

District I  
1625 N French Dr, Hobbs, NM 88240  
District II  
811 S First St, 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

Form C-144 CLEZ  
Revised August 1, 2011

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

8984

**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 ordinances.

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Operator: Blue Dolphin Production, LLC OGRID # 226829 **RCVD SEP 23 '11**  
Address 609 S Kelly, Suite F-1, Edmond, OK 73003 **OIL CONS. DIV.**  
Facility or well name El Poso #3 **DIST. 3**  
API Number 30-039-29588 OCD Permit Number \_\_\_\_\_  
U/L or Qtr/Qtr N Section 11 Township 28N Range 1E County Rio Arriba  
Center of Proposed Design Latitude 36 385228 N Longitude 106 475459 W NAD  1927  1983  
Surface Owner  Federal  State  Private  Tribal Trust or Indian Allotment

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**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

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**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 16 8 NMAC

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

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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 D NMAC)  
Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.  
Disposal Facility Name Industrial Ecosystems Disposal Facility Permit Number NM 01-0010B  
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

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**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) Paul C. Thompson, P.E Title: Agent/ Engineer  
Signature Paul C. Thompson Date: 9/20/11  
e-mail address paul@walsheng.net Telephone: (505) 327-4892

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**OCD Approval:**  Permit Application (including closure plan)  Closure Plan (only)  
 OCD Representative Signature: Jonathan D. Kelly Approval Date: 9/23/2011  
 Title: Compliance Officer OCD Permit Number: \_\_\_\_\_

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

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**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

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**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 \_\_\_\_\_

## **Blue Dolphin Production, LLC. Closed-loop Plans**

### **Closed-loop Design Plan**

Blue Dolphin Production, LLC (BDP) closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will include an above ground tank suitable for holding the cuttings and fluids for rig operations. The tank will be sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

1. Fencing is not required for an above ground closed-loop system
2. It will be signed in compliance with 19.15.3.103 NMAC
3. A frac tank will be on location to store fresh water

### **Closed-loop Operating and Maintenance Plan**

BDP's closed-loop tank will be operated and maintained to contain liquids and solids in order to prevent contamination of fresh water sources, in order to protect public health and the environment. To ensure the operation is maintained the following steps will be followed:

1. The liquids will be vacuumed out and disposed of at the IEI (Permit # NM-01-0010B). Solids in the closed-loop tank will be vacuumed out and disposed of at IEI on a periodic basis to prevent over topping.
2. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cuttings used or generated by rig operations will be placed or stored in the tank.
3. The division district office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon the discovery of the compromised tank, repairs will be enacted immediately
4. All of the above operations will be inspected and a log will be signed and dated. During rig operations the inspection will be daily.

### **Closed-loop Closure Plan**

The closed-loop tank will be closed in accordance with 19.15.17.13. This will be done by transporting cuttings and all remaining sludges to IEI immediately following rig operations. All remaining liquids will be transported and disposed of at IEI. The tanks will be removed from the location as part of the rig move. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.