Form C-144 June 24, 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
District IV
1220 S St Francis Dr , Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
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 provide a copy to the appropriate NMOCD District Office.

<u>Pit, Closed-Loop System, Below-Grade Tank, or</u> <u>Proposed Alternative Method Permit or Closure Plan Application</u>

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Type of action: Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method

Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request

Please be advised that approval of this request does not relieve the operator of his environment. Nor does approval relieve the operator of its responsibility to com-	ability should operations result in pollution of surface water, ground water or the ply with any other applicable governmental authority's rules, regulations or ordinances
Operator: FOG Resources, Inc	OGRID#: 7377
Address P.O. Box 2267 Midlan	d, TX 79702
Facility or well name: NEW 25 FEDERAL	
	OCD Permit Number
U/L or Qtr/Qtr O Section 25 Township /	
Center of Proposed Design: Latitude	
Surface Owner: 🔀 Federal 🗌 State 🔲 Private 🔲 Tribal Trust or Indian	Allotment
Pit: Subsection F or G of 19.15.17.11 NMAC	Closed-loop System: Subsection H of 19.15.17.11 NMAC
Temporary: Drilling Workover	☐ Drying Pad ☐ Tanks 🔀 Haul-off Bins ☐ Other
☐ Permanent ☐ Emergency ☐ Cavitation ☐ Steel Pit	☐ Lined ☐ Unlined
☐ Lined ☐ Unlined	Liner type. Thicknessmil
Liner type Thicknessmil	Other
Other String-Reinforced	Seams: Welded Factory Other
Seams: Welded Factory Other	Volume:bblyd³
Volume: bbl Dimensions: L x W x D	Dimensions: Lengthx Width
Below-grade tank: Subsection I of 19.15.17.11 NMAC	Fencing: Subsection D of 19.15 17.11 NMAC
Volumebbl	☐ Chain link, six feet in height, two strands of barbed wire at top
Type of fluid:	☐ Four foot height, four strands of barbed wire evenly spaced between one and
Tank Construction material.	four feet
Secondary containment with leak detection	Netting: Subsection E of 19.15.17.11 NMAC
☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off	☐ Screen ☐ Netting ☐ Other
☐ Visible sidewalls and liner	☐ Monthly inspections
☐ Visible sidewalls only	Signs: Subsection C of 19 15.17 11 NMAC
Other	12'x24', 2' lettering, providing Operator's name, site location, and
Liner type: Thicknessmil HDPE PVC	emergency telephone numbers
Other	Signed in compliance with 19.15.3.103 NMAC
Submittal of an exception request is required. Exceptions must be	Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required Please refer to
submitted to the Santa Fe Environmental Bureau office for consideration of approval.	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 office for
	consideration of approval.
	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 acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.		
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. (Applies to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	☐ Yes ☐ No ☐ 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 19.15.17.12 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19 15.17.13 NMAC		
Previously Approved Design (attach copy of design) API Number or Permit 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 (required for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9 Siting Criteria Compliance Demonstrations (required 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 19.15.17.9 NMAC and 19.15 17.13 NMAC NMAC		
Previously Approved Design (attach copy of design) API Number:		

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 do	cuments are
### 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 Liner Specifications and Compatibility Assessment - 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 H₂S, 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	
Type: 🗌 Drilling 🗋 Workover 🗋 Emergency 🗋 Cavitation 📋 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 control of the Santa	nsideration)
Siting Criteria (regarding on-site closure methods only): 19.15 17 10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from	
the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.	
Ground water is less than 50 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS: Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
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; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
Ground water is more than 100 feet below the bottom of the buried waste. - NM Office of the State Engineer - iWATERS database search; USGS, Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
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. - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	☐ Yes ☐ No
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: 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.	☐ Yes ☐ No

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 Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	
Waste Removal Closure For Closed-loop Systems That Utilize Haul-off Bins Only: (19.15.17.13.D NMAC) Instructions: Please indentify the facility	ty
or facilities for the disposal of liquids, drilling fluids and drill cuttings. * Disposal Facility Name: R9166	
On-Site Closure Plan Checklist: (19 15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan. Please indicate	<u>-</u> —
by a check mark in the box, that the documents are attached. Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC Proof of Surface Owner Notice - based upon the appropriate requirements of Subsection F of 19 15.17.13 NMAC Construction and Design of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC 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 Waste Material Sampling Plan - 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 or in case on-site closure standards cannot be achieved) Soil Cover Design - based upon the appropriate requirements of Subsection H of 19 15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15 17.13 NMAC	
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): Donny G. Glanton Title Sr. Lesse Operations ROW Rep.	
Signature: Jun J. Meth Date: 7/7/08	
e-mail address: John Y_glanton Deograsources. com Telephone. 432-686-3642	
OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Representative Signature: Approval Date: 7/0/08 Title:	—
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Completion Date:	
Closure Method: Waste Excavation and Removal On-Site Closure Method Alternative Closure Method If different from approved plan, please explain.	
Closure Report Attachment Checklist: Instructions: Each of the following 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 Proof of Deed Notice (if applicable) Plot Plan Confirmation Sampling Analytical Results Waste Material Sampling Analytical Results 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: 1927 1983	
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OPERATING AND MAINTENANCE PLAN - CLOSED LOOP SYSTEM

19.15.17.12 OPERATIONAL REQUIREMENTS:

- A. General specifications. An operator shall maintain and operate a pit closed-loop system, belowgrade tank or sump in accordance with the following requirements.
- (1) The operator shall operate and maintain a pit closed-loop system, below-grade tank or sump to contain liquids and solids and maintain the integrity of the liner, liner system or secondary containment system, prevent contamination of fresh water and protect public health and the environment.

EOG Resources shall operate and maintain a closed loop system.

(2) The operator shall recycle reuse or reclaim all drilling fluids in a mainer that prevents the contamination of fresh water and protects public health and the environment.

EOG Resources shall recycle, reuse or reclaim all drilling fluids used. Excess or unused fluid shall be disposed of at division approved facilities.

(3) The operator shall not discharge into or store any hazardous waste in a pit, closed-loop system, below-grade tank or sump.

EOG Resources shall not knowingly discharge hazardous waste into the closed loop system.

(4) If the integrity of the pit liner is compromised, or if any penetration of the liner occurs above the liquid's surface, then the operator shall notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the liner.

No Pit liner. Closed loop system.

(5) If a lined pit develops a leak, or if any penetration of the liner occurs below the liquid's surface, then the operator shall remove all liquid above the damage or leak line from the pit within 48 hours and repair the damage or replace the liner.

No Pit liner. Closed loop system. If a leak develops in any of the closed loop tanks, all liquid shall be removed from the effected tank within 48 hours and any damage shall be repaired prior to putting the tank back in service.

OPERATING AND MAINTENANCE PLAN - CLOSED LOOP SYSTEM

(6) The operator shall install a level measuring device in a lined pit containing fluids to monitor the level of the fluid surface, so that the operator may recognize unanticipated change in volume of fluids
No pit. Closed loop system. Excess fluid shall be removed appropriately from the catch tanks.
(7) The injection or withdrawal of liquids from a lined pit shall be accomplished through a header, diverter or other hardware that prevents damage to the liner by erosion, fluid jets or impact from installation and removal of hoses or pipes
No pit. Closed loop system. Excess fluid shall be removed appropriately from the catch tanks using a re-circulating pump or vacuum trucks.
(8) The operator shall operate and install a pit, below-grade tank or sump to prevent the collection of surface water run-on.
EOG Resources shall berm or collect surface water run- on and dispose of at a division approved facility.
(9) The operator shall install, or maintain on site, an oil absorbent boom or other device to contain and remove oil from a pit's surface.
EOG Resources shall install a skimmer system on catch tanks, circulating tanks and

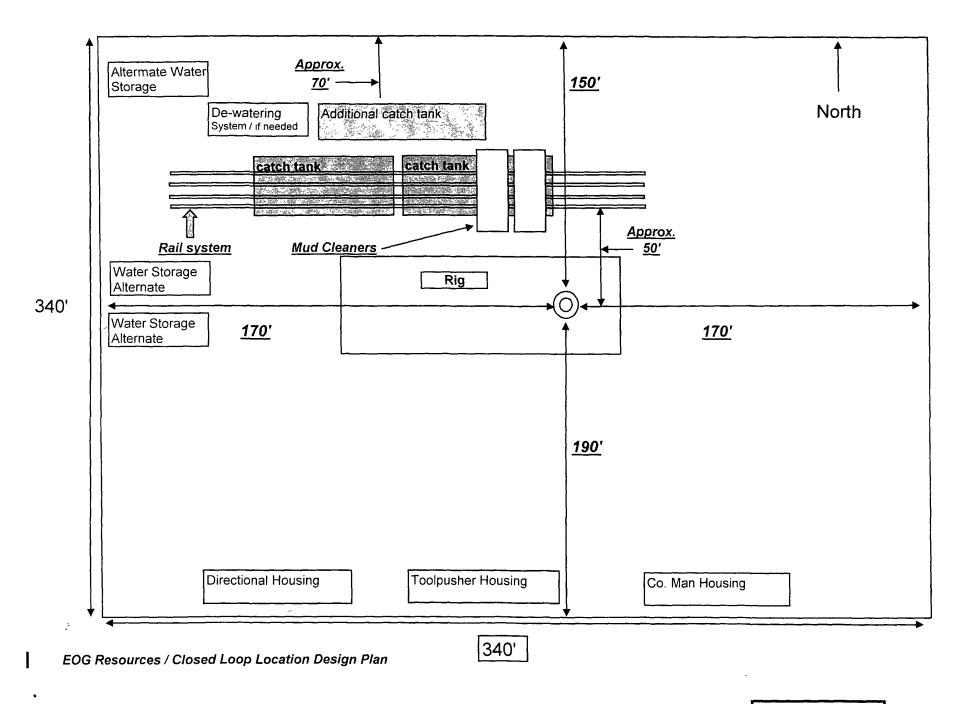
Closure Plan for Closed Loop Drilling System

1. METHODS OF HANDLING WASTE MATERIALS

- a. Drill cuttings shall be disposed of in steel cuttings bins (catch tanks) on the drilling pad (behind the steel mud tanks). The bin and cuttings shall be hauled to a division approved facility by an approved transporter. At the facility, the cuttings shall be removed from the bin and the bin shall be returned to the drilling site for reuse, moved to the next drilling site or returned to the provider.
- b. Remaining drilling fluids shall be hauled off by approved transports to a division approved disposal facility. Water produced during completion shall be put in storage tanks and disposed of at a division approved facility. Oil and condensate produced shall be put in a storage tank and sold or put in a sales pipeline.

2. RECLAMATION

- a. Within 60 days after the drilling and completion of the well, the location area shall be reduced as determined by operator to the minimum area necessary to safely and effectively operate the well. The reclaimed location area shall be substantially restored to the condition that existed prior to oil and gas operations.
- b. Operator shall comply with applicable Closure Reclamation Requirements (19.15.17.13) NMAC subsections G, H, I, J & K.



Not to scale