

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: SG Interests I, LTD OGRID #: 20572
Address: P. O. Box 2677, Durango, CO 81302
Facility or well name: Chaco Slope 22-7-35 #1
API Number: 30-043-21154 OCD Permit Number: _____
U/L or Qtr/Qtr A Section 35 Township 22N Range 7W County: Sandoval
Center of Proposed Design: Latitude 36.10039 N Longitude 107.53783 W 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 19.15.16.8 NMAC

RCVD JUN 24 '13
OIL CONS. DIV.
DIST. 3

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: See page 2 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?
☐ 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): Mike L. Mankin Title: Agent
Signature: Mike L. Mankin Date: June 21, 2013
e-mail address: mgcattle@yahoo.com Telephone: 505-634-6209

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

OCD Representative Signature: _____

Approval Date: 7/15/2013

Title: Compliance Officer OCD Permit Number: _____

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: _____

Continued from page 1

5. **Waste Removal Closure for Closed-Loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

Disposal Facility Name: Envirotech, Inc. Disposal Facility Permit Number: NM-01-0011

Disposal Facility Name: Industrial Ecosystem, Inc. Disposal Facility Permit Number: NM-01-0010B

Disposal Facility Name: Basin Disposal, Inc. Disposal Facility Permit Number: NM-01-005

SG Interests I, LTD
Closed Loop System Design/Maintenance/Closure Plan
Chaco Slope 22-7-35 #1 API #30-043-

In accordance with Rule 19.15.17 NMAC, the following plan will be used for construction design, operation and maintenance as well as closure of the closed-loop system on SG Interests I, LTD (SG) well location indicated above.

Closed-Loop Design Plan:

The closed-loop system will consist of one or more temporary above-ground tank(s) suitable for holding the cuttings and fluids for rig operations and the planned completion activities. The tank(s) will be of sufficient volume to maintain a safe free-board between disposal of the liquids and solids from rig operations. Additional design considerations will include:

- a) The closed-loop system used by SG will not utilize a drying pad, temporary pit, below-grade tank or sump
- b) There is no requirement for fencing for an above –ground closed-loop system
- c) Signage in compliance with 19.15.3.103 NMAC will be posted at the well location
- d) A frac tank will be utilized to store water
- e) Tanks will be placed on the active, disturbed area of the well location

Closed-Loop Operations/Maintenance Plan:

The closed-loop system will be operated and maintained to contain liquids and solids, to aid in the prevention of contamination of fresh water sources, in order to protect public health and the environment. The following steps will be followed:

- a) The liquids will be vacuumed out and disposed of at Basin Disposal, Inc.
- b) Solids in the closed-loop tank will be vacuumed out and disposed of at Envirotech or Industrial Eco systems, Inc.
- c) No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank(s). Only fluids or cutting intrinsic to, used or generated by the rig operations will be place or stored in the tank(s)
- d) The appropriate NMOCD District office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop system. Upon discovery of the compromised tanks, repairs will be enacted immediately
- e) All of the above operations will be inspected daily and noted on the daily report.

Closed-Loop Closure Plan:

The closed-loop system will be closed in accordance with 19.15.17.13. This will be done by:

- a) Transporting cuttings and all remaining sludge to Envirotech or Industrial Ecosystems, Inc. following rig operations
- b) Transport of disposal of all remaining liquids will be in one of the following facilities depending on the proximity of the well and available disposal volumes; Basin Disposal, Inc.
- c) Removal of the tank(s) from the well location as part of the rig move
- d) At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible or as stipulated by the landowner in a surface use agreement.

District I

1625 N. French Dr, Hobbs, NM 88240
Phone: (575)393-6161 Fax: (575)393-0720

District II

811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code 97232	³ Pool Name Basin Mancos
⁴ Property Code	⁵ Property Name CHACO SLOPE 22-7-35	⁶ Well Number 1
⁷ OGRID No. 20572	⁸ Operator Name SG INTERESTS I, LTD.	⁹ Elevation 6946

¹⁰ Surface Location

UL or Lot No. A	Section 35	Township 22 N	Range 7 W	Lot Idn.	Feet from the 800	North/South Line North	Feet from the 250	East/West Line East	County Sandoval
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¹¹ Bottom Hole Location If Different From Surface

UL or Lot No. D	Section 35	Township 22 N	Range 7 W	Lot Idn.	Feet from the 1170	North/South Line North	Feet from the 700	East/West Line West	County Sandoval
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

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.

¹⁶	¹⁷ OPERATOR CERTIFICATION 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <u>Mike L. Mankin</u> Date: <u>6-19-13</u> Printed Name: <u>Mike L. Mankin</u> E-mail Address: <u>mankin@yahoo.com</u>
	¹⁸ SURVEYOR CERTIFICATION 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. Rev. 19 June 2013 Date of Survey: <u>2012</u> Signature and Seal of Professional Surveyor: <u>William E. Mankin II</u> Certificate Number: <u>8466</u>

Bearings from GLO Plat

○ Ref. Stake
200' North
El. 6950.0

