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

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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: Basic Energy Services LP OGRID #: 018862

Address: P.O.Box 10460 Midland Texas 79702

Facility or well name: RedHawk State ~~#2 SWD~~ #1

API Number: 3002531888 OCD Permit Number: P1-04510

U/L or Qtr/Qtr L Section 32 Township 19S Range 34E County: Lea

Center of Proposed Design: Latitude _____ Longitude _____ NAD: ☐1927 ☐ 1983

Surface Owner: ☐ Federal **xxx** State ☐ Private ☐ Tribal Trust or Indian Allotment

2.

☐ **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

X 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

X 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.

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: STATE NO # 1 Disposal Facility Permit Number: NM SWD 977

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

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

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): DAVID ALVARADO Title: NM Fluid Sales Mgr.

Signature: David A Alvarado Date: 4/28/12

e-mail address: david.alvarado@basicenergyservices.com Telephone: 575.746.2072

MAY 02 2012

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

OCD Representative Signature: _____ **Approval Date:** 05/02/12

Title: PETROLEUM ENGINEER **OCD Permit Number:** P1-04510

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 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): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

VII Proposed Operation Data
RedHawk 32 State # 1
API # 3002531888

Basic Energy Services LP proposes the facility to start with 15 to 20 loads of trucking per day of PW with an increase of up to 40 loads per day by the end of 2012. This is dependant of truck availability and personnel. Most of the area's PW will be to the north and to the south west of the RedHawk 32 State # 1 where high activity of drilling is taking place. Basic Energy Services LP anticipates 3500 bbls to a maximum amount of 5,000 bbls of PW daily with injection psi to be at around 1,100 psi to maximum of 1,450 psi. The facility will be equipped with a four truck unloading contained cement base rack. As fluid is unloaded PW will flow into two 500 bbl sludge tanks allowing solids to fall out. Chemical will be added via chemical pumps and regulated to the anticipated daily total barrels hauled by Baker Petro-lite. Once water has been treated it will over flow and enter 3000 bbls of equalizing storage tanks. Fluid levels will be controlled by C-pumps sending fluids thru a 1000 bbl gun barrel where water and skimmed hydrocarbons will be separated. The gun barrel's water leg sending the PW to two 500 bbl tanks where a 200 T Gardner Denver triplex pump equipped with 3" plungers powered with reduction 150 hp motor will inject down the bore hole and injected in to our selected intervals. Hydrocarbons will be passed thru a 500 bbl brine wash before stored in sales tanks. Basic Energy Services LP's facility at the RedHawk 32 State # 1 will be contained in a concrete containment capable of holding 1.3 times the total volume of the facility.

Operated in a closed loop system the facility will be fully automated and operated by an electronically computerized system allowing monitoring of the facility thru smart phone or computer log in. Its integrated alarm system will notify by phone any alarm that might occur from low oil in the crank case of the triplex to high tank levels shutting down access to midway unloading valves thus rendering total shut down of the facility until problem is fixed and restoration of alarms are reset. All Basic Employees are assigned a pass code that records his name and time with the amount of PW unloaded and is recorded as to the lease and operator it has be hauled from. The data can then be generated and filtered giving totals for company or leases allowing total bbls hauled from a facility or a lease. Please find the water and solids analysis from Baker Petro-lite on waters that will be hauled into the facility and also data of compatibility of waters into the proposed injection zone.