District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave, Artesia, NM 88210

District III

1000 Rio Brazos Rd., 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

July 21, 2008 For temporary pits, closed-loop sytems, and below-grade tanks, submit to the appropriate NMOCD District Office

Form C-144

For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the

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# appropriate NMOCD District Office Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application Type of action: X Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method Modification to an existing permit Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the

environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances Operator: Burlington Resources Oil & Gas Company, LP Address: PO Box 4289, Farmington, NM 87499 Facility or well name: McGrath SRC 1R API Number: 30-045-30486 OCD Permit Number U/L or Qtr/Qtr: J(NW/SE) 29N Section: Township: Range: County: San Juan Longitude: °W NAD: X 1927 1983 Center of Proposed Design: Latitude: 36.75216 ٥N 108.06353 X Private Tribal Trust or Indian Allotment Surface Owner: Federal Pit: Subsection F or G of 19 15 17 11 NMAC Temporary Drilling Workover Permanent Emergency Cavitation P&A Thickness mil LLDPE HDPE PVC Other Lined Unlined Liner type String-Reinforced Liner Seams Welded Factory X Closed-loop System: Subsection H of 19 15.17 11 NMAC Type of Operation X P&A Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) Above Ground Steel Tanks Haul-off Bins Other Lined Unlined Liner type. Thickness mıl TLLDPE [ HDPE Liner Seams Welded Factory Below-grade tank: Subsection I of 19 15 17 11 NMAC Volume bbl Type of fluid FEB 2010 Tank Construction material OIL CONS. DIV. DIST. 3 Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off Secondary containment with leak detection ESSIX088491195 Visible sidewalls and liner Visible sidewalls only Other Liner Type. Thickness HDPE  $\neg PVC$ Other mil

Alternative Method:

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

Fencing: Subsection D of 19.15 17 11 NMAC (Applies to permanent pit, 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  Monthly inspections (If netting or screening is not physically feasible)				
Signs: Subsection C of 19 15 17 11 NMAC  12" X 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers  X 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 of the Santa Fe Environmental Bureau office for consideration of approval (Fencing/BGT Liner)				
Exception(s) Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.				
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		No		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other watercourse, 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.	Yes	□No		
(Applies to temporary, emergency, or cavitation pits and below-grade tanks)	□NA			
- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image		_		
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.  (Applied to permanent pits)		∐No .		
<ul> <li>Visual inspection (certification) of the proposed site, Aerial photo, Satellite image</li> <li>Within 500 horizonal 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.</li> </ul>		□No		
- NM Office of the State Engineer - IWATERS database search; Visual inspection (certification) of the proposed site.				
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended  - Written confirmation or verification from the municipality; Written approval obtained from the municipality		□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		□No		
Within an unstable area.  - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map		No		
Within a 100-year floodplain - FEMA map	Yes	No		

Temporary Pits, Emergency Pits and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19 15 17 9 NMAC				
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.				
Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC				
Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9				
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)  APIor Permit				
12				
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19 15.179 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				
X Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC				
X Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC				
X 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				
Previously Approved Operating and Maintenance Plan API				
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 (I) 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				
Critified 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				
14				
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 X P&A Permanent Pit Below-grade Tank X Closed-loop System				
Alternative				
Proposed Closure Method: Waste Excavation and Removal				
X Waste Removal (Closed-loop systems only)				
On-site Closure Method (only for temporary pits and closed-loop systems)				
In-place Burial On-site Trench				
Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)				
15				
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 I of 19.15.17.13 NMAC				
Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC				

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16 Waste Removal Closure For Closed-loop Systems That Utilize Above Groun-	d Stool Tanks or Haul-off Rins On	Iv- (19 15 17 13 D NMAC)		
Instructions Please identify the facility or facilities for the disposal of liquids, dr			)	
facilities are required   Disposal Facility Name   Envirotech / JFJ Landfarm % IEI	Disposal Facility Permit #	NM-01-0011 / NM-01-0	010B	
Disposal Facility Name: Basin Disposal Facility	Disposal Facility Permit #:		<u> </u>	
Will any of the proposed closed-loop system operations and associated act	<del>_</del> ·		service and	
Yes (If yes, please provide the information No	· · · · ·			
Required for impacted areas which will not be used for future service and operated.  Soil Backfill and Cover Design Specification - based upon the app.		on H of 19.15 17 13 NM.	AC	
Re-vegetation Plan - based upon the appropriate requirements of S	•			
Site Reclamation Plan - based upon the appropriate requirements of	f Subsection G of 19 15 17 13 N	MAC		
17				
Siting Criteria (Regarding on-site closure methods only: 19 15 17 10 N				
Instructions. Each siting criteria requires a demonstration of compliance in the closure certain siting criteria may require administrative approval from the appropriate distric				
office for consideration of approval Justifications and/or demonstrations of equivalent	cy are required Please refer to 19 15.	17.10 NMAC for guidance		
Ground water is less than 50 feet below the bottom of the buried waste.			Yes No	
- NM Office of the State Engineer - iWATERS database search, USGS. Dat	a obtained from nearby wells		∏N/A	
Ground water is between 50 and 100 feet below the bottom of the buried v	waste		Yes No	
- NM Office of the State Engineer - iWATERS database search, USGS, Data			N/A	
Ground water is more than 100 feet below the bottom of the buried waste.			Yes No	
- NM Office of the State Engineer - 1WATERS database search, USGS, Data	obtained from nearby wells			
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other si	~~	libala as ulsos lelsa		
(measured from the ordinary high-water mark).	giinicani watercourse or takebed, sii	iknole, or playa lake	Yes No	
- Topographic map; Visual inspection (certification) of the proposed site				
Within 300 feet from a permanent residence, school, hospital, institution, or churc	h in existence at the time of initial ap	pplication	Yes No	
- Visual inspection (certification) of the proposed site, Aerial photo, satellite i	mage			
			Yes No	
Within 500 horizontal feet of a private, domestic fresh water well or spring that le purposes, or within 1000 horizontal fee of any other fresh water well or spring, in				
- NM Office of the State Engineer - iWATERS database, Visual inspection (c	•	photeion		
Within incorporated municipal boundaries or within a defined municipal fresh wat	er well field covered under a munici	pal ordinance adopted	Yes No	
pursuant to NMSA 1978, Section 3-27-3, as amended - Written confirmation or verification from the municipality, Written approval	obtained from the municipality			
Within 500 feet of a wetland	, common non mo manopunt,		☐Yes ☐No	
- US Fish and Wildlife Wetland Identification map, Topographic map, Visual	inspection (certification) of the prop	oosed site		
Within the area overlying a subsurface mine			Yes No	
- Written confiramtion or verification or map from the NM EMNRD-Mining a	and Mineral Division			
Within an unstable area	e M. A. D. MOCO ADM	2. 1. 10. 1.	∐Yes ∐No	
Engineering measures incorporated into the design, NM Bureau of Geology Topographic map	& Mineral Resources, USGS, NM (	seological Society;		
Within a 100-year floodplain.			Yes No	
- FEMA map				
18	· · · · · · · · · · · · · · · · · · ·	<u></u>		
On-Site Closure Plan Checklist: (19 15 17.13 NMAC) Instructions: It	Each of the following items mus	t bee attached to the clos	ure plan. Please indicate,	
by a check mark in the box, that the documents are attached.  Siting Criteria Compliance Demonstrations - based upon the appro	nriate requirements of 10 15 17	IO NMAC		
Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F 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				
			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 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 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 I of 19 15.17.13 NMAC				
Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19 15 17 13 NMAC				

Name (Print)	Rhonda Rogers	Title.	Staff Regulatory Technician
Signature.	phones Desus	Date.	2/3/2010
e-mail address.	rogerrs@conocophillips.com	Telephone	505-599-4018
20 OCD Approval: ア	Permit Application (including closure plan)	Closure Plan (only	C) OCD Conditions (see attachment)
OCD Representative	Signature: Bull of	u	Approval Date: 3/9/10
Title:	Engiro Spec	OCD Per	mit Number:
	ired within 60 days of closure completion): Survey required to obtain an approved closure plan prior		AC Sure activities and submitting the closure report. The closure
report is required to be s		on of the closure activiti	ies Please do not complete this section of the form until an
		Closu	re Completion Date:
22	,		
Closure Method:			
Waste Excavation	<b>—</b>	Alternative Closur	re Method
If different from	approved plan, please explain		
Sanna Panant Pagand	ing Waste Remoyal Closure For Closed-loop Syster	na That Litilian Above (	Cround Steel Tonks on Houl off Ding Onky
			tings were disposed. Use attachment if more than two facilities
ere utilized.			
Disposal Facility Nam		•	ty Permit Number
Disposal Facility Nam	<del></del>	· -	ty Permit Number.
	system operations and associated activities performed	_	not be used for future service and opeartions?
Yes (If yes, pleas	e demonstrate compliane to the items below)	No	
	d areas which will not be used for future service and o	perations.	
=	(Photo Documentation)		
=	nd Cover Installation	•	
Re-vegetation Ap	plication Rates and Seeding Technique		
24			
		llowing items must be at	ttached to the closure report. Please indicate, by a check mark in
the box, that the doci			
=	e Notice (surface owner and division)		
	Notice (required for on-site closure)		
=	n-site closures and temporary pits)		
Confirmation S	ampling Analytical Results (if applicable)		
	Sampling Analytical Results (if applicable)		
Disposal Facilit	y Name and Permit Number		
Soil Backfilling	and Cover Installation		
Re-vegetation A	Application Rates and Seeding Technique		
Site Reclamation	n (Photo Documentation)		
On-site Closure	Location Latitude.	Longitude	NAD 1927 1983
			<del></del>
5			·
	<del></del>	-	te and complete to the best of my knowledge and belief. I also certify that
ne ciosure compiles with Name (Print).	чн иррисите столее requirements and conditions s	pecijiea in ine approvea Title <sup>.</sup>	Crosure pran.
Signature <sup>.</sup>		Date:	<del></del>
e-mail address		Telephone:	

## Burlington Resources Oil & Gas Company, LP Closed-loop Plans

## Closed-loop Design Plan

BR's closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will include an above ground tank suitable for holding the cuttings and fluids for rig operations. The tank will be sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

- 1. Fencing is not required for an above ground closed-loop system
- 2. It will be signed in compliance with 19.15.3.103 NMAC
- 3. A frac tank will be on location to store fresh water

### Closed-loop Operating and Maintenance Plan

BR's closed-loop tank will be operated and maintained to contain liquids and solids in order to prevent contamination of fresh water sources, in order to protect public health and the environment. To ensure the operation is maintained the following steps will be followed:

- 1. The liquids will be vacuumed out and disposed of at the Basin Disposal facility (Permit # NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). Solids in the closed-loop tank will be vacuumed out and disposed of at Envirotech (Permit # NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B) on a periodic basis to prevent over topping.
- 2. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cutting used or generated by rig operations will be placed or stored in the tank.
- 3. The division district office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon the discovery of the compromised tank, repairs will be enacted immediately

### **Closed-loop Closure Plan**

The closed-loop tank will be closed in accordance with 19.15.17.13. This will be done by transporting cuttings and all remaining sludges to Envirotech (Permit # NM-01-0011) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B) immediately following rig operations. All remaining liquids will be transported and disposed of in the Basin Disposal facility (Permit # NM-01-005) or JFJ Landfarm % Industrial Ecosystem Inc. (Permit # NM-01-0010B). The tanks will be removed from the location as part of the rig move. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.