



SPORT ENVIRONMENTAL SERVICES

502 N. Big Spring Street, Midland, Texas 79701
Business: 432.683.1100 Fax: 888.500.0622

30-025-39052

July 24, 2008

Mr. Chris Williams
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1625 North French Drive
Hobbs, New Mexico 88240

Re: **NMOCD Form C-144 CLEZ
Trilogy Operating, Inc.
Silver Oak #1
Section 8, T-16-S, R-32-E
Lea County, New Mexico**

RECEIVED
JUL 24 2008
HOBBS OCD

Dear Chris,

Enclosed is the Form C-144 CLEZ and associated documents for the above mentioned site.

If you have any questions or comments with regard to this matter, please contact me at either my office (432.683.1100) or on my cell (432.553.8555).

Sincerely,

Debi S. Smith, M.E., R.E.P.A.
President

Enclosure: Form C-144 CLEZ

cc: Chris Smith, Vice President
Trilogy Operating, Inc.
P. O. Box 7606
Midland, TX 79708

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.

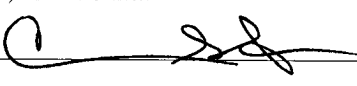
1.
Operator: **TRILOGY OPERATING, INC.** OGRID:
Address: **303 Veterans Air Park Lane, Suite 4105, Midland, Texas 79705**
Facility or well name: **SILVER OAK #1**
API Number: 30-025-39052 OCD Permit Number: P1-00210
U/L or Qtr/Qtr N Section 8 Township 16 S Range 32 E County: LEA
Center of Proposed Design: Latitude **N32°55'47.59"** Longitude **W103°47'24.71"** 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: **Controlled Recovery, Inc** Disposal Facility Permit Number: **R-9166 NM-01-0006**
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): **Chris Smith** Title: **Marketing Director**
Signature:  Date: 7/21/08
e-mail address: csmith@trilogooperating.com Telephone: **(432) 686-2027**

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

OCD Representative Signature: Chris Williams Approval Date: 7/24/08

Title: Dist. Supervisor 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.

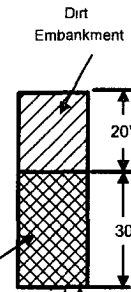
Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

Solids Control Equipment Legend

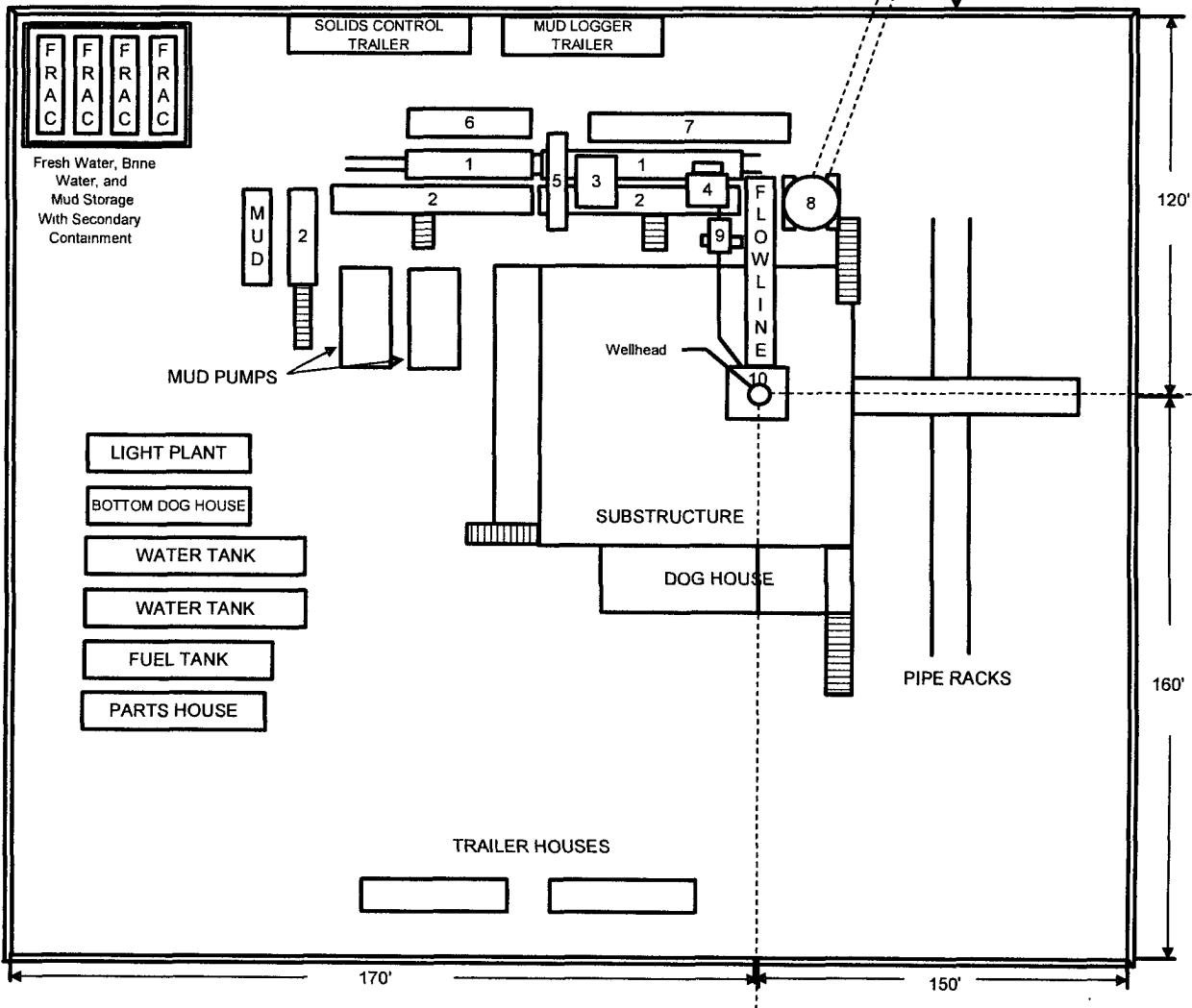
- | | |
|-----------------|--------------------|
| 1) Roll Off Bin | 6) Dewatering Unit |
| 2) Steel Tank | 7) Catch Tank |
| 3) Mud Cleaner | 8) Gas Separator |
| 4) Shaker | 9) Recycle pump |
| 5) Centrifuge | 10) Sump |



FLARE AREA
(25' x 30')

105'

EDGE OF LOCATION W/ BERM



TYPICAL
RIG LAYOUT SCHEMATIC
INCLUSIVE OF CLOSED-LOOP DESIGN PLAN

TRILOGY OPERATING, INC.
SILVER OAK #1
Section 8, T-16-S, R-32-E
Lea County, NM

API#

OPERATING AND MAINTENANCE PLAN

Closed Loop equipment will be inspected and monitored closely on a daily basis by each tour and any necessary maintenance performed. Any leak in the system will be repaired and/or contained immediately. Within 48 hours should a spill, release or leak occur, the NMOCD District II office in Artesia (575-748-1283) will be notified. Please note that notifications may be made earlier to the district office should a greater release occur. This is in accordance with the reporting requirements specified in NMOCD's Rule 116.

CLOSURE PLAN

During and after drilling operations, liquids (which apply), all drill cuttings and drilling fluids will be hauled and disposed of at CRI (Controlled Recovery Incorporated - Permit ~~R-9166~~). *NM-01-0006*



The Oilfield Waste Disposal Experts.SM

The Smarter, Safer Solution
to Your Oil and Gas Related
Waste Management Needs.



Disposal Facility Name

Controlled Recovery, Inc

Permit Number.

~~R-9166~~

NM-01-0006