

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 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: San Juan Resources, Inc. OGRID #: 20208 **RCVD AUG 29 '08**  
Address: 1499 Blake Street 10C, Denver, CO 80202 **OIL CONS. DIV.**  
Facility or well name: Monarch Crest 24-1 **DIST. 3**  
API Number: 30-045-34770 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr C Section 24 Township 30N Range 12W County: San Juan  
Center of Proposed Design: Latitude 36.80260 N Longitude 108.05425 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 19.15.3.103 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 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: Envirotech Disposal Facility Permit Number: NM-01-0011  
Disposal Facility Name: Aqua Moss Pretty Lady Disposal Facility Permit Number: API # 30-045-30922  
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): Dean C. Collins Title: Agent  
Signature: Dean C. Collins Date: 8/21/2008  
e-mail address: collinsd@zianet.com Telephone: 505-325-3514 Cell: 505-320-6425

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

OCD Representative Signature: Bob Pull Approval Date: 9-25-08

Title: Enviro/spec 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: \_\_\_\_\_

**San Juan Resources plans to use a separate rig to drill, set and cement the surface casing, if available. The following applies to both rigs and closed-loop systems.**

**Additional Disposal Facilities:**

Basin Disposal	Permit Number: NM-01-0005
Industrial Ecosystems, Inc	Permit Number: NM-01-0010B

**Closed-loop Design Plan:**

Our closed-loop system will not use a drying pad, temporary pit below grade tank or sump. It will use an above ground tank suitable for holding the cuttings and fluids from 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) It will be signed in compliance with 19.15.3.103 NMAC.
- 3) A frac tank will be on location for fresh water as needed.

**Closed-loop Operating and Maintenance Plan:**

The closed-loop tank will be operated and maintained to contain liquids and solids, 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 will be vacuumed out disposed of at the Aqua Moss Pretty Lady #1 facility (Disposal API Number 30-045-30922) and/or Basin Disposal (Permit Number NM-01-0005). Solids will be vacuumed out and disposed of Envirotech (Permit Number NM-01-0011) and/or Industrial Ecosystems (Permit Number NM-01-0010B) on a periodic basis to prevent over topping.
- 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 rig operations will be placed or stored in the tank.
- 3) 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.
- 4) All of above operations will be inspected and a log will be signed and dated. During rig operations the inspections will be daily.

**Closed-loop Closure Plan:**

The closed-loop tank will be closed in accordance with 19.15.17.13 NMAC. This will be done by transporting cuttings and all remaining sludges to Envirotech (Permit Number NM-01-0011 and/or Industrial Ecosystems (Permit Number NM-01-0010B) immediately following rig operations. All remaining liquids will be transported and disposed of in the Aqua Moss Pretty Lady #1 facility (Disposal API number 30-045-30922) and/or Basin Disposal (Permit Number NM-01-0005). The tanks will be removed from the location as part of the rig move. At time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.

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State of New Mexico  
Energy, Minerals & Natural Resources Department

Form C-102  
Revised October 12, 2005

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34770	*Pool Code 72319/71599	*Pool Name Blanco Mesa Verde / Basin Dakota
*Property Code 37316	*Property Name MONARCH CREST	*Well Number 24 #1
*DCRD No. 20208	*Operator Name SAN JUAN RESOURCES	*Elevation 5517'

<sup>10</sup> Surface Location

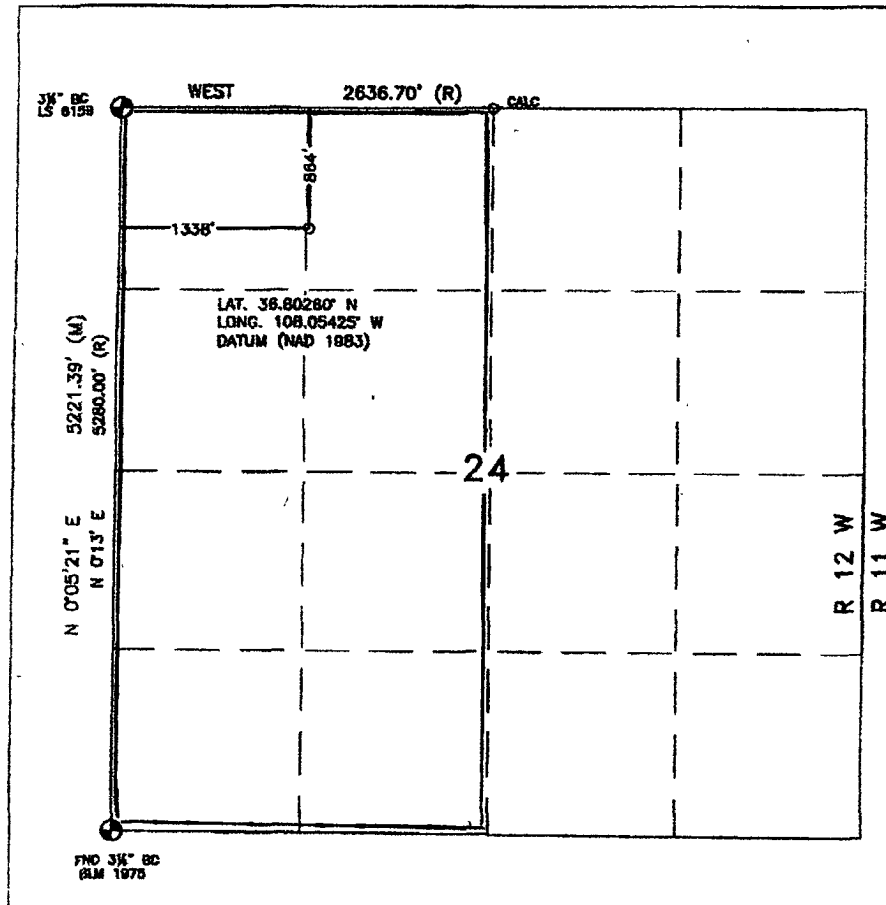
UL or lot no.	Section	Township	Range	Lot km	Feet from the	North/South line	Feet from the	East/West line	County
C	24	30N	12W		864'	NORTH	1338'	WEST	SAN JUAN

<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot km	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres			Joint or Infill		Consolidation Code		Order No.		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED  
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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<sup>17</sup> OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or an undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner or a compulsory pooling order heretofore entered by the Division.

*Dean C. Collins*  
Signature Date 8/18/08

Dean C. Collins  
Printed Name

<sup>18</sup> SURVEYOR CERTIFICATION

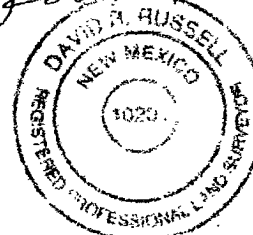
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

JULY 30, 2008

Date of Survey

Signature and Seal of Professional Surveyor:

*David A. Russell*



DAVID RUSSELL

Certificate Number

10201