

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

HOBBS OCD

APR 30 2012

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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  
July 21, 2008

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: Resaca Operating Company OGRID #: 263848

Address: 1331 Lamar St. Ste. 1450, Houston, TX 77010

Facility or well name: Langlie Jal Unit #77W

API Number: 30-025-11498 OCD Permit Number: Pending P1-04764

U/L or Qtr/Qtr H Section 8 Township 25S Range 37E County: Lea

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 19.15.3.103 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: Sundance Service Inc. Disposal Facility Permit Number: NM-01-0003

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

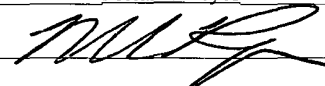
Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

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): Melanie Reyes Title: Engineer Assistant

Signature:  Date: 4/27/2012

e-mail address: melanie.reyes@resacaexploitation.com Telephone: (432) 580-8500

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

OCD Representative Signature: Mary S Brown Approval Date: 6/18/2012

Title: Compliance Officer OCD Permit Number: 9104764

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 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

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: \_\_\_\_\_

## **EXHIBIT No. 1**

### **For Section 4 of FORM C-144 CLEZ**

#### **Closed-loop Systems Application Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC**

##### **I. Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC**

Above-ground steel tanks will be used for the management of all workover fluids. At the completion of workover operations and removal of all equipment, the area will be secured and prepared for production/injection operations.

##### **II. Operating and Maintenance Plan – based the appropriate requirements of 9.15.17.12 NMAC**

Resaca Operating Company will operate and maintain all above-ground steel tanks and bins in workover operations in a prudent manner to prevent any leaks/spills.

##### **Closure Plan – based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC**

As stated in the attached design and operating and maintenance plans, the proposed closed loop system is self-contained. No temporary, permanent in-ground pits of any type or drying pads will be used; therefore there is no on-site closure. All solids will be contained, transported to an appropriate disposal site and disposed of. All fluids will be collected from the closed loop system and disposed of at an appropriate disposal site or moved to the next site for further service. All closed loop system equipment will be removed from the drill site.

The proper closure reporting requirements from Subsection K of 19.15.17.13 NMAC will be met and reported to the NMOCD.

# CLACO CLOSED-LOOP FLOW DIAGRAM

