

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: Rubicon Oil & Gas, LLC OGRID #: 194266
Address: 508 Wall Street, Suite 500, Midland, Texas 79701
Facility or well name: Dark Canyon 19 Federal No. 1
API Number: 30-015-35921 OCD Permit Number: _____
U/L or Qtr/Qtr A Section 24 Township 23S Range 24E County: Eddy
Center of Proposed Design: Latitude _____ Longitude _____ NAD: X 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: 30-015-35921 _____
☒ Previously Approved Operating and Maintenance Plan API Number: 30-015-35921 _____

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 Disposal Facility Permit Number: R-9166
Disposal Facility Name: LEA LAND Disposal Facility Permit Number: WM-1-035
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): Hal Lee Title: Operations Manager/Agent
Signature: _____ Date: 18 November 2008
e-mail address: hal@adventure-energy.com Telephone: 432-684-8006

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)
OCD Representative Signed By Mike Brumby Approval Date: JAN 08 2009
Title: _____ OCD Permit Number: N/A

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: _____

JAN 08 2009
OCD-ARTESIA

Power of Attorney

State: New Mexico
County: Chaves, Eddy and Lea Counties
Principal: Rubicon Oil & Gas, LLC
Rubicon Oil & Gas II, LP
Sand Ranch Pipeline
Principal's Address: 508 West Wall Avenue, Suite 500
Midland, Texas 79701
Agent/Attorney in Fact: Hal Lee
Agent/Attorney in Fact's Address: Adventure Energy Services
201 West Wall Avenue, Suite 404
Midland, Texas 79701
Date Executed: November 17, 2008
Effective Date: November 17, 2008

OCD-ARTESIA
JAN 08 2009

Principal, identified above, makes, constitutes and appoints Agent, identified above, Principal's true and lawful Agent and Attorney in Fact for Principal and in Principal's name, place and stead, for the purposes of transacting any business on behalf of Principal.

Principal gives and grants Agent full and complete power and authority to do and perform all acts and things required or necessary to be done in transacting Principal's business, as fully to all intents and purposes as if Principal might or could do if personally present and acting on Principal's own behalf.

Principal ratifies and affirms all that the Agent may lawfully do or cause to be done by virtue of the Power of Attorney.

Principal

Rubicon Oil & Gas II, LP
By: Rubicon Oil & Gas, LLC, General Partner


W. Brett Smith, President

State of Texas }
 }
County of Midland }

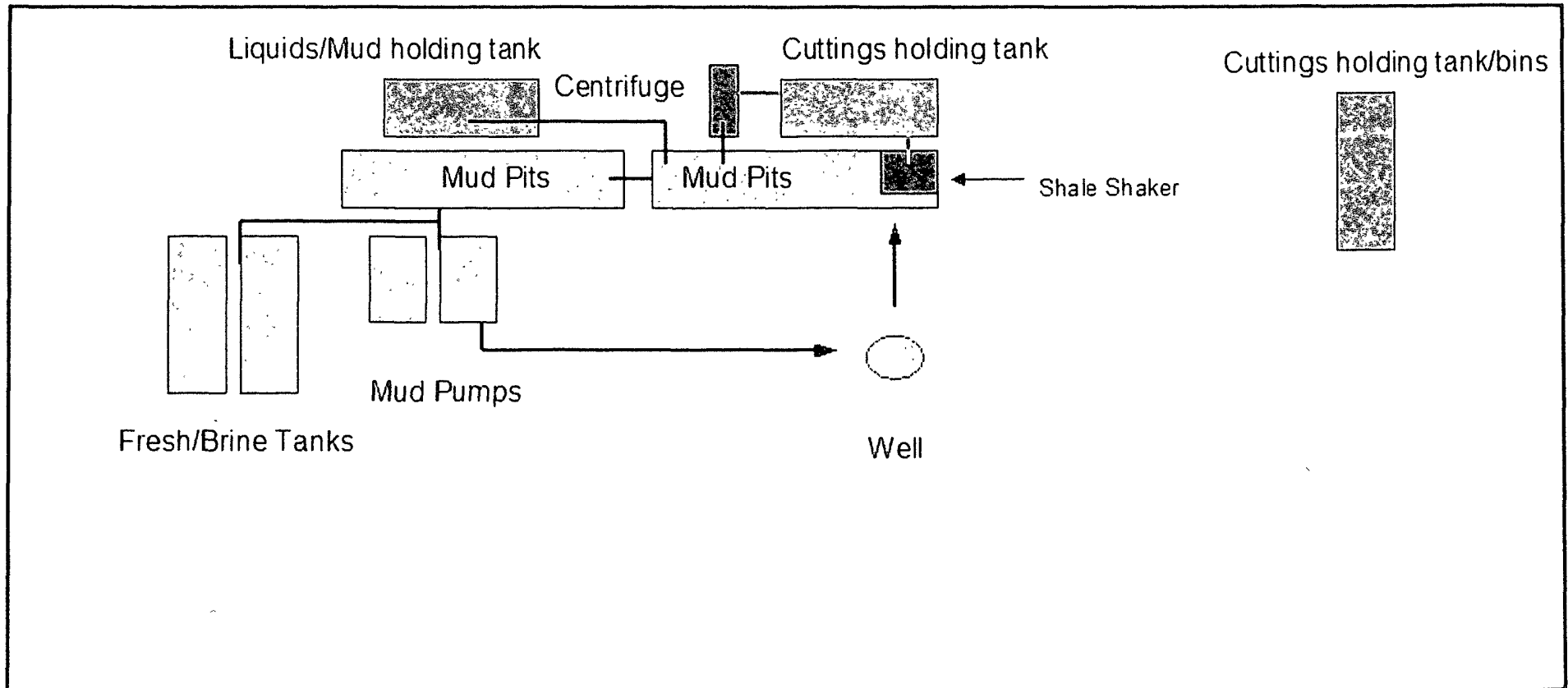
This instrument was acknowledged before me this 17th day of November, 2008, by W. Brett Smith, President of Rubicon Oil & Gas, LLC, General Partner of Rubicon Oil & Gas II, LP, a Texas limited partnership, on behalf of said partnership.




Notary of Public, State of Texas

Rubicon Oil & Gas, LLC
Dark Canyon 19 Fed 1
19-23-25 Eddy County, NM

Closed Loop System – Design and Construction Equipment Layout



Operating and Maintenance Plan

2. All liquids and solids contained in closed loop system
3. All equipment will be monitored continuously by Solids control personnel while drilling
4. All solids and contaminated fluid hauled to an approved facility as required.

Mr. Hal Lee
Operations Manager/Agent
Rubicon Oil & Gas, LLC
508 W. Wall Street, Suite 500
Midland, Texas 79701

18 November 2008

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Notification of Pit Rule Oversight

Dear Mr. Bratcher:

Please be advised Rubicon Oil & Gas, LLC (Rubicon) herewith submits the new Form C-144 CLEZ (Permit Application) for the following wells in fulfillment of the current New Mexico Oil Conservation Division (NMOCD) regulatory mandates for pits and/or closed loop systems: (1) Big Johnson No. 1 (API No.: 30-015-36347), (2) Momo 33 No. 1 (30-015-36322), (3) Dark Canyon 19 Federal No. 1 (30-015-35921) [REDACTED]

Rubicon had submitted the C-144 under Pit Rule 50 for the purpose of deep burying pits since they were considered for drilling in early 2008 prior to implementation of the new Rule. It was, as well, the custom to submit the Pit Rule 50 C-144's with the APD Application. Thus, the next time an Operator had to address this document was at actual pit closure. However in the case of these wells, although permitted under the old rule, they were not spudded until after 15 June 2008 for various, significant considerations.

Subsequently, Rubicon in attempt to comply with the new Rule changed its drilling format from utilization of a drilling pit system to that of a closed loop system. Some of these location revisions required additional time and money to restructure the system for closed loop processing. During this time of evolution, NMOCD mandates were constantly changing making infield implementations and document development extremely confusing, at a minimum. Thus within the confusion of this dynamic regulatory environment, Rubicon inadvertently failed to resubmit its Form C-144's for all wells now spudding after 15 June 2008, even though they had previously been in compliance.

Therefore, Rubicon herewith petitions the NMOCD for leniency regarding this seemingly small infraction for the following reasons: (1) closed loop was immediately employed; (2) the locations were compliant under the old Rule; (3) corrections are being immediately addressed and (4) no harm was done to the environment nor any regulatory parameter eschewed.

We thank you for your consideration and appreciate your kindness in recognizing our efforts to remain compliant, as has been our track record. Please call should you have questions (432-684-8006).

Sincerely,

Hall Lee 
Operations Manager/Agent

Enclosures: Refer to individual files

Bratcher, Mike, EMNRD

From: Price, Wayne, EMNRD
Sent: Thursday, January 08, 2009 2:31 PM
To: Cheryl
Cc: Sanchez, Daniel J., EMNRD; Bratcher, Mike, EMNRD; Jones, Brad A., EMNRD
Subject: RE: Rubicon C-144 CLEZ Permit/Closure

Mike, Daniel and I approved this process.

From: Cheryl [mailto:cmwink@mac.com]
Sent: Wednesday, January 07, 2009 9:27 AM
To: Price, Wayne, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Bratcher, Mike, EMNRD
Subject: Rubicon C-144 CLEZ Permit/Closure

Hi Wayne and Daniel!

I hope your Holiday time was relaxing!

On behalf of Rubicon, my sincere thanks to you both for your time and assistance regarding the Rubicon Form C-144 dispositions wherein the Operator had filed their APD's pursuant to Pit Rule 50, which was in effect at that time but was not actually able to drill their wells until after the new Pit Rule had gone into effect. ***However, all locations implemented a closed loop system.*** Consequently, a new Form C-144 CLEZ Permit application should have been filed for the following locations but was inadvertently overlooked in the maze of the changes which ensued at that time in history:

1. Momo 33 No. 1 (API No.: 30-015-36322)
2. Dark Canyon 19 Federal No. 1 (API No.: 30-015-35921)
3. Big Johnson No. 1 (API No.: 30-015-36347)

Rubicon having discovered the oversight, now desires to bring these records into compliance with the new pit rule by simultaneously submitting the replacement (C-144 CLEZ Permit) for the Pit Rule 50 C-144 Permit (previously approved) along with the C-144 CLEZ Closure. All locations have completed drilling activities.

Rubicon, therefore, is requesting approval of the respective above cited document corrections and an exemption from the issuance of an NOV due to the circumstances upon which the oversight occurred. As we also discussed, I desire to deliver these documents to the Artesia Office so that I can obtain my stamped copies directly and would request, therefore your concurrence via return email.

Again thank you very much for your assistance. It is appreciated!

Cheryl

This inbound email has been scanned by the MessageLabs Email Security System.
