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 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 Oil & Gas Properties, Inc OGRID #: 22044
Address:1050 17 <sup>th</sup> Street, Suite 1800, Denver, CO 80265
Facility or well name: _FOSTER-FOSTER 2
API Number:30-039-06526 OCD Permit Number:
U/L or Qtr/Qtr _BSection17Township26NRange _7WCounty:RIO ARRIBA
Center of Proposed Design: Latitude 36.49237 N Longitude107.59416 W NAD: ⊠1927 □ 1983
Surface Owner:  Federal State Private Tribal Trust or Indian Allotment
2.
Pit: Subsection F or G of 19.15.17.11 NMAC
Temporary: Drilling Workover
Permanent Emergency Cavitation P&A
Lined Unlined Liner type: 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: P&A Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of
intent)
Drying Pad Above Ground Steel Tanks Haul-off Bins Other
Lined Unlined Liner type: Thicknessmil LLDPE HDPE PVC Other
□ Drying Pad □ Above Ground Steel Tanks □ Haul-off Bins □ Other □ Lined □ Unlined Liner type: Thickness □ mil □ LLDPE □ HDPE □ PVC □ Other □ RECEIVED □ RECEIVED
4. (FP 2008) 6
Subsection I of 19.15.17.11 NMAC   Water   Subsection I of 19.15.17.11 NMAC   Water   WS. DIV. DIST. 3
\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\
Tank Construction material:Galvanized  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: Thicknessmil
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.
quantum and managed and quantum and quantum and and a contract of the contract

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' Field Fence w/ top rail						
7.  Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)						
Screen Netting Other Wire Mesh	ļ					
Monthly inspections (If netting or screening is not physically feasible)						
8. Signs: Subsection C of 19.15.17.11 NMAC						
12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers						
☑ Signed in compliance with 19.15.3.103 NMAC						
9. Administrative Approvals and Exceptions:						
Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.						
Please check a box if one or more of the following is requested, if not leave blank:  Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau of the Santa Fe En	office for					
consideration of approval.  Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.						
10. Siting Cuitaria (vacanding poweritting), 10 15 17 10 NMAC						
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 acceptance.						
material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appro- office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a	pproval.					
Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to dryi above-grade tanks associated with a closed-loop system.	ng 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).	☐ Yes ☒ No					
- Topographic map; Visual inspection (certification) of the proposed site  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)  - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	⊠ 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	☐ 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 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.	☐ Yes ☒ No					
- Written confirmation or verification from the municipality; Written approval obtained from the municipality						
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.	☐ Yes ☒ No					
<ul> <li>Engineering measures incorporated into the design; NM Bureau of Geology &amp; Mineral Resources; USGS; NM Geological Society; Topographic map</li> </ul>	☐ Yes ☒ No☐ 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
Previously Approved Design (attach copy of design) API Number: or Permit Number:
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC  Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9  Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC  Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC  Previously Approved Design (attach copy of design) API Number:  Previously Approved Operating and Maintenance Plan API Number:  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 <sub>2</sub> S, Prevention Plan   Emergency Response Plan   Oil Field Waste Stream Characterization   Monitoring and Inspection Plan   Erosion Control Plan   Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
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

16. Waste Removal Closure For Closed-loop Systems That Utilize Above Groun Instructions: Please indentify the facility or facilities for the disposal of liquidifacilities are required.								
Disposal Facility Name:	Disposal Facility Permit Number:							
Disposal Facility Name:		sal Facility Permit Number:						
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?  Yes (If yes, please provide the information below) No								
Required for impacted areas which will not be used for future service and operations:  Soil Backfill and Cover Design Specifications based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC  Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC								
17. Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the provided below. Requests regarding changes to certain siting criteria may required an exception which must be submitted to the Santa Fe Environmen demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC	ne closure plan. Recommendations of acceptable sour uire administrative approval from the appropriate distr tal Bureau office for consideration of approval. Justi,	ict 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; D	ata 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; D	ata 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 significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).  - Topographic map; Visual inspection (certification) of the proposed site								
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								
Within 500 horizontal feet of a private, domestic fresh water well or spring that l watering purposes, or within 1000 horizontal feet of any other fresh water well o  - NM Office of the State Engineer - iWATERS database; Visual inspectio	r spring, in existence at the time of initial application.	☐ Yes ☐ No						
Within incorporated municipal boundaries or within a defined municipal fresh w adopted pursuant to NMSA 1978, Section 3-27-3, as amended.  - Written confirmation or verification from the municipality; Written appr		Yes No						
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Vi	sual 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-Mine.	ing and Mineral Division	Yes No						
<ul> <li>Within an unstable area.</li> <li>Engineering measures incorporated into the design; NM Bureau of Geole Society; Topographic map</li> </ul>	ogy & Mineral Resources; USGS; NM Geological	☐ Yes ☐ No						
Within a 100-year floodplain FEMA map								
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of by a check mark in the box, that the documents are attached.  Siting Criteria Compliance Demonstrations - based upon the appropriate requirements Construction/Design Plan of Burial Trench (if applicable) based upon the Construction/Design Plan of Temporary Pit (for in-place burial of a drying Protocols and Procedures - based upon the appropriate requirements of 19 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements Disposal Facility Name and Permit Number (for liquids, drilling fluids an 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 Subsections.	requirements of 19.15.17.10 NMAC of Subsection F of 19.15.17.13 NMAC appropriate requirements of 19.15.17.11 NMAC g pad) - based upon the appropriate requirements of 19. 15.17.13 NMAC requirements of Subsection F of 19.15.17.13 NMAC of Subsection F of 19.15.17.13 NMAC d drill cuttings or in case on-site closure standards cann on H of 19.15.17.13 NMAC on I 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	
Signature: Date: 9-10-08	
e-mail address:/_DebbyP@McElvain.com	
20. OCD Approval: Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment) OCD Representative Signature:  Deputy Oil & Gas Inspector, Title:  District #3 OCD Permit Number:	
21. <u>Closure Report (required within 60 days of closure completion)</u> : 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 is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.  Closure Completion Date:	port.
22. Closure Method: Waste Excavation and Removal On-Site Closure Method Alternative Closure Method Waste Removal (Closed-loop systems or If different from approved plan, please explain.	ly)
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 mor two facilities were utilized.  Disposal Facility Name:  Disposal Facility Permit Number:  Disposal Facility Permit Number:  Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?  Yes (If yes, please demonstrate compliance to the items below)  No  Required for impacted areas which will not be used for future service and operations:  Site Reclamation (Photo Documentation)  Soil Backfilling and Cover Installation  Re-vegetation Application Rates and Seeding Technique	
Closure Report Attachment Checklist: Instructions: Each of the following items must be attached to the closure report. Please indicate, by a chemark in the box, that the documents are attached.  Proof of Closure Notice (surface owner and division)  Proof of Deed Notice (required for on-site closure)  Plot Plan (for on-site closures and temporary pits)  Confirmation Sampling Analytical Results (if applicable)  Waste Material Sampling Analytical Results (required for on-site closure)  Disposal Facility Name and Permit Number  Soil Backfilling and Cover Installation  Re-vegetation Application Rates and Seeding Technique  Site Reclamation (Photo Documentation)  On-site Closure Location: Latitude  Longitude  NAD: 1927 1983	eck
25. Onewater Classica Contifications	
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:	
a mail address: Telenhone:	1

### OIL CONSERVATION COMMISSION

Operator	Lease		Foster#2 Well No.
of Producing For	mation Pictured Cli	lffs Poo	ol South Blanco
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	Name Positi	ion_Accounter	
	Repre	senting H K	Riddle
	Addre	SP. O. Box 8	85, Albuquerque,

(over)

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

	Town	ship:	26N Rai	nge:	07W	Sections:					
	NAD27	X:	7	Y:		Zone:			Search Radiu	s:	
County:	m m	<b>a</b>	Basin:			-		Num	ber:	Suffix:	
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			Cle	ar F	ormes e	· WATER:	S <sub>r</sub> Mer	<u>ju</u>	Help		

### WATER COLUMN REPORT 08/29/2008

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

	(quarter	s are b	igges	t to	smallest	:)		Depth	Depth	Water (i	Ln
POD Number	Tws	Rng Se	cqq	đ	Zone	x	Y	Well	Water	Column	
SJ 02409	26N	07W 01	1 2	2				700	400	300	
SJ_02402_	26N	07W 05	3 3	2				36	18	18	
SJ 00071	26N	07W 15	4 1	2				365	26	339	
SJ 00070	26N	07W 15	4 2	3				335	22	313	
SJ 02406	26N	07W 30	3 2	1				280	180	100	

Record Count: 5

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

			_								
Tov	vnship: 2	6N Range:	08W	Sections	:[	er en		• -	1		
NAD27	7 X:	Y:		Zone:			Searc	h Radius	s: <sup>*</sup>		
County:		Basin:				Num	ber:	_ ]	Suffix:		
Owner Name: (F	irst)	MANAGEM TO AN AND	(Last)			<u>.</u> ©]	Non-D	omestic	@ Dom	estic 💿	All
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SJ 02405 SJ 02411	26N 26N							6000	100	80	
SJ 02407	26N		4 1					2200			

Record Count: 3

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

Towns	hip: 26N	Range: 07W	Sections: 7	8,9,16,17,18,19,20,21		
NAD27	X:	Y:	Zone:	Search Radius:		
County:	Bas:	in: SJ(San Juan)	E	Number: Suffix:		
Owner Name: (First		(Last)	. <del>.</del> .	<sup>③</sup> Non-Domestic <sup>③</sup> Domestic <sup>③</sup> All		
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### WATER COLUMN REPORT 08/25/2008

(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are biggest to smallest) Tws Rng Sec q q q Zone X

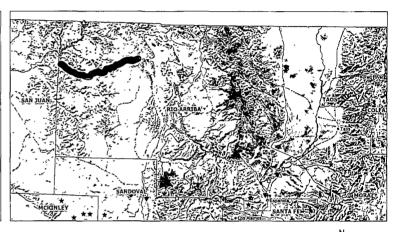
Depth Depth Water (in Y Well Water Column

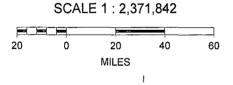
No Records found, try again

POD Number

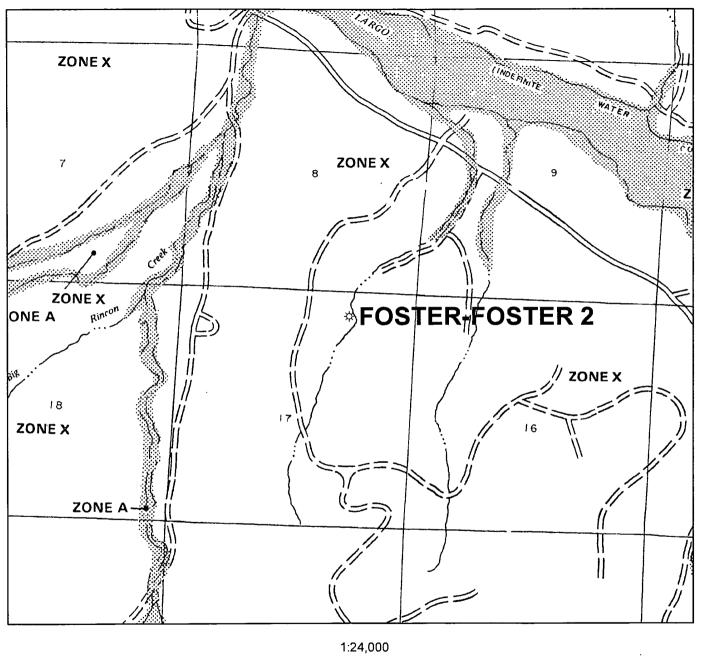
## Rio Arriba Mines, Mills And Quarries Web Map

Minos Mill	la 8 Ouganiae Commodity Croune
INTITIES, IVIIII	ls & Quarries Commodity Groups
Δ	Aggregate & Stone Mines
•	Coal Mines
*	Industrial Minerals Mines
•	Industrial Minerals Mills
◪	Metal Mines and Mill Concentrate
	Potash Mines & Refineries
2	Smelters & Refinery Ops.
*	Uranium Mines



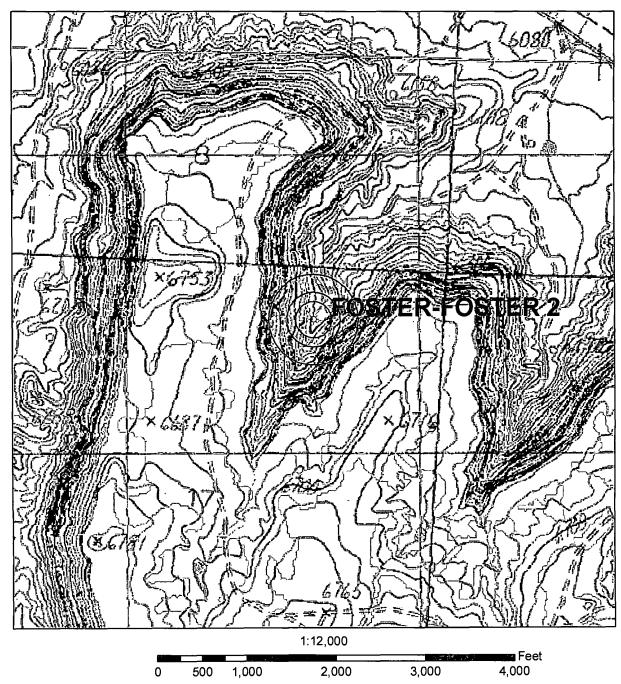






NATIONAL FLOOD INSURANCE PROGRAM FIRM FLOOD INSURANCE RATE MAP RIO ARRIBA COUNTY, **NEW MEXICO UNINCORPORATED AREAS** PANEL 525 OF 1325 (SEE MAP INDEX FOR PANELS NOT PRINTED) PANEL LOCATION COMMUNITY-PANEL NUMBER 350049 0525 B EFFECTIVE DATE: JANUARY 5, 1989 Federal Emergency Management Agency

0 1,050 2,100 4,200 6,300 8,400



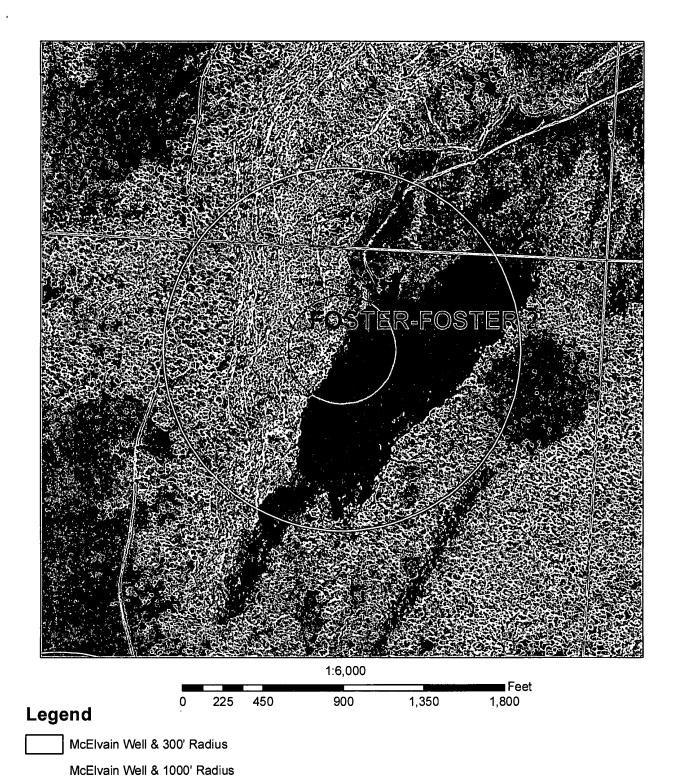
### Legend

McElvain Well & 200' Radius

McElvain Well & 300' Radius

McElvain Well & 500' Radius

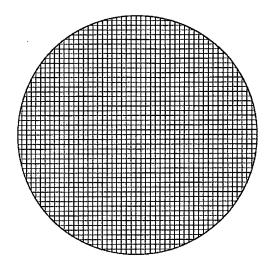
Source: USGS 1:24,000 Scale Topographic Map Series San Juan Basin New Mexico Township 26N 7W Section 17

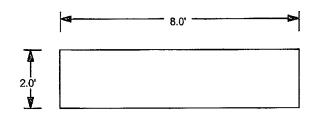


Aerial Source: NM Resource Geographic Information System Program made available by the Univeristy of New Mexico and the State of New Mexico 2005-2006 vintage Digital Orthophoto Quarter-Quadrangles were derived from the New Mexico Statewide Orthophotography Project.

Source imagery flown at 35,000' above average ground.

San Juan Basin New Mexico Township 26N 7W Section 17





Foster-Foster #2



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

9-5-2008

### **Siting Criteria Compliance Demonstrations**

The Foster-Foster #2 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) Foster-Foster #2 well located in the NWNE of Sec 17, T26N, R7W.

### **As-built Installation:**

- 1. The existing tank pit consists of an approximate 10 foot by 10 foot by 2 foot earth walld hole into which a 8 foot by 2 foot, single wall, galvanized metal, 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 with a top rail.

# 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 Foster-Foster #2 well located in the NWNE of Sec 17, T26N, R7W.

### 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 Foster-Foster #2 well located in the NWNE of Sec 17, T26N, R7W.

### **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

RCVD NOV 26 'OB

### Foster-Foster #2

OIL CONS. DIV.

Surface Formation:

DIST. 3

Nacimiento Formation

### Regional and Local Geology

The Tertiary Nacimiento Formation is a fluvial deposit of Paleocene age (Baltz, 1967). The Nacimiento is present at the surface in a wide swath inside the western margin of the basin from the Colorado-New Mexico state line to the south where the exposure area thins along the southern margin of the basin towards the town of Cuba, NM. From Cuba and north along the eastern margin of the basin, the Nacimiento is present at the surface as a very thin outcrop along the Nacimiento Uplift.

Much of the Nacimiento consists of shale, siltstone, and to a lesser extent limited fine- to medium-grained sandstone similar to the Cretaceous rocks of nearby regions and presumably derived by erosion from these rocks (Baltz, 1967). The Nacimiento is mainly composed of beds of clays and silts deposited in a low energy environment such as still or slowly moving water (Brimhall, 1973) or in lake-settings (Fassett, 1974). The Nacimiento's sandstone units were deposited in an environment of small, localized stream beds. Most of the sandstones extend only a few thousand feet. The Nacimiento is a non-resistant unit and typically erodes to low, rounded hills or forms badlands topography (Craigg, 2001). The mudstones display popcorn weathering, characteristic of swelling clays. The slope-forming sediments are made up of poorly-consolidated sandstone, instead of shale as previously thought, possibly attributing a greater percentage of sand to the formation than previously considered (Stone et al., 1983).

The Nacimiento conformably overlies and intertongues with the Tertiary Ojo Alamo Formation in this area. Where buried, the contact of the Nacimiento with the overlying Tertiary San Jose Formation is an erosional and angular unconformity (Fassett, 1974).

#### 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).

Nacimiento and Animas sandstone "aquifers" are neither generally continuous over large distances nor do they all crop out. They grade laterally into clays and silts (Brimhall, 1973). Transmissivity for the San Jose, Nacimiento and Animas Formations is minimal. A low yield (10 gallons per minute or less) can be expected for Nacimiento and Animas Formations. However, these formations may have relatively high transmissivities in areas of small extent (Stone et al., 1983). Reported or measured discharge from 79 water wells completed in the the San Jose, Nacimiento and/or Animas Formations ranges from 1-61 gallon per minute, median 6 gpm. The specific capacity of 12 of these 79 tests ranges from 0.03 to 2.30 gpm per foot of drawdown (Levings et al., 1990). The aquifers of Tertiary rocks yield water that is characteristically high in ions of sodium and sulfate. The removal of iron may be required (Stone et al., 1983).

### Hydrology & Conclusion

A records search of the NM Office of the State Engineer iWaters database was conducted in the 2 townships around the Foster-Foster #2 well location, 26N 7W section 17. Six wells with depth to water

records were identified: 18', 22', 26', 180', 400' and 730'. Topography is responsible for greatly varying depths to water in this area. Two wells were located in 26N 7W s. 15 within Canyon Largo. Their depths to water were 22' and 26'. A well in 26N 7W s. 5 found in the middle of Canyon Largo measured a depth to water at 18'. A well in 26N 7W s. 30 was located in Big Rincon canyon which drains into Canyon Largo 100' lower in elevation. Depth to water in this well is 180'. A well was located in 26N 7W s. 1, 300' above Canyon Largo in Palluche Canyon, a broad drainage system that drains into the very narrow and steep Little Palluche Canyon and then into Canyon Largo. The depth to water in this well is 400'. The sixth well was located in 25N 7W s. 12. It is on Cibolo Mesa and measures depth to water at 730'. It is evident that shallower depths to water will be found where wells are lower in elevation, and closer to valley/canyon floors. No water wells exist in section 17 26N 7W.

The Foster-Foster #2 well site is located on the edge of Smouse Mesa, 150' above Canyon Largo. It can be concluded that depth to water in the Foster-Foster #2 is over 100'.

#### References

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BGT Closure Sampling Required by NMOCD

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