

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.

SUBMIT IN TRIPLICATE

RECEIVED
AUG 20 1998

OIL CON. DIV.
DIST. 3

5. Lease Designation and Serial No.
14-20-0603-639

6. If Indian, Allottee or Tribe Name

NAVAJO

7. If Unit or CA, Agreement Designation

8. Well Name and No.

KING KONG # 5

9. API Well No.

30-045-20224

10. Field and Pool, or Exploratory Area

SALT CREEK DAKOTA

11. County or Parish, State

SAN JUAN CO, NM

12. CHECK APPROPRIATE BOX(es) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

TYPE OF ACTION

- ☒ Abandonment:
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☐ Other

- ☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

THIS WELL WILL BE P & A PENDING THE EPA PERMIT CONVERTING THE KING KONG # 3
SEC.4, T30N,R17W, SAN JUAN CO. NM FOR CONVERSION TO AN INJECTION WELL.

ALL OTHERS IN THIS LEASE WILL BE RETURNED TO PRODUCTION WITHIN 30 DAYS

14. I hereby certify that the foregoing is true and correct.

Signed John C. Spencer

Title OPERATOR

Date 7/23/98

(This space for Federal or State office use)

Approved by /S/ Duane W. Spencer/

Title

Date AUG 17 1998

Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Pata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO

JUN 19 1998

14-20-0603-639 (WC)
3162.3-4 (7400)

Mr. John Cunningham
Action Oil Company
PO Box 51
Farmington, NM 87499

Dear Mr. Cunningham:

Reference is made to the following wells located on the King Kong lease, sec. 4, T. 30 N., R. 17 W., San Juan County, New Mexico, Lease 14-20-0603-639:

1) No. 3, 2323' FNL & 165' FWL. 2) No. 5, 1830' FSL & 430' FWL. 3) No. 14, 2110' FNL & 1980' FEL.
4) No. 15, 1810' FNL & 1980' FEL 5) No. 19, 2470' FSL & 1570' FEL 6) No. 20, 1650' FNL & 330' FWL.

Also referenced is our letter dated May 12, 1998, which required you to submit plugging procedures for the above mentioned wells by June 2, 1998.

You are in violation of 43 CFR 3163.1. This is a minor violation. If the violation is not corrected you may be subject to an assessment. You have until July 15, 1998 to correct this violation. Failure to comply within the time above will result in strict enforcement of 43 CFR 3163.1.

Under provisions of 43 CFR 3165.3, you may request an Administrative Review of the orders described above. Such request, including all supporting documents, must be filed in writing within 20 business days of receipt of this notice and must be filed with the State Director, Bureau of Land Management, P. O. Box 27115, Santa Fe, New Mexico 87502-0115. Such requests shall not result in a suspension of the order(s) unless the reviewing official so determines. Procedures governing appeals from instructions, orders or decisions are contained in 43 CFR 3165.4 and 43 CFR 4.400 et seq.

If you have any questions please contact Stephen Mason with this office at (505) 599-6364.

Sincerely,

Duane Spencer
Team Leader, Petroleum Management Team

cc:
BIA, Window Rock
Navajo Nation Minerals Dept.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, CA 94105-3901

July 9th, 1998

CERTIFIED MAIL NO. P 659 218 865
RETURN RECEIPT REQUESTED

July 7, 1998

John Cunningham
Action Oil Company, Inc.
P.O. Box 51
Farmington, NM 87499

Re: Class IID Injection Well Permit Applications,
King Kong #3 and #5 Disposal Wells
Section 4, T30N, R17W
San Juan County, New Mexico

Dear Mr. Cunningham:

We have received most of the additional information requested of Action Oil Company (Action) in our letter of March 26, 1998. We have been informed by Jim Wilson that you now intend to plug and abandon the No. 5 well and convert the No. 3 well to injection service. We have an invalid application for the No. 3 well signed by the former operator (Gene Burson), dated November 12, 1996. In order to process the application, you will need to complete, sign and date a new application form and submit it to the EPA Region IX office. The existing application form and a blank form are enclosed and copies have been mailed to Mr. Wilson.

Submission of a Notice of Intent to plug and abandon and a plugging procedure for the King Kong No. 5 well with the signed permit application form is a condition of issuing a permit for the No. 3 well. The No. 5 well is not authorized for injection without permit issued by EPA, and must be plugged and abandoned within 30 days of the date EPA issues or denies a permit for the No. 3 well. If the No. 5 well is not permitted, or plugged and abandoned, as required by UIC regulations at 40 CFR § 144.11 and § 144.21(c)(9), EPA will proceed with enforcement action under authority of the Section 1423(b) of the Safe Drinking Water Act, 42 U.S.C. § 300h-2(b), and 62 Fed. Reg. 13514 (March 20, 1997). EPA reserves its right to pursue enforcement action for any past, present, or future injection without a required permit.

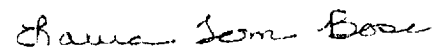
As stated in our letter of March 26, 1998, a surety bond or other acceptable financial instrument in an amount sufficient to plug and abandon the well is required. The amount of coverage required is \$3,000, **and the US EPA must be named as the beneficiary.** A permit will not be issued without the required documentation of financial assurance.

As explained in our letter of February 19, authorization to inject into the subject wells requires an **aquifer exemption** because the total dissolved solids (4,706 ppm) in the Dakota formation is less than 10,000 ppm. The aquifer portion of the Dakota formation, beyond the boundaries of the exempted area, is considered an **underground source of drinking water (USDW)**. We proposed to exempt an area defined by a one-quarter mile radius from the No. 3 well and a vertical interval bounded by the top and bottom of the permitted injection interval in the Dakota formation.

Copies of your completed application and attachments should be sent to the Navajo Nation EPA Shiprock office.

If you have any questions concerning the above, you may call James Walker of my staff at (415) 744-1833 or write to the above address.

Sincerely,


Laura Tom Bose
Chief, Ground Water Office

enclosure

cc: Melvin Bautista, Director, Navajo Nation DNR
Lydelle Davies, Acting Director, Navajo Nation EPA
Charmaine Hosteen, Navajo Nation EPA, Shiprock GPC Office
Lee Otteni, Farmington District Manager, BLM
Genni Denetsone, Supervisor Realty Specialist, BIA
Jim Wilson, Consultant for Action Oil Company