

**BW - 22**

**TRANSFER OF  
OPERATOR**

**2019**

**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 Rd., Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3470 Fax: (505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural**  
**Resources**

**Oil Conservation Division**

**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

**Change of Operator**

Form C-145  
Revised May 19, 2017

Permit 267818

**Previous Operator Information**

OGRID: 130851  
Name: WASSERHUND INC  
Address: P.O. Box 2140  
  
City, State, Zip: Lovington, NM 88260

**New Operator Information**

Effective Date: Effective on the date of approval by the OCD  
OGRID: 8426  
Name: GANDY CORPORATION  
Address: P.O. Box 2140  
  
City, State, Zip: Lovington, NM 88260

I hereby certify that the rules of the Oil Conservation Division ("OCD") have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Additionally, by signing below, GANDY CORP certifies that it has read and understands the following synopsis of applicable rules.

PREVIOUS OPERATOR certifies that all below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells being transferred are either (1) in compliance with 19.15.17 NMAC, (2) have been closed pursuant to 19.15.17.13 NMAC or (3) have been retrofitted to comply with Paragraphs 1 through 4 of 19.15.17.11(l) NMAC.

**GANDY CORP understands that the OCD's approval of this operator change:**

1. constitutes approval of the transfer of the permit for any permitted pit, below-grade tank or closed-loop system associated with the selected wells; and
2. constitutes approval of the transfer of any below-grade tanks constructed and installed prior to June 16, 2008 associated with the selected wells, regardless of whether the transferor has disclosed the existence of those below-grade tanks to the transferee or to the OCD, and regardless of whether the below-grade tanks are in compliance with 19.15.17 NMAC.

**As the operator of record of wells in New Mexico, GANDY CORP agrees to the following statements:**

1. Initials LG I am responsible for ensuring that the wells and related facilities comply with applicable statutes and rules, and am responsible for all regulatory filings with the OCD. I am responsible for knowing all applicable statutes and rules, not just the rules referenced in this list. I understand that the OCD's rules are available on the OCD website under "Rules," and that the Water Quality Control Commission rules are available on the OCD website on the "Publications" page.
2. Initials LG I understand that if I acquire wells from another operator, the OCD must approve the operator change before I begin operating those wells. See Subsection B of 19.15.9.9 NMAC. I understand that if I acquire wells or facilities subject to a compliance order addressing inactive wells or environmental cleanup, before the OCD will approve the operator change it may require me to enter into an enforceable agreement to return those wells to compliance. See Paragraph (2) of Subsection C of 19.15.9.9 NMAC.
3. Initials LG I must file a monthly C-115 report showing production for each non-plugged well completion for which the OCD has approved an allowable and authorization to transport, and injection for each injection well. See 19.15.7.24 NMAC. I understand that the OCD may cancel my authority to transport from or inject into all the wells I operate if I fail to file C-115 reports. See Subsection C of 19.15.7.24 NMAC.
4. Initials LG I understand that New Mexico requires wells that have been inactive for certain time periods to be plugged or placed in approved temporary abandonment. See 19.15.25.8 NMAC. I understand the requirements for plugging and approved temporary abandonment in 19.15.25 NMAC. I understand that I can check my compliance with the basic requirements of 19.15.25.8 NMAC by using the "Inactive Well List" on OCD's website.
5. Initials LG I must keep current with financial assurances for well plugging. I understand that New Mexico requires each state or fee well that has been inactive for more than two years and has not been plugged and released to be covered by a single-well financial assurance or a "blanket plugging financial assurance for wells in temporarily abandoned statuses", even if the well is also covered by a blanket financial assurance and even if the well is on approved temporary abandonment status. See Subsection C of 19.15.8.9 NMAC. I understand that I can check my compliance with the financial assurance requirement by using the "Inactive Well Additional Financial Assurance Report" on the OCD's website.
6. Initials LG I am responsible for reporting and remediating releases pursuant to 19.15.29 NMAC. I understand the OCD will look to me as the operator of record to take corrective action for releases at my wells and related facilities, including releases that occurred before I became operator of record. I am responsible for conducting my own due diligence for any releases that have occurred prior to becoming operator of my wells and related facilities and am responsible for any open releases or unreported releases.
7. Initials LG I have read 19.15.5.9 NMAC, commonly known as "Part 5.9," and understand that to be in compliance with its requirements I must have the appropriate financial assurances in place, comply with orders requiring corrective action, pay penalties assessed by the courts or agreed to by me in a settlement agreement, and not have too many wells out of compliance with the inactive well rule (19.15.25.8 NMAC). If I am in violation of Part 5.9, I may not be allowed to drill, acquire or produce any additional wells, and will not be able to obtain any new injection permits. See 19.15.16.19 NMAC, 19.15.26.8 NMAC, 19.15.9.9 NMAC and 19.15.14.10 NMAC. If I am in violation of Part 5.9 the OCD may, after notice and hearing, revoke my existing injection permits and seek other relief. See 19.15.26.8 NMAC and 19.15.5.10 NMAC.
8. Initials LG For injection wells, I understand that I must report injection on my monthly C-115 report and must operate my wells in compliance with 19.15.26 NMAC and the terms of my injection permit. I understand that I must conduct mechanical integrity tests on my injection wells at least once every five years. See 19.15.26.11 NMAC. I understand that when there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a saltwater disposal well or special purpose injection well, authority for that injection automatically terminates. See 19.15.26.12 NMAC. I understand that if I transfer operation of an injection well to another operator, the OCD must approve the transfer of authority to inject, and the OCD may require me to demonstrate the well's mechanical integrity prior to approving that transfer. See 19.15.26.15 NMAC.
9. Initials LG I am responsible for providing the OCD with my current address of record and emergency contact information, and I am responsible for updating that information when it changes. See Subsection C of 19.15.9.8 NMAC. I understand that I can update that information on the OCD's website under "Electronic Permitting."
10. Initials LG If I transfer well operations to another operator, the OCD must approve the change before the new operator can begin operations. See Subsection B of 19.15.9.9 NMAC. I remain responsible for the wells and related facilities and all related regulatory filings until the OCD approves the operator change. I understand that the transfer will not relieve me of responsibility or liability for any act or omission which occurred while I operated the wells and related facilities.
11. Initials LG No person with an interest exceeding 25% in the undersigned company is, or was within the last 5 years, an officer, director, partner or person with a 25% or greater interest in another entity that is not currently in compliance with Subsection A of 19.15.5.9 NMAC.
12. Initials LG NMOC Rule Subsection E and F of 19.15.16.8 NMAC: An operator shall have 90 days from the effective date of an operator name change to change the operator name on the well sign unless the division grants an extension time, for good cause shown, along with a schedule for making the changes. Each sign shall show the (1) well number, (2) property name, (3) operator's name, (4) location by footage, quarter-quarter section, township and range (or unit letter can be substituted for the quarter-quarter section), and (5) API number.

I hereby certify I understand the above. The statements I have made are true and correct and a condition precedent to the Oil Conservation Division accepting this Change of Operator.

**Previous Operator**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Jon Gandy

Jon GANDY

Owner

5/28/19 Phone: 575-369  
9909

**New Operator**

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Larry Gandy

Larry Gandy

Pres.

5-27-19 Phone: 575-396-0522

Permit 267818

**Chavez, Carl J, EMNRD**

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**From:** Chavez, Carl J, EMNRD  
**Sent:** Friday, May 10, 2019 4:50 PM  
**To:** Wayne Price; Griswold, Jim, EMNRD; Morley, Andy V., OSE; Kautz, Paul, EMNRD  
**Cc:** Larry Gandy; Gallegos, Denise, EMNRD  
**Subject:** RE: [EXT] BW-22 Tatum change of operator [Wasserhund, Inc. Watson #1 API# 30-025-28162]

Wayne, hi.

Please find below the DP transfer provisions and WQCC Bond. So the brine well permit is being transferred to Gandy Corp. who will submit a new C-103 Form for PA of the brine well under Gandy Corp. OCD is to disregard prior forms submitted for the above subject well.

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.

Please make sure you comply with the above permit conditions.

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”)

-----Original Message-----

From: Wayne Price <wayneprice@q.com>

Sent: Friday, May 10, 2019 4:35 PM

To: Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>; Griswold, Jim, EMNRD

<Jim.Griswold@state.nm.us>; Morley, Andy V., OSE <andy.morley@state.nm.us>

Cc: Wayne Price <wayneprice@q.com>; Larry Gandy <lgandy@gandycorporation.com>

Subject: [EXT] BW-22 Tatum change of operator

Dear Carl,

Please note that Wasserhund Inc. Tatum brine well will now become Gandy Corp. I am putting together a change of operator. We are in the process of obtaining a \$50K bond. Once this occurs then we will refile the P&A under the Gandy Corp.

Wayne Price-Price LLC

312 Encantado Ridge CT NE

Rio Rancho, NM 87124

wayneprice@q.com

505-715-2809