

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

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

DEC 12 2008

Form C-144 CLEZ
July 21, 2008

OCD-ARTESIA

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)

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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: Rubicon Oil & Gas, LLC OGRID #: 194266
Address: 508 West Wall St STE 500, Midland, Texas 79701
Facility or well name: Lakewood 28-2
API Number: 30-015-36858 OCD Permit Number: _____
U/L or Qtr/Qtr J Section 28 Township 19S Range 26E County: Lea
Center of Proposed Design: Latitude N32°37'42.43" Longitude W104°22'59.64" 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 19.15.3.103 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: CRI Disposal Facility Permit Number: R-9166
Disposal Facility Name: Lea Land Disposal Facility Permit Number: WM-1-035
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): HAL VEE Title: POA - Ops Mgr
Signature: [Signature] Date: 12-10-08
e-mail address: _____ Telephone: 0208794

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

OCD Representative Signature: TIM W. GUM Approval Date: 12-12-08

Title: DISTRICT II SUPERVISOR OCD Permit Number: 0208994

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: _____

Power of Attorney

State: New Mexico

County: Chaves, Eddy and Lea Counties

Principal: Rubicon Oil & Gas, LLC
Rubicon Oil & Gas II, LP
Sand Ranch Pipeline

Principal's Address: 508 West Wall Avenue, Suite 500
Midland, Texas 79701

Agent/Attorney in Fact: Hal Lee

Agent/Attorney in Fact's Address: Adventure Energy Services
201 West Wall Avenue, Suite 404
Midland, Texas 79701

Date Executed: November 17, 2008

Effective Date: November 17, 2008

Principal, identified above, makes, constitutes and appoints Agent, identified above, Principal's true and lawful Agent and Attorney in Fact for Principal and in Principal's name, place and stead, for the purposes of transacting any business on behalf of Principal.

Principal gives and grants Agent full and complete power and authority to do and perform all acts and things required or necessary to be done in transacting Principal's business, as fully to all intents and purposes as if Principal might or could do if personally present and acting on Principal's own behalf.

Principal ratifies and affirms all that the Agent may lawfully do or cause to be done by virtue of the Power of Attorney.

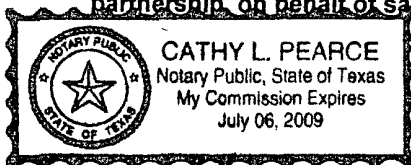
Principal

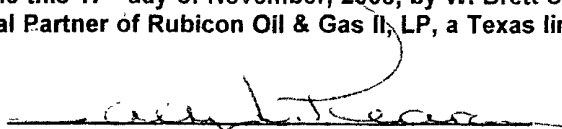
Rubicon Oil & Gas II, LP
By: Rubicon Oil & Gas, LLC, General Partner


W. Brett Smith, President

State of Texas }
County of Midland }

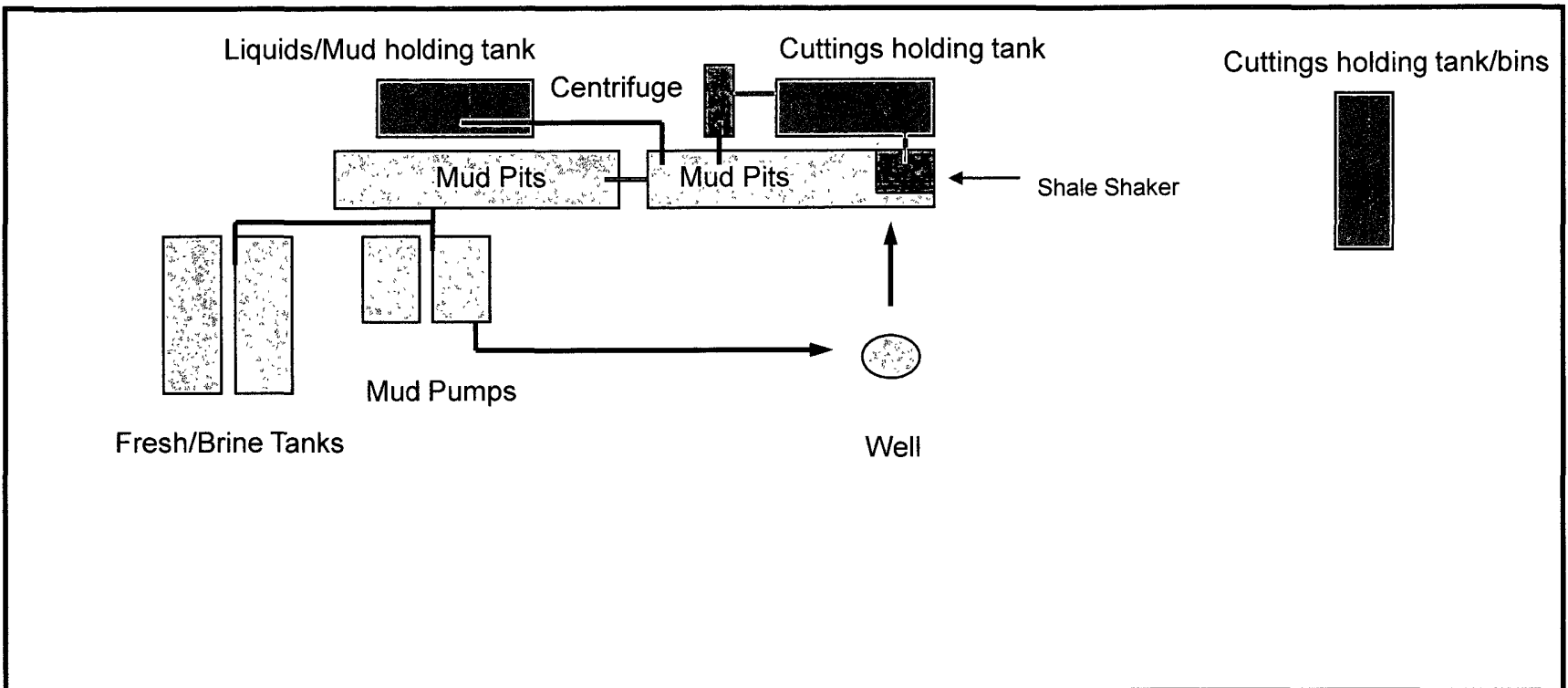
This instrument was acknowledged before me this 17th day of November, 2008, by W. Brett Smith, President of Rubicon Oil & Gas, LLC, General Partner of Rubicon Oil & Gas II, LP, a Texas limited partnership, on behalf of said partnership.




Notary of Public, State of Texas

Rubicon Oil & Gas, LLC
Lakewood 28-2
28-19-26 Eddy County, NM

Closed Loop System – Design and Construction Equipment Layout



Operating and Maintenance Plan

1. All liquids and solids contained in closed loop system
2. All equipment will be monitored continuously by Solids control personnel while drilling
3. All solids and contaminated fluid hauled to an approved facility as required.

Hydrogen Sulfide Drilling Operations Plan

For

Rubicon Oil & Gas, LLC

Lakewood 28, Well #2, Sec 28, T19S, R26E

Lakewood Morrow

Eddy County, New Mexico

ONE: Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted or employed on an unscheduled basis has or will receive training from qualified instructors in the following areas prior to working on the drilling operations on this well:

- The hazards & characteristics of H₂S
- The proper use & maintenance of personal protective equipment and Life support systems;
- The proper use of H₂S detectors, alarms, warning systems, briefing areas, evacuation procedures & prevailing winds; and,
- The proper techniques of first aid and rescue contact procedures

In addition, the supervisory personnel will be trained in the following areas:

- The effects of H₂S on metal components. If high tensile tubulars are to be used, personnel will be trained in their special maintenance requirements.
- Corrective action on shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
- The contents and requirements of the H₂S Drilling Operations Plan.

There will be an initial training session just prior to encountering a known or probable H₂S zone (within 3 days or 500') and periodic H₂S and well control drills for all personnel in each crew. The initial training session should include a review of the site specific Drilling Operations Plan. This plan is to be available at the well site.

TWO: H₂S Safety Equipment and Systems

NOTE: All H₂S safety equipment and systems will be installed, tested and operational when drilling reaches a depth of 500 feet above, or three days prior to penetration of a known zone containing or reasonably expected to contain H₂S.

1. Well Control Equipment:
 - Flare line with flare igniter;
 - Choke manifold with one remote hydraulic choke installed;
 - Blind rams & pipe rams to accommodate all pipe sizes with properly sized closing unit;
 - Auxiliary equipment to include an Annular Preventer.