

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  
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 to the appropriate disposal authority, please submit a Form C-144.

**Closed-Loop System Permit or Closure Plan**

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal to the appropriate disposal authority, please submit a Form C-144.)

Type of action:  Permit

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal to the appropriate disposal authority, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should the system leak or spill into surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other than for a disposal authority's rules, regulations or ordinances.

PER OCD RULE 19.15.17: Form C-144clez is no longer required to be submitted, but the operator still has to use and to report to the OCD that Closed-Loop System is being used. Put this statement on all intents: During this procedure we plan to use the Closed-Loop System and haul contents to the required disposal.

1. Operator: GMT Exploration Company, LLC GRID #: 260511  
Address: 1560 Broadway, Suite 2000, Denver, CO 80202  
Facility or well name: Merchant GAP State COM 36 #1H  
API Number: 30-025-4J352 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr D Section 36 Township 22S Range 34E County: Lea  
Center of Proposed Design: Latitude N 32° 21' 19.14" Longitude W 103° 25' 52.13" NAD:  1927  1983  
Surface Owner:  Federal  State  Private  Tribal Trust or Indian Allotment

**FOR RECORD ONLY**

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: Controlled Recovery, Inc Disposal Facility Permit Number: R-9166  
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): Marissa Walters Title: Geotech / Executive Asst  
Signature: [Signature] Date: 8/7/13  
e-mail address: mwalters@gmtexploration.com Telephone: 303 584 9275

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

OCD Representative Signature: \_\_\_\_\_ Approval Date: \_\_\_\_\_  
Title: \_\_\_\_\_ OCD Permit Number: \_\_\_\_\_

**FOR RECORD ONLY**

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: \_\_\_\_\_

HOEBS OCD  
AUG 09 2013  
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# GMT Exploration Company, LLC

Closed Loop System  
Merchant GAP State COM 36 #1H  
40'FNL & 350' FWL  
Section 36, T22S, R34E, Lea County

## Equipment Design Plan:

The Closed Loop System will consist of the following:

- 2 – Mongoose Shale Shakers
- 1 – 414 Centrifuge Package
- 1 – 518 Centrifuge Package
- 1 – Dewatering Unit
- 1 – Mud Cleaner with Transfer Pumps
- 2 – 500 BBL FW Frac Tanks
- 2 – Roll Off Bins w/ Tracks

## Operation Plan:

All equipment will be continuously monitored and inspected by the drilling rig crew at all times, as well as being inspected by the contractor's personnel. Any leaks or spills will be reported to the NMOCD and cleaned up without delay.

## Closure Plan:

During drilling operations all liquids, drilling fluids, and cuttings will be hauled off to the approved disposal sites listed on Form C-144 CLEZ (Sundance Services, Controlled Recovery Inc, or any other approved facility).

HOBBS OGD

AUG 09 2013

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