

MECHANICAL

INTEGRITY

TESTS

UIC-CL1-008

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, August 02, 2012 8:06 AM
To: pthompson@merrion.bz; Holder, Mike (Mike.Holder@hollyfrontier.com); Combs, Robert (Robert.Combs@hollyfrontier.com); Schmaltz, Randy (Randy.Schmaltz@wnr.com); Cheryl.Johnson@wnr.com
Cc: Sanchez, Daniel J., EMNRD; VonGonten, Glenn, EMNRD
Subject: UIC Class I (NH) Injection Well Operators (Annual MIT Reminder) Due on/or before September 30, 2012

Dear Sir or Madam:

It is that time of year again to remind operators that their annual MIT for this season must be completed by 9/30/2012. The list of operator names with associated UIC Class I (non-hazardous) Injection Wells are provided above.

Operators are aware of the MIT (30 min @ 300 psig or more MIT with Bradenhead) requirement(s) that are typically run with the Fall-Off Test (FOT). The OCD is currently evaluating the FOT frequency requirement at OCD UIC Class I Facilities in New Mexico and until further notice either specified in a discharge permit renewal and/or via communication, you will know when a FOT is required for your well soon.

Please contact me at (505) 476-3490 on or before June 30, 2012 to schedule your MIT date and time. I will coordinate with the District Staff to finalize the MIT date and time so that an OCD District Office inspector may be present to witness the MIT. Thank you for your cooperation in this matter.

File: UICI- 5, 8, 8-0, 8-1 & 9

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Department
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Drive, Santa Fe, New Mexico 87505
Office: (505) 476-3490
E-mail: CarlJ.Chavez@State.NM.US
Website: <http://www.emnrd.state.nm.us/ocd/>

“Why Not Prevent Pollution; Minimize Waste; Reduce the Cost of Operations; & Move Forward With the Rest of the Nation?” To see how, please go to: “Pollution Prevention & Waste Minimization” at <http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, November 29, 2011 2:21 PM
To: Chavez, Carl J, EMNRD; Moore, Darrell; Sanchez, Daniel J., EMNRD
Cc: Dade, Randy, EMNRD
Subject: RE: MITs on Injection wells

Darrell:

The New Mexico Oil Conservation Division (OCD) is in receipt of Navajo Refining, LLC's submittal of the original MIT charts from the November 1, 2011 well testing of WDWs 1, 2 and 3.

The charts indicate that the MITs passed for all injection wells. However, the OCD notices that the calibration sheet with date indicates that the chart recorder used for the well testing was last calibrated on January 19, 2011, which is greater than a 6-month period. In the future, please make sure that the chart recorder(s) used for all MITs are calibrated (and pass) within 6 months of the MIT date.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
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From: Chavez, Carl J, EMNRD
Sent: Thursday, November 03, 2011 8:57 AM
To: Chavez, Carl J, EMNRD; Moore, Darrell; Sanchez, Daniel J., EMNRD
Cc: Dade, Randy, EMNRD
Subject: RE: MITs on Injection wells

Darrell:

OCD also needs the original charts to scan into our RBDMS system.

The pdf file in black and white cannot be accepted by the OCD.

Please contact me if you have questions. Thank you.

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From: Chavez, Carl J, EMNRD
Sent: Wednesday, November 02, 2011 2:35 PM
To: 'Moore, Darrell'; Sanchez, Daniel J., EMNRD
Cc: Dade, Randy, EMNRD
Subject: RE: MITs on Injection wells

Darrell:

Please send me a copy or pdf of the calibration sheet for the chart recorder. Thank you.

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From: Moore, Darrell [<mailto:Darrell.Moore@hollyfrontier.com>]
Sent: Wednesday, November 02, 2011 1:38 PM
To: Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Cc: Dade, Randy, EMNRD
Subject: MITs on Injection wells

Carl

Attached, please find the chart recordings of the three MITs we ran on our injection wells for our annual requirement.. All three wells passed with no issues. OCD was notified of the tests but did not show up to witness.

Darrell Moore
Environmental Manager for Water and Waste
The Holly Frontier Companies
Navajo Refining Company, LLC
501 E Main
PO Box 159
Artesia NM 88211-0159
Phone: 575-746-5281
Cell: 575-703-5058

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RECEIVED
HOLLYFRONTIER
THE HOLLYFRONTIER COMPANIES

2011 NOV 28 A 10:54

November 18, 2011

Carl Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505

RE: 2011 ANNUAL MIT ON INJECTION WELLS

Dear Carl,

Enclosed, please find charts and calibration sheet for recorder from the three mechanical integrity tests that Navajo ran on our injection wells on November 1, 2011. All three wells passed the tests within OCD guidelines. No OCD personnel witnessed the tests although Navajo gave notice.

If there are any questions concerning this submission, please call me at 575-746-5281.

Sincerely,
NAVAJO REFINING COMPANY, LLC

Darrell Moore
Environmental Manager for Water and Waste

Encl:

Wildcat Measurement Service, Inc.

416 East Main Street
P.O. Box 1836
Artesia, New Mexico 88211
Office: (575)746-3481
Toll Free: 1-888-421-9453

Calibration Certificate

Company Name: OK Hotoil
Recorder Type: Bristol
Recorder Serial: # MFG-1877

Recorder Pressure Range: 0-1000# Accuracy +/-: 0.2% PSIG
Temperature Range: _____ Deg F.

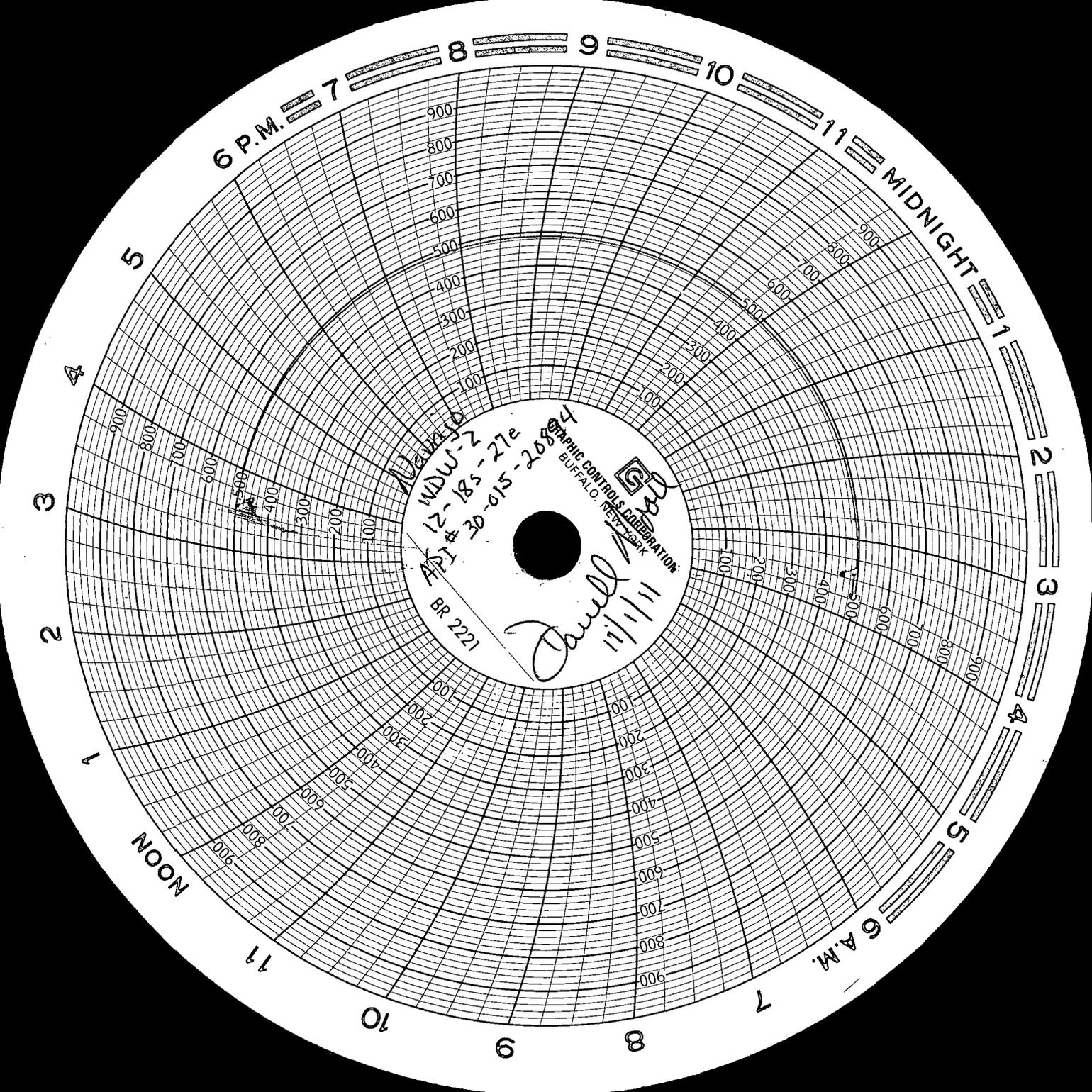
Increasing Pressure			Decreasing Pressure		
Applied Pressure	Indicated Pressure	Error%	Applied Pressure	Indicated Pressure	Error%
0.0#	0.0#	0	800#	800#	0
100#	100#	0	600#	600#	0
300#	300#	0	400#	400#	0
500#	500#	0	200#	200#	0
700#	700#	0	0.0#	0.0#	0
1000#	1000#	0			

Temperature Test		
Applied Temperature	Indicated Temperature	Error%

Certified Calibration Instrument Used
Gauge: Crystal
Deadweight: _____

Remarks: _____

Calibration Date: 01/19/2011
Technician:  Donald Norman



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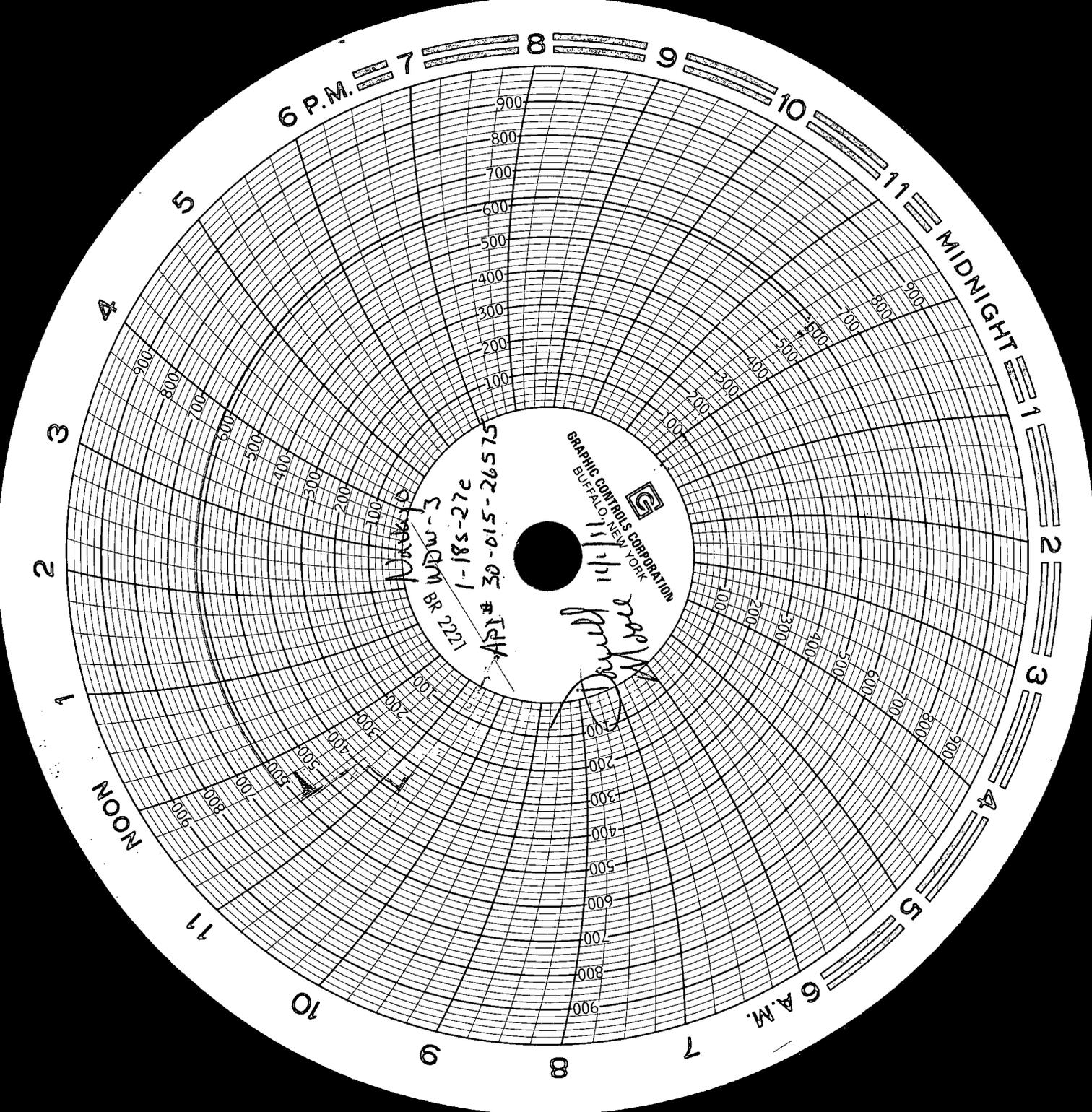
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Buffalo
NDW-27e
12-185-27e
30-015-20884
GRAPHIC CONTROL & CORPORATION
BUFFALO, NEW YORK
BR 2221
David
11/11



6 P.M. 7 8 9 10 11

MIDNIGHT 1 2 3 4 5

6 A.M. 7 8 9 10 11

NOON

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK



11/11/11
BR 2221
WDW-3
1-185-27c
API # 30-015-26575

[Handwritten signature]

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From: Chavez, Carl J, EMNRD
Sent: Thursday, November 03, 2011 8:57 AM
To: Chavez, Carl J, EMNRD; Moore, Darrell; Sanchez, Daniel J., EMNRD
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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, October 06, 2011 7:14 AM
To: Chavez, Carl J, EMNRD
Subject: Navajo Refining Company (UICI-008) WDWs 1, 2 & 3 MIT Meeting Determination on October 5, 2011

This note to the file documents the final determination by Ms. Jami Bailey (OCD Director) regarding the significant variation in annulus pressure systems at UIC Class I (NH) Injection Wells (WDWs 1, 2 & 3) under dynamic flow injection conditions. Quarterly monitoring and the annulus report document the variation in tubing and annulus pressures and volumes under the discharge permit and form the basis for the meeting.

After hearing the technical information presented at the meeting, the OCD Director determined the following:

- 1) No additional charts of the tubing versus annulus pressure are needed.
- 2) The injection wells have passed annual MITs and appear to be in good condition.
- 3) There appears to be a surface effluent flow-line issue(s) due to the C-141 releases that have been occurring upgradient from the Chukka Well (WDW-2) and other wells that needs to be addressed to correct this problem.

Consequently, the variation in annulus well pressure under dynamic flow conditions appears to physically affect the pressure in the well annulus system. This is considered to be normal based on the current mechanical design and construction of the injection system. The external tank fluid level monitoring couple with annual annulus pressure and bradenhead MITs will continue to be relied upon for mechanical integrity determination under the OCD's UIC Program.

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Chavez, Carl J, EMNRD

Subject: Holly-Frontier (Navajo Refining Co.) OCD UIC Class I (NH) Injection Wells (UICI-008) & Significant Variation in Annulus Pressures Noticed from Monitoring
Location: Telephone Conference Call

Start: Wed 10/5/2011 10:30 AM
End: Wed 10/5/2011 12:00 PM

Recurrence: (none)

Meeting Status: Meeting organizer

Organizer: Chavez, Carl J, EMNRD
Required Attendees: Bailey, Jami, EMNRD; Sanchez, Daniel J., EMNRD; Ezeanyim, Richard, EMNRD; Jones, William V., EMNRD; Dade, Randy, EMNRD; VonGonten, Glenn, EMNRD; Griswold, Jim, EMNRD; Lackey, Johnny; Moore, Darrell; Gonzales, Elidio L, EMNRD; Brown, Maxey G, EMNRD

Categories: Red Category

Request: Request for Holly-Frontier Representatives to send Carl Chavez any presentation in Acrobat Reader (pdf format) for the conference call for Carl to attach to this meeting notice and also Carl will place presentation files into OCD's Telephone Conference Call Folder at L:\ENVIRONMWORD\COMMON\OCD Training\TELEPHONE CONFERENCE CALLS\Navajo Refining UIC Wells Meeting 10-5-2011 for OCD Staff to access during the telephone conference call and/or to attach the file directly to this meeting notice for all meeting participants to access. Also, please send any agenda items that any of you may wish to add to the agenda by COB next Tuesday. Thank you.

Meeting Call-In Information:

Dial-in Number: 1-712-580-8025 (Midwest)
Participant Access Code: 4509670
Organizer Access Code: * 693464 (you must include the leading star key)

Tentative Meeting Agenda:

Purpose: To discuss monitored variation in injection well annulus pressures during injection for 3 UIC Class I (NH) Injection Wells in Eddy County.

- * Introductions
- * Well Locations
- * Fiberglass Effluent Line from Refinery to Injection Wells
- * Monitored Annulus Pressure Data
- * Miscellaneous
- * Path Forward



UICI-8 FOT
9-22-2011.pdf



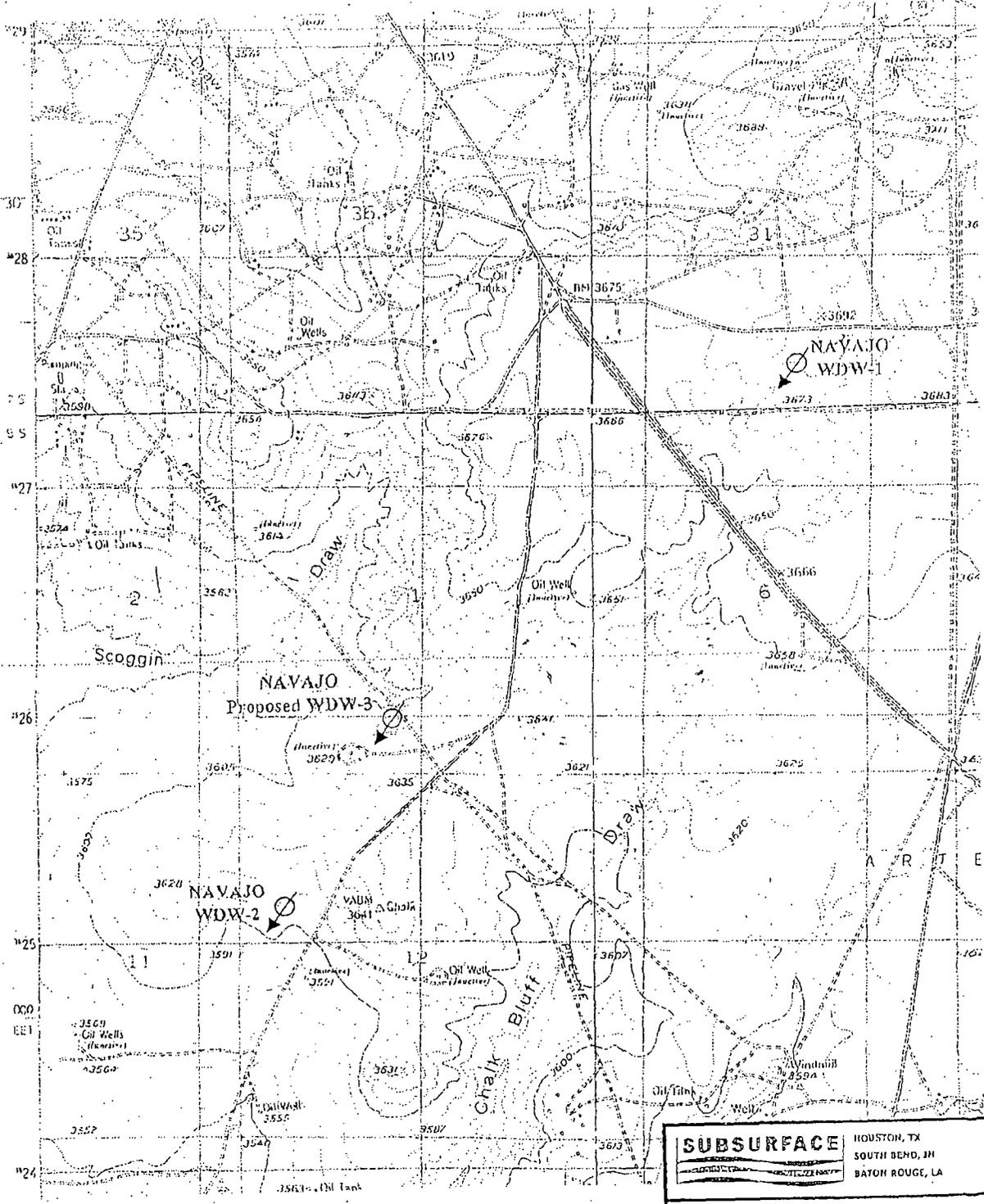
Well Info
9-23-2011.pdf



Effluent Line.pdf



Well Inspection
Photos.pdf



USGS Topographic Map
 Red Lake Quadrangle, Eddy County, NM

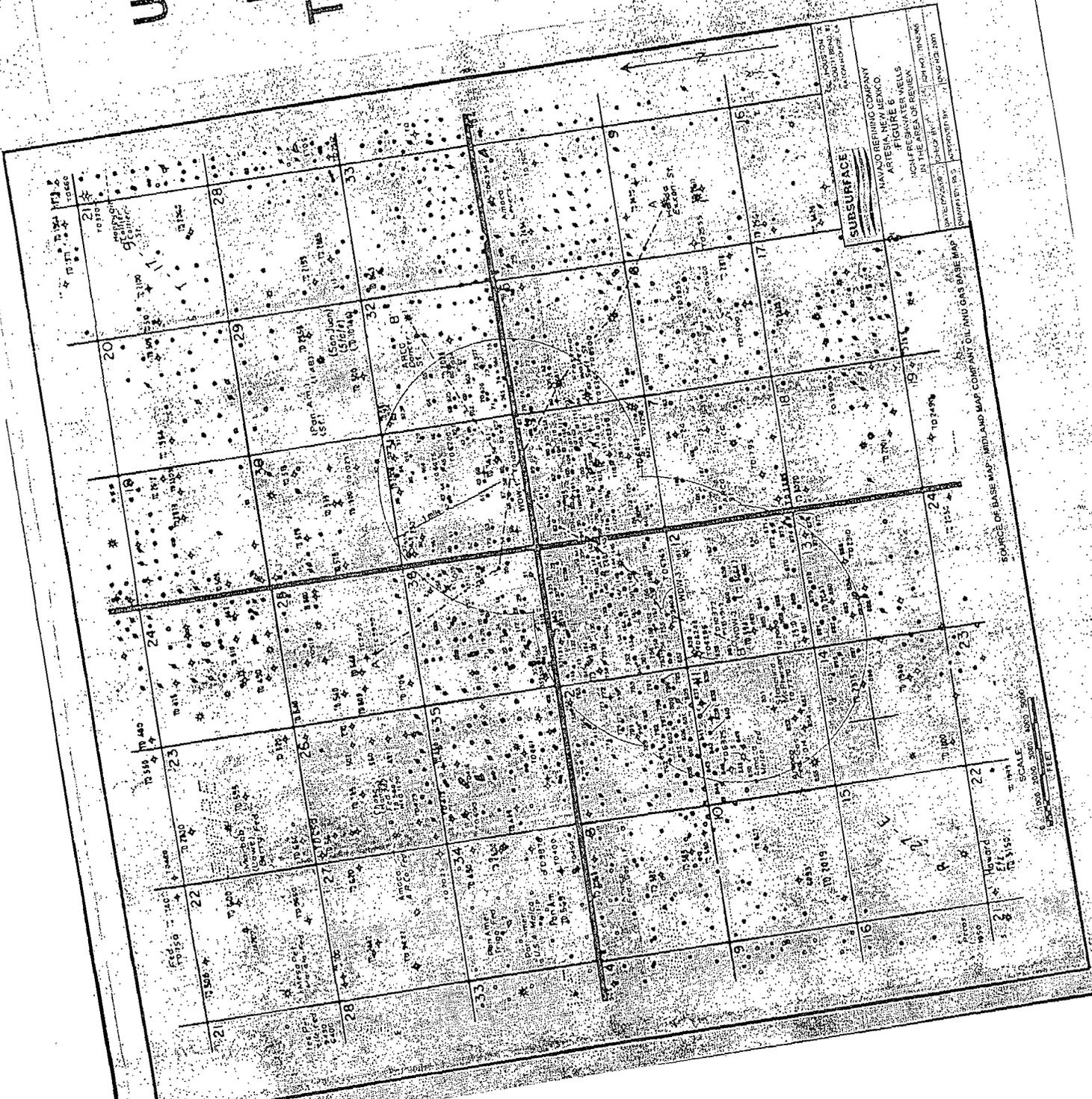
Section corners marked with +

SUBSURFACE		HOUSTON, TX
		SOUTH BEND, IN
		BATON ROUGE, LA
EXHIBIT A		
NAVAJO REFINING COMPANY		
PROPOSED WDW-3		
790' FSL, 2250' FWL 1-18S-27E		
DATE: 7/26/03	APPROVED BY: JLN	JOB NO: 6005497
DRAWN BY:	CHECKED BY:	SCALE: 1" = 2000'

UIC-1 - 8

EPA FALL-OFF TEST PLAN MAPS (WDW-3) DATE:

2008 - Present

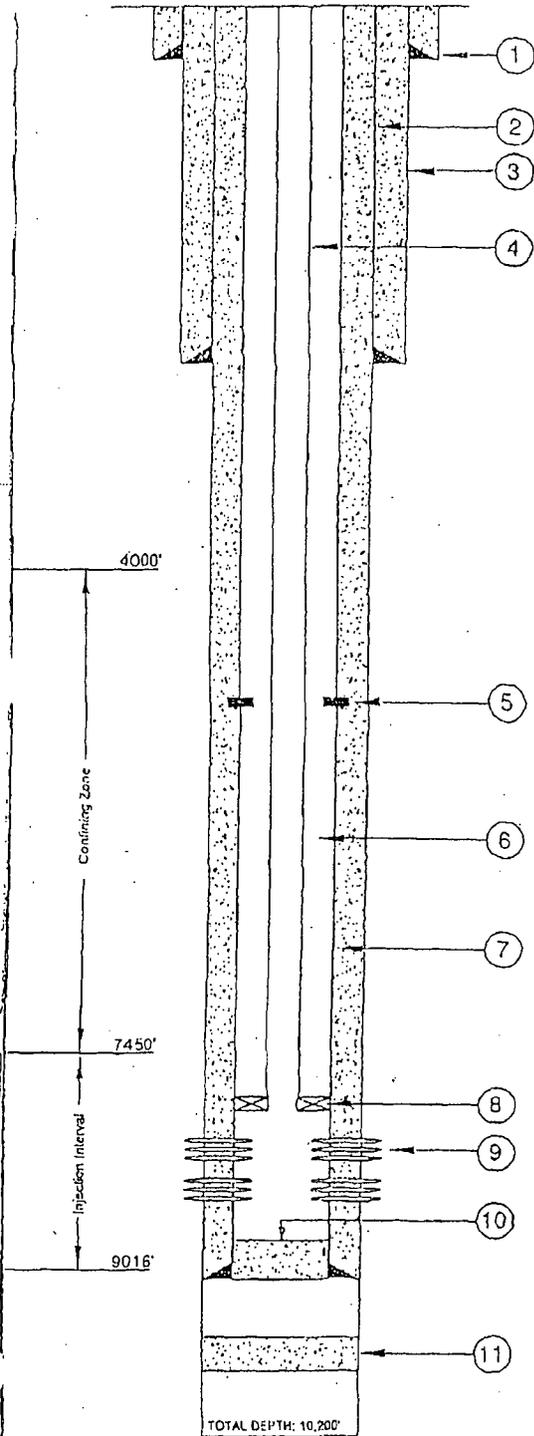


Well Data Table 1

	Mewbourne Well No. 1	Chukka Well No. 2	Gaines Well No. 3																																																
Tubing	4.5", 11.6 lb/ft, N-80, SMLS, R3, LT&C 7879'	3.5", 9.2 lb/ft, J-55, NUE 10RD 7528'	4.5", 11.6 lb/ft, J-55, LT&C, 8RD 7575'																																																
Packer	7"x 3.5", EVI Oil Tools (Arrow), X-1, ID 3", 7879'	5.5"x 2.875" Weatherford (Arrow), X-1, ID 2.4375", 7528'	7"x 2.875" Kenco Tools (Arrow), X-1, ID 2.4375" 7575'																																																
Perforations	<table border="0"> <tr> <td>Upper</td> <td>Lower</td> </tr> <tr> <td>7924 - 42</td> <td>8220 - 54</td> </tr> <tr> <td>7974 - 8030</td> <td>8260 - 70</td> </tr> <tr> <td>8050 - 56</td> <td>8280 - 8302</td> </tr> <tr> <td>8066 - 80</td> <td>8360 - 66</td> </tr> <tr> <td>8118 - 27</td> <td>8370 - 78</td> </tr> <tr> <td>8132 - 40</td> <td>8400 - 10</td> </tr> <tr> <td>8160 - 64</td> <td>8419 - 23</td> </tr> <tr> <td>8170 - 88</td> <td>8430 - 46</td> </tr> <tr> <td></td> <td>8460 - 64</td> </tr> <tr> <td></td> <td>8470 - 76</td> </tr> </table>	Upper	Lower	7924 - 42	8220 - 54	7974 - 8030	8260 - 70	8050 - 56	8280 - 8302	8066 - 80	8360 - 66	8118 - 27	8370 - 78	8132 - 40	8400 - 10	8160 - 64	8419 - 23	8170 - 88	8430 - 46		8460 - 64		8470 - 76	<table border="0"> <tr> <td>Upper</td> <td>Lower</td> </tr> <tr> <td>7570 - 7620</td> <td>7826 - 34</td> </tr> <tr> <td>7676 - 7736</td> <td>7858 - 80</td> </tr> <tr> <td></td> <td>7886 - 7904</td> </tr> <tr> <td></td> <td>7916 - 36</td> </tr> <tr> <td></td> <td>7944 - 64</td> </tr> <tr> <td></td> <td>7990 - 8042</td> </tr> <tr> <td></td> <td>8096 - 8116</td> </tr> <tr> <td></td> <td>8191 - 8201</td> </tr> <tr> <td></td> <td>8304 - 19</td> </tr> <tr> <td></td> <td>8395 - 99</td> </tr> </table>	Upper	Lower	7570 - 7620	7826 - 34	7676 - 7736	7858 - 80		7886 - 7904		7916 - 36		7944 - 64		7990 - 8042		8096 - 8116		8191 - 8201		8304 - 19		8395 - 99	<table border="0"> <tr> <td>Upper</td> <td>Lower</td> </tr> <tr> <td>7660 - 8450</td> <td>8540 - 8620</td> </tr> </table>	Upper	Lower	7660 - 8450	8540 - 8620
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Protection Casing	7", 29 lb/ft, N-80, LT&C, 9094 - 7031	5.5", 17 lb/ft, L-80, LT&C	7", 29 lb/ft, N-80, LT&C																																																
Cement Top Protection Casing	Surface	Surface	900'																																																
PBTD / TD	9004' / 10,200'	8770' / 10,372'	9022' / 10,119'																																																
Formation	Wolfcamp / Cisco / Canyon	Wolfcamp / Cisco / Canyon	Wolfcamp / Cisco / Canyon																																																
Inj. Interval	7450' - 9016'	7270' - 8894'	7303' - 8894'																																																
OCD UIC Permit Number	UIC-CLI-008-1	UIC-CLI-008-2	UIC-CLI-008-3																																																
API Number	30-015-27592	30-015-20894	30-015-26575																																																



BELOW GROUND DETAILS



All depths are referenced to the Kelly bushing elevation of 12.5' above ground level. Ground level elevation is 3,678' above mean sea level.

1. Surface Casing: 13 7/8", 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 Lite w/3 % calcium chloride and 1/2 lb/sx floccle. Circulated 86 sx to surface.
2. Intermediate Casing: 9 5/8", 36 lb/ft, J-55, ST&C set at 2,555' in a 12 1/4" hole. Cemented w/800 sx of Class C Lite w/ 1/2 lb/sx floccle and 2 lb/sx Gilsomite 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 7,879'.
5. DV Tool: at 5,498'.
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. Casing cemented in two stages as follows:

First Stage - 600 sx modified Class H w/0.4 % CFR-3, 5 lb/sx Gilsomite, 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 Interfil "C" (35:65:6) mixed at 11.7 ppg. Tail Slurry: 550 sx modified Class H w/0.4 % CFR-3, 5 lb/sx, Gilsomite, 0.5 % Halad-344, 0.1% HR-7, and 1 lb/sx mixed at 13.0 ppg. Circulated 75 sx to surface. Top out w/20 sx permium 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 re-entry 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'.

SUBSURFACE		HOUSTON, TX. SOUTH BEND, IN. BATON ROUGE, LA.
FIGURE 1		
NAVAJO REFINING COMPANY ARTESIA, NEW MEXICO		
BELOW GROUND DETAILS WASTE DISPOSAL WELL NO. 1		
DATE: 07/13/01	CHECKED BY:	JOB NO: 7005256
DRAWN BY: WOL	APPROVED BY:	DWG. NO:

FIGURE 1

NOTICE OF PUBLICATION

Navajo Refining Company
Artesia, New Mexico

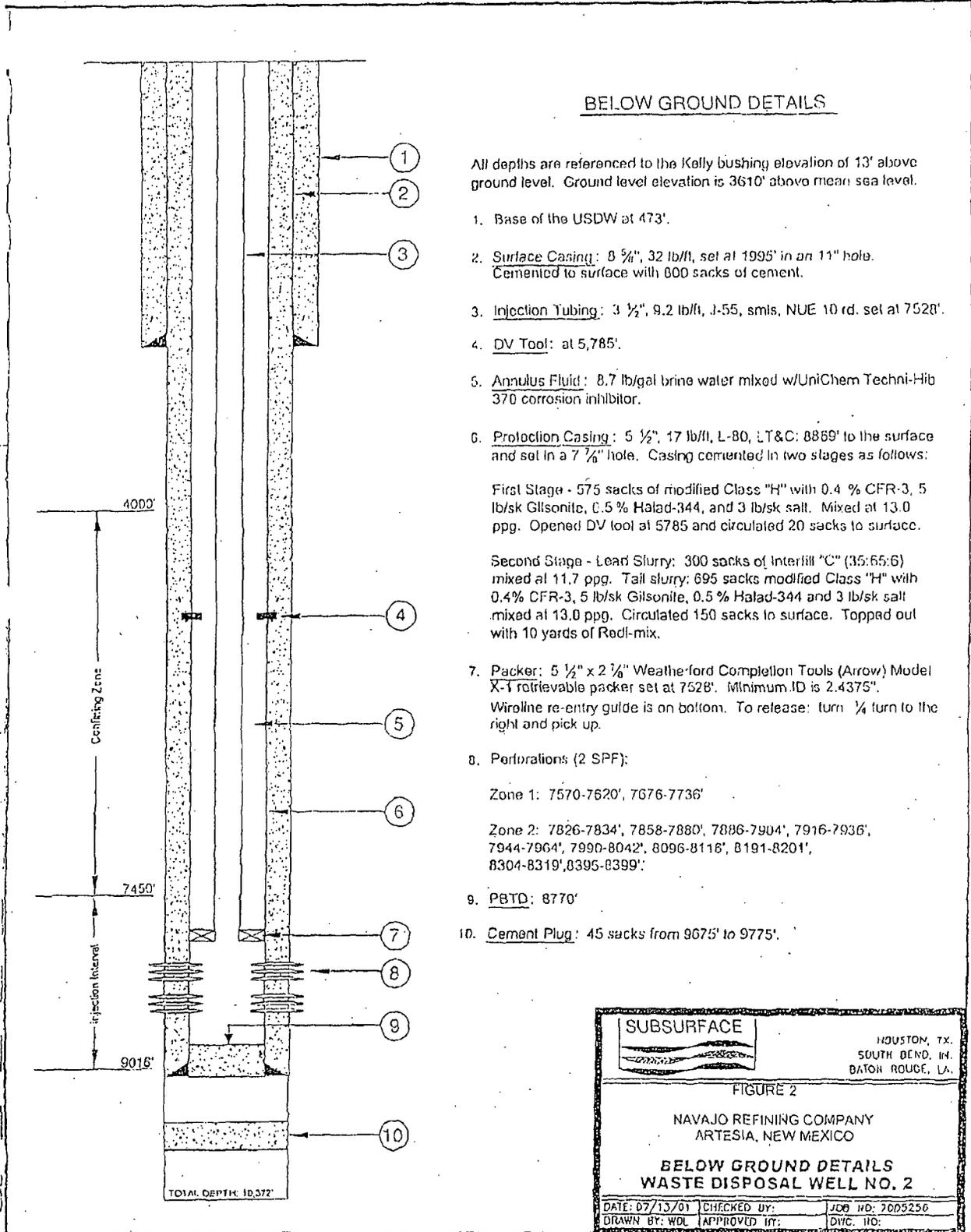
Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3108 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(1-008) Navajo Refining Company, Darrell Moore, Environmental Manager for Water and Waste, 501 East Main Street, P.O. Box Drawer 159, Artesia, New Mexico, 88211-0159, has submitted an application for a Class I Injection Well Discharge Permit (UIC-CL-008) for Injection well WDW-1 (API#30-015-27592) located in the SW/4, SE/4 of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The injection well is located approximately 11 miles East-Southeast of Artesia on Hwy-82 from Hwy-285 and about 1 mile south on Hilltop Road. Oil field exempt and non-exempt non-hazardous industrial waste will be transported about 11 miles underground from the Navajo Artesia Refinery located at 501 E. Main Street, Artesia, NM via a 6 inch dia. pipeline to WDW-1 for disposal into the Wolfcamp, Cisco, and Canyon Formations in the injection interval from 7,824 to 8,476 feet (depth below ground level). The total dissolved solids concentration of the injection zone ranges from 12,000 mg/l to 119,909 mg/l. The injection rate will not exceed 500 gpm at a maximum injection pressure of 1,580 psig. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 100 feet below the ground surface, with a total dissolved solids concentration of 100 to 1,535 mg/l. The discharge plan addresses operation, monitoring, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks, and other accidental discharges in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be reviewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or also may be viewed at the NMOCD web site <http://www.emnid.state.nm.us/ocd>. Persons interested in obtaining a copy of the application and draft permit may contact NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request the NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the permit based on information available, including all comments received. If a public hearing is held, the Director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Published in the Artesia Daily Press on August 9, 2009. Legal 20795.



BELOW GROUND DETAILS

All depths are referenced to the Kelly bushing elevation of 13' above ground level. Ground level elevation is 3610' above mean sea level.

1. Base of the USDW at 473'.
2. Surface Casing: 8 3/4", 32 lb/ft, set at 1995' in an 11" hole. Cemented to surface with 800 sacks of cement.
3. Injection Tubing: 3 1/2", 9.2 lb/ft, J-55, sms, NUE 10 rd. set at 7528'.
4. DV Tool: at 5,785'.
5. Annulus Fluid: 8.7 lb/gal brine water mixed w/UniChem Techni-Hib 370 corrosion inhibitor.
6. Protection Casing: 5 1/2", 17 lb/ft, L-80, LT&C: 8869' to the surface and set in a 7 1/4" hole. Casing cemented in two stages as follows:

 First Stage - 575 sacks of modified Class "H" with 0.4 % CFR-3, 5 lb/sk Gilsonite, 0.5 % Halad-344, and 3 lb/sk salt. Mixed at 13.0 ppg. Opened DV tool at 5785 and circulated 20 sacks to surface.

 Second Stage - Lead Slurry: 300 sacks of Interfill "C" (35:65:6) mixed at 11.7 ppg. Tail slurry: 695 sacks modified Class "H" with 0.4% CFR-3, 5 lb/sk Gilsonite, 0.5 % Halad-344 and 3 lb/sk salt mixed at 13.0 ppg. Circulated 150 sacks to surface. Topped out with 10 yards of Redl-mix.
7. Packer: 5 1/2" x 2 1/4" Weatherford Completion Tools (Arrow) Model X-T retrievable packer set at 7528'. Minimum ID is 2.4375'. Wireline re-entry guide is on bottom. To release: turn 1/4 turn to the right and pick up.
8. Perforations (2 SPF):

 Zone 1: 7570-7620', 7676-7736'

 Zone 2: 7826-7834', 7858-7880', 7886-7904', 7916-7936', 7944-7964', 7990-8042', 8096-8116', 8191-8201', 8304-8319', 8395-8399'.
9. PBTD: 8770'
10. Cement Plug: 45 sacks from 9675' to 9775'.

SUBSURFACE		HOUSTON, TX. SOUTH BEND, IN. BATON ROUGE, LA.
FIGURE 2		
NAVAJO REFINING COMPANY ARTESIA, NEW MEXICO		
BELOW GROUND DETAILS WASTE DISPOSAL WELL NO. 2		
DATE: 07/15/01	CHECKED BY:	JOB NO: 2005256
DRAWN BY: WDL	APPROVED BY:	DWG. NO:

FIGURE 4

NOTICE OF PUBLICATION

Navajo Refining Company
Artesia, New Mexico

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3108 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, telephone (505) 476-3440:

(1-008-1) Navajo Refining Company, Darrell Moore, Environmental Manager for Water and Waste, 501 East Main Street, P.O. Box Drawer 159, Artesia, New Mexico, 88211-0159, has submitted an application for a Class I Injection Well Discharge Permit (UIC-CLI-008-1) for injection well WDW-2 (API#20-018-20884) located in the SW/4, NW/4 of Section 12, Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. The injection well is located approximately 10.5 miles East-Southeast of Artesia on Hwy-82 from Hwy-285 and about 3.3 miles south on Hilltop Road. Oil field exempt and non-exempt non-hazardous industrial waste will be transported about 10.5 miles underground from the Navajo-Artesia Refinery located at 501 E. Main Street, Artesia, NM via a 6 inch dia. pipeline to WDW-2 for disposal into the Wolfcamp, Clasco, and Canyon Formations in the injection interval from 7,570 to 8,399 feet (depth below ground level). The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The injection rate will not exceed 500 gpm at a maximum injection pressure of 1,510 psig. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 100 feet below the ground surface, with a total dissolved solids concentration of 100 to 1,535 mg/l. The discharge plan addresses well operation, monitoring, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks, and other accidental discharges in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be reviewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or also may be viewed at the NMOCD web site <http://www.emnrd.state.nm.us/ocd>. Persons interested in obtaining a copy of the application and draft permit may contact NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request the NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the permit based on information available, including all comments received. If a public hearing is held, the Director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Published in the Artesia Daily Press, August 9, 2009, Legal 20793.

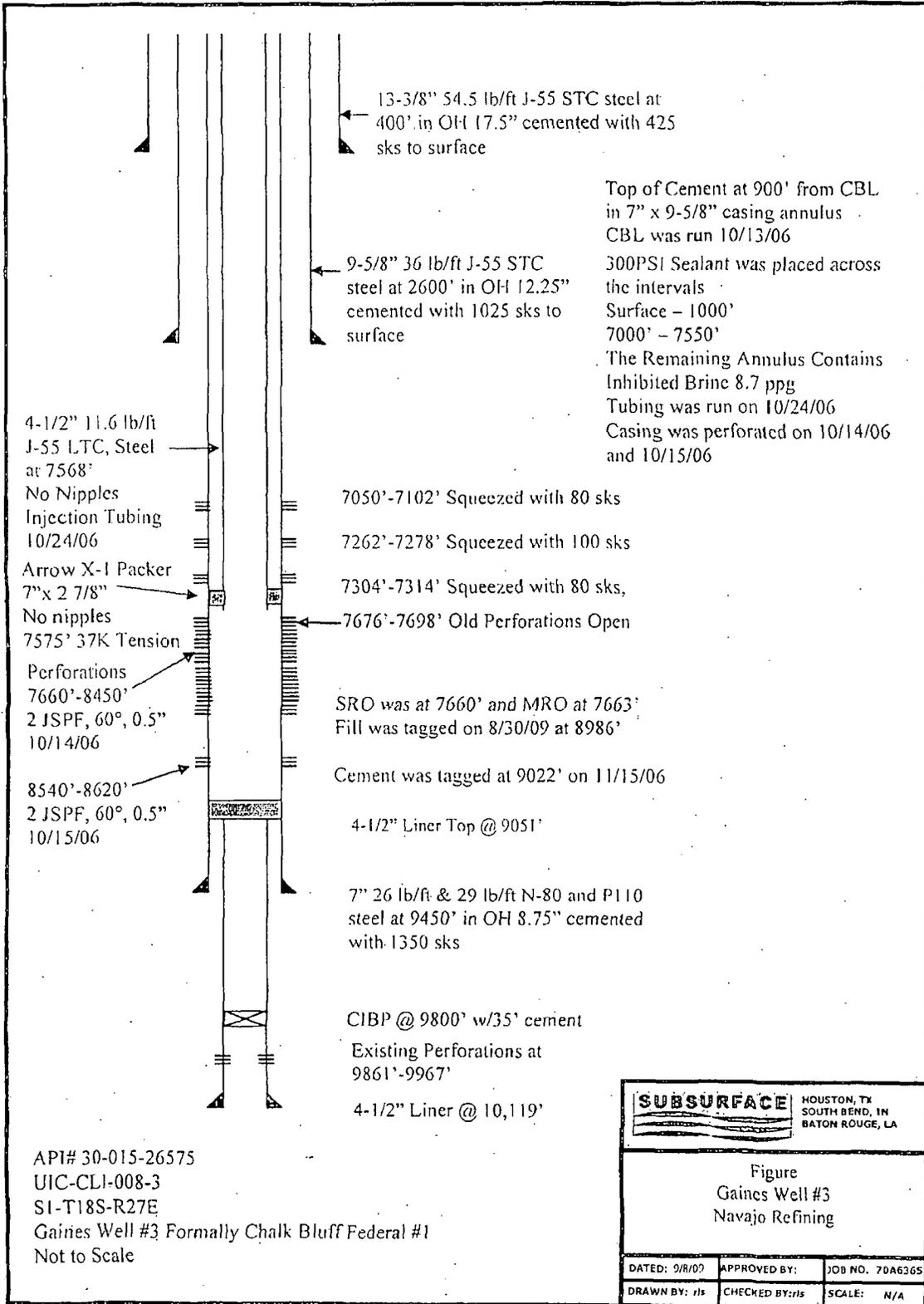


FIGURE 3

PUBLIC NOTICE

NOTICE OF DISCHARGE PERMIT REQUEST

Pursuant to the requirements of the New Mexico Water Quality Control Commission regulation 20 NMAC 6.2.3108, Navajo Refining Company hereby announces that it is making application to the New Mexico Oil Conservation Division (NMOCD) – Environmental Bureau for a discharge permit to inject waste water from Navajo Refining Company's Artesia plant into an injection well that is called WDW-3 located in Unit N, Section 1, Township 18S, Range 27E, Eddy County, New Mexico or approximately 10 miles east of Artesia on US Hwy 82 from US Hwy 285 and about 3 miles south on Hilltop Road. Previously, WDW-1 and WDW-2 were already permitted under separate plans. This waste water will originate at Navajo's Artesia, NM refinery which is located at 501 E. Main Street, Artesia, NM and will then be carried through an underground pipeline approximately 12 miles to the above mentioned well site. The waste water will be injected into the Lower Wolfcamp, Cisco, and Canyon Formations located between 7650 feet and 8620 feet (log depth). The injection rate will not exceed 500 gpm at an injection pressure not to exceed 1530 psig.

The generation of waste water from the Artesia Plant is a result of water that is entrained in the crude supply, water used for cooling and heating, water used to remove salts from the crude supply, and boiler blow down. The Artesia Plant's waste water could potentially be put into WDW-3. This waste water will have a total dissolved solids (TDS) content of 7000 parts per million, a pH from 7 to 9, and minor metal concentrations. In the area of the well location, fresh water is at a depth of 80 feet with a TDS of 1500 to 2200 parts per million.

Navajo's operation of the affected facilities will comply with all applicable State and Federal regulations.

The owner and operator of the facility is: Navajo Refining Company, L.P.
501 E. Main Street
Artesia, NM 88210

Comments and inquiries may be directed to:
Mr. Jim Resinger, Refinery Manager, (505) 748-3311

Persons interested in obtaining further information, submitting comments, or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the New Mexico Oil Conservation Division.

Comments and inquiries on regulations should be directed to:
Director
New Mexico Oil Conservation Division (NMOCD)
1220 So. Saint Francis Drive
Santa Fe, New Mexico 87505
Telephone: (505) 476-3440

Chavez, Carl J, EMNRD

Subject: Holly-Frontier (Navajo Refining Co.) OCD UIC Class I (NH) Injection Wells (UICI-008) & Significant Variation in Annulus Pressures Noticed from Monitoring
Location: Telephone Conference Call

Start: Wed 10/5/2011 10:30 AM
End: Wed 10/5/2011 12:00 PM

Recurrence: (none)

Meeting Status: Meeting organizer

Organizer: Chavez, Carl J, EMNRD
Required Attendees: Bailey, Jami, EMNRD; Sanchez, Daniel J., EMNRD; Ezeanyim, Richard, EMNRD; Jones, William V., EMNRD; Dade, Randy, EMNRD; VonGonten, Glenn, EMNRD; Griswold, Jim, EMNRD; Lackey, Johnny; Moore, Darrell; Gonzales, Elidio L, EMNRD; Brown, Maxey G, EMNRD

Categories: Red Category

Request: Request for Holly-Frontier Representatives to send Carl Chavez any presentation in Acrobat Reader (pdf format) for the conference call for Carl to attach to this meeting notice and also Carl will place presentation files into OCD's Telephone Conference Call Folder at L:\ENVIRONM\WORD\COMMON\OCD Training\TELEPHONE CONFERENCE CALLS\Navajo Refining UIC Wells Meeting 10-5-2011 for OCD Staff to access during the telephone conference call and/or to attach the file directly to this meeting notice for all meeting participants to access. Also, please send any agenda items that any of you may wish to add to the agenda by COB next Tuesday. Thank you.

Meeting Call-In Information:

Dial-in Number: 1-712-580-8025 (Midwest)
Participant Access Code: 4509670
Organizer Access Code: 693464 (you must include the leading star key)

Tentative Meeting Agenda:

Purpose: To discuss monitored variation in injection well annulus pressures during injection for 3 UIC Class I (NH) Injection Wells in Eddy County.

- * Introductions
- * Well Locations
- * Fiberglass Effluent Line from Refinery to Injection Wells
- * Monitored Annulus Pressure Data
- * Miscellaneous
- * Path Forward



UICI-8 FOT
9-22-2011.pdf



Well Info
9-23-2011.pdf



Effluent Line.pdf



Well Inspection
Photos.pdf



PROJECT SUMMARY

PROJECT: 8" Water Effluent Pipeline
PROJECT LOCATION: Artesia, NM

The 8" Water Effluent Pipeline project will consist of designing and constructing approximately 15 miles of new 8" Fiberglass pipeline. This new pipeline will parallel the existing 8" carbon steel water effluent pipeline (starting inside the Navajo Refinery and heading East to three injection wells). The current 8" carbon steel water effluent line is in service and operating but is highly corroded (due to internal corrosion), thus the need to design/construct a new pipeline parallel to it.

The new pipeline design needs to take into consideration the tie ins to the well injection locations and accommodate minimal down time on the existing carbon steel pipeline when activating the new line and deactivating the old (carbon steel) pipeline. The new fiberglass pipeline will be below grade and all below grade to above grade transitions will be accomplished with internal and external coated carbon steel. These carbon steel sections will also be protected with anode banks, for external corrosion protection. The scope of work will stop at the inlet to the filter isolation valves at each injection well sites. The isolation/block valves (qty 6) will be below grade in a concrete valve box (with the exception to the west river valve setting). The entire construction will consist of approximately 10 weeks (see attached schedule).

The 8" Fiberglass is a NOV, STAR, Anhydride line pipe product with a design pressure rating 1500psig at 150deg F (see attached spec sheet). The fluid in this design is effluent water which comes from the Navajo Refinery (see attached water samples). The pipeline max flow rate for design is 750gpm (~26,000bbl/day) at 130deg F (max) and pressures shall stay within the pressure rating of ANSI 600#.

We will use the fiberglass line pipe max temperature rating (150 deg F) and the valves/flanges pressure rating (1480psig) as the constraints for design parameters.

The pipeline will be designed so that it can be pigged (with a foam pig) from the start of the pipeline (inside the refinery), to the last injection well (Mewbourne - Inj. well #1). The two other laterals are short sections with isolation valves that won't be pigged (Chukka - Inj. Well #2; Gains - Inj. Well #3).

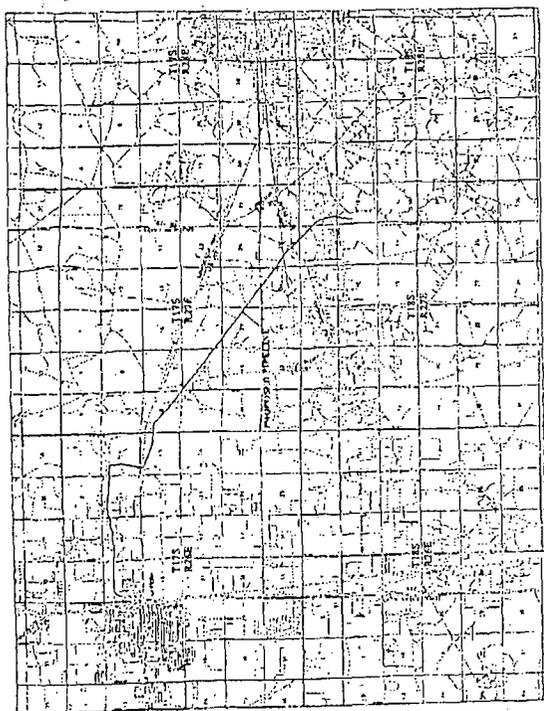
This pipeline will have several locations where steel casing will be encasing the fiberglass pipeline to protect it from third party damage as additional precaution. These locations include but are not limited to county road crossings, state highway crossings, river crossing, and major pipeline corridor crossings.



Thus overall the new pipeline design will be much more resilient to internal corrosion and the addition of more isolation valves will make it easier to work on sections of the line or injection well if a problem does prevail.

I. Specifications and Standards for Design

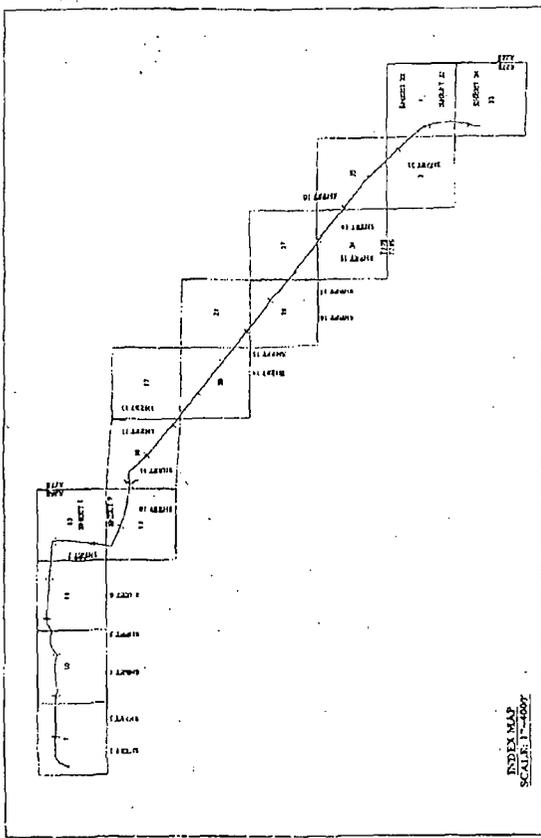
- a. US DOT CFR 49 Part 195 -Hazardous Liquids
- b. American Society of Mechanical Engineers B31.4 (ASME)
- c. American Petroleum Institute 6D(API)
- d. American Petroleum Institute 1104(API)
- e. American Petroleum Institute Recommended Practice 1102(API RP)
- f. American Society for Testing and Materials (ASTM)
- g. Occupational Safety and Health Administration (OSHA)
- h. American Concrete Institute (ACI)
- i. National Association of Corrosion Engineers (NACE)
- j. National Electric Code (NEC)



NEIGHBOR MAP
NOT TO SCALE

LEGEND AND GENERAL NOTES

- BOUNDARY MARKERS AT 200
- BOUNDARY MARKERS AT 100
- BOUNDARY MARKERS AT 50
- BOUNDARY MARKERS AT 25
- BOUNDARY MARKERS AT 10
- BOUNDARY MARKERS AT 5
- BOUNDARY MARKERS AT 2
- BOUNDARY MARKERS AT 1



INDEX MAP
SCALE 1"=400'

GENERAL NOTES

- 1. ALL DISTANCES ARE IN FEET UNLESS OTHERWISE SPECIFIED.
- 2. ALL DISTANCES ARE TO BE MEASURED ALONG THE CENTERLINE OF THE PIPELINE.
- 3. ALL DISTANCES ARE TO BE MEASURED ALONG THE CENTERLINE OF THE PIPELINE.
- 4. ALL DISTANCES ARE TO BE MEASURED ALONG THE CENTERLINE OF THE PIPELINE.
- 5. ALL DISTANCES ARE TO BE MEASURED ALONG THE CENTERLINE OF THE PIPELINE.

	HOLLY ENERGY PARTNERS PROPOSED PIPELINE INDEX MAP, LEGEND AND GENERAL NOTES			SHEET NO. 1 DATE 12/22/11 SCALE 1"=400'	SHEET NO. 2 DATE 12/22/11 SCALE 1"=400'	SHEET NO. 3 DATE 12/22/11 SCALE 1"=400'	SHEET NO. 4 DATE 12/22/11 SCALE 1"=400'
BEGINNING IN SECTION 1, TOWNSHIP 1 NORTH, RANGE 8 EAST, N.M.P.M. & ENDING IN SECTION 36, TOWNSHIP 1 SOUTH, RANGE 7 EAST, N.M.P.M., HEDY COUNTY, NEW MEXICO							

UICI-008 Navajo Refinery
UIC Class I (NH) Injection Wells (WDWs, 1, 2 & 3)
General Well Expansion Tank (WAM) Monitoring Requirements in Discharge Permit

Injection Record Volumes and Pressures: The owner/operator shall submit quarterly reports of its disposal, operation and well workovers provided herein. The minimum, maximum, average flow waste injection volumes (including total volumes) and annular pressures of waste (oil field exempt/non-exempt non-hazardous waste) injected will be recorded monthly and submitted to the OCD Santa Fe Office on a quarterly basis.

The casing-tubing annulus shall contain fluid and be equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. Due to pressure fluctuations observed at Navajo's other two nearby Class I Injection Wells, WDW-2 shall be equipped with an expansion tank under constant 100 psig pressure connected to the casing-annulus and maintained under constant pressure. The expansion tank shall initially be filled half-full (250 gallon expansion tank) with an approved fluid to establish an equilibrium volume and fluid level. Weekly monitoring of fluid levels in the expansion tank coupled with documented additions/ removals of fluids into or out of the expansion tank is required to maintain the equilibrium volume. Any loss or gain of fluids in the expansion tank shall be recorded, and if significant, reported to the OCD within 24 hours of discovery. The owner/operator shall provide the following information on a quarterly basis: weekly expansion tank volume readings shall be provided in a table in the cover letter of each quarterly report. Navajo shall monitor, record and note any fluid volume additions or removals from the expansion tank on a quarterly basis. In addition, any well activity (i.e., plugging, changing injection intervals, etc.) shall be conducted in accordance with all applicable New Mexico Oil Conservation Division regulations.



October 5, 2011

Mr. Darrell Moore
Navajo Refining Company
P.O. Box 159
Highway 82 East
Artesia, New Mexico 88211

RE: Chukka WDW-2 Annulus Pressure Test (APT) Results
Subsurface Project Number: 70A6645
Test Date: September 26, 2011

Darrell,

A chart recorder was rigged up to the annulus on the wellhead of Chukka WDW-2. The lines from the wellhead to the annulus pumps were closed off at the wellhead and the annulus pumps were turned off. The chart recorder was set to record for 60 minutes. 12 hours on the chart would correspond to a 30-minute test.

The annulus pressure test was started at 1555 hours. This time corresponds with the "1 AM" curve on the attached chart. At 1555 hours, the annulus pressure was approximately 655 psig. At 1625 hours, the annulus pressure was approximately 643 psig. This time corresponds with the "1 PM" curve on the attached chart. The annulus pressure drop was 12 psig or 1.83%. Therefore, Chukka WDW-2 demonstrated mechanical integrity between the casing-tubing annulus.

Sincerely,

A handwritten signature in cursive script that reads "Tim Jones".

Tim Jones
Project Engineer
Subsurface Technology

TJ/bl

Enclosures

T. Walter Cook N.M. PE 20219 Confirmation Attached

**ANNULUS PRESSURE TEST OF NAVAJO REFINING WASTE
DISPOSAL WELL 2 (WDW-2 CHUKKA)**

**NAVAJO REFINING COMPANY
ARTESIA, NEW MEXICO
PROJECT NO. 70A6645**

**SUBMITTED:
SEPTEMBER 2011**

**SUBSURFACE TECHNOLOGY, INC.
6925 PORTWEST DR., STE. 110
HOUSTON, TEXAS 77024
pfh@subsurfacegroup.com**

To whom it may concern:

I Thane Walter Cook, Jr PE certify that the engineering materials contained herein have been prepared by personnel under my supervision. I have met the requirements of NMSA 1978 61-23-3 (definition of responsible charge) with respect to these materials. I have personally reviewed the content and made any calculations and changes needed.



Thaine W. Cook, Jr. PE

August 26, 2011

New Mexico PE 20219

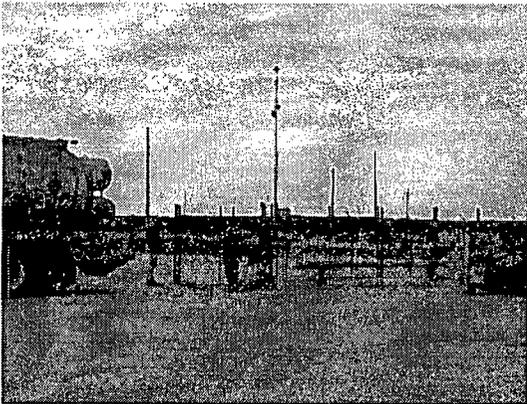
WDW-1 Inspection & MIT (8/14/2009)



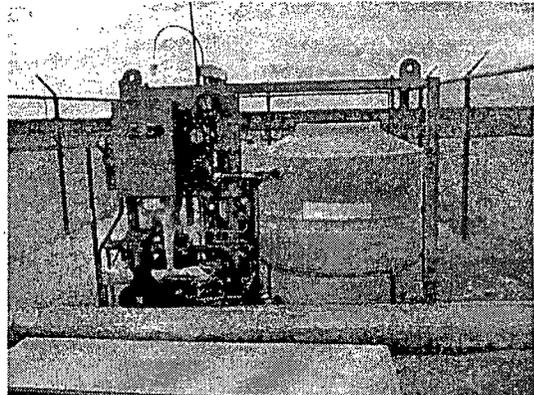
WDW-1 Sign w/ Fenced & Lighted Facility
24/7



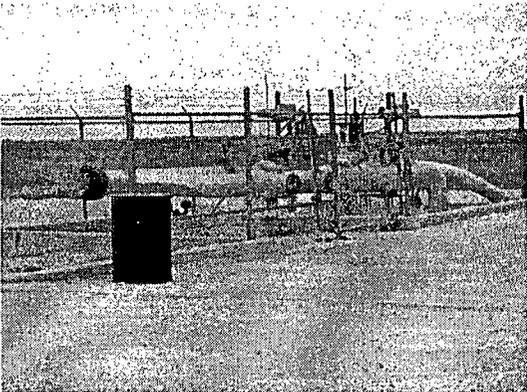
Wellhead



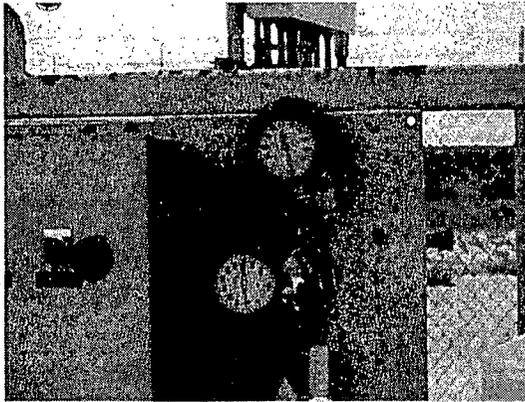
Hot Oil MIT contractor setup for standard
annulus pressure test MIT



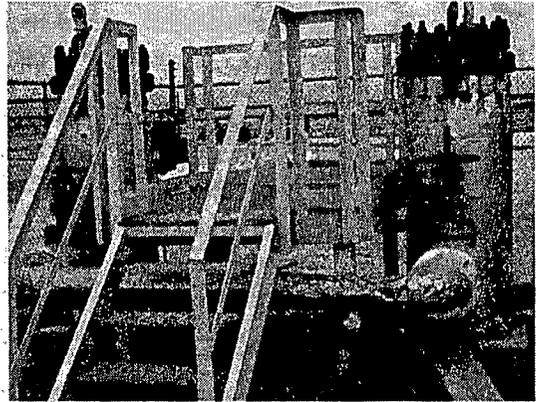
WAMs Unit



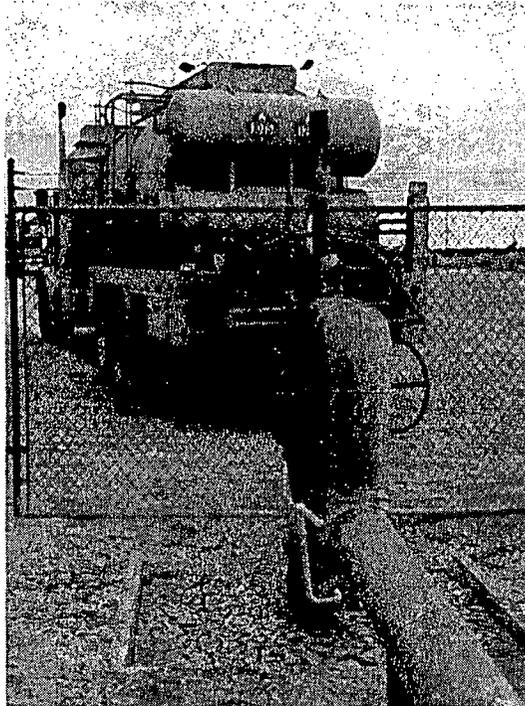
Looking W-SW at fenced pipeline pig
station for ~12 mile WDW-1 back to
refinery



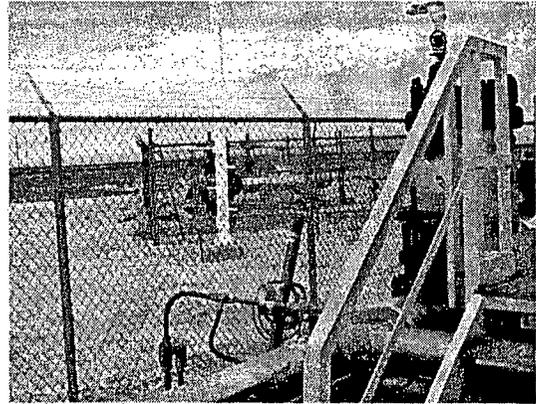
Injection pressure station



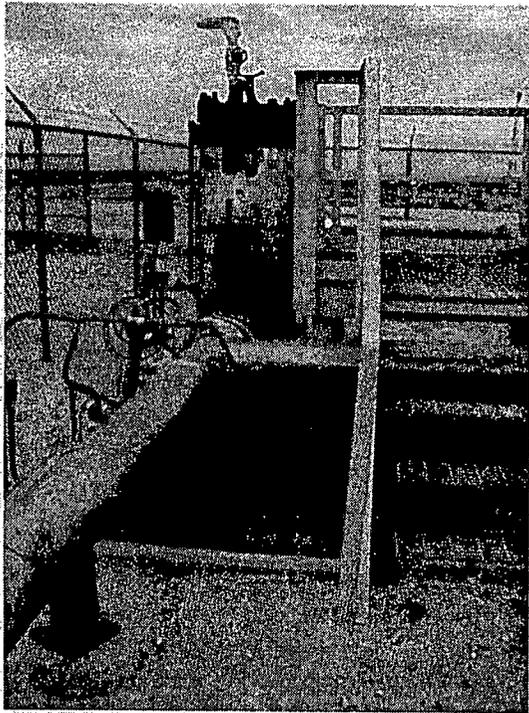
Dual filtration system before injection



Hot Oil Truck fluid pressure up on annulus



Looking S-SW at pipeline pig station in background



Filtration system



Calibrated chart recorder



Pre-MIT annulus pressure at ~220 psig



Recommended AFE to replace 1/2 inch dia. pipe with 1 inch or greater.



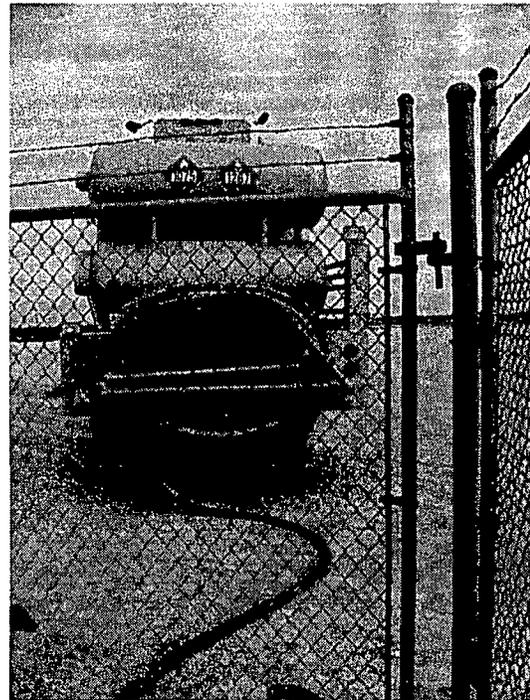
Drums of ethylene glycol stored on ground need to be on impermeable pad



Ethylene glycol drums w/ rusty trash drum close-up



Chart recorder setup w/ valve arrangement during MIT



Hot Oil truck in background connected to annulus during fluid pressure up.



Chart recorder in action

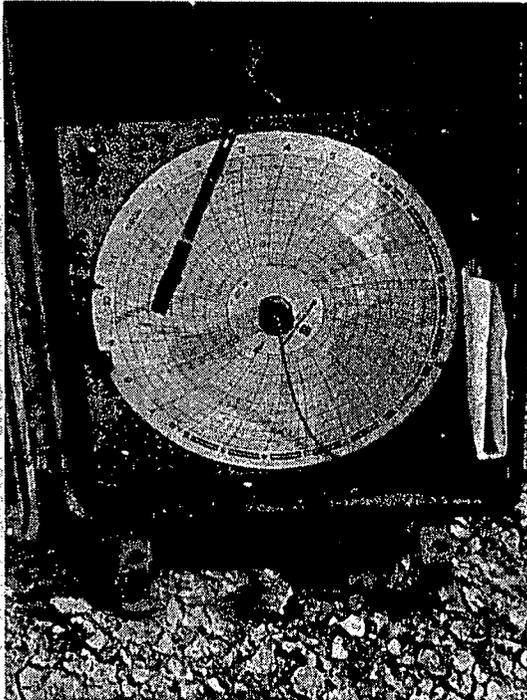
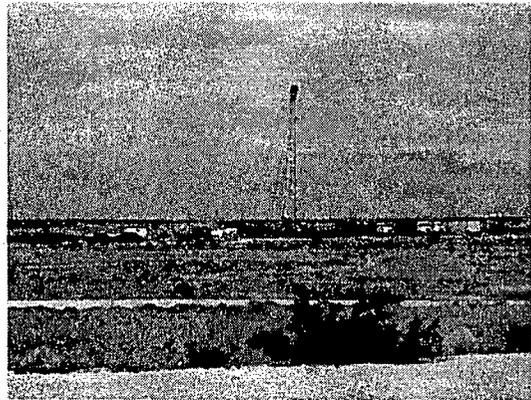
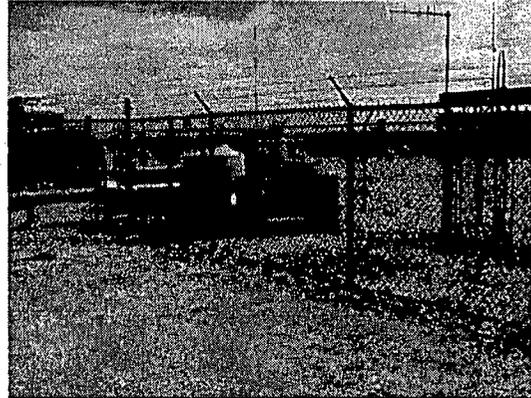


Chart recorder during pressure up w/
calibration sheet



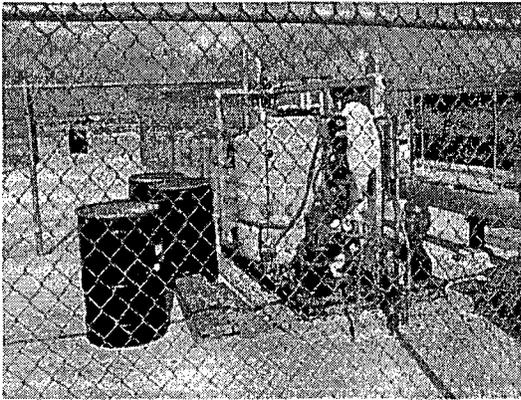
Noticed either new or well workover in
progress NW of disposal well



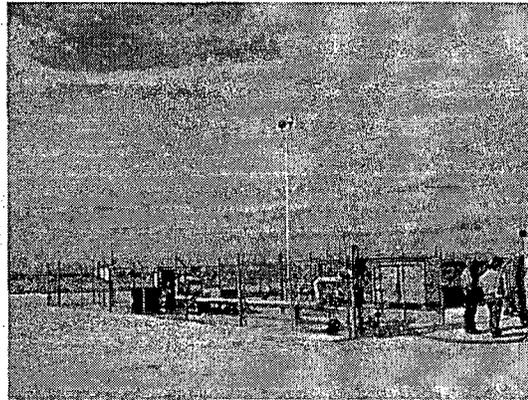
WAMs Unit w/ ethylene glycol drums
sitting on ground



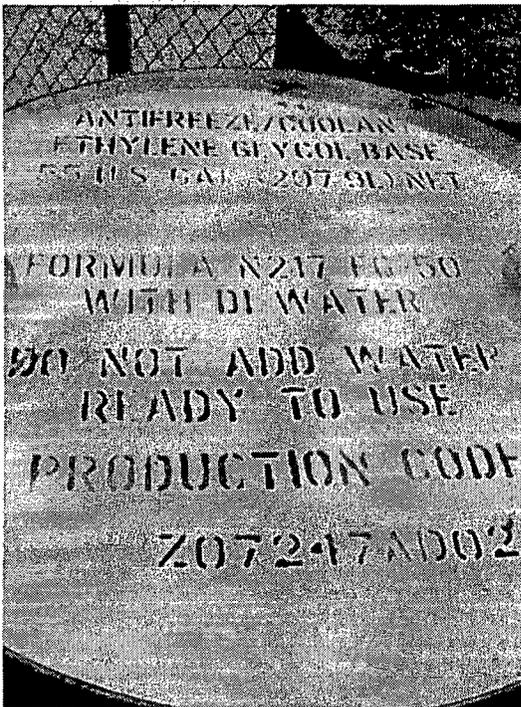
Line pressure gauges ~ 1300 psi injection
pressure during MIT



Drums on ground near WAMs Unit



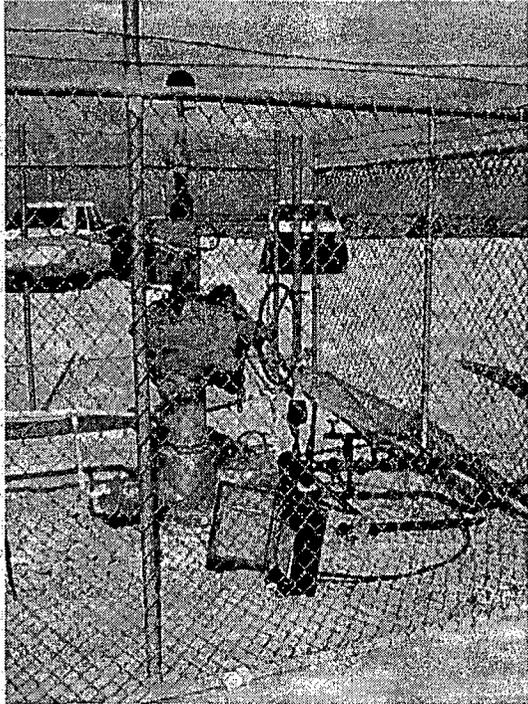
Fenced facility w/ lighting 24/7



Close-up ethylene glycol drum



Hot Oil Truck



Standard annulus pressure test MIT under dynamic condition



Trash drum

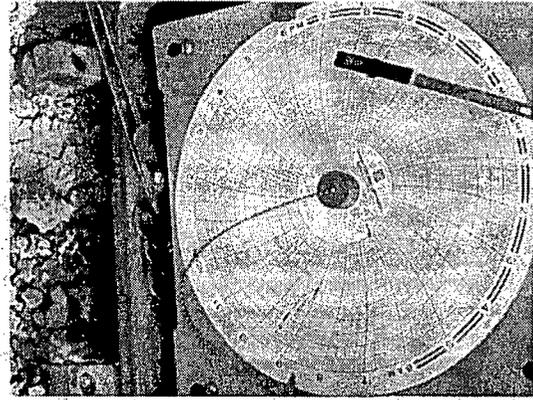
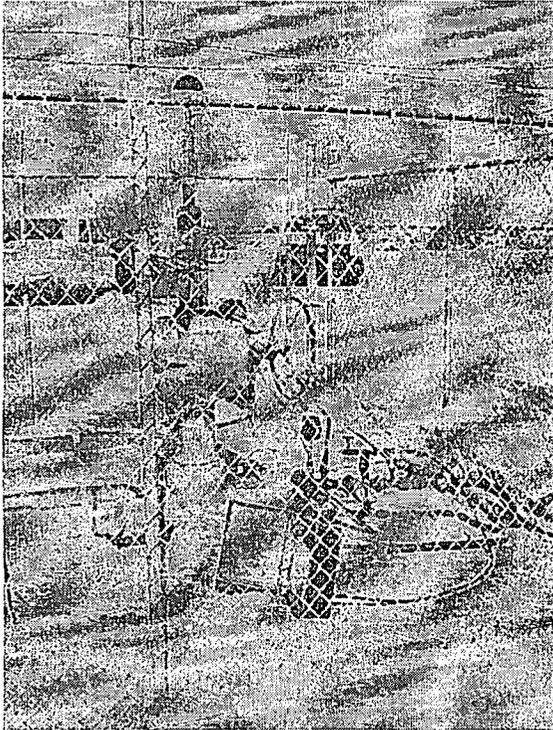


Chart recorder at end of MIT

Notes:

- 1) Passed standard annulus pressure MIT (Start @ 575 psig & End @ 580 psig) over 30 minutes.
- 2) AFE submitted to replace ½ inch dia. piping w/ 1 inch or greater- safety and breakage concerns.
- 3) Operator indicated WAMs fluid level ok (no loss or addition of ethylene glycol).
- 4) Drums containing chemicals need to be stored in impermeable pad area or removed from facility.



Standard annulus pressure test MIT under dynamic condition



Trash drum

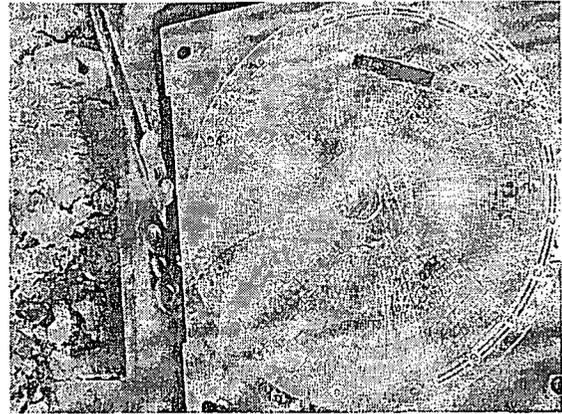


Chart recorder at end of MIT

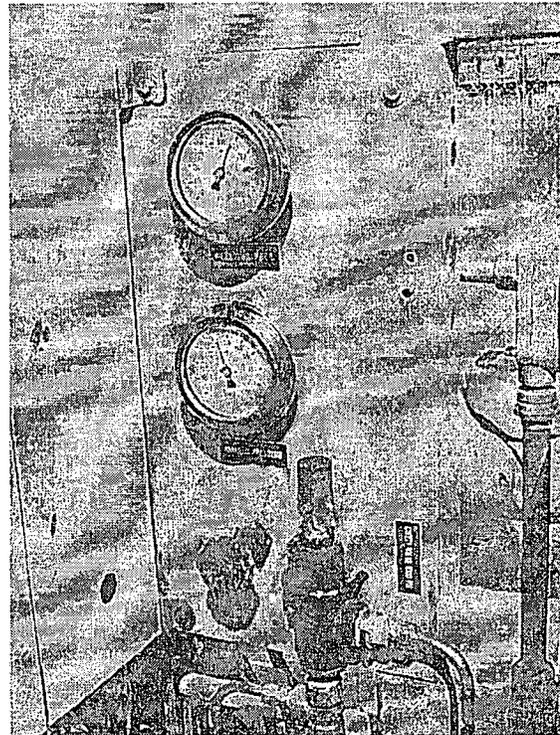
Notes:

- 1) Passed standard annulus pressure MIT (Start @ 575 psig & End @ 580 psig) over 30 minutes.
- 2) AFE submitted to replace ½ inch dia. piping w/ 1 inch or greater- safety and breakage concerns.
- 3) Operator indicated WAMs fluid level ok (no loss or addition of ethylene glycol).
- 4) Drums containing chemicals need to be stored in impermeable pad area or removed from facility.

WDW-2 Inspection & MIT (8/14/2009)



Well sign w/ security fence and lighting
24/7



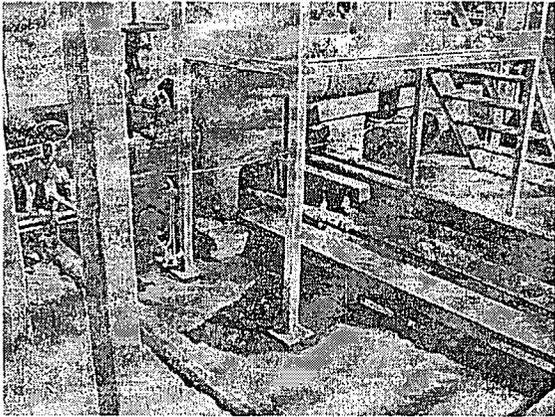
Injection well pressure monitoring station



WAMs Unit annulus fluid level monitoring
device for OCD UIC Class I Wells



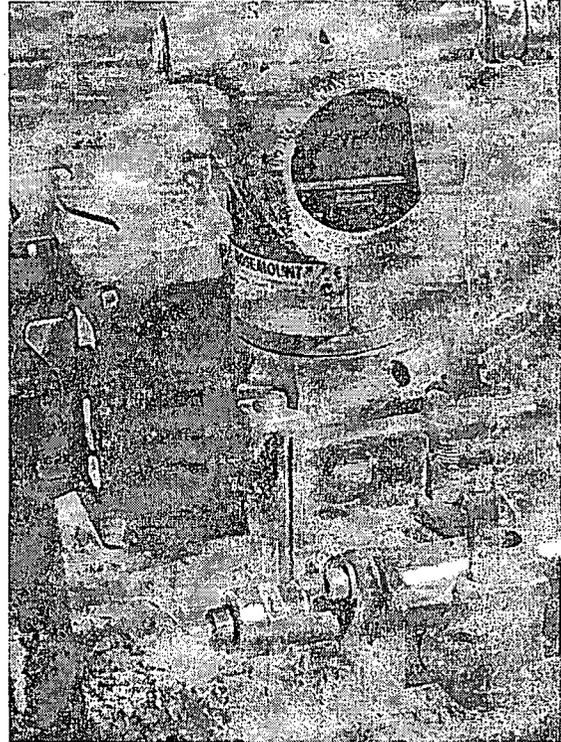
WAMs Unit close-up w/ manometer



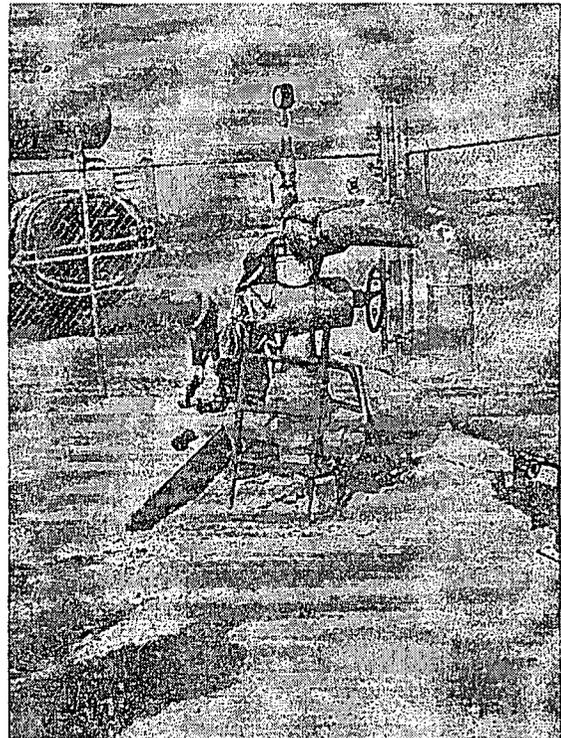
Impermeable curb in process area



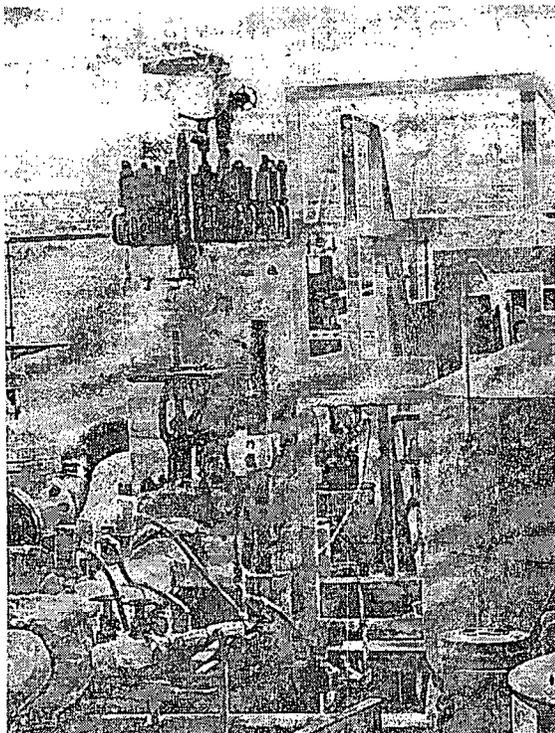
Ethylene glycol fluid needs to be stored on impermeable pad area



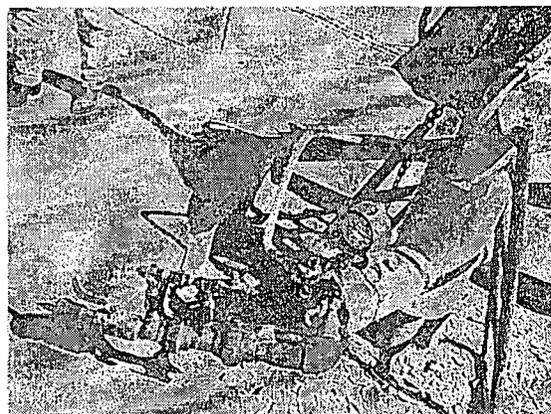
Electronic in-line flow rate monitor gauge



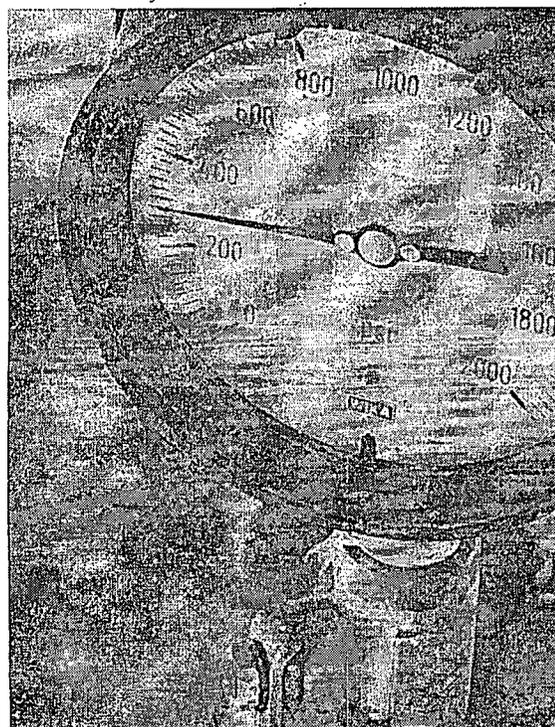
Wellhead w/ Hot Oil Operator preparing to install chart recorder for MIT



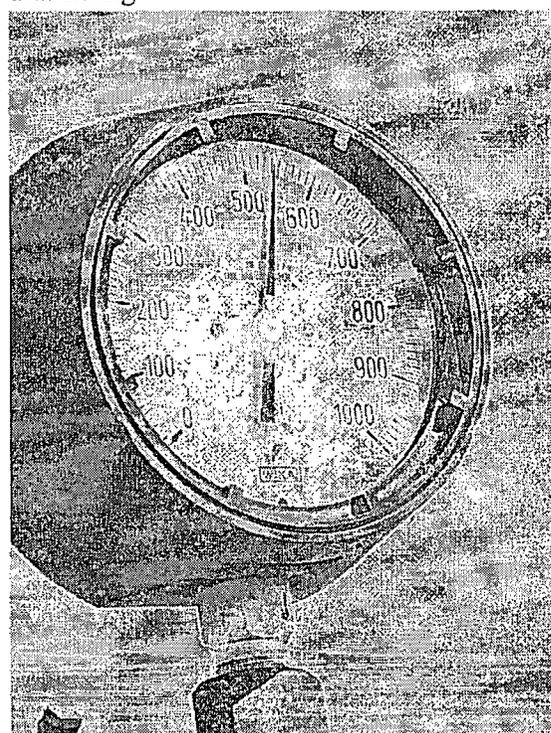
Filtration system before injection w/ boxes for O&M by workers



Connection to annulus through small 1/2 inch dia. fitting



Pressure gauge reading ~300 psig pre-MIT



Annulus pressure gauge reading ~ 535 psig during MIT

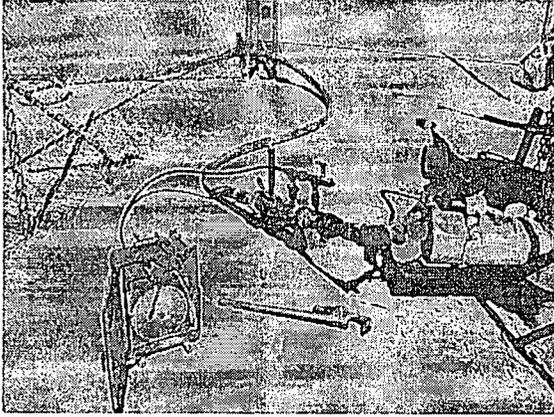
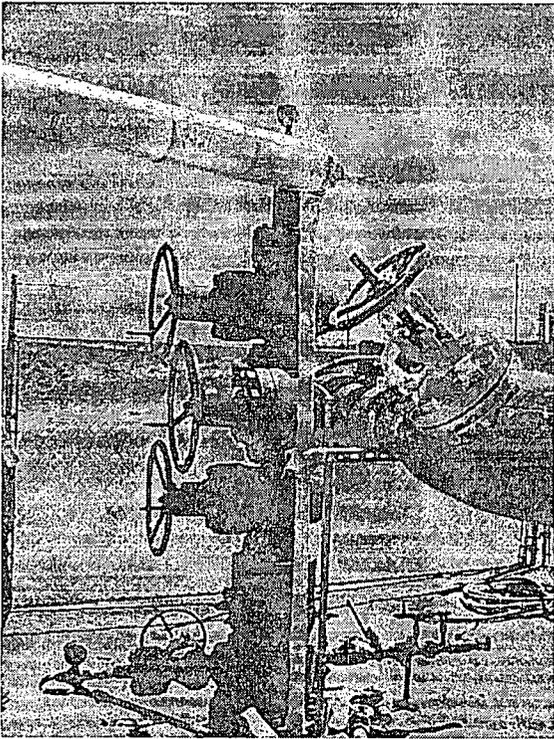
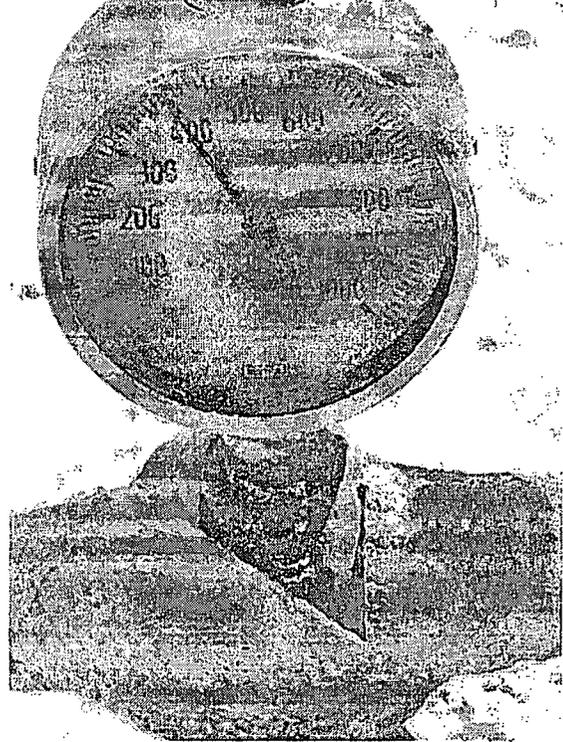


Chart recorder set-up w/ valve arrangement. Operator wants to replace 1/2 inch line with 1 inch or greater diameter size due to pressure on small line and breakage concerns during MITs.



Wellhead w/ blow-out preventers



Another in-line pressure gauge reading during pressure up pre-MIT

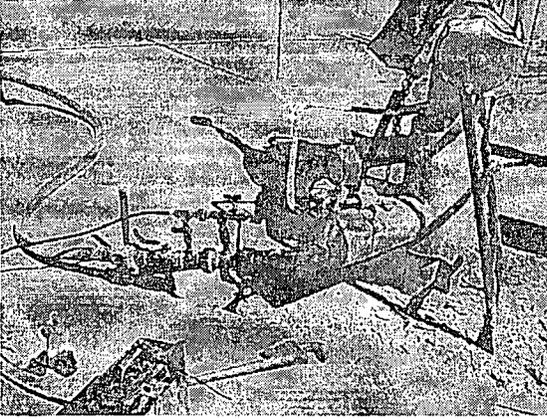
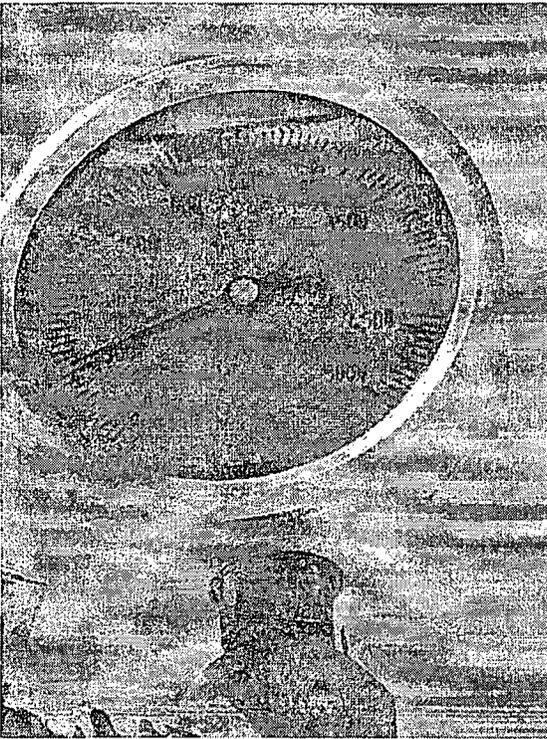


Chart recorder setup w/ valve arrangement

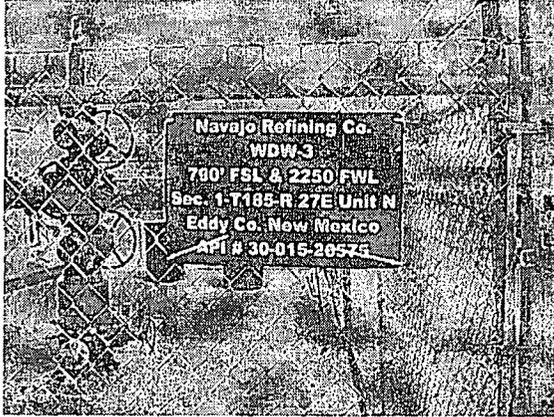


Annulus pressure increasing during pressure up on annulus pre-MIT

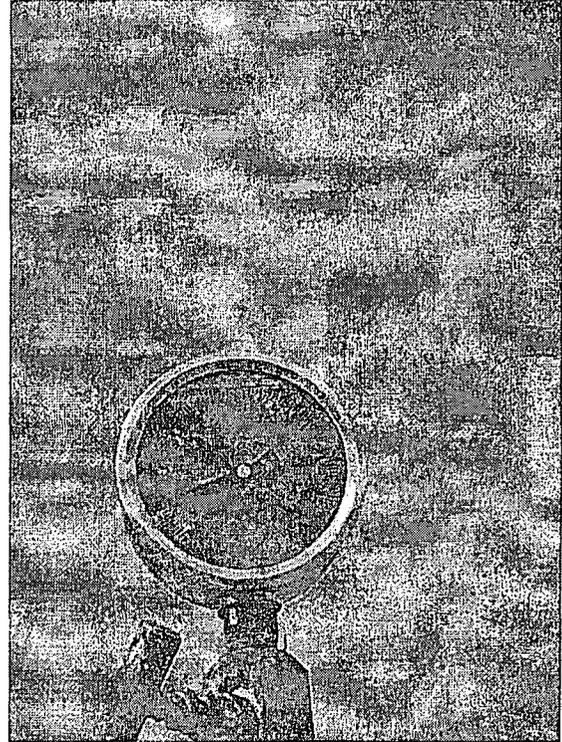
- 1) Passed standard annulus pressure MIT (Start @ 525 psig & End @ 520 psig) over 30 minutes.
- 2) Operator indicated WAMs fluid level ok (no loss or addition of ethylene glycol).
- 3) Drums containing chemicals need to be stored in impermeable pad area or removed from facility.

Notes:

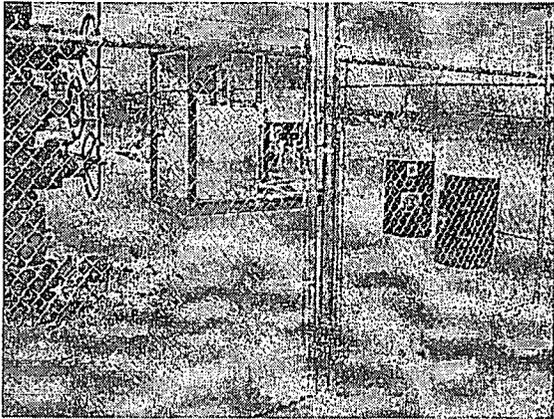
WDW-3 Inspection & MIT (8/14/2009)



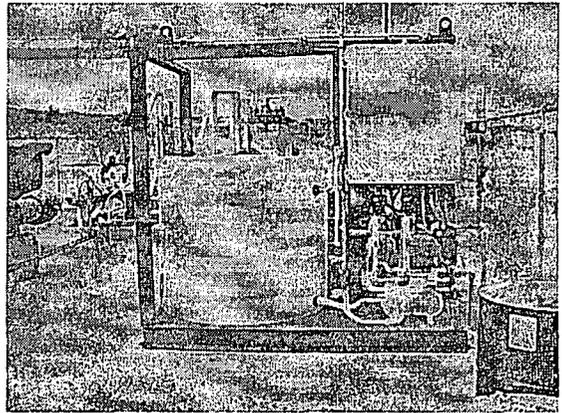
UIC Class I Well WDW-3 sign w/ security fence and lighting 24/7.



Annulus pressure gauge at top of well casing reading ~ 500 psig during pressure up on annulus



WAMs Unit near wellhead w/ drums of ethylene glycol not stored in impermeable area



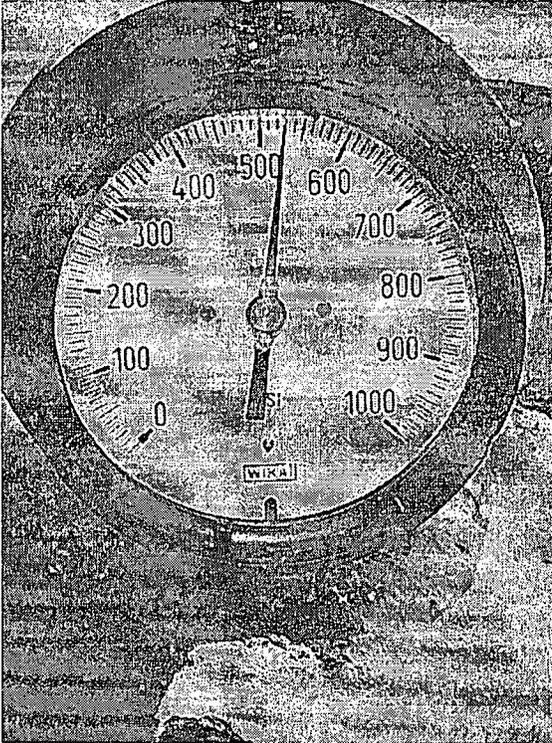
WAMs unit w/ overhead piping to wellhead looking E



Wellhead from a distance looking SE



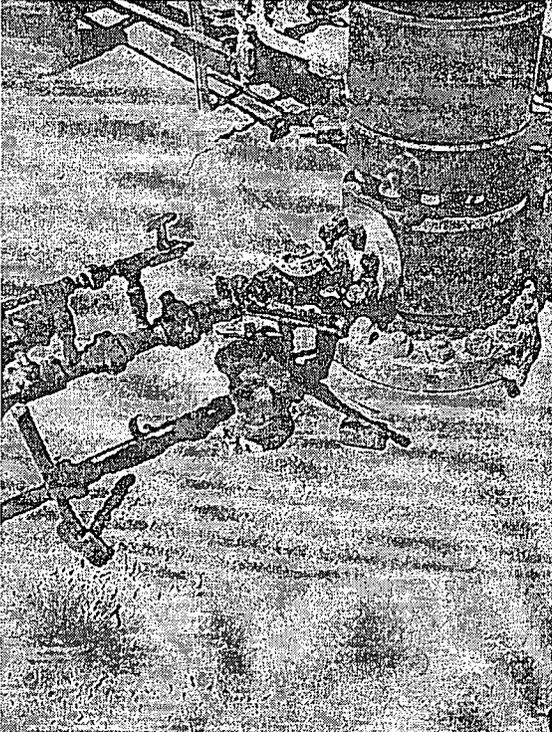
WAMs Unit fluid loss ~ 10gal/mo.



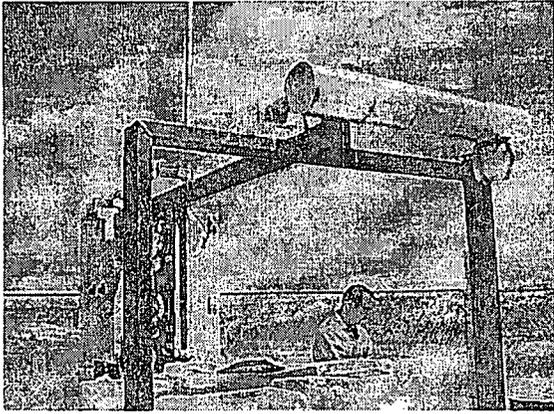
Another pressure gauge during MIT at ~ 530 psig



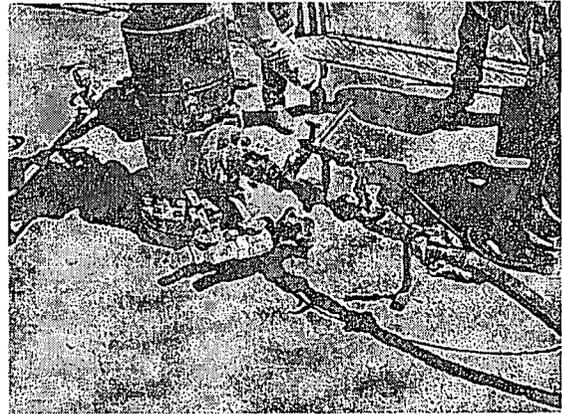
Annulus pressure gauge during MIT at ~530 psig



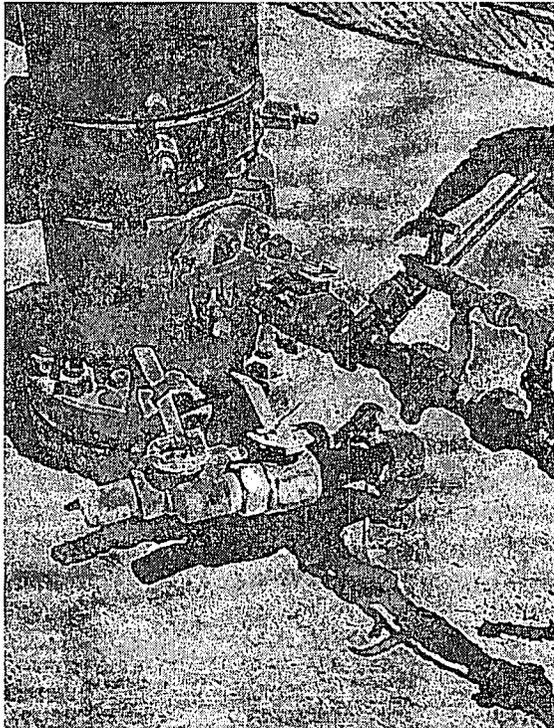
Rusty fittings near wellhead pinhole leak(s)?



WAMs Unit overhead piping into wellhead annulus w/ no apparent leakage observed



Hot Oil fluid pressure up on annulus w/ valve configuration during MIT



Operator wants to replace $\frac{1}{2}$ inch nipple w/ at least 1 inch over breakage concerns and high pressure on small diameter pipe during the MITs, etc.

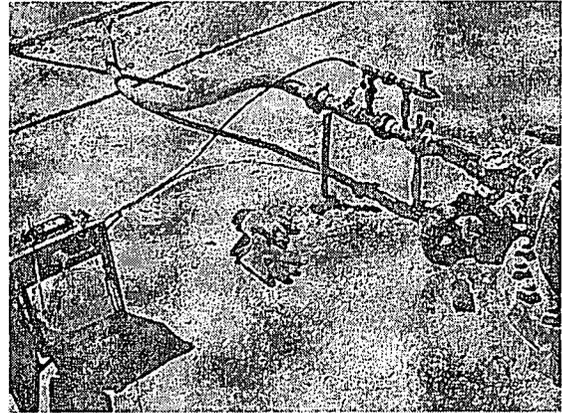
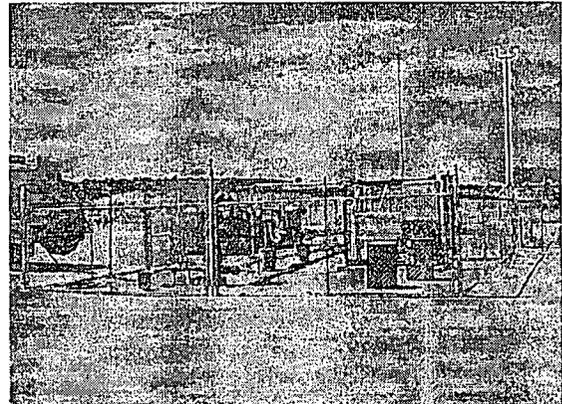
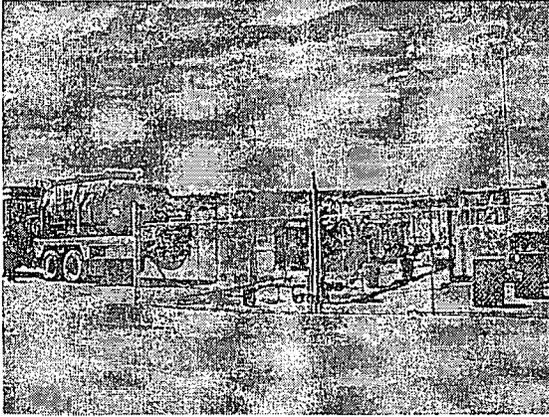


Chart recorder setup for test



Looking E across fenced and lighted facility w/ ethylene glycol drums stored on ground.



Hot Oil truck setup for MIT

Notes:

- 1) MIT passed (Start @ 560 psig w/
End @ 540 psig) on 8/14/2009.
- 2) MIT system integrity concerns about
WAMs Unit & ethylene glycol
leakage somewhere in the system.
No discernable stains, leaks have
been observed at surface. Company
called "300 PSI" performed (~ 2006)
a proprietary sealant leak application
from surface to 1000 ft. and from ~
7000 ft. to near top of perforated
interval.
- 3) Need to test all surface lines, valves,
etc. for pinhole leakage and proceed
into well if leak not found in surface
piping.
- 4) Drums need to be stored in the
impermeable pad area.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, July 01, 2011 8:48 AM
To: 'Lackey, Johnny'; 'Moore, Darrell'
Cc: Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD
Subject: FW: UICI-8 MIT Explanation Due
Attachments: UICI-8 MIT Explanation Due

Johnny and Darrell:

Good morning. The OCD has not received a response to its request for a signed PE opinion on the anomalous differential annulus pressures occurring in WDWs 1, 2 and 3. At the 7/31 meeting in Santa Fe OCD requested this information by COB on 6/10. Was this sent? If not, when can Navajo Refining Company have its down hole PE Expert provide an opinion for OCD review?

Also, OCD requested a response to the annual Fall-Off Test (FOT) performed in 2010 related to your request for a reduced FOT schedule for the aforementioned WDWs. The response was expected by 6/30 or early July 2011 (5/31 Mtg. in Santa Fe). When can OCD expect to receive this?

Please contact me if you have questions. Thank you.

File: OCD Online WDWs "Annual Report" and "FOT" Thumbnails

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>

"Why not Prevent Pollution; Minimize Waste; Reduce the Cost of Operations; & Move Forward with the Rest of the Nation?" To see how, go to "Pollution Prevention & Waste Minimization" at: <http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>)

Chavez, Carl J, EMNRD

Subject: FW: OCD/NMED Mtg
Location: Santa Fe

Start: Tue 5/31/2011 10:00 AM
End: Tue 5/31/2011 12:00 PM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Lackey, Johnny

Johnny Lackey, et al.:

Re: Today's Meeting Summary

The New Mexico-Oil Conservation Division (OCD) would like to thank the Navajo Refining Company and New Mexico Environment Department for participating in the meeting this morning. OCD Director Bailey was pleased to be able to meet you and requested a briefing of the meeting.

I'm writing to provide a basic summary and/or briefing of the meeting based on the agenda (see below) and other items that were discussed based on our communication this morning.

Agenda

A. Recovery System Upgrade

1. Project Scope
2. Drawings
3. Completion Schedule

B. Underground Line Testing

1. Status
2. Percentage Tested in 2010 (Lovington & Artesia)
3. Praxair Methods
 - a. Long Range Guided Wave Ultrasonic Pipe Screening
 - b. Tracer Tight Pipeline Testing
 - c. Navajo Requests OCD approval to utilize both methods for Underground line testing in lieu of hydrotesting.

C. Injection Wells Fall Off Test Requirements (Any decision on one well per year?)

1. One well per year
2. All 3 wells inject into the same formation
3. View graph

Agenda Briefing:

A) Recovery System Upgrade:

OCD responded to the phase separated hydrocarbon recovery system report in March of 2011. The only changes to the original report were: Double walled tanks will be singled walled and set into fiberglass tubs for secondary containment. OCD requested to know if there were other changes from the original report that was reviewed by the OCD and NMED? The June 2011 deadline for completion of Phase I was moved back to December 15, 2011.

OCD requested that Navajo Engineers review the pipeline specs submitted by the consultant to ensure that lines (similar to last design that failed) are of proper size to allow pumps to operate efficiently etc. Also, Navajo indicated that the lines would be accessible during clean-outs when scale blocks flow and is required to be removed to maintain flow rates over time.

Issue: 24 hr. shut-down notification issues when system shut-down due to weather conditions and/or when product recovery wells automatically shut-off due to lack of product of specified thickness. Also, there may be periods of no flow even though the OCD expects flow to occur 24/7 for 365 days per year. There may be segments of the recovery system that go down periodically for more than 24 hours and/or the system may be shut-in due to weather conditions. The tanks are not insulated. OCD requires notification when the above occurs, and if the agencies notice the system is ineffective by the quarterly or annual reporting requirements, then corrective actions to the system must be undertaken. Thus, free-phase recovery well analysis will not be needed at each recovery well location with product.

Recent MW-94 product discovery in well shall be included in Phase I.

NMED and OCD were ok with Navajo moving forward with its Phase I, II and III Plans.

B) Underground Line Testing:

The 14 pipelines that are considered arteries to the refining process and would result in shutting-down units within the refinery to MIT the lines with water must be submitted to the OCD with identification and corresponding units. The refinery would like to use the Prax-Air Tracer Test and Ultrasonic Wave Technology on buried metal lines to identify corrosion spots within the line per Prax-Air QA/QC wall thickness methods and will conserve on water use at the facility. OCD will address this request upon receipt of the line information and communicate with Navajo on an acceptable approach to monitoring and replacement of identified corroded lines in the process. The benefit of the process is that all 14 lines could be tested at one time and during the Prax-Air Tracer Method for the above ground tank leak detection method.

C) Injection Well/Fall-Off Tests (FOTs):

1) OCD requests a Certified PE down-hole analysis from the recent 2010 Fall-Off Tests that supports Navajo's request for reduced FOTing on wells on wells seated in the same injection zone and that are shown to be connected by pressure differentials of offset Class I Wells during the FOT. By Federal Law, all UIC Class I Wells must undergo a FOT annually. WDWs 2 and 3 are within 1/2 mile of each other, but are over a mile away from WDW-1. OCD noticed that no professional analysis of the bottom-hole pressure data from off-set UIC Class I Wells was provided in the FOT reports for WDWs 1, 2, and 3. Navajo indicated that their down-hole consultant should have an analysis prepared and submitted to the OCD by June 30th or early July 2011.

2) OCD requested that a Certified PE provide an opinion on the variable annulus pressure observed in WDWs 1, 2 and 3 to determine why annulus pressure is oscillating in the wells. Navajo indicated that instrument calibrations and pump stabilizations have been undertaken to prevent the fluctuating annulus pressure from occurring in the wells. Also, Navajo noted that during MITs on the wells, they passed and bradenhead tests were also performed that passed. OCD indicated that the 30 min. MIT is a snap shot in time of well's MIT and that the oscillating annulus pressures should not be occurring, but that an expert opinion or analysis was needed for the OCD and EPA to consider based on the phenomena. Navajo will have a signed certified PE analysis with an opinion to the OCD by COB on 6/10/2011.

Miscellaneous:

The OCD requested a new pipeline MIT procedure and report format for the new fiberglass effluent line from the refinery to the 2 UIC Class I (Non-Hazardous) disposal wells east of the refinery. The OCD received the recent MIT charts, but a procedure and report format with conclusions was not submitted for review by the OCD. Therefore, similar to past pipeline MIT reports from Navajo Refining Company's Consultant, the OCD needs to receive a report that summarizes the process with diagrams with any conclusions by the third-party consultant to ensure that an independent expert certifies that the MIT passed the test. Please submit the new procedure with report outline to the OCD by September 1, 2011.

The RO Reject effluent allowed for good cause by the OCD in the past is in questions based on recent annual reporting of the quality of the effluent. OCD noted from the annual report that Iron and Sulfates were exceeding 20.6.2 NMAC. Why did OCD allow the discharge onto the farm fields? OCD believes the data may have warranted the discharge at the time, but recent sampling indicates exceedances that violate the discharge permit. NMED is reviewing the recent Annual Report and will work with OCD on the response letter to give Navajo some guidance going forward to assess any impacts to ground water, etc. Navajo is looking into any process change that may have elevated the sulfate in the reject water and

May 31, 2011

NMED/OCD Meeting Agenda

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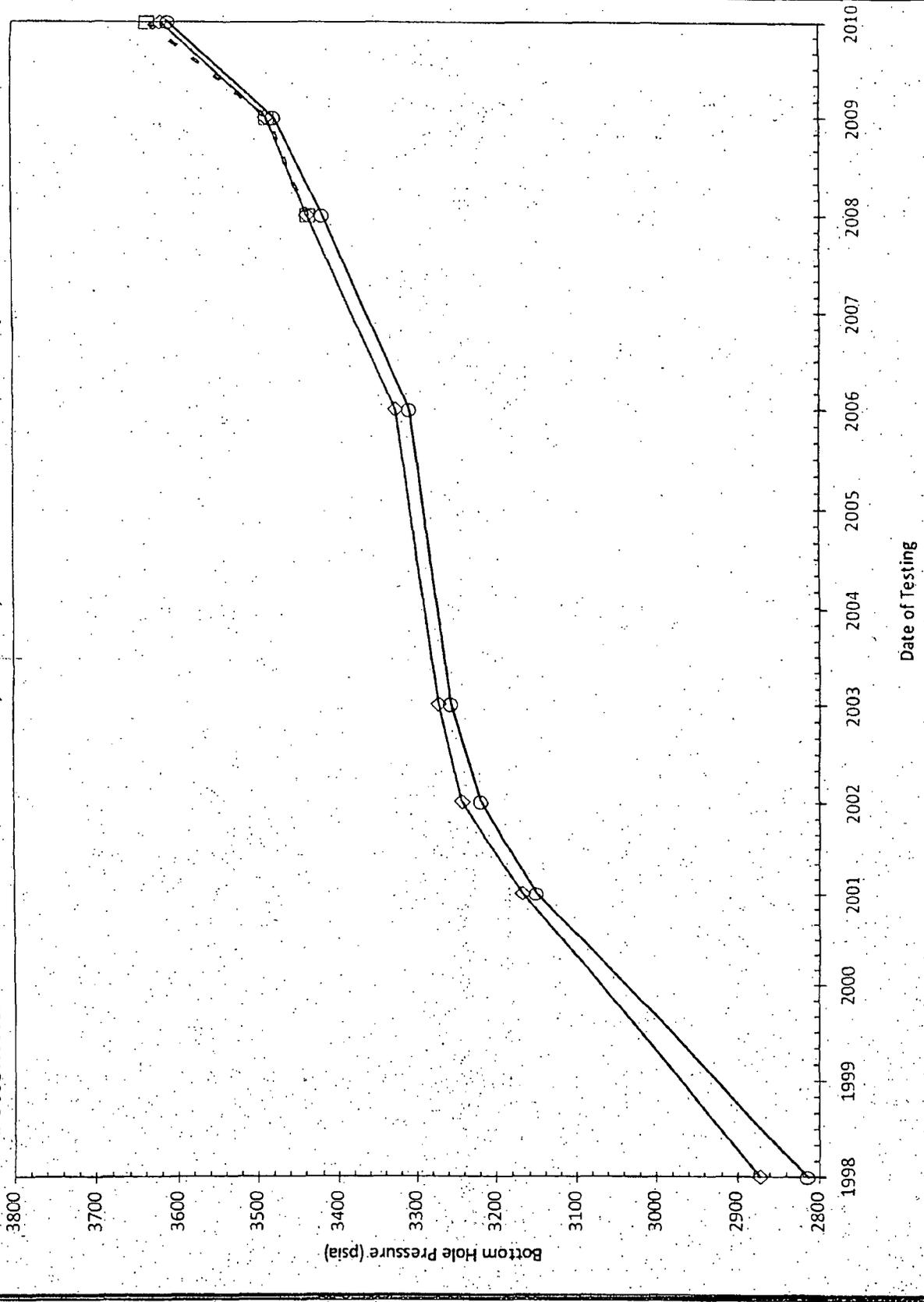
C. Injection Wells Fall Off Test Requirements (Any decision on one well per year?)

1. One well per year
2. All 3 wells inject into the same formation
3. View graph

A brief PowerPoint presentation during discussion

Fall Off Test

Bottom Hole Pressure for Mewbourne, Chukka, and Gains at Datum Depth of 7660 feet



The previous graph shows clearly that all three wells are in communication and supports Navajo's position that performing one fall off test per year is sufficient.

Discuss State's concerns

FIGURE 1
2010 SUMMARY OF QUARTERLY MONTHLY INJECTION PRESSURES, RATES, AND VOLUMES

	Average Pressure (psig)	Maximum Pressure (psig)	Minimum Pressure (psig)	Average Flow (gpm)	Maximum Flow (gpm)	Minimum Flow (gpm)	Average Annular Pressure (psig)	Maximum Annular Pressure (psig)	Minimum Annular Pressure (psig)	Average Volume (bpd)	Maximum Volume (bpd)	Minimum Volume (bpd)	Volume (barrels)	TOTAL CUMULATIVE Volume (barrels)
WDW-1														
1st qtr	597	686	569	149	274	131	169	268	46	5,108	9,401	4,478	158,333	27,647,056
Feb-10	582	627	429	134	145	109	206	407	99	4,578	4,971	3,737	128,195	27,933,584
Mar-10	605	636	587	131	135	125	414	528	271	4,492	4,638	4,286	139,254	28,072,838
Apr-10	605	653	517	127	135	112	343	535	203	4,364	4,611	3,846	135,279	28,208,117
May-10	548	659	366	130	139	111	462	592	245	4,472	4,749	3,792	138,633	28,346,751
Jun-10	532	622	297	131	136	126	315	456	214	4,493	4,661	4,303	134,777	28,481,528
Jul-10	615	765	387	129	136	99	442	585	182	4,412	4,668	3,348	136,768	28,618,296
Aug-10	644	766	352	130	133	125	313	376	255	4,442	4,554	4,293	137,695	28,755,991
Sep-10	691	691	691	130	130	130	425	425	425	4,460	4,460	4,460	133,791	28,889,783
Oct-10	684	777	628	128	142	124	242	366	77	4,385	4,655	4,263	135,942	29,025,724
Nov-10	641	693	280	121	129	76	137	298	15	4,140	4,430	2,616	124,193	29,150,917
Dec-10	634	748	283	115	140	71	420	650	209	3,960	4,814	2,431	122,746	29,273,663
All 2009	615	777	280	130	274	71	316	650	15	4,442	9,401	1,625,608	1,625,608	29,272,663
WDW-2														
1st qtr	605	625	560	149	153	142	210	346	128	5,122	5,252	4,682	158,777	14,263,448
Feb-10	568	625	442	145	149	130	346	530	287	4,863	5,097	4,465	138,969	14,402,416
Mar-10	624	650	508	145	153	142	499	616	360	4,988	5,240	4,657	154,835	14,577,051
Apr-10	660	672	502	142	145	128	442	652	251	4,854	4,988	4,404	150,481	14,727,532
May-10	648	668	583	135	142	123	396	551	252	4,630	4,866	4,227	143,524	14,871,056
Jun-10	647	679	401	138	143	135	322	537	124	4,735	4,869	4,625	142,053	15,013,110
Jul-10	688	709	681	140	141	138	387	608	182	4,785	4,824	4,736	146,279	15,159,388
Aug-10	684	795	469	139	150	118	349	727	197	4,753	5,153	4,050	142,598	15,301,727
Sep-10	639	713	150	136	141	98	482	780	175	4,650	4,843	3,368	144,147	15,445,875
Oct-10	628	707	279	133	138	96	291	576	130	4,565	4,733	3,300	136,954	15,582,829
Nov-10	591	683	293	133	142	105	503	728	267	4,545	4,852	3,601	140,808	15,723,637
Dec-10	634	926	150	139	153	96	460	780	124	4,776	5,252	3,300	147,643	15,871,280
All 2009	614	637	372	199	208	183	262	357	223	6,828	7,120	6,275	211,672	4,558,320
1st qtr	587	639	422	200	212	170	320	403	251	6,871	7,275	5,834	192,376	4,750,696
Feb-10	633	657	570	209	217	187	379	529	236	7,171	7,445	6,406	222,303	4,973,000
Mar-10	635	668	507	204	217	184	371	538	263	7,004	7,452	6,314	217,122	5,190,122
Apr-10	620	686	460	169	195	128	324	448	263	5,807	6,578	4,374	160,017	5,350,139
May-10	655	679	586	179	187	154	338	435	251	6,139	6,402	5,287	154,985	5,505,124
Jun-10	657	705	366	179	189	159	323	460	104	6,126	6,490	5,484	169,917	5,675,041
Jul-10	694	712	678	179	182	174	304	412	154	6,144	6,253	5,953	190,453	5,865,494
Aug-10	663	727	279	179	189	168	264	427	9	6,154	6,497	5,764	184,619	6,050,113
Sep-10	687	790	275	189	211	161	258	424	10	6,490	7,248	5,516	201,128	6,251,241
Oct-10	665	724	284	186	193	180	227	356	137	6,353	6,527	6,167	190,880	6,442,121
Nov-10	630	696	285	185	194	146	338	462	197	6,329	6,650	4,987	186,195	6,628,316
Dec-10	645	790	275	188	217	128	311	624	9	6,452	7,452	4,374	236,915	6,865,231
All 2009	614	637	372	199	208	183	262	357	223	6,828	7,120	6,275	211,672	4,558,320
1st qtr	587	639	422	200	212	170	320	403	251	6,871	7,275	5,834	192,376	4,750,696
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1st qtr	587	639	422	200	212	170	320	403	251	6,871	7,275	5,834	192,376	4,750,696
Feb-10	633	657	570	209	217	187	379	529	236	7,171	7,445	6,406	222,303	4,973,000
Mar-10	635	668	507	204	217	184	371	538	263	7,004	7,452	6,314	217,122	5,190,122
Apr-10	620	686	460	169	195	128	324	448	263	5,807	6,578	4,374	160,017	5,350,139
May-10	655	679	586	179	187	154	338	435	251	6,139	6,402	5,287	154,985	5,505,124
Jun-10	657	705	366	179	189	159	323	460	104	6,126	6,490	5,484	169,917	5,675,041
Jul-10	694	712	678	179	182	174	304	412	154	6,144	6,253	5,953	190,453	5,865,494
Aug-10	663	727	279	179	189	168	264	427	9	6,154	6,497	5,764	184,619	6,050,113
Sep-10	687	790	275	189	211	161	258	424	10	6,490	7,248	5,516	201,128	6,251,241
Oct-10	665	724	284	186	193	180	227	356	137	6,353	6,527	6,167	190,880	6,442,121
Nov-10	630	696	285	185	194	146	338	462	197	6,329	6,650	4,987	186,195	6,628,316
Dec-10	645	790	275	188	217	128	311	624	9	6,452	7,452	4,374	236,915	6,865,231
All 2009	614	637	372	199	208	183	262	357	223	6,828	7,120	6,275	211,672	4,558,320
1st qtr	587	639	422	200	212	170	320	403	251	6,871	7,275	5,834	192,376	4,750,696
Feb-10	633	657	570	209	217	187	379	529	236	7,171	7,445	6,406	222,303	4,973,000
Mar-10	635	668	507	204	217	184	371	538	263	7,004	7,452	6,314	217,122	5,190,122
Apr-10	620	686	460	169	195	128	324	448	263	5,807	6,578	4,374	160,017	5,350,139
May-10	655	679	586	179	187	154	338	435	251	6,139	6,402	5,287	154,985	5,505,124
Jun-10	657	705	366	179	189	159	323	460	104	6,126	6,490	5,484	169,917	5,675,041
Jul-10	694	712	678	179	182	174	304	412	154	6,144	6,253	5,953	190,453	5,865,494
Aug-10	663	727	279	179	189	168	264	427	9	6,154	6,497	5,764	184,619	6,050,113
Sep-10	687	790	275	189	211	161	258	424	10	6,490	7,248	5,516	201,128	6,251,241
Oct-10	665	724	284	186	193	180	227	356	137	6,353	6,527	6,167	190,880	6,442,121
Nov														



REFINING COMPANY, LLC

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(575) 746-5481 TRUCKING
(575) 746-5458 PERSONNEL

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ARTESIA, NEW MEXICO 88211-0159
TELEPHONE (575) 748-3311

FAX

(575) 746-5419 ACCOUNTING
(575) 746-5451 ENV/PURCH/MKTG
(575) 746-5421 ENGINEERING

July 29, 2011

Mr. Carl Chavez
NM Oil Conservation Division
Environmental Bureau
1220 S. St. Francis
Santa Fe, NM 87505-5472

**RE: 2011 Second Quarter Injection Report for Wells WDW-1, WDW-2 and WDW-3
Navajo Refining Company, L.L.C.**

Dear Mr. Chavez,

Enclosed, please find the sampling results for the second quarter of 2011 from the injected fluids and a spread sheet showing various volumes and pressures as requested in your October 6, 1999 letter. You will notice that the annular pressure on the wells continues to vary unpredictably. This is due to the wide range of temperatures we are seeing at the wells. A better gauge to determine if the tubing is leaking is a volume measurement of the fluid in the annular space via the graduated tanks located at the well head. The volumes for these three tanks are reported in the attached Well Annulus Measurement System (WAMS) table. We track this fluid level and have found it to be dropping at a very slow rate in WDW-3. We are closely monitoring the fluid level for this well. The annular space also dropped at WDW-2 during the first week of June; however there were several small leaks on the stainless steel tubing near the antifreeze pump and gauges that were repaired during that timeframe. We are working with a third party to have annulus pressure tests performed on the wells per your request. A Mechanical Integrity Test (MIT) on all the wells was last done on August 12, 2010 and a quarterly Bradenhead for WDW-3 was last done on June 29, 2011. All of the wells passed. The quarterly Bradenhead on WDW-3 is per Carl Chavez's email of December 9, 2009 to Darrell Moore.

This report covers the period from April 1, 2011 to June 30, 2011. We have disposed a total of 54,937,906 barrels of fluid into the three wells as of June 30, 2011. The volume per well is:

- 30,275,471 barrels into WDW-1
- 16,823,737 barrels into WDW-2
- 7,838,697 barrels into WDW-3

This report is signed and certified in accordance with WQCC section 5101.G. If there are any questions, please call me at 575-748-3311.

Respectfully,

Michael McKee
Vice-President, Navajo Refinery

Electronic cc (w/enc.): DGM, JEL, AMS
Environmental File: Navajo: (ART, REF - 4 A 02 D)

An Independent Refinery Serving
NEW MEXICO • ARIZONA • WEST TEXAS • NORTHERN MEXICO

2011 SECOND QUARTER WEEKLY WAMS LEVEL TABLE

	4/5/11	4/11/11	4/18/11	4/25/11	5/2/11	5/9/11	5/16/11	5/24/11	5/31/11	6/6/11	6/13/11	6/20/11	6/28/11
WDW -1'	180	180	180	175	175	175	175	175	175	175	175	175	175
WDW-2'	180	180	180	180	180	180	180	180	180	150	150	150	150
WDW-3'	155	155	155	150	150	150	150	150	150	150	150	150	150

Comments: Several small antifreeze leaks near the antifreeze pump and gauges were repaired at WDW-2 during the first week of June. These leaks were repaired by replacing stainless steel tubing and fittings.

¹ Graduated tank gauged weekly in the field. Reading is in gallons.

Chavez, Carl J, EMNRD

From: Moore, Darrell [Darrell.Moore@hollyfrontier.com]
Sent: Friday, July 01, 2011 3:13 PM
To: Chavez, Carl J, EMNRD; Lackey, Johnny
Cc: Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD
Subject: RE: UICI-8 MIT Explanation Due

Carl

Subsurface was here at the plant this week running APT tests on the wells. Those results, along with the PE certification, should be to you during the middle of July. We are shooting for the same time frame for the FOT follow-up since the same people (Subsurface) are doing that.

Due to Subsurface's schedule, that's the soonest we could get all this done.

From: Chavez, Carl J, EMNRD [<mailto:CarlJ.Chavez@state.nm.us>]
Sent: Friday, July 01, 2011 8:48 AM
To: Lackey, Johnny; Moore, Darrell
Cc: Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD
Subject: FW: UICI-8 MIT Explanation Due

Johnny and Darrell:

Good morning. The OCD has not received a response to its request for a signed PE opinion on the anomalous differential annulus pressures occurring in WDWs 1, 2 and 3. At the /31 meeting in Santa Fe OCD requested this information by COB on 6/10. Was this sent? If not, when can Navajo Refining Company have its down hole PE Expert provide an opinion for OCD review?

Also, OCD requested a response to the annual Fall-Off Test (FOT) performed in 2010 related to your request for a reduced FOT schedule for the aforementioned WDWs. The response was expected by 6/30 or early July 2011 (5/31 Mtg. in Santa Fe). When can OCD expect to receive this?

Please contact me if you have questions. Thank you.

File: OCD Online WDWs "Annual Report" and "FOT" Thumbnails

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/index.htm>

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<http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>)

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, May 27, 2011 10:25 AM
To: 'Moore, Darrell'; Lackey, Johnny
Cc: Dade, Randy, EMNRD; Sanchez, Daniel J., EMNRD; Ezeanyim, Richard, EMNRD
Subject: RE: Annulus Pressures-Navajo Refining

Darrell:

The OCD is considering your reply as background information, but we do expect a Certified PE to provide the OCD with a bonafide opinion by COB on 6/10/2011.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau 1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: Carl.J.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
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<http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>)

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

From: Moore, Darrell [mailto:Darrell.Moore@hollycorp.com]
Sent: Friday, May 27, 2011 10:12 AM
To: Lackey, Johnny; Chavez, Carl J, EMNRD
Cc: Dade, Randy, EMNRD; Sanchez, Daniel J., EMNRD; Ezeanyim, Richard, EMNRD
Subject: Annulus Pressures-Navajo Refining

Carl

Navajo has also been concerned about the variations in annulus pressures. Not because we think anything is wrong with the wells mechanically.....but because the variations cause problems with our permit on the low end and can potentially unseat the packer if the pressure on the annulus is too high. As you know, each well has its own pumps on the well site that keep pressure on the annulus. What we were finding is that these pumps were kicking in and not shutting off when they were supposed to. When we bleed the annulus off to the desired range (100-300 psi) it stays there until the pumps kick back in. We have turned the pumps off for up to 72 hours to make sure there is no communication. Since it stays there, we KNOW the well still has mechanical integrity. If there was a hole in the tubing the annulus pressure wouldn't stay in that 100-300 range since we are putting 1000 psi on the tubing. Further, the wells have never failed an MIT.

To combat this problem, we are looking at new controls on each well that will hopefully keep the pressure on the annulus between 100 and 300 psi. The things we are looking at include radio communication back to the control room that will allow us to make adjustments from the control room. We have done some operational adjustments at the wells to try to keep the pressure on the annulus more stable. Although the sample is small, we are encouraged by the results we are seeing. I will bring a graph to our meeting on Tuesday that shows the annulus pressure on each well for the last two weeks.

There will ALWAYS be some variation due to temperature and other factors. But we are hopeful that we can hold it within the 100-300 psi range.

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

From: Lackey, Johnny [mailto:Johnny.Lackey@hollycorp.com]
Sent: Thursday, May 26, 2011 6:44 AM

To: Moore, Darrell
Subject: FW: OCD/NMED Mtg

Another followup before Tuesday.

Sent by Good Messaging (www.good.com)

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

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Thursday, May 26, 2011 06:57 AM Central Standard Time
To: Lackey, Johnny
Cc: Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD; Ezeanyim, Richard, EMNRD
Subject: RE: OCD/NMED Mtg

Johnny:

The OCD is very concerned about the variation in annulus pressures reported at WDWs 1, 2 & 3 in the Annual Report. Navajo seems to think it is temperature conditions?

The OCD hereby requests a detailed evaluation by your PE to provide a detailed explanation for the variation in annulus pressures occurring in these wells to ensure that the wells are not in failure mode. If a satisfactory explanation for the variable nature of the annulus pressures cannot be provided by Friday COB, June 10, 2011, the OCD may find the wells to be failing the MIT and corrective actions should begin to correct the problem.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau 1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/> <<http://www.emnrd.state.nm.us/ocd/>> index.htm "Why not Prevent Pollution; Minimize Waste; Reduce the Cost of Operations; & Move Forward with the Rest of the Nation?" To see how, go to "Pollution Prevention & Waste Minimization" at: <http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>)

-----Original Appointment-----

From: Lackey, Johnny [mailto:Johnny.Lackey@hollycorp.com]
Sent: Wednesday, May 25, 2011 5:38 PM
To: Whatley, Michael; Moore, Darrell; Chavez, Carl J, EMNRD; Cobrain, Dave, NMENV; Monzeglio, Hope, NMENV; jami.bailey@statenm.us; VonGonten, Glenn, EMNRD
Subject: OCD/NMED Mtg
When: Tuesday, May 31, 2011 10:00 AM-12:00 PM (GMT-07:00) Mountain Time (US & Canada).
Where: Santa Fe

Follow up meeting to discuss Navajo's Recovery System Project, Underground Line Testing and Injection Wells Fall Off Testing

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Chavez, Carl J, EMNRD

From: Whatley, Michael [Michael.Whatley@hollycorp.com]
Sent: Thursday, May 26, 2011 6:39 AM
To: Chavez, Carl J, EMNRD
Subject: RE: OCD/NMED Mtg

Thank You Carl – I'll work with Johnny to ensure the evaluation is completed.

MICHAEL WHATLEY
michael.whatley@hollycorp.com

From: Chavez, Carl J, EMNRD [<mailto:CarlJ.Chavez@state.nm.us>]
Sent: Thursday, May 26, 2011 5:58 AM
To: Whatley, Michael
Subject: FW: OCD/NMED Mtg

FYI.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/index.htm>

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<http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>)

From: Chavez, Carl J, EMNRD
Sent: Thursday, May 26, 2011 5:57 AM
To: 'Lackey, Johnny'
Cc: Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD; Ezeanyim, Richard, EMNRD
Subject: RE: OCD/NMED Mtg

Johnny:

The OCD is very concerned about the variation in annulus pressures reported at WDWs 1, 2 & 3 in the Annual Report. Navajo seems to think it is temperature conditions?

The OCD hereby requests a detailed evaluation by your PE to provide a detailed explanation for the variation in annulus pressures occurring in these wells to ensure that the wells are not in failure mode. If a satisfactory explanation for the variable nature of the annulus pressures cannot be provided by Friday COB, June 10, 2011, the OCD may find the wells to be failing the MIT and corrective actions should begin to correct the problem.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau

1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3490

Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/index.htm>

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<http://www.emnrd.state.nm.us/ocd/environmental.htm#environmental>)

-----Original Appointment-----

From: Lackey, Johnny [<mailto:Johnny.Lackey@hollycorp.com>]

Sent: Wednesday, May 25, 2011 5:38 PM

To: Whatley, Michael; Moore, Darrell; Chavez, Carl J, EMNRD; Cobrain, Dave, NMENV; Monzeglio, Hope, NMENV; jami.bailey@statenm.us; VonGonten, Glenn, EMNRD

Subject: OCD/NMED Mtg

When: Tuesday, May 31, 2011 10:00 AM-12:00 PM (GMT-07:00) Mountain Time (US & Canada).

Where: Santa Fe

Follow up meeting to discuss Navajo's Recovery System Project, Underground Line Testing and Injection Wells Fall Off Testing

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<< File: May 31 11 Meeting Agenda.doc >>

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, August 12, 2010 1:55 PM
To: 'Moore, Darrell'; Dade, Randy, EMNRD
Cc: Lackey, Johnny
Subject: RE: Mechanical Integrity Tests

Darrell:

OCD confirms that the annual MITs performed on WDW-1 (UICI-8) and WDW-2 (UICI-8-1) passed.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Moore, Darrell [<mailto:Darrell.Moore@hollycorp.com>]
Sent: Thursday, August 12, 2010 10:39 AM
To: Chavez, Carl J, EMNRD; Dade, Randy, EMNRD
Cc: Lackey, Johnny
Subject: MIT's

Carl

Attached, please find the charts for the MIT's that were performed on our Injection wells WDW-1 and WDW-2 today. Both wells passed the Mechanical Integrity Tests with no drop off in pressure. As you know, the MIT on WDW-3 was performed earlier in the year and was submitted to OCD. In addition, there was no pressure on either of the well's bradenhead. If there are any questions concerning this submission, please call me or email me. Thank you.

Darrell Moore
Environmental Manager for Water and Waste
Navajo Refining Company, LLC
Phone Number 575-746-5281
Cell Number 575-703-5058
Fax Number 575-746-5451

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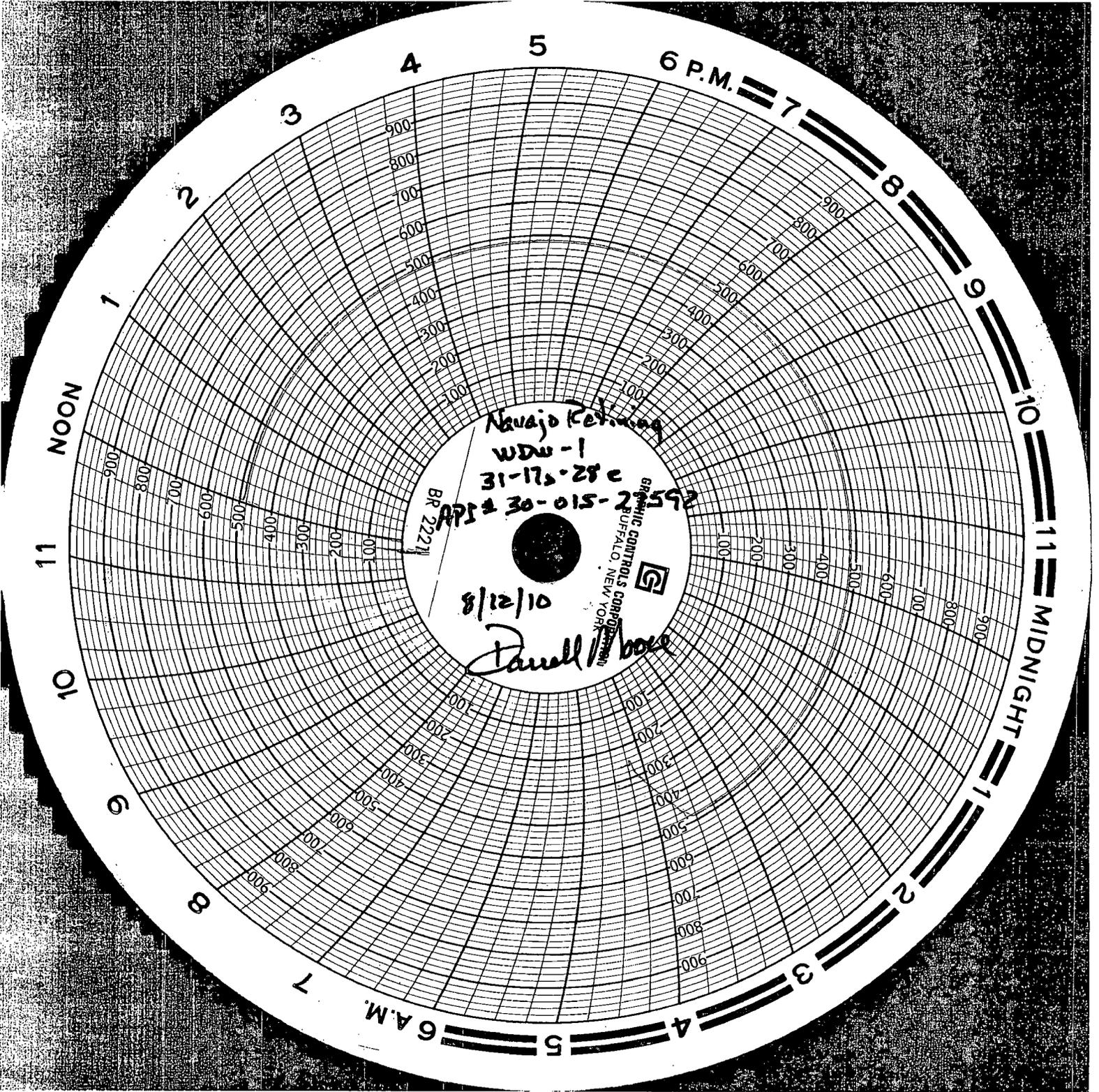
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Navajo Ketting

WDU-1

31-175-28 e

API # 30-015-21592

8/12/10

Danell Moore

BR 2221

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK



Chavez, Carl J, EMNRD

From: Moore, Darrell [Darrell.Moore@hollycorp.com]
Sent: Monday, August 09, 2010 8:58 AM
To: Chavez, Carl J, EMNRD; Dade, Randy, EMNRD
Cc: Lackey, Johnny
Subject: MITs

On Thursday, August 12, 2010 beginning at 8 am, we will be running the MITs on our two remaining wells WDW-1 and WDW-2. As you know, we performed the MIT on WDW-3 earlier in the year. If OCD wishes to witness, we would be glad to have you.

Darrell Moore
Environmental Manager for Water and Waste
Navajo Refining Company, LLC
Phone Number 575-746-5281
Cell Number 575-703-5058
Fax Number 575-746-5451

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, August 03, 2010 5:53 AM
To: 'Whatley, Michael'
Subject: RE: WDW-1 and WDW-2 2010 MITs

Michael:

Please contact Richard Inge of the OCD Artesia District Office to schedule a date and time to witness the MITs. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Whatley, Michael [mailto:Michael.Whatley@hollycorp.com]
Sent: Monday, August 02, 2010 9:10 AM
To: Chavez, Carl J, EMNRD
Subject: RE: WDW-1 and WDW-2 2010 MITs

Carl,

Thank you for bringing this to my attention. I checked with our environmental manager that oversees this and he reports that the tests are scheduled for early in September. Your efforts in assisting us with OCD requirements are appreciated.

Take Care,

MICHAEL WHATLEY
Navajo Refining Company LLC
Phone: 575-748-6743
Fax: 575-746-5421
michael.whatley@hollycorp.com

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Friday, July 30, 2010 1:11 PM
To: Whatley, Michael
Subject: WDW-1 and WDW-2 2010 MITs

Michael:

Good afternoon. I believe the OCD is lacking annual MITs from the above subject wells for this season and the MITs must be completed by 9/30/2010.

Please contact me to discuss and /or verify that this is the case, but recall checking OCD records for MITs for the above subject wells and did not see a chart for this season's MITs. If Navajo completed MITs anytime from Oct. 1, 2009 through September 30, 2010, Navajo may be in compliance already.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, July 13, 2010 11:22 AM
To: 'Moore, Darrell'
Subject: UICI-Class I WDW-1 and WDW-2 MITs w/ Bradenheads to be completed by 9/30/2010 + Annual Fall-Off Test Scheduling

Darrell:

Good morning. FYI, OCD records indicate that MITs are needed for WDW-1 and WDW-~~3~~² by 9/30/2010.

Also, I have not heard when Navajo Refining Company is scheduling the Annual Fall-Off Test, which also needs to be completed by 9/30/2010. I presume the above wells could be MIT'd before at the time of and before the FOT.

Please advise or clarify.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, August 27, 2009 2:59 PM
To: 'Moore, Darrell'
Cc: Lackey, Johnny
Subject: Navajo Refining Company WDW-1 (UICI-008) MIT Inspection Friday, August 14, 2009
Attachments: WDW-1 8-14-09.pdf

Darrell:

Please find attached the OCD's inspection notes from Friday, August 14, 2009.

As you indicated in the field, you have placed any drums in the fenced security area into the impermeable pad area. In addition, you indicated that an RFE would be submitted to replace the ½ inch dia. piping due to the concerns about the high-pressure on a small line and over concerns of breakage on the small line during future MITs, etc.

The OCD notices the storage of ethylene glycol at this site similar to WDW-3 for the WAMs Unit. Please be prepared to discuss any concerns or issues associated with this well during our meeting on Tuesday, September 1, 2009 in Santa Fe.

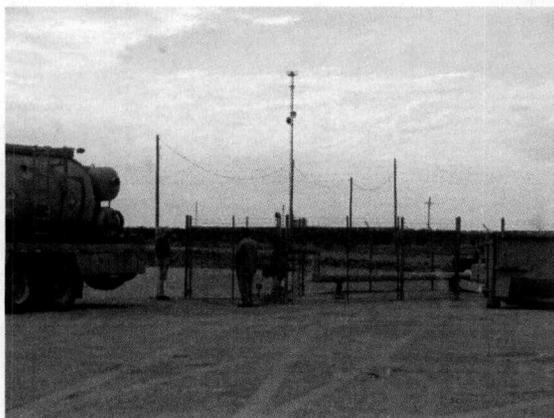
Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

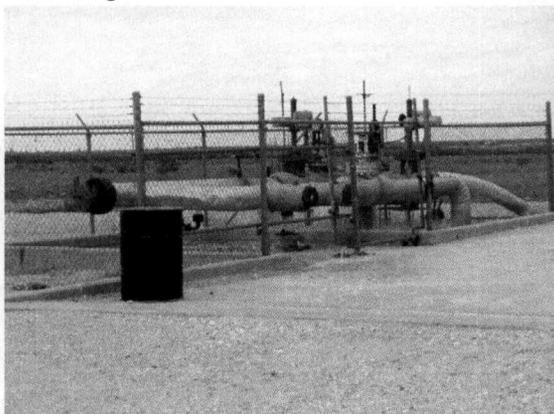
WDW-1 Inspection & MIT (8/14/2009)



WDW-1 Sign w/ Fenced & Lighted Facility
24/7



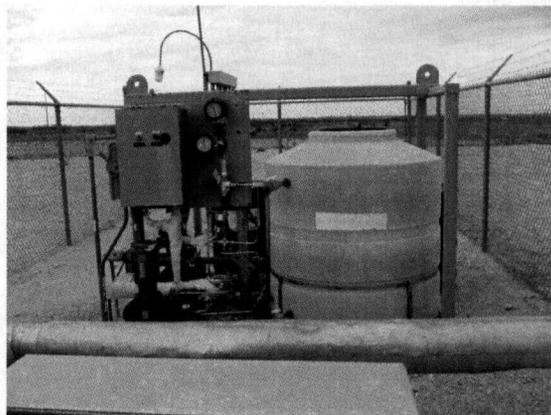
Hot Oil MIT contractor setup for standard
annulus pressure test MIT



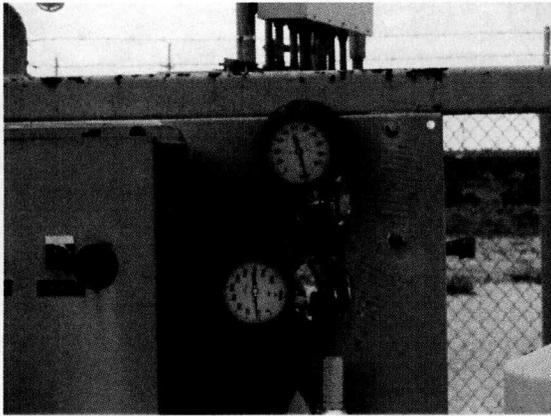
Looking W-SW at fenced pipeline pig
station for ~12 mile WDW-1 back to
refinery



Wellhead



WAMs Unit



Injection pressure station



Dual filtration system before injection



Hot Oil Truck fluid pressure up on annulus



Looking S-SW at pipeline pig station in background



Filtration system



Calibrated chart recorder



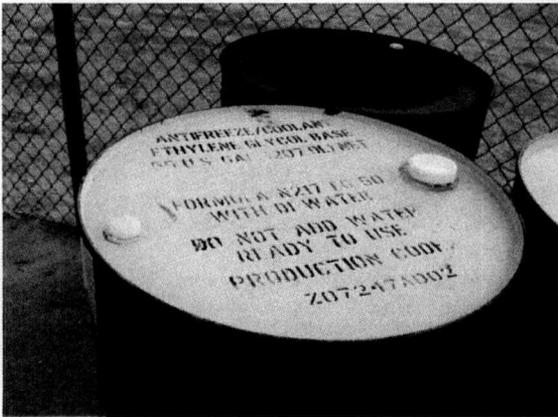
Pre-MIT annulus pressure at ~220 psig



Recommended AFE to replace 1/2 inch dia. pipe with 1 inch or greater.



Drums of ethylene glycol stored on ground need to be on impermeable pad



Ethylene glycol drums w/ rusty trash drum close-up



Chart recorder setup w/ valve arrangement during MIT



Hot Oil truck in background connected to annulus during fluid pressure up.



Chart recorder in action

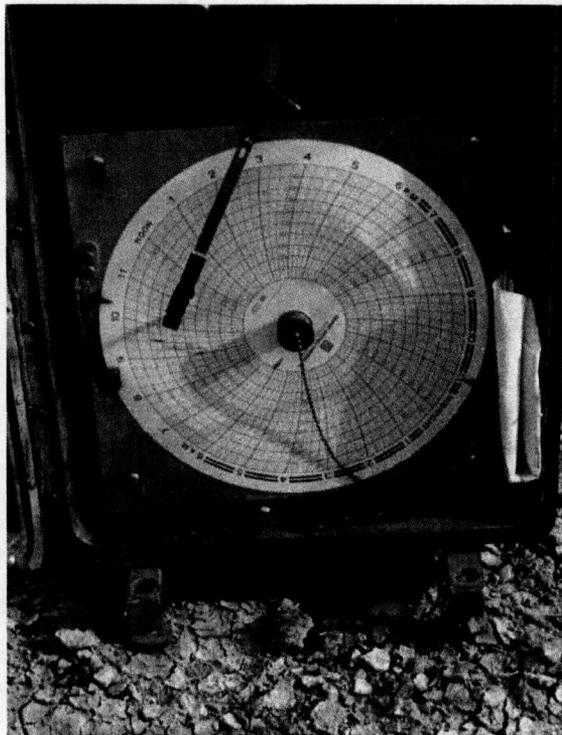
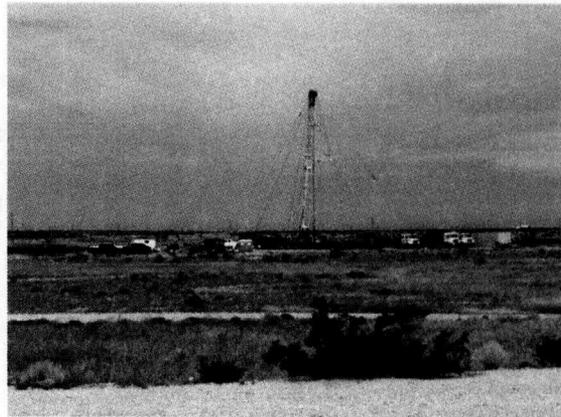


Chart recorder during pressure up w/
calibration sheet



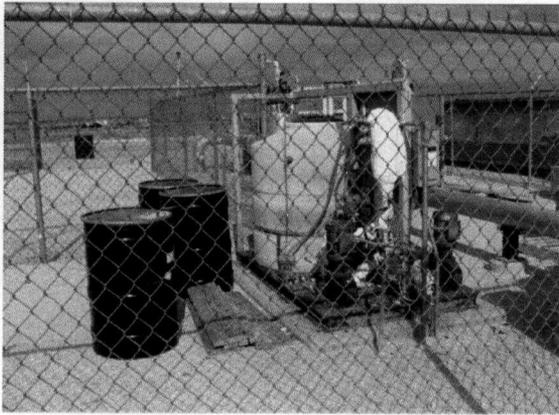
Noticed either new or well workover in
progress NW of disposal well



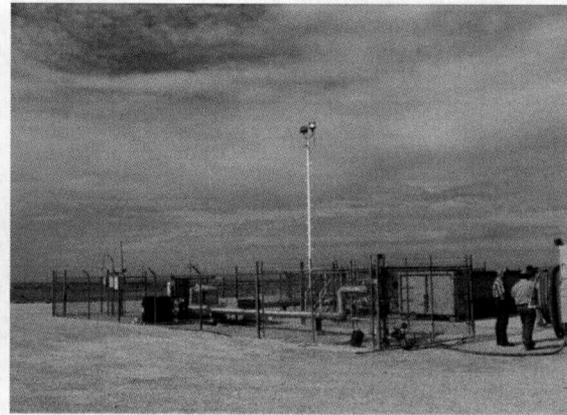
WAMs Unit w/ ethylene glycol drums
sitting on ground



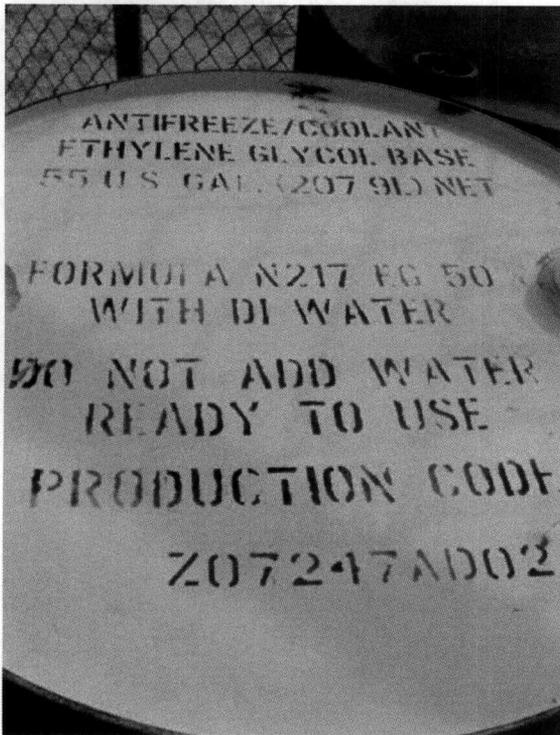
Line pressure gauges ~ 1300 psi injection
pressure during MIT



Drums on ground near WAMs Unit



Fenced facility w/ lighting 24/7



Close-up ethylene glycol drum



Hot Oil Truck



Standard annulus pressure test MIT under dynamic condition



Trash drum

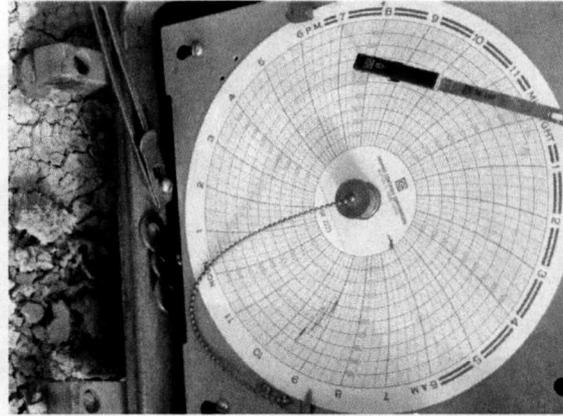


Chart recorder at end of MIT

Notes:

- 1) Passed standard annulus pressure MIT (Start @ 575 psig & End @ 580 psig) over 30 minutes.
- 2) AFE submitted to replace $\frac{1}{2}$ inch dia. piping w/ 1 inch or greater- safety and breakage concerns.
- 3) Operator indicated WAMs fluid level ok (no loss or addition of ethylene glycol).
- 4) Drums containing chemicals need to be stored in impermeable pad area or removed from facility.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, August 06, 2008 12:10 PM
To: Moore, Darrell
Cc: Price, Wayne, EMNRD; 'Lackey, Johnny'; Sanchez, Daniel J., EMNRD
Subject: Navajo UICL-8 UIC Class I Wells MIT Charts from 8-5-2008
Attachments: WDW-1 MIT UICL-8 8-5-2008.tif; WDW-2 MIT UICL-8 8-5-2008.tif; WDW-3 MIT UICL-8 8-5-2008.tif

Darrell:

Please find attached the charts from yesterday's MITs (dynamic). The injection wells were in operation during the annulus pressure MITs and the information is as follows:

WDW# 1: 500 psi to 498 psi (Pass).

- 1) Request DP renewal application as permit expired on 7/14/2008.
- 2) WAMs Mo. Monitor Log for pressure limiting device installed at well.

WDW# 2: 580 to 578 psi (Pass)

- 1) DP expires on 10/5/2009.
- 2) WAMs Mo. Monitor Log for pressure limiting device installed at well.

WDW# 3: 580 – 570 psi (Pass)

- 1) Well recently permitted by OCD in 2007.
- 2) Need sign placed near well with well name, location & API#.
- 3) WAMs Mo. Monitor Log for pressure limiting device installed at well. OCD observed that 10 gallons of fluid has been lost, since 7/15/2008. You indicated that Subsurface (company) has been retained to determine the nature of the loss. There was speculation of air pockets due to foaming of the fluid, since the pressure limiting device or system was placed on-line.

Please contact me if you have questions. Thank you.

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



Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, February 20, 2008 2:50 PM
To: 'Moore, Darrell'
Subject: FW: UIC Class I Well Annual Fall-Off Test & MIT
Attachments: Sample UIC Class I Discharge Plan.doc

Darrell:

Please find attached the sample discharge plan with Fall-Off test information that I forgot to attach to the previous message. Thanks.

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

From: Chavez, Carl J, EMNRD
Sent: Wednesday, February 20, 2008 2:45 PM
To: 'Moore, Darrell'
Cc: Gum, Tim, EMNRD; Price, Wayne, EMNRD; Jones, William V., EMNRD
Subject: UIC Class I Well Annual Fall-Off Test & MIT

Mr. Moore:

Re:

UICI No.	Amd #	Applicant	Facility	Expires	Permit Status	API#
8	1	NAVAJO REFINING CO. PIPELINE DIVISION	NAVAJO-WDW1	07/14/2008	A	30-015-27592
8	2	NAVAJO REFINING CO. PIPELINE DIVISION	NAVAJO-WDW2	10/05/2009	A	30-015-20894
8	3	NAVAJO REFINING CO. PIPELINE DIVISION	NAVAJO-WDW3	06/23/2009	A	30-015-26575

The OCD realizes that the Navajo Artesia Refinery cannot shut-in all of the wells at one time for the test; consequently, the OCD is requesting tentative dates and times for each Class I Well.

I am writing to schedule your annual EPA Fall-Off Test for the above UIC Class I Well. OCD Fall-Off Test Guidance is available on the OCD Website under "Publications" at <http://www.emnrd.state.nm.us/ocd/documents/UICGuidance.pdf>. At the conclusion or in advance of the Fall-Off Test, the annual MIT or EPA 5-Yr. MIT must be performed.

2/20/2008

To learn more about OCD expectations related to the EPA Fall-Off test, please refer to the attached Sample UIC Class I Fall-Off Test" document and search for "Fall-Off" to learn more about OCD requirements for summarizing and reporting the test.

Please provide me with a tentative test date so that the OCD may confirm and be present to witness the tests.
Thank you.

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

2/20/2008



REFINING COMPANY

FAX

(505) 746-5283 DIV. ORDERS
(505) 746-5481 TRUCKING
(505) 746-5458 PERSONNEL

501 EAST MAIN STREET • P. O. BOX 159
ARTESIA, NEW MEXICO 88211-0159
TELEPHONE (505) 748-3311

FAX

(505) 746-5419 ACCOUNTING
(505) 746-5451 EXECUTIVE
(505) 746-5421 ENGINEERING
(505) 746-5480 P/L

March 30, 2001

Mr. Wayne Price
New Mexico Oil Conservation Division
Environmental Bureau
1220 S. St. Francis
Santa Fe, NM 87505

RE: Mechanical Integrity Tests (MIT) On Navajo's Waste Water Injection Wells

Dear Wayne,

Enclosed, please find two (2) sets of charts pertaining to the two MIT's that we have run on our injection wells. As we talked about over the phone, the first test, which was done on September 14, 2000, was lost or misplaced by the district office of OCD here in Artesia. Since we were unable to come up with the charts of the first test, we re-ran the MIT's on both wells on March 21, 2001. After we had run the second test, Mike Stubblefield located the charts from the first test.

In any event, both tests on both wells held perfectly. The MIT run on our WDW-2 on March 21, 2001 had some bleed-off at first but that was due to a leaking valve on our system (noted on chart). After we isolated this valve, the test was restarted and held with no bleed off. That leaking valve has since been replaced.

I hope this submission gets us up to date on our MIT responsibilities. If there are any questions concerning this subject, please call me at 505-748-3311. Thank you for your time.

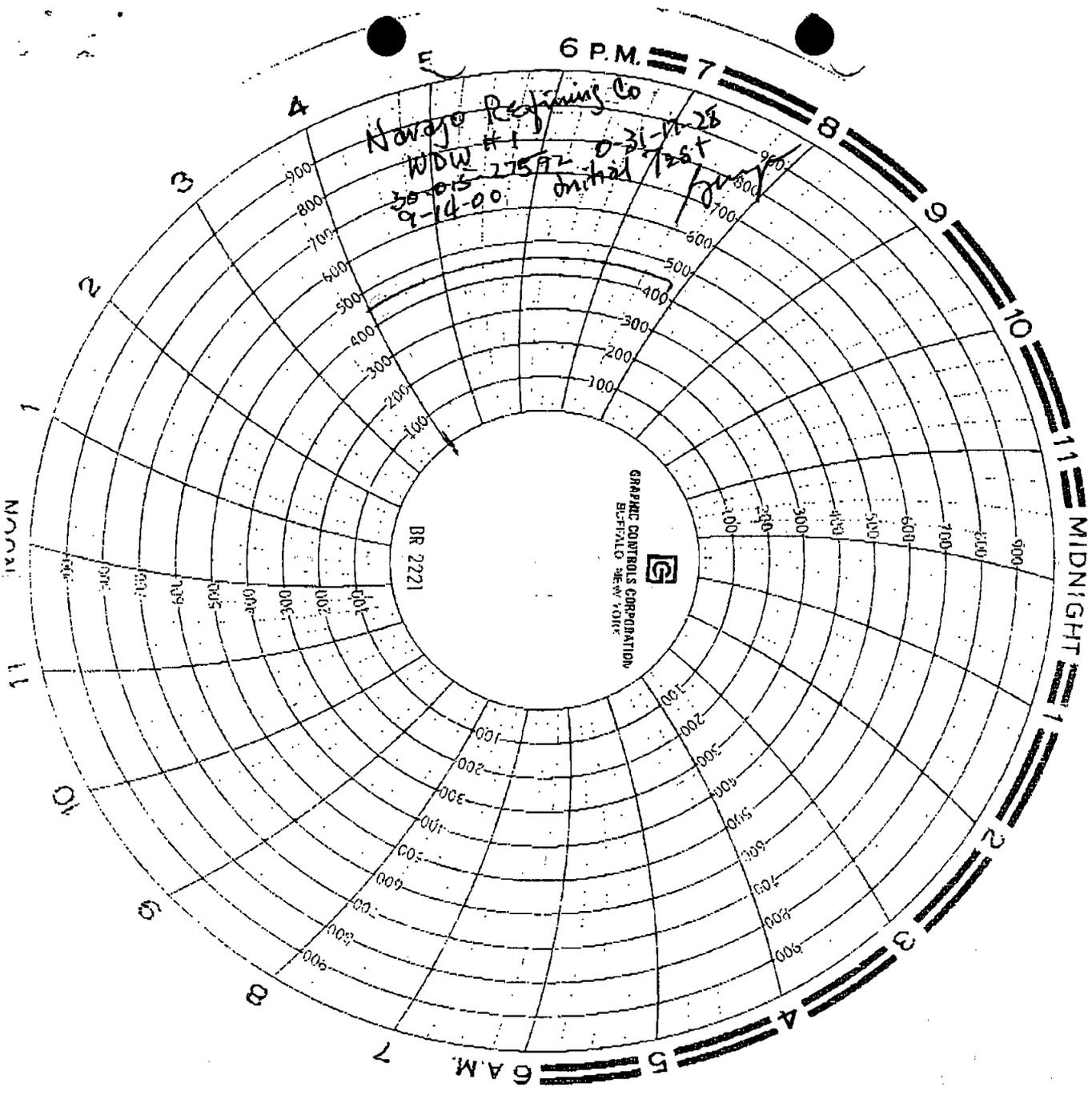
Sincerely,
NAVAJO REFINING COMPANY

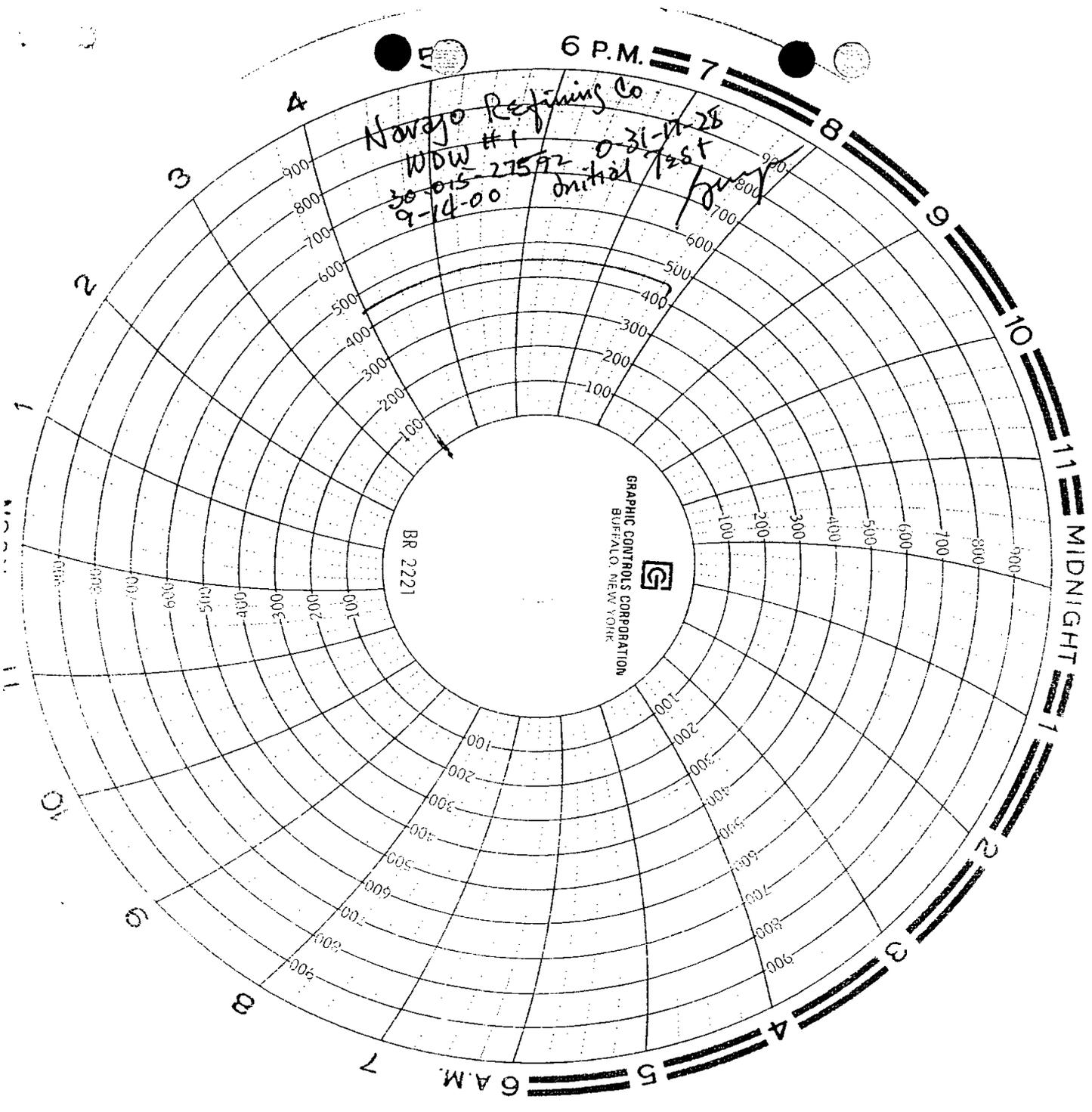
Darrell Moore

Darrell Moore
Environmental Mgr for Water and Waste

Encl.

File
Artesia
Injection
wells





Navajo Refining Co
WDW #1
30-015-27592
9-14-00
initial 7265
0-31-11-28

BR 2221

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

6 P.M. 7

8

9

10

11

MIDNIGHT

1

2

3

4

5

6 A.M.

7

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9

10

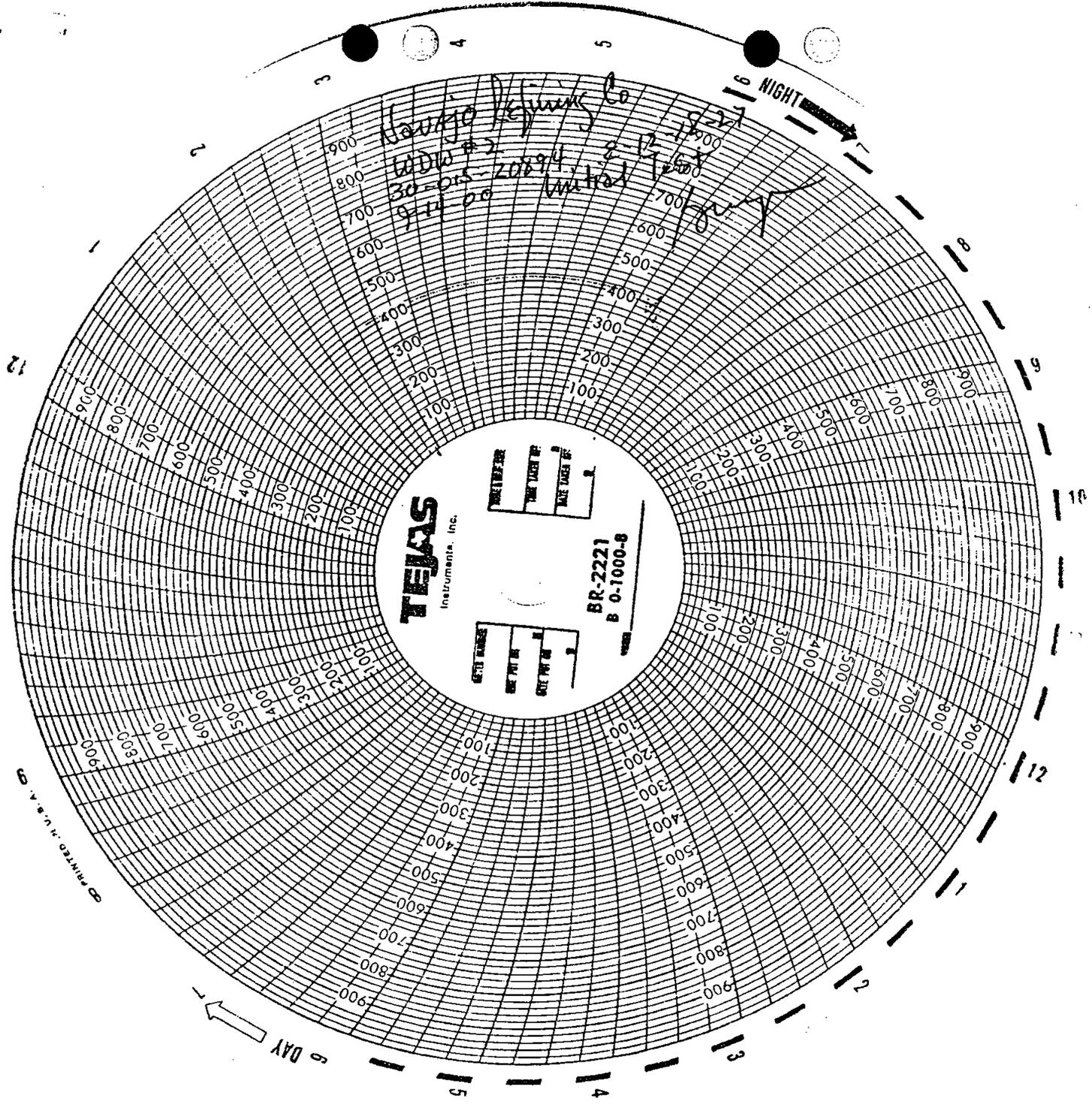
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MIDNIGHT

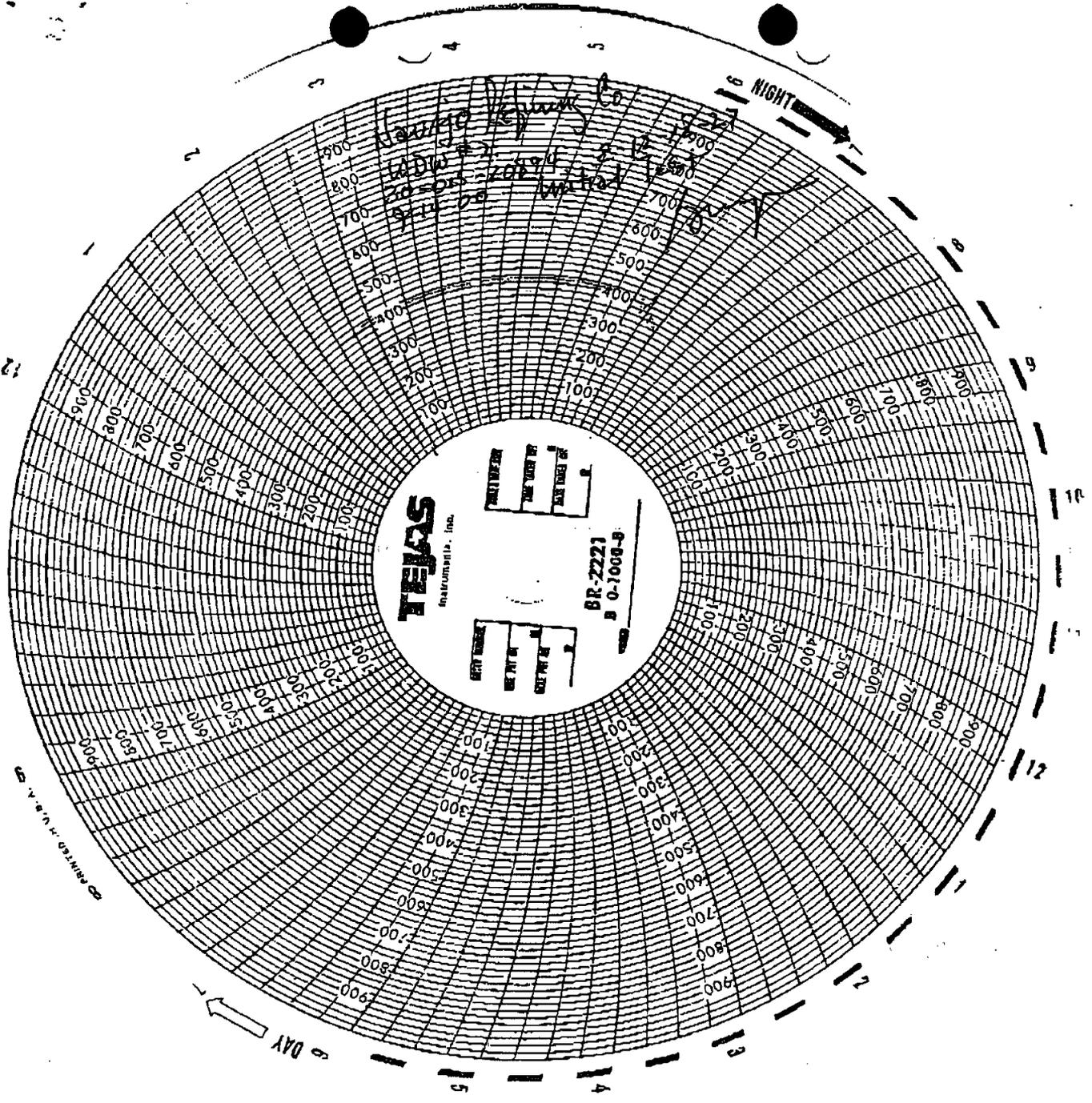
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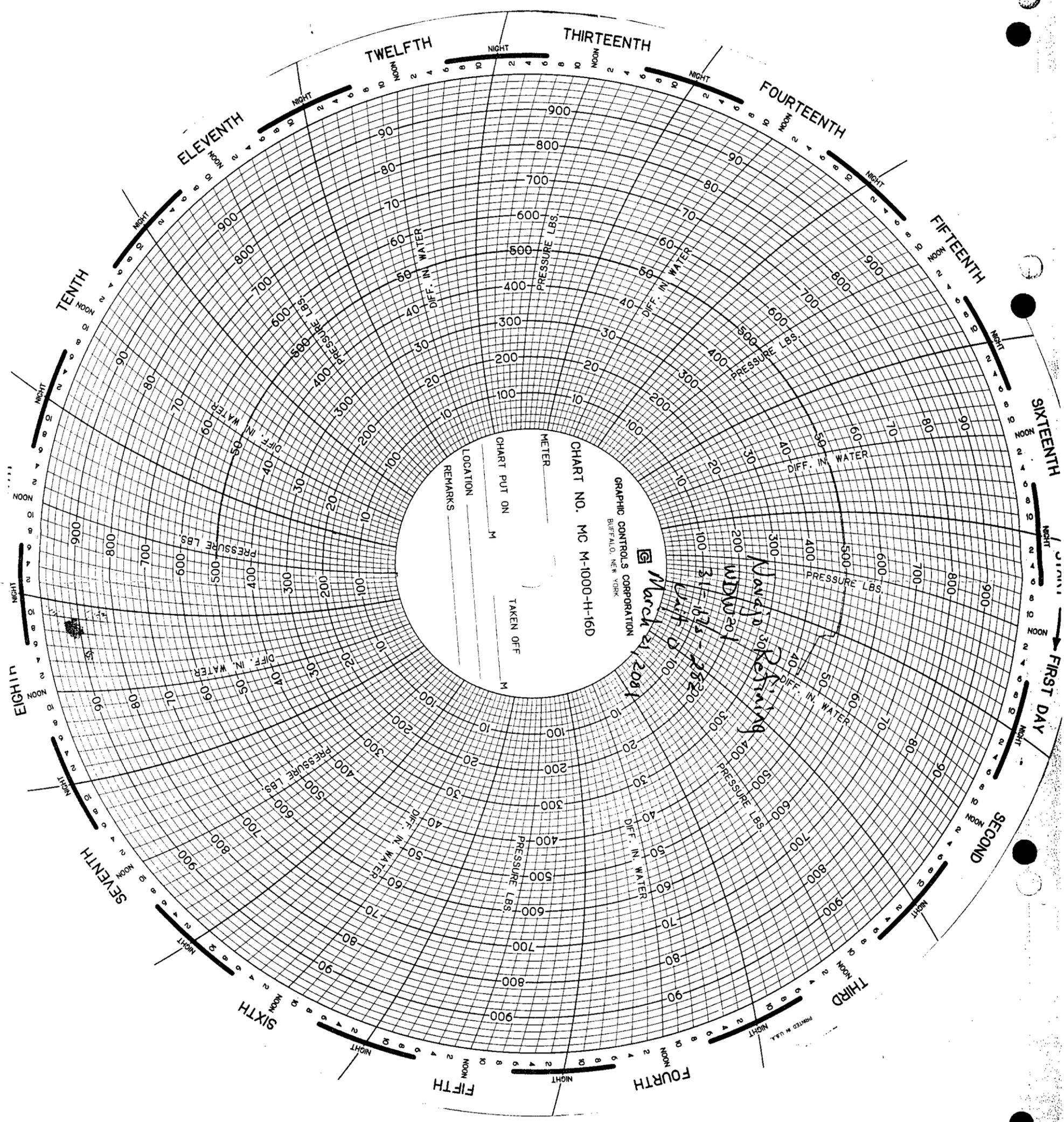
3

4



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GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

CHART NO. MC M-1000-H-16D

METER _____
CHART PUT ON M _____
TAKEN OFF M _____
LOCATION _____
REMARKS _____

March 21, 2081

Unit D-100

31-101-25200

WIDW-201

Navy 30 Refining

SIXTEENTH

FIRST DAY

SECOND

THIRD

FOURTH

FIFTH

SIXTH

SEVENTH

EIGHTH

TENTH

ELEVENTH

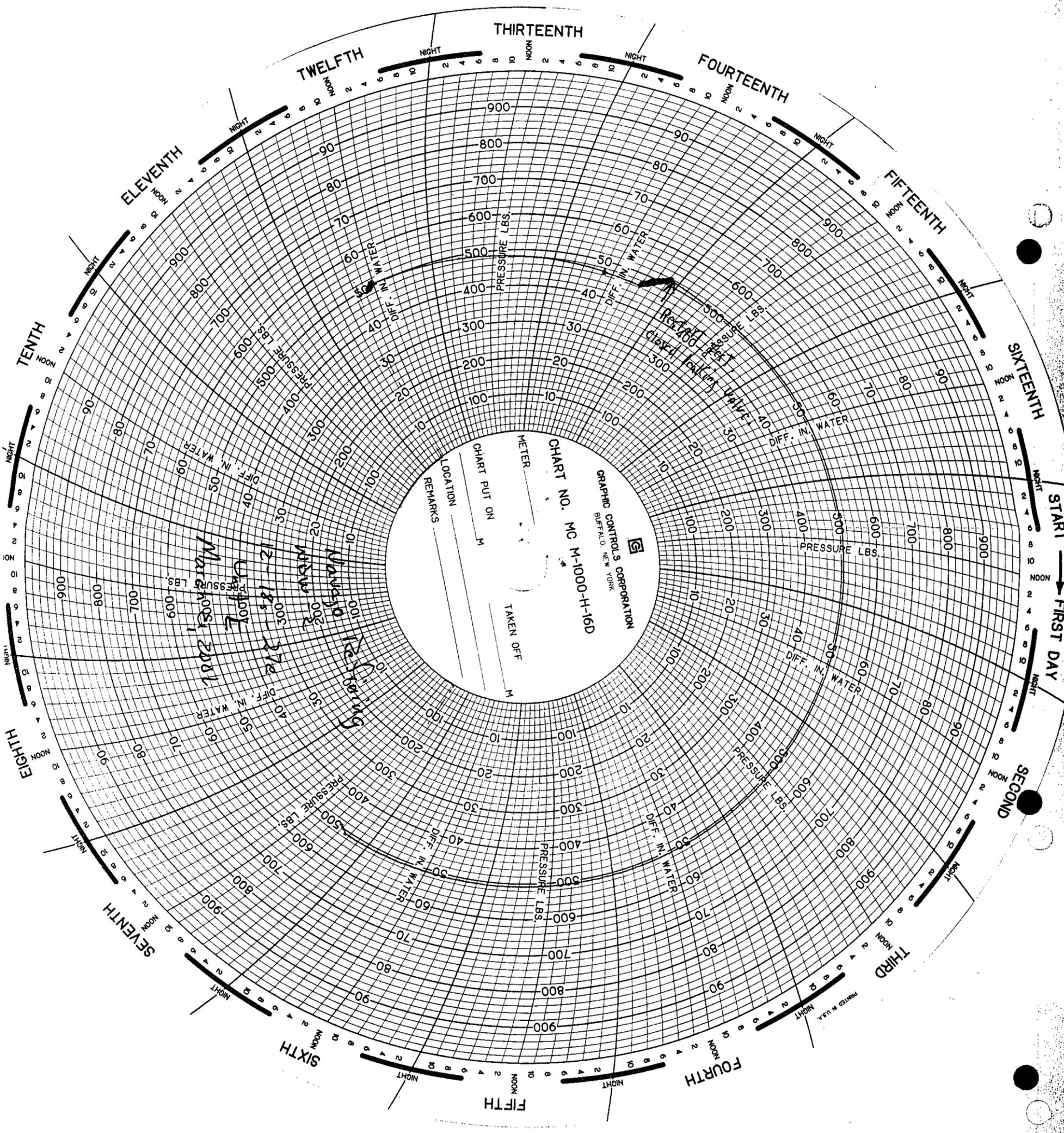
TWELFTH

THIRTEENTH

FOURTEENTH

FIFTEENTH

PRINTED IN U.S.A.



THIRTEENTH

FOURTEENTH

FIFTEENTH

SIXTEENTH

START FIRST DAY

SECOND

THIRD

FOURTH

FIFTH

SIXTH

SEVENTH

EIGHTH

TENTH

ELEVENTH

TWELFTH

NIGHT

NOON

NIGHT

NOON

NIGHT

NOON

NIGHT

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

CHART NO. MC M-1000-H-16D

METER _____

CHART PUT ON _____

TAKEN OFF _____

LOCATION _____

REMARKS _____

12-18-27
MARGO, 2001
WATER

WATER

WATER

WATER

WATER

WATER

WATER

WATER

WATER

WATER