

**NM2 - 5**

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**PERMITS,  
RENEWALS,  
& MODS**



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Lori Wrotenbery**

Director

**Oil Conservation Division**

January 6, 2004

James Annable  
Patina Oil and Gas Corporation  
1625 Broadway, Suite 200  
Denver, CO 80202

**RE: Transfer of Permit WM-2-005 from Cordillera Energy, Inc.  
to Patina San Juan, Incorporated  
SE/4 of Section 34, Township 31North, Range 13 West , NMPM  
San Juan County, New Mexico**

Dear Mr. Anable:

The New Mexico Oil Conservation Division (OCD) has received a request from Patina San Juan, Incorporated dated December 22, 2003 to transfer ownership of the Centralized Surfaced Waste Management Facility, Permit WM-2-005, from Cordillera Energy, Inc. to Patina San Juan, Incorporated. The facility is located in the SE/4 of Section 34, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico. The OCD has received financial assurance Bond No. LPM8720504, for twenty five thousand dollars (\$25,000) for the above-referenced facility and all information regarding principal officers of the corporation. The request for transfer is **hereby approved** in accordance with OCD Rule 711.

All modifications and alternatives to the approved disposal methods must receive prior OCD approval. Patina San Juan, Incorporated is required to notify the director of any facility expansion or process modification and to file the appropriate materials with the Division.

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

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs, or in open receptacles.

James Annable  
Patina San Juan Inc.  
January 6, 2004  
Page 2

If there are any questions, please contact Martyne Kieling at (505) 476-3488.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger C. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Roger C. Anderson  
Environmental Bureau Chief

RCA/mjk

xc:

Aztec OCD Office

Rod Seale, Cordillera Energy, Inc., 5802 Highway 64, Farmington, New Mexico 87401

**Kieling, Martyne**

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**From:** Foust, Denny  
**Sent:** Monday, January 05, 2004 3:49 PM  
**To:** Kieling, Martyne  
**Subject:** Letters

Martyne:

Did I receive a copy of the request for Hydrostatic Test Water Discharge from Duke's Lynn Ward. FYI the Patina NM-02-005 permit is located at the Lagendorf #3 SWD, O-34-31N-13W.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

October 30, 2001

Lori Wrotenbery  
Director  
Oil Conservation Division

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-2443**

Mr. Robert A. Seavy  
Cordillera Energy, Inc.  
8450 East Crescent Parkway, Suite 400  
Greenwood Village, CO 80111

**RE: Transfer of Permit WM-2-005 from Greystone Energy, Inc.  
to Cordillera Energy, Inc.  
SE/4 of Section 34, Township 31 North, Range 13 West, NMPM  
San Juan County, New Mexico**

Dear Mr. Seavy:

The New Mexico Oil Conservation Division (OCD) has received a request from Cordillera Energy, Inc. dated August 31, 2001 to transfer ownership of the Centralized Surfaced Waste Management Facility, Permit WM-2-005, from Greystone Energy, Inc., to Cordillera Energy, Inc. The facility is located in the SE/4 of Section 34, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico. The OCD has received the rider to the financial assurance Bond No. 04127315, for twenty five thousand dollars (\$25,000) for the above-referenced facility and all information regarding principal officers of the corporation. The request for transfer is **hereby approved** in accordance with OCD Rule 711.

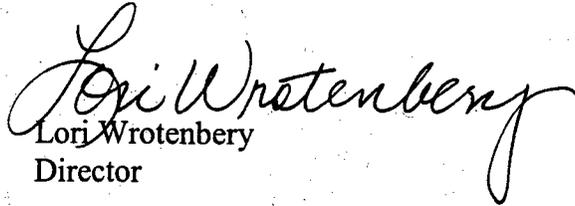
All modifications and alternatives to the approved disposal methods must receive prior OCD approval. Cordillera Energy, Inc. is required to notify the director of any facility expansion or process modification and to file the appropriate materials with the Division.

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

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs, or in open receptacles.

If there are any questions, please contact Martyne Kieling at (505) 476-3488.

Sincerely,

  
Lori Wrotenbery  
Director

LW/mjk

xc:

Aztec OCD Office

Mr. Chester Deal, Cordillera Energy, Inc., 5802 Highway 64, Farmington, New Mexico 87401



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
Jennifer A. Salisbury  
Cabinet Secretary

Lori Wrotenbery  
Director  
Oil Conservation Division

September 18, 2000

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-1019**

Mr. Brian Voigt  
Greystone Energy, Inc.  
9155 E. Nichols Ave., Suite 350  
Englewood, CO 80112

**RE:   OCD Rule 711 Permit Approval NM-02-0005**  
**Greystone Energy, Inc.**  
**Centralized Surface Waste Management Facility**  
**SE/4 of Section 34, Township 31 North, Range 13 West, NMPM,**  
**San Juan County, New Mexico.**

Dear Mr. Voigt:

The permit application for the Greystone Energy, Inc (Greystone) centralized surface waste management facility located in SE/4 of Section 34, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico **is hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. A \$25,000 blanket bond, #7724, has been submitted by Greystone and approved by the Director. The application consists of the permit application Form C-137 dated March 27, 1998, inspection report response letter dated March 27, 1998, and materials already on file with the OCD.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved evaporation methods must receive prior OCD approval. Greystone is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Greystone of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Greystone of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD

Mr. Brian Voigt  
September 18, 2000  
Page 2

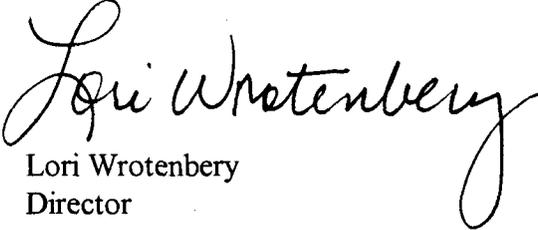
Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 827-7153.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery". The signature is written in black ink and is positioned to the right of the typed name and title.

Lori Wrotenbery  
Director

LW/mjk

xc with attachments:  
Aztec OCD Office  
Chester Deal, Greystone Energy, Inc.

**ATTACHMENT TO OCD 711 PERMIT APPROVAL**  
**PERMIT NM-02-0005**  
**GREYSTONE ENERGY, INC.**  
**CENTRALIZED WASTE MANAGEMENT FACILITY**  
**SE/4 of Section 34, Township 31 North, Range 13 West, NMPM,**  
**San Juan County, New Mexico.**  
**(September 18, 2000)**

**EVAPORATION POND OPERATION**

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. The pond must have a minimum freeboard of one and a half feet (1.5'). A device must be installed in the pond to accurately measure freeboard.
3. Pond inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes may not be placed into the pond until repairs have been completed. Records of such inspections must be made available to the OCD upon request.
4. The leak detection system must be inspected weekly and if fluid is present samples of the fluid must be compared with the fluids in the pond. Results must be recorded and maintained for OCD review. If analyses of pond and leak detection fluids are similar the OCD Santa Fe office must be notified within 48 hours. Within 72 hours of discovery Greystone must submit a plan to the OCD Santa Fe and Aztec offices that describes what procedures will be taken to investigate and repair the leak.
5. Sludge thickness in the base of the pond must be measured annually. Any sludge build-up in the bottom of the pond in excess of twelve inches (12") must be removed and disposed of at an OCD-approved waste management facility.
6. All new or replacement above ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the containment area will hold one and one-third the volume of the largest tank or all interconnected tanks whichever is greater. All existing tanks must be labeled as to contents and hazards and must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks whichever is greater.

7. Below grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump and contaminated soils must be removed and disposed of at an OCD-approved waste management facility. Soil remediation must follow OCD surface impoundment closure guidelines. Greystone must submit a report to the OCD Santa Fe and Aztec offices that describes the investigation and remedial actions taken.
8. The produced water receiving and treatment area must be inspected weekly for tank, piping and berm integrity.
9. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.
10. Liquid reduction technologies that may be used to eliminate pond waters include evaporation and injection.
11. Tests of ambient H<sub>2</sub>S levels must be conducted on a weekly basis. Test results must be recorded and retained. The tests must be conducted at four (4) locations around the pond at the top of the berm. The wind speed and direction must be recorded in conjunction with each test.
  - a. If an H<sub>2</sub>S reading of 1.0 ppm or greater is obtained:
    - i. a second reading must be taken on the downwind berm within one hour;
    - ii. the dissolved oxygen and dissolved sulfide levels of the pond must be tested immediately and the need for immediate treatment determined; and
    - iii. tests for H<sub>2</sub>S levels must be made at the fence line down wind from the problem pond.
  - b. If two (2) consecutive H<sub>2</sub>S readings of 1.0 ppm or greater are obtained:
    - i. the operator must notify the Aztec office of the OCD immediately;
    - ii. the operator must commence hourly monitoring on a 24-hour basis; and
    - iii. the operator must obtain a daily analysis of dissolved sulfides in the pond.
  - c. If an H<sub>2</sub>S reading of 10.0 ppm or greater at the facility fence line is obtained:

- i. the operator must immediately notify the Aztec office of the OCD and the following public safety agencies:

New Mexico State Police  
San Juan County Sheriff  
San Juan County Fire Marshall; and

- ii. the operator must initiate notification of all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested.

12. In order to prevent development of harmful concentrations of H<sub>2</sub>S, regular treatment for bacterial control must be conducted in the gunbarrel tank, produced water holding tank, and evaporation pond. Records of such treatments must be maintained for OCD review.

#### **WASTE ACCEPTANCE CRITERIA**

1. The facility is authorized to accept only produced waters that are generated in the State of New Mexico by Greystone Energy, Inc.
2. The facility is authorized to accept only:
  - a. produced waters that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403.
3. At no time may any OCD-permitted surface waste management facility accept wastes that are determined to be RCRA Subtitle C hazardous wastes by either listing or characteristic testing.
4. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
5. No produced water may be received at the facility from motor vehicles unless the transporter has a valid Form C-133, "Authorization to Move Produced Water," on file with the Division.
6. Comprehensive records of all material disposed of at the surface waste management facility must be maintained by the permit holder.

### **REPORTING AND RECORD KEEPING**

1. Results of weekly inspections of the pond and its leak detection system and the produced water receiving and treatment area must be recorded and maintained for OCD review.
2. Results of weekly testing of the evaporation pond for H<sub>2</sub>S and additional testing for dissolved sulfides and dissolved oxygen must be recorded and maintained for OCD review.
3. Results of annual maintenance on below grade sumps and annual measurements of sludge thickness in the pond must be recorded and maintained for OCD review.
4. The applicant must notify the **OCD Aztec office within 24 hours** of any fire, break, leak, spill, blow out, or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. All records of testing and monitoring must be retained for a period of five (5) years.
6. The OCD must be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.

### **FINANCIAL ASSURANCE**

1. Pursuant to OCD Rule 711.B.3.a., financial assurance in a form approved by the Director is required from Greystone Energy, Inc. in the amount of **\$25,000** for this facility
2. Financial assurance must be submitted within thirty (30) days of this permit approval or on **October 18, 2000**.
3. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility may be reviewed by the OCD no later than five (5) years from the date of this approval.

### **CLOSURE**

1. The OCD Santa Fe and Aztec offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility, a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is

granted by the Director.

2. The closure plan to be submitted must include the following procedures:
  - a. When the facility is to be closed no new material will be accepted.
  - b. The soils beneath the evaporation pond and liquids receiving and treatment area will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.
  - c. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.
  - d. The area will be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, and fences for future alternative uses the structures may be left in place.
  - e. Closure will be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

**CERTIFICATION**

Greystone Energy, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Greystone Energy, Inc. further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect ground water, surface water, human health and the environment.

Accepted:

GREYSTONE ENERGY, INC.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

September 18, 2000

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-1019**

RECEIVED

SEP 22 2000

Mr. Brian Voigt  
Greystone Energy, Inc.  
9155 E. Nichols Ave., Suite 350  
Englewood, CO 80112

**RE: OCD Rule 711 Permit Approval NM-02-0005  
Greystone Energy, Inc.  
Centralized Surface Waste Management Facility  
SE/4 of Section 34, Township 31 North, Range 13 West, NMPM,  
San Juan County, New Mexico.**

Dear Mr. Voigt:

The permit application for the Greystone Energy, Inc (Greystone) centralized surface waste management facility located in SE/4 of Section 34, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico is **hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. A \$25,000 blanket bond, #7724, has been submitted by Greystone and approved by the Director. The application consists of the permit application Form C-137 dated March 27, 1998, inspection report response letter dated March 27, 1998, and materials already on file with the OCD.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved evaporation methods must receive prior OCD approval. Greystone is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Greystone of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Greystone of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD

Mr. Brian Voigt  
September 18, 2000  
Page 2

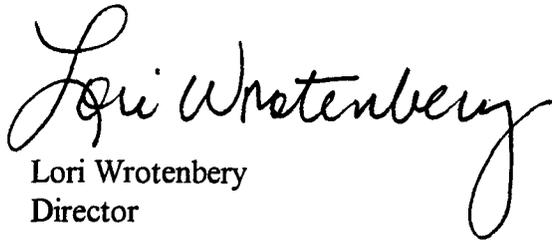
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Sincerely,

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Lori Wrottenbery  
Director

LW/mjk

xc with attachments:

Aztec OCD Office  
Chester Deal, Greystone Energy, Inc.

**ATTACHMENT TO OCD 711 PERMIT APPROVAL  
PERMIT NM-02-0005  
GREYSTONE ENERGY, INC.  
CENTRALIZED WASTE MANAGEMENT FACILITY  
SE/4 of Section 34, Township 31 North, Range 13 West, NMPM,  
San Juan County, New Mexico.  
(September 18, 2000)**

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2. The pond must have a minimum freeboard of one and a half feet (1.5'). A device must be installed in the pond to accurately measure freeboard.
3. Pond inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes may not be placed into the pond until repairs have been completed. Records of such inspections must be made available to the OCD upon request.
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New Mexico State Police  
San Juan County Sheriff  
San Juan County Fire Marshall; and
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4. The applicant must notify the **OCD Aztec office within 24 hours** of any fire, break, leak, spill, blow out, or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
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2. Financial assurance must be submitted within thirty (30) days of this permit approval or on **October 18, 2000**.
3. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility may be reviewed by the OCD no later than five (5) years from the date of this approval.

### **CLOSURE**

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granted by the Director.

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  - e. Closure will be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

### **CERTIFICATION**

Greystone Energy, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Greystone Energy, Inc. further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect ground water, surface water, human health and the environment.

Accepted:

GREYSTONE ENERGY, INC.

Signature B. J. Vojta Title VP Date 9/18/00



NEW MEXICO ENERGY, MINERALS and  
NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**  
Cabinet Secretary

**Lori Wrotenbery**  
Director

**Oil Conservation Division**

January 28, 2004

James Annable  
Patina Oil and Gas Corporation  
1625 Broadway, Suite 200  
Denver, CO 80202

**RE: \$25,000 Bond for Centralized Surface Waste Management Facility  
Permit WM-2-005  
Patina San Juan, Incorporated, Principal  
Fidelity and Deposit Company of Maryland, Surety  
Section 34, Township 31 North, Range 13 West, NMPM, San Juan Co. NM  
Bond No. LPM8720504**

Dear Mr. Annable:

The New Mexico Oil Conservation Division hereby approves the above-referenced Centralized Surface Waste Management Facility Bond.

Sincerely,

Gail MacQuesten  
Assistant General Counsel

GM:mjk

Enclosures: Copy of Bond No. LPM8720504

xc with attachment:

Aztec OCD Office  
Mr. Rod Seale, Patina San Juan, Incorporated, 5802 Highway 64, Farmington, NM 87401  
Sandra J. Shryack, IMA, P.O. BOX 2992, Wichita, KS 67201-2992



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**  
Cabinet Secretary

**Lori Wrotenbery**

Director

**Oil Conservation Division**

January 28, 2004

Mr. Robert A. Seavy  
Cordillera Energy, Inc.  
8450 East Crescent Parkway, Suite 400  
Greenwood Village, CO 80111

**RE: \$25,000 Bond for Centralized Surface Waste Management Facility  
Cordillera Energy, Inc., Principal  
Fidelity and Deposit Company of Maryland, Surety  
Section 34, Township 31 North, Range 13 West, NMPM, San Juan Co. NM  
Bond No. 04127315 and Rider Dated August 15, 2001**

Dear Mr. Seavy:

The New Mexico Oil Conservation Division hereby approves the cancellation of the above-referenced Bond and Rider to the Centralized Surface Waste Management Facility.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gail MacQuesten".

Gail MacQuesten  
Assistant General Counsel

GM:mjk

Enclosures: Copy of Bond No. 04127315 and Rider

xc with attachment:

Aztec OCD Office

Mr. Chester Deal, Cordillera Energy, Inc., 5802 Highway 64, Farmington, NM 87401

Sandra J. Shryack, IMA, Inc., P.O. BOX 2992, Wichita, KS 67201-2992



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

October 30, 2001

**Lori Wrotenbery**  
Director  
Oil Conservation Division

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-2450**

Mr. Robert A. Seavy  
Cordillera Energy, Inc.  
8450 East Crescent Parkway, Suite 400  
Greenwood Village, CO 80111

**RE: \$25,000 Bond for Centralized Surface Waste Management Facility  
Cordillera Energy, Inc., Principal  
Fidelity and Deposit Company of Maryland, Surety  
Section 34, Township 31 North, Range 13 West, NMPM, San Juan Co. NM  
Bond No. 04127315 and Rider Dated August 15, 2001**

Dear Mr. Seavy:

The New Mexico Oil Conservation Division hereby approves the above-referenced rider to the Centralized Surface Waste Management Facility Bond.

Sincerely,

David K. Brooks,  
Assistant General Counsel

MSH: mjk

Enclosures: Copy of Bond No. 04127315 and Rider

xc with attachment:

Aztec OCD Office

Mr. Chester Deal, Cordillera Energy, Inc., 5802 Highway 64, Farmington, NM 87401

# FIDELITY AND DEPOSIT COMPANY

HOME OFFICE

OF MARYLAND

P. O. Box 1227,  
BALTIMORE, MD 20203

## RIDER

To be attached to and form a part of Collective Bond No. 04127315

dated the 1<sup>st</sup> day of December 20 00 issued by the FIDELITY AND DEPOSIT COMPANY OF

MARYLAND, as Surety, on behalf of Greystone Energy, Inc.

One DTC, 5251 DTC Parkway, Englewood, CO 80111 as Principal,

in the penal sum of Twenty Five Thousand & No/100 Dollars (\$25,000.00)

and in favor of State of New Mexico, Energy Minerals and Natural Resources Dept., Oil Conservation Commission

In consideration of the premium charged for the attached bond, it is hereby agreed that the above referenced bond will be amended as follows:

**The principal shall be changed to Cordillera Energy, Inc.**

**The address is changed to 8450 East Crescent Parkway, Suite 400, Greenwood Village, CO 80111.**

Provided, However, that the attached bond shall be subject to all its agreements, limitations and conditions except as herein expressly modified, and further that the liability of the Surety under the attached bond and the attached bond as amended by this rider shall not be cumulative.

This rider shall become effective as of the 15<sup>th</sup> day of August, 20 01.

Signed, sealed and dated this 15<sup>th</sup> day of August, 20 01.

Cordillera Energy, Inc.

Principal

By: [Signature]

Vice President

FIDELITY AND DEPOSIT COMPANY OF MARYLAND

By: [Signature]

Sandra J. Shryack,

Attorney-in-Fact

Accepted By: [Signature]

State of New Mexico, Oil Conservation Commission  
Energy, Minerals and Natural Resources Department

Assistant General Counsel

**Power of Attorney**  
**FIDELITY AND DEPOSIT COMPANY OF MARYLAND**  
**HOME OFFICE: P.O. BOX 1227, BALTIMORE, MD 21203-1227**

Know ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by F. L. BORLEIS, Vice-President, and T. C. JOHNSON, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint W. C. Cohen, Jr., Joseph C. Lukens, II, Scott T. Post, Richard K. Stone, Bret S. Burton, Jana M. Forrest, Patricia Brogan, Sandra J. Shryack and Erica M. Plummer, all of Wichita, Kansas, EACH its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of W. C. Cohen, Jr., Joseph C. Lukens, II, Scott T. Post, Richard K. Stone, Bret S. Burton, Jana M. Forrest, Patricia Brogan, and Sandra J. Shryack, dated September 3, 1999.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 27th day of June, A.D. 2000.

ATTEST:

**FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



*T. C. Johnson*  
\_\_\_\_\_  
T. C. Johnson                      Assistant Secretary

By: *F. L. Borleis*  
\_\_\_\_\_  
F. L. Borleis                      Vice-President

State of Maryland }  
County Of Harford } ss:

On this 27th day of June, A.D. 2000, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came F. L. BORLEIS, Vice-President and T. C. JOHNSON, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposeseth and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



*Patricia A. Trombetti*  
\_\_\_\_\_  
Patricia A. Trombetti                      Notary Public  
My Commission Expires: October 9, 2002



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

December 19, 2000

**Lori Wrotenberg**  
Director  
Oil Conservation Division

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-1835**

Mr. George Solich  
Greystone Energy, Inc.  
One DTC  
5251 DTC Parkway, Suite 1120  
Englewood, CO 80111

**RE: \$25,000 Bond for Centralized Surface Waste Management Facility  
Greystone Energy, Inc., Principal  
Fidelity and Deposit Company of Maryland, Surety  
Section 34, Township 31 North, Range 13West, NMPM, San Juan Co. NM  
Bond No. 04127315**

Dear Mr. Solich:

The New Mexico Oil Conservation Division hereby approves the above-referenced Centralized Surface Waste Management Facility Bond.

Sincerely,

Marilyn S. Hebert,  
Legal Counsel

MSH: mjk

Enclosures: Copy of Bond No. 04127315

xc with attachment:

Aztec OCD Office

Mr. Chester Deal, Greystone Energy, Inc., 5802 Highway 64, Farmington, NM 87401  
Sandra J. Shryack, IMA, Inc., P.O. BOX 2992, Wichita, KS 67201-2992

**Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Surety Bond For Waste Management Facilities  
(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)**

**BOND NO. 04127315  
(For Surety Company Use)**

KNOW ALL MEN BY THESE PRESENTS:

That Greystone Energy, Inc.  
(an individual, partnership, or a corporation organized in the State of Colorado, with its principal office in the City of Englewood, State of Colorado, and authorized to do business in the State of New Mexico), as PRINCIPAL, and \* See below, a corporation organized and existing under the laws of the State of Maryland, and authorized to do business in the State of New Mexico with duly appointed resident agent in the State of New Mexico to execute this bond on behalf of the surety company, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (the "Division") pursuant to Section 70-2-12 NMSA, 1978, (1995 Relp.) as amended in the sum of Twenty five thousand and no/100 (\$ 25,000.00) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

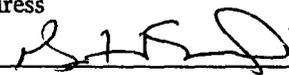
WHEREAS, the above principal has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 34, Township 31N, Range 13W, NMPM, San Juan County, New Mexico.

NOW, THEREFORE, this \$ 25,000.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission, the Division, and upon clean-up of the facility site to standards of the Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

Signed and sealed this 1st day of December, ~~19~~ 2000

Greystone Energy, Inc.  
Principal  
One DTC, 5251 DTC Parkway, Ste. 1120  
Englewood, CO 80111  
Mailing Address

Fidelity and Deposit Company of Maryland  
Surety  
P. O. Box 1227  
Baltimore, MD 21203-1227  
Mailing Address

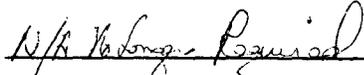
✓ By   
By \_\_\_\_\_  
Signature George Sullivan Title President

BY   
BY \_\_\_\_\_  
Attorney-in-Fact - Sandra J. Shryack

Note: If Principal is a corporation, affix corporate seal here.

Note: If corporate surety, affix corporate seal here.

Note: If corporate surety executes this bond by an attorney-in-fact not in New Mexico, the resident New Mexico agent shall countersign here below.

Countersigned by:   
New Mexico Resident Agent Address

\* Fidelity and Deposit Company of Maryland



ACKNOWLEDGMENT FORM FOR CORPORATE SURETY

STATE OF Kansas)

ss.

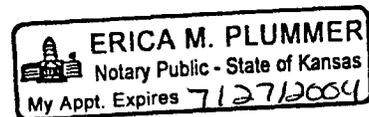
COUNTY OF Sedgwick)

On this 1st day of December ~~x19~~ 2000, before me appeared Sandra J. Shryack,  
to me personally known, who, being by me duly sworn, did say that he is attorney-in-fact of  
Fidelity and Deposit  
Company of Maryland 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.

Erica M Plummer  
Notary Public

7/27/2004  
My Commission Expires



(Note: Corporate surety attach power of attorney)

APPROVED BY:

OIL CONSERVATION DIVISION OF NEW MEXICO

By: \_\_\_\_\_

Date: \_\_\_\_\_



**Power of Attorney**  
**FIDELITY AND DEPOSIT COMPANY OF MARYLAND**  
**HOME OFFICE: P.O. BOX 1227, BALTIMORE, MD 21203-1227**

Know ALL MEN BY THESE PRESENTS: That the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, a corporation of the State of Maryland, by F. L. BORLEIS, Vice-President, and T. C. JOHNSON, Assistant Secretary, in pursuance of authority granted by Article VI, Section 2, of the By-Laws of said Company, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, does hereby nominate, constitute and appoint W. C. Cohen, Jr., Joseph C. Lukens, II, Scott T. Post, Richard K. Stone, Bret S. Burton, Jana M. Forrest, Patricia Brogan, Sandra J. Shryack and Erica M. Plummer, all of Wichita, Kansas, EACH its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: any and all bonds and undertakings and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Company, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the Company at its office in Baltimore, Md., in their own proper persons. This power of attorney revokes that issued on behalf of W. C. Cohen, Jr., Joseph C. Lukens, II, Scott T. Post, Richard K. Stone, Bret S. Burton, Jana M. Forrest, Patricia Brogan, and Sandra J. Shryack, dated September 3, 1999.

The said Assistant Secretary does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article VI, Section 2, of the By-Laws of said Company, and is now in force.

IN WITNESS WHEREOF, the said Vice-President and Assistant Secretary have hereunto subscribed their names and affixed the Corporate Seal of the said FIDELITY AND DEPOSIT COMPANY OF MARYLAND, this 27th day of June, A.D. 2000.

ATTEST: **FIDELITY AND DEPOSIT COMPANY OF MARYLAND**



*T. C. Johnson*  
\_\_\_\_\_  
T. C. Johnson                      Assistant Secretary

By: *F. L. Borleis*  
\_\_\_\_\_  
F. L. Borleis                      Vice-President

State of Maryland }  
County Of Harford } ss:

On this 27th day of June, A.D. 2000, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, came F. L. BORLEIS, Vice-President and T. C. JOHNSON, Assistant Secretary of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and they each acknowledged the execution of the same, and being by me duly sworn, severally and each for himself deposed and saith, that they are the said officers of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and that the said Corporate Seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporation.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.

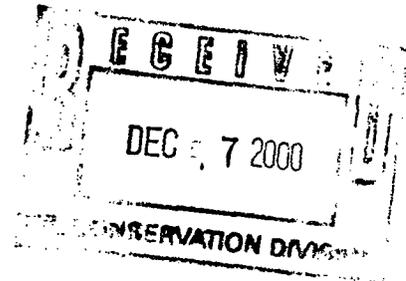


*Patricia A. Trombetti*  
\_\_\_\_\_  
Patricia A. Trombetti                      Notary Public  
My Commission Expires: October 9, 2002

# IMA

600 IMA Plaza, 250 North Water  
P.O. Box 2992, Wichita, KS 67201-2992  
[316] 267-9221, FAX [316] 266-6254  
AFFILIATIONS: Assurex, Intersure

DECEMBER 1, 2000



ATTENTION OBLIGEE: NEW MEXICO OIL CONSERVATION DIVISION  
2040 S. PACHECO  
SANTA FE, NM 87505

PRINCIPAL: GREYSTONE ENERGY, INC.

THIS BOND # 04127315 WRITTEN THROUGH FIDELITY AND DEPOSIT COMPANY OF MARYLAND IS BEING FILED TO REPLACE THE CURRENT BOND YOU HAVE ON FILE, BOND # B7724 WRITTEN THROUGH UNDERWRITERS INDEMNITY COMPANY. UPON RECEIPT OF THIS REPLACEMENT BOND, PLEASE SEND WRITTEN NOTICE OF RELEASE ON BOND # B7724 DIRECTLY TO UT'S ADDRESS: GREG CHILSON, UNDERWRITERS INDEMNITY, 8 GREENWAY PLAZA, SUITE 400, HOUSTON, TX 77046.

AS BOND BROKER, I WOULD APPRECIATE RECEIVING A COPY OF THE RELEASE LETTER AND ACCEPTANCE OF THE REPLACEMENT BOND. IF YOU FIND A PROBLEM WITH THIS REPLACEMENT BOND CONTACT ME DIRECT AT 316-266-6310. THANK YOU FOR YOUR PROMPT ATTENTION TO THIS MATTER.

*Sandra Shryack*

SANDRA J. SHRYACK  
SR. BOND UNDERWRITER  
IMA, INC.  
P.O. BOX 2992  
WICHITA, KS 67201-2992

ER HAULERS  
LOAD HERE  
**LOWLY**

CHATEAU OIL & GAS, INC.  
(505) 632-9054

LANGENDORF # 3  
1097' FSL & 1439' FEL  
SEC. 34, T-21-N, R-13-W  
NM SF-078483  
SAN JUAN CO., N.M.

Chateau

6/11/97



Chateau

6/11/97



Chuteau

6/11/97



6/11/97

Chateau



6/11/97

Chateau



Chateau

6/11/97



ST FONO. JAN 00 530 80

PHNH 142

Soco Snyder Oil Corp.  
Langendorf #3

Sec 34, T 31N, R 13E



PRODUCED  
WATER

CONDENSATE

WATER HAULERS  
UNLOAD HERE  
**SLOWLY**

**SOCO**  
Snyder Oil Corp.  
LANGENDORF # 3  
1097' FSL & 1439' FEL  
SEC. 34, T-31-N, R-13-W  
NM SF-078463  
SAN JUAN CO., N.M.

SFI No. 390 OS 530 80

M N N N -202

Soco Snyder Oil Corp.  
Langendorf #3  
Sec 34, T 71 N, R 13 W



SIF No. 240 02 530 80

N N H N -142

Soco ~~Snyder~~ Oil Corp,  
Langender #3

Sec 34, T31N, R13E