

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: CHI OPERATING, INC. OGRID #: 4278
Address: P. O. Box 1799 Midland, TX 79702
Facility or well name: Wizard Federal Com, Well No. 6
API Number: 30-015-38543 OCD Permit Number: 211265
U/L or Qtr/Qtr O Section 1 Township 19-S Range 30-E County: Eddy
Center of Proposed Design: Latitude 32.696488' N Longitude 103.923911' W NAD: X 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.
X 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
X 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☐ Signed in compliance with 19.15.3.103 NMAC

RECEIVED

FEB 28 2011

NMOCD ARTESIA

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: CRI (Controlled Recovery Inc.) Disposal Facility Permit Number: #R-9166
Disposal Facility Name: Loco Hills Water Disposal Disposal Facility Permit Number: NMI -4

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): George R. Smith Title: Agent for Chi Operating, Inc.

Signature: George R. Smith Date: 09/17/10

e-mail address: gr.smith1@hotmail.com Telephone: 575-623-4940

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

OCD Representative Signature: FR Wade

Approval Date: 03/11/2011

Title: DIST #1 Supervisor

OCD Permit Number: 211265

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: _____

CHI OPERATING, INC. –WIZARD FEDERAL, Well No. 6
API: 30-

A- Sec. 1, T19S R30E: 10' FNL & 2310' FEL, EDDY County., NM

DESIGN: Closed Loop System with roll-off steel bins (pits)

CRI/Hobbs will supply (2) bins, rails and transportation relating to the Closed Loop System. Specifications of Closed Loop System attached.

ASC-Advanced Solids Control

Contacts: Harvey Rodriguez, Supervisor 575-200-5387 cell--Office # 575-347-4283:
Roswell, NM
Monitoring 24 hour service

Equipment:

8' X 50' Auger Tank-300 bbl capacity
8' X 40' Shale Bin (three sides and drive-in ramp)
2 Lynx 20 Centrifuges w/stands
2 Centrifuge pumps
2 Centrifuge control panels
2 8' x 40' Rig Mats
1- Front-end Loader
Air pumps on location for immediate remediation process
Layout of Close Loop System with bins, centrifuges and shakers attached.

Cuttings and associated liquids will be hauled to a State regulated third party disposal site: CRI (Controlled Recovery, Inc.) Disposal Facility Permit # R9166 for cuttings and. Liquids to a State authorized water disposal plant.

2- CRI Bins with track system

OPERATIONS:

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 will be notified within 48 hours of the spill.

Remediation process started immediately

CLOSURE:

During drilling operations and closure cuttings will be hauled to CRI (Controlled Recovery Incorporated) Disposal Facility Permit # R9166. All liquids and drilling fluids will be hauled to a State authorized water disposal plant during and at closure.

Home Contact

Advanced Solids Control LLC

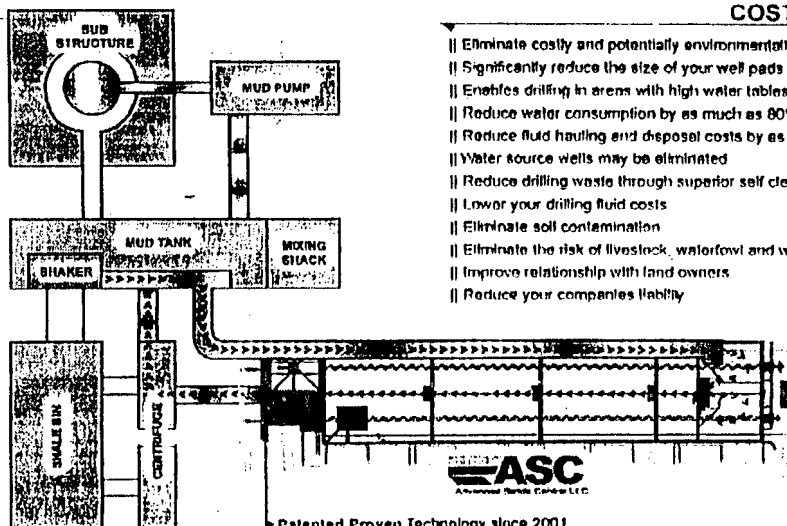


SPECIFICATIONS

Drilling fluids flow through a patented baffle system, settling out the solids along the way.

The auger system on the bottom of the mud tank, removes solids into a centrifuge system and then the fluids are re-circulated through the system.

This system is easy to install and requires minimal maintenance to operate.



COST SAVINGS & BENEFITS

- || Eliminate costly and potentially environmentally damaging reserve pits.
- || Significantly reduce the size of your well pads and ground disturbance.
- || Enables drilling in areas with high water tables and environmentally sensitive areas.
- || Reduce water consumption by as much as 80% per well.
- || Reduce fluid hauling and disposal costs by as much as 75% per well.
- || Water source wells may be eliminated
- || Reduce drilling waste through superior self cleaning and recycling
- || Lower your drilling fluid costs
- || Eliminate soil contamination
- || Eliminate the risk of livestock, waterfowl and wildlife mortality.
- || Improve relationship with land owners
- || Reduce your companies liability

Patented Proven Technology since 2001
(Units have been used by oil companies and drilling contractors such as:
Anadarko, Devon and Energen, Pioneer, Ensign and Halcrow Drilling)

not available in Canada



Advanced Solids Control LLC
5555 Bear Lane
Corpus Christi, TX
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P(361) 289-6332

Today's Solution for Tomorrows Environment