

CORRESPONDENCE

MISC.

STATE OF
NEW MEXICO

OIL
CONSERVATION
DIVISION



MEMORANDUM OF MEETING OR CONVERSATION

☒ Telephone

☐ Personal

Time

8:00 AM

Date

11-22-96

Originating Party

Other Parties

MARK ASHLEY

DENNY FOUST, FRANK CHAVES

Topic

SHUNCO CLASS I WELL + PRESSURE MONITORING OF
THE ANNULUS

Discussion

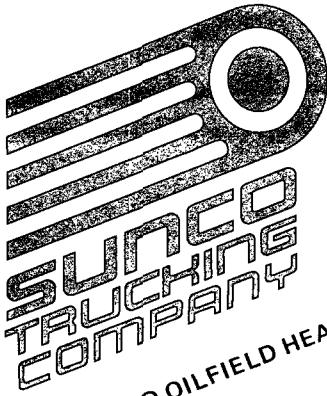
SHUNCO HAS REQUESTED THAT THE ANNULUS FLUID LEVEL
BE MONITORED INSTEAD OF PRESSURE MONITORING. FRANK
& DENNY ARE IN AGREEMENT WITH SHUNCO'S PROPOSAL

Conclusions or Agreements

Signature

Signed

Mark Ashley



WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499 (505) 327-0416

RECEIVED

NOV 25 1996

Oil Conservation Division

NEW MEXICO OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE NM 87505

NOV. 20 1996

ATTN. MR. ROGER ANDERSON

SUBJECT. MINOR MODIFICATION TO BERMING , SUNCO DISPOSAL

DEAR MR. ANDERSON

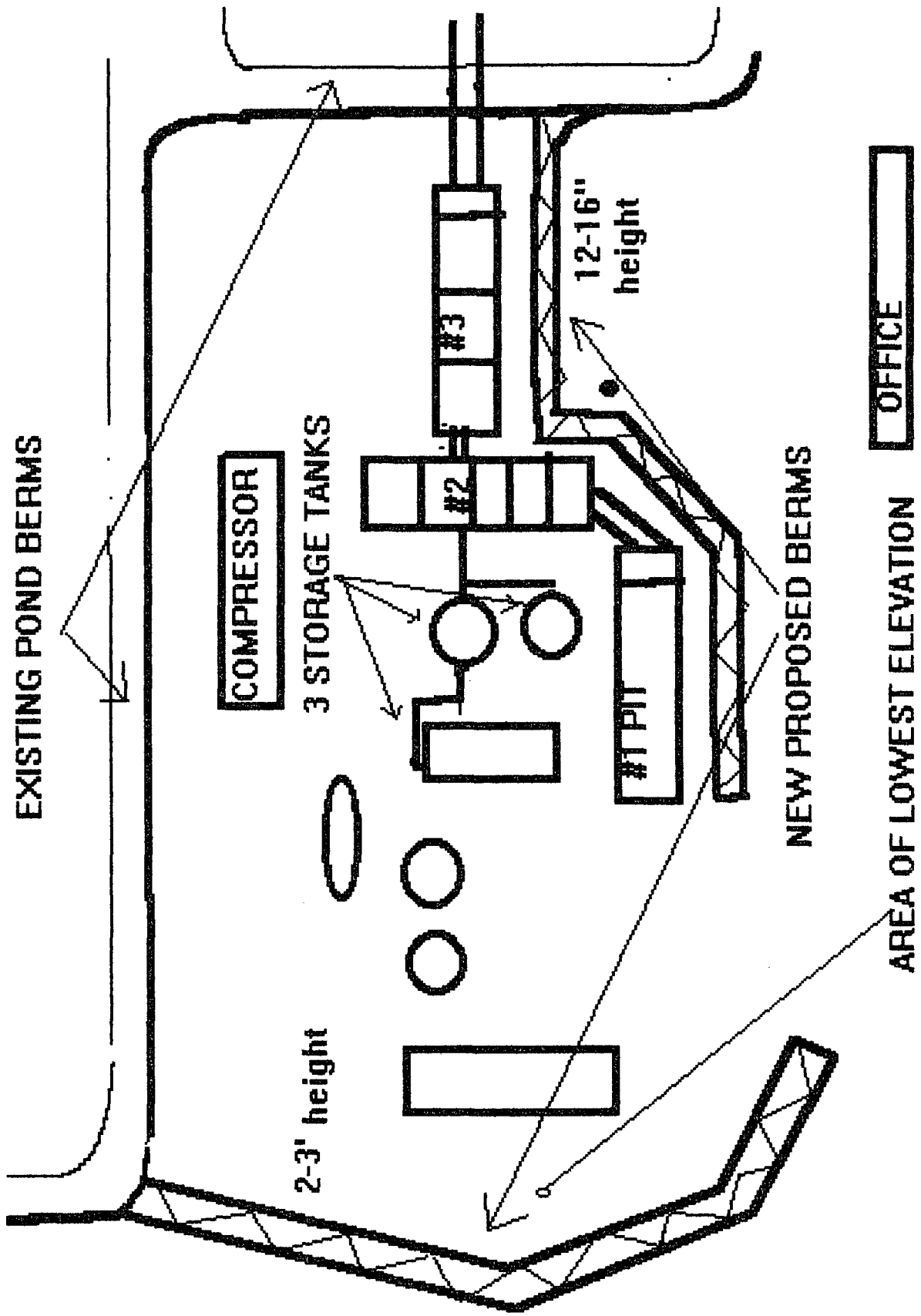
WE WISH TO MODIFY THE EXISTING BERMING AROUND THE SUNCO DISPOSAL UNLOADING AREA,. PLEASE FIND INCLOSED THE DRAWING OF THE PROPOSED ADDITIONS. THIS DESIGN WAS DERIVED BECAUSE OF THE NEED TO HAVE ACCESS WITH EQUIPMENT TO CERTAIN AREAS INSIDE THE BERMED COMPOUND. THE LARGE PROPOSED BERM TO THE WEST IS LOCATED NEAR THE LOWEST ELEVATION OF THE UNLOADING AREA , THIS BERM WOULD TRAP ANY SPILLS COMING FROM THE DISPOSAL SYSTEM. THE SMALLER BERM WOULD BE USED AS A GUIDE TO INSURE THAT ANY SPILLED FLUID WOULD RUN INTO THE TRAPPING AREA TO THE WEST. THE ELEVATION AT THE BASE OF THE SKIMMER POND IS THE HIGHEST AND SLOPES FROM THERE TOWARDS THE WEST.

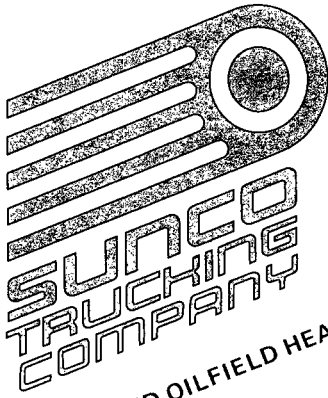
THE EQUIPMENT ACCESS WOULD BE BETWEEN WHERE THE NEW BERMS END. IT IS IMPORTANT TO US TO HAVE UNRESTRICTED ACCESS TO THE AREAS BEHIND THE PITS #1 ,#2 AND #3. SUNCO WOULD APPRECIATE THE DIVISIONS CONSIDERATION TO THIS METHOD OF BERMING. IF I CAN OFFER ANY MORE INFORMATION, PLEASE CALL AT 334-6186

MY BEST REGARDS


MICHAEL TALOVICH
SUNCO DISPOSAL MANAGER

CC. D FOUST
H. STONE
FILE





WATER AND OILFIELD HEAVY HAULING
NEW MEXICO OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE. NM 87505

NEW MEXICO OIL CONSERVATION DIVISION
RECEIVED

NOV 18 1996

P.O. BOX 443, FARMINGTON, NM 87499

(505) 327-0416

ATTN.: MR. ROGER ANDERSON

SUBJECT: CHANGE IN MONITOR REQUIREMENTS FOR CLASS I INJECTION WELL

DEAR MR. ANDERSON

WE WISH TO SOLICIT THE DIVISION'S APPROVAL TO CHANGE THE CASING PRESSURE MONITORING REQUIREMENTS FOR OUR CLASS I INJECTION WELL. WE PROPOSE TO INSTALL A CASING DIFFERENTIAL TANK ON THE BACKSIDE OF THE WELL.

THE FUNCTION OF THIS TANK WOULD BE TO AUTOMATICALLY ADJUST TO THE CHANGES IN TEMPERATURE CREATED DURING INTERMITTENT OPERATIONS OF THE INJECTION PUMP. ALSO A SIGHT TUBE WOULD BE INSTALLED ON THE TANK FOR MONITORING PURPOSES, THIS SYSTEM WOULD BE OUR LEAK DETECTOR FOR TUBING AND CASING. (above packer)

THIS SYSTEM WOULD STOP OUR LARGE PRESSURE CHANGES CAUSED BY INTERMITTENT INJECTION. HOWEVER THIS WOULD NOT BE A PRESSURE SYSTEM AS REQUIRED BY OUR NEW ORDER.. PERIODICALLY WE COULD PRESSURE TEST THE CASING, AS EXTRA INSURANCE TO THE INTEGRITY OF THE WELL.

SUNCO DISPOSAL OPERATES ITS INJECTION PUMP ONLY WHEN THE FACILITY IS OPERATIONAL. (~~7am-12midnight~~) IF BUSINESS WERE TO DICTATE 24 HOUR OPERATIONS THERE SHOULD BE NO REASON WHY THE ORIGINAL REQUIREMENT COULD NOT BE COMPLIED WITH.

THANKS FOR YOUR CONSIDERATION OF THIS MATTER. AND IF I CAN ANSWER ANY FURTHER QUESTIONS PLEASE CALL ME AT 334-6186.

MY BEST REGARDS,

M. TALOVICH
SUNCO DISPOSAL MANAGER

CC: D. FOUST, F. CHAVEZ
FILE

S.W.D AND/OR INJECTION WELL INSPECTION REPORT

API #: 30-045-28653

DATE: 11-1-96 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

OPERATOR: Coleman O&G Inc.

WELL NAME: Surco Disposal WELL#: 1

LOCATION: UT. LETTER: E SEC: 2 TWN: 29N RGE: 12W

PRESS. LIMIT: 2850 INJ. PRESS: 1350# TBG/CSG ANNULUS PRESS: 1230# *while not injecting

BRADENHEAD PRESS. 0 INTERMEDIATE CSG.PRESS. 11/1

REQUIRED POSITIVE TBG/CSG ANNULUS PRESS. TO BE MAINTAINED ON WELL AS STIPULATED ON WFX OR S.W.D. ORDER: S.W.D-457 (166#)

TYPE OF PRESSURE LIMITING DEVICE USED: Murphy pressure Kill set @ 2150#

PRESSURE SETTING OF PRESSURE LIMITING DEVICE: 2150#
(PRESSURE SETTING OF PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: S.W.D. last inspected on 9-4-96 by E.C.

Volume totalizer was operational at the time of this inspection

* Tbg/csg annular pressure goes up to 1230# when operator isn't injecting, when well is being injected into, annular pressure drops to 260# - 300# range.

INSPECTOR: [Signature]

WITNESS (IF AVAILABLE): [Signature]

A - PLUS WELL SERVICE, INC.

P.O. BOX 1979
FARMINGTON, NM 87499
505-325-2627 • FAX: 505-325-1211

June 21, 1996

COLEMAN OIL & GAS COMPANY

708 South Tucker
Farmington, NM 87401

Re: Bid Proposal - **Sunco Disposal Well #1** (Mesaverde)
NW, Sec. 2, T29N, R12W
San Juan County, NM

Gentlemen:

A-Plus Well Service is pleased to provide you with this bid to plug and abandon the referenced well. We have evaluated the attached plugging procedure and **A-Plus** agrees to provide:

- the rig anchors,
- an earthen pit for cement waste fluid,
- a double drum pulling unit with crew,
- cement services and 188 sacks cement,
- perforating (none),
- one 2-7/8" tubing cut,
- water,
- wellhead removal,
- and an installed P&A marker,

necessary for the plugging of this well.

It is our understanding that **Colman** will provide:
disposal of any flowback fluid,
and any necessary dirt work on the location or access.

A-Plus will plug the referenced well for **\$11,060.00 plus tax**. If needed, additional Class B cement is \$8.80 per sack, FOB location and a 5-1/2" cement retainer is \$850.00.

Please review this proposal and advise us of any questions you may have. This turn-key bid is based on the information which you have provided and the planned plugging procedure. In the event the planned procedure is modified or deviated from, then any additional work or services provided by A-Plus will be paid for by the operator in accordance with A-Plus' current price schedule.

We look forward to the opportunity to work for you.

Sincerely,


Bill Clark

A - PLUS WELL SERVICE, INC.

P.O. BOX 1979
FARMINGTON, NM 87499
505-325-2627 • FAX: 505-325-1211

PLUG & ABANDONMENT PROCEDURE

6-21-96

Sunco Disposal Well #1
Mesaverde
NW Section 2, T-29-N, R-12-W
San Juan Co., NM

Note: All cement volumes use 100% excess outside pipe. The stabilizing wellbore fluid will be 8.3 ppg, sufficient to balance all exposed formation pressures.

1. Install and test location rig anchors. Prepare blow pit. Comply to all NMOCD, BLM, and Coleman Oil & Gas safety regulations.
2. MOL and RU daylight pulling unit. Conduct safety meeting for all personnel on location. NU relief line. Record wellhead pressures; blow the casing down if it has pressure. Pump down 2-7/8" tubing with the casing valve open to insure the tubing does not leak. Run 2-7/8" gauge ring down tubing to 4300'.
3. **Plug #1 (Mesaverde perforations, 4460' - 4200')**: Establish a rate into the perforations. Mix 40 sxs Class B cement and squeeze into casing to cover the perforation; displace to 4200' in 2-7/8" casing. WOC and then test tubing to 500#.
4. Run in hole with gauge ring and tag cement. Jet cut 2-7/8" tubing at approximately 4150'. Pull up one foot.
5. **Plug #2 (Tubing Stub, 4150' - 4050')**: Mix 17 sxs Class B cement and spot a balanced plug inside casing over tubing stub. POH to 3630'.
6. **Plug #3 (Mesaverde top, 3630' - 3530')**: Mix 17 sxs Class B cement and spot a balanced plug inside casing over Mesaverde top. POH to 2032'.
7. **Plug #4 (Pictured Cliffs and Fruitland tops, 2032' - 1700')**: Mix 44 sxs Class B cement and spot a balanced plug inside casing. POH to 770'.
8. **Plug #5 (Kirtland and Ojo Alamo tops, 770' - 555')**: Mix 30 sxs Class B cement and spot a balanced plug inside casing over Fruitland top. POH to 259'.
9. **Plug #6 (Surface)**: Establish circulation out casing valve. Mix approximately 30 sxs Class B cement and pump down tubing, circulate good cement out casing valve. POH and LD tubing. Shut in well and WOC.
10. ND BOP and cut below surface casing. Install P&A marker with cement to comply with regulations. RD, Move off location, cut off anchors, and restore location.

Sunco Disposal #1

Current

Flora Vista Mesaverde

NW Section 2, T-29-N, R-12-W, San Juan County, NM

Today's Date: 6/21/96

Spud: 1/28/92

Completed: 2/24/92

12-1/4" hole

Cement Circulated to Surface

8-5/8" 24# Csg set @ 209'
250 sxs cement (Circulated to Surface)

Ojo Alamo @ 605'

Kirtland @ 720'

Fruitland @ 1750'

Pictured Cliffs @ 1982'

Mesaverde @ 3580'

DV Tool @ 2247'
Cmt w/515 sxs

TOC @ DV Tool

2-7/8" J-55 plastic
lined tubing @ 4300'

Arrow Model XL-W
Retrievable Packer @ 4300'

Mesaverde Perforations:
4350' - 4460'

7-7/8" hole

TD 4760'

5-1/2" 15.5# casing set @ 4760'
Cmt w/ 230 sxs
(Circulated cement from above
2nd Stage DV tool)

Sunco Disposal #1

Proposed P & A
Flora Vista Mesaverde

NW Section 2, T-29-N, R-12-W, San Juan County, NM

Today's Date: 6/21/96
Spud: 1/28/92
Completed: 2/24/92

12-1/4" hole

Ojo Alamo @ 605'

Kirtland @ 720'

Fruitland @ 1750'

Pictured Cliffs @ 1982'

Mesaverde @ 3580'

7-7/8" hole

TD 4760'

Cement Circulated to Surface

8-5/8" 24# Csg set @ 209'
250 sxs cement (Circulated to Surface)

Plug #6 259' - Surface
Cmt with 30 sxs Class B.

Plug #5 770' - 555'
Cmt with 30 sxs Class B

Plug #4 2032' - 1700'
Cmt with 44 sxs Class B

DV Tool @ 2247'
Cmt w/515 sxs

TOC @ DV Tool

Plug #3 3630' - 3530'
Cmt with 17 sxs Class B

Cut Tubing @ 4150'

Plug #2 4150' - 4050'
Cmt with 17 sxs Class B

Arrow Model XL-W
Retrievable Packer @ 4300'

Mesaverde Perforations:
4350' - 4460'

Plug #1 4460' - 4200'
Cmt with 40 sxs Class B

5-1/2" 15.5# casing set @ 4760'
Cmt w/ 230 sxs
(Circulated cement from above
2nd Stage DV tool)

MERIDIAN OIL

June 26, 1996

Mr. Chuck Badsgard
Coleman Oil and Gas
C/O Sunco Trucking Company
P. O. Box 443
Farmington, NM 87499

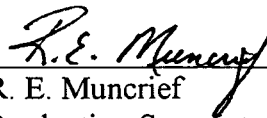
Re: Meridian Oil, Inc.
McGrath A #1 Well
Unit I, Sec. 03, T29N, R12W

Dear Mr. Badsgard:

Meridian Oil, Inc. is in receipt of a copy of the request made to you by the New Mexico Energy, Minerals and Natural Resources Department concerning reclassification of the Sunco Disposal well.

Meridian has no objection to annual pressure monitoring on the McGrath A #1 well, as they have requested in their letter. Please feel free to contact myself or Johnny Ellis at 326-9822 if you have any further questions.

Sincerely,



R. E. Muncrief
Production Superintendent

REM:jf
cc: J. B. Fraser
J. Ellis
McGrath A-#1 well file



ENERGY, MINERALS and NATURAL RESOURCES DIVISION
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

1000 BLDG
AZTEC, NEW

MECHANICAL INTEGRITY TEST REPORT
(TA or UIC)

Date of Test 6-11-96 Operator Coleman Oil & Gas Co
Lease Name Sunco Disposal Well # 1 Location: Unit E Sec 2 Twn 29N Rge 12E

Land Type: State
Federal
Private X
Indian

Well Type: Water Injection
Salt Water Disposal X
Gas Injection
Producing Oil/Gas
Pressure Observation

Temporarily Abandoned Well (Y/N): (N) TA Expires:

Casing Pres. 8 Tbg. SI Pres. Max. Inj. Pres. 2850
Bradenhead Pres. 1700 Tbg. Inj. Pres.
Tubing Pres.
Int. Casing Pres.

Pressured annulus up to 343 psi. for 15 mins. Test passed/failed.

REMARKS:

Started test @ 1:34 pm w/ 0 op. tbg. csg annulus. Pressured tbg. csg annulus to 343#. Well held pressure of 343# for 15 minutes without dropping. Well passed test (Pressure was monitored on gauge.)

RECEIVED
JUN 11 1996

OIL CON. DIV.
DIST. 3

By Michael O. [Signature]
(Operator Representative)

Witness Ernest [Signature]
(NMOCD)

(Position)

ATTN: MIKE TALOVICH (SUNCO TRUCKING)
7085 TUCKER
FARMINGTON

FOUST 19920202 9009:0017:0012152H U D 8 90 8.0
WITNESSED CMT JOB ON LONG STRING OF THE COLEMAN OIL AND GAS
SUNCO DISPOSAL WELL #1, E-2-29N-12W, TD 4760, CSG SET AT 4762, 5 1/2" 15.5
CSG, DV TOOL SET AT 2242. FIRST STAGE 250 SX 65/35 POZ 12.6#, 6% GEL,
5#/SX GILSONITE; TAIL WITH 265 SX CLASS B 5#/SX GIL MIXED AT 15.08#/GAL,
CIRC 12 BBL CMT TO SURFACE AFTER OPENING DV TOOL. SECOND STAGE 465
SX 65/35 POZ A/A TAILED WITH 50 SX NEAT A/A, CIRC 25 BBL CMT TO
SURFACE.

Denny S. Foust
DEPUTY OIL & GAS INSPECTOR

JUN 27 1996

Denny S. Foust
DEPUTY OIL & GAS INSPECTOR

JUN 27 1996

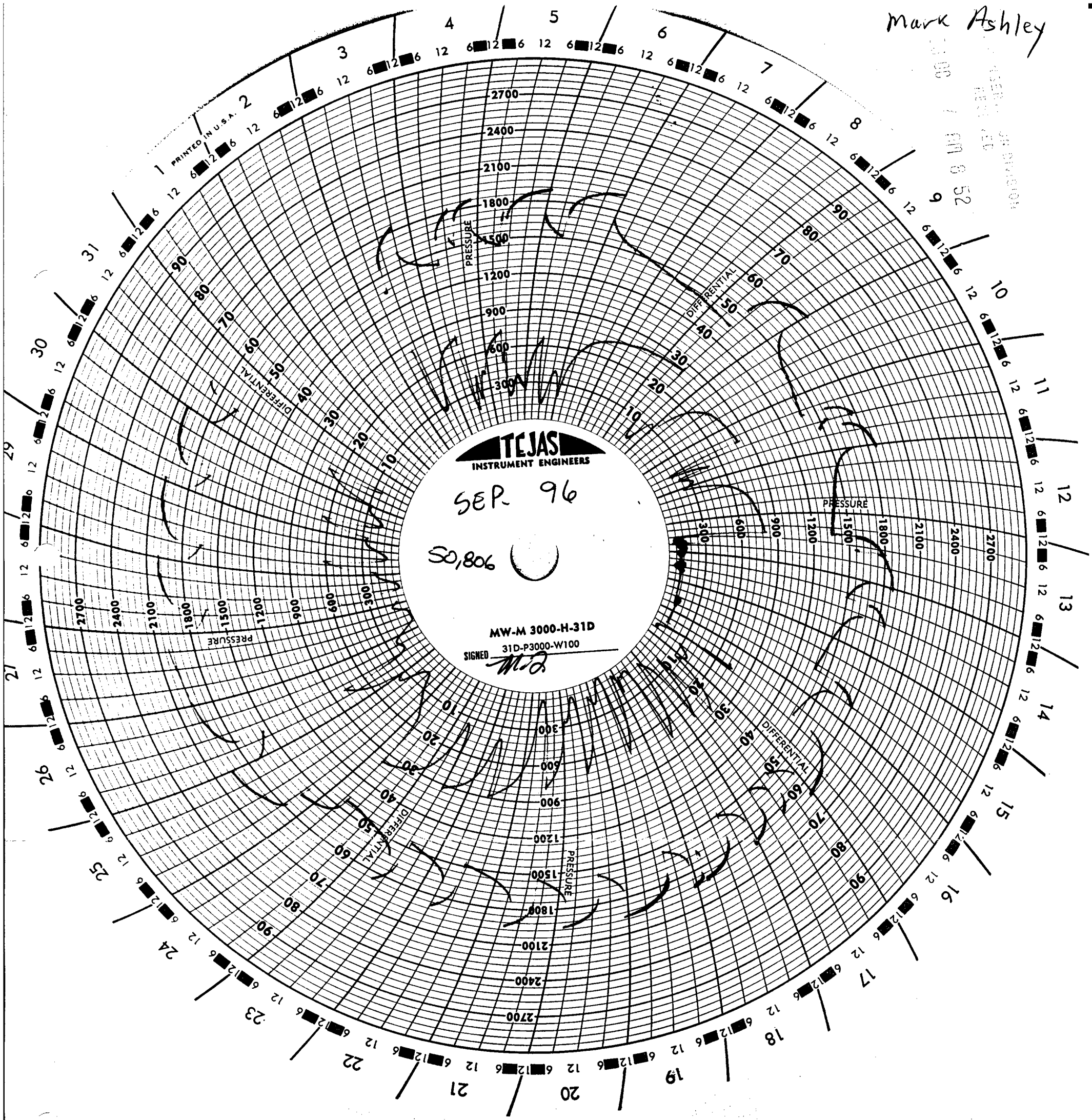
PAY BY CHECK NO. 040033

INVOICE NO.	AMOUNT	INVOICE NO.	AMOUNT	INVOICE NO.	AMOUNT
02/14/97		NMED - WATER QUALITY MANAGEMENT DISCHARGE PLAN FEES COLEMAN OIL & GAS SUNCO DISPOSAL WELL #1			50.00
				TOTAL AMOUNT →	50.00

SUNCO TRUCKING COMPANY 708 S. TUCKER P.O. BOX 443 FARMINGTON, NM 87499 (505) 327-0416

Mark Ashley

SEP 96 1 PM 0 52



Sunco



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

September 8, 1997

CERTIFIED MAIL

RETURN RECEIPT NO. P-288-258-969

Mr. Kenneth V. Huseman
Key Energy Group, Inc.
6010 Hwy. 191, Suite 212
Odessa, TX 79762

**RE: Transfer of Sunco Trucking Water Disposal Co., Class I Non-Hazardous Disposal Well to Key Four Corners, Inc.
SW/4 NW/4 of Section 2, Township 29 North, Range 12 West, NMPM
San Juan County, New Mexico
Discharge Plan UIC-CLI-005**

Dear Mr. Huseman:

The New Mexico Oil Conservation Division (OCD) has received the request from Key Four Corners, Inc. (Key) dated August 25, 1997 for the transfer of ownership of the Sunco Water Disposal Company Class I Non-Hazardous Disposal Well, Discharge Plan UIC-CLI-005, located in SW/4 NW/4 of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, to Key Four Corners, Inc. The request is **hereby approved** in accordance with Water Quality Control Commission Regulation 5101.I.

In addition, Key must file form C-104 with the OCD for a change of operator. A replacement bond reflecting the new operator must also be filed with the OCD. Until such financial assurance is in place, the transferor's (Sunco Water Disposal Company) financial assurance will not be released.

All modifications and alternatives to the approved disposal methods must receive prior OCD approval. Key is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised, approval of this transfer does not relieve Key of liability should their operation result in pollution of surface waters, ground water or the environment.

Mr. Kenneth V. Huseman

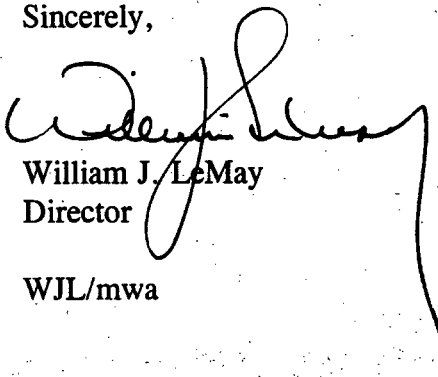
September 8, 1997

Page 2

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. Upon written application by the permittee, an exception to screening, netting, or covering may be granted by the district supervisor upon a showing that an alternative method will protect migratory birds or that the facility is not hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoir, or in open receptacles.

If there are any questions, please contact Mark Ashley at (505) 827-7155.

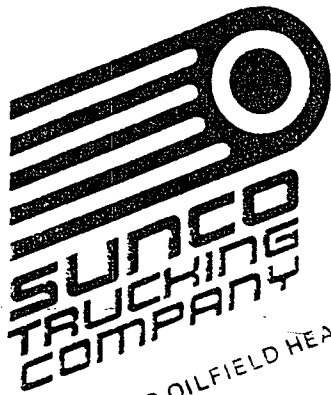
Sincerely,



William J. LeMay
Director

WJL/mwa

xc: OCD Aztec Office
 Mr. George E. Colman, Sunco Trucking Co.
 CERTIFIED MAIL RETURN RECEIPT NO. P-288-258-970
 Mr. Ron Fellabaum, Sunco Trucking Co./Key Four Corners, Inc.
 CERTIFIED MAIL RETURN RECEIPT NO. P-288-258-971



WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499 (505) 327-0416

Merrion Oil & Gas
P.O. Box 840
Farmington NM 87499
Phone: 505-327-9801

May 3, 1996

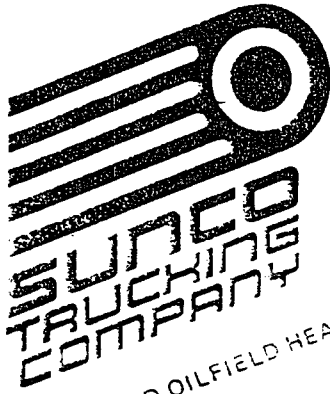
Gentleman:

Reference: Reclassification of Sunco SWD.

Sunco Trucking is in the process of applying for a new classification from Class II to Class I disposal to accept only RCRA exempt non-hazardous oil and gas wastes. The attached is a copy of that application.

Thank You,

Chuck Badsgard
Vice-President of Sunco Trucking



WATER AND OILFIELD HEAVY HAULING P.O. BOX 4289, FARMINGTON, NM 87499 (505) 327-0416

Meridian Oil
P.O. Box 4289
Farmington NM 87499
Phone: 505-326-9700

May 3, 1996

Gentleman:

Reference: Reclassification of Sunco SWD.

Sunco Trucking is in the process of applying for a new classification from Class II to Class I disposal to accept only RCRA exempt non-hazardous oil and gas wastes. The attached is a copy of that application.

Thank You,

Chuck Badsguard
Vice-President of Sunco Trucking

Form O & G B-
Adopted 6-17-7
Revised 11-01-8

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT,
SANDOVAL, AND SAN JUAN COUNTIES ONLY

BOND NO. U2723755AMOUNT OF BOND \$17,800.00COUNTY SAN JUAN

NOTE: For wells less than 5,000 feet deep, the minimum bond is \$5,000.00*
For wells 5,000 to 10,000 feet deep, the minimum bond is \$7,500.00*
For wells more than 10,000 feet deep, the minimum bond is \$10,000.00

*Under certain conditions, a well being drilled under a \$5,000.00 or \$7,500 bond may be permitted to be drilled as much as 500 feet deeper than the normal maximum depth, i.e., a well being drilled under a \$5,000.00 bond may be permitted to go to 5,500 feet, and a well being drilled under a \$7,500.00 bond may be permitted to go to 10,500 feet. (See Rule 101)

File with Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That KEY FOUR CORNERS, INC. DBA BIG A WELL SERVICE (An individual) (a partnership) (a corporation organized and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of New Mexico pursuant to Section 70-2-12, New Mexico Statutes Annotated, 1978 Compilation, as amended, in the sum of \$17,800.00 Dollars lawful money of the United States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

in the State of NEW MEXICO, with its principal office in the city of FARMINGTON, State of NEW MEXICO, and authorized to do business in the State of New Mexico), as PRINCIPAL, and UNITED PACIFIC INSURANCE

COMPANY, a corporation organized and existing under the laws of the State of PENNSYLVANIA and authorized to do business in the State of New Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of New Mexico pursuant to Section 70-2-12, New Mexico Statutes Annotated, 1978 Compilation, as amended, in the sum of \$17,800.00 Dollars lawful money of the United States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas lease, or carbon dioxide (CO2) gas leases, or helium gas leases or brine mineral leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO2) gas leases, or helium gas leases or brine mineral leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of one well not to exceed a depth of 4999 feet, to prospect for and produce oil or gas, or carbon dioxide (CO2) gas or helium gas, or brine minerals, or does own or may acquire, own or operate such well, or such well started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO2) leases, or helium gas leases, or brine mineral leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being

1595 FT FROM BASELINE & 1005 FT FROM WEST

SUNCO DISPOSAL WELL #1

(Here state exact legal footage description and name of well)

Range 12 W (East) (West) N.M.P.M., SAN JUAN

Section 2 Township 29 N (North) (South),

County, New Mexico.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug said well when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Division of New Mexico in such way as to confine the oil, gas, brine and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.



P.O. Drawer 3337, 700 S. Tucker, Farmington, New Mexico 87499
(505) 327-4961 • **24-Hour Dispatch (505) 325-6892** • (505) 327-0416

August 25, 1997

Mr. William LeMay
Oil and Gas Conversation Director
2040 S. Pacheco Street
Santa Fe, N. M. 87505

RE: Sale of Sunco Trucking Water Disposal Facility

Dear Mr. LeMay:

This letter is to notify the State of New Mexico Oil Conservation Division of the upcoming sale of Sunco Trucking Company, which includes the O.C.D. approved facility known as Sunco Water Disposal. The sale includes the disposal pond, landfarm, and Class one Non-Hazardous disposal well. (Sunco Salt Water Disposal No. 1) The purchaser is Key Four Corners, Inc.

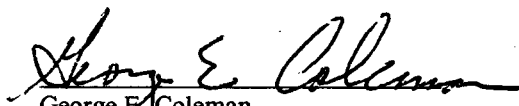
At this time Mr. George E. Coleman, Chairman of Sunco Trucking Company, and Mr. Kenneth V. Huseman Vice President of Key Four Corners Inc., would request that the permit for the landfarm, disposal pond, and class one well be transferred to Key Four Corners, Inc. At closing, which should be in the near future, Key Four Corners, Inc. will assume responsibility for the operations of the disposal facility and insure compliance with all regulatory rules and regulations. Please advise as to what steps need to be taken by us to accomplish a transfer to Key.

The personnel presently responsible for the day to day and normal routine operations of Sunco Water Disposal will remain the same after the sale.

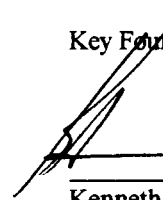
I enclosure for your information a list of Key Four Corners, Inc. officers and Directors, addresses and telephone numbers.

Sincerely,

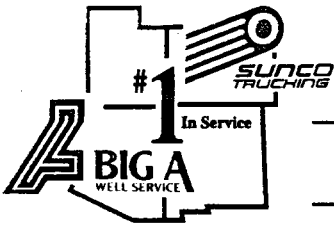
Coleman Oil & Gas/Sunco Trucking Co.


George E. Coleman
Chairman

Key Four Corners, Inc.


Kenneth V. Huseman
Vice President

attachments



P.O. Drawer 3337, 700 S. Tucker, Farmington, New Mexico 87499
(505) 327-4961 • **24-Hour Dispatch (505) 325-6892** • (505) 327-0416

KEY FOUR CORNERS, INC.
LIST of OFFICERS and DIRECTORS

OFFICERS:

Francis D. John	President	Ph.: (908) 247-4822 Fax: (908) 247-5148
Business Address:	Two Tower Center, Tenth Floor East Brunswick, New Jersey 08816	
Kenneth V. Huseman	Vice President	Ph.: (915) 550-0300 Fax: (915) 550-0302
Business Address:	6010 Hwy. 191, Suite 212 Odessa, TX. 79762	
Jack D. Loftis, Jr.	Secretary	Ph.: (908) 247-4822 Fax: (908) 247-5148
Business Address:	Two Tower Center, Tenth Floor East Brunswick, New Jersey 08816	

DIRECTORS:

Francis D. John	Director	Ph.: (908) 247-4822 Fax: (908) 247-5148
Business Address:	Two Tower Center, Tenth Floor East Brunswick, New Jersey 08816	

NOTE: **Effective at closing date Ron Fellabaum will be appointed to Vice President of Key Four Corners, Inc. Currently Ron Fellabaum is President of Sunco Trucking Co. and will continue normal operations with the people currently in place.**

Ron Fellabaum	Vice President	Ph.: (505) 327-4935 Fax: (505) 327-4962
Business Address:	P.O. Box 900 Farmington, N.M. 87499	

Mark Ashley

S.W.D AND/OR INJECTION WELL INSPECTION REPORT

API#: 30-045-28653

DATE: 7/30/97 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

OPERATOR: Coleman O + G Inc

WELL NAME: Sunco Disposal SWD WELL#: 1

LOCATION: UT. LETTER: E SEC: 2 TWN: 29N ROE: 12W

PRESSURE LIMIT: 2850 INJECTION PRESS: 1740 TBG/CSG ANNULUS PRESS: 0

BRADENHEAD PRESS: 0 INTERMEDIATE PRESS: N/A

REQUIRED TBG/CSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON W.P.X OR S.W.D ORDER: exempt, permit modification differential tank

TYPE OF PRESSURE LIMITING DEVICE USED: murphy switch Gauge

PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 2050
(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: _____

N.M.O.C.D INSPECTOR SIGNATURE: Denny G. Fount

OPERATOR REP OR WITNESS SIGNATURE: Michael John
(IF AVAILABLE)

S.W.D AND/OR INJECTION WELL INSPECTION REPORT

API#: 30-045-78653

DATE: 3-26-97 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

OPERATOR: Coleman O&G Inc.

WELL NAME: Surco Disposal (class 1) WELL#: 1

LOCATION: UT. LETTER: E SEC: 02 TWN: 29N RGE: 12W

PRESSURE LIMIT: 7850 INJECTION PRESS: 1930 TBG VCSG ANNULUS PRESS: 101#

BRADENHEAD PRESS: 0 INTERMEDIATE PRESS: N/A

REQUIRED TBG VCSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON W.F.X OR S.W.D ORDER: 101#

TYPE OF PRESSURE LIMITING DEVICE USED: Murphy pressure gauge w/ electric shut-off; shuts injection pump motor off when pressure reaches

PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 2100#
(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: (Last inspected 2-27-97)

N.M.O.C.D INSPECTOR SIGNATURE: Lance Carson

OPERATOR REP OR WITNESS SIGNATURE: Michael Zahner
(IF AVAILABLE)

Mark Ashley

From: Frank Chavez
Sent: Wednesday, July 17, 1996 10:44 AM
To: Mark Ashley
Cc: Roger Anderson
Subject: Coleman class 1 well

Let's make it clear when we use the word facility that we are talking about the well or perhaps just use the word "well" so there is little confusion about what we are talking about. We should designate a point in their system where the 711 facility ends and the well facility begins to make it easier on them and us. Technically, isn't the Coleman Oil and Gas, Inc. Class 1 well receiving fluid from the SUNCO 711 facility? I think that we actually have 2 different entities.

2. Coleman Commitments: Coleman will abide by all commitments submitted in the discharge plan application dated May 6, 1996, and supplemental information dated May 13, 1996 and June 21, 1996, and OCD Order SWD-457.

If the discharge plan approval supercedes the SWD order let's make that clear and delete all references to the SWD order. Also, since the well will be injecting fluid other than produced water let's go ahead and have Bill recind the SWD order at the same time that he approves the discharge plan. That will help us to consolidate everything under one permit approval and make it easier for Coleman to follow and us to enforce.

3. Maximum Injection Pressure: The maximum operating injection pressure at the wellhead will be 2,850 psi in accordance with OCD Order SWD-457. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2,850 psi.

Add: "The pressure limiting device shall annually be demonstrated to operate to the satisfaction of the OCD."

9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis:

- a. Aromatic and halogenated volatile hydrocarbon scan by either EPA method 8010/8020 or EPA method 8240.
- b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
- c. Heavy metals using the ICAP scan (EPA method 6010) and Arsenic and Mercury using atomic absorption (EPA methods 7060 and 7470).

How long are they supposed to keep these records? Are there certain action levels and what action is required?

11. Monthly Reporting: Monthly reporting of the disposal of produced water will be in accordance with OCD Rule 1120 which requires monthly submittal of Form C-120-A to

both the OCD Santa Fe and Aztec Offices.

Delete "produced" and require a C-115 submitted only to SF.

12. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a ~~horizontal plane~~ *horizontally*. Chemicals in other containers such as sacks or buckets *must* ~~should also be~~ stored on an impermeable pad with curbing.
14. 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 facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.

Could we be more specific about how the berm capacity is calculated? (Here is where differentiating between the 711 facility tanks and tanks directly associated with the well might be helpful.)

19. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Aztec District Office.

This needs to be changed so that the District Supervisor is the authorized official or otherwise has the delegation from the Director for approvals.

Mark Ashley

From: Frank Chavez
Sent: Wednesday, July 17, 1996 2:26 PM
To: Mark Ashley
Cc: Roger Anderson
Subject: More on Coleman

MORE -

- c. MIT results, submitted with the first quarterly report after completion of the MIT.
- d. Well workovers, well stimulations, and any other tests.

These should be submitted upon completion.

Coleman shall immediately notify the supervisor of the Aztec District Office and the Environmental Bureau of the Division . . .

How about just notifying the District office?

RECEIVED

JUL 3 1997

S.W.D AND \ OR INJECTION WELL INSPECTION REPORT

Environmental Bureau
of Conservation Division

API#: 30-045-28653

DATE: 6-30-97 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

OPERATOR: Coleman Oil & Gas Inc

WELL NAME: Surco S.W.D well WELL#: 1

LOCATION: UT. LETTER: E SEC: 2 TWN: 29N RGE: 12W

PRESSURE LIMIT: 2850 INJECTION PRESS: 1900 TBG VCSG ANNULUS PRESS: 0

BRADENHEAD PRESS: 0 INTERMEDIATE PRESS: P.A

REQUIRED TBG VCSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON
W.F.X OR S.W.D ORDER: Exempt, differential tank being used as permit modification; Approved

TYPE OF PRESSURE LIMITING DEVICE USED: Electronic Kill (Murphy Switchgear) - Santa Fe
w/ adjustable kill pressure points

PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 2200#
(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: M.I.T also ran on this well today.

N.M.O.C.D INSPECTOR SIGNATURE: [Signature]

OPERATOR REP OR WITNESS SIGNATURE: [Signature]
(IF AVAILABLE)

S.W.D AND \ OR INJECTION WELL INSPECTION REPORT

API#: 30-045-28653

DATE: 4-99-99 CLASS 1: ☒ CLASS 2: ☐ S.W.D.: ☒ INJECTION: ☐

OPERATOR: Coleman D G

WELL NAME: Surge Disposal (class 1) WELL#: #1

LOCATION: UT. LETTER: E SEC: 2 TWN: 29N RGE: 12W

PRESSURE LIMIT: 2850 INJECTION PRESS: 1410 TBG VCSG ANNULUS PRESS: 0

BRADENHEAD PPRESS: 0 INTERMEDIATE PRESS: P.A

REQUIRED TBVCSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON
W.F.X OR S.W.D ORDER: exemption given - differential tank being used

TYPE OF PRESSURE LIMITING DEVICE USED: Murphy Adjustable pressure switch
set to shut-off injection pump motor dr.

PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 2300
(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: Last inspected on 3-26-97

N.M.O.C.D INSPECTOR SIGNATURE: Robert Williams

OPERATOR REP OR WITNESS SIGNATURE: Michael Paul
(IF AVAILABLE)

S.W.D AND \ OR INJECTION WELL INSPECTION REPORT

API#: 30-045-28653

DATE: 2-27-97 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

OPERATOR: Coleman Oil & Gas Inc.

WELL NAME: Suwa Disposal (class 1) WELL#: 1

LOCATION: UT. LETTER: E SEC: 02 TWN: 29N RGE: 12W

PRESSURE LIMIT: 2850 INJECTION PRESS: 1980 TBG \ CSG ANNULUS PRESS: 95 #

BRADENHEAD PRESS: 0 INTERMEDIATE PRESS: 11 A

REQUIRED TBG \ CSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON
W.F.X OR S.W.D ORDER: S.W.D-457

TYPE OF PRESSURE LIMITING DEVICE USED: Murphy pressure gauge w/ electric
Shut-Down; shuts injection pump DV when pressure reaches 2100 #

PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 2100 #
(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: (Last inspected 1-15-97) Totalizer reading - 49485 rate - 4074 bpd.

N.M.O.C.D INSPECTOR SIGNATURE: Bernest Carlson

OPERATOR REP OR WITNESS SIGNATURE:
(IF AVAILABLE)

Michael J. [Signature]

S.W.D AND \ OR INJECTION WELL INSPECTION REPORT

API#: 30-045-29002

DATE: 2-29-97 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

OPERATOR: Giart Refining

WELL NAME: Giart Ref. class 1 S.W.D WELL#: 1

LOCATION: UT. LETTER: T SEC: 29 TWN: 29N RGE: 11W

PRESSURE LIMIT: 1150 INJECTION PRESS: 987 TBG VCSG ANNULUS PRESS: 118

BRADENHEAD PRESS: 360 INTERMEDIATE PRESS: P.A

REQUIRED TBG VCSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON
W.F.X OR S.W.D ORDER: (S.W.D #528) 1100#

TYPE OF PRESSURE LIMITING DEVICE USED: (1100#) electronic switch w/ adjustable
pressure setting, set to shut-off pump when pressure reaches 1100#

PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 1100#
(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: (last inspected 1-7-97) totalizer reading - 97398

N.M.O.C.D INSPECTOR SIGNATURE: Lonest Candona

OPERATOR REP OR WITNESS SIGNATURE: Lynn Shultz
(IF AVAILABLE)

S.W.D AND/OR INJECTION WELL INSPECTION REPORT

55 OCT 1 AM 8 52

API #: 30-045-28653DATE: 9-4-96 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐OPERATOR: Coleman O&G Inc.WELL NAME: Suico Disposal WELL#: 1LOCATION: UT. LETTER: E SEC: 2 TWN: 29N RGE: 12WPRESS. LIMIT: 2850 INJ. PRESS: 1800 TBG\CSG ANNULUS PRESS: 240*BRADENHEAD PRESS. 0 INTERMEDIATE CSG.PRESS. N/AREQUIRED POSITIVE TBG\CSG ANNULUS PRESS. TO BE MAINTAINED ON
WELL AS STIPULATED ON WFX OR S.W.D. ORDER: S.W.D-457-166*TYPE OF PRESSURE LIMITING DEVICE USED: Murphy press gauge, which
shuts off injection pump elec. motorPRESSURE SETTING OF PRESSURE LIMITING DEVICE: 2000*
(PRESSURE SETTING OF PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)REMARKS: Injection pressure limiting device tested on 9-11-96.
Also inspected injection volume totalizer for this well on this
date and totalizer was operational.INSPECTOR: James Cardona

WITNESS (IF AVAILABLE): _____

May 11, 1999

To: David Catanach

From: Roger Anderson

EPA UIC Audit

23. Colman Oil & Gas UIC-CLI-005

Application was made on 2/1/96, received on 2/6/96, public notice was published on 2/9/96 and 2/12/96.

MIT has not been performed, company has been advised to perform test within one month, OCD will witness.

Injection pressure increase approved on Jan. 19, 1993 from 868 psi to 1350 psi based on step rate test performed on Jan. 14, 1993.

Injection pressure increase approved on Dec. 22, 1993 from 1350 psi to 2850 psi based on step rate test performed on Dec. 7, 1993.

Closure: This is covered in Discharge Plan Requirements (Amended) March 20, 1997 Item 22. (copy enclosed).

24. Navajo Refining Company/ WDW-1 UIC-CLI-008-1

Public Notice Issue: Public Notice was issued on March 29, 1998 for re-entering the well and Discharge Plan notice was issued on May 20, 1998 and May 19, 1998. (Copies enclosed).

Question concerning lowest USDW: The lowest USDW occurs at approximately 3200 feet above sea level, not 3200 feet below surface. This places the base of the USDW at approximately 493 below surface and continues upward to the surface. The WDW-1 well is completed with two strings of casing both cemented to surface and an additional (third) surface casing string cemented to surface from 390' Below surface to surface. Please find enclosed figure 2.0-2 showing the completed well schematic.

25. P&S Brine Sales/Eunice Brine Station/ Class III Well/ BW-002

Depth of Lowest USDW? Original Discharge Plan indicates ground water conditions beneath facility to be 90-120 feet. OCD checked local red bed maps and show top of red bed or base of the ogallala formation to be approximately 145 feet below surface.

Maximum injection pressure is not calculated or specified by OCD.
Is it normal Practice to allow a single string of casing? Present requirements do not allow.

MIT requirements? This company is presently in Violation of its Discharge Plan. Compliance letter will be sent within one month.

Closure Plan \$6000.00 plugging bond, is this adequate? Yes

22. Yates Petroleum Corporation / Osage #1 / API: 30-015-20890 / 21-T19S-R25E / SWD-336 (Artesia District Office) (continued)

??Has this well been properly TA'd, or P&A'd?

**No MIT since 2/24/90.

** No completion report found in well file for conversion to SWD well.

??No indication of depth of lowest USDW.

** Reported injection volumes 9/94 - 1/95 and 3/95 - 4/95, no volumes reported in any other months. No injection pressures reported for any month.

23. Coleman Oil and Gas / Sunco Well #1 / UIC-CLI-005 / Class I non-hazardous/ (OCD - Environmental Bureau)

Permit Dates:

Application Received	Notice Published	Permit Granted
5/6, 5/16, 6/21/96	2/7, 2/12, 2/14, 2/23/96	1/13/92(original), temp. 2/7/96 - 6/7/96, re-issued 8/26/96

??Public Notice appears to have been made prior to OCD receipt of the application. Please confirm or correct the above dates.

MITs: 6/11/96 passed, witnessed,
6/30/97 passed, witnessed.

**MIT for 1998 (normally done in June) not found.

Well casing and cementing looks good. Cement quality of long string, above injection perforations, based on CBL looks very good (4350-4460).

Samples taken and analysis performed and reported as required.

Injection volume, injection pressures, and casing pressure reported as required.

On-site inspection are adequate.

??The maximum allowable surface injection pressure was originally set at 868 psig, was increased to 1350 psig on 1/15/93, and increased again to 2850 psig on 2/7/96. What was the allowed increase based upon - step-rate tests, formation fracture pressure analysis, build-up test analysis indicating excessive skin damage, or some other analysis?

??What were closure requirements for this well?

24. Navajo Refining Company / WDW-1 / API: 30-015-27592 / 31-T17S-R28E / UIC-CLI-008-1 / Class I non-hazardous / (OCD - Environmental Bureau)

Permit Dates:

Application Received	Notice Published	Permit Granted
5/1/98	?	7/4/98

??Could not find any evidence that public notice was published.

Operator has been given authorization to inject but injection had not yet begun as of 4/7/98

??Well casing and cementing looks good. Cement quality of long string 7", above injection

perforations, based on CBL looks very good. The file indicates that the lowest USDW is at 24. Navajo Refining Company / WDW-1 / API: 30-015-27592 / 31-T17S-R28E / UIC-CLI-008-1 / Class I non-hazardous / (OCD - Environmental Bureau) (continued)

3200'. Is this formation protected? Intermediate casing (9 5/8") is set from surface to 2555'. A CBL of this casing string indicates good cement from set point to approximately 400' subsurface, does an USDW exist from 400' to surface?

MITs: Original MIT performed 8/4/98, passed, witnessed. MIT required annually and any time a well workover is performed (does this include tracer or temperature survey?). Ra tracer survey performed 7/31/98 indicated no migration out of zone, confirmed by temperature surveys.

Requirements for sample analysis, volume and pressure reporting, and mechanical integrity testing look very good, and are clearly stated in the permit.

Closure plan adequate.

25. P&S Brine Sales / Eunice Brine Station / Class III Well / BW-002

Permit Dates:

Application Received	Notice Published	Permit Granted
orig.11/12/82	orig.12/01/82 3/10/94, 3/17/94	orig.12/18/82 renewed 1/6/89 renewed 5/16/94

??What is depth of the lowest USDW?

?? Maximum injection pressure specified in the discharge plan requirements (May 16, 1994) to be less than the fracture pressure of the injection formation (Salado). Is this pressure calculated and specified to the operator?

??Is it normal practice to allow a single string of casing in this type of well?

MITs: 3/2/88 70 psig, 2 hour test, passed.

9/20/96 280 psig, passed.

9/13/97 340 psig, 1 hour test, passed, witnessed.

**An MIT is required on this well annually, to be performed at 1.5X the normal operating pressure of the well, and to be maintained for four hours. While these requirements are that of the State and OCD it does not appear they are being met.

Volume injected and volume sold monthly and submitted quarterly.

Site inspection (4/94, 11/95) resulted in installation of fiberglass tanks and closure of overflow pit (11/96).

**Closure plan developed in 1988, appears plugging bond of \$6000 was required. Is this

adequate to plug this well?

Coleman shall immediately notify the Supervisor of the Aztec District Office and the Environmental Bureau of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

21. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge plan and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
22. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
23. Plugging Bond and /or Letter of Credit: Coleman shall have in effect, for the life of the well, a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure plan and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge plan renewal.
24. Training: All personnel associated with operations at the Coleman Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Coleman for the life of the well.
25. Certification: Coleman, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Coleman further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

COLEMAN OIL AND GAS, INC.

by George E. Coleman Pres.
Title

TELEPHONE
(505) 748-3311

EASYLINK
62905278



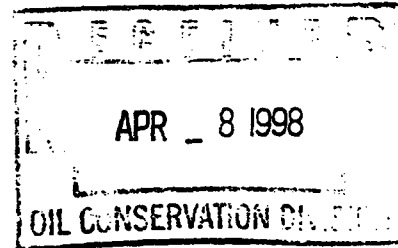
REFINING COMPANY

501 EAST MAIN STREET • P. O. BOX 159
ARTESIA, NEW MEXICO 88211-0159

April 3, 1998

FAX
(505) 746-6410 ACCTG
(505) 746-6155 EXEC
(505) 748-9077 ENGR
(505) 746-4438 P / L

Ben Stone
Environmental Bureau
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505-5472



RE: NAVAJO REFINING COMPANY'S CLASS II INJECTION PERMIT

Dear Ben,

Enclosed is the affidavit of publication and a copy of the legal notice that Navajo had put into the Artesia Daily Press concerning our application for a Class II injection permit. This notice was published on March 29, 1998. This should satisfy the requirement of notification.

If there are any questions concerning this submittal, please call me at 505-748-3311. Thank you for your attention to this matter.

Regards,
NAVAJO REFINING COMPANY

Darrell Moore
Env. Mgr. for Water and Waste

Encl.

Affidavit of Publication

NO. 16176

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 consecutive weeks/days on the same

as follows:

1st Publication March 29 1998

2nd Publication

3rd Publication

4th Publication

scribed and sworn to before me this

day of March 1998

Notary Public, Eddy County, New Mexico

Commission expires September 23, 1999

Copy of Publication:

LEGAL NOTICE

NOTICE OF APPLICATION FOR WASTE DISPOSAL WELL PERMIT

Navajo Refining Co., P.O. Box 159, Artesia, NM 88211, Phone: 505-748-3311. Contact person for Navajo Refining Co.: Darrell Moore, is seeking administrative approval from the New Mexico Oil Conservation Division to utilize a well located 660' FSL &

2310' FSL, Section 31, Township 17 South, Range 28 East, Eddy County, New Mexico (about 12 miles east-southeast of Artesia) known as the Waste Disposal Well #1 for disposal of process waste water from the refinery. This well will be tested under a Class II permit using fresh water to determine its usefulness. If the well is acceptable, a Class I non-hazardous permit will be applied for to dispose of refinery process water. Proposed injection is in the Wolfcamp, Cisco and Canyon for-

mations through perforations between 6890 and 9016 feet d. Proposed average injection rate 10,000 Bbls per day at 1378 psi. Interested parties must file objections or requests for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501 within 15 days of notice.

Published in the Artesia Daily Press, Artesia, N.M. March 1998.

Legal 16

TELEPHONE
(505) 748-3311

REFINING COMPANY

501 EAST MAIN STREET • P. O. DRAWER 159

ARTESIA, NEW MEXICO 88210

EASYLINE
62905278FAX
(505) 746-6411

FAX NUMBERS:

ACCOUNTING OFFICES: 505/746-6410 MARKETING OFFICES: 505/746-61
REFINING/ENGINEERING: 505/748-9077 PIPELINE DIVISION: 505/746-44

PLEASE DELIVER 2 PAGES, INCLUDING THIS COVER SHEETTO: Ben Stone PHONE: _____COMPANY/DEPARTMENT: NMOC

MESSAGE: Ben, here is the affidavit of publication for
the legal notice of our intent to test the Class II
injection well. It was in the paper March 29, 1998.
If there are any questions, call me at 505-748-3311

FROM: D. Moore DATE: 4/3/98

If you do not receive all pages, please call _____ at
505/748-3311, ext. _____.

NOTE: Unless otherwise indicated or obvious from the nature of transmittal, the information contained in this facsimile message privileged and confidential information intended for the use of individual or entity named above. If the reader of this message is not intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If have received this communication in error or are not sure whether it privileged, please immediately notify us by telephone, and return original message to us at the above address via the U. S. Postal Service. Thank you.

Affidavit of Publication

NO. 16176

Copy of Publication:

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn,says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press,a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 consecutive weeks/days on the same

day as follows:

First Publication March 29 1998

Second Publication

Third Publication

Fourth Publication

Subscribed and sworn to before me this

th day of March 1998


 Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1999

LEGAL NOTICE**NOTICE OF APPLICATION
FOR WASTE DISPOSAL WELL
PERMIT**

Navajo Refining Co., P.O. Box 159, Artesia, NM 88211. Phone: 505-748-3311. Contact person for Navajo Refining Co.: Darrell Moore, is seeking administrative approval from the New Mexico Oil Conservation Division to utilize a well located 660' FSL &

2310 FSL, Section 31, Township 17 South, Range 28 East, Eddy County, New Mexico (about 12 miles east-southeast of Artesia) known as the Waste Disposal Well #1 for disposal of process waste water from the refinery. This well will be tested under a Class II permit using fresh water to determine its usefulness. If the well is acceptable, a Class I non-hazardous permit will be applied for to dispose of refinery process water. Proposed injection is in the Wolfcamp, Cisco and Canyon for-

mations through perforation between 6890 and 9016 feet deep. Proposed average injection rate 10,000 Bbls per day at 1378 psig. Interested parties must file objections or requests for hearing with the Oil Conservation Division P.O. Box 2088, Santa Fe, NM 87501 within 15 days of this notice.

Published in the Artesia Daily Press, Artesia, N.M. March 21, 1998.

Legal 1617

The Santa Fe New Mexican

Since 1849. We Read You.

MAY 27 1998

NM OCD

ATTN: SALLY MARTINEZ
2040 S. PACHECO
SANTA FE, NM 87505

AD NUMBER: 25796

ACCOUNT: 56689

LEGAL NO: 63533

P.O. #: 98-199-000

205 LINES ONCE at \$ 82.00

Affidavits: 5.25

Tax: 5.45

Total: \$ 92.70

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, BETSY PERNER being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily news paper 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 News paper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication # 63533 a copy of which is hereto attached was published in said newspaper once each WEEK for ONE consecutive week(s) and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 19 day of MAY 1998 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/S/

Betsy Perner
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 19 day of MAY A.D., 1998

Notary B. Martine

Commission Expires 3-13-2001

NOTICE OF 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 application(s) have been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505. Telephone (505) 827-7131.

Any interested person may obtain "Hiring" 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(s) 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 proposed discharge plan application(s), 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 and a public hearing may be requested by any interested person. Requests for 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(s) based on information available. If a public hearing is held, the Director will approve or disapprove the proposed plan(s) based on information in the discharge plan application(s) and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 12th day of May 1998.

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
LORI WROTENBERY,
Director

Legal #63533
Pub. May 19, 1998

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Amey McKay

being first duly sworn, on oath says:

That she is Business Manager

of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the state wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

May 20 19 98
19
19
19
19
19

That the cost of publication is \$ 60.95
and that payment thereof has been made and will be assessed as court costs.

Amey McKay

Subscribed and sworn to before me this
23rd day of May 19 98

Abner Cump

My commission expires 8/1/98
Notary Public

NOTICE OF 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 application(s) have been submitted to the Director of the Oil Conservation Division, 2010 South Tenth, Santa Fe, New Mexico 87501. Telephone (505) 827-7131:

(UIC-CL-008) - Nevada Refining Company, Daniel Moore, (803) 748-5511, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge application to abandon and plug the well to a Class I non-hazardous disposal well and drill two new Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia refinery. The proposed well to be re-entered (WDW-1) is the Newbourne Oil Company, Chalk Bluff 31 State No. 1, located in the SW/4 SE/4 of Section 31, Township 17 South, Range 28 East, N41W, Eddy County, New Mexico. The two new proposed wells (WDW-2 and WDW-3) will be located in the NW/4 of Section 6, Township 18 South, Range 28 East, N41W, Eddy County, New Mexico. The proposed application will be for the lowest water bearing formation, the Chalk and Canyon Formations between 7,450 feet and 8,016 feet. The chloride concentration of the injection zone ranges from 87,080 to 119,909 mg/l. The proposed combined maximum injection volume for all three wells will be 34,386 gallons per day. The average chloride concentration of the injection fluid is 1,100 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 483 feet with a total dissolved solids concentration of approximately 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidents discharge 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(s) are being accepted at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to filing, on any proposed discharge plan application(s), 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 and a public hearing may be requested by any

No 18447

AM
23 May 1998

[illegible]

STATE OF NEW MEXICO,
OIL CONSERVATION
DIVISION

Roger Anderson
for LORI WROTEBERRY;
Director

BELT GROUND DETAIL

All depths are referenced to the kelly bushing elevation of 12.5 feet. Surface elevation is 3678 feet.

1. Surface Casing: 13-3/8", 48 lb/ft, J-55, ST&C set at 390' in a 17-1/2" hole. Cemented with 150 sx Class C with 3% calcium chloride, 375 sx Class C Litewater w/ 3% calcium chloride and 1/2 lb/sx flocele. Circulated 86 sx to surface.

2. Intermediate Casing: 9-5/8", 36 lb/ft, J-55, ST&C set at 2555' in a 12-1/4" hole. Cemented w/ 800 sx of Class C Lite w/ 1/2 lb/sx flocele and 2 lb/sx Gilsonite and 12% salt. Followed by 200 sx of Class C w/ 2% calcium chloride. Circulated 133 sx to surface.

3. Base of the USDW at 493'.

4. Injection Tubing: 4-1/2", 11.6 lb/ft, N-80, SMLS, R3, LT&C set at 7879'.

5. DV Tool: at 5498'.

6. Annulus Fluid: 8.7 lb/gal brine water mixed w/ UniChem Techni-Hib 370 corrosion inhibitor.

7. Protection Casing: 7", 29 lb/ft, N-80, LT&C: 9094' to 7031'. 7", 29 lb/ft, P-110, LT&C: 7031' to 5845'. 7", 26 lb/ft, P-110, LT&C: 5845' to surface. Set in 8-3/4" hole. Casing cemented in two stages as follows:

First Stage

600 sx modified Class H w/ 0.4% CFR-3, 5 lb/sx Gilsonite, 0.5% Halad-344, and 1 lb/sx salt mixed at 13.0 ppg. Opened DV tool at 5498' and circulated 142 sx to surface.

Second Stage

Lead Slurry: 220 sx Interfill 'C' (35:65:6) mixed at 11.7 ppg. Tail Slurry: 550 sx modified Class H w/ 0.4% CFR-3, 5 lb/sx, Gilsonite, 0.5% Halad-344, 0.1% HR-7, and 1 lb/sx salt mixed at 13.0 ppg. Circulated 75 sx to surface. Top out w/ 20 sx premium plus 3% calcium chloride.

8. Packer: 7" x 3.5" EVI Oil Tools (Arrow), Model X-1 retrievable packer set at 7879'. Minimum I.D. is 3.0". Wireline reentry guide on bottom. To release: turn 1/4 turn to the right and pick up.

9. Perforations (2 SPF):

Upper Zone:

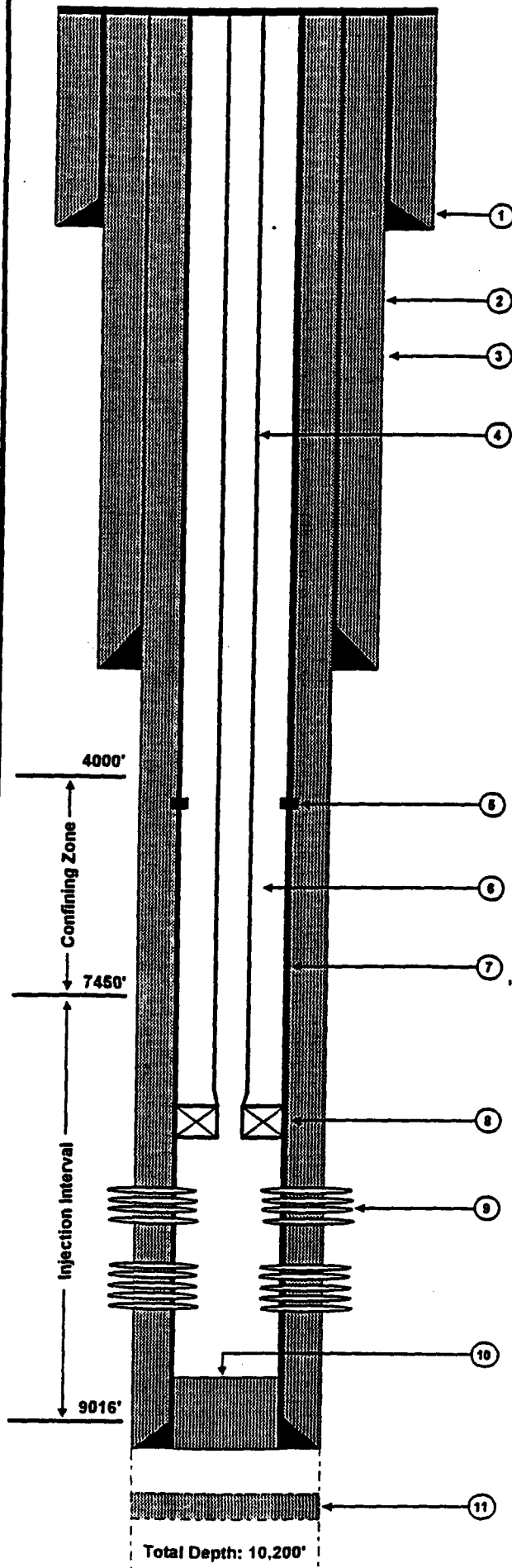
7924-7942', 7974-8030', 8050-8056', 8066-8080', 8118-8127', 8132-8140', 8160-8164', 8170-8188'.

Lower Zone:

8220-8254', 8260-8270', 8280-8302', 8360-8366', 8370-8378', 8400-8410', 8419-8423', 8430-8446', 8460-8464', 8470-8476'.

10. PBTD: 9004'

11. Cement Plug: 45 sx Class H from 9624' to 9734'.



ENVIROCORP

HOUSTON, TX.
SOUTH BEND, IN.
BATON ROUGE, LA.

FIGURE 2.0-2
NAVAJO REFINING COMPANY
WDW-1
ARTESIA, NEW MEXICO

Date: 09/15/98 Checked By: B.R. Job No.: 70A4614
Drawn By: LKM/Approved By: B.R./File: WDW1.DS4



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 10, 1997

CERTIFIED MAIL

RETURN RECEIPT NO. P-288-258-901

Mr. George Coleman
Coleman Oil and Gas, Inc.
P.O. Box 443
Farmington, New Mexico 87499

**RE: Discharge Plan Fees UIC-CLI-005
Coleman Oil and Gas, Inc.
Sunco Disposal Well No. 1
San Juan County, New Mexico**

Dear Mr. Coleman:

On August 26, 1996, Coleman Oil and Gas, Inc. received, via certified mail, a letter from the New Mexico Oil Conservation Division (OCD) stating that the discharge plan UIC-CLI-005 for the Coleman Oil and Gas Class I non-exempt non-hazardous oil field waste disposal well located in unit letter E, Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico was approved. In that letter it was also stated that, in accordance with Water Quality Control Commission Regulation 3114, a \$50 filing fee and a \$1,380 flat fee were required upon receipt of the approval letter. The \$1,380 flat fee was received by the OCD on November 22, 1996. As of this date, the OCD has not received the \$50 filing fee. Please submit the required filing fee by March 10, 1997.

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office.

If you have any questions regarding this matter, please contact me at (505) 827-7152.

Sincerely,

Roger Anderson
Environmental Bureau Chief

RCA/mwa

S.W.D AND \ OR INJECTION WELL INSPECTION REPORT

CONCESSION DIVISION
RECEIVEDAPI#: 30-045-28653DATE: 1-15-97 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

1997 JAN 21 AM 8 52

OPERATOR: Coleman O&G Inc.WELL NAME: Surco Disposal WELL#: 1LOCATION: UT. LETTER: E SEC: 2 TWN: 24N RGE: 12WPRESSURE LIMIT: 2850 INJECTION PRESS: 2000 ^{injecting} TBG CSG ANNULUS PRESS: 100#BRADENHEAD PRESS: 0 INTERMEDIATE PRESS: N.AREQUIRED TBG/CSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON
W.F.X OR S.W.D ORDER: 100#TYPE OF PRESSURE LIMITING DEVICE USED: Murphy pressure gauge Kill set
@ 2150#PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 2150#
(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)REMARKS: S.W.D Last inspected 12-10-96, Pressure recorder last
calibrated 11-14-96N.M.O.C.D INSPECTOR SIGNATURE: [Signature]OPERATOR REP OR WITNESS SIGNATURE: [Signature]
(IF AVAILABLE)

CURTIS & DEAN

ATTORNEYS AT LAW

SCOTT M. CURTIS

JOHN A. DEAN, JR.

OIL CONSERVATION DIVISION
RECEIVED

506 WEST ARRINGTON • P. O. DRAWER 1259
FARMINGTON, NEW MEXICO 87499

OFF.: (505) 327-6031
FAX: (505) 327-6034

95 DE 26 AM 8 52

December 23, 1996

Roger Anderson
Environmental Bureau Chief
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Sunco Trucking Disposal Pond and Injection Well

Dear Roger:

As of now you have received a signed copy of the Class One Permit for the Sunco injection well.

The purpose of this letter is to raise several points for discussion with an eye toward altering the terms of the permits for the pond and the injection well. I will set these by numbered paragraphs for ease of reference.

First the injection well:

1. The August 26, 1996 letter from the Director of the Oil Conservation Division, William J. LeMay, states on page two in the second paragraph that the approval is for five years. If it is allowable we would like to see the approval period extended.

2. In the attachment to the August 26, 1996 letter, at page three number six, it is required that certain monitoring be done. With regard to flow rate and volume Sunco has digital read out devices which do not produce a printed readout. We would like to be able to hand record the readings for flow rate and volume at agreed upon intervals.

3. At page four, number 9 of the attachment; it is required that certain analyses be performed on a quarterly basis. We would like to discuss doing the required analysis on a quarterly basis the first year and then change the requirement to annual testing. The first year would monitor any major changes in the pond fluids due to the introduction of Class One fluids. If there are no major changes in the first year we believe that annual testing would be sufficient thereafter. Obviously if the first year reports cause some concern that would require a continuation of quarterly testing that could be the subject of discussion between OCD staff and Sunco at that time.

4. At page five, number fourteen is the berming requirement. We would like to strike the language of all interconnected tanks. The interconnected pits/tanks presently in use by

Sunco as part of its operation are compartmentalized and can be operated in such a manner that any leak in one pit/tank can be isolated. This would prevent fluid from other tanks being leaked before the leak could be stabilized. Sunco has also discussed this point directly with OCD staff prior to the sending of this letter.

5. At page six, paragraph twenty six, we would like to add language that would provide that input from Sunco would be obtained before any additional requirements are placed on the well and associated facilities.

6. At page three, number 8, Sunco has previously contacted OCD staff directly about their concerns with the requirement of a minimum of one hundred psi on the wellhead. Staff has informed Sunco that their proposed change is acceptable.

Disposal Pond

7. The August 26, 1996 letter and the attachment from the director of the Oil Conservation Division, William J. LeMay, at page three; paragraph six provides**No oil shall be allowed in the pond(s).** Despite Sunco's best efforts it has proven impossible to keep all oil out of the pond. It is impossible to comply with a standard this strict. At almost any time of operation we would be in violation of our permit conditions. We would like to have a standard that would provide that occasional oil is not a violation of the permit conditions.

8. At page three; paragraph nine is a requirement for testing any accumulated sludge generated in the disposal facility. If our land farm application is granted we would ask that the testing requirements be combined and not duplicated in the permits.

9. At page three, paragraph ten is a requirement that if any of the required systems become inoperative we are to notify your Aztec district office. This is a fairly broad requirement. It could be read to require us to notify you any time we have a breakdown of equipment. We would like to have the requirement changed to read that any time we have a system breakdown that affects our ability to comply with the conditions of our permit and which cannot be fixed within ninety six hours. After ninety six hours we would contact the Aztec district office.

10. At page four; paragraph fourteen is the same bermng requirement as in the injection well attachment. See our comment at number four above.

11. At page five; paragraph 22 is the additional requirements after inspection provision that is found in the injection well attachment. See our comment at number five above.

12. At page five; paragraph b and page six; paragraph 2 is the original operating requirement concerning a reading of 1 ppm of H₂S. We continue to believe that this requirement is too stringent given the history of the operation of the pond. Roger, this requirement comes partially from the Basin Disposal case. It was a part of the conditions, set out by the judge, that allowed Basin to continue to operate its pond. We have found it difficult to find reliable and

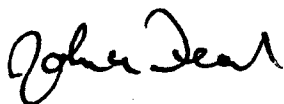
monitoring equipment for that level of readings. We also don't believe that a reading at that level is a threat to public health and safety. We believe that the other required testing and monitoring, particularly the fluid oxygen levels, are better indicators of an impending problem than a reading of 1 ppm of H₂S. We would like to have you consider raising this reporting action level.

13. At page seven; paragraph B(1) states that if a leak is determined to exist in the primary line then**Introduction of fluids into the pond will cease.** Our experience has been that if fluid is found in the leak detector system, signifying a leak that fluid will remain in the sump detector for some time. We have **some** fluid in the sump almost all of the time. This appears to be a combination of the size of the pond, the evaporation and condensation process and other factors. We monitor the fluid in the sump daily. If an increase in fluid is noted we immediately start to lower the level of the pond. By noting the level of the pond and the amount of the fluid in the sump, on a daily basis, we are able to isolate the location of the suspected leak. During this time we are pumping the sump contents back into the pond daily. If a leak is found it is properly repaired. In any event we are able to manage and control the danger of a massive or contiguous leak by this process.

Given our operational success in this area we would ask that this requirement be changed to read intake of fluid will be suspended if the **overnight amount of fluid in the sump cannot be lowered within fifteen days.**

Your consideration and comments on the points contained in this letter would be appreciated.

Sincerely:



John A. Dean, Jr.

JAD\jv

xc: client

S.W.D AND/OR INJECTION WELL INSPECTION REPORT 8 52

API#: 30-045-28653

DATE: 12-10-96 CLASS 1: ☒ CLASS 2: ☐ S.W.D: ☒ INJECTION: ☐

OPERATOR: Coleman O&G Inc.

WELL NAME: SURCO WELL#: 1

LOCATION: UT. LETTER: E SEC: 02 TWN: 29N RGE: 12W

PRESSURE LIMIT: 2850 INJECTION PRESS: 1930 TBG VCSG ANNULUS PRESS: 0

BRADENHEAD PRESS: 0 INTERMEDIATE PRESS: P.A.

REQUIRED TBG VCSG ANNULUS PRESS. TO MAINTAINED ON WELL AS STIPULATED ON
W.F.X OR S.W.D ORDER: 100#

TYPE OF PRESSURE LIMITING DEVICE USED: Murphy pressure gage Kill;

connected to pump drive motor (setup to S.D drive motor if pressure reaches pressure setting)

PRESSURE SETTING ON PRESSURE LIMITING DEVICE: 2200#

(PRESSURE SETTING ON PRESSURE LIMITING DEVICE NOT TO EXCEED PRESSURE LIMIT)

REMARKS: Pressure recorder last calibration - 11-14-96

Last inspected up - 11-1-96

N.M.O.C.D INSPECTOR SIGNATURE: Ernest Carlson

OPERATOR REP OR WITNESS SIGNATURE: Mark E. Hall

(IF AVAILABLE)

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 11484 dated 11/22/96,
or cash received on _____ in the amount of \$ 1380.00

from Coleman Oil & Gas
for Class I (Sunco) GW-235
(Payee Name) (CP No.)

Submitted by: _____ Date: _____

Submitted to ASD by: R. A. [Signature] Date: 12/11/96

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility X Renewal _____

Modification _____ Other _____
(Specify)

Organization Code 521.07 Applicable FY 97

To be deposited in the Water Quality Management Fund.

Full Payment X or Annual Increment _____

COLEMAN OIL AND GAS, INC

P.O. DRAWER 3337
FARMINGTON, NM 87499
(505) 327-0356

FIRST NATIONAL BANK
FARMINGTON, NEW MEXICO 87401
95-54/1022

CHECK No. 1148

PAY
TO THE
ORDER OF

\$1,380.00

DATE
11-22-96

AMOUNT
1,380.00

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

SUNCO DISPOSAL WELL #1 CLASS I NON-HAZARDOUS PERMIT

011484 02200546 010164542

[Signature]
AUTHORIZED SIGNATURE

COLEMAN OIL AND GAS, INC

11-22-96

STATE OF NEW MEXICO

SUNCO DISPOSAL WELL #1

CLASS I NON-HAZARDOUS PERMIT

UIC - CLI - 005

CHECK No.

11484

\$ 1,380.00
=====