

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

DEC 04 2012

RECEIVED

Energy Minerals and Natural Resources

Department

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

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: ICAENERGY OPERATING, LLC OGRID #: 178694
 Address: P.O. BOX 2712 ODESSA, TX 79760-2712
 Facility or well name: ICA STATE 32 #2
 API Number: 30241-209507 OCD Permit Number: 91-05492
 U/L or Qtr/Qtr N Section 32 Township 8-S Range 34-E County: ROOSEVELT
 Center of Proposed Design: Latitude 32.571781 N Longitude 103.488593 W NAD: X1927 1983
 Surface Owner: Federal State Private Tribal Trust or Indian Allotment

2. **X 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: Gandy Marley Disposal Disposal Facility Permit Number: NM 01-0019
 Disposal Facility Name: R360 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) 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): Debbie Curry Title: Operations Assistant
 Signature: Debbie Curry Date: 11/30/12
 e-mail address: dcurry@icaenergy.com Telephone: (432) 580-5722

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

OCD Representative Signature: _____

Approval Date: 12.04.2012

Title: DIST. MGR

OCD Permit Number: P105492

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: _____

ICA ENERGY OPERATING, LLC
ICA STATE 32 #2
Sec. 32, T-8-S, R-34-E
ROOSEVELT COUNTY, NM

Equipment & Design:

ICA Energy Operating, LLC will use a closed loop system in the drilling of a new well. The following equipment will be on location:

- Superior 700-hp Drawworks w/ Detroit diesel series 2000 engine
- Lee C. Moore 127' 350,000# triple mast
- 12' gee bee box on box substructure
- 350- ton G-175 national block – 5 sheave w/ bj hook
- 1 1/8" drilling line
- 17 1/2" Ideco (type F) rotary table
- 2 – 1000-hp Gardner-Denver PZ9 triplex mud pumps w/ 1,000 – hp Caterpillar 3508 engines
- Power Plants: 350-kw Vennet w/ 375-hp Detroit
250-kw Vennet w/ 250-hp Detroit
- Well Control: Shaffer 11" 5,000# double ram blow-out preventer
Shaffer 11" 5,000# annular blow-out preventer
Koomey 84-gal. 6-bottle accumulator
- 10,000' 4-1/2" grade S-135, 16.60# drill pipe
- 20 – 6-1/2" drill collars
- 4 – 8" drill collars
- Varco kelly and pipe spinners
- 4 pipe racks
- 2 – 350-bbl mud pits w/ shale shaker & desanders
- 125-bbl mud mixing plant/tank
- 600-bbl water storage tank
- 10,000-gal. fuel tank
- Top dog house
- Crew change house
- Tool house
- 45' cat walk
- 20,000# John Deere forklift
- Tool pusher office/ sleeping quarters trailer

Operations & Maintenance:

During each day of operation, the rig's crew will inspect and closely monitor the fluids contained within the steel tanks 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:

After completion of the new drill, fluids and solids will be hauled and disposed at Gandy Marley Disposal's location, permit number NM 01-0019. Secondary site will be Sundance Disposal, permit number NM 01-0003.