

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

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.

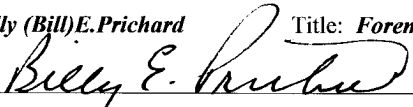
1.
Operator: **Mar Oil and Gas Corporation** OGRID #: **151228**
Address: **PO Box 5155 Santa Fe, New Mexico 87502**
Facility or well name: **Eumont Hardy Unit # 036**
API Number: **30-025-06407** OCD Permit Number: **P1-02958**
U/L or Qtr/Qtr **E** Section **5** Township **21S** Range **37E** County: **Lea**
Center of Proposed Design: Latitude **32.51657** Longitude **-103.19123** 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: **Sundance** Disposal Facility Permit Number: **NM-01-003**
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): **Billy (Bill) E. Prichard** Title: **Foreman**
Signature:  Date: **2/22/11**
e-mail address: **billy@pwlhc.net** Telephone: **432-934-7680**

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

OCD Representative Signature: _____

Approval Date: 3-2-2011

Title: _____

OCD Permit Number: _____

P1-02958

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): _____

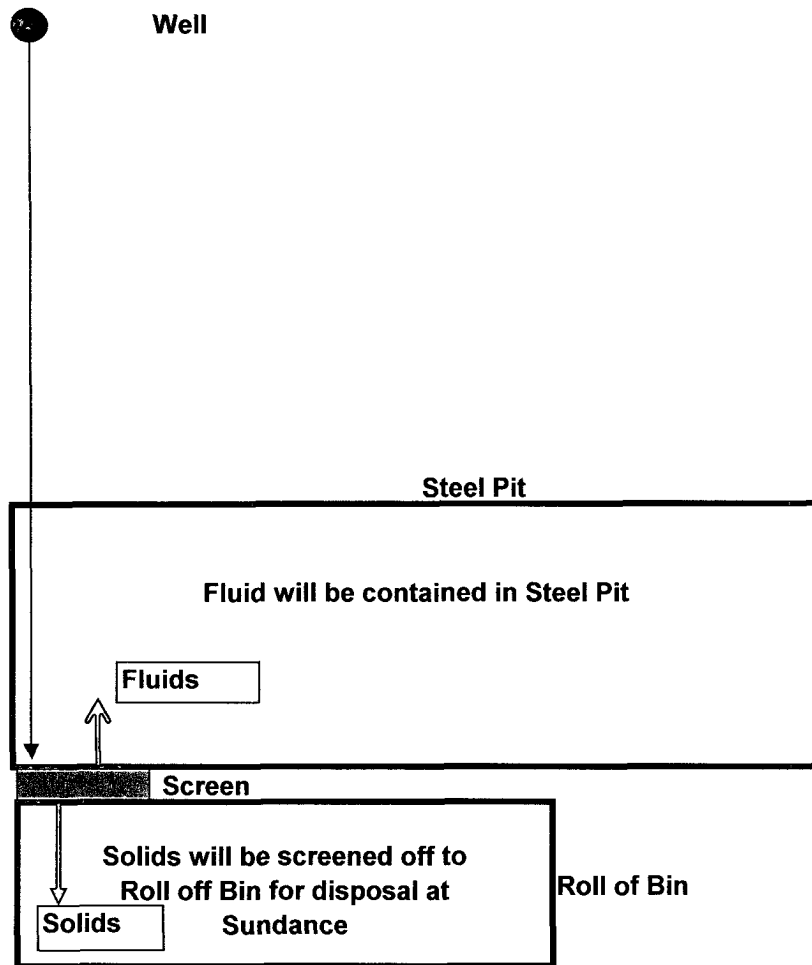
Title: _____

Signature: _____

Date: _____

e-mail address: _____

Telephone: _____



Pits and Roll off bins will be monitored during re-entry operations
 Fluids will be hauled to Sundance Disposal NM-01-003
 Solids will be hauled to Sundance Disposal NM-01-003

*Mar Oil and Gas Corporation
 Eumont Hardy Unit #036
 Design, Operation, Closure Plan*



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

ADMINISTRATIVE ORDER NO. WFX-813

***APPLICATION OF MAR OIL & GAS CORPORATION TO EXPAND ITS WATERFLOOD
PROJECT IN THE EUMONT (YATES-SEVEN RIVERS-QUEEN) POOL IN LEA COUNTY,
NEW MEXICO***

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Division Order No. R-3115, Mar Oil & Gas Corporation has made application to the Division on July 22, 2005 for permission to expand its Eumont Hardy Unit Waterflood Project in the Eumont (Yates-Seven Rivers-Queen) Pool in Lea County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application was filed in due form.
- (2) Satisfactory information was provided to demonstrate that all offset operators were provided notice of the application.
- (3) No objection has been received within the waiting period as prescribed by Rule 701(B).
- (4) The proposed injection wells are eligible for conversion to injection under the terms of Rule 701.
- (5) The proposed expansion of the above-referenced waterflood project will not cause waste nor impair correlative rights.
- (6) The application should be approved.

IT IS THEREFORE ORDERED THAT:

The applicant, Mar Oil & Gas Corporation is hereby authorized to inject water into the Eumont (Yates-Seven Rivers-Queen) Pool through the gross interval from 3,498 feet to 3,780 feet using 2-3/8-inch plastic-lined tubing set in a packer located within 100 feet of the open-hole injection

interval in the following-described wells for purposes of secondary recovery to wit:

Eumont Hardy Unit Well No. 36

API No. 30-025-06407
1980' FNL & 660' FEL, Unit H,
Section 5, Township 21 South, Range 37 East
Open-hole Injection Interval: 3,521'-3,780'
Maximum Surface Injection Pressure: 1650 PSIG

Eumont Hardy Unit Well No. 26

API No. 30-025-09899
660' FNL & 1980' FWL, Unit C,
Section 5, Township 21 South, Range 37 East
Open-hole Injection Interval: 3,498'-3,755'
Maximum Surface Injection Pressure: 1650 PSIG

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the wells, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus in each well shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection wells or system shall be equipped with a pressure limiting device which will limit the wellhead pressure to the maximum surface injection pressure described above.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said wells that such higher pressure will not result in migration of the injected fluid from the Yates-Seven Rivers-Queen formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs district office of the Division of the date and time of the installation of injection equipment and of the mechanical integrity tests so that the same may be inspected and witnessed.

Administrative Order WFX-813

Mar Oil & Gas Corporation

August 11, 2005

Page 3 of 3

The operator shall immediately notify the supervisor of the Hobbs district office of the Division of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

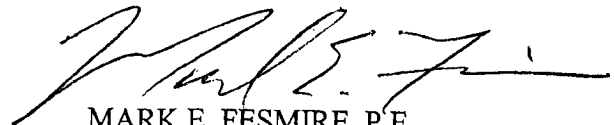
The subject wells shall be governed by all provisions of Division Order No. R-3115, and Rules 702-706 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

DONE at Santa Fe, New Mexico, on this 11th day of August, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad