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 environment. Nor does approval relieve the operator of its responsibility to co								
1.	OCNID# 15029							
Operator:NM&O Operating Company								
Address:c/o Walsh Engineering 7415 E. Main St., Farmington, Facility or well name:Gavilan #3		OIL CONS. DIV.						
API Number:30-039-23192		DIST. 3						
U/L or Qtr/QtrL Section26 Township								
Center of Proposed Design: Latitude36.22.260 N								
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 ☑ Above Ground Steel Tanks or ☑ Haul-off Bins	activities which require prior approval of a pe	ermit or notice of intent)						
3. Signs: Subsection C of 19.15.17.11 NMAC ☐ 12"x 24", 2" lettering, providing Operator's name, site location, and K Signed in compliance with 19.15.3.103 NMAC	emergency telephone numbers							
Closed-loop Systems Permit Application Attachment Checklist: Su Instructions: Each of the following items must be attached to the apple attached. ☑ Design Plan - based upon the appropriate requirements of 19.15.1 ☑ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.1 ☑ Closure Plan (Please complete Box 5) - based upon the appropriate Previously Approved Design (attach copy of design) API Num ☐ Previously Approved Operating and Maintenance Plan API Num	Itication. Please indicate, by a check mark in 7.11 NMAC quirements of 19.15.17.12 NMAC te requirements of Subsection C of 19.15.17.9 ber:							
s. 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 indentify 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:TNT Environmental Inc	Disposal Facility Permit Number:	#						
Disposal Facility Name:								
Will any of the proposed closed-loop system operations and associated a Yes (If yes, please provide the information below) No	activities occur on or in areas that will not be u	sed for future service and operations?						
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): Paul C. Thompson, P.E.	Title:Agent / Engineer							
Signature: Taul C. Thomps	Date:8/4/08							
e-mail address:paul@walsheng.net	Telephone:505.327.4892							

7.						
OCD Approval: Permit Application (including closure plan) Closure P	lan (only)					
OCD Representative Signature:	Approval Date: 8-19-08					
Title: Envirobspec	OCD Permit Number:					
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 Instructions: Please indentify the facility or facilities for where the liquids, drift 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 operat Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	ions:					
Operator Closure Certification: I hereby certify that the information and attachments submitted with this closure belief. I also certify that the closure complies with all applicable closure requirer						
Name (Print):Paul C. Thompson, P.E	Title:Agent / Engineer					
Signature:	Date:8/4/08					
e-mail address:paul@walsheng.net	Telephone:505.327.4892					

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-102 Revised 10-1-78

	A1	i distances must be	from the ou	ater boundaries of	the Section	۸.	
Mesa Grand	ie Resources,	nc.	Luase	Gavi	lan ·		Well No. #3
Unii Lelloi Sec	26 Town	nahip 25N	Ron	g∙ 2W	County	Rio Arrit	oa (
Actual Factage Location 990 tel	of Well:	t line and	1	850 Ice	t from the	North	line
Ground Level Elev. 7307 GR	Producing Formation		Pool	Gavilan		TWI TO	Dedicated Acreage:
1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat helow.							
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).							
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling.etc?							
Yes	No If answer	is "yes" type o	f consoli	idation			
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization,							
forced-pooling,	or otherwise) or un	til a non-standare	d unit, el	liminating such	interest	ts, has been	approved by the Division.
/	1			1 /			CERTIFICATION
1850						best of my	ertify that the information con- ein is true and complete to the knowledge and belief. WAR Phillips
						Position Mesa Gra	erations V.P. ande Resources, Inc.
996'						October Date	29, 1984
	- 0, 10, 0					shown on the	vertily that the well location his plat was plotted from field ctual surveys made by me or opervision, and that the same of correct to the best of my and belief.
	3		1			Dato Surveyed	1
			! ! !			Registered Pr and/or Land S	ofessional Engineer Surveyor
						Certificate No),

NM&O Operating Company Closed-loop Plans

Closed-loop Design Plan

NM&O's closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will include an above ground tank suitable for holding the cuttings and fluids for rig operations. The tank will be sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

- 1. Fencing is not required for an above ground closed-loop system
- 2. It will be signed in compliance with 19.15.3.103 NMAC
- 3. A frac tank will be on location to store fresh water

Closed-loop Operating and Maintenance Plan

NM&O's closed-loop tank will be operated and maintained to contain liquids and solids in order to prevent contamination of fresh water sources, in order to protect public health and the environment. To ensure the operation is maintained the following steps will be followed:

- 1. The liquids will be vacuumed out and disposed of at the Basin Disposal facility (Permit # NM-QI-005). Solids in the closed-loop tank will be vacuumed out and disposed of at TNT Environmental (Permit # 8) on a periodic basis to prevent over topping.
- 2. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cuttings used or generated by rig operations will be placed or stored in the tank.
- 3. The division district office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon the discovery of the compromised tank, repairs will be enacted immediately
- 4. All of the above operations will be inspected and a log will be signed and dated. During rig operations the inspection will be daily.

Closed-loop Closure Plan

The closed-loop tank will be closed in accordance with 19.15.17.13. This will be done by transporting cuttings and all remaining sludges to TNT Environmental (Permit # 8) immediately following rig operations. All remaining liquids will be transported and disposed of in the TNT Environmental (Permit # 8). The tanks will be removed from the location as part of the rig move. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.