NM2 - ___1

CLOSURE



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office 6251 College Blvd., Suite A Farmington, New Mexico 87402 www.blm.gov/nm



In Reply Refer To: 3071 (F01200)

MAY 2 2 2012

James McDaniel XTO Energy 382 Road 3100 Aztec, NM 87410

Dear Mr. McDaniel:

Reference is made to your surface waste disposal facility for the Coronado Pond No. 1 and No. 2. Attached for your reference are the sundry notices which authorize the re-vegetation of the pit area after proper pit closure. The BLM currently has a working Memorandum of Understanding (MOU) with the NMOCD whereby pit closure, closure standards, and reclamation requirements conducted under Rule 19.15.17 NMAC (commonly referred to as the pit rule) are cooperatively managed by both agencies. Although the MOU does not specifically address production pits and subsequent closure, the intent of the MOU is to defer closure requirements to the NMOCD under the pit rule standards and re-vegetation of the site to the BLM.

Your sundry notice indicated that "upon BLM approval, Coronado Ponds No. 1 and No. 2 will no longer be an NMOCD surface waste management facility." In view of the terms of the MOU, your existing permit and permit conditions will have to remain under the authority and purview of the NMOCD until they authorize final pit closure. Upon their approval of the pit closure, BLM will manage the re-vegetation of the site in accordance with the terms of the MOU. As such, BLM's approval of your sundry notices dated March 9, 2012, is hereby amended to reflect that the NMOCD has final pit closure authority for the Coronado Ponds No. 1 and 2. Upon NMOCD's approval of the closure, interim re-vegetation and reclamation responsibilities will be addressed under the terms and conditions of the subject MOU.

Under 43 CFR 3165.3, you may request an Administrative Review of any instructions, orders, or decisions issued by the Authorized Officer. Such a request, including all supporting documents,

must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115. Such a request will not result in a suspension of the instructions, orders, or decisions unless the reviewing official so determines. Procedures governing appeals from the instructions, orders, or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et. Seq.

Sincerely,

Gary Torres Field Manager

cc: Brad Jones NMOCD 1220 South St. Francis Street Santa Fe, NM 87505 Form 3160-5 (August 2007)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB NO. 1004-0137 Expires July 31, 2010

5. Lease Serial No.

SUNDRY NOTICES AND REPORTS ON WELLS

| V | M | -013 | 642 | | | | |
|---|-------|------|-------|-----|-------|------|--|
| ~ | If In | dian | Allan | *** | Teiha | Nama | |

| Do not use this form for particles abandoned well. Use Form | | | 6. It Indian, Alli | ottee or Tribe Name |
|--|--|---|--|---|
| SUBMIT IN TRIPLICAT | FE - Other restrictions (2) | ge 2 | 7. If Unit or CA | /Agreement, Name and/or No. |
| Type of Well Oil Well | | to | 8. Well Name a | 7 |
| 2. Name of Operator XTO Energy Inc. | REGULATORY COMPLIA | NCE | | W. W |
| 3a. Address | | ne No. (include area code | 9. API Well No | , |
| 382 CR 3100 Aztec, NM 87410 | ! ' | 05-333-3204 | | ool, or Exploratory Area |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey L | Description) | | | |
| SEC. 31-T32N-R8W N.M.P.M. | | | | |
| | | | 11. County or | |
| | | · · · · · · · · · · · · · · · · · · · | SAN JUAN | NM |
| 12. CHECK APPROPRIATE | E BOX(ES) TO INDICATE | NATURE OF NOTIC | E, REPORT, OR OTHE | R DATA |
| TYPE OF SUBMISSION | | TYPE OF | ACTION | |
| X Notice of Intent | Acidize | Deepen . | Production (Start/Resime) | Water Shut-Off |
| | Alter Casing | Fracture Treat | Reclamation | Well Integrity |
| Subsequent Report | Casing Repair | New Construction | Recomplete | X Other |
| | | Plug and Abandon | Temporarily Abandon | |
| Final Abandonment Notice | | Plug Hack | Water Disposal | RE-VEGETATION |
| ATO (Diane Jaramillo, James McDar Leiss, Gary Torrez & Dave Evans. as described on the attachment. the location in two years & recor approval, Coronado Pend #1 will r | to modify the existing plan was approved by the structures and the postplan and results individual & Scott Baxstrom) XTO proposes to re-verthe existing fence wintour & reclaim if no | nd liners have be cate no release o met @ BLM on Jan getate Coronado F 11 remain in plac beneficial use is | o, 2011. en removed. The pocurred from the parary 31, 2012 w/J and #1 as it curred. E. XTO & HIM will planned at that | pond has been pond liners. im Lovato, Bill ently exists and l then revisit |
| 14. I hereby certify that the foregoing is true and correct | | | | |
| Name (Printed Typed) LORRI DO BINCHAM | Ti | de RECULATORY | ANALYST | |
| Signature Signature | clan D | ate 3/9/12 | | |
| Т у түй | S SPACE FOR FEDERAL | OR STATE OFFICE | USE | |
| Approved by Buch | | Branch (| hef D | ate 3/12/17 |
| Conditions of approval, if any, are attached. Approval of this not | tice does not warrant or certify that | Office - | 17/11 | 9/13/12 |
| the applicant holds legal or equitable title to those rights in the su entitle the applicant to conduct operations thereon. | | FFO | | |

Form 3160-5 (August 2007)

Approved by

UNITED STATES DEPARTMENT OF THE INTERIOR

FORM APPROVED OMB NO. 1004-0137 Expires July 31, 2010

| BUREAU OF | LAND MANAGEMI | 5N I | 5. Lease | Serial No. |
|--|---|--|--|---|
| SUNDRY NOTICES Do not use this form for abandoned well. Use Fort | proposals to drill | or to re-enter an | 6. If India | 3642 n, Allottee or Tribe Name |
| SUBMIT IN TRIPLICAT | TE - Other instruct | media MED | 7. If Unit | or CA/Agreement, Name and/or N |
| Type of Well Oil Well Gas Well X Other POND Name of Operator XTO Energy Inc. | | MAR 1 5 2012 ULATORY COMPLIANCE | , | ame and No. O POND #2 |
| 3a Address | | 3b. Phone No. (include area | | en No. |
| 382 CR 3100 Aztec, NM 87410 | | 505-333-3204 | 10. Field | and Pool, or Exploratory Area |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey). | Description) | | | |
| SEC. 31-T32N-R8W N.M.P.M. | | | 11. Cour | nty or Parish, State |
| 12. CHECK APPROPRIATI | F ROX(FS) TO IN | DICATE NATURE OF NO | The state of the s | |
| TYPE OF SUBMISSION | T BOX(ES) TO IN | | | THERDAIA |
| TIPE OF SUBMISSION | <u> </u> | LYP | E OF ACTION | |
| X Notice of Intent Subsequent Report Final Abandonment Notice | Acidize Alter Casing Casing Repair Change Plans Convert to Inject | Deepen Fracture Treat New Construction Plug and Abandon Plug Back | Production (Start/Resum Reclamation Recomplete Temporarily Abandon Water Disposal | Water Shut-Off Well Integrity X Other RE-VEGETATION |
| 13. Describe Proposed or Completed Operation (clear If the proposal is to deepen directionally or recom Attach the Bond under which the work will be perfollowing completion of the involved operations, testing has been completed. Final Abandonment determined that the final site is ready for final inspection. The proposal Inc. requests approval Lease NMM-013642. Our closure I | plete horizontally, give- rformed or provide the 1f the operation results Notices shall be filed o ection.) | subsurface locations and measurements and measurements and multiple completion or reconly after all requirements, including closure pl | ired and true vertical depthe SIA. Required subsequent completion in a new interva- uding reclamation, have be- an for Coronado Po | s of all pertinent markers and zone reports shall be filed within 30 day 1, a Form 3160-4 shall be filed on en completed, and the operator h |
| Currently, all of the equipment, sampled according to our closure | | • | | · · · · |
| XTO (Diane Jaramillo, James McDar Leiss & Gary Torrez. XTO propose on the attachment. The existing two years & recontour & reclaim: Coronado Pond #2 will no longer! | s to re-vegetate fence will remain if no beneficial | e Coronado Pond #2 a ain in place. XTO & l use is planned at | s it currently exi EIM will then rev that time. Upon yo | ists and as described visit the location in |
| 14. Thereby certify that the foregoing is true and correct Name (Printed Typed) LORRI D. BINCHAM | | Title REGULA | TORY ANALYST | |
| Signature | tan | Date 3/9/12 | | |
| TH | S SPACE FOR FE | DERAL OR STATE OFF | ICE USE | |

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would FFO entitle the applicant to conduct operations thereon. Title 18 U.S.C. Section 1001, and Title 43 U.S.C. Section 1212; makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictulous or fraudulent statements or representations as to any matter within its jurisdiction.

Office

Branch Chief

3/13/12



April 20, 2012

Mr. Brad Jones Oil Conservation Division 1220 South St. Francis Street Santa Fe, New Mexico 87505

Email: brad.a.jones@state.nm.us Phone (505) 476-3487

RE: CENTRALIZED EVAPORATION POND #2 SUNDRY AND RECLAMATION PLAN OCD PERMIT #NM-02-0001

Dear Mr. Jones:

Please accept this letter and attached Sundry Notice and Reclamation Plan approved by the Bureau of Land Management (BLM) as the closure documentation for the Centralized Evaporation Pond #2 as a NMOCD Permitted Surface Waste Disposal Facility. The BLM has agreed through the approval of this Sundry and Reclamation Plan to take over final reclamation of this former Surface Waste Disposal Facility. With your approval, this site will be closed as a Surface Waste Disposal Facility managed by the NMOCD, and will be reclaimed pursuant to the reclamation plan approved by the BLM. Please don't hesitate to contact me with questions or comments regarding this project.

Respectfully Submitted,

James McDaniel

EH&S Supervisor, CHMM #15676

XTO Energy, Inc. Western Division

CC: Brandon Powell, NMOCD, Aztec Office

Form 3160-5 (August 2007)

entitle the applicant to conduct operations thereon

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

| FORM APPROV | ED |
|--------------------|-----|
| OMB NO. 1004-0 | 137 |
| Expires July 31, 2 | 010 |

5. Lease Serial No. NMNM-013642

SUNDRY NOTICES AND REPORTS ON WELLS

| | r proposals to drill or to re-enter an rm 3160-3 (APD) for such proposals. | 6. If Indian, Allottee or Tribe Name |
|---|--|--|
| SUBMIT IN TRIPLICA | TE - Other instructions of Jack ED | 7. If Unit or CA/Agreement, Name and/or No |
| 1. Type of Well Oil Well Gas Well Name of Operator Other PONT | MAR 1 5 2012 | 8. Well Name and No. CORONADO POND #2 |
| XTO Energy Inc. 3a. Address | 3b. Phone No. (include area code) | 9. API Well No. |
| 382 CR 3100 Aztec, NM 87410 4. Location of Well (Footage, Sec., T., R., M., or Survey | 505-333-3204 | 10. Field and Pool, or Exploratory Area |
| SEC. 31-T32N-R8W N.M.P.M. | | 11. County or Parish, State SAN JUAN NM |
| 12. CHECK APPROPRIAT | E BOX(ES) TO INDICATE NATURE OF NOTICE, REF | |
| TYPE OF SUBMISSION | TYPE OF ACTION | N |
| X Notice of Intent Subsequent Report Final Abandonment Notice | Alter Casing Fracture Treat Reclama Casing Repair New Construction Recomp | okete X Other arily Abandon RE-VECETATION |
| Attach the Bond under which the work will be possible following completion of the involved operations. testing has been completed. Final Abandonment determined that the final site is ready for final inspection. The second of the equipment, all of the equipment, | plete horizontally, give subsurface locations and measured and true of provide the Bond No. on file with BLM/BIA. Required If the operation results in a multiple completion or recompletion in Notices shall be filed only after all requirements, including reclama ection.) If to modify the existing closure plan for Complan was approved by the HIM on March 30, 20 structures and the pond liners have been results indicate no release occurred | d subsequent reports shall be filed within 30 days a new interval, a Form 3160-4 shall be filed once tion, have been completed, and the operator has monado Pond #2 located on 11. moved. The pond has been |
| XTO (Diane Jaramillo, James McDa Leiss & Gary Torrez. XTO propose on the attachment. The existing two years & recontour & reclaim | miel & Scott Baxstrom) met @ HIM on January as to re-vegetate Coronado Pond #2 as it curr fence will remain in place. XTO & HIM will if no beneficial use is planned at that time be an NMOCD surface waste management facilit | 31, 2012 w/Jim Lovato, Bill ently exists and as described then revisit the location in . Upon your approval, |
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) LORRI D. BINGHAM Signature | Title REGULATORY ANALY Date 3/9/12 | /ST |
| TH | SPACE FOR FEDERAL OR STATE OFFICE USE | |
| Approved by Diel Mess | Branch Chief | Date 3/13/12 |
| Conditions of approval, if any, are attached. Approval of this not the applicant holds legal or equitable title to those rights in the supplicant to conduct operations thereon. | otice does not warrant or certify that Office | |

XTO Pond Reclamation Plan

March 8th, 2012

Prepared By



220 West Main
Farmington, NM 87401
505-327-2486

www.bclenvironmental.com

INTRODUCTION

In 2011, XTO requested Buchanan Consultants, Ltd (BCL) to collect soil samples from two pond sites, Map 1, and provide a reclamation plan. The pond sites are located in San Juan County, NM. Pond 1 is near Gardner 008A well site and Pond 2 near Gardner 007 well site. The native vegetation is primarily a tree/shrub community consisting of Western Wheatgrass, Sagebrush, Rabbitbrush and Utah Juniper.

The objective of the project is to reclaim each pond with native sustainable vegetation. Pond 1 has a total area of 7.56 acres (ac) to be reclaimed a total Pond 2 has an area of 6.85 ac to be reclaimed. The surface soils to be reclaimed for both ponds are a mixture of topsoil and bedrock material.

SOIL RESULTS

Pond 1

The soils range in texture from a sandy clay loam to a clay loam. The amount of bedrock mixed with the native soil is approximately 10%. The organic matter content for the soils is 0.4%, which is low. The electrical conductivity (EC) of the soil is 1.4 mmhos/cm and the sodium absorption ratio (SAR) is 13.8. Neither of these values are limiting to most native vegetation. The content of Sodium (Na) is 664 ppm and the base saturation is 11.3 percent.

Soils with an EC value higher than 4.0 mmhos/cm are saline and limiting to most agricultural crops. Native vegetation, similar to that surrounding Pond 1, is generally not

limited by EC values less than 8 mmhos/cm. SAR values of less than 10 are not limiting to most crops and values of 30 or less are generally not limiting to most native vegetation. The sodium content for this soil is approximately 0.06% and should be reduced if possible. The nitrogen content is 6 ppm as nitrate nitrogen, Phosphorus (P₂0₅) is 64 ppm, and Potassium (K) is 138 ppm. Nitrogen and Potassium are low and deficient for most crops. Some addition of nitrogen and potassium would be beneficial for the establishment of native vegetation. Phosphorus is adequate and does not need to be added. The soil pH is 8.5. An ideal pH is 6.0-6.5 for the establishment of most vegetation. The pH for this site (8.5) is limiting to most crops and somewhat limiting to native plants. The pH should be lowered, which can be accomplished with additions of elemental sulfur.

Pond 2

The soils range in texture from a sandy clay loam to a clay loam. The amount of bedrock mixed with the native soil is approximately 20%. The organic matter content for the soils is 0.4%, which is low. The electrical conductivity (EC) of the soil is 2.7 mmhos/cm and the sodium absorption ratio (SAR) is 26.9. Neither of these values are limiting to most native vegetation. The content of sodium (Na) is 3,336 ppm and the base saturation is 49.7 percent.

Soils with an EC value higher than 4.0 mmhos/cm are saline and limiting to most agricultural crops. Native vegetation, similar to that surrounding Pond 2, is not limited by EC values less than 8 mmhos/cm. SAR values of less than 10 are not limiting to most

crops and values of 30 or less are not limiting to most native vegetation. The sodium content for this soil is approximately 0.3% and needs to be reduced. The nitrogen content is 8 ppm as nitrate nitrogen, Phosphorus (P₂0₅) is 18 ppm, and Potassium (K) is 174 ppm. Nitrogen, Phosphorus and Potassium are deficient for most crops. Some additions of N,P, and K would be beneficial for the establishment of native vegetation. The soil pH is 8.8. An ideal pH is 6.0-6.5. The pH for this site (8.8) is limiting to most crops and somewhat limiting to native plants. The pH should be lowered, which can be accomplished with additions of elemental sulfur.

RECOMMENDATIONS

Pond 1 - 7.56 ac

Seed Bed Preparation, Pond 1

Rip and disc the soils at the site to compensation for medium to highly compacted soils. Ripping should be at least 18" deep and ideally 24". After ripping, the soils should be disked to a depth of at least 4" and ideally 6". Disking should be done on the contour. Ripping and disking can be done a few months to a few days before seeding.

Seeding, Pond 1

After disking, the rough surface should be maintained as much as possible. A rough surface is preferred for erosion control. The seed can be broadcast or drilled (broadcast is preferred). Drilling will require a drill-seeder large enough to seed the rough surface.

Seed Mix, Pond 1

The seed mix recommended is provided in Table 1. Seeding just prior to the rainy or monsoon season is preferred. This is typically in late June or early July. After seeding is complete the site should be mulched and crimped as soon as possible, preferably the same day. The mulch can be a native grass hay or straw, the longer the stems the better the mulch. Mulch should be crimped in two directions (cross-crimp) if possible. The application of mulch should be at least two tons per ac with a total of 15.1 tons (2 tons x 7.56 ac) for this site.

Table 1. Seed Mix for Pond 1

| Grasses | lbs/ac | lbs/7.56 ac |
|-------------------------|--------|-------------|
| Western Wheatgrass | 10 | 75.6 |
| Indian Ricegrass | 6 | 45.4 |
| Galleta grass | 8 | 60.5 |
| Sand Dropseed | 1 | 7,.6 |
| Blue Grama | 2 | 15.1 |
| Total | 27 | 204.2 |
| Shrubs | | |
| Wyoming Sagebrush | 0.5 | 3.78 |
| Winterfat | 2 | 15.1 |
| Rabbitbrush | 1 | 7.6 |
| Fourwing Saltbrush | 2 | 15.1 |
| Total | 5.5 | 41.6 |
| Grasses & Shrubs Totals | 32.5 | 245.8 |

Amendments, Pond 1

There are two options for reclaiming Pond 1. The first option requires using the standard rates recommended by the manufacturer for BIOSOL and humate. This option generally achieves optimum results. The second option accepts BCL's recommendations. This option may produce results that are less than optimal. However, based on experience on similar sites, plant establishment would be successful.

Option 1 – The Manufacturer's Recommendation for Pond 1

The amendments can be applied just before, during or just after seeding and always before mulching. The product BIOSOL is applied at 1,500 lbs/ac by the manufacturer recommendation. BIOSOL adds N, P, K and reduces the sodium content of the soils. Pond 1 (7.56 ac) would receive a total of 11,340 lbs of BIOSOL. It is recommended by the manufacturer to add 700 lbs/ac of humate, be added to the site, which is a total of 5,292 lbs to the Pond 1 site. Humate will increase the organic matter content and also add micronutrients. To reduce the pH (8.5), the manufacturer recommends adding 360 lbs/ac of elemental sulfur to lower the pH. A total of 2,722 lbs of sulfur would be added to the Pond 1 site.

Option 2 – BCL's Recommendation for Pond 1

The amendments can be applied just before, during or just after seeding and always before mulching. The product BIOSOL is recommended to be applied at a rate of 1,000 lbs/ac by the BCL. This is based on BCL's experience at other sites. BIOSOL

adds N, P, and K and reduces the sodium content of the soil. Pond 1 (7.56 ac) would receive a total of 7,560 lbs of BIOSOL. It is recommended by BCL to add 500 lbs/ac of humate, which is a total of 3,780 lbs. Humate will increase the organic matter content and also add micronutrients. To reduce the pH (8.5), BCL recommends adding 360 lbs/ac of elemental sulfur to lower the pH. A total of 2,722 lbs of sulfur would be added to the Pond 1 site.

Pond 2 - 6.85 ac

Seed Bed Preparation, Pond 2

Rip and disc the soils at the site to compensation for medium to highly compacted soils. Ripping should be at least 18" deep and ideally 24". After ripping, the soils should be disked to a depth of at least 4" and ideally 6". Disking should be done on the contour. Ripping and disking can be done a few months to a few days before seeding.

Seeding, Pond 2

After disking, the rough surface should be maintained as much as possible. A rough surface is preferred for erosion control. The seed can be broadcast or drilled (broadcast is preferred). Drilling will require a drill-seeder large enough to seed the rough surface.

Seed Mix, Pond 2

The seed mix recommended is provided in Table 2. Seeding just prior to the rainy or monsoon season is preferred. This is typically in late June or early July. After seeding is complete the site should be mulched and crimped as soon as possible, preferably the same day. The mulch can be a native grass hay or straw, the longer the stems the better the mulch. Mulch should be crimped in two directions (cross-crimp) if possible. The application of mulch should be at least two tons per ac with a total of 13.7 tons (2 tons x 6.85 ac) for this site.

Table 2. Seed Mix for Pond 2

| Grasses | lbs/ac | lbs/6.85 ac |
|-------------------------|--------|-------------|
| Western Wheatgrass | 10 | 68.5 |
| Indian Ricegrass | 6 | 41.1 |
| Galleta grass | 8 | 52.0 |
| Sand Dropseed | 1 | 6.9 |
| Blue Grama | 2 | 13.7 |
| Total | 27 | 182.2 |
| Shrubs | | |
| Wyoming Sagebrush | 0.5 | 3.4 |
| Winterfat | 2 | 13.7 |
| Rabbitbrush | 1 | 6.85 |
| Fourwing | 2 | 13.7 |
| Total | 5.5 | 37.65 |
| Grasses & Shrubs Totals | 32.5 | 219.9 |

Amendments, Pond 2

There are two options for reclaiming Pond 2. The first option requires using the standard rates recommended by the manufacturer for BIOSOL and humate. This option generally achieves optimum results. The second option accepts BCL's recommendations. This option may give results that are less than optimal. However, based on experience on similar sites, plant establishment would be successful.

Option 1 – The Manufacturer's Recommendation for Pond 2

The amendments can be applied just before, during or just after seeding and always before mulching. The product BIOSOL is applied at 1,500 lbs/ac by the manufacturer recommendations. BIOSOL adds N, P, K and reduces the sodium content of the soils. Pond 2 (6.85 ac) would receive a total of 10,275 lbs of BIOSOL. It is recommended by the manufacturer to add 700 lbs/ac of humate, which is a total of 4,795 lbs to the Pond 2 site. Humate will increase the organic matter content and also add micronutrients. To reduce the pH, the manufacturer recommends adding 360 lbs/ac of elemental sulfur. A total of 2,466 lbs of sulfur would be added to the Pond 2 site.

Option 2 - BCL's Recommendation for Pond 2

The amendments can be applied just before, during or just after seeding and always before mulching. The product BIOSOL is recommended to be applied at the rate of 1,000 lbs/ac. This is based on BCL's experience at other sites. BIOSOL adds N, P, and K and reduces the sodium content of the soils. Pond 2 (6.85 ac) would receive a total

of 6,850 lbs of BIOSOL. It is recommended by BCL to add 500 lbs/ac of humate, which is a total of 3,425 lbs. Humate will increase the organic matter content and also add micronutrients. To reduce the pH, BCL recommends adding approximately 360 lbs/ac of elemental sulfur. A total of 2,466 lb of sulfur would be added to the Pond 2 site.

