

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: Ponderosa Petroleum Corporation OGRID #: 248481
Address: P.O. Box 132, Roswell, NM 88202
Facility or well name: AM State #3
API Number: 30-005-00268 OCD Permit Number: 212391
U/L or Qtr/Qtr L Section 11 Township 11S Range 27E County: Chaves
Center of Proposed Design: Latitude N.A. Longitude N.A. 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

RECEIVED

JAN 18 2012

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: _____

NMOCD ARTESIA

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: Gandy-Marley Disposal Facility Permit Number: 711-1-0020
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): Fred F. Pool, III Title: President
Signature: [Signature] Date: 1/2/2012
e-mail address: sspool@cableone.net Telephone: 575-623-4667

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

OCD Representative Signature: MSado Approval Date: 01/20/2012

Title: Dist # Supervisor OCD Permit Number: 212391

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: _____

DESIGN PLAN – PONDEROSA PETROLEUM CORPORATION AM STATE #3

In accordance with 19.15.17.11 NMAC

Ponderosa Petroleum Corporation will design the closed- loop system to contain all liquids and solids and prevent contamination of fresh water and protect public health and the environment. Since this is a re-entry, there is not much top soil on the location. However, prior to moving in the closed-loop system and workover rig, Ponderosa Petroleum Corporation will stockpile the available topsoil for use as the final cover at the time of closure. A 12" x 24" sign will be provided in accordance with Sub. C of 19.15.17.11.

A steel pit with combined capacity of 3 times the well capacity will be utilized to hold the mud and drilled solids from the well. The liquid and solids will then be transferred to a vacuum truck for transfer and disposal to the Gandy-Marley disposal facility, permit #711-1-0020.

OPERATING AND MAINTENANCE PLAN – PONDEROSA PETROLEUM CORPORATION AM STATE #3
IN ACCORDANCE WITH 19.15.17.12 NMAC

Ponderosa Petroleum Corporation will operate and maintain the closed-loop system to contain liquids and solids and to prevent contamination of fresh water and protect the public health and environment.

If the closed-loop system steel tanks develop a leak, Ponderosa Petroleum Corporation will remove all liquid within 48 hours, notify the Division II office within 48 hours, and repair the damage or replace the closed-loop system.

CLOSURE PLAN – PONDEROSA PETROLEUM CORPORATION AM STATE #3

IN ACCORDANCE WITH SUB C. 19.15.17.9 & 13 NMAC

After the wellbore has been re-entered and cleaned to total depth, the steel tanks of the closed-loop system will be emptied using a vacuum truck and the contents transferred to the Gandy-Marley disposal facility, permit#711-1-0020.

Within 60 days of closure completion, Ponderosa Petroleum Corporation shall submit a closure report on Form C-144.