1625 N French Dr., Hobbs, NM 88240

District II

1301 W Grand Ave , Artesia, NM 88210

District III

1000 Rio Brazos Rd, Aztec, NM 87410

District IV

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 sytems, 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

1220 S St Francis L	Dr., Santa Fe, NM 8/505					
•	Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application					
Proposed Alternative Method Permit or Closure Plan Application						
<u>ي</u>	Type of action: X Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method					
	Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method Modification to an existing permit					
	Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system,					
	below-grade tank, or proposed alternative method					
Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request						
	ise 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 innert. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances					
Operator: Conc	ocoPhillips Company OGRID#: 217817					
Address: PO I	Box 4289, Farmington, NM 87499					
Facility or well i	name: Hardie 2					
API Number: _	30-045-20112 OCD Permit Number					
U/L or Qtr/Qtr:						
·	osed Design: Latitude: 36.701141 °N Longitude: 107.68701 °W NAD: X 1927 1983					
Surface Owner:	X Federal State Private Tribal Trust or Indian Allotment					
2 Dita Subas	ection F or G of 19 15 17 11 NMAC					
l —	COUPEBIU 12					
Temporary						
Lined	Unlined Liner type Thickness mil LLDPE HDPE PVC Other					
String-Reint						
Liner Seams	Welded Factory Other Volume bbl Dimensions L x W x D					
X Closed-l	loop System: Subsection H of 19 15 17 11 NMAC					
Type of Operat	tion. P&A Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)					
Drying P						
Lined	Unlined Liner type Thickness mil LLDPE HDPE PVD Other					
Liner Seams	Welded Factory Other					
4 Below-gr	rade tank: Subsection I of 19 15 17 11 NMAC					
Volume _	bbi Type of fluid					
Tank Construct						
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 Alternat	tive Method:					
Submittal of an	n exception request is required Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval					

Fencing: Subsection D of 19 15 17 11 NMAC (Applies to permanent pit, 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				
Nottings Subsection F of 10.15.17.13 NMAC (Applies to payment of the state of the s				
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		. <u> </u>		
Signs: Subsection C of 19 15 17 11 NMAC 12" X 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers X Signed in compliance with 19 15 3 103 NMAC				
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 of the Santa Fe Environmental Bureau office for consideration of approval (Fencing/BGT Liner)				
Exception(s) Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval				
Siting Criteria (regarding permitting): 19.15.17 10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau Office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above grade-tanks associated with a closed-loop system.				
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	Yes	No		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	Yes	□No		
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.	Yes	No		
(Applies to temporary, emergency, or cavitation pits and below-grade tanks)	□NA			
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image				
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applied to permanent pits)	∐Yes ∏NA	No		
- Visual inspection (certification) of the proposed site, Aerial photo, Satellite image				
Within 500 horizonal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.	Yes	No		
- NM Office of the State Engineer - iWATERS database search, Visual inspection (certification) of the proposed site.				
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		

Form C-144 Oil Conservation Division Page 2 of 5

Temporary Pits, Emergency Pits and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19 15 17 9 NMAC					
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.					
Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC					
Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19 15 17.9					
Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC					
Design Plan - based upon the appropriate requirements of 19.15 17.11 NMAC					
Operating and Maintenance Plan - based upon the appropriate requirements of 19 15 17.12 NMAC					
Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19 15.17 9 NMAC and 19.15 17.13 NMAC					
Previously Approved Design (attach copy of design) API or Permit					
Closed-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 Sitting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17 10 NMAC					
X Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC					
1 再					
X Operating and Maintenance Plan - based upon the appropriate requirements of 19 15.17.12 NMAC					
X Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15 17 9 NMAC and 19.15.17 13 NMAC					
Previously Approved Design (attach copy of design) API					
Previously Approved Operating and Maintenance Plan API					
Permanent Pits Permit Application Checklist: Subsection B of 19 15 17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Hydrogeologic Report - based upon the requirements of Paragraph (I) of Subsection B of 19 15 17.9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15 17.10 NMAC Climatological Factors Assessment Certified Engineering Design Plans - based upon the appropriate requirements of 19 15 17.11 NMAC Dike Protection and Structural Integrity Design: based upon the appropriate requirements of 19.15 17.11 NMAC Leak Detection Design - based upon the appropriate requirements of 19 15 17.11 NMAC Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19 15 17.11 NMAC Quality Control/Quality Assurance Construction and Installation Plan Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17.12 NMAC Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19 15 17.11 NMAC Nuisance or Hazardous Odors, including H2S, Prevention Plan Emergency Response Plan Oil Field Waste Stream Characterization Monitoring and Inspection Plan Erosion Control Plan Closure Plan - based upon the appropriate requirements of Subsection C of 19 15.17.9 NMAC and 19.15.17.13 NMAC					
14 Proposed Closure: 19 15.17 13 NMAC					
Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.					
Type Drilling X Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank X Closed-loop System Alternative					
Proposed Closure Method Waste Excavation and Removal					
X Waste Removal (Closed-loop systems only)					
On-site Closure Method (only for temporary pits and closed-loop systems)					
In-place Burial On-site Trench					
Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)					
15					
Waste Excavation and Removal Closure Plan Checklist: (19 15 17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan.					
Please indicate, by a check mark in the box, that the documents are attached.					
Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC					
Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19 15.17 13 NMAC					
Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings) Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC					
Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC					
Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15.17.13 NMAC					

Form C-144 Oil Conservation Division Page 3 of 5

16						
Waste Removal Closure For C Instructions Please identify the	Closed-loop Systems That Utilize Above Ground St efacility or facilities for the disposal of liquids, drillin	<mark>cel Tanks or Haul-off Bins O</mark> n g fluids and drill cuttings Use	ily: (19 15 17 13 D NMAC) attachment if more than two			
facilities are required	E(IEI)	D	NN 01 0011 / NN 01 0	2100		
· · · · ·	Envirotech / JFJ Landfarm / IEI	Disposal Facility Permit #)10B		
Disposal Facility Name	<u> </u>	Disposal Facility Permit #				
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and Yes (If yes, please provide the information No						
l ——— ' '	hich will not be used for future service and operation wer Design Specification - based upon the appropi		10n H of 19 15 17 13 NM	AC		
I 	based upon the appropriate requirements of Subse	•		.0		
Site Reclamation Plai	n - based upon the appropriate requirements of Su	ibsection G of 19 15 17 13 N	IMAC			
17 Siting Criteria (Regarding on-site closure methods only: 19 15 17 10 NMAC Instructions Each sting criteria requires a demonstration of compliance in the closure plan Recommendations of acceptable source material are provided below Requests regarding changes to certain sting 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						
	feet below the bottom of the buried waste Engineer - iWATERS database search, USGS Data ob	tomad from pearby walls		Yes	∐No	
- MW Office of the State E	ongineer - tw ATERS database scarcii, USOS Data ob	tained from hearby wens		∐N/A		
	and 100 feet below the bottom of the buried was			Yes	∐No	
- NM Office of the State E	ngmeer - 1WATERS database search, USGS, Data obt	amed from nearby wells		∐N/A		
1	00 feet below the bottom of the buried waste			Yes	∐No	
- NM Office of the State E	ngmeer - IWATERS database search, USGS, Data obt	ained from nearby wells		∐N/A		
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)					No	
1	inspection (certification) of the proposed site					
· ·	ent residence, school, hospital, institution, or church in attorn) of the proposed site, Aerial photo, satellite imag		pplication	∐ Yes	∐No	
Visual inspection (continue	anony of the proposed site, riental photo, satellite imag			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 fee of any other fresh water well or spring, in existence at the time of the initial application - NM Office of the State Engineer - iWATERS database, Visual inspection (certification) of the proposed site						
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					No	
- Written confirmation or v Within 500 feet of a wetland	rerification from the municipality, Written approval obt	amed from the municipality		Yes	□No	
1	tland Identification map, Topographic map, Visual ins	pection (certification) of the pro	posed site	Lies		
Within the area overlying a s	subsurface mine		1	Yes	No	
	erification or map from the NM EMNRD-Mining and	Mineral Division				
Within an unstable area	amounted at the decree NIM Day of Contains 8 N	4I Danning LICCO NIM	Carlagrad Sagratu	∐Yes	No	
- Engineering measures incorporated into the design, NM Bureau of Geology & Mineral Resources, USGS, NM Geological Society, Topographic map						
Within a 100-year floodplair - FEMA map	1			Yes	No	
18						
On-Site Closure Plan Checklist: (19 15 17 13 NMAC) Instructions: Each of the following items must bee attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.						
Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19 15 17 10 NMAC						
Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC						
Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19 15 17 11 NMAC						
Construction/Design Plan of Temporary Pit (for in place burial of a drying pad) - based upon the appropriate requirements of 19 15 17 11 NMAC						
Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC						
Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19 15 17 13 NMAC						
Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)						
Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15 17 13 NMAC						
Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19 15 17 13 NMAC						
Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15 17 13 NMAC						

Form C-144

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) Dollie L Busse	Title Staff Regulatory Technician					
Signature Allin Jusa	1e Date 2/9/12					
e-mail address dollie I busse@conocophillips cor	<u>m</u> Telephone 505-324-6104					
20 OCD Approval: Permit Application (including closure pl.	lan) Closure Plan (only) OCD Conditions (see attachment)					
OCD Representative Signature: Approval Date: 2/15/2012						
· · · · · · · · · · · · · · · · · · ·						
Title: Compliance Officer	OCD Permit Number:					
1	olan prior to implementing any closure activities and submitting the closure report. The closure e completion of the closure activities. Please do not complete this section of the form until an					
22						
Closure Method:						
Waste Excavation and Removal On-site Closure N	Method Alternative Closure Method Waste Removal (Closed-loop systems only)					
If different from approved plan, please explain						
23						
	op Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: quids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities					
were utilized.	faiths, arthing faiths and arth cuttings were disposed. Ose anachment y more than two factuaes					
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 compliane to the items below)						
Required for impacted areas which will not be used for future serv Site Reclamation (Photo Documentation)	nce and operations					
Soil Backfilling and Cover Installation	· ·					
Re-vegetation Application Rates and Seeding Technique						
24						
· · · · · · · · · · · · · · · · · · ·	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	2)					
Waste Material Sampling Analytical Results (if applicab						
Disposal Facility Name and Permit Number						
Soil Backfilling and Cover Installation						
Re-vegetation Application Rates and Seeding Technique	e ·					
Site Reclamation (Photo Documentation)						
On-site Closure Location Latitude	LongitudeNAD19271983					
25. Operator Closure Certification:						
	this closure report is ture, accurate and complete to the best of my knowledge and belief. I also certify that inditions specified in the approved closure plan.					
Name (Print)	Title					
Manie (1 IIII)	Tiue					
Signature	Date					
e-mail address	Telephonc					

ConocoPhillips Company Closed-loop Plans

Closed-loop Design Plan

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

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

Closed-loop Operating and Maintenance Plan

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

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

Closed-loop Closure Plan

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