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District I

1625 N. French Dr., Hobbs, NM 88241

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

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 (LEZ)

July 21, 2008

JUL 26 2010

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: Legacy Reserves Operating LP OGRID #: 240974
 Address: P.O. Box 10848 Midland, TX 79702
 Facility or well name: New Mexico AE State #27
 API Number: 30-025-33114 OCD Permit Number: PI-02078
 U/L or Qtr/Qtr F Section 12 Township 18S Range 34E County: Lea
 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 two facilities are required.
 Disposal Facility Name: Controlled Recovery, Inc. (CRI)) Disposal Facility Permit Number: 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?
☐ 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): D. Patrick Darden, P.E.

Title: Senior Engineer

Signature: [Signature]

Date: 06/07/10

e-mail address: _____

Telephone: (432) 689-5200

7.
OCD Approval: ☐ Permit Application (including closure plan) ☐ Closure Plan (only)
OCD Representative Signature: [Signature] **Approval Date:** 6-9-10
Title: Staff Member **OCD Permit Number:** P1-02078

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:** 07/06/10

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: Mesquite **Disposal Facility Permit Number:** 1369
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): Berry Johnson **Title:** Production Superintendent
Signature: [Signature] **Date:** 07/16/10
e-mail address: _____ **Telephone:** (432) 689-5200

ELG 7-27-10

Legacy Reserves Operating, LP

New Mexico AE State #27

Unit F Sec. 12, T18S, R34E

Lea County, New Mexico

API#: 30-025-33114

Equipment and Design:

Legacy Reserves Operating, LP will use a closed loop system in the plug and abandonment of this well. The following equipment will be on location:

- 1) 250 bbl steel tank.

Operation and Maintenance:

During each day of operation, the rigs crew will inspect and closely monitor the fluids contained within the steel tank and visually monitor any release that may occur. Should a release or spill occur, the NMOCD District 1 office Hobbs (575-393-6161) will be notified, as required in NMOCD's rule 19.15.29.8.

Closure:

After plugging operations, fluids and solids will be hauled and disposed at Controlled Recovery, Inc. (CRI) disposal location, permit number NM-01-0006.