

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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HOBBSUCD

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 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.

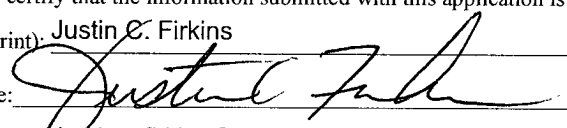
|                                                                                                                                                                                      |                             |                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------------------|
| 1. Operator: ConocoPhillips Company                                                                                                                                                  |                             | OGRID #: 217817                                                  |
| Address: P.O. Box 51810, Midland, Texas 79710-1810                                                                                                                                   |                             |                                                                  |
| Facility or well name: Warren Unit #338                                                                                                                                              |                             |                                                                  |
| API Number: 30-025 - 39725                                                                                                                                                           | OCD Permit Number: PI-01914 |                                                                  |
| U/L or Qtr/Qtr A                                                                                                                                                                     | Section 34                  | Township 20S Range 38E County: Lea                               |
| Center of Proposed Design: Latitude                                                                                                                                                  |                             | Longitude                                                        |
| Surface Owner: <input type="checkbox"/> Federal <input type="checkbox"/> State <input checked="" type="checkbox"/> Private <input type="checkbox"/> Tribal Trust or Indian Allotment |                             | NAD: <input type="checkbox"/> 1927 <input type="checkbox"/> 1983 |

|                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. <input checked="" type="checkbox"/> Closed-loop System: Subsection H of 19.15.17.11 NMAC                                                                                                                                        |
| Operation: <input checked="" 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 type="checkbox"/> P&A |
| <input checked="" type="checkbox"/> Above Ground Steel Tanks or <input checked="" type="checkbox"/> Haul-off Bins                                                                                                                  |

|                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------|
| 3. <b>Signs:</b> Subsection C of 19.15.17.11 NMAC                                                                          |
| <input type="checkbox"/> 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers |
| <input checked="" type="checkbox"/> Signed in compliance with 19.15.3.103 NMAC                                             |

|                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. <b>Closed-loop Systems Permit Application Attachment Checklist:</b> Subsection B of 19.15.17.9 NMAC                                                                     |
| <b>Instructions:</b> 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 checked="" type="checkbox"/> Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC                                                              |
| <input checked="" 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. <b>Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:</b> (19.15.17.13.D NMAC)                                                                                                                                            |
| <b>Instructions:</b> 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 Disposal Facility Permit Number: R0100 NM-01-0006                                                                                                                                                                                        |
| Disposal Facility Name: _____ Disposal Facility Permit Number: _____                                                                                                                                                                                                                 |
| 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?<br><input type="checkbox"/> Yes (If yes, please provide the information below) <input checked="" type="checkbox"/> No |
| <b>Required for impacted areas which will not be used for future service and operations:</b>                                                                                                                                                                                         |
| <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. <b>Operator Application Certification:</b>                                                                                                 |
| 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): Justin C. Firkins Title: Regulatory Specialist                                                                                  |
| Signature:  Date: 01/12/2010                               |
| e-mail address: justin.c.firkins@conocophillips.com Telephone: 432-688-6913                                                                   |

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

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

Approval Date: 04/06/2010

Title: \_\_\_\_\_

**Geologist**

OCD Permit Number: \_\_\_\_\_

P1-01914

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 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

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: \_\_\_\_\_

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

Well: Warren Unit #338

Date: January 12, 2010

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.

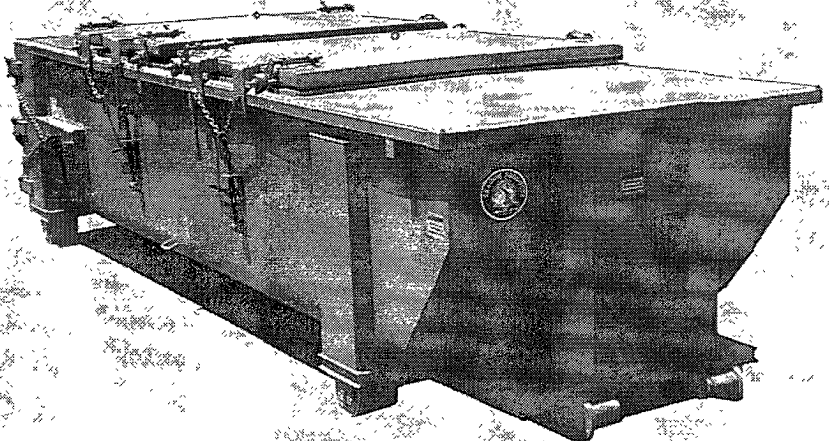
3. Mud will be transported by vacuum truck and disposed of at Controlled Recovery Inc at the facility described above.
4. Fresh Water and Brine will be hauled off by vacuum truck and disposed of at an authorized salt water disposal well. We propose the following for disposal of fresh water and brine 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

# SPECIFICATIONS

## Heavy Duty Split Metal Rolling Lid

FLOOR: 3/16" PL one piece  
 CROSS MEMBER: 3 x 4.1 channel 16" on center  
 WALLS: 3/16" PL solid welded with tubing top, inside liner hooks  
 DOOR: 3/16" PL with tubing frame  
 FRONT: 3/16" PL slant formed  
 PICK UP: Standard cable with 2" x 6" x 1/4" rails, gusset at each crossmember  
 WHEELS: 10 DIA x 9 long with rease fittings  
 DOOR LATCH: 3 Independent ratchet binders with chains, vertical second latch  
 GASKETS: Extruded rubber seal with metal retainers  
 WELDS: All welds continuous except sub-structure crossmembers  
 FINISH: Coated inside and out with direct to metal, rust inhibiting acrylic enamel color coat  
 HYDROTESTING: Full capacity static test  
 DIMENSIONS: 22'-11" long (21'-8" inside), 99" wide (88" inside), see drawing for height  
 OPTIONS: Steel grit blast and special paint, Ampliroll, Heil and Dino pickup  
 ROOF: 3/16" PL roof panels with tubing and channel support frame  
 LIDS: (2) 68" x 90" metal rolling lids spring loaded, self raising  
 ROLLERS: 4" V-groove rollers with delrin bearings and grease fittings  
 OPENING: (2) 60" x 82" openings with 8" divider centered on container  
 LATCH: (2) independent ratchet binders with chains per lid  
 GASKETS: Extruded rubber seal with metal retainers



| CONT. | A  | B  |
|-------|----|----|
| 20 YD | 41 | 53 |
| 25 YD | 53 | 65 |
| 30 YD | 65 | 77 |

