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
21-Jul-08

For closed-loop systems that only use above ground steel tanks or haul off bins and purpose 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-looped 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 government authority's rules, regulations or ordinances.

Operator: **Apache Corporation** OGRID#: **873**
Address: **303 Veterans Airpark Lane, Ste 3000, Midland, TX 79705**
Facility or Well Name: **Red Lake 3 Federal #1**
API Number: **30-015-29801** OCD Permit Number: 213380
U/L or Qtr/Qtr **E** Section **3** Township **18S** Range **27E** County: **Eddy**
Center of Proposed Design: Latitude _____ Longitude _____ NAD: ☐ 1927 ☐ 1983
Surface Owner: ☑ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

☑ **Closed-loop System**: Subsection H of 19.15.17.11 NMAC
Operation: ☐ Drilling a new well ☐ Workover of 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

RECEIVED
AUG 31 2012
NMOCD ARTESIA

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

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: _____

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: Sundance Services Disposal Facility Permit Number: NM-01-0003
Disposal Facility Name: Controlled Recovery Inc. 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

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): Guinn Burks Title: Reclamation Foreman
Signature: Guinn Burks Date: 7/19/2012
e-mail address: guinn.burks@apachecorp.com Telephone 432-556-9143

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

OCD Representative Signature: A Dade **Approval Date:** 8/31/2012

Title: Dist II Supervisor **OCD Permit Number:** 213380

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: _____

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

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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)	**Guinn Burks**	Title:	**Reclamation Foreman**
Signature:		Date:	
e-mail address:	**guinn.burks@apachecorp.com**	Telephone:	**432-556-9143**

Apache

CLOSED LOOP SYSTEM DESIGN, OPERATION, MAINTENANCE, AND CLOSURE PLAN FOR PLUGGING AND ABANDONDMENT OPERATIONS

This document is intended to provide design requirements as well as operating, maintenance and closure instructions for closed-loop (plugging fluids) systems, ensuring compliance with the New Mexico Title 19, Chapter 15, Part 17 rules and regulations. Plugging units operating for Apache Corporation in New Mexico shall be rigged up with a closed-loop system consistent with this design and should be operated, maintained, and closed in a manner consistent with this document.

DESIGN

The closed-loop system shall be designed and constructed to ensure the confinement of oil, gas, or water and to prevent uncontrolled releases.

The steel tank(s) shall be a minimum of 90 barrels and constructed and in a condition such that no leaks or uncontrolled release would be expected. The tank(s) shall be placed to receive all of the fluid as it returns from the well bore and entry from the flow line shall be such that splash is minimized. The tank(s) shall be connected with steel lines where applicable from the wellhead to the tank. It shall have a separate off load valve to which a vacuum truck can be attached for unloading.

The steel tanks(s) shall comply with any applicable requirements specified in 19.15.17 NMAC. Additionally, the appropriate well signs shall be in place to comply with 19.15.17 NMAC.

OPERATION and MAINTENANCE

The closed-loop system shall be operated and maintained at all times in such a manner as to prevent contamination of fresh water and protect the public health and the environment. While Apache Corporation relies on various third party vendors to provide, operate and maintain the closed-loop system, in the end it is the Apache Corp on-site representative who must take responsibility for the effective operation of the system. At the end of the plugging activities, all return fluids should be disposed of in a licensed disposal facility in New Mexico.

Know which and approved disposal facility is closest to your location and verify that they are capable and prepared to receive the fluids from your well. Track all loads sent during the plugging of the well and up to the time the rig is moved off of the location.

Current approved facilities are;

Controlled Recovery Inc.	(877) 505-4274
Sundance Incorporated	(575) 394-2511

Ensure that the closed-loop system meets the design criteria listed above and is properly installed and fully functional prior to commencing any operations which require circulation.

Inspect the active system tanks at least every tour to ensure no fluid is leaking onto the location. Check any valves and interconnecting pipes for leaks. Correct any leaks as soon as possible upon detection.

Monitor and know the fluid level in the containment tank and call for a vacuum truck with enough lead time to allow for delays. Ensure that the truck driver knows which approved disposal he will be transporting the fluid to for off loading.

Make every effort to operate and maintain the closed-loop system in a manner that puts no fluid or well bore discharges in contact with the location or surrounding area.

In the event of a spill over five (5) barrels, take immediate action to contain the spill and make the following notifications;

EHS Apache Hotline (800) 874-3262
NMOCD District Office

In the event of oil reaching water, include the following notification;

Environmental Protection Agency (EPA) National Response Center

CLOSURE

Upon completion of plugging the well, all connecting lines will be drained into the tank and all remaining fluid in the tank will be removed by a vacuum truck and taken to an approved facility for disposal. All equipment will then be removed so location remediation can begin.

Prepared by

Guinn Burks

Guinn Burks
Reclamation Foreman
Apache Corporation