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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 Drive, 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.

NOV 03 2008

HOBBS(11)

**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: Chesapeake Operating, Inc. OGRID #: 147179

Address: P.O. Box 18496 Oklahoma City, OK 73154-0496

Facility or well name: Kemnitz SWD #1

API Number: 30-025-21147 OCD Permit Number: PI-00615

U/L or Qtr/Qtr E Section 27 Township 16 South Range 34 East County: Lea

Center of Proposed Design: Latitude 32.894800 Longitude -103.554710 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

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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 19.15.3.103 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 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: Controlled Recovery, Incorporated Disposal Facility Permit Number: NM-01-0006

Disposal Facility Name: Sundance Disposal 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): Linda Weeks Title: Regulatory Compliance Specialist

Signature: Linda Weeks Date: 11/02/2008

e-mail address: linda.weeks@chk.com Telephone: 405-879-6854

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

OCD Representative Signature: Kary D. Hill Approval Date: NOV 04 2008

Title: OC DISTRICT SUPERVISOR/GENERAL MANAGER OCD Permit Number: P1-00615

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: 11/21/08

9. **Closure Report Regarding Waste Removal: Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**

*Instructions: Please identify 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: Amadance Disposal Disposal Facility Permit Number: NM-01-0003

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): Pat Richards Title: Production Assistant

Signature: Pat Richards Date: 1/7/09

e-mail address: pat.richards@chk.com Telephone: 575-391-1462

*Kary D. Hill*

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**Chesapeake Operating, Inc.'s Closed Loop System  
Kemnitz SWD #1  
Unit E, Sec. 27, T-16-S R-34-E  
Lea Co., NM  
API #: 30-025-21147**

**Equipment & Design:**

**Chesapeake Operating, Inc. is to use a closed loop system in the workover of this well.**

**(1) 250 bbl frac tank**

**Operations & Maintenance:**

**During each and every tour, the rig's drilling crew will inspect and monitor closely the drilling fluids contained within the steel tank and visually monitor any spill which may occur.**

**Within 48 hours should a spill, release or leak occur, the NMOCD District I office in Hobbs (575-393-6161) will be notified. Please note that notifications may be made earlier to the district office should a greater release occur.**

**This is in keeping with the reporting requirements of NMOCD's rule 116.**

**Closure:**

**After plug and abandonment operations, fluids will be hauled and disposed to the Controlled Recovery, Inc.'s (CRI) location.**

**The disposal permit number for CRI is: NM-01-0006**

**Should this facility not be available, Sundance Disposal is the alternative site.**

**The permit # for this facility is: NM-01-0003.**