

GW - 19

**PERMITS,
RENEWALS,
& MODS**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

December 13, 2002

Mr. Louis Sneed
Weatherford National Bank
101 N. Main Street
P.O. Box 259
Weatherford, TX 76086

Re: \$5,000 Letter of Credit No. 3001
Loco Hills GSF Ltd., Customer
Weatherford National Bank, Issuer

Dear Mr. Sneed:

The New Mexico Oil Conservation Division hereby approves the above-captioned Letter of Credit No 3001 which will expire June 28, 2003.

Sincerely,

A handwritten signature in cursive script, reading "David K. Brooks".

DAVID K. BROOKS

Assistant General Counsel

DKB/dp

cc: Oil Conservation Division – Artesia, NM

Attn: Bobby Johnson
Loco Hills GSF, Ltd
158 Deer Creek
Aledo, TX 76008

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

12/13/02 15:21:
OGODLP -TP

OGRID Identifier : 214766 API Well No : 30 15 6194
Operator Name, Address : LOCO HILLS GSF, LLC
12705 E LOVINGTON HWY
LOVINGTON, NM 88255

Bond Idn : 249198 Bond Status : A Prop Idn : 29495

Prop Name : LEONARD Well No : 003
U/L Sec Township Range North/South East/West Lot I

Surface Locn : L 22 17S 29E FTG 1975 F S FTG 560 F W

API County : 15

Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amt : 5000

Company OGRID Identifier : 217699

Company Name, Address : WEATHEFORD NATIONAL BANK

101 N MAIN ST

PO BOX 259

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : LOC3001

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

April 12, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 5051 5895

William S. Stagg
Columbia Propane
P.O. Box 35800
Richmond, Virginia 23235-08000

Re: Columbia Propane Loco Hills Gas Storage Facility
Discharge Plan GW-019 Renewal Application

Dear Mr. Stagg:

The groundwater discharge plan renewal application for the Columbia Propane Loco Hills Gas Storage Facility BW-019 operated by Columbia Propane located in the NW/4 SE/4, Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico is hereby approved under the conditions contained in the enclosed attachment. 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 ten working days of receipt of this letter.

The original discharge plan was approved on February 27, 1985 and subsequently renewed on January 03, 1990 and July 20, 1995 with an expiration date of February 27, 2000. The discharge plan renewal application, including attachments, dated February 17, 2000 submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge plan renewal application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is renewed pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve Columbia Propane of liability should operations result in pollution of surface or ground waters, or the environment.

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

Please note that Section 3104. of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C., Columbia Propane is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of

William S. Stagg

10/25/00

Page 2

water quality or volume.

Pursuant to Section 3109.H.4., this approval is for a period of five years. This approval will expire February 27, 2005 and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit plans for, or the results of, an underground drainage testing program as a requirement for discharge plan renewal.

The discharge plan application for the Columbia Propane Loco Hills Gas Storage Facility is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus a renewal fee of \$690.00 for Class III Gas Well Injection Storage Systems. The OCD has not received the \$690.00 flat fee. The flat fee of \$690.00 may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

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

If you have any questions, please contact Wayne Price of my staff at (505-827-7155). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief
RCA/lwp
Attachment-1
xc: OCD Artesia Office

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 5/10/00
or cash received on _____ in the amount of \$ 690⁰⁰
from COLUMBIA PROPANE LP
for LOCO HILLS GAS STORAGE FACILITY BW-019
Submitted by: WAYNE PRICE (Facility Name) Date: 5/12/00 (DP No.)
Submitted to ASD by: [Signature] Date: 5/12/00
Received in ASD by: _____ Date: _____
Filing Fee _____ New Facility _____ Renewal ☒
Modification _____ Other _____ (Specify)
Organization Code 521.07 Applicable FY 2000

To be deposited in the Water Quality Management Fund.

Full Payment ☒ or Annual Increment _____

THIS CHECK IS VOID WITHOUT A BLUE BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

Columbia Propane LP
9200 Arboretum Pkwy, Suite 140
P. O. Box 35800
Richmond, VA 23235

PNC Bank, National Association
Jeanette, PA

VENDOR NO. 054349

DATE	AMOUNT
05/10/00	\$*****690.00

PAY Six Hundred Ninety And No/100 Dollars

TO THE
ORDER OF NMED - WATER QUALITY MNGMT

BW-019

[Signature]
AUTHORIZED SIGNATURE(S)

RECEIVED
MAY 12 2000
Environmental Bureau
Oil Conservation Division

ATTACHMENT TO THE DISCHARGE PLAN BW-019 APPROVAL
Columbia Propane Loco Hills Gas Storage Facility (BW-019)
DISCHARGE PLAN APPROVAL CONDITIONS
April 12, 2000

1. Payment of Discharge Plan Fees: The \$50.00 filing fee has been received by OCD. The \$690.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Commitments: Columbia Propane will abide by all commitments submitted in the discharge plan renewal application dated February 17, 2000 and these conditions of approval.
3. Brine Storage Pond: A minimum freeboard will be maintained in the pond so that no overtopping of brine occurs. Any repairs or modifications to the pond liner must receive prior OCD approval. If the pond liner is replaced or a new pond is constructed, a double synthetic liner with leak detection will be incorporated into the design. The outside walls of the levees will be maintained in such a manner to prevent erosion and be inspected monthly and after any substantial rainfall. Inspection records shall be maintained by Columbia Propane. Leaks shall be reported pursuant to Item 21. (Spill Reporting) of these conditions.
4. Leak Detection Monitor Well: The leak detection monitor well for the brine storage pond must be inspected for fluids monthly. Records will be maintained to include quantity of fluid measured, conductivity and chlorides of fluid, date of inspection, and name of inspector. Any fluids found must be reported to the NMOCD Santa Fe office and the appropriate District office within 48 hours of discovery.
5. Production Method: Brine water will be injected and withdrawn through the tubing and gas products shall be injected and withdrawn through the casing/tubing annulus. Deviations will be allowed for maintenance reasons once a month for up to 24 hours.
6. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded.

7. Mechanical Integrity Testing: Columbia Propane will conduct an annual open hole cavern pressure test equal to one and one-half times the normal operating pressure (not to exceed formation fracture pressure) or 300 psi, whichever is greater, for four hours. At least once every five years and during well work overs the cavern formation will be isolated from the casing/tubing annulus and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed and approved by OCD.

8. Capacity and Cavity Configuration: A test will be conducted to determine the size and configuration of the mined cavities prior to discharge plan renewal (February 27, 2005). The method and time of testing will be approved by the OCD prior to performing the test.

Columbia Propane will provide to the OCD the calculated size of the cavities and demonstrate the stability of the salt formation cavities from collapse and/or subsidence. Please include this information in the first annual report due on July 31, 2000.

9. Operation Reports: Monthly operation reports shall be submitted on OCD C-131A forms and Annual operation reports shall be submitted on OCD C-131B forms in the annual report due on July 31, 2000.
10. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and produced brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.
11. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
12. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
13. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

15. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
16. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than **June 01, 2000** and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the annual report due on July 31, of each year.
17. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than **June 01, 2000** and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the annual report due on July 31, 2000.
18. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
19. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Artesia District Office.
20. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
21. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

22. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261.
23. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
24. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
25. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections. As a result of NMOCD's recent inspection of the facility conducted on January 24, 2000 the following additional conditions will be required:
 - A. Columbia Propane shall collect groundwater samples from the three fresh water supply wells. The water shall be tested for general water chemistry method 40 CFR 136.3. Total heavy metals using the ICAP scan (EPA method 6010/ICPMS) and Mercury using Cold Vapor (EPA method 7470).

Columbia Propane will notify the OCD Santa Fe office and the OCD District office at least 48 hours in advance of all scheduled activities such that the OCD has the opportunity to witness the events and/or split samples during OCD's normal business hours.
 - B. Columbia Propane shall submit a plan for OCD approval to address the large salt pile being stored on site without proper containment.
 - C. Columbia Propane shall submit a plan for OCD approval to address closing the old unlined pit area.
 - D. Columbia Propane shall submit a plan for OCD approval to investigate and determine if the pond liner is leaking. The leak detectors were observed to be full of water.
 - E. Columbia Propane shall submit a plan for OCD approval to investigate and determine the status of the old abandoned well located on site.

- F. Columbia Propane shall submit a plan for OCD approval to investigate and determine the status of the old salt cavern which is no longer used.
- G. Columbia Propane shall submit plans for OCD approval to install containment around the brine pump. This inspection and previous inspections reveal brine water releases from this pump onto the ground surface.
- H. Columbia Propane shall repair the leaking lines that were noted during the inspection and provide verification.
- I. Columbia Propane shall submit for OCD approval a storm water run-off plan.
- J. Columbia Propane shall provide well signs pursuant to OCD rule 103 (19 NMAC 15.C.103) and a sign at the site entrance with the following minimum information; Company name, facility name, emergency telephone number, and OCD discharge plan number.

Columbia Propane shall provide to the OCD all of the above requested information listed in Item 25. By July 31, 2000.

26. **Certification:** Columbia Propane by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **Columbia Propane** 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 fresh water, human health and the environment.

Conditions accepted by: **Columbia Propane, L.P., by CP Holdings, Inc., its General Partner**

Thomas E. Perkins
Company Representative- print name

T. Perkins Date 5-3-00
Company Representative- Sign

Title Chief Operating Officer



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 12, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 5051 5895

William S. Stagg
Columbia Propane
P.O. Box 35800
Richmond, Virginia 23235-08000

Re: Columbia Propane Loco Hills Gas Storage Facility
Discharge Plan GW-019 Renewal Application

Dear Mr. Stagg:

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The original discharge plan was approved on February 27, 1985 and subsequently renewed on January 03, 1990 and July 20, 1995 with an expiration date of February 27, 2000. The discharge plan renewal application, including attachments, dated February 17, 2000 submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge plan renewal application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is renewed pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve Columbia Propane of liability should operations result in pollution of surface or ground waters, or the environment.

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

Please note that Section 3104. of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C., Columbia Propane is required to notify the Director of any facility expansion,

William S. Stagg

04/12/00

Page 2

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

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire February 27, 2005** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit plans for, or the results of, an underground drainage testing program as a requirement for discharge plan renewal.

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

If you have any questions, please contact Wayne Price of my staff at (505-827-7155). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief
RCA/lwp
Attachment-1
xc: OCD Artesia Office

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Columbia Propane Loco Hills Gas Storage Facility (BW-019)
DISCHARGE PLAN APPROVAL CONDITIONS
April 12, 2000

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2. Commitments: Columbia Propane will abide by all commitments submitted in the discharge plan renewal application dated February 17, 2000 and these conditions of approval.
3. Brine Storage Pond: A minimum freeboard will be maintained in the pond so that no overtopping of brine occurs. Any repairs or modifications to the pond liner must receive prior OCD approval. If the pond liner is replaced or a new pond is constructed, a double synthetic liner with leak detection will be incorporated into the design. The outside walls of the levees will be maintained in such a manner to prevent erosion and be inspected monthly and after any substantial rainfall. Inspection records shall be maintained by Columbia Propane. Leaks shall be reported pursuant to Item 21. (Spill Reporting) of these conditions.
4. Leak Detection Monitor Well: The leak detection monitor well for the brine storage pond must be inspected for fluids monthly. Records will be maintained to include quantity of fluid measured, conductivity and chlorides of fluid, date of inspection, and name of inspector. Any fluids found must be reported to the NMOCD Santa Fe office and the appropriate District office within 48 hours of discovery.
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7. Mechanical Integrity Testing: Columbia Propane will conduct an annual open hole cavern pressure test equal to one and one-half times the normal operating pressure (not to exceed formation fracture pressure) or 300 psi, whichever is greater, for four hours. At least once every five years and during well work overs the cavern formation will be isolated from the casing/tubing annulus and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed and approved by OCD.

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11. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
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14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

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18. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
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20. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
21. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

22. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261.
23. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
24. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
25. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections. As a result of NMOCD's recent inspection of the facility conducted on January 24, 2000 the following additional conditions will be required:
 - A. Columbia Propane shall collect groundwater samples from the three fresh water supply wells. The water shall be tested for general water chemistry method 40 CFR 136.3. Total heavy metals using the ICAP scan (EPA method 6010/ICPMS) and Mercury using Cold Vapor (EPA method 7470).

Columbia Propane will notify the OCD Santa Fe office and the OCD District office at least 48 hours in advance of all scheduled activities such that the OCD has the opportunity to witness the events and/or split samples during OCD's normal business hours.
 - B. Columbia Propane shall submit a plan for OCD approval to address the large salt pile being stored on site without proper containment.
 - C. Columbia Propane shall submit a plan for OCD approval to address closing the old unlined pit area.
 - D. Columbia Propane shall submit a plan for OCD approval to investigate and determine if the pond liner is leaking. The leak detectors were observed to be full of water.
 - E. Columbia Propane shall submit a plan for OCD approval to investigate and determine the status of the old abandoned well located on site.

William S. Stagg

04/12/00

Page 7

- F. Columbia Propane shall submit a plan for OCD approval to investigate and determine the status of the old salt cavern which is no longer used.
- G. Columbia Propane shall submit plans for OCD approval to install containment around the brine pump. This inspection and previous inspections reveal brine water releases from this pump onto the ground surface.
- H. Columbia Propane shall repair the leaking lines that were noted during the inspection and provide verification.
- I. Columbia Propane shall submit for OCD approval a storm water run-off plan.
- J. Columbia Propane shall provide well signs pursuant to OCD rule 103 (19 NMAC 15.C.103) and a sign at the site entrance with the following minimum information; Company name, facility name, emergency telephone number, and OCD discharge plan number.

Columbia Propane shall provide to the OCD all of the above requested information listed in Item 25. By July 31, 2000.

26. **Certification:** Columbia Propane by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **Columbia Propane** 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 fresh water, human health and the environment.

Conditions accepted by: **Columbia Propane**

Company Representative- print name

Company Representative- Sign

Title

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

July 20, 1995

CERTIFIED MAIL

RETURN RECEIPT NO. Z-765-962-741

Mr. Robert Berry
National Propane Corporation
1101 2nd Avenue SE
P.O. Box 2067
Cedar Rapids, IA 52406-2067

**RE: Discharge Plan Renewal GW-19
Loco Hills Underground Storage
Eddy County, New Mexico**

Dear Mr. Berry:

The discharge plan renewal GW-19 for the National Propane Corporation Loco Hills Underground Storage located in the NW/4 SW/4 of Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The renewal application consists of the original discharge plan as approved February 27, 1985, the renewal dated January 3, 1990, and the renewal request dated May 18, 1995.

The discharge plan renewal was submitted pursuant to Section 3-106 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Section 3-109.A. Please note Sections 3-109.E and 3-109.F. which provide for possible future amendments or modifications of the plan. Please be advised the approval of this plan does not relieve you of liability should your operation result in pollution of surface water, ground water, or the environment.

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

Mr. Robert Berry
July 20, 1995
Page 2

Please note that Section 3-104 of the regulations require "When a facility has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C. you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

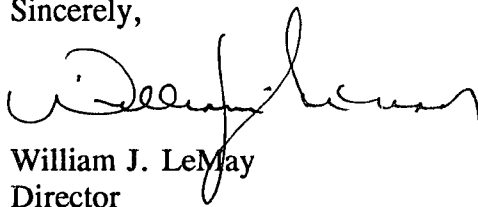
Pursuant to Section 3-109.G.4., this plan is for a period of five (5) years. This approval will expire on February 27, 2000, and you should submit an application for renewal six months before this date. It should be noted that all discharge plan facilities will be required to submit plans for, or the results of, an underground drainage testing program as a requirement for discharge plan renewal.

The discharge plan application for the National Propane Corporation Loco Hills Underground Storage is subject to WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty (50) dollars plus one-half of the flat fee, or six-hundred and ninety dollars (\$690.00) for underground storage projects. The New Mexico Oil Conservation Division (OCD) has not received your filing fee or flat fee. The fifty (50) dollar filing fee is due upon receipt of this approval. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

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

On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



William J. LeMay
Director

WJL/mwa
Attachment

xc: Tim Gum, OCD Artesia Office
Ray Smith, OCD Artesia Office

ATTACHMENT TO THE DISCHARGE PLAN GW-19 RENEWAL
NATIONAL PROPANE CORPORATION
LOCO HILLS UNDERGROUND STORAGE
DISCHARGE PLAN REQUIREMENTS
(July 20, 1995)

1. Payment of Discharge Plan Fees: The fifty (50) dollar filing fee and the six-hundred ninety dollar (\$690.00) flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Drum Storage: All drums will be stored on pad and curb type containment.
3. Sump Inspection: All pre-existing single-lined sumps at this facility will be cleaned and visually inspected on an annual basis.

Any new or rebuilt sumps or below-grade tanks will incorporate leak detection in their designs and will be approved by the OCD prior to installation.

4. Leak Detection: All leak detection systems will be visually inspected monthly. Inspection records will be kept on file for two years from the date of record. If fluids are found in the leak detection system the following steps will be taken:
 - a. The operator will notify the OCD Santa Fe and Artesia offices within 24 hours of discovery.
 - b. The fluids will be sampled and analyzed to determine the source.
 - c. The fluids will be immediately and continuously removed from the sump. Such fluids may be returned to the pond.

If a leak is determined to exist in the primary liner, the operator may be required to undertake the following contingency plan under the direction of the OCD:

- a. Introduction of fluids into the pond will cease.
 - b. Fluids will be removed from the pond utilizing evaporation and transportation to another authorized facility until the fluid level is below the proven location of the leak in the liner.
5. Pond Levees: The outside walls of the levees will be maintained in such a manner to prevent erosion. They will be inspected monthly and after any substantial rainfall.
 6. Berms: All tanks that contain materials other than freshwater will be bermed to contain one and one-third (1-1/3) the capacity of the largest tank within the berm or one and

Mr. Robert Berry
July 20, 1995
Page 4


one-third (1-1/3) the total capacity of all interconnected tanks.

7. Above Grade Tanks: All above ground tanks (saddle tanks) will be on impermeable pad and curb type containment.
8. Pressure Testing: All discharge plan facilities are required to pressure test all underground piping at the time of discharge plan renewal. All new underground piping shall be designed and installed to allow for isolation and pressure testing at 3 psi above normal operating pressure.
9. Spills: All spills and/or leaks will be reported to the OCD Santa Fe and Artesia District Offices pursuant to WQCC Rule 1-203 and OCD Rule 116.
10. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
11. Mechanical Integrity Testing: An open hole pressure test equal to one and one-half of the normal operating pressure for four hours or 500 PSI for four hours, which ever is greater, will be conducted on the well annually. A pressure test to assure mechanical integrity of the casing to a minimum of 300 PSI for 30 minutes will be conducted prior to commencement of operations, at least once every five years, and during well work overs.

Annual open hole testing will be performed within 60 days of the discharge plan approval anniversary commencing February 27, 1995. The five year testing will be conducted prior to renewal of the discharge plan. A pressure recorder shall be used and copies of the chart shall be submitted to the appropriate Division district office within 30 days following the test date. The operator shall notify the OCD at least 72 hours prior to testing in order that such tests may be witnessed.

PS Form 3800, March 1993

Sent to	
Street and No.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	


Receipt for
Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Z 765 962 741

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 7/22/03
or cash received on _____ in the amount of \$ 100⁰⁰
from LOCO HILLS GSF LTD
for LOCO HILLS LPG STORAGE GU-019
Submitted by: WAYNE PRICE (Family Name) Date: 7/25/03 (DP No.)
Submitted to ASD by: [Signature] Date: 11
Received in ASD by: _____ Date: _____
Filing Fee ☒ New Facility _____ Renewal _____
Modification _____ Other _____ (Optional)

Organization Code 521.07 Applicable FY 2000 4

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

LOCO HILLS GSF, LTD.
158 DEER CREEK DRIVE
ALEDO, TEXAS 76008

88-1421/1119
811375120

DATE 7-22-03

PAY TO THE ORDER OF NM DCD \$ 100.00
One hundred dollars + no/100 DOLLARS

WEATHERFORD NATIONAL BANK
OFFICES: WEATHERFORD - ALEDO
P.O. DRAWER 259
WEATHERFORD, TEXAS 76086
(817) 598-2500

MEMO discharge plus filing fee [Signature]

APPLICATION OF SACRA BROTHERS COMPANY FOR
PERMISSION TO DRILL A WELL FOR THE STORAGE
OF LIQUEFIED PETROLEUM GAS IN NW/4 SW/4
SECTION 22, TOWNSHIP 17 SOUTH, RANGE 29 EAST,
NMPM, EDDY COUNTY, NEW MEXICO.

ORDER NO. LPG-5

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Order No. R-313 in Case 523, and Rule 705 of the Commission's Rules and Regulations established thereunder, Sacra Brothers Company made application to the Commission on October 29, 1953, for authority to drill an LPG-storage well in NW/4 SW/4 Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, and

The Secretary - Director Finds:

- (1) That application has been duly filed in proper form under the provisions of Rule 705;
- (2) That satisfactory information has been provided that all operators of offset acreage within a one-half mile radius of the proposed well have been notified of the operators intention; and
- (3) That no objections have been received within the ten-day waiting period as prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, Sacra Brothers Company, be and it hereby is authorized to complete its projected LPG storage well in NW/4 SW/4 Section 22, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, as a storage well for liquefied petroleum gas;

That the effectiveness of this order is conditional upon the stipulation that the well be drilled to an approximate depth of 675', as set forth in operator's application, at which point a storage cavity will be washed out in the salt section for the specified use; further, that the Commission's approval be secured through Form C-101, Notice of Intention to Drill, and subsequent actual inspections of the casing operations on said well.

No part of this order shall be construed as relieving Sacra Brothers Company from liability to any person, firm or corporation as a result of the drilling or operation of such storage project.

By authority granted under provisions of Rule 705 of the Commission's Rules and Regulations, this order is issued and approved this 10th day of November, 1953.

State of New Mexico
Oil Conservation Commission

R. R. Spurrier, Secretary-Director

S E A L

NOVEMBER 10, 1953

APPLICATION OF SACRA BROTHERS COMPANY
FOR PERMISSION TO DRILL A WELL FOR THE
STORAGE OF LIQUEFIED PETROLEUM GAS IN NW/4
SW/4 SECTION 22, TOWNSHIP 17 SOUTH, RANGE
29 EAST, NMFM, EDDY COUNTY, NEW MEXICO.

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STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

R. R. Spurrier, Secretary-Director

S E A L

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

RECEIVED

Revised 7/1/55

DEC 8 1959

(File the original and 4 copies with the appropriate district office)

CERTIFICATE OF COMPLIANCE AND AUTHORIZATION
TO TRANSPORT OIL AND NATURAL GAS

O. C. C.
ARTESIA, OFFICE

Company or Operator Arrow Gas Company Lease # BL - 96

Well No. for LPGA ~~3 Storage~~ Unit Letter 22 S 17S T 29 ER Pool

County Eddy Kind of Lease (State, Fed. or Patented) State

If well produces oil or condensate, give location of tanks: Unit S T R

Authorized Transporter of Oil or Condensate

Address Box 1294, Roswell, N. M.

(Give address to which approved copy of this form is to be sent)

Authorized Transporter of Gas

Address Date Connected

(Give address to which approved copy of this form is to be sent)

If Gas is not being sold, give reasons and also explain its present disposition:

Under Ground Storage for Liquefied Petroleum Gas.

Reasons for Filing: (Please check proper box) New Well ()

Change in Transporter of (Check One): Oil () Dry Gas () C'head () Condensate ()

Change in Ownership (XX) Other ()

Remarks: (Give explanation below)

Change in ownership from Sacra Brothers Co. to Arrow Gas Company
\$10,000 Blanket Plugging Bond # 17196

The undersigned certifies that the Rules and Regulations of the Oil Conservation Commission have been complied with.

Executed this the 7th day of December 1959

Approved DEC 8 1959 19

By T. J. Murray TJ Murray

Title Secretary

OIL CONSERVATION COMMISSION

Company Arrow Gas Company

By M. L. Armstrong

Address Box 1294, Roswell, N. M.

OIL AND GAS INSPECTOR

Title

NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

MISCELLANEOUS REPORTS ON WELLS

Submit this report in TRIPLICATE to the District Office, Oil Conservation Commission, within 10 days after the work specified is completed. It should be signed and filed as a report on Beginning Drilling Operations, Results of test of casing shut-off, result of plugging of well, result of well repair, and other important operations, even though the work was witnessed by an agent of the Commission. See additional instructions in the Rules and Regulations of the Commission.

Indicate Nature of Report by Checking Below

REPORT ON BEGINNING DRILLING OPERATIONS		REPORT ON RESULT OF TEST OF CASING SHUT-OFF		REPORT ON REPAIRING WELL	
REPORT ON RESULT OF PLUGGING WELL		REPORT ON RECOMPLETION OPERATION		REPORT ON (Other)	<input checked="" type="checkbox"/>

May 6, 1955
(Date)Artesia, N. M.
(Place)

Following is a report on the work done and the results obtained under the heading noted above at the

Sacra Brothers Co.
(Company or Operator)Leonard State
(Lease)A. F. Smith
(Contractor)

Well No. 3 in the NW 1/4 SW 1/4 of Sec. 22

T. 17, R. 29, NMPM, Pool, Eddy County.

The Dates of this work were as follows: October 10, 1953 November 15, 1953

Notice of intention to do the work (was) ~~(was not)~~ submitted on Form C-102 on October 5, 1953,
(Cross out incorrect words)and approval of the proposed plan (was) ~~(was not)~~ obtained.

DETAILED ACCOUNT OF WORK DONE AND RESULTS OBTAINED

Drilled 8 5/8 hole into Cowden anhydrite and set 8 7/8" OD casing at 505' 7" and circulated cement to top. Drilled to bottom of salt section at 675' , ran 3" tubing.

Witnessed by B. N. Muncy, Jr.
(Name)Sacra Bros. Co.
(Company)Manager
(Title)

Approved: OIL CONSERVATION COMMISSION

(Name)

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

Name

Position

Representing

Address

(Title)

(Date)

[illegible]

NEW MEXICO OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

RECEIVED
COMMISSION

MAY 7 1955

WELL RECORD

Oil Cons. Comm.
ARTESIA OFFICE

Mail to District Office, Oil Conservation Commission, to which Form C-101 was sent not later than twenty days after completion of well. Follow instructions in Rules and Regulations of the Commission. Submit in **QUINTUPLICATE**.

Sacra Brothers Co.

Leonard State

(Company or Operator)

(Lease)

Well No. 3, in NW $\frac{1}{4}$ of SW $\frac{1}{4}$, of Sec. 22, T. 17, R. 29, NMPM.

Pool, Eddy County.

Well is 560 feet from West line and 1975 feet from South line

of Section 22 If State Land the Oil and Gas Lease No. is.....

Drilling Commenced October 10, 1953, 19..... Drilling was Completed October 31, 1953.....

Name of Drilling Contractor A. F. Smith

Address Artesia, N. M.

Elevation above sea level at Top of Tubing Head.....3549.60..... The information given is to be kept confidential until
..... 19.....

OIL SANDS OR ZONES

No. 1, from _____ to _____ No. 4, from _____ to _____

No. 2, from _____ to _____ No. 5, from _____ to _____

No. 3, from.....to..... No. 6, from.....to.....

IMPORTANT WATER SANDS

Include data on rate of water inflow and elevation to which water rose in hole.

No. 1, from 100 to 105 feet.

No. 2, from 115 to 120 feet.

No. 3, from to feet.

No. 4, from _____ to _____ feet.

CASING RECORD

SIZE	WEIGHT PER FOOT	NEW OR USED	AMOUNT	KIND OF SHOE	CUT AND PULLED FROM	PERFORATIONS	PURPOSE
8 5/8 OD	27	New	130 ⁺ 7"	none		none	water
7 OD	20	New	505 ⁺ 7"	Texas Pat.		none	

MUDDING AND CEMENTING RECORD

SIZE OF HOLE	SIZE OF CASING	WHERE SET	NO. SACKS OF CEMENT	METHOD USED	MUD GRAVITY	AMOUNT OF MUD USED
8 5/8	7	505' 4"	398	Halliburton		

RECORD OF PRODUCTION AND STIMULATION

(Record the Process used, No. of Qts. or Gals. used, interval treated or shot.)

Result of Production Stimulation..... 3

Depth Cleaned Out.....

RECORD OF DRILL-STEM AND SPECIAL TESTS

If drill-stem or other special tests or deviation surveys were made, submit report on separate sheet and attach hereto

TOOLS USED

Rotary tools were used from.....feet to.....feet, and from.....feet to.....feet.
Cable tools were used from.....0.....feet to.....680.....feet, and from.....feet to.....feet.

PRODUCTION

Put to Producing....., 19.....

OIL WELL: The production during the first 24 hours was.....barrels of liquid of which.....% was
was oil;% was emulsion;% water; and.....% was sediment. A.P.I.
Gravity.....

GAS WELL: The production during the first 24 hours was.....M.C.F. plus.....barrels of
liquid Hydrocarbon. Shut in Pressure.....lbs.

Length of Time Shut in.....

PLEASE INDICATE BELOW FORMATION TOPS (IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE):

Southeastern New Mexico

Northwestern New Mexico

T. Anhy.....	T. Devonian.....	T. Ojo Alamo.....
T. Salt.....	T. Silurian.....	T. Kirtland-Fruitland.....
B. Salt.....	T. Montoya.....	T. Farmington.....
T. Yates.....	T. Simpson.....	T. Pictured Cliffs.....
T. 7 Rivers.....	T. McKee.....	T. Menefee.....
T. Queen.....	T. Ellenburger.....	T. Point Lookout.....
T. Grayburg.....	T. Gr. Wash.....	T. Mancos.....
T. San Andres.....	T. Granite.....	T. Dakota.....
T. Glorieta.....	T.	T. Morrison.....
T. Drinkard.....	T.	T. Penn.....
T. Tubbs.....	T.	T.
T. Abo.....	T.	T.
T. Penn.....	T.	T.
T. Miss.....	T.	T.

FORMATION RECORD

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
0	5	5	Sand				
5	60	55	Red Beds				
60	80	20	Anhydrite				
80	115	35	Anhydrite				
115	120	5	Blue Clay				
120	135	15	Anhydrite				
135	250	115	Red Bed				
250	260	10	Anhydrite				
260	265	5	Red Bed				
265	275	10	Salt				
275	280	5	Anhydrite				
280	445	165	Salt				
445	452	7	Anhydrite				
452	497	45	Salt				
497	525	28	Anhydrite				
525	675	150	Salt				
675	677	2	Polyhalite				
677	680	3	Anhydrite				

OIL CONSERVATION COMMISSION
AT LIMA DISTRICT OFFICE
No. 6
1
1
2
1
1
B. of Mineral

ATTACH SEPARATE SHEET IF ADDITIONAL SPACE IS NEEDED

I hereby swear or affirm that the information given herewith is a complete and correct record of the well and all work done on it so far as can be determined from available records.

May 6, 1955

(Date)

Company or Operator.....Sacra Brothers Co.....

Address.....402 North First St.....

Name.....B. N. Muncy, Jr.....

Position or Title.....Manager.....

Company Sacra Bros.

Lease Leonard-State Well No. 3

Sec. 22 T. 17 S., R. 29 E., N.M.P.M.

Location 560 ft. fr WL & 1975 ft. fr SL

County Eddy New Mexico

Chained Distances

USGLOS Brass Cap
1/4 S21/S22

Sec. 22

560
099

2635'

USGLOS Brass Cap
S21 S22
S28 S27

Scale 4" = 1 mile.

T17S-k29E

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Seal:

Artesia, New Mexico

Surveyed October 8, 19 53

17532 Advocate Print

John A. Mathis Jr.
Registered Professional
Engineer and Land Surveyor.

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 7/27/95,
or cash received on 8/8/95 in the amount of \$ 740.00
from NATIONAL PROPANE
for Loco Hills Storage BW-019
(Facility Name) (DP No.)

Submitted by: _____ Date: _____

Submitted to ASD by: P. Anderson Date: 8/8/95

Received in ASD by: Angie Albre Date: 8/9/95

Filing Fee ☒ New Facility _____ Renewal ☒

Modification _____ Other _____
(specify)

Organization Code 52607 Applicable FY 96

To be deposited in the Water Quality Management Fund.

Full Payment ☒ or Annual Increment _____

THE BANK OF
NEW YORK (DELAWARE)
NEWARK, DELAWARE

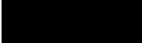
NATIONAL
The Nation's Propane Company.
PETROLEUM PRODUCTS DISTRIBUTOR
P.O. Box 2067
CEDAR RAPIDS, IA 52406

142576
62-35
311

VENDOR NUMBER	DATE	CHECK NUMBER
---------------	------	--------------

25362

7/27/95



DOLLARS	CE
---------	----

\$ *****740.00
(VOID AFTER 120 DAYS)

PAY

SEVEN HUNDRED FORTY DOLLARS AND 00 CENTS

TO THE
ORDER
OF

NMED-WATER QUALITY MANAGEMEN
OIL CONVERSATION DIVISION
PO BOX 6429
SANTA FE, NM 87505-6429

AUTHORIZED SIGNATURE

NATIONAL
The Nation's Propane Company.

P.O. Box 2067
CEDAR RAPIDS, IA 52406

THE ENCLOSED CHECK IS IN FULL PAYMENT OF ITEMS BELOW.

INVOICE DATE	COMPANY NUMBER	ADJUST. AMOUNT	INVOICE NUMBER	INVOICE AMOUNT	DISCOUNT	NET AMOUNT PAYABLE
7/20/95			950720-8301	740.00	0.00	740.00
<div>RECEIVED JUL - 7 1995 CONSERVATION DIVISION</div> <div>GW-19</div>						
TOTALS →				740.00	0.00	740.00

CHECK NUMBER

DETACH BEFORE DEPOSITING