

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

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

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 NMOC 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: <u>ICAENERGY OPERATING, LLC</u> OGRID #: <u>178694</u> Address: <u>P.O. BOX 2712 ODESSA, TX 79760-2712</u> Facility or well name: <u>KIZER RANCH 5 #2</u> API Number: <u>30025-40973</u> OCD Permit Number: <u>P105706</u> U/L or Qtr/Qtr <u>E</u> Section <u>5</u> Township <u>9-S</u> Range <u>34-E</u> County: <u>LEA</u> Center of Proposed Design: Latitude <u>33.564620 N</u> Longitude <u>103.492862 W</u> NAD: <input checked="" type="checkbox"/> 1927 <input type="checkbox"/> 1983 Surface Owner: <input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2. X Closed-loop System: Subsection H of 19.15.17.11 NMAC Operation: <input checked="" type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input type="checkbox"/> P&A <input checked="" type="checkbox"/> Above Ground Steel Tanks or <input type="checkbox"/> Haul-off Bins	
3. Signs: Subsection C of 19.15.17.11 NMAC <input checked="" type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers <input type="checkbox"/> 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. <input checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC <input checked="" type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____ <input type="checkbox"/> 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: <u>Gandy Marley Disposal</u> Disposal Facility Permit Number: <u>NM 01-0019</u> Disposal Facility Name: <u>R360</u> Disposal Facility Permit Number: <u>NM 01-0006</u> 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? <input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No Required for impacted areas which will not be used for future service and operations: <input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC <input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC <input type="checkbox"/> Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	

FEB 04 2013

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): Debbie Curry Title: Operations Assistant

Signature: *Debbie Curry* Date: 2/1/2013

e-mail address: dcurry@icaenergy.com Telephone: (432) 580-5722

7.

OCD Approval: ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: *[Signature]* Approval Date: 02/01/13

Title: Petroleum Engineer OCD Permit Number: P1-05706

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: _____

ICA ENERGY OPERATING, LLC
Kizer Ranch 5 #2
Sec. 5, T-9-S, R-34-E
LEA COUNTY, NM

Equipment & Design:

ICA Energy Operating, LLC will use a closed loop system in the drilling of a new well. The following equipment will be on location:

- Superior 700-hp Drawworks w/ Detroit diesel series 2000 engine
- Lee C. Moore 127' 350,000# triple mast
- 12' gee bee box on box substructure
- 350-ton G-175 national block – 5 sheave w/ bj hook
- 1 1/8" drilling line
- 17 1/2" Ideco (type F) rotary table
- 2 – 1000-hp Gardner-Denver PZ9 triplex mud pumps w/ 1,000 – hp Caterpillar 3508 engines
- Power Plants: 350-kw Vennet w/ 375-hp Detroit
250-kw Vennet w/ 250-hp Detroit.
- Well Control: Shaffer 11" 5,000# double ram blow-out preventer
Shaffer 11" 5,000# annular blow-out preventer
Koomey 84-gal. 6-bottle accumulator
- 10,000' 4-1/2" grade S-135, 16.60# drill pipe
- 20 – 6-1/2" drill collars
- 4 – 8" drill collars
- Varco kelly and pipe spinners
- 4 pipe racks
- 2 – 350-bbl mud pits w/ shale shaker & desanders
- 125-bbl mud mixing plant/tank
- 600-bbl water storage tank
- 10,000-gal. fuel tank
- Top dog house
- Crew change house
- Tool house
- 45' cat walk
- 20,000# John Deere forklift
- Tool pusher office/ sleeping quarters trailer

Operations & Maintenance:

During each day of operation, the rig's crew will inspect and closely monitor the fluids contained within the steel tanks and visually monitor any release that may occur. Should a release, spill or leak occur, the NMOCD District 1 office in Hobbs (575) 393-6161 will be notified, as required in NMOCD's rule 19.15.29.8.

Closure:

After completion of the new drill, fluids and solids will be hauled and disposed at Gandy Marley Disposal's location, permit number NM 01-0019. Secondary site will be Sundance Disposal, permit number NM 01-0003.