District L., 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

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office.

For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD District Office.

4	4	2	6
-0	, 1	9-	

Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application

O TOPONOS TIMOS TO STORE TO THE TOPONOS TO THE TOPO
Type of action: X Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method Modification to an existing permit Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method
Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request
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
Operator: Energen Resources Corporation OGRID#. 162928
Address. 2010 Afton Place, Farmington, NM 87401
Facility or well name. Northwest #4N
API Number: 30-039-31038 OCD Permit Number:
U/L or Qtr/QtrG Section 08 Township 26N Range 04W County: Rio Arriba
Center of Proposed Design Latitude 36.50200 N Longitude 107.27123 W NAD: ☐1927 🗓 1983
Surface Owner Federal State Private Tribal Trust or Indian Allotment
Pit. Subsection F or G of 19.15.17.11 NMAC Temporary. Drilling Workover Permanent Emergency Cavitation P&A Lined Unlined Liner type: Thicknessmil LLDPE HDPE PVC Other String-Reinforced Liner Seams. Welded Factory OtherVolume:bbl Dimensions L x Wx D Closed-loop System: Subsection H of 19 15.17.11 NMAC Type of Operation: P&A X Drilling a new well X Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent)
☐ Drying Pad ☐ Above Ground Steel Tanks ☐ Haul-off Bins ☐ Other
X Lined ☐ Unlined Liner type. Thickness
Liner Seams Welded Factory Other
Below-grade tank: Subsection I of 19 15 17.11 NMAC Volume bbl Type of fluid Tank Construction material: Secondary containment with leak detection Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off Visible sidewalls and liner Visible sidewalls only Other
Below-grade tank: Subsection I of 19 15 17.11 NMAC
Volume bbl Type of fluid
Tank Construction material:
Secondary containment with leak detection
☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other
Liner type: Thicknessmil
5
Alternative Method:
Submittal of an exception request is required Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Fencing: Subsection D of 19.15 17.11 NMAC (Applies to permanent pits, temporary pits, and below-grade tanks) Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school	ol, hospital,		
institution or church)			
Four foot height, four strands of barbed wire evenly spaced between one and four feet Alternate Please specify			
7			
Netting: Subsection E of 19 15 17.11 NMAC (Applies to permanent pits and permanent open top tanks)			
Screen Netting Other			
Monthly inspections (If netting or screening is not physically feasible)			
Signs: Subsection C of 19 15.17 11 NMAC			
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			
Administrative Approvals and Exceptions: Justifications and/or demonstrations of equivalency are required. Please refer to 19.15 17 NMAC for guidance. Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Busties.	reau office for		
consideration of approval. Exception(s) Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval			
10			
Siting Criteria (regarding permitting) 19 15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.			
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank - NM Office of the State Engineer - iWATERS database search, USGS; Data obtained from nearby wells	☐ Yes ☐ No		
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark). Topographic map, Visual inspection (certification) of the proposed site	☐ Yes ☐No		
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to temporary, emergency, or cavitation pits and below-grade tanks) - Visual inspection (certification) of the proposed site, Aerial photo, Satellite image	Ycs No		
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application. (Applies to permanent pits) Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No		
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	Yes No		
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended. - Written confirmation or verification from the municipality, Written approval obtained from the municipality	☐ Yes ☐ No		
Within 500 feet of a wetland - US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	. Yes No		
Within the area overlying a subsurface mine. - Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	☐ Yes ☐No		
Within an unstable area. - Engineering measures incorporated into the design, NM Bureau of Geology & Mineral Resources; USGS, NM Geological Society; Topographic map	☐ Yes ☐ No		
Within a 100-year floodplain FEMA map	☐ Yes ☐ No		

Temporary Pits, Emergency Pits, and Below-grade Tanks 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.
Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19 15.17.9 NMAC Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19 15 17 9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC 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 Boxes 14 through 18, if applicable) - 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: or Permit Number:
12 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.
Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17 9 Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC 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 Boxes 14 through 18, if applicable) - 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: (Applies only to closed-loop system that use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)
Permanent Pits Permit Application 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. Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15 17 10 NMAC Cilmatological Factors Assessment Certified Engineering Design Plans - based upon the appropriate requirements of 19.15 17.11 NMAC Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17 11 NMAC Leak Detection Design - based upon the appropriate requirements of 19.15.17 11 NMAC Quality Control/Quality Assurance Construction and Installation Plan the appropriate requirements of 19.15.17 11 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19.15 17.12 NMAC Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17 11 NMAC Nuisance or Hazardous Odors, including H2S, Prevention Plan Emergency Response Plan Oil Field Waste Stream Characterization Monitoring and Inspection Plan Erosion Control Plan Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
Proposed Closure 19 15 17 13 NMAC Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan. Type: X Drilling X Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank X Closed-loop System Alternative Proposed Closure Method Waste Excavation and Removal Waste Removal (Closed-loop systems only) On-site Closure Method (Only for temporary pits and closed-loop systems) In-place Burial On-site Trench Burial Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the
closure plan. Please indicate, by a check mark in the box, that the documents are attached. Protocols and Procedures - based upon the appropriate requirements of 19 15 17 13 NMAC
Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)
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

16			
Instructions. Please indent	tify the facility or facilities for the c	tilize Above Ground Steel Tanks or Haul-off Bins Only (19 15 17 13.1 disposal of liquids, drilling fluids and drill cuttings. Use attachment if modern and the control of t	O NMAC) re than two
. Disposal Facility Name	*51	Disposal Facility Permit Number: NM-01-0011	
Disposal Facility Name:_		Disposal Facility Permit Number: NM-01-0010B	
operations?	osed-loop system operations and a provide the information below)	associated activities occur on or in areas that will not be used for future ser No	vice and
Soil Backfill and C	- based upon the appropriate requi	eservice and operations ed upon the appropriate requirements of Subsection H of 19.15.17 13 NM. irements of Subsection I of 19.15.17.13 NMAC equirements of Subsection G of 19 15 17 13 NMAC	AC
Instructions: Each siting of provided below. Requests be considered an exception	regarding changes to certain siting which must be submitted to the S	9 15.17 10 NMAC of compliance in the closure plan. Recommendations of acceptable sou ng criteria may require administrative approval from the appropriate dist Santa Fe Environmental Bureau office for consideration of approval. J refer to 19.15.17.10 NMAC for guidance.	trict office or may
1	0 feet below the bottom of the bur State Engineer - iWATERS databa	ied waste ase search; USGS; Data obtained from nearby wells	Yes No
	0 and 100 feet below the bottom of State Engineer - (WATERS databate	f the buried waste ase search; USGS; Data obtained from nearby wells	☐ Yes ☐ No ☐ NA
	100 feet below the bottom of the b State Engineer - iWATERS databa	ouried waste. ase search, USGS, Data obtained from nearby wells	Yes No
lake (measured from the ore		0 feet of any other significant watercourse or lakebed, sinkhole, or playa of the proposed site	☐ Yes ☐ No
	nanent residence, school, hospital, (certification) of the proposed site	institution, or church in existence at the time of initial application. Aerial photo, Satellite image	☐ Yes ☐ No
watering purposes, or within	n 1000 horizontal feet of any other	well or spring that less than five households use for domestic or stock r fresh water well or spring, in existence at the time of initial application. ase, Visual inspection (certification) of the proposed site	Yes No
adopted pursuant to NMSA	1978, Section 3-27-3, as amended	d municipal fresh water well field covered under a municipal ordinance d. ipality, Written approval obtained from the municipality	☐ Yes ☐ No
Within 500 feet of a wetland - US Fish and Wildl		opographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No
Within the area overlying a - Written confirmati		NM EMNRD-Mining and Mineral Division	☐ Yes ☐ No
Within an unstable area Engineering measu Society; Topograph		NM Bureau of Geology & Mineral Resources, USGS; NM Geological	☐ Yes ☐No
Within a 100-year floodplan	n		☐ Yes ☐No
On-Site Closure Plan Cheby a check mark in the box,	cklist: (19.15.17.13 NMAC) Institute the documents are attached.	structions: Each of the following items must be attached to the closure pla	ın. Please ındıcate
Proof of Surface Owner Construction/Design Pla Construction/Design Pla Protocols and Procedure Confirmation Sampling Waste Material Samplin Disposal Facility Name Soil Cover Design - bas Re-vegetation Plan - bas	Notice - based upon the appropria an of Burial Trench (if applicable an of Temporary Pit (for in-place these - based upon the appropriate received Plan (if applicable) - based upon the appropria and Permit Number (for liquids, concedupon the appropriate requirements and upon the appropriate requirements	the appropriate requirements of 19.15.17.10 NMAC ate requirements of Subsection F of 19.15.17.13 NMAC) based upon the appropriate requirements of 19.15.17.11 NMAC burial of a drying pad) - based upon the appropriate requirements of 19.15 quirements of 19.15.17.13 NMAC the appropriate requirements of Subsection F of 19.15.17.13 NMAC drilling fluids and drill cuttings or in case on-site closure standards cannot ents of Subsection I of 19.15.17.13 NMAC tents of Subsection I of 19.15.17.13 NMAC tents of Subsection I of 19.15.17.13 NMAC tents of Subsection G of 19.15.17.13 NMAC	,

Operator Application Certification: - I hereby certify that the information submitted with this application is true, accurate a	and complete to th	e best of my knowledge and belief.	
Name (Print)· Andrew Soto	(Print) Andrew Soto Title. Drilling Engineer		
Signature:	Date:	3/7/11	
e-mail address: asoto@energen.com	Telephone: _	505-325-6800	
OCD Approval: Permit Application (including closure plan) Closure		OCD Conditions (see attachment)	
1	Approval Da	ate: 6/09/2011	
Title: Compliance Officer och) Permit Number	:	
Closure Report (required within 60 days of closure completion). Subsection K of Instructions: Operators are required to obtain an approved closure plan prior to in report. The closure report is required to be submitted to the division within 60 days complete this section of the form until an approved closure plan has been obtained	nplementing any c s of the completion	closure activities and submitting the closure n of the closure activities. Please do not	
	Closure Comp	letion Date:	
Closure Method. Waste Excavation and Removal On-Site Closure Method Alternative Closure If different from approved plan, please explain.	losure Method	Waste Removal (Closed-loop systems only)	
Closure Report Regarding Waste Removal Closure For Closed-loop Systems Th. Instructions: Please indentify the facility or facilities for where the liquids, drilling than two facilities were utilized. Disposal Facility Name:	fluids and drill c	uttings were disposed. Use attachment if more	
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			
24			
Closure Report Attachment Checklist Instructions Each of the following items in mark in the box, that the documents are attached Proof of Closure Notice (surface owner and division) Proof of Deed Notice (required for on-site closure) Plot Plan (for on-site closures and temporary pits) Confirmation Sampling Analytical Results (if applicable) Waste Material Sampling Analytical Results (required for on-site closure) Disposal Facility Name and Permit Number Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique Site Reclamation (Photo Documentation) On-site Closure Location: Latitude Longitude		the closure report. Please indicate, by a check NAD: 1927 1983	
25			
Operator Closure Certification I hereby certify that the information and attachments submitted with this closure republished. I also certify that the closure complies with all applicable closure requirement			
Name (Print):			
Signature.	Date:	_	
e-mail address:	Telephone:	•	



CLOSED-LOOP SYSTEM

Design Plan

The closed loop system will include a drying pad and sump to facilitate the collection of liquids derived from drill cuttings and an above ground steel holding tank suitable for generated cuttings and fluids during rig operations. The tank will be of sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

- 1) Fencing is not required for an above ground closed-loop system.
- 2) The drying pad will be constructed by 6 inches of clay dirt over a 20-mil string-reinforced LLDPE liner to prevent infiltration of any draining liquid.
- 3) Run-off will be prevented from lined ditches on the perimeter of the drying pad.
- 4) Berms will also be constructed on the outside perimeter to prevent run-on of water or fluids.
- 5) It will be signed in compliance with 19.15.3.103 NMAC.

Operating and Maintenance Plan

A modified steel tank will be operated and maintained; to contain liquids and drill cuttings, to aid in the prevention of contamination of fresh water sources, in order to protect public health and the environment. To attain this goal the following steps will be followed:

- 1) The liquids in the closed-loop tank will be re-circulated through the mud system or vacuumed and disposed of at Envirotech (Permit Number NM-01-0011) or IEI/JFJ Landfarm (#NM-01-0010B) on a periodic basis to prevent over topping.
- 2) As drill solids are generated, a front-end loader removes the waste and will begin stacking it on a drying pad.
- 3) Small amounts of dirt or lime my added to aid in drying.
- 4) 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 rig operations-will be placed or stored in the tank.
- 5) The division district office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon the discovery of the compromised tank, repairs will be enacted immediately.
- 6) All of the above operations will be inspected and a log will be signed and dated. During rig operations the inspection will be daily.

Closure Plan

The closed loop holding tank will be closed in accordance with 19.15.17.13. To accomplish this, all cuttings on the drying pad and any remaining fluids in the holding tank will be hauled to **Envirotech** (Permit # NM-01-0011) or **IEI/JFL Landfarm** (# NM-01-0010B) immediately following rig operations. The tanks will be removed from location as part of the rig move, and stacked cuttings to a commercial disposal site mentioned above. The APD Conditions of Approval will be followed for cite reclamation.

Completion Plan

A closed-loop tank will be set on location once drilling operations have ceased. The closed-loop tank will measure 20 ft height by 12 ft diameter (400 BBL) or 20 ft height by 10 ft 6 in diameter (300 BLL). It will be designed, operated, maintained and closed according to the attached Closed-loop Design Plan, Closed-loop Operating and Maintenance Plan, and Closed-loop Closure Plan.

CLOSED LOOP SYSTEM SCHEMATIC

Hole	Depth	Length	Volume
(in)	(ft)	(ft)	(ft ³)
12 1/4	250	250	205
8 3/4	4100	3850	1608
6 1/4	8350	4250	905

Estimated Gauge Hole Volume 2718

Length	Width	Height	Volume
(ft)	(ft)	(ft)	(ft ³)
135	60	3	24300

Waste Vol. Estimate for one cuttings pile

