

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: Melrose Operating Company Telephone: 432-684-6381 e-mail address: ann.ritche@wtor.net
Address: 40 Box 953 Midland TX 79702
Facility or well name: Valmont Field Yates Sand Unit API #: 30-025-38705 U/L or Qtr/Qtr P Sec 10 T 22S R 35E
County: Lea Latitude 3 Longitude 1 NAD: 1927 ☒ 1983 ☐
Surface Owner: Federal ☐ State ☐ Private ☐ Indian ☐

Pit	Below-grade tank	
Type: Drilling <input type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/> Workover <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>1/2</u> mil Clay <input type="checkbox"/> Pit Volume <u>2500</u> bbl	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	(20 points)
	50 feet or more, but less than 100 feet	(10 points)
	100 feet or more	(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)
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet	(20 points)
	200 feet or more, but less than 1000 feet	(10 points)
	1000 feet or more	(0 points)
Ranking Score (Total Points)		<u>0</u>

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 _____. (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:

See attached workplan

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JUN 17 2008

HOBBS OCD

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: 6-11-08
Printed Name/Title: Cam Robbins / Forman Signature: Cam Robbins

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: [Signature]
Printed Name/Title: _____ Signature: ENVIRONMENTAL ENGINEER Date: 6-11-08

P 2 CONSTRUCTION, INC.

Maintenance ■ Lease ■ Construction ■ Dirt Work ■ Environmental Services

1656 N. Flamingo Ave. Unit A, Odessa, TX 79763 ■ Office (432) 381-4800 ■ Fax # (432) 381-4801

June 10, 2008

Melrose Operating Company
P. O. Box 953
Midland TX. 79702

Attn: Mr. Cam Robins
Production Supervisor

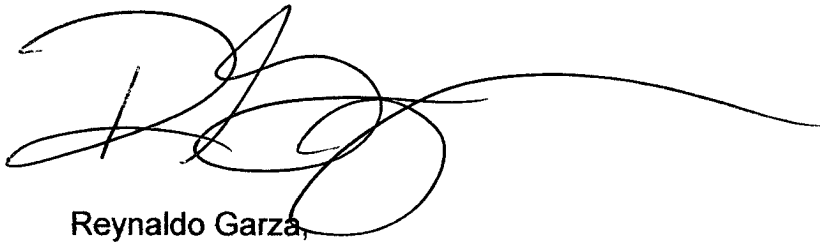
**RE: Work Plan For Pit Closure Located Jalmat Field Yates Sand Unit; U/L P
Sec 10, T22S and R35E of Lea County, New Mexico**

Dear Mr. Robins:

P2 Construction Co. would like to take this time to thank you and Melrose Operating, for the opportunity to provide our professional services. Please find attached our work plan and cost for the above listed site.

If you have any questions and/or need more data in regards to projects please call at any time. My cell phone is 432-425-6192.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Reynaldo Garza', with a long horizontal flourish extending to the right.

Reynaldo Garza,
Sr. Project Manager
P2 Construction Co.

Summary/Overview

The Jalmat Field Yates Sand Unit site should be completed and remediated in accordance with the standards of the NMOCD. It is our understanding that any potential contamination from the site was a result of drilling petroleum product.

The potential contaminants of concern are mid to high-level concentrations of Production water and Drill Cuttings circulated into reserve pit for well bore.

The lands primary use is domestic pasture for ranching and the production of oil and gas.

The ground water depth data available for this area showed the depth to ground water to be in the 135' range BGS.

Pursuant to the standards of the NMOCD, the clean up level for this site will be at <5,000ppm of TPH, <50ppm for BTEX and Chlorides less than <250ppm.

The following scope of work was based on data from our site visit and the requirements of the NMOCD for site clean up.

Scope of Work for Entombment and site reclamation

NOTE: Melrose Operating has requested for P2 Construction to remove and remediate reserve pit drill cuttings for pit closure. Melrose has also requested that P2 Construction submit a copy of results and reclamation plan to NMOCD for entombment of impacted soils.

1. First P2 Construction will call One-Call for line spot clearance before any excavation at the site is started.
2. P2 Construction will mobilize to the site located in the area Southwest of Eunice, NM equipment and personnel necessary to start and complete the site remediation as required, getting the site back into compliance.
3. P2 Construction will delineate the site vertical and horizontal for chloride's to determine the extent of impacted soil. Due to the size of reserve pit P2 will split the site into quadrants testing 25% of impacted soils. P2 will test the vertical; starting one foot from mud removal into deep bury pit.

4. P2 will then start excavation of impacted soil for on-site deep bury pit. Impacted soils will then be placed in an approved reinforced 12 ml poly liner for entombment. The entombment pit will be approximately 100x35x15 foot deep; which will hold 2,500 Cubic yards of material. Once all contents are place in entombment pit; P2 will cap pit with an approved 20 ml poly liner. Then pit will be backfilled so that contents are 3 foot below ground level.
5. P2 will field screen the site during the excavation and once the CL levels have dropped below clean up requirements final samples will be taken and sent to a third party lab for analysis.
6. Once all of the remediation criteria have been met for site closure and compliance, the site will be backfilled with clean material from the site. The site will be contoured with a slight crown to prevent the ponding of any rain water and reseeded.
7. Once all of the closure criteria have been met, a final closure report will be prepared by P2. This report will include a summary of remediation operations, findings on-site and lab analysis, site maps and project photos.

If you have any questions and/or need more data in regards to this project please call 432-425-6192 at any time.

Sincerely,

A handwritten signature in black ink, appearing to be 'Reynaldo Garza', with a long horizontal flourish extending to the right.

Reynaldo Garza
Sr. Project Manager
P2 Construction