

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, 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  
July 21, 2008

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: Primero Operating OGRID #: 018100  
Address: P.O. Box 1001 Roswell, NM 88202  
Facility or well name: State Line Federal, Well No. 1  
API Number: 30-025-41475 OCD Permit Number: \_\_\_\_\_  
U/L or Qtr/Qtr C Section 33 Township 9-S 38-E County: Lea  
Center of Proposed Design: Latitude N:33-29'43.02691" NAD: X 1927 X 1983  
Surface Owner: Federal  State  Private  Tribal Trust or Indian A \_\_\_\_\_

FOR RECORD ONLY

ELG 10-31-2013

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.

2.  Closed-loop System: Subsection H of 19.15.17.11 NMAC  
Operation:  Drilling a new well  Workover or Drilling (Applies to activities w. \_\_\_\_\_ 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 19.15.3.103 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, Inc. Disposal Facility Permit Number: NMI-19  
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): George R. Smith Title: Agent for Primero, Inc.  
Signature: George R. Smith Date: 12/14/12  
e-mail address: gr.smith130@yahoo.com Telephone: 575.623.4940

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

**OCD Representative Signature:** \_\_\_\_\_ **Approval Date:** \_\_\_\_\_

**Title:** \_\_\_\_\_ **OCD Permit Number:** \_\_\_\_\_

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: \_\_\_\_\_

**PRIMERO OPERATING, INC., STATE LINE FEDERAL, Well No. 1  
API: 30-**

**Sec. 33, T9S R38E: 990' FNL & 2228' FWL LEA Co., NM**

**DESIGN: Closed Loop System with roll-off steel bins (pits)**

**CLS/Carlsbad** will supply (2) bins ( ) volume, rails and transportation relating to the Close Loop system. Specifications of Close Loop System attached.

Contacts: Tommy Wilson 575-748-6367 Cell Office # 575-885-3996

**Closed Loop Specialties: Supervisor: Curtis: 575-706-4605 - Carlsbad Cell**

Monitoring 24 hour service

Equipment:

2-Centrifuges (brand): Swaco

2-Rig Shakers (brand): Mongoose

Air pumps on location for immediate remediation process

Layout of Close Loop System with bins, centrifuges and shakers attached.

Cuttings and associated liquids will be hauled to a State regulated third party disposal site: CRI (Controlled Recovery, Inc) Disposal Facility Permit # R-9166

2- CLS Bins with track system

1 500 bbl tank for fresh water

**OPERATIONS:**

Closed Loop equipment will be inspected daily by each tour and any necessary maintenance performed.

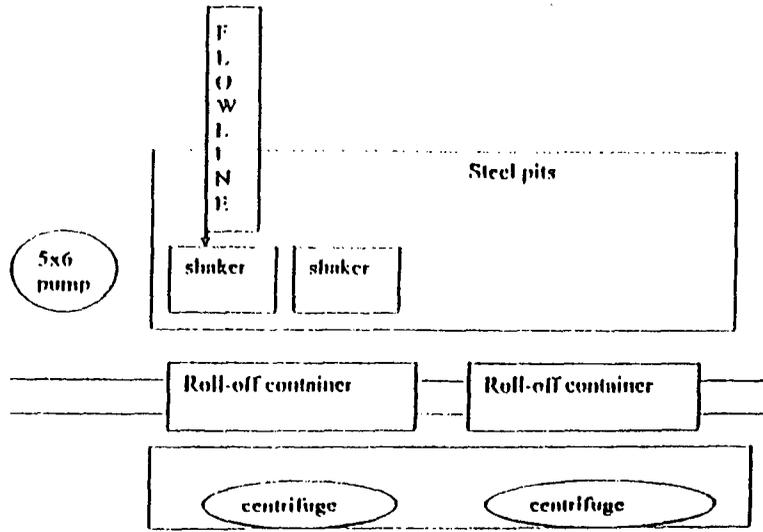
Any leak in system will be repaired and or/contained immediately

OCD will be notified within 48 hours of the spill.

Remediation process started immediately

**CLOSURE:**

During drilling operations all liquids, drilling fluids and cuttings will be hauled off by CLS (Closed Loop Specialties) to disposal facility, Gandy Marley, Inc. Permit # NMI-19.



This will be maintained by 24 hour solids control personnel that stay on location.

*TOMMY WILSON*

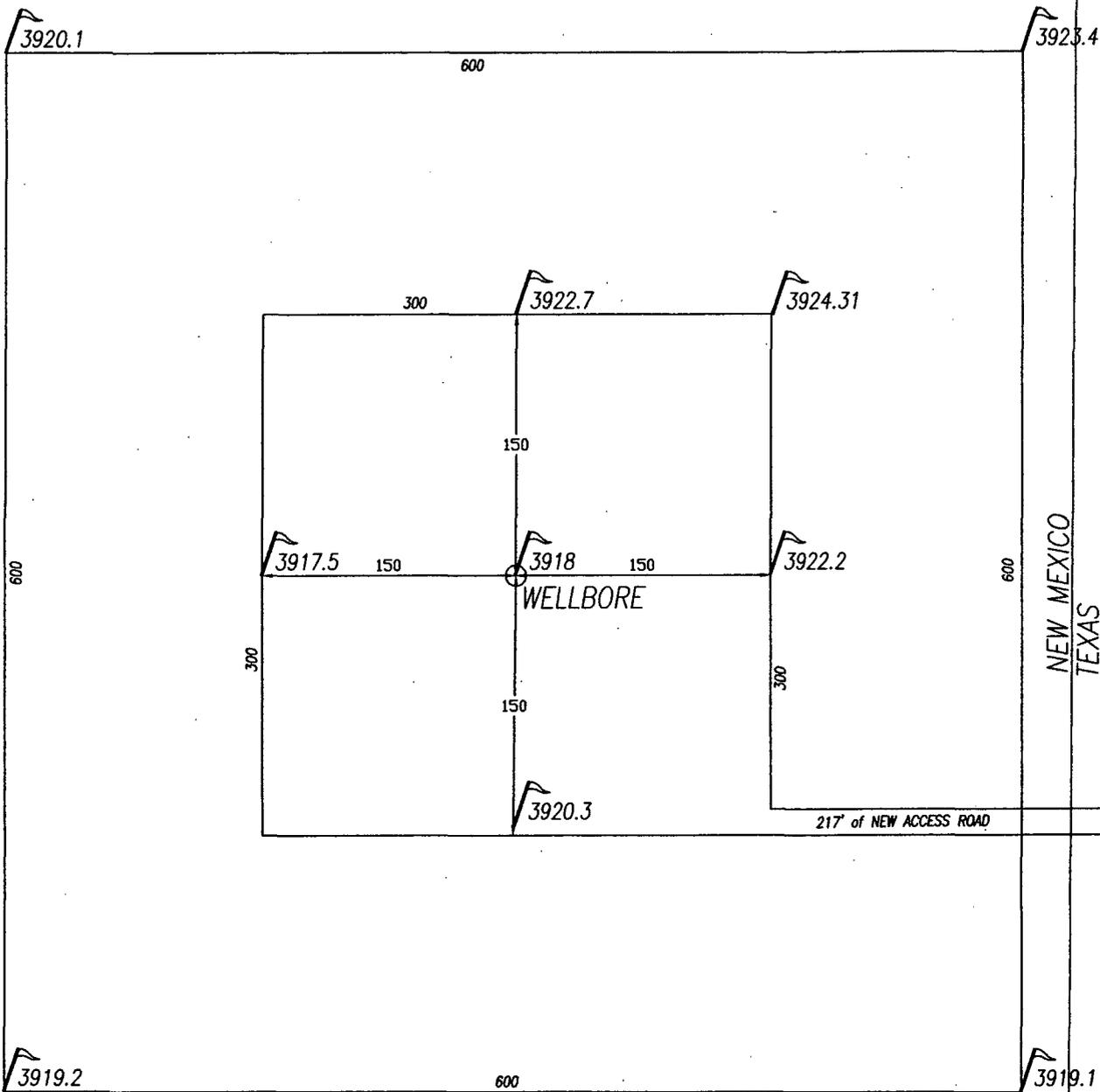


**CLOSED LOOP  
SPECIALTY**

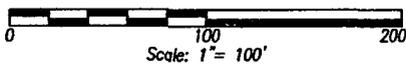
Office: 575.746.1689

Cell: 575.748.6167

# WELL PAD DIAGRAM



From Bronco, travel North on Texas FM796 a distance of 16.73 mi.;  
turn West on a new access road and travel 217 feet to the location



*Exhibit 1a*



**P.R. Patton & Associates**  
*Consulting Engineers*  
*Surveyors*  
 Petroleum Bldg.  
 Roswell, N.M. 88203  
 575 / 622-9106

**Primero Operating**

**STATE LINE FED. #1**  
 990 FNL, 2228 FWL, Sec. 33  
 T9S, R38E, N.M.P.M.,  
 LEA COUNTY, NEW MEXICO