

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 <u>Yates Petroleum Corporation</u> Telephone <u>505-748-4500</u> e-mail address <u>mikes@ypcnm.com</u>		
Address <u>105 South 4th Street, Artesia, NM 88210</u>		
Facility or well name <u>Merle State Unit #11</u> API # <u>30-025-38252</u> U/L or Qtr/Qtr <u>A</u> Sec <u>11</u> T <u>10S</u> R <u>34E</u>		
County <u>Lea</u> Latitude <u>33 46704</u> Longitude <u>103 42777</u> NAD 1927 <input checked="" type="checkbox"/> 1983 <input type="checkbox"/>		
Surface Owner Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Indian <input type="checkbox"/>		
Pit Type Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Work over <input type="checkbox"/> Emergency <input type="checkbox"/> Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/> Liner type Synthetic <input checked="" type="checkbox"/> Thickness <u>12</u> mil Clay <input type="checkbox"/> Pit Volume <u>24000</u> bbl	Below-grade tank 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)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) XXXX (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 No	(20 points) (0 points) XXXX
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) XXXX
Ranking Score (Total Points)		10 POINTS

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 NA (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 Closure workplan for drilling pit The drilling pit contents will be mixed to stiffen the pit contents A encapsulation trench will be excavated and lined with a 12 mil synthetic liner on former drilling pit site Drilling pit contents will then be emplaced into the encapsulation trench A 20 mil synthetic liner will then be placed over the pit contents with a minimum of a 3' over lap of the underlying trench areas. The encapsulation trench will then be backfilled to grade using a minimum of 3' of clean soil and like material A one call and 48 hour notice will be provided to the Oil Conservation Division before pit closure actions begin

Pit Closure actions to begin by NA Ending date NA

(C144 originally submitted 6/18/07 approved 6/27/07- change of site ranking score)

APPROVED ON INFO SUBMITTED BY YATES

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 ☐.

Date 07/11/2007

Printed Name/Title Mike Stubblefield / Environmental Regulatory Agent

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:

Printed Name/Title

L. Johnson, Enviro Eng

Signature

[Signature]

Date

8.2.07

MARTIN YATES, III
1912-1985

FRANK W. YATES
1936-1986

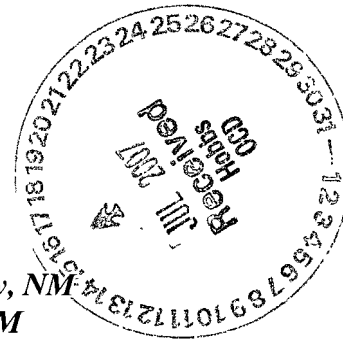


105 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210-2118
TELEPHONE (505) 748-1471

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July 11, 2007

Mr. Larry Johnson
Environmental Engineer
Oil Conservation Division – District 1
1625 N. French Dr.
HOBBS, NM 88240



Re: *Merle State Unit #11 - Sec 11-T10S-34E Unit Letter A-Lea County, NM*
Taco AUK State #3, Sec 10-T10S-34E Unit Letter I-Lea County, NM

Dear Mr. Johnson

The Merle State Unit #11 and Taco AUK State #3 are located in rural Lea County, New Mexico are operated by Yates Petroleum Corporation. The C-144s were submitted June 18, 2007 - approved June 27, 2007 and April 19, 2007 approved April 23, 2007 respectively with site rankings of 20 points indicating level to ground water of less than fifty feet. This assessment was based on USGS nearest levels to groundwater to the Merle State Unit #11 and the Taco AUK State #3 locations.

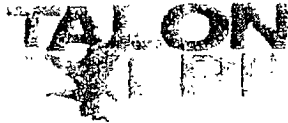
Further assessment has revealed that the locations have site rankings of 10 points which is more than 50 feet but less than 100 feet to groundwater. This was based on the findings on the Merle State Unit #3 after Yates Petroleum Corporation sought the services of Elbert Taylor of Talon LPE to drill a soil boring to a total depth of seventy feet that was left open for 24 hours and tested using a water level indicator and no groundwater was encountered at any point in the entire seventy feet depth boring. Merle State Unit #3 is closer to Merle State Unit #11 and Taco AUK State #3 than the USGS closest location.

Based on this new information, Yates Petroleum Corporation respectfully requests that NMOCD Site Ranking Scores be adjusted from the 20 points to 10 points for closure of the reserve pit at these locations.

Your attention and response to this matter is greatly appreciated. Please do not hesitate to contact me at mikes@ypcnm.com or 505-748-4500, should you have any questions or concerns.

Sincerely

Mike Stubblefield
ENVIRONMENTAL REGULATORY AGENT



WELL REPORT

MERLE STATE #3

1) Well Location				
County	Physical Address	City	State	Zip
Lea	CROSS Roads N.M.	CROSS Roads	N.M.	
2) GPS Coordinates				
Latitude		Longitude		
33° 26' 56" N		103° 26' 16" W		
3) Proposed Use of Well (Check One)				
<input type="checkbox"/> Monitor Well		<input checked="" type="checkbox"/> Soil Boring		<input type="checkbox"/> Other
4) Drilling Dates				
Start Date		Completion Date		
5) Diameter of Hole				
Diameter (inches)	From (Feet)	To (Feet)		
7 7/8	0	20		
6) Drilling Method (Check One)				
<input type="checkbox"/> Air Rotary		<input type="checkbox"/> Mud Rotary		<input checked="" type="checkbox"/> H.S.A.
				<input type="checkbox"/> Other
7) Monitor Well / Soil Boring Number				
MW #		SB # 7		
8) Well/Boring Soil Description				
From (Feet)	To (Feet)	Description and color of formation material		
0	3	Light Brown top soil		
3	10	Light tan silty calciche		
10	18	"		
18	23	hard calciche rock		
23	35	Light tan calciche sand rock		
35	48	Light tan calciche		
48	70	Light greenish gray clay		
9) Borehole Completion (Sanding information)				
Gravel From	Gravel To (Feet)	Sand Size	Bags Used	
0	0	0	0	
10) Borehole Completion (Sanding information)				
Screen From	Screen To (Feet)	Material	Diameter	Screen Slot Size
0	0	0	0	0
Casing From	Casing To (Feet)	Material	Diameter	Casing Schedule
0	0	0	0	0
11) Cementing Data				
	Cement From	Cement To	Number of Sacks Used	
Surface Seal	0 ft.	2	ft.	1 Cement
Seal to Bent.	2	70	ft.	10 Bentons
12) Water Level				
4 ft below ground surface				
13) Water Quality				
Did the water contain fuel (PSH)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				
14) # Drums				
0				
15) Job #				
VATES P027 SPL 2				
16) Driller				
TROY LUCAS				
17) Owner Information				