

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

Form C-144
June 1, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 St. Mary Land & Exploration Company Telephone: (432) 688-1773 e-mail address: tmorrow@stmaryland.com
Address 3300 N. A Street, Bldg # 7 Suite 200 Midland, Texas 79705
Facility or well name: Osceola State # 1 Well and Tank Battery API #: 30-015-27844 U/L or Qtr/Qtr L Sec I T-25-S R-28-E
County: Lddy Latitude 32.16077 N Longitude 104.03529 W NAD: 1927 ☒ 1983 ☐
Surface Owner: Federal ☒ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank	
Type: Drilling <input type="checkbox"/> Production <input checked="" type="checkbox"/> Disposal <input type="checkbox"/> Workover <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input type="checkbox"/> Unlined <input checked="" type="checkbox"/> Liner type: Thickness mil Clay <input type="checkbox"/> Pit Volume 500 bbl (estimated)	Volume: bbl Type of fluid Construction material: Double-walled, with leak detection? Yes <input type="checkbox"/> If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water) 40'	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) 20 (10 points) (0 points) 0
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	(20 points) (0 points) 0
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) (10 points) (0 points) 0
Ranking Score (Total Points)		20

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location. (check the onsite box if you are burying in place) onsite ☐ offsite ☒ If offsite, name of facility To Be Determined. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered No ☒ 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 see attached closure plan

In the event ground water is encountered at any time during the closure process, operations are to cease and NMOCD notified immediately.

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 ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐. See above ☒

Date 5-28-2008

Printed Name/Title Gary Miller, Agent, Highlander Environmental Corp 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 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

Signed By

Signature

MAY 29 2008

Date

NOTIFY OCD 24 HOURS PRIOR to beginning closure and 24 HOURS PRIOR to obtaining samples. Samples are to be obtained from pit area and analyses submitted to OCD prior to back-filling.

* Approval per attached work plan



Highlander Environmental Corp.

Midland, Texas

May 23, 2008

Mr. Mike Bratcher
Environmental Bureau
Oil Conservation Division- District 2
1301 W. Grand Avenue
Artesia, New Mexico 88210

RE: Work Plan for Site Closure for the Pit Located at the Osceola State #1 Well and Tank Battery, Unit Letter L, Section 1, Township 25 South, Range 28 East, Eddy County, New Mexico, Operated by Southwest Royalties, Inc.

Mr. Bratcher:

St. Mary Land & Exploration Company retained Highlander Environmental Corp. (Highlander) of Midland, Texas to assist in closure of the above mentioned pit. The site location is shown on Figures 1 and 2.

Regulatory

A review of the New Mexico State Engineer's Office database and the USGS database did not show any wells in Section 1, Township 25 South, Range 28 East. The closest well listed in the New Mexico State Engineer's database is located in Section 6, T-25-S, R-29-E, with a reported depth to water of 40'.

A risk-based evaluation was performed for the Site in accordance with the New Mexico Oil Conservation Division (NMOCD) Guidelines for Remediation of Leaks, Spills and Releases, dated August 13, 1993. The guidelines require a risk-based evaluation of the site to determine recommended remedial action levels (RRAL) for benzene, toluene, ethylbenzene and xylene (collectively referred to as BTEX) and total petroleum hydrocarbons (TPH) in soil. The proposed RRAL for benzene was determined to be 10 parts per million (ppm) or milligrams per kilogram (mg/kg) and 50 ppm for total BTEX (sum of benzene, toluene, ethylbenzene and xylene). Based on the regional groundwater data, the proposed RRAL for TPH was 100 mg/kg.

Pit Closure and Sampling Activities

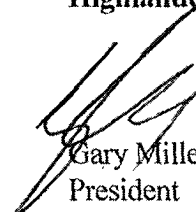
The pit is unlined and currently dry and grassed over. The pit will be cleaned out and visually inspected for obvious signs of impact. The pit area will be measured and five sample locations will be staked. Sample locations will be in the center of the pit and in the four corners. Sampling will commence at approximately 2.0' below the pit bottom. Samples will be collected in 2'-4' increments below the initial samples.

The samples will be field screened for chloride concentrations and sampling will continue until soil concentrations fall below 250 mg/kg or until deeper samples cannot be collected. A portion of each sample will be placed into a laboratory prepared sample container and properly preserved. Selected samples will be analyzed for TPH by method 8015 modified, and chloride by EPA method 300.0 or SM4500-Cl B. Selected samples may be analyzed for benzene, toluene, ethylbenzene and xylene (BTEX) by method 8021B, depending on TPH results. The information gathered will be evaluated to determine if the pit can be closed at this time or if additional investigation is required.

If the sampling indicates that the pit can be closed at this time, the pit walls will be pushed in, and the site brought back to grade with clean topsoil. The site will then be reseeded with native grasses. An NMOCD C-144 Pit Closure Form is attached.

Should you have any questions, or require any additional information, please contact me at (432) 682-4559. Thank you for your attention to this matter.

Highlander Environmental Corp.


Gary Miller,
President

cc: Tom Morrow - St. Mary Land
Don Riggs- St. Mary

