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

State of New Mexico Energy Minerals and Natural Resources Department

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

July 21, 2008

Form C-144 CLEZ

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.

| 1220 S. St. Francis Dr., S. | anta Fe, NM 87505 |
|-----------------------------|-------------------|
| 47108 | Closed-L |

| Closed-Loop | System | Permit o | or Closure | Plan A | pplica | tior |
|-------------|--------|----------|------------|--------|--------|------|
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(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 hability 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. Operator: XIO ENERGY INC. 382 CR 3100 AZTEC, NM 87410 UTE MIN. TRIBAL L #3 (VERBAL APPROVAL 11/02/2009 BRANDON POWELL) Facility or well name: API Number: 30-045-31602 OCD Permit Number: 32N ___ Range __ 24 Township SAN JUAN U/L or Otr/Otr N Section 14W County: _ Longitude _____**108.26333** 36.96806 NAD: **№**1927 **□**1983 Center of Proposed Design: Latitude ____ Surface Owner: Federal State Private Tribal Trust or Indian Allotment 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 poet □ P&A X Above Ground Steel Tanks or Haul-off Bins 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 Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC that the documen Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the beta 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 School 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: 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: BASIN DISPOSAL ____ Disposal Facility Permit Number: ____NM01-005 _ Disposal Facility Permit Number: ____NM01-0010B Disposal Facility Name: ___ ΙΕΙ 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? 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 1 of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC **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. Title: REGULATORY COMPLIANCE TECHNICIAN TEENA M. WHITING Name (Print): 11/02/2009 Date:

505-333-3100

Telephone: _

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|--|--|--|--|--|
| OCD Approval: Permit Application (including closure plan) | Closure Plan (only) | | | |
| OCD Representative Signature: | Approval Date: 11/24/59 | | | |
| Title: Enviro/spec | 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: | | | |
| Closure Report Regarding Waste Removal Closure For Closed-loop Syst Instructions: Please indentify the facility or facilities for where the liquids, than two facilities were utilized. Disposal Facility Name: | drilling fluids and drill cuttings were disposed. Use attachment if more | | | |
| 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) | | | | |
| 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: | | | |

XTO Verbal Approval Form

| Well Name | Well # | API#, | County/State | XTO Employee Requesting Verbal Approval |
|---|---------------------------|-------------------------------------|-----------------------------------|---|
| Ute Mtn Tribal L | 3 | 30-045-31602 | San Juan/NM | , Matthew Phillips |
| | Detailed Desc | ription of Proposed Action F | equiring Verbal Approval | |
| | XTO Energy is requ | esting a verbal approval to (| DAP in the Ute Mtn Tribal | L # 3. |
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| Name of Agency | Verbal Approval Given By | Date/Time of Verbal Approval | | COA's A COA's |
| OCD | Steve Hayden | 11/2/2009 9:25 | Send in a NOI on the correct form | |
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| Is Pit Permit C144-CLEZ Required? (NM only) | Verbal Pit Approval Given | Date/Time of Pit Verbal Approval | | COA's |
| Yes | Brandon Powell | 11/2/2009 9 39 | | Send in a hard copy of the C-144 |
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