

MAR 06 2013

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: <u>Vanguard Permian LLC</u> OGRID #: <u>258350</u>	
Address: <u>2626 JBS Parkway Ste 205B, Odessa Tx 79761</u>	
Facility or well name: <u>State 0 N610</u>	
API Number: <u>30-025-05366</u>	OCD Permit Number: <u>P1-05860</u>
U/L or Qtr/Qtr <u>L</u> Section <u>31</u> Township <u>16S</u> Range <u>37E</u> County: <u>Lea</u>	
Center of Proposed Design: Latitude <u>32.8772816538468</u> Longitude <u>-103.297918098487</u> NAD: <input checked="" type="checkbox"/> 1927 <input type="checkbox"/> 1983	
Surface Owner: <input type="checkbox"/> Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2. <input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC Operation: <input type="checkbox"/> Drilling a new well <input checked="" 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 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 type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC <input type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC <input 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>Sundance Services</u> Disposal Facility Permit Number: <u>NM-01-003</u> Disposal Facility Name: <u>Controlled Recovery, Inc</u> Disposal Facility Permit Number: <u>NM-01-006</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	
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): <u>C.M. Bloodworth, P.E.</u> Title: <u>Engineer</u> Signature: <u>[Signature]</u> Date: <u>03/06/2013</u> e-mail address: <u>mbloodworth@VNRILC.COM</u> Telephone: <u>932-362-2209 x 207</u>	

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State "D" No 10

Vanguard Permian LLC

7. OCD Approval: <input type="checkbox"/> Permit Application (including closure plan) <input type="checkbox"/> Closure Plan (only) OCD Representative Signature: _____ Approval Date: <u>03/07/13</u> Title: <u>Petroleum Engineer</u> OCD Permit Number: <u>P1-058600</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> <div style="text-align: right;"><input type="checkbox"/> Closure Completion Date: _____</div>							
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 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.</i> <table style="width: 100%;"><tr><td>Disposal Facility Name: _____</td><td>Disposal Facility Permit Number: _____</td></tr><tr><td>Disposal Facility Name: _____</td><td>Disposal Facility Permit Number: _____</td></tr></table> <p>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</p> <p><i>Required for impacted areas which will not be used for future service and operations:</i></p> <div style="margin-left: 20px;"><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</div>		Disposal Facility Name: _____	Disposal Facility Permit Number: _____	Disposal Facility Name: _____	Disposal Facility Permit Number: _____		
Disposal Facility Name: _____	Disposal Facility Permit Number: _____						
Disposal Facility Name: _____	Disposal Facility Permit Number: _____						
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. <table style="width: 100%;"><tr><td>Name (Print): _____</td><td>Title: _____</td></tr><tr><td>Signature: _____</td><td>Date: _____</td></tr><tr><td>e-mail address: _____</td><td>Telephone: _____</td></tr></table>		Name (Print): _____	Title: _____	Signature: _____	Date: _____	e-mail address: _____	Telephone: _____
Name (Print): _____	Title: _____						
Signature: _____	Date: _____						
e-mail address: _____	Telephone: _____						

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Vanguard Permian, LLC
State O No. 10
Unit L, Sec. 31, T 16S, R 37E
Lea County, NM
API No. 30-025-05366

Equipment & Design:

Vanguard Permian, LLC is to use a closed loop system in the operations to plug back and return to production 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)