

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 NMOC 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: <u>Rubicon Oil & Gas, LLC</u> OGRID #: <u>194266</u>	
Address: <u>508 W. Wall Street, Suite 500, Midland, Texas 79701</u>	
Facility or well name: <u>Stone 30 Federal No. 1</u> NOV 26 2008	
API Number: <u>30-015-35940</u>	OCD Permit Number: <u>OCD-ARTESIA</u>
U/L or Qtr/Qtr <u>M</u> Section <u>29</u> Township <u>15S</u> Range <u>28E</u> County: <u>Eddy</u>	
Center of Proposed Design: Latitude _____ Longitude _____ NAD: X1927 <input type="checkbox"/> 1983	
Surface Owner: <input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2.	
X Closed-loop System: Subsection H of 19.15.17.11 NMAC Earthen emergency pit containing only fresh water for unexpected lost circulation in dry drilling.	
Operation: <input checked="" type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input type="checkbox"/> P&A	
X Above Ground Steel Tanks or X Haul-off Bins	
3.	
Signs: Subsection C of 19.15.17.11 NMAC	
<input type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers	
X 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.	
X Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC	
X Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC	
X 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	
X Previously Approved Design (attach copy of design)	API Number: <u>30-015-35940</u>
X Previously Approved Operating and Maintenance Plan	API Number: <u>30-015-35940</u>
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: <u>CRI</u>	Disposal Facility Permit Number: <u>R-9166</u>
Disposal Facility Name: <u>Lea Land</u>	Disposal Facility Permit Number: <u>WM-1-035</u>
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that <i>will not</i> be used for future service and operations?	
<input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No	
Required for impacted areas which will not be used for future service and operations:	
<input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC	
<input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC	
<input type="checkbox"/> Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	

FRESH WATER PIT TO BE CONSTRUCTED W/20 MI LINER

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): Hal Lee Title: Operations Manager/Agent

Signature:  Date: 24 November 2008 NOV 26 2008

e-mail address: hal@adventure-energy.com Telephone: 432-684-8006 OCD-ARTESIA

7.

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

OCD Representative Signature: Signed By  Approval Date: DEC 05 2008

Title: _____ OCD Permit Number: _____

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 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: _____ 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: _____

Power of Attorney

NOV 26 2008
OCD-ARTESIA

State: New Mexico
County: Chaves, Eddy and Lea Counties
Principal: Rubicon Oil & Gas, LLC
Rubicon Oil & Gas II, LP
Sand Ranch Pipeline
Principal's Address: 508 West Wall Avenue, Suite 500
Midland, Texas 79701
Agent/Attorney in Fact: Hal Lee
Agent/Attorney in Fact's Address: Adventure Energy Services
201 West Wall Avenue, Suite 404
Midland, Texas 79701
Date Executed: November 17, 2008
Effective Date: November 17, 2008

Principal, identified above, makes, constitutes and appoints Agent, identified above, Principal's true and lawful Agent and Attorney in Fact for Principal and in Principal's name, place and stead, for the purposes of transacting any business on behalf of Principal.

Principal gives and grants Agent full and complete power and authority to do and perform all acts and things required or necessary to be done in transacting Principal's business, as fully to all intents and purposes as if Principal might or could do if personally present and acting on Principal's own behalf.

Principal ratifies and affirms all that the Agent may lawfully do or cause to be done by virtue of the Power of Attorney.

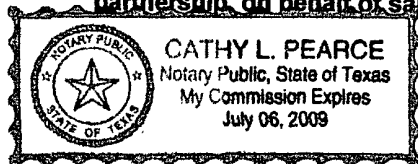
Principal


Rubicon Oil & Gas II, LP
By: Rubicon Oil & Gas, LLC, General Partner


W. Brett Smith, President

State of Texas }
 }
County of Midland }

This instrument was acknowledged before me this 17th day of November, 2008, by W. Brett Smith, President of Rubicon Oil & Gas, LLC, General Partner of Rubicon Oil & Gas II, LP, a Texas limited partnership, on behalf of said partnership.



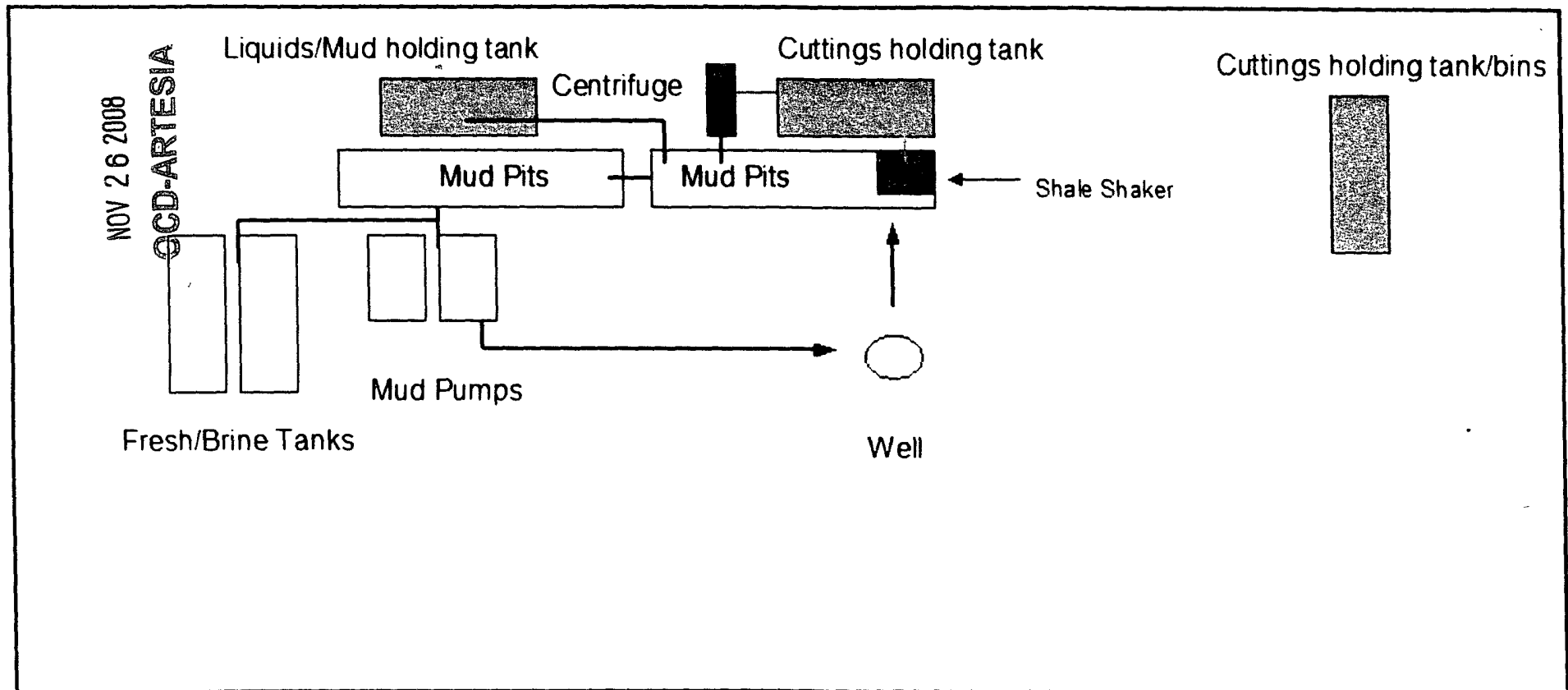

Notary of Public, State of Texas

Rubicon Oil & Gas, LLC

STONE 30 FEDERAL #1

29-15-28 Eddy County, NM

Closed Loop System – Design and Construction Equipment Layout



Operating and Maintenance Plan

2. All liquids and solids contained in closed loop system
3. All equipment will be monitored continuously by Solids control personnel while drilling
4. All solids and contaminated fluid hauled to an approved facility as required.

Mr. Hal Lee
Operations Manager/Agent
Rubicon Oil & Gas, LLC
508 W. Wall Street
Suite 500
Midland, Texas 79701

NOV 26 2008
OCD-ARTESIA

24 November 2008

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Stone 30 Federal No. 1 Closed Loop Permit C-144
API No.: 30-015-35940 (U/L M S29 T15S R28E)

Dear Mr. Bratcher:

Rubicon Oil & Gas, LLC (Rubicon) herewith submits to the New Mexico Oil Conservation Division (NMOCD) permit and closure data for the Stone 30 Federal No. 1 location as cited above. Rubicon intends to drill this well utilizing a closed loop system.

However, Rubicon will require the storage of fresh water for emergency situations, which may arise while drilling surface and intermediate sections of the well to allow for unexpected lost circulation in dry drilling. An earthen surficial pit shall be constructed (100'w x 50'l x 6'd) for this purpose, (1) filled only with fresh water and (2) lined with 12²⁹ ml HDPE liner to ensure against loss of the purchased fresh water. Should the fresh water not be needed during drilling activities, it shall be used for other applications (i.e. wildlife, cattle or vegetation) and/or removed from the site. Rubicon feels this safety margin is mandatory to implement its closed loop drilling activities.

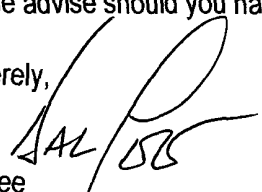
At cessation of the closed loop drilling operations and predicated on the above presented drilling scenario, Rubicon shall remove the 12ml HDPE liner from the water storage holding area, recontour it to match the surrounding terrain and reseed the area per Bureau of Land Management (BLM) regulations.

Therefore, all closure protocols and procedures shall be and were based upon the requirements of NMAC 19.15.17.13. Sampling shall proceed when and where necessary to prove compliance with NMAC Sub. F 19.15.17.13 and reported to the NMOCD for acceptable closure. Analyticals shall be legally obtained and documented by Trace Analytical Labs prior to closure and submitted with the final report. There is sufficient native soil on location, which was removed from excavated areas for replacement and available to be returned to meet original topographic contours. At a minimum, no less than three (3') feet of clean fill material and one (1') foot of topsoil will be utilized as backfill when and where necessary. Since no drilling pit was used in this operation, no shortage

of soil is anticipated for any necessary recontouring. Re-vegetation shall be based upon the applicable requirements of NMAC Sub. I 19.15.17.13 which shall be dependent upon site reclamation pursuant to applicable requirements of NMAC Sub. G 19.15.17.13.

Please advise should you have questions by phoning (432-684-8006).

Sincerely,


Hal Lee
Operations Manager/Agent

Enclosure: Permit C-144

NOV 26 2004
OCD-ARTESIA