HOBBS OCD

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RECEIVED

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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
Revised August 1, 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.

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 [ ] 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: ConocoPhillips Company OGRID #: 217817

Address: 3300 N "A" St, Bldg 6 Midland, TX 79705

Facility or well name: Buck Federal 17 ~~#SWD~~ SWD #1

API Number: 30-025- 40482 OCD Permit Number: PI-04312

U/L or Qtr/Qtr F Section 17 Township 26S Range 32E County: Lea

Center of Proposed Design: Latitude _____ Longitude _____ NAD: [ ] 1927 [ ] 1983

Surface Owner: [X] Federal [ ] State [ ] Private [ ] Tribal Trust or Indian Allotment

2

[X] **Closed-loop System:** Subsection H of 19.15.17.11 NMAC

Operation: [X] Drilling a new well [ ] 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 [X] 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 19.15.16.8 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.

[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: _____

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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 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: Controlled Recovery Disposal Facility Permit Number: R9166

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?

[ ] 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 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

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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): Brian D Maiorino Title: Regulatory Specialist

Signature: _____ Date: 12/13/2011

e-mail address: brian.d.maiorino@conocophilips.com Telephone: (432)688-6913

MAR 19 2012

7

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

OCD Representative Signature: _____ **Approval Date:** 03/14/2012

Title: PETROLEUM ENGINEER **OCD Permit Number:** P1-04312

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:** _____

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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 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: _____ 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): Brian D Maiorino Title: Regulatory Specialist

Signature: _____ Date: _____

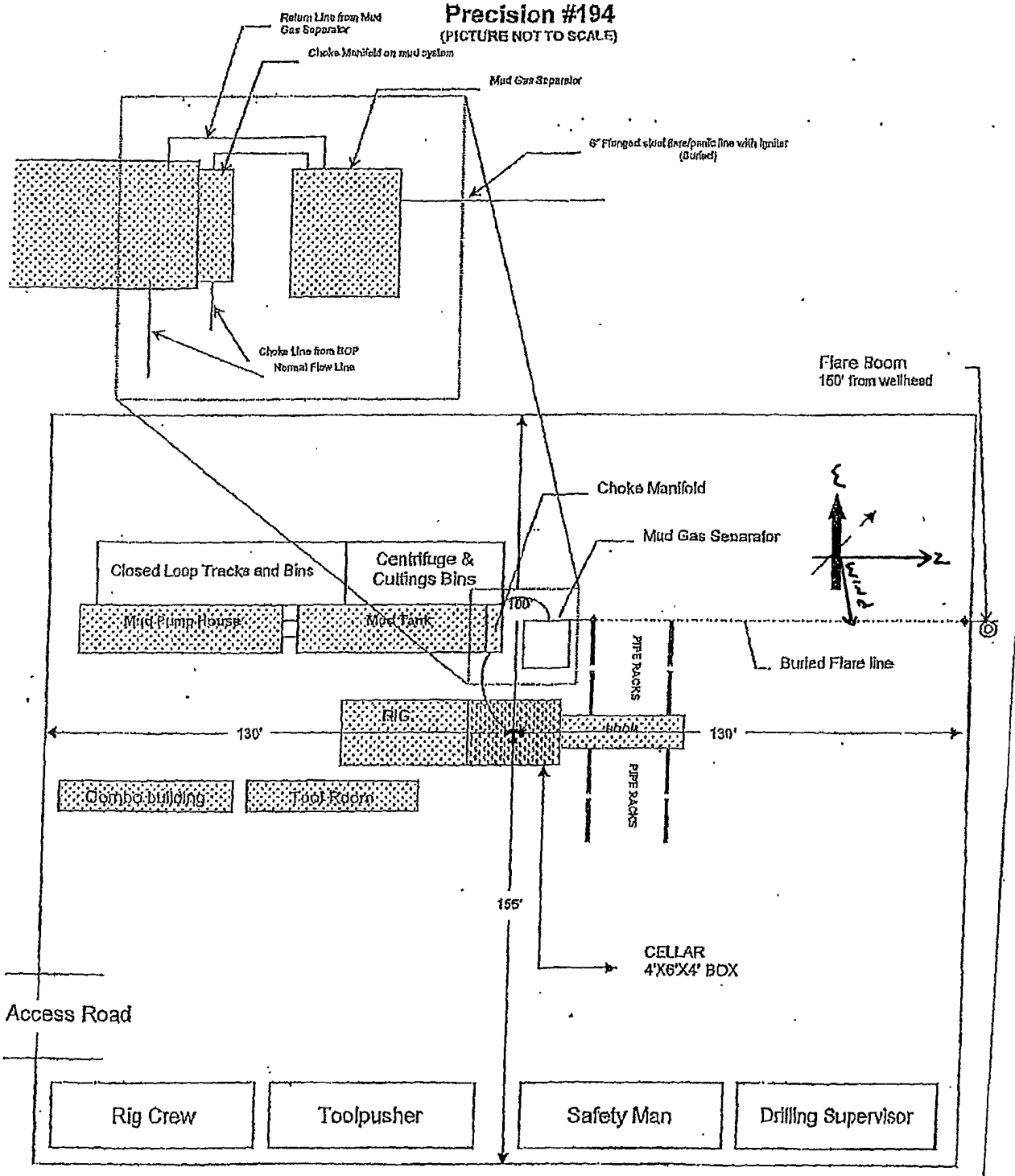
e-mail address: brian.d.maiorino@conocophilips.com Telephone: (432)688-6913

ConocoPhillips

Location Schematic and Rig Layout for Closed Loop System

Precision #194

(PICTURE NOT TO SCALE)



ConocoPhillips Company
Closed Loop System Design, Operating and Maintenance, and Closure Plan

Well: Buck Federal 17 #1SWD

Date: December 14, 2011

ConocoPhillips proposes the following plan for design, operating and maintenance, and closure of our proposed closed loop system for the above named well:

1. We propose to use a closed loop system with steel pits, haul-off bins, and frac tanks for containing all cuttings, solids, mud, water, brine, and liquids. We will not dig a pit, nor will we use a drying pad, nor will we dispose of or bury any waste on location.

   All drilling waste and all drilling fluids (fresh water, brine, mud, cuttings, drill solids, cement returns, and any other liquid or solid that may be involved) will be contained on location in the rig's steel pits or in haul-off bins or in frac tanks as needed. The intent is as follows:
   - We propose to use the rigs's steel pits for containing and maintaining the drilling fluids.
   - We propose to remove cuttings and drilled solids from the mud by using solids control equipment and to contain such cuttings and drilled solids on location in haul-off bins.
   - We propose that any excess water that may need to be stored on location will be stored in a fresh water pond.

   The closed loop system components will be inspected daily by each tour and any needed repairs will be made immediately. Any leak in the system will be repaired immediately, and any spilled liquids and / or solids will be cleaned immediately, and the area where any such spill occurred will be remediated immediately.

2. Cuttings and solids will be removed from location in haul-off bins by an authorized contractor and disposed of at an authorized facility. For this well, we propose the following disposal facility:

   Controlled Recovery Inc,
   4507 West Carlsbad Hwy, Hobbs, NM 88240,
   P.O. Box 388 Hobbs, New Mexico 88241
   Toll Free Phone: 877.505.4274, Local Phone Number: 432-638-4076

   The physical address for the plant where the disposal facility is located is Highway 62/180 at mile marker 66 (33 miles East of Hobbs, NM and 32 miles West of Carlsbad, NM).

   The Permit Number for CRI is R9166

   A photograph showing the type of haul-off bins that will be used is attached.

3. Mud will be transported by vacuum truck and disposed of at Controlled Recovery Inc at the facility described above.

4. Fresh Water and Brine will be hauled off by vacuum truck and disposed of at an authorized salt water disposal well. We propose the following for disposal of fresh water and brine as needed:

   - Nabors Well Services Company, 3221 NW County Rd, Hobbs, NM 88240, PO 5208 Hobbs, NM, 88241, Permit SWD 092. (Well Location: Section 3, T19S R37E)

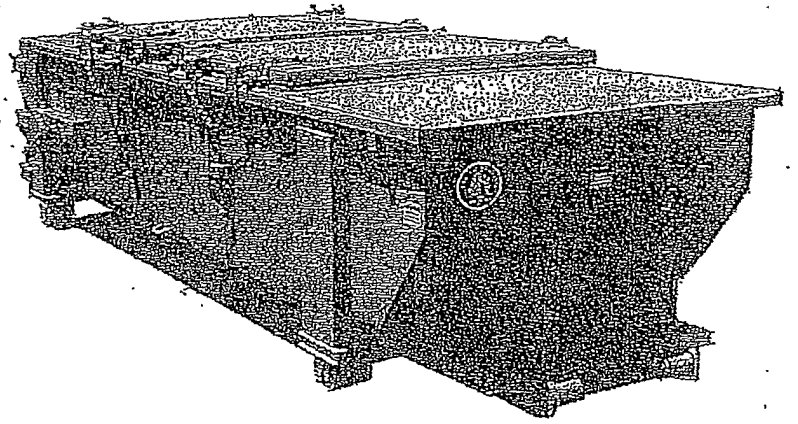
   - Basic Energy Services, PO Box 1869 Eunice, NM 88231 Phone Number 575 394 2545, Facility located at Hwy 18, Mile Marker 19, Eunice, NM.

Luis Serrano Drilling Engineer
ConocoPhillips Company, 600 North Dairy Ashford, Room #2WL-13016, Houston, TX 77079-1175
Office: 832-486-2346

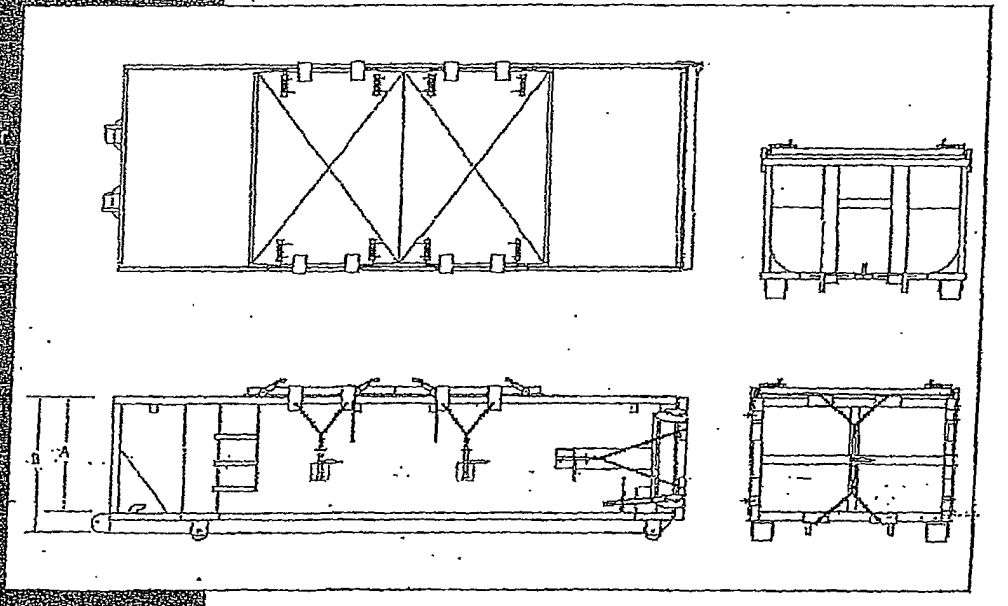
SPECIFICATIONS

FLOOR: 3/16" PL one piece.
CROSS MEMBER: 8" x 4.1 channel 16" on center.
WALLS: 3/16" PL solid welded with tubing top inside liner hooks.
DOOR: 3/16" PL with tubing frame.
FRONT: 3/16" PL slant formed.
PICK U.P.: Standard cable with 2" x 6" x 1/4" rails, gusset at each crossmember.
WHEELS: 10 DIA x 9 long with grease fittings.
DOOR LATCH: 3 independent ratchet binders with chains, vertical second latch.
GASKETS: Extruded rubber seal with metal retainers.
WELDS: All welds continuous except sub-structure crossmembers.
FINISH: Coated inside and out with direct-to-metal, rust inhibiting acrylic enamel color coat.
HYDROTESTING: Full capacity static test.
DIMENSIONS: 22'-1" long (21'-8" inside), 99" wide (88" inside), see drawing for height.
OPTIONS: Steel grit blast and special paint. Amplirol. Heil and Dino pickup.
ROOF: 3/16" PL roof panels with tubing and channel support frame.
LIDS: (2) 88" x 90" metal rolling lids spring loaded, self raising.
ROLLERS: 4" V-groove rollers with delrin bearings and grease fittings.
OPENING: (2) 60" x 82" openings with 6" divider centered on container.
LATCH: (2) independent ratchet binders with chains per lid.
GASKETS: Extruded rubber seal with metal retainers.

Heavy Duty Split Metal Rolling Lid

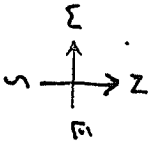


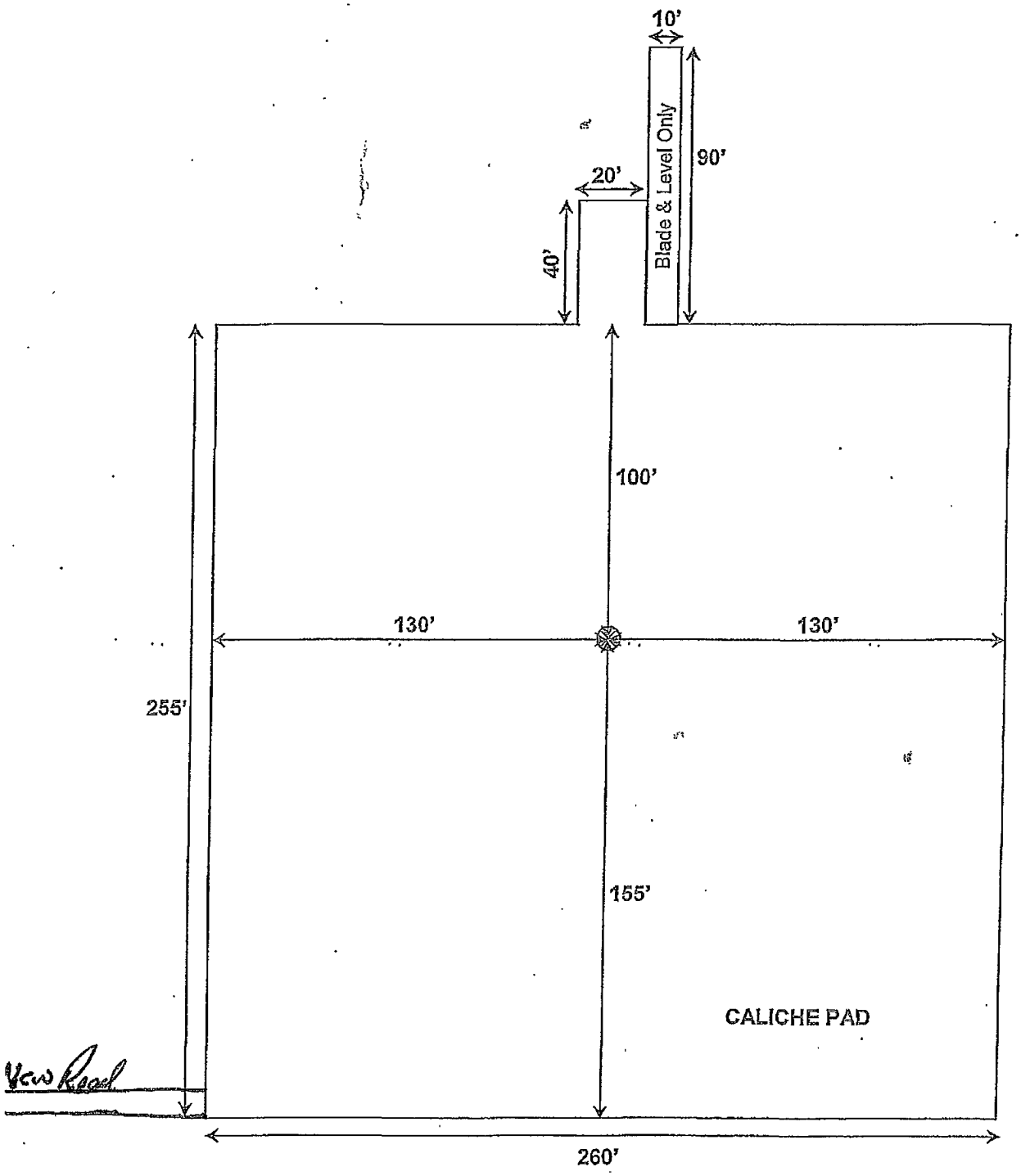
CONT.	A	B
20 YD	41	53
25 YD	53	65
30 YD	65	77



ConocoPhillips
Drilling Location
Closed Loop Pits

Well: Buck Fed. 17 #1 SWD





CELLAR: 6' DIA. x 4' TIN HORN