

7.

OCD Approval: ☐ Permit Application (including closure plan) ☒ Closure Plan (only)OCD Representative Signature: Jonathan D. Kelly Approval Date: 6/03/2011Title: Compliance Officer 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: 5-23-11

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: Carson Unit WDW 242 Disposal Facility Permit Number: SWD-933Disposal Facility Name: Envirotech Landfarm Disposal Facility Permit Number: NM-0-0011Will 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:*

- ☐ 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): Sharla Bemrose Title: Administrative SpecialistSignature: Sharla Bemrose Date: 5-24-11e-mail address: sbermrose@elmridge.net Telephone: 505-486-4660

Elm Ridge Exploration Co LLC
Closed Loop System Proposal
Badlands Federal # 3
API: 30-045-26109
Workover
Closure

Closed Loop Design Plan:

Elm Ridge Exploration Co LLC proposes to use a closed loop system to contain well bore fluid generated during the workover procedure on the above referenced well. The system will not entail a drying pad, temporary pit, below grade tank or sump. The system will consist of an above ground tank with adequate volume to hold all fluid generated during the workover operation.

1. Fencing is not required for an above ground closed-loop system.
2. Signage in compliance with 19.15.3.103 NMAC will be present
3. Water will be contained in either a water truck or a 200 bbl flat tank.

Closed-Loop Operating and Maintenance Plan:

The above referenced closed-loop system will be operated and maintained to contain liquids and solids in order to prevent contamination of any fresh water sources and to protect the environment. To ensure the operation is maintained the following steps will be followed:

1. The fluids will be vacuumed out and disposed of at the Elm Ridge Exploration water disposal facility Carson Unit WDW 242 (Permit #: SWD-933) Location: 719' FNL X 1802' FWL "C" – Sec.24-T25N-R12W. Solids that appear in the system will be vacuumed out and disposed of at the Envirotech Land Farm (Permit: NM-01-0011) Location: Sec.6-T29N-R12W.
2. No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cuttings used or generated by operations associated with this procedure will be placed or store in the tank.
3. The division district office will be notified 48 hours of the discover of compromised integrity of the closed-loop tank. Upon discovery of the compromised tank, repairs will begin immediately.
4. All the above operations will be inspected daily and a report will be sent via email to the main office by the supervisor on location.

Closed-Loop Closure Plan:

The closed-loop tank will be closed in accordance with 19.15.17.13 this will be done by transporting cuttings and all remaining material to the Envirotech Landfarm (Permit NM-01-0011) Location: Sec.6-T29N-R12W. All remaining liquids will be transported and disposed of at the Elm Ridge Exploration CO LLC Carson Unit WDW 242 (Permit#: SWD-933) Located: : 719' FNL X 1802' FWL "C" – Sec.24-T25N-R12W.