

RECEIVED

District I  
1625 N. French Dr, Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Artesia, NM 88210  
District IV  
1220 S. St. Francis, 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.

SEP 26 2008  
HOBBS, NM

**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: Arena Resources Inc OGRID #: 220420

Address: 2130 W Bender Hobbs, NM 88240

Facility or well name: Hale State #4

API Number: 3D-025-39785 OCD Permit Number: A-00539

U/L or Qtr/Qtr J D Section 31 Township 17S Range 34E County: Lea

Center of Proposed Design: Latitude 32.779741 N Longitude 103.604256 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: CRI Inc. Disposal Facility Permit Number: R1966 NM-DI-0003

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): Colleen Robinson Title: Compliance Analyst

Signature: Colleen Robinson Date: 9-23-08

e-mail address: crobinson@arenaresourcesinc.com Telephone: 575-738-1739

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

OCD Representative Signature: \_\_\_\_\_ Approval Date: 10/6/08

Title: Geologist OCD Permit Number: PI-00539

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: \_\_\_\_\_

# **ARENA RESOURCES INC. – CLOSED LOOP SYSTEM**

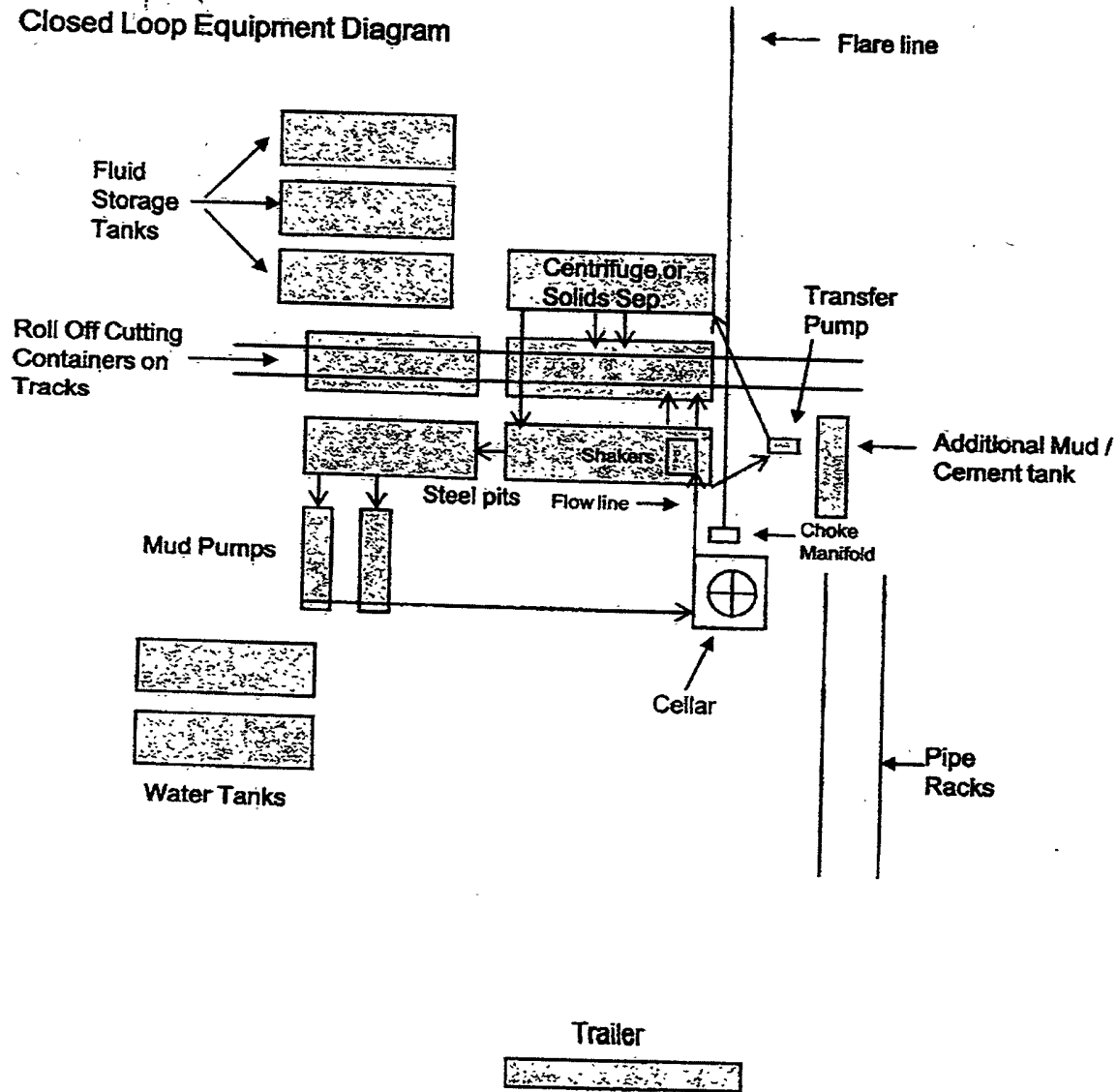
## **Operation and Maintenance Plan**

Solids Control will be inspecting the closed loop system on a daily basis and performing any necessary maintenance. Any leaks/spills will be reported to the NMOCD immediately and cleaned up without delay.

## **Closure Plan**

All liquids, drilling fluids and cuttings will be hauled off via Controlled Recovery Inc., to their disposal facility site. P ermit R-9166

# Closed Loop Equipment Diagram



State of New Mexico

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

Energy, Minerals and Natural Resources Department

Form C-102

DISTRICT II  
1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number <b>30-025-39185</b>	Pool Code <b>42180</b>	Pool Name <b>Vacuum; Grayburg-San Andres</b>
Property Code <b>305482</b>	Property Name <b>HALE STATE</b>	Well Number <b>4</b>
OGRID No. <b>22042</b>	Operator Name <b>ARENA RESOURCES, INC.</b>	Elevation <b>4096'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>D/OK</b>	31	17-S	34-E		330	NORTH	990	WEST	LEA

Bottom Hole Location If Different From Surface

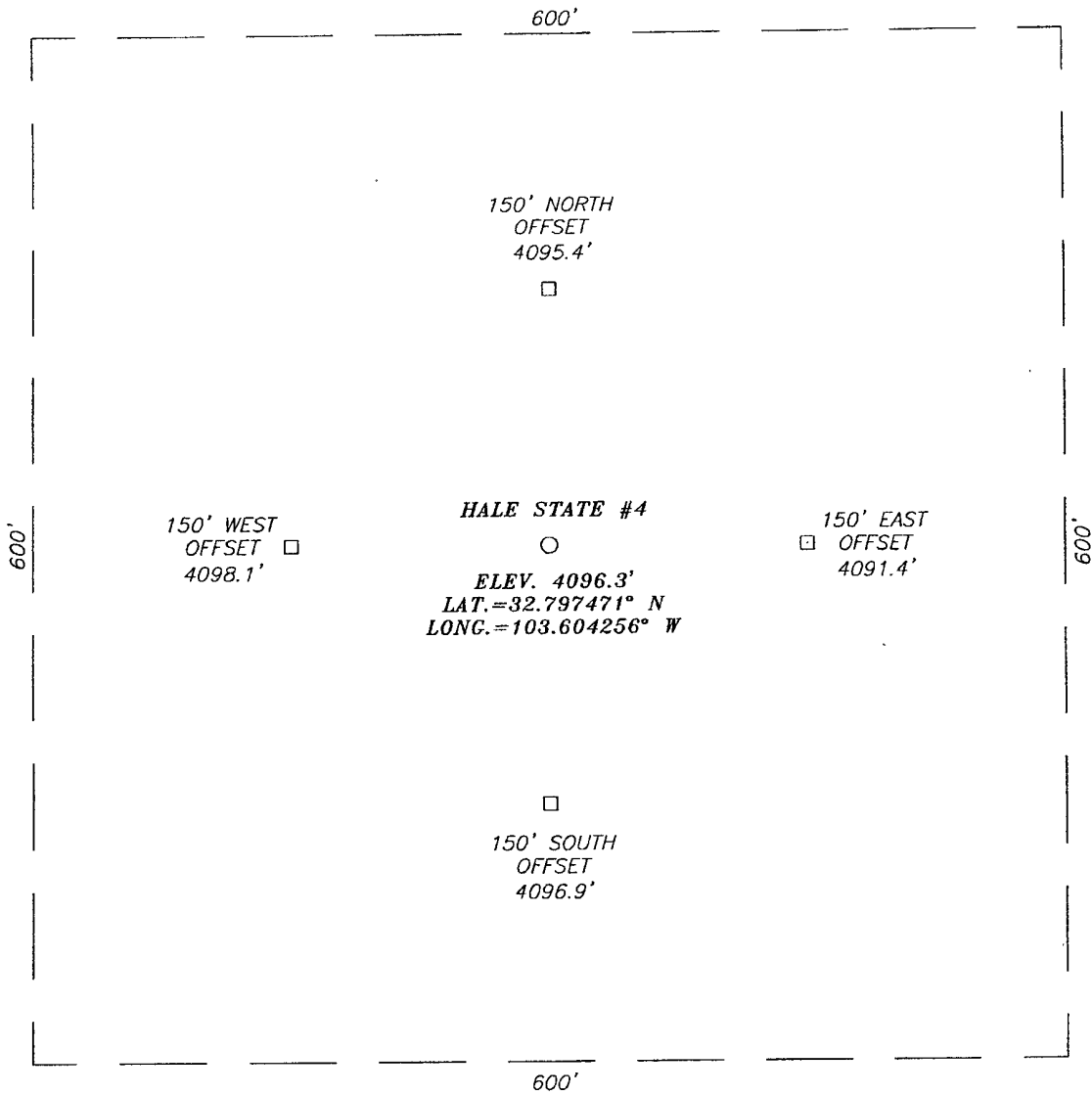
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres <b>35.11</b>	Joint or Infill	Consolidation Code	Order No.
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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

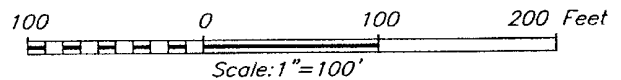
	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Colleen Robinson</i> 9.22.08 Signature Date</p> <p>Colleen Robinson Printed Name</p>
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>SEPTEMBER 10 2008 RONALD J. EIDSON Date Surveyed LA</p> <p>Signature &amp; Seal of Professional Surveyor <i>Ronald J. Eidson</i> 9/15/08 Professional Surveyor</p>
	<p>Certificate No. RONALD EIDSON 3239</p>

**SECTION 31, TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M.,**  
 LEA COUNTY, NEW MEXICO



**DIRECTIONS TO LOCATION**

FROM THE INTERSECTION OF CO. RD. L-125 AND  
 CO. RD. L51 (TEXAS CAMP) GO WEST ON CALICHE  
 ROAD APPROX. 0.65 MILES. THIS LOCATION IS  
 APPROX. 600 FEET RIGHT.



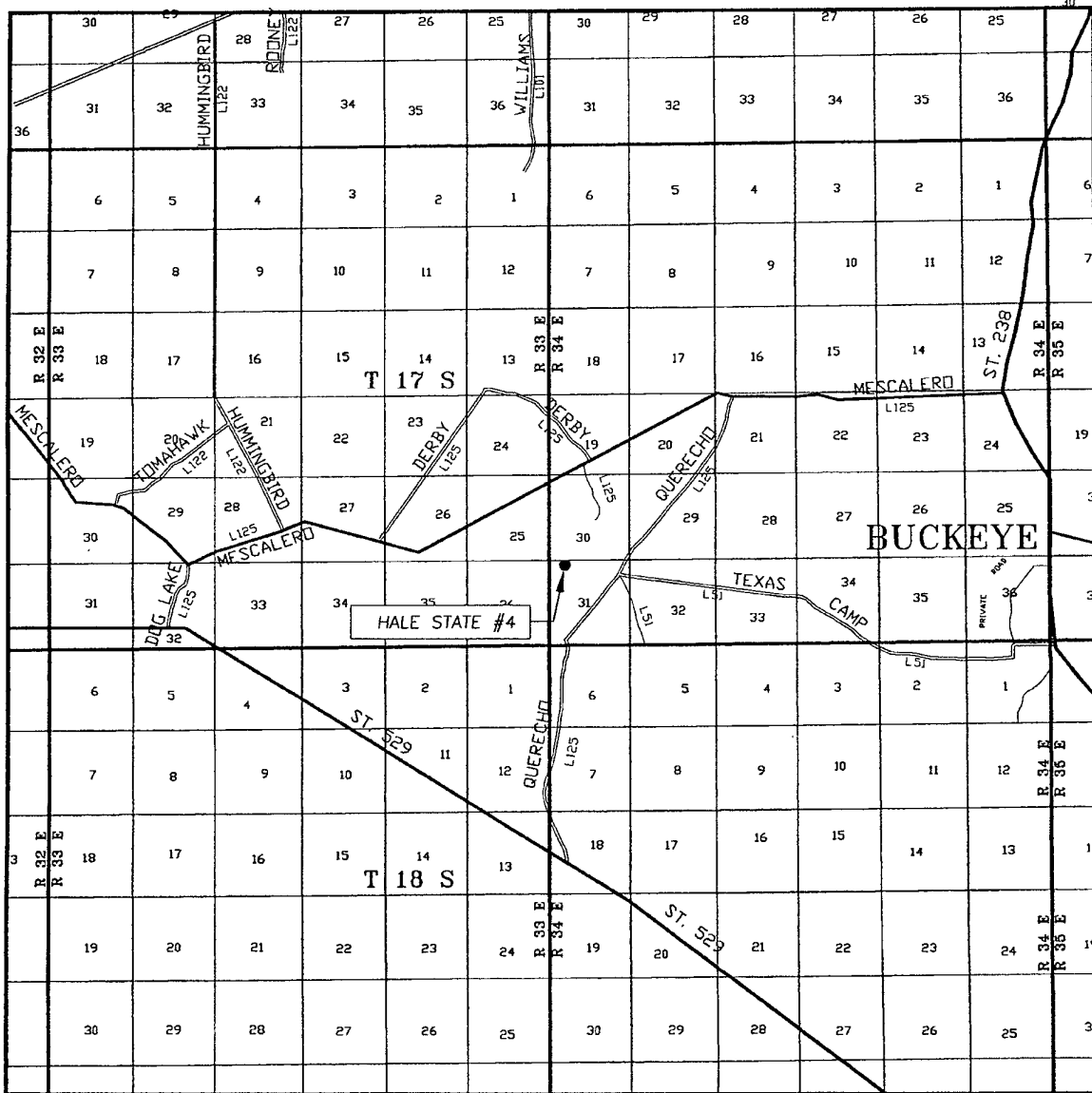
**ARENA RESOURCE, INC.**

HALE STATE #4 WELL  
 LOCATED 330 FEET FROM THE NORTH LINE  
 AND 990 FEET FROM THE WEST LINE OF SECTION 31,  
 TOWNSHIP 17 SOUTH, RANGE 34 EAST, N.M.P.M.,  
 LEA COUNTY, NEW MEXICO.

PROVIDING SURVEYING SERVICES  
 SINCE 1946  
**JOHN WEST SURVEYING COMPANY**  
 412 N. DAL PASO  
 HOBBS, N.M. 88240  
 (505) 393-3117

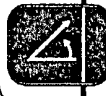
Survey Date: 9/10/08	Sheet 1 of 1 Sheets
W.O. Number: 08.11.1411	Dr By: LA
Date: 9/12/08	08111411
	Scale: 1"=100'

# VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 31 TWP. 17-S RGE. 34-E  
 SURVEY N.M.P.M.  
 COUNTY LEA STATE NEW MEXICO  
 DESCRIPTION 330' FNL & 990' FWL  
 ELEVATION 4096'  
 OPERATOR ARENA RESOURCES, INC.  
 LEASE HALE STATE



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# LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:  
BUCKEYE, N.M. - 10'

SEC. 31 TWP. 17-S RGE. 34-E

SURVEY N.M.P.M.

COUNTY LEA STATE NEW MEXICO


DESCRIPTION 330' FNL & 990' FWL

ELEVATION 4096'

OPERATOR ARENA RESOURCES, INC.

LEASE HALE STATE

U.S.G.S. TOPOGRAPHIC MAP  
BUCKEYE, N.M.



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