<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240

RECEIVED State of New Mexico
Energy Minerals and Natural Resources

Form C-144 CLEZ July 21, -2008

District III
1301 W. Grand Avenue, Artesia, NM 88210 NOV 0 2 2009
Department
District III
1000 Rio Bruzos Road, Aztec, NM 87410
District IV
District IV

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

Santa Fe, NM 87505

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

Type of actions: Please inhalt are application (From C-14C LEZ) per inhibitant denoted-pays person explain. Fift may application respond there than for a classification system that only one shore ground steed ands or hand-edf bias and propose to implement waster enough for closure, please submit a Form C-144. Please he wholed that approach of this request does not relieve the operator of its analyses of superment waster enough for closure, please submit a Form C-144. Please he wholed that approach of this request does not relieve the operator of its proposed to the operator. Operator: Chesapeake Operating, Inc. Operator: Chesapeake Operating, Inc. OGRID #: 147179 Address: P.O. Box 18496 Oktahoma City, OK 73154-0496 Facility or well make: Shell 26 State # 3 API Number: 30-025-38171 Ufl. or QwQrt G. Section 26 Township IOS Range 32E County: Lea Center of Proposed Design: Latitude 33.418690 Surface Owner: CF reloral (2) State Private Titol Trust or Indian Alitotean	(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)		
Closed-loop System that only use above ground steel tanks or hand-off bits and propose to limplement waste removal for closure, please submit a Form C-144.	Type of action: 🛛 Permit 🔲 Closure		
environmental. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances. Does Post Pos	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.		
Operator: Chesapeake Operating, Inc. Address: P.O. Box 18496 Oklahoma City, OK 73154-0496 Facility or well name: Shell 26 State # 3 API Number: 30-025-38171 OCD Permit Number: P.I. O.14 7.66 U/I. or Qui/Qir G Section 26 Township 10S Range 32E County: Lea Center of Proposed Design: Luftitude 33.418690 Longitude _103.64024 NAD: \(\tilde{\text{Zi}} \) 1983 Surface Oviter: Federal \(\tilde{\text{Zi}} \) State = Private Tribal Trust or Indian Allotment 2. Surface Oviter: Federal \(\tilde{\text{Zi}} \) Subsection H of 19.15.17.11 NMAC Operation: Drilling a new well Worker or Drilling (Applies to activities which require prior approval of a permit or notice of intent) \(\tilde{\text{Zi}} \) P&A Above Ground Steel Tranks or Haul-off Bins 3. Signes: Subsection C of 19.15.17.11 NMAC 12"* 2" eletering, providing Operator's name, site location, and emergency telephone numbers 3. Signed in compliance with 19.15.3.103 NMAC 4. Closed-loop Systems Permit Application Attachment Checklists: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following tenss miss be attached to the application. Please indicate, by a check mark in the box, that the documents are attached. 3. Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC 3. Operating and Maintenance Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC 4. Closed-loop Systems Permit Application Plane should upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC 4. Design Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC 4. Closed-loop Systems Plane indentify the facility of the disposal of liquids, drilling fluids and drill cattings. Use attachment functions of the provisor of the proviso	environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.		
Address: P.O. Box 18496 Oklahoma City, OK 73154-0496 Facility or well name: Shell 26 State #.3 API Number: 30-025-38171 OCD Permit Number: \$\frac{1}{2} - \frac{1}{2}			
Facility or well name: Shell 26 State # 3 API Number: 30-025-38171. OCD Permit Number: PL O 4 7 6 Center of Proposed Design: Latitude 33.418690			
U/L or Qur/Qtr G Section 26 Township 10S Range 32E County: Lea Center of Proposed Design: Latitude 33.418690 Longitude -103.64024 NAD: 341827 1983 Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Priva			
U/L or Qur/Qtr G Section 26 Township 10S Range 32E County: Lea Center of Proposed Design: Latitude 33.418690 Longitude -103.64024 NAD: 341827 1983 Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Tribal Trust of Indian Alfotment L Surface Owner: Federal State Private Priva	API Number: 30-025-38171 OCD Permit Number: P1-0147da		
Surface Owner: Federal State Private Tribal Trust or Indian Alfottment 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			
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 Above Ground Steel Tanks or Above Ground Steel T	Center of Proposed Design: Latitude 33.418690 Longitude -103.64024 NAD: X1927 1983		
Operation: Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) P&A	Surface Owner: Federal X State Private Tribal Trust of Indian Allotment		
Operation: Drifling 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	2. ŽŽ Closed-Inon System: Subsection H of 19 15 17 11 NMAC		
Above Ground Steel Tanks or Haul-off Bins 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 Signed in compliance with 19.15.3.103 NMAC Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15:17.9 NMAC Instructions: Each of the following tiems minst 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 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: Previously Approved Operating and Maintenance Plan API Number: Synste 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 Jacility or Jacilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required. Disposal Facility Name: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006 Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003 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: Soil Backfill and Cover Design Specifications based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC Soil Backfill and Cover Design Specifications based upon the appro			
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 Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC Instructions: Each of the following teems nitus 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: Previously Approved Operating and Maintenance Plan API Number: Previously Approved Operating and Maintenance Plan API Number: State Remaval 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: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006 Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003 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: Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC Soil Backfil			
12"x'24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers Signed in compliance with 19.15.3.103 NMAC Instructionis: Each of the following tiems usual 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 Design Plan - based upon the appropriate requirements of 19.15.17.12 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC Operating and Maintenance Plan - 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:			
Signed in compliance with 19.15.3.103 NMAC			
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.19 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 19,15.17.12 NMAC Operating and Maintenance Plan - based upon the appropriate requirements of 19,15.17.12 NMAC Previously Approved Design (attach copy of design) API Number: Previously Approved Operating and Maintenance Plan API Number: Previously Approved Operating and Maintenance Plan API Number: Previously Approved Operating and Maintenance Plan API Number: Naste 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: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006 Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003 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: Soil Backfill and Cover Design Specifications based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC Revergetation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC Site Reclamation Certification: Thereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief. Name (Print): Bryan Arrant Title: Sr. Regulatory Compl. Spec.	(文) ží Sujed ni čombusticé Mitu 1a i pa jáki výc		
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 19.15.17.19 NMAC and 19.15.17.13 NMAC Previously Approved Design (attach copy of design) API Number: Previously Approved Operating and Maintenance Plan API Number: **Naste 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: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006 Disposal Facility Name: Sundance Disposal 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) \(\bar{\text{No}} \) 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 I of 19.15.17.13 NMAC Re-vegetation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC 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): Bryan Arrant Title: Sr. Regulatory Compl. Spec.	Instructions: Each of the following items migst be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.		
Previously Approved Operating and Maintenance Plan API Number:	☐ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC		
Muste 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: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006 Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003 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 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 I of 19.15.17.13 NMAC Gre-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC Greater 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.	Previously Approved Design (attach copy of design) API Number:		
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: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006 Disposal Facility Name: Sundance Disposal Disposal Facility Permit Number: NM-01-0003 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 G of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC Coperator Application Certification: Thereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief. Name (Print): Bryan Arrant Title: Sr. Regulatory Compl. Spec.	Previously Approved Operating and Maintenance Plan API Number:		
Disposal Facility Name: Sundance Disposal 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 G of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC 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): Bryan Arrant Title: Sr. Regulatory Compl. Spec.	Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two		
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 G of 19.15.17.13 NMAC Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC Operator Application Certification: Thereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief. Name (Print): Bryan Arrant Title: Sr. Regulatory Compl. Spec.	Disposal Facility Name: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006		
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): Bryan Arrant Title: Sr. Regulatory Compl. Spec.			
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): Bryan Arrant Title: Sr. Regulatory Compl. Spec.	Yes (If yes, please provide the information below) X No		
Operator Application Certification: 1 hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief. Name (Print): Bryan Arrant Title: Sr. Regulatory Compl. Spec.	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		
1 hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief. Name (Print): Bryan Arrant Title: Sr. Regulatory Compl. Spec.			
Name (Print): Bryan Arrant Title: Sr. Regulatory Compl. Spec.			

e-mail address: bryan.arrant@chk.com

Teleplione: (405)935-3782

OCD Approval: Permit Application (including closure plan) Closs	pre Plan (only)	
QCD Representative Signature:	Approval Date: 11/4/2009	
Title: DISTRICT 1 SUPERVISOR	OCD Permit Number: NOV 0 4 2009 P -D 4 7 6	
s: 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:	
2) Closure Report Regarding Waste Removal Closure For Closed-loop Sys Instructions: Please indentify the facility or facilities for where the liquids two facilities were utilized:	tems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: , drilling fluids and drill cuttings were disposed. Use attachment if more than	
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 op Site Reclamation (Photo Documentation) Soil Backfilling and Cover Installation Re-vegetation Application Rates and Seeding Technique	perations:	
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:	
Šignature:	Daté:	
e-mail address:	Telephone;	

Chesapeake Operating, Inc.'s Closed Loop System Shell 26 State # 3 Unit G, Sec. 26, T-10-S R-32-E Lea Co., NM API #: 30-025-38171

Equipment & Design:

Chesapeake Operating, Inc. is to use a closed loop system in the plug and abandonment of this well.

(1) 500 bbl "frāc" tank"

Operations & Maintenance:

During each and every tour, the rig's crew will inspect and monitor closely the fluids contained within the steel pits and visually monitor any spill which may occur.

Within 48 hours should a spill, release or leak occur, the NMOCD District I office in Hobbs (575-393-6161) will be notified. Please note that notifications may be made earlier to the district office should a greater release occur.

Closure:

After plugging operations, fluids will be hauled and disposed to Controlled Recovery, Inc.'s location.
The permit number for Controlled Recovery, Inc. is: NM-01-0006 The alternative disposal facility will be Sundance Disposal.
Their permit #is: NM-01-0003.