

BW - 22

**GENERAL
CORRESPONDENCE**

YEAR(S):

2007 → 1997

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 1301 W. Grand Ave., Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 June 19, 2008

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

| |
|--|
| WELL API NO. <u>30-025-28162</u> |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name <u>Quality Brine</u> |
| 8. Well Number |
| 9. OGRID Number |
| 10. Pool name or Wildcat |

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 Brine Well

2. Name of Operator
Gandy Corporation

3. Address of Operator
P.O. Box 2140, Lovington, NM 88260

4. Well Location
 Unit Letter M : 593 feet from the South line and 639 feet from the West line
 Section 20 Township 12s Range 36e NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

| | | | |
|---|---|--|--|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input checked="" type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | P AND A <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPL. <input type="checkbox"/> | CASING/CEMENT JOB <input type="checkbox"/> | |
| DOWNHOLE COMMINGLE <input type="checkbox"/> | | | |
| OTHER: <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

- 08/15/08 Pull tubing.
- 08/19/08 Run wire-line & sonar tools for capacity/cavity configuration and subsidence survey.
- 08/25/08 Run packer and set perform MIT.
- 08/26/08 Run 2 3/8 tubing to approximately 2800' and return to Brine.

RECEIVED
 AUG 14 2008
 HOBBS OGD

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 Larry Gandy TITLE Secretary/Treasurer DATE 8-13-08
 Type or print name Larry Gandy E-mail address: gandy2@leonet PHONE: 575-398-4960
For State Use Only

APPROVED BY: [Signature] TITLE Geologist DATE _____
 Conditions of Approval (if any):

[Signature] FPC 9/30/08

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, August 14, 2007 11:52 AM
To: 'gandy2@leaco.net'; 'seay04@leaco.net'
Subject: BW-22 Final DP for Signature Mid-June 2007

Larry and Eddie:

It appears that Brad Jones mailed out the the DP for your signature and remittance with a final check in the amount of \$1700.00. Please sign and return the DP conditions so we may update our files and computer tracking system. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

8/14/2007

GANDY CORPORATION

OILFIELD SERVICES
P.O. BOX 2140
Lovington, NM 88260
(505) 396-0522

LOVINGTON ACCOUNTING OFFICE
FAX No. (505) 396-0797

FAX COVER SHEET

DATE: 9-24-07 TIME: _____

TOTAL NUMBER OF PAGES INCLUDING COVER SHEET: 2

TO:
COMPANY Water Quality Management.

ATTENTION: Brad A. Jones

FAX NO. 505-476-3462

FROM:
SENDER: GANDY CORPORATION

BW-022

MESSAGE: this water discharge for RW022
was sent of on Aug 17, 2007
with a check for "1700⁰⁰", check # 73156
however we have not received back a
return receipt for this and the check has
not cleared the Bank. we are trying to
Track these papers. (copy of Certified mail receipt)

Larry Gandy

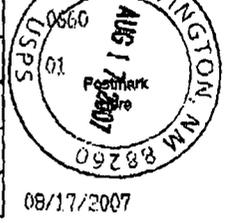
142E 0500 5000 09E0 5007

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

| | |
|---|-------------------|
| Postage | \$ 1.14.14 |
| Certified Fee | 2.46.55 |
| Return Receipt Fee (Endorsement Required) | 2.42.15 |
| Restricted Delivery Fee (Endorsement Required) | \$0.00 |
| Total Postage & Fees | \$ 5.97.44 |



Mail To
Water Quality Management Fund
 Street, Apt. No. or PO Box No. **1220 S. Saint Francis Dr.**
 City, State, ZIP+4
Santa Fe, NM 87505

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. dated 9/24/07

or cash received on _____ in the amount of \$ 1700⁰⁰

from Gandy Corporation

for BW-022

Submitted by: Lorraine Reneo Date: 9/27/07

Submitted to ASD by: Lorraine Reneo Date: 9/27/07

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment or Annual Increment _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 28, 2007

Mr. Larry Gandy
Gandy Corporation
PO Box 827
Tatum, New Mexico 88267

**Re: Discharge Plan Renewal Permit BW-022
Gandy Corporation
Tatum Brine Station
Lea County, New Mexico**

Dear Mr. Gandy:

The New Mexico Oil Conservation Division (OCD) has received Gandy Corporation's request, dated February 9, 2007, to renew BW-022 for the Gandy Corporation's Tatum Brine Station located in the SW/4, SW/4 of Section 20, Township 12 South, Range 36 East, NMPM, Lea County, New Mexico. The submittal provided the required information in order to deem the application "administratively" complete. The OCD approves the Lovington Daily Leader as the newspaper of general circulation for the published notice.

Therefore, the revised (2006) WQCC notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the OCD. The OCD recommends a draft version of the public notice be provided for a pre-review prior to publishing in the newspaper, in order to ensure all of the required information is provided prior to translation into Spanish and to prevent the expenditure of additional funds to republish the public notice. Please review the attached revised (2006) WQCC notice requirements of 20.6.2.3108 NMAC for renewals. OCD will provide public notice pursuant to the revised WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487 or brad.a.jones@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,

Brad A. Jones
Environmental Engineer

BAJ/baj

Attachment - 1

cc: OCD District II Office, Hobbs
Eddie Seay, Eddie Seay Consulting, 601 W. Illinois, Hobbs, NM 88242

Jones, Brad A., EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, March 21, 2007 6:57 AM
To: Jones, Brad A., EMNRD
Subject: BW-22 Quality Brine- Tatum

Brad:

Here's the info. on the BW with API#.

| | | | |
|---------------|----------------------|-------|--------------|
| GANDY CORP | QUALITY BRINE -TATUM | BW-22 | 30-025-28162 |
|---------------|----------------------|-------|--------------|

12/19/06 Site Inspection: No violations or items for DP renewal.
GPS Coordinates: N 33.25868 W 103.333275

You can also look up BWs on RBDMS for well construction and other documents. Thnx.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>
(Pollution Prevention Guidance is under "Publications")

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITIES

(Refer to the OCD Guidelines for assistance in completing the application)

New Renewal

- I. Facility Name: Tatum Brine Station BW-022
- II. Operator: Gandy Corporation
Address: Box 827, Tatum, NM 88267
Contact Person: Larry Gandy Phone: (505)398-4960
- III. Location: SW/4 SW/4 Section 20 Township 12S Range 36E
Submit large scale topographic map showing exact location.
- IV. Attach the name and address of the landowner of the facility site.
- V. Attach a description of the types and quantities of fluids at the facility.
- VI. Attach a description of all fluid transfer and storage and fluid and solid disposal facilities.
- VII. Attach a description of underground facilities (i.e. brine extraction well).
- VIII. Attach a contingency plan for reporting and clean-up of spills or releases.
- IX. Attach geological/hydrological evidence demonstrating that brine extraction operations will not adversely impact fresh water.
- X. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.
- XI. CERTIFICATION:

I hereby certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment.

Name: Eddie W Seay Title: Agent

Signature: Eddie W Seay Date: 2/9/2007

E-mail Address: seay_04@leaco.net

Item IV. Name and address of the land owner

Gandy Corporation
PO Box 827
Tatum, NM 88267

Phone: (505) 398-4960

Item V. Types and quantities of fluids at facility

This facility will temporarily store for sale brine water and fresh water.
No other fluids will be stored at this facility.

Item VI. Description of fluid transfer and storage

Please refer to the Site Facility Schematic and the Wellbore Schematic for the Brine Well for the following steps in fluid transfer and storage:

- 1) Fresh water is pumped from the fresh water well to the pump house.
- 2) The fresh water is transferred from the pump house into a 1000 barrel fresh water storage tank.
- 3) Fresh water is transferred to
 - a) The fresh water may be pumped directly into a truck loading system.
 - b) Fresh water may also be diverted into the annulus of the brine well.
- 4) Fresh water flows down the annulus of the brine well and brine water flows
Back up the tubing and is directed back into the pump house.
- 5) The brine fluid is pumped into one of two 1000 barrel storage tanks.
- 6) The brine fluid is finally removed from the storage tanks into truck loading outlets.

Tank trucks are loaded in a plastic lined dike loading area to retain fluids in event an accidental discharge or spill.

Item VII. Description of Underground Facility

The only underground facilities will be the brine well and its piping construction. Enclosed is the schematic of the existing and proposed wellbore.

The well bore construction is as follows:

8 5/8" surface casing set at 53' with cement circulated to surface.

5 1/2" production casing from surface to 2249 with cement circulated to surface

2 3/8' plastic lined tubing set at approximately 2800'.

Item VIII. Contingency Plan for reporting and clean-up spills or releases

All above ground piping, pumps and tanks will be visually inspected for leaks by company personnel on a weekly basis and after each heavy rain. Any problems such as leaks, spills or well abnormality will be taken to the attention of Gandy Corporation supervisor immediately. Supervisor will assess the problem and proceed with proper notification and repairs as OCD Rule 116 requires. Gandy Corporation owns and operates vacuum trucks and construction equipment commonly employed on spill clean-ups. In the event of an unplanned release of brine water, Gandy will immediately notify the Hobbs office of the NMOCD and remove all free liquids and transport to an approved disposal facility.

All impacted soils will be delineated as to both vertical and lateral extent and all affected soils removed to an approved disposal facility. Were soils have been removed new soil will be added to the excavated area and leveled to match the surrounding topography.

Item IX. Geology

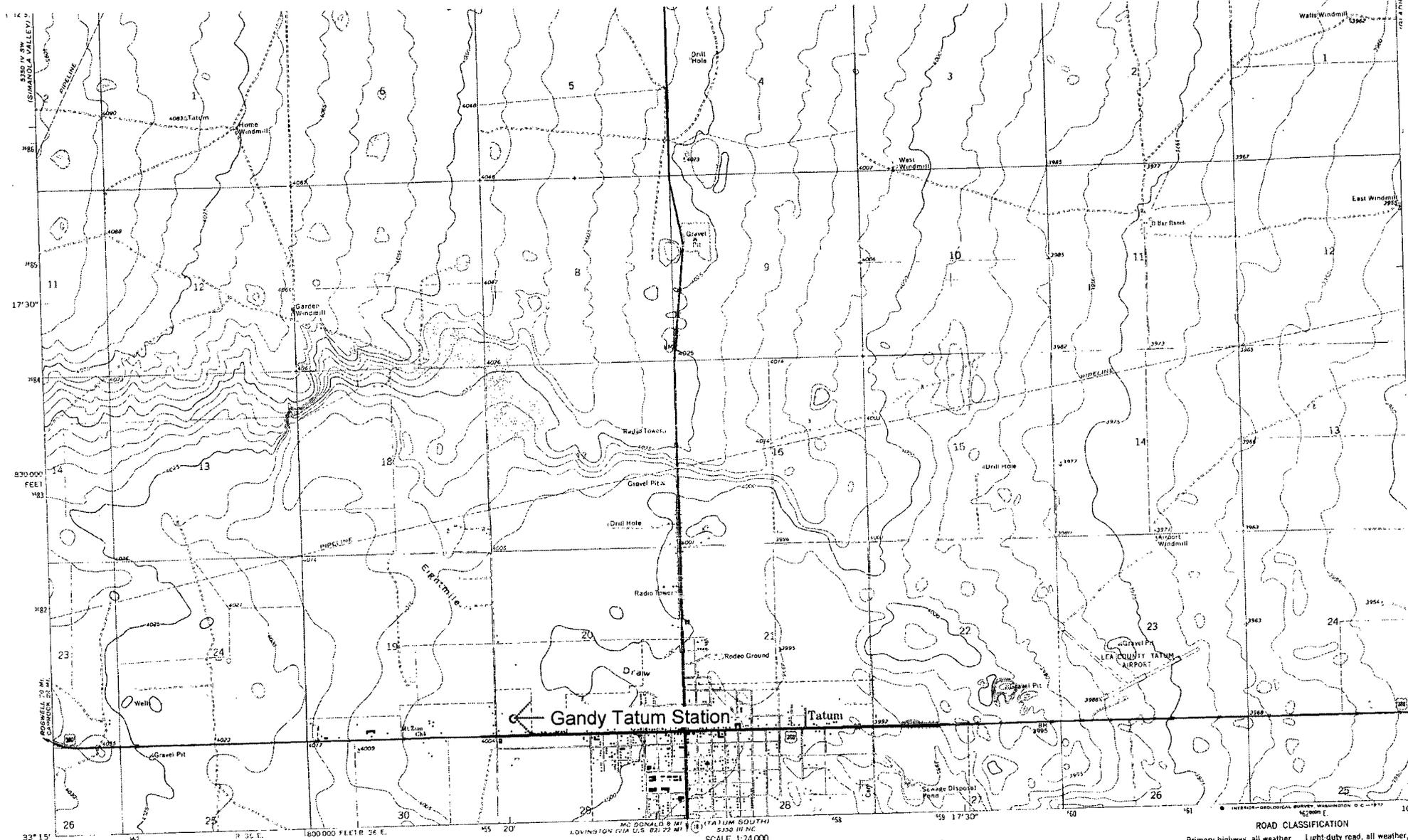
Hydrology:

Ground water in the Tatum area is confined to the Ogallala Formation. The depth to ground water in the Ogallala Formation is approximately 32'. The movement of ground water in the Ogallala is generally towards the southeast. (See the attached water analysis for the quality of water in the Ogallala Formation)

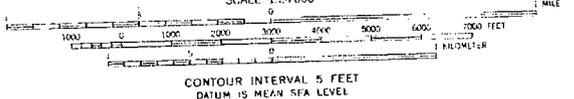
Beneath the Ogallala Formation at a depth of approximately 250' is the undifferentiated redbeds of the Dockum Group. The redbeds are relatively impermeable and act as a barrier to downward or upward movement of ground water.

Item X.

Gandy Corporation will comply with any rule regulation or order which the OCD or WQCC currently has or any new rule and regulation that pertains to this type of facility that the OCD or WQCC may initiate in the future.



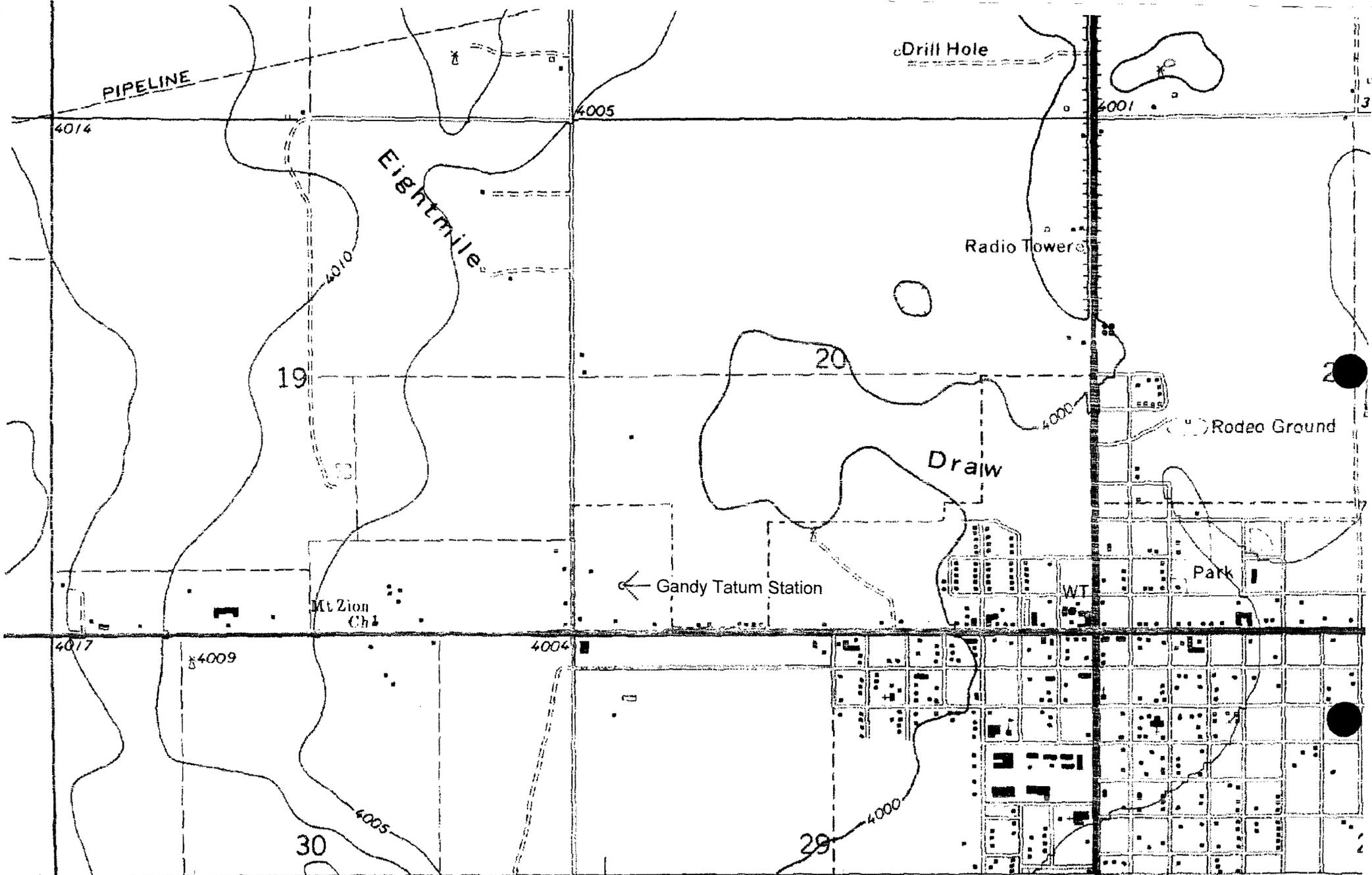
Mapped, edited, and published by the Geological Survey
 Control by USGS and USC&GS
 Planimetry by photogrammetric methods from aerial photographs taken 1968. Topography by plane-table surveys 1970
 Polyconic projection. 1927 North American datum
 10,000-foot grid based on New Mexico coordinate system, east zone
 1000-meter Universal Transverse Mercator grid ticks, zone 13, shown in blue
 Fine red dashed lines indicate selected fence lines



ROAD CLASSIFICATION
 Primary highway, all weather, hard surface
 Light duty road, all weather, improved surface
 Unimproved road, fair or dry weather
 U.S. Route
 State Route

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
 FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR WASHINGTON, D.C. 20242
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

TATUM NORTH, N. ME.
 N3315-W10315/7.5
 1970
 AND 5350 IV SE, SERIES V81

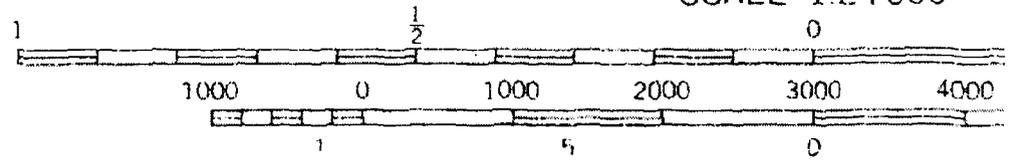


800 000 FEET R. 36 E.

655 20'

MC DONALD 8 MI. (TATUM SOUTH)
 LOVINGTON (VIA U.S. 82) 22 MI. 18 5350 III NE

SCALE 1:24 000

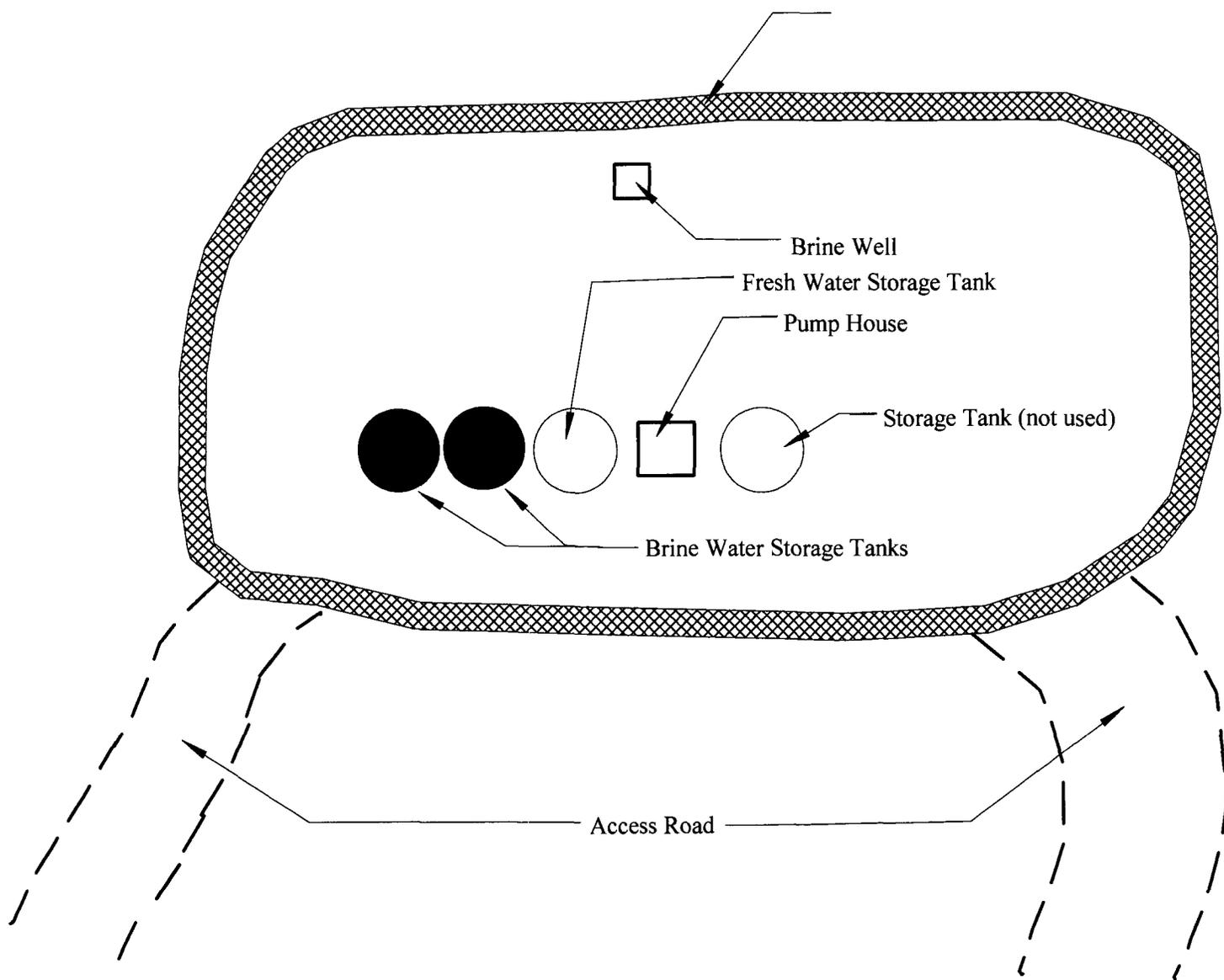
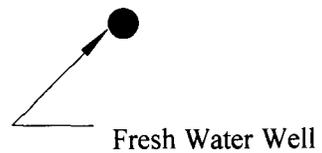


Tatum North; NM Scale: 1" = 0.245Mi 394Mt 1,292Ft, 1 Mi = 4.086" , 1 cm = 155Mt

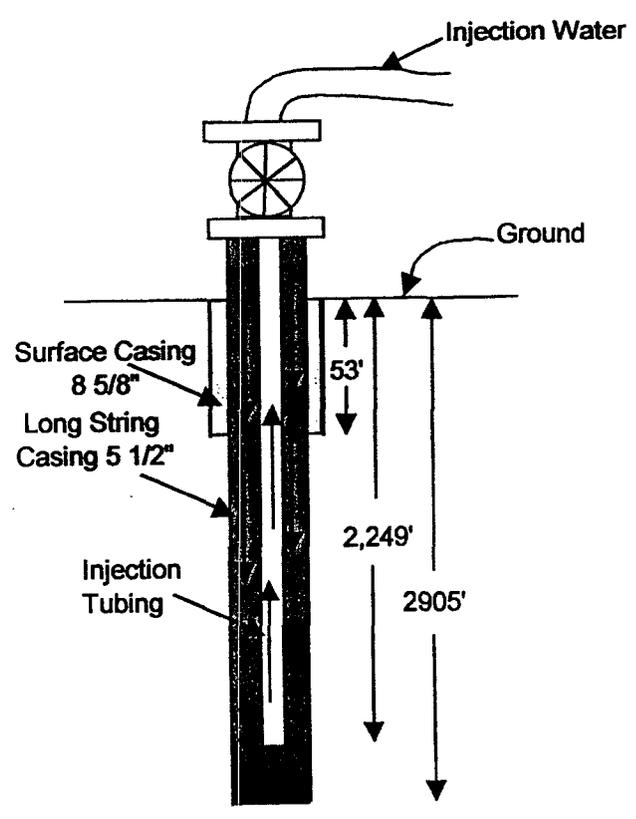
Gandy Corporation

Tatum Brine Station

Site Schematic



**Gandy Corporation
Tatum Brine Station
Exhibit 5
Brine Well Schematic**





PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
 EDDIE SEAY CONSULTING
 ATTN: EDDIE SEAY
 601 W. ILLINOIS
 HOBBS, NM 88242
 FAX TO: (505) 392-6949

Receiving Date: 02/05/07
 Reporting Date: 02/07/07
 Project Owner: GANDY CORP.
 Project Name: TATUM BRINE FACILITY
 Project Location: TATUM, NM

Sampling Date: 02/02/07
 Sample Type: WATER
 Sample Condition: COOL & INTACT
 Sample Received By: HM
 Analyzed By: HM

| LAB NUMBER | SAMPLE ID | Na (mg/L) | Ca (mg/L) | Mg (mg/L) | K (mg/L) | Conductivity (μ S/cm) | T-Alkalinity (mgCaCO ₃ /L) |
|------------|-----------|--------------|--------------|--------------|-------------|-------------------------------|--|
|------------|-----------|--------------|--------------|--------------|-------------|-------------------------------|--|

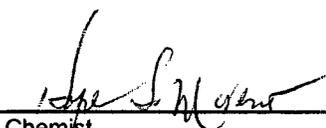
| ANALYSIS DATE: | 02/06/07 | 02/06/07 | 02/06/07 | 02/06/07 | 02/05/07 | 02/06/07 |
|-----------------------------|----------|----------|----------|----------|----------|----------|
| H12143-1 BRINE WATER #1 | #VALUE! | 1164 | 3923 | 6900 | 277600 | 68 |
| H12143-2 FRESH WATER #2 | 147 | 92 | 15 | 1.87 | 1154 | 144 |
| Quality Control | NR | 53.2 | 51.6 | 1.94 | 1380 | NR |
| True Value QC | NR | 50.0 | 50.0 | 2.00 | 1413 | NR |
| % Recovery | NR | 106 | 103 | 97 | 98 | NR |
| Relative Percent Difference | NR | 7.8 | 1.6 | 4.2 | 0.3 | NR |

| METHODS: | SM3500-Ca-D | 3500-Mg E | 8049 | 120.1 | 310.1 |
|----------|-------------|-----------|------|-------|-------|
|----------|-------------|-----------|------|-------|-------|

| Cl ⁻ (mg/L) | SO ₄ (mg/L) | CO ₃ (mg/L) | HCO ₃ (mg/L) | pH (s.u.) | TDS (mg/L) |
|---------------------------|---------------------------|---------------------------|----------------------------|--------------|---------------|
|---------------------------|---------------------------|---------------------------|----------------------------|--------------|---------------|

| ANALYSIS DATE: | 02/05/07 | 02/06/07 | 02/06/07 | 02/06/07 | 02/05/07 | 02/06/07 |
|-----------------------------|----------|----------|----------|----------|----------|----------|
| H12143-1 BRINE WATER #1 | 138957 | 13665 | 0 | | 6.91 | 239980 |
| H12143-2 FRESH WATER #2 | 208 | 169 | 0 | 176 | 7.57 | 693 |
| Quality Control | 510 | 20.8 | NR | 915 | 6.88 | NR |
| True Value QC | 500 | 20.0 | NR | 1000 | 7.00 | NR |
| % Recovery | 102 | 104 | NR | 92 | 98 | NR |
| Relative Percent Difference | 1 | 4.4 | NR | 2.7 | 0.7 | NR |

| METHODS: | SM4500-Cl-B | 375.4 | 310.1 | 310.1 | 150.1 | 160.1 |
|----------|-------------|-------|-------|-------|-------|-------|
|----------|-------------|-------|-------|-------|-------|-------|



 Chemist

02-07-07

 Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. Cardinal shall be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.





ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 2/9/07

or cash received on _____ in the amount of \$ 100⁰⁰

from Eddie Seay Consulting

for BW-022

Submitted by: LAWRENCE TORRES Date: 3/2/07

Submitted to ASD by: LAWRENCE TORRES Date: 3/2/07

Received in ASD by: _____ Date: _____

Filing Fee New Facility _____ Renewal

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

| | | |
|--|--------------------------------------|---|
| EDDIE SEAY CONSULTING 601 W. ILLINOIS PH. (505) 392-2236 HOBBS, NM 88240 | | [redacted] |
| | <u>2-9-07</u> | 95-219/1070 616 1100154253 |
| DATE | | |
| PAY TO THE ORDER OF | <u>Water Quality Management Fund</u> | \$ <u>100⁰⁰</u> |
| <u>One hundred and no/100</u> | | DOLLARS |
|  Wells Fargo Bank, N.A. New Mexico wellsfargo.com | |  Security Features Details on Back. |
| FOR | <u>Handy-Tatum Brins BW-022</u> | <u>Rena Seay</u> MP |

86-022

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised March 25, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

| |
|--|
| WELL API NO. 30-0 <u>25-28162</u> |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name: QUALITY BRINE <u>Watson</u> |
| 8. Well No. <u>1</u> |
| 9. Pool name or Wildcat <u>BSW: Salado</u> |

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 Brine Well

2. Name of Operator
Gandy Corporation

3. Address of Operator
P.O. Box 827, Tatum, NM 88267

4. Well Location
Unit Letter M : 593 feet from the SOUTH line and 639 feet from the west line
Section 20 Township 12S Range 36E NMPM County LEA

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

| | | | |
|---|--|---|---|
| NOTICE OF INTENTION TO: | | SUBSEQUENT REPORT OF: | |
| PERFORM REMEDIAL WORK <input checked="" type="checkbox"/> | PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input type="checkbox"/> | ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> | CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> | PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> | MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> | |
| OTHER: <input type="checkbox"/> | | OTHER: <input type="checkbox"/> | |

12. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

Pulled Tubing, Tubing parted 18 joints down, Fished tubing and changed out tubing string.

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

SIGNATURE [Signature] TITLE Bookkeeper DATE 1/24/01

Type or print name Donny Collins Telephone No. (505) 398-496
(This space for State use)

APPROVED BY [Signature] TITLE PETROLEUM ENGINEER DATE OCT 24 2001
Conditions of approval, if any:

ED Martin

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Revised March 17, 1999

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

**DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS,
REFINERIES, COMPRESSOR, AND CRUDE OIL PUMP STATIONS**

(Refer to the OCD Guidelines for assistance in completing the application)

New Renewal Modification

1. Type: Brine Station (TATUM) BW-22

2. Operator: Gandy Corporation

Address: P.O. Box 827, Tatum, NM 88267

Contact Person: Larry Gandy Phone: (505) 398-4960

3. Location: SW /4 SW /4 Section 20 Township 12-S Range 236

Submit large scale topographic map showing exact location.

4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATION I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Gandy Corporation

Title: Vice-President

Signature: Larry Gandy

Date: February 13, 2001

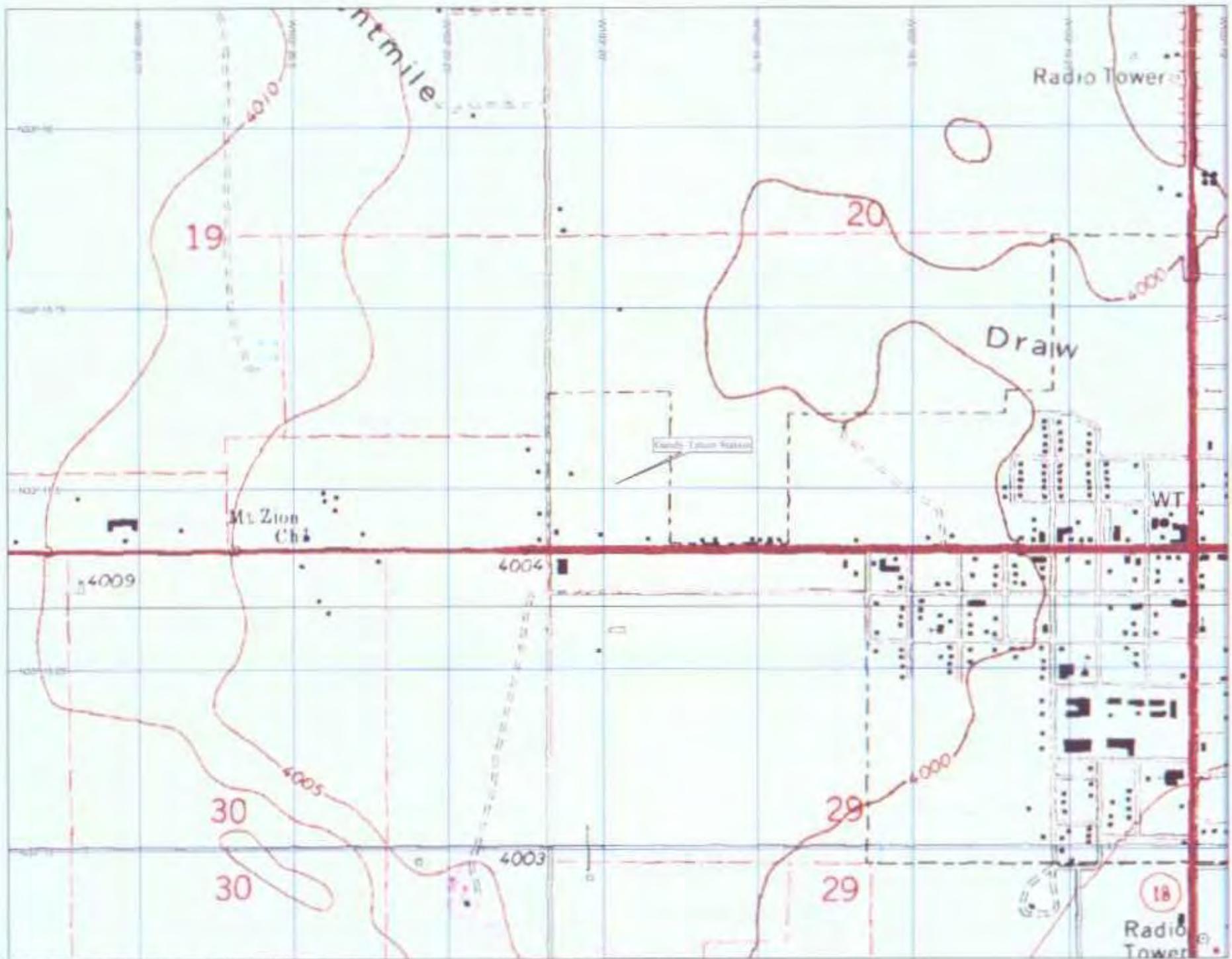
OIL CONSERVATION DIV.
PH 1:48
236-2
01 MAR -2001

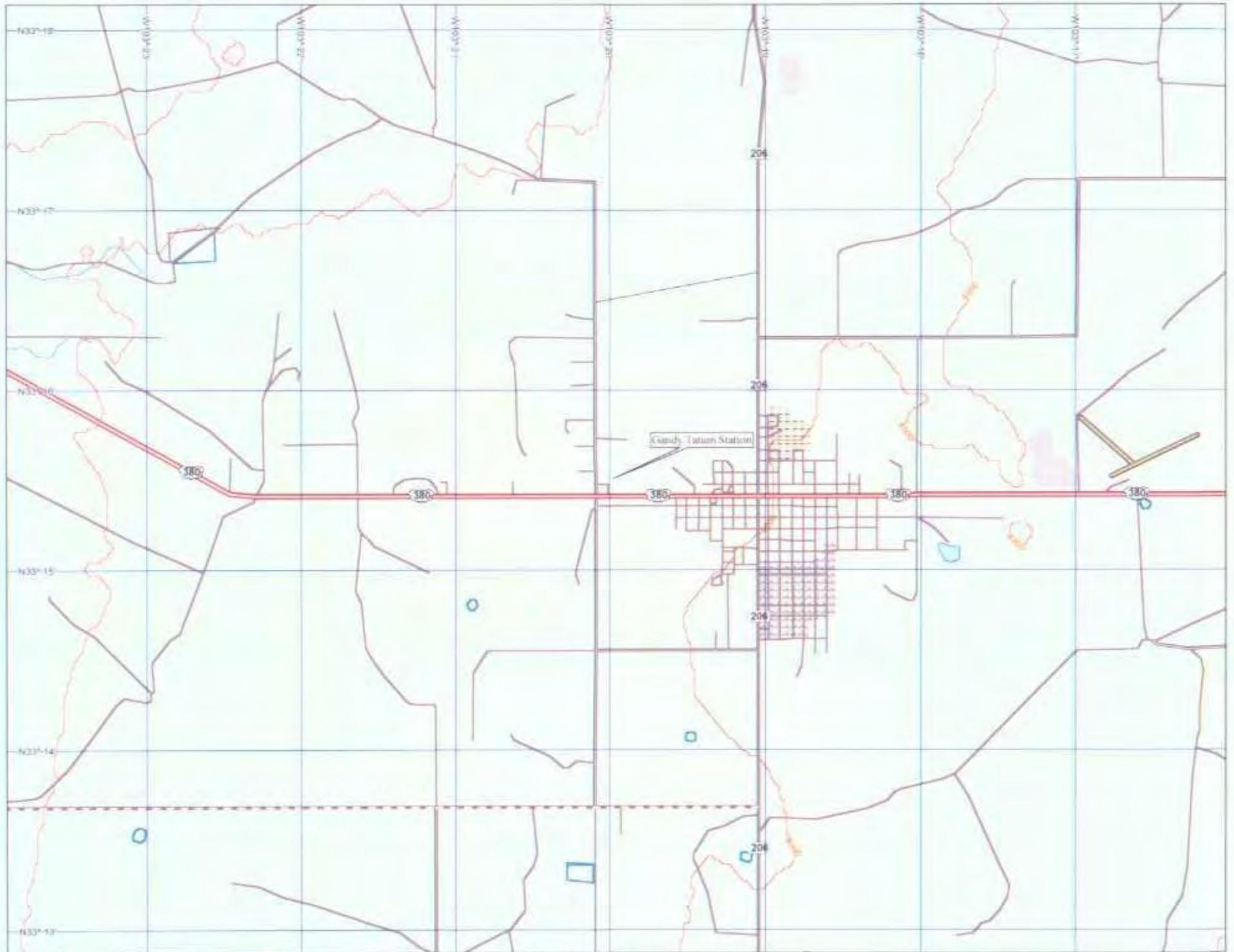
IV. Attach the name, telephone and address of the landowner of the facility site.

Response: The landowner of this facility is the Gandy Corporation, P.O. Box 827, Tatum, New Mexico 88267. Phone: (505) 398-4960.

The Gandy Corporation purchased the facility on April 1, 2000 from the Quality Brine Corporation.







V. Attach the description of the facility with a diagram showing the location of fences, pits, dikes and tanks on the facility.

Response: Enclosed are Exhibits 1, 2 and 3 providing a schematic of the facility, location of flow lines, and a process description.

Gandy Corporation
Tatum Brine Station
Exhibit 1
Site Schematic
Exhibit 2

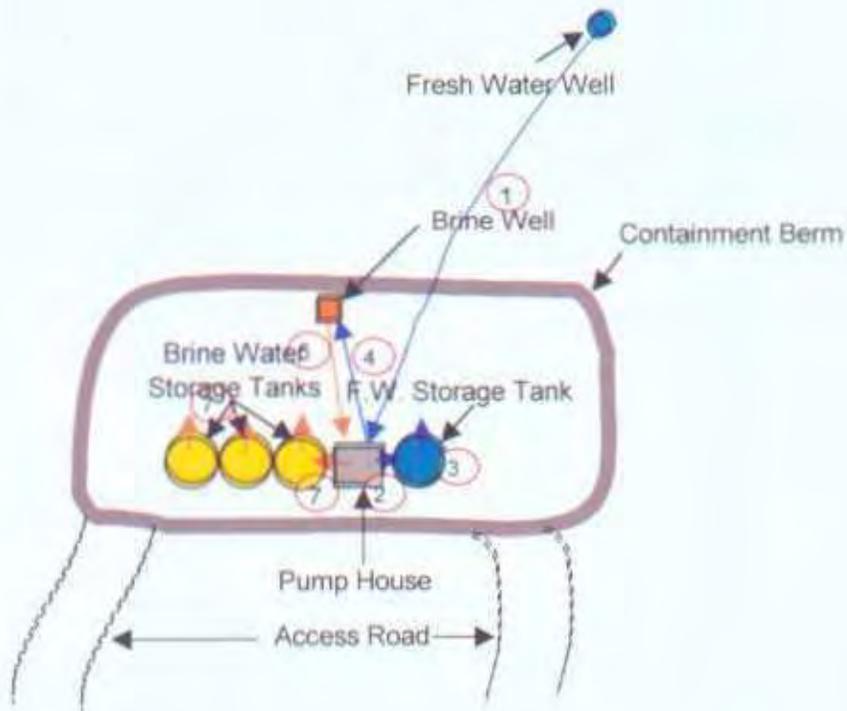


Exhibit 3
Tatum Brine Station
Process Description

1. Fresh water is pumped from a well into a pump house.
2. The fresh water is transferred from the pump house into a 1,000 barrel storage tank.
3. The fresh water may be pumped directly into a truck loading system
4. Fresh water may also be diverted into the annulus of the brine well.
5. Brine water is directed back into the pump house.
6. The fluid is pumped into one of three 1,000 barrel storage tanks.
7. The fluid is finally removed from the storage tanks into truck loading outlets.

VI. Attach a description of all materials stored or used at the facility.

Response: There are no materials stored or routinely used at this facility.

VII. Attach a description of present sources of effluent and solid waste. Average quality and daily volume of waste water must be included.

Response: The facility produces no solid waste. The average daily volume of effluent is 5 barrels per day. The quality of effluent is contained within Exhibit 4.

VIII. Attach a description of current liquid and solid waste collection / treatment / disposal procedures.

Response: No solid waste is generated at this facility. Liquid waste consists of 10# brine water that is captured within a 55 gallon plastic drum situated immediately below the load-out port. These barrels are routinely inspected and any liquids contained within the sump catchment are removed and placed back within the storage tanks or transported to commercial disposal.

IX. Attach a description of proposed modifications to existing collection / treatment / disposal systems.

Response: No modifications to the facility are planned at this time.

X. Attach a routine inspection and maintenance plan to insure permit compliance.

Response: The facility will be inspected on a weekly basis and after each heavy rainfall event. The inspection will look for any leaks, breaks, or spills. All pumps and flowlines will be inspected for obvious wear or damage.

XI. Attach a contingency plan for reporting and clean up of spills or releases.

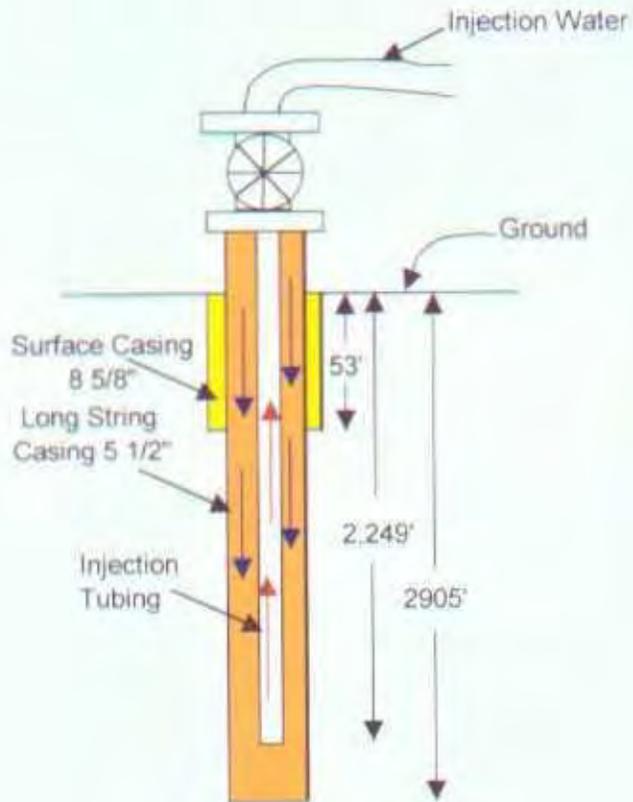
Response: Gandy Corporation owns and operates backhoes, vacuum trucks and other construction equipment commonly employed on spill clean-ups. In the event of an unplanned release of brine water, Gandy will immediately notify the Hobbs office of the NMOCD and remove all free liquids. Such removed liquids will be sent to commercial disposal.

All impacted soils will be delineated as to both vertical and lateral extent and all affected soils removed to commercial disposal. Replacement soils will be re-deposited within the excavated area and compacted to match the surrounding topographical elevations.

XII. Attach geological hydrological information for the facility. Depth to and quality of groundwater must be included

Response: Exhibit 5 provides a cross section of the brine well. The quality of the well water is provided within Exhibit 6.

Gandy Corporation
Tatum Brine Station
Exhibit 5
Brine Well Schematic



XIII. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and / or orders.

Response: There are five closure issues within this facility.

- A. Wells:** At abandonment, the brine extraction well will be plugged in accordance with all appropriate state law.
- B. Lined Storage Reservoir Fluids:** At abandonment, all non-commercial grade fluids contained within the lined surface impoundment will be collected and transported to a licensed disposal facility.
- C. Lined Surface Reservoir Solids:** The plastic liner and associated solids consisting primarily of sodium chloride contaminated blow sands will be transported to a licensed commercial facility for disposal.
- D. Tanks and Ancillary Equipment:** Storage tanks, pumps, fencing materials, piping and other structures will be removed from the site. The final disposition of these materials is dependant on their condition at the time of dismantlement. Cement structures will be removed and transported to commercial disposal.
- E. Contaminated Soils:** After all surface structures are removed from the facility, the soils will be analyzed for the presence and concentrations of total petroleum hydrocarbons, benzene, toluene, ethylbenzene, xylene and chlorides. All soils containing criteria contaminant concentrations in excess of NMOCD closure guidelines will either be remediated in accordance NMOCD spill closure guidelines or transported to commercial disposal.

Quarterly reports for both fresh and brine water produced are sent to the proper authorities. Fresh water reporting goes to the State Engineer Office, 1900 West Second Street, Roswell, New Mexico 88201. Brine water reporting goes to the Commissioner of Public Lands, Box 1148, Sante Fe, New Mexico 87504. Fresh and brine water reporting goes to the Oil Conservation Division, State Land Office Building, P.O. Box 2088, Sante Fe, New Mexico 87504.

ENVIRONMENTAL LAB OF , INC.

"Don't Treat Your Soil Like Dirt!"

WHOLE EARTH ENVIRONMENTAL
ATTN: MR. MIKE GRIFFIN
19606 SAN GABRIEL
HOUSTON, TEXAS 77084
FAX: 281-646-8996

Sample Type: Water
Sample Condition: Intact/ 4 deg. C
Project #: None Given
Project Name: Tatum Station
Project Location: None Given

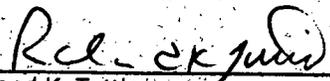
Sampling Date: 12/04/00
Receiving Date: 12/09/00
Analysis Date: See Below

| ELT# | FIELD CODE | Sulfate mg/L | Chloride mg/L | Carbonate mg/L | Bicarbonate mg/L | TDS mg/L | Conductivity uS/cm |
|-------|-------------|-----------------|------------------|-------------------|---------------------|-------------|-----------------------|
| 35145 | Salt Water | 17441 | 216245 | <2 | 62 | 318540 | 189900 |
| 35146 | Fresh Water | 348 | 85 | <2 | 142 | 721 | 1142 |

| | | | | | | |
|-----------------|------|------|----|----|----|------|
| QUALITY CONTROL | 50.5 | 5318 | * | * | * | 1432 |
| TRUE VALUE | 50.0 | 5000 | * | * | * | 1413 |
| % PRECISION | 101 | 106 | * | * | * | 101 |
| BLANK | <0.5 | <10 | <2 | <2 | <5 | * |

| | | | | | | |
|---------------|----------|----------|----------|----------|----------|----------|
| ANALYSIS DATE | 12/13/00 | 12/12/00 | 12/12/00 | 12/12/00 | 12/11/00 | 12/12/00 |
|---------------|----------|----------|----------|----------|----------|----------|

METHODS: EPA 375.4, 325.3, 310, 160.1, 120.1


Raland K. Tuttle

12-27-00
Date

ENVIRONMENTAL LAB OF , INC.

"Don't Treat Your Soil Like Dirt!"

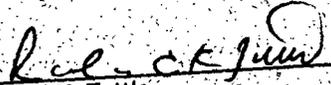
WHOLE EARTH ENVIRONMENTAL
ATTN: MR. MIKE GRIFFIN
19606 SAN GABRIEL
HOUSTON, TEXAS 77084
FAX: 281-646-8996

Sample Type: Water
Sample Condition: Intact/ 4 deg. C
Project #: None Given
Project Name: Tatum Station
Project Location: None Given

Sampling Date: 12/04/00
Receiving Date: 12/09/00
Analysis Date: 12/12/00

| ELT# | FIELD CODE | pH s.u. | Hardness mg/L | Specific Gravity @ 60 deg F |
|-------|-----------------|------------|------------------|-----------------------------------|
| 35145 | Salt Water | 7.45 | 6750 | 1.185 |
| 35146 | Fresh Water | 8.42 | 750 | 1.000 |
| | QUALITY CONTROL | 7.02 | * | * |
| | TRUE VALUE | 7.00 | * | * |
| | % PRECISION | 100 | * | * |
| | BLANK | * | <10 | * |

METHODS: EPA 150.1, 130.2


Roland K. Tuttle

12-27-00
Date

ENVIRONMENTAL LAB OF , INC.

"Don't Treat Your Soil Like Dirt!"

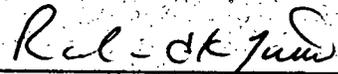
WHOLE EARTH ENVIRONMENTAL
ATTN: MR. MIKE GRIFFIN
19606 SAN GABRIEL
HOUSTON, TEXAS 77084
FAX: 281-646-8996

Sample Type: Water
Sample Condition: Intact/ 4 deg. C
Project #: None Given
Project Name: Tatum Station
Project Location: None Given

Sampling Date: 12/04/00
Receiving Date: 12/09/00
Analysis Date: 12/12, 12/14,
12/20/00

| ELT# | FIELD CODE | Ca mg/L | Mg mg/L | Fe mg/L | Ba mg/L |
|-----------------|-------------|------------|------------|------------|------------|
| 35145 | Salt Water | 630 | 795 | 1.45 | <0.10 |
| 35146 | Fresh Water | 69.5 | 28.4 | 0.54 | <0.10 |
| QUALITY CONTROL | | 10.29 | 4.91 | 0.99 | 2.01 |
| TRUE VALUE | | 10.00 | 5.00 | 1.00 | 2.00 |
| % PRECISION | | 103 | 93 | 99 | 100 |
| BLANK | | <0.10 | <0.10 | <0.03 | <0.10 |

METHODS: SM 7000 series


Raland K. Tuttle

12-27-00
Date

Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled
Legal Notice

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of May 8, 2002 and ending with the issue of May 8, 2002.

And that the cost of publishing said notice is the sum of \$51.04 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 14th day of May 2002

Debbie Schilling

Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2002

*Approved
5/23/02*

PUBLICATION

STATE OF
NEW MEXICO
ENERGY, MINERALS
AND NATURAL
RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan applications has been submitted to the Director of the Oil Conservation Division, 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-022) - Gandy Corporation, Larry Gandy, (505) 398-4960, P.O. Box 827, Tatum, New Mexico, 88267 has submitted an application for renewal of its previously approved discharge plan for the Tatum Brine Station located in the SW/4 SW/4 of Section 20, Township 12 South, Range 36 East NMPM, Lea County, New Mexico. Fresh water is injected to an approximate depth of 2,300 feet and brine water is extracted with an average total dissolved solids concentration of 350,000 mg/l. Ground water most likely to be affected by an accidental discharge is at a depth of approximately 30 feet with a total dissolved solids concentration of approximately 700 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any pro-

posed discharge plan or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted to him and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed plan based on information available. If a public hearing is held, the director will approve or disapprove the proposed plan based on information in the plan and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 6th day of May 2002.

STATE OF
NEW MEXICO
OIL CONSERVATION
DIVISION
LORI WROTENBERY,
Director
S E A L
Published in the Lovington Daily Leader May 8, 2002.

LEGAL NOTICE
NOTICE OF

THE SANTA FE
NEW MEXICAN
Founded 1849

NM OIL CONSERVATION DIVISION
1220 S. ST. FRANCIS DR.
SANTA FE, NM 87505

ATTN WAYNE PRICE AD NUMBER: 260391 ACCOUNT: 56689
LEGAL NO: 71418 P.O.#: 02199000249
185 LINES 1 time(s) at \$ 81.55
AFFIDAVITS: 5.25
TAX: 5.43
TOTAL: 92.23

AFFIDAVIT OF PUBLICATION

NOTICE OF PUBLICATION

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ENERGY, MINERALS
AND NATURAL
RESOURCES
DEPARTMENT OIL
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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 6th day of May 2002.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L
LORI WROTENBERY, Director
Legal #71418
Pub. May 13, 2002

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, K. Voorhees being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a Newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication #71418 a copy of which is hereto attached was published in said newspaper 1 day(s) between 05/13/2002 and 05/13/2002 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 13 day of May, 2002 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/ K. Voorhees
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this
13 day of May A.D., 2002

Notary Laura E. Harding

Commission Expires 11/23/03

APPROVED
2/1
5/21/02

NOTICE OF PUBLICATION

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY, Director

SEAL

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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY, Director

SEAL



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 20, 2001

GANDY
BW-04222

NO TEST REQUIRED
ALREADY TESTED !!

CERTIFIED MAIL
RETURN RECEIPT NO. 5357 7485

Attention: Brine Well Operators

Re: Mechanical Integrity Testing of Brine Supply Wells

The Underground Injection Control Program of the Federal Safe Drinking Water Act requires that operators demonstrate mechanical integrity of all injection wells by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and injection zones.

The Oil Conservation Division (OCD) requires operators of brine supply wells to perform the following mechanical integrity test:

1. At least once every five years isolate the cavern formation from the casing/tubing annuals and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes. New brine wells and wells being worked over will have to be tested in this manner before operations begin.
2. Annually perform an open hole cavern formation pressure test by pressuring up the formation with fluids to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. However, no operator may exceed surface injection or test pressures that may cause formation fracturing or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids, i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annuals.

Please find enclosed an "OCD Brine Well Test Schedule November 2001" and "Brine Well Test Procedure Guidance Document" for this November 26 through November 30, 2001. Please have your well ready for testing on the date and time you are scheduled. Please refer to the Well Test Schedule attached for the Type of Test you are scheduled to perform. You must receive prior OCD approval to alter the scheduled time or type of test.

What's New!! Please note that operators are required to have their pressure recording devices calibrated to 500 psig and 8-hour clock. See Guidance Document attached.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

GANDY
BW-04222

October 20, 2001

NO TEST REQUIRED

ALREADY TESTED !!

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RETURN RECEIPT NO. 5357 7485

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What's New!! Please note that operators are required to have their pressure recording devices calibrated to 500 psig and 8-hour clock. See Guidance Document attached.

Brine Well Operators
Oct 20, 2001
Page 2

What's New!! All operators will provide to the OCD the maximum test pressure that will not cause formation fracturing or system failures.

Operators will be responsible for providing equipment and shall bear all costs incurred. All tests must be witnessed by the New Mexico Oil Conservation Division. Operators failing to abide by the procedures, type of test, and time schedules listed herein may be required to shut-in their systems until OCD has an opportunity to approve and witness testing.

If you require any further information or assistance please do not hesitate to write or call me at 505-476-3487 or E-mail WPRICE@state.nm.us.

Sincerely Yours,



Wayne Price- Senior Envr. Engr..
Environnemental Bureau

cc: OCD District Offices

Attachments- 1. OCD Brine Well Test Schedule November 2001
2. Brine Well Testing Procedure Guidance Document

Brine Well Testing Procedure Guidance Document

- 1) The cavern and all piping must be filled, pressured up and stabilized for a period of at least 24 hours prior to testing. If this test requires a packer then casing/tubing annulus must be loaded with inert fluid 24 hours prior to testing.
- 2) Have manpower and equipment available for pressure test. Wellhead shall be prepared for test and all valves and gauges should be in good working order.
- 3) Pumps, tanks, external lines etc. must be isolated from the wellhead during test.
- 4) A continuous recording pressure device with an 8-hour clock (min) shall be installed on the casing/tubing annulus. The pressure range shall not be greater than 500 psig. The operator must provide proof that the pressure-recording device has been calibrated within the past 6 months. **Note: Wells with packer installed: If this test requires both the casing/tubing annulus and cavern to be tested then two recording devices must be supplied or one recording device with two pins.**
- 5) A minimum of one pressure gauge shall be installed on the casing/tubing annulus.
- 6) OCD must witness the beginning of test (putting chart on) and ending of test (removing chart). At the end of test operator may be required to bleed-off well pressure to demonstrate recorder and gauge response.
- 7) The Operator will supply the following information on the pressure chart:
 - A. Company Name, Well Name, API #, Legal Location.
 - B. Test Procedure (1) Casing + Formation (2) Casing Test Only (3) Both (4) Other
 - C. Testing Media: Water, Gas, Oil, Etc.
 - D. Date, time started and ending.
 - E. Name (printed) and signature of company representative and OCD Inspector
- 8) **TEST ACCEPTANCE:** The OCD will use the following criteria in determining if a well has passed the Mechanical Integrity Test:
 - A. **Passes** if Zero Bleed-Off during the test.
 - B. **Passes** if Final Test Pressure is within $\pm 1\%$ of Starting Pressure, if approved by the OCD inspector.
 - C. **Fails** if any Final Test Pressure is greater than $\pm 1\%$ of Starting Pressure. Operators must investigate for leaks and demonstrate that mechanical integrity of the well(s) by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and injection zones. Wells shall not resume operations until approved by OCD.

Note: OCD recognizes that different operations, well designs, formation characteristics and field conditions may cause variations in the above procedures. If operator wishes to make or anticipate changes please notify the OCD for approval. All operators are responsible to notify OCD of any procedure that may cause harm to the well system or formation. Please be advised that OCD approval does not relieve any operator of liability should operations result in pollution of surface water, groundwater, or the environment.

| OCD BRINE WELL TESTING SCHEDULE 2001 | | | OCD Contact Wayne Price cell 505-680-1067 | | | | | | | |
|--------------------------------------|--------------|--------------------------------|--|-----------|----------|--------------------------|---|------------------|----------------------------------|--|
| Company | DP# | Facility Name | Date of Test | Start | Stop | Type of Test(s) Required | Contact Person | Telephone | FAX #/cell | |
| Crossroads Area | | | | | | | | | | |
| Stearns Inc. | BW-013 | Crossroads | Mon | 26-Nov-01 | 12 noon | 4:00 PM | 2 Pressure test cavern | L.A. Stearns | 1-505-675-2358 1-505-675-2339 | |
| Loco Hills Area | | | | | | | | | | |
| Marbob Brine Well | BW-029 | M. Dodd "A" BW#1 | Tue | 27-Nov | 9:00 AM | 1:00 PM | 2 Pressure test cavern | Doyle Davis | 748-5975 cell 1-505-748-2523 | |
| Ilma Water Ser. | BW-005 | SE of Artesia | Tue | 27-Nov | 10:00 AM | 2:00 PM | * Pressure test cavern or casing * 1, 2 or 3 | Sammy Stoneman | 1-505-748-1352 1-505-748-3227 | |
| Hobbs Area | | | | | | | | | | |
| Key Energy | BW-018 | Truckers #2 (Hobbs) | Wen | 28-Nov-01 | 8:00 AM | 12 noon | 2 Pressure test cavern | Royce Crowell | (505) 393-9171 505-910-4185 | |
| Scurlock-Permian | BW-012 | Hobbs Station | Wen | 28-Nov-01 | 9:00 AM | 1:00 PM | 2 Pressure test cavern | Richard Lentz | 505-392-8212 392-6988 | |
| Zia Transportation | BW-018 | Salty Dog-Ark Jct | Wen | 28-Nov-01 | 10:00 AM | 2:00 PM | 2 Pressure test cavern | Pfiter Bergstein | 806-741-1080 | |
| Marathon Brine St | BW-015 | Marathon Road | Wen | 28-Nov-01 | 11:30 AM | 3:30 PM | 1 Pressure Test Casing | CW Trainer | | |
| Eunice Area | | | | | | | | | | |
| P&S Brine | BW-002 | Eunice Brine Station | Thur | 28-Nov-01 | 8:00 AM | 12 noon | 2 Pressure test cavern | Dink Prather | 505-394-2545 394-2428 | |
| Key Simms-McCasland | BW-009A | Eunice Brine Station | Thur | 28-Nov-01 | 9:00 AM | 1:00 PM | 2 Pressure test cavern | Royce Crowell | (505) 393-9171 505-910-4185 | |
| Yale E. Key (Old Goldstar) | BW-028 | Eunice Brine Station | Thur | 28-Nov-01 | 10:00 AM | 2:00 PM | 2 Pressure test cavern | Royce Crowell | 1-505-394-2504 1-505-394-2560 | |
| Carlsbad Area | | | | | | | | | | |
| I & W | BW-08 | Carlsbad -Eugenie | Fri | 30-Nov-01 | 8:00 AM | 12 noon | 2 Pressure test cavern | George Parchman | 505-885-8863 885-8477 | |
| Key Energy-Carlsbad | BW-019 | Rowland Truckers | Fri | 30-Nov-01 | 9:00 AM | 1:00 PM | 2 Pressure test cavern | John Hutcheson | 1-505-885-2053 cell 390-1833 | |
| Scurlock/Permian | BW-027 & 27A | Carlsbad Brine St. | Fri | 30-Nov-01 | 10:00 AM | 2:00 PM | 2 Pressure test cavern | Richard Lentz | 505-392-8212 392-6988 | |
| Wells Already Tested in 2001 | | | | | | | | | | |
| Gandy | BW-04 | Wasserhund-Edison | | | | | | | | |
| Gandy | BW-22 | Tatum Brine St. | | | | | | | | |
| Ray Westall | BW-21 | Loco Hills Brine St. | | | | | | | | |
| Wells Being Repaired- | | | | | | | | | | |
| Chaparral SWD | BW-25 | Salado Brine #2- Jal | | | | | | | | |
| Notes: | | | | | | | | | | |
| Type of Pressure Test: | 1 | Casing Test | Isolate cavern formation from the casing/tubing annulars and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes. | | | | | | | |
| | 2 | Open Hole Cavern Pressure Test | Open hole cavern formation pressure test by pressuring up the formation with fluid to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. Operators shall not exceed surface pressures that may cause formation fracturing or system failures. OCD prior to test shall approve test pressures below 300 psig and methods that use media other than fluids. Brine supply wells operating with packers will have to pressure both the cavern formation and casing/tubing annulars. | | | | | | | |
| | 3 | Others | Nitrogen-Brine Interface Test, Nitrogen Test, Etc. | | | | | | | |

Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

| |
|--|
| WELL API NO. 30-025-28162 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name: QUALITY BRINE 28881 |
| 8. Well No. |
| 9. Pool name or Wildcat |

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 BRINE WELL

2. Name of Operator
 Gandy Corporation 8426

3. Address of Operator
 P.O. Box 827, Tatum, NM 88267

4. Well Location
 Unit Letter M : 593 feet from the SOUTH line and 639 feet from the WEST line
 Section 20 Township 12S Range 36E NMPM County LEA

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

| | |
|---|--|
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> OTHER: <input type="checkbox"/> | SUBSEQUENT REPORT OF: REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> CASING TEST AND CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/> |
|---|--|

12. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

(2/4/01) Ran Casing scraper in to clean out casing.
 (2/5/01) Ran packer in the hole, tested ok, ran chart test.
 (2/6/01) Ran tubing in the hole, drilled out to 2840, shut down.
 (2/7/01) Tubing parted again and waited for unit.
 (2/26/01) Pulled tubing, ran tubing and bit in hole.
 (2/27/01) Started drilling to 2400 ft. pull off bottom, circulate clean.
 (2/28/01) Drill out to 2623 and circulated clean.
 (3/01/01) clean out well to 2788, circulate clean, hooked up wellhead and left well circulating..
 set T.D at 2715.58.

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

SIGNATURE Donny Collins TITLE Bookkeeper DATE 5/15/01
 Type or print name Telephone No. (505) 398-4960

(This space for State use)

APPROVED BY Harry W. Wink TITLE FIELD REPRESENTATIVE II DATE MAY 25 2001
 Conditions of approval, if any.



Submit 3 Copies To Appropriate District Office
 District I
 1625 N. French Dr., Hobbs, NM 88240
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals and Natural Resources

Form C-103
 Revised March 25, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

| |
|--|
| WELL API NO. 30-0 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/> |
| 6. State Oil & Gas Lease No. |
| 7. Lease Name or Unit Agreement Name: QUALITY BRINE |
| 8. Well No. |
| 9. Pool name or Wildcat |

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 BRINE WELL

2. Name of Operator
 Gandy Corporation

3. Address of Operator
 P.O. Box 827, Tatum, NM 88267

4. Well Location
 Unit Letter M : 593 feet from the SOUTH line and 639 feet from the WEST line
 Section 20 Township 12S Range 36E NMPM County LEA

10. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

| | |
|--|--|
| NOTICE OF INTENTION TO: | SUBSEQUENT REPORT OF: |
| PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> | REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/> |
| TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> | COMMENCE DRILLING OPNS. <input type="checkbox"/> PLUG AND ABANDONMENT <input type="checkbox"/> |
| PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPLETION <input type="checkbox"/> | CASING TEST AND CEMENT JOB <input type="checkbox"/> |
| OTHER: <input type="checkbox"/> | OTHER: <input type="checkbox"/> |

12. 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. For Multiple Completions: Attach wellbore diagram of proposed completion or recompilation.

(2/4/01) Ran Casing scraper in to clean out casing.
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 (2/28/01) Drill out to 2623 and circulated clean.
 (3/01/01) clean out well to 2788, circulate clean, hooked up wellhead and left well circulating.. set T.D at 2715.58.

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

SIGNATURE [Signature] TITLE Bookkeeper DATE 5/15/01
 Type or print name Donny Collins Telephone No. (505) 398-4960

(This space for State use)

APPROVED BY _____ TITLE _____ DATE _____
 Conditions of approval, if any:

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 2-13-01
or cash received on _____ in the amount of \$ 100⁰⁰
from GANDY CORPORATION
for TATUM BRINE ST. BW-022
Submitted by: WAYNE PRICE (Family Name) Date: 2/16/01 (DP No.)
Submitted to ASD by: [Signature] Date: 2/16/01
Received in ASD by: _____ Date: _____

Filing Fee New Facility _____ Renewal _____
Modification _____ Other _____
(optional)

Organization Code 521.07 Applicable FY 2001

To be deposited in the Water Quality Management Fund.
Full Payment _____ or Annual Increment _____

WELLS FARGO BANK NEW MEXICO, N.A.
LOVINGTON, NM 88260



GANDY CORPORATION
P. O. BOX 827 PH. 398-4960
TATUM, NM 88267

DATE 2-13-01 95-219-1070

PAY TO THE ORDER OF

DOLLARS \$ *100.00

Oil Conservation Division

SW/4 SW/4 S 20 TS 12S B36E
Renewal Permit
Brine Station

VOID AFTER 90 DAYS

Alta Gandy

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Revised March 17, 1999

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

FEB 15 11 11 AM '01

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS, REFINERIES, COMPRESSOR, AND CRUDE OIL PUMP STATIONS

(Refer to the OCD Guidelines for assistance in completing the application)

New Renewal Modification

1. Type: Brine Station

2. Operator: Gandy Corporation

Address: P.O. Box 827, Tatum, NM 88267

Contact Person: Larry Gandy Phone: (505) 398-4960

3. Location: SW /4 SW /4 Section 20 Township 12-S Range 36-E

Submit large scale topographic map showing exact location.

4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.
14. CERTIFICATION I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Gandy Corporation

Title: Vice-President

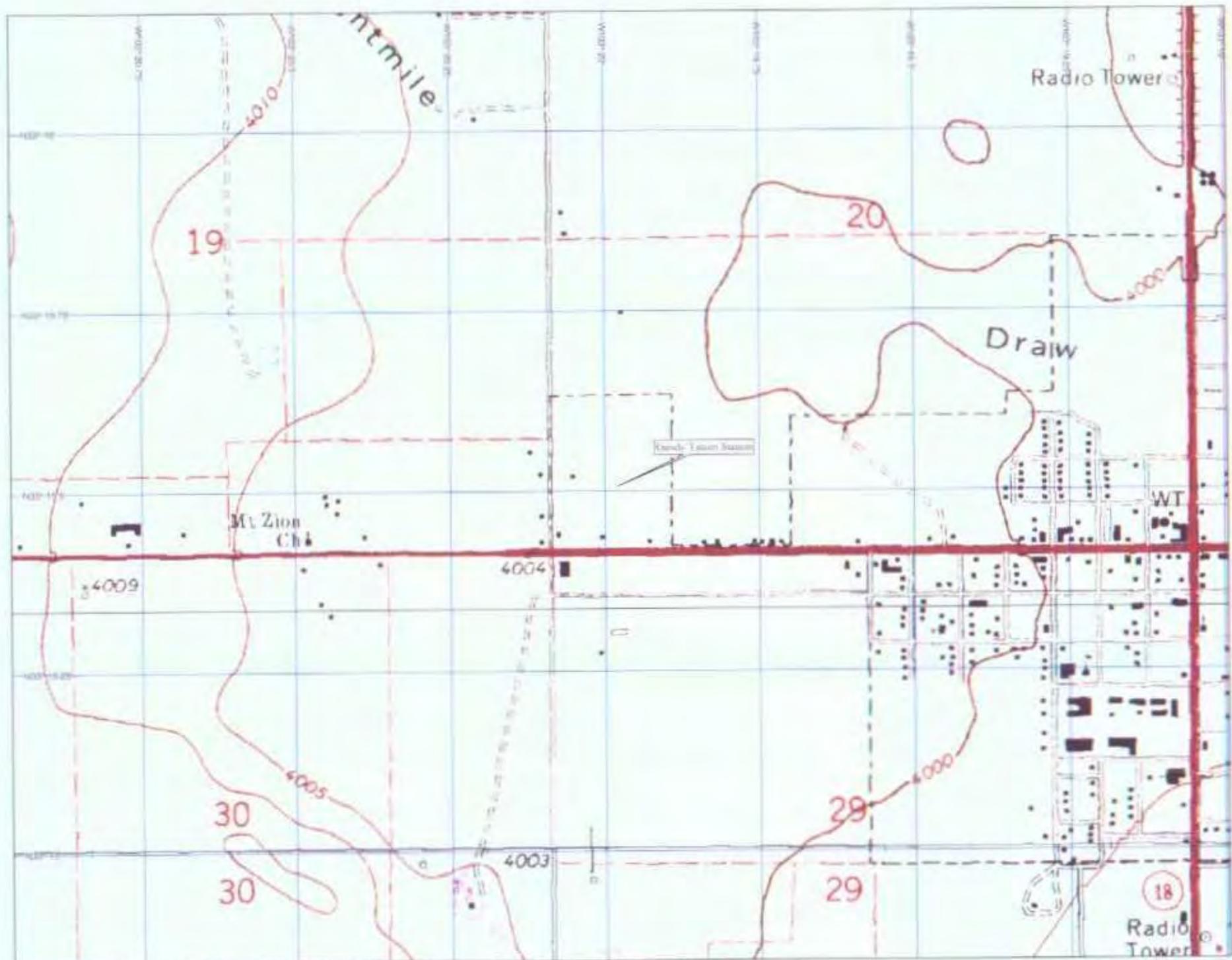
Signature: Larry Gandy

Date: February 13, 2001

IV. Attach the name, telephone and address of the landowner of the facility site.

Response: The landowner of this facility is the Gandy Corporation, P.O. Box 827, Tatum, New Mexico 88267. Phone: (505) 398-4960.

The Gandy Corporation purchased the facility on April 1, 2000 from the Quality Brine Corporation.





V. Attach the description of the facility with a diagram showing the location of fences, pits, dikes and tanks on the facility.

Response: Enclosed are Exhibits 1, 2 and 3 providing a schematic of the facility, location of flow lines, and a process description.

Gandy Corporation
Tatum Brine Station
Exhibit 1
Site Schematic
Exhibit 2

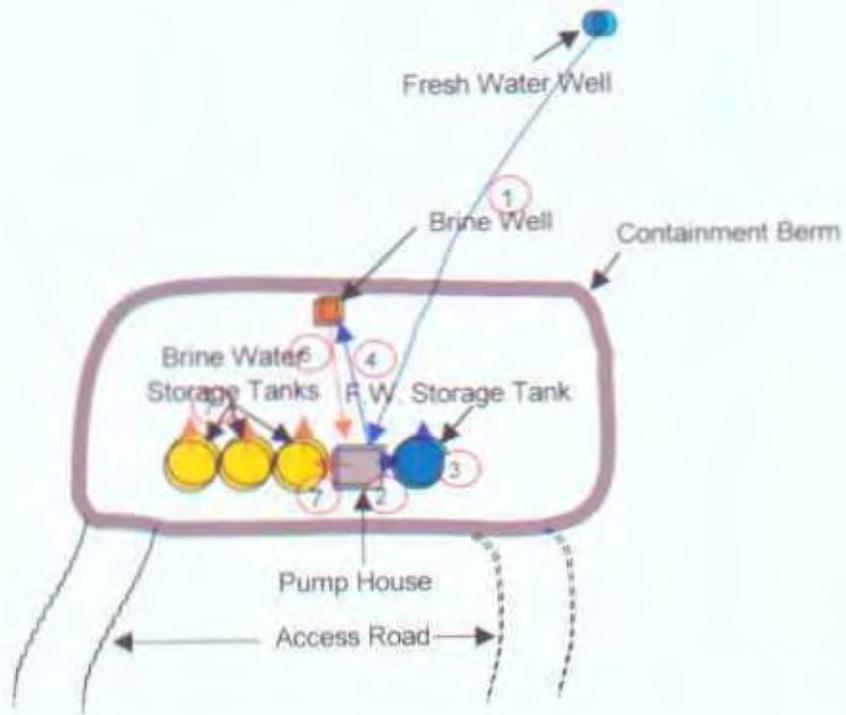


Exhibit 3
Tatum Brine Station
Process Description

1. Fresh water is pumped from a well into a pump house.
2. The fresh water is transferred from the pump house into a 1,000 barrel storage tank.
3. The fresh water may be pumped directly into a truck loading system
4. Fresh water may also be diverted into the annulus of the brine well.
5. Brine water is directed back into the pump house.
6. The fluid is pumped into one of three 1,000 barrel storage tanks.
7. The fluid is finally removed from the storage tanks into truck loading outlets.

VI. Attach a description of all materials stored or used at the facility.

Response: There are no materials stored or routinely used at this facility.

VII. Attach a description of present sources of effluent and solid waste. Average quality and daily volume of waste water must be included.

Response: The facility produces no solid waste. The average daily volume of effluent is 5 barrels per day. The quality of effluent is contained within Exhibit 4.

VIII. Attach a description of current liquid and solid waste collection / treatment / disposal procedures.

Response: No solid waste is generated at this facility. Liquid waste consists of 10# brine water that is captured within a 55 gallon plastic drum situated immediately below the load-out port. These barrels are routinely inspected and any liquids contained within the sump catchment are removed and placed back within the storage tanks or transported to commercial disposal.

IX. Attach a description of proposed modifications to existing collection / treatment / disposal systems.

Response: No modifications to the facility are planned at this time.

X. Attach a routine inspection and maintenance plan to insure permit compliance.

Response: The facility will be inspected on a weekly basis and after each heavy rainfall event. The inspection will look for any leaks, breaks, or spills. All pumps and flowlines will be inspected for obvious wear or damage.

XI. Attach a contingency plan for reporting and clean up of spills or releases.

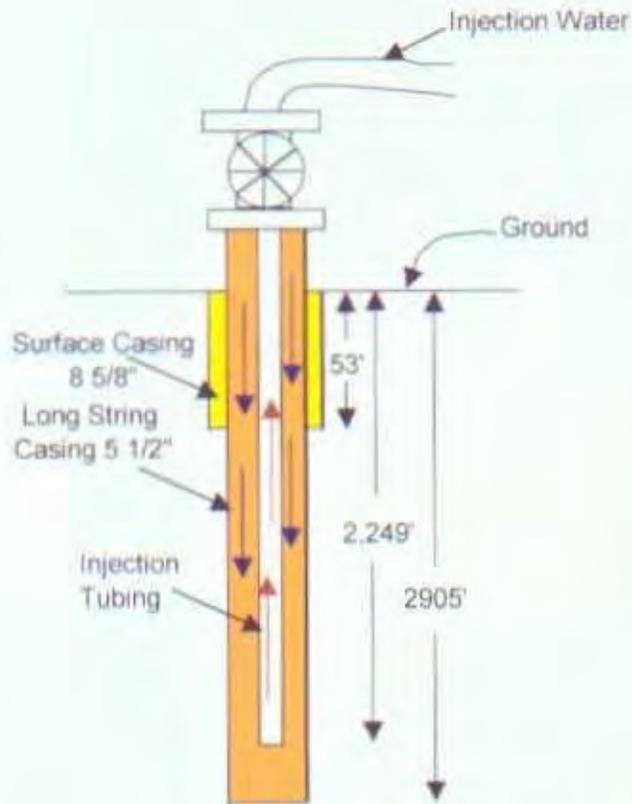
Response: Gandy Corporation owns and operates backhoes, vacuum trucks and other construction equipment commonly employed on spill clean-ups. In the event of an unplanned release of brine water, Gandy will immediately notify the Hobbs office of the NMOCD and remove all free liquids. Such removed liquids will be sent to commercial disposal.

All impacted soils will be delineated as to both vertical and lateral extent and all affected soils removed to commercial disposal. Replacement soils will be re-deposited within the excavated area and compacted to match the surrounding topographical elevations.

XII. Attach geological hydrological information for the facility. Depth to and quality of groundwater must be included

Response: Exhibit 5 provides a cross section of the brine well. The quality of the well water is provided within Exhibit 6.

Gandy Corporation
Tatum Brine Station
Exhibit 5
Brine Well Schematic



XIII. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and / or orders.

Response: There are five closure issues within this facility.

- A. Wells:** At abandonment, the brine extraction well will be plugged in accordance with all appropriate state law.
- B. Lined Storage Reservoir Fluids:** At abandonment, all non-commercial grade fluids contained within the lined surface impoundment will be collected and transported to a licensed disposal facility.
- C. Lined Surface Reservoir Solids:** The plastic liner and associated solids consisting primarily of sodium chloride contaminated blow sands will be transported to a licensed commercial facility for disposal.
- D. Tanks and Ancillary Equipment:** Storage tanks, pumps, fencing materials, piping and other structures will be removed from the site. The final disposition of these materials is dependant on their condition at the time of dismantlement. Cement structures will be removed and transported to commercial disposal.
- E. Contaminated Soils:** After all surface structures are removed from the facility, the soils will be analyzed for the presence and concentrations of total petroleum hydrocarbons, benzene, toluene, ethylbenzene, xylene and chlorides. All soils containing criteria contaminant concentrations in excess of NMOCD closure guidelines will either be remediated in accordance NMOCD spill closure guidelines or transported to commercial disposal.

Quarterly reports for both fresh and brine water produced are sent to the proper authorities. Fresh water reporting goes to the State Engineer Office, 1900 West Second Street, Roswell, New Mexico 88201. Brine water reporting goes to the Commissioner of Public Lands, Box 1148, Sante Fe, New Mexico 87504. Fresh and brine water reporting goes to the Oil Conservation Division, State Land Office Building, P.O. Box 2088, Sante Fe, New Mexico 87504.

ENVIRONMENTAL LAB OF , INC.

"Don't Treat Your Soil Like Dirt!"

WHOLE EARTH ENVIRONMENTAL
ATTN: MR. MIKE GRIFFIN
19606 SAN GABRIEL
HOUSTON, TEXAS 77084
FAX: 281-646-8996

Sample Type: Water
Sample Condition: Intact/ 4 deg. C
Project #: None Given
Project Name: Tatum Station
Project Location: None Given

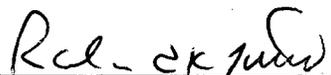
Sampling Date: 12/04/00
Receiving Date: 12/09/00
Analysis Date: See Below

| ELT# | FIELD CODE | Sulfate mg/L | Chloride mg/L | Carbonate mg/L | Bicarbonate mg/L | TDS mg/L | Conductivity uS/cm |
|-------|-------------|-----------------|------------------|-------------------|---------------------|-------------|-----------------------|
| 35145 | Salt Water | 17441 | 216245 | <2 | 62 | 318540 | 189900 |
| 35146 | Fresh Water | 348 | 85 | <2 | 142 | 721 | 1142 |

| | | | | | | |
|-----------------|------|------|----|----|----|------|
| QUALITY CONTROL | 50.5 | 5318 | * | * | * | 1432 |
| TRUE VALUE | 50.0 | 5000 | * | * | * | 1413 |
| % PRECISION | 101 | 106 | * | * | * | 101 |
| BLANK | <0.5 | <10 | <2 | <2 | <5 | * |

| | | | | | | |
|---------------|----------|----------|----------|----------|----------|----------|
| ANALYSIS DATE | 12/13/00 | 12/12/00 | 12/12/00 | 12/12/00 | 12/11/00 | 12/12/00 |
|---------------|----------|----------|----------|----------|----------|----------|

METHODS: EPA 375.4, 325.3, 310, 160.1, 120.1


Raland K. Tuttle

12-27-00
Date

ENVIRONMENTAL LAB OF , INC.

"Don't Treat Your Soil Like Dirt!"

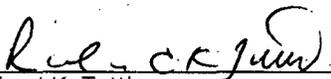
WHOLE EARTH ENVIRONMENTAL
ATTN: MR. MIKE GRIFFIN
19606 SAN GABRIEL
HOUSTON, TEXAS 77084
FAX: 281-646-8996

Sample Type: Water
Sample Condition: Intact/ 4 deg. C
Project #: None Given
Project Name: Tatum Station
Project Location: None Given

Sampling Date: 12/04/00
Receiving Date: 12/09/00
Analysis Date: 12/12/00

| ELT# | FIELD CODE | pH s.u. | Hardness mg/L | Specific Gravity @ 60 deg F |
|-------|-----------------|------------|------------------|-----------------------------------|
| 35145 | Salt Water | 7.45 | 6750 | 1.185 |
| 35146 | Fresh Water | 8.42 | 750 | 1.000 |
| | QUALITY CONTROL | 7.02 | * | * |
| | TRUE VALUE | 7.00 | * | * |
| | % PRECISION | 100 | * | * |
| | BLANK | * | <10 | * |

METHODS: EPA 150.1, 130.2


Raland K. Tuttle

12-27-00
Date

ENVIRONMENTAL LAB OF , INC.

"Don't Treat Your Soil Like Dirt!"

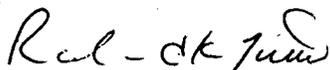
WHOLE EARTH ENVIRONMENTAL
ATTN: MR. MIKE GRIFFIN
19606 SAN GABRIEL
HOUSTON, TEXAS 77084
FAX: 281-646-8996

Sample Type: Water
Sample Condition: Intact/ 4 deg. C
Project #: None Given
Project Name: Tatum Station
Project Location: None Given

Sampling Date: 12/04/00
Receiving Date: 12/09/00
Analysis Date: 12/12, 12/14,
12/20/00

| ELT# | FIELD CODE | Ca mg/L | Mg mg/L | Fe mg/L | Ba mg/L |
|-----------------|-------------|------------|------------|------------|------------|
| 35145 | Salt Water | 630 | 795 | 1.45 | <0.10 |
| 35146 | Fresh Water | 69.5 | 28.4 | 0.54 | <0.10 |
| QUALITY CONTROL | | 10.29 | 4.91 | 0.99 | 2.01 |
| TRUE VALUE | | 10.00 | 5.00 | 1.00 | 2.00 |
| % PRECISION | | 103 | 93 | 99 | 100 |
| BLANK | | <0.10 | <0.10 | <0.03 | <0.10 |

METHODS: SM 7000 series


Raland K. Tuttle

12-27-00
Date

OCD ENVIRONMENTAL BUREAU

SITE INSPECTION SHEET

DATE: 12/12/00 Time: 8:30 AM TEMP 16° F

Type of Facility: Refinery Gas Plant Compressor St. Brine St. Oilfield Service Co.
Surface Waste Mgt. Facility E&P Site Crude Oil Pump Station
Other _____

Discharge Plan: No Yes DP# BW-022

FACILITY NAME: TATUM BRINE STATION

PHYSICAL LOCATION: _____

Legal: QTR5W QTR5W Sec 20 TS 125 R 36E County LEA

OWNER/OPERATOR (NAME) GANNY CORPORATION

Contact Person: LARRY GANNY Tele:# _____

MAILING ADDRESS: _____ State _____ ZIP _____

Owner/Operator Rep's: _____

OCD INSPECTORS: W PRICE

1. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

NA

2. **Process Areas:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

OK

3. **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

AREA 15 BERMED

4. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

5. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.

6. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

7. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge plan renewal. The permittee may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.

BRINE LINE FROM WELL TO TANKS

8. Onsite/Offsite Waste Disposal and Storage Practices: Are all wastes properly characterized and disposed of correctly? Does the facility have an EPA hazardous waste number? Yes No

ARE ALL WASTE CHARACTERIZED AND DISPOSED OF PROPERLY? YES NO IF NO DETAIL BELOW.

9. **Class V Wells:** Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. All Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Closure of Class V wells must be in accordance with a plan approved by the Division's Santa Fe Office. The OCD allows industry to submit closure plans which are protective of human health, the environment and groundwater as defined by the WQCC, and are cost effective. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

ANY CLASS V WELLS NO YES IF YES DESCRIBE BELOW! Undetermined

10. **Housekeeping:** All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.

Good-

11. **Spill Reporting:** All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the proper OCD District Office.

12. **Does the facility have any other potential environmental concerns/issues?**

13. **Does the facility have any other environmental permits - i.e. SPCC, Stormwater Plan, etc.?**

14. ANY WATER WELLS ON SITE? NO YES IF YES, HOW IS IT BEING USED?

≈ 1/4 mi NORTH

Miscellaneous Comments:

MIT - RECORDER 12 HR 0-1000 PSIG

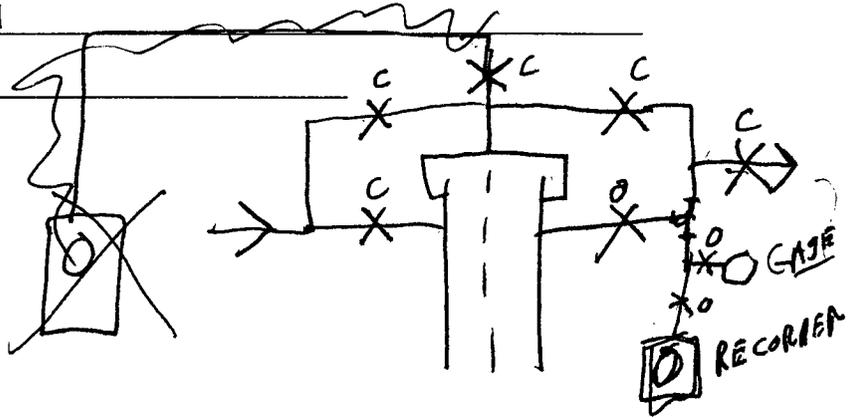
~~RECORDER FAILED - BROKE + BROKEN~~
REPAIRED

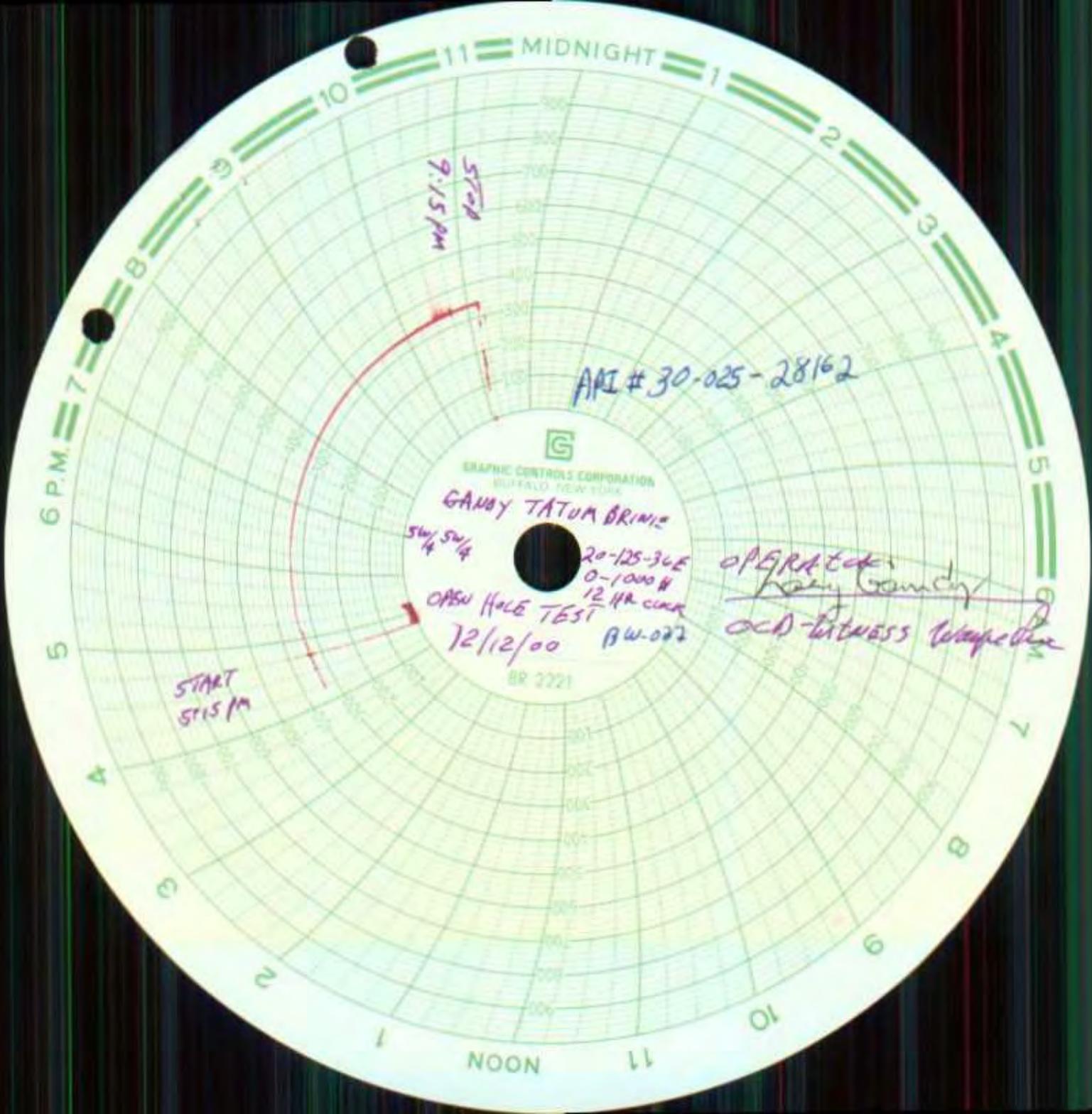
GAGE
0-1000 PSIG

START 8:30 AM 365 5:15 PM
STOP 365 9:15 PM

Number of Photos taken at this site: _____
attachments-

OCD Inspection Sheet
Page ___ of ___





11 MIDNIGHT 1

2

3

4

5

6

7

8

9

10

11

NOON

2

3

4

5

6 P.M.

7

8

9

10



GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

GANVY TATUM BRINE

5w/5w/4

20-125-36E

0-1000 #

12 HR CORR

OPEN HOLE TEST

12/12/00

BR-022

BR 2721

API # 30-025-28162

OPERATOR

Gary Gandy

OCD Witness W. J. ...

START
5:15 PM

STOP
9:15 PM



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 20, 2000

CERTIFIED MAIL

RETURN RECEIPT NO.

5051 4447 BW-022 GRAMY

Attention: Brine Well Operators

Re: Mechanical Integrity Testing of Brine Supply Wells

The Underground Injection Control Program of the Federal Safe Drinking Water Act requires that operators demonstrate mechanical integrity of all injection wells by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and injection zones.

The Oil Conservation Division (OCD) requires operators of brine supply wells to perform the following mechanical integrity tests:

1. At least once every five years isolate the cavern formation from the casing/tubing annuals and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes. New brine wells and wells being worked over will have to be tested in this manner before operations begin.
2. Annually perform an open hole cavern formation pressure test by pressuring up the formation with fluid to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. Operators shall not exceed surface pressures that may cause formation fracturing or system failures. OCD prior to test shall approve test pressures below 300 psig and methods that use media other than fluids. Brine supply wells operating with packers will have to pressure both the cavern formation and casing/tubing annuals.

Please find enclosed an "OCD Brine Well Test Schedule December 2000" and "Brine Well Test Procedure Guidance Document" for this December 8th through 18th 2000. Please have your well ready for testing on the date and time you are scheduled. Please refer to the Well Test Schedule attached for the type of test you are scheduled to perform. You must receive prior OCD approval to alter the scheduled time or type of test.

Brine Well Operators

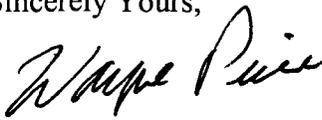
10/20/00

Page 2

Operators will be responsible for providing equipment and shall bear all costs incurred. All tests must be witnessed by the New Mexico Oil Conservation Division. Operators failing to abide by the procedures, type of test, and time schedules listed herein may be required to shut-in their systems until OCD has an opportunity to approve and witness testing.

If you require any further information or assistance please do not hesitate to write or call me at (505-827-7155).

Sincerely Yours,



Wayne Price-Pet. Engr. Spec.
Environmental Bureau

cc: OCD District Offices

- Attachments-
1. OCD Brine Well Test Schedule December 2000.
 2. Brine Well Testing Procedure Guidance Document.

OCD BRINE WELL TEST SCHEDULE December of 2000

| Company | DP# | Facility Name | Date of Test | Start | Stop | Type of Test(s) Required | Contact Person | Telephone | FAX # |
|----------------------------------|-------------|-------------------------|-------------------|----------|---------|--------------------------|--------------------------------------|---------------------------|----------------|
| Marbob Brine Well | BW-029 | M. Dodd "A" BW#1 | December 08, 2000 | 1:00 PM | 5:00 PM | 2 Pressure test cavern | Doyle Davis Raye Miller | 748-5975 cell 748-3303 | 1-505-746-2523 |
| P&S Brine | BW-002 | Eunice Eunice Water ST. | December 11, 2000 | 8 am | 12 noon | 2 Pressure test cavern | Paul Prather | 1-505-394-2545 | 1-505-394-2426 |
| Simms-McCasland | BW-009A | Eunice Brine Station | December 11, 2000 | 9:30 am | 1:30 pm | 2 Pressure test cavern | Bob Patterson | 1-505-394-2581 | 1-505-394-2584 |
| Salty Dog, Inc. | BW-008 | Arkansas-Jct | December 11, 2000 | 11 am | 3 pm | 2 Pressure test cavern | Mr. Piter Bergstein Walter Brisco | 1-806-741-1080 | |
| Stearns Inc. | BW-013 | Crossroads | December 12, 2000 | 8:00 AM | 12 noon | 2 Pressure test cavern | L.A. Stearns | 1-505-675-2356 | 1-505-675-2339 |
| Gandy Corp. | BW-022 | Tatum Water St. | December 12, 2000 | 9:00 AM | 1:00 PM | 2 Pressure test cavern | Larry Gandy | 1-505-398-4960 | cell 369-5721 |
| Key Energy | BW-018 | Truckers #2 (Hobbs) | December 12, 2000 | 10:30 AM | 2:30 PM | 2 Pressure test cavern | Pete Turner | 1-505-397-4994 | 1-505-393-9023 |
| I&W Trucking | BW-006 &6A | Carlsbad Yard | December 13, 2000 | 8:00 AM | 12 noon | 2 Pressure test cavern | George Parchman | 1-505-885-6663 | 1-505-885-8477 |
| Loco Hills Brine | BW-021 | Loco Hills | December 13, 2000 | 1:30 PM | 5:30 PM | 2 Pressure test cavern | D. Maloney or R. Harris | 1-505-677-2370 | 1-505-677-2361 |
| Goldstar | BW-028 | Eunice Brine Station | December 14, 2000 | 9:30 am | 1:30 pm | 2 Pressure test cavern | Royce Crowell | 1-505-394-2504 | 1-505-394-2560 |
| Quality Oil (Salado Brine Sales) | BW-025 | Salado Brine St. #2 | December 14, 2000 | 11am | 3 pm | 2 Pressure test cavern | see P&S | | |
| Key Energy-Carlsbad | BW-019 | Rowland Truckers | December 15, 2000 | 8:00 AM | 12 noon | 2 Pressure test cavern | John Hutcheson | | 1-505-887-3011 |
| Scurlock/Permian | BW-027 &27A | Carlsbad Brine St. | December 15, 2000 | 9:00 AM | 1:00 PM | 2 Pressure test cavern | Jim Ephraim | 1-713-672-8092 | 1-713-672-7609 |
| Jims Water Ser. | BW-005 | SE of Artesia | December 15, 2000 | 10:30 AM | 2:30 PM | 2 Pressure test cavern | Sammy Stoneman | 1-505-748-1352 | 1-505-746-3227 |
| Scurlock-Permian | BW-012 | Hobbs Station | December 18, 2000 | 8:00 AM | 12 noon | 2 Pressure test cavern | Richard Lentz | 1-505-392-8212 | 1-505-392-6988 |
| Gandy- WasserHaun | BW-004 | Buckeye St. | December 18, 2000 | 9:00 AM | 1:00 PM | 2 Pressure test cavern | Larry Gandy | 1-505-398-4960 | cell 369-5721 |

Notes:

| Type of Pressure Test: | | |
|----------------------------------|--|---|
| 1 Casing Test | | Isolate cavern formation from the casing/tubing annuals and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes. |
| 2 Open Hole Cavern Pressure Test | | Open hole cavern formation pressure test by pressuring up the formation with fluid to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. Operators shall not exceed surface pressures that may cause formation fracturing or system failures. OCD prior to test shall approve test pressures below 300 psig and methods that use media other than fluids. Brine supply wells operating with packers will have to pressure both the cavern formation and casing/tubing annuals. |
| 3 Others | | Nitrogen-Brine Interface Test, Nitrogen Test, Etc. |

Brine Well Testing Procedure Guidance Document

- 1) The cavern and all piping must be filled, pressured up and stabilized for a period of at least 24 hours prior to testing. If this test requires or utilizes a packer then the casing/tubing annulus must be loaded with inert fluid 24 hours prior to testing.
- 2) Have manpower and equipment available for pressure test. Well head shall be prepared for test and all valves and gauges should be in good working order.
- 3) Pressure devices i.e pumps, truck pumps, etc. must be isolated from the well head during test.
- 4) A continuous recording pressure chart with an 8 hour clock shall be installed on the casing/tubing annulus, as directed by the OCD, with a pressure range of not greater than 500 psig. The operator must provide proof that pressure recording device has a range of 0-500 psig and has been calibrated within the past 6 months. Wells, with isolation packers installed, which requires both the casing/tubing annulus and cavern to be tested will require two recording devices or one recording device with two pins. Operators may utilize other types of pressure recording devices, such as electronic data loggers, etc., if approved by OCD.
- 5) A minimum of one pressure gage shall be installed in the system as directed by OCD.
- 6) OCD must witness the beginning of test (putting chart on) and ending of test (removing chart). At the end of test operator may be required to bleed-off pressure to demonstrate recorder response.
- 7) **The Operator will supply the following information on the pressure chart before starting test:**
 1. Company name, discharge plan #, well name and number, legal location UL, section, township, range and county.
 2. Type of Test: Open Hole, Casing Test, or Both.
 3. Date, time test started, time stop.
 4. Chart and Recorder information. (can be attached)
 5. Normal operating surface and formation fracture pressure. (can be attached)
 6. **After Test Completed:**
Name (printed) and signature of company representative and OCD inspector.

Note: NMOCD recognizes that different operations, well constructions, well designs and field conditions may cause variations in the above procedures. Operator is responsible to notify OCD of any procedure that may cause harm to the well or formation. If operator wishes to make or anticipate changes you must notify the OCD for approval.

GANDY CORPORATION

OILFIELD SERVICES

P. O. BOX 827

TATUM, NEW MEXICO 88267

(505) 398-4960

FAX 505-398-6887

May 17, 2000

Mr. Wayne Price
New Mexico Oil & Gas Division
2040 S. Pacheco
Santa, Fe, NM 88205

Dear Wayne:

We are enclosing a copy of the C-104 that we sent to Donna in the Hobbs office showing a change of ownership on the brine station.

Gandy Corporation has taken over the ownership and assumed the discharge plan for the station.

Sincerely,



Larry Gandy

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Artec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

AMENDED REPORT

I. REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

| | | |
|--|---------------|---------------------------------------|
| Operator name and Address Gandy Corporation P. O. Box 827 Tatum, NM 88267 | | OGRID Number 8426 |
| | | Reason for Filing Code CH 02-16-00 |
| API Number 30 - 0 | Pool Name | Pool Code |
| Property Code | Property Name | Well Number |

II. 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 20 | 12-S | 36-E | | 593 | South | 639 | West | Lea |

¹¹ Bottom Hole Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|------------------------|-------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-------------------------------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |
| ¹² Lee Code | ¹³ Producing Method Code | ¹⁴ Gas Connection Date | ¹⁵ C-129 Permit Number | ¹⁶ C-129 Effective Date | ¹⁷ C-129 Expiration Date | | | | |

III. Oil and Gas Transporters

| Transporter OGRID | Transporter Name and Address | POD | O/G | POD ULSTR Location and Description |
|-------------------|------------------------------|-----|-----|------------------------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

IV. Produced Water

| ¹⁸ POD | ¹⁹ POD ULSTR Location and Description |
|-------------------|--|
| | |

V. Well Completion Data

| ²⁰ Spud Date | ²¹ Ready Date | ²² TD | ²³ PBTD | ²⁴ Perforations | ²⁵ DHC, DC, MC |
|-------------------------|------------------------------------|-------------------------|----------------------------|----------------------------|---------------------------|
| | | | | | |
| ²⁶ Hole Size | ²⁷ Casing & Tubing Size | ²⁸ Depth Set | ²⁹ Sacks Cement | | |
| | | | | | |
| | | | | | |
| | | | | | |

VI. Well Test Data

| ³⁰ Date New Oil | ³¹ Gas Delivery Date | ³² Test Date | ³³ Test Length | ³⁴ Tbg. Pressure | ³⁵ Csg. Pressure |
|----------------------------|---------------------------------|-------------------------|---------------------------|-----------------------------|-----------------------------|
| | | | | | |
| ³⁶ Choke Size | ³⁷ Oil | ³⁸ Water | ³⁹ Gas | ⁴⁰ AOF | ⁴¹ Test Method |
| | | | | | |

| | | | |
|--|--|--|--|
| <p>⁴² I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.</p> <p>Signature: <i>Larry Gandy</i></p> <p>Printed name: Larry Gandy</p> <p>Title: Vice-President</p> <p>Date: 05-17-00 Phone: 505-398-4960</p> | | <p>OIL CONSERVATION DIVISION</p> <p>Approved by:</p> <p>Title:</p> <p>Approval Date:</p> | |
| <p>⁴³ If this is a change of operator fill in the OGRID number and name of the previous operator</p> <p><i>Danny R. Watson</i> 5818 Danny Watson 05-17-00</p> <p>Previous Operator Signature Printed Name Title Date</p> | | | |

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT

Report all gas volumes at 15.025 PSIA at 60°.
Report all oil volumes to the nearest whole barrel.

A request for allowable for a newly drilled or deepened well must be accompanied by a tabulation of the deviation tests conducted in accordance with Rule 111.

All sections of this form must be filled out for allowable requests on new and recompleted wells.

Fill out only sections I, II, III, IV, and the operator certifications for changes of operator, property name, well number, transporter, or other such changes.

A separate C-104 must be filed for each pool in a multiple completion.

Improperly filled out or incomplete forms may be returned to operators unapproved.

1. Operator's name and address
2. Operator's OGRID number. If you do not have one it will be assigned and filled in by the District office.
3. Reason for filing code from the following table:

| | |
|----|---|
| NW | New Well |
| RC | Recompletion |
| CH | Change of Operator (Include the effective date.) |
| AO | Add oil/condensate transporter |
| CO | Change oil/condensate transporter |
| AG | Add gas transporter |
| CG | Change gas transporter |
| RT | Request for test allowable (Include volume requested) |

If for any other reason write that reason in this box.
4. The API number of this well
5. The name of the pool for this completion
6. The pool code for this pool
7. The property code for this completion
8. The property name (well name) for this completion
9. The well number for this completion
10. The surface location of this completion NOTE: If the United States government survey designates a Lot Number for this location use that number in the 'UL or lot no.' box. Otherwise use the OCD unit letter.
11. The bottom hole location of this completion
12. Lease code from the following table:

| | |
|---|--------------------|
| F | Federal |
| S | State |
| P | Fee |
| J | Jicarilla |
| N | Navajo |
| U | Ute Mountain Ute |
| I | Other Indian Tribe |
13. The producing method code from the following table:

| | |
|---|----------------------------------|
| F | Flowing |
| P | Pumping or other artificial lift |
14. MO/DA/YR that this completion was first connected to a gas transporter
15. The permit number from the District approved C-129 for this completion
16. MO/DA/YR of the C-129 approval for this completion
17. MO/DA/YR of the expiration of C-129 approval for this completion
18. The gas or oil transporter's OGRID number
19. Name and address of the transporter of the product
20. The number assigned to the POD from which this product will be transported by this transporter. If this is a new well or recompletion and this POD has no number the district office will assign a number and write it here.
21. Product code from the following table:

| | |
|---|-----|
| O | Oil |
| G | Gas |
22. The ULSTR location of this POD if it is different from the well completion location and a short description of the POD (Example: "Battery A", "Jones CPD", etc.)
23. The POD number of the storage from which water is moved from this property. If this is a new well or recompletion and this POD has no number the district office will assign a number and write it here.
24. The ULSTR location of this POD if it is different from the well completion location and a short description of the POD (Example: "Battery A Water Tank", "Jones CPD Water Tank", etc.)
25. MO/DA/YR drilling commenced
26. MO/DA/YR this completion was ready to produce
27. Total vertical depth of the well
28. Plugback vertical depth
29. Top and bottom perforation in this completion or casing shoe and TD if openhole
30. Write in 'DHC' if this completion is downhole commingled with another completion, 'DC' if this completion is one of two non-commingled completions in this well bore, or 'MC' if there are more than three non-commingled completions in this well bore.

31. Inside diameter of the well bore
32. Outside diameter of the casing and tubing
33. Depth of casing and tubing. If a casing liner show top and bottom.
34. Number of sacks of cement used per casing string

If the following test data is for an oil well it must be from a test conducted only after the total volume of load oil is recovered.

35. MO/DA/YR that new oil was first produced
36. MO/DA/YR that gas was first produced into a pipeline
37. MO/DA/YR that the following test was completed
38. Length in hours of the test
39. Flowing tubing pressure - oil wells
Shut-in tubing pressure - gas wells
40. Flowing casing pressure - oil wells
Shut-in casing pressure - gas wells
41. Diameter of the choke used in the test
42. Barrels of oil produced during the test
43. Barrels of water produced during the test
44. MCF of gas produced during the test
45. Gas well calculated absolute open flow in MCF/D
46. The method used to test the well:

| | |
|---|----------|
| F | Flowing |
| P | Pumping |
| S | Swabbing |

If other method please write it in.
47. The signature, printed name, and title of the person authorized to make this report, the date this report was signed, and the telephone number to call for questions about this report
48. The previous operator's name, the signature, printed name, and title of the previous operator's representative authorized to verify that the previous operator no longer operates this completion, and the date this report was signed by that person

Kenneth Tank Service / Stearns, Inc.

QUARTERLY REPORT IN COMPLIANCE OF:

Discharge Plan DP-355
KENNETH TANK SERVICE
BRINE PRODUCTION FACILITY
Crossroads, NM

Average working pressure of brine well 290-310[#]

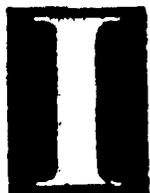
Average brine water weight 10.1 lbs/gal.

Water analysis reports attached.

Report submitted by:

Signature *A. Stearns*

Date 4/20/00



InterChem
INDUSTRIALS

InterChem, Inc.

(915) 550-7027 P. O. Box 13166 Odessa, Tx. 79768

Chlorides

April 24, 2000

Permian Treating Chemicals Stearns, Parkinson Fresh Waters

Tabulated below for your perusal are the results of the tests carried out on the sample from the above.

| <u>Location</u> | <u>mg./L. Chlorides</u> |
|-----------------------|-------------------------|
| Stearns Fresh Water | 900 |
| Parkinson Fresh Water | 340 |

If we may be of further assistance in the interpretation of the above observations, please call at your convenience.

Jose Luis Enriquez
Jose Luis Enriquez
Technical Services

MEMORANDUM OF MEETING OR CONVERSATION

| | | | |
|---|-----------------------------------|-----------------|-----------------|
| <input checked="" type="checkbox"/> Telephone | <input type="checkbox"/> Personal | Time 3:35 PM | Date 8-15-97 |
|---|-----------------------------------|-----------------|-----------------|

| <u>Originating Party</u> | <u>Other Parties</u> |
|---|----------------------|
| MARK ASHLEY, MARTINE KERRIGAN ROGER ANDERSON | DANNY WATSON |

Subject OIL STORAGE AT BREVE FACILITY

Discussion ROGER ANDERSON SAID DANNY W. COULD LEAVE OIL STORAGE TANKS IF STORED PROPERLY. THE OIL IS CONSIDERED NON-EXEMPT.

Conclusions or Agreements DANNY W. WILL LEAVE STORAGE FOR OIL IN PLACE, AND WILL HANDLE AND SPILLS AS ~~NON-EXEMPT~~ WASTE.

Distribution _____
Signed 