

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'D 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: **EOG Resources, Inc.** OGRID #: **7377**  
Address: **P.O. Box 2267 Midland, TX 79702**  
Facility or well name: **INCREDIBLE HULK 26 STATE COM # 4H**  
API Number: **30-025-39577** OCD Permit Number: **P1-01515**  
U/I or Qtr/Qu: **X U** Section 26 Township 14S Range 32E County: Lea  
Center of Proposed Design: Latitude \_\_\_\_\_ Longitude \_\_\_\_\_ 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: **Controlled Recovery, Inc.**

Disposal Facility Permit Number: **R-9166**

or

Disposal Facility Name: **Gandy Marley, Inc.**

Disposal Facility Permit Number: **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

**Operator Application Certification:**

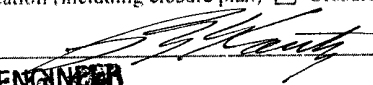
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Donny G. Glanton Title: Sr. Lease Operations ROW Representative

Signature:  Date: 10.27.09

e-mail address: donny\_glanton@ecogresources.com Telephone: 432.686.3642

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

OCD Representative Signature: 

Approval Date: 11/23/09

Title: PETROLEUM ENGINEER

OCD Permit Number: P1-01515

**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: \_\_\_\_\_

**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

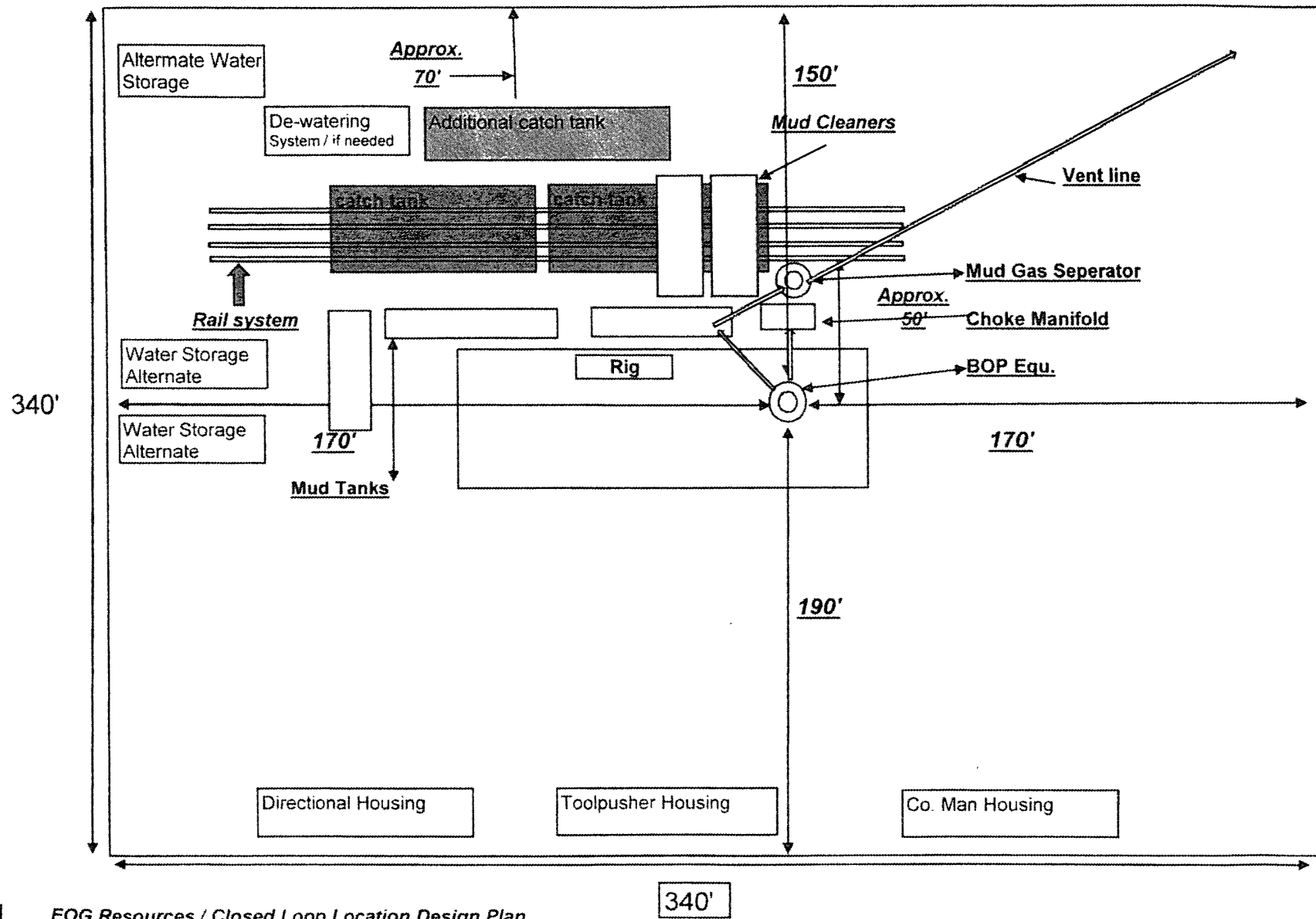
**Operator Closure Certification:**

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: \_\_\_\_\_



EOG Resources / Closed Loop Location Design Plan

Not to scale

6/30/2008

## OPERATING AND MAINTENANCE PLAN – CLOSED LOOP SYSTEM

### 19.15.17.12 OPERATIONAL REQUIREMENTS:

A. General specifications An operator shall maintain and operate a pit, closed-loop system, below-grade tank or sump in accordance with the following requirements

(1) The operator shall operate and maintain a pit, closed-loop system, below-grade tank or sump to contain liquids and solids and maintain the integrity of the liner, liner system or secondary containment system, prevent contamination of fresh water and protect public health and the environment

Operator shall operate and maintain a closed loop system.

(2) The operator shall recycle, reuse or reclaim all drilling fluids in a manner that prevents the contamination of fresh water and protects public health and the environment

Operator shall recycle, reuse or reclaim all drilling fluids used. Excess or unused fluid shall be disposed of at division approved facilities.

(3) The operator shall not discharge into or store any hazardous waste in a pit, closed-loop system, below-grade tank or sump.

Operator shall not knowingly discharge hazardous waste into the closed loop system.

(4) If the integrity of the pit liner is compromised, or if any penetration of the liner occurs above the liquid's surface, then the operator shall notify the appropriate division district office within 48 hours of the discovery and repair the damage or replace the liner

No Pit liner. Closed loop system.

(5) If a lined pit develops a leak, or if any penetration of the liner occurs below the liquid's surface then the operator shall remove all liquid above the damage or leak line from the pit within 48 hours and repair the damage or replace the liner.

No Pit liner. Closed loop system. If a leak develops in any of the closed loop tanks, all liquid shall be removed from the effected tank within 48 hours and any damage shall be repaired prior to putting the tank back in service.

## OPERATING AND MAINTENANCE PLAN – CLOSED LOOP SYSTEM

(6) The operator shall install a level measuring device in a lined pit containing fluids to monitor the level of the fluid surface, so that the operator may recognize unanticipated change in volume of fluids.

No pit. Closed loop system. Excess fluid shall be removed appropriately from the catch tanks.

(7) The injection or withdrawal of liquids from a lined pit shall be accomplished through a header, diverter or other hardware that prevents damage to the liner by erosion, fluid jets or impact from installation and removal of hoses or pipes.

No pit. Closed loop system. Excess fluid shall be removed appropriately from the catch tanks using a re-circulating pump or vacuum trucks.

(8) The operator shall operate and install a pit, below-grade tank or sump to prevent the collection of surface water run-on.

Operator shall berm or collect surface water run-on and dispose of at a division approved facility.

(9) The operator shall install, or maintain on site, an oil absorbent boom or other device to contain and remove oil from a pit's surface.

Operator shall install a skimmer system on catch tanks, circulating tanks and over-flow tanks as needed to collect oil.

# Closure Plan for Closed Loop Drilling System

## 1. METHODS OF HANDLING WASTE MATERIALS

- a. Drill cuttings shall be disposed of in steel cuttings bins (catch tanks) on the drilling pad (behind the steel mud tanks). The bin and cuttings shall be hauled to a division approved facility by an approved transporter. At the facility, the cuttings shall be removed from the bin and the bin shall be returned to the drilling site for reuse, moved to the next drilling site or returned to the provider.
- b. Remaining drilling fluids shall be hauled off by approved transports to a division approved disposal facility. Water produced during completion shall be put in storage tanks and disposed of at a division approved facility. Oil and condensate produced shall be put in a storage tank and sold or put in a sales pipeline.

## 2. RECLAMATION

- a. Within 120 days after the drilling and completion of the well, the location area shall be reduced as determined by operator to the minimum area necessary to safely and effectively operate the well. The reclaimed location area shall be restored to the condition that existed prior to oil and gas operations.



EOG Resources, Inc.  
P.O. Box 2267  
Midland, TX 79702  
(432) 686-3600

October 14, 2009

Crownquest Operating, LLC  
P. O. Box 53310  
Midland, TX 79710

Attention: Mr. Craig Clark

Re: EOG Incredible Hulk State Com. No. 3  
T-14-S, R-32-E  
N/2SW/4 Section 26 & N/2SE/4 Section 27  
Lea County, New Mexico

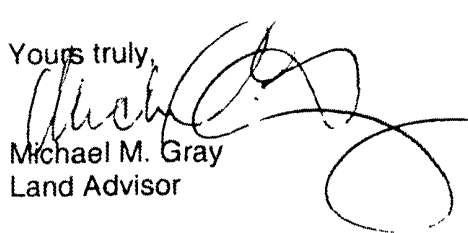
Gentlemen:

EOG Resources, Inc. plans to drill the Incredible Hulk State Com. No. 3 well as a horizontal well to test the Wolfcamp formation from a surface location 2480' FWL and 1850' FSL of Section 26-14-32 to a horizontal terminus in the NW/4SE/4 of Section 27-14S-32E.

Crownquest operates the State 26 No. 3 Well, a Pennsylvanian oil producer located in Unit L of Section 26-14-32. A portion of the horizontal segment of the wellbore for the Incredible Hulk State Com. # 3 will cross the production unit for this well.

EOG respectfully requests Crownquest's consent for approval of EOG's application to drill, complete and operate the subject well from the surface to the base of the Wolfcamp formation within the boundaries of the proration unit (Unit L) for the State 26 No. 3 Well. If you agree to our request, please execute and return one copy of this letter to the letterhead address.

Yours truly,

  
Michael M. Gray  
Land Advisor

Agreed and consented to this 19<sup>th</sup> day of October, 2009

Crownquest Operating, Inc.

By: 

Name  
Title

Robert W. Floyd  
President

energy opportunity growth