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

HOBBS OCD
SEP 21 2012
RECEIVED

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: Sandridge Exploration & Production, LLC OGRID #: 270265

Address: 123 Robert S. Kerr Ave., OKC, OK 73102-6406

Facility or well name Parcell Federal #7

API Number: 30-025- 40775 OCD Permit Number: Pi-05218

U/L or Qtr/Qtr I Section 8 Township 21S Range 38E County: Lea

Center of Proposed Design: Latitude 32.490024 N Longitude 103.077459 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

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: CRI Disposal Facility Permit Number: NM-01-0006

Disposal Facility Name: PARABO Disposal Facility Permit Number: NM-01-0003

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): Spence Laird Title: Regulatory Analyst

Signature: Spence Laird Date:

e-mail address: lmcdonald@sandridgeenergy.com Telephone: 405-429-5500

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

OCD Representative Signature: _____ **Approval Date:** 09/24/12

Title: Petroleum Engineer **OCD Permit Number:** P1-05218

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: _____

DESIGN PLAN

Above ground steel tanks will be utilized for the management of all fluids.

OPERATIONS AND MAINTENANCE PLAN

SandRidge E&P, LLC, will operate and maintain all above ground steel tanks in a prudent manner to prevent any spills. Operator will conduct daily visual tank inspection to locate any leak which might occur and potentially cause spoil or ground water contamination. NMOCD will be notified immediately of any significant volume(s) pursuant to NMOCD rule 19.15.29.

CLOSURE PLAN

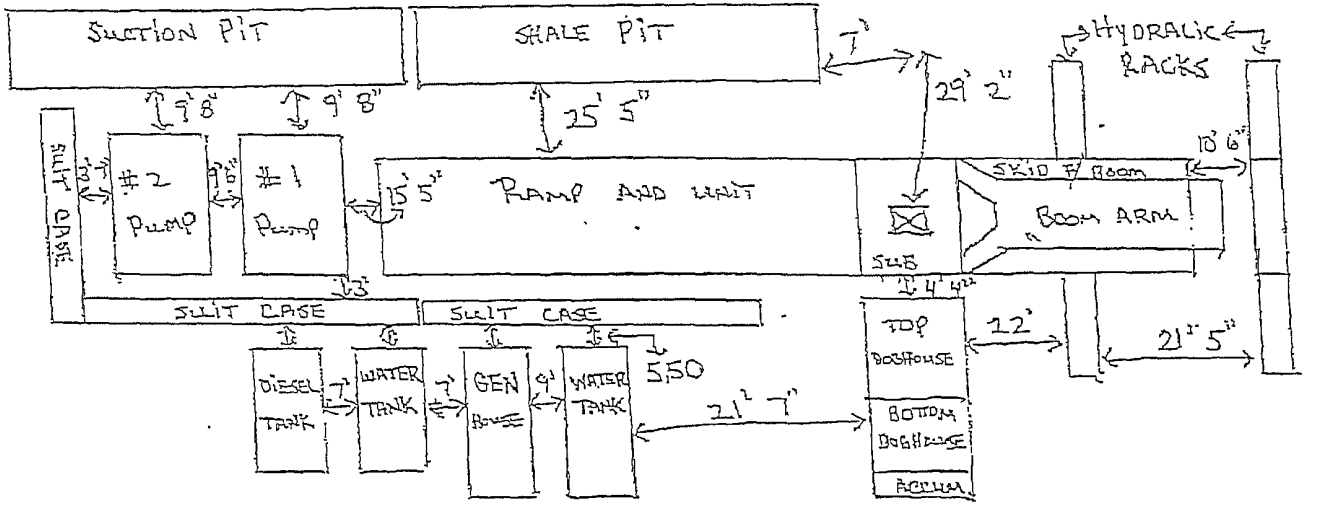
Solids and fluids will be removed from steel tanks and hauled off by trucking companies. They will be taken to the nearest approved public disposal: (See Form C-144EZ, Item 5.).

LARIAT SERVICES, INC.

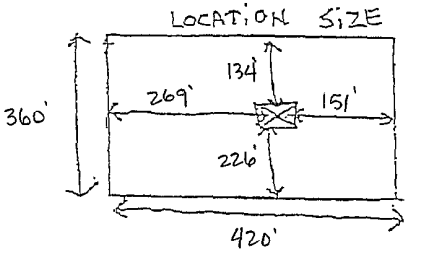
RIG #17

TYPICAL LOCATION FOOTPRINT

Reserve Pit should be added as needed



CENTER OF HOLE TO BACK OF STEEL PITS 40'
CENTER OF HOLE TO END OF ACCUMULATOR 61'
CENTER OF HOLE TO END OF UNIT RAMP 58'
CENTER OF HOLE TO BACK OF LAST PIPE RACK - 48'
CENTER OF HOLE TO END OF BOOM - 44'
CENTER OF HOLE TO END OF SKID FOR BOOM - 34'



LOCATION SIZE FOR CLOSED LOOP SYSTEM

← N

Lariat Services, Inc. – Rig #17 Inventory

APPROXIMATE AGE:
Built 2005

POWERED DRAW WORKS:
Rt 400 Single Drum Drawworks Lebus Grooved for 1 1/8" Line 42" x 10" Brakes with 424-400,000# Tension Torque Brake.

Powered by 630 HP Series 60 Detroit Engine with an Allison 6061 Transmission to 500 HP Right Angle Gear Box.

MAST & SUBSTRUCTURE:
International Derrick Service 67' 500,000 GNC Mast Mounted on a 3 Axle Carrier with Boatskid 12' Substructure with Pipe Handling Boom Arm.

POWERED PUMPS:
(1) RSF-1000 Powered by Detroit Series 2000 Diesel Engine.
(1) EMSCO DB-550 Powered by Caterpillar 3406 Diesel Engine.

TOP HEAD DRIVE AND POWER UNIT:
Top Drive system XK250-24K Powered by Detroit Series 60 / 350 HP @ 1200 RPM with Sunstrawn Hydraulic Pump. Maximum Circulating Pressure 5000 PSI with Torque Capacity of 24,000 Ft. lbs. Max. RPM 150.

CROWN AND TRAVELING CARRIER FOR TOP HEAD DRIVE:
Crown Is Designed for 8 Line String Up. Consisting of (8) 20" x 1 1/8" Sheaves. Banjo Sheaves are 1 1/8" X 250 Ton.

WELL CONTROL EQUIPMENT:
Koomey 8 Bottle 5 Station Accumulator.
5000 # Choke Manifold.
11" x 3000 # Double Shaffer B.O.P.

GENERATOR HOUSE:
10' x 48' Skid Mounted House.
(2) 380 KW Marathon Generators Powered by (2) Detroit Series 60 550 HP Diesel Engines.
Sullivan Paletek Rotary Screw Compressor.

MUD SYSTEM:
(2) 10' W x 5' H x 40' L with 10' Porch on Each End 400 BBL Each with (4) 5" x 6" Centrifugal Pumps with 50 HP, Electric motors, Linear Shale Shaker. (2) Cone Desander (12) Cone Desilter and Mud Hopper.

TOOLPUSHER'S HOUSE:
8' W x 40' L Idle Time Trailer.

TOP DOGHOUSE:
8' W x 20' L with 4' Porch.

BOTTOM DOG HOUSE:
25' L x 8' W with 5 Station Accumulator Mounted on Front.

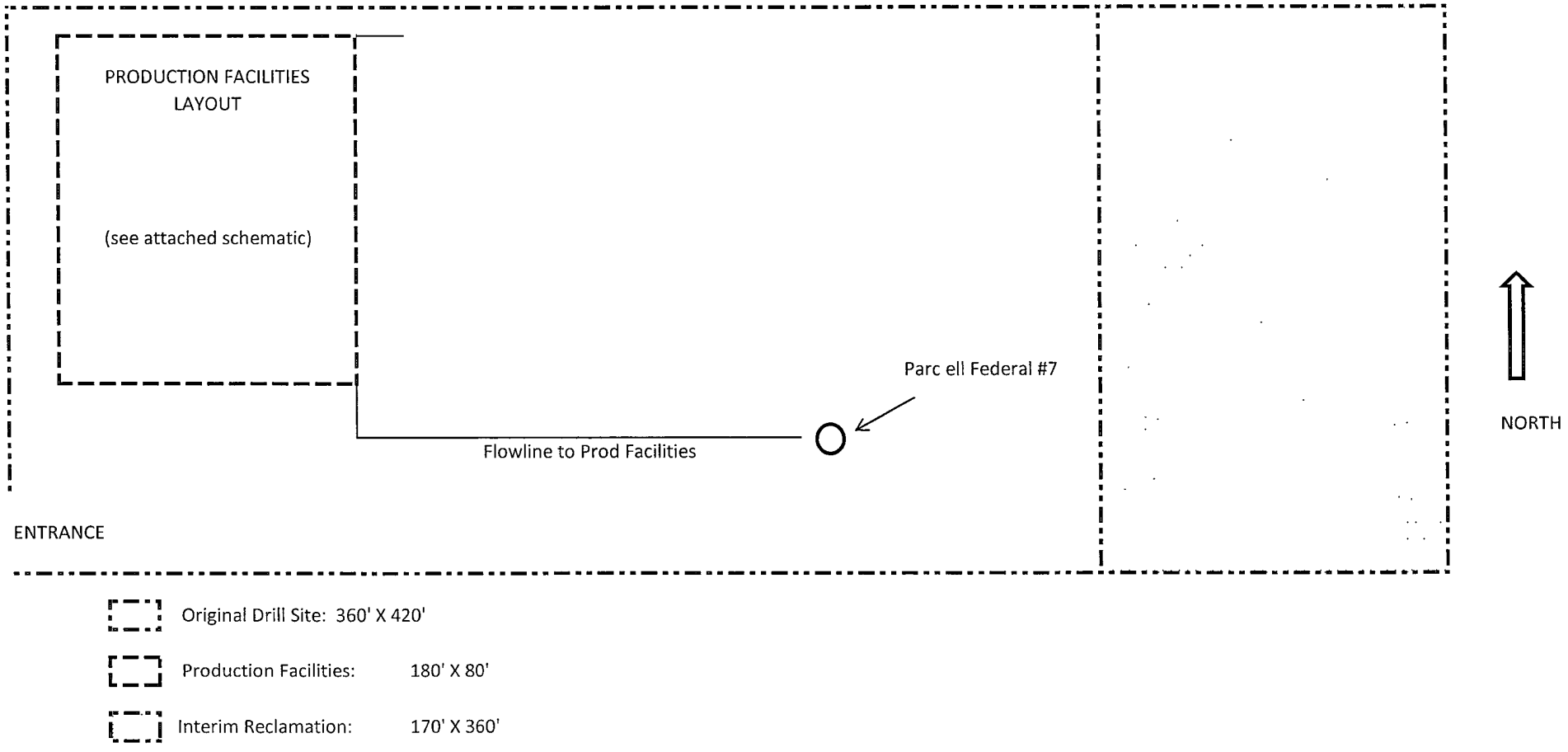
WATER TANK:
8' W x 8' H x 40' L with Lubster Mounted on One End with (2) 2" X 3" Centrifugal Pumps with 20 HP Electric Motors. Water Tank 500 BBL Cap.

HANDLING TOOLS AND AUXILLARY EQUIPMENT:
OWI 1000 Hydraulic Wireline Machine.
U.S. Oil Tools,
Air Slips,
(2) Braden Hydraulic 3/8" Line Winches.

Lariat Services, Inc. – Rig #17 Inventory

(1) 450 Gallon Day Tank on Unit.
(1) 450 Gallon Hydraulic Tank.
(3) Suitcases (1) 32' x 3' x 1" – (1) 40' x 3' x 1" - (1) 34' x 3' x 2".
(1) Diesel Tank Skid Mounted 38' L x 7' (Tank Is 6' x 6' x 14').
(1) Junk Box 5' x 8" x 20'.
(1) Auto-Drill Automatic Driller.
Type "D" Weight Indicator with E-80 Sensator.
Deadline Anchor Hercules Type HA 118T.
Crown Protection System.
(1) Pre-Mix Pit 7' W x 7' H x 28' L with 5" x 6" Mixing Pump 100 HP Electric Motor.
(1) 500 BBL Storage Tank.

SANDRIDGE ENERGY COMPANY
PARCELL FEDERAL #7 [LAT=32.490024 N, LONG=103.077459 W]
SECTION 8 - T21S - R38E, LEA COUNTY, NEW MEXICO
PRODUCTION FACILITY LAYOUT



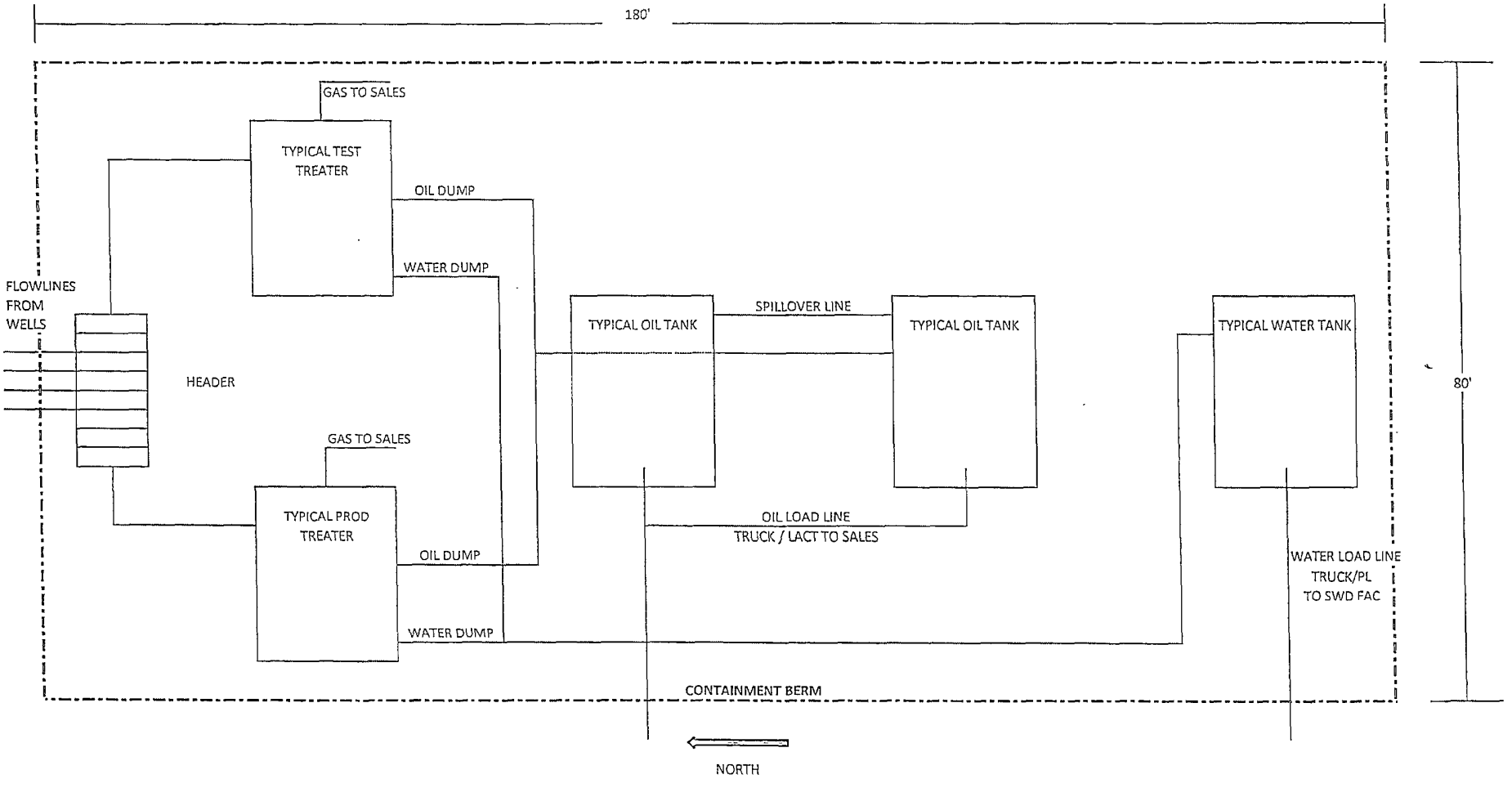
Original Drill Site: 360' X 420'

Production Facilities: 180' X 80'

Interim Reclamation: 170' X 360'

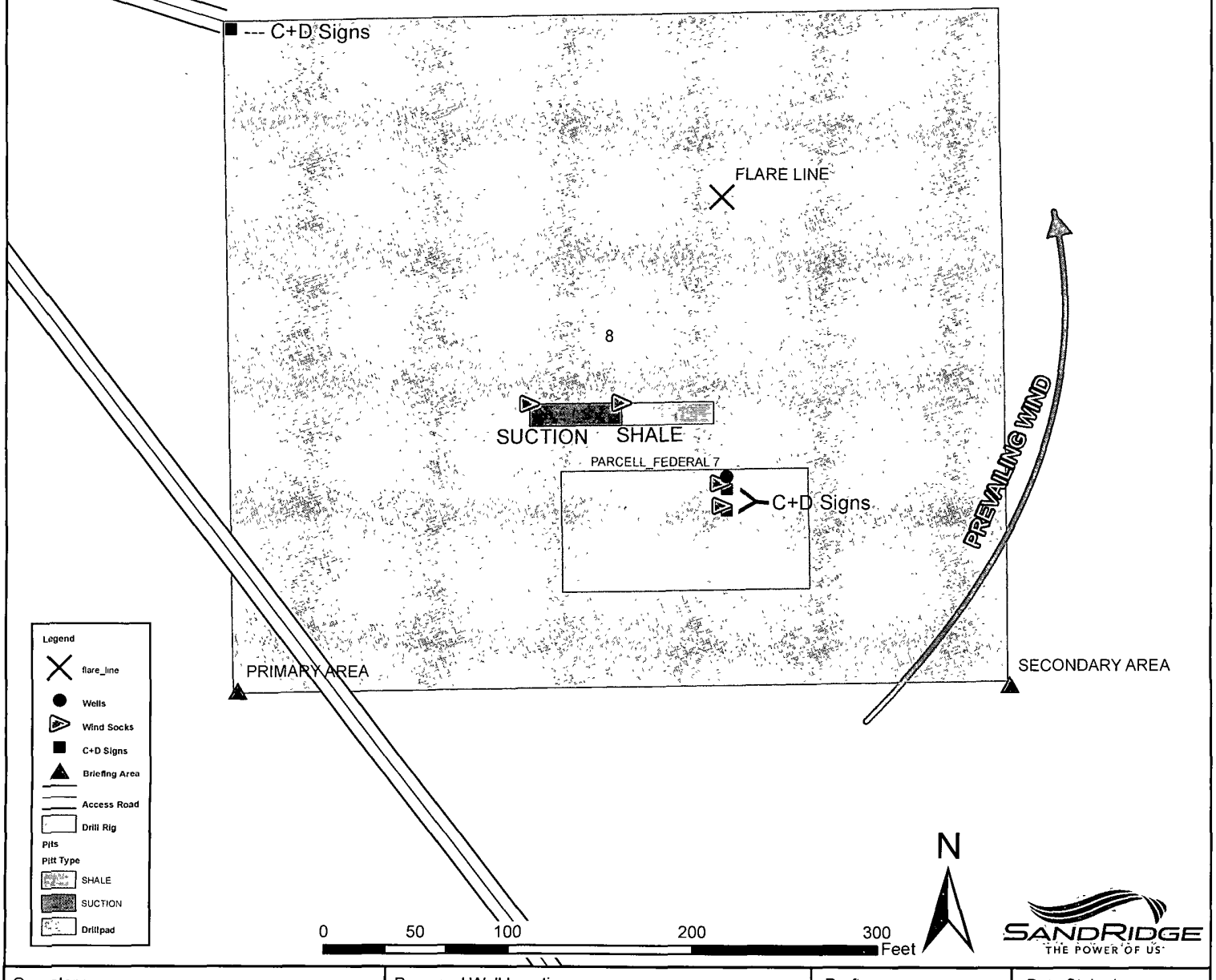
SANDRIDGE ENERGY COMPANY

TYPICAL WELL PRODUCTION TANK BATTERY



Prepared by: Terry L. Reeves

13 JUN 2011



Operator : SandRidge Energy, Inc	Proposed Well Location : 32.490024°N, -103.077459°W Sect 8, T21S ~~R34E~~ R38E	Draftsman . Sam Scovill	Date Staked
Lease Name : 901*NM000307-000		Elevation 3,563.5 feet	Date of Drawing : 8/29/12
Well Number · Parcell Federal #7 / County : Lea	Distance & Direction to Well: From the intersection of Hwy #207 and Hwy #18, go south on Hwy. #18 approx 1 3 miles Turn left and go east approx 0 3 miles. Turn left and go north approx. 0.5 miles. Turn right and go east approx. 2 7 miles Turn right and go south approx . 0.5 miles Turn right and go southwest approx. 0.4 miles. Turn left and go south approx. 0.6 miles. This location stake is approx. 318 feet east of road	Coordinate System · USA Contiguous Albers Equal Area Conic USGS Version - GCS NAD 1983	
Topography & Vegetation · Native Vegetation; Rolling Sand Hills		Drawing Name/Number . Parcell_Federal_7 mxd	
Reference Stakes or Alternate Location Stakes?			