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 theoperator 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: **XTO ENERGY INC** OGRID #: **5380**

Address: **200 N. LORAINE ST., STE. 800, MIDLAND TEXAS 79703**

Facility or well name: **NASH UNIT 57H**

API Number: **30-015-39303** OCD Permit Number: **211862**

U/L or Qtr/Qtr **I** Section **14** Township **23S** Range **29E** County: **EDDY**

Center of Proposed Design. Latitude **N 32.302365** Longitude **W 103.947461** NAD: ☒ 1927 ☐ 1983

Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

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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 19.15.3.103 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: **CONTROLLED RECOVERY INC** Disposal Facility Permit Number: **R9166**

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

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): CHIP AMROCK Title: SR DRILLING ENGINEER

Signature: Chip Amrock Date: NOVEMBER 5, 2010

e-mail address: chip_amrock@xtoenergy.com Telephone: 432-620-4323

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

OCD Representative Signature: [signature] **Approval Date:** 08/19/2011

Title: Dist II Supervisor **OCD Permit Number:** 211862

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: _____

XTO ENERGY

DESIGN PLAN, OPERATING & MAINTENANCE PLAN, & CLOSURE PLAN FOR OCD FOR C-144

NASH UNIT #57H

DESIGN PLAN

Fluid & cuttings coming from drilling operations will pass over the Shale Shaker with the cuttings going to the CRI haul off bin and the cleaned fluid returning to the working steel pits.

Equipment includes:

2 – 500 bbl steel tanks (fresh) & 3 – frac tanks (brine)
3 – steel working pits, 1100 bbl system
3 – 20 cu yards steel haul off bins (calc'd cutting is 381 cu yards)
2 – Pumps – PZ9 or larger
1 – Shale shaker, possibly 2
1 – Desander – desilter (if needed)
1 – Mud cleaner (if needed)
1 – Centrifuge (2 if needed)

OPERATING AND MAINTENANCE PLAN

Inspection to occur every tour for proper operation of system and individual components. If any problems are found they will be repaired and/or corrected immediately.

CLOSURE PLAN

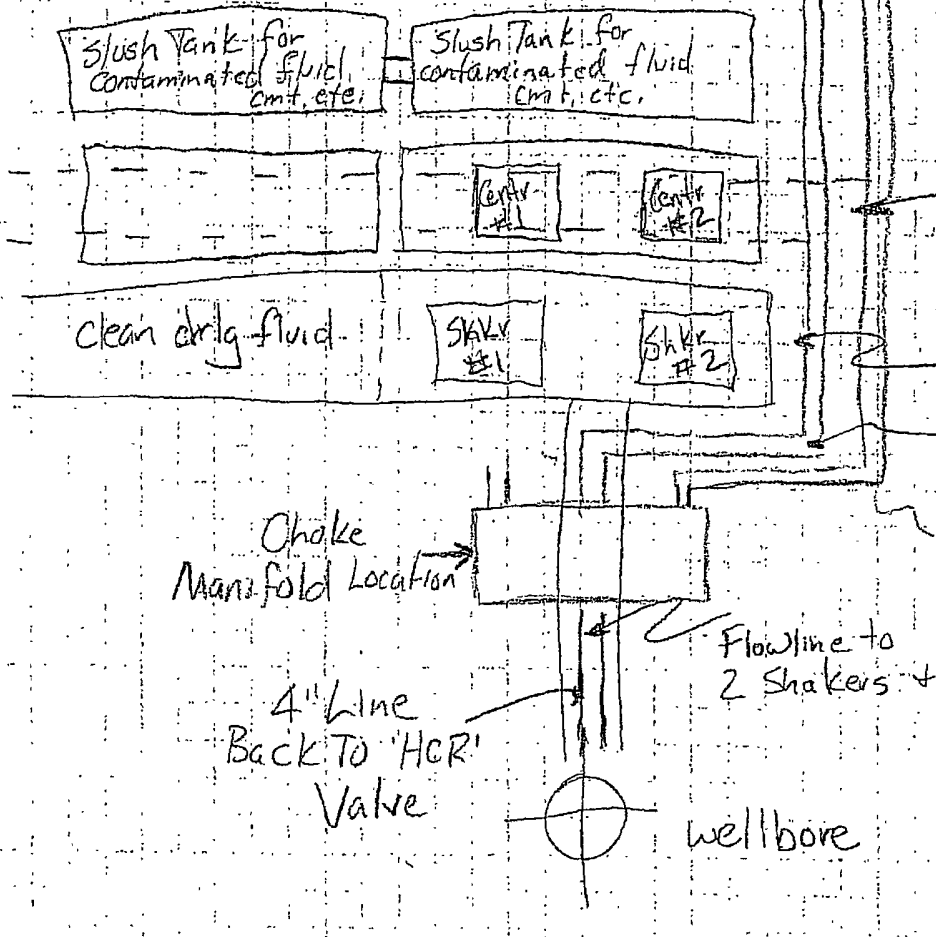
All haul bins containing cuttings will be removed from location and hauled to Controlled Recovery, Inc's (#R9166) disposal site located near mile marker 66 on Highway 62/180.

Chip Amrock
Sr. Drilling Engineer

If H_2S encountered ~50' To Flare Pit ~4" ~2"

Illustration of Closed Loop System

Nash Field Wells #56H, #57H, #58H, #50H



1) solids from 'Shakers' dump into 'haul-off tank'
2) centrifuges pick up drilling fluid from rig tank, clean it & dump solids to 'haul off tank'
3) clean drilling fluid goes to 'clean fluid' rig tank partition

haul off tanks on rail system

rig tank

4" Line To Flare Pit (buried underground)

2" Choke Line To Flare Pit (buried underground)

Flowline to 2 Shakers & Steel Pits

Illustration Shows Choke Manifold Location & Flare Lines to Pit 100' fr 'Steel Pits'