

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.

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.

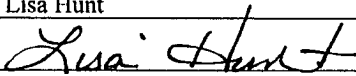
1. Operator: Celero Energy II, LP OGRID #: 247128
Address: 400 W. Illinois, Ste. 1601 Midland, TX 79701
Facility or well name: West Cap Queen Sand Unit #19
API Number: 30-005-01114 OCD Permit Number: P1-04067
U/L or Qtr/Qtr E Section 21 Township 14S Range 31E County: Chaves
Center of Proposed Design: Latitude _____ Longitude _____ 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 19.15.16.8 NMAC

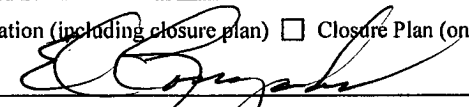
4. **Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
 Design Plan - based upon the appropriate requirements 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: Gandy Marley Disposal Facility Permit Number: NM 01-0019
Disposal Facility Name: Control Recovery Disposal Facility Permit Number: NM 01-006
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

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): Lisa Hunt Title: Regulatory Analyst
Signature:  Date: 01/09/2012
e-mail address: lhunt@celeroenergy.com Telephone: (432)686-1883

JAN 10 2012

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

OCD Representative Signature:  Approval Date: 1-10-2012

Title: STAFF MGR OCD Permit Number: 91-04067

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): Lisa Hunt Title: Regulatory Analyst

Signature: _____ Date: _____

e-mail address: lhunt@celeroenergy.com Telephone: (432)686-1883

West Cap Queen Sand Unit #19, API #30-005-01114
Attachment to NMOCD Form C-144 CLEZ, Items number 4 and 5.

Design Plan

Workover fluids will be circulated to and from the well through appropriate piping using steel tanks, pump trucks, water transports, and or vacuum trucks of adequate volume for the operation. No cuttings are expected to be produced during the operation.

Fencing is not required for an above-ground, closed-loop system. The site will have a sign in compliance with 19.15.3.103 NMAC.

Operating and Maintenance Plan

Steel tanks, pump trucks, water transports, and/or vacuum trucks, and related piping will be maintained to contain fluids. The equipment will be periodically inspected each day for leaks. The NMOCD District Office will be notified within 48 hours of the discovery of any leak in the equipment. Operations will be suspended and repairs will be started immediately upon the discovery of any leak. Hazardous waste, miscellaneous solid waste or debris will not be discharged into or stored in trucks. Only fluids used in operations will placed or stored in tanks or trucks.

Closure Plan

Steel tanks, pump trucks, transports, vacuum trucks, and related piping will be properly maintained. Workover fluids will be hauled to Gandy Marley during and after rig operations. All service equipment necessary for operations will be removed from the site at the conclusion of operations. The site will be reclaimed and re-vegetated once the well is permanently abandoned.

Site Reclamation

Ocotillo Environmental of Hobbs, New Mexico will reclaim the site. All above-ground equipment in addition to anchors/deadmen will be removed. Soil cover will be the greater of one foot or that which will match the background thickness of topsoil. Soil cover will match the existing grade of the site and will be placed to prevent ponding and erosion of the cover. The area will be re-vegetated using the (*State/BLM*) land mix which is appropriate for the area. The NMOCD will be notified of seeding and when re-vegetation is successful.