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HOBBS OCD

HOBBS OCD

JUN 29 2011

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1900 Rio Hrazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
SEP 29 2011 Energy, Minerals and Natural Resources
Department
Oil Conservation Division
RECEIVED 1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144-CLEZ
July 21, 2008

For closed-loop systems that utilize 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.

Operator: Chesapeake Operating, Inc. OGRID #: 147719
Address: P.O. Box 18496 Oklahoma City, OK 73154
Facility or well name: QUAIL/QUEEN UNIT 3Y
API Number: 30-025-26221 OCD Permit Number: P-1048372
U/L or Q/L or Q/L Section II Township 19S Range 34E County: Lea
Center of Proposed Design: Latitude 32.672410 Longitude -103.52424 NAD: ☒ 1927 ☐ 1983
Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

☒ Closed-loop System: Subsection J of 19.15.17.11 NMACOperation: ☐ 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

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 19.15.3.103 NMAC

Closed-loop Systems Permit Application Attachment Checklist: Subsection D 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: _____

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13 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: CRU 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?

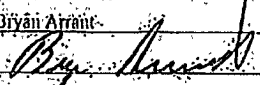
☐ Yes (If yes, please provide the information below) ☒ No

Required for Impaired 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: Sr. Reg. Compl. Sp.
 Signature:  Date: 09/29/2011
 e-mail address: bryan.arrant@ch2m.com Telephone: (405) 933-3782

Form C-144-CLEZ

Oil Conservation Division

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

QCD Representative Signature: Matey S. Brown Approval Date: 7/3/2012

Title: Compliance Officer QCD Permit Number: P1-04872

1. 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: 6-28-12

2. 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: CR1 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

3A. 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): Bryan Arant Title: Regulatory Specialist II

Signature: [Signature] Date: 6-29-12

e-mail address: bryan.arant@chc.com Telephone: 405.935-3782