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1000 Rio Hondo Road, Aztec, NM 87110
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

JUN 28 2010

HOBBSCO

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.

Operator: McWhourne Oil Company _____ OGRID #: 14744 _____
Address: PO Box 5770 Hobbs, NM 88241 _____
Facility or well name: QJQASU 18 _____
API Number: 30-025-28968 _____ OCD Permit Number: 91-02107 _____
Center or QJ, QJ-D Section 26 Township 18S Range 32E County Lea _____
Center of Proposed Design Latitude _____ Longitude _____ NAD ☐ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

☒ 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

Signs: Subsection C of 19.15.17.11 NMAC

☐ 12"x24"x2" lettering, providing Operator's name, site location, and emergency telephone numbers

☒ Signed in compliance with 19.15.3.103 NMAC

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: _____

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: OGI Disposal Facility Permit Number: NM-0100066

Disposal Facility Name: Lea Land Disposal Facility Permit Number: WM-1-055

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 on 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

☐ Reclamation 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: Phyllis Jackie Lathan Title: Hobbs Regulatory

Signature: Phyllis Jackie Lathan Date: 06/29/10

e-mail address: jathan@mcwhourne.com Telephone: 575-393-5905

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

OCD Representative Signature: _____

Approval Date: _____

Title: _____

OCD Permit Number: _____

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 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

Attachment for my permit 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 _____

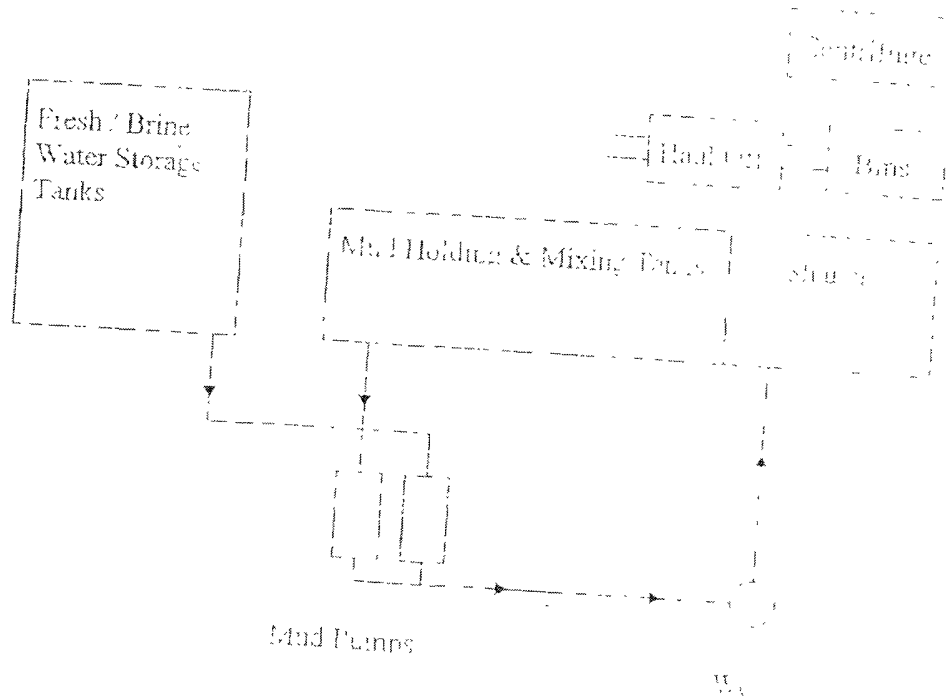
OPERATING AND MAINTENANCE PLAN

- 1 The operator will maintain all liquids and solids within the closed loop system To prevent the contamination of fresh water and protect public health & environment. Rig personnel will inspect system each tour & report any leaks or spills as required. Leaks in system will be properly fixed immediately.
- 2 Solids and contaminated fluid will be hauled to the approved facility as required.

QFQASU #18

NO 25-28068

Closed Loop System Design & Construction



GFG 456 #1

30.005.28.68