

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

RECEIVED

DEC 22 2008

HOBSOCD

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: Plantation Operating, LLC OGRID #: 237788
Address: 4700 West Sam Houston Parkway N., Suite 140, Houston, TX 77041
Facility or well name: Silver Oak #1
API Number: 30-025-38642 OCD Permit Number: PI-00842
U/L or Qtr/Qtr B Section 6 Township 19S Range 35E County: Lea
Center of Proposed Design: Latitude 32.695007° N Longitude 103.494111° W 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: 30-015-36420
☒ Previously Approved Operating and Maintenance Plan API Number: 30-015-36420

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: R9T68 NM-DI-0006
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): Kimberly Faldyn Title: Engineering Tech
Signature: Kimberly Faldyn Date: 12/19/2008
e-mail address: kfaldyn@plantationpetro.com Telephone: 281-296-7222

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

OCD Representative Signature: _____

Approval Date: _____

Title: _____

Geologist

OCD Permit Number: _____

P1-00842

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 identify 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: _____

**PLANTATION OPERATING, LLC
4700 W. SAM HOUSTON PKWY N., SUITE 140
HOUSTON, TEXAS 77041
281-296-7222**

CLOSED-LOOP SYSTEM CHECKLIST

DESIGN PLAN

Plantation Operating, LLC has incorporated the use of a closed loop system consisting of equipment that will result in dry cuttings and re-circulating the drilling fluids. This system is comprised of a flocculant auger tank, two centrifuges capable of handling up to 800 gal/min drilling fluids cuttings bin, and haul off bins. This equipment is run in conjunction with an upgraded shaker system and results in high quality cuttings with no free water. De-watering the cuttings is accomplished to provide the cuttings void of the normal free water and or wet slush seen in many systems. The cuttings are dry enough to be handled by a front end loader, which loads the cuttings into steel bins and hauled to CRI for authorized disposal. All containers are made of steel to prevent any mud, water, or cuttings to come into contact with the ground surface. Utilizing this method prevents having to use earthen pits, or to have the cuttings deep trench buried. Various hoses and pumps are used to feed the centrifuges and are vigorously maintained to the highest standard to prevent any leaks onto the location. This system is used from spud to TD and then the mud is recycled numerous times through the system prior to rigging down to remove all solids. This allows the mud to have all solids stripped out and clear water remaining to be hauled to any NMOCD authorized SWD.

OPERATING AND MAINTENANCE PLAN

The closed loop equipment is manned 24 hours per day, 7 days per week while in use. The Solids Control personnel constantly check fluid levels in the flocculant tank along with the proper functioning of the centrifuges to maintain a high quality solids discharge with no free water. All equipment is serviced and maintained daily.

CLOSED-LOOP SYSTEM CLOSURE PLAN

Plantation Operating, LLC has gone to extreme measures to eliminate the costly drilling pits and sloppy discharge of many closed loop systems. The dryness of the cuttings in conjunction with them being contained in steel bins and hauled to an authorized NMOCD disposal site does not require the use of any deep trench burial or permanent in-ground burial. All cuttings are hauled in bins via truck to CRI. The remaining water is recycled for use in the next well and/or hauled to any commercially NMOCD approved SWD. No remediation is required and no pit closure is necessary. All equipment rests on the normal caliche pad associated with drilling operations. After the well is drilled and the rig is moved out, no visible disturbance can be detected and no remediation is required. A C-144 will be submitted stating the above location is ready for any inspection and request permanent closure to be approved.