

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 ☐

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

Operator: **MURCHISON OIL AND GAS, INC.** Telephone: **505-628-3932** e-mail address: **tommyfolsom@valornet.com**  
Address: **PO Box 627, 406 N. Guadalupe, Suite B, Carlsbad, NM 88221-0627**  
Facility or well name: **Moore Federal Com. No. 4** API #: **3001533906** U/L or Qtr/Qtr Lot **H Sec 35 T24S R26E**  
County: **Eddy** Latitude **N** Longitude **W** NAD: 1927 ☐ 1983 ☐  
Surface Owner: **Federal X**

Pit

Type: **Drilling X**

Lined **X**

Liner type: **Synthetic X** Thickness: **12ml HDPE Liner**

Pit Volume: **2400 bbl. (Approximately)**

Below-grade tank **N/A**

Volume: **N/A** bbl Type of fluid: **N/A**

Construction material: **N/A**

Double-walled, with leak detection? ☐ If not, explain why not.

Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of groundwater.) **Water well data Sec 34, driller's report shows water at 175'. Ranch house well data greater than 200'. Pit altitude > 150' above ground water table.**

Less than 50 feet  
50 feet or more, but less than 100 feet  
100 feet or more

(20 points) **0 pts.**  
(10 points)  
(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  
No **X**

(20 points)  
(0 points) **0 pts.**

Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)

Less than 200 feet  
200 feet or more, but less than 1000 feet  
1000 feet or more

(20 points) **0 pts.**  
(10 points)  
(0 points)

**Ranking Score (Total Points)**

**0 pts.**

**If this is a pit closure:** (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. **Digital photos shall be submitted for before and after remediation activity.** (2) Indicate disposal location: **Insitu as described above.** If offsite, name of facility: **N/A** (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: **Please refer to the attached letter for detailed "Closure Plan" information, digital photos, and sample location diagram. For purposes of continuity, all materials shall be submitted as part of the final closure report.**

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: **25 January 2006**

Printed Name/Title: **Tommy W. Folsom, Production Manager**

Signature \_\_\_\_\_

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 groundwater 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 *TW Folsom* Date: **5/31**

406-431-2528

MAY 05 2006

resulting from (1) the placement of soil on top of it during the burying process and (2) the composition of the pit material contained within it, which over time will exude gaseous buildup.

- ❖ Once the burial trench/pit has been dug to sufficient dimensions to ensure proper placement of the pit contents, the track hoe shall begin to deposit pit materials within the secured "container" until all pit material has been placed within it. This 20ml HDPE liner "container" shall not be permanently sealed until after the pit bottom has been sampled and approved for closure by the State of New Mexico, OCD. In the event more material must be harvested to achieve compliance, and said harvest shall increase the volume of the *insitu* material to such a degree that it will threaten the integrity of the "container" or potentially cause leakage to occur by reason of increased volume, an additional *insitu* 20ml HDPE liner "container" shall be placed adjacent (when space and terrain permits) to the existing "container". Such action will provide for reasonable assurance that no leakage will occur and maintain all contaminants within a specific geographic location within the lease boundary.
- ❖ Prior to initiation of backfilling, the Operator shall take appropriate samples of the pit area to ensure compliance with OCD Standards for remediation of possible TPH, ND for BTEX and levels of less than 250ppm of chlorides. However if levels at the bottom of the drilling pit test too high, a background set of samples shall be obtained for testing from the immediate vicinity and compared to those of the pit bottom. Simultaneously, more soil shall be removed from the "hot spots". Once completed, new data acquisition shall occur and sample results determine whether or not compliance has been reached in order to begin backfilling. No backfilling shall begin without authorization by the State of New Mexico, OCD.
- ❖ Backfilling of the Moore No. 4 drilling pit shall be commensurate with existing topography and terrain relief features (contouring) so as to return it to its "near-as" previous condition, including a contour for moisture accumulation which prevents abnormal or unsustainable water impoundment resulting in erosive actions.
- ❖ The "Closure Plan" shall include a final report providing lab analysis of the backfill material, digital project photos and evidentiary narrative to support the completed disposition of the reclaimed Moore No. 4 drilling pit site.

Should you have questions, please call 505-628-3932 (office) or 505-706-0667 (cell).

Sincerely,



Tommy W. Folsom  
Production Manager

cc: State of New Mexico, OCD, Form C-144 and photo

Consequently, *insitu* disposal is herewith the preferred choice for the Moore No. 4 drilling pit closure. It is the belief of Murchison that compliant environmental performance and reduction of liability in this water sensitive designated area pursuant to New Mexico; OCD regulations can still be achieved with *insitu* disposal. Further, should future Regulatory Performa mandate additional action or should the Operator choose to take additional action, the *insitu* option, in this case, (1) limits the environmental impact in general, (2) allows the Operator/government immediate access to said liability and (3) contains said material within the Operator's lease boundary. Haul distance is approximately 120 miles round trip from this location requiring the Operator to transport drilling fines high in chlorides across environmentally sensitive sections that ultimately present an endangerment to additional geographic areas which otherwise would not be exposed to such liability.

Murchison intends to engage in *insitu* disposal upon approval from the New Mexico, OCD. This compliance action shall strictly apply the State of New Mexico, OCD standards, i.e. clean-up level for the Moore No. 4 drilling pit shall meet the less than 100ppm of TPH, ND for BTEX and the less than 250ppm of chlorides unless approved otherwise and substantiated by background information documented to be higher than the above cited indices.

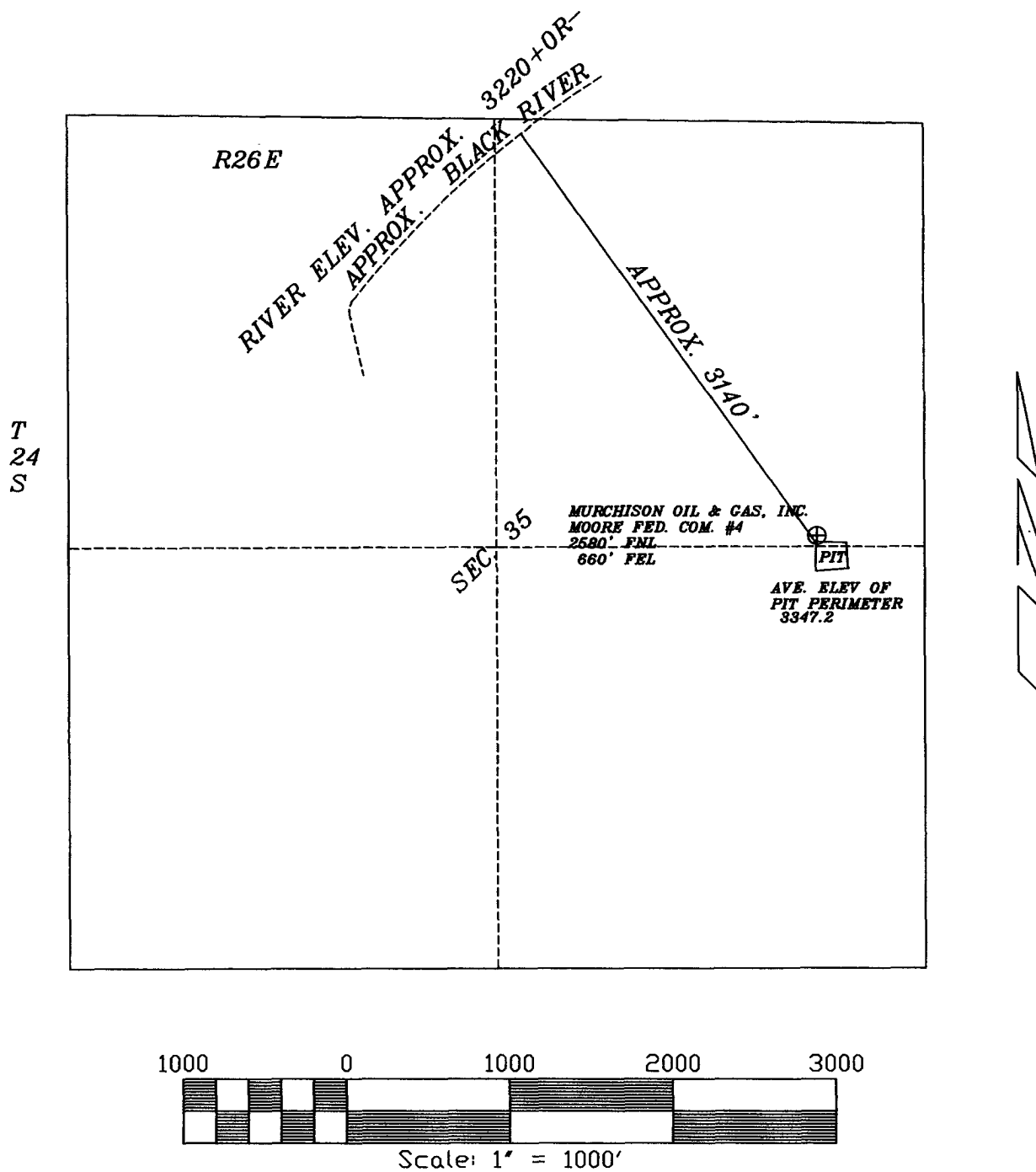
#### **CLOSURE PLAN**

Prior to commencement of closure activities, Murchison contractor will contact One-Call for line spot clearance confirming the State of New Mexico, OCD is in agreement with the proposed "Closure Plan" for removal of approximately 2,500 bbl. of liquid followed by the removal of all fines (drill cuttings) assuming these fines have sufficiently dried allowing for maneuverability of heavy equipment in the pit area, enabling *insitu* burial application to take place and final closure of the pit occur.

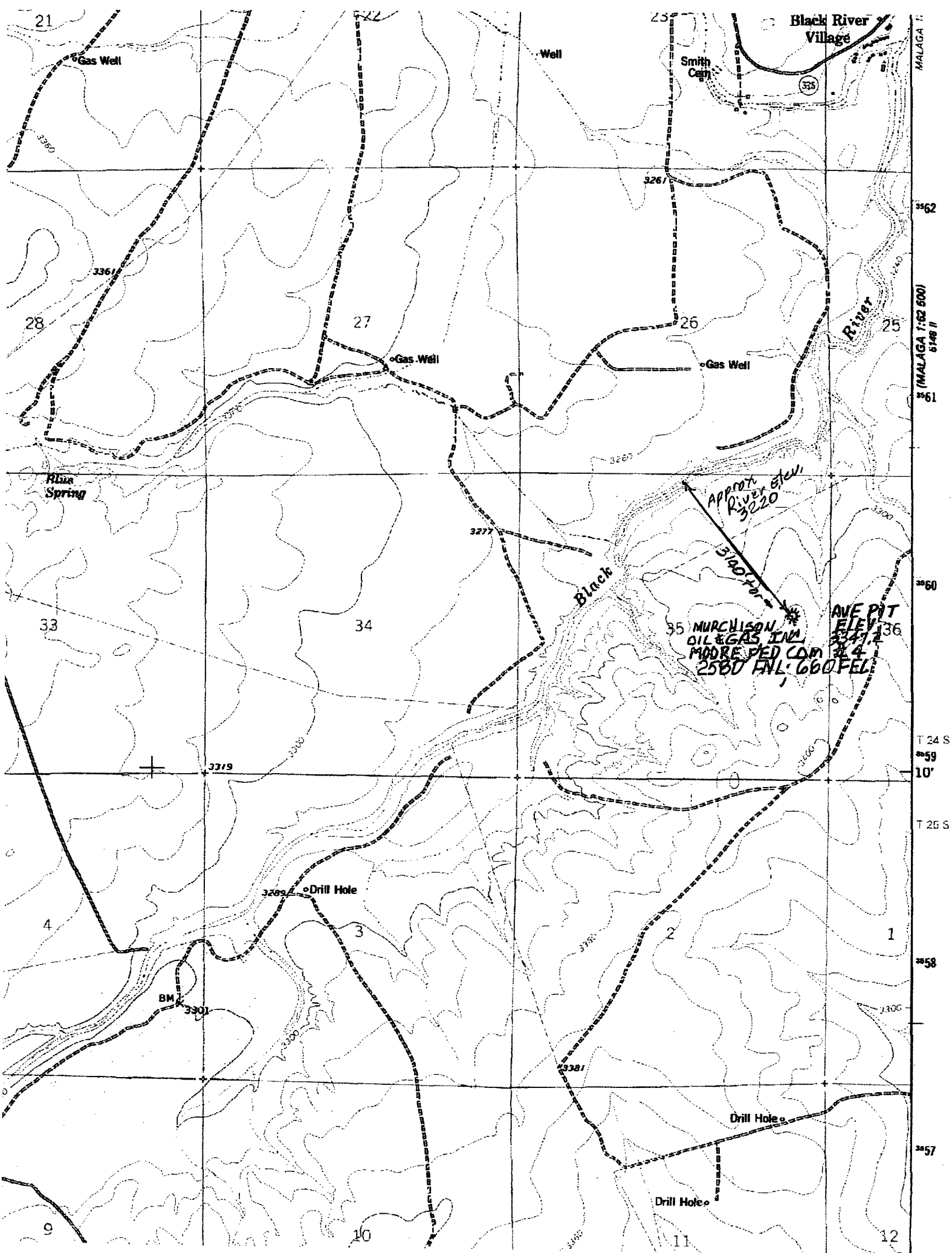
Environmental health and safety regulations mandate control of pit volumes at all times. Thus, the liquid material was pumped off as needed and properly disposed of during active drilling operations in August 2005. Water accumulated since this time is either due to liquid material not completely hauled from actual drilling operations or rain. This water has subsequently been hauled from the location and properly disposed of pursuant to OCD Regulatory Performa.

- ❖ Contractor shall mobilize to Moore No. 4 drilling pit site located South of Carlsbad, New Mexico following Old Cavern Highway 12 miles to John Forehand Road, proceeding South again for 3.8 miles then turning right on the first road past Duke Energy Station, then left on the first road encountered following it to the location (see Form C-144). Personnel and heavy equipment necessary to provide for the initiation and completion of said remediation activities presented above shall be engaged as is appropriate to the mandated exercise.
- ❖ No remediation activity shall occur off the existing pad or already disturbed areas as authorized by the APD and approved Best Management Practices (BMP's). Murchison shall consider weather conditions and necessary equipment positioning to provide a clear area for adequate staging for site control and safety compliance, ensuring operations shall be compliant with New Mexico, OCD Regulatory Performa.
- ❖ The Moore No. 4 drilling pit is currently lined with a 12ml HDPE liner, which shall be removed by heavy equipment and disposed of with the drilling fines *insitu* pursuant to New Mexico, OCD requirements. *Insitu* actions provide for the encasement of all drilling pit contents in a 20 ml liner sewn in a rectangular box shape and placed vertically 10 feet below ground. The bottom and sides of the "container" shall be married to undisturbed ground ensuring no objects such as sharp rocks, etc. shall be in the contact area to reduce the potential of puncturing a highly pressured "container"

# RESERVE PIT ELEVATION



PREPARED FOR: MURCHISON OIL & GAS, INC.  
PREPARED BY: DAN R. REDDY NM PE&PS NO. 5412  
401 W. GREENE ST./P.O. BOX 597  
CARLSBAD, NM 88221-0597  
SURVEYED: 4/12/06



MALAGA T. 107° 58' 57" W  
T 24 S 107° 59' 10" W  
T 25 S 107° 58' 57" W

35 MURCHISON  
OIL & GAS INC.  
MOORE PED CON #4  
2580 FNL; 660 FEL

APPROX  
RIVER ELEV  
3220

AVE PIT  
ELEV 3347.4