

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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

Form C-144
Revised June 6, 2013

For temporary pits, below-grade tanks, and multi-well fluid management pits, submit to the appropriate NMOCD District Office.
For permanent pits submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

Pit, Below-Grade Tank, or
Proposed Alternative Method Permit or Closure Plan Application

12134

- Type of action:
- Below grade tank registration
 - Permit of a pit or proposed alternative method
 - Closure of a pit, below-grade tank, or proposed alternative method
 - Modification to an existing permit/or registration
 - Closure plan only submitted for an existing permitted or non-permitted pit, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, 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.

1.
Operator: McElvain Energy, Inc. OGRID #: 22044
Address: 1050 17th St, Suite 2500, Denver, CO 80265
Facility or well name: Salmon #1R
API Number: 30-045-34153 OCD Permit Number: 968
U/L or Qtr/Qtr B Section 30 Township 29N Range 11W County: San Juan
Center of Proposed Design: Latitude 36 42.130N Longitude -108 01.787W NAD: 1927 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2.
 Pit: Subsection F, G or J of 19.15.17.11 NMAC
Temporary: Drilling Workover
 Permanent Emergency Cavitation P&A Multi-Well Fluid Management Low Chloride Drilling Fluid yes no
 Lined Unlined Liner type: Thickness _____ mil LLDPE HDPE PVC Other _____
 String-Reinforced
Liner Seams: Welded Factory Other _____ Volume: _____ bbl Dimensions: L _____ x W _____ x D _____

3.
 Below-grade tank: Subsection I of 19.15.17.11 NMAC
Volume: 95 bbl Type of fluid: _____
Tank Construction material: _____
 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: Thickness _____ mil HDPE PVC Other Secondary Cont + Sidewall visible.

OIL CONS. DIV DIST. 3
AUG 12 2014

4.
 Alternative Method:
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

5.
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 _____

24

6.

Netting: Subsection E of 19.15.17.11 NMAC (*Applies to permanent pits and permanent open top tanks*)

Screen Netting Other _____

Monthly inspections (If netting or screening is not physically feasible)

7.

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 19.15.16.8 NMAC

8.

Variations 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:

Variance(s): Requests must be submitted to the appropriate division district for consideration of approval.

Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

9.

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. Siting criteria does not apply to drying pads or above-grade tanks.

General siting

Ground water is less than 25 feet below the bottom of a low chloride temporary pit or below-grade tank.

- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

Yes No
 NA

Ground water is less than 50 feet below the bottom of a Temporary pit, permanent pit, or Multi-Well Fluid Management pit.

NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells

Yes No
 NA

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. **(Does not apply to below grade tanks)**

- Written confirmation or verification from the municipality; Written approval obtained from the municipality

Yes No

Within the area overlying a subsurface mine. **(Does not apply to below grade tanks)**

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

Yes No

Within an unstable area. **(Does not apply to below grade tanks)**

- 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. **(Does not apply to below grade tanks)**

- FEMA map

Yes No

Below Grade Tanks

Within 100 feet of a continuously flowing watercourse, significant watercourse, lake bed, sinkhole, wetland or playa lake (measured from the ordinary high-water mark).

- Topographic map; Visual inspection (certification) of the proposed site

Yes No

Within 200 horizontal feet of a spring or a fresh water well used for public or livestock consumption;

- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Yes No

Temporary Pit using Low Chloride Drilling Fluid (maximum chloride content 15,000 mg/liter)

Within 100 feet of a continuously flowing watercourse, or any other significant watercourse or within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). (Applies to low chloride temporary pits.)

- Topographic map; Visual inspection (certification) of the proposed site

Yes No

Within 300 feet from a occupied 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 200 horizontal feet of a spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 300feet of any other fresh water well or spring, in existence at the time of the initial application.

NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site

Yes No

Within 100 feet of a wetland.
 - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site Yes No

Temporary Pit Non-low chloride drilling fluid

Within 300 feet of a continuously flowing watercourse, or any other significant watercourse, or within 200 feet of any 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 spring or a private, domestic fresh water well used by less than five households for domestic or stock watering purposes, or 1000 feet of any other fresh water well or spring, in the existence at the time of the initial application;
 - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site Yes No

Within 300 feet of a wetland.
 - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site Yes No

Permanent Pit or Multi-Well Fluid Management Pit

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 1000 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 spring or a fresh water well used for domestic or stock watering purposes, 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 500 feet of a wetland.
 - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site Yes No

10. **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: _____

11. **Multi-Well Fluid Management Pit 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.

- 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
 - A List of wells with approved application for permit to drill associated with the pit.
 - 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
 - Hydrogeologic Data - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC
 - Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.

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

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 Multi-well Fluid Management Pit
 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

14.

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 C 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 H of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

15.

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 source material are provided below. Requests regarding changes to certain siting criteria require justifications and/or demonstrations of equivalency. Please refer to 19.15.17.10 NMAC for guidance.

Ground water is less than 25 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Ground water is between 25-50 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> NA
Within 100 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse, lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input type="checkbox"/> 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	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within 300 horizontal feet of a private, domestic fresh water well or spring used for domestic or stock watering purposes, in existence at the time of initial application. - NM Office of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input type="checkbox"/> No
Written confirmation or verification from the municipality; Written approval obtained from the municipality	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within 300 feet of a wetland. US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance	<input type="checkbox"/> Yes <input type="checkbox"/> No

adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approval obtained from the municipality	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	<input type="checkbox"/> Yes <input type="checkbox"/> No
Within a 100-year floodplain. - FEMA map	<input type="checkbox"/> Yes <input type="checkbox"/> No

16.
On-Site 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.*

- Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection E of 19.15.17.13 NMAC
- Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Subsection K 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 19.15.17.11 NMAC
- 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 19.15.17.13 NMAC
- Waste Material Sampling Plan - based upon the appropriate requirements 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 cannot be achieved)
- 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 H of 19.15.17.13 NMAC
- Site Reclamation Plan - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

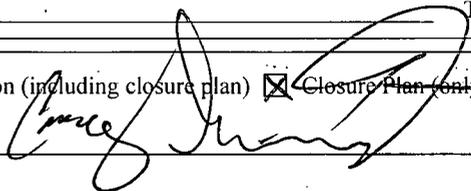
17.
Operator Application Certification:
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

18.
OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment)

OCD Representative Signature:  Approval Date: 11/3/14

Title: Environmental Spec. OCD Permit Number: _____

19.
Closure Report (required within 60 days of closure completion): 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: 7/14/2014

20.
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.

21.
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 for private land only)
- 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 36 42.120 N Longitude -108 01.775 W NAD: 1927 1983

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): Deborah Powell Title: Eng Tech Manager

Signature: *Deborah Powell* Date: 8/11/2014

e-mail address: DebbyP@McElvain.com Telephone: 303-893-0933 ex 308

McElvain Energy, 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 Energy, Inc (MEI) below grade tank on the Salmon #1R well located in the NWNW of Sec 30, T29N, 11W.

Closure Requirements:

1. MEI 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. MEI 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. MEI 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. **No Liquids in tank.**
5. MEI 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. **Tank Removed**
6. MEI will remove any on-site equipment associated with the below grade tank unless the equipment is required for some other purpose. **Associated Equipment removed.**
7. MEI shall test the soils beneath the below grade tank to determine whether a release has occurred. MEI 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 individual constituent levels are below the levels set forth in the published closure criteria found in 19.15.17.13 (H)(5) Table 1 NMAC. MEI shall notify the division of its results on form C-141 if any corrective action need be taken. **Analytical Report included.**

8. If MEI or the division determines that a release has occurred, then MEI shall comply with 19.15.3.116 NMAC and 19.15.1.19 NMAC as appropriate. **NO Release occurred.**
9. If contamination is confirmed by field sampling. MEI will follow the Guidelines For Remediation Of Leaks, Spills, and Releases NMOCD August 1993 when remediating identified contaminants. **None present.**
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 MEI shall backfill the excavation with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; re-contour, and re-vegetate the site. **Backfilled with good soil and re-contoured.**
11. The surface owner shall be notified of MEI's closing of the below grade tank as per the approved closure plan using certified mail with return receipt requested. **Notification Attached**
12. 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 **Notification Attached**
13. 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 **Attached**
14. The site will be re-contoured to match the surrounding area. Natural drainages will be unimpeded and erosion control will be utilized where necessary. **Re-contoured for business location.**
15. MEI 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. **No vegetation was seeded as the area is used by a business for equipment storage.**

16. 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. **Four plus feet of soil and 10" of road base.**

Debby Powell

From: Randy Elledge
Sent: Tuesday, July 08, 2014 10:42 AM
To: Jonathan.Kelly@state.nm.us; Cory.Smith@State.nm.us; Brandon.Powell@state.nm.us
Cc: Debby Powell; Art Merrick; Glenn Hise; John Steuble
Subject: Salmon #1R

McElvain Energy, Inc. will be sampling and removing the below grade pit tank at the Salmon #1R, on July 14th at 9:00am. If the soil samples return below the required limits, then backfilling will take place. If the test results are above the required limits, remediation will take place.

Randy J. Elledge
Wapiti Energy Services, LLC

McELVAIN ENERGY, LLC

1050 17th Street

Suite 2500

Denver, Colorado

June 19, 2014

Tufly Development
1376 Horseshoe Dr.
Fruita, CO 81521

RE: Salmon #1R- Gas well
NWNE Sec 30 T29N, R11W
API # 30-045-34153
San Juan County, NM

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here <i>SENT OUT 6/19/14</i>	
Sent To TUFIV DEVELOPMENT	
Street, Apt. No., or PO Box No. 1376 HORSESHOE DR	
City, State, ZIP+4 FRUITA CO 81521	
PS Form 3800, August 2008 See Reverse for Instructions	

7012 3460 0001 7878 4279

The above stated well is currently being P&Aed. McElvain Energy, LLC is in the process of removing the equipment. Which includes the below grade 95 Bbl pit tank. The well pad will then be returned to condition required by NMOCD rules.

Per the landowner's request McElvain Energy, LLC will remove the power pole, fence, all surface equipment, piping and set the P&A marker below ground. Also the anchors will remain in place.

Deborah Powell
Deborah Powell

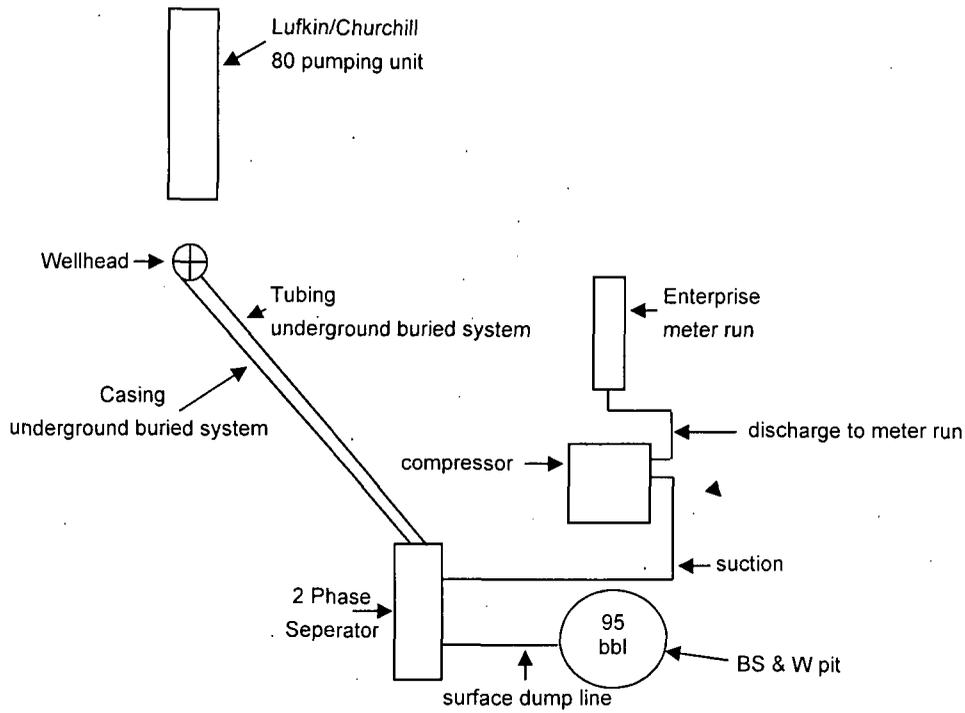
Engineering Tech Manager
303-893-0933 Ex 308

SENDER - COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature <i>[Signature]</i> <input type="checkbox"/> Agent Addressee
1. Article Addressed to: <p style="text-align: center; font-size: 1.2em;">Tufly Development 1376 HORSESHOE DR FRUITA CO 81521</p>	B. Received by (Printed Name) <i>Rodrielle T...</i> <input type="checkbox"/> Addressee C. Date of Delivery JUN 23 2014 <input type="checkbox"/> Yes <input type="checkbox"/> No D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:
2. Article Number (Transfer from service label)	3. Service Type <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™ <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery
PS Form 3811, July 2013	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes Domestic Return Receipt

7012 3460 0001 7878 4279

McElvain Oil & Gas Properties, Inc.

Salmon #1R



Salmon #1R

Lease - FEE

API # 30-045-34153

730' FNL & 1705' FEL

SEC 30 T29N R11W NMPM

SAN JUAN COUNTY, NEW MEXICO

LAT 36.70215 N LONG 108.02983W



Analytical Report

Report Summary

Client: McElvain Energy, Inc.

Chain Of Custody Number: 17035

Samples Received: 7/14/2014 9:45:00AM

Job Number: 06039-0032

Work Order: P407056

Project Name/Location: Salmon 1R BGT Closure

Entire Report Reviewed By:

A handwritten signature in black ink, appearing to read "Tim Cain", is written over a horizontal line.

Date: 7/16/14

Tim Cain, Laboratory Manager

The results in this report apply to the samples submitted to Envirotech's Analytical Laboratory and were analyzed in accordance with the chain of custody document supplied by you, the client, and as such are for your exclusive use only. The results in this report are based on the sample as received unless otherwise noted. Partial or incomplete reproduction of this report is prohibited, unless approved by Envirotech, Inc. If you have any questions regarding this analytical report, please don't hesitate to contact Envirotech's Laboratory Staff.



McElvain Energy, Inc. PO Box 5610 Farmington NM, 87499-5610	Project Name: Salmon IR BGT Closure Project Number: 06039-0032 Project Manager: Etech	Reported: 16-Jul-14 14:19
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Analytical Report for Samples

Client Sample ID	Lab Sample ID	Matrix	Sampled	Received	Container
BGT Composite	P407056-01A	Soil	07/14/14	07/14/14	Glass Jar, 4 oz.

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**BGT Composite
P407056-01 (Solid)**

Analyte	Result	Reporting		Dilution	Batch	Prepared	Analyzed	Method	Notes	
		Limit	Units							
Volatile Organics by EPA 8021										
Benzene	ND	0.001	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8021B		
Toluene	ND	0.001	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8021B		
Ethylbenzene	ND	0.001	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8021B		
p,m-Xylene	ND	0.001	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8021B		
o-Xylene	ND	0.001	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8021B		
Total Xylenes	ND	0.001	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8021B		
Total BTEX	ND	0.001	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8021B		
Surrogate: Bromochlorobenzene		102 %		80-120	1429007	07/14/14	07/15/14	EPA 8021B		
Surrogate: 1,3-Dichlorobenzene		99.4 %		80-120	1429007	07/14/14	07/15/14	EPA 8021B		
Nonhalogenated Organics by 8015										
Gasoline Range Organics (C6-C10)	ND	0.10	mg/kg	0.02	1429007	07/14/14	07/15/14	EPA 8015D		
Diesel Range Organics (C10-C28)	ND	30.0	mg/kg	1	1429008	07/14/14	07/15/14	EPA 8015D		
Total Petroleum Hydrocarbons by 418.1										
Total Petroleum Hydrocarbons	43.9	20.0	mg/kg	1	1429011	07/15/14	07/15/14	EPA 418.1		
Cation/Anion Analysis										
Chloride	25.7	9.86	mg/kg	1	1429002	07/14/14	07/14/14	EPA 300.0		

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Volatile Organics by EPA 8021 - Quality Control
Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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Batch 1429007 - Purge and Trap-EPA 5030A

Blank (1429007-BLK1)			Prepared: 14-Jul-14 Analyzed: 15-Jul-14							
Benzene	ND	0.001	mg/kg							
Toluene	ND	0.001	"							
Ethylbenzene	ND	0.001	"							
p,m-Xylene	ND	0.001	"							
o-Xylene	ND	0.001	"							
Total Xylenes	ND	0.001	"							
Total BTEX	ND	0.001	"							
Surrogate: 1,3-Dichlorobenzene	50.4		ug/L	50.0		101	80-120			
Surrogate: Bromochlorobenzene	50.7		"	50.0		101	80-120			

Duplicate (1429007-DUP1)			Source: P407056-01		Prepared: 14-Jul-14 Analyzed: 15-Jul-14					
Benzene	ND	0.001	mg/kg		ND					30
Toluene	ND	0.001	"		ND					30
Ethylbenzene	ND	0.001	"		ND					30
p,m-Xylene	ND	0.001	"		ND					30
o-Xylene	ND	0.001	"		ND					30
Surrogate: 1,3-Dichlorobenzene	44.1		ug/L	50.0		88.3	80-120			
Surrogate: Bromochlorobenzene	45.2		"	50.0		90.4	80-120			

Matrix Spike (1429007-MS1)			Source: P407056-01		Prepared: 14-Jul-14 Analyzed: 16-Jul-14					
Benzene	47.7		ug/L	50.0	ND	95.5	39-150			
Toluene	43.9		"	50.0	ND	87.8	46-148			
Ethylbenzene	48.3		"	50.0	ND	96.5	32-160			
p,m-Xylene	95.9		"	100	ND	95.9	46-148			
o-Xylene	47.1		"	50.0	ND	94.2	46-148			
Surrogate: 1,3-Dichlorobenzene	49.1		"	50.0		98.3	80-120			
Surrogate: Bromochlorobenzene	50.2		"	50.0		100	80-120			

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Nonhalogenated Organics by 8015 - Quality Control

Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
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Batch 1429007 - Purge and Trap EPA 5030A

Blank (1429007-BLK1)				Prepared: 14-Jul-14 Analyzed: 15-Jul-14						
Gasoline Range Organics (C6-C10)	ND	0.10	mg/kg							
Duplicate (1429007-DUP1)				Source: P407056-01 Prepared: 14-Jul-14 Analyzed: 15-Jul-14						
Gasoline Range Organics (C6-C10)	ND	0.10	mg/kg		ND				30	
Matrix Spike (1429007-MS1)				Source: P407056-01 Prepared: 14-Jul-14 Analyzed: 16-Jul-14						
Gasoline Range Organics (C6-C10)	0.44		mg/L	0.450	0.0004	96.8	75-125			

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Nonhalogenated Organics by 8015 - Quality Control
Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1429008 - DRO Extraction EPA 3550M										
Blank (1429008-BLK1)					Prepared: 14-Jul-14 Analyzed: 15-Jul-14					
Diesel Range Organics (C10-C28)	ND	29.9	mg/kg							
Duplicate (1429008-DUP1)					Source: P407056-01 Prepared: 14-Jul-14 Analyzed: 15-Jul-14					
Diesel Range Organics (C10-C28)	ND	30.0	mg/kg		ND				30	
Matrix Spike (1429008-MS1)					Source: P407056-01 Prepared: 14-Jul-14 Analyzed: 15-Jul-14					
Diesel Range Organics (C10-C28)	267		mg/L	250	7.80	104	75-125			

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Total Petroleum Hydrocarbons by 418.1 - Quality Control
Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1429011 - 418 Freon Extraction										
Blank (1429011-BLK1)					Prepared & Analyzed: 15-Jul-14					
Total Petroleum Hydrocarbons	ND	20.0	mg/kg							
Duplicate (1429011-DUP1)					Prepared & Analyzed: 15-Jul-14					
Total Petroleum Hydrocarbons	35.9	20.0	mg/kg		43.9			20.0	30	
Matrix Spike (1429011-MS1)					Prepared & Analyzed: 15-Jul-14					
Total Petroleum Hydrocarbons	1930	20.0	mg/kg	2020	43.9	93.3	80-120			

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Cation/Anion Analysis - Quality Control
Envirotech Analytical Laboratory

Analyte	Result	Reporting Limit	Units	Spike Level	Source Result	%REC	%REC Limits	RPD	RPD Limit	Notes
Batch 1429002 - Anion Extraction EPA 300.0										
Blank (1429002-BLK1)				Prepared & Analyzed: 14-Jul-14						
Chloride	ND	9.91	mg/kg							
LCS (1429002-BS1)				Prepared & Analyzed: 14-Jul-14						
Chloride	525	9.87	mg/kg	494		106	90-110			
Matrix Spike (1429002-MS1)		Source: P407051-01		Prepared & Analyzed: 14-Jul-14						
Chloride	520	9.94	mg/kg	497	ND	105	80-120			
Matrix Spike Dup (1429002-MSD1)		Source: P407051-01		Prepared & Analyzed: 14-Jul-14						
Chloride	523	9.86	mg/kg	493	ND	106	80-120	0.572	20	

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Notes and Definitions

- DET Analyte DETECTED
- ND Analyte NOT DETECTED at or above the reporting limit
- NR Not Reported
- dry Sample results reported on a dry weight basis
- RPD Relative Percent Difference

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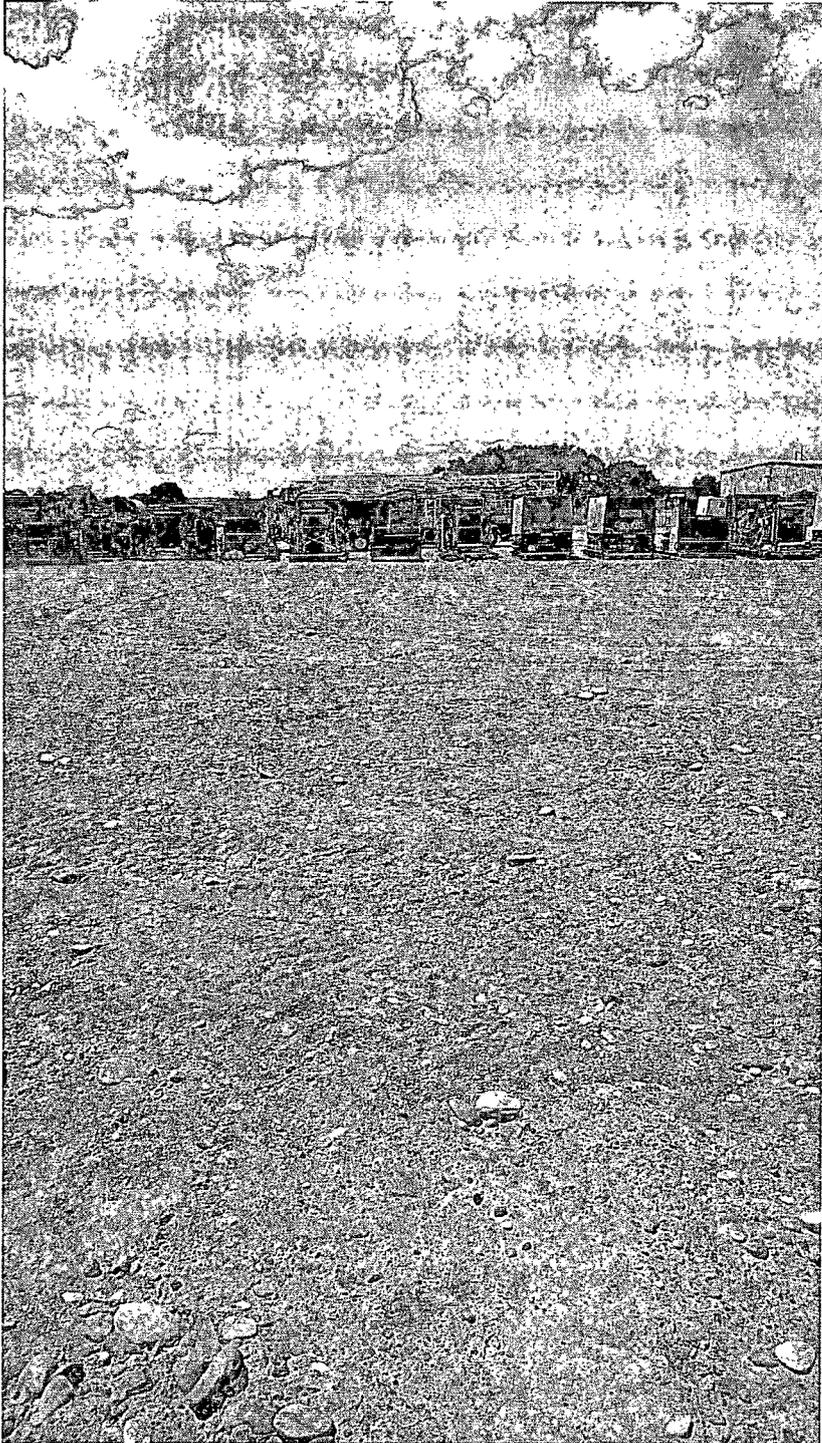
24 HR RUSH !!!

CHAIN OF CUSTODY RECORD

17035

Client: McElvain Oil and Gas			Project Name / Location: Salmon 1R BGT Closure			ANALYSIS / PARAMETERS															
Email results to: T. McIntosh			Sampler Name: T. McIntosh			TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	CO Table 910-1	TPH (418.1)	CHLORIDE 300.1			Sample Cool	Sample Intact		
Client Phone No.: 505-320-4969			Client No.: 06039-0032																		
Sample No. / Identification	Sample Date	Sample Time	Lab No.	No./Volume of Containers	Preservative			TPH (Method 8015)	BTEX (Method 8021)	VOC (Method 8260)	RCRA 8 Metals	Cation / Anion	RCI	TCLP with H/P	CO Table 910-1	TPH (418.1)	CHLORIDE 300.1			Sample Cool	Sample Intact
					HNO ₃	HCl	CO ₂														
BGT Composite	7/14/14	9:00	P407050-01	1-4oz jar			X	X	X							X	X			X	X
Relinquished by: (Signature) <i>Tiffany McIntosh</i>				Date	Time	Received by: (Signature) <i>M. Amigo</i>				Date	Time										
Relinquished by: (Signature)						Received by: (Signature)															
Sample Matrix Soil <input checked="" type="checkbox"/> Solid <input type="checkbox"/> Sludge <input type="checkbox"/> Aqueous <input type="checkbox"/> Other <input type="checkbox"/>																					
<input type="checkbox"/> Sample(s) dropped off after hours to secure drop off area. 24-hr RUSH !!!																					
										18.5											
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SALMON I.R.
COVERED PIT LOCATION



District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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

Form C-141
Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company	McElvain Energy, Inc.	Contact	Deb Powell
Address	1050 17 th St, Suite 2500, Denver, CO 80265	Telephone No.	303-893-0933
Facility Name	Salmon #1R	Facility Type	Well - Removal of 95 Bbl BGT
Surface Owner	Private	Mineral Owner	Private
		API No.	30-045-34153

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
								OIL CONS. DIV DIST. 3

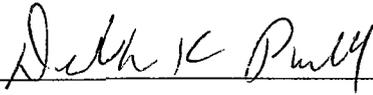
Latitude _____ Longitude _____

OCT 28 2014

NATURE OF RELEASE

Type of Release	NONE	Volume of Release	Volume Recovered
Source of Release		Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?		Date and Hour	
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	
If a Watercourse was Impacted, Describe Fully.*			
NO RELEASE			
Describe Cause of Problem and Remedial Action Taken.*			
NO RELEASE			
Describe Area Affected and Cleanup Action Taken.*			
NO RELEASE			

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 	OIL CONSERVATION DIVISION		
Printed Name: Deborah Powell	Approved by Environmental Specialist:		
Title: Eng Tech Manager	Approval Date:	Expiration Date:	
E-mail Address: Debby@McElvain.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 10/27/2014	Phone: 303-893-0933 EX 308		

* Attach Additional Sheets If Necessary