

TOCO LLC Trainer Oil Co.

P. O. Box 888 Hobbs, New Mexico 88241 (505) 392-7050

OIL CONSERVATION DIVISION

RECEIVED

'95 SEP 14 AM 8 52

September 14, 1995

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: Request for Extension of Implementation
Period for Division Order SWD-520

Gentlemen:

TOCO, L.L.C. would like to request an extension to implement the above referenced Division Order. All conditions contained in the order will remain the same.

Your consideration of this request is greatly appreciated.

Sincerely,

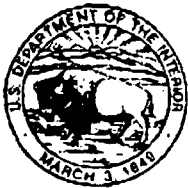
TOCO, L.L.C.

Deborah McKelvey

Deborah McKelvey

/dm

ILLEGIBLE



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Resource Area Headquarters
P.O. Box 1778
Carlsbad, New Mexico 88221-1778

IN REPLY REFER TO:
2800 (067) dh
NM-93397(NE)

SEP 25 1995

C.W. Trainer
Right-of-Way Department
8090 Kalil Drive
Scottsdale, AZ 85290

REF: Right-of-Way NM-93397
Lea County SWD Gathering Pipeline System

Gentlemen:

On August 1, 1994, you filed a right-of-way application for a pipeline across public lands.

Before the grant can be issued, your authorized officer must execute page two of both copies of the grant and return each, with enclosures, to this office for signature by the BLM authorized officer.

Rental charges have been computed on your right-of-way application. The rental and other charges shown below should be remitted with the signed copies of the grant at your earliest convenience. Failure to return the documents and payment in a timely manner could result in denial of your application.

Date of Grant to December 31, 1995	\$ 54.00
One Year Rental (1996)	\$218.00
Total Amount Due	\$272.00

The Bureau of Land Management reserves the right to update the rental charges whenever necessary to reflect changes in the Implicit Price Deflator GNP. The new rental date is January 1, 1997.

Sincerely,

Richard L. Manus
Area Manager

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
RIGHT-OF-WAY GRANT/TEMPORARY USE PERMIT

SERIAL NUMBER: NM NM-93397

1. A right-of-way is hereby granted pursuant to Title V of the Federal Land Policy and Management Act of October 21, 1976 (90 Stat. 2776; 43 U.S.C. 1761).

2. Nature of Interest:

a. By this instrument, the holder:

C.W. Trainer
8090 Kalil Drive
Scottsdale, AZ 85260

receives a right to construct, operate, maintain, and terminate a 3-inch diameter, SDR-9.3 polyethylene salt water disposal surface pipeline, on public lands described as follows:

T. 22 S., R. 32 E., NMPM

Section 12: S $\frac{1}{2}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$;

Section 13: E $\frac{1}{2}$ E $\frac{1}{2}$;

Section 23: SW $\frac{1}{4}$ SE $\frac{1}{4}$;

Section 24: SE $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$;

Section 25: E $\frac{1}{2}$ W $\frac{1}{2}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$;

Section 26: N $\frac{1}{2}$ NE $\frac{1}{4}$.

T. 22 S., R. 33 E., NMPM

Section 01: SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$;

Section 09: S $\frac{1}{2}$ N $\frac{1}{2}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$;

Section 10: N $\frac{1}{2}$ N $\frac{1}{2}$;

Section 11: NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$;

Section 12: N $\frac{1}{2}$ NW $\frac{1}{4}$.

T. 22 S., R. 34 E., NMPM

Section 05: S $\frac{1}{2}$ SW $\frac{1}{4}$;

Section 06: Lot 7, SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$.

The lands described above aggregate a total length of 10.270 miles.

b. The right-of-way or permit area granted herein is 30 feet wide, 54,225.2 feet long and contains 37.345 acres, more or less. If a site type facility, the facility contains N/A acres.

- c. This instrument shall terminate on _____, 30 years from the effective date of this grant unless prior thereto, it is relinquished, abandoned, terminated, or modified pursuant to the terms and conditions of this instrument or of any applicable Federal law or regulation.
- d. This instrument may be renewed. If renewed, the right-of-way or permit shall be subject to the regulations existing at the time of renewal and any other terms and conditions that the authorized officer deems necessary to protect the public interest.
- e. Notwithstanding the expiration of this instrument or any renewal thereof, early relinquishment, abandonment, or termination, the provisions of this instrument, to the extent applicable, shall continue in effect and shall be binding on the holder, its successors, or assigns, until they have fully satisfied the obligations and/or liabilities accruing herein before or on account of the expiration, or prior termination, of the grant.

3. Rental:

For and in consideration of the rights granted, the holder agrees to pay the Bureau of Land Management fair market value rental as determined by the authorized officer unless specifically exempted from such payment by regulation. Provided, however, that the rental may be adjusted by the authorized officer, whenever necessary, to reflect changes in the fair market rental value as determined by the application of sound business management principles, and so far as practicable and feasible, in accordance with comparable commercial practices.

4. Terms and Conditions:

- a. This grant or permit is issued subject to the holder's compliance with all applicable regulations contained in Title 43 Code of Federal Regulations part 2800.
- b. Upon grant termination by the authorized officer, all improvements shall be removed from the public lands within 90 days, or otherwise disposed of as provided in paragraph (4)(d) or as directed by the authorized officer.
- c. Each grant issued for a term of 20 years or more shall, at a minimum, be reviewed by the authorized officer at the end of the 20th year and at regular intervals thereafter not to exceed 10 years. Provided, however, that a right-of-way or permit granted herein may be reviewed at any time deemed necessary by the authorized officer.
- d. The stipulations, plans, maps, or designs set forth in Exhibits A and B, dated August 1, 1994, attached hereto, are incorporated into and made a part of this grant instrument as fully and effectively as if they were set forth herein in their entirety.
- e. Failure of the holder to comply with applicable law or any provision of this right-of-way grant or permit shall constitute grounds for suspension or termination thereof.
- f. The holder shall perform all operations in a good and workmanlike manner so as to ensure protection of the environment and the health and safety of the public.

IN WITNESS WHEREOF, The undersigned agrees to the terms and conditions of this right-of-way grant or permit.



(Signature of Holder)

(Title)

10-2-95

(Date)

(Signature of Authorized Officer)

Area Manager, Carlsbad Resource Area
(Title)

(Effective Date of Grant)

EXHIBIT A
August 1, 1995

BLM Serial Number: NM-93397
Company Reference: C W Trainer
Lea County SWD Pipeline

SURFACE INSTALLED PIPELINE STIPULATIONS FOR THE ROSWELL DISTRICT, BLM

The holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer, BLM.

1. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.
2. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.
3. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.
4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec.2803.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from fire or soil movement (including landslides and slumps as well as wind and water caused movement of particles) caused or substantially aggravated by any of the following within the right-of-way or permit area:
 - A. Activities of the holder, including but not limited to, construction, operation, maintenance, and termination of the facility.
 - B. Activities of other parties including but not limited to:
 - (1). Land clearing.
 - (2). Earth-disturbing and earth-moving work.
 - (3). Blasting.
 - (4). Vandalism and sabotage.
 - C. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars (\$1,000,000) for any one event and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction of in which the damage of injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from the negligent acts of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline or related facilities, any oil, brine, or other pollutant should be discharged from the pipeline or from containers or vehicles impacting Federal lands, the control and total removal, disposal, and cleanup of such oil, brine, or other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting therefrom, the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

6. The holder shall conduct all activities associated with the construction, operation, and termination of the right-of-way within the authorized right-of-way width of 30 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky or dune areas, the pipeline will be "snaked" around hummocks and dunes rather than suspended across these features.

9. The pipeline shall be buried a minimum of 30 inches under all roads, including "two-tracks" and trails. Burial will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of the construction, shall be returned to at least its former state, with no bumps, dips, or soft spots remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. The holder is required to promptly repair impacted improvements to at least their former state. The holder shall contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence will be braced on both sides of the passageway prior to cutting of the fence. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder shall install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound management practices. Any earth work will require prior approval by the Authorized Officer.

12. Excluding the pipe, all above-ground structures not subject to safety requirements shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" designated by the Rocky Mountain Five-State Interagency Committee. The color selected for this project is Carlsbad Canyon (formerly sandstone brown), Munsell Soil Color Chart Number 2.5Y 6/2.

13. The holder shall post signs designating the BLM serial number, NM-93397, assigned to this right-of-way grant at the following locations: the points of origin and completion, or entry to and exit from public lands, of the right-of-way and at all major road crossings. These signs will be posted in a permanent, conspicuous manner, and will be maintained in a legible condition for the term of the right-of-way.

14. The holder shall not use the right-of-way as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder shall take whatever steps are necessary to ensure that the right-of-way is not used as a roadway.

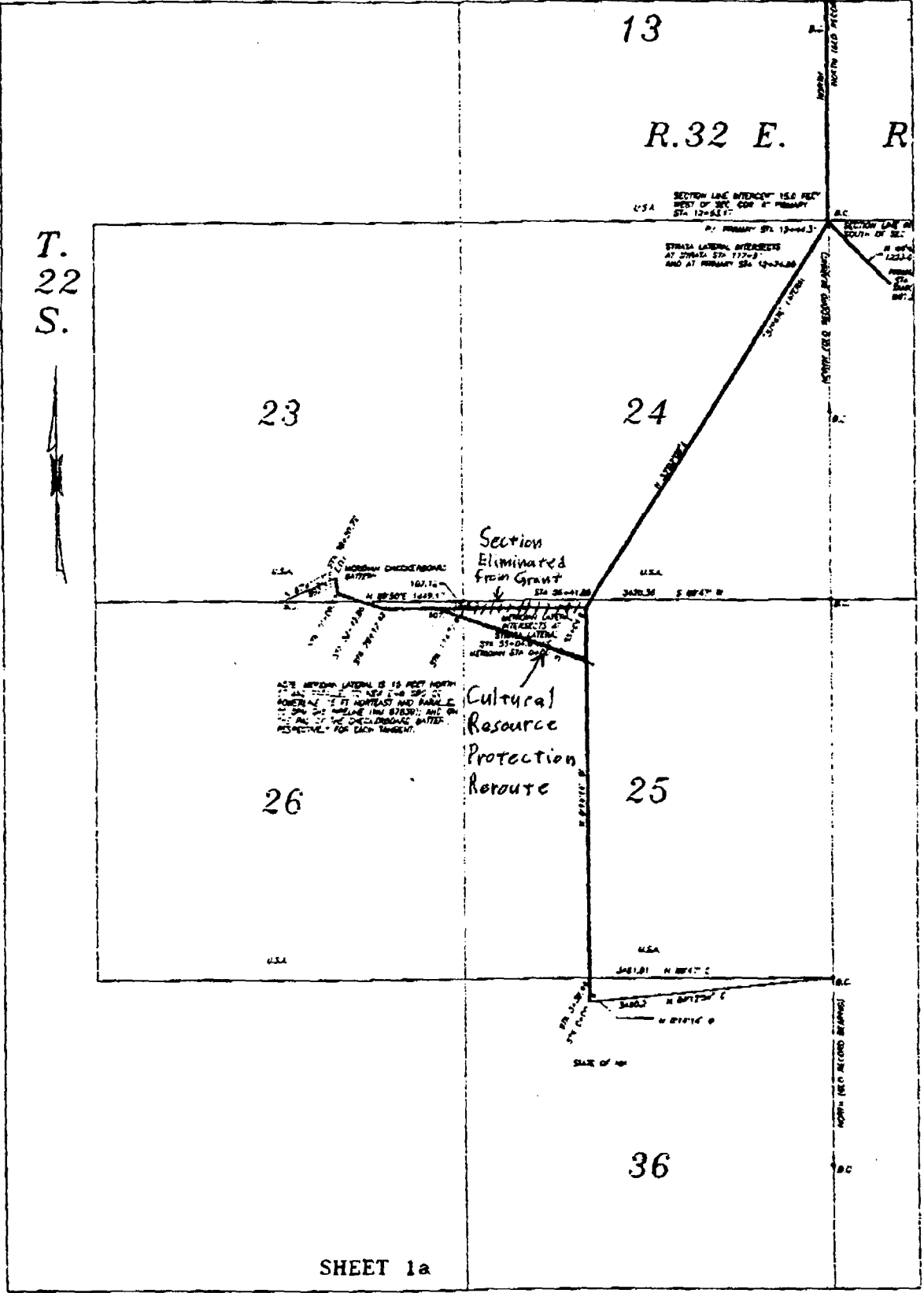
15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the Authorized Officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Authorized Officer. An evaluation of the discovery will be made by the Authorized Officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the Authorized Officer after consulting with the holder.

16. Special Stipulations:

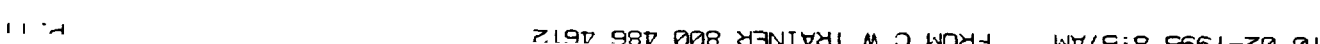
A. Cultural Resource Impact Avoidance Reroute :

The proposed lateral branch to the Meridian, Checkerboard Battery will be abandoned and the connection will be rerouted as follows:

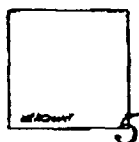
The Meridian, Checkerboard Battery lateral will begin where the proposed line north from the Shell State "36" No. 1 well crosses the Enron Oil Trading & Transportation Energy Corp. pipeline from the Covington "A" Federal No. 1 well to the Red Tank "23" Federal No. 1 well (the EOTT-50 line). The proposed SWD pipeline will parallel the EOTT-50 right-of-way northwest through the N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 25, T. 22 S., R. 32 E. to the point where the reroute crosses the original alignment in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26, then follow the original route to the Checkerboard Battery.



SHEET 1a



T.
22
S.



STATE OF NEW

4

5245 OF 5245

USA

SECTION LINE INTERCUT IS
80.0 FT NORTH OF
QUARTER COR

— 200 —

277-281

8

9

Sx Card -

USA

SHEET 3

T.
22
S.

3

2

USA

SIGN OF ME

3-95-00 00

18C 1700

SECTION LINE INTERCEPT
30 FEET SOUTH OF SEC

USA

MEMORANDUM

10

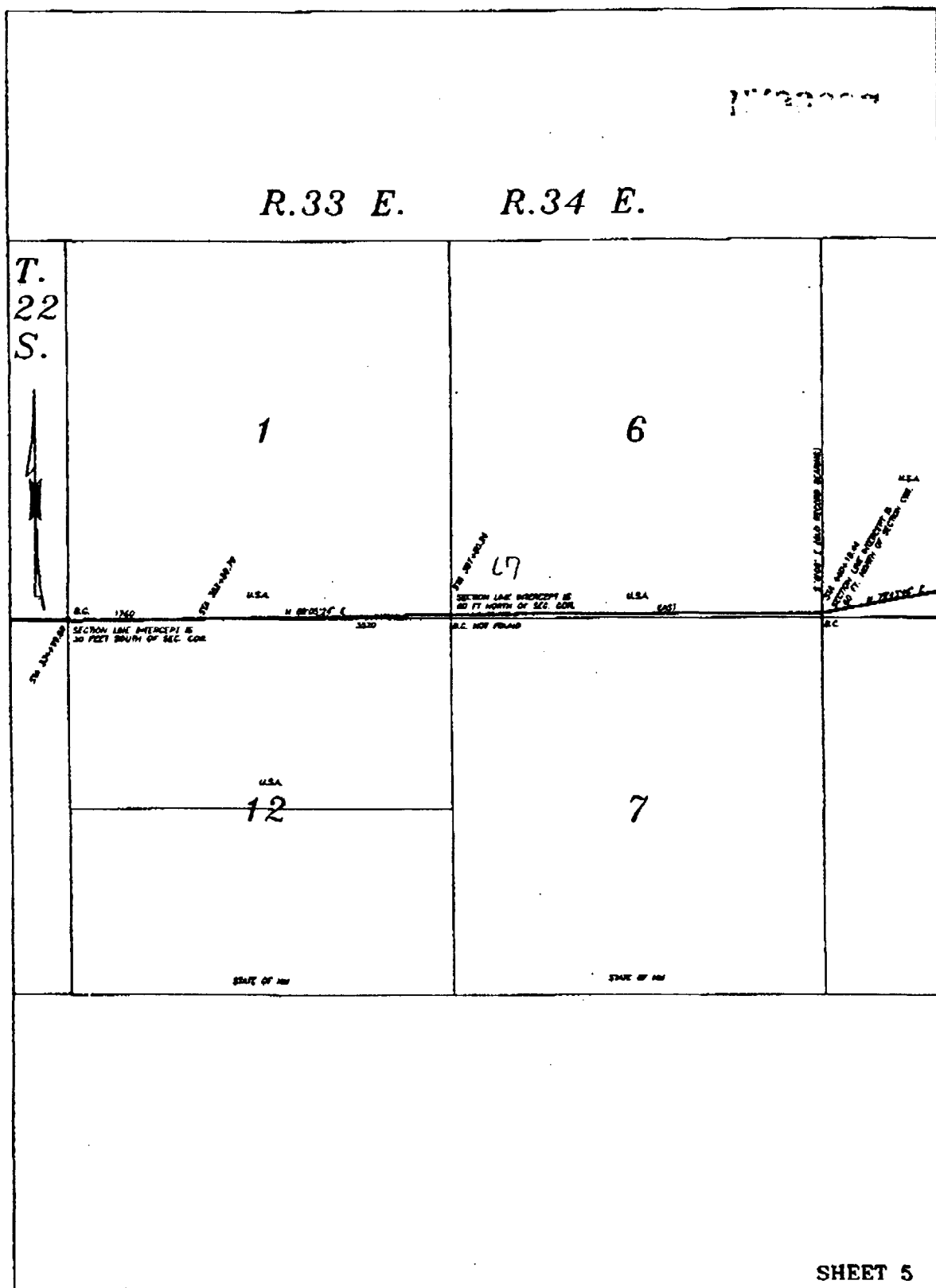
11

STATE OF NEW YORK

SIZE OF FIRM

USA

SHEET 4



TOCO LLC Trainer Oil Co.

P. O. Box 888 Hobbs, New Mexico 88241 (505) 392-7050

October 5, 1995

CONSERVATION DIVISION
RECEIVED

5 03 PM 8 52

Attention Benjamin Stone
Petroleum Engineering Specialist
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Re: Extention for Implementation Period for SWD-520

Gentlemen:

We are requesting an extension of time for implementation for the referenced permit as the process to acquire a federal right-of-way to lay a pipeline to gather water for disposal in the proposed SWD well has taken considerably longer than expected. Just last week we received a response to our right-of-way request from the Bureau of Land Management (copy attached). We expect to receive the final right-of-way approval within the next few weeks. Now that the right-of-way is almost in place, we would like some time to acquire enough wells to build this system, and then convert the well during the next year.

Attached is an updated map of the one-half mile radius area of review you requested.

Your review of this request is appreciated. If you have any questions, please do not hesitate to call or write.

Sincerely,

TOCO, L.L.C.

Deborah McKelvey
Deborah McKelvey

/dm

Attachments

<p>Enfield Cotton Fed. 103300 DIA 10-18-74</p> <p>State</p>	<p>Evans Cotton Fed. 104012 DIA 1-19-50</p> <p>State</p>	<p>Chaparral Ener. 1-3001 HBC E/GC.</p> <p>State</p>	<p>Getty-St. 1-728 HBC</p> <p>State</p>	<p>Getty-St. 1-728 HBC</p> <p>State</p>
<p>Enfield Cotton Fed. 103300 DIA 10-18-74</p> <p>State</p>	<p>Evans Cotton Fed. 104012 DIA 1-19-50</p> <p>State</p>	<p>Chaparral Ener. 1-3001 HBC E/GC.</p> <p>State</p>	<p>Getty-St. 1-728 HBC</p> <p>State</p>	<p>Getty-St. 1-728 HBC</p> <p>State</p>
<p>Enfield Cotton Fed. 103300 DIA 10-18-74</p> <p>State</p>	<p>Evans Cotton Fed. 104012 DIA 1-19-50</p> <p>State</p>	<p>Chaparral Ener. 1-3001 HBC E/GC.</p> <p>State</p>	<p>Getty-St. 1-728 HBC</p> <p>State</p>	<p>Getty-St. 1-728 HBC</p> <p>State</p>

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

October 16, 1995

Ms. Deborah McKelvey
TOCO, L.L.C.
P.O. Box 888
Hobbs, New Mexico 88241-0888

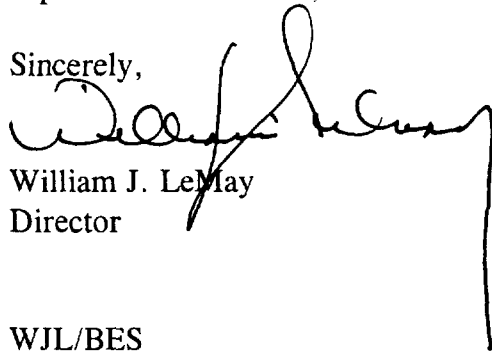
RE: Administrative Order Extension

Dear Ms. McKelvey,

Reference is made to your recent request for an extension period in which to implement operations as permitted by Division Order SWD-520. My staff has considered your request and we feel an extension is justified at this time.

Division Order SWD-520 is hereby extended for a period of one year. The permit date will expire on November 1, 1996.

Sincerely,



William J. LeMay
Director

WJL/BES

cc: Oil Conservation Division - Hobbs
File: SWD-520