

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
Geology 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.

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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.

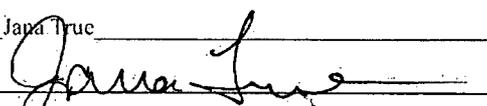
1. Operator: Ridgeway Arizona Oil Corp OGRID #: 164557
Address: 200 N. Loraine, STE 1440 Midland, TX 79701
Facility or well name: Federal 23 #12
API Number: 30-041-10538 OCD Permit Number: PI-05935
U/L or Qtr/Qtr A Section 23 Township 07S Range 33E County: Roosevelt
Center of Proposed Design: Latitude _____ 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 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 Location Disposal Facility Permit Number: NM-01-0019
Disposal Facility Name: R360 Facility 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): Jana True Title: Production/Regulatory Mgr
Signature:  Date: 03/23/13
e-mail address: jtrue@enhancedoilres.com Telephone: 432-687-0303

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

OCD Representative Signature: *[Signature]* Approval Date: 3-26-2013

Title: *Dist. Mgr* OCD Permit Number: P1-05935

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: _____



Form C-144 CLEZ attachment

Federal 23 #12
A-23-07S-33E
API #30-041-10538
Roosevelt Co, NM

Equipment & Design:

EOR Operating Company, Inc. will use a closed loop system in the drilling of this well. The system is designed to maintain all solids and fluids. The equipment is arranged to progressively remove solids from the largest to the smallest size. Drilling fluids can thus be reused and savings realized in disposal costs. The following equipment will be on location:

1. 500 bbl. "frac tank"
2. Cutting boxes
3. Reserve fluids

Operations & Maintenance:

During each day of operation, the rig crews 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 NM OCD District 1 office in Hobbs, NM will be notified @ 575-393-6161 as required in NM OCD's rule 19.15.29.8.

Closure:

After drilling operations, fluids and solids will be hauled and disposed at:

1. Primary site – Gandy-Marley Disposal location, Permit #NM 01-0019
2. Secondary site – R360's Halfway Disposal Facility, Permit #NM 01-0006

200 N. Loraine, STE 1440
Midland, TX 79701

Tel: 432-687-0303
Fax: 432-687-0321