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 X

Operator: Nadel & Gussman HEYCO, LLC Telephone: 575-626-1936 e-mail address: kcannon@heyco.com
Address: PO Box 1933, Roswell, NM 88202
Facility or well name: **Mesquite 2 State Com. No. 3** API #: 30-015-25452 **U/L J S2 T18S R31E 1980' FSL 1980' FEL**
County: **Eddy** Latitude N_____ Longitude W_____ NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal X Private Indian ☐

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OCD-ARTESIA

Pit	Below-grade tank N/A
Type: Drilling **Production X** Disposal ☐ Workover ☐ Emergency ☐ Lined X Unlined ☐ Liner type. Synthetic Thickness: Clay ☐ Pit Volume: Unknown	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.) **180 feet approximately, non-potable water in area due to potash and salt mines.**	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) 0 pts.
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 X	(20 points) (0 points) 0 pts.
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 pts.
	Ranking Score (Total Points)	**0 pts.**

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. N/A (2) Indicate disposal location: offsite N/A If offsite, name of facility: N/A (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 "Closure Plan" and note groundwater information above.
Pit will be pushed in, covered with three feet of clean material and seeded. Plus 20 mil Cap.

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 June 2008**
Printed Name/Title **Keith Cannon, Drilling/Production Superintendent** Signature Keith Cannon

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 Signed By Mike Bratcher Date: JUN 10 2008

Mr. Keith Cannon
Drilling / Production Superintendent
Harvey E. Yates Company
PO Box 1933
Roswell, New Mexico 88202

10 June 2008

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

Re: Unlined Pit Closure Delineation Evaluations

Mesquite 2 State Com. No. 3	(API No.: 30-015-25452)
Hondo 4 Federal No. 1	(API No.: 30-015-25146)
South Taylor 13 Federal No. 1	(API No.: 30-015-25594)

Dear Mr. Bratcher:

On 7 April 2008, Nadel & Gussman HEYCO, LLC (NGH) requested their representative to meet with you and address the immediate in-place closure of the following three (3) production pits which have not bee in use since the early to mid-1990's:

(1) **Mesquite 2 State Com. No. 3** (U/L J, S2 T18S R31E, 1980' FSL, 1980' FEL);
(2) **Hondo 4 Federal No. 1** (U/L F, S4 T18S R31E, 1980' FNL, 1980' FWL);
(3) **South Taylor 13 Federal No. 1** (U/L P, S13 T18S R31E, 330' FSL, 990' FEL).

As a consequence of this meeting, NGH followed the directives of the New Mexico Oil Conservation Division (NMOCD) to delineate the hydrocarbon concentrations on all three locations. Samples were taken on all accessible sides of each of the pit areas. Due to the undulating topography created by mature and highly vegetated sand dunes, it was not possible to obtain samples from some areas. However, these limitations were always up gradient of the trending terrain and therefore, one would expect to see the greatest accumulation of chlorides and/or hydrocarbon contamination in the areas chosen for sampling, which in fact proved to be the case.

As was mentioned in our earlier meeting with NMOCD, the depth to groundwater in this area is approximately 180 feet. This fact combined with the knowledge that the vast majority of this geographical area is either potash or salt mined defends the data even more because the water here is not potable. NGH also believes the least amount of disturbance to this region is best, since the dunal formations are mature and their sand is definitely held in place by the currently existing plant life, an entire ecosystem would be destroyed which would take at least another 10 to 20 years to reestablish itself. Water is very scarce and the winds blow strong and hot 7 to 9 months out of the year in this region. Thus, an in-place closure would cause the least disturbance.

NGH herewith submits the samples for its delineation of these three pits along with their individual C-144 pit closure applications. The analytical results support the concept that these pits are in fact sealed on their bottoms and sides. Please note the numbers show high contamination concentrations for soil chlorides only at surface depths 10 feet or less. After this, concentrations are fairly uniform in that they taper off quickly indicating no lateral or vertical movement. Also, all TPH DRO and GRO analyses show essentially "non-detect" results. The pits are being reclaimed by "Mother Nature" rather aggressively and need to not be disturbed with the exception of covering them in place and ensuring that each has 3 feet of background type soil on its surface to encourage native plants to grow there. NGH, however, shall seed all locations with an approved seed mixture upon closure.

The Mesquite 2 State Com. No. 3 location based on the enclosed sample results can meet NMOCD requirements for hydrocarbon of 5,000 mg/K or less by removing 3 feet of contaminated soil and hauling it off to disposal. In fact, the results are dramatic and show it can be reduced to <50 mg/K DRO and <1 mg/K GRO which is a non-detect status. Therefore, NGH shall haul off the top few feet of this pit and close it with clean material. The other two pits show only non-detect levels of hydrocarbon due to the fact that the hydrocarbon has already severely broken-down and either volatized or eroded over time. The presence of green plants definitely substantiates this.

Predicated upon the data herein presented and aforementioned verification of hydrocarbon presence and condition by delineation pursuant to NMOCD's request, NGH herewith now seeks permission from NMOCD to immediately implement closure activities for the above cited three pits as quickly as possible, and as outlined in this document. Enclosed you will also find the individual pit C-144 documents.

We thank NMOCD for their kindness in being attentative to our desires for in-place closure and their time spent in assisting us.

Please advise should you have questions by phoning (575-626-1936).

Sincerely,

Keith Cannon

Enclosure: Laboratory data

JUN 10 ?

OCD-ARTESIA

Summary Report

Keith Cannon
Heyco

P. O. Box 1936
Roswell, NM, 88202-1936

Report Date: June 9, 2008

Work Order: 8060631

Project Name: Mesquite 2 State #3

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
162225	South Side 22'	soil	2008-06-02	08:00	2008-06-06
162226	South Side 25'	soil	2008-06-02	08:20	2008-06-06
162227	South Side 30'	soil	2008-06-02	09:00	2008-06-06
162228	West Side 10'	soil	2008-06-02	09:20	2008-06-06
162229	West Side 20'	soil	2008-06-02	09:30	2008-06-06

Sample - Field Code		TPH DRO DRO (mg/Kg)		TPH GRO GRO (mg/Kg)
162225 - South Side 22'		<50.0		<1.00
162226 - South Side 25'		<50.0		<1.00
162227 - South Side 30'		<50.0		<1.00
162228 - West Side 10'		<50.0		<1.00
162229 - West Side 20'		<50.0		<1.00

Sample: 162225 - South Side 22'

Param	Flag	Result	Units	RL
Chloride		**5060**	mg/Kg	3.25

Sample: 162226 - South Side 25'

Param	Flag	Result	Units	RL
Chloride		**451**	mg/Kg	3.25

Sample: 162227 - South Side 30'

Param	Flag	Result	Units	RL
Chloride		**352**	mg/Kg	3.25

Sample: 162228 - West Side 10'

Param	Flag	Result	Units	RL
Chloride		**5870**	mg/Kg	3.25

Sample: 162229 - West Side 20'

Param	Flag	Result	Units	RL
Chloride		**259**	mg/Kg	3.25