

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



September 21, 2015

Shelly Doescher as agent for
Breitburn Operating LP
1401 McKinney Street
Houston, TX 77070

RE: Offsite Cuttings Disposal Exception

Well 1: Breitburn Operating LP 1930 SWD Well No. 123G (30-021-20682) G-12-19N-30E NMPM
Well 2: Libby Minerals LLC 1931 Well No. 022N (30-021-20688) N-02-19N-31E NMPM

Dear Sir or Madame:

Reference is made to your request on behalf of Breitburn Operating LP (OGRID 370080; "Breitburn") received by the Division on September 18, 2015, for the above named wells. Breitburn applied for an exception to Division Rule 19.15.17.13 D (1) NMAC "A temporary pit or burial trench that receives waste from another temporary pit must be onsite within the same lease".

The exception to this rule would allow drill cuttings from the above named Well 1 to be placed in the temporary pit which is onsite of the above named Well 2. Well 1 will be drilled with a closed loop system and Well 2 will use a temporary drill pit. Well 1 is located on separately owned lands than Well 2. Both wells will be located nearby and drilled to similar depths; therefore cuttings should consist of the same formations. This is a CO2 production area and there are no hydrocarbons anticipated to be encountered.

The surface owner of Well 2 was notified and has signed an agreement allowing this action.

For the reasons stating in your application and because it appears this request will not endanger any fresh water aquifer or the environment, this exception is hereby granted.

This exception is in effect only as to rock drill cuttings obtained from the drilling of Well 1. The transportation of these cuttings and the closing of the pit or deep trench burial at Well 2 and the timing of those closings shall be per Division Rules under guidance of the Division's Environmental Bureau.

The Division Director may rescind this exception if it becomes apparent that the terms of this permit are not being complied with or it becomes apparent this will endanger fresh waters of New Mexico.

Sincerely,

DAVID R. CATANACH
Director

DRC/wvj

cc: Oil Conservation Division – Santa Fe
 API: 30-021-20682/20688

Jones, William V, EMNRD

From: SHELLY DOESCHER <shelly_doescher@yahoo.com>
Sent: Friday, September 18, 2015 10:31 AM
To: Lowe, Leonard, EMNRD
Cc: Jeanie McMillan; Edward Pollister; Randy Coulson; Landon Berg; Jones, William V, EMNRD
Subject: Exception to Rule Letter
Attachments: Exception to Rule for SWD 12-3-G.docx; 9-17-15 well cuttings disposition agreement.pdf

Leonard,

Thanks for going to the field with Will yesterday, and meeting with Buck. I hope you had a good day.

Attached is a letter requesting an exception which will allow the drill cuttings from the Breitburn Operating LP 1930 SWD 12-3-G to be placed in the temporary pit located on site of the Libby Minerals LLC 1931 2-2-N. Also attached is the letter of agreement from the surface owner of the 2-2-N.

Thank you for your consideration in this matter.

Regards,
Shelly Doescher
505-320-5682

9-18-2015

From: Shelly Doescher
Agent
Breitburn Operating LP
1401 McKinney Street
Houston, Texas 77070

To: Leonard Lowe
Environmental Bureau
New Mexico Oil Conservation Division

Dear Sir:

Breitburn Operating LP hereby requests an exception to rule paragraph (1) Subsection D, 19.15.17.13 "A temporary pit or burial trench that receives waste from another temporary pit must be onsite within the same lease". The exception to the rule would allow drill cuttings from the Breitburn Operating LP 1930 SWD 12-3-G to be placed in the temporary pit which is onsite of the Libby Minerals LLC 1931 2-2-N.

The Breitburn Operating LP 1930 SWD 12-3-G, located in Sec. 12, Township 19 North, Range 30 East, Harding County NM, being drilled as a closed loop system, is owned by Breitburn Operating LP and not included in the Libby Mineral Lease. The Libby Minerals LLC 1931 2-2-N located in Section 13, Township 20 North, Range 30 East, Harding County NM, with a temporary pit on site, is included in the Libby Mineral Lease. Although not in the same lease, the well sites are reasonably close together, insuring that the drill cuttings from both locations will consist of materials geologically the same. Breitburn does not anticipate that any hydrocarbon bearing formations will be encountered in the drilling of these wells.

Attached is a Letter of Agreement signed by Norman Libby Jr., the surface owner of the Libby Minerals LLC 1931 2-2-N, agreeing to the transfer of materials from the Breitburn Operating LP 1930 SWD 12-3-G to the temporary pit on site of the 2-2-N.

If you should require further information, please contact me at the number below.

Thank you for your consideration of this request.

Best regards



Shelly Doescher
Agent
Breitburn Operating LP
505-320-5682

WELL CUTTING DISPOSITION LETTER AGREEMENT

This Well Cutting Disposition Letter Agreement between **LIBBY CATTLE COMPANY, INC.**, represented by its President, **NORMAN LIBBY, JR.**, whose address is 400 Libby Road, Bueyeros, New Mexico 88415, hereinafter called ("**Surface Owner**"), of the **LIBBY MINERALS LLC 1931 2-2-N (API#30-021-20688)** well site, located in the SE/4 SW/4, Sec. 02, Township 19 North, Range 31 East, Harding County, New Mexico, and **BREITBURN OPERATING LP**, whose address is 1401 McKinney Street, Suite 2400, Houston, TX 77010, hereinafter ("**BOLP**"), who is the Permittee of both the **LIBBY MINERALS LLC 1931 2-2-N (API#30-021-20688)** and **BREITBURN OPERATING LP 1930 SWD 12-3-G (API#30-021-20682)** wells.

Whereas, BOLP has acquired the permits to drill the BREITBURN OPERATING LP 1930 SWD 12-3-G well located in the SW/4NE/4 of Sec. 12, Township 19 North, Range 30 East, Harding County, New Mexico; and

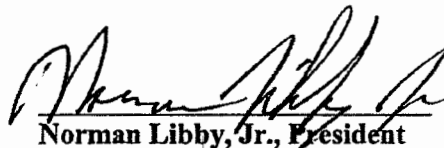
Whereas, the LIBBY MINERALS LLC 1931 2-2-N well site is reasonably close to the BREITBURN OPERATING LP 1930 SWD 12-3-G well site; and

Whereas, the Surface Owner and BOLP desires to cooperate in the proper disposal of said well cuttings from the BREITBURN OPERATING LP 1930 SWD 12-3-G well.

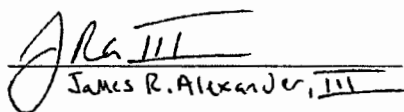
Now Therefore, in order to accomplish the proper disposal of said well cuttings, the Surface Owner and BOLP agree that BOLP may transfer well cuttings from the BREITBURN OPERATING LP 1930 SWD 12-3-G well to the LIBBY MINERALS LLC 1931 2-2-N well site. Said transfer and subsequent disposal rights are given by Surface Owner to BOLP; said transfer to begin within the next ninety (90) days.

Dated: 09-17-15, 2015.

Libby Cattle Company, Inc.


Norman Libby, Jr., President

BreitBurn Operating LP


James R. Alexander, III