

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 NMOC 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: Murchison Oil & Gas, Inc. OGRID #: 15363  
Address: 1100 Mira Vista Boulevard, Plano, Texas 75093-4698  
Facility or well name: HIGHTOWER STATE UNIT #3  
API Number: 30-015-025-39130 NMOC Permit Number: P1-00415  
U/L or Qtr/Qtr I Section 27 Township 12S Range 33E County: Lea  
Center of Proposed Design: Latitude 33° 14' 50.12" Longitude 103° 35' 39.61" 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

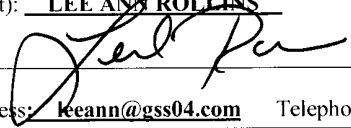
4.  
**Closed-loop Systems Permit Application Attachment Checklist:** Subsection B of 19.15.17.9 NMAC  
**Instructions:** Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.  
☒ Design Plan - based upon the appropriate 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: CRI Disposal Facility Permit Number: 20166 NM-01-0006  
Disposal Facility Name: GMI Disposal Facility Permit Number: 711-019-001 NM-01-0019  
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): LEE ANN ROLLINSTitle: AGENT FOR MURCHISON OIL & GAS, INC.Signature: 

Date: \_\_\_\_\_

e-mail address: leann@gss04.comTelephone: (432) 685-9158

7.

**OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)OCD Representative Signature: Approval Date: 9/8/08Title: **Geologist**OCD Permit Number: PL-00415

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: \_\_\_\_\_

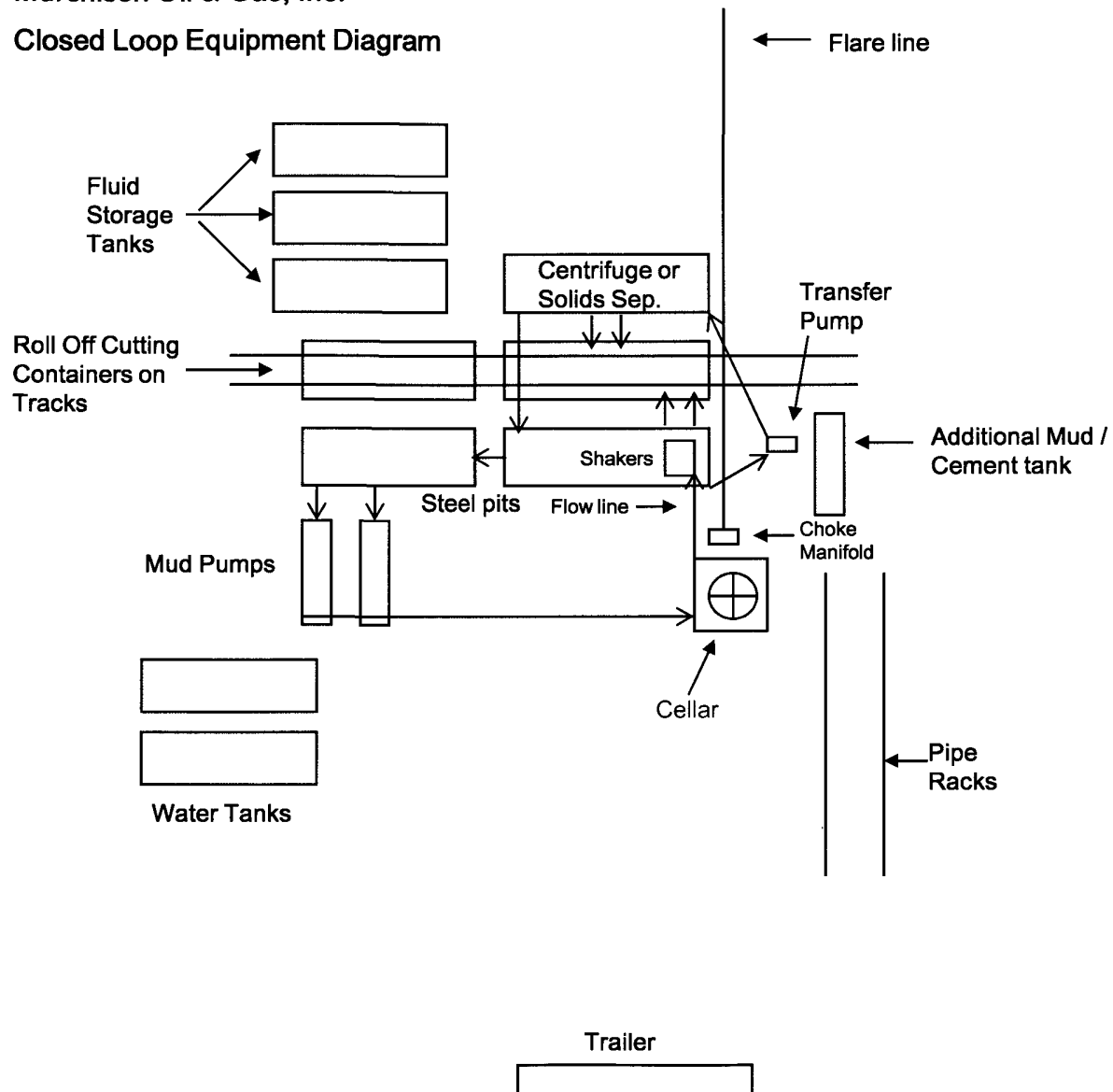
Date: \_\_\_\_\_

e-mail address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Murchison Oil & Gas, Inc.

# Closed Loop Equipment Diagram



## **CLOSED-LOOP OPERATING AND MAINTENANCE 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.
- This equipment will be maintained 24 hours/day by solids control personnel and/or rig crews that stay on location.
- Cuttings will be hauled to one of the following depending upon which rig is available to drill this well:
  - CRI    Permit Number R9166
  - GMI    Permit Number 711-019-001

**Murchison Oil & Gas, Inc.  
Hightower State Unit #3  
1750' FSL & 330' FEL, UNIT I  
Sec 27, T12S, R33E  
Lea County, New Mexico**



3106 N. Big Spring St., Ste. 100  
Midland, TX 79705  
Tel: (432) 685-9158

September 3, 2008

Oil Conservation Division  
District I  
1625 N. French Drive  
Hobbs, NM 88240  
Attn: Donna Mull

RECEIVED  
SEP - 4 2008  
HOBBS OCD

Re: Hightower State Unit #3  
Section 27, T12S, R33E,  
Lea Co., NM

Dear Donna,

Please find enclosed Form C-144 CLEZ, Closed-Loop System Permit to reflect the following well to have a Closed Loop System. Also enclosed you will find Closed-Loop Equipment Diagram as well as a Closed-Loop Operating and Maintenance Plan.

Gray Surface Specialties is representing Murchison Oil & Gas, Inc. on the above referenced application if you have any questions please feel free to contact me at 432.685.9158.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Lee Ann Rollins', is written over a circular stamp. The signature is fluid and cursive.

Lee Ann Rollins  
Gray Surface Specialties  
Agent for Murchison Oil & Gas, Inc.

Enclosures