

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



AUG 19 2008
OCD-ARTESIA

Form C-144
July 21, 2008

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.

Pit, Closed-Loop System, Below-Grade Tank, or
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.

1.
Operator: Yates Petroleum Corporation
Address: 105 South Fourth Street, Artesia, NM 88210
Facility or well name: Federal FR #4
API Number: 30-015-36536
U/L or Qtr/Qtr I Section 21 Township 16S Range 30E County Eddy
Center of Proposed Design: Latitude N32.907042 Longitude W103.971161 NAD: ☐ 1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian

OGRID #: 025575
Approved with stipulations. See attachment.

OCD Permit Number: _____

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: 12,000 bbl Dimensions: L 140' x W 140' x D 6'

3.
☐ **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 permit 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 _____

4.
☐ **Below-grade tank:** Subsection I of 19.15.17.11 NMAC
Volume: _____ bbl Type of fluid: _____
Tank Construction material: _____
☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other _____
Liner type: Thickness _____ mil ☐ HDPE ☐ PVC ☐ Other _____

5.
☐ **Alternative Method:**
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

0208425

6.

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 _____

7.

Netting: Subsection E of 19.15.17.11 NMAC (*Applies to permanent pits and permanent open top tanks*)

☐ Screen ☐ Netting ☒ Other N/A (Temp Pit No Netting Required)

☐ 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

9.

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.

10.

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

☒ NA

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 See Attached Exhibit "A"

☐ Yes ☒ No

11.

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 See Attached
☒ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC Exh "B"
☒ Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC See Attached Exhibit "C"
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC See Attached Exhibit "D"
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC See Attached Exhibit "E"
☒ 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 See Attached Exhibit "F"
☐ Previously Approved Design (attach copy of design) API Number: _____ or Permit Number: _____

12.

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) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API 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)

13.

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 H₂S, 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

14.

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 See Attached Exhibit "F"
☒ 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 I of 19.15.17.13 NMAC
☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

16.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please provide the information below) ☐ No

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 19.15.17.13 NMAC

☐ 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

17.

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 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. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.

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, 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.

- 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; 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

18.

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

☐ Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - 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 fluids and drill cuttings or in case on-site closure standards cannot be achieved)

☐ Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

☐ 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

19.

Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Cy CowanTitle: Regulatory AgentSignature: [Signature]Date: 8/19/08e-mail address: cy@ypcnm.comTelephone: 575-748-4372

20.

OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only) ☒ OCD Conditions (see attachment)

OCD Representative Signature: [Signature]Signed By [Signature]Approval Date: AUG 27 2008Title: Field Supervisor - District IIOCD Permit Number: 0208425

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: _____

22.

Closure Method:

☐ Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternative Closure Method ☐ Waste Removal (Closed-loop systems only)
☐ If different from approved plan, please explain.

23.

Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please identify the facility or facilities for where the 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 performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

- ☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

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.

- ☐ 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 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: ☐ 1927 ☐ 1983

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): _____

Title: _____

Signature: _____

Date: _____

e-mail address: _____

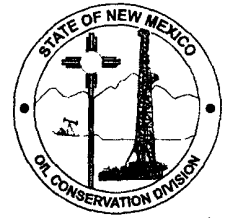
Telephone: _____

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Stipulations for approval of drilling pit permitted for waste excavation and removal:

- Notify NMOCD District 2 Office 48 hours prior to construction of pit.
- Notify NMOCD District 2 Office 48 hours prior to commencement of closure activities.
- Notify NMOCD District 2 Office 48 hours prior to obtaining samples of pit bottom or any samples where analyses of samples obtained are to be submitted to NMOCD.

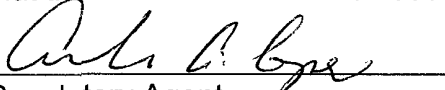


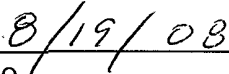
Exhibit "A"

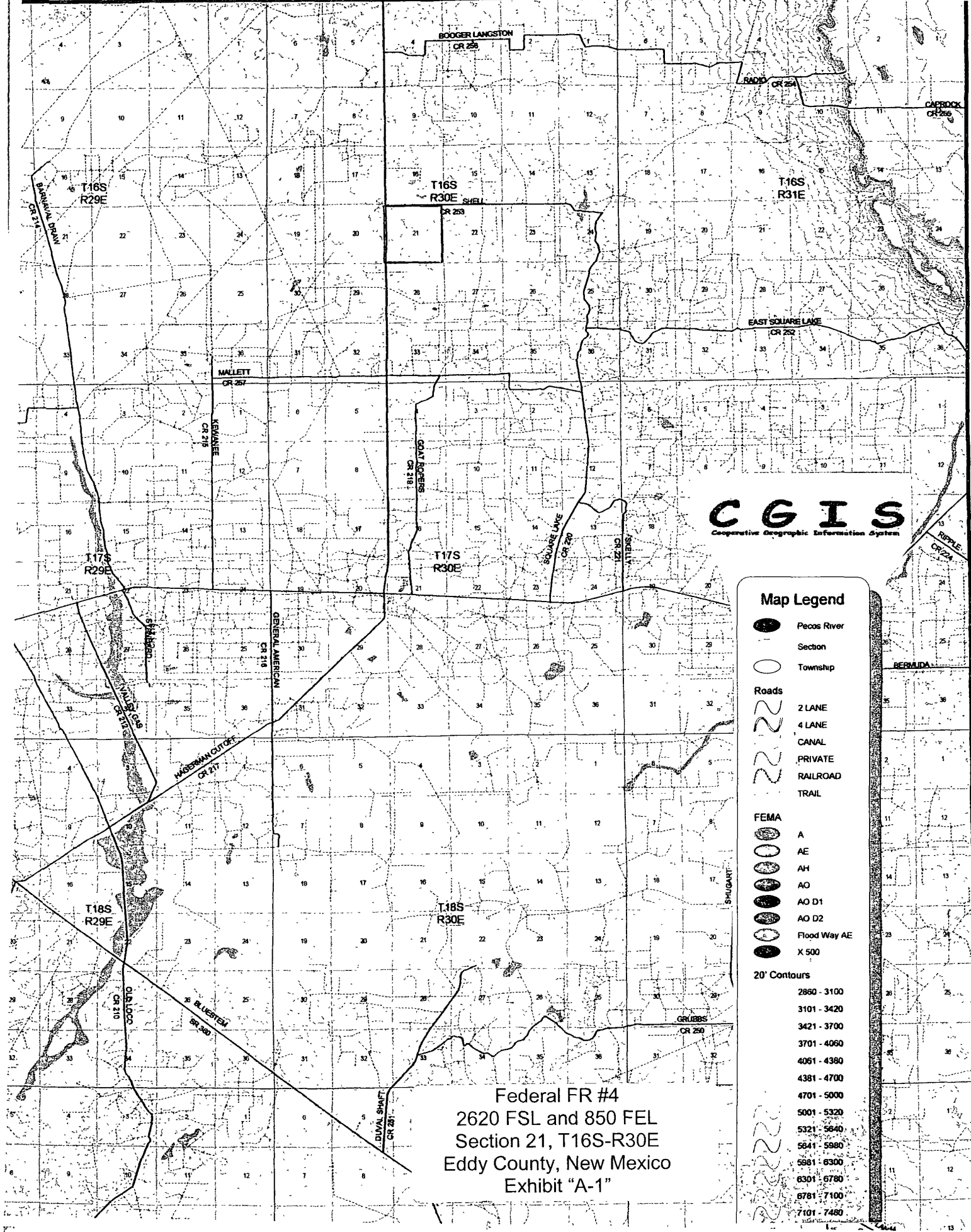
FEDERAL FR #4 - Siting Requirements:

Enclosed herewith are supporting maps and documents to support siting required by 19.15.17.10 NMAC.

Attached is the water data for the area that indicates depth to water is greater than 200 feet (Exhibit B-1 & B-2). From our site inspection of the location there are no continuously flowing watercourse within 300 feet or within 200 feet of any significant watercourse lakebeds, sinkhole or playa lakes. There are no permanent residences, school, hospital, institutions or church in existence within 300 feet or 1000 feet of the location. From iWaters database and visual inspection there are no domestic fresh water wells or springs within 500 horizontal feet or 1000 horizontal feet from the well location (Exhibit B-1). The location is not within the incorporated municipal boundaries or within a defined fresh water well field covered under a municipal ordinance and not within 500 feet of a wetland. There are no subsurface mines overlying the area. 100 year flood plain has not been indicated on the FEMA website and BLM has confirmed that this section is not in the flood plain area (Exhibit A-1).


Regulatory Agent


Date



CGIS
Cooperative Geographic Information System

Map Legend

- Pecos River
- Section
- Township
- Roads**
 - 2 LANE
 - 4 LANE
 - CANAL
 - PRIVATE
 - RAILROAD
 - TRAIL
- FEMA**
 - A
 - AE
 - AH
 - AO
 - AO D1
 - AO D2
 - Flood Way AE
 - X 500
- 20' Contours**
 - 2860 - 3100
 - 3101 - 3420
 - 3421 - 3700
 - 3701 - 4060
 - 4061 - 4380
 - 4381 - 4700
 - 4701 - 5000
 - 5001 - 5320
 - 5321 - 5640
 - 5641 - 5980
 - 5981 - 6300
 - 6301 - 6780
 - 6781 - 7100
 - 7101 - 7480

Federal FR #4
2620 FSL and 850 FEL
Section 21, T16S-R30E
Eddy County, New Mexico
Exhibit "A-1"

New Mexico Office of the State Engineer
POD Reports and Downloads

Township Range Sections

NAD27 X Y Zone Search Radius

County Basin Number Suffix

Owner Name (First) (Last) ☐ Non-Domestic ☐ Domestic ☒ All

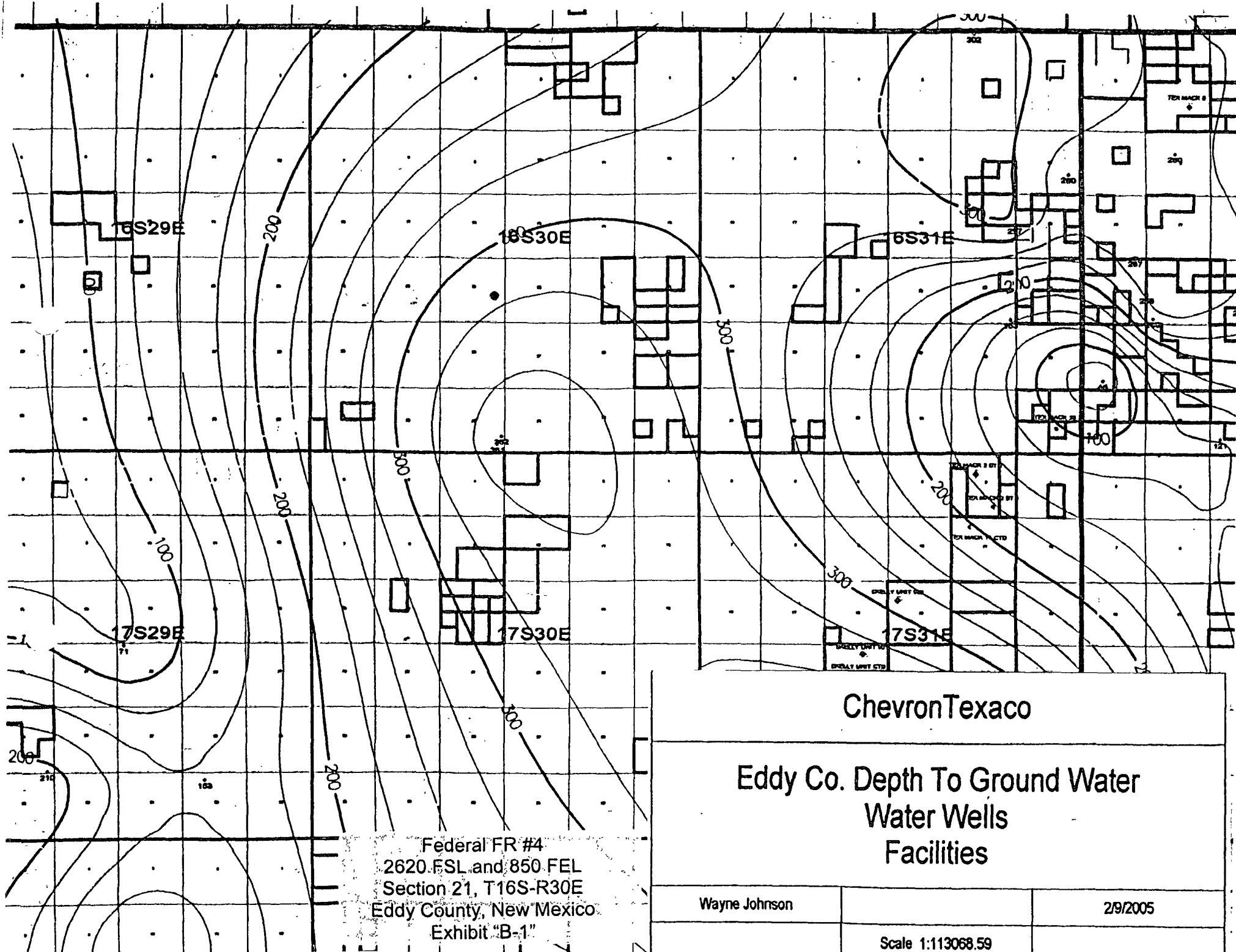
☐ POD / Surface Data Report
 ☐ Avg Depth to Water Report
 ☐ Water Column Report

POD / SURFACE DATA REPORT 07/14/2008

(acre ft per annum)																			
UTM are in Meters)		Start	Finish	Depth	Depth (in feet)	POD Number		Source	Tw	Rng	Sec	q	q	q	Zone	X	Y		
DB File Nbr	Use	Diversion	Owner	Date	Well	Water													
UTM Zone	Easting	Northing	Date	Date	Well	Water													
RA_09342	DOH	3	RUSTY AND JOSIE VAN CUREN	05/02/1998	05/03/1998	220	110	RA_09342	Shallow	16S	29E	19	3	4	4				

Record Count: 1

Federal FR #4
 2620 FSL and 850 FEL
 Section 21, T16S-R30E
 Eddy County, New Mexico
 Exhibit "B"



Federal FR #4
2620 FSL and 850 FEL
Section 21, T16S-R30E
Eddy County, New Mexico
Exhibit "B-1"

ChevronTexaco

Eddy Co. Depth To Ground Water
Water Wells
Facilities

Wayne Johnson

2/9/2005

Scale 1:113068.59

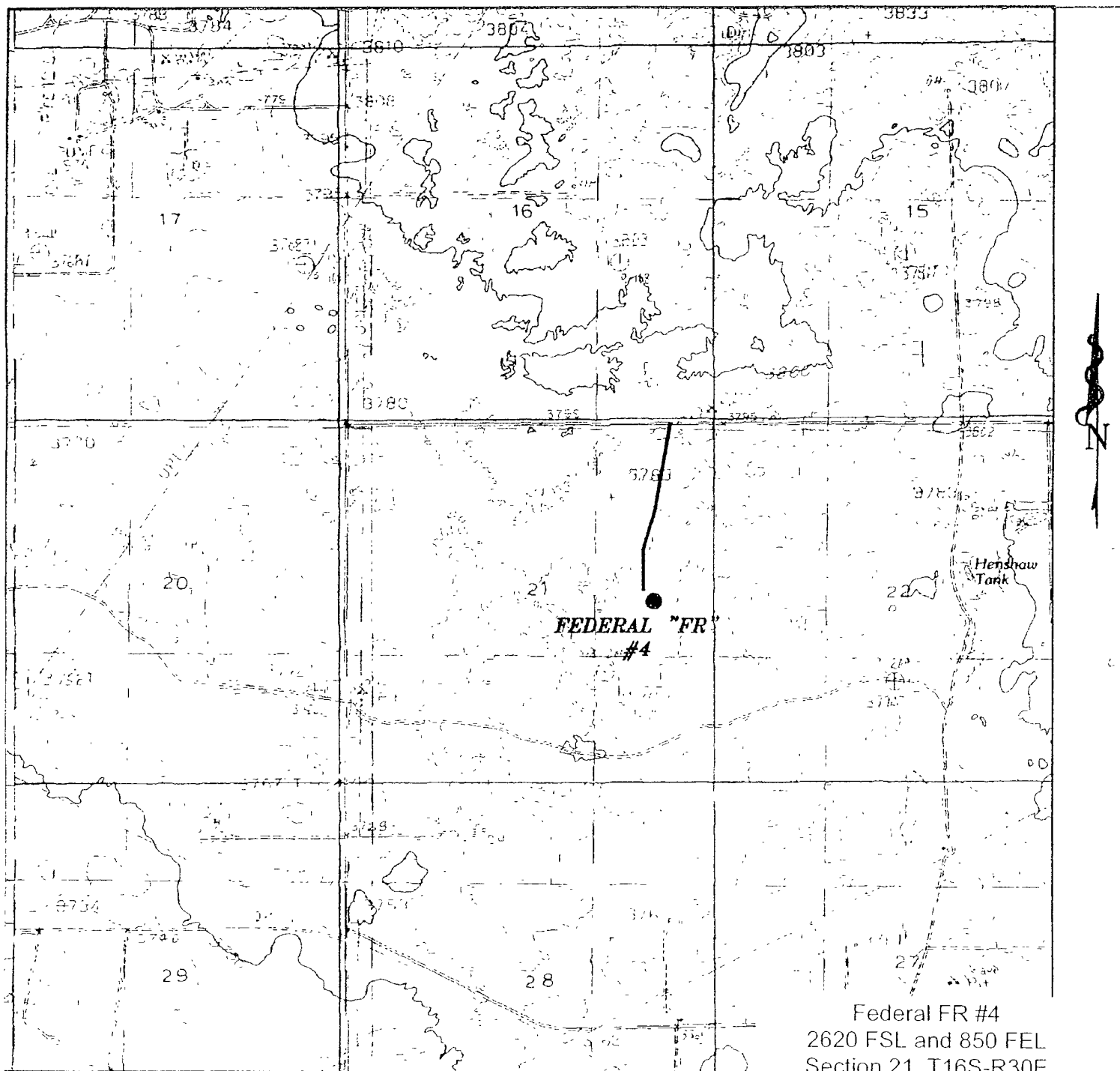
Per BLM Water Wells Data in T16S-R30E

Sec. 18 NWNW depth to water 367'

Sec. 24 SE1/4 depth to water 465'

Sec. 27 SESE depth to water 430'

Federal FR #4
2620 FSL and 850 FEL
Section 21, T16S-R30E
Eddy County, New Mexico
Exhibit "B-2"



FEDERAL "FR" #4

Located at 2620' FSL AND 850' FEL
 Section 21, Township 16 South, Range 30 East,
 N.M.P.M., Eddy County, New Mexico.

Federal FR #4
 2620 FSL and 850 FEL
 Section 21, T16S-R30E
 Eddy County, New Mexico
 Exhibit "C"

**basin
 surveys**
 focused on excellence
 in the oilfield

P.O. Box 1056
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (505) 393-7316 - Office
 (505) 392-3074 - Fax
 basin-surveys.com

"C" Number: 16952

Survey Date 07-08-2008

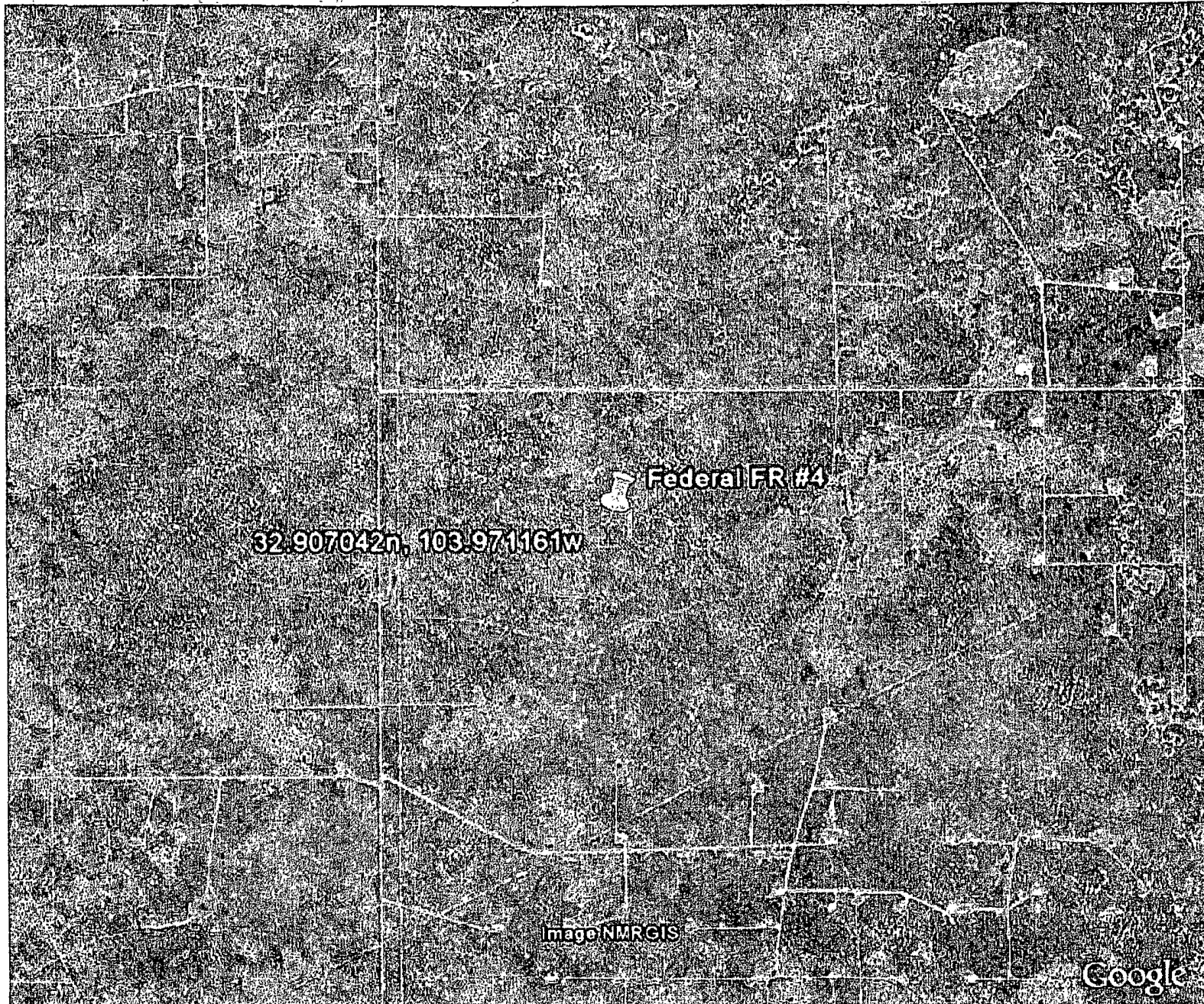
Scale 1" = 2000

Date 07-09-2008

**YATES
 PETROLEUM
 CORP.**



Federal FR #4
2620 FSL and 850 FEL
Section 21, T16S-R30E
Eddy County, New Mexico
Exhibit "C-1"



Yates Petroleum Corporation

Design Requirements For Temporary Reserve Pit

Sign posted on site / location or on the fence of reserve pit identifying the operator, listing their phone #, location of site by ¼ / ¼ or unit letter, and S- T- R.

Pit must be fenced to prevent unauthorized access. Fence must remain in good repair. The fence to be barbed wire, space at 1 foot intervals from 1' to 4' off ground. Pit will be fenced on 3 sides during drilling; the 4th side will be fenced upon removal of drilling rig.

Slope of the pit walls is no greater than two horizontal feet to one vertical foot.

Welded liner seams must run up & down the banks of the pit, not horizontally across them.

Field seams must be welded.

Edges of the liner must be anchored in trenches at least 18 inches deep.
Edge of liner will protrude from the outside edge of the trench.

Pit shall be designed to prevent to run on of surface water.

Federal FR #4
2620 FSL and 850 FEL
Section 21, T16S-R30E
Eddy County, New Mexico
Exhibit "D"

Yates Petroleum Corporation

Drilling Operations Requirements for Temporary Reserve Pit

While the drilling rig is onsite, Operator's representative will inspect the temporary pit daily to ensure that the liner is intact, and that no releases are occurring.

Thereafter, the operator shall inspect at least once weekly as long as liquids remain in the temporary pit.

Operator will maintain a log of such inspections and make the log available to the appropriate NMOCD District office upon request.

A copy of the inspection log shall be filed with the NMOCD when operator closes the pit.

Operator must notify NMOCD if liner is damaged, and must repair or replace the damaged liner. Operator has 48 hours to notify NMOCD and make repairs.

NO HOLES in pit liners – not even in the part of the liner that is not in the reserve pit .

All drilling fluids to be removed from temporary pit within 30 days of rig release date

Hydrocarbon based drilling fluids will be stored in steel pits.

Liner –will be 20mil.,string reinforced with welded seams.

Fluids to be added to pit through a header, diverter, or other hardware that prevents damage to liner by erosion, fluid jets, or impacts from installations and removal of hoses or pipes.

Operator shall have onsite an oil absorbent boom or other device to contain and remove oil from a pits surface.

Operator must maintain a freeboard of at least two feet for a temporary pit.

Pit will be bermed to prevent run on of water into the pit.

Safety:

With the use of a temporary pit operator is better able to conduct flammable and dangerous fluids further away from rig personnel and well bore.

Federal FR #4
2620 FSL and 850 FEL
Section 21, T16S-R30E
Eddy County, New Mexico
Exhibit "E"

Closure Procedure For Temporary Drilling Pits

1. De-water pit within 30 days of rig release.
2. Weekly inspection of fluid level in drilling pit after rig release date until fluids are removed. Weekly levels will be recorded in a log to be submitted to the appropriate OCD district office at time of pit closure.
3. All removed pit fluids will be disposed of in an OCD approved manner at one of the listed OCD approved disposal facilities.

Disposal Facility: CRI or Gandy Marley

Disposal Facility Permit Number: R9166 or NM-01-0019

4. If fluids are reclaimed the appropriate OCD district office will be contacted beforehand for approval to do so.
5. Within 6 months of the rig release date and after the removal of all free liquids from the temporary drilling pit, the surface owner will be notified by certified mail, return receipt requested that the operator will close the pit. OCD division office will be notified verbally that waste excavation and removal will begin.
6. All impacted contents of the temporary drilling pit will be stabilized by mixing of dry non-waste containing earthen material so that such material will pass a paint filter test.
7. All stabilized pit contents, including the synthetic pit liner will be loaded into trucks and transferred to the division-approved facility listed below for proper disposal.

Disposal Facility: CRI or Gandy Marley

Disposal Facility Permit Number: R9166 or NM-01-0019

8. Once all visually impacted materials have been removed from the temporary drilling pit, testing and analyzing of the soils beneath the pit will be conducted in accordance with 19.15.17.13, B., 1(b) (i) or (ii) whichever is appropriate to determine if a release has occurred during utilization of the pit.

Federal FR #4
2620 FSL and 850 FEL
Section 21, T16S-R30E
Eddy County, New Mexico
Exhibit "F"

- 9. If the operator or an OCD representative determines that a release has occurred below the pit liner then Yates will address the release in compliance with 19.15.3.116 NMAC and 19.15.1.19 NMAC, as appropriate.**
- 10. When analysis indicates that the soils within the pit area are within the recommended actions levels backfilling will begin.**
- 11. Backfill material will consist of non-waste containing earthen material. The cleaned out drilling pit will be filled with such material to a level which shall allow space for the addition of topsoil which will be equal to the thickness of the background topsoil or one foot whichever is greater as directed in 19.15.17.13, H (1) NMAC.**
- 12. The topsoil cover will be placed on to the drilling pit area in a manner of existing grade and will prevent ponding of water and erosion of the cover material.**
- 13. Within 60 days of closure completion a closure report on form C-144 will be submitted to the appropriate district office. The report will contain detailed information on the backfilling, capping. The closure report will also include a plat of the closed pit location on a form C-105.**
- 14. Within the first growing season after the approved pit closure seeding of the pit area shall occur. The seeding will be performed in accordance with 19.15.17.13, I, (2) (3) (4) (5).**