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

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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: Celero Energy II, LP OGRID #: 247128
Address: 400 W. Illinois, Ste. 1601 Midland, TX 79701
Facility or well name: North Caprock Celero Queen Unit #32-3
API Number: 30-025-00200 OCD Permit Number: P1-05785
U/L or Qtr/Qtr M Section 32 Township 12S Range 32E 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: NM - 0019
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
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): Lisa Hunt Title: Regulatory Analyst
Signature: Lisa Hunt Date: 02/18/2013
e-mail address: lhunt@celeroenergy.com Telephone: (432)686-1883

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

OCD Representative Signature: _____ **Approval Date:** 02/14/13

Title: Petroleum Engineer **OCD Permit Number:** P1-05785

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): Lisa Hunt Title: Regulatory Analyst

Signature: _____ Date: _____

e-mail address: lhunt@celeroenergy.com Telephone: (432)686-1883

Closed-Loop **DESIGN PLAN:**

The closed-loop system will not use a drying pad, temporary pit, below-grade tank or sump of any kind. The system will use an above-ground, settling tank suitable for holding the drill cuttings from the well and fluids for rig operations. The settling tank will be of sufficient volume to maintain a safe free board between disposal of the solids and liquids from rig operations.

1) Fencing is not required for an above-ground, closed-loop system.

2) The site will be signed in accordance with 19.15.3.103 NMAC.

3) Attached is a rig layout diagram. Haul off bins will be installed just off the shaker pit to facilitate loading and hauling the bins.

Closed-Loop **OPERATING AND MAINTENANCE PLAN**

In order to protect public health and the environment, the closed-loop system will be operated to contain liquids and solids. This will aid in the prevention of contamination of fresh water sources. The following steps will be followed to ensure the proper operation and maintenance of the system:

1) All equipment and operations will be inspected and a log will be signed and dated recording same. The inspection will be daily when the rig is operating.

2) Hazardous waste, miscellaneous solid waste, or debris will not be discharged into or stored in the tanks; only fluids used in or cuttings generated by rig operations will be placed/stored in the bins.

3) The solids and liquids in the closed-loop, tanks will be transported from the drilling facility and disposed of at the Gandy Marley Inc. Facility (Permit No. NM 01-0019) when a bin is determined to be full.

4) Operations will be suspended and repairs will be enacted immediately upon the discovery of a compromised haul-off bin or associated equipment. The NMOCD District Office will be notified within 48 hours of any such discovery.

Closed-Loop **CLOSURE PLAN**

1) The tanks will be maintained in accordance with 19.15.17.13 NMAC.

2) All cuttings and liquids will be transported to the Gandy Marley, Inc. Facility for disposal during rig operations and immediately following the completion of rig operations. Tanks, pump & rig will be removed from location.

3) The site will be reclaimed and re-vegetated to pre-existing conditions at the time the well is permanently abandoned.