

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

HOBBS OCD

FEB 28 2013

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.

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: Huntington Energy, L.L.C. OGRID #: 208706
Address: 908 N.W. 71st St., Oklahoma City, OK 73116
Facility or well name: Hubbard #1
API Number: 30-025-41029 OCD Permit Number: P1-05821
U/L or Qtr/Qtr D Section 26 Township 14S Range 38E County: Lea
Center of Proposed Design: Latitude 33.08172N Longitude -103.07398W 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: Sundance Disposal Facility Permit Number: NM-01-0003
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): Catherine Smith Title: Regulatory
Signature: Catherine Smith Date: 2/25/2013
e-mail address: esmith@huntingtonenergy.com Telephone: 405-840-9876

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

OCD Representative Signature: _____ Approval Date: 02/28/13

Title: Petroleum Engineer OCD Permit Number: P1-05821

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 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.

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: _____

HUBBARD #1
CLOSED LOOP DESIGN, OPERATING/MAINTENANCE PLAN AND
CLOSURE PLAN
C-144 CLEZ ATTACHMENT

Closed Loop Design:

Drilling mud will circulate through a closed system of steel pits on the surface, mud pumps, piping on the surface thru Drill string and return flow lines from the stack back to the steel pits. Solids will be removed from the mud using the following equipment:

- 1) 1 Shale shaker will be installed with assorted mesh screens. The shale shakers should remove solids. All return drilling mud will flow across the shale shakers.
- 2) A mud cleaner will be installed to remove additional solids. Drilling mud will be circulated through the mud cleaner using a pump. The pump will generate optimal pressure for the mud cleaner cones to process solids.
- 3) A drying auger will help dry the shaker discard into roll off bin.
- 4) A bypass tank for the shakers will be on hand in case screens are blinded by sweeps to clean the hole.
- 5) A high speed centrifuge will process under flows from the mud cleaner and from the shaker pit. The centrifuge is capable of cleaning to 10 micron level.
- 6) A dewatering unit will add polymer to the feed tube of the centrifuge to flocculate the solids. Flocculation increases effective particle size of the solids, enhancing the performance of the centrifuge to remove solids down to the micron level.
- 7) Roll-off bins (20 cubic yds per bin) and rails will be installed next to the steel pits so that the solids removed from the shale shakers, mud cleaners, and centrifuge fall directly into a bin. When the bin is full, it is picked up by a truck and hauled to the disposal. An empty bin is moved under the solids control equipment along the rail so that solids control equipment can operate continuously.

Closed-Loop Operating and Maintenance Plan

Personnel dedicated exclusively to operating and maintaining the solids control equipment will be onsite 24 hours/day while drilling. The solids control personnel will monitor the shale shakers, mud cleaner, centrifuge, dewatering unit, drying auger, and all associated pumps and piping to make sure the equipment is functioning correctly. If equipment problems are identified, the solids control personnel will coordinate repair or replacement of equipment. The solids control personnel will also monitor the level of solids in the roll-off bins and arrange for trucks to pick up the bins when they are filled.

Closed-Loop Closure Plan

Cuttings and other solids will be hauled off to a permitted landfill according to OCD guidelines. Liquids will be reused to the extent possible, but if liquids need to be disposed of, they will also be hauled to a permitted disposal facility. Liquids to be temporarily stored on site will be placed in 500 bbl Frac Tanks.

Solids and liquid waste for the Hubbard #1 will be taken to Sundance, NM Permit # NM-01-0003.

**HUBBARD #1
CLOSED PIT LOOP BACKFILL, RE-VEGETATION AND SITE
RECLAMATION PLAN
C-144 CLEZ ATTACHMENT**

Soil Backfill and Cover Design

- 1) The soil cover shall consist of the background thickness of topsoil or one foot of suitable material to establish growth at the site, whichever is greater.

- 2) Huntington will build the soil cover to the site's existing grade and prevent ponding of water and erosion.

Re-Vegetation Plan

The first growing season after the closed loop pit closure, Huntington will seed the disturbed area. The vegetative cover will be the approved mixture meeting the Bureau of Land Management and/or New Mexico Oil Conservation requirements (70% of native perennial vegetative cover –three native plant species and at least one grass). The cover will be maintained through two successive growing seasons. Until the required vegetative cover is established, Huntington will repeat the seeding. The division will be notified when seeding takes place and when re-vegetation occurs.

Site Reclamation Plan

Huntington Energy will reclaim the location and all areas associated with the closed-loop system to a safe and stable condition that blends with the surrounding undisturbed area. The area will be restored to the condition that existed prior to any construction by placement of the soil cover as provided in Subsection H of 19.15.17.13 NMAC, re-contour the location and associated areas to a contour that approximates the original contour and blends with the surrounding topography and re-vegetate according to Subsection I of 19.15.17.13 NMAC.