BW – 37

PERMIT APPLICATIONS, RENEWALS, & MODS

2018

Cash Remittance Report (CRR)

Appendix 8-14 revised 11/27/01

Energy, Minerals & Natural Resources Department
CASH REMITTANCE REPORT (CRR)

CRR0000748

Location Name ①: OCD-Environment BW-37

Location Code ②: 0740

Today's Date: 06 (MONTH) 04 (DAY) ③ 2018 (YEAR)

Collection Period: ____ / ____ / ____ (MM / DD / YYYY) through ____ / ____ / ____ (MM / DD / YYYY) ④

Cost Center ⑤	Revenue Code ⑤	Receipt Amount ⑦	Collected Amount ⑧
0740		1700.00	

Total	========→	$ 1700.00 ⑨	$ ⑩

Over/Short Amount $ ⑪

CRR Deposit Amount $ ⑫

Print Name: Lorraine DeVargas ⑬ Signature: Lorraine DeVargas ⑬

Print Name: ________ ⑬ Signature: ________ ⑬

Distribution: White and Yellow copy to Accounts Receivable-ASD.
Pink copy retained at CRR submitting location.

Official Use Only

Completed by the Accounts Receivable

Date Received: ________ ❶

Notes: ________ ❷

Amount Received: ________ ❸

State Treasurer Deposit Number: ________ ❹

Verified by: ________ ❻

Deposit Date: ________ ❺

EMNRDCRR Revised 4/01

002093

Wells Fargo
95-219/1070

Llano Disposal, LLC
PO Box 250
Lovington, NM 88260-0250

5/16/2018

PAY TO THE ORDER OF Water Quality Management Fund $ **1,700.00

One Thousand Seven Hundred and 00/100** DOLLARS

Water Quality Management Funds
State of New Mexico
Energy, Mierals and Natural Resources Dep
1220 South St. Francis Drive
Santa Fe NM 87505

MEMO Discharge Permit

AUTHORIZED SIGNATURE

[redacted]

Llano Disposal, LLC

Water Quality Management Fund 5/16/2018 002093

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
5/29/2018	Bill	BW-037	1,700.00	1,700.00		1,700.00
					Check Amount	1,700.00

Wells Fargo - 2656 Discharge Permit 1,700.00

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of Check No. 002093 dated 05/16/2018

or cash received on 06/04/2018 in the amount of $ 1700.00

from Llano Disposal

for BW-037 Discharge permit

Submitted by: Carl Chavez Date: 06/04/2018

Submitted to ASD by: Lorraine DeVargas Date: 06/04/2018

Received in ASD by: ______ Date: ______

Filing Fee ______ New Facility: ______ Renewal: ______

Modification ______ Other * Discharge permit

Organization Code 521.07 Applicable FY 118

To be deposited in the Water Quality Management Fund.

Full Payment ______ or Annual Increment ______

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division

MAY 4, 2018

Mr. Darr Angell
Llano Disposal, LCC
P.O. Box 190
Lovington, NM 88260

Re: Discharge Permit (BW-037), Llano Disposal, LCC (Llano), UIC Class III Brine Well "State '4' Brine Supply Well No. 1" (API No. 30-025-26370) UL: E Section 4 Township 13 South, Range 36 East, 1980 FNL, 660 FWL, Lat. 33.22251°, Long. 103.31548°, NMPM, Lea County, New Mexico

Dear Mr. Angell,

The discharge permit (BW-037) for the Class III Brine Well "State '4' Brine Supply Well No. 1" is hereby approved under the terms and conditions specified in the enclosed discharge permit.

The New Mexico Oil Conservation Division (OCD) hereby approves this new discharge permit pursuant to 20.6.2.3109A NMAC. Please note 20.6.2.31090 NMAC, which provides for possible future amendment of the permit. Please be advised that approval of this discharge permit does not relieve Llano of liability if operations result in pollution of surface water, groundwater, or the environment.

Please note that 20.6.2.3104 NMAC specifies "When a permit has been issued, discharges must be consistent with the terms and conditions of the permit." Pursuant to 20.6.2.3107C NMAC, Llano is required to notify the Director of any increase in the injection volume or injection pressure, or process modification that would result in any change in the water quality or volume of the discharge.

This discharge permit will expire on May 4, 2023, and Llano should submit a discharge permit renewal application in ample time before this date. Note that under 20.6.2.3106F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved discharge permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.

The discharge permit application for the State '4' Class III Brine Well is subject to 20.6.2.3114 NMAC. Every billable facility submitting a discharge permit application is assessed a non-refundable filing fee of $100.00. OCD has already received the required $100.00 filing fee and the $1,700.00 permit fee for a Class III Brine Well is now required by check made payable by Llano to the "Water Quality Management Fund."

If you have any questions, please contact Carl Chavez of my staff at (505-476-3490) or email: CarlJ.Chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division

MAY 4, 2018

Mr. Darr Angell
Llano Disposal, LCC
P.O. Box 190
Lovington, NM 88260

Re: Discharge Permit (BW-037), Llano Disposal, LCC (Llano), UIC Class III Brine Well "State '4' Brine Supply Well No. 1" (API No. 30-025-26370) UL: E Section 4 Township 13 South, Range 36 East, 1980 FNL, 660 FWL, Lat. 33.22251°, Long. 103.31548°, NMPM, Lea County, New Mexico

Dear Mr. Angell,

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The New Mexico Oil Conservation Division (OCD) hereby approves this new discharge permit pursuant to 20.6.2.3109A NMAC. Please note 20.6.2.31090 NMAC, which provides for possible future amendment of the permit. Please be advised that approval of this discharge permit does not relieve Llano of liability if operations result in pollution of surface water, groundwater, or the environment.

Please note that 20.6.2.3104 NMAC specifies "When a permit has been issued, discharges must be consistent with the terms and conditions of the permit." Pursuant to 20.6.2.3107C NMAC, Llano is required to notify the Director of any increase in the injection volume or injection pressure, or process modification that would result in any change in the water quality or volume of the discharge.

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The discharge permit application for the State '4' Class III Brine Well is subject to 20.6.2.3114 NMAC. Every billable facility submitting a discharge permit application is assessed a non-refundable filing fee of $100.00. OCD has already received the required $100.00 filing fee and the $1,700.00 permit fee for a Class III Brine Well is now required by check made payable by Llano to the "Water Quality Management Fund."

If you have any questions, please contact Carl Chavez of my staff at (505-476-3490) or email: Carl J.Chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Heather Riley

Heather Riley
OCD Director

HR/cc

Enclosure: Discharge Permit BW-37

cc: Hobbs District Office

DISCHARGE PERMIT APPROVAL CONDITIONS

All discharge permits are subject to Water Quality Control Commission regulations.

1. GENERAL PROVISIONS:

1.A. PERMITTEE AND PERMITTED FACILITY : The Director of the Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues a Discharge Permit BW-37 to Llano Disposal, LLC (Permittee) to operate a Underground Injection Control (UIC) Class III Well for the solution mining of salt (State '4' Brine Supply Well No. 1 API # 30-025-26370) is located 1,980 FNL, and 660 FWL, Unit Letter E (SW/4 NW/4) of Section 4, Township 13S Range 36E, Lat. N 33.22251°, Long. W 103.31548°, NMPM, Lea County, New Mexico. This brine well is located approximately 2.4 miles south on Hwy. 206 from the City of Tatum intersection of Hwy. 380 (E. Broadway St.) and Hwy. 206 (N. Main St.) and approximately 600 ft. E of Hwy. 206. The well and surface facilities are located on the Tatum Brine Station property. A new fresh water supply well located within 200 ft. of the brine well at Lat. 32.77779 and Long. 103.315707 will be constructed with a buried 3- inch polyethylene injection pipeline to the brine well. The brine station will contain one 500 bbl fiberglass tank, and three 1,000 bbl fiberglass tanks within a bermed and lined containment area. Produced brine is metered at surface and transported approximately 200 ft. via a buried line to the brine station for sale.

The Permittee is permitted to inject water into the subsurface salt layers and produce brine for use in the oil and gas industry. Ground water that may be affected by a spill, leak, or accidental discharge of brine occurs at a depth of approximately 40 - 80 feet below ground surface and has a total dissolved solids (TDS) concentration of approximately 410 mg/L.

1.B. SCOPE OF PERMIT: OCD has been granted the authority by statute and by delegation from the Water Quality Control Commission (WQCC) to administer the Water Quality Act (Chapter 74, Article 6 NMSA 1978) as it applies to Class III wells associated with the oil and gas industry (See Section 74-6-4, 74-6-5 NMSA 1978).

The Water Quality Act and the rules promulgated pursuant to the Act protect groundwater and surface water of the State of New Mexico by providing that, unless otherwise allowed by 20.6.2 NMAC, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan (See 20.6.2.3104 NMAC, 20.6.2.3106 NMAC, and 20.6.2.5000 through 20.6.2.5299 NMAC).

This Discharge Permit for a Class III Brine Well is issued pursuant to the Water Quality Act and WQCC rules, 20.6.2 NMAC. This Discharge Permit does not authorize any treatment of, or on-site disposal of, any materials, product, by-product, or oil-field waste.

Pursuant to 20.6.2.5004A NMAC, the following underground injection activities are prohibited:

1. The injection of fluids into a motor vehicle waste disposal well is prohibited.
2. The injection of fluids into a large capacity cesspool is prohibited.
3. The injection of any hazardous or radioactive waste into a well is prohibited except as provided by 20.6.2.5004A(3) NMAC.
4. Class IV wells are prohibited, except for wells re-injecting treated ground water into the same formation from which it was drawn as part of a removal or remedial action.
5. Barrier wells, drainage wells, recharge wells, return flow wells, and motor vehicle waste disposal wells are prohibited.

This Discharge Permit does not convey any property rights of any sort nor any exclusive privilege and does not authorize any injury to persons or property, any invasion of other private rights, or any infringement of state, federal, or local laws, rules or regulations.

The Permittee shall operate in accordance with the terms and conditions specified in this Discharge Permit to comply with the Water Quality Act and the rules issued pursuant to that Act, so that neither a hazard to public health nor undue risk to property will result (see 20.6.2.3109C NMAC); so that no discharge will cause or may cause any stream standard to be violated (see 20.6.2.3109H(2) NMAC); so that no discharge of any water contaminant will result in a hazard to public health, (see 20.6.2.3109H(3) NMAC); so that the numerical standards specified of 20.6.2.3103 NMAC are not exceeded; and, so that the technical criteria and performance standards (see 20.6.2.5000 through 20.6.2.5299 NMAC) for Class III wells are met. Pursuant to 20.6.2.5003B NMAC, the Permittee shall comply with 20.6.2.1 through 20.6.2.5299 NMAC.

The Permittee shall not allow or cause water pollution, discharge, or release of any water contaminant that exceeds the Water Quality Control Commission (WQCC) standards specified at 20.6.2.3101 NMAC and 20.6.2.3103 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams). Pursuant to 20.6.2.5101A NMAC, the Permittee shall not inject non-hazardous fluids into ground water having 10,000 mg/l or less total dissolved solids (TDS).

The issuance of this permit does not relieve the Permittee from the responsibility of complying with the provisions of the Water Quality Act, any applicable regulations or water quality standards of the WQCC, or any applicable federal laws, regulations or standards (See Section 74-6-5 NMSA 1978).

1.C. DISCHARGE PERMIT: This Discharge Permit is a new permit application. Future replacement of a prior permit does not relieve the Permittee of its responsibility to comply with the terms of that prior permit while that permit was in effect.

1.D. DEFINITIONS: Terms not specifically defined in this Discharge Permit shall have the same meanings as those in the Water Quality Act or the rules adopted pursuant to the Act, as the context requires.

1.E. FILING FEES AND PERMIT FEES: Pursuant to 20.6.2.3114 NMAC, every facility that submits a Discharge Permit application for initial approval or renewal shall pay the permit fees specified in Table 1 and the filing fee specified in Table 2 of 20.6.2.3114 NMAC. OCD has already received the required $100.00 filing fee. The Permittee is now required to submit the $1,700.00 permit fee for a Class III well. Please remit payment made payable to the "Water Quality Management Fund" in care of OCD at 1220 South St. Francis Drive in Santa Fe, New Mexico 87505.

1.F. EFFECTIVE DATE, EXPIRATION, RENEWAL CONDITIONS, AND PENALTIES FOR OPERATING WITHOUT A DISCHARGE PERMIT: This Discharge Permit becomes effective immediately from the date that the Permittee receives this discharge permit or until the permit is terminated or expires. This Discharge Permit will expire on **May 4, 2023**. The Permittee shall submit an application for renewal no later than 120 days before that expiration date, pursuant to 20.6.2.5101F NMAC. If a Permittee submits a renewal application at least 120 days before the Discharge Permit expires and is in compliance with the approved Discharge Permit, then the existing Discharge Permit will not expire until OCD has approved or disapproved the renewal application. A discharge permit continued under this provision remains fully effective and enforceable. Operating with an expired Discharge Permit may subject the Permittee to civil and/or criminal penalties (See Section 74-6-10.1 NMSA 1978 and Section 74-6-10.2 NMSA 1978).

1.G. MODIFICATIONS AND TERMINATIONS: The Permittee shall notify the OCD Director and OCD's Environmental Bureau of any Facility expansion or process modification (See 20.6.2.3107C NMAC). The OCD Director may require the Permittee to submit a Discharge Permit modification application pursuant to 20.6.2.3109E NMAC and may modify or terminate a Discharge Permit pursuant to Sections 74-6-5(M) through (N) NMSA 1978.

1. If data submitted pursuant to any monitoring requirements specified in this Discharge Permit or other information available to the OCD Director indicate that 20.6.2 NMAC is being or may be violated, then the OCD Director may require modification or, if it is determined by the OCD Director that the modification may not be adequate, may terminate this Discharge Permit for a Class III well that was approved pursuant to the requirements of 20.6.2.5000 through 20.6.2.5299 NMAC for the following causes:

    a. Noncompliance by Permittee with any condition of this Discharge Permit; or,
    b. The Permittee's failure in the discharge permit application or during the discharge permit review process to disclose fully all relevant facts, or Permittee's misrepresentation of any relevant facts at any time; or,

c. A determination that the permitted activity may cause a hazard to public health or undue risk to property and can only be regulated to acceptable levels by discharge permit modification or termination (See Section 75-6-6 NMSA 1978; 20.6.2.5101I NMAC; and, 20.6.2.3109E NMAC).

2. This Discharge Permit may also be modified or terminated for any of the following causes:
   a. Violation of any provisions of the Water Quality Act or any applicable regulations, standard of performance or water quality standards;
   b. Violation of any applicable state or federal effluent regulations or limitations; or
   c. Change in any condition that requires either a temporary or permanent reduction or elimination of the permitted discharge (See Section 75-6-5M NMSA 1978).

1.H. TRANSFER OF CLASS III WELL DISCHARGE PERMIT:

1. The transfer provisions of 20.6.2.3111 NMAC do not apply to a discharge permit for a Class III well.

2. Pursuant to 20.6.2.5101H NMAC, the Permittee may request to transfer its Class III well discharge permit if:

   a. The OCD Director receives written notice 30 days prior to the transfer date; and
   b. The OCD Director does not object prior to the proposed transfer date. OCD may require modifications to the discharge permit as a condition of transfer and may require demonstration of adequate financial responsibility.

3. The written notice required in accordance with Permit Condition 1.H.2.a shall:

   a. Have been signed by the Permittee and the succeeding Permittee, and shall include an acknowledgement that the succeeding Permittee shall be responsible for compliance with the Class III well discharge permit upon taking possession of the facility; and
   b. Set a specific date for transfer of the discharge permit responsibility, coverage and liability; and
   c. Include information relating to the succeeding Permittee's financial responsibility required by 20.6.2.5210B(17) NMAC.

1.I. COMPLIANCE AND ENFORCEMENT: If the Permittee violates or is violating a condition of this Discharge Permit, OCD may issue a compliance order that requires compliance immediately or within a specified time period, or assess a civil penalty, or both (See Section 74-6-10 NMSA 1978). The compliance order may also include a suspension or termination of this Discharge Permit. OCD may also commence a civil action in district court for appropriate relief, including injunctive relief (See Section 74-6-10(A)(2) NMSA 1978). The Permittee may be subject to criminal penalties for discharging a water contaminant without a discharge permit or in violation of a condition of a discharge permit; making any false material statement, representation, certification or omission of material fact in a renewal application, record, report, plan or other document filed, submitted or required to be maintained under the Water Quality Act; falsifying, tampering with or rendering inaccurate any monitoring device, method or record required to be maintained under the Water Quality Act; or failing to monitor, sample or report as required by a Discharge Permit issued pursuant to a state or federal law or regulation (See Section 74-6-10.2 NMSA 1978).

2. GENERAL FACILITY OPERATIONS:

2.A. SEMI-ANNUAL MONITORING REQUIREMENTS FOR CLASS III WELLS: The Permittee may use either or both fresh water or water from otherwise non-potable sources. Pursuant to 20.6.2.5207C, the Permittee shall provide analysis of the injected fluids and brine at least semi-annually to yield data representative of their characteristics. The Permittee shall analyze both the injected fluids and brine for the following characteristics: pH; density, concentration of total dissolved solids (TDS); chloride concentration; and sodium concentration (for brine only).

1. **Monitor Well:** In **advance of start-up** of brine well operations, the Permittee shall install a downgradient monitor well within 50 feet southeast of the brine well into the water table aquifer and collect a background groundwater sample for general chemistry and WQCC 20.6.2.3103 NMAC groundwater constituents.

Groundwater quality data shall comply with EPA Quality Assurance/Quality Control (QA/QC) and Data Quality Objectives (DQOs) and be **submitted to OCD for approval before start-up** of brine production. The monitor well construction shall comply with requirements of the Office of the State Engineer and be required to be sampled and monitored **semi-annually** thereafter for the following characteristics:

- pH (Method 9040);
- Eh;
- Specific conductance;
- Specific gravity;
- Temperature; and
- General ground water quality parameters (general chemistry/cations and anions, including: fluoride, calcium, potassium, magnesium, sodium bicarbonate, carbonate, chloride, sulfate, total dissolved solids, cation/anion balance, pH, and bromide using the methods specified in 40 CFR 136.3).

The environmental data results shall be reported in the Annual Report (Section 2.J).

2.B. SOLUTION CAVERN MONITORING PROGRAM:

1. **Surface Subsidence Monitoring Plan:** The Permittee shall submit a Surface Subsidence Monitoring Plan to OCD within 180 days of the effective date of this permit. The Surface Subsidence Monitoring Plan shall specify that the Permittee will install at least three survey monuments and shall include a proposal to monitor the elevation of the monuments and top of well casing at least semi-annually.

   The Permittee shall survey each survey monument and top of well casing at least semiannually to monitor for possible surface subsidence and shall tie each survey to the nearest USGS geodetic benchmark. The Permittee shall employ a licensed professional surveyor to conduct the subsidence monitoring program with proper instrument accuracy assessment at the conclusion of each survey. The Permittee shall submit the results of all subsidence surveys with summary of results and any recommendations to OCD within 15 days of survey completion. If the monitored surface subsidence survey at any measuring point deviates 0.10 ft. or more compared to its baseline elevation, then the Permittee shall notify OCD within 30 days of survey completion for further instructions. If survey results continue to demonstrate subsidence over time, and the Permittee cannot demonstrate the integrity of the cavern and well to the satisfaction of OCD, then it shall cease all brine production and submit a corrective action plan to mitigate the subsidence.

   The Permittee shall include the above information in the Annual Report (Section 2.J).

2. **Solution Cavern Characterization Program:** The Permittee shall submit a Solution Cavern Characterization Plan to characterize the size and shape of the solution cavern using geophysical methods within 180 days of the effective date of this permit. The Permittee shall characterize the size and shape of the solution cavern using a geophysical method approved by OCD at least once before the expiration date of the permit. The Permittee shall demonstrate that at least 90% of the calculated volume of salt removed based upon injection and production volumes has been accounted for by the approved geophysical method(s) for such testing to be considered truly representative.

   a. The Permittee shall provide an estimate of the size and shape of the solution cavern at least annually in the Annual Report (Section 2.J), based on fluid injection and brine production data.
   b. The Permit shall compare the ratio of the volume of injected fluids to the volume of produced brine monthly. If the average ratio of injected fluid to produced brine varies is less than 90% or greater than 110%, the Permittee shall report this to OCD and cease injection and production operations of its Class III well within 24 hours. The Permittee shall begin an investigation to determine the cause of this abnormal ratio within 72 hours. The Permittee shall submit to OCD a report of its investigation within 15 days of cessation of injection and production operations of its Class III well for further instructions.

3. **Annual Certification:** The Permittee shall certify annually in the Annual Report (Section 2.J) that continued salt solution mining will not cause cavern collapse, surface subsidence, property damage, or otherwise threaten public health and the environment, based on geologic and engineering data.

   If the solution cavern is determined by either OCD or the Permittee to be potentially unstable by either direct or indirect means, then the Permittee shall cease all fluid injection and brine production within 24 hours. If the Permittee ceases operations because it or OCD has determined that the solution cavern is unstable, then it shall submit a plan to stabilize the solution cavern within 30 days. OCD may require the Permittee to implement additional subsidence monitoring and to conduct additional corrective action.

2.C. CONTINGENCY PLANS: The Permittee shall implement its proposed contingency plan(s) included in its Permit Application to cope with failure of a system(s) in the Discharge Permit.

2.D. CLOSURE: The Permittee shall submit as a condition of C-103 Sundry approval, and for OCD approval, a facility closure plan with third-party cost estimate for its well pursuant to 20.6.2.5209 NMAC and as specified in Permit Conditions 2.I and 5.B to address: well plug and abandonment, land surface restoration; environmental groundwater monitoring (if applicable); pipeline abandonment; and five years of surface subsidence monitoring.

1. **Pre-Closure Notification:** Pursuant to 20.6.2.5005A NMAC, the Permittee shall submit a pre-closure notification to OCD's Environmental Bureau at least 30 days prior to the date that it proposes to close or to discontinue operation of its Class III well. Pursuant to 20.6.2.5005B NMAC, OCD's Environmental Bureau must approve all proposed well closure activities before Permittee may implement its proposed closure plan.

2. **Required Information:** The Permittee shall provide OCD's Environmental Bureau with the following information:

- Name of facility;
- Address of facility;
- Name of Permittee (and owner or operator, if appropriate);
- Address of Permittee (and owner or operator, if appropriate);
- Contact person;
- Phone number;
- Number and type of well(s);
- Year of well construction;
- Well construction details;
- Type of discharge;
- Average flow (gallons per day);
- Proposed well closure activities (e.g., sample fluids/sediment, appropriate disposal of remaining fluids/sediments, remove well and any contaminated soil, clean out well, install permanent plug, conversion to other type of well, ground water and vadose zone investigation, other);
- Proposed date of well closure;
- Proposed method and date of surface restoration;
- Proposed method and date of pipeline abandonment;
- Name of preparer; and
- Date.

2.E. PLUGGING AND ABANDONMENT PLAN: Pursuant to 20.6.2.5209A NMAC, when the Permittee proposes to plug and abandon its Class III well, it shall submit to OCD a plugging and abandonment plan that meets the requirements of 20.6.2.3109C NMAC, 20.6.2.5101C NMAC, and 20.6.2.5005 NMAC for protection of ground water. If requested by OCD, Permittee shall submit for approval prior to closure, a revised or updated plugging and abandonment plan. The obligation to implement the plugging and abandonment plan as well as the requirements of the plan survives the termination or expiration of this Discharge Permit. The Permittee shall comply with 20.6.2.5209 NMAC.

2.F RECORD KEEPING: The Permittee shall maintain records of all inspections, surveys, investigations, etc., required by this Discharge Permit at its Facility office for a minimum of five years and shall make those records available for inspection at the request of an OCD Representative.

2.G. RELEASE REPORTING: The Permittee shall comply with the following permit conditions, pursuant to 20.6.2.1203 NMAC, if it determines that a release of oil or other water contaminant, in such quantity as may with reasonable probability injure or be detrimental to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of property, has occurred. The Permittee shall report unauthorized releases of water contaminants in accordance with any additional commitments made in its approved Contingency Plan. If the Permittee determines that any constituent exceeds the standards specified at 20.6.2.3103 NMAC, then it shall report a release to OCD's Environmental Bureau.

1. **Oral Notification:** As soon as possible after learning of such a discharge, but in no event more than twenty-four (24) hours thereafter, the Permittee shall notify OCD's Environmental Bureau. The Permittee shall provide the following:

   - The name, address, and telephone number of the person or persons in charge of the facility, as well as of the owner and/or operator of the facility;
   - The name and location of the facility;
   - The date, time, location, and duration of the discharge;
   - The source and cause of discharge;
   - A description of the discharge, including its chemical composition;
   - The estimated volume of the discharge; and,
   - Any corrective or abatement actions taken to mitigate immediate damage from the discharge.

2. **Written Notification:** Within one week after the Permittee has discovered a discharge, the Permittee shall send written notification (may use form C-141 with attachments) to OCD's Environmental Bureau verifying the prior oral notification as to each of the foregoing items and providing any appropriate additions or corrections to the information contained in the prior oral notification.

   The Permittee shall provide subsequent corrective actions and written reports as required by OCD's Environmental Bureau.

2.H. OTHER REQUIREMENTS:

1. **Inspection and Entry:** Pursuant to Section 74-6-9 NMSA 1978 and 20.6.2.3107A NMAC, the Permittee shall allow any authorized representative of the OCD Director, to:

   - Upon the presentation of proper credentials, enter the premises at reasonable times;
   - Inspect and copy records required by this Discharge Permit;
   - Inspect any treatment works, monitoring, and analytical equipment;
   - Sample any injection fluid or produced brine;
   - Conduct various types environmental media sampling, and
   - Use the Permittee's monitoring systems and wells in order to collect groundwater samples.

2. **Advance Notice:** The Permittee shall provide OCD's Environmental Bureau and Hobbs District Office with at least five (5) working days advance notice of any environmental sampling to be performed pursuant to this Discharge Permit, or any well plugging, abandonment or decommissioning of any equipment associated with its Class III well.

3. **Environmental Monitoring:** The Permittee shall ensure that any environmental sampling and analytical laboratory data collected meets the standards specified in 20.6.2.3107B NMAC or EPA QA/QC Standards. The Permittee shall ensure that all environmental samples are analyzed by an accredited "National Environmental Laboratory Accreditation Conference" (NELAC) Laboratory. The Permittee shall submit environmental sampling data summary tables, all raw analytical data, and laboratory QA/QC.

a. A monitor well shall be installed hydrogeologically downgradient from the Brine Well and sampled in accordance with Section 2.A.1.

2.I. BONDING OR FINANCIAL ASSURANCE: Pursuant to 20.6.2.5210B(17) NMAC, the Permittee shall maintain financial assurance, at a minimum, in the amount that Permittee shall estimate and the Director shall approve, in accordance with Permit Conditions 2.D and 5.B, to cover potential costs associated with plugging and abandonment of the Class III well, surface restoration, environmental ground water monitoring (if applicable), pipeline abandonment, along with five years of surface subsidence monitoring thereafter. OCD may require additional financial assurance to ensure adequate funding is available to plug and abandon the well and/or for any required environmental related corrective actions. The Permittee's cost estimate shall be based on third party estimates.

Acceptable financial assurance mechanisms include: (1) a surety bond; (2) a trust fund with a New Mexico bank in the name of the State of New Mexico, with the State as Beneficiary; (3) a non-renewable letter of credit made out to the State of New Mexico; (4) liability insurance specifically covering the contingencies listed in this paragraph; or (5) a performance bond, generally in conjunction with another type of financial assurance. If an adequate bond is posted by the Permittee to a federal or another state agency, and this bond covers all of the measures specified above, the OCD Director shall consider this bond as satisfying the bonding requirements of Sections 20.6.2.5000 through 20.6.2.5299 NMAC wholly or in part, depending upon the extent to which such bond is adequate to ensure that the Permittee will fully perform the measures required hereinabove.

2.J. ANNUAL REPORT: The Permittee shall submit its annual report pursuant to 20.6.2.3107 NMAC to OCD's Environmental Bureau by June 1st of the following year. The annual report shall include the following:

- Cover sheet marked as "Annual Class III Well Report, Name of Permittee, Discharge Permit Number, API number of well(s), date of report, and person submitting report;
- Summary of Class III well operations for the year including a description and reason for any remedial or major work on the well with a copy of form C-103;
- Monthly fluid injection and brine production volume, including the cumulative total carried over each year;
- Semi-annual monitor well analytical data results;
- Injection pressure data;
- Pipeline hydrostatic test results;
- Pipeline visual leak inspection monitoring results at joints;
- A copy of the semiannual chemical analyses shall be included with data summary and all QA/QC information;
- Copy of any mechanical integrity test chart, including the type of test, i.e., duration, gauge pressure, etc.;
- Brief explanation describing deviations from the normal operations;
- Results of any leaks and spill corrective action reports;
- An Area of Review (AOR) update summary;
- A summary with interpretation of MITs, surface subsidence surveys, estimated cavern size and shape, cavern volume and geometry measurements with conclusion(s) and recommendation(s);
- A summary of the ratio of the monthly volume of injected fluids to the volume of produced brine;
- A summary of all major Facility activities or events, which occurred during the year with any conclusions and recommendations;
- Annual Surface Subsidence Monitoring Plan data results in accordance with Permit Condition 2.B.1;
- Annual Solution Cavern Characterization data results in accordance with Permit Condition 2.B.2; and
- The Permittee shall file its Annual Report in an electronic format with a hard copy submittal to OCD's Environmental Bureau.

3. CLASS III WELL OPERATIONS:

3. **Owner/Operator Commitments.** Once a permit is issued, the owner/operator must ensure all operations are consistent with the terms and conditions of the permit and in conformance with all pertinent rules and regulations under both the Water Quality Act. The owner/operator shall abide by all commitments submitted in its discharge permit application including any attachments and/or amendments along with these approval conditions.

Applications which reference previously approved plans on file with the OCD shall be incorporated into this permit and the owner/operator shall abide by all commitments of such plans.

3.A. OPERATING REQUIREMENTS: The Permittee shall comply with the operating requirements specified in 20.6.2.5206A NMAC and 20.6.2.5206A NMAC to ensure that:

1. **Brine Production Method:** During the brine well design, cavern development process, and daily brine production, a flow configuration consisting of fresh water injection shall occur through the annulus the 8-5/8" casing and into a 2-7/8 fiberglass (FG) pipe angled through the window at 2,400 ft. bgl to a depth of about 2,900 ft. in the Salado Salt Fm. Brine production is through the window and into a 3-1/2 in. fiberglass pipe at 2,300 ft. bgl continuing to surface. The window is set at the proper depth between the 8-5/8 in. dual port packer at 2,300 ft. bgl and 8-5/8 in. cast iron bridge plug at 2,450 ft. bgl. within the 8-5/8 in. casing string, which is backed by cement to surface. The angled FG injection tube at depth is intended to allow for proper salt cavern development to prevent cavern ceiling collapse. Injection and production flow may temporarily be reversed as required periodically to clean the tubing and annulus.

2. **Injection Out of Zone:** Injection between the outermost casing and the well bore is prohibited in a zone other than the authorized injection zone. If the Permittee determines that its Class III well is discharging or suspects that it is discharging fluids into a zone or zones other than the permitted injection zone specified in Permit Condition 3.B.1., then the Permittee shall within 24 hours notify OCD's Environmental Bureau and Hobbs District Office of the circumstances and action(s) taken. The Permittee shall cease operations until proper repairs are made and it has received approval from OCD to re-start injection operations.

3. **Pipeline:** Initial hydrostatic testing of brine pipeline is required for any pressure loss, leakage, etc. at joints. The hydrostatic test report with "as-built" pipeline transect and associated construction information shall be submitted to OCD for approval before pipeline activation. Mandatory Hydrostatic Testing of the pipeline is required after leakage and/or before the expiration date of the Permit. Daily pipeline inspection and monitoring is required at a minimum for the first week and each time the pipeline is brought back into service after shut-down, service work, etc. The pipeline shall be inspected within 8-hours of pipeline pressure loss, upset, etc. Weekly inspection and monitoring at a minimum is required thereafter. Inspection record keeping is required and shall include the date and time of each inspection, inspectors name and contact information, weather conditions with inspection summary, any conclusion on pipeline condition with any recommendations. Spills or release locations shall include GPS Coordinates and be handled in accordance with Permit Condition 2.G Release Reporting herein.

3.B. INJECTION OPERATIONS:

1. **Well Injection Pressure Limit:** The Permittee shall ensure that the maximum wellhead or surface injection pressure on its Class III well shall not exceed the fracture pressure of the injection salt formation and will not cause new fractures or propagate any existing fractures of cause damage to the system and underground source of drinking water.

2. **Pressure Limiting Device:** The Permittee shall equip and operate its Class III well or system with a pressure limiting device which shall, at all times, limit surface injection pressure to the maximum allowable pressure for its Class III well. The Permittee shall monitor the pressure-limiting device daily and shall report all pressure exceedances within 24 hours of detecting an exceedance to OCD's Environmental Bureau.

   The Permittee shall take all steps necessary to ensure that the injected fluids enter only the proposed injection interval and is not permitted to escape to other formations, fresh water zones, or onto the ground surface. The Permittee shall report to OCD's Environmental Bureau within 24 hours of discovery any indication that new fractures or existing fractures have been propagated, or that damage to the well, the injection zone, or formation has occurred.

3.C. CONTINUOUS MONITORING DEVICES: The Permittee shall use continuous monitoring devices to provide a record of injection pressure, flow rate, flow volume, and pressure on the annulus between the tubing and the long string of casing.

3.D. MECHANICAL INTEGRITY FOR CLASS III WELLS:

1. Pursuant to 20.6.2.5204 NMAC, the Permittee shall demonstrate mechanical integrity for its Class III well at least once every five years or more frequently as the OCD Director may require for good cause during the life of the well. The Permittee shall demonstrate mechanical integrity for its Class III well every time it performs a well workover, including when it pulls the tubing. A Class III well has mechanical integrity if there is no detectable leak in the casing or tubing which OCD considers to be significant at maximum operating temperature and pressure; and no detectable conduit for fluid movement out of the injection zone through the well bore or vertical channels adjacent to the well bore which the OCD Director considers to be significant. The Permittee shall conduct a casing Mechanical Integrity Test (MIT) from the surface to the approved injection depth to assess casing integrity. The MIT shall consist of a 30-minute test at a minimum pressure of 500 psig measured at the surface when tubing is removed and a plug or packer is installed within 20 ft. of the window cut into the casing.

   The Permittee shall notify OCD's Environmental Bureau and Hobbs District Office at least 5 days prior to conducting any MIT to allow OCD Hobbs the opportunity to witness the MIT.

2. The following criteria will determine if the Class III well has passed the MIT:

   a. Passes MIT if zero bleed-off during the test;
   b. Passes casing MIT if final test pressure is within +/- 10% of starting pressure, if approved by OCD
   c. When the MIT is not witnessed by OCD and fails, the Permittee shall notify OCD within 24 hours of the failure of the MIT.
   d. All chart recorder information, charts containing appropriate information, calibration sheets, etc. shall be provided to OCD within 5 working days of completing an MIT.

3. Pursuant to 20.6.2.5204C NMAC, the OCD Director may consider the use by the Permittee of equivalent alternative test methods to determine mechanical integrity. The Permittee shall submit information on the proposed test and all technical data supporting its use. The OCD Director may approve the Permittee's request if it will reliably demonstrate the mechanical integrity of the well for which its use is proposed.

4. Pursuant to 20.6.2.5204D NMAC, when conducting and evaluating the MIT(s), the Permittee shall apply methods and standards generally accepted in the oil and gas industry. When the Permittee reports the results of all MIT(s) to the OCD Director, it shall include a description of the test(s), the method(s) used, and the test results.

3.E. WELL WORKOVER OPERATIONS: Pursuant to 20.6.2.5205A(5) NMAC, the Permittee shall provide notice to and shall obtain approval from OCD's District Office in Hobbs and the Environmental Bureau in Santa Fe prior to commencement of any remedial work or any other workover operations to allow OCD the opportunity to witness the operation. The Permittee shall request approval using form C-103 (Sundry Notices and Reports on Wells) with copies sent to OCD's Environmental Bureau and Hobbs District Office. Properly completed Forms C-103 and/or C-105 must be filed with OCD upon completion of workover activities and copies included in that year's Annual Report.

3.F. FLUIDS INJECTION AND BRINE PRODUCTION VOLUMES AND PRESSURES: The Permittee shall continuously monitor the volumes of water injected and brine production. The Permittee shall submit monthly reports of its injection and production volumes on or before the 10th day of the following month. The Permittee shall suspend injection if the monthly injection volume is less than 110% or greater than 120% of associated brine production. If such an event occurs, the Permittee shall notify OCD within 24 hours.

3.G. AREA OF REVIEW (AOR): The Permittee shall report within 72 hours of discovery any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within a 1-mile radius from its Class III well. OCD shall be notified within 24 hours of having knowledge of any wells lacking cement within the cavern interval within a ½-mile radius from the Class III well.

3.H. CLASS V WELLS: Pursuant to 20.6.2.5002B NMAC, leach fields and other waste fluids disposal systems that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells. This Discharge Permit does not authorize the use of a Class V injection well for the disposal of industrial waste. Pursuant to 20.6.2.5005 NMAC, the Permittee shall close any Class V industrial waste injection well that injects non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes (e.g., septic systems, leach fields, dry wells, etc.) within 90 calendar days of the issuance of this Discharge Permit. The Permittee shall document the closure of any Class V wells used for the disposal of non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes other than contaminated ground water in its Annual Report. Other Class V wells, including wells used only for the injection of domestic wastes, shall be permitted by the New Mexico Environment Department.

5. SCHEDULE OF COMPLIANCE:

5.A. PRE-INJECTION SUBMITTALS: No injection is permitted under this Permit until the OCD Director has approved the following submittals:

1. **BONDING OR FINANCIAL ASSURANCE:** The Permittee shall submit financial assurance in the amount approved by the OCD Director under Permit Condition 2.I.

2. **GROUNDWATER MONITORING WELL:** The Permittee shall install a downgradient monitoring well within 50 feet southeast of the brine well into the water table aquifer, collect a background groundwater sample and submit the sample results in accordance with Permit Condition 2.A.1.

5.B. PERMIT SUBMITTALS:

1. **ANNUAL REPORT:** The Permittee shall submit its annual report to OCD by June 1st of each year.

2. **MIT:** The Permittee shall demonstrate mechanical integrity for its Class III well at least once every five years or more frequently as the OCD Director may require for good cause during the life of the well. The Permittee shall demonstrate mechanical integrity for its Class III well every time it performs a well workover, including when it pulls the tubing.

3. **INJECTION VOLUMES:** The Permittee shall submit monthly reports of its injection and production volumes on or before the 10th day of the following month.

Cash Remittance Report (CRR)

Appendix 8-14 revised 11/27/01

Energy, Minerals & Natural Resources Department
CASH REMITTANCE REPORT (CRR)

CRR000748

Location Name ① OCD- Environment

Location Code ② 0740

Today's Date: 03 (MONTH) 06 (DAY) ③ 2018 (YEAR)

Collection Period: ___ /___ /___ (MM/DD/YYYY) through ___ /___ /___ (MM/DD/YYYY) ④

Cost Center ⑤	Revenue Code ⑤	Receipt Amount ⑦	Collected Amount ⑧
0740		100.00	

Total	=======→	$ 100.00 ⑨	$ ⑩

Over/Short Amount $ ⑪

CRR Deposit Amount $ ⑫

Print Name: Lorraine DeVargas ⑬ Signature: Lorraine DeVargas ⑬

Print Name: ________ ⑬ Signature: ________ ⑬

Distribution: White and Yellow copy to Accounts Receivable-ASD.
Pink copy retained at CRR submitting location.

Official Use Only

Completed by the Accounts Receivable

Date Received: ________ ❶

Notes: ________ ❷

Amount Received: ________ ❸

State Treasurer Deposit Number: ________ ❹

Verified by: ________ ❻

Deposit Date: ________ ❺

EMNRDCRR Revised 4/01

THIS CHECK IS VOID WITHOUT A COLORED BACKGROUND AND A TRUE WATERMARK ON THE BACK

HAPPY STATE BANK
AND TRUST COMPANY
www.happybank.com

CASHIER'S CHECK

1009997

88-1087
1113

7

NOTICE TO CUSTOMERS
THE PURCHASE OF AN INDEMNITY BOND MAY BE REQUIRED BEFORE ANY CASHIER'S CHECK OF THIS BANK WILL BE REPLACED OR REFUNDED IN THE EVENT IT IS LOST, MISPLACED OR STOLEN.

DATE February 28, 2018

REMITTER LLANO DISPOSAL LLC

PAY ONE HUNDRED AND 00/100

$*********100.00

TO THE ORDER OF WATER QUALITY MANAGEMENT FUND

PURPOSE BW-37 Application Fee

AUTHORIZED SIGNATURE(S)

HAP 5010-N (R 8/15)

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

[redacted]

[redacted]

Holcomb Consultants
6900 Spring Cherry Lane
Amarillo, Texas 79124

MAR 06 2018 AM09:07

March 2, 2018

Carl Chavez – Environmental Engineer
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505

Re: BW-37 Filing Fee Check

Dear Mr. Chavez:

Attached is Llano Disposal, LLC's cashier's check number 1009997 in the amount of $100 made payable to the "Water Quality Management Fund" as filing fee for the discharge permit application for the State 4 #1 Brine Well.

If you have any questions, please contact me at 806-471-5628 or email danny@pwllc.net. Thank you for your consideration of this application.

Sincerely,

DJ Holcomb

Danny J Holcomb
Holcomb Consultants
Agent for Llano Disposal, LLC

Attachment

NEW MEXICO ENVIRONMENT DEPARTMENT - ALBUQUERQUE FIELD OFFICE DAILY CHECK RECEIPT LOG

DATE RECEIVED	WALK-IN	MAIL	NAME ON CHECK	DATE OF CHECK	CHECK/MONEY ORDER#	PROGRAM ACCOUNT CODE	AMOUNT OF CHECK	DATE DEPOSITED	DEPOSITED BY:
3/6/18		*	Happy State Bank	02/28/18	1004997		100.00		
TOTAL							100.00		

REVENUE TRANSMITTAL SHEET

Description	Fund	Dept.	Share Acct	Sub Acct	Amount
Liquid Waste	34000	Z3200	496402		
Water Recreation Facilities	40000	Z8501	496402		
Food Permit Fees	99100	Z2600	496402		
OTHER	34100	232900		2329029000	

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of Check No. 1009997 dated 02/28/2018

or cash received on 03/06/2018 in the amount of $ 100.00

from Happy State Bank

for Filing Fee

Submitted by: Carl Chavez Date: 03/06/2018

Submitted to ASD by: Lorraine DeVargas Date: 03/06/2018

Received in ASD by: ______ Date: ______

Filing Fee * New Facility: ______ Renewal: ______

Modification ______ Other ______

Organization Code 521.07 Applicable FY 118

To be deposited in the Water Quality Management Fund.

Full Payment ______ or Annual Increment ______

Holcomb Consultants
6900 Spring Cherry Lane
Amarillo, Texas 79124

MAR 06 2018 AM09:07

March 2, 2018

Carl Chavez – Environmental Engineer
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505

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D J Holcomb

Danny J Holcomb
Holcomb Consultants
Agent for Llano Disposal, LLC

Attachment

THIS CHECK IS VOID WITHOUT A COLORED BACKGROUND AND A TRUE WATERMARK ON THE BACK

HAPPY STATE BANK
AND TRUST COMPANY
www.happybank.com

CASHIER'S CHECK

1009997

88-1087
1113

7

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DATE February 28, 2018

REMITTER LLANO DISPOSAL LLC

$*********100.00

PAY ONE HUNDRED AND 00/100

TO THE ORDER OF WATER QUALITY MANAGEMENT FUND

PURPOSE BW-37 Application Fee

AUTHORIZED SIGNATURE(S)

HAP 5010-N (R 8/15)

SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

From: danny@pwllc.net
Sent: Tuesday, February 6, 2018 10:39 AM
To: Griswold, Jim, EMNRD; Chavez, Carl J, EMNRD; Kautz, Paul, EMNRD
Cc: Marvin Burrows
Subject: BW-37 State 4 #1 (30-025-26370) Logs
Attachments: llanostate4#1-RCBL 020218.pdf; Llano State 4 #1-CNL 020218.pdf; llanostate4#1-Caliper Log 020218.pdf; State 4 #1 WBD 020218.pdf

Jim/Carl/Paul,
Attached are the three logs Llano Disposal, LLC ran on 2/2/18 in the State 4 #1 proposed brine well. Also attached is an updated current wellbore diagram reflecting the results of these logs and recent well work.

Summary of observations from these logs:

1) 8-5/8" cement top - The CBL indicates that the TOC on the 8-5/8" casing is at 222'. The operator reported circulating cement on the 8-5/8" casing, but it apparenlty fell back. At 222', cement is well inside the 13-3/8" surface casing.

2) Salt interval - The CNL indicates that the TOS is at 2170' and the BOS is at 3070'. Both of these depths are close to the lithology reported by the original operator.

3) Casing integrity - The casing inspection log (caliper log) indicates good casing from surface down to 2198'. A possible DV tool and/or bad casing is located between 2198' - 2240' (below TOS). The CBL indicates good cement behind pipe through this interval and above so there is no pathway to surface.

Based on these logs, Llano proposes to cut the casing window at ~2300' - 2310' with dual packer set at ~2150' (above TOS and questionable casing interval) and injection tailpipe landed at ~2800'.

Paul,
Marvin has paper copies of these logs and will deliver them to the Hobbs District Office for official filing. These PDF versions are just provided for discussion purposes.

If you have any questions, please let Marvin and me know. We appreciate your assistance with this project.
Thank you,
Danny Holcomb
Agent for Llano Disposal, LLC

Holcomb Consultants
6900 Spring Cherry Lane
Amarillo, Texas 79124

March 2, 2018

Jim Griswold – Environmental Bureau Chief
Carl Chavez – Environmental Engineer
New Mexico Oil Conservation Division
1220 South St. Francis
Santa Fe, New Mexico 87505

Re: NOTICE OF INTENT TO DISCHARGE
WQCC 20.6.2.1201 NMAC

Dear Mr. Griswold and Chavez:

Holcomb Consultants, as agent for Llano Disposal, LLC, is formally notifying the New Mexico Oil Conservation Division of Llano's intent to permit a Class III brine well located in Lea County, New Mexico. Pursuant to the Water Quality Control Commission Regulations (WQCC) 20.6.2.1201.B and C. NMAC, the following information is provided:

1) The name of the person making the discharge:
   Llano Disposal, LCC, Mr. Darr Angell, owner

2) The address of the person making the discharge:
   P. O. Box 190 (783 Highway 483)
   Lovington, New Mexico 88260

3) The location of the discharge:
   Brine Well Location: SW/4 NW/4, UL 'E', Section 4, T13S, R36E
   Proposed Brine Station Location: SW/4 NW/4, UL 'E', Section 4, T13S, R36E

4) An estimate of the concentration of water contaminants in the discharge:
   Injection Water: fresh water from nearby fresh water well with approximately 400 mg/l TDS
   Produced Brine Water: approximately 320,000 mg/l TDS

5) The quantity of the discharge:
   Estimated Instantaneous Flow Rate: 1 – 3 barrels per minute
   Estimated Monthly Total: 0 – 58,000 barrels per month

Holcomb Consultants
6900 Spring Cherry Lane
Amarillo, Texas 79124

Pursuant to 20.6.2.3114 NMAC Llano's cashier's check number 1009997 in the amount of $100 made payable to the "Water Quality Management Fund" as filing fee for the discharge permit application was mailed to your office on March 2, 2018.

Attached are the discharge permit application along with pertinent attachments, a proposed C-101 and a proposed C-103 completion procedure. If OCD requires additional information concerning this notice of intent or discharge permit application, please contact me at 806-471-5628 or email danny@pwllc.net. Thank you for your consideration of this application.

Sincerely,

DJHolcomb

Danny J Holcomb
Holcomb Consultants
Agent for Llano Disposal, LLC

Attachments

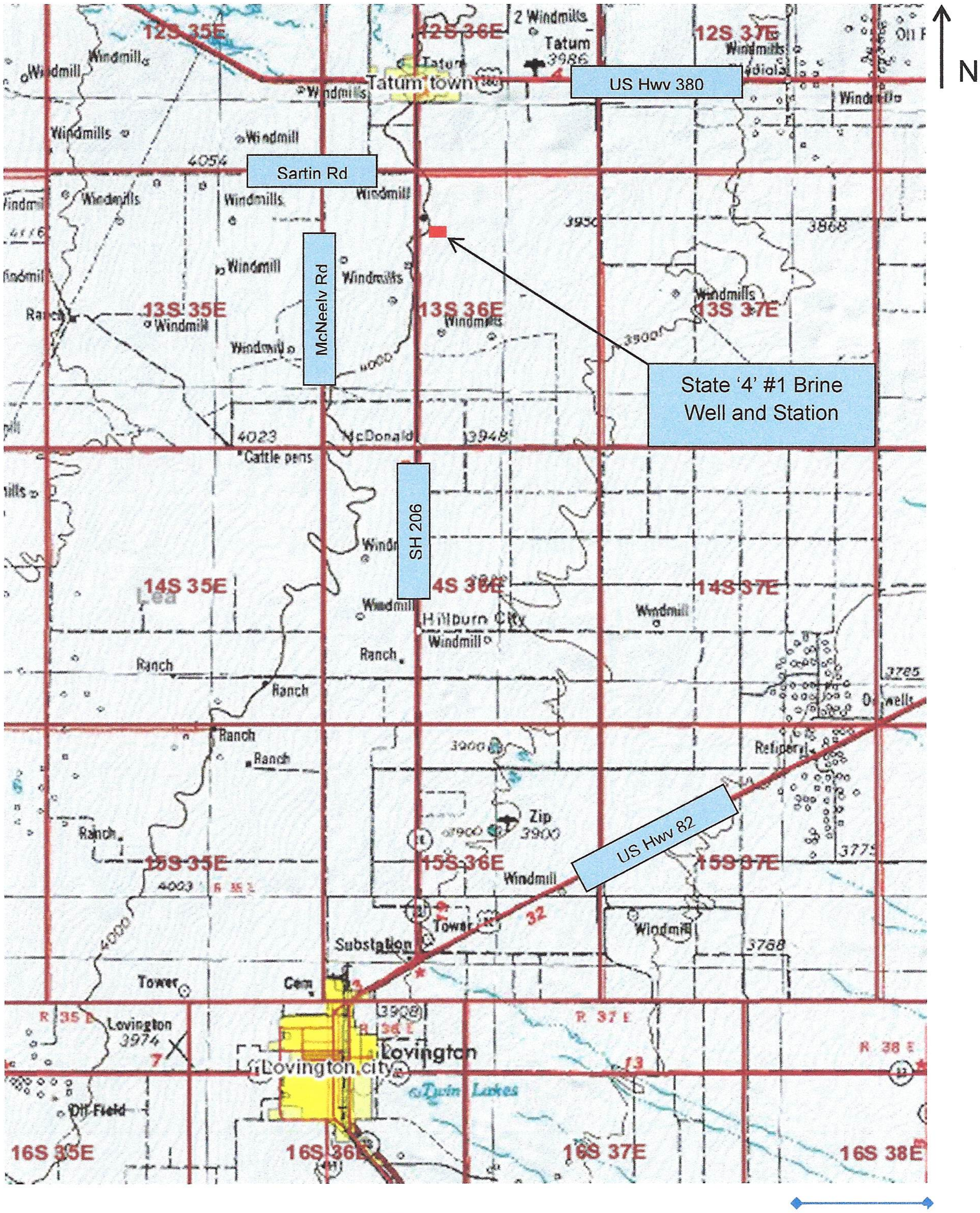
Llano Disposal, LLC
State'4' BSW #1
Discharge Plan

Attachment Index

Attachment	Description
A	Overview Map of General Area – USGS Topo Map of Area (Small Scale)
B	USGS Topo Map of Area (Large Scale)
C	Aerial Photo with Ground Water Monitor Wells
D	1 Mile Area of Review with Oil/Gas Wells and Fresh Water Wells
E	Brine Well Location Site Plan
F	Brine Station Site Plan
G	USGS Drainage Map of Project Area
H	Plugging Records for Offset Wells Within the 1 Mile Area of Review
I	NMOCD Drilling, Comp, P&A Records for State '4' #1
J	Water Analysis Test Results on Area Fresh Water Wells
K	Emergency Contingency and Response Plan
L	Schematics for Brine Station and Brine Well Location
M	Area Geology Map and General Lithology
N	Cross-sections of Geologic Structure at State '4' #1
O	FEMA Flood Plain Map of Project Area
P	Subsidence Monument Design and Installation Procedure
Q	Public Notice for Onsite Sign Posting
R	Public Notice for Offsite Posting (Lea County Courthouse)
S	Public Notice Letters to Adjoining Property Owners, SLO, Mineral Lessee
T	Public Notice in Lovington Leader Newspaper

State '4' #1
API # 30-025-26370
Discharge Plan Attachments

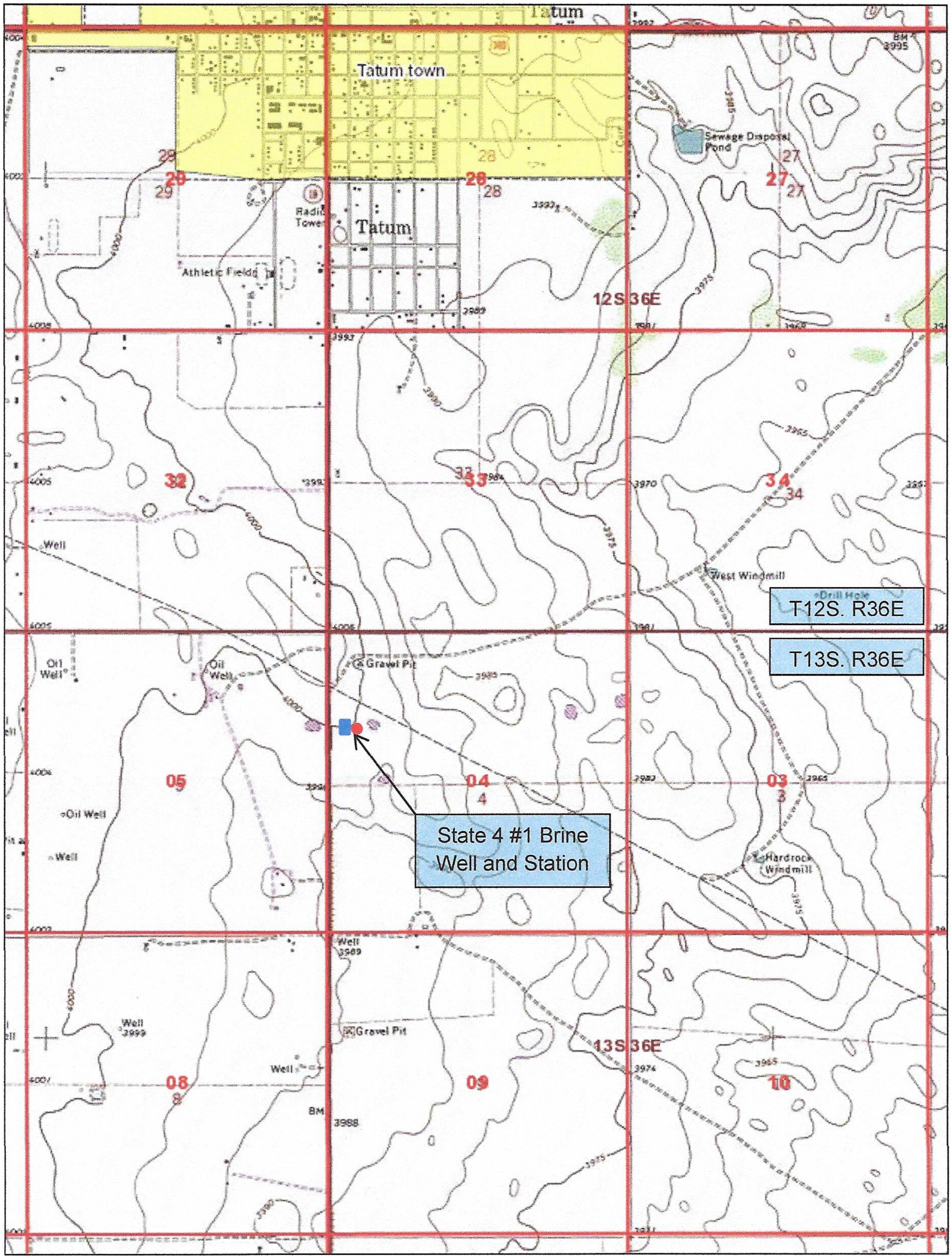
Attachment A – Small Scale Topo Map



Lea County, New Mexico

State '4' #1
API # 30-025-26370
Discharge Plan Attachments

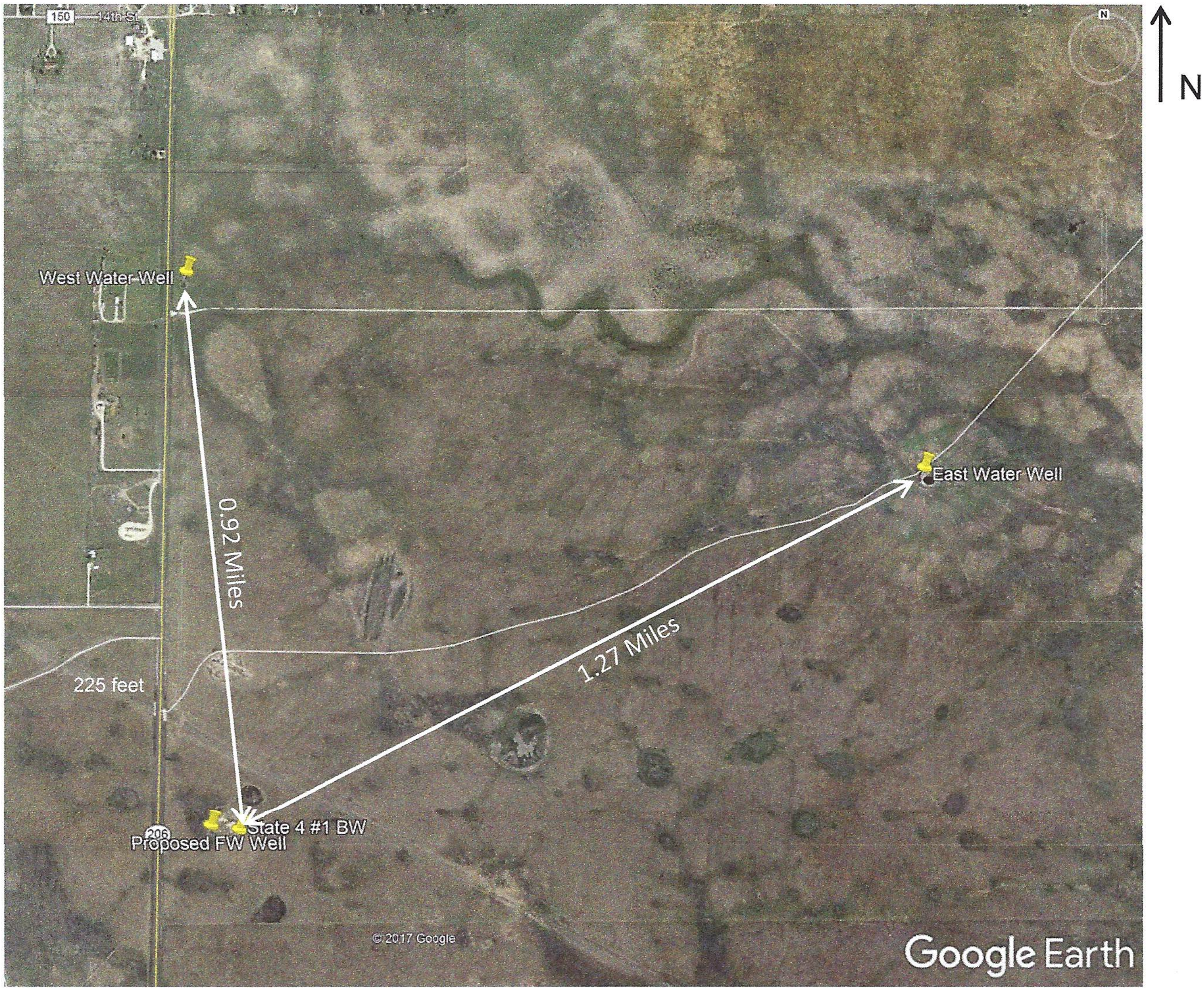
Attachment B – Large Scale Topo Map



Lea County, New Mexico

State '4' #1
API # 30-025-26370
Discharge Plan Attachments

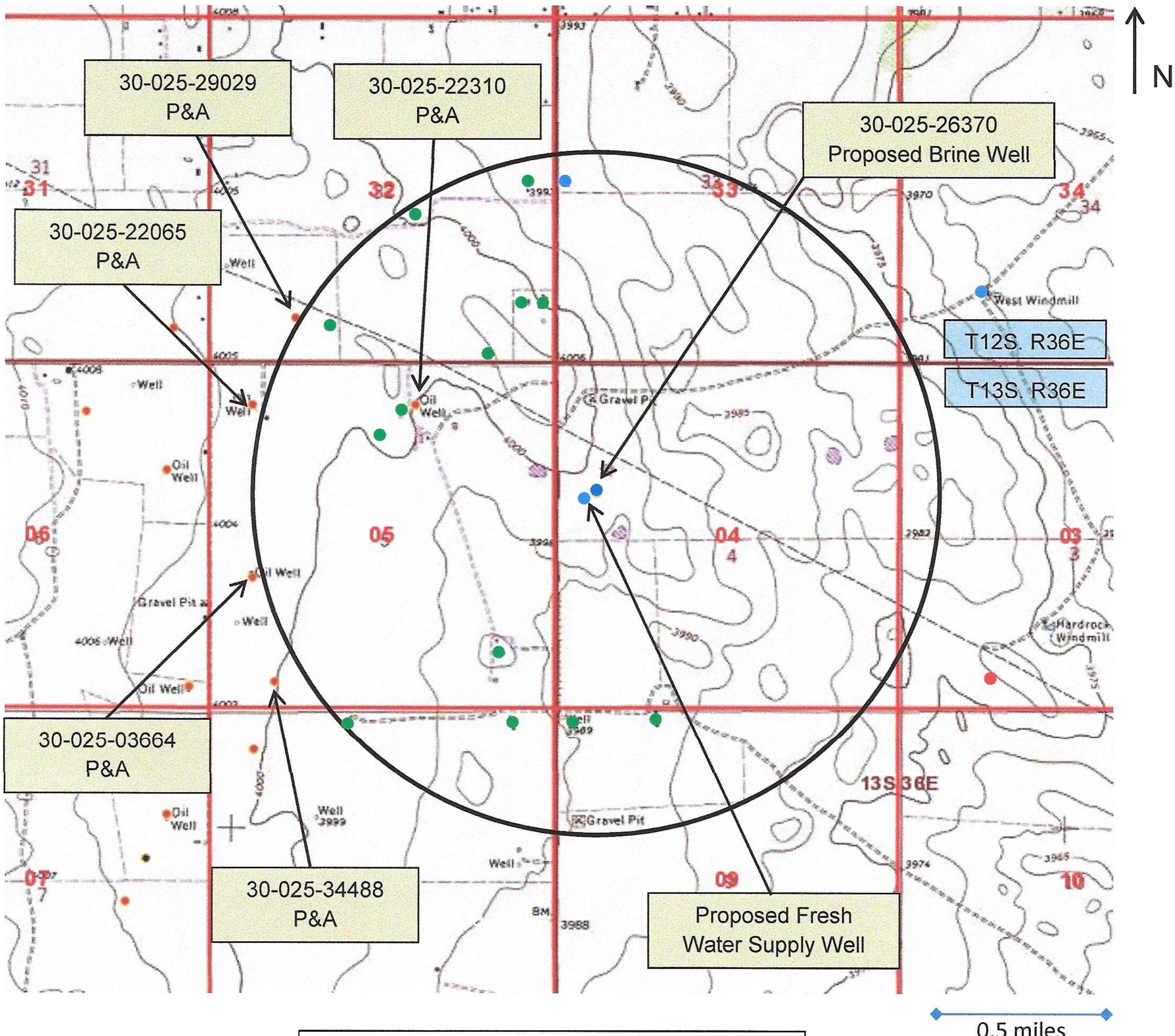
Attachment C – Aerial Photo with Ground Water Monitoring Wells



Lea County, New Mexico

State '4' #1
API # 30-025-26370
Discharge Plan Attachments

Attachment D – 1 Mile AOR with Oil/Gas Wells and Fresh Water Wells

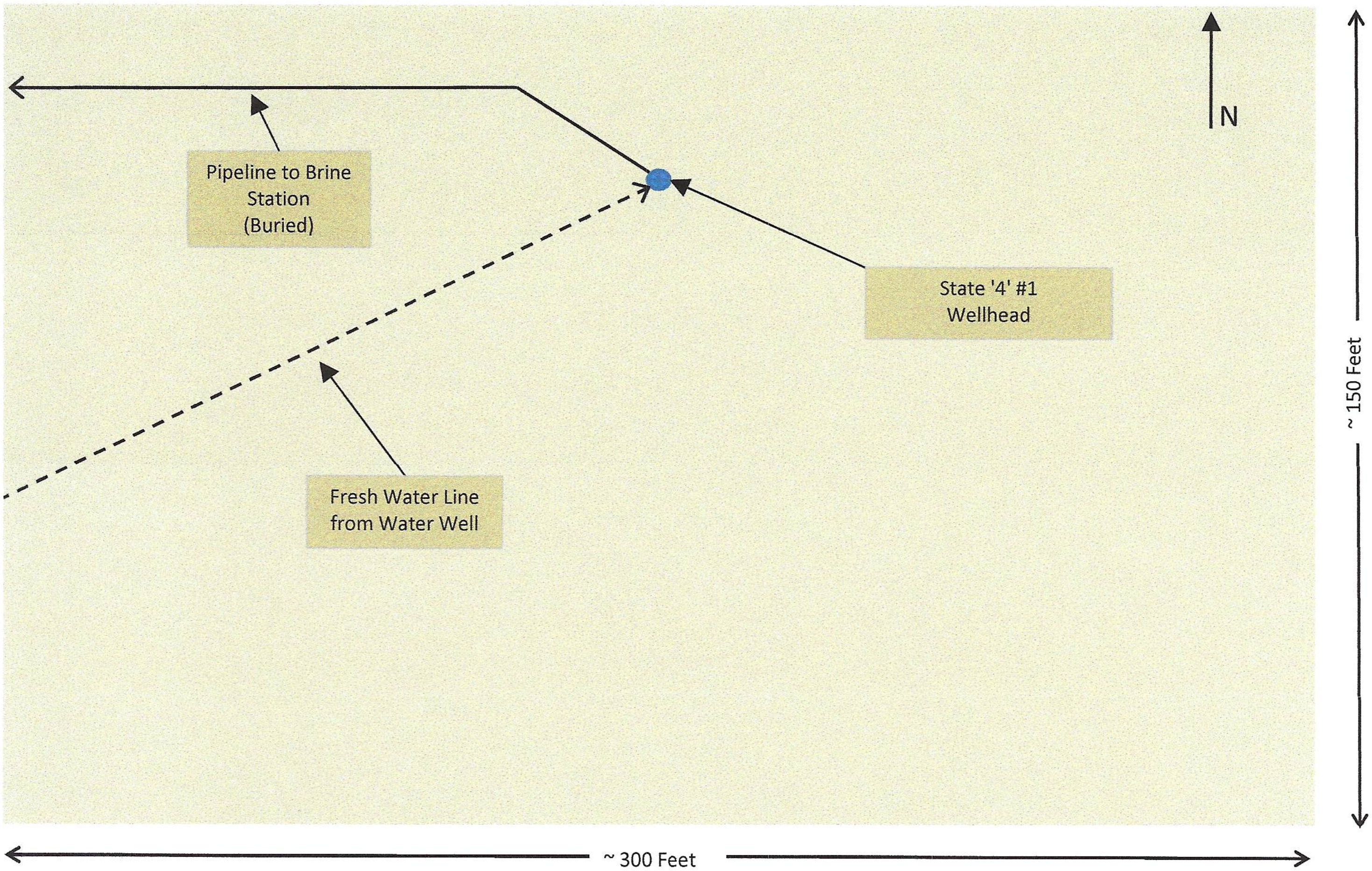


Lea County, New Mexico

- Fresh Water Wells
- Proposed Ground Water Monitor Wells

State ‘4’ #1
API # 30-025-26370
Discharge Plan Attachments

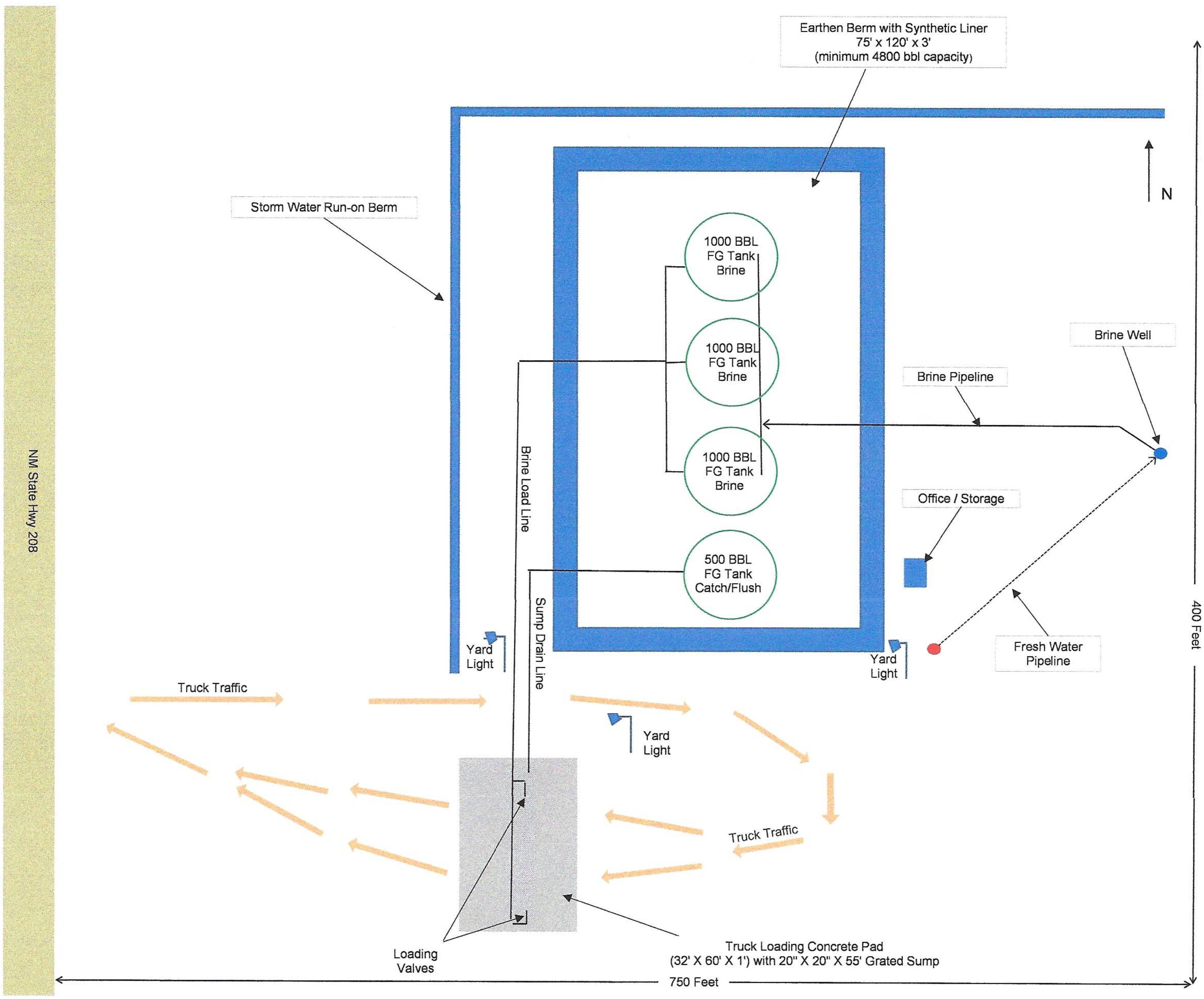
Attachment E – Well Location Site Plan



Surface Owner – Llano Disposal, LLC
P. O. Box 190, Lovington, NM 88260
Drawing Not to Scale

State ‘4’ #1
API # 30-025-26370
Discharge Plan Attachments

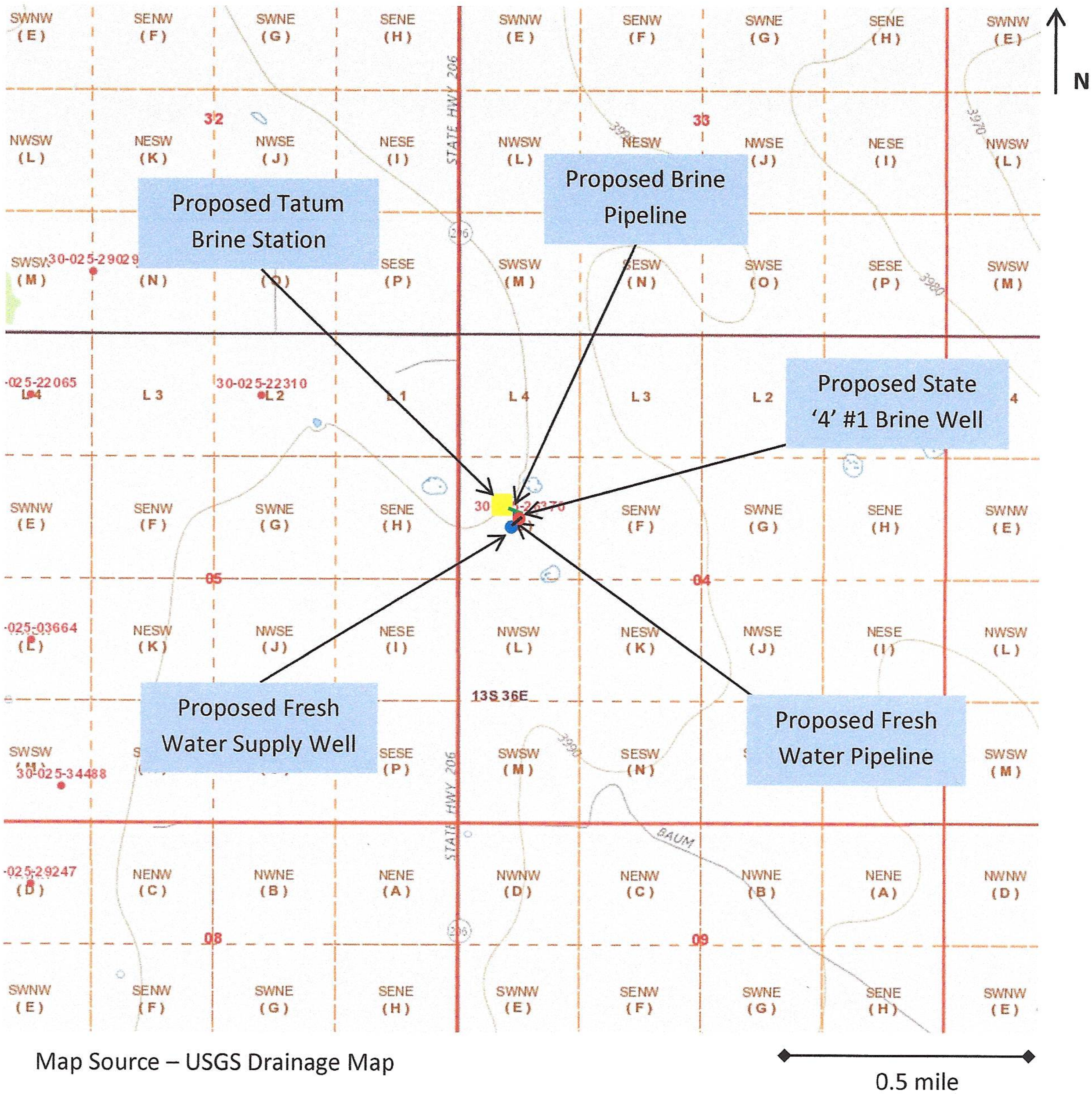
Attachment F – Brine Station Site Plan



Surface Owner – Llano Disposal, LLC
P. O. Box 190, Lovington, NM 88260
Drawing Not to Scale

State '4' #1
API # 30-025-26370
Discharge Plan Attachments

Attachment G – USGS Drainage Map of Project Area



Map Source – USGS Drainage Map

There are no USGS defined drainage basins in the project area. The topography is generally sandy and grass covered. Most of the area is drained via playa lakes as indicated by the map above. There are no established streambeds in the area.

Lea County, New Mexico

OFFSET WELL 30-025-22310

NO. OF COPIES RECEIVED		
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SANTA FE		
FILE		
U.S.G.S.		
LAND OFFICE		
OPERATOR		

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old
C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No. K-191

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL [X] GAS WELL [ ] OTHER-

7. Unit Agreement Name

2. Name of Operator: The Superior Oil Company

8. Farm or Lease Name: State "F"

3. Address of Operator: P. O. Box 1900, Midland, Texas 79701

9. Well No. 1

4. Location of Well: UNIT LETTER B, 660 FEET FROM THE North LINE AND 2130 FEET FROM THE East LINE, SECTION 5 TOWNSHIP 13-S RANGE 36-E NMPM.

10. Field and Pool, or Wildcat: Tatum (Wolfcamp)

15. Elevation (*Show whether DF, RT, GR, etc.*): 4016 KB, 4001 GR

12. County: Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK [ ]
- TEMPORARILY ABANDON [ ]
- PULL OR ALTER CASING [ ]
- PLUG AND ABANDON [ ]
- CHANGE PLANS [ ]
- OTHER [ ]

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [ ]
- COMMENCE DRILLING OPNS. [ ]
- CASING TEST AND CEMENT JOB [ ]
- ALTERING CASING [ ]
- PLUG AND ABANDONMENT [X]
- OTHER [ ]

17. Describe Proposed or Completed Operations (*Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work*) SEE RULE 1103.

3-6,7,8-69 Moved in and rigged up Casing Pullers, Inc., Rig #1. Filled hole with mud laden fluid. Spotted 25 sacks El Toro regular cement over 5-1/2" casing perfs at 10,090-10,096'. Top of cement at 9870'. Welded pull nipple on 5-1/2" casing.

3-9,10-69 Shot 5-1/2" casing at 5066'. Pulled and recovered 5093' of 5-1/2" casing.

3-11-69 Ran 2-7/8" tubing to 5156'. Spotted 25 sacks El Toro regular cement across 5-1/2" csg stub at 5066'. Top of cement at 5014'. Pulled up to 4540' & spotted 25 sacks El Toro regular cement across bottom of 8-5/8" casing at 4500'. Top of cement at 4454'. Finished pulling out of hole with tubing.

3-12,13-69 Cut off 11-3/4" casinghead 4' below ground level. Welded on 8-5/8" pull nipple. Shot 8-5/8" casing at 1423'. Pulled and recovered 1434' of 8-5/8" casing. Ran 2-7/8" tubing to 1451' and spotted 25 sacks El Toro regular cement across 8-5/8" casing stub at 1423'. Top of cement at 1392. Pulled tubing up to 368' and spotted 25 sacks El Toro regular cement across bottom of 11-3/4" casing at 350'. Top of cement at 323'. Pulled out of hole with tubing. Placed 10 sacks of El Toro regular cement in top of 11-3/4" casing. Welded 1/2" steel plate on 11-3/4" casing with dry hole marker extending 4-1/2" above ground level. Hole filled with mud laden fluid. Well plugged and abandoned 3-13-69.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED O. V. Sivage O.V.Sivage TITLE Production Engineer DATE March 27, 1969

APPROVED BY John W. Runyan TITLE Geologist DATE

CONDITIONS OF APPROVAL, IF ANY:

ATTACHMENT H

OFFSET WELL CURRENT WELLBORE

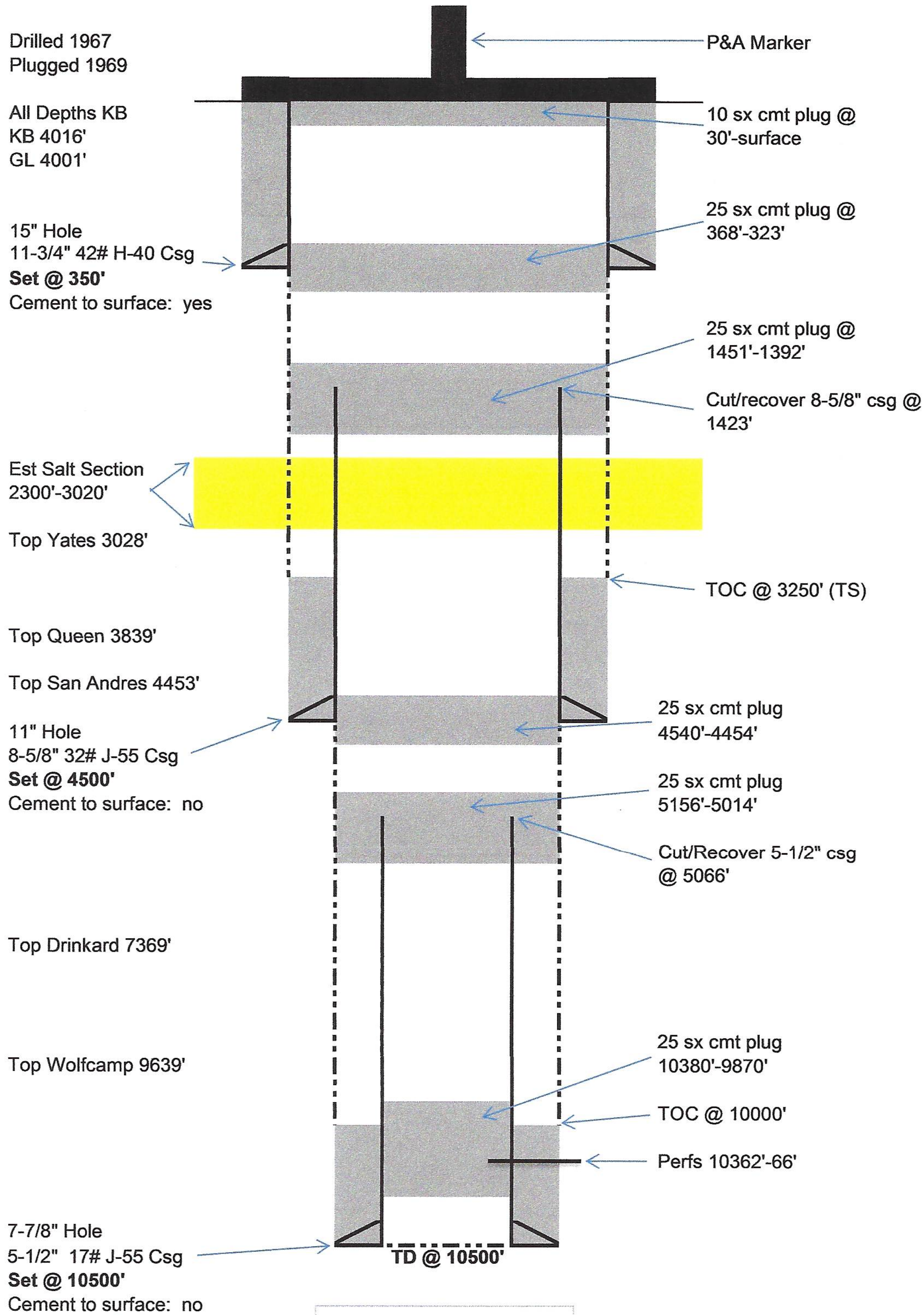
P&A

Superior Oil Company

State 'F' #1

API# 30-025-22310

660' FNL X 2130' FEL, UL 'B', Sec 5, T13S, R36E, Lea County, NM



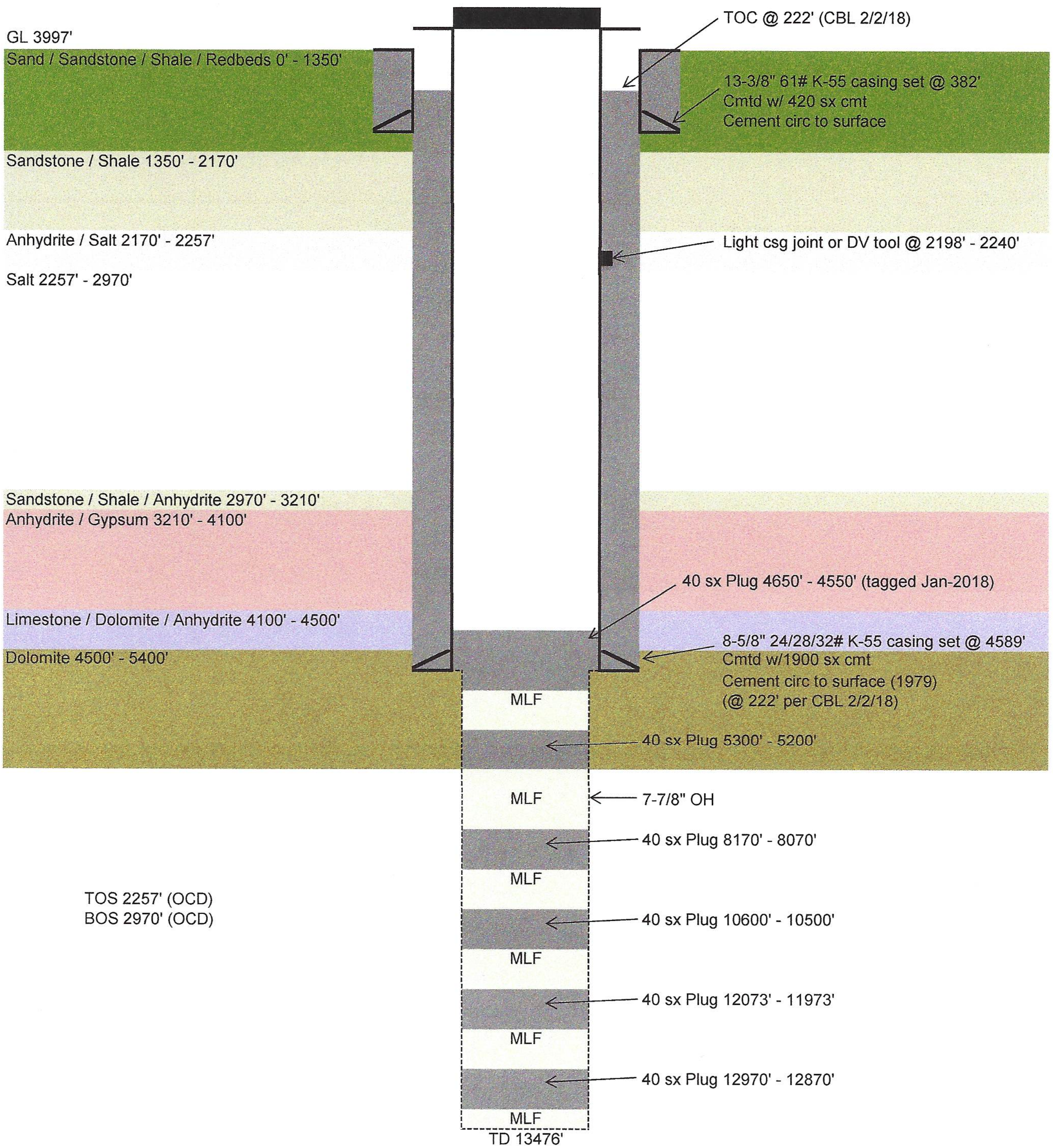
Drawing Not to Scale

Salt section in Brine Candidate Well is 2257' - 2970'

ATTACHMENT H

CURRENT WELLBORE

Re-entered Well
Llano Disposal, LLC
State '4' #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



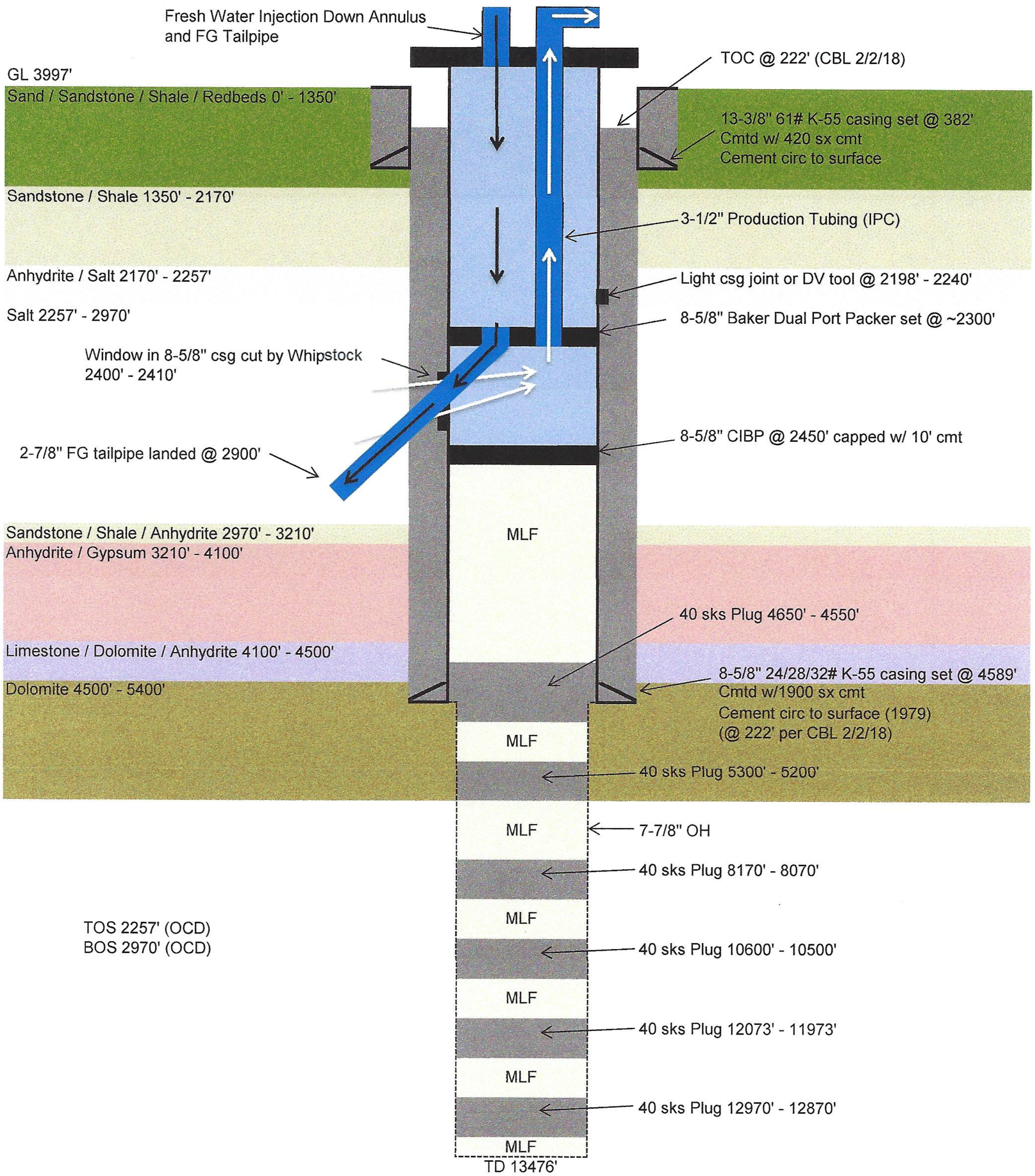
Drawing Not to Scale

Attachment I
Drawing Not to Scale

PROPOSED WELLBORE

Configured for Brine Well Service

Llano Disposal, LLC
State '4' BSW #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



Drawing Not to Scale

Attachment I

Drawing Not to Scale

30-025-26370

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NEW MEXICO OIL CONSERVATION COMMISSION

Form C-101
Revised 1-1-65

5A. Indicate Type of Lease: STATE [X] FEE [ ]

5. State Oil & Gas Lease No.: LG-4456

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work: DRILL [X] DEEPEN [ ] PLUG BACK [ ]

b. Type of Well: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

7. Unit Agreement Name:

8. Farm or Lease Name: State "4"

2. Name of Operator: Adobe Oil & Gas Corporation

9. Well No.: 1

3. Address of Operator: 1100 Western United Life Building, Midland, TX 79701

10. Field and Pool, or Wildcat: Undesignated (ND)

4. Location of Well: UNIT LETTER E LOCATED 1980 FEET FROM THE North LINE AND 660 FEET FROM THE West LINE OF SEC. 4 TWP. 13-S RGE. 36-E NMPM

12. County: Lea

19. Proposed Depth: 13,450

19A. Formation: Mississippian

20. Rotary or C.T.: Rotary

21. Elevations (Show whether DF, RT, etc.): 3997

21A. Kind & Status Plug. Bond: Blanket Plugging

21B. Drilling Contractor: Moranco

22. Approx. Date Work will start: July 25, 1979

23.

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17 1/2	13 3/8	48	350	350	Surface
11	8 5/8	24-28-32	4,525	1400	Surface
7 7/8	5 1/2	17 & 20	13,450	500	10,000

Blowout preventors: 10"-900 series doublegate w/blind rams & pipe rams
Hydril (Bag type)

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

Signed [signature] Title Vice President Date July 6, 1979

(This space for State Use)

APPROVED BY [signature] TITLE SUPERVISOR DISTRICT I DATE JUL 9 1979

CONDITIONS OF APPROVAL, IF ANY:

Attachment I

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

30-025-26370

All distances must be from the outer boundaries of the Section.

Operator ADOBE OIL & GAS CORPORATION		Lease STATE "4"		Well No. 1
Unit Letter "E"	Section 4	Township 13-S	Range 36-E	County LEA
Actual Footage Location of Well: 1980 feet from the NORTH line and 660 feet from the WEST line				
Ground Level Elev. 3997	Producing Formation MISSISSIPIAN	Pool WILDCAT		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

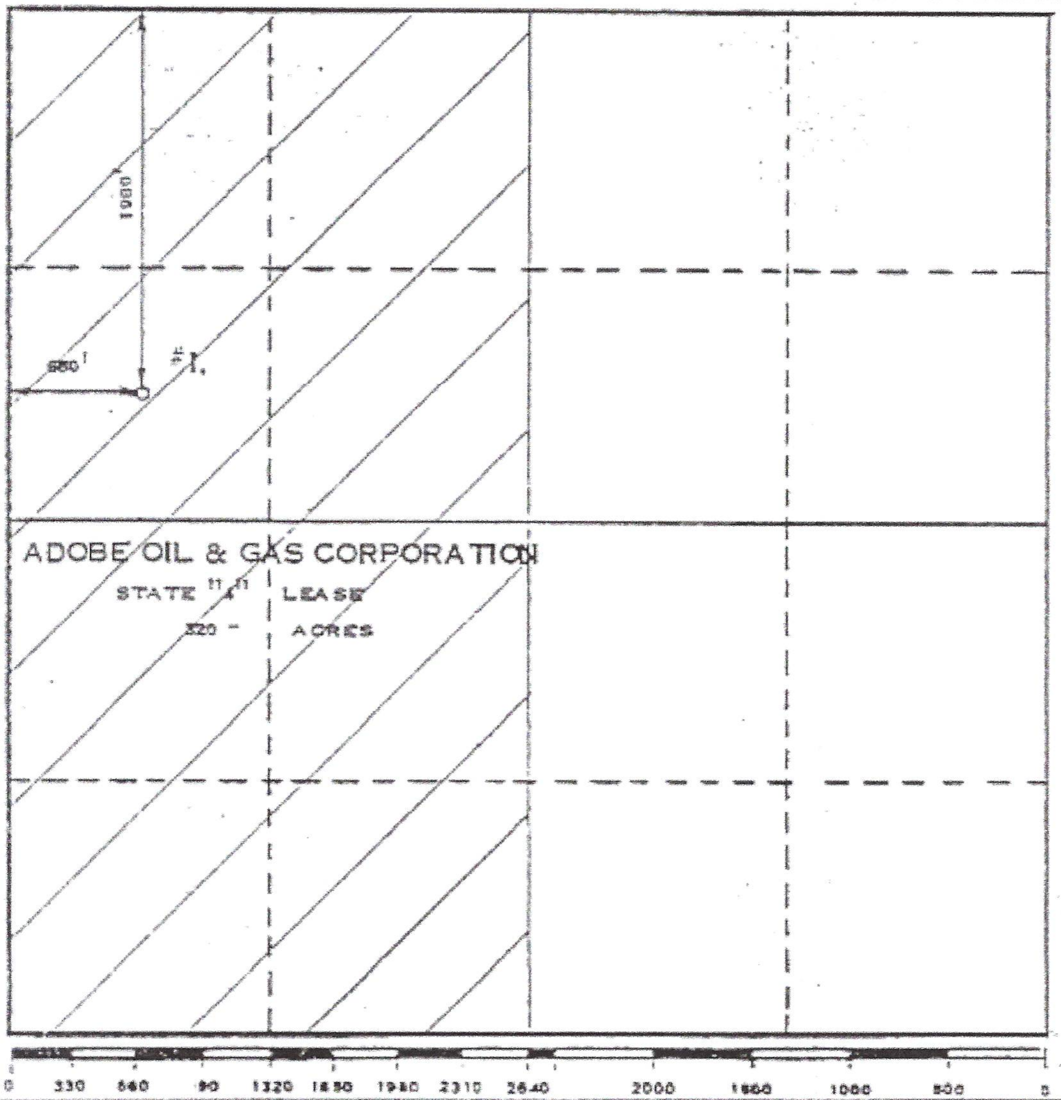
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation ____________

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)____________

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: M. D. Rogers
Position: Vice President
Company: Adobe Oil & Gas Corporation
Date: July 6, 1979

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: JUNE 29, 1979
Registered Professional Engineer and/or Land Surveyor
MAX A. SCHUMANN JR.
Certificate No. 1510

Attachment I

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NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old C-102 and C-103
Effective 1-1-65

30-025-26370

5a. Indicate Type of Lease
State [X] Fee [ ]

5. State Oil & Gas Lease No.
LG-4456

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT —" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL [ ] GAS WELL [X] OTHER-

7. Unit Agreement Name

2. Name of Operator
Adobe Oil & Gas Corporation

8. Farm or Lease Name
State "4"

3. Address of Operator
1100 Western United Life Bldg., Midland, TX 79701

9. Well No.
1

4. Location of Well
UNIT LETTER E , 1980 FEET FROM THE north LINE AND 660 FEET FROM THE west LINE, SECTION 4 TOWNSHIP 13-S RANGE 36-E NMPM.

10. Field and Pool, or Wildcat
Undesignated

15. Elevation *(Show whether DF, RT, GR, etc.)*
3997 GL

12. County
Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]		COMMENCE DRILLING OPNS. [ ]	PLUG AND ABANDONMENT [ ]
PULL OR ALTER CASING [ ]	CHANGE PLANS [ ]	CASING TEST AND CEMENT JOB [X]	
OTHER [ ]		OTHER [ ]	

17. Describe Proposed or Completed Operations *(Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work)* SEE RULE 1103.

Spudded 17-1/2" hole @ 11:30 a.m. 8/1/79. Set 382' of 13-3/8" 61# K-55 csg @ 380' KB & cemented w/420 sx Class "C" cement w/1/4# flocele/sx w/2% CaCl. Cement circ. POB 12:15 a.m. 8/2/79. Cut off, nipple up & tested BOP, head & csg to 1000# for 30 min, ok. Drld 11" hole to 4590' & ran 109 jts 32#, 28#, 24# 8-5/8" K-55 csg & set @ 4589'. Cemented w/1700 sx Howco Lite w/10# salt w/1/4# flocele w/3# Gilsonite/sx + 200 sx Class "C" w/2% CaCl. Cement circ. POB 6 a.m. 8/9/79. Cut off, nipple up & tested BOP, head & csg to 2000#, ok.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Bill Owens TITLE Engineer DATE 10/3/79

APPROVED BY Orig. Signed by Jerry Sexton Dist 1, Supv. TITLE DATE OCT -9 1979

CONDITIONS OF APPROVAL, IF ANY:

Attachment I

30-025-26370

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NEW MEXICO OIL CONSERVATION COMMISSION

Form C-103
Supersedes Old C-102 and C-103
Effective 1-1-65

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No. L.G. 4456

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT –" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL [ ] GAS WELL [X] OTHER. dry

7. Unit Agreement Name

2. Name of Operator: Adobe Oil & Gas Corporation

8. Farm or Lease Name: State "4"

3. Address of Operator: 1100 Western United Life Bldg., Midland, TX 79701

9. Well No. 1

4. Location of Well: UNIT LETTER E, 1980 FEET FROM THE north LINE AND 660 FEET FROM THE west LINE, SECTION 4 TOWNSHIP 13-S RANGE 36-E NMPM.

10. Field and Pool, or Wildcat: Undesignated

15. Elevation (*Show whether DF, RT, GR, etc.*): 3997 GL

12. County: Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

- PERFORM REMEDIAL WORK [ ]
- TEMPORARILY ABANDON [ ]
- PULL OR ALTER CASING [ ]
- PLUG AND ABANDON [ ]
- CHANGE PLANS [ ]
- OTHER [ ]

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [ ]
- COMMENCE DRILLING OPNS. [ ]
- CASING TEST AND CEMENT JOB [ ]
- ALTERING CASING [ ]
- PLUG AND ABANDONMENT [X]
- OTHER DST & log [X]

17. Describe Proposed or Completed Operations (*Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work*) SEE RULE 1103.

9/21/79 DST #1 12,985-13,235' Upper Mississippian - Took 15 min preflow w/very weak blow, 1 hr ISI, 1 hr FF w/very weak blow, 4 hr FSI. Recovered 380' drlg fluid w/no show of oil or gas. IFP 439-483#, ISIP 879#, FFP 439-483#, FSIP 1746#.

9/25/79 Drld to TD 13,476' & ran DLL & CNL-Density logs. Prep to P&A.

9/26-27/79 GIH open ended w/DP. Set cement plugs as follows:
40 sx Class "H" 12,970-12,870', 12,073-11,973', 10,600-10,500', 8170-8070', 5300-5200', 4650-4550', 1800-1700'.
Set 10 sx plug @ surface. Cut off wellhead & installed marker.

18. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED Bill Owens TITLE Engineer DATE 10/4/79

APPROVED BY [signature] TITLE OIL & GAS INSPECTOR DATE APR 16 1982

CONDITIONS OF APPROVAL, IF ANY:

Attachment I

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Form C-105
Revised 1-1-65

NEW MEXICO OIL CONSERVATION COMMISSION

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease: State [X] Fee [ ]

5. State Oil & Gas Lease No.: L.G. 4456

30-025-26370

1a. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] DRY [X] OTHER ______

b. TYPE OF COMPLETION: NEW WELL [X] WORK OVER [ ] DEEPEN [ ] PLUG BACK [ ] DIFF. RESVR. [ ] OTHER

7. Unit Agreement Name

8. Farm or Lease Name: State "4"

2. Name of Operator: Adobe Oil & Gas Corporation

9. Well No.: 1

3. Address of Operator: 1100 Western United Life Bldg., Midland, TX 79701

10. Field and Pool, or Wildcat: Undesignated

4. Location of Well

UNIT LETTER E LOCATED 1980 FEET FROM THE north LINE AND 660 FEET FROM THE west LINE OF SEC. 4 TWP. 13-S RGE. 36-E NMPM

12. County: Lea

15. Date Spudded	16. Date T.D. Reached	17. Date Compl. (Ready to Prod.)	18. Elevations (DF, RKB, RT, GR, etc.)	19. Elev. Cashinghead
8/1/79	9/24/79	dry	3997 GL	

20. Total Depth	21. Plug Back T.D.	22. If Multiple Compl., How Many	23. Intervals Drilled By	Rotary Tools	Cable Tools
13,476	dry	-	→	0-13,476	

24. Producing Interval(s), of this completion — Top, Bottom, Name: dry

25. Was Directional Survey Made: No

26. Type Electric and Other Logs Run: DLL/CNL/Density

27. Was Well Cored: NO

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	61	380	17-1/2	420 sx Cl C w/2% CaCl	0
8-5/8"	24,28,32	4590	11	1700 sx Lite + 200 sx Cl C	0

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET

31. Perforation Record (*Interval, size and number*): dry

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED

33. PRODUCTION

Date First Production	Production Method (*Flowing, gas lift, pumping — Size and type pump*)	Well Status (*Prod. or Shut-in*)
Dry		

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil — Bbl.	Gas — MCF	Water — Bbl.	Gas — Oil Ratio

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil — Bbl.	Gas — MCF	Water — Bbl.	Oil Gravity — API (*Corr.*)

34. Disposition of Gas (*Sold, used for fuel, vented, etc.*)

Test Witnessed By

35. List of Attachments

36. *I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.*

SIGNED Bill Owens TITLE Engineer DATE 10/4/79

Attachment I

30-025-26370

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico		Northwestern New Mexico	
T. Anhy 2200	T. Canyon 10,905	T. Ojo Alamo	T. Penn. "B"
T. Salt 2320	T. Strawn 11,315	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Atoka 12,072	T. Pictured Cliffs	T. Penn. "D"
T. Yates 3100	T. Miss 12,975	T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian	T. Menefee	T. Madison
T. Queen	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya	T. Mancos	T. McCracken
T. San Andres 4506	T. Simpson	T. Gallup	T. Ignacio Qtzte
T. Glorieta 5980	T. McKee	Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger	T. Dakota	T.
T. Blinebry	T. Gr. Wash	T. Morrison	T.
T. Tubb 7420	T. Granite	T. Todilto	T.
T. Drinkard	T. Delaware Sand	T. Entrada	T.
T. Abo 8172	T. Bone Springs	T. Wingate	T.
T. Wolfcamp 9600	T.	T. Chinle	T.
T. Penn.	T.	T. Permian	T.
T Cisco (~~Bough C~~) 10,590	T.	T. Penn. "A"	T.

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	1350		sand, shale, & redbeds				
1350	2200		sand & shale				
2200	3100		anhydrite & salt				
3100	3210		sand, shale, & anhydrite				
3210	4100		anhydrite & gypsum				
4100	4500		lime, dolo, & anhydrite				
4500	5400		dolo				
5400	5980		dolo & lime				
5980	7420		dolo				
7420	7550		shale				
7550	8170		dolo, shale w/trac anhydrite				
8170	9600		dolo				
9600	10,590		lime & shale				
10,590	12,070		lime, dolo, & shale				
12,975	13,473		lime & shale				

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OCT - 9

O.C.D. HOBBS, OFFICE

Attachment I

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LLANO DISPOSAL, LLC 125 W. ST. ANNE HOBBS NM, 88240	Project: TATUM BRINE Project Number: SE CORNER OF TATUM Project Manager: MARVIN BURROWS Fax To: NONE	Reported: 28-Nov-17 17:15

Sample ID	Laboratory ID	Matrix	Date Sampled	Date Received
EAST FRESH WATER WELL	H703118-01	Water	07-Nov-17 13:00	08-Nov-17 14:45
WEST FRESH WATER WELL	H703118-02	Water	07-Nov-17 13:00	08-Nov-17 14:45

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene

Celey D. Keene, Lab Director/Quality Manager

Attachment J

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LLANO DISPOSAL, LLC 125 W. ST. ANNE HOBBS NM, 88240	Project: TATUM BRINE Project Number: SE CORNER OF TATUM Project Manager: MARVIN BURROWS Fax To: NONE	Reported: 28-Nov-17 17:15

EAST FRESH WATER WELL

H703118-01 (Water)

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories										
Inorganic Compounds										
Alkalinity, Bicarbonate	**200**		5.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Alkalinity, Carbonate	<1.00		1.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Chloride*	**88.0**		4.00	mg/L	1	7110601	AC	10-Nov-17	4500-Cl-B	
Conductivity*	**825**		1.00	uS/cm	1	7111001	AC	10-Nov-17	120.1	
pH*	**7.63**		0.100	pH Units	1	7111001	AC	10-Nov-17	150.1	
Sulfate*	**140**		25.0	mg/L	2.5	7110903	AC	09-Nov-17	375.4	
TDS*	**410**		5.00	mg/L	1	7110809	AC	10-Nov-17	160.1	
Alkalinity, Total*	**164**		4.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Green Analytical Laboratories										
Total Recoverable Metals by ICP (E200.7)										
Calcium*	**75.1**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Magnesium*	**16.6**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Potassium*	<10.0		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Sodium*	**61.2**		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene

Celey D. Keene, Lab Director/Quality Manager

Attachment J

CARDINAL Laboratories

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Analytical Results For:

LLANO DISPOSAL, LLC 125 W. ST. ANNE HOBBS NM, 88240	Project: TATUM BRINE Project Number: SE CORNER OF TATUM Project Manager: MARVIN BURROWS Fax To: NONE	Reported: 28-Nov-17 17:15

WEST FRESH WATER WELL

H703118-02 (Water)

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories										
Inorganic Compounds										
Alkalinity, Bicarbonate	**205**		5.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Alkalinity, Carbonate	<1.00		1.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Chloride*	**56.0**		4.00	mg/L	1	7110601	AC	10-Nov-17	4500-Cl-B	
Conductivity*	**607**		1.00	uS/cm	1	7111001	AC	10-Nov-17	120.1	
pH*	**7.74**		0.100	pH Units	1	7111001	AC	10-Nov-17	150.1	
Sulfate*	**103**		25.0	mg/L	2.5	7110903	AC	09-Nov-17	375.4	
TDS*	**344**		5.00	mg/L	1	7110809	AC	10-Nov-17	160.1	
Alkalinity, Total*	**168**		4.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Green Analytical Laboratories										
Total Recoverable Metals by ICP (E200.7)										
Calcium*	**58.2**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Magnesium*	**11.5**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Potassium*	<10.0		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Sodium*	**39.7**		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	

Celey D. Keene

Celey D. Keene, Lab Director/Quality Manager

Llano Disposal, LLC
State 4 #1 Brine Operations
Emergency Contingency and Response Plan

Location of Facilities:
Both the State '4' Brine Well #1 and the Tatum Brine Station are located approximately 2.4 miles south of Tatum, New Mexico via SH 206 then east on caliche road. See attached map.

Facility	Latitude	Longitude	UL, S, T, N
State '4' BSW #1	33.2225075°	-103.3154755°	E-4-13S-36E
Tatum Brine Station	33.2226212°	-103.3170283°	E-4-13S-36E

Emergency Response Agencies	Emergency	Direct Number
Tatum Volunteer Fire Dept	911	575-398-3473
Lovington Fire and EMS	911	575-396-2359
Lea County Sheriff's Dept	911	575-396-3611
New Mexico State Police	911	575-392-5588

Llano Responder	Cell Phone	Home Phone
Marvin Burrows – Fac Mgr	575-631-8067	
Darr Angell - Owner	575-704-2777	575-396-4418

Reporting Agencies	Phone
NMOCD – Santa Fe	505-476-3440
NMOCD – Hobbs (Emergency Cell)	575-370-3186
National Response Center	800-424-8802
EPA Region 6 Emergency Response	214-665-6428
Chemtrec	800-424-9300

Materials Stored or Transferred Onsite	Location of Anticipated Leaks/Spills
Fresh and brine water (Non-hazardous)	Brine station inside secondary containment, concrete loading pad, pipelines, and at brine well
Contaminated Soil (Non-hazardous)	Sealed drums at brine station
Trash (Non-hazardous)	Trash bins at brine station

Leak/Spill Prevention Actions

Brine water storage tanks have a synthetic liner secondary containment and level controls
Concrete loading pad has curbs and an automated concrete sump
Buried brine polyethylene pipeline will be pressure tested annually to insure mechanical integrity

Containment and Clean up Actions

1) Incidental drips, leaks and spills will be picked up routinely and placed back into the system or in waste containers by the facility operator.
2) Releases of more than 5 bbls of brine water or 1 bbl of waste outside secondary containment will be handled per the Emergency Procedures/Notification listed below.

Emergency Procedures and Notification

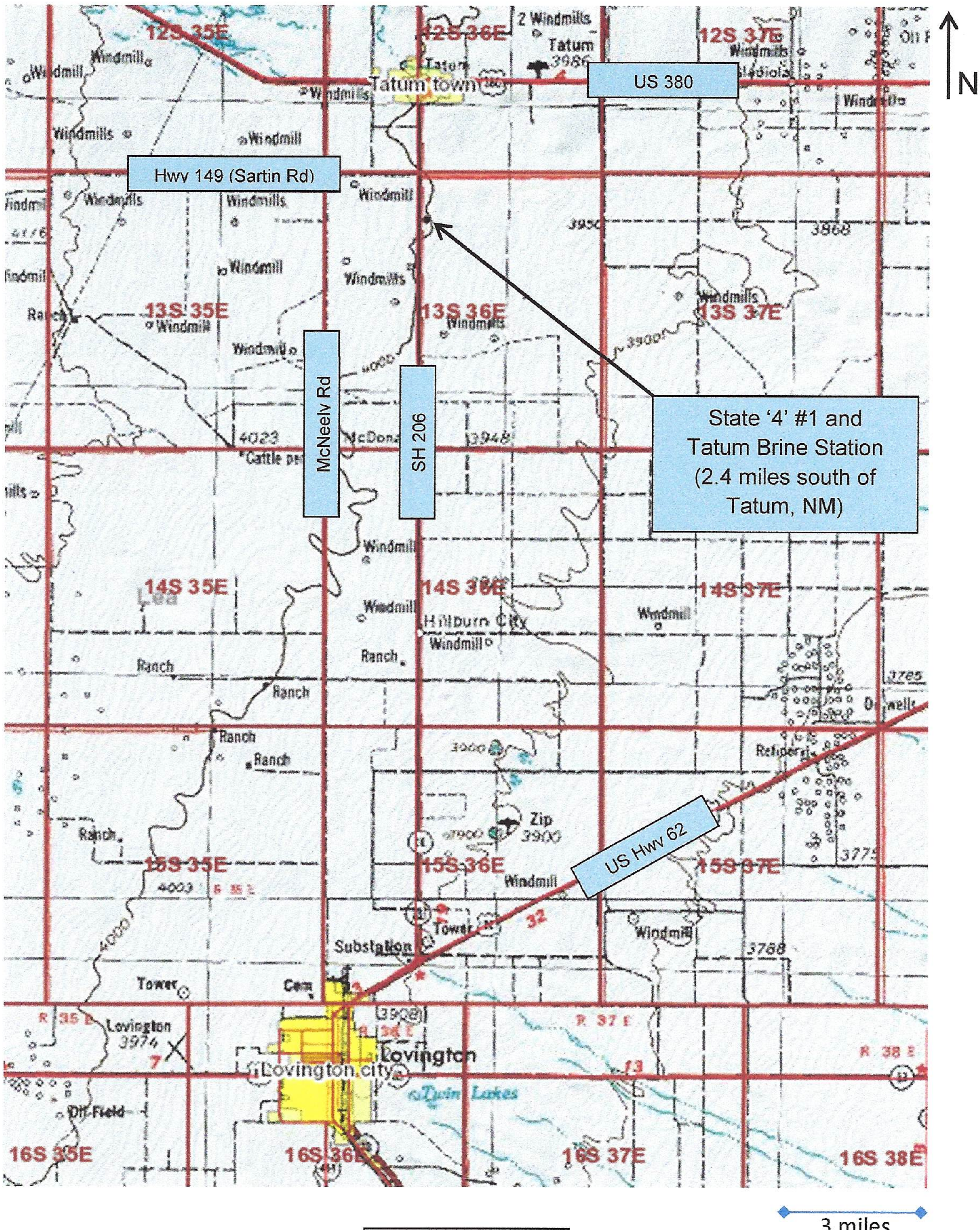
1) Assess the situation (if it is safe to do so) and notify Llano Supervisor for assistance and additional personnel, if needed. Stop the leak/spill as directed by the Llano Supervisor (if it is safe to do so).
2) Notify one of the Emergency Response Agencies noted above if there is a life threatening situation.
3) Provide assistance to Emergency Responders and/or Llano Supervisor.
4) Barricade any spill area to protect the public, if necessary and if it is safe to do so.
5) Llano Supervisor will direct all available resources to stop, contain and mitigate the emergency situation.
6) Llano Supervisor will notify NMOCD District Office by phone and form C-141 for brine spills <25 bbls.
7) Llano Supervisor will verbally notify NMOCD Director (Santa Fe) for brine spill >25 bbls.

Attachment K

Posted Date - ________________

Llano Disposal, LLC
State 4 #1 Brine Operations
Emergency Contingency and Response Plan

Emergency Response Map

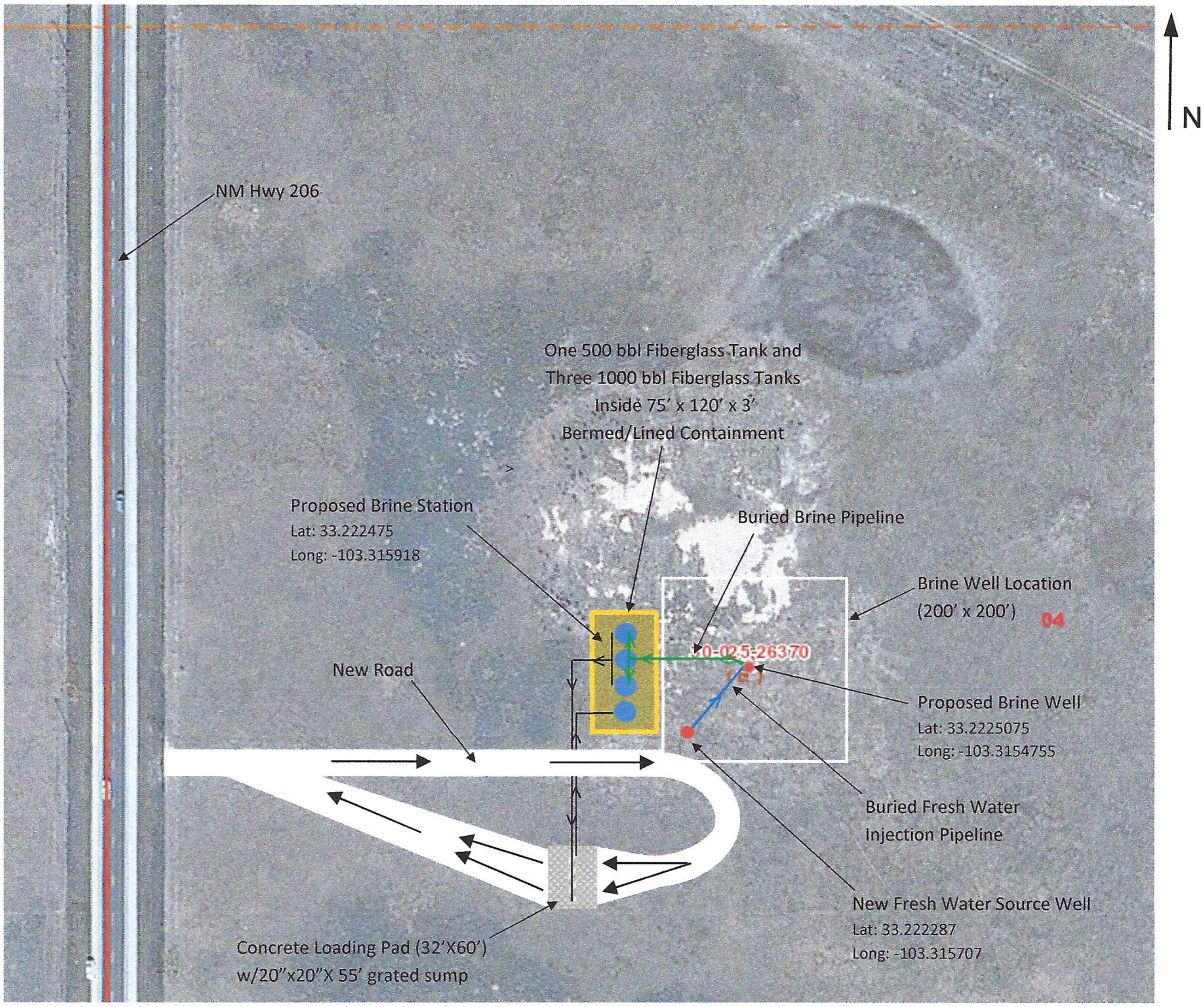


Attachment K

Posted Date - _______________

Llano Disposal, LLC
Proposed State '4' BSW #1 and Tatum Brine Station
UL 'E', Section 4, T13S, R36E
Lea County, New Mexico

Attachment L – Schematics



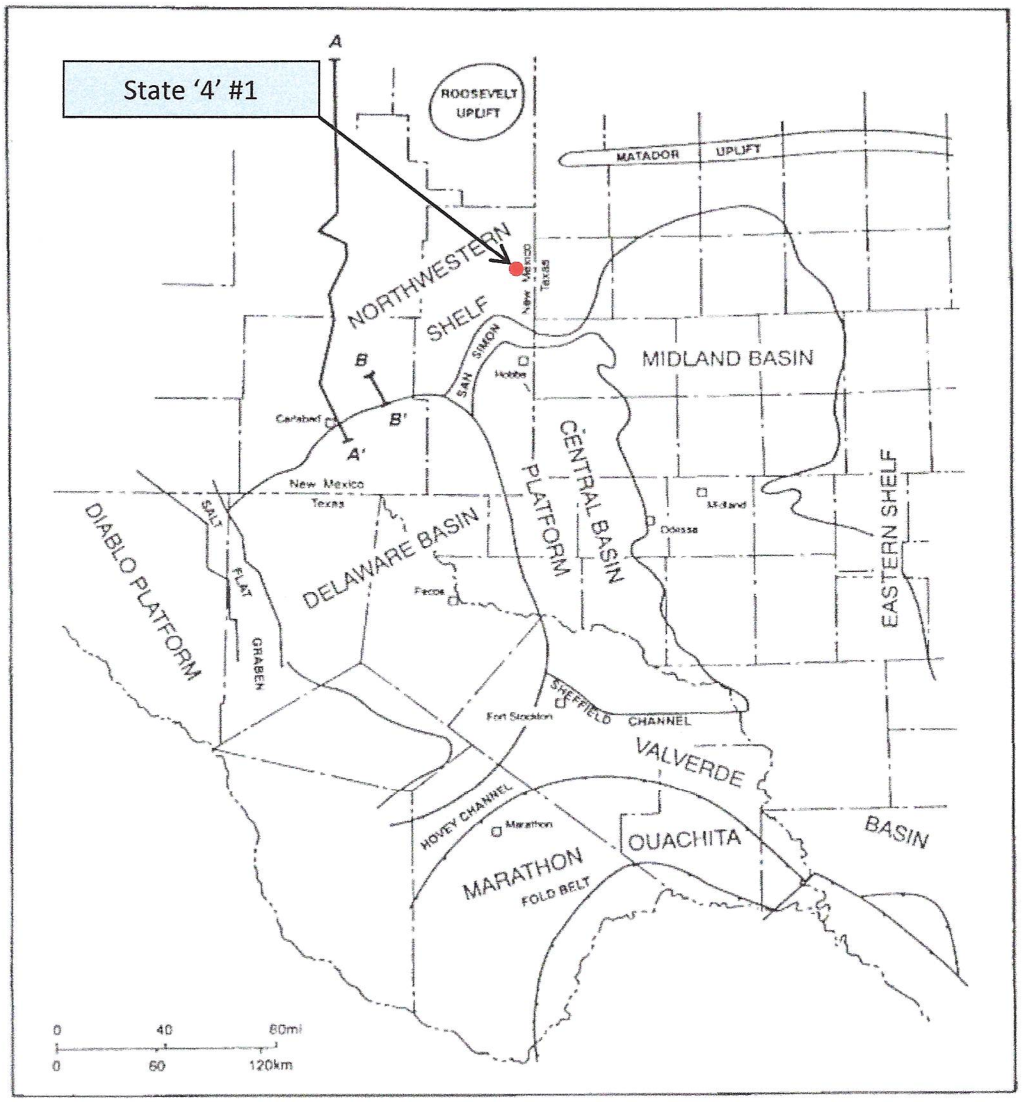
Lea County, New Mexico

Note: The entire 40 acre unit letter will be fenced off with a minimum of 4 strands of barbed wire. There will be a road opening at the state highway ROW fence line.

State '4' #1
API # 30-025-26370
Discharge Plan Attachments

Attachment M – Area Geology

BROADHEAD and SPEER



State ‘4’ #1
API # 30-025-26370
Discharge Plan Attachments

Attachment M – General Stratigraphy

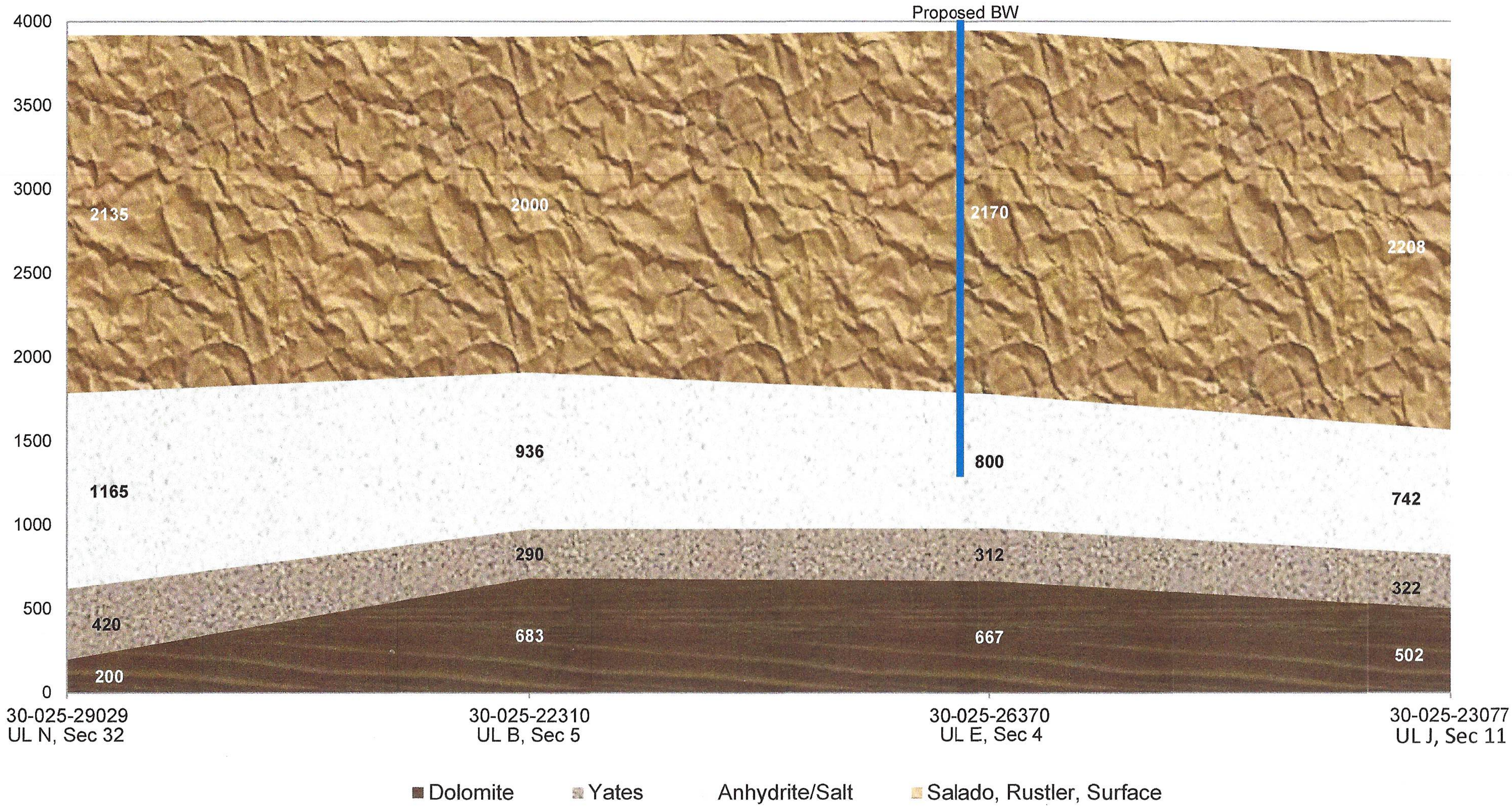
Stratigraphy of the Northwest Shelf of the Permian Basin

PERIOD	EPOCH	FORMATION	GENERAL LITHOLOGY	APPROXIMATE THICKNESS (ft)
Permian	Ochoan	Dewey Lake	Redbeds/Anhydrite	200-400
		Rustler	Halite	100
		Salado	Halite/Anhydrite	1000
	Guadalupian	Tansil	Anhydrite/Dolomite	200
		Yates	Anhydrite/Dolomite Anhydrite	200
		Seven Rivers	Dolomite/Anhydrite	500
		Queen	Sandy Dolomite/ Anhydrite/Sandstone	200-500
		Grayburg	Dolomite/Anhydrite/ Shale/Sandstone	300
		San Andres	Dolomite/Anhydrite	1500
	Leonardian	Glorieta	Sandy Dolomite	100
		Yeso: Paddock	Dolomite/Anhydrite/ Sandstone	1500
		Yeso: Blinebry		
		Yeso: Tubb		
		Yeso: Drinkard		
		Abo	Dolomite/Anhydrite/ Shale	1000
	Wolfcampian	Wolfcamp	Limestone/Dolomite	0-1500
Pennsylvanian	Virgilian	Cisco	Limestone/Sandstone	0-1250
	Missourian	Canyon	Limestone/Shale	
	Des Moinesian	Strawn	Limestone/Sandstone	0-750
	Atokan	Bend	Limestone/Sandstone /Shale	0-1250
	Morrowan	Morrow		
Mississippian		----	Limestone/Shale	0-800
Devonian		----	Dolomite/Chert	0-1200
Silurian		Fusselman		
Ordovician	Upper	Montoya	Dolomite/Chert	0-400
	Middle	Simpson	Limestone/Sandstone /Shale	0-200
	Lower	Ellenburger	Dolomite	0-400
Cambrian		----	Sandstone	----

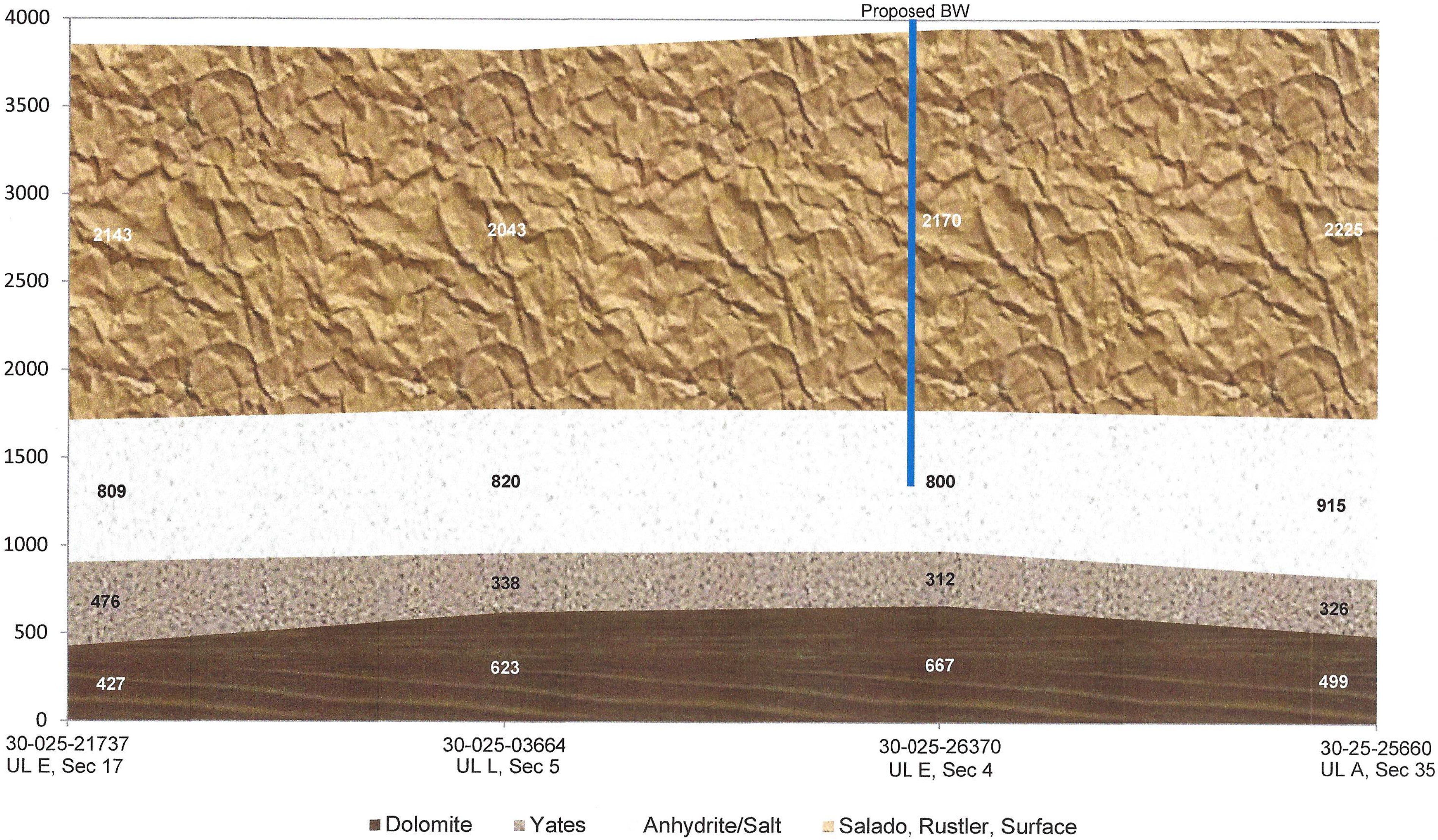
Stratigraphy of the Northwest Shelf of the Permian Basin. General lithology and approximate stratigraphic thickness for each formation are indicated. Modified from Pranter (1999) by Cabrera-Garzon, Raul, 2001, Ph.D., Thesis (2001) Redrawn by Nassir Alnaji, 2001

Source: Pranter (1999).

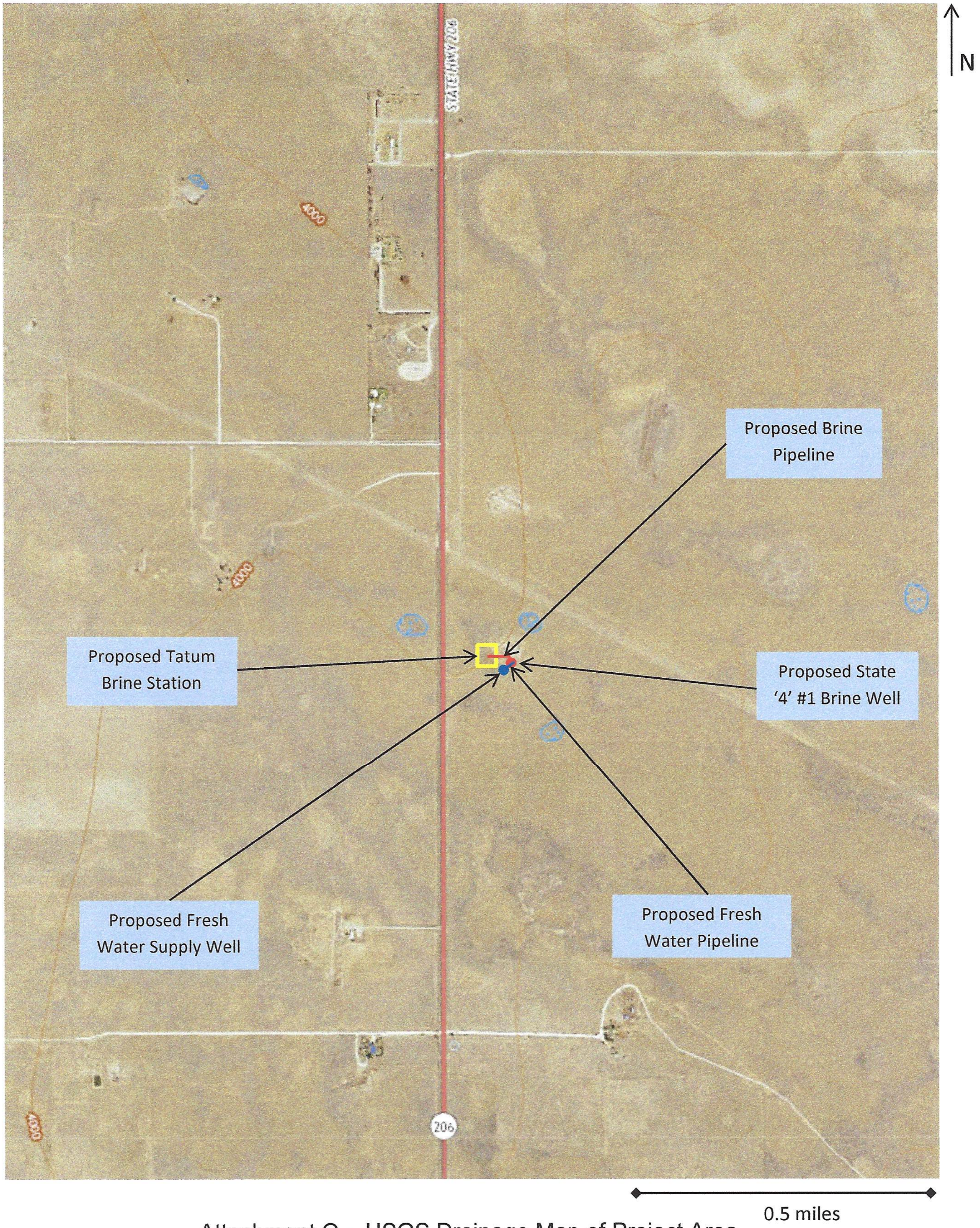
State '4' #1
Northwest to Southeast Cross Section
Attachment N



State '4' #1
Southwest to Northeast Cross Section
Attachment N



State '4' #1
API # 30-025-26370
Discharge Plan Attachments



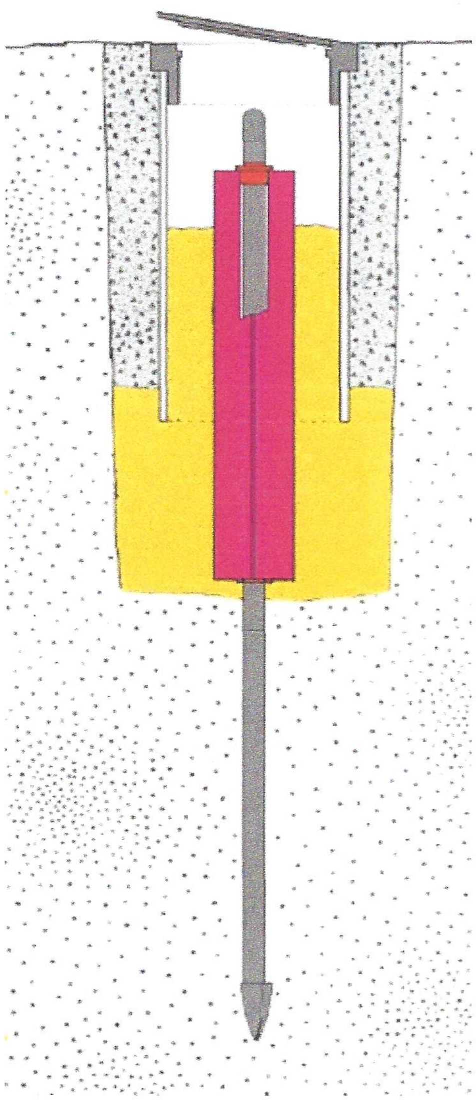
Attachment O – USGS Drainage Map of Project Area

Sectional Rod Monuments

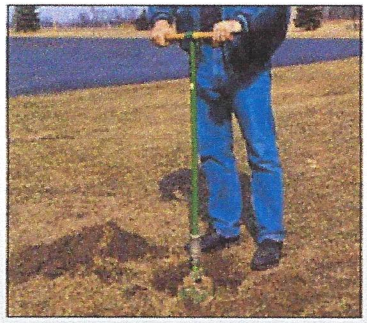
Berntsen
Survey Markers

Monument Design

SLEEVED ROD MONUMENT WITH FLOATING SLEEVE



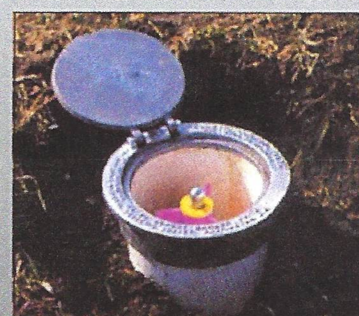
Monument Installation Procedure



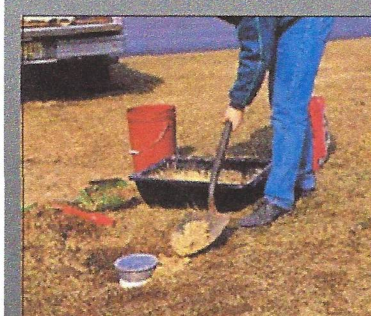
A 12 inch (300 mm) hole is augered to a depth of about 3 1/2 feet (1050 mm).

The rod monument is driven into the ground, a section at a time, to refusal*. The top of the last rod should be about 6 inches (150 mm) below the surface. *See page 15

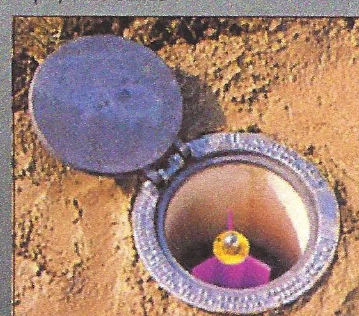
The finned sleeve (filled with grease) is placed over the rod and the datum point added (or filed onto the rod end).



A 6 inch (150 mm) diameter PVC pipe 3 feet (915 mm) long, with access cover glued on, is placed over the finned sleeve (pipe should not touch the fins). Back-fill (INSIDE the PVC Pipe) with sand.



The hole and pipe are carefully back-filled with sand. The top 12 inches (300 mm) of the hole (OUTSIDE of the PVC Pipe) are back-filled with concrete.



The finished mark - a well protected first-order benchmark.

Attachment P – Subsidence Monument Rod Design and Installation Procedure

CURRENT WELLBORE (2/2/18)

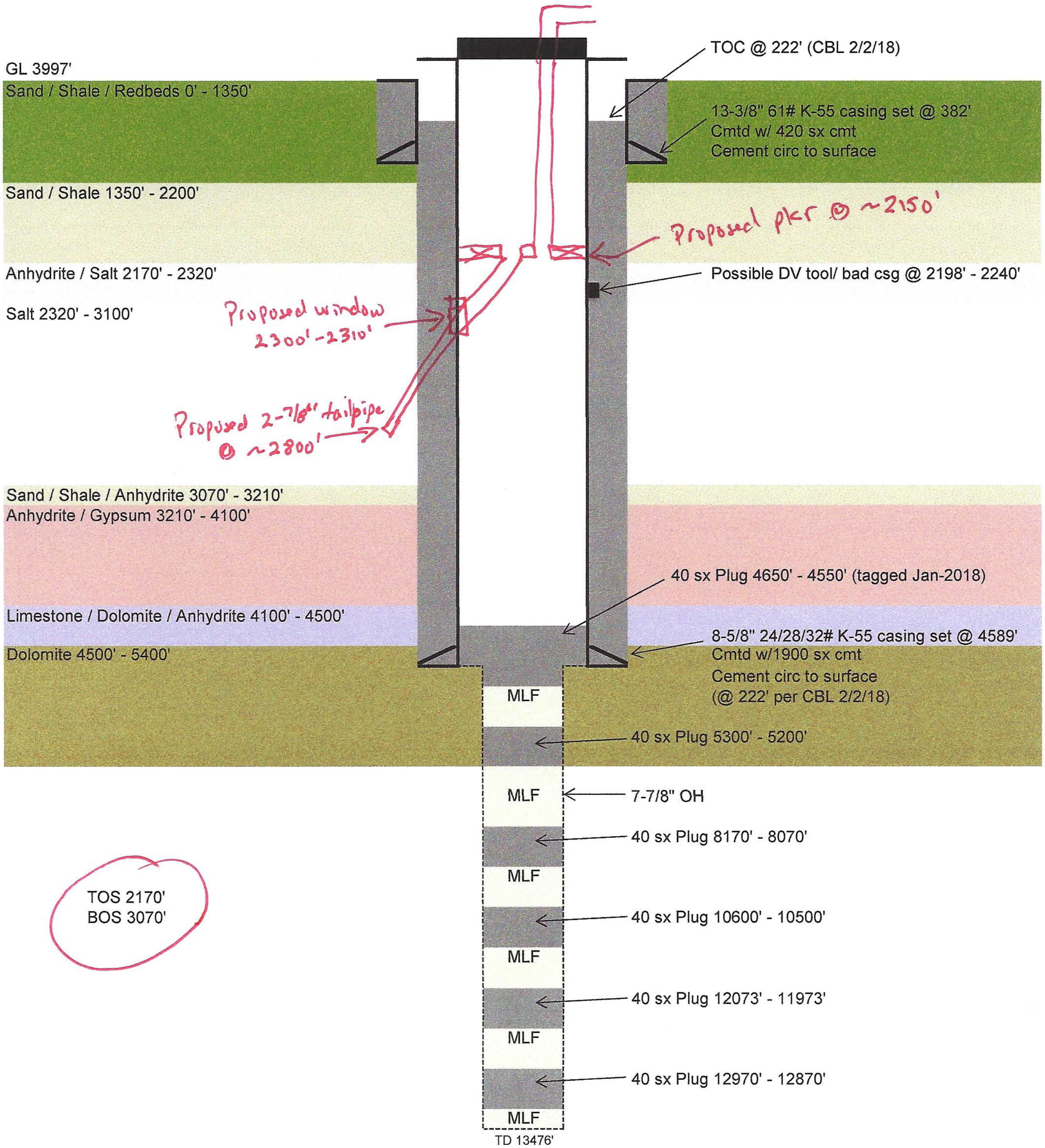
P&A Well

Llano Disposal, LLC

State '4' #1

API # 30-025-26370

1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



Drawing Not to Scale

Attachment I

Drawing Not to Scale

Holcomb Consultants
6900 Spring Cherry Lane
Amarillo, Texas 79124

March 2, 2018

NMOCD Environmental Bureau
1220 South St. Francis Drive
Santa Fe, NM 87505
Attn: Mr. Carl Chavez

Re: State 4 #1 (30-025-26370)
UL 'E', Section 4, T13S, R36E, Lea County, New Mexico

Per the rules and regulations of the New Mexico Oil Conservation Division, please find enclosed a copy of NMOCD form C-108 for the above referenced well. This C-108 is being submitted with a WQCC Discharge Plan Application.

Llano Disposal, LLC, P. O. Box 190, Lovington, NM 88260 hereby submits a form C-108 (Application for Authorization to Inject) to the New Mexico Oil Conservation Division seeking administrative approval to convert the State '4' #1, API 30-025-26370, 1980 FNL x 660 FWL, Unit Letter "E", Section 4, T13S, R36E, Lea County, New Mexico from a plugged and abandoned well to a commercial brine service well. The proposed production interval would be the Salado formation through cased hole completion between 2400' – 2970'. Injection fluid will be fresh water from a nearby water well. Anticipated average daily injection volume is 1550 BWPD with a maximum daily injection volume of 1900 BWPD. Anticipated average injection pressure is 250 psi with a maximum injection pressure of 475 psi. The well is located approximately 1.8 miles south of Tatum, New Mexico.

No notices of this C-108 application were made since WQCC rules (20.6.2.3108 NMAC) will determine notice requirements once a discharge plan is considered "Administratively Complete" by the OCD.

Sincerely,

DJ Holcomb

Danny J. Holcomb
Agent for Llano Disposal, LLC
Email: danny@pwllc.net
Cell: 806-471-5628

Llano Disposal, LLC
State '4' #1
API # 30-025-26370
1980 FNL x 660 FWL
Unit Letter 'E', Section 4, T13S, R36E
Lea County, New Mexico
C108 Application for Authorization to Inject

I.

The purpose of this application is seeking administrative approval for authorization to convert the State '4' #1 from a plugged and abandoned well to a commercial brine production well. This C-108 application is submitted in conjunction with a WQCC discharge plan application.

II.

Operator: Llano Disposal, LLC
Address: P.O. Box 190, Lovington, New Mexico 88260
Contact Party: Marvin Burrows phone: 575-631-8067 email: burrowsmarvin@gmail.com

III.

Well Name: State '4' #1
API Number: 30-025-26370
Location: Unit Letter 'E', Section 4, T13S, R36E, Lea County, New Mexico
Operator: Llano Disposal, LLC OGRID: 370661
Proposed Formation: BSW; Salado (Pool Code: 96173)
Please see Exhibit "A" for additional well data.

IV.

This is not an expansion of an existing project.

V.

Please see Exhibit "B" for lease map.

VI.

There is one offset well located within the 1 mile Area of Review. It was drilled in 1967 as a Wolfcamp test and was plugged and abandoned in 1969. See Exhibit "C" for a 1 mile AOR map, offset well list and offset wellbore diagram.

VII.

1. Anticipated daily injection volume – 1550 BWPD with a maximum of 1900 BWPD.
2. System will be closed. It will include a brine station and brine will be trucked out.
3. Anticipated disposal pressure: Average 250 psig, Maximum 475 psig.
4. Please see Exhibit "D" for fresh water analysis of water injected for brine production.

VIII.

The proposed injection interval is the Salado (salt) formation between 2400' – 2970'.

Llano Disposal, LLC
State '4' #1
API # 30-025-26370
1980 FNL x 660 FWL
Unit Letter 'E', Section 4, T13S, R36E
Lea County, New Mexico
C108 Application for Authorization to Inject

IX.

Proposed Completion Procedure: After drilling out cement plugs from surface to 2500', circulate out mud laden fluid, fill casing with water, run CBL, CNL and caliper log from 3292' to surface and submit to OCD for review. If approved, set an 8-5/8" CIBP on wireline at 2450' capped with 10' of cement. Cut a window in the 8-5/8" casing at 2400'-2410', drill through salt to 2920'. Run a dual port 8-5/8" packer set at 2300' with 2-7/8' fiberglass tail pipe landed at 2900' and 3-1/2" IPC production tubing to surface. No stimulation will be performed. Note: Depths for casing window, packer and tailpipe were agreed upon during consultations with OCD personnel after log evaluations.

X.

Copies of any logs performed will be submitted to OCD.

XI.

NM OSE records indicate that there are 32 fresh water wells located within a nine square mile Area of Review. See Exhibit "E" for OSE data base query and water sample test results on two of these wells.

XII.

Available geological and engineering data have been examined and no evidence of open faults or hydrological connection between the proposed salt formation and any underground sources of drinking water has been found.

XIII.

This C-108 is for OCD general use. No notifications of this C-108 have been made. Notifications will be made per WQCC rules (20.3.2.3108 NMAC) following OCD determination that the proposed associated discharge plan is "Administratively Complete".

Danny J. Holcomb DJHolcomb
Agent for Llano Disposal, LLC

Date: 3/2/2018

Llano Disposal, LLC
State '4' #1
API # 30-025-26370
1980 FNL x 660 FWL
Unit Letter 'E', Section 4, T13S, R36E
Lea County, New Mexico
Well Data

Adobe Oil & Gas Corporation drilled and abandoned this well as a Mississippi test in 1979.

Drilled 17-1/2" hole to 382', ran 13-3/8" 61# K-55 surface casing to 382', cemented with 420 sacks cement. Circulated cement to surface.

Drilled 11" hole to 4590', ran 8-5/8" 32#/28#/24# K-55 intermediate casing to 4589', cemented with 1900 sacks cement. Circulated cement to surface.

Drilled 7-7/8" hole to 13476', performed multiple DSTs and ran logs, plugged and abandoned as a dry hole. Set 40 sack cement plugs as follows:

Plug #1	12970'-12870'
Plug #2	12073'-11973'
Plug #3	10600'-10500'
Plug #4	8170'-8070'
Plug #5	5300'-5200'
Plug #6	4650'-4550'
Plug #7	1800'-1700'
Surface Plug	30'-surface

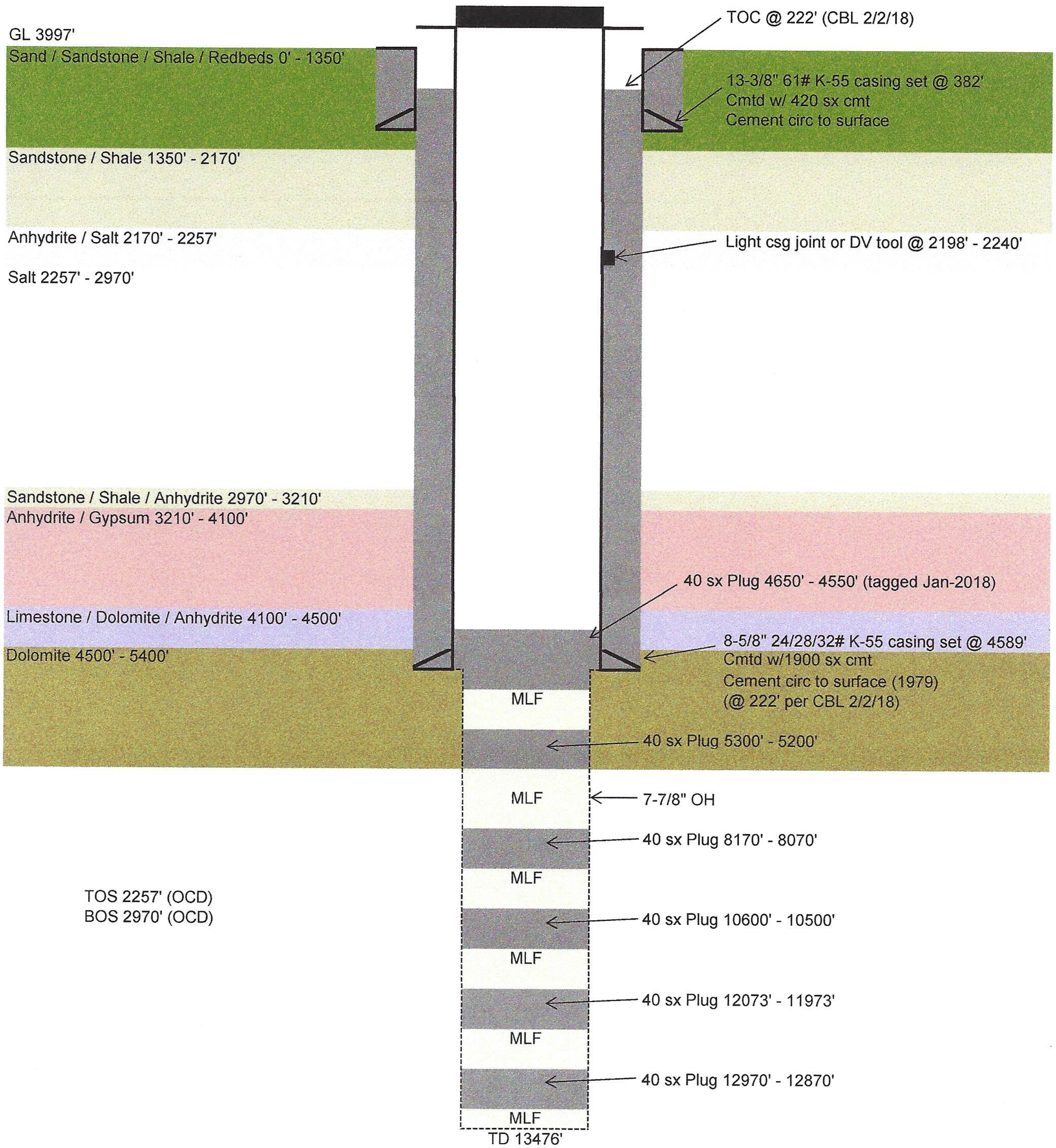
Reported Formation Tops	Depths (ft)
Anhydrite	2200
Salt	2257 (OCD)
B. Salt	2970 (OCD)
Yates	3100
San Andres	4506
Glorieta	5980
Tubb	7420
Abo	8172
Wolfcamp	9600
Cisco	10590
Canyon	10905
Strawn	11315
Atoka	12072
Mississippi	12975

EXHIBIT "A"

CURRENT WELLBORE

Re-entered Well

Llano Disposal, LLC
State '4' #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



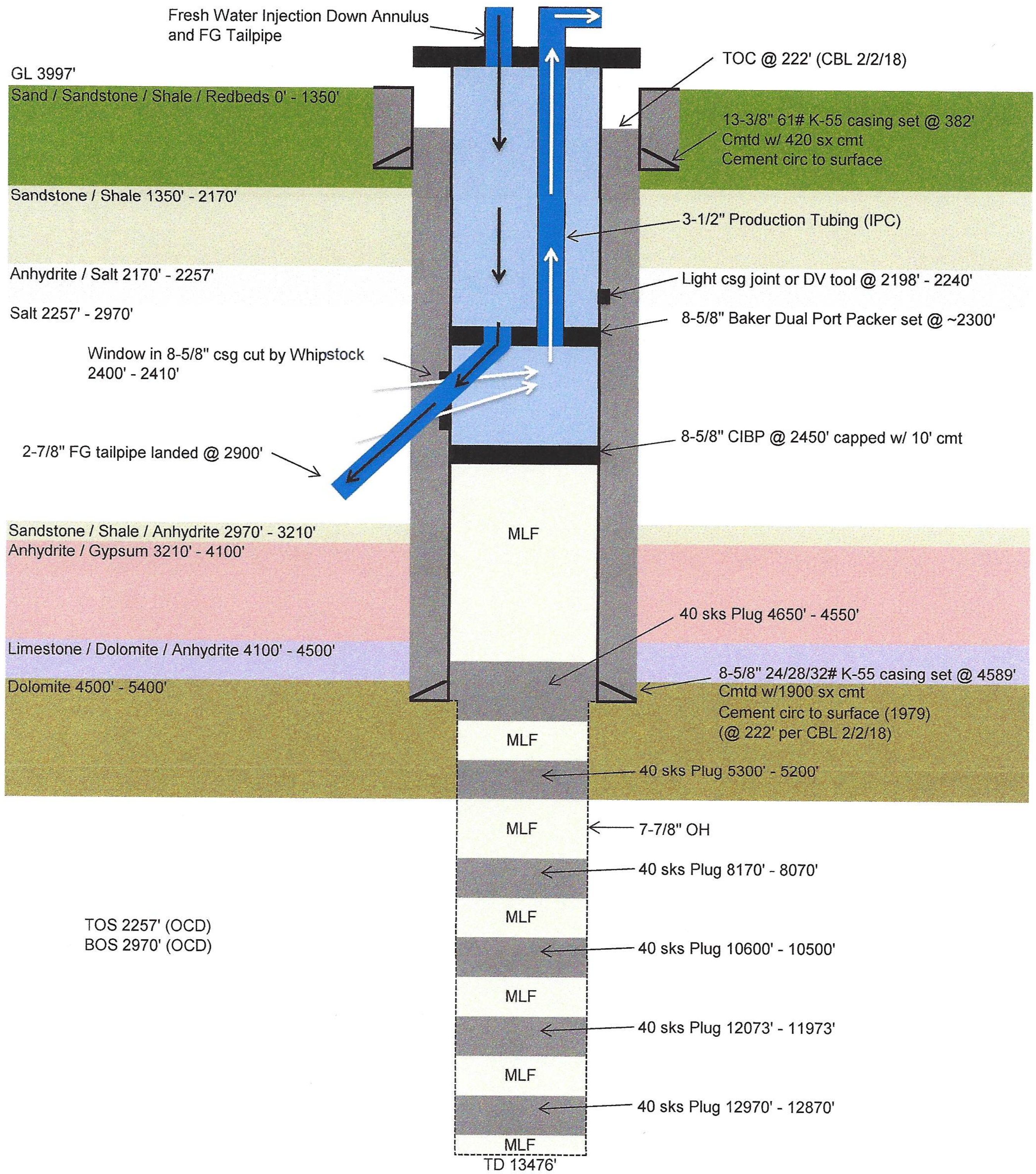
Drawing Not to Scale

EXHIBIT "A"

PROPOSED WELLBORE

Configured for Brine Well Service

Llano Disposal, LLC
State '4' BSW #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



Drawing Not to Scale

EXHIBIT "A"

Llano Disposal, LLC
State '4' #1
API # 30-025-26370
1980 FNL X 660 FWL, UL 'E', Sec 4, T13S, R36E
Lea County, New Mexico
Lease Map - 1 Mile Area of Review

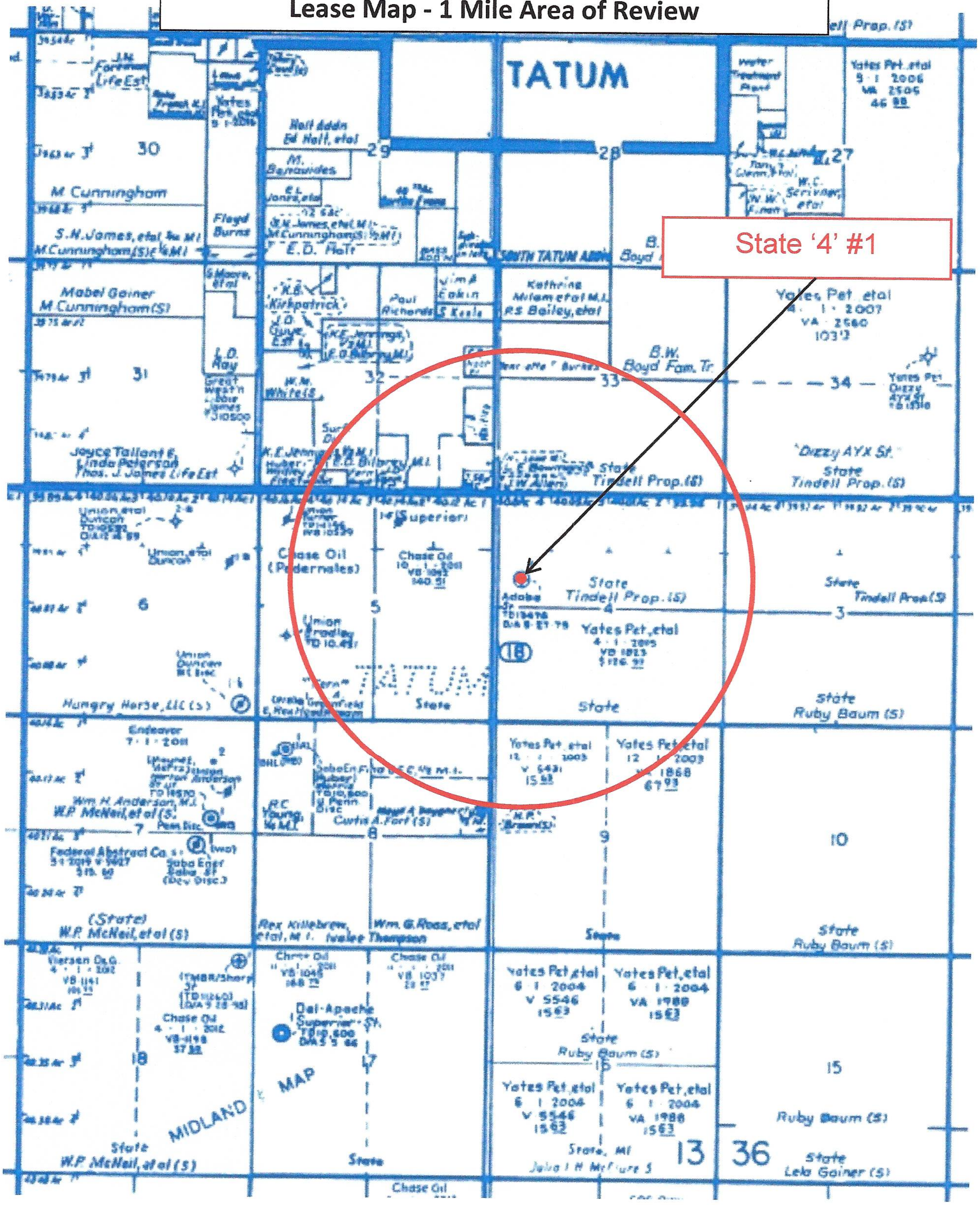
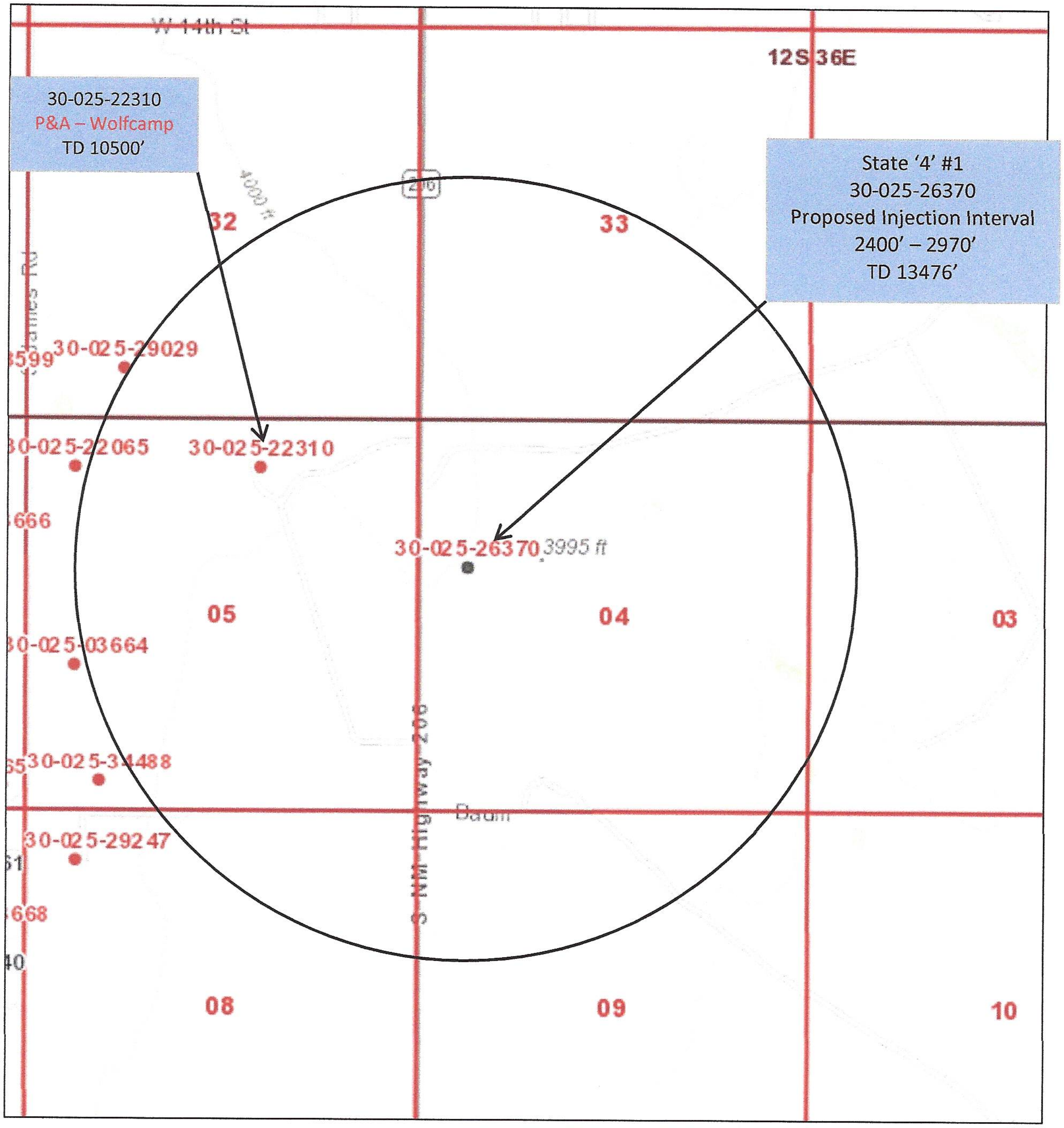


EXHIBIT "B"

Llano Disposal, LLC
State '4' #1
API 30-025-26370
1980 FNL x 660 FWL, UL 'E', Sec 4, T13S, R36E
1 Mile Area of Review



Source – NMOCD GIS Map

EXHIBIT "C"

Llano Disposal, LLC
State '4' #1
API # 30-025-26370
Offset Wells Located within 1 Mile Area of Review

There is only one offset well within the 1 mile AOR.

UL, Sec, T, R	API Well No.	Well Name	TVD	Operator	Status
B-5-13S-36E	30-025-22310	State 'F' #1	10500'	Superior Oil Company	Plugged and abandoned 1969

This well was drilled in 1967 as a Wolfcamp test. It was plugged and abandoned in 1969. See page 9 for a current wellbore diagram.

EXHIBIT "C"

OFFSET WELL CURRENT WELLBORE

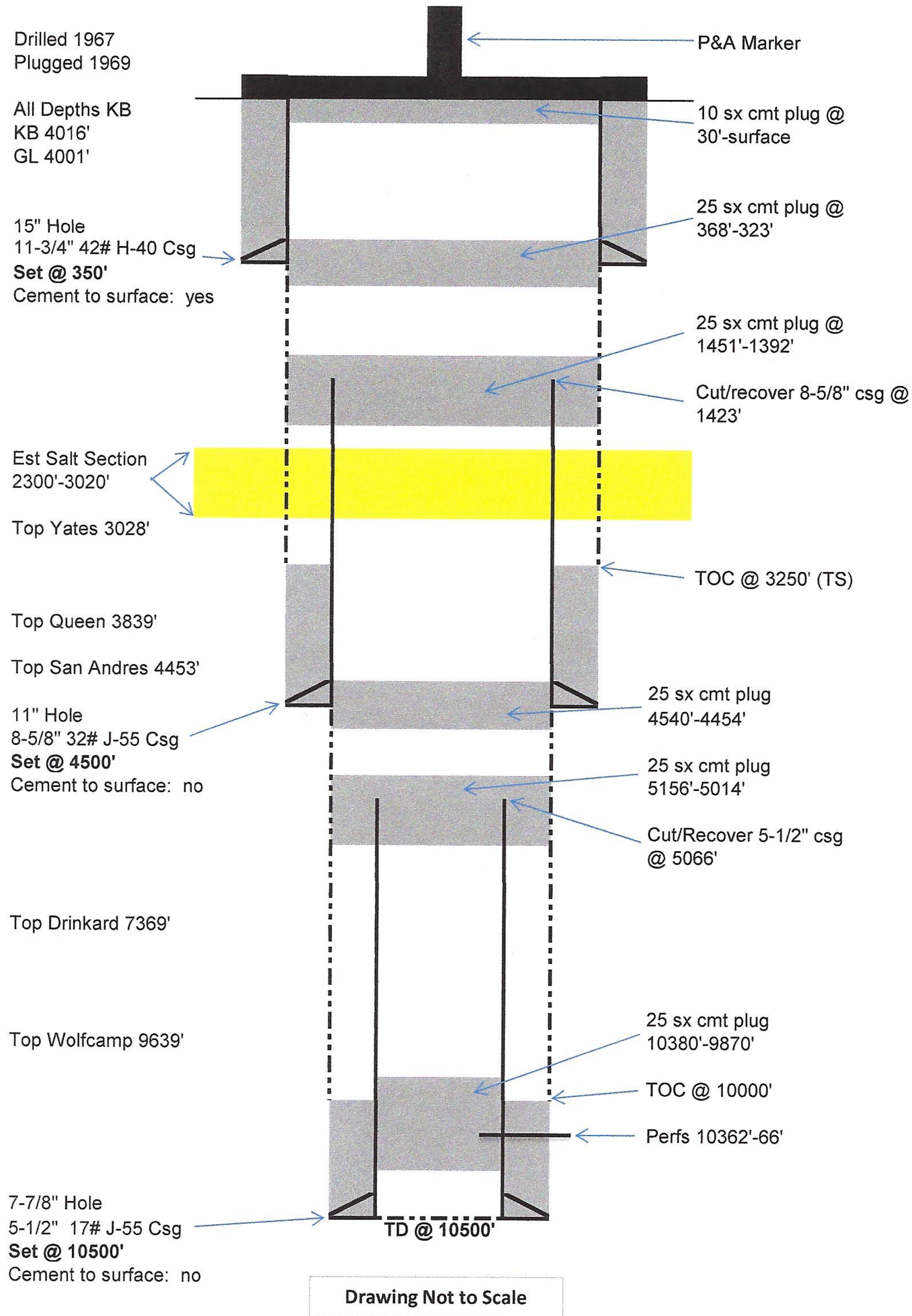
P&A

Superior Oil Company

State 'F' #1

API# 30-025-22310

660' FNL X 2130' FEL, UL 'B', Sec 5, T13S, R36E, Lea County, NM



Salt section in Brine Candidate Well is 2257' - 2970'

EXHIBIT "C"

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest)

(NAD83 UTM in meters)

(In feet)

POD Number	Code	POD Sub-basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
L 00118 POD4		L	LE	3	1	3	32	12S	36E	655246	3678294*			
L 00118 POD4	R	L	LE	3	1	3	32	12S	36E	655246	3678294*			
L 00118 POD5		L	LE	3	1	3	32	12S	36E	655246	3678294*	112	30	82
L 00130 POD4		L	LE	3	1	3	32	12S	36E	655246	3678294*			
L 00155 POD3		L	LE	1	1	3	32	12S	36E	655246	3678494*	138	48	90
L 01316		L	LE	2	2	2	32	12S	36E	656639	3679317*	50	25	25
L 01485		L	LE	2	4	4	32	12S	36E	656659	3678111*	75	43	32
L 02863		L	LE	2	2	2	32	12S	36E	656639	3679317*	72	25	47
L 03422		L	LE	4	4	4	33	12S	36E	658269	3677937*	100	64	36
L 04064		L	LE	2	2	2	32	12S	36E	656639	3679317*	75	55	20
L 05163		L	LE		2	1	32	12S	36E	655736	3679206*	107	32	75
L 05675		L	LE	2	2	2	32	12S	36E	656639	3679317*	70		
L 06823		L	LE				32	12S	36E	655957	3678596*	90	38	52
L 07205		L	LE		1	1	32	12S	36E	655333	3679199*	75	40	35
L 07509		L	LE	1	1	1	32	12S	36E	655232	3679298*	85	40	45
L 07900		L	LE	3	4	4	32	12S	36E	656459	3677911*	71	18	53
L 08000		L	LE		1	3	32	12S	36E	655347	3678395*	126		
L 08015		L	LE	3	3	1	32	12S	36E	655239	3678696*	140	46	94
L 08263		L	LE		4	3	32	12S	36E	655756	3677999*	107	48	59
L 08479		L	LE	3	4	2	32	12S	36E	656446	3678715*	69	24	45
L 10214		L	LE			4	32	12S	36E	656359	3678207*	121		
L 10313		L	LE		2	2	32	12S	36E	656540	3679218*	105	28	77
L 11521		L	LE	1	1	1	32	12S	36E	655232	3679298*	100	42	58
L 13776 POD1		L	LE	3	1	2	32	12S	36E	655988	3679143	120	35	85

***UTM location was derived from PLSS - see Help**

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

Average Depth to Water:	**37 feet**
Minimum Depth:	**18 feet**
Maximum Depth:	**64 feet**

Record Count: 24

PLSS Search:

Section(s): 32, 33, 34 **Township:** 12S **Range:** 36E

EXHIBIT "D"

New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Code	POD Sub-basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
L 00167		L	LE	1	1	1	09	13S	36E	656895	3676108*	113	80	33
L 00180		L	LE	3	1	3	05	13S	36E	655273	3676687*	106		
L 00180 S		L	LE	3	3	1	05	13S	36E	655266	3677089*	95		
L 00200 POD4		L	LE	1	1	2	05	13S	36E	656063	3677704*			
L 00200 POD4	R	L	LE	1	1	2	05	13S	36E	656063	3677704*			
L 00327	R	L	LE	1	1	1	08	13S	36E	655286	3676082*	88		
L 00327 POD2		L	LE	4	4	1	08	13S	36E	655895	3675486*	88		
L 00900	R	L	LE	2	1	3	08	13S	36E	655500	3675278*	112		
L 00900 POD3		L	LE	2	1	3	08	13S	36E	655500	3675278*	122		
L 00900 S		L	LE	4	1	4	08	13S	36E	655609	3674977*	150	50	100
L 07827		L	LE		2	1	05	13S	36E	655762	3677598*		45	
L 08081		L	LE		2	2	08	13S	36E	656594	3676002*	60	45	15
L 09659		L	LE		2	1	08	13S	36E	655790	3675990*	65		

Average Depth to Water: **55 feet**

Minimum Depth: **45 feet**

Maximum Depth: **80 feet**

Record Count: 13

PLSS Search:

Section(s): 3, 4, 5, 8, 9, 10 **Township:** 13S **Range:** 36E

***UTM location was derived from PLSS - see Help**

Fresh Water Well Test Results

CARDINAL Laboratories

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

Analytical Results For:

LLANO DISPOSAL, LLC 125 W. ST. ANNE HOBBS NM, 88240	Project: TATUM BRINE Project Number: SE CORNER OF TATUM Project Manager: MARVIN BURROWS Fax To: NONE	Reported: 28-Nov-17 17:15

EAST FRESH WATER WELL

H703118-01 (Water)

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories										
Inorganic Compounds										
Alkalinity, Bicarbonate	**200**		5.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Alkalinity, Carbonate	<1.00		1.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Chloride*	**88.0**		4.00	mg/L	1	7110601	AC	10-Nov-17	4500-Cl-B	
Conductivity*	**825**		1.00	uS/cm	1	7111001	AC	10-Nov-17	120.1	
pH*	**7.63**		0.100	pH Units	1	7111001	AC	10-Nov-17	150.1	
Sulfate*	**140**		25.0	mg/L	2.5	7110903	AC	09-Nov-17	375.4	
TDS*	**410**		5.00	mg/L	1	7110809	AC	10-Nov-17	160.1	
Alkalinity, Total*	**164**		4.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Green Analytical Laboratories										
Total Recoverable Metals by ICP (E200.7)										
Calcium*	**75.1**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Magnesium*	**16.6**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Potassium*	<10.0		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Sodium*	**61.2**		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene

Celey D. Keene, Lab Director/Quality Manager

EXHIBIT "D"

Fresh Water Well Test Results

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

LLANO DISPOSAL, LLC 125 W. ST. ANNE HOBBS NM, 88240	Project: TATUM BRINE Project Number: SE CORNER OF TATUM Project Manager: MARVIN BURROWS Fax To: NONE	Reported: 28-Nov-17 17:15

WEST FRESH WATER WELL

H703118-02 (Water)

Analyte	Result	MDL	Reporting Limit	Units	Dilution	Batch	Analyst	Analyzed	Method	Notes
Cardinal Laboratories										
Inorganic Compounds										
Alkalinity, Bicarbonate	**205**		5.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Alkalinity, Carbonate	<1.00		1.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Chloride*	**56.0**		4.00	mg/L	1	7110601	AC	10-Nov-17	4500-Cl-B	
Conductivity*	**607**		1.00	uS/cm	1	7111001	AC	10-Nov-17	120.1	
pH*	**7.74**		0.100	pH Units	1	7111001	AC	10-Nov-17	150.1	
Sulfate*	**103**		25.0	mg/L	2.5	7110903	AC	09-Nov-17	375.4	
TDS*	**344**		5.00	mg/L	1	7110809	AC	10-Nov-17	160.1	
Alkalinity, Total*	**168**		4.00	mg/L	1	7110705	AC	10-Nov-17	310.1	
Green Analytical Laboratories										
Total Recoverable Metals by ICP (E200.7)										
Calcium*	**58.2**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Magnesium*	**11.5**		1.00	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Potassium*	<10.0		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	
Sodium*	**39.7**		10.0	mg/L	10	B711128	JDA	17-Nov-17	EPA200.7	

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene

Celey D. Keene, Lab Director/Quality Manager

EXHIBIT "D"

Company	LLANO DISPOSAL, LLC
Well	STATE 4 #1
Field	TATUM
County	LEA
State	NM

60-ARM CALIPER ODT CASING INSPECTION LOG

Company LLANO DISPOSAL, LLC
Well STATE 4 #1
Field TATUM
County LEA State NM

Location: API #: 30-025-26370

Other Services: RCBL/CNL

SEC	TWP	RGE	
Permanent Datum	G.L.	Elevation	
Log Measured From	K.B.		Elevation K.B. / D.F. / G.L.
Drilling Measured From			

Date	2-2-2018
Run Number	ONE
Depth Driller	13,476'
Depth Logger	3298
Bottom Logged Interval	3292
Top Log Interval	SURFACE
Open Hole Size	NA
Type Fluid	H2O
Density / Viscosity	NA
Max. Recorded Temp.	NA
Estimated Cement Top	SEE LOG
Time Well Ready	ROA
Time Logger on Bottom	9:00 AM
Equipment Number	71
Location	LEVELLAND TX
Recorded By	R.D. MOTHERAL
Witnessed By	MR. BURROWS

Borehole Record				Tubing Record			
Run Number	Bit	From	To	Size	Weight	From	To

Casing Record	Size	Wgt/Ft	Top	Bottom
Surface String				
Prot. String	8.625"	28#	SURFACE	
Production String				
Liner				

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All interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages, or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to our general terms and conditions set out in our current Price Schedule.

Comments

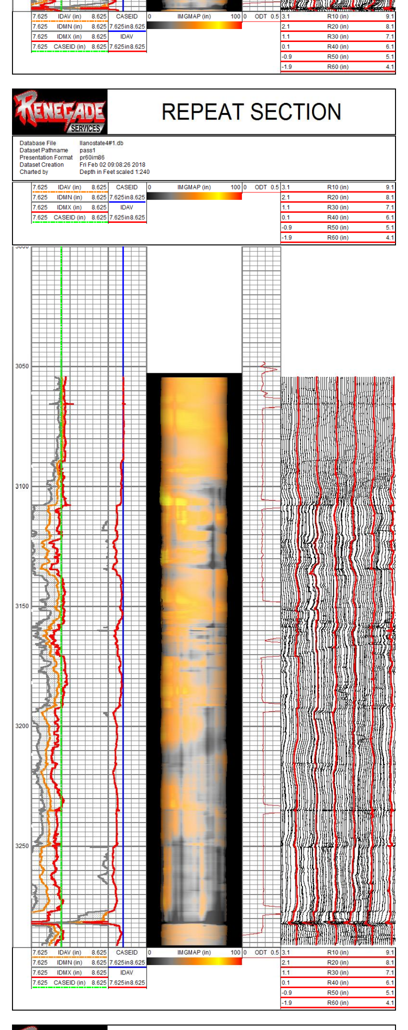
ALL DEPTHS ARE LOGGER DEPTHS
NO CORRELATION LOG AVAILABLE ON LOCATION
NO KB USED

MAIN PASS

Database File	llanostate4#1.db
Dataset Pathname	pass2
Presentation Format	pr60im86
Dataset Creation	Fri Feb 02 09:24:08 2018
Charted by	Depth in Feet scaled 1:240

REPEAT SECTION

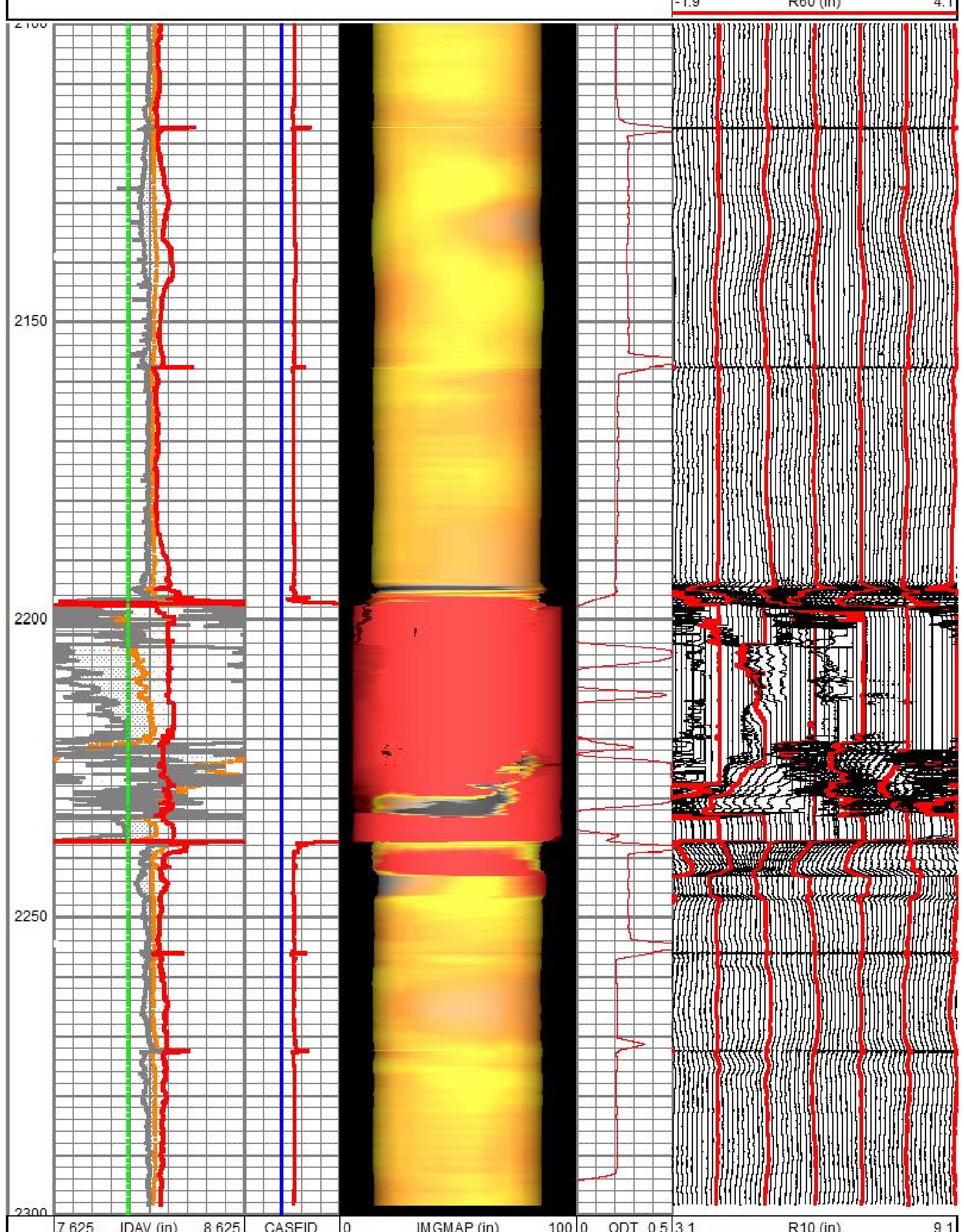
Database File	llanostate4#1.db
Dataset Pathname	pass1
Presentation Format	pr60im86
Dataset Creation	Fri Feb 02 09:08:26 2018
Charted by	Depth in Feet scaled 1:240



REPEAT SECTION

Database File	llanostate4#1.db
Dataset Pathname	pass3
Presentation Format	pr60im86
Dataset Creation	Fri Feb 02 10:47:52 2018
Charted by	Depth in Feet scaled 1:240

7.625 IDAV (in) 8.625	CASEID	0 IMGMAP (in) 100	0 ODT 0.5	3.1 R10 (in) 9.1
7.625 IDMN (in) 8.625	7.625in8.625			2.1 R20 (in) 8.1
7.625 IDMX (in) 8.625	IDAV			1.1 R30 (in) 7.1
7.625 CASEID (in) 8.625	7.625in8.625			0.1 R40 (in) 6.1
				-0.9 R50 (in) 5.1
				-1.9 R60 (in) 4.1



7.625 IDAV (in) 8.625	CASEID	0 IMGMAP (in) 100	0 ODT 0.5	3.1 R10 (in) 9.1
7.625 IDMN (in) 8.625	7.625in8.625			2.1 R20 (in) 8.1
7.625 IDMX (in) 8.625	IDAV			1.1 R30 (in) 7.1
7.625 CASEID (in) 8.625	7.625in8.625			0.1 R40 (in) 6.1
				-0.9 R50 (in) 5.1
				-1.9 R60 (in) 4.1

Calibration Report

Database File llanostate4#1.db
Dataset Pathname pass3
Dataset Creation Fri Feb 02 10:47:52 2018

60 Arm Multi Sensor Caliper Calibration Report

Serial Number: 1507709
Tool Model: 60
Performed: Fri Feb 02 08:36:52 2018

Ref ID:	4.02	4.33	4.92	6.10	6.69	in
Arm1	1501.00	1780.50	2288.05	3272.00	3768.05	in
Arm2	1446.30	1713.25	2204.20	3164.50	3648.35	in
Arm3	1392.10	1664.55	2164.85	3134.95	3621.90	in
Arm4	1519.80	1780.45	2259.55	3189.55	3654.50	in
Arm5	1525.25	1791.70	2284.05	3241.70	3723.10	in
Arm6	1181.45	1446.65	1940.35	2904.10	3390.15	in
Arm7	1347.05	1620.00	2129.00	3112.95	3597.65	in
Arm8	1423.55	1686.05	2172.55	3127.95	3609.35	in
Arm9	1455.80	1725.00	2221.95	3178.25	3648.75	in
Arm10	1495.75	1766.30	2272.15	3261.95	3753.40	in
Arm11	1605.70	1878.00	2374.60	3339.00	3820.60	in
Arm12	1434.10	1697.10	2188.65	3144.20	3620.35	in
Arm13	1516.05	1787.85	2292.90	3278.15	3770.60	in
Arm14	1455.15	1710.65	2192.00	3144.55	3630.15	in
Arm15	1654.20	1921.45	2418.30	3384.90	3867.65	in
Arm16	1551.60	1825.30	2333.35	3318.05	3807.75	in
Arm17	1329.25	1583.80	2068.40	3010.30	3478.90	in
Arm18	1465.80	1722.25	2214.00	3178.55	3658.10	in
Arm19	1345.15	1613.35	2120.45	3095.40	3570.90	in
Arm20	1315.15	1579.20	2073.25	3032.35	3512.65	in
Arm21	1574.40	1831.55	2319.30	3277.00	3756.90	in
Arm22	1358.00	1618.20	2107.85	3061.95	3535.80	in
Arm23	1381.15	1648.05	2146.45	3111.25	3591.10	in
Arm24	1386.20	1635.90	2106.95	3035.95	3509.30	in
Arm25	1420.05	1682.35	2175.90	3140.70	3625.60	in
Arm26	1552.50	1810.10	2302.45	3276.45	3765.65	in
Arm27	1452.00	1705.85	2190.65	3142.15	3616.90	in
Arm28	1212.65	1474.10	1971.10	2944.90	3428.35	in
Arm29	1494.30	1749.00	2239.35	3199.30	3677.20	in
Arm30	1435.20	1690.95	2173.05	3116.30	3592.65	in

* Bad

Calibration Report

Serial Number:
Tool Model:
Performed:

Ref ID:	4.02	4.33	4.92	6.10	6.69	in
Arm31	1568.60	1825.00	2311.70	3268.20	3745.95	in
Arm32	1316.75	1586.70	2097.00	3086.50	3582.45	in
Arm33	1584.75	1844.50	2340.75	3313.55	3798.00	in
Arm34	1498.90	1762.95	2268.70	3246.75	3736.20	in
Arm35	1408.35	1676.25	2181.10	3164.40	3652.95	in
Arm36	1353.70	1616.70	2112.90	3080.15	3566.05	in
Arm37	1475.25	1738.20	2229.50	3196.05	3683.65	in
Arm38	1161.50	1428.60	1925.65	2908.55	3397.55	in
Arm39	1348.80	1618.80	2115.00	3076.45	3552.55	in
Arm40	1439.30	1703.05	2201.75	3176.00	3662.40	in
Arm41	1073.20	1347.95	1861.30	2846.95	3329.45	in
Arm42	1474.40	1728.95	2204.70	3145.45	3617.20	in
Arm43	1404.50	1675.40	2180.35	3153.60	3632.60	in
Arm44	1490.90	1746.50	2234.55	3187.15	3663.55	in
Arm45	1246.90	1521.05	2027.00	3006.50	3491.95	in
Arm46	1728.80	1987.10	2467.40	3409.90	3888.20	in
Arm47	1396.80	1659.90	2145.65	3093.35	3567.65	in
Arm48	1457.05	1716.00	2197.45	3127.90	3597.00	in
Arm49	1470.90	1737.60	2234.40	3205.15	3695.90	in
Arm50	1542.90	1813.55	2299.25	3247.55	3725.65	in
Arm51	1201.05	1469.25	1961.20	2923.50	3411.00	in
Arm52	1303.45	1562.45	2046.95	3000.10	3478.80	in
Arm53	1426.00	1684.80	2164.35	3106.40	3589.20	in
Arm54	1396.75	1648.95	2121.65	3063.00	3537.30	in
Arm55	1626.30	1889.90	2373.75	3317.05	3791.15	in
Arm56	1289.75	1553.25	2046.35	3009.00	3485.65	in
Arm57	1462.05	1714.55	2173.60	3071.75	3521.80	in
Arm58	1702.10	1969.00	2451.55	3394.25	3865.95	in
Arm59	1445.00	1707.80	2185.70	3132.45	3616.05	in
Arm60	1281.20	1544.50	2027.80	2974.25	3449.10	in

* Bad

HWWSMFC verifications Calibration Report

	Pre Verification	Post Verification	Casing Check	
Performed:	Fri Dec 29 09:42:20 2017	Thu Dec 28 13:33:28 2017		
Ref ID:	6.10	4.92	0.00	in
Min.	6.08	4.90	0.00	in
Max.	6.10	4.93	0.00	in
Avg.	6.09	4.92	0.00	in
Dia1	6.08	4.92	0.00	in
Dia2	6.09	4.92	0.00	in
Dia3	6.08	4.92	0.00	in
Dia4	6.08	4.92	0.00	in
Dia5	6.08	4.92	0.00	in
Dia6	6.09	4.93	0.00	in
Dia7	6.08	4.92	0.00	in
Dia8	6.09	4.92	0.00	in
Dia9	6.09	4.92	0.00	in
Dia10	6.09	4.90	0.00	in
Dia11	6.09	4.92	0.00	in
Dia12	6.09	4.92	0.00	in
Dia13	6.09	4.92	0.00	in
Dia14	6.10	4.91	0.00	in
Dia15	6.09	4.92	0.00	in
Dia16	6.09	4.92	0.00	in
Dia17	6.09	4.92	0.00	in
Dia18	6.09	4.92	0.00	in
Dia19	6.08	4.93	0.00	in
Dia20	6.08	4.91	0.00	in
Dia21	6.09	4.93	0.00	in
Dia22	6.08	4.91	0.00	in
Dia23	6.09	4.92	0.00	in
Dia24	6.09	4.93	0.00	in
Dia25	6.09	4.93	0.00	in
Dia26	6.08	4.92	0.00	in
Dia27	6.08	4.93	0.00	in
Dia28	6.08	4.92	0.00	in
Dia29	6.09	4.92	0.00	in
Dia30	6.09	4.92	0.00	in

Inclinometer Calibration Report

Performed: (Not Performed)

	Low Read.	High Read.	Low Ref.	High Ref.		Gain	Offset
X Accelerometer	0.00	1.00	0.00	1.00	gee	1.00	0.00
Y Accelerometer	0.00	1.00	0.00	1.00	gee	1.00	0.00
Z Accelerometer	0.00	1.00	0.00	1.00	gee	1.00	0.00
RB						1.00	0.00

Log Variables

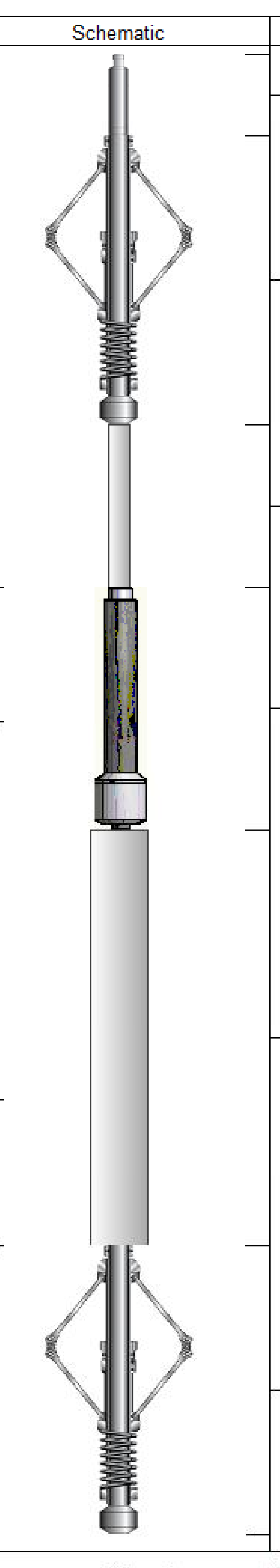
Database C:\ProgramData\Warrior\Data\llanostate4#1.db
Dataset field/well/run1/pass3/_vars_

Top - Bottom

BOREID in	BOTTEMP degF	CASEID in	CASEOD in	CASETHCK in	MinAPIWall in	PERFS	SRFTEMP degF	TDEPTH ft
7.875	100	8.016	8.625	0	0.264	0	0	0

Variable Description

BOREID : Borehole I.D.
BOTTEMP : Bottom Hole Temperature
CASEID : Casing I.D.
CASEOD : Casing O.D.
CASETHCK : Casing Thickness
MinAPIWall : Minimum API Wall Thickness
PERFS : Perforation Flag
SRFTEMP : Surface Temperature
TDEPTH : Total Depth



Sensor	Offset (ft)	Schematic	Description	Length (ft)	O.D. (in)	Weight (lb)
			CHD-1.4375CHD Titan Cable Head 1 7/16	1.00	1.44	10.00
			CENT-Probe Probe 2 3/4 Centralizer	3.50	2.75	20.00
			GDT_WTC-WTS01 (1503889) Digital Telemetry GDTBus	1.97	1.38	5.60
CRCCnt FrmCnt WTSTime WTSTemp CHV ODTRawP ODTTemp ODTTIME	11.50 11.50 11.50 11.50 11.50 9.87 9.87 9.87		HWT_ODT-ODT01 (0001) Hotwell ODT	2.96	2.75	22.05
Meas	5.27		GDT_MFI-60 (1507709) Multi-Finger Caliper Tool (60) GDTBus	5.04	4.00	68.89
MFCBEAR MFCACCZ MFCACCY MFCACCX Aux1	3.50 3.50 3.50 3.50 3.50		CENT-Probe Probe 2 3/4 Centralizer	3.50	2.75	20.00

Dataset: llanostate4#1.db: field/well/run1/pass3
Total length: 17.98 ft
Total weight: 146.54 lb
O.D.: 4.00 in

Company	LLANO DISPOSAL, LLC
Well	STATE 4 #1
Field	TATUM
County	LEA
State	NM

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

☐AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address	2. OGRID Number
Llano Disposal, LLC **PO Box 190** **Lovington, NM 88260**	**370661** 3. API Number **30-025-26370**

4. Property Code	5. Property Name	6. Well No.
	State '4'	**001**

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
E	**4**	**13S**	**36E**		**1980**	**N**	**660**	**W**	**Lea**

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

Pool Name	Pool Code
BSW; Salado	**96173**

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
E	**M**	**R**	**S**	**3997**
16. Multiple	17. Proposed Depth	18. Formation	19. Contractor	20. Spud Date
N	**4550' (PBTD)**	**Salado**	**Unknown**	**Unknown**

Depth to Ground water	Distance from nearest fresh water well	Distance to nearest surface water
40' – 75'	**~2597 feet**	**Greater than 1 mile**

☒**We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	**17-1/2"**	**13-3/8"**	**61**	**382**	**420**	**Surface – In Place**
Intermed	**11"**	**8-5/8"**	**32/28/24**	**4589**	**1900**	**222' – In Place**
N/A	**7-7/8"**	**None**	**N/A**	**Existing TD 13476'**	**N/A**	**N/A**

Casing/Cement Program: Additional Comments

Enclosures: Current and Proposed Wellbore Diagrams, C-103 (proposed conversion procedure)

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double/Pipe/Blinds	3000	3000	Cameron/Schaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.** Signature: DJHolcomb	OIL CONSERVATION DIVISION Approved By:
Printed name: **Danny J. Holcomb**	Title:
Title: **Agent for Llano Disposal, LLC**	Approved Date: Expiration Date:
E-mail Address: **danny@pwllc.net**	
Date: **3/1/2018** Phone: **806-471-5628**	Conditions of Approval Attached

CURRENT WELLBORE

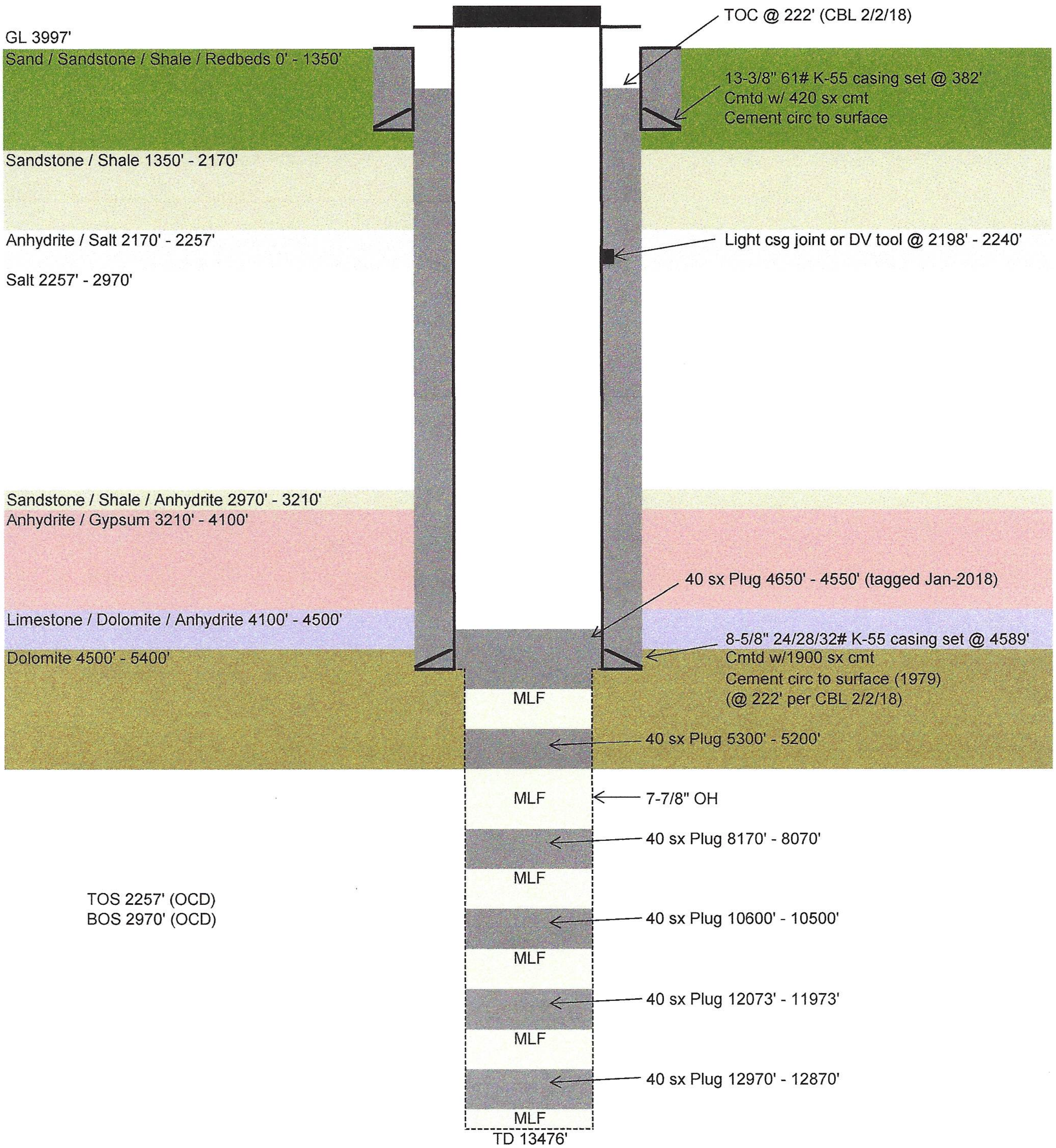
Re-entered Well

Llano Disposal, LLC

State '4' #1

API # 30-025-26370

1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM

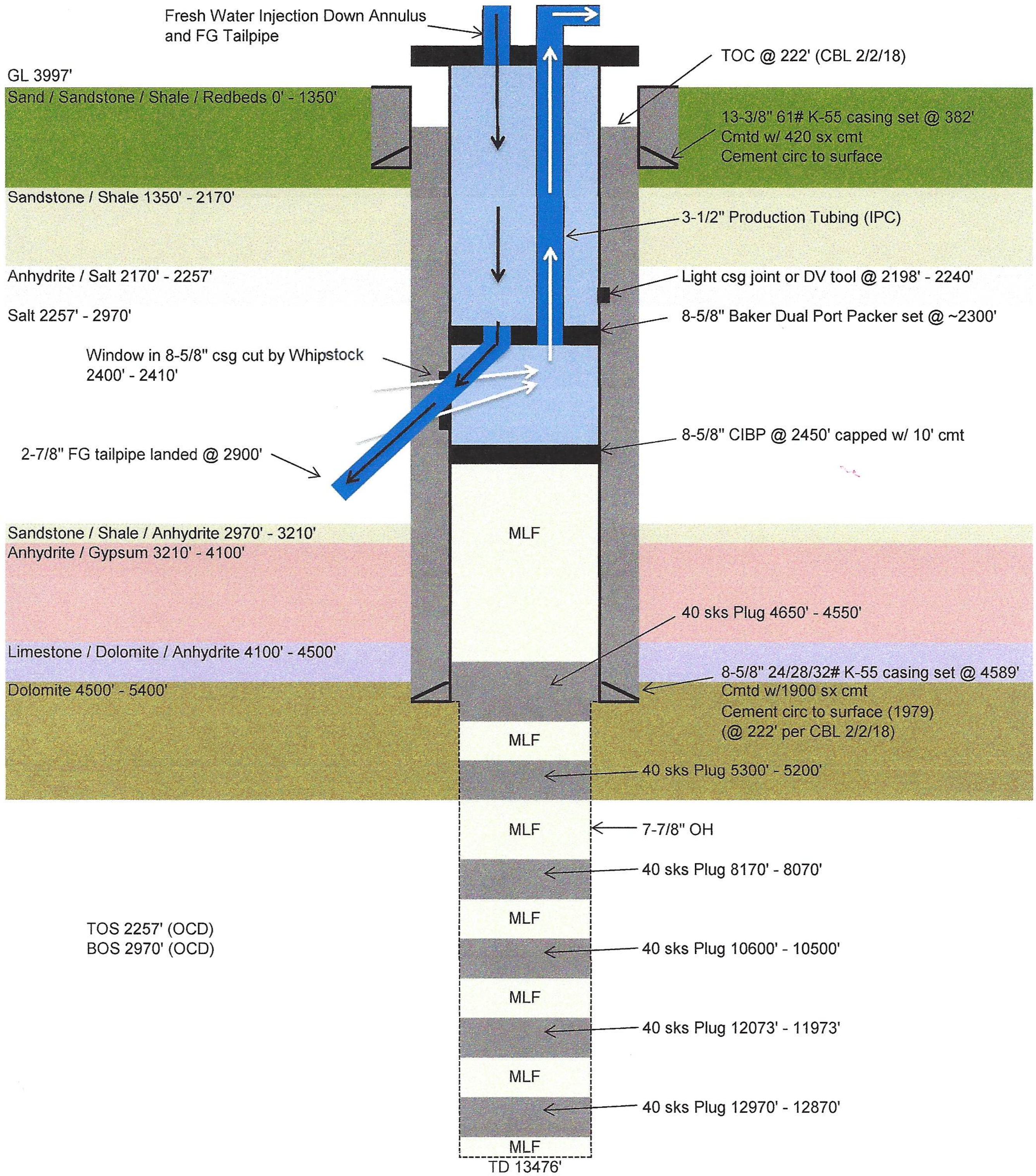


Drawing Not to Scale

PROPOSED WELLBORE

Configured for Brine Well Service

Llano Disposal, LLC
State '4' BSW #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



Drawing Not to Scale

Submit 1 Copy To Appropriate District Office District I – (575) 393-6161 1625 N. French Dr., Hobbs, NM 88240 District II – (575) 748-1283 811 S. First St., Artesia, NM 88210 District III – (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 87410 District IV – (505) 476-3460 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-103 Revised July 18, 2013

	WELL API NO. 30-025-26370
	5. Indicate Type of Lease STATE ☒ FEE ☐
	6. State Oil & Gas Lease No.
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	7. Lease Name or Unit Agreement Name State '4'
1. Type of Well: Oil Well ☐ Gas Well ☒ Other - Proposed Brine Well	8. Well Number 1
2. Name of Operator Llano Disposal, LLC	9. OGRID Number 370661
3. Address of Operator P.O. Box 190, Lovington, NM 88260	10. Pool name or Wildcat BSW; Salado

4. Well Location
Unit Letter __E__ : __1980__ feet from the __North__ line and __660__ feet from the __West__ line
Section 4 Township 13S Range 36E NMPM Lea County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3997' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☒	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☒			
OTHER: Prep well to convert to BSW ☒		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

In accordance with discussions with OCD Environmental Bureau, Llano Disposal LLC proposes the following procedure to convert this well to brine well service after WQCC Discharge Permit approval:

1) MIRU WL, run 8-5/8" CIBP on WL, set at 2450' capped with 10' cement via WL dump bailer. RDMO WL.
2) MIRU pulling unit, reverse unit/swivel and Whipstock assembly, NU BOP, unload and tally 2-7/8" workstring, set 2 frac tanks (closed loop system) and fill one tank with BW. Perform casing MIT to 300 psi for 30 minutes. RIH with Whipstock anchor on workstring, tag CIBP cement cap at 2440', set anchor at 2440', pull workstring.
3) RIH with casing cutter assembly, four 4-3/4" DCs and workstring to Whipstock anchor, mill 10' casing side window in 8-5/8" casing at 2400' – 2410'. POH with workstring, DCs, casing cutter, pick up bit. RIH with workstring and bit assembly, drill through salt to 2920', circulate hole clean. POH with workstring, DCs and BHA.
4) RIH with 8-5/8" Baker dual port packer on 3-1/2" IPC production tubing, set packer at 2300', land 2-7/8" fiberglass tailpipe at 2900'.
5) ND BOP, hook up wellhead, perform open-hole pressure test to 300 psi for 4 hours. RDMO pulling unit, reverse unit, frac tanks.
6) Circulate FW to test brine service well. Install surface equipment. Begin brine water production.

Re-entry ~~Spud~~ Date: 1/29/2018 Rig Release Date: 1/31/2018

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE DJHolcomb TITLE Agent for Llano Disposal, LLC DATE 3/1/2018

Type or print name Danny J. Holcomb E-mail address: danny@pwllc.net PHONE: 806-471-5628

For State Use Only

APPROVED BY:________ TITLE________ DATE________
Conditions of Approval (if any):

Company	LLANO DISPOSAL, LLC
Well	STATE 4 #1
Field	TATUM
County	LEA
State	NM

RADIAL CEMENT BOND GAMMA-RAY CCL LOG

RENEGADE SERVICES

Company LLANO DISPOSAL, LLC
Well STATE 4 #1
Field TATUM
County LEA State NM

Location: API # : 30-025-26370

SEC TWP RGE

Other Services: CIL/CNL

Permanent Datum G.L. Elevation
Log Measured From G.L.
Drilling Measured From K.B.

Elevation: K.B. D.F. G.L.

Date	2-2-2018
Run Number	ONE
Depth Driller	13,476'
Depth Logger	3298
Bottom Logged Interval	3292
Top Log Interval	SURFACE
Open Hole Size	NA
Type Fluid	H2O
Density / Viscosity	NA
Max. Recorded Temp.	NA
Estimated Cement Top	SEE LOG
Time Well Ready	ROA
Time Logger on Bottom	9:00 AM
Equipment Number	71
Location	LEVELLAND TX
Recorded By	R.D. MOTHERAL
Witnessed By	MR. BURROWS

Borehole Record

Run Number	Bit	From	To

Tubing Record

Size	Weight	From	To

Casing Record	Size	Wgt/Ft	Top	Bottom
Surface String				
Prot. String	8.625"	28#	SURFACE	
Production String				
Liner				

<<< Fold Here >>>

Comments

ALL DEPTHS ARE LOGGER DEPTHS
NO CORRELATION LOG AVAILABLE ON LOCATION
NO KB USED

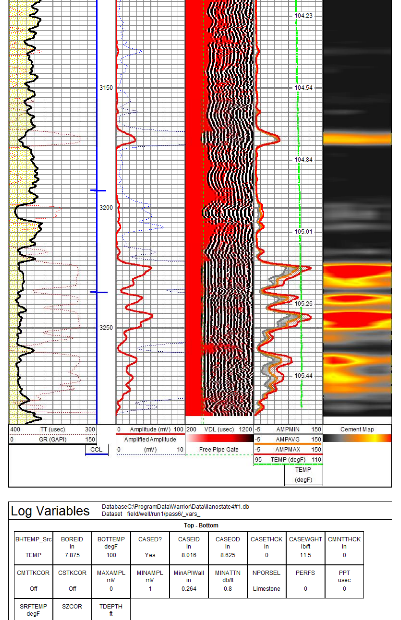
RENEGADE SERVICES

MAIN PASS

Database File	llanostate4#1.db
Dataset Pathname	pass6
Presentation Format	rrcbl_8_
Dataset Creation	Fri Feb 02 12:02:37 2018
Charted by	Depth in Feet scaled 1:240

RENEGADE SERVICES

REPEAT SECTION



Log Variables

Database C:\ProgramData\Warrior\Data\llanostate4#1.db
Dataset field/well/run1/pass6/_vars_

Top - Bottom

BHTEMP_Src	BOREID in	BOTTEMP degF	CASED?	CASEID in	CASEOD in	CASETHCK in	CASEWGHT lb/ft	CMNTTHCK in
TEMP	7.875	100	Yes	8.016	8.625	0	11.5	0

CMTTKCOR	CSTKCOR	MAXAMPL mV	MINAMPL mV	MinAPIWall in	MINATTN db/ft	NPORSEL	PERFS	PPT usec
Off	Off	0	1	0.264	0.8	Limestone	0	0

SRFTEMP degF	SZCOR	TDEPTH ft
0	Off	0

Variable Description

BHTEMP_Src : BHTEMP Input Source Selector
BOREID : Borehole I.D.
BOTTEMP : Bottom Hole Temperature
MAXAMPL : Maximum Amplitude
MINAMPL : Minimum Amplitude
MinAPIWall : Minimum API Wall Thickness

CASED? : Cased hole ?
CASEID : Casing I.D.
CASEOD : Casing O.D.
CASETHCK : Casing Thickness
CASEWGHT : Casing Weight
CMNTTHCK : Cement Thickness
CMTTKCOR : CN CemThk. Cor. ?
CSTKCOR : CN CasThk. Cor. ?

MINATTN : Minimum Attenuation
NPORSEL : Neutron Porosity Curve Select
PERFS : Perforation Flag
PPT : Predicted Pipe Time
SRFTEMP : Surface Temperature
SZCOR : CN Size Cor. ?
TDEPTH : Total Depth

Calibration Report

Database File: llanostate4#1.db
Dataset Pathname: pass6
Dataset Creation: Fri Feb 02 12:02:37 2018

Compensated Neutron Calibration Report

Model: CNT - Probe_B
Serial Number: 100526

SHOP CALIBRATION — Tue Nov 07 11:32:58 2017

	Cal Tube	Units
Tank Ratio	11.6940	SS/LS
LS Detector	65.48	cps
SS Detector	766.91	cps
Tool Ratio	11.7125	SS/LS
Tool Gain	0.9984	----

PRE-SURVEY VERIFICATION

SS Detector	LS Detector	Measured (p.u.)	Target (p.u.)

POST-SURVEY VERIFICATION

SS Detector	LS Detector	Measured (p.u.)	Target (p.u.)

Gamma Ray Calibration Report

Serial Number: 120366
Tool Model: Probe275dig
Performed: Tue Nov 07 11:24:04 2017

Calibrator Value: 1092.0 GAPI

Background Reading: 43.6 cps
Calibrator Reading: 1820.3 cps

Sensitivity: 0.6146 GAPI/cps

Segmented Cement Bond Log Calibration Report

Serial Number: 100919c
Tool Model: RBTC3

Calibration Casing Diameter: 8.625 in
Calibration Depth: 199.817 ft

Master Calibration, performed Fri Feb 02 11:26:17 2018:

	Raw (v) Zero	Raw (v) Cal	Calibrated (mv) Zero	Calibrated (mv) Cal	Results Gain	Results Offset
3'	0.014	0.612	1.000	54.795	89.943	-0.232
CAL	0.006	1.007				
5'	0.012	0.605	1.000	54.795	90.692	-0.071
SUM						
S1	0.007	0.795	0.000	100.000	126.951	-0.902
S2	0.008	0.653	0.000	100.000	155.152	-1.309
S3	0.008	0.510	0.000	100.000	199.057	-1.611
S4	0.008	0.454	0.000	100.000	223.788	-1.705
S5	0.008	0.478	0.000	100.000	212.569	-1.658
S6	0.008	0.589	0.000	100.000	172.032	-1.384
S7	0.008	0.728	0.000	100.000	138.970	-1.157
S8	0.009	0.818	0.000	100.000	123.673	-1.126

Internal Reference Calibration, performed Fri Feb 02 11:18:49 2018:

	Raw (v) Zero	Raw (v) Cal	Calibrated (v) Zero	Calibrated (v) Cal	Results Gain	Results Offset
CAL	0.000	0.000	0.006	1.007	1.000	0.000

Air Zero Calibration, performed Fri Feb 02 11:17:56 2018:

	Raw (v) Zero	Calibrated (v) Zero	Results Offset
3'	0.000	0.000	0.000
5'	0.000	0.000	0.000
SUM			
S1	0.000	0.000	0.000
S2	0.000	0.000	0.000
S3	0.000	0.000	0.000
S4	0.000	0.000	0.000
S5	0.000	0.000	0.000
S6	0.000	0.000	0.000
S7	0.000	0.000	0.000
S8	0.000	0.000	0.000

Temperature Calibration Report

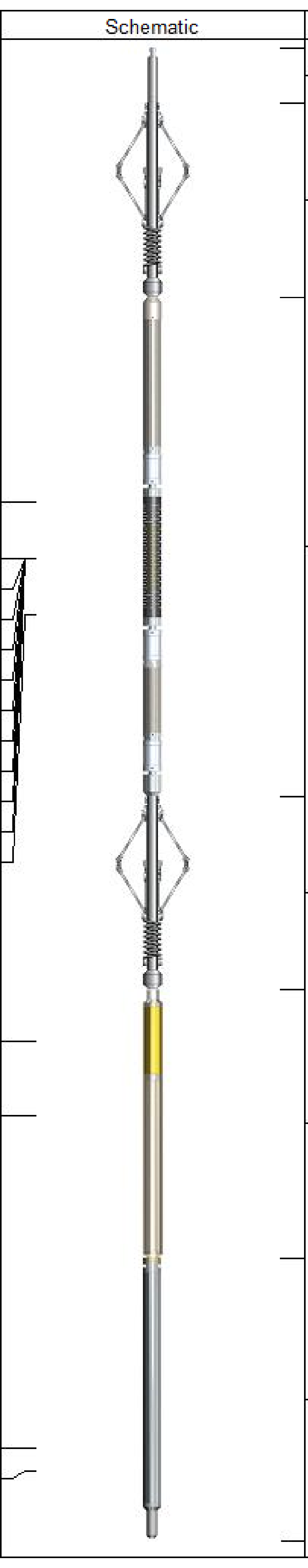
Serial Number: 100919c
Tool Model: RBTC3
Performed: (Not Performed)

	Reference	Reading
Low Reference:	0.00 degF	0.00 degF
High Reference:	1.00 degF	1.00 degF

Gain: 1.00
Offset: 0.00
Delta Spacing: 1

Sensor	Offset (ft)
TEMP	18.50
WVFS8	17.50
WVFS7	17.50
WVFS6	17.50
WVFS5	17.50
WVFS4	17.50
WVFS3	17.50
WVFS2	17.50
WVFS1	17.50
WVFCAL	17.50
WVF3FT	17.50
WVF5FT	16.50
CCL	8.91
GR	7.57
CNLSC	1.65
CNSSC	1.24

Schematic



Description	Length (ft)	O.D. (in)	Weight (lb)
CHD-1.6875CHD	1.00	1.69	10.00
CENT-Probe Probe 2 3/4 Centralizer	3.45	2.75	20.00
RBT-RBTC3 (100919c)	8.92	0.00	
CENT-Probe Probe 2 3/4 Centralizer	3.45	2.75	20.00
GR-Probe275dig (120366) Probe Digital Gamma CCL	4.77	2.75	57.00
CNT-Probe_B (100526) Probe Digital CNL Tool	5.03	2.75	60.00

Dataset: llanostate4#1.db: field/well/run1/pass6
Total length: 26.62 ft
Total weight: 167.00 lb
O.D.: 2.75 in

RENEGADE SERVICES

Company	LLANO DISPOSAL, LLC
Well	STATE 4 #1
Field	TATUM
County	LEA
State	NM

Company	LLANO DISPOSAL, LLC
Well	STATE 4 #1
Field	TATUM
County	LEA
State	NM
Country	U.S.A

COMPENSATED NEUTRON GAMMA-RAY CCL LOG

Company LLANO DISPOSAL, LLC
Well STATE 4 #1
Field TATUM
County LEA
State NM
Country U.S.A

Location: API #: 30-025-26370

Other Services: CIL/RCBL

SEC TWP RGE

Permanent Datum	G.L.	Elevation
Log Measured From	K.B.	
Drilling Measured From	K.B.	

Elevation: K.B. / D.F. / G.L.

Date	2-2-2018
Run Number	ONE
Depth Driller	13,476
Depth Logger	3298
Bottom Logged Interval	3292
Top Log Interval	SURFACE
Open Hole Size	NA
Type Fluid	H2O
Density / Viscosity	NA
Max Recorded Temp	NA
Estimated Cement Top	SEE LOG
Time Well Ready	ROA
Time Logger on Bottom	9:00 AM
Equipment Number	71
Location	LEVELLAND TX
Recorded By	R.D. MOTHERAL
Witnessed By	MR. BURROWS

Borehole Record: Run Number | Bit | From | To
Tubing Record: Size | Weight | From | To

Casing Record	Size	Wgt/Ft	Top	Bottom
Surface String				
Prot. String	8.625"	28#	SURFACE	
Production String				
Liner				

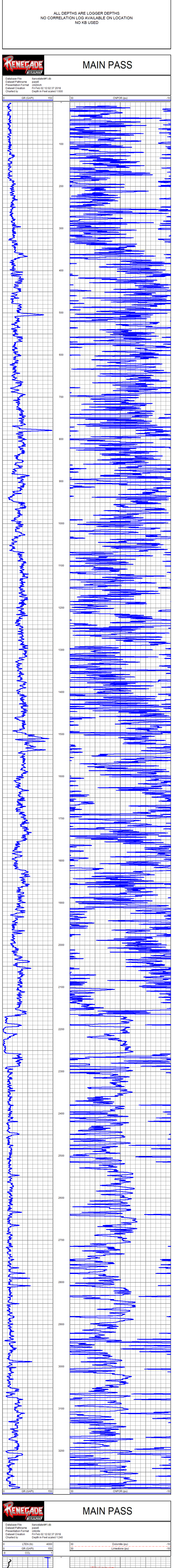
<<< Fold Here >>>

Comments

ALL DEPTHS ARE LOGGER DEPTHS
NO CORRELATION LOG AVAILABLE ON LOCATION
NO KB USED

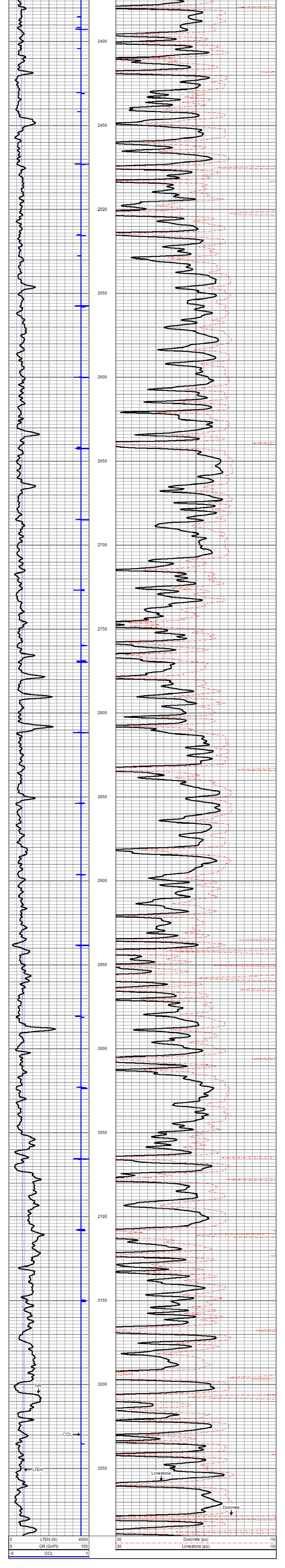
MAIN PASS

Database File	llanostate4#1.db
Dataset Pathname	pass6
Presentation Format	cnl2inch
Dataset Creation	Fri Feb 02 12:02:37 2018
Charted by	Depth in Feet scaled 1:600



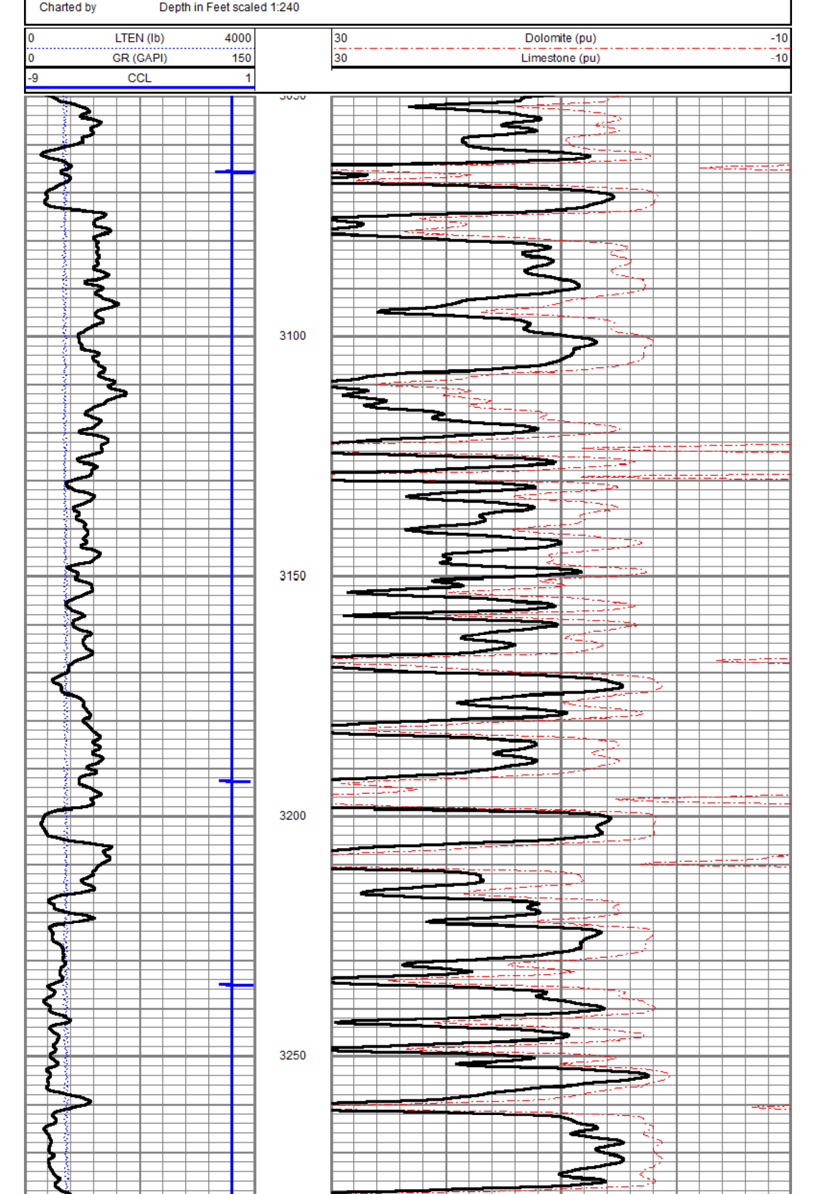
MAIN PASS

Database File	llanostate4#1.db
Dataset Pathname	pass6
Presentation Format	cntcnts
Dataset Creation	Fri Feb 02 12:02:37 2018
Charted by	Depth in Feet scaled 1:240



REPEAT SECTION

Database File	llanostate4#1.db
Dataset Pathname	pass5
Presentation Format	cntcnts
Dataset Creation	Fri Feb 02 11:48:55 2018
Charted by	Depth in Feet scaled 1:240



Log Variables

DatabaseC:\ProgramData\Warrior\Data\llanostate4#1.db
Dataset field/well/run1/pass6/_vars_

Top - Bottom

BHTEMP_Src	BOREID in	BOTTEMP degF	CASED?	CASEID in	CASEOD in	CASETHCK in	CASEWGHT lb/ft	CMNTTHCK in
TEMP	7.875	100	Yes	8.016	8.625	0	11.5	0

CMTTKCOR	CSTKCOR	MAXAMPL mV	MINAMPL mV	MinAPIWall in	MINATTN db/ft	NPORSEL	PERFS	PPT usec
Off	Off	0	1	0.264	0.8	Limestone	0	0

SRFTEMP degF	SZCOR	TDEPTH ft
0	Off	0

Variable Description

BHTEMP_Src : BHTEMP Input Source Selector
BOREID : Borehole I.D.
BOTTEMP : Bottom Hole Temperature
CASED? : Cased hole ?
CASEID : Casing I.D.
CASEOD : Casing O.D.
CASETHCK : Casing Thickness
CASEWGHT : Casing Weight
CMNTTHCK : Cement Thickness
CMTTKCOR : CN CemThk. Cor. ?
CSTKCOR : CN CasThk. Cor. ?
MAXAMPL : Maximum Amplitude
MINAMPL : Minimum Amplitude
MinAPIWall : Minimum API Wall Thickness
MINATTN : Minimum Attenuation
NPORSEL : Neutron Porosity Curve Select
PERFS : Perforation Flag
PPT : Predicted Pipe Time
SRFTEMP : Surface Temperature
SZCOR : CN Size Cor. ?
TDEPTH : Total Depth

Calibration Report

Database File	llanostate4#1.db
Dataset Pathname	pass6
Dataset Creation	Fri Feb 02 12:02:37 2018

Compensated Neutron Calibration Report

Model: CNT - Probe_B
Serial Number: 100526

SHOP CALIBRATION Tue Nov 07 11:32:58 2017

	Cal Tube	Units
Tank Ratio	11.6940	SS/LS
LS Detector	65.48	cps
SS Detector	766.91	cps
Tool Ratio	11.7125	SS/LS
Tool Gain	0.9984	----

PRE-SURVEY VERIFICATION

S3	0.008	0.510	0.000	100.000	199.057	-1.611
S4	0.008	0.454	0.000	100.000	223.788	-1.705
S5	0.008	0.478	0.000	100.000	212.569	-1.658
S6	0.008	0.589	0.000	100.000	172.032	-1.384
S7	0.008	0.728	0.000	100.000	138.970	-1.157
S8	0.009	0.818	0.000	100.000	123.673	-1.126

Internal Reference Calibration, performed Fri Feb 02 11:18:49 2018:

	Raw (v) Zero	Raw (v) Cal	Calibrated (v) Zero	Calibrated (v) Cal	Results Gain	Results Offset
CAL	0.000	0.000	0.006	1.007	1.000	0.000

Air Zero Calibration, performed Fri Feb 02 11:17:56 2018:

	Raw (v) Zero	Calibrated (v) Zero	Results Offset
3'	0.000	0.000	0.000
5'	0.000	0.000	0.000
SUM			
S1	0.000	0.000	0.000
S2	0.000	0.000	0.000
S3	0.000	0.000	0.000
S4	0.000	0.000	0.000
S5	0.000	0.000	0.000
S6	0.000	0.000	0.000
S7	0.000	0.000	0.000
S8	0.000	0.000	0.000

Temperature Calibration Report

Serial Number: 100919c
Tool Model: RBTC3
Performed: (Not Performed)

	Reference		Reading	
Low Reference:	0.00	degF	0.00	degF
High Reference:	1.00	degF	1.00	degF

Gain: 1.00
Offset: 0.00
Delta Spacing 1

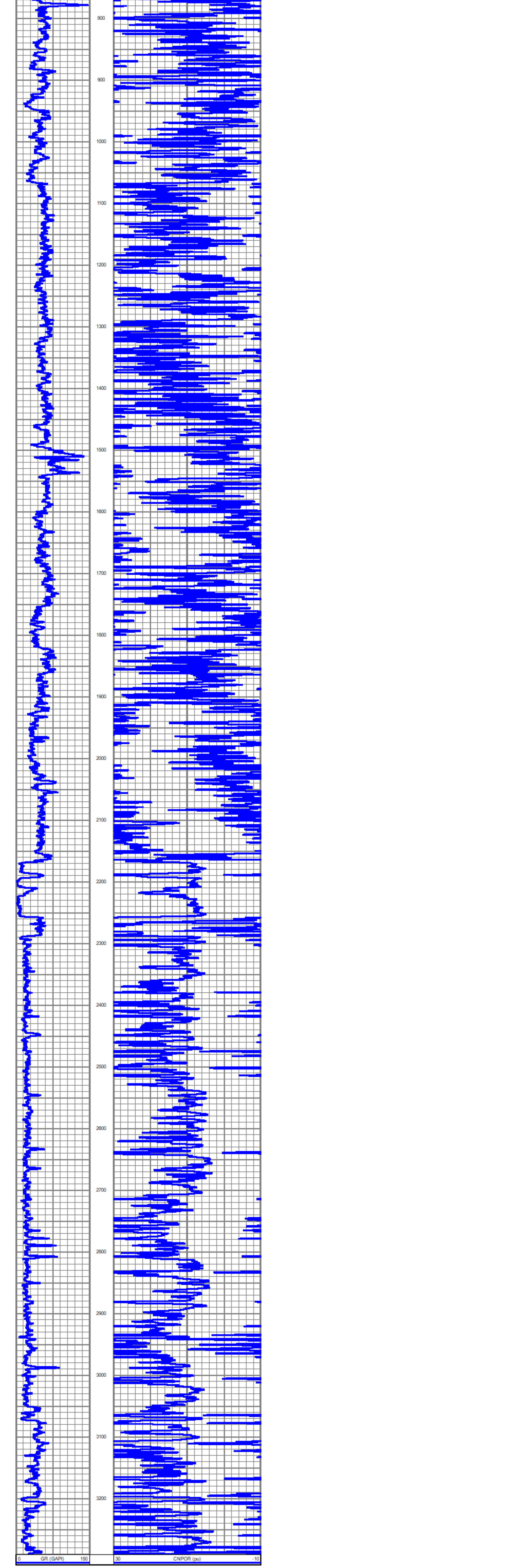
Sensor	Offset (ft)	Schematic	Description	Length (ft)	O.D. (in)	Weight (lb)
			CHD-1.6875CHD	1.00	1.69	10.00
			CENT-Probe Probe 2 3/4 Centralizer	3.45	2.75	20.00
TEMP	18.50					
WVFS8	17.50		RBT-RBTC3 (100919c)	8.92	0.00	
WVFS7	17.50					
WVFS6	17.50					
WVFS5	17.50					
WVFS4	17.50					
WVFS3	17.50					
WVFS2	17.50					
WVFS1	17.50					
WVFCAL	17.50					
WVF3FT	17.50					
WVF5FT	16.50					
			CENT-Probe Probe 2 3/4 Centralizer	3.45	2.75	20.00
CCL	8.91					
GR	7.57		GR-Probe275dig (120366) Probe Digital Gamma CCL	4.77	2.75	57.00
			CNT-Probe_B (100526) Probe Digital CNL Tool	5.03	2.75	60.00
CNLSC	1.65					
CNSSC	1.24					

Dataset: llanostate4#1.db: field/well/run1/pass6
Total length: 26.62 ft
Total weight: 167.00 lb
O.D.: 2.75 in

Company	LLANO DISPOSAL, LLC		
Well	STATE 4 #1		
Field	TATUM		
County	LEA		
State	NM	Country	U.S.A

MAIN PASS

Database File	llanostate4#1.db
Dataset Pathname	pass6
Presentation Format	cnl1inch
Dataset Creation	Fri Feb 02 12:02:37 2018
Charted by	Depth in Feet scaled 1:1200



Chavez, Carl J, EMNRD

From:	danny@pwllc.net
Sent:	Thursday, January 18, 2018 3:51 PM
To:	Kautz, Paul, EMNRD
Cc:	Chavez, Carl J, EMNRD; Marvin Burrows
Subject:	[FWD: RE: WQCC Bond - State 4 #1 (30-025-26370) Proposed Brine Well]
Attachments:	C-102 and C-103 Pkg Submitted to OCD 010518.pdf

Paul,
Llano Disposal, LLC now has a WQCC bond on the referenced well that covers well plugging, surface restoration and 5 years of subsidence monitoring after well plugging. See Denise's email below.

On January 5, I mailed you a letter along with a C-102 and C-103 for this well per your guidance. Attached is a copy of these documents in case you never received the hard copies. If you have any questions when you get a chance to review the C-103 for approval, please let Marvin or me know. Thank you in advance for your help with this matter.
Thank you,
Danny J. Holcomb
Cell: 806-471-5628
Email: danny@pwllc.net

-------- Original Message --------
Subject: RE: WQCC Bond - State 4 #1 (30-025-26370)
From: "Gallegos, Denise, EMNRD" <Denise.Gallegos@state.nm.us>
Date: Thu, January 18, 2018 3:11 pm
To: "danny@pwllc.net" <danny@pwllc.net>

Hi Danny,

Yes, I received the bond and everything was good with it.

Thank you,
Denise Gallegos
Complaiance Officer/Bond Administrator
Oil Conservation Division
Energy, Minerals & Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, NM 87505
Office: 505.476.3453
Fax: 505.476.3462

From: danny@pwllc.net [mailto:danny@pwllc.net]
Sent: Thursday, January 18, 2018 2:09 PM
To: Gallegos, Denise, EMNRD <Denise.Gallegos@state.nm.us>
Subject: RE: WQCC Bond - State 4 #1 (30-025-26370)

Denise,
Hopefully, you have received this ILR by now. After you have a chance to review it, please let me know if it is filled out appropriately and meets OCD needs. Thank you for your help.
Danny J. Holcomb

Cell: 806-471-5628
Email: danny@pwllc.net

-------- Original Message --------
Subject: RE: WQCC Bond - State 4 #1 (30-025-26370)
From: "Gallegos, Denise, EMNRD" <Denise.Gallegos@state.nm.us>
Date: Wed, January 17, 2018 1:05 pm
To: "danny@pwllc.net" <danny@pwllc.net>

Hi Danny,

Not yet, our mail usually comes in the afternoon.

Thank you,
Denise Gallegos
Complaiance Officer/Bond Administrator
Oil Conservation Division
Energy, Minerals & Natural Resources Department
1220 South Saint Francis Drive
Santa Fe, NM 87505
Office: 505.476.3453
Fax: 505.476.3462

From: danny@pwllc.net [mailto:danny@pwllc.net]
Sent: Wednesday, January 17, 2018 11:21 AM
To: Gallegos, Denise, EMNRD <Denise.Gallegos@state.nm.us>
Subject: WQCC Bond - State 4 #1 (30-025-26370)

Denise,
Have you received the ILR WQCC bond document in the amount of $108,000 for the above referenced well? Llano Disposal, LLC would like to confirm OCD receipt.
Thank you,
Danny J. Holcomb
Cell: 806-471-5628
Email: danny@pwllc.net

Holcomb Consultants
6900 Spring Cherry Lane
Amarillo, Texas 79124

January 5, 2018

NMOCD District 1
1625 N. French Drive
Hobbs, NM 88240
Attn: Mr. Paul Kautz

Re: State 4 #1 – 30-025-26370

Dear Mr. Kautz,
Per our telephone call on 1/4/18 referencing the subject well, attached are copies of the C-102 and C-103 you requested. The C-103 requests permission to drill out the top two plugs in this well in order to obtain a casing bond log, compensated neutron log and caliper log. This work was agreed upon by Mr. Carl Chavez of the Environmental Bureau during discussions to consider this well for conversion to a brine service well.

If you have any questions concerning any of these forms, please let me know. Thank you in advance for your consideration.

Sincerely,

DJHolcomb

Danny J. Holcomb
Agent for Llano Disposal, LLC

Email: danny@pwllc.net
Cell: 806-471-5628

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-26370	96173	BSW; Salado

[4] Property Code	[5] Property Name	[6] Well Number
	State '4'	001

[7] OGRID No.	[8] Operator Name	[9] Elevation
370661	Llano Disposal, LLC	3997

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	4	13S	36E		1980	N	660	W	Lea

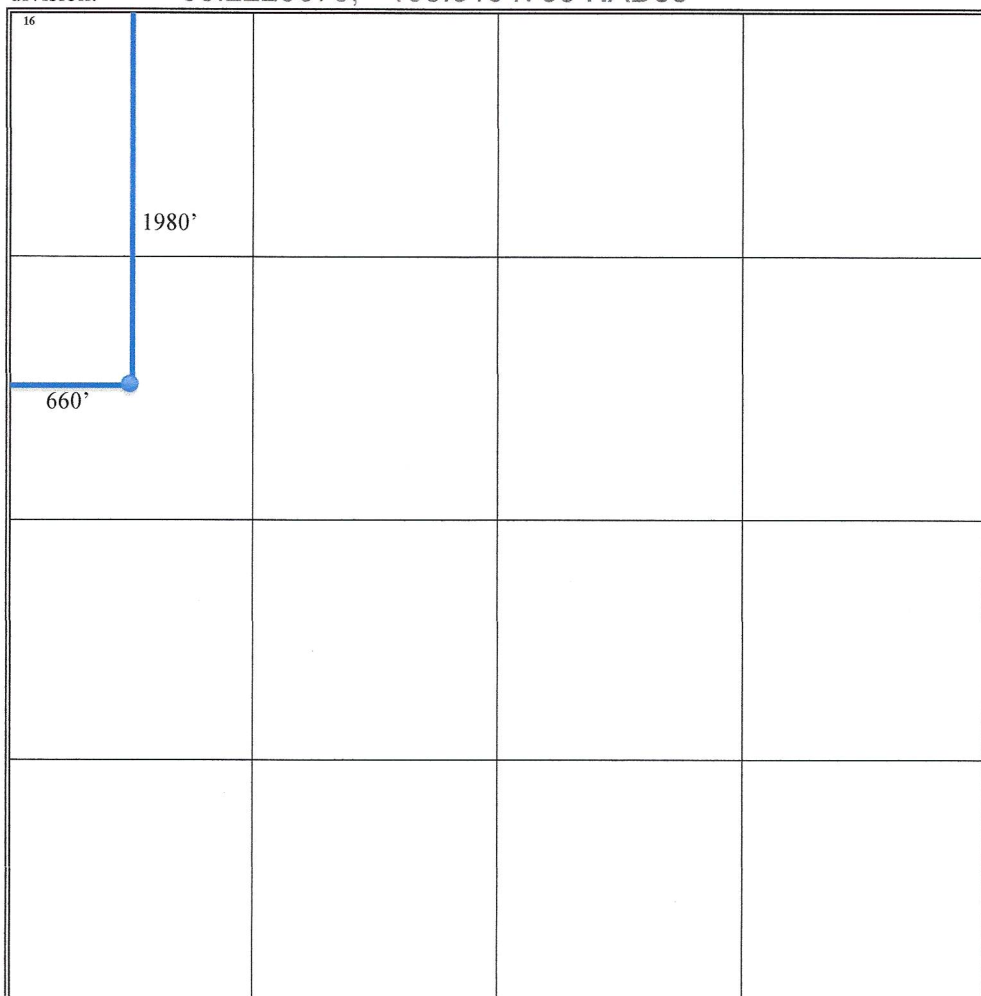
[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			(Pending WQCC Discharge Permit approval)

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. 33.2225075, -103.3154755 NAD83

16



[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

DJ Holcomb 1/5/2018
Signature Date

Danny J. Holcomb – Agent for Llano Disposal
Printed Name

danny@pwllc.net
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

See Original Survey dated 7/6/1979 attached

Date of Survey

Signature and Seal of Professional Surveyor:

See Original Survey dated 7/6/1979 attached

Certificate Number

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
ADOBE OIL & GAS CORPORATION	STATE "4"	1

Unit Letter	Section	Township	Range	County
"E"	4	13-S	36-E	LEA

Actual Footage Location of Well: 1980 feet from the NORTH line and 660 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3997	MISSISSIPIAN	WILDCAT	320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.

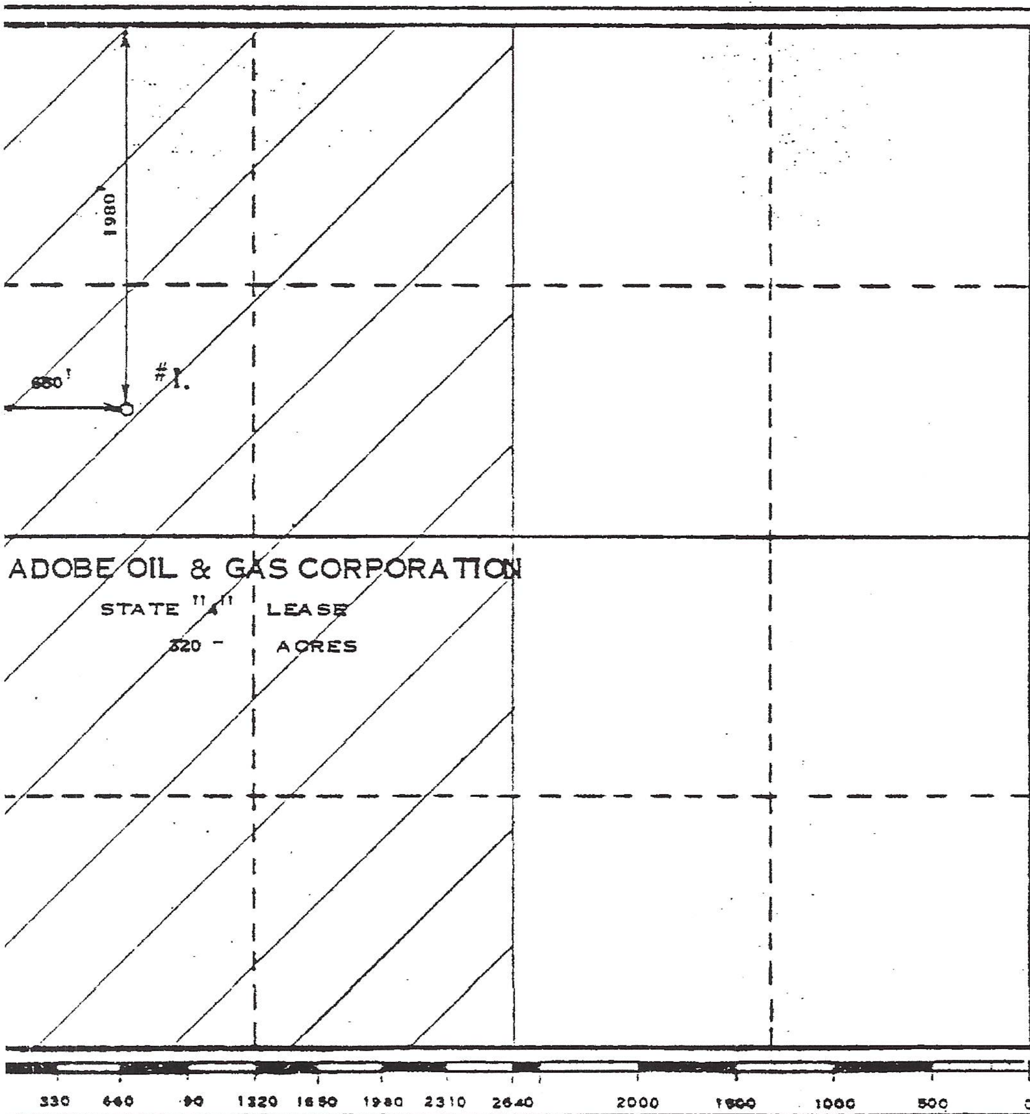
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).

3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling. etc?

☐ Yes ☐ No If answer is "yes," type of consolidation ____________________

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)____________________

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: M. D. Rogers

Position: Vice President

Company: Adobe Oil & Gas Corporation

Date: July 6, 1979

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: JUNE 29, 1979

Registered Professional Engineer and/or Land Surveyor

MAX A. SCHUMANN JR.

Certificate No. 1510

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
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State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

WELL API NO. 30-025-26370
5. Indicate Type of Lease: STATE ☒ FEE ☐
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: State '4'

1. Type of Well: Oil Well ☐ Gas Well ☒ Other - PxA Well

8. Well Number 1

2. Name of Operator: Llano Disposal, LLC

9. OGRID Number: 370661

3. Address of Operator: P.O. Box 190, Lovington, NM 88260

10. Pool name or Wildcat: BSW; Salado

4. Well Location
Unit Letter E : 1980 feet from the North line and 660 feet from the West line
Section 4 Township 13S Range 36E NMPM Lea County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3997' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☒	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☒			
OTHER: Run CBL, CNL and caliper log ☒		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

In accordance with discussions with OCD Environmental Bureau, Llano Disposal LLC proposes to re-entry this P&A well to inspect casing for possible conversion to brine supply well service pending WQCC Discharge Permit approval:

1) Back drag/level location, set anchors, dig out around existing PxA marker, MI welder, cut off PxA marker, reveal good 13-3/8" and 8-5/8" casing, install new casing (if necessary) and well head at ground level.
2) MIRU pulling unit, NU BOP, unload and tally 2-7/8" workstring, set 2 frac tanks and fill one with FW. MIRU reverse unit, swivel and stripping head, RIH with 7-7/8" skirted MT bit, bit sub, four 4-3/4" DCs and 2-7/8" workstring, drill cement plug #8 (surface to 30') and plug # 7 (1700' – 1900') utilizing closed loop system.
3) Tag plug #6 at 4550', circulate hole clean, close BOP, test casing to 300#, POOH & LD 2-7/8" workstring, DCs, bit sub and bit.
4) MIRU WL, run CBL, CNL and casing caliper log from PBTD at 4550' to surface, RDMO WL.
5) ND BOP, install B-1 adaptor, secure and close in well, RDMO pulling unit, reverse unit and tanks.
6) Submit CBL, CNL and caliper log to OCD Environmental Bureau (SF) and OCD District 1 (Hobbs) to make a better determination on proposed window depth and tubing depth. Suspend further well work until additional permitting is approved.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE DJHolcomb TITLE Agent for Llano Disposal, LLC DATE 1/5/2018

Type or print name Danny J. Holcomb E-mail address: danny@pwllc.net PHONE: 806-471-5628

For State Use Only

APPROVED BY: TITLE DATE
Conditions of Approval (if any):

CURRENT WELLBORE

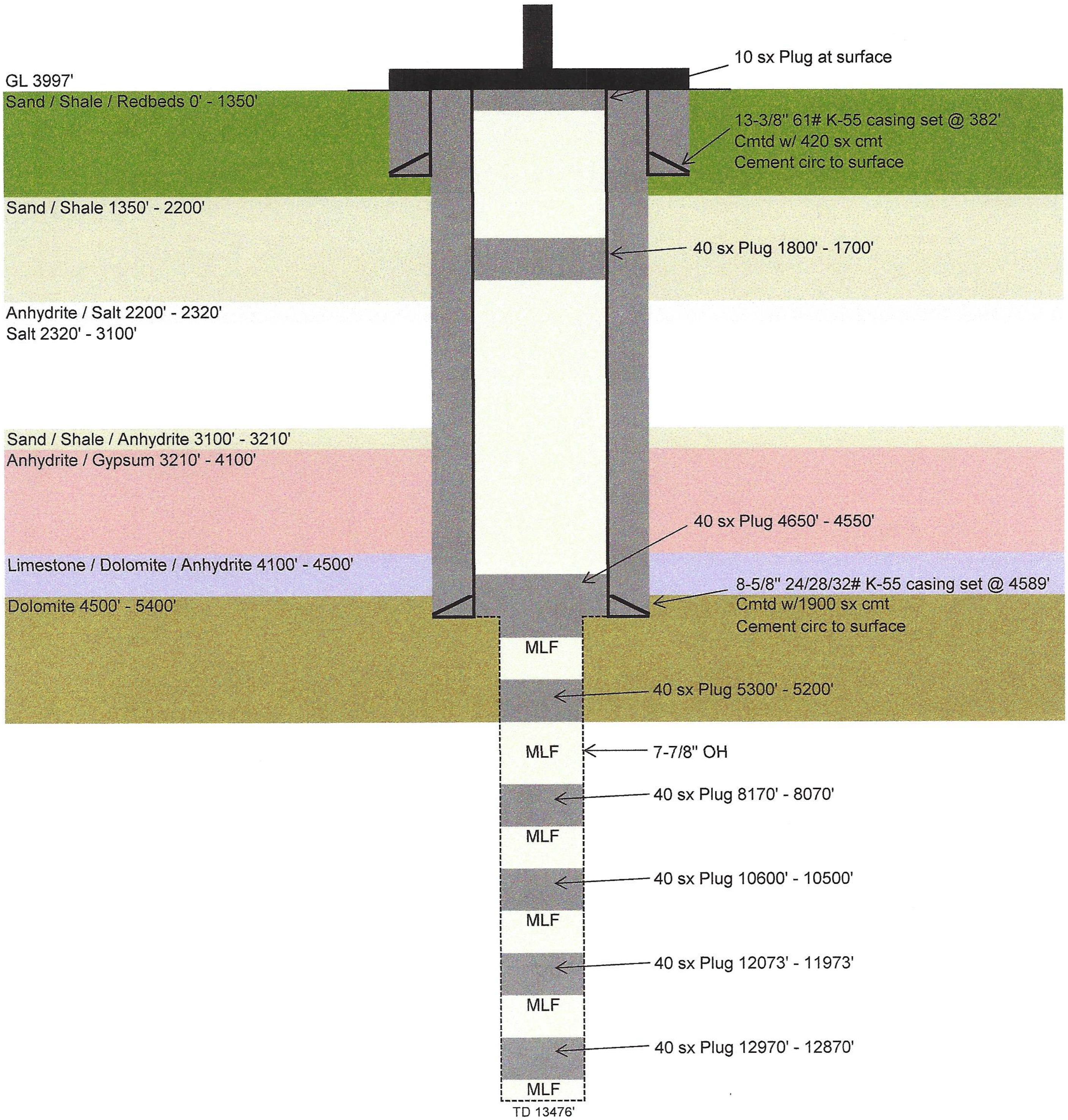
P&A Well

Llano Disposal, LLC

State '4' #1

API # 30-025-26370

1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



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State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised July 18, 2013

☐AMENDED REPORT

HOBBS OCD
DEC 21 2017
RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address	2. OGRID Number
Llano Disposal, LLC **PO Box 190** **Lovington, NM 88260**	**370661**
	3. API Number **30-025-26370**

4. Property Code	5. Property Name	6. Well No.
	State '4'	**001**

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
E	**4**	**13S**	**36E**		**1980**	**N**	**660**	**W**	**Lea**

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

Pool Name	Pool Code
BSW; Salado	**96173**

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
E	**M**	**R**	**S**	**3997**
16. Multiple	17. Proposed Depth	18. Formation	19. Contractor	20. Spud Date
N	**3100**	**Salado**	**Unknown**	**Unknown**

Depth to Ground water	Distance from nearest fresh water well	Distance to nearest surface water
40' – 75'	**~1125 feet**	**Greater than 1 mile**

☒**We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	**17-1/2"**	**13-3/8"**	**61**	**382**	**420**	**Surface – In Place**
Intermed	**11"**	**8-5/8"**	**32/28/24**	**4589**	**1900**	**Surface – In Place**
N/A	**7-7/8"**	**None**	**N/A**	**Existing TD 13476'**	**N/A**	**N/A**

Casing/Cement Program: Additional Comments

Enclosures: Wellbore diagram, C102, Copy of original C102, C103 (proposed procedure)

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double/Pipe/Blinds	3000	3000	Cameron/Schaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.** Signature: DJHolcomb	OIL CONSERVATION DIVISION Approved By:
Printed name: **Danny J. Holcomb**	Title:
Title: **Agent for Llano Disposal, LLC**	Approved Date: Expiration Date:
E-mail Address: **danny@pwllc.net**	
Date: **12/18/2017** Phone: **806-471-5628**	Conditions of Approval Attached

Submit 1 Copy To Appropriate District Office
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Energy, Minerals and Natural Resources

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HOBBS OCD
DEC 21 2017
RECEIVED

Form C-103
Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	WELL API NO. 30-025-26370
	5. Indicate Type of Lease STATE ☒ FEE ☐
	6. State Oil & Gas Lease No.
	7. Lease Name or Unit Agreement Name State '4'
1. Type of Well: Oil Well ☐ Gas Well ☐ Other - PxA Well	8. Well Number 1
2. Name of Operator Llano Disposal, LLC	9. OGRID Number 370661
3. Address of Operator PO Box 190, Lovington, NM 88260	10. Pool name or Wildcat BSW; Salado
4. Well Location Unit Letter E : 1980 feet from the North line and 660 feet from the West line Section 4 Township 13S Range 36E NMPM Lea County	
11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3997' GL	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☒	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☒	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☒			
OTHER: ☐		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Proposed procedure to drill out plugs # 7 and #8 to covert well to brine supply well service (pending BW order approval):

1) Back drag/level location, set anchors, dig out around existing PxA marker, MI welder, cut off PxA marker, reveal good 13-3/8" and 8-5/8" casing, install new casing and tubing head at ground level.
2) MIRU pulling unit, NU BOP, unload and tally 2-7/8" workstring, set 2 frac tanks and fill one with FW. MIRU reverse unit, swivel and stripping head, RIH with 7-7/8" skirted MT bit, bit sub, four 4-3/4" DCs and 2-7/8" workstring, drill cement plug #8 (surface to 30') and plug # 7 (1700' – 1900') utilizing closed loop system.
3) Tag plug #6 at 4550', circulate hole clean, close BOP, test casing to 300#, POOH & SB 2-7/8" workstring, LD bit, bit sub and DCs.
4) RIH with whipstock and cutter. Cut window in 8-5/8" casing, top of window at 2420', bottom of window at 2430', POOH & SB workstring LD whipstock and cutter. RIH with 4-3/4" bit, bit sub, four DCs and 2-7/8" workstring, CO hole to 4550'. POOH & LD workstring, DCs, bit sub and bit.
5) MIRU WL, RIH with 8-5/8" CIBP, set at 2480', cap with 10' of cement, POOH & RDMO WL.
6) RIH with 3-1/2" IPC tubing and 8-5/8" Baker dual port packer with 510' of 2-7/8" FG tailpipe, work tailpipe into window and set packer at 2395, land tailpipe at 2900'.
7) ND BOP, NU tubing head, cap well with dual port B-1 flange and valves. RDMO pulling unit, reverse unit and tanks.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE DJHolcomb TITLE Agent for Llano Disposal LLC DATE 12/18/2017

Type or print name Danny J. Holcomb E-mail address: danny@pwllc.net PHONE: 806-471-5628

For State Use Only

APPROVED BY: TITLE DATE
Conditions of Approval (if any):

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1220 South St. Francis Dr.
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Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☒ AMENDED REPORT

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DEC 21 2017
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WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-26370	96173	BSW; Salado

[4] Property Code	[5] Property Name	[6] Well Number
	State '4'	001

[7] OGRID No.	[8] Operator Name	[9] Elevation
370661	Llano Disposal, LLC	3997

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	4	13S	36E		1980	N	660	W	Lea

[11] Bottom Hole Location If Different From Surface

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40			(Pending BW Order)

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. 33.2225075, -103.3154755 NAD83

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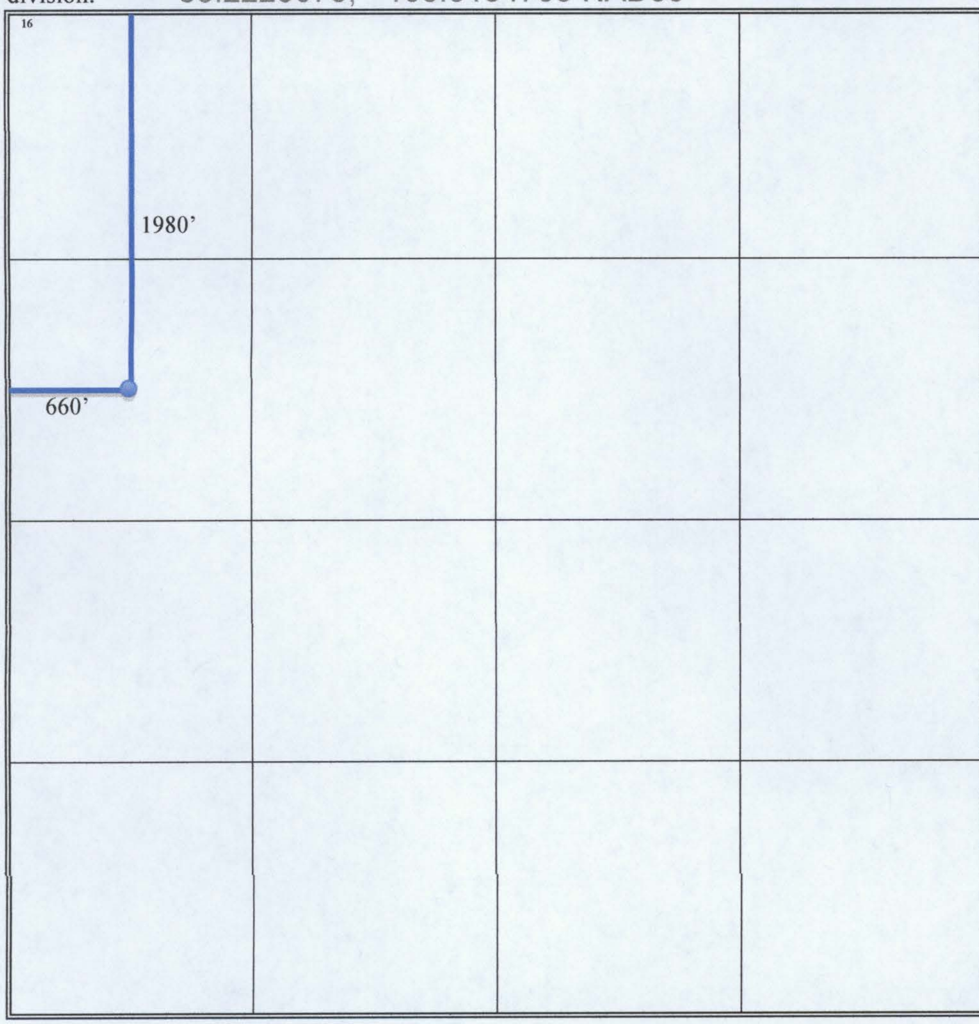


[17] **OPERATOR CERTIFICATION**

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

DJHolcomb 12/18/2017
Signature Date

Danny J. Holcomb – Agent for Llano Disposal
Printed Name

danny@pwllc.net
E-mail Address

[18] **SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Original Survey 7/6/1979

Date of Survey

Signature and Seal of Professional Surveyor:

See attached

Certificate Number

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator		Lease		Well No.
ADOBE OIL & GAS CORPORATION		STATE "4"		1

Unit Letter	Section	Township	Range	County
"E"	4	13-S	36-E	LEA

Actual Footage Location of Well:
1980 feet from the NORTH line and 660 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3997	MISSISSIPIAN	WILDCAT	320 Acres

1. **Outline the acreage dedicated** to the subject well **by colored pencil** or hachure marks on the plat below.

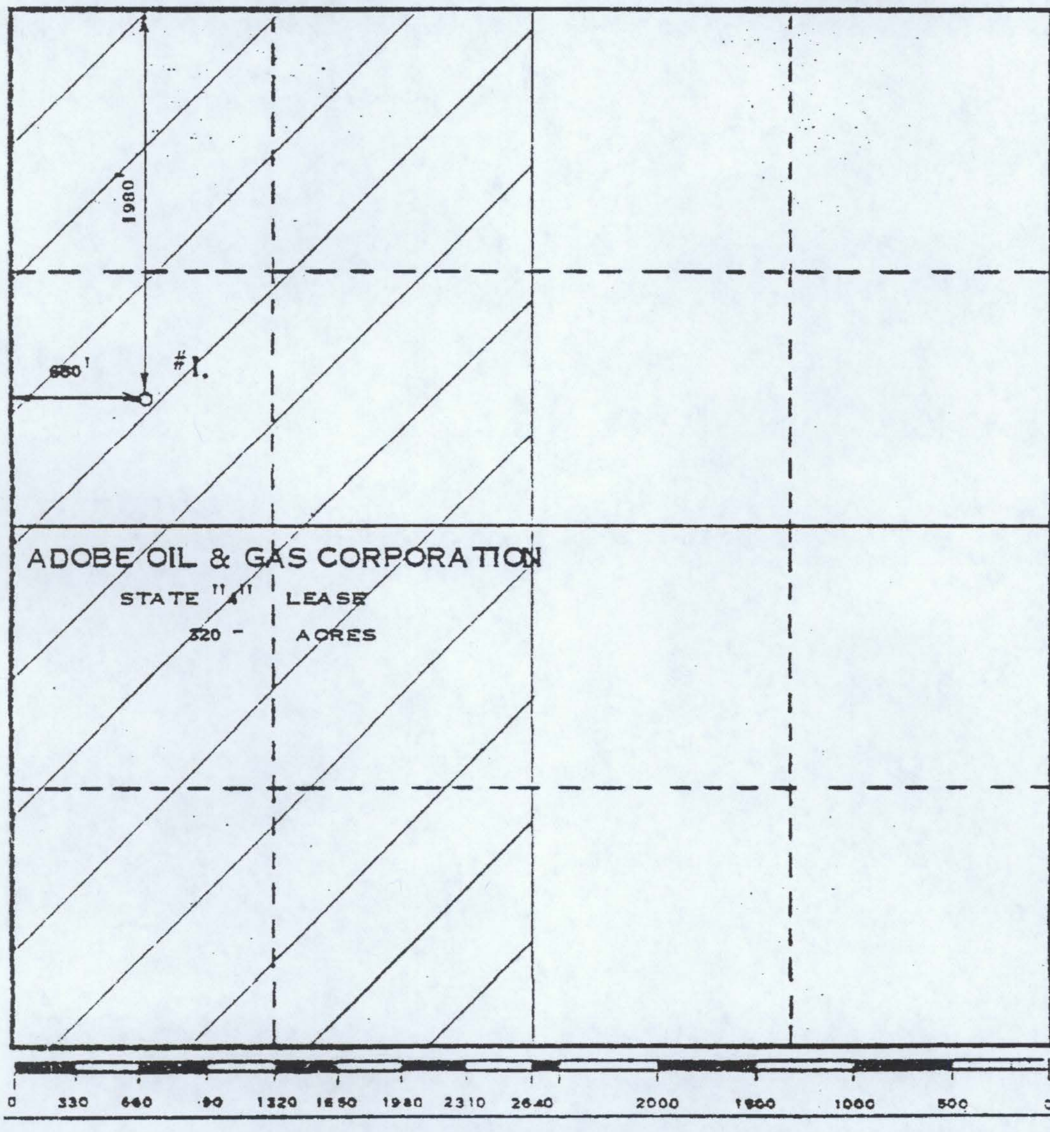
2. If **more than one lease** is dedicated to the well, **outline each and** identify the ownership thereof (both as to working **interest and royalty).**

3. If **more than one lease** of different ownership is **dedicated to the well,** have the interests of all owners been consolidated **by communitization,** unitization, force-pooling, **etc?**

☐ Yes ☐ No If answer is "yes," type of **consolidation** ____________________

If **answer is "no,"** list the owners and tract **descriptions which have actually** been consolidated. (Use reverse side of **this form if necessary.)** ____________________

No allowable will be **assigned** to the well until all **interests have been** consolidated (by communitization, unitization, **forced-pooling, or otherwise**) or until a non-standard **unit, eliminating such** interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
M. D. Rogers

Position
Vice President

Company
Adobe Oil & Gas Corporation

Date
July 6, 1979

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
JUNE 29, 1979

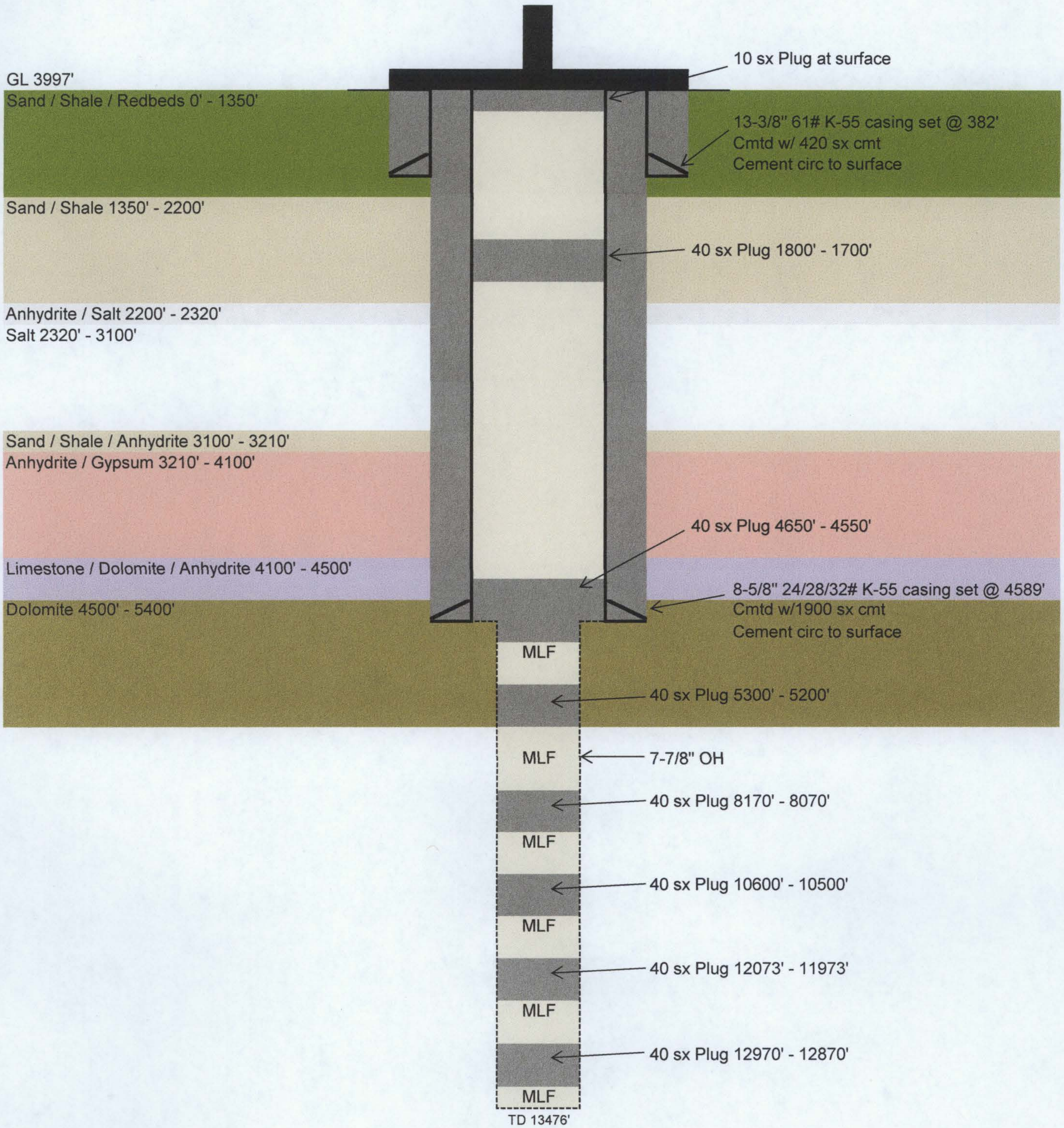
Registered Professional Engineer and/or Land Surveyor
MAX A. SCHUMANN JR.

Certificate No.
1510

CURRENT WELLBORE

P&A Well

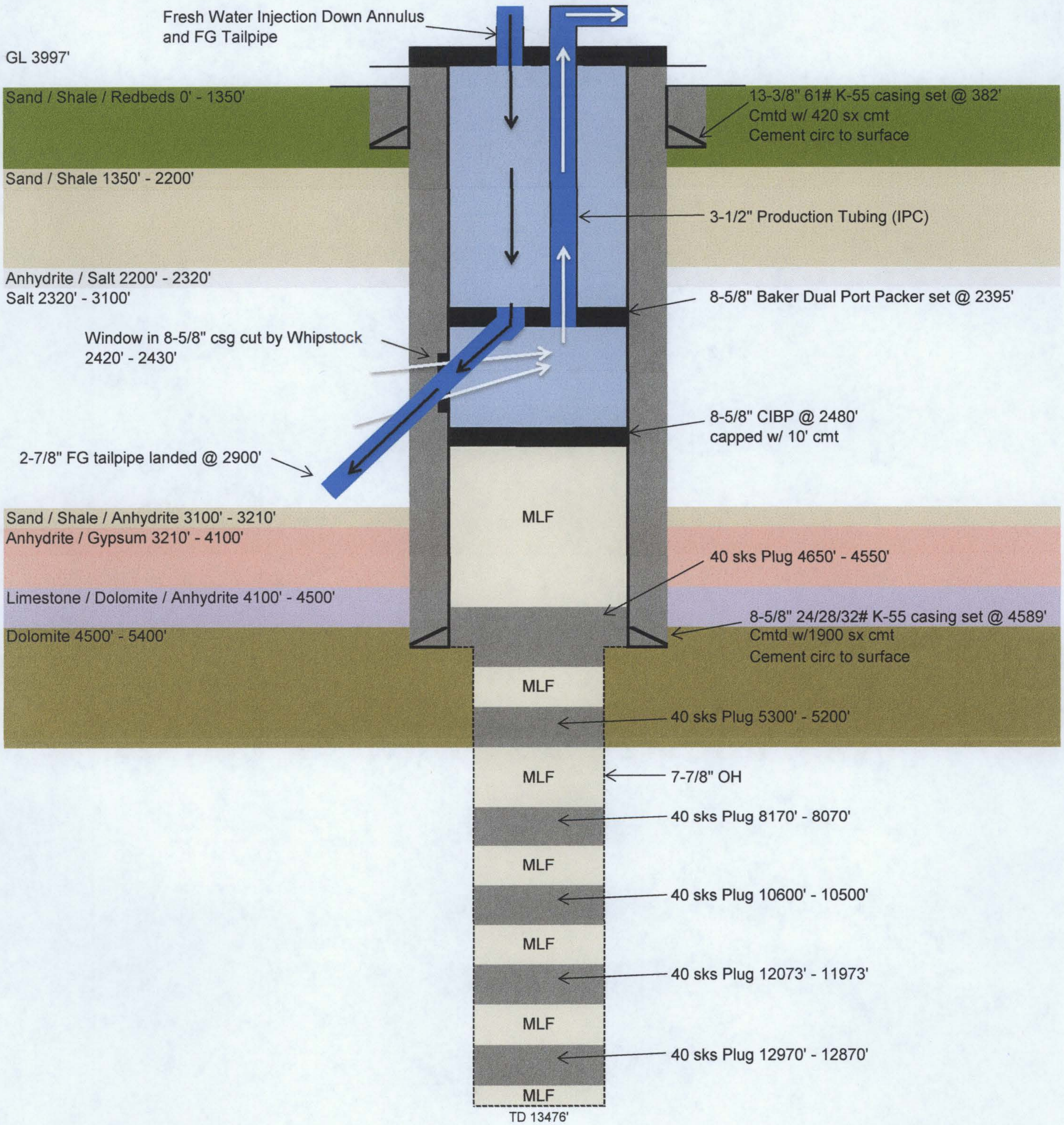
Llano Disposal, LLC
State '4' BSW #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



PROPOSED WELLBORE

Configured for Brine Well Service

Llano Disposal, LLC
State '4' BSW #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



Chavez, Carl J, EMNRD

From:	danny@pwllc.net
Sent:	Friday, January 5, 2018 10:29 AM
To:	Chavez, Carl J, EMNRD
Subject:	Proposed C-103 - State 4 #1 (30-025-26370)
Attachments:	State 4 #1 C-102 and C-103 Submitted to OCD 010518.pdf

Carl,
Per our discussion on Wednesday and my discussion with Paul Kautz yesterday, Llano proposes to submit the attached C-102 and C-103 (notice of intent) for approval to do the plug drill out and running CBL/caliper logs we discussed on the subject well. Paul advises that the C-102 and C-103 (when approved) would put the well in Llano's name. Additionally, we expect to submit the WQCC bond to Santa Fe next week.

You asked for a copy of the attached submittal. Could you please review it and provide any comments prior to our submittal to the District 1 Office. If you have any questions, please let me know.
Thank you,
Danny J. Holcomb
Cell: 806-471-5628
Email: danny@pwllc.net

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Revised July 18, 2013

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APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

1. Operator Name and Address	2. OGRID Number
Llano Disposal, LLC PO Box 190 Lovington, NM 88260	**370661**
	3. API Number **30-025-26370**

4. Property Code	5. Property Name	6. Well No.
	State '4'	**001**

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
E	**4**	**13S**	**36E**		**1980**	**N**	**660**	**W**	**Lea**

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

9. Pool Information

Pool Name	Pool Code
BSW; Salado	**96173**

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
E	**M**	**R**	**S**	**3997**
16. Multiple	17. Proposed Depth	18. Formation	19. Contractor	20. Spud Date
N	**3100**	**Salado**	**Unknown**	**Unknown**

Depth to Ground water	Distance from nearest fresh water well	Distance to nearest surface water
40' – 75'	**~1125 feet**	**Greater than 1 mile**

☒**We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	**17-1/2"**	**13-3/8"**	**61**	**382**	**420**	**Surface – In Place**
Intermed	**11"**	**8-5/8"**	**32/28/24**	**4589**	**1900**	**Surface – In Place**
N/A	**7-7/8"**	**None**	**N/A**	**Existing TD 13476'**	**N/A**	**N/A**

Casing/Cement Program: Additional Comments

Enclosures: Wellbore diagram, C102, Copy of original C102, C103 (proposed procedure)

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double/Pipe/Blinds	3000	3000	Cameron/Schaffer

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify that I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.** Signature: DJHolcomb	OIL CONSERVATION DIVISION Approved By:
Printed name: **Danny J. Holcomb**	Title:
Title: **Agent for Llano Disposal, LLC**	Approved Date: Expiration Date:
E-mail Address: **danny@pwllc.net**	
Date: **12/18/2017** Phone: **806-471-5628**	Conditions of Approval Attached

Submit 1 Copy To Appropriate District Office District I – (575) 393-6161 1625 N. French Dr., Hobbs, NM 88240 District II – (575) 748-1283 811 S. First St., Artesia, NM 88210 District III – (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 87410 District IV – (505) 476-3460 1220 S. St. Francis Dr., Santa Fe, NM 87505	State of New Mexico Energy, Minerals and Natural Resources OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505	Form C-103 Revised July 18, 2013

HOBBS OCD
DEC 21 2017
RECEIVED

	WELL API NO. 30-025-26370
	5. Indicate Type of Lease STATE ☒ FEE ☐
	6. State Oil & Gas Lease No.
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	7. Lease Name or Unit Agreement Name State '4'
1. Type of Well: Oil Well ☐ Gas Well ☐ Other - PxA Well	8. Well Number 1
2. Name of Operator Llano Disposal, LLC	9. OGRID Number 370661
3. Address of Operator PO Box 190, Lovington, NM 88260	10. Pool name or Wildcat BSW; Salado

4. Well Location
Unit Letter E : 1980 feet from the North line and 660 feet from the West line
Section 4 Township 13S Range 36E NMPM Lea County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*
3997' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☒	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☒	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☒			
OTHER: ☐		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Proposed procedure to drill out plugs # 7 and #8 to covert well to brine supply well service (pending BW order approval):

1) Back drag/level location, set anchors, dig out around existing PxA marker, MI welder, cut off PxA marker, reveal good 13-3/8" and 8-5/8" casing, install new casing and tubing head at ground level.
2) MIRU pulling unit, NU BOP, unload and tally 2-7/8" workstring, set 2 frac tanks and fill one with FW. MIRU reverse unit, swivel and stripping head, RIH with 7-7/8" skirted MT bit, bit sub, four 4-3/4" DCs and 2-7/8" workstring, drill cement plug #8 (surface to 30') and plug # 7 (1700' – 1900') utilizing closed loop system.
3) Tag plug #6 at 4550', circulate hole clean, close BOP, test casing to 300#, POOH & SB 2-7/8" workstring, LD bit, bit sub and DCs.
4) RIH with whipstock and cutter. Cut window in 8-5/8" casing, top of window at 2420', bottom of window at 2430', POOH & SB workstring LD whipstock and cutter. RIH with 4-3/4" bit, bit sub, four DCs and 2-7/8" workstring, CO hole to 4550'. POOH & LD workstring, DCs, bit sub and bit.
5) MIRU WL, RIH with 8-5/8" CIBP, set at 2480', cap with 10' of cement, POOH & RDMO WL.
6) RIH with 3-1/2" IPC tubing and 8-5/8" Baker dual port packer with 510' of 2-7/8" FG tailpipe, work tailpipe into window and set packer at 2395, land tailpipe at 2900'.
7) ND BOP, NU tubing head, cap well with dual port B-1 flange and valves. RDMO pulling unit, reverse unit and tanks.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE DJHolcomb TITLE Agent for Llano Disposal LLC DATE 12/18/2017

Type or print name Danny J. Holcomb E-mail address: danny@pwllc.net PHONE: 806-471-5628

For State Use Only

APPROVED BY: ____________ TITLE ____________ DATE ____________
Conditions of Approval (if any):

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☒ AMENDED REPORT

HOBBS OCD
DEC 21 2017
RECEIVED

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-26370	96173	BSW; Salado

[4] Property Code	[5] Property Name	[6] Well Number
	State '4'	001

[7] OGRID No.	[8] Operator Name	[9] Elevation
370661	Llano Disposal, LLC	3997

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	4	13S	36E		1980	N	660	W	Lea

[11] Bottom Hole Location If Different From Surface

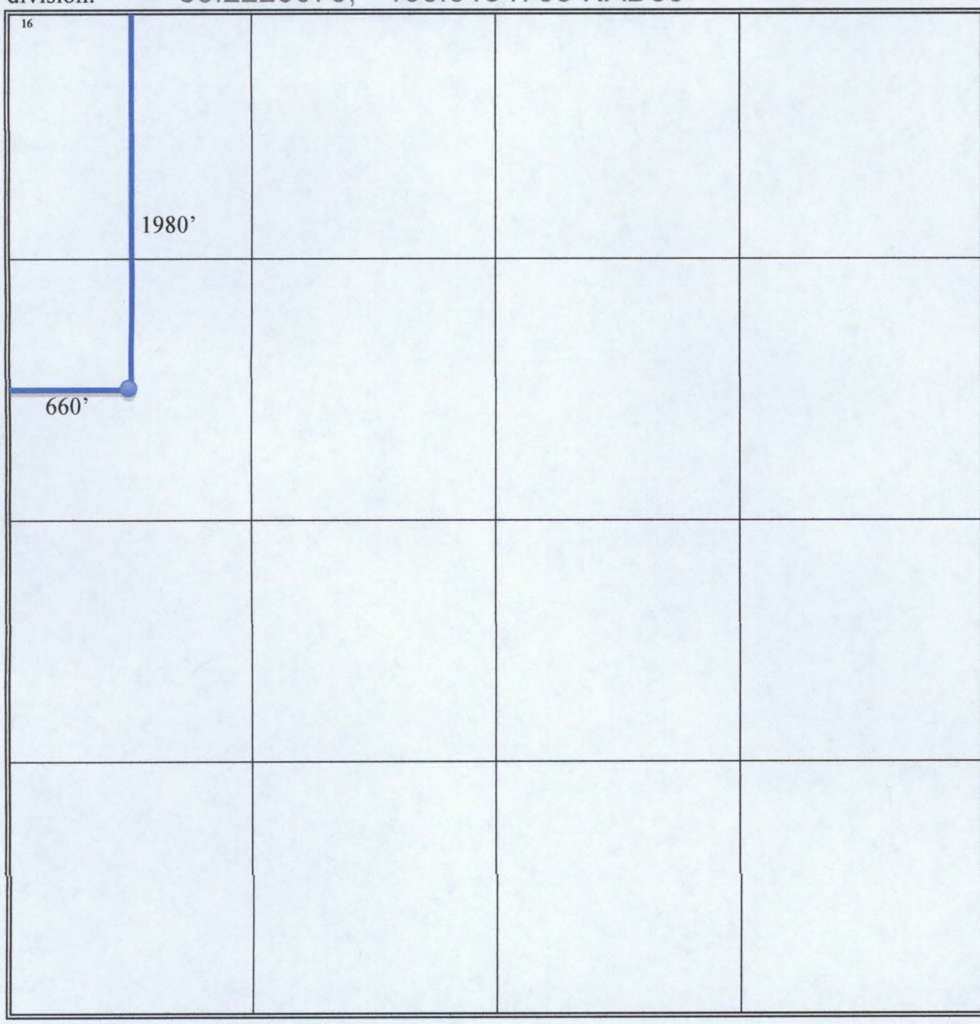
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
40			(Pending BW Order)

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

33.2225075, -103.3154755 NAD83

16



[17] OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

DHolcomb 12/18/2017
Signature Date

Danny J. Holcomb – Agent for Llano Disposal
Printed Name

danny@pwllc.net
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Original Survey 7/6/1979

Date of Survey

Signature and Seal of Professional Surveyor:

See attached

Certificate Number

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator	Lease	Well No.
ADOBE OIL & GAS CORPORATION	STATE "4"	1

Unit Letter	Section	Township	Range	County
"E"	4	13-S	36-E	LEA

Actual Footage Location of Well: 1980 feet from the NORTH line and 660 feet from the WEST line

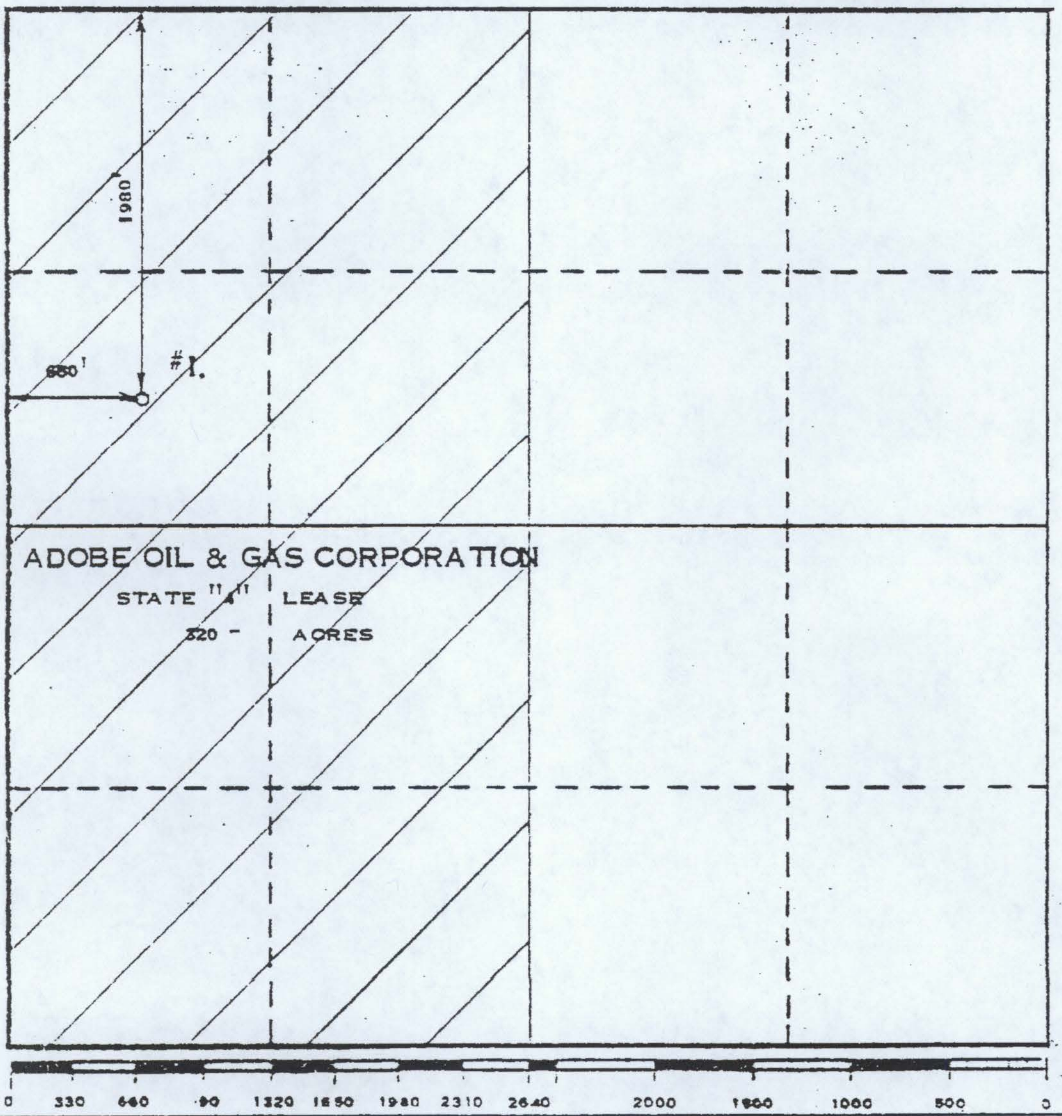
Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3997	MISSISSIPIAN	WILDCAT	320 Acres

1. **Outline the acreage** dedicated to the subject well **by colored pencil** or hachure marks on the plat below.
2. If **more than one lease** is dedicated to the well, **outline each and** identify the ownership thereof (both as to working **interest and royalty).**
3. If **more than one lease** of different ownership **is dedicated to the well,** have the interests of all owners been consolidated **by communitization**, unitization, force-pooling. **etc?**

☐ Yes ☐ No If answer is "yes," type of **consolidation** ____________________

If **answer is "no,"** list the owners and tract descriptions which have actually been consolidated. (Use reverse side of **this form if necessary.)** ____________________

No allowable will be assigned to the well until all **interests have been** consolidated (by communitization, unitization, **forced-pooling, or otherwise**) or until a non-standard **unit, eliminating such** interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name	M. D. Rogers
Position	Vice President
Company	Adobe Oil & Gas Corporation
Date	July 6, 1979

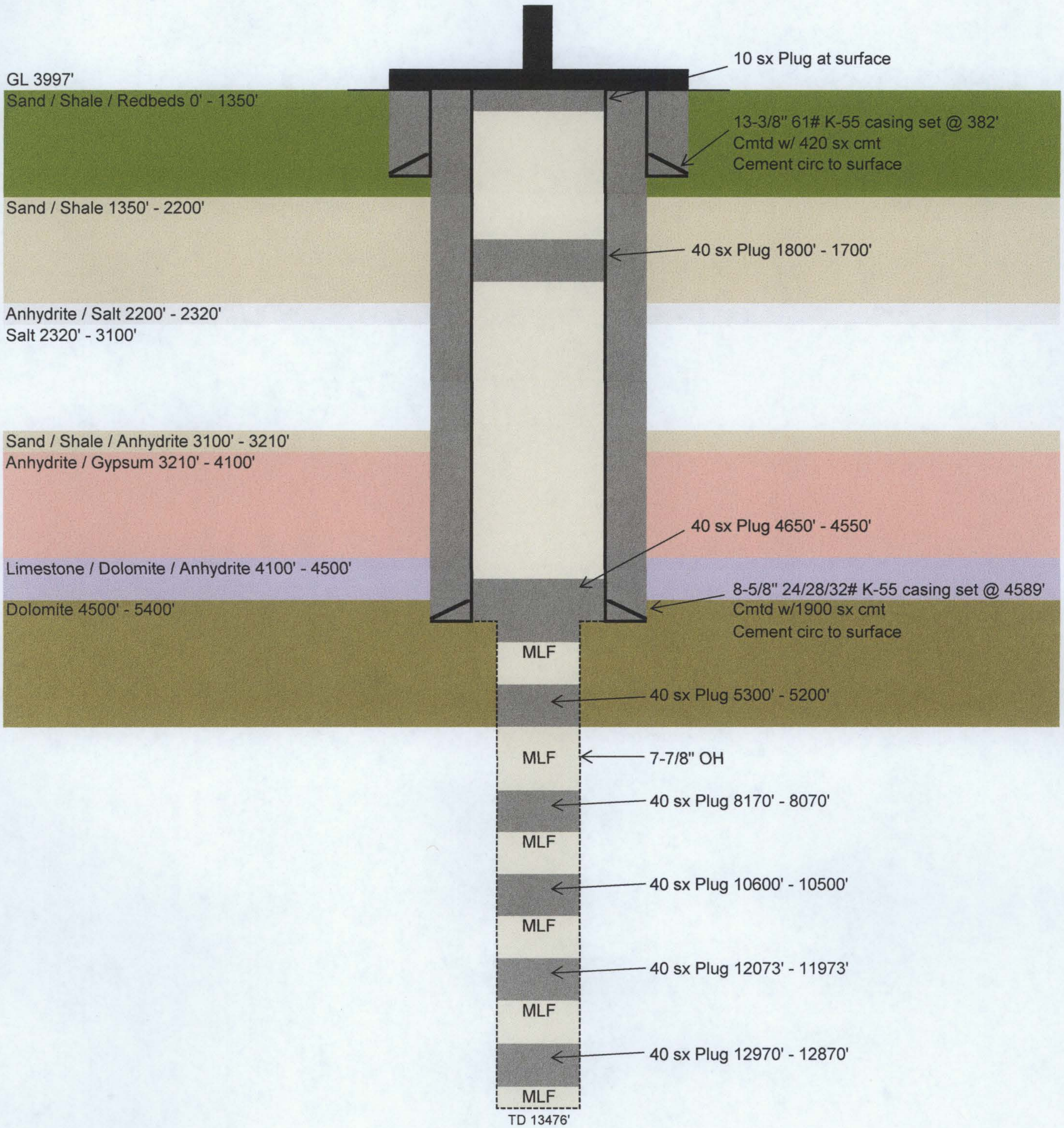
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed	JUNE 29, 1979
Registered Professional Engineer and/or Land Surveyor	MAX A. SCHUMANN JR.
Certificate No.	1510

CURRENT WELLBORE

P&A Well

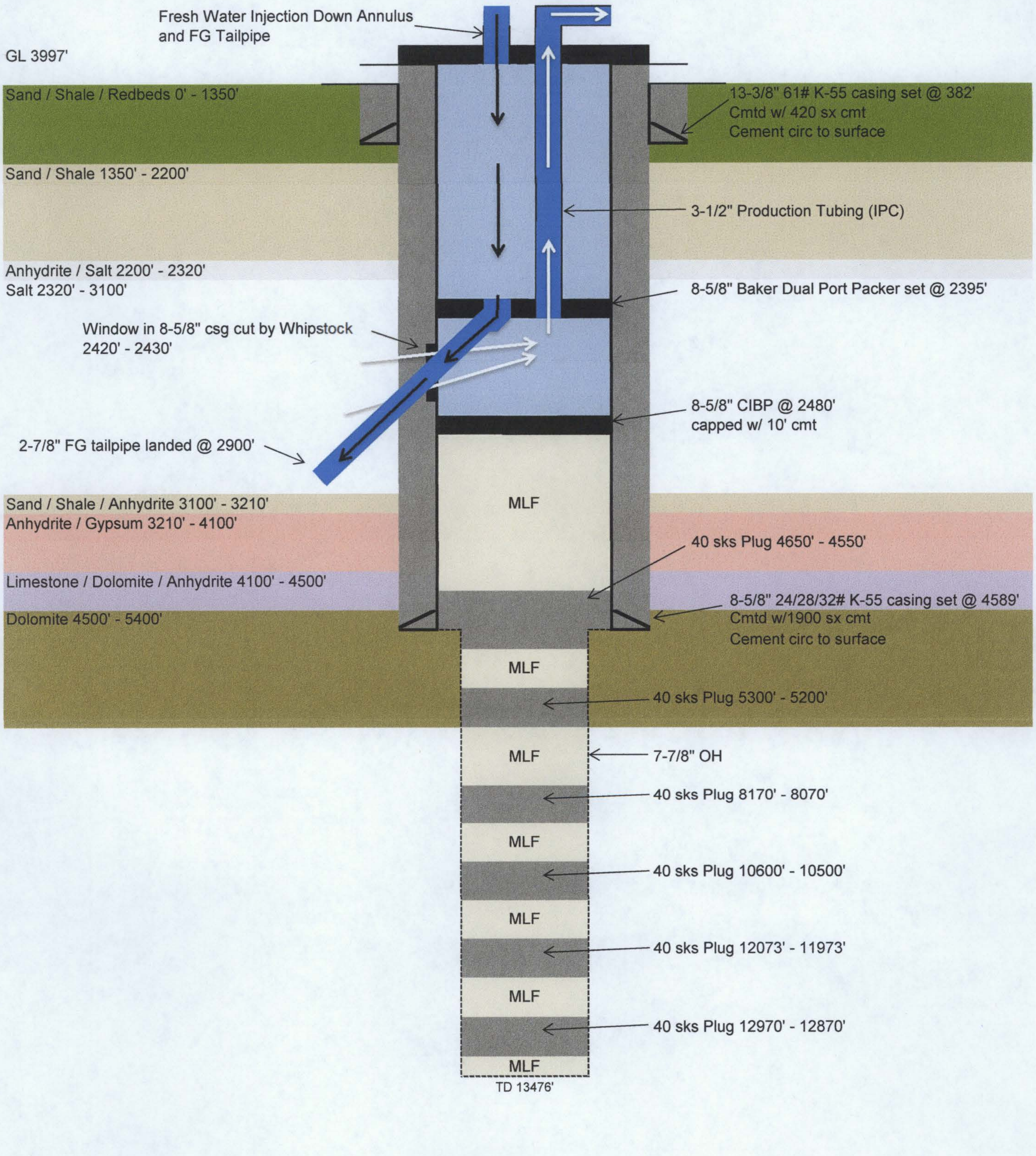
Llano Disposal, LLC
State '4' BSW #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



PROPOSED WELLBORE

Configured for Brine Well Service

Llano Disposal, LLC
State '4' BSW #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



Holcomb Consultants
6900 Spring Cherry Lane
Amarillo, Texas 79124

January 5, 2018

NMOCD District 1
1625 N. French Drive
Hobbs, NM 88240
Attn: Mr. Paul Kautz

Re: State 4 #1 – 30-025-26370

Dear Mr. Kautz,
Per our telephone call on 1/4/18 referencing the subject well, attached are copies of the C-102 and C-103 you requested. The C-103 requests permission to drill out the top two plugs in this well in order to obtain a casing bond log, compensated neutron log and caliper log. This work was agreed upon by Mr. Carl Chavez of the Environmental Bureau during discussions to consider this well for conversion to a brine service well.

If you have any questions concerning any of these forms, please let me know. Thank you in advance for your consideration.

Sincerely,

DJHolcomb

Danny J. Holcomb
Agent for Llano Disposal, LLC

Email: danny@pwllc.net
Cell: 806-471-5628

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Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-025-26370	96173	BSW; Salado

4 Property Code	5 Property Name	6 Well Number
	State '4'	001

7 OGRID No.	8 Operator Name	9 Elevation
370661	Llano Disposal, LLC	3997

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	4	13S	36E		1980	N	660	W	Lea

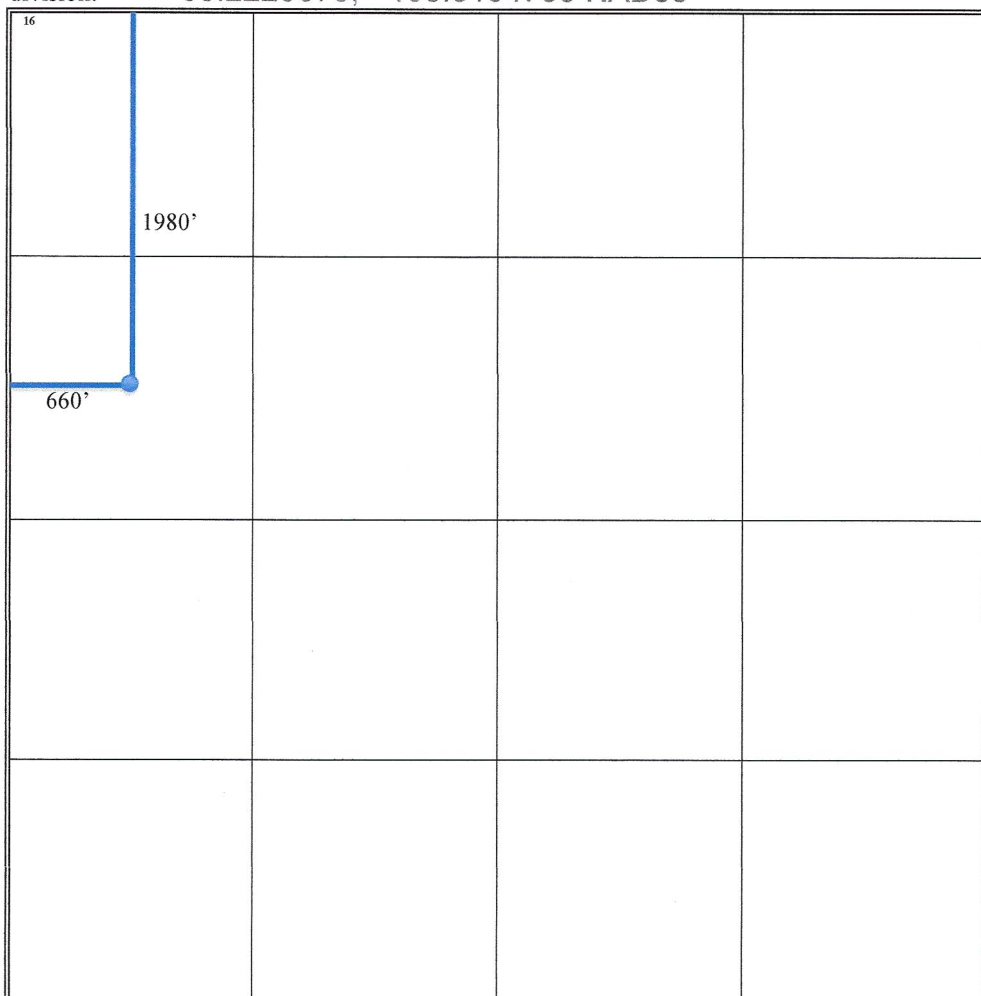
11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
40			(Pending WQCC Discharge Permit approval)

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division. 33.2225075, -103.3154755 NAD83

16



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

DJHolcomb 1/5/2018
Signature Date

Danny J. Holcomb – Agent for Llano Disposal
Printed Name

danny@pwllc.net
E-mail Address

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

See Original Survey dated 7/6/1979 attached

Date of Survey

Signature and Seal of Professional Surveyor:

See Original Survey dated 7/6/1979 attached

Certificate Number

NEW MEXICO OIL CONSERVATION COMMISSION

WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

Operator			Lease		Well No.
ADOBE OIL & GAS CORPORATION			STATE "4"		1

Unit Letter	Section	Township	Range	County
"E"	4	13-S	36-E	LEA

Actual Footage Location of Well: 1980 feet from the NORTH line and 660 feet from the WEST line

Ground Level Elev.	Producing Formation	Pool	Dedicated Acreage:
3997	MISSISSIPIAN	WILDCAT	320 Acres

1. **Outline the acreage** dedicated to the subject well **by colored pencil** or hachure marks on the plat below.

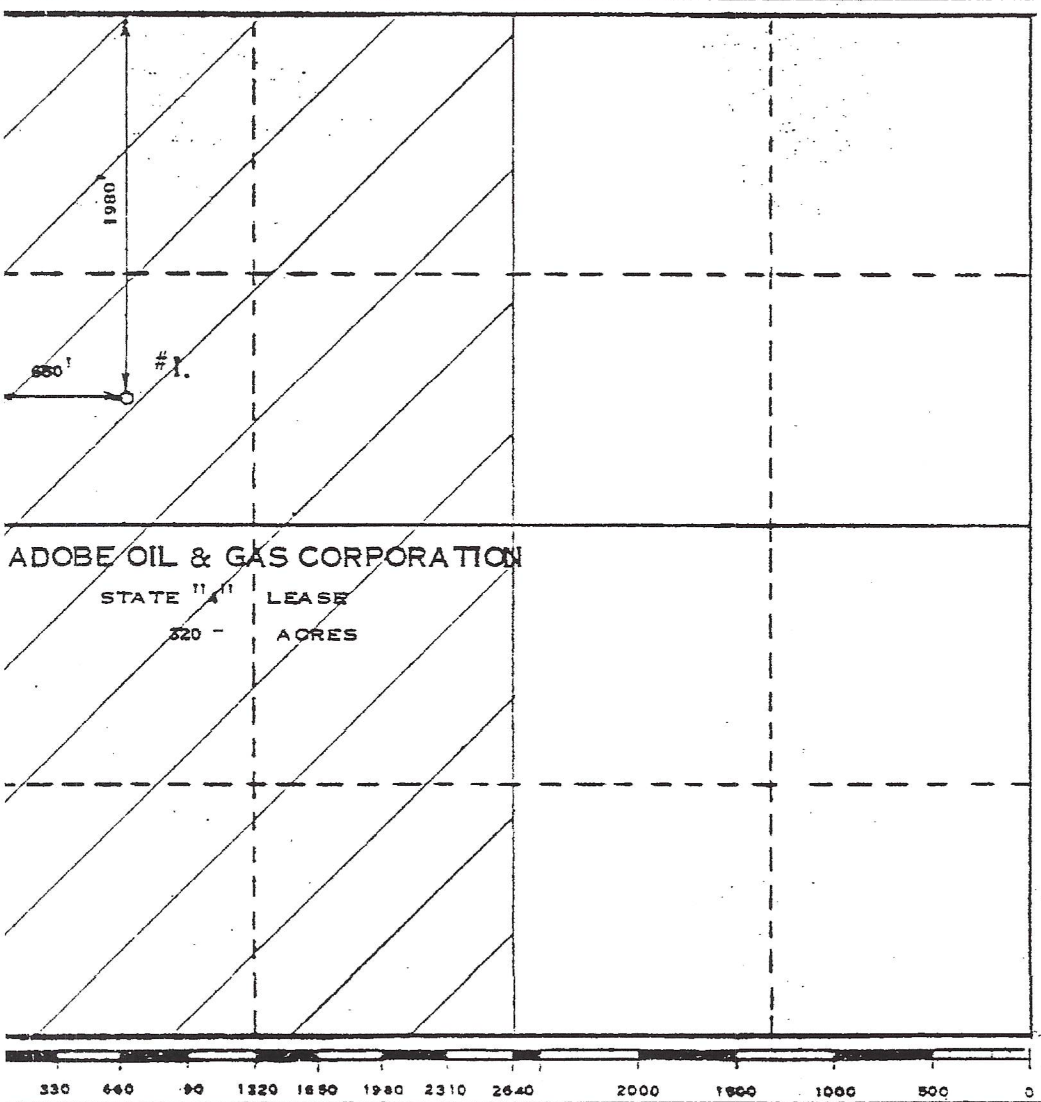
2. **If more than one lease** is dedicated to the well, **outline each and** identify the ownership thereof (both as to working **interest and royalty**).

3. **If more than one lease** of different ownership **is dedicated to the well**, have the interests of all owners been consolidated **by communitization**, unitization, force-pooling. etc?

☐ **Yes** ☐ **No** If answer is "yes," type of **consolidation** ____________________

If answer is "no," list the owners and tract **descriptions which have** actually been consolidated. (Use reverse side of **this form if necessary.**)____________________

No **allowable will be assigned** to the well until all **interests have been** consolidated (by communitization, unitization, **forced-pooling, or otherwise**) or until a non-standard **unit, eliminating such** interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name: M. D. Rogers

Position: Vice President

Company: Adobe Oil & Gas Corporation

Date: July 6, 1979

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: JUNE 29, 1979

Registered Professional Engineer and/or Land Surveyor

MAX A. SCHUMANN JR.

Certificate No. 1510

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

WELL API NO. 30-025-26370

5. Indicate Type of Lease STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other - PxA Well

7. Lease Name or Unit Agreement Name: State '4'

8. Well Number 1

2. Name of Operator: Llano Disposal, LLC

9. OGRID Number: 370661

3. Address of Operator: P.O. Box 190, Lovington, NM 88260

10. Pool name or Wildcat: BSW; Salado

4. Well Location
Unit Letter E : 1980 feet from the North line and 660 feet from the West line
Section 4 Township 13S Range 36E NMPM Lea County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3997' GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☒	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
CLOSED-LOOP SYSTEM ☒			
OTHER: Run CBL, CNL and caliper log ☒		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

In accordance with discussions with OCD Environmental Bureau, Llano Disposal LLC proposes to re-entry this P&A well to inspect casing for possible conversion to brine supply well service pending WQCC Discharge Permit approval:

1) Back drag/level location, set anchors, dig out around existing PxA marker, MI welder, cut off PxA marker, reveal good 13-3/8" and 8-5/8" casing, install new casing (if necessary) and well head at ground level.
2) MIRU pulling unit, NU BOP, unload and tally 2-7/8" workstring, set 2 frac tanks and fill one with FW. MIRU reverse unit, swivel and stripping head, RIH with 7-7/8" skirted MT bit, bit sub, four 4-3/4" DCs and 2-7/8" workstring, drill cement plug #8 (surface to 30') and plug # 7 (1700' – 1900') utilizing closed loop system.
3) Tag plug #6 at 4550', circulate hole clean, close BOP, test casing to 300#, POOH & LD 2-7/8" workstring, DCs, bit sub and bit.
4) MIRU WL, run CBL, CNL and casing caliper log from PBTD at 4550' to surface, RDMO WL.
5) ND BOP, install B-1 adaptor, secure and close in well, RDMO pulling unit, reverse unit and tanks.
6) Submit CBL, CNL and caliper log to OCD Environmental Bureau (SF) and OCD District 1 (Hobbs) to make a better determination on proposed window depth and tubing depth. Suspend further well work until additional permitting is approved.

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE DJHolcomb TITLE Agent for Llano Disposal, LLC DATE 1/5/2018

Type or print name Danny J. Holcomb E-mail address: danny@pwllc.net PHONE: 806-471-5628

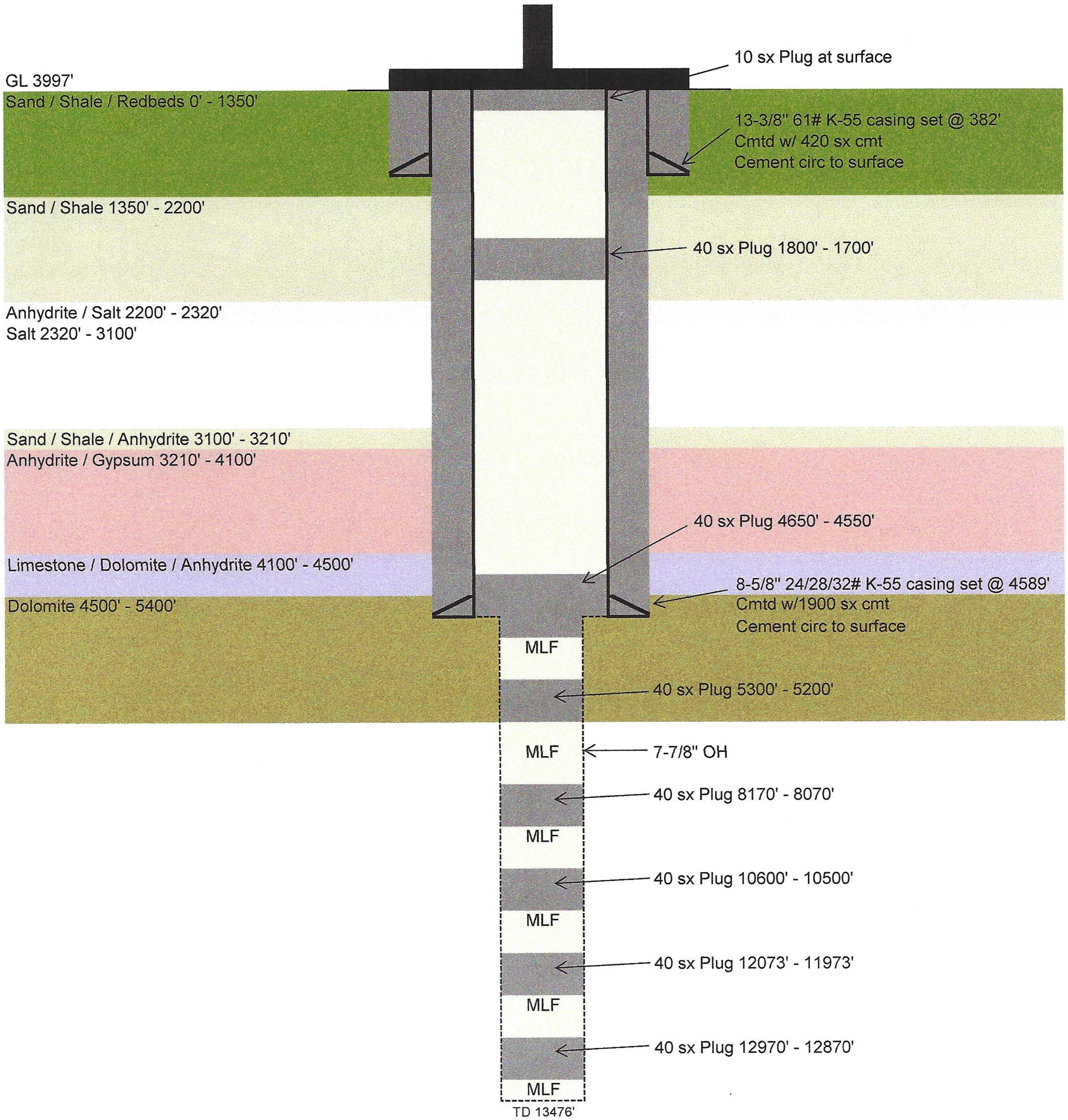
For State Use Only

APPROVED BY: TITLE DATE
Conditions of Approval (if any):

CURRENT WELLBORE

P&A Well

Llano Disposal, LLC
State '4' #1
API # 30-025-26370
1980' FNL x 660' FWL, UL 'E', Sec 4, T13S, R36E, Lea County, NM



Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, January 2, 2018 10:40 AM
To: Kautz, Paul, EMNRD
Cc: Brown, Maxey G, EMNRD; Griswold, Jim, EMNRD
Subject: RE: C-101 package for Brine Supply Well Llano Disposal, State 4 # 001 30-025-26370
Attachments: New and Mod WQCC Notice Regs.pdf; PN Flow Chart.20.6.2new and mods.pdf

Paul:

Good morning and happy new year! OCD-SF was not aware of the application or at least Jim if he received it, did not forward it to me.

Please send me all the information, including application, forms, etc. to review. OCD-SF will conduct a WQCC Discharge Permit review process (see attached regs. and flow chart) on the WQCC Discharge Permit process.

OCD-SF generally makes an applicant submit a CBL, etc. to ensure any converted oil/gas wells are in good shape to become brine wells.

OCD-SF will communicate with OCD-Hobbs on the forms and application.

Please contact me if you have questions or wish to communicate further in this matter. Otherwise, OCD-SF will begin the review process and communicate with OCD-Hobbs on any Conditions of Approval it may recommend to OCD-Hobbs in the form review process. OCD-Hobbs should wait for communication on the forms from OCD-SF.

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
"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")

From: Griswold, Jim, EMNRD
Sent: Friday, December 22, 2017 2:47 PM
To: Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>
Subject: FW: C-101 package for Brine Supply Well Llano Disposal, State 4 # 001 30-025-26370

From: Kautz, Paul, EMNRD
Sent: Thursday, December 21, 2017 3:01 PM
To: Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>

Cc: Brown, Maxey G, EMNRD <MaxeyG.Brown@state.nm.us>
Subject: C-101 package for Brine Supply Well Llano Disposal, State 4 # 001 30-025-26370

Hi Jim,

I have a C-101 application to re-enter State 4 # 001 well, API # 30-025-26370 and convert it to a Brine Supply Well. Is their application for a brine well at the point where a C-101 can be approved or do you need to see a copy of this application. Let me know.

Paul Kautz
Hobbs District Geologist
Energy Minerals Natural Resources Dept.
Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240
575-393-6161 ext. 104

OCD Permitting

30-025-26370 PRE-ONGARD WELL #001 [30041]

General Well Information

Operator:	[214263] PRE-ONGARD WELL OPERATOR		
Status:	Plugged, Site Released	Direction:	
Well Type:	Oil	Multi-Lateral:	No
Work Type:	New	Mineral Owner:	State
		Surface Owner:	
Surface Location:	E-04-13S-36E 1980 FNL 660 FWL		
Lat/Long:	33.2225075,-103.3154755 NAD83		
GL Elevation:			
KB Elevation:		Sing/Mult Compl:	
DF Elevation:		Potash Waiver:	False

Pre-ONGARD Information

Original Well Name: ADOBE OIL & GAS
COR
Original Operator Name: STATE 4

Proposed Formation and/or Notes

ADOBE OIL & GAS COR/STATE 4

Depths

Proposed:	0	Total Vertical Depth:	13476
Measured Vertical Depth:	0	Plugback Measured:	0

Formation Tops

Formation	Top	Producing	Method Obtained

Event Dates

Initial APD Approval:	01/01/1900		
Most Recent APD Approval:	01/01/1900	Current APD Expiration:	01/01/1902
APD Cancellation:			
APD Extension Approval:			
Spud:	01/01/1900	Gas Capture Plan Received:	
Approved Temporary Abandonment:		TA Expiration:	
Shut In:			
Plug and Abandoned Intent Received:		PNR Expiration:	
		Last MIT/BHT:	
Well Plugged:	01/01/1900		
Site Release:			
Last Inspection:			

Quick Links

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Associated Images

- Well Files
- Well Logs
- Administrative Orders

New Searches

- New Well Search

History

SIGN-IN HELP

	ONGARD WELL		WELL OPERATOR			Released		

Comments

Operator

Company: [214263] PRE-ONGARD WELL OPERATOR
Address:

Country:
Main Phone:

Central Contact Person

Name: **Title:**
Phone: **Fax:**
Cell:
E-Mail Address:

Pits

No Pits Found

Casing

No Casing Found

Well Completions

No Completions Found

Financial Assurance

Effective	Bond Type	Base	Balance	Issuer	Cash/Surety	Cancellation Date
01/01/1900	Blanket	1	1	SEABOARD SURETY CO	Surety	

Requests to release bonds must be submitted in writing. You may send an e-mail to Denise.Gallegos@state.nm.us or fax a letter to (505) 476-3453.

SIGN-IN HELP

Complaints, Incidents and Spills

No Incidents Found

Please note that incidents that impact ground water are recorded along with "facilities" which may not be wells, so although the initial report may be recorded here as a spill, information related to the abatement plans, remediation plans and ground water impact information are not yet part of this application.

Orders

No Orders Found

Production / Injection

Earliest Production in OCD Records: **Last** Show All Production Export to Excel

	Production				Injection				
Time Frame	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days P/I	Water(BBLS)	Co2(MCF)	Gas(MCF)	Other	Pressure
Grand Total:	0	0	0	0	0	0	0	0	N/A

Transporters

Transporter	Product	Most Recent for Property

Points of Disposition

ID	Type	Description	Pool(s)