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
☐ 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: Yates Petroleum Corporation OGRID #: 025575
Address: 105 South Fourth Street, Artesia, NM 88210
Facility or well name: Taco AUK State #4
API Number: 30-025-38394 OCD Permit Number: P1-00498
U/L or Qtr/Qtr H Section 10 Township 10S Range 34E County Lea
Center of Proposed Design: Latitude N33.463306 Longitude W103.446194 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 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____
☒ 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: 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

☐ 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 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 ☒ 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 ☒ 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 ☒ 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 ☒ 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 ☒ 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 **See Attached Exhibit "A"**	☐ Yes ☒ 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 **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: _____

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
- ☐ 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_2S, 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 **See Attached Exhibit "F"**
- ☒ 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): Debbie L. Caffall Title: Regulatory Agent

Signature: Debbie L. Caffall Date: 9/19/2008

e-mail address: debbiec@ypcnm.com Telephone: 575-748-4376

20.
OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only) ☐ OCD Conditions (see attachment)

OCD Representative Signature: [signature] **Approval Date:** 9/23/08

Title: Geologist **OCD Permit Number:** P1-00498

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:

Exhibit "A"

Taci AUK State #4 - 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 greater than 70 feet (Exhibit B, B-1 & B-2). 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 or1000 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. Our Regulatory Agent has been on site and location shows no sign to be prone to flooding.

Debbie L. Caffall
Regulatory Agent

9/18/2008.
Date

Taco AUK State #4
Township 10 S, Range 34 E, Section 10
Lea County, New Mexico

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 11S Range: 34E Sections:

08/07/2008 **POD / SURFACE DATA REPORT**

(quarters are 1=NW 2=NE 3=SW 4=SE)
(acre ft per annum)
(quarters are biggest to smallest X Y are in Feet UTM are in Meters)

DB File Nbr	Use	Diversion	Owner	Start	Finish	Depth	Depth (in feet)	POD
Number	Source	Tws	Rng	Sec	q q q	Zone	X	Y
UTM_Zone Easting Northing	Date					Well	Water	
L 00371	PRO		0 YATES PETROLEUM					
00371	Shallow	11S	34E	23	2 3 1			L
13 641408 3691556								
L 03137	PRO		3 SHARP DRILLING CO.			76		
03137	Shallow	11S	34E	16	3 3			L
13 637470 3692208	03/09/1956		03/10/1956			85	45	
03137 APPRO	Shallow	11S	34E	16	3 3			L
13 637470 3692208	03/09/1956		03/10/1956			85	45	
L 05023	PRO		0 MC FARLAND CORP.					
05023	Shallow	11S	34E	07	2 2			L
13 635415 3695003								
L 05024	PRO		0 TRI SERVICE DRILLING CO.			140	85	
05024	Shallow	11S	34E	28	3 4			L
13 637918 3688997	12/20/1962		12/20/1962			90	30	
L 05345	PRO		0 MARCUM DRILLING COMPANY					
05345	Shallow	11S	34E	32	1 1			L
13 635912 3688568	02/26/1964		02/26/1964			70	40	
L 06122	PRO		0 MAROUM DRILLING COMPANY					
06122	Shallow	11S	34E	17	1 3			L
13 635844 3692990	03/29/1967		03/29/1967			73	43	
L 06133	PRO		0 CACTUS DRILLING CORP.					
06133	Shallow	11S	34E	19	1 1			L
13 634300 3691762	04/29/1967		04/29/1967			90	45	
L 06239	PRO		0 MORAN OIL PRODUCING & DRILLING					
06239	Shallow	11S	34E	35	2 2			L
13 641951 3688646	12/01/1967		12/01/1967			72	25	
L 06372 (E)	PRO		0 TRI-SERVICE DRILLING CO.					
06372 (E)	Shallow	11S	34E	16	1 3			L
13 637458 3693013	08/18/1968		08/19/1968			124	80	
L 06394 (E)	PRO		0 TRI-SERVICE DRILLING COMPANY					
06394 (E)	Shallow	11S	34E	03	1 1			L
11/05/1968 11/05/1968						110	80	

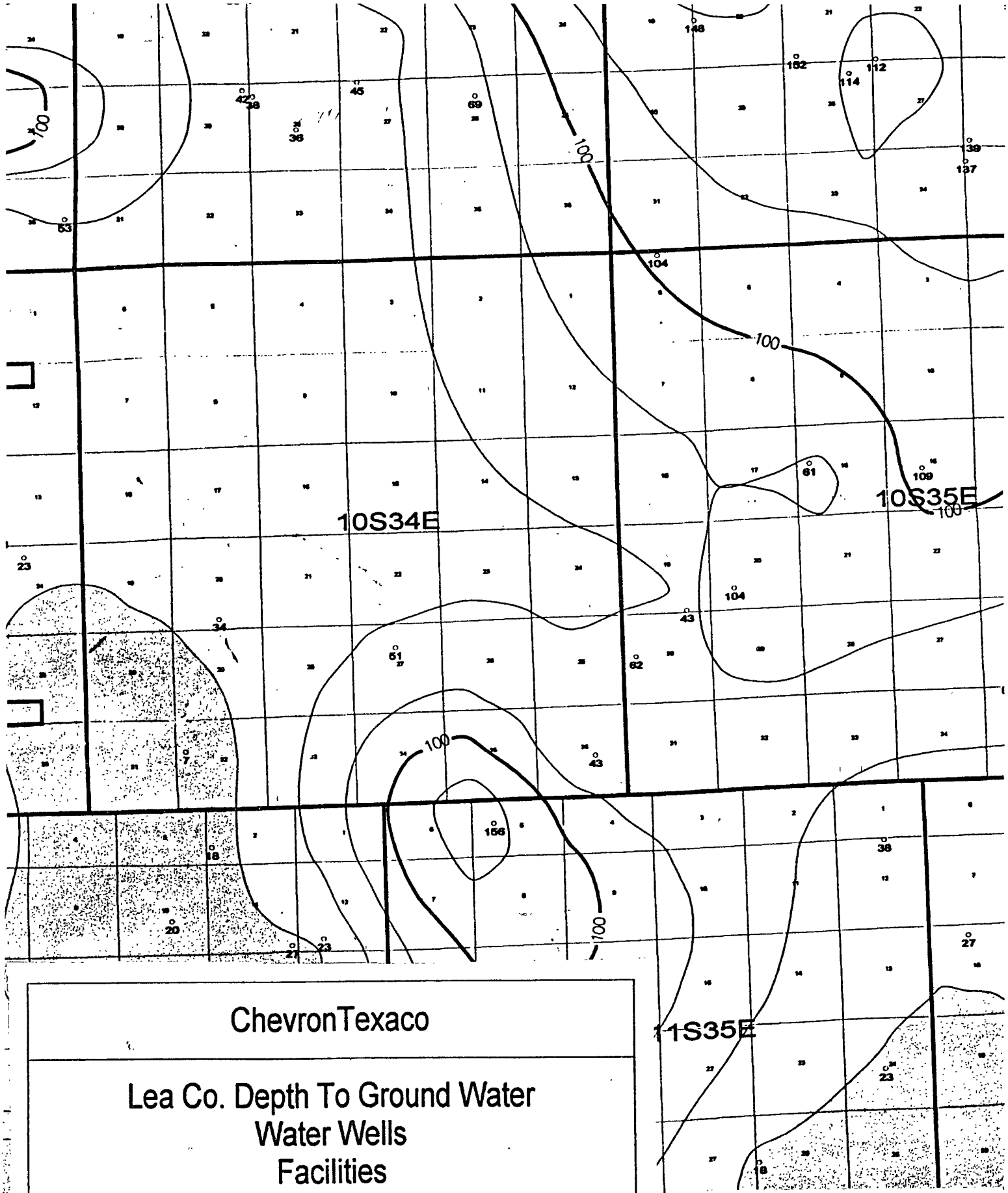
Taco AUK State #4
1980' FNL & 990' FEL
Section 10, T10S-R34E
Lea County, New Mexico
Exhibit "B"

L 06445 (E)	PRO		0	TRI-SERVICE DRILLING CO.				**L**
06445 (E)	Shallow	11S	34E	18	2	3		
13 635041	3692978	11/30/1968		11/30/1968		95	60	
L 06458 (E)	PRO		0	CACTUS DRILLING CORPORATION				**L**
06458 (E)	Shallow	11S	34E	08	2	1		
13 636622	3695021	12/27/1968		12/27/1968		90	32	
L 06471 (E)	PRO		0	MORAN PRODUCING OIL & DRILLING				**L**
06471 (E) EXP		11S	34E	13	4	4	4	
13 643602	3692193							
L 06486 (E)	PRO		0	MOVAY DRILLING COMPANY				**L**
06486 (E) EXP		11S	34E	31	4	4	3	
13 635425	3687257							
L 06784	STK		3	BOGLE FARMS				**L**
06784	Shallow	11S	34E	21				
13 638097	3691202	04/01/1971		04/02/1971		61	25	

AVERAGE DEPTH OF WATER REPORT 08/07/2008

							(Depth Water in Feet)		
Bsn	**Tws**	**Rng**	**Sec**	**Zone**	**X**	**Y**	**Wells**	**Min**	**Max**	**Avg**
L	11S	34E	03				1	80	80	80
L	11S	34E	07				1	85	85	85
L	11S	34E	08				1	32	32	32
L	11S	34E	16				3	45	80	57
L	11S	34E	17				1	43	43	43
L	11S	34E	18				1	60	60	60
L	11S	34E	19				1	45	45	45
L	11S	34E	21				1	25	25	25
L	11S	34E	28				1	30	30	30
L	11S	34E	32				1	40	40	40
L	11S	34E	35				1	25	25	25

Record Count: 13



ChevronTexaco		
Lea Co. Depth To Ground Water Water Wells Facilities		
Wayne Johnson		2/9/2005
	Scale 1:85691.46	

Taco AUK State #4
1980' FNL & 990' FEL
Section 10, T10S-R34E
Lea County, New Mexico
Exhibit "B-1"

TALON LPE
"All the Pieces"

September 15, 2008

AMARILLO
921 North Bivins
Amarillo, Texas 79107
Phone 806.467.0607
Fax 806.467.0622

AUSTIN
3003 Tom Gary Cove
Building C-100
Round Rock, Texas 78664
Phone 512.989.3428
Fax 512.989.3487

MIDLAND
#9 East Industrial Loop
Midland, Texas 79701
Phone 432.522.2133
Fax 432.522.2180

NEW BRAUNFELS
707 N. Walnut Ave.
Suite 208
New Braunfels, Texas 79130
Phone 210.579.0235
Fax 210.568.2191

TULSA
9906 East 43st Street, Ste. G
Tulsa, OK 74146
Phone 918.742.0871
Fax 918.742.0876

HOBBS
318 East Taylor Street
Hobbs, New Mexico 88241
Phone 505.393.4261
Fax 505.393.4658

Mr. Larry Johnson
NMOCD District 1Office
1625 N French Dr
Hobbs, New Mexico 88240

Re: Temp Monitor Well - Final Report

Operator:	Yates Petroleum Company
Lease Name:	Taco AUK State #4
Legal:	Unit E Sec 24- T10S – R34E 1650'FNL & 330' FWL
API:	30-025-38185

Dear Mr. Johnson:

On September 10, 2008 Talon/LPE was contracted by Yates Petroleum Company to drill a temporary monitor well at the Taco AUK State #4 in Lea County, New Mexico to determine actual depth to water. Talon/LPE driller Gabriel Perez drilled and set a temporary monitor well at GPS coordinates N33° 27.50' W103° 26.49' with Project Manager Shelly J. Tucker overseeing the drilling operations. The temporary monitor well was drilled to a depth of 70' and was allowed set for 48 hours before it was checked with a water level indicator.

On September 12, 2008 Shelly J. Tucker of Talon/LPE tested the well for water and found no moisture present at 70 feet.

At this time Talon/LPE and Yates Petroleum Company are requesting that this information be accepted for official record. If you should have any questions please feel free to contact me at 505-706-9121 or 505-706-7234.

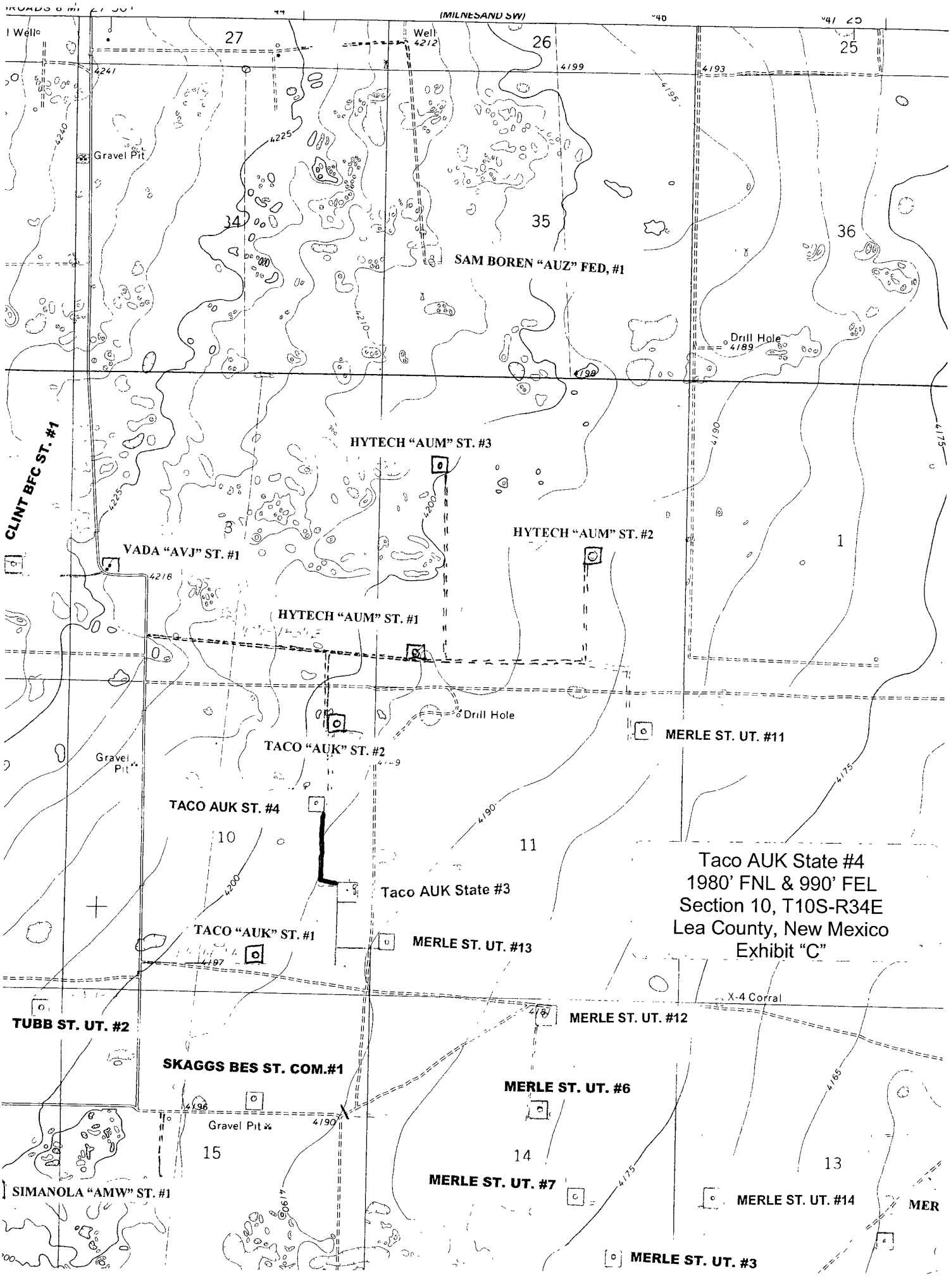
Respectfully Submitted,

Shelly J. Tucker
Project Manager
Talon/LPE

ENVIRONMENTAL CONSULTING
ENGINEERING
DRILLING
CONSTRUCTION
EMERGENCY RESPONSE

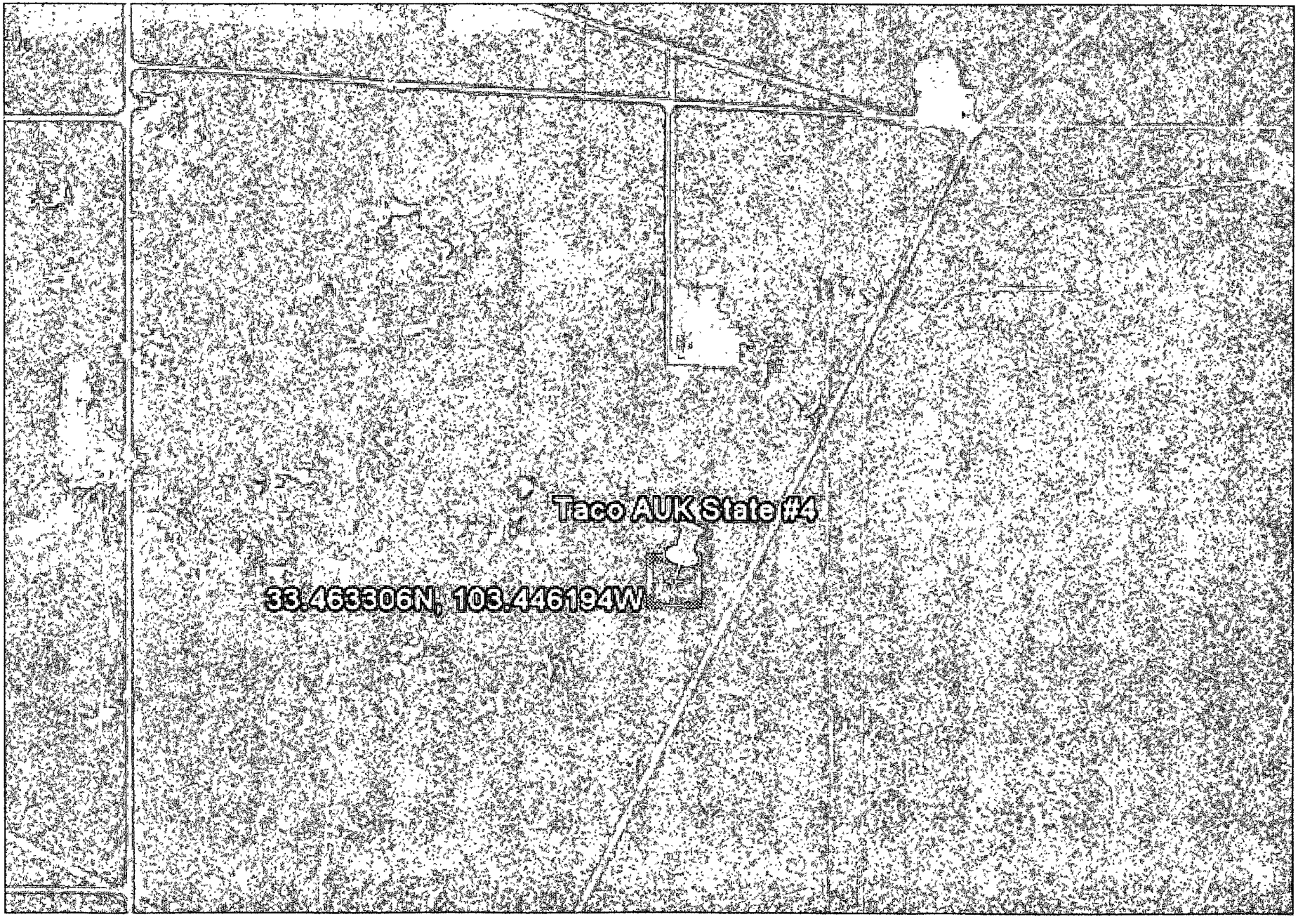
Toll Free: 866.742.0742

Taco AUK State #4
1980' FNL & 990' FEL
Section 10, T10S-R34E
Lea County, New Mexico
Exhibit "B-2"


(MILNESAND SW)
Well
Gravel Pit
SAM BOREN "AUZ" FED, #1
Drill Hole
4189
CLINT BFC ST. #1
HYTECH "AUM" ST. #3
HYTECH "AUM" ST. #2
VADA "AVJ" ST. #1
HYTECH "AUM" ST. #1
Drill Hole
MERLE ST. UT. #11
TACO "AUK" ST. #2
Gravel Pit
TACO AUK ST. #4
Taco AUK State #3
TACO "AUK" ST. #1
MERLE ST. UT. #13
X-4 Corral
MERLE ST. UT. #12
TUBB ST. UT. #2
SKAGGS BES ST. COM.#1
MERLE ST. UT. #6
Gravel Pit
SIMANOLA "AMW" ST. #1
MERLE ST. UT. #7
MERLE ST. UT. #14
MERLE ST. UT. #3
Taco AUK State #4
1980' FNL & 990' FEL
Section 10, T10S-R34E
Lea County, New Mexico
Exhibit "C"

GATES PETROLEUM CORPORATION

Taco AUK State #4
1980' FNL & 990' FEL
Section 10, T10S-R34E
Lea 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 ¼ / ¼ 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 4th 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.

Taco AUK State #4
1980' FNL & 990' FEL
Section 10, T10S-R34E
Lea County, New Mexico
Exhibit "D"

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.

Taco AUK State #4
1980' FNL & 990' FEL
Section 10, T10S-R34E
Lea County, New Mexico
Exhibit "E"

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

   Disposal Facility Permit Number: NM-01-0019

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

   Disposal Facility Permit Number: NM-01-0019

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.**

Taco AUK State #4
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Lea County, New Mexico
Exhibit "F"

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).**