

BW - 4

**GENERAL
CORRESPONDENCE**

YEAR(S):

2007 - Present

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Thursday, August 28, 2014 8:02 AM
To: 'wayne price'
Cc: Larry Gandy; JonRGandy@aol.com; waprice23@hotmail.com
Subject: RE: Buckeye BW0-04 Ground Water Investigation

Good morning,

The plan for installation of the monitoring/recovery well is approved. Please keep a copy of this email for your files as no hardcopy will be sent. Please be aware that if groundwater contamination is observed in the proposed well, that appropriate delineation of any dissolved-phase plume will be necessary.

Jim Griswold

Environmental Bureau Chief
EMNRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
505.476.3465
email: jim.griswold@state.nm.us

From: wayne price [<mailto:wayneprice77@earthlink.net>]
Sent: Monday, August 18, 2014 3:35 PM
To: Griswold, Jim, EMNRD
Cc: Larry Gandy; JonRGandy@aol.com; waprice23@hotmail.com
Subject: Buckeye BW0-04 Ground Water Investigation

Dear Jim,

Pursuant to our last conversation, we are submitting a plot plan showing the approximate location for a Monitoring/Recovery well to be located at the Buckeye Wasserhund Brine Well Site. We plan on installing a 4" well using OCD's normal (SOP) construction guidance. The well will have 20 ft of screen with 15 ft in the water and 5 feet above. The approximate depth to water in this area is 85 ft below surface. We will install a flush mounted pad with metal plate, and design for possible use as a supplemental well to the brine station.

We will utilize advanced split spoon sampling and air drilling, with no water or additives used unless we receive OCD authorization. We will collect soil samples every 10 ft until at a point the soil does not exhibit a chloride number greater than 250 ppm using field testing equipment. All samples will be split for laboratory confirmation. Once the well is completed, it will be purged until the TDS, CL, and PH are stable. We will then collect a baseline sample to include General Chemistry and Total WQCC metals using EPA lab methods. We will screen for hydrocarbons using a field TPH kit or PID, and if a positive hit is observed, we will also analyze for BTEX.

Once you approve as is, or with conditions, we plan on filing with the OSE to drill and complete the well. Once we have completed the work,

we will submit a findings report with recommendations for further work if required. We will submit the GPS location of the well, a log of the well, and water depth. We will also survey the top of casing for future bench mark comparisons to determine water direction gradient.

We await your reply.

Wayne Price-Price LLC

Wasserhund Inc. Buckeye Brine Station
OCD Permit BW-04

API No. 30-025-26883 Eidson #1
Unit Letter M-Section 31-Ts 16s – R35e

Groundwater Plan-July 01, 2014
By: Price LLC

Windmill

N

BW-04 FW Well

Proposed 4" recovery well

Pit-Reclaimed
With 3 ft red bed
compacted liner

4" Well
out of
service

12" Water Well

238

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©2009

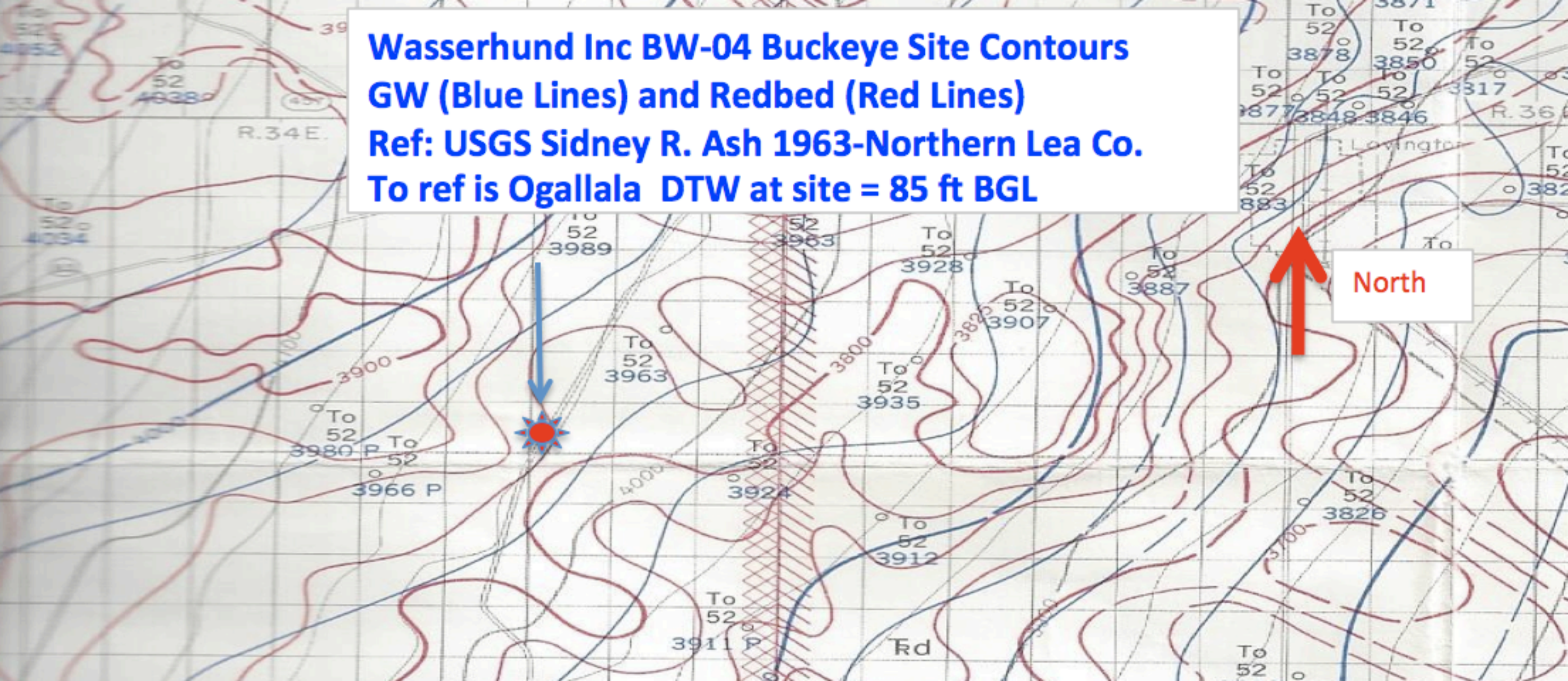
Go

1499 ft

**Ref: USGS Sidney R. Ash 1963-Northern Lea Co.
To ref is Ogallala DTW at site = 85 ft BGL**

**Ref: USGS Sidney R. Ash 1963-Northern Lea Co.
To ref is Ogallala DTW at site = 85 ft BGL**

To ref is Ogallala DTW at site = 85 ft BGL



Griswold, Jim, EMNRD

From: wayne price <wayneprice77@earthlink.net>
Sent: Monday, August 18, 2014 3:35 PM
To: Griswold, Jim, EMNRD
Cc: Larry Gandy; JonRGandy@aol.com; waprice23@hotmail.com
Subject: Buckeye BW0-04 Ground Water Investigation
Attachments: BW-04 GW Plan.pdf

Dear Jim,

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We await your reply.

Wayne Price-Price LLC

Wasserhund Inc. Buckeye Brine Station
OCD Permit BW-04

API No. 30-025-26883 Eidson #1
Unit Letter M-Section 31-Ts 16s – R35e

Groundwater Plan-July 01, 2014
By: Price LLC

Windmill

N

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Proposed 4" recovery well

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4" Well
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12" Water Well

238

© 2014 Google

©2009

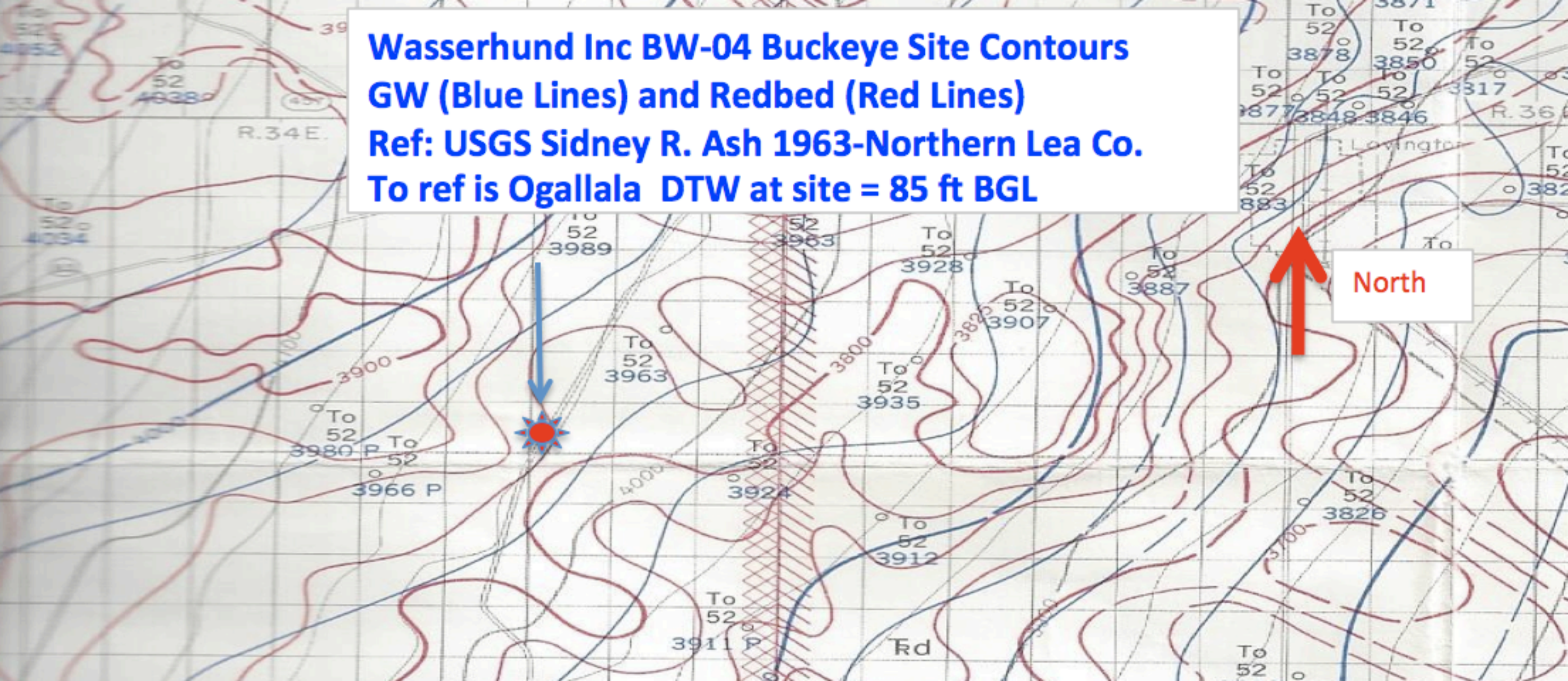
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1499 ft

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To ref is Ogallala DTW at site = 85 ft BGL**

**Ref: USGS Sidney R. Ash 1963-Northern Lea Co.
To ref is Ogallala DTW at site = 85 ft BGL**

To ref is Ogallala DTW at site = 85 ft BGL



Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Wednesday, April 02, 2014 10:22 AM
To: 'wayne price'; Leking, Geoffrey R, EMNRD
Cc: Larry Gandy; JonRGandy@aol.com
Subject: RE: Wasserhund Buckeye BW-4 Brine Pit Boring Results-C-141 Immediate Notification

Thank you for the notification. Please file appropriate C-141 with both myself and the district and we will proceed from there. A groundwater investigation appears warranted. Keep in mind future groundwater recovery (if any) could be used as feedstock for making brine at the facility. It is my opinion that we should handle this as part of the active permit rather than open an additional casefile.

Jim Griswold
Senior Hydrologist
EMNRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
505.476.3465
email: jim.griswold@state.nm.us

From: wayne price [<mailto:wayneprice77@earthlink.net>]
Sent: Wednesday, April 02, 2014 10:07 AM
To: Griswold, Jim, EMNRD; Leking, Geoffrey R, EMNRD
Cc: Larry Gandy; JonRGandy@aol.com
Subject: Fwd: Wasserhund Buckeye BW-4 Brine Pit Boring Results-C-141 Immediate Notification

Your 24 Hour Notification:

Begin forwarded message:

From: wayne price <WAYNEPRICE77@EARTHLINK.NET>
Date: April 1, 2014 6:10:15 PM MDT
To: Larry Gandy <lgandy@gandycorporation.com>, JonRGandy@aol.com
Cc: waprice23@hotmail.com
Subject: Wasserhund Buckeye BW-4 Brine Pit Boring Results

Dear Larry and John,

Please find below the chloride results from the soil boring conducted today. We stopped above the water table and plugged the hole with bentonite chips, and hydrated with fresh water.

It is my initial opinion that the pit brine water has migrated to proximity to the underlying groundwater. I recommend we notify Jim Griswold-OCD of the results and let me work out a cost effective strategy for future monitoring and possible recovery.

20 feet- 13,000-15,000 ppm chlorides
30 feet 9,400 -10,400 ppm chlorides
40 feet 7,900 ppm chlorides
50 feet 4,500-4,900 ppm chlorides

60 feet	4,900-5,700	ppm chlorides
65 feet	7,300-7,900	ppm chlorides
70 feet	3,300-3,900	ppm chlorides
75 feet	2,000-2,400	ppm chlorides

Wayne Price-Price LLC

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Monday, March 31, 2014 8:05 AM
To: 'wayne price'
Cc: Larry Gandy; JonRGandy@aol.com
Subject: RE: Wasserhund BW-4 and BW-22

Extension until 6/1/14 is approved.

Jim Griswold
Senior Hydrologist
EMNRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
505.476.3465
email: jim.griswold@state.nm.us

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

From: wayne price [<mailto:wayneprice77@earthlink.net>]
Sent: Sunday, March 30, 2014 9:04 AM
To: Griswold, Jim, EMNRD
Cc: Larry Gandy; JonRGandy@aol.com
Subject: Wasserhund BW-4 and BW-22

Dear Jim,

The new permit requires a third party closure estimate to be supplied within 90 days of the effective date of the permit. Wasserhund is requesting an extension and propose this information to be supplied in the annual report due June 01, 2014.

Wayne Price-Price LLC

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Thursday, March 27, 2014 4:42 PM
To: 'wayne price'
Subject: RE: Wasserhund Pit Boring

Process knowledge would say you do not need to test for hydrocarbons. But if you see or smell something to the contrary, please analyze appropriately. Thank you.

Jim Griswold
Senior Hydrologist
EMNRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
505.476.3465
email: jim.griswold@state.nm.us

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

From: wayne price [<mailto:wayneprice77@earthlink.net>]
Sent: Thursday, March 27, 2014 3:33 PM
To: Griswold, Jim, EMNRD
Subject: Wasserhund Pit Boring

Dear Jim,

We are going to bore the center of the pit and will grab samples every 10 feet. We will run chlorides, do we need a BTEX or TPH? As far as I know there is no hydrocarbons!

Wayne

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Monday, January 13, 2014 2:12 PM
To: 'wayne price'
Subject: RE: Wasserhund Buckeye BW-4 Pit Closure

Wayne,

It is okay to waive the lab testing for chloride as long as you provide a detailed methodology and all results in the closure report. I will leave it up to you, but you may want to send 2 or 3 soil splits to the lab to confirm.

Jim Griswold
Senior Hydrologist
EMNRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
505.476.3465
email: jim.griswold@state.nm.us

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

From: wayne price [<mailto:wayneprice77@earthlink.net>]
Sent: Monday, January 13, 2014 1:56 PM
To: Griswold, Jim, EMNRD
Cc: Larry Gandy; JonRGandy@aol.com
Subject: Wasserhund Buckeye BW-4 Pit Closure

Dear Jim,

We have excavated down five feet and disposed of at Gandy-Marley landfill. We are ready to backfill and compact with Red Bed Clay and will run a density test for the records. During my last field trip I collected five- point field samples from trenches at this depth with

an average of about 15K chlorides. I would like to waive the lab confirmation test for these points since it really is not going to be used as a closure standard. As pointed out in an earilier E-mail we plan to fill with compacted red bed and leave room for clean soil for re-veg.

Then we will use a coring rig to determine vertical delineation stopping at 250 ppm.

Please advise if we can waive the Lab test.

Wayne Price_Price LLC

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Monday, December 09, 2013 12:57 PM
To: 'wayne price'
Cc: Larry Gandy; JonRGandy@aol.com
Subject: RE: Wasserhund BW-4 Pit Closure

Please continue. Backfilling and compacting of the clay should not progress any higher than two feet beneath existing grade with the final two feet being comprised of clean material with chloride concentration less than 600 ppm.

Jim Griswold
Senior Hydrologist
EMNRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
505.476.3465
email: jim.griswold@state.nm.us

From: wayne price [<mailto:wayneprice77@earthlink.net>]
Sent: Thursday, December 05, 2013 11:54 AM
To: Griswold, Jim, EMNRD
Cc: Larry Gandy; JonRGandy@aol.com
Subject: Wasserhund BW-4 Pit Closure

Dear Jim,

We have moved approximately 5000 yards to the Landfill and anticipate an additional 5000 yards, plus we are back hauling red bed clay. Please find my sampling results for vertical extent in the middle of the pit and some photos.

0-4 ft	17,568 ppm Cl
4-6 ft	13,600 ppm Cl
6-8 ft	12,860 ppm Cl
8-10 ft	12,860 ppm Cl
10-12 ft	10,676 ppm Cl
12-15 ft	14,200 ppm Cl

Approximately 30-50 ft from the center of the pit area, the chlorides range from 1916 ppm to 9768 ppm, with an average of 4173 ppm Chlorides in the scraped areas. We thought we would be able to use the dike material for blending, but the composites ranged from 5,972 ppm to 8,964 ppm chlorides, so we have decided to haul that material off also.

Our next step is to take a dozer and rip the complete pit bottom, which is very hard indurated caliche, and remove all of that material down to a depth of 5 feet below surface grade and install 3-4 feet of compacted red bed clay with a minimum of 5 ft horizontal overlap of the pit area. We will provide you a Proctor/Density verification. We are then planning on bringing in top soil for future revegetation.

Once that has been completed, we plan on bringing in a core rig to check vertical extent. If groundwater has been impacted, we will complete the boring as a 4" recovery well where we can recycle any

contaminated water back into the brine system.

Our in-house anticipated \$cost will be well over \$500,000, this includes trucking, fuel, labor, disposal, red bed, rig cost etc. It does not include future groundwater issues. While Gandy-Wasserhund are using its own trucks, they are losing revenue from those trucks not being in normal service.

Attached are the following photos:

Dike Dirt Pile.

Pit Dirt Pile.

Pit Area Showing Exploratory Trenches.

On behalf of Wasserhund Inc. we are requesting approval to proceed. We are concerned about any rainfall at this time which would drive the contaminates downward, so your expedient approval for the dirt work will be greatly appreciated.

Wayne Price-Price LLC

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Tuesday, July 30, 2013 2:03 PM
To: 'wayne price'
Cc: Larry Gandy; JonRGandy@aol.com; Gonzales, Elidio L, EMNRD; Whitaker, Mark A, EMNRD; Brown, Maxey G, EMNRD
Subject: RE: Brine WELls BW-4 Buckeye and BW-22 Tatum

Please proceed with whatever arrangements must be made to facilitate the future testing of both wells. Be aware that the testing as proposed will subject both the brine caverns and entry casings to pressure. If the combination is not able to sustain the static test pressure for the duration in either or both brine wells, then further testing will be needed to determine where any observable loss might be occurring. This may dictate removal of all tubing from the suspect well(s), installation of a packer to isolate the well casing(s), and independent pressure testing. Thank you.

Jim Griswold

Senior Hydrologist

EMNRD/Oil Conservation Division

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

505.476.3465

email: jim.griswold@state.nm.us

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

From: wayne price [<mailto:wayneprice77@earthlink.net>]

Sent: Tuesday, July 30, 2013 9:16 AM

To: Griswold, Jim, EMNRD

Cc: Larry Gandy; JonRGandy@aol.com

Subject: Brine WELls BW-4 Buckeye and BW-22 Tatum

Dear Jim,

Pursuant to our meeting in Santa Fe the other day, we would like to officially request that our next 5 year MIT, (schedule 2013)

Wasserhund would be able to use the normal open to formation pressure test using either nitrogen or water, pressure up to approximately 300

psig, use a conventional chart recorder calibrated for 0-500 psig,

use a maximum of 12 hour clock, hold pressure for 4 hours.

Please advise so we can make proper arrangements.

Wayne Price

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, July 20, 2016 3:26 PM
To: 'David.Alvarado@basicenergyservices.com'; 'gandy2@leaco.net';
'james@pabservicesinc.com'; 'Jerry@Pyotewatersystems.com';
'tboone@keyenergy.com'; 'Garymschubert@gmail.com'; 'tony@waternex.com'
Cc: Griswold, Jim, EMNRD; Whitaker, Mark A, EMNRD; Inge, Richard, EMNRD
Subject: New Mexico UIC Class III Brine Well MIT Scheduling with Completion by December 30, 2016

Ladies and Gentlemen:

UIC Class III Brine Wells:

Basic Energy Services: BW-002 (Last MIT: 8/28/2012)
Gandy Corporation: BW-004 (Last MIT: 10/18/2011) & BW-022 (Last MIT: 10/18/2011)
Key Energy Services, LLC: BW-028 (Last MIT: 9/10/2010)
Pyote: BW-027 (MITs on 2-Well System Last MIT: 2/25/2010) & BW-030 (Last MIT: 12/28/2010)
Standard Energy: BW-008 (Last MIT: 11/16/2010)
HRC: BW-031 (Last MIT: 8/13/2009)

Good afternoon. It is that time of year again to remind operators that their MITs for this season must be completed by 12/30/2016. The list of permittee names w/ associated brine wells are provided above and as in the past, the OCD District Offices (see information provided below) attempt to schedule MITs logistically based on their busy schedules. You must submit a signed [C-103 Form](#) describing your MIT for OCD District Office approval.

Please contact your OCD District Office (see contact info. below) to schedule your MITs based on the County that your wells reside.

Mark Whitaker ([Hobbs District Office](#))
Richard Inge ([Artesia District Office](#))

Operators are aware of the annual formation MIT (4-hr @ 300 psig or less depending on historical pressure and TD of well) and every 5-yrs. or after well workover. EPA MIT (30 min. @ 500 psig). Operators need to review well MIT records for the type of MIT it will run this year and inform the OCD District Office of any issues or concerns associated with this season's MIT.

Also, Permittees should review your Discharge Permits for expiration. If your permit has expired or will soon expire, please contact me to discuss your situation(s).

You may access your well information on OCD Online either by API# and/or Permit Number at:

<http://ocdimage.emnrd.state.nm.us/imaging/AEOrderCriteria.aspx> and
<http://wwwapps.emnrd.state.nm.us/ocd/ocdpermitting/Data/Wells.aspx>.

For information on New Mexico's UIC Program and training information, please go to:
<http://www.emnrd.state.nm.us/OCD/publications.html>.

Please contact me if you have questions. Thank you in advance for your cooperation in this matter.

Carl J. Chavez, CHMM

Environmental Engineer
Oil Conservation Division- Environmental Bureau
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Phone: (505) 476-3490
Main Phone: (505) 476-3440
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: www.emnrd.state.nm.us/oed

Why not prevent pollution, minimize waste, reduce operation costs, and move forward with the rest of the Nation? To see how, go to “Publications” and “Pollution Prevention” on the OCD Website.

GANDY CORPORATION

OILFIELD SERVICES RECEIVED

P.O. Box 2140

Lovington, New Mexico 88260 PM 1 38

575-396-0522

FAX 575-396-0797

January 15, 2009

NM Oil Conservation Division
1220 S. Saint Francis
Santa Fe, NM 87505

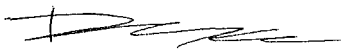
Fresh Water injected at the Wasserhund Brine Station was:

October 2008	0
November 2008	22362
December 2008	32599

Brine Water sold at the Wasserhund Brine Station was:

October 2008	0
November 2008	22161
December 2008	32470

Sincerely Yours:



Donny Collins

Submit 3 Copies To Appropriate District
Office:
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Grande Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-26883
1. Type of Well: Oil Well ☐ Gas Well ☐ Other ☐		5. Indicate Type of Lease STATE ☐ FREE ☐
2. Name of Operator Gandy Corporation		6. State Oil & Gas Lease No. 25-26883
3. Address of Operator P.O. Box 2140, Lovington, NM 88260		7. Lease Name or Unit Agreement Name Eidson Brine Station, BW-004
4. Well Location Unit Letter M 567.4 feet from the South line and 161.7 feet from the West line Section 31 Township 16 Range 35 NMPM County Lea		8. Well Number # 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 8426
		10. Pool name or Wildcat

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS ☐	P AND A ☐
PULL OR ALTER CASING ☒	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
OTHER: ☐		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Move in Well Service Unit & Rig up, Casing has been tested from 1738 feet to Surface
& Witnessed by OCD.

RIH set CIBP @ 1738 feet & test

RIH & set 3 degrees whip stock plug @ 1737 feet, TOH

Cut 5 7/8 window in casing @ 1737 feet & drill into Brine Zone. - run 2100' 5/2 casing

Run sonar for cavity configuration

Run production tubing & return to production

Will notify the NMOCD on all test or changes

Spud Date:

Rig Release Date:

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

SIGNATURE

Larry Gandy

TITLE Secretary/Treasurer

DATE 08/27/2008

Type or print name Larry Gandy

E-mail address:

PHONE: 575-396-0522

For State Use Only

APPROVED BY:

Carl Chavez for Wayne Price

TITLE Bureau Chief

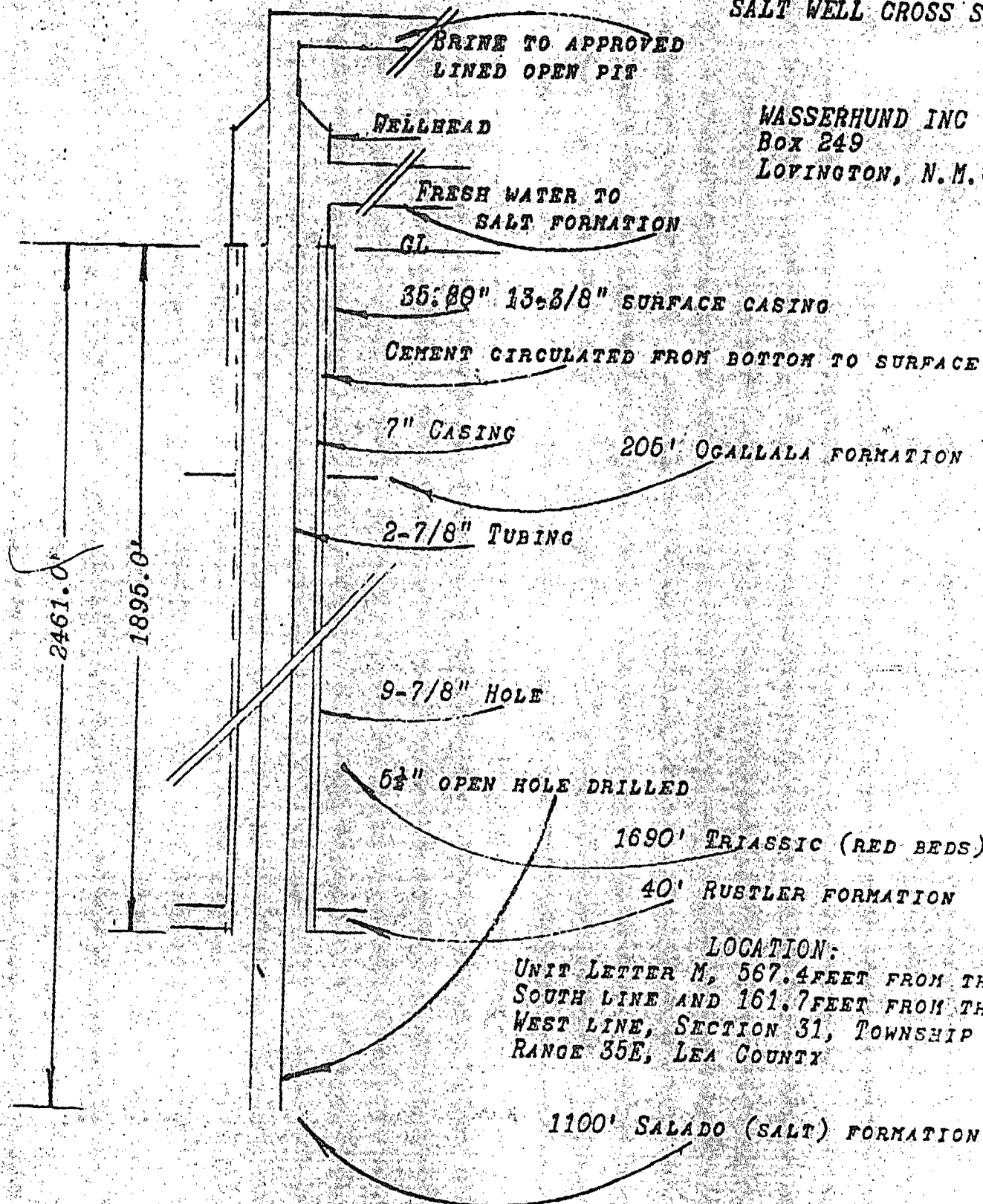
DATE 10/6/2008

Conditions of Approval (if any):

Exhibit 7

SALT WELL CROSS SECTION

WASSERHUND INC
Box 249
LOVINGTON, N.M. 88260



Date: 9/3/2008

Customer: Gandy Corporation

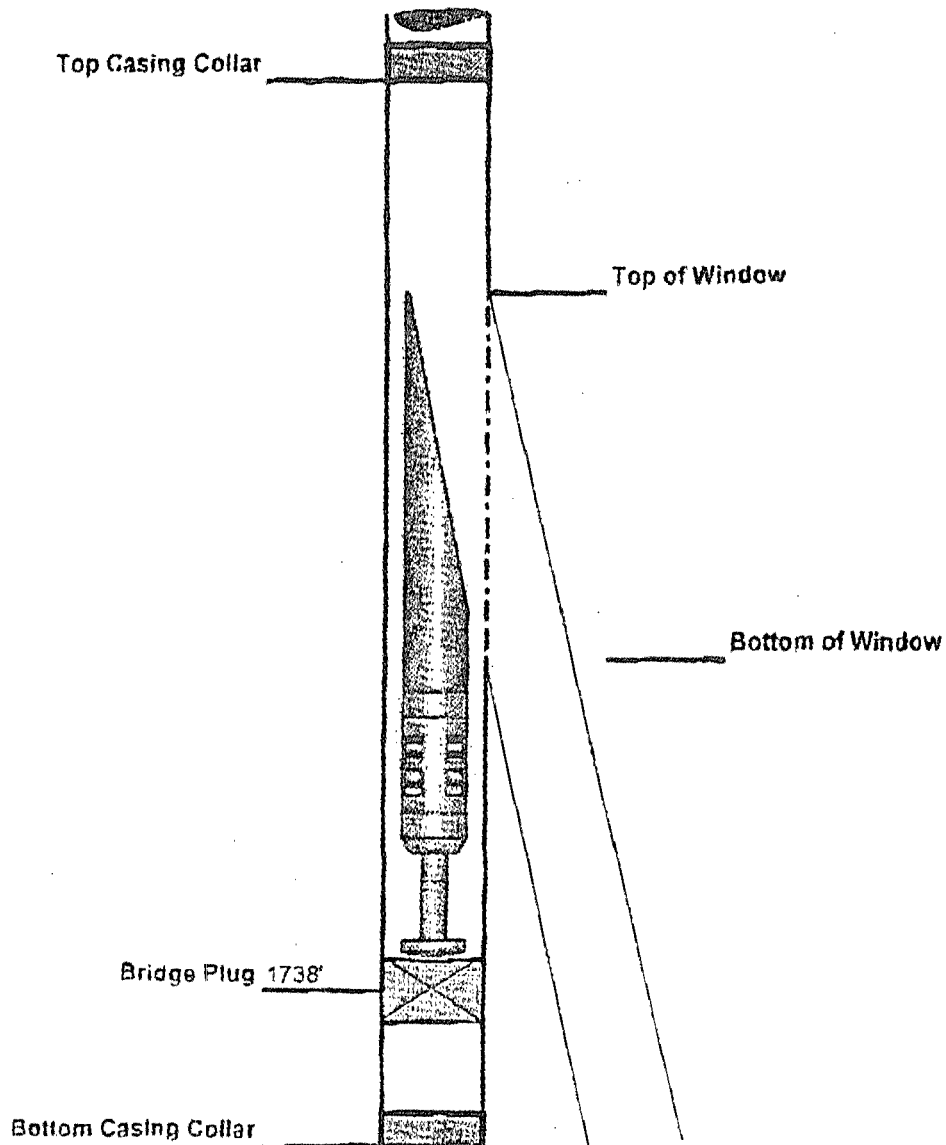
Cust. Rep. Larry Gandy/Jr. Bennett

Lease Name: Edsln Brinn Station

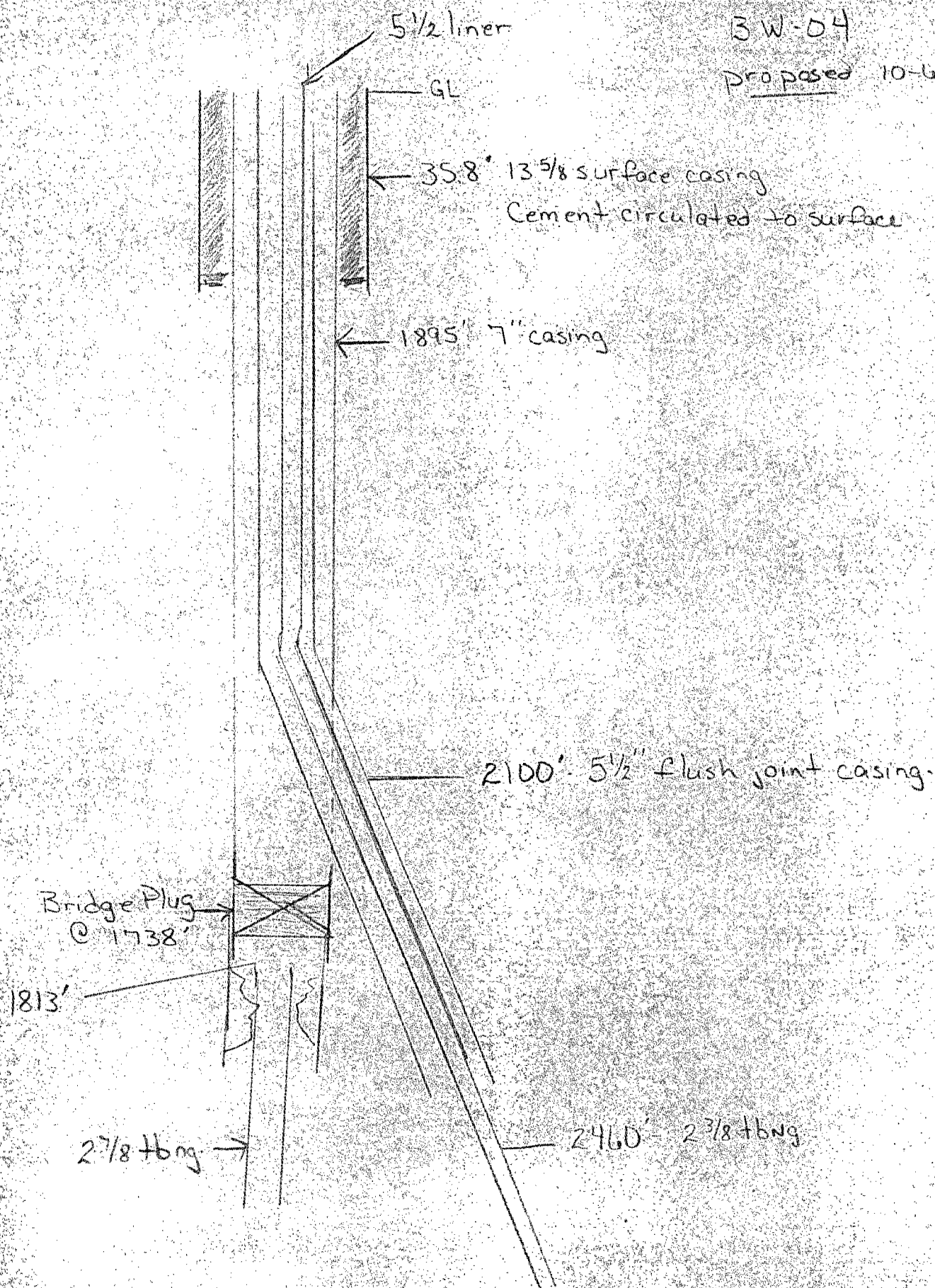
Well Number: 0

County: Lea

State: New Mexico



Gandy Corporation
Edison Brine Stat. 1
3W-04
Proposed 10-6-08



Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, October 06, 2008 3:48 PM
To: Hill, Larry, EMNRD
Cc: Price, Wayne, EMNRD; 'Larry Gandy'
Subject: (BW-4) C-103 Submittal
Attachments: BW-4 Whip Stock Plug Proposal 10-6-2008.tif

Buddy:

Re: C-103

CORP	GANDY	WASSERHUND EIDSON BRINE	BW-4	30-025-26883
------	-------	-------------------------	------	--------------

Good afternoon. Today Larry Gandy delivered an OCD C-103 Form with attachments (see attachment) to resolve a down hole problem in the above UIC Class III brine well. Wayne has approved the design and a final C-103 will be submitted to the Hobbs District Office and Environmental Bureau within 30 days of completion of the work.

Please contact me if you have questions or wish to voice any concerns in advance. Thank you.

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

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-025-26883
1. Type of Well: Oil Well ☐ Gas Well ☐ Other ☐		5. Indicate Type of Lease STATE ☐ FEE ☐
2. Name of Operator Gandy Corporation		6. State Oil & Gas Lease No. 25-26883
3. Address of Operator P.O. Box 2140, Lovington, NM 88260		7. Lease Name or Unit Agreement Name Eidson Brine Station, BW-004
4. Well Location Unit Letter M 567.4 feet from the South line and 161.7 feet from the West line Section 31 Township 16 Range 35 NMPM County Lea		8. Well Number # 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 8426
		10. Pool name or Wildcat

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☒	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
DOWNHOLE COMMINGLE ☐			
OTHER: ☐		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Move in Well Service Unit & Rig up, Casing has been tested from 1738 feet to Surface & Witnessed by OCD.

RIH set CIBP @ 1738 feet & test

RIH & set 3 degrees whip stock plug @ 1737 feet, TOH

Cut 5 7/8 window in casing @ 1737 feet & drill into Brine Zone. - run 2100' 5 1/2" casing

Run sonar for cavity configuration

Run production tubing & return to production

Will notify the NMOCD on all test or changes

Spud Date:

Rig Release Date:

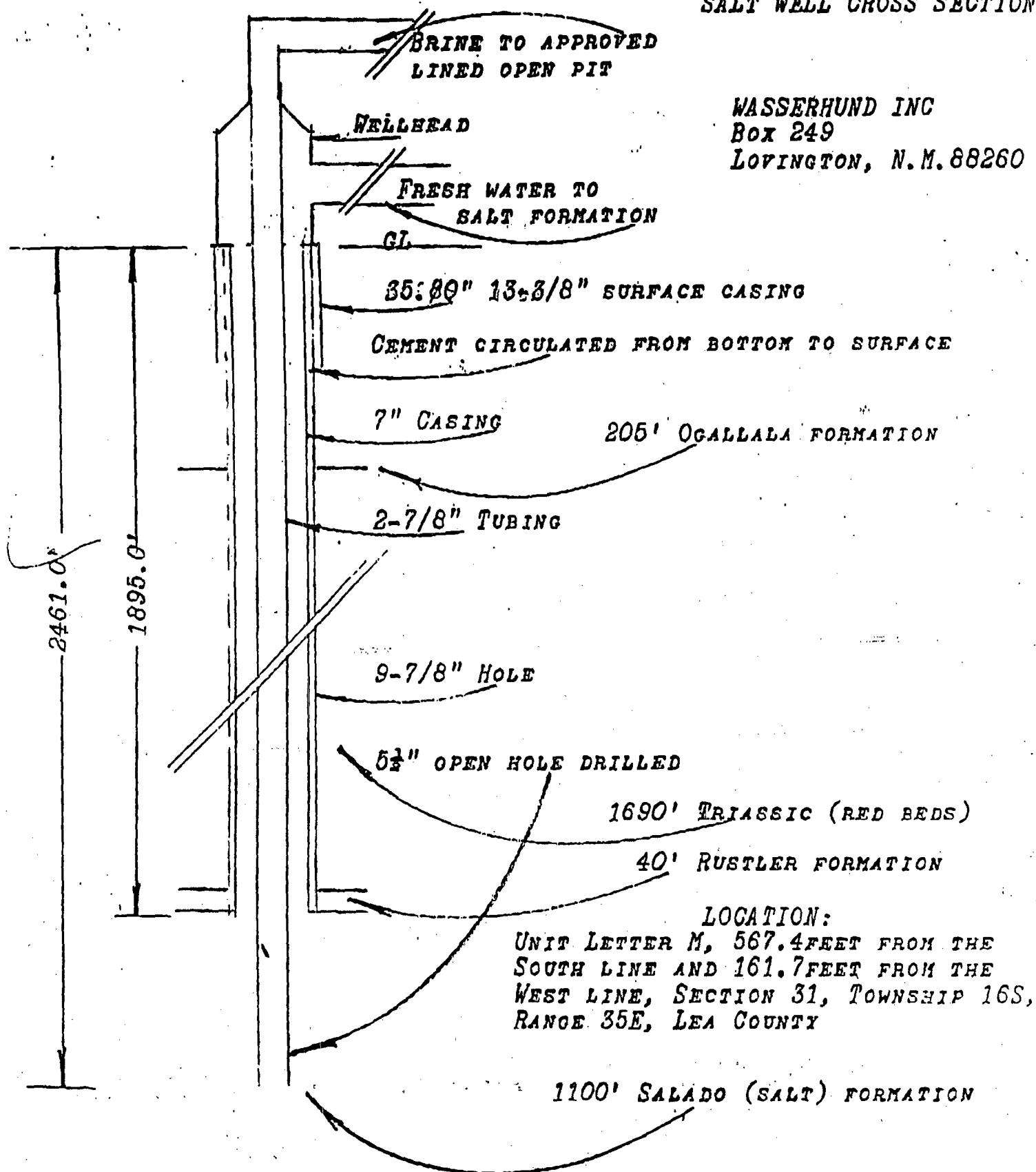
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Larry Gandy TITLE Secretary/Treasurer DATE 08/27/2008
Type or print name Larry Gandy E-mail address: _____ PHONE: 575-396-0522
For State Use Only

APPROVED BY: Carl Chavez for Wayne Price TITLE Bureau Chief DATE 10/6/2008
Conditions of Approval (if any): _____

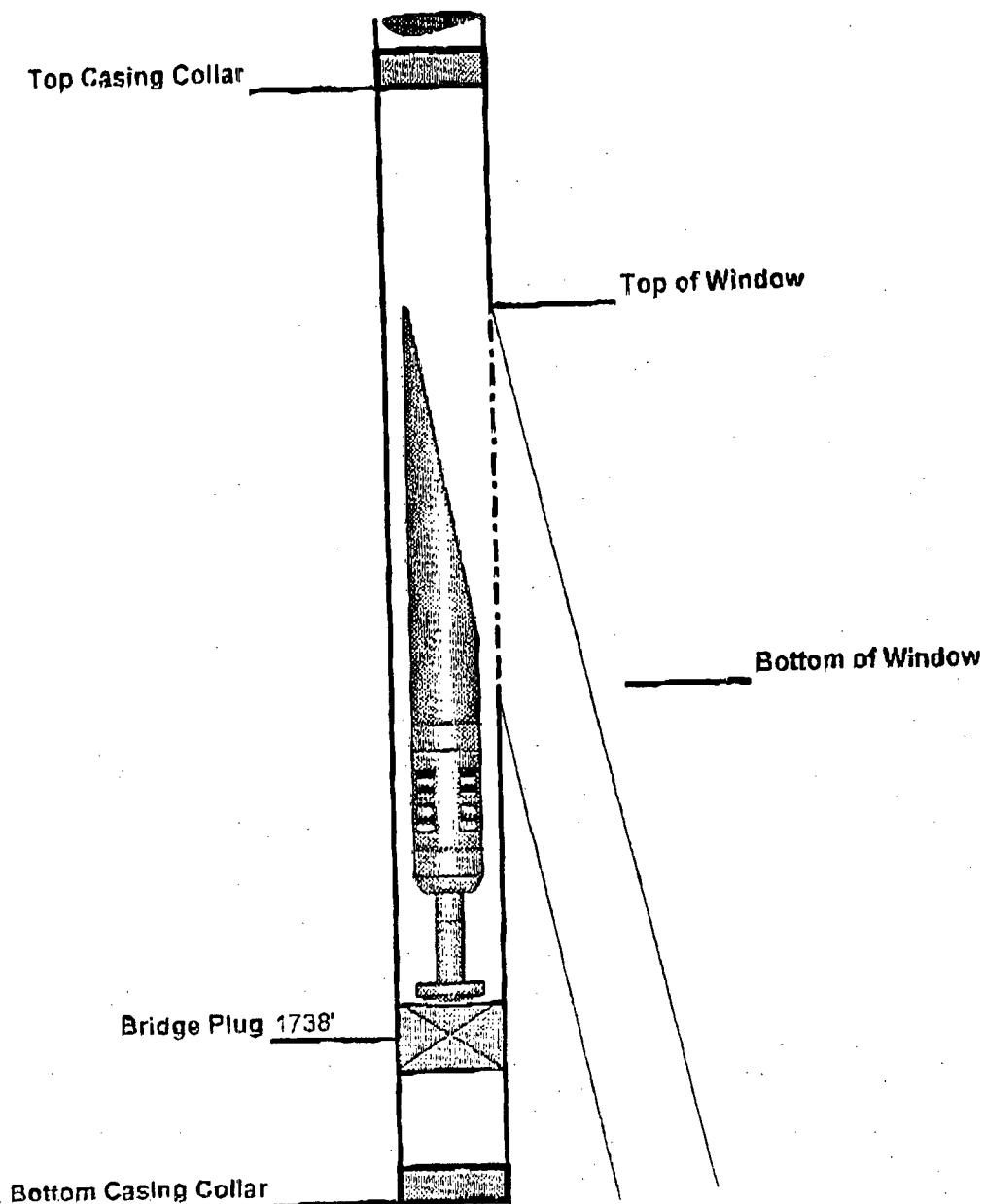
Exhibit 7

SALT WELL CROSS SECTION

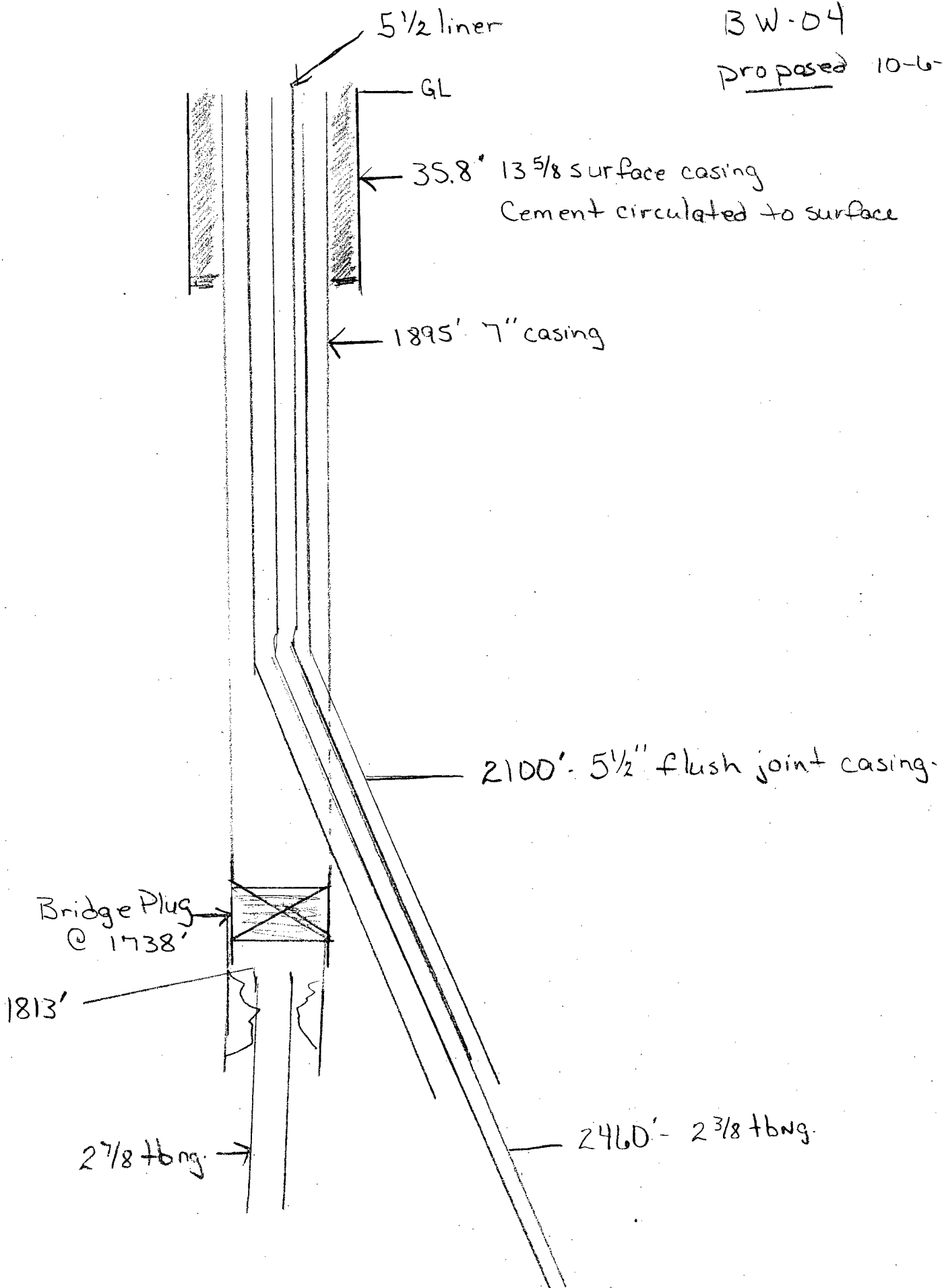


Date: 9/3/2008
Customer: Gandy Corporation
Cust. Rep. Larry Gandy/Jr. Bennett
Lease Name: Edsln Brinn Station
Well Number: 0

County: Lea
State: New Mexico



Grandy Corporation
Edison Brine Stat.
BW-04
Proposed 10-6-08



Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.
30-025-26883

5. Indicate Type of Lease
STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
Eidson Brine Station
BW-004

8. Well Number 1

9. OGRID Number

10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☐ Other Brine Well

2. Name of Operator
Gandy Corporation

3. Address of Operator
P.O. Box 2140, Lovington, NM 88260

4. Well Location
Unit Letter M : 567.4 feet from the South line and 161.7 feet from the West line
Section 31 Township 16 Range 35 NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☒ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

08/20/08 Pull tubing.

08/21/08 Run wire line & sonar tools for capacity/cavity configuration and subsidence survey.
Run casing scraper.
Run in hole and set packer.
Pressure test casing for MIT.

08/22/08 Run 2 7/8 tubing to approximately 2450' - put back in operation.

RECEIVED
Aug 20 2008
HOBBS OCD

Spud Date:

Rig Release Date:

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

SIGNATURE Larry Gandy TITLE Secy Treas. DATE 8-20-08

Type or print name Larry Gandy E-mail address: _____ PHONE: 575-398-4960
For State Use Only

APPROVED BY: [Signature] TITLE Geologist DATE 9/30/08
Conditions of Approval (if any): BB C

Chavez, Carl J, EMNRD

From: Larry Gandy [gandy2@leaco.net]
Sent: Wednesday, September 10, 2008 2:00 PM
To: Chavez, Carl J, EMNRD
Cc: Price, Wayne, EMNRD; Leking, Geoffrey R, EMNRD
Subject: Re: Wasserhund Brine Well Status (BW-4)

Hi Carl,

We are still looking into other options for Wasserhund BW-04, the casing is colapsed and the tubing is stuck at approx. 1813' , bottom of casing is at 1895', we have the same concerns as the OCD, expect a new proposal within the next 2 weeks.

Thanks,

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

From: Chavez, Carl J, EMNRD
To: Larry Gandy
Cc: Price, Wayne, EMNRD ; Leking, Geoffrey R, EMNRD
Sent: Wednesday, September 10, 2008 9:10 AM
Subject: Wasserhund Brine Well Status (BW-4)

Larry:

Good morning. I spoke with Wayne Price the other day and he requested a status report on the condition of BW-4? Apparently, you were proposing a well deviation and NMOCD had some concerns about it, i.e., future well testing, i.e., sonar, etc. I recall that tubing was stuck in the casing on 8/21/2008.

Thank you.

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

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

9/10/2008

No virus found in this incoming message.

Checked by AVG.

Version: 7.5.524 / Virus Database: 270.6.19/1664 - Release Date: 9/10/2008 6:00 AM

This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, September 10, 2008 9:10 AM
To: 'Larry Gandy'
Cc: Price, Wayne, EMNRD; Leking, Geoffrey R, EMNRD
Subject: Wasserhund Brine Well Status (BW-4)

Larry:

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Thank you.

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

9/10/2008

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, February 21, 2008 3:19 PM
To: 'gandy2@leaco.net'
Subject: FW: BW-4 & BW 22 \$50,000.00 Single Well Bonds

Larry:

Hi. I found the original bonds for BW-4 and BW-22 with approval letters from Mr. David Brooks (OCD Attorney) dated December 24, 2007..

Sorry for any inconvenience this may have caused you. Please contact me if you have questions. Thank you.

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

From: Chavez, Carl J, EMNRD
Sent: Wednesday, February 20, 2008 10:05 AM
To: 'gandy2@leaco.net'
Subject: BW-4 & BW 22 \$50,000.00 Single Well Bonds

Mr. Gandy:

Re: BW-4 & BW-22 Well Bonds

CORP	GANDY	WASSERHUND EIDSON BRINE	BW- 4	30- 025- 26883	N 32 52' 22.5" W 103 30' 16.67"	(UL- M) 31- 16S- 35E	Lea	A	RLB 69089833	\$5,0
CORP	GANDY	QUALITY BRINE -TATUM	BW- 22	30- 025- 28162	N 33.25868 W 103.33275	(UL- M) 20- 12S- 36E	Lea	A	RLB 68978440	\$5,0

Good morning. I am writing to request the status of receipt of your \$50,000.00 bonds for each of the above UIC Class III Wells listed above? OCD records indicate that bonds for the increased amount of \$50,000.00 were not received on January 1, 2008.

Please have your loan institution send an original or original bond duplicate to my address for our OCD file. Thank you.

Carl J. Chavez, CHMM
 New Mexico Energy, Minerals & Natural Resources Dept.

2/21/2008

Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
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E-mail: CarlJ.Chavez@state.nm.us
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