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: Chesapeake Operating, Inc. OGRID #: 147179
Address: P.O. Box 18496 Oklahoma City, OK 73154
Facility or well name: PLU BIG SINKS 35 24 30 USA 1H
API Number: 30-015-40155 OCD Permit Number: 212779
U/L or Qtr/Qtr C Section 35 Township 24S Range 30E County: EDDY
Center of Proposed Design: Latitude 32.1812197 Longitude -103.85387 NAD: ☐1927 ☒ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment Amended for Rig Change

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

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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: CRI Disposal Facility Permit Number: NM-01-0006
Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003
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): Bryan Arrant Title: Regulatory Specialist II
Signature: Bryan Arrant Date: 06/27/2012
e-mail address: bryan.arrant@chk.com Telephone: (405)935-3782

7.

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

OCD Representative Signature: _____ **Approval Date:** _____

Title: _____ **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: bryan.arrant@chk.com Telephone: _____

Chesapeake Operating, Inc.'s Closed Loop System
PLU BIG SINKS 35 24 30 USA 1H
Unit C, Sec. 35, T-24-S R-30-E
Eddy Co., NM
API # 30-015-40155

Equipment & Design:

Chesapeake Operating, Inc. is to use a closed loop system with roll-off steel pits. Trinidad Drilling Company has the following equipment for maintenance of their drilling mud:

Mud System:

(2) EA MI Swaco Mongoose 4 Panel Linear Motion Shale Shakers
A desilter, desander, and degaser described in detail in the attached rig inventory.

Fresh and brine water tanks with the capacity to efficiently drill well

Operations & Maintenance:

During each tour, the rig's drilling crew will inspect and monitor the drilling fluids contained within the steel pits and visually monitor any spill which may occur. 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 per NMOCD's rules.

Closure:

During and after drilling operations, drilling fluids and cuttings will be hauled to Controlled Recovery, Inc. Permit # NM-01-0006.

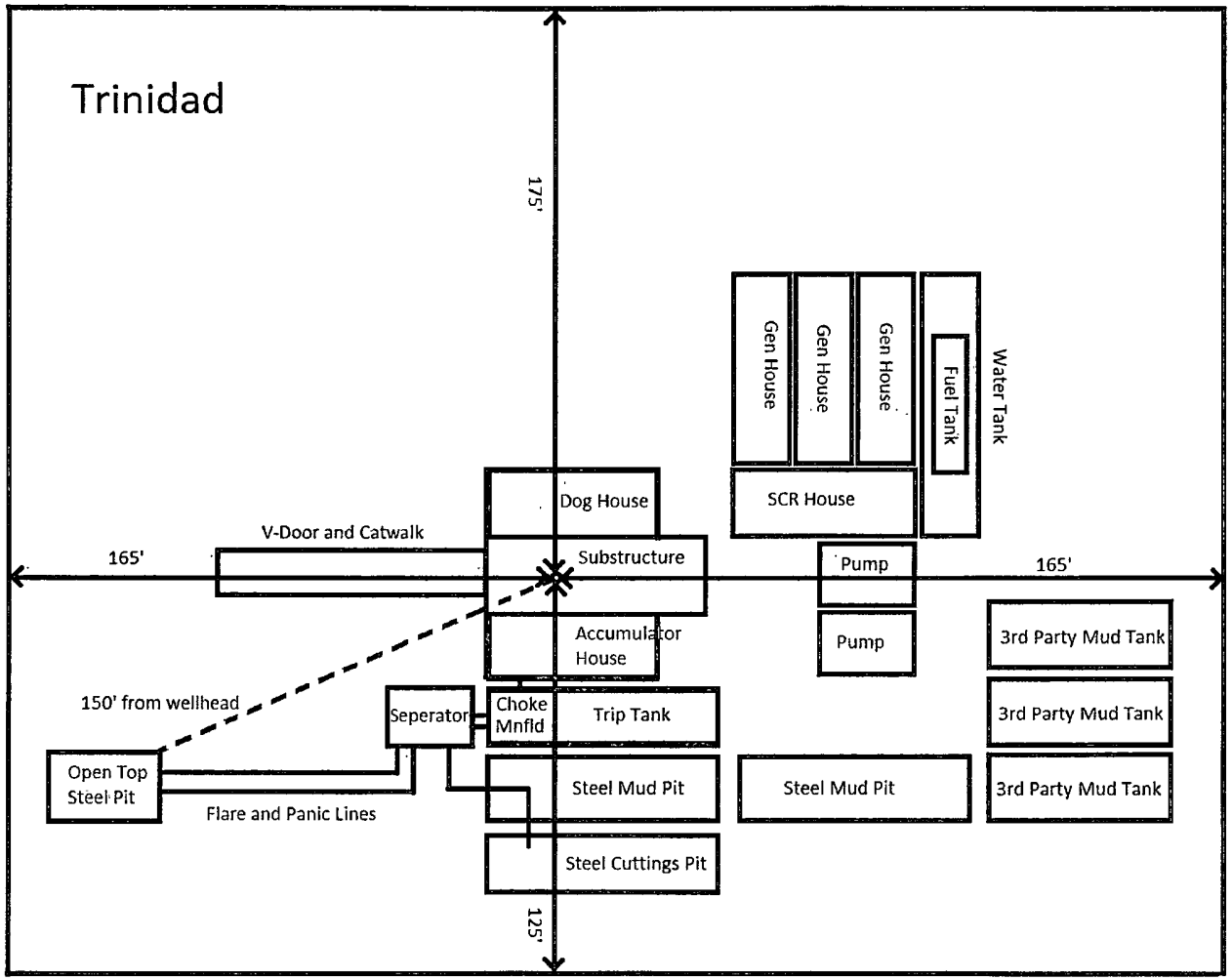
The alternative disposal facility will be Sundance Disposal. Permit # NM-01-000

TRINIDAD DRILLING

TDG

Rig # 110 or
Trinidad Rig# 111 - AC 1200 HP Triple PAD

SUBSTRUCTURE:	-Substructure Type: 1 piece, step down -Manufacturer: Mastco -Floor Height: 16'-6" -Clear Working Height: 13'-6" -Rotary Capacity: 500,000 lbs -Maximum Rated Pipe Setback: 400,000 lbs -Intergraded Skidding System
MAST:	-Mast Type: 142" cantilever -Manufacturer: Mastco -Static Hook Load: 500,000 lbs -Number of Lines: 10 Lines -Drill Line Size: 1-1/4" -Racking Capacity: 15,000' of 4-1/2" DP & 450' of 8" DC
DRAWWORKS:	-Manufacture/Model: TSM 1200 AC -Capacity: 500,000 lbs w/ 10 Lines -Rated Power: 1500 hp -Drive: 1 EA GEB 28 AC traction motor rated @ 1,500 hp -Auxiliary/Parking Brake: Eaton 336 WCSB Brake -Main Brake: GEB 28 AC traction motor
MUD PUMPS:	**Mud Pump #1** -Manufacturer & Model: Gardner Denver PZ-10 -Rated Power: 1300 hp -Stroke: 10" -Mud Pump Drive: GEB 28 rated @ 1,500hp **Mud Pump #2** -Manufacturer & Model: Gardner Denver PZ-10 -Rated Power: 1300 hp -Stroke: 10" -Mud Pump Drive: GEB 28 rated @ 1,500hp
MUD SYSTEM:	-Total Capacity: 1000bbls (Two Tank System) -Shakers: 2 EA MI Swaco Mongoose 4 panel linear motion shakers -Desilter: 1 EA NOV-Brandt CTX w/20EA 4" cones with grooved end inlet and overflow, desilting capacity of 1300 gpm. -Desander: 1 EA NOV CTX w/3EA 10" diameter cones with grooved end inlet and overflow, desanding capacity of 1500 gpm. -Vacuum Degaser: 1 EA NOV DG-10, 60" vessel with a capacity of 1000 gpm.
BOP EQUIPMENT:	-1EA 11" Annular; 3,000 psi WP; Nace Trim (API Spec 16A) -1EA 11" Single Ram BOP; 3,000 psi WP; Nace Trim -1EA 11" Single Ram BOP; 3,000 psi WP; Nace Trim
MANIFOLD:	-Nace Trim double gut line, 3" x 5,000psi c/w two 3" electrically actuated (Pason style) chokes
ACCUMULATOR:	- Control Tech 6 station, 120 gallon c/w 2 EA pneumatic pumps and 1 EA electric triplex pump
BLOCK:	-American Block 250 Ton
TOP DRIVE:	-National Oilwell Varco TDS11, AC 500 Ton, 37,500 ft-lbs, 800 HP
ROTARY TABLE:	-Emsco Style SJ-205 (20-1/2") driven by 1EA Hydraulic motor
CATWALK MACHINE:	-Mastco Hydraulic Catwalk System
POWER SYSTEM:	-ABB VFD System, MCC, Generator Control and three (3) 950BHP, 1200 RPM, 1750 KVA Caterpillar 3508 Engine Generator Sets
DRILL COLLARS:	-21 EA 6-1/2" DC w/ NC46 Connections, 3 EA 8" DC w/ NC46 Connections
DRILL PIPE:	-250 joints of 4-1/2", 16.60 # ft., grade S135, Range III w/ 6-5/8" TJ and NC46 connections
WATER TANK:	-500bbls capacity
FUEL TANK:	-10,000 gallon capacity
TOOL/STORAGE:	-Parts storage room and tool house room
CAMP:	-Tool Pusher House: One 12' x 50' skidded -Crew Change House: One 13' X 48' skidded -Crew Galley House: One 12' X 60' skidded -Crew Quarters House: One 12' X 60' skidded


Trinidad
175'
125'
165'
165'
V-Door and Catwalk
Dog House
Substructure
Accumulator House
150' from wellhead
Seperator
Choke Mnfld
Trip Tank
Open Top Steel Pit
Flare and Panic Lines
Steel Mud Pit
Steel Cuttings Pit
Gen House
Gen House
Gen House
Fuel Tank
Water Tank
SCR House
Pump
Pump
Steel Mud Pit
3rd Party Mud Tank
3rd Party Mud Tank
3rd Party Mud Tank