

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
HOBBS OGD 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.

RECEIVED

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: Yates Petroleum Corporation OGRID #: 025575
Address: 105 South 4th St. Artesia, NM 88210
Facility or well name: Hemlock BSH State #2H
API Number: 30-025-40891 OCD Permit Number: P1-05537
U/L or Qtr/Qtr D Section 32 Township 23S Range 33E County: Lea
Center of Proposed Design: Latitude N 32.26791667 Longitude W 103.600853 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 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 Facility Permit Number: NM - 01-0019
Disposal Facility Name: CRI Disposal Facility Permit Number: R-1966
Disposal Facility Name: Lea Land Farm Disposal Facility Permit Number: WM - 1-035
Disposal Facility Name: Sundance Services Inc. 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 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): Travis Hahn Title: Land Regulatory Agent

Signature: [Signature] Date: 12/17/2012

e-mail address: thahn@yatespetroleum.com Telephone: 575-748-4120

7.

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

OCD Representative Signature: [Signature] Approval Date: 12/20/12

Title: Petroleum Engineer OCD Permit Number: P1-05537

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: _____

Survey/Planning Report											
Operator	Yates Petroleum Corp.			Northing				Date	17-Dec-12		
Dir. Co.	Yates Petroleum Corp.			Easting				System	2 - St. Plane		
Well Name	Hemlock #2H Survey			Elevation				Datum	1983 - NAD83		
Location	Sec. 32, 23S-33E			Latitude				Zone	4302 - Utah Central		
Rig				Longitude				Scale/Fac.			
Job				Units	Feet			Converg.			
MD	INC	AZI	TVD	+N/S-	+E/W-	VS@179.25°	BR	TR	DLS		
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
1240.00	0.00	0.00	1240.00	0.00	0.00	0.00	0.00	0.00	0.00		
1240 RUSTLER, 1240'											
1390.00	0.00	0.00	1390.00	0.00	0.00	0.00	0.00	0.00	0.00		
1390 TOS, 1390'											
4850.00	0.00	0.00	4850.00	0.00	0.00	0.00	0.00	0.00	0.00		
4850 BOS, 4850'											
5110.00	0.00	0.00	5110.00	0.00	0.00	0.00	0.00	0.00	0.00		
5110 LAMAR, 5110'											
5160.00	0.00	0.00	5160.00	0.00	0.00	0.00	0.00	0.00	0.00		
5160 BELL CANYON, 5160'											
6015.00	0.00	0.00	6015.00	0.01	0.00	-0.01	0.00	0.00	0.00		
6015 CHERRY CANYON, 6015'											
7450.00	0.00	0.00	7450.00	0.01	0.00	-0.01	0.00	0.00	0.00		
7450 BRUSHY CANYON, 7450'											
8950.00	0.00	0.00	8950.00	0.01	0.00	-0.01	0.00	0.00	0.00		
8950 BONE SPRINGS LM, 8950'											
9110.00	0.00	0.00	9110.00	0.01	0.00	-0.01	0.00	0.00	0.00		
9110 AVALON SAND, 9110'											
10115.00	0.00	0.00	10115.00	0.01	0.00	-0.01	0.00	0.00	0.00		
10115 FBSC, 10115'											
10670.15	0.00	179.25	10670.15	0.01	0.00	-0.01	0.00	1.68	0.00		
10670.15 KOP, 10670'											
10700.00	3.58	179.25	10699.98	-0.92	0.01	0.92	12.00	0.00	12.00		
10735.20	7.81	179.25	10735.00	-4.42	0.06	4.42	12.00	0.00	12.00		
10735.2 SBSG, 10735'											
10800.00	15.58	179.25	10798.41	-17.54	0.23	17.54	12.00	0.00	12.00		
10900.00	27.58	179.25	10891.22	-54.25	0.71	54.26	12.00	0.00	12.00		
11000.00	39.58	179.25	10974.38	-109.46	1.43	109.47	12.00	0.00	12.00		
11100.00	51.58	179.25	11044.24	-180.75	2.36	180.77	12.00	0.00	12.00		
11200.00	63.58	179.25	11097.75	-265.00	3.45	265.03	12.00	0.00	12.00		
11300.00	75.58	179.25	11132.57	-358.54	4.67	358.57	12.00	0.00	12.00		
11400.00	87.58	179.25	11147.19	-457.28	5.96	457.32	12.00	0.00	12.00		
11417.65	89.70	179.25	11147.61	-474.91	6.19	474.96	12.00	0.00	12.00		
11417.65 TARGET SBSG, 11418' MD (11148' TVD)											
15694.68	89.70	179.25	11170.01	-4751.52	61.93	4751.92	0.00	0.00	0.00		
15694.68 LATERAL TD, 15695' MD (11170' TVD)											



