

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

Form C-144  
July 21, 2008

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.  
For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

5593

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

Type of action: ☒ 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

1.  
Operator: CIMAREX ENERGY CO. OGRID #: 215099  
Address: 1700 LINCOLN ST., SUITE 1800, DENVER, CO 80203-4518  
Facility or well name: ATLANTIC AVE. 10 #1  
API Number: 30-031-21108 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr I Section 10 Township 17 N Range 9 W County: McKINLEY  
Center of Proposed Design: Latitude 35.71763° N Longitude 107.77331° W NAD: ☐ 1927 ☒ 1983  
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Fee, Tribal Trust, or Indian Allotment

RCVD MAR 9 '10  
OIL CONS. DIV.  
DIST. 3

2.  
☒ **Pit:** Subsection F or G of 19.15.17.11 NMAC  
Temporary: ☒ Drilling ☐ Workover  
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A  
☒ Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other \_\_\_\_\_  
☒ String-Reinforced  
Liner Seams: ☒ Welded ☒ Factory ☐ Other \_\_\_\_\_ Volume: bbl 8,844 Dimensions: L 120' x W 50' x D 10'

Canceled per oper. request<sup>BP</sup>  
see back page attached

3.  
☐ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC  
Type of Operation: ☐ P&A ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)  
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other \_\_\_\_\_  
☐ Lined ☐ Unlined Liner type: Thickness \_\_\_\_\_ mil ☐ LLDPE ☐ HDPE ☐ PVC ☐ Other \_\_\_\_\_  
Liner Seams: ☐ Welded ☐ Factory ☐ Other \_\_\_\_\_

4.  
☐ **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 \_\_\_\_\_

5.  
☐ **Alternative Method:**  
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

6.

**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 minimum 36" hog wire topped with at least 1 strand of barbed wire = minimum 48" high fence

7.

**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)

8.

**Signs:** Subsection C of 19.15.17.11 NMAC

- ☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
- ☒ Signed in compliance with 19.15.3.103 NMAC

9.

**Administrative Approvals and Exceptions:**

Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.

**Please check a box if one or more of the following is requested, if not leave blank:**

- ☒ Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau office for consideration of approval. *See requests for alternative fence, slopes, & marking on pages 2 & 3 of text.*
- ☐ Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

10.

**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.<br>- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |
| Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).<br>- 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.<br>(Applies to temporary, emergency, or cavitation pits and below-grade tanks)<br>- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><input type="checkbox"/> NA |
| Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.<br>(Applies to permanent pits)<br>- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><input type="checkbox"/> NA |
| Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.<br>- NM Office of the State Engineer - iWATERS database search; 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 adopted pursuant to NMSA 1978, Section 3-27-3, as amended.<br>- Written confirmation or verification from the municipality; Written approval obtained from the municipality  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |
| Within 500 feet of a wetland.<br>- 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 the area overlying a subsurface mine.<br>- 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.<br>- 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.<br>- FEMA map  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |

11.

**Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC  
☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC  
☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC  
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☒ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_ or Permit Number: \_\_\_\_\_

12.

**Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9  
☐ Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC  
☐ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☐ Closure Plan (Please complete Boxes 14 through 18, if applicable) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number: \_\_\_\_\_

☐ Previously Approved Operating and Maintenance Plan API Number: \_\_\_\_\_ (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

13.

**Permanent Pits Permit Application Checklist:** Subsection B of 19.15.17.9 NMAC**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

- ☐ Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC  
☐ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC  
☐ Climatological Factors Assessment  
☐ Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC  
☐ Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC  
☐ Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC  
☐ Liner Specifications and Compatibility Assessment - based upon the appropriate requirements of 19.15.17.11 NMAC  
☐ Quality Control/Quality Assurance Construction and Installation Plan  
☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  
☐ Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC  
☐ Nuisance or Hazardous Odors, including H<sub>2</sub>S, 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 ☐ P&A ☐ Permanent Pit ☐ Below-grade Tank ☐ Closed-loop System  
☐ Alternative

Proposed Closure Method: ☐ Waste Excavation and Removal  
☐ Waste Removal (Closed-loop systems only)  
☒ On-site Closure Method (Only for temporary pits and closed-loop systems)  
☒ In-place Burial ☐ On-site Trench Burial  
☐ Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)

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

16.

**Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:** (19.15.17.13.D NMAC)**Instructions:** Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?☐ Yes (If yes, please provide the information below) ☐ No*Required for impacted areas which will not be used for future service and operations:*☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

17.

**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 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. Justifications and/or demonstrations of equivalency 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.

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

☐ Yes ☒ No☐ NA

Ground water is between 50 and 100 feet below the bottom of the buried waste

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

☐ Yes ☒ No☐ NA

Ground water is more than 100 feet below the bottom of the buried waste.

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

☒ Yes ☐ No☐ NA

Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).

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

☐ Yes ☒ No

Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.

- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image

☐ Yes ☒ No

Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.

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

☐ Yes ☒ No

Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.

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

☐ Yes ☒ No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes ☒ No

Within the area overlying a subsurface mine.

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

☐ Yes ☒ No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology &amp; Mineral Resources; USGS; NM Geological Society; Topographic map

☐ Yes ☒ No

Within a 100-year floodplain.

- FEMA map

☐ Yes ☒ No

18.

**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 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☒ 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

19.

**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): MIKE WOLFE Title: REGIONAL LAND MANAGER

Signature: 

Date: 3-5-10

e-mail address: mwolfe@cimarex.com Telephone: (303) 285-2315

20.

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

OCD Representative Signature: Cancelled Per Oper. Request

Approval Date: 6/1

Title: \_\_\_\_\_

OCD Permit Number: \_\_\_\_\_

21.

**Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC

*Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.*

☐ Closure Completion Date: \_\_\_\_\_

22.

**Closure Method:**

☐ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)  
☐ If different from approved plan, please explain.

23.

**Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.*

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Disposal Facility Name: \_\_\_\_\_ Disposal Facility Permit Number: \_\_\_\_\_

Were the closed-loop system operations and associated activities performed on or in areas that will not be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

*Required for impacted areas which will not be used for future service and operations:*

- ☐ Site Reclamation (Photo Documentation)  
☐ Soil Backfilling and Cover Installation  
☐ Re-vegetation Application Rates and Seeding Technique

24.

**Closure Report Attachment Checklist:** *Instructions: Each of the following items must be attached to the closure report. Please indicate, by a check mark in the box, that the documents are attached.*

- ☐ Proof of Closure Notice (surface owner and division)  
☐ Proof of Deed Notice (required for on-site closure)  
☐ Plot Plan (for on-site closures and temporary pits)  
☐ Confirmation Sampling Analytical Results (if applicable)  
☐ Waste Material Sampling Analytical Results (required for on-site closure)  
☐ Disposal Facility Name and Permit Number  
☐ Soil Backfilling and Cover Installation  
☐ Re-vegetation Application Rates and Seeding Technique  
☐ Site Reclamation (Photo Documentation)

On-site Closure Location: Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ NAD: ☐ 1927 ☐ 1983

25.

**Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

e-mail address: \_\_\_\_\_ Telephone: \_\_\_\_\_

Cimarex Energy Co.  
Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

PAGE 1

### Siting Criteria

1. Ground water is >100' below the bottom of the pit. Closest ( $\approx$ 3,800') water well is a windmill in the NENW Section 14. The windmill is not in the State Engineer Office data base. NMOC records show it was drilled as an oil well, plugged back, and converted to a water well. State Engineer records for the township and a map showing the 2 wells are attached as Exhibits A and B.

7,110' well ground elevation  
- 10' deep pit

7,100' pit bottom elevation

7,081' windmill ground elevation  
- 260' depth to water

6,821' water level elevation

7,100' bottom of pit  
- 6,821' water level elevation  
279' depth to water

2. Pit is not within 300' of a continuously flowing watercourse. Pit is not within 200' of any other significant watercourse as defined by OCD. Closest first order tributary of Sandoval Arroyo is over a mile downstream (Exhibit A).

3. Pit is not within 300' of any building. Closest buildings are >1-1/4 miles northeast in Section 2 (Exhibit C).

4. Pit is not within 1,000' of any fresh water well or spring (Exhibits A & B).

5. Pit is not within municipal boundaries or within a municipal fresh water well field (Exhibits A & B).

6. Pit is not within 500' of a wetland (Exhibit D).

7. Pit does not overly a mine (Exhibit E). Closest mine is  $\approx$ 6 miles southwest.

8. Pit is not in an unstable area. No evidence of earth movement was found during a September 3, 2009 inspection. Maximum grade is  $\approx$ 6% (Exhibit F).

Cimarex Energy Co.  
Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

PAGE 2

9. Pit is not within a 100 year flood plain (Exhibit G).
10. C-102 is attached as Exhibit H.
11. Closure notice to surface owner (Jerry Elkins) is attached as Exhibit I.

### Hydrogeology

Surface formation is the Menefee Formation. According to Stone et al in Hydrogeology and water resources of San Juan Basin, New Mexico, the formation is an interbedded mix of claystone, carbonaceous siltstone and shale, coal, and sandstone. Transmissivities are generally <50 feet<sup>2</sup> per day. Specific conductance typically is <1,500  $\mu$ mhos. Fluoride concentrations are in excess of drinking water standards.

### Alternative for 19.15.17.11 D. (3)

Cimarex is proposing an alternate fence. Sheep graze in the area and hog wire has been found to be more effective than just barbed wire. The operator will fence the pit with a minimum 48" high fence. Fence will consist of minimum 36" woven wire (hog wire) topped with at least 1 strand of barbed wire.

### Alternative for 19.15.17.11 F. (2)

Cimarex is proposing alternate (vertical) slopes for the 120' long sides of the pit. Alternate is requested to minimize well site footprint. This allows a smaller rig to be used. Rig must be close to the deep part of the pit since the pump is on the rig itself. Cimarex will install extra liner to allow for some slack and avoid stress and strain. Cimarex will also install two rope ladders - one on each of the 120' long sides.

### Alternative for 19.15.17.13 F. (1) (d)

If the well goes into production, then an alternate interim marking system will be used to allow for safer and more efficient operations. A  $\geq 4$ " O. D. steel pipe will be set  $\geq 36$ " deep at the center of the pit. A threaded collar

Cimarex Energy Co.  
Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

PAGE 3

will be on the top of the pipe. A  $\geq 12"$  x  $\geq 12"$  steel plate will be welded atop the threaded collar. Top of the plate will be flush with ground level. The standard location information listed will be welded onto the plate, plus a notation that it marks an on site buried temporary pit. Upon plugging the well, the plate will be removed and the pit marked as described in 19.15.17.13 F. (1) (d).

Executed this 5th day of March, 2010.

  
\_\_\_\_\_  
Mike Wolfe, Regional Land Manager

#### NMOCD Rules

##### 19.15.17.11 DESIGN AND CONSTRUCTION SPECIFICATIONS:

A. General specifications. An operator shall design and construct a pit, ~~closed-loop-system, below-grade tank or sump~~ to contain liquids and solids and prevent contamination of fresh water and protect public health and the environment.

B. Stockpiling of topsoil. Prior to constructing a pit ~~or closed-looped system~~, except a pit constructed in an emergency, the operator shall strip and stockpile the topsoil for use as the final cover or fill at the time of closure.

C. Signs. The operator shall post an upright sign not less than 12 inches by 24 inches with lettering not less than two inches in height in a conspicuous place on the fence surrounding the pit, ~~closed-loop system or below-grade tank~~, unless the pit, ~~closed-loop system or below-grade tank~~ is located on a site where there is an existing well, signed in compliance with 19.15.3.103 NMAC, that is operated by the same operator. The operator shall post the sign in a manner and location such that a person can easily read the legend. The sign shall provide the following information: the operator's name; the location of the site by quarter-quarter or unit letter, section, township and range; and emergency telephone numbers.



Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

D. Fencing.

(1) The operator shall fence or enclose a pit or below-grade tank in a manner that prevents unauthorized access and shall maintain the fences in good repair. Fences are not required if there is an adequate surrounding perimeter fence that prevents unauthorized access to the well site or facility, including the pit or below-grade tank. During drilling or work over operations, the operator is not required to fence the edge of the pit adjacent to the drilling or work over rig.

~~(2) The operator shall fence or enclose a pit or below grade tank located within 1000 feet of a permanent residence, school, hospital, institution or church with a chain link security fence, at least six feet in height with at least two strands of barbed wire at the top. The operator shall ensure that all gates associated with the fence are closed and locked when responsible personnel are not on site. During drilling or work over operations, the operator is not required to fence the edge of the temporary pit adjacent to the drilling or work over rig.~~

(3) ~~The operator shall fence any other pit or below grade tank to exclude livestock with a four foot fence that has at least four strands of barbed wire evenly spaced in the interval between one foot and four feet above ground level.~~ The appropriate division district office may approve an alternative to this requirement if the operator demonstrates that an alternative provides equivalent or better protection. The appropriate division district office may impose additional fencing requirements for protection of wildlife in particular areas.

*The operator will fence the pit with a minimum 48" high fence. Fence will consist of minimum 36" woven wire (hog wire) topped with at least 1 strand of barbed wire.*

E. ~~Netting. The operator shall ensure that a permanent pit or a permanent open top tank is screened, netted or otherwise rendered non-hazardous to wildlife, including migratory birds. Where netting or screening is not feasible, the operator shall on a monthly basis inspect for, and within 30 days of discovery, report discovery of dead migratory birds or other wildlife to the appropriate wildlife agency and to the appropriate division district office in order to facilitate assessment and implementation of measures to prevent incidents from reoccurring.~~

F. Temporary pits. The operator shall design and construct a temporary pit in accordance with the following requirements.

(1) The operator shall design and construct a temporary pit to ensure the confinement of liquids to prevent unauthorized releases.

(2) A temporary pit shall have a properly constructed foundation and interior slopes consisting of a firm, unyielding base, smooth and free of rocks, debris, sharp edges or irregularities to prevent the liner's rupture or tear. ~~The operator shall construct a temporary pit so that the slopes are no steeper than two horizontal feet to one vertical foot (2H:1V). The short (50' wide) side slopes will be no steeper than two horizontal feet to one vertical foot~~

Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

(2H:1V). The long (120' wide) side slopes will be vertical. The appropriate division district office may approve an alternative to the slope requirement if the operator demonstrates that it can construct and operate the temporary pit in a safe manner to prevent contamination of fresh water and protect public health and the environment.

(3) The operator shall design and construct a temporary pit with a geomembrane liner. The geomembrane liner shall consist of 20-mil string reinforced LLDPE or equivalent liner material that the appropriate division district office approves. The geomembrane liner shall be composed of an impervious, synthetic material that is resistant to petroleum hydrocarbons, salts and acidic and alkaline solutions. The liner material shall be resistant to ultraviolet light. Liner compatibility shall comply with EPA SW-846 method 9090A.

(4) The operator shall minimize liner seams and orient them up and down, not across a slope. The operator shall use factory welded seams where possible. Prior to field seaming, the operator shall overlap liners four to six inches and orient seams parallel to the line of maximum slope, i. e., oriented along, not across, the slope. The operator shall minimize the number of field seams in corners and irregularly shaped areas. Qualified personnel shall perform field seaming. The operator shall weld field liner seams.

(5) Construction shall avoid excessive stress-strain on the liner.

(6) Geotextile is required under the liner where needed to reduce localized stress-strain or protuberances that may otherwise compromise the liner's integrity.

(7) The operator shall anchor the edges of all liners in the bottom of a compacted earth-filled trench. The anchor trench shall be at least 18 inches deep.

(8) The operator shall ensure that the liner is protected from any fluid force or mechanical damage at any point of discharge into or suction from the lined temporary pit *by using an  $\approx 8$ " O. D. PVC pipe at a  $\approx 45^\circ$  angle.*

(9) The operator shall design and construct a temporary pit to prevent run-on of surface water. A berm, ditch, proper sloping or other diversion shall surround a temporary pit to prevent run-on of surface water. During drilling operations, the edge of the temporary pit adjacent to the drilling or work over rig is not required to have run-on protection if the operator is using the temporary pit to collect liquids escaping from the drilling or work over rig and run-on will not result in a breach of the temporary pit.

(10) The volume of a temporary pit shall be  $\leq 10$  acre-feet, including freeboard.

Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

(11) The part of a temporary pit used to vent or flare gas during a drilling or work over operation that is designed to allow liquids to drain to a separate temporary pit does not require a liner, unless the appropriate division district office requires an alternative design in order to protect surface water, ground water and the environment. The operator shall not allow freestanding liquids to remain on the unlined portion of a temporary pit used to vent or flare gas.

**19.15.17.12 OPERATIONAL REQUIREMENTS:**

A. General specifications. An operator shall maintain and operate a pit, ~~closed-loop system, below-grade tank or sump~~ in accordance with the following requirements.

(1) The operator shall operate and maintain a pit, ~~closed-loop system, below-grade tank or sump~~ to contain liquids and solids and maintain the integrity of the liner, liner system or secondary containment system, prevent contamination of fresh water and protect public health and the environment.

(2) The operator shall recycle, reuse or reclaim or dispose of all drilling fluids in a manner, approved by division rules, that prevents the contamination of fresh water and protects public health and the environment. *Operator will haul such fluids to the Basin Disposal (NM-01-005) evaporation pond (3-29n-11w) .*

(3) The operator shall not discharge into or store any hazardous waste in a pit, ~~closed-loop system, below-grade tank or sump~~.

(4) If any pit liner's integrity is compromised, or if any penetration of the liner occurs above the liquid's surface, then the operator shall notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the liner.

(5) If a pit, ~~below-grade tank, closed-loop system or sump~~ develops a leak, or if any penetration of the pit liner, ~~below-grade tank, closed-loop system or sump~~ occurs below the liquid's surface, then the operator shall remove all liquid above the damage or leak line within 48 hours, notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the pit liner, ~~below-grade tank, closed-loop system or sump~~.

(6) The injection or withdrawal of liquids from a pit shall be accomplished through a header, diverter or other hardware that prevents damage to the liner by erosion, fluid jets or impact from installation and removal of hoses or pipes.

(7) The operator shall operate and install a pit, ~~below-grade tank or sump~~ to

Cimarex Energy Co.  
Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

PAGE 7

prevent the collection of surface water run-on.

(8) The operator shall install, or maintain on site, an oil absorbent boom or other device to contain and remove oil from a pit's surface.

B. Temporary pits. An operator shall maintain and operate a temporary pit in accordance with the following additional requirements.

(1) Only fluids used or generated during the drilling or work over process may be discharged into a temporary pit. The operator shall maintain a temporary pit free of miscellaneous solid waste or debris. The operator shall use a tank made of steel or other material, which the appropriate division district office approves, to contain hydrocarbon-based drilling fluids. Immediately after cessation of a drilling or work over operation, the operator shall remove any visible or measurable layer of oil from the surface of a drilling or work over pit.

(2) The operator shall maintain at least 2 feet of freeboard for a temporary pit.

(3) The operator shall inspect a temporary pit containing drilling fluids at least daily while the drilling or work over rig is on-site. Thereafter, the operator shall inspect the temporary pit weekly so long as liquids remain in the temporary pit. The operator shall maintain a log of such inspections and make the log available for the appropriate division district office's review upon request. The operator shall file a copy of the log with the appropriate division district office when the operator closes the temporary pit.

(4) The operator shall remove all free liquids from a temporary pit within 30 days from the date that the operator releases the drilling or work over rig. The operator shall note the date of the drilling or work over rig's release on form C-105 or C-103 upon well or work over completion. The appropriate division district office may grant an extension of up to 3 months.

(5) The operator shall remove any liquids from the temporary pit used for cavitation within 48 hours after completing cavitation. The operator may request and receive additional time to remove the liquids from the temporary pit used for cavitation if the operator demonstrates to the appropriate division district office's satisfaction that it is not feasible to access the location within 48 hours.

#### 19.15.17.13 CLOSURE REQUIREMENTS:

A. Time requirements for closure. An operator shall close a pit, ~~closed-loop system or below-grade tank~~ within the time periods provided in 19.15.17.13 NMAC, or by an earlier date

Cimarex Energy Co.  
Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

PAGE 8

that the division requires because of imminent danger to fresh water, public health or the environment.

~~(1) An operator shall cease discharging into an existing unlined permanent pit that is permitted by or registered with the division within two years after June 16, 2008. An operator shall close an existing unlined permanent pit that is permitted by or registered with the division within three years after June 16, 2008.~~

~~(2) An operator shall cease discharging into an existing, lined or unlined, permanent pit that is not permitted by or registered with the division on or by June 16, 2008. An operator shall close an existing, lined or unlined, permanent pit that is not permitted by or registered with the division within six months after June 16, 2008.~~

~~(3) An operator shall close an existing unlined temporary pit within three months after June 16, 2008.~~

~~(4) An operator shall close an existing below grade tank that does not meet the requirements of Paragraphs (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.~~

~~(5) An operator shall close an existing below grade tank that does not meet the requirements of Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC, if not retrofitted to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC, prior to any sale or change of operator pursuant to 19.15.9.9 NMAC.~~

~~(6) An operator shall close any other permitted permanent pit within 60 days of cessation of operation of the permanent pit in accordance with a closure plan that the environmental bureau in the division's Santa Fe office approves.~~

(7) An operator shall close any other permitted temporary pit within six months from the date that the operator releases the drilling or work over rig. The appropriate division district office may grant an extension not to exceed three months.

B. Closure methods for temporary pits. The operator of a temporary pit shall remove all liquids from the temporary pit prior to closure and dispose of the liquids in a division-approved facility or recycle, reuse or reclaim the liquids in a manner that the appropriate division district office approves. The operator shall close the temporary pit by one of the following methods.

~~(1) Waste excavation and removal.~~

(2) On-site burial. The operator shall demonstrate and comply with the siting requirements in Subsection C of 19.15.17.10 NMAC and the closure requirements and standards of Subsection F of 19.15.17.13 NMAC if the proposed closure method of a temporary pit involves on-site burial.

F. On-site closure methods. The following closure requirements and standards apply if the operator proposes a closure method for a ~~drying pad associated with a closed loop system or a~~

Cimarex Energy Co.  
Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

PAGE 9

temporary pit pursuant to Paragraph (2) of Subsection D of 19.15.17.13 NMAC or Paragraph (2) of Subsection B of 19.15.17.13 NMAC that involves on-site burial, or an alternative closure method pursuant to Paragraph (3) of Subsection D of 19.15.17.13 NMAC or Paragraph (3) of Subsection B of 19.15.17.13 NMAC and Subsection B of 19.15.17.15 NMAC.

(1) General requirements.

(a) Any proposed on-site closure method shall comply with the siting criteria specified in Subsection C of 19.15.17.10 NMAC.

(b) The operator shall provide the surface owner notice of the operator's proposal of an on-site closure method. The operator shall attach the proof of notice to the permit application.

(c) The operator shall comply with the closure requirements and standards of Paragraphs (2) and (3), as applicable, of Subsection F of 19.15.17.13 NMAC if the proposed closure method for a drying pad associated with a closed-loop system or for a temporary pit involves on-site burial pursuant to Paragraph (2) of Subsection D of 19.15.17.13 NMAC or Paragraph (2) of Subsection B of 19.15.17.13 NMAC, or involves an alternative closure method pursuant to Paragraph (3) of Subsection D of 19.15.17.13 NMAC or Paragraph (3) of Subsection B of 19.15.17.13 NMAC and Subsection B of 19.15.17.15 NMAC.

(d) The operator shall place a steel marker at the center of an on-site burial. The steel marker shall be not less than four inches in diameter and shall be cemented in a three-foot deep hole at a minimum. The steel marker shall extend at least four feet above mean ground level and at least three feet below ground level. The operator name, lease name and well number and location, including unit letter, section, township and range, and that the marker designates an on-site burial location shall be welded, stamped or otherwise permanently engraved into the metal of the steel marker. A person shall not build permanent structures over an on-site burial without the appropriate division district office's written approval. A person shall not remove an on-site burial marker without the division's written permission.

*If the well goes into production, then an alternate interim marking system will be used to allow for safer and more efficient operations. A minimum 4" O. D. steel pipe will be set at least 36" deep at the center of the pit. A threaded collar will be on the top of the pipe. A minimum 12" x 12" steel plate will be welded atop the threaded collar. Top of the plate will be flush with ground level. The same information listed in the preceding paragraph will be welded onto the plate, plus a*

Cimarex Energy Co.  
Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

PAGE 10

*notation that it marks an on site buried temporary pit. Upon plugging the well, the plate will be removed and the pit marked as described in the preceding paragraph.*

(e) The operator shall report the exact location of the on-site burial on form C-105 filed with the division.

(f) The operator shall file a deed notice identifying the exact location of the on-site burial with the county clerk in the county where the on-site burial occurs.

(2) In-place burial.

(a) Where the operator meets the siting criteria specified in Paragraphs (2) or (3) of Subsection C of 19.15.17.10 NMAC and the applicable waste criteria specified in Subparagraphs (c) or (d) of Paragraph (2) of Subsection F of 19.15.17.13 NMAC, an operator may use in-place burial (burial in the existing temporary pit) for closure of a temporary pit or bury the contents of a drying pad associated with a closed-loop system in a temporary pit that the operator constructs in accordance with Paragraphs (1) through (6) and (10) of Subsection F of 19.15.17.11 NMAC for closure of a drying pad associated with a closed loop system.

(b) Prior to closing an existing temporary pit ~~or to placing the contents from a drying pad associated with a closed-loop system into a temporary pit that the operator constructs for disposal~~, the operator shall stabilize or solidify the contents to a bearing capacity sufficient to support the temporary pit's final cover. The operator shall not mix the contents with soil or other material at a mixing ratio of greater than 3:1, soil or other material to contents.

~~(c) Where ground water will be between 50 and 100 feet below the bottom of the buried waste, the operator shall collect at a minimum, a five point, composite sample of the contents of the drying pad associated with a closed-loop system or the contents of a temporary pit after treatment or stabilization, if treatment or stabilization is required, to demonstrate that benzene, as determined by EPA SW-846 method 8021 B or 8260B, does not exceed 0.2 mg/kg; total BTEX, as determined by EPA SW-846 method 8021 B or 8260B, does not exceed 50 mg/kg; TPH, as determined by EPA SW-846 method 418.1 or other EPA method approved that the division approves, does not exceed 2500 mg/kg; the GRO and DRO combined fraction, as determined by EPA SW-846 method 8015M, does not exceed 500 mg/kg; and chlorides, as determined by EPA method 300.1, do not exceed 500 mg/kg or the background concentration, whichever is greater. The operator may collect the composite sample prior to treatment or stabilization to demonstrate that the contents do not exceed these concentrations. However, if the contents collected prior to treatment or stabilization exceed the specified concentrations the operator shall collect a second five point, composite sample of the contents after treatment or stabilization to demonstrate that the contents do not exceed these concentrations.~~

(d) Where the ground water will be more than 100 feet below the bottom

Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

of the buried waste, the operator shall collect at a minimum, a five point, composite sample of the contents of the drying pad associated with a closed-loop system or the contents of a temporary pit after treatment or stabilization, if treatment or stabilization is required, to demonstrate that benzene, as determined by EPA SW-846 method 8021B or 8260B, does not exceed 0.2 mg/kg; total BTEX, as determined by EPA SW-846 method 8021B or 8260B, does not exceed 50 mg/kg; the GRO and DRO combined fraction, as determined by EPA SW-846 method 8015M, does not exceed 500 mg/kg; TPH, as determined by EPA method 418.1 or other EPA method that the division approves, does not exceed 2500 mg/kg; and chlorides, as determined by EPA method 300.1, do not exceed 1000 mg/kg or the background concentration, whichever is greater. The operator may collect the composite sample prior to treatment or stabilization to demonstrate that the contents do not exceed these concentrations. However, if the contents collected prior to treatment or stabilization exceed the specified concentrations the operator shall collect a second five point, composite sample of the contents after treatment or stabilization to demonstrate that the contents do not exceed these concentrations.

(e) Upon closure of a temporary pit, ~~or closure of a temporary pit that the operator constructs for burial of the contents of a drying pad associated with a closed-loop system,~~ the operator shall cover the geomembrane lined, filled, temporary pit with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; recontour and revegetate the site. The division-prescribed soil cover, recontouring and revegetation shall comply with Subsections G, H and I of 19.15.17.13 NMAC.

G. Reclamation of pit locations, on-site burial locations and drying pad locations.

(1) Once the operator has closed a pit or trench or is no longer using a drying pad, below-grade tank or an area associated with a closed-loop system, pit, trench or below-grade tank, the operator shall reclaim the pit location, drying pad location, below-grade tank location or trench location and all areas associated with the closed-loop system, pit, trench or below-grade tank including associated access roads to a safe and stable condition that blends with the surrounding undisturbed area. The operator shall substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, recontour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and revegetate according to Subsection I of 19.15.17.13 NMAC.



Atlantic Ave. 10 #1 temporary pit  
2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.  
McKinley County, New Mexico

(2) The operator may propose an alternative to the revegetation requirement if the operator demonstrates that the proposed alternative effectively prevents erosion, and protects fresh water, human health and the environment. The proposed alternative shall be agreed upon by the surface owner. The operator shall submit the proposed alternative, with written documentation that the surface owner agrees to the alternative, to the division for approval.

H. Soil cover designs.

(1) The soil cover for closures where the operator has removed the pit contents or remediated the contaminated soil to the division's satisfaction shall consist of the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

(2) The soil cover for *burial-in-place* or trench burial shall consist of a minimum of four feet of compacted, non-waste containing, earthen material. The soil cover shall include either the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

(3) The operator shall construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

I. Re-vegetation.

(1) The first growing season after the operator closes a pit or trench or is no longer using a drying pad, below-grade tank or an area associated with a closed-loop system, pit or below-grade tank including access roads, the operator shall seed or plant the disturbed areas.

(2) The operator shall accomplish seeding by drilling on the contour whenever practical or by other division-approved methods. The operator shall obtain vegetative cover that equals 70% of the native perennial vegetative cover (un-impacted by overgrazing, fire or other intrusion damaging to native vegetation) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. During the two growing seasons that prove viability, there shall be no artificial irrigation of the vegetation.

(3) The operator shall repeat seeding or planting until it successfully achieves the required vegetative cover.

(4) When conditions are not favorable for the establishment of vegetation, such as periods of drought, the division may allow the operator to delay seeding or planting until soil

Cimarex Energy Co.

PAGE 13

Atlantic Ave. 10 #1 temporary pit

2508' FSL & 547' FEL Sec. 10, T. 17 N., R. 9 W.

McKinley County, New Mexico

moisture conditions become favorable or may require the operator to use additional cultural techniques such as mulching, fertilizing, irrigating, fencing or other practices.

(5) The operator shall notify the division when it has seeded or planted and when it successfully achieves re-vegetation.

J. Closure notice.

(1) The operator shall notify the surface owner by certified mail, return receipt requested, that the operator plans to close a temporary pit, a permanent pit, a below-grade tank or where the operator has approval for on-site closure. Evidence of mailing of the notice to the address of the surface owner shown in the county tax records is sufficient to demonstrate compliance with this requirement.

(2) The operator of a temporary pit or below-grade tank or an operator who is approved for on-site closure shall notify the appropriate division district office verbally or by other means at least 72 hours, but not more than one week, prior to any closure operation. The notice shall include the operator's name and the location to be closed by unit letter, section, township and range. If the closure is associated with a particular well, then the notice shall also include the well's name, number and API number.

K. Closure report. Within 60 days of closure completion, the operator shall submit a closure report on form C-144, with necessary attachments to document all closure activities including sampling results; information required by 19.15.17 NMAC; a plot plan; and details on back-filling, capping and covering, where applicable. In the closure report, the operator shall certify that all information in the report and attachments is correct and that the operator has complied with all applicable closure requirements and conditions specified in the approved closure plan. If the operator used a temporary pit, the operator shall provide a plat of the pit location on form C-105 within 60 days of closing the temporary pit.

The operator shall file a deed notice identifying the exact location of the on-site burial with the county clerk in the county where the on-site burial occurs.

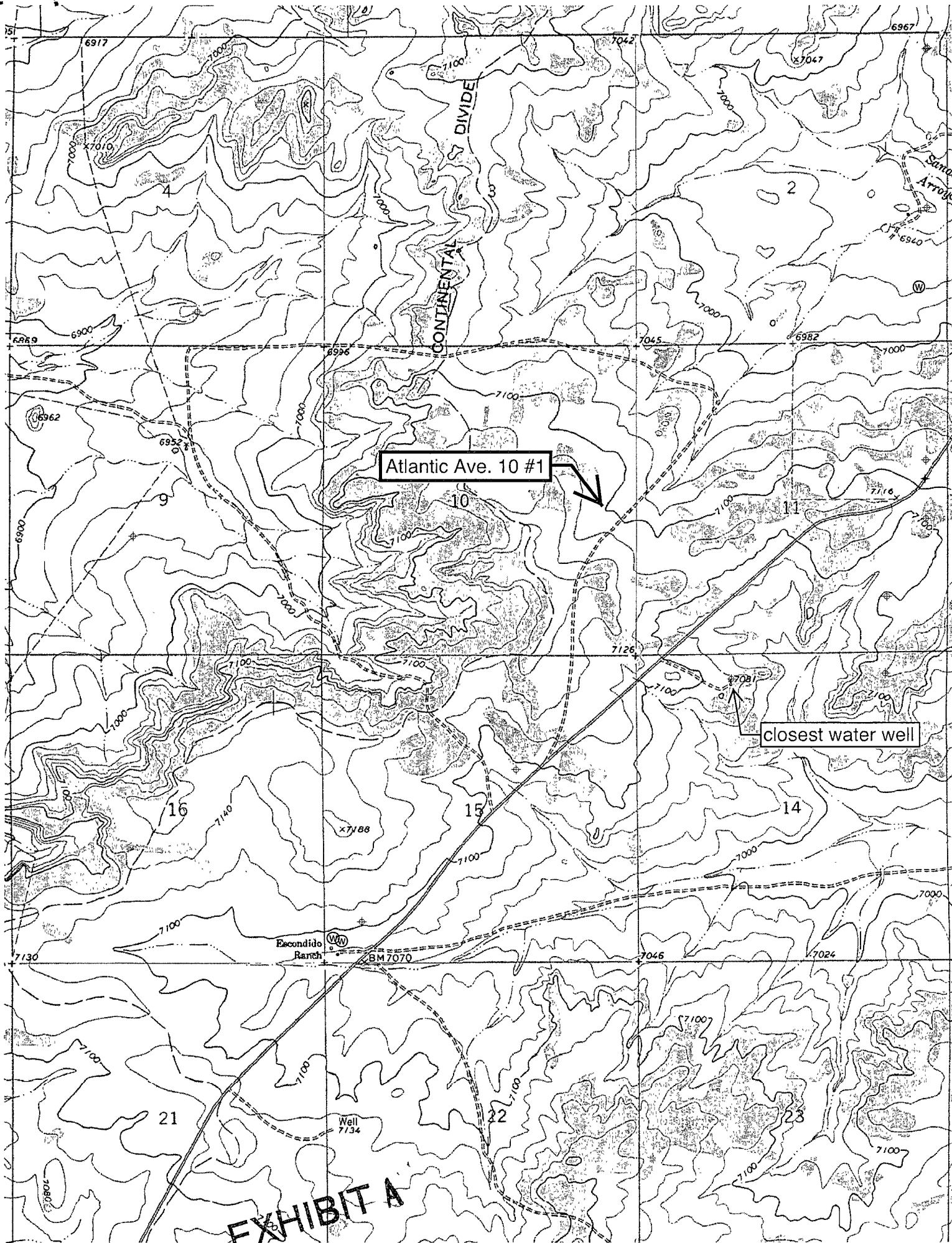


EXHIBIT A



# New Mexico Office of the State Engineer

## Water Column/Average Depth to Water

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

(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

| POD Number       | Sub basin | Use | County | Q 64 | Q 16 | Q 4 | Sec | Tws | Rng    | X        | Y        | Depth Well | Depth Water | Water Column |
|------------------|-----------|-----|--------|------|------|-----|-----|-----|--------|----------|----------|------------|-------------|--------------|
| RG 32742 -EXPL-2 | MON       | MK  |        | 4    | 3    | 2   | 34  | 17N | 09W    | 248590   | 3949908* | 220        | 100         | 120          |
| RG 32742 -EXPL-3 | MON       | MK  |        | 4    | 3    | 2   | 34  | 17N | 09W    | 248590   | 3949908* | 260        | 125         | 135          |
| RG 32742 EXPL2   | OBS       | XX  |        | 4    | 3    | 2   | 34  | 17N | 09W    | 248590   | 3949908* | 220        | 100         | 120          |
| RG 32742 EXPL3   | OBS       | XX  |        | 4    | 3    | 2   | 34  | 17N | 09W    | 248590   | 3949908* | 260        | 125         | 135          |
| RG 36587         | DOM       | XX  |        | 4    | 4    | 29  | 17N | 09W | 245700 | 3950890* | 880      | 550        | 330         |              |
| RG 74251         | STK       | MK  |        | 3    | 3    | 3   | 15  | 17N | 09W    | 247701   | 3953936* | 600        |             |              |
| RG 76015         | PRO       | MK  |        | 1    | 3    | 1   | 33  | 17N | 09W    | 245978   | 3950174* | 400        |             |              |
| RG 89620 POD1    | DOL       | MK  |        | 3    | 3    | 3   | 15  | 17N | 09W    | 247659   | 3953955  | 1360       | 434         | 926          |
| RG 89748 POD1    | DOL       | MK  |        | 2    | 4    | 4   | 02  | 17N | 09W    | 250772   | 3957234  | 585        | 480         | 105          |
| SJ 00989 EXP-5   | MON       | MK  |        | 1    | 1    | 4   | 31  | 17N | 09W    | 243554   | 3949844* | 365        | 150         | 215          |
| SJ 00989 EXP-6   | MON       | MK  |        | 1    | 1    | 4   | 31  | 17N | 09W    | 243554   | 3949844* | 235        | 100         | 135          |

Average Depth to Water: **240 feet**

Minimum Depth: **100 feet**

Maximum Depth: **550 feet**

**Record Count: 11**

**PLSS Search:**

Township: 17N

Range: 09W

**EXHIBIT B**

\*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



# New Mexico Office of the State Engineer

## Point of Diversion by Location

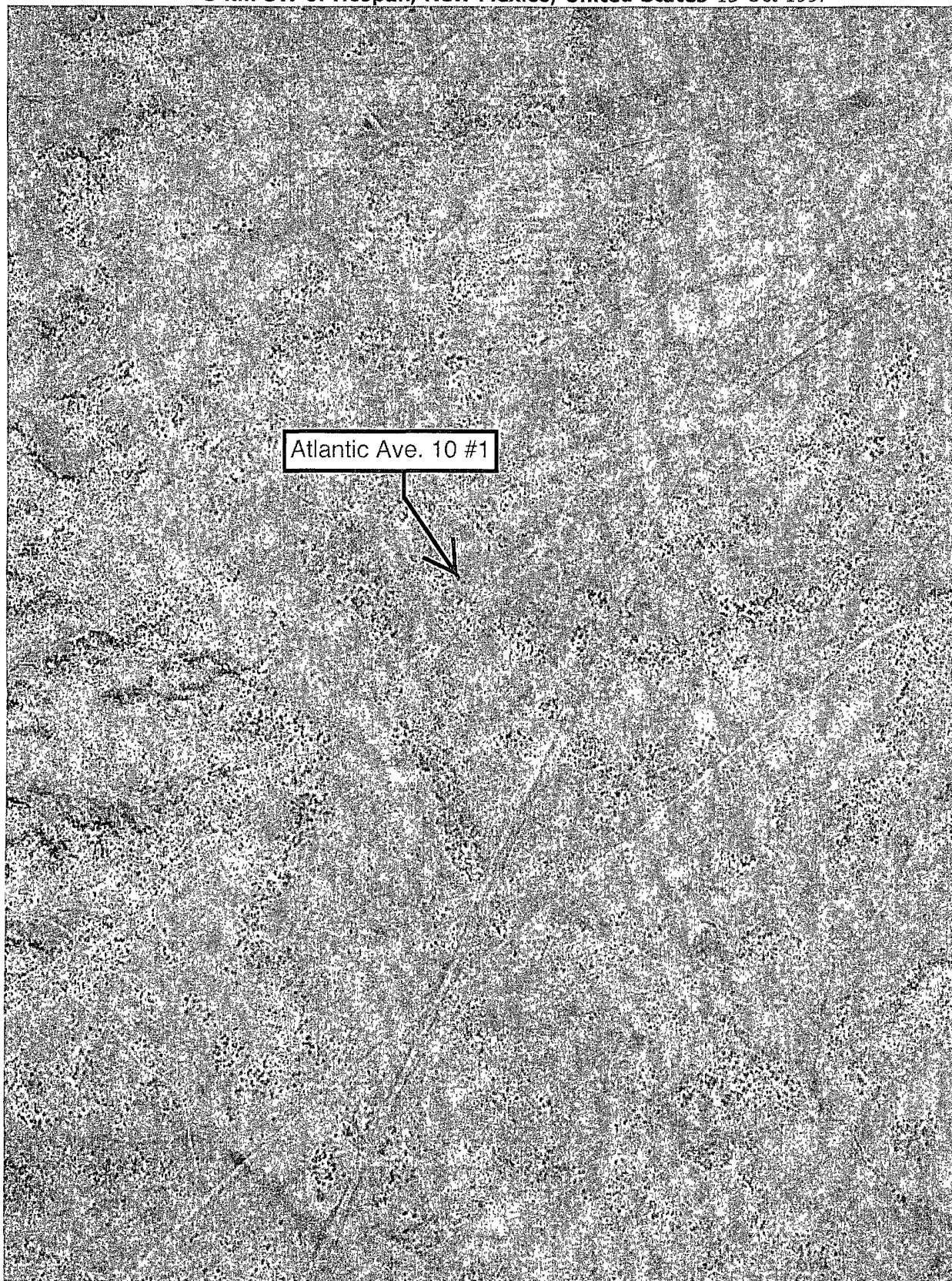
(with Owner Information)

| (acre ft per annum) |           |     |           |                             | (quarters are 1=NW 2=NE 3=SW 4=SE)<br>(quarters are smallest to largest) (NAD83 UTM in meters) |                  |           |          |   |   |   |     |     |     |        |          |
|---------------------|-----------|-----|-----------|-----------------------------|--|------------------|-----------|----------|---|---|---|-----|-----|-----|--------|----------|
| WR File Nbr         | Sub basin | Use | Diversion | Owner                       | County   | POD Number       | Grant     | Source   | q | q | q | Sec | Tws | Rng | X      | Y        |
| RG 32742            |           | MON |           | 0 CHACO ENERGY COMPANY      | MK   | RG 32742 -EXPL-2 |           | Shallow  | 4 | 3 | 2 | 34  | 17N | 09W | 248590 | 3949908* |
|                     |           |     |           |                             | MK   | RG 32742 -EXPL-3 |           | Shallow  | 4 | 3 | 2 | 34  | 17N | 09W | 248590 | 3949908* |
|                     |           |     |           |                             | MK   | RG 32742 EXPL 4  |           |          | 4 | 4 | 3 | 33  | 17N | 09W | 246556 | 3949158* |
|                     |           |     |           |                             | MK   | RG 32742 EXPL 5  |           |          | 4 | 2 | 3 | 32  | 17N | 09W | 244955 | 3949608* |
| RG 32742 EXPL3      |           | OBS |           | 3 CHACO ENERGY COMPANY      | XX   | RG 32742 EXPL2   |           | Shallow  | 4 | 3 | 2 | 34  | 17N | 09W | 248590 | 3949908* |
|                     |           |     |           |                             | XX   | RG 32742 EXPL3   |           | Shallow  | 4 | 3 | 2 | 34  | 17N | 09W | 248590 | 3949908* |
| RG 36587            |           | DOM |           | 3 BERRYHILL ENTERPRISES INC | XX   | RG 36587         |           | Shallow  |   | 4 | 4 | 29  | 17N | 09W | 245700 | 3950890* |
| RG 74251            |           | STK |           | 0 JERRY ELKINS              | MK   | RG 74251         |           |          | 3 | 3 | 3 | 15  | 17N | 09W | 247701 | 3953936* |
| RG 76015            |           | PRO |           | 3 LEE RANCH COAL COMPANY    | MK   | RG 76015         |           |          | 1 | 3 | 1 | 33  | 17N | 09W | 245978 | 3950174* |
| RG 89620            |           | DOL |           | 3 LUANN ELKINS              | MK   | RG 89620 POD1    | NON-GRANT | Artesian | 3 | 3 | 3 | 15  | 17N | 09W | 247659 | 3953955  |
| RG 89748            |           | DOL |           | 3 DANIEL SANDERS            | MK   | RG 89748 POD1    | NON-GRANT | Shallow  | 2 | 4 | 4 | 02  | 17N | 09W | 250772 | 3957234  |
| RG 91859            | MRG       | STK |           | 3 JERRY ELKINS              | MK   | RG 91859 POD1    | NON       |          | 2 | 3 | 3 | 26  | 17N | 09W | 249397 | 3950791  |
| SJ 00989            |           | MON |           | 0 CHACO ENERGY COMPANY      | MK   | SJ 00989 EXP-5   |           | Shallow  | 1 | 1 | 4 | 31  | 17N | 09W | 243554 | 3949844* |
|                     |           |     |           |                             | MK   | SJ 00989 EXP-6   |           | Shallow  | 1 | 1 | 4 | 31  | 17N | 09W | 243554 | 3949844* |

EXHIBIT B

Location was derived from PLSS - see Help

data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, bility, usability, or suitability for any particular purpose of the data.



m 200 400 600  
yds 200 400 600

Image courtesy of the U.S. Geological Survey

© 2010 Microsoft Corporation.

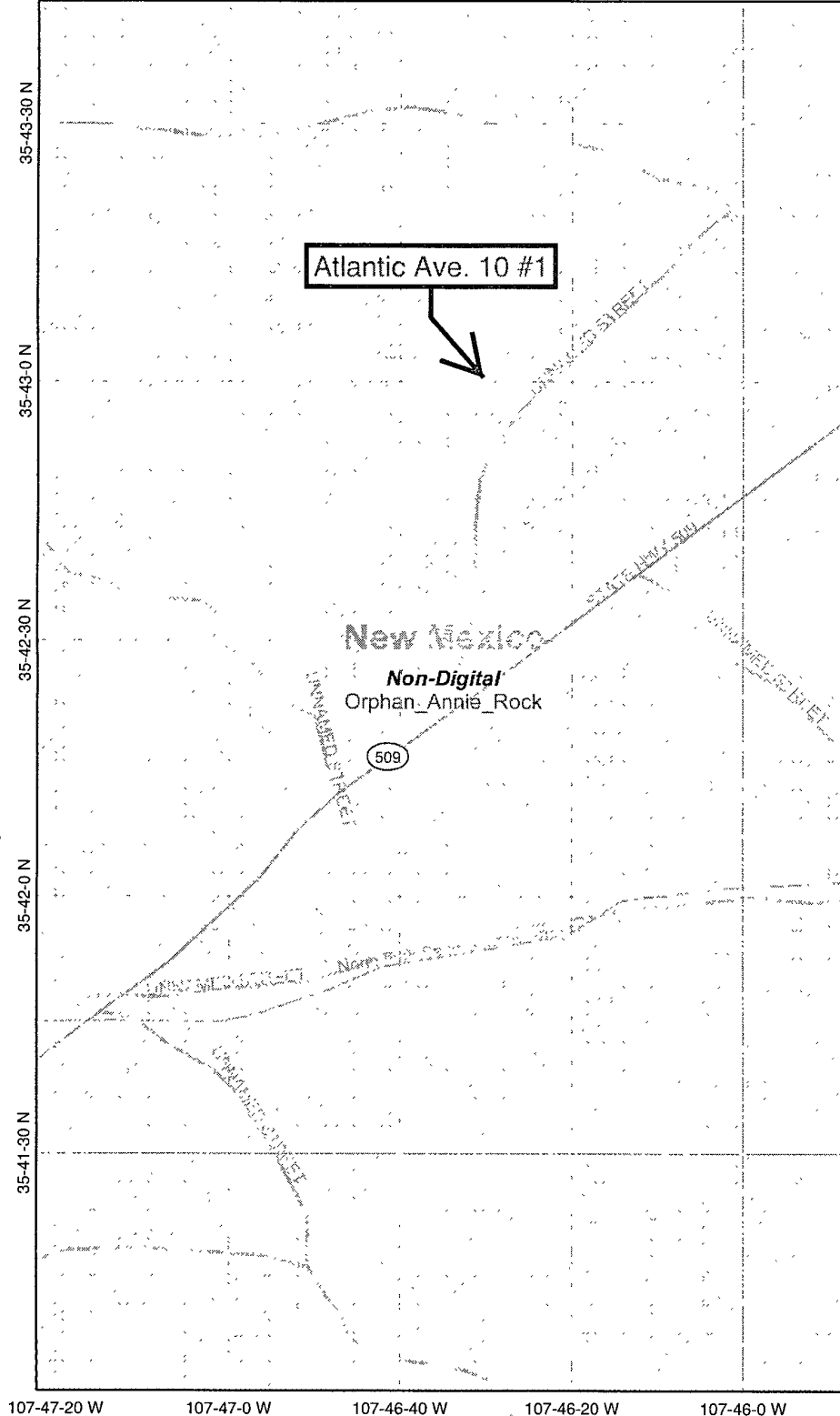
[Terms of Use](#)

[Privacy Statement](#)

EXHIBIT C

# Atlantic Ave. wetland map

107-47-20 W 107-47-0 W 107-46-40 W 107-46-20 W 107-46-0 W



## Legend

- Interstate
- Major Roads
- Other Road
- Interstate
- State highway
- US highway
- Roads
- Cities
- USGS Quad Index 24K
- Lower 48 Wetland Polygons
- Estuarine and Marine Deepwater
- Estuarine and Marine Wetland
- Freshwater Emergent Wetland
- Freshwater Forested/Shrub Wetland
- Freshwater Pond
- Lake
- Other
- Riverine
- Lower 48 Available Wetland Data
- Non-Digital
- Digital
- No Data
- Scan
- NHD Streams
- Counties 100K
- States 100K
- South America
- North America

EXHIBIT D



Scale: 1:24,000

Map center: 35° 42' 23" N, 107° 46' 35" W

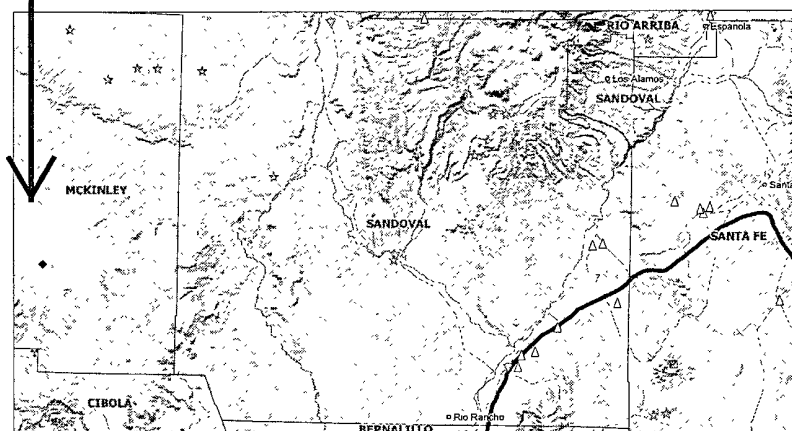
This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

# MMQonline Public Version

Atlantic Ave. 10 #1

## Mines, Mills & Quarries Commodity Groups

-  Aggregate & Stone Mines
-  Coal Mines
-  Industrial Minerals Mines
-  Industrial Minerals Mills
-  Metal Mines and Mill Concentrate
-  Potash Mines & Refineries
-  Smelters & Refinery Ops.
-  Uranium Mines



SCALE 1 : 1,559,043

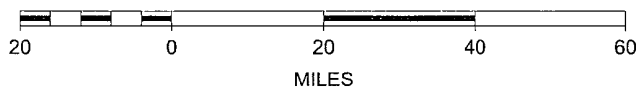
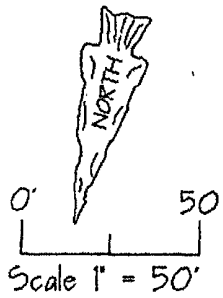


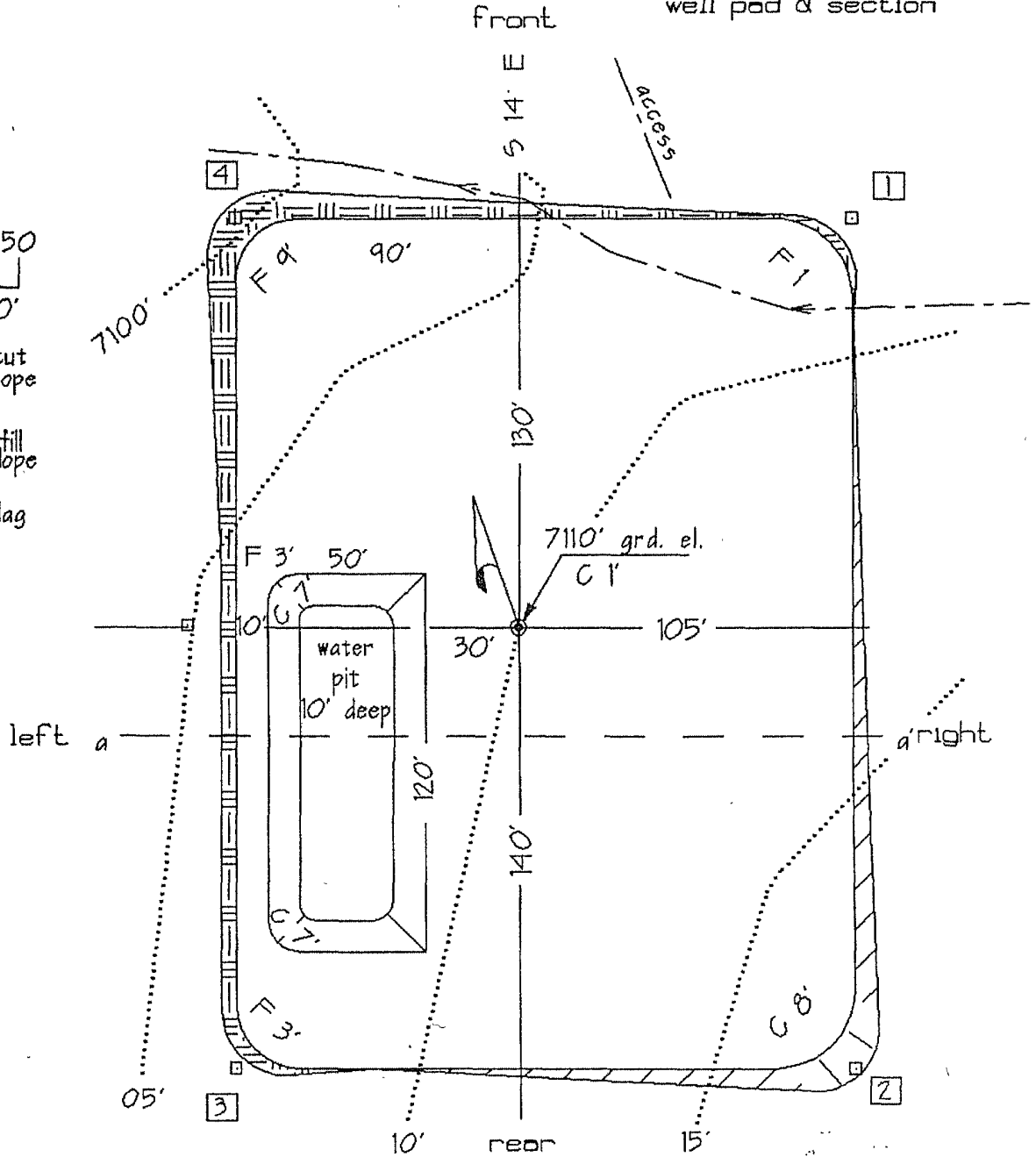
EXHIBIT E



Atlantic Ave 10 # 1  
well pad & section



- cut slope
- fill slope
- stake/pin flag

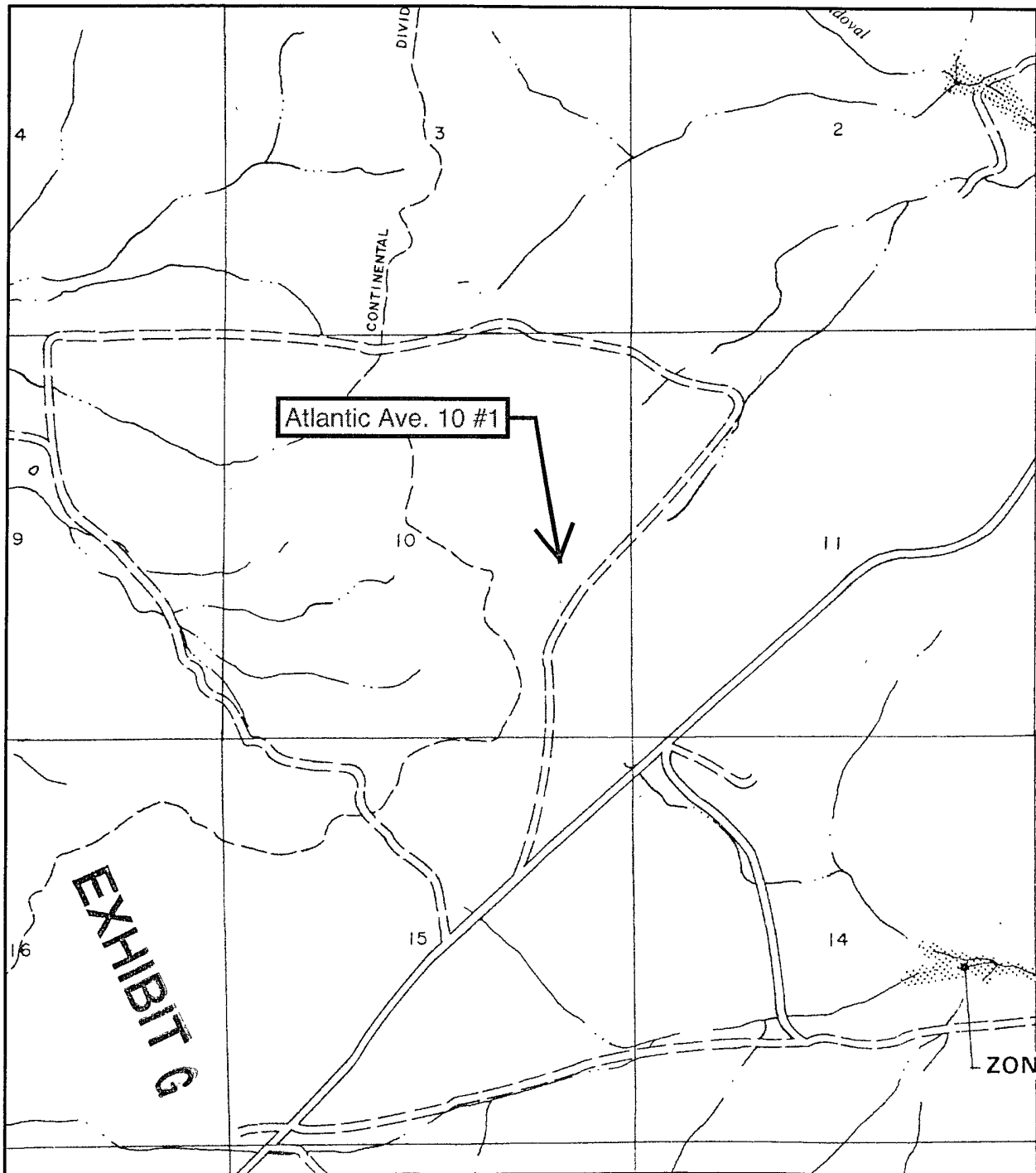


a

Cross section

a'

EXHIBIT F



FLOOD HAZARD BOUNDARY MAP

**McKINLEY COUNTY,  
NEW MEXICO**

UNINCORPORATED AREA

PAGE 16 OF 46

(SEE MAP INDEX FOR PAGES NOT PRINTED)

EFFECTIVE DATE:  
JULY 4 1978

COMMUNITY - PANEL NO.  
350039 0016 A



U.S. DEPARTMENT OF HOUSING  
AND URBAN DEVELOPMENT  
FEDERAL INSURANCE ADMINISTRATION

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)

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 & Mining Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C - 102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

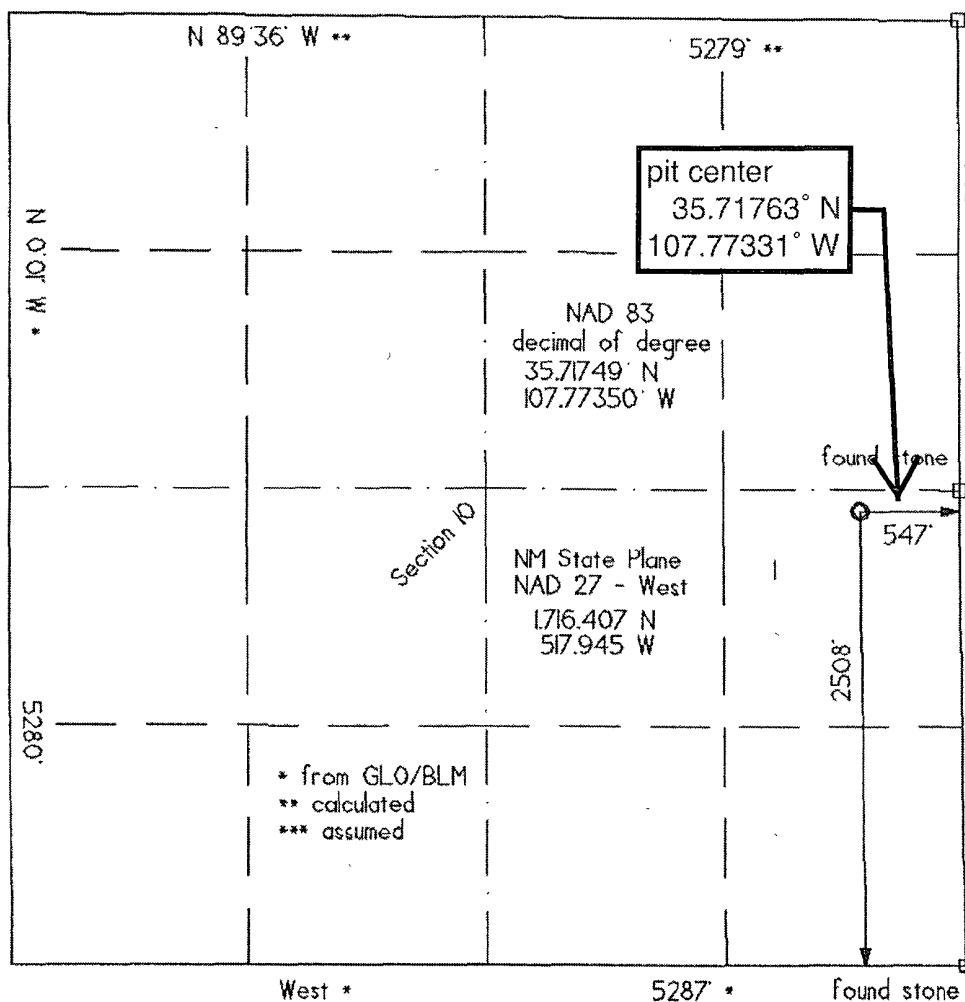
WELL LOCATION AND ACREAGE DEDICATION PLAT

|               |                                     |                    |
|---------------|-------------------------------------|--------------------|
| APA Number    | Pool Code                           | Pool Name          |
| Property Code | Property Name<br>ATLANTIC AVE 10    | Well Number<br>1   |
| OGRD No.      | Operator Name<br>CIMAREX ENERGY CO. | Elevation<br>7110' |

| Surface Location |      |          |        |          |             |             |             |           |           |
|------------------|------|----------|--------|----------|-------------|-------------|-------------|-----------|-----------|
| UL or Lot        | Sec. | Twp.     | Rge.   | Lot Idn. | Feet from > | North/South | Feet from > | East/West | County    |
| 1                | 10   | 17 North | 9 West |          | 2508'       | South       | 547'        | East      | Mc Kinley |

| Bottom Hole Location If Different From Surface |      |                 |      |                    |             |             |             |           |        |
|--|------|-----------------|------|--------------------|-------------|-------------|-------------|-----------|--------|
| UL or Lot                                      | Sec. | Twp.            | Rge. | Lot Idn.           | Feet from > | North/South | Feet from > | East/West | County |
|  |      |                 |      |                    |             |             |             |           |        |
| Dedicated Acres                                |      | Joint or Infill |      | Consolidation Code |             | Order No.   |             |           |        |

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



**OPERATOR CERTIFICATION**  
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pool agreement or a compulsory pooling order heretofore entered by the division.

Date

Signature

Printed Name

**SURVEYOR CERTIFICATION**  
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date of survey 09 03 '09

Signature and Seal of Professional Surveyor

Certificate Number 6844

EXHIBIT H

**PERMITS WEST, INC.**  
PROVIDING PERMITS for LAND USERS  
37Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

March 4, 2010

Jerry & Luahn Elkins  
P. O. Box 2326  
Milan, NM 87021

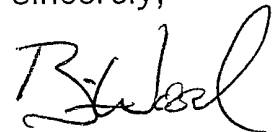
Dear Jerry,

As required by NMOCD pit rule Subsection F of 19.15.17.13 NMAC, I am notifying you as surface owner that Cimarex Energy Co. plans to close its Atlantic Ave 10 #1 temporary (reserve) pit (after it is approved, built, and used) using on site closure (burial) in the same pit.

The well is staked at 2508 FSL & 547 FEL 10-17n-9w, McKinley County, NM.

Please call me if you have any questions.

Sincerely,



Brian Wood

0524 0521 0001 2560 4290

| U.S. Postal Service™   |         |
|--|---------|
| CERTIFIED MAIL™ RECEIPT  |         |
| (Domestic Mail Only; No Insurance Coverage Provided)   |         |
| For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a> |         |
| OFFICIAL USE   |         |
| Postage  | \$ .44  |
| Certified Fee  | 2.80    |
| Return Receipt Fee<br>(Endorsement Required)   | 2.30    |
| Restricted Delivery Fee<br>(Endorsement Required)  |         |
| Total Postage & Fees   | \$ 5.54 |
| QUICK SERVICE<br>SANTA FE, NM<br>Postmark<br>MAR 05 2010<br>USPS                             |         |
| Sent To <u>ETK, us</u>   |         |
| Street, Apt. No.,<br>or PO Box No.   |         |
| City, State, ZIP+4   |         |
| PS Form 3800, August 2006 (See Reverse for Instructions)                                     |         |

EXHIBIT 1

## **Powell, Brandon, EMNRD**

---

**From:** brian wood [brian@permitswest.com]  
**Sent:** Tuesday, April 20, 2010 7:47 AM  
**To:** Powell, Brandon, EMNRD  
**Cc:** Sharon LaValley; EDDIE HERCHMAN; MIKE WOLFE  
**Subject:** Cimarex Atlantic Avenue 10 #1 CLZ-144  
**Attachments:** CLZ-144.PDF; ATT3961223.txt

Cancel the temporary pit application which you received March 9, 2010.  
Replace it with the attached CLZ-144.  
You will receive the original today via FedEx.  
Cimarex plans to spud 30-031-21108 later this week.