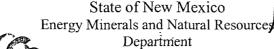
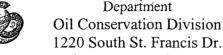
Distrect I 1625 N French Dr., Hobbs, NM 88240 1301 W. Grand Avenue, Artesia, NM 88210 District III
1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

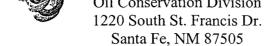




SEP 11 2008

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 clos closed-loop system that only use above ground steel tanks or haul-off bins and propo		
Please be advised that approval of this request does not relieve the operator of liability she environment. Nor does approval relieve the operator of its responsibility to comply with	ould operations result in pollution of surface water, ground water or the any other applicable governmental authority's rules, regulations or ordinances.	
Operator: Yates Petroleum Corporation	OGRID #:025575	
Address: 105 South Fourth Street, Artesia, New Mexico 88210		
Facility or well name: Clarence BCU #5		
API Number: 30-015-35759 OCD Permit Num	aber:	
U/L or Qtr/Qtr N Section 11 Township 16S Ran		
Center of Proposed Design: Latitude N32.931861 Longitude	de <u>W104.354444</u> NAD: ⊠1927 ☐ 1983	
Surface Owner: ☐ Federal ☐ State ☒ Private ☐ Tribal Trust or Indian Allotmer	nt	
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		
Signs: Subsection C of 19.15.17.11 NMAC		
☐ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers		
$\boxtimes$ Signed in compliance with 19.15.3.103 NMAC	receptione numbers	
2 organical in comprisance with 17.10.5.105 thanks		
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 NMA	C	
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:  APIN APPROVED  APIN APPROVED  A		
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 indentify the facility or facilities for the disposal of liquids, facilities are required.	drilling fluids and drill cuttings. Use attachment if more than two	
1	Disposal Facility Permit Number:NM-01-0019	
	Disposal Facility Permit Number: R9166	
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  Re-vegetation Plan - based upon the appropriate requirements of Subsection  Site Reclamation Plan - based upon the appropriate requirements of Subsection	e requirements of Subsection H of 19.15.17.13 NMAC I of 19.15.17.13 NMAC	

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• • •		
6. Operator Application Certification:		
I hereby certify that the information submitted with this application is true, accu	rate and complete to the best of my knowledge and belief.	
Name (Print): Cy-Gowan	Title: Regulatory Agent	
Signature: La Contraction of the	Date: <u>8/5/2008</u>	
e-mail address. <u>cy/wypcnm.com</u>	Telephone: <u>575-748-4372</u>	
7. OCD Approval: Permit Application (including closur dan) [ Closure Plan (only)		
OCD Representative Signature	Approval Date: 09-/1-08	
OCD Approval: Permit Application (including closure han) Closure For OCD Representative Signature:	OCD Permit Number: 0208479	
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 System Instructions: Please indentify the facility or facilities for where the liquids, drutwo facilities were utilized.		
Disposal Facility Name:		
Disposal Facility Name:		
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 operation     Site Reclamation (Photo Documentation)   Soil Backfilling and Cover Installation   Re-vegetation Application Rates and Seeding Technique	!tons:	
Operator Closure Certification:  I hereby certify that the information and attachments submitted with this closure		
belief. I also certify that the closure complies with all applicable closure require	ments and conditions specified in the approved closure plan.	
Name (Print):	Title:	
Signature:	Date:	
e-mail address:	Telephone:	

## Yates Petroleum Corporation Closed Loop System

## Equipment Design Plan

Closed Loop System will consist of:

- 1 double panel shale shaker
- 1 (minimum ) Centrifuge, certain wells and flow rates may require 2 centrifuges On certain wells, the Centrifuge will be replaced by a Clackco Settling Tank System
- 1 minimum centrifugal pump to transfer fluids
- 2-500 bbl. FW Tanks
- 1 500 bbl. BW Tank
- 1 half round frac tank 250 bbl. capacity as necessary to catch cement / excess mud returns generated during a cement job.
- 1 Set of rail cars / catch bins

Certain wells will use an ASC Auger Tank

## Operation Plan

All equipment will be inspected at least hourly by rig personnel and daily by contractors personnel.

Any spills / leaks will be reported to YPC, NMOCD, and cleaned up without delay.

## Closure Plan

Drilling with Closed Loop System, haul off bins will be taken to Gandy Marley and CRI.