

1R - 2457

GENERAL
CORRESPONDENCE

2009 - 2010

Johnson, Larry, EMNRD

From: Andy Cobb [Andy.Cobb@energen.com]
Sent: Thursday, October 22, 2009 8:40 AM
To: VonGonten, Glenn, EMNRD; Johnson, Larry, EMNRD
Subject: Notification

Mr. Von Gonten, subsequent to a phone visit with Larry Johnson this morning Energen Resources, through this e-mail correspondence, is providing written notification of a situation in Lea County.

Energen has noted an elevated chloride reading in a fresh water well located on the West Lovington Strawn Unit located in Lea County.

Larry and I visited by phone this morning as I mentioned previously regarding this situation; he will be notified and updated as Energen begins it's investigation into this matter.

Thank you.

Andy Cobb
Senior Safety & Environmental Specialist
(432) 686-3599: Office
(432) 557-3145: Cell

This E-mail transmission may contain confidential information that is protected by the attorney-client privilege of work-product doctrine. It is intended only for the individual or entity designated above. Any distribution, copying, or use of or reliance upon further information contained in and transmitted with this E-mail by or to anyone other than the individual or entity designated above is unauthorized and strictly prohibited. If you have received this E-mail transmission in error, please destroy the transmission and notify Energen Resources Corporation by telephone at (432) 687-1155 immediately.

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company: Energen Resources Corporation	Contact: Andrew Cobb
Address: 3300 North A St. Bldg. 4, Ste. 100 Midland, Tx. 79705	Telephone No. 432-687-1155
Facility Name: West Lovington Strawn Unit	Facility Type: Fresh Water Well @ WLSU #8 well 30-025-32291

Surface Owner: Dan Field	Mineral Owner: N/A	Lease No. N/A
--------------------------	--------------------	---------------

LOCATION OF RELEASE

API

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
L	34	15S	35E	1980	FNL	660	FWL	Lea

Latitude 32° 58' 19.1"

Longitude 103° 24' 06.5"

WTR 55'

NATURE OF RELEASE

Type of Release: Unknown	Volume of Release	Volume Recovered
Source of Release	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Sampling of fresh water well near the WLSU #8 well shows elevated chloride levels.

Describe Area Affected and Cleanup Action Taken.*
Will begin investigation into cause of the elevated levels and remediate to approved standard.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: Andrew Cobb	OIL CONSERVATION DIVISION	
Printed Name: Andrew Cobb	<i>[Signature]</i> Approved by District Supervisor ENVIRONMENTAL ENGINEER	
Title: Sr. Safety & Environmental Specialist	Approval Date: 3-19-10	Expiration Date: 5-19-10
E-mail Address: andy.cobb@energen.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 10-26-09 Phone: 432-686-3599		IRP# 10.3.2457

• Attach Additional Sheets If Necessary

Johnson, Larry, EMNRD

From: Andy Cobb [Andy.Cobb@energen.com]
Sent: Tuesday, November 24, 2009 9:00 AM
To: Johnson, Larry, EMNRD
Subject: Lovington Water well update.

Larry, just a note to apprise you of Energen's activity on the West Lovington water well.

Energen received approval from the OCD; Case No. 14356; Order No. R-10448-E to amend order R-10448 to authorize the injection of water for pressure maintenance operations for the West Lovington Strawn Unit in Lea County. Our current plan with your permission is to begin injection of the water in question into the 8-R injection well as soon as feasibly possible. Energen needs to complete some surface equipment installation and downhole well work prior to commencement of water injection into the Strawn zone.

In the meantime we conducted water compatibility testing; injection of this fresh water into the Strawn formation. We respectfully request, based largely on the previous sampling event, to begin injection of this water into the WLSU 8-R probably at the end of the week of 12-4 or beginning week 12-7. Energen will of course, as we discussed previously, will log volumes with sampling, and pull concurrent samples for you as well.

You thoughts or comments regarding Energen's request are appreciated.

Happy Thanksgiving, if we do not talk before then.

Andy Cobb
Senior Safety & Environmental Specialist
(432) 686-3599: Office
(432) 557-3145: Cell

This E-mail transmission may contain confidential information that is protected by the attorney-client privilege of work-product doctrine. It is intended only for the individual or entity designated above. Any distribution, copying, or use of or reliance upon further information contained in and transmitted with this E-mail by or to anyone other than the individual or entity designated above is unauthorized and strictly prohibited. If you have received this E-mail transmission in error, please destroy the transmission and notify Energen Resources Corporation by telephone at (432) 687-1155 immediately.

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

Johnson, Larry, EMNRD

From: Andy Cobb [Andy.Cobb@energen.com]
Sent: Tuesday, December 22, 2009 1:54 PM
To: Johnson, Larry, EMNRD
Cc: Rusty Cook; Joe Niederhofer; Paul Callaway; Tom Hnasko
Subject: WLSU #8R Water Well.

Larry, Energen began a 10 day extraction period of the water well at the WLSU 8R this morning (12-22-09). We will sample twice daily and pull two samples each sampling event during this period. Additionally we will take volumetric readings at each sampling event as we discussed previously. I have discussed this with the State Engineers office in Roswell and they are aware of this as well. I will also notify them via E-mail. We will look at the results and confer with you regarding the outcome shortly thereafter.

Merry Christmas to you.

Andy Cobb
Senior Safety & Environmental Specialist
(432) 686-3599: Office
(432) 557-3145: Cell

This message (including any attachments) is intended only for the use of the person(s) to whom it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If you receive this message in error, please notify me immediately by email, telephone, or fax, and delete the original message from your records. Thank you.

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

Johnson, Larry, EMNRD

From: Andy Cobb [Andy.Cobb@energen.com]
Sent: Monday, January 11, 2010 8:20 AM
To: Johnson, Larry, EMNRD
Subject: RE: Water well sampling
Attachments: WLSU 8-R 12-22 thru 12-31-09.xls

Sorry about that. Here you go.

Andy Cobb
Senior Safety & Environmental Specialist
(432) 686-3599: Office
(432) 557-3145: Cell

From: Johnson, Larry, EMNRD [mailto:larry.johnson@state.nm.us]
Sent: Monday, January 11, 2010 9:16 AM
To: Andy Cobb
Subject: RE: Water well sampling

When Sent?

From: Andy Cobb [mailto:Andy.Cobb@energen.com]
Sent: Friday, January 08, 2010 7:52 AM
To: Johnson, Larry, EMNRD
Subject: Water well sampling

Larry, I am attaching a spreadsheet from the last sampling event out at Lovington. I would be interested to see if ya'lls samples correlate to ours. One other thing I am planning to do on the last sample (#18) is to do a full drinking water analysis along with a STIF diagram to see if the water's constituents match up or they are skewed.

One other question, have you had a chance to look at that data form the spill on the WLSU and my request for closure with a clay cap?

Thanks and Happy New Year.

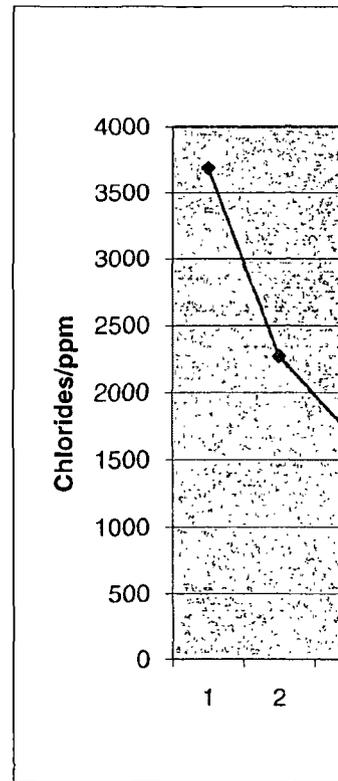
Andy Cobb
Senior Safety & Environmental Specialist
(432) 686-3599: Office
(432) 557-3145: Cell

This message (including any attachments) is intended only for the use of the person(s) to whom it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If you

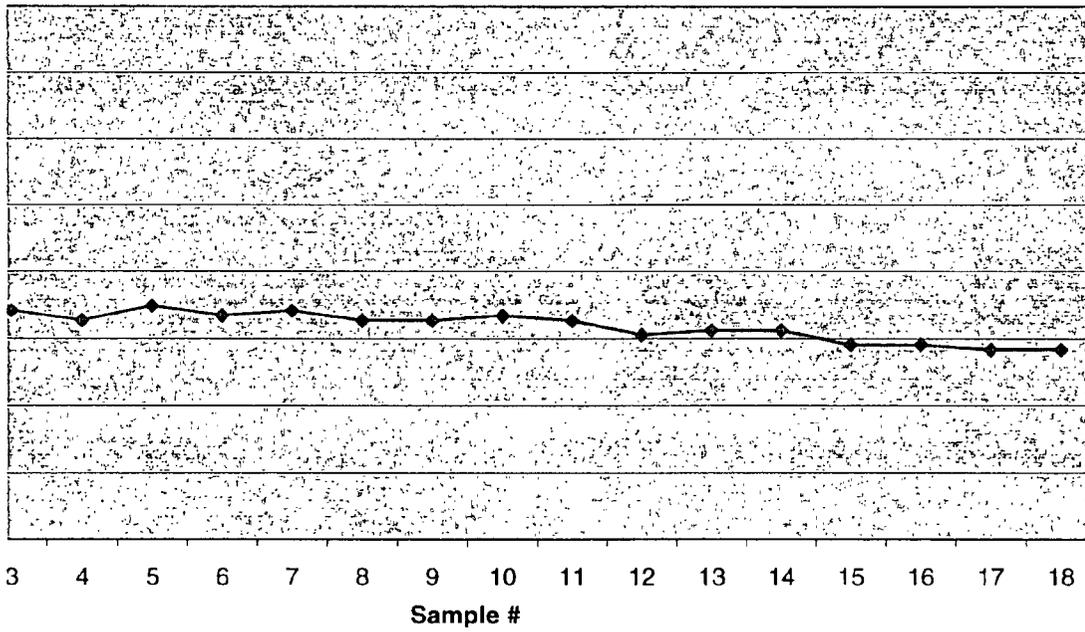
WLSU #8-R water well

Sample #	Date	Time	Barrels	Volume	Chloride
1	22-Dec	7:25 AM	4706		3692
2	22-Dec	2:00 PM	5154	448	2272
3	23-Dec	7:15 AM	6382	1228	1704
4	24-Dec	9:30 AM	8197	1815	1633
5	24-Dec	3:45 PM	9167	970	1740
6	25-Dec	9:00 AM	9963	796	1669
7	25-Dec	4:10 PM	10403	440	1704
8	26-Dec	7:30 AM	11505	1102	1633
9	26-Dec	1:00 PM	11747	242	1633
10	27-Dec	7:30 AM	13197	1450	1669
11	27-Dec	2:30 PM	13461	264	1633
12	28-Dec	8:10 AM	14975	1514	1527
13	28-Dec	2:20 PM	15420	445	1562
14	29-Dec	8:00 AM	16709	1289	1562
15	29-Dec	2:00 PM	17149	440	1456
16	30-Dec	7:50 AM	18433	1284	1456
17	30-Dec	2:00 PM	18879	446	1420
18	31-Dec	7:45 AM	20170	1291	1420

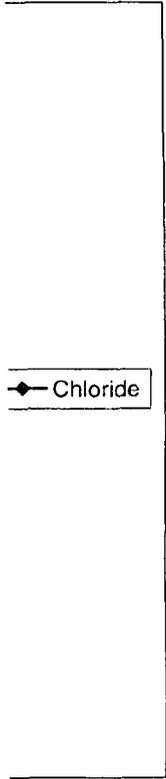
Total Barrels recovered 15464



Chloride



E



◆ Chloride

Johnson, Larry, EMNRD

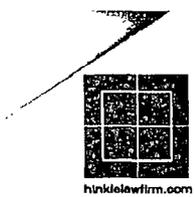
From: Julie Ontiveros [hsncjo@leaco.net]
Sent: Thursday, February 18, 2010 9:30 AM
To: geoffreyr.lecking@state.nm.us
Cc: br549@naturalbeefnm.com; Hill, Larry, EMNRD; Johnson, Larry, EMNRD
Attachments: Scanned ltr from energens counsel and Mr. McMahon response (2-17-10).doc

I apologize the attached was not in yesterday's email to you gentlemen.

Julie Ontiveros, Legal Secretary for

HEIDEL, SAMBERSON, NEWELL, COX & MCMAHON
311 NORTH FIRST STREET
P.O. DRAWER 1599
LOVINGTON, NM 88260
TEL: (575) 396-5303
FAX: (575) 396-5305

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.



HINKLE, HENSLEY, SHANOR & MARTIN, L.L.P.
ATTORNEYS AT LAW
210 MONTEZUMA
SANTA FE, NEW MEXICO 87501
505-982-4554 (FAX) 505-982-6623

WRITER:
Thomas M. Hnasko
Partner
thnasko@hinklawfirm.com

December 4, 2009

Patrick B. McMahon
Heidel, Samberson, Newell, Cox & McMahon
Post Office Drawer 1599
Lovington, NM 88260

Re: Energen Resources Corporation - WLSU #8R

Dear Mr. McMahon:

I understand that you represent Dan Field, owner of the surface estate on which the WLSU #8R well is located. I have attached for your information analytical results from recent sampling events at the water well located near the WLSU #8R.

In consultation with the New Mexico Oil Conservation Division, Energen is presently investigating potential sources of chlorides identified in the analytical results. As counsel for the surface owner, we will certainly keep you apprised of developments.

Thank you for your consideration.

Sincerely,

Thomas M. Hnasko

TMH/as
Encl.

PO BOX 10 ROSWELL, NEW MEXICO 86202 505-982-6510 FAX 505-982-6511	PO BOX 3080 MIDLAND, TEXAS 79702 940-833-4631 FAX 940-833-6518	PO BOX 2060 SANTA FE, NEW MEXICO 87504 505-982-4554 FAX 505-982-6623	ONE CONGRESS, SUITE 1100 AUSTIN, TEXAS 78701 512-476-9137 FAX 512-476-7446
--	---	---	---

LAW OFFICES

HEIDEL, SAMBERSON, NEWELL, COX & McMAHON

C. GENE SAMBERSON
MICHAEL T. NEWELL
LEWIS C. COX, III
PATRICK B. McMAHON

311 NORTH FIRST STREET
POST OFFICE DRAWER 1599
LOVINGTON, NM 88260
TELEPHONE (575) 396-5303
FAX (575) 396-5305

F.L. HEIDEL
(1913-1985)

January 15, 2010

COPY

Thomas M. Hnasko
Hinkle Law Firm
P.O. Box 2068
Santa Fe, NM 87504

Re: Energen Resources Corporation - WLSU #8

Dear Mr. Hnasko,

Thank you for your letter of December 4, 2009 regarding chloride contamination of the groundwater at the WLSU #8. Mr. Field is very concerned regarding this recent development at the WLSU #8 and for his domestic well at his residence downgradient of this site. In that regard, Mr. Field expects that Energen will undertake all measures to investigate and remediate the site at issue and to protect additional groundwater from being impacted. In your letter you state that Energen is presently investigation this matter in consultation with the NMOCD. A review of the NMOCD records reveals no C-141 or remediation permit for the WLSU #8. Please advise what consultation has taken place to date. In addition, through this letter I am requesting that Energen consult with Mr. Field or his representative during the investigation and remediation of this site.

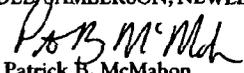
Lastly, it appears that Energen is currently pumping groundwater from a well at the WLSU #8 into an above ground storage tank. Please advise if this is correct. In addition, please provide any documentation that identifies NMOCD's knowledge and approval of this practice as well as Energen's authority to use said well to produce groundwater from the underlying aquifer.

I look forward to hearing from you soon.

Sincerely,

HEIDEL, SAMBERSON, NEWELL, COX & MCMAHON

By:


Patrick B. McMahon

Letter to Thomas M. Hnasko
Re: Energen Resources Corporation - WLSU #8
January 15, 2010
Page two.

PBM:jo
cc: Dan Field
Glen von Gonten, NMOCD
Edward Hanson, NMOCD
Andy Morley, OSE

Johnson, Larry, EMNRD

From: Hill, Larry, EMNRD
Sent: Thursday, February 18, 2010 10:52 AM
To: Leking, Geoffrey R, EMNRD
Cc: Johnson, Larry, EMNRD
Subject: FW: Energen WLSU #8/API #3002532291

From: Tom Hnasko [mailto:thnasko@hinklelawfirm.com]
Sent: Thursday, February 18, 2010 10:13 AM
To: Patrick B. McMahon; Hill, Larry, EMNRD
Cc: br549@naturalbeefnm.com
Subject: RE: Energen WLSU #8/API #3002532291

Dear Mr. McMahon,

As mentioned, we will certainly provide you with all results of our investigation. I have been informed that water samples were submitted for analysis on 2.16 - We will provide you with the results and solicit your input regarding future action. Thank you.

CONFIDENTIALITY NOTICE

This message (including attachments) is subject to attorney-client privilege or is otherwise a confidential communication from the law firm of Hinkle, Hensley, Shanor & Martin, LLP, that is covered by the Electronic Communications Privacy Act, 18 U.S.C. Sections 2510-2521, and is intended solely for the use of the addressee. It is not intended for transmission to, or receipt by, any unauthorized person. If you are not the intended recipient or received these documents by mistake, please do not read it and immediately notify us by collect telephone call to (505) 982-4554 for instructions on its destruction or return. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, action or reliance upon the contents of the documents is strictly prohibited.

Thomas M. Hnasko
Hinkle, Hensley, Shanor & Martin, LLP
P.O. Box 2068
Santa Fe, New Mexico 87504
505.982.4554 - office
505.982.8623 - fax
505.660.3397 - cellular

From: Patrick B. McMahon [mailto:hsncpbm@leaco.net]
Sent: Wednesday, February 17, 2010 4:50 PM

To: larry.hill@state.nm.us
Cc: br549@naturalbeefnm.com; Tom Hnasko
Subject: Re: Energen WLSU #8/API #3002532291

Please read the attached.

Sincerely,

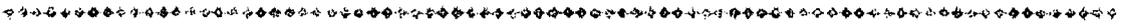
Patrick B. McMahon
Heidel, Samberson, Newell, Cox & McMahon
311 North First Street
Lovington, New Mexico 88260
Office: (575) 396-5303
Facsimile: (575) 396-5305

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

Johnson, Larry, EMNRD

From: Andy Cobb [Andy.Cobb@energen.com]
Sent: Friday, March 19, 2010 2:08 PM
To: Johnson, Larry, EMNRD
Cc: Joe Niederhofer; Rusty Cook; 'Tom Hnasko'
Subject: Update on WLSU 8
Attachments: WLSU 8-R 12-22 thru3-12-10 .xls; Overview to OCD on 8R ww.doc

Larry, please find attached a brief overview of Energen's operations to this point on the WLSU 8R water well. Additionally I am attaching the latest chloride results. As noted in the overview we are requesting continuation of this operation, with your approval.

Thanks 

Andy Cobb

Senior Safety & Environmental Specialist

Office: 432-686-3599

Cell: 432-557-3145

This message (including any attachments) is intended only for the use of the person(s) to whom it is addressed, and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If you receive this message in error, please notify me immediately by email, telephone, or fax, and delete the original message from your records. Thank you.



please do not print this email unless necessary

March 19, 2010

Attn: Mr. Larry Johnson
Oil Conservation Division; Hobbs Office
1625 N. French Drive
Hobbs, NM 88240

Re: West Lovington Strawn Unit #8R Water Well

Dear Mr. Johnson:

Per your request from our phone call on 3-18-10; I will undertake a brief overview of the elevated chloride situation noted on a water well near the WLSU #8R well and WLSU Battery C production facility located in Lea County.

Energen requested and was granted, on or about 10/14/2009 permission by the OCD by amendment of Order No. R-10448, with NMOCD Case No. 14356, to conduct water injection operations on the West Lovington Strawn Unit, in Lea County, NM. Samplings of water wells with proximity to the 8R wellbore were required to approve the request. Sample results of the water well on the 8R location showed chlorides to be 298 mg/L at that time.

It is believed the water well in question was drilled in conjunction with drilling operations on the Snyder F Com well drilled in 1993 by Charles E. Gillespie Jr. An application was received at the State Engineer's Roswell office on 1-12-95. Although the dates on the "Application to Appropriate Underground Waters" permit are after cessation of drilling operations for the Snyder well. Additionally, there is anecdotal evidence on the permit that the State Engineers Office believes the well was never drilled, but the well is obviously there and the chlorides are elevated.

Subsequent sampling of the water well located at the WLSU 8R showed elevated chloride levels greater than OCD guidelines for waters of the State of NM. On October 22, 2009, ERC provided written notification via E-mail to you and Mr. Van Gonten apprising you of the elevated chloride level in the water well at the WLSU #8R. On 10-26-09 ERC submitted the initial C-141 for documentation regarding the elevated chloride level in the well. It should be noted for the record; Energen has not experienced any known spill incidents at this battery facility.

Energen requested permission to begin water injection from the water well into the WLSU 8R well and was granted approval to do so, within permit guidelines, from the OCD and was granted a 10 day pump test from the State Engineers office in Roswell. That pump test commenced on December 22nd and completed on December 31st, 2009. Energen sampled the well twice daily and obtained 2 samples one each for ERC and the OCD. Chloride levels decreased from 3692 mg/L to 1420 mg/L during that time.

Page 2

Energen requested and was granted approval from both the OCD and State Engineers Office verbally to continue injection operations and on February 3rd operations began again and are on-going. Since the end of the initial 10 day pump test chloride levels have decreased from 1420 mg/L to 767 mg/L.

Energen respectfully requests continuing this operation anticipating chloride levels in the well to continue decreasing to acceptable levels. Water is being injected in to the Strawn formation between perforations from 11,520 feet to 11, 592 feet. Fresh water zones in between 50 and 250 feet are protected as noted in order R-10448-E.

Thank you for your time and consideration of Energen's request. If I can answer any questions regarding this correspondence please do not hesitate doing so.

Sincerely,

Andy Cobb
Senior Safety & Environmental Specialist