Form C-144 July 21, 2008

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 1220 S. St. Francis Dr., Santa Fe, NM 87505

Form C-144

State of New Mexico **Energy Minerals and Natural Resources** Department Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

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 hipbyidea copy to the appropriate NMOCD District Office. 1 56

Page 1 of 5

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

| Type of action: Existing BGT below-grade tank | Modification to an ex | ed-loop system, below sisting permit bmitted for an existing | w-grade tank, or pro | posed alternative method posed alternative method permitted pit, closed-loop system, |
|--|---|--|---------------------------|--|
| | | | losed-loop system, bei | low-grade tank or alternative request |
| Please be advised that approval of this rec | quest does not relieve the oper | rator of liability should or | perations result in pollu | tion of surface water, ground water or the ental authority's rules, regulations or ordinances. |
| Operator: XTO Energy, Inc. | | | OGRID #: | 5380 |
| Address: #382 County Road 31 | 00, Aztec, NM 87410 | | | |
| Facility or well name: _Beaver Lodge | Com #2R | | , | |
| API Number: 3004521959 | | OCD Permit Nur | mber: | |
| U/L or Qtr/Qtr A Section | 36 Township | 31N Range | 11W County: | San Juan |
| Center of Proposed Design: Latitude | 36.85917 | Longitude | 107.93595 | NAD: □1927 ⊠ 1983 |
| Surface Owner: Federal State | Private Tribal Trust of | r Indian Allotment | | |
| ☐ Pit: Subsection F or G of 19.15 Temporary: ☐ Drilling ☐ Workow ☐ Permanent ☐ Emergency ☐ Can ☐ Lined ☐ Unlined Liner type: ☐ String-Reinforced ☐ Factory 3. ☐ Closed-loop System: Subsection Type of Operation: ☐ P&A ☐ Drillintent) ☐ Drying Pad ☐ Above Ground S ☐ Lined ☐ Unlined ☐ Liner type: The Liner Seams: ☐ Welded ☐ Factory | retrivitation P&A Thicknessmil Other H of 19.15.17.11 NMAC ling a new well Workov teel Tanks Haul-off Bin nicknessmil | ver or Drilling (Applies as Other HDI | bbl Dime | ensions: Lx Wx D uire prior approval of a permit or notice of |
| Tank Construction material: Secondary containment with leak Visible sidewalls and liner V Liner type: Thickness | Type of fluid: Processed detection Visible sidew | valls, liner, 6-inch lift a | | |
| 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.

Oil Conservation Division

| · · | |
|---|-------------------------------|
| 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, institution or church) | , hospital, |
| Four foot height, four strands of barbed wire evenly spaced between one and four feet | |
| Alternate. Please specify Four foot height, steel mesh field fence (hogwire) with pipe top railing | |
| Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks) | |
| Screen Netting Other Expanded metal or solid vaulted top | |
| | |
| Monthly inspections (If netting or screening is not physically feasible) | |
| s. 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 | |
| | |
| 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 consideration of approval. | office for |
| Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. | |
| Siting Criteria (regarding permitting): 19.15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of accematerial are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to dry above-grade tanks associated with a closed-loop system. | opriate district approval. |
| Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank. - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells | ☐ Yes ⊠ 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). - 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. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | ☐ Yes ⊠ No☐ NA |
| Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. | ☐ Yes ☐ No |
| (Applies to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image | ⊠ 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. - NM Office of the State Engineer - iWATERS database search; 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 & Mineral Resources; USGS; NM Geological Society; Topographic map | ☐ Yes ☑ No |
| Within a 100-year floodplain FEMA map | ☐ Yes ☑ No |

| Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 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 Previously Approved Design (attach copy of design) API Number: |
|---|
| |
| 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 |
| 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) |
| above growing seet wind or name off other and propose to implement master removal for closure, |
| 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 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 ₂ 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 |
| 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) |
| 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 G of 19.15.17.13 NMAC |

| 16. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground | | |
|---|---|-----------------------|
| Instructions: Please indentify the facility or facilities for the disposal of liquids, facilities are required. | druling fluids and drul cuttings. Use attachment if i | more than two |
| 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 of ☐ Yes (If yes, please provide the information below) ☐ No | ocur on or in areas that will not be used for future services. | vice and operations? |
| Required for impacted areas which will not be used for future service and operatio Soil Backfill and Cover Design Specifications based upon the appropriate Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsection | requirements of Subsection H of 19.15.17.13 NMA I of 19.15.17.13 NMAC | С |
| 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 provided below. Requests regarding changes to certain siting criteria may require considered an exception which must be submitted to the Santa Fe Environmenta demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC. | e administrative approval from the appropriate dist I Bureau office for consideration of approval. Just | rict office or may be |
| Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Dat | a obtained from nearby wells | Yes No |
| 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; Dat | a obtained from nearby wells | Yes No |
| Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS; Dat | a obtained from nearby wells | ☐ Yes ☐ No ☐ NA |
| Within 300 feet of a continuously flowing watercourse, or 200 feet of any other sig lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site | nificant watercourse or lakebed, sinkhole, or playa | ☐ Yes ☐ No |
| Within 300 feet from a permanent residence, school, hospital, institution, or church - Visual inspection (certification) of the proposed site; Aerial photo; Satellite | | ☐ Yes ☐ No |
| Within 500 horizontal feet of a private, domestic fresh water well or spring that les watering purposes, or within 1000 horizontal feet of any other fresh water well or s NM Office of the State Engineer - iWATERS database; Visual inspection of | pring, in existence at the time of initial application. | Yes No |
| Within incorporated municipal boundaries or within a defined municipal fresh water adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality; Written approve | | Yes No |
| Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visua | al 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 | g and Mineral Division | ☐ Yes ☐ No |
| Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geolog Society; Topographic map | y & Mineral Resources; USGS; NM Geological | Yes No |
| Within a 100-year floodplain FEMA map | | ☐ Yes ☐ No |
| On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of Construction/Design Plan of Temporary Pit (for in-place burial of a drying protocols and Procedures - based upon the appropriate requirements of 19.13 Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Disposal Facility Name and Permit Number (for liquids, drilling fluids and Confirmation Plan - based upon the appropriate requirements of Subsection Re-vegetation Plan - based upon the appropriate requirements of Subsection Site Reclamation Plan - based upon the appropriate requirements of Subsection | uirements of 19.15.17.10 NMAC f Subsection F of 19.15.17.13 NMAC propriate requirements of 19.15.17.11 NMAC ad) - based upon the appropriate requirements of 19. 5.17.13 NMAC uirements of Subsection F of 19.15.17.13 NMAC Subsection F of 19.15.17.13 NMAC drill cuttings or in case on-site closure standards cann H of 19.15.17.13 NMAC I of 19.15.17.13 NMAC | 15.17.11 NMAC |

045-21959

| 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): Kim Champlin | Title: <u>Environmental Representative</u> |
| Signature: Nim Champler | Date:11/14/2008 |
| e-mail address: kim_champlin@xtoenergy.com | Telephone: (505) 333-3100 |
| 20. OCD Approval: Permit Application (including closure plan) | Closure Plan (only) OCD Conditions (see attachment) |
| OCD Representative Signature: | Myselle Approval Date: 3 - 24-2016 |
| OCD Representative Signature: Muchael All. Title: Petroleym enginee | |
| Title: Petholeum enginee | OCD Permit Number: |
| 21. Closure Report (required within 60 days of closure completion): Instructions: Operators are required to obtain an approved closure p The closure report is required to be submitted to the division within 6 section of the form until an approved closure plan has been obtained | lan prior to implementing any closure activities and submitting the closure report. O days of the completion of the closure activities. Please do not complete this |
| 22. | |
| Closure Method: | ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only) |
| 23. Closure Report Regarding Waste Removal Closure For Closed-loo Instructions: Please indentify the facility or facilities for where the le two facilities were utilized. | op Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: iquids, drilling fluids and drill cuttings were disposed. Use attachment if more than |
| Disposal Facility Name: | Disposal Facility Permit Number: |
| Disposal Facility Name: | |
| Were the closed-loop system operations and associated activities perform Yes (If yes, please demonstrate compliance to the items below) | rmed on or in areas that will not be used for future service and operations? No |
| Required for impacted areas which will not be used for future service of Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique | and operations: |
| 24. Cleaner Barrout Attachment Charlists Justinisticum Each of the | ollowing 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-sit 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: |
| | is closure report is true, accurate and complete to the best of my knowledge and re requirements and conditions specified in the approved closure plan. |
| Name (Print): | Title: |
| Signature: | |
| | |
| e-mail address: | Telephone: |

Form C-102 Supersedes C-128 Effective 1-1-65

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section. Sperator (E-5386-4) 2R (PM) EL PASO NATURAL GAS COMPANY BEAVER LODGE COM Unit Letter Section Township Courty Har. je SAN JUAN 31-N 11-W Actual I estage Location of Well: EAST 1170 feet from the line and feet from the Grunni Level Elev. Pool BRANCO PICTURED CLIFFS EXT Dedicated Acreage: ProduPT@TURNSmCLIFFS 6009 160.00 & 320.00 acres NESA VERDE BLANCO MESA VERDE 1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below. 2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc? If answer is "yes," type of consolidation _____ Communitization X Yes ☐ No If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)__ No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commis-CERTIFICATION I hereby certify that the information con-0 tained herein is true and complete to the B-10405-65 E-5176-4 best of my knowledge and belief. Original Signed By: Donald R. Read Div.Drilling Engr. Position El Paso Natural Gas Co E-3150-1 L-3054 L-3054 Company January 6, 1976 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or . .. 0 JAN under my supervision, and that the same is true and correct to the best of my knowledge and belief. Ento Carveyed FEBRUARY 12, 1973 Registered Professional Engineer ALEXANDER OF COLOR METERS OF THE PROPERTY OF T

95 1320 1650 1980 2310 2540

500C



Pit Permit Siting Criteria

| Client: | XTO Energy | |
|--------------|-------------|--|
| Project: | Pit Permits | |
| Revised: | 28-Oct-08 | |
| Prepared by: | Brooke Herb | |

| V | Information Sheet | Prepared by: | Brooke Herb |
|---|---|--------------------------|--|
| API#: | 3004521959 | USPLSS: | T31N,R11W,S36A |
| Name: | BEAVER LODGE COM #2R | Lat/Long: | 36.85917, -107.93595 |
| Depth to groundwater: | > 100' | Geologic formation: | Nacimiento Formation |
| Distance to closest continuously flowing watercourse: | | | |
| | of Knowlton Canyon Wash; 2590' W of Thurston Spring;1.02 miles E | | |
| | | Soil Type: | Entisols |
| Permanent residence, school, hospital, institution or church within 300' | No | | |
| | | Annual Precipitation: | 9.77 inches (Aztec) |
| Domestic fresh water well or spring within 500' | No | Precipitation Notes: | no significant precip events |
| Any other fresh water well or spring within 1000' | No | | |
| Within incorporated municipal boundaries | No | Attached Documents: | Groundwater report and Data; FEMA Flood Zone Map |
| Within defined municipal fresh water well field | No | | Aerial Photo, Topo Map, Mines Mills and Quarries Map |
| Wetland within 500' | No | Mining Activity: | |
| Within unstable area | No | | 1.40 miles N of Materials Pit |
| Within 100 year flood | No- FEMA Flood Zone 'X' | | |

BEAVER LODGE COM #2R Below Ground Tank Siting Criteria and Closure Plan

Well Site Location

Legals: T31N, R11W, Section 36, Quarter Section A Latitude/Longitude: approximately 36.85917, -107.93595

County: San Juan County, NM General Description: near Aztec

General Geology and Hydrology

The San Juan Basin is a typical Rocky Mountain basin with a gently dipping southern flank and a steeply dipping northern flank. Asymmetrically layered Tertiary sandstones and shales, along with Quaternary alluvial deposits dominate surficial geology (Dane and Bachman, 1965). The proposed below ground tank location will be located near Hart Canyon just east of the Animas River. The Nacimiento Formation of Tertiary Age is exposed, along with Quaternary alluvial and aeoloian sands within dry washes and arroyos.

Cretaceous and Tertiary sandstones, as well as Quaternary alluvial deposits serve as the primary aquifers in the San Juan basin (Stone et al., 1983). In most of the proposed area, the Nacimiento Formation lies at the surface. Thickness of the Nacimiento ranges from 418 to 2232 feet (Stone et al., 1983). Aquifers within the coarser and continuous sandstone bodies of the Nacimiento Formation are between 0 and 1000' deep in this section of the basin (Stone et al., 1983). Groundwater within these aquifers flows toward the nearby San Juan River and its tributaries.

The prominent soil type at the proposed site is entisols, which are defined as soils that do not show any profile development. Soils are basically unaltered from their parent rock. Miles of arroyos, washes and intermittent streams exist as part of the drainage network towards the La Plata River (www.emnrd.state.nm.us). These features often cut into soil and other unconsolidated materials, contributing to sedimentation downstream. The sudden influx of water from storm events easily erodes soils that cover the area.

The climate of the region is arid, averaging just over 8 inches of rainfall annually. As is typical of the southwestern United States monsoonal weather patterns, most precipitation falls from August through October. The heaviest rainfall occurs in the summer in isolated, intense cloudbursts. November through June is relatively dry. Snow generally falls from December to mid-February and averages less than one-half inch in depth. However, most recharge occurs during the winter months during snowmelt periods from the upper elevations (Western Regional Climate Center www.wrcc.dri.edu).

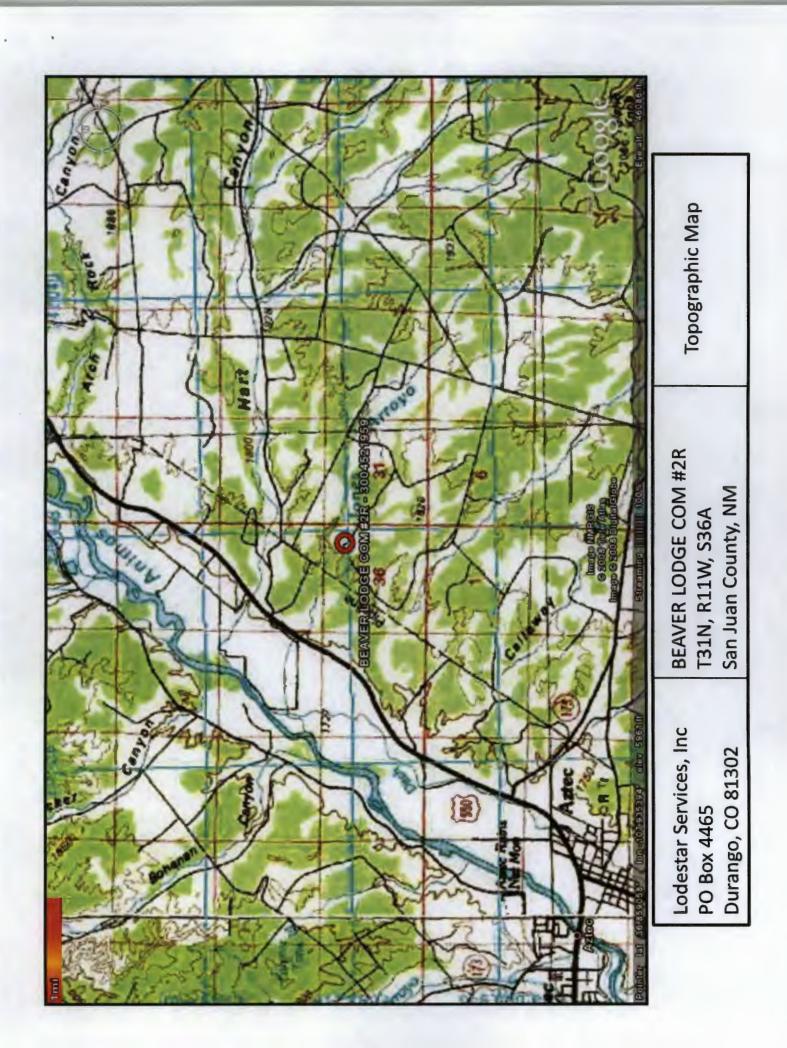
The predominant vegetation is sagebrush and grasses with a more restricted pinon-juniper association (Dick-Peddie, 1993).

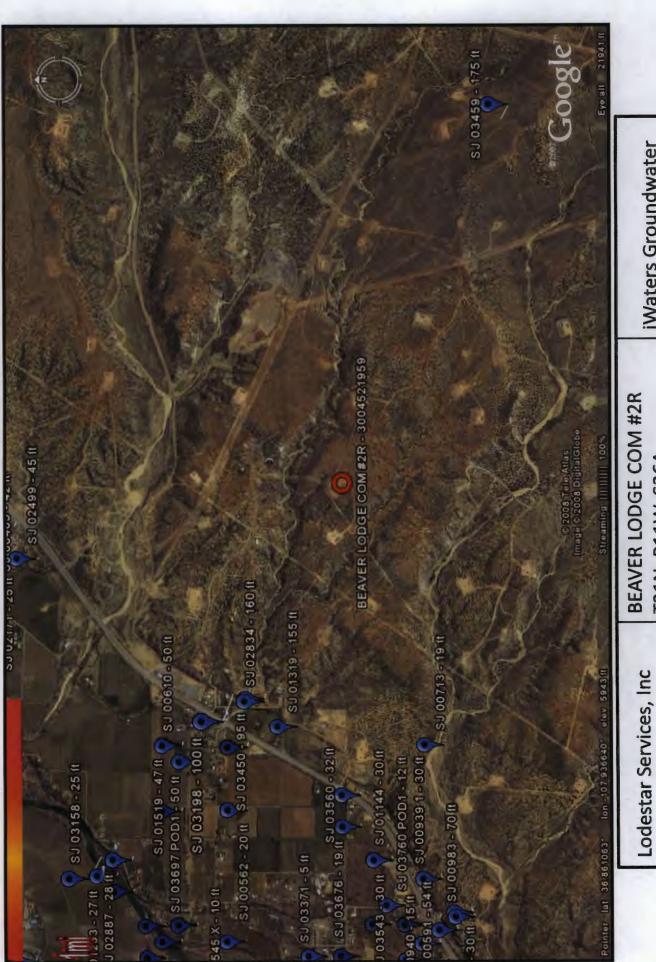
Site Specific Hydrogeology

Depth to groundwater is estimated to be greater than 100 feet. This estimation is based on data from Stone and others, 1983 and depth to groundwater data published on the New Mexico State Engineer's iWaters Database website. Local topography and proximity to surface hydrologic features are also taken into consideration.

Local aquifers include sandstones within the Nacimiento Formation, which ranges from 0 to 1000 feet deep in this area, as well as shallow aquifers within Quaternary alluvial deposits (Stone et al., 1983). The 1000-foot depth range for Nacimiento aquifers covers an area over 20 miles wide, and depth decreases towards the margin of the San Juan Basin. The site in question is more centrally located, and depth to the aquifer is expected to be closer to 1000 feet. It is well known that groundwater close to the Animas River can be shallow, as the Quaternary deposits near the river itself form shallow aquifers. However, the proposed site is situated over a mile to the east of the Animas River, and is approximately 310 feet higher in elevation (Google Earth).

Groundwater data available from the NM State Engineer's iWaters Database for wells near the proposed site are attached. A map showing the location of wells in reference to the proposed pit location is also included. Pinpoints show locations of wells and the labels for each pinpoint indicate depth to groundwater in feet. Wells are clustered to the west along the Animas River. Depth to groundwater within the nearby wells ranges from 6 feet to 175 feet below ground surface. The closest well to the proposed site is located approximately 4430 feet to the northwest, and is approximately 210 feet lower in topographic elevation (Google Earth). Depth to groundwater within the well is 95 feet below ground surface. A well to the southwest is approximately 195 feet lower in elevation then the proposed site, and has a depth to groundwater of 19 feet below ground surface. A well to the west is approximately 275 feet lower in elevation then the proposed site, and has a depth to groundwater of 32 feet below ground surface.





BEAVER LODGE COM #2 T31N, R11W, S36A San Juan County, NM

Durango, CO 81302

PO Box 4465

| iWaters Groundwater | Data Map

New Mexico Office of the State Engineer POD Reports and Downloads

Township: 31/Range: 11/V Sections:

WATER COLUMN REPORT 10/27/2008

| | 18 | AZE | bid | e de | st t | quarters are biggest to smallest | Lest) | | - | Depth | Depth | Water | (in | (in feet) |
|--------------|------|-----|-----|------|----------|----------------------------------|-------|---|---|-------|--------|--------|-----|-----------|
| POD Number | 7 | Rng | Sec | | 7 1 | Zone | | × | H | Well | Water | Column | | |
| 57 02395 | 31N | TIM | 13 | Н | 3 | | | | | 9 | 3 | 60 | | |
| | 31N | | 13 | N | - | | | | | 32 | 7 | 25 | | |
| J 01551 | 31N | 111 | 13 | N | - | | | | | 64 | 42 | 22 | | |
| J 00560 | 318 | 119 | 13 | N | web. | | | | | 9 | 25 | 14 | | |
| J 01729 | 31N | 118 | 13 | N | with the | | | | | 48 | 28 | 20 | | |
| J 01541 | 318 | 118 | 13 | m | | | | | | 52 | 30 | 22 | | |
| J 01539 | | 116 | 13 | m | | | | | | 52 | 30 | 22 | | |
| J 00946 | - | 111 | 13 | m | 00 | | | | | 135 | 100 | 9 | | |
| J 01540 | | 118 | 13 | di | | | | | | 52 | 30 | 22 | | |
| J 01879 | | 118 | 13 | d | | | | | | 26 | 00 | 18 | | |
| J 01801 | 31N | 118 | 5 | di | | | | | | 22 | 15 | 7 | | |
| J 03413 | | 118 | 13 | 4 | 64 | | | | | 09 | | | | |
| J 03412 | | | 13 | 4 | 640 | | | | | 60 | | | | |
| J 03736 P001 | | | 13 | di | 1 2 | | | | | 13 | 9 | 13 | | |
| J 02495 | | | 13 | de | ~ | | | | | 28 | 12 | 16 | | |
| J 03623 | | | 13 | 4 | 1 2 | | | | | 30 | 16 | 14 | | |
| J 03264 | 311 | 111 | 13 | 4 | 2 2 | | | | | 20 | 11 | on . | | |
| J 03124 | | 118 | 13 | 4 | 4 | | | | | 20 | w | 15 | | |
| J 03125 | | 11W | 13 | 4 | 2 4 | | | | | 20 | w | 15 | | |
| J 03712 POD1 | 31N | 111 | 13 | 4 | 4 | | | | | 19 | 11 | 00 | | |
| J 03018 | 318 | 118 | 13 | 4 | 3 | | | | | 20 | 00 | 12 | | |
| J 03670 | 31N | 119 | 13 | 4 | 3 | | | | | 26 | 10 | 16 | | |
| J 01538 | 31N | 118 | 13 | 4 | - | | | | | 52 | 30 | 22 | | |
| J 01683 | 31N | 118 | 13 | 4 | | | | | | 45 | 25 | 20 | | |
| J 01731 | 318 | 118 | 13 | 4 | 7 | | | | | 43 | N S | 18 | | |
| J 01644 | 31N | 118 | 13 | 4 | 7 | | | | | 23 | 9 | 17 | | |
| T 02110 | 27.0 | 115 | | 4 | | | | | | 200 | | | | |

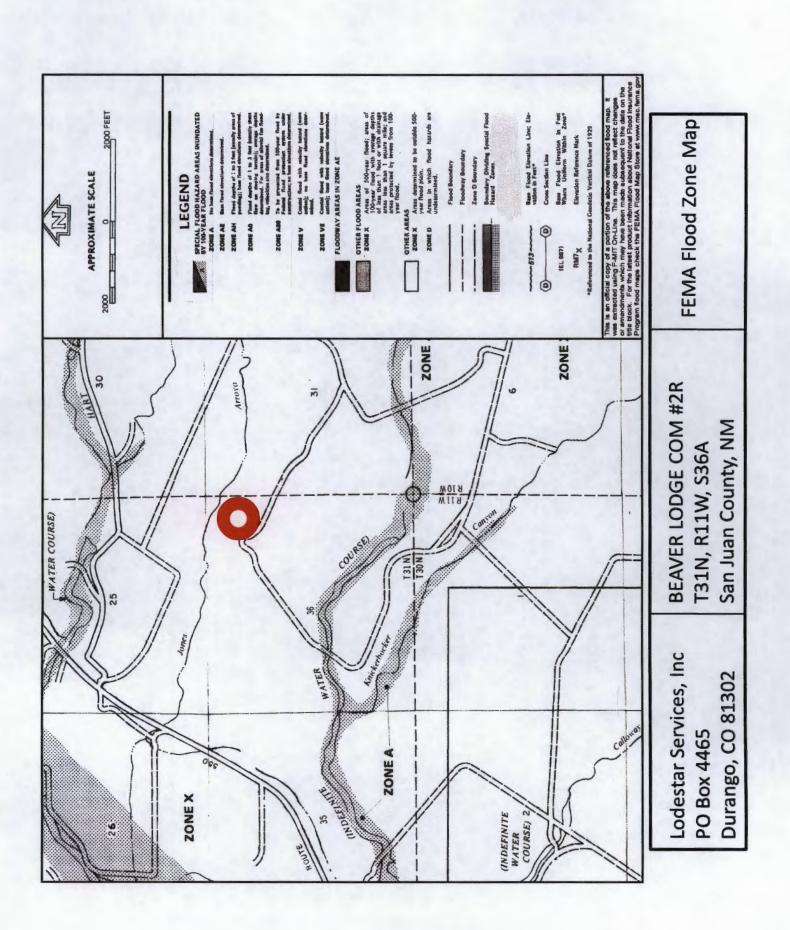




Mines, Mills, and Quarries Map

Lodestar Services, Inc PO Box 4465 Durango, CO 81302

BEAVER LODGE COM #2R T31N, R11W, S36A San Juan County, NM



XTO Energy Inc. San Juan Basin (Northwest New Mexico) General Design and Construction Plan For Below-Grade Tanks

In accordance with Rule 19.15.17.11 NMAC the following information describes the design and construction of below-grade tanks on XTO Energy Inc. (XTO) locations. This is XTO's standard procedure for all below-grade tanks. A separate plan will be submitted for any below-grade tank which does not conform to this plan.

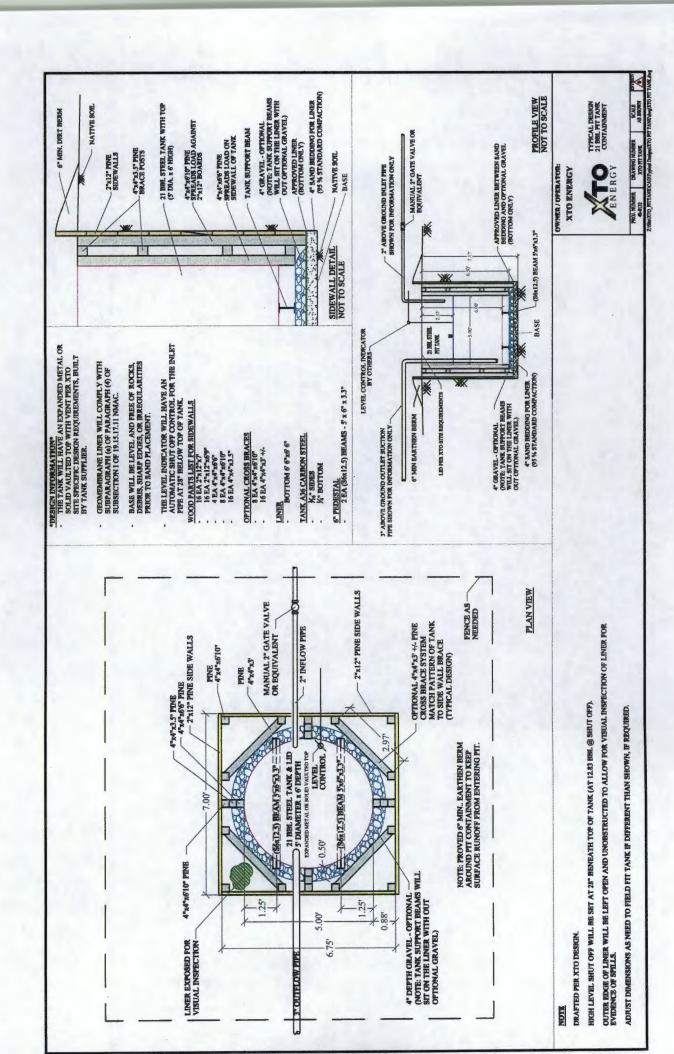
General Plan

- XTO will design and construct below-grade tanks to contain liquids and solids and prevent contamination of fresh water and protect public health and environment.
- 2. XTO will post a well sign, in compliance with 19.15.3.103 NMAC, on the existing well site operated by XTO where the existing below-grade tank is located. The sign will list the Operator on record as the operator, the location of the well site by unit letter, section, township, range, and emergency telephone numbers.
- 3. XTO is requesting approval of an alternative fencing to be used on below-grade tank locations. Below-grade tank locations will be fenced utilizing 48" steel mesh field-fence (hogwire) with pipe railing along the top. A 6' chain link fence will be utilized around the well pad if the well site is within a city limits or ¼ mile of a permanent residence, school, hospital, institution or church. Below-grade tanks located within 1000' of a permanent residence, school, hospital, institution or church will be fenced by 6' chain link fence with at least two strands of barbed wire at the top. All gates associated with below-grade tanks will remain closed and locked when responsible individuals are not on site.
- 4. XTO shall construct below-grade tanks with an expanded metal covering or solid vaulted top on the top of the below-grade tank.
- 5. XTO will ensure that below-grade tanks are constructed of materials resistant to the below-grade tank's particular contents and resistant to damage from sunlight. Tanks will be constructed of A36 carbon steel with 3/16" sides and 1/4" bottom. (See attached drawing).
- 6. The below-grade tank system will have a properly constructed foundation consisting of a level base free of rocks, debris, sharp edges or irregularities to prevent punctures, cracks or indentations of the liner or tank bottom. Sand bedding (4") will be placed on top of a level foundation to ensure prevention of punctures, cracks or indentations of the liner or tank bottom.
- 7. XTO will construct a berm and/or diversion ditch in a manner that prevents the collection of surface water run-on. Below-grade tanks will be equipped with automatic high level shut-off devices as well as manually operated shut-off valves. (See attached drawing).
- 8. XTO will construct and use below-grade tanks that do not have double walls. The below-grade tank sidewalls will be open for visual inspection for leaks. The sidewalls of the cellar will be constructed with 2" X 12" pine sidewalls and 4" X 4" pine brace posts. The below-grade tank

XTO Energy Inc.
San Juan Basin (Northwest New Mexico)
General Design and Construction Plan
For Below-Grade Tanks
Page 2

bottom will be elevated a minimum of 6" above the underlying ground surface and the belowgrade tank will be underlain with a geomembrane liner to divert leaked liquid to a location that can be visually inspected. (See attached drawing).

- XTO will equip below-grade tanks designed in this manner with a properly functioning automatic high-level shut-off control device and manual controls to prevent overflows. (See attached drawing).
- 10. XTO will demonstrate to the OCD that the geomembrane liner complies with the specifications of Subparagraph (a) of Paragraph (4) of Subsection I of 19.15.17.11 NMAC and obtain approval from OCD prior to the installation of the design. The geomembrane liner shall have a hydraulic conductivity no greater than 1 x 10-9 cm/sec. The geomembrane liner shall be composed of an impervious, synthetic material that is resistant to petroleum hydrocarbons, salts and acidics and alkaline solutions. The liner material shall be resistant to ultraviolet light. Liner compatibility shall comply with EPA SW-846 method 9090A. (See attached drawing).
- 11. The general specifications for design and construction are attached.



XTO Energy Inc. San Juan Basin (Northwest New Mexico) General Maintenance and Operating Plan For Below-Grade Tanks

In accordance with Rule 19.15.17.12 NMAC the following information describes the operation and maintenance of below-grade tanks on XTO Energy Inc. (XTO) locations. This is XTO's standard procedure for all below-grade tanks. A separate plan will be submitted for any below-grade tank which does not conform to this plan.

General Plan

- XTO will operate and maintain below-grade tanks to contain liquids and solids, maintain the
 integrity of the liner and secondary containment system, prevent contamination of fresh water and
 protect public health and the environment. Fluid levels will be monitored weekly and high levels
 will be removed as necessary. Monthly inspections will be conducted to monitor integrity of
 below-grade tank systems and below-grade tanks will be equipped with automatic high-level
 shut-off devices.
- 2. XTO will not allow below-grade tanks to overflow and will use berms and/or diversion ditch to prevent surface run on to enter the below-grade tank. Below-grade tanks will be equipped with automatic high-level shut-off control devices as well as manually operated shut-off valves. See attached drawing for vault design and placement of diversion berms and shut-off devices.
- 3. XTO will continuously remove any visible or measurable layer of oil from the fluid surface of below-grade tanks in order to prevent significant accumulation of oil.
 - 4. XTO will inspect the below-grade tank monthly and maintain written records for five years. Monthly inspections will consist of documenting the following: (see attached template),

Well Name
API #
Sec., Twn., Rng.
XTO Inspector's name
Inspection date and time
Visible tears in liner
Visible signs of tank overflow
Collection of surface run on
Visible layer of oil
Visible signs of tank leak
Estimated freeboard

- 5. XTO will maintain adequate freeboard to prevent over topping of the below-grade tank. High level shut-off devices control the freeboard at an average of 28" beneath the top of the tank.
- 6. XTO will not discharge into or store any hazardous waste in any below-grade tank.
- If a below-grade tank develops a leak, or if any penetration of a below-grade tank occurs below the liquids surface, XTO will remove all liquids above the damage or leak line within 48 hours,

XTO Energy Inc.
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General Maintenance and Operating Plan
For Below-Grade Tanks
Page 2

notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the below-grade tank. If an existing below-grade tank does not meet current requirements of Paragraphs 1-4 of Subsection I of 19.15.17.11 NMAC the tank will be modified or retrofitted to comply. If compliance can not be achieved XTO will implement the approved closure plan.

| | | MONT | HLY BELO | MONTHLY BELOW GRADE TANK INSPECTION FORM | INSPECTIC | N FORM | | |
|--------------------|------------|-------------------------------|-------------------|--|-----------------------|---------------|-----------------------|-----------|
| Well Name: | ö | | | | API No.: | | | |
| Legals | Sec: | | Township: | | Range: | | | |
| XTO Inspector's | Inspection | Inspection | Any visible liner | Any visible signs of | Collection of surface | Visible layer | Any visible signs | Freeboard |
| | | | (100) | tain overliows (TIN) | | | Ol a tally lean (174) | ESt. (11) |
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XTO Energy Inc. San Juan Basin (Northwest New Mexico) General Closure Plan For Below-Grade Tanks

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure requirements of below-grade tanks on XTO Energy Inc. (XTO) locations. This is XTO's standard procedure for all below-grade tanks. A separate plan will be submitted for any below-grade tank which does not conform to this plan.

General Plan

- XTO will close below-grade tanks within the time periods provided in 19.15.17.13 NMAC, or by an earlier date that the division requires because of imminent danger to fresh water, public health or the environment.
- XTO will close a 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.
- 3. XTO will close a permitted below-grade tank within 60 days of cessation of the below-grade tank's operation or as required by the transitional provisions of Subsection B of 19.15.17.17 NMAC in accordance with a closure plan that the appropriate division district office approves. The closure report will be filed on form C-144.
- 4. XTO will remove liquids and sludge from below-grade tanks prior to implementing a closure method and will dispose of the liquids and sludge in a division-approved facility. Approved facilities and waste streams include:

Envirotech Permit No. NM01-0011 and IEI Permit No. NM 01-0010B Soil contaminated by exempt petroleum hydrocarbons Produced sand, pit sludge and contaminated bottoms from storage of exempt wastes

Basin Disposal Permit No. NM01-005 Produced water

- 5. XTO will remove the below-grade tank and dispose of it in a division approved facility or recycle, reuse, or reclaim it in a manner that the appropriate division district office has approved prior to removal. Any associated liners will be removed, properly cleaned and disposed of per 19.15.9.712 NMAC at San Juan County Landfill. Documentation of the final disposition will be included in the closure report.
- XTO will remove any on-site equipment associated with a below-grade tank unless the equipment is required for some other purpose.
- 7. XTO will test the soils beneath the below-grade tank to determine whether a release has occurred. At a minimum 5 point composite sample will be collected along with individual grab samples from any area that is wet, discolored or showing other evidence of a release. Samples will be

XTO Energy Inc. San Juan Basin (Northwest New Mexico) General Closure Plan For Below-Grade Tanks Page 2

analyzed for BTEX, TPH and chlorides to demonstrate that the benzene concentration, as determined by EPA SW-846 methods 8021B or 8260B or EPA method that the division approves, does not exceed 0.2 mg/kg; total BTEX concentration, as determined by EPA SW-846 methods 8021B or 8260B or other EPA method that the division approves, does not exceed 50 mg/kg; the TPH concentration, as determined by EPA method 418.1 or other EPA method that the division approves, does not exceed 100mg/kg; and the chloride concentration, as determined by EPA method 300.1 or other EPA method that the division approves, does not exceed 250 mg/kg, or the background concentration, whichever is greater. XTO will notify the division of its results on form C-141.

- If XTO or the division determines that a release has occurred, XTO will comply with 19.15.3.116
 NMAC and 19.15.1.19NMAC as appropriate.
- 9. If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (4) of Subsection E of 19.15.17.13 NMAC, XTO will backfill the excavation with compacted, non-waste containing, earthen material; construct a division prescribed soil cover; recontour and re-vegetate the site.
- 10. Notice of Closure operations will be given to the Aztec Division District III office between 72 hours and one week prior to the start of closure activities via email or verbally. The notification will include the following:
 - i. Operator's name
 - ii. Well Name and API Number
 - iii. Location by Unit Letter, Section, Township, and Range

The surface owner shall also be notified prior to the implementation of any closure operations of below-grade tanks as per the approved closure plan using certified mail, return receipt requested.

- 11. Re-contouring of location will match fit, shape, line, form and texture of the surrounding area. Re-shaping will include drainage control, prevent ponding, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be placed in areas where needed to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with smooth surface, fitting the natural landscape.
- 12. A minimum of 4 feet of cover shall be achieved and the cover shall include 1 foot of suitable material to establish vegetation at the site, or the background thickness of topsoil, whichever is greater. Soil cover will be constructed to the site's existing grade and ponding of water and erosion of the cover material will be prevented with drainage control, natural drainages and silt traps where needed.
- 13. XTO will seed the disturbed areas the first growing season after the operator closes the pit. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. BLM or Forest Service stipulated seed mixes will be used on federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs.

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General Closure Plan
For Below-Grade Tanks
Page 3

- 14. All closure activities will include proper documentation and be available for review upon request and will be submitted in closure report form to OCD within 60 days of closure of the below-grade tank. Closure report will be filed on form C-144 and incorporate the following:
 - i. Proof of closure notice to division and surface owner;
 - ii. Details on capping and covering, where applicable;
 - iii. Inspection reports;
 - iv. Confirmation sampling analytical results;
 - v. Disposal facility name(s) and permit number(s);
 - vi. Soil backfilling and cover installation;
 - vii. Re-vegetation application rates and seeding techniques, (or approved alternative to re-vegetation requirements if applicable);
 - viii. Photo documentation of the site reclamation.