

District I  
1625 N French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Department  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

SEP 18 2008

Form C-144 CL  
July 21, 2

**OCD-ARTESIA**

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

**Closed-Loop System Permit or Closure Plan Application**

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

**Instructions:** Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

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 ordinance.

1.  
Operator: Legend Natural Gas OGRID #: 258894  
Address: 410 W. Grand Parkway South, Suite 400, Katy, Texas 77494  
Facility or well name: Weatherby #1  
API Number: 3001535760 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr f Section 19 Township T24S Range R28E County: Eddy  
Center of Proposed Design: Latitude N32° 12' 21.36" Longitude W104° 07' 44.79" NAD: ☐ 1927 ☒ 1983  
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotment

2.  
☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC  
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A  
☐ Above Ground Steel Tanks or ☒ Haul-off Bins

3.  
**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

4.  
**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.  
☒ 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 Box 5) - 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: \_\_\_\_\_

5.  
**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: Control Recovery Inc. Disposal Facility Permit Number: R-9166  
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 operation  
☐ 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

6.  
**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): Floyd Hernandez Title: Sr. Drilling Engineer  
Signature: [Signature] Date: 9/11/08  
e-mail address: fhernandez@lng2.com Telephone: 281-644-5950

0208520

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: \_\_\_\_\_

Approval Date: \_\_\_\_\_

Title: \_\_\_\_\_

OCD Permit Number: \_\_\_\_\_

8. **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: \_\_\_\_\_

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please identify 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

10.

**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: \_\_\_\_\_

# **Legend Natural Gas III, LP Closed Loop System**

**Weatherby #1  
1650' FNL & 1980' FWL  
Section 19-T24S-R28E  
Eddy County, New Mexico**

## **Equipment Design Plan**

Closed Loop System will consist of:

- 1 – (minimum) Double panel shaker with rig inventory
- 1 – (minimum) Centrifuge , certain wells and flow rates may require 2 centrifuges
- 1 – minimum centrifugal pump to transfer fluids
- 2 – (minimum) 500 bbl FW & BW Tanks
- 1 – 500 bbl watertank with rig inventory
- 1 –tank / bin – to catch cement / excess mud returns generated during a cement job
- 1 Set of rail cars / catch bins

## **Operation Plan**

All equipment will be inspected numerous times a day by each tour to make sure all equipment is operating correctly. Routine maintenance will be done to keep system running properly.

Any leak in system will be repaired and/or contained immediately and the OCD notified within 48 hours of the remediation process start.

## **Closure Plan**

While drilling all cuttings and fluids associated with drilling will be hauled off and disposed of via Control Recovery Incorporated facilities Permit R-9166.

N ➤

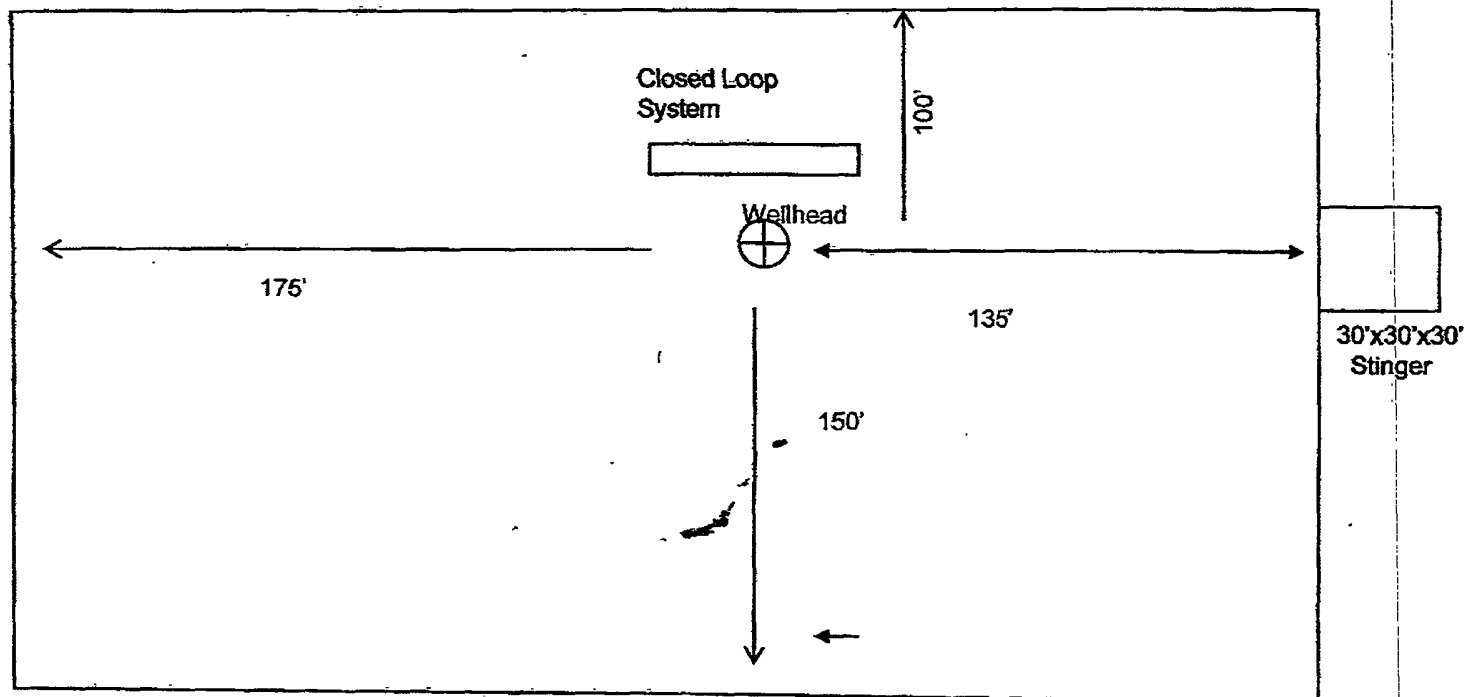
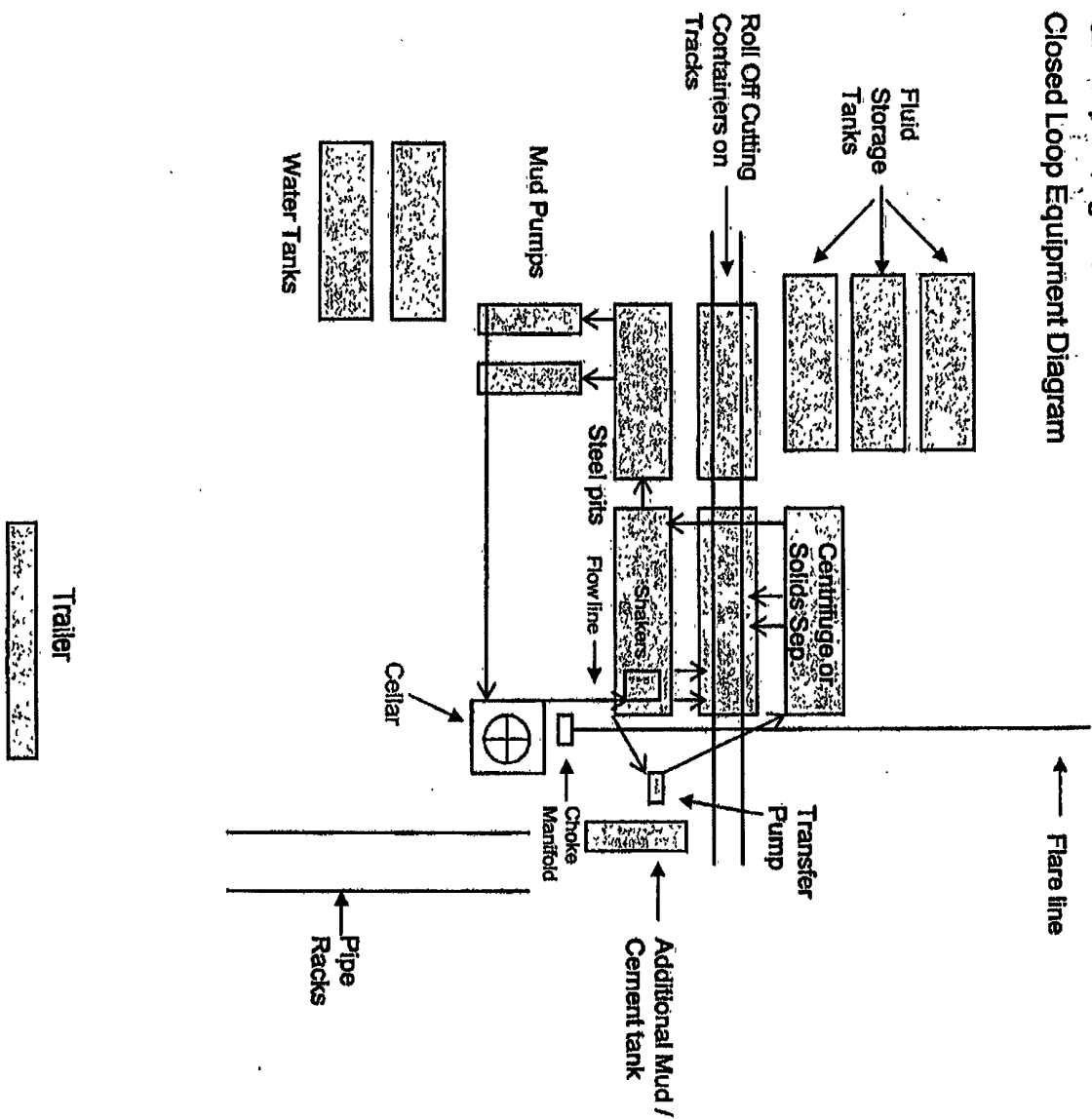


Exhibit 6

Not To Scale

Rig Layout- Closed Loop System

# Closed Loop Equipment Diagram



# **Legend Natural Gas III, LP Closure Plan for Closed Loop Drilling System**

**Weatherby #1  
1650' FNL & 1980' FWL  
Section 19-T24S-R28E  
Eddy County, New Mexico**

## **Methods of Handling Waste Materials**

Drill cuttings shall be disposed of in steel cuttings bins (catch tanks) on the drilling pad (behind the steel mud tanks). The bins and cuttings shall be hauled to a division approved facility by an approved transporter. At the facility, the cuttings shall be removed from the bin and the bin shall be returned to the drilling site for reuse, moved to the next drilling site or returned to the provider.

Remaining drilling fluid shall be hauled off by approved transports to a division approved disposal facility. Water produced during completion shall be put in storage tanks and disposed of at a division approved facility. Oil and condensate produced shall be put in a storage tank and sold or put in a sales pipeline.

## **Reclamation**

Within 60 days after drilling and completion of the well, the location area shall be reduced as determined by Operator to the minimum area necessary to safely and effectively operate the well. The reclaimed location area shall be substantially restored to the condition that existed prior to oil and gas operations.