

Closed-Loop System Permit or Closure Plan Application

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

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

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.

(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>LRE OPERATING, LLC</u> OGRID #: <u>281994</u>		<div style="border: 2px solid black; padding: 5px; text-align: center;">RECEIVED FEB 15 2012 NMOC DISTRICT ARTESIA</div>
Address: <u>c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401</u>		
Facility or well name: <u>ARCO STATE #1</u>		
API Number: <u>30-015-39635</u> OCD Permit Number: <u>212181</u>		
U/L or Qtr/Qtr <u>L</u> Section <u>24</u> Township <u>17-S</u> Range <u>28-E</u> County: <u>EDDY</u>		
Center of Proposed Design: Latitude _____ Longitude _____ NAD: <input 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 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 type="checkbox"/> Above Ground Steel Tanks or <input checked="" 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 checked="" type="checkbox"/> 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
<i>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.</i>
<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)
<i>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.</i>
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
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? <input type="checkbox"/> Yes (If yes, please provide the information below) <input type="checkbox"/> No
<i>Required for impacted areas which will not be used for future service and operations:</i>
<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): _____ Title: _____
Signature: _____ Date: _____
e-mail address: _____ Telephone: _____

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

OCD Representative Signature: *ADade*

Approval Date: 02/20/2012

Title: *Dr. R. Supewiser*

OCD Permit Number: 212181

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: 2/2/12

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: CRI (Controlled Recovery Inc.)

Disposal Facility Permit Number: R-9166

Disposal Facility Name: Westall Loco Hills Water Disposal

Disposal Facility Permit Number: R-3221

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): Mike Pippin

Title: Petroleum Engineer - Agent

Signature: *Mike Pippin*

Date: February, 13, 2012

e-mail address: mike@pippinllc.com

Telephone: 505-327-4573

LRE OPERATING, LLC
PIT CLOSURE

CLOSURE:

During workover operations, all solids and cuttings were hauled off by CLS to their disposal facility, Permit #R-9166.

All liquids were hauled to Westall Loco Hills Water Disposal. Permit #R-3221. The closed loop equipment was inspected daily by the rig crew. There were no leaks or spills during the workover operations. The closed-loop system was on the wellpad.

POWER OF ATTORNEY

DESIGNATION OF AGENT

LRE Operating, LLC hereby names the following person as its agent:

Name of Agent: Mike Pippin, Pippin LLC

Agent's Address: 3104 N. Sullivan, Farmington, NM 87401-2017

Agent's Telephone Number: (505) 327-4573

GRANT OF SPECIAL AUTHORITY

LRE Operating, LLC grants its agent the authority to act for it with the respect to the following only:

1. Executing forms required to be filed with the Oil Conservation Division of the New Mexico Energy, Minerals, and Natural Resources Department.
2. Executive forms required to be filed with the Bureau of Land Management of the Department of Interior of the United States of America.

EFFECTIVE DATE

This power of attorney is effective immediately.

RELIANCE ON THIS POWER OF ATTORNEY

Any person, including the agent, may rely upon the validity of this power of attorney or a copy of it unless that person knows it has terminated or is invalid.

SIGNATURE AND ACKNOWLEDGEMENT

LRE Operating, LLC

By: [Signature]

Name: Charles Adcock

Title: Co-Chief Executive Officer

Date: 12/05/2011

Address: 1111 Bagby Street, Suite 4600, Houston, TX 77002

State of TEXAS
County of HARRIS

This instrument was acknowledged before me on December 5, 2011 by Charles Adcock,
LO-CEO of LRE Operating, LLC acting on behalf of said limited liability corporation.

Signature of notarial officer: Leslie Bowman
My commission expires: June 20, 2015

