

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

Jul. 21, 2007

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: Hanson Operating Company, Inc. OGRID #: 9974 ✓
 Address: P. O. Box 1515, Roswell, NM 88202-1515
 Facility or well name: Presler Lake #5 ✓
 API Number: 30-005-21123 ✓ OCD Permit Number: P1-01876 ✓
 U/L or Qtr/Qtr D Section 7 Township 9 South Range 30 East County: Chaves ✓
 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 one facility is required.

Disposal Facility Name: Presler Lake #4 Disposal Facility Permit Number: 30-005-62960

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?

☐ 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): Carol J. Smith Title: Production Analyst
 Signature: Carol J. Smith Date: 03/22/2010
 e-mail address: hanson@dfn.com Telephone: 575-622-7330

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

OCD Representative Signature: [Signature] Approval Date: 3-24-10
 Title: State MGR OCD Permit Number: P1-01876

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: 4/29/2010

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: Presler Lake #4 SWD Disposal Facility Permit Number: SWD-617
 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): Carol J. Smith Title: Production Analyst
 Signature: Carol J. Smith Date: 6/9/2010
 e-mail address: hanson@dfn.com Telephone: 575-622-7330

ECG 6-14-10

Form C-114 CLEZ
Closed-Loop Systems Permit Application Attachment

Presler Lake #5
D-Section 7-9S-30E
Chaves County, New Mexico
API #30-005-21123

4. Design Plan

The BCM Plugging Company will supply a 150 barrel skid mounted steel tank to be utilized during the plugging procedure.

Operating and Maintenance Plan

The site will be continually monitored by BCM and Hanson personnel during the plugging procedure. Any leaks or spills will be immediately reported to the Oil Conservation Division, District 1 office at 575-393-6161.

Closure Plan

Waste generated during the plugging procedure will be disposed in the Presler Lake #4 disposal well API #30-005-62960.