HOBBS OCD

JAN 19 2012

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

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SEP 30 2011

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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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.

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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: [X] Permit [X] 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: Chesapeake Operating, Inc. OGRID #: 147179
Address: P.O. Box 18496 Oklahoma City, OK 73154
Facility or well name: QUAIL QUEEN UNIT 14
API Number: 30-025-25493 OCD Permit Number: P1-03769
U/L or Qtr/Qtr G Section 14 Township 19S Range 34E County: Lea
Center of Proposed Design: Latitude 32.661910 Longitude -103.52722 NAD: [X] 1927 [ ] 1983
Surface Owner: [ ] Federal [X] 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 [X] Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) [ ] P&A
[X] Above Ground Steel Tanks or [ ] Haul-off Bins

3.
Signs: Subsection C of 19.15.17.11 NMAC
[ ] 12"x24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
[X] 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.
[X] Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
[X] Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
[X] 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 indentify 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 Disposal Facility Permit Number: NM-01-0006
Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003
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) [X] No
Required for impacted areas which will not be used for future service and operations:
[ ] Soil Backfilling 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): Bryan Arrant Title: Sr. Reg. Compl. Sp.
Signature: Bryan Arrant Date: 09/29/2011
e-mail address: bryan.arrant@clik.com Telephone: (405)935-3782

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

OCD Representative Signature: _____ Approval Date: 10-3-2011

Title: STAFF MGR OCD Permit Number: 91-03769

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: 10/18/2011

9.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:
Instructions: Please indentify 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: Sundance Disposal Disposal Facility Permit Number: NM-01-0003

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 Techniques

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): Danny L Hunt Title: Prod. Superintendant

Signature: Danny L Hunt Date: 1-18-2012

e-mail address: danny.hunt@chk.com Telephone: 817 526 2322

JAN 19 2012

Chesapeake Operating, Inc.'s Closed Loop System
QUAIL QUEEN UNIT 14
Unit G, Sec. 14, T-19-S R-34-E
Lea Co., NM
API #: 30-025-25493

Equipment & Design:

Chesapeake Operating, Inc. is to use a closed loop system in our request to re-enter this well.
(1) 500 bbl frac tank will be on location.

Operations & Maintenance:

During each and every tour, the rig's crew will inspect and monitor closely the fluids contained within the frac tank and visually monitor any spill which may occur.
Within 48 hours should a spill, release or leak occur, the NMOCD District I office in Hobbs (575-393-6161) will be notified. Please note that notifications may be made earlier to the district office should a greater release occur.

Closure:

After operations are completed, fluids will be hauled and disposed at Controlled Recovery, Inc.'s location.
The permit number for Controlled Recovery, Inc. is: NM-01-0006
The alternative disposal facility will be Sundance Disposal.
Their permit # is: NM-01-0003.