

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
MAR 26 2013
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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: Nearburg Producing Company OGRID #: 015742
Address: 3300 N A Street, Bldg. 2, Ste. 120, Midland, TX 79705
Facility or well name: SAPIENT 17 #1
API Number: 30-025-41073 OCD Permit Number: PI-05941
U/L or Qtr/Qtr H Section 17 Township 17S Range 37E County: Lea
Center of Proposed Design: Latitude 32.837539 N Longitude 103.268634 W 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: CRI Disposal Facility Permit Number: R1966/NM-01-0006
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): Vicki Johnston Title: Gray Surface Specialties, Agent
Signature: Vicki Johnston Date: 3/6/13
e-mail address: vjohnston1@gmail.com Telephone: (281) 468-2448

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

OCD Representative Signature: _____

Approval Date: _____

Title: Petroleum Engineer

OCD Permit Number: P105941

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: _____

DESIGN PLAN
OPERATING AND MAINTENANCE PLAN
CLOSURE PLAN

- All drilling fluid circulated over shaker(s) with cuttings discharged into roll-off container.
- Fluid and fines below shaker(s) are circulated with transfer pump through centrifuge(s) or solids separator with cuttings and fines discharged into roll-off container.
- Fluid is continuously re-circulated through equipment with polymer added to aid separation of cutting fines.
- Roll-off containers are lined and de-watered with fluids re-circulated into system.
- Additional tank is used to capture unused drilling fluid or cement returns from casing jobs.
- Closed Loop Equipment will be inspected and monitored closely on a daily basis by each tour, and any necessary maintenance will be performed.
- Any leak in the system will be repaired and/or contained immediately. Within 48 hours of a spill/release, the NMOCD district office in Hobbs will be notified. Notifications may be made earlier if a greater release occurs. Notifications will be made in accordance with the reporting requirements specified in NMOCD Rule 116.
- During and after drilling operations, liquids (which apply), all drill cuttings, and drilling fluids will be hauled to one of the following depending upon which rig is available to drill this well:
 - CRI Permit Number NM-01-0006 -- R-9166
 - GMI Permit Number NM-01-0019 – 711-019-001

Nearburg Producing Company
SAPIENT 17 #1
SHL: Unit H – 1641' FNL & 1225' FEL
BHL: Unit H – 1691' FNL & 1225' FEL
Sec 17, T17S, R37E
Lea County, New Mexico

Nearburg Producing Company
SAPIENT 17 #1
SHL: 1641' FNL and 1225' FEL, Unit H
BHL: 1691' FNL and 1225' FEL, Unit H
Sec 17, T-17S, R37E, Lea County, NM

CEMENT SCHEDULE

13-3/8" CASING:

510 sxs Class C Cement + 2% bwoc Calcium Chloride + 0.125 bwoc Cello Flake + 56.3% Fresh Water. Weight 14.8 ppg Yield 1.35 cfs; Mix water 6.35/gps. These volumes based on circulating cement to surface. 100% excess.

8-5/8" CASING:

LEAD:

765 sxs 50:50 Poz (Fly Ash): Class C Cement + 10% bwoc Bentonite + 0.125% bwoc CelloFlake + 5% bwow Sodium Chloride + 0.3% bwoc FL-52 + 5% bwoc LCM-1 + 135.5% Fresh Water.

Weight 11.8 ppg Yield 2.45 cfs Mix Water 13.65 gps

TAIL:

370 sxs "C" Neat.

Weight 14.8 ppg Yield 1.33 cfs Mix Water 6.33 gps

These volumes based on circulating cement to surface. 100% excess.

5-1/2" CASING:

1st STAGE

LEAD:

630 sxs (15:16:11) Poz (Fly Ash): Class C Cement: CSE-2 + 0.7% bwoc FL-52 + 0.6% bwoc FL-25 + 4% bwow Sodium Chloride + 3% bwoc LCM-1 + 0.2% bwoc Sodium Metasilicate + 0.15% bwoc R-21 + 69.9% Fresh Water.

Weight 13.5 ppg Yield 1.53 cfs Mix Water 7.29 gps

These volumes based on 50% excess.

2nd STAGE

LEAD:

545 sxs : 50:50 Poz (Fly Ash): Class H Cement + 0.3% bwoc FL-52 + 10% bwoc Bentonite + 5% bwow Sodium Chloride + 0.2 bwoc R-21 + 139.7% fresh water.

Weight 11.8 ppg Yield 2.45 cfs Mix Water 14.07 gps

TAIL:

305 sxs Class H Cement

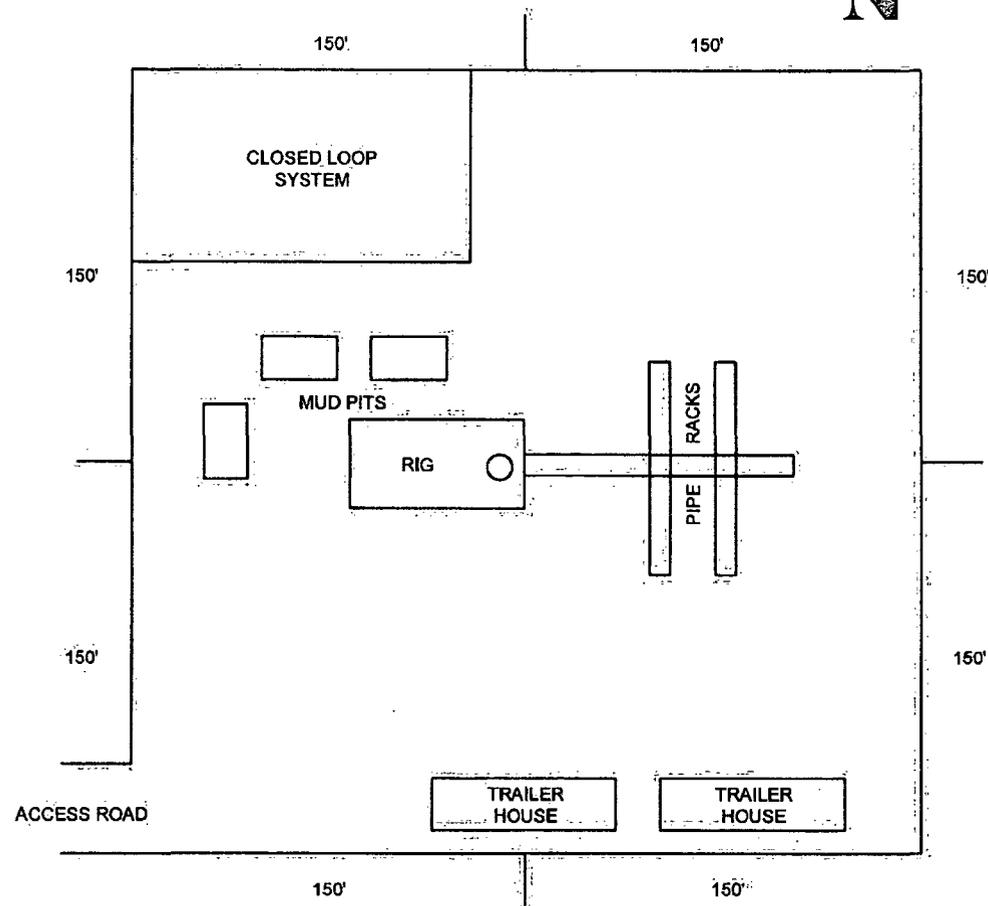
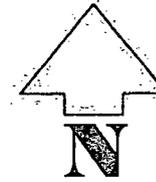
Weight 14.80 ppg Yield 1.33 cfs Mix Water 6.33 gps

These volumes based on 50% excess.

Final cement volumes for production casing to be calculated off of open hole logs.

Nearburg Producing Company

Exploration and Production



SAPIENT 17 #1