operator's information will include the following: Operator Name, Lease Name, Well Name and Number, unit Number, Section, Township, Range and an indicator that the marker is an onsite burial location