

HOBBS OCD

SEP 12 2011

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

Operator: <u>PALADIN ENERGY CORP</u>		OGRID #: <u>164070</u>
Address: <u>10290 Monroe Dr., Suite 301, Dallas, Texas 75229</u>		
Facility or well name: <u>Reeves 36 #4</u>		
API Number: <u>30-025-32299-03137</u>		OCD Permit Number: <u>P1-03695</u>
U/L or Qtr/Qt: <u>K</u>	Section: <u>26</u>	Township: <u>T18S</u> Range: <u>R35E</u> County: <u>Lea</u>
Center of Proposed Design: Latitude _____		Longitude _____ NAD: <input type="checkbox"/> 1927 <input type="checkbox"/> 1983
Surface Owner: <input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment		

<input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC Operation: <input type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input type="checkbox"/> P&A <input type="checkbox"/> Above Ground Steel Tanks or <input type="checkbox"/> Haul-off Bins	
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Signs: Subsection C of 19.15.17.11 NMAC <input type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers <input checked="" type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC	
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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.	
<input checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC <input checked="" type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____ <input type="checkbox"/> Previously Approved Operating and Maintenance Plan API Number: _____	

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: <u>Paladin Energy Corp., South Vacuum Unit 35 SWD #2</u> Disposal Facility Permit Number: <u>API # 30-025-03151</u> Disposal Facility Name: <u>Gandy-Marley (commercial facility)</u> Disposal Facility Permit Number: <u>NM-01-0019</u>	
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? <input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No	
Required for impacted areas which will not be used for future service and operations <input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC <input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC <input type="checkbox"/> Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC	

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): <u>David Plaisance</u>	Title: <u>V.P. Exploration & Production</u>
Signature: <u>[Signature]</u>	Date: <u>9/12/2011</u>
e-mail address: <u>dplaisance@paladinenergy.com</u>	Telephone: <u>214-654-0132 ext 3</u>

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

OCD Representative Signature: _____

Approval Date: _____

Title: _____

PETROLEUM ENGINEER

OCD Permit Number: _____

09/13/11
P1-03695

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: _____

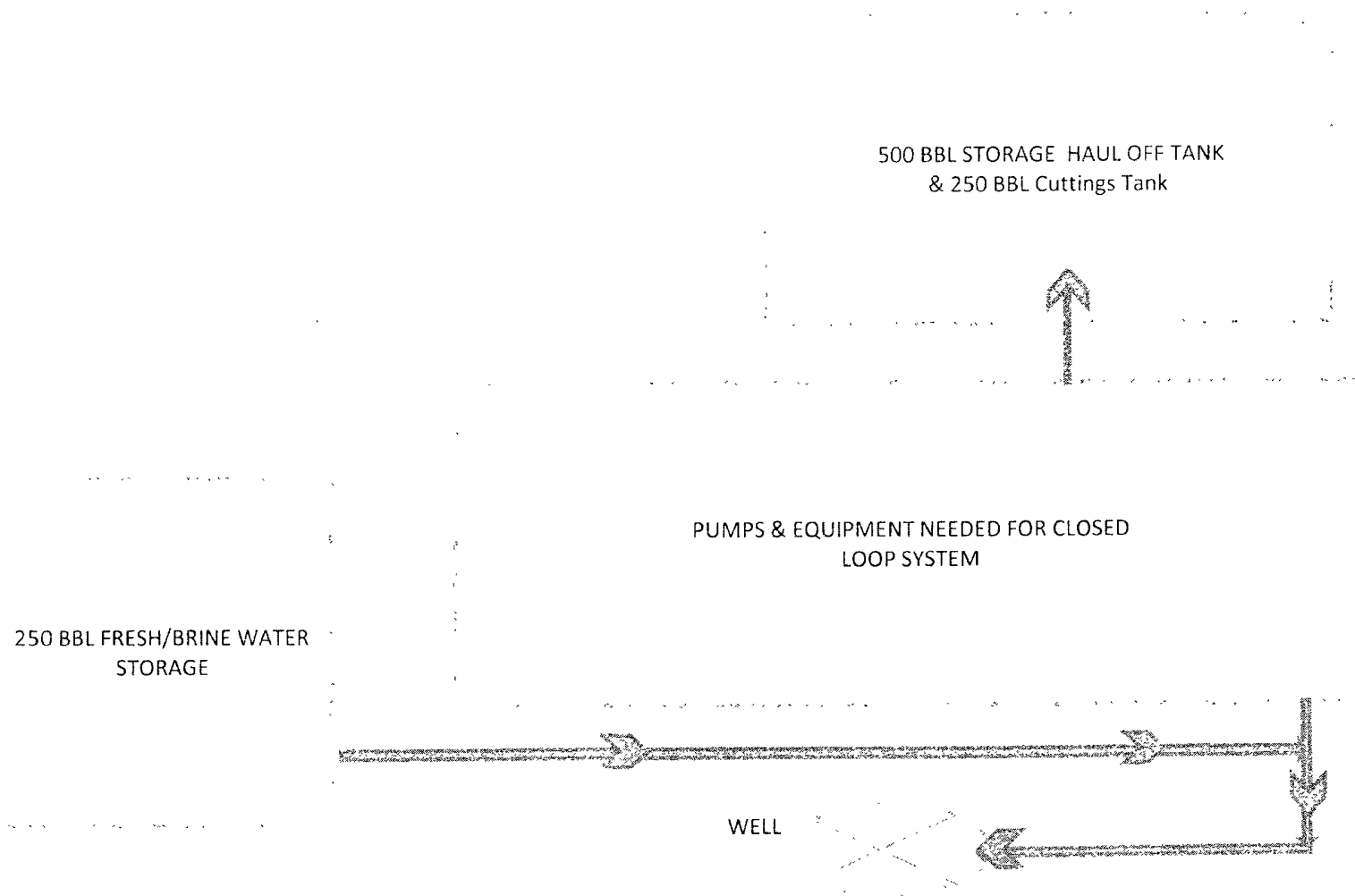
Signature _____

Date _____

e-mail address _____

Telephone: _____

CLOSED-LOOP SYSTEM FOR PLUG BACK, DEEPENING, RE-COMPLETION, P&A, T&A OPERATIONS DESIGN AND CONSTRUCTION



EQUIPMENT

1-250 bbl tank for holding fluids

1-500 bbl haul off tank for brine water

1-250 bbl haul of tank for cuttings

OPERATION AND MAINTENANCE

System will be maintained during operating hours by control personnel that will stay on location.

Any and all leaks will be repaired and/or contained immediately.

OCD will be notified within 48 hours of remediation started if spill or leak occurs.

Will adhere to Rule 116.

CLOSURE PLAN

During and following completion of Operations all fluids and cuttings will be hauled off by Closed Loop Specialist.

GROUNDWATER

Per OCD and State Engineer data, the groundwater occurs at a depth of 40' to 60'.