

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

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: Paladin Operating OGRID #: 164070  
Address: 10290 Monroe Drive Suite 301 Dallas Tx  
Facility or well name: JL Reed # 7  
API Number: 30-025-38809 OCD Permit Number: PRIOR RULE 50  
U/L or Qtr/Qtr A Section 35 Township 13 Range 37 County: lea  
Center of Proposed Design: Latitude 32 15 28 Longitude 103 16 41 NAD: ☐ 1927 ☐ 1983  
Surface Owner: ☐ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

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 12 mil ☐ LLDPE ☒ HDPE ☐ PVC ☐ Other \_\_\_\_\_  
☐ String-Reinforced  
Liner Seams: ☒ Welded ☐ Factory ☐ Other \_\_\_\_\_ Volume: 9000 bbl Dimensions: L 250 x W 250 x D 10  
*Closure per rule 50  
Have been dewatering pit.  
Trench Bury on location*

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 \_\_\_\_\_  
**RECEIVED**  
AUG 14 2008  
**HOBBS OCD**

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
- ☐ 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 \_\_\_\_\_
- ☐ 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.<br>- NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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).<br>- Topographic map; Visual inspection (certification) of the proposed site   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |
| Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.<br>(Applies to temporary, emergency, or cavitation pits and below-grade tanks)<br>- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><input type="checkbox"/> NA |
| Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.<br>(Applies to permanent pits)<br>- Visual inspection (certification) of the proposed site; Aerial photo; Satellite image   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No<br><input type="checkbox"/> 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.<br>- NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.<br>- Written confirmation or verification from the municipality; Written approval obtained from the municipality  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |
| Within 500 feet of a wetland.<br>- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |
| Within the area overlying a subsurface mine.<br>- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |
| Within an unstable area.<br>- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                |
| Within a 100-year floodplain.<br>- FEMA map  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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  
☐ Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC  
☐ Siting Criteria Compliance Demonstrations - 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: \_\_\_\_\_ 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 NMAC  
☐ 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 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

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  
☐ 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 indentify 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): Eddie W Seay Title: AgentSignature: Eddie W Seay Date: 8/12/2008e-mail address: Seay 04 @ leao . net Telephone: 575-382-2284

20.

**OCD Approval:** ☐ Permit Application (including closure plan) ☒ Closure Plan (only) ☐ OCD Conditions (see attachment)OCD Representative Signature: [Signature] Approval Date: 8/14/08Title: Geologist OCD Permit Number: \_\_\_\_\_

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 indentify 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: \_\_\_\_\_

## **CLOSURE PLAN**

After all contents have been removed from pit, either approved for on site trench burial or excavated and hauled to an OCD approved facility.

- 1) Make sure pit liner and contents are properly disposed of.
- 2) Sample bottom of pit below liner. Conduct a five point composite sample. Sample should be analyzed for BTEX, TPH and Chloride.
- 3) Take results to OCD to get permission to continue closure or proceed to BACKUP PLAN.
- 4) If sampling demonstrates that a release has not occurred and meets applicable concentrations, backfilling can proceed.
- 5) Will backfill the excavation area with non-waste containing earthen material.
- 6) Will construct a soil cover that will restore and revegetate the site.  
Per subsection G, H and I of 19.15.17.13 NMAC.
- 7) File final closure, C-144.

## **BACKUP PLAN**

Only if analytical does not demonstrate bottom of excavation is within guidelines for closing.

- 1) Notify the OCD on C-141.
- 2) Additional delineation may be required by OCD depending on analytical.
- 3) Comply with 19.15.3 Rule 116.
- 4) Continue cleaning up site.

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

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

Form C-144  
June 1, 2004

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: Paladin Op. Telephone: 214-1654-032 e-mail address: seay 24 @ leaco. net  
Address: 10290 Monroe Drive Suite 301 Dallas Tx 75229  
Facility or well name: 3L Road #7 API #: 30-025-38809 U/L or Qtr/Qtr: A Sec: 35 T: 13 R: 37  
County: Lea Latitude: 32° 15' 28" Longitude: 103° 16' 41" NAD: 1927 ☒ 1983 ☐ Surface Owner Federal ☐ State ☐ Private ☐ Indian ☐

| Pit   | Below-grade tank  |
|---|---|
| Type: Drilling <input checked="" type="checkbox"/> Production <input type="checkbox"/> Disposal <input type="checkbox"/><br>Workover <input type="checkbox"/> Emergency <input type="checkbox"/><br>Lined <input checked="" type="checkbox"/> Unlined <input type="checkbox"/><br>Liner type: Synthetic <input checked="" type="checkbox"/> Thickness: <u>12</u> mil Clay <input type="checkbox"/><br>Pit Volume: <u>9000</u> bbl | Volume: _____ bbl Type of fluid: _____<br>Construction material: _____<br>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.) <u>75 ft.</u>  | Less than 50 feet (20 points)<br>50 feet or more, but less than 100 feet (10 points)<br>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)<br>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)<br>200 feet or more, but less than 1000 feet (10 points)<br>1000 feet or more (0 points)   |
| Ranking Score (Total Points) <u>10</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: will file closure approval after drilling.

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: 3/11/2008

Printed Name/Title: Eddie W. Seay Agent Signature: Eddie W. Seay

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: CHRIS WILLIAMS / DIST. SURV. Signature: Chris Williams Date: 3/13/08

**Ranger Services LLC**

P. O. Box 234  
 Lovington, NM 88260  
 505-631-3565

| Date     | Invoice # |
|----------|-----------|
| 6/8/2008 | 4204      |

Paladin Energy Corp  
 4006 Dunkirk  
 Midland TX 79707

J L REED #7

Net 30

| Description  | Serviced | Rate   | Hours/BBLs   | Amount     |
|--|----------|--------|--------------|------------|
| DROVE TO LOCATION HAULED 10 LOADS OF 100<br>BBLs FROM DRILLING PIT TO PALADIN J L REED<br>SWD #1 |          | 948.99 |              | 948.99     |
| NM Sales Tax   |          | 5.375% |              | 51.01      |
| Thank You For Your Business!   |          |        | <b>Total</b> | \$1,000.00 |

392-6949



# Ranger Services LLC

P. O. Box 234  
Lovington, NM 88260  
505-631-3565

| Date     | Invoice # |
|----------|-----------|
| 6/7/2008 | 4203      |

|  |
|--|
| Paladin Energy Corp.<br>1006 Dunkirk<br>Midland TX 79707 |
|--|

| Job Name   |          | Job #  |              |            |
|--|----------|--------|--------------|------------|
| JL REED #7   |          | Net 30 |              |            |
| Description  | Serviced | Rate   | Hours/SE's   | Amount     |
| HAULED 10 LOADS AT 130 EBLs FROM DRILLING<br>PIT TO PALADIN JL REED #1 SWD |          | 948.99 |              | 948.99     |
| NM Sales Tax   |          | 5.375% |              | 51.01      |
|  |          |        | <b>Total</b> | \$1,000.00 |
| Thank You For Your Business!   |          |        |              |            |

## DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

## DISTRICT II

P.O. Drawer DD, Artesia, NM 888210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

2040 South Pacheco, Santa Fe, NM 87505

## STATE OF NEW MEXICO

Energy, Minerals and Natural Resources Department

## OIL CONSERVATION DIVISION

2040 Pacheco St.  
Santa Fe, NM 87505

Form C-101

Revised October 18, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 6 Copies

Fee Lease - 5 Copies

☐ AMENDED REPORT

## APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|   |                              |                              |
|---|------------------------------|------------------------------|
| 1 Operator Name and Address<br>PALADIN ENERGY CORP.<br>10290 Monroe Drive, Suite 301<br>Dallas, Texas 75229 |                              | 2 OGRID Number<br>164070 ✓   |
| 4 Property Code<br>21142 ✓  | 5 Property Name<br>J.L. Reed | 3 API Number<br>30-025-38809 |
|   |                              | 6 Well No.<br>7 ✓            |

## 7 Surface Location

| UL or lot No. | Section | Township | Range | Lot. Ind | Feet from the | North/South Line | Feet from the | East/West Line | County |
|---------------|---------|----------|-------|----------|---------------|------------------|---------------|----------------|--------|
| A             | 35      | 13-S     | 37-E  |          | 910           | North            | 660           | East           | Lea    |

## 8 Proposed Bottom Hole Location If Different From Surface

| UL or lot No.     | Section | Township | Range | Lot. Ind | Feet from the      | North/South Line | Feet from the | East/West Line | County |
|-------------------|---------|----------|-------|----------|--------------------|------------------|---------------|----------------|--------|
| 9 Proposed Pool 1 |         |          |       |          | 10 Proposed Pool 2 |                  |               |                |        |

## King Devonian

|                        |                              |                           |                           |                                     |
|------------------------|------------------------------|---------------------------|---------------------------|-------------------------------------|
| 11 Work Type Code<br>N | 12 Well Type Code<br>O       | 13 Cable/Rotary<br>Rotary | 14 Lease Type Code<br>P ✓ | 15 Ground Level Elevation<br>3,850' |
| 16 Multiple<br>No      | 17 Proposed depth<br>12,600' | 18 Formation<br>Devonian  | 19 Contractor             | 20 Spud Date                        |

## 21 Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks Cement  | Estimated TOC   |
|-----------|-------------|--------------------|---------------|---------------|-----------------|
| 17-1/2    | 13-3/8      | 48#                | 400'          | 400           | Sur             |
| 12-1/4    | 8-5/8       | 32#                | 4,600'        | 1200          | Sur             |
| 7-7/8     | 5-1/2       | 17 & 20#           | 12,600'       | 1300 2 stages | 8,800' & 4,400' |

22 Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Drill 17-1/2" hole to 400' and set 13-3/8" conductor, cement to surface. Drill out with 12-1/4" bit to 400', set 12-1/4" casing and cement to surface. Drill 7-7/8" hole to 12,600' (+,-), set 5-1/2" casing and cement with two stages to bring tops to approximately 8,800' and from 6,500' to 4,400'.

Perforate Devonian formation, perform acid treatment job w/ approximately 5,000 gallons acid & additives.  
Test well on submersible pump. Install surface facilities and flowlines.

BOP - 11" Hydraulic Dual Ram (10M), Blind & Pipe

RECEIVED

MAR 12 2008

HOBBS OCD

47 I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief

Signature:

Printed name:

David Plaisance

Title:

VP Exploration &amp; Production

Date:

03/04/08

Phone:

214-654-0132

## OIL CONSERVATION DIVISION

Approved by:

Title:

OC DISTRICT SUPERVISOR/GENERAL MANAGER

Approval Date:

MAR 13 2008

Expiration Date:

Conditions of Approval:

Attached ☐

Permit Expires 2 Years From Approval  
Date Unless Drilling Underway