

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**

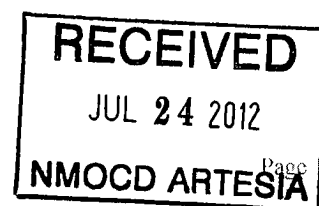
*(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)*

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>Yates Petroleum Corporation</u>	OGRID #: <u>025575</u>
Address: <u>105 South 4<sup>th</sup> St. Artesia, NM 88210</u>	
Facility or well name: <u>Herradura Unit #4H</u>	
API Number: <u>30-015-40537</u>	OCD Permit Number: <u>213264</u>
U/L or Qtr/Qtr <u>Lot 2</u> Section <u>4</u> Township <u>24S</u> Range <u>25E</u> County: <u>Eddy</u>	
Center of Proposed Design: Latitude <u>N 32.251961</u> Longitude <u>W 104.39815</u> NAD: <input type="checkbox"/> 1927 <input checked="" type="checkbox"/> 1983	
Surface Owner: <input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2.	
<input checked="" type="checkbox"/> <b>Closed-loop System:</b> 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.	
<b>Signs:</b> 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 19.15.16.8 NMAC	
4.	
<b>Closed-loop Systems Permit Application Attachment Checklist:</b> Subsection B of 19.15.17.9 NMAC	
<b>Instructions:</b> 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.	
<b>Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:</b> (19.15.17.13.D NMAC)	
<b>Instructions:</b> 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</u>	Disposal Facility Permit Number: <u>NM - 01-0019</u>
Disposal Facility Name: <u>CRI</u>	Disposal Facility Permit Number: <u>R-1966</u>
Disposal Facility Name: <u>Lea Land Farm</u>	Disposal Facility Permit Number: <u>WM - 1-035</u>
Disposal Facility Name: <u>Sundance Services Inc.</u>	Disposal Facility Permit Number: <u>NM - 01-0003</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): Travis Hahn Title: Land Regulatory Agent

Signature: [Signature] Date: 7/24/2012

e-mail address: thahn@yatespetroleum.com Telephone: 575-748-4120

7.

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

OCD Representative Signature: [Signature] Approval Date: 8/2/12

Title: Dist HP Supervisor OCD Permit Number: 213264

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: \_\_\_\_\_

**RECEIVED**

**JUL 24 2012**

**NMOCD ARTESIA**

# Yates Petroleum Corporation

## Closed Loop System

### Equipment Design Plan

Closed Loop System will consist of:

- 1 – double panel shale shaker
- 1 – (minimum) Centrifuge, certain wells and flow rates may require 2 centrifuges
- On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System
- 1 – minimum centrifugal pump to transfer fluids
- 2- 500 bbl. FW Tanks
- 1 – 500 bbl. BW Tank
- 1 – half round frac tank – 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.
- 1 Set of rail cars / catch bins
- Certain wells will use an ASC Auger Tank

### Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors' personnel.

Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

### Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley, Lea Land Farm, CRI or Sundance Services Inc.

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone (575) 393-6161 Fax: (575) 393-6750

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210  
Phone (575) 748-1283 Fax: (575) 748-6729

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone (505) 384-6178 Fax: (505) 334-6177

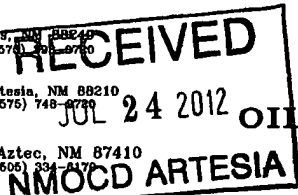
DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone (505) 478-3460 Fax: (505) 478-3462

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised August 1, 2011

Submit one copy to appropriate  
District Office

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505



WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
		Undesignated Bone Spring
Property Code	Property Name	Well Number
	HERRADURA UNIT	4
OGRID No.	Operator Name	Elevation
025575	YATES PETROLEUM CORP.	3735

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 2	4	24 S	25 E		510	NORTH	1910	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	4	24 S	25 E		660	SOUTH	1910	EAST	EDDY

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160 W2E2			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

LOT 4	LOT 3	LOT 2	LOT 1
<b>SURFACE LOCATION</b> Lat - N 32°15'07.06" Long - W 104°23'53.34" NMSPCE- N 455403.49 E 521299.83 (NAD-83)			
Penetration Point 979' FNL & 19' FEL			
Project Area			
Producing Zone			
VB-0669			
<b>PROPOSED BOTTOM HOLE LOCATION</b> Lat - N 32°14'26.38" Long - W 104°23'53.60" NMSPCE- N 451292.94 E 521275.02 (NAD-83)			
B.H.			
1910'			
660'			
510'			
S.L.			
1910'			
<b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature <u>Cy Cowan</u> Date <u>7/24/12</u> Printed Name <u>Cy Cowan</u> Email Address <u>cy@yatespetroleum.com</u>			
<b>SURVEYOR CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date Surveyed <u>July 13, 2012</u> Signature & Seal of Professional Surveyor <u>Gary L. Jones</u> Certificate No. Gary L. Jones 7977 BASIN SURVEYS 27049			

# Operator Co.

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JUL 24 2012

NMOCD ARTESIA

# Your Co.

Survey/Planning Report									
Operator	Yates Petroleum Corp.			North				Date	23-Jul-12
Dir. Co.	Yates Petroleum Corp.			Easting				System	2 - St. Plane
Well Name	Herradura Unit #4 Survey			Elevation				Datum	1983 - NAD83
Location	Sec. 4, 24S-25E			Latitude				Zone	4302 - Utah Central
Rig				Longitude				Scale Fac.	
Job				Units	Feet			Converg.	
MD	INC	AZI	TVD	+N/S-	+E/W-	VS@180.35°	BR	TR	DLS
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
460.00	0.00	360.00	460.00	0.00	0.00	0.00	0.00	0.00	0.00
460: RUSTLER, 460'									
2640.00	0.00	360.00	2640.00	0.00	0.00	0.00	0.00	0.00	0.00
2640: BELL CANYON, 2640'									
3120.00	0.00	360.00	3120.00	0.00	0.00	0.00	0.00	0.00	0.00
3120: CHERRY CANYON, 3120'									
3465.00	0.00	360.00	3465.00	0.00	0.00	0.00	0.00	0.00	0.00
3465: BRUSHY CANYON, 3465'									
4950.00	0.00	360.00	4950.00	0.00	0.00	0.00	0.00	0.00	0.00
4950: BONE SPRING LM, 4950'									
5050.00	0.00	360.00	5050.00	0.00	0.00	0.00	0.00	0.00	0.00
5050: AVALON SHALE, 5050'									
5760.00	0.00	360.00	5760.00	0.01	0.00	-0.01	0.00	0.00	0.00
5760: FBSG, 5760'									
5855.32	0.00	180.35	5855.32	0.01	0.00	-0.01	0.00	3.08	0.00
5855.32: KOP, 5855'									
5900.00	5.36	180.35	5899.93	-2.08	-0.01	2.08	12.00	0.00	12.00
6000.00	17.36	180.35	5997.80	-21.75	-0.13	21.75	12.00	0.00	12.00
6100.00	29.36	180.35	6089.43	-61.33	-0.37	61.33	12.00	0.00	12.00
6200.00	41.36	180.35	6170.83	-119.10	-0.72	119.10	12.00	0.00	12.00
6210.00	42.56	180.35	6178.27	-125.78	-0.76	125.79	12.00	0.00	12.00
6255.10	47.98	180.35	6210.00	-157.81	-0.95	157.81	12.00	0.00	12.00
6255.1: SBSG, 6255' MD (6210' TVD)									
6300.00	53.36	180.35	6238.44	-192.53	-1.16	192.53	12.00	0.00	12.00
6400.00	65.36	180.35	6289.31	-278.41	-1.68	278.41	12.00	0.00	12.00
6500.00	77.36	180.35	6321.21	-372.99	-2.25	373.00	12.00	0.00	12.00
6597.15	89.02	180.35	6332.71	-469.29	-2.83	469.29	12.00	0.00	12.00
6597.15: TARGET SBSG, 6597' MD (6333' TVD)									
10239.01	89.02	180.35	6395.00	-4110.55	-24.81	4110.62	0.00	0.00	0.00
10239.01: LATERAL TD, 10239' MD (6395' TVD)									



