

HOBBS OCD

AUG 21 2012

RECEIVED

Office I
1625 N French Dr., Hobbs NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
High Rio Brown Road, Artesia, NM 88210
District IV
1230 S. St. Lucie Dr., Santa Fe, NM 87505

State of New Mexico
HOBBS OCD Minerals and Natural Resources Department
Oil Conservation Division
FEB 20 2012 220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144-CLEZ
Received August 1, 2012

For closed-loop systems that only use above ground steel tanks or hand-off bins and propose to implement waste removal for closure, submit to the appropriate NM OGD District Office.

RECEIVED
Closed-Loop System Permit or Closure Plan Application

(that utilize above ground steel tanks or hand-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 requesting other than for a closed-loop system that only use above ground steel tanks or hand 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 73154-0496
Facility or well name QUAIL QJ-1EN UNIT 5
API Number 30 025-26783 OCD Permit Number P1-04229
Unit Qu/Qu 12 Section 11 Township 19 S Range 34 E County Lea
Center of Proposed Design: Latitude 32 6728N Longitude 103 5370W NAD: WGS 1983
Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2 Closed-Loop System Subsection II 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 Hand off Bins

3 Signs: Subsection C of 19.15.17.11 NMAC
 12" x 34", 2" lettering, providing Operator's name, the location, and emergency telephone numbers
 Signed in compliance with 19.15.16.8 NMAC

4 **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 Item 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 Hand-off Bins Only:** (19.15.17.13.13 NMAC)
Instructions: Please indicate 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 I of 19.15.17.13 NMAC
 Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
 Site Rehabilitation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.11 NMAC

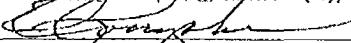
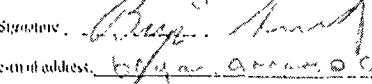
6 **Operator Application Certification:**
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief

Name (Print) Bryan Arant Title: Regulatory Specialist II

Signature  Date: 02/10/2012

e-mail address bryan.arant@chlk.com Telephone: (605)935-3782

FEB 20 2012

| | |
|--|-----------------------------------|
| OGLA approval: <input type="checkbox"/> Permit Application (including closure plan) <input type="checkbox"/> Closure Plan (only) | |
| OGL Representative Signature:  | Approval Date: <u>2-20-2012</u> |
| Title: <u>STAFF VST</u> | OGL Permit Number: <u>P-04229</u> |
| Closure Report (required within 60 days of closure completion): Subsection K of 39.18.17 (VNMAC) <i>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 director 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.</i> <input type="checkbox"/> Closure Completion Date: <u>3/03/2012</u> | |
| Closure Report Regarding Waste Removal Closing Per Closed-Loop Systems That Utilize Above Ground Steel Tanks or Hand-off Blks Order <i>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.</i> Disposal Facility Name: <u>WSP</u> Disposal Facility Permit Number: <u>NM-01-0006</u> 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? <input type="checkbox"/> Yes (If yes, please demonstrate compliance in the items below) <input type="checkbox"/> No | |
| Required for impacted areas which will not be used for future service and operations: <input type="checkbox"/> Site Reclamation (Photo Documentation) <input type="checkbox"/> Soil Backfilling and Cover Installation <input type="checkbox"/> Re-vegetation Application Rates and Seeding Technique | |
| Comments/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): <u>Bryce A. Knutson</u> Title: _____ Signature:  e-mail address: <u>bryce.knutson@state.nm.us</u> Telephone: <u>(505) 935-3387</u> | |