

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 OGD

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.

MAR 06 2013

RECEIVED
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: Vanguard Permian LLC OGRID #: 258350
Address: 2626 JBS Parkway Ste 205B, Odessa TX 79761
Facility or well name: Mexilo F No 2 ✓
API Number: 30-025-05247 ✓ OCD Permit Number: PL-D5857
U/L or Qtr/Qtr G Section 2 Township 15S Range 37E County: Lca ✓
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: Sundance Services Disposal Facility Permit Number: NM-01-003
Disposal Facility Name: Controlled Recovery, Inc 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): C.M. Bloodworth, P.S. Title: Engineer
Signature: [Signature] Date: 03-06-2013
e-mail address: mbloodworth@vncrllc.com Telephone: 432-962-2209 ext 207

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7. OCD Approval: <input type="checkbox"/> Permit Application (including closure plan) <input type="checkbox"/> Closure Plan (only)	
OCD Representative Signature:	Approval Date: <u>3-6-2013</u>
Title: <u>Dist. MGR</u>	OCD Permit Number: <u>P1-05857</u>

8. Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC <i>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.</i>
<input type="checkbox"/> 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: <i>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.</i>
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 <i>will not</i> be used for future service and operations? <input type="checkbox"/> Yes (If yes, please demonstrate compliance to the items below) <input type="checkbox"/> No
<i>Required for impacted areas which will not be used for future service and operations:</i> <input type="checkbox"/> Site Reclamation (Photo Documentation) <input type="checkbox"/> Soil Backfilling and Cover Installation <input type="checkbox"/> 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: _____

Vanguard Permian, LLC
Mexico F No. 2
Unit G, Sec. 2, T 15S, R 37E
Lea County, NM
API No. 30-025-05247

Equipment & Design:

Vanguard Permian, LLC is to use a closed loop system in the operations to determine the down hole configuration of the subject well.

The following equipment will be on location during the operation:

- (1) 250 barrel frac tank

Operations & Maintenance:

The rig crew will inspect and monitor the fluid contained in the steel tank every hour the tank is in service. The crew will visually monitor the tank to assure that no fluid is spilled. Should a spill occur the NMOCD District 1 Office in Hobbs (575-393-6161) will be notified as required by NMOCD rule 19.15.29.8

Closure:

After operations are completed fluids contained by the frac tank will hauled and disposed of at one of the following sites:

- Sundance Disposal (NM-01-0003)
- Controlled Recovery, Inc. (NM-01-0006)

A handwritten signature in black ink, appearing to be 'MB' or similar, located at the bottom left of the page.