

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

OIL CONS. DIV DIST. 3

DEC 24 2014

12506
39-31203

- 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: Anschutz Exploration Corporation OGRID #: 146906
Address: 555 17th Street, Suite 2400, Denver, CO 80202
Facility or well name: Regina Com-25-2-14-15 #1H
API Number: 30-039-31203 OCD Permit Number: _____
U/L or Qtr/Qtr: B NW/NE Section 14 Township 25N Range 2W County: Rio Arriba
Center of Proposed Design: Latitude N36.40251 Longitude W107.01803 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 20 mil LLDPE HDPE PVC Other _____
 String-Reinforced
Liner Seams: Welded Factory Other _____ Volume: 4,568 bbl Dimensions: L 190' x W 34' x D 15'

3. Below-grade tank: Subsection I of 19.15.17.11 NMAC
Volume: _____ 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 _____

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 4 ft Hog Wire

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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 300 feet 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

| | |
|---|---|
| <p>Within 100 feet of a wetland.</p> <ul style="list-style-type: none"> - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <p><u>Temporary Pit Non-low chloride drilling fluid</u></p> | |
| <p>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).</p> <ul style="list-style-type: none"> - Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <p>Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.</p> <ul style="list-style-type: none"> - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <p>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;</p> <ul style="list-style-type: none"> - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <p>Within 300 feet of a wetland.</p> <ul style="list-style-type: none"> - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <p><u>Permanent Pit or Multi-Well Fluid Management Pit</u></p> | |
| <p>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).</p> <ul style="list-style-type: none"> - Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <p>Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.</p> <ul style="list-style-type: none"> - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <p>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.</p> <ul style="list-style-type: none"> - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <p>Within 500 feet of a wetland.</p> <ul style="list-style-type: none"> - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input type="checkbox"/> 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> No |
| Written confirmation or verification from the municipality; Written approval obtained from the municipality | <input type="checkbox"/> Yes <input checked="" 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 checked="" 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 checked="" type="checkbox"/> No |

| | |
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| 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 checked="" 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 checked="" 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 checked="" type="checkbox"/> No |
| Within a 100-year floodplain. - FEMA map | <input type="checkbox"/> Yes <input checked="" 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): John C. Thompson Title: Agent / Engineer
Signature: [Signature] Date: 11/11/2014
e-mail address: johnewalsheng.net Telephone: 505-327-4892

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

OCD Representative Signature: [Signature] Approval Date: 12/24/2014
Title: Compliance Officer 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: _____

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 _____ Longitude _____ NAD: 1927 1983

21.

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: _____

DEC 23 2014

**Anschutz Exploration Corporation
Regina Com 25-2-14-15
Pit Design and Construction Plan**

In accordance with Rule 19.15.17 the following information describes the design and construction for temporary pits on Anschutz's locations; this is Anschutz's standard procedure for all temporary pits.

General Plan

- 1 Anschutz will design and construct a temporary pit to contain liquids and solids and prevent contamination of fresh water and protect public health and environment
- 2 Prior to constructing the pit, topsoil will be stockpiled in the construction zone for later use in restoration
- 3 Anschutz will post a well sign, not less than 12" by 24", on the well site prior to construction of the temporary pit. The sign will list the operator on record as the operator, the location of the well by unit letter, section, township range, and emergency telephone numbers (complying with 19.15.16.8 NMAC)
- 4 Anschutz shall construct all new fences unitizing 48' steel mesh field-fence (hogwire) on the bottom. T-posts shall be installed every 12 feet and corners shall be anchored utilizing a secondary T-post. Temporary pits will be fenced at all times excluding drilling or overwork operations, when the front side of the fence will be temporarily removed for operational purposes
- 5 Anschutz shall construct the temporary pit so that the foundation and interior slopes are firm and free of rocks, debris, sharp edges or irregularities to prevent liner failure
- 6 Anschutz shall construct the pit so that the slopes are no steeper than two horizontal feet to 1 vertical foot
- 7 Pit walls will be walked down by a crawler type tractor following construction
- 8 All temporary pits will be lined with a 20-mil, string reinforced, LLDPE liner, complying with EPA SW-846 method 9090A requirements
- 9 Geotextile will be installed beneath the liner when rocks, debris, sharp edges or irregularities cannot be avoided
- 10 All liners will be anchored in the bottom of a compacted earth-filled trench at least 18 inches deep
- 11 Anschutz will minimize liner seams and orient them up and down, not across a slope. Factory seams will be used whenever possible. Anschutz will ensure all field seams are welded by qualified personnel. Field seams will be overlapped four to six inches and will be oriented parallel to the line of maximum slope. Anschutz will minimize the number of field seams in corners and irregularly shaped areas
- 12 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides, or a manifold system
- 13 The pit shall be protected from run-on by constructing and maintaining diversion ditched around the location or around the perimeter of the pit in some cases
- 14 The volume of the pit shall not exceed **4,568 bbls**, including freeboard
- 15 If needed, temporary blow pits will be constructed to allow gravity flow to discharge into lined drill pit
- 16 The lower half of the blow pit (nearest lined pit) will be lined with the same 20 mil liner. The upper half of the blow pit will remain unlined as allowed in Rule 19.15.17.11. F (11)
- 17 Anschutz will not allow freestanding liquids to remain on the unlined portion of temporary blow pit
- 18 Anschutz will only dig pit when cuttings have been properly dried and mixed with bonding agent
- 19 Anschutz will construct pits in sections (cells) big enough to accommodate the cuttings that are tested and approved for disposal as the well is being drilled
- 20 Multiple cells will be confined within the permitted pit area designated for "reserve pit" shown on plat
- 21 The cells will be separated by ~ 4 ft earthen buffer to provide additional stability
- 22 Anschutz will temporarily store cuttings in steel tanks in preparation for disposal

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**Anschutz Exploration Corporation
Regina Com 25-2-14-15
Maintenance and Operating Plan**

In accordance with Rule 19.15.17.12 the following information describes the operation and maintenance of temporary pits on Anschutz's locations.

General Plan

- 1 Anschutz intends to use the pit for cuttings disposal only but will operate and maintain the temporary pit to contain liquids and solids and prevent contamination of fresh water and protect public health and environment.
- 2 Anschutz will conserve drilling fluids by utilizing a closed loop drilling system and either recycling, reusing or disposing of any extra fluids in a manner approved by division rules and that prevents contamination of fresh water and protects public health and the environment. If necessary, drilling fluids will be disposed at TnT Environmental Evap ponds & Land Farm/Disposal, Permit # NM-01-008
- 3 Anschutz will not discharge or store any hazardous waste in any temporary pit
- 4 If any pit liner's integrity is compromised or if any penetration of the liner occurs above the liquid's surface, then Anschutz shall notify the Aztec Division office by phone or email within 48 hours of the discovery and repair the damage or replace the liner
- 5 If a leak develops below the liquid's level or if any penetration of the pit liner occurs below the liquid's surface, Anschutz shall remove all liquids above the damaged liner within 48 hours and repair the damage or replace the liner. Anschutz shall notify the Aztec Division office pursuant to 19.15.29.NMAC.
- 6 The liner shall be protected from any fluid force or mechanical damage through the use of mud pit slides, or manifold system
- 7 The pit shall be protected from run-on by constructing and maintaining diversion ditches around the location or around the perimeter of the pit in some cases
- 8 Anschutz shall immediately remove any visible layer of oil from the surface of temporary pit after cessation of a drilling or workover operation. Oil absorbent booms will be utilized to contain and remove oil from the pit's surface. An oil absorbent boom will be stored on-site until closure of pit
- 9 Only fluids generated during the drilling or workover process may be discharged into a temporary pit
- 10 Anschutz will maintain the temporary pit free of miscellaneous solid waste or debris
- 11 During drilling or workover operations, Anschutz will inspect the temporary pit at least once daily to ensure compliance with this plan. Inspections will be logged in the IADC reports and company morning reports. Anschutz will file this log with the Aztec Division office upon closure of the pit
- 12 After drilling or workover operations, Anschutz will inspect the temporary pit weekly so long as liquids remain in the temporary pit. A log of the inspections will be stored at Anschutz's office electronically and will be filed with the Aztec Division office upon closure of the pit
- 13 Anschutz shall maintain at least two feet of freeboard for a temporary pit
- 14 Anschutz shall remove all free liquids from a temporary pit within 30 days from the date the operator releases the drilling or workover rig
- 15 Anschutz shall remove all free liquids from a cavitations within 48 hours after completing cavitations. Anschutz may request additional time to remove liquids from Aztec Division office if it is not feasible to remove liquids within 48 hours

**Anschutz Exploration Corporation
Regina Com 25-2-14-15
Closure Plan**

In accordance with Rule 19.15.17.9 NMAC and 19.15.17.13 NMAC the following information describes the closure requirements of temporary pits on Anschutz's locations. This is Anschutz's standard procedure for all temporary pits.

All closure activities will include proper documentation and be available for review upon request and will be submitted to OCD within 60 days of the pit closure. Closure report will be filed on C-144 and incorporated the following:

- Detail on Capping and Covering, where applicable
- Plot Plan (Pit diagram)
- Inspection reports
- Sampling Results
- C-105
- Copy of Deed Notice will be filed with County Clerk

General Plan

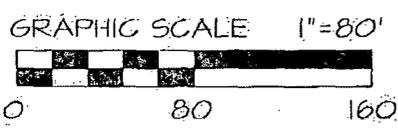
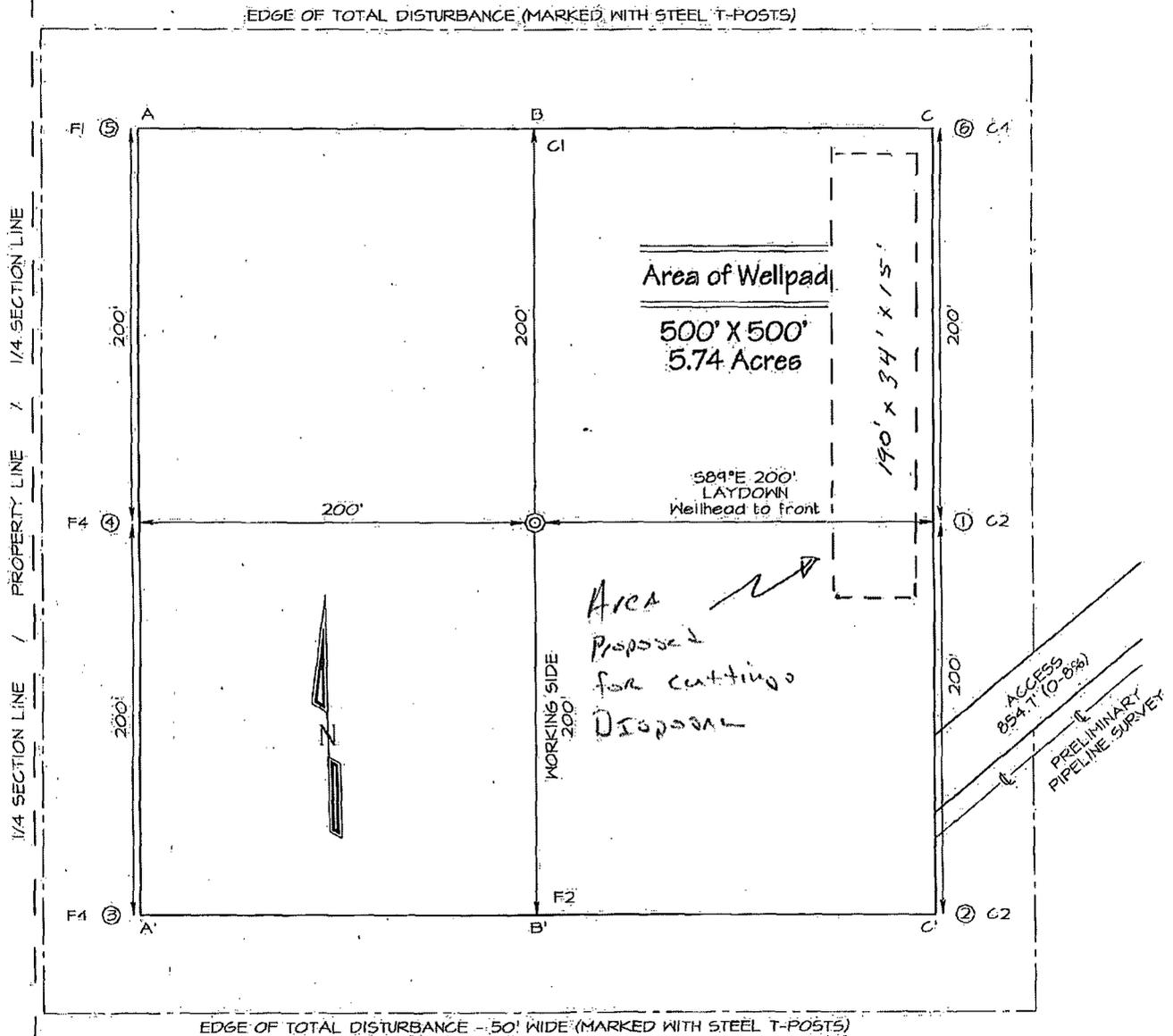
- 1 All free standing liquids will be removed at the start of the pit closure process from the pit and disposed of in a division-approved facility or recycle, reuse or reclaim the liquids in a manner that the appropriate division district office approves
- 2 The preferred method of closure for all temporary pits will be on-site burial, pursuant to Subsection B of 19.15.17.9 and assuming that all criteria listed in sub-section (D) of 19.15.17.13 are met
- 3 Prior to closure, the surface owner shall be notified at least 72 hrs but not more than one week prior to Anschutz's proposed closure plan using a means that provides proof of notice i.e., certified mail, return receipt requested
- 4 Within 6 months of the Rig Off status occurring Anschutz will ensure that temporary pits are closed, re-contoured, and reseeded
- 5 Notice of Closure will be given to the Aztec Division office 72 hours but not more than one week of closure via email, or verbally, The notification of closure will include the following:
 - i. Operator's name
 - ii. Location by Unit Letter, Section, Township, and Range. Well name and API Number
- 6 All contents, including synthetic pit liners, will be buried in place. By folding outer edges of the pit liner to overlap waste material, and then installing a geomembrane liner cover that is 20 mil string reinforced LLDPE, synthetic material, impervious, resistant to ultra violet light, petroleum hydrocarbons, salts, acid and alkaline.
- 7 Pit contents shall be mixed with non-waste containing, earthen material in order to achieve the solidification process. The solidification process will be accomplished using a combination of natural drying and mechanically mixing. Pit contents will be mixed with non-waste, earthen material to a consistency that is deemed a safe and stable. The mixing ratio shall not exceed 3 parts clean soil to 1 part pit contents. The waste mixture must pass the paint filter liquids test (EPA SW-846, Method 9095 or other test methods approved by the division.
- 8 A five point composite sample will be taken of the pit using sampling tools and all samples tested per Subsection D of 19.15.17.13 (5). The concentration of any contaminant in the stabilized

waste is cannot be higher than the parameters listed in Table II of 19.15.17.13 NMAC. In the event that the criteria are not met, all contents will be handled per Subsection C of 19.15.17.13 i.e., Dig and haul

| Components | Tests Method | Limit (mg/Kg) |
|------------|---------------------------|---------------|
| Benzene | EPA SW-846 8021B or 8015M | 10 |
| BTEX | EPA SW-846 8021B or 8260B | 50 |
| TPH | EPA SW-846 418.1 | 2500 |
| GRO/DRO | EPA SW-846 8015M | 1000 |
| Chlorides | EPA 300.1 | 40,000 |

- 9 Upon completion of solidification and testing, the pit area will be backfilled with compacted, non-waste containing, earthen material. A minimum of four feet of cover shall be achieved and the cover shall include one foot of suitable material (with chloride concentrations less than 600 mg/Kg) to establish vegetation at the site, or the background thickness of topsoil, whichever is greater
- 10 Re-contouring of location will match fit, shape, line, form and texture of the surrounding area. Re-shaping will include drainage control, prevent ponding, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be placed in areas where needed to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with smooth surface, fitting the natural landscape
- 11 Notification will be sent to OCD when the reclaimed area is seeded
- 12 Following 19.15.17.13 (H) (5) (a-e), Anschutz shall seed the distributed areas the first growing season after the operator closes the pit. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. Suggested BLM stipulated seed mixed will be used on federal lands. In this case (private surface) the operator and surface owner have agreed to defer to the federal (BLM) stipulated seed mix. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover thorough two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs
- 13 The temporary pit will be located with a steel marker, no less than four inches in diameter, cemented in a hole three feet deep in the center of the onsite burial upon the abandonment of all the wells on the pad. The marker will be a four foot tall riser with the operator's information at the time of all wells on the pad are abandoned. The operator's information will include the following: Operator Name, Lease Name, Well Name and Number, unit Number, Section, Township, Range and an indicator that the marker is an onsite burial location
- 14 Anschutz plans to dig and line pit as described in construction plan in sections as cuttings are ready to be disposed off
- 15 Anschutz will temporarily store cuttings in above ground steel tanks in order to be prepared for testing and disposal
- 16 Anschutz will dig, line, dispose of cuttings and then back fill (with minimum of 4 feet of cover) typically in one days time to prevent any moisture from entering the pit
- 17 Anschutz has found this practice of cuttings disposal to be the best way to provide better or equal protection of fresh water, public health and the environment.

ANSCHUTZ EXPLORATION REGINA COM 25-2-14-15 #1H
1070' FNL & 2383' FEL, SECTION 14, T25N, R2W, NMPM
RIO ARriba COUNTY, NEW MEXICO ELEVATION: 7306'
LAT: 36.40224°N LONG: 107.01867°W DATUM: NAD1983



~ FEE SURFACE OWNER ~

Ernest Williams

Steel T-Posts have been set to define Edge of Disturbance limits which are 50' offset from edge of wellpad.