

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 OCD

MAY 02 2011

RECEIVED

State of New Mexico

Energy Minerals and Natural Resources

Department

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

HOBBS OCD

SEP 13 2011

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.

Form C-144 CLEZ

July 21, 2008

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.

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|----------------------------|---|--------------------|--|----------|-----|-------|-----|---------|-----|
| Operator: | XT0 Energy Inc. | OGRID #: | 005380 | | | | | | |
| Address: | 200 N. Loraine, Ste. 800 | | | | | | | | |
| Facility or well name: | Dauron #5 | | | | | | | | |
| API Number: | 30-025-30835 | OCD Permit Number: | PI-03179 | | | | | | |
| U/L or Qtr/Qtr | F | Section | 1 | Township | 21S | Range | 37E | County: | Lea |
| 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 | | | | | | | | |

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|---|--|
| <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 checked="" 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 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: _____ |

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| 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: | Controlled Recovery Inc. |
| Disposal Facility Permit Number: | NM-01-0006 |
| 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? | |
| <input type="checkbox"/> Yes (If yes, please provide the information below) <input 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 | |

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|--|---------------------------|
| 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): | Patty Urias |
| Title: | Regulatory Analyst |
| Signature: | Patty Urias |
| Date: | 4/28/11 |
| e-mail address: | patty.urias@xtoenergy.com |
| Telephone: | 432-620-4318 |

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OCD Approval: ☐ Permit Application (including closure plan) ☐ Closure Plan (only) MAY 02 2011
OCD Representative Signature: [Signature] Approval Date: _____
Title: Geologist OCD Permit Number: P1-03179

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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: 8/21/2011

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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: CRI Disposal Facility Permit Number: NM-01-0006
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

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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): Patty Urias Sherry Pack Title: Regulatory Analyst
Signature: [Signature] Date: 4/27/11 9/1/2011
e-mail address: patty.urias@xtoenergy.com sherry-pack@xtoenergy.com Telephone: 432-620-4318 432.620.6409

ELG 10-27-2011



Closure Report

Solids and Fluids were removed from steel tanks and hauled off by trucking companies and taken to.

Disposal Facility Name: CRI

Disposal Facility Permit Number: NM-01-0006

