

UIC - 1 - _____ 8-0 _____

**WDW-3
PERMITS,
RENEWALS,
& MODS**

2007 - Present

Chavez, Carl J, EMNRD

From: Combs, Robert <Robert.Combs@hollyfrontier.com>
Sent: Tuesday, May 01, 2012 4:19 PM
To: Chavez, Carl J, EMNRD
Cc: VonGonten, Glenn, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Thank you!

Robert Combs

Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Tuesday, May 01, 2012 4:16 PM
To: Combs, Robert
Cc: VonGonten, Glenn, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Robert:

Approved. The OCD will expect the submittal no later than July 1, 2012. Thank you.

File: OCD Online "DP, Renewal & Mods"

Disclaimer: The above approval requires that the operator continue to honor the approval conditions of the current OCD Discharge Permit until the OCD issues a new Discharge Permit, etc. under its WQCC Regulations.

From: Combs, Robert [mailto:Robert.Combs@hollyfrontier.com]
Sent: Tuesday, May 01, 2012 3:22 PM
To: Chavez, Carl J, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Carl,

I am requesting an extension until July 1st. Subsurface informed me that they are at approximately 60% completion for data collection and cannot meet the originally requested deadline of June 1st. Completion and submittal is anticipated to be by the end of June. If you like, I can provide further details or arrange a conference call to include Subsurface for more details.

Thanks,
Robert

Robert Combs

Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Tuesday, May 01, 2012 11:40 AM
To: Combs, Robert
Cc: VonGonten, Glenn, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Robert:

I'm conferring with Glenn about the extension to July 1 and will get back with you soon. I see where you started with the June 1 request for extension on 4/5 and now are requesting 7/1.

Do you mean you are requesting an extension to 6/1 right? Thanks.

From: Combs, Robert [mailto:Robert.Combs@hollyfrontier.com]
Sent: Tuesday, May 01, 2012 10:56 AM
To: Chavez, Carl J, EMNRD
Cc: Ken Davis; jtaylor@subsurfacegroup.com; Lackey, Johnny; Schultz, Michele
Subject: FW: Request for UIC Permit Application Extension for WDW-3

Carl,

After a recent conversation with Subsurface, we would like to request a permit deadline extension. The investigation is in progress, but has not yet been completed to provide the data/information required for a complete application. We request at this time that the deadline be extended to July 1.

Please reply by email that this request was received and if the extension is granted.

Thanks,
Robert

Robert Combs

Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718

fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

From: Combs, Robert
Sent: Thursday, April 05, 2012 7:40 AM
To: 'Chavez, Carl J, EMNRD'
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD; Ken Davis
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Carl,

After a recent conversation with Subsurface, we would like to request a permit deadline extension. The investigation is in progress, but has not yet been completed to provide the data/information required for a complete application. We request at this time that the deadline be extended to June 1.

Thanks,
Robert

Robert Combs
Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

From: Chavez, Carl J, EMNRD [<mailto:CarlJ.Chavez@state.nm.us>]
Sent: Thursday, February 09, 2012 4:47 PM
To: Combs, Robert
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD; Ken Davis
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Robert:

Navajo has been given the 5/1//2012 deadline. You may want to give yourselves some lead time by requesting an extension if you feel you will not meet that deadline as you work on meeting the deadline. Please do not submit progress reports.

Thank you.

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

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

From: Combs, Robert [mailto:Robert.Combs@hollyfrontier.com]
Sent: Thursday, February 09, 2012 4:43 PM
To: Chavez, Carl J, EMNRD
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD; Ken Davis
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Carl,

Thank you. We accept this extension and will begin to work towards this deadline. If we must request additional extension(s), we will provide progress reports for your review to let you know the status and justify the request.

Thanks,
Robert

Robert Combs
Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Thursday, February 09, 2012 2:16 PM
To: Combs, Robert
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Robert:

Good afternoon. I spoke with Glenn von Gonten today about the extension request and he indicated the following:

"OCD will approve an extension until May 1, 2012." "Thereafter, any month-by-month extension must be accompanied by a detailed explanation for why the extension is requested for OCD consideration of approval."

Please contact me if you have questions. Thank you.

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

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

From: Combs, Robert [mailto:Robert.Combs@hollyfrontier.com]
Sent: Friday, January 27, 2012 4:34 PM
To: Chavez, Carl J, EMNRD
Cc: Lackey, Johnny
Subject: Request for UIC Permit Application Extension for WDW-3

Carl,

We are requesting an extension of the permit application/renewal deadline for the WDW-3 UIC Class I injection well. After reviewing the application requirements with our consultant, we would like to propose a revised deadline of August 31, 2012. This will allow for sufficient time for the appropriate surveys, data collection, modeling, and internal review to be completed to meet the permit application requirements.

Please let me know if this request is approved or if you have any concerns or comments.

Thanks,
Robert

Robert Combs
Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged, proprietary and/or confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, February 09, 2012 4:47 PM
To: 'Combs, Robert'
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD; Ken Davis
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Robert:

Navajo has been given the 5 /1//2012 deadline. You may want to give yourselves some lead time by requesting an extension if you feel you will not meet that deadline as you work on meeting the deadline. Please do not submit progress reports.

Thank you.

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

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

"Why not Prevent Pollution; Minimize Waste; Reduce the Cost of Operations; & Move Forward with the Rest of the Nation?" To see how, go to "Pollution Prevention & Waste Minimization" at:

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

From: Combs, Robert [<mailto:Robert.Combs@hollyfrontier.com>]
Sent: Thursday, February 09, 2012 4:43 PM
To: Chavez, Carl J, EMNRD
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD; Ken Davis
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Carl,

Thank you. We accept this extension and will begin to work towards this deadline. If we must request additional extension(s), we will provide progress reports for your review to let you know the status and justify the request.

Thanks,
Robert

Robert Combs

Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Thursday, February 09, 2012 2:16 PM
To: Combs, Robert
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Robert:

Good afternoon. I spoke with Glenn von Gonten today about the extension request and he indicated the following:

"OCD will approve an extension until May 1, 2012." "Thereafter, any month-by-month extension must be accompanied by a detailed explanation for why the extension is requested for OCD consideration of approval."

Please contact me if you have questions. Thank you.

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

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

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

From: Combs, Robert [mailto:Robert.Combs@hollyfrontier.com]
Sent: Friday, January 27, 2012 4:34 PM
To: Chavez, Carl J, EMNRD
Cc: Lackey, Johnny
Subject: Request for UIC Permit Application Extension for WDW-3

Carl,

We are requesting an extension of the permit application/renewal deadline for the WDW-3 UIC Class I injection well. After reviewing the application requirements with our consultant, we would like to propose a revised deadline of August 31, 2012. This will allow for sufficient time for the appropriate surveys, data collection, modeling, and internal review to be completed to meet the permit application requirements.

Please let me know if this request is approved or if you have any concerns or comments.

Thanks,
Robert

Robert Combs
Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged, proprietary and/or confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, February 09, 2012 4:45 PM
To: 'Combs, Robert'
Cc: Ken Davis; Lackey, Johnny; VonGonten, Glenn, EMNRD
Subject: RE: WDW-3 Permit renewal questions.

Robert:

Navajo needs separate studies for each discharge permit renewal based on the expiration date, similar to Navajo's annual Fall-Off Test requirement for each UIC Class I (NH) Disposal Well.

However, now Navajo knows that a complete DP renewal package is required, it may want to begin working on the other DP Renewals. Based on OCD Records, the UIC Well Expiration Dates are as follows: WDW-1 (7/14/2013); WDW-2 (10/5/2014); and WDW-3 (6/1/2012). We are currently working to address the WDW-3 DP Renewal.

Thank you.

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

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

"Why not Prevent Pollution; Minimize Waste; Reduce the Cost of Operations; & Move Forward with the Rest of the Nation?" To see how, go to "Pollution Prevention & Waste Minimization" at:

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

From: Combs, Robert [<mailto:Robert.Combs@hollyfrontier.com>]
Sent: Thursday, February 09, 2012 4:38 PM
To: Chavez, Carl J, EMNRD
Cc: Ken Davis; Lackey, Johnny
Subject: WDW-3 Permit renewal questions.

Carl,

As you are aware, we have requested an extension of the permit application deadline for WDW-3 while we collect data and perform the required studies to complete the application. We have, however, come across a few questions for you.

1. Since all three wells are in the same vicinity and inject to the same formation, do you feel that there would be any problem with a comprehensive study that would serve as a reference document to be used with all three wells, or do we need separate studies for each well and focus on WDW-3? The company that will be doing the work (Subsurface) believes (as does Navajo) that one comprehensive study would be sufficient, but would like to have your input. In this case, these wells would share geologic and other documentation with operational data for each individual well. We have already provided a purchase order for work to begin, but need some guidance on this issue in order to begin.
2. Would you consider for us to re-permit all three injection wells together and use the reference document as part of a single permit?

Thanks,
Robert

Robert Combs

Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged, proprietary and/or confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, February 09, 2012 2:16 PM
To: 'Combs, Robert'
Cc: Lackey, Johnny; VonGonten, Glenn, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3

Robert:

Good afternoon. I spoke with Glenn von Gonten today about the extension request and he indicated the following:

"OCD will approve an extension until May 1, 2012." "Thereafter, any month-by-month extension must be accompanied by a detailed explanation for why the extension is requested for OCD consideration of approval."

Please contact me if you have questions. Thank you.

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

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

"Why not Prevent Pollution; Minimize Waste; Reduce the Cost of Operations; & Move Forward with the Rest of the Nation?" To see how, go to "Pollution Prevention & Waste Minimization" at:

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

From: Combs, Robert [<mailto:Robert.Combs@hollyfrontier.com>]
Sent: Friday, January 27, 2012 4:34 PM
To: Chavez, Carl J, EMNRD
Cc: Lackey, Johnny
Subject: Request for UIC Permit Application Extension for WDW-3

Carl,

We are requesting an extension of the permit application/renewal deadline for the WDW-3 UIC Class I injection well. After reviewing the application requirements with our consultant, we would like to propose a revised deadline of August 31, 2012. This will allow for sufficient time for the appropriate surveys, data collection, modeling, and internal review to be completed to meet the permit application requirements.

Please let me know if this request is approved or if you have any concerns or comments.

Thanks,
Robert

Robert Combs
Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged, proprietary and/or confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, February 03, 2012 4:02 PM
To: 'Combs, Robert'
Cc: Lackey, Johnny; Sanchez, Daniel J., EMNRD; VonGonten, Glenn, EMNRD
Subject: RE: Request for UIC Permit Application Extension for WDW-3 (UICI-8)

Robert:

I have not forgotten about your extension request last week. I spoke to Glenn von Gonten yesterday and he informed me that he has spoken to our C&E Officer about the proposed application deadline extension request (8/31/2012) and will have a response to your extension request soon.

Thank you.

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

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

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

From: Combs, Robert [<mailto:Robert.Combs@hollyfrontier.com>]
Sent: Friday, January 27, 2012 4:34 PM
To: Chavez, Carl J, EMNRD
Cc: Lackey, Johnny
Subject: Request for UIC Permit Application Extension for WDW-3

Carl,

We are requesting an extension of the permit application/renewal deadline for the WDW-3 UIC Class I injection well. After reviewing the application requirements with our consultant, we would like to propose a revised deadline of August 31, 2012. This will allow for sufficient time for the appropriate surveys, data collection, modeling, and internal review to be completed to meet the permit application requirements.

Please let me know if this request is approved or if you have any concerns or comments.

Thanks,
Robert

Robert Combs

Environmental Specialist
The HollyFrontier Companies
P.O. Box 159
Artesia, NM 88211-0159
office: 575-746-5382
cell: 575-308-2718
fax: 575-746-5451
Robert.Combs@hollyfrontier.com

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged and confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

CONFIDENTIALITY NOTICE: This e-mail, and any attachments, may contain information that is privileged, proprietary and/or confidential. If you received this message in error, please advise the sender immediately by reply e-mail and do not retain any paper or electronic copies of this message or any attachments. Unless expressly stated, nothing contained in this message should be construed as a digital or electronic signature or a commitment to a binding agreement.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, December 09, 2009 1:21 PM
To: 'Moore, Darrell'
Cc: Sanchez, Daniel J., EMNRD; Dade, Randy, EMNRD
Subject: Navajo Refining Company, UIC Class I Disposal Well WDW-3 API No. 30-015-26575 (UICI-8-0) "Minor Modification" to OCD Discharge Permit

Mr. Moore:

In accordance with Section 5 "Modifications" under the current OCD Discharge Permit (Permit), the New Mexico Oil Conservation Division (OCD) hereby requires a "Minor Modification" to Permit Section 22(E) to require that "Bradenhead test(s) shall be performed quarterly to coincide with the annual casing-tubing annulus test."

Please be advised that OCD implementation of this "Minor Modification" does not relieve Navajo Refining Company of responsibility should its operations pose a threat to ground water, surface water, human health or the environment. In addition, OCD implementation of this "Minor Modification" does not relieve Navajo Refining Company of responsibility for compliance with any other federal, state, or local laws and/or regulations.

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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

June 7, 2007

Mr. Darrell Moore
Navajo Refining Company
501 East Main Street, P.O. Drawer 159
Artesia, New Mexico 88211-0159

**Re: Discharge Plan Permit (UICCL-1-008-3 [I-008])
Navajo Refining Company
Class I Non-Hazardous Oil Field Waste Disposal Well
WDW-3, API No. 30-015-26575
790 FSL and 2250 FWL UL: N Section 1, T 18 S, R 27 E
Eddy County, New Mexico**

Dear Mr. Moore:

The New Mexico Oil Conservation Division (NMOCD) has received Navajo Refining Company's application for the WDW-3 to inject oil field exempt/non-exempt non-hazardous wastes into the Lower-Wolfcamp, Cisco and Canyon Formations at the interval from 7650 ft. to 8620 ft. at a maximum injection pressure of 1530 psig. The Class I waste disposal injection well is located in the SE/4 SW/4 of Section 1, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The initial submittal provided the required information in order to deem the application "administratively" complete.

Therefore, the New Mexico Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the NMOCD. NMOCD will provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

Please contact me at (505) 476-3491 or carlj.chavez@state.nm.us if you have questions. Thank you for your cooperation during this discharge permit review.

Sincerely,

Carl J. Chavez
Environmental Engineer

CJC/cjc

xc: OCD District II Office, Artesia

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 (20.6.2.3108 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(I-008) Navajo Refining Company. Darrell Moore, Environmental Manager for Water and Waste, 501 East Main Street, P.O. Box Drawer 159, Artesia New Mexico 88211-0159, has submitted an application for a Class I Injection Well Discharge Permit (UIC-CLI-008-3) for injection well WDW-3 (API# 30-015-26575) located in the SE/4, SW/4 of Section 1, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico. The injection well is located approximately 10 miles east of Artesia on Hwy-82 from Hwy-285 and about 3 miles south on Hilltop Road. Previously, WDW-1 and WDW-2 Class I Wells were permitted under separate plans. Oil field exempt and non-exempt non-hazardous industrial waste will be transported about 12 miles underground from the Navajo-Artesia Refinery located at 501 E. Main Street, Artesia, NM via a 6 inch dia. pipeline to WDW-3 for disposal into the Lower Wolfcamp, Cisco, and Canyon Formations in the injection interval from 7650 to 8620 feet (log depth). The injection rate will not exceed 500 gpm at a maximum injection pressure of 1530 psig. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 80 to 420 feet below the ground surface, with a total dissolved solids concentration of 1500 to 2200 mg/L. The discharge plan addresses well construction, operation, monitoring, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks, and other accidental discharges in order to protect fresh water.

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

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

Para obtener más información sobre esta solicitud en español, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservación Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 7th day of June 2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 13, 2007

Mr. Darrell Moore
Environmental Manager for Water and Waste
Navajo Refining Company
501 East Main Street, P.O. Drawer 159
Artesia, New Mexico 88211-0159

Re: **Approval of Class I Injection Well Discharge Permit WDW-3 UICCL1-008-3 (I-008)**
Class I Non-Hazardous Oil Field Waste Disposal Well
WDW-3, API No. 30-015-26575
790 FSL and 2250 FWL UL: N Section 1, T 18 S, R 27 E
Eddy County, New Mexico

Dear Mr. Moore:

Pursuant to all applicable parts of the Water Quality Control Commission (WQCC) Regulations 20.6.2 NMAC and more specifically 20.6.2.3104 - 20.6.2.3999 discharge permit, and 20.6.2.5000-.5299 Underground Injection Control, the Oil Conservation Division (OCD), the applicant is hereby authorized to utilize its Navajo Refining Company Class I WDW-3 Waste Disposal Well (API No. 30-015-26575) located 790 feet from the South line and 2250 feet from the West line in the SE/4, SW/4 of Section 1, Township 18 South, and Range 27 East, NMPM, Eddy County, New Mexico, under the conditions specified in the enclosed **Attachment To The Class I Injection Well Discharge Permit**.

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 working days of receipt of this letter-including permit fees.**

Please be advised that approval of this permit does not relieve the Navajo Refining Company of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the Navajo Refining Company of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Carl Chavez of my staff at (505-476-3491) or E-mail address: carlj.chavez@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,

Wayne Price
Environmental Bureau Chief

LWP/cc
Attachments-1
xc: OCD District Office

ATTACHMENT TO THE DISCHARGE PERMIT
Navajo Refining Company WDW-3 Class I Waste Disposal Well UICCL1-008-3 (I-008)
DISCHARGE PERMIT APPROVAL CONDITIONS

August 13, 2007

Please remit a check for \$4,500.00 made payable to Water Quality Management Fund:

Water Quality Management Fund
C/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100.00, plus a renewal flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required \$100.00 filing fee and the Navajo Refining Company still owes the required \$4500.00 permit fee. The total fee amount due is \$4500 for the Class I Well.
- 2. Permit Expiration and Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on June 1, 2012** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, 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. *Expired permits are a violation of the Water Quality Act (Chapter 74, Article 6, NMSA 1978) and civil penalties may be assessed accordingly.*
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the Navajo Refining Company must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38. All injection operations related to oil and natural gas production in New Mexico are regulated under the provisions of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 *et seq.* and the Water Quality Act, NMSA 1978, Sections 74-6-1 *et seq.* These Acts delegate authority for enforcement of their provisions relating to oil and natural gas drilling, production, processing, and transportation to the Oil Conservation Division (OCD) of the New Mexico Energy, Minerals and Natural Resources Department, and to the Oil Conservation Commission (OCC) and the Water Quality Control Commission (WQCC). To carry out its authority, the OCC has promulgated rules (19 NMAC) and numerous orders. Navajo Refining Company shall comply with WQCC Regulations 20.6.2 *et seq.* NMAC relating to Class I Waste Disposal Wells.
- 4. Navajo Refining Company Commitments:** The Navajo Refining Company shall abide by all commitments submitted in its June 28, 2006 Application for Permit to Drill, Re-enter, Deepen, Plug back or Add a Zone API No. 30-015-26575" including subsequent attachments and amendments; letters and conditions herein for approval. Permit applications that reference previously approved plans on file with the division shall

be incorporated in this permit and the Navajo Refining Company shall abide by all previous commitments of such plans and these conditions for approval.

5. Modifications: WQCC Regulation 20.6.2.3107.C, 20.6.2.3109 and 20.6.2.5101.I NMAC addresses possible future modifications of a permit. The Navajo Refining Company (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is or will be exceeded, or if a toxic pollutants as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: Navajo Refining Company shall dispose of all other non-injected wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class I well. RCRA non-hazardous, exempt and non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The Navajo Refining Company shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The Navajo Refining Company shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The Navajo Refining Company must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The Navajo Refining Company must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The Navajo Refining Company must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The Navajo Refining Company shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The Navajo Refining Company shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The Navajo Refining Company shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The Navajo Refining Company shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The Navajo Refining Company may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The Navajo Refining Company shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The Navajo Refining Company shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The Navajo Refining Company shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The Navajo Refining Company shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The Navajo Refining Company shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The Navajo Refining Company may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The Navajo Refining Company shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The Navajo Refining Company shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The Navajo Refining Company may use other methods for testing if approved by the OCD.

B. Navajo Refining Company shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The Navajo Refining Company shall report any leaks or loss of integrity to the OCD within 15 days of discovery.

Navajo Refining Company shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The Navajo Refining Company shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The Navajo Refining Company shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V Waste Disposal Wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The Navajo Refining Company shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The Navajo Refining Company shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The Navajo Refining Company shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The Navajo Refining Company shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on well emergencies, OCD inspections, and/or quarterly reporting information.

17. Storm Water: The Navajo Refining Company shall implement and maintain run-on and runoff plans and controls. The Navajo Refining Company shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The Navajo Refining Company shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The Navajo Refining Company shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application approved herein.

An unauthorized discharge is a violation of this permit.

19. Vadose Zone and Water Pollution: The Navajo Refining Company shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the Navajo Refining Company to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: The Navajo Refining Company shall notify the OCD within 24 hours after having knowledge of ground water pollution complaints or well problems within a 1-mile radius of WDW-3.

21. Class I Injection Well(s) Construction Conditions.

All wells, except those municipal wells injection of non-corrosive wastes, shall inject fluids through tubing with a packer set immediately above the injection zone.

A. Construction: The tubing and packer shall be designed and maintained for the duration of expected service.

B. Logs or tests required for the following situations:

- a. For surface casing intended to protect underground sources of drinking water:
 - i. Resistivity, spontaneous potential, and caliper logs before the casing is installed; and
 - ii. A cement bond, temperature, or density log after the casing is set and cemented.
- b. For intermediate and long strings of casing intended to facilitate injection:
 - i. Resistivity, spontaneous potential, porosity, and gamma ray logs before the casing is installed.
 - ii. Fracture finder logs; and
 - iii. A cement bond, temperature, or density log after the casing is set and cemented.
 - iv. At a minimum, the following information concerning the injection formation shall be determined or calculated for new Class I wells:
 1. Fluid pressure;
 2. Temperature;
 3. Fracture pressure;
 4. Other physical and chemical characteristics of the injection matrix; and
 5. Physical and chemical characteristics of the formation fluids.

22. Class I Injection Well(s) Identification, Operation, Monitoring, Bonding and Reporting.

A. Well Identification: API # 30-015-26575

B. Well Work Over Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other work. 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 Environmental Bureau and District Office.

- C. Injection Formation, Interval & Waste: Injected refinery exempt/non-exempt non-hazardous wastes will be injected into the Lower-Wolfcamp Formation at the interval 7650 ft to 8450 ft and 8450 ft to 8620 ft. Tubing shall be surrounded by surface casing set to a depth protective of fresh ground water (< 10,000 ppm TDS). The owner/operator shall take all steps necessary to ensure that the injected waste enters only the above specified injection interval and is not permitted to escape to other formations or onto the surface. The operator shall provide written notice of the date of commencement of injection to the Santa Fe Office of the Division.
- D. Well Injection Pressure Limits: The wellhead injection pressure on the well shall be limited to no more than 1530 psig. In addition, the injection well or system shall be equipped with a pressure limiting device in workable condition, which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well. The maximum operating surface injection and/or test pressure measured at the wellhead shall not exceed 1530 psig unless otherwise approved by the OCD. The pressure-limiting device shall monthly be demonstrated and reported quarterly to the OCD. Navajo Refining Company 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. Any pressure that causes new fractures or propagation in existing fractures or causes damage to the system shall be reported to OCD within 24 hours of discovery.

The Director of the OCD may authorize an increase in injection pressure upon demonstration by the operator of said well that such higher pressure will not result in migration of the injected fluid from the injection formation. Such demonstration shall consist of a valid step-rate test run in accordance with and acceptable to the OCD.

E. Mechanical Integrity Testing (MIT):

The owner/operator shall complete an annual casing-tubing annulus pressure test from the surface to the approved injection depth and below the depth of fresh ground water (< 10,000 ppm TDS) to assess casing and tubing integrity. The MIT shall consist of a 30-minute test at a minimum pressure from 300 to 500 psig measured at the surface. A Bradenhead test(s) shall also be performed annually along with the casing-tubing annulus test. A Bradenhead test(s) shall be performed in all annular spaces including surface casing if not cemented.

The owner/operator shall complete an annual pressure fall-off test to monitor the pressure buildup in the injection zone. The well shall be shut down for a period sufficient to conduct the test and shall be submitted to the OCD in the annual report (see Section 22K (11)).

All well testing shall be performed annually or shall also be performed whenever the tubing is pulled or the packer resealed or when the injection formation will be isolated from the casing/tubing annulus.

The operator shall notify the supervisor of the Santa Fe Office of the Division of the date, time and time of the installation of disposal equipment and of any MIT so that it may be inspected and witnessed.

1. General Requirements:

- a. If the testing requires a packer then casing-tubing annulus must be loaded with inert fluid 24 hours prior to testing.
- b. Have manpower and equipment available for pressure test. Wellhead shall be prepared for test and all valves and gauges should be in good working order.
- c. Pumps, tanks, external lines etc. must be isolated from the wellhead during test.
- d. A continuous recording pressure device with a maximum 4-hour clock shall be installed on the casing-tubing annulus. The pressure range shall not be greater than 500 psig. The operator must provide proof that the pressure-recording device has been calibrated within the past 6 months.
- e. A minimum of one pressure gauge shall be installed on the casing/tubing annulus.
- f. OCD must witness the beginning of test (putting chart on) and ending of test (removing chart). At the end of test, the operator may be required to bleed-off well pressure to demonstrate recorder and gauge response.
- g. The Operator shall supply the following information on the pressure chart that the inspector will file in the well records:
 1. Company Name, Well Name, API #, Legal Location.
 2. Test Procedure with "Pass/Fail" designation.
 3. Testing Media: Water, Gas, Oil, Etc.
 4. Date, time started and ending.
 5. Name (printed) and signature of company representative and OCD Inspector

2. Test Acceptance:

The OCD will use the following criteria in determining if a well has passed the Mechanical Integrity Test:

- a. Passes if Zero Bleed-Off during the test.
- b. Passes if Final Test Pressure is within $\pm 10\%$ of Starting Pressure, if approved by the OCD inspector.
- c. Fails if any Final Test Pressure is greater than $\pm 10\%$ of Starting Pressure. Operators must investigate for leaks and demonstrate that mechanical integrity of the well(s) by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and/or injection zones. Wells shall not resume operations until approved by OCD.

Note: OCD recognizes that different operations, well designs, formation characteristics and field conditions may cause variations in the above procedures. If the operator wishes to make or discuss anticipate changes, please notify the OCD for approval. All operators are responsible to notify OCD of any procedure that may cause harm to the well system or formation. Please be advised that OCD approval does not relieve any operator of liability should operations result in pollution of surface water, groundwater, or the environment.

- d. When the MIT is not witnessed by an OCD Representative and fails, the owner/operator shall notify the OCD within 24 hours after having knowledge of well MIT failure.
- F. Loss of Mechanical Integrity: The operator shall report within 24 hours of discovery any failure of the casing, tubing or packer, or movement of fluids outside of the injection zone. The operator shall cease operations until proper repairs are made and receive OCD approval to re-start injection operations. In addition, any associated fresh ground water monitor wells, which exhibit anomalous static water levels, detection of elevated general chemistry constituents, public health issues, etc. shall be immediately reported to the OCD.
- G. Injection Record Volumes and Pressures: The owner/operator shall submit quarterly reports of its disposal, operation and well workovers provided herein. The minimum, maximum, average flow waste injection volumes (including total volumes) and annular pressures of waste (oil field exempt/non-exempt non-hazardous waste) injected will be recorded monthly and submitted to the OCD Santa Fe Office on a quarterly basis.

The casing-tubing annulus shall contain fluid and be equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. Due to pressure fluctuations observed at Navajo's other two nearby Class I Injection Wells, WDW-3 shall be equipped with an expansion tank under constant 100 psig pressure connected to the casing-annulus and maintained under constant pressure. The expansion tank shall initially be filled half-full (250 gallon expansion tank) with an approved fluid to establish an equilibrium volume and fluid level. Weekly monitoring of fluid levels in the expansion tank coupled with documented additions/removals of fluids into or out of the expansion tank is required to maintain the equilibrium volume. Any loss or gain of fluids in the expansion tank shall be recorded, and if significant, reported to the OCD within 24 hours of discovery. The owner/operator shall provide the following information on a quarterly basis: weekly expansion tank volume readings shall be provided in a table in the cover letter of each quarterly report. Navajo shall monitor, record and note any fluid volume additions or removals from the expansion tank on a quarterly basis. In addition, any well activity (i.e., plugging, changing injection intervals, etc.) shall be conducted in accordance with all applicable New Mexico Oil Conservation Division regulations.

- H. Analysis of Injected Waste: Provide an analytical data or test results summary of the injection waste water with each annual report. The analytical testing shall be conducted on a quarterly basis with any exceedence reported to the OCD within 24 hours after having knowledge of an exceedence(s). Records shall be maintained at Navajo for the life of the well. The required analytical test methods are:
 - a. Aromatic and halogenated volatile hydrocarbon scan by EPA Method 8260C GC/MS. Semi-volatile Organics GC/MS EPA Method 8270B including 1 and 2-methylnaphthalene.
 - b. General water chemistry (Method 40 CFR 136.3) to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate, total dissolved solids (TDS), pH, and conductivity.

- c. Heavy metals using the ICP 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 (40 CFR part 261 Subpart C Sections 261.21 – 261.23, July 1, 1992).

I. Area of Review (AOR): The operator shall report within 24 hours of discovery of any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within a 1-mile radius from the Class I Well. Documentation of new wells shall be added to the existing AOR information in the well file within 30 days of the discovery.

J. Bonding or Financial Assurance: The operator shall maintain at a minimum, a one well plugging bond in the amount of \$95,000 or the actual amount required to plug/abandon the well pursuant to OCD and WQCC rules and regulations. If warranted, OCD may require additional financial assurance to ensure adequate funding to plug and abandon the well or for any corrective actions.

K. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:

1. Cover sheet marked as "Annual Class I Well Report, name of operator, permit #, API# of well(s), date of report, and person submitting report.
2. Brief summary of Class I Well(s) operations including description and reason for any remedial or major work on the well with a copy of OCD Form C-103.
3. Production volumes as required above in 22.G. including a running total should be carried over to each year. The maximum and average injection pressure.
4. A copy of the chemical analysis as required above in 22.H.
5. A copy of any mechanical integrity test chart, including the type of test, i.e. duration, gauge pressure, etc.
6. Brief explanation describing deviations from normal production methods.
7. A copy of any expansion tank monitoring pressure, fluid removals/additions, well problems, drinking water impacts, leaks and spills reports.
8. If applicable, results of any groundwater monitoring.
9. An Area of Review (AOR) update summary.
10. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.
11. A summary with interpretation of MITs, Fall-Off Tests, etc., with conclusion(s) and recommendation(s).
12. Annual facility training.

23. Transfer of Discharge Permit: Pursuant to WQCC 20.6.2.5101.H the Navajo Refining Company and any new owner/operator shall provide written notice of any transfer of the permit in accordance with WQCC 20.6.2.3104 (Discharge Permit Required), 20.6.2.3111 (Transfer of Discharge Permit), 20.6.2.5101 (Discharge Permit and Other Requirements for Class I Non-Hazardous Waste Waste Disposal Wells, and Class III Wells). Both parties shall sign the notice 30 days prior to any transfer of ownership, control or possession of a Class I Well with an approved discharge permit. In addition, the purchaser shall include a written commitment to comply with the terms and conditions of the previously approved discharge permit. OCD will not transfer Class I Well operations until: correspondence between the transferor and transferee is submitted along with a signed

certification of acceptance by the transferee, and proper bonding or financial assurance is in place and approved by the division. OCD reserves the right to require a major modification of the permit during the transfer process.

24. Training: All personnel associated with operations at the Navajo Class I disposal well shall have appropriate training in accepting, processing, and disposing of Class I non exempt non-hazardous refinery waste to insure proper disposal. Provide training documentation in annual report under Section 22K(12).

25. Closure: The Navajo Refining Company shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit for OCD approval, a closure plan including a completed C-103 form for plugging and abandonment of the well(s). Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

26. Certification: Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. Navajo Refining Company further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

Navajo Refining Company- print name above

Company Representative- print name

Company Representative- signature

Title _____

Date: _____