

District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-144
June 1, 2004

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

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☒ No ☐

Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☒

Operator: Synergy Operating, LLC (OGRID #163458) Telephone: (505) 325-5449 e-mail address: gpapp@synergyoperating.com		
Address: P.O. Box 5513, Farmington, NM 87499		
Facility or well name: Kelly FC #2 API #: 30-045-33662 U/L or Qtr/Qtr F Sec 12 T 27N R 13W		
County: San Juan Latitude 36-Deg, 35-Min, 34-Sec Longitude 108-Deg, 10-Min, 25.8-Sec AD: 1927 <input type="checkbox"/> 1983 <input checked="" type="checkbox"/>		
Surface Owner: Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input checked="" type="checkbox"/>		
RCVD MAY10'07 OIL CONS. DIV. DIST. 3		
Pit Type Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness 12+ mil Clay <input type="checkbox"/> Pit Volume 2000 bbl	Below-grade tank Volume: bbl Type of fluid: Construction material: Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 300'	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) (0 points)
Ranking Score (Total Points)		0-Points

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if you are burying in place) onsite ☒ offsite ☐ If offsite, name of facility. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☒ Yes ☐ If yes, show depth below ground surface ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
A drilling reserve pit to contain fresh water drilling fluids and cuttings was constructed as per the Nov 1, 2004 NM-OCD Pit and Below-Grade Tank Guidelines. The reserve pit will be emptied of liquids, then the liner was cut-off at the mud line and back-filled on May 3 - 4, 2007 as per the Nov 1, 2004 NM-OCD Pit and Below-Grade Tank Guidelines. See APD for cut & fill diagrams.
Attachment Enclosed.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Date: 5-8-07

Printed Name/Title Glen O. Papp

Signature

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:

Deputy Oil & Gas Inspector,

Printed Name/Title District #3

Signature

Date:

JUL 24 2007

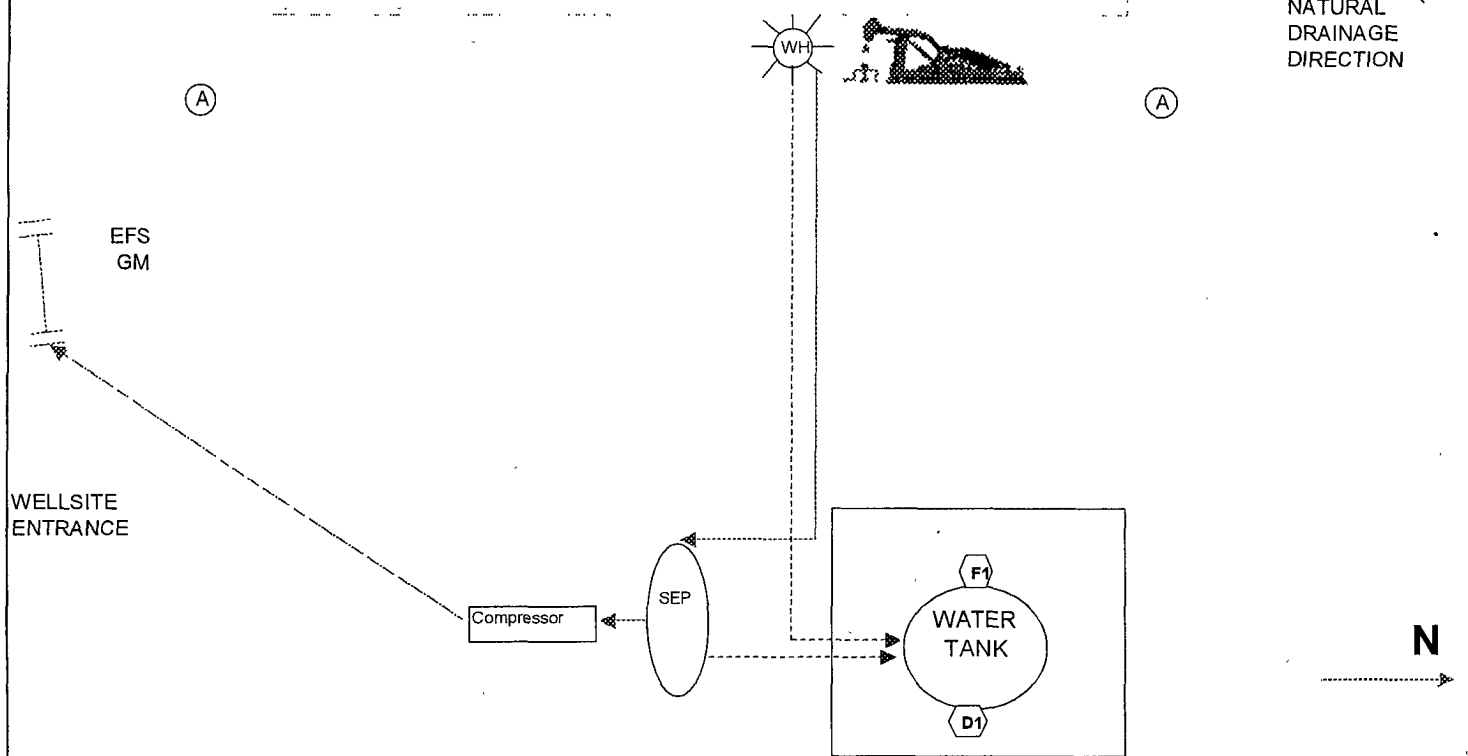
Lease Name: Kelly FC #2 Company: Synergy Operating Date: 05/09/07

Field Operator: Darrell Bays

Site Security (A) Reserve Pit

Reclaimed

NATURAL
DRAINAGE
DIRECTION



Lease Name: Kelly FC #2

Federal / Indian / State / Fee No: NO-G-9811-1313

API No: 30-045-33469

C / A No: _____

Unit Letter: F Well Footages: 1550' FNL 1680' FWL

Legal Description (SEC, TNSHP, RNG): SEC. 12, T27N, R13W

Latitude: 36 Deg, 35 Min, 34 Sec N Longitude: 108 Deg, 10 Min, 25.8 Sec W

County, ST.: San Juan Co., NM

Producing Zone(s): Basin Fruitland Coal

Sales valves : NA
Sealed Closed during Production

Drain valves : NA
Sealed Closed during Production

This lease is subject to the site security plan for
Synergy Operating. The plan is located at:

Synergy Operating
5101 College Blvd
Farmington, NM 87402