

New Mexico Energy, Minerals and Natural Resources Department

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Acting Division Director
Oil Conservation Division



January 20, 2011

Terry Warnell, Division Examiner
Engineering Bureau
EMNRD – Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Via Hand-Delivery

Re: Order No. R-13336, Case No. 14559, Application of BTA Oil Producers, LLC [OGRID 260297] for approval of a salt water disposal well [Owl 20504 JV-P Well No. 5 (API No. 30-015-35435)], Eddy County, New Mexico

Dear Mr. Warnell:

Please accept this letter as written confirmation that BTA Oil Producers, LLC (BTA) has completed the pre-injection requirements for the Owl 20504 JV-P Well No. 5 (API No. 30-015-35435) as required by Order No. R-13336. Although BTA has not completed the requirements of Ordering Paragraph 2 and Ordering Paragraph 4 of Order No. R-13336, which is explained below, I am satisfied with BTA's efforts to meet those requirements up to this point. As such, I am fine with allowing BTA to commence injection at the Owl 20504 JV-P Well No. 5 provided that it is done in accordance with the terms of its injection permit and applicable statutes and rules.

Ordering Paragraph 2 states:

- (2) The Owl Draw Unit Well No. 1 (API No. 30-015-10730) reclamation issues shall be resolved with the BLM and remediation documentation filed with the Division prior to commencement of injection.

According to Terry Gregston with the Bureau of Land Management, the only reclamation issue right now at the Owl Draw Unit Well No. 1 is revegetation. Since revegetation will take some time and the reclamation issues appear to have been largely addressed by BTA, I am satisfied with what BTA has done up to this point to meet the requirements of Ordering Paragraph 2.



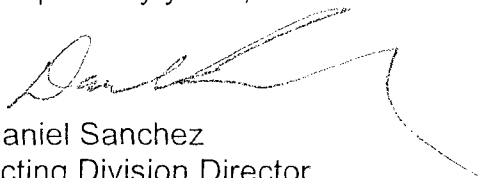
Ordering Paragraph 4 states:

(4) The operator shall provide written verification to the Engineering Bureau in the Santa Fe office of the Division of completion of the foregoing requirements in ordering paragraphs (2) and (3). The Operator shall not commence injection until the Compliance Manager of the Division in Santa Fe issues written confirmation that these pre-injection requirements have been completed and all outstanding compliance issues have been met.

BTA has several outstanding compliance issues that it is currently addressing. Completion dates are unknown. Since BTA appears to be making a good-faith effort to remedy its outstanding compliance issues, I am satisfied with what it has done up to this point to meet the requirements of Ordering Paragraph 4.

Because BTA has completed the pre-injection requirements for the Owl 20504 JV-P Well No. 5 and appears to be making a good-faith effort to meet the requirements of Ordering Paragraph 2 and Ordering Paragraph 4, I'm fine with allowing BTA to commence injection at the Owl 20504 JV-P Well No. 5 provided that it is done in accordance with the terms of its injection permit and applicable statutes and rules.

Respectfully yours,



Daniel Sanchez
Acting Division Director
Division Enforcement & Compliance Manager

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