HOBBSOCD

JUL 18 2012

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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: ☒ 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: GREAT WESTERN DRILLING COMPANY OGRID #: 009338
Address: P.O. BOX 1659 MIDLAND, TX 79702
Facility or well name: SOUTH CARTER SA UNIT #102
API Number: 30-025-07917 OCD Permit Number: PI-04955
U/L or Qtr/Qtr: N Section: 5 Township: 18S Range: 39E County: LEA
Center of Proposed Design: Latitude Longitude 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 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: 'GANDY MARLEY Disposal Facility Permit Number: NM01-0019
Disposal Facility Name: BASIN ALLIANCE Disposal Facility Permit Number: R-816
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 Backfilling and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Revegetation 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): SAM ROBERTS Title: AREA ENGINEER
Signature: Date: 07/17/2012
e-mail address: sroberts@gwdc.com Telephone: (432)682-5241

JUL 19 2012

OCD Approval [ ] Permit Application (including closure plan) [ ] Closure Plan (only)

OCD Representative Signature: [signature] Approval Date: 7-19-2012

Title: Dist. Mgr OCD Permit Number: P1-04955

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:

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

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): SAM ROBERTS Title: AREA ENGINEER

Signature: [signature] Date: 07/17/2012

e-mail address: steve.roberts@dvn.com Telephone: (432)682-5241

Great Western Drilling Company

South Carter San Andres Unit #102

Unit N, Section 5, T18S, R39E

Lea County, New Mexico

API #30-025-07917

Equipment and Design Plan

Great Western Drilling Company will use a closed loop system in the plug and abandonment of this well. The following equipment will be on location:

1. 250 bbl steel reverse tank

Operations and Maintenance Plan

During each day of operation, the rigs crew will inspect and closely monitor the fluids contained within the steel tank and visually monitor any release that may occur. Should a release, spill, or leak occur the NMOCD District 1 office in Hobbs (575-393-6161) will be notified, as required in NMOCD"S rule 19.15.29.8.

Closure Plan

After the plugging operation fluids and solids will be hauled and disposed at Gandy-Marley Disposal's location, permit number NM 001-0019. The secondary site will be the Basin Alliance, LLC location, permit number R-816.