

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

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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 District Office.

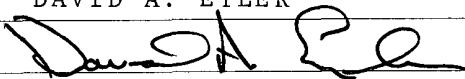
## Closed-Loop System Permit or Closure Plan Application

(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: CIMAREX ENERGY CO. OF COLORADO OGRID #: 162683 Address: 600 N. MARIENFELD, SUITE 600, MIDLAND, TEXAS 79701 Facility or well name: LEGAL, M.F. #002 ✓ API Number: 30-025-11857 ✓ OCD Permit Number: P1-01740 U/L or Qtr/Qtr I Section 31 Township 25S Range 37E County: LEA ✓ Center of Proposed Design: Latitude _____ Longitude _____ NAD: <input type="checkbox"/> 1927 <input type="checkbox"/> 1983 Surface Owner: <input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment	
2. <input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC Operation: <input type="checkbox"/> Drilling a new well <input type="checkbox"/> Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) <input checked="" type="checkbox"/> P&A <input checked="" type="checkbox"/> Above Ground Steel Tanks or <input type="checkbox"/> Haul-off Bins	
3. Signs: Subsection C of 19.15.17.11 NMAC <input checked="" type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers <input type="checkbox"/> 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. <input type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC <input type="checkbox"/> Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC <input checked="" type="checkbox"/> 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 <input type="checkbox"/> Previously Approved Design (attach copy of design) API Number: _____ <input type="checkbox"/> 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 NM 01-0019 Disposal Facility Name: CRI Disposal Facility Permit Number: NM 01-0006 Disposal Facility Name: SUNDANCE 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? <input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No Required for impacted areas which will not be used for future service and operations: <input type="checkbox"/> Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC <input type="checkbox"/> Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC <input type="checkbox"/> 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): DAVID A. EYLER Title: AGENT Signature:  Date: 02/02/10 e-mail address: deyley@milagro-res.com Telephone: (432) 687-3033	

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

OCD Representative Signature: \_\_\_\_\_

Approval Date: 2-10-10

Title: OCD FIELD REPRESENTATIVE #1/STAFF MANAGER

OCD Permit Number: P1-01740

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: \_\_\_\_\_

### **Closed-Loop Design Plan:**

The closed loop system will not entail a drying pad, temporary pit, below grade tank or sump. It will entail an above ground haul-off bin suitable for holding the cuttings and fluids for rig operations. The haul-off bin will be of sufficient volume to maintain a safe free board between disposal of the liquids and solids from rig operations.

- 1.) Fencing is not required for an above ground closed-loop system.
- 2.) This site will be signed in compliance with 19.15.3.103 NMAC.
- 3.) Please see attached Closed-Loop System diagram.

### **Closed-Loop Operating and Maintenance Plan:**

In order to protect public health and environment, the closed-loop haul-off bin will be operated and maintained to contain liquids and solids. This will aid in the prevention of contamination of fresh water sources. To attain this goal the following steps will be followed:

- 1.) The solids and liquids in the closed-loop haul-off bin will be transported off the drilling facility and disposed of at the CRI facility (Permit No. R9186) in Halfway, NM on a periodic basis once a bin is determined to be at full volume capacity.
- 2.) No hazardous waste, miscellaneous solid waste or debris will be discharged into or stored in the tank. Only fluids or cuttings used or generated by rig operations will be placed or stored in the tank.
- 3.) ~~The division district office will be notified within 48 hours of the discovery of compromised~~ integrity of the haul-off bin. Upon the discovery of the compromised haul-off bin, repairs will be enacted immediately.
- 4.) All of the above operations will be inspected and a log will be signed and dated. During rig operations, the inspection will be daily.

### **Closed-Loop Closure Plan:**

The haul-off bin will be maintained in accordance with 19.15.17.13 NMAC. This will be done by transporting and disposing all cuttings and liquids to the CRI Facility (Permit No. R9186) during and immediately following rig operations. The haul-off bins will be removed from the location as part of the rig move. At the time of well abandonment, the site will be reclaimed and re-vegetated to pre-existing conditions when possible.

CLOSED-LOOP SCHEMATIC

