

CORRESPONDENCE

UICCL1-008



REFINING COMPANY, L.P.

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 EXEC/MKTG
(505) 746-5421 ENGINEERING
(505) 746-5480 PIPELINE

December 3, 2004

Wayne Price
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Fee for UIC-CLI-008-1 and UIC-CLI-008-2

Dear Wayne,

Enclosed, please find the signed sheets for the discharge plans for the above described wells. Also enclosed is the \$9,000 filing fee for the two wells (\$4500 each). If you have any questions concerning this submission, please call me at 505-748-3311.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Manager for Water and Waste

Encl.

NEW MEXICO ENVIRONMENTAL DEPARTMENT
REVENUE TRANSMITTAL FORM

Description	FUND	CEB	DFA ORG	ACT	ED ORG	ED ACCT	AMOUNT	
1 CY Reimbursement Project Tax	064	01						1
6 Gross Receipt Tax	064	01		2329	900000	2329134		2
3 Air Quality Title V	092	13	1300	1896	900000	4169134		3
4 PRP Prepayments	248	14	1400	9696	900000	4989014		4
2 Climax Chemical Co.	248	14	1400	9696	900000	4989015		5
8 Circle K Reimbursements	248	14	1400	9696	900000	4989248		8
7 Hazardous Waste Permits	339	27	2700	1698	900000	4169027		7
8 Hazardous Waste Annual Generator Fees	339	27	2700	1698	900000	4169339		8
10 X Water Quality - Oil Conservation Division	341	29		2329	900000	2329029	9,340	10
11 Water Quality - GW Discharge Permit	341	29	2900	1698	900000	4169029		11
12 Air Quality Permits	631	31	2500	1698	900000	4169031		12
13 Payments under Protest	651	33		2919	900000	2919033		13
14 Xerox Copies	662	34		2349	900000	2349001		14
15 Ground Water Penalties	662	34		2349	900000	2349002		15
16 Witness Fees	662	34		2349	900000	2439003		16
17 Air Quality Penalties	662	34		2349	900000	2349004		17
18 OSHA Penalties	662	34		2349	900000	2349005		18
19 Prior Year Reimbursement	652	34		2349	900000	2349006		19
20 Surface Water Quality Certification	652	34		2349	900000	2349009		20
21 Jury Duty	662	34		2349	900000	2349012		21
22 CY Reimbursements (i.e. telephone)	662	34		2349	900000	2349014		22
23 UST Owner's List	783	24	2500	9696	900000	4989201		23
24 Hazardous Waste Notifiers List	783	24	2500	9696	900000	4989202		24
25 UST Maps	783	24	2500	9696	900000	4989203		25
26 UST Owner's Update	783	24	2500	9696	900000	4989205		26
28 Hazardous Waste Regulations	783	24	2500	9696	900000	4989207		28
29 Radiologic Tech. Regulations	783	24	2500	9696	900000	4989208		29
30 Superfund CERLIS List	783	24	2500	9696	900000	4989211		30
31 Solid Waste Permit Fees	783	24	2500	9696	900000	4989213		31
32 Smoking School	783	24	2500	9696	900000	4989214		32
33 SWQB - NPS Publications	783	24	2500	9696	900000	4989222		33
34 Radiation Licensing Regulation	783	24	2500	9696	900000	4989228		34
35 Sale of Equipment	783	24	2500	9696	900000	4989301		35
36 Sale of Automobile	783	24	2500	9696	900000	4989302		36
37 Lust Recoveries	783	24	2600	9696	900000	4989814		37
38 Lust Repayments	783	24	2600	9696	900000	4989815		38
39 Surface Water Publication	783	24	2600	9696	900000	4989801		39
40 Exxon Reese Drive Ruidoso - CAF	783	24	2500	9696	900000	4989242		40
41 Emerg. Hazardous Waste Penalties NOV	957	32	9600	1698	900000	4164032		41
42 Radiologic Tech. Certification	967	05	0500	1696	900000	4169005		42
44 Ust Permit Fees	989	20	3100	1696	900000	4169020		44
45 UST Tank Installers Fees	989	20	3100	1696	900000	4169021		45
46 Food Permit Fees	991	28	2600	1696	900000	4169026		46
43 Other								43

TOTAL \$ 9,340

Gross Receipt Tax Required Site Name & Project Code Required

Contact Person: ROGER C. ANDERSON Phone: 476-3490 Date: 12/10/84

Received in ASD By: _____ Date: _____ RT #: _____ ST #: _____

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 273450 dated 12/01
or cash received on _____ in the amount of \$ 9,000

from NAVAJO REFINING COMPANY

for CLASS I WELLS HR-CLI-008-1 + 2

Submitted by: WAYNE PREE (Facility Name) Date: 12/10/04 (DP No.)

Submitted to ASD by: [Signature] Date: 11

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment or Annual Increment _____

THIS CHECK CLEARS THROUGH POSITIVE PAY

NAVAJO REFINING COMPANY
501 EAST MAIN STREET
P O BOX 159
ARTESIA, NM 88211-0159
(505) 748-3311

GUARANTY BANK
DALLAS, TEXAS
88-7066/3149

273450

CHECK DATE: 12/01/04

The SUM of Nine Thousand Dollars and 00 cents

PAY EXACTLY
****9,000.00

VOID AFTER 180 DAYS

PAY TO THE ORDER OF NM WATER QUALITY MANAGEMENT FU
XOIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NM 87505

[Signature]
VICE PRESIDENT, TREASURY & INVESTOR RELATIONS

\$25,000.00 OR MORE REQUIRES 2 MANUAL SIGNATURES

⑈ 273450⑈ ⑆ 314970680⑆ 3801465240⑈

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER AND HAS A TRUE WATERMARK

NAVAJO REFINING COMPANY ♦ 501 WEST MAIN STREET ♦ P O BOX 159 ♦ ARTESIA ♦ NM 88211-0159

DATE	INVOICE NUMBER	AMOUNT	DISCOUNT	AMOUNT PAID	REMARKS
11/16/04	111604	9,000.00	0.00	9,000.00	PRMT FEE WDW1 & WDW2

VENDOR: 846114

DATE: 12/01/04

TOTAL: 9,000.00

273450

ACCOUNT NO.:

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No. 266219 dated 8/27 or cash received on _____ in the amount of \$ 200 from NAVAJO REFINING CO. for WNW-162 INJECTION WELL MIC-008-10 Submitted by: WAYNE PRIZZ Date: 7/3/04 Submitted to ASD by: [Signature] Date: _____ Received in ASD by: _____ Date: _____ Filing Fee New Facility _____ Renewal _____ Modification _____ Other _____ Organization Code 521.07 Applicable FY 2004

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

THIS CHECK CLEARS THROUGH POSITIVE PAY
NAVAJO REFINING COMPANY
501 EAST MAIN STREET
P O BOX 159
ARTESIA, NM 88211-0159
(505) 748-3311
GUARANTY BANK
DALLAS, TEXAS
88-7066/3149
266219
CHECK DATE: 08/27/04
PAY EXACTLY
*****200.00
VOID AFTER 180 DAYS
PAY TO THE ORDER OF NM WATER QUALITY MANAGEMENT FUND OIL CONSERVATION DIVISION 2040 SOUTH PACHECO SANTA FE, NM 87505
M. [Signature]
VICE PRESIDENT, TREASURY & INVESTOR RELATIONS
\$25,000.00 OR MORE REQUIRES 2 MANUAL SIGNATURE
⑈ 266219 ⑆ ⑆ 314970680 ⑆ 3801465240 ⑆
THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER AND HAS A TRUE WATERMARK

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No. 266218 dated 8/27 or cash received on _____ in the amount of \$ 9500 from NAVAJO REFINING CO. for WNW-3 INJECTION WELL MIC-08-3-3 Submitted by: WAYNE PRIZZ Date: 7/3/04 Submitted to ASD by: [Signature] Date: _____ Received in ASD by: _____ Date: _____ Filing Fee _____ New Facility Renewal _____ Modification _____ Other _____ Organization Code 521.07 Applicable FY 2004

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

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 266218 dated 8/27/04
or cash received on _____ in the amount of \$ 4500
from NAVAJO REFINING CO.

for WAW-3 INJECTION WELL NIC-08 ~~266218~~ - 3

Submitted by: DAVID ROSS (Family Name) Date: 7/3/04 (OP No.)

Submitted to ASD by: [Signature] Date: 11

Received in ASD by: _____ Date: _____

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

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment or Annual Increment _____

THIS CHECK CLEARS THROUGH POSITIVE PAY

NAVAJO REFINING COMPANY
501 EAST MAIN STREET
P O BOX 159
ARTESIA, NM 88211-0159
(505) 748-3311

GUARANTY BANK
DALLAS, TEXAS
88-7066/3149

266218

CHECK DATE: 08/27/04

PAY EXACTLY
****4,500.00

VOID AFTER 180 DAYS

The SUM of Four Thousand Five Hundred Dollars and 00 cents

PAY TO THE ORDER OF NM WATER QUALITY MANAGEMENT FU
SOIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NM 87505

[Signature]
VICE PRESIDENT, TREASURY & INVESTOR RELATIONS

\$25,000.00 OR MORE REQUIRES 2 MANUAL SIGNATURES

⑈ 266218 ⑈ ⑆ 314970680 ⑆ 3801465240 ⑈

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER AND HAS A TRUE WATERMARK



REFINING COMPANY, L.P.

2004 SEP 2 PN3

FAX

(505) 746-5283 DIV. ORDERS
(505) 746-5481 TRUCKING
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ARTESIA, NEW MEXICO 88211-0159
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(505) 746-5451 EXEC/MKTG
(505) 746-5421 ENGINEERING
(505) 746-5480 PIPELINE

August 31, 2003

2004?
ZP

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

RE: Filing Fee's for WDW-1 and WDW-2, Navajo Refining Company

Dear Wayne,

Enclosed, please find a check in the amount of \$200.00 to cover the filing fee's for the renewal of the discharge permits for our two injection wells WDW-1 and WDW-2. Navajo Refining Company hereby certifies that there are no major changes in the WDW-1 and WDW-2 operations and that Navajo will abide by the existing permit on file.

If there are any questions concerning this submittal, please do not hesitate to call me at 505-748-3311. Thank you for your attention to this matter.

Sincerely,

NAVAJO REFINING COMPANY

Darrell Moore
Environmental Manager for Water and Waste

Encl.

NAVAJO REFINING COMPANY ♦ 501 1ST MAIN STREET ♦ P O BOX 159 ♦ TIESIA ♦ NM 88211-0159					
DATE	INVOICE NUMBER	AMOUNT	DISCOUNT	AMOUNT PAID	REMARKS
08/25/04	082504A	200.00	0.00	200.00	RENWL FEE-WDM#1 & WDM#2
			TOTAL:	200.00	266219

VENDOR: 846114

DATE: 08/27/04

ACCOUNT NO.: 266219

NAVAJO REFINING COMPANY ♦ 501 EAST MAIN STREET ♦ P O BOX 159 ♦ ARTESIA ♦ NM 86211-0159					
DATE	INVOICE NUMBER	AMOUNT	DISCOUNT	AMOUNT PAID	REMARKS
08/25/04	082504	4,500.00	0.00	4,500.00	PERMIT FEE FOR WDW #3
			TOTAL:	4,500.00	

VENDOR: 846114

DATE: 08/27/04

ACCOUNT NO.: 266218

Price, Wayne

From: Price, Wayne
Sent: Tuesday, August 17, 2004 8:36 AM
To: 'Moore, Darrell'
Cc: Gum, Tim
Subject: RE: Refinery Injection Wells WDW#1,2&3

Dear Darrell: We do not have an application form for class I wells, my mistake. Please send a letter today certifying that there are no major changes in the WDW#1 and WDW#2 operations and that Navajo will abide by the existing permit on file. Also please send the \$100 filing fees with each application letter. I also need the sign-off of WDW#3 and full payment of \$4500.00.

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

From: Moore, Darrell [mailto:darrell.moore@navajo-refining.com]
Sent: Tuesday, August 17, 2004 7:48 AM
To: Price, Wayne
Subject: RE: Refinery Injection Wells

Those dates are the 5 year anniversaries so you look to be right. What do I need to do and where do I get the forms?

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

From: Price, Wayne [mailto:WPrice@state.nm.us]
Sent: Monday, August 16, 2004 4:38 PM
To: Moore, Darrell
Cc: Gum, Tim
Subject: Refinery Injection Wells

Dear Darrell:

Would you please check your records. I am showing WDW #1 permit expired on 7/13/2003?? I am showing WDW#2 will expire 10/05/04. Please submit renewal application forms and \$100 filing fee for each permit if this is correct. Also I have not received any sign-off or fees for WDW#3.

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the MessageLabs Email Security System.

Price, Wayne

From: Price, Wayne
Sent: Monday, August 16, 2004 4:38 PM
To: Darrell Moore (E-mail)
Cc: Gum, Tim
Subject: Refinery Injection Wells

Dear Darrell:

Would you please check you records. I am showing WDW #1 permit expired on 7/13/2003?? I am showing WDW#2 will expire 10/05/04. Please submit renewal application forms and \$100 filing fee for each permit if this is correct. Also I have not received any sign-off or fees for WDW#3.

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Price, Wayne

From: Price, Wayne
Sent: Wednesday, July 28, 2004 2:06 PM
To: Darrell Moore (E-mail)
Subject: WDW-3 sign-off and fees

Dear Darrell:

OCD approved WDW#3 on June 23, 2004. We have not received the sign-off sheet or the fees. Please submit by 8/16/04

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

FINAL DRAFT #2

May 05, 2004

CERTIFIED MAIL
RETURN RECEIPT NO. 3929 8379

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

**RE: Approval of Discharge Permit UIC-CLI-008-3
Class I Non-Hazardous Oil Field Waste Disposal Well
WDW-3, API No. 30-015-26575
Navajo Chalk Bluff Federal Com. No.1
790 FSL and 2250 FWL Sec 1, Twn 18 S, Rng 27 E
Eddy County, New Mexico**

Dear Mr. Moore:

The discharge permit UIC-CLI-008-3 for the Navajo Refining Company (Navajo) Class I non-hazardous oil field waste disposal well the Navajo Chalk Bluff Federal Com. No.1 located 790 FSL and 2250 FWL Sec 1, Twn 18 S, Rng 27 E NMPM, Eddy County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. This permit authorizes construction, injection and operation. The discharge permit consists of the original "Application for permit to drill" and Modification to Discharge Plan Application and Application for Authorization to Inject" dated September 17, 2003 and February 27, 2004 letter "Response to Questions". Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 days of receipt of this letter.**

The discharge permit was submitted pursuant to Section 5101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5101.A and 3109. Please note Sections 3109.E and 3109.G which provide for possible future amendments or modifications of the permit. Please be advised that approval of this permit does not relieve Navajo of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3104 of the regulations requires that when a permit has been approved, discharges must be consistent with the terms and conditions of the permit. Pursuant to Section 3107.C

Navajo is required to notify the Director of any facility expansion, production increase, pressure increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4, this permit is for a period of five (5) years. This approval will expire June 10, 2009 and Navajo should submit an application for renewal in ample time before this date. Note that under Section 5101.F of the regulations, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.

The discharge permit application for the Navajo Refining Company Class I (Non-Hazardous) Disposal Well is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge permit will be assessed a fee equal to the filing fee of \$100 plus a renewal fee of \$4500.00 for class I wells. The OCD has not received the \$4500.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge permit approval or in five equal installments over the expected duration of the discharge permit. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge permit approval and subsequent installments due on this date of each calendar year.

**Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.**

If you have any questions, please contact Wayne Price of my staff at (505-476-3487) or E-mail wprice@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

**Roger Anderson
Environmental Bureau Chief
RCA/lwp**

Attachment-1

xc: OCD Artesia Office
William Jones, UIC Director, OCD Santa Fe
Mr. EZEANYIM-Engr. Bureau Chief

**ATTACHMENT TO DISCHARGE PERMIT UIC-CLI-008-3 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-3, API No. 30-015-26575
790 FSL and 2250 FWL Sec 1, Twn 18 S, Rng 27 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PERMIT APPROVAL CONDITIONS
May 05, 2004**

1. Payment of Discharge Permit Fees: The \$100.00 filing fee has been received by OCD. The \$4500.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the permit, with the first payment due upon receipt of this approval.
2. Navajo Commitments: Navajo will abide by all commitments submitted in the discharge permit application.
3. Authorization to Construct, Inject and Maximum Injection Pressure: Navajo is authorized to Construct and inject subject to the discharge plan commitments and conditions contained within. The maximum operating injection pressure at the wellhead will be 1460 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1,460 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface. In addition, the point of injection must remain below the 7300 feet level.
4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well.
5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.

6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Navajo for the life of the well.
7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Navajo for the life of the well.
8. Wastes Permitted for Injection: Injection will be limited to exempt and non-exempt non-hazardous oilfield wastes generated exclusively by Navajo Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.
9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis and records will be maintained at Navajo for the life of the well:
 - a. Aromatic and halogenated volatile hydrocarbon scan by EPA method 8260C GC/MS including MTBE. Semi-Volatile Organics GC/MS EPA method 8270B including 1 and 2-methylnaphthalene.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Heavy metals using the ICAP scan (EPA method 6010) and Arsenic and Mercury using atomic absorption (EPA methods 7060 and 7470).
 - d. EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity.
10. Quarterly Reporting: The following reports will be signed and certified in accordance with WQCC section 5101.G. and submitted quarterly to both the OCD Santa Fe and Artesia Offices:
 - a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected fluids.

Removed C-115 reporting previous condition #11

11. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plan. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.
12. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
13. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
15. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.
16. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps. The results of all testing and monitoring will be recorded and maintained at Navajo for the life of the well. Any failure shall be reported to the OCD pursuant to condition #20.
17. Underground Process/Wastewater Lines: All underground process/wastewater pipelines including the main wastewater pipeline from the refinery to the wells must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge permit renewal. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The results of all testing and monitoring will be recorded and maintained at Navajo for the life of the well. Any failure shall be reported to the OCD pursuant to condition #20.

18. Well Workover Operations: OCD approval will be obtained prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Local District Office.
19. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
20. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

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

21. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge permit and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
22. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure permit will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
23. Plugging Bond and /or Letter of Credit: Navajo shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure permit and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge permit renewal.
24. Training: All personnel associated with operations at the Navajo Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Navajo for the life of the well.
25. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

26. Certification: Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.
27. Conditions accepted by: NAVAJO REFINING COMPANY

Company Representative- print name

Date _____
Company Representative- Sign

Title _____



REFINING COMPANY, L.P.

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 EXEC/MKTG
(505) 746-5421 ENGINEERING
(505) 746-5480 PIPELINE

December 9, 2003

New Mexico State Land Office
Post Office Box 1148
Santa Fe, New Mexico 87504-1148

Certified Mail 7002 2030 00018348 5405
Return Receipt Requested

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1, WDW-2, and Proposed WDW-3

On September 4, 2003, Navajo Refining Company (Navajo) submitted a request to the New Mexico Oil Conservation Division (OCD) to modify their discharge plan (Discharge Plan UIC-CL1-008). The purpose of the modification was to revise the location of Navajo's proposed WDW-3 injection well. Discharge Plan UIC-CLI-008-1 was issued originally by the OCD on August 4, 1998, to allow Navajo to construct and operate three effluent disposal wells, WDW-1, proposed WDW-2, and proposed WDW-3, located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico. Navajo has been disposing of nonhazardous oilfield waste water from its Artesia refinery into WDW-1 and WDW-2 since September 1999.

The original location of proposed WDW-3, approved in Discharge Plan UIC-CLI-008-1, was 778 feet from the north line and 995 feet from the west line of Section 6, T18S, R28E. Instead of drilling WDW-3 at this location, Navajo proposes to reenter and convert the Navajo Chalk Bluff Federal Com. No. 1 well (originally drilled by Mewbourne Oil Company; API No. 30-015-26575) to its effluent disposal well WDW-3. The well is located 790 feet from the south line and 2250 feet from the west line of Section 1, T18S, R27E, on federal land. The Navajo Chalk Bluff Federal Com. No. 1 well is currently temporarily abandoned.

The proposed injection zone consists of porous intervals in the lower portion of the Wolfcamp Formation and the Cisco and Canyon Formations between 7303 feet below kelly bushing (KB) and 8894 feet KB in proposed WDW-3.

The waste waters proposed for disposal consist of nonhazardous oilfield waste that is generated exclusively by Navajo at its refineries in Artesia and Lovington, New Mexico. Waters from process units, cooling towers and boilers, water purification units and desalting units, general wash waters, and recovered and treated ground water will make up the injectate. The total dissolved solids concentration of the injected fluid ranges from 1000 mg/l to 5000 mg/l. The

New Mexico State Land Office
Santa Fe, New Mexico

December 9, 2003
Page 2

proposed maximum injection rate for the three wells combined is 1000 gallons per minute (gpm). The proposed maximum injection rate into any one well is 500 gpm. The maximum surface injection pressure will not exceed 1461 psi, in accordance with the requirements of the OCD. The shallowest ground water beneath the discharge site occurs at a depth of approximately 100 feet below the surface and has a total dissolved solids concentration of 100 mg/l to 1535 mg/l.

You may obtain further information from the OCD and may submit written comments to the Director of the OCD in Santa Fe at 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505 (505-476-3440). Navajo's discharge plan application is available for examination at the OCD offices at the address given above and at 1301 W. Grand Avenue, Artesia, New Mexico 88210 (505-748-9720). Additional information is available at the OCD's web site at <http://www.emnrd.state.nm.us/ocd/> (click on "Bureaus," "Environmental Bureau," "Permits," and "Draft Permits and Public Notices"). You may also call me at (505) 748-3311.

Sincerely,



Darrell Moore
Environmental Manager for Water and Waste

NLN/lp

Navajo\60DS497\notice_blm_n_mex state office ltr



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Track & Confirm

Current Status

You entered 7002 2030 0001 8348 5405

Your item was delivered at 7:04 am on December 12, 2003 in SANTA NM 87504.

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ATTACHMENT E

EXCERPT FROM NMAC 19.15.9 SECTION 701

TITLE 19 NATURAL RESOURCES & WILDLIFE
CHAPTER 15 OIL AND GAS
PART 9 SECONDARY OR OTHER ENHANCED RECOVERY, PRESSURE MAINTENANCE,
SALT WATER DISPOSAL, AND UNDERGROUND STORAGE

19.15.9.701 INJECTION OF FLUIDS INTO RESERVOIRS

- A. **Permit for Injection Required** - The injection of gas, liquefied petroleum gas, air, water, or any other medium into any reservoir for the purpose of maintaining reservoir pressure or for the purpose of secondary or other enhanced recovery or for storage or the injection of water into any formation for the purpose of water disposal shall be permitted only by order of the Division after notice and hearing, unless otherwise provided herein.
- B. **Method of Making Application**
- (1) Application for authority for the injection of gas, liquefied petroleum gas, air, water or any other medium into any formation for any reason, including but not necessarily limited to the establishment of or the expansion of water flood projects, enhanced recovery projects, pressure maintenance projects, and salt water disposal, shall be by submittal of Division Form C-108 complete with all attachments.
 - (2) The Applicant shall furnish, by certified or registered mail, a copy of the application to the owner of the surface of the land on which each injection or disposal well is to be located and to each leasehold operator within one-half mile of the well.
- C. **Administrative Approval**
- (1) If the application is for administrative approval rather than for a hearing, it must also be accompanied by a copy of a legal publication published by the applicant in a newspaper of general circulation in the county in which the proposed injection well is located. (The details required in such legal notice are listed on Side 2 of Form C-108).
 - (2) No application for administrative approval may be approved until 15 days following receipt by the Division of Form C-108 complete with all attachments including evidence of mailing as required under Subsection B, Paragraph (2) above of 19.15.9.701 NMAC and proof of publication as required by Subsection C, Paragraph (1) above of 19.15.9.701 NMAC.
 - (3) *f no objection is received within said 15-day period, and a hearing is not otherwise required, the application may be approved administratively.*
- D. **Hearings** - If a written objection to any application for administrative approval of an injection well is filed within 15 days after receipt of a complete application, or if a hearing is required by these rules or deemed advisable by the Division Director, the application shall be set for hearing and notice thereof given by the Division.
- E. **Salt Water Disposal Wells**



- (1) The Division Director shall have authority to grant an exception to the requirements of Subsection A of 19.15.9.701 NMAC for water disposal wells only, without hearing, when the waters to be disposed of are mineralized to such a degree as to be unfit for domestic, stock, irrigation, or other general use, and when said waters are to be disposed of into a formation older than Triassic (Lea County only) and provided no objections are received pursuant to Subsection C of 19.15.9.701 NMAC.
- (2) Disposal will not be permitted into zones containing waters having total dissolved solids concentrations of 10,000 mg/l or less except after notice and hearing, provided however, that the Division may establish exempted aquifers for such zones wherein such injection may be approved administratively.
- (3) Notwithstanding the provisions of Subsection E, Paragraph (2) above of 19.15.9.701 NMAC, the Division Director may authorize disposal into such zones if the waters to be disposed of are of higher quality than the native water in the disposal zone.

F. Pressure Maintenance Projects

- (1) Pressure maintenance projects are defined as those projects in which fluids are injected into the producing horizon in an effort to build up and/or maintain the reservoir pressure in an area which has not reached the advanced or "stripper" state of depletion.
- (2) All applications for establishment of pressure maintenance projects shall be set for hearing. The project area and the allowable formula for any pressure maintenance project shall be fixed by the Division on an individual basis after notice and hearing.
- (3) Pressure maintenance projects may be expanded and additional wells placed on injection only upon authority from the Division after notice and hearing or by administrative approval.
- (4) The Division Director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for the conversion to injection of additional wells within a project area provided that any such well is necessary to develop or maintain efficient pressure maintenance within such project and provided that no objections are received pursuant to Subsection C of 19.15.9.701 NMAC.

G. Water Flood Projects

- (1) Water flood projects are defined as those projects in which water is injected into a producing horizon in sufficient quantities and under sufficient pressure to stimulate the production of oil from other wells in the area, and shall be limited to those areas in which the wells have reached an advanced state of depletion and are regarded as what is commonly referred to as "stripper" wells.
- (2) All applications for establishment of water flood projects shall be set for hearing.
- (3) The project area of a water flood project shall comprise the proration units owned or operated by a given operator upon which injection wells are located plus all proration units owned or operated by the same operator which directly or diagonally offset the injection tracts and have producing wells completed on them in the same formation; provided however, that additional proration units not directly nor diagonally offsetting an injection tract may be included in the project area if, after notice and hearing, it has been established that such additional units have wells completed thereon which have experienced a substantial response to water injection.
- (4) The allowable assigned to wells in a water flood project area shall be equal to the ability of the wells to produce and shall not be subject to the depth bracket allowable for the pool nor to the market demand percentage factor.



- (5) Nothing herein contained shall be construed as prohibiting the assignment of special allowables to wells in buffer zones after notice and hearing. Special allowables may also be assigned in the limited instances where it is established at a hearing that it is imperative for the protection of correlative rights to do so.
- (6) Water flood projects may be expanded and additional wells placed on injection only upon authority from the Division after notice and hearing or by administrative approval.
- (7) The Division Director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for conversion to injection of additional wells provided that any such well is necessary to develop or maintain thorough and efficient water flood injection for any authorized project and provided that no objections are received pursuant to Subsection C of 19.15.9.701 NMAC.

H. Storage Wells

- (1) The Division Director shall have authority to grant an exception to the hearing requirements of Subsection A of 19.15.9.701 NMAC for the underground storage of liquefied petroleum gas or liquid hydrocarbons in secure caverns within massive salt beds, and provided no objections are received pursuant to Subsection C of 19.15.9.701 NMAC.
- (2) In addition to the filing requirements of Subsection B of 19.15.9.701 NMAC, the applicant for approval of a storage well under this rule shall file the following:
 - (a) With the Division Director, a plugging bond in accordance with the provisions of Rule 101;
 - (b) With the appropriate district office of the Division in TRIPLICATE:
 - (i) Form C-101, Application for Permit to Drill, Deepen, or Plug Back;
 - (ii) Form C-102, Well Location and Acreage Dedication Plat; and
 - (iii) Form C-105, Well Completion or Recompletion Report and Log.

[1-1-50...2-1-96; 19.15.9.701 NMAC - Rn, 19 NMAC 15.1.701, 11-30-00]



ATTACHMENT F

EXCERPTS FROM NMAC 20.6.2 SECTION 3108

TITLE 20 ENVIRONMENTAL PROTECTION
CHAPTER 6 WATER QUALITY
PART 2 GROUND AND SURFACE WATER PROTECTION

20.6.2.3108 PUBLIC NOTICE AND PARTICIPATION:

- A.** Within 30 days of submission of an application for discharge permit, modification or renewal:
- (1) The applicant shall provide notice, in accordance with the requirements of Section E of this Section, to the general public in the locale of the proposed discharge in a form provided by the department by each of the three methods listed below:
 - (a) prominently posting a synopsis of the public notice, in English and in Spanish, at a conspicuous public location, approved by the department, at or near the existing or proposed facility for 30 days; and
 - (b) providing written notice of the discharge by certified mail, return receipt requested, to owners of record of all adjacent properties; and
 - (c) providing notice by certified mail, return receipt requested, to the owner of the discharge site if the applicant is not the owner;
 - (2) In lieu of the public notice requirements of Subparagraph (b) of Paragraph (1) of Subsection A above, the applicant may publish a synopsis of the notice in a display ad at least two inches by three inches in a newspaper of general circulation in the location of the proposed discharge.
 - (3) In lieu of the public notice requirements of Subparagraph (a) and (b) of Paragraph (1) of Subsection A above, the applicant may provide notice of the discharge by certified mail, return receipt requested, to property owners of record within 1/2 mile of the discharge site on a form provided by the department.
 - (4) If there are no adjacent properties other than properties owned by the discharger, the applicant shall, in lieu of the requirements in Subparagraph (b) of Paragraph (1) of Subsection A above, publish a synopsis of the notice in a display ad at least two inches by three inches in a newspaper of general circulation in the location of the facility.
- B.** Within fifteen days of completion of the public notice requirements in Subsection A of this Section, the applicant shall submit to the department proof of notice, including certified mail receipts and an affidavit of posting, as appropriate. If the department determines that the notice provided pursuant to Subsection A of this Section is inadequate, the department may require additional notice in accordance with Subsection A of this Section.
- C.** Within 30 days of receipt of an application for a discharge permit, modification or renewal, the department shall review the application for administrative completeness. To be deemed administratively complete, an application must provide all of the information required by Paragraphs (1) through (5) of Subsection E of this Section. The department shall notify the applicant in writing when the application is deemed administratively complete. If the department determines that the application is not administratively complete, the department shall notify the applicant of the deficiencies in writing within 30 days of receipt of the application and state what additional information is necessary.
- D.** Within 30 days of determining an application for a discharge permit, modification or renewal is administratively complete, the department shall post a notice on its web site and shall mail notice to any affected local, state, federal, tribal or pueblo governmental agency, political subdivisions, ditch associations and Land Grants, as identified by the department. The department shall also mail or e-mail notice to those persons on a list maintained by the department who have requested notice of discharge permit applications. The notice shall include the information listed in Subsection E of this Section.
- E.** The notice provided under Subsection A and D of this Section shall include:
- (1) The name and address of the proposed discharger;
 - (2) The location of the discharge, including a street address, if available, and sufficient information to locate the facility with respect to surrounding landmarks;



(3) A brief description of the activities that produce the discharge described in the application;
(4) A brief description of the expected quality and volume of the discharge;
(5) The depth to and total dissolved solids concentration of the ground water beneath the discharge site;

(6) The address and phone number within the department by which interested persons may obtain information, submit comments, and request to be placed on a facility-specific mailing list for future notices; and
(7) A statement that the department will accept comments and statements of interest regarding the application and will create a facility-specific mailing list for persons who wish to receive future notices.

F. All persons who submit comments or statements of interest to the department and who provide a mail or e-mail address shall be placed on a facility-specific mailing list and the department shall send those persons the public notice issued pursuant to Subsection G of this Section, and notice of any public meeting or hearing scheduled on the application.

G. Within 60 days after the department makes its administrative completeness determination and all required technical information is available, the department shall make available a proposed approval or disapproval of the application for a discharge permit, modification or renewal, including conditions for approval proposed by the department or the reasons for disapproval. The department shall mail or deliver a copy of the proposed approval or disapproval to the applicant, and shall provide notice of the proposed approval or disapproval of the application for a discharge permit, modification or renewal by:

(1) Posting on the department's website;
(2) Publishing notice in a newspaper of general circulation in this state and a newspaper of general circulation in the location of the facility;
(3) Mailing or e-mailing to those persons on a facility-specific mailing list;
(4) Mailing to any affected local, state, or federal governmental agency, as identified by the department; and
(5) Mailing to the Governor, Chairperson, or President of each Indian Tribe, Pueblo or Nation within the state of New Mexico, as identified by the department.

H. The public notice issued under Subsection G shall include the information in Subsection E of this Section and the following information:

(1) A brief description of the procedures to be followed by the secretary in making a final determination;
(2) A statement of the comment period and description of the procedures for a person to request a hearing on the application; and
(3) The address and telephone number at which interested persons may obtain a copy of the proposed approval or disapproval of an application for a discharge permit, modification or renewal.

I. In the event that the proposed approval or disapproval of an application for a discharge permit, modification or renewal is available for review within 30 days of deeming the application administratively complete, the department may combine the public notice procedures of Subsections D and G of this Section.

J. Following the public notice of the application and proposed approval or disapproval of an application for a discharge permit, modification or renewal, and prior to a final decision by the secretary, there shall be a period of at least 30 days during which written comments may be submitted to the department and/or a public hearing may be requested in writing. All comments will be considered by the department. Requests for a hearing shall be in writing and shall set forth the reasons why a hearing should be held. A public hearing shall be held if the secretary determines there is significant public interest. The department shall notify the applicant and any person requesting a hearing of the decision whether to hold a hearing and the reasons therefore in writing.

K. If a hearing is held, pursuant to Subsection J of this Section, notice of the hearing shall be given by the department at least 30 days prior to the hearing in accordance with Subsection G of this section. The notice shall include the information identified in Subsection H of this section in addition to the time and place of the hearing and a brief description of the hearing procedures. The hearing shall be held pursuant to Section 20.6.2.3110 NMAC. [2-18-77, 12-24-87, 12-1-95, 11-15-96; 20.6.2.3108 NMAC – Rn, 20 NMAC 6.2.III.3108, 1-15-01; A, 12-1-01; A, 9-15-02]



RECEIVED

January 2, 2004

JAN 0 5 2004

OIL CONSERVATION
DIVISION

Mr. Wayne Price
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Proof of Notice for Navajo Refining Company's Proposed WDW-3
Subsurface Project No. 60D5497

Dear Mr. Price:

Navajo Refining Company (Navajo) respectfully submits proof of notice as required by the Oil Conservation Division as specified in 19.15.9.701 B(2) and C(1) NMAC (Attachment E) and by the Water Quality Conservation Commission, as specified in 20.6.2.3108.A NMAC (Attachment F).

To satisfy 19.15.9.701 B(2) NMAC, Navajo mailed notification to the entities listed in Attachment A. The land on which WDW-3 is located is federal land. Certified mail return receipts for all entities notified are included in Attachment B. A sample notification letter is included in Attachment D.

To satisfy 19.15.9.701 C(1) NMAC, Navajo published the notice in Attachment C in the Artesia Daily Press on December 14, 2003. The Affidavit of Publication is included in Attachment C.

To satisfy 20.6.2.3108 A(1)(a), Navajo opted to satisfy the requirements of A(3).

To satisfy 20.6.2.3108 A(1)(b), Navajo provided written notice of the discharge by certified mail to owners of record of all adjacent properties. All property adjacent to the discharge site is federal land. The BLM was notified, as shown in Attachment B.

To satisfy 20.6.2.3108 A(1)(c), Navajo provided notice by certified mail to the owner of the discharge site. The discharge site is federal land. The BLM was notified, as shown in Attachment B.

Mr. Wayne Price
New Mexico Oil Conservation Division

January 2, 2004
Page 2

To satisfy 20.6.2.3108 A(2), Navajo published the notice in Attachment C in the Artesia Daily Press on December 14, 2003. The affidavit of Publication is included as Attachment C.

To satisfy 20.6.2.3108 A(1)(a) and A(3), Navajo provided notice to property owners within 1/2 mile of the discharge site. Land in Sections 1, 11, and 12, T 18S, R 27E, that is within 1/2 mile of the discharge site is federal land. The BLM was notified, as shown in Attachment B. Land in Section 2, T18S, R 27E, that is within 1/2 mile of the discharge site is state land. The New Mexico State Land Office was notified, as shown in Attachment D.

Navajo is not required to satisfy 20.6.2.3108 A(4), as landowners were notified.

Please do not hesitate to call me at 505-748-3311 if you have questions.

Sincerely,



Nancy L. Niemann
Senior Geologist

NLN/js

c: Darrell Moore – Navajo Refining Company

Attachments:

- Attachment A:** Leasehold Operators Within 1/2 Mile of Navajo's WDW-3
- Attachment B:** Certified Return Receipts from Leasehold Operators
- Attachment C:** Affidavit of Publication of Notice
- Attachment D:** Certified Return Receipt from State Land Office
- Attachment E:** OCD Public Notice Requirements
- Attachment F:** WQCC Public Notice Requirements

Price Let 1



ATTACHMENT A

LEASEHOLD OPERATORS WITHIN 1/2 MILE OF NAVAJO'S WDW-3

**BP America Production Company
Post Office Box 3092
Houston, TX 77253
Certified Mail Return Receipt 7003 1010 0003 9128 4744**

**Mewbourne Oil Company
Post Office Box 7698
Tyler, TX 75711
Certified Mail Return Receipt 7003 1010 0003 9128 4706**

**Bureau of Land Management
New Mexico State Office
Post Office and Federal Bldg.
Post Office Box 1449
Santa Fe, NM 87504-1449
Certified Mail Return Receipt 7003 1010 0003 9128 4713**

**Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, NM 88201
Certified Mail Return Receipt 7003 1010 0003 9128 4720**

**Bureau of Land Management
Carlsbad Field Office
Post Office Box 1778
Carlsbad, NM 88221-1778
Certified Mail Return Receipt 7003 1010 0003 9128 4737**



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
Carlsbad Field Office
Post Office Box 1778
Carlsbad, New Mexico 88221-1778

2. Article Number
(Transfer from service label) 7003 1010 0003 9128 4737
PS Form 3811, August 2001 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

- A. Signature  Agent Addressee
- B. Received by (Printed Name) T. Hochstein C. Date of Delivery 12/8/03
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

7003 1010 0003 9128 4737
PS Form 3811, August 2001 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mewbourne Oil Company
Post Office Box 7698
Tyler, Texas 75711

2. Article Number
(Transfer from service label) 7003 1010 0003 9
PS Form 3811, August 2001 Domestic Return Receipt

COMPLETE THIS SECTION

- A. Signature  Certified Mail Registered Insured Mail
- B. Received by (Printed Name) HEAVY GARDNER C. Date of Delivery 12/8/03
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type Certified Mail Registered Insured Mail
4. Restricted Delivery? (Extra Fee) Yes

7003 1010 0003 9
PS Form 3811, August 2001 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
New Mexico State Office
Post Office and Federal Bldg.
Post Office Box 1449
Santa Fe, New Mexico 87504-1449

2. Article Number
(Transfer from service label) 7003 1010 0003 9128 4713
PS Form 3811, August 2001 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

- A. Signature  Agent Addressee
- B. Received by (Printed Name) T. Hochstein C. Date of Delivery 12/8/03
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

7003 1010 0003 9128 4713
PS Form 3811, August 2001 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201

2. Article Number
(Transfer from service label) 7003 1010 0003 9128 4713
PS Form 3811, August 2001 Domestic Return Receipt

COMPLETE THIS SECTION

- A. Signature  Certified Mail Registered Insured Mail
- B. Received by (Printed Name) HEAVY GARDNER C. Date of Delivery 12/8/03
- D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type Certified Mail Registered Insured Mail
4. Restricted Delivery? (Extra Fee) Yes

7003 1010 0003 9
PS Form 3811, August 2001 Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**BP America Production Company
Post Office Box 3092
Houston, Texas 77253**

COMPLETE THIS SECTION ON DELIVERY

- A. Signature Agent
X *ED. HERRERA* Addressee
- B. Received by (Printed Name) C. Date of Delivery
DEC 16 2003
- D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.
4. Restricted Delivery? (Extra Fee) Yes

2. Article Number
(Transfer from service label)

7003 1010 0003 9128 4744

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-1540

Affidavit of Publication

NO. 18300

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks/days on the same

day as follows:

First Publication December 14 2003

Second Publication _____

Third Publication _____

Fourth Publication _____

Subscribed and sworn to before me this

15th Day December 2003

Barbara Ann Brown
Notary Public, Eddy County, New Mexico

My Commission expires September :23, 2007

Copy of Publication:

LEGAL NOTICE

**NAVAJO REFINING COMPANY
ARTESIA, NEW MEXICO**

Navajo Refining Company (Navajo) has submitted to the State of New Mexico, Energy, Minerals and Natural Resources Department, Oil Conservation Division, an application to modify its discharge plan (UIC-CL1-008) to inject into its proposed Class I effluent disposal well, WDW-3. Navajo proposes to inject exempt and nonexempt nonhazardous oilfield wastewaters that are generated exclusively by Navajo at its refineries in Artesia and Lovington, New Mexico. WDW-3 is located approximately 11 miles southeast of Artesia, 790 feet from the south line and 2250 feet from the west line of Section 1, Township 18 South, Range 27 East, in Eddy County, New Mexico. The proposed injection zone consists of porous intervals in the lower portion of the Wolfcamp Formation and the Cisco and Canyon Formations between 7303 feet and 8894 feet below the Kelly bushing elevation in WDW-3. The proposed maximum injection rate is 500 gallons per minute. The maximum injection pressure is 1461 pounds per square inch. The contact party for

LEGAL NOTICE

Navajo is: Mr. Darrell Moore Environmental Manager of Water and Waste Navajo Refining Company P.O. Box 159 Artesia, New Mexico 88210 (505) 748-3311 Interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St Francis Drive, Santa Fe, New Mexico 87505 (505-476-3440) within 15 days of the date of publication of this notice. Published in the Artesia Daily Press, Artesia, N.M. December 14, 2003.

Legal 18300

NOV 21 2003

Affidavit of Publication

NO. 18255

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 consecutive weeks/days on the same

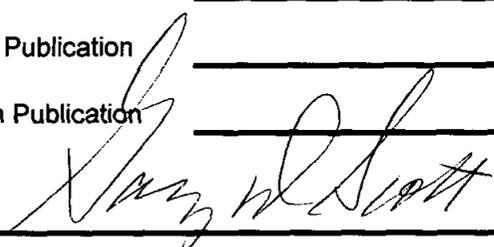
day as follows:

First Publication November 11 2003

Second Publication _____

Third Publication _____

Fourth Publication _____



Subscribed and sworn to before me this

11th Day November 2003

Barbara Ann Beans
Notary Public, Eddy County, New Mexico

My Commission expires September : 23, 2007

LEGAL NOTICE

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge permit application(s) has been submitted to the Director of the Oil Conservation Division, 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440: (UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan modification application for their Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, respectively, NMPM, Eddy County, New Mexico. The modification proposes adding another well to be named Navajo (WDW-3). Navajo proposes to convert a temporarily abandoned well, the Navajo Chalk Bluff Federal Com. No. 1. (API 30-015-26575) into an injection well. This well is located 790 FSL, 2250 FWL Section 1-Township 18 South, Range 27 East. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,303 and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the wells will be 500 gallons per minute/well or 1000 gallons per minute combined with a maximum injection pressure of 1490 psi (WDW-1), 1454 psi (WDW-2) and 1461 psi (WDW-3). The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535

LEGAL NOTICE

mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed. Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m. Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest. If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit and information submitted at the hearing. GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 3rd day of November 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL
LORI WROTENBERY,
Director

Published in the Artesia Daily Press, Artesia, N.M. November 11, 2003.

Legal 18255

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

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

(GW-275)-Unichem (a Division of BJ Services Company); Mr. Robert E. Barr, 1215 Basin Road, Farmington, New Mexico 87401, has submitted a Discharge Plan Renewal Application for their Farmington Service Facility located in the NE/4 NE/4, Section 23, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico. Any potential discharge at the facility will be stored in a closed top receptacle prior to transport off-site to an OCD approved disposal facility. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 15 feet with a total dissolved solids concentration of approximately 675 mg/L. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(BW-025) Paul Prather, P.O. Box 7169, Eunice, New Mexico 88231, has submitted a discharge plan renewal application for the CSI Brine Sales Station located in the NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. Fresh water from the City of Jal is injected into the Salado Formation at an approximate depth of 1,150 feet and brine water is extracted with an average total

dissolved solids concentration of 350,000 mg/l. The brine water is stored in four 1,000 barrel above ground closed top tanks. The plan includes a chemical storage dock and a below grade concrete pit for temporary storage of exempt oilfield waste. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 40 feet with a total dissolved solids concentration of approximately 875 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(UIC-CL1-008) - Navajo Refining Company, Darrrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan renewal application for their Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, respectively, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,270 feet and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the wells will be 500 gallons per minute with a maximum injection pressure of 1490 psi (WDW-1) and 1454 psi (WDW-2). The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most

likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

UIC-CL1-005 (GW-130) - Key Energy Services, Inc., Mr. Mike Talovich, P.O. Box 900, Farmington, New Mexico, 87499 has submitted a discharge plan renewal application for their permitted Class I disposal well located in Unit Letter E, Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico. Approximately 2,000 barrels per day of non-hazardous oil field liquid waste are disposed of by injection into the Point Lookout Formation at a depth from 4,380 to 4,480 feet. The total dissolved solids concentration of the injection water is approximately 24,000 mg/l. The total dissolved solids concentration of the formation fluids is approximately 14,000 mg/l. The discharge plan addresses construction, operation and monitoring of the well and associated surface facilities and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges to the ground surface. Ground water most likely to be affected by any accidental discharge is at a depth from 78 to 90 feet and has a total dissolved solids concentration of approximately 450 mg/l.

(GW-019) - Loco Hills GSF has purchased the Amerigas Gas Corporation's Loco Hills L.P. Gas underground salt cavern storage facility located in NW/4 SW/4 of Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico. Loco Hills GSF has submitted a discharge plan modification to construct a new 186,540 barrel double lined storage

pond for leak detection to store brine water. Groundwater most likely to be affected by an accidental discharge is at a depth of 80-90 feet with a total dissolved solids concentration of 0-10,000 mg/l. The discharge plan addresses how spill, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and any interested person may request 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 there is significant public interest.

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

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24th day of June 2003.

STATE OF NEW
MEXICO
OIL CONSERVATION
DIVISION.

SEAL
LORI WROTENBERY,
Director

Legal #73786

Pub. August 1, 2003

NOTICE OF PUBLICATION

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

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

(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan renewal application for their Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by a special designed double wall pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, repetitively, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,270 feet and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the wells will be 500 gallons per minute with a maximum injection pressure of 1490 psi (WDW-1) and 1454 psi (WDW-2). The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

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

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 28th day of June 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

LORI WROTENBERY, Director

1220 S. St. Francis
Santa Fe, NM 87505
PH 505-476-3492
FA 505-476-3463

**New Mexico Oil
Conservation
Division**

Fax

To: Carlsbad Current Argus – Legals **From:** Ed Martin

Fax: 505-885-1066 **Pages:** 3

Phone: 505-887-5501 **Date:** 7/28/2003

Re: Legal Notice **CC:** Wayne Price

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

Please publish the attached legal notice, one time only, on or before Friday, August 1, 2003.

Upon publication, forward to this office:

1. Publishers affidavit
2. Invoice. Our purchase order number is **04-199-050127**

If you have any questions, please contact me.

Thank you.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

NOTICE OF PUBLICATION

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

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

(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan renewal application for their Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, respectively, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,270 feet and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the wells will be 500 gallons per minute with a maximum injection pressure of 1490 psi (WDW-1) and 1454 psi (WDW-2). The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(GW-019) – Loco Hills GSF has purchased the Amerigas Gas Corporation's Loco Hills L.P. Gas underground salt cavern storage facility located in NW/4 SW/4 of Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico. Loco Hills GSF has submitted a discharge plan modification to construct a new 186,540 barrel double lined storage pond with leak detection to store brine water. Groundwater most likely to be affected by an accidental discharge is at a depth of 80-90 feet with a total dissolved solids concentration of 0-10,000 mg/l. The discharge plan addresses how spill, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and any interested person may request 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 there is significant public interest.

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

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24th day of June 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

LORI WROTENBERY, Director

Price, Wayne

From: Price, Wayne
Sent: Thursday, August 28, 2003 10:36 AM
To: 'Darrell Moore'
Cc: Stubblefield, Mike; Sheeley, Paul; Johnson, Larry
Subject: RE: Minor Modification to Discharge Permits GW-14 and GW-28

Tracking: **Recipient** **Read**
'Darrell Moore'
Stubblefield, Mike Read: 8/28/2003 11:04 AM
Sheeley, Paul
Johnson, Larry

Dear Mr. Moore:

OCD hereby approves of this request. In addition, OCD has made public notice concerning this issue in your recent application for permit renewal for the WDW#1 and 2 injection wells. Please see attached public notice.

Please be advised that NMOCD approval of this plan does not relieve Navajo of liability should their operations pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve Navajo of responsibility for compliance with any OCD, federal, state, or local laws and/or regulations.

Wayne Price

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

From: Darrell Moore [mailto:darrell@navajo-refining.com]
Sent: Thursday, August 28, 2003 10:26 AM
To: Price, Wayne
Subject: Minor Modification to Discharge Permits GW-14 and GW-28

Wayne,

As we discussed over the phone, Navajo would like to make a minor modification to our discharge permits GW-14 (Lea Refinery) and GW-28 (Artesia Refinery) to allow us to bring Lea's waste water to Artesia and put it down our injection wells east of Artesia. This would only be done in an emergency and would be accomplished as follows:

- Lea's waste water would be sent down our pipeline that runs between the two plants.
- This waste water would then go into a product storage tank here at the plant in Artesia.
- This water would then be drawn off the bottom of the tank and put into Artesia's sewer system.
- It would then go thru Artesia's waste water system including oil separation, biological treatment, air flotation and filtering and then be sent down a waste water line to one of our two injection wells east of Artesia.

If there are any questions concerning this request, please call me at 505-748-3311. Thank you for your time in this matter.

8/28/2003

TERMINI: NM 40, NM 532 to NM 37 for 6.580 km.

COUNTY: Lincoln (District 2)
TYPE OF WORK: Roadway Reconstruction, Bridge Replacement

CONTRACT TIME: To be completed by May 20, 2005 (See Notice To Contractors)

DBE GOAL: The approved FY 2003 State DBE Goal on Federally assisted projects is established at 8.36%. At this time NMSHTD will meet the State DBE on Federally-assisted projects through race neutral measures. There is no DBE project goal established for this project.
LICENSES: (GA-1 Or GA-98) & (GF-2 Or GF-98)

A Pre-Bid Conference (MANDATORY) for CN 1245 will be held on August 7, 2003 at 1:00 PM at the Ruidoso Convention Center 111 Sierra Blanca Drive, Ruidoso, New Mexico. For additional information regarding the Pre-Bid Conference contact Rick Padilla at 505.827.0388

Project Field Reviews with David Dawson, Project Manager, New Mexico Department of Transportation (MANDATORY) for CN 1245 will be held on August 4, 5 & 6, 2003. Contractors must schedule a day and time with the Ruidoso Project Office at 505.257.8424. The Ruidoso Project Office is located at 100 Cree Meadows, Ruidoso, New Mexico. For additional information regarding the Project Field Reviews contact David Dawson at 505.257-8424.

(5)
BR-O-0154(1)01 - CN 2065

TERMINI: NM 154, MP 1.0 for 0.012 miles
COUNTY: Dona Ana (District 1)

TYPE OF WORK: Bridge Replacement
CONTRACT TIME: 30 Working Days

DBE GOAL: The approved FY 2003 State DBE Goal on Federally assisted projects is established at 8.36%. At this time NMSHTD will meet the State DBE on Federally-assisted projects through race neutral measures. There is no DBE project goal established for this project.
LICENSES: (GA-1 Or GA-98) & (GF-2 Or GF-98)

Advertisement Dates: July 26, August 1, 8 & 15, 2003

Rhonda G. Faught, Secretary

Village of Galisteo, Santa Fe County, New Mexico.

Any person, firm or corporation or other entity having standing to file objections or protests shall do so in writing (legible, signed, and include the writer's complete name and mailing address). The objection to the approval of the application: (1) if impairment, you must specifically identify your water rights; and/or (2) if public welfare or conservation of water within the state of New Mexico, you must show you will be substantially effected. The written protest must be filed, in triplicate, with the State Engineer, 121 Tijeras NE Suite 2000, Albuquerque, NM 87102, within ten (10) days after the date of the last publication of this Notice. Facsimiles (faxes) will be accepted as a valid protest as long as the hard copy is sent within the 24-hour period. Protests can be faxed to (505)764-3892. If no valid protest or objection is filed, the State Engineer will evaluate the application in accordance with Sections 72-2-16, 72-5-6, 72-6-5, and 72-12-3.
Legal #73792
Pub. August 1, 8, 15, 2003

Notice of Invitation to Bid

The Alternative Fuels Vehicle Network (AFVN) will accept sealed bids from qualified respondents to provide equipment hardware and installation for one (1) to five (5) ethanol (E-85) public fueling stations. Equipment bids will include a dispenser and a 10,000 gallon E-85 tank with the option of installation both above and below ground at the public site. Dispenser will have universal card access capability. Bids shall provide a separate equipment list and cost and a separate installation (estimated) cost. Stations will be installed in and around the communities of Albuquerque, Los Alamos and Santa Fe. Bids will be accepted until 5:00 pm local time on Friday, August 8, 2003. Bids received after this time will not be accepted. All bids must be submitted in a sealed envelope. Specific questions regarding the bid can be made to AFVN at 505-856-8585. Bids will be submitted to AFVN, 11621 San Antonio NE, Albuquerque, NM, 87122.
Legal #73761
Pub. July 29, 30, 31; August 4, 2003

...prior to transport off-site to an OCD approved disposal facility. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 15 feet with a total dissolved solids concentration of approximately 675 mg/L. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(BW-025) Paul Prather, P.O. Box 7169, Eunice, New Mexico 88231, has submitted a discharge plan renewal application for the CSI Brine Sales Station located in the NE/4 NE/4 of Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. Fresh water from the City of Jal is injected into the Salado Formation at an approximate depth of 1,150 feet and brine water is extracted with an average total dissolved solids concentration of 350,000 mg/L. The brine water is stored in four 1,000 barrel above ground closed top tanks. The plan includes a chemical storage dock and a below grade concrete pit for temporary storage of exempt oilfield waste. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 40 feet with a total dissolved solids concentration of approximately 875 mg/L. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(UIC-CL1-008) - Navajo Refining Company; Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan renewal application for their Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, respectively, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower

solids concentration of approximately 450 mg/L.

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Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and any interested person may request 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 there is significant public interest.

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

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24th day of June 2003.

STATE OF NEW

ernest.w.jahnke@usace.army.mil.
Public meeting on this proposal will be held on Thursday, August 28, 2003, from 6:30 to 8:30 PM at the Rio Rancho High School Performing Arts Center, 301 Loma Colorado, NE, Rio Rancho, NM.
Legal #73740
Pub. August 1, 2003

NOTIFICATION OF DISPOSITION OF COLLATERAL

NOTICE OF PUBLIC SALE

NAME OF DEBTOR: ALL ONE TRIBE, INC.

CREDITOR: FIRST STATE BANK N.M.; P.O. Box 3686 Albuquerque, N.M. 87190
Attention: Ms. Cynthia Richards, phone 241-7677

DEBT: Debt owed to First State Bank by ALL ONE TRIBE, INC. May 8, 2000 Promissory Note; Original Principal Amount \$183,000.00; Loan #327336

DESCRIPTION OF COLLATERAL TO BE SOLD:

All inventory, accounts, equipment, general intangibles, fixtures and furniture of the Debtor.

NOTICE OF SALE: Pursuant to N.M. Stat. Ann. # 55-9-610 (1978), the interest of First State Bank in the above-described Collateral will be offered for sale at a public auction, as follows:
Date: Saturday August 2, 2003
Time: 9:00 a.m.
Place of Sale: 1219 E. Gusdorf Road, Taos, New Mexico 87571

The collateral will be sold to the highest qualified bidder, however, the Bank reserves the right to reject any bid that it does not consider acceptable, and the Bank reserves the right to take any other action necessary to sell the subject Collateral in a commercially reasonable manner.

DISCLAIMER: The interest of First State Bank in the above-described Collateral will be sold "as is," without warranty, express or implied. There will be no warranty relating to title, possession, quiet enjoyment, or the like in this disposition.

FIRST STATE BANK
By Cynthia Richards
Assistant Vice President
Legal #73760
Pub. July 28, 29, 30, 31; August 1, 2003

SOFTWARE TO RUN THE COUNTY FINANCE, TREASURER, ASSESSOR, SOLID WASTE AND CLERK'S OFFICES

General: The County of San Miguel is requesting proposals for software to run the County's Finance, Payroll, Treasurer, Assessor, Solid Waste and Clerk's offices. The software should be designed to interface with all modules and run the daily operations of the said offices and meet all federal and state requirements. All interested firms submitting proposals must submit to the County Manager's office a firm proposal of their respective software. The bidder must identify the hardware requirements, outside licenses (i.e., compiler licenses, etc.) and any other cost the county will have to incur in order to operate the proposed software.

Request for Proposals may be obtained from the County Manager's office at 500 West National Avenue, Suite 100, Las Vegas, New Mexico. Proposals must be delivered to the County Manager's office at 500 West National Avenue, Suite 100, Las Vegas New Mexico by 3:00 p.m. on or before August 13, 2003. The envelope containing the proposal shall be labeled "PROPOSALS FOR SOFTWARE TO RUN THE COUNTY FINANCE, TREASURER, ASSESSOR, SOLID WASTE AND CLERK'S OFFICES on the lower left hand corner. It shall be the responsibility of the Bidders to see that its proposal is delivered to the County Manager by the date set above. If the delivery of the proposal by whatever means is delayed beyond the opening time and date set, the proposal will not be opened nor considered. The Bidders shall provide five (5) copies of its proposal.

The County shall open sealed proposals on August 14, 2003. The Proposals will be opened at 10:00 a.m. in the County Manager's Office, 500 West National Avenue, Suite 100, Las Vegas New Mexico, 87701

/s/MELINDA GONZALES, FINANCE DIVISION SUPERVISOR

/s/Les Montoya, County Manager

Legal #73794
Pub. August 1, 2003

pm on August Please 989-8340 nation. dia. Sc Th might any prop an EEO Indian Pr cles.

Legal #73 Pub. July 1, 2003

STATE OF NEW MEX

IN THE CI

IN THE M/ OF THE E OF KATHE BROWNLI Deceased

P NOT CREI

Ruby Aubt appointed Represent Estate of Brownlie, c persons h against th required to claims months aft the first p this Notice will be for Claims m. sented eith sonal Re c/o Worcest P.C., Atten P. Worcest fice Box 1 Fe, New 87504-1717 with the Pr of Santa New Mexico

DATED: 7-1 RUE

WORCESTE MCKAY, P.C.

By: Robert P Post Office E Santa Fe, N 87504-1717 (505)820-22

Attorneys fo Representati

Legal #73748 Pub. July 25; August 1, 2003

New Santa

THE SANTA FE
NEW MEXICAN RECEIVED
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NOV 18 2003

OIL CONSERVATION
DIVISION

NM OIL CONSERVATION D
1220 ST. FRANCIS DR
ATT MARY ANAYA
SANTA FE NM 87505

ALTERNATE ACCOUNT: 56689
AD NUMBER: 00037565 ACCOUNT: 00002212
LEGAL NO: 74304 P.O. #: 04-199-050340
195 LINES 1 TIME(S) 133.76
AFFIDAVIT: 5.25
TAX: 9.30
TOTAL: 148.31

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, B. Perner, being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication # 74304 a copy of which is hereto attached was published in said newspaper 1 day(s) between 11/13/2003 and 11/13/2003 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 13rd day of November, 2003 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/ B. Perner
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 13rd day of November, 2003

Notary Laura E. Harding

Commission Expires: 11/25/03

STATE OF
PUBLICATION

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

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

(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan modification application for their Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, respectively, NMPM, Eddy County, New Mexico. The modification proposes adding another well to be named Navajo (WDW-3). Navajo proposes to convert a temporarily abandoned well, the Navajo Chalk Bluff Federal Com. No. 1. (API 30-015-26575) into an injection well. This well is located 790 FSL, 2250 FWL Section 1-Township 18 South, Range 27 East. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,303 and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the wells will be 500 gallons per minute/well or 1000 gallons per minute combined with a maximum injection pressure of 1490 psi

(WDW-1) , 1454 psi (WDW-2) and 1461 psi (WDW-3). total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/qcd/>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

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

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 3rd day of November 2003.

STATE OF
NEW MEXICO
OIL CONSERVATION
DIVISION

SEAL

LORI
WROTENBERY,
Director

Legal #74304
Pub. November 13, 2003

THE SANTA FE
NEW MEXICAN RECEIVED
Founded 1849

AUG 05 2003

OIL CONSERVATION
DIVISION

Ed Martin
NM OIL CONSERVATION D
1220 ST. FRANCIS DR
ATT MARY ANAYA
SANTA FE NM 87505

ALTERNATE ACCOUNT: 56689
AD NUMBER: 00019826 ACCOUNT: 00002212
LEGAL NO: 73788 P.O. #: 04.199.050340
333 LINES 1 TIME(S) 227.92
AFFIDAVIT: 5.25
TAX: 15.59
TOTAL: 248.76

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, K. Voorhees, being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication # 73788 a copy of which is hereto attached was published in said newspaper 1 day(s) between 08/01/2003 and 08/01/2003 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 1st day of August, 2003 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/ *K. Voorhees*
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 1st day of August, 2003

Notary *Laura R. Harting*

Commission Expires: 11/23/03

OK Wayne
8/27/03

Navajo Refining Company



501 E Main St.
P.O. Box 159
Artesia NM, 88210
Phone-(505) 748-3311

Engineering Department
Fax-(505)746-5421

Fax

Company Name NEW MEXICO OIL CONSERVATION DIVISION

To: WAYNE PRICE From: DARRELL MOORE

Fax: 505-476-3462 Pages: 2 (Including cover sheet)

Phone: _____ Date: 1-7-03

Re: _____ CCI

- Urgent
- For Review
- Please Comment
- Please Reply
- Please Recycle

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

IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL LISA AT 505-746-5270

Comments: _____

DENIED *WOK*

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

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

Form C-141
Revised March 17, 1999
Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

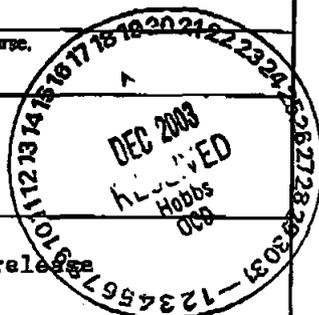
OPERATOR		<input checked="" type="checkbox"/> Initial Report	<input type="checkbox"/> Final Report
Name of Company Navajo Refining + Lea		Contact Darrell Moore	
Address P.O. Drawer 159 Artesia, NM		Telephone No. 505-748-3311	
Facility Name LEA		Facility Type REFINERY	
Surface Owner NAVAJO	Mineral Owner NA	Lease No. NA	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
E	36	16S	36E					LEA

NATURE OF RELEASE

Type of Release Diesel	Volume of Release 70 bbls.	Volume Recovered 30 bbls.
Source of Release Relief valve	Date and Hour of Occurrence 12/7/03 4:00 am	Date and Hour of Discovery 12/7/03 4:00 am
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? E.L. Gonzalez	
By Whom? Darrell Moore	Date and Hour 12/7/03 1:00 pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	



If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Relief valve was left open. When pump was kicked on, the release occurred.

Describe Area Affected and Cleanup Action Taken.* **Area is near TK103B. Vacuum truck picked up 30bbls. Liquid. 100yds. of contaminated soil was removed and shipped to CRI. Bottom hole samples have been collected. Awaiting results.**

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

Signature: <i>Darrell Moore</i>	OIL CONSERVATION DIVISION	
Printed Name: Darrell Moore	Approved by District Supervisor: <i>Wayne Price</i>	
Title: Env. Mgr. for Water & Waste	Approval Date: 1/8/03	Expiration Date:
Date: 12/17/03 Phone: 505-748-3311	Conditions of Approval: CLOSURE REPORT REQUIRED	Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary
Enroll

CLOSURE REPORT REQUIRED

TRANSACTION REPORT

P.01

JAN-07-2004 WED 08:52 AM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
JAN-07	08:51 AM	505 746 5283	33"	2	RECEIVE	OK		



REFINING COMPANY, L.P.

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 EXEC/MKTG
(505) 746-5421 ENGINEERING
(505) 746-5480 PIPELINE

RECEIVED

July 10, 2003

JUL 14 2003

OIL CONSERVATION
DIVISION

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

RE: Permit Renewal for Navajo Refining Company's Injection Wells

Dear Wayne,

Enclosed, please find a check for \$200 to cover the permit renewal for Navajo's permits to inject our wastewater into our two injection wells WWD-1 and WWD-2.

In addition, as we had discussed over the phone, Navajo would like to include the wastewater discharge from our Lea Refinery in these permits. As we discussed, we are currently sending this water to the Lovington POTW but the City of Lovington has been making some noise about severing that relationship. We are looking for wells in the area to convert to injection wells for a long term solution to this problem. However, in an emergency, we would like to have the option to bring this wastewater to Artesia via our pipeline and put it down our injection wells here.

If there are any questions concerning this matter, please call me at 505-748-3311.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Manager for Water and Waste

Encl.

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 230380 dated 7/10/03
or cash received on _____ in the amount of \$ 200.00

from NAVAJO REFINING CO.
for WPCW-1 AND WPCW-2 MIC-CI-008

Submitted by: ZAYNE PRICE (Facility Name) Date: 7/17/03 (DP No.)

Submitted to ASD by: [Signature] Date: "

Received in ASD by: _____ Date: _____

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

Organization Code 521.07 Applicable FY 2003 89

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

THIS CHECK CLEARS THROUGH POSITIVE PAY

NAVAJO REFINING COMPANY

501 EAST MAIN STREET
P O BOX 159

ARTESIA, NM 88211-0159
(505) 748-3311

GUARANTY BANK
DALLAS, TEXAS
88-7066/3149

230380

CHECK DATE: 07/10/03

The SUM of Two Hundred Dollars and 00 cents

PAY EXACTLY

*****200.00

VOID AFTER 180 DAYS

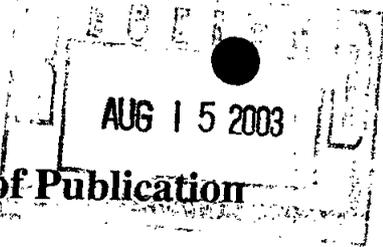
PAY TO THE ORDER OF
NEW MEXICO OIL CONSERVATION
DIVISION
1220 S ST. FRANCIS
SANTA FE, NM 87505

Matthew P. Clifton

\$25,000.00 OR MORE REQUIRES 2 MANUAL SIGNATURES

⑈ 230380⑈ ⑆ 314970680⑆ 3801465240⑈

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER AND HAS A TRUE WATERMARK



Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Dawn Higgins

being first duly sworn, on oath says:

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

- August 1 , 2003
- _____ , 2003
- _____ , 2003
- _____ , 2003
- _____ , 2003
- _____ , 2003

That the cost of publication is \$ 93.26 and that payment thereof has been made and will be assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

12 day of August, 2003

Stephanie Dabson

My commission expires 12/13/05
Notary Public



August 1, 2003

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commissions Regulations, the following discharge plan application(s) have been submitted to the Director of the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505; Telephone (505) 476-3440:

(UIC-CL1-008)-Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan renewal application for their Class 1 non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, respectively, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,270 feet and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/1 to 119,909 mg/1. The proposed maximum injecting rate into the wells will be 500 gallons per minute with a maximum injection pressure of 1490 psi (WDW-1) and 1454 psi (WDW-2). The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/1. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/1 to 1,535 mg/1. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(GW-019)-Loco Hills GSF has purchased the Locas Gas corporation Loco Hills L.P. Gas underground salt cavern storage facility located in NW/4SW/4 of Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico. Loco Hills GSF has submitted a discharge plan modifications to construct a new 186,540 barrel double lined storage pond with leak detection to store brine water. Groundwater most likely to be affected by an accidental discharge is at a depth of 80-90 feet with a total dissolved solids concentration of 0-10,000 mg/1. The discharge plan addresses how spill, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m. Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/o>

cd/. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) after the date of publication of this notice during which comments may be submitted and any interested person may request 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 there is significant public interest.

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

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24th day of June 2003.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

Price, Wayne

From: Price, Wayne
Sent: Monday, May 03, 2004 4:09 PM
To: Darrell Moore (E-mail)
Cc: Nancy Niemann (E-mail)
Subject: Navajo Final Draft Permit

This is the final draft permit which will be posted on our web site for 30 days. If no response and you do not have issues then the final will be mailed out after the 30 days.

You may proceed with construction at your own risk.



NAVWDW3afINAL
draft__5_03_04....

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

FINAL DRAFT

May 03, 2004

CERTIFIED MAIL
RETURN RECEIPT NO. 3929 8379

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

**RE: Approval of Discharge Permit UIC-CLI-008-3
Class I Non-Hazardous Oil Field Waste Disposal Well
WDW-3, API No. 30-015-26575
Navajo Chalk Bluff Federal Com. No.1
790 FSL and 2250 FWL Sec 1, Twn 18 S, Rng 27 E
Eddy County, New Mexico**

Dear Mr. Moore:

The discharge permit UIC-CLI-008-3 for the Navajo Refining Company (Navajo) Class I non-hazardous oil field waste disposal well the Navajo Chalk Bluff Federal Com. No.1 located 790 FSL and 2250 FWL Sec 1, Twn 18 S, Rng 27 E NMPM, Eddy County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The discharge permit consists of the original "Application for permit to drill" and Modification to Discharge Plan Application and Application for Authorization to Inject" dated September 17, 2003 and February 27, 2004 letter "Response to Questions". Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 days of receipt of this letter.**

The discharge permit was submitted pursuant to Section 5101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5101.A and 3109. Please note Sections 3109.E and 3109.G which provide for possible future amendments or modifications of the permit. Please be advised that approval of this permit does not relieve Navajo of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3104 of the regulations requires that when a permit has been approved, discharges must be consistent with the terms and conditions of the permit. Pursuant to Section 3107.C Navajo is required to notify the Director of any facility expansion, production increase, pressure

Mr. Darrell Moore

May 03, 2004

Page 2

Final DRAFT

increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4, this permit is for a period of five (5) years. This approval will expire October 5, 2004 and Navajo should submit an application for renewal in ample time before this date. Note that under Section 5101.F of the regulations, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.

The discharge permit application for the Navajo Refining Company Class I (Non-Hazardous) Disposal Well is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge permit will be assessed a fee equal to the filing fee of \$100 plus a renewal fee of \$4500.00 for class I wells. The OCD has not received the \$4500.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge permit approval or in five equal installments over the expected duration of the discharge permit. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge permit approval and subsequent installments due on this date of each calendar year.

**Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.**

If you have any questions, please contact Wayne Price of my staff at (505-476-3487) or E-mail wprice@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

**Roger Anderson
Environmental Bureau Chief
RCA/lwp**

Attachment-1

xc: OCD Artesia Office
William Jones, UIC Director, OCD Santa Fe

**ATTACHMENT TO DISCHARGE PERMIT UIC-CLI-008-3 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-3, API No. 30-015-26575
790 FSL and 2250 FWL Sec 1, Twn 18 S, Rng 27 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PERMIT APPROVAL CONDITIONS
May 03, 2004**

1. Payment of Discharge Permit Fees: The \$100.00 filing fee has been received by OCD. The \$4500.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the permit, with the first payment due upon receipt of this approval.
2. Navajo Commitments: Navajo will abide by all commitments submitted in the discharge permit application.
3. Maximum Injection Pressure: The maximum operating injection pressure at the wellhead will be 1460 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1,460 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface. In addition, the point of injection must remain below the 7300 feet level.
4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well.
5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.
6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Navajo for the life of the well.

7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Navajo for the life of the well.
8. Wastes Permitted for Injection: Injection will be limited to exempt and non-hazardous oilfield wastes generated exclusively by Navajo Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.
9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis and records will be maintained at Navajo for the life of the well:
 - a. Aromatic and halogenated volatile hydrocarbon scan by EPA method 8260C GC/MS including MTBE. Semi-Volatile Organics GC/MS EPA method 8270B including 1 and 2-methylnaphthalene.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Heavy metals using the ICAP scan (EPA method 6010) and Arsenic and Mercury using atomic absorption (EPA methods 7060 and 7470).
 - d. EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity.
10. Quarterly Reporting: The following reports will be signed and certified in accordance with WQCC section 5101.H. and submitted quarterly to both the OCD Santa Fe and Aztec Offices:
 - a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected Class I non-exempt non-hazardous oil field waste.
 - d. Monthly volumes of injected Class II exempt oil field wastes.
11. Monthly Reporting: Monthly reporting of the disposal of produced water will be in accordance with OCD Rule 1115 which requires monthly submittal of OCD Form C-115 to the OCD Santa Fe Office.

12. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal permeate. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.
13. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
14. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
15. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
16. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.
17. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps.
18. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge permit renewal. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
19. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Local District Office.

20. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
21. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

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

22. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge permit and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
23. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure permit will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
24. Plugging Bond and /or Letter of Credit: Navajo shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure permit and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge permit renewal.
25. Training: All personnel associated with operations at the Navajo Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Navajo for the life of the well.
26. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

27. Certification: Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

28. Conditions accepted by: NAVAJO REFINING COMPANY

Company Representative- print name

Date _____
Company Representative- Sign

Title _____

Price, Wayne

From: Nancy Niemann [nniemann@subsurfacegroup.com]
Sent: Monday, March 01, 2004 9:08 AM
To: Wayne Price; REzeanyim@state.nm.us
Cc: Darrell Moore
Subject: Navajo WDW-3 - Response to AP 911 Question



Ezeanyim Let1.doc

Richard and Wayne,

Attached is our response on Navajo's behalf to Richard's question of 2/23/04 on the construction of Map ID No. 911.

We've also sent a hard copy by regular mail.

Nancy L. Niemann
Senior Geologist
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, TX 77024
713-880-4640

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RECEIVED

February 27, 2004

MAR 04 2004

OIL CONSERVATION
DIVISION

Mr. Richard Ezeanyim
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Navajo Refining Company's Proposed WDW-3 – Response to Question on
February 23, 2004
Subsurface Project No. 60D5497

Dear Mr. Ezeanyim:

In a telephone conversation on February 23, 2004, you made a request for information. The information is required as part of your review of the permit modification request submitted in September 2004 by Navajo Refining Company (Navajo) for their proposed WDW-3 near Artesia, New Mexico:

Request:

According to Attachment VI-3 of the Navajo permit application, the top of cement in Map ID No. 911 (Southwest Energy Production Co. No. Bluff 36 State Com. No. 2; API 30-015-31123) is at 7350 feet KB, which is close to the top of the injection zone of Navajo's injection wells. Demonstrate that the construction of Map ID No. 911 is protective of the underground sources of drinking water (USDW).

Response:

Subsurface examined the publicly available records for Map ID No. 911. No cement bond log for the 5-1/2-inch casing is on file with the New Mexico Oil Conservation Division (OCD). The operator calculated top of cement at 7350 feet KB, according to the Sundry Notice, dated May 21, 2001, on file with OCD.

The top of the Navajo Permo-Penn injection zone at the location of Map ID. No. 911 occurs at 7350 feet KB (7331 feet BGL) by correlation with WDW-1. Therefore, the entire injection zone is covered with cement.

Furthermore, the top of the actual perforated injection interval of WDW-1 is 400 feet below the calculated top of cement. WDW-1 is perforated in the Cisco Formation, the top of which occurs at 7750 feet KB in Map ID No. 911 by correlation with WDW-1.

Map ID No. 911 is located outside the cone of influence of Navajo's injection wells. The cone of influence is defined in Section VI.E of the application as the area within which pressure buildup from injection into Navajo's injection wells would endanger the USDW by causing a column of brine to rise to the base of the USDW at the base of the Tansill Formation. Since Map ID No. 911 is outside the cone of influence of the injection wells, the pressure in the injection zone is too low to overcome the hydrostatic pressure in a column of brine extending from the injection zone to the base of the USDW, as demonstrated below.

In the worst case, a column of formation brine with a specific gravity of 1.018 is envisioned to exist between the 5 1/2-inch casing of Map ID No. 911 and the drilled wellbore. The column of brine extends from the top of the injection zone to the base of the USDW, and it is covered by a column of fresh water from the base of the USDW to within 100 feet of the ground surface. The hydrostatic pressure of the brine/water column, P_H , is:

$$\begin{aligned} P_H &= P_B + P_{FW} \\ &= (7331 \text{ feet BGL} - 396 \text{ feet BGL})(1.018)(0.433 \text{ psi/ft}) \\ &\quad + (396 \text{ feet BGL} - 100 \text{ feet})(0.433 \text{ psi/ft}) \\ &= 3057 \text{ psi} + 128 \text{ psi} \\ &= 3185 \text{ psi} \end{aligned}$$

The initial pressure, P_i , of the injection zone at 7331 feet BGL in Map ID No. 911 is estimated to be 2657 psig, as calculated below. P_i is estimated by correcting the initial measured pressure of 2928 psia (2913 psig) at 7911 BGL (measured on July 30, 1998, in WDW-1 upon completion), using the measured reservoir brine specific gravity of 1.018.

$$\begin{aligned} P_i(7331 \text{ feet BGL}) &= P_i(7911 \text{ feet BGL}) \\ &\quad + (7331 \text{ feet BGL} - 7911 \text{ feet BGL})(1.018)(0.433 \text{ psi/ft}) \\ &= 2657 \text{ psig} \end{aligned}$$

The maximum predicted pressure buildup, ΔP , of 460 psi occurs at Map ID No. 911 when WDW-1 and WDW-3 are injecting, as shown in Attachment VI-5 of the permit application. The greatest predicted pressure in the injection zone is:



February 27, 2004

Mr. Richard Ezeanyim
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Navajo Refining Company's Proposed WDW-3 – Response to Question on
February 23, 2004
Subsurface Project No. 60D5497

Dear Mr. Ezeanyim:

In a telephone conversation on February 23, 2004, you made a request for information. The information is required as part of your review of the permit modification request submitted in September 2004 by Navajo Refining Company (Navajo) for their proposed WDW-3 near Artesia, New Mexico.

Request:

According to Attachment VI-3 of the Navajo permit application, the top of cement in Map ID No. 911 (Southwest Energy Production Co. No. Bluff 36 State Com. No. 2; API 30-015-31123) is at 7350 feet KB, which is close to the top of the injection zone of Navajo's injection wells. Demonstrate that the construction of Map ID No. 911 is protective of the underground sources of drinking water (USDW).

Response:

Subsurface examined the publicly available records for Map ID No. 911. No cement bond log for the 5-1/2-inch casing is on file with the New Mexico Oil Conservation Division (OCD). The operator calculated top of cement at 7350 feet KB, according to the Sundry Notice, dated May 21, 2001, on file with OCD.

The top of the Navajo Permo-Penn injection zone at the location of Map ID. No. 911 occurs at 7350 feet KB (7331 feet BGL) by correlation with WDW-1. Therefore, the entire injection zone is covered with cement.

Furthermore, the top of the actual perforated injection interval of WDW-1 is 400 feet below the calculated top of cement. WDW-1 is perforated in the Cisco Formation, the top of which occurs at 7750 feet KB in Map ID No. 911 by correlation with WDW-1.

Map ID No. 911 is located outside the cone of influence of Navajo's injection wells. The cone of influence is defined in Section VI.E of the application as the area within which pressure buildup from injection into Navajo's injection wells would endanger the USDW by causing a column of brine to rise to the base of the USDW at the base of the Tansill Formation. Since Map ID No. 911 is outside the cone of influence of the injection wells, the pressure in the injection zone is too low to overcome the hydrostatic pressure in a column of brine extending from the injection zone to the base of the USDW, as demonstrated below.

In the worst case, a column of formation brine with a specific gravity of 1.018 is envisioned to exist between the 5 1/2-inch casing of Map ID No. 911 and the drilled wellbore. The column of brine extends from the top of the injection zone to the base of the USDW, and it is covered by a column of fresh water from the base of the USDW to within 100 feet of the ground surface. The hydrostatic pressure of the brine/water column, P_H , is:

$$\begin{aligned} P_H &= P_B + P_{FW} \\ &= (7331 \text{ feet BGL} - 396 \text{ feet BGL})(1.018)(0.433 \text{ psi/ft}) \\ &\quad + (396 \text{ feet BGL} - 100 \text{ feet})(0.433 \text{ psi/ft}) \\ &= 3057 \text{ psi} + 128 \text{ psi} \\ &= 3185 \text{ psi} \end{aligned}$$

The initial pressure, P_I , of the injection zone at 7331 feet BGL in Map ID No. 911 is estimated to be 2657 psig, as calculated below. P_I is estimated by correcting the initial measured pressure of 2928 psia (2913 psig) at 7911 BGL (measured on July 30, 1998, in WDW-1 upon completion), using the measured reservoir brine specific gravity of 1.018.

$$\begin{aligned} P_I(7331 \text{ feet BGL}) &= P_I(7911 \text{ feet BGL}) \\ &\quad + (7331 \text{ feet BGL} - 7911 \text{ feet BGL})(1.018)(0.433 \text{ psi/ft}) \\ &= 2657 \text{ psig} \end{aligned}$$

The maximum predicted pressure buildup, ΔP , of 460 psi occurs at Map ID No. 911 when WDW-1 and WDW-3 are injecting, as shown in Attachment VI-5 of the permit application. The greatest predicted pressure in the injection zone is:

$$\begin{aligned} P &= P_I + \Delta P \\ &= 2657 \text{ psig} + 460 \text{ psi} \\ &= 3117 \end{aligned}$$

Therefore, the predicted pressure in the reservoir, 3117 psi, will not be great enough to overcome the pressure, P_H , required to raise a column of brine to the base of the USDW, 3185 psi.

The annulus between the casing in the wellbore is not brine-filled, but is filled with the mud used to drill the well. The mud in place in the wellbore when the 5-1/2-inch casing was run has a density of 9.4 lb/gal. The pressure of the mud in the annulus, assuming the mud fell back 100 feet from the surface is 3535 psi, as calculated below:

$$\begin{aligned} P_M &= (7331 \text{ feet BGL} - 100 \text{ feet})(9.4 \text{ lb/gal})[0.052 \text{ (psi/ft)/(lb/gal)}] \\ &= 3535 \text{ psi} \end{aligned}$$

Ignoring the gel strength of the mud, the pressure of the mud overbalances the predicted reservoir pressure by 418 psi.

The information provided above demonstrates that the current well construction of Map ID No. 911 is sufficient to protect the USDW. No corrective action is required for Map ID No. 911.

Please do not hesitate to call me at 713-880-4640 if you need additional information.

Sincerely,

Nancy L Niemann
Senior Geologist

NLN/js

c: Darrell Moore (Navajo Refining Company)

SUBSURFACE

Artificial Penetration Review Number 911

OPERATOR Southwest Energy Prod. Co.

STATUS Active

LEASE No. Bluff 36 State Com.

DISTANCE FROM INJECTOR (FT)

WELL NUMBER 2

LOCATION 36-17S-27E, Unit H, 1980'FNL, 760' FEL

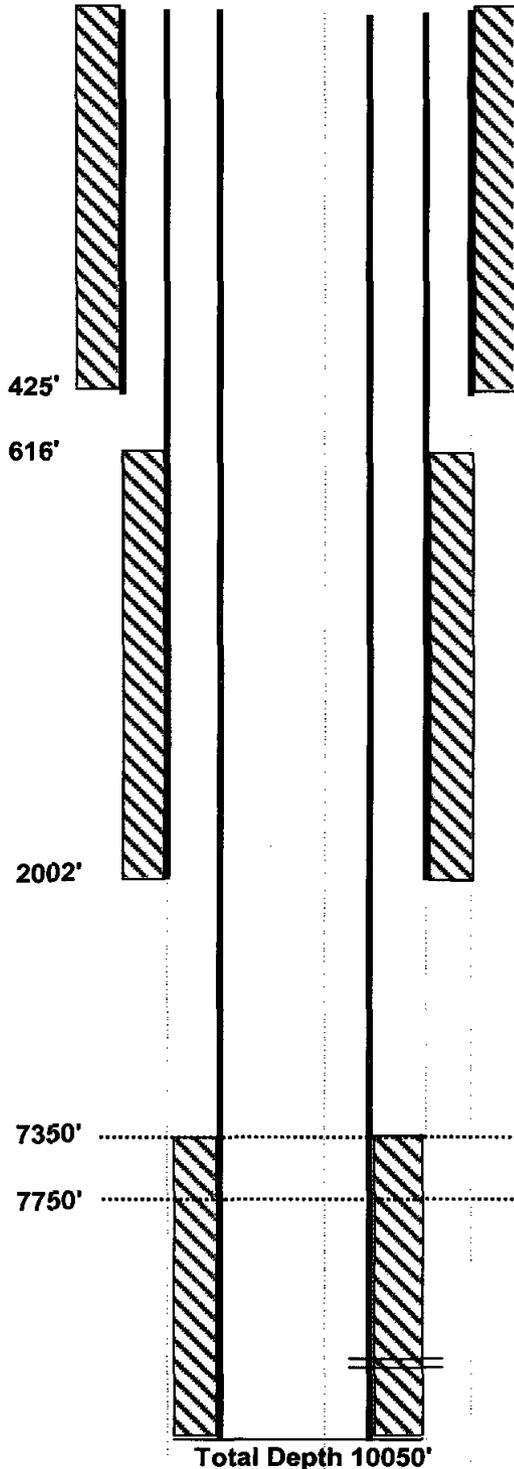
DATE DRILLED 4/28/01

MUD FILLED BOREHOLE

DATE PLUGGED

REPORTED MUD WEIGHT

API NUMBER 30-015-31123



Cement top calculated at surface in Attachment VI-3

13 3/8", 61-lb/ft Surface Casing set at 425' with 465 sacks

Cement top calculated at 616' KB in Attachment VI-3

8 5/8", 32-lb/ft Casing set at 2002' with 650 sacks

Cement top calculated at 7350' KB by operator
Top of Navajo WDW-1 Injection Zone at 7350' KB

Top of Navajo WDW-1 Perforated Injection Interval at
7750' KB

Perfs: 9927'-9964'

5 1/2", 17-lb/ft Casing set at 10050' with 553 sacks

Nancy L. Niemann
Senior Geologist
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, TX 77024
713-880-4640

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Price, Wayne

From: Nancy Niemann [nniemann@subsurfacegroup.com]
Sent: Tuesday, March 02, 2004 2:34 PM
To: 'Ezeanyim, Richard'; 'Price, Wayne'
Cc: 'Darrell Moore'
Subject: RE: Navajo WDW-3 - Response to AP 911 Question



AP 911
Schematic.xls

Richard,

Attached is a revised well schematic for Map ID No. 911 showing the top of cement at 7350', the top of Navajo's WDW-1 injection zone at 7350', and the top of Navajo's WDW-1 perforated injection interval at 7750'.

Please print this e-mail message and the well schematic for insertion into your copies of Navajo's permit application.

Nancy

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

From: Ezeanyim, Richard [mailto:REzeanyim@state.nm.us]
Sent: Monday, March 01, 2004 3:43 PM
To: 'Nancy Niemann'; Price, Wayne
Cc: Darrell Moore
Subject: RE: Navajo WDW-3 - Response to AP 911 Question

Nancy:

I want to commend you for the excellent job you have done with this permit application. I have reviewed your analysis regarding the concern raised last week. First, Southwest Energy Production Company is sometimes very stingy with cement jobs. Second, the calculated top of cement is not always as accurate as those indicated by perhaps Cement Bond Logs (CBL).

The permit may be approved as long as the top of the perforations in WDW-1 occurs at 7750 feet KB. Please let us have a revised schematic and well construction for the WDW-1 showing that the top of the perforations (Cisco Formation) in this well occurs at 7750 feet KB. Please let me know if you have any questions. Thank you.

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

From: Nancy Niemann [mailto:nniemann@subsurfacegroup.com]
Sent: Monday, March 01, 2004 9:08 AM
To: Wayne Price; REzeanyim@state.nm.us
Cc: Darrell Moore
Subject: Navajo WDW-3 - Response to AP 911 Question

Richard and Wayne,

Attached is our response on Navajo's behalf to Richard's question of 2/23/04 on the construction of Map ID No. 911.

We've also sent a hard copy by regular mail.

Price, Wayne

From: Ezeanyim, Richard
Sent: Monday, March 01, 2004 2:43 PM
To: 'Nancy Niemann'; Price, Wayne
Cc: Darrell Moore
Subject: RE: Navajo WDW-3 - Response to AP 911 Question

Nancy:

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Sent: Monday, March 01, 2004 9:08 AM
To: Wayne Price; REzeanyim@state.nm.us
Cc: Darrell Moore
Subject: Navajo WDW-3 - Response to AP 911 Question

Richard and Wayne,

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We've also sent a hard copy by regular mail.

Nancy L. Niemann
Senior Geologist
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, TX 77024
713-880-4640

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Price, Wayne

From: Ezeanyim, Richard
Sent: Wednesday, February 25, 2004 10:09 AM
To: Price, Wayne
Subject: RE: Navajo

Wayne:

Yes. I did look at the injection pressures, pressure build-up analysis on WDW-1, and WDW-2, and the cone of influence determination and found them appropriate. The critical pressure of 500 psi describes a cone of influence (radius of 2/3 of a mile or less) such that the injection pressure in wells within this area has to be increased by 500 psi before the injected fluid could be moved through a badly constructed AOR well (if any) to the lowermost USDW. The permit may be approved on this analysis, but I believe you have to factor in your approval parameters as well. If you have any questions, let me know. Thank you.

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

From: Price, Wayne
Sent: Wednesday, February 25, 2004 9:31 AM
To: Ezeanyim, Richard
Subject: RE: Navajo

Richard did you look at the injection pressures proposed and the model they used to predict pressure build-up over a period of time? Did these look ok to you?

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

From: Ezeanyim, Richard
Sent: Friday, February 20, 2004 4:06 PM
To: Price, Wayne
Cc: Anderson, Roger
Subject: Navajo

Wayne:

This review did not take into account the AOR wells for the already approved WDW-1, and WDW-2

The permit for the WDW-3 may be approved. However, remedial work may be required on the AOR well - Southwest Energy Production Company No. Bluff 36 State Com well # 2, API Number 30-015-31123. Consider the following facts: The calculated top of cement on this well is at 7241 feet, indicating that the real top of cement in this well is uncertain. Therefore injection of exempt and non-hazardous Class I wastes into any of the WDW-1, WDW-2, and WDW-3 must be at least below 7300 feet. Looking at the construction of this well Map ID No. 911, it appears that Southwest Energy Production Company is very stingy with cement jobs. The cement top in the 51/2" casing should be at least shallower than 6500 feet to avoid migration of any injected fluids from the injection intervals upwards to a USDW.

A review of the water analysis indicates that the injected fluids will be compatible with the native fluids of the formation. Thank you.

Price, Wayne

From: Price, Wayne
Sent: Wednesday, February 25, 2004 9:31 AM
To: Ezeanyim, Richard
Subject: RE: Navajo

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A review of the water analysis indicates that the injected fluids will be compatible with the native fluids of the formation. Thank you.

Price, Wayne

From: Ezeanyim, Richard
Sent: Friday, February 20, 2004 4:06 PM
To: Price, Wayne
Cc: Anderson, Roger
Subject: Navajo

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A review of the water analysis indicates that the injected fluids will be compatible with the native fluids of the formation. Thank you.

Price, Wayne

From: Ezeanyim, Richard
Sent: Wednesday, February 18, 2004 5:01 PM
To: Price, Wayne
Cc: Anderson, Roger
Subject: class I well AOR

Wayne:

I have cursorily looked at the Class I Well Permit Application of Navajo Refining Company. It appears that some remedial work has to be done on some AOR wells before approval to inject into the WDW-3. I have not completed the review but I will be in Farmington all day tomorrow for an SPE meeting dealing with a hearing order we issued late last year. I will be back in the office on Friday and I hope to complete the review at that time. Thank you.



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 EXEC/MKTG
(505) 746-5421 ENGINEERING
(505) 746-5480 PIPELINE

September 17, 2003

Mr. Wayne Price
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
SEP 29 2003
Environmental Bureau
Oil Conservation Division

RE: Application for Permit to Drill for Navajo Refining Company's Proposed WDW-3
Subsurface Project No. 60D5497

Dear Mr. Price:

Enclosed please find three copies of the referenced application package that was submitted today to the Bureau of Land Management (BLM) for a well on federal land. The application package consists of the following documents:

- Sundry Notice
- Well Location and Acreage Dedication Plat (OCD Form C-102)
- Reentry Procedure
- Surface Use Plan

For your information, Navajo is considering converting proposed WDW-3 to a Class I well for the disposal of exempt and nonexempt nonhazardous oilfield waste that is generated exclusively by Navajo at its refinery in Artesia. A request for modification of Discharge Plan UIC-CLI-008-1 to provide information about the proposed project and to change the location of proposed WDW-3 is also being submitted to the OCD.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Manager for Water and Waste

c (3 copies): Mr. David Glass
Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other TEMPORARILY ABANDONED		5. Lease Serial No.
2. Name of Operator NAVAJO REFINING COMPANY		6. If Indian, Allottee or Tribe Name
3a. Address PO BOX 159, ARTESIA, NM 88211	3b. Phone No. (include area code) 505-748-3311	7. If Unit or CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T, R., M., or Survey Description) 790' FSL, 2250' FWL, 1-18S-27E		8. Well Name and No. WDW-3
		9. API Well No. 30-015-26575
		10. Field and Pool, or Exploratory Area NAVAJO INJECTION; PERMO-PENN
		11. County or Parish, State EDDY

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other <u>RECOMPLETE AS</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>CLASS I INJECTION</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	<u>WELL</u>

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Original well name was CHALK BLUFF FEDERAL COM. NO. 1

DRILL OUT BRIDGE PLUG AT 7010' AND CLEAN OUT TO 7208'.
INJECTION-TEST PERFORATIONS AT 7050' - 7102', 7262' - 7278' TO PLAN SQUEEZE-CEMENT JOB.
DRILL OUT BRIDGE PLUGS AT 7208' AND 7294'. CLEAN OUT HOLE THROUGH PERFS AT 7304'-7314'.
SQUEEZE-CEMENT PERFORATIONS AT 7050' - 7102', 7262' - 7278', AND 7304' - 7314'.
DRILL OUT BRIDGE PLUG AT 7600' AND CLEAN OUT TO TOP OF LINER AT 9051'.
RUN CBL/VDL AND CALIPER FROM 9051' TO SURFACE.
PERFORATE 8540' - 8620' AND 7660' - 8450'.
RUN INJECTIVITY TEST, AND ACIDIZE IF NECESSARY.
RUN INJECTION/FALLOFF TEST.
RUN DIFFERENTIAL TEMPERATURE SURVEY.
RUN RADIOACTIVE TRACER SURVEY.
INSTALL INJECTION TUBING AND PACKER TO APPROX. 7600'.
INSTALL WELL ANNULUS MONITORING EQUIPMENT, AND PREPARE WELL FOR INJECTION.

RECEIVED

SEP 2nd 2003
Environmental Bureau
Oil Conservation Division

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Signature <u>Darrell Moore</u>	Title <u>Env. Mgr. for Waters & Waste</u>
Signature <u>Darrell Moore</u>	Date <u>9/17/03</u>

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)	Name (Printed/Typed)	Title
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	Date

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on next page)

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form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local Federal office.

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Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

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productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

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BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 25 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0135), Bureau Clearance Officer, (WO-630), Mail Stop 401 LS, 1849 C St., N.W., Washington, D.C. 20240.

REENTRY PROCEDURE

NAVAJO REFINING COMPANY'S WDW-3 (PROPOSED)

790' FSL and 2250' FWL, Section 1, T18S, R27E
Eddy County, New Mexico
Chalk Bluff Federal Com. No. 1, API No. 30-015-26575

All depths are in feet below well's original kelly bushing height (RKB) of 16 feet above ground level. The original KB elevation is 3625 feet above mean sea level. The ground level elevation is 3609 feet above mean sea level.

Tops of Geologic Formations (from RKB)

The base of the lowermost USDW is at 420 feet.

San Andres	1976 feet	Lower Wolfcamp	7303 feet
Yeso	4030 feet	Cisco	7650 feet
Abo	5380 feet	Canyon	8390 feet
Wolfcamp	6745 feet	Strawn	8894 feet

Depth of Plugs

7010 feet in 7-inch casing above perforations 7050 feet to 7102 feet

7208 feet in 7-inch casing above perforations 7262 feet to 7278 feet

7294 feet in 7-inch casing above perforations 7304 feet to 7314 feet

7600 feet in 7-inch casing above perforations 7676 feet to 7678 and
7826 feet to 7830 feet

9800 feet in 4-1/2-inch liner above perforations 9861 feet to 9967 feet

Anticipated Formation Pressure

The expected bottom-hole pressure is 3448 pounds per square inch absolute (psia) at 9000 feet, for a gradient of 0.383 pounds per square inch (psi) per foot, or an equivalent

mud weight of 7.36 pounds per gallon (ppg). The bottom-hole pressure was determined from the pressure measured in Navajo's WDW-2, or 2813 psia, at 7570 feet. Navajo's WDW-2 is completed in the same interval proposed for WDW-3 and is located in 12-T18S-R27E, 3200 feet southwest of proposed WDW-3. The average specific gravity of the fluid in the Cisco and Canyon Formations is expected to be 1.025, which is the specific gravity of the fluid swabbed from WDW-2 in June 1999 from the interval between 7826 feet and 8399 feet. The expected bottom-hole pressure at 9000 feet in proposed WDW-3 is calculated below:

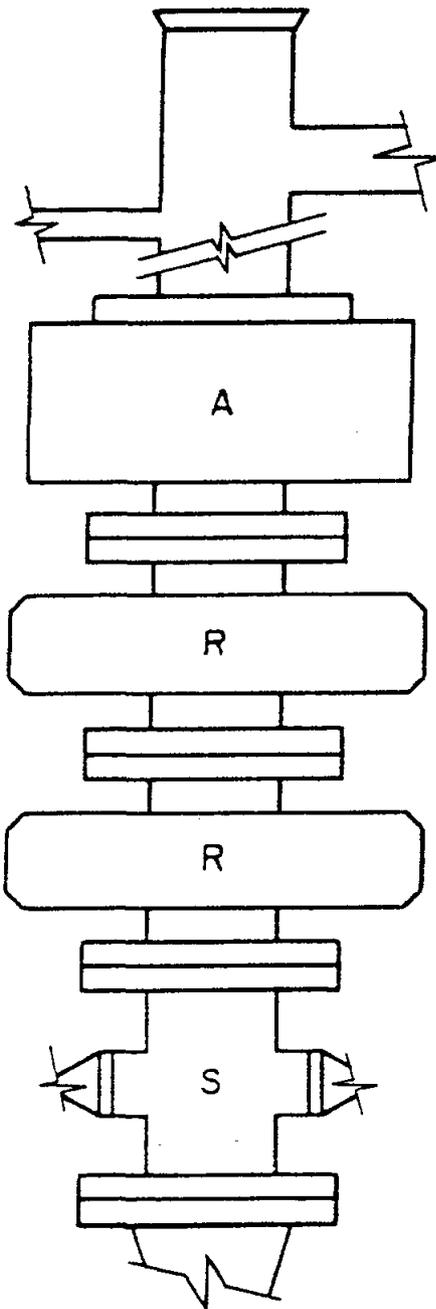
$$\begin{aligned} \text{BHP (9000 feet)} &= 2813 \text{ psia} + (9000 \text{ feet} - 7570 \text{ feet}) \times 0.433 \text{ psi/ft} \times 1.025 \\ &= 3448 \text{ psia} \end{aligned}$$

Reentry Procedure

1. Level location to accommodate a workover rig, pump, tanks, and ancillary equipment. Build a small working pit approximately 30 feet square and 3 feet deep with a plastic lining. Move in the rig, tank, shale shaker, and work string.
2. Install a 7-1/16-inch, 3000-psi double hydraulic blowout preventer (BOP) and a 7-1/16-inch, 3000-psi annular BOP (see Exhibit A for schematic). Pressure test the BOP stack and casing to 1500 psi for 30 minutes. Pick up a 6-1/8-inch bit, and sufficient 4-3/4-inch drill collars to drill out the cement plugs, on a 2-7/8-inch work string. Mix a tank of 8.5-ppg sodium chloride brine water for circulating fluid.
3. Run the bit to 7000 feet and circulate the wellbore fluid out of the casing into a frac tank for disposal. Drill out the cast iron bridge plug (CIBP), cement at 7010 feet, and clean out to the CIBP at 7208 feet. Circulate the hole clean and pump into the perforations from 7050 feet to 7102 feet to establish a rate and pressure for a pending squeeze cement job.
4. Drill out the CIBP at 7208 feet and clean out past the perforations from 7262 feet to 7278 feet and drill out the third CIBP at 7294 feet. Clean out below the perforations from 7304 feet to 7314 feet. Run a second injection test for injection rate and pressure comparison.

5. Pull the bit and run a retrievable squeeze packer on the work string. Set the packer at 7150 feet and test for communication between the perforations. Squeeze the perforations from 7262 feet to 7278 feet and 7304 feet to 7314 feet with approximately 100 sacks of neat cement (actual squeeze cement volume to be determined by the injection rate established previously), attempting to reach 1500 psi to 2000 psi squeeze pressure. Release the packer and reverse out any excess cement, then re-test the perforations to the squeeze pressure.
6. Re-set the packer at 6900 feet and squeeze the perforations from 7050 feet to 7102 feet as before.
7. Lay down the squeeze packer and drill out the cement to the CIBP at 7600 feet. Conduct a pressure test to 500 psi for 12 hours to confirm the squeeze cement will contain the annular fluid pressure required during injection operations.
8. Drill out the CIBP at 7600 feet and circulate to the top of the liner at 9051 feet. Circulate the casing clean with 8.5-ppg brine water. Pull the bit and lay down the drill collars.
9. Run a cement bond log with variable density (CBL/VDL) from the liner top to the surface, followed by a baseline multi-finger caliper log from the liner top to the surface.
10. Perforate the intervals 8540 feet to 8620 feet and 7660 feet to 8450 feet with 2 JSPF, using hollow steel carrier perforating guns.
11. Run the work string and retrievable packer to 7600 feet. Swab, or backflow, the perforated interval to recover a representative sample of the formation water for laboratory analysis. Monitor the recovered fluid for hydrogen sulfide.
12. Conduct a short injectivity test with 8.5-ppg brine water to determine the need for stimulation. If required, stimulate the perforations with acid (type and amount to be determined from injectivity results), followed by 500 barrels of 8.5-ppg brine water.

13. Pull the work string and lay it down. Run a surface readout pressure gauge, with memory backup, to 7600 feet. Conduct an injection test down the casing at 420 gallons per minute for 12 hours (7200 barrels). Shut the well in and record the pressure falloff for a minimum of 12 hours.
14. Pull the gauges and run a differential temperature survey from surface to 9100 feet. Run a radioactive tracer survey to demonstrate mechanical integrity.
15. Run a tubing conveyed injection packer on 4-1/2-inch, 11.60 lb/ft, K-55, LT&C, 8rd injection tubing. Set the packer at approximately 7600 feet. Fill the annular space with 8.5-ppg brine water containing oxygen scavenger and corrosion inhibitor. Land the injection tubing in the wellhead and install the upper section.
16. Pressure test the annulus as required by New Mexico regulations.
17. Install well annulus monitoring equipment and prepare the well for injection.



A = ANNULAR BLOWOUT PREVENTER
7-1/16", 3000 psi working pressure

R = RAM TYPE BLOWOUT PREVENTER
7-1/16", 3000 psi working pressure

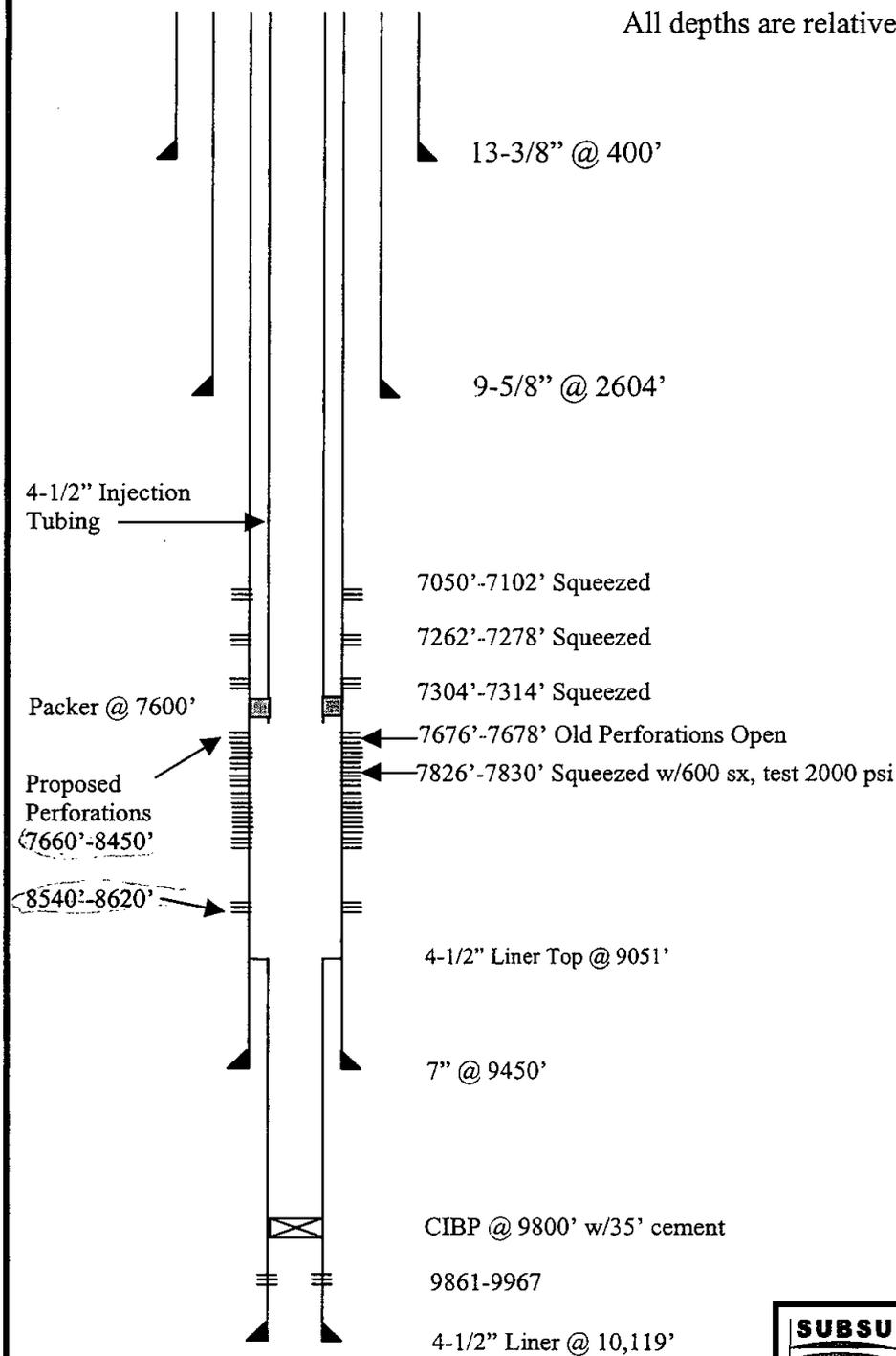
S = DRILLING SPOOL WITH SIDE OUTLETS
7-1/16", 3000 psi working pressure

Manual Choke Manifold 2", 3000 psi working pressure

Source: API RP 53, Recommended Practices
for Blowout Prevention Equipment Systems

SUBSURFACE		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA
Exhibit A Blowout Preventer Minimum Requirements		
DATED: 07/24/03	APPROVED BY:	JOB NO. 60d5497
DRAWN BY: JDB	CHECKED BY:	SCALE: N/A

All depths are relative to kelly bushing



730'
850'

Not to Scale

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

Navajo Refining Company
Proposed WDW-3
orig. Chalk Bluff Federal Com 1

DATED: 07/24/03	APPROVED BY:	JOB NO. 60d5497
DRAWN BY: JDB	CHECKED BY:	SCALE: N/A

SURFACE USE PLAN

**NAVAJO REFINING COMPANY
PROPOSED WDW-3
790' FSL, 2250' FWL, 1-T 18S-R27E
EDDY COUNTY, NEW MEXICO**

1. Existing Roads: Existing roads that lead to the proposed drillsite are shown on Exhibit A. ✓
2. Access Roads To Be Constructed: No new access road is proposed.
3. Location of Existing Wells: Existing wells within one mile of proposed WDW-3 are shown on Exhibit B. ✓
4. Location of Proposed Facilities If Well Is Completed: The well will be shut in after completion and testing.
5. Location and Type of Water Supply: Water for reentry, testing, and completion operations will be purchased from a commercial water hauler.
6. Source of Construction Materials: No construction materials will be required.
7. Methods of Handling Waste Disposal:
 - A. Drill cuttings will be disposed of in the drilling pits. ~~drilling pits~~ LINED?
 - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - C. Water produced during tests will be disposed of in the drilling pits.
 - D. ~~Trash, waste paper, garbage, and junk will be buried in a trash pit and covered with a minimum of 24 inches of dirt.~~ All waste material will be contained to prevent scattering by the wind.
 - E. All trash and debris will be buried or removed from the wellsite after finishing drilling and/or completion operations.

8. Ancillary Facilities: None anticipated.
9. Wellsite Layout:
 - A. The existing well pad will be leveled to accommodate a workover rig, pump, tanks, and ancillary equipment.
 - B. Existing topsoil to a depth of 6 inches will be lifted and stockpiled at the uphill end of the well pad. The stockpiled topsoil will be located uphill to avoid mixing with subsurface materials.
 - C. The well pad will be surfaced with material found in place.
 - D. A small working pit will be constructed to hold drilling fluids and cuttings. The approximate dimensions of the pit will be 30 feet x 30 feet x 3 feet.
 - E. ~~The working pit for drilling fluids and cuttings will be lined with 6-mil plastic.~~
10. Plans for Restoration of Surface:
 - A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. After abandonment, all equipment, trash, and junk will be removed and the location cleaned.
 - D. The stockpiled topsoil will be spread over the surface of the location.
11. Surface Ownership: U.S. Department of Interior, Bureau of Land Management.
12. Archaeological Survey: Navajo Refining Company is conducting an archeological survey. The report of the survey will be submitted by Navajo under separate cover.
13. Operator's Representatives: Representatives responsible for assuring compliance with the approved Surface Use Plan:

Mr. Darrell Moore
Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211
505/748-3311

Mr. Jim Bundy
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, Texas 77024
713/880-4640

Exhibits

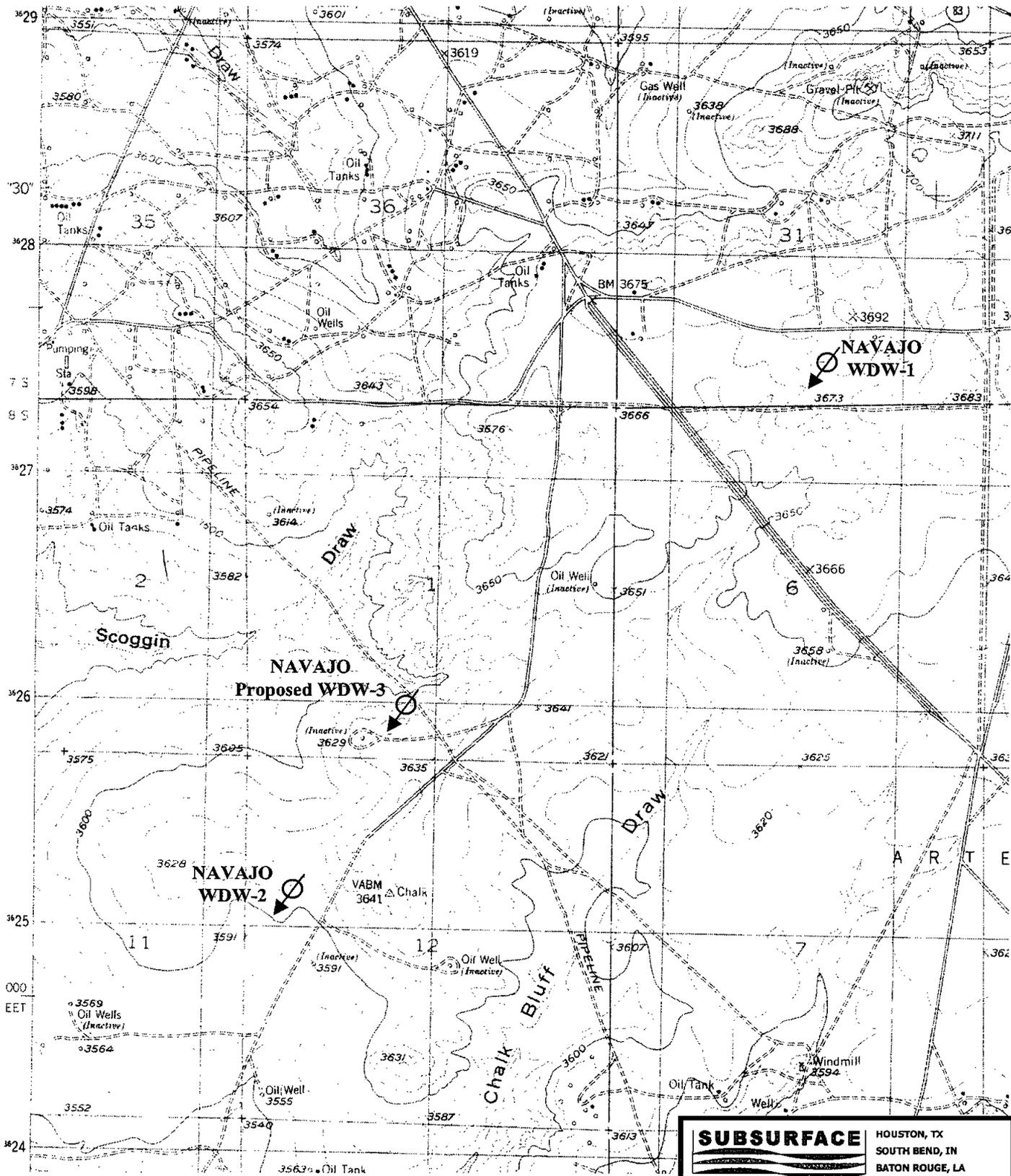
- A. Topographic Map
- B. Oil and Gas Map

14. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Navajo Refining Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

9/17/03
Date

Darrell Moore
Signature
Darrell Moore
Name
Env. Mgr. for Water & Waste
Title
Navajo Refining Company
Company



USGS Topographic Map
 Red Lake Quadrangle, Eddy County, NM

Section corners marked with +

		HOUSTON, TX
		SOUTH BEND, IN
BATON ROUGE, LA		
EXHIBIT A NAVAJO REFINING COMPANY PROPOSED WDW-3 790' FSL, 2250' FWL 1-18S-27E		
DATE: 7/28/03	APPROVED BY: NLN	JOB NO: 60D5497
DRAWN BY:	CHECKED BY:	SCALE: 1"=2000'



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 EXEC/MKTG
(505) 746-5421 ENGINEERING
(505) 746-5480 PIPELINE

September 17, 2003

Mr. Wayne Price
New Mexico Oil Conservation Division
12209 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1, WDW-2, and Proposed WDW-3

Dear Mr. Price:

Navajo Refining Company (Navajo) requests that the New Mexico Oil Conservation Division (OCD) issue a modification to Discharge Plan UIC-CLI-008-1 to include the revised location of proposed Waste Disposal Well No. 3 (WDW-3). Discharge Plan UIC-CLI-008-1 was issued by the OCD on July 14, 1999, and modified on August 4, 1999, to allow Navajo to construct and operate three effluent disposal wells, WDW-1, WDW-2, and proposed WDW-3, located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico. Navajo began injecting into WDW-1 and WDW-2 on September 23, 1999. The waste stream injected is exempt and nonexempt nonhazardous oilfield waste that is generated exclusively by Navajo at its refineries in Artesia and Lovington. The waste water is transported to the injection well sites by pipeline systems.

Navajo proposes to convert a temporarily abandoned well, the Navajo Refining Company Chalk Bluff Federal Com. No. 1, to its effluent disposal well WDW-3. The well is on federal land. In September 2003, Navajo submitted to the Bureau of Land Management (BLM) an Application for Permit to Drill (BLM Form 3160-3) for permission to reenter, recomplete, and test the well.

Transmitted with this letter is the information required by the OCD to modify Discharge Plan UIC-CLI-008-1 to include the new location of Navajo's proposed WDW-3. The information is in the form of replacement pages to be inserted into the document, "Discharge Plan Application and Application for Authorization to Inject," that Navajo submitted to the OCD on May 1, 1998, and revised in April 1999 and September 1999. The changes to the document are summarized in Attachment A. Instructions for updating the document are detailed in Attachment B. The information supporting this permit

Mr. Wayne Price
New Mexico Oil Conservation Division

September 18, 2003
Page 2

modification request was prepared for Navajo by Subsurface Technology, Inc. (Subsurface).

The names and addresses of the leasehold operators of the active nonfreshwater wells within one mile of proposed WDW-3 are provided in Attachment C. The names and addresses of the leasehold operators were obtained from the Form C-104 (Request for Allowable and Authorization) that is on file with the OCD for each active well. Also included are the locations of the BLM offices that should receive notification of the permit modification request.

Please do not hesitate to contact me at (505) 748-3311 or Nancy Niemann of Subsurface at (713) 880-4640 if you have any questions.

Sincerely,
NAVAJO REFINING COMPANY



Darrell Moore
Environmental Manager for Water and Waste

Attachments

Price Let1

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other TEMPORARILY ABANDONED

2. Name of Operator
 NAVAJO REFINING COMPANY

3a. Address
 PO BOX 159, ARTESIA, NM 88211

3b. Phone No. (include area code)
 505-748-3311

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
 790' FSL, 2250' FWL, 1-18S-27E

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
 WDW-3

9. API Well No.
 30-015-26575

10. Field and Pool, or Exploratory Area
 NAVAJO INJECTION; PERMO-PENN

11. County or Parish, State
 EDDY

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other RECOMPLETE AS
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CLASS I INJECTION
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 INSTALL WELL ANNULUS MONITORING EQUIPMENT, AND PREPARE WELL FOR INJECTION.

RECEIVED
 SEP 29 2003
 Environmental Bureau
 Oil Conservation Division

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Darrell Moore Title Env. Mgr. for Water & Waste

Signature Darrell Moore Date 9/17/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature) _____ Name (Printed/Typed) _____ Title _____

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office _____ Date _____

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District I
1625 N. French Dr., Hobbs, NM 88240

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30 - 015 -26575		² Pool Code	³ Pool Name Navajo Injection; Permo-Penn
⁴ Property Code	⁵ Property Name WDW		⁶ Well Number 3
⁷ OGRID No.	⁸ Operator Name Navajo Refining Company		⁹ Elevation 3609' GL; 3625' KB

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	1	18S	27E		790	South	2250	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶	¹⁷ OPERATOR CERTIFICATION			
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.			
	Signature <i>Darrell Moore</i>			
	Printed Name Darrell Moore			
Title and E-mail Address Env. Mgr. for Water & Waste <i>darrell@navajo-refining.com</i>				
Date 9/17/03				
¹⁸ SURVEYOR CERTIFICATION				
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.				
Date of Survey				
Signature and Seal of Professional Surveyor:				
Certificate Number				

REENTRY PROCEDURE

NAVAJO REFINING COMPANY'S WDW-3 (PROPOSED)

790'FSL and 2250' FWL, Section 1, T18S, R27E
Eddy County, New Mexico
Chalk Bluff Federal Com. No. 1, API No. 30-015-26575

All depths are in feet below well's original kelly bushing height (RKB) of 16 feet above ground level. The original KB elevation is 3625 feet above mean sea level. The ground level elevation is 3609 feet above mean sea level.

Tops of Geologic Formations (from RKB)

The base of the lowermost USDW is at 420 feet.

San Andres	1976 feet	Lower Wolfcamp	7303 feet
Yeso	4030 feet	Cisco	7650 feet
Abo	5380 feet	Canyon	8390 feet
Wolfcamp	6745 feet	Strawn	8894 feet

Depth of Plugs

7010 feet in 7-inch casing above perforations 7050 feet to 7102 feet

7208 feet in 7-inch casing above perforations 7262 feet to 7278 feet

7294 feet in 7-inch casing above perforations 7304 feet to 7314 feet

7600 feet in 7-inch casing above perforations 7676 feet to 7678 and
7826 feet to 7830 feet

9800 feet in 4-1/2-inch liner above perforations 9861 feet to 9967 feet

Anticipated Formation Pressure

The expected bottom-hole pressure is 3448 pounds per square inch absolute (psia) at 9000 feet, for a gradient of 0.383 pounds per square inch (psi) per foot, or an equivalent

mud weight of 7.36 pounds per gallon (ppg). The bottom-hole pressure was determined from the pressure measured in Navajo's WDW-2, or 2813 psia, at 7570 feet. Navajo's WDW-2 is completed in the same interval proposed for WDW-3 and is located in 12-T18S-R27E, 3200 feet southwest of proposed WDW-3. The average specific gravity of the fluid in the Cisco and Canyon Formations is expected to be 1.025, which is the specific gravity of the fluid swabbed from WDW-2 in June 1999 from the interval between 7826 feet and 8399 feet. The expected bottom-hole pressure at 9000 feet in proposed WDW-3 is calculated below:

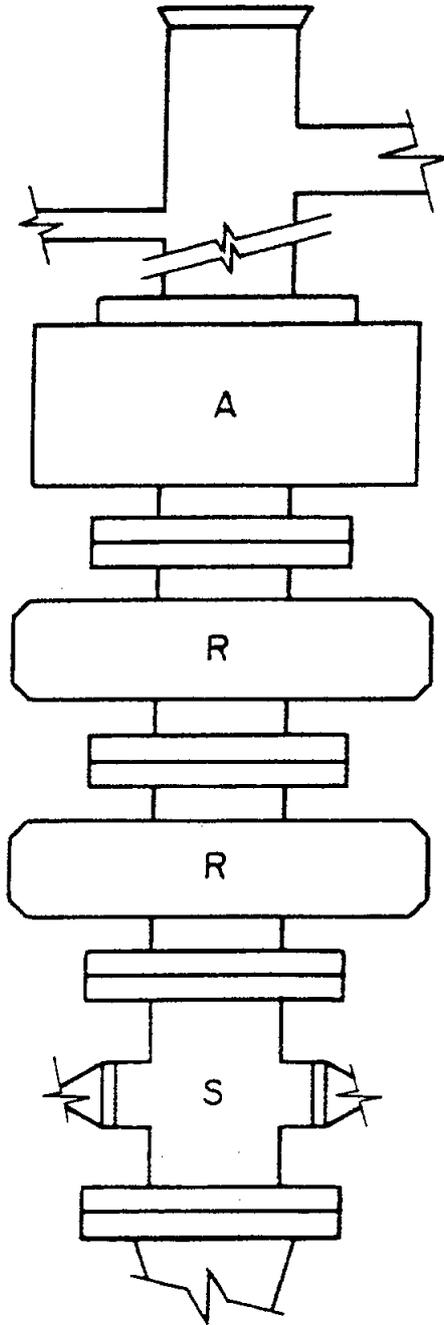
$$\begin{aligned} \text{BHP (9000 feet)} &= 2813 \text{ psia} + (9000 \text{ feet} - 7570 \text{ feet}) \times 0.433 \text{ psi/ft} \times 1.025 \\ &= 3448 \text{ psia} \end{aligned}$$

Reentry Procedure

1. Level location to accommodate a workover rig, pump, tanks, and ancillary equipment. Build a small working pit approximately 30 feet square and 3 feet deep with a plastic lining. Move in the rig, tank, shale shaker, and work string.
2. Install a 7-1/16-inch, 3000-psi double hydraulic blowout preventer (BOP) and a 7-1/16-inch, 3000-psi annular BOP (see Exhibit A for schematic). Pressure test the BOP stack and casing to 1500 psi for 30 minutes. Pick up a 6-1/8-inch bit, and sufficient 4-3/4-inch drill collars to drill out the cement plugs, on a 2-7/8-inch work string. Mix a tank of 8.5-ppg sodium chloride brine water for circulating fluid.
3. Run the bit to 7000 feet and circulate the wellbore fluid out of the casing into a frac tank for disposal. Drill out the cast iron bridge plug (CIBP), cement at 7010 feet, and clean out to the CIBP at 7208 feet. Circulate the hole clean and pump into the perforations from 7050 feet to 7102 feet to establish a rate and pressure for a pending squeeze cement job.
4. Drill out the CIBP at 7208 feet and clean out past the perforations from 7262 feet to 7278 feet and drill out the third CIBP at 7294 feet. Clean out below the perforations from 7304 feet to 7314 feet. Run a second injection test for injection rate and pressure comparison.

5. Pull the bit and run a retrievable squeeze packer on the work string. Set the packer at 7150 feet and test for communication between the perforations. Squeeze the perforations from 7262 feet to 7278 feet and 7304 feet to 7314 feet with approximately 100 sacks of neat cement (actual squeeze cement volume to be determined by the injection rate established previously), attempting to reach 1500 psi to 2000 psi squeeze pressure. Release the packer and reverse out any excess cement, then re-test the perforations to the squeeze pressure.
6. Re-set the packer at 6900 feet and squeeze the perforations from 7050 feet to 7102 feet as before.
7. Lay down the squeeze packer and drill out the cement to the CIBP at 7600 feet. Conduct a pressure test to 500 psi for 12 hours to confirm the squeeze cement will contain the annular fluid pressure required during injection operations.
8. Drill out the CIBP at 7600 feet and circulate to the top of the liner at 9051 feet. Circulate the casing clean with 8.5-ppg brine water. Pull the bit and lay down the drill collars.
9. Run a cement bond log with variable density (CBL/VDL) from the liner top to the surface, followed by a baseline multi-finger caliper log from the liner top to the surface.
10. Perforate the intervals 8540 feet to 8620 feet and 7660 feet to 8450 feet with 2 JSPF, using hollow steel carrier perforating guns.
11. Run the work string and retrievable packer to 7600 feet. Swab, or backflow, the perforated interval to recover a representative sample of the formation water for laboratory analysis. Monitor the recovered fluid for hydrogen sulfide.
12. Conduct a short injectivity test with 8.5-ppg brine water to determine the need for stimulation. If required, stimulate the perforations with acid (type and amount to be determined from injectivity results), followed by 500 barrels of 8.5-ppg brine water.

13. Pull the work string and lay it down. Run a surface readout pressure gauge, with memory backup, to 7600 feet. Conduct an injection test down the casing at 420 gallons per minute for 12 hours (7200 barrels). Shut the well in and record the pressure falloff for a minimum of 12 hours.
14. Pull the gauges and run a differential temperature survey from surface to 9100 feet. Run a radioactive tracer survey to demonstrate mechanical integrity.
15. Run a tubing conveyed injection packer on 4-1/2-inch, 11.60 lb/ft, K-55, LT&C, 8rd injection tubing. Set the packer at approximately 7600 feet. Fill the annular space with 8.5-ppg brine water containing oxygen scavenger and corrosion inhibitor. Land the injection tubing in the wellhead and install the upper section.
16. Pressure test the annulus as required by New Mexico regulations.
17. Install well annulus monitoring equipment and prepare the well for injection.



A = ANNULAR BLOWOUT PREVENTER
7-1/16", 3000 psi working pressure

R = RAM TYPE BLOWOUT PREVENTER
7-1/16", 3000 psi working pressure

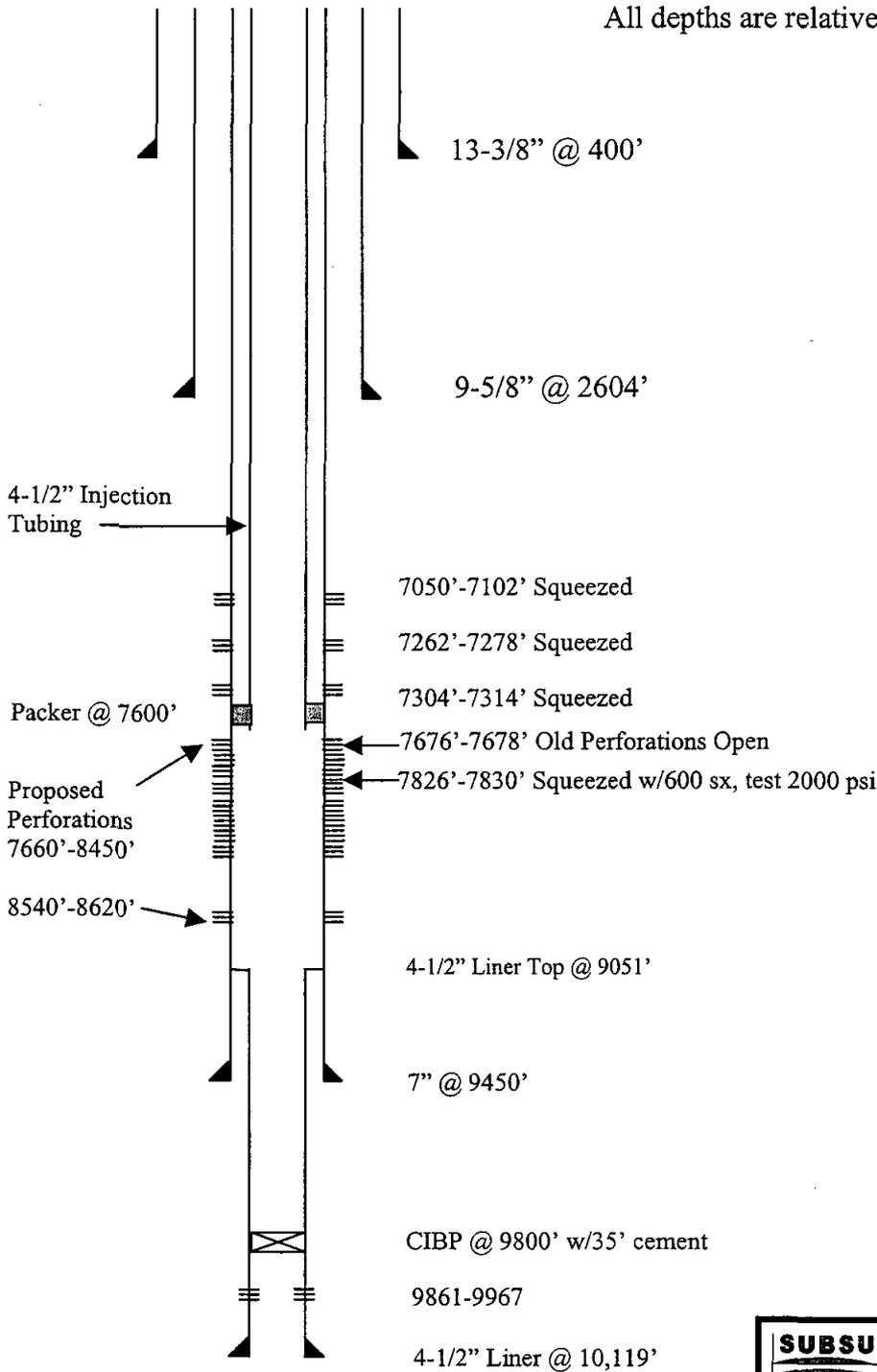
S = DRILLING SPOOL WITH SIDE OUTLETS
7-1/16", 3000 psi working pressure

Manual Choke Manifold 2", 3000 psi working pressure

Source: API RP 53, Recommended Practices
for Blowout Prevention Equipment Systems

SUBSURFACE		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA
Exhibit A Blowout Preventer Minimum Requirements		
DATED: 07/24/03	APPROVED BY:	JOB NO. 60d5497
DRAWN BY: JDB	CHECKED BY:	SCALE: N/A

All depths are relative to kelly bushing



Not to Scale

SUBSURFACE		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA
Navajo Refining Company Proposed WDW-3 orig. Chalk Bluff Federal Com I		
DATED: 07/24/03	APPROVED BY:	JOB NO. 60d5497
DRAWN BY: JDB	CHECKED BY:	SCALE: N/A

SURFACE USE PLAN

**NAVAJO REFINING COMPANY
PROPOSED WDW-3
790' FSL, 2250' FWL, 1-T 18S-R27E
EDDY COUNTY, NEW MEXICO**

1. Existing Roads: Existing roads that lead to the proposed drillsite are shown on Exhibit A.
2. Access Roads To Be Constructed: No new access road is proposed.
3. Location of Existing Wells: Existing wells within one mile of proposed WDW-3 are shown on Exhibit B.
4. Location of Proposed Facilities If Well Is Completed: The well will be shut in after completion and testing.
5. Location and Type of Water Supply: Water for reentry, testing, and completion operations will be purchased from a commercial water hauler.
6. Source of Construction Materials: No construction materials will be required.
7. Methods of Handling Waste Disposal:
 - A. Drill cuttings will be disposed of in the drilling pits.
 - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - C. Water produced during tests will be disposed of in the drilling pits.
 - D. Trash, waste paper, garbage, and junk will be buried in a trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
 - E. All trash and debris will be buried or removed from the wellsite after finishing drilling and/or completion operations.

8. Ancillary Facilities: None anticipated.

9. Wellsite Layout:
 - A. The existing well pad will be leveled to accommodate a workover rig, pump, tanks, and ancillary equipment.
 - B. Existing topsoil to a depth of 6 inches will be lifted and stockpiled at the uphill end of the well pad. The stockpiled topsoil will be located uphill to avoid mixing with subsurface materials.
 - C. The well pad will be surfaced with material found in place.
 - D. A small working pit will be constructed to hold drilling fluids and cuttings. The approximate dimensions of the pit will be 30 feet x 30 feet x 3 feet.
 - E. The working pit for drilling fluids and cuttings will be lined with 6-mil plastic.

10. Plans for Restoration of Surface:
 - A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. After abandonment, all equipment, trash, and junk will be removed and the location cleaned.
 - D. The stockpiled topsoil will be spread over the surface of the location.

11. Surface Ownership: U.S. Department of Interior, Bureau of Land Management.

12. Archaeological Survey: Navajo Refining Company is conducting an archeological survey. The report of the survey will be submitted by Navajo under separate cover.

13. Operator's Representatives: Representatives responsible for assuring compliance with the approved Surface Use Plan:

Mr. Darrell Moore
Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211
505/748-3311

Mr. Jim Bundy
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, Texas 77024
713/880-4640

Exhibits

- A. Topographic Map
- B. Oil and Gas Map

14. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Navajo Refining Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

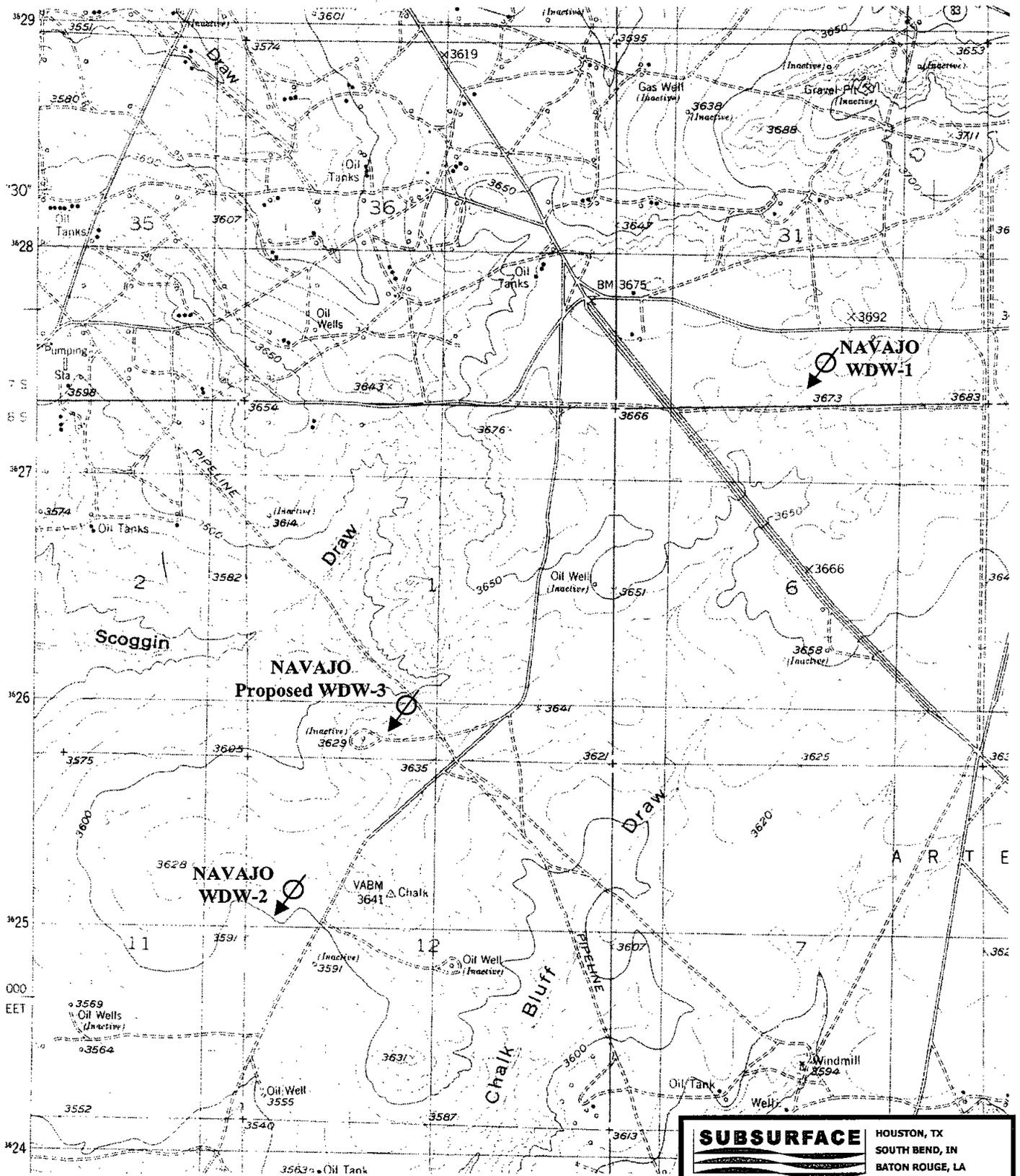
9/17/03
Date

Darrell Moore
Signature

Darrell Moore
Name

Env. Mgr. for Water & Waste
Title

Navajo Refining Company
Company



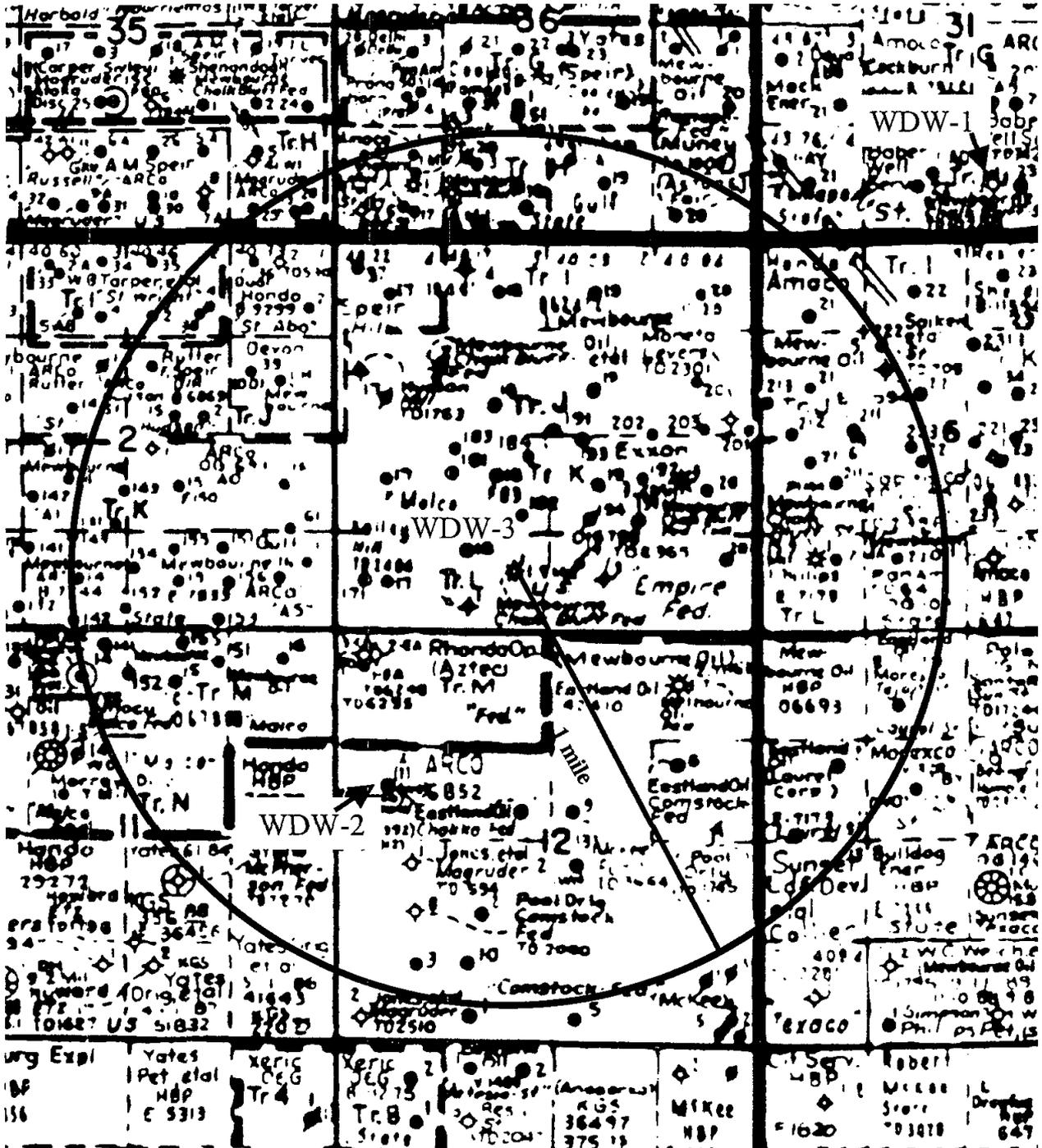
USGS Topographic Map
 Red Lake Quadrangle, Eddy County, NM

Section corners marked with +

		HOUSTON, TX
		SOUTH BEND, IN
		BATON ROUGE, LA
EXHIBIT A NAVAJO REFINING COMPANY PROPOSED WDW-3 790' FSL, 2250' FWL 1-18S-27E		
DATE: 7/28/03	APPROVED BY: NLN	JOB NO: 60D5497
DRAWN BY:	CHECKED BY:	SCALE: 1"=2000'

T17S - R27E

T17S - R28E



T18S - R27E
EDDY COUNTY, NM

SUBSURFACE		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA
EXHIBIT B WELLS WITHIN 1 MILE OF NAVAJO REFINING COMPANY PROPOSED WDW-3		
DATED: 7/28/03	APPROVED BY: NLN	JOB NO. 60D5497
DRAWN BY:	CHECKED BY:	SCALE: N/A

Map courtesy of Midland Map Company

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires: January 31, 2004

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
WDW-3

9. API Well No.
30-015-26575

10. Field and Pool, or Exploratory Area
NAVAJO INJECTION; PERMO-PENN

11. County or Parish, State
EDDY

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other TEMPORARILY ABANDONED

2. Name of Operator
NAVAJO REFINING COMPANY

3a. Address
PO BOX 159, ARTESIA, NM 88211

3b. Phone No. (include area code)
505-748-3311

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)
790' FSL, 2250' FWL, 1-18S-27E

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other RECOMPLETE AS
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	CLASS I INJECTION
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input checked="" type="checkbox"/> Water Disposal	WELL

3. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once logging has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Original well name was CHALK BLUFF FEDERAL COM. NO. 1

DRILL OUT BRIDGE PLUG AT 7010' AND CLEAN OUT TO 7208'.
 INJECTION-TEST PERFORATIONS AT 7050' - 7102', 7262' - 7278' TO PLAN SQUEEZE-CEMENT JOB.
 DRILL OUT BRIDGE PLUGS AT 7208' AND 7294'. CLEAN OUT HOLE THROUGH PERFS AT 7304'-7314'.
 SQUEEZE-CEMENT PERFORATIONS AT 7050' - 7102', 7262' - 7278', AND 7304' - 7314'.
 DRILL OUT BRIDGE PLUG AT 7600' AND CLEAN OUT TO TOP OF LINER AT 9051'.
 RUN CBL/VDL AND CALIPER FROM 9051' TO SURFACE.
 PERFORATE 8540' - 8620' AND 7660' - 8450'.
 RUN INJECTIVITY TEST, AND ACIDIZE IF NECESSARY.
 RUN INJECTION/FALLOFF TEST.
 RUN DIFFERENTIAL TEMPERATURE SURVEY.
 RUN RADIOACTIVE TRACER SURVEY.
 INSTALL INJECTION TUBING AND PACKER TO APPROX. 7600'.
 INSTALL WELL ANNULUS MONITORING EQUIPMENT, AND PREPARE WELL FOR INJECTION.

RECEIVED
SEP 2⁹ 2003
Environmental Bureau
Oil Conservation Division

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Darrell Moore Title Env. Mgr. for Water & Waste

Signature Darrell Moore Date 9/17/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by (Signature)	Name (Printed/Typed)	Title
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office	Date

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on next page)

GENERAL INSTRUCTIONS

This form is designed for submitting proposals to perform certain well operations, and reports of such operations when completed, as indicated on Federal and Indian lands pursuant to applicable Federal law and regulations. Any necessary special instructions concerning the use of this

form and the number of copies to be submitted, particularly with regard to local area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from the local Federal office.

SPECIFIC INSTRUCTIONS

Item 4 - Locations on Federal or Indian land should be described in accordance with Federal requirements. Consult the local Federal office for specific instructions.

Item 13 - Proposals to abandon a well and subsequent reports of abandonment should include such special information as is required by the local Federal office. In addition, such proposals and reports should include reasons for the abandonment; data on any former or present

productive zones, or other zones with present significant fluid contents not sealed off by cement or otherwise; depths (top and bottom) and method of placement of cement plugs; mud or other material placed below, between and above plugs; amount, size, method of parting of any casing, liner or tubing pulled and the depth to top of any left in the hole; method of closing top of well and date well site conditioned for final inspection looking to approval of the abandonment.

NOTICE

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 181 et seq., 351 et seq., 25 U.S.C. 396; 43 CFR 3160.

PRINCIPAL PURPOSE: The information is used to: (1) Evaluate, when appropriate, approve applications, and report completion of subsequent well operations, on a Federal or Indian lease; and (2) document for administrative use, information for the management, disposal and use of National Resource lands and resources, such as: (a) evaluating the equipment and procedures to be used during a proposed subsequent well operation and reviewing the completed well operations for compliance with the approved plan; (b) requesting and granting approval to perform those actions covered by 43 CFR 3162.3-2, 3162.3-3 and 3162.3-4; (c) reporting the beginning or resumption of production, as required by 43 CFR 3162.4-1(c); and (d) analyzing future applications to drill or modify operations in light of data obtained and methods used.

ROUTINE USES: Information from the record and/or the record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions in connection with congressional inquiries or to consumer reporting agencies to facilitate collection of debts owed the Government.

EFFECT OF NOT PROVIDING THE INFORMATION: Filing of this notice and report and disclosure of the information is mandatory for those subsequent well operations specified in 43 CFR 3162.3-2, 3162.3-3, 3162.3-4.

The Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) requires us to inform you that:

This information is being collected to evaluate proposed and/or completed subsequent well operations on Federal or Indian oil and gas leases.

Response to this request is mandatory.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

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Revised June 10, 2003
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AMENDED REPORT

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UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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				¹⁶		¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
				Signature <i>Darrell Moore</i>		Printed Name Darrell Moore
				Title and E-mail Address Env. Mgr. for Water & Waste <i>darrell@navajo-refining.com</i>		Date 9/17/03
				¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>		Date of Survey
Signature and Seal of Professional Surveyor:		Certificate Number				

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NAVAJO REFINING COMPANY'S WDW-3 (PROPOSED)

790' FSL and 2250' FWL, Section 1, T18S, R27E
Eddy County, New Mexico
Chalk Bluff Federal Com. No. 1, API No. 30-015-26575

All depths are in feet below well's original kelly bushing height (RKB) of 16 feet above ground level. The original KB elevation is 3625 feet above mean sea level. The ground level elevation is 3609 feet above mean sea level.

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The base of the lowermost USDW is at 420 feet.

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7600 feet in 7-inch casing above perforations 7676 feet to 7678 and
7826 feet to 7830 feet

9800 feet in 4-1/2-inch liner above perforations 9861 feet to 9967 feet

Anticipated Formation Pressure

The expected bottom-hole pressure is 3448 pounds per square inch absolute (psia) at 9000 feet, for a gradient of 0.383 pounds per square inch (psi) per foot, or an equivalent

mud weight of 7.36 pounds per gallon (ppg). The bottom-hole pressure was determined from the pressure measured in Navajo's WDW-2, or 2813 psia, at 7570 feet. Navajo's WDW-2 is completed in the same interval proposed for WDW-3 and is located in 12-T18S-R27E, 3200 feet southwest of proposed WDW-3. The average specific gravity of the fluid in the Cisco and Canyon Formations is expected to be 1.025, which is the specific gravity of the fluid swabbed from WDW-2 in June 1999 from the interval between 7826 feet and 8399 feet. The expected bottom-hole pressure at 9000 feet in proposed WDW-3 is calculated below:

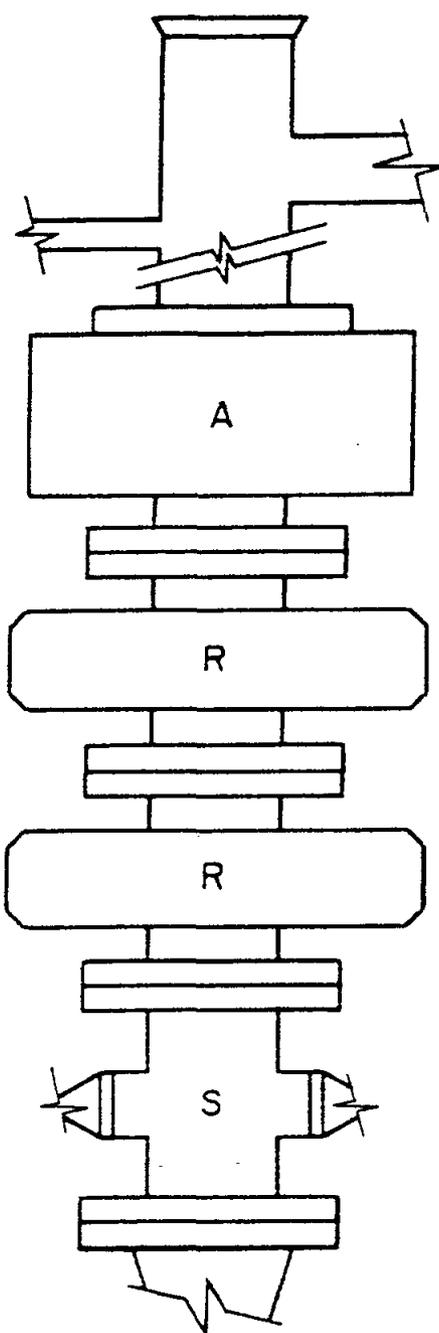
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Reentry Procedure

1. Level location to accommodate a workover rig, pump, tanks, and ancillary equipment. Build a small working pit approximately 30 feet square and 3 feet deep with a plastic lining. Move in the rig, tank, shale shaker, and work string.
2. Install a 7-1/16-inch, 3000-psi double hydraulic blowout preventer (BOP) and a 7-1/16-inch, 3000-psi annular BOP (see Exhibit A for schematic). Pressure test the BOP stack and casing to 1500 psi for 30 minutes. Pick up a 6-1/8-inch bit, and sufficient 4-3/4-inch drill collars to drill out the cement plugs, on a 2-7/8-inch work string. Mix a tank of 8.5-ppg sodium chloride brine water for circulating fluid.
3. Run the bit to 7000 feet and circulate the wellbore fluid out of the casing into a frac tank for disposal. Drill out the cast iron bridge plug (CIBP), cement at 7010 feet, and clean out to the CIBP at 7208 feet. Circulate the hole clean and pump into the perforations from 7050 feet to 7102 feet to establish a rate and pressure for a pending squeeze cement job.
4. Drill out the CIBP at 7208 feet and clean out past the perforations from 7262 feet to 7278 feet and drill out the third CIBP at 7294 feet. Clean out below the perforations from 7304 feet to 7314 feet. Run a second injection test for injection rate and pressure comparison.

5. Pull the bit and run a retrievable squeeze packer on the work string. Set the packer at 7150 feet and test for communication between the perforations. Squeeze the perforations from 7262 feet to 7278 feet and 7304 feet to 7314 feet with approximately 100 sacks of neat cement (actual squeeze cement volume to be determined by the injection rate established previously), attempting to reach 1500 psi to 2000 psi squeeze pressure. Release the packer and reverse out any excess cement, then re-test the perforations to the squeeze pressure.
6. Re-set the packer at 6900 feet and squeeze the perforations from 7050 feet to 7102 feet as before.
7. Lay down the squeeze packer and drill out the cement to the CIBP at 7600 feet. Conduct a pressure test to 500 psi for 12 hours to confirm the squeeze cement will contain the annular fluid pressure required during injection operations.
8. Drill out the CIBP at 7600 feet and circulate to the top of the liner at 9051 feet. Circulate the casing clean with 8.5-ppg brine water. Pull the bit and lay down the drill collars.
9. Run a cement bond log with variable density (CBL/VDL) from the liner top to the surface, followed by a baseline multi-finger caliper log from the liner top to the surface.
10. Perforate the intervals 8540 feet to 8620 feet and 7660 feet to 8450 feet with 2 JSPF, using hollow steel carrier perforating guns.
11. Run the work string and retrievable packer to 7600 feet. Swab, or backflow, the perforated interval to recover a representative sample of the formation water for laboratory analysis. Monitor the recovered fluid for hydrogen sulfide.
12. Conduct a short injectivity test with 8.5-ppg brine water to determine the need for stimulation. If required, stimulate the perforations with acid (type and amount to be determined from injectivity results), followed by 500 barrels of 8.5-ppg brine water.

13. Pull the work string and lay it down. Run a surface readout pressure gauge, with memory backup, to 7600 feet. Conduct an injection test down the casing at 420 gallons per minute for 12 hours (7200 barrels). Shut the well in and record the pressure falloff for a minimum of 12 hours.
14. Pull the gauges and run a differential temperature survey from surface to 9100 feet. Run a radioactive tracer survey to demonstrate mechanical integrity.
15. Run a tubing conveyed injection packer on 4-1/2-inch, 11.60 lb/ft, K-55, LT&C, 8rd injection tubing. Set the packer at approximately 7600 feet. Fill the annular space with 8.5-ppg brine water containing oxygen scavenger and corrosion inhibitor. Land the injection tubing in the wellhead and install the upper section.
16. Pressure test the annulus as required by New Mexico regulations.
17. Install well annulus monitoring equipment and prepare the well for injection.



A = ANNULAR BLOWOUT PREVENTER
7-1/16", 3000 psi working pressure

R = RAM TYPE BLOWOUT PREVENTER
7-1/16", 3000 psi working pressure

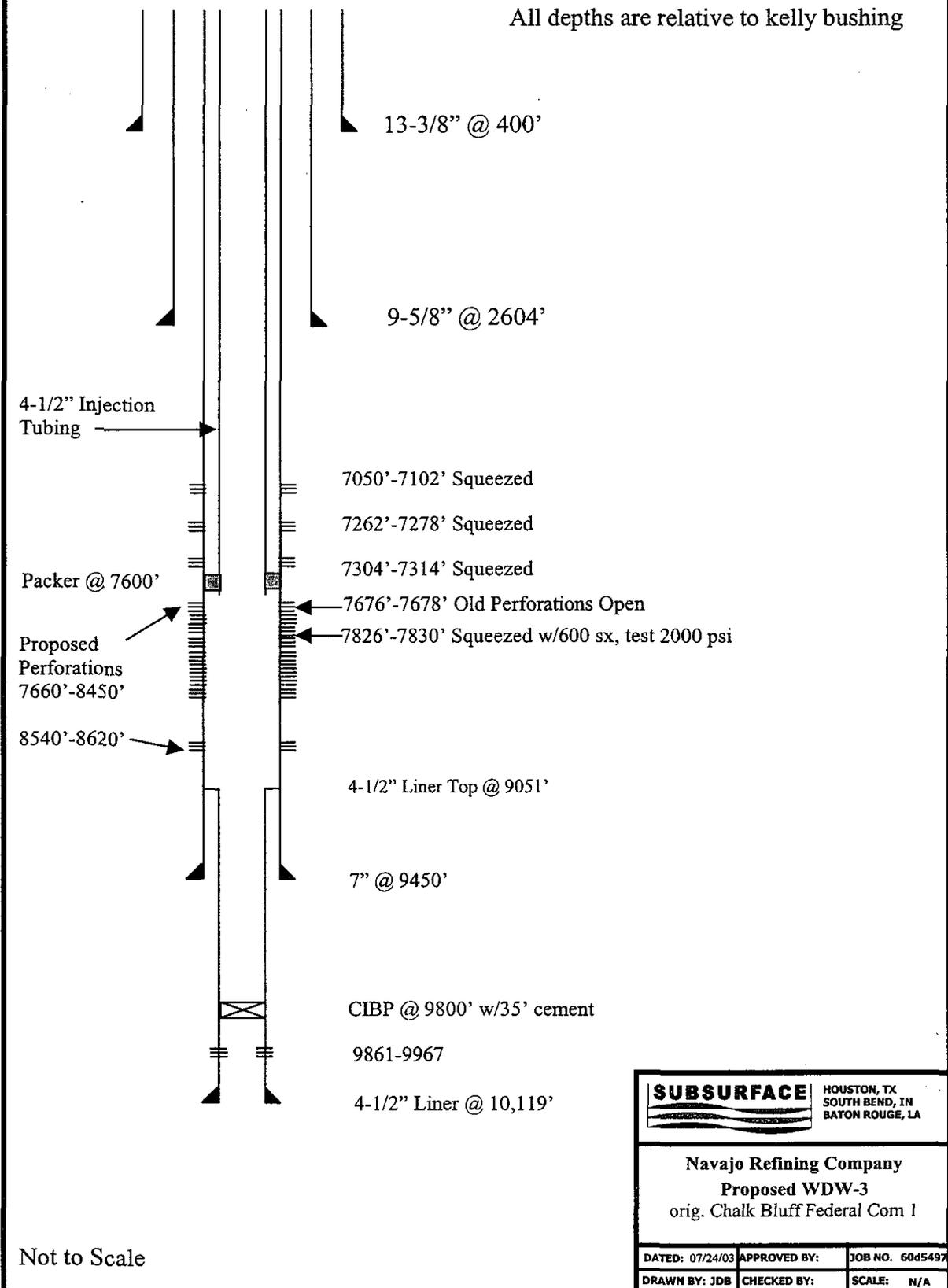
S = DRILLING SPOOL WITH SIDE OUTLETS
7-1/16", 3000 psi working pressure

Manual Choke Manifold 2", 3000 psi working pressure

Source: API RP 53, Recommended Practices
for Blowout Prevention Equipment Systems

SUBSURFACE		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA
Exhibit A Blowout Preventer Minimum Requirements		
DATED: 07/24/03	APPROVED BY:	JOB NO. 60d5497
DRAWN BY: JDB	CHECKED BY:	SCALE: N/A

All depths are relative to kelly bushing



Not to Scale

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

Navajo Refining Company
Proposed WDW-3
orig. Chalk Bluff Federal Com 1

DATED: 07/24/03	APPROVED BY:	JOB NO. 6045497
DRAWN BY: JDB	CHECKED BY:	SCALE: N/A

SURFACE USE PLAN

NAVAJO REFINING COMPANY PROPOSED WDW-3 790' FSL, 2250' FWL, 1-T 18S-R27E EDDY COUNTY, NEW MEXICO

1. Existing Roads: Existing roads that lead to the proposed drillsite are shown on Exhibit A.
2. Access Roads To Be Constructed: No new access road is proposed.
3. Location of Existing Wells: Existing wells within one mile of proposed WDW-3 are shown on Exhibit B.
4. Location of Proposed Facilities If Well Is Completed: The well will be shut in after completion and testing.
5. Location and Type of Water Supply: Water for reentry, testing, and completion operations will be purchased from a commercial water hauler.
6. Source of Construction Materials: No construction materials will be required.
7. Methods of Handling Waste Disposal:
 - A. Drill cuttings will be disposed of in the drilling pits.
 - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - C. Water produced during tests will be disposed of in the drilling pits.
 - D. Trash, waste paper, garbage, and junk will be buried in a trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind.
 - E. All trash and debris will be buried or removed from the wellsite after finishing drilling and/or completion operations.

8. Ancillary Facilities: None anticipated.
9. Wellsite Layout:
 - A. The existing well pad will be leveled to accommodate a workover rig, pump, tanks, and ancillary equipment.
 - B. Existing topsoil to a depth of 6 inches will be lifted and stockpiled at the uphill end of the well pad. The stockpiled topsoil will be located uphill to avoid mixing with subsurface materials.
 - C. The well pad will be surfaced with material found in place.
 - D. A small working pit will be constructed to hold drilling fluids and cuttings. The approximate dimensions of the pit will be 30 feet x 30 feet x 3 feet.
 - E. The working pit for drilling fluids and cuttings will be lined with 6-mil plastic.
10. Plans for Restoration of Surface:
 - A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. After abandonment, all equipment, trash, and junk will be removed and the location cleaned.
 - D. The stockpiled topsoil will be spread over the surface of the location.
11. Surface Ownership: U.S. Department of Interior, Bureau of Land Management.
12. Archaeological Survey: Navajo Refining Company is conducting an archeological survey. The report of the survey will be submitted by Navajo under separate cover.
13. Operator's Representatives: Representatives responsible for assuring compliance with the approved Surface Use Plan:

Mr. Darrell Moore
Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211
505/748-3311

Mr. Jim Bundy
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, Texas 77024
713/880-4640

Exhibits

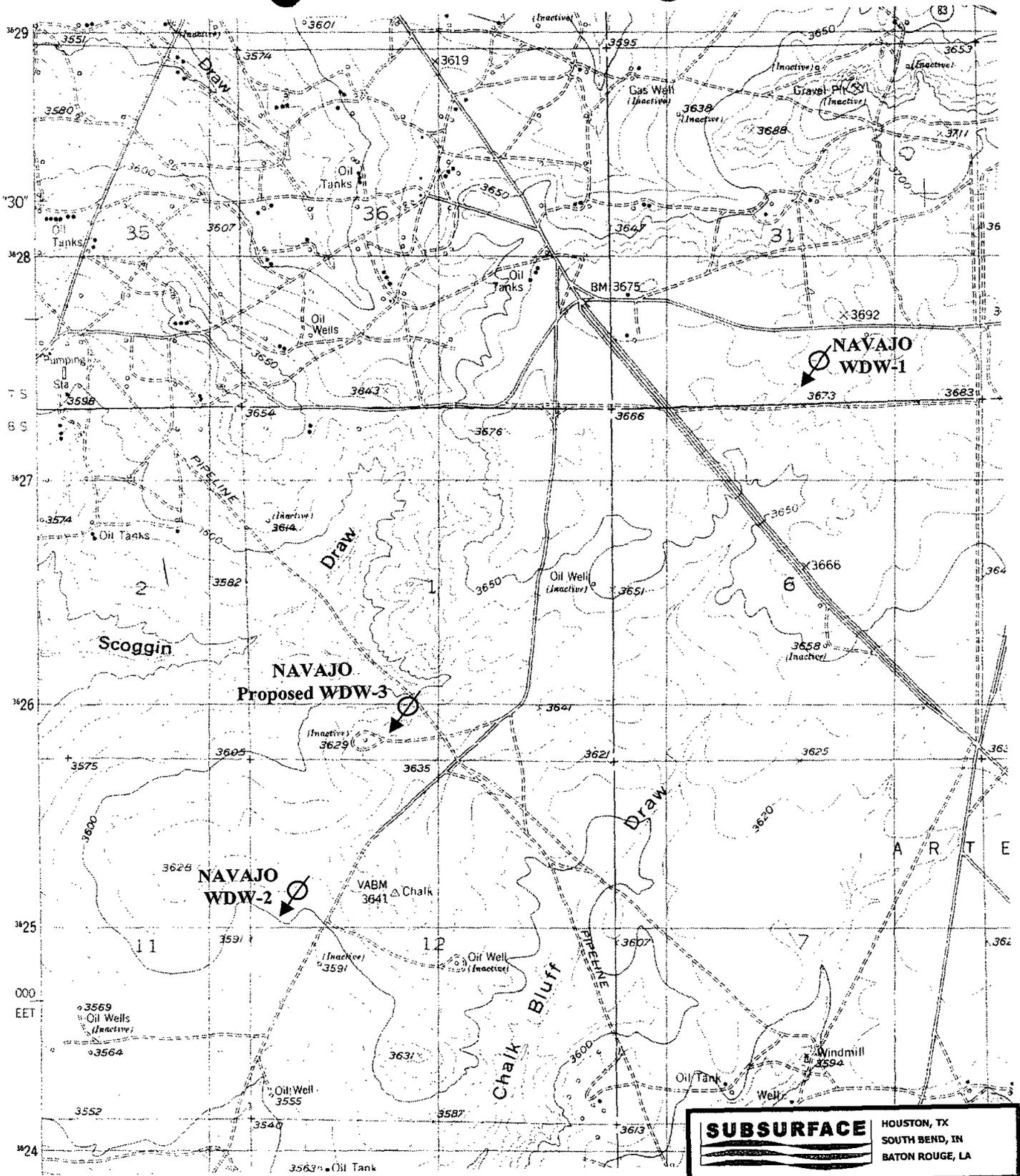
- A. Topographic Map
- B. Oil and Gas Map

14. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Navajo Refining Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

9/17/03
Date

Darrell Moore
Signature
Darrell Moore
Name
Env. Mgr. for Water & Waste
Title
Navajo Refining Company
Company



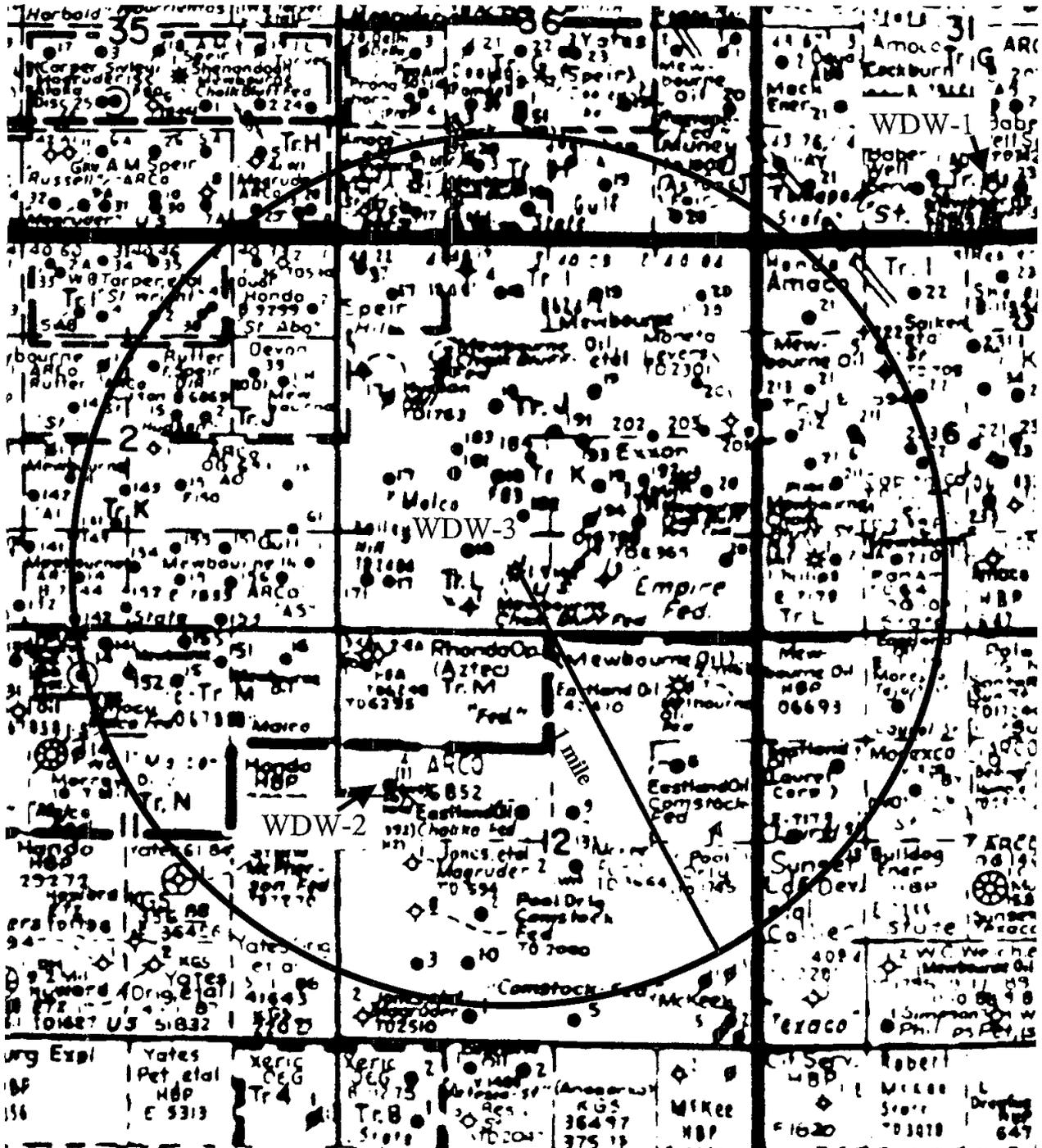
USGS Topographic Map
 Red Lake Quadrangle, Eddy County, NM

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: 7/28/03	APPROVED BY: NLN	JOB NO: 60D5497
DRAWN BY:	CHECKED BY:	SCALE: 1" = 2000'

T17S - R27E

T17S - R28E



T18S - R27E
 EDDY COUNTY, NM

SUBSURFACE		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA
EXHIBIT B WELLS WITHIN 1 MILE OF NAVAJO REFINING COMPANY PROPOSED WDW-3		
DATED: 7/28/03	APPROVED BY: NLN	JOB NO. 605497
DRAWN BY:	CHECKED BY:	SCALE: N/A

Map courtesy of Midland Map Company

NOTICE OF PUBLICATION

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

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

(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan modification application for their Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia and Lovington refineries. The non-hazardous fluids will be transported to the injection wells by pipeline. The wells named "Navajo WDW-1 and WDW-2" are located approximately 11 miles southeast of Artesia, New Mexico found in section 31 (660 FSL-2310 FEL), Township 17 South, Range 28 East and Section 12 (1980 FNL-660 FWL, Township 18 South, Range 27 East, respectively, NMPM, Eddy County, New Mexico. The modification proposes adding another well to be named Navajo (WDW-3). Navajo proposes to convert a temporarily abandoned well, the Navajo Chalk Bluff Federal Com. No. 1. (API 30-015-26575) into an injection well. This well is located 790 FSL, 2250 FWL Section 1-Township 18 South, Range 27 East. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,303 and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l. to 119,909 mg/l. The proposed maximum injection rate into the wells will be 500 gallons per minute/well or 1000 gallons per minute combined with a maximum injection pressure of 1490 psi (WDW-1) , 1454 psi (WDW-2) and 1461 psi (WDW-3). The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <http://www.emnrd.state.nm.us/ocd/>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

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

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 3rd day of November 2003.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

LORI WROTENBERY, Director

Price, Wayne

From: Price, Wayne
Sent: Tuesday, June 24, 2003 4:33 PM
To: Darrell Moore (E-mail)
Subject: WDW#1 due to expire 7_14_2003

Dear Darrell:

Please submit a discharge plan renewal application as soon as possible with \$100 filing.

Sincerely:



Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us



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

September 26, 2001

Certified Mail
7001 0320 0002 8432 2835

Mr. Roger Anderson
NM Oil Conservation Division
Environmental Bureau
1220 S. St. Francis
Santa Fe, NM 87505

RE: Fees for Lea Refining Discharge Plan and Injection Wells

Dear Roger,

Enclosed, please find two checks. One for \$100 for the Discharge Renewal for Lea Refining and one for \$1,380 for the Injection Well fees. This should get us up to date on our fees. Thank you for your attention to this matter.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Manager for Water and Waste

Encl.

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 020982 dated 9/19/01
or cash received on _____ in the amount of \$ 1380⁰⁰
from NAVAJO REFINING CO.

for WDW-1 + 2 DISPOSAL WELLS \$828⁰⁰ NIC-CLI-008-1
\$552⁰⁰ NIC-CLI-008-2

Submitted by: ^(Primary Name) WAYNE PRICE . Data: ^(Date) 10/07/01

Submitted to ASD by: [Signature] Data: 10/07/01

Received in ASD by: _____ Data: _____

Filing Fee _____ New Facility _____ Renewal _____
Modification _____ Other _____

Organization Code 521.07 Applicable FY 2002

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment

VENL.
ACCOUNT

THIS CHECK CLEARS THROUGH POSITIVE PAY
NAVAJO REFINING COMPANY
501 EAST MAIN STREET
P O BOX 159
ARTESIA, NM 86211-0159
(505) 748-3311

Bank of America

Bank of America Customer Connection
Bank of America, N.A.
Atlanta, Dekalb County, Georgia

64-1278
611

020982

CHECK DATE: 09/19/01

The SUM of One Thousand Three Hundred Eighty Dollars and 00 cents

PAY EXACTLY
*****1,380.00

VOID AFTER 180 DAYS

PAY
TO THE
ORDER
OF

NM ENERGY MINERALS & NATURAL
RESOURCES/OIL CONSERVATION D
1220 SOUTH ST FRANCIS
SANTA FE, NM 875055472

[Signature: Matthew P. Clifton]
PRESIDENT

wdw-1 \$828⁰⁰
wdw-2 \$552⁰⁰

⑈020982⑈ ⑆061112788⑆ 329 975 1638⑈

\$25,000.00 OR MORE REQUIRES 2 MANUAL SIGNATURES

Price, Wayne

From: Darrell Moore [darrell@navajo-refining.com]
Sent: Thursday, October 17, 2002 6:52 PM
To: Price, Wayne
Cc: Mark Plake; Phil Youngblood
Subject: HF Incident

Wayne,

On Monday morning, October 14, 2002, at about 8:50 am, we had an airborne release of HF acid at our Alkylation Unit here in Artesia. The release was the result of operator error while preparing the unit for maintenance. A 3/8" tube was unhooked before the line had been blocked off. The operator himself was taken to the hospital with superficial burns from having gotten HF acid on his skin. He was treated and released following a short period of observation.

An undetermined amount of HF was released to the atmosphere, however, we assume it to be more than the 100 lbs. above which we are required to report per CERCLA and EPCRA. We notified the National Response Center and our LEPC and SERC. Our deluge system was activated and knocked down the majority of the plume, but a small cloud of HF did float north. This cloud was observed to dissipate before it left our property boundaries.

Darrell Moore
Navajo Refining Company

10/18/2002

Price, Wayne

From: Price, Wayne
Sent: Wednesday, April 10, 2002 9:19 AM
To: 'darrell@navajo-refining.com'
Subject: FW: WDW-1 & 2 Navajo Name Change to Navajo Refining Company L.P.

Contacts: Darrell Moore

Darrell you will need to submit a rider for both bonds showing a name change. After we receive them OCD will approve. You must do this first then we can change the file well records.

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

From: Price, Wayne
Sent: Wednesday, April 10, 2002 9:03 AM
To: 'darrell@navajo-refining.com'
Cc: Martin, Ed
Subject: WDW-1 & 2 Navajo Name Change to Navajo Refining Company L.P.

Dear Darrell: We find that we need the following items to bring our records up to date on Navajo's Class I wells:

1. WDW #1. API # 30-015-27592. We show this well still being operated by Mewbourne. We need a C-104 (available on our web site) changing this to Navajo Refining, L.P.
2. WDW #2. API # 30-015-20894. On this one, we only need an e-mail from you stating the name change from Navajo Refining Co. to Navajo Refining, L.P. with a notation stating that Navajo has registered this name with the New Mexico State Corporation Commission.

Send both of these to me and I will take care of notifying the OCD District Office.

Thanks very much and call me or Ed Martin (476-3492) if you have a question.

Price, Wayne

From: Price, Wayne
Sent: Thursday, September 06, 2001 2:35 PM
To: 'darrell@navajo-refining.com'
Subject: Class I Injection well fees WDW-1 & 2
Contacts: Darrell Moore

Dear Darrell:

Our records show that Navajo is delinquent in the discharge plan fees:

WDW-1	DP approved	08/04/98	\$50 + \$276	paid	\$1154	\$828
		08/04/99	\$276	due		
		08/04/2000	\$276	due		
		08/04/2001	\$276	due		

WDW-2	DP approved	10/06/99	\$50 + \$276	paid	\$878	\$552
		10/06/2000	\$276	due		
		10/06/2001	\$276	due		

~~\$2032~~ \$1380

Please submit \$1380 within 10 days. Failure to submit fees in a timely fashion may be reason for OCD to eliminate the partial payment method and require payment in full.

Price, Wayne

From: Mail Delivery Subsystem [MAILER-DAEMON@nrc8.navajo-refining.com]
Sent: Thursday, September 06, 2001 2:28 PM
To: Price, Wayne
Subject: Return receipt



ATT38786.TXT



ATT38787.TXT

The original message was received at Thu, 6 Sep 2001 14:27:45

-0600 (MDT)
from nrc6.navajo-refining.com [150.150.150.219]

----- The following addresses have delivery notifications -----
<darrell@navajo-refining.com> (successfully delivered to mailbox)

--- The transcript of the session follows ---
<darrell@navajo-refining.com>... Successfully delivered

Price, Wayne

From: Price, Wayne
Sent: Tuesday, August 21, 2001 8:10 AM
To: 'darrell'; Gum, Tim
Cc: Guye, Gerry
Subject: RE: Navajo MIT

Tracking:	Recipient	Delivery	Read
	'darrell'		
	Gum, Tim	Delivered: 8/21/01 8:10 AM	
	Guye, Gerry	Delivered: 8/21/01 8:10 AM	Read: 8/21/01 11:44 AM

Your request is hereby approved and the March 2001 test will be accepted for this years MIT requirement.

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

From: darrell [mailto:darrell@navajo-refining.com]
Sent: Tuesday, August 21, 2001 8:38 AM
To: Price, Wayne
Subject:

Dear Wayne,

Navajo has been asked to perform an MIT on our two injection wells on August 23, 2001 by the district office here in Artesia. Do to a mix-up, Navajo tested those wells twice in the last year with the last time being in March 2001. You and I had discussed that this last test would suffice for the year 2001. If this is correct, you need to ask Gerry Guye to take us off the list for this year.

Thanks for your attention to this matter

Darrell Moore
Navajo Refining Co.

8/25/01



REFINING COMPANY

FAX

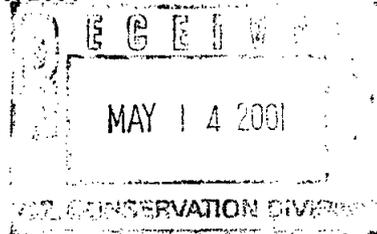
(505) 746-5283 DIV. ORDERS
(505) 746-5481 TRUCKING
(505) 746-5458 PERSONNEL

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.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

July 5, 2001

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 5357 7737

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

**RE: Testing methods in Discharge Plans for Wastewater Injection Wells
Class I Non-Hazardous Oil Field Waste Disposal Wells
Discharge Plan UIC-CLI-008-1 and 2**

Dear Mr. Moore:

The New Mexico Oil Conservation Division is in receipt of your fax dated 7/02/01 requesting that the same analytical test methods be allowed to be used for WDW-1 and 2. The OCD hereby approves of your request and will require that both wells adhere to the following methods as found in WDW-2 permit conditions #9.

9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis:
- Aromatic and halogenated volatile hydrocarbon scan by EPA method 8260C GC/MS including MTBE. Semi-Volatile Organics GC/MS EPA method 8270B including 1 and 2-methylnaphthalene.
 - General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - Total heavy metals using the ICAP scan (EPA method 6010/ICPMS) and Mercury using Cold Vapor (EPA method 7470).
 - EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity.

Records of all analyses will be maintained at Navajo for the life of the well.

If you have any questions please do not hesitate to contact me at 505-476-3487 or e-mail WPRICE@state.nm.us.

Sincerely;

Wayne Price-Pet. Engr. Spec

cc: OCD Artesia Office

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

NAVAJO REFINING COMPANY
P.O. Box 157
ARTESIA NM 88211
ATT: MR. GARRELL MOORE

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

Philip R. Bustamante 7-9-01

C. Signature

Philip R. Bustamante

- Agent
- Addressee

D. Is delivery address different from item 1? Yes No

If YES, enter delivery address below:

3. Service Type

- Certified Mail
- Express Mail
- Registered
- Return Receipt for Merchandise
- Insured Mail
- C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

2. Article Number (Copy from service label)

5357 7737

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

TELEPHONE
(505) 746-3311



REFINING COMPANY

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

ACCOUNTS RECEIVABLES FAX NUMBER: 505/746-5419

PLEASE DELIVER 2 PAGES, INCLUDING THIS COVER SHEET

TO: Wayne Price PHONE: _____

COMPANY / DEPARTMENT: OCD

MESSAGE: Wayne, here is the letter we sent in
Sept. 2000 You and I chatted about this on
the phone in January 2001. Still haven't heard
anything on this

FROM: D. Moore DATE: 7/2/01

If you do not receive all pages, please call _____ at 505/746-5_____

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



REFINING COMPANY

TELEPHONE
(505) 748-3311

EASLINK
62905278

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

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

September 7, 2000

Mr. Wayne Price
Environmental Bureau
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505-5472

RE: Testing methods in Discharge Plans for Wastewater Injection Wells

Dear Wayne,

As part of an internal audit Navajo had done by ERM Associates, it was brought to our attention that the testing methods in the two discharge plans for the injection wells are different in several instances. For example, on Discharge Plan UIC-CLI-008-1 (WDW-1) we are told to analyse aromatic and halogenated volatile hydrocarbons by either EPA method 8010/8020 or EPA method 8240. In Discharge Plan UIC-CLI-008-2 (WDW-2) we are asked to analyse these constituents by EPA method 8260C. This is just one example, however, if you look at the two discharge permits (bullet 9 in both) there are differences in the methods for the different constituents.

We are asking for modifications to these permits so that they both ask for the same methods. Currently, we are analyzing aromatics and halogenated volatile hydrocarbons by 8260B; Semi-volatiles by 8270C; Total heavy metals by 6010B; and Mercury by 7471A. If these methods meet your approval, we would like the permits to be amended to use these methods. In any case, we request the permits to show the same methods. If you feel different methods are needed than the ones we are currently using, we will make those changes on the next sampling event.

We realize this may be a small issue, but Navajo takes compliance very seriously, as evidenced by the internal audit. Your attention to this matter is greatly appreciated. If you have any questions, please call me at 505-748-3311.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

TELEPHONE
(505) 746-3311



REFINING COMPANY

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

ACCOUNTS RECEIVABLES FAX NUMBER: 505/746-5419

PLEASE DELIVER 4 PAGES, INCLUDING THIS COVER SHEET

TO: Wayne Price PHONE: _____

COMPANY / DEPARTMENT: _____

MESSAGE: _____

FROM: D. Moore DATE: 4/26/01

If you do not receive all pages, please call _____ at 505/746-5 _____

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



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

Jennifer A. Salisbury
CABINET SECRETARY

Oil Conservation Div.
Environmental Bureau
2040 S. Pacheco
Santa Fe, NM 87505

Memorandum of Meeting or Conversation

Telephone X
Personal

Time: 5 pm
Date: Dec. 02/99

Originating Party: Phil Youngblood- Navajo

Other Parties: Wayne Price-OCD

Subject: WDW-1

Discussion: Requested permission to acidize Class I Injection well next Tuesday Dec 7, 1999. They are experiencing a pressure build-up on system.

Conclusions or Agreements:

Permission granted. Navajo to notify Artesia OCD office. File C-103.

Signed: Wayne Price

CC: OCD Artesia *SA** 748 9720
Navajo *SA** 746-6155



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 24, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 274 520 730

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

RE: Minor Permit Modification to Discharge Plans UIC-CLI-008-1 and UIC-CLI-008-2.

Dear Mr. Moore:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of your letter dated October 25, 1999 requesting removing the volume limitations on Navajo Refining Company's WDW-1 and WDW-2 wastewater disposal wells. The request is hereby approved subject to the following conditions:

** The pressure limit for each well, WDW-1 (1490 psi) and WDW-2 (1454 psi) shall not be exceeded as listed in the discharge plan approval conditions.

Please be advised that NMOCD approval of this minor modification does not relieve Navajo Refining Company of liability if their operations fail to adequately protect ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve Navajo Refining Company of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger C. Anderson".

Roger C. Anderson
Environmental Bureau Chief

cc: OCD Artesia Office

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee): *WRP*

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:

*NAVAJO RESINING CO.
P.O. Box 159
ARLESIA, NM 88211*

4a. Article Number

Z 274 520 730

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

11-29-99

5. Received By: (Print Name)

FRED HENNING

6. Signature (Addressee or Agent)

Fred Henning

8. Addressee's Address (Only if requested and fee is paid)

PST Form 3811 December 1994

102595-99-B-0223

Domestic Return Receipt

Thank you for using Return Receipt Service.

TELEPHONE
(505) 748-3311

EASYLINK
62905278

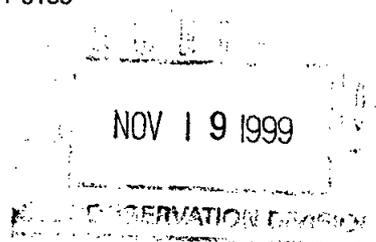


REFINING COMPANY

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

November 15, 1999

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



Mr. Roger Anderson
Environmental Bureau
N.M. Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505

RE: Fee for Discharge Plan UIC-CLI-008-2

Dear Roger,

Enclosed, please find check number 152332 in the amount of \$326.00 and the signed Approval Conditions of the above referenced discharge plan. This amount covers one (1) year of the \$1,380.00 flat fee and the \$50.00 filing fee. If there are any questions concerning this matter, please call me at 505-748-3311. Thank you for your time in this matter.

Sincerely,
NAVAJO REFINING CO.

Darrell Moore
Environmental Mgr. for Water and Waste

Encl.

ATTACHMENT TO DISCHARGE PLAN UIC-CLI-008-2 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-2, API No. 30-015-20894
1980 FNL and 660 FWL Sec 12, Twn 18 S, Rng 27 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PLAN APPROVAL CONDITIONS
October 6, 1999

1. Payment of Discharge Plan Fees: The \$50 dollar filing fee is due upon receipt of this approval. The \$1,380 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Navajo Commitments: Navajo will abide by all commitments submitted in the original application for authorization to inject dated February 1999, discharge plan application dated April 1998, subsequent well completion report Volumes I and II dated September 1998, and the discharge plan application for WDW-2 submittal Volumes I and II dated April 27, 1999 and subsequent well completion reports Volume I, II and III dated July 1999 and supplemental information submitted on October 5, 1999.

This permit is also contingent upon commitments made by Navajo to NMOCD in the following letters:

- A. Letter dated April 7, 1999 from Darrell Moore (Navajo) to Wayne Price (NMOCD) concerning the Wastewater Pipeline under the Pecos river;
- B. Letter dated October 4, 1999 from Darrell Moore (Navajo) to Wayne Price (NMOCD) concerning the Amoco Production Company Smith-McPherson well No.1.
- C. Letter Dated June 4, 1999 from Darrell Moore (Navajo) to Roger Anderson (NMOCD) requesting cancellation of Bond for proposed WDW-3 class I injection well, subsequent letter from Rand Carroll (NMOCD) dated September 8, 1999 to J.S. Ward & Son, Inc. Approving cancellation of Bond # 5893 89 for WDW-3.
- D. Letter Dated August 18, 1999 from Darrell Moore (Navajo) to Wayne Price (NMOCD) requesting a minor modification to WDW-2 permit deleting tankage at the well sites and requesting an option to keep plans for WDW-3 open.

OCD approves of the minor modification with the following condition: Navajo shall not proceed with any activity concerning WDW-3 until they receive written permission form NMOCD Environmental Bureau.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 2 of 6

3. Authorization to Inject and Maximum Injection Pressure: Navajo is authorized to inject subject to the discharge plan commitments and conditions contained within. The maximum operating injection pressure at the wellhead will be 1454 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1454 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface.

4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well
5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.
6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Navajo for the life of the well.
7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Navajo for the life of the well.
8. Wastes Permitted for Injection: Injection will be limited to exempt and non-hazardous oil field wastes generated exclusively by Navajo Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 3 of 6

9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis:
- a. Aromatic and halogenated volatile hydrocarbon scan by EPA method 8260C GC/MS including MTBE. Semi-Volatile Organics GC/MS EPA method 8270B including 1 and 2-methylnaphthalene.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Total heavy metals using the ICAP scan (EPA method 6010/ICPMS) and Mercury using Cold Vapor (EPA method 7470).
 - d. EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity.

Records of all analyses will be maintained at Navajo for the life of the well.

10. Quarterly Reporting: The following reports will be signed and certified in accordance with WQCC section 5101.G. and submitted quarterly to both the OCD Santa Fe and Artesia Offices:
- a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected fluids.
11. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.
12. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 4 of 6

13. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
15. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.
16. Below Grade Tanks/Sumps: Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.
17. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.
18. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Artesia District Office.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 5 of 6

19. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
20. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

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

21. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of the well and associated facilities. A written commitment to comply with the terms and conditions of the previously approved discharge plan and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
22. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well and associated facilities a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
23. Plugging Bond and /or Letter of Credit: Navajo shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure plan and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge plan renewal.
24. Training: All personnel associated with operations at the Navajo Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Navajo for the life of the well.
25. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 6 of 6

26. Ownership: This permit is conditioned upon the representation by Navajo that Navajo is the true owner of the permitted well. If Navajo is not the true owner, this permit is void and Navajo may be subject to liability to the true owner.
27. Certification: Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: NAVAJO REFINING COMPANY

PHILLIP L. YOUNGALOOD
Company Representative- print name


Company Representative- Sign

Date 10-14-99

Title DIRECTOR OF ENVIRONMENTAL AFFAIRS

NAVAJO REFINING COMPANY ♦ 501 EAST MAIN STREET ♦ P O BOX 159 ♦ ARTESIA ♦ NM 88211-0159

DATE	INVOICE NUMBER	AMOUNT	DISCOUNT	AMOUNT PAID	REMARKS
11/15/99		\$326.00		\$326.00	Discharge Plan Annual Fee UIC-CLI-008-2 Chukka-Federal Well
				TOTAL:	
				\$326.00	

VENDOR: 84 6114
ACCOUNT NO.:

DATE: 11/15/99

152332

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 152332 dated 11/15/99
or cash received on _____ in the amount of \$ 326.⁰⁰
from NAVAJO REFINING COMPANY
for CLASS I WELL MIC-CLI-008-2

Submitted by: ^(Facility Name) WAYNE PRICE Date: ^(DP No.) 11/24/99

Submitted to ASD by: [Signature] Date: 11/24/99

Received in ASD by: _____ Date: _____

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

Organization Code 521.07 Applicable FY 2000

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment

NAVAJO REFINING COMPANY
501 EAST MAIN STREET
P O BOX 159
ARTESIA, NM 88211-0159
(505) 748-3311

NationsBank of Texas N.A.
Wichita Falls, TX 76301

152332

CHECK DATE: 11/15/99

PAY EXACTLY
\$326.00

VOID AFTER 180 DAYS

*****Three Hundred Twenty Six and no/100*****

PAY NMED - Water Quality Management
TO THE Oil Conservation Division
ORDER 2040 Pacheco St.
OF Santa Fe, New Mexico 87505

Kathy H Walker

MIC-CLI-008-2

\$5,000.00 OR MORE REQUIRES COUNTER SIGNATURE

⑈ 152332 ⑈ ⑆ 111901302⑆ ⑈ 1254843258 ⑈



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 9, 1999

Certified Mail
Return Receipt Requested

Don L. Benscoter
6105 East Sage Drive
Scottsdale, AZ 85253

RE: Case No. 1224 Application of Navajo Refining Company for modification of
DischargePlan UIC-CLI-008-1

Dear Mr. Benscoter:

This letter is to advise you that the above-referenced application has been set for hearing before an Examiner of the Oil Conservation Division on December 2, 1999. Enclosed is a copy of the application. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required (Rule 1208.B—Enclosed) to file a Prehearing Statement three days in advance of the hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Rand Carroll".

Rand Carroll
Legal Counsel

Enclosures

c: Roger Anderson, OCD Environmental Bureau-Santa Fe

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Don L. Benscoter
6105 East Sage Drive
Scottsdale, AZ 85253

4a. Article Number

Z 549 495 026

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

11-18-98

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *Don L. Benscoter*

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

(9) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(6).
[1-1-86...2-1-96; A, 7-15-99]

(10) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(7).
[1-1-86...2-1-96; A, 7-15-99]

(11) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(8).
[1-1-86...2-1-96; A, 7-15-99]

1207.B. **Type and Content of Notice.** Any notice required by this rule shall be sent by certified mail, return receipt requested, to the last known address of the person to whom notice is to be given at least 20 days prior to the date of hearing of the application and shall include: a copy of the application; the date, time and place of the hearing; and the means by which protests may be made. [1-1-86...2-1-96; A, 7-15-99]

1207.C. At the hearing, the applicant shall make a record, either by testimony or affidavit signed by the applicant or its authorized representative, that: (a) the notice provisions of this rule have been complied with; (b) the applicant has conducted a good-faith diligent effort to find the correct address of all persons entitled to notice; and (c) pursuant to this rule, notice has been given at that correct address as required by this rule. In addition, the record shall contain the name and address of each person to whom notice was sent and, where proof of receipt is available, a copy of the proof. [1-1-86...2-1-96; A, 7-15-99]

1207.D. **Evidence of failure to provide notice as required in this rule may, upon proper showing, be considered cause for reopening the case.** [1-1-86...2-1-96; A, 7-15-99]

1207.E. In the case of an administrative application where the required notice was sent and a timely filed protest was made, the Division shall notify the applicant and the protesting party in writing that the case has been set for hearing and the date of the hearing. No further notice is required. [7-15-99]

1208 PLEADINGS: COPIES [9-15-55...2-1-96; A, 7-15-99]

1208.A. For pleadings and correspondence filed in cases pending before a Division Examiner, two copies must be filed with the Division. For pleadings and correspondence filed in cases pending before the Commission, five copies must be filed with the Division. The Division will disseminate copies to the members of the Commission. The party filing the pleading or correspondence shall at the same time either hand deliver or transmit by facsimile or electronic mail to any party who has entered an appearance therein or the attorneys of record, a copy of the pleading or correspondence. An appearance of any interested party shall be made either by letter addressed to the Division or in person at any proceeding before the Commission or before a Division Examiner, with notice of such appearance to the parties of record. [9-15-55...2-1-96; A, 7-15-99]

1208.B. Parties to an adjudicatory proceeding must file a prehearing statement three days in advance of a scheduled hearing before the Division or the Commission. The statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. [7-15-99]

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

April 27, 1999

Case 12249

Mr. Wayne Price
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1 and Proposed WDW-2 and WDW-3

Dear Mr. Price:

Navajo Refining Company (Navajo) requests that the New Mexico Oil Conservation Division (OCD) issue a modification to Discharge Plan UIC-CLI-008-1 to include the revised location of proposed Waste Disposal Well No. 2 (WDW-2). Discharge Plan UIC-CLI-008-1 was issued by the OCD on July 14, 1999, and modified on August 4, 1999, to allow Navajo to construct and operate three effluent disposal wells, Waste Disposal Well No. 1 (WDW-1) and proposed WDW-2 and Waste Disposal Well No. 3 (WDW-3), located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico. The waste stream proposed for disposal is exempt and nonexempt nonhazardous oilfield waste that is generated exclusively by Navajo at its refinery in Artesia. The waste water will be transported to the injection wellsites by a proposed pipeline system.

Navajo proposes to convert a producing well, The Eastland Oil Company's Chukka Federal No. 2 well (formerly Fred Pool Drilling, Inc., originally Amoco Production Company Diamond Federal Gas Com. No. 1), to its effluent disposal well WDW-2. The well is on federal land. On April 14, 1999, Navajo submitted to the Bureau of Land Management (BLM) an Application for Permit to Drill (BLM Form 3160-3) for permission to reenter, recomplate, and test the well. Three (3) copies of this application were hand-delivered to the OCD District II office in Artesia on April 16, 1999. Also, as you requested on April 20, 1999, Navajo submitted to the OCD Form C-101 for permission to begin reentry, recomplate, and testing operations on proposed WDW-2. Permission from the OCD and the BLM for this work is pending.

Mr. Wayne Price
New Mexico Oil Conservation Division

April 27, 1999
Page 2

Transmitted with this letter is the information required by the OCD to modify Discharge Plan UIC-CLI-008-1 to include the new location of Navajo's proposed WDW-2. The information is in the form of replacement pages to be inserted into the document, "Discharge Plan Application and Application for Authorization to Inject," that Navajo submitted to the OCD on May 1, 1998. The changes to the document are summarized in Attachment A. Instructions for updating the document are detailed in Attachment B. The information supporting this permit modification request was prepared for Navajo by Subsurface Technology, Inc. (Subsurface), formerly Envirocorp Services & Technology, Inc.

Navajo constructed WDW-1 in July and August 1998. No waste waters have been injected into WDW-1, pending construction of the proposed pipeline that will carry the waste waters to the injection wells. Information obtained from WDW-1 is being supplied in this permit modification request to update the discharge plan application.

Navajo also proposes to drill one new well, proposed WDW-3. No changes to proposed WDW-3 are being requested at this time.

The names and addresses of the leasehold operators of the active nonfreshwater wells within one mile of proposed WDW-2 are provided in Attachment C. The names and addresses of the leasehold operators were obtained from the Form C-104 (Request for Allowable and Authorization) that is on file with the OCD for each active well. Also included are the names and addresses of mineral owners at the location of proposed WDW-2 and the locations of the BLM offices that should receive notification of the permit modification request.

Please do not hesitate to contact me at (505) 748-3311 or Nancy Niemann of Subsurface at (713) 880-4640 if you have any questions.

Sincerely,



Darrell Moore
Environmental Manager of Water and Waste

NLN/paf
Attachments

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 1/2 Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-101
Revised March 12, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUG BACK, OR ADD A ZONE



Operator Name and Address: Navajo Refining Company Post Office Box 159 Artesia, New Mexico 88211		OGRID Number
Property Name WDW-1		API Number 30-015-20894
Property Code	Well No.	

Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 Lower Wolfcamp-Cisco-Canyon Injection Zone					Proposed Pool 2				

Work Type Code E-Reentry	Well Type Code Class I Injection	Cable/Rotary R	Lease Type Code Federal	Ground Level Elevation 3607' GR, 3623' KB
Multiple No	Proposed Depth 9200'	Formation Strawn	Contractor	Spud Date 5/15/99

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	32 lb/ft	1995 feet	800	Surface
7-7/8"	5-1/2"	17 lb/ft	9200 feet	Caliper vol. +20%	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Proposed Reentry of The Eastland Oil Company (originally Fred Pool Drilling, Inc.) Chukka Federal No. 2 (PBSD 1912 feet, September 10, 1985) formerly Amoco Production Company Diamond Federal Gas Com. No. 1 (OTD 10,372 feet, P&A August 31, 1973). The well currently produces oil and gas from perforations from 1446 feet to 1462 feet (Penrose.)

Navajo will squeeze the perforations from 1446 feet to 1462 feet, drill out cement plugs, and clean out the well to 9200 feet, set 5-1/2 inch casing at 9200 feet and cement to the surface, perforate porous intervals in the Lower Wolfcamp, Cisco, and Canyon Formations between 7270 feet and 9200 feet, and conducted injectivity tests.

Attached are the Well Location Plat and Drilling Program.

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

Signature: *Darrell Moore*
Printed name: Darrell Moore
Title: Env. Mgr. for Water & Waste
Date: 4/21/99
Phone: 505-748-3311

OIL CONSERVATION DIVISION

Approved by: *Jim W. Gunn, B6X*
Title: District Supervisor
Approval Date: 5-3-99
Expiration Date: 5-3-00
Conditions of Approval:
Attached

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-20894		2 Pool Code		3 Pool Name Lower Wolfcamp-Cisco-Canyon Injection Zone	
4 Property Code		5 Property Name WDW-2			6 Well Number
7 OGRID No.		8 Operator Name Navajo Refining Company			9 Elevation 3607' GR

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres									
13 Joint or Infill		14 Consolidation Code			15 Order No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p>			
	<p>Signature <i>Darrell Moore</i></p>			
	<p>Printed Name Darrell Moore</p>			
	<p>Title Env. Mgr. for Water & Waste</p> <p>Date 4/21/99</p>			
<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>				
<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Well is active. Location was not re-surveyed by Navajo.</p>				
<p>Certificate Number</p>				

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

April 21, 1999

Mr. Wayne Price
NM Oil Conservation Division
Environmental Bureau
2040 S. Pacheco
Santa Fe, NM 87505

APR 22 1999

RE: Application for Second Waste Disposal Well, Navajo Refining Co.

Dear Wayne,

Enclosed, please find 3 copies of our BLM application to re-enter the Eastland Oil Co. Chukka Federal No. 2 well in Section 12, Township 18 South, Range 27 East. I have also included 3 copies of OCD form C-101, C-102, and various support documents.

We have mailed copies to the BLM in Roswell and I have personally hand delivered copies to Mr. Tim Gumm in OCD's Artesia office. If you have any questions concerning this submission, please call me at 505-748-3311. Thank you for your time in this matter.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

Encl.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN Reenter

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER Class I Waste Disposal Well SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
 Navajo Refining Company

3. ADDRESS AND TELEPHONE NO.
 Post Office Box 159, Artesia, New Mexico 88211

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface 1980' FNL and 660' FWL Unit Letter E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 11 air miles east-southeast of Artesia

10. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.

19. PROPOSED DEPTH
 9200'

20. ROTARY OR CABLE TOOLS
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
 3607' GR, 3623' KB

22. APPROX. DATE WORK WILL START*
 May 1, 1999

5. LEASE DESIGNATION AND SERIAL NO.
 NM 6852

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
 WDW-2

9. API WELL NO.
 30-015-20894

10. FIELD AND POOL, OR WILDCAT
 L. Wolfcamp-Cisco-Canyon Injection Zone

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
 12-T18S-R27E

12. COUNTY OR PARISH
 Eddy

13. STATE
 NM

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	32 lb/ft	1995'	800 sx circulated
7-7/8"	5-1/2"	17 lb/ft	9200'	Caliper volume + 20% excess

Proposed reentry of the Eastland Oil Company (originally Fred Pool Drilling, Inc.) Chukka Federal No. 2 (PBDT 1912 feet, September 10, 1985) formerly Amoco Production Company Diamond Federal Gas Com. No. 1 (OTD 10,372 feet, P&A August 31, 1973). The well currently produces oil and gas from perforations from 1446 feet to 1462 feet (Penrose).

Navajo will squeeze the perforations from 1446 feet to 1462 feet, drill out cement plugs and clean out the well to 9200 feet, set 5-1/2 inch casing at 9200 feet and cement to the surface, perforate porous intervals in the Lower Wolfcamp, Cisco, and Canyon Formations between 7270 feet and 9200 feet, and conduct injectivity tests.

Attached are the Well Location Plat, Drilling Program, and Surface Use Plan.

ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zones and proposed new productive zones. If proposal is to drill or open directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED David Moore TITLE Env. Mgr. DATE 4/15/99
 (This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereunder.
 CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

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

State of New Mexico
 Energy, Minerals & Natural Resources Department

Form C-102
 Revised March 17, 1999

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe. NM 87505

Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20894		² Pool Code		³ Pool Name Lower Wolfcamp-Cisco-Canyon Injection Zone	
⁴ Property Code		⁵ Property Name WDW-2			⁶ Well Number
⁷ OGRID No.		⁸ Operator Name Navajo Refining Company			⁹ Elevation 3607' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>	
				Signature: <i>Darrell Moore</i> Printed Name: Darrell Moore	
				Title: Env. Mgr. Date: 4/15/99	
			¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>		
			Date of Survey Signature and Seal of Professional Surveyer: Well is active. Location was not re-surveyed by Navajo.		
			Certificate Number		

DRILLING PROGRAM

FOR NAVAJO REFINING COMPANY'S PROPOSED WDW-2 1980' FNL, 660' FWL of 12-T18S-R27E Eddy County, New Mexico

1. Obtain all permits and approvals for the reentry, testing and completion of a currently existing well. Construct the lined reserve pits, dig out the cellar, and install a mousehole and rathole.
2. Move in and rig up a workover unit. Remove the pumping equipment and pull the tubing out of the well after tagging the plugged-back total depth (PBSD).
3. Squeeze the perforations from 1446 feet to 1462 feet with 100 sacks of Class "H" cement. Allow the cement to cure.
4. Drill out the cement to PBSD, circulate the well clean, and pressure test the squeezed perforations at 500 psig for 30 minutes.

Drilling Fluid

- a. Freshwater-based gel chemical fluid.
 - b. Density range: 8.6 ppg to 9.5 ppg. Requirement for weighting material is not anticipated.
 - c. Viscosity range: 35 sec/qt to 45 sec/qt.
 - d. Pit volumes to be monitored visually.
5. Conduct a CBL/VDL survey from 1912 feet to the surface. Submit the results of the pressure test and CBL/VDL survey to the OCD and the BLM for their review and approval prior to mobilizing the drilling rig.
 6. After receiving approval from the OCD and the BLM to continue the reentry, prepare the location for the selected drilling rig.
 7. Move in and rig up the rotary drilling rig and install the blowout preventers (BOPs).

BOP Minimum Requirements

- a. 11-inch, 3000-psi working pressure double-hydraulic BOP.
- b. 11-inch, 3000-psi working pressure annular BOP.
- c. 3-inch, 3000-psi working pressure manual choke manifold.

A schematic of the BOP stack is included as Exhibit A.

8. Drill out the following cement plugs and conduct deviation surveys every 1000 feet or on trips:
 - a. 1912 feet to 2045 feet, 40 sacks
 - b. 3620 feet to 3720 feet, 50 sacks
 - c. 5456 feet to 5556 feet, 40 sacks
 - d. 7435 feet to 7535 feet, 50 sacks

Estimated Tops of Geologic Formations

San Andres	2005'	Lower Wolfcamp	7270'
Yeso	4210'	Cisco	7645'
Abo	5506'	Canyon	8390'
Wolfcamp	6728'	Strawn	8894'

No fresh water or hydrocarbons are expected to be encountered.

Expected Bottom-Hole Pressure and Hazards

The expected bottom-hole pressure is 3500 psia at the total depth of 9200 feet. The bottom-hole pressure was determined from the pressure measured in Navajo's WDW-1, or 2928 psia, at 7924 feet. Navajo's WDW-1 is completed in the same interval proposed for WDW-2 and is located 11,000 feet northeast of WDW-2 in 31-T17S-R28E. The average specific gravity of the fluid between 7924 feet and 9200 feet is expected to be 1.034, which is the specific gravity of the fluid swabbed from the interval between 8220 feet and 8476 feet in WDW-1. The expected bottom-hole pressure at 9200 feet in proposed WDW-2 is calculated below:

$$\begin{aligned}\text{BHP (9200 feet)} &= 2928 \text{ psia} + (9200 \text{ feet} - 7924 \text{ feet}) \times 0.433 \text{ psi/ft} \times 1.034 \\ &= 3500 \text{ psia}\end{aligned}$$

No abnormal pressures or temperatures or other hazards are expected while drilling or testing the well. Hydrogen sulfide monitoring equipment will be set up prior to swabbing operations.

9. Clean the well out to a depth of 9200 feet and circulate and condition the hole for logging. Make a wiper trip to the base of the 8-5/8 inch surface casing while strapping the drillpipe.
10. Conduct a formation microimager (FMI) survey with gamma ray from the well's total depth to 4000 feet. Continue the four-arm caliper survey to the 8-5/8 inch casing shoe. Process the FMI for fracture identification over the lower 200 feet of the confining zone and zones of interest in the injection zone, if warranted.
11. Spot a gelled pill at 9200 feet and lay down the drillpipe.
12. Run the 5-1/2 inch, 17-lb/ft, J-55, LT&C casing with a packoff shoe and float collar to 9200 feet. Install a "DV" tool at approximately 5800 feet. Run centralizers at approximately 120-foot intervals.
13. Cement the 5-1/2 inch casing in place. Use a minimum of 20% excess cement as calculated from the caliper log. Circulate cement to the surface and allow to cure.

Cement Program

- a. Stage 1 Cement (total depth to 5800 feet): Lightweight Class H with fly ash, gel, friction reducer, and salt mixed with fresh water.
 - b. Stage 2 Lead Cement (5200 feet to the surface): Lightweight Class C with gel and bridging agents mixed with fresh water.
 - c. Stage 2 Tail Cement (5800 feet to 5200 feet): Class C mixed with fresh water.
14. Clean out the mud pits and release the drilling rig 12 hours after cementing the 5-1/2 inch casing in place.
 15. Stabilize the 5-1/2 inch casing at the surface using ready-mix cement.

16. Move in and rig up the completion rig pump, tank, power swivel, and work string. Install the blowout preventer.
17. Run in the well with a 4-3/4 inch bit to the "DV" tool and test the casing to 1500 psig for 30 minutes.
18. Drill out the "DV" tool and clean out the wellbore to the float collar. Test the casing to 1500 psig for 30 minutes. Circulate the wellbore with clean brine, preceded by 15% HCL to clean the casing. Trip the work string out of the well.
19. Conduct the casing inspection, CBL/VDL, and differential temperature surveys.
20. Perforate the selected injection interval as determined from the open hole logs. Depending on the height of the perforated interval, the interval may be perforated in two stages, as Zone Nos. 1 and 2.
21. Run in the well with a packer and tailpipe. Set the packer above the top perforation and swab test the perforated interval. Recover at minimum two tubing volumes of the reservoir fluid for analysis (Note: Set up H₂S monitoring equipment prior to swabbing operations).
22. Acidize the perforated zone (Zone 1) using diverters. Pull the packer out of the well.
23. Perforate the next selected injection interval (Zone 2) as determined from the open hole logs.
24. Run a retrievable bridge plug and packer into the well and isolate Zone 2.
25. Acidize Zone 2 using diverters. Pull the retrievable bridge plug and packer out of the well, laying down the work string.
26. Conduct an injection test down the 5-1/2 inch casing at 420 gpm for 12 hours, followed by a pressure falloff test.
27. Conduct a differential temperature survey and radioactive tracer survey to determine the injection profile.

28. Run the injection tubing and packer. Fill the annulus with corrosion inhibited brine.
29. Wait for the well system to come to thermal stabilization (approximately 24 hours).
30. Conduct an annulus pressure test witnessed by the OCD.
31. Rig down and move out all equipment and close the reserve pit.
32. Install the annulus monitoring system and return the well to the client.

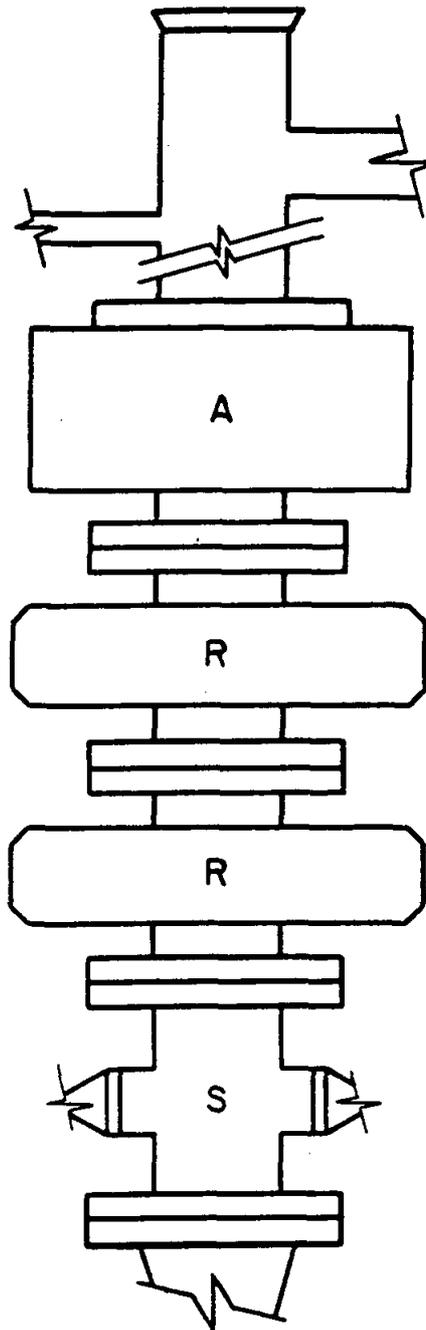
Logging, Testing, And Coring Program

A formation fluid sample will be retrieved from the proposed injection zone in proposed WDW-2. Navajo will conduct injectivity testing in the injection zone of proposed WDW-2.

No coring is planned.

The proposed logging program is described below:

HOLE/CASING	OPEN-HOLE LOGS	CASED-HOLE LOGS
Proposed WDW-2		
11 inch Surface Borehole (8-5/8 inch Casing) 1995 feet		Logs Run in 1973: Gamma Ray Logs Proposed on Reentry: Cement Bond/Variable Density Casing Inspection Log
7-7/8 inch Long-String Borehole (5-1/2 inch Casing) 9200 feet	Logs Run on August 27, 1973: Dual Induction-Laterolog/ Spontaneous Potential Compensated Neutron/ Formation Density Caliper Gamma Ray Logs Proposed on Reentry: Fracture Identification Log 4-Arm Caliper	Logs Proposed on Reentry: Cement Bond/Variable Density Casing Inspection Log Differential Temperature Log Radioactive Tracer Survey



A = ANNULAR-TYPE BLOWOUT PREVENTER
11-inch throughbore, 3000-psi working pressure

R = RAM-TYPE BLOWOUT PREVENTER
11-inch throughbore, 3000-psi working pressure

S = DRILLING SPOOL WITH SIDE OUTLET CONNECTIONS
FOR CHOKE AND KILL LINES

MANUAL CHOKE MANIFOLD
3-inch throughbore, 3000-psi working pressure

Source: API RP 53: Recommended Practices for
Blowout Prevention Equipment Systems

ENVIROCORP		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA
ENVIROCORP SERVICES & TECHNOLOGY, INC.		
EXHIBIT A		
BLOWOUT PREVENTER STACK AND MINIMUM REQUIREMENTS		
DATE: 4/7/98	CHECKED BY: JDB	JOB NO:
DRAWN BY: ALN	APPROVED BY:	DWG. NO:

SURFACE USE PLAN

NAVAJO REFINING COMPANY PROPOSED WDW-2 1980' FSL, 660' FWL of 12-T18S-R27E EDDY COUNTY, NEW MEXICO

1. Existing Roads: Existing roads that lead to the proposed drillsite are shown on Exhibit A.
2. Access Roads To Be Constructed: No new access road is proposed.
3. Location of Existing Wells: Existing wells within one mile of proposed WDW-2 are shown on Exhibit B.
4. Location of Proposed Facilities If Well Is Completed: The well will be shut in after completion and testing.
5. Location and Type of Water Supply: Water for reentry, testing, and completion operations will be purchased from a commercial water hauler.
6. Source of Construction Materials: Materials required for construction of the site will be taken from a state-owned pit.
7. Methods of Handling Waste Disposal:
 - A. Drill cuttings will be disposed of in the drilling pits.
 - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - C. Water produced during tests will be disposed of in the drilling pits.
 - D. Trash, waste paper, garbage, and junk will be buried in a trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit C.

- E. All trash and debris will be buried or removed from the wellsite after finishing drilling and/or completion operations.
8. Ancillary Facilities: None anticipated.
9. Wellsite Layout:
- A. The wellsite will be surveyed, and a 400' x 400' area will be staked and flagged.
 - B. The dimensions and relative location of the drill pad, mud pit, and trash pit, with respect to the wellbore, are shown on Exhibit C.
 - C. Existing topsoil to a depth of 6 inches will be lifted and stockpiled at the northeastern (uphill) end of the well pad. The stockpiled topsoil will be located uphill to avoid mixing with subsurface materials.
 - D. The well pad will be surfaced with material found in place.
 - E. The pits for mud and cuttings will be lined with 6-mil plastic.
10. Plans for Restoration of Surface:
- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. After abandonment, all equipment, trash, and junk will be removed and the location cleaned.
 - D. The stockpiled topsoil will be spread over the surface of the location.
11. Surface Ownership: U.S. Department of Interior, Bureau of Land Management.

12. Archaeological Survey: An archaeological survey of the drill pad was submitted to the BLM on July 31, 1985, on behalf of Fred Pool Drilling Company. An archeological survey was conducted by Navajo Refining Company and will be submitted by Navajo under separate cover.
13. Operator's Representatives: Representatives responsible for assuring compliance with the approved Surface Use Plan:

Mr. Darrell Moore
Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211
505/748-3311

Mr. Jim Bundy
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, Texas 77024
713/880-4640

Exhibits

- A. Topographic Map
- B. Oil and Gas Map
- C. Sketch of Well Pad

14. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Navajo Refining Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

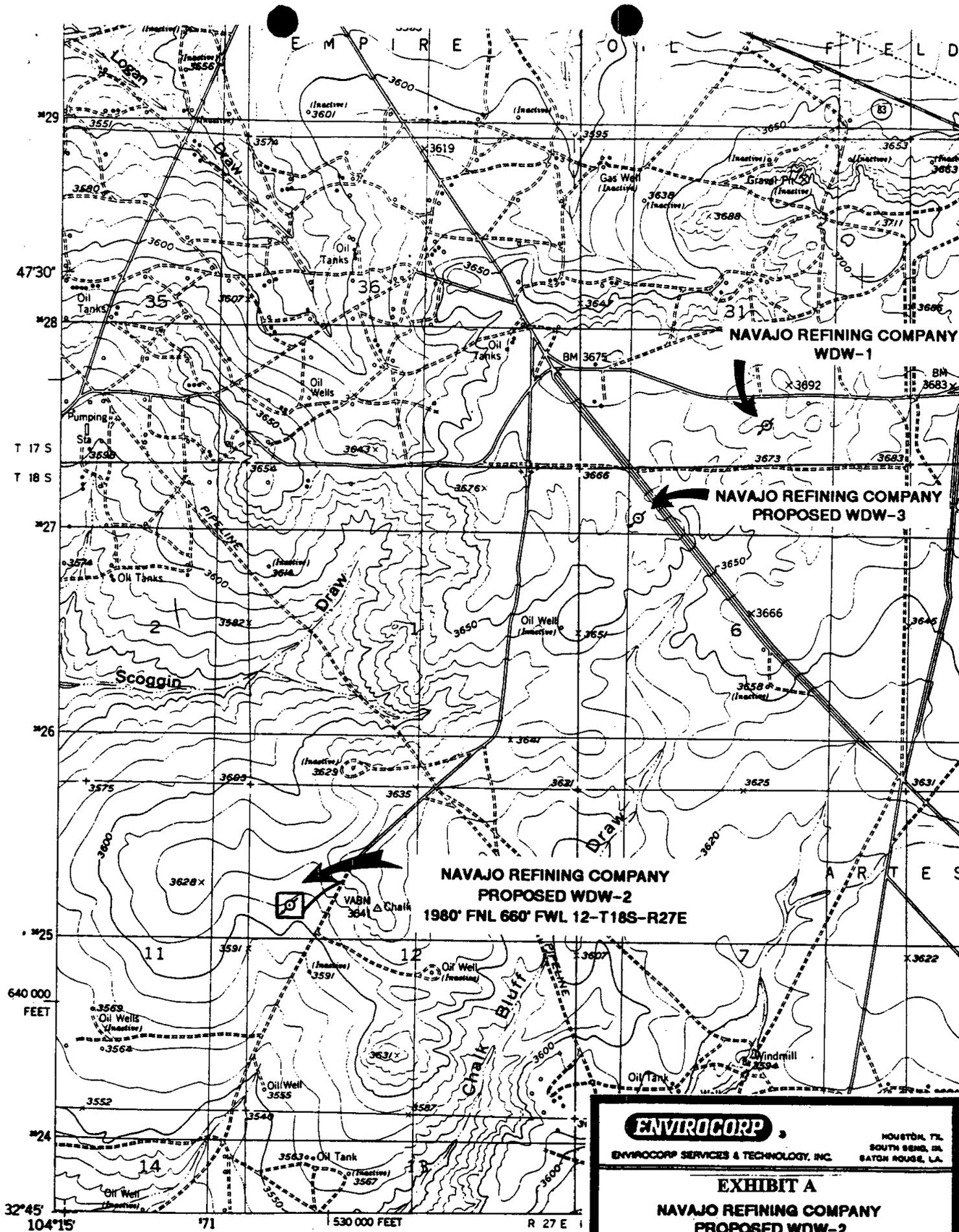
4/15/99
Date

Darrell Moore
Signature

Darrell Moore
Name

Env. Mgr. for Water & Waste
Title

Navajo Refining Company
Company



ENVIROCORP

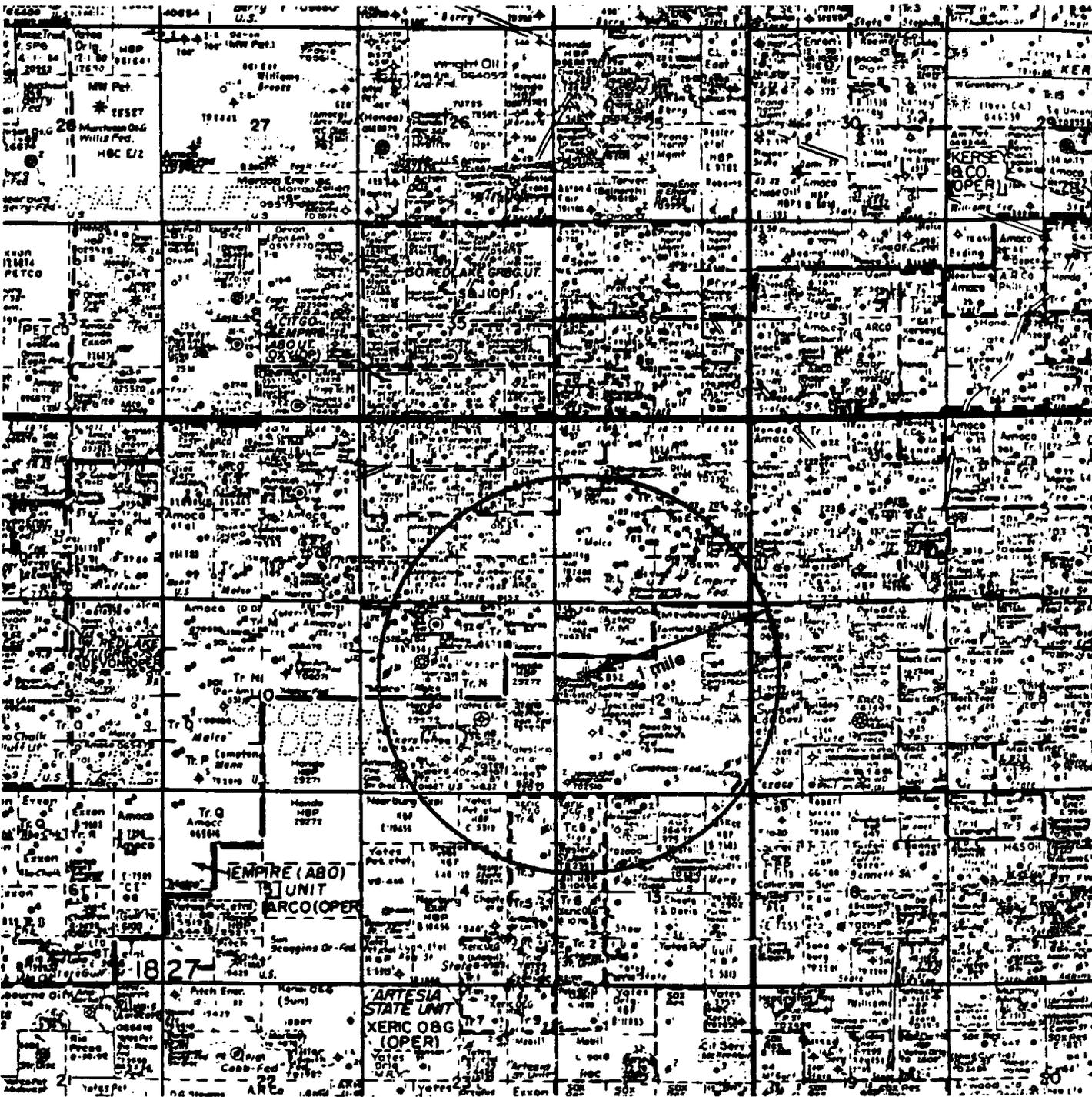
ENVIROCORP SERVICES & TECHNOLOGY, INC.

HOUSTON, TX
SOUTH BEND, IN
BATON ROUGE, LA

EXHIBIT A

**NAVAJO REFINING COMPANY
PROPOSED WDW-2
1980' FNL 660' FWL 12-T18S-R27E
EDDY COUNTY, NM**

DATE:	CHECKED BY:	JOB NO:
DRAWN BY:	APPROVED BY:	DWG. NO:



Map courtesy of Midland Map Company

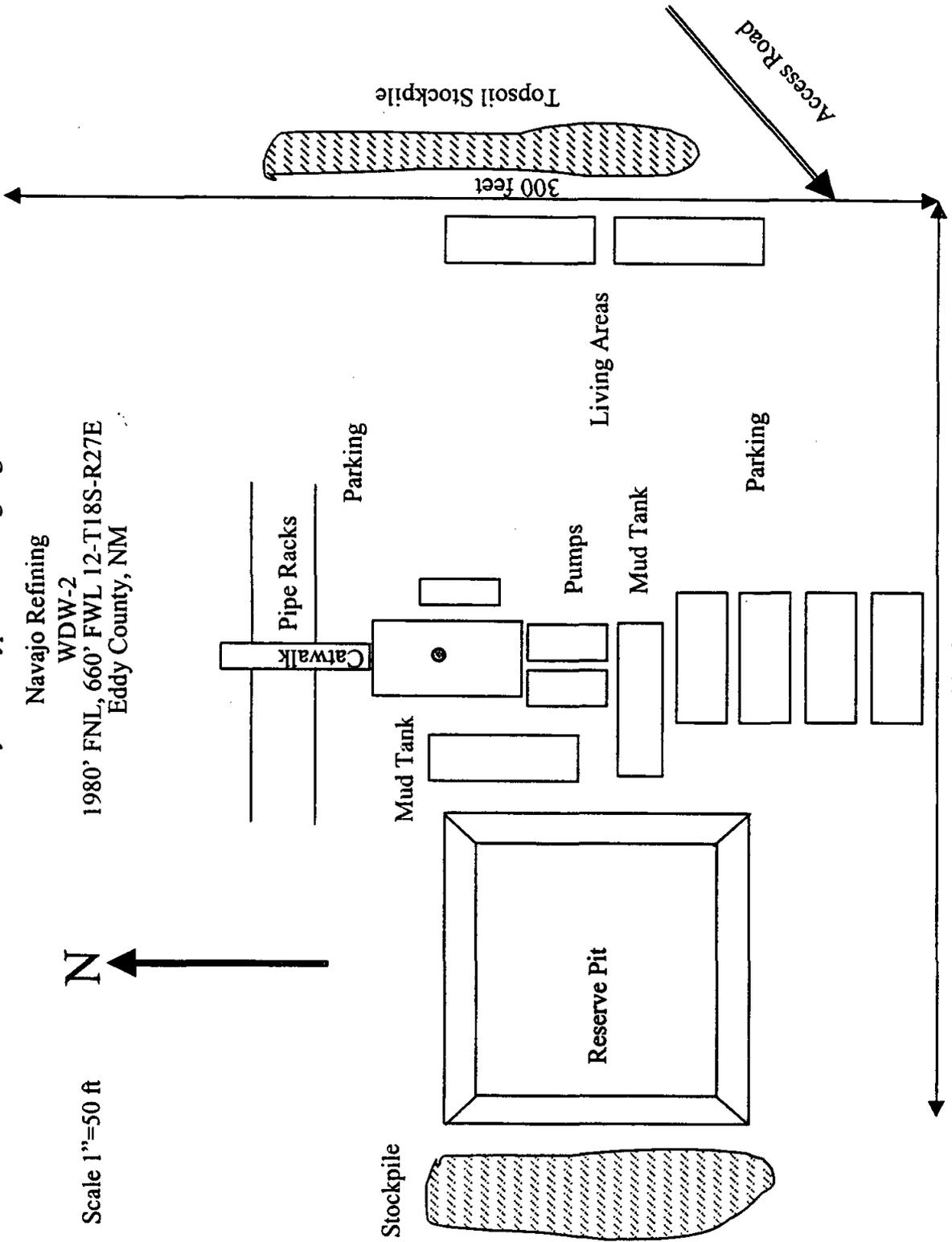
ENVIROCORP		HOUSTON, TX SOUTH BEND, IN BATON ROUGE, LA.
ENVIROCORP SERVICES & TECHNOLOGY, INC.		
EXHIBIT B		
WELLS WITHIN 1 MILE OF		
NAVAJO REFINING COMPANY'S		
PROPOSED WDW-2		
1980' FNL, 660' FWL 12-T18S-R27E		
DATE: 4/7/99	CHECKED BY:	JOB NO:
DRAWN BY: NLN	APPROVED BY:	DWG. NO:

Layout of Typical Drilling Rig

Navajo Refining
WDW-2
1980' FNL, 660' FWL 12-T18S-R27E
Eddy County, NM



Scale 1"=50 ft



300 feet
Note: No Cut Nor Fill Will Be Required

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

State of New Mexico
Energy, Minerals & Natural Resources
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-101
Revised March 12, 1999

Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address: Navajo Refining Company Post Office Box 159 Artesia, New Mexico 88211		² OGRID Number
		³ API Number 30-015-20894
⁴ Property Code	⁵ Property Name WDW-2 <i>DCM</i>	⁶ Well No.

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

⁷ Proposed Pool 1 Lower Wolfcamp-Cisco-Canyon Injection Zone	⁸ Proposed Pool 2
--	------------------------------

⁹ Work Type Code E-Reentry	¹⁰ Well Type Code Class I Injection	¹¹ Cable/Rotary R	¹² Lease Type Code Federal	¹³ Ground Level Elevation 3607' GR, 3623' KB
¹⁴ Multiple No	¹⁵ Proposed Depth 9200'	¹⁶ Formation Strawn	¹⁷ Contractor	¹⁸ Spud Date 5/15/99

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	32 lb/ft	1995 feet	800	Surface
7-7/8"	5-1/2"	17 lb/ft	9200 feet	Caliper vol. +20%	Surface

¹⁹ Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Proposed Reentry of The Eastland Oil Company (originally Fred Pool Drilling, Inc.) Chukka Federal No. 2 (PBSD 1912 feet, September 10, 1985) formerly Amoco Production Company Diamond Federal Gas Com. No. 1 (OTD 10,372 feet, P&A August 31, 1973). The well currently produces oil and gas from perforations from 1446 feet to 1462 feet (Penrose.)

Navajo will squeeze the perforations from 1446 feet to 1462 feet, drill out cement plugs, and clean out the well to 9200 feet, set 5-1/2 inch casing at 9200 feet and cement to the surface, perforate porous intervals in the Lower Wolfcamp, Cisco, and Canyon Formations between 7270 feet and 9200 feet, and conducted injectivity tests.

Attached are the Well Location Plat and Drilling Program.

²⁰ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.		OIL CONSERVATION DIVISION	
Signature: <i>Darrell Moore</i>	Approved by:		
Printed name: <i>Darrell Moore</i>	Title:		
Title: <i>Env. Mgr. for Water & Waste</i>	Approval Date:	Expiration Date:	
Date: <i>4/21/99</i>	Phone: <i>505-748-3311</i>	Conditions of Approval: Attached <input type="checkbox"/>	

District I
1625 N. French Dr., Hobbs, NM 88240

District II
811 South First, Artesia, NM 88210

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20894		¹ Pool Code	¹ Pool Name Lower Wolfcamp-Cisco-Canyon Injection Zone
¹ Property Code	¹ Property Name WDW-2		¹ Well Number
¹ OGRID No.	¹ Operator Name Navajo Refining Company		¹ Elevation 3607' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹⁴ Dedicated Acres		¹² Joint or Infill		¹⁴ Consolidation Code		¹³ Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	¹⁷ OPERATOR CERTIFICATION			
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief			
	Signature <u>Darrell Moore</u>			
	Printed Name <u>Darrell Moore</u>			
Title <u>Env Mgr. for Water & Waste</u>				
Date <u>4/21/99</u>				
¹⁸ SURVEYOR CERTIFICATION				
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.				
Date of Survey				
Signature and Seal of Professional Surveyor:				
Well is active. Location was not re-surveyed by Navajo.				
Certificate Number				

March 30, 1999

Mr. Barry Hunt
Bureau of Land Management
Carlsbad Resource Area
620 East Greene Street
Carlsbad, New Mexico 88220-6292

RE: Navajo Refining Company Proposed WDW-2, Eddy County, New Mexico
Request for On-Site Inspection of Wellsite
Subsurface Project No. 60A4937

Dear Mr. Hunt:

Navajo Refining Company (Navajo) is purchasing an existing well in Eddy County, New Mexico for planned use as a Class I nonhazardous effluent disposal well, and plans to reenter and test the well in the next few months. The well is on federal land. Subsurface Technology, Inc. (Subsurface), formerly Envirocorp Services & Technology, Inc., on behalf of Navajo, requests your participation in an on-site inspection of the wellsite as soon as possible.

Pertinent information about the existing well is provided below:

Lease Number:	NM 6852
Current Operator: Lease:	The Eastland Oil Company (September 1990 to present) Chukka Federal No. 2
Former Operator:	Fred Pool Drilling Company (August 1985 to September 1990)
Former Operator: Former Lease:	Amoco Production Company (July 1973 to August 1985) Diamond Federal Gas Com. No. 1
Location:	1980' FNL, 660' FWL (SW/4 NW/4, Unit Letter E) 12-T18S-R27E

Topographic Map (Attachment A)

Original Total Depth: 10,372 feet
Plugged-Back Total Depth: 1912 feet
Well Schematic (Attachment B)

Status: The well is producing from the Penrose from perforations between 1446 feet and 1462 feet. Navajo is currently

Mr. Barry Hunt
Bureau of Land Management

March 30, 1999
Page 2

negotiating to purchase the well from Eastland Oil Company. The purchase should be completed by April 1, 1999..

Navajo proposes to reenter the well, squeeze the perforations from 1446 feet to 1462 feet, drill out the plugs and clean out the well to approximately 9200 feet, set 5-1/2 inch casing at 9200 feet and cement it to the surface, and conduct one or more injectivity tests. The proposed injection intervals are porous zones in the lower portion of the Wolfcamp Formation (7270 feet to 7645 feet), the Cisco Formation (7645 feet to 8390 feet), and the Canyon Formation (8390 feet to 8894 feet). Navajo's proposed reentry, testing, and recompletion procedure is included as Attachment C. A schematic of the well after recompletion is included as Attachment D.

Subsurface is currently preparing a discharge plan application for the Class I well for Navajo to submit to the New Mexico Oil Conservation Division and the BLM Roswell office near the end of April 1999. Subsurface is also preparing BLM Form 3160-3 (Application for Permit to Drill) for Navajo to submit to the BLM Roswell office.

Please contact me at (713) 880-4640 to schedule an on-site inspection of the wellsite. Do not hesitate to call me if you need additional information or if you have questions.

Sincerely,

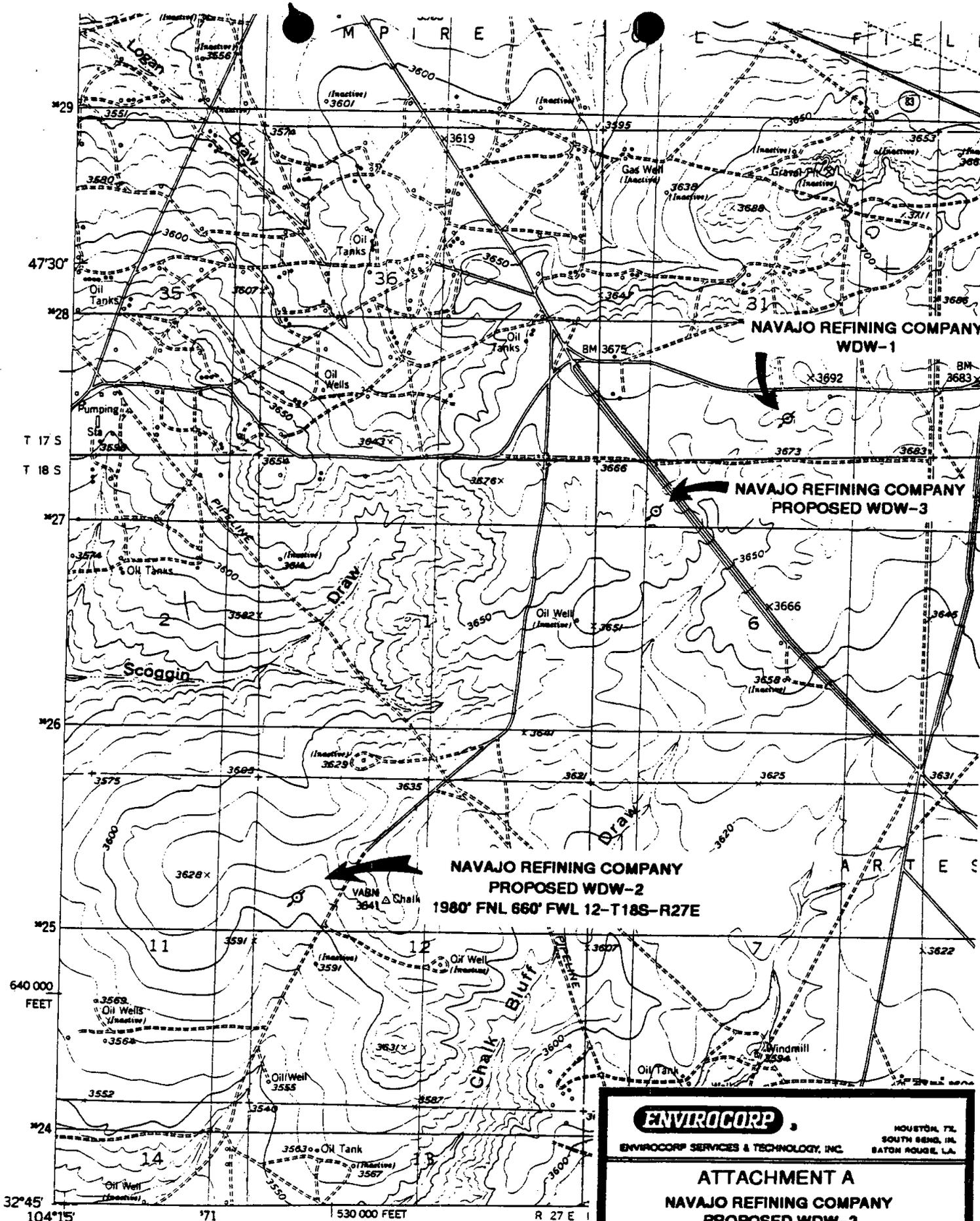


Nancy L. Niemann
Senior Geologist

NLN/paf
Attachments

c: Joe Lara – BLM, Carlsbad
David Glass – BLM, Roswell
Wayne Price – OCD, Santa Fe
Tim Gum – OCD, Artesia
Phil Youngblood – Navajo
Darrell Moore – Navajo
George Walbert – Holly Petroleum, Inc.

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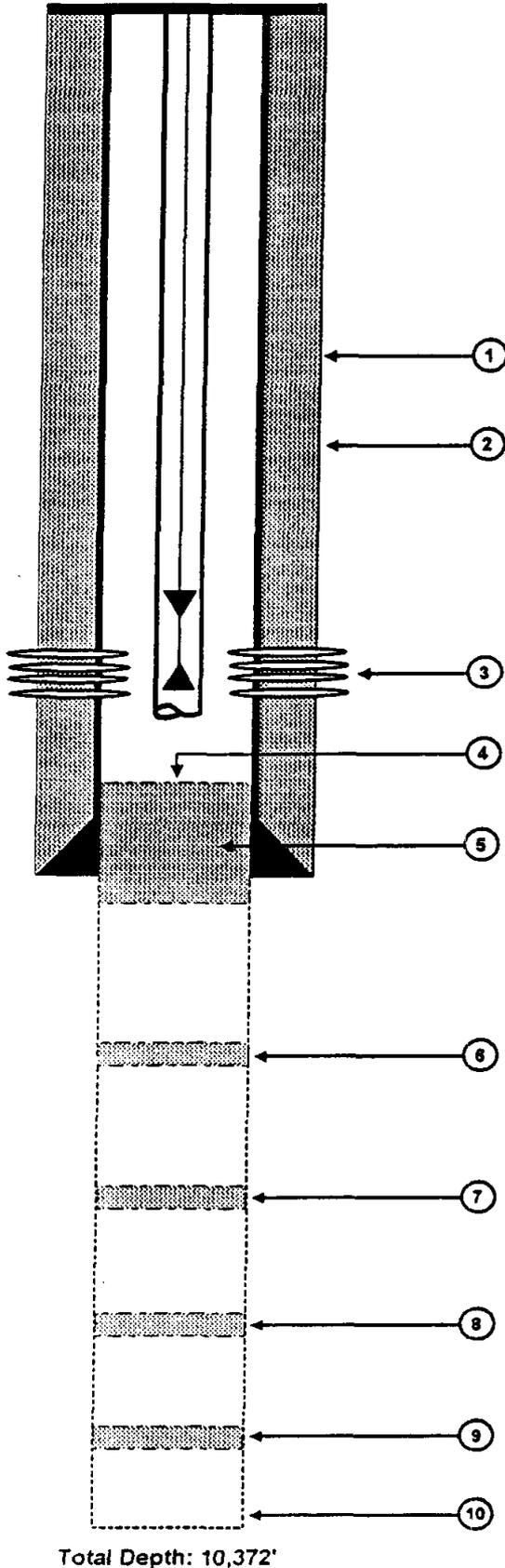


RED LAKE QUADRANGLE

ENVIROCORP		
ENVIROCORP SERVICES & TECHNOLOGY, INC.		
HOUSTON, TX SOUTH BEND, IN. BATON ROUGE, LA.		
ATTACHMENT A		
NAVAJO REFINING COMPANY		
PROPOSED WDW-2		
1980' FNL 660' FWL 12-T18S-R27E		
EDDY COUNTY, NM		
DATE:	CHECKED BY:	JOB NO:
DRAWN BY:	APPROVED BY:	DWG. NO:

BELOW GROUND DETAIL

All depths are referenced to the kelly bushing elevation of 13 feet. The surface elevation is 3610 feet.



1. Base of the USDW at 473'.

2. Casing: 8-5/8", 32 lb/ft, set at 1955' in an 11" hole. Cemented to surface with 700 sacks of cement.

3. Perforations: 1446' - 1482'.

4. PBTD: 1912'.

5. Cement Plug: 40 sacks from 1912' to 2045'.

6. Cement Plug: 50 sacks from 3620' to 3720'.

7. Cement Plug: 40 sacks from 5456' to 5556'.

8. Cement Plug: 50 sacks from 7435' to 7535'.

9. Cement Plug: 45 sacks from 9675' to 9775'.

10. Hole Size: 7-7/8".

Total Depth: 10,372'

ENVIROCORP		HOUSTON, TX. SOUTH BEND, IN. BATON ROUGE, LA.
ATTACHMENT III-2 NAVAJO REFINING COMPANY CURRENT WELL CONFIGURATION CHUKKA FEDERAL No. 2		
Date: 03/10/99	Checked By: NLN	Job No.: 60A4937
Drawn By: LKM	Approved By: NLN	File: WDW2A.DS4

ATTACHMENT C

DRILLING AND RECOMPLETION PROCEDURE FOR NAVAJO REFINING COMPANY'S PROPOSED WDW-2

1. Obtain all permits and approvals for the reentry, testing and completion of a currently existing well.
2. Move in and rig up a workover unit. Remove the pumping equipment and pull the tubing out of the well.
3. Go in the hole with a squeeze packer and squeeze the perforations from 1446 feet to 1462 feet with 100 sacks of Class "H" cement. Allow the cement to cure.
4. Drill out the cement, circulate the well clean and pressure test the squeezed perforations at 500 psig for 30 minutes. Pull the squeeze tools out of the hole.
5. Conduct a CBL/VDL survey from 1912 feet to the surface. Submit the results of the pressure test and CBL/VDL survey to the OCD and the BLM for their review and approval prior to mobilizing the drilling rig.
6. After receiving approval from the OCD and the BLM to continue the reentry, prepare the location for the selected drilling rig. Construct the lined reserve pits, dig out the cellar, and install a mousehole and rathole.
7. Move in and rig up the rotary drilling rig and install the blowout preventers.
8. Drill out the following cement plugs and conduct deviation surveys every 1000 feet or on trips:
 - a. 1912 feet to 2045 feet, 40 sacks
 - b. 3620 feet to 3720 feet, 50 sacks
 - c. 5456 feet to 5556 feet, 40 sacks
 - d. 7435 feet to 7535 feet, 50 sacks
9. Clean the well out to a depth of 9200 feet and circulate and condition the hole for logging. Make a wiper trip to the base of the 8-5/8 inch surface casing while strapping the drillpipe.
10. Conduct a formation microimager (FMI) survey with gamma ray from the well's total depth to 4000 feet. Continue the four-arm caliper survey to the 8-5/8 inch

ATTACHMENT C (Continued)

casing shoe. Process the FMI for fracture identification over the lower 200 feet of the confining zone and zones of interest in the injection zone, if warranted.

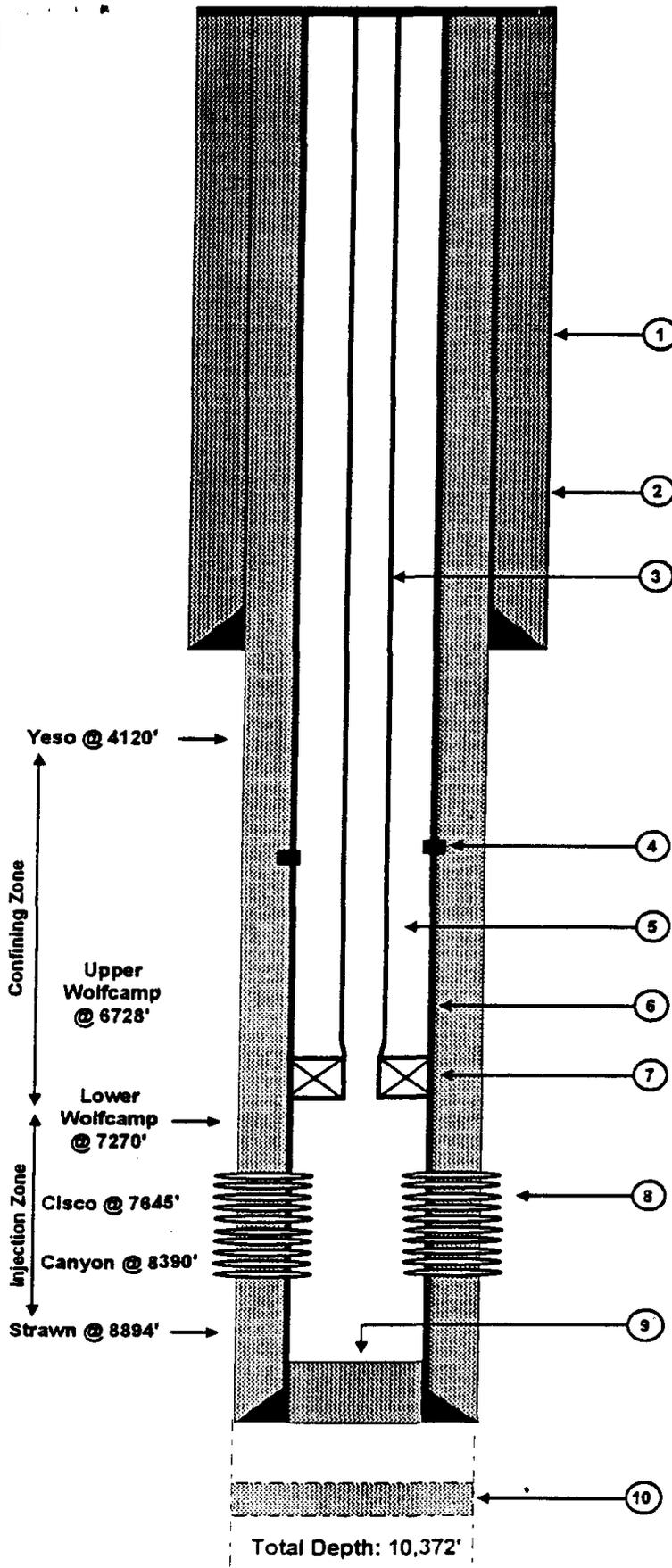
11. Spot a gelled pill at 9200 feet and lay down the drillpipe.
12. Run the 5-1/2 inch casing with a packoff shoe and float collar to 9200 feet. Install a "DV" tool at 5500 feet. Run centralizers at approximately 120-foot intervals.
13. Cement the 5-1/2 inch casing in place. Use a minimum of 20% excess cement as calculated from the caliper log. Circulate cement to the surface and allow to cure.
14. Clean out the mud pits and release the drilling rig 12 hours after cementing the 5-1/2 inch casing in place.
15. Stabilize the 5-1/2 inch casing at the surface using ready-mix cement.
16. Move in and rig up the completion rig pump, tank, power swivel, and work string. Install the blowout preventer.
17. Run in the well with a 4-3/4 inch bit to the "DV" tool and test the casing to 1500 psig for 30 minutes.
18. Drill out the "DV" tool and clean out the wellbore to the float collar. Test the casing to 1500 psig for 30 minutes. Circulate the wellbore with clean brine, preceded by 15% HCL to clean the casing. Trip the work string out of the well.
19. Conduct the casing inspection, CBL/VDL, and differential temperature surveys.
20. Perforate the selected injection interval as determined from the open hole logs. (Zone 1).
21. Run in the well with a packer and tailpipe. Set the packer above the top perforation and swab test the perforated interval. Recover at minimum two tubing volumes of the reservoir fluid for analysis (Note: Set up H₂S monitoring equipment prior to swabbing operations).
22. Acidize the zone using diverters. Pull the packer out of the well.
23. Perforate the next selected injection interval as determined from the open hole logs (Zone 2).

ATTACHMENT C (Continued)

24. Run a retrievable bridge plug and packer into the well and isolate Zone 2.
25. Acidize Zone 2 using diverters. Pull the retrievable bridge plug and packer out of the well, laying down the work string.
26. Conduct an injection test down the 5-1/2 inch casing at 420 gpm for 12 hours followed by a pressure falloff test.
27. Conduct a differential temperature survey and radioactive tracer survey to determine the injection profile.
28. Run the injection tubing and packer. Fill the annulus with corrosion inhibited brine.
29. Wait for the well system to come to thermal stabilization (approximately 24 hours).
30. Conduct an annulus pressure test witnessed by the OCD.
31. Rig down and move out all equipment and close the reserve pit.
32. Install the annulus monitoring system and return the well to the client.

BELOW GROUND DETAIL

All depths are referenced to the kelly bushing elevation of 13 feet. Surface elevation is 3610 feet.



1. Base of the USDW at 473'.

2. Casing: 8-5/8", 32 lb/ft, set at 1955' in an 11" hole. Cemented to surface with 700 sacks of cement.

3. Injection Tubing: 3-1/2".

4. DV Tool: at 5500'.

5. Annulus Fluid: Corrosion inhibited brine water.

6. Protection Casing: 5-1/2" set in a 7-7/8" hole. Casing cemented to surface. Callpered hole volume plus 20% excess.

7. Packer: Fullbore retrievable packer set 100' above the top perforated injection interval.

8. Perforations:
Perforated in two intervals between 7270' and 8894'.

9. PBTD: 9200'

10. Cement Plug: 45 sacks from 9675' to 9775'.

ENVIROCORP

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

ATTACHMENT III-4
NAVAJO REFINING COMPANY
PROPOSED WDW-2
ARTESIA, NEW MEXICO

Date: 03/11/99 | Checked By: NLN | Job No.: 60A4937
Drawn By: LKM | Approved By: NLN | File: WDW2B.DS4



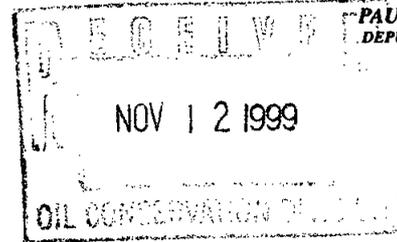
GARY E. JOHNSON
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT
Hazardous & Radioactive Materials Bureau
2044 Galisteo Street
P.O. Box 26110
Santa Fe, New Mexico 87502
(505) 827-1557
Fax (505) 827-1544



PETER MAGGIORE
SECRETARY

PAUL R. RITZMA
DEPUTY SECRETARY



November 8 1999

Mr. Phillip Youngblood
Navajo Refining Company
501 East Main Street
P.O. Box 159
Artesia, New Mexico 88211-0159

**RE: RECOGNITION OF AGGRESSIVE BIOLOGICAL TREATMENT
TANKS 801 AND 836, FACILITY WASTEWATER TREATMENT SYSTEM
NAVAJO REFINERY FACILITY, ARTESIA, NEW MEXICO**

Dear Mr. Youngblood:

This letter is in response to a request by Navajo Refining Company, dated May 14, 1999, for concurrence that portions of the wastewater treatment system currently in operation at the Artesia Refinery constitute aggressive biological treatment (ABT). The New Mexico Environment Department (NMED) Hazardous and Radioactive Materials Bureau (HRMB) has concluded that, based on information supplied in the letter request, Navajo Refining Company has met the requirements for ABT in aeration tanks 801 and 836 as defined in 40 CFR §261.31(b)(2)(i) incorporated at 20 NMAC 4.1.200. Sludge generated during normal operation of Tank 801 after completion of cleaning in May 1999 and sludge generated since the start of operation of Tank 836 in May 1998, is not considered to be listed waste as defined in 40 CFR §261.31(a).

Navajo Refining Company must comply with the terms and conditions of the underground injection well discharge plan approved by the New Mexico Energy, Minerals & Natural Resources Department Oil Conservation Division in order to maintain the status of the wastewater treatment system as ABT. In addition, all sludge and sediment removed from Tanks 801 and 836 and downstream of the aeration tanks must be analyzed for characteristic hazardous waste as defined in 40CFR §§261.20 through 261.24 prior to disposal.



GARY E. JOHNSON
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT
Hazardous & Radioactive Materials Bureau
2044 Galisteo Street
P.O. Box 26110
Santa Fe, New Mexico 87502
(505) 827-1557
Fax (505) 827-1544



PETER MAGGIORE
SECRETARY

FAX COVER SHEET

DATE: 11/5/99
TO: Wayne Price
COMPANY: OCD
FAX NO.: 827-8177
TELEPHONE: _____

MESSAGE: Wayne
Please review and call with your comments, I was
deliberately narrow with the interpretation.

FROM: Dave Coburn NO. OF PAGES: 3
(Including cover page)

COMPANY: NEW MEXICO ENVIRONMENT DEPARTMENT
HAZARDOUS & RADIOACTIVE MATERIALS BUREAU
FAX: (505) 827-1544
TELEPHONE: (505) 827-1557



GARY E. JOHNSON
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT
Hazardous & Radioactive Materials Bureau
2044 Galisteo Street
P.O. Box 26110
Santa Fe, New Mexico 87502
(505) 827-1557
Fax (505) 827-1544



PETER MAGGIORE
SECRETARY

PAUL R. RITZMA
DEPUTY SECRETARY

November 5, 1999

Mr. Phillip Youngblood
Navajo Refining Company
501 East Main Street
P.O. Box 159
Artesia, New Mexico 88211-0159

**RE: RECOGNITION OF AGGRESSIVE BIOLOGICAL TREATMENT
TANKS 801 AND 836, FACILITY WASTEWATER TREATMENT SYSTEM
NAVAJO REFINERY FACILITY, ARTESIA, NEW MEXICO**

Dear Mr. Youngblood:

This letter is in response to a request by Navajo Refining Company, dated May 14, 1999, for concurrence that portions of the wastewater treatment system currently in operation at the Artesia Refinery constitute aggressive biological treatment (ABT). The New Mexico Environment Department (NMED) Hazardous and Radioactive Materials Bureau (HRMB) has concluded that, based on information supplied in the letter request, Navajo Refining Company has met the requirements for ABT in aeration tanks 801 and 836 as defined in 40 CFR §261.31(b)(2)(i) incorporated at 20 NMAC 4.1.200. Sludge generated during normal operation of Tank 801 after completion of cleaning in May 1999 and sludge generated since the start of operation of Tank 836 in May 1998, is not considered to be listed waste as defined in 40 CFR §261.31(a).

Navajo Refining Company must comply with the terms and conditions of the underground injection well discharge plan approved by the New Mexico Energy, Minerals & Natural Resources Department Oil Conservation Division in order to maintain the status of the wastewater treatment system as ABT. In addition, all sludge and sediment removed from Tanks 801 and 836 and downstream of the aeration tanks must be analyzed for characteristic hazardous waste as defined in 40CFR §§261.20 through 261.24 prior to disposal.

Navajo Refining Company
November 5, 1999
Page 2 of 2

Please call Mr. Dave Cobrain of this office at (505) 827-1561 if you have questions regarding the conditions for approval listed above.

Sincerely,

David W. Cobrain
Navajo Refinery Project Leader
RCRA Permits Management Program

cc: James P. Bearzi, NMED HRMB
John E. Kieling, NMED HRMB
Wayne Price, NMOCD
Connie Pasteris, NMED HRMB

file: red/NRC/99
track: NRC/Youngblood/Bearzi/11-03-99/approval ABT status of wastewater treatment system

TELEPHONE
(505) 748-3311

EASYLINK
62905278

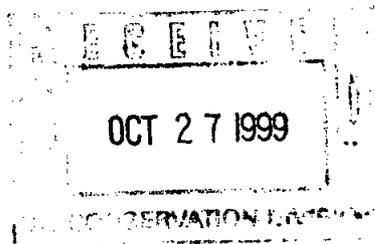


REFINING COMPANY

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

October 25, 1999

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



Mr. Wayne Price
Oil Conservation Division
Environmental Bureau
2040 S. Pacheco St.
Santa Fe, NM 87505-5472

RE: Minor Permit Modification to Discharge Plans UIC-CLI-008-1 and UIC-CLI-008-02

Dear Mr. Price,

This letter is sent to make a formal request for a minor permit modification to the above referenced Discharge Plans to take away any **volume** limitations on Navajo Refining Company's WDW-1 and WDW-2 wastewater disposal wells. These wells are used to inject Navajo's process wastewater into the lower Wolfcamp and Cisco-Canyon formations in Eddy County, New Mexico.

Under the current discharge plans, by reference to Navajo's permit application, Navajo is limited to 1000 gallons per minute (gpm) total in the two wells with any one well not to exceed 500 gpm. Further, in the permit itself, each well has a pressure limit that may not be exceeded. Navajo is **not** requesting any changes to the pressure limits on either well.

Your attention to this matter is greatly appreciated and if I can be of any help, please call me at 505-748-3311. Thank you.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

file: Injection Wells



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

Jennifer A. Salisbury
CABINET SECRETARY

Oil Conservation Div.
Environmental Bureau
2040 S. Pacheco
Santa Fe, NM 87505

Memorandum of Meeting or Conversation

Telephone X

Personal

Time:

Date: 10/7/99

Originating Party: Darrell Moore-Navajo

Other Parties: Wayne Price & Roger Anderson- OCD

Subject: WDW-1 Class I Well

Discussion:

Navajo requested verbal permission on an emergency basis to increase flow to WDW-1.

Conclusions or Agreements:

OCD granted verbal permission with a condition that the maximum injection pressure shall not exceed limits set in permit.

Special Condition: Not discussed during telephone conversation; This permission is good for 60 days.

Signed: _____

CC: OCD Artesia Office
Darrell Moore-Navajo
David Catanach-UIC Director



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

October 6, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P 410 425 200

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

**RE: Approval of Discharge Plan UIC-CLI-008-2
Class I Non-Hazardous Oil Field Waste Disposal Wells
WDW-2, API No. 30-015-20894
1980 FNL and 660 FWL Sec 12, Twn 18 S, Rng 27 E
Eddy County, New Mexico**

Dear Mr. Moore:

The discharge plan UIC-CLI-008-2 for the Navajo Refining Company (Navajo) Class I non-hazardous oil field waste disposal well located 1980 feet from the north line and 660 feet from the west line of Section 12, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The discharge plan consists of the original application received May 1, 1998 and approved on July 14, 1998, revised by OCD on August 4, 1998, and a discharge plan application submittal on April 27, 1999 for the above captioned well and associated facilities, and supplemental information submitted on October 5, 1999. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within 10 working days of receipt of this letter.**

The discharge plan was submitted pursuant to Section 5101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5101.A and 3109. Please note Sections 3109.E and 3109.G which provide for possible future amendments or modifications of the plan. Please be advised that approval of this plan does not relieve Navajo of liability should operations result in pollution of surface or ground waters, or the environment. Nor does it relieve Navajo of liability for operating this well if this well is found to be owned by another person.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Mr. Darrell Moore
October 6, 1999
Page 1 of 2

The monitoring and reporting shall be as specified in the discharge plan and conditions. Please note that Section 3104 of the regulations requires that when a plan has been approved, discharges must be consistent with the terms and conditions of the plan. Pursuant to Section 3107.C Navajo is required to notify the Director of any facility expansion, production increase, pressure increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4, this plan is for a period of five (5) years. This approval will expire October 5, 2004 and Navajo should submit an application for renewal in ample time before this date. Note that under Section 5101.F of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the Navajo Class I non-hazardous oil field waste disposal well is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus a flat fee of \$1,380 for Class I injection wells. The OCD has not received the \$50 filing fee or the \$1,380 flat fee. The \$50 dollar filing fee is due upon receipt of this approval. The flat fee of \$1,380 may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

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

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

Attachment-1

xc: OCD Artesia Office
David Catanach, UIC Director, OCD Santa Fe

ATTACHMENT TO DISCHARGE PLAN UIC-CLI-008-2 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-2, API No. 30-015-20894
1980 FNL and 660 FWL Sec 12, Twn 18 S, Rng 27 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PLAN APPROVAL CONDITIONS
October 6, 1999

1. Payment of Discharge Plan Fees: The \$50 dollar filing fee is due upon receipt of this approval. The \$1,380 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

2. Navajo Commitments: Navajo will abide by all commitments submitted in the original application for authorization to inject dated February 1999, discharge plan application dated April 1998, subsequent well completion report Volumes I and II dated September 1998, and the discharge plan application for WDW-2 submittal Volumes I and II dated April 27, 1999 and subsequent well completion reports Volume I, II and III dated July 1999 and supplemental information submitted on October 5, 1999.

This permit is also contingent upon commitments made by Navajo to NMOCD in the following letters:

- A. Letter dated April 7, 1999 from Darrell Moore (Navajo) to Wayne Price (NMOCD) concerning the Wastewater Pipeline under the Pecos river;
- B. Letter dated October 4, 1999 from Darrell Moore (Navajo) to Wayne Price (NMOCD) concerning the Amoco Production Company Smith-McPherson well No.1.
- C. Letter Dated June 4, 1999 from Darrell Moore (Navajo) to Roger Anderson (NMOCD) requesting cancellation of Bond for proposed WDW-3 class I injection well, subsequent letter from Rand Carroll (NMOCD) dated September 8, 1999 to J.S. Ward & Son, Inc. Approving cancellation of Bond # 5893 89 for WDW-3.
- D. Letter Dated August 18, 1999 from Darrell Moore (Navajo) to Wayne Price (NMOCD) requesting a minor modification to WDW-2 permit deleting tankage at the well sites and requesting an option to keep plans for WDW-3 open.

OCD approves of the minor modification with the following condition: Navajo shall not proceed with any activity concerning WDW-3 until they receive written permission form NMOCD Environmental Bureau.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 2 of 6

3. Authorization to Inject and Maximum Injection Pressure: Navajo is authorized to inject subject to the discharge plan commitments and conditions contained within. The maximum operating injection pressure at the wellhead will be 1454 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1454 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface.

4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well
5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.
6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Navajo for the life of the well.
7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Navajo for the life of the well.
8. Wastes Permitted for Injection: Injection will be limited to exempt and non-hazardous oil field wastes generated exclusively by Navajo Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 3 of 6

9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis:
- a. Aromatic and halogenated volatile hydrocarbon scan by EPA method 8260C GC/MS including MTBE. Semi-Volatile Organics GC/MS EPA method 8270B including 1 and 2-methylnaphthalene.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Total heavy metals using the ICAP scan (EPA method 6010/ICPMS) and Mercury using Cold Vapor (EPA method 7470).
 - d. EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity.

Records of all analyses will be maintained at Navajo for the life of the well.

10. Quarterly Reporting: The following reports will be signed and certified in accordance with WQCC section 5101.G. and submitted quarterly to both the OCD Santa Fe and Artesia Offices:
- a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected fluids.
11. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.
12. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 4 of 6

13. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
15. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.
16. Below Grade Tanks/Sumps: Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.
17. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.
18. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Artesia District Office.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 5 of 6

19. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
20. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

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

21. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of the well and associated facilities. A written commitment to comply with the terms and conditions of the previously approved discharge plan and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
22. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well and associated facilities a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
23. Plugging Bond and /or Letter of Credit: Navajo shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure plan and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge plan renewal.
24. Training: All personnel associated with operations at the Navajo Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Navajo for the life of the well.
25. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

DISCHARGE PLAN APPROVAL CONDITIONS

October 6, 1999

Page 6 of 6

26. Ownership: This permit is conditioned upon the representation by Navajo that Navajo is the true owner of the permitted well. If Navajo is not the true owner, this permit is void and Navajo may be subject to liability to the true owner.
27. Certification: Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: NAVAJO REFINING COMPANY

Company Representative- print name

Date _____
Company Representative- Sign

Title _____

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee): **WP**

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:

MAQUASO REFINING COMPANY
P.O. Box 159
ARLESIA, NEW MEXICO
88211

4a. Article Number

P 410 425 206

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

10/14/99

8. Addressee's Address (only if requested and fee is paid)

5. Recipient's (or Agent's) Name

6. Signature (Addressee or Agent)

PS Form 3811, December 1994

102595-99-B-0223

Domestic Return Receipt

Thank you for using Return Receipt Service.



October 5, 1999

Mr. Wayne Price
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED
OCT 06 1999
Environmental Bureau
Oil Conservation Division

RE: Navajo Refining Company WDW-2 Discharge Plan Application
Response to New Mexico Oil Conservation Division Comments Received August 6,
1999, and August 10, 1999
Subsurface Project No. 60A4937

Dear Mr. Price:

Enclosed, please find two sets of replacement pages for the document DISCHARGE PLAN APPLICATION AND APPLICATION FOR AUTHORIZATION TO INJECT, PER OIL CONSERVATION DIVISION FORM C-108, INTO CLASS I WELLS WDW-1 AND PROPOSED WDW-2 AND WDW-3, submitted by Navajo Refining Company (Navajo). These replacement pages address the referenced comments. These responses were prepared for Navajo by Subsurface Technology, Inc. (Subsurface).

A detailed instruction sheet for page replacement is provided as Attachment A. For your convenience, this instruction sheet also explains the reason that each page or section was added or replaced. One copy of these replacement items has also been sent to the New Mexico Oil Conservation Division – District II in Artesia.

Please do not hesitate to contact me at (713) 880-4640 or Darrell Moore of (505) 748-3311 if you have any questions.

Sincerely,

Nancy L. Niemann
Senior Geologist

NLN/tjp
Enclosures

c: New Mexico Oil Conservation Division – District II
Darrell Moore (Navajo)
George Walbert (Holly)

price ltr4

Subsurface Technology, Inc.
7020 Portwest Drive Suite 100 Houston TX 77024
713/880-4640 Fax 713/880-3248 1-800-535-4105

ATTACHMENT A

INSTRUCTIONS FOR REPLACEMENT OF PAGES ASSOCIATED WITH ADDENDUM 2

RECEIVED
OCT 10 1999
Environmental Bureau
Oil Conservation Division

1. Replace the document Table of Contents dated Revised April 16, 1999 with the Table of Contents dated Revised September 22, 1999. This change adds reference to Addendum 2 and Attachment VI-1A.
2. In Volume I, Add Addendum No. 2 to the document behind Addendum 1. Addendum 2 is the response to OCD comments received on August 6 and August 10, 1999.
3. In Volume I, Section III, replace Attachment III-1 (Injection Well Data Sheet, WDW-1) dated Revised April 16, 1999 with Attachment III-1 (Injection Well Data Sheet, WDW-1) dated Revised September 16, 1999. This rectifies an incorrect perforation depth.
4. In Volume I, Section V, replace page V-1 dated Revised April 16, 1999 with page V-1 dated Revised September 16, 1999. This clarifies the addition of Attachment VI-1A.
5. In Volume I, Section VI, replace pages VI-1 through VI-11 dated Revised April 16, 1999 with pages VI-1 through VI-12 dated Revised September 16, 1999. This changes the reference to Attachment VI-1A on page VI-5 and deletes the sentence mentioned in Comment Item 2 on page VI-7.
6. In Volume I, Section VI, replace Attachment VI-1 (Construction Data for Wells Within 1 Mile of the Proposed Injection Wells) with Attachment VI-1 (Tabulation of Wells within 1 Mile of the Proposed Injection Wells) and Attachment VI-1A (Construction Data for Wells that Penetrate the Injection Zone within 1 Mile of the Injection Wells). This addresses Comment Item 3 by replacing the original Attachment VI-1 with the new Attachments VI-1 and VI-1A.



TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

October 5, 1999

RECEIVED

OCT 06 1999

Environmental Bureau
Oil Conservation Division

Mr. Wayne Price
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

RE: Proof of Notification of Leasehold Operators within One Mile of Navajo Refining Company's WDW-2 Disposal Well

Dear Mr. Price,

Navajo Refining Company (Navajo) respectfully submits proof of notification of leasehold operators and surface landowners within one mile of Navajo's WDW-2. Notification of the leasehold operators and owners was completed in accordance with 19 NMAC 15.1 Sections 701.C(2) and 701.B(2) and following the provisions of Attachment A. The entities and persons notified are listed in Attachment C.

Certified mail return receipts for the following entities are included in attachment B:

Altura Energy Ltd.
ARCO Permian
Don Benscoter
Durham, Inc.
The Eastland Oil Company
GP II Energy, Inc.
David G. Hammond
Mewbourne Oil Company
Rhonda Oil Company
Rising Star Energy LLC
Bureau of Land Management, Carlsbad Field Office
Bureau of Land Management, Roswell Field Office
Bureau of Land Management, New Mexico State Office

Regarding Robert G. Cox, Mr. Cox no longer uses the address obtained from the Form C-104 that is on file with the OCD for Map ID No. 857 (the Robert G. Cox Federal EA No. 1). In a telephone conversation with Mr. Cox (972-239-5044) on August 23, 1999, Nancy

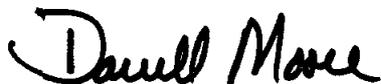
Niemann of Subsurface learned that Mr. Cox no longer operates wells in the area of review of Navajo's injection wells. The Midland Map Company's lease map shows that Rhonda Oil Company holds or held leases in the vicinity of the Cox wells Map ID Nos. 856 and 857). The OCD Artesia office confirmed in a telephone conversation that the current operator of Map ID No. 857 is Rhonda Oil Company, and that Map ID No. 856 (the Robert G. Cox Federal EA No. 2) was plugged by Robert G. Cox. Proof that a notice was received by Rhonda Oil Company is included in Attachment B.

Regarding Summit Exploration LLC, Summit was telephoned (918-583-0933) on August 31, 1999, to verify that the letter had been received. Judy, who receives the mail at Summit and distributes it internally, verified that they had received the letter. Judy still had the envelope, and she stated that the US Postal Service return receipt had been removed from the envelope for return to Subsurface. Oral confirmation that the notice was received by Summit should satisfy the public notice requirement.

Please do not hesitate to call me at 505-748-3311 if you have any questions.

Sincerely,

NAVAJO REFINING COMPANY

A handwritten signature in black ink that reads "Darrell Moore". The signature is written in a cursive, slightly slanted style.

Darrell Moore
Environmental Mgr. for Water and Waste

Encl./ Attachments

-09-98 MON 09:49 AM


**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

 OIL CONSERVATION DIVISION
 2040 South Foothill Street
 Santa Fe, New Mexico 87508
 (505) 225-7131

August 5, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 357 870 119

 Mr. Darrell Moore
 Environmental Manager for Water and Waste
 Navajo Refining Company
 P.O. Box 159
 Artesia, New Mexico 88211-0159

 Re: Notification Requirements for Navajo Refining Company's Proposed WDW-2
 Discharge Plan UIC-CLI-008.

Dear Mr. Moore:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of Navajo Refining Company's (Navajo) letter dated June 7, 1999 requesting a waiver from the notification requirements of 19 NMAC 15.1 Sections 701.B(2) and 701.C(2). The NMOCD hereby approves of your request subject to the following conditions:

1. Navajo shall notify all leaseholders within one mile of the proposed WDW-2 injection well via certified return receipt mail and the landowner on which the proposed injection well is located. The notification shall be pursuant to the draft letter submitted with the June 7, 1999 letter with the following changes;

The June 7, 1999 Draft letter shall be revised to read "Interested parties must file objections or request for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico 87504-2088 within 15 days of receipt of this letter", not 30 days as was shown.

2. Navajo shall notify all landowners of record within one mile of the proposed WDW-2 discharge plan site via certified return receipt mail. Navajo may use the Public Notice previously issued by NMOCD. A copy of this notice has been enclosed for your use.
3. Navajo shall submit to NMOCD proof of notice concerning items 1. and 2. above and provide proof of notice pursuant to 19 NMAC 15.1 701.C(1).

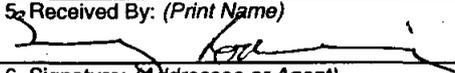
If you require any further information or assistance please do not hesitate to write or call me at (505-827-7152).

Sincerely Yours,

 Roger Anderson
 Environmental Bureau Chief

cc: Mark Ashley-OCD UIC, OCD Artesia Office

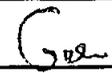
Is your RETURN ADDRESS completed on the reverse side?

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee	
3. Article Addressed to: ARCO Perman P.O. Box 1610 Midland, TX 79702		4a. Article Number 2465 288 900	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect	
		7. Date of Delivery AUG 27 1999	
5. Received By: (Print Name) 		8. Addressee's Address (Only if request and fee is paid)	
6. Signature: (Addressee or Agent) X			

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3. Article Addressed to: Altura Energy Ltd. Post office Box 4294 Houston, TX 77210-4294		4a. Article Number 2140 821 517	
		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect	
		7. Date of Delivery AUG 18 1999	
5. Received By: (Print Name)		8. Addressee's Address (Only if request and fee is paid)	
6. Signature: (Addressee or Agent) X 			

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Don Benscoter
6105 E. Sage Dr.
Scottsdale, AZ 85253

4a. Article Number

7 140 821 525

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

8-18-96

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *Don Benscoter*

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

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I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Durham, Inc.
P.O. Drawer 273
Midland, Tx 79702

4a. Article Number

7 140 821 518

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X *Jim Daniel*

8. Addressee's Address (Only if requested and fee is paid)



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ATTACHMENT B, cont.

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

The Eastland Oil Co.
 P.O. Drawer 3488
 Midland, Texas 79702

4a. Article Number

2 140 821 520

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery



5. Received By: (Print Name)

Dale Elliott

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X

PS Form 3811, December 1994

Domestic Return Receipt

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SENDER:

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I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

GPII Energy, Inc.
 P.O. Box 50682
 Midland, Texas 79710

4a. Article Number

2 465 288-890

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

AUG 19 1994

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

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- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 David G. Hammond
 P.O. Box 1538
 Artesia NM 88211

4a. Article Number
 2465 288 891

- 4b. Service Type
- Registered Certified
 - Express Mail Insured
 - Return Receipt for Merchandise COD

7. Date of Delivery
 8-17-99

5. Received By: (Print Name)
 David Hammond

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

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SENDER:

- Complete items 1 and/or 2 for additional services.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
 Newbourne Oil Co.
 P.O. Box 7698
 Tyler, Texas 75711

4a. Article Number
 2465 288 892

- 4b. Service Type
- Registered Certified
 - Express Mail Insured
 - Return Receipt for Merchandise COD

7. Date of Delivery
 8-24-1999

5. Received By: (Print Name)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)
 X [Signature]

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

ATTACHMENT B, cont.

Is your RETURN ADDRESS completed on the reverse side?

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Honda Operating Co. 501 N. Colorado Midland, TX 79701		4a. Article Number 2465 288 899	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name)		7. Date of Delivery 8-24-99	
6. Signature: (Addressee or Agent) X <i>[Signature]</i>		8. Addressee's Address (Only if requested and fee is paid)	
PS Form 3811, December 1994		Domestic Return Receipt	

Is your RETURN ADDRESS completed on the reverse side?

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Rising Star Energy LLC 3141 Hood St. #350 Dallas, Texas 75219		4a. Article Number 2465 288 894	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD
5. Received By: (Print Name)		7. Date of Delivery AUG 18 1999	
6. Signature: (Addressee or Agent) X <i>[Signature]</i>		8. Addressee's Address (Only if requested and fee is paid)	
PS Form 3811, December 1994		Domestic Return Receipt	

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Bureau of Land Mgt.
Carlsbad Field Office
P.O. Box 1778
Carlsbad, NM 88221-1778

4a. Article Number

2 465 288 898

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery



5. Received By: (Print Name)

Linda Demiston

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

Linda Demiston

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
- Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Bureau of Land Management
Roswell Field Office
2909 W. Second St.
Roswell, NM 88201

4a. Article Number

2 465 288 897

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

8-17-99

5. Received By: (Print Name)

Attn. David Glass

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

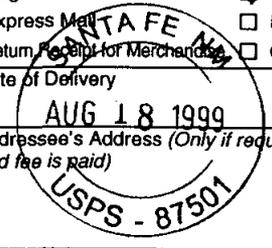
David Glass

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.

ATTACHMENT B, cont

Is your RETURN ADDRESS completed on the reverse side?	SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee
	3. Article Addressed to: Bureau of Land Management New Mexico State Office Post office & Federal Bldg. Post office Box 149 Santa Fe NM 87504 1499	4a. Article Number 2465 288 896
	5. Received By: (Print Name)	4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COC
	6. Signature: (Addressee or Agent) X	7. Date of Delivery AUG 18 1999 8. Addressee's Address (Only if requested and fee is paid) 

ATTACHMENT C (Continued)

Map ID No. 861

Summit Exploration LLC
525 South Main Street, Suite 1200
Tulsa, Oklahoma 74102

Map ID Nos. 157, 158, 159, 751, 755, 781, 842, 844, 846, 848, 849, 850, 851, 852, 853, 854, 863, 865, 867, 871, 872, 873, 874, 875, 876, 877, 880, 883, 885, 886, 888, 895, 896, 901, 910

P&A'd Wells

Map ID Nos. 754, 792, and 795

Mis-spotted wells

All Wells on Federal Land

Bureau of Land Management
New Mexico State Office
Post Office and Federal Building
Post Office Box 1449
Santa Fe, New Mexico 87504-1449

Bureau of Land Management
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
Attn: Mr. David Glass

Bureau of Land Management
Carlsbad Field Office
Post Office Box 1778
Carlsbad, New Mexico 88221-1778
Attn: Mr. Joe Lara

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:

Ms. Debra Padilla
 State of New Mexico
 P.O. Box 1148
 Santa Fe, NM 87504

4a. Article Number

Z 328 858 822

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery 1999

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature (Addressee or Agent)

PS Form 3811, December 1994

102595-99-B-0223 Domestic Return Receipt

Thank you for using Return Receipt Service.

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:

Mr. Lewis Derrick
 Bogle Lmtd.
 P.O. Box 460
 Dexter, NM 88230

4a. Article Number

Z 328 858 823

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

8-23-99

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature (Addressee or Agent)

PS Form 3811, December 1994

102595-99-B-0223 Domestic Return Receipt

Thank you for using Return Receipt Service.

LANDOWNERS

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:

Ms. Bobbe Young
 U.S. Department of the Interior
 Bureau of Land Management
 620 E. Greene
 Carlsbad, NM 88220-1778

4a. Article Number

Z 328 858 801

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

8-20-99

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)

6. Signature (Addressee or Agent)

PS Form 3811, December 1994

102595-99-B-0223 - Domestic Return Receipt

Thank you for using Return Receipt Service.

RECEIVED AUG 23 1999

ATTACHMENT C

LEASEHOLD OPERATORS WITHIN 1 MILE OF NAVAJO REFINING COMPANY'S PROPOSED WDW-2

Map ID No. 855

Altura Energy Ltd.
Post Office Box 4294
Houston, Texas 77210-4294

Map ID Nos. 135, 138, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 160, 752,
753, 756, 785, 786, 789, 791, 793, 796, 797, 799, 800, 801, 802, 805, 806, 807, 808, 812,
814, 836, 837, 838, 839, 840, 841, 843

ARCO Permian
Post Office Box 1710
Hobbs, New Mexico 88240

Map ID No. 861

Don Benscoter
6105 East Sage Drive
Scottsdale, Arizona 85253

Map ID Nos. 856, 857

Robert G. Cox
4230 LBJ Freeway, Suite 409
Dallas, Texas 75234

Map ID No. 772

Durham, Inc.
P. O. Drawer 273
Midland, Texas 79702

ATTACHMENT C (Continued)

Map ID Nos. 162, 859, 860, 861, 862, 864, 866, 868, 869, 870, 878, 879

The Eastland Oil Company
P. O. Drawer 3488
Midland, Texas 79702

Map ID Nos. 881, 882, 897

GP II Energy, Inc.
Post Office Box 50682
Midland, Texas 79710

Map ID No. 884

David G. Hammond
Post Office Box 1538
Artesia, New Mexico 88211

Map ID No. 144, 161

Mewbourne Oil Company
Post Office Box 7698
Tyler, Texas 75711

Map ID No. 858

Rhonda Operating Company
511 North Main
Midland, Texas 79701

Map ID No. 855

Rising Star Energy, LLC
3141 Hood Street, Suite 350
Dallas, Texas 75219

TELEPHONE
(505) 748-3311

EASYLINK
62905278

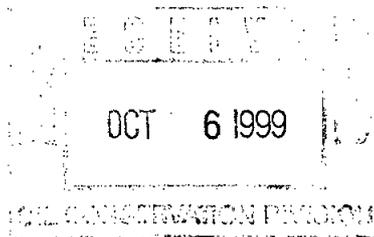


REFINING COMPANY

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

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

October 4, 1999



Mr. Wayne Price
Environmental Bureau
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505-5472

Dear Mr. Price,

Pursuant to our phone conversation of October 1, 1999, Navajo Refining Company submits this letter committing to take appropriate measures to address any concerns the Oil Conservation Division (OCD) may have regarding the Amoco Production Company Smith-McPherson No. 1 (Map ID No. 851). Navajo, along with Subsurface, Inc., is currently preparing a response to OCD's request to re-plug this well. We believe this response will show OCD that the well in question needs no further attention to insure the safety of groundwater in the area. Nevertheless, we are prepared to plug the well if that is the OCD's determination. This commitment will enable OCD to go forward as soon as possible with the conditional permit on the Navajo Refining Company WDW-2.

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

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

TELEPHONE
(505) 748-3311



REFINING COMPANY

501 EAST MAIN STREET • P. O. DRAWER 159

EASYLINK
62905278

FAX
(505) 746-0410

ARTESIA, NEW MEXICO 88210

FAX NUMBERS:

ACCOUNTING OFFICES:	505/746-6410	MARKETING OFFICES:	505/746-6155
REFINING/ENGINEERING:	505/748-9077	PIPELINE DIVISION:	505/746-4438

PLEASE DELIVER 2 PAGES, INCLUDING THIS COVER SHEET

TO: Wayne Price PHONE: _____

COMPANY/DEPARTMENT: OCD

MESSAGE: Wayne, here is the letter we spoke about on the phone Friday. Hard copy to be mailed today. If you need anything else, let me know.

FROM: D. Moore DATE: 10/4/99

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

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

TELEPHONE
(505) 748-3311

FAX
62905278



REFINING COMPANY

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

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

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Oil Conservation Division
2040 S. Pacheco St.
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If there are any questions concerning this matter, please call me at 505-748-3311. Thank you for your prompt attention to this matter.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

August 18, 1999

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan modification has been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan modification to convert a producing oil well, the Eastland Oil Company's Chukka Federal No. 2 well to a Class 1 non-hazardous disposal well for disposal of non-hazardous fluids generated at the Artesia refinery. The non-hazardous fluids will be transported to the injection well by a special designed double wall pipeline. The proposed well named "Navajo WDW-2" is located 1980 feet from the north line and 660 feet from the west line of Section 12, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,270 feet and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the well will be 500 gallons per minute with a maximum injection pressure of 1454 psi. The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION

LORI WROTENBERY,
Director

August 11, 18, 25, 1999
September 1, 1999

FIFTH JUDICIAL DISTRICT
COURT
STATE OF NEW MEXICO
COUNTY OF EDDY

LAVERLE McCOLLAUM,
Plaintiff,

vs.

DIEDERICH LAUING,
Defendant.

No. CV-99-295-JWF

NOTICE OF PENDENCY OF
CIVIL ACTION

THE STATE OF NEW MEXICO
CO TO: Diederich Lauing

NOTICE IS GIVEN that in the above styled cause, Plaintiff has filed a Complaint for Damages Resulting From Personal Injury action against you. Unless you file a written response in this case with the District Court of Eddy County by 5:00 p.m. on the 21st day of September, 1999, a Judgment will be entered against you by default in the District Court of Eddy County.

MCCORMICK, CARAWAY,
TABOR & MADRID,
(Denise A. Madrid) P.O. Box
1718, Carlsbad, New Mexico
88220 are the attorneys for
the Plaintiff.

WITNESSED my hand
and seal of the District Court
of Eddy County, New Mexico,
this 6 day of August, 1999.

ELEANOR JARNAGIN

By Joyce Hatfield
Deputy

August 18, 25, 1999
September 1, 8, 1999

FIFTH JUDICIAL DISTRICT
COURT
COUNTY OF EDDY
STATE OF NEW MEXICO

No. CV-99-201-JLS

UNITED COMPANIES LEND-
ING CORPORATION,

Plaintiff,

vs.

LARRY D. CASTANEDA and
KATHY R. CASTANEDA aka

POINT OF BEGINNING.

THE FOREGOING SALE will be made to satisfy a judgment rendered by the above Court in the above-entitled and numbered cause on July 30, 1999, being an action to foreclose a mortgage on the above-described property. The Plaintiff's judgment, which includes interest and costs, is \$87,444.20 and the same bears interest at ten point four zero percent (10.40%) per annum from August 1, 1999. The amount of such interest to the date of sale will be \$1146.32. The Plaintiff has the right to bid at such sale and submit its bid verbally or in writing. The Plaintiff may apply all or any part of its judgment to the purchase price in lieu of cash. The sale may be postponed and rescheduled at the discretion of the Special Master.

NOTICE IS FURTHER GIVEN that the real property and improvements concerned with herein will be sold subject to any and all patent reservations, easements, all recorded and unrecorded liens not foreclosed herein, and all recorded and unrecorded special assessments and taxes that may be due.

NOTICE IS FURTHER GIVEN that the purchaser at such sale shall take title to the above-described real property subject to a one (1) month right of redemption.

Thomas Marek,
Special Master

THOMAS L MAREK
ATTORNEY AT LAW
PO DRAWER AA
CARLSBAD NM 88220

August 11, 18, 25, 1999
September 1, 1999

IN THE FIFTH JUDICIAL
DISTRICT
CHILDREN'S COURT
DIVISION
COUNTY OF EDDY
STATE OF NEW MEXICO

STATE OF NEW MEXICO,
ex rel,
CHILDREN, YOUTH & FAMIL-
IES DEPARTMENT

IN THE MATTER OF: C.G.,
J.S., AND R.S.

Children
and concerning: ROY L.
SIMS

Respondent

JQ-98-21-JWF

NOTICE OF PENDENCY OF



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Summer Breakdowns

David Burns, Owner
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885-154

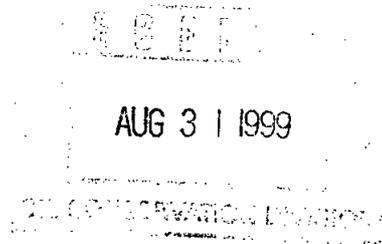
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TOTAL P. 02

Don L. Benscoter
6105 East Sage Drive
Scottsdale, Arizona 85253



August 23, 1999

Certified Mail Z 467 032 886

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

Copy: Certified Mail Z 467 032 887

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Navajo Refining Company's request to the Oil Conservation Division to modify their discharge plan # UIC-CLI-008-1 to revise the location of Navajo's proposed WDW-2 injection well to a well originally drilled as the Amoco Production Company Diamond Federal Gas Com. NO. 1, which is on my EA Fed NM 6852 Oil and Gas Lease, NW 1/4 of Section 12, T18S, R27E.

Gentlemen:

As the Lessee and holder of rights to the above identified Federal Oil and Gas Lease # EA Fed NM 6852. I totally object to my well being used as an effluent disposal well. I plan on re-entering this plugged well to endeavor to establish commercial hydrocarbon production from one of its lower zones.

I am greatly disturbed that no one contacted me regarding Navajo Refining Company's request to use my well as a disposal well. My first notification was when I received on August 18, 1999 the enclosed 15 day notification for objection letter.

Again, I object to my well being used as an injection well, WDW-2, for Navajo Refining Company or for any one else.

Page 2 of 2
Letter to Oil Conservation Division
Objecting to Navajo's proposed WDW-2

Please notify me of the resolution or other action on this matter

Sincerely,



Don L. Benscoter
Lease holder of Federal Lease # 'EA' FED NM 6852
NW 1/4 of Section 12, T18S, R27E

ccs: Mr. Darrell Moore
Navajo Refining Company

Mr. Robert Donnelly
Eastland Oil Company

Mr. Geary Walbert
Holly Energy

Oil Conservation Division District II
Artesia, New Mexico

Attachment: Copy of Notification for Objection Letter
with Form C-108

August 10, 1999

CERTIFIED MAIL Z 140 821 525 RETURN RECEIPT REQUESTED

Mr. Don Bencoter
6105 East Sage Drive
Scottsdale, Arizona 85253

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1 and Proposed WDW-2 and WDW-3

Dear Mr. Bencoter:

On April 27, 1999, the Navajo Refining Company (Navajo) submitted a request to the New Mexico Oil Conservation Division (Oil Conservation Division) to modify their discharge plan (Discharge Plan UIC-CLI-008-1). The purpose of the modification was to revise the location of Navajo's proposed WDW-2 injection well. Discharge Plan UIC-CLI-008-1 was issued originally by the Oil Conservation Division on August 4, 1998, to allow Navajo to construct and operate three effluent disposal wells, WDW-1 and proposed WDW-2 and WDW-3, located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico.

The location of proposed WDW-2 that was approved in Discharge Plan UIC-CLI-008-1 was 2310 feet from the north line and 1500 feet from the west line of Section 6, T18S, R28E. Instead of drilling WDW-2 at this location, Navajo proposes to reenter and convert The Eastland Oil Company's Chukka Federal No. 2 well (formerly operated by Fred Pool Drilling, Inc. and originally drilled as the Amoco Production Company Diamond Federal Gas Com. No. 1) to its effluent disposal well WDW-2. The well is located 1980 feet from the north line and 660 feet from the west line of Section 12, T18S, R27E, on federal land. The Chukka Federal No. 2 is an active oil producer, with perforations from 1446 feet to 1462 feet. Originally, a 7-7/8 inch hole was drilled to 10,372 feet and then plugged back to 1912 feet. Surface casing was set at 1995 feet and cemented to the surface with 800 sacks of cement.

Navajo proposes to squeeze cement into the perforations between 1446 feet and 1462 feet, drill out the cement plugs and clean out the existing wellbore to 9200 feet, set 5 1/2-inch casing and cement it to the surface, and perforate the well in the proposed injection zone. The proposed injection zone consists of porous intervals in the lower portion of the Wolfcamp Formation and the Cisco and Canyon Formations between 7270 feet and 8894 feet below the kelly bushing (KB) elevation in proposed WDW-2 and between 7450 feet and 9016 feet below the KB elevation in WDW-1.

Mr. Don Benscoter

August 10, 1999

Page 2

The waste waters proposed for disposal consist of nonhazardous oilfield waste that is generated exclusively by Navajo at its refinery in Artesia. Waters from process units, cooling towers and boilers, water purification units and desalting units, general wash waters, and recovered and treated ground water will make up the injectate. The proposed maximum injection rate for the three wells combined is 1000 gallons per minute (gpm). The proposed maximum injection rate into any one well is 500 gpm. The injection pressure will not exceed the quantity obtained by multiplying 0.2 psi/ft by the depth to the top of the injection zone, in accordance with the requirements of the Oil Conservation Division.

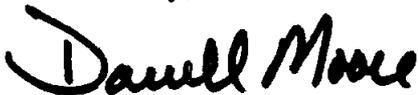
A copy of Oil Conservation Division Form C-108, "Application for Authorization to Inject," for Navajo's proposed WDW-2 is attached. The attachments to Form C-108 are available for examination at the Oil Conservation Division office at 2040 South Pacheco, Santa Fe, New Mexico 87505, and at the Oil Conservation Division District II office at 811 South First, Artesia, New Mexico 88210.

The contact party for the applicant is:

Mr. Darrell Moore, Environmental Manager of Water and Waste
Navajo Refining Company
P. O. Box 159
Artesia, New Mexico 88210
(505) 748-3311

Interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504-2088 within 15 days of receipt of this letter.

Sincerely,



Darrell Moore
Environmental Manager of Water and Waste

NLN/tjp
Attachment

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes X No
- II. OPERATOR: Navajo Refining Company
ADDRESS: Post Office Box 159, Highway 82 East, Artesia, New Mexico 88211
CONTACT PARTY: Darrell Moore, Environmental Mgr. Water and Waste PHONE: 505/748-33
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- V. Is this an expansion of an existing project: X Yes No
If yes, give the Division order number authorizing the project Discharge Plan Permit UIC-CLI-008-1
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature studies, nearby wells, etc.).
- *VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- * X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted.)
- VI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- II. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Darrell Moore TITLE: Env. Mgr. for Water & Waste
SIGNATURE: Darrell Moore DATE: 4/27/99

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstance of the earlier submittal. _____

TELEPHONE
(505) 748-3311

EASYLINK
62905278

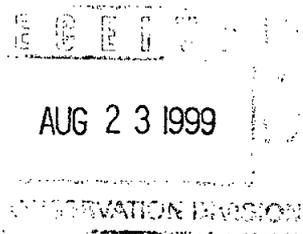


REFINING COMPANY

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

August 18, 1999

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



Mr. Wayne Price
Environmental Bureau
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505-5472

RE: NAVAJO REFINING CO. WDW-2 MODIFICATION TO APPLICATION TO INJECT

Dear Wayne,

This letter is sent to make a minor modification to our Injection Permit for our Injection Wells. We stated in our application that tankage would be built at the WDW-1 location to hold waste water at the well location. That is no longer true. No tanks will be built on either location. Enclosed, please find two drawings showing the layout of each location. Where the drawing is labeled D-820, D-821, or D-822, these are filters at the locations. On the Mewbourne location, the area marked "Truck Loading" is where trucks will be parked to accept liquid while we are pigging the pipeline to the wells. This will be on cement with containment. Also, each filter is on a cement pad with containment.

In our initial application, we asked for permission to develop three wells. WDW-1 is constructed and ready to go, WDW-2 was changed from being drilled to re-entering an existing well, and WDW-3 was approved by OCD to be drilled. Although we have no immediate plans to drill WDW-3, we do want to keep this option open in the event that either of the two existing wells becomes unusable.

It is my understanding that these changes constitute a minor modification that can be administratively handled. If there are any questions, please call me at 505-748-3311. Thank you for your time in this matter.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

Encl.

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Amy McKay
being first duly sworn, on oath says:

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

August 18, 1999
_____, 19____
_____, 19____
_____, 19____
_____, 19____
_____, 19____

That the cost of publication is \$ 68.60 ~~69.06~~, and that payment thereof has been made and will be assessed as court costs.

Amy McKay

Subscribed and sworn to before me this
20 day of August, 1999
Ferran Reporte

My commission expires 5/25/03
Notary Public

August 18, 1999

No 20037

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan modification has been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION

LORI WROTENBERY,
Director

(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan modification to convert a producing oil well, the Eastland Oil Company's Chukka Federal No. 2 well to a Class I non-hazardous disposal well for disposal of non-hazardous fluids generated at the Artesia refinery. The non-hazardous fluids will be transported to the injection well by a special designed double wall pipeline. The proposed well named "Navajo WDW-2" is located 1980 feet from the north line and 680 feet from the west line of Section 12, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,270 feet and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the well will be 500 gallons per minute with a maximum injection pressure of 1454 psi. The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interest person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan modification may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed plan(s) based on information available. If a public hearing is held, the Director will approve or disapprove the proposed plan(s) based on the information in the discharge plan modification application(s) and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this third day of August, 1999.

The Santa Fe New Mexican

Since 1849 We Read You

AUG 17 1999

NM OCD

ATTN: LUPE SHERMAN
2040 S. PACHECO ST.
SANTA FE, NM 87505

AD NUMBER: 101793 ACCOUNT: 56659
LEGAL NO: 65860 P.O.#:
212 LINES 1 time(s) at \$ 93.34
AFFIDAVITS: 5.25
TAX: 6.16
TOTAL: 104.75

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

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this third day of August, 1999.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Lori Wrotenbery, Director
Legal #65860
Pub. August 10, 1999

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, B. Berner being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a Newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication #65860 a copy of which is hereto attached was published in said newspaper 1 day(s) between 08/10/1999 and 08/10/1999 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 10 day of August, 1999 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/

Betsy Berner
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this
11 day of August A.D., 1999

Notary Laura R. Hardige

Commission Expires 11/23/99

P.O. Box 2048 • Santa Fe, New Mexico 87501

505-983-3303



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 8, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 357 870 145

J.S. Ward & Son, Inc.
104 South Fourth Street
Artesia, New Mexico 88210-2195

Attention: Mr. Gary Sims

Re: **Navajo Refining Company**
\$95,000 One-Well Plugging Bond No. 58 93 89
to the State of New Mexico
for Class I Injection Well WDW-3
UL D Sec 6-Ts18s-R28e

Dear Mr. Sims:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-referenced \$95,000 One-Well Plugging Bond No. 58 93 89 and releases Gulf Insurance Company of any liability on this bond.

Sincerely,

A handwritten signature in black ink, appearing to read "Rand Carroll".

Rand Carroll,
Legal Counsel

RC/wp

cc: **OCD Hobbs Office**
Gulf Insurance Company

Navajo Refining Company

Gulf Insurance Company

PRINCIPAL
Post Office Box 159
Artesia, New Mexico 88211-0159

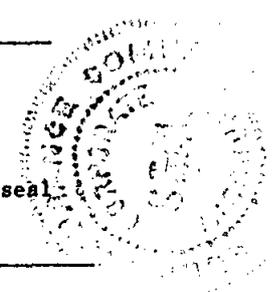
SURETY
101 South Fourth Street
Artesia, New Mexico 88210-2195

Address
By [Signature]
Signature Jack P. Reid
Title President

Address
[Signature]
Attorney-In-Fact
S. Gary Sims

(Note: Principal, if corporation, affix corporate seal here.)

(Note: Corporate surety affix corporate seal here.)



ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission Expires _____

COPY

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 2 day of September, 1998, before me personally appeared Jack P. Reid, to me personally known who, being by me duly sworn, did say that he is President of Navajo Refining Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Rita Beadle
Notary Public



OFFICIAL SEAL
Rita Beadle
NOTARY PUBLIC-STATE OF NEW MEXICO

1-16-2001
My Commission Expires

My commission expires: 1-16-2001

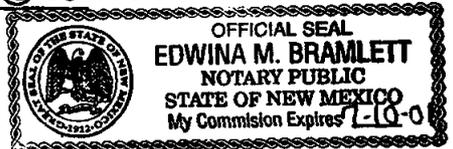
ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 2nd day of September, 1998, before me appeared S. Gary Sims, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Gulf Insurance Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Edwina M. Bramlett
Notary Public



7-10-01
My Commission Expires

(Note: Corporate surety attach power of attorney.)

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By: _____

Date: _____



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called "Company," does hereby appoint

CHARLENE M. WARD or S. GARY SIMS or JOHN C. KNIGHT

ARTESIA, NEW MEXICO

its true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of suretyship, not to exceed \$250,000.00 or any bond where the penalty is not stated in the bond form. No authority is granted where the attorney in fact is a party at interest in the bond.

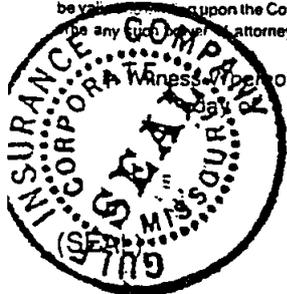
The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

Resolved that the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary may appoint Attorneys-in-fact in any state, territory or federal district to represent this Company and to act on its behalf within the scope of the authority granted to them, in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company, as surety, and as its act and deed, any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, state or federal, and authority to attest to the signature of the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the bylaws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary, or by the Board of Directors.

This Power of Attorney and Certificate are signed and sealed by facsimile under and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

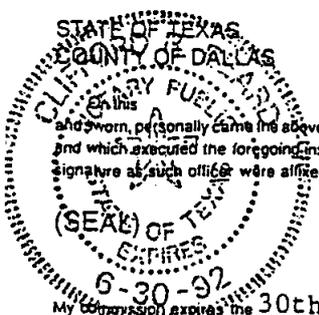
Resolved that the signature of the President, or of any Senior Vice President, or of any Vice President, or of the Secretary, or of any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, including any such power of attorney and certificate revoking the authority of the foregoing Attorneys-in-fact, as well as for the appointment of agents for the service of process in any jurisdiction, state or federal, including any such power of attorney and certificate revoking the authority of such agents; and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power of attorney or certificate so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company at the time the any such power of attorney and certificate are executed and in the future with respect to any bond or undertaking to which they are attached.



A Witness, I, _____ of, the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this April 12, 1991

COPY

By [Signature]
Sr. Vice President

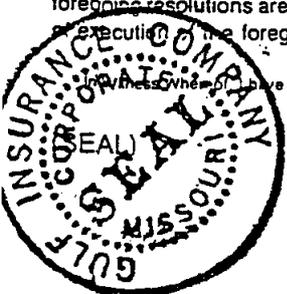


ss: _____ 12 day of April, 1991, before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came the above named officer of GULF INSURANCE COMPANY, who being by me first duly sworn according to law, did depose and say that he is that officer of the company described in and which executed the foregoing instrument; that he knows the seal of said company; that the seal affixed to such instrument is the corporate seal of said company; and that the corporate seal and his signature as such officer were affixed and subscribed to the said instrument by the authority and direction of said company.

[Signature]
Cliffure R. Beard Notary Public
1992

CERTIFICATE

I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolutions are true and correct transcripts from the records of GULF INSURANCE COMPANY and that the above named officer was on the date of execution of the foregoing Power of Attorney authorized to execute this Power of Attorney.



I, _____ have hereunto subscribed my name and affixed the corporate seal of Gulf Insurance Company this 2nd day of September, 1998.

[Signature]
Vice President



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
FAX (505) 746-4244
Artesia, New Mexico
88210-2195

Insurance
Bonds

June 4, 1999

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505-5472

Attention: Mr. Roger Anderson

Re: Navajo Refining Company
\$95,000 One-Well Plugging Bond
to the State of New Mexico
for Class I Injection Well
WDW-3

COPY

Dear Mr. Anderson:

The captioned principal has informed us that they are not going to drill the WDW-3 Class I Injection Well, therefore, they do not need the above captioned plugging bond. Enclosed is a copy of Navajo's 6-3-99 letter.

Per our recent telephone conversation with Wayne Price, the above captioned bond has not been accepted by your office, therefore, we are requesting that the original bond be returned to our office for cancellation at your very earliest convenience.

We trust you find this entirely in order. Please feel free to call on us if you should have any questions.

Very truly yours,

J. S. Ward & Son, Inc.

By 

SGS:emb
Enclosure

cc: Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211-0159
Attention: Mr. Joe Akins

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

June 3, 1999

J. S. Ward & Son, Inc.
101 S. 4th St.
Artesia, NM. 88210-2195

RE: Request for Cancellation of One-Well Plugging Bond No. 589389

To whom it may concern:

In August of 1999, we requested that you issue a one well plugging bond to the State of New Mexico for a Class I injection well named WDW-3. You completed our request by issuing Bond No. 589389. We have now determined that we are not going to drill well WDW-3 and have no need for the plugging bond. We ask that the original bond be returned and request a refund of any premium amounts due to the cancellation.

Yours truly,

A handwritten signature in cursive script that reads "Joe Akins".

Joe Akins, Manager
Human Resources & Insurance

RJA:rb

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

June 4, 1999

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

COPY

Mr. Roger Anderson
Environmental Bureau
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505-5472

RE: Cancellation of Bond on Navajo's WDW-3 Injection Well

Dear Roger,

This letter is sent to request that the OCD cancel the bond on Navajo's WDW-3 Injection well. This well is located in Unit D, Sec.6, T18S, R28E in Eddy County, New Mexico. Navajo applied for a permit to drill this well as a Class I non-hazardous well which was granted by OCD in 1998. We have since modified our plans and have no *immediate* use for this well. Therefore we are requesting cancellation of the bond. We have already notified J.S. Ward, who the bond is with, of our plans.

This does not mean that Navajo may not at some point in the future drill this well. We simply have no immediate plans along those lines. Thank you for your time in this matter. If you have any questions, please call me at 505-748-3311.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

3. Article Addressed to:

JS WARD & SON INC.
104 SOUTH FORBETH ST.
ARLESIA, NM 88210-2195

4a. Article Number

Z 357 870 145

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

9/11/99

5. Received By: (Print Name)

Steven R. Willard

8. Addressee's Address (Only if requested and fee is paid)

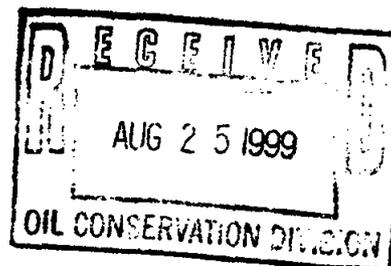
101 S 4th St.

6. Signature of Addressee or Agent

Steven R. Willard

Thank you for using Return Receipt Service.

Don L. Benscoter
6105 East Sage Drive
Scottsdale, Arizona 85253



August 23, 1999

Certified Mail Z 467 032 886

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

COPY

Copy: Certified Mail Z 467 032 887

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Re: Navajo Refining Company's request to the Oil Conservation Division to modify their discharge plan # UIC-CLI-008-1 to revise the location of Navajo's proposed WDW-2 injection well to a well originally drilled as the Amoco Production Company Diamond Federal Gas Com. NO. 1, which is on my EA Fed NM 6852 Oil and Gas Lease, NW 1/4 of Section 12, T18S, R27E.

Gentlemen:

As the Lessee and holder of rights to the above identified Federal Oil and Gas Lease # EA Fed NM 6852. I totally object to my well being used as an effluent disposal well. I plan on re-entering this plugged well to endeavor to establish commercial hydrocarbon production from one of its lower zones.

I am greatly disturbed that no one contacted me regarding Navajo Refining Company's request to use my well as a disposal well. My first notification was when I received on August 18, 1999 the enclosed 15 day notification for objection letter.

Again, I object to my well being used as an injection well, WDW-2, for Navajo Refining Company or for any one else.

Page 2 of 2
Letter to Oil Conservation Division
Objecting to Navajo's proposed WDW-2

Please notify me of the resolution or other action on this matter

Sincerely,



Don L. Benscoter
Lease holder of Federal Lease # 'EA' FED NM 6852
NW 1/4 of Section 12, T18S, R27E

ccs: Mr. Darrell Moore
Navajo Refining Company

Mr. Robert Donnelly
Eastland Oil Company

Mr. Geary Walbert
Holly Energy

Oil Conservation Division District II
Artesia, New Mexico

Attachment: Copy of Notification for Objection Letter
with Form C-108

COPY

August 10, 1999

CERTIFIED MAIL Z 140 821 525 RETURN RECEIPT REQUESTED

COPY

Mr. Don Benscoter
6105 East Sage Drive
Scottsdale, Arizona 85253

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1 and Proposed WDW-2 and WDW-3

Dear Mr. Benscoter:

On April 27, 1999, the Navajo Refining Company (Navajo) submitted a request to the New Mexico Oil Conservation Division (Oil Conservation Division) to modify their discharge plan (Discharge Plan UIC-CLI-008-1). The purpose of the modification was to revise the location of Navajo's proposed WDW-2 injection well. Discharge Plan UIC-CLI-008-1 was issued originally by the Oil Conservation Division on August 4, 1998, to allow Navajo to construct and operate three effluent disposal wells, WDW-1 and proposed WDW-2 and WDW-3, located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico.

The location of proposed WDW-2 that was approved in Discharge Plan UIC-CLI-008-1 was 2310 feet from the north line and 1500 feet from the west line of Section 6, T18S, R28E. Instead of drilling WDW-2 at this location, Navajo proposes to reenter and convert The Eastland Oil Company's Chukka Federal No. 2 well (formerly operated by Fred Pool Drilling, Inc. and originally drilled as the Amoco Production Company Diamond Federal Gas Com. No. 1) to its effluent disposal well WDW-2. The well is located 1980 feet from the north line and 660 feet from the west line of Section 12, T18S, R27E, on federal land. The Chukka Federal No. 2 is an active oil producer, with perforations from 1446 feet to 1462 feet. Originally, a 7-7/8 inch hole was drilled to 10,372 feet and then plugged back to 1912 feet. Surface casing was set at 1995 feet and cemented to the surface with 800 sacks of cement.

Navajo proposes to squeeze cement into the perforations between 1446 feet and 1462 feet, drill out the cement plugs and clean out the existing wellbore to 9200 feet, set 5 1/2-inch casing and cement it to the surface, and perforate the well in the proposed injection zone. The proposed injection zone consists of porous intervals in the lower portion of the Wolfcamp Formation and the Cisco and Canyon Formations between 7270 feet and 8894 feet below the kelly bushing (KB) elevation in proposed WDW-2 and between 7450 feet and 9016 feet below the KB elevation in WDW-1.

The waste waters proposed for disposal consist of nonhazardous oilfield waste that is generated exclusively by Navajo at its refinery in Artesia. Waters from process units, cooling towers and boilers, water purification units and desalting units, general wash waters, and recovered and treated ground water will make up the injectate. The proposed maximum injection rate for the three wells combined is 1000 gallons per minute (gpm). The proposed maximum injection rate into any one well is 500 gpm. The injection pressure will not exceed the quantity obtained by multiplying 0.2 psi/ft by the depth to the top of the injection zone, in accordance with the requirements of the Oil Conservation Division.

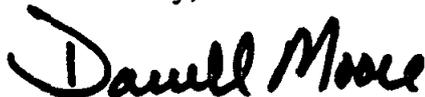
A copy of Oil Conservation Division Form C-108, "Application for Authorization to Inject," for Navajo's proposed WDW-2 is attached. The attachments to Form C-108 are available for examination at the Oil Conservation Division office at 2040 South Pacheco, Santa Fe, New Mexico 87505, and at the Oil Conservation Division District II office at 811 South First, Artesia, New Mexico 88210.

The contact party for the applicant is:

Mr. Darrell Moore, Environmental Manager of Water and Waste
Navajo Refining Company
P. O. Box 159
Artesia, New Mexico 88210
(505) 748-3311

Interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504-2088 within 15 days of receipt of this letter.

Sincerely,



Darrell Moore
Environmental Manager of Water and Waste

NLN/tjp
Attachment

COPY

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Secondary Recovery Pressure Maintenance X Disposal Storage
Application qualifies for administrative approval? Yes X No
- II. OPERATOR: Navajo Refining Company
ADDRESS: Post Office Box 159, Highway 82 East, Artesia, New Mexico 88211
CONTACT PARTY: Darrell Moore, Environmental Mgr. Water and Waste PHONE: 505/748-33
- III. WELL DATA: Complete the data required on the reverse side of this form for each well processed for injection. Additional sheets may be attached if necessary.
- V. Is this an expansion of an existing project: X Yes No
If yes, give the Division order number authorizing the project Discharge Plan Permit UIC-CLI-008-1
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
 1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature studies, nearby wells, etc.).
- *VIII. Attach appropriate geological data on the injection zone including appropriate lithologic detail, geological name, thickness and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- * X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted.)
- XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground source of drinking water.
- II. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Darrell Moore TITLE: Env. Mgr. for Water & W
 SIGNATURE: Darrell Moore DATE: 4/27/99

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstance of the earlier submittal. _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

Jennifer A. Salisbury
CABINET SECRETARY

Oil Conservation Div.
Environmental Bureau
2040 S. Pacheco
Santa Fe, NM

87505

Memorandum of Meeting or Conversation

Telephone X
Personal

Time: 3:00 pm

Date: August 10, 1999

Originating Party: Wayne Price, Mark Ashley, & RC Anderson-OCD

Other Parties: Darrell Moore-Navajo

Subject: Class I WDW-2 DP# UIC-CLI-008

Discussion:

Notified Darrell Moore of OCD's concern pertaining to P&A well MAP ID No. 851 located in AOR. The well has open hole located at the same WDW-2 injection interval.

Conclusions or Agreements:

Navajo to address this issue and submit recommendations for OCD approval.

Signed: *Wayne Price*

CC: Mark Ashley-OCD
Darrell Moore-Navajo



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

Jennifer A. Salisbury
CABINET SECRETARY

Oil Conservation Div.
Environmental Bureau
2040 S. Pacheco
Santa Fe, NM 87505

Memorandum of Meeting or Conversation

Telephone X
Personal

Time: 3:35 pm
Date: August 6, 1999

Originating Party: Wayne Price-OCD, Re Anderson-OCD

Other Parties: Darrell Moore-Navajo

Subject: Class I WDW-2 DP# UIC-CLI-008

Discussion:

Notified Darrel Moore that OCD-UIC group could not continue evaluation until the following issues were addressed:

1. Class I well WDW-2 was marked as tubing not being lined. Attachment III-2
2. Section VI-6 Active Producing wells second sentence "The mechanical integrity of active producing wells is monitored by the OCD." OCD pointed out we cannot perform this service for them.
3. Attachment VI-1 table for AOR wells is incomplete.

Conclusions or Agreements:

Navajo to address these issues.

Signed: _____

CC: Darrell Moore-Navajo
Mark Ashley-OCD

TRANSACTION REPORT

AUG-06-99 FRI 04:40 PM

SEND (M)

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#
AUG-06	04:39 PM	915057489077	28"	1	SEND	(M) OK	052

TELEPHONE
(505) 748-3311

EASYLINK
62905278

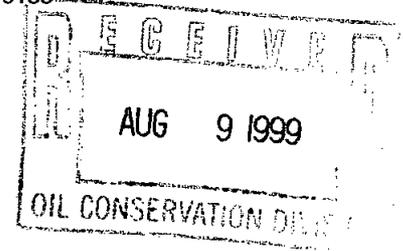


REFINING COMPANY

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

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

August 6, 1999



Mr. Roger Anderson
NM Oil Conservation Division
Environmental Bureau
2040 S. Pacheco St.
Santa Fe, NM 87505-5472

VIA FAX and US MAIL

RE: Modification for Permit to Inject into Navajo's WDW-2

Dear Mr. Anderson,

This letter is sent to convey Navajo Refining Company's concern over the short amount of time that is left to us to finalize arrangements for disposal of our waste water to our injection wells. This concern revolves around the fact that the modification to allow us to inject into our second well (WDW-2) has taken longer to process than we anticipated. The initial permit was processed in less than 90 days. Since the current application is only for a modification to the initial permit, we assumed the processing time would be considerably shorter. We submitted the modification application back on April 27, 1999.

As Darrell Moore of my staff has pointed out to you, we have a federally imposed deadline of September 7, 1999 to be out of the evaporation ponds and into our injection wells. We would be very wary of going down that path with only one injection well permitted. There are any number of scenarios, i.e, packer failures, holes in tubing, etc., that could render one well unusable and would necessitate going into the second well. Without the second well we have the capability to hold waste water in our tanks for only 3-5 days. This is certainly not enough cushion to give us any feeling of comfort.

Mr. Moore has been in regular contact with Wayne Price of your office concerning the progress on this application. Mr. Price has made it clear that this application is his top priority, and for that we are appreciative. If there is anything Navajo can do to speed this process, please do not hesitate to call me or Darrell Moore at 505-748-3311.

Again, thank you for your attention to this matter.

Sincerely

Phillip L. Youngblood
Director of Environmental Affairs

cc: DGM, RRH, MPC, JG



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

August 5, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 357 870 119

Mr. Darrell Moore
Environmental Manager for Water and Waste
Navajo Refining Company
P.O. Box 159
Artesia, New Mexico 88211-0159

Re: Notification Requirements for Navajo Refining Company's Proposed WDW-2
Discharge Plan UIC-CLI-008.

Dear Mr. Moore:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of Navajo Refining Company's (Navajo) letter dated June 7, 1999 requesting a waiver from the notification requirements of "19 NMAC 15.I Sections 701.B(2) and 701.C(2)". **The NMOCD hereby approves of your request subject to the following conditions:**

1. Navajo shall notify all leaseholders within one mile of the proposed WDW-2 injection well via certified return receipt mail and the landowner on which the proposed injection well is located. The notification shall be pursuant to the draft letter submitted with the June 7, 1999 letter with the following changes;

The June 7, 1999 Draft letter shall be revised to read "Interested parties must file objections or request for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico 87504-2088 within 15 days of receipt of this letter", not 30 days as was shown.

2. Navajo shall notify all landowners of record within one mile of the proposed WDW-2 discharge plan site via certified return receipt mail. Navajo may use the Public Notice previously issued by NMOCD. A copy of this notice has been enclosed for your use.
3. Navajo shall submit to NMOCD proof of notice concerning items 1. and 2. above and provide proof of notice pursuant to 19 NMAC 15.I 701.C.(1).

If you require any further information or assistance please do not hesitate to write or call me at (505-827-7152).

Sincerely Yours,

Roger Anderson
Environmental Bureau Chief

cc: Mark Ashley-OCD UIC, OCD Artesia Office

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
 - 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

NAVAJO REFINING CO.
 P.O. Box 159
 ARTESIA, NM 88211-0159
 ATT: DARRELL MOORE

4a. Article Number

Z 357 870 119

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

8-11-99

5. Received By: (Print Name)

FRED HERNANDEZ

6. Signature: (Addressee or Agent)

X Fred Hernandez

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

Price, Wayne

From: Nancy Niemann[SMTP:nniemann@subsurfacegroup.com]
Sent: Wednesday, August 04, 1999 1:45 PM
To: Price, Wayne
Cc: Darrell Moore (E-mail); 'jstumbo@subsurfacegroup.com'
Subject: Navajo Refining Injectate TDS

The total dissolved solids concentration of the fluid to be injected by Navajo Refining Company's Class I nonhazardous injection well WDW-2 is expected to range from 1000 mg/l to 5000 mg/l.

Please do not hesitate to contact me if you need additional information.

Nancy

Nancy L. Niemann
Senior Geologist

Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, Texas 77024

713-880-4640
713-880-3248 (fax)

nniemann@subsurfacegroup.com

Price, Wayne

From: Wrotenbery, Lori
Sent: Thursday, August 05, 1999 10:00 AM
To: Price, Wayne
Cc: Anderson, Roger; 'Mark Ashley'
Subject: RE: Navajo's Class I WDW-2 Well C-108 process

I agree with your recommendation.

From: Price, Wayne
Sent: Wednesday, August 04, 1999 11:02 AM
To: Wrotenbery, Lori
Cc: Anderson, Roger; 'Mark Ashley'
Subject: Navajo's Class I WDW-2 Well C-108 process

Navajo is requesting a waiver from part of C-108 requiring them to send the Form C-108 complete with attachments to each leaseholder within 1/2 mile. Their reasons are the time & expense factors! These documents are very large!

In lieu of this they propose to notify all leaseholders and the landowner by certified letter and indicate these documents are on file at the Santa Fe and Artesia offices for review! I recommend we allow this procedure!

Please let us know!

Navajo is under the gun from EPA to meet a September 7, deadline concerning discharges to the open ponds at the refinery! This second well will give them a contingency in case one of the wells has a problem. I am writing a Public Notice for the WDW-2 well discharge plan modification for your or Rogers signature!

When you get in would it be possible for you to take a look at this before you leave town!

Thanks!

Price, Wayne

From: Price, Wayne
Sent: Wednesday, August 04, 1999 3:49 PM
To: 'darrell@navajo-refining.com'
Subject: WDW-2

Dear Darrell:

Pursuant to our telephone conversation I understand that Navajo is planning on revision the Discharge plan submitted on April 1999.

Please send letter requesting these minor changes!

I understand that there will be no tankage at WDW-1 but you are planning on installing curb & Pad containment systems for certain piping pigging, filtering, etc.

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan modification has been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

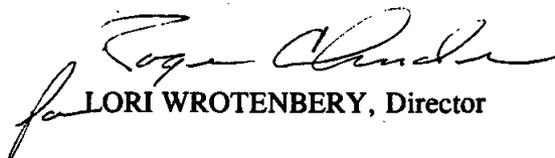
(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge plan modification to convert a producing oil well, the Eastland Oil Company's Chukka Federal No. 2 well to a Class I non-hazardous disposal well for disposal of non-hazardous fluids generated at the Artesia refinery. The non-hazardous fluids will be transported to the injection well by a special designed double wall pipeline. The proposed well named "Navajo WDW-2" is located 1980 feet from the north line and 660 feet from the west line of Section 12, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,270 feet and 8894 feet. The total dissolved solids concentration of the injection zone ranges from 13,000 mg/l to 119,909 mg/l. The proposed maximum injection rate into the well will be 500 gallons per minute with a maximum injection pressure of 1454 psi. The total dissolved solids concentration of the injection fluid is expected to range from 1000-5000 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 100 feet below ground level with a total dissolved solids concentration ranging from approximately 100 mg/l to 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above: The discharge plan modification may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed plan(s) based on information available. If a public hearing is held, the Director will approve or disapprove the proposed plan(s) based on the information in the discharge plan modification application(s) and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this third day of August, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY, Director

SEAL



July 20, 1998

Mr. Tim Gum
New Mexico Oil Conservation Division - District II
811 South First
Artesia, New Mexico 88210

RE: Form C-101 for Navajo Refining Company's Proposed WDW-2 and WDW-3
Envirocorp Project No. 60A4696

Dear Mr. Gum:

Per my telephone conversation with Brian Arrant on July 17, 1998, I am enclosing, on behalf of Navajo Refining Company (Navajo), five copies of Forms C-101 and C-102 for the above referenced wells. The wells are proposed Class I nonhazardous industrial waste disposal wells to be drilled by Navajo and completed in the Lower Wolfcamp, Cisco, and Canyon Formations in Section 6, T18S, R28E. Supporting information for the applications may be found in the document entitled "Discharge Plan Application and Application for Authorization to Inject, per Oil Conservation Division Form C-108, into Proposed Class I Wells WDW-1, WDW-2, and WDW-3" that was sent to you at the beginning of May 1998 and amended in late June 1998.

Mark Ashley of the OCD office in Santa Fe told me on July 17, 1998, that he will be able to issue discharge permits for proposed WDW-2 and WDW-3 after he receives from your office the approved Forms C-101 for these wells. We will appreciate your prompt review of the forms. Please do not hesitate to contact me at (713) 880-4640 or Darrell Moore of Navajo at (505) 748-3311 if you need additional information.

Sincerely,

Nancy L. Niemann

Nancy L. Niemann
Senior Geologist

NLN/paf
Enclosures

CHANGE LOCATION!
SEE 3/30/99 ENVIROCORP
J

c w/o attachments: Mark Ashley, New Mexico Oil Conservation Division - Santa Fe
Darrell Moore, Navajo Refining Company
George Walbert, Holly Petroleum, Inc.



REFINING COMPANY

Artesia, New Mexico

FAX COVER LETTER

Date: September 11, 1998

From: Darrell Moore

Attention: **Lori Wrotenbery**

Dept:

Company:

Number of Pages: 2 (Includes Cover Page)

FAX Number: (505) 827-8177

Navajo FAX Number: (505)748-9077

Please call (505)748-3311, ext 241 if there are any problems with this transmission

Lori,

The two wells are as follows:

Mewbourne Chalk Bluff "6" State Com #1
700 FWL and 990 FSL
Sec 6 T18S R28E

Mewbourne Chalk Bluff Fed Com #3
1980 FSL and 990 FEL
Sec 1 T18S R27E

As I said on the phone, we have no problem extending the Area Of Review if that needs to be done.

I do not have the well construction yet but I can get that Monday morning. Regardless of the construction, we understand that the wells would have to meet Class I standards and we have no problem with that. Currently, both wells are producing and I do know that there are no other perforations except in the producing zone.

I can get the well records Monday and fax those then.

Your help in this matter is greatly appreciated!

Danell Moore

TELEPHONE
(505) 748-3311



REFINING COMPANY

501 EAST MAIN STREET • P. O. DRAWER 159

EASYLINK
62905278

FAX
(505) 746-6410

ARTESIA, NEW MEXICO 88210

FAX NUMBERS:

ACCOUNTING OFFICES:	505/746-6410	MARKETING OFFICES:	505/746-6155
REFINING/ENGINEERING:	505/748-9077	PIPELINE DIVISION:	505/746-4438

PLEASE DELIVER 3 PAGES, INCLUDING THIS COVER SHEET

TO: Mark Ashley PHONE: _____

COMPANY/DEPARTMENT: OCD

MESSAGE: Mark, here are the wells we are looking at.
We will only recater one of them. Call me
w/ questions. Thanks
Dave

FROM: D. Moore DATE: 9/14/98

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

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

Form 3160-4
(October 1990)

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN DUPLIC.

(See other instructions on reverse side)

FOR APPROVED
OMB NO. 1004-0137
Expires: December 31, 1991

4. LEASE DESIGNATION AND SERIAL NO.
NM-0557371

5. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

Chalk Bluff Fed. Comm. #3

9. API WELL NO.

30-015-27163

10. FIELD AND POOL, OR WILDCAT

N. Illinois Camp Morrow

11. SEC., T., R., M., OR BLOCK AND SURVEY OR AREA

Sec. 1-T18S-R27E

12. COUNTY OR PARISH
Eddy

13. STATE
N.M.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG *

1. TYPE OF WELL: OIL WELL GAS WELL DRY Other _____

2. TYPE OF COMPLETION: NEW WELL WORK OVER REPAIR PLUG BACK DIFF. ENTRY Other _____

3. NAME OF OPERATOR
Mewbourne Oil Company

3. ADDRESS AND TELEPHONE NO.
P.O. Box 5270 Hobbs, New Mexico 88241 (505) 393-5905

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)
At surface **1980' FSL & 990' FEL**
At top prod. Interval reported below
At total depth **Same**

14. PERMIT NO. _____ DATE ISSUED _____

15. DATE SPUDDED **11/24/92** 16. DATE T.D. REACHED **01/06/93** 17. DATE COMPL. (Ready to prod.) **01/16/93** 18. ELEVATIONS (DF, DMS, BT, OS, ETC.)* **KB 3643' DF 3641' GI 3628'** 19. ELEV. CASINGHEAD **3628'**

20. TOTAL DEPTH, MD & TVD **10,150'** 21. PLUG, BACK T.D., MD & TVD **10,102'** 22. IF MULTIPLE COMPL., HOW MADE _____ 23. INTERVALS CALLED BY _____ ROTARY TOOLS _____ CABLE TOOLS _____

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*
9950'-9954', 9957'-9972' Lower Morrow Orange Sand 25. WAS DIRECTIONAL SURVEY MADE **Yes**

26. TYPE ELECTRIC AND OTHER LOGS RUN
SDL-DSN Dual-Latero-MFSL-GR Sonic CBL 27. WAS WELL COBBED **No**

28. CARING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
13-3/8"	54.5#	400' ⁺	17-1/2"	100 sx. Class "H"	None
9-5/8"	36#	2,600' ⁻	12-1/4"	250 sx. Class "C"	None
7"	26 & 29#	8,968'	8-3/4"	1200 sx. Class "C & H"	None

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	BACKS CEMENT*	SCREEN (MD)	30. TUBING RECORD
4-1/2"	8600'	10,150'	200 SXS.	None	SIZE: 2-7/8" DEPTH SET (MD): 9972' BACKS SET (MD): 9797'

31. VERIFICATION RECORD (Interval, not core number)

9950'-9954' 9957'-9972'

4 SPF 19' 76 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
9950'-9954'	None
9957'-9972'	None

33. PRODUCTION

DATE FIRST PRODUCTION: **01/16/93** PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump): **Flowing** WELL STATUS (Producing or shut-in): **Producing**

DATE OF TEST	HOURS TESTED	CROWN SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
01/16/93	24	10/64"	→	50	2000	0	40 MCF/BBL
FLOW. TUBING PRESS. CASING PRESSURE	CALCULATED 24-HOUR RATE	API—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY—API (CORR.)		
2720	0	60	2000	0			

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.) **Sold** TEST WITNESSED BY **R. Jones**

35. LIST OF ATTACHMENTS
Logs- * Please hold in confidence

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED *R. Jones* TITLE Engineer DATE 01/21/83

*(See Instructions and Spaces for Additional Data on Reverse Side)

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies
DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-105
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO.
 30-015-26943

3. Indicate Type of Lease
 STATE FEE

6. State Oil & Gas Lease No.
 E-7179

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well: OIL WELL GAS WELL DRY OTHER _____

b. Type of Completion:
 NEW WELL WORK OVER REPAIR PLUG BACK OIL RESERVE OTHER _____

2. Name of Operator
 MEWBOURNE OIL COMPANY

3. Address of Operator
 P. O. Box 7698, Tyler, Texas 75711

7. Lease Name or Unit Agreement Name
 CHALK BLUFF "6" STATE

8. Well No.
 1

9. Pool name or Wildcat
 NORTH ILLINOIS CAMP MORROW

4. Well Location
 Unit Letter **M** : **730** Feet From The **WEST** Line and **990** Feet From The **SOUTH** Line

Section **6** Township **189** Range **28E** NMPM **EDDY** County

10. Date Spudded **2/17/92** 11. Date T.D. Reached **3/21/92** 12. Date Compl. (Ready to Prod.) **4/16/92** 13. Elevations (DF & RKB, RT, GR, etc.) **DF 3339', GR 3324'** 14. Elev. Casinghead

15. Total Depth **10,200'** 16. Plug Back T.D. **10,151'** 17. If Multiple Compl. How Many Zones? _____ 18. Intervals Drilled By Rotary Tools Cable Tools _____

19. Producing Interval(s) of this completion - Top, Bottom, Name
10,084' - 10,092' - Morrow

20. Was Directional Survey Made
Yes

21. Type Electric and Other Logs Run
SDL-DSN, DIL/DI.L-MSFL

22. Was Well Cored
NO

23. **CASING RECORD (Report all strings set in well)**

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
13-3/8"	48# & 68#	400'	17-1/2"	500 sxs - circ	None
9-5/8"	24#	2,600'	12-1/4"	1100 sxs - circ	None
7"	26#	9,445'	7-7/8"	1895 sxs - circ 1st string	None

24. **LINER RECORD** 25. **TUBING RECORD**

SIZE	TOP	BOTTOM	BACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
4-1/2"	9077'	10,198'	175		2-3/8"	9,990'	9,990'

26. Perforation record (interval, size, and number)
10,084' - 10,092' - 8', 1 SPF, 9 holes

27. **ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC.**

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
10,084-092'	Acidized with 2600 gals 71% HCL + additives & 1367 scf/hbl N ² & 15 frac balls.

28. **PRODUCTION**

Date First Production **4/17/92** Production Method (Flowing, gas lift, pumping - Size and type pump) **Flowing** Well Status (Prod. or Shut-in) **Producing**

Date of Test	Hours Tested	Choke Size	Prod'n For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
4/28/92	24 hours	12/64"		36	1,902	0	52,833:1

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API - (Corr.)
2690#			36	1,902	0	51.6

29. Disposition of Gas (Sold, used for fuel, vented, etc.)
Sold Test Witnessed By **Bill Pierce**

30. List Attachments
Logs

31. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief

Signature *Gaylon Thompson* Printed Name **Gaylon Thompson** Title **Engr. Oprns. Sec.** Date **4/28/92**

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

June 7, 1999

JUN - 9 1999

Mr. Wayne Price
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Notification of Leasehold Operators within One Mile of Navajo Refining Company's Proposed WDW-2

Dear Mr. Price:

Navajo Refining Company (Navajo) respectfully requests a waiver of the following notification requirements:

1. 19 NMAC 15.I Sections 701.C(2) and 701.B(2), which require that Form C-108, complete with all attachments, be sent to each leasehold operator within one-half mile of the proposed injection well, and
2. Proposed Rule 21.B(8), which requires that a copy of the discharge plan application be sent to each leasehold operator within one mile of the proposed injection well.

The requirement to send the entire application document is a burden on Navajo for the following reasons:

1. The attachments to Form C-108 are voluminous, filling two binders.
2. The cost to reproduce the application is high, estimated at approximately \$400 per copy. The cost includes reproducing 650 pages per copy, five logs, and four over-sized figures, plus the costs of materials, assembly, and shipping.

Navajo believes that the rights of the leasehold operators to receive written information about the application will be upheld by sending the attached letter. The letter details the

Mr. Wayne Price
New Mexico Oil Conservation Division

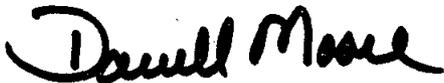
June 7, 1999
Page 2

purpose of the application and provides pertinent information about the proposed injection operations.

On May 5, 1999, Nancy Niemann of Subsurface Technology, Inc. sent you the attached letter with an informal request that you approve Navajo's use of the letter to notify the leaseholders in lieu of sending the entire application. In a telephone conversation with Nancy on June 1, 1999, you agreed that sending the letter would satisfy the notification requirement. In that conversation, you asked Nancy for this written request for a waiver of the notification requirements.

We await your favorable response to this request.

Sincerely,
NAVAJO REFINING COMPANY

A handwritten signature in black ink that reads "Darrell Moore". The signature is written in a cursive, slightly slanted style.

Darrell Moore
Environmental Manager of Water and Waste

NLN/paf
Attachment

navajo\60a4937\price ltr2.doc

June 7, 1999

Leasehold Operators Within One Mile of Navajo's Proposed WDW-2

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1 and Proposed WDW-2 and WDW-3

Dear _____:

On April 27, 1999, the Navajo Refining Company (Navajo) submitted a request to the New Mexico Oil Conservation Division (Oil Conservation Division) to modify their discharge plan (Discharge Plant UIC-CLI-008-1). The purpose of the modification was to revise the location of Navajo's proposed WDW-2 injection well. Discharge Plan UIC-CLI-008-1 was issued originally by the Oil Conservation Division on August 4, 1998, to allow Navajo to construct and operate three effluent disposal wells, WDW-1 and proposed WDW-2 and WDW-3, located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico.

The location of proposed WDW-2 that was approved in Discharge Plan UIC-CLI-008-1 was 2310 feet from the north line and 1500 feet from the west line of Section 6, T18S, R28E. Instead of drilling WDW-2 at this location, Navajo proposes to reenter and convert The Eastland Oil Company's Chukka Federal No. 2 well (formerly operated by Fred Pool Drilling, Inc., originally drilled as the Amoco Production Company Diamond Federal Gas Com. No. 1) to its effluent disposal well WDW-2. The well is located 1980 feet from the north line and 660 feet from the west line of Section 12, T18S, R27E, on federal land. The Chukka Federal No. 2 is an active oil producer, with perforations from 1446 feet to 1462 feet. Originally, a 7-7/8 inch hole was drilled to 10,372 feet and then plugged back to 1912 feet. Surface casing was set at 1995 feet and cemented to the surface with 800 sacks of cement.

Navajo proposes to squeeze cement into the perforations between 1446 feet and 1462 feet, drill out the cement plugs and clean out the existing wellbore to 9200 feet, set 5 1/2-inch casing and cement it to the surface, and perforate the well in the proposed injection zone. The proposed injection zone consists of porous intervals in the lower portion of the Wolfcamp Formation and the Cisco and Canyon Formations between 7270 feet and 8894 feet below the kelly bushing (KB) elevation in proposed WDW-2 and between 7450 feet and 9016 feet below the KB elevation in WDW-1.

Name
Company

June 7, 1999
Page 2

The waste waters proposed for disposal consist of nonhazardous oilfield waste that is generated exclusively by Navajo at its refinery in Artesia. Waters from process units, cooling towers and boilers, water purification units and desalting units, general wash waters, and recovered and treated ground water will make up the injectate. The proposed maximum injection rate for the three wells combined is 1000 gallons per minute (gpm). The proposed maximum injection rate into any one well is 500 gpm. The injection pressure will not exceed the quantity obtained by multiplying 0.2 psi/ft by the depth to the top of the injection zone, in accordance with the requirements of the Oil Conservation Division.

A copy of Oil Conservation Division Form C-108, "Application for Authorization to Inject," for Navajo's proposed WDW-2 is attached. The attachments to Form C-108 are available for examination at the Oil Conservation Division office at 2040 South Pacheco, Santa Fe, New Mexico 87505, and at the Oil Conservation Division District II office at 811 South First, Artesia, New Mexico 88210.

The contact party for the applicant is:

Mr. Darrell Moore, Environmental Manager of Water and Waste
Navajo Refining Company
P. O. Box 159
Artesia, New Mexico 88210
(505) 748-3311

Interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504-2088 within 30 days of receipt of this letter.

Sincerely,

Darrell Moore
Environmental Manager of Water and Waste

NLN/paf
Attachments

May 18, 1999

To: David Catanach

From: Wayne Price W.P.

Re: Navajo Class I injection well WDW#2

David:

Navajo has faxed us a proposed Leaseholder notification and wanted to know if this meets our rules:

Let me know!

Thanks!

6/1/99 - OK BY DAVID CATANACH

6/1/99 - CALLA NANCY NIEMAN
SHE WILL SEND LETTER
ASKING FOR WRITER OF SENDING
OUT APPLICATION TO EACH LEASE HOLDER!
JP

OCD WILL ISSUE OP-MOD PUBLIC NOTICE
AFTER C-108 PROCESS!
JP

SUBSURFACE TECHNOLOGY, INC.

(Formerly Envirocorp Services & Technology, Inc.)

Professional Consulting Services

7020 Portwest Drive, Suite 100

Houston, Texas 77024

Telephone: (713) 880-4640
1-800-535-4105

Facsimile: (713) 880-3248
E-mail: jstumbo@subsurfacegroup.com

Environmental

- Compliance Consulting, Auditing and Permitting
- Assessments and Investigations
- Ground Water and Hydrogeology
- Remediation
- Risk Assessments
- Air Quality
- Water Quality
- Solid and Hazardous Materials

Underground Injection

- Permitting, Petitioning and Compliance
- Well and Treatment Facility Design
- Well Installation
- Mechanical Integrity Testing
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- Computer Modeling and Simulation
- Core Flow and Compatibility Studies

Petroleum and Natural Resources

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Specialty Laboratory Services

- Core Studies
- Compatibility and Treatability Studies
- Filterability Tests
- Corrosion Tests
- Formation Damage Evaluation
- Waste Characterization

Special Projects

- Innovative Treatment Technologies
- Well Systems Applications
- Application Research and Development

Date: 5/4/99

Total Pages: 3
(Including Cover Sheet)

Project No. 60A4937

To: Wayne Price

Company: DCD Fax Number: 505 827-8177

From: Nancy Niemann

Original Will Not Follow
 Original Will Follow By: Mail Other

Comments: Draft of letter to leasehold operators within 1 mile of Navajo's Proposed WDW-2.

Is this acceptable notice of the disposal well application?

"The information contained in this transmission is confidential and is intended only for the use of the addressee. Unauthorized use, disclosure or copying is strictly prohibited. Please call (713) 880-4640 if you have received this transmission in error."

LOCATIONS

7020 Portwest Drive, Suite 100
Houston, Texas 77024
Telephone: (713) 880-4640
Facsimile: (713) 880-3248

11800 Industriplex, Suite 15
Baton Rouge, Louisiana 70809
Telephone: (225) 753-2561
Facsimile: (225) 751-5402

3600 McGill Street
South Bend, Indiana 46628
Telephone: (219) 287-2282
Facsimile: (219) 233-0026

May 5, 1999

+ LAND OWNERS

+ Publish local newspaper - Good
Small fee

Leasehold Operators Within One Mile of Navajo's Proposed WDW-2

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1 and Proposed WDW-2 and WDW-3

Dear _____:

On April 27, 1999, the Navajo Refining Company (Navajo) submitted a request to the New Mexico Oil Conservation Division (Oil Conservation Division) to modify their discharge plan (Discharge Plant UIC-CLI-008-1). The purpose of the modification was to revise the location of Navajo's proposed WDW-2 injection well. Discharge Plan UIC-CLI-008-1 was issued originally by the Oil Conservation Division on August 4, 1998, to allow Navajo to construct and operate three effluent disposal wells, WDW-1 and proposed WDW-2 and WDW-3, located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico.

The location of proposed WDW-2 that was approved in Discharge Plan UIC-CLI-008-1 was 2310 feet from the north line and 1500 feet from the west line of Section 6, T18S, R28E. Instead of drilling WDW-2 at this location, Navajo proposes to reenter and convert The Eastland Oil Company's Chukka Federal No. 2 well (formerly operated by Fred Pool Drilling, Inc., originally drilled as the Amoco Production Company Diamond Federal Gas Com. No. 1) to its effluent disposal well WDW-2. The well is located 1980 feet from the north line and 660 feet from the west line of Section 12, T18S, R27E, on federal land. The Chukka Federal No. 2 is an active oil producer, with perforations from 1446 feet to 1462 feet. Originally, a 7-7/8 inch hole was drilled to 10,372 feet and then plugged back to 1912 feet. Surface casing was set at 1995 feet and cemented to the surface with 800 sacks of cement.

Navajo proposes to squeeze cement into the perforations between 1446 feet and 1462 feet, drill out the cement plugs and clean out the existing wellbore to 9200 feet, set 5 1/2-inch casing and cement it to the surface, and perforate the well in the proposed injection zone. The proposed injection zone consists of porous intervals in the lower portion of the Wolfcamp Formation and the Cisco and Canyon Formations between 7270 feet and 8894 feet below the kelly bushing (KB) elevation in proposed WDW-2 and between 7450 feet and 9016 feet below the KB elevation in WDW-1.

Name
Company

May 5, 1999
Page 2

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A copy of Oil Conservation Division Form C-108, "Application for Authorization to Inject," for Navajo's proposed WDW-2 is attached. The attachments to Form C-108 are available for examination at the Oil Conservation Division office at 2040 South Pacheco, Santa Fe, New Mexico 87505, and at the Oil Conservation Division District II office at 811 South First, Artesia, New Mexico 88210.

The contact party for the applicant is:

Mr. Darrell Moore, Environmental Manager of Water and Waste
Navajo Refining Company
P. O. Box 159
Artesia, New Mexico 88210
(505) 748-3311

Interested parties must file objections or requests for hearing with the Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504-2088 within 30 days of receipt of this letter.

Sincerely,

Darrell Moore
Environmental Manager of Water and Waste

NLN/paf
Attachments

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- Corrosion Tests
- Formation Damage Evaluation
- Waste Characterization

Special Projects

- Innovative Treatment Technologies
- Well Systems Applications
- Application Research and Development

Date: 4/29/99

Total Pages: 3
(Including Cover Sheet)

Project No. 70A4955

To: Wayne Price

Company: OCD Fax Number: 505 827-8177

From: Nancy Niemann

Original Will Not Follow
 Original Will Follow By: Mail Other

Comments: BLM approved Application to Reenter Proposed WDW-2

"The information contained in this transmission is confidential and is intended only for the use of the addressee. Unauthorized use, disclosure or copying is strictly prohibited. Please call (713) 880-4640 if you have received this transmission in error."

LOCATIONS

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South Bend, Indiana 46628
Telephone: (219) 287-2282
Facsimile: (219) 233-0026

"Quality People Working For A Quality Environment"

July 1992

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

(Other in sections on reverse side)

FORM NO. 1004-0136 Expires February 28, 1995

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [] DEEPEN [] Reenter
1b. TYPE OF WELL OIL WELL [] GAS WELL [] OTHER [] Class I Waste Disposal Well SINGLE ZONE [] MULTIPLE ZONE [X]

2. NAME OF OPERATOR Navajo Refining Company

3. ADDRESS AND LOCATION Post Office Box 159, Artesia, New Mexico 88211
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
1980' FNL and 660' FNL Unit Letter E
At proposed prod. zone

5. LEASE IDENTIFICATION AND SERIAL NO. NM 6852
6. IF UNLAW, ALLOTMENT OR TRACT RANGE
7. UNIT IDENTIFICATION RANGE
8. SURFACE LEASE IDENT. NO. WDW-2
9. APPROVAL NO. 30-015-20894
10. STATE AND FOOT, OR WILDCAT
11. Wolfcamp-Ciseco-Canyon Injection Zone
12. COUNTY, T. R. N. OR SEC. AND SURVEY OR AREA 12-T18S-R27E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE 11 air miles east-southeast of Artesia

12. COUNTY OR RANGE OR TRACT Eddy NM

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASED AREA, FT. (Also to nearest city, town, etc. if any)

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ADJACENT TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, BUILDING, COMPLETION, OR OTHER FNL OR FNL UNDER FNL

19. PROPOSED DEPTH 9200'

20. METHOD OR CABLE TOOL Rotary

21. SURVEYS (Show whether DP, PL, OR, etc.) 3607' GR, 3623' KB

22. APPROX. DATE WORK WILL BEAT May 1, 1999

PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, WALL THICKNESS, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 11" casing (8-5/8" wall, 32 lb/ft, 1995' depth, 800 ex circulated) and 7-7/8" casing (5-1/2" wall, 17 lb/ft, 9200' depth, Caliper volume + 20% excess).

Proposed reentry of the Eastland Oil Company (originally Fred Pool Drilling, Inc.) Chukka Federal No. 2 (PSTD 1912 feet, September 10, 1985) formerly Amoco Production Company Diamond Federal Gas Com. No. 1 (OTD 10,372 feet, P&A August 31, 1973). The well currently produces oil and gas from perforations from 1446 feet to 1462 feet (Penrose).

Navajo will squeeze the perforations from 1446 feet to 1462 feet, drill out cement plugs and clean out the well to 9200 feet, set 5-1/2 inch casing at 9200 feet and cement to the surface, perforate porous intervals in the Lower Wolfcamp, Ciseco, and Canyon Formations between 7270 feet and 9200 feet, and conduct injectivity tests.

Attached are the Well Location Plat, Drilling Program, and Surface Use Plan.

SUBJECT TO LEASE APPROVAL BY STATE

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS

4 ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposed to be done, give data on present production, proposed production, and proposed well completion. If proposed to be drilled or reentered, give pertinent data on structure location and measured and true vertical depths. Give detailed program, if any.

SIGNED: Duane Moore

TITLE: Engr. Mgr.

DATE: 4/15/99

PERMIT NO. APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to these rights in the subject lease which would entitle the applicant to conduct operations thereon.

APPROVED BY: David R. Glass TITLE: PETROLEUM ENGINEER DATE: APR 27 1999

*See Instructions On Reverse Side

18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Navajo Refining Company Well No. 2 - WDW
Location: 1980' ENL & 660' FWL sec. 12, T. 18 S., R. 27 E.
Lease: NM-6952

I. DRILLING OPERATIONS REQUIREMENTS: [Deepening]

1. The Bureau of Land Management (BLM) is to be notified at (505) 887-6544 in sufficient time for a representative to witness:

A. Cementing casing: 5-1/2 inch

2. Unless the injection casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

II. CASING:

1. Minimum required fill of cement behind the 5-1/2 inch injection casing is sufficient to circulate to the surface.

III. PRESSURE CONTROL:

1. Before drilling into the 100 foot 8-5/8 inch surface casing shoe cement plug at approximately 1912 feet, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be 3000 psi.

3. After drilling into the 100 foot 8-5/8 inch surface casing shoe cement plug at approximately 1912 feet and before drilling into the 100 foot Abo cement plug at approximately 5450 feet, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The results of the test will be reported to the BLM Carlsbad Resource Area office at 620 East Greene Street, Carlsbad, New Mexico 88220-6292.

B. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

C. Testing must be done in a safe workman like manner. Hard line connections shall be required.

Navajo Artesia Refinery Injection Wells- Chronological History

<u>Date:</u>	<u>Significant Events:</u>
Feb 27, 1998	Navajo submits application C-108 for Class II well WDW-1 Re-enter the Mewbourne Oil Company Bluff 31 No. 1 well O-31-17s-28e. Injection Zone Lower Wolfcamp and Cisco and Canyon Formations 6890-9016 feet
April 29, 1998	Navajo Submits Discharge Plan and C-108's for WDW-1,2&3 WDW-2 new well F-6-18s-28e same injection zone as WDW-1 WDW-3 new well D lot 4-6-18s-28e sane injection zone.
May 12, 1998	OCD issues Public Notice
May 21, 1998	OCD approves Injectivity Test WDW-1
July 14, 1998	OCD approves Discharge Plan UIC-CLI-008-1
October 7, 1998	Navajo submits WDW-1 completion report.
April 19, 1999	OCD approves \$95,000 Bond Rider for WDW-1
April 27, 1999	Navajo Submits Revisions to Discharge Plan WDW-2 location was changed to E-12-18s-27e A proposal to re-entry of the Eastland Oil Company (originally Fred Pool Drilling Co.) Chukka Federal No. 2. Navajo submits OCD forms C-101,102 & BLM forms.
July 23, 1999	Navajo Submits WDW-2 Completion report.
August 3, 1999	OCD Issues Public Notice for WDW-2
August 5, 1999	OCD approves lease holder notification.
August 6, 1999	OCD request addition information.
August 10, 1999	Navajo notifies Lease holders of record (Letter to Don Benscoter included).
August 18, 1999	Navajo request minor modification to permit to not drill WDW-3.
August 23, 1999	Don Benscoter files objection to OCD
October 04, 1999	Navajo submits response to OCD's request for additional information.
October 05, 1999	Navajo Submits Proof of Notification of Leasehold Operators and response for information requested by OCD on August 6, 1999.
October 06, 1999	OCD approves Discharge Plan UIC-CLI-008-2 with special ownership provision.
October 25, 1999	Navajo request minor modification to Discharge Plan- Increase injection flow.
November 24, 1999	OCD Approves Discharge Plan Modification request.

Navajo Artesia Refinery Injection Wells- Chronological History

<u>Date:</u>	<u>Significant Events:</u>
Feb 27, 1998	Navajo submits application C-108 for Class II well WDW-1 Re-enter the Mewbourne Oil Company Bluff 31 No. 1 well O-31-17s-28e. Injection Zone Lower Wolfcamp and Cisco and Canyon Formations 6890-9016 feet
April 29, 1998	Navajo Submits Discharge Plan and C-108's for WDW-1,2&3 WDW-2 new well F-6-18s-28e same injection zone as WDW-1 WDW-3 new well D lot 4-6-18s-28e sane injection zone.
May 12, 1998	OCD issues Public Notice
May 21, 1998	OCD approves Injectivity Test WDW-1
July 14, 1998	OCD approves Discharge Plan UIC-CLI-008-1
October 7, 1998	Navajo submits WDW-1 completion report.
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**BEFORE THE OIL CONSERVATION DIVISION
ENERGY & MINERALS DEPARTMENT
STATE OF NEW MEXICO**

**APPLICATION OF NAVAJO REFINING
COMPANY TO MODIFY DISCHARGE PLAN
TO CHANGE LOCATION OF INJECTION
WELL IN EDDY COUNTY, NEW MEXICO**

NO. 12249

MOTION TO DISMISS

NAVAJO REFINING COMPANY ("Navajo") moves to dismiss the protest of Don L. Benscoter to the conversion of the Chukka Federal Well No. 2 (formerly the Amoco Production Co. Diamond Federal Gas Com No. 1), which has now been designated as the Navajo Refining WDW No. 2 ("WDW"), and states as its reasons therefor:

1. That the New Mexico Oil Conservation Division ("OCD") does not have jurisdiction to determine the ownership of the well bore of oil and gas wells in New Mexico.
2. That Section 70-2-12(8), NMSA, 1978, gives the OCD the power to identify the ownership of wells and it has done so as shown by the records of the OCD which identify Navajo as the owner of the subject well. Copies of the applicable ownership documents are attached hereto.
3. That if the protestant, Don L. Benscoter, believes that the ownership of the well bore is different than shown on the attached documents of the OCD and the bill of sale to Navajo, he should question that ownership in a separate proceeding.
4. That Rule 701 of the OCD which governs this application does not require proof of ownership of the well.

5. That Navajo filed application for conversion of the Chukka Federal Well No. 2 and has fully complied with the regulatory requirements of the OCD for conversion of this well to Class 1 disposal well.

6. That this well is needed as a backup well for the WDW No. 1 well which will be expected to take some 13,000 barrels of processed water per day to meet disposal requirements by the Environmental Protection Agency, the New Mexico Environmental Department, and the OCD.

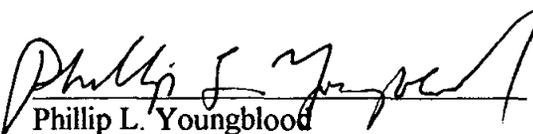
7. That if the WDW No. 1 is unable to take the required amount of water and the WDW No. 2 Well (formerly Chukka Federal) is unavailable for use for this purpose, Navajo will possibly be subjected to massive fines and the quality of the environmental effort will be seriously jeopardized.

8. That Navajo would be irreparably harmed by a delay in the granting of the application in this case.

WHEREFORE, Navajo prays that the protest of Don L. Benscoter be dismissed as a matter of law and that the OCD grant administrative approval of the application of Navajo to operate a Class 1 disposal well at Unit E, Section 12, Township 18 South, Range 27 East, NMPM.

Respectfully submitted,

NAVAJO REFINING COMPANY

By: 
Phillip L. Youngblood

CERTIFICATE OF MAILING

The undersigned hereby certifies that he did mail by federal express a true copy of the foregoing Motion to Dismiss to Don L. Bencoter, 6105 East Sage Drive, Scottsdale, Arizona, 85253, this 21st day of September, 1999.



Joel M. Carson

WELL-BORE ASSIGNMENT

STATE OF NEW MEXICO §
 §
COUNTY OF EDDY §

REFERENCE is made to that certain oil and gas well in Eddy County, New Mexico, known as The Eastland Oil Co. - Chucka Federal # 2 a.k.a the Amoco-Diamond Federal Gas Com. No. 1 (hereinafter the "Subject Well"), located 1980 feet FNL and 660 feet FWL of Section 12, T-18-S, R-27-E, NMPM (hereinafter the "Lands").

For a valuable consideration, the receipt and sufficiency of which is hereby acknowledged, The Eastland Oil Company and Polo Oil and Gas (collectively "Assignor") hereby GRANTS, SELLS, ASSIGNS and CONVEYS unto Navajo Refining Company, whose address is 501 E. Main, Artesia, New Mexico 88210 ("Assignee"), all of Assignor's right, title and interest in and to the Subject Well, subject to the following terms and conditions:

1. Assignee agrees that all operations will be conducted in compliance with any and all laws, regulations and orders of any state or federal governmental authorities having jurisdiction over said operations including, but not limited to, the rules and regulations of the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico, and the Bureau of Land Management. Without limiting the scope of this compliance, Assignee specifically agrees to (i) assume all responsibility and liability for the proper plugging and abandonment of the Subject Well pursuant to the applicable rules and regulations of all governmental agencies having jurisdiction and the applicable statutes and laws of the State of New Mexico, as well as all federal laws and regulations; and (ii) comply with all other rules, regulations, orders and directives of governmental authority having jurisdiction applicable to any part of the Lands - including, but not limited to, any obligation to restore the surface of the Lands to its original condition;
2. ASSIGNOR DOES NOT WARRANT OR REPRESENT, EITHER EXPRESSLY OR BY IMPLICATION, AND HEREBY EXPRESSLY DISCLAIMS THE CONDITION OF ANY WELLS OR EQUIPMENT OR THE QUANTITY, QUALITY OR CONDITION OF ANY MATERIAL AND EQUIPMENT OR ITS FITNESS FOR USE OR THE SUITABILITY FOR USE OF SAME IN WHOLE OR IN PART. ASSIGNOR EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OF ANY PERSONAL PROPERTY OR OF THE FITNESS OF ANY PERSONAL PROPERTY FOR ANY PURPOSE, AND ASSIGNEE AGREES THAT ANY PERSONAL PROPERTY ACQUIRED IS SOLD "AS IS" AND "WHERE IS".
3. ASSIGNEE AGREES TO INDEMNIFY, DEFEND AND HOLD ASSIGNOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, COSTS, EXPENSES INCLUDING, WITHOUT LIMITATION,

George H. Walbert
Holly Petroleum Inc
100 Crescent Ct Ste 1600

RECEPTION
994297

COURT COSTS AND REASONABLE ATTORNEYS' FEES, AND ALL LOSSES AND DAMAGES OF WHATSOEVER KIND AND NATURE THAT ARE ATTRIBUTABLE TO THE SUBJECT WELL OR THE LANDS AS OF AND SUBSEQUENT TO THE EFFECTIVE DATE, AND ASSIGNOR AGREES TO INDEMNIFY, DEFEND AND HOLD ASSIGNEE HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, LIABILITIES, COSTS, EXPENSES INCLUDING, WITHOUT LIMITATION, COURT COSTS AND REASONABLE ATTORNEYS' FEES, AND ALL LOSSES AND DAMAGES OF WHATSOEVER KIND AND NATURE THAT ARE ATTRIBUTABLE TO THE SUBJECT WELL OR THE LANDS PRIOR TO THE EFFECTIVE DATE INCLUDING, WITHOUT LIMITATION, THE FOLLOWING:

- (A) THE OBLIGATIONS ASSUMED BY EACH PARTY ELSEWHERE IN THIS DOCUMENT;
 - (B) DAMAGE TO OR LOSS OF PROPERTY, NATURAL RESOURCES OR PERSONS ARISING OUT OF EACH RESPECTIVE PARTY'S OPERATIONS;
 - (C) ANY CONDITION OF OR UPON THE LANDS; AND
 - (D) ANY INJURY OR DAMAGE OR CONDITION AFFECTING THE ENVIRONMENT.
4. Assignor warrants title by, through and under itself, and not otherwise, and further warrants that no third party has any rights in the Subject Well by virtue of any prior Assignment, Agreement, Encumbrance or otherwise.
 5. Subject to the provisions of Paragraph 2 above, the Subject Well will be delivered to Assignee with its 8-5/8" casing in place in its present condition, and Assignor reserves and retains any and all surface equipment and tubing in the well, which shall be removed within 120 days of execution hereof.
 6. After execution hereof, each of the Parties will execute, acknowledge and deliver to the other such further instruments, and take such other action, as may be reasonably requested in order to more effectively assure to said party all of the respective properties, rights, titles, interests, estates, and privileges intended to be assigned, delivered or inuring to the benefit of such party in consummation of the transactions contemplated hereby including, without limitation, all forms required to be filed with the New Mexico Oil Conservation Division and/or the Bureau of Land Management.

EXECUTED this the 13 day of April, 1999.

THE EASTLAND OIL COMPANY

By: Robert R. Donnelly
Name: ROBERT R. DONNELLY
Title: PRESIDENT

POLO OIL AND GAS COMPANY

N/A
Wife of T. Calder Ezzell Jr., if any,
pro forma

By: T. Calder Ezzell Jr.
Name: T. Calder Ezzell, Jr.
Title: PRESIDENT

"Assignor"

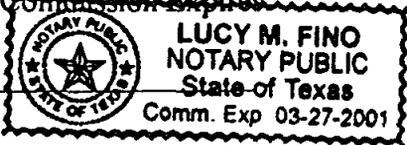
NAVAJO REFINING COMPANY

By: Matthew P. Clifton
Name: Matthew P. Clifton
Title: Senior Vice President

"Assignee"

STATE OF Texas §
COUNTY OF Midland §

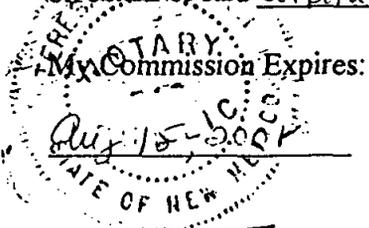
This instrument was acknowledged before me this 15th day of April, 1999 by Robert R. Donnelly, President (title) of THE EASTLAND OIL COMPANY, a Texas corporation, on behalf of said corporation.

My Commission Expires:

LUCY M. FINO
NOTARY PUBLIC
State of Texas
Comm. Exp 03-27-2001

Lucy M. Fino
Notary Public in and for the State of Texas.
Printed Name: Lucy M. Fino

STATE OF New Mexico §
COUNTY OF Chaves §

This instrument was acknowledged before me this 13th day of April, 1999 by T. Calder Ezzell Jr., President (title) of POLO OIL AND GAS Company, a New Mexico Corporation on behalf of said Corporation, joined pro forma by his wife, _____

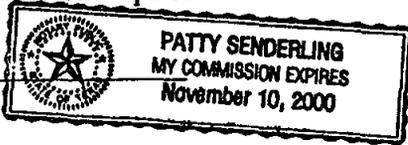


Teresa M. Waugh
Notary Public in and for the State of Texas.
Printed Name: Teresa M. Waugh

STATE OF Texas §
COUNTY OF Dallas §

This instrument was acknowledged before me this 3th day of March, 1999 by Matthew Clifton, S.R.V.P. (title) of NAVAJO REFINING COMPANY, a Delaware corporation, on behalf of said corporation.

My Commission Expires:



Patty Senderling
Notary Public in and for the State of Texas.
Printed Name: Patty Senderling

STATE OF NEW MEXICO } ss
County of Eddy

FILED APR 20 1999 FOR RECORD

at 9:10 o'clock A. M., and was duly recorded in BOOK 349 PAGE 43 of the Records of Eddy County Jean Echevarry, County Clerk

By: [Signature]



UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

(See other instructions
on reverse side)

5. LEASE DESIGNATION AND SERIAL NO.

NM 6852

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

WELL COMPLETION OR RECOMPLETION REPORT AND LOG*

1a. TYPE OF WELL OIL WELL GAS WELL DRY Other Class I Waste Disposal Well

1b. TYPE OF COMPLETION NEW WELL REOPEN PLUG BACK DIFF-GENVR Other Reentry

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.

WDW-2

2. NAME OF OPERATOR Navajo Refining Company

9. API WELL NO.

30-015-20894

3. ADDRESS AND TELEPHONE NO. Post Office Box 199, Artesia, New Mexico 88211

10. FIELD AND POOL OR WILDCAT

L. Wolfcamp-Cisco-Canyon

4. LOCATION OF WELL If surface 1990' ENL and 860' FWL Unit Letter E

11. SEC. T., R., M., OR BLOCK AND SURVEY OR AREA

Section 12, Township 18 South Range 27 East, Unit Letter E

At total depth Same

14. PERMIT NO.

WDW-2

DATE ISSUED

April 27, 1999

12. COUNTY OR PARISH

Eddy

13. STATE

New Mexico

15. DATE SPUNDED

7-18-73

16. DATE T.D. REACHED

8-27-73

17. DATE COMP (Ready to prod.)

6-8-99

18. ELEVATIONS (OF, RKB, RT, GR, ETC.)

3607' GL; 3623' RKB

19. ELEV. CASING HEAD

3609' GL

20. TOTAL DEPTH, MD & TVD

10,372' TVD

21. PLUG, BACK T.D., MD & TVD

8770'

22. IF MULTIPLE COMPL., HOW MANY*

1

23. INTERVALS DRILLED BY

ROTARY TOOLS

All

CABLE TOOLS

--

24. PRODUCING INTERVAL (S), OF THIS COMPLETION - TOP, BOTTOM NAME (MD AND TVD)?

L. Wolfcamp-Cisco-Canyon

25. WAS DIRECTIONAL SURVEY MADE?

Yes

26. TYPE ELECTRIC AND OTHER LOGS RUN Fracture Finder and Caliper Logs, Dual Induction Laterlog, Compensated Neutron, Formation Density

27. WAS WELL CORED?

No

CASING RECORD (Report all strings set in well)

CASING SIZE/GRADE	WEIGHT, LB./FT.	DEPTH SET	HOLE SIZE	TOP OF CEMENT, CEMENTING RECORD	AMOUNT PULLED
13-3/8"	N/A	40'	N/A	Surface	None
8-5/8"	32	1995'	11	Surface, 800 sx ClH	None
5-1/2"	17	8869'	7-7/8"	Surface, 1570 sx ClH and ClC	None

LINER RECORD				TUBING RECORD			
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
					3-1/2"	7528'	7528'

31. PERFORATION RECORD (Interval, size and number)			32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED			
7570'-7620', 7676'-7736', 7826'-7834'	10,000 gallons 15% HCl plus 4600 pounds of rock salt as diverter			
7858'-7880', 7886'-7904', 7916'-7936'				
7944'-7964', 7990'-8042', 8096'-8116'				
8191'-8201', 8304'-8319', 8395'-8399'				
(2 ispf for total of 598 holes)				

DATE FIRST PRODUCTION		PRODUCTION METHOD (Flowing, gas lift, pumping-size and type of pump)				WELL STATUS (Producing or shut-in)	
N/A		N/A				N/A	
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD. FOR TEST PERIOD	GAS-MCF	WATER-BBL	GAS-OIL RATIO	
N/A	N/A	N/A			--	--	
FLOW, TUBING PRESS	CASING PRESSURE	24-HOUR RATE CALCULATED	OIL-BBL	GAS-MCF	WATER-BBL	OIL GRAVITY-API (CORE)	
N/A	N/A					--	

34. DISPOSITION OF (Sold, used for fuel, vented, etc.) N/A

35. LIST OF ATTACHMENTS Deviation Report

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.
SIGNED David Mace TITLE Env. Mgr. DATE 7/19/99

*(See Instructions and Spaces for Additional Data on Reverse Side)

Submit 5 Copies
Appropriate District Office
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

RECEIVED

Form C-104
Revised 1-1-89
See Instructions
at Bottom of Page

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

OCT 18 '90

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

C. C. O.
ARTESIA, OFFICE

REQUEST FOR ALLOWABLE AND AUTHORIZATION
TO TRANSPORT OIL AND NATURAL GAS

Operator THE EASTLAND OIL COMPANY		Well API No. 30-015-20894
Address P. O. DRAWER 3488, MIDLAND, TEXAS 79702		
Reason(s) for Filing (Check proper box) <input type="checkbox"/> Other (Please explain)		
New Well <input type="checkbox"/>	Change in Transporter of:	
Recompletion <input type="checkbox"/>	Oil <input type="checkbox"/>	Dry Gas <input type="checkbox"/>
Change in Operator <input checked="" type="checkbox"/>	Casinghead Gas <input type="checkbox"/>	Condensate <input type="checkbox"/>
EFFECTIVE 09/01/90		
If change of operator give name and address of previous operator FRED POOL DRILLING, INC., P. O. DRAWER 1393, ROSWELL, NM 88201		

II. DESCRIPTION OF WELL AND LEASE

Lease Name CHUKKA FEDERAL	Well No. 2	Pool Name, Including Formation ARTESIA Q-G-SA	Kind of Lease State, Federal None	Lease No. 6852
Location Unit Letter <u>E</u> : <u>1980</u> Feet From The <u>North</u> Line and <u>660</u> Feet From The <u>West</u> Line Section <u>12</u> Township <u>18S</u> Range <u>27E</u> , NMPM, <u>EDDY</u> County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/> NAVAJO CRUDE OIL PURCHASING	Address (Give address to which approved copy of this form is to be sent) BOX 159, ARTESIA, NM 88210			
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/> PHILLIPS PETROLEUM	Address (Give address to which approved copy of this form is to be sent) BARTLESVILLE, OK			
If well produces oil or liquids, give location of tanks.	Unit E	Sec. 12	Twp. 18S	Rge. 27E
Is gas actually connected?	NO		When ?	

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v	Diff Res'v
Date Spudded	Date Compl. Ready to Prod.		Total Depth			P.B.T.D.		
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay			Tubing Depth		
Perforations						Depth Casing Shoe		
TUBING, CASING AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET			SACKS CEMENT		

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)

Date First New Oil Run To Tank	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size <u>posted ID 10-26-90</u>
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.	Gas- MCF <u>Chg OP</u>

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Travis Reed
Signature
TRAVIS REED PRODUCTION SUPERINTENDENT
Printed Name
10/08/90 Date
915/683-6293 Title
Telephone No.

OIL CONSERVATION DIVISION

Date Approved OCT 23 1990
By ORIGINAL SIGNED BY
MIKE WILLIAMS
Title SUPERVISOR, DISTRICT II

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accord with Rule 111.

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

number, transporter, or other such changes.

RECEIVED BY
 SRNTA FE
 SEP 18 1985
 O. C. D.
 AUTHORIZATION TO

NEW MEXICO 87501
 REQUEST FOR ALLOWABLE
 AND
 TRANSPORT OIL AND NATURAL GAS

LAND OFFICE	<input checked="" type="checkbox"/>
TRANSPORTER	<input checked="" type="checkbox"/>
OPERATOR	<input checked="" type="checkbox"/>
PROMOTION OFFICE	<input type="checkbox"/>

Operator
 Fred Pool Drilling, Inc.

Address
 P. O. Box 1393 Roswell, N.M. 88201

Reason(s) for filing (Check proper box)	Other (Please explain)
New Well <input checked="" type="checkbox"/> Re-entry <input type="checkbox"/>	CASINGHEAD GAS MUST NOT BE FLARED AFTER 10-24-85 UNLESS AN EXCEPTION FROM THE B. L. M. IS OBTAINED
Recompletion <input type="checkbox"/>	
Change in Ownership <input type="checkbox"/>	

If change of ownership give name and address of previous owner

I. DESCRIPTION OF WELL AND LEASE

Lease Name Chukka Federal	Well No. 2	Pool Name, including Formation Artesia Oil Pool	Kind of Lease State, Federal or Fee Federal	Lease 6852
Location Unit Letter <u>E</u> : <u>1980</u> Feet From The <u>North</u> Line and <u>660</u> Feet From The <u>West</u>				
Line of Section <u>12-</u> Township <u>18S</u> Range <u>27E</u> , NMPM, Eddy Co				

II. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
Navajo Crude Oil Purchasing	Box 159 Artesia, N.M. 88210
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
Phillips Petroleum	Bartlesville, Okla.
If well produces oil or liquids, give location of tanks.	Unit : Sec. : Twp. : Rge. : Is gas actually connected? : When
E : 12 : 18S : 27E	no

If this production is commingled with that from any other lease or pool, give commingling order number:

COMPLETION DATA

Designate Type of Completion - (X)	Oil Well <input checked="" type="checkbox"/>	Gas Well <input type="checkbox"/>	New Well <input type="checkbox"/>	Workover <input checked="" type="checkbox"/>	Deepen <input type="checkbox"/>	Plug Back <input type="checkbox"/>	Same Hest. <input type="checkbox"/>	Diff. H. <input checked="" type="checkbox"/>
Date Spudded 8-30-85	Date Compl. Ready to Prod. 9-10-85	Total Depth 1912 ft.		P.B.T.D. 1912 ft.				
Elevations (DF, REB, RT, CR, etc.) GR 3607	Name of Producing Formation Penrose	Top Oil/Gas Pay 1446 ft.		Tubing Depth 1804				
Perforations 1446-56 1459-62			Depth Casing Shoe -					

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT
11"	8 7/8"	2000	air
	9 3/8"	1804	

TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or greater than top casing shoe for this depth or be for full 24 hours)

Date First New Oil Run To Tanks 9-12-85	Date of Test 9-12-85	Producing Method (Flow, pump, gas lift, etc.) pumping	
Length of Test 24 hrs.	Tubing Pressure 40#	Casing Pressure 40#	Choke Size none
Actual Prod. During Test 31 bbls	Oil-Bbls. 31	Water-Bbls. 0	Gas-MCF TSTM

GAS WELL

Actual Prod. Test-MCF/D TSTM	Length of Test 24hrs.	Bbls. Condensate/MCF TSTM	Gravity of Condensate -
Testing Method (plug, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size none

CERTIFICATE OF COMPLIANCE

hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Rente Pool
 (Signature)
 Vice President
 (Title)
 9-16-85
 (Date)

OIL CONSERVATION DIVISION
 SEP 24 1985
 APPROVED _____, 19____
 BY Les A. Clements
 Original Signed By
 Supervisor District II
 TITLE _____

This form is to be filed in compliance with RULE 1104.
 If this is a request for allowable for a newly drilled or deep well, this form must be accompanied by a tabulation of the device tests taken on the well in accordance with RULE 111.
 All sections of this form must be filled out completely for all wells on new and recompleted wells.
 Fill out only sections I, II, III, and VI for changes of well name or number, or transporter, or other such change of condition.

b. TYPE OF COMPLETION:

NEW WELL WORK OVER DEEP-EN PLUG BACK DIFF. RESVR. Other _____

5. FARM OR LEASE NAME

Chukka Federal

2. NAME OF OPERATOR

Fred Pool Drilling, Inc. ✓

9. WELL NO.

2

3. ADDRESS OF OPERATOR

P.O. Box 1393 Roswell, N.M. 88201

10. FIELD AND POOL OR WILDCAT

Artesia Oil Pool

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements)*

At surface 1980 FNL660 FWL SW 1/4 NW 1/4 Unit E

11. SEC., T., R., M., OR BLOCK AND SURV OR AREA

Sec. 12-T18S-R27E

At top prod. interval reported below

1446- ft.

At total depth

1912 ft.

14. PERMIT NO.

3001520894

DATE ISSUED

9-30-85

12. COUNTY OR PARISH

Eddy

13. STATE

NM

15. DATE SPUDDED

8-30-85

16. DATE T.D. REACHED

9-6-85

17. DATE COMPL. (Ready to prod.)

9-10-85

18. ELEVATIONS (DP, REB, RT, GR, ETC.)*

3607 GR

19. ELEV. CASINGHEAD

3607 GR

20. TOTAL DEPTH, MD & TVD

1912 ft.

21. PLUG, BACK T.D., MD & TVD

1912 ft

22. IF MULTIPLE COMPL., HOW MANY*

23. INTERVALS DRILLED BY

→

ROTARY TOOLS

X

CABLE TOOLS

24. PRODUCING INTERVAL(S), OF THIS COMPLETION—TOP, BOTTOM, NAME (MD AND TVD)*

1446-1462 ft.

Penrose

25. WAS DIRECTION SURVEY MADE

No

26. TYPE ELECTRIC AND OTHER LOGS RUN

Compensated Neutron

27. WAS WELL CORED

no

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT, LB./FT.	DEPTH SET (MD)	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8	32#	2000	11"	circulated	0

29. LINER RECORD

SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT*	SCREEN (MD)

30. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8	1804 ft.	

31. PERFORATION RECORD (Interval, size and number)

1446-56 ft.
1459-62 ft. 14 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL (MD)	AMOUNT AND KIND OF MATERIAL USED
1446-56	1000 gal. NE 15%, 30,
1459-62	gal. Versagel; 30,000
	20/40 sand; 12,000# 10
	sand.

33.* PRODUCTION

DATE FIRST PRODUCTION	PRODUCTION METHOD (Flowing, gas lift, pumping—size and type of pump)	WELL STATUS (Producing or shut-in)					
9-12-85	Pumping	Producing					
DATE OF TEST	HOURS TESTED	CHOKE SIZE	PROD'N. FOR TEST PERIOD	OIL—BBL.	GAS—MCF.	WATER—BBL.	GAS-OIL RATIO
9-12-85	24	none	→	31	TSTM	0	
FLOW. TUBING PRESS.	CASING PRESSURE	CALCULATED 24-HOUR RATE	OIL—BBL.	GAS—MCF.	WATER—BBL.	OIL GRAVITY-API (CG)	
40#	40#	→	31	TSTM	0	35	

34. DISPOSITION OF GAS (Sold, used for fuel, vented, etc.)

vented

TEST WITNESSED BY

SEP 19 1985 Fred Pool, Jr.

35. LIST OF ATTACHMENTS

Compensated Neutron log, mailed 9-10-85

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records

SIGNED

Fred Pool

TITLE Vice President

DATE 9-13-85

*(See Instructions and Spaces for Additional Data on Reverse Side)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
BUR. OF LAND MGMT.
N.M.S.O. SANTA FE
NM 6852

TRANSFER, ASSIGNMENT, OR SUBLEASE
OF OPERATING RIGHTS IN OIL AND GAS LEASE

NOV 27 1985

PART 1

AM 7,8,9,10,11,12,1,2,3,4,5,6 PM

1. Assignor's Name Fred Pool, Jr. (1958)	T. Calder Ezzell, Jr. (57)
Address P. O. Box 1393 Roswell, NM 88201	P. O. Box 10 Roswell, NM 88201

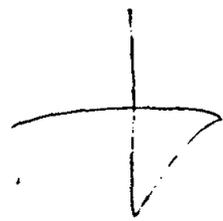
The undersigned, as owner of 100 percent of operating rights in the above-mentioned oil and gas lease, hereby transfers, assigns, and/or subleases to the assignee shown above, the operating rights in such lease as transferred herein.

2. Describe the lands affected by this transfer, assignment, and/or sublease (43 CFR 31.112-1 or 3101.1-4).

Township 18 South, Range 27 East

Section 12: SW1/4NW4, limited however, to a subsurface depth of 2012 feet.

APPROVAL DOES NOT WARRANT THAT
EITHER PARTY TO THIS TRANSFER HOLDS
LEGAL OR EQUITABLE TITLE TO THIS
LEASE.



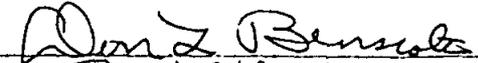
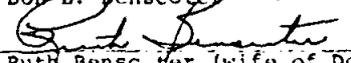
3. Specify interest or percent of operating rights being conveyed to assignee	100%
4. Specify interest or percent of operating rights being retained by assignor	None
5. Specify overriding royalty interest being reserved by assignor	12 1/2%
6. Specify overriding royalty previously reserved or conveyed, if any	None

7. If any payments out of production have previously been created out of this interest, or if any such payments are being reserved under this transfer, assignment, or sublease, attach statement giving full details as to amount, method of payment, and other pertinent terms as provided under 43 CFR 3106.

It is agreed that the obligation to pay any overriding royalties or payments out of production of oil created hereunder, which, when added to overriding royalties or payments out of production previously created and to the royalty payable to the United States, aggregate in excess of 17 1/2 percent, shall be suspended when the average production of oil per well per day, averaged on the monthly basis is 15 barrels or less.

I CERTIFY That the statements made herein are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

Executed this 15th day of October, 1985

 Don L. Bencotter (Signature)	610 East Sage Drive (Assignor's Address)
 Ruth Bencotter (wife of Don L. Bencotter)	Scottsdale, Arizona 85253 (City) (State) (Zip Code)

Title 18 U.S.C., Section 1001, makes it a crime for any person knowingly and maliciously to make to any department or agency of the United States any false, fictitious, fraudulent statements or representations, or to any officer within its jurisdiction.

THE UNITED STATES OF AMERICA

Assignment Approved Effective DEC 1 1985 by Isl Alice S. Roybal
(Authorized Officer)

FOR Chief, Lands and Oil and Gas Unit SEP 19 1986
(Title) (Date)

in accordance with provisions of 43 CFR 3106.

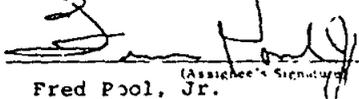


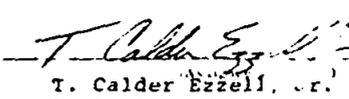
PART II

ASSIGNEE'S APPLICATION FOR APPROVAL OF TRANSFER OF OPERATING RIGHTS AND/OR OPERATING AGREEMENTS (LEASES)

- A. ASSIGNEE CERTIFIES THAT the assignee and all other parties in interest as defined in 43 CFR 3101.1-2(a) in this assignment are:
1. Citizens of the United States or qualified alien stockholders in a domestic corporation, association of the United States, or any State or Territory thereof, or municipalities.
 2. Of the age of majority in the State where the lands to be assigned are located.
 3. In compliance with the acreage limitation set forth in 43 CFR 3101.1-3 and 3101.2-4.
- B. ASSIGNER AGREES That, upon approval of this transfer of operating rights and/or operating agreement (as shown by the authorized officer of the Bureau of Land Management, he will be bound by the terms and conditions of the lease described herein as to the interests covered by this assignment, including, but not limited to, the obligation to conduct all operations on the leasehold in accordance with the terms and conditions of the lease, to condition all wells for proper abandonment, to restore the leased lands upon completion of any drilling operations as prescribed in the lease, and to furnish and maintain such bond as may be required by the lessor pursuant to the regulations (43 CFR 3101.2).
- C. IT IS HEREBY CERTIFIED That the statements made herein are true, complete, and correct to the best of undersigned's knowledge and belief and are made in good faith.

Executed this 18th day of October, 1985.


 (Assignee's Signature)
 Fred Pool, Jr.
 P. O. Box 1393
 Roswell, New Mexico 88201


 T. Calder Ezzell, Jr.
 P. O. Box 10
 Roswell, New Mexico 88201

(City) (State) (Zip Code)

Title 18 U.S.C., Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

INSTRUCTIONS

- | | |
|---|--|
| <p>1. USE OF FORM - Use only for Assignment of operating rights (including workover interests) in oil and gas leases. If transfer of operating rights is accompanied by an operating agreement, a single copy of such agreement must be submitted with the assignment. If more than one transfer of operating rights is made out of a lease, a separate instrument of transfer is required for each assignment. A separate instrument of assignment shall be used for each lease out of which an assignment is made.</p> <p>2. FILING AND NUMBER OF COPIES - File three (3) completed</p> | <p>and manually signed copies in the appropriate BLM office. A \$25.00 non-refundable filing fee must accompany this assignment. File assignment within ninety (90) days after date of final execution.</p> <p>3. EFFECTIVE DATE OF ASSIGNMENT - The assignment, if approved, takes effect on the first day of the month following the date of filing of all required papers. If an operator's bond is required, it must be furnished prior to approval of the assignment.</p> |
|---|--|

NOTICE

The Privacy Act of 1974 and the regulations in 43 CFR 2.1010 provide that you be furnished the following information in connection with information required by this assignment and request for approval.

AUTHORITY: 36 U.S.C. et. seq.

PRINCIPAL PURPOSE - The information is to be used to process the assignment and request for approval.

ROUTINE USES:

- (1) The application of the assignee's rights to the land or resources.
- (2) Documentation for public information in support of notations made on land status records for the management, disposal, and use of public lands and resources.
- (3) Transfer to appropriate Federal agencies when concurrence is required prior to granting a right in public lands or resources.
- (4-5) Information from the record and/or this record will be transferred to appropriate Federal, State, local or foreign agencies, when relevant to civil, criminal or regulatory investigations or prosecutions.

EFFECT OF NOT PROVIDING INFORMATION - If all the information is not provided, the assignment may be rejected.

The Paperwork Reduction Act of 1980 (44 U.S.C. 3501 et seq.) requires that information that this information is being collected pursuant to the law (43 CFR 3101.1-3). This information will be used to create a record of lease assignment. Response to this request is required to obtain a benefit.



SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT—" for such proposals.)

RECEIVED

1. OIL WELL GAS WELL OTHER **DRY HOLE**

2. NAME OF OPERATOR **Amoco Production Company** ✓ SEP - 6 1974

3. ADDRESS OF OPERATOR **BOX 68, HOBBS, N. M. 88240** O. C. C.

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements. See also space 17 below.)
At surface
1980' FNLY 660' FWL Sec. 12 (UNIT E, SE 1/4 NW 1/4)

7. UNIT AGREEMENT NAME **DIAMOND FED. GAS CO**

8. FARM OR LEASE NAME

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT **SCOGGIN DRAW-MORR**

11. SEC. T. R., M., OR BLK. AND SURVEY OR AREA
12-18-27 NMI

12. COUNTY OR PARISH **EDDY** 13. STATE **NM**

14. PERMIT NO. 15. ELEVATIONS (Show whether DF, HT, OR, etc.)
3623' R.D. B.

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data.

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETS <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input checked="" type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input type="checkbox"/>	

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting a proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

*Physical abandonment of well concluded 8-31-73.
Plugged and abandoned as follows:*

Sx CEMENT	INTERVAL	LENGTH	FORMATION
45	9775 - 9765	100'	MORR
50	7535 - 7435	100'	CIACO
40	5556 - 5456	100'	ABO
50	3720 - 3620	100'	YESO
40	2045 - 1945	878' CSA	1995' - EUC
10	Surface: erected P x A marker.		

*all intervals filled w/ mud.
Location to be cleaned & leveled.*

RECEIVED
SEP - 5 1973
U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
ALBUQUERQUE, N.M.

18. I hereby certify that the foregoing is true and correct

SIGNED *Ray R. Yorkum* TITLE ADMINISTRATIVE ASSISTANT DATE SEP 5 1973

(This space for Federal or State office use)

APPROVED BY *[Signature]* TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:
SEP 6 1974
H. L. BEEKMAN
ACTING DISTRICT ENGINEER

- 04 4- USGS ALET
- 1- DIV
- 1- SUSP
- 1- RRJ
- 1- ARGO

*See Instructions on Reverse Side



PETROLEUM, INC.

100 Crescent Court
Suite 1600
Dallas, Texas 75201-6927

Phone: (214) 871-3555
Telecopy: (214) 871-3560

Executive Offices

March 10, 1999

Mr. Paul Haden
Mewbourne Oil Company
500 West Texas, Ste. 1020
Midland TX 79701

Re: Permission to Inject Wastewater into the Wolfcamp, Cisco and Canyon Zones
SW NW Section 12 - T18S - R27E
Eddy County, New Mexico

Gentlemen:

Holly Petroleum, Inc. (Holly) is in the process of acquiring the shallow wellbore (surface to 2,012') of the Chucka Federal No. 2 well which was originally drilled as the Amoco Diamond Federal Gas Comm No. 1, a dry Morrow test.

Our records indicate that Mewbourne Oil Company (Mewbourne) et al, does not own this wellbore but they do own the oil and gas leases from the base Abo (6,250') to 100' below the base of the Morrow. Holly or its designee would like to dispose of waste water into the lower Wolfcamp, Cisco and Canyon formations between the intervals 7,500 to 8,300 feet in the Diamond Federal Gas Comm No. 1 wellbore. Prior to any injection, Holly would permit the BLM and the New Mexico OCD and be in compliance with the various regulations. Part of the OCD permit process is to notify you and other interested parties of the project and give you a chance to object. We respectfully request Mewbourne's permission to dispose of wastewater in the above interval.

Enclosed is a copy of the Completion report for the Diamond Federal Gas Comm No. 1 well. Also enclosed is a lease take-off from the BLM files in Santa Fe indicating that Mewbourne shares their interests with Curtis W. Mewbourne and Summit Exploration, LLC. Please verify that Mewbourne controls 100 percent of these interests - either by ownership or operatorship.

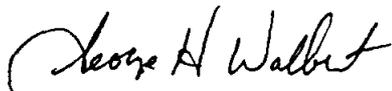
Mr. Paul Haden

Page 2

March 10, 1999

Please let me know at your earliest convenience whether or not you plan to object to the formal notice of our project. Thank you for your consideration.

Yours very truly,

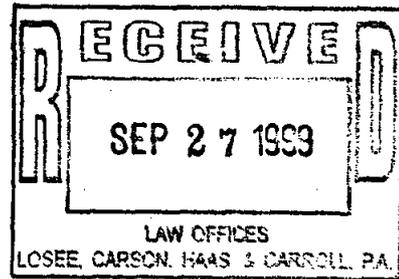
A handwritten signature in cursive script that reads "George H. Walbert".

George H. Walbert
Vice President

GHW/tr

Enclosures

Don L. Benscoter
6105 East Sage Drive
Scottsdale, Arizona 85253



September 24, 1999

Mr. Joel M. Carson, Esq.
Losee, Carson, Haas & Carroll, P.A.
311 West Quay Avenue
P.O. Box 1720
Artesia, New Mexico 88211-1720

Re: Your letter of September 21, 1999 with reference to
Application of Navajo Refining Company, OCD No. 12249

Dear Mr. Carson:

I am pleased to respond to your above referenced letter with the following information. It is apparent from the documents that you provided accompanying your letter, that without New Mexico Oil Conservation Division approval, your client reentered and completed this well bore as a disposal well.

I acquired this total lease, number NM 6852, from Jack Diamond and Amoco Production Company and certainly believe that control of any plugged well bores are part of the oil and gas lease.

I assigned only the upper elevations, subsurface depth of 2,012 feet, for several acres containing the Amoco Production Co. Diamond Federal Gas Com. No.1 to Fred Pool, Jr. and T. Calder Ezzell, Jr. who subsequently sold this assignment to the Eastland Oil Company. I retained an overriding royalty interest.

I also assigned from the base of the Abo formation to 100 feet below the base of the Morrow to Mewbourne Oil Company for the purpose of their drilling a prospective Gas Well which they subsequently plugged and abandoned. I retained an overriding royalty interest.

Your client, Navajo Refining Company and their agent Holly Petroleum, Inc., must have believed that I owned this well bore or they would not have requested and acquired rights to certain sections of it from my assignees (only the upper 2,012 feet and the section of 6,250 feet to 100 feet below the Morrow). I was never contacted by your client or any of his agents to request an acquisition of my rights to this well bore.

Page 2 of 2
Joel M. Carson letter

I have a recollection that your law firm has represented me and some of my earlier associates in this lease in the past. Please review your files.

I do not appreciate your threat to me and my children's trust contained in your letter. I am only using my best efforts to protect my rights.

Sincerely,

A handwritten signature in cursive script that reads "Don L. Bencoter". The signature is written in black ink and is positioned below the word "Sincerely,".

Don L. Bencoter

cc: Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

MODE = MEMORY TRANSMISSION

START=SEP-27 14:09

END=SEP-27 14:12

FILE NO. = 058

STN NO.	COM	ABBR NO.	STATION NAME/TEL.NO.	PAGES	DURATION
001	OK	2	7489077	003/003	00:01'07"
002	OK	2	7466155	003/003	00:01'08"

-LOSEE CARSON ATTY -

***** -ARTESIA - ***** - 15057466316- *****

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 W. Quay
P. O. Box 1720
Artesia, New Mexico 88210
(505)746-3505
Fax: (505)746-6316

FAX COVER SHEET

FAX NUMBER TRANSMITTED TO: ()

To: Phil Youngblood - Matt Clifton

Of: _____

From: Joel Carson

Client/Matter: _____

Date: 9/27/99

DOCUMENTS	NUMBER OF PAGES
<u>Bencoter Ltr.</u>	<u>2</u>

COMMENTS:

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* IF YOU DO NOT RECEIVE ALL PAGES, PLEASE TELEPHONE US IMMEDIATELY AT (505)746-3505.

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 W. Quay
P. O. Box 1720
Artesia, New Mexico 88210
(505)746-3505
Fax: (505)746-6316

FAX COVER SHEET

FAX NUMBER TRANSMITTED TO: ()

To: Phil Youngblood - Matt Clifton

Of: _____

From: Joel Carson

Client/Matter: _____

Date: 9/27/99

DOCUMENTS	NUMBER OF PAGES
<u>Benacotes Ltr.</u>	<u>2</u>

COMMENTS:

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MODE = MEMORY TRANSMISSION

START=SEP-27 13:52

END=SEP-27 13:55

FILE NO. = 056

STN NO.	COM	ABBR NO.	STATION NAME/TEL. NO.	PAGES	DURATION
001	OK		12148713560	003/003	00:01'17"
002	OK		12148713560	003/003	00:01'17"

-LOSEE CARSON ATTY -

***** -ARTESIA - ***** - 15057466316- *****

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 W. Quay
P. O. Box 1720
Artesia, New Mexico 88210
(505)746-3505
Fax: (505)746-6316

FAX COVER SHEET

FAX NUMBER TRANSMITTED TO: ()

To: John Slaney - George Walbert

Of: _____

From: Paul Carson

Client/Matter: _____

Date: 9/27/99

DOCUMENTS	NUMBER OF PAGES
<u>Benacotes ltr</u>	<u>2</u>

COMMENTS:

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* IF YOU DO NOT RECEIVE ALL PAGES, PLEASE TELEPHONE US IMMEDIATELY AT (505)746-3505.

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 W. Quay
P. O. Box 1720
Artesia, New Mexico 88210
(505)746-3505
Fax: (505)746-6316

FAX COVER SHEET

FAX NUMBER TRANSMITTED TO: () _____

To: John Slaney - George Walbert

Of: _____

From: Jed Carson

Client/Matter: _____

Date: 9/27/99

DOCUMENTS	NUMBER OF PAGES
<u>Benacotes A/R</u>	<u>2</u>

COMMENTS:

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* IF YOU DO NOT RECEIVE ALL PAGES, PLEASE TELEPHONE US IMMEDIATELY AT (505)746-3505.

MODE = MEMORY TRANSMISSION

START=SEP-27 14:31

END=SEP-27 14:33

FILE NO. = 060

STN NO.	COM	ABBR NO.	STATION NAME/TEL. NO.	PAGES	DURATION
001	OK		19156923159	003/003	00:01'09"

-LOSEE CARSON ATTY -

***** -ARTESIA - ***** 15057466316- *****

LOSEE, CARSON, HAAS & CARROLL, P. A.

311 W. Quay
P. O. Box 1720
Artesia, New Mexico 88210
(505)746-3505
Fax: (505)746-6316

FAX COVER SHEET

FAX NUMBER TRANSMITTED TO: () _____

To: Rudy Noemelle

Of: _____

From: Jed Carson

Client/Matter: _____

Date: 9/27/99

DOCUMENTS	NUMBER OF PAGES
<u>Bensoter Str.</u>	<u>2</u>

COMMENTS:

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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 9, 1999

To: Florene Davidson

From: Wayne Price *Wayne Price*

Re: Navajo Refining Company

Subject: Modification of Discharge Plan Application UIC-CLI-008 Protest

Please find enclosed the original copy of the modification from Navajo. Please make me a copy of the protest letter for the Navajo file and let me know the case number.

Thanks!

Original Documents Filed With OCD
Case # _____
Hearing set for Oct 07, 1999.

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

April 27, 1999

COPY

Mr. Wayne Price
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Original Documents Filed With OCD
Case #
Hearing set for OCT 07, 1999.

RE: Modification to Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's WDW-1 and Proposed WDW-2 and WDW-3

Dear Mr. Price:

Navajo Refining Company (Navajo) requests that the New Mexico Oil Conservation Division (OCD) issue a modification to Discharge Plan UIC-CLI-008-1 to include the revised location of proposed Waste Disposal Well No. 2 (WDW-2). Discharge Plan UIC-CLI-008-1 was issued by the OCD on July 14, 1999, and modified on August 4, 1999, to allow Navajo to construct and operate three effluent disposal wells, Waste Disposal Well No. 1 (WDW-1) and proposed WDW-2 and Waste Disposal Well No. 3 (WDW-3), located approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico. The waste stream proposed for disposal is exempt and nonexempt nonhazardous oilfield waste that is generated exclusively by Navajo at its refinery in Artesia. The waste water will be transported to the injection wellsites by a proposed pipeline system.

Navajo proposes to convert a producing well, The Eastland Oil Company's Chukka Federal No. 2 well (formerly Fred Pool Drilling, Inc., originally Amoco Production Company Diamond Federal Gas Com. No. 1), to its effluent disposal well WDW-2. The well is on federal land. On April 14, 1999, Navajo submitted to the Bureau of Land Management (BLM) an Application for Permit to Drill (BLM Form 3160-3) for permission to reenter, recomplete, and test the well. Three (3) copies of this application were hand-delivered to the OCD District II office in Artesia on April 16, 1999. Also, as you requested on April 20, 1999, Navajo submitted to the OCD Form C-101 for permission to begin reentry, recompletion, and testing operations on proposed WDW-2. Permission from the OCD and the BLM for this work is pending.

Mr. Wayne Price
New Mexico Oil Conservation Division

April 27, 1999
Page 2

Transmitted with this letter is the information required by the OCD to modify Discharge Plan UIC-CLI-008-1 to include the new location of Navajo's proposed WDW-2. The information is in the form of replacement pages to be inserted into the document, "Discharge Plan Application and Application for Authorization to Inject," that Navajo submitted to the OCD on May 1, 1998. The changes to the document are summarized in Attachment A. Instructions for updating the document are detailed in Attachment B. The information supporting this permit modification request was prepared for Navajo by Subsurface Technology, Inc. (Subsurface), formerly Envirocorp Services & Technology, Inc.

Navajo constructed WDW-1 in July and August 1998. No waste waters have been injected into WDW-1, pending construction of the proposed pipeline that will carry the waste waters to the injection wells. Information obtained from WDW-1 is being supplied in this permit modification request to update the discharge plan application.

Navajo also proposes to drill one new well, proposed WDW-3. No changes to proposed WDW-3 are being requested at this time.

The names and addresses of the leasehold operators of the active nonfreshwater wells within one mile of proposed WDW-2 are provided in Attachment C. The names and addresses of the leasehold operators were obtained from the Form C-104 (Request for Allowable and Authorization) that is on file with the OCD for each active well. Also included are the names and addresses of mineral owners at the location of proposed WDW-2 and the locations of the BLM offices that should receive notification of the permit modification request.

Please do not hesitate to contact me at (505) 748-3311 or Nancy Niemann of Subsurface at (713) 880-4640 if you have any questions.

Sincerely,



Darrell Moore
Environmental Manager of Water and Waste

NLN/paf
Attachments

378\price ltr.doc

COPY

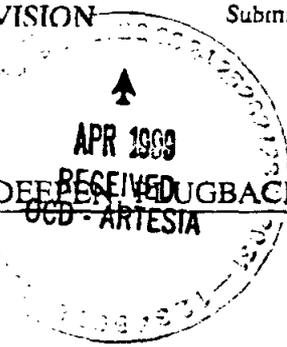
District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 W. Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-101
Revised March 12, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies



AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUG BACK, OR ADD A ZONE

Operator Name and Address: Navajo Refining Company Post Office Box 159 Artesia, New Mexico 88211		OCKID Number
		API Number 30-015-20894
Property Code	Property Name WDW-1	Well No.

Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Proposed Pool 1 Lower Wolfcamp-Cisco-Canyon Injection Zone					Proposed Pool 2				

Work Type Code E-Reentry	Well Type Code Class I Injection	Cable/Rotary R	Lease Type Code Federal	Ground Level Elevation 3607' GR, 3623' KB
Multiple No	Proposed Depth 9200'	Formation Strawn	Contractor	Spud Date 5/15/99

Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	32 lb/ft	1995 feet	800	Surface
7-7/8"	5-1/2"	17 lb/ft	9200 feet	Caliper vol. +20%	Surface

Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Proposed Reentry of The Eastland Oil Company (originally Fred Pool Drilling, Inc.) Chukka Federal No. 2 (PBD 1912 feet, September 10, 1985) formerly Amoco Production Company Diamond Federal Gas Com. No. 1 (OTD 10,372 feet, P&A August 31, 1973). The well currently produces oil and gas from perforations from 1446 feet to 1462 feet (Penrose.)

Navajo will squeeze the perforations from 1446 feet to 1462 feet, drill out cement plugs, and clean out the well to 9200 feet, set 5-1/2 inch casing at 9200 feet and cement to the surface, perforate porous intervals in the Lower Wolfcamp, Cisco, and Canyon Formations between 7270 feet and 9200 feet, and conducted injectivity tests.

Attached are the Well Location Plat and Drilling Program.

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

Signature: *Darrell Moore*
Printed name: Darrell Moore
Title: Env. Mgr. for Water + Waste
Date: 4/21/99
Phone: 505-748-3311

OIL CONSERVATION DIVISION

Approved by: *Jimmy W. Beem, B6X*
Title: District Supervisor
Approval Date: 5-3-99
Expiration Date: 5-3-00
Conditions of Approval:
Attached

COPY

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

District II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20894		⁴ Pool Code		⁷ Pool Name Lower Wolfcamp-Cisco-Canyon Injection Zone	
⁶ Property Code		⁵ Property Name WDW-2			⁸ Well Number
⁹ OGRID No.		³ Operator Name Navajo Refining Company			² Elevation 3607' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹⁴ Dedicated Acres	¹² Joint or Infill	¹³ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>	
				<p>Signature <i>Darrell Moore</i></p> <p>Printed Name Darrell Moore</p> <p>Title Env. Mgr. for Water & Waste</p> <p>Date 4/21/99</p>	
<p style="font-size: 48pt; text-align: center;">COPY</p>			<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>		
			<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Well is active. Location was not re-surveyed by Navajo.</p> <p>Certificate Number</p>		

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

April 21, 1999

Mr. Wayne Price
NM Oil Conservation Division
Environmental Bureau
2040 S. Pacheco
Santa Fe, NM 87505

APR 22 1999

RE: Application for Second Waste Disposal Well, Navajo Refining Co.

Dear Wayne,

Enclosed, please find 3 copies of our BLM application to re-enter the Eastland Oil Co. Chukka Federal No. 2 well in Section 12, Township 18 South, Range 27 East. I have also included 3 copies of OCD form C-101, C-102, and various support documents.

We have mailed copies to the BLM in Roswell and I have personally hand delivered copies to Mr. Tim Gumm in OCD's Artesia office. If you have any questions concerning this submission, please call me at 505-748-3311. Thank you for your time in this matter.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

Encl.

COPY

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

5. LEASE DESIGNATION AND SERIAL NO.
NM 6852

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO.
WDW-2

9. AN WELL NO.
30-015-20894

10. FIELD AND POOL, OR WILDCAT
L. Wolfcamp-Cisco-Canyon
Injection Zone

11. SEC., T., R., N., OR S.E.C.
AND SURVEY OR AREA
12-T18S-R27E

12. COUNTY OR PARISH
Eddy

13. STATE
NM

17. NO. OF ACRES ASSIGNED TO THIS WELL

20. ROTARY OR CABLE TOOLS
Rotary

22. APPROX. DATE WORK WILL START
May 1, 1999

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN Reenter

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER Class I Waste Disposal Well SINGLE ZONE MULTIPLE ZONE

2. NAME OF OPERATOR
Navajo Refining Company

3. ADDRESS AND TELEPHONE NO.
Post Office Box 159, Artesia, New Mexico 88211

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)
 At surface: 1980' FNL and 660' FWL Unit Letter E
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
11 air miles east-southeast of Artesia

16. NO. OF ACRES IN LEASE

17. NO. OF ACRES ASSIGNED TO THIS WELL

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)

19. PROPOSED DEPTH
9200'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
3607' GR, 3623' KB

22. APPROX. DATE WORK WILL START
May 1, 1999

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
11"	8-5/8"	32 lb/ft	1995'	800 sx circulated
7-7/8"	5-1/2"	17 lb/ft	9200'	Caliper volume + 20% excess

Proposed reentry of the Eastland Oil Company (originally Fred Pool Drilling, Inc.) Chukka Federal No. 2 (PBDT 1912 feet, September 10, 1985) formerly Amoco Production Company Diamond Federal Gas Com. No. 1 (OTD 10,372 feet, P&A August 31, 1973). The well currently produces oil and gas from perforations from 1446 feet to 1462 feet (Penrose).

Navajo will squeeze the perforations from 1446 feet to 1462 feet, drill out cement plugs and clean out the well to 9200 feet, set 5-1/2 inch casing at 9200 feet and cement to the surface, perforate porous intervals in the Lower Wolfcamp, Cisco, and Canyon Formations between 7270 feet and 9200 feet, and conduct injectivity tests.

Attached are the Well Location Plat, Drilling Program, and Surface Use Plan.

↑ ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zones and proposed new productive zones. If proposal is to drill or open directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

SIGNED David Moore TITLE Env. Mgr. DATE 4/15/99

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:

COPY

APPROVED BY _____ TITLE _____ DATE _____

*See Instructions On Reverse Side

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe. NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20894		² Pool Code	³ Pool Name Lower Wolfcamp-Cisco-Canyon Injection Zone
⁴ Property Code	⁵ Property Name WDW-2		⁶ Well Number
⁷ OGRID No.	⁸ Operator Name Navajo Refining Company		⁹ Elevation 3607' GR

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
-------------------------------	-------------------------------	----------------------------------	-------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	COPY			¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>
				Signature <i>Darrell Moore</i>
				Printed Name Darrell Moore
				Title Env. Mgr.
				Date 4/15/99
				¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i>
				Date of Survey
				Signature and Seal of Professional Surveyor:
				Well is active. Location was not re-surveyed by Navajo.
				Certificate Number

DRILLING PROGRAM

FOR NAVAJO REFINING COMPANY'S PROPOSED WDW-2 1980' FNL, 660' FWL of 12-T18S-R27E Eddy County, New Mexico

1. Obtain all permits and approvals for the reentry, testing and completion of a currently existing well. Construct the lined reserve pits, dig out the cellar, and install a mousehole and rathole.
2. Move in and rig up a workover unit. Remove the pumping equipment and pull the tubing out of the well after tagging the plugged-back total depth (PBSD).
3. Squeeze the perforations from 1446 feet to 1462 feet with 100 sacks of Class "H" cement. Allow the cement to cure.
4. Drill out the cement to PBSD, circulate the well clean, and pressure test the squeezed perforations at 500 psig for 30 minutes.

Drilling Fluid

- a. Freshwater-based gel chemical fluid.
 - b. Density range: 8.6 ppg to 9.5 ppg. Requirement for weighting material is not anticipated.
 - c. Viscosity range: 35 sec/qt to 45 sec/qt.
 - d. Pit volumes to be monitored visually.
5. Conduct a CBL/VDL survey from 1912 feet to the surface. Submit the results of the pressure test and CBL/VDL survey to the OCD and the BLM for their review and approval prior to mobilizing the drilling rig.
 6. After receiving approval from the OCD and the BLM to continue the reentry, prepare the location for the selected drilling rig.
 7. Move in and rig up the rotary drilling rig and install the blowout preventers (BOPs).

COPY

Subsurface Technology, Inc.

BOP Minimum Requirements

- a. 11-inch, 3000-psi working pressure double-hydraulic BOP.
- b. 11-inch, 3000-psi working pressure annular BOP.
- c. 3-inch, 3000-psi working pressure manual choke manifold.

A schematic of the BOP stack is included as Exhibit A.

8. Drill out the following cement plugs and conduct deviation surveys every 1000 feet or on trips:
 - a. 1912 feet to 2045 feet, 40 sacks
 - b. 3620 feet to 3720 feet, 50 sacks
 - c. 5456 feet to 5556 feet, 40 sacks
 - d. 7435 feet to 7535 feet, 50 sacks

Estimated Tops of Geologic Formations

San Andres	2005'	Lower Wolfcamp	7270'
Yeso	4210'	Cisco	7645'
Abo	5506'	Canyon	8390'
Wolfcamp	6728'	Strawn	8894'

No fresh water or hydrocarbons are expected to be encountered.

Expected Bottom-Hole Pressure and Hazards

The expected bottom-hole pressure is 3500 psia at the total depth of 9200 feet. The bottom-hole pressure was determined from the pressure measured in Navajo's WDW-1, or 2928 psia, at 7924 feet. Navajo's WDW-1 is completed in the same interval proposed for WDW-2 and is located 11,000 feet northeast of WDW-2 in 31-T17S-R28E. The average specific gravity of the fluid between 7924 feet and 9200 feet is expected to be 1.034, which is the specific gravity of the fluid swabbed from the interval between 8220 feet and 8476 feet in WDW-1. The expected bottom-hole pressure at 9200 feet in proposed WDW-2 is calculated below:

$$\begin{aligned}\text{BHP (9200 feet)} &= 2928 \text{ psia} + (9200 \text{ feet} - 7924 \text{ feet}) \times 0.433 \text{ psi/ft} \times 1.034 \\ &= 3500 \text{ psia}\end{aligned}$$

COPY

Subsurface Technology, Inc.

No abnormal pressures or temperatures or other hazards are expected while drilling or testing the well. Hydrogen sulfide monitoring equipment will be set up prior to swabbing operations.

9. Clean the well out to a depth of 9200 feet and circulate and condition the hole for logging. Make a wiper trip to the base of the 8-5/8 inch surface casing while strapping the drillpipe.
10. Conduct a formation microimager (FMI) survey with gamma ray from the well's total depth to 4000 feet. Continue the four-arm caliper survey to the 8-5/8 inch casing shoe. Process the FMI for fracture identification over the lower 200 feet of the confining zone and zones of interest in the injection zone, if warranted.
11. Spot a gelled pill at 9200 feet and lay down the drillpipe.
12. Run the 5-1/2 inch, 17-lb/ft, J-55, LT&C casing with a packoff shoe and float collar to 9200 feet. Install a "DV" tool at approximately 5800 feet. Run centralizers at approximately 120-foot intervals.
13. Cement the 5-1/2 inch casing in place. Use a minimum of 20% excess cement as calculated from the caliper log. Circulate cement to the surface and allow to cure.

Cement Program

- a. Stage 1 Cement (total depth to 5800 feet): Lightweight Class H with fly ash, gel, friction reducer, and salt mixed with fresh water.
 - b. Stage 2 Lead Cement (5200 feet to the surface): Lightweight Class C with gel and bridging agents mixed with fresh water.
 - c. Stage 2 Tail Cement (5800 feet to 5200 feet): Class C mixed with fresh water.
14. Clean out the mud pits and release the drilling rig 12 hours after cementing the 5-1/2 inch casing in place.
 15. Stabilize the 5-1/2 inch casing at the surface using ready-mix cement.

16. Move in and rig up the completion rig pump, tank, power swivel, and work string. Install the blowout preventer.
17. Run in the well with a 4-3/4 inch bit to the "DV" tool and test the casing to 1500 psig for 30 minutes.
18. Drill out the "DV" tool and clean out the wellbore to the float collar. Test the casing to 1500 psig for 30 minutes. Circulate the wellbore with clean brine, preceded by 15% HCL to clean the casing. Trip the work string out of the well.
19. Conduct the casing inspection, CBL/VDL, and differential temperature surveys.
20. Perforate the selected injection interval as determined from the open hole logs. Depending on the height of the perforated interval, the interval may be perforated in two stages, as Zone Nos. 1 and 2.
21. Run in the well with a packer and tailpipe. Set the packer above the top perforation and swab test the perforated interval. Recover at minimum two tubing volumes of the reservoir fluid for analysis (Note: Set up H₂S monitoring equipment prior to swabbing operations).
22. Acidize the perforated zone (Zone 1) using diverters. Pull the packer out of the well.
23. Perforate the next selected injection interval (Zone 2) as determined from the open hole logs.
24. Run a retrievable bridge plug and packer into the well and isolate Zone 2.
25. Acidize Zone 2 using diverters. Pull the retrievable bridge plug and packer out of the well, laying down the work string.
26. Conduct an injection test down the 5-1/2 inch casing at 420 gpm for 12 hours, followed by a pressure falloff test.
27. Conduct a differential temperature survey and radioactive tracer survey to determine the injection profile.

28. Run the injection tubing and packer. Fill the annulus with corrosion inhibited brine.
29. Wait for the well system to come to thermal stabilization (approximately 24 hours).
30. Conduct an annulus pressure test witnessed by the OCD.
31. Rig down and move out all equipment and close the reserve pit.
32. Install the annulus monitoring system and return the well to the client.

Logging, Testing, And Coring Program

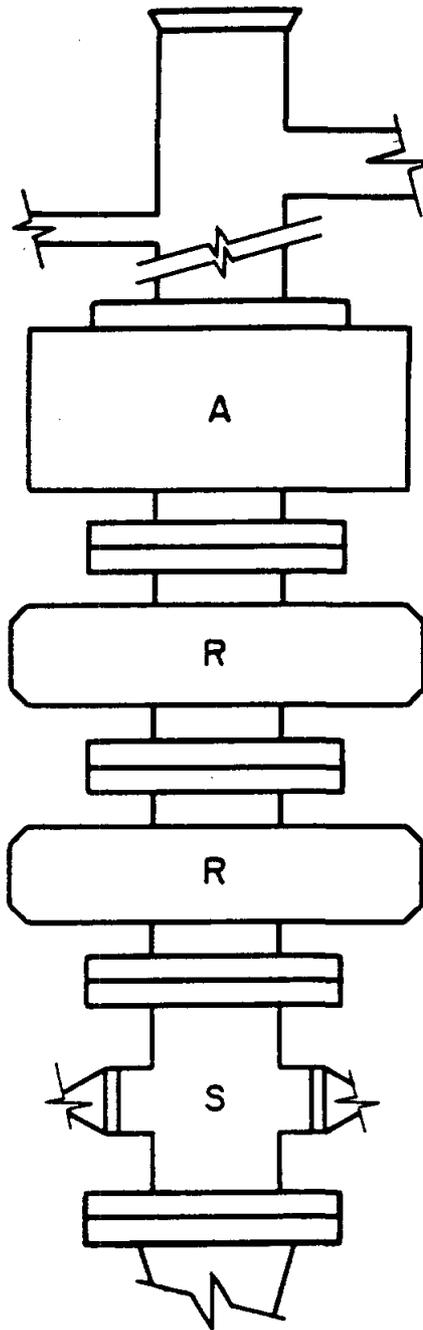
A formation fluid sample will be retrieved from the proposed injection zone in proposed WDW-2. Navajo will conduct injectivity testing in the injection zone of proposed WDW-2.

No coring is planned.

The proposed logging program is described below:

HOLE/CASING	OPEN-HOLE LOGS	CASED-HOLE LOGS
Proposed WDW-2		
11 inch Surface Borehole (8-5/8 inch Casing) 1995 feet		Logs Run in 1973: Gamma Ray Logs Proposed on Reentry: Cement Bond/Variable Density Casing Inspection Log
7-7/8 inch Long-String Borehole (5-1/2 inch Casing) 9200 feet	Logs Run on August 27, 1973: Dual Induction-Laterolog/ Spontaneous Potential Compensated Neutron/ Formation Density Caliper Gamma Ray Logs Proposed on Reentry: Fracture Identification Log 4-Arm Caliper	Logs Proposed on Reentry: Cement Bond/Variable Density Casing Inspection Log Differential Temperature Log Radioactive Tracer Survey

COPY



A = ANNULAR-TYPE BLOWOUT PREVENTER
11-inch throughbore, 3000-psi working pressure

R = RAM-TYPE BLOWOUT PREVENTER
11-inch throughbore, 3000-psi working pressure

S = DRILLING SPOOL WITH SIDE OUTLET CONNECTIONS
FOR CHOKE AND KILL LINES

MANUAL CHOKE MANIFOLD
3-inch throughbore, 3000-psi working pressure

Source: API RP 53: Recommended Practices for
Blowout Prevention Equipment Systems

COPY

ENVIROCORP		HOUSTON, TX
ENVIROCORP SERVICES & TECHNOLOGY, INC.		SOUTH BEND, IN
		SATON ROUSE, LA.
EXHIBIT A		
BLOWOUT PREVENTER STACK AND MINIMUM REQUIREMENTS		
DATE: 4/7/98	DRAWN BY: M/N	CHECKED BY: Jdb
	APPROVED BY:	JOB NO:
		DWG. NO:

SURFACE USE PLAN

NAVAJO REFINING COMPANY PROPOSED WDW-2 1980' FSL, 660' FWL of 12-T18S-R27E EDDY COUNTY, NEW MEXICO

1. Existing Roads: Existing roads that lead to the proposed drillsite are shown on Exhibit A.
2. Access Roads To Be Constructed: No new access road is proposed.
3. Location of Existing Wells: Existing wells within one mile of proposed WDW-2 are shown on Exhibit B.
4. Location of Proposed Facilities If Well Is Completed: The well will be shut in after completion and testing.
5. Location and Type of Water Supply: Water for reentry, testing, and completion operations will be purchased from a commercial water hauler.
6. Source of Construction Materials: Materials required for construction of the site will be taken from a state-owned pit.
7. Methods of Handling Waste Disposal:
 - A. Drill cuttings will be disposed of in the drilling pits.
 - B. Drilling fluids will be allowed to evaporate in the drilling pits until the pits are dry.
 - C. Water produced during tests will be disposed of in the drilling pits.
 - D. Trash, waste paper, garbage, and junk will be buried in a trash pit and covered with a minimum of 24 inches of dirt. All waste material will be contained to prevent scattering by the wind. Location of the trash pit is shown on Exhibit C.

COPY

- E. All trash and debris will be buried or removed from the wellsite after finishing drilling and/or completion operations.
8. Ancillary Facilities: None anticipated.
9. Wellsite Layout:
- A. The wellsite will be surveyed, and a 400' x 400' area will be staked and flagged.
 - B. The dimensions and relative location of the drill pad, mud pit, and trash pit, with respect to the wellbore, are shown on Exhibit C.
 - C. Existing topsoil to a depth of 6 inches will be lifted and stockpiled at the northeastern (uphill) end of the well pad. The stockpiled topsoil will be located uphill to avoid mixing with subsurface materials.
 - D. The well pad will be surfaced with material found in place.
 - E. The pits for mud and cuttings will be lined with 6-mil plastic.
10. Plans for Restoration of Surface:
- A. After completion of drilling and/or completion operations, all equipment and other material not needed for operations will be removed. Pits will be filled and the location cleaned of all trash and junk.
 - B. Any unguarded pits containing fluids will be fenced until they are filled.
 - C. After abandonment, all equipment, trash, and junk will be removed and the location cleaned.
 - D. The stockpiled topsoil will be spread over the surface of the location.
11. Surface Ownership: U.S. Department of Interior, Bureau of Land Management.

COPY

12. Archaeological Survey: An archaeological survey of the drill pad was submitted to the BLM on July 31, 1985, on behalf of Fred Pool Drilling Company. An archeological survey was conducted by Navajo Refining Company and will be submitted by Navajo under separate cover.
13. Operator's Representatives: Representatives responsible for assuring compliance with the approved Surface Use Plan:

Mr. Darrell Moore
Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211
505/748-3311

Mr. Jim Bundy
Subsurface Technology, Inc.
7020 Portwest Drive, Suite 100
Houston, Texas 77024
713/880-4640

Exhibits

- A. Topographic Map
- B. Oil and Gas Map
- C. Sketch of Well Pad

COPY

14. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions that exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Navajo Refining Company and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

4/15/99
Date

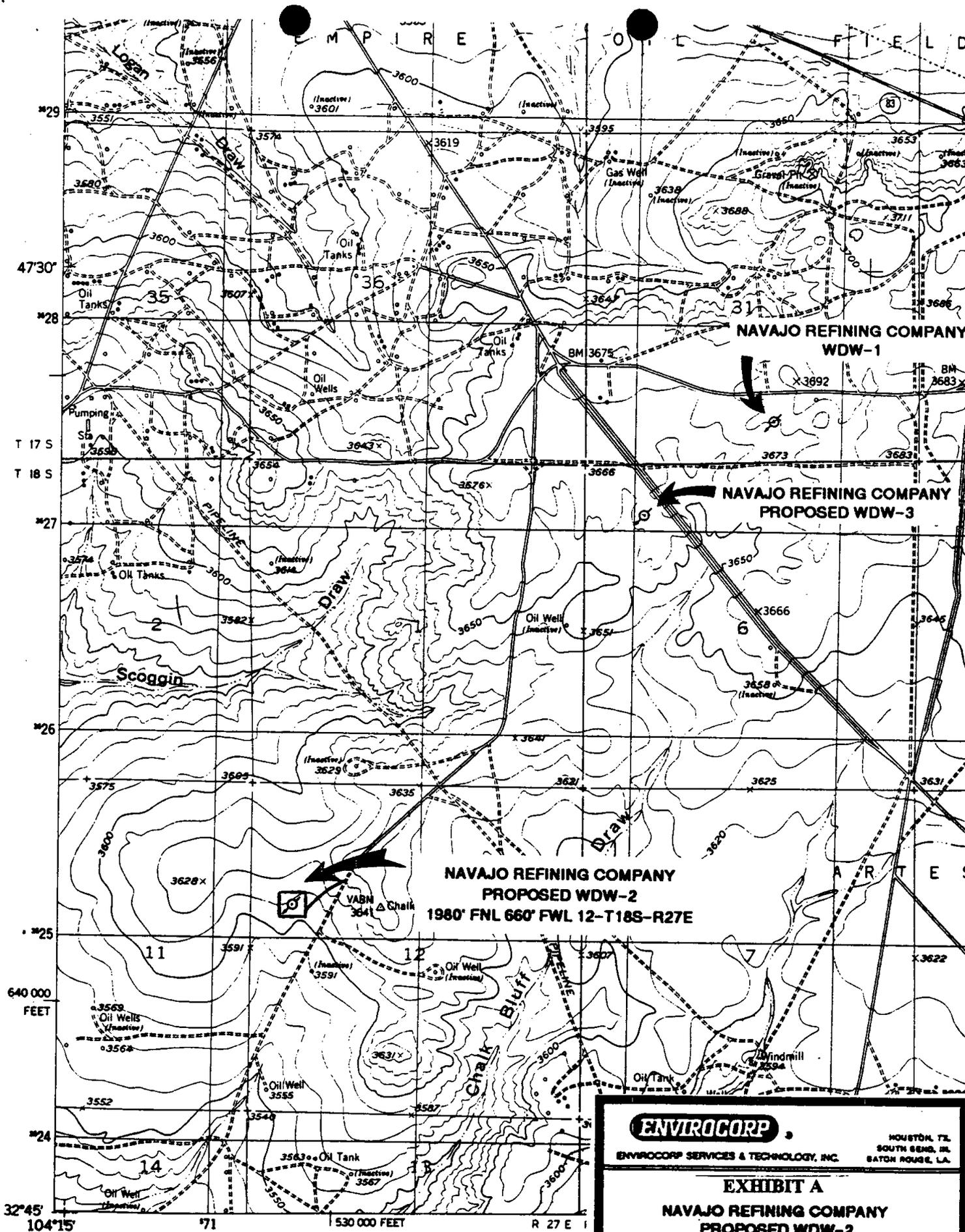
Darrell Moore
Signature

Darrell Moore
Name

Env. Mgr. for Water & Waste
Title

Navajo Refining Company
Company

COPY



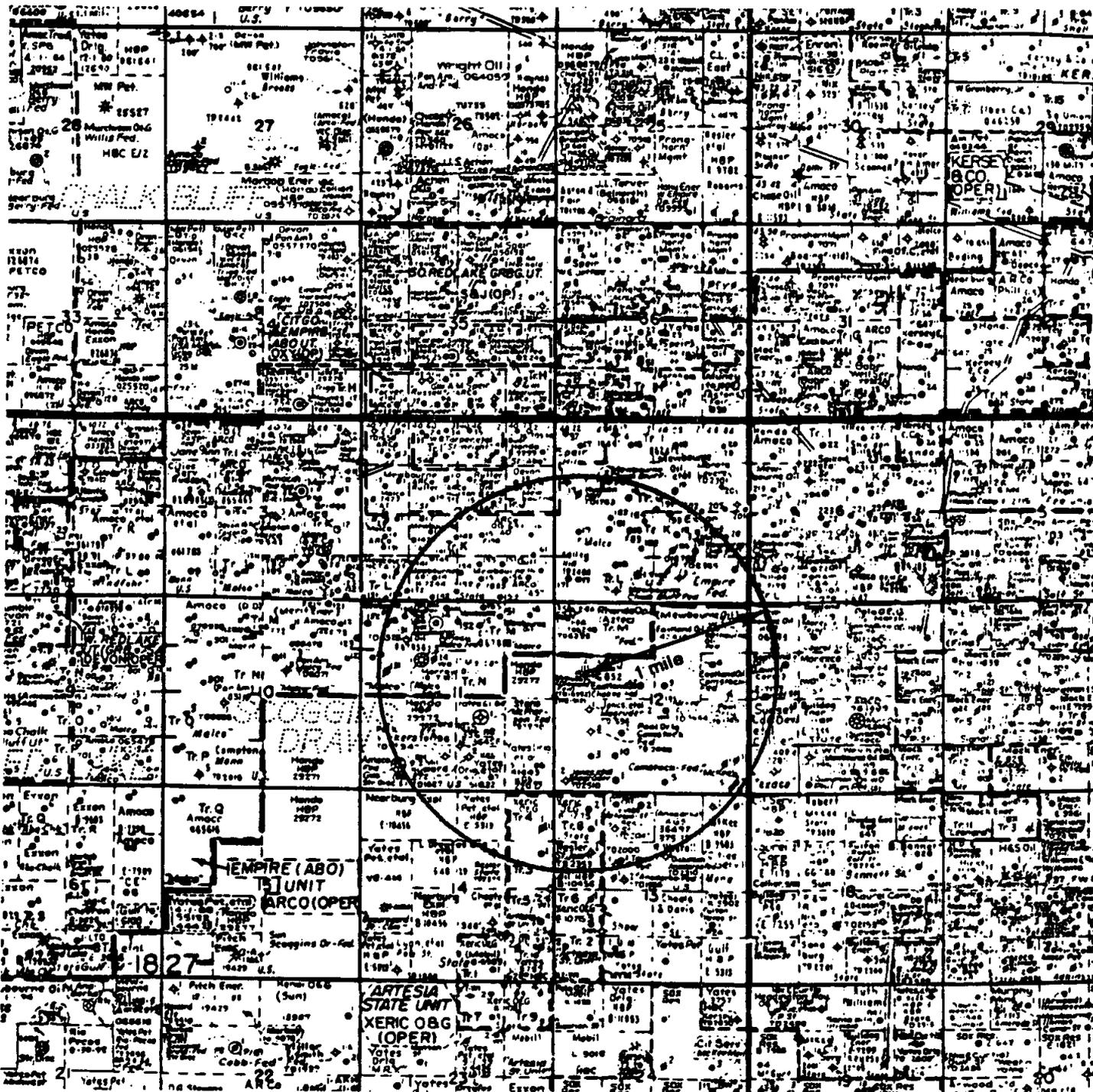
ENVIROCORP
 ENVIROCORP SERVICES & TECHNOLOGY, INC.
 HOUSTON, TX
 SOUTH BEND, IN
 BATON ROUGE, LA

EXHIBIT A
NAVAJO REFINING COMPANY
PROPOSED WDW-2
1980' FNL 660' FWL 12-T18S-R27E
EDDY COUNTY, NM

DATE:	CHECKED BY:	JOB NO:
DRAWN BY:	APPROVED BY:	DWG. NO:

COPY

RED LAKE QUADRANGLE



COPY

Map courtesy of Midland Map Company

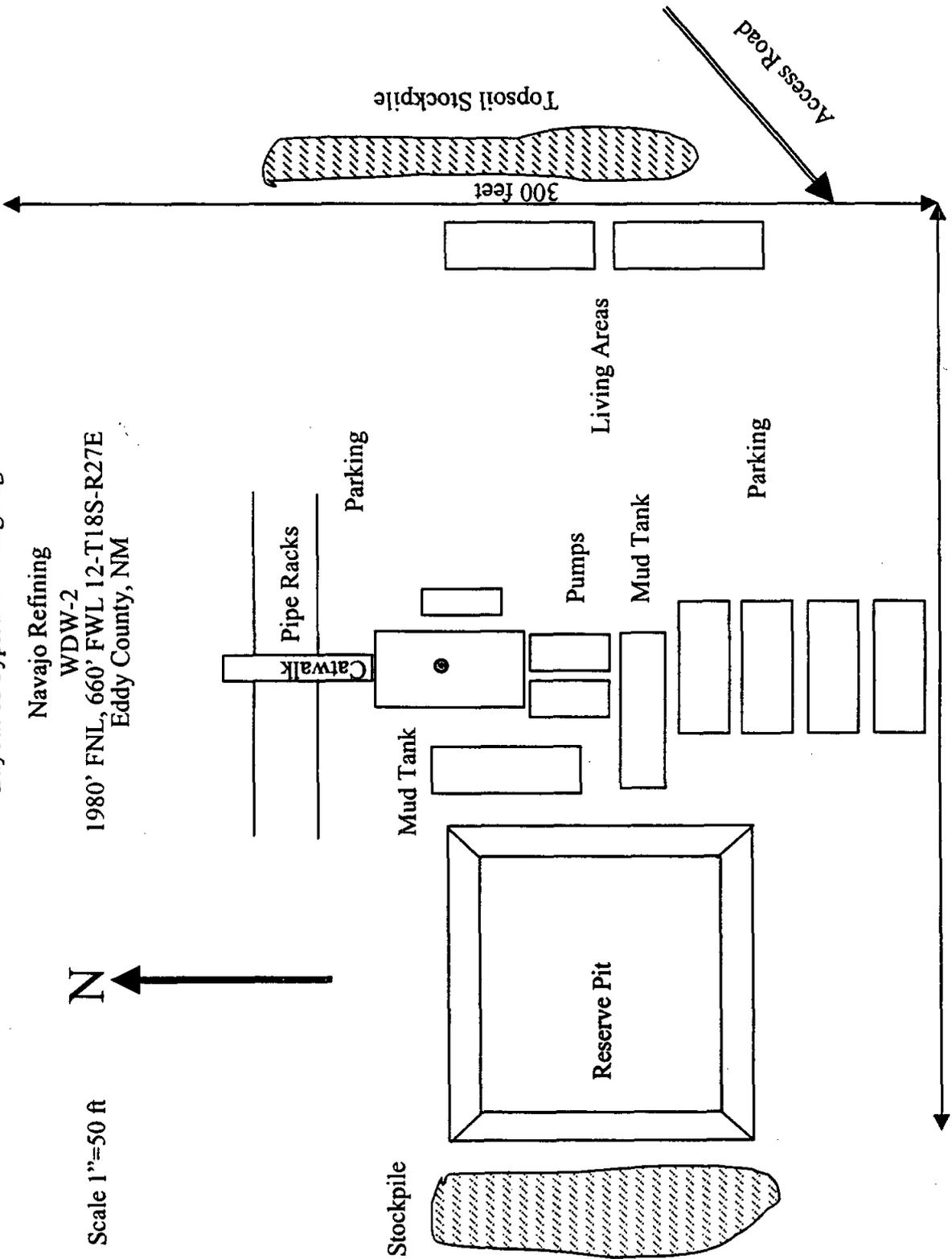
ENVIROCORP		HOUSTON, TX. SOUTH BEND, IN. BATON ROUGE, LA.
ENVIROCORP SERVICES & TECHNOLOGY, INC.		
EXHIBIT B		
WELLS WITHIN 1 MILE OF		
NAVAJO REFINING COMPANY'S		
PROPOSED WDW-2		
1980' FNL, 660' FWL 12-T18S-R27E		
DATE: 4/7/99	CHECKED BY:	JOB NO:
DRAWN BY: NLN	APPROVED BY:	DWG. NO:

Layout of Typical Drilling Rig

Navajo Refining
WDW-2
1980' FNL, 660' FWL 12-T18S-R27E
Eddy County, NM



Scale 1"=50 ft



300 feet
Note: No Cut Nor Fill Will Be Required

COPY

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

State of New Mexico
Energy, Minerals & Natural Resources

Form C-101
Revised March 12, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address. Navajo Refining Company Post Office Box 159 Artesia, New Mexico 88211		² OGRID Number
		³ API Number 30 - 015-20894
⁴ Property Code	⁵ Property Name WDW-2 ^{DCM}	⁶ Well No.

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
⁹ Proposed Pool 1 Lower Wolfcamp-Cisco-Canyon Injection Zone					¹⁰ Proposed Pool 2				

¹¹ Work Type Code E-Reentry	¹² Well Type Code Class I Injection	¹³ Cable/Rotary R	¹⁴ Lease Type Code Federal	¹⁵ Ground Level Elevation 3607' GR, 3623' KB
¹⁶ Multiple No	¹⁷ Proposed Depth 9200'	¹⁸ Formation Strawn	¹⁹ Contractor	²⁰ Spud Date 5/15/99

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	32 lb/ft	1995 feet	800	Surface
7-7/8"	5-1/2"	17 lb/ft	9200 feet	Caliper vol. +20%	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Proposed Reentry of The Eastland Oil Company (originally Fred Pool Drilling, Inc.) Chukka Federal No. 2 (PBTD 1912 feet, September 10, 1985) formerly Amoco Production Company Diamond Federal Gas Com. No. 1 (OTD 10,372 feet, P&A August 31, 1973). The well currently produces oil and gas from perforations from 1446 feet to 1462 feet (Penrose.)

Navajo will squeeze the perforations from 1446 feet to 1462 feet, drill out cement plugs, and clean out the well to 9200 feet, set 5-1/2 inch casing at 9200 feet and cement to the surface, perforate porous intervals in the Lower Wolfcamp, Cisco, and Canyon Formations between 7270 feet and 9200 feet, and conducted injectivity tests.

Attached are the Well Location Plat and Drilling Program.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature: *Darrell Moore*
Printed name: Darrell Moore
Title: Env. Mgr. for Water & Waste
Date: 4/21/99
Phone: 505-748-3311

OIL CONSERVATION DIVISION	
Approved by:	
Title:	
Approval Date:	Expiration Date:
Conditions of Approval: Attached <input type="checkbox"/>	

COPY

District I
1625 N. French Dr., Hobbs, NM 88240

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised March 17, 1999

District II
811 South First, Artesia, NM 88210

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-015-20894		1 Pool Code		1 Pool Name Lower Wolfcamp-Cisco-Canyon Injection Zone	
1 Property Code		1 Property Name WDW-2			1 Well Number
1 OGRID No.		1 Operator Name Navajo Refining Company			1 Elevation 3607' GR

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	12	18S	27E		1980	North	660	West	Eddy

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

14 Dedicated Acres	15 Joint or Infill	16 Consolidation Code	17 Order No.

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p>	
				<p>Signature <u>Darrell Moore</u></p> <p>Printed Name <u>Darrell Moore</u></p> <p>Title <u>Env Mgr. for Water & Waste</u></p> <p>Date <u>4/21/99</u></p>	
<p style="font-size: 48px; text-align: center;">COPY</p>			<p>18 SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p>		
			<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Well is active. Location was not re-surveyed by Navajo.</p> <p>Certificate Number</p>		

March 30, 1999

Mr. Barry Hunt
Bureau of Land Management
Carlsbad Resource Area
620 East Greene Street
Carlsbad, New Mexico 88220-6292

RE: Navajo Refining Company Proposed WDW-2, Eddy County, New Mexico
Request for On-Site Inspection of Wellsite
Subsurface Project No. 60A4937

Dear Mr. Hunt:

Navajo Refining Company (Navajo) is purchasing an existing well in Eddy County, New Mexico for planned use as a Class I nonhazardous effluent disposal well, and plans to reenter and test the well in the next few months. The well is on federal land. Subsurface Technology, Inc. (Subsurface), formerly Envirocorp Services & Technology, Inc., on behalf of Navajo, requests your participation in an on-site inspection of the wellsite as soon as possible.

Pertinent information about the existing well is provided below:

Lease Number:	NM 6852
Current Operator: Lease:	The Eastland Oil Company (September 1990 to present) Chukka Federal No. 2
Former Operator:	Fred Pool Drilling Company (August 1985 to September 1990)
Former Operator: Former Lease:	Amoco Production Company (July 1973 to August 1985) Diamond Federal Gas Com. No. 1
Location:	1980' FNL, 660' FWL (SW/4 NW/4, Unit Letter E) 12-T18S-R27E

Topographic Map (Attachment A)

Original Total Depth: 10,372 feet
Plugged-Back Total Depth: 1912 feet
Well Schematic (Attachment B)

COPY

Status: The well is producing from the Penrose from perforations between 1446 feet and 1462 feet. Navajo is currently

Mr. Barry Hunt
Bureau of Land Management

March 30, 1999
Page 2

negotiating to purchase the well from Eastland Oil Company. The purchase should be completed by April 1, 1999.

Navajo proposes to reenter the well, squeeze the perforations from 1446 feet to 1462 feet, drill out the plugs and clean out the well to approximately 9200 feet, set 5-1/2 inch casing at 9200 feet and cement it to the surface, and conduct one or more injectivity tests. The proposed injection intervals are porous zones in the lower portion of the Wolfcamp Formation (7270 feet to 7645 feet), the Cisco Formation (7645 feet to 8390 feet), and the Canyon Formation (8390 feet to 8894 feet). Navajo's proposed reentry, testing, and recompletion procedure is included as Attachment C. A schematic of the well after recompletion is included as Attachment D.

Subsurface is currently preparing a discharge plan application for the Class I well for Navajo to submit to the New Mexico Oil Conservation Division and the BLM Roswell office near the end of April 1999. Subsurface is also preparing BLM Form 3160-3 (Application for Permit to Drill) for Navajo to submit to the BLM Roswell office.

Please contact me at (713) 880-4640 to schedule an on-site inspection of the wellsite. Do not hesitate to call me if you need additional information or if you have questions.

Sincerely,



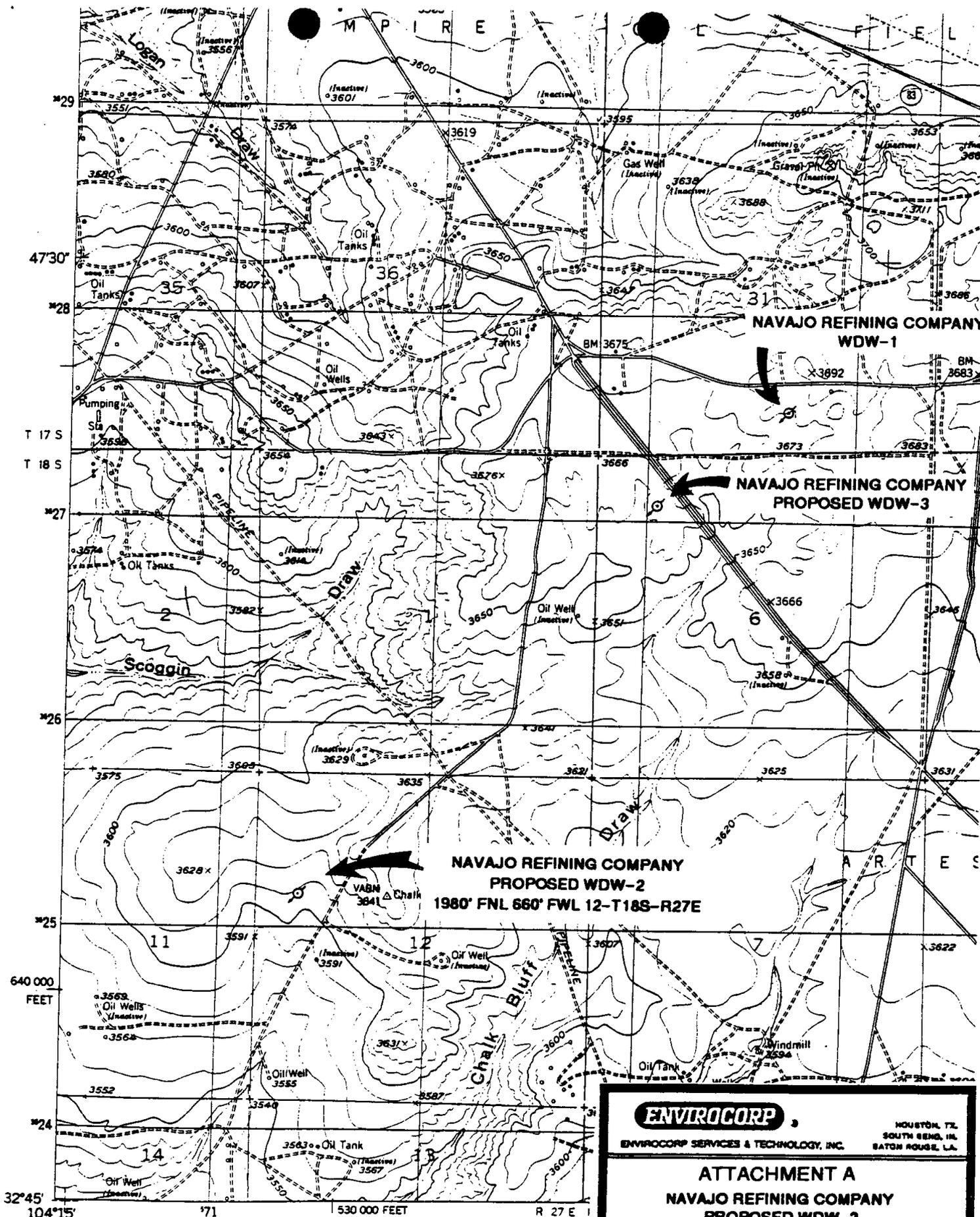
Nancy L. Niemann
Senior Geologist

NLN/paf
Attachments

c: Joe Lara – BLM, Carlsbad
David Glass – BLM, Roswell
Wayne Price – OCD, Santa Fe
Tim Gum – OCD, Artesia
Phil Youngblood – Navajo
Darrell Moore – Navajo
George Walbert – Holly Petroleum, Inc.

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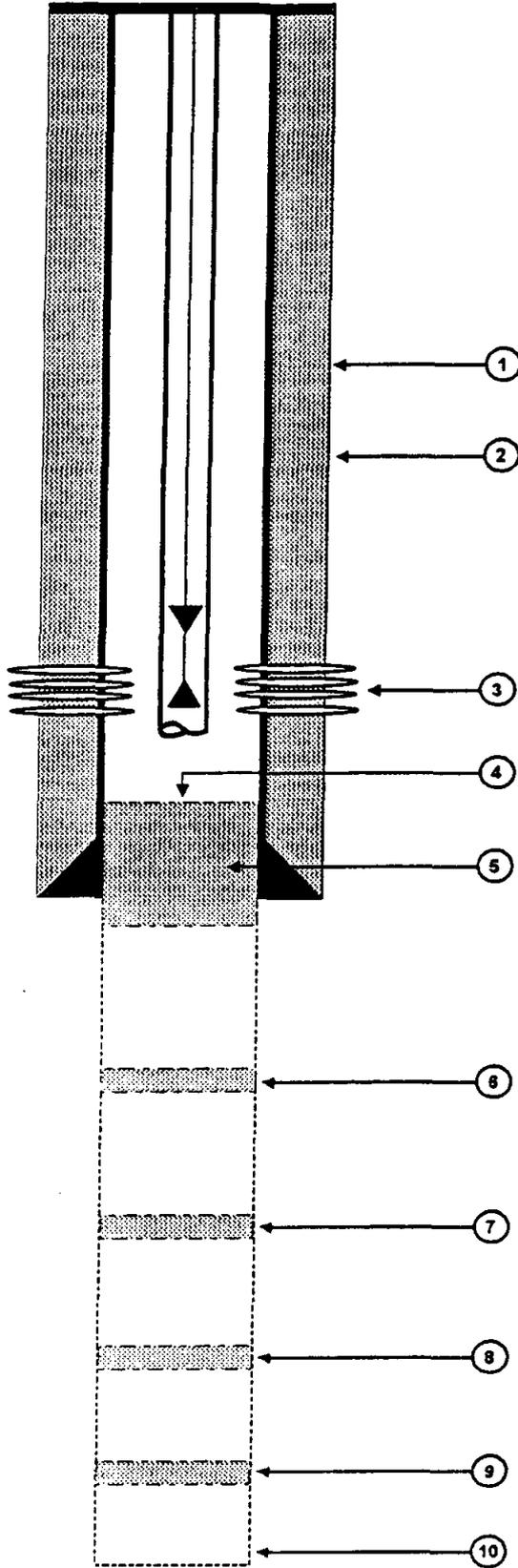


COPY

RED LAKE QUADRANGLE

BELOW GROUND DETAIL

All depths are referenced to the kelly bushing elevation of 13 feet. The surface elevation is 3610 feet.



1. Base of the USDW at 473'.

2. Casing: 8-5/8", 32 lb/ft, set at 1955' in an 11" hole. Cemented to surface with 700 sacks of cement.

3. Perforations: 1446' - 1462'.

4. PBTD: 1912'.

5. Cement Plug: 40 sacks from 1912' to 2045'.

6. Cement Plug: 50 sacks from 3620' to 3720'.

7. Cement Plug: 40 sacks from 5456' to 5556'.

8. Cement Plug: 50 sacks from 7435' to 7535'.

9. Cement Plug: 45 sacks from 9675' to 9775'.

10. Hole Size: 7-7/8".

Total Depth: 10,372'



ATTACHMENT III-2
 NAVAJO REFINING COMPANY
 CURRENT WELL CONFIGURATION
 CHUKKA FEDERAL No. 2

Date: 03/10/99 | Checked By: NLN | Job No.: 60A4937
 Drawn By: LKM | Approved By: NLN | File: WDW2A.DS4

COPY

ATTACHMENT C

DRILLING AND RECOMPLETION PROCEDURE FOR NAVAJO REFINING COMPANY'S PROPOSED WDW-2

1. Obtain all permits and approvals for the reentry, testing and completion of a currently existing well.
2. Move in and rig up a workover unit. Remove the pumping equipment and pull the tubing out of the well.
3. Go in the hole with a squeeze packer and squeeze the perforations from 1446 feet to 1462 feet with 100 sacks of Class "H" cement. Allow the cement to cure.
4. Drill out the cement, circulate the well clean and pressure test the squeezed perforations at 500 psig for 30 minutes. Pull the squeeze tools out of the hole.
5. Conduct a CBL/VDL survey from 1912 feet to the surface. Submit the results of the pressure test and CBL/VDL survey to the OCD and the BLM for their review and approval prior to mobilizing the drilling rig.
6. After receiving approval from the OCD and the BLM to continue the reentry, prepare the location for the selected drilling rig. Construct the lined reserve pits, dig out the cellar, and install a mousehole and rathole.
7. Move in and rig up the rotary drilling rig and install the blowout preventers.
8. Drill out the following cement plugs and conduct deviation surveys every 1000 feet or on trips:
 - a. 1912 feet to 2045 feet, 40 sacks
 - b. 3620 feet to 3720 feet, 50 sacks
 - c. 5456 feet to 5556 feet, 40 sacks
 - d. 7435 feet to 7535 feet, 50 sacks
9. Clean the well out to a depth of 9200 feet and circulate and condition the hole for logging. Make a wiper trip to the base of the 8-5/8 inch surface casing while strapping the drillpipe.
10. Conduct a formation microimager (FMI) survey with gamma ray from the well's total depth to 4000 feet. Continue the four-arm caliper survey to the 8-5/8 inch

ATTACHMENT C (Continued)

casing shoe. Process the FMI for fracture identification over the lower 200 feet of the confining zone and zones of interest in the injection zone, if warranted.

11. Spot a gelled pill at 9200 feet and lay down the drillpipe.
12. Run the 5-1/2 inch casing with a packoff shoe and float collar to 9200 feet. Install a "DV" tool at 5500 feet. Run centralizers at approximately 120-foot intervals.
13. Cement the 5-1/2 inch casing in place. Use a minimum of 20% excess cement as calculated from the caliper log. Circulate cement to the surface and allow to cure.
14. Clean out the mud pits and release the drilling rig 12 hours after cementing the 5-1/2 inch casing in place.
15. Stabilize the 5-1/2 inch casing at the surface using ready-mix cement.
16. Move in and rig up the completion rig pump, tank, power swivel, and work string. Install the blowout preventer.
17. Run in the well with a 4-3/4 inch bit to the "DV" tool and test the casing to 1500 psig for 30 minutes.
18. Drill out the "DV" tool and clean out the wellbore to the float collar. Test the casing to 1500 psig for 30 minutes. Circulate the wellbore with clean brine, preceded by 15% HCL to clean the casing. Trip the work string out of the well.
19. Conduct the casing inspection, CBL/VDL, and differential temperature surveys.
20. Perforate the selected injection interval as determined from the open hole logs. (Zone 1).
21. Run in the well with a packer and tailpipe. Set the packer above the top perforation and swab test the perforated interval. Recover at minimum two tubing volumes of the reservoir fluid for analysis (Note: Set up H₂S monitoring equipment prior to swabbing operations).
22. Acidize the zone using diverters. Pull the packer out of the well.
23. Perforate the next selected injection interval as determined from the open hole logs (Zone 2).

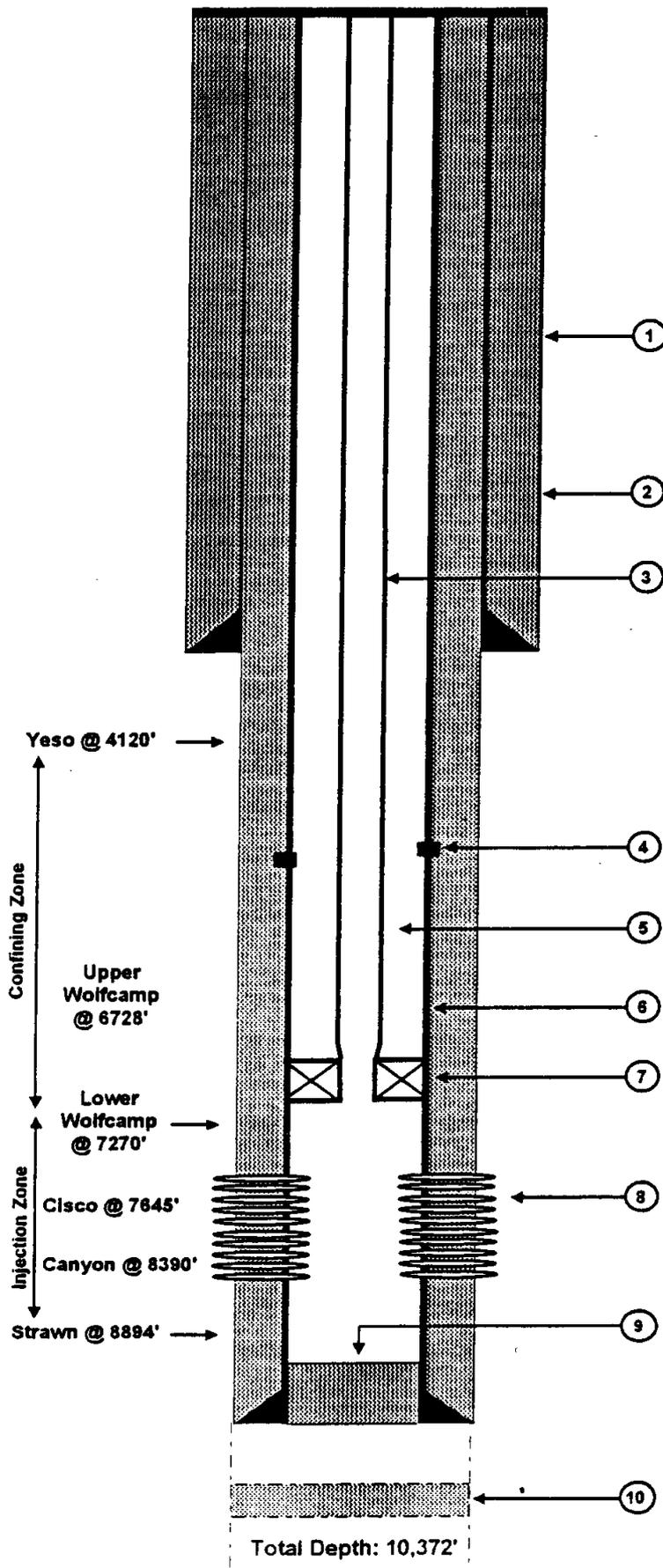
ATTACHMENT C (Continued)

24. Run a retrievable bridge plug and packer into the well and isolate Zone 2.
25. Acidize Zone 2 using diverters. Pull the retrievable bridge plug and packer out of the well, laying down the work string.
26. Conduct an injection test down the 5-1/2 inch casing at 420 gpm for 12 hours followed by a pressure falloff test.
27. Conduct a differential temperature survey and radioactive tracer survey to determine the injection profile.
28. Run the injection tubing and packer. Fill the annulus with corrosion inhibited brine.
29. Wait for the well system to come to thermal stabilization (approximately 24 hours).
30. Conduct an annulus pressure test witnessed by the OCD.
31. Rig down and move out all equipment and close the reserve pit.
32. Install the annulus monitoring system and return the well to the client.

COPY

BELOW GROUND DETAIL

All depths are referenced to the kelly bushing elevation of 13 feet. Surface elevation is 3610 feet.



1. Base of the USDW at 473'.

2. Casing: 8-5/8", 32 lb/ft, set at 1955' in an 11" hole. Cemented to surface with 700 sacks of cement.

3. Injection Tubing: 3-1/2".

4. DV Tool: at 5500'.

5. Annulus Fluid: Corrosion inhibited brine water.

6. Protection Casing: 5-1/2" set in a 7-7/8" hole. Casing cemented to surface. Calipered hole volume plus 20% excess.

7. Packer: Fullbore retrievable packer set 100' above the top perforated injection interval.

8. Perforations:
Perforated in two intervals between 7270' and 8894'.

9. PBTD: 9200'

10. Cement Plug: 45 sacks from 9675' to 9775'.

ENVIROCORP

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

ATTACHMENT III-4
NAVAJO REFINING COMPANY
PROPOSED WDW-2
ARTESIA, NEW MEXICO

Date: 03/11/99	Checked By: NLN	Job No.: 60A4937
Drawn By: LKM	Approved By: NLN	File: WDW2B.DS4

COPY

May 11, 1999

To: David Catanach

From: Roger Anderson

EPA UIC Audit

23. Colman Oil & Gas UIC-CLI-005

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**No MIT since 2/24/90.

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

??No indication of depth of lowest USDW.

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

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

Permit Dates:

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

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

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

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

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

Samples taken and analysis performed and reported as required.

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

On-site inspection are adequate.

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

??What were closure requirements for this well?

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

Permit Dates:

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

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

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

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

perforations, based on CBL looks very good. The file indicates that the lowest USDW is at 24. Navajo Refining Company / WDW-1 / API: 30-015-27592 / 31-T17S-R28E / UIC-CLI-008-1 / Class I non-hazardous / (OCD - Environmental Bureau) (continued) 3200'. Is this formation protected? Intermediate casing (9 5/8") is set from surface to 2555'. A CBL of this casing string indicates good cement from set point to approximately 400' subsurface, does an USDW exist from 400' to surface?

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

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

Closure plan adequate.

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

Permit Dates:

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

??What is depth of the lowest USDW?

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

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

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

9/20/96 280 psig, passed.

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

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

Volume injected and volume sold monthly and submitted quarterly.

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

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

adequate to plug this well?

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

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

Accepted:

COLEMAN OIL AND GAS, INC.

by  Pres.
Title

TELEPHONE
(505) 748-3311

EASYLINK
62905278



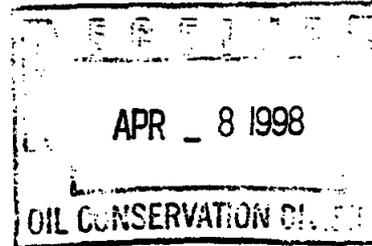
REFINING COMPANY

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

April 3, 1998

FAX
(505) 746-6410 ACC
(505) 746-6155 EXE
(505) 748-9077 ENG
(505) 746-4438 P / L

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



RE: NAVAJO REFINING COMPANY'S CLASS II INJECTION PERMIT

Dear Ben,

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

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

Regards,
NAVAJO REFINING COMPANY

Darrell Moore
Env. Mgr. for Water and Waste

Encl.

Affidavit of Publication

NO. 16176

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

as published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 consecutive weeks/days on the same

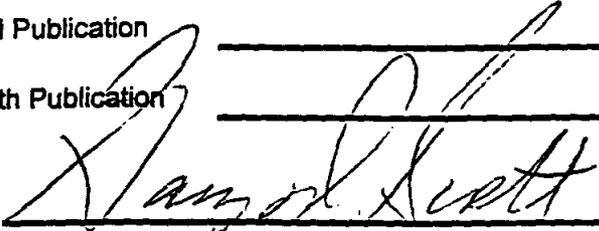
as follows:

1st Publication March 29 1998

2nd Publication _____

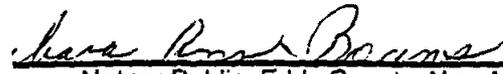
3rd Publication _____

4th Publication _____



Subscribed and sworn to before me this

 day of March 1998



Notary Public, Eddy County, New Mexico

Commission expires September 23, 1999

Copy of Publication:

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

mations through perforations between 6890 and 9016 feet. Proposed average injection 10,000 Bbls per day at 13. Interested parties must file objections or requests for hearing with the Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501 within 15 days of this notice.

Published in the Artesia Daily Press, Artesia, N.M. March 29, 1998.

Legal

LEGAL NOTICE

NOTICE OF APPLICATION FOR WASTE DISPOSAL WELL PERMIT

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

TELEPHONE
(505) 748-3311



REFINING COMPANY

501 EAST MAIN STREET • P. O. DRAWER 159

ARTESIA, NEW MEXICO 88210

EASYLINE
629052
FAX
(505) 746-

FAX NUMBERS:

ACCOUNTING OFFICES:	505/746-6410	MARKETING OFFICES:	505/746-
REFINING/ENGINEERING:	505/748-9077	PIPELINE DIVISION:	505/746-4

PLEASE DELIVER 2 PAGES, INCLUDING THIS COVER SHEET

TO: Ben Stone PHONE: _____

COMPANY/DEPARTMENT: NMOCD

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

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

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

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

Affidavit of Publication

NO. 16176

Copy of Publication:

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn,says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press,a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks/days on the same

day as follows:

First Publication March 29 1998

Second Publication _____

Third Publication _____

Fourth Publication _____

Gary D. Scott

Subscribed and sworn to before me this

th day of March 1998

Barbara Ann Baums
Notary Public, Eddy County, New Mexico

Commission expires September 23, 1999

LEGAL NOTICE

NOTICE OF APPLICATION FOR WASTE DISPOSAL WELL PERMIT

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

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

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

Published in the Artesia Daily Press, Artesia, N.M. March 29, 1998.

Legal 1617

The Santa Fe New Mexican

Since 1849. We Read You.

MAY 27 1998

NM OCD
ATTN: SALLY MARTINE CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NM 87505

AD NUMBER: 25796

ACCOUNT: 56689

LEGAL NO: 63533

P.O. #: 98-199-0

205 LINES ONCE at \$ 82.00

Affidavits: 5.25

Tax: 5.45

Total: \$ 92.70

AFFIDAVIT OF PUBLICATION

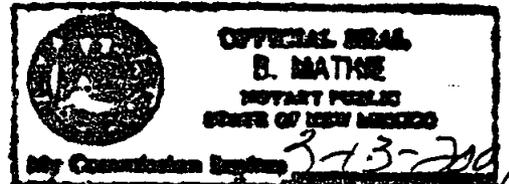
STATE OF NEW MEXICO
COUNTY OF SANTA FE

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

Betsy Perner
LEGAL ADVERTISEMENT REPRESENTATIVE

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

Notary *[Signature]*
Commission Expires 3-13-2001



dental discharge is at a depth of approximately 400 feet with a total dissolved solids concentration of approximately 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application(s) may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan application(s), the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
LORI WROTENBERY,
Director

Legal #43533
Pub. May 19, 1998

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
ENERGY, MINERALS AND
NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION
DIVISION
Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan application(s) have been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505. Telephone (505) 827-7131.
UIC-CL1-008 - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 82711, has submitted a discharge application to convert a plugged and abandoned exploration well to a Class I non-hazardous disposal well and drill two new Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia refinery. The proposed well to be re-entered (WDW-1) is the Mowbourne & Company, Chalk Bluff 31 late No. 1, located in the N/4 SE/4 of Section 31, Township 17 South, Range 28 East, NMPA, Eddy County, New Mexico. The two new proposed wells (WDW-2 and DW-3) will be located in the N/4 of Section 6, Township South, Range 28 East, NMPA, Eddy County, New Mexico. The proposed injection zone will be the lower Mancamp Formation and the ice and Canyon Formations between 7,450 feet and 14 feet. The Chloride concentration of the injection ranges from 67,090 to 809 mg/l. The proposed maximum injection volume for all three wells be 34,286 gallons per day. Average Chloride concentration of the injection is 1,100 mg/l. Ground is most likely to be affected in the event of an acci-

name to the Director of the Oil Conservation Division, at the address given above. The discharge after application shall be held at the address given above between 9:00 a.m. and 4:00 p.m., Monday through Friday. Prior to making any proposed discharge plan application, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of the notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall state the reasons why a hearing should be held. A hearing will be held if the Director determines that a significant public interest is involved.

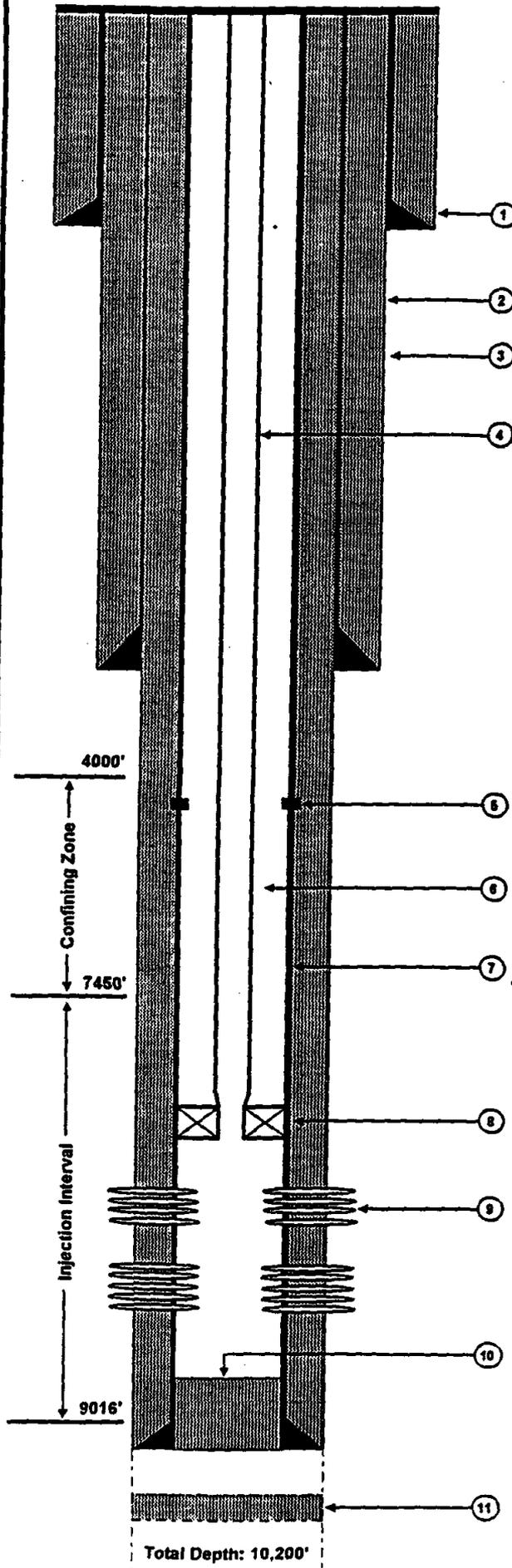
If no public hearing is held, the Director may approve or disapprove the proposed plan based on the information in the discharge plan application(s) and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 12th day of May 1988.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
DIVISION OF OIL CONSERVATION
BOYD ANDERSON, Director
LORI WROTELSKY, Director

BELOW GROUND DETAIL

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



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

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

3. Base of the USDW at 493'.

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

5. DV Tool: at 5498'.

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

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

First Stage

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

Second Stage

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

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

9. Perforations (2 SPF):

Upper Zone:

7924-7942', 7974-8030', 8050-8056', 8056-8080', 8118-8127', 8132-8140', 8160-8164', 8170-8189'.

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'.



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

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



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

Price, Wayne

From: Gum, Tim
Sent: Friday, April 30, 1999 12:50 PM
To: Price, Wayne
Subject: Read: Navajo Class I Well -WDW#2

Your message

To: Gum, Tim
Subject: Navajo Class I Well -WDW#2
Sent: 4/30/99 11:30:29 AM

was read on 4/30/99 12:50:24 PM



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

Price, Wayne

From: Price, Wayne
Sent: Friday, April 30, 1999 11:30 AM
To: Gum, Tim
Subject: Navajo Class I Well -WDW#2

Dear Tim,

I just Faxed you a copy of the approved Bond for this project. After your review and approval of the C-101, would you CC us for the files.

Thanks! Let me know if there are any problems?



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 19, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 559 5

J.S. Ward & Son, Inc.
104 South Fourth Street
Artesia, New Mexico 88210-2195

Attention: Mr. Gary Sims

Re: Navajo Refining Company Discharge Plan UIC-CLI-008-2
Bond No. 58 96 12
\$ 95,000.00 One-Well Plugging Bond
to the State of New Mexico for Class I Injection Well WDW#2
1980' FNL and 660' FWL - Sec 12-Ts18s-R27e N.M.P.M.
Eddy, County, New Mexico
J.S. Ward & Son, Inc., Principal

Gulf Insurance Company, Surety
Bond 58 96 12

The New Mexico Oil Conservation Division hereby approves the above-captioned One-Well
Plugging Bond.

Sincerely,

RAND CARROLL
Legal Counsel

RC/wp

cc: OCD Artesia Office
Gulf Insurance Company

Is your **RETURN ADDRESS** completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

J S DARR & SON INC.
 104 SOUTH FOREW ST.
 ARTESIA, NEVADA
 88210-2175

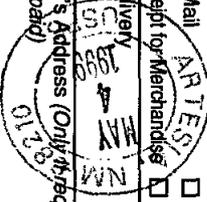
4a. Article Number

Z 559 573 590

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Insured
- COD
- Certified

7. Date of Delivery



8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 LINDA CASABONE
 6. Signature: (Addressee or Agent)
 X Linda Casabone

PS Form 3811, December 1994

Domestic Return Receipt

Thank you for using Return Receipt Service.



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 19, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 559 573 590

J.S. Ward & Son, Inc.
104 South Fourth Street
Artesia, New Mexico 88210-2195

COPY

Attention: Mr. Gary Sims

Re: Navajo Refining Company Discharge Plan UIC-CLI-008-2
Bond No. 58 96 12
\$ 95,000.00 One-Well Plugging Bond
to the State of New Mexico for Class I Injection Well WDW#2
1980' FNL and 660' FWL - Sec 12-Ts18s-R27e N.M.P.M.
Eddy, County, New Mexico
J.S. Ward & Son, Inc., Principal

Gulf Insurance Company, Surety
Bond 58 96 12

The New Mexico Oil Conservation Division hereby approves the above-captioned One-Well Plugging Bond.

Sincerely,

RAND CARROLL,
Legal Counsel

RC/wp

cc: OCD Artesia Office
Gulf Insurance Company



J. S. Ward & Son, Inc.

101 South Fourth Street
(505) 746-2796
FAX (505) 746-4244
Artesia, New Mexico
88210-2195

Insurance
Bonds

April 22, 1999

26770

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505-5472

Attention: Mr. Roger Anderson

COPY

Re: Navajo Refining Company
Bond No. 58 96 12
\$95,000 One-Well Plugging Bond
to the State of New Mexico for
Class I Injection Well
Chukka Federal #2

Dear Mr. Anderson:

Enclosed please find the captioned bond through Gulf Insurance Company which we trust you find in order and acceptable for filing.

Very truly yours,

J. S. WARD & SON, INC.

By *L. Gary Sims*

SGS:emb

Enclosure

cc: Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211-0159
Attention: Mr. Joe Akins - Copy of Bond & Invoice

STATE OF NEW MEXICO

ONE-WELL PLUGGING BOND

COPY

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

BOND NO. 58 96 12
AMOUNT OF BOND \$95,000.00
COUNTY Eddy

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

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

File with Oil Conservation Division, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That Navajo Refining Company, ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
(a corporation organized in the State of New Mexico, with its principal office in the city
of Artesia, State of New Mexico, and authorized to do business
in the State of New Mexico), as PRINCIPAL, and Gulf Insurance Company,
a corporation organized and existing under the laws of the State of
Missouri, and authorized to do business in the State of New
Mexico, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil
Conservation Division of New Mexico pursuant to Section 70-2-12, New Mexico Statutes Annotated, 1978
Compilation, as amended, in the sum of Ninety-Five Thousand and no/100ths
Dollars lawful money of the United
States, for the payment of which, well and truly to be made, said PRINCIPAL and SURETY hereby bind
themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

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

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

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of one well not to exceed a depth of 9200 feet, to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such well started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) leases, or helium gas leases, or brine minerals, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being being 1980' FNL and 660' FWL, Section 12, Township 18 ~~XXXXX~~(South)

(Here state exact legal footage description)

Range 27 (East) ~~XXXX~~, N.M.P.M., Eddy County, New Mexico.

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

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

Signed and sealed this 22nd day of April, 1999.

Navajo Refining Company

Gulf Insurance Company

PRINCIPAL

SURETY

Post Office Box 159

101 South Fourth Street

Artesia, New Mexico 88211-0159 Artesia, New Mexico 88210-2195

Address

Address

By

Signature

Attorney-In-Fact

President

Title

(Note: Principal, if corporation, affix corporate seal here.)

(Note: Corporate surety affix corporate seal here.)

ACKNOWLEDGEMENT FORM FOR NATURAL PERSONS

STATE OF _____)
COUNTY OF _____) ss.

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as his (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

My Commission Expires _____

COPY

ACKNOWLEDGEMENT FORM FOR CORPORATION

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 22nd day of April, 1999, before me personally appeared Jack P. Reid, to me personally known who, being by me duly sworn, did say that he is President of Navajo Refining Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

1-16-2001
My Commission Expires



OFFICIAL SEAL
Rita Beadle
NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires: 1-16-21

ACKNOWLEDGEMENT FORM FOR CORPORATE SURETY

STATE OF New Mexico)
COUNTY OF Eddy) ss.

On this 22nd day of April, 1999, before me appeared S. Gary Sims, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Gulf Insurance Company and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

Notary Public

7-10-01
My Commission Expires



OFFICIAL SEAL
EDWINA M. BRAMLETT
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires 7-10-01

(Note: Corporate surety attach power of attorney.)

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By:

Date:

[Signature]
4/30/99



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called "Company," does hereby appoint

CHARLENE M. WARD or S. GARY SIMS or JOHN C. KNIGHT
ARTESLA, NEW MEXICO

COPY

Its true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of suretyship, not to exceed \$250,000.00 or any bond where the penalty is not stated in the bond form. No authority is granted where the attorney in fact is a party at interest in the bond.

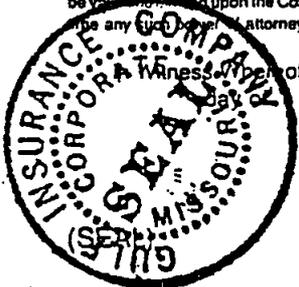
The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

"Resolved that the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary may appoint Attorneys-in-fact in any state, territory or federal district to represent this Company and to act on its behalf within the scope of the authority granted to them, in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company, as surety, and as its act and deed, any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, state or federal, and authority to attest to the signature of the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the bylaws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary, or by the Board of Directors."

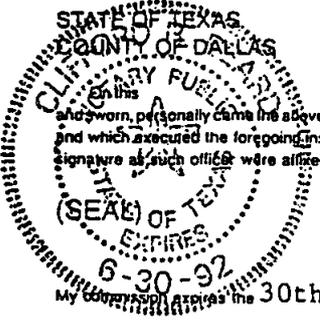
This Power of Attorney and Certificate are signed and sealed by facsimile under and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

"Resolved that the signature of the President, or of any Senior Vice President, or of any Vice President, or of the Secretary, or of any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, including any such power of attorney and certificate revoking the authority of the foregoing Attorneys-in-fact, as well as for the appointment of agents for the service of process in any jurisdiction, state or federal, including any such power of attorney and certificate revoking the authority of such agents; and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power of attorney or certificate so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company at the time any such power of attorney and certificate are executed and in the future with respect to any bond or undertaking to which they are attached."



A Witness, one of, the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this April 12, 1991

By [Signature] Sr. Vice President



ss: On this 12 day of April, 1991, before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came the above named officer of GULF INSURANCE COMPANY, who being by me first duly sworn according to law, did depose and say that he is that officer of the company described in and which executed the foregoing instrument; that he knows the seal of said company; that the seal affixed to such instrument is the corporate seal of said company; and that the corporate seal and his signature as such officer were affixed and subscribed to the said instrument by the authority and direction of said company.

[Signature] Notary Public, 1992

CERTIFICATE

I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolutions are true and correct transcripts from the records of GULF INSURANCE COMPANY and that the above named officer was on the date of execution of the foregoing Power of Attorney authorized to execute this Power of Attorney.



I, the undersigned, have hereunto subscribed my name and affixed the corporate seal of Gulf Insurance Company this 22nd day of April, 1991.

[Signature] Vice President

OIL CONSERVATION DIVISION

**2040 South Pacheco
Santa Fe, NM 87505
(505) 827-7133
Fax: (505) 827-8177**



(PLEASE DELIVER THIS FAX)

To: TIM GUMM - ARTESIA OCD FAX 748-9720

From: WAYNE PRICE - OCD SF

Date: 4/30/99

Number of Pages (Includes Cover Sheet) 5/6

Message: APPROVED BOND FOR NAVAJO WDW #2

CLASS I INJECTION WELL (COPY)

**If you have any trouble receiving this, please call:
(505) 827-7133**



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 19, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 559 573 589

J.S. Ward & Son, Inc.
104 South Fourth Street
Artesia, New Mexico 88210-2195

Attention: Mr. Gary Sims

Re: Navajo Refining Company Discharge Plan UIC-CLI-008-1
Bond No. 58 93 81
\$ 7,500.00 One-Well Plugging Bond
to the State of New Mexico for Class I Injection Well WDW#1
660' FSL and 2310' FEL Unit O- Sec 31-Ts17s-R28e N.M.P.M.
Eddy, County, New Mexico
J.S. Ward & Son, Inc., Principal

Gulf Insurance Company, Surety
Bond 58 93 81 "General Purpose Rider" increasing Bond to \$95,000.00.

The New Mexico Oil Conservation Division hereby approves of the General Purpose Rider for the above-captioned Bond.

Sincerely,

RAND CARROLL,
Legal Counsel

RC/wp

cc: OCD Artesia Office
Gulf Insurance Company

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

- I also wish to receive the following services (for an extra fee):
1. Addressee's Address
 2. Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

J S WARD & SON INC.
 104 SOUTH FOURTH ST.
 ARLESIA, NM 88210-2195

4a. Article Number

Z 559 573 589

4b. Service Type

- Registered
- Express Mail
- Return Receipt for Merchandise
- Certified
- Insured
- COD

7. Date of Delivery

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)
 Juana Casabona

6. Signature: (Addressee or Agent)
 X Juana Casabona



PS Form 3811, December 1994

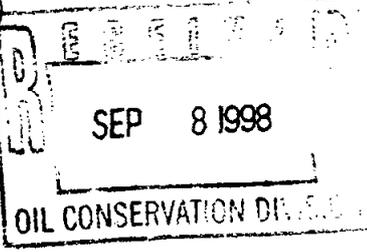
Domestic Return Receipt

Thank you for using Return Receipt Service.

J. S. Ward & Son, Inc.



101 South Fourth Street
(505) 746-2796
FAX (505) 746-4244
Artesia, New Mexico
88210-2195



September 2, 1998

*SEE JULY 16 1998
SENT TO MA!
DORRIS - HAS
ORIGINAL \$7500.00
9/27/98 2/Perkins*

Insurance Bonds

State of New Mexico
Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505-5472

Attention: Mr. Roger Anderson

Re: Navajo Refining Company
Bond No. 58 93 81
\$7,500 One-Well Plugging Bond
to the State of New Mexico for
Class I Injection Well
WDW #1 Unit O

COPY

Dear Mr. Anderson:

Enclosed please find a completed General Purpose Rider for the above captioned bond which increases the amount of the bond to \$95,000.

We trust you find this enclosure entirely in order and acceptable for filing.

Very truly yours,

J. S. Ward & Son, Inc.

By *J. Gary Sims*

SGS:emb

Enclosure - Rider

cc: Navajo Refining Company
Post Office Box 159
Artesia, New Mexico 88211-0159
Attention: Mr. Joe Akins - Invoice

OVER 60 YEARS

GENERAL PURPOSE RIDER

To be attached to and form part of Bond Number 58 93 81
effective July 10, 1998, issued by Gulf Insurance Company
4600 Fuller Drive, Irving, Texas 75038 in the amount of
Seven Thousand Five Hundred and no/100ths-----Dollars, on
behalf of Navajo Refining Company
as Principal and in favor of State of New Mexico
Oil Conservation Division
as Obligee;

Now, therefore, it is agreed that the above mentioned bond be corrected to show

the sum of the bond to be Ninety-Five Thousand and no/100ths Dollars in lieu of Seven Thousand Five Hundred and no/100ths Dollars.

It is further understood and agreed that all other terms and conditions of this bond shall remain unchanged.

This rider is to be effective the 1st day of September 1998.

Signed, sealed and dated this 1st day of September, 1998

(Seal)

Navajo Refining Company
(Principal)

By: [Signature]
Jack P. Reid, President

Accepted By: [Signature] 4/30/99

Gulf Insurance Company
Surety

By: [Signature]
Attorney-in-fact
S. Gary Sims

COPY



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called "Company," does hereby appoint

CHARLENE M. WARD or S. GARY SIMS or JOHN C. KNIGHT
ARTESIA, NEW MEXICO

COPY

its true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of suretyship, not to exceed \$250,000.00 or any bond where the penalty is not stated in the bond form. No authority is granted where the attorney in fact is a party at interest in the bond.

The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective July 1, 1983, and now in full force and effect:

"Resolved that the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary may appoint Attorneys-in-fact in any state, territory or federal district to represent this Company and to act on its behalf within the scope of the authority granted to them, in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company, as surety, and as its act and deed, any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, state or federal, and authority to attest to the signature of the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the bylaws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President, or any Senior Vice President, or any Vice President, or the Secretary, or any Assistant Secretary, or by the Board of Directors."

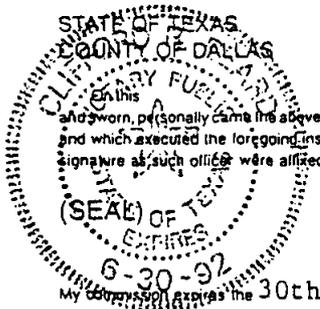
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of the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this April 12, 1991

By [Signature] Sr. Vice President



ss: On this 12 day of April, 1991, before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came the above named officer of GULF INSURANCE COMPANY, who being by me first duly sworn according to law, did depose and say that he is that officer of the company described in and which executed the foregoing instrument; that he knows the seal of said company; that the seal affixed to such instrument is the corporate seal of said company; and that the corporate seal and his signature as such officer were affixed and subscribed to the said instrument by the authority and direction of said company. My commission expires the 30th day of June, 1992

[Signature] Notary Public Cliffure R. Beard 1992

CERTIFICATE

I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolutions are true and correct transcripts from the records of GULF INSURANCE COMPANY and that the above named officer was on the date of execution of the foregoing Power of Attorney authorized to execute this Power of Attorney.



I, [Signature] have hereunto subscribed my name and affixed the corporate seal of Gulf Insurance Company this 1st day of September, 1998.

[Signature] Vice President

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

April 7, 1999

Mr. Wayne Price
Environmental Bureau
N.M. Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505

APR 12 1999

Subject: Wastewater Pipeline under the Pecos River

Dear Wayne,

I am in receipt of your Memorandum of Conversation regarding a telephone conversation on the above subject that I had with you, Roger Anderson and Bill Olson on March 26, 1999. Your memorandum states that Navajo agreed to provide secondary containment for our wastewater pipeline at the Pecos River crossing. I am sending this letter to state that Navajo did **not** agree to this stipulation in this instance, nor do we agree that secondary containment is appropriate in all cases. We believe that the intended environmental protection can be provided by other means.

Having said that, I am now informed that the pipe design being implemented by Navajo's Engineering Department happens to provide secondary containment. This design is being implemented for purposes of corrosion protection. Also, that portion of the pipeline that begins, goes under, and comes up on the other side of the Pecos River crossing will have considerably increased wall thickness in comparison to the rest of the pipeline. Let me assure you that the pipe design Navajo will use will provide appropriate environmental protection, and we feel very confident that OCD will be comfortable with our design. To that end, and to prevent any delays in our UIC permit modification, we would like to meet with you and other OCD staff to present the design in person. I will call you soon to set up a visit. Thank you for your time in this matter.

Sincerely,
NAVAJO REFINING COMPANY

Darrell Moore
Environmental Mgr. for Water and Waste

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. 133333 dated 1/22/99,
or cash received on _____ in the amount of \$ 326.00

from Navajo

for Wow #1 UIC CLE -008-1

Submitted by: _____ Date: _____
(Facility Name) (DP No.)

Submitted to ASD by: R. [Signature] Date: 2/1/99

Received in ASD by: _____ Date: _____

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

Organization Code 521.07 Applicable FY 99

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment X
1 of 5

NAVAJO REFINING COMPANY
501 EAST MAIN STREET
P O BOX 159
ARTESIA, NM 88211-0159
(505) 748-3311

NationsBank of Texas N.A.
Wichita Falls, TX 76301

133333

CHECK DATE: 01/22/99

The SUM of Three Hundred Twenty Six Dollars and 00 cents

PAY EXACTLY
*****326.00

VOID AFTER 180 DAYS

PAY
TO THE
ORDER
OF

NO ENERGY MINERALS & NATURAL
RESOURCES DEPT/ODD
ROAD & FACILITY
SANTA FE, NM 87203

[Signature]

\$2,500.00 OR MORE REQUIRES COUNTER SIGNATURE

⑈ 133333⑈ ⑆ 111901302⑆ ⑈ 1254843258⑈

NAVAJO REFINING COMPANY ♦ 501 EAST MAIN STREET ♦ P O BOX 159 ♦ ARTESIA ♦ NM 88211-0159

DATE	INVOICE NUMBER	AMOUNT	DISCOUNT	AMOUNT AID	REMARKS
09/16/98	091698	326.00	0.00	326.00	1 OF 5 ANNUAL FLAT FEES MIC-CLT-008-1 WOW-1 API No. 30-015-27592 RE-1/25/99 P

133333

TOTAL: 326.00

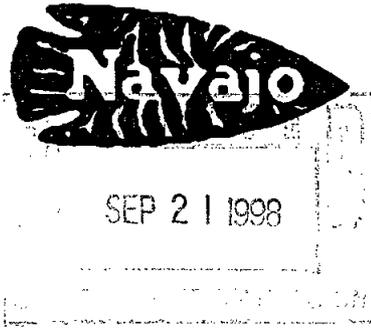
DATE: 01/22/99

848595

VENDOR: 848595
ACCOUNT NO.:

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

September 18, 1998

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

Mr. Roger Anderson
NM Energy, Minerals, and Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, NM 87505

CERTIFIED MAIL RECEIPT
Z 378 881 159

RE: Discharge Plan UIC-CLI-008-1
Class I Non-Hazardous Oil Field Waste Disposal Wells
Eddy County, NM

Dear Roger,

Enclosed, please find the signed copy of the conditions of approval for our Discharge Plan UIC-CLI-008-1 and a check in the amount of \$326.00. This covers the \$50.00 filing fee and 1/5 (\$276.00) of the permit fee.

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

Sincerely,
NAVAJO REFINING COMPANY

A handwritten signature in black ink that reads "Darrell Moore".

Darrell Moore
Env. Mgr. for Water and Waste

Encl.

NO CHECK!

ATTACHMENT TO DISCHARGE PLAN UIC-CLI-008-1 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-1, API No. 30-015-27592
SW4 SE4, SEC 31, TWN 17 S, RNG 28 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PLAN APPROVAL CONDITIONS
August 4, 1998

1. Payment of Discharge Plan Fees: The \$50 dollar filing fee is due upon receipt of this approval. The \$1,380 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Navajo Commitments: Navajo will abide by all commitments submitted in the discharge plan application received May 1, 1998.
3. Maximum Injection Pressure: The maximum operating injection pressure at the wellhead will be 1,490 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1,490 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface.
4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well
5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.
6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Navajo for the life of the well.

7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Navajo for the life of the well.
8. Wastes Permitted for Injection: Injection will be limited to exempt and non-exempt non-hazardous oil field wastes generated exclusively by Navajo Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.
9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis:
 - a. Aromatic and halogenated volatile hydrocarbon scan by either EPA method 8010/8020 or EPA method 8240.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Heavy metals using the ICAP scan (EPA method 6010) and Arsenic and Mercury using atomic absorption (EPA methods 7060 and 7470).

Records of all analyses will be maintained at Navajo for the life of the well.

10. Quarterly Reporting: The following reports will be signed and certified in accordance with WQCC section 5101.H. and submitted quarterly to both the OCD Santa Fe and Aztec Offices:
 - a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected Class I non-exempt non-hazardous oil field waste.
 - d. Monthly volumes of injected Class II exempt oil field wastes.
11. Monthly Reporting: Monthly reporting of the disposal of produced water will be in accordance with OCD Rule 1115 which requires monthly submittal of OCD Form C-115 to the OCD Santa Fe Office.
12. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides

with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

13. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
14. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
15. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
16. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.
17. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps.
18. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge plan renewal. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
19. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Aztec District Office.
20. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping

or system failure. A record of inspections will be retained on site for a period of five years.

21. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

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

22. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge plan and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.

23. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

24. Plugging Bond and /or Letter of Credit: Navajo shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure plan and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge plan renewal.

25. Training: All personnel associated with operations at the Navajo Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Navajo for the life of the well.

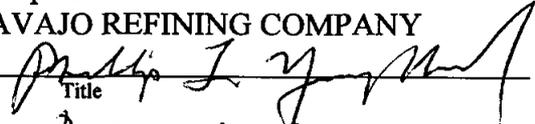
26. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

27. Certification: Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

NAVAJO REFINING COMPANY

by


Title

NAVAJO REFINING COMPANY ♦ 501 EAST MAIN STREET ♦ P O BOX 159 ♦ ARTESIA ♦ NM 88211-0159

DATE	INVOICE NUMBER	AMOUNT	DISCOUNT	AMOUNT PAID	REMARKS
007/18/99	000000	256.00	0.00	256.00	1 OF 5 ANNUAL FLAT FEES
				326.00	
					AIC-CLI-608-1 WOV-1 API No. 30-015-27592 RE-1/25/99 JL

VENDOR: 611705
 ACCOUNT NO:

DATE: 01/22/99

TOTAL:

326.00

133333

NAVAJO REFINING COMPANY

501 EAST MAIN STREET
 P O BOX 159
 ARTESIA, NM 88211-0159
 (505) 748-3311

NationsBank of Texas N.A.
 Wichita Falls, TX 76301

133333

The sum of Three Hundred Twenty Six Dollars and 00 cents

CHECK DATE: 01/22/99

PAY EXACTLY *****326.00

VOID AFTER 180 DAYS

PAY TO THE ORDER OF

TO THE ORDER OF

[Handwritten Signature]

⑆133333⑆ ⑆111901302⑆ ⑆1254843258⑆

\$2,500.00 OR MORE REQUIRES COUNTER SIGNATURE



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

August 4, 1998

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-259-086

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

**RE: Discharge Plan UIC-CLI-008-1
Class I Non-Hazardous Oil Field Waste Disposal Wells
WDW-1, API No. 30-015-27592
SW4 SE4, Sec 31, Twn 17 S, Rng 28 E
Eddy County, New Mexico**

Dear Mr. Moore:

Enclosed are two copies of the conditions of approval with the change to number 8. **Please sign and return one copy to the OCD Santa Fe Office within 10 working days of receipt of this letter.**

Sincerely,

A handwritten signature in cursive script, appearing to read "Roger C. Anderson".

Roger C. Anderson
Environmental Bureau Chief

RCA/mwa
Attachment

xc: OCD Artesia Office
David Catanach, UIC Director, OCD Santa Fe

ATTACHMENT TO DISCHARGE PLAN UIC-CLI-008-1 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-1, API No. 30-015-27592
SW4 SE4, SEC 31, TWN 17 S, RNG 28 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PLAN APPROVAL CONDITIONS
August 4, 1998

1. **Payment of Discharge Plan Fees:** The \$50 dollar filing fee is due upon receipt of this approval. The \$1,380 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. **Navajo Commitments:** Navajo will abide by all commitments submitted in the discharge plan application received May 1, 1998.
3. **Maximum Injection Pressure:** The maximum operating injection pressure at the wellhead will be 1,490 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1,490 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface.
4. **Mechanical Integrity Testing:** In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well
5. **Annulus:** The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.
6. **Continuous Monitoring and Recording:** Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Navajo for the life of the well.

7. **Maintenance Records:** All routine maintenance work on the well will be recorded and maintained at Navajo for the life of the well.
8. **Wastes Permitted for Injection:** Injection will be limited to exempt and non-exempt non-hazardous oil field wastes generated exclusively by Navajo Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.
9. **Chemical Analysis of Injection Fluids:** The following analyses of injection fluids will be conducted on a quarterly basis:
 - a. Aromatic and halogenated volatile hydrocarbon scan by either EPA method 8010/8020 or EPA method 8240.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Heavy metals using the ICAP scan (EPA method 6010) and Arsenic and Mercury using atomic absorption (EPA methods 7060 and 7470).

Records of all analyses will be maintained at Navajo for the life of the well.

10. **Quarterly Reporting:** The following reports will be signed and certified in accordance with WQCC section 5101.H. and submitted quarterly to both the OCD Santa Fe and Aztec Offices: APPROPRIATE DISTRICT OFFICE
 - a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected Class I non-exempt non-hazardous oil field waste.
 - d. Monthly volumes of injected Class II exempt oil field wastes.
11. **Monthly Reporting:** Monthly reporting of the disposal of produced water will be in accordance with OCD Rule 1115 which requires monthly submittal of OCD Form C-115 to the OCD Santa Fe Office.
12. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides

with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

13. **Process Areas:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
14. **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
15. **Above Ground Saddle Tanks:** Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
16. **Labeling:** All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.
17. **Below Grade Tanks/Sumps:** All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps.
18. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge plan renewal. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
19. **Well Workover Operations:** OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Aztec District Office.
20. **Housekeeping:** All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping

or system failure. A record of inspections will be retained on site for a period of five years.

21. **Spill Reporting:** All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

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

22. **Transfer of Discharge Plan:** The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge plan and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.

23. **Closure:** The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

24. **Plugging Bond and /or Letter of Credit:** Navajo shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure plan and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge plan renewal.

25. **Training:** All personnel associated with operations at the Navajo Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Navajo for the life of the well.

26. **OCD Inspections:** Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

27. **Certification:** Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

P 288 259 086

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$

Accepted:
NAVAJO REFINING COMPANY
by _____
Title



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

July 14, 1998

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-259-085

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

**RE: Approval of Discharge Plan UIC-CLI-008-1
Class I Non-Hazardous Oil Field Waste Disposal Wells
WDW-1, API No. 30-015-27592
SW4 SE4, Sec 31, Twn 17 S, Rng 28 E
Eddy County, New Mexico**

Dear Mr. Moore:

The discharge plan UIC-CLI-008-1 for the Navajo Refining Company (Navajo) Class I non-hazardous oil field waste disposal wells located in SW4 SE4 of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The discharge plan consists of the original application received May 1, 1998. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within 10 working days of receipt of this letter.**

The discharge plan was submitted pursuant to Section 5101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5101.A and 3109. Please note Sections 3109.E and 3109.G which provide for possible future amendments or modifications of the plan. Please be advised that approval of this plan does not relieve Navajo of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3104 of the regulations requires that when a plan has been approved, discharges must be consistent with the terms and conditions of the plan. Pursuant to Section 3107.C Navajo is required to notify the Director of any facility expansion, production increase, pressure increase, or process modification that would result in any change in the discharge of water quality or volume.

Mr. Darrell Moore
July 14, 1998
Page 2

Pursuant to Section 3109.H.4, this plan is for a period of five (5) years. This approval will expire July 14, 2003, and Navajo should submit an application for renewal in ample time before this date. Note that under Section 5101.G of the regulations, if a discharger submits a discharge plan renewal application at least 180 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the Navajo Class I non-hazardous oil field waste disposal well is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus a flat fee of \$1,380 for Class I injection wells. The OCD has not received the \$50 filing fee or the \$1,380 flat fee. The \$50 dollar filing fee is due upon receipt of this approval. The flat fee of \$1,380 may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

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

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mwa
Attachment

xc: OCD Artesia Office
David Catanach, UIC Director, OCD Santa Fe

ATTACHMENT TO DISCHARGE PLAN UIC-CLI-008-1 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-1, API No. 30-015-27592
SW4 SE4, SEC 31, TWN 17 S, RNG 28 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PLAN APPROVAL CONDITIONS
July 14, 1998

1. **Payment of Discharge Plan Fees:** The \$50 dollar filing fee is due upon receipt of this approval. The \$1,380 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. **Navajo Commitments:** Navajo will abide by all commitments submitted in the discharge plan application received May 1, 1998.
3. **Maximum Injection Pressure:** The maximum operating injection pressure at the wellhead will be 1,490 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1,490 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface.
4. **Mechanical Integrity Testing:** In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well
5. **Annulus:** The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.
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 - a. Aromatic and halogenated volatile hydrocarbon scan by either EPA method 8010/8020 or EPA method 8240.
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26. **OCD Inspections:** Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.
27. **Certification:** Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

P 288 259 085

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Accepted:

NAVAJO REFINING COMPANY

by _____
 Title



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

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

P 288 259 084

July 2, 1998

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-259-084

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

Re: Modification of Recent Request for Injectivity Tests

Dear Mr. Moore:

Reference is made to your recent request to use light brine (approximately nine pounds per gallon) or fresh water for injectivity testing on the Mowbourne Oil Company, Chalk Bluff 31 No. 1 located in Section 31, T17S, R28E to determine approximately stable injection rates and pressures. Based on the information received, your request is hereby approved.

If you have any questions, please call me at (505) 827-7155.

Sincerely,

Mark Ashley
Geologist

xc: OCD Artesia Office
Ms. Nancy Niemann, Envirocorp, 7020 Portwest Dr., #100, Houston, Texas 77024

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

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Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995



"Professional Consulting Services"
7020 Portwest Drive, Suite 100
Houston, Texas 77024

Telephone: (713) 880-4640
1-800-535-4105

Facsimile: (713) 880-3248
E-mail: Envirocorp.Jackie@Worldnet.att.net

- Environmental**
- ◆ Compliance Consulting, Auditing and Permitting
 - ◆ Assessments and Investigations
 - ◆ Ground Water and Hydrogeology
 - ◆ Remediation
 - ◆ Risk Assessments
 - ◆ Air Quality
 - ◆ Water Quality
 - ◆ Solid and Hazardous Materials

- Underground Injection**
- ◆ Permitting, Positioning and Compliance
 - ◆ Well and Treatment Facility Design
 - ◆ Well Installation
 - ◆ Mechanical Integrity Testing
 - ◆ Well Repair and Workovers
 - ◆ Consulting and Special Studies
 - ◆ Computer Modeling and Simulation
 - ◆ Core Flow and Compatibility Studies

- Petroleum and Natural Resources**
- ◆ Reservoir Engineering and Geological Evaluations
 - ◆ Well Test Design and Analysis
 - ◆ Economic Evaluations
 - ◆ Research Project Management
 - ◆ Field Operations and Supervision
 - ◆ Drilling, Completion, Workovers and Closures
 - ◆ Underground Storage and Injection
 - ◆ NCRM Management
 - ◆ Environmental Compliance and Training

- Specialty Laboratory Services**
- ◆ Core Studies
 - ◆ Compatibility and Treatability Studies
 - ◆ Filterability Tests
 - ◆ Corrosion Tests
 - ◆ Formation Damage Evaluation
 - ◆ Waste Characterization

- Special Projects**
- ◆ Innovative Treatment Technologies
 - ◆ Well Systems Applications
 - ◆ Application Research and Development

Date: 7-1-98

Total Pages: 4
(including Cover Sheet)

Project No.: 70A4614

To: Mark Ashley

Company: OCTD Fax Number: 505-827-8177

From: Brian Rogers

Original Will Not Follow
 Original Will Follow By: Mail Other

Comments: Per your request and on behalf of Navajo Refining Co., Envirocorp is attaching the procedure for re-entry and testing on Chalk Bluff #1 State No. 1 well. Field operations to begin 7/6/98.

"The information contained in this transmission is confidential and is intended only for the use of the addressee. Unauthorized use, disclosure or copying is strictly prohibited. Please call (713) 880-4640 if you have received this transmission in error."

◆ LOCATIONS ◆

7020 Portwest Drive, Suite 100
Houston, Texas 77024
Telephone: (713) 880-4640
Facsimile: (713) 880-3248

11800 Industriplex, Suite 15
Baton Rouge, Louisiana 70809
Telephone: (504) 753-2561
Facsimile: (504) 751-5402

3600 McGill Street
South Bend, Indiana 46828
Telephone: (219) 287-2282
Facsimile: (219) 233-0026

"Quality People Working For A Quality Environment"

**PROCEDURE TO CLEAN OUT WELLBORE,
INSTALL CASING AND COMPLETE MEWBOURNE
OIL COMPANY, CHALK BLUFF #1 STATE NO. 1 WELL
INTO NAVAJO WASTE DISPOSAL WELL NO. 1**

Envirocorp Project No. 70A4614

1. Prepare the location for the selected rig. Construct a divided pit for circulating down while drilling the plugs. Line the reserve pits. Weld an extension to the 9 5/8 inch casing for a flange to BOP. Dig out the cellar with rathole and mousehole.
2. Move in and rig up rotary rig. Install the blowout preventors (BOPs).
3. Drill out the following cement plugs. Conduct deviation surveys every 1,000 feet or on trips.
 - a. 0 - 50'
 - b. 2,350 - 2,605' 65 sx
 - c. 3,624 - 3,734 45 sx
 - d. 5,210 - 5,370 45 sx
 - e. 6,538 - 6,648 45 sx
 - f. 7,756 - 7,866 45 sx
 - g. 8,418 - 8,528 45 sx

Circulate using freshwater and gel sweeps. Add brine for weight if needed. Use a new journal bearing bit type with gauge protection. Wash down each joint and continue circulating through the reserve pit until necessary to use steel pits for mud property control. Make a daily short trip.

4. Clean out to a depth of 9,100 feet. Circulate and condition the hole for logging. Make a wiper trip to the 9 5/8 inch casing. Strap drill pipe on trip.
5. Run a fracture identification log with gamma-ray from total depth to 5,000 feet. Run a caliper from total depth to the 9 5/8 inch casing shoe. Run a cement bond log across the 9 5/8 inch casing.
6. Plug back to 9,000 feet with a cement plug if it appears to enhance the possibility to complete

**PROCEDURE TO CLEAN OUT WELLBORE,
INSTALL CASING AND COMPLETE MEWBOURNE
OIL COMPANY, CHALK BLUFF 31 STATE NO. 1 WELL
INTO NAVAJO WASTE DISPOSAL WELL NO. 1**

Envirocorp Project No. 70A4614

1. Prepare the location for the selected rig. Construct a divided pit for circulating down while drilling the plugs. Line the reserve pits. Weld an extension to the 9 5/8 inch casing for a flange to BOP. Dig out the cellar with rathole and mousehole.
2. Move in and rig up rotary rig. Install the blowout preventors (BOPs).
3. Drill out the following cement plugs. Conduct deviation surveys every 1,000 feet or on trips.
 - a. 0 - 50'
 - b. 2,350 - 2,605' 65 sk
 - c. 3,624 - 3,734 45 sk
 - d. 5,210 - 5,370 45 sk
 - e. 6,538 - 6,648 45 sk
 - f. 7,756 - 7,866 45 sk
 - g. 8,418 - 8,528 45 sk

Circulate using freshwater and gel sweeps. Add birm for weight if needed. Use a new journal bearing bit type with gauge protection. Wash down each joint and continue circulating through the reserve pit until necessary to use steel pits for mud property control. Make a daily short trip.

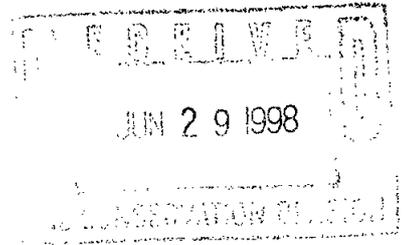
4. Clean out to a depth of 9,100 feet. Circulate and condition the hole for logging. Make a wiper trip to the 9 5/8 inch casing. Strap drill pipe on trip.
5. Run a fracture identification log with gamma-ray from total depth to 5,000 feet. Run a caliper from total depth to the 9 5/8 inch casing shoe. Run a cement bond log across the 9 5/8 inch casing.
6. Plug back to 9,000 feet with a cement plug if it appears to enhance the possibility to complete a cement job without lost circulation. Lay down the 4 1/2 inch drill pipe.
7. Run the 7 inch casing to 9,000 feet. Run a packoff shoe and float collar. Install a DV tool at 5,500 feet ±. Cement with baskets one joint below the DV tool. Place a centralizer on every third joint to 7,500 feet, then on every fourth joint to the surface. Hole conditions may indicate a reduction in the number of centralizers.
8. Circulate at least one 7 inch casing volume prior to cementing the lower stage. Calculate the cement volume from the log and add 20% excess cement. Precede cement with mud flush. Pump casing capacity behind the cement plug, then drop the DV opening tool. After the tool opens, circulate for 6 hours prior to cementing the second stage of cement to the surface. In

the event that the cement is not circulated to the surface, run a temperature survey to determine the top of the cement.

9. Run a 1 inch tremmie line to 100 feet and cement the 9 $\frac{1}{2}$ inch x 7 inch annulus with premium cement containing calcium chloride.
10. Clean mud pits and release the rig after waiting 12 hours waiting on the cement.
11. Move out rig
12. Transport the excess water to disposal.
13. Move in a completion rig with pump, tank, power swivel and workstring. Install the blowout preventor.
14. Run bit to DV tool and test the casing to 1,500 psi for 30 minutes.
15. Drill DV tool and clean out to float collar. Test the casing to 1,500 psi. Circulate casing capacity with clean brine. Precede clean brine with 250 gallons of 15% acid to clean casing. Trip out of the hole.
16. Run casing inspection, cement bond and differential temperature surveys. Perforate indicated porosity from 8,050 feet to 8,764 feet (lower Cisco and Canyon). Run digital pressure gauge to obtain formation pressure when pressure is stable.
17. Run the packer to 8,030 feet with tail pipe to 8,770 feet. Swab test the perforated interval until at least 2 tubing volumes are recovered. Catch three 5-gallon, glass or plastic containers of water for analysis.
18. Run injection test at two rates (see friction chart for 2.5 inch I.D. tubing). Treat with acid if necessary. Treat by unseating packer and circulating acid past perforations before breakdown. (Leave acid 8,050' to 8,760' when injecting.) Use diverters in acid. Let acid set for 2 hours and rerun test at previous rates.
19. Trip out of the hole with packer. Perforate indicated porosity from 7,604 feet to 8,000 feet (Wolfcamp and Upper Cisco). Run retrievable bridge plug and set at 8,025 feet. Test the plug. Reset the packer at 7,500 feet. Run digital pressure gauge to obtain formation pressure. Swab test the perforated interval until at least 2 tubing volumes are recovered. Catch three 5-gallon samples for analysis.
20. Perform injection test with at least two rates. If necessary, treat with acid in 4 stages. Retent. Recover bridge plug and packer. Lay down workstring.
21. Perform injection test down the 7 inch casing at 420 gpm for 12 hours (friction 31 psi). Install a surface readout digital pressure recorder prior to the test. Monitor build-up and fall-off for reservoir analysis and evaluation. Run a differential temperature survey at the completion of the pressure test. Include an injectivity profile with survey. Notify the State 24 hours in advance of test.

22. Run the injection tubing with the injection packer. Set the packer 100 feet above the top perforation. Fill annulus with a corrosion inhibited brine water. Perform an annular pressure test.
23. Release the rig and deliver the well to the client.
24. Complete the location. Clean up and restore location. Install the annulus monitor system.

ENVIROCORP®



June 25, 1998

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Navajo Refining Company's Injectivity Test on the Mewbourne Oil Company Chalk Bluff 31 State No. 1
Envirocorp Project No. 60A4696

Dear Mr. Ashley:

The letter that your office issued to Navajo Refining Company (Navajo) dated May 21, 1998, regarding Navajo's request to test the referenced well, stated that "Fluids for testing will be limited to fresh water". On behalf of Navajo, Envirocorp Services & Technology, Inc. (Envirocorp) requests that the fluids for testing be light brine (approximately nine pounds per gallon) or fresh water. We request that the injection of brine be permitted during testing to limit any potentially adverse effects of injecting fresh water into the newly completed injection intervals.

Please do not hesitate to contact me at (713) 880-4640 if you have questions or need more information as you consider this request.

Sincerely,

Nancy L. Niemann
Senior Geologist

NLN/paf

c: Darrell Moore, Navajo Refining Company
George Walbert, Holly Petroleum, Inc.

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 1:30 PM	Date 7-1-98
---	-----------------	----------------

<u>Originating Party</u> MARK ASHLEY	<u>Other Parties</u> NANCY NIEMANN
---	---------------------------------------

Subject NAVATO CLASS I DISPOSAL WELL (WOW-1).
VARIANCE FOR INJECTIVITY TESTING FLUID.

Discussion IN 6-25-98 LETTER ENVIROCORP, ON BEHALF OF
NAVATO, REQUESTED USING 9 1/2 BRINE INSTEAD OF FRESH
WATER FOR INJECTIVITY TESTING. OGD ALSO ASKED FOR
THE WORK PROCEDURE.

Conclusions or Agreements OGD WILL APPROVE THE VARIANCE, WITH THE
WORK PROCEDURE BEING A CONDITION OF APPROVAL.

Distribution Signed *Mark Ashley*

June 25, 1998

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Response to Request for Information from June 10, 1998, on Navajo Refining
Company's Discharge Plan Application
Envirocorp Project No. 60A4696

Dear Mr. Ashley:

Enclosed please find two copies of the referenced document. A third copy of the document was transmitted to the New Mexico Oil Conservation Division (OCD), District II office in Artesia, New Mexico. The document consists of Addendum No. 1 and replacement pages for the Navajo Refining Company's (Navajo) Discharge Plan Application and Application for Authorization to Inject, dated April 1998. The document may be inserted into the back of the binder that holds Navajo's application. Instructions for inserting the replacement pages are included in Attachment A.

Please do not hesitate to contact Darrell Moore of Navajo at (505) 748-3311 or me at (713) 880-4640 if you have additional questions or need more information as you complete your review of the application.

Sincerely,



Nancy L. Niemann
Senior Geologist

NLN/paf
Attachments

c: New Mexico Oil Conservation Division, District II (with attachments)
Darrell Moore - Navajo Refining Company (with attachments)
George Walbert - Holly Petroleum, Inc. (with attachments)

ATTACHMENT XIII-1

**LEASEHOLD OPERATORS WITHIN 1 MILE
OF THE PROPOSED WELL LOCATIONS**

Map ID No. 14

**ARCO Oil and Gas Company
Post Office Box 1610
Midland, Texas 79702**

**Map ID Nos. 18, 27, 29, 31, 42, 48, 50, 51, 53, 55, 56, 60, 62, 64, 65, 67, 69, 71, 73, 74, 75,
76, 77, 78, 79, 82, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 101, 102, 103, 104, 105, 106, 107,
109, 110, 111, 112, 113, 115, 116, 118, 121, 122, 125, 129, 130, 133, 135, 136, 138, 139, 140,
141, 143, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 160**

**ARCO Permian
A Unit of Atlantic Richfield Co.
Post Office Box 1710
Hobbs, New Mexico 88240**

Map ID Nos. 169, 170

**B & W Oil Company, Inc.
R-252 North Haldeman Road
Artesia, New Mexico 88210**

Map ID No. 43

**Baber Well Servicing Company
Post Office Box 1772
Hobbs, New Mexico 88241**

Map ID No. 32

**CFM Oil Company
Post Office Box 1176
Artesia, New Mexico 88211**

Map ID Nos. 162, 165, 166

**The Eastland Oil Company
Post Office Drawer 3488
Midland, Texas 79702**

ATTACHMENT XIII-1 (Continued)

Map ID Nos. 15, 20, 24, 25

**Gas Well Services, Inc.
26 East Compress Road
Artesia, New Mexico 88210**

Map ID No. 83

**I & W, Inc.
Post Office Box 98
Loco Hills, New Mexico 88255**

Map ID Nos. 45, 46, 47, 61, 66, 68, 70, 72, 87

**Kersey & Company
Post Office Box 316
Artesia, New Mexico 88211-0316**

Map ID Nos. 11, 12, 13

**Kersey & Company
Post Office Box 1248
Fredericksburg, Texas 78624**

Map ID Nos. 8, 9

**C. E. LaRue and B. N. Muncy, Jr.
Post Office Box 196
Artesia, New Mexico 88210**

Map ID Nos. 40, 41, 49, 52, 54, 57, 84, 100

**Mack Energy Corporation
Post Office Box 276
Artesia, New Mexico 88210**

Map ID Nos. 4, 6, 16, 19, 21, 22, 23, 26

**Mason Phillips Properties
409 East North Street
Greenville, South Carolina 29601**

ATTACHMENT XIII-1 (Continued)

Map ID Nos. 144, 161

**Mewbourne Oil Company
Post Office Box 5270
Hobbs, New Mexico 88241**

Map ID Nos. 124, 134

**Mewbourne Oil Company
Post Office Box 7698
Tyler, Texas 75711**

Map ID Nos. 163, 167

**Morexco, Inc.
Post Office Box 481
Artesia, New Mexico 88211-0481**

Map ID Nos. 80, 81, 123

**Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762**

Map ID Nos. 1, 3, 5, 7, 10, 37, 38, 44

**Pronghorn Management Corporation
Post Office Box 1772
Hobbs, New Mexico 88241**

Map ID No. 86

**SDX Resources, Inc.
Post Office Box 5061
Midland, Texas 79704**

Map ID Nos. 34, 36

**Rodney B. Webb dba/ Webb Oil Company
Post Office Box 1124
Artesia, New Mexico 88211-1124**

ATTACHMENT XIII-1 (Continued)

Map ID Nos. 2, 28, 33, 35, 39, 58, 59, 63, 99, 114, 117, 126, 127, 128, 157, 158, 159, 164, 171

P&A

Map ID Nos. 30, 85, 108, 119, 132, 137

Mis-plotted wells

Map ID Nos. 17, 131, 142, 168, 172, 173

Leaseholder Unknown

Map ID No. 120

Unused Well Number



June 25, 1998

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Response to Request for Information from June 10, 1998, on Navajo Refining Company's Discharge Plan Application
Envirocorp Project No. 60A4696

Dear Mr. Ashley:

Enclosed please find two copies of the referenced document. A third copy of the document was transmitted to the New Mexico Oil Conservation Division (OCD), District II office in Artesia, New Mexico. The document consists of Addendum No. 1 and replacement pages for the Navajo Refining Company's (Navajo) Discharge Plan Application and Application for Authorization to Inject, dated April 1998. The document may be inserted into the back of the binder that holds Navajo's application. Instructions for inserting the replacement pages are included in Attachment A.

Please do not hesitate to contact Darrell Moore of Navajo at (505) 748-3311 or me at (713) 880-4640 if you have additional questions or need more information as you complete your review of the application.

Sincerely,

Nancy L. Niemann
Senior Geologist

NLN/paf
Attachments

c: New Mexico Oil Conservation Division, District II (with attachments)
Darrell Moore - Navajo Refining Company (with attachments)
George Walbert - Holly Petroleum, Inc. (with attachments)

ATTACHMENT A

INSTRUCTIONS FOR UPDATING NAVAJO'S DISCHARGE PLAN APPLICATION

Insert Addendum No. 1 at the back of the binder that holds the application.

Remove and discard Page 2 of Attachment III-5 (Closure Plan) and replace with the enclosed page.

Remove and discard Page VI-4 of Section 6 and replace with the enclosed page.

Insert the enclosed log and Sundry Notice into the records of Map ID No. 161 in Attachment VI-2.

Remove and discard Attachment VI-3 (Top of Cement in Injection Zone Wells in the Area of Review) and replace with the enclosed table.

Remove and discard Page VII-3 of Section VII (Proposed Operations) and replace with the enclosed page.

**ADDENDUM NO. 1
RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION
RECEIVED ON JUNE 10, 1998, FROM THE
NEW MEXICO OIL CONSERVATION DIVISION ON THE
DISCHARGE PLAN APPLICATION**

**NAVAJO REFINING COMPANY
Artesia, New Mexico**

Envirocorp Project No. 60A4696

June 1998

Prepared By:

**ENVIROCORP SERVICES & TECHNOLOGY, INC.
Houston, Texas**

**RESPONSE TO REQUEST FOR ADDITIONAL INFORMATION
RECEIVED ON JUNE 10, 1998, FROM THE
NEW MEXICO OIL CONSERVATION DIVISION ON
NAVAJO REFINING COMPANY'S
DISCHARGE PLAN APPLICATION**

The following request for additional information on Navajo's discharge plan application was received by Nancy Niemann of Envirocorp in a telephone conversation on June 10, 1998, with Mark Ashley of the OCD.

REQUEST 1:

The application states that Navajo owns the land surrounding the surface location of proposed WDW-1 (the Mewbourne Oil Company Chalk Bluff 31 State No. 1). Navajo should state the owner of the land surrounding the surface locations of proposed WDW-2 and WDW-3.

RESPONSE:

Navajo is the owner of the land surrounding the surface locations of proposed WDW-2 and WDW-3, as stated in Item No. 4, Facility Ownership, of the Discharge Plan Application. Navajo owns the two acres that are shown to be surrounding proposed WDW-2 in the surveyor's plat that is included with Form C-102 for proposed WDW-2. Navajo also owns the two acres that are shown to be surrounding proposed WDW-3 in the surveyor's plat that is included with Form C-102 for proposed WDW-3.

REQUEST 2:

Navajo shall furnish to the OCD a demonstration of "the ability of the discharger to undertake measures necessary to prevent contamination of ground water," in accordance with 20 NMAC 5210.B.17.

RESPONSE:

The required demonstration will be forwarded under separate cover by Navajo.

REQUEST 3:

Formation fluid samples from the proposed injection intervals shall be retrieved before any other testing or injection.

RESPONSE:

A sentence has been added to the last paragraph of Section VII.5 that states that retrieval of formation brine samples will be attempted prior to any stimulation treatments or injection into the well. A replacement page is included.

REQUEST 4:

Was cement circulated to the surface around the surface casing and intermediate casing in proposed WDW-1?

RESPONSE:

Cement was circulated to the surface during the cementing of the surface casing of proposed WDW-1. The Daily Drilling Report for the well (first page of Attachment VIII-8) states that Halliburton circulated 86 sacks of cement to the pit on August 6, 1993, while cementing the surface casing.

Cement was circulated to the surface during the cementing of the intermediate casing of proposed WDW-1. The Daily Drilling Report for the well (second page of Attachment VIII-8) states that Halliburton circulated 133 sacks of cement to the pit on August 10, 1993, while cementing the intermediate casing.

REQUEST 5:

The OCD's calculations of the top of cement around the long-string casing of Map ID No. 161 (the Mewbourne Oil Company Federal "T" No. 1 well) indicate that insufficient cement may be present. Submit temperature or cement bond logs that indicate the top of cement. If no additional information is available to indicate the top of cement, Navajo may be required to perform corrective action on this well.

RESPONSE:

Additional information has been obtained from the records of the OCD and from Mewbourne Oil Company that demonstrates that the top of cement in Map ID No. 161 (the Mewbourne Federal "T" No. 1) is above the top of the injection zone. The information indicates that additional cement was pumped behind the long-string casing of the well and that the casing is cemented at least from the base of the casing up to 6000 feet. The top of the injection zone occurs at approximately 7384 feet in Map ID No. 161, or 1384 feet below the top of cement.

The cement bond log run on July 20, 1993, from 8100 feet to 6000 feet, shows that good cement bond is present up to 6000 feet. A copy of the log is attached.

The attached Sundry Notice states that on August 26, 1993, the zone from 6868 feet to 7038 feet was perforated, and then fluid was pumped out of the well. As fluid was pumped between August 26, 1993 and September 5, 1993, the volume of fluid produced decreased from 276 barrels to 27 barrels. The ability to pump down the fluid level in the well demonstrates that the zone at 6868 feet to 7038 feet was isolated by cement from any other zones that might have produced fluid while the well was being pumped.

The cement sheath around the long-string casing of Map ID No. 161 extends above the top of the injection zone. Therefore, this wellbore will not provide a pathway for migration of fluids or transmittal of pressure from the injection zone.

REQUEST 6:

Revise the Closure Plan to state that dry-hole markers will be installed when the wells are plugged.

RESPONSE:

The Closure Plan (Attachment III-5) has been revised as requested. A replacement page is included.

ATTACHMENT III-5 (Continued)

11. Rig up cement service equipment. Cement shall be densified Class "H" (or comparable), weighing 16.4 pounds/gallon. Pressure test the surface lines as required.
12. Spot sufficient Class "H" (or comparable) cement slurry to develop a cumulative 100-foot column (minimum). Pull the tubing up 200 feet and reverse out excess cement. Catch a sample of cement to check curing time and compressive strength. Allow the cement to set overnight (eight-hour minimum) before tagging top of plug to confirm proper setup and location. Pressure test the plug to the pressure recommended by the OCD. If cement is set adequately, proceed to Step 13. Otherwise, spot additional cement on top of the first plug, as before, to achieve a cumulative 100-foot cement plug. Allow cement to set for a longer period, if necessary.
13. Displace the casing with heavy mud from top of plug to 2600 feet (50 feet below the base of the intermediate casing).
14. Pull tubing up to 2600 feet. Place densified Class "H" (or comparable) cement plug from 2600 feet to 2500 feet. Pull the tubing up 200 feet and reverse out excess cement. Shut down for eight hours, or as required; then, tag the plug to confirm location. Pressure test the plug.
15. Displace the casing with heavy mud from 2500 feet to 450 feet (50 feet below the base of the surface casing).
16. Pull the tubing up to 450 feet. Place densified Class "H" (or comparable) cement plug from 450 feet to 350 feet. Pull the tubing up 200 feet and reverse out excess cement. Shut down for eight hours, or as required; then, tag the plug to confirm location. Pressure test the plug.
17. Displace the casing with heavy mud from 350 feet to 100 feet.
18. Pull the work string to 100 feet below the surface and spot 100 feet of densified Class "H" cement as the surface plug. Lay down remaining tubing and remove the bradenhead. Cut casing strings three feet below ground level.
19. Weld a 1/2 inch steel plate across the 9-5/8 inch casing. The location of the well will be marked with a steel marker 4 inches in diameter and 4 feet high above mean ground level. The marker will show the operator name, lease name, well number, section, township, range and unit letter.
20. Release all equipment and clean up the location.
21. Submit closure data to the OCD, and arrange for inspection of the well and location.

VI.D Condition of Artificial Penetrations

Each of the wells that penetrates the injection zone was evaluated to determine if it will allow movement of fluids into or between USDWs. For the purpose of this demonstration, the artificial penetrations may be categorized as follows:

Class II Saltwater Disposal Wells (1 well):

Map ID No. 83, the I&W Inc., Walter Solt SWD-1, is a Class II saltwater disposal well that is currently active. The well injects into the Wolfcamp in four sets of perforations: 7518 to 7534 feet, 7742 to 7756 feet, 7778 to 7787 feet, and 7810 to 7812 feet. The injection zone coincides with the shallowest formation proposed for injection by the proposed Navajo injection wells. The well has surface and intermediate or production casing set to prevent contamination of the USDW. The casing/formation annulus is cemented across the injection zone, as presented in Attachment VI-3. At the end of the well's useful life, the operator will plug and abandon the well according to OCD regulations with cement plugs set to protect the USDW and with heavy mud left in the wellbore. The Class II well in the AOR is listed below:

Map ID No. 83.

No corrective action is required for this well.

Active Producing Wells (6 wells):

Active producing wells include producing and shut-in oil and gas wells. The mechanical integrity of active producing wells is monitored by the OCD. These wells have surface and intermediate or production casing set to prevent contamination of the USDW. In all wells, the casing/formation annulus is cemented across the injection zone. Reported top of cement, where available, or calculated top of cement for each casing string in each well is presented in Attachment VI-3. At the end of the wells' useful lives, the operators will plug and abandon the wells according to OCD regulations with cement plugs set to protect the USDW and with heavy mud left in the wellbore. The active producing wells within the AOR are listed below:

Map ID Nos. 81, 124, 134, 144, 161, and 167.

Form 3160-5
June 1990

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

AUG 24 11 03 AM '93

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

NM-42410

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Federal "T" #1

9. API Well No.

30-015-26404

10. Field and Pool, or Exploratory Area

North Illinois Camp

11. County or Parish, State

Morrow

Eddy Co. N.M.

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Meybourne Oil Company

3. Address and Telephone No.

P.O. Box 5270 Hobbs, New Mexico 88241 (505) 393-5905

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL & 990' FEL Sec. 12-T18S-R27E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Verball from Adam - BLM.
07/19/93 Set 4" CIBP @ 9950' over Morrow Perfs. (10,008'-10,054') Dump 2 sx. cmt.
07/21/93 Set 5-1/2" CIBP @ 9040' @ top of liner. Dumped 4 sx. cmt.
07/22/92 Perf. Cisco Formation (8034'-8042' w/2 SPF & 8055'-8060' w/2SPF. Swabbed tested all water.
07/24/93 Set cmt. retainer @ 8000'. Pumped 100 sx. cmt. into perfs. (8034'-8060')
07/25/93 Perf. Cisco Formation 7832'-7840' w/2 SPF. Swab tested all water.
07/27/93 Set cmt. retainer @ 7820'. Pumped 100 sx. cmt. into perfs. (7832'-7840')
07/28/93 Perf. Cisco Formation 7790'-7798' w/2 SPF. Swab tested all water.
07/29/93 Set cmt. retainer @ 7780'. Pumped 100 sx. cmt. into perfs. (7790'-7798')
07/30/93 Perf. Cisco Formation 7760'-7768' w/2 SPF. Swab tested all water.
07/31/93 Set cmt. retainer @ 7745'. Pumped 100 sx. cmt. into perfs. (7760'-7768')
08/01/93 Perf. Cisco Formation 7685'-7695' w/4 SPF. Swab tested water w/show of gas.
08/03/93 Acidized Cisco Formation (7685'-7695') w/3000 gal 15% FE acid.
08/04/93 RIH w/tbg. pump to 5033' & started pumping well.
08/05/93 1100 BWPD No oil.
08/06/93 1200 BWPD No oil.

14. I hereby certify that the foregoing is true and correct

Signed [Signature]

Title Engineer

Date August 20, 1993

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title _____

Date _____

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MINUTE COPY COMMISSION
Drawer D1

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SEP 10 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

NM-42410

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Federal "T" #1

9. API Well No.

30-015-26404

10. Field and Pool, or Exploratory Area

North Illinois Camp Morrow

11. County or Parish, State

Eddy Co. New Mexico

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Mewbourne Oil Company

3. Address and Telephone No.

P.O. Box 5270 Hobbs, New Mexico 88241

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL & 990' FEL

Sec. 12-T18S-R27E

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other

Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

* Verbal from Adam Salameh

- 08/14/93 Well pumping 1442 BW. 0 BO, 0 MCF from attempted completion in Cisco formation. MIRU well service rig.
- 08/15/93 Set CIBP @ 7595' over Cisco Perfs (7685'-7695'). Dump 4 sx. cmt. on plug. Perf. Wolfcamp formation (7330'-7360') (44 H)
- 08/16/93 Swabbed well down w/no entry.
- 08/17/93 Acidized Wolfcamp formation w/3000 gal 15% FE acid. Swabbed water w/no show of oil or gas.
- 08/18/93 Set CIBP @ 7300' over Wolfcamp formation (7330'-7360'). Dump 4 sx. cmt. on plug. Perf'd Wolfcamp formation (7092'-7146') (62H). Swabbed well down. No entry.
- 08/19/93 Acidized Wolfcamp formation (7092'-7146') w/3000 gal. 15% FE acid.
- 08/20/93 Swabbed well w/no show of oil or gas.
- 08/21/93 Set CIBP @ 7078' over Perfs (7092'-7146'). Perf'd Wolfcamp (6868'-7038') (80H)
- 08/22/93 Acidized Wolfcamp formation (6868'-7038') w/3000 gal. 15% FE acid.
- 08/24/93 Swabbing water w/trace of oil.
- 08/26/93 Acid frac'd Wolfcamp (6868'-7038') w/3000 gal. 20% FE acid & 15,000 gal. gel water. See attached page.

4. I hereby certify that the foregoing is true and correct

Signed [Signature]

Title Production Engineer

Date 09/08/93

(This space for Federal or State office use)

Approved by _____
Conditions of approval, if any:

Title _____

ACCEPTED FOR RECORD
Date _____
[Signature]
SEP 10 1993
CARLSBAD, NEW MEXICO

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

08/27/93 RIH w/pump & started pumping well.
08/28/93 0 BO 276 BW 8 MCF
09/03/93 5 BO 30 BW 5 MCF
09/05/93 2 BO 25 BW 4 MCF

ATTACHMENT VI-3

TOP OF CEMENT IN INJECTION ZONE WELLS IN THE AREA OF REVIEW

Map ID No.	Casing Diameter (inches)	Setting Depth (feet)	Cement Volume (sacks)	Hole Diameter (inches)	Cement Factor (cu ft/sacks)	Hole Rugosity	Cement Height (feet)	Top of Cement (feet below ground)
81	13.375	663	650	17.5	1.1	0.8	823	Surface
	8.625	4000	1400	11	1.1	0.8	4846	Surface
	5.5	10450	2007	7.875	1.1	0.8	10194	256
83*	13.375	354	350	17.5	1.1	0.8	443	Surface
	8.625	1745	650	.11	1.1	0.8	2250	Surface
124**	5.5	8466	520	7.875				6250 ¹
	13.375	400	500	17.5	1.1	0.8	633	Surface
	9.625	2600	1100	12.25	1.1	0.8	3091	Surface
134	7	9445	1895	7.875	1.1	0.8	23491	Surface
	4.5	10198	175	6.125	1.1	0.8	1635	Top of Liner
	13.375	416	450	17.5	1.1	0.8	570	Surface
144	9.625	2610	1025	12.25	1.1	0.8	2880	Surface
	5.5	10148	1020	8.75	1.1	0.8	3554	6594
	13.375	400	100	17.5	1.1	0.8	127	273
157	9.625	2600	250	12.25	1.1	0.8	702	1898
	7	8968	1200	8.75	1.1	0.8	7025	1943
	4.5	10150	200	6.125	1.1	0.8	1869	Top of Liner
157	13.375	400	425	17.5	1.1	0.8	538	Surface
	9.625	2604	1025	12.25	1.1	0.8	2880	Surface
	7	9450	1350	8.75	1.1	0.8	7903	1547
	4.5	10119	175	6.125	1.1	0.8	1635	Top of Liner

TOP OF CEMENT IN INJECTION ZONE WELLS IN THE AREA OF REVIEW

Map ID No.	Casing Diameter (inches)	Setting Depth (feet)	Cement Volume (sacks)	Hole Diameter (inches)	Cement Factor (cu ft/sacks)	Hole Rugosity	Cement Height (feet)	Top of Cement (feet below ground)
161	13.375	472	450	17.5	1.1	0.8	570	Surface
	8.625	2589	900	12.25	1.1	0.8	1919	670
	5.5	9473	430	7.875	1.1			6000 ²
	4.5	10140	80	5.5	1.1	0.8	1291	Top of Liner
167	13.375	418	500	17.5	1.1	0.8	633	Surface
	8.625	2600	1150	11	1.1	0.8	3981	Surface
	5.5	10400	1000	7.875	1.1	0.8	5079	5321

Cement Height = Cement Volume * Cement Factor * Hole Rugosity * 1/(PI*(Hole Radius ^ 2 - Casing Radius ^ 2))

* For Map ID No. 83, cement volume for 5.5 inch casing includes squeezes.

** For Map ID No. 124, hole diameter for 4-1/2 inch liner was not reported; 6.125 inches is estimated.

¹ Per temperature survey conducted on May 9, 1991.

² Per cement bond log on July 20, 1993. Log is included in Attachment VI-2.

5. Injection Zone Fluid Analysis

The composition of the native formation fluid in the proposed Wolfcamp, Cisco, and Canyon injection zone is expected to be similar to that in these formations in other parts of southeastern New Mexico. The salinity of Wolfcamp, Cisco, and Canyon formation brines from hydrocarbon producing areas in northern Lea County, to the east of Eddy County, was reported by Meyer (1966, Table 4). Attachment VII-3 summarizes the salinity data reported by Meyer (1966, Table 4) for Wolfcamp, Cisco, and Canyon formation brines from limestones that were deposited in a shelf environment similar to that of the proposed injection site. The salinity of the formation brines range from 67,098 to 119,909 parts per million (ppm). The formation brines were produced from intervals that occur between 9001 feet and 10742 feet below ground. Also listed in Attachment VII-7 are data from Strawn limestones that were deposited in a platform environment and that occur at 7700 feet below ground; the salinity of the Strawn formation brine is 39,374 ppm. DST data from proposed WDW-1 indicate that the salinity of fluid recovered from the Cisco Formation in DST No. 5 is 25,000 ppm (Attachment VIII-9).

Navajo will attempt to retrieve a sample of formation brine during the proposed well testing operations. Formation brine samples will be retrieved prior to any stimulation treatments or injection into the well. As discussed above, the salinity of the formation brine in the Wolfcamp, Cisco, and Canyon injection zone is expected to be between 25,000 and 120,000 ppm.

Mr. George Coleman
August 26, 1996
Page 6

20. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
21. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Aztec District Office.

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

22. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge plan and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
23. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
24. Plugging Bond and /or Letter of Credit: Coleman shall have in effect, for the life of the well, a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure plan and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge plan renewal.
25. Training: All personnel associated with operations at the Coleman Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Coleman for the life of the well.
26. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

MEMORANDUM OF MEETING OR CONVERSATION

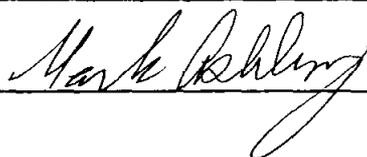
<input checked="" type="checkbox"/> Telephone	<input type="checkbox"/> Personal	Time 4:10 AM	Date 6-10-98
<u>Originating Party</u>		<u>Other Parties</u>	
MARK ASHLEY		NANCY NEIMANN	
<u>Subject</u> MAVATO CLASS I DISPOSAL WELL			

Discussion I AM REQUESTING ADDITIONAL INFORMATION.

- 1) LANDOWNERS FOR WDW-2, & WDW-3.
- 2) BONDING FOR WELLS.
- 3) FORMATED WATER ANALYSIS.
- 4) ADDITIONAL CEMENT DATA FOR WELL #161, i.e. BOND, OR TEMP LOGS.
- 5) CLOSURE PLAN WITH PROPER DRY HOLE MARKERS.

Conclusions or Agreements NANCY WILL PROVIDE ALL REQUESTED INFORMATION.

Distribution

Signed 

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Amy McKay

being first duly sworn, on oath says:

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

May 20, 19 98
_____, 19____
_____, 19____
_____, 19____
_____, 19____
_____, 19____

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

Amy McKay

Subscribed and sworn to before me this

22nd day of May, 1998

Donna Crump

My commission expires 8/1/98
Notary Public

505-827-7131

NM State Energy, Mineral

CARLSBAD CURRENT-ARGUS

620 South Main • P.O. Box 1629
Carlsbad, New Mexico 88220
(505) 887-5501

CLASSIFIED ADVERTISING INVOICE

START DATE 05/20/98 STOP DATE 05/20/98
NO. INSERTIONS 1 NO. LINES 136
CLASSIFICATION 100 AD NO. 246971

AMOUNT DUE \$ 60.95
IF PAID AFTER 05/20/98 \$

YOUR AD READ: MAY201998NOTICE

Thank You

First Notice

RETURN POSTAGE GUARANTEED

NM State Energy, Mine
Oil Conservation Divi
2040 South Pacheco St
Santa Fe
NM 87505

PLEASE RETURN WITH YOUR REMITTANCE

ADNUM: 246971
STOP DAY: 05/20 100
05/30/98 60.95

NO.

May 20, 1998

NOTICE OF PUBLICATION

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

No 18447

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan application(s) have been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge application to convert a plugged and abandoned exploration well to a Class I non-hazardous disposal well, and drill two new Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia refinery. The proposed well to be re-entered (WDW-1) is the Mewbourne Oil Company, Chalk Bluff 31 State No. 1, located in the SW/4 SE/4 of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The two new proposed wells (WDW-2 and WDW-3) will be located in the NW/4 of Section 6, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,450 feet and 9,016 feet. The Chloride concentration of the injection zone ranges from 67,098 to 119,909 mg/l. The proposed combined maximum injection volume for all three wells will be 34,286 gallons per day. The average Chloride concentration of the injection fluid is 1,100 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 493 feet with a total dissolved solids concentration of approximately 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application(s) may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan application(s), the Director of the Oil conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed plan(s) based on the information in the discharge plan application(s) and information submitted at the hearing.

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

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
Roger Anderson
for LORI WROTENBERY,
Director

OK MA
6-4-98



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 21, 1998

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-259-070

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

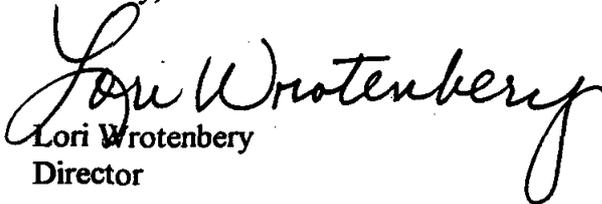
Re: Recent Request for Injectivity Tests

Dear Mr. Moore:

Reference is made to your recent request to conduct tests on the Mewbourne Oil Company, Chalk Bluff 31 No. 1 located in Section 31, T17S, R28E to determine approximately stable injection rates and pressures. My staff has reviewed your request and the same is hereby approved for a period of 90 days, concluding on August 20, 1998. Fluids for testing will be limited to fresh water. The wellhead pressure will not exceed 1,490 psi.

If my staff may be of further assistance, please do not hesitate to call Mr. Mark Ashley at (505) 827-7155.

Sincerely,


Lori Wrotenberg
Director

LW/mwa

xc: OCD Artesia Office

Is your RETURN ADDRESS completed on the reverse side?

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.
3. Article Addressed to: DARRELL MOORE MANAJO AVE. P.O. BOX 159 ARTESIA, NM 88211 MARK MIC-CLI-008	4a. Article Number P-288-259-070	
5. Received By: (Print Name)		4b. Service Type <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD 7. Date of Delivery
6. Signature: (Addressee or Agent) X <i>Dennie Walters</i>		8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

P 288 259 070

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 13, 1998

Carlsbad Current Argus
Attention: Advertising Manager
Post Office Box 1629
Carlsbad, New Mexico 88221

Re: Notice of Publication

Dear Sir/Madam:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

1. **Publisher's affidavit in duplicate.**
2. **Statement of cost (also in duplicate).**
3. **Certified invoices for prompt payment.**

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving payment.

Please publish the notice no later than May 20, 1998.

Sincerely,


Sally Martinez
Administrative Secretary

Attachment



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

May 13, 1998

The New Mexican
Attention: Betsy Perner
202 East Marcy
Santa Fe, New Mexico 87501

Re: Notice of Publication
PO # 98-199-00257

Dear Ms. Perner:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

- 1. Publisher's affidavit.**
- 2. Invoices for prompt payment.**

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving payment.

Please publish the notice no later than Tuesday, May 19, 1998.

Sincerely,


Sally Martinez
Administrative Secretary

Attachment

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan application(s) have been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

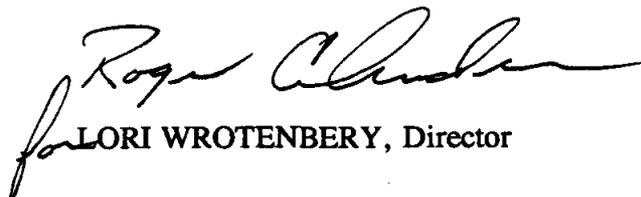
(UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge application to convert a plugged and abandoned exploration well to a Class I non-hazardous disposal well, and drill two new Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia refinery. The proposed well to be re-entered (WDW-1) is the Mewbourne Oil Company, Chalk Bluff 31 State No. 1, located in the SW/4 SE/4 of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The two new proposed wells (WDW-2 and WDW-3) will be located in the NW/4 of Section 6, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,450 feet and 9,016 feet. The Chloride concentration of the injection zone ranges from 67,098 to 119,909 mg/l. The proposed combined maximum injection volume for all three wells will be 34,286 gallons ^{BARRELS} per day. The average Chloride concentration of the injection fluid is 1,100 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 493 feet with a total dissolved solids concentration of approximately 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application(s) may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan application(s), the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY, Director

S E A L

Is your RETURN ADDRESS completed on the reverse side?

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1. Addressee's Address
- 2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Carlsbad Current
P.O. Argus
Box 1029
Carlsbad, NM 88221

4a. Article Number

209262735

4b. Service Type

- Registered Certified
- Express Mail Insured
- Return Receipt for Merchandise COD

7. Date of Delivery

88220

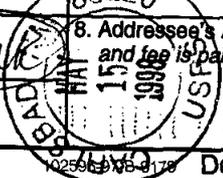
5. Received By: (Print Name)

Mink

8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

Mary Wilson



PS Form 3811, December 1994

10256-0175-0178

Domestic Return Receipt

Thank you for using Return Receipt Service.

P 269 262 735

Mink

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to		Carlsbad
Street & Number		Current
Post Office, State, & ZIP Code		Argus
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to Whom & Date Delivered		
Return Receipt Showing to Whom, Date, & Addressee's Address		
TOTAL Postage & Fees	\$	
Postmark or Date		

PS Form 3800, April 1995

The Santa Fe New Mexican

Since 1849 We Read You

MAY 27 1998

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

AD NUMBER: 25796

ACCOUNT: 56689

LEGAL NO: 63533

P.O. #: 98-199-0002

205 LINES ONCE at \$ 82.00

Affidavits: 5.25

Tax: 5.45

Total: \$ 92.70

AFFIDAVIT OF PUBLICATION

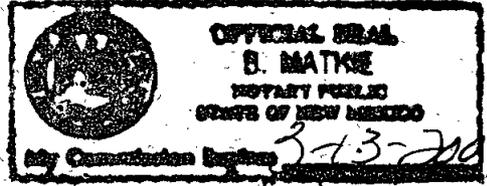
STATE OF NEW MEXICO
COUNTY OF SANTA FE

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

Betsy Perner
/S/ _____
LEGAL ADVERTISEMENT REPRESENTATIVE

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

Notary *[Signature]*
Commission Expires 3-13-2001



NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan application(s) have been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505. Telephone (505) 827-7131:

(UIC-CL1-008) - Navajo Refining company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge application to convert a plugged and abandoned exploration well to a Class I non-hazardous disposal well, and drill two new Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia refinery; The proposed well to be re-entered (WDW-1) is the Mewbourne Oil Company, Chalk Bluff 31 State No. 1, located in the SW/4 SE/4 of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The two new proposed wells (WDW-2 and WDW-3) will be located in the NW/4 of Section 6, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,450 feet and 9,016 feet. The Chloride concentration of the injection zone ranges from 67,098 to 119,909 mg/l. The proposed combined maximum injection volume for all three wells will be 34,286 gallons per day. The average Chloride concentration of the injection fluid is 1,100 mg/l. Ground water most likely to be affected in the event of an acci-

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

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

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
LORI WROTENBERY,
Director

Legal #63533
Pub. May 19, 1998

OK MA
5-27-98

NOTICE OF PUBLICATION

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

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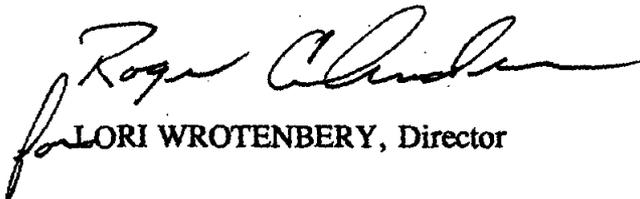
UIC-CL1-008) - Navajo Refining Company, Darrell Moore, (505) 748-3311, P.O. Box 159, Artesia, New Mexico, 88211, has submitted a discharge application to convert a plugged and abandoned exploration well to a Class I non-hazardous disposal well, and drill two new Class I non-hazardous disposal wells for disposal of non-hazardous fluids generated at the Artesia refinery. The proposed well to be re-entered (WDW-1) is the Mewbourne Oil Company, Chalk Bluff 31 State No. 1, located in the SW/4 SE/4 of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico. The two new proposed wells (WDW-2 and WDW-3) will be located in the NW/4 of Section 6, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The proposed injection zone will be the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7,450 feet and 9,016 feet. The Chloride concentration of the injection zone ranges from 67,098 to 119,909 mg/l. The proposed combined maximum injection volume for all three wells will be 34,286 gallons per day. The average Chloride concentration of the injection fluid is 1,100 mg/l. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 493 feet with a total dissolved solids concentration of approximately 1,535 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application(s) may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan application(s), the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LORI WROTENBERY, Director

TELEPHONE
(505) 748-3311

EASYLINK
62905278



REFINING COMPANY

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

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

April 29, 1998

RECEIVED

MAY 01 1998

Environmental Bureau
Oil Conservation Division

Mr. Mark Ashley
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Discharge Plan Application and Application for Authorization to Inject into Navajo Refining Company's Proposed WDW-1, WDW-2, and WDW-3

Dear Mr. Ashley:

Navajo Refining Company (Navajo) submits this application for permits to construct and operate three (3) proposed effluent disposal wells approximately 11 miles east-southeast of Artesia, Eddy County, New Mexico. The waste stream proposed for disposal is a nonhazardous aqueous stream that is generated by Navajo at its refinery in Artesia. The waste water will be transported to the injection wellsites by a proposed pipeline system.

Navajo proposes to convert a plugged and abandoned exploration well, the Mewbourne Oil Company Chalk Bluff 31 State No. 1 well, to its effluent disposal well WDW-1. On March 1, 1998, Navajo submitted an application to the New Mexico Oil Conservation Division (OCD) for permission to re-enter, test, and recomplate the well. Permission from the OCD for this work is pending. In addition, Navajo proposes to drill two new wells, proposed WDW-2 and WDW-3.

The proposed injection zone consists of porous intervals in the lower Wolfcamp Formation and the Cisco and Canyon Formations between 7450 feet and 9016 feet below kelly bushing in proposed WDW-1 (the Mewbourne Oil Company Chalk Bluff 31 State No. 1 well).

Please do not hesitate to contact me at (505) 748-3311 if you have any questions.

Sincerely,

Darrell Moore
Environmental Manager of Water and Waste



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87508
(505) 827-7131

~~ADMINISTRATIVE ORDER SWD-702~~

**APPLICATION OF NAVAJO REFINING COMPANY FOR SALT WATER DISPOSAL,
EDDY COUNTY, NEW MEXICO.**

**ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION**

Under the provisions of Rule 701(B), Navajo Refining Company made application to the New Mexico Oil Conservation Division on March 5, 1998, for permission to complete for salt water disposal its Chalk Bluff '31' Well No.1 located 660 feet from the South line and 2310 feet from the East line (Unit O) of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

- (1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;
- (2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified;
- (3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met; and
- (4) No objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED THAT:

The applicant herein, Navajo Refining Company, is hereby authorized to complete its Chalk Bluff '31' Well No.1 located 660 feet from the South line and 2310 feet from the East line (Unit O) of Section 31, Township 17 South, Range 28 East, NMPM, Eddy County, New Mexico, in such manner as to permit the injection of salt water for disposal purposes into the Wolfcamp, Cisco and Canyon formations at approximately 6890 feet to 9016 feet through 3 and 1/2-inch plastic-lined (or otherwise as necessary) tubing set in a packer located at approximately 6790 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

Prior to commencing injection operations into the well, the operator shall submit a complete water analysis of any and all waters to be disposed of in the well. The well is permitted for Class II injection operations only and shall be limited to approved injectates until such time that additional permits are obtained.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1378 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Wolfcamp, Cisco or Canyon formations. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations on Division Form C-115, in accordance with Rule Nos. 706 and 1120 of the Division Rules and Regulations.

Administrative Order SWD-702
Navajo Refining Company
April 15, 1998
Page 3

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject well, provided however, the Division, upon written request by the operator, may grant an extension thereof for good cause shown.

Approved at Santa Fe, New Mexico, on this 15th day April, 1998.

LORI WROTENBERY, Director

LW/BES/kv

cc: Oil Conservation Division - Artesia

TELEPHONE
(505) 748-3311

EASYLINK
62905278



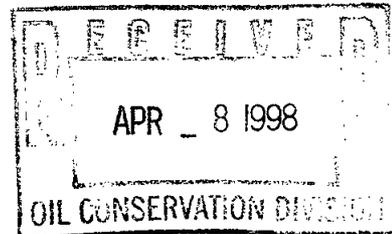
REFINING COMPANY

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

April 3, 1998

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

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



RE: NAVAJO REFINING COMPANY'S CLASS II INJECTION PERMIT

Dear Ben,

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

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

Regards,
NAVAJO REFINING COMPANY

Darrell Moore
Env. Mgr. for Water and Waste

Encl.

Affidavit of Publication

NO. 16176

Copy of Publication:

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for 1 consecutive weeks/days on the same

lay as follows:

First Publication	March	29	1998
Second Publication			
Third Publication			
Fourth Publication			

Gary D. Scott

Subscribed and sworn to before me this day of March 1998

Barbara Rose Burns
Notary Public, Eddy County, New Mexico

Commission expires September 23, 1999

LEGAL NOTICE

NOTICE OF APPLICATION FOR WASTE DISPOSAL WELL PERMIT

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

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

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

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

Legal 11

TELEPHONE
(505) 748-3311



REFINING COMPANY

501 EAST MAIN STREET • P. O. DRAWER 159

ARTESIA, NEW MEXICO 88210

EASYLINK
62905278
FAX
(505) 746-8410

FAX NUMBERS:

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

PLEASE DELIVER 2 PAGES, INCLUDING THIS COVER SHEET

TO: Ben Stone PHONE: _____

COMPANY/DEPARTMENT: NMOC D

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

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

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

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

Affidavit of Publication

NO. 16176

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

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day as follows:

First Publication	March	29	1998
Second Publication			
Third Publication			
Fourth Publication			

Subscribed and sworn to before me this

0th day of March 1998

Barbara Rose Beams
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1999

Copy of Publication:

LEGAL NOTICE

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

Published in the Artesia Daily Press, Artesia, N.M. March 29, 1998.

Legal 1617

SWD 3/20/98

TELEPHONE
(505) 748-3311



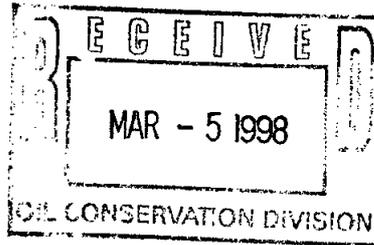
REFINING COMPANY

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

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

EASYLINK
62905278

February 27, 1998



New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Certified Mail Receipt
Z 443 810 048

RE: Class II Well Permit Application for Navajo Refining Company's WDW-1

Gentlemen:

Navajo Refining Company (Navajo) submits this permit application for a Class II well for approval to re-enter a plugged and abandoned well to conduct injection testing. Navajo proposes to re-enter the Mewbourne Oil Company Chalk Bluff 31 No. 1 well, which is located in Section 31, T17S, R28E, Unit Letter O, approximately 11 miles east-southeast of Artesia, in Eddy County, New Mexico. The Mewbourne Oil Company Chalk Bluff 31 No. 1 well was drilled through the Morrow Formation to 10,200 feet in 1993 and was plugged and abandoned. The zones to be tested for injection are porous intervals in the Wolfcamp, Cisco, and Canyon Formations between 6890 feet and 9016 feet below kelly bushing in the Mewbourne Oil Company Chalk Bluff 31 No. 1 well.

Please do not hesitate to contact me at (505) 748-3311 if you have any questions.

Sincerely,

Darrell Moore
Environmental Manager of Water and Waste

- cc: NM OCD - District II Z 443 810 049
- Baber Well Servicing Z 443 810 052
- Mewbourne Oil Co. Z 443 810 051
- Pronghorn Mngmt Corp Z 443 810 053
- Mack Energy Corp Z 443 810 054
- Kersey & Company Z 351 689 394
- ARCO Permian Z 443 810 050