

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: **Grand Banks Energy Company** OGRID #: **155471**
Address: **10 Desta Drive, Suite 300-E, Midland, Texas 79705**
Facility or well name: **Anderson Ranch Unit #14**
API Number: **30-025-00365** OCD Permit Number: **PI-00310**
U/L or Qtr/Qtr **Q** Section **2** Township **16S** Range **32E** County: **Lea**
Center of Proposed Design: Latitude **32.941390** Longitude **-103.734620** 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 19.15.3.103 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: **Clean workover fluids will be disposed into ARU #16 SWD** API#: **30-025-00368**
Disposal Facility Name: **Sellable oil skim will be trucked to the ARU Central Battery for processing**
Disposal Facility Name: **Gandy Marley, Inc.** Disposal Facility Permit Number: **19**
Disposal Facility Name: **Various other commercial SWD facilities in vicinity of lease** 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): **Terry M. Duffey**Title: **Agent**Signature: Date: **7/31/2008**e-mail address: **Do not disclose**Telephone: **432-686-9790**

7.

OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only)OCD Representative Signature:  Approval Date: 8/21/08Title: **Geologist**OCD Permit Number: P1 - DD310

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: _____

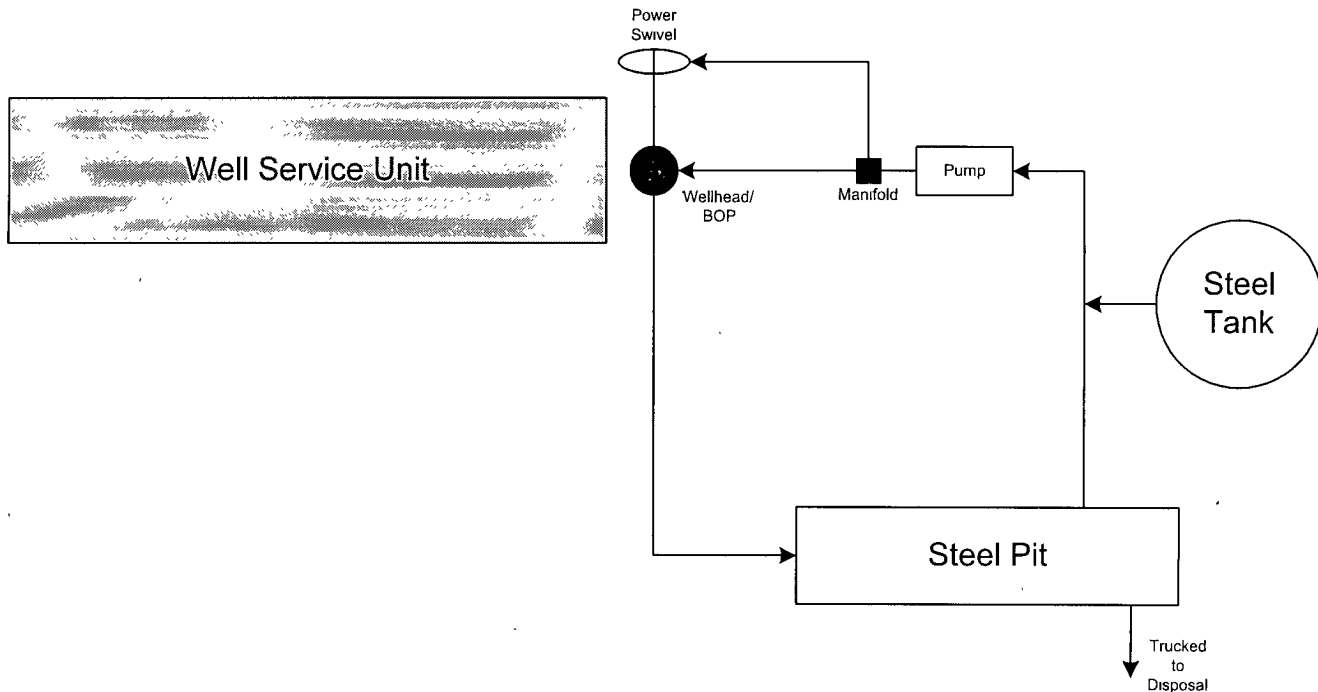
Signature: _____

Date: _____

e-mail address: _____

Telephone: _____

Grand Banks Energy Company
Typical Closed-Loop
Workover Fluid Handling Schematic



Operations and Maintenance of Closed-Loop Workover Fluid Handling System

System Components

Wellhead/BOP: well/workover fluids are contained and circulate/flow to the Steel Pit(s)

Steel Pit: all well fluids from the well circulate to here where any well solids and/or oil is sequestered.

Pump: takes suction from the Steel Pit where it is pressurized to drive a **Power Swivel** if needed for drilling/milling inside casing during workover operations.

Manifold: valves can be used to by-pass the Power Swivel directly to the casing annulus or tubing if necessary.

Steel Tank: is used to store supplemental water needed during the course of the workover.

Design Considerations

Steel Pit volume is sized to contain 200 percent of the production casing volume

Steel Tank volume is sufficient to fill 300 percent of the production casing volume

All piping, valves, hoses are designed to safely operate at the anticipated working pressure level

Operating and Maintenance Considerations

A 12" x 24" sign designating the Operator, Location (UL, Section, Township, Range), Emergency Telephone numbers, all with 2" lettering, will be posted at the wellsite.

No fencing or netting is required.

A Reverse Unit operator is responsible for inspecting and monitoring the closed-loop system for leakage on a daily basis.

In order to maintain adequate freeboard - excess water-based fluids in the Steel Pit(s) are periodically trucked to internal or external Class II disposal facilities.

Any oil skimmed from the system can be trucked to the lease battery for processing or disposed at external Class II facilities.

Periodically the Steel Pit(s) are jetted-out to remove accumulated exempt oilfield wastes. The wastes are trucked and disposed at an approved landfarm facility.