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

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Operator: Pride Energy Company OGRID #: 151323

Address: P O Box 701950 Tulsa, OK 74170

Facility or well name: Bagley "27" State #1

API Number: 30-025 - 39225 OCD Permit Number: P1-00605

U/L or Qtr/Qtr: J Section: 27 Township: 11S Range: 33E County: Lea

Center of Proposed Design: Latitude: N 33 degrees 20' 05.85" Longitude: W 103 degrees 36' 01.07" 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

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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:

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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 indentify 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 Disposal Facility Permit Number: NM-01-019

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

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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): John W. Pride Title: President of Pride Oil & Gas Co., Inc. as Gen. Partner of Pride Energy Company

Signature: John W. Pride Date: October 8, 2008

e-mail address: johnp@pride-energy.com Telephone: 918-524-9200

7.

OCD Approval: ☒ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____ **Approval Date:** 10/30/06

Title: Geologist **OCD Permit Number:** P1-00605

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:** _____

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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

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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

This plan confines oil, gas or water to prevent uncontrolled releases.

The design employs:

1. A shale shaker
2. A centrifuge
3. Steel tanks
4. Trucks to transport the waste

Fresh Water Drilling Operating and Maintenance Plan

1. Drilling fluids flow from the boring to the shale shaker
2. Mud and water pass the shale shaker and return to the drilling system
3. Cuttings and entrained fluids and solids fall from the shale shaker to steel tank #1
4. When the steel tank #1 has less than 6-inches of freeboard, the discharge from the shale shaker is directed to a second steel tank, steel tank #2
5. After the solids in steel tank #1 have settled for several hours,
   a. standing water returns to the drilling system
   b. a backhoe removes the solids to a dump truck for transport to Gandy Marley disposal facility

Brine Drilling Operation and Maintenance Plan

1. Drilling fluids flow from the boring to the shale shaker
2. Solids captured by the shale shaker discharge to Tank #1
3. Fluids that pass the shale shaker flow to the centrifuge
4. Solids captured by the centrifuge discharge to Tank #2
5. Mud returns to the drilling system from the centrifuge
6. When the steel tanks #1 and #2 have less than 6-inches of freeboard, the discharge from the shale shaker and centrifuge are directed to a steel tanks #3 and #4
7. After the solids in steel tanks #1 and have settled for several hours,
   a. standing water returns to the drilling system
   b. a backhoe removes the solids from the shale shaker discharge to dump truck #1 for transport to Gandy-Marley disposal facility
   c. The fine-grained material discharged from the centrifuge is placed in dump truck #2 for transport to Gandy-Marley disposal facility
8. Any fluids remaining after drilling ceases will be transported to an NMOCD-approved injection facility

Closure Plan

After Pride transfers the waste to a division-approved facility, Pride will substantially restore and re-vegetate the impacted area's surface in accordance with Subsections G, H and I of 19.15.17.13 NMAC.