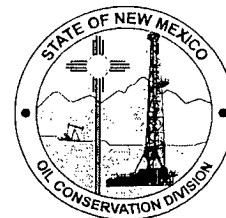


New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 8, 2009

Maralex Disposal, LLC
P.O. Box 338
Ignacio, CO 81137

FORMAL NOTICE OF LOSS OF INJECTION AUTHORITY

Re: Maralex Disposal, LLC, OGRID 193838
Trading Post Disposal #001, 30-045-21470 (formerly Canyon Well #14)

Dear Operator:

The purpose of this letter is to give you formal notice that your authority to inject into the well identified above has terminated. **You may not inject into this well until you obtain a new injection permit.**

19.15.26.12(C)(1) NMAC provides:

"Whenever there is a continuous one year period of non-injection into all wells in an injection or storage project or into a salt water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto."

19.15.26.12(C)(2) NMAC provides:

For good cause shown, the director may grant an administrative extension or extensions of injection authority as an exception to Paragraph (1) of Subsection C of 19.15.26.12 NMAC, provided that any such extension may be granted only prior to the end of one year or [sic] continuous non-injection, or during the term of a previously granted extension.

The well identified above was authorized as a salt water disposal well by Administrative Order SWD-782, issued July 18, 2000. The order was amended by Administrative Order SWD-782-A, issued May 6, 2002. A review of the production/injection reports for



October 8, 2009

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the well shows that it has not reported injection in 2008 or 2009. A copy of the production/injection search result is attached. The Oil Conservation Division (OCD) has not found any administrative extensions of the injection authority for this well.

By operation of 19.15.26.12(C)(1) NMAC, the authority for injection into the Trading Post Disposal #001 automatically terminated. No extension can be granted now. If you wish to inject into this well you will need to apply for a new permit under 19.15.26.8 NMAC.

By copy of this letter, I am notifying the Aztec District Office that your injection authority for this well has terminated.

If you disagree with the OCD's conclusion that the authority to inject has been terminated, please provide documentary proof that there has not been a period of one year of non-injection, or that you are operating under an administrative extension of injection authority.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Sanchez', with a long horizontal flourish extending to the right.

Daniel Sanchez

Underground Injection Control Director for the State of New Mexico

Attachments: Production/injection report summary for the Trading Post Disposal #001

Ec: Charlie Perrin, Supervisor, Artesia District Office

30-045-21470 TRADING POST DISPOSAL #001 [28296]**General Well Information****Status: Active****History****Comments****Operator****Company:** [193838] MARALEX DISPOSAL, LLC**Address:** PO BOX 338
IGNACIO ,CO 81137**Country:**
Main Phone:**Central Contact Person**

No district contact found.

Pits**Casing****Well Completions****[71599] BASIN DAKOTA (PRORATED GAS) Status: Zone Permanently Plugged Last Produced: 3/1/2007****[96198] SWD;DAKOTA Status: Active Last Produced:****Financial Assurance****Compliance**Note that Financial Assurance and Inactive Well Compliance are documented in separate reports ([Inactive Well Report](#), [Financial Assurance Rep](#))

Also note that some compliance issues are addressed at the operator level so not listed under each well.

Complaints, Incidents and Spills

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

nBP0628339062**nBP0711041676****nBP0815451844****Orders****3R - Remediation Permit - Aztec 3RP-1005-0**

Salt Water Disposal SWD-782-0

Injection Pressure Increase IPI-0-0

Salt Water Disposal SWD-782-A

Production / Injection

[Show All](#)

Earliest Production in OCD Records: 12/1992

Last 3/2007

Time Frame	Production				Injection				
	Oil(BBLS)	Gas (MCF)	Water (BBLS)	Days P/I	Water (BBLS)	Co2 (MCF)	Gas (MCF)	Other	Pressure
1992 Cumulative	117	128051	0	99	0	0	0	0	0
1993	0	5671	0	447	0	0	0	0	0
1994	68	2431	0	311	0	0	0	0	0
1995	91	126	0	257	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	15289	0	0	0	6040
2003	0	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	0	0
2005	0	0	0	0	0	0	0	0	0
2006	0	0	0	0	12128	0	0	0	5900
2007	0	0	0	0	1637	0	0	0	3100
2008	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0
Grand Total:	276	136279	0	1114	29054	0	0	0	15040

Transporters