

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 Reader™ 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
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

WELL API NO. 30-025-20592	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No. BSW	
7. Lease Name or Unit Agreement Name STATE 27	
8. Well Number 1	
9. OGRID Number 370661	
10. Pool name or Wildcat SALADO	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	

SUNDY 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 **BSW**

2. Name of Operator
LLano Disposal, LLC

3. Address of Operator
Box 250, Lovington N.M. 88260

4. Well Location
Unit Letter **L** : **1980** feet from the **5** line and **660** feet from the **W** line
Section **27** Township **16 S** Range **33 E** NMPM County **Lea**

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 ☐
CLOSED-LOOP SYSTEM ☐
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐
OTHER: **Re-entry/complete** ☒

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Per plan outlined in NMOC permit BSW038,
cut a window in the 9 5/8" casing, then
drilled into the SALT section. Discovered
SALT BEARING STRATA. Ran temp production
string to circulate clean (fresh down tubing, brine up
casing).

Spud Date:

Rig Release Date:

12/6/18

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

SIGNATURE Marvin Burrows TITLE Agent for DATE 12/14/18
Type or print name Marvin Burrows E-mail address: BURROWS MARVIN PHONE: 575-631-8067
@GMAIL.COM

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 12/17/18
Conditions of Approval (if any):

PROPOSED WELLBORE

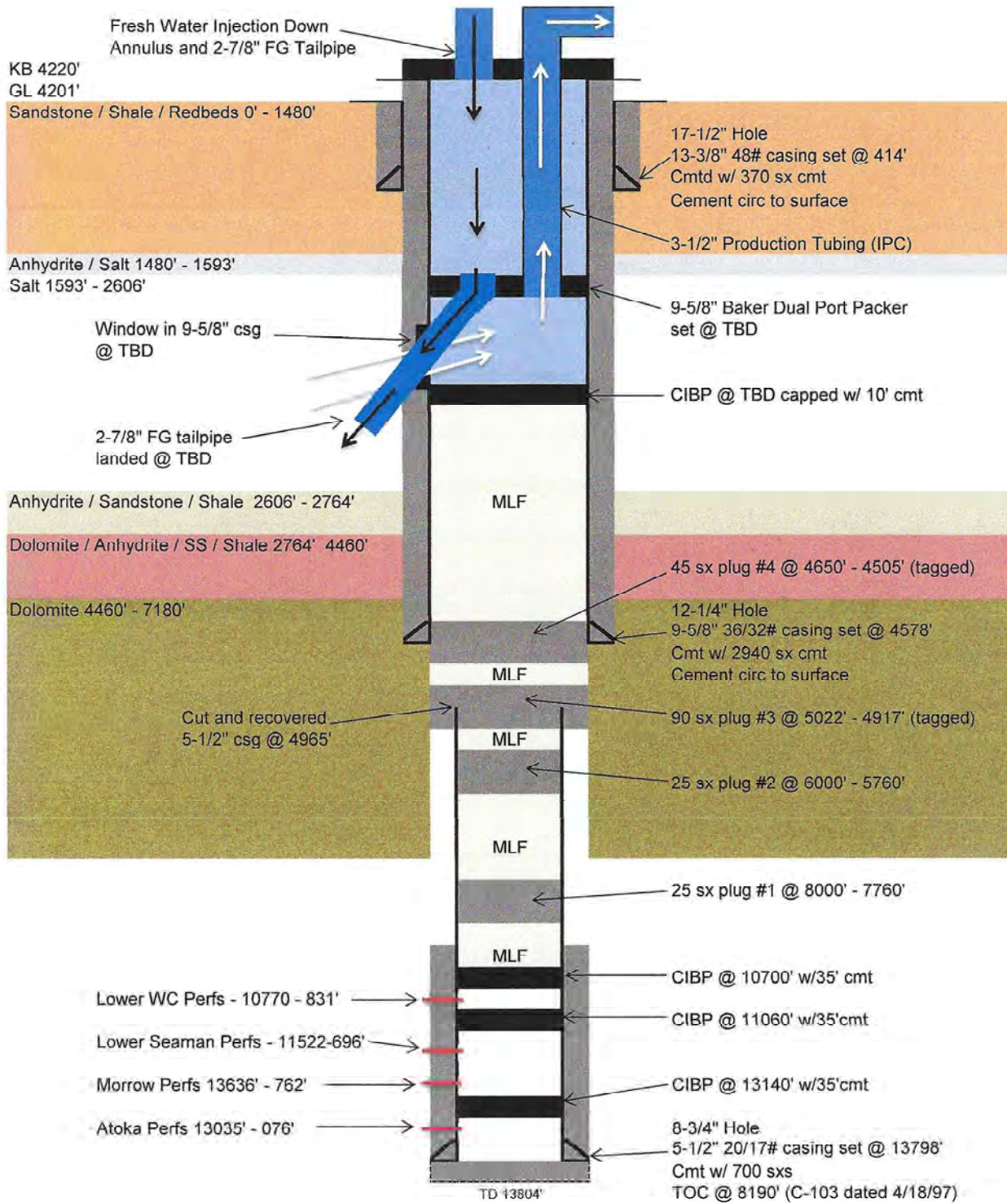
Configured for Brine Service Well

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



Drawing Not to Scale

Note: This wellbore diagram represents information obtained from OCD files

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@pwillc.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
District 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

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Llano Disposal, LLC PO Box 190 Lovington, NM 88260		² OGRID Number 370661
		³ API Number 30-025-20592
⁴ Property Code	⁵ Property Name State '27'	⁶ Well No. 001

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Ida	Feet from	N/S Line	Feet From	E/W Line	County
L	27	16S	33E		1980	S	660	W	Lea

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Ida	Feet from	N/S Line	Feet From	E/W Line	County

⁹ Pool Information

Pool Name BSW; Salado	Pool Code 96173
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Additional Well Information

¹¹ Work Type E	¹² Well Type M	¹³ Cable/Rotary R	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 4201
¹⁶ Multiple N	¹⁷ Proposed Depth 4505' (PBD)	¹⁸ Formation Salado	¹⁹ Contractor Unknown	²⁰ Spud Date Unknown
Depth to Ground water 60' - 190'	Distance from nearest fresh water well ~2542 feet	Distance to nearest surface water Greater than 1 mile		

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

²¹ Proposed Casing and Cement Program

Type	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

Type	Working Pressure	Test Pressure	Manufacturer
Double/Pipe/Blinds	3000	3000	Cameron/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: *D. Holcomb*

Printed name: **Danny J. Holcomb**

Title: **Agent for Llano Disposal, LLC**

E-mail Address: **danny@pwlle.net**

Date: **4/18/2018**

Phone: **806-471-5628**

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date:

Expiration Date:

Conditions of Approval Attached

CURRENT WELLBORE

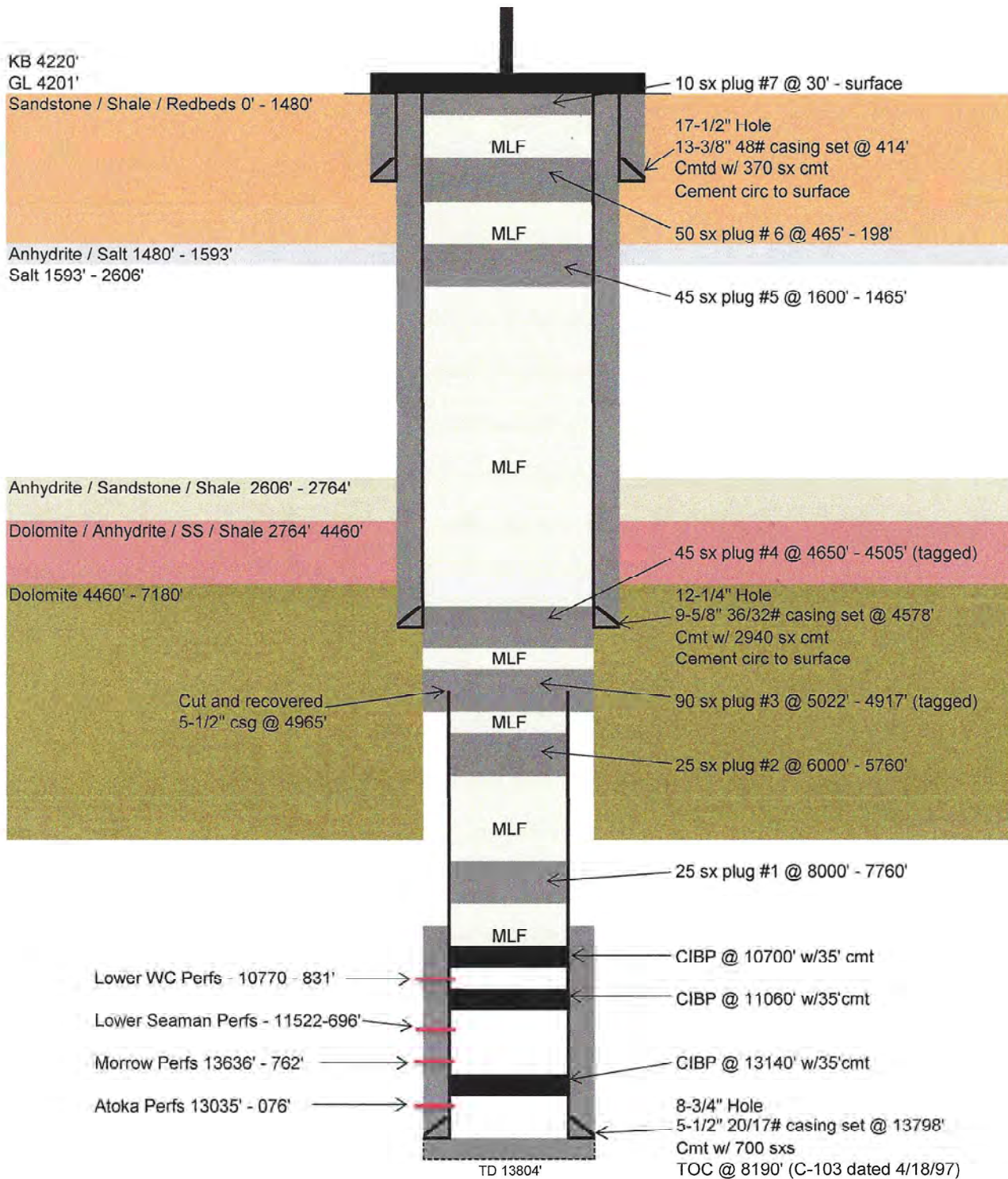
P&A Well

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



Drawing Not to Scale

Note: This wellbore diagram represents information obtained from OCD files

PROPOSED WELLBORE AFTER PLUG DRILLOUT

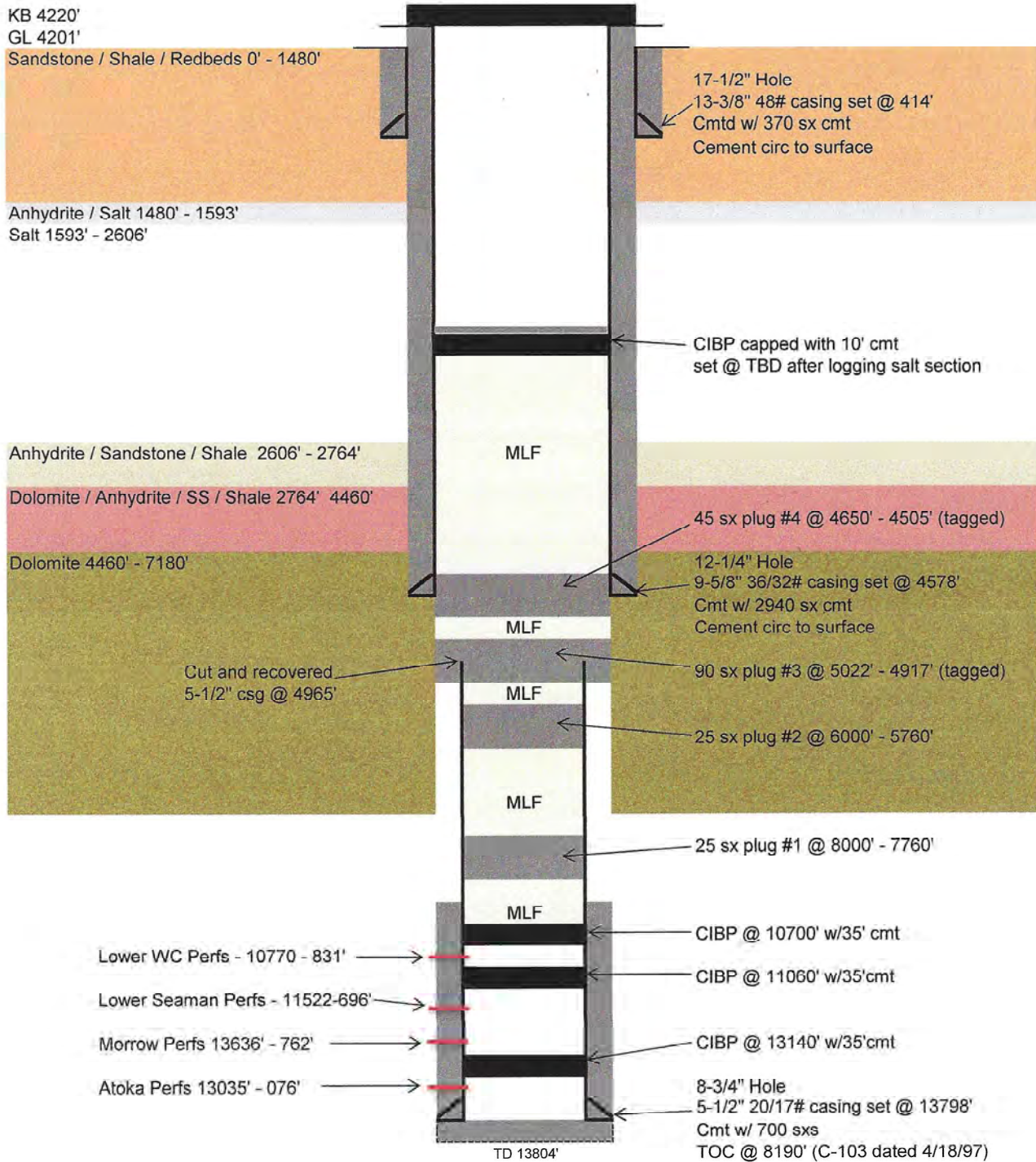
P&A Well

Llano Disposal, LLC

State 27 #1 P&A

API # 30-025-20592

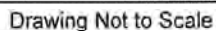
1980' FSL x 660' FWL, UL 'L', Sec 27, T16S, R33E, Lea County, NM



Drawing Not to Scale

Note: This wellbore diagram represents information obtained from OCD files

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



Note: This wellbore diagram represents information obtained from OCD files

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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
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-20592		² Pool Code 96173	³ Pool Name BSW; Salado
⁴ Property Code	⁵ Property Name State 27		⁶ Well Number 001
⁷ OGRID No. 370661	⁸ Operator Name Llano Disposal, LLC		⁹ Elevation 4201'

¹⁰ Surface Location

UL or lot no. L	Section 27	Township 16S	Range 33E	Lot Idn	Feet from the 1980	North/South line S	Feet from the 660	East/West line W	County Lea
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. (Pending WQCC Discharge Permit BW-38 approval)
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.
32.8909645,-103.6576157 NAD83 per OCD online well file

	¹⁶			<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>DJ Holcomb</i> 4/18/2018 Signature Date</p> <p>Danny J. Holcomb - Agent for Llano Disposal Printed Name</p> <p>danny@pwllc.net E-mail Address</p>
	¹⁶			<p>¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>See Original Survey dated June 23, 1964 attached</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>See Original Survey dated June 23, 1964 attached</p> <p>Certificate Number</p>

NUMBER OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
URRS	
LAND OFFICE	
TRANSPORTER	OIL
PROBATION OFFICE	GA
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

FORM C-128
Revised 5/1/57

HOBBS CITY, N. M. O. C.

Original C-102

JUN 25 2 53 PM '64

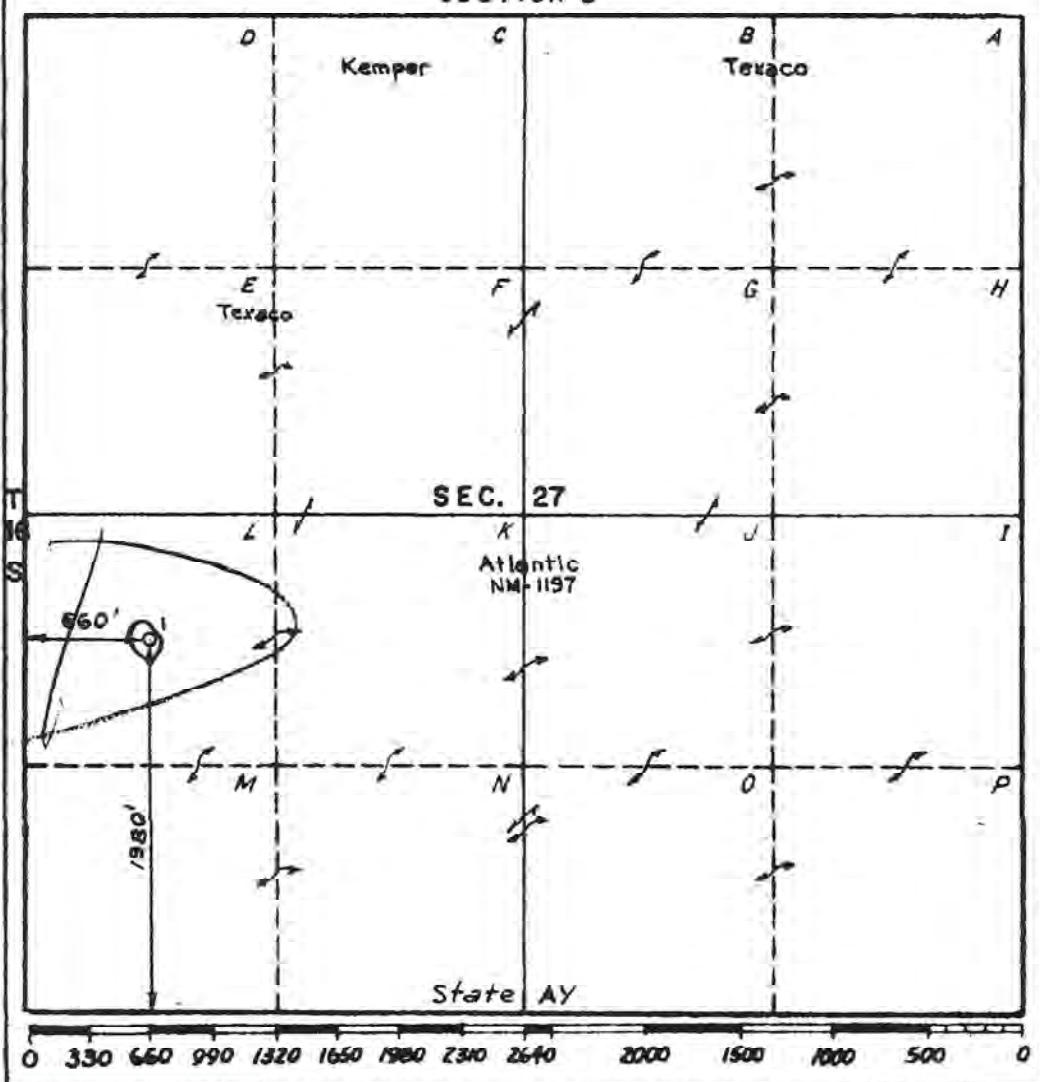
SECTION A

Operator The Atlantic Refining Company			Lease State AY		Well No. 1
Unit Letter L	Section 27	Township 16 South	Range 33 East	County Lea	
Actual Footage Location of Well: 1980 feet from the South line and 660 feet from the West line					
Ground Level Elev.	Producing Formation <i>Permian</i>	Pool <i>Exploratory</i>	Dedicated Acreage: 40 Acres		

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ☐ "Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ☐ NO ☐ If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

R 33E SECTION B



CERTIFICATION

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

Name A. D. Kloxin
Position Dist. Drlg. & Prod. Supt.
Company The Atlantic Refining Co.
Date 6-24-64

I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

<i>R. D. Williams</i> Surveyor The Atlantic Refining Company
--

Date Surveyed: 6-23-64

FA10-1283

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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. 30-025-20592
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other - PxA Well Re-entry		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Llano Disposal, LLC		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 190, Lovington, NM 88260		7. Lease Name or Unit Agreement Name State 27
4. Well Location Unit Letter <u>L</u> : <u>1980</u> feet from the <u>South</u> line and <u>660</u> feet from the <u>West</u> line Section <u>27</u> Township <u>16S</u> Range <u>33E</u> NMPM Lea County		8. Well Number <u>1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4201' GL		9. OGRID Number 370661
		10. Pool name or Wildcat BSW; Salado

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

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input checked="" type="checkbox"/>			
OTHER: Re-entry to run CBL, CNL and caliper log <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

In accordance with discussions with OCD Environmental Bureau, OCD District 1 and SLO, Llano Disposal LLC proposes to re-entry this P&A well to inspect casing for possible conversion to a brine supply well pending WQCC Discharge Permit BW-38 approval:

- 1) Back drag/level location, set anchors, dig out around existing PxA marker, MI welder, cut off PxA marker, reveal good 13-3/8" and 9-5/8" casing, install new casing (if necessary) and well head at ground level.
- 2) MIRU pulling unit, NU BOP, unload and tally 2-7/8" workstring, set 2 frac tanks and fill one with FW. MIRU reverse unit, swivel 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-I 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 D. Holcomb 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 _____

Conditions of Approval (if any): _____

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@pwillc.net; Marvin Burrows
Subject: RE: Llano 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@pwillc.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 <brad.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
Fax: (505) 476-3462

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 1 Copy To Appropriate District Office
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State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
October 13, 2009

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

WELL API NO. 30-025-25647
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name SNM 33-16-33
8. Well Number: 001
9. OGRID Number 269324
10. Pool name or Wildcat SANMAL;WOLFCAMP

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 ☐ **HOBBS OCD**

2. Name of Operator
LINN OPERATING, INC. **MAY 31 2013**

3. Address of Operator
600 TRAVIS, SUITE 5100, HOUSTON, TEXAS 77002 **RECEIVED**

4. Well Location
Unit Letter F; 1980 feet from the N line and 1980 feet from the W line
Section 33 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 ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

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

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

PLEASE SEE ATTACHED

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

Terry B. Callahan

TITLE: REGULATORY COMPLIANCE III DATE MAY 30, 2013

Type or print name TERRY B. CALLAHAN

E-mail address: tcallahan@linnenergy.com

PHONE: 281-840-4272

For State Use Only

APPROVED BY:

Mary K. Brown

TITLE Compliance Officer

DATE 6/3/2013

Conditions of Approval (if any):

2m

JUN 04 2013

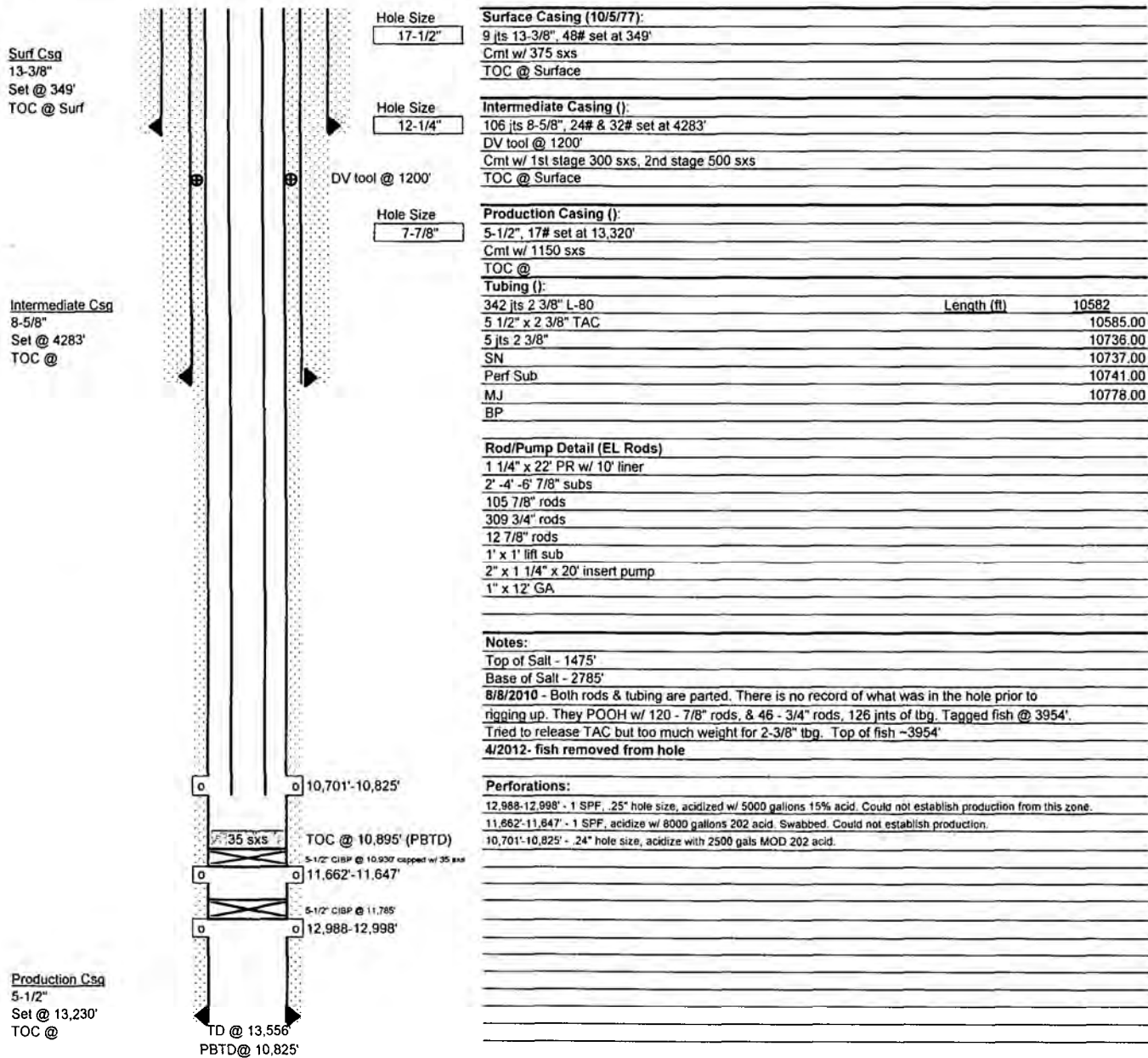
SNM 33-16-33 #001
API #30-025-25647
ATTACHMENT TO SUNDRY C-103

1. MIRUPU, ND WH AND NUBOP.
2. RIH W/ WORKSTRING & TAG CIBP CAPPED W/ CMT @ 10,895'.
3. ~~POH AND SPOT 25 SXS CMT @ 10675-10425'. WOG & TAG. CIRC HOLE W/ MUD LADEN FLUID.~~
SET CIBP @ 10675. CAP W/ 25 SXS CMT
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 @ ^{4350'}~~4330~~-4200'.
8. POH & SPOT 55 SXS @ 2835-2735' (BTM OF SALT)
9. POH & SPOT 55 SX @ 1525-1425' (TOP OF SALT)
10. *9B. SPOT 55 SXS @ 1250'-1150'. (COVERS DV TOOL - 8 5/8 CSG)*
POH & SPOT 55 SXS @ 400-300.
11. POH & SPOT 10 SXS SURFACE PLUG.
60' - SURFACE
12. CUT OFF WELLHEAD AND WELD ON GROUND LEVEL "DRY HOLE MARKER".

Wellbore Schematic

Well Name: SNM 33-16-33 #1
 Location: F-33-16S-33E 1980 FNL 1980 FWL
 LEA COUNTY, NM
 API #: 30-025-25647
 Elevations: GROUND: 4212'
 KB: 4231'
 Depths (KB): PBDT: 10825'
 TD: 13556'

Date Prepared: K. MURPHY
 Last Updated: 30-Apr-13
 Spud Date: 5-Oct-77
 RR Date:
 Spud Date to RR Date:
 Completion Start Date:
 Completion End Date: 15-Jan-78
 Completion Total Days:
 Co-ordinates:



Proposed Wellbore Schematic

Well Name: SNM 33-16-33 #1
 Location: F-33-16S-33E 1980 FNL 1980 FWL
 LEA COUNTY, NM
 API #: 30-025-25647

Date Prepared: B. Williams

Last Updated: 3-May-13

Spud Date: 5-Oct-77

RR Date:

Spud Date to RR Date:

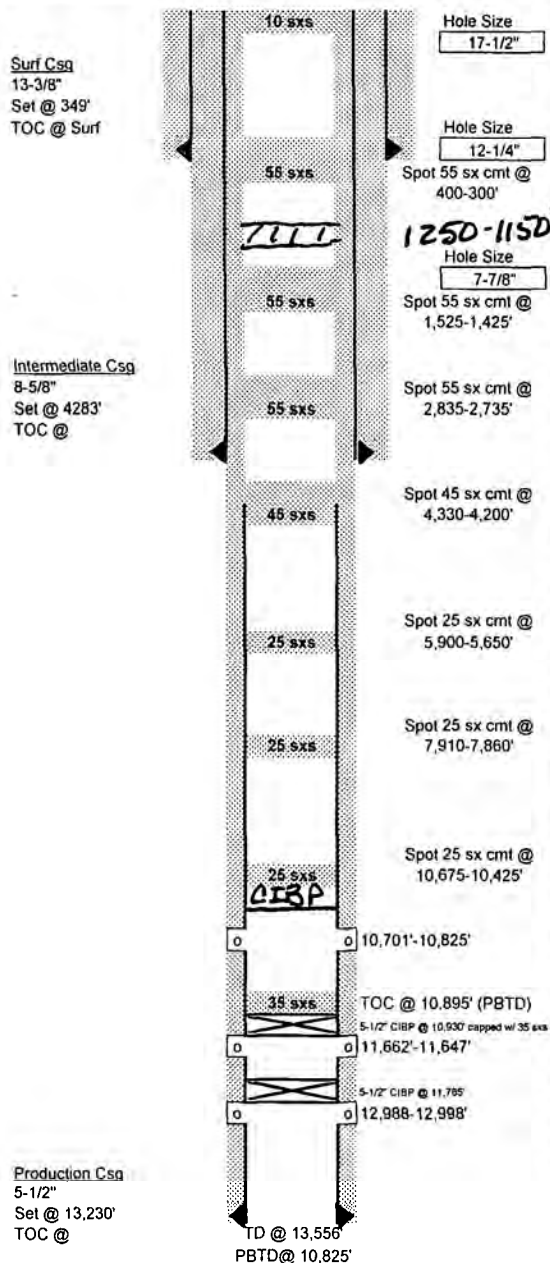
Completion Start Date:

Completion End Date: 15-Jan-78

Completion Total Days:

Co-ordinates:

Elevations: GROUND: 4212'
 KB: 4231'
 Depths (KB): PBD: 10825'
 TD: 13556'



Hole Size
17-1/2"

Hole Size
12-1/4"

Spot 55 sx cmt @
400-300'

Hole Size
7-7/8"

Spot 55 sx cmt @
1,525-2,425'

Spot 55 sx cmt @
2,835-2,735'

Spot 45 sx cmt @
4,330-4,200'

Spot 25 sx cmt @
5,900-5,650'

Spot 25 sx cmt @
7,910-7,860'

Spot 25 sx cmt @
10,675-10,425'

10,701'-10,825'

TOC @ 10,895' (PBD)

5-1/2" CIBP @ 10,930' capped w/ 35 sxs

11,662'-11,647'

5-1/2" CIBP @ 11,705'

12,988-12,998'

TD @ 13,556'

PBD @ 10,825'

Surface Casing (10/5/77):

9 jts 13-3/8", 48# set at 349'

Cmt w/ 375 sxs

TOC @ Surface

Intermediate Casing (I):

106 jts 8-5/8", 24# & 32# set at 4283'

DV tool @ 1200'

Cmt w/ 1st stage 300 sxs, 2nd stage 500 sxs

TOC @ Surface

Production Casing (J):

5-1/2", 17# set at 13,320'

Cmt w/ 1150 sxs

TOC @

Tubing (I):

Rod/Pump Detail (EL Rods)

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 tbq. Tagged fish @ 3954'.

Tried to release TAC but too much weight for 2-3/8" tbq. Top of fish ~3954'

4/2012 - fish removed from hole

Perforations:

12,985-12,998' - 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.

Chavez, Carl J, EMNRD

From: Marvin <burrowsmarvin@gmail.com>
Sent: Thursday, June 21, 2018 3:56 PM
To: Griswold, Jim, EMNRD
Cc: Kautz, Paul, EMNRD; Chavez, Carl J, EMNRD; Danny
Subject: 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 <CarlJ.Chavez@state.nm.us>; Danny <danny@pwillc.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 annulus, 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 <CarlJ.Chavez@state.nm.us>
Cc: Danny <danny@pwillc.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.
M

Sent from my iPhone

On Jun 21, 2018, at 1:00 PM, Chavez, Carl J, EMNRD <CarlJ.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 <CarlJ.Chavez@state.nm.us>
Cc: Danny <danny@pwillc.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.
M

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@pwlfc.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,
M

Sent from my iPhone

On Jun 21, 2018, at 11:48 AM, Chavez, Carl J, EMNRD
<CarlJ.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

<CarlJ.Chavez@state.nm.us>

Cc: danny@pwlfc.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 :

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
<CarlJ.Chavez@state.nm.us> 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:

- 1) Intro. (see APD
for well bore
diagram) and
Marvin's
Photos of the
Well Re-work
 - a. Same
well
constru
ction
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
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<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, Niranjana 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).
2. 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.

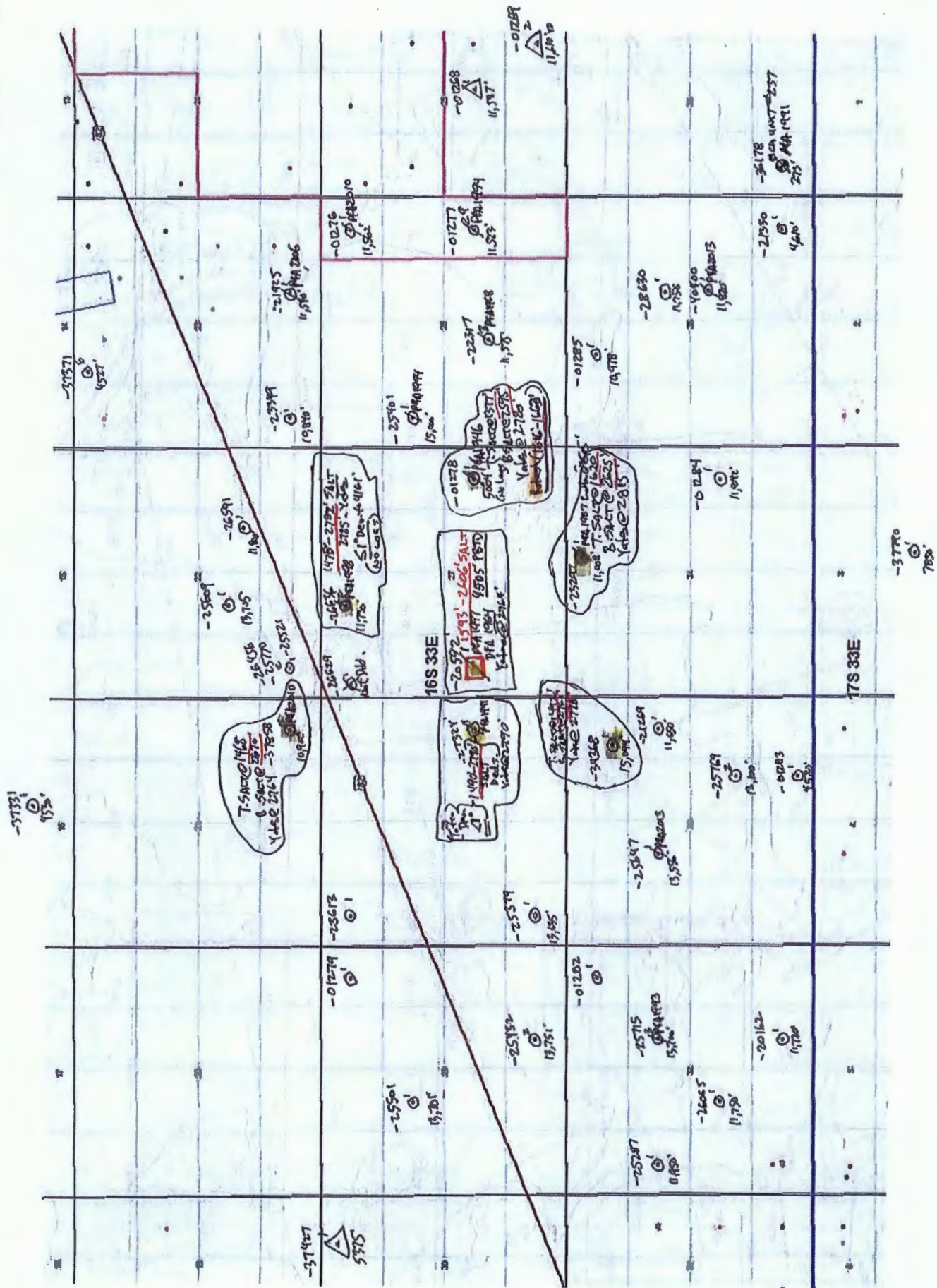


Oil Gas & Mineral Division
New Mexico State Land Office
Commissioner Aubrey Dunn

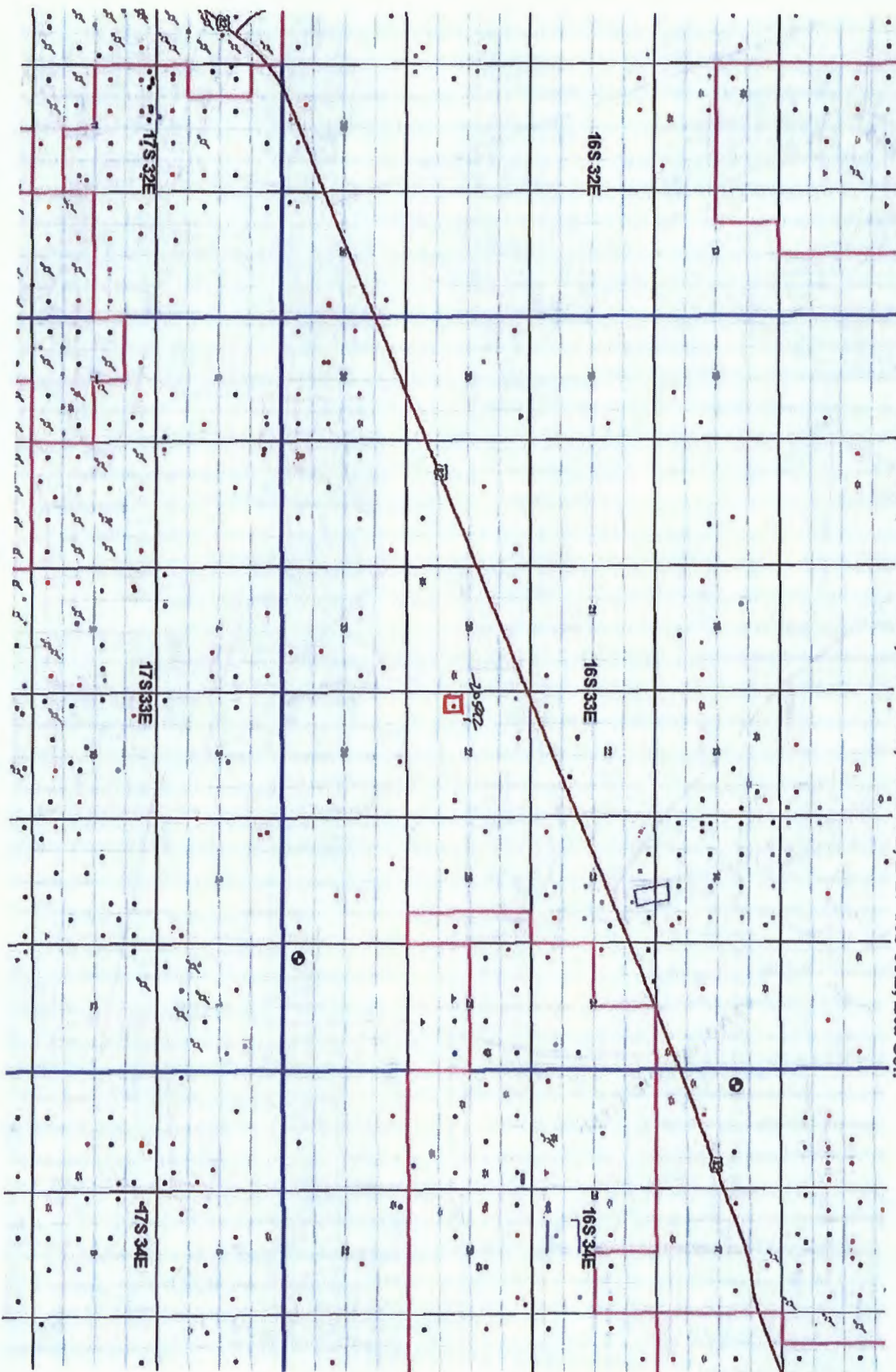
5. The 1964 intermediate casing was reported as being new 9-5/8", ODSR, 32.3# & 36# combination casing. No report as to centralizers used, only the float shoe and float collar. The casing was cemented with 2690 sacks of 1:1 mix Incor-Diamix plus 8% gel and 2% CaCl, tailed in with 250 sacks of Incor neat 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.
6. 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 source of fresh water for mining the salt 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.



Llano Disposal, LLC - State 27#1 Brine Well ReEntry (30-025-20592) 1980'FSL, 660'FWL, L-27-16S-33E, Lea Co.:



**NEW MEXICO STATE LAND OFFICE
APPLICATION FOR A RULE 4 (19.2.4 NMAC)
SALT LEASE ON STATE TRUST LAND**

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

Date of Application: May 25, 2018

FOR LAND OFFICE USE ONLY

Lease No.: H5-12-0

New: ☒ Renewal: ☐

STID No.: 370661

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)

I, Llano Disposal, LLC, whose address
(Company / Corporation Name)

is listed above, am a citizen, or eligible to become a citizen of the United States, over the age of twenty-one years (or a corporation qualified to do business in New Mexico) do hereby make application for a mineral lease for the exploration, development and production of Salt (NaCl) upon the following described lands, or such portion thereof as may be available for leasing, situated in the County of Lea, State of New Mexico:

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 \$1.00 per acre (\$40.00 minimum) together with an application fee of \$250.00. The appraised value of this land for mineral purposes is purely speculative (state actual value, if known; if speculative, insert the words "purely speculative"). Attached is a sworn appraisal of the land and minerals by a disinterested party familiar with the land. The estimated tonnage or amount to be produced and general plan of operations are as follows:

Estimated amount produced: 1,000 bbl. per day, 70 lbs. salt per bbl., 35 tons salt per day, 1,050 tons salt per month.

Operational Plan: Circulate fresh water owned by Llano Disposal, LLC into the Salado formation at 1700 ft BGL to the Brine Sales Facility

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

FEES 4 NMSLO 001-00000
70 0 07-JUN-18 11:14 250.00

LAND SUSPENSE 3 NMSLO 001-00000
69 0 07-JUN-18 11:14 40.00

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.

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): _____

2018 JUN 7 AM 9 03

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 belief.

Llano Disposal, LLC

Applicant

By: _____

[Signature]
Attorney in Fact or Authorized Agent

Manager

(Title of 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 if representing yourself as an individual.

ACKNOWLEDGMENT IN AN INDIVIDUAL CAPACITY

State of _____

County of _____

This instrument was acknowledged before me on _____ 20____ by _____
(date) (name(s) of person(s))

Signature of Notarial Officer _____

Printed Name: _____
(Notary)

My commission expires: _____

(Seal)

2018 JUN 7 AM 9 03

Complete this section if representing another individual or company.

ACKNOWLEDGMENT IN A REPRESENTATIVE CAPACITY

State of NM

County of San

This instrument was acknowledged before me on 5-25-18 (date) by

Dan Angelo (name(s) of person(s))

as Manager (type of authority, e.g., officer, trustee, etc.) of

Ilano Disposal, LLC
(name of party on behalf of whom instrument was executed.)

Rachel Smith
Signature of Notarial Officer

Printed Name: Rachel Smith
(Notary)

My commission expires: 4-3-22



OFFICIAL SEAL
RACHEL SMITH
NOTARY PUBLIC-State of New Mexico
My Commission Expires 4-3-22

(Seal)

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

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

2018 JUN 7 AM 9 03

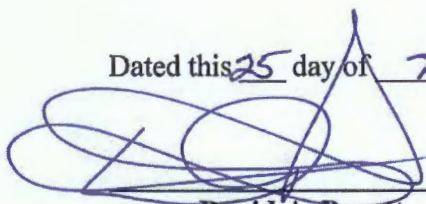
Llano plans to charge the customer \$2.00 per barrel of brine water sold and expects production to be approximately 30,000 barrels per month.

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.

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. Pyeatt

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
NOTARY PUBLIC-State of New Mexico
My Commission Expires 4-3-22

2018 JUN 7 AM 9 03

Chavez, Carl J, EMNRD

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 <burrowsmarvin@gmail.com>

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

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

Cc: Dannys (Elec And Permitting both) <danny@pwllc.net>; darrangell@gmail.com; Chavez, Carl J, EMNRD <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

Chavez, Carl J, EMNRD

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@pwillc.net>

> Subject: Interest only.

>

>

>

Chavez, Carl J, EMNRD

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.









Chavez, Carl J, EMNRD

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





Chavez, Carl J, EMNRD

From: danny@pwllc.net
Sent: Wednesday, April 18, 2018 10:33 AM
To: Kautz, Paul, EMNRD
Cc: Chavez, Carl J, EMNRD; Marvin Burrows
Subject: 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 previously 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@pwllic.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
District 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

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Llano Disposal, LLC PO Box 190 Lovington, NM 88260		² OGRID Number 370661
		³ API Number 30-025-20592
⁴ Property Code	⁵ Property Name State '27'	⁶ Well No. 001

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
L	27	16S	33E		1980	S	660	W	Lea

⁸ Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County

⁹ Pool Information

Pool Name BSW; Salado	Pool Code 96173
---------------------------------	---------------------------

Additional Well Information

¹¹ Work Type E	¹² Well Type M	¹³ Cable/Rotary R	¹⁴ Lease Type S	¹⁵ Ground Level Elevation 4201
¹⁶ Multiple N	¹⁷ Proposed Depth 4505' (PBD)	¹⁸ Formation Salado	¹⁹ Contractor Unknown	²⁰ Spud Date Unknown
Depth to Ground water 60' - 190'		Distance from nearest fresh water well ~2542 feet		Distance to nearest surface water Greater than 1 mile

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

²¹ Proposed Casing and Cement Program

Type	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

Type	Working Pressure	Test Pressure	Manufacturer
Double/Pipe/Blinds	3000	3000	Cameron/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: *D. Holcomb*

Printed name: **Danny J. Holcomb**

Title: **Agent for Llano Disposal, LLC**

E-mail Address: **danny@pwlle.net**

Date: **4/18/2018**

Phone: **806-471-5628**

OIL CONSERVATION DIVISION

Approved By:

Title:

Approved Date:

Expiration Date:

Conditions of Approval Attached

CURRENT WELLBORE

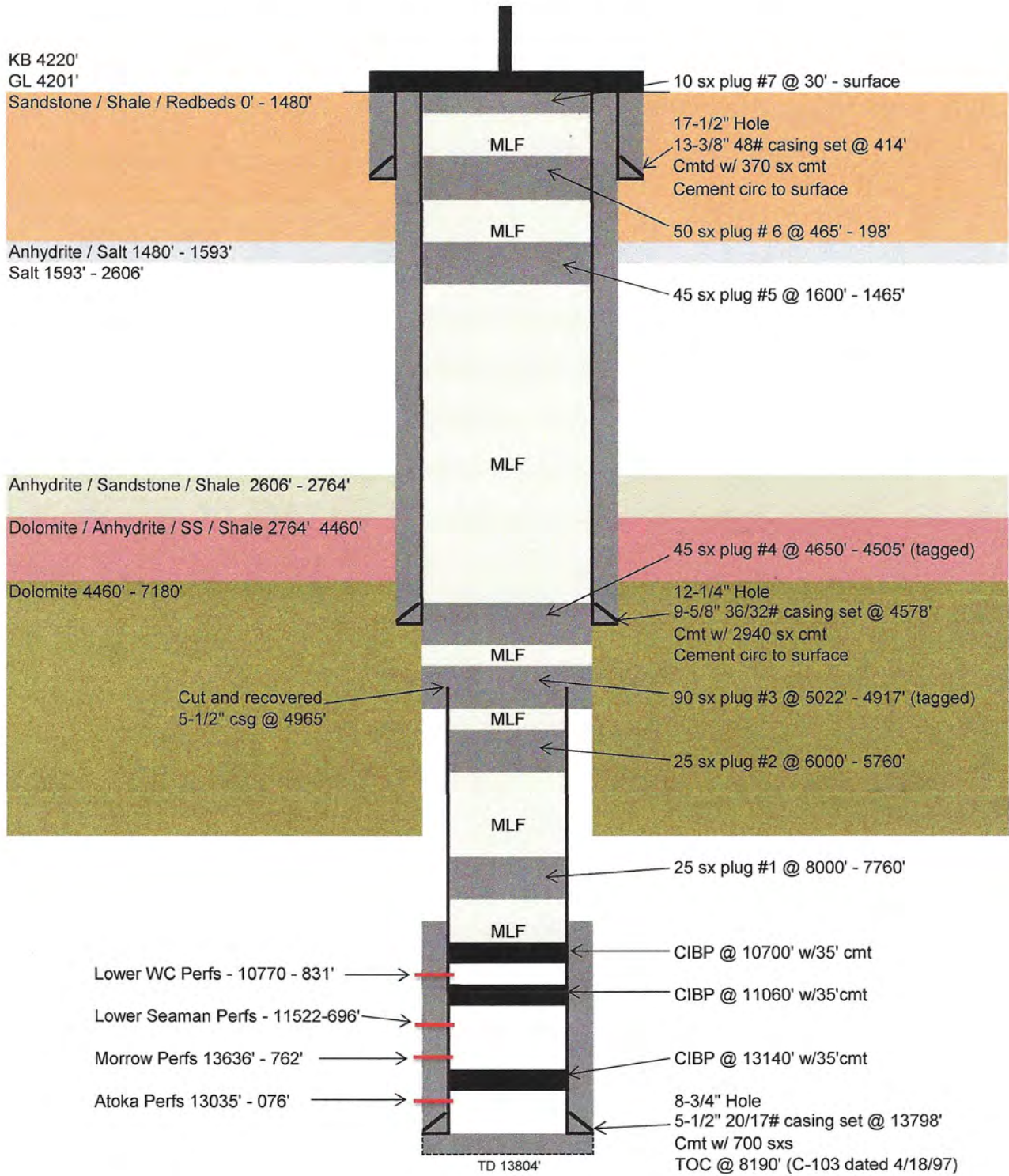
P&A Well

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



Drawing Not to Scale

Note: This wellbore diagram represents information obtained from OCD files

PROPOSED WELLBORE AFTER PLUG DRILLOUT

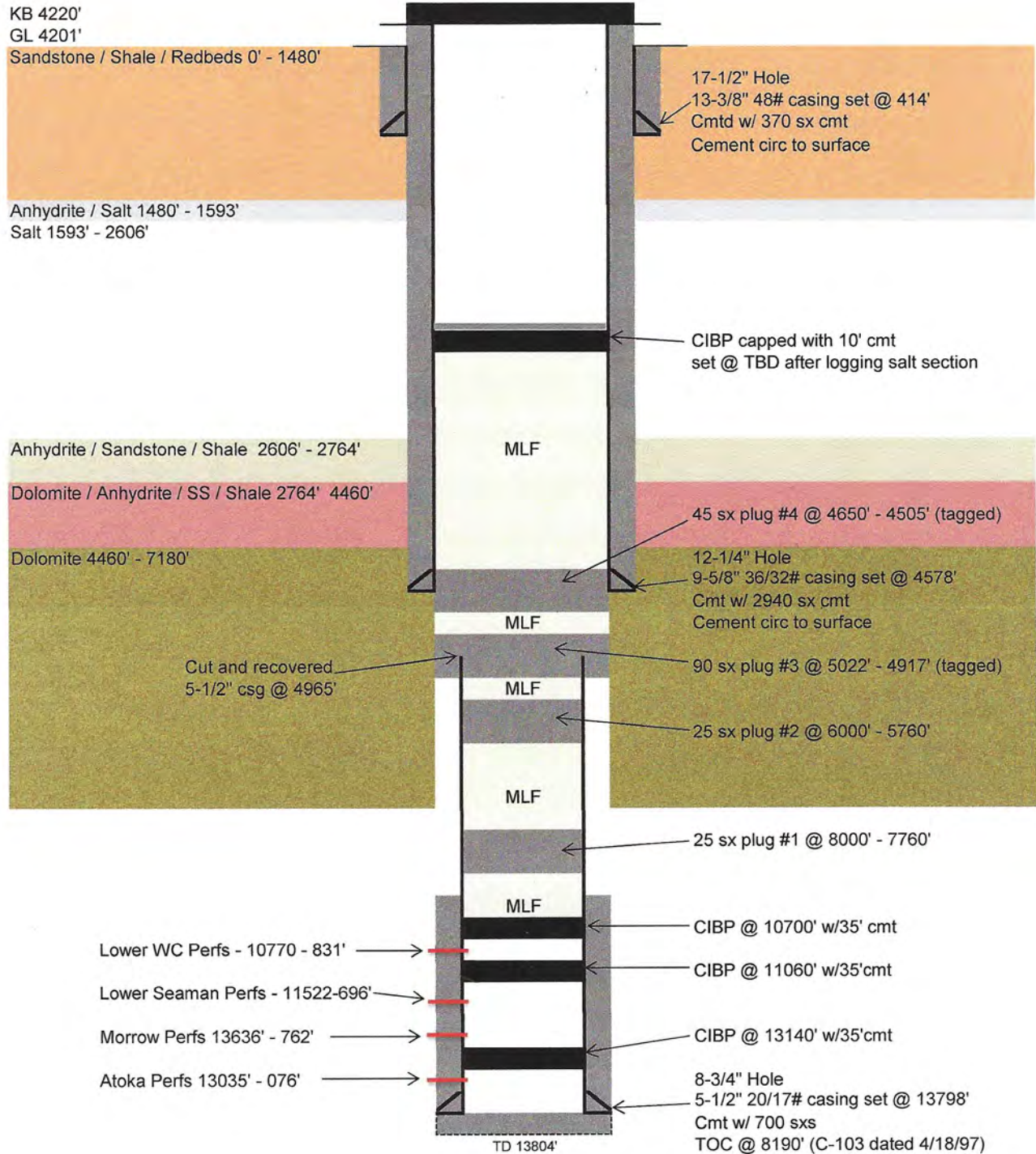
P&A Well

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

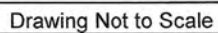


Drawing Not to Scale

Note: This wellbore diagram represents information obtained from OCD files

Configured for Brine Service Well

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
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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
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
☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-20592	² Pool Code 96173	³ Pool Name BSW; Salado
⁴ Property Code	⁵ Property Name State 27	⁶ Well Number 001
⁷ OGRID No. 370661	⁸ Operator Name Llano Disposal, LLC	⁹ Elevation 4201'

¹⁰ Surface Location									
UL or lot no. L	Section 27	Township 16S	Range 33E	Lot Idn	Feet from the 1980	North/South line S	Feet from the 660	East/West line W	County Lea

¹¹ Bottom Hole Location If Different From 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 or Infill		¹⁴ Consolidation Code		¹⁵ Order No. (Pending WQCC Discharge Permit BW-38 approval)	

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.
32.8909645,-103.6576157 NAD83 per OCD online well file

	¹⁶				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature Date Danny J. Holcomb – Agent for Llano Disposal Printed Name danny@pwllc.net E-mail Address
	¹⁸ SURVEYOR CERTIFICATION <i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i> See Original Survey dated June 23, 1964 attached Date of Survey Signature and Seal of Professional Surveyor: See Original Survey dated June 23, 1964 attached Certificate Number				

NUMBER OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
USE	
LAND OFFICE	
TRANSPORTER	OIL
PROBATION OFFICE	BAR
OPERATOR	

NEW MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

FORM C-128
Revised 5/1/57

HOBBS OFFICE N.M.C.C.

Original C-102

JUN 25 2 53 PM '64

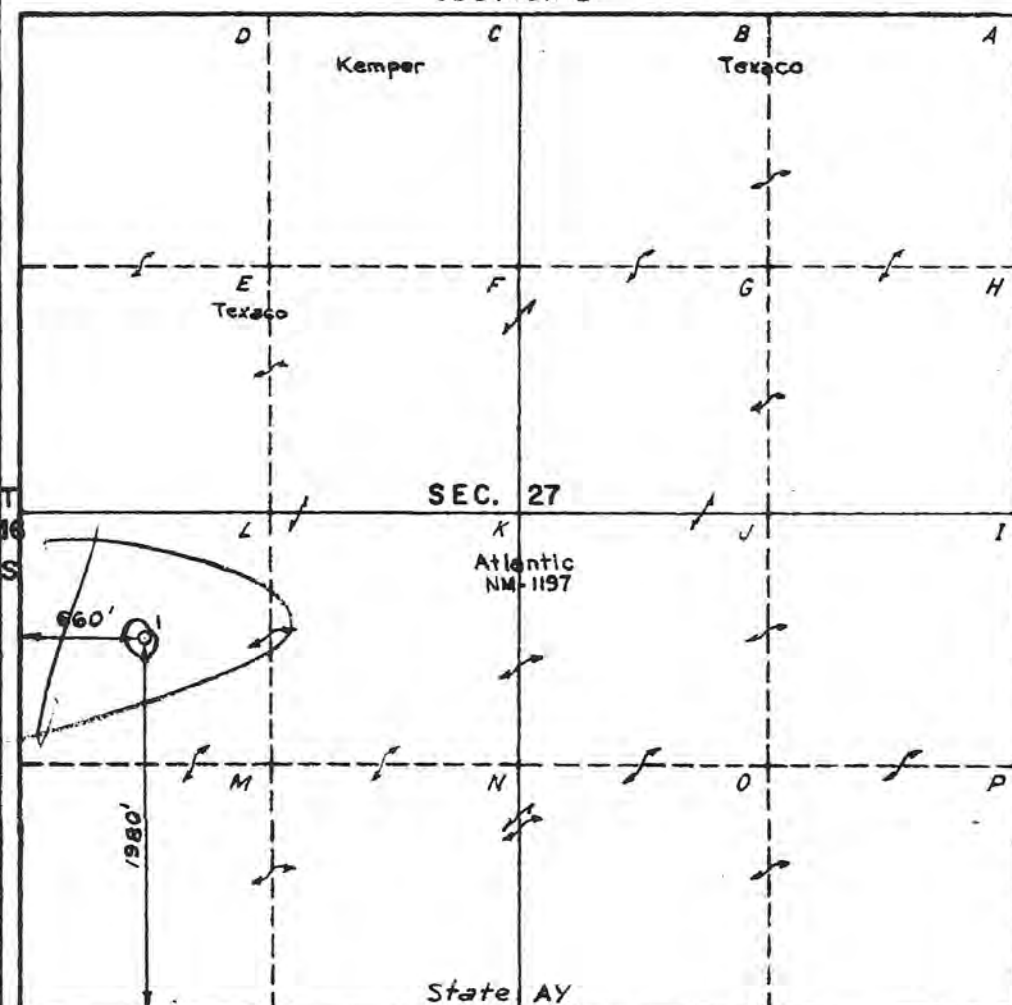
SECTION A

Operator The Atlantic Refining Company			Lease State AY		Well No. 1
Unit Letter L	Section 27	Township 16 South	Range 33 East	County Lea	
Actual Footage Location of Well: 1980 feet from the South line and 660 feet from the West line					
Ground Level Elev.	Producing Formation <i>Permian</i>	Pool <i>Exploratory</i>	Dedicated Acreage: 40 Acres		

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES ☒ NO ____ . "Owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for himself or for himself and another. (65-3-29 (e) NMSA 1935 Comp.)
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES ____ NO ____ . If answer is "yes," Type of Consolidation ____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner	Land Description

R 33E SECTION B



CERTIFICATION

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

Name <i>A. D. Kloxin</i>
Position Dist. Drlg. & Prod. Supt.
Company The Atlantic Refining Co.
Date 6-24-64

I hereby certify that the well location shown on the plat in SECTION B was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

<i>R. W. Williams</i>
Surveyor The Atlantic Refining Company

Date Surveyed: 6-23-64

FA10-1283

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised July 18, 2013

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. 30-025-20592
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other - PxA Well Re-entry		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Llano Disposal, LLC		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 190, Lovington, NM 88260		7. Lease Name or Unit Agreement Name State 27
4. Well Location Unit Letter <u>L</u> : <u>1980</u> feet from the <u>South</u> line and <u>660</u> feet from the <u>West</u> line Section <u>27</u> Township <u>16S</u> Range <u>33E</u> NMPM <u>Lea</u> County		8. Well Number <u>1</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4201' GL		9. OGRID Number 370661
		10. Pool name or Wildcat BSW; Salado

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 ☐
CLOSED-LOOP SYSTEM ☒
OTHER: Re-entry to run CBL, CNL and caliper log ☒

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

In accordance with discussions with OCD Environmental Bureau, OCD District 1 and SLO, Llano Disposal LLC proposes to re-entry this P&A well to inspect casing for possible conversion to a brine supply well pending WQCC Discharge Permit BW-38 approval:

- 1) Back drag/level location, set anchors, dig out around existing PxA marker, MI welder, cut off PxA marker, reveal good 13-3/8" and 9-5/8" casing, install new casing (if necessary) and well head at ground level.
- 2) MIRU pulling unit, NU BOP, unload and tally 2-7/8" workstring, set 2 frac tanks and fill one with FW. MIRU reverse unit, swivel 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:

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

SIGNATURE DJ Holcomb 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 _____

Conditions of Approval (if any): _____

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@pwillc.net; Marvin Burrows
Subject: RE: Llano 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@pwillc.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 <brad.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
Fax: (505) 476-3462

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 1 Copy To Appropriate District Office
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District IV -- (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
October 13, 2009

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

WELL API NO. 30-025-25647
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name SNM 33-16-33
8. Well Number: 001
9. OGRID Number 269324
10. Pool name or Wildcat SANMAL;WOLFCAMP

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 ☐ **HOBBBS OCD**

2. Name of Operator
LINN OPERATING, INC. **MAY 31 2013**

3. Address of Operator
600 TRAVIS, SUITE 5100, HOUSTON, TEXAS 77002 **RECEIVED**

4. Well Location
Unit Letter F; 1980 feet from the N line and 1980 feet from the W line
Section 33 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 ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

PLEASE SEE ATTACHED

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

Terry B. Callahan

TITLE: REGULATORY COMPLIANCE III DATE MAY 30, 2013

Type or print name TERRY B. CALLAHAN

E-mail address: tcallahan@linnenergy.com

PHONE: 281-840-4272

For State Use Only

APPROVED BY:

Mary Brown

TITLE

Compliance Officer

DATE

6/3/2013

Conditions of Approval (if any):

2m

JUN 04 2013

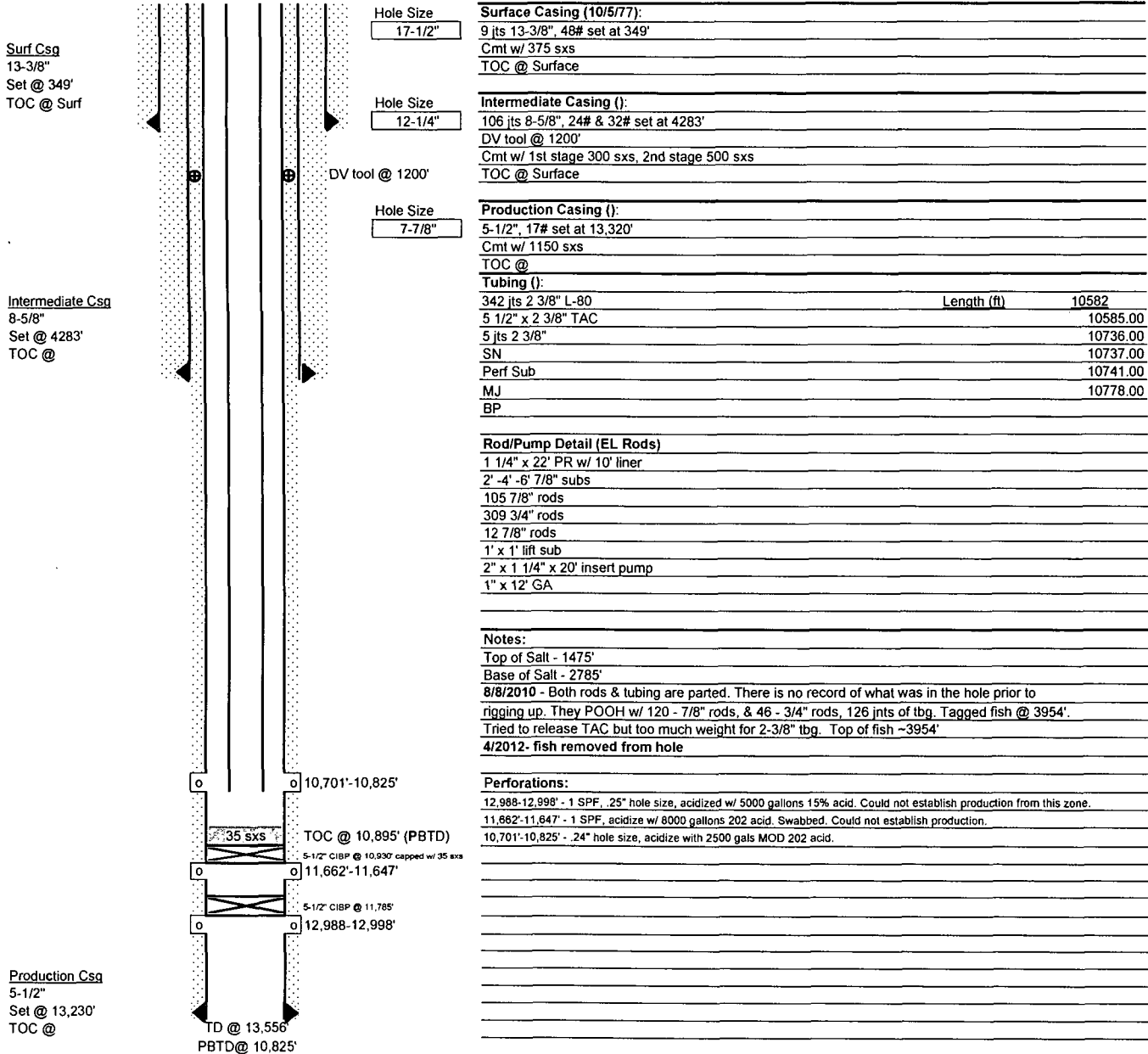
SNM 33-16-33 #001
API #30-025-25647
ATTACHMENT TO SUNDRY C-103

1. MIRUPU, ND WH AND NUBOP.
2. RIH W/ WORKSTRING & TAG CIBP CAPPED W/ CMT @ 10,895'.
3. ~~POH AND SPOT 25 SXS CMT @ 10675-10425'. WOG & TAG. CIRC HOLE W/ MUD LADEN FLUID.~~
SET CIBP @ 10675. CAP W/ 25 SXS CMT
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 @ ^{4350'}~~4330-4200'~~.
8. POH & SPOT 55 SXS @ 2835-2735' (BTM OF SALT)
9. POH & SPOT 55 SX @ 1525-1425' (TOP OF SALT)
- 9B. *SPOT 55 SXS @ 1250-1150'. (COVERS DV TOOL - 8 5/8 CSG)*
10. POH & SPOT 55 SXS @ 400-300.
11. POH & SPOT 10 SXS SURFACE PLUG.
60' - SURFACE
12. CUT OFF WELLHEAD AND WELD ON GROUND LEVEL "DRY HOLE MARKER".

Wellbore Schematic

Well Name: SNM 33-16-33 #1
 Location: F-33-16S-33E 1980 FNL 1980 FWL
 LEA COUNTY, NM
 API #: 30-025-25647
 Elevations: GROUND: 4212'
 KB: 4231'
 Depths (KB): PBDT: 10825'
 TD: 13556'

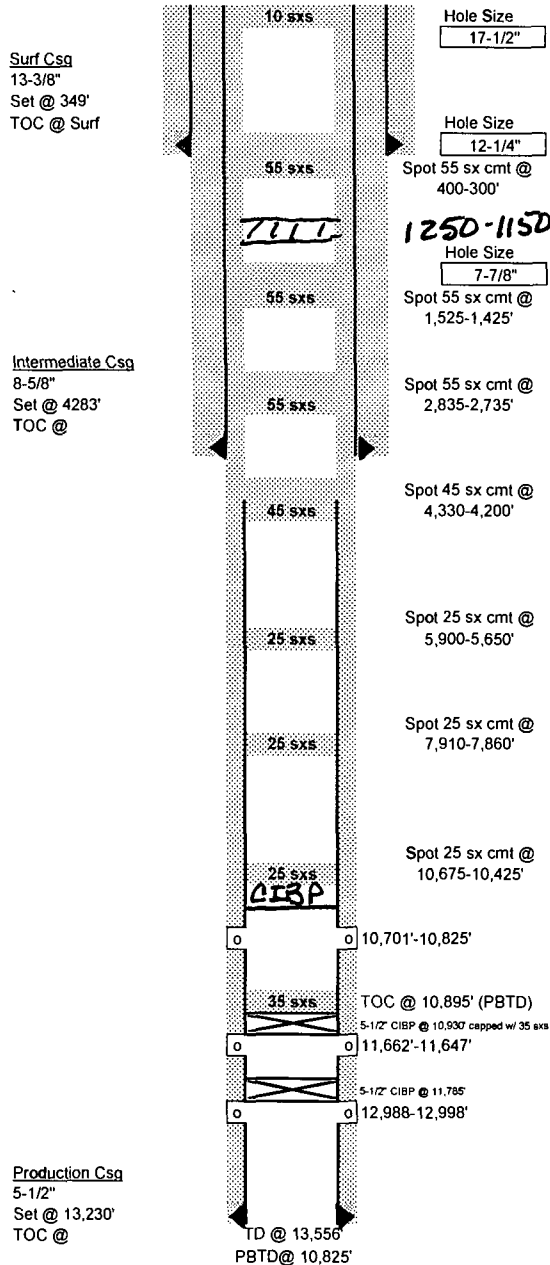
Date Prepared: K. MURPHY
 Last Updated: 30-Apr-13
 Spud Date: 5-Oct-77
 RR Date:
 Spud Date to RR Date:
 Completion Start Date:
 Completion End Date: 15-Jan-78
 Completion Total Days:
 Co-ordinates:



Proposed Wellbore Schematic

Well Name: SNM 33-16-33 #1
 Location: F-33-16S-33E 1980 FNL 1980 FWL
 LEA COUNTY, NM
 API #: 30-025-25647
 Elevations: GROUND: 4212'
 KB: 4231'
 Depths (KB): PBTD: 10825'
 TO: 13556'

Date Prepared: B. Williams
 Last Updated: 3-May-13
 Spud Date: 5-Oct-77
 RR Date:
 Spud Date to RR Date:
 Completion Start Date:
 Completion End Date: 15-Jan-78
 Completion Total Days:
 Co-ordinates:



Surface Casing (10/5/77):
 9 jts 13-3/8", 48# set at 349'
 Cmt w/ 375 sxs
 TOC @ Surface

Intermediate Casing (I):
 106 jts 8-5/8", 24# & 32# set at 4283'
 DV tool @ 1200'
 Cmt w/ 1st stage 300 sxs, 2nd stage 500 sxs
 TOC @ Surface

Production Casing (I):
 5-1/2", 17# set at 13,320'
 Cmt w/ 1150 sxs
 TOC @
Tubing (I):

Rod/Pump Detail (EL Rods)

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

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.