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

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State of New Mexico
Energy Minerals and Natural Resources
Department
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

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
X 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: ~~MELROSE OPERATING CO~~ Quantum Resources Mgmt LL OGRID #: ~~184860~~ 243874
Address: 20333 State Highway 249, Suite 310, Houston TX, 77077
Facility or well name: JALMAT FIELD YATES SAND UNIT #243
API Number: 30-025-38934 OCD Permit Number: P1-02797
U/L or Qtr/Qtr E Section 11 Township 22S Range 35E County: LEA
Center of Proposed Design: Latitude 32.407976 Longitude 103.345356 NAD: X 1927 ☐ 1983
Surface Owner: ☐ Federal X State Private ☐ Tribal Trust or Indian Allotment

2.
X **Pit:** Subsection F or G of 19.15.17.11 NMAC
Temporary: X Drilling ☐ Workover
☐ Permanent ☐ Emergency ☐ Cavitation ☐ P&A
X Lined ☐ Unlined Liner type: Thickness 20 mil X LLDPE ☐ HDPE ☐ PVC ☐ Other
X String-Reinforced
Liner Seams: ☐ Welded X Factory ☐ Other Volume: 3000 bbl Dimensions: L 85' x W 85' x D 5'

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.

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

X Alternate. Please specify__4' HIGH , 10 GAUGE, FIELD FENCE, 6" x 6" SQUARE PATTERN w/Tee Post EVERY 10', BARB WIRE ON TOP__

7.
Netting: Subsection E of 19.15.17.11 NMAC *(Applies to permanent pits and permanent open top tanks)*

☐ Screen ☐ Netting ☐ Other_____

☐ Monthly inspections (If netting or screening is not physically feasible)

8.
Signs: Subsection C of 19.15.17.11 NMAC

X 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 X 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 X 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 X 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 X 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 X 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 X No
Within 500 feet of a wetland. - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes X No
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes X No
Within an unstable area. - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	☐ Yes X No
Within a 100-year floodplain. - FEMA map	☐ Yes X No

Melrose Operating Co.
JALMAT Field Yates Sand Unit #243
Unite E Section 11 Township 22S Range 35E
Lea County, New Mexico
Work Plan

30-025-38934

Prepared for:

Melrose Operating Co.
20333 State Highway 249, Suite 310
Houston, TX 77077

By:

Blade Services, LLC.
P.O. BOX 5723
Hobbs, NM 88240
(575) 390-5004

I. Background

Blade Services was engaged by Melrose Operating Co. to drilling pit cleanup at JALMAT Field Yates Sand Unit #243. This location is an old drilling pit that was never produced with drilling fluids. Located in Unit E Section 11 Township 22 South Range 35 East

II. Surface and Ground Water

The closest groundwater of record with the Office of the State Engineer is located approximately 1 mile in Section 11 township 16 south, range 35 east. The depth of water to water is 70' per records on the New Mexico Office of the State Engineer: Water Right Reporting System.

III. Soils

The surface soils in the area are predominantly sand and sandy loam.

IV. Characterization

The target cleanup levels are reached by the application of the "Unlined Surface Impoundment Closure Guidelines New Mexico Oil Conservation Division (NMOCD) – February, 1993 to this site is 1000 parts per million (ppm) Total Petroleum Hydrocarbons (TPH). Application of the New Mexico Oil Conservation Division's ranking criteria for contaminated soils at this site is presented below:

Depth to Ground Water:			
(Vertical distance from contaminants to seasonal high water elevation of groundwater)	Less than 50 feet	20 points	
	50 feet to 99 feet	10 points	X
	>100 feet	0 points	
Wellhead Protection Area:			
(Less than 200 feet from a private domestic water source; or less than 1000 feet from all other water sources)	Yes	20 points	
	No	0 points	X
Distance to Surface Water:			
(Horizontal distance to perennial lakes, ponds, rivers, streams, creeks, irrigation canals and ditches)	Less than 200 feet	20 points	
	200 feet to 1000 feet	10 points	
	>1000 feet	0 points	X
	RANKING SCORE (TOTAL POINTS)		**10**

V. Action Plan

It is requested that the old drilling pit be removed and approximately one (1) foot below lined area and transported to Sundance Disposable Services in Eunice, NM to dispose of the contaminated soils. Upon excavation of pit area the location will be sampled for Chlorides (EPA Method 4500B) Total Petroleum Hydrocarbons (TPH EPA method 80.15) and Benzene, Toluene, Ethyl Benzene, Total Xylenes (BTEX EPA method 8021B).

Once all remediation is completed the area will be reseeded in the spring as per landowner's specifications.

After completion of the location a report will be filed with the New Mexico Oil Conservation Division (NMOCD).