1301 W. Grand Avenue, Artesia, NM 88210	State of New Mexico Minerals and Natural Resources Department 2009 Oil Conservation Division CD ¹ 220 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.
	System Permit or Closure Plan	Application
(that only use above ground steel	tanks or haul-off bins and propose to impler	nent waste removal for closure)
	Type of action: 🗹 Permit 🗌 Closure	
Instructions: Please submit one application (Form C- closed-loop system that only use above ground steel tan Please be advised that approval of this request does not reli	iks or haul-off bins and propose to implement waste eve the operator of liability should operations result	e removal for closure, please submit a Form C-144. 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 g	overnmental authority's rules, regulations or ordinances
1. Operator: ConocoPhillips Company Address: P.O. Box 51810, Midland, Texas 797 Facility or well name: Hardy 36 State #19	OGRID #:2	17817
Address: P.O. Box 51810, Midland, Texas 797	/10-1810	
Facility or well name: Hardy 36 State #19	-	
API Number: <u>30-025-33202</u>	OCD Permit Number:	- 01377
API Number: 30-025-33202 U/L or Qtr/Qtr H Section 36	Township 20SRange 37E	County: Lea
Center of Proposed Design: Latitude	Longitude	NAD: 1927 1983
Surface Owner: 🔲 Federal 🗹 State 🗌 Private 🗌 Tr		
Operation: ☐ Drilling a new well ✓ Workover or D ✓ 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, ✓ Signed in compliance with 19.15.3.103 NMAC		pproval of a permit or notice of intent)
 4. <u>Closed-loop Systems Permit Application Attachme</u> <i>Instructions: Each of the following items must be at</i> <i>attached.</i> [7] Design Plan - based upon the appropriate requin [9] Operating and Maintenance Plan - based upon t [9] Closure Plan (Please complete Box 5) - based u [9] Previously Approved Design (attach copy of design [9] Previously Approved Operating and Maintenance 	tached to the application. Please indicate, by a c rements of 19.15.17.11 NMAC he appropriate requirements of 19.15.17.12 NMA pon the appropriate requirements of Subsection C gn) API Number:	heck mark in the box, that the documents are C
5.		
Waste Removal Closure For Closed-loop Systems 7 Instructions: Please indentify the facility or facilities facilities are required.	s for the disposal of liquids, drilling fluids and dr	ill cuttings. Use attachment if more than two
Disposal Facility Name: Controlled Recovery		rmit Number: R9166 NM-01-0006
Disposal Facility Name:	Disposal Facility Pe	rmit Number:
Will any of the proposed closed-loop system operation Yes (If yes, please provide the information belo		at will not be used for future service and operations?
Re-vegetation Plan - based upon the appropriate	r future service and operations: - based upon the appropriate requirements of Sub e requirements of Subsection I of 19.15.17.13 NM iate requirements of Subsection G of 19.15.17.13	AC
6. Operator Application Certification:		
I hereby certify that the information submitted with th	is application is true, accurate and complete to the	e best of my knowledge and belief.
Name (Print). Justin C. Firkins		tory Specialist
Signature: Austil Juli	Date: 09/2	
e-mail address-justin.c.firkins@conocophillips.c		
	• •	· · · · · · · · · · · · · · · · · · ·

	·
7. OCD Approval: Permit Application (including closure plan) Closure I	Plan (only)
OCD Representative Signature:	Approval Date: 09/29/09
Title: Geologist	OCD Permit Number: PI-01377
8. <u>Closure Report (required within 60 days of closure completion)</u> : Subsection Instructions: Operators are required to obtain an approved closure plan prior The closure report is required to be submitted to the division within 60 days of section of the form until an approved closure plan has been obtained and the c	to implementing any closure activities and submitting the closure report. the completion of the closure activities. Please do not complete this
	Closure Completion Date:
9. <u>Closure Report Regarding Waste Removal Closure For Closed-loop System</u> <i>Instructions: Please indentify the facility or facilities for where the liquids, dri</i> <i>two facilities were utilized.</i>	
Disposal Facility Name:	Disposal Facility Permit Number:
Disposal Facility Name:	
Were the closed-loop system operations and associated activities performed on o Yes (If yes, please demonstrate compliance to the items below) No	
Required for impacted areas which will not be used for future service and operate Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	ions:
 <u>Operator Closure Certification:</u> I hereby certify that the information and attachments submitted with this closure belief. I also certify that the closure complies with all applicable closure requirer 	report is true, accurate and complete to the best of my knowledge and nents and conditions specified in the approved closure plan.
Name (Print):	Title:
Signature:	Date:
e-mail address:	Telephone:

ConocoPhillips Company Closed Loop System Design, Operating and Maintenance, and Closure Plan

Well: Hardy 36 State #19

Date: September 25, 2009

ConocoPhillips proposes the following plan for design, operating and maintenance, and closure of our proposed closed loop system for the above named well:

1. We propose to use a closed loop system with steel pits, haul-off bins, and frac tanks for containing all cuttings, solids, mud, water, brine, and liquids. We will not dig a pit, nor will we use a drying pad, nor will we build an earth pit above ground level, nor will we dispose of or bury any waste on location.

All drilling waste and all drilling fluids (fresh water, brine, mud, cuttings, drill solids, cement returns, and any other liquid or solid that may be involved) will be contained on location in the rig's steel pits or in haul-off bins or in frac tanks as needed. The intent is as follows:

- We propose to use the rigs' steel pits for containing and maintaining the drilling fluids.
- We propose to remove cuttings and drilled solids from the mud by using solids control equipment and to contain such cuttings and drilled solids on location in haul-off bins.
- We propose that any excess water that may need to be stored on location will be stored in frac tanks.

The closed loop system components will be inspected daily by each tour and any needed repairs will be made immediately. Any leak in the system will be repaired immediately, and any spilled liquids and / or solids will be cleaned up immediately, and the area where any such spill occurred will be remediated immediately.

2. Cuttings and solids will be removed from location in haul-off bins by an authorized contractor and disposed of at an authorized facility. For this well, we propose the following disposal facility:

Controlled Recovery Inc, 4507 West Carlsbad Hwy, Hobbs, NM 88240, P.O. Box 388 Hobbs, New Mexico 88241 Toll Free Phone: 877.505.4274, Local Phone Number: 432-638-4076

The physical address for the plant where the disposal facility is located is Highway 62/180 at mile marker 66 (33 miles East of Hobbs, NM and 32 miles West of Carlsbad, NM).

The Permit Number for CRI is R9166

A photograph showing the type of haul-off bins that will be used is attached.

- 3. Mud will be transported by vacuum truck and disposed of at Controlled Recovery Inc at the facility described above.
- 4. Fresh Water and Brine will be hauled off by vacuum truck and disposed of at an authorized salt water disposal well. We propose the following for disposal of fresh water and brine as needed:
 - Nabors Well Services Company, 3221 NW County Rd, Hobbs, NM 88240, PO 5208 Hobbs, NM, 88241, Permit SWD 092. (Well Location: Section 3, T19S R37E)
 - Basic Energy Services, PO Box 1869 Eunice, NM 88231 Phone Number 575 394 2545, Facility located at Hwy 18, Mile Marker 19, Eunice, NM.
 - Key Energy Services, 2105 Avenue O, Eunice, NM 88231, Phone Number 505 394 2585 (Atha Well, Section 31 T21S R36E, BLM Permit # LC036441) (Christmas Well, Unit B, Section 28, T22S R37E, State Permit # SWD # 606)

Jason D. Tilley, Sr. Drilling Engineer ConocoPhillips Company, 600 North Dairy Ashford, Room # 2WL-13016, Houston, TX 77079-1175 Office Phone 832 486 2919, Cell Phone 281 684 4720





HARDY 36 STATE #19 WBS ELEMENT – WA5.CNM.____ WellView Well Name – HARDY 36 STATE #19 Re-Completion Procedure

August 12, 2009

Objective: Add the Blinebry formation to the existing completion.

COPC WI: 100%	COPC NRI: 87.5%		
Well Status: Prod	Well Type: Oil Well	County:	Lea
Area: Permian	Field: Strawn	Team:	Permian Oil
Venting: Permit not required	Flaring: Permit not required	H ₂ S:	Possible
Well Control: Class 2 Category 2	(post perforating & post stimulation)	-	

IMPORTANCE OF SAFETY

Safe operations are of utmost importance at all ConocoPhillips properties and facilities. To further this goal, the ConocoPhillips Supervisor at the location shall request tailgate safety meetings prior to initiation of work and also prior to any critical operations. All company, contract, and service personnel then present shall attend these tailgate safety meetings at the location. All parties shall review the proposed upcoming steps, procedures, and potentially hazardous situations. Occurrence of these meetings shall be recorded in the Well View daily report.

History / Justification

The Hardy 36 State #19 was originally drilled to 6960' in February 1996. The well was completed In the Tubb from 6442-6536' and frac'd with 230,650# of 16/30 sand. The Tubb has produced 30,097 BO and 136,210 Mcf thru February 2009 according to Dwight's PI. The last test of the Tubb was 8/25/09; the well was making 2 BO, 6 BW and 0.4 Mcf. It is proposed to add the Blinebry formation from 5652-5685' to the existing Tubb completion.

An initial rate of 10 BOPD with 10 Mcf/d is projected based upon the initial rates of the offset wells. Economics were performed using an exponential decline rate of 25% per year, a recompletion cost of \$200,000, and an operating cost of \$7.92/BOE per year. ConocoPhillips owns a 100% WI and a NRI of 87.5% in the Hardy State lease. This project yields an ATAX ROR of 42.6% with a NPV of \$89M at 13%.

Hardy 36 State #19 Add Blinebry to existing completion

AFE Number:	WA5.CNM
API Number:	30-025-33202
Field:	North Hardy Tubb Drinkard
Location:	1950' FNL & 330' FEL, Sec. 36, T-20-S, R-37-E, Lea County, NM
<u>Depths:</u>	TD = 6960'
Elevation:	GR = 3502' KB = 3513'

Casing Data:

Existing & Proposed Casing, Tubing and Packer Information

	OD (in)	Depth (ft)	ID/Drift (inches)	Weight (#/ft)	Grade	Burst	Burst w/ 1.15 D.F.	Collapse (psi)	Collapse w/ 1.05 D.F.	Volume (Bbls/Ft)
Int. Csg	8%	1515'	8 097/7 972	24#	K-55	2950	2565	1370	1305	.0609
*Prod	51⁄2	6960'	4.950/4 825	15.5#	K-55	4810	4183	4040	3848	.0232
Prod Tbg	2¾"		1 995/1 901	4 7#	J-55	7700	6696	8100	7714	00579

Top of Cement: surface

Casing Fluid: 2% KCI (0.438 psi/ft)

Proposed Cased Hole Perforations

Formation	Perforations (MD)	Frac Grad	Perf Feet	SPF	Phase	Zero Hole	Holes	Anticipated Reservoir Pressure	Reservoir Temp
Blinebry	5652-5657'	.75	5	4	60°	No	20	2628	104 °
	5668-5671'	.75	3	4	60°	No	12	2636	
	5681-5685'	.75	4	4	60°	No	16	1642	

Correlation Log: Western Atlas Compensated Z-Densilog - Neutron log dated 2/22/1996 Gun Type: 3%" High Shot Density, 34JL Ultrajet, HMX 22.7g, (API 19B: Pen – 28.94", EHD - 0.37")

Prepared by: David McPherson:Contract Production Engineer, Panhandle/Permian GroupMobile: 1(903) 316-4272Home: 1(903) 894-3547

GENERAL NOTES

- 1. No project or task is to be performed unless it can be done safely and without harm to the environment. All work must comply with all State and Federal regulations and with COPC Safety and Environmental Policies.
- 2. Conduct daily safety meetings and review all procedures with all contractors prior to performing the operation.
- 3. Report all activity on the <u>Well View</u> Daily Completion Work-Over Report.
- 4. Insure contractors are familiar with and comply with all relevant COPC safety/environmental policies.
- 5. Spills are to be prevented. Utilize a vacuum truck as necessary.

6. All references to 2% KCl water is powdered 2% KCl.

- 7. Throughout the entire completion process, any fluids from the well-bore that are displaced or produced must be sent through the flow-back equipment so that the fluids can be properly disposed.
- 8. Verify that all pressured lines and fittings meet or exceed the MPSP (Maximum Predicted Surface Pressure) for the treatment lines of **5250** psi for the pressure test during stimulation operations. Maximum treatment pressure during the acid treatment will be **6000** psi. MPSP from the zone should not be greater than 2000 psi before & after stimulation operations of the Blinebry zones.
- Well control for this well will be Class 2, Category 2 before and after stimulation. Expected Shut in Casing Pressures (SICP) before & after stimulation should not exceed 2000 psi.

Mid-Continent / Permian / Hobbs East Contact List:

Reservoir Engineer:	D. Pecore	832-486-2145
Production Engineer:	J. Lowder	432-368-1609
Facilities Engineer Tech:	L. Johansen	432-368-1223
Operations Supervisor:	J. Coy	505-391-3127
Projects Planner:	D. Garrett	505-368-1410
Production Foreman:	V. Mackey	505-391-3129

Recommended Procedure

- MIRU well service unit. POOH with rods & pump. ND wellhead and NU BOP's and test. POOH with 2³/₈", 4.7#, J-55 tubing. Scan tubing while pulling. If tubing is acceptable, use 2³/₈", 4.7#, J-55 production tubing as workstring, and haul in enough workstring for bit run in Step #2. If tubing is unacceptable, lay down 2³/₈", 4.7#, J-55 tubing, send tubing in for inspection, place all inspected yellow and blue band tubing in COPC inventory, and haul in 6930'<u>+</u> of 2³/₈", 4.7#, J-55 production tubing and enough workstring for bit run in Step #2.
- PU and TIH with 4³/₄" bit on 2³/₈", 4.7#, J-55 workstring to 6930'±, circulating well clean with 2% KCL water. Test 2³/₈", 4.7#, J-55 workstring to 6500 psi while TIH. POOH with 2³/₈", 4.7#, J-55 workstring and bit. Lay down drill bit.
- MIRU Schlumberger wireline. RU 1000 psi lubricator. Set composite plug at 6000'±. Correlate to Western Atlas Compensated Z-Densilog - Neutron log dated 2/22/1996. RU pump truck and test casing to 1000 psi. RD pump truck. Perforate the Blinebry from 5652-5657', 5668-5671', and 5681-5685' (48 holes) with 4 SPF 60° phasing, using 3^{*}/₈" High Shot Density, 34JL Ultrajet, HMX 22.7g, (API 19B: Pen – 28.94", EHD - 0.37"). RD/MO wireline and lubricator.
- 4. PU 3½", 9.3#, N-80 workstring. TIH with 5½" packer on 3½" workstring. Test 3½" workstring to 7500 psi while TIH. Set packer at 5600'±.
- 5. Spot two 500 bbl clean, lined frac tanks and fill with 2% KCI. Add biocide to the first load of each tank.
- 6. MIRU Schlumberger pumping services fracturing equipment. RU and test all lines to 7,500 psi and monitor for 5 min. Make sure the pressure does not decrease more that 300 psi over the 5 min. Pressure up casing / tubing annulus to 300 psi and monitor during job.
- Perform acid ballout with 1200 gals 15% HCl acid at 6-10 bpm with 70± 1.3 SG bio balls as per attached procedure. When acid is on perfs, bring rate up to 15-16 BPM. Obtain ISIP and 5 minute shut-in pressure. Surge the well 3-4 times to dislodge balls. Shut down for 30 minutes to allow balls to fall.

Note: It is a ConocoPhillips policy to have shower facilities on location when using acid.

- Fracture treat the Blinebry with 25,494 gal of YF125ST containing 65,000 lbs of 20/40 sand coated with prop-net as per attached treating schedule. Set treating line pop off at 7000 psi. Set pump trips at 6500 psi. Set annulus pop off at 700 psi. Frac at 30± BPM with maximum wellhead treating pressure of 5500 psi.
- 9. Obtain ISIP and 5 minute, 10 minute, and 15 minute shut-in pressures. Close Hydraulic Master Valve. RD Schlumberger Iron.

Hardy 36 State #19

Add Blinebry to existing completion

- 10. Unseat packer and reverse out any excess sand from tubing if flush volume not achieved. POOH with 5½" packer and 3½" workstring. Lay down 3½" workstring.
- 11. TIH with 4¾" bit on 2¾" workstring to 6000'±. Circulate out any excess sand from frac job. Drill out composite plug at 6000'±. Continue TIH to PBTD @ 6930'±. When wellbore is clean, POOH with 2¾" workstring.
- 12. RIH with the 2³/₈" production tubing (per tubing design in Well View). Place the EOT at 6560'± with the tubing anchor at 5600'±. Maintain a dynamic fluid column (DFC) while running tubing. (Trickle some 2% KCl water down the tubing head valve.)
- 13. ND BOP's and NU wellhead. RIH with pump and rods (per rod design in Well View). Space and hang well on. Load tubing and check pump action.
- 14. RD/MO well service rig. Release any ancillary equipment. Clean up location.
- 15. Turn well over to Operations. Place well on production. Report well tests on morning report. Place stabilized well test in Field View. Contact chemical representative to place well on corrosion inhibition and scale squeeze program if needed. Submit change of status report.







WELL DATA



Tubing
80 degF 104 degF
104 degF

Casing		(11) · · · · · · · · · · · · · · · · · ·			
OD	ID	Top Depth	Bottom	Weight	Grade
			Depth		
5.500 in	4.950 in	0.0 ft	6000 0 ft	15 5 lb/ft	K55

Tubing	-				
OD	ID	Top Depth	Bottom Depth	Weight	Grade
3.500 in	2.990 in	0.0 ft	5600.0 ft	9 3 lb/ft	N80

Perforations			
Top Depth	Bottom Depth	Shot Density	Temperature at Perf
5652.0 ft	5657.0 ft	4.00 shot/ft	
5668.0 ft	5671.0 ft	4 00 shot/ft	
5681.0 ft	5685.0 ft	4 00 shot/ft	

IMPORTANT:

The well data shown on this page is based on information available when this treatment program was prepared. This data must be confirmed on location with the wellsite supervisor prior to the treatment Any changes in the well data need to be reviewed for their impact on the treatment design.

Schlumberger



PROCEDURES

1. MI (Move in) Schlumberger equipment.

- 2. Conduct Rig-up, Prime-up and pressure test safety meeting.
- 3. RU (Rig up) Schlumberger equipment and pressure test to customer master valve.
- 4. Conduct pre-job safety meeting.
- 5. Perform treatment per design pumping schedule and instructions of client representative.
- 6. Throughout the entire completion process, any fluids from the well-bore that are displaced or produced must be sent through the flow-back equipment so that the fluids can be properly disposed. This note includes Cross-Link fluid samples during treatment. These are to be emptied in an approved "Metal" bucket (read: Not Plastic!!) and disposed of properly. The practice of pouring said samples on the ground is NOT acceptable.
- 7. * Remember to cut PropNET when Sand Chief empty thus leaving only the proppant in the hopper remaining prior to flush
- 8. Pump frac job as per provided Schlumberger Job Procedure as follows:
- 9. Perform acid ballout with 1200 gals 15% HCl acid at 6-10 bpm with 70± 1.3 SG bio balls as per attached procedure. When acid is on perfs, bring rate up to 15-16 BPM. Obtain ISIP and 5 minute shut-in pressure. Surge the well 3-4 times to dislodge balls. Shut down for 30 minutes to allow balls to fall.
- 10. Note: It is a ConocoPhillips policy to have shower facilities on location when using acid.
- 11. Fracture treat the Blinebry with 25494 gal of YF125ST containing 65,000 lbs of 20/40 sand coated with prop-net as per attached treating schedule. Set treating line pop off at 7000 psi. Set pump trips at 6500 psi. Set annulus pop off at 700 psi. Frac at $30\pm$ BPM with maximum wellhead treating pressure of 5500 psi.
- 12. Obtain ISIP and 5 minute, 10 minute, and 15 minute shut-in pressures. Close Hydraulic Master Valve. RD Schlumberger Iron.
- 13. Conduct post job rig down meeting.
- 14. Rig down Schlumberger equipment.
- 15. Conduct convoy meeting and move out Schlumberger equipment.



4 of 11



PUMPING SCHEDULE

Treatment 1	10.00				
Stage Name	Pump Rate	Fluid Name	Stage Volume	Proppant	Prop. Conc
	bbl/min		gal		PPA
Load Well	50	WF110	250		00
Ballout	100	HCI 15	1200		0.0
Displace	150	WF110	2100		00
Pad	30 0	YF120ST-NM	8000		00
1 0 PPA	30 0	YF120ST-NM	2000	20/40 Jordan-Unimin	10
2 0 PPA	30 0	YF120ST-NM	3000	20/40 Jordan-Unimin	2.0
3.0 PPA	30 0	YF120ST-NM	3000	20/40 Jordan-Unimin	3.0
4.0 PPA	30.0	YF120ST-NM	1500	20/40 Jordan-Unimin	4.0
4 0 PPA	30.0	YF120ST-NM	1500	20/40 Jordan + 1.0 %PropNET	40
5.0 PPA	30 0	YF120ST-NM	3000	20/40 Jordan + 1.25% PropNET	5.0
6.0 PPA	30 0	YF120ST-NM	3500	20/40 Jordan + 1.5% PropNET	60
Flush	30 0	WF110	2095	· · · · · · · · · · · · · · · · · · ·	00

Fluid Totals	
WF110	4445 gal
HCI 15	1200 gal
YF120ST-NM	25500 gal

Proppant Totals	
20/40 Jordan-Unimin	23000 lb
20/40 Jordan + 1.0 %PropNET	6000 lb
20/40 Jordan + 1.25% PropNET	15000 lb
20/40 Jordan + 1.5% PropNET	21000 lb

Treatment Exect	ution					
Stage Name	Stage Liquid Volume	Cum. Liquid Volume	Stage Prop. Mass	Cum. Prop. Mass	Stage Time	Cum. Time
	gal	gal	lb	lb	min	min
Load Well	250	250	0	0	1.2	12
Ballout	1200	1450	0	0	2.9	4.1
Displace	2100	3550	0	0	33	7.4
Pad	8000	11550	0	0	6.3	13.7
1.0 PPA	2000	13550	2000	2000	17	15 4
2.0 PPA	3000	16550	6000	8000	2.6	18
3 0 PPA	3000	19550	9000	17000	2.7	20.7
4.0 PPA	1500	21050	6000	23000	1.4	22 1
4.0 PPA	1500	22550	6000	29000	14	23 5
5.0 PPA	3000	25550	15000	44000	2.9	26.4
6.0 PPA	3500	29050	21000	65000	3.5	29.9
Flush	2095	31145	0	65000	17	31.6





JOB SUMMARY

Treatment Treatment 1	Fluid		Proppant		Gases
			20/40 Jordan- Unimin	23000 lb	
	WF110 HCI 15 YF120ST-NM	4445 gal 1200 gal 25500 gal	20/40 Jordan + 1.0 %PropNET	6000 lb	
			20/40 Jordan +	15000 lb	
			20/40 Jordan + 1.5% PropNET	21000 lb	

Schlumberger