District I 1625 N Franch 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

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 |
|---|
| 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. |
| Operator:McElvain Oıl & Gas Properties, Inc OGRID # 22044 |
| Address:1050 17 th Street , Suite 1800, Denver, CO 80265 |
| Facility or well name: Badger Com 14 #2A |
| API Number:30-039-3 0118- 30122 OCD Permit Number |
| U/L or Qtr/Qtr _ P Section14 Township25N Range _ 2W County: Rio Arriba |
| Center of Proposed Design: Latitude36 24 1805N Longitude107 01.4112 W NAD: ☑1927 ☐ 1983 |
| Surface Owner: Federal State Private Tribal Trust or Indian Allotment |
| Pit: Subsection F or G of 19 15.17.11 NMAC |
| Below-grade tank: Subsection I of 19.15 17 11 NMAC Volume:95 |
| 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. |

| 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 specify4 " Hog wire w/ top rail = 4' | | | | | | |
|---|--------------------|--|--|--|--|--|
| Netting: Subsection E of 19.15.17 11 NMAC (Applies to permanent pits and permanent open top tanks) □ Screen □ Netting ☑ OtherExpanded Metal □ Monthly inspections (If netting or screening is not physically feasible) | | | | | | |
| 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 | | | | | | |
| 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 consideration of approval. Exception(s) Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. | office for | | | | | |
| 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 accept material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying 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 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. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site, Aerial photo; Satellite image | ☐ Yes ☐ No ☑ 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) | ☐ Yes ☐ No ☑ NA | | | | | |
| - Visual inspection (certification) of the proposed site, Aerial photo; Satellite image 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 | | | | | | |
| 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 | | | | | | |
| 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 | | | | | |

| 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. <u>Closed-loop Systems Permit Application Attachment Checklist</u> : 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) |
| 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 ₂ 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 |
| Proposed Closure: 19.15.17.13 NMAC Instructions Places consists the applicable bases Pages 14 through 18 in records to the proposed closure plan. |
| 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 Burnal □ On-site Trench Burnal |
| Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration) |
| 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 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.I Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if r | O NMAC) nore than two | | | | | | | |
|--|--------------------------|--|--|--|--|--|--|--|
| facilities are required. | | | | | | | | |
| Disposal Facility Name: Disposal Facility Permit Number: | | | | | | | | |
| Disposal Facility Name: Disposal Facility Permit Number: | | | | | | | | |
| Vill 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 G of 19.15 17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15 17.13 NMAC | C | | | | | | | |
| 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 soun provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate distict considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justic demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance. | rict office or may be | | | | | | | |
| 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 | | | | | | | |
| 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 | | | | | | | |
| On-Site Closure Plan Checklist: (19.15 17 13 NMAC) Instructions: Each of the following items must be attached to the closure plan 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. 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 cann 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 G of 19.15.17.13 NMAC | 15.17.11 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): Deborah K Powell Title: _Engineering Tech Supervisor | |
| Signature. Dell Paul Date. 9-11-08 | _ |
| e-mail address:DebbyP@McElvaın com | - |
| 20. OCD Approval: Permit Application (including flosure plan) Closure Plan (only) OCD Conditions (see attachment) | |
| OCD Representative Signature: Approval Date: 3/28/2012 | |
| | _ |
| | |
| 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. | ort. |
| Closure Completion Date: | |
| 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. |) |
| 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 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 <i>will not</i> 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. <u>Closure Report Attachment Checklist</u> : <u>Instructions</u> : Each of the following items must be attached to the closure report. Please indicate, by a chec | : :k |
| 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 | |
| 25 One water Clause Contification | |
| 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: | |

Bistels. I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Graad Avenue, Arlesie, NM 882 District III

1301 W. Grand Avenue, Arlesia, NM 83210 District III 1002 Rio Brazos Rd., Aztec, NM 87410 District FY

1220 S. St. Francis De., Santa Fe, NAI 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102 Revised June 10, 2003 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

☐ AMENDED REPORT

| DL ar laf po- | Section | Township | Range | Lot lda | Feet from the | North/Bouth line | Feet from the | Bost/West line | County |
|-----------------|------------|----------------|-----------------|-----------|---------------|------------------|---------------|----------------|------------|
| P | 14 | 25N | 2W | | 663 | South | 965 | East | Rio Arriba |
| | | | 11 Bo | ttom Ho | le Location I | f Different From | n Surface | | |
| UL ar lot av. | Section | Township | Raage | l'ot l'da | | | | East/West line | County |
| | | <u> </u> | | 12 | | | | <u></u> | |
| Dedicated Acres | " Joint or | r Codelle (° 4 | Consulidation (| Ondic Con | der No. | | | | |
| 320 | 1 | | | ļ | | | | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-

| - | NO ALLO WABLE 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 |)°59W | 80.07 | Ch. | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is | | | | | | |
| | | | * ² O | | true and complete to the best of my knowledge and | | | | | | |
| ch. | | | O | Ġ. | belief. Julion Signature | | | | | | |
| 80.0b | | | | 80.00 | Robert E. Fielder | | | | | | |
| 8(| | | | ©. | Agent pmci@advantas.net | | | | | | |
| | | | <u> </u> | | Tile and E-mail Address November 29, 2006 | | | | | | |
| and the second second | | Sec. | | | Date | | | | | | |
| | | | 14 | | 18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat | | | | | | |
| | } | | 17 | 2 | was plotted from field notes of actual surveys made by | | | | | | |
| × × | | | | 0°01' W | me or under my supervision, and that the same is true | | | | | | |
| N 0.01 W | | | | °0 > | and correct to the best of my helief | | | | | | |
| | | | | | Date of Survey | | | | | | |
| Andread and the second | | | Lat.36.39253° N Long.107.01369° | w (⊛ 965' | William E. Mahnka 11 | | | | | | |
| | We | st | 80.05.Ch | 8 | Certifleste Number (\$58466 | | | | | | |

New Mexico Office of the State Engineer POD Reports and Downloads

Sections: 1,2,11,12,13,14 Township: 25N Range: 02W NAD27 X: Y: Zone: Search Radius: Basin: Number: Suffix: County: Owner Name: (First) Non-Domestic Domestic All (Last) Avg Depth to Water Report Water Column Report POD / Surface Data Report iWATERS Menu Clear Form⊚

WATER COLUMN REPORT 09/08/2008

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

| | (quarter | s are | e bi | gge | est | t to | smal. | lest) | | Depth | Depth | Water | (in |
|------------|----------|-------|------|-----|-----|------|-------|--------|---------|-------|-------|--------|-----|
| POD Number | Tws | Rng | Sec | đ | đ | đ | Zone | x | Y | Well | Water | Column | |
| SJ 01752 | 25N | 02W | 02 | 4 | 4 | 4 | | | | 210 | 85 | 125 | |
| SJ 01751 | 25N | 02W | 11 | 1 | 2 | 3 | | | | 372 | 90 | 282 | |
| SJ 03461 | 25N | 02W | 11 | 1 | 2 | 3 | С | 272432 | 1971609 | 265 | 160 | 105 | |
| SJ 01758 | 25N | 02W | 12 | 1 | 3 | | | | | 235 | 80 | 155 | |
| SJ 03212 | 25N | 02W | 13 | 1 | 4 | 2 | | | | 430 | 180 | 250 | |
| SJ 01754 | 25N | 02W | 14 | 3 | | | | | | 192 | 90 | 102 | |
| SJ 03292 | 25N | 02W | 14 | 3 | 3 | 4 | | | | 260 | | | |

Record Count: 7

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

Township: 25N Range: 01W Sections: 6,7,18

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 Forme.

WATERS Menu

WATER COLUMN REPORT 09/08/2008

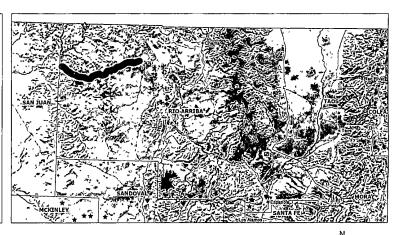
(quarters are 1=NW 2=NE 3=SW 4=SE)

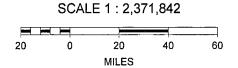
| (qu | arter | s are | e big | gge | est | : to | smallest) | | | Depth | Depth | Water | (in |
|------------|-------|-------|-------|-----|-----|------|-----------|---|---|-------|-------|--------|-----|
| POD Number | Tws | Rng | Sec | đ | đ | đ | Zone | x | Y | Well | Water | Column | |
| RG 74624 | 25N | 01W | 06 | 2 | 3 | 2 | | | | 95 | 60 | 35 | |
| RG 86746 | 25N | 01W | 06 | 2 | 4 | 1 | | | | 200 | 40 | 160 | |

Record Count: 2

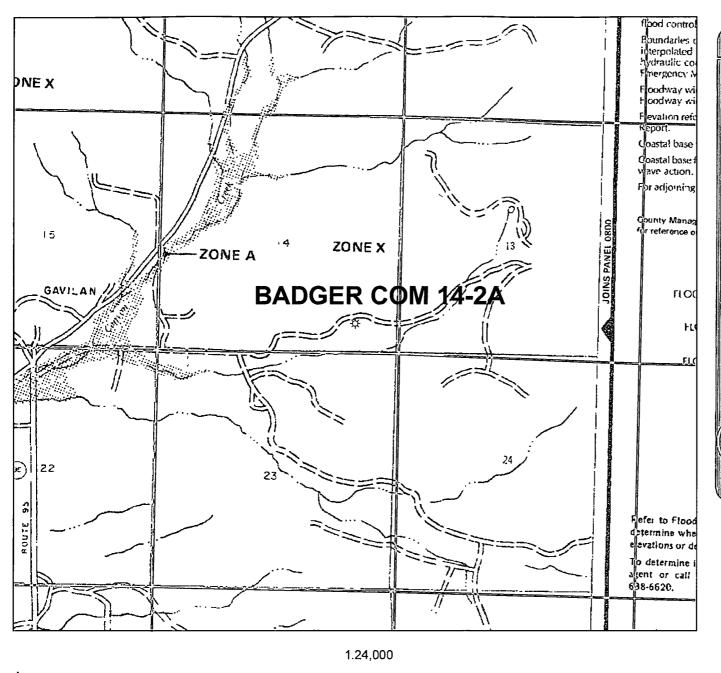
Rio Arriba Mines, Mills And Quarries Web Map

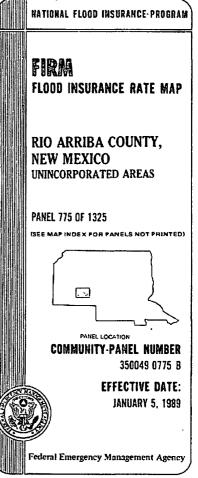
| Mines, Mills & Quarries Commodity Groups | | | | | | | | |
|--|----------------------------------|--|--|--|--|--|--|--|
| Δ | Aggregate & Stone Mines | | | | | | | |
| • | Coal Mines | | | | | | | |
| * | Industrial Minerals Mines | | | | | | | |
| • | Industrial Minerals Mills | | | | | | | |
| a | Metal Mines and Mill Concentrate | | | | | | | |
| | Potash Mines & Refineries | | | | | | | |
| ۵ | Smelters & Refinery Ops. | | | | | | | |
| * | Hranium Mines | | | | | | | |



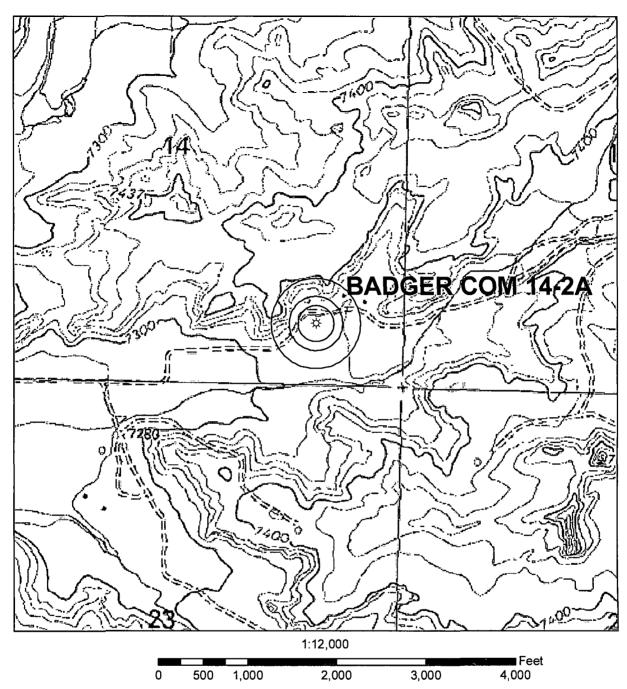








7,600 Feet 5,700 7,600



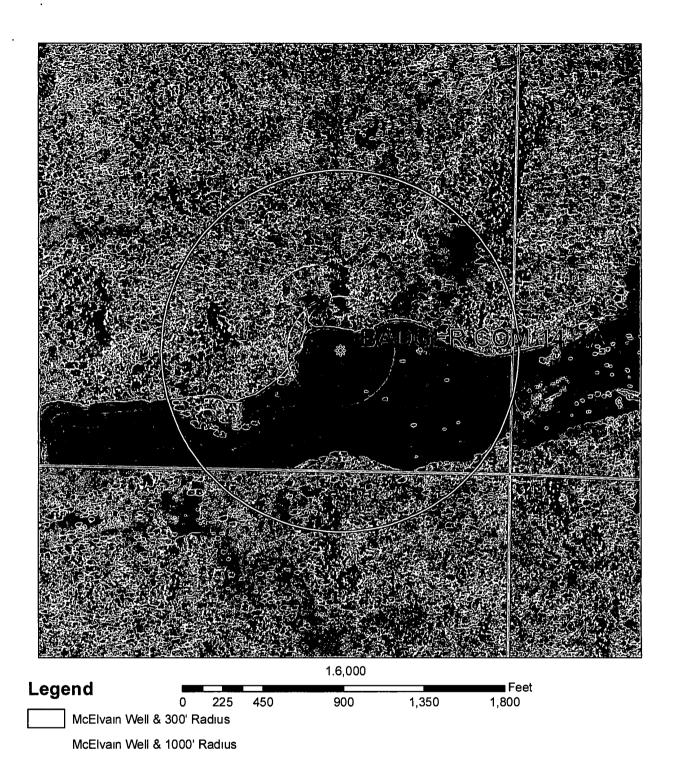
Legend

McElvain Well & 200' Radius

McElvain Well & 300' Radius

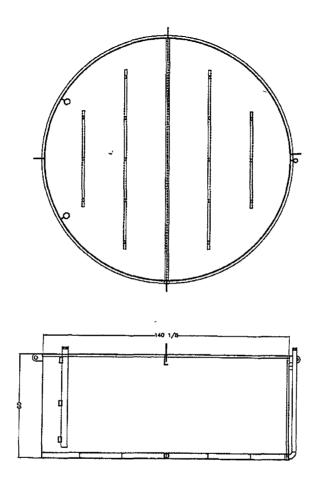
McElvain Well & 500' Radius

Source: USGS 1:24,000 Scale Topographic Map Series San Juan Basin New Mexico Township 25N 2W Section 14



Aerial Source: NM Resource Geographic Information System Program made available by the Univeristy of New Mexico and the State of New Mexico 2005-2006 vintage Digital Orthophoto Quarter-Quadrangles were derived from the New Mexico Statewide Orthophotography Project. Source imagery flown at 35,000' above average ground.

San Juan Basin New Mexico Township 25N 2W Section 14



| ¥ | | | Tyles | |
|----------|--|--|--------------------------------------|---|
| | | ALL ENFORMATION CONTINUED IN SICE CRAINING, OR MON-PATCHEALL IS OF A PHONESCRAFT IN PROPERTY OF PESCO, INC. REPRODUCTION OR THE COMPARISE MOSTRON COMPANY OF PESCO. | ATURE AND ANY OTHER ING. 15 SE | PARENTABLE US THE BOLE LISE WITHOUT PROTERY PROHIBITED. |
| | 111 | 12" X 5" 95 GBL DOUBLE | | |
| | $ \ \ $ | | 1/18 | BUCKLES |
| 1 | 1 I F | STATES OF THE STATE OF THE STAT | and . | |
| 5 | | CE SOUTH THE | Sec. | PML 164 |
| <u>-</u> | | | 50g | 0130-D CUSTOMER |
| ř | 1 1 1 | 8-11-08 | · · | 1 |

Siting Criteria Compliance Demonstrations

The Badger Com 14-2A well is not located in an unstable area. The location is not over a mine and is not on the side of a hill. The location of the excavated pit material is not located within 300' of any continuously flowing watercourse or 200' from any other water course.

McElvain Oil & Gas Properties, Inc. San Juan Basin Below Grade Tank Design and Construction

In accordance with Rule 19.15.17 NMAC the following describes the as-built construction of the Below Grade Tank on the McElvain Oil & Gas Properties, Inc (MOG) Badger Com 14-2A well located in the SESE of Sec 14, T25N, 2W.

As-built Installation:

- 1. The existing tank pit consists of an approximate 15 foot by 5 foot metal shored hole into which a 12 foot by 5 foot double bottom, single wall 95 bbl tank with leak detection is installed.
- 2. The tank walls are open for visual inspection to identify the occurrence of leaks.
- 3. There is an expanded metal covering on the top of the below grade tank.
- 4. The tank pit is surrounded by a 30ft X 30ft X 2ft berm that is contained within a 50 ft X 140 ft berm that encloses the tank battery to prevent overflow or surface water run-on.
- 5. A general location sign is displayed on site.
- 6. The pit tank is fenced with 4 foot woven (hog) wire topped with a top rail.

McElvain Oil & Gas Properties, Inc. San Juan Basin Below Grad Tank Maintenance and Operating Plan

In accordance with Rule 19.15.17 NMAC the following describes the below grade tank operation and maintenance plan for the McElvain Oil & Gas Properties, Inc (MOG) on the Badger Com 14-2A well located in the SESE of Sec 14, T25N, 2W

General Plan:

- 1. MOG shall operate and maintain the below grade tank to contain liquids and solids and prevent contamination of fresh water to protect the public health and environment.
- 2. MOG shall not allow a below grade tank to overflow or allow surface water run-on to enter the below grade tank.
- 3. MOG shall continuously remove any visible or measurable layer of oil from the fluid surface of a below grade tank in an effort to prevent significant accumulation of oil over time.
- 4. MOG shall inspect the below grade tank monthly and maintain a written record of each inspection for five years.
- 5. MOG shall maintain adequate freeboard to prevent overtopping of the below grade tank.

McElvain Oil & Gas Properties, Inc. San Juan Basin Closure Plan

In accordance with Rule 19.15.17.1 NMAC the following procedure describes the closure plan for the McElvain Oil & Gas Properties, Inc (MOG) below grade tank on the Badger Com 14-2A well located in the SESE of Sec 14, T25N, 2W

Closure Requirements:

- 1. MOG shall close the 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. MOG shall close an existing below grade tank that does not meet the requirements of Paragraph (1) through (4) of Subsection I of 19.15.17.11 NMAC or is not included in Paragraph (5) of Subsection I of 19.15.17.11 NMAC within five years after June 16, 2008 if not retrofitted to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC.
- 3. MOG shall close a permitted below grade tank within 60 days of cessation of the below ground tank's operation or as required by the transitional provisions of Subsection B of 19.15.17.17 NMAC in accordance with a closure plan that the appropriate division district office approves. The closure report will be filed on C-144.
- 4. All liquids will be removed from the temporary permit prior to closure and the liquids disposed of in a division approved facility.
- 5. MOG shall 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.
- 6. MOG will remove any on-site equipment associated with the below grade tank unless the equipment is required for some other purpose.
- 7. MOG shall test the soils beneath the below grade tank to determine whether a release has occurred. MOG shall collect a five point composite sample and individual grab samples from any area that is wet, discolored, or showing other evidence of a release. The samples will be analyzed for BTEX, TPH, and chlorides to demonstrate that the benzene concentration as determined by EPA SW-846 methods 8021B or 8260B or other EPA method that the division approves, does not exceed 50 mg/kg; the TPH concentration as determined by EPA method 418.1 or other EPA method that the division approves does not exceed 100 mg/kg; and the chloride concentration as determined by EPA

- method 300.1 or other EPA method that the division approves does not exceed 250 mg/kg or the background concentration, whichever is greater. MOG shall notify the division of its results on form C-141.
- 8. If MOG or the division determines that a release has occurred, then MOG shall comply with 19.15.3.116 NMAC and 19.15.1.19 NMAC as appropriate.
- 9. If contamination is confirmed by field sampling. MOG will follow the Guidelines For Remediation Of Leaks, Spills, and Releases NMOCD August 1993 when remediating identified contaminants.
- 10. 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 MOG shall backfill the excavation with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; re-contour, and re-vegetate the site.
- 11. 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:
 - · Operator's name
 - · Location by Unit Letter, Section Township, and Range.
 - · Well name and API number
- 12. 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 blow grade tank. The closure report will be filed on C-144 and incorporate the following:
 - · Details on capping and covering where applicable
 - · Inspection reports
 - · Sampling results
- The site will be re-contoured to match the surrounding area. Natural drainages will be unimpeded and erosion control will be utilized where necessary.
- 14. MOG shall seed the disturbed areas the first growing season with a division approved seed mixture after pit closure. Seeding will be accomplished by drilling on the contour whenever possible or by other division approved methods. Repeat seeding or planting will be continued until successful vegetative growth occurs.
- 15. 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 thickness of the topsoil native to the area, whichever is greater.

16. The surface owner shall be notified of MOG's closing of the below grade tank as per the approved closure plan using certified mail with return receipt requested.