

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

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

Form C-144
June 1, 2004

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

Pit or Below-Grade Tank Registration or Closure

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

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

Operator: <u>Snow Oil & Gas, Inc</u> Telephone: <u>432-524-2371</u> e-mail address: <u>danabrown@lotus1k.com</u>	
Address: <u>P.O. Box 1277 Andrews, TX 79714</u>	
Facility or well name: <u>Esperanza 28#1</u> API #: <u>080-015-30847</u> U/L or Qr/Qr: <u>P/SEGE</u> Sec <u>28</u> T <u>21S</u> R <u>27E</u>	
County: <u>Eddy</u> Latitude: _____ Longitude: _____ NAD: 1927 <input type="checkbox"/> 1983 <input type="checkbox"/>	
Surface Owner: Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>	
PK Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type: Synthetic <input checked="" type="checkbox"/> Thickness: <u>1/2</u> mil Clay <input type="checkbox"/> Pit Volume: <u>3100</u> bbl	
Below-grade tank Volume: _____ bbl Type of fluid: _____ Construction material: _____ Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not: _____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet (20 points) <u>50 feet or more, but less than 100 feet</u> (10 points) <u>10</u> 100 feet or more (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes (20 points) <u>No</u> (0 points) <u>0</u>
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet (20 points) 200 feet or more, but less than 1000 feet (10 points) <u>1000 feet or more</u> (0 points) <u>0</u>
Ranking Score (Total Points) <u>10</u>	

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

(5) Attach soil sample results and a diagram of sample locations and excavations. N/A

Additional Comments: This well was drilled as a Morrow test by KES Metallion with a maximum mud weight of 9.3ppg using KCL as the weighting agent in a fresh water base. On 2 occasions during the drilling of the Morrow a 9.3ppg + 10ppg KCL pill was used to control hole conditions during trips. We believe this potassium chloride will pose no threat to potential ground water including any stray water bearing lenses less than 50' in the SE 1/4 of this Section 8. Any general plan includes those that are on file on the original drilling application submitted by KES Metallion to the BLM on land OCS. Please see attached items.

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

Date: 7-19-05

Printed Name/Title: Dan W. Snow Vice-President Signature: Dan W. Snow

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

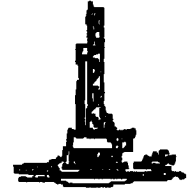
Approval: _____
Printed Name/Title: Field Supervisor Signature: [Signature]

Date: JUL 22 2005



SNOW OIL & GAS, INC.

P. O. Box 1277, Andrews, Texas 79714
Phone: (432) 524-2371 Fax: (432) 524-4993



July 19, 2005

Oil Conservation Division
Attn: Van Barton

Re: Form C-144

(3) Remedial action includes dewatering the pit; remove pit berm to access pit contents as necessary. Bury pit contents below 3' surface cover soil. Use existing soil to contour to existing slope of land in accordance with BLM stipulation. Reseed area per BLM specifications. Expected start date will be as soon as possible in compliance with the BLM. Expected end date will be August 8, 2005.

Additional Comments: This well was drilled using the reserve pits during the surface and intermediate holes using fresh water purchased from the City of Carlsbad. The bottom portion of the production hole was drilled using KCL up to a weight of 9.5ppg utilizing the steel rig mud pit tanks on location. Some of this liquid on TD was jetted to the interior reserve horseshoe. The KCL is not expected to pose any threat to any ground water present.

Based on the above we request complete onsite burial with a 3' cover of soil contoured to existing slope.

Thank you,

Dan V. Snow
Vice President

DWS/db

Exhibit "G"

