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 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 provide a copy to the appropriate NMOCD District Office

Proposed Alternative Method Permit or Closure Plan Application

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 Modification to an existing permit Closure plan only submitted for an existing permitted or non-permitted 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 liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.		
Operator: Merit Energy Company OGRID #: 14591		
Address: 13727 Noel Road, Suite 500, Dallas, TX 75240		
Facility or well name: Turner B # 67		
API Number: 3001505300 OCD Permit Number:		
U/L or Qtr/Qtr Section 23 Township 17S Range 31E County: Eddy		
Center of Proposed Design: Latitude Longitude NAD: 1927 1983		
Surface Owner: ☐ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment		
2. Pit: Subsection F or G of 19.15.17.11 NMAC Temporary: Drilling Workover Permanent Emergency Cavitation P&A Lined Unlined Liner type: Thickness 20 mil LLDPE HDPE PVC Other String-Reinforced Liner Seams: Welded Factory Other Volume: 250 bbl Dimensions: L10' x W 24' x D 8' Closed-loop System: Subsection H of 19.15 17.11 NMAC Type of Operation: P&A Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permut or notice of intent) Drying Pad Above Ground Steel Tanks Haul-off Bins Other Lined Unlined Liner type: Thickness mil LLDPE HDPE PVC Other Liner Seams: Welded Factory Other		
Below-grade tank: Subsection I of 19.15.17.11 NMAC Volume:		
Alternative Method:		
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.		

Form C-144

Oil Conservation Division

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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, hospital, institution or church) Four foot height, four strands of barbed wire evenly spaced between one and four feet Alternate. Please specify		
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks) Screen Netting Other Other		
Monthly inspections (If netting or screening is not physically feasible)		
8. 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 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	
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 (Please complete Boxes 14 through 18, if applicable) - 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 (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 and 19.15.17.13 NMAC		
Previously Approved Design (attach copy of design) All 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)		
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 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 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)		
15. 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		

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19 Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attafacilities are required.	0.15 17 13 D NMAC) schment if more than two	
Disposal Facility Name Disposal Facility Permit Number:		
Disposal Facility Name Disposal Facility Permit Number:	i	
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used fo Yes (If yes, please provide the information below) No	r future service and operations?	
Required for impacted areas which will not be used for future service and operations: Soil Backfill and Cover Design Specifications based upon the appropriate requirements of Subsection H of 19.15.1 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	7.13 NMAC	
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 acceptovided below. Requests regarding changes to certain siting criteria may require administrative approval from the approconsidered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approachemonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.	opriate district 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; 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 lake (measured from the ordinary high-water mark). - Topographic map; Visual inspection (certification) of the proposed site	, or playa Yes No	
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial applicat Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	tion. Yes No	
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial approximately and of the State Engineer - iWATERS database; Visual inspection (certification) of the proposed site		
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		
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the propose	d site	
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 Geol Society; Topographic map 	logical 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 following items must be attached to the closure plan. Please indicate, 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/Design Plan 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 fluds and drill cuttings or in case on-site closure standards cannot be achieved) Soil Cover Design - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC		

Operator Application Certification: I hereby certify that the information submitted with this application is	is true, accurate and complete to the best of my knowledge and belief.	
Name (Print): Andrew Nguyen	Title: Operations Engineering, Permian Region	
Signature: A	Date: 4/28/2009	
e-mail address andy nguyen@mentenergy.com	Telephone: 972-628-1616	
OCD Approval: Permit Application (including closers plan)	Closure Plan (only) OCD Conditions (see attack 1977) 2 8 2009	
OCD Representative Signature: Signed By Miles Bran	Approval Date:	
Title:	OCD Permit Number: <u>0209270</u>	
21. Closure Report (required within 60 days of closure completion): Subsection K of 19.15 17.13 NMAC Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.		
	Closure Completion Date:	
Closure Method: Waste Excavation and Removal On-Site Closure Method If different from approved plan, please explain.	☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)	
	oop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:	
	liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than	
two facilities were utilized.		
Disposal Facility Name:	Disposal Facility Permit Number:	
Disposal Facility Name:	Disposal Facility Permit Number:	
Were the closed-loop system operations and associated activities perform Yes (If yes, please demonstrate compliance to the items below)	formed on or in areas that will not be used for future service and operations? \begin{align*} \Boxed{\text{No}} & \text{No}	
Required for impacted areas which will not be used for future service Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	and operations:	
24. 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.	jouoning dems must be attached to the closure report. I tease matcate, by a check	
 □ 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-site 	site closure)	
☐ 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:	
25.		
Operator Closure Certification: I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.		
Name (Print):		
Signature:	Date:	
e-mail address:	Telephone:	

Merit Energy Company Turner B # 67 C-144 Supplement

The Turner B # 67 is a water injection well located on Merit Energy Company's Grayburg Jackson Field in Eddy County, New Mexico. This well is currently a P&A liability, and Merit has been ordered to plug and abandon this well by the NM OCD. During initial attempts to P&A this well in 2007, a down-hole water-flow of 250-500 BBL / hour was encountered, and operations were halted.

In order to successfully P&A this well, control of the flow must be attained. In order to control the down-hole flow, the tubulars and injection packer must first be removed from the wellbore, and it is a certainty that water flow will arrive at the surface and must be diverted to a pit for temporary storage.

Merit Energy Company proposes to dig a small trench and 250 BBL emergency pit in order to temporarily contain water flow during the P&A operation. The pit and trench will be lined with 20 mil welded plastic lining, and the surrounding 30-40 foot radius around the workover rig or snubbing unit will also be lined with plastic to contain residual water. An earthen dike will also surround the trench and pit in order to help contain backsplash. The contents of the pit will be continually transferred, via pump, to 500 BBL frac tanks on location for proper disposal, and water will reside in the pit for a minimal amount of time.

Once the flow has been contained and the well has been successfully P&A'd, the residual water from the pit and trench will be removed, the contents of the pit backfilled, and the location reclaimed as per BLM and OCD regulations.

If you have any additional questions or concerns regarding this proposal, please contact me at the information below.

Andrew Nguyen | Operations Engineering

Permian Region

Merit Energy Company | 13727 Noel Rd., Suite 500 | Dallas, TX 75240

Direct: 972.628.1616 | Mobile: 281.202.8178

Fax: 972.628.1916

andrew.nguyen@meritenergy.com