

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: Nadel & Gussman Permian, LLC Telephone: 432-682-4429 e-mail address: kemm@naguss.com
Address: 601 N. Marienfeld, Suite 508, Midland, Texas 79701
Facility or well name: Artemis Federal Com. No. 2 API #: 3001534391 U/L or Qtr/Qtr Lot L Sec 33 T22S R28E
County: Eddy Latitude N Longitude W NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal X State Private ☐ Indian ☐

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JAN 19 2006

OCU-ARTEZIA

Pit
Type: Drilling X Production ☐ Disposal ☐
Workover ☐ Emergency ☐
Lined X Unlined ☐
Liner type: Synthetic X Thickness: 12ml HDPE liner Clay ☐
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.) No water well data Sec 33 although proximity to the Pecos River/ vicinity wells less than 50'.	Less than 50 feet	(20 points)	20 pts.
	50 feet or more, but less than 100 feet	(10 points)	
	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 X	(20 points)	20 pts.
	No	(0 points)	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)	20 pts.
	200 feet or more, but less than 1000 feet	(10 points)	
	1000 feet or more	(0 points)	
Ranking Score (Total Points)		60 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: **Control Recovery, Inc. (CRI) south of Carlsbad, NM** offsite X If offsite, name of facility: **CRI** (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: Please refer to the attached letter for detailed "Closure Plan" information, digital photos, and sample location diagram.

No DEADLINE Extensions granted

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: 10 January 2006

Printed Name/Title Kem McCready, Operations Engineer

Signature

Kem McCready

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

Jan B...

Date:

1-19-06

Mr. Kern McCready
Operations Engineer
NADEL AND GUSSMAN PERMIAN, LLC
601 N. Marienfeld
Suite 508
Midland, TX 79701

January 10, 2006

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

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OCD-ARTESIA

Re: Artemis Federal Com. No. 2 Pit Closure Documents

Dear Mr. Bratcher:

Pursuant to the State of New Mexico regulatory requirements for permanent closure of drilling pits, enclosed herewith is the completed Form C-144, digital photos of existing pit, sample location diagram and additional information constituting the "Closure Plan" for closure of the Nadel and Gussman Permian, LLC, hereinafter "NGP", Artemis Federal Com. No. 2 drilling pit (API No. 3001534391) located in U/L L S33 T22S, R28E of Eddy County, New Mexico.

INTRODUCTION

Remediation of the NGP, Artemis Federal Com. No. 2, hereinafter Artemis No. 2, drilling pit is targeted to begin 24 January 2006 with completion expected by 28 January 2006, permitting weather and the occurrence of unexpected conditions not within the Operator's control do not create delays or exacerbate the proposed schedule in any way. NGP intends to maintain its commitment to environmental health and safety and fully comply with the Regulatory Performance of the State of New Mexico, OCD regarding this disposal action and permanent closure of the Artemis No. 2 drilling pit.

Potential, temporary contamination from the Artemis No. 2 drilling pit site, should any exist, resulted solely from oil and gas production activities. Potential contaminants of concern are typical mid to high-level concentrations of brines, typical polymers (such as xanthium gum and starch) and in general, drilling mud and fluids remaining upon completion of said drilling operations.

Area land use is primarily ranching with domestic pasturage and oil and gas production activities. The NGP Artemis No. 2 drilling pit is located in a Section wherein groundwater depth to surface data from wells is not directly available on the State of New Mexico, State Engineer's web site. However, in conjunction with their normal online databank, the State of New Mexico, OCD is cross-referencing with a groundwater map titled "Eddy County Depth to Groundwater", produced by Wayne Johnson at Chevron/Texaco, dated 9 February 2005. This map indicates the presence of groundwater in the area to range between 25' and 50'. Section 33 is specifically included in the less than 50 feet designation. In December 2005, NGP closed the Artemis Federal No. 1 drilling pit as a haul off due to groundwater presence at approximately 39'. The Pecos River also cuts through

the center of Section 33 and in Section 4, T23S, R28E a water well shows groundwater at 25 feet. Consequently, *insitu* disposal is not being considered for the Artemis No. 2 drilling pit closure to ensure compliant environmental performance and reduction of liability in this water sensitive designated area pursuant to New Mexico, OCD regulations.

NGP intends to haul the above cited pit contents to CRI (Control Recovery, Inc.) a State approved land disposal facility located south of Carlsbad, New Mexico (see Form C-144). This compliance action shall strictly engage the State of New Mexico, OCD standards, i.e. clean-up level for the Artemis No. 2 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, NGP 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 transport to CRI, Inc. and final closure.

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 November and December 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 Artemis No. 2 drilling pit site located approximately 10 miles South and 4 miles East of Carlsbad, New Mexico (see Form C-144) accessing via Old Refinery Road. Personnel 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). NGP 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 Artemis No. 2 drilling pit is currently lined with a 12ml HDPE liner, which shall be removed by heavy equipment and disposed of with the drilling fines transported to CRI, Inc. pursuant to New Mexico, OCD requirements.
- ❖ 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 Artemis No. 2 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 prevention of water impoundment.
- ❖ 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 Artemis No. 2 drilling pit site.

Should you have questions, please call 432-682-4429 (office) or 432-425-6347 (cell).

Sincerely,


Kem McCready
Operations Engineer

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