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

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

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		-
Гуре 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	1,
oelow-grade tank	s, 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.

I.
Operator: Yates Petroleum Corporation See Conditions of OGRID #: 025575
Address: 105 South Fourth Street, Artesia, NM 88210 Approval attached
Facility or well name: Marcel BMM Federal #2H
API Number: 30.015.36844 OCD Permit Number: 0208808
U/L or Qtr/Qtr Lot 5 Section 6 Township 16S Range 30E County Eddy
Center of Proposed Design:         Latitude         N32.958978         Longitude         W104 019133         NAD:         □1927 ☒ 1983
Surface Owner
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 String-Reinforced
Liner Seams: Welded Factory Other Volume: 10,000 bbl Dimensions: L 120' x W 120' 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: Thicknessmil 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
Alternative Method:
Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Y' 1	
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, institution or church)	hospital,
☐ 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 of the Santa Fe En	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 accepmaterial are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appro-	
office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of a	pproval.
Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to dryi above-grade tanks associated with a closed-loop system.	ng pads or
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	☐ Yes ⊠ No
lake (measured from the ordinary high-water mark).  - Topographic map, Visual inspection (certification) of the proposed site	
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.	Yes No
(Applies to temporary, emergency, or cavitation pits and below-grade tanks)  - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	⊠ NA
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application	☐ Yes ⊠ No
(Applies to permanent pits) - Visual inspection (certification) of the proposed site; Aerial photo, Satellite image	⊠ NA
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock	☐ Yes ⊠ No
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	
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance	☐ Yes ⊠ No
adopted pursuant to NMSA 1978, Section 3-27-3, as amended.  - Written confirmation or verification from the municipality, Written approval obtained from the municipality	
Within 500 feet of a wetland.	□ Vas □ Na
- 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	
Within an unstable area	☐ Yes ⊠ No
- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources, USGS; NM Geological	☐ Yes ☒ No ☐ Yes ☒ No
Society, Topographic map  Within a 100-year floodplain.	

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:
Treviously Approved Design (anach copy of design) Art Number.
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)
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  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 H <sub>2</sub> S, 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
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
Proposed Closure Method: Waste Excavation and Removal  On-site Closure Method (Only for temporary pits and closed-loop systems)  In-place Burial  Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)
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 ☐ 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

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground S	teel Tanks or Haul-off Bins Only: (19.15.17.13 I	D NMAC)
Instructions: Please indentify the facility or facilities for the disposal of liquids, dr		
facilities are required.  Disposal Facility Name:	Disposal Facility Permit Number:	
	Disposal Facility Permit Number:	
Will any of the proposed closed-loop system operations and associated activities occur.  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 r   Re-vegetation Plan - based upon the appropriate requirements of Subsection I   Site Reclamation Plan - based upon the appropriate requirements of Subsection	equirements of Subsection H of 19.15.17.13 NMA of 19.15 17.13 NMAC	C
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the closured below. Requests regarding changes to certain siting criteria may require considered an exception which must be submitted to the Santa Fe Environmental I demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for	administrative approval from the appropriate dist. Bureau office for consideration of approval. Justi	rict office or may be
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 of	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 - 1WATERS database search, USGS; Data of	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 of	obtained from nearby wells	☐ Yes ☐ No ☐ NA
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other signilake (measured from the ordinary high-water mark).  - Topographic map; Visual inspection (certification) of the proposed site	ficant watercourse or lakebed, sınkhole, or playa	☐ Yes ☐ No
Within 300 feet from a permanent residence, school, hospital, institution, or church in  Visual inspection (certification) of the proposed site; Aerial photo; Satellite i		☐ Yes ☐ No
Within 500 horizontal feet of a private, domestic fresh water well or spring that less t watering purposes, or within 1000 horizontal feet of any other fresh water well or spring - NM Office of the State Engineer - iWATERS database; Visual inspection (co	ring, in existence at the time of initial application	☐ Yes ☐ No
Within incorporated municipal boundaries or within a defined municipal fresh water adopted pursuant to NMSA 1978, Section 3-27-3, as amended.  - Written confirmation or verification from the municipality; Written approval	,	☐ 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 a	nd Mineral Division	☐ Yes ☐ No
Within an unstable area.  - Engineering measures incorporated into the design; NM Bureau of Geology Society; Topographic map	& Mineral Resources; USGS, NM Geological	☐ Yes ☐ No
Within a 100-year floodplain FEMA map	•	☐ Yes ☐ No
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the by a check mark in the box, that the documents are attached.  Siting Criteria Compliance Demonstrations - based upon the appropriate requiperents of Signature Construction/Design Plan of Burial Trench (if applicable) based upon the applicable of a drying pactor of Protocols and Procedures - based upon the appropriate requirements of 19.15.1 Confirmation Sampling Plan (if applicable) - based upon the appropriate requiperents of Signature of Sign	rements of 19.15 17.10 NMAC ubsection F of 19.15.17.13 NMAC ropriate requirements of 19.15.17.11 NMAC l) - based upon the appropriate requirements of 19.7.13 NMAC rements of Subsection F of 19.15.17.13 NMAC ubsection F of 19.15.17.13 NMAC ll cuttings or in case on-site closure standards canno of 19.15.17.13 NMAC	15.17.11 NMAC
Site Reclamation Plan - based upon the appropriate requirements of Subsection		

Operator Application Certification:  I hereby certify that the information submitted with this application	non is true, accurate and complete to the best of my knowledge and belief.
Name (Print): Cycoyan	Title: Regulatory Agent
Signature. (Samuel Constitution of the Constit	Date: <u>12/4/2008</u>
e-mail address: cy@yatespetroleum.com	Telephone: <u>575-748-4372</u>
20. OCD Approval: Permit Application (including flosure plan	Closure Plan (only) OCD Conditions (see attachment)
OCD Representative Signature Signed By Mily Bran	Approval Date: DEC 17 2008
Title:	OCD Permit Number: 620888
	sure plan prior to implementing any closure activities and submitting the closure report. thin 60 days of the completion of the closure activities. Please do not complete this ained and the closure activities have been completed.
	Closure Completion Date:
<ul> <li>Closure Method:</li> <li>Waste Excavation and Removal On-Site Closure Method</li> <li>If different from approved plan, please explain.</li> </ul>	od
Instructions: Please indentify the facility or facilities for where two facilities were utilized.  Disposal Facility Name:  Disposal Facility Name:  Were the closed-loop system operations and associated activities  Yes (If yes, please demonstrate compliance to the items be	Disposal Facility Permit Number:  performed on or in areas that will not be used for future service and operations?
Required for impacted areas which will not be used for future set  Site Reclamation (Photo Documentation)  Soil Backfilling and Cover Installation  Re-vegetation Application Rates and Seeding Technique	vice and operations:
Closure Report Attachment Checklist: Instructions: Each of 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 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	the following items must be attached to the closure report. Please indicate, by a check  on-site closure)  Longitude NAD:1927 1983
	on the closure report is true, accurate and complete to the best of my knowledge and closure requirements and conditions specified in the approved closure plan.  Title:
Signature:	
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



Conditions of approval for a drilling pit proposing 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.
- All requirements per 19.15.17 [NMAC] must be complied with and adhered to.



### Exhibit "A"

#### Chief BLC State #2H - 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 less than 200 feet (Exhibit B-1). 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, this section is not in the flood prain area (Exhibit A-1).

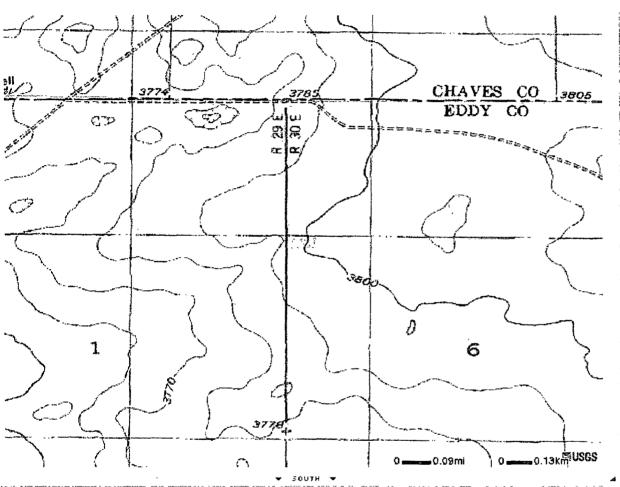
Regulatory Agent

Date



Marcel BMM Federal #2H
2310' FNL and 150' FWL Surface Location
Section 6, T16S- R30E
1650' FNL and 330' FWL, Bottom Location
Section 1, T16s-R29E
Eddy County, New Mexico Exhibit "A-1"





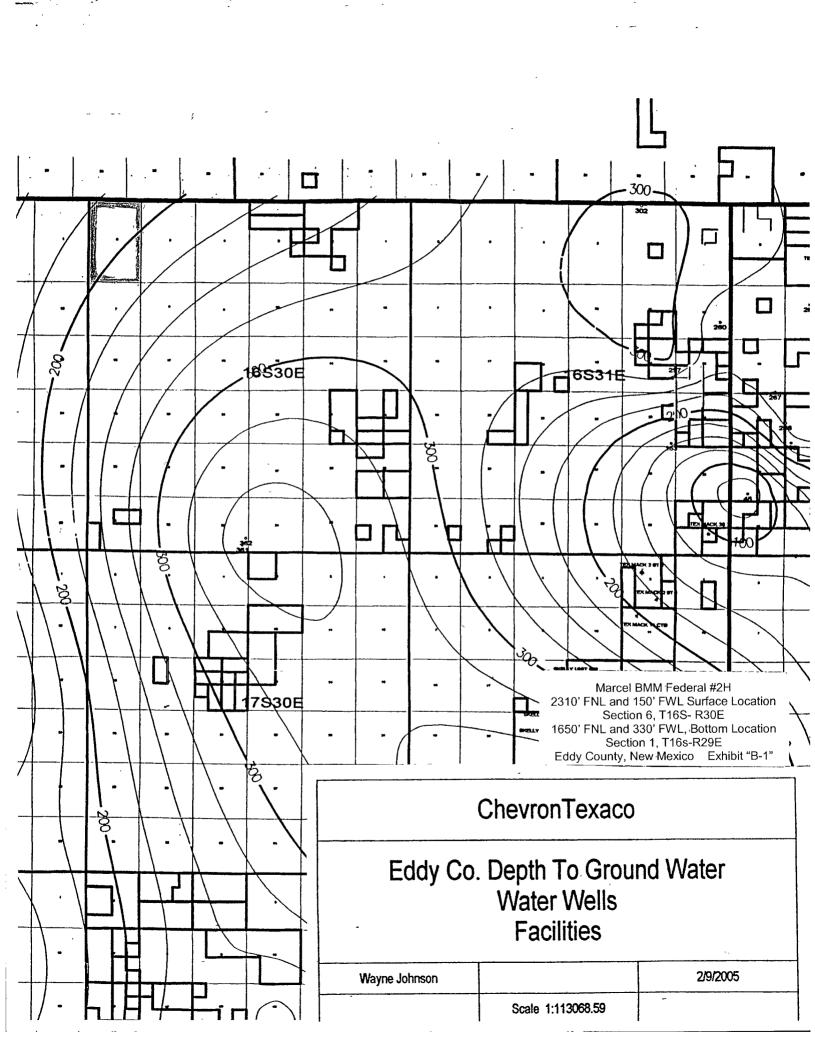
☐ ✓ Flood Data F FEMA Boundaries E ✓ National Flood Hazard Layer ☑ ☐Ftootheays N Flood Hazard Zone Boundaries Flood Hazard Zones V 7na 20 0.7% Annual Chi General Structures Cross Section Lines Base Flood Elevation Bench Marks DFIRM Panels ALOME'S

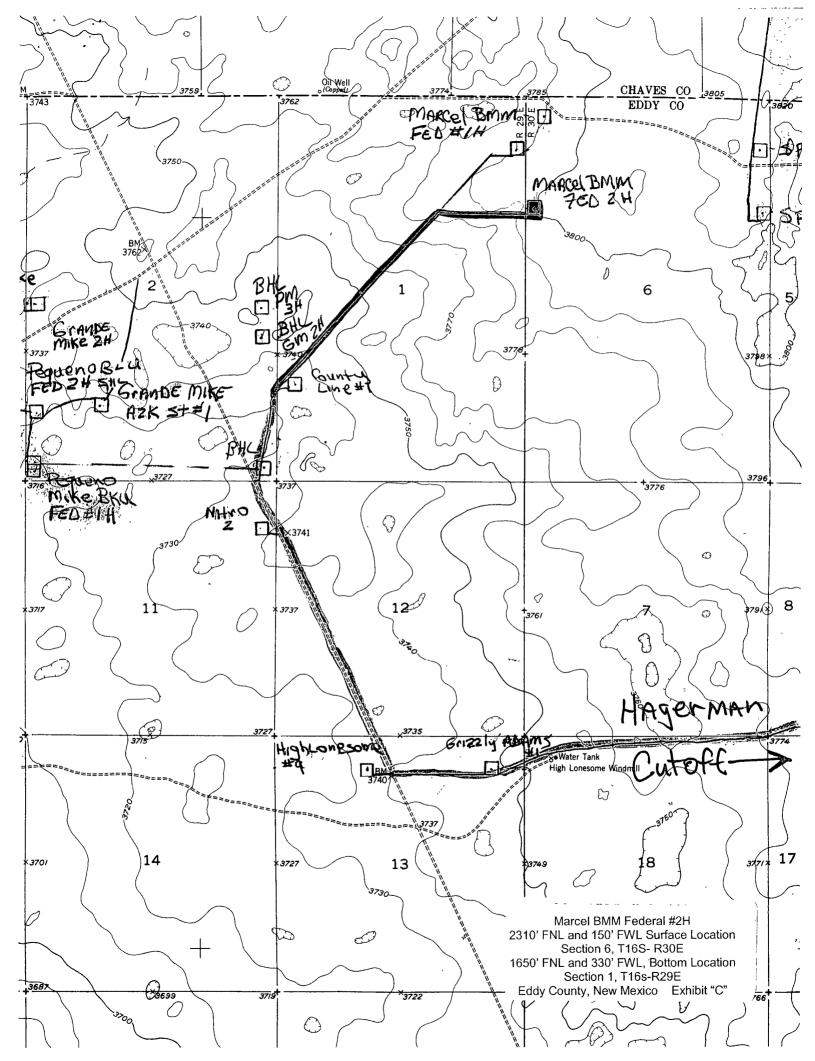
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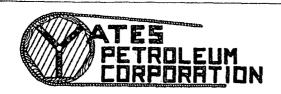
# New Mexico Office of the State Engineer POD Reports and Downloads

Towns	hip: 168 Ra	ange: Sections:	
12/03/2008		POD / SURFACE DATA REPORT	
12/03/2008			
(quarters are	1=NW 2=NE	3=SW 4=SE)	
_	(acre ft	per annum)	
		smallest X Y are in Feet UTM	
Meters)	Start		
		version Owner Tws Rng Sec q q q Zone X	POD Y
Number		ning Date Date Well Wate	
RA 09342	DOM	3 RUSTY AND JOSIE VAN CUREN	
		16S 29E 19 3 4 4	_
		0 05/02/1998 05/03/1998 220 110	
	ip: 168 Rar	pod / surface data report	
12/03/2008			
(quarters are 1	=NW 2=NE 3	S=SW 4=SE)	
_		per annum)	
(quarters are b	iggest to	$\verb smallest  X Y are in Feet                                  $	are in
Meters)	Start	Finish Depth Depth (in feet)	
DB File Nbr Number			POD
		Tws Rng Sec q q q Zone X .ng Date Date Well Water	Y
		3 LOWE DRILLING CO.	
03435 APPRO		16S 31E 05 1 1	Ξ.
13 602954	3646955	02/07/1957	
L 04667 (1)	STK	0 MR. HAL BOGLE	<u> </u>
<b>04667 (1) EXP</b> 13 609107	2645522	16S 31E 11 2 2 2	
L 04671	3645522 PRO	3 JOHN H. TRIGG	
04671	Shallow	3 JOHN H. TRIGG 16S 31E 12 2 1 1	-
13 610114	3645538	07/11/1961 07/14/1961 340 288	
	3013330	<u> </u>	
04671 APPRO	Shallow	16S 31E 12 2 1 1	•
	3645538	07/11/1961 07/14/1961 340 288	
L 10203	STK	1.54 BOGLE FARMS	<u>.</u>
10203		16S 31E 14 2 4 4	
13 609130	3643310	01/01/1951 01/01/1951 310	

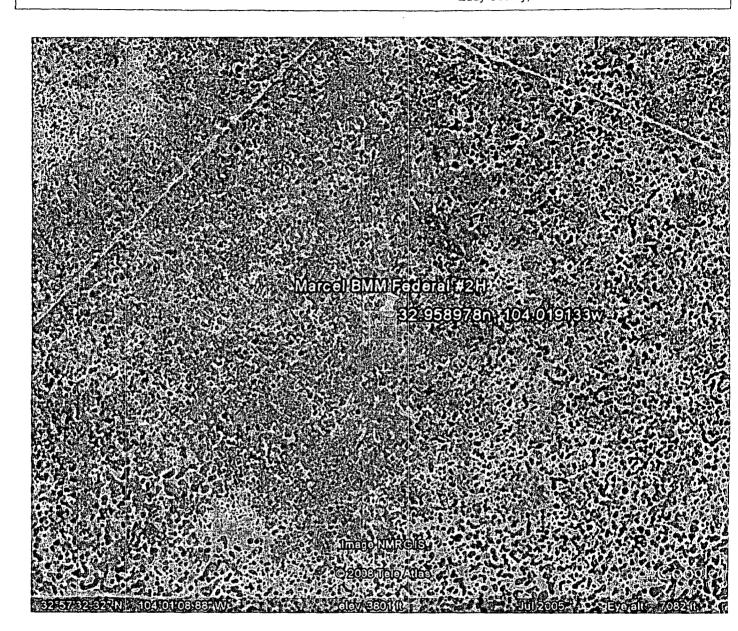
Marcel BMM Federal #2H
2310' FNL and 150' FWL Surface Location
Section 6, T16S- R30E
1650' FNL and 330' FWL, Bottom Location
Section 1, T16s-R29E
Eddy County, New Mexico Exhibit "B"







Marcel BMM Federal #2H
2310' FNL and 150' FWL Surface Location
Section 6, T16S- R30E
1650' FNL and 330' FWL, Bottom Location
Section 1, T16s-R29E
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  $\frac{1}{4} / \frac{1}{4}$  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 4<sup>th</sup> 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.

# 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.

### 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: Gandy Marley, CRI, Lea Land, or Sundance Services

Disposal Facility Permit Number: <u>NM-01-0019</u>, <u>R-9166</u>, <u>NM-1-035</u>, <u>NM-01-0003</u>

- 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: Gandy Marley, CRI, Lea Land, or Sundance Services

Disposal Facility Permit Number: <u>NM-01-0019 R-9166, NM-1-035, NM-01-0003</u>

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.

- 9. When analysis indicates that the soils within the pit area are within the recommended actions levels backfilling will begin.
- 10. 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.
- 11. 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.
- 12. 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.
- 13. 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).