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.

626

Art - my

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 gove	
Operator:McElvain Oil & Gas Properties, IncOGRID #:	22044
Address:1050 17 th Street, Suite 1800, Denver, CO 80265	
Facility or well name: _Bear 20 #1	
API Number:30-039-26520 OCD Permit Number:	
U/L or Qtr/Qtr ASection20 Township26N Range _2W County:Rio A	rriba
Center of Proposed Design: Latitude36 47555 N Longitude107.06721W	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	er
String-Reinforced	
Liner Seams: Welded Factory Other Volume: bbl	Dimensions: Lx Wx 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 intent)	n require prior approval of a permit or notice of
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other	24567
☐ Lined ☐ Unlined Liner type: Thickness mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ C	Other A
Liner Seams: Welded Factory Other	RECEIVED 3
4. Below-grade tank: Subsection I of 19.15.17.11 NMAC	782 SEP 2008
Volume: 95 bbl Type of fluid: Oil & Water	OIL CONS. DIV. DIST. 3
Tank Construction material: Steel	/20/
Secondary containment with leak detection Visible sidewalls, liner, 6-inch lift and automatic over	flow shut-off
,,	
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other	
□ Visible sidewalls and liner ☑ Visible sidewalls only □ Other Liner type: Thickness mil □ HDPE □ PVC □ Other	

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

6.							
Fencing: Subsection D of 19.15.17.11 NMAC (Applies to permanent pits, temporary pits, and below-grade tanks)							
Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school, hospital, institution or church)							
Four foot height, four strands of barbed wire evenly spaced between one and four feet							
Alternate. Please specify 4 " Hog wire w/ top rail = 4'							
7.							
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)							
Screen Netting Other_Expanded Metal							
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	office for						
consideration of approval. Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.							
10.							
Siting Criteria (regarding permitting): 19.15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.							
Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to dryit 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 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	L TES Z 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 19.15.17.11 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC Previously Approved Design (attach copy of design) API Number: or Permit Number:
12.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9 Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number:
☐ Previously Approved Operating and Maintenance Plan API Number: (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)
13.
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

Form C-144 Oil Conservation Division Page 3 of 5

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Instructions: Please indentify the facility or facilities for the disposal of liquids, drillifacilities are required.						
Disposal Facility Name: Disp	osal Facility Permit Number:					
	osal 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 I of Site Reclamation Plan - based upon the appropriate requirements of Subsection G	19.15.17.13 NMAC					
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 provided below. Requests regarding changes to certain siting criteria may require addressidered an exception which must be submitted to the Santa Fe Environmental Bur demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidence of the santa feet of th	ninistrative approval from the appropriate distr eau office for consideration of approval. Justij	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; Data obta	ained 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 obta	ained from nearby wells	Yes No				
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 significal lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	ant watercourse or lakebed, sinkhole, or playa	Yes No				
Within 300 feet from a permanent residence, school, hospital, institution, or church in ex- Visual inspection (certification) of the proposed site; Aerial photo; Satellite images		☐ 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						
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						
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Visual ins	pection (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						
Within a 100-year floodplain. - FEMA map Yes □ No						
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the followard check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of Subsection I of Surface Owner Notice - based upon the appropriate requirements of Subsection Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection Protocols and Procedures - based upon the appropriate requirements of a drying pad) - Protocols and Procedures - based upon the appropriate requirements of 19.15.17.1 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection Soil Cover Design - based upon the appropriate requirements of Subsection H of Re-vegetation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection Grant Subsection Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate requirements of Subsection I of Site Reclamation Plan - based upon the appropriate req	nents of 19.15.17.10 NMAC section F of 19.15.17.13 NMAC riate requirements of 19.15.17.11 NMAC based upon the appropriate requirements of 19.1 3 NMAC nents of Subsection F of 19.15.17.13 NMAC ection F of 19.15.17.13 NMAC uttings or in case on-site closure standards cannot 19.15.17.13 NMAC 19.15.17.13 NMAC	5.17.11 NMAC				

Form C-144 Oil Conservation Division Page 4 of 5

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: Date: 9-3-08
e-mail address:DebbyP@McElvain.com Telephone:303-893-0933
20. OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment) OCD Representative Signature: Title: OCD Permit Number:
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed. Closure Completion Date:
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 than two facilities were utilized. Disposal Facility Name: Disposal Facility Permit Number:
Closure Report Attachment Checklist: Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached. Proof of Closure Notice (surface owner and division) Proof of Deed Notice (required for on-site closure) Plot Plan (for on-site closures and temporary pits) Confirmation Sampling Analytical Results (if applicable) Waste Material Sampling Analytical Results (required for on-site closure) Disposal Facility Name and Permit Number Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique Site Reclamation (Photo Documentation) On-site Closure Location: Latitude
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:

District I - PO Box' 1980, Hobbs. NM 88241-1980

District II PO Drawer DD, Artesia, NM 88211-0719

District III 1000 Rio Brazos Rd., Aztec, NM 87410

District IV PO Box 2088, Santa Fe. NM 87504-2088 State of New Mexico Energy, Minerals & Natural Resources Depart

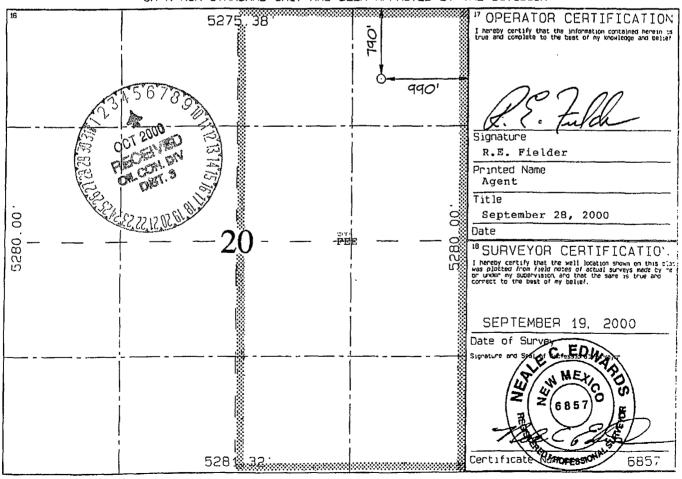
OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088 Form C-:02
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

24	API Numbe	765Z		Pool Code Pool Name 71599 BASIN DAKOTA						
$\mathbb{C}\mathcal{D}$	371	6656	0	A 1939 BASIN DAKOTA						
Property	Code	T	Property Name							
267	16	İ	BEAR 20							
'OGRIO I	No.				*Operato	r Name			• 6	levation
22044				McELVAIN OIL & GAS PROPERTIES 7275						7275
¹⁰ Surface Location										
UL or lot no.	Sect 10h	Township	Range	Range Lot Ion Feet from the North/South line Feet from the East/Wes				st lina	County	
А	20	26N	2M		790	NORTH	990	EAS	ST	RIO ARRIBA
		11 B	ottom	Hole L	ocation I	f Different	From Surf	ace		
UL or lot no.	Section	Township	Range	Lot Ich Feet from the North/South line Feet from the East/West		t line	County			
				-						
12 Oedicated Acres		13 Joint or Inf	111 14 Cons	olidation Cods	15 Order No.					
320		Y								
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED										

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



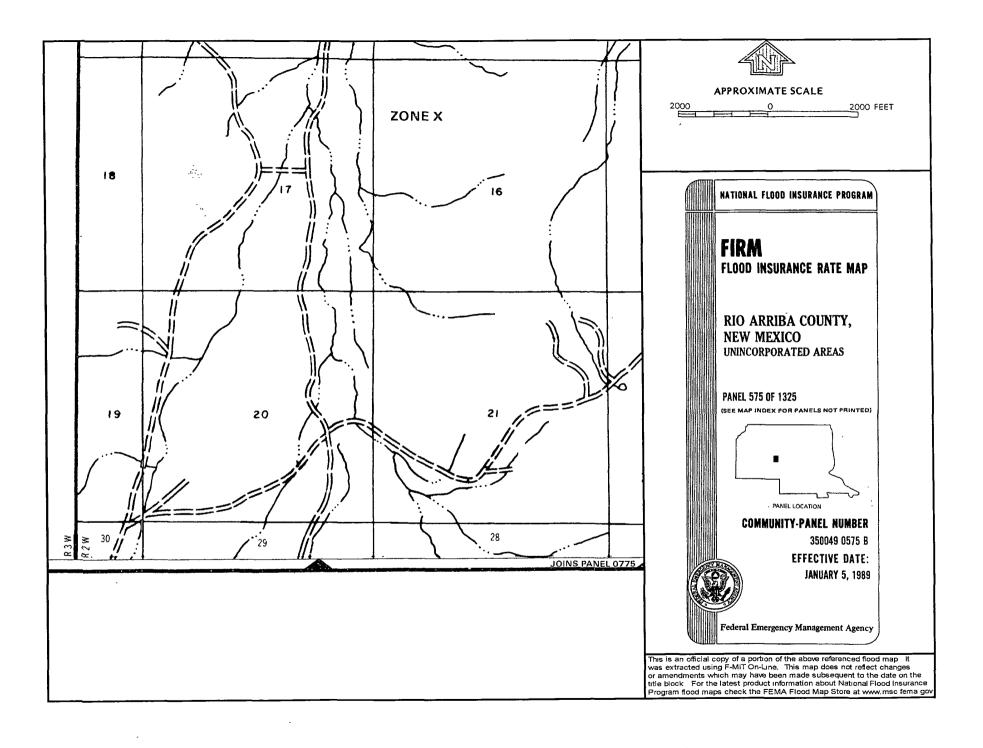
New Mexico Office of the State Engineer POD Reports and Downloads

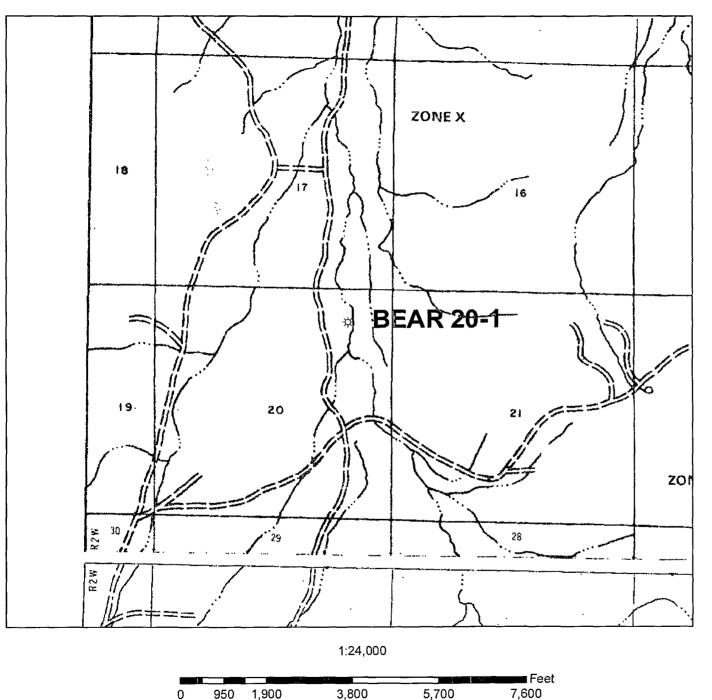
Township: 26N Range: 02W Sections:
NAD27 X: Y: Zone: Search Radius:
County: Basin: Number: Suffix:
Owner Name: (First) (Last) O Non-Domestic O Domestic O All
POD//Surface/Data/Report // Avg Depth(to/Water/Report // Water/Column/Report //
Cear Form : WATERS Menu !! Iften

WATER COLUMN REPORT 07/29/2008

	(quarter	s are	e 1=1	NW	2=	NE	3=SW 4=S	E)					
	(quarter	s are	e bi	gge	est	: to	smalles	t)		Depth	Depth	Water	(in feet)
POD Number	Tws	Rng	Sec	q	q	q	Zone	х	Y	Well	Water	Column	
SJ 02963	26N	02W	02	3	3	2				1300			
SJ 03102	26N	02W	04	1	4	1				630	210	420	
SJ 02842	26N	02W	10	4	1	1				7603			
SJ 02889	26N	02W	12	3	3					7658			
SJ 03489	26N	02W	14	2	2	2				600			
SJ 02449	26N	02W	21	4	1	4				605	350	255	
SJ 02101	26N	02W	22	1	4	4				600	150	450	
SJ 03425	26N	02W	22	4	1.	4				1500			
SJ 00419	26N	02W	22	4	4	1				160	15	145	
SJ 02964	26N	02W	23	1	2	2				342	150	192	
SJ 02905	26N	02W	24	3	3	3				500	180	320	

Record Count: 11

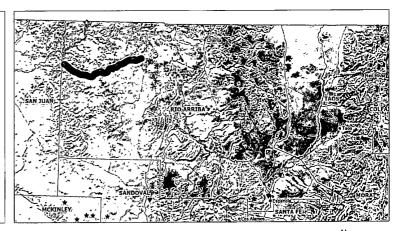


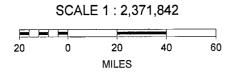


NATIONAL FLOOD INSURANCE PROGRAM FIRM FLOOD INSURANCE RATE MAP RIO ARRIBA COUNTY, **NEW MEXICO** UNINCORPORATED AREAS PANEL 575 OF 1325 (SEE MAP INDEX FOR PANELS NOT PRINTED) • FANEL LOCATION COMMUNITY-PANEL NUMBER 350049 0575 B EFFECTIVE DATE: JANUARY 5, 1989 Federal Emergency Management Agency

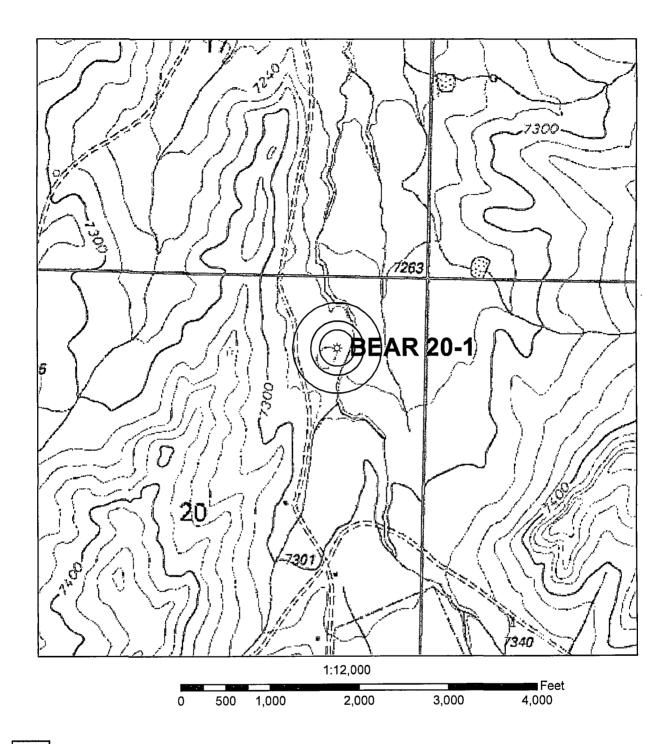
Rio Arriba Mines, Mills And Quarries Web Map

	The state of the s					
Mines, Mills & Quarries Commodity Groups						
Δ	Aggregate & Stone Mines					
•	Coal Mines					
*	Industrial Minerals Mines					
•	Industrial Minerals Mills					
	Metal Mines and Mill Concentrate					
	Potash Mines & Refineries					
3	Smelters & Refinery Ops.					
*	Hranium Mines					







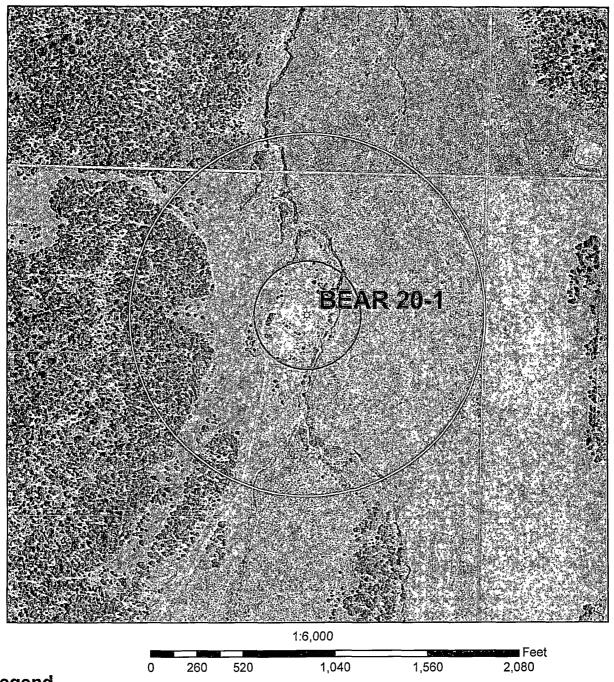


McElvain Well & 200' Radius

McElvain Well & 300' Radius

McElvain Well & 500' Radius

Source: USGS 1:24,000 Scale Topographic Map Series San Juan Basin New Mexico Township 26N 2W Section 20



Legend

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 26N 2W Section 20

Siting Criteria Compliance Demonstrations

The Bear Com 20-1 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) Bear Com 20-1 well located in the NENE of Sec 20, T26N, 2W.

As-built Installation:

- 1. The existing tank pit consists of an approximate 15 foot by 5 foot earth walled 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 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 Bear Com 20-1 well located in the NENE of Sec 20, T26N, 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

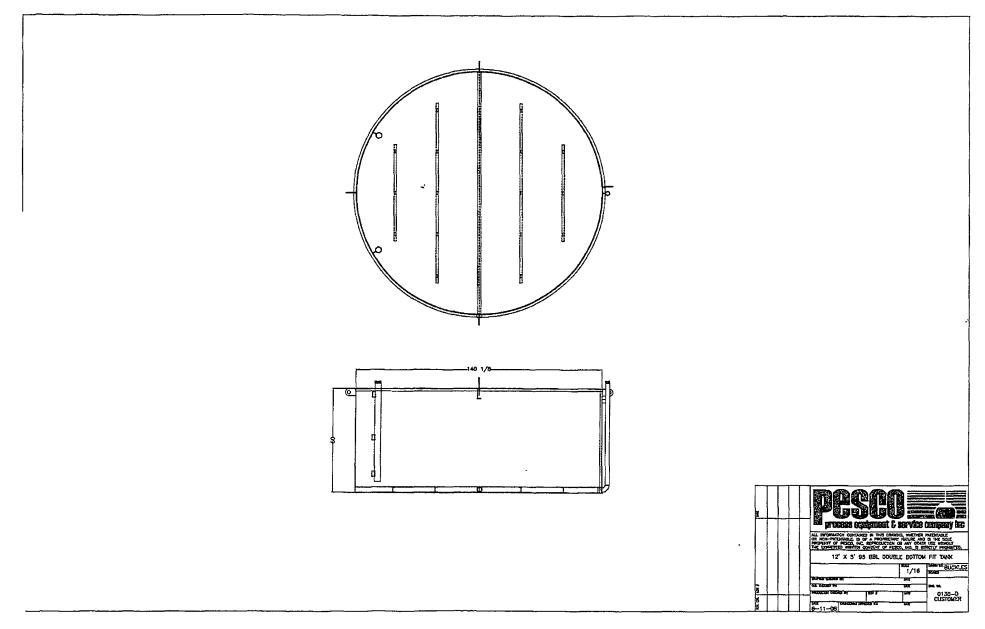
In accordance with Rule 19.15.17.1 NMAC the following procedure describes the closure plan for the McElvain Oil & Gas Properties, Inc (MOG) below grade tank on the Bear Com 20-1 well located in the NENE of Sec 20, T26N, 2W.

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
- 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.



Bear 20 #1

McElvain Oil & Gas Properties, Inc.

Hydrogeological Report For

Bear Com 20 #1

Surface Formation:

San Jose Formation

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 San Juan 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).

Baltz (1967) subdivided the San Jose Formation into four members. In the area of this well, the lower third to half of the formation is made up of the Cuba Mesa Member, a conglomeratic arkosic sandstone containing lenticular shales and pebbles of volcanic rock in places. The Cuba Mesa Member is thought to have been deposited by streams flowing to the west and southwest from highlands east and northeast of the present basin boundary, composed of granite and metamorphic rocks of Precambrian age (Baltz, 1967).

The Llaves Member overlies the Cuba Mesa Member and contains massive beds of resistant arkosic conglomeratic sandstone, and numerous thin beds of clay, shale and mudstone. The Llaves Member is thought to be a large, narrow northwest-trending fan deposited in the deepest part of the central basin by streams flowing northwestward from a Precambrian terrain in the position of the present Brazos and Sangre de Cristo uplifts (Baltz, 1967). The Llaves Member inter-tongues and grades into the Regina Member where present, but is not present at this location.

In this location, the Tapacitos Member lies above a persistent sandstone in the Llaves Member (Baltz, 1967). The Tapacitos is a silty to sandy mudstone containing interbedded, thin, poorly-consolidated sandstone, claystone, and an abundance of swelling clays (Stone et al., 1983) which would act as an aquitard to the underlying Llaves and Cuba Mesa Members.

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).

Because of their lithology, the better-qualifying zones in the San Jose Formation would be the Cuba Mesa and Llaves Members. Cuba Mesa wells may yield 30 to 60 gallons per minute (gpm). Specific capacity of one well described is 0.23 gpm per foot of drawdown at 1 hour of pumping. The Cuba Mesa aquifer of the San Jose will yield water suitable for livestock and industrial use. 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 around the area centered on the section in which lies the Bear Com 20 #1 well location, 26N 2W section 20. One well with depth to water was recorded at 350°. This well is in a separate tributary and quite higher in elevation. Topography accounts for a broad range of water depths in this region. Further iWaters searching finds one water well, in 25N 2W s. 4, measured 100° depth to water. This well lies 40° above the primary tributary/valley floor. A well in 25N 2W s. 10, located on the valley floor, recorded a depth to water of 60°, as well. We can then expect to find depth to water in wells on the valley floor in the area to be 60°. The Bear Com 20 #1 is located 20° above the valley floor. It can be concluded that depth to water at the Bear Com 20 #1 location is 80°.

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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