



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Director

Oil Conservation Division

MYCO Industries, Inc.
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August 29, 2007

Reference: Milo 33 FEE 001 P-32-15s-25e 30-005-63849 Chaves County New Mexico
Alfalfa 32 FEE 001 P-32-15s-25e 30-005-63850 Chaves County New Mexico

Operator,

The New Mexico Oil Conservation Division District 2 Office (OCD) is in receipt of a request for an extension of time to close the drilling pit for the above referenced wells. Water data for this area indicates that ground water may be encountered at 50 feet below ground surface (bgs). This qualifies this area as "water sensitive" and **the request for an extension is denied**. Please make arrangements to commence closure operations immediately.

An OCD inspection of this site indicates that the same drilling pit was utilized for the drilling of both well bores. The pit is currently unfenced and the liner is breached. These items are violations of OCD Rule 50 [19.15.2.50 NMAC].

The OCD is also in receipt of a Form C-144 for each well bore listed above proposing to close the drilling pit utilizing a "deep trench" method of closure whereby the drill cuttings would be buried on site. Due to the pit being situated in a water sensitive area and in an irrigated field, **this method of closure is denied**. The approved method of closure for this pit will be to haul contents to an OCD approved disposal. Please re-submit the C-144 closure indicating this type of closure. Conditions for closure of this pit will be as follows:

- Notify the OCD 24 hours prior to commencement of closure.
- Upon removal of pit contents, samples are to be obtained from pit sidewalls and bottom and analyses submitted to OCD.
- OCD is to be notified 24 hours prior to obtaining samples.
- In the event contamination is encountered, remediation per OCD rules and guidelines will be required.
- If ground water is encountered at any time during the closure process, the OCD is to be notified immediately.

If I can be of assistance in this matter, please contact me.

Sincerely,

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