

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: Ponderosa Petroleum Corporation OGRID # 248481  
Address: P.O. Box 132, Roswell, NM 88202  
Facility or well name: AM State #2  
API Number: 30-005-00267 OCD Permit Number: 211670  
U/L or Qtr/Qtr N Section 11 Township 11S Range 27E County: Chaves  
Center of Proposed Design: Latitude N. 33.37329 Longitude W. 104.21034 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: \_\_\_\_\_

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: Gandy-Marley Disposal Facility Permit Number: 711-1-0020  
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?  
☐ 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): Fred F. Pool, III Title: President  
Signature: [Signature] Date: 6/28/11  
e-mail address: sspool@cableone.net Telephone: 575-623-4667

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

OCD Representative Signature: \_\_\_\_\_

Approval Date: 07/11/2011

Title: Dist R Supervisor

OCD Permit Number: 211670

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: \_\_\_\_\_

**DESIGN PLAN – PONDEROSA PETROLEUM CORPORATION AM STATE #2**

**In accordance with 19.15.17.11 NMAC**

Ponderosa Petroleum Corporation will design the closed- loop system to contain all liquids and solids and prevent contamination of fresh water and protect public health and the environment. Since this is a re-entry, there is not much top soil on the location. However, prior to moving in the closed- loop system and cable tool rig, Ponderosa Petroleum Corporation will stockpile the available topsoil for use as the final cover at the time of closure. A 12" x 24" sign will be provided in accordance with Sub. C of 19.15.17.11.

Two steel pits with combined capacity of 3 times the well capacity will be utilized to hold the mud and drilled solids that are bailed from the well. The liquids and solids will then be transferred to a vacuum truck for transfer and disposal to the Gandy-Marley disposal facility, permit #711-1-0020. No circulation or re-use of drilling fluid will be necessary, since we will be using cable tool methods to clean out and re-enter the well to total depth. Well bore contents should not exceed 25 barrels.

A surrounding perimeter fence will be installed around the entire well site.

**OPERATING AND MAINTENANCE PLAN – PONDEROSA PETROLEUM CORPORATION AM STATE #2**  
**IN ACCORDANCE WITH 19.15.17.12 NMAC**

Ponderosa Petroleum Corporation will operate and maintain the closed-loop system to contain liquids and solids and to prevent contamination of fresh water and protect the public health and environment.

Liquid and cuttings will be removed from the wellbore using a typical cable tool bailer and placed directly into the closed-loop steel tanks. If the closed-loop system steel tanks develop a leak, Ponderosa Petroleum Corporation will remove all liquid within 48 hours, notify the Division II office within 48 hours, and repair the damage or replace the closed-loop system.

**CLOSURE PLAN – PONDEROSA PETROLEUM CORPORATION AM STATE #2**

**IN ACCORDANCE WITH SUB C. 19.15.17.9 & 13 NMAC**

After the wellbore has been re-entered and cleaned out (bailed out) to total depth, the steel tanks of the closed-loop system will be emptied using a vacuum truck and the contents transferred to the Gandy-Marley disposal facility, permit#711-1-0020.

Within 60 days of closure completion, Ponderosa Petroleum Corporation shall submit a closure report on Form C-144.