

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 NMOCD 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 [X]

Type of action: Registration of a pit or below-grade tank [] Closure of a pit or below-grade tank [X]

Revised

Operator: Melrose Oil & Gas Telephone: 505-513-0230 e-mail address: gnewton@pvtnetworks.net

Address: 1905 W. Sears Ave. Artesia New Mexico

Facility or well name: Artesia Unit #101 API #: 30-015-33285 U/L or Qtr/Qtr M Sec 35 T 17S R 28E

County: Eddy Latitude 481FSL Longitude 994FWL NAD: 1927 [] 1983 []

Surface Owner: Federal [] State X Private [] Indian []

Pit

Type: Drilling X Production [] Disposal []

Workover [] Emergency []

Lined X Unlined []

Liner type: Synthetic X Thickness 12 mil Clay []

Pit Volume 24,000 bbl

Below-grade tank

Volume: bbl Type of fluid:

Construction material:

Double-walled, with leak detection? Yes [] If not, explain why not.

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OCDA-ARTESIA

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)

Less than 50 feet

(20 points)

50 feet or more, but less than 100 feet

(10 points)

100 feet or more

(0 points) XXX

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)

No

(0 points) XXX

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)

1000 feet or more

(0 points) XXX

Ranking Score (Total Points)

0

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 onsite box if you are burying in place) onsite X offsite [] If offsite, name of facility . (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No X 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.

Additional Comments: Will transfer any solids from reserve pit to drilling pit. If Necessary to lower Drilling pit to encapsulate all materials 3ft below grade will line 12Mil

Transfer all solids from reserve to relined encapsulation pit a 20mil synthetic liner will be placed over contents, with a min of 3 ft overlap

Additional Comments: Mixed to stiffen contents. Encapsulation trench will be excavated and lined with 12 mil synthetic liner on former drilling site. Drilling pit contents will

Then be place into encapsulation pit capped with 20 mil synthetic liner with 3 ft overlap, backfilled pit to grade using 3 ft clean soil or like material.

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 NMOCD guidelines X, a general permit [], or an (attached) alternative OCD-approved plan [].

Date: 1/18/06

Printed Name/Title Garrett L Newton Production Supervisor Signature Garrett L Newton

Your certification and NMOCD 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

Signature

FEB 06 2006

Date: