<u>District I</u>
1625 N. French Dr., Hobbs, NM 88240
<u>District II</u>
1301 W. Grand Avenue, Artesia, NM 88210
<u>District III</u>
1000 Rio Brazos Road, Aztec, NM 87410
<u>District IV</u>
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.

Operator:wicElvain Oil & Gas Properties, Inc OGRID #:22044
Address:1050 17 th Street , Suite 1800, Denver, CO 80265
Facility or well name: _CARROLL CORNELL 5R
API Number:30-045-22640 OCD Permit Number:
U/L or Qtr/Qtr _A Section13 Township29N Range12W County:SAN JUAN
Center of Proposed Design: Latitude36 43.869 N Longitude108 02.709 W NAD: ☑1927 ☐ 1983
Surface Owner: ☐ Federal ☐ State ☐ 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
Liner Seams: Welded Factory Other
/S RECEIVED 2
Subsection I of 19.15.17.11 NMAC Subsection I o
Volume:80bbl Type of fluid:Oil & Water
A.
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

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, hospital, institution or church) Four foot height, four strands of barbed wire evenly spaced between one and four feet Alternate. Please specify					
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks) Screen Netting Other_Nylon Mesh_ 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					
Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance. Please check a box if one or more of the following is requested, if not leave blank: Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau consideration of approval. Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	office for				
Siting Criteria (regarding permitting): 19.15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.					
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ⊠ No				
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other 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. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☑ NA				
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to permanent pits)	☐ Yes ☐ No ☑ NA				
 Visual inspection (certification) of the proposed site; Aerial photo; Satellite image Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site 	☐ 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					

11.							
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. 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 H₂S, Prevention Plan □ Emergency Response Plan □ Oil Field Waste Stream Characterization □ Monitoring and Inspection Plan □ Erosion Control Plan □ Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC 							
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 Steel Tanks or Haul-off Bins Only: (19.15.17.13.1 Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if facilities are required.					
Disposal Facility Name: Disposal Facility Permit Number:					
Disposal Facility Name: Disposal 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 G of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G 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 closure plan. Recommendations of acceptable sour provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate dist considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justidemonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.	rict office or may be				
Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	Yes No				
Ground water is between 50 and 100 feet below the bottom of the buried waste NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA				
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	Yes No				
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No				
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No				
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	☐ Yes ☐ No				
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	Yes No				
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No				
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No				
 Within an unstable area. Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map 	☐ Yes ☐ No				
Within a 100-year floodplain FEMA map	☐ Yes ☐ No				
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Proof of Surface Owner Notice - based upon the appropriate requirements of 19.15.17.13 NMAC Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19. Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cann Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	15.17.11 NMAC				

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 /2008_					
e-mail address:DebbyP@McElvain.com					
OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment) OCD Representative Signature: Approval Date: 4/24/2012 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:					
22. 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: Disposal Facility Permit Number:					
Disposal Facility Name: Disposal Facility Permit Number: Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations? Yes (If yes, please demonstrate compliance to the items below) \[\Boxed{\subset} No					
Required for impacted areas which will not be used for future service and operations: Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique					
24. 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					
25. 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:					

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102 Supersedes C-128 Effective 1-1-65

All-distances must be from the outer boundaries of the Section. Operator Lease Well No. Producing Royalties, Carroll-Cornell Unit Letter Township Range County 29 North 12 West San Juan Actual Footage Location of Well: 790 North 970 feet from the East line and fèet from the lino Ground Level Elev. Producing Formation Dedicated Acreage: Pictured Cliffs Fulcher Kutz 5686 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc? If answer is "yes," type of consolidation __ If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.). No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission. CERTIFICATION I hereby certify that the information contained herein is true and complete to the. my knowledge and belief. Paul L. Payne, Jr. Position President Producing Royalties, Inc. SEC. 13 ELINEON N. ECHOLI Date Surveyed April 9, 1976 Registered Professional Engineer and/or Land Surveyor E.V. Echohawk LS

2000

1500

1000

500

1320 1650

1980 2310

2640

New Mexico Office of the State Engineer POD Reports and Downloads

Township: 29N Range: 12W Sections: 11,12,13,14,23,24 NAD27 X: Y: Zone: Search Radius: Basin: SJ(San Juan) Suffix: County: Number: Owner Name: (First) Non-Domestic Domestic All (Last) Avg Depth to Water Report Water Column Report POD / Surface Data Report Clear Form ,⊮iWATERS,Menu,⊷, Help

WATER COLUMN REPORT 08/25/2008

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

	(quarter	s are	big	gge	st t	o smallest)			Depth	Depth	Water (in
POD Number	Tws	Rng	Sec	q	g g	Zone	X	Y	Well	Water	Column
SJ 03410	29N	12W	11	3	3 4				75		
SJ 00548	29N	12W	14	1	1				180	60	120
SJ 03414	29N	12W	14	1	1 2	26526	6	2086208	25		
SJ 01597	29N	12W	24	3	2				40	15	25
SJ_02555	29N	12W	24	3	3				21	6	15
SJ 00400	29N	12W	24	3	4				83	35	48
SJ 03735 POD1	29N	12W	24	3	4 1				100	15	85
SJ 03507	29N	12W	24	3	4 1				60		
SJ 03786 POD1	29N	12W	24	3	4 1	26581	9	2077065	35	11	24

Record Count: 9

New Mexico Office of the State Engineer POD Reports and Downloads

Township: 29N Range: 11W Sections: 7,18,19 NAD27 X: Y: Zone: Search Radius: County: Basin: SJ(San Juan) Number: Suffix: Owner Name: (First) ONon-Domestic ODomestic OAll (Last) Avg Depth to Water Report POD / Surface Data Report Clear Form iWATERS Menu Hèlp.

WATER COLUMN REPORT 08/25/2008

(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are biggest to smallest) Depth Depth Water (in POD Number Well Water Column Tws Rng Sec q q q Zone X Y SJ 00867 77 22 29N 11W 07 4 55 4 1 40 SJ 01302 29N 11W 07 250 210 SJ 01891 11W 07 4 1 3 157 29N 65 SJ 01641 29N 11W 19 2 2 3 120 55 21 SJ 02026 29N 11W 19 3 1 440000 2077700 27 6 SJ 02970 29N 11W 19 4 3 2 100 18 82 60 20 40 SJ 01250 29N 11W 19

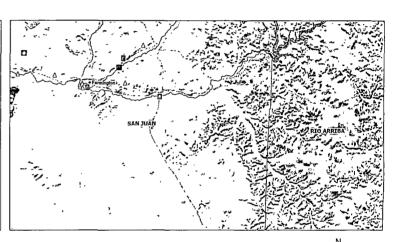
Record Count: 7

Siting Criteria Compliance Demonstrations

The Carroll Cornell #5R 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.

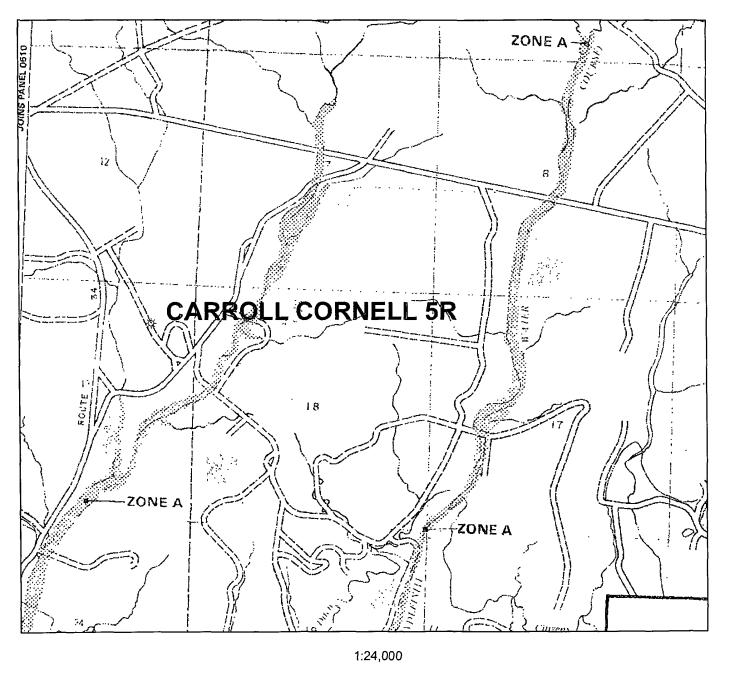
San Juan Mines, Mills And Quarries Web Map

Mines, Mills & Quarries Commodity Groups						
Δ	Aggregate & Stone Mines					
•	Coal Mines					
*	Industrial Minerals Mines					
❖	Industrial Minerals Mills					
Ø	Metal Mines and Mill Concentrate					
□	Potash Mines & Refineries					
	Smelters & Refinery Ops.					
*	Ilranium Mines					



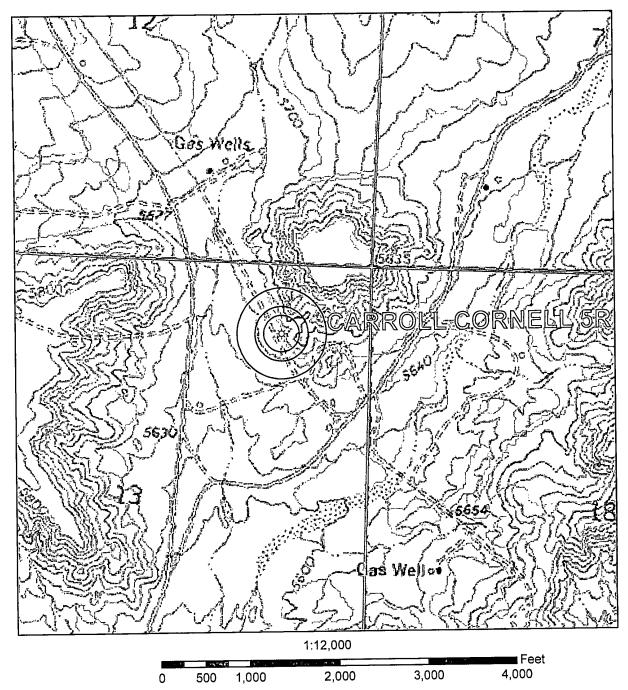






NATIONAL FLOOD INSURANCE PROGRAM FIRM FLOOD INSURANCE RATE MAP SAN JUAN COUNTY, **NEW MEXICO.** UNINCORPORATED AREAS PANEL 550 OF 1450 (SEE MAP INDEX FOR PANELS NOT PRINTED) 5] PARIEL LOCATION COMMUNITY-PANEL NUMBER 350064 0550 B EFFECTIVE DATE: **AUGUST 4, 1988** Federal Emergency Management Agency

0 950 1,900 3,800 5,700 7,600



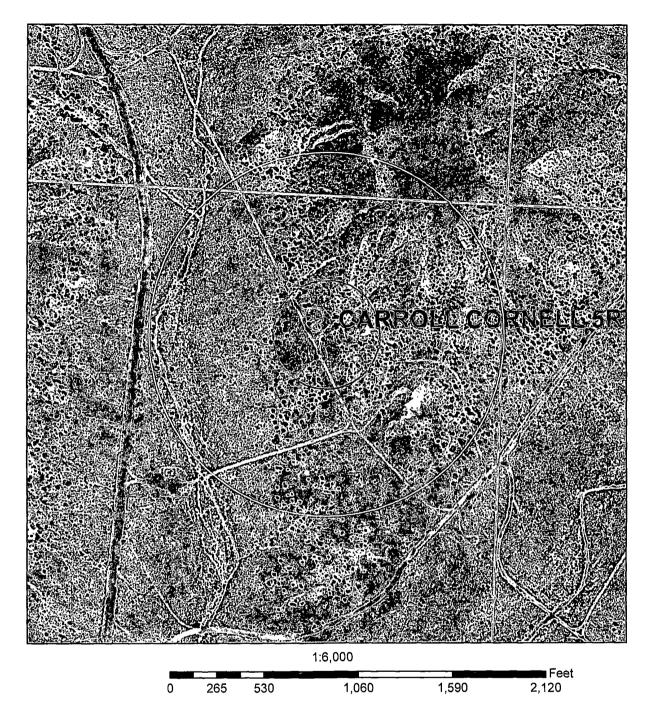
Legend

McElvain Well & 200' Radius

McElvain Well & 300' Radius

McElvain Well & 500' Radius

Source: USGS 1:24,000 Scale Topographic Map Series San Juan Basin New Mexico Township 29N 12W Section 13



Legend

McElvain Well & 300' Radius

McElvain Well & 1000' Radius

Aerial Source: NM Resource Geographic Information System Program made available by the University 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 29N 12W Section 13

Siting Criteria Compliance Demonstrations

The Carroll Cornell #5R 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) Carroll Cornell #5R well located in the NENE of Sec 13, T29N, 12W.

As-built Installation:

- 1. The existing tank pit consists of an approximate 12 foot by 12 foot earth walled hole into which a 8 foot by 5 foot 80 bbl fiberglass tank is installed.
- 2. The tank walls are closed.
- 3. There is a nylon meshed 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 6 foot chain link 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 Carroll Cornell #5R well located in the NENE of Sec 12, T29N, 12W.

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

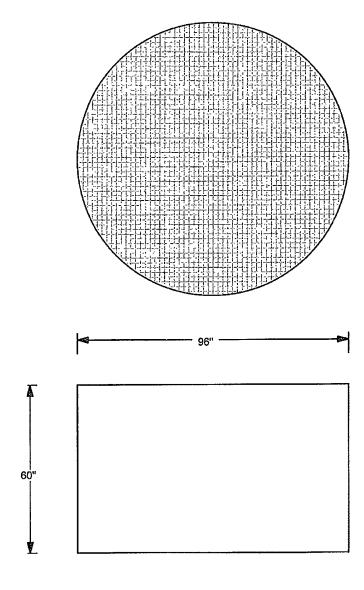
In accordance with Rule 19.15.17.1 NMAC the following procedure describes the closure plan for the McElvain Oil & Gas Properties, Inc (MOG) below grade tank on the Carroll Cornell #5R well located in the NENE of Sec 12, T29N, 12W.

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.





8' X 5' 80 BBL Single Wall Fiberglass Pit Tank with nylon mesh cover

8-27-08

Hydrogeological Report For

Carroll Cornell #5R

Surface Formation:

RCVD NOV 26 '08

OIL CONS. DIV.

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 section in which lies the Carroll Cornell #5R well location, 29N 12W section 13. One water well was

located in the north half of section 13. Depth to water is 105'. Topography plays a part in determining the depth to water in this area between the two rivers, where small mesas are divided by broad slopes dissected by tributaries and intermittent stream beds. The water well is located at the base of a small mesa which covers the NW/4 of the section. The ground level at the well site is 5680'. The Carroll Cornell #5R is located at the base of a separate mesa in the NE/4 of the section, at a ground elevation of 5686'. The two wells are on opposite edges of the same tributary, approx. 2000' apart. The Carroll Cornell #5R is located ~4 miles south of the Animas River, and ~2.5 miles north of the San Juan River, at an elevation 200-300' above the rivers. Based on topography and nearby water well data, depth to water at the Carroll Cornell #5R site is concluded to be 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
ТРН	EPA SW-846 418.1	100 mg/Kg
Chlorides	EPA 300.1	250 mg/Kg