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

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

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.
ı. Operator:McElvain Oil & Gas Properties, Inc OGRID #:22044
Address:1050 17 th Street , Suite 1800, Denver, CO 80265
Facility or well name: _SALAZAR 3
API Number:30-039-22861 OCD Permit Number:
U/L or Qtr/Qtr C Section 26 Township 25N Range 6W County: Rio Arriba
Center of Proposed Design: Latitude36.37626 N Longitude107.43958 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
Temporary: Drilling Workover
□ Permanent □ Emergency □ Cavitation □ P&A
☐ Lined ☐ Unlined Liner type: Thicknessmil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other
String-Reinforced
Liner Seams: Welded Factory Other Volume: bbl Dimensions: L x W x D
3. Closed-loop System: Subsection H of 19.15.17.11 NMAC
Type of Operation:
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other
Lined Unlined Liner type: Thicknessmil LLDPE HDPE PVC Other
Liner Seams: Welded Factory Other RECEIVED
4. SEP 2008 @
Below-grade tank: Subsection I of 19.15.17.11 NMAC Subsection I of 19.15.17.11 NM
Volume:18bbl Type of fluid:Water
Tank Construction material:Galvanized
4. Below-grade tank: Subsection I of 19.15.17.11 NMAC Volume:18 bbl Type of fluid:
☐ Visible sidewalls and liner ☑ Visible sidewalls only ☐ Other
Liner type: Thicknessmil

22

Page 1 of 5

Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Alternative Method:

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, institution or church)	hospital,
Four foot height, four strands of barbed wire evenly spaced between one and four feet	
Alternate. Please specify 4; field fence	;
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)	,
Screen Netting Other_Wire Mesh	1
Monthly inspections (If netting or screening is not physically feasible)	
8. Signs: Subsection C of 19.15.17.11 NMAC	1
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.	i.
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.	office for ,
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 accept material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the approoffice or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a 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.	priate district pproval. ing pads or
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) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ 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	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

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 19.15.17.12 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
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9 Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC Design Plan - based upon the appropriate requirements of 19.15.17.12 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 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: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan. Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Closed-loop System Alternative Proposed Closure Method: Waste Excavation and Removal Waste Removal (Closed-loop systems only) On-site Closure Method (Only for temporary pits and closed-loop systems) In-place Burial On-site Trench Burial Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)
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

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Statements Instructions: Please indentify the facility or facilities for the disposal of liquids, a facilities are required.						
1 ⁻	Disposal Facility Permit Number:					
	Disposal Facility Permit Number:					
Will any of the proposed closed-loop system operations and associated activities oc ☐ Yes (If yes, please provide the information below) ☐ No						
Required for impacted areas which will not be used for future service and operation Soil Backfill and Cover Design Specifications based upon the appropriate Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsection	requirements of Subsection H of 19.15.17.13 NMA I of 19.15.17.13 NMAC	С				
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the provided below. Requests regarding changes to certain siting criteria may require considered an exception which must be submitted to the Santa Fe Environmental demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for	e administrative approval from the appropriate dist Bureau office for consideration of approval. Justi	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 ☐ 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						
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other sign lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	nificant watercourse or lakebed, sinkhole, or playa	Yes No				
Within 300 feet from a permanent residence, school, hospital, institution, or church - Visual inspection (certification) of the proposed site; Aerial photo; Satellite		☐ Yes ☐ No				
Within 500 horizontal feet of a private, domestic fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less watering purposes, or within 1000 horizontal feet of any other fresh water well or spring that less water well o	oring, in existence at the time of initial application.	Yes No				
Within incorporated municipal boundaries or within a defined municipal fresh wate adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approve		Yes No				
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Visua	I 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 Society; Topographic map	& Mineral Resources; USGS; NM Geological	☐ 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 by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Protocols and Procedures - based upon the appropriate requirements of 19.15 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of 19.15 Waste Material Sampling Plan - based upon the appropriate requirements of Disposal Facility Name and Permit Number (for liquids, drilling fluids and disposal Soil Cover Design - based upon the appropriate requirements of Subsection Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsection	prirements of 19.15.17.10 NMAC Subsection F of 19.15.17.13 NMAC propriate requirements of 19.15.17.11 NMAC ad) - based upon the appropriate requirements of 19. 17.13 NMAC direments of Subsection F of 19.15.17.13 NMAC Subsection F of 19.15.17.13 NMAC fill cuttings or in case on-site closure standards cann H of 19.15.17.13 NMAC	15.17.11 NMAC				

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	
Signature: Dell K press	Date: 9-8-08
e-mail address:DebbyP@McElvain.com	Telephone:303-893-0933
OCD Approval: Permit Application (including closure plan) [OCD Representative Signature:	Closure Plan (only) Approval Date: 4/25/2012
Deputy Oil & Gas Inspector, District #3	OCD Permit Number:
	re plan prior to implementing any closure activities and submitting the closure report. In 60 days of the completion of the closure activities. Please do not complete this
	Closure Completion Date:
If different from approved plan, please explain.	☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)
	loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: e liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than
i e e e e e e e e e e e e e e e e e e e	Disposal Facility Permit Number:
Were the closed-loop system operations and associated activities per	Disposal Facility Permit Number: formed on or in areas that will not be used for future service and operations?
Yes (If yes, please demonstrate compliance to the items below Required for impacted areas which will not be used for future service Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	· -
Closure Report Attachment Checklist: Instructions: Each of the 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- □ 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 □	site closure) Longitude NAD: 1983
25.	
	this closure report is true, accurate and complete to the best of my knowledge and sure requirements and conditions specified in the approved closure plan.
Name (Print):	Title:
Signature:	
e-mail address:	Telephone:
Form C-144 Oil	Conservation Division Page 5 of 5 Date Surveyed October Carolina Programmer Registery Proforming Programmer
	Registers Privatope Entre de and/or Land Arveyor Pred B. Kerr Jr. Certificate No.
0 330 660 90 1320 1660 1980 2310 2640 2	000 1500 1000 500 0 3950 0' KEHR.

STATE OF NEW MEXICO HERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION P. O. BOX 2088

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102 Revised 10-1-78

All distances must be from the cuter boundaries of the Section

perator					Lease					Well No.	'
CURTIS J. L	ITTI	E			SA	LAZAR				3	
it Letter	Secti	on	Township		R	ange		County			,
C		26	25	5N		6W_		Ric	Arriba		
tual Footage Loca	ation (of Well:									
790	feet	from the	lorth	line and]	.820	feet	from the	West	line	
Ground Level Elev.		Producing For	mation		Pool					Dedicated Acreage:	
6670		(Chacra		1	Oter	Ch	LOCVA	EX+	160	Acres
1 Outline the	9 901	eege dedica	ted to the	subject we	all by	colored r			marks on th	ne plat helow	
3. If more that dated by continuous Yes If answer in this form if No allowab	an order ord	ne lease is ralty). e lease of dentitization, to the co,' list the essary.)	dedicated ifferent ownitization, nswer is " owners and	to the well reship is force-pooli yes;" type of tract desc	dedicang. etc	ted to the	e well, h	ommunitually be	interests of	hereof (both as to all owners been on ated. (Use reversemunitization, uni	e side of
forced-pool	ing,	or otherwise)	or until a	non-standar	d unit,	eliminat	ing sucl	h interest		CERTIFICATION	-
1820 \frac{1}{2} SF-080136			^ 9139-A					100 mg	best of m	is j. Littl	et. HC
7	20 20 23	9	Sec.			i I			Date	0-26-81	=
	- —	 		26	ALL DEC	W. 19	21 –		shown on notes of under my is true	certify that the we of this plat was plotted actual surveys made supervision, and that and correct to the b	from field by me or t the same
PROPERTY INCIDENCES	90	320 1850 19	Saryanno .			CON. CC DIST. 3			Date Survey October Registered and/or un Pred Certificate 3950	B. Kenr Jr.	þ

New Mexico Office of the State Engineer POD Reports and Downloads

Township: 25N Range: 06W Sections: Y: Search Radius: Zone: NAD27 X: Basin: County: Number: Suffix: Non-Domestic Domestic Owner Name: (First) (Last) POD//Surface:Data,Report Avg:Depth.to:Water:Report Water Column Report Clear Form **₩ATERS** Menu

WATER COLUMN REPORT 08/29/2008

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

(quarter	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	
SJ 00201	25N	06W	03	4	1					1346	500	846	
SJ 00681	25N	06W	21	4	1	4					80		
SJ 00681 12	25N	06W	33	4	4	4				435		¥	

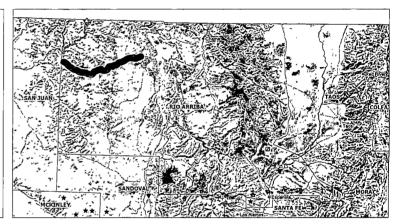
Record Count: 3

New Mexico Office of the State Engineer POD Reports and Downloads

	Towr	nship:	25N Range: 06W	Sections: 22,2	3,24,2	5,26,27,34,35,36	,	
	NAD27	X: (Y:	Zone:	-	Search Radius	s: Í	
County:			Basin: SJ(San Juan)	·	Num	ber:	Suffix:	
Owner Na	ame: (Fir	st)	(Last)		, 0	Non-Domestic	⊙ Domestic	All
	DD / Surfac	e Data	Report Avg	Depth to Water I	Report	Wate	er Column Repor	<u></u>
			Clear Form	(iWATERS Mer	1ú	Help		
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POD Number	(_	ers are 1=NW 2=NE 3 ers are biggest to	smallest)	т 08/		Depth Wa Water Col	

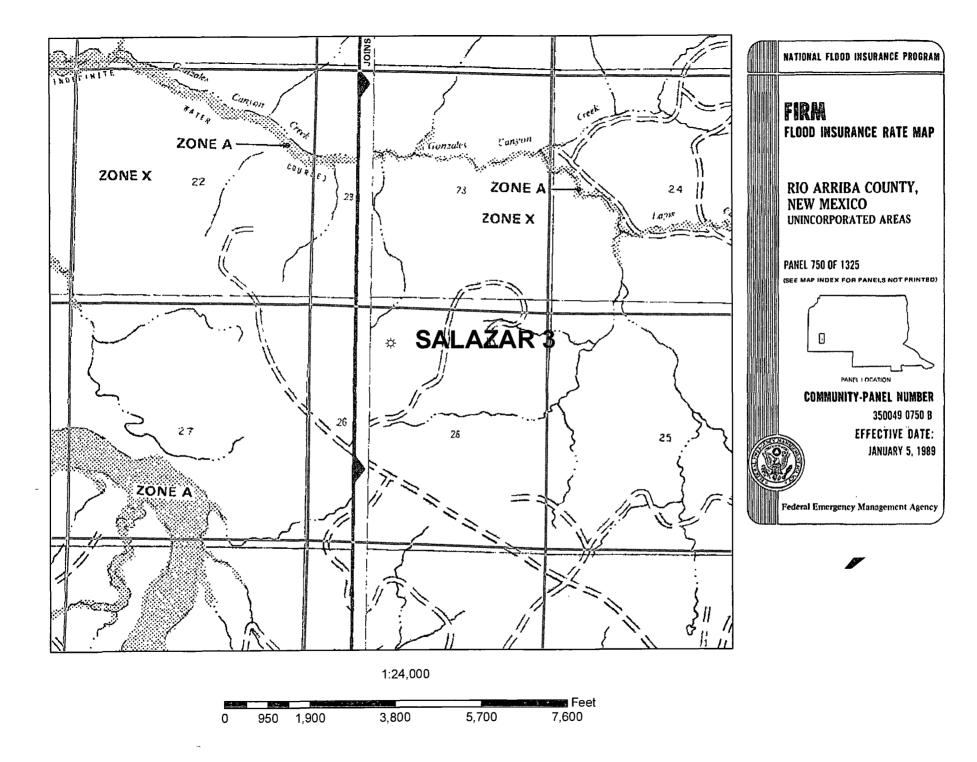
Rio Arriba Mines, Mills And Quarries Web Map

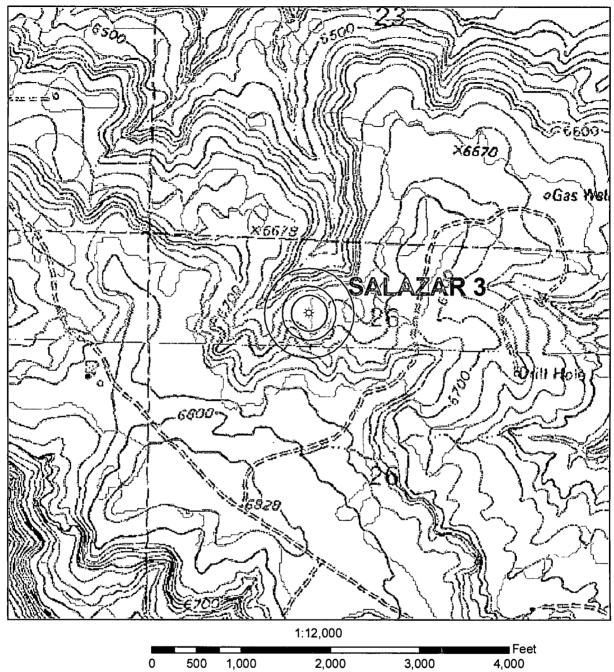
Mines, Mills & Quarries Commodity Groups								
Δ	Aggregate & Stone Mines							
•	Coal Mines							
*	Industrial Minerals Mines							
•	Industrial Minerals Mills							
Z	Metal Mines and Mill Concentrate							
Ð	Potash Mines & Refineries							
2	Smelters & Refinery Ops.							
*	Hranium Mines							











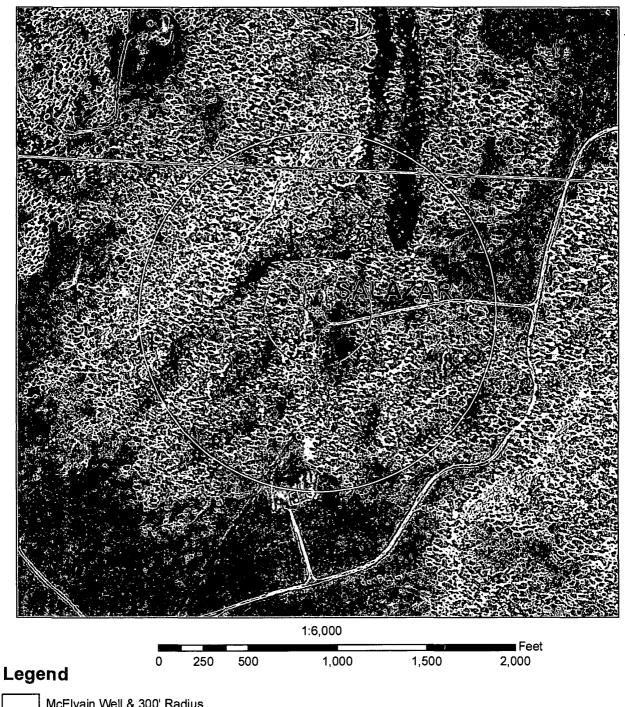
Legend

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 6W Section 26

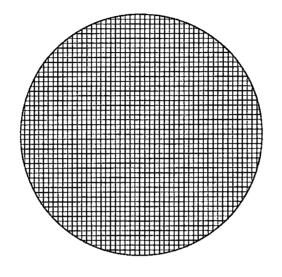


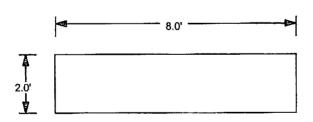
McElvain Well & 300' Radius

McElvain Well & 1000' Radius

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 6W Section 26







8' X 2' 18 BBL Single wall Galvanized Pit Tank with Wire Mesh cover

9-5-2008

Siting Criteria Compliance Demonstrations

The Salazar #3 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) Salazar #3 well located in the NENW of Sec 26, T25N, 6W.

As-built Installation:

- 1. The existing tank pit consists of an approximate 12 foot by 12 foot by 2 foot earth walled hole into which a 8 foot by 2 foot galvanized, single walled, open sided, 18 bbl tank is installed.
- 2. The tank walls are open for visual inspection to identify the occurrence of leaks.
- 3. There is a wire mesh 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 field fence.

McElvain Oil & Gas Properties, Inc. San Juan Basin Below Grade 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 Salazar #3 well located in the NENW of Sec 26, T25N, 6W.

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 Salazar #3 well located in the NENW of Sec 26, T25N, 6W.

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
- 13. 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.

Hydrogeological Report For

Salazar #3

RCVD NOV 25 'OB

Surface Formation:

OIL COMS. DIV.

San Jose Formation

DIST. 3

Regional and Local Geology

The Tertiary San Jose Formation is a fluvial and alluvial deposit of Eocene age and is the youngest bedrock unit of the Tertiary in the San Juan Basin (Baltz, 1967). The San Jose is the surface formation in most of the central basin, to the eastern margin of the basin. Where it is buried, it is unconformably overlain by Quaternary sediments. It rests on an erosional surface over the Tertiary Nacimiento Formation south of the Colorado-New Mexico state line, and lies over the Cretaceous-Tertiary Animas north of the state line (Fassett, 1974). The San Jose has been differentially eroded, deeply in places, and has produced a varied to rugged physiography and a thickness range of less than 200' in the south to nearly 2700' in the eastern part of the basin (Stone et al., 1983).

The San Jose has been subdivided into four members (Baltz, 1967) for the eastern region of the basin but they are not easily discernable in this area. Instead, the San Jose exhibits a (sometimes intertonguing) sandy, muddy, sandy, muddy sequence in ascending order where the sandy zones are consolidated and can be considered an aquifer in some areas. The sandy zones are conglomeratic sandstone with numerous thin beds of clay, shale and mudstone. They were deposited in fluvial and alluvial environments. Overlying each of the two sandy members are sandy- to silty-mudstones containing thin lenses of poorly consolidated sandstone, claystone, and an abundance of swelling clays (Stone et al., 1983). The muddy zones act as a confinement layer over each sand zone.

Hydraulic Properties

Tertiary and Quaternary hydrologic properties, regional flow patterns and water quality do not vary significantly from unit to unit. Where pumping levels and drilling depths are economically feasible and where water quality is suitable, the San Jose, Nacimiento and Animas Formations are a source of water for public-supply, commercial, private-domestic and livestock use. Water in the San Jose, Nacimiento and Animas Formations occurs under both water table and artesian conditions. Recharge to the aquifers is from infiltration of precipitation and stream flow on outcrops, and from vertical upward leakage of water from underlying strata (Levings et al., 1990). Rates of such leakage, however, are very low except in areas of intense fracturing (Stone et al., 1983).

The sandier zones of the San Jose Formation are less interconnected in the eastern-most portion of the basin than in the area of this well; and therefore, would be more laterally extensive (fewer limited compartments). Stone et al. (1983) reported that one of the sandier zones to the east may yield 30 to 60 gallons per minute, with specific capacity of 0.23 gpm per foot of drawdown at 1 hour of pumping. The zone will yield water suitable for livestock and industrial use. Stone et al. (1983) also reported that the aquifers of Tertiary rocks yield water that is characteristically high in ions of sodium and sulfate. The removal of iron may be required.

Hydrology & Conclusion

A records search of the NM Office of the State Engineer iWaters database was conducted in a 4-township area around the Salazar #3 well location, 25N 6W section 26. Six wells with depth to water records were identified: 80', 127', 400', 500', 500', and 730'. Topography is responsible for great varying depths to water in this area. Two wells in 24N 7W were found with depth to water at 400' and 500'. Both wells were within 20'-80' of the valley floor in Crow Canyon, which lies at the base of Crow Mesa in the Escrito Field. One well in 25N 7W was located on Cibolo Mesa; its depth to water is 730'. In 25N 6W, a well in section 3, located on Gonzales Mesa, measured a depth to water at 500'. In section 21, however, a

water well measured a depth to 80'. This well is located in Canyon Largo, a major, deep, ½ mile wide canyon/tributary. It is evident that shallower depths to water will be found where wells are lower in elevation, and closer to valley/canyon floors. In 24N 6W section 24, a water well measured depth to water at 127'. This well is located in Escrito Canyon, a 1/3 mile-wide canyon which drains into Canyon Largo, 100' lower in elevation. No water wells exist in section 26 25N 6W.

The Salazar #3 well site is located on a mesa, 100' higher than Gonzales Canyon to the north which drains into Canyon Largo to the west of the mesa and 200' lower in elevation than the Salazar #3. It can be concluded that depth to water in the Salazar #3 is well over 100'.

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BGT Closure Sampling Required by NMOCD Components Method

Components	Method	Limit
Benzene	EPA SW-846 8021B or 8260B	0.2 mg/Kg
BTEX	EPA SW-846 8021B or 8260B	50 mg/Kg
TPH	EPA SW-846 418.1	100 mg/Kg
Chlorides	EPA 300.1	250 mg/Kg