

District I
1625 N French Dr., Hobbs, NM 88240
District II
811 S. First St., 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
Revised August 1, 2011

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

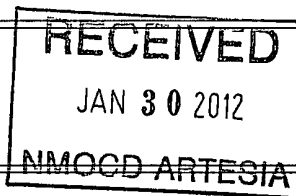
Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

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: SM ENERGY COMPANY OGRID #: 154903
Address: 3300 N "A" ST BLDG 7-200 MIDLAND, TX 79705
Facility or well name: GERONIMO FEDERAL #002
API Number: 30-015-25244 OCD Permit Number: 212457
U/L or Qtr/Qtr B Section 24 Township 18S Range 31E County: EDDY
Center of Proposed Design: Latitude _____ Longitude _____ 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 19.15.16.8 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: GANDY-MARLEY INC Disposal Facility Permit Number: NM-01-0019
Disposal Facility Name: CRI Disposal Facility Permit Number: NM-01-0006
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): VICKIE MARTINEZ Title: ENGINEER TECH II
Signature: [Signature] Date: 01/26/2012
e-mail address: VMARTINEZ@SM-ENERGY.COM Telephone: (432)688-1709

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

OCD Representative Signature: [Signature] Approval Date: 01/31/2012

Title: Dist. Supervisor OCD Permit Number: 212457

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): VICKIE MARTINEZ Title: ENGINEER TECH II

Signature: [Signature] Date: 1/26/12

e-mail address: VMARTINEZ@SM-ENERGY.COM Telephone: (432)688-1709

I. Design Plan

Above ground steel tanks will be used for the management of all plugging fluids.

II. Operations and Maintenance Plan

Basic Energy will operate and maintain all of the above ground steel tanks involved in plugging operations in a prudent manner to prevent any spills. If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. During an upset condition the source of the spill is isolated and addressed as soon as it is discovered. Free liquids will be removed and loose topsoil will be used to stabilize the spill. The contaminated soil will be either bio-remediated or excavated and taken to an agency approved disposal facility.

III. Closure Plan

All plugging fluids will go to above ground steel tanks and will be hauled by various trucking companies to an agency approved disposal facility.

Impacted areas which will not be used for future service or operations will be reclaimed and reseeded as stated in the APD.

SM Energy Company
Geronimo #2 *Federal*
Unit B, Section 24, T18S, R31E
Eddy County, New Mexico
API# 30-015-25244

Equipment & Design:

Basic Energy Services will use a closed loop system in the plug and abandonment of this well. The following equipment will be on location:

- (1) 250 bbl steel reverse tank

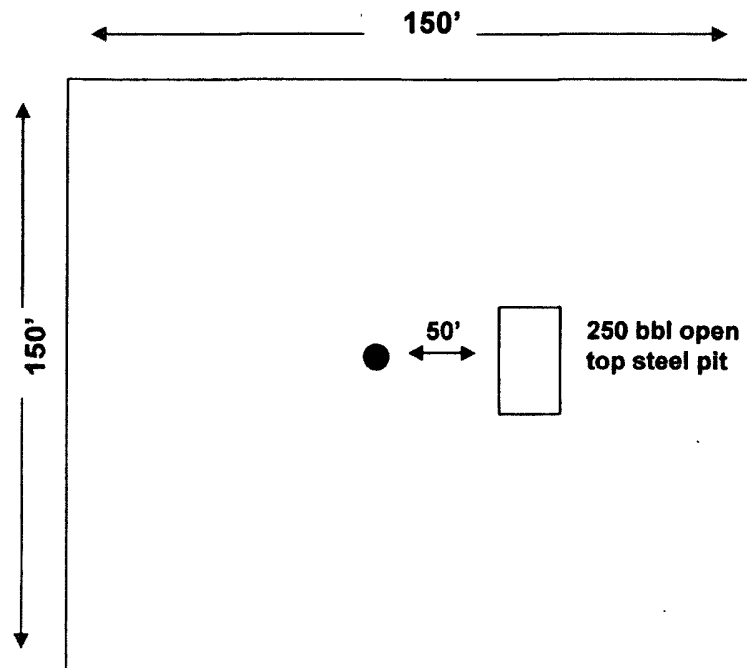
Operations & Maintenance:

During each day of operation, the rig's crew will inspect and closely monitor the fluids contained within the steel tank and visually monitor the release that may occur. Should a release, spill or leak occur, the NMOCD District 1 office in Hobbs (575-393-6161) will be notified, as required in NMOCD's rule 19.15.29.8.

Closure:

After plugging operations, fluids and solids will be hauled and disposed at Gandy-Marley Disposal's location, permit number NM 01-0019. Secondary site will be CRI Disposal, permit number NM 01-0006.

SM Energy Company
Geronimo # 2 *Federal*
Unit B, Section 24, T18S, R31E
Eddy County, New Mexico
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All distances approximate
Not to scale