

FEB - 2 2009

Form C-144 CLEZ
July 21, 2008

District I
1625 N French Dr., Hobbs, NM 88240
District H
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

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal/or closure, submit to the appropriate NMOC District Office

Closed-Loop System Permit or Closure Plan Application

(that only 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: <u>Mack Energy Corporation</u> OGRID #: <u>013837</u>	
Address: <u>P.O. Box 960 Artesia, NM 88210-0960</u>	
Facility or well name: <u>Avalon Federal #3</u>	
API Number: <u>30-015-35952</u> OCD Permit Number: _____	
U/L or Qtr/Qtr <u>I</u> Section <u>6</u> Township <u>17S</u> Range <u>30E</u> County <u>Eddy</u>	
Center of Proposed Design: Latitude _____ Longitude _____ NAD <input type="checkbox"/> 1927 <input type="checkbox"/> 1983	
Surface Owner: <input checked="" type="checkbox"/> Federal <input type="checkbox"/> State <input type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2	
<input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NAIAC	
Operation: <input checked="" type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input type="checkbox"/> P&A	
<input type="checkbox"/> Above Ground Steel Tanks or <input checked="" type="checkbox"/> Haul-off Bins	
3	
Sign: Subsection C of 19.15.17.11 NMAC	
<input type="checkbox"/> 12" x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers	
<input type="checkbox"/> 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	
<input checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC	
<input checked="" type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC	
<input checked="" type="checkbox"/> 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	
<input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____	
<input type="checkbox"/> 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: <u>Controlled Recovery Inc</u> Disposal Facility Permit Number: <u>NM-01-0006</u>	
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?	
<input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No	
Required for impacted areas which will not be used for future service and operations:	
<input type="checkbox"/> Soil Backfill and Cover Design Specifications -- based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC	
<input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC	
<input type="checkbox"/> 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): <u>Jerry Sherrell</u> Title: <u>Production Clerk</u>	
Signature: <u>Jerry W. Sherrell</u> Date: <u>1/30/2009</u>	
e-mail address: <u>jerrys@mackenergycorp.com</u> Telephone: <u>575-748-1288</u>	

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OCD Approval: ☒ Permit Applies on (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: TIM W. GUM Approval Date: 2-2-09
Title: DISTRICT II SUPERVISOR OCD Permit Number: 020967

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: _____

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Closure Reports 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: Controlled Recovery Inc Disposal Facility Permit Number: NM-01-0006

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: _____

Mack Energy Closed Loop System Design Plan

Equipment list,

- 2- 414 Swaco Centrifuges
- 2- 4 screen Mongoose shale shakers
- 2- CRI Bins with track system
- 2- 500 BBL frac tanks for fresh water
- 2- 500 BBL frac tanks for brine water

Operations and Maintenance

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.

Any leak in system will be repaired and /or contained immediately.

OCD notified within 48 hours.

Remediation process started.

Closure Plan

During drilling operations all liquids, drilling fluids and cuttings will be hauled off by CRI(Controlled Recovery Inc. Permit NM-01-0006).