

**BW - 38**

**FINANCIAL  
ASSURANCE**

## Chavez, Carl J, EMNRD

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**From:** Chavez, Carl J, EMNRD  
**Sent:** Wednesday, April 11, 2018 4:52 PM  
**To:** 'danny@pwllc.net'; Griswold, Jim, EMNRD; Kautz, Paul, EMNRD  
**Cc:** 'Marvin Burrows'; Marks, Allison, EMNRD  
**Subject:** RE: Llano Disposal, LLC (BW-38) Proposed State 27 BSW #1 (30-025-20592) WQCC Class III Brine Well Closure Plan and Third Party Financial Assurance Cost Estimate

Also, Llano will need to submit proper OCD Forms with the OCD Hobbs District Office with copy to OCD Santa Fe to take possession of the well.

Thank you.

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**From:** Chavez, Carl J, EMNRD  
**Sent:** Wednesday, April 11, 2018 4:46 PM  
**To:** 'danny@pwllc.net' <danny@pwllc.net>; Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>; Kautz, Paul, EMNRD <paul.kautz@state.nm.us>  
**Cc:** Marvin Burrows <burrowsmarvin@gmail.com>; Marks, Allison, EMNRD <AllisonR.Marks@state.nm.us>  
**Subject:** Llano Disposal, LLC (BW-38) Proposed State 27 BSW #1 (30-025-20592) WQCC Class III Brine Well Closure Plan and Third Party Financial Assurance Cost Estimate

Marvin, et al.:

The New Mexico Oil Conservation Division (OCD) is in receipt of the above subject WQCC UIC Class III Brine Well Closure Plan and Financial Assurance Cost Estimate.

The OCD hereby **approves** the Closure Plan and Cost Estimate in the amount of \$108,000 to allow Llano Disposal, LLC (Llano) access and/or ownership of the plugged well for various geophysical log testing to assess well construction and competency for use as a Brine Well. Llano will need to receive an approval letter on the financial instrument from OCD before any work may begin. OCD will determine if the well meets OCD requirements, and Llano Disposal, LLC will decide whether to proceed with the WQCC UIC Class III Brine Well Application Process.

Llano may submit its Letter of Credit to Ms. Allison Marks, Deputy Director, in the Santa Fe Office. You may contact Allison at (505) 476-3206 or via E-mail at [AllisonR.Marks@state.nm.us](mailto:AllisonR.Marks@state.nm.us).

Please contact me if you have questions. Thank you.

Mr. Carl J. Chavez, CHMM (#13099)  
New Mexico Oil Conservation Division  
Energy Minerals and Natural Resources Department  
1220 South St Francis Drive  
Santa Fe, New Mexico 87505  
Ph. (505) 476-3490  
E-mail: [CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)

**“Why not prevent pollution, minimize waste to reduce operating costs, reuse or recycle, and move forward with the rest of the Nation?” (To see how, go to: <http://www.emnrd.state.nm.us/OCD> and see “Publications”)**

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**From:** [danny@pwillc.net](mailto:danny@pwillc.net) <[danny@pwillc.net](mailto:danny@pwillc.net)>

**Sent:** Wednesday, April 11, 2018 2:28 PM

**To:** Chavez, Carl J, EMNRD <[CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)>; Griswold, Jim, EMNRD <[Jim.Griswold@state.nm.us](mailto:Jim.Griswold@state.nm.us)>; Kautz, Paul, EMNRD <[paul.kautz@state.nm.us](mailto:paul.kautz@state.nm.us)>

**Cc:** Marvin Burrows <[burrowsmarvin@gmail.com](mailto:burrowsmarvin@gmail.com)>

**Subject:** Proposed State 27 BSW #1 (30-025-20592)

Carl/Jim,

Thank you for meeting with Marvin and me this morning via telcon concerning a proposed new brine well at L-27-16S-33E in Lea County. Marvin plans to meet with Paul tomorrow concerning the proposed well and its offsets. If all does well there, we will begin work to bond the well. In preparation for the WQCC bond, attached is Llano's proposed Closure Plan and Financial Assurance Plan for your approval. As we discussed today, Llano plans to obtain a single ILC covering both well plugging, surface restoration and subsidence monitoring.

Paul, as soon as WQCC bonding is in place, we will submit a C-102 and C-103 (plug drillout and logging work to evaluate well candidate) to you for approval. We will likely submit a C-101 as well, but we understand that form will be held for approval until after the BW discharge permit is obtained. After the salt section is logged and casing tested, we will file a SN C-103 and meet with OCD concerning well viability as a BSW.

If I've misquoted anything, please provide corrections. Thank you for your assistance with this matter.

Danny J. Holcomb

Agent for Llano Disposal, LLC

Cell: 806-471-5628

Email: [danny@pwillc.net](mailto:danny@pwillc.net)