

District I
1625 N French Dr, Hobbs, NM 88240
District II
811 S First St, 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
Revised August 1, 2011

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 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: HUNTINGTON ENERGY, L L C. OGRID #: 208706
Address 908 N W 71ST ST, OKLAHOMA CITY, OK 73116
Facility or well name CANYON LARGO UNIT #506
API Number 30-039-31098 OCD Permit Number: _____
U/L or Qtr/Qtr NWNW Section 33 Township 25N Range 6W County. Rio Arriba
Center of Proposed Design Latitude 36 39082 N Longitude -107.53529 W 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

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 16 8 NMAC

RCVD MAR 28 '12
OIL CONS. DIV.
DIST. 3

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 IEI Disposal Facility Permit Number. 010010B
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) Catherine Smith Title: Regulatory
Signature: Catherine Smith Date: 3/27/2012
e-mail address csmith@huntingtonenergy.com Telephone 405-840-9876

7

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

OCD Representative Signature: _____

Approval Date: _____

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: _____

**CANYON LARGO UNIT
CLOSED PIT
C-144 CLEZ ATTACHMENT**

Closed Loop Design Plan

The Closed Loop System will take discharged fluid coming from the sand trap of the drilling rig's flow line shaker and over flow into the first pit of the rig. A 5'x 6' pump will feed the mud cleaner where it will dewater drill solids and discharge fluid into 2nd rig pit. Cuttings from both the flow line shaker and mud cleaner will discard into cutting tank "A". A centrifuge pump will pullout of the 2nd rig pit where the fluid will be pumped through a dewatering house continuing through the centrifuge which will return clean fluid into the 3rd rig pit. The drill solids from all equipment will be discarded into Cutting Tank "A" and will be mixed with a solidification material that will make the discard dry enough to haul to disposal facility. The 2nd Cutting Tank "B" will be used for storage as well as drilled to keep with rate of drilling speed and disposal haul off. (See attached diagram.)

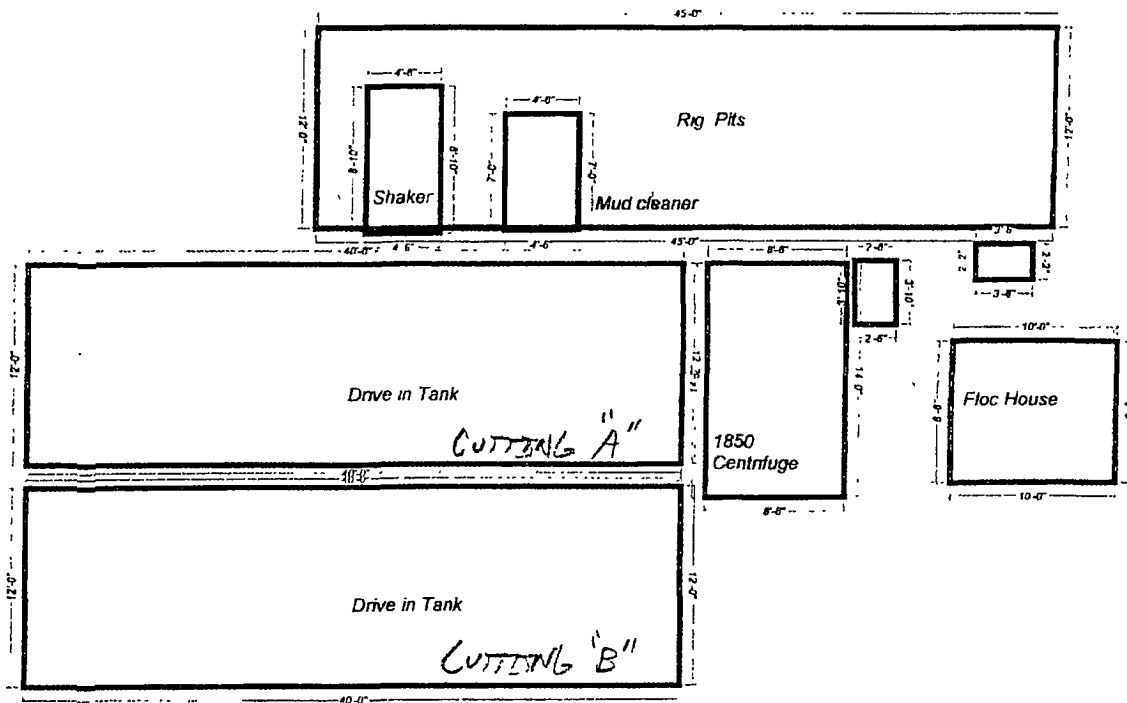
Closed-Loop Operating and Maintenance Plan

1. Equipment should run conventional continually with dewatering as needed to maintain 5% or less LGS.
2. Liquids will be vacuumed out and disposed of at IEI (#NM-010010B) Solids in the closed-loop tank will be vacuumed out and disposed of at IEI (Permit # 010010B) on a scheduled basis to prevent over topping.
3. Closed Loop equipment will be inspected daily, by each tour and any necessary maintenance performed. The Division District Office will be notified within 48 hrs of any leak at the closed loop tank. Repairs will occur immediately.
4. Once drilling rig is released, all fluids will be disposed in IEI. After completion rig is released, all fluids will be sent to the disposal as well.

Closed-Loop Closure Plan

The closed loop tank will be moved as part of the rig move and removed from location. Cutting Tanks "A" and "B" will be closed in accordance with 19.15.17.13. All cuttings and remaining sludge will be transported to Industrial Eco Systems, Inc. (Permit # 010010B). All remaining fluids will be hauled and disposed to IEI. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions as provided by 19.15.17.B NMAC.

CLOSED LOOP SYSTEM DESIGN "DIAGRAM"



**CANYON LARGO UNIT
CLOSED PIT
C-144 CLEZ ATTACHMENT**

Soil Backfill and Cover Design

- 1) The soil cover shall consist of the background thickness of topsoil or one foot of suitable material to establish growth at the site, whichever is greater.
- 2) Huntington will build the soil cover to the site's existing grade and prevent ponding of water and erosion.

Re-Vegetation Plan

The first growing season after the closed loop pit closure, Huntington will seed the disturbed area. The vegetative cover will be the approved mixture meeting the Bureau of Land Management and/or New Mexico Oil Conservation requirements (70% of native perennial vegetative cover –three native plant species and at least one grass). The cover will be maintained through two successive growing seasons. Until the required vegetative cover is established, Huntington will repeat the seeding. The division will be notified when seeding takes place and when re-vegetation occurs.

Site Reclamation Plan

Huntington Energy will reclaim the location and all areas associated with the closed-loop system to a safe and stable condition that blends with the surrounding undisturbed area. The area will be restored to the condition that existed prior to any construction by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, re-contour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate according to Subsection I of 19.15.17.13 NMAC.