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.

3925

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: **Synergy Operating, LLC** OGRID #: **163458** RCVD AUG 21 '09

Address: **PO Box 5513, Farmington, NM 87499** OIL CONS. DIV.

Facility or well name: **Madrid 29-13-6 # 111** DIST. 3

API Number: **30-045-33469** OCD Permit Number:

U/L or Qtr/Qtr **B** Section **6** Township **29 N** Range **13 W** County: **San Juan**

Center of Proposed Design: Latitude **36 deg, 45 min, 37 sec N** Longitude **- 108 deg, 14 min, 37 sec** 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 indentify 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: **BASIN DISPOSAL** Disposal Facility Permit Number: **NM01-005**

Disposal Facility Name: **ENVIROTECH** Disposal Facility Permit Number: **NM01-0011**

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): **Thomas E. Mullins** Title: **Engineering Manager**

Signature: Date: **08/19/2009**

e-mail address: **tom.mullins@synergyoperating.com** Telephone: **505-599-4905**

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

OCD Representative Signature: Brandon Powell **Approval Date:** 8/21/09

Title: Env. 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 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:

Synergy Operating, LLC
San Juan Basin - Workover
Specific Comments & Information
Madrid 29-13-6 # 111

Synergy Operating, LLC plans to perform a cleanout operation on this well with the use of an Air Package with a mist pump, and a Flowback Tank with two (2) flow-lines from the wellhead to the tank. The debris removed from the wellbore and fluids will be circulated into the flowback tank and removed per the standard procedures detailed on the attached pages. It is anticipated that this operation will occur over just a few days.

This well is critical to Synergy's production and we wish to move on this well immediately to restore production on Monday, August 24th, 2009.

Synergy Operating, LLC
San Juan Basin - Workover
Closed-Loop System Design and Construction Plan

In accordance with Rule 19.15.17.11 NMAC the following information describes the design and construction of closed-loop systems on Synergy Operating, LLC (Synergy) locations. This is Synergy's standard procedure for all closed-loop workover systems. A separate plan will be submitted for any closed-loop system which does not conform to this plan.

General Plan

Our closed-loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will entail an above ground tank suitable for holding the cuttings and fluids for 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.

Synergy Operating, LLC
San Juan Basin - Workover
Closed-Loop Systems Maintenance and Operating Plan

In accordance with Rule 19.15.17.11 NMAC the following information describes the operation and maintenance of closed-loop systems on Synergy Operating, LLC (Synergy) locations. This is Synergy's standard procedure for all closed-loop systems on workovers. A separate plan will be submitted for any closed-loop system which does not conform to this plan.

General 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 the goal the following steps will be followed:

1. The liquids will be vacuumed out and disposed of at the Basin Disposal, Inc. facility (Permit Number NMOI-005). An alternative, if available for liquids disposal. All specifications, limitations, and rules within the New Mexico Administrative Code regulating this transfer of liquids will be strictly adhered to. As an alternative, if Basin Disposal turns away the fluids because of capacity reasons, Synergy may elect to haul fluids to JEL (Permit Number NMOI-OO IOB) for final disposition.
2. Solids in the closed-loop tank will be vacuumed out and disposed of at Envirotech (Permit Number NMOI-OO1 1) or IEI (Permit Number NMOI-OOIOB) on a periodic basis to prevent over topping.
3. No hazardous waste, miscellaneous solids, waste, or debris will be discharged into, or stored in the tank. Only fluids or cutting used or generated by rig operations will be placed or stored in the tank.
4. The division district office will be notified within 48 hours of the discovery of compromised integrity of the closed-loop tank. Upon discovery of the compromised tank, repairs will be enacted immediately.
5. All of the above operations will inspected and a log will be signed and dated daily during rig operations of the tank contents and activity.

Synergy Operating, LLC
San Juan Basin - Workover
Closed-Loop System Closure Plan

In accordance with Rule 19.15.17.11 NMAC the following information describes the closure requirements of closed-loop systems on Synergy Operating, LLC (Synergy) locations. This is Synergy's standard procedure for all closed-loop systems on Workover operations. A separate plan will be submitted for any closed-loop system which does not conform to this plan.

General Plan

Synergy will close a drying pad (if utilized) for a closed-loop system within six months from the date that Synergy released the workover rig. Synergy will note the date of the workover rig's release on form C-103, filed with the division, upon the well's or workover's completion.

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 NMOI-OOI I) or IEI (Permit Number NMOI-OOIOB) immediately following rig operations.

All remaining liquids will be transported and disposed of at the Basin Disposal, Inc facility (Permit Number NM 01-005). All specifications, limitations, and rules within the New Mexico Administrative Codes regulating this transfer of liquids will be strictly adhered to. As an alternative, if Basin Disposal refuses to accept the fluids because of capacity reasons, and Synergy may elect to haul the fluids to IEI (Permit Number OI-OOIOB) for final disposition.

The tanks will be removed from the location as part of the rig move. At the time of well abandonment the site will be reclaimed and re-vegetated to pre-existing conditions when applicable.