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District I 1625 N. French Dr., Hobbs, NM 88240BBSOCD 1301 W Grand Avenue, Artesia, NM 88210 District III District II

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

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Form C-144 July 21, 2008

MAK 0 2 2010

For temporary pits, closed-loop systems, and below properties of the appropriate NMOCD district of the control o

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.
Operator: ENCORE OPERATING. LP OGRID#:  Address: 2626 JBS PKWY. SUITE 205B ODESSA, TX 79762  Facility or well name: ENCORE M ST #2
Address: 2676 JBS PKWY. SUITE 2058 ODESSA, TX 79762
Facility or well name: SULCRE M ST #2
API Number: 30 - 025 - 39541 OCD Permit Number: 71-01708
U/L or Otr/Otr & Section 19 Township 225 Range 378 County: LEA, WM
U/L or Qtr/Qtr $G$ Section $G$ Section $G$ Township $G$ Range $G$ Range $G$ County: $G$ County: $G$ NAD: $G$ 1927 $G$ 1983
Surface Owner: Federal State 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 <u>ZO</u> mil ☐ LLDPE ☒ HDPE ☐ PVC ☐ Other
⊠ String-Reinforced
Liner Seams:   Welded ☐ Factory ☐ Other Volume: 3 DOO bbl Dimensions: L/// x W // D x D 6
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   Other   Control of the contro
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 ☐ Lines type. Thickness.
Liner type: Thicknessmil
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.

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, institution or church)  Four foot height, four strands of barbed wire evenly spaced between one and four feet  Alternate. Please specify	hospital,	
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)  Screen Netting Other 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		
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 consideration of approval.  Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.	office for	
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	
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 🄀 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	
<ul> <li>Within an unstable area.</li> <li>Engineering measures incorporated into the design; NM Bureau of Geology &amp; Mineral Resources; USGS; NM Geological Society; Topographic map</li> </ul>	Yes No	
Within a 100-year floodplain FEMA map	☐ Yes No	

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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:			
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)			
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   Crimatological 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			
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)			
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 G of 19.15.17.13 NMAC			

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Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.I Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if	) NMAC) nore than two			
facilities are required.  Disposal Facility Name: SUNDANCE DISPOSAL Disposal Facility Permit Number: R6440	)			
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) \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \				
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				
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			
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 19.15.17.13 NMAC     Protocols and Procedures - based upon the appropriate requirements of Subsection F 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 I 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				

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19.			
Operator Application Certification:  I hereby certify that the information submitted with this application is true, accur	atc and complete to the best of		
Name (Print): Charle Roberts	Title		
Name (Print): 1166 C C C C C C C C C C C C C C C C C	2 / 1	MAK 02 2010	
Signature: Chasel Report	Date:	MOBBSOCD	
e-mail address:	Telephone:		
OCD Approval: Permit Application (including closure plan) Closure P			
OCD Representative Signature: Auffrey John	Арр	proval Date: 03/63/10	
OCD Representative Signature: Aerfluy Loring  Title: Emuranmental Engineer	OCD Permit Number:	121-01408	
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 Da	ate:	
22.  Closure Method:  Waste Excavation and Removal ☐ On-Site Closure Method ☐ Alternate ☐ If different from approved plan, please explain.	ative Closure Method   Was	ste Removal (Closed-loop systems only)	
23. Closure Report Regarding Waste Removal Closure For Closed-loop Systems Instructions: Please indentify the facility or facilities for where the liquids, dril two facilities were utilized.	ling fluids and drill cuttings w	vere disposed. Use attachment ij more than	
Disposal Facility Name:		mber:	
Disposal Facility Name:	Disposal Facility Permit Num		
Were the closed-loop system operations and associated activities performed on or Yes (If yes, please demonstrate compliance to the items below) No	in areas that will not be used to	or future service and operations?	
Required for impacted areas which will not be used for future service and operated.  Site Reclamation (Photo Documentation)  Soil Backfilling and Cover Installation.  Re-vegetation Application Rates and Seeding Technique	ions:		
24.  Closure Report Attachment Checklist: Instructions: Each of the following it 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: LatitudeLongit	ude	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:			
e-mail address:	Telephone:		



## PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856

2113 Prench Dr.

Hobbs, NM 88241-1856

Office 505-391-9685

Fax 505-391-9687

February 22, 2010

Encore Operating, LP 2626 JBS Pkwy., Suite 205B Odessa, Texas 79762

Attn: Mr. Chuck Roberts
Production Foreman

RE: Cost to Close the Encore M St. # 2 Drilling Pit Located in UL-G, Sec 19, T22S and R37E of Lea County, New Mexico API # 30-025-39541

Dear Mr. Roberts:

Phoenix Environmental, LLC (Phoenix) would like to take this time to thank you and Encore Operating, LP, for the opportunity to provide our professional services. Please find attached our 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 575-631-8314.

Sincerely,

Allen Hodge VP Operations

Phoenix Environmental LLC

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#### Summary/Overview

The Encore M State # 2 Drilling Pit site should be closed and remediated in accordance with the standards of the NMOCD. It is our understanding that any potential contamination from the site was a result of activities associated with the drilling and production of oil and gas.

The potential contaminates of concern are mid to high-level concentrations of drilling mud and cuttings that were left after drilling operations were completed.

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 100' range BGS.

Pursuant to the standards of the NMOCD, the clean up level for this site will be at <2,500ppm 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 and closure.

### Scope of Work for Waste Excavation and Removal

**NOTE:** Phoenix, for the purpose of this work plan, will estimate that there is approximately 1,850cyds of impacted cuttings and drilling mud at the site that needs to be addressed for site closure.

- 1. Phoenix will mobilize to the site located south of Eunice, NM equipment and personnel necessary to start and complete the site remediation as required, getting the site back into compliance with the requirements of subsection G of 19.15.17.13 NMAC.
- 2. At the site a staging area will be set up for site control and safety.
- 3. The impacted soils will be excavated, stabilized and loaded into trucks for off-site disposal.



- 4. Impacted soils at the site will then be transported to a NMOCD approved disposal facility for disposal (Sundance Permit # R6940).
- 5. Phoenix will field screen the site during the excavation, and, once the TPH BTEX and CL has dropped below clean-up requirements, final samples will be taken and sent to a third party lab for analysis to meet the requirements of subsection D of 19.15.17.13 NMAC. 5 PT COMPOSITE
- 6. Once all of the remediation criteria have been met for site closure and compliance, the site will be backfilled with clean material from the site and contoured with a crown to prevent the ponding of water to meet the requirements of subsection H of 19.15.17.13 NMAC.
- 7. The site will be reseeded once backfilling operations have been completed to meet the requirements of subsection I of 19.15.17.13 NMAC
- 8. Once all of the closure criteria have been met, a final closure report will be prepared by Phoenix. This report will include a summary of remediation operations, findings on-site and lab analysis, site maps and project photos to meet the requirements of subsection K of 19.15.17.13 NMAC.

If you have any questions and/or need more data in regards to this project please call 575-631-8314 at any time.

Sincerely.

Allen Hodge, REM VP Operations

Phoenix Environmental LLC

