



Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733

UIC Permit No. 06SNMJ1P9105
Well No.: Jicarilla 70-7

AUTHORIZATION TO CONVERT A WELL TO A INJECTION WELL UNDER THE UIC PROGRAM JICARILLA APACHE TRIBE

In compliance with the provisions of the Safe Drinking Water Act, (hereafter referred to as "the Act" or "SDWA") as amended (42 U.S.C. §300f et seq.),

Golden Oil Holding Coporation
 2000 Bering Drive, Suite 255
 Houston, Texas 77057

is authorized to convert a well to a Class II salt water disposal injection well. This well is located at:

1850 feet from the south line and 790 feet from the east line, Southeast Quarter, Section 27, Township 24N, Range 04W into the injection interval at a depth of 4760 to 5256 feet below land surface in the Mesa Verde formation in accordance with the construction and operation requirements, injection pressure limits, reporting and monitoring requirements, and other conditions set forth in Parts I and II of this permit and the New Mexico Indian Lands Class II Underground Injection Control Program and Regulations.

Unless authorization to inject is granted, this permit shall remain in effect for one year from the effective date shown below. Authorization to inject fluids into the well shall be granted only upon compliance with permit conditions, I.A.1., I.A.2., I.A.3., and I.B.1. Authorization to inject fluids into the well may be verbally granted by the Chief, Ground Water/UIC Section or by written "Authorization to Inject" from the Director, Water Quality Protection Division (6WQ). Upon authorization to inject, this permit shall remain in effect until the well is plugged or the permit is terminated.

This permit shall become effective on

Prepared by

Issued on

 Bill Hurlbut
 Geologist
 Ground Water/UIC Section
 (6WQ-SG)
 6WQ-SG: BHURLBUT: 2/23/11
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 Miguel I. Flores
 Director
 Water Quality Protection
 Division
 06SNMJ1P9105.1

40 CFR §146.22(a)

The well must be sited so that injection is into a formation which is separated from by a confining zone free of known open faults or fractures within the area of review. The proposed injection interval in the Mesa Verde is at a depth of 4760 feet to 5256 feet below land surface. A review of available data has shown no evidence of faults or fractures in the confining zone within the area of review.

40 CFR §146.22(b)

The well must be cased and cemented to prevent fluid movement. The base of the USDW occurs at 3000 feet below land surface. Since the surface casing has been set at 251 feet below land surface and the 4 1/2" long string casing has been set at 7500 feet below the land surface and cemented with 1450 sacks of cement, construction is adequate in this case.

40 CFR §146.23(a)

To assure the protection adjacent to the well bore, injection must be through an adequate tubing and packer. Since the top of the injection interval is at 4760 feet, the packer in this well will be set inside the casing [40 CFR §146.23(a)(2)] at 4710. Injection pressure at the wellhead shall be limited so that it does not initiate new fractures or propagate existing fractures in the confining zone [40 CFR §146.23(a)(1)]. In this well, the maximum injection pressure at the wellhead shall not exceed 950 psig.

To assure protection from injection fluids, the well must maintain mechanical integrity. Mechanical integrity must be demonstrated prior to operation and at least once every five years thereafter [40 CFR §146.23(b)(3)].

For additional information, please contact:

Ms. Evelyn Rosborough
Administrative Support Team (6WQ-CA)
U.S. Environmental Protection Agency
Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733
(214) 665-7515

February 23, 2011
STATEMENT OF BASIS

For proposed Underground Injection Control Permit No.06SNMJ1P9105 to convert a well to a salt water disposal injection well.

Issuing office: U.S. Environmental Protection Agency
Region 6
1445 Ross Avenue
Dallas, Texas 75202-2733

Applicant: Golden Oil Holding Corporation
2000 Bering Drive, Suite 255
Houston, Texas 77057

1. As described in the application, the well is located in Rio Arriba., New Mexico, 1850' FSL, 790' FEL, SE/4, Section 27, Township 24N, Range 04W.
2. On the basis of preliminary staff review, the Environmental Protection Agency has made a tentative determination to draft a permit for the construction of this well as described in the application.
3. The following is an explanation of the derivation of the conditions of the draft permit and the basis for them as required under 40 CFR §147.1600 dated October 25, 1988:

40 CFR §147.3009(a)

The area around the proposed injection well or project must be evaluated to ensure that the proposed injection will not cause movement of fluid into through improperly sealed, completed, or abandoned wells. The permit applicant submitted information on all wells of public record penetrating the injection interval within 1/2 mile of the proposed injection site and can inject a maximum of 60,000 barrels per month (B/M).

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BLM, 1235 La Plata Highway, Farmington, NM 87401
Ute Mountain Ute Tribe
Mr. Rick Davis, EPA Field Office

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DELLINGER

Scan Code: 07

Permit No.: 06SNMJ1P9105

REPLY TO: 6WQ-S

Certified Mail #7007 2560 0002 7737 0144 - Return Receipt Requested

Ms. Melinda Billon
Golden Oil Holding Corporation
2000 Bering Drive, Suite 255
Houston, Texas 77057

Re: Draft UIC Permit and Statement of Basis
Permit No. 06SNMJ1P9105 – Rio Arriba Co., New Mexico

Dear Ms. Billon:

Enclosed are the public notice, statement of basis, and the permit which have been drafted by this Agency under the authority of the Safe Drinking Water Act. Any comments you wish to make may be submitted in writing by the due date stated in the public notice to Ms. Evelyn Rosborough at the EPA address above.

The Bureau of Land Management (BLM) also requires that you apply for and receive authorization to complete the work described in the referenced permit application. Both EPA and BLM authorizations must be received prior to the commencement of this work. Please contact the BLM office at (505) 599-8900 for further information.

If you have any questions, or would like to discuss this permit, please contact the permit writer, Mr. Arnold Bierschenk at (214) 665-7435.

Sincerely yours,

Stacey B. Dwyer, P.E.
Associate Director
Source Water Protection Branch

Enclosures

cc: with enclosures

BIA, Albuquerque Area Office
P. O. Box 26567, Plaza Maya Building, Albuquerque, NM 87102

Scan Code: 07

Permit No.: 06SNMJ1P9105

The Environmental Protection Agency (EPA) has received a complete Underground Injection Control (UIC) permit application number 06SNMJ1P9105 from

Golden Oil Holding Corporation
2000 Bering Drive, Suite 255
Houston, Texas 77057

The permittee proposes to convert well number 70-7, to a salt water disposal injection well located in the SE Quarter, Section 27, Township 24N, Range 04W, Rio Arriba Co., New Mexico. The application requests authorization to inject salt water into the Mesa Verde at an injection interval depth of 4760 to 5256 feet for salt water disposal. The Underground Source of Drinking Water is at a depth of 3000 feet below land surface. A maximum of 60,000 barrels/month will be injected at a maximum pressure of 950 psig.

The permit application, supporting data submitted by the applicant, the EPA draft permit modification and statement of basis are available for public review Monday through Friday from 8:00 a.m. to 4:00 p.m. at the Environmental Protection Agency, 1445 Ross Avenue, Dallas, TX 75202-2733, (214) 665-7165. Comments on the permit application and draft permit should be submitted to the Dallas office within 30 days of the date of this notice. Anyone desiring a hearing must submit a written request, identifying the issue(s) for discussion at the hearing, to the EPA office in Dallas, Texas, before the close of business on the last day of the comment period. EPA will give at least 30 days notice of the public hearing, if a hearing is held.

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Part I. SPECIAL PERMIT CONDITIONS

A. Construction Requirements

1. The surface casing shall be set at 251 feet below land surface and the long string casing shall be set at 7500 feet below land surface cemented with 1480 sacks of cement.
2. The well shall be equipped with standard female fittings with cut-off valves connected to the tubing and the tubing/casing annulus so that the injection pressure and annulus pressure may be measured by an EPA representative by attaching a gauge having a standard male fitting.
3. Tubing and packer shall be installed. The packer shall be run on the tubing and set inside the casing.

B. Operating Requirements

1. Authorization to inject will not be granted until the permittee shows to the satisfaction of the Director, Water Quality Protection Division, pursuant to 40 CFR §146.8 that the well has mechanical integrity. The well's mechanical integrity must be demonstrated prior to the start of injection and at least every five years thereafter. The permittee must notify the EPA office at least five (5) days prior to mechanical integrity testing so that an EPA representative can witness the test.
2. Injection pressure at the wellhead shall not exceed 950 psig.
3. The permittee is authorized to inject salt water for disposal.
4. Injection volume shall be limited to 60,000 barrels per month.