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.

7628

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: McElvain Oil and Gas Properties OGRID #: 22044

RCVD FEB 1 '11
OIL CONS. DIV.
DIST. 3

Address: 1050 17th Street, Suite 2500, Denver, Co 80265-2080

Facility or well name: Ruby No. 1

API Number: 30-045-33266 OCD Permit Number:

U/L or Qtr/Qtr L Section 03 Township 29N Range 13W County: San Juan

Center of Proposed Design: Latitude 36 45.193N Longitude 108 11.955W 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 whic ☐ P&A

☒ Above Ground Steel Tanks or ☐ Haul-off Bins

DENIED
By Brandon Powell
Date 2/2/11 (505) 334-6178 x 15
Due to no Operator Signature as required in box #6

3.

Signs: Subsection C of 19.15.17.11 NMAC

☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency tel

☒ 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 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: Agua Moss Disposal Facility Permit Number: Pretty Lady 30-11-34 #1

Disposal Facility Name: Basin Disposal Facility Permit Number: NM01-005

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): __James M. McKinney, Jr_____ Title: _Operations Engineer_____

Signature:_____ Date: _01/25/2011_

e-mail address:__jimm@mcelvain.com_____ Telephone: _303-893-0933, X379___

7.
OCD Approval: ☐ Permit Application

DENIED

OCD Representative Signature: ____ _____ **Approval Date:** _____

Title: _____ **t Number:**_____

8.
Closure Report (required within 60 days of closure completion): Subsection K of ..../.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: __Agua Moss_____ Disposal Facility Permit Number: _Pretty Lady 30-11-34 #1_____

Disposal Facility Name: __Basin Disposal_____ Disposal Facility Permit Number: __NM01-005_____

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: _____

McElvain Oil & Gas Properties, Inc.
San Juan Basin
Closed-Loop System Maintenance and Operating Plan

In accordance with Rule 19.15.12 NMAC the following describes the below grade tank operation and maintenance plan for the McElvain Oil & Gas Properties, Inc (MOG) on the Ruby #1, Section 03 T29N R13W San Juan, Co. NM

General Plan:

The closed-loop tank 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. To attain the goal the following steps will be followed.

1. The liquids will be vacuumed out and disposed of at the Agua Moss Disposal facility. An alternative for liquids disposal will be at Basin Disposal Inc.
2. While no solids are anticipated, solids in the closed-loop tank will be vacuumed out and disposed of at IEI (Permit NM01-0010B) or at Envirotech (Permit NM01-0011) on a periodic basis to prevent over topping.
3. No hazardous waste, miscellaneous solids, water or debris will be discharged into, or stored in the tank. Only fluids or cutting used or generated by rig operations will be placed or stored in the tank.
4. The division district office will be notified within 48 hours of the discovery of comprised integrity of the closed-loop tank. Upon discovery of the compromised tank, repairs will be enacted immediately.
5. All of the above operations will be inspected and a log will be signed and dated daily during rig operations.

McElvain Oil & Gas Properties, Inc.
San Juan Basin
Closed-Loop System Closure Plan

In accordance with Rule 19.15.11 NMAC the following describes the closure requirements of the closed-loop system on the McElvain Oil & Gas Properties, Inc (MOG) Ruby #1, Section 03 T29N R13W San Juan, Co. NM

General Plan

The closed-loop tank will be closed in accordance with 19.15.17.13 NMAC. This will be done by transporting cuttings and all remaining sludge to IEI (Permit NM01-0010B) immediately following rig operations.

All remaining liquids will be transported and disposed at Agua Moss Facilities. All specifications, limitations, and rules within the New Mexico Administrative Codes regulating this transfer of liquids will be strictly adhered to. In the event that Agua Moss is unable to take the water, then Basin Disposal (Permit NM01-005) will be used.

The tanks will be removed from the location as part of the rig move. At the time of the well abandonment the site will be reclaimed and re-vegatated to pre-existing condition when possible.

McElvain Oil & Gas Properties, Inc.
San Juan Basin
Closed-Loop System Design and Construction Plan

In accordance with Rule 19.15.11NMAC the following describes the design construction of closed-loop system on McElvain Oil & Gas Properties, Inc (MOG) Ruby #1, Section 03 T29N R13W San Juan, Co. NM

General Plan:

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

1. A flow back tank for flow back of frac fluids will also be utilized.

2. The well is signed in compliance with 19.15.3.103 NMAC.