

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-144  
July 21, 2008

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.

1913

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

- 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**

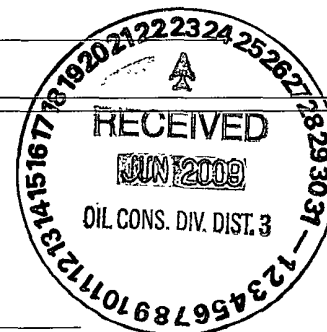
Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.  
Operator: SG Interests I Ltd. OGRID #: 020572  
Address: PO Box 2677, Durango, CO 81302  
Facility or well name: West Bisti 26-13-17 #1  
API Number: 30-045-29160 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr A Section 17 Township 26N Range 13W County: San Juan  
Center of Proposed Design: Latitude 36.493486\*N Longitude -108.237083\*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 \_\_\_\_\_ ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other \_\_\_\_\_  
☐ String-Reinforced  
Liner Seams: ☐ Welded ☐ Factory ☐ Other \_\_\_\_\_ Volume: \_\_\_\_\_ Dimensions: L \_\_\_\_\_ x W \_\_\_\_\_ x D \_\_\_\_\_

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: 95 BBLs 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 \_\_\_\_\_.

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 19.15.3.103 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 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 type="checkbox"/> No
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	<input type="checkbox"/> Yes <input 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. (Applies to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	<input type="checkbox"/> Yes <input 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 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 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 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 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 type="checkbox"/> No
Within a 100-year floodplain. - FEMA map	<input type="checkbox"/> Yes <input 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 NMAC
- ☐ 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 H<sub>2</sub>S, 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  
☐ AlternativeProposed 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 identify 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..1

**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): William Schwab III Title: Registered Agent for SG Interests I, Ltd.

Signature: [Signature] Date: 10/20/2008

e-mail address: tripp@nikaenergy.com Telephone: 970-259-2701

20.

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

OCD Representative Signature: [Signature] Approval Date: 1/17/2012

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 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

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: \_\_\_\_\_

*New Mexico Office of the State Engineer*  
POD Reports and Downloads

Township: 26N Range: 13W Sections: 17

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) ☐ Non-Domestic ☐ Domestic ☒ All

POD / Surface Data Report

Avg Depth to Water Report

Water Column Report

Clear Form

iWATERS Menu

Help

## AVERAGE DEPTH OF WATER REPORT 09/29/2008

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg

No Records found, try again



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The National Map 27 km S of Farmington, New Mexico, United States 5/9/1998

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Aerial Photo

Street

City

State



Longitude Latitude  
-108.23693 36.49318

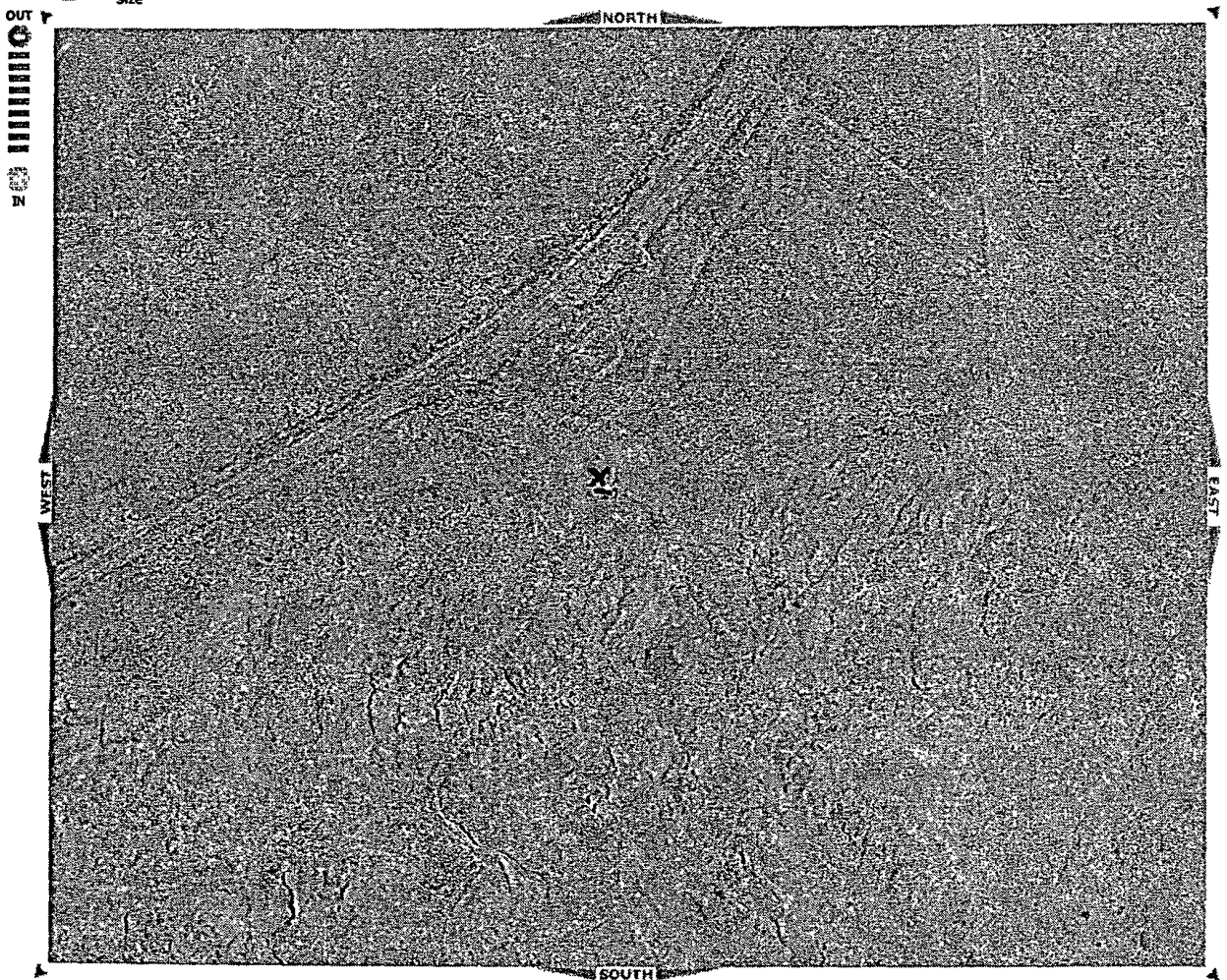
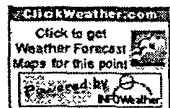


Image courtesy of the U.S. Geological Survey

Source=86528 Running Time 265.63 ms

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USGS msn Virtual Earth

THE WEST BIST (26-13-17#1) IS NOT WITHIN 200' OF ANY SINKHOLE  
PLAYA LAKE OR 300' OF A CONTINUOUSLY FLOWING WATERCOURSE

THIS WELL IS NOT WITHIN 300' OF ANY STRUCTURE, OR 1000'  
OF ANY STRUCTURES.

Submit to Appropriate  
District Office  
State Lease - 4 copies  
Fee Lease - 3 copies

26-13-17#1

Form C-102  
Revised 1-1-89

# OIL CONSERVATION DIVISION

**DISTRICT I**  
P.O. Box 1980, Hobbs, N.M. 88240

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

**DISTRICT II**  
P.O. Drawer DD, Artesia, N.M. 88210

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

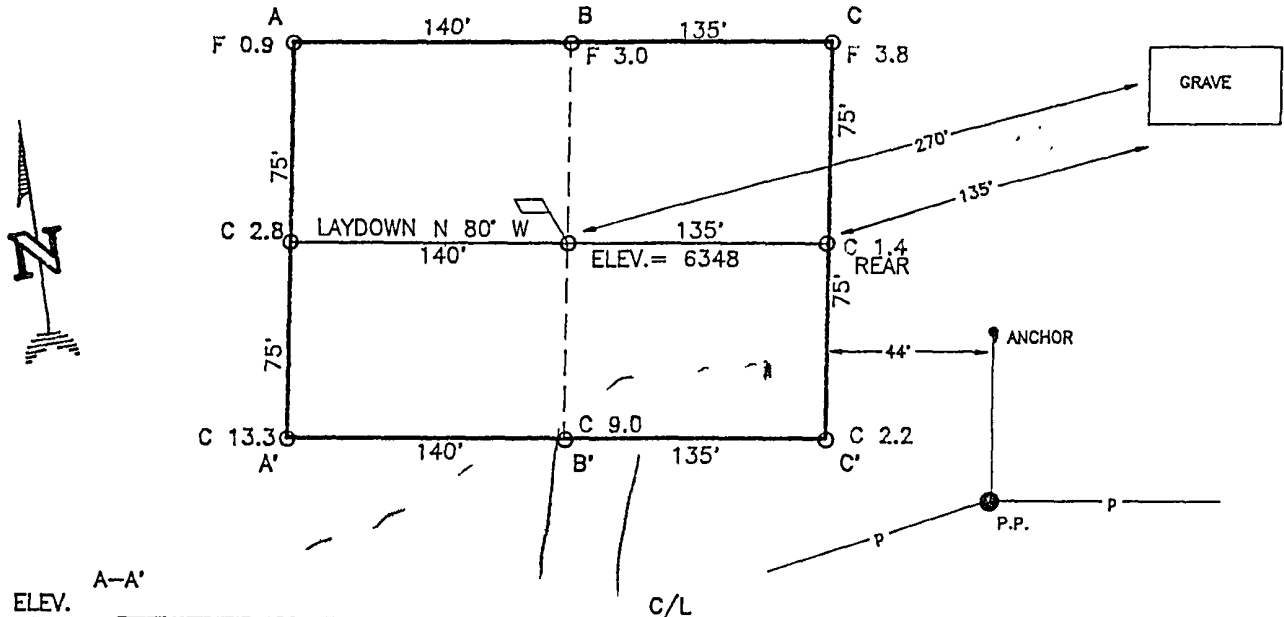
## WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator <b>MARALEX RESOURCES INC.</b>			Lease <b>WEST BISTI 26-13-17</b>		Well No. <b>1</b>
Unit Letter <b>A</b>	Section <b>17</b>	Township <b>26 NORTH</b>	Range <b>13 WEST</b>	County <b>NMPM SAN JUAN</b>	
Actual Footage Location of Well:					
790 feet from the <b>NORTH</b> line and		1119 feet from the <b>EAST</b> line			
Ground level Elev. <b>6348</b>	Producing Formation		Pool	Dedicated Acreage:  Acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure mark on the plat below.</p> <p>2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).</p> <p>3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes" type of consolidation _____</p> <p>if answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____</p> <p>No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.</p>					
<div style="text-align: center;"> <p>WEST</p> <p>5280'</p> <p>790'</p> <p>1119'</p> <p>SEC. 17</p> </div>			<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p>Signature _____</p> <p>Printed Name _____</p> <p>Position _____</p> <p>Company _____</p> <p>Date _____</p>		
			<p><b>SURVEYOR CERTIFICATION</b></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 knowledge and belief.</p> <p>Date Surveyed _____</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p style="text-align: center;"> </p> <p>Certificate No. <b>8894</b></p>		



COMPANY: MARALEX RESOURCES INC.  
 LEASE: WEST BISTI 26-13-17 No.1  
 FOOTAGE: 790' FNL, 1119' FEL  
 SEC.: 17 TWN: T.26 N. RNG: R.13 W. NMPPM  
 ELEVATION: 6348

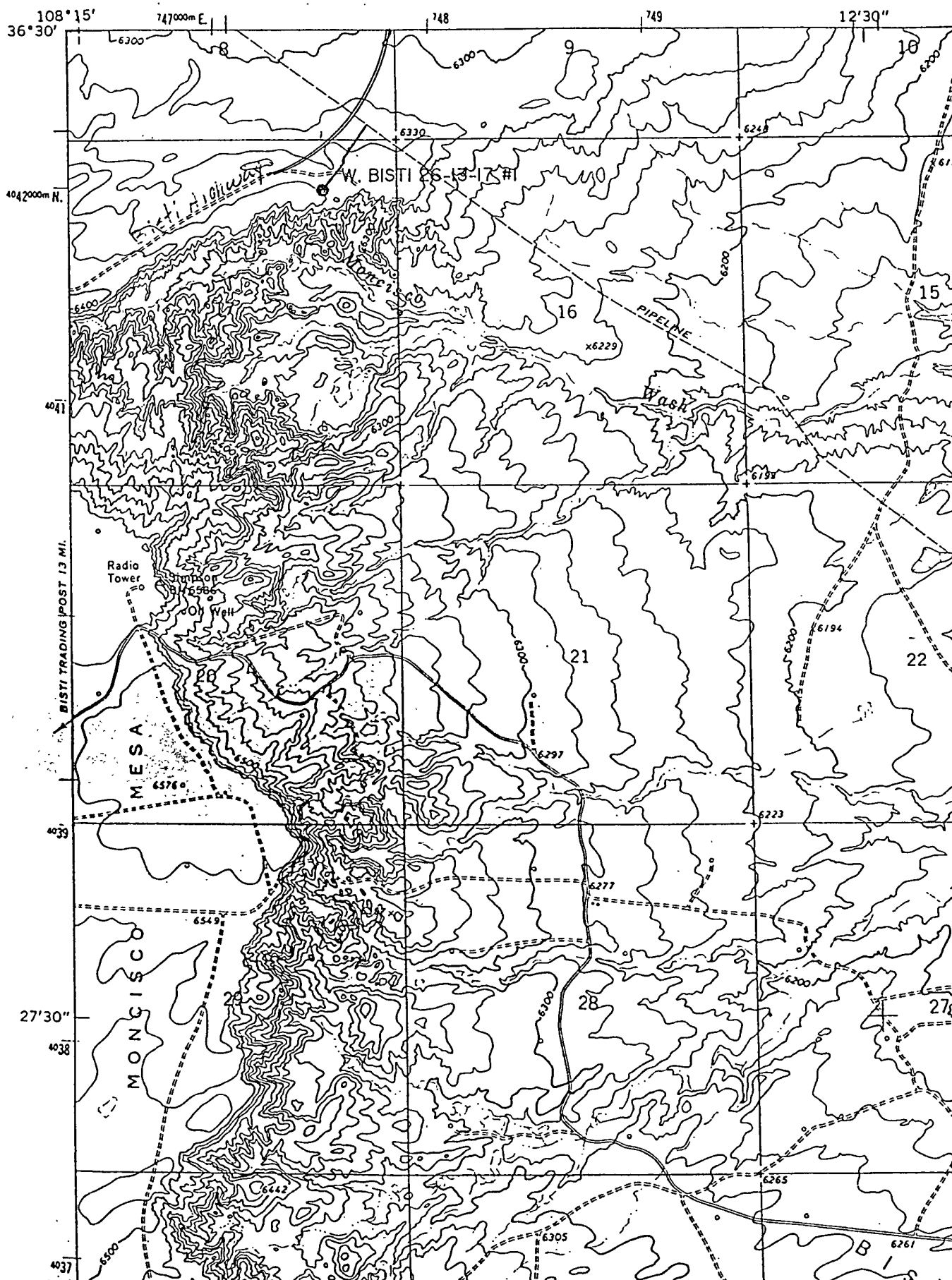


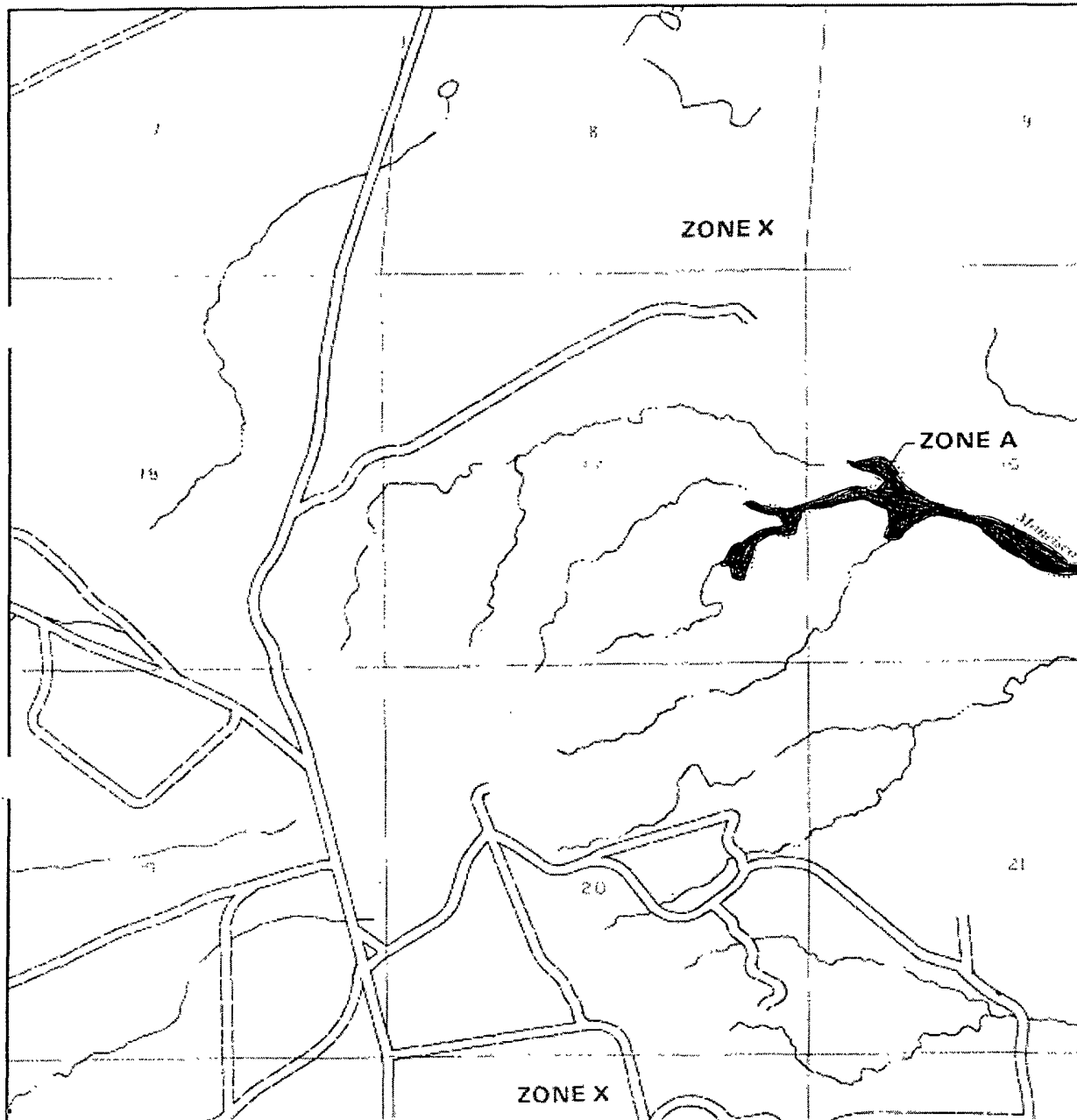
ELEV.	A-A'	C/L
6380		
6370		
6360		
6350		
6340		
6330		
6320		

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

Highway 371

65th Hiway





APPROXIMATE SCALE

2000 0

NATIONAL FLOOD INSURANCE PROGRAM

**FIRM**  
FLOOD INSURANCE RATE MAP

SAN JUAN COUNTY,  
NEW MEXICO  
UNINCORPORATED AREAS

PANEL 875 OF 1450

(SEE MAP INDEX FOR PANELS NOT PRINTED)



PANEL LOCATION

COMMUNITY-PANEL NUMBER  
350064 0875

EFFECTIVE DATE:  
AUGUST 4, 1988



Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using FIRM On Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)



N

West Blot 23-13-17 #1

Image NMRc13

Google

lat 36.493478° lon -108.237093°

Jul 2005

Eyoal 1631.0

## Hydrogeology Report for the SG Interests I, LTD, Bisti West 26-13-17 #1

The Bisti West 26-13-17 #1 (30-045-29160 ), located in NENE Sec 17, T26N, R13W San Juan County, is in the upper southwestern reaches of the San Juan River drainage basin. The surface is covered by Quaternary alluvium consisting of unconsolidated sand, gravel, silt, clay, and terrace gravel and boulder deposits. The alluvium itself is not a source for ground water. The consolidated rock outcrops along the drainage are the Tertiary Age Paleocene Nacimiento Formation which underlies the alluvium. The Nacimineto Formation is a stratified fluvial sand and shale sequence less than 200 feet thick.

The aquifer in this area of the San Juan Basin primarily consists of the Ojo Alamo Sandstone. The top of the Ojo Alamo at this drill site is estimated to be approximately 220 feet below the surface. The Ojo Alamo is a permeable conglomerate and medium to very coarse sandstone interlayered with relatively impermeable shale. This aquifer contains fresh to moderately saline water. Dissolved-solids concentrations generally increase along the groundwater flow path from less than 1,000 milligrams per liter near recharge areas to about 4,000 as the formation is deeper into the basin.

The Bisti West 26-13-17 #1 is located in the NENE quarter-quarter of section Sec 17, T26N, R13W. No groundwater wells were identified using the iWaters Database from the Office of the State Engineers within a 3 mile radius of this well. The following table shows the formation tops for this well.

Formation Name	Top MD	Top SS	Top TVD	Position	Pick Basis
Nacimiento	0	6,350			
Ojo Alamo	220	6,131		TOP	
Kirtland	346	6,005		TOP	
Fruitland	924	5,427		TOP	Log
Pictured Cliffs	1,492	4,859		TOP	Log
Total Depth	1,740				Driller

### Reference:

#### GROUND WATER ATLAS of the UNITED STATES

Arizona, Colorado, New Mexico, Utah, HA 729-C, USGS, S.G. Robson and E.R. Banta, 1995

iWaters (Waters Database), New Mexico Office of the State Engineer, 2007

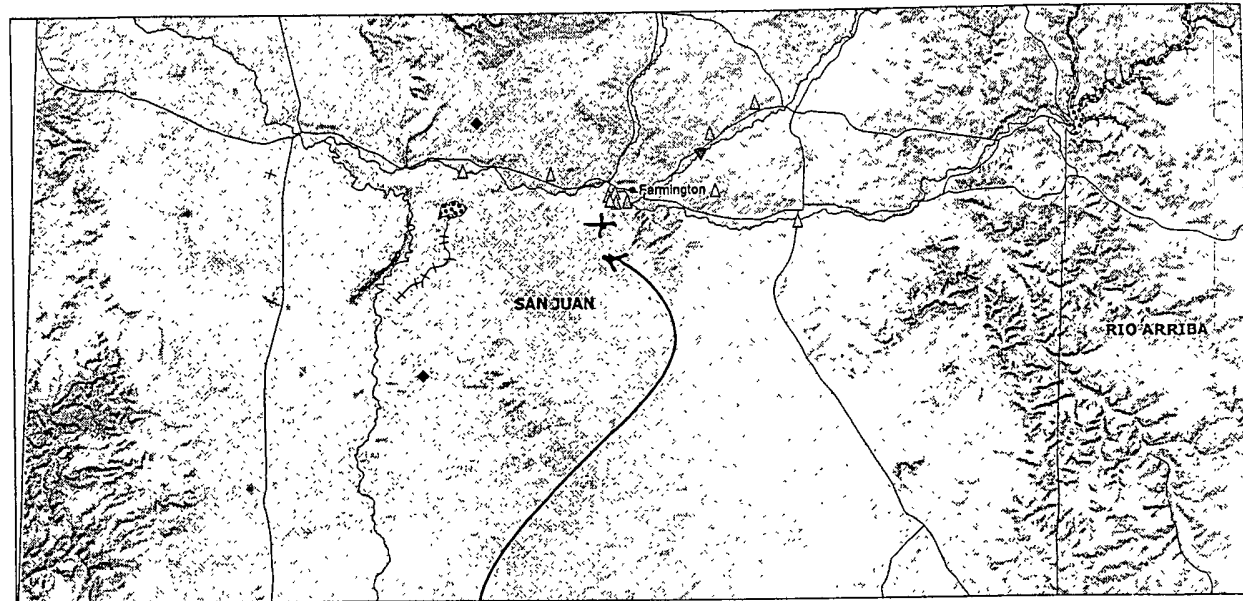
# MMQonline Public Version

## Mines, Mills & Quarries Commodity Groups

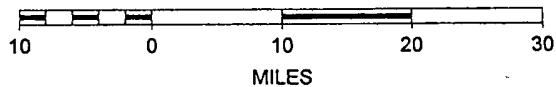
- △ Aggregate & Stone Mines
- ◆ Coal Mines
- ☆ Industrial Minerals Mines
- ▼ Industrial Minerals Mills
- ▣ Metal Mines and Mill Concentrate
- Potash Mines & Refineries
- Smelters & Refinery Ops.
- ✦ Uranium Mines
- ⊕ Uranium Mills

## Population

- Cities - major



SCALE 1 : 915,981



N



THERE ARE NO UNDERGROUND MINES  
located in the AREA OF THE WEST BSN 26-13-17A

## Unstable Area

### **RE: West Bisti 26-13-17 #1**

The well pad is not located near any surface mines or over any subsurface mines. The Soil consists of a clay sand mixture. The location is an existing well pad. The existing underground pit tank is located in the cut of the cut side of the location.

# *Nika Energy Operating*

10/20/2008

Robert Hanna  
Navajo Agricultural Products Industry  
PO Drawer 1318  
Farmington, NM 87499

RE: West Bisti 26-13-17 #1, API # 30-045-29160

Robert,

This is a follow up certified letter as per the requirements of the new OCD pit rule 17 requiring notification to the surface owner that we are planning to close an existing below ground pit tank on the subject location. After P&A operations cease, SGI plans to close the below ground pit tank per the approved APD, the new NMOCD rules, and any NAPI BIA regulations that apply.

As per our meeting Wednesday, October 1, 2008 I plan to close the pit per the approved BLM APD. The BLM APD allows us to follow the surface reclamation requests of the surface owner. NAPI guidelines will be followed for the closing and reclamation of the pit and location.

Please let me know if you have any comments or questions.

Thank you for your time.



Tripp Schwab  
President  
Nika Energy Operating, LLC  
Agent for SG Interests.



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature  <input checked="" type="checkbox"/> <i>[Signature]</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>1. Article Addressed to:</p> <p>Attn: Mr. Robert Hanna  NAPI  PO Drawer 1318  Farmington, NM 87499</p>		<p>B. Received by (Printed Name) <i>Kevin J. Hanna</i> C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes  If Yes, enter delivery address below: <input type="checkbox"/> No</p>	
<p>2. Article Number  (Transfer from service label) 7006 2150 0001 7642 6148</p>		<p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>			
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>			

U.S. Postal Service<sup>TM</sup>  
**CERTIFIED MAIL<sup>TM</sup> RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$0.42
Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$2.20
Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Price</b>	<b>\$5.32</b>

Postmark: *[Circular Postmark: DURANGO CO. NM, 10/4/2003]*

Sent To: Attn: Mr. Robert Hanna  
NAPI  
PO Drawer 1318  
Farmington, NM 87499

PS Form 3800, August 2000

7006 2150 0001 7642 6148

**Wetlands Certification**

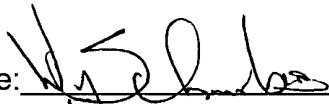
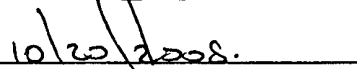
**RE: West Bisti 26-13-17 #1**

I William Schwab III certify that I have visually inspected the above well and that there are no wetlands with in a 500 foot radius.\

There is no data available from the US Fish and Wildlife identification map (attached) as to the existence of a wetland.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# *Nika Energy Operating*

Mr. Jonathan Kelly  
Compliance Officer  
Oil Conservation Division  
NM Energy Minerals & Natural Resources  
100 Rio Brazos  
Aztec, NM 87410

RE: 144 Corrections 11/03/2011, Permit # 1913, API # 30-045-29160

Jonathan,

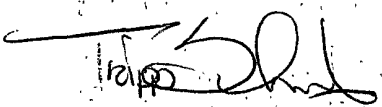
This is the first response to the e-mail and attachment concerning deficiencies to several pit and BGT closures. The only location addressed in this response concerns SG Interest's West Bisti 26-13-17 #1 and the Closure of a BGT.

The original C-144 concerning the BGT was sent to the Aztec NMOCD October 2008. The BGT was not closed at that time as there was an offer to purchase the well on the table. By May of 2010 the offer was pulled off the table due to inactivity and the C-144 was resubmitted. In June of 2010 I was contacted by Brandon Powell and informed the Closure plan was incorrect and I needed to submit another plan addressing the deficiency. On June 9, 2010 I submitted a new Closure Plan to Mr. Powell via e-mail. He later told me that everything was now complete and I could commence with the closure procedure. The soil testing and report was completed in September 2010 and the BGT was closed. The Closure Certification was then filed.

I have enclosed copies of the e-mail and Closure Plan sent to Mr. Powell June 2010.

Please let me know if you have any more concerns or questions.

Thank you for your time.

  
Tripp Schwab  
President  
Nika Energy Operating, LLC  
Agent for SG Interests.

RCVD NOV 22 '11

OIL CONS. DIV.

DIST. 3

**Tripp Schwab**

**From:** Tripp Schwab [tripp@nikaenergy.com]  
**Sent:** Wednesday, June 09, 2010 8:37 AM  
**To:** 'Powell, Brandon, EMNRD'  
**Cc:** Marcia Stewart (marcia@nikaenergy.com)  
**Subject:** RE: BGT closure plan

**Attachments:** Below ground Tank Closure Plan.doc

Brandon,  
 Attached is the revised closure plan for the West Bisti 26-13-17 #1. Thank you for bringing to my attention the incorrect closure procedure. Please let me know if there are any other deficiencies in this application.

Tripp Schwab  
 Nika Energy - Agent for SG Interests  
 970-259-2701 office  
 970-385-1598 fax

**From:** Powell, Brandon, EMNRD [mailto:Brandon.Powell@state.nm.us]  
**Sent:** Tuesday, June 08, 2010 1:27 PM  
**To:** Tripp Schwab  
**Subject:**

Thank You  
 Brandon Powell  
 Environmental Specialist  
 New Mexico Oil Conservation  
 1000 Rio Brazos Rd, Aztec NM 87410  
 Office: (505) 334-6178 ext. 15  
 E-mail: [Brandon.Powell@state.nm.us](mailto:Brandon.Powell@state.nm.us)

RCVD NOV 22 '11

OIL CONS. DIV.

DIST. 3

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Information from ESET NOD32 Antivirus, version of virus signature database 5183 (20100608)

The message was checked by ESET NOD32 Antivirus.

6/9/2010

*2/12/11 36590*

## **SG Interests I, Ltd.**

### **Below ground Tank - Closure Plan**

#### **West Bisti 26-13-17 #1**

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure requirements of Below Grade Tanks (BGT's) on SG Interests I, Ltd. locations hereinafter known as SGI locations. This is SGI's standard procedure for all BGT's. A separate plan will be submitted for any BGT which does not conform to this plan.

#### **General Requirements:**

1. SGI shall close a below-grade tank within the time periods provided in 19.15.17.13 NMAC, or by an earlier date that the division requires because of imminent danger to fresh water, public health or the environment.
2. SGI shall close a permitted below-grade tank within 60 days of cessation of the below-grade tank's operation. The closure report will be filed on C-144
3. SGI shall remove liquids and sludge from a below-grade tank prior to implementing a closure method and shall dispose of the liquids and sludge in a division-approved facility. The facilities to be used will be Basin Disposal (Permit #NM-01-005) and Envirotech Land Farm (Permit #NM-01-011). Any liner will be disposed of at the San Juan County Landfill located on CR 3100.
4. SGI will receive prior approval to 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. Documentation of how the below-grade tank was disposed of or recycled will be provided in the closure report.
5. If there is any on-site equipment associated with a below-grade tank, then SGI shall remove the equipment, unless the equipment is required for some other purpose.
6. SGI shall test the soils beneath the below-grade tank to determine whether a release has occurred. SGI, thru an approved third party, shall collect, at a minimum, a five point, composite sample; collect individual grab samples from any area that is wet, discolored or showing other evidence of a release; and analyze for BTEX, TPH and chlorides. SGI shall notify the division of the test results on form C-141.

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	100
Chlorides	EPA 300.1	250

7. If the samples exceed the limits above it will be determined that a release has occurred, then SGI shall comply with the applicable spill and release rules as appropriate.
8. If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (4) of Subsection E of 19.15.17.13 NMAC, then SGI shall backfill the excavation with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; re-contour and re-vegetate the site.
9. Notice of Closure will be given prior to closure to the Aztec Division office between 72 hours and one week 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.
10. The surface owner shall be notified of SGI's closing of the below-grade tank prior to closure as per the approved closure plan via certified mail, return receipt requested.
11. Re-contouring of location will match fit, shape, line, form and texture of the surrounding. Re-shaping will include drainage control, prevent pooling, 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 a smooth surface, fitting the natural landscape.
12. SGI shall seed the disturbed 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 mixes 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 through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs.
13. 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.
14. All closure activities will include proper documentation and be available for review upon request and will be submitted to OCD within 60 days of closure of the below-grade tank. Closure report will be filed on C-144 and incorporate the following:
  - Soil Backfilling and Cover Installation
  - Re-vegetation application rates and seeding techniques
  - Photo documentation of the site reclamation
  - Confirmation Sampling Results
  - Proof of closure notice
15. The surface owner is the Navajo Agricultural Products Industry. NAPI will not allow any protruding markers on a reclaimed location so none will be installed. A flat marker will be installed and GPS coordinates recorded.