

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

Form C-144 CLEZ
July 21, 2008

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.

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|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| 1. | Operator: <u>V-F Petroleum, Inc.</u> OGRID #: <u>24010</u> | RECEIVED JUN - 7 2010 NMOCD ARTESIA |
| | Address: <u>P.O. Box 1889 Midland, TX 79702</u> | |
| | Facility or well name: <u>Budge Federal COM, Well No. 2</u> | |
| | API Number: <u>30-015-36756</u> OCD Permit Number: <u>210391</u> | |
| | U/L or Qtr/Qtr <u>J</u> Section <u>21</u> Township <u>20S</u> Range <u>30E</u> County: <u>Eddy</u> | |
| | Center of Proposed Design: Latitude <u>N32.55710°</u> Longitude <u>W103.97439°</u> NAD: X1927 <input 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 | |

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|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. | <input type="checkbox"/> Closed-loop System: Subsection II 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 |

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| 3. | Signs: Subsection C of 19.15.17.11 NMAC |
| | X 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers |
| | <input type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC |

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| 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 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: _____ |

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| 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>Controlled Recovery, Inc.</u> Disposal Facility Permit Number: <u>R-9166</u> |
| | 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 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>George R. Smith</u> Title: <u>Agent for V-F Petroleum, Inc.</u> |
| | Signature: <u>George R. Smith</u> Date: <u>5/19/10</u> |
| | e-mail address: <u>gr.smith1@hotmail.com</u> Telephone: <u>575-623-4940</u> |

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

OCD Representative Signature: _____

Approval Date: 06/07/2010

Title: _____

OCD Permit Number: 210391

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: _____

V-F PETROLEUM, INC. –Budge Federal COM, WELL No. 2

Sec. 21, T20S R30E: 1996' FSL & 1792' FEL, LEA COUNTY, NM

DESIGN: Closed System with roll off steel bins.

ASC Advanced Solids Control, LLC, Roswell, NM

Contact: Dick Prescott: 575-420-7891 Cell

Harvey Rodriguez: 575-200-5387 Cell

Contact: Wayne Luna, Field Superintendent for V-F Petroleum, Inc.

Cell #: 432-557-2688 Office # 432-683-3344

Monitoring: 24 hour service during drilling time.

Contact: Dick Prescott: 575-420-7891

Equipment:

- 8'x 50' Auger tank-300 bbl capacity
- 9'x 40'x 4' shale bin (3 sides & drive-in ramp)
- 2-Lynx 20 Centrifuge
- 2-centrifuge pumps
- 2-centrifuge control panels
- 2-8'x 40' rig mats
- 1-front end loader

During drilling operations all cuttings and associated liquids will be hauled to a State regulated third party disposal site via CRI (Controlled Recovery, Inc., Permit R-9166).

2-CRI Bins with track system

CRI will be responsible for hauling clean fluid to the closest water disposal plant.

OPERATIONS:

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.

Any leak in system will be repaired and or/contained immediately.

OCD will be notified within 48 hours of the spill.

Remediation process started immediately.

CLOSURE:

During drilling and closing operations all liquids, drilling fluids and cuttings will be hauled off. to the above stated disposal facilities.

Home Contact

Advanced Solids Control LLC

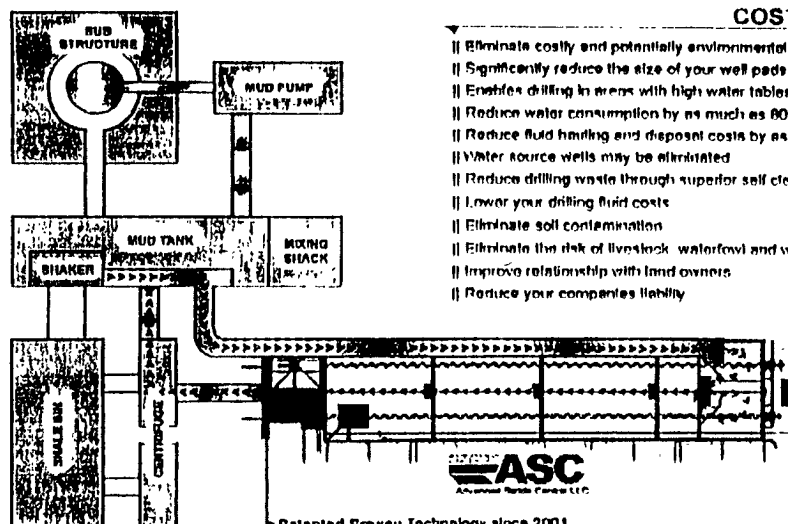


SPECIFICATIONS

Drilling fluids flow through a patented baffle system, settling out the solids along the way.

The nigger system on the bottom of the mud tank, removes solids into a centrifuge system and then the fluids are re-circulated through the system.

**This system is
easy to install and
requires minimal
maintenance to
operate**



COST SAVINGS & BENEFITS

- || Eliminate costly and potentially environmentally damaging reserve pits
- || Significantly reduce the size of your well pads and ground disturbance
- || Enables drilling in areas with high water tables and environmentally sensitive areas
- || Reduce water consumption by as much as 80% per well
- || Reduce fluid handling and disposal costs by as much as 75% per well
- || Water source wells may be eliminated
- || Reduce drilling waste through superior self cleaning and recycling
- || Lower your drilling fluid costs
- || Eliminate soil contamination
- || Eliminate the risk of livestock waterfowl and wildlife mortality
- || Improve relationship with land owners
- || Reduce your companies liability

► **Patented Proven Technology since 2001**
(It has been used by oil companies and drilling contractors such as Arco, Amoco, Exxon and Enbridge, Marathon, Baker and Hulsbeck, etc.)

not available in Canada



Advanced Solids Control LLC
8055 Bear Lane
Corpus Christi, TX
78409
F(361) 292-6333

Today's Solution for Tomorrows Environment

**POWER OF ATTORNEY
DESIGNATION OF AGENT**

V-F Petroleum Inc., hereby names the following person as its agent

Name of Agent: George R. Smith d/b/a Energy Administrative Services Company

Agents Address: P.O. Box 458, Roswell, NM 88202

Agent's Telephone Number: (575) 623-4940

GRANT OF SPECIAL AUTHORITY

V-F Petroleum Inc., grants its agent the authority to act for it with respect to the following only:

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

EFFECTIVE DATE

This power of attorney is effective immediately.

RELIANCE ON THE 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 ACKNOWLEDGMENT

V-F Petroleum Inc.By: Sandra K. LawlorTitle: Vice PresidentDate: 1/28/09Address: P.O. Box 1889, Midland, TX 79702Telephone: 432-683-3344

STATE OF

COUNTY OF

This instrument was acknowledged before me on January 28, 2009 by
Sandra K. Lawlor, Vice President of V-F Petroleum Inc.
, acting on behalf of said corporation.

