BW - ____38____

GENERAL CORRESPONDENCE

From: Chavez, Carl J, EMNRD

To: darrangell@gmail.com; "Marvin"

Cc: Polak, Tiffany, EMNRD; Mike EMNRD Bratcher (mike.bratcher@state.nm.us); Robinson, Gary, EMNRD

Subject: BW-38 (Llano Disposal, L.L.C. State '27' BSW No. 1 API# 30-025-20592) Brine Well: Well Problem

Date: Monday, October 19, 2020 9:13:00 AM
Attachments: BW-38 Communications with Operator.pdf

C-103 12-17-18.pdf

Mr. Angell, et al.,

Good morning!

The New Mexico Oil Conservation Division (OCD) was recently updated on the status of a C-103 Sundry for well work submitted and processed by Gary Robinson in the Hobbs District Office. The District Office communicated with Llano Operators recently. It was reported that fluids being produced from the brine cavern turned red in color and the operator was attempting to continue working on the well.

As you will recall, OCD engaged in communications on the former oil and gas well, which was later converted to a brine well (see attachment).

In the most recent communications with well operators, OCD learned that the brine well was not constructed as proposed in the Sundry referencing the BW-38 Discharge Permit (see attachment).

OCD hereby orders the well to be shut-in by COB today, and requires a C-105 Sundry "Final Well Completion" be submitted electronically in Acrobat ReaderTM format to the OCD (Gary Robinson with copy to Carl Chavez) within the next 5 working days. The C-105 Form shall depict the actual well completion or construction details of the well via well diagram depicting actual footages relative to geologic formations (similar to the well diagram in the attached C-103 Sundry). OCD records indicate a final C-105 Form is not present in the OCD Administrative Record(s).

OCD recommends that Llano operators determine the nature of the problem for future communication(s) with the OCD on the current well problem.

OCD will work to evaluate the actual construction of the well relative to the current well problem to derive conclusions for communication with the Permittee and/or its operators for a potential "path forward".

Please contact me if you have questions. Thank you.

Mr. Carl J. Chavez, CHMM (#13099) New Mexico Oil Conservation Division (Albuquerque Office) Energy Minerals and Natural Resources Department 5200 Oakland Avenue, NE Albuquerque, New Mexico 87113 Ph. (505) 660-7923

E-mail: CarlJ.Chavez@state.nm.us

"Why not prevent pollution, minimize waste to reduce operating costs, reuse or recycle, and move forward with the rest of the Nation?" (To see how, go to: http://www.emnrd.state.nm.us/OCD and see "Publications")

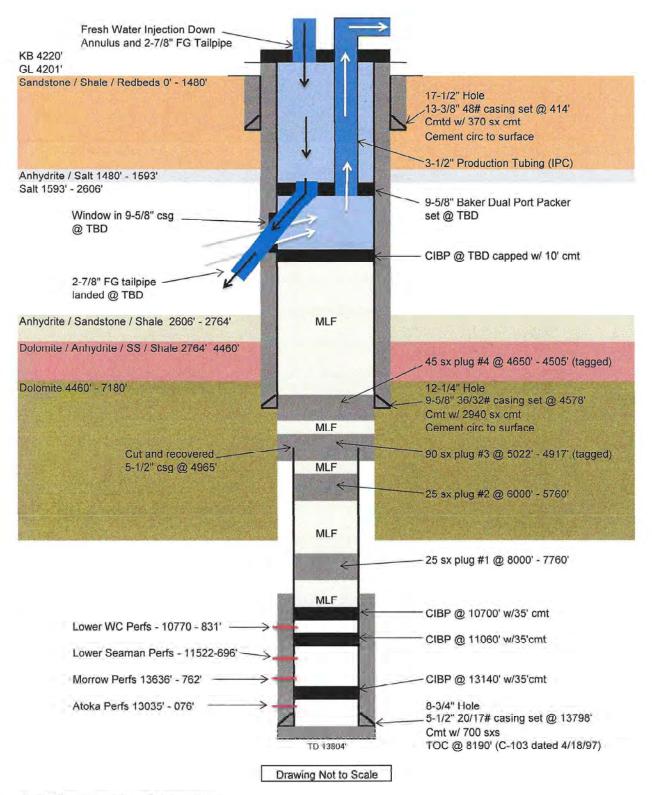
Submit 1 Copy To Appropriate District Office	State of New Mexico	Form C-103
District I - (575) 393-6161	Energy, Minerals and Natural Resources	Revised July 18, 2013
1625 N. French Dr., Hobbs, NM 88240 <u>District II</u> – (575) 748-1283	CV	WELL API NO. 30-025-20592
811 S. First St., Artesia, NM 88210	OIL CONSERVATION DIVISION 10 220 South St. Francis Dr. Santa Fe, NM 87505	5. Indicate Type of Lease
<u>District III</u> – (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 874.	220 South St. Francis Dr.	STATE FEE
District IV - (505) 476-3460	Santa Fe, NM 87505	6. State Oil & Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, SVM 87505	C. WER	Bsw
SUNDRY NOTICE	CES AND REPORTS ON WELLS ALCO DRILL OR TO DEEPEN OR PLUG BACK TO A THE OR PERMIT" (FORM C-101) FOR SUCH	7. Lease Name or Unit Agreement Name
(DO NOT USE THIS FORM FOR PROPOS	ALCO DRILL OR TO DEEPEN OR PLUG BACK TO A	STATE Z7
PROPOSALS.)	•	
1. Type of Well: Oil Well	Gas Well 🛮 Other BS W	8. Well Number
2. Name of Operator	Nigo cal	9. OGRID Number
3. Address of Operator	Disposal LLC	10. Pool name or Wildcat
3. Address of Operator	2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	10. Foot name of windcar
4. Well Location	oving-ron N.M. 88266	SALANO
· · · · · · · · · · · · · · · · · · ·	1980 feet from the line and	6 60 feet from the W line
Section 27	Township / 6 5 Range 33 4	
Section 27	11. Elevation (Show whether DR, RKB, RT, GR, etc.	
	11. Elevation (Show whether 1915, 1419, 111, 1915, etc.)	
12. Check A	ppropriate Box to Indicate Nature of Notice,	Report or Other Data
	• •	•
NOTICE OF IN	_	SEQUENT REPORT OF:
PERFORM REMEDIAL WORK	PLUG AND ABANDON REMEDIAL WOR	
TEMPORARILY ABANDON DULL OR ALTER CASING	CHANGE PLANS COMMENCE DRI MULTIPLE COMPL CASING/CEMEN	_
DOWNHOLE COMMINGLE	MOETIFLE COMPL CASING/CEMEN	1308
CLOSED-LOOP SYSTEM	1	1.
OTHER:	□ OTHER: /	e-en-ny/complete.
13. Describe proposed or comple	eted operations. (Clearly state all pertinent details, and	d give pertinent dates, including estimated date
	k). SEE RULE 19.15.7.14 NMAC. For Multiple Con	mpletions: Attach wellbore diagram of
proposed completion or reco		
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	1218	/ / /
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I hereby certify that the information a	bove is true and complete to the best of my knowledg	e and belief.
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SIGNATURE // Wayna /	ourseen 1	DATE /D/////
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APPROVED BY:	TITLE Petroleum Eng	DATE 12/11/8
Conditions of Approval (if any):	Penotes	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

PROPOSED WELLBORE

Configured for Brine Service Well

Llano Disposal, LLC State 27 #1 P&A API # 30-025-20592

1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM



Holcomb Consultants 6900 Spring Cherry Lane Amarillo, Texas 79124

April 18, 2018

NMOCD District 1 1625 N. French Drive Hobbs, New Mexico 88240

Attn: Mr. Paul Kautz

Re: State 27 #1 - API# 30-025-20592

L-27-16S-33E, Lea County, New Mexico

Dear Mr. Kautz,

Per Llano Disposal LLC's separate meetings with you and the Environmental Bureau referencing the subject well, attached are copies of a C-101, C-102 and C-103 to provide Llano access to this wellbore for brine well evaluation. The C-103 requests permission to drill out the top three plugs in this well in order to obtain a casing bond log, compensated neutron log and caliper log. This work was agreed upon by Mr. Jim Griswold and Mr. Carl Chavez of the Environmental Bureau during discussions to consider this well for possible conversion to brine well service.

Bonding for this well was approved today by Ms. Allison Marks. If you have any questions concerning any of these forms, please let me know. Thank you in advance for your consideration.

Sincerely,

Danny J. Holcomb

Molcomb

Agent for Llano Disposal, LLC

Email: danny@pwllc.net

Cell: 806-471-5628

Attachments

cc: Mr. Carl Chavez - OCD Environmental Bureau

District I

1625 N. French Dr., Hobbs, NM 88240 Phone (575) 393-6161 Fax (575) 393-0720

Diariet II

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101 Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

☐AMENDED REPORT

APPLI	CATIO	L	PERMIT TO Operator Name and Disport PO Box vington, N	and Address sal, LLC 190	RE-ENTE	R, DEEPEN	, PLUGBAC	CK, OR ADD OGRID Number 370661 API Number 30-025-20592	
* Prop	erty Code			.3	Property Name State '27'	1. 1		6. Well	
				7. Su	rface Location	1			
L. Lot	Section 27	Township 16S	Range 33E	Lot Idn	Peet from 1980	N/S Line S	Feet From 660	E/W Line W	County Lea
				* Propose	ed Bottom Hol	Location			
UL - Lot	Section	Township	Range	Lot Idu	Feet from	N/S Line	Feet From	E/W Line	County
				9. Pc	ol Information	1)			
					Name Salado				Pool Code 96173
				Addition	al Well Inforn	ation			
11. Wo	ork Type		12 Well Type		13. Cable/Rotary		14. Lease Type	15. Groun	d Level Elevation

11. Work Type E	Well Type M	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation 4201
¹⁶ Multiple	17 Proposed Depth 4505' (PBTD)	18 Formation Salado	19 Contractor Unknown	²ⁿ Spud Date Unknown
Depth to Ground water		Distance from nearest fresh water well		nearest surface water
60' - 190'		~2542 feet	1	Greater than 1 mile

We will be using a closed-loop system in lieu of lined pits

21. Proposed Casing and Cement Program

Турс	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surface	17-1/2"	13-3/8"	48	414	370	Surface - In Place
Intermed	12-1/4"	9-5/8"	36/32	4578	2940	Surface - In Place
Production	8-3/4"	5-1/2"	20/17	4965 - 13798	700	8190' - In Place

Casing/Cement Program: Additional Comments

Enclosures: Current and Proposed Wellbore Diagrams

22 Proposed Blowout Prevention Program

Туре	Working Pressure	Test Pressure	Manufacturer
Double/Pipe/Blinds	3000	3000	Cameron/Schaffer

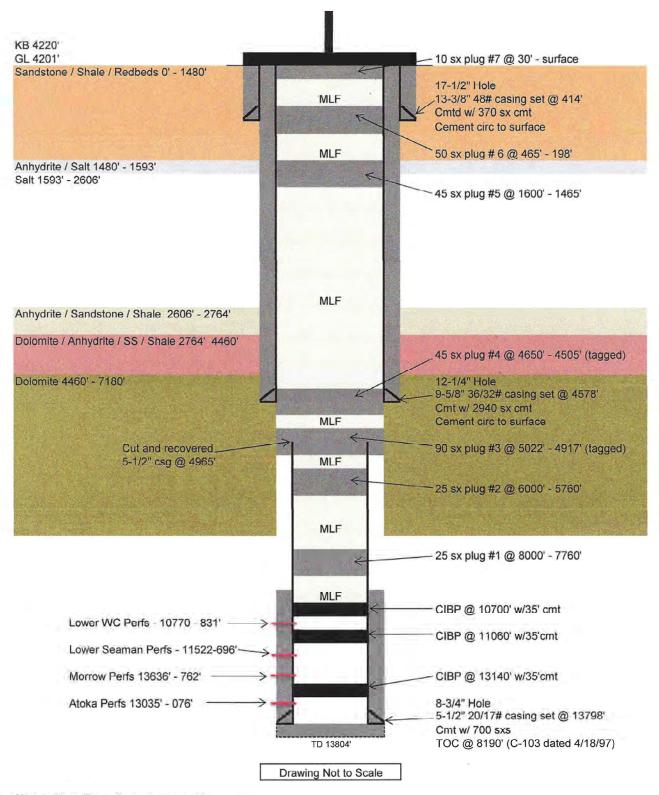
best of my knowledge and be		OIL CONSERVATION DIVISION			
1 further certify that I have complied with 19.15.14.9 (A) NMAC ⊠ and/or 19.15.14.9 (B) NMAC ⊠, if applicable. Signature: □□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□□		Approved By:			
Printed name: Danny J. Hol	Printed name: Danny J. Holcomb		Titte:		
Title: Agent for Llano Disp	Title: Agent for Llano Disposal, LLC		Expiration Date:		
E-mail Address: danny@pw	llc.net				
Date: 4/18/2018	Phone: 806-471-5628	Conditions of Approval Attached			

CURRENT WELLBORE

P&A Well

Llano Disposal, LLC State 27 #1 P&A API # 30-025-20592

1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM

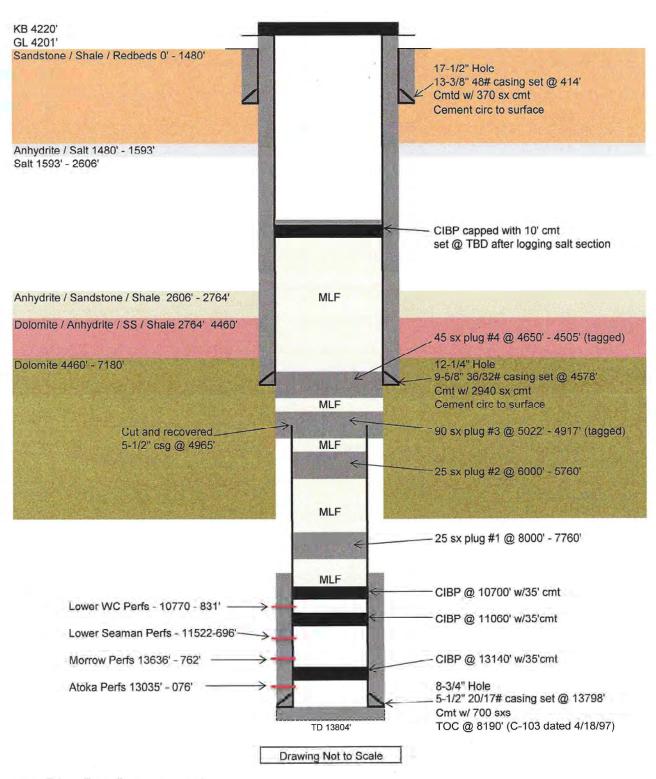


PROPOSED WELLBORE AFTER PLUG DRILLOUT

P&A Well

Llano Disposal, LLC State 27 #1 P&A API # 30-025-20592

1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM

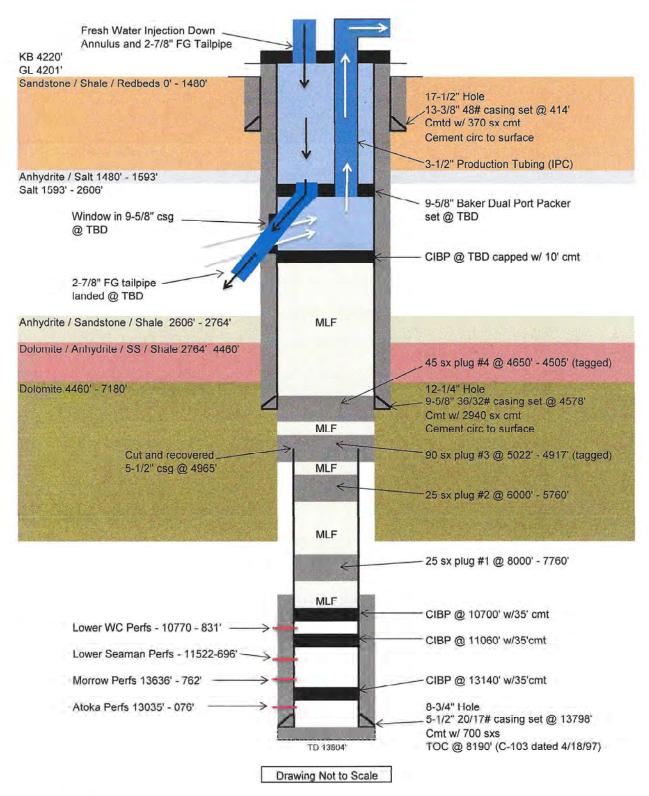


PROPOSED WELLBORE

Configured for Brine Service Well

Llano Disposal, LLC State 27 #1 P&A API # 30-025-20592

1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM



District I 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 111 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District III 1000 Rio Brazos Road, Aztec, NM 87410 Phone (505) 334-6178 Fax. (505) 334-6170 District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462.

State of New Mexico

Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

MENDED REPORT

See Original Survey dated June 23, 1964 attached

Certificate Number

1.4	PI Number		VELL LO	Pool Code		REAGE DEDIC	ATION PLA Pool Na			
	025-2059			96173			BSW; Sa			111
⁴ Property Co	economic description	⁵ Property Name State 27						6 V	Vell Number 001	
⁷ OGRID N	0.	8 Operator Name ⁹ Elevation								
370661					Llano Dispos					4201'
III and taken	Postlan	Township	I p.		" Surface	Location North/South line		E 1611		~ 1
UL or lot no.	Section 27	Township.	Range 33E	Lot Ida	1980	S S	Feet from the 660	East/We	0.4	Lea
			"Bo	ttom Hol	e Location It	Different From	n Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/We	st line	County
¹² Dedicated Acres	¹³ Joint or	r Infill	 Consolidation	Code 15 Or	der No. (Pend	ing WQCC Disci	narge Permit B	sW-38 ap	proval)	
No allowable w					I interests have	been consolidated ine well file	or a non-standar	rd unit ha	s been ap	proved by the
							the proposed be location pursue interest, or to a corder heretofor Signature Danny J Printed Name danny(a), E-mail Address	g interest or unlineation hole local and to a contract a voluntury pool or entered by the Holcomb	cased mineral istion or has a rit with an owner thing agreement edivision Agent for	not this organization either interest in the land including ight to drill this well at this or of such a mineral or works on a compulsory pooling 4/18/20 Date Llano Disposal
660'							I hereby ce plat was p made by m same is tru	ertify that th lotted from ne or under ne and corre riginal Surve	e well loca field notes my supervi ect to the be	FICATION tition shown on this of actual surveys sion, and that the est of my belief. e 23, 1964 attached
13	980*						Signature an	d Seal of Prof	essional Surv	veyor:

Operator The Atlantic Reff: Unit Letter Section L 27 Actual Footage Location of Vell: 1920 feet from the Ground Level Elev. Producing For ubo bas the right to drill into and is another. (65-3-29 (e) NMSA 1935 If the answer to question one is "n Owner	ning Company Township 16 South South line and mation the dedicated acreage of to produce from any post Camp.) no," have the interests answer is "yes," Type	SECTION A Lease State Range 33 Each 1 660 Pool Pool Pool Of all the owners been of all the owners been of Consolidation	JUN 25 e AY st County feet from the atory clow, YES X NO the production either ee consolidated by co	Well No. Well No. Well No. Dedicated Acreage: 40 Acres Jor nimself or for himself and
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	D 337			
	R 33 F			
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Kempe E Texaço		Tevaco	in pie bel Na Pou D Con	A. D. Kloxin sition list. Drlg. & Prod. Supt. mpany The Atlantic Refining Co.
	SEC. 27			-24-64
960'0	Atlantic NM-1197	-	she plo sur sup	ereby certify that the well location own on the plat in SECTION B was tred from field notes of actual veys made by me or under my pervision, and that the same is true a correct to the best of my knowledged belief.
,086/ N	***		2	Surveyor Atlantic Refining Company
	State AY			Date Surveyed: 6-23-64

Type or print nameDanny J. HolcombE-maîl address:danny@pwllc.netPHONE: _806-471-5628 For State Use Only APPROVED BY:	Submit I Copy To Appropriate District Office	State of New Mexico	Form C-103
Silk First St. Annesis, NM 482-10 District St. Annesis DN 482-	1625 N. French Dr., Hobbs, NM 88240	nergy, Minerals and Natural Resources	WELL API NO.
12.20 South St. Francis Dr. 12.20 South St. Prancis Dr. 12.20 South St. Prancis Dr. 12.2		OIL CONSERVATION DIVISION	
Santa Pe, NM 8/505	District III - (505) 334-6178	1220 South St. Francis Dr.	
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Type of Vell: Oil Well Gas Well Other - PxA Well Re-entry	(DO NOT USE THIS FORM FOR PROPOSALS TO DIFFERENT RESERVOIR. USE "APPLICATION	DO DRILL OR TO DEEPEN OR PLUG BACK TO A	
2. Name of Operator Liano Disposal, LLC Liano Disposal, LLC 3. Address of Operator P.O. Box 190, Lovington, NM \$8260 4. Well Location Unit Letter L 1980 Section 17 Township 16S Range 33E NMPM Lea County 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 CHANGE PLANS DOWNHOLE COMMINGUE 12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK PLUG AND ABANDON CHANGE PLANS OTHER REMEDIAL WORK ALTERNOS CASING TEMPORARILY ABANDON OTHER REMEDIAL WORK ALTERNOS CASING TOTHER. Remetity to run CEL, CNL and caliper log OTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log TOTHER. Remetity to run CEL, CNL and caliper log from supply well pending WQCC Discharge Permit BW-38 approval: 1) Back drag/level location, set anchors, dig out around existing PA marker, MI welder, cut off PA marker, reveal good 13-3/8" and 9-3/8" casing, install new casing (if necessary) and well head at ground level. 2) MIRU Pulling unit, NU BOT, unload and tall PA 2-7/8" workstring, set 2 fac tanks and fill one with FW. MIRU reverse unit, swivel and stripping head, RLI with 8-3/4" Stired MIT bit, bit sub, four 4-3/4" Dcs		Vell X Other - Pv A Well Re-entry	8. Well Number 1
3. Address of Operator P.O. Box 90, Lovington, NM 88260 10. Pool name or Wildcat BSW; Salado 4. Well Location Unit Letter L : 1980 feet from the South line and 660 feet from the West line Section 27 Township 168 Range 33E NMPM Lea County	2. Name of Operator		The state of the s
P.O. Box 190, Lovington, NM 88260 4. Well Location Unit Letter L : 1980	Llano D	isposal, LLC	
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and stripping head, RIH with 8-3/4" skirted MT bit, bit sub, four 4-3/4" DCs and 2-7/8" workstring, drill cement plug #7 (surface to 30'), plug #6 (465' - 198') and plug #5 (1600' - 1465') utilizing closed loop system. 3) Tag plug #5 at 4505', circulate hole clean, close BOP, test casing to 300#, POOH & LD 2-7/8" workstring, DCs, bit sub and bit. 4) MIRU WL, run CBL, CNL and casing caliper log from base of salt at approximately 2606' to surface, RDMO WL. 5) ND BOP, install B-1 adaptor, secure and close in well, RDMO pulling unit, reverse unit and tanks. 6) Submit CBL, CNL and caliper log to OCD Environmental Bureau (SF) and OCD District 1 (Hobbs) to determine if well is suitable for brine well service. Suspend further well work until additional permitting is approved. Spud Date: Rig Release Date: TITLE_Agent for Llano Disposal, LLCDATE4/18/2018			fill one with FW. MIRU reverse unit, swivel
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4) MIRU WL, run CBL, CNL and casing caliper log from base of salt at approximately 2606' to surface, RDMO WL 5) ND BOP, install B-1 adaptor, secure and close in well, RDMO pulling unit, reverse unit and tanks. 6) Submit CBL, CNL and caliper log to OCD Environmental Bureau (SF) and OCD District 1 (Hobbs) to determine if well is suitable for brine well service. Suspend further well work until additional permitting is approved. 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 TITLE_Agent for Llano Disposal, LLC DATE 4/18/2018 Type or print name Danny J. Holcomb E-mail address:danny@pwllc.net PHONE:806-471-5628 For State Use Only APPROVED BY: TITLE DATE			D 2-7/8" workstring, DCs, bit sub and bit.
6) Submit CBL, CNL and caliper log to OCD Environmental Bureau (SF) and OCD District 1 (Hobbs) to determine if well is suitable for brine well service. Suspend further well work until additional permitting is approved. 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 DATE 4/18/2018 TITLE Agent for Llano Disposal, LLC DATE 4/18/2018 Type or print name Danny J. Holcomb E-mail address: danny@pwllc.net PHONE: _806-471-5628 For State Use Only APPROVED BY: TITLE DATE			
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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 TITLE_Agent for Llano Disposal, LLC DATE 4/18/2018 Type or print name Danny J. Holcomb E-mail address:danny@pwllc.netPHONE:806-471-5628 For State Use Only APPROVED BY: TITLE DATE			
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SIGNATURE Date TITLE Agent for Llano Disposal, LLC DATE 4/18/2018 Type or print name Danny J. Holcomb E-mail address: danny@pwllc.net PHONE: 806-471-5628 For State Use Only APPROVED BY: TITLE DATE	Spud Date:	Rig Release Date:	11
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Type or print nameDanny J. HolcombE-mail address:danny@pwllc.netPHONE: _806-471-5628 For State Use Only APPROVED BY:	Thereby certify that the information above	is true and complete to the best of my knowled	ige and benefi-
Type or print nameDanny J. HolcombE-mail address:danny@pwllc.netPHONE: _806-471-5628 For State Use Only APPROVED BY:	1010		
APPROVED BY: TITLE DATE	SIGNATURE WHOLLOMB	TITLE_Agent for Llano Dispos	sal, LLCDATE4/18/2018
APPROVED BY: TITLE DATE			DITONIN DESCRIPTION
APPROVED BY: TITLE DATE_		E-mail address:danny@pwll	c.netPHONE:806-471-5628
	For State Use Only		
	APPROVED BY	TITLE	DATE
Conditions of Approval (II any):	Conditions of Approval (if any):		DINID

Chavez, Carl J, EMNRD

From: Marks, Allison, EMNRD

Sent: Wednesday, April 18, 2018 9:40 AM

To: Chavez, Carl J, EMNRD; Griswold, Jim, EMNRD

Cc: danny@pwllc.net; Marvin Burrows

Subject: RE: Ilano disposal

I received the LOC for the brine well and reviewed the location and amount with Carl. The LOC and financial assurance is approved as submitted.

Allison R. Marks New Mexico Oil Conservation Division 1220 S. St. Francis Dr. Santa Fe, NM 87505 Tel: (505) 476-3206 Fax: (505) 476-3462

From: Chavez, Carl J, EMNRD

Sent: Tuesday, April 17, 2018 2:27 PM

To: Marks, Allison, EMNRD <AllisonR.Marks@state.nm.us>; Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>

Cc: danny@pwllc.net; Marvin Burrows <burrowsmarvin@gmail.com>

Subject: RE: llano disposal

Allison:

The WQCC Bond with OCD approved financial assurance amount is for a prospective brine well permit that has yet to be issued. The operator wants to access the plugged well to conduct logging to provide OCD for reuse of the existing well. If the well is permitted, it will be "BW-38."

The operator uses this approach on existing wells for conversion to brine wells. In order to obtain ownership of the plugged wells, the operator obtains bonding, and submits C-101, 102 and 103 Forms to the District for approval. Once approved, they complete the well work to evaluate the condition of the well and make a decision to proceed with a WQCC DP Application.

This well is an interesting one because Paul Kautz (DO1) has identified some PA'd wells within the AOR in need of corrective action to cement the Santa Rosa Fm, which would be a condition of approval for Llano if it proceeds with the application for a brine well.

Please contact me if you have questions. Thank you.

From: Marks, Allison, EMNRD

Sent: Tuesday, April 17, 2018 2:17 PM

To: Griswold, Jim, EMNRD < Jim.Griswold@state.nm.us >

Cc: Jones, Brad A., EMNRD

Strad.a.jones@state.nm.us>; Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>; Billings,

Bradford, EMNRD < Bradford. Billings@state.nm.us >

Subject: llano disposal

I received a bond for \$108k for the State 27 #1 for a discharge permit. Please advise if this is the correct amount and advise what the permit no. is.

Thanks..

Allison R. Marks New Mexico Oil Conservation Division 1220 S. St. Francis Dr. Santa Fe, NM 87505 Tel: (505) 476-3206

Chavez, Carl J, EMNRD

From: danny@pwllc.net

Sent: Monday, January 8, 2018 2:16 PM

To: Chavez, Carl J, EMNRD

Cc: Marvin Burrows

Subject: Hummingbird State BSW #1 (30-025-25647)

Attachments: Hummingbird State BSW #1 Closure Plan and Financial Assurance Plan Submitted to

OCD 010818.docx

Carl,

Per our telcon last week, Llano Disposal, LLC has multiple brine well applications to file. Last week we discussed the State 4 #1 well just south of Tatum, NM. In addition, Llano is looking at permitting a brine well in the Maljamar area. That well is the SNM 33-16-33 #1 (30-025-25647) which Llano plans to rename to the Hummingbird State BSW #1. It is located just off Hummingbird Road, thus the new name's origin.

I wanted to give you a heads up on this additional well to permit. With Division bonding personnel being out of office in the near future, we would like to obtain your approval for the bond amount for the Hummingbird well and brine station. We propose that it would be the same \$108,000 total amount per the proposed closure plan and financial assurance plan attached.

I figure you will have questions. Just let me know. Also, I'm working on the C-102 and C-103 for this well and would like to set up a time to review them with you. Please advise.

Thank you,

Danny J. Holcomb Cell: 806-471-5628 Email: danny@pwllc.net

Submit I Copy To Appropriate District Office	State of New Mexico	Form C-103
District 1 - (575) 393-6161	Energy, Minerals and Natural Resources	October 13, 2009 WELL API NO.
1625 N. French Dr., Hobbs, NM 88240 District II ~ (575) 748-1283	ON CONCEDULATION DAMAGON	30-025-25647
811 S. First St., Artesia, NM 88210	OIL CONSERVATION DIVISION	5. Indicate Type of Lease
District III - (505) 334-6178 1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Francis Dr.	STATE FEE
District IV ~ (505) 476-3460 1220 S. St. Francis Dr., Santa Fe, NM 87505	Santa Fe, NM 87505	6. State Oil & Gas Lease No.
SUNDRY NOT	ICES AND REPORTS ON WELLS	7. Lease Name or Unit Agreement Name
DIFFERENT RESERVOIR. USE "APPLI	SALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A CATION FOR PERMIT" (FORM C-101) FOR SUCH	SNM 33-16-33
PROPOSALS.) 1. Type of Well: Oil Well	Gas Well Other	8. Well Number: 001
2. Name of Operator	Z salas reserved	9. OGRID Number 269324
LINN OPERATING, INC.	MAY 3 1 2013	
3. Address of Operator 600 TRAVIS, SUITE 5100, HOUS	STON, TEXAS 77002 RECEIVED	10. Pool name or Wildcat SANMAL;WOLFCAMP
4. Well Location		
Unit Letter F; 1	980 feet from the N line and	1980 feet from the W line
Section 33	Township 16S Range 33	
	11. Elevation (Show whether DR, RKB, RT, GR, et	c.)
12. Check	Appropriate Box to Indicate Nature of Notice	Report or Other Data
	The second secon	
NOTICE OF IN PERFORM REMEDIAL WORK □	교실이 불자하다 열면 일이들을 마리네트 전에들이 모르는 그렇게 되었다면 그리고 그리고 그리고 그리고 있다면 그리	BSEQUENT REPORT OF: ORK
TEMPORARILY ABANDON	"	RILLING OPNS. P AND A
PULL OR ALTER CASING	이상이 아이를 가고 있다면서 하는데 하고 그리고 있다면서 다양이 없어요요 없다.	N. S.
DOWNHOLE COMMINGLE	The state of the s	
OTHER:	OTHER:	(T)
	oleted operations. (Clearly state all pertinent details, a	and give pertinent dates, including estimated date
of starting any proposed w	ork). SEE RULE 19.15.7.14 NMAC. For Multiple C	
proposed completion or re-	completion.	
	PLEASE SEE ATTACHED	
		7
Spud Date:	Rig Release Date:	
1142		
It is also as a second		1
Thereby certify that the information	above is true and complete to the best of my knowled	dge and belief.
21/10/	110-)	
SIGNATURE CUCC	TITLE: REGULATORY CON	MPLIANCE III DATE MAY 30, 2013
Type or print name TERRY B. CAL	LLAHAN E-mail address: tcallahan@linne	PHONE: 281 840 4272
For State Use Only	C-man address. <u>icananan@mme</u>	nergy.com PHONE: <u>281-840-4272</u>
- M.12	MK1 -12 1-1-	011.
APPROVED BY:	TITLE COMPLIANCE	Offee DATE 6/3/2013
Conditions of Approval (if any):	~	(b)
	-r	1.2
	/	

SNM 33-16-33 #001 API #30-025-25647 ATTACHMENT TO SUNDRY C-103

- 1. MIRUPU, ND WH AND NUBOP.
- 2. RIH W/ WORKSTRING & TAG CIBP CAPPED W/ CMT @ 10,895'.
- SET CIBP@ 10675. CAP ω) 25 5x5 cmT

 3. POH AND SPOT 25 SX5 CMT @ 10675-10425'. WOC & TAG: CIRC HOLE W/ MUD LADEN FLUID.
- 4. POH AND SPOT 25 SX CMT @ 7860-7910'
- 5. POH & SPOT 25 SX CMT @ 5900-5650'. POH W/ TBG.
- 6. PULL STRETCH ON 5-1/2 CSG. CUT CSG & PULL OUT OF HOLE. +/- 4300'.
- 7. RIH & SPOT 45 SXS PLUG @ 4330-4200'.
- 8. POH & SPOT 55 SXS @ 2835-2735' (BTM OF SALT)
- 9. POH & SPOT 55 SX @ 1525-1425' (TOP OF SALT)

 9B. SPOT 555X5 @ 1250-1150'. (COVERS DVTOOL -85/8 CSG)

 10. POH & SPOT 55 SXS @ 400-300.
- 11. POH & SPOT 10 SXS SURFACE PLUG.
- 12. CUT OFF WELLHEAD AND WELD ON GROUND LEVEL "DRY HOLE MARKER".

		Wellbore Schematic	
Well Name:	SNM 33-16-33 #1	Date Prepared	K. MURPHY
Location:	F-33-16S-33E 1980 FNL 1980 FWL	Last Updated	
	LEA COUNTY, NM	Spud Date	
API#:	30-025-25647	RR Date	
Annual Control	000000 TOTAL	Spud Date to RR Date	
Elevations:	GROUND: 4212'	Completion Start Date	
Depths (KB):	KB: 4231' PBTD: 10825'	Completion End Date Completion Total Days	
Depuis (ND).	TD: 13556'	Co-ordinates	
155	Hole Size	Surface Casing (10/5/77):	
	17-1/2"	9 jts 13-3/8", 48# set at 349'	
Suff Csg		Cmt w/ 375 sxs TOC @ Surface	
13-3/8" Set @ 349'		TOC @ Surface	
TOC @ Surf	Hole Size	Intermediate Casing ():	
100 @ 3011	12-1/4"	106 jts 8-5/8", 24# & 32# set at 4283'	
740	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	DV tool @ 1200'	
	(2013)	Cmt w/ 1st stage 300 sxs, 2nd stage 500 sxs	
	DV tool @ 1200'	TOC @ Surface	
		y	
	Hole Size	Production Casing ():	
	7-7/8"	5-1/2", 17# set at 13,320'	
	20010 101000	Cmt w/ 1150 sxs	
	(888)	TOC @	
A CONTRACT AND	3849	Tubing ():	
Intermediate Csg 8-5/8"	3844 V V 1988	342 jts 2 3/8" L-80 5 1/2" x 2 3/8" TAC	Length (ft) 10582 10585.00
Set @ 4283'	328	5 jts 2 3/8"	10736.00
TOC @	3638 3686	SN	10737.00
100 @		Perf Sub	10741.00
		MJ	10778.00
		BP	
	3 1 8	Rod/Pump Detail (EL Rods)	
	3 I I 8	1 1/4" x 22' PR w/ 10' liner	
	31 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	2' -4' -6' 7/8" subs	
	31 1 1 13	105 7/8" rods	
		309 3/4" rods	
	3 8	12 7/8" rods 1' x 1' lift sub	
	3	2" x 1 1/4" x 20' insert pump	
	3 1 1 (8)	1" x 12' GA	
	9 1 3	Notes:	
	8 8	Top of Sait - 1475'	
	· · · · · · · · · · · · · · · · · · ·	Base of Salt - 2785'	
	3 1 1 2	8/8/2010 - Both rods & tubing are parted. There is no record of what	
	S	rigging up. They POOH w/ 120 - 7/8" rods, & 46 - 3/4" rods, 126 jnts	of tbg. Tagged fish @ 3954'.
		Tried to release TAC but too much weight for 2-3/8" tbg. Top of fish 4/2012- fish removed from hole	~3954'
	<u> </u>	The state of the s	
	0 010,701'-10,825'	Perforations:	
		12,988-12,998' - 1 SPF, .25" hole size, acidized w/ 5000 gallons 15% acid. Could	
	Service Service - Management	11,662'-11,647' - 1 SPF, acidize w/ 8000 gallons 202 acid. Swabbed. Could not es	tablish production.
	35 sxs TOC @ 10,895' (PBTD)	10,701'-10,825'24" hole size, acidize with 2500 gals MOD 202 acid.	
	0 0 11,662'-11,647'		
	1 1,002-11,047		
	5-1/2 CIBP @ 11,785		
	o 12,988-12,998'		
	(3)		
Production Csq	¥		
5-1/2"	9		
Set @ 13,230'	TD @ 13.556		·
TOC @	TD @ 13,556 PBTD@ 10,825'		
	. 0.00 10,040		

			Proposed Wellbore Schematic	2.120
Well Name:	SNM 33-16-33 #		Date Prepared:	B. Williams
Location:	F-33-16S-33E	1980 FNL 1980 FWL	Last Updated:	3-May-13
API#:	15 June 20 Jun	MM	Spud Date:	5-Oct-77
AAT I W.	30-020-23047		Spud Date to RR Date:	
Elevations:	GROUND	4212'	Completion Start Date:	
Carlo Administra	KB		Completion End Date:	15-Jan-78
Depths (KB):	PBTD		Completion Total Days:	
	TO	13556'	Co-ordinates:	
20001	1 46.24	Wala Cian	Surface Casing (10/5/77):	
	10 sxs	Hole Size 17-1/2"	9 jts 13-3/8", 48# set at 349'	
Surf Csq		11-1/2	Cmt w/ 375 sxs	
13-3/8"			TOC @ Surface	
Set @ 349'			700 B 0111100	
TOC @ Surf		Hole Size	Intermediate Casing ():	
00 6 00		12-1/4"	106 jts 8-5/8", 24# & 32# set at 4283'	
300	55 sxs	Spot 55 sx cmt @	DV tool @ 1200'	
		400-300'	Cmt w/ 1st stage 300 sxs, 2nd stage 500 sxs	
			TOC @ Surface	
	7111	1250-1150	TOO & Outlide	
	1	Hole Size	Production Casing ():	
		7-7/8"	5-1/2", 17# sel at 13,320'	
	55 sxs	Spot 55 sx cmt @	Cmt w/ 1150 sxs	
	99.585	1,525-1,425'	TOC @	
		1,020-1,420	Tubing ():	
Intermediate Csg			rabing ().	
8-5/8"		Coat EE ou post @		
		Spot 55 sx cmt @		
Set @ 4283'	55 sxs	2,835-2,735		
TOC @				
1				
	98.000000000000000000000000000000000000	Spot 45 sx cmt @		
	45 sxs	4,330-4,200		
	40 546	4,330-4,200	Rod/Pump Detail (EL Rods)	
			Rod/Pullip Detail (EL Rods)	
	**			
			*	
		Spot 25 sx cmt @		
	25 sxs	5,900-5,650		
	23.848	5,500-5,000		

		Spot 25 sx cmt @		
	25 sxs	7,910-7,860		
		145 10-14000	Notes:	
		X .	Top of Salt - 1475'	
			Base of Salt - 2785'	
		X	8/8/2010 - Both rods & tubing are parted. There is no record of what w	as in the hole prior to
		Spot 25 sx cmt @	rigging up. They POOH w/ 120 - 7/8" rods, & 46 - 3/4" rods, 126 jnts of	filled Tanged fish @ 2054
	25.000	10,675-10,425'	Tried to release TAC but too much weight for 2-3/8" tbg. Top of fish -	
	25 5x5	10/010-10/420	4/2012- fish removed from hole	0304
	0	0 10,701'-10,825'	Perforations:	*
			12,985-12,998' - 1 SPF, .25" hole size, acidized w/ 5000 gallons 15% acid. Could no	establish production from this zone
			11,662'-11,647' - 1 SPF, acidize w/ 8000 gallons 202 acid. Swabbed. Could not esta	
	35 sxs	TOC @ 10.895' (PBTD)	10,701'-10,825' - 24" hole size, acidize with 2500 gals MOD 202 acid.	and the same of th
		5-1/2" CIBP @ 10,930" capped w/ 35 exs	The same of the sa	
	0	0 11,662'-11,647'		
		5-1/2" CIBP @ 11,765"		
	0	12,988-12,998		
	i i	7 12 12 12 12 12 12 12 12 12 12 12 12 12		
Production Csg				
5-1/2"				
Set @ 13,230'				
TOC @	TD @ 13,556			
-	PBTD@ 10,825	5'		

Chavez, Carl J, EMNRD

From: Marvin <bur>
Sent: Marvin <bur>
Thursday, June 21, 2018 3:56 PM

To: Griswold, Jim, EMNRD

Cc:Kautz, Paul, EMNRD; Chavez, Carl J, EMNRD; DannySubject:Re: Llano Disposal Telephone Conf. Call BW-38

Thanks fellas. As usual, we sincerely appreciate your guidance and participation as we make our way through these processes.

Marvin Llano

Sent from my iPhone

On Jun 21, 2018, at 3:43 PM, Griswold, Jim, EMNRD < Jim.Griswold@state.nm.us> wrote:

It appears this well is potentially a viable candidate for a brine well under the UIC regulations. Llano may proceed with a formal application under 20.6.2 NMAC. Thanks.

Jim Griswold

Environmental Bureau Chief Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505 505.476.3465

email: jim.griswold@state.nm.us

NMAC.

From: Marvin < burrowsmarvin@gmail.com>
Sent: Thursday, June 21, 2018 2:15 PM

To: Kautz, Paul, EMNRD <paul.kautz@state.nm.us>

Cc: Chavez, Carl J, EMNRD <Carl J.Chavez@state.nm.us>; Danny <danny@pwllc.net>; Griswold, Jim,

EMNRD < Jim.Griswold@state.nm.us >

Subject: Re: Llano Disposal Telephone Conf. Call BW-38

In addition, our flow scheme allows that only fresh water be conducted by the casing/tubing anulus, giving yet another level of GW protection, and one not offered by other BSW designs.

M

Sent from my iPhone

On Jun 21, 2018, at 2:07 PM, Kautz, Paul, EMNRD <paul.kautz@state.nm.us> wrote:

It would be great if the cement on the 9 5/8 was at the surface, because you would have additional protection supposedly however that is not a guarantee. In this case the cement on the 9 5/8 is at 250 feet and the 13 3/8 is set 414 feet. The cement tied back into the next higher string (Surface String) by 164 feet. The ground water in the lower

portion by 2 strings of pipe and two layers of cement. Above 250 feet the ground water is protected by 2 layers of pipe and one layer of cement.

Paul Kautz
Hobbs District Geologist
Energy Minerals Natural Resources Dept.
Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240
575-393-6161 ext. 104

From: Marvin < burrowsmarvin@gmail.com>
Sent: Thursday, June 21, 2018 1:45 PM

To: Chavez, Carl J, EMNRD < Carl J. Chavez@state.nm.us>

Cc: Danny <danny@pwllc.net>; Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>;

Kautz, Paul, EMNRD < paul.kautz@state.nm.us >

Subject: Re: Llano Disposal Telephone Conf. Call BW-38

Carl:

From the schematic, note the depth of the surface casing. When the well was initially drilled, they were required to run and set surface casing to a depth well below GW. Cement was circulated on the surface pipe (13 3/8). TOC on the 9 5/8 was well up inside the 13 3/8. We called that "tied in". I'm sure that's why Paul gave it a thumbs up.

Sent from my iPhone

On Jun 21, 2018, at 1:00 PM, Chavez, Carl J, EMNRD <Carl J. Chavez@state.nm.us> wrote:

Marvin:

OCD- SF will double-check with Paul on this. OCD-SF noticed the TOC of 250 ft. as I recall, and there was concern that there may be no cement present to protect the fresh water zone(s).

OCD- SF will get back with you if we believe a meeting with the diagrams, etc. in front of us is still needed communication purposes.

Thank you.

From: Marvin < burrowsmarvin@gmail.com > Sent: Thursday, June 21, 2018 12:37 PM

To: Chavez, Carl J, EMNRD < Carl J. Chavez@state.nm.us>

Cc: Danny <danny@pwllc.net>

Subject: Re: Llano Disposal Telephone Conf. Call BW-38

Carl, if I remember right, we did telcon w Jim. Paul couldn't make it, so we asked him for later comment on the logs. That next week, Paul

stated that all looked good, and he had no objections to use of the well. Since that time, we have just been waiting on the OK to proceed w the app.

Μ

Sent from my iPhone

On Jun 21, 2018, at 11:29 AM, Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us> wrote:

It appears that OCD's E-mail system did not send out the meeting with documents notice to the recipients after I transmitted on 6/1/2018. I apologize for the inconvenience, since the meeting was supposed to occur with recipient access to documents, diagrams, etc. to occur on Thursday 6/7 during my absence.

I would be glad to alter the date so a new meeting will be scheduled with all documents included for the meeting. Let me know your schedules?

Thx.

From: Marvin < burrowsmarvin@gmail.com>
Sent: Thursday, June 21, 2018 11:01 AM

To: Chavez, Carl J, EMNRD < CarlJ.Chavez@state.nm.us>

Cc: Danny < danny@pwllc.net>

Subject: Re: Llano Disposal Telephone Conf. Call BW-38

Carl:

I responded to your email that Danny had taken some time off, and that he was going to let us know when he was back in the saddle. I'll check w/ him and will get back with you.

Thanks,

Μ

Sent from my iPhone

On Jun 21, 2018, at 11:48 AM, Chavez, Carl J, EMNRD <Carl J.Chavez@state.nm.us> wrote:

Marvin:

What happened to the 6/7 meeting I setup?

Thank you.

From: Marvin

<burrowsmarvin@gmail.com>

Sent: Tuesday, June 19, 2018 10:32 AM

To: Chavez, Carl J, EMNRD

<<u>CarlJ.Chavez@state.nm.us</u>>

Cc: <u>danny@pwllc.net</u>; Griswold, Jim, EMNRD <<u>Jim.Griswold@state.nm.us</u>>;

Kautz, Paul, EMNRD

<paul.kautz@state.nm.us>

Subject: Re: Llano Disposal Telephone

Conf. Call BW-38

Carl:

Danny has taken a few days off, but will be back soon. As soon as he is available, we'll start coordinating all participants for the call. Thanks! Marvin.

Sent from my iPhone

On Jun 19, 2018, at 10:55 AM, Chavez, Carl J, EMNRD

<<u>CarlJ.Chavez@state.nm.us</u>> wrote:

Gentlemen:

See APD for well diagram. Included herein are the logs to discuss for meeting and photos of the well provided by Marvin at the well re-work site.

Tentative Agenda:

- Intro. (see APD for well bore diagram) and Marvin's Photos of the
 - Well Re-work
 - well constru ction

a. Same

design and flow regime as BW-

37?

2) Caliper, CBL (TOC at 250 ft.) and CNL (top of salt at 1,650 ft.?)

- 3) Well issues based on logging?
- 4) Path Forward
- 5) Miscel.
- 6) End

Llano will provide call in codes or call you directly to add you to phone line for conference call.

Thank you.

<mime-attachment.ics>

<llano disposal state 27
#1 CIL 100 DPI.PDF>

<llano disposal state 27
#1 CNL 100 DPI.PDF>

<llano disposal state 27
#1 RCBL 100 DPI.PDF>

<Logs Meeting Memo 6-7-18.pdf>

<image1.jpeg>

<image4.jpeg>

<image2.jpeg>

<image3.jpeg>

<APD Pkg Submitted to OCD-Hobbs 041818.pdf>

Griswold, Jim, EMNRD

From: dvr burrows <dvrburrows@gmail.com>

Sent: Tuesday, June 12, 2018 4:05 PM

To: Griswold, Jim, EMNRD

Subject: State 27 # 1.

Jim;

Sorry, but in my last email I forgot to mention Mr. Holm's comment on deviation below top of salt at the State 27 # 1 (east of Maljamar). I pointed out that the casing above our window depth is straight, and very typical for such large pipe. Also pointed out that we would not be using any portion of the existing well below window depth, and that in fact it would be isolated below a CIBP w/ cement cap.

Thanks again.

Marvin

Sent from my iPad

Griswold, Jim, EMNRD

From: Martin, Ed <emartin@slo.state.nm.us>

Sent: Tuesday, June 12, 2018 2:01 PM

To: Griswold, Jim, EMNRD

Cc: Riley, Laura; 'Marvin Burrows'; Yates, Jack; Holm, Anchor E.; Khalsa, Niranjan K.

Subject: FW: Llano Disposal, LLC Salt Mineral Lease Application HS-0012-0

Attachments: HS-0012-0 Application.pdf; Anchor Holm HS-0012-0 Well Concerns.pdf

The New Mexico State Land Office intends to process this lease application, but wishes to inform the NMOCD that we have concerns about the brine well and its operations. Please see the attachment showing our technical concerns in this case. Ultimate regulatory approval is in the purview of the NMOCD.

If you have any questions, do not hesitate to contact me.

From: Yates, Jack

Sent: Monday, June 11, 2018 2:59 PM **To:** Martin, Ed <emartin@slo.state.nm.us>

Subject: Llano Disposal, LLC Salt Mineral Lease Application HS-0012-0

Ed,

We have received a Salt Mineral Lease application from Llano Disposal which we have assigned Lease Number HS-0012-0. Minerals Section is preparing lease documents to be sent out for signatures. However, Anchor Holm has done a well review of this location and has some concerns.

Attached is a copy of the application as well as Anchor's Memo stating the well concerns.

Thanks,

-Jack

Jack Yates

Minerals Manager
Oil, Gas and Minerals Division
505.827.5750
New Mexico State Land Office
310 Old Santa Fe Trail
P.O. Box 1148
Santa Fe, NM 87504-1148
jyates@slo.state.nm.us
nmstatelands.org





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Oil Gas & Mineral Division New Mexico State Land Office Commissioner Aubrey Dunn

May 15, 2018

To:

Jack Yates, Minerals Manager

From:

Anchor E. Holm, Geoscientist/Petroleum Engineering Specialist

RE:

Llano Disposal, LLC - Proposed State 27#1 Brine Well ReEntry.

State Land Office Concerns:

1. Ogallala Ground Water will be put at risk (see: Geology and Hydrology).

- Use of a plugged and abandoned wellbore (drilled in 1964) is not reasonable nor currently being done in New Mexico. Cutting a sidetrack window in a 54 year old casing string to access the salt beds will be mechanically of high risk and extremely difficult to effectively plug and abandon in the future.
- 3. The current application lacks the wellbore design including the casing window to be cut, method of cutting, tubing sizes, and downhole control systems. No plan of operation was included in the application. Any design of the proposed wellbore for brine production must be prepared and signed by a New Mexico Licensed Professional Engineering with petroleum engineering drilling and completion expertise. In the past, successful brine wells have been new drill wellbores. This new wellbore method controls the mechanical integrity of the wellbore to the maximum extent possible. Additionally, the new wellbore will not penetrate any of the formations below the salt beds, and will not compromise the natural salt barrier preventing vertical flows from deeper oil and gas zones.
- 4. The deviation encountered in the wellbore of the State 27#1 exceeded 1 degree at 1,350' of depth, ranging from 2 to 3 until a depth of 2,355', then again ranging from 2 to 4 degrees until 4,000'. This is a very crooked hole as compared to all offset wells within one mile, which had deviations of 1 degree or less. Thus, the actual location and verticality of the casing in the vertical section of interest of the planned casing window for brine production will need to be determined by running a wellbore directional survey by a licensed surveying company.



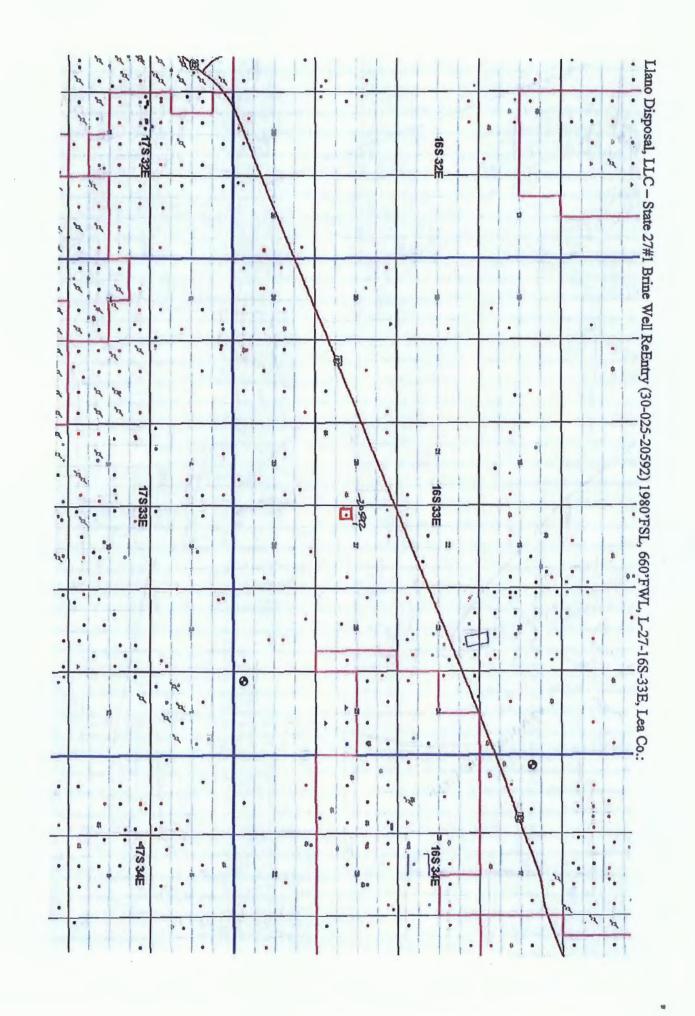
Oil Gas & Mineral Division New Mexico State Land Office Commissioner Aubrey Dunn

- 5. The 1964 intermediate casing was reported as being new 9-5/8", ODSR, 32.3# & 36# combination casing. No report as to centralizers used, only the float shoe and float collar. The casing was cemented with 2690 sacks of 1:1 mix Incor-Diamix plus 8% gel and 2% CaCl, tailed in with 250 sacks of Incor neat cement. Cement was reported as circulated, but no volume of cement circulated was reported. This currently 54 year old casing and cement placed in a crooked hole is suspect as to internal and external corrosion, plus the quality of cement placement around the casing string. As a result of the crooked hole, the quality of the 1964 cement job is very questionable. Thus, a cement bond log (CBL) is needed from the plugback total depth 4,505' to the surface and a casing integrity log capable of measuring the internal and external remaining casing wall thickness should be required.
- Submittal of CBL, CNL, Caliper, Wellbore Directional Survey, and Wall Thickness logs from 0' to 4,505' of depth shall include the State Land Office for review and approval of any brine easement.

Geology and Hydrology:

- a. At the Surface, the Ogallala formation outcrops and contains several sink holes which appear to be locally recharging the Ogallala aquifer. The well site is located on the southern edge of a southeasterly trending drainage discharging into a large sink hole about ¾ miles away.
- b. The western edge of the Ogallala (Mescalero Ridge or Llano Estacado) is located approximately six miles to the Southwest from the proposed well site. As a result, the saturated thickness of the Ogallala aquifer is likely less than 100 feet. No irrigation wells are located within five miles of this proposed brine well. This suggests that the saturated thickness of the Ogallala aquifer at this site is less than 50 feet.
- c. Water Easements have been issued by the State Land Office to the City of Carlsbad, the Maljamar Water System, LLC and ConocoPhillips Company. These water easements are located from 660 feet to over a mile from the proposed brine well. It appears that the two municipalities are using the very good Ogallala water in the area surrounding the proposed brine well. These water easements must be protected from any brine spills, or downhole failure causing sink hole to erupt at the well site compromising the Ogallala aquifer water quality and causing loss of ground water downhole.
- d. Three (3) domestic/stock water wells are present within two miles of this proposed brine well. One of the water wells is located along the sink hole drainage trend connected to the well site. As a result it should be considered a primary point of exposure caused by any brine spillage that flows off site. The other two water wells are located on strike with the Ogallala formation and aquifer water table relative to the proposed brine well site. Thus, they are appear to be secondary brine spill exposure risk sites.
- e. The likely <u>source of fresh water for mining the salt</u> is the Ogallala aquifer. This use would be 100% consumptive and have limited value to the State Land Trust. Additionally, diversion of municipal water supplies for a consumptive use will likely be a drain on the water supply of any municipality involved with no reuse potential.

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NEW MEXICO STATE LAND OFFICE **APPLICATION FOR A RULE 4 (19.2.4 NMAC)**

SALT LEASE ON STATE TRUST LAND

FOR LAND OFFICE USE ONLY
Lease No.: H5-1Z-0
New: Renewal:
STID No.: 370661
Phone:

TO: Commissioner of Public Lands Post Office Box 1148 Santa Fe, New Mexico 87504-1148

Date of Application: May 25, 2018

	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Phone:
FROM:	Llano Disposal, LLC	(Company Name)
	Darr Angell	(Contact Name)
	P.O. Box 250	(Street Address/PO Box)
	Lovington, NM 88260	(City, State, Zip)
-	(575) 704-2777	(Phone #)
-	angelllauram@gmail.com	(Email Address)
ī,	Liano Disposal, LLC, whose address	Angel Colonia
	(Company / Corporation Name)	
is listed above, a	m a citizen, or eligible to become a citizen of the United States, over the age of two	enty-one years (or a corporation qualified to do
business in New	Mexico) do hereby make application for a mineral lease for the exploration, develo	opment and production of Salt (NaCl) upon the
	ped lands, or such portion thereof as may be available for leasing, situated in the Co	
_	turing, or them portion trained to the portion of the second of the seco	
Mexico:	0 4 20 0 0	140 d D 00 D
	Subdivision NW/4 SW/4 Section 27 Township	16 South Range 33 East
containing	40 acres, more or less; and do tender as first annual rental, the sum of	_
application fee o	f \$250.00. The appraised value of this land for mineral purposes is purely speci	dative (state actual value, if known; if
speculative, inse	rt the words "purely speculative"). Attached is a sworn appraisal of the land and	minerals by a disinterested party familiar with the
•	ted tonnage or amount to be produced and general plan of operations are as follows:	
	at produced: 1,000 bbl. per day, 70 lbs. salt per bbl., 35 tons salt per day, 1,050 tons salt	
Dominated amous	is produced. 1,000 bot. per day, 10 too. sait per bott, 20 totto sait per day, 1,000 totto sait	per month.
Operational Plan	: Circulate fresh water owned by Llano Disposal, LLC into the Salado formation at 1700	ते BGL to the Brine Sales Facilिक
		(.)

Cultural Resource Protection:

Please indicate that you (Applicant) have read the Threatened & Endangered Species and Cultural Resources Notice to Applicants and that you understand and agree to abide by the terms and conditions set forth therein. Yes X No

An Archaeological Survey is strongly recommended. If no survey is provided an Archaeological Records Management Section Inspection (ARMS Inspection) in accordance with NMAC 4.10.15.9 is required. If the ARMS Inspection is not provided by the applicant, the Land Office will provide the ARMS Inspection in the order applications are received.

NOTE TO APPLICANTS: Completion and submission of this lease application does NOT constitute issuance of a lease by the New Mexico State Land Office. The application fee is non-refundable. Any other payments submitted with this application will be deposited in a suspense account as provided by law and do not obligate the Commissioner of Public Lands to issue a lease. Rental payments are subject to refund if the application is denied. Rev. 7-1-2016

An Archaeological Survey is attached with a cover page labeled: Confidential Exhibit	
Yes No X	
An ARMS Inspection is attached with a cover page labeled: Confidential Exhibit Yes No X	
The Applicant would like the NMSLO to provide the ARMS Inspection: Yes No X	
Shape Files: Shape Files are optional with all applications.	2018
	E
Shape Files for this project are available: Yes No X	
If yes, the NMSLO lease analyst will contact you at the address you provide:	~
Applicant Shape File Custodian (email contact information):	3
	CO
	a
I, Llano Disposal, LLC, the above applicant, do solemnly swear, or (Company / Corporation Name)	
affirm, that each and every statement made in this application is true and correct to the best of my knowledge and belie	f.
By: Attorney in Pact or Manager (Title of Author)	Authorized Agent

NOTE TO APPLICANTS: Completion and submission of this lease application does NOT constitute issuance of a lease by the New Mexico State Land Office. The application fee is non-refundable. Any other payments submitted with this application will be deposited in a suspense account as provided by law and do not obligate the Commissioner of Public Lands to issue a lease. Rental payments are subject to refund if the application is denied.

Rev. 7-1-2016

Complete this section		
ACKNOWLEDGMI	ENT IN AN INDIVIDUAL CAPACITY	
State of		
County of		
This instrument was acknowledged before me on	20 by	
(date)	20 by (name(s) of person(s))	
		(5.3)
	Signature of Notarial Officer	
(Seal)	Printed Name:	dimen
(Seal)	(Notary)	
		当
	My commission expires:	w
		03
County of This instrument was acknowledged before me on	(date) by	
Dan angell		
		(name(s) of person(s))
4	(type of author	
Flano Dingmal, LLC	(type of authori	ity, e.g., officer, trustee, etc.) of
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(name of party on b	(type of authori	ity, e.g., officer, trustee, etc.) of
OFFICIAL SEAL RACHEL SMITH NOTARY PUBLIC-State of New Mexico	ehalf of whom instrument was executed.) Rachel Small Signature of Notarial Officer	ith

application fee is non-refundable. Any other payments submitted with this application will be deposited in a suspense account as provided by law and do not obligate the Commissioner of Public Lands to issue a lease. Rental payments are subject to refund if the application is denied.

Rev. 7-1-2016

To:

Ed Martin

Acting Assistant Commissioner New Mexico State Land Office

Post Office Box 1148

Santa Fe, New Mexico 87504-1148

From:

Llano Disposal, LLC

PO Box 250

Lovington, NM 88260

Date:

May 25, 2018

Subject:

Brine Well Application - Pricing Structure

NW/4 SW/4 of Section 27, Township 16 South, Range 33 East

State 27 #1

API No. 30-025-20592

Llano plans to charge the customer \$2.00 per barrel of brine water sold and expects production to be approximately 30,000 barrels per month.

Llano proposes to pay royalty to the State Land Office at a rate of \$.0333 per barrel sold and expects a monthly payment to the Land Office of \$999 for 30,000 barrels.

2618

9

The undersigned David A. Pyeatt, being familiar with the land, having previously operated a brine well and is a disinterested party to the subject land and operations, states that an unqualified opinion of value as to the lease of the mineral estate relating to salt under the subject 40 acres of land would be \$1.00 per acre annually.

For the production of brine water, the land owner incurs the expense of operations of a brine well including but not necessarily limited to drilling and/or completing the well, surface infrastructure, State required maintenance/testing/reporting, transporting in addition to the costs associated with production, transport and injection of fresh water to produce the brine. A reasonable mineral owner's royalty as to the production of brine water from the subject land is 10% of the sales price of the brine water produced at the point of extraction.

Dated this 25 day of may, 2018

David A. Pycatt

State of New Mexico)

)ss

County of Lea

Subscribed, sworn to and acknowledged before me this 25 day of may, 2018 by David A. Pyeatt

My Commission Expires:

Notary Public

OFFICIAL SEAL
RACHEL SMITH
OTARY PUBLIC-State of New Mexico

Me Commission Expires

THE JUN 7 P

9 03

To: Marvin; Brown, Maxey G, EMNRD; Whitaker, Mark A, EMNRD

Cc: Dannys (Elec And Permitting both); darrangell@gmail.com; Griswold, Jim, EMNRD;

Kautz, Paul, EMNRD

Subject: RE: Llano Disposal, LLC, State 27 # 1.

Marvin:

Good morning. I want to be sure to remind Llano, if based after this log work and OCD of the well for brine well conversion, it decides to move forward with reconstruction of the well into a Brine Well, Llano will need to definitely coordinate and schedule this MIT after well reconstruction with OCD- Hobbs.

Thank you for the update. Good luck!

----Original Message----

From: Marvin <bur>

Surrowsmarvin@gmail.com>

Sent: Tuesday, May 15, 2018 7:27 AM

To: Brown, Maxey G, EMNRD < Maxey G. Brown @state.nm.us >; Whitaker, Mark A, EMNRD

<MarkA.Whitaker@state.nm.us>

Cc: Dannys (Elec And Permitting both) <a href="mail

<CarlJ.Chavez@state.nm.us>

Subject: Llano Disposal, LLC, State 27 # 1.

Maxey/Mark:

I've finally managed to coordinate a workover rig and reverse unit to be on our State 27 # 1. We'll rig up today, then start work first thing in the morning. Per earlier C-103, we'll re-enter 9 5/8 casing to about 4500' (cement plug), then run logs (caliper, CNL, and CBL), to determine suitability of wellbore for BSW service. Will pressure test casing to 500 psi for 30 min.

State 27 # 1 : API 30-025-20592. L-27-16-33. About 5 miles east of Maljamar, turn south at Angell Ranch sign. Go to pipe corrals on left. Go through gate on left, go north then east to rig (Lucky).

Marvin

Sent from my iPhone

From: Marvin <burrowsmarvin@gmail.com>
Sent: Monday, May 14, 2018 9:10 AM

To: Chavez, Carl J, EMNRD **Subject:** Re: Interest only.

Carl:

Sorry, I just saw your email. What this picture shows is the bucket arm of the backhoe digging down into the original cellar (yellow) to find where the pluggers cut off the wellhead when the well was plugged. It's customary to cut the casing off below the wellhead so that the expensive head can be used at another drilling location. If you look at the largest diameter pipe at the bottom of the hole, you will see that it's surrounded by dark cement. I'm always happy to see that, as it tells me for sure that cement was circulated to surface on the surface (shallow) string. That cement is what protects our gw. The pipe you see sticking up out of the cellar is just a length of 4" pipe that they welded all legal information onto. It rose about 5' above ground level so that all the information (legal location, company, well name, API number, etc) could be read by any person interested. At this point in the picture, we could look inside the 13 3/8 surface pipe and see the cut off 9 5/8" casing, which also had cement around it. Again, seeing that cement was proof that they did indeed circulate cement on the 9 5/8 casing string. Many, many wells didn't have cement circulated to surface on the casing strings. Those are usually nothing but trouble, as the casing can be exposed to corrosive waters, etc. Cement is definitely our friend.

M

Sent from my iPhone

```
> On May 1, 2018, at 9:15 AM, Chavez, Carl J, EMNRD < CarlJ.Chavez@state.nm.us> wrote:
> Marvin:
> Good morning. Bit hungup on boulder?
> -----Original Message-----
> From: Marvin < burrowsmarvin@gmail.com>
> Sent: Tuesday, May 1, 2018 9:12 AM
> To: Chavez, Carl J, EMNRD < CarlJ.Chavez@state.nm.us>
> Cc: Dannys (Elec And Permitting both) < danny@pwllc.net>
> Subject: Interest only.
>
```

From: Marvin <burrowsmarvin@gmail.com>
Sent: Thursday, May 3, 2018 8:44 AM

To: Chavez, Carl J, EMNRD

Cc: Clayton; Dannys (Elec And Permitting both)

Subject: St 27 # 1, re-entry.

Attachments: image1.jpeg; ATT00001.txt; image2.jpeg; ATT00002.txt; image3.jpeg; ATT00003.txt;

image4.jpeg; ATT00004.txt

Interest only.









From: Marvin <burrowsmarvin@gmail.com>

Sent: Tuesday, May 1, 2018 9:12 AM

To: Chavez, Carl J, EMNRD

Cc: Dannys (Elec And Permitting both)

Subject: Interest only.

Attachments: image1.jpeg; image3.jpeg; ATT00001.txt





From: danny@pwllc.net

Sent: Wednesday, April 18, 2018 10:33 AM

To: Kautz, Paul, EMNRD

Cc:Chavez, Carl J, EMNRD; Marvin BurrowsSubject:BW-38 - State 27 #1 (30-025-20592)

Attachments: APD Pkg Submitted to OCD-Hobbs 041818.pdf

Paul,

Attached is an electronic copy of a C-101, C-102 and C-103 for the subject well. The hard copies are being mailed to you today. As Carl has previouly advised, Llano Disposal LLC's bonding for this well was approved today by Ms. Allison Marks. The C-103 is requesting approval to re-enter the well, drill out the top three plugs and obtaining logs (CBL, CNL, casing inspection) for further evaluating this well for possible brine service under pending BW-38.

If you have any questions, please let me know.

Thank you, Danny J. Holcomb Agent for Llano Disposal, LLC

Cell: 806-471-5628 Email: danny@pwllc.net

Holcomb Consultants 6900 Spring Cherry Lane Amarillo, Texas 79124

April 18, 2018

NMOCD District 1 1625 N. French Drive Hobbs, New Mexico 88240

Attn: Mr. Paul Kautz

Re: State 27 #1 - API# 30-025-20592

L-27-16S-33E, Lea County, New Mexico

Dear Mr. Kautz,

Per Llano Disposal LLC's separate meetings with you and the Environmental Bureau referencing the subject well, attached are copies of a C-101, C-102 and C-103 to provide Llano access to this wellbore for brine well evaluation. The C-103 requests permission to drill out the top three plugs in this well in order to obtain a casing bond log, compensated neutron log and caliper log. This work was agreed upon by Mr. Jim Griswold and Mr. Carl Chavez of the Environmental Bureau during discussions to consider this well for possible conversion to brine well service.

Bonding for this well was approved today by Ms. Allison Marks. If you have any questions concerning any of these forms, please let me know. Thank you in advance for your consideration.

Sincerely,

Danny J. Holcomb

Agent for Llano Disposal, LLC

Email: danny@pwllc.net Cell: 806-471-5628

Attachments

cc: Mr. Carl Chavez - OCD Environmental Bureau

<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

District II

Date: 4/18/2018

Phone: 806-471-5628

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District III

1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101 Revised July 18, 2013

Energy Minerals and Natural Resources

Oil Conservation Division

1220 South St. Francis Dr.

Santa Fe, NM 87505

☐AMENDED REPORT

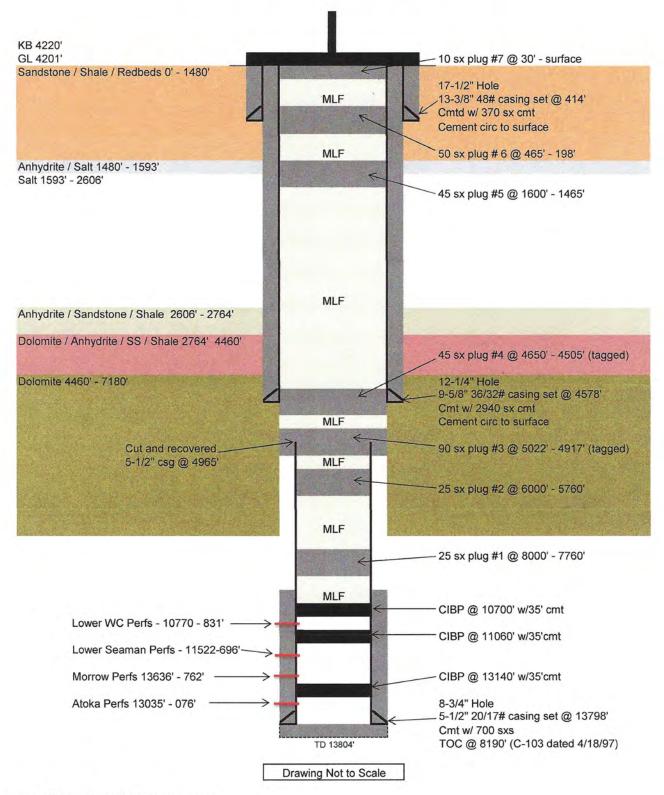
		Llano Dispo PO Box ovington, N	sal, LLC 190		370661 370661 3 API Number 30-025-20592					
* Property Code State					Name 42.72			6. Well No. 001		
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				* Proposed Botto	m Hole Location	on				
UL - Lot	Section	Township	Range	Lot Idn Feet fi	rom N/S Li	ine	Feet From	E/W Line	County	
		L .		9. Pool Infor	mation					
				Pool Name BSW; Salado					Pool Code 96173	
				Additional Well	Information					
Work Type			12. Well Type M	M 13. Cable/R R		Rotary 14 Lease Type S		15. Ground Level Eleva 4201		
16. Multiple 17. Proposed Depth 18. Form N 4505' (PBTD) Sala				7.77		20. Spud Date Unknown				
Depth to Ground water 60'-190' Distance from nearest fresh water ~2542 1					er well Distance to nearest surface water					
			21.	Proposed Casing and	Cement Prog	ram				
Type	Hole	e Size	Casing Size	Casing Weight/ft	Setting Depth		Sacks of Cement		Estimated TOC	
Surface	17-	1/2"	13-3/8"	48	414		370		Surface - In Place	
Intermed	12-	1/4"	9-5/8"	36/32	4578		2940		Surface - In Place	
Production	8-3	3/4"	5-1/2" 20/17		4965 - 13798		70	0	8190' - In Place	
				ng/Cement Program:						
				osures: Current and I			igrams			
	-			Proposed Blowout Pr	T				51.26	
Type Double/Pipe/Blinds				Working Pressure 3000	Test Pressure				Manufacturer ameron/Schaffer	
Doubl	e/r ipe/	billius		3000		3000		Cam	eron/Schaffer	
23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that I have complied with 19.15.14.9 (A) NMAC and/or 19.15.14.9 (B) NMAC if applicable. Signature:			OIL CONSERVATION DIVISION Approved By:							
Printed name: Danny J. Holcomb					Title:					
Title: Agent for Llano Disposal, LLC					Approved Date: Expiration Date:					
E-mail Address					1					

Conditions of Approval Attached

CURRENT WELLBORE

P&A Well

Llano Disposal, LLC State 27 #1 P&A API # 30-025-20592 1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM

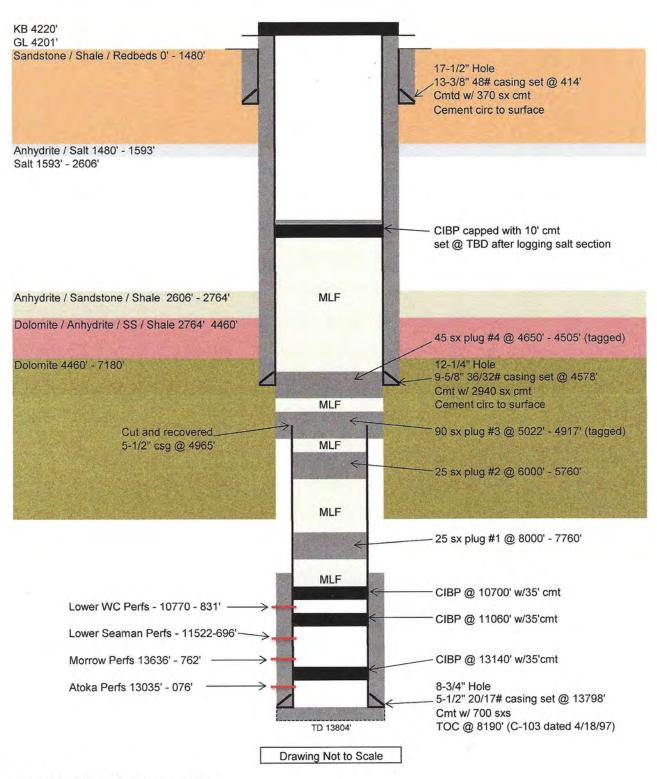


Note: This wellbore diagram represents information obtained from OCD files

PROPOSED WELLBORE AFTER PLUG DRILLOUT

P&A Well

Llano Disposal, LLC State 27 #1 P&A API # 30-025-20592 1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM



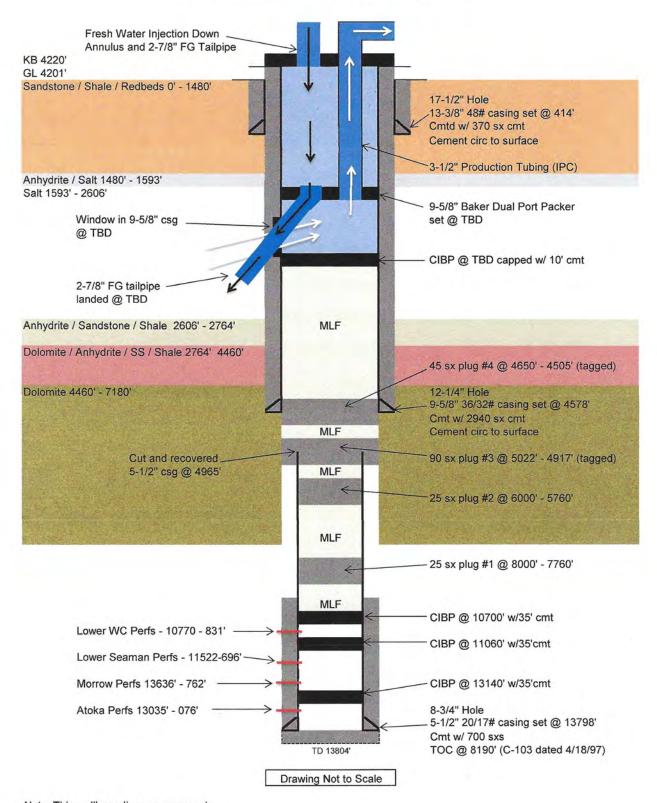
Note: This wellbore diagram represents information obtained from OCD files

PROPOSED WELLBORE

Configured for Brine Service Well

Llano Disposal, LLC State 27 #1 P&A API # 30-025-20592

1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM



Note: This wellbore diagram represents information obtained from OCD files

District I 1625 N, French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720 District II 811 S. First St., Artesia, NM 88210

Phone: (575) 748-1283 Fax: (575) 748-9720 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

¹ API Number

30-025-20592

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION

Pool Code

96173

1220 South St. Francis Dr. Santa Fe, NM 87505 Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

MENDED REPORT

BSW; Salado

WELL LOCATION AND ACREAGE DEDICATION PLAT

⁴ Property Code ⁷ OGRID No. 370661		5 Property Name State 27 8 Operator Name Llano Disposal, LLC							⁶ Well Number 001	
									⁹ Elevation	
									4201'	
2/12					¹⁰ Surface					
UL or lot no.	Section	Township	Range	Lot Idn		North/South line	Feet from the	East/West line	County	
L	27	16S	33E	1	1980	S	660	W	Lea	
			п Во	ottom H	ole Location It	f Different From	m Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
12 Dedicated Acres	13 Joint o	r Infill 14	Consolidation	Code 15	Order No.					
					(Pend	ing WQCC Disc	harge Permit I	BW-38 approval)	
No allowable v division.					all interests have 83 per OCD onl	been consolidated line well file	17 O	PERATOR CER	TIFICATION med herein is true and complete	
							owns a world the proposed location purs interest, or to order heretof	ng interest or unleased minere bottom hole location or has a	al interest in the land including a right to drill this well at this ner of such a mineral or working ant or a computsory pooling 4/18/2018	
							Printed Nam	pwllc.net	Date or Llano Disposal	
660'							I hereby of plat was produced by the same is tr	VEYOR CERT certify that the well loo colotted from field note me or under my super rue and correct to the Driginal Survey dated Ju	cation shown on this is of actual surveys vision, and that the best of my belief.	
1	980²						Date of Sur Signature a	rvey nd Seal of Professional St	urveyor:	
							See C	Original Survey dated Ju	une 23, 1964 attached	
							Certificate N	vumoer		

DISTAISUTION	EW ME	XICO OIL CONSERV	VATION AMISSION	FGRM C-128 Revised 5/1/57
PILS UTST LAMPOFFICE TRAMPOGFECE GAS PROBATION OFFICE GRANTON	WELL LOCA		GE DEDICATION P	LAT 0. C. C.
201100		SECTION A	JUN 25 2 53	PH '64
Operator	9	Lease		Well No.
The Atlant	Township	Range	County	1
	7 16 Sout			
Actual Footage Location of		and 560 to	et from the West	line
	oducing Founation	Popol	er nom the	dicated Acreage:
) 6-1	Dichrat	ory	40 Acres
wise? YESNO.	on one is "no," have the interest . If answer is "yes," Ty on two is "no," list all the owner	pe of Consolidation	terests below:	tion agreement or other-
	R 33 F			
0!	SECTION B	8	CE	RTIFICATION
	Kemper	Teraco	in SECTION	ify that the information A above is true and com- mest of my knowledge and Life Loxin
Texaco			Company	lg. & Prod. Supt
	, SEC. 27	1	1 1 1 1	
960' @'	Atlantic NM-1197	<i>F</i>	shown on the plotted from f surveys made supervision, s	fy that the well location plat in SECTION B was ield notes of actual by me or under my and that the same is true the best of my knowledge.
,086/			The Atlantic Re	Surveyor Efining Company
<u> </u>	State AY		Date Sur	rveyed: 6-23-64
330 660 990 /320	1650 1980 Z310 2640 Z	2000 1500 1000	500 0	FA10-1283

Submit 1 Copy To Appropriate District Office	State of New M		Form C-103 Revised July 18, 2013 WELL API NO. 30-025-20592 5. Indicate Type of Lease				
District 1 – (575) 393-6161	Energy, Minerals and Nat	ural Resources					
1625 N. French Dr., Hobbs, NM 88240 District II - (575) 748-1283	OH COMODDIA TIO	4					
811 S. First St., Artesia, NM 88210 District III – (505) 334-6178	OIL CONSERVATION	1 5 India					
1000 Rio Brazos Rd., Aztec, NM 87410	1220 South St. Fra	2505	STATE FEE				
<u>District IV</u> – (505) 476-3460 1220 S. St. Francis Dr., Santa Fe, NM 87505	Santa Fe, NM 8	6. State	6. State Oil & Gas Lease No.				
(DO NOT USE THIS FORM FOR PROPOS DIFFERENT RESERVOIR. USE "APPLIC		LUG BACK TO A	e Name or Unit Agreement Name State 27				
PROPOSALS.) 1. Type of Well: Oil Well	Gas Well 🛛 Other - PxA Well	Re-entry 8. Well	Number 1				
2. Name of Operator		RID Number					
L	lano Disposal, LLC		370661				
3. Address of Operator P.O. Box	190, Lovington, NM 88260	10. Poc	10. Pool name or Wildcat BSW; Salado				
4. Well Location		AT 170 T 181	The state of the s				
Unit Letter L:		outh line and660	feet from theWestline				
Section 27	Township 16S		MPM Lea County				
	11. Elevation (Show whether Di	R, <i>RKB, RT, GR, etc.)</i> 1' GL					
	420	T OL					
12. Check A	appropriate Box to Indicate 1	Nature of Notice Report	or Other Data				
NOTICE OF IN			ENT REPORT OF:				
PERFORM REMEDIAL WORK ☑ TEMPORARILY ABANDON □	PLUG AND ABANDON CHANGE PLANS	REMEDIAL WORK COMMENCE DRILLING OF	☐ ALTERING CASING ☐ PNS.☐ PAND A ☐				
PULL OR ALTER CASING	MULTIPLE COMPL	CASING/CEMENT JOB					
DOWNHOLE COMMINGLE	,	TOTAL STATISTICS					
CLOSED-LOOP SYSTEM	March San Barrier	CONTRACTOR AND ADDRESS OF THE PARTY OF THE P					
OTHER: Re-entry to run CBL, CNL		OTHER:	tinent dates, including estimated date				
	rk). SEE RULE 19.15.7.14 NMA						
proposed completion of rece	mpledon.						
			isposal LLC proposes to re-entry this				
P&A well to inspect casing for possil	ole conversion to a brine supply w	vell pending WQCC Discharge	Permit BW-38 approval:				
1) Back drag/level location, set anch	ors dig out around existing Pv A	marker MI welder cut off Pv	A marker reveal good 13-3/8" and				
9-5/8" casing, install new casing (i marker, reveal good 13-3/6 and				
2) MIRU pulling unit, NU BOP, unl							
			ng, drill cement plug #7 (surface to				
30'), plug # 6 (465' – 198') and p 3) Tag plug #5 at 4505', circulate ho			orkstring DCs bit sub and bit				
4) MIRU WL, run CBL, CNL and ca							
5) ND BOP, install B-1 adaptor, sec							
			bs) to determine if well is suitable for				
brine well service. Suspend furth	si wen work until additional pern	inting is approved.					
Spud Date:	Rig Release I	Date:					
		-					
I hereby certify that the information a	bove is true and complete to the	best of my knowledge and beli	ef.				
∞ 1 Λ	1						
SIGNATURE WHOLCOM	TITLE_Ago	ent for Llano Disposal, LLC_	DATE 4/18/2018				
			DUONE BOX 171 5225				
Type or print name Danny J. Hol For State Use Only	comb E-mail addre	ss:danny@pwllc.net	PHONE:806-471-5628				
a or state ost only							
APPROVED BY:	TITLE		DATE				
Conditions of Approval (if any):							

From: Marks, Allison, EMNRD

Sent: Wednesday, April 18, 2018 9:40 AM

To: Chavez, Carl J, EMNRD; Griswold, Jim, EMNRD

Cc: danny@pwllc.net; Marvin Burrows

Subject: RE: Ilano disposal

I received the LOC for the brine well and reviewed the location and amount with Carl. The LOC and financial assurance is approved as submitted.

Allison R. Marks New Mexico Oil Conservation Division 1220 S. St. Francis Dr. Santa Fe, NM 87505 Tel: (505) 476-3206 Fax: (505) 476-3462

From: Chavez, Carl J, EMNRD

Sent: Tuesday, April 17, 2018 2:27 PM

To: Marks, Allison, EMNRD <AllisonR.Marks@state.nm.us>; Griswold, Jim, EMNRD <Jim.Griswold@state.nm.us>

Cc: danny@pwllc.net; Marvin Burrows <burrowsmarvin@gmail.com>

Subject: RE: llano disposal

Allison:

The WQCC Bond with OCD approved financial assurance amount is for a prospective brine well permit that has yet to be issued. The operator wants to access the plugged well to conduct logging to provide OCD for reuse of the existing well. If the well is permitted, it will be "BW-38."

The operator uses this approach on existing wells for conversion to brine wells. In order to obtain ownership of the plugged wells, the operator obtains bonding, and submits C-101, 102 and 103 Forms to the District for approval. Once approved, they complete the well work to evaluate the condition of the well and make a decision to proceed with a WQCC DP Application.

This well is an interesting one because Paul Kautz (DO1) has identified some PA'd wells within the AOR in need of corrective action to cement the Santa Rosa Fm, which would be a condition of approval for Llano if it proceeds with the application for a brine well.

Please contact me if you have questions. Thank you.

From: Marks, Allison, EMNRD

Sent: Tuesday, April 17, 2018 2:17 PM

To: Griswold, Jim, EMNRD < Jim.Griswold@state.nm.us >

Cc: Jones, Brad A., EMNRD

Strad.a.jones@state.nm.us>; Chavez, Carl J, EMNRD <Carl J.Chavez@state.nm.us>; Billings,

Bradford, EMNRD < Bradford. Billings@state.nm.us>

Subject: llano disposal

I received a bond for \$108k for the State 27 #1 for a discharge permit. Please advise if this is the correct amount and advise what the permit no. is.

Thanks..

Allison R. Marks New Mexico Oil Conservation Division 1220 S. St. Francis Dr. Santa Fe, NM 87505 Tel: (505) 476-3206

Fax: (505) 476-3462

From: danny@pwllc.net

Sent: Monday, January 8, 2018 2:16 PM

To: Chavez, Carl J, EMNRD

Cc: Marvin Burrows

Subject: Hummingbird State BSW #1 (30-025-25647)

Attachments: Hummingbird State BSW #1 Closure Plan and Financial Assurance Plan Submitted to

OCD 010818.docx

Carl,

Per our telcon last week, Llano Disposal, LLC has multiple brine well applications to file. Last week we discussed the State 4 #1 well just south of Tatum, NM. In addition, Llano is looking at permitting a brine well in the Maljamar area. That well is the SNM 33-16-33 #1 (30-025-25647) which Llano plans to rename to the Hummingbird State BSW #1. It is located just off Hummingbird Road, thus the new name's origin.

I wanted to give you a heads up on this additional well to permit. With Division bonding personnel being out of office in the near future, we would like to obtain your approval for the bond amount for the Hummingbird well and brine station. We propose that it would be the same \$108,000 total amount per the proposed closure plan and financial assurance plan attached.

I figure you will have questions. Just let me know. Also, I'm working on the C-102 anc C-103 for this well and would like to set up a time to review them with you. Please advise.

Thank you,

Danny J. Holcomb Cell: 806-471-5628 Email: danny@pwllc.net

Submit 1 Copy To Appropriate District	State of N	New Mex	rico			For	m C-103	
Office <u>District I</u> – (575) 393-6161	Energy, Minerals a	and Natura	al Resources			Octob	er 13, 2009	
1625 N. French Dr., Hobbs, NM 88240	3			WELL A				
District II ~ (575) 748-1283	OIL CONSERV.	ATION I	DIVISION	30-025-2				
811 S. First St., Artesia, NM 88210 <u>District III</u> - (505) 334-6178	1220 South	5. Indicate Type of Lease						
1000 Rio Brazos Rd., Aztec, NM 87410				STATE STEE				
<u>District IV</u> - (505) 476-3460	Santa Fe,	, NM 8/3	505 .	6. State	Oil & Gas Leas	se No.		
1220 S. St. Francis Dr., Santa Fe, NM 87505								
	TICES AND REPORTS ON	WELLS		7 Lease	Name or Unit	Agreemer	nt Name	
(DO NOT USE THIS FORM FOR PROP			G BACK TO A	7. Lease	runie of Ome	/ Igreemer		
DIFFERENT RESERVOIR. USE "APPL		1 C-101) FOR	R SUCH	SNM 33-	-16-33			
PROPOSALS.)	🗆	/ HO	BBS OCD		Number: 001			
I. Type of Well: Oil Well	Gas Well Other							
2. Name of Operator		΄ ΜΔΥ	3 1 2013	9. OGR	ID Number 269	9324		
LINN OPERATING, INC.		1417-(1	0 1 2010	10 0	******			
3. Address of Operator	ISTON TENAS GGOOD				name or Wildo			
600 TRAVIS, SUITE 5100, HOU	SION, IEXAS //002	R	ECEIVED	SANMA	L;WOLFCAM	P		
4. Well Location								
Unit Letter F;	1980feet from the	<u>N</u>	_ line and	_ <u>1980</u> fe	eet from the	<u>W</u>	line	
Section 33	Township	16S	Range 331	Ξ	NMPM L	LEA (County	
7.05 T	11. Elevation (Show who	ether DR,	RKB, RT, GR, etc	c.)			All Control	
						1		
12 Check	Appropriate Box to Inc	dicate Na	iture of Notice	Report o	r Other Data	***		
12. Chick	rippropriate Bon to me	aroute ria		, resport o	1 Other Data			
NOTICE OF I	NTENTION TO:		SU	BSEQUE	NT REPOR	T OF:		
PERFORM REMEDIAL WORK	PLUG AND ABANDON		REMEDIAL WO			ERING CA	SING	
TEMPORARILY ABANDON	CHANGE PLANS	$\overline{\sqcap}$	COMMENCE DI	RILLING OP			$\overline{\Box}$	
PULL OR ALTER CASING			CASING/CEME				_	
DOWNHOLE COMMINGLE		_	0,10,110,02,112					
B074141022 00111111111022	I							
OTHER:			OTHER:					
13. Describe proposed or com	pleted operations. (Clearly	state all pe	ertinent details, a	nd give pert	inent dates, inc	luding est	imated date	
of starting any proposed v	vork). SEE RULE 19.15.7.1	I4 NMAĊ.	. For Multiple C	ompletions:	Attach wellbo	re diagran	n of	
proposed completion or re	completion.							
	PLEASE	SEE A	ATTACHED)				
Spud Date:	Rig R	elease Dat	te:					
I hereby certify that the information	n above is true and complete	e to the her	st of my knowled	lge and helie	of .			
Thereby certify that the information	. Tabove is true and complete	e to the bes	st of my knowled	ige and bene	л.			
/ // ///				•				
SIGNATURE CALL	ares TITL	E REGI	JLATORY COM	IPI IANCE	III DATE M	AV 30-20)13	
		E. REG	<u>ZEMIORI CON</u>	II DIMITOL	III DATE WI	1 30, 20	<u> </u>	
Type or print name TERRY B. CA	LLAHAN E-mail	l address:	tcallahan@linne	nergy.com	PHONE	281-840-	4272	
For State Use Only							<u> </u>	
	uK.	1	1 -	~11	+	, 1 ₋ ;	1_	
APPROVED BY: I Coleve	WHOWN TITLE	E (TAN	nolinne	Mu	DATE C	0131	2013	
Conditions of Approval (if any):			T	M		1	~ <u>~</u>	
	. 7-	•		\mathcal{Q}		-		
	$\mathcal{L}_{\mathcal{L}}$							
	· /							

- 1. MIRUPU, ND WH AND NUBOP.
- 2. RIH W/ WORKSTRING & TAG CIBP CAPPED W/ CMT @ 10,895'.
- SET CTBP@ 10675. CAP ω/ 25 5x5 cmT 3. POH AND SPOT 25 SX5 CMT @ 10675-10425'. WOC & TAG: CIRC HOLE W/ MUD LADEN FLUID.
- 4. POH AND SPOT 25 SX CMT @ 7860-7910'
- 5. POH & SPOT 25 SX CMT @ 5900-5650'. POH W/ TBG.
- 6. PULL STRETCH ON 5-1/2 CSG. CUT CSG & PULL OUT OF HOLE. +/- 4300'.
- 7. RIH & SPOT 45 SXS PLUG @ 4330-4200'.
- 8. POH & SPOT 55 SXS @ 2835-2735' (BTM OF SALT)
- 9. POH & SPOT 55 SX @ 1525-1425' (TOP OF SALT)
 9B. SPOT 555545 @ 12-50'-1150'. (COVERS DVTOOL -85/8 CSG)
 10. POH & SPOT 55 SXS @ 400-300.
- 11. POH & SPOT 10 SXS SURFACE PLUG.
- 12. CUT OFF WELLHEAD AND WELD ON GROUND LEVEL "DRY HOLE MARKER".

Wellbore Schematic K. MURPHY 30-Apr-13 SNM 33-16-33 #1 F-33-16S-33E Well Name: Date Prepared: 1980 FNL 1980 FWL Location: Last Updated: LEA COUNTY, NM Spud Date: 5-Oct-77 API# RR Date: 30-025-25647 Spud Date to RR Date: Completion Start Date: Elevations: GROUND: 4212' 4231' Completion End Date: 15-Jan-78 KB: Depths (KB): PBTD: 10825 Completion Total Days: TD: 13556' Co-ordinates: Surface Casing (10/5/77): Hole Size 9 jts 13-3/8", 48# set at 349" 17-1/2" Surf Csg Cmt w/ 375 sxs 13-3/8" TOC @ Surface Set @ 349' TOC @ Surf Hole Size Intermediate Casing (): 106 jts 8-5/8", 24# & 32# set at 4283' 12-1/4" DV tool @ 1200' Cmt w/ 1st stage 300 sxs, 2nd stage 500 sxs DV tool @ 1200 TOC @ Surface Production Casing () Hole Size 5-1/2", 17# set at 13,320' Cmt w/ 1150 sxs 7-7/8" TOC @ Tubing (): 342 jts 2 3/8" L-80 5 1/2" x 2 3/8" TAC Length (ft) 10582 Intermediate Csg 8-5/8" 10585.00 Set @ 4283' 5 jts 2 3/8" 10736.00 TOC @ 10737.00 SN Perf Sub 10741.00 10778.00 MJ Rod/Pump Detail (EL Rods) 1 1/4" x 22' PR w/ 10' liner 2' -4' -6' 7/8" subs 105 7/8" rods 309 3/4" rods 12 7/8" rods 1' x 1' lift sub 2" x 1 1/4" x 20' insert pump 1" x 12' GA Notes: Top of Salt - 1475 Base of Salt - 2785' 8/8/2010 - Both rods & tubing are parted. There is no record of what was in the hole prior to rigging up. They POOH w/ 120 - 7/8" rods, & 46 - 3/4" rods, 126 jnts of tbg. Tagged fish @ 3954" Tried to release TAC but too much weight for 2-3/8" tbg. Top of fish ~3954' 4/2012- fish removed from hole 0 10,701'-10,825' Perforations: 12,988-12,998' - 1 SPF, .25" hole size, acidized w/ 5000 gallons 15% acid. Could not establish production from this zone. 11,662'-11,647' - 1 SPF, acidize w/ 8000 gallons 202 acid. Swabbed. Could not establish production. TOC @ 10,895' (PBTD) 35 sxs 10,701'-10,825' - .24" hole size, acidize with 2500 gals MOD 202 acid. 5-1/2" CIBP @ 10,930" cap 0 11,662"-11,647" 0 5-1/2" CIBP @ 11,785"

0 12,988-12,998'

TD @ 13,556 PBTD@ 10,825

Production Csq 5-1/2" Set @ 13,230' TOC @

Proposed Wellbore Schematic SNM 33-16-33 #1 Well Name: Date Prepared: B. Williams 1980 FNL 1980 FWL Location: F-33-16S-33E Last Updated: 3-May-13 LEA COUNTY, NM Spud Date: 5-Oct-77 API# 30-025-25647 RR Date: Spud Date to RR Date: GROUND: 4212' Completion Start Date: Elevations KB: 4231' Completion End Date: 15-Jan-78 Depths (KB): PBTD: 10825 Completion Total Days: Co-ordinates 13556 Surface Casing (10/5/77): 10 sxs Hole Size 9 jts 13-3/8", 48# set at 349" 17-1/2" Cmt w/ 375 sxs TOC @ Surface Surf Csq 13-3/8" Set @ 349' Intermediate Casing (): TOC @ Surf Hole Size 106 jts 8-5/8", 24# & 32# set at 4283' 12-1/4" 56 sxs Spot 55 sx cmt @ DV tool @ 1200' 400-3001 Cmt w/ 1st stage 300 sxs, 2nd stage 500 sxs TOC @ Surface 1250-1150 7111 Production Casing (): Hole Size 7-7/8" 5-1/2", 17# set at 13,320" Cmt w/ 1150 sxs Spot 55 sx cmt @ 55 sxs 1,525-1,425 TOC @ Tubing (): Intermediate Csg Spot 55 sx cmt @ 8-5/8" Set @ 4283' 55 sxs 2,835-2,735 TOC @ Spot 45 sx cmt @ 46 sxs 4,330-4,200 Rod/Pump Detail (EL Rods) Spot 25 sx cmt @ 25 sxs 5,900-5,650' Spot 25 sx cmt @ 25 sxs 7,910-7,860 Notes: Top of Salt - 1475 Base of Salt - 2785 8/8/2010 - Both rods & tubing are parted. There is no record of what was in the hole prior to Spot 25 sx cmt @ rigging up. They POOH w/ 120 - 7/8" rods, & 46 - 3/4" rods, 126 jnts of tbg. Tagged fish @ 3954". 25 8X P 10,675-10,425 Tried to release TAC but too much weight for 2-3/8" tbg. Top of fish ~3954' 4/2012- fish removed from hole o 10,701'-10,825' Perforations: 12,988-12,998' - 1 SPF, .25" hole size, acidized w/ 5000 gallons 15% acid. Could not establish production from this zone. 11,662'-11,647' - 1 SPF, acidize w/ 8000 gallons 202 acid. Swabbed. Could not establish production 10,701'-10,825' - .24" hole size, acidize with 2500 gals MOD 202 acid. 35 sxs TOC @ 10,895' (PBTD) 5-1/2" CIBP @ 10,930" capped w/ 35 exa 0 11,662'-11,647' 5-1/2" CIBP @ 11,785 0 12,988-12,998 0 Production Csg 5-1/2" Set @ 13,230 TD @ 13,556 TOC @ PBTD@ 10,825