

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

HOBBS OGD

JUN 28 2011

RECEIVED

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 NMOC 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: Celero Energy II, LP OGRID #: 247128  
Address: 400 W. Illinois, Ste. 1601 Midland, TX 79701  
Facility or well name: Rock Queen Unit #40  
API Number: 30-005-00877 OCD Permit Number: PI-03420  
U/L or Qti/Qtr: F Section: 26 Township: 13S Range: 31E County: Chaves  
Center of Proposed Design: Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ 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

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: NM 01-0019  
Disposal Facility Name: Control Recovery Disposal Facility Permit Number: NM 01-006

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): Lisa Hunt Title: Regulatory Analyst

Signature: Lisa Hunt Date: 06/21/2011

e-mail address: lhunt@celeroenergy.com Telephone: (432)686-1883

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

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

Approval Date: \_\_\_\_\_

Title: \_\_\_\_\_

OCD Permit Number: \_\_\_\_\_

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): Lisa Hunt

Title: Regulatory Analyst

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

e-mail address: lhunt@celeroenergy.com

Telephone: (432)686-1883

Rock Queen Unit #40, API #30-005-00877

Attachment to NMOCD Form C-144 CLEZ, Items number 4 and 5.

### Design Plan

The closed-loop system will not involve a drying pad, temporary pit, below-grade tank or sump. Workover fluids and any accompanying cuttings will be circulated from the well through appropriate piping to a welded-steel tank of adequate volume. Cuttings will be separated from the workover fluids and held in a haul-off bin before the workover fluid is re-circulated to the well.

Fencing or netting is not required for an above-ground, closed-loop system. The site will have a sign in compliance with 19.15.3.103 NMAC.

### Operating and Maintenance Plan

Welded-steel tanks, haul-off bins, and associated piping will be maintained to contain liquids and solids. The equipment will be periodically inspected each day for leaks. The NMOCD District Office will be notified within 48 hours of the discovery of any leak in the equipment. Operations will be suspended and repairs will be started immediately upon the discovery of any leak. Hazardous waste, miscellaneous solid waste or debris will not be discharged into or stored in tanks or haul-off bins. Only fluids used in or cuttings generated by operations will be placed or stored in the tanks or bins.

Fluids used in operations will be transported to Control Recovery for disposal on a periodic basis as necessary. Cuttings generated by operations will be transported to Gandy - Marley, Inc. for disposal on an as-needed basis.

### Closure Plan

Steel tanks, haul-off bins, and related piping will be properly maintained. During and after rig operations, workover fluids and any generated cuttings will be hauled to Control Recovery and Gandy - Marley, Inc., respectively. All service equipment necessary for operations will be removed from the site at the conclusion of operations. Since there will not be any drying pads, temporary pits, or below-grade tanks or sumps, and future service and/or operations are likely, the site will not be reclaimed.

### Site Reclamation

Ocotillo Environmental of Hobbs, New Mexico will reclaim the site. All above-ground equipment in addition to anchors/deadmen will be removed. Soil cover will be the greater of one foot or that which will match the background thickness of topsoil. Soil cover will match the existing grade of the site and will be placed to prevent ponding and erosion of the cover. The area will be re-vegetated using the (State/BLM) land mix which is appropriate for the area. The NMOCD will be notified of seeding and when re-vegetation is successful.