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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: Marshall & Winston Inc   OGRID #: 014187

Address: P.O. Box 50880 Midland, TX 79710-0880

Facility or well name: Peacemaker 25 2

API Number: 30-015-38988   OCD Permit Number: 21453

U/L or Qtr/Qtr SW NW   Section 25   Township 19-S Range 25-E   County: Eddy

Center of Proposed Design: Latitude 32.632110`N          Longitude 104.445651`W   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 19.15.3.103 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: 30-005-29113

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: Gandy Marley Inc   Disposal Facility Permit Number: NM 711-01-020

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): Vernon D. Dyer   Title: Agent

Signature: *Vernon D. Dyer*   Date: 2/07/2011

e-mail address: vdyeroil@cableone.com   Telephone: (575) 420-0355

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

OCD Representative Signature: _~~R. Dade~~_   **Approval Date:** 05/02/2011

Title: _Dist II Supervisor_   **OCD Permit Number:** _211453_

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: _____   Telephone: _____

Marshall and Winston Incorporated
Peacemaker 25 Federal # 2 H
Section 25, F-N, T.19 S., R. 25. E
Eddy County, NM

Equipment:

The anticipated equipment shall consist of:
Above Ground steel tanks and or Roll-off steel tanks.
Dual motion shale shakers, solid removal centrifuges, gas separator, one 500 bbl fresh water and one 500 bbl brine water frac tanks. The closed loop mud system shall follow the guidance of regulations NM 19.15.17.11 NMAC.
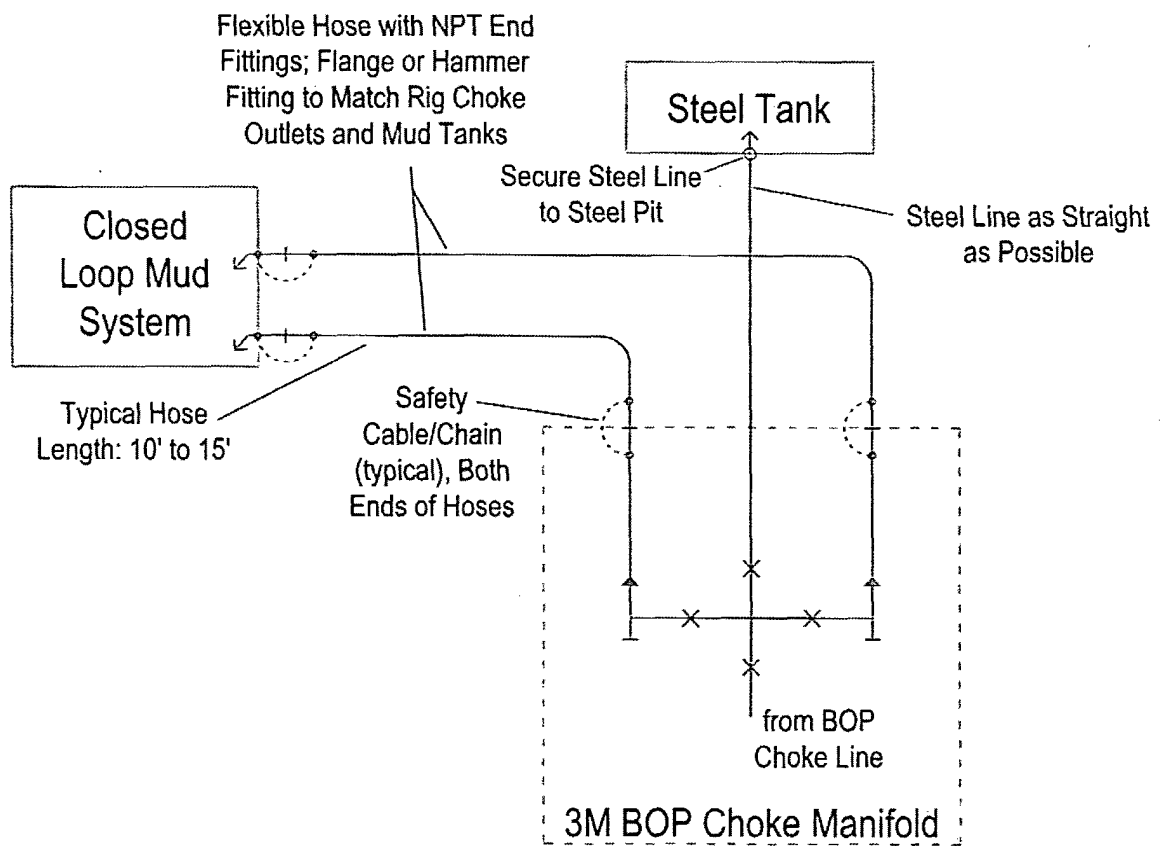
Maintenance:

The drilling crew will inspect the closed loop circulating system at least once during each tour. Inspections or maintenance shall be entered into the driller's log. Any release of spill discovered will be reported to the NMOCD at (575) 393-6161 within 24 hours in accordance to NMOCD Rule 19.15.29 NMAC.

Closure:

All circulating fluids and cuttings deemed for disposal shall be transported to one of the following state permitted waste disposal sites to be determined:
1) Gandy Marley Inc., waste disposal site, Route 45 Crossroads, Hwy 380, permit no. NM 711-01-020, EPID 0001002484.
2) Alternative disposal sites are Sundance Services, waste disposal site, located three miles east of Eunice, NM permit no. NM-01-0003 or...
3) Control Recovery Inc. waste disposal site, Halfway, Hwy 62, permit no. NM-01-0006.

Flexible Hose with NPT End
Fittings; Flange or Hammer
Fitting to Match Rig Choke
Outlets and Mud Tanks

Steel Tank

Secure Steel Line
to Steel Pit

Steel Line as Straight
as Possible

Closed
Loop Mud
System

Typical Hose
Length: 10' to 15'

Safety
Cable/Chain
(typical), Both
Ends of Hoses

from BOP
Choke Line

3M BOP Choke Manifold

Standard Closed Loop Mud System