

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88201
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.

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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: ENCORE OPERATING, L.P. OGRID #: 189951
Address: 777 MAIN STREET, STE. 1400 FORT WORTH, TX. 76102
Facility or well name: ENCORE M STATE #19-3
API Number: 30-025-39751 OCD Permit Number: PI-02022
U/L or Qtr/Qtr XC Section 19 Township 22S Range 37E County: LEA
Center of Proposed Design: Latitude 32° 22' 57.59" N Longitude 103° 12' 10.90" NAD: X1927 ☐ 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

X Lined ☐ Unlined Liner type: Thickness 20 mil ☒ LLDPE ☐ HDPE ☐ PVC ☐ Other _____

☐ String-Reinforced

Liner Seams: ☒ Welded ☐ Factory ☐ Other _____ Volume: 24,000 bbl Dimensions: L 150 x W 125 x D 8

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*)

X 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

X 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:

X 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 X 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 X 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 X 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 X 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 X 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 X No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes X No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

☐ Yes X No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

☐ Yes X No

Within a 100-year floodplain.

- FEMA map

☐ Yes X 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
- X Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC
- X Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC
- X Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
- X Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
- X 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
- ☐ 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 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

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: X 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)
- X On-site Closure Method (Only for temporary pits and closed-loop systems)
- X 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.

- X Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC
- X 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)
- X Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
- X Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
- X 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 identify 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

X 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 X 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 X 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 X 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 X 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 X 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 X No

Within 500 feet of a wetland.

- US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site

☐ Yes X No

Within the area overlying a subsurface mine.

- Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division

☐ Yes X No

Within an unstable area.

- Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map

☐ Yes X No

Within a 100-year floodplain.

- FEMA map

☐ Yes X 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.*☒ X 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☒ X Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC☒ X Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC☒ X 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)☒ X Soil Cover Design - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC☒ X Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC☒ X 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): Ann Burdette Wiley Title: Regulatory Compliance Manager

Signature: [Signature] Date: May 12, 2010

e-mail address: awiley@encoreacq.com Telephone: 817-877-9955

20.

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

OCD Representative Signature: [Signature] Approval Date: 05/17/10

Title: Environmental Engineer OCD Permit Number: E-02022

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: _____

FORM C-144 ATTACHMENT

May 12, 2010

ENCORE OPERATING, L.P.
ENCORE M STATE # 19-3
660' FNL & 2140' FWL
SEC. 19-22S-37E
LEA COUNTY, NM

Hydrogeologic Data: Nearest water well according to the state Engineer's Database is in the NE/SW of Section 35-16S-34E. Water is found at an average depth of 53'. A visual inspection of the immediate area has been made and there are no known water wells within a 500' radius of this drilling location.

Design Plan: Pit size will be approximately 150' x 125' x 8' double horseshoe design. A geotextile liner will be installed along with a 20 mil HDPE cross laminated liner.

Maps: A topographic map is attached showing the surrounding area. FEMA reports that a 100 year flood plain map has not been constructed for this area. A visual inspection of the area does not indicate that flooding or standing water would occur.

Form 102 is attached showing the pit location.

Encore Operating Operation Plan

Encore M State No. 19-3 Well

General Specifications.

- (1) Encore will operate and maintain the pit to contain liquids and solids and maintain the integrity of the liner, liner system or secondary containment system, prevent contamination of fresh water and protect public health and the environment.
- (2) Encore will recycle, reuse or reclaim or dispose of all drilling fluids in a manner, approved by division rules, that prevents the contamination of fresh water and protects public health and the environment.
- (3) Encore will not discharge into or store any hazardous waste in the pit.
- (4) If the pit liner's integrity is compromised, or if any penetration of the liner occurs above the liquid's surface, then Encore will notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the liner.
- (5) If the pit liner develops a leak, or if any penetration of the pit liner, occurs below the liquid's surface, then Encore shall remove all liquid above the damage or leak line within 48 hours, notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the pit liner.
- (6) The injection or withdrawal of liquids from a pit will be accomplished through a header, diverter or other hardware that prevents damage to the liner by erosion, fluid jets or impact from installation and removal of hoses or pipes.
- (7) Encore will operate and install a pit to prevent the collection of surface water run-on.
- (8) Encore will install, or maintain on site, an oil absorbent boom or other device to contain and remove oil from a pit's surface.

Temporary Pits.

- (1) Only fluids used or generated during the drilling or workover process may be discharged into the temporary pit. Encore will maintain the temporary pit free of miscellaneous solid waste or debris. Encore will use a tank made of steel or other material, which the appropriate division district office approves, to contain hydrocarbon-based drilling fluids. Immediately after cessation of a drilling or workover operation, Encore will remove any visible or measurable layer of oil from the surface of the drilling or workover pit.
- (2) Encore will maintain at least two feet of freeboard for the temporary pit.
- (3) Encore will inspect the temporary pit containing drilling fluids at least daily while the drilling or workover rig is on-site. Thereafter, Encore will inspect the temporary pit weekly so long as liquids remain in the temporary pit. Encore will maintain a log of such inspections and make the log available for the appropriate division district office's review upon request. Encore will file a copy of the log with the appropriate division district office when Encore closes the temporary pit.

(4) Encore will remove all free liquids from a temporary pit within 30 days from the date that Encore releases the drilling or workover rig. Encore will note the date of the drilling or workover rig's release on form C-105 or C-103 upon well or workover completion. The appropriate division district office may grant an extension of up to three months.

(5) Encore will remove any liquids from the temporary pit used for cavitation within 48 hours after completing cavitation. The Encore may request and receive additional time to remove the liquids from the temporary pit used for cavitation if the Encore demonstrates to the appropriate division district office's satisfaction that it is not feasible to access the location within 48 hours.

Encore Operating Pit Closure Plan

Encore M State No. 19-3 Well

1) General Requirements.

- (a) Encore will remove all liquids from the temporary pit prior to closure and dispose of the liquids in a division-approved facility or recycle, reuse or reclaim the liquids in a manner that the appropriate division district office approves
- (b) Encore will provide the surface owner notice of the Encore's proposal of an on-site closure method. Encore will attach the proof of notice to the permit application.
- (c) Encore will place a steel marker at the center of an on-site burial. The steel marker shall be not less than four inches in diameter and shall be cemented in a three-foot deep hole at a minimum. The steel marker shall extend at least four feet above mean ground level and at least three feet below ground level. The marker will identify Encore's name, lease name and well number and location, including unit letter, section, township and range, and that the marker designates an on-site burial location shall be welded, stamped or otherwise permanently engraved into the metal of the steel marker. A person shall not build permanent structures over an on-site burial without the appropriate division district office's written approval. A person shall not remove an on-site burial marker without the division's written permission.
- (d) Encore will report the exact location of the on-site burial on form C-105 filed with the division.
- (e) Encore will file a deed notice identifying the exact location of the on-site burial with the county clerk in the county where the on-site burial occurs.

2) In-Place burial.

- (a) Prior to closing the temporary pit, Encore will stabilize or solidify the contents to a bearing capacity sufficient to support the temporary pit's final cover. Encore will not mix the contents with soil or other material at a mixing ratio of greater than 3:1, soil or other material to contents.
- (b) Since ground water is between 50 and 100 feet below the bottom of the buried waste, Encore will collect at a minimum, a five point, composite sample of the contents of the temporary pit after treatment or stabilization, if treatment or stabilization is required, to demonstrate that benzene, as determined by EPA SW-846 method 8021 B or 8260B, does not exceed 0.2 mg/kg; total BTEX, as determined by EPA SW-846 method 8021 B or 8260B, does not exceed 50 mg/kg; TPH, as determined by EPA SW-846 method 418.1 or other EPA method approved that the division approves, does not exceed 2500 mg/kg; the GRO and DRO combined fraction, as

determined by EPA SW-846 method 8015M, does not exceed 500 mg/kg; and chlorides, as determined by EPA method 300.1, do not exceed 500 mg/kg or the background concentration, whichever is greater. Encore may collect the composite sample prior to treatment or stabilization to demonstrate the contents do not exceed these concentrations. However, if the contents collected prior to treatment or stabilization exceed the specified concentrations Encore will collect a second five point, composite sample of the contents after treatment or stabilization to demonstrate that the contents do not exceed these concentrations.

(c) Upon closure of the temporary pit, Encore will cover the geomembrane lined, filled, temporary pit with compacted, non-waste containing, earthen material; construct a division-prescribed soil cover; recontour and re-vegetate the site.

3) Reclamation

(a) Once the pit is closed, Encore shall reclaim the pit location to a safe and stable condition that blends with the surrounding undisturbed area. Encore will substantially restore the impacted surface area to the condition that existed prior to oil and gas operations by placement of the soil cover as directed by the Division, recontour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate.

4) Soil cover designs.

(a) The soil cover for burial-in-place will consist of a minimum of four feet of compacted, non-waste containing, earthen material. The soil cover will include either the background thickness of topsoil or one foot of suitable material to establish vegetation at the site, whichever is greater.

(b) Encore will construct the soil cover to the site's existing grade and prevent ponding of water and erosion of the cover material.

5) Re-vegetation.

(a) The first growing season after pit closure, Encore will seed or plant the disturbed areas.

(b) Encore will accomplish seeding by drilling on the contour whenever practical or by other division-approved methods. Encore will obtain vegetative cover that equals 70% of the native perennial vegetative cover (un-impacted by overgrazing, fire or other intrusion damaging to native vegetation) 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. During the two growing seasons that prove viability, there shall be no artificial irrigation of the vegetation.

(c) Encore will repeat seeding or planting until it successfully achieves the required vegetative cover.

(d) When conditions are not favorable for the establishment of vegetation, such as periods of

drought, Encore may request to delay seeding or planting until soil moisture conditions become favorable.

(e) Encore will notify the division when it has seeded or planted and when it successfully achieves re-vegetation.

5) Closure notice.

(a) Encore will notify the surface owner by certified mail, return receipt requested, it plans to close the temporary pit. Evidence of mailing of the notice to the address of the surface owner shown in the county tax records is sufficient to demonstrate compliance with this requirement.

(b) Encore will notify the appropriate division district office verbally or by other means at least 72 hours, but not more than one week, prior to any closure operation. The notice shall include Encore's name and the location to be closed by unit letter, section, township and range. If the closure is associated with a particular well, then the notice shall also include the well's name, number and API number.

6) Closure report.

(a) Within 60 days of closure completion, Encore will submit a closure report on form C-144, with necessary attachments to document all closure activities including sampling results. Included will be a plot plan and details on back-filling, capping and covering, where applicable. In the closure report, Encore will certify that all information in the report and attachments is correct and that Encore has complied with all applicable closure requirements and conditions specified in the approved closure plan.



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
CP 00006	IND	LE		4	1	3	27	22S	37E	673488	3581844*	85		
CP 00007	IND	LE		4	1	3	27	22S	37E	673488	3581844*	100		
CP 00008	IND	LE					27	22S	37E	673999	3582146*	182		
CP 00009	IND	LE				3	27	22S	37E	673597	3581744*	150		
CP 00009 S	IND	LE		4	4	1	27	22S	37E	673883	3582253*	90	52	38
CP 00010	IND	LE					27	22S	37E	673999	3582146*	120		
CP 00231	IND	LE		3	1	3	27	22S	37E	673288	3581844*	180		
CP 00231 S	IND	LE		4	4	1	27	22S	37E	673883	3582253*	97		
CP 00232	IND	LE		4	1	3	27	22S	37E	673488	3581844*	67		
CP 00233	IND	LE		4	1	3	27	22S	37E	673488	3581844*	182		
CP 00233 S	IND	LE		1	2	3	27	22S	37E	673690	3582051*	97		
CP 00234	IND	LE		3	1	3	27	22S	37E	673288	3581844*	135		
CP 00243	IND	LE		3	3	1	27	22S	37E	673281	3582246*	106		
CP 00243 S	IND	LE		1	2	3	27	22S	37E	673690	3582051*	90	54	36
CP 00244	IND	LE		4	3	3	27	22S	37E	673495	3581442*	148		
CP 00244 S	IND	LE		3	4	1	27	22S	37E	673683	3582253*	87		
CP 00247	IND	LE		3	3	3	27	22S	37E	673295	3581442*	100		
CP 00248	IND	LE		3	3	3	27	22S	37E	673295	3581442*	111		

Average Depth to Water. 53 feet

Minimum Depth. 52 feet

Maximum Depth. 54 feet

Record Count: 18

Basin/County Search:

County: Lea

PLSS Search:

Section(s): 19, 27, 32

Township: 22S

Range: 37E

*UTM location was derived from PLSS - see Help

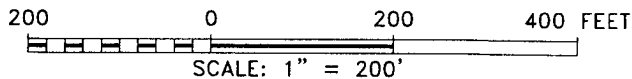
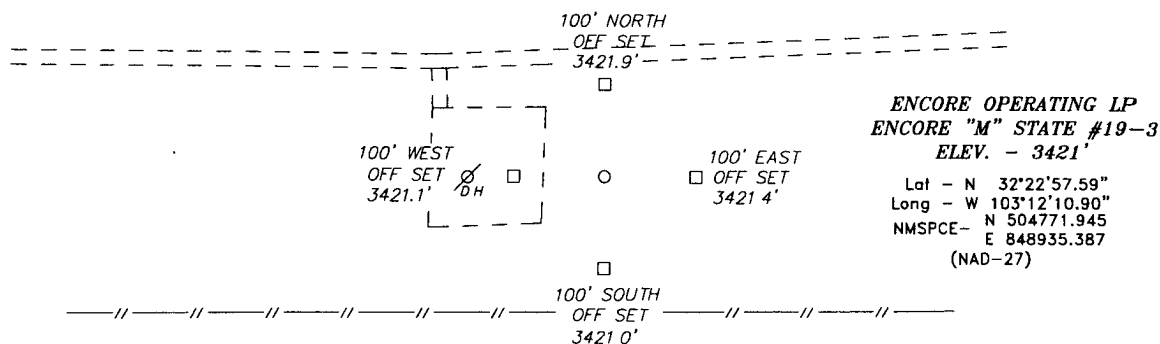
The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data

9/15/09 9:49 AM

Page 1 of 1

WATER COLUMN/ AVERAGE
DEPTH TO WATER

SECTION 19, TOWNSHIP 22 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF HWY 207 AND DELAWARE BASIN, GO WEST ON DELAWARE BASIN FOR 2.4 MILES TO LEASE ROAD, ON OLD LEASE ROAD GO SOUTH 1.1 MILES TO LEASE ROAD ON LEASE ROAD GO WEST 0.2 MILES TO PROPOSED LOCATION.

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number. 22613 Drawn By: J. SMALL

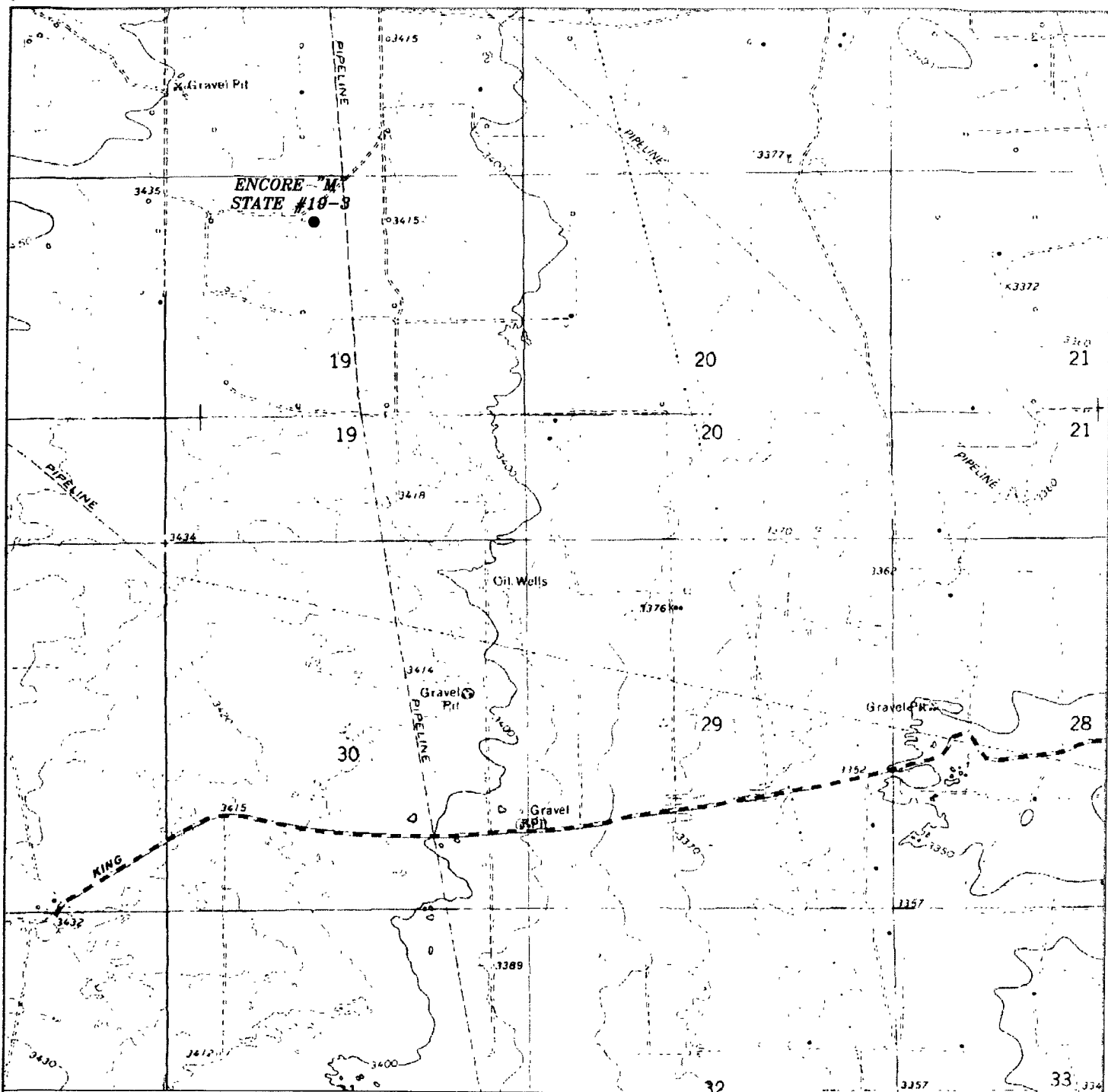
Date: 04-14-2010 Disk: JMS 22613

ENCORE OPERATING LP

REF. ENCORE "M" STATE #19-3 / WELL PAD TOPO

THE ENCORE "M" STATE #19-3 LOCATED 660'
FROM THE NORTH LINE AND 2140' FROM THE WEST LINE OF
SECTION 19, TOWNSHIP 22 SOUTH, RANGE 37 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 04-13-2010 Sheet 1 of 1 Sheets



ENCORE "M" STATE #19-3

Located 660' FNL and 2140' FWL

Section 19, Township 22 South, Range 37 East,
N.M.P.M., Lea County, New Mexico.

**basin
surveys**

focused on excellence
in the oilfield

P.O. Box 1786
1120 N. West County Rd.
Hobbs, New Mexico 88241
(575) 393-7316 - Office
(575) 392-2206 - Fax
basinsurveys.com

W.O. Number: JMS 22613

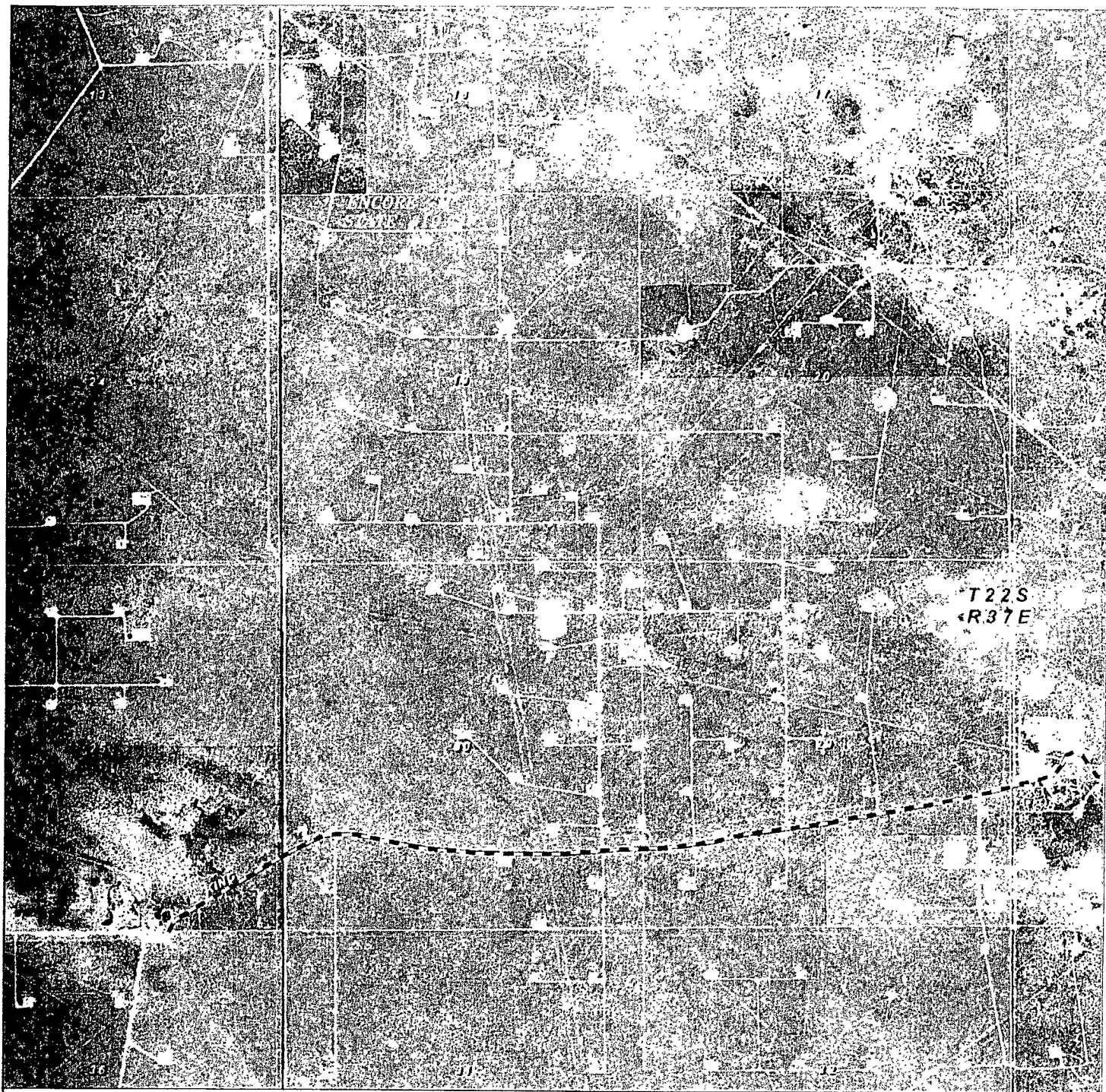
Survey Date: 04-13-2010

Scale: 1" = 2000'

Date: 04-14-2010



**ENCORE
OPERATING LP**



ENCORE "M" STATE #19-3

Located 660 PNL and 2100 FWI

Section 10 Township 22 North Range 37 East
 N.M.P.M. Los Alamos County New Mexico

**basin
surveys**

focused on excavation
 in the oilfield

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

ENCORE
 OPERATING LP

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

MAY 13 2010

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised October 15, 2009

Submit one copy to appropriate
District Office

HOBBS OLD CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|-----------------------------------|---|---|
| API Number
30-025-39751 | Pool Code
06660/A190 | Pool Name
Blinabry / Drinkard |
| Property Code
37138 | Property Name
ENCORE "M" STATE | Well Number
19-3 |
| OGRID No.
189951 | Operator Name
ENCORE OPERATING LP | Elevation
3421' |

Surface Location

| | | | | | | | | | |
|---------------------------|----------------------|-------------------------|----------------------|---------|-----------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|
| UL or lot No.
C | Section
19 | Township
22 S | Range
37 E | Lot Idn | Feet from the
660 | North/South line
NORTH | Feet from the
2140 | East/West line
WEST | County
LEA |
|---------------------------|----------------------|-------------------------|----------------------|---------|-----------------------------|----------------------------------|------------------------------|-------------------------------|----------------------|

Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|------------------------------|---------|----------|-------|---------|-----------------|--------------------|---------------|----------------|--------|
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| Dedicated Acres
40 | | | | | Joint or Infill | Consolidation Code | Order No. | | |

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|--|--|
| | SURFACE LOCATION
Lat - N 32°22'57.59"
Long - W 103°12'10.90"
NMSPCE - N 504771.945
E 848935.387
(NAD-27) |
| | OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: <i>[Signature]</i> Date: 4/12/10

Printed Name: Ann Durdette W. Key |
| | SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Date Surveyed: APRIL 13, 2010
Signature & Seal of Professional Surveyor: <i>[Signature]</i>
Professional Surveyor: 7977
Certificate No.: Gary L. Jones 7977 |
| | BASIN SURVEYS |