

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

**HOBBS OCD**

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

APR 27 2012

RECEIVED

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: Chesapeake Operating, Inc. OGRID #: 147179  
Address: P.O. Box 18496 Oklahoma City, OK 73154  
Facility or well name: MCCLOY RANCH 2 24 32 STATE COM 1H  
API Number: 30-025- 40551 OCD Permit Number: 91-04505  
U/L or Qtr/Qtr N Section 2 Township 24 SOUTH Range 32 EAST County: LEA  
Center of Proposed Design: Latitude 32.239694 Longitude -103.64755 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 19.15.16.8 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: CRI Disposal Facility Permit Number: NM-01-0006  
Disposal Facility Name: SUNDANCE DISPOSAL Disposal Facility Permit Number: NM-01-0003

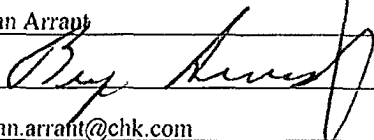
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?  
☐ Yes (If yes, please provide the information below) ☒ No

*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

#### 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: Regulatory Specialist II  
Signature:  Date: 04/27/2012  
e-mail address: bryan.arrant@chk.com Telephone: (405)935-3782



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): \_\_\_\_\_

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

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

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

e-mail address: \_\_\_\_\_

Telephone: \_\_\_\_\_





## RIG #62

### DRAWWORKS

Skytop Brewster N-75-M (1000HP)  
1 1/4" drill line, Parmac 342 auxiliary brake

### POWER

(2) Caterpillar 379 engines (550HP each)

### LIGHT PLANTS

(2) Caterpillar C-15 engines w/ 320 KW generators

### MAST

Ideal 137' w/ 622,000# capacity on 10 lines

### SUBSTRUCTURE

Ideal 15' box on box  
KB 17' Rotary beam clearance 12' 3"

### BLOCK HOOK

McKissick (300 Ton) combo

### PUMPS

(2) National 10-P-130 (1300HP each) triplex pumps  
Each independently powered by (1) Caterpillar 3512 engine

### MUD PITS

(2) tank system - 980 bbl capacity w/ 100 bbl slug pit

### SOLIDS EQUIPMENT

Derrick FLC-503 Dual Shaker  
Derrick 3-cone desander  
Derrick 20-cone desilter  
Atmospheric degasser  
(5) mud agitators

### BOP'S

13 5/8" X 5,000 psi Hydril annular  
13 5/8" X 5,000 psi Shaffer double

### ACCUMULATOR

Koomiey 5-Station, 110 gallon accumulator

### CHOKE MANIFOLD

5,000 psi choke manifold

### SWIVEL

Continental Emsco (400 Ton)

### ROTARY TABLE

National (27 1/2")

### DRILL PIPE

4 1/2" drill pipe

### DRILL COLLARS

8" and 6 1/2" drill collars  
\*quantity subject to availability

### AUXILIARY EQUIPMENT

Pason EDR (base system)  
Fuel Tank - 10,000 gallon capacity  
Water Tank - (2) 500 barrel capacity each  
Rig Manager Quarters  
NOV-ST-80 Iron Roughneck  
Satellite automatic driller  
Mathey survey unit

Revised 10.01.09



**PATTERSON-UTI**  
**DRILLING COMPANY**



**Chesapeake Operating, Inc.'s Closed Loop System  
MCCLOY RANCH 2 24 32 STATE COM 1H  
Unit N, Sec. 2, T-24-S R-32-E  
Lea Co., NM  
API # TBD**

**Equipment & Design:**

Chesapeake Operating, Inc. is to use a closed loop system with roll-off steel pits. Patterson-UTI Drilling Company has the following equipment for maintenance of their drilling mud:

- (1) Derrick FLC-503 Dual Shale Shaker**
- (1) Derrick 3-Cone Desander**
- (1) Atmospheric Degasser**
- (5) Mud Agitators**
- (1) 500 bbl frac tank for fresh water**
- (1) 500 bbl frac tank for brine water**

**Operations & Maintenance:**

During each tour, the rig's drilling crew will inspect and monitor the drilling fluids contained within the steel pits and visually monitor any spill which may occur. 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 per NMOCD's rules.

**Closure:**

During and after drilling operations, drilling fluids and cuttings will be hauled to Controlled Recovery, Inc. Permit # NM-01-0006.

The alternative disposal facility will be Sundance Disposal. Permit # NM-01-000