

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.		RCVD AUG 29 '08	
Operator: <u>San Juan Resources, Inc.</u>		OGRID #: <u>20208</u>	
Address: <u>1499 Blake Street 10C, Denver, CO 80202</u>		OIL CONS. DIV.	
Facility or well name: <u>Zeeholje 4-1</u>		DIST. 3	
API Number: <u>30-045-34769</u>		OCD Permit Number: _____	
U/L or Qtr/Qtr <u>G</u> Section <u>4</u> Township <u>31N</u> Range <u>13W</u> County: <u>San Juan</u>			
Center of Proposed Design: Latitude <u>36.93152 N</u> Longitude <u>108.20770 W</u> NAD: <input type="checkbox"/> 1927 <input checked="" type="checkbox"/> 1983			
Surface Owner: <input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment			

2.
<input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC
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
<input checked="" type="checkbox"/> Above Ground Steel Tanks or <input type="checkbox"/> 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
<input checked="" type="checkbox"/> 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.
<input checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
<input checked="" type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
<input checked="" type="checkbox"/> 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
<input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____
<input type="checkbox"/> 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: <u>Envirotech</u> Disposal Facility Permit Number: <u>NM-01-0011</u>
Disposal Facility Name: <u>Aqua Moss Pretty Lady</u> Disposal Facility Permit Number: <u>API # 30-045-30922</u>
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? <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

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): <u>Dean C. Collins</u> Title: <u>Agent</u>
Signature: <u>Dean C. Collins</u> Date: <u>8/21/2008</u>
e-mail address: <u>collinsd@zianet.com</u> Telephone: <u>505-325-3514</u> Cell: <u>505-320-6425</u>

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

OCD Representative Signature: [Signature] Approval Date: 9-25-08

Title: Envirolopes 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 indentify 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.

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised October 12, 2005

DISTRICT II
1201 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 E. Fresno Rd., Aztec, N.M. 87410

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

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34769		*Pool Code 72319 / 71599	*Pool Name BLANCO MESA VERDE / BASIN DAKOTA
*Property Code 37319	*Property Name ZEEHOLJO 4		*Well Number 1
*OGRD No. 20208	*Operator Name SAN JUAN RESOURCES		*Elevation 5877'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
G	4	31N	13W		1775'	NORTH	2265'	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot No.	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres			*Job or well		*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

¹⁶

¹⁷ 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 a 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 8/18/08
Signature Date

Dean C. Collins
Printed Name

¹⁸ SURVEYOR CERTIFICATION

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

JULY 25, 2008
Date of Survey

David R. Russell
Signature and Seal of Professional Surveyor

DAVID R. RUSSELL
NEW MEXICO
10201
PROFESSIONAL LAND SURVEYOR

DAVID RUSSELL
Certificate Number 10201