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* AMENDED REPORT

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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SEP 21 2010
HOBBSDOCD
State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
220 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: Enstor Grama Ridge Storage and Transportation, LLC OGRID #: 234255
Address: 20329 State Highway 249, Suite 400, Houston, TX 77070
Facility or well name: Grama Ridge Morrow Unit No. 8
API Number: 30-025-39922 OCD Permit Number: PL-02499
U/L or Qtr/Qtr P Section 4 Township 22-S Range 34-E County: Lea
Center of Proposed Design: Latitude 32°24'49.77"N Longitude 103°28'11.03"W 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: Eagle Disposal (Hobbs, NM) Disposal Facility Permit Number: 03067520-000
Disposal Facility Name: see additional attached 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): Daryl W. Gee Title: Director, Regulatory Affairs and Land Management
Signature: [Signature] Date: 6/30/10
e-mail address: daryl.gee@enstorinc.com Telephone: 281-374-3062

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)
OCD Representative Signature: _____ Approval Date: 9/25/10
Title: Hydrogeologist OCD Permit Number: P1-02499

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: _____

GRAMA RIDGE MORROW UNIT # 8

Design Plan:

- The rig's mud tanks and solids processing system will be supplemented with additional solids processing equipment and related tanks to collect drill solids and liquids.
- Portable frac tanks will also be placed on the location for storing fresh water, brine water, and mud from the drilling operations to be re-used.
- Bins will be on location to temporarily store solids that will be trucked off to an approved disposal location.

Operating and Maintenance Plan:

- A walk around the tanks and cuttings bins to inspect for leaks will be completed daily.
- If any leaks are detected the OCD will be called immediately.
- In the process of drilling operations, fluids not to be re-used and drill solids will be hauled off to an approved disposal location.

Closure Plan:

- When the well is completed, trucks will haul off the remaining fluids and solids to an approved disposal location.

9/27/2010

5. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Gandy Marley, Inc.

Disposal Facility Name: Triassic Park Waste Disposal Facility
Disposal Facility Permit #: NM0001002484

Sundance Services, Inc.

Disposal Facility Name: Parabo Disposal Facility
Disposal Facility Permit #: NM01-0003

CRI

Disposal Facility Name: Halfway Disposal Facility
Disposal Facility Permit #: R9166