State of New Mexico District 1 1625 N. French Dr., Hobbs, NM 88240 District II
1301 W. Grand Avenue, Artesia, NM 8821 CEIVE Department
Oil Conservation Division Energy Minerals and Natural Resources District III 1000 Rio Brazos Road, Aztec, NM 87410 FEB 2 1 2011 1220 South St. Francis Dr. <u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM 87505

For temporary pits, closed-loop systems, and below-grade tanks, submit to the appropriate NMOCD District Office. For permanent pits and exceptions submit to the Santa Fe Environmental Bureau office and provide a copy to the appropriate NMOCD

HOBBSOCD Santa Fe, Nivi 87303 District Office.			
Pit, Closed-Loop System, Below-Grade Tank, or Proposed Alternative Method Permit or Closure Plan Application			
Type of action: Permit of a pit, closed-loop system, below-grade tank, or proposed alternative method  Closure of a pit, closed-loop system, below-grade tank, or proposed alternative method  Modification to an existing permit  Closure plan only submitted for an existing permitted or non-permitted pit, closed-loop system, below-grade tank, or proposed alternative method			
Instructions: Please submit one application (Form C-144) per individual pit, closed-loop system, below-grade tank or alternative request			
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: CHEVRON U.S.A. INC.  OGRID #: 4323			
Address: 15 SMITH ROAD, MIDLAND, TEXAS 79705			
Facility or well name C.H. LOCKHART FEDERAL NCT-1 #8 SWD			
API Number: 30-025-12131 OCD Permit Number: 11-03045			
U/L or Qtr/Qtr P Section 18 Township 22-S Range 38-E County: LEA			
Center of Proposed Design: Latitude Longitude NAD: \[ \begin{array}{c} 1927 \begin{array}{c} 1983 \end{array}			
Surface Owner:  Federal State Private Tribal Trust or Indian Allotment			
2.			
Pit: Subsection F or G of 19.15.17.11 NMAC			
Temporary:  Drilling  Workover			
Permanent Emergency Cavitation P&A			
Lined Unlined Liner type: Thicknessmil LLDPE HDPE PVC Other			
☐ String-Reinforced			
Liner Seams: Welded Factory Other Volume: bbl Dimensions: L x W x D			
3.  Closed-loop System: Subsection H of 19.15.17.11 NMAC			
Type of Operation: P&A Drilling a new well Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ADD PERFS IN SAN ANDRES			
☐ Drying Pad ☐ Above Ground Steel Tanks ☒ Haul-off Bins ☐ Other			
Lined Unlined Liner type: Thicknessmil LLDPE HDPE PVC Other			
Liner Seams:  Welded  Factory Other			
Below-grade tank: Subsection I of 19.15.17.11 NMAC			
Volume:bbl Type of fluid:			
1 spe of fluid.			

☐ Visible sidewalls and liner ☐ Visible sidewalls only ☐ Other \_\_\_\_ 

☐ Secondary containment with leak detection ☐ Visible sidewalls, liner, 6-inch lift and automatic overflow shut-off

Alternative Method:

Tank Construction material:

Submittal of an exception request is required. Exceptions must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.

Fencing: Subsection D of 19.15.17.11 NMAC (Applies to permanent pits, temporary pits, and below-grade tanks)		
Chain link, six feet in height, two strands of barbed wire at top (Required if located within 1000 feet of a permanent residence, school, hospital,		
institution or church)  [ Four foot height, four strands of barbed wire evenly spaced between one and four feet		
Alternate. Please specify		
7,		
Netting: Subsection E of 19.15.17.11 NMAC (Applies to permanent pits and permanent open top tanks)	а	
Screen Netting Other		
Monthly inspections (If netting or screening is not physically feasible)		
8.		
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		
9. Administrative Approvals and Exceptions:		
Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17 NMAC for guidance.		
Please check a box if one or more of the following is requested, if not leave blank:  Administrative approval(s): Requests must be submitted to the appropriate division district or the Santa Fe Environmental Bureau of the Santa Fe En	office for	
consideration of approval.		
Exception(s): Requests must be submitted to the Santa Fe Environmental Bureau office for consideration of approval.		
Siting Criteria (regarding permitting): 19.15.17.10 NMAC Instructions: The applicant must demonstrate compliance for each siting criteria below in the application. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Applicant must attach justification for request. Please refer to 19.15.17.10 NMAC for guidance. Siting criteria does not apply to drying pads or above-grade tanks associated with a closed-loop system.		
Ground water is less than 50 feet below the bottom of the temporary pit, permanent pit, or below-grade tank.  - NM Office of the State Engineer - iWATERS database search; USGS; Data obtained from nearby wells	☐ Yes ☐ No	
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other significant watercourse or lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark).  - Topographic map; Visual inspection (certification) of the proposed site	Yes No	
Within 300 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.  (Applies to temporary, emergency, or cavitation pits and below-grade tanks)  - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	☐ Yes ☐ No ☐ NA	
Within 1000 feet from a permanent residence, school, hospital, institution, or church in existence at the time of initial application.  (Applies to permanent pits)  - Visual inspection (certification) of the proposed site; Aerial photo; Satellite image	Yes No	
Within 500 horizontal feet of a private, domestic fresh water well or spring that less than five households use for domestic or stock watering purposes, or within 1000 horizontal feet of any other fresh water well or spring, in existence at the time of initial application.  - NM Office of the State Engineer - iWATERS database search; Visual inspection (certification) of the proposed site	Yes No	
Within incorporated municipal boundaries or within a defined municipal fresh water well field covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended.  - Written confirmation or verification from the municipality; Written approval obtained from the municipality	☐ Yes ☐ No	
Within 500 feet of a wetland US Fish and Wildlife Wetland Identification map; Topographic map; Visual inspection (certification) of the proposed site	☐ Yes ☐ No	
Within the area overlying a subsurface mine Written confirmation or verification or map from the NM EMNRD-Mining and Mineral Division	Yes No	
Within an unstable area.  - Engineering measures incorporated into the design; NM Bureau of Geology & Mineral Resources; USGS; NM Geological Society; Topographic map	Yes No	
Within a 100-year floodplain FEMA map	☐ Yes ☐ No	

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Temporary Pits, Emergency Pits, and Below-grade Tanks 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.  Hydrogeologic Report (Below-grade Tanks) - based upon the requirements of Paragraph (4) of Subsection B of 19.15.17.9 NMAC  Hydrogeologic Data (Temporary and Emergency Pits) - based upon the requirements of Paragraph (2) of Subsection B of 19.15.17.9 NMAC  Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC  Design Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC  Closure Plan (Please complete Boxes 14 through 18, if applicable) - 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:  or Permit Number:
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.  Geologic and Hydrogeologic Data (only for on-site closure) - based upon the requirements of Paragraph (3) of Subsection B of 19.15.17.9  Siting Criteria Compliance Demonstrations (only for on-site closure) - based upon the appropriate requirements of 19.15.17.10 NMAC  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 Boxes 14 through 18, if applicable) - 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: (Applies only to closed-loop system that use
above ground steel tanks or haul-off bins and propose to implement waste removal for closure)
Permanent Pits Permit Application 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.    Hydrogeologic Report - based upon the requirements of Paragraph (1) of Subsection B of 19.15.17.9 NMAC   Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC   Climatological Factors Assessment   Certified Engineering Design Plans - based upon the appropriate requirements of 19.15.17.11 NMAC   Dike Protection and Structural Integrity Design - based upon the appropriate requirements of 19.15.17.11 NMAC   Leak Detection Design - based upon the appropriate requirements of 19.15.17.11 NMAC   Quality Control/Quality Assurance Construction and Installation Plan   Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC   Freeboard and Overtopping Prevention Plan - based upon the appropriate requirements of 19.15.17.11 NMAC   Nuisance or Hazardous Odors, including H <sub>2</sub> S, Prevention Plan   Emergency Response Plan   Oil Field Waste Stream Characterization   Monitoring and Inspection Plan   Erosion Control Plan   Erosion Control Plan   Closure Plan - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
Proposed Closure: 19.15.17.13 NMAC  Instructions: Please complete the applicable boxes, Boxes 14 through 18, in regards to the proposed closure plan.  Type: Drilling Workover Emergency Cavitation P&A Permanent Pit Below-grade Tank Closed-loop System Alternative  Proposed Closure Method: Waste Excavation and Removal Waste Removal (Closed-loop systems only)  On-site Closure Method (Only for temporary pits and closed-loop systems)  In-place Burial On-site Trench Burial  Alternative Closure Method (Exceptions must be submitted to the Santa Fe Environmental Bureau for consideration)
Waste Excavation and Removal Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.  Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC  Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC  Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings)  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 G of 19.15.17.13 NMAC

16. Waste Removal Closure For Closed-loop Systems That Utilize Above Ground	Steel Tanks or Haul-off Bins Only: (19.15.17.13.	O NMAC)	
Instructions: Please indentify 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.	Disposal Facility Permit Number: R9166-NM-01-00	006	
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 <i>will not</i> 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			
Siting Criteria (regarding on-site closure methods only): 19.15.17.10 NMAC Instructions: Each siting criteria requires a demonstration of compliance in the closure plan. Recommendations of acceptable source material are provided below. Requests regarding changes to certain siting criteria may require administrative approval from the appropriate district office or may be considered an exception which must be submitted to the Santa Fe Environmental Bureau office for consideration of approval. Justifications and/or demonstrations of equivalency are required. Please refer to 19.15.17.10 NMAC for guidance.			
Ground water is less than 50 feet below the bottom of the buried waste.  - NM Office of the State Engineer - iWATERS database search; USGS; Da	ta obtained from nearby wells	Yes No	
Ground water is between 50 and 100 feet below the bottom of the buried waste - NM Office of the State Engineer - iWATERS database search; USGS; Da	ta obtained from nearby wells	☐ Yes ☐ No ☐ NA	
Ground water is more than 100 feet below the bottom of the buried waste.  - NM Office of the State Engineer - iWATERS database search; USGS; Da	ta obtained from nearby wells	☐ Yes ☐ No ☐ NA	
Within 300 feet of a continuously flowing watercourse, or 200 feet of any other si lake (measured from the ordinary high-water mark).  - Topographic map; Visual inspection (certification) of the proposed site	gnificant watercourse or lakebed, sinkhole, or playa	☐ Yes. ☐ No	
Within 300 feet from a permanent residence, school, hospital, institution, or churc - Visual inspection (certification) of the proposed site; Aerial photo; Satelli		☐ Yes ☐ No	
Within 500 horizontal feet of a private, domestic fresh water well or spring that le watering purposes, or within 1000 horizontal feet of any other fresh water well or  - NM Office of the State Engineer - iWATERS database; Visual inspection	spring, in existence at the time of initial application.	Yes No	
Within incorporated municipal boundaries or within a defined municipal fresh wa adopted pursuant to NMSA 1978, Section 3-27-3, as amended.  Written confirmation or verification from the municipality; Written appro	•	Yes No	
Within 500 feet of a wetland.  - US Fish and Wildlife Wetland Identification map; Topographic map; Visu	al inspection (certification) of the proposed site	☐ Yes ☐ No	
Within the area overlying a subsurface mine Written confirmation or verification or map from the NM EMNRD-Minim	g and Mineral Division	☐ Yes ☐ No	
Within an unstable area.  - Engineering measures incorporated into the design; NM Bureau of Geolog Society; Topographic map	gy & Mineral Resources; USGS; NM Geological	☐ Yes ☐ No	
Within a 100-year floodplain FEMA map		☐ Yes ☐ No	
On-Site Closure Plan Checklist: (19.15.17.13 NMAC) Instructions: Each of the following items must be attached to the closure plan. Please indicate, by a check mark in the box, that the documents are attached.  Siting Criteria Compliance Demonstrations - based upon the appropriate requirements of 19.15.17.10 NMAC  Proof of Surface Owner Notice - based upon the appropriate requirements of 19.15.17.13 NMAC  Construction/Design Plan of Burial Trench (if applicable) based upon the appropriate requirements of 19.15.17.11 NMAC  Construction/Design Plan of Temporary Pit (for in-place burial of a drying pad) - based upon the appropriate requirements of 19.15.17.13 NMAC  Protocols and Procedures - based upon the appropriate requirements of 19.15.17.13 NMAC  Confirmation Sampling Plan (if applicable) - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC  Waste Material Sampling Plan - based upon the appropriate requirements of Subsection F of 19.15.17.13 NMAC  Disposal Facility Name and Permit Number (for liquids, drilling fluids and drill cuttings or in case on-site closure standards cannot be achieved)  Soil Cover Design - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC  Re-vegetation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC			

From C.1111

19.		
Operator Application Certification:  I hereby certify that the information submitted with this application is true, acc	urate and complete to the best of my knowledge and belief.	
Name (Print): DENISE PINKERTON	Title: REGULATORY SPECIALIST	
Signature: Dense Penkerton	Date: 02-11-2011	
e-mail address: leakejd@chevron.com	Telephone: 432-687-7375	
20.  OCD Approval: Permit Application (including closure plan) Closure Plan (only) OCD Conditions (see attachment)		
OCD Representative Signature:	Approval Date: 3-30-201/	
Title: STAFF NATE	OCD Permit Number: 91-03045	
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:		
22.  Closure Method:  Waste Excavation and Removal On-Site Closure Method Alte  If different from approved plan, please explain.		
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: Instructions: Please indentify 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 Name:  Were the closed-loop system operations and associated activities performed on	Disposal Facility Permit Number:	
Were the closed-loop system operations and associated activities performed on or in areas that <i>will not</i> 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 oper  Site Reclamation (Photo Documentation)  Soil Backfilling and Cover Installation  Re-vegetation Application Rates and Seeding Technique	ations:	
25. 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:		
e-mail address:	Telephone:	

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CHEVRON - FRAC - SCHEMATIC - OPERATING AND MAINTENANCE CLOSURE PLAN

Frac Tank

Frac Tank

Frac Tank

Frac Tank

Tac tank

Factank

Frac Pump

Reverse

Reverse Unit

#### Notes

- 1. This is a generic layout, exact equipment orientation will vary from location to location.
- 2. This is a schematic representation, so drawing is not to scale.
- 3. Frac tanks and number of pumps can vary, with daily operations and well requirements.

## Operating and Maintenance Plan

- 1. All recovered fluids and solids will be discharged into reverse tank.
- 2. Reverse tank will be continuously monitored by designated rig crew so that tank will not be overfilled.
- 3. Rig crew will visually inspect fluid integrity of reverse tank and frac tanks on a daily basis.
- 4. Documentation of visual inspection of reverse tank and frac tanks will be captured on daily completion morning report.

### Closure Plan

- 1. All recovered fluids and solids will be removed from reverse tank and hauled off of site.
- 2. All recovered fluids and solids will be disposed of at a suitable off-location waste disposal facility.
- Any remaining frac fluids in frac tanks will be hanted off location.

CHEARON SEMESSELNE SCHEMAGU (OCERATENG AND MENNYENANCE SCHOS) REPEAN.

# Reverse Unit

Weil head

# Reverse Unit Tank

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- 1. This is a generic layout, exact equipment orientation will vary nom focution to bocation.
- 7. This is a schemble representation, so drawing is not to scale to petiting and Maintenance Plan.
- All recovered floors and solids and he dischage decreases to scale.
- A Reservation with the automorphism of constraint of the first of the second of the constraint of the second of th
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Chevron USA Inc. NMLC-032100: C.H. Lockhart Federal NCT-1 #8 API: 30-025-12131 Lea County, New Mexico

RE: Add Perforations – Conditions of Approval

There is to be no surface disturbance beyond the originally approved pad. A closed loop system is to be used. H2S monitoring and protection equipment is to be on site.

3000 (3M) BOP to be used. All blowout preventer (BOP) and related equipment (BOPE) shall comply with reasonable well control requirements. A two ram system with a blind ram and a pipe ram designed for the size of the work string shall be adequate. Tapered work strings will require an additional pipe ram. The manifold shall comply with Onshore Oil and Gas Order #2 Attachment I (2M Diagrams of Choke Manifold Equipment). The accumulator system shall have an immediately available power source to close the rams and retain 200 psi above pre-charge. The pre-charge test shall follow requirements in Onshore Order #2.

Submit subsequent report with well test once work is completed.

Approval is good for 6 months.

DHW 021611