

RECEIVED

State of New Mexico

Form C-144 CLEZ
July 21, 2008

District I
1625 N French Dr., Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Artesia, NM 88210
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

SEP 25 2008

HOBBS OIL

Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
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

(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: Cano Petro of New Mexico, Inc. OGRID #: 248802
Address: 801 Cherry Street Unit 25 Suite 3200 Fort Worth, Texas 76102
Facility or well name: CSAU 557Y
API Number: 30-005-29051 OCD Permit Number: pending PI-01539
U/L or Qtr/Qtr O Section 10 Township 08S Range 30E County: Chaves
Center of Proposed Design: Latitude 33.627472 Longitude -103.862913 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: GANDY MARLEY, INC. Disposal Facility Permit Number: NM 01-0019
Disposal Facility Name: CONTROLLED RECOVERY, INC. 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 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): Cindy Chavez Title: Regulatory Coordinator
Signature: [Signature] Date: 9-9-08
e-mail address: cindy@canopetro.com Telephone: 817-698-0900

7. **OCD Approval:** ☒ Permit Application (including closure plan) ☐ Closure Plan (only)
OCD Representative Signature: _____ Approval Date: 12/03/09
Title: Geologist OCD Permit Number: P1-D1539

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: _____

CANO PETRO OF NEW MEXICO, INC.



**Producing oil & gas
in the USA
for the USA**

Closed-Loop System Permit Application Attachments

**Design Plan
Operation Plan and Maintenance Plan
Closure Plan**

Design Plan

A design plan will not necessary for this location. Haul-Off bins will be use for the waste removal. Attach are 3 pictures of the haul off bins on location. A layout plan is also attached for reference.

Disposal Facility and Permit Number:

***Gandy Marley, Inc. NM01-0019
Controlled Recovery, Inc. R9166***

A well sign has been posted identifying the well: Operator's Name, the location of the site by quarter-quarter and unit letter, section, township and range; and emergency telephone number.

Operating / Maintenance Plan

Pumpers will monitor the haul-off bins and notify the disposal facility when the bins reach their full capacity.

The pumpers are to inspect the bins every 12 hours. For record-keeping requirements, attach is a sign off sheet to verify that the bins are being inspection.

Closure Plan

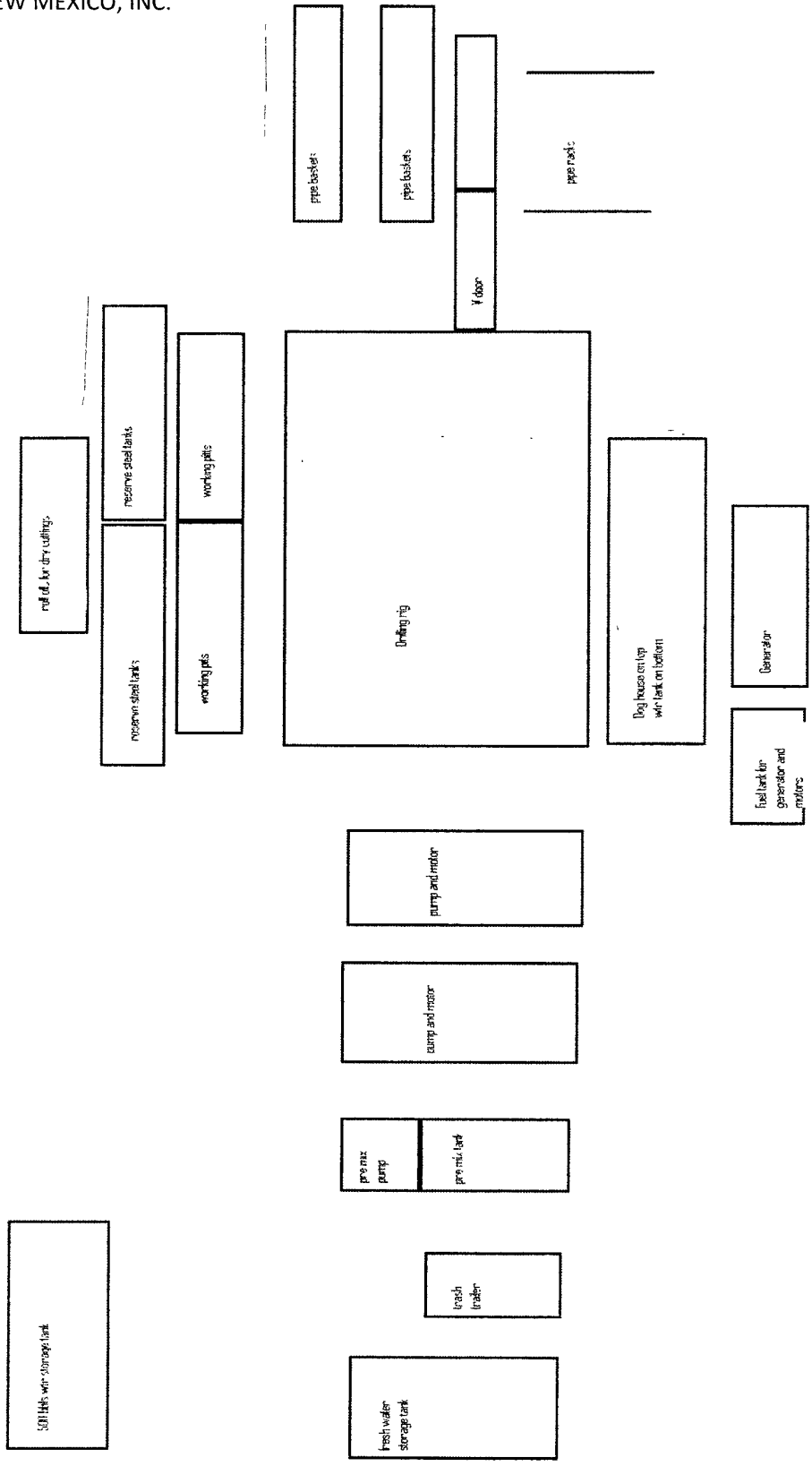
All bins will be removed by the disposal facility in a timely manner with approval from the OCD.

CANO PETRO OF NEW MEXICO, INC.

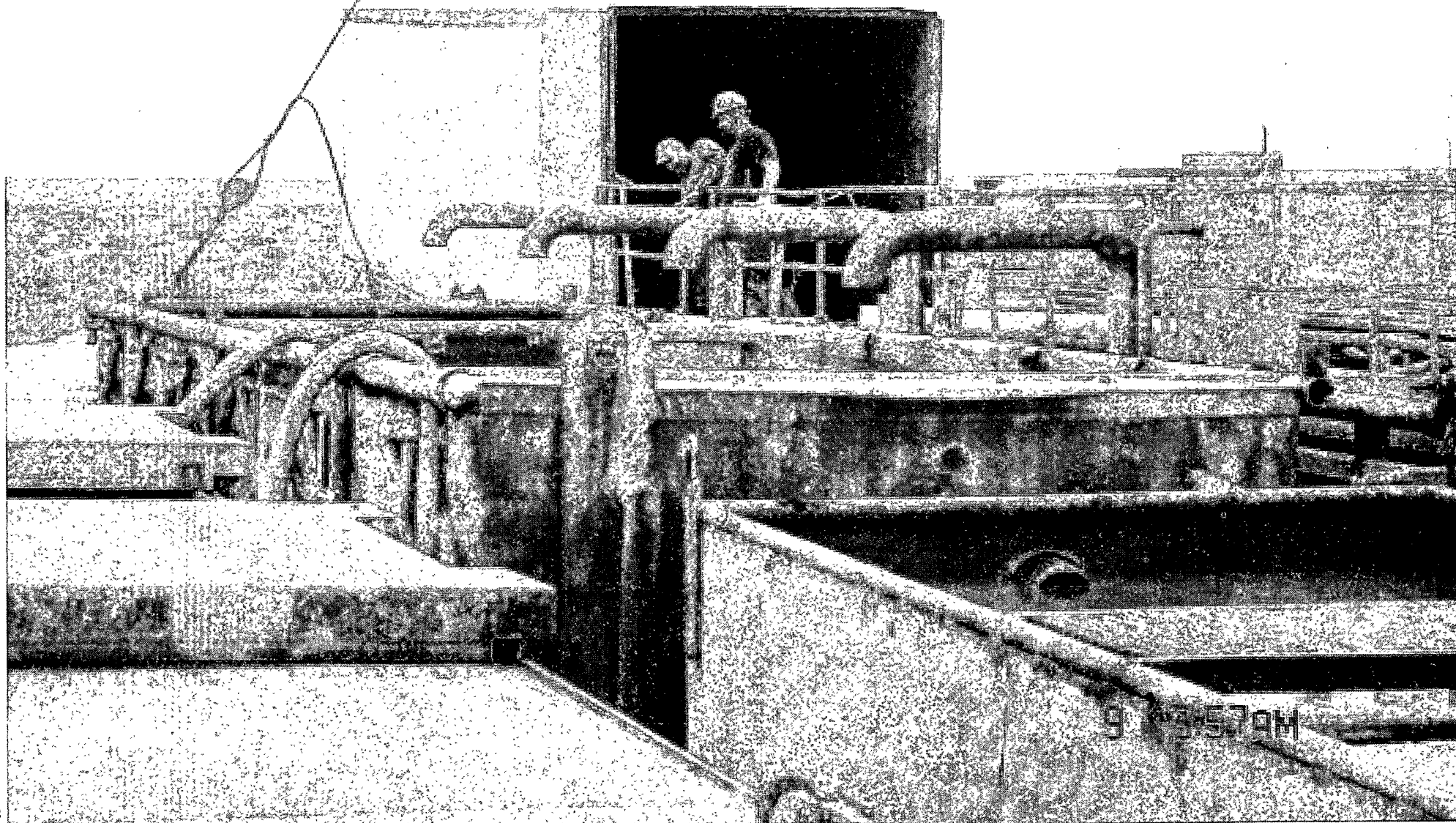
CSAU 557Y



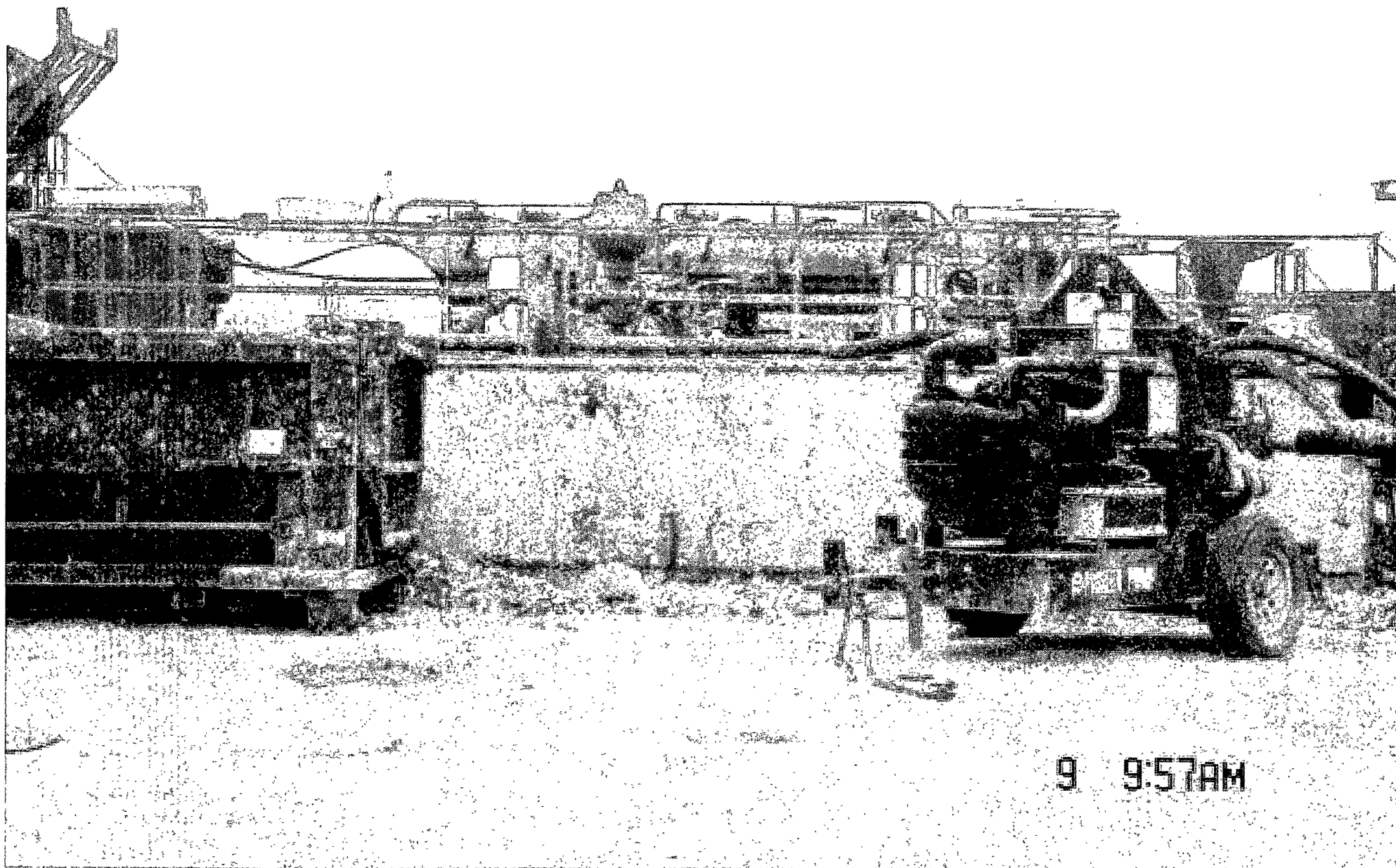
West



East



9:45:57 AM



9 9:57AM

