1625 N. French Dr., 1301 W. Grand Avenue, Artesia, NM 88210 7 2008 1000 Rio Brazos Road, Aztec, NM 87410 1220 S. St. Francis Dr., Santa

State of New Mexico Energy Minerals and Natural Resources Department

Conservation Division 20 South St. Francis Dr. Santa Fe, NM 87505

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

Please be advised that approval of this request does not relieve the operator of his	ndividual pit, closed-loop system, below-grade tank or alternative request whility should onerations result in pollution of surface water, ground water or the					
	ply with any other applicable governmental authority's rules, regulations or ordinances.					
Operator: Melrose Operating Co.	*OGRID#: 184860					
Address: 1000 W WI/SON Ste 223 OF	Jahoma City OK 73116					
Facility or well name: What Field Yates Sand U	Nit # 231 '					
API Number: 30 - 035 - 37525 OCD Permit Number: P1 - 00882						
U/L or Qtr/Qtr B Section 23 Township 225 Range 35E County: LLA						
Center of Proposed Design: Latitude 32, 349 Longitude 103, 3399 NAD: 1927 1983						
Surface Owner: Federal State Private Tribal Trust or Indian	Allotment E/LU 3589					
Pit: Subsection F or G of 19.15.17.11 NMAC	Closed-loop System: Subsection H of 19.15.17.11 NMAC					
Temporary: 🖸 Drilling 🗌 Workover	Drying Pad Tanks Haul-off Bins Other					
☐ Permanent ☐ Emergency ☐ Cavitation ☐ Steel Pit	☐ Lined ☐ Unlined					
☑ Lined ☐ Unlined	Liner type: Thicknessmil					
Liner type: Thickness 20 mil LLDPE HDPE PVC	Other					
Other String-Reinforced	Seams: Welded Factory Other					
Seams: Welded Factory Other	Volume:bblyd³					
Volume: <u>1900</u> Job Dimensions: L 100 x W 40 x D 20	Dimensions: Lengthx Width					
Below-grade tank: Subsection I of 19.15.17.11 NMAC	Fencing: Subsection D of 19.15.17.11 NMAC					
Volume:bbl	☐ Chain link, six feet in height, two strands of barbed wire at top					
Type of fluid:	☐ Four foot height, four strands of barbed wire evenly spaced between one and					
Tank Construction material:	four feet					
Secondary containment with leak detection	Netting: Subsection E of 19.15.17.11 NMAC					
☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off	Screen Netting Other					
☐ Visible sidewalls and liner	Monthly inspections					
☐ Visible sidewalls only	Signs: Subsection C of 19.15.17.11 NMAC					
Other	12'x24', 2' lettering, providing Operator's name, site location, and					
Liner type: Thicknessmil HDPE PVC	emergency telephone numbers					
Other	Signed in compliance with 19.15.3.103 NMAC					
Alternative Method: Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration	Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.					
of approval.	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.					

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					
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.	☐ Yes ☑ No				
- 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 	L ICSEA 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				
Temporary Pits, Emergency Pits, and Below-grade Tanks Permit Application Attachment Checklist: Subsection B of 19.15.17.9 Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the de 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. 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 - 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:	9 NMAC				
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 do	ocuments are				
attached. Geologic and Hydrogeologic Data (required for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of Siting Criteria Compliance Demonstrations (required for on-site closure) - based upon the appropriate requirements of 19.15.17.10 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 - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC	19.15.17.9				
Previously Approved Design (attach copy of design) API Number:					

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 do attached.	ocuments are			
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 H₂S, 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 				
Proposed Closure: 19.15.17.13 NMAC				
Type: Drilling Workover Emergency Cavitation 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 Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for contents.				
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				
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				
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				
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.	☐ Yes ☑ No			

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							
Waste Removal Closure For Closed-loop Systems That Utilize 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.							
Disposal Facility Name: Disposal Facility Permit Number:							
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 and Design of Burial Trench (if applicable) 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							
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): (Am Robbin Sitle: Forman							
Name (rink).							
Signature: Om/oblis Date: July 24, 2008							
Signature.							
e-mail address: Telephone: 575-390-4666							
OCD Approval: Permit Application (including closure plan) Closure Plan (only)							
OCD Representative Signature Approval Date: 1.29.09							
OCD Representative Signature Approval Date: 1.29.09							
OCD Representative Signature Approval Date: 1.29.09 Title: ENVIRONMENTAL ENGINEER OCD Permit Number: P1-00882							
OCD Representative Signature Approval Date: 1.29.09 Title: ENVIRONMENTAL ENGINEER OCD Permit Number: PI-00882 Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC							
OCD Representative Signature Approval Date: 1.29.09 Title: ENVIRONMENTAL ENGINEER OCD Permit Number: PL-00882 Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Completion Date:							
OCD Representative Signature Approval Date: 1.29.09 Title: ENVIRONMENTAL ENGINEER OCD Permit Number: P1-00882 Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Method:							
OCD Representative Signature Approval Date: 1.29.09							
OCD Representative Signature Approval Date: 1.29.09							
OCD Representative Signature Approval Date: 1.29.09							
OCD Representative Signature Approval Date: 1.29.09							
OCD Representative Signature Approval Date: 1.29.09							
OCD Representative Signature ENVIRONMENTAL ENCINEER OCD Permit Number: Pl-00882							
Approval Date: 1.29.09 Title: ENVIRONMENTAL ENGINEER OCD Permit Number: 1-00882 Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Completion Date: Closure Method: Alternative Closure Method Alternative Closure Method If different from approved plan, please explain. 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 Proof of Deed Notice (if applicable) Plot Plan Confirmation Sampling Analytical Results							
Approval Date: 1.79.09 Title:							
Approval Date: 1.29.09 Title: ENVIRONMENTAL ENGINEER OCD Permit Number: 1-00882 Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC Closure Method: Closure Completion Date: Closure Method If different from approved plan, please explain. 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 Proof of Deed Notice (if applicable) Plot Plan Confirmation Sampling Analytical Results Waste Material Sampling Analytical Results Disposal Facility Name and Permit Number							
Approval Date: 1.29.09 Title:							
Approval Date: 1.29.09 Title:							
Approval Date: 1.29.29 Title:							
OCD Representative Signature ENVIRONMENTAL ENGINEER OCD Permit Number: Pl-DD 8 52							
Approval Date: . 29 . 29							
OCD Representative Signature ENVIRONMENTAL ENGINEER OCD Permit Number: Pl-DD 8 52							
Approval Date: 1.29.29 Title:							
Approval Date: . 29 . 29							
Approval Date: .Z.q . D.							
Approval Date: 1.29.29 Title:							

P 2 CONSTRUCTION, INC.

Maintenance Lease Construction Dirt Work Environmental Services

1656 N. Flamingo Ave. Unit A, Odessa, TX 79763 **a** Office (432) 381-4800 **a** Fax # (432) 381-4801 **July 24**, 2008

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

Attn: Mr. Cam Robbins
Production Supervisor

RE: Work Plan For Pit Closure Located Jalmat Field Yates Sand Unit#231; U/L B Sec 23, T22S and R35E of Lea County, New Mexico

Dear Mr. Robbins:

P2 Construction, Inc. would like to take this time to thank you and Melrose Operating Co., 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,

Reynaldo Garza, Sr. Project Manager P2 Construction Inc.

Summary/Overview

The Jalmat Field Yates Sand Unit site should be completed and remediated in accordance with the standards of the NMOCD. Pit closure of the temporary drilling pit will be addressed accordingly.

The potential contaminates of concern are mid to high-level concentrations of Production water and Drill Cuttings circulated into temporary drilling pit from 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 185' 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 waste removal and site reclamation

NOTE: Melrose Operating Co. has requested for P2 Construction, Inc. 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. Samples will them be sent to a third party lab for analysis. Once analyses are sent back with the results; NMOCD will then be contacted for approval before any capping or pit closure is resumed. 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 Construction, Inc. will then start excavation of impacted soil for on-site deep bury pit. Impacted soils will then be mixed on a 3 to 1 ratio, then taking a grab sample from mixture and taking sample to a third party for a paint filtration testing method. Once method is determined that mixture has passed and approved by OCD. Mixture will then be placed in an approved reinforced 20 ml poly liner for entombment. The entombment pit will be approximately 100x40x20 foot deep; which will hold 2,900 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 4 foot below ground level.
- P2 Construction will field screen the site during the excavation and once the levels have dropped below NMOCD guidelines, final samples will be taken and sent to a third party lab for analysis.
- 6. If site does not clear NMOCD guidelines on the 3 to 1 mix ratio; this will be determined with a paint filter testing method at an approved lab. P2 construction will then submit a request for waste removal to the NMOCD office. Then waste material will be transferred to (Sundance Disposal) or an approved NMOCD disposal site.
- 7. 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; with the proper seed according to the NMOCD. Vegetative cover will equal 70% of the native perennial vegetative cover consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons or until successful growth is established.
- 8. Trench burial pit will be marked by an approved steel marker, no less than four inches in diameter, cemented in a hole three feet deep in the center of the onsite burial. The marker will be flush with the ground to allow access of the active well pad and for safety concerns. The marker will include a threaded collar to be used for future abandonment. The top of the marker will contain a welded steel plate 12" square that indicates the onsite burial of the temporary pit. The plate will be easily removable and a four foot tall riser will be threaded into the top of the collar marker and welded around the base with the operator's information. The operator's information will include the following: Operator Name, Lease Name, Well Name and Number, Unit Number, Section, Township, Range and an indicator that the marker is an onsite burial location.

9. Once all of the closure criteria have been met, a final closure report will be prepared by P2 Construction. 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 call432-425-6192 at any time.

Sincerely,

:

Reynaldo Garza Sr. Project Manager

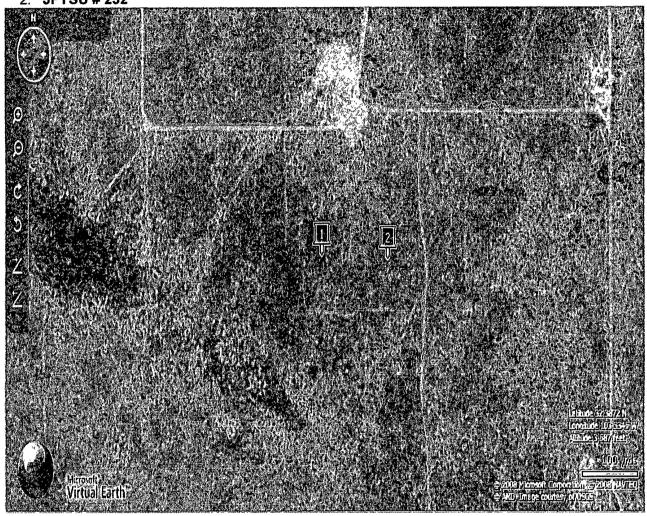
P2 Construction, Inc.

Print - Maps Page 1 of 1

Live Search Maps

JFYSU # 231

- 1. **JFYSU # 231**
- 2. **JFYSU # 232**



				65 temporary d	17-11:Wa	20' Digith			
	-	ĪōŚ		pı+		tranch	-	تي	
Jer ⁱ)			,	over p. +	م - المعمل		-	LI)	
,									