BW - 30

PERMITS, RENEWALS, & MODS

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

March 7, 2008

Mr. David Pyeatt
Liquid Resource Services, LLC.
1819 N. Turner, Suite B,
Hobbs, New Mexico 88240

Re: Discharge Permit Hobbs State Well No. 10 Brine Well (BW-030) Renewal

Dear Mr. Pyeatt:

Pursuant to all applicable parts of the Water Quality Control Commission (WQCC) Regulations 20.6.2 NMAC and more specifically 20.6.2.3104 - 20.6.2.3999 discharge permit, and 20.6.2.5000-.5299 Underground Injection Control, the Oil Conservation Division (OCD) hereby approves the discharge permit and authorizes the operation and injection for the Liquid Resource Services, LLC. ***(Owner/Operator)*** brine well BW-030 (API# 30-025-35915) located in the SE/4, NW/4 of Section 29, Township 18 South, and Range 38 East, NMPM, Lea County, New Mexico, under the conditions specified in the enclosed **Attachment To The Discharge Permit**.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this Letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Carl Chavez of my staff at (505-476-3491) or E-mail carlj.chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Wayne Price
Environmental Bureau Chief

LWP/cc
Attachments-1
xc: OCD District Office

ATTACHMENT TO THE DISCHARGE PERMIT
Liquid Resource Services, LLC. Brine Well (BW-030)
DISCHARGE PERMIT APPROVAL CONDITIONS

March 7, 2008

Please remit a check for $1700.00 made payable to Water Quality Management Fund:

Water Quality Management Fund
C/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

1. **Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of $100.00, plus a renewal flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required $100.00 filing fee. However, the owner/operator still owes the required $1,700.00 permit fee for a Class III Brine Well.

2. **Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on May 29, 2012** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. ***Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA1978} and civil penalties may be assessed accordingly.***

3. **Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.

4. **Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its September 20, 2007 discharge permit application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. **Modifications:** WQCC Regulation 20.6.2.3107.C, 20.6.2.3109 and 20.6.2.5101.I NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify

the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. **Waste Disposal and Storage:** The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. **OCD Rule 712 Waste:** Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. **Waste Storage:** The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. **Drum Storage:** The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. **Process, Maintenance and Yard Areas:** The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. **Above Ground Tanks:** The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for

atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any storm water run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in

20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. ***An unauthorized discharge is a violation of this permit.***

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Brine Well(s) Identification, Operation, Monitoring, Bonding and Reporting.

A. Well Identification: API # 30-025-35915

B. Well Work Over Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other work. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Environmental Bureau and District Office.

C. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out. Operators may request long term reverse operation if they can demonstrate that additional casing and monitoring systems are installed and approved by OCD. Operating in the reverse mode for more than 24 hours unless approved otherwise is a violation of this permit.

D. Well Pressure Limits: **The maximum operating surface injection and/or test pressure measured at the wellhead shall not exceed 510 psig unless otherwise approved by the OCD.** The operator shall have a working pressure limiting device or controls to prevent overpressure. Any pressure that causes new fractures or propagate existing fractures or causes damage to the system shall be reported to OCD within 24 hours of discovery.

E. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with approved fluids or gas to a minimum of 300 psig measured on the surface casing for four hours. However, no operator may exceed test pressures that may cause formation fracturing (see item 21.D above) or system failures. Systems requiring test pressures less than 300 psig must be approved by OCD prior to testing. At least once every five years and during well work-overs the salt cavern formation will be isolated from the casing/tubing annuals and the casing

pressure tested at 300 psig for 30 minutes. All pressure tests must be performed per the scheduled shown below and witnessed by OCD unless otherwise approved.

Testing Schedule:

2008-	4 hour	@ 300 psig casing open to formation test
2009-	4 hour	@ 300 psig casing open to formation test
2010-	30 minute	@ 300 psig casing test only (set packer to isolate formation)
2011-	4 hour	@ 300 psig casing open to formation test
2012-	4 hour	@ 300 psig casing open to formation test

F. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.

Any subsidence must be reported within 24 hours of discovery.

G. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in the annual report.

H. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (method 40 CFR 136.3) using EPA methods.

I. Area of Review (AOR): The operator shall report within 24 hours of discovery of any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within ¼ mile from the brine well.

J. Loss of Mechanical Integrity: The operator shall report within 24 hours of discovery of any failure of the casing, tubing or packer, or movement of fluids outside of the injection zone. The operator shall cease operations until proper repairs are made and the operator receives OCD approval to re-start injection operations.

K. Bonding or Financial Assurance: The operator shall maintain at a minimum, a one well plugging bond in the amount of $50,000.00 to restore the site, plug and abandon

the well by January 1, 2008, pursuant to OCD rules and regulations. If warranted, OCD may require additional financial assurance.

L. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:

1. Cover sheet marked as "Annual Brine Well Report, name of operator, BW permit #, API# of well(s), date of report, and person submitting report.
2. Brief summary of brine wells operations including description and reason for any remedial or major work on the well. Copy of C-103.
3. Production volumes as required above in 21.G. including a running total should be carried over to each year. The maximum and average injection pressure.
4. A copy of the chemical analysis as required above in 21.H.
5. A copy of any mechanical integrity test chart, including the type of test, i.e. open to formation or casing test.
6. Brief explanation describing deviations from normal production methods.
7. A copy of any leaks and spills reports.
8. If applicable, results of any groundwater monitoring.
9. Information required from cavity/subsidence 21.F. above.
10. An Area of Review (AOR) summary.
11. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.

22. **Transfer of Discharge Permit:** Pursuant to WQCC 20.6.2.5101.H the owner/operator and new owner/operator shall provide written notice of any transfer of the permit. Both parties shall sign the notice 30 days prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. In addition, the purchaser shall include a written commitment to comply with the terms and conditions of the previously approved discharge permit. OCD will not transfer brine well operations until proper bonding or financial assurance is in place and approved by the division. OCD reserves the right to require a modification of the permit during transfer.

23. **Closure:** The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit for OCD approval, a closure plan including a completed C-103 form for plugging and abandonment of the well(s). Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

24. **Certification: Pyeatt Corporation (Owner/Operator)**, by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

_____
Company Name-print name above

_____
Company Representative- print name

_____
Company Representative- signature

Title_____

Date:_____

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 3/18/08

or cash received on _____ in the amount of $ 1700 00

from Liquid Resources Services LLC

for BW-30

Submitted by: Lawrence Romero Date: 3/25/08

Submitted to ASD by: Kathleen Romero Date: 3/25/08

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment ✓ or Annual Increment _____

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

RECEIVED
2008 MAR 25 AM 7 52

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

March 7, 2008

Mr. David Pyeatt
Liquid Resource Services, LLC.
1819 N. Turner, Suite B,
Hobbs, New Mexico 88240

Re: Discharge Permit Hobbs State Well No. 10 Brine Well (BW-030) Renewal

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Wayne Price
Environmental Bureau Chief

LWP/cc
Attachments-1
xc: OCD District Office

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Liquid Resource Services, LLC. Brine Well (BW-030)
DISCHARGE PERMIT APPROVAL CONDITIONS

March 7, 2008

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15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any storm water run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in

20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. ***An unauthorized discharge is a violation of this permit.***

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Brine Well(s) Identification, Operation, Monitoring, Bonding and Reporting.

A. Well Identification: API # 30-025-35915

B. Well Work Over Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other work. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Environmental Bureau and District Office.

C. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out. Operators may request long term reverse operation if they can demonstrate that additional casing and monitoring systems are installed and approved by OCD. Operating in the reverse mode for more than 24 hours unless approved otherwise is a violation of this permit.

D. Well Pressure Limits: **The maximum operating surface injection and/or test pressure measured at the wellhead shall not exceed 510 psig unless otherwise approved by the OCD.** The operator shall have a working pressure limiting device or controls to prevent overpressure. Any pressure that causes new fractures or propagate existing fractures or causes damage to the system shall be reported to OCD within 24 hours of discovery.

E. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with approved fluids or gas to a minimum of 300 psig measured on the surface casing for four hours. However, no operator may exceed test pressures that may cause formation fracturing (see item 21.D above) or system failures. Systems requiring test pressures less than 300 psig must be approved by OCD prior to testing. At least once every five years and during well work-overs the salt cavern formation will be isolated from the casing/tubing annuals and the casing

pressure tested at 300 psig for 30 minutes. All pressure tests must be performed per the scheduled shown below and witnessed by OCD unless otherwise approved.

Testing Schedule:

2008-	4 hour	@ 300 psig casing open to formation test
2009-	4 hour	@ 300 psig casing open to formation test
2010-	30 minute	@ 300 psig casing test only (set packer to isolate formation)
2011-	4 hour	@ 300 psig casing open to formation test
2012-	4 hour	@ 300 psig casing open to formation test

F. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.

Any subsidence must be reported within 24 hours of discovery.

G. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in the annual report.

H. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (method 40 CFR 136.3) using EPA methods.

I. Area of Review (AOR): The operator shall report within 24 hours of discovery of any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within ¼ mile from the brine well.

J. Loss of Mechanical Integrity: The operator shall report within 24 hours of discovery of any failure of the casing, tubing or packer, or movement of fluids outside of the injection zone. The operator shall cease operations until proper repairs are made and the operator receives OCD approval to re-start injection operations.

K. Bonding or Financial Assurance: The operator shall maintain at a minimum, a one well plugging bond in the amount of $50,000.00 to restore the site, plug and abandon

the well by January 1, 2008, pursuant to OCD rules and regulations. If warranted, OCD may require additional financial assurance.

L. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:

1. Cover sheet marked as "Annual Brine Well Report, name of operator, BW permit #, API# of well(s), date of report, and person submitting report.
2. Brief summary of brine wells operations including description and reason for any remedial or major work on the well. Copy of C-103.
3. Production volumes as required above in 21.G. including a running total should be carried over to each year. The maximum and average injection pressure.
4. A copy of the chemical analysis as required above in 21.H.
5. A copy of any mechanical integrity test chart, including the type of test, i.e. open to formation or casing test.
6. Brief explanation describing deviations from normal production methods.
7. A copy of any leaks and spills reports.
8. If applicable, results of any groundwater monitoring.
9. Information required from cavity/subsidence 21.F. above.
10. An Area of Review (AOR) summary.
11. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.

22. Transfer of Discharge Permit: Pursuant to WQCC 20.6.2.5101.H the owner/operator and new owner/operator shall provide written notice of any transfer of the permit. Both parties shall sign the notice 30 days prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. In addition, the purchaser shall include a written commitment to comply with the terms and conditions of the previously approved discharge permit. OCD will not transfer brine well operations until proper bonding or financial assurance is in place and approved by the division. OCD reserves the right to require a modification of the permit during transfer.

23. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit for OCD approval, a closure plan including a completed C-103 form for plugging and abandonment of the well(s). Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

Legend Resource Services, LLC

24. Certification: ~~**Pyeatt Corporation**~~ **(Owner/Operator)**, by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

Liquid Resource Services LLC

Company Name-print name above

DAVID A. Pyeatt, member

Company Representative- print name

Company Representative- signature

Title Member

Date: 3-13-08

RECEIVED
2008 MAR 19 PM 3:55

March 14, 2008

NMOCD Environmental
ATTN: Carl J. Chavez
1220 South St. Francis Dr.
Santa Fe, NM 87505

RE: BW-30 Public Notice
Liquid Resource Service LLC

Mr. Chavez:

Find attached notice to the above permit, this was advertised in Spanish and English. I also posted notice on location, photos showing the posting is attached.

This should finish up the process for this permit.

If you have any additional questions or need anything further, please call.

Thanks,

Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

cc: Liquid Resource Service LLC

ALL SEATS $5.50

PUBLIC NOTICE

Liquid Resources Service LLC, Mr. David Pyeatt, 1819 N. Turner, Suite B, Hobbs, New Mexico 88240, has submitted a renewal application to the Energy, Minerals & Natural Resources Department, Oil Conservation Division for the previously approved discharge permit (BW-030) for the brine well "Hobbs State well number 10 (API# 30-025-35915), located in the SE/4 of NW/4 of Section 29 of Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 1.4 miles west of the North Lovington Hwy on West Bender Boulevard, turn south onto dirt road for 0.5 mile on Northwest County Road and turn right into the facility in Hobbs, New Mexico. Fresh water is injected into the Salado Formation at a depth of 1780 feet and 580 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak or accidental discharge on the ground surface is at a depth of approximately 50 feet in the Ogallala Formation, with a total dissolved solids concentration of approximately 800 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

Any interested person or may obtain further information, submit comments or request to be placed on a facility-specific mailing list for future notices by contacting Carl Chavez at the New Mexico Energy, Minerals & Natural Resources Dept., Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, E-mail carlj.chavez@state.nm.us, Telephone (505) 476-3491. The OCD will accept comments and statements of interest regarding the renewal and will create a facility-specific mailing list for persons who wish to receive future notices.

NOTA PUBLICA

David Pyeatt, de Liquid Resources Services LLD, 1819 N. Turner, Suite B, Hobbs, Nuevo México 88240, ha sometido una applicación para renovación a la Departamento Del Energia, Minerales y Recursos Naturales, la División de la Conservación del Petróleo del plan previamente aprobadote la descarga (BW-030) para el poza de samuera "Hobbs State #10 (API# 30-025-35915). El pozo de salmuera se localiza en el SE/4 de NW/4 de la Sección 29 de Municipio 18 al sur, la Gama 38 al este, NMPM, Condado de Lea, Nuevo México. El pozo de salmuera se localizó en el Camino del West Bender Boulevard aproximadamente 1.4 millas al oeste del North Lovington Hwy, gire al sur en camino de tierra para 0.5 millas, gire a la derecha en esta facilidad de la ciudad de Hobbs, Nuevo México. El agua dulce es inyectado en la Formación de Salado en una profundidad de 1780 pies y 580 barriles por día de agua de salmuera son extraídos con una concentración de los sólidos de aproximadamente 300,000 mg/L. El agua subterránea muy probablemente que se afectará por un derramamiento, un escape, o una descarga accidental está en una profundidad de 50 pies en la Formación de Ogallala, con una concentración de los sólidos de aproximadamente 800 mg/L. El permiso de la descarga dirige bien construcción, la operación, controlando del bien, se asoció las facilidades de superficie y proporciona un plan de emergencia en caso de accidental rocia, los escapes y otras descargas accidentales para proteger agua dulce.

Cualquier persona interesada puede obtener información adicional, someter comentarios, o petición colocar en una lista de facilidades especificamente que envia recurso para los avisos futuros por Carl Chavez a la Departamento Del Energía Minerales y Recursos Naturales, la División de la Conservación del Petróleo, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505, Correo Electrónco carlj.chavez@state.nm.us. Teléfonos (505) 476-3491. EL NMOCD validará comentarios y declaraciones del interés con respecto a la renovación y creará una lista de facilidades especificamente para las personas que desean recibir los avisos futuros.

Eddie Seay Consulting

THE SANTA FE
NEW MEXICAN
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NM EMNRD OIL CONSERV
1220 S ST FRANCIS DR
SANTA FE NM 87505

ALTERNATE ACCOUNT: 56689
AD NUMBER: 00245365 ACCOUNT: 00002212
LEGAL NO: 82256 P.O. #: 52100-00000075
925 LINES 1 TIME(S) 805.28
AFFIDAVIT: 7.00
TAX: 64.47
TOTAL: 876.75

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, T. Valencia, being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication # 82256 a copy of which is hereto attached was published in said newspaper 1 day(s) between 02/06/2008 and 02/06/2008 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 6th day of February, 2008 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

RECEIVED
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/S/ T Valencia
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 6th day of February, 2008

Notary Pamela Anne Beach

Commission Expires: May 31, 2011

OFFICIAL SEAL
Pamela Anne Beach
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 5-31-11

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-005) Jims Water Service, Ms. Sherry Glass, 11413 US Hwy. 82, Artesia, New Mexico 88210, has submitted an application for the renewal of a disjected into the Salado Formation at a depth of 1,350 feet and 450 barrels per day of brine water is extracted through a 2,200 foot fiberglass tubing with total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 70 feet with a TDS of approximately 1,100 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

(BW-030) Liquid Resource Services, LLC., Mr. David Pyeatt, 1819 N. Turner, Suite B, Hobbs, New Mexico 88240, has submitted an application for the renewal of a discharge permit for the brine well "Hobbs State No. 010" (API# 30-025-35915) located in the SE/4, NW/4 of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 1.4 miles west of the North Lovington Hwy. on West Bender Boulevard, turn south and head straight and onto dirt road for 0.5 mile on Northwest County NMPM, Lea County New Mexico, 1500 Broadway Place, Hobbs N.M. The facility provides sandblasting and painting of oilfield equipment. Approximately fifty 100 lb sacks of sandblasting sand and small quantities of paint are stored onsite. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 60 feet, with a total dissolved solids concentration of approximately 500 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-362) Mr. Clifford Stewart of Riverside Transportation Inc., P.O. Box 1898, Carlsbad N.M., 88221-1898 has submitted an application for a new discharge plan for their Oil and Gas Service Company located in Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, approximately _ mile East of Jal, New Mexico. Typical materials generated or used at the facility include bagged potassium chloride, new and used lube oil and other chemicals provided to the oil and gas industry Approximately 600 gallons of used lube oil, which is OCD approved containers onsite within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 200-500 feet, with a total dissolved solids concentration of approximately 200 - 2000 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-133) Williams Four Corners., Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, N.M. 87413, has submitted a renewal application for the previously approved discharge plan for their 30-8 CDP Compressor Station, located in the SW/4 SE/4 of Section 32, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico, approximately 17miles east of Aztec, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate; 100-5000 gal/year/unit of waste water and gine of used engine oil are generated and stored in OCD approved containers onsite within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 50-200 feet, with a total dissolved solids concentration of approximately 200 - 2000 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-374) Nalco Chemical Company, 1902 Black Gold Road, Levelland, Texas, 79336 has submitted an application for a new discharge plan for their Nalco Oil and Gas Service Company, 13 County Road, 3535 Flora Vista, N.M. located in the NE/4 NW/4 of Section 22, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico. Approximately 72 bbls of Acid/Caustics, 52 bbls of Biocides, 1600 gallons of methanol, and 14,000 gallons of Corrosion inhibitors will be stored onsite in a closed top steel tank within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected

New Mexico, on this 30th day of January, 2008.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire,
Director
Legal#82256
Pub. Feb. 6, 2008

ge permit for the brine well "State 24 Well No. 001" (API# 30-015-02036) located in the NW/4, SE/4 of Section 24, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 14 miles east of Artesia, New Mexico on Hwy. 82, turn south 6 miles on Hwy. 360, and turn west on Hagerman Road about 1.25 miles, then turn north into facility. Fresh water is injected into the Salado Formation at a depth of 456 feet and 900 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 225 feet with a TDS of approximately 600 - 6,000 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

(BW-019) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Desta Drive, Suite 4400, Midland, Texas 79705, has submitted an application for the renewal of a discharge permit for the brine well "City of Carlsbad Well No. 001" (API# 30-015-21842) located in the SE/4, NE/4 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 2 miles

Road, and turn right into the facility in Hobbs, New Mexico. Fresh water is injected into the Salado Formation at a depth of 1,700 feet and 580 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 50 feet with a TDS of approximately 800 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

(GW-010) Southern Union Gas Services, Ltd., Bruce Williams, Vice President, Operations, Southern Union Gas Services, Ltd., 301 Commerce Street, Suite 700, Fort Worth, Texas 76102, has submitted a renewal application for the previously approved discharge permit, Jal #3 Natural Gas Processing Plant, located in the SW/4 NW/4 of Section 33, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, approximately 3.5 miles north of Jal, New Mexico and one mile east of Hwy. #18. Current operations at the facility are: compression, sweetening and sulfur recovery, dehydration, cryogenic extraction of ethane and heavier hydrocarbons, steam generation, and Class II well disposal. The plant is designed to

sold to a recycling facility, 400 bags of 50lb KCL, 100 gallons of liquid KCL and 500 barrels of truck wash are generated at the facility and will be stored onsite in a closed top steel tank within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 68 feet, with a total dissolved solids concentration of approximately 855 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-372) Mr. Edward D. Philley, Environmental Specialist for Key Energy Services LLC., 6 Desta Drive, Suite 4400, Midland TX 79705 has submitted a new Discharge Plan application for their Oil and Gas Service company, 2105 Avenue O. Eunice N.M., located in the NE/4 NW/4 of Section 33, Township 21 South, Range 31 East, NMPM, Lea County, New Mexico. The facility is a dispatch and maintenance facility for petroleum exploration and production fluids logistics. Approximately 200 gallons/month of motor/gear oil, 20 filters/month, and 5 gallons/month of solvent are generated and properly stored onsite prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 80

500-2000 gal/year/engine of used engine oil are generated and stored in OCD approved containers onsite within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 200-500 feet, with a total dissolved solids concentration of approximately 200 - 2000 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-134) Williams Four Corners., Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, N.M. 87413, has submitted a renewal application for the previously approved discharge plan for their Decker Junction CDP Compressor Station, located in the NE/4 SE/4 of Section 19, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico, approximately 3 miles northwest of Cedar Hill, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate; 100-5000 gal/year/unit of waste water and 500-2000 gal/year/engine of used engine oil are generated and stored in OCD ap-

by a spill, leak or accidental discharge is at a depth of approximately 35 feet, with a total dissolved solids concentration of approximately 1000 ppm. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site http://www.emnrd.state.nm.us/ocd/. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modi-

south of Carlsbad, New Mexico, and 0.5 mile east on Hwy. 62/180. Fresh water is injected into the Salado Formation at a depth of 710 feet and 650 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 150 feet with a TDS of approximately 1,800 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

(BW-028) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Desta Drive, Suite 4400, Midland, Texas 79705 has submitted an application for the renewal of a discharge permit for the brine well "State Well No. 001" (API# 30-025-33547) located in the SW/4, NW/4 of Section 15, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 2.5 miles north of Eunice, New Mexico on Hwy. 18, east on CR-207 0.1 miles into the facility. Fresh water is in-

have no intentional liquid discharges and disposes of wastewater and acid gas in a permitted Class II Woolworth Estate disposal well (API# 30-025-27081), which will be replaced by a similar well about 200 ft. east of the existing well. The new disposal well will inject in addition to past waste disposal, acid gas (H_2S) into the San Andres Formation (4,350 - 5,200 ft.). A hydrogen sulfide contingency plan has been incorporated into the discharge permit. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 90 feet, with a total dissolved solids concentration of approximately 2,200 mg/l. The discharge permit addresses remediation of soil and ground water and how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-319) Robert Strasner of R&R Service Company Inc., P.O. Box 1409, Hobbs, N.M. 88241-1409, has submitted a renewal application for the previously approved discharge plan for their Oil and Gas Service company, located in the NE/4 SW/4 of Section 33, Township 18 South, Range 38 East,

feet, with a total dissolved solids concentration of approximately 1,010 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-045) Williams Four Corners., Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, N.M. 87413, has submitted a renewal application for the previously approved discharge plan for their Kutz Canyon Gas Plant/Kemblah Compressor Station, located in the NW/4 NW/4 of Section 13 and SW/4 of Section 12, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico, approximately 3 miles south of Bloomfield, New Mexico. The gas plant removes Ethane and higher hydrocarbons from field gas. The compressor station provides metering and compression to various producers for the gathering of natural gas for treatment and delivery. Approximately 1 - 1.5 million gal/year of waste water; 1000 - 5000 gal/month of used oil; 2000-8000 bbl/year of produced/natural gas water and 40,000 - 100,000 gal/month of condensate/natural gasoline are generated and stored in

proved containers onsite within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 50-200 feet with a total dissolved solids concentration of approximately 200 - 2000 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-136) Williams Four Corners., Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, N.M. 87413, has submitted a renewal application for the previously approved discharge plan for their 29-7 # 1 Compressor Station, located in the NE/4 SE/4 of Section 15, Township 29 North, Range 7 West, NMPM, San Juan County, New Mexico, approximately 24 miles east of Bloomfield, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate; 100-5000 gal/year/unit of waste water and 500-2000 gal/year/en-

fication, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en espan_ol, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservacio n Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe,

RECEIVED
2008 FEB 7 PM 2 24

February 5, 2008

NMOCD Environmental
ATTN: Carl Chavez
1220 S. St. Francis Dr.
Santa Fe, NM 87505

RE: Liquid Resource Services, LLC (BW-30)
Notice Requirement

Mr. Chavez:

Find attached the notices I have prepared for the above listed brine facility. I will post the notice in both Spanish and English, in the Hobbs News Sun, a paper with local circulation. I will also post the notice on location as required.

If this meets with your approval, please let me know, so I can start the process.

I appreciate your help in this matter.

Sincerely,

Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

PUBLIC NOTICE

Liquid Resources Services LLC, Mr. David Pyeatt, 1819 N Turner, Suite B, Hobbs, New Mexico 88240, has submitted a renewal application to the Energy, Minerals & Natural Resources Department, Oil Conservation Division for the previously approved discharge permit (BW-030) for the brine well "Hobbs State well number 10 (API# 30-025-35915), located in the SE/4 of NW/4 of Section 29 of Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 1.4 miles west of the North Lovington Hwy on West Bender Boulevard, turn south onto dirt road for 0.5 mile on Northwest County Road and turn right into the facility in Hobbs, New Mexico. Fresh water is injected into the Salado Formation at a depth of 1780 feet and 580 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak or accidental discharge on the ground surface is at a depth of approximately 50 feet in the Ogallala Formation, with a total dissolved solids concentration of approximately 800 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

Any interested person or may obtain further information, submit comments or request to be placed on a facility-specific mailing list for future notices by contacting Carl Chavez at the New Mexico Energy, Minerals & Natural Resources Dept., Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, E-mail carlj.chavez@state.nm.us, Telephone (505) 476-3491. The OCD will accept comments and statements of interest regarding the renewal and will create a facility-specific mailing list for persons who wish to receive future notices.

NOTA PUBLICA

David Pyeatt, de Liquid Resources Services LLC, 1819 N Turner, Suite B , Hobbs, Nuevo México 88240, ha sometido una aplicación para renovación a la Departamento Del Energía, Minerales y Recursos Naturales, la División de la Conservación del Petróleo del plan previamente aprobadote la descarga (BW-030) para el pozo de salmuera "Hobbs State # 10 (API# 30-025-35915). El pozo de salmuera se localiza en el SE/4 de NW/4 de la Sección 29 de Municipio 18 al sur, la Gama 38 al este, NMPM, Condado de Lea, Nuevo México. El pozo de salmuera se localizó en el Camino del West Bender Boulevard aproximadamente 1.4 millas al oeste del North Lovington Hwy, gire al sur en camino de tierra para 0.5 millas, gire a la derecha en esta facilidad de la ciudad de Hobbs, Nuevo México. El agua dulce es inyectado en la Formación de Salado en una profundidad de 1780 pies y 580 barriles por día de agua de salmuera son extraídos con una concentración de los sólidos de aproximadamente 300.000 mg/L. El agua subterránea muy probablemente que se afectará por un derramamiento, un escape, o una descarga accidental está en una profundidad de 50 pies en la Formación de Ogallala, con una concentración de los sólidos de aproximadamente 800 mg/L. El permiso de la descarga dirige bien construcción, la operación, controlando del bien, se asoció las facilidades de superficie y proporciona un plan de emergencia en caso de accidental rocía, los escapes y otras descargas accidentales para proteger agua dulce.

Cualquier persona interesada puede obtener información adicional, someter comentarios, o petición colocar en una lista de facilidades específicamente que envía recurso para los avisos futuros por Carl Chavez a la Departamento Del Energía, Minerales y Recursos Naturales, la División de la Conservación del Petróleo, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505, Correo Electrónico carlj.chavez@state.nm.us. Teléfonos (505) 476-3491. El NMOCD validará comentarios y declaraciones del interés con respecto a la renovación y creará una lista de facilidades específicamente para las personas que desean recibir los avisos futuros.

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

January 31, 2008

Mr. David Pyeatt
Liquid Resource Services, LLC.
1819 N. Turner, Suite B,
Hobbs, New Mexico 88240

Re: Discharge Plan Renewal of Permit (BW-030)
Liquid Resource Services, LLC.
Class III Brine Well
Hobbs State Well No. 10, API No. 30-025-35915
2,565 FNL and 2,330 FWL UL: F Section 29, T 18 S, R 38 E
Lea County, New Mexico

Dear Mr. Pyeatt:

The New Mexico Oil Conservation Division (NMOCD) has received Liquid Resource Services, LLC.'s renewal application for the "Hobbs State Well No.10" brine well to inject fresh water and extract 10 pound brine water from the Salado Formation at a daily rate of 580 barrels per day and at a maximum injection pressure of 510 psig. The Class III brine well is located approximately 1.4 miles west of the North Lovington Hwy. on West Bender Boulevard, turn south and head straight and onto a dirt road for 0.5 mile on Northwest County Road, and turn right into the facility in Hobbs, New Mexico. The initial and subsequent submittals provided the required information in order to deem the renewal application "administratively" complete.

Therefore, the New Mexico Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the NMOCD. NMOCD will provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

Please contact me at (505) 476-3491 or carlj.chavez@state.nm.us if you have questions. Thank you for your cooperation during this discharge permit review.

Sincerely,

Carl J. Chávez
Environmental Engineer

CJC/cjc

xc: OCD District Office

Advertising Receipt

Hobbs Daily News-Sun
201 N Thorp
P O Box 936
Hobbs, NM 88241-0850
Phone: (575) 393-2123
Fax: (575) 397-0610

LEONARD LOWE
NM OIL CONSERVATION DIVISION, EMNRD
1220 S. SAINT FRANCIS DR.
SANTA FE, NM 87505

Cust#: 01101546-000
Ad#: 02598175
Phone: (505)476-3492
Date: 01/31/08

Ad taker: C2 **Salesperson:** 08 **Classification:** 673

Description	Start	Stop	Ins.	Cost/Day	Surcharges	Total
07 07 Daily News-Sun	02/05/08	02/05/08	1	223.44		223.44
Bold						1.00
Affidavit for legals						3.00

Payment Reference:

Total:	227.44
Tax:	0.00
Net:	227.44
Prepaid:	0.00
Total Due	227.44

LEGAL NOTICE
February 5, 2008

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-028) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Desta Drive, Suite 4400, Midland, Texas 79705 has submitted an application for the renewal of a discharge permit for the brine well

AFFIDAVIT OF PUBLICATION

State of New Mexico,
County of Lea.

I, KATHI BEARDEN

PUBLISHER

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of 1

weeks.

Beginning with the issue dated

February 5 2008

and ending with the issue dated

February 5 2008

Kathi Bearden

PUBLISHER

Sworn and subscribed to before me this 5th day of February 2008

Notary Public.

My Commission expires
February 07, 2009
(Seal)

OFFICIAL SEAL
DORA MONTZ
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: _____

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for

LEGAL NOTICE
February 5, 2008

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-028) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Desta Drive, Suite 4400, Midland, Texas 79705 has submitted an application for the renewal of a discharge permit for the brine well "State Well No. 001" (API# 30-025-33547) located in the SW/4, NW/4 of Section 15, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 2.5 miles north of Eunice, New Mexico on Hwy. 18, east on CR-207 0.1 miles into the facility. Fresh water is injected into the Salado Formation at a depth of 1,350 feet and 450 barrels per day of brine water is extracted through a 2,200 foot fiberglass tubing with total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 70 feet with a TDS of approximately 1,100 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

(BW-030) Liquid Resource Services, LLC., Mr. David Pyeatt, 1819 N. Turner, Suite B, Hobbs, New Mexico 88240, has submitted an application for the renewal of a discharge permit for the brine well "Hobbs State No. 010" (API# 30-025-35915) located in the SE/4, NW/4 of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 1.4 miles west of the North Lovington Hwy. on West Bender Boulevard, turn south and head straight and onto dirt road for 0.5 mile on Northwest County Road, and turn right into the facility in Hobbs, New Mexico. Fresh water is injected into the Salado Formation at a depth of 1,700 feet and 580 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 50 feet with a TDS of approximately 800 mg/L. The discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

(GW-010) Southern Union Gas Services, Ltd., Bruce Williams, Vice President, Operations, Southern Union Gas Services, Ltd., 301 Commerce Street, Suite 700, Fort Worth, Texas 76102, has submitted a renewal application for the previously approved discharge permit, Jal #3 Natural Gas Processing Plant, located in the SW/4 NW/4 of Section 33, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, approximately 3.5 miles north of Jal, New Mexico and one mile east of Hwy. #18. Current operations at the facility are: compression, sweetening and sulfur recovery, dehydration, cryogenic extraction of ethane and heavier hydrocarbons, steam generation, and Class II well disposal. The plant is designed to have no intentional liquid discharges and disposes of wastewater and acid gas in a permitted Class II Woolworth Estate disposal well (API# 30-025-27081), which will be replaced by a similar well about 200 ft. east of the existing well. The new disposal well will inject in addition to past waste disposal, acid gas (H2S) into the San Andres Formation (4,350 – 5,200 ft.). A hydrogen sulfide contingency plan has been incorporated into the discharge permit. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 90 feet, with a total dissolved solids concentration of approximately 2,200 mg/l. The discharge permit addresses remediation of soil and ground water and how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-319) Robert Strasner of R&R Service Company Inc., P.O. Box 1409, Hobbs, N.M. 88241-1409, has submitted a renewal application for the previously approved discharge plan for their Oil and Gas Service company, located in the NE/4 SW/4 of Section 33, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, 1500 Broadway Place, Hobbs N.M. The facility provides sandblasting and painting of oilfield equipment. Approximately fifty 100 lb sacks of sandblasting sand and small quantities of paint are stored onsite. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 60 feet, with a total dissolved solids concentration of approximately 500 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

(GW-362) Mr. Clifford Stewart of Riverside Transportation Inc., P.O. Box 1898, Carlsbad N.M., 88221-1898 has submitted an application for a new discharge plan for their Oil and Gas Service Company located in Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, approximately mile East of Jal, New Mexico. Typical materials generated or used at the facility include bagged potassium chloride, new and used lube oil and other chemicals provided to the oil and gas industry. Approximately 600 gallons of used lube oil, which is sold to a recycling facility, 400 bags of 50lb KCL, 100 gallons of liquid KCL and 500 barrels of truck wash are generated at the facility and will be stored onsite in a closed top steel tank within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 68 feet, with a total dissolved solids concentration of approximately 855 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site http://www.emnrd.state.nm.us/ocd/. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en espan_ol, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservacio´n Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 30th day of January, 2008.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL

Mark Fesmire, Director

#23817

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 9/13/07

or cash received on _____ in the amount of $ 100.00

from Eddie Soy Consulting

for BW-030

Submitted by: Lawrence Romero Date: 9/19/07

Submitted to ASD by: Lawrence Romero Date: 9/19/07

Received in ASD by: _____ Date: _____

Filing Fee ✓ New Facility _____ Renewal ✓

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

September 13, 2007

NMOCD Environmental
ATTN: Carl J. Chavez
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Liquid Resource Services LLC
Hobbs State #10 Brine (BW-030)
Discharge Plan Renewal

Mr. Chavez:

Within is application to renew the permit for BW-030. Whenever you deem the application administratively approvable, we will do our advertisement.

Should you have any questions, please call.

Sincerely,

Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
(505)392-2236
seay04@leaco.net

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITES

(Refer to the OCD Guidelines for assistance in completing the application)

☐ New ☒ Renewal Permit # BW-030

I. Facility Name: Hobbs State #10 (API #30-025-35915)

II. Operator: Liquid Resouce Services LLC

Address: 1819 N. Turner, Suite B

Contact Person: David A. Pyeatt Phone: (505)393-7706

III. Location: UL:F 2565 N. /4 2330 W. /4 Section 29 Township 18 S. Range 38 E.
Submit large scale topographic map showing exact location.

IV. Attach the name and address of the landowner of the facility site.

V. Attach a description of the types and quantities of fluids at the facility.

VI. Attach a description of all fluid transfer and storage and fluid and solid disposal facilities.

VII. Attach a description of underground facilities (i.e. brine extraction well).

VIII. Attach a contingency plan for reporting and clean-up of spills or releases.

IX. Attach geological/hydrological evidence demonstrating that brine extraction operations will not adversely impact fresh water.

X. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

XI. CERTIFICATION:

I hereby certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment.

Name: Eddie W. Seay Title: Agent

Signature: Eddie W Seay Date: 9/13/07

E-mail Address: seay04@leaco.net

III. TOPO MAP

IV. LANDOWNER OF SITE:

Occidental Permian Ltd.
Box 4294
Houston, TX 77210-4294

V. TYPES AND QUANTITIES OF FLUIDS:

There are 5 - 500 bl. brine tanks.
There are 3 - 500 bl. fresh water tanks.
Injection pump and well.

VI. All fluids transfer lines are above ground except for the fresh water line which is from the City of Hobbs water system. Any leak that were to occur would be readily detected.

Trucks load from the North side of tank through individual load lines, each having a catch basin to collect any spillage. The catch basins are emptied regularly at an OCD approved SWD.

VII. The brine well is constructed with 9 5/8 in. surface casing circulated to surface, 7 in. production casing to 1700 ft., and 3 in. tubing into the salt section at approximately 2300 ft. Fresh water is pumped down casing and brine is produced out the 3 in. tubing.

VIII. CONTINGENCY PLAN FOR REPORTING AND CLEANUP OF SPILLS.

Liquid Resouce Services either has or has access to vacuum trucks, and construction equipment in the event of a release of brine. LRS will adhere to OCD Rule 116, and will notify the OCD in Hobbs by phone and immediately begin removal of free liquids and stop source of leak. A C-141 will be filed as needed and continue remediation as OCD recommends.

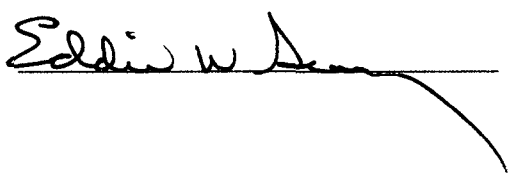
IX. GEOLOGICAL/HYDROLOGICAL.

LRS performs regular scheduled pressure tests on the brine well to ensure integrity to the casing of the brine well. They inspect the facilities for leaks and spills. LRC has a groundwater monitor well located approximately one hundred feet from gradient to the brine well, to monitor quality of groundwater. Analytical for monitor well is sent to OCD. Find attached analytical of fresh and brine water.

X. LRS inspects its facilities on a regular basis since its operations are in close proximity to the City of Hobbs. LRS is committed to operating in a prudent manner so as to prevent waste and to protect public health and the environment.

XI. I certify that all information listed is true, accurate and complete.

Eddie W. Seay, Agent

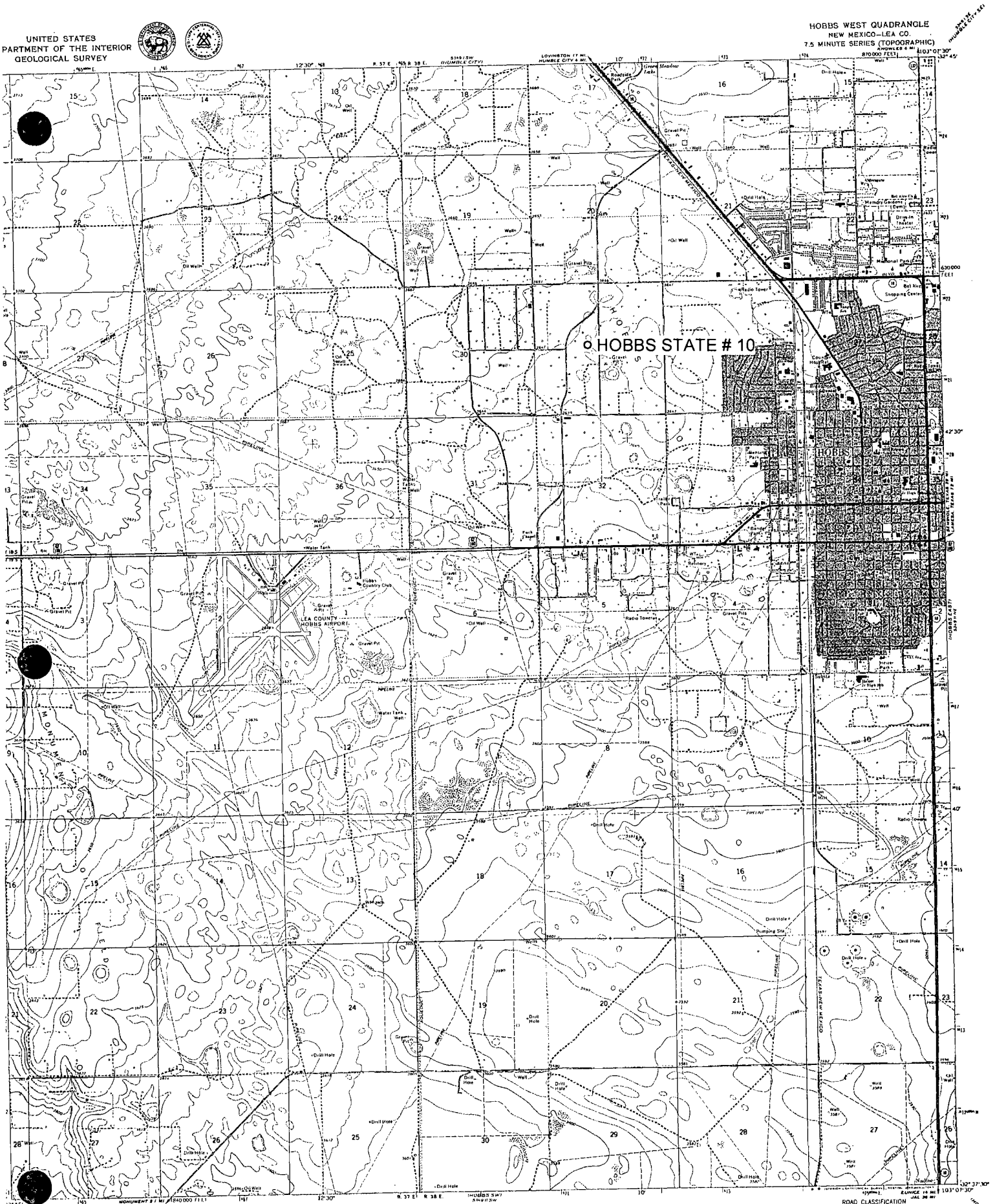


ITEMS INCLUDED:

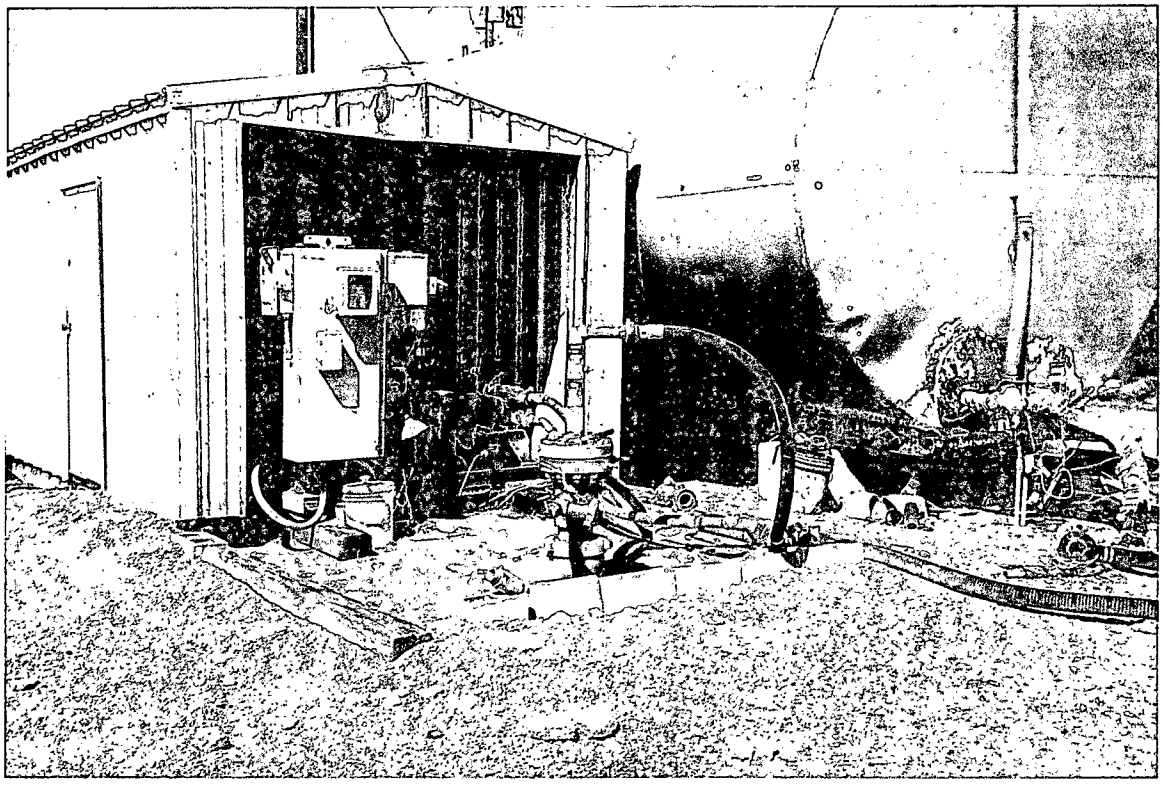
$100.00 Application Fee to Water Quality Management Fund.

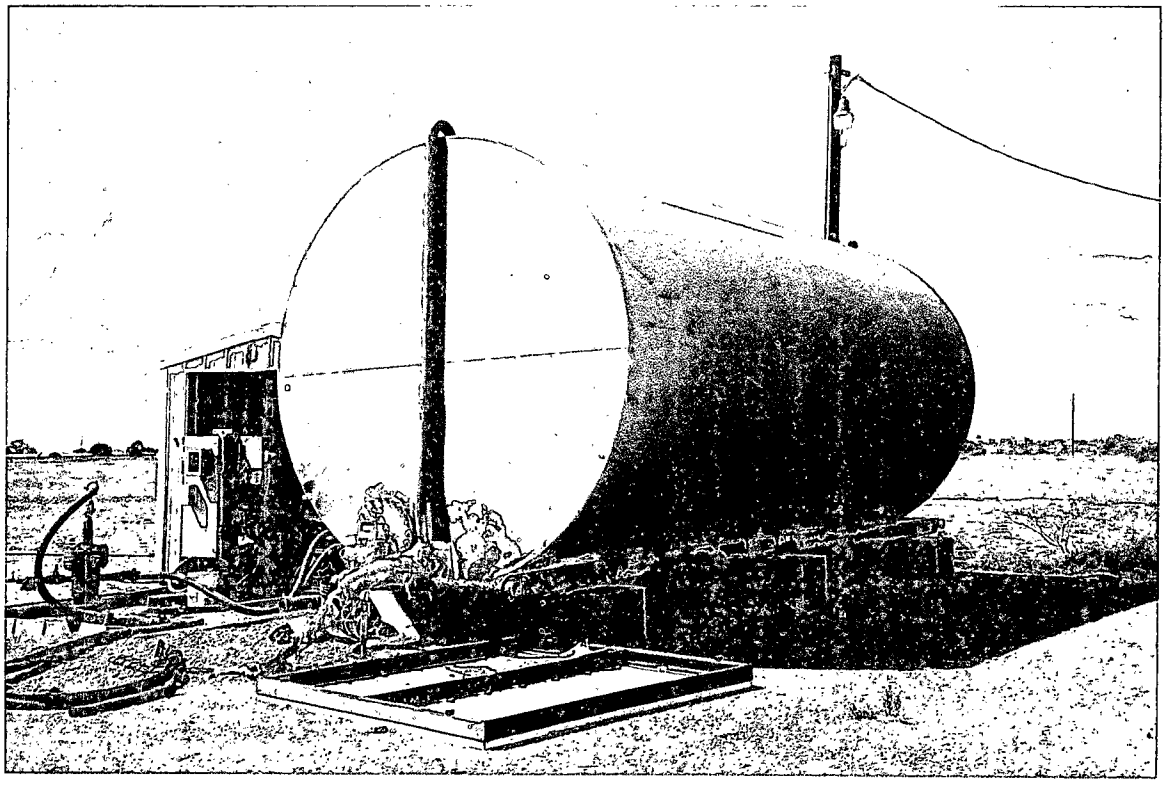
Copies of the proposed advertisement both in Spanish and English, will be put in the Hobbs News-Sun, if this meets with your approval. We will also notice the Landowner, OXY.

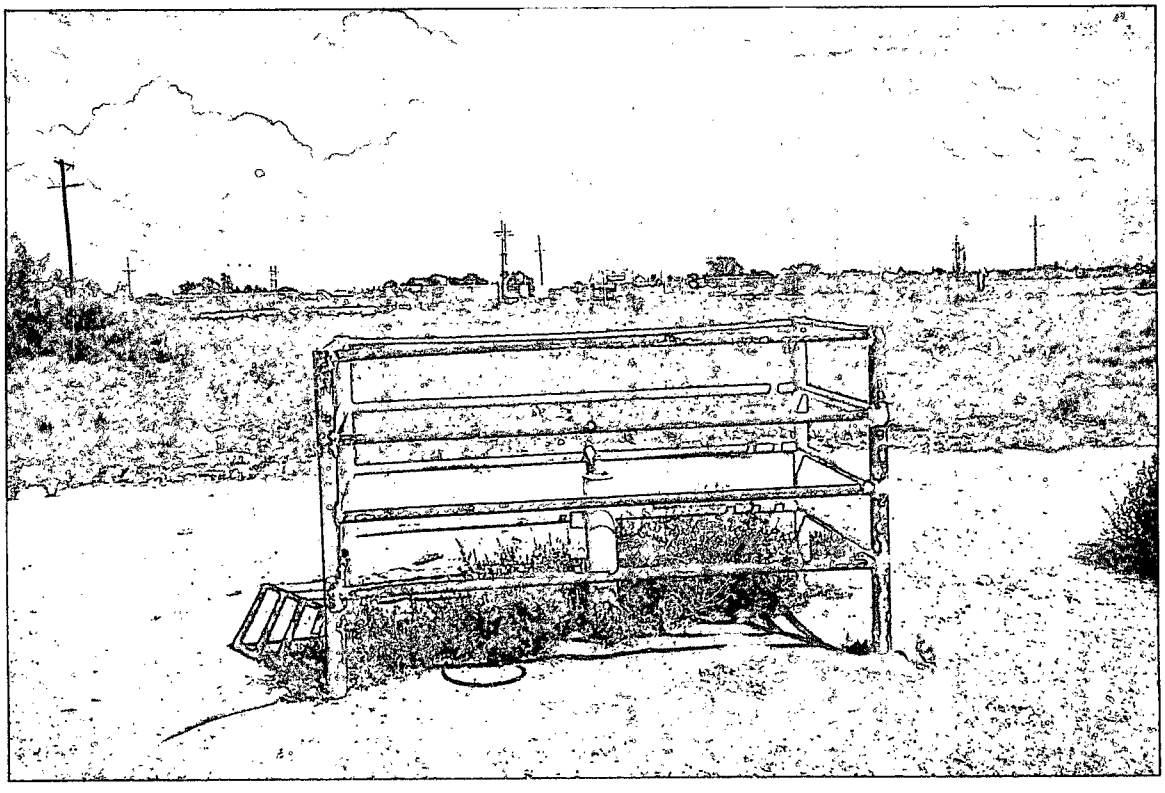
Updated information on new wells drilled within the AOR, since original application.

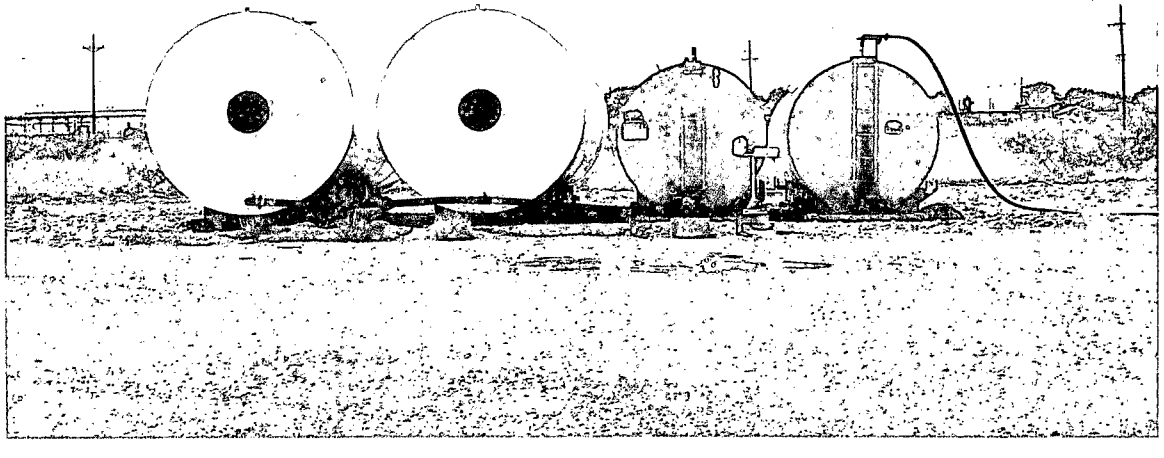


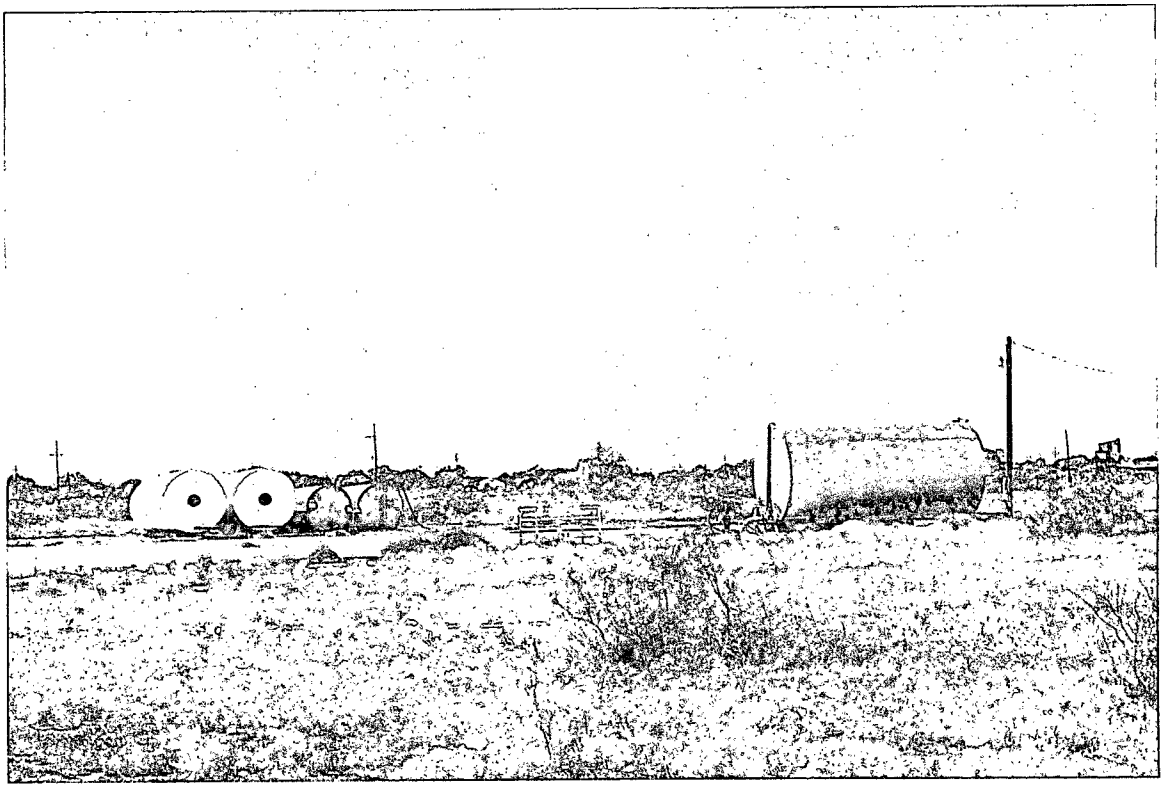
'Hobbs West; NM' Scale: 1" = 0.958Mi 1,542Mt 5,059Ft, 1 Mi = 1.044" , 1 cm = 607Mt

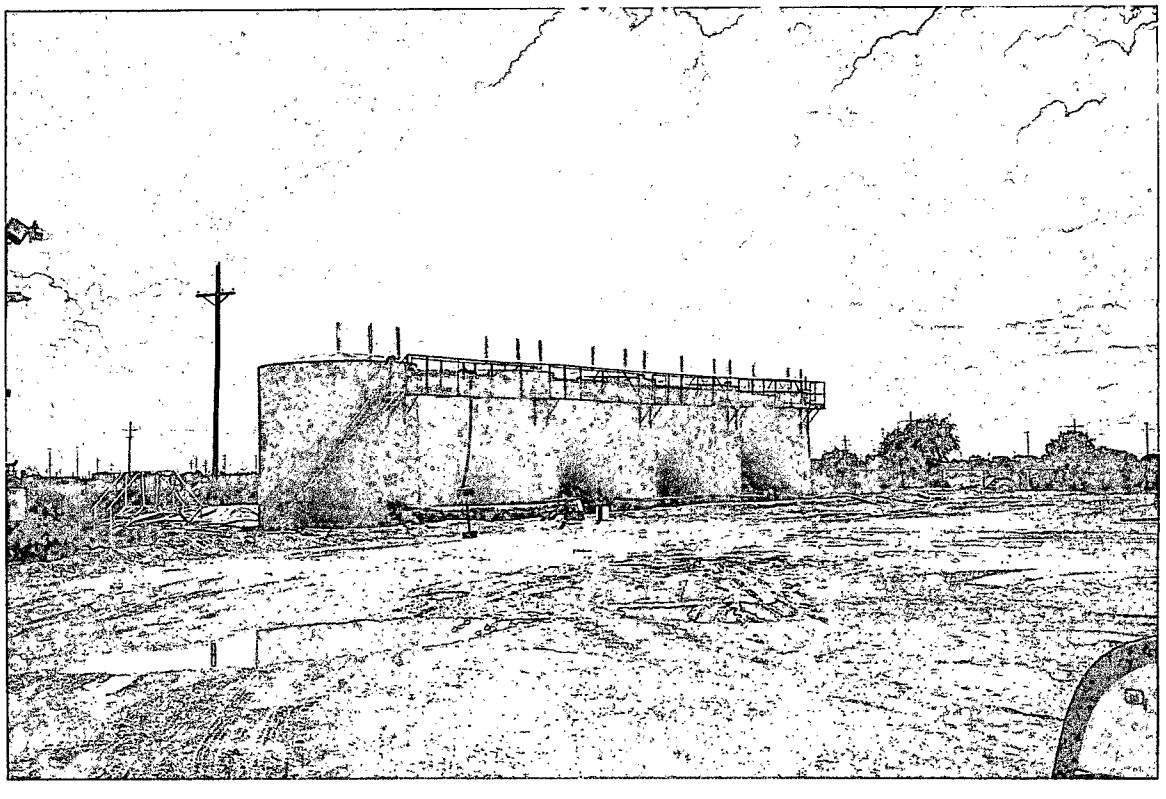


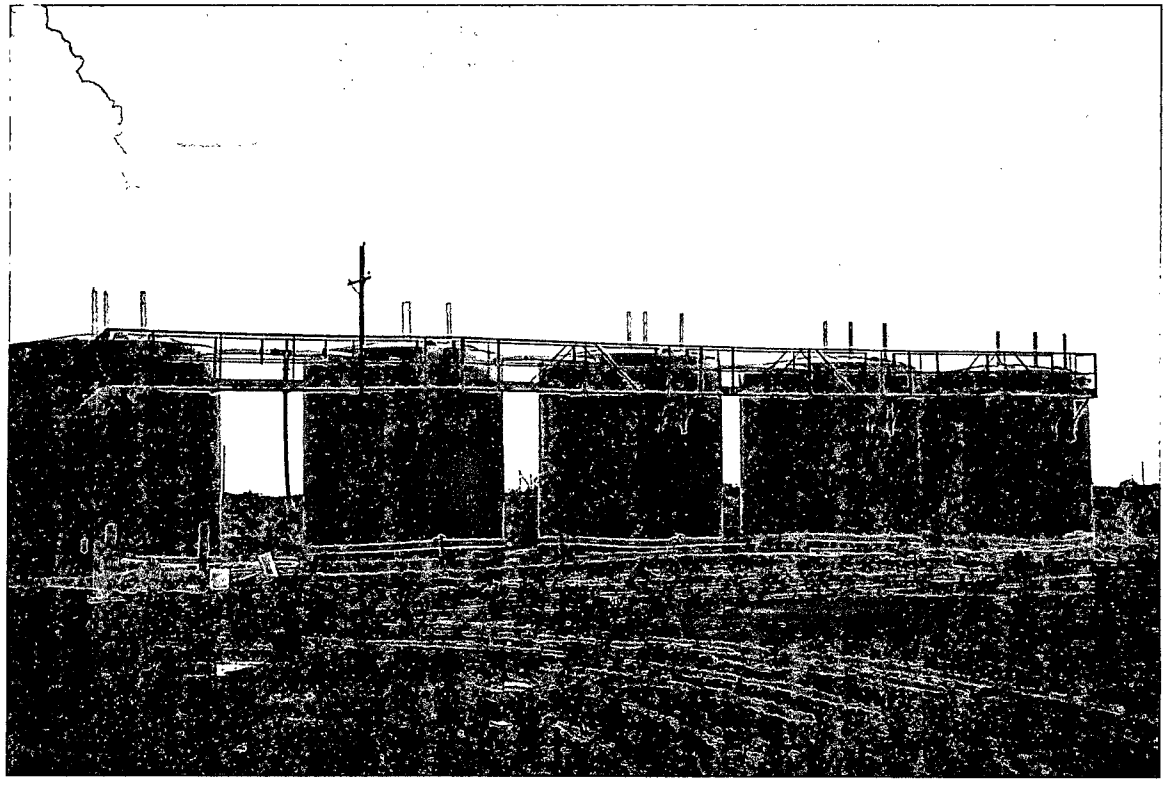


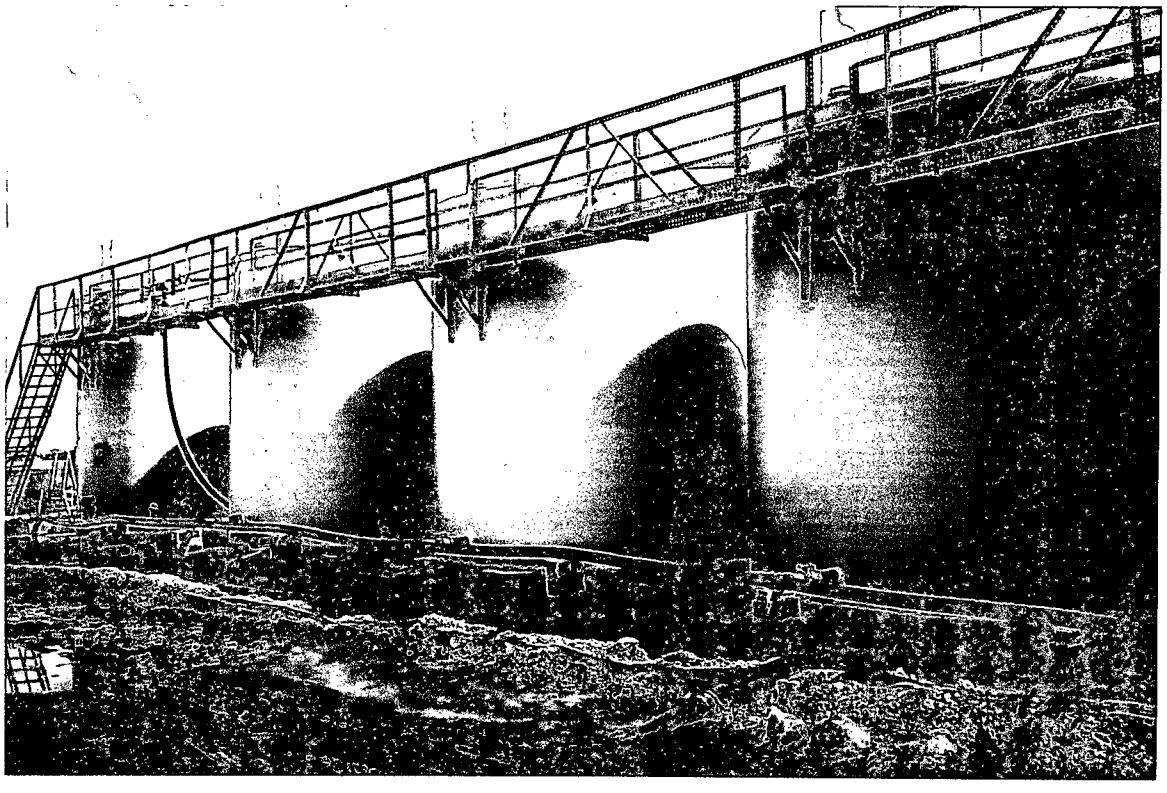


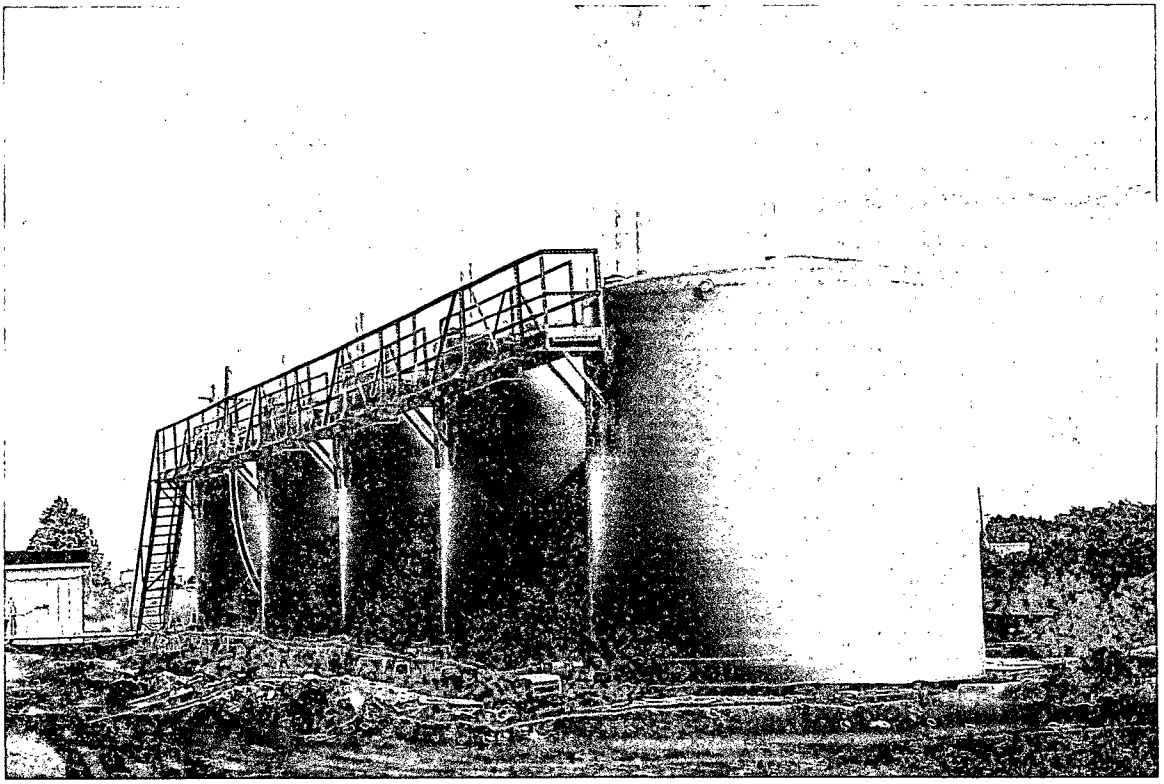












CARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603
PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
EDDIE SEAY CONSULTING
ATTN: EDDIE SEAY
601 W. ILLINOIS
HOBBS, NM 88242
FAX TO: (505) 392-6949

Receiving Date: 08/30/07
Reporting Date: 09/05/07
Project Owner: LRS
Project Name: LIQUID RESOURCES SERVICE INC.
Project Location: HOBBS, NM

Sampling Date: 08/30/07
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: HM/KS

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (μS/cm)	T-Alkalinity ($mgCaCO_3/L$)
ANALYSIS DATE:		09/05/07	09/04/07	09/04/07	09/05/07	09/04/07	09/04/07
H13203-1	FRESH #1	58.9	89.2	21.8	2.36	894	124
H13203-2	BRINE #2	119,859	1663	1573	1460	364,400	144
Quality Control		NR	50.6	53.2	1.87	1423	NR
True Value QC		NR	50.0	50.0	2.00	1413	NR
% Recovery		NR	101	106	93.6	101	NR
Relative Percent Difference		NR	< 0.1	3.1	2.1	< 0.1	NR

METHODS:		SM3500-Ca-D	3500-Mg E	8049	120.1	310.1

LAB NUMBER	SAMPLE ID	Cl^- (mg/L)	SO_4 (mg/L)	CO_3 (mg/L)	HCO_3 (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:		09/04/07	09/05/07	09/04/07	09/04/07	09/04/07	09/04/07
H13203-1	FRESH #1	120	145	0	151	7.99	682
H13203-2	BRINE #2	189,941	5178	0	176	7.27	318,000
Quality Control		500	24.0	NR	1025	6.98	NR
True Value QC		500	25.0	NR	1000	7.00	NR
% Recovery		100	96.1	NR	102	99.7	NR
Relative Percent Difference		< 0.1	8.2	NR	6.1	0.1	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1

Chemist

09-07-07
Date

H13203E SEAY

CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240 2111 Beechwood, Abilene, TX 79603
(505) 393-2326 FAX (505) 393-2476 (325) 673-7001 FAX (325)673-7020

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Company Name: Eddie Seay Consulting
Project Manager: Eddie Seay
Address: 601 W Illinois
City: Hobbs State: NM Zip: 88242
Phone #: 2-2236 Fax #: 2-6949
Project #: LRS Brine Station Project Owner: LRS
Project Name: Liquid Resources Service Inc.
Project Location: Hobbs
Sampler Name: Eddie Seay

BILL TO

P.O. #:
Company:
Attn:
Address:
City:
State: Zip:
Phone #:
Fax #:

ANALYSIS REQUEST

Gen Chemistry

FOR LAB USE ONLY				MATRIX						PRESERV.			SAMPLING	
Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :	ACID/BASE:	ICE / COOL	OTHER :	DATE	TIME
H13303-1	Fresh # 1	✓	1	✓							✓		8/30	9:00
-2	Brine # 2	✓	1		✓						✓		8/30	9:50

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Relinquished By: Eddie Wilson Date: 8/30 Time: 9:45 Received By:
Relinquished By: Date: Time: Received By:

Delivered By: (Circle One)
Sampler - UPS - Bus - Other:

Sample Condition: Cool ☒ Yes ☐ No Intact ☒ Yes ☐ No
CHECKED BY: (Initials) MT

Phone Result: ☐ Yes ☐ No Add'l Phone #:
Fax Result: ☐ Yes ☐ No Add'l Fax #:
REMARKS:

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476

PUBLIC NOTICE

Notice is hereby given that pursuant to New Mexico Oil Conservation Division Regulations, the following proposed discharge plan renewal has been submitted for approval to the Oil Conservation Division, Energy, Minerals & Natural Resources Dept., 1220 South St Francis Dr., Santa Fe, New Mexico 87505. Telephone (505) 476-3440 or (505) 476-3487.

Liquid Resources Services LLC, PO Box 5790, Hobbs, New Mexico 88241, has submitted a discharge plan renewal application for a brine supply well "Hobbs State # 10" (API # 30-025-35915), located approximately 2 miles west on Sanger Street and ½ mile north on West County Road and approximately 900 feet east from the city of Hobbs, New Mexico. The facility is located in the SE/4 of NW/4 of Section 29 of Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. This facility will temporarily store for sale brine water. No other fluids will be stored at this facility. Fresh water from the city of Hobbs will be diverted down the annulus of the brine well and brine water flows back up the tubing and stored in five 500 barrel brine storage tanks. An average of 500 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 318,000 mg/l is produced. The ground water likely to be affected by discharges occurs at a depth of 50-70 feet in the Ogallala Formation.

Any interested person may obtain further information from the Oil Conservation Division and may submit comments and statements to Carl Chavez, New Mexico Enegy, Minerals & Natural Resources Dept., Oil Conservation Division, 1220 South St Francis Dr., Santa Fe, New Mexico 87505, E-mail carlj.chavez@state.nm.us , Telephone (505) 476-3460 or (505) 476-3491. Also any interested person may request to be placed on a mailing list for future notices regarding this application.

NOTA PÚBLICA

Advierta por la presente es dado que según de los Regulaciones de División de Conservación de Petróleo de Nuevo México, la renovación del siguiente propuso la descarga se han sometido para la aprobación a la División de la Conservación del Petróleo, Departamento Energía, Minerales y Recursos Naturales, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505. Teléfonos (505) 476-3440 o (505) 476-3487

Liquid Resources Services LLC, PO Box 5790, Hobbs, Nuevo México 88241, se han sometido una aplicación de renovación del plan de la descarga para el pozo de salmuera "Hobbs State # 10" (API # 30-025-35915), localizó aproximadamente 2 millas al oesta en Calle Sanger y ½ millas al norte en Calle West County y 900 pies al esta de Hobbs, Nuevo México. La facilidad se localiza en el SE/4 de NW/4 de la Sección 29 de Municipio 18 al sur, la Gama 38 al este, NMPM, Condado de Lea, Nuevo México. Esta facilidad almacenará temporalmente agua de salmuera para vender. Ningún otro líquido se almacenará en esta facilidad. El agua dulce de la ciudad de Hobbs será desviado en el annulus del pozo salmuera. El flujo de agua de salmuera retrocederá en la tubería y se almacenadara en cinco tanques de almacenaje de 500 barriles. Un medios 500 barriles por día de agua de salmuera con un suma se disolvieron la concentración de sólidos de aproximadamente 318.000 mg/l es producida. El agua del suelo probablemente estará afectada por descargas ocurre en una profundidad de 50-70 pies en la Formación de Ogallala.

Alguna persona interesada puede obtener información adicional de la División de la Conservación del Petróleo y puede someterse los comentarios y las declaraciones a Carl Chavez, Departamento de Energía, Minerales y Recursos Naturales, la División de la Conservación del Petróleo, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505, MANDAN CORREO ELECRONICO carla.chavez@state.nm.us. Teléfonos (505) 476-3440 o (505) 476-3487. También alguna persona interesada puede solicitar para ser colocada en una lista de envío para notas futuras con respecto a esta aplicación.

WELLBORE SCHEMATICS

FOR WELLS DRILLED WITHIN

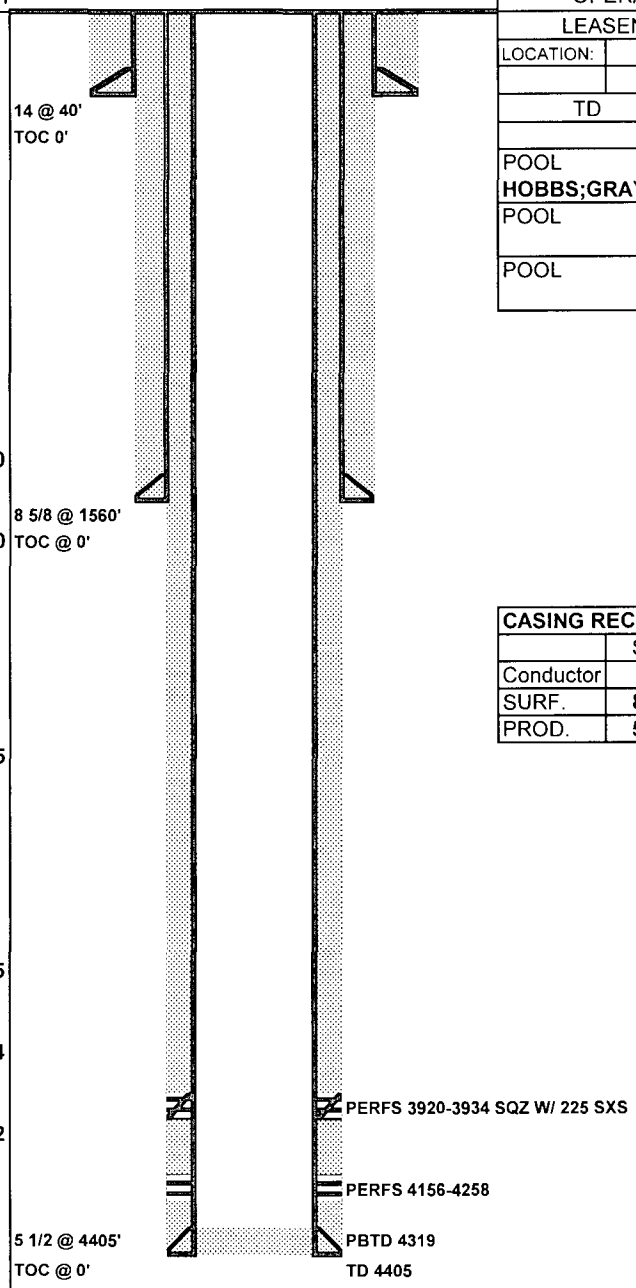
AREA OF REVIEW

SINCE LAST APPLICATION

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1490
Top Salt	1580
Base Salt	
Yates	2645
Queen	3385
Grayburg	3744
San Andres	4002



APINUM:	30-025-34869				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	623
LOCATION:	UL: K	SEC: 29	TWN: 18S	RNG:	38E
	1837 FSL		2482 FWL		
TD	4405	PBD 4319	KB	DF	
			GL		

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4156-4258
POOL	PERFS
POOL	PERFS

CASING RECORD

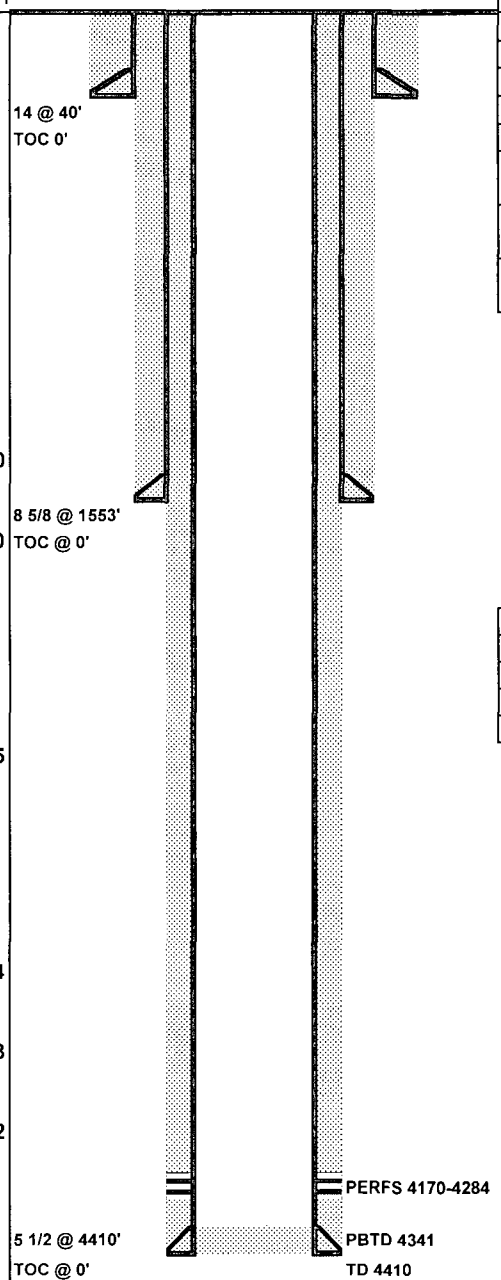
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1560	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4405	985 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1460
Top Salt	1560
Base Salt	
Yates	2625
Queen	3354
Grayburg	3713
San Andres	3982



APINUM:	30-025-34870				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	624
LOCATION:	UL: N	SEC: 29	TWN: 18S	RNG:	38E
	1150 FSL		1948 FEL		
TD	4410	PBD 4341	KB	DF	
			GL		
POOL			PERFS	4070-4284	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

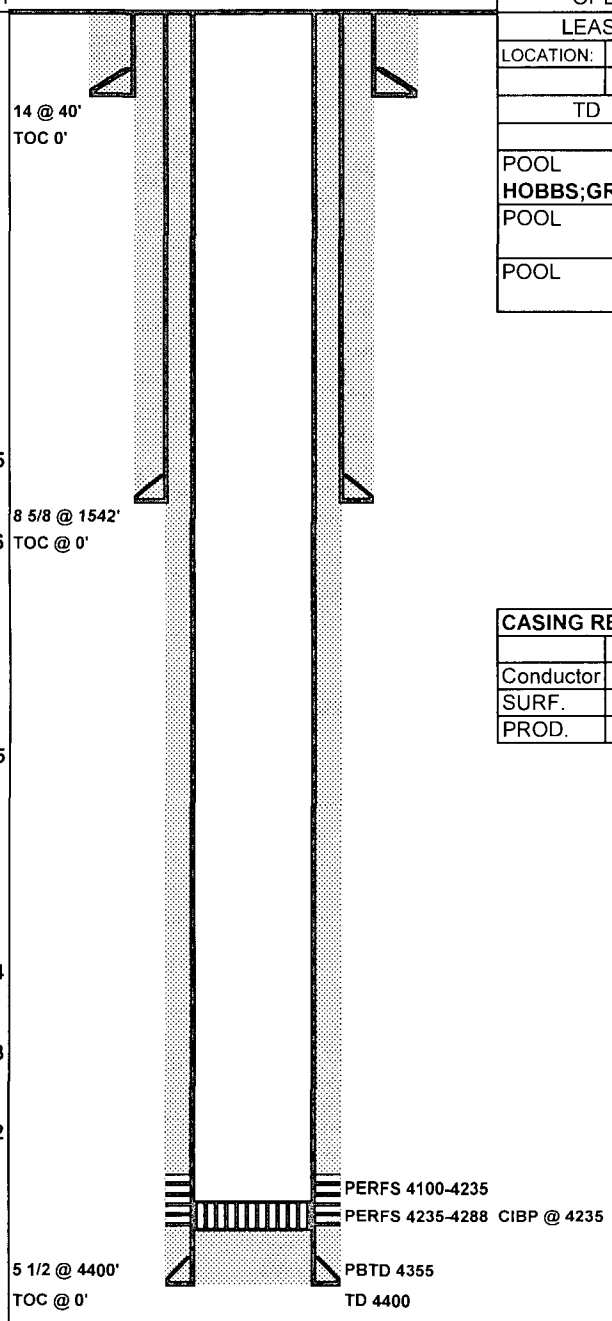
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1553	725 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4410	1000 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1465
Top Salt	1556
Base Salt	
Yates	2625
Queen	3354
Grayburg	3713
San Andres	3982



APINUM:	30-025-34871				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	813
LOCATION:	UL: L	SEC: 29	TWN: 18S	RNG:	38E
	1450 FSL		469 FWL		
TD	4400	PBD 4355	KB	DF	
			GL		

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4100-4288
POOL	PERFS
POOL	PERFS

CASING RECORD

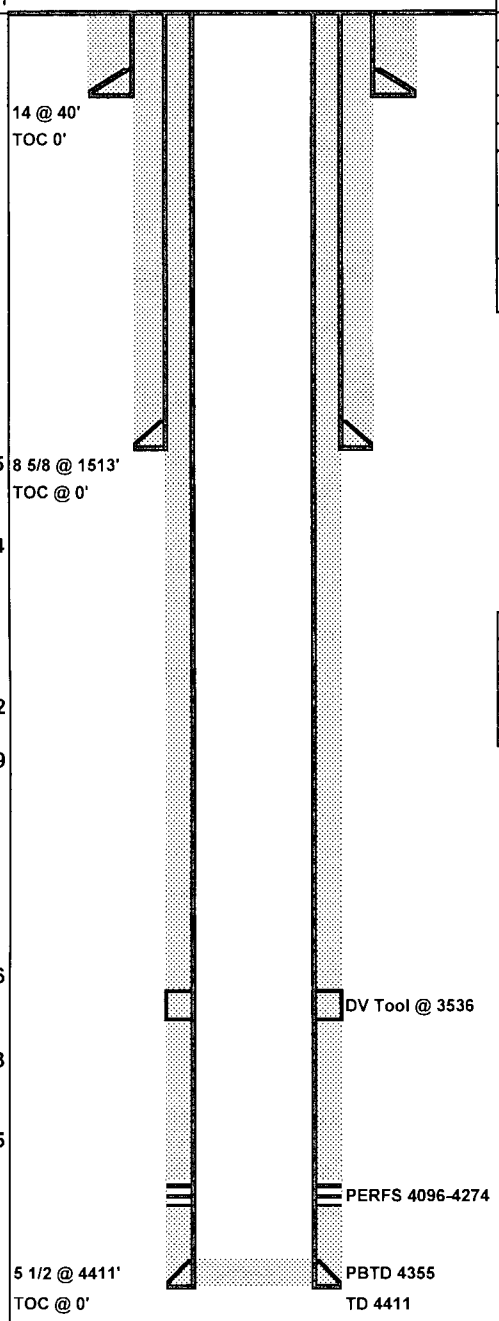
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1542	700 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4400	1000 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1535
Top Salt	1624
Base Salt	2562
Yates	2649
Queen	3386
Grayburg	3753
San Andres	4025



APINUM:	30-025-35376				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	643
LOCATION:	UL: I	SEC: 29	TWN: 18S	RNG:	38E
	2374 FSL		1213 FEL		
TD	4411	PBD 4355	KB	DF	
			GL		

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4096-4274
POOL	PERFS
POOL	PERFS

CASING RECORD

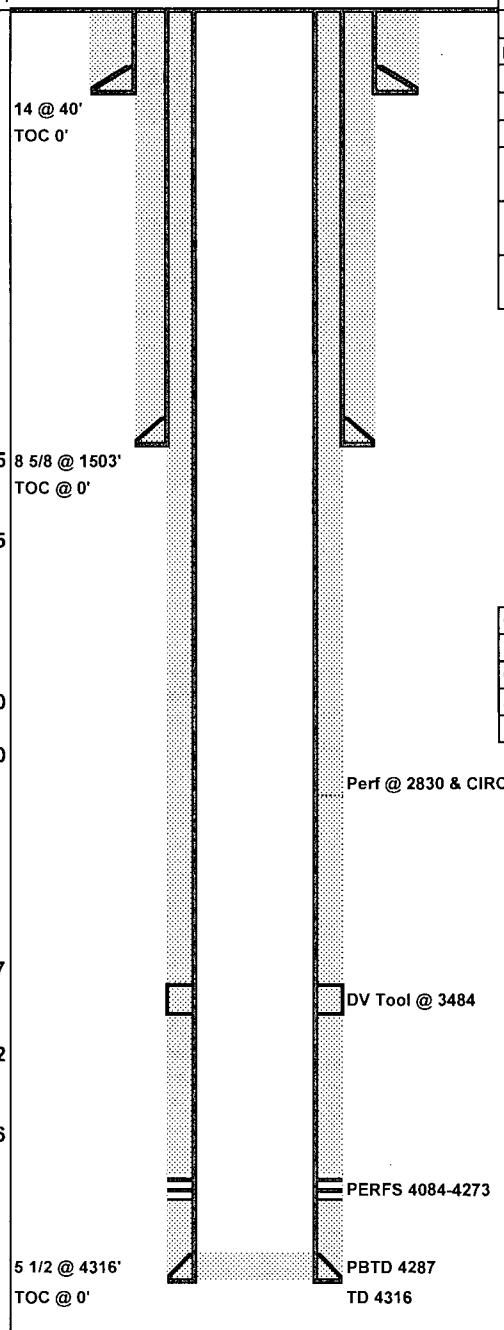
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1513	850 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4411	900 sxs	7 7/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1515
Top Salt	1605
Base Salt	2550
Yates	2630
Queen	3367
Grayburg	3722
San Andres	3996



APINUM:	30-025-35384				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	634
LOCATION:	UL: O	SEC: 29	TWN: 18S	RNG:	38E
	753 FSL		2067 FEL		
TD 4316	PBD 4287	KB		DF	
		GL			
POOL		PERFS	4084-4273		
HOBBS;GRAYBURG-SAN ANDRES					
POOL		PERFS			
POOL		PERFS			

CASING RECORD

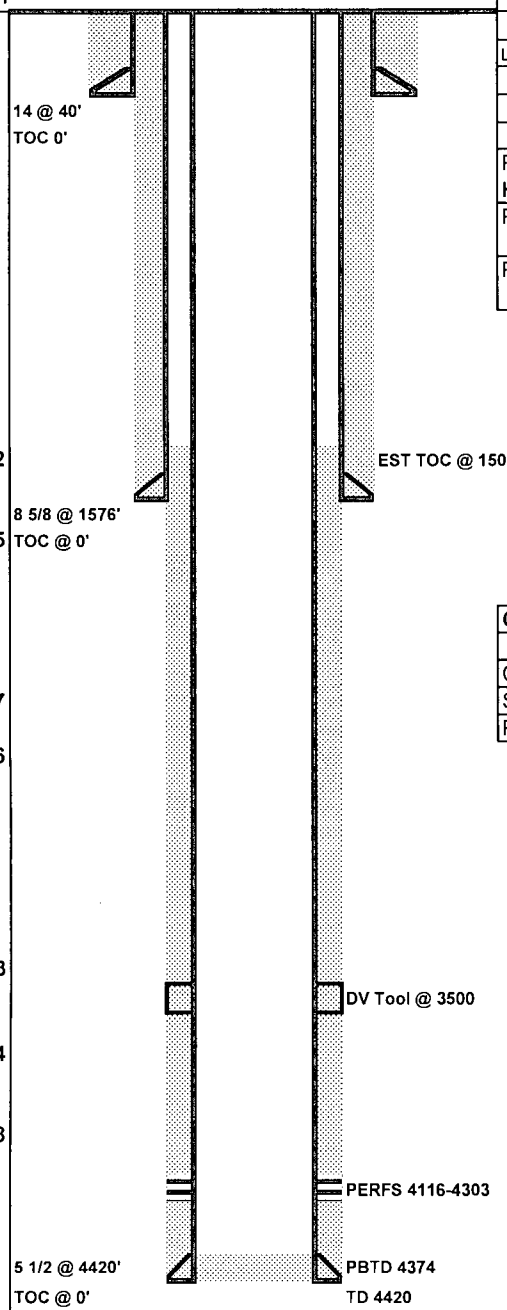
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1503	850 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4316	780 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1562
Top Salt	1625
Base Salt	2507
Yates	2646
Queen	3393
Grayburg	3754
San Andres	4018



APINUM:	30-025-35541				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	533
LOCATION:	UL: J	SEC: 29	TWN: 18S	RNG:	38E
	2326 FSL		1902 FEL		
TD	4420	PBD 4374	KB	DF	
			GL		

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4116-4303
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1576	850 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4420	500 sxs	7 7/8	1500 est

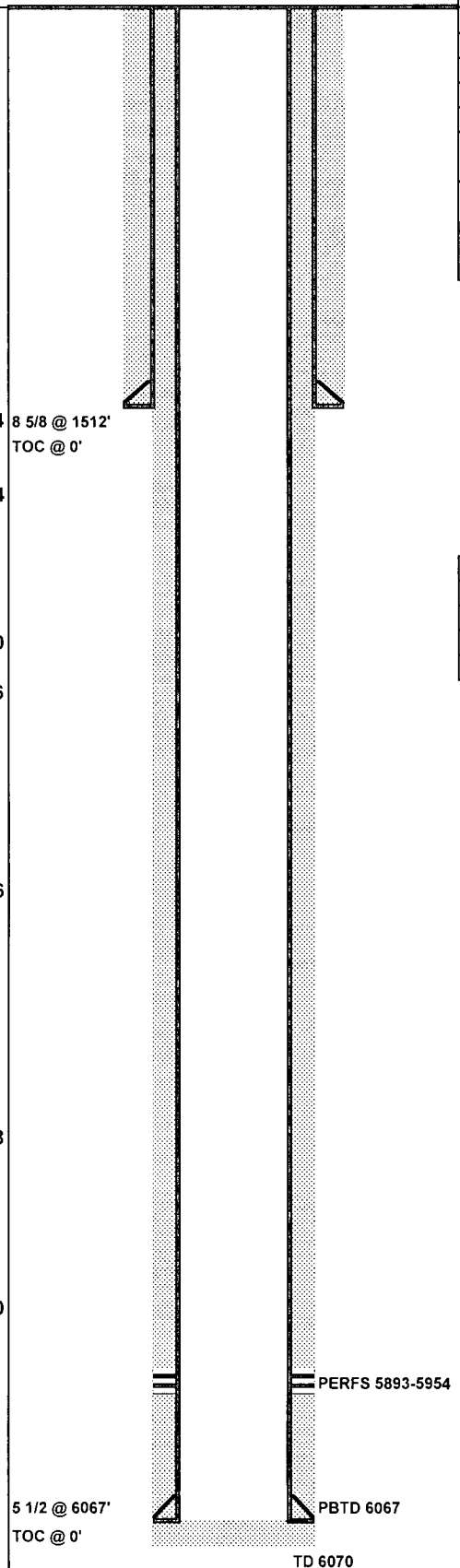
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1554
Top Salt	1644
Base Salt	2490
Yates	2636
Queen	3366
Glorieta	5348
Blinebry	5750



APINUM:	30-025-35673				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	STATE 1-29			WELL NO.	9
LOCATION:	UL: P	SEC: 29	TWN: 18S	RNG:	38E
	1080 FSL		1300 FEL		
TD	PBD	KB	DF		
		GL			
POOL		PERFS	5893-5954		
HOBBS;UPPER BLINEBRY					
POOL		PERFS			
POOL		PERFS			

CASING RECORD

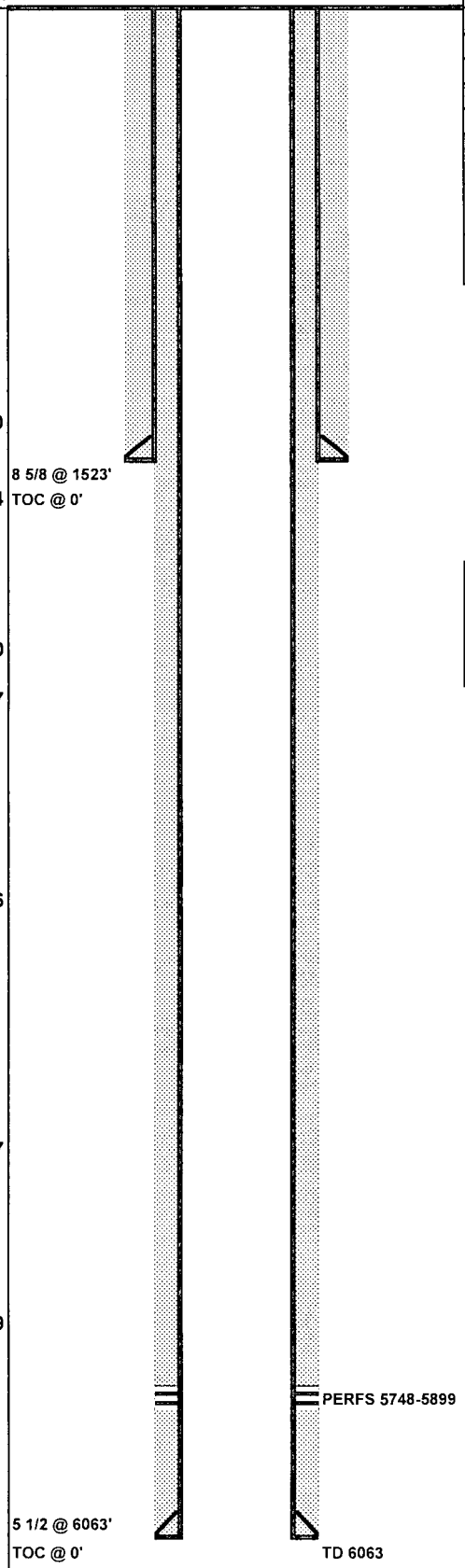
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1512	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6067	1555 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1460
Top Salt	1564
Base Salt	2470
Yates	2617
Queen	3386
Glorieta	5367
Blinebry	5739



APINUM:	30-025-35756				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	42
LOCATION:	UL: M	SEC: 29	TWN: 18S	RNG:	38E
	1290 FSL		170 FWL		
TD	6063	PBD 6063	KB	DF	
			GL		

POOL	PERFS
HOBBS;UPPER BLINEBRY	5748-5899
POOL	PERFS
POOL	PERFS

CASING RECORD

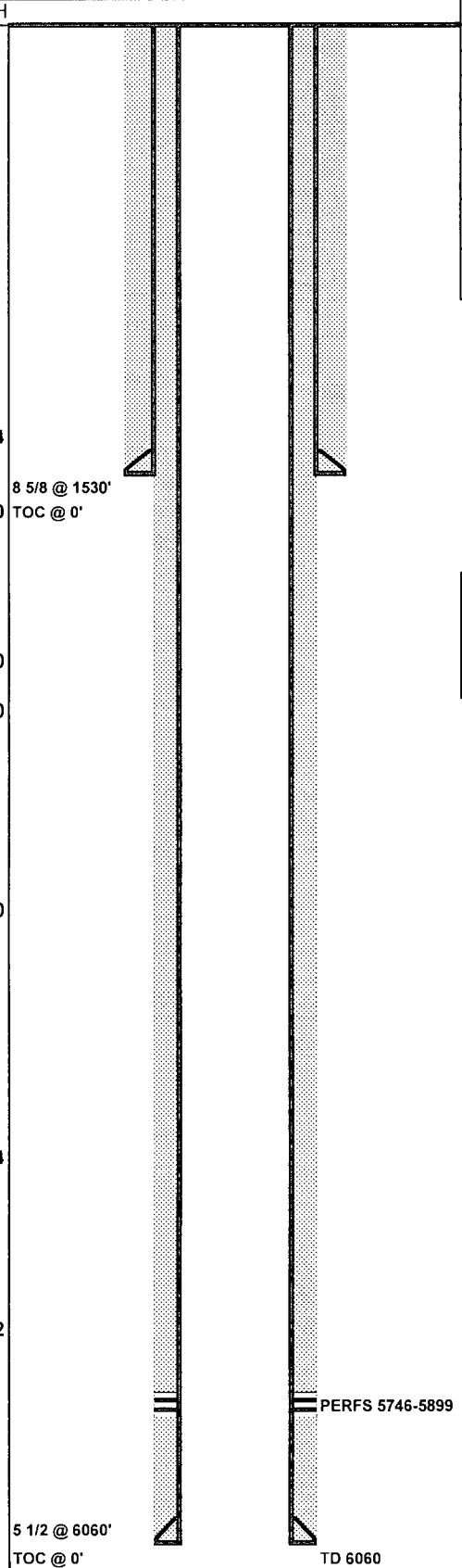
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1523	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6063	2275 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1464
Top Salt	1570
Base Salt	2470
Yates	2620
Queen	3390
Glorieta	5374
Blinebry	5742



APINUM:	30-025-35852				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	43
LOCATION:	UL: M	SEC: 29	TWN: 18S	RNG:	38E
	1243 FSL		1015 FWL		
TD	6060	PBD 6060	KB	DF	
			GL		

POOL HOBBS;UPPER BLINEBRY	PERFS 5746-5899
POOL	PERFS
POOL	PERFS

CASING RECORD

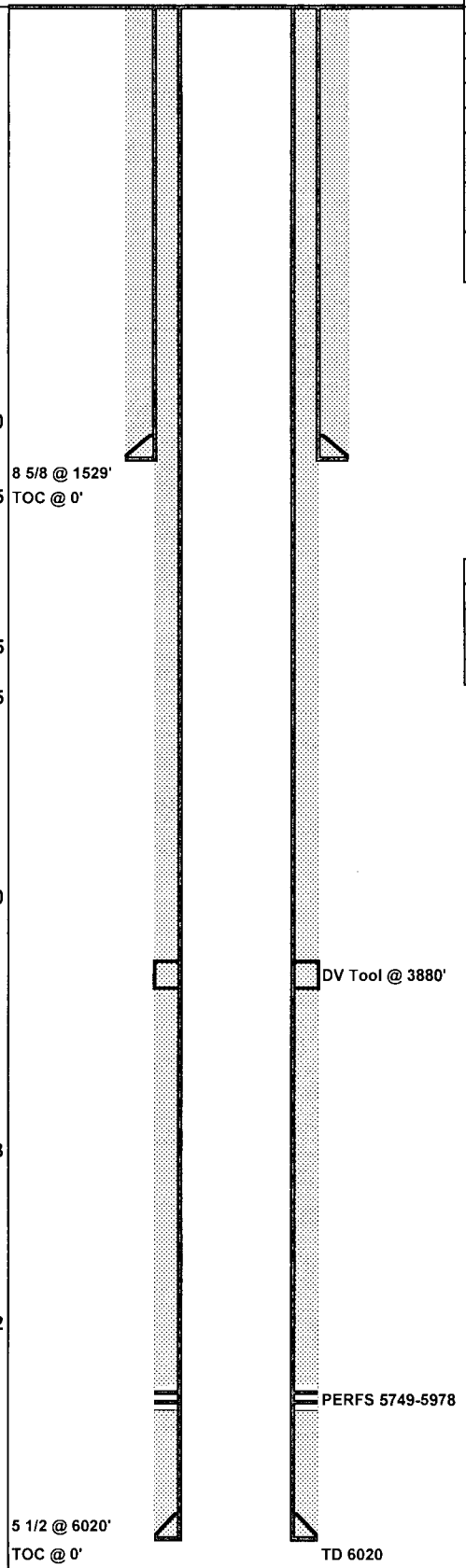
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1530	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6060	1525 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1460
Top Salt	1565
Base Salt	2465
Yates	2615
Queen	3390
Glorieta	5353
Blinebry	5742



APINUM:	30-025-35914				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	44
LOCATION:	UL: M	SEC: 29	TWN: 18S	RNG:	38E
	719 FSL		800 FWL		
TD	6020	PBD	KB	DF	
			GL		

POOL	PERFS
HOBBS;UPPER BLINEBRY	5749-5978
POOL	PERFS
POOL	PERFS

CASING RECORD

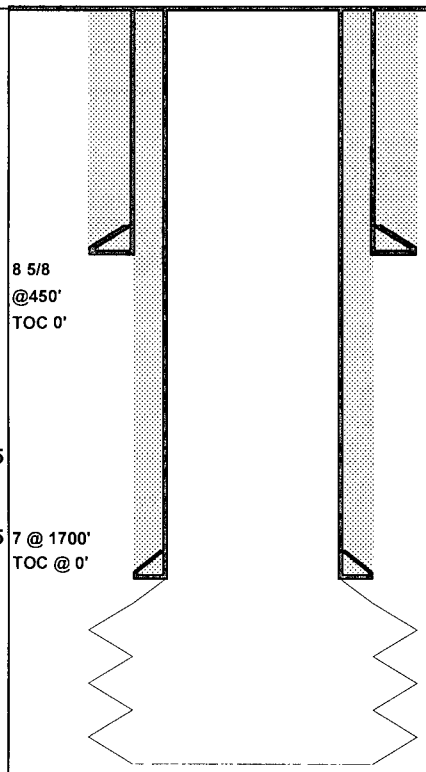
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1529	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6020	1525 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

FORM	DEPTH
Rustler	1545
Top Salt	1645
Base Salt	2400

COMPLETION SCHEMATIC



APINUM:	**30-025-35915**
OPERATOR:	**LIQUID RESOURCES SERVICES, LLC**
LEASENAME:	**HOBBS STATE**
WELL NO.	**10**
LOCATION: UL:	**F**
SEC:	**29**
TWN:	**18S**
RNG:	**38E**
	2565 FSL
	2330 FEL
TD	
PBD	
KB	
DF	
GL	
POOL	**BSW;SALADO**
Open Hole	**1700-2000**
POOL	
PERFS	
POOL	
PERFS	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	**9 5/8**	**450**	**150 sxs**	**17 1/2**	**0' CIRC**
PROD.	**7**	**1700**	**300 sxs**	**8 5/8**	**0' CIRC**

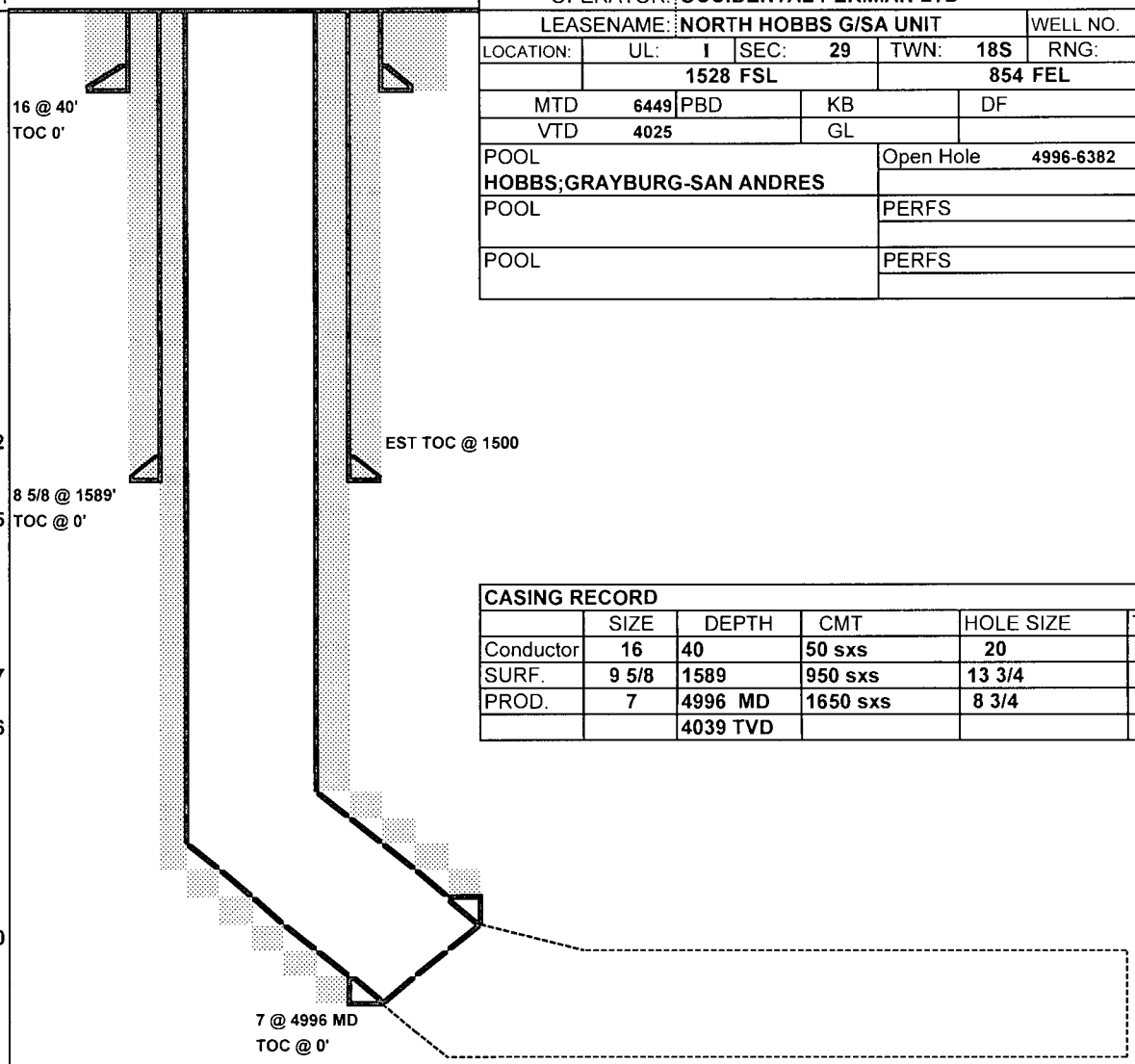
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1562
Top Salt	1625
Base Salt	2507
Yates	2646
San Andres	4000



APINUM:	30-025-35999				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	944
LOCATION:	UL: I	SEC: 29	TWN: 18S	RNG:	38E
	1528 FSL		854 FEL		
MTD	6449	PBD	KB	DF	
VTD	4025		GL		

POOL HOBBS;GRAYBURG-SAN ANDRES	Open Hole 4996-6382
POOL	PERFS
POOL	PERFS

CASING RECORD

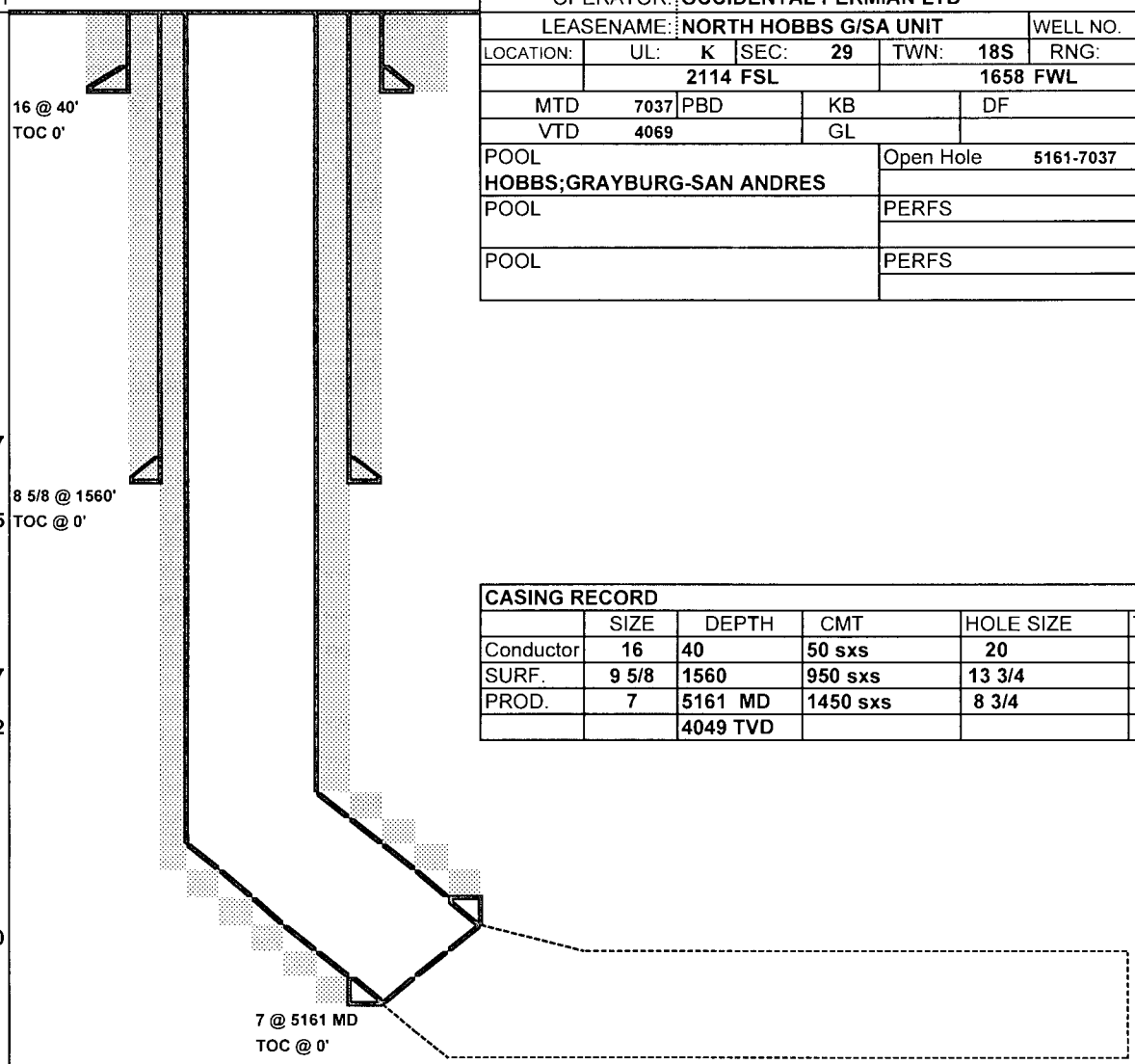
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	50 sxs	20	0' CIRC
SURF.	9 5/8	1589	950 sxs	13 3/4	0' CIRC
PROD.	7	4996 MD	1650 sxs	8 3/4	0' CIRC
		4039 TVD			

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1517
Top Salt	1605
Base Salt	2507
Yates	2642
San Andres	4050



APINUM:	30-025-36011				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	923
LOCATION:	UL: K	SEC: 29	TWN: 18S	RNG:	38E
	2114 FSL		1658 FWL		
MTD	7037	PBD	KB	DF	
VTD	4069		GL		

POOL HOBBS;GRAYBURG-SAN ANDRES	Open Hole 5161-7037
POOL	PERFS
POOL	PERFS

CASING RECORD

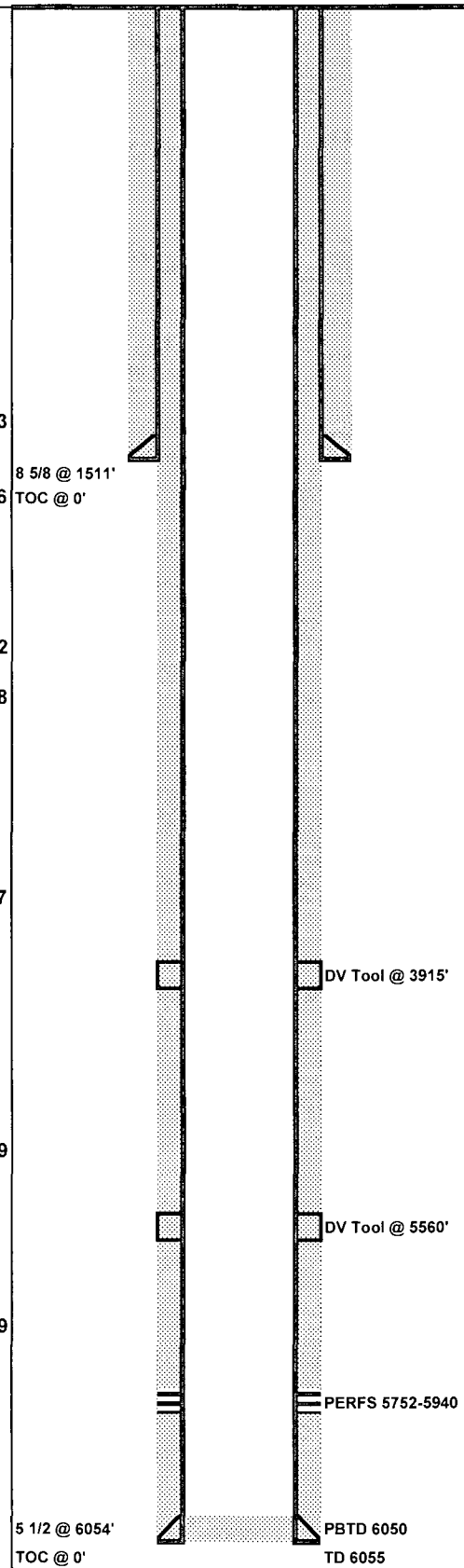
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	50 sxs	20	0' CIRC
SURF.	9 5/8	1560	950 sxs	13 3/4	0' CIRC
PROD.	7	5161 MD	1450 sxs	8 3/4	0' CIRC
		4049 TVD			

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1493
Top Salt	1586
Base Salt	2572
Yates	2658
Queen	3287
Glorieta	5379
Blinebry	5749



APINUM:	30-025-36897				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	40
LOCATION:	UL: E	SEC: 29	TWN: 18S	RNG:	38E
	2440 FNL		170 FWL		
TD 6055	PBD 6050	KB		DF	
		GL			

POOL HOBBS;UPPER BLINEBRY	PERFS 5752-5940
POOL	PERFS
POOL	PERFS

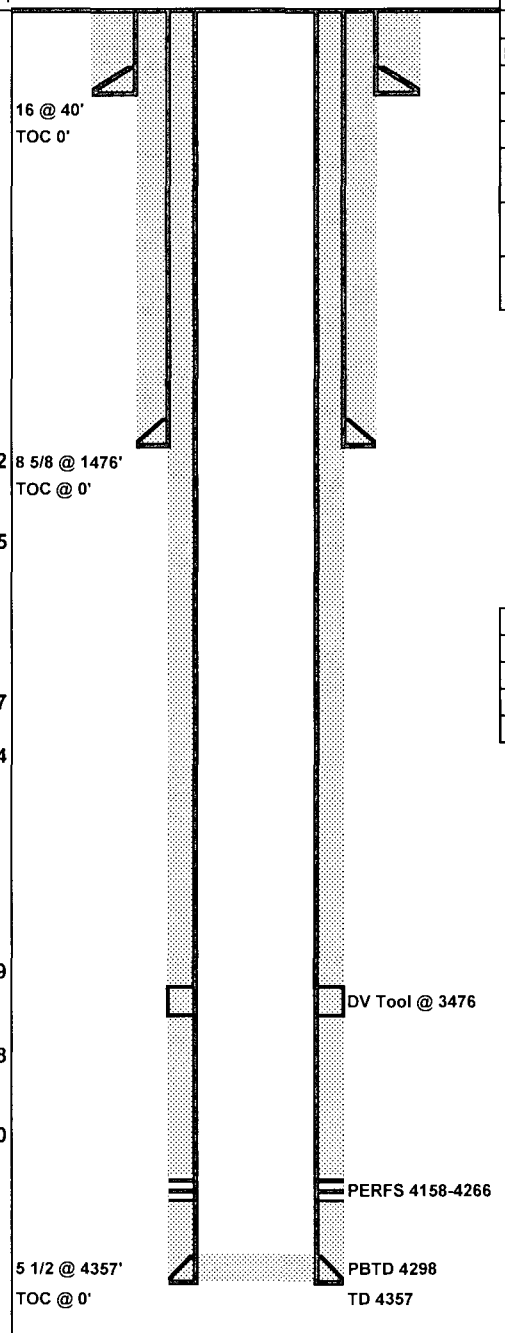
CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1511	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6054	1525 sxs	7 7/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC



FORM	DEPTH
Rustler	1562
Top Salt	1625
Base Salt	2527
Yates	2664
Queen	3419
Grayburg	3768
San Andres	4070

APINUM:	30-025-37128				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	636
LOCATION:	UL: F	SEC: 29	TWN: 18S	RNG:	38E
	1760 FNL		2412 FWL		
TD 4357	PBD 4298	KB	DF		
		GL			

POOL HOBBS;GRAYBURG-SAN ANDRES	PERFS 4158-4266
POOL	PERFS
POOL	PERFS

CASING RECORD

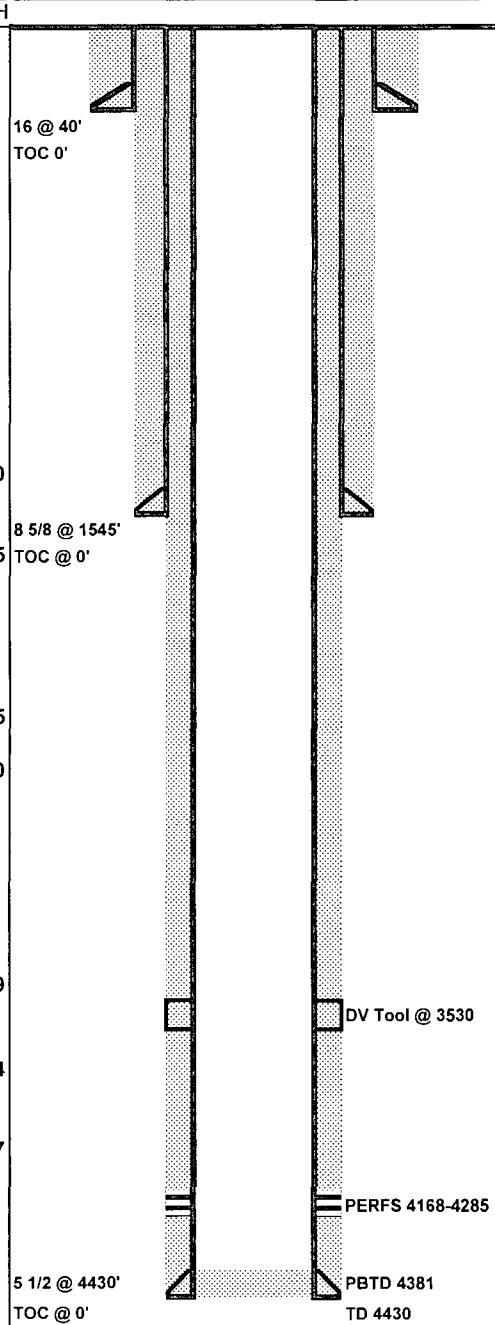
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1476	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4357	950 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1510
Top Salt	1605
Base Salt	2525
Yates	2660
Queen	3419
Grayburg	3764
San Andres	4057



APINUM:	30-025-37213				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	625
LOCATION:	UL: E	SEC: 29	TWN: 18S	RNG:	38E
	1755 FNL		977 FWL		
TD 4430	PBD 4381	KB		DF	
		GL			
POOL			PERFS	4168-4285	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

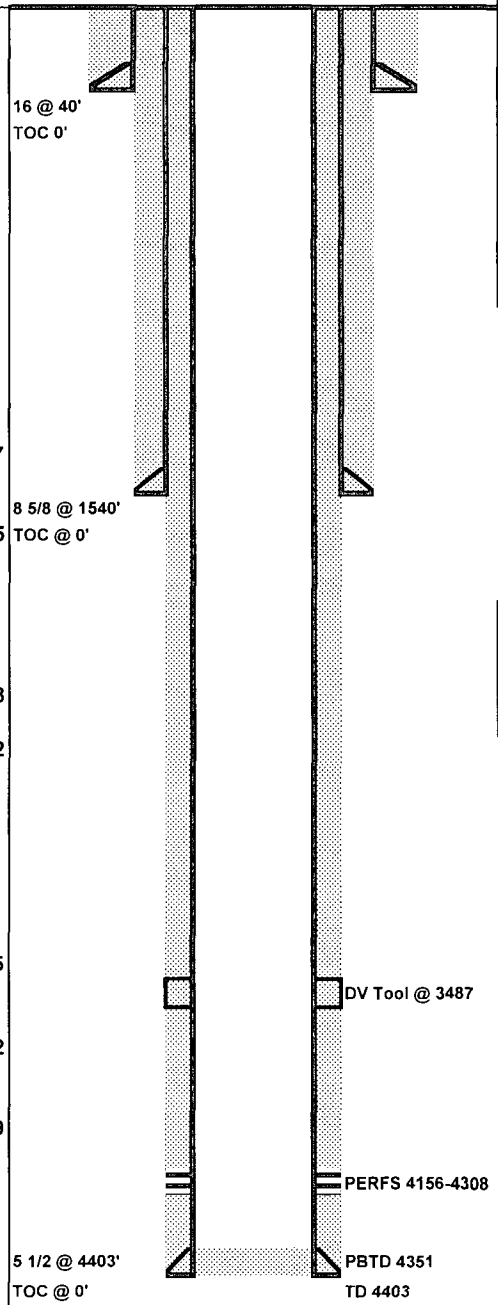
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1545	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4430	950 sxs	7 7/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1517
Top Salt	1605
Base Salt	2508
Yates	2642
Queen	3405
Grayburg	3752
San Andres	4049



APINUM:	30-025-37250				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	626
LOCATION:	UL: K	SEC: 29	TWN: 18S	RNG:	38E
	2320 FSL		2225 FWL		
TD 4403	PBD 4351	KB		DF	
		GL			
POOL		PERFS	4156-4308		
HOBBS;GRAYBURG-SAN ANDRES					
POOL		PERFS			
POOL		PERFS			

CASING RECORD

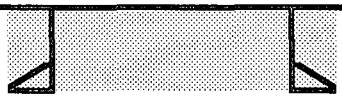
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1540	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4403	950 sxs	7 7/8	0' CIRC

PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		
FORM	DEPTH	



14 @ 40'
TOC 0'

Cmt Plug
0-40'

APINUM:	30-025-37293				
OPERATOR:	OXY USA WTP LP				
LEASENAME:	STATE A			WELL NO.	11
LOCATION:	UL: J	SEC: 29	TWN: 18S	RNG:	38E
	1490 FSL		1525 FEL		
TD	40	PBD	KB	DF	
			GL		

POOL	PERFS
POOL	PERFS
POOL	PERFS

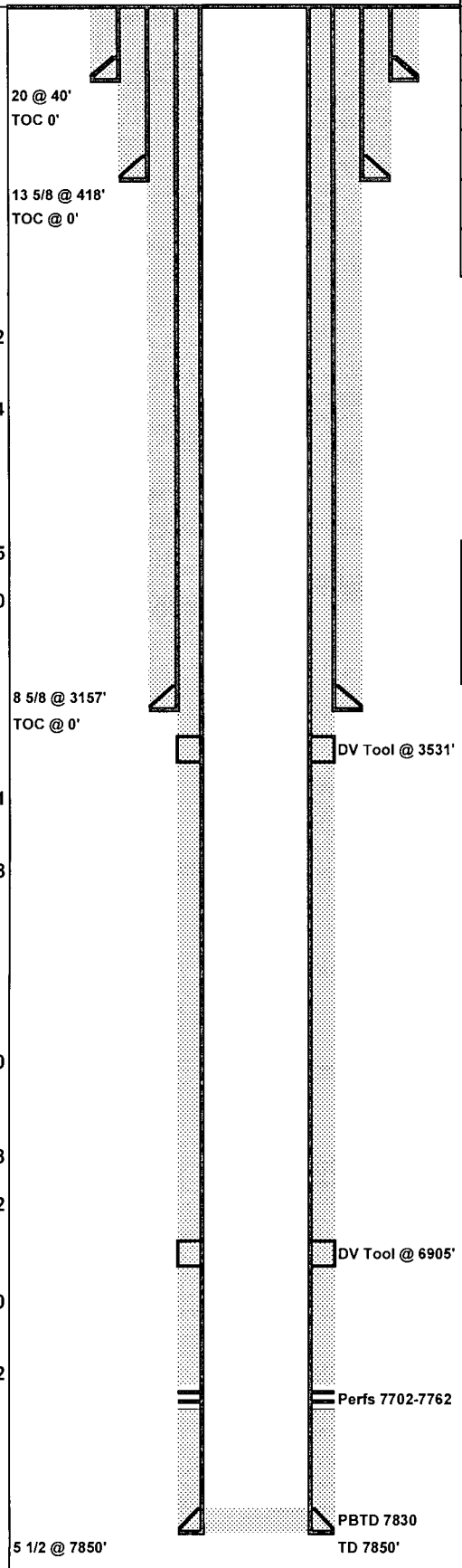
CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.					
PROD.					

PREPARED BY:	UPDATED	08/30/07

PROPOSED WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1542
Top Salt	1634
Base Salt	2535
Yates	2670
San Andres	4021
Glorieta	5378
Blinebry	5790
Tubb	6478
Drinkard	6582
Abo	6990
Wolfcamp	7622



APINUM:	30-025-37349				
OPERATOR:	OXY USA WTP LP				
LEASENAME:	STATE A			WELL NO.	11-Y
LOCATION:	UL: J	SEC: 29	TWN: 18S	RNG:	38E
	1484 FSL		1526 FEL		
TD	7850	PBD 7830	KB	DF	
			GL		
POOL			PERFS	7702-7762	
HOBBS;WOLFCAMP					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	20	40	100 sxs	26	0' CIRC
SURF.	13 3/8	418	650 sxs	17 1/2	0' CIRC
INT1	8 5/8	3157	1000 sxs	11	0' CIRC
PROD.	5 1/2	7850	1400 sxs	7 7/8	4178 calc

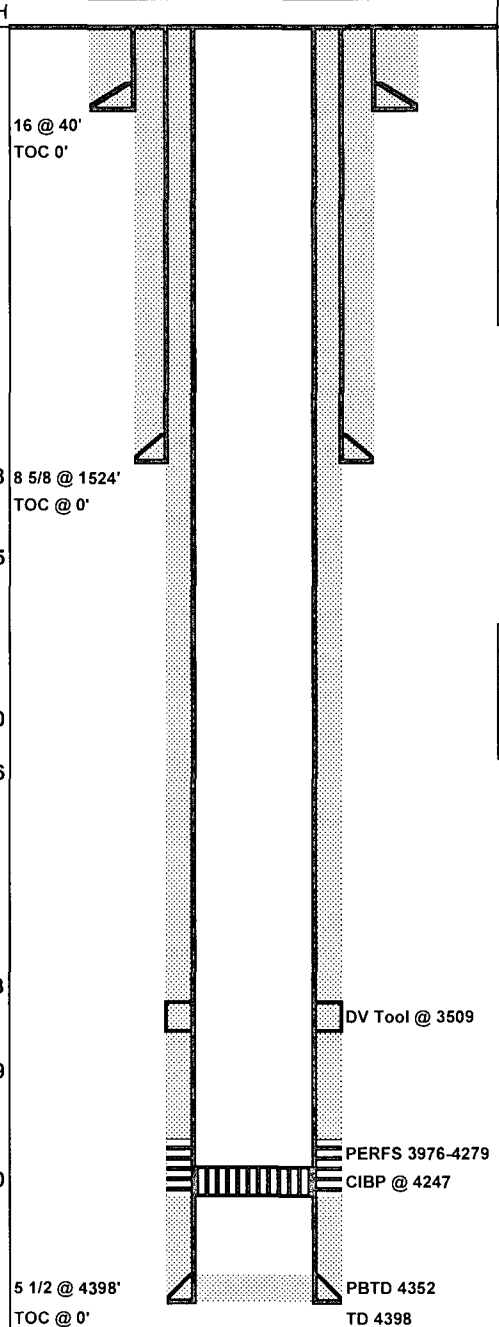
PREPARED BY:

UPDATED 7/31/2006

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1568
Top Salt	1655
Base Salt	2510
Yates	2646
Queen	3383
Grayburg	3719
San Andres	4000



APINUM:	30-025-37409				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	635
LOCATION:	UL: I	SEC: 29	TWN: 18S	RNG:	38E
	1665 FSL		1240 FEL		
TD 4398	PBD 4352	KB		DF	
		GL			
POOL			PERFS	3976-4279	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1524	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4398	850 sxs	7 7/8	0' CIRC

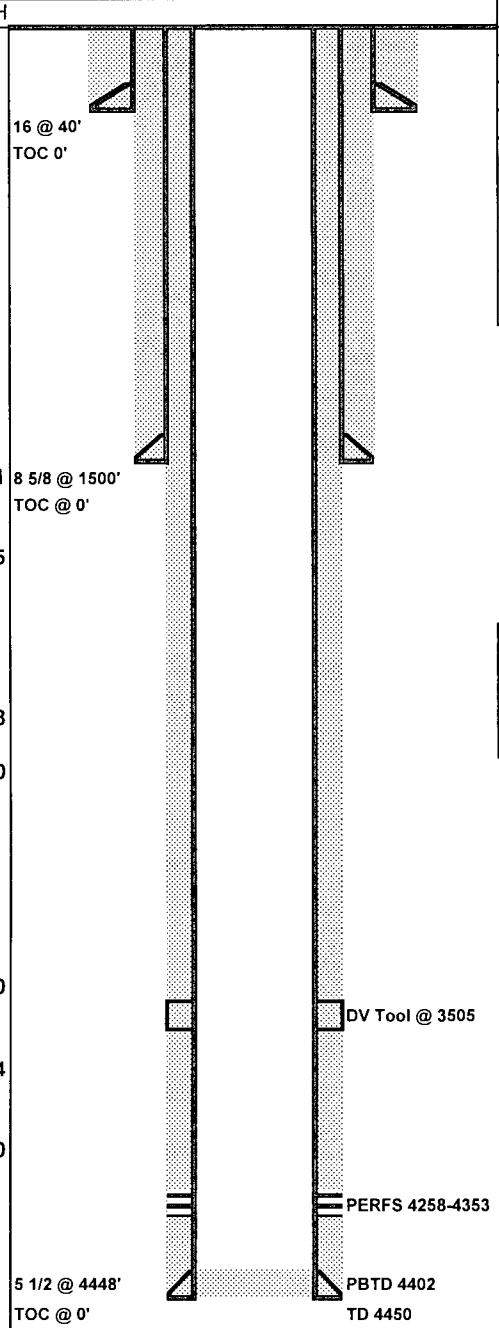
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1541
Top Salt	1605
Base Salt	2508
Yates	2710
Queen	3490
Grayburg	3854
San Andres	4180



APINUM:	30-025-37451				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	711
LOCATION:	UL: C	SEC: 29	TWN: 18S	RNG:	38E
	288 FNL		1650 FWL		
TD 4450	PBD 4402	KB		DF	
		GL			

POOL	PERFS 4258-4353
HOBBS;GRAYBURG-SAN ANDRES	
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1500	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4448	800 sxs	7 7/8	0' CIRC

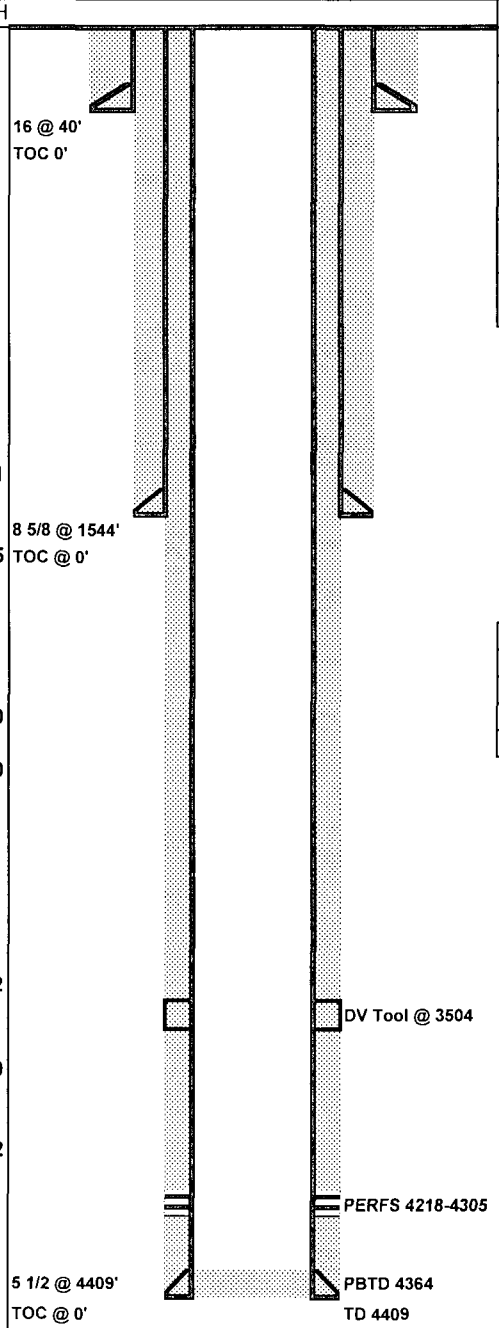
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1541
Top Salt	1605
Base Salt	2510
Yates	2690
Queen	3452
Grayburg	3810
San Andres	4132



APINUM:	30-025-37474				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	721
LOCATION:	UL: C	SEC: 29	TWN: 18S	RNG:	38E
	781 FNL		1857 FWL		
TD 4409	PBD 4364	KB		DF	
		GL			

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4218-4305
POOL	PERFS
POOL	PERFS

CASING RECORD

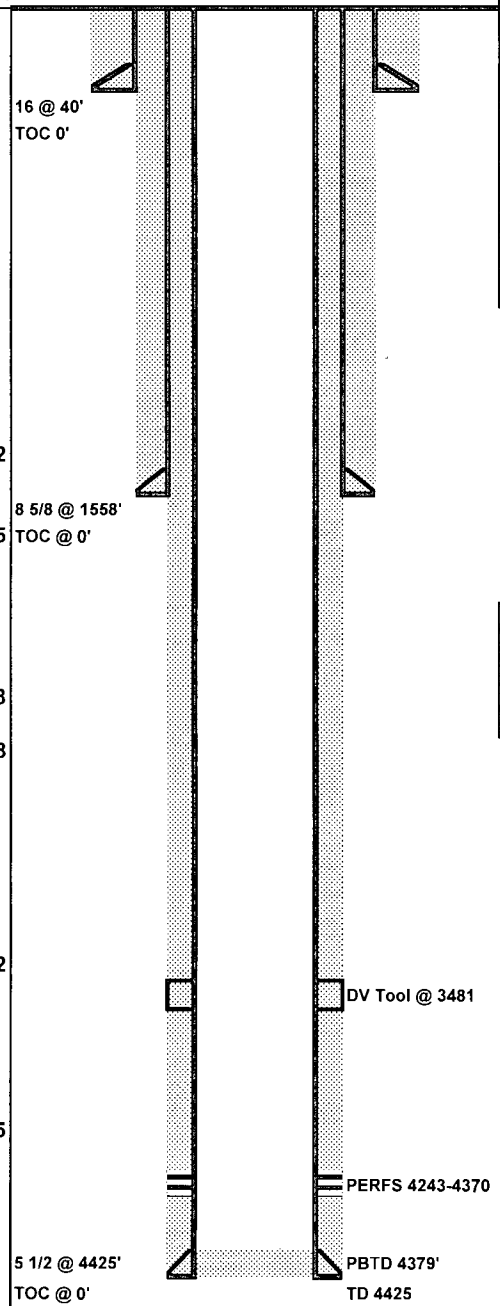
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1544	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4409	800 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1552
Top Salt	1615
Base Salt	2518
Yates	2698
Queen	3472
Grayburg	
San Andres	4155



APINUM:	30-025-37475				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	742
LOCATION:	UL: G	SEC: 29	TWN: 18S	RNG:	38E
	1670 FNL		1610 FEL		
TD 4425	PBD 4379	KB		DF	
		GL			
POOL		PERFS	4243-4370		
HOBBS;GRAYBURG-SAN ANDRES					
POOL		PERFS			
POOL		PERFS			

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1558	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4425	800 sxs	7 7/8	0' CIRC

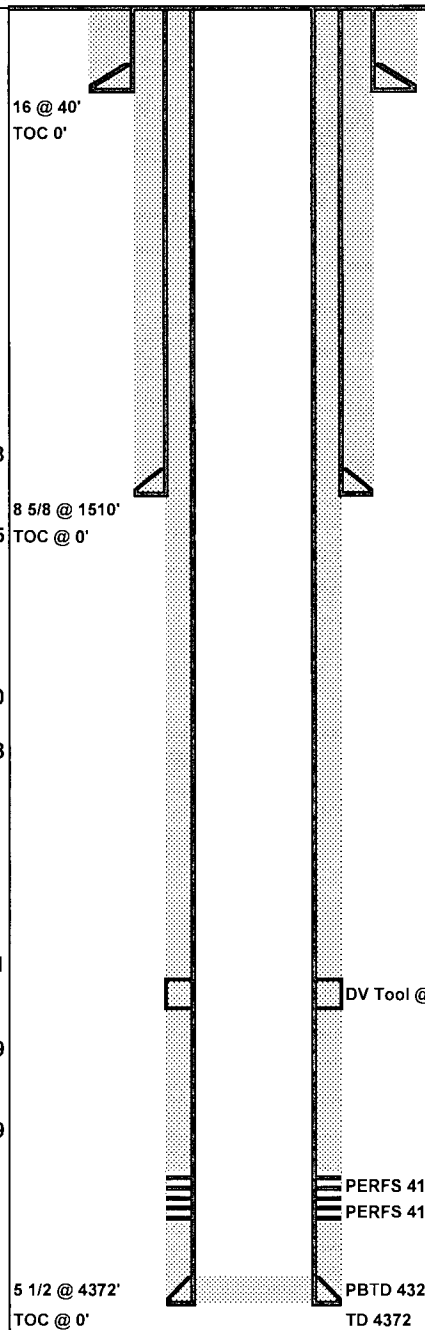
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1498
Top Salt	1565
Base Salt	2470
Yates	2648
Queen	3401
Grayburg	3739
San Andres	4019



APINUM:	30-025-37558				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	712
LOCATION:	UL: E	SEC: 29	TWN: 18S	RNG:	38E
	2378 FSL		1086 FEL		
TD	4372	PBD 4326	KB	DF	
			GL		

POOL	PERFS 4124-4149 Sqz
HOBBS;GRAYBURG-SAN ANDRES	4150-4300
POOL	PERFS
POOL	PERFS

CASING RECORD

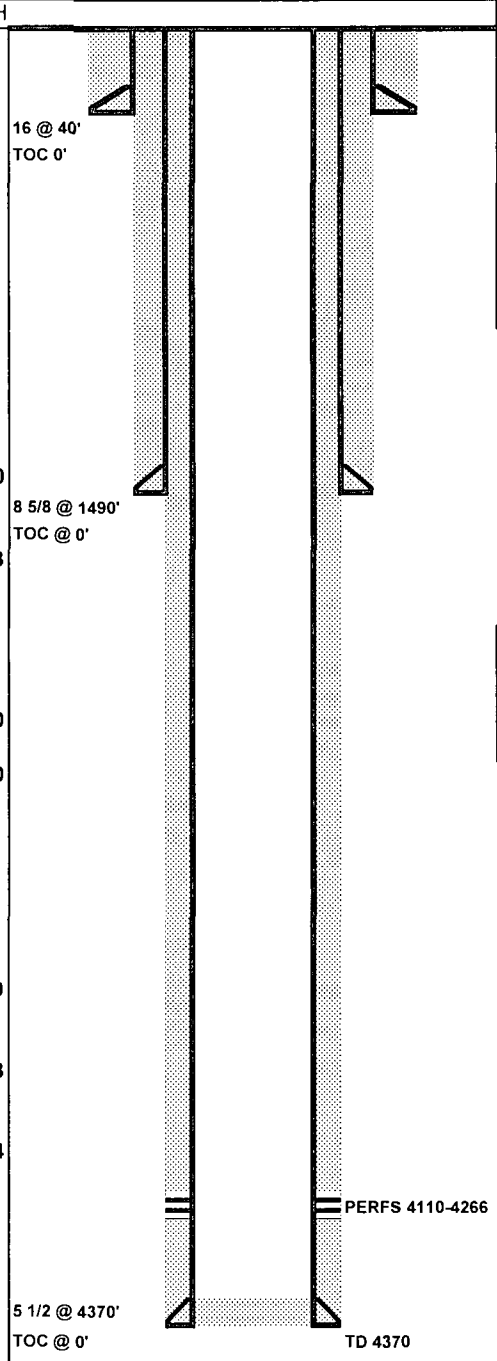
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1510	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4372	800 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1490
Top Salt	1563
Base Salt	2450
Yates	2620
Queen	3389
Grayburg	3723
San Andres	4004



APINUM:	30-025-28957				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	432
LOCATION:	UL: I	SEC: 30	TWN: 18S	RNG:	38E
	2260 FSL		180 FEL		
TD	4370	PBD	KB	DF	
			GL		

POOL HOBBS;GRAYBURG-SAN ANDRES	PERFS 4110-4266
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	13 3/8	55	440 sxs	17 1/2	0' CIRC
SURF.	8 5/8	1490	1600 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4370	850 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITES

(Refer to the OCD Guidelines for assistance in completing the application)

☐ New ☒ Renewal Permit # BW-030

I. Facility Name: Hobbs State #10 (API #30-025-35915)

II. Operator: Liquid Resouce Services LLC

Address: 1819 N. Turner, Suite B

Contact Person: David A. Pyeatt Phone: (505)393-7706

III. Location: UL: F 2565 N. /4 2330 W. /4 Section 29 Township 18 S. Range 38 E.

Submit large scale topographic map showing exact location.

IV. Attach the name and address of the landowner of the facility site.

V. Attach a description of the types and quantities of fluids at the facility.

VI. Attach a description of all fluid transfer and storage and fluid and solid disposal facilities.

VII. Attach a description of underground facilities (i.e. brine extraction well).

VIII. Attach a contingency plan for reporting and clean-up of spills or releases.

IX. Attach geological/hydrological evidence demonstrating that brine extraction operations will not adversely impact fresh water.

X. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

XI. CERTIFICATION:

I hereby certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment.

Name: Eddie W. Seay Title: Agent

Signature: Eddie W Seay Date: 9/13/07

E-mail Address: seay04@leaco.net

III. TOPO MAP

IV. LANDOWNER OF SITE:

Occidental Permian Ltd.
Box 4294
Houston, TX 77210-4294

V. TYPES AND QUANTITIES OF FLUIDS:

There are 5 - 500 bl. brine tanks.
There are 3 - 500 bl. fresh water tanks.
Injection pump and well.

VI. All fluids transfer lines are above ground except for the fresh water line which is from the City of Hobbs water system. Any leak that were to occur would be readily detected.

Trucks load from the North side of tank through individual load lines, each having a catch basin to collect any spillage. The catch basins are emptied regularly at an OCD approved SWD.

VII. The brine well is constructed with 9 5/8 in. surface casing circulated to surface, 7 in. production casing to 1700 ft., and 3 in. tubing into the salt section at approximately 2300 ft. Fresh water is pumped down casing and brine is produced out the 3 in. tubing.

VIII. CONTINGENCY PLAN FOR REPORTING AND CLEANUP OF SPILLS.

Liquid Resouce Services either has or has access to vacuum trucks, and construction equipment in the event of a release of brine. LRS will adhere to OCD Rule 116, and will notify the OCD in Hobbs by phone and immediately begin removal of free liquids and stop source of leak. A C-141 will be filed as needed and continue remediation as OCD recommends.

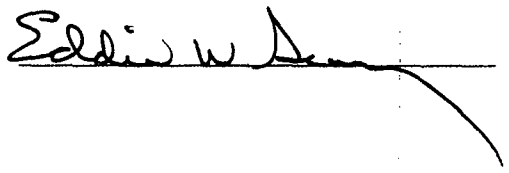
IX. GEOLOGICAL/HYDROLOGICAL.

LRS performs regular scheduled pressure tests on the brine well to ensure integrity to the casing of the brine well. They inspect the facilities for leaks and spills. LRC has a groundwater monitor well located approximately one hundred feet from gradient to the brine well, to monitor quality of groundwater. Analytical for monitor well is sent to OCD. Find attached analytical of fresh and brine water.

X. LRS inspects its facilities on a regular basis since its operations are in close proximity to the City of Hobbs. LRS is committed to operating in a prudent manner so as to prevent waste and to protect public health and the environment.

XI. I certify that all information listed is true, accurate and complete.

Eddie W. Seay, Agent

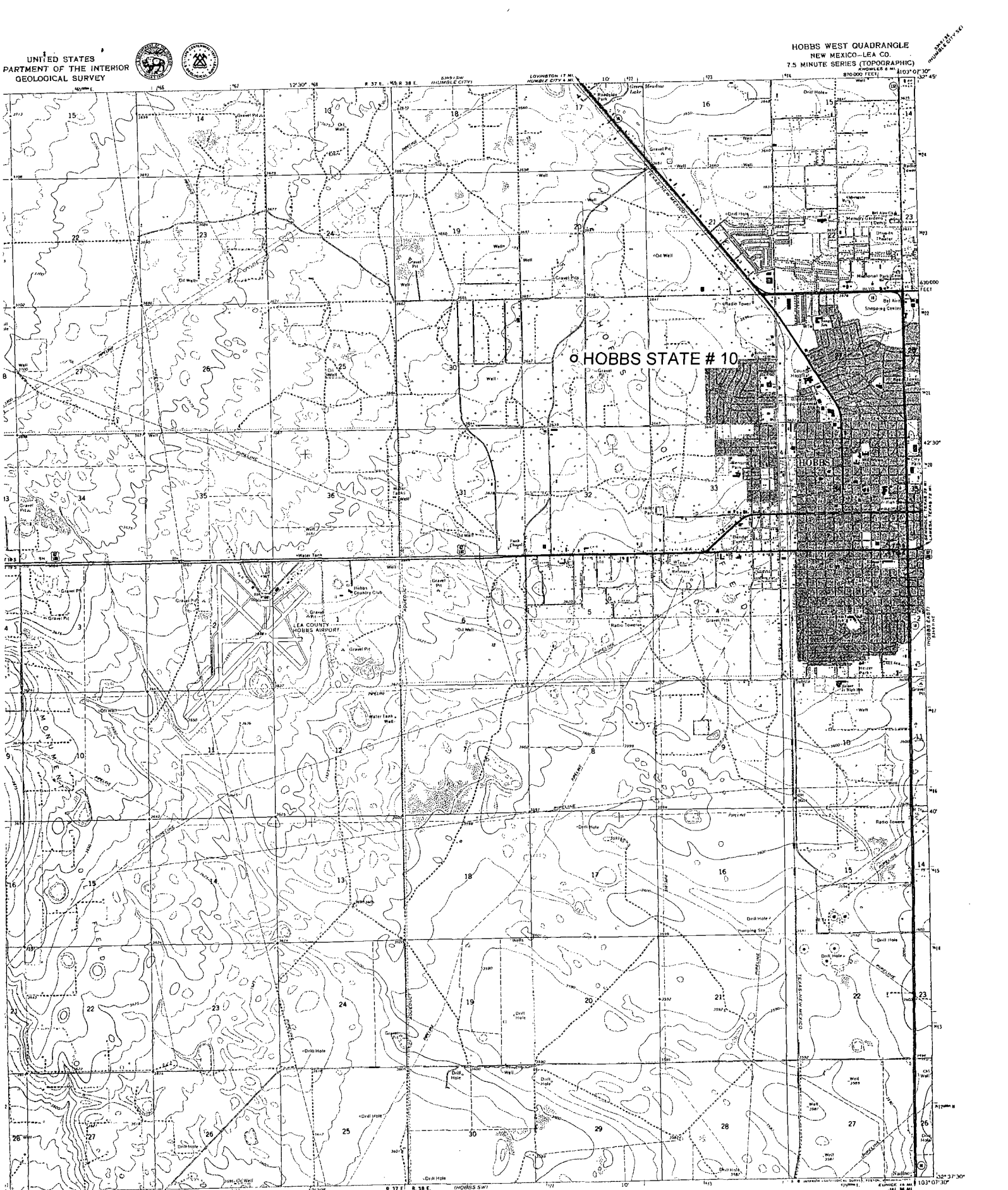


ITEMS INCLUDED:

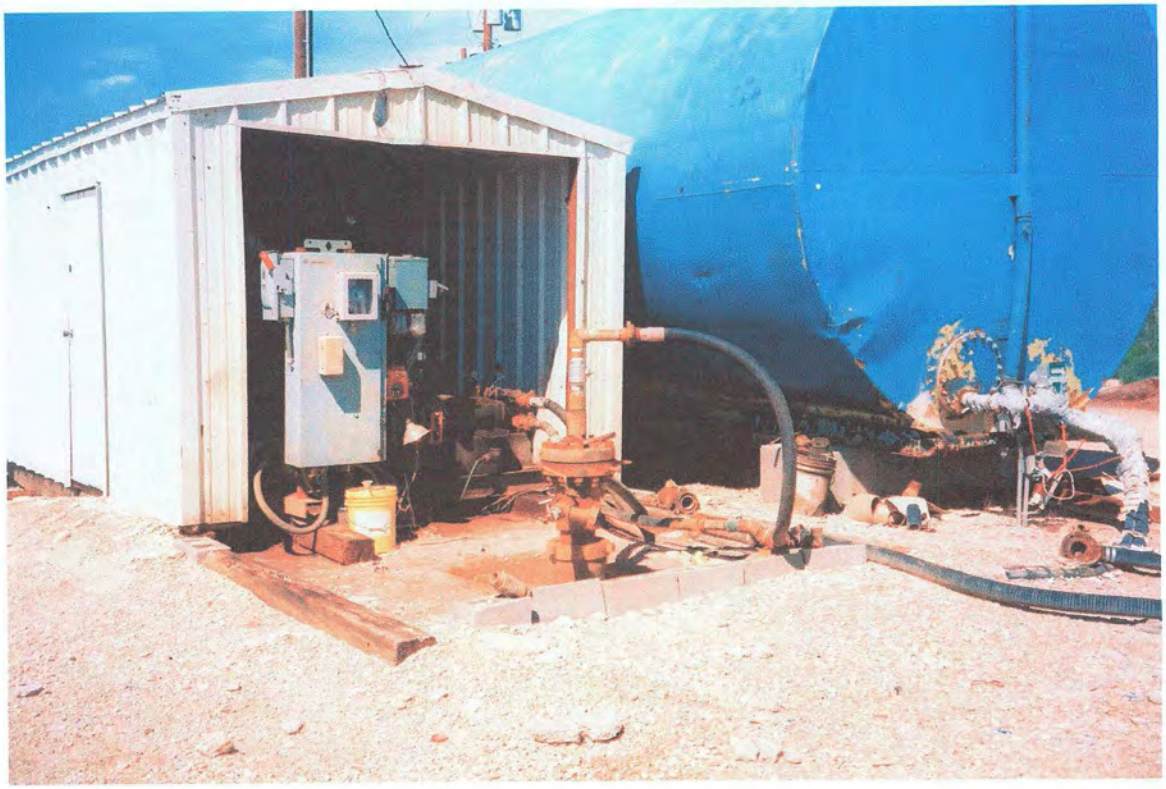
$100.00 Application Fee to Water Quality Management Fund.

Copies of the proposed advertisement both in Spanish and English, will be put in the Hobbs News-Sun, if this meets with your approval. We will also notice the Landowner, OXY.

Updated information on new wells drilled within the AOR, since original application.



'Hobbs West; NM' Scale: 1" = 0.958Mi 1,542Mt 5,059Ft, 1 Mi = 1.044" , 1 cm = 607Mt



CARDINAL LABORATORIES

PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603
PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
EDDIE SEAY CONSULTING
ATTN: EDDIE SEAY
601 W. ILLINOIS
HOBBS, NM 88242
FAX TO: (505) 392-6949

Receiving Date: 08/30/07
Reporting Date: 09/05/07
Project Owner: LRS
Project Name: LIQUID RESOURCES SERVICE INC.
Project Location: HOBBS, NM

Sampling Date: 08/30/07
Sample Type: WATER
Sample Condition: COOL & INTACT
Sample Received By: NF
Analyzed By: HM/KS

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity ($mgCaCO_3/L$)
ANALYSIS DATE:		09/05/07	09/04/07	09/04/07	09/05/07	09/04/07	09/04/07
H13203-1	FRESH #1	58.9	89.2	21.8	2.36	894	124
H13203-2	BRINE #2	119,859	1663	1573	1460	364,400	144
Quality Control		NR	50.6	53.2	1.87	1423	NR
True Value QC		NR	50.0	50.0	2.00	1413	NR
% Recovery		NR	101	106	93.6	101	NR
Relative Percent Difference		NR	< 0.1	3.1	2.1	< 0.1	NR

METHODS:	SM3500-Ca-D	3500-Mg E	8049	120.1	310.1

LAB NUMBER	SAMPLE ID	Cl (mg/L)	SO_4 (mg/L)	CO_3 (mg/L)	HCO_3 (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:		09/04/07	09/05/07	09/04/07	09/04/07	09/04/07	09/04/07
H13203-1	FRESH #1	120	145	0	151	7.99	682
H13203-2	BRINE #2	189,941	5178	0	176	7.27	318,000
Quality Control		500	24.0	NR	1025	6.98	NR
True Value QC		500	25.0	NR	1000	7.00	NR
% Recovery		100	96.1	NR	102	99.7	NR
Relative Percent Difference		< 0.1	8.2	NR	6.1	0.1	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1

Chemist

09-07-07
Date

H13203 E.SEAY

PUBLIC NOTICE

Notice is hereby given that pursuant to New Mexico Oil Conservation Division Regulations, the following proposed discharge plan renewal has been submitted for approval to the Oil Conservation Division, Energy, Minerals & Natural Resources Dept., 1220 South St Francis Dr., Santa Fe, New Mexico 87505. Telephone (505) 476-3440 or (505) 476-3487.

Liquid Resources Services LLC, PO Box 5790, Hobbs, New Mexico 88241, has submitted a discharge plan renewal application for a brine supply well "Hobbs State # 10" (API # 30-025-35915), located approximately 2 miles west on Sanger Street and ½ mile north on West County Road and approximately 900 feet east from the city of Hobbs, New Mexico. The facility is located in the SE/4 of NW/4 of Section 29 of Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. This facility will temporarily store for sale brine water. No other fluids will be stored at this facility. Fresh water from the city of Hobbs will be diverted down the annulus of the brine well and brine water flows back up the tubing and stored in five 500 barrel brine storage tanks. An average of 500 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 318,000 mg/l is produced. The ground water likely to be affected by discharges occurs at a depth of 50-70 feet in the Ogallala Formation.

Any interested person may obtain further information from the Oil Conservation Division and may submit comments and statements to Carl Chavez, New Mexico Enegy, Minerals & Natural Resources Dept., Oil Conservation Division, 1220 South St Francis Dr., Santa Fe, New Mexico 87505, E-mail carlj.chavez@state.nm.us , Telephone (505) 476-3460 or (505) 476-3491. Also any interested person may request to be placed on a mailing list for future notices regarding this application.

NOTA PÚBLICA

Advierta por la presente es dado que según de los Regulaciones de División de Conservación de Petróleo de Nuevo México, la renovación del siguiente propuso la descarga se han sometido para la aprobación a la División de la Conservación del Petróleo, Departamento Energía, Minerales y Recursos Naturales, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505. Teléfonos (505) 476-3440 o (505) 476-3487

Liquid Resources Services LLC, PO Box 5790, Hobbs, Nuevo México 88241, se han sometido una aplicación de renovación del plan de la descarga para el pozo de salmuera "Hobbs State # 10" (API # 30-025-35915), localizó aproximadamente 2 millas al oesta en Calle Sanger y ½ millas al norte en Calle West County y 900 pies al esta de Hobbs, Nuevo México. La facilidad se localiza en el SE/4 de NW/4 de la Sección 29 de Municipio 18 al sur, la Gama 38 al este, NMPM, Condado de Lea, Nuevo México. Esta facilidad almacenará temporalmente agua de salmuera para vender. Ningún otro líquido se almacenará en esta facilidad. El agua dulce de la ciudad de Hobbs será desviado en el annulus del pozo salmuera. El flujo de agua de salmuera retrocederá en la tubería y se almacenadara en cinco tanques de almacenaje de 500 barriles. Un medios 500 barriles por día de agua de salmuera con un suma se disolvieron la concentración de sólidos de aproximadamente 318.000 mg/l es producida. El agua del suelo probablemente estará afectada por descargas ocurre en una profundidad de 50-70 pies en la Formación de Ogallala.

Alguna persona interesada puede obtener información adicional de la División de la Conservación del Petróleo y puede someterse los comentarios y las declaraciones a Carl Chavez, Departamento de Energía, Minerales y Recursos Naturales, la División de la Conservación del Petróleo, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505, MANDAN CORREO ELECRONICO carla.chavez@state.nm.us. Teléfonos (505) 476-3440 o (505) 476-3487. También alguna persona interesada puede solicitar para ser colocada en una lista de envío para notas futuras con respecto a esta aplicación.

WELLBORE SCHEMATICS

FOR WELLS DRILLED WITHIN

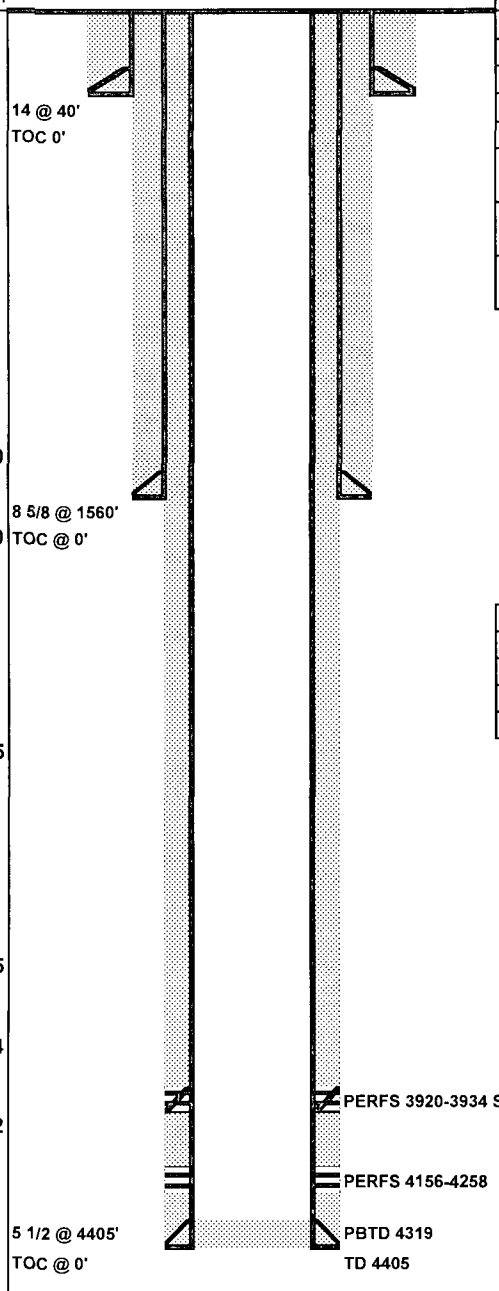
AREA OF REVIEW

SINCE LAST APPLICATION

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1490
Top Salt	1580
Base Salt	
Yates	2645
Queen	3385
Grayburg	3744
San Andres	4002



APINUM:	30-025-34869				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	623
LOCATION:	UL: K	SEC: 29	TWN: 18S	RNG:	38E
	1837 FSL		2482 FWL		
TD 4405	PBD 4319	KB		DF	
		GL			

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4156-4258
POOL	PERFS
POOL	PERFS

CASING RECORD

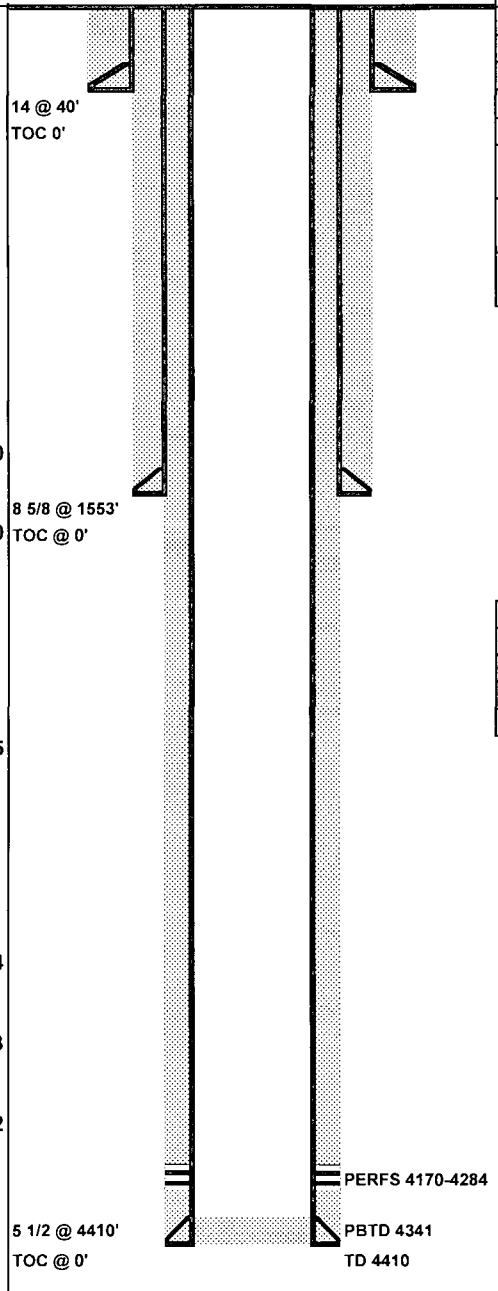
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1560	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4405	985 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

FORM	DEPTH
Rustler	1460
Top Salt	1560
Base Salt	
Yates	2625
Queen	3354
Grayburg	3713
San Andres	3982

COMPLETION SCHEMATIC



APINUM:	30-025-34870				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	624
LOCATION:	UL: N	SEC: 29	TWN: 18S	RNG:	38E
	1150 FSL		1948 FEL		
TD 4410	PBD 4341	KB		DF	
		GL			
POOL		PERFS	4070-4284		
HOBBS;GRAYBURG-SAN ANDRES					
POOL		PERFS			
POOL		PERFS			

CASING RECORD

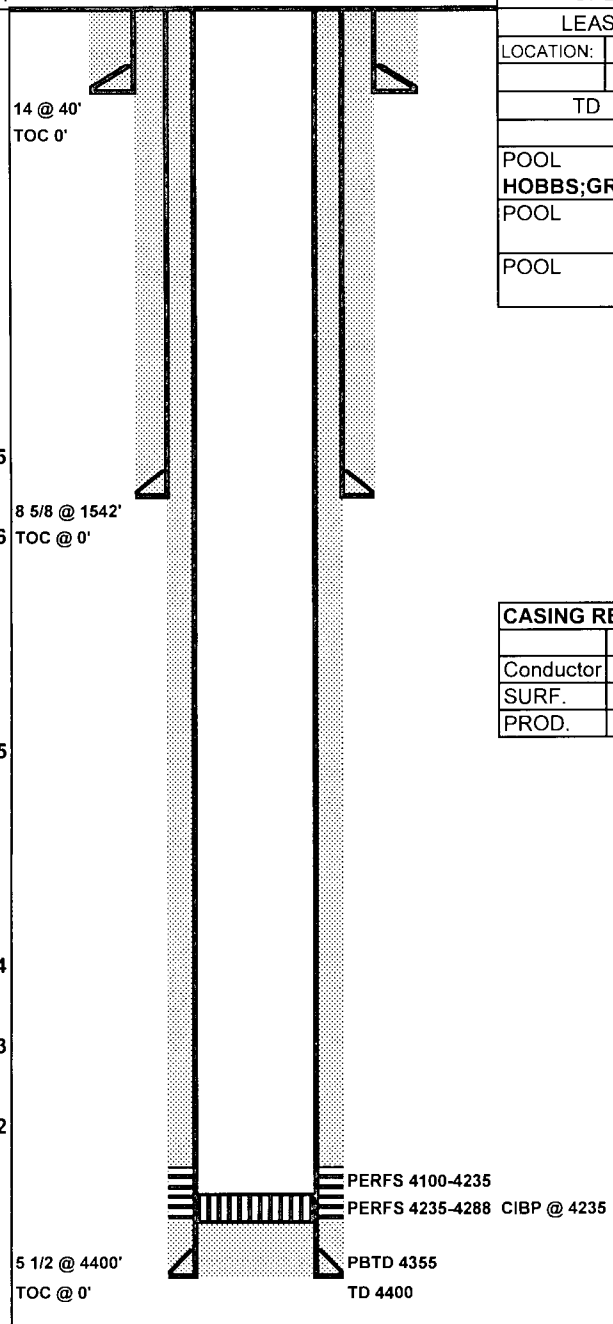
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1553	725 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4410	1000 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1465
Top Salt	1556
Base Salt	
Yates	2625
Queen	3354
Grayburg	3713
San Andres	3982



APINUM:	30-025-34871				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	813
LOCATION:	UL: L	SEC: 29	TWN: 18S	RNG:	38E
	1450 FSL		469 FWL		
TD 4400	PBD 4355	KB		DF	
		GL			

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4100-4288
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1542	700 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4400	1000 sxs	7 7/8	0' CIRC

PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC		
FORM	DEPTH	
		14 @ 40'
		TOC 0'
Rustler	1535	8 5/8 @ 1513'
		TOC @ 0'
Top Salt	1624	
Base Salt	2562	
Yates	2649	
Queen	3386	
		DV Tool @ 3536
Grayburg	3753	
San Andres	4025	
		PERFS 4096-4274
		5 1/2 @ 4411'
		TOC @ 0'
		PBTD 4355
		TD 4411

APINUM:	30-025-35376				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	643
LOCATION:	UL: I	SEC: 29	TWN: 18S	RNG:	38E
	2374 FSL		1213 FEL		
TD 4411	PBD 4355	KB		DF	
		GL			
POOL			PERFS	4096-4274	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

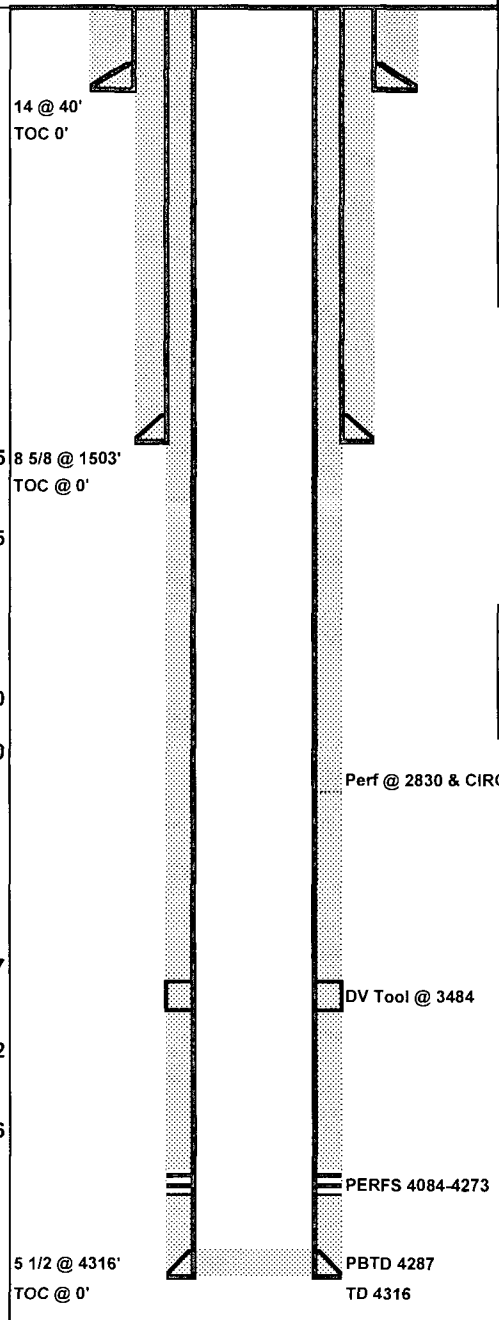
CASING RECORD					
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1513	850 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4411	900 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1515
Top Salt	1605
Base Salt	2550
Yates	2630
Queen	3367
Grayburg	3722
San Andres	3996



APINUM:	30-025-35384				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	634
LOCATION:	UL: O	SEC: 29	TWN: 18S	RNG:	38E
	753 FSL		2067 FEL		
TD	4316	PBD 4287	KB	DF	
			GL		

POOL	PERFS 4084-4273
HOBBS;GRAYBURG-SAN ANDRES	
POOL	PERFS
POOL	PERFS

CASING RECORD

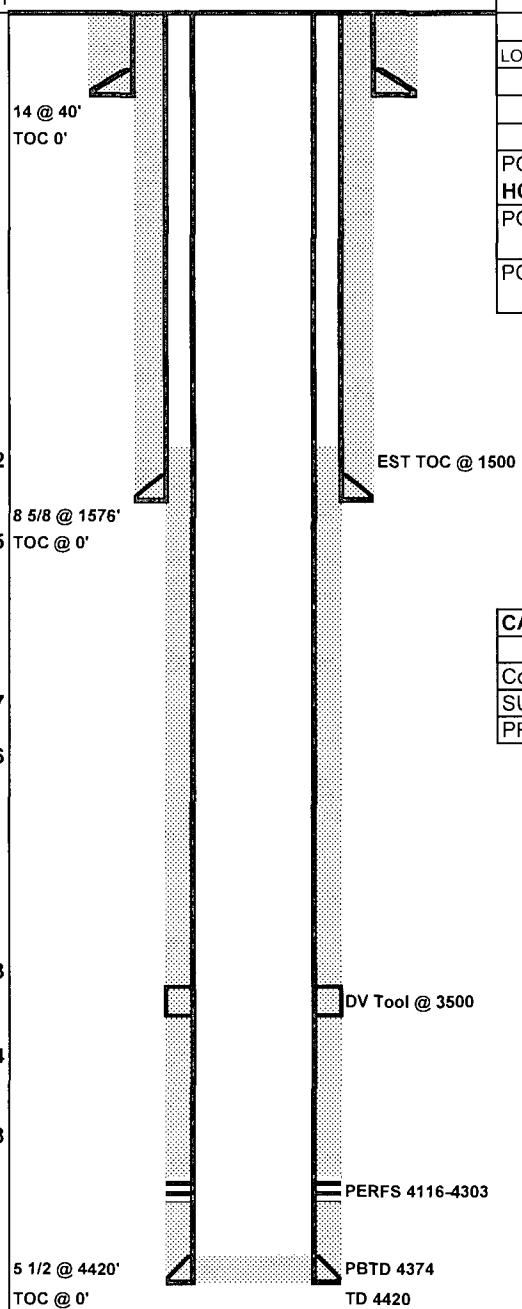
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1503	850 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4316	780 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1562
Top Salt	1625
Base Salt	2507
Yates	2646
Queen	3393
Grayburg	3754
San Andres	4018



APINUM:	30-025-35541				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	533
LOCATION:	UL: J	SEC: 29	TWN: 18S	RNG:	38E
	2326 FSL		1902 FEL		
TD	4420	PBD 4374	KB	DF	
			GL		

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4116-4303
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	14	40	50 sxs	18	0' CIRC
SURF.	8 5/8	1576	850 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4420	500 sxs	7 7/8	1500 est

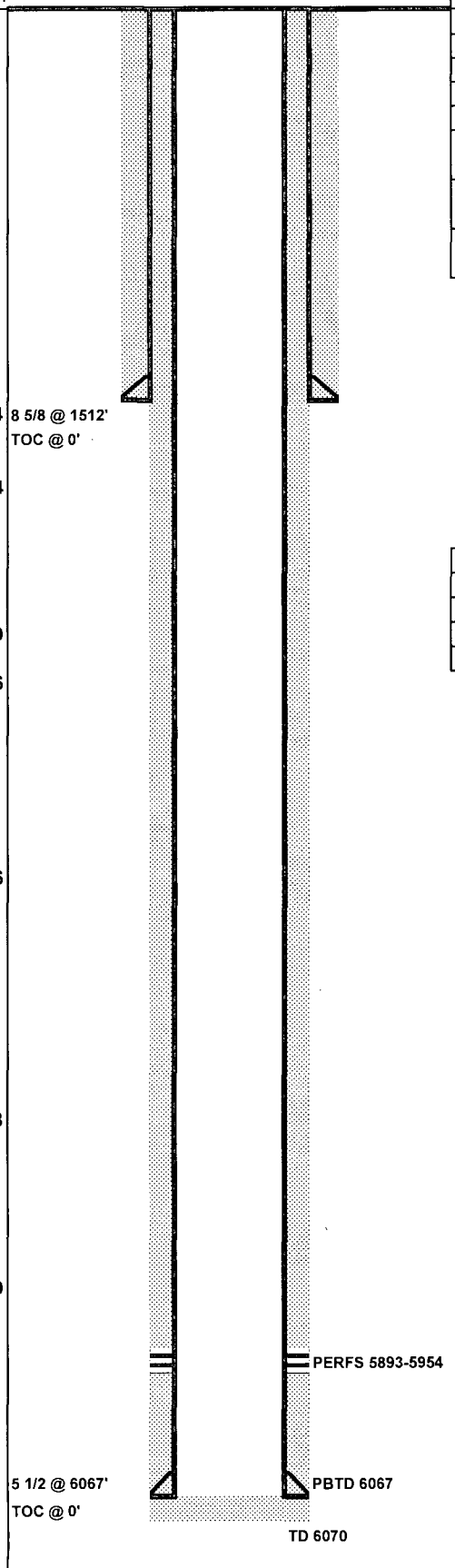
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1554
Top Salt	1644
Base Salt	2490
Yates	2636
Queen	3366
Glorieta	5348
Blinebry	5750



APINUM:	30-025-35673
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC
LEASENAME:	STATE 1-29
WELL NO.	9
LOCATION: UL:	P
SEC:	29
TWN:	18S
RNG:	38E
	1080 FSL
	1300 FEL
TD	
PBD	
KB	
DF	
GL	
POOL	HOBBS;UPPER BLINEBRY
PERFS	5893-5954
POOL	
PERFS	
POOL	
PERFS	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1512	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6067	1555 sxs	7 7/8	0' CIRC

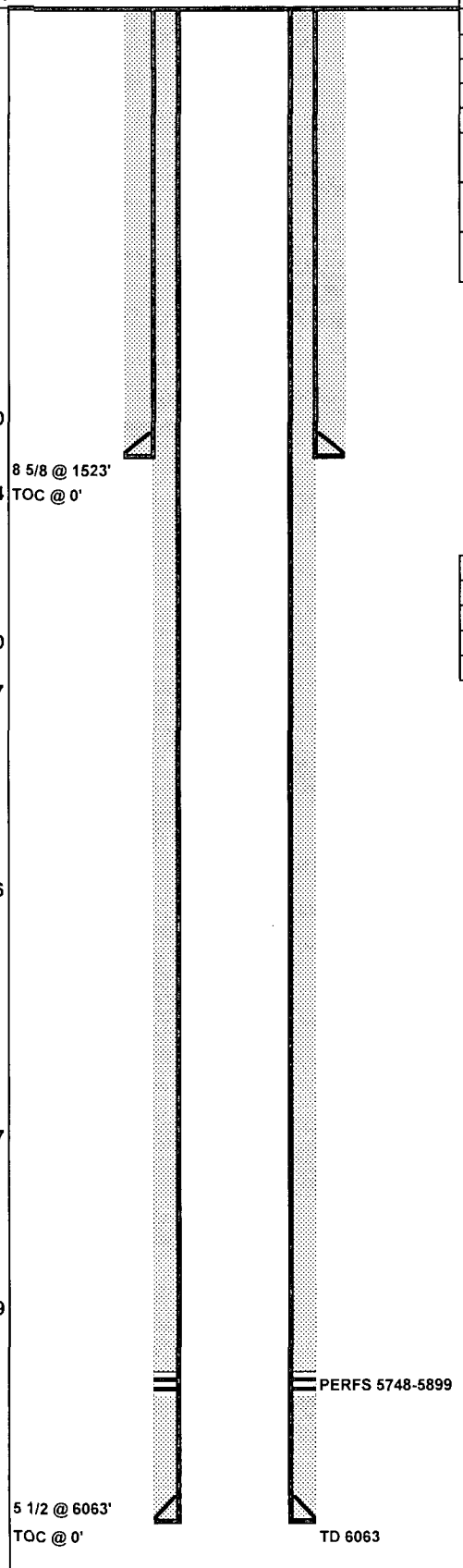
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1460
Top Salt	1564
Base Salt	2470
Yates	2617
Queen	3386
Glorieta	5367
Blinebry	5739



APINUM:	30-025-35756				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	42
LOCATION:	UL: M	SEC: 29	TWN: 18S	RNG:	38E
	1290 FSL		170 FWL		
TD	6063	PBD 6063	KB	DF	
			GL		

POOL HOBBS;UPPER BLINEBRY	PERFS 5748-5899
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1523	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6063	2275 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC			
FORM	DEPTH		
Rustler	1464		
		8 5/8 @ 1530'	
Top Salt	1570	TOC @ 0'	
Base Salt	2470		
Yates	2620		
Queen	3390		
Glorieta	5374		
Blinebry	5742		
			PERFS 5746-5899
		5 1/2 @ 6060'	
		TOC @ 0'	TD 6060

APINUM:	30-025-35852				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	43
LOCATION:	UL: M	SEC: 29	TWN: 18S	RNG:	38E
	1243 FSL		1015 FWL		
TD	6060	PBD 6060	KB	DF	
			GL		

POOL	PERFS 5746-5899
HOBBS;UPPER BLINEBRY	
POOL	PERFS
POOL	PERFS

CASING RECORD

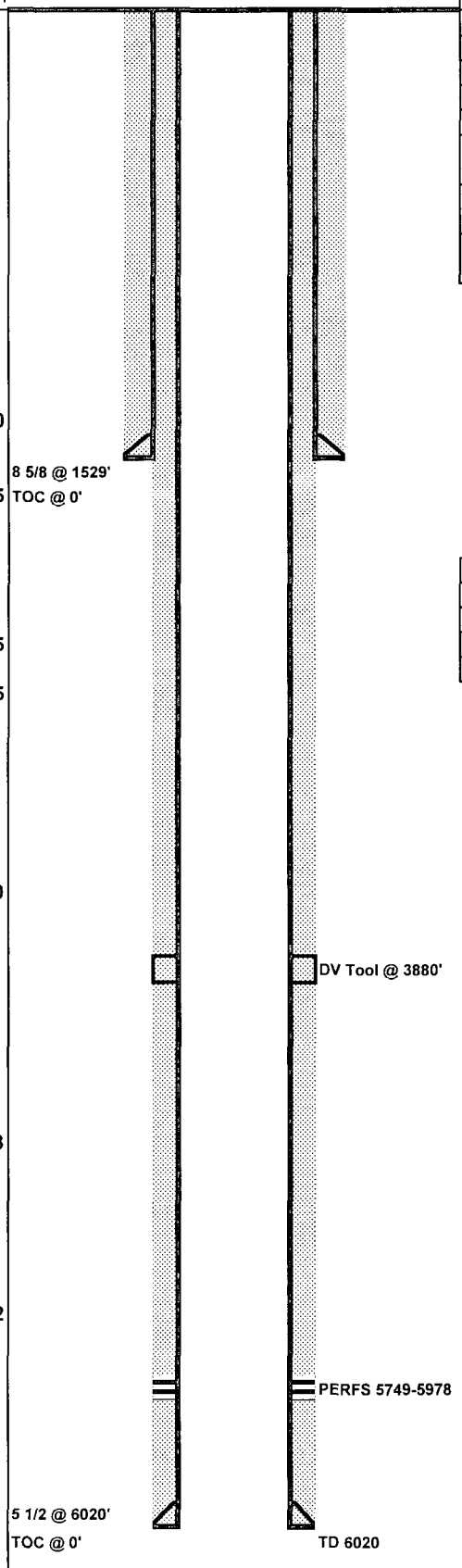
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1530	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6060	1525 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1460
Top Salt	1565
Base Salt	2465
Yates	2615
Queen	3390
Glorieta	5353
Blinebry	5742



APINUM:	30-025-35914				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	44
LOCATION:	UL: M	SEC: 29	TWN: 18S	RNG:	38E
	719 FSL		800 FWL		
TD	6020	PBD	KB	DF	
			GL		

POOL HOBBS;UPPER BLINEBRY	PERFS 5749-5978
POOL	PERFS
POOL	PERFS

CASING RECORD

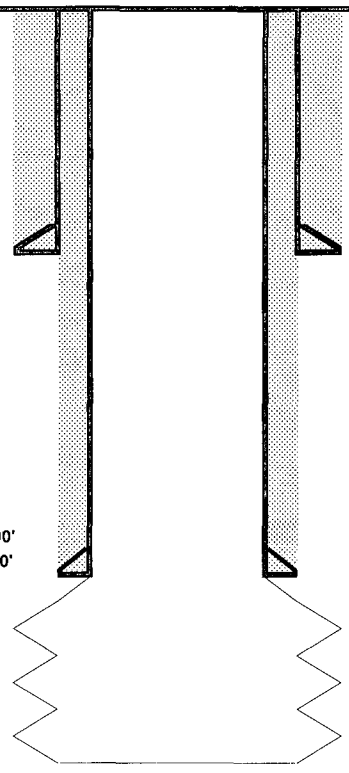
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1529	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6020	1525 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1545
Top Salt	1645
Base Salt	2400



APINUM:	30-025-35915
OPERATOR:	LIQUID RESOURCES SERVICES, LLC
LEASENAME:	HOBBS STATE — WELL NO. 10
LOCATION: UL: F SEC: 29 TWN: 18S RNG: 38E	
2565 FSL	2330 FEL
TD / PBD / KB / DF	
GL	
POOL: BSW;SALADO	Open Hole 1700-2000
POOL	PERFS
POOL	PERFS

CASING RECORD

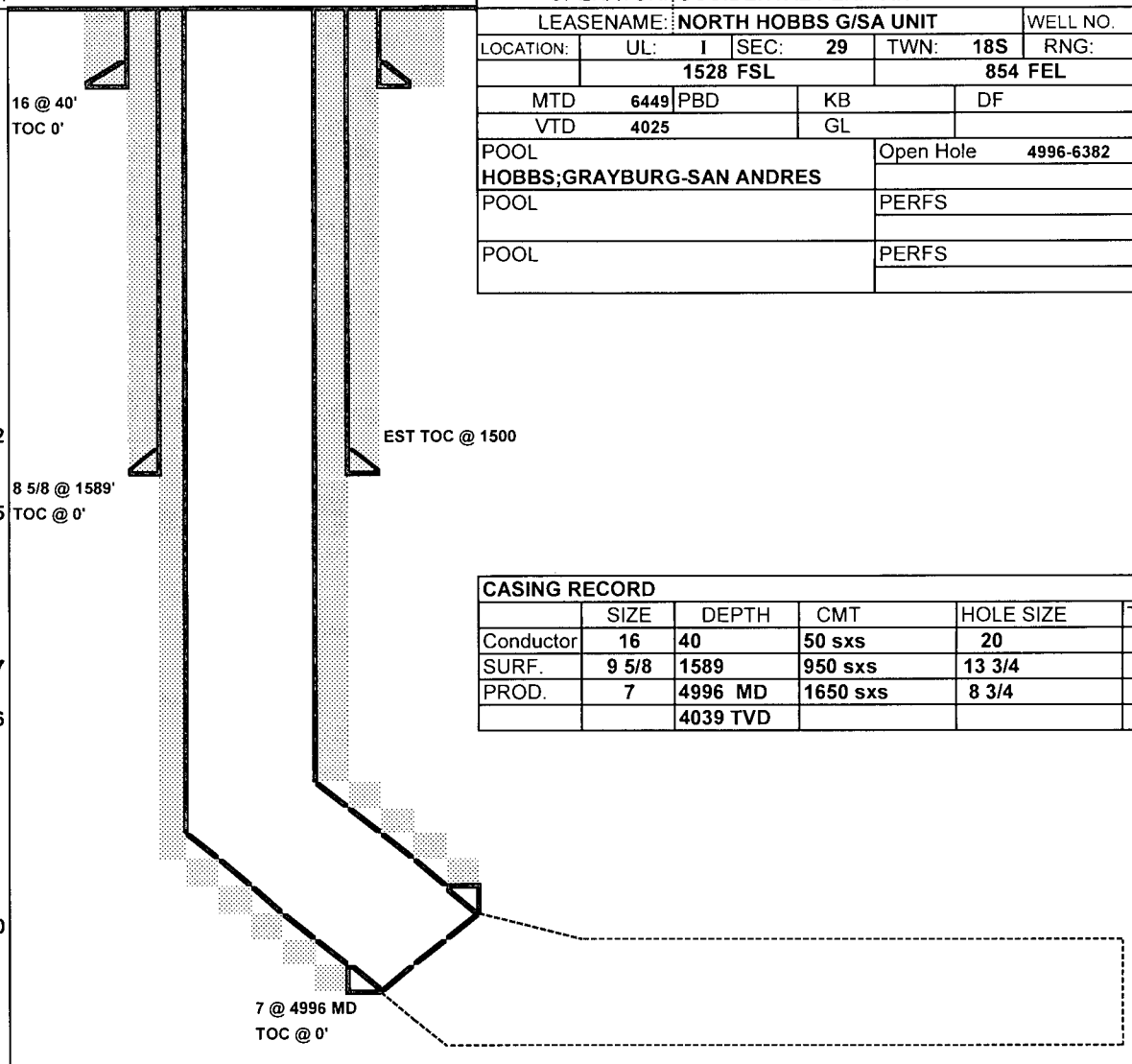
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	9 5/8	450	150 sxs	17 1/2	0' CIRC
PROD.	7	1700	300 sxs	8 5/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1562
Top Salt	1625
Base Salt	2507
Yates	2646
San Andres	4000



APINUM:	30-025-35999				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	944
LOCATION:	UL: I	SEC: 29	TWN: 18S	RNG:	38E
	1528 FSL		854 FEL		
MTD	6449	PBD	KB	DF	
VTD	4025		GL		

POOL HOBBS;GRAYBURG-SAN ANDRES	Open Hole 4996-6382
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	50 sxs	20	0' CIRC
SURF.	9 5/8	1589	950 sxs	13 3/4	0' CIRC
PROD.	7	4996 MD	1650 sxs	8 3/4	0' CIRC
		4039 TVD			

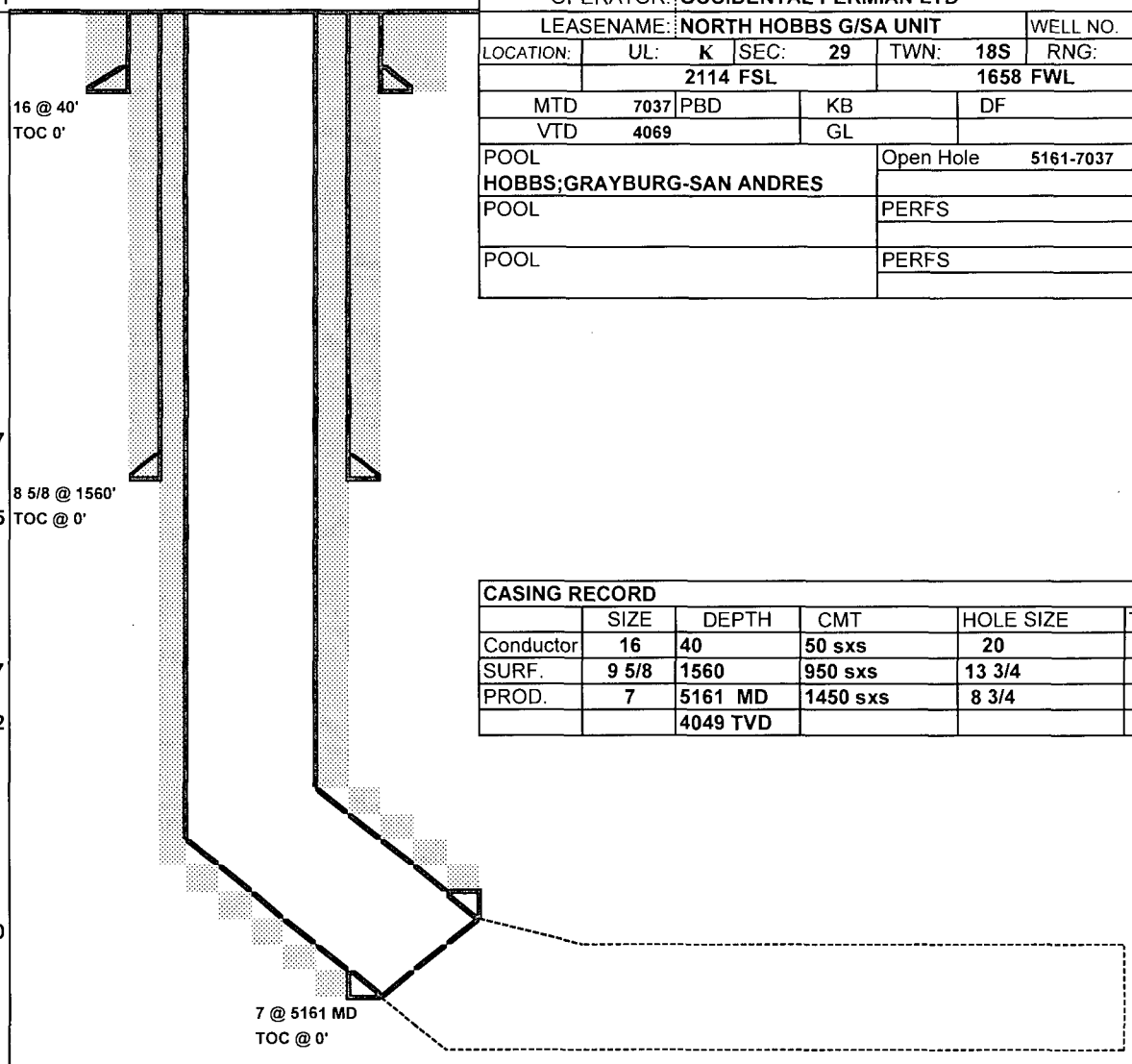
PREPARED BY:

UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1517
Top Salt	1605
Base Salt	2507
Yates	2642
San Andres	4050



APINUM:	30-025-36011				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	923
LOCATION:	UL: K	SEC: 29	TWN: 18S	RNG:	38E
	2114 FSL		1658 FWL		
MTD	7037	PBD	KB	DF	
VTD	4069		GL		
POOL			Open Hole	5161-7037	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

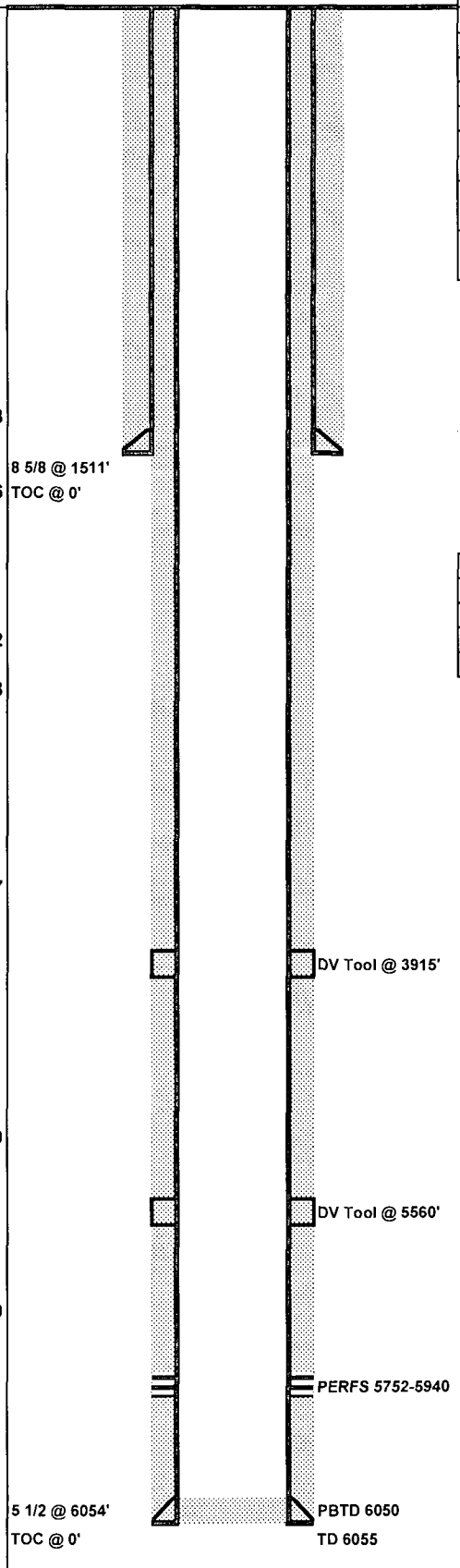
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	50 sxs	20	0' CIRC
SURF.	9 5/8	1560	950 sxs	13 3/4	0' CIRC
PROD.	7	5161 MD	1450 sxs	8 3/4	0' CIRC
		4049 TVD			

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1493
Top Salt	1586
Base Salt	2572
Yates	2658
Queen	3287
Glorieta	5379
Blinebry	5749



APINUM:	30-025-36897				
OPERATOR:	TEXLAND PETROLEUM-HOBBS, LLC				
LEASENAME:	BOWERS A FEDERAL			WELL NO.	40
LOCATION:	UL: E	SEC: 29	TWN: 18S	RNG:	38E
	2440 FNL		170 FWL		
TD	6055	PBD 6050	KB	DF	
			GL		
POOL			PERFS	5752-5940	
HOBBS;UPPER BLINEBRY					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

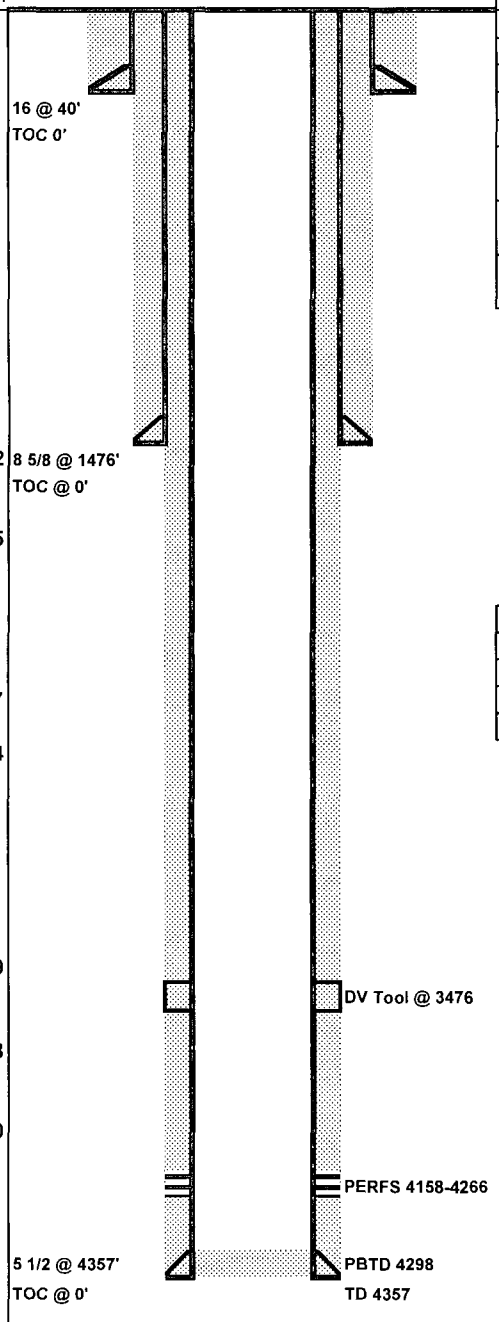
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	8 5/8	1511	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	6054	1525 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1562
Top Salt	1625
Base Salt	2527
Yates	2664
Queen	3419
Grayburg	3768
San Andres	4070



APINUM:	30-025-37128				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	636
LOCATION:	UL: F	SEC: 29	TWN: 18S	RNG:	38E
	1760 FNL		2412 FWL		
TD 4357	PBD 4298	KB	DF		
		GL			

POOL	PERFS 4158-4266
HOBBS;GRAYBURG-SAN ANDRES	
POOL	PERFS
POOL	PERFS

CASING RECORD

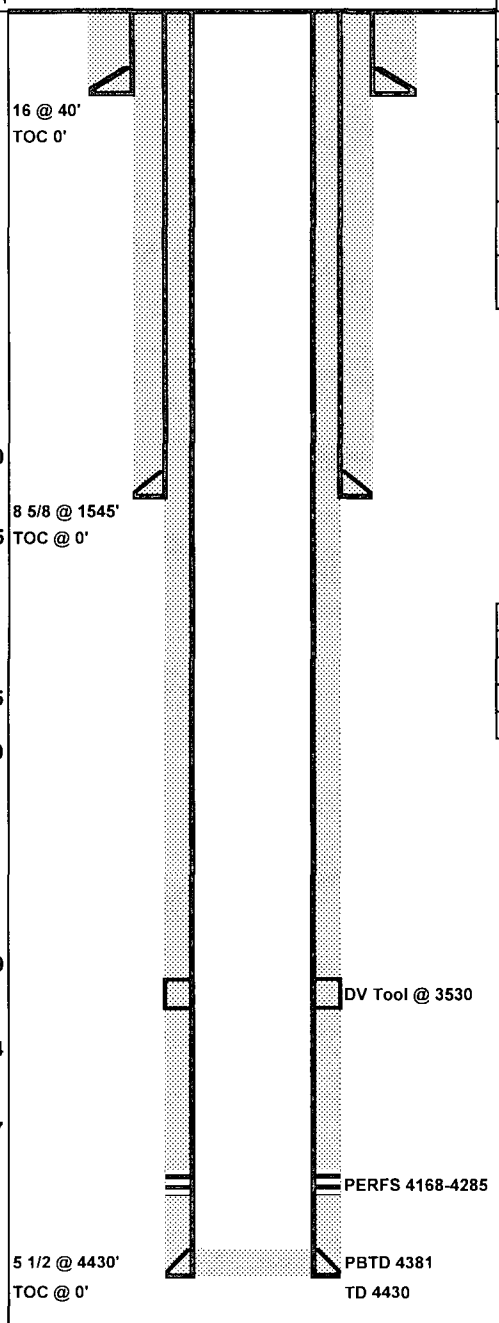
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1476	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4357	950 sxs	7 7/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1510
Top Salt	1605
Base Salt	2525
Yates	2660
Queen	3419
Grayburg	3764
San Andres	4057



APINUM:	30-025-37213				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	625
LOCATION:	UL: E	SEC: 29	TWN: 18S	RNG:	38E
	1755 FNL		977 FWL		
TD 4430	PBD 4381	KB		DF	
		GL			
POOL			PERFS	4168-4285	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

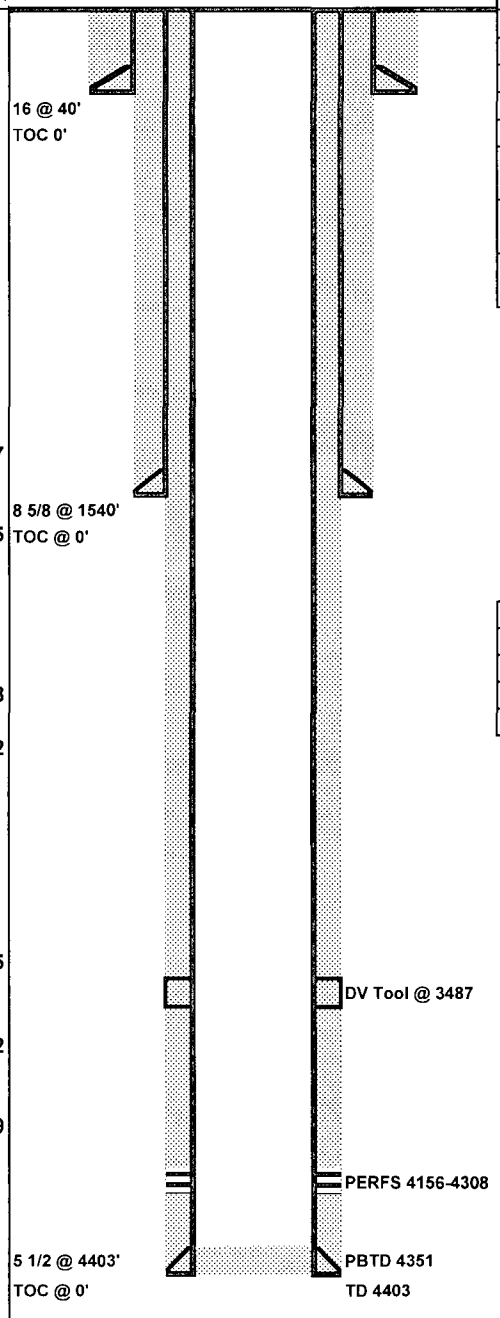
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1545	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4430	950 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1517
Top Salt	1605
Base Salt	2508
Yates	2642
Queen	3405
Grayburg	3752
San Andres	4049



APINUM:	30-025-37250				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	626
LOCATION:	UL: K	SEC: 29	TWN: 18S	RNG:	38E
	2320 FSL		2225 FWL		
TD 4403	PBD 4351	KB		DF	
		GL			
POOL			PERFS	4156-4308	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

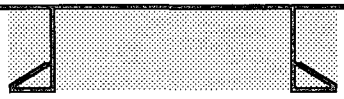
CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1540	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4403	950 sxs	7 7/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC			
FORM	DEPTH		



14 @ 40'
TOC 0'

Cmt Plug
0-40'

APINUM:	30-025-37293						
OPERATOR:	OXY USA WTP LP						
LEASENAME:	STATE A					WELL NO.	11
LOCATION:	UL:	J	SEC:	29	TWN: 18S	RNG:	38E
	1490 FSL				1525 FEL		
TD	40	PBD		KB		DF	
				GL			

POOL	PERFS
POOL	PERFS
POOL	PERFS

CASING RECORD

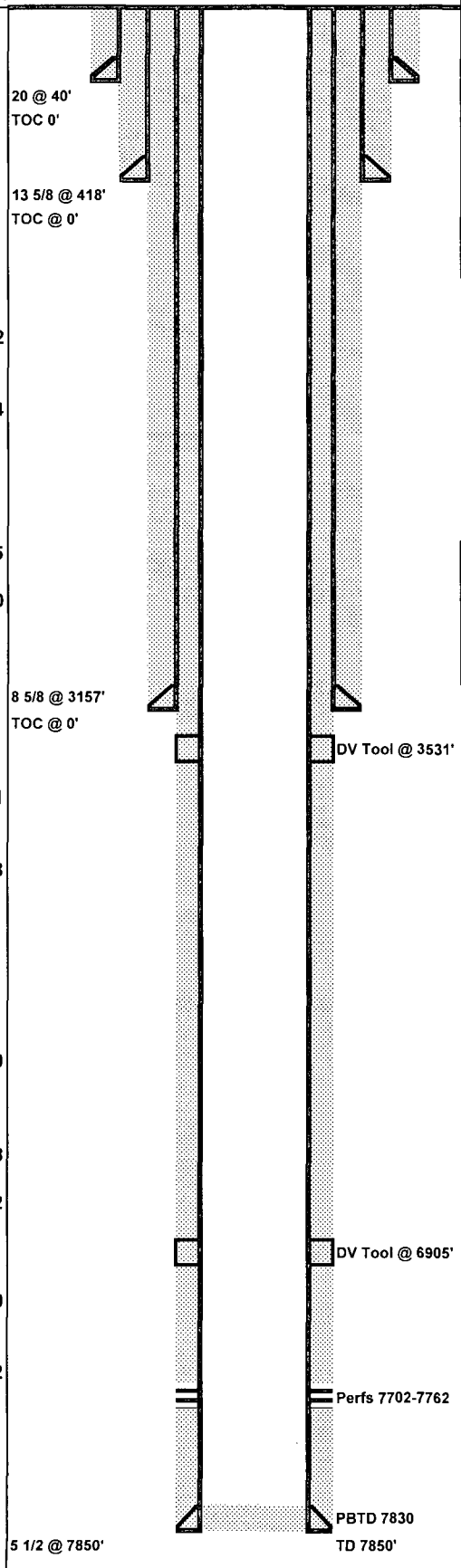
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.					
PROD.					

PREPARED BY:	UPDATED	08/30/07

PROPOSED WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1542
Top Salt	1634
Base Salt	2535
Yates	2670
San Andres	4021
Glorieta	5378
Blinebry	5790
Tubb	6478
Drinkard	6582
Abo	6990
Wolfcamp	7622



APINUM:	30-025-37349				
OPERATOR:	OXY USA WTP LP				
LEASENAME:	STATE A			WELL NO.	11-Y
LOCATION:	UL: J	SEC: 29	TWN: 18S	RNG:	38E
	1484 FSL		1526 FEL		
TD	7850	PBD 7830	KB	DF	
			GL		
POOL			PERFS	7702-7762	
HOBBS;WOLFCAMP					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

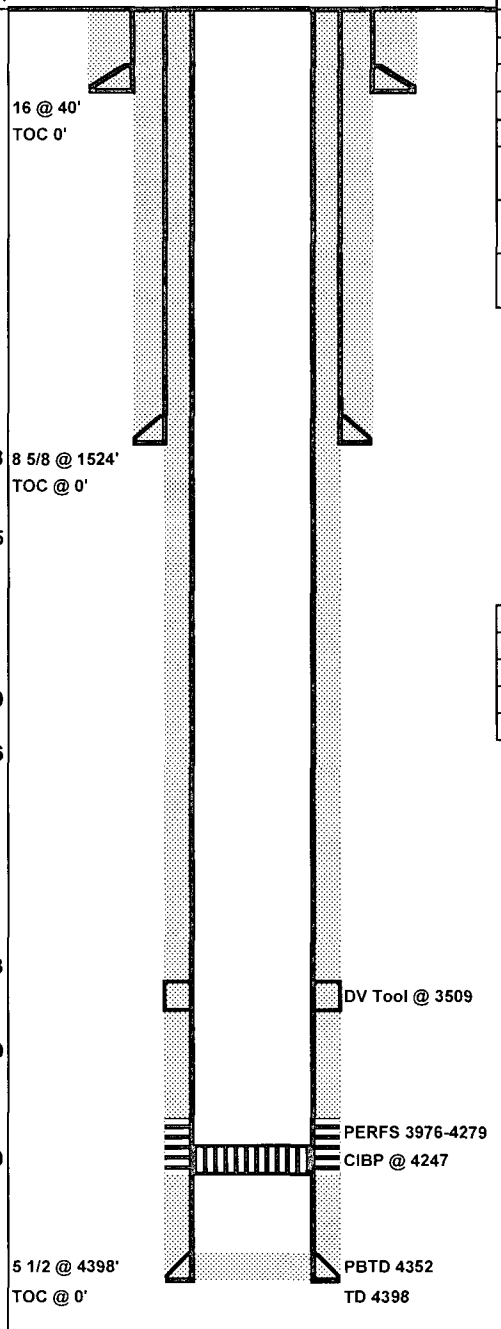
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	20	40	100 sxs	26	0' CIRC
SURF.	13 3/8	418	650 sxs	17 1/2	0' CIRC
INT1	8 5/8	3157	1000 sxs	11	0' CIRC
PROD.	5 1/2	7850	1400 sxs	7 7/8	4178 calc

PREPARED BY:	UPDATED	7/31/2006

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1568
Top Salt	1655
Base Salt	2510
Yates	2646
Queen	3383
Grayburg	3719
San Andres	4000



APINUM:	30-025-37409				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	635
LOCATION:	UL: I	SEC: 29	TWN: 18S	RNG:	38E
	1665 FSL		1240 FEL		
TD	4398	PBD 4352	KB	DF	
			GL		

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	3976-4279
POOL	PERFS
POOL	PERFS

CASING RECORD

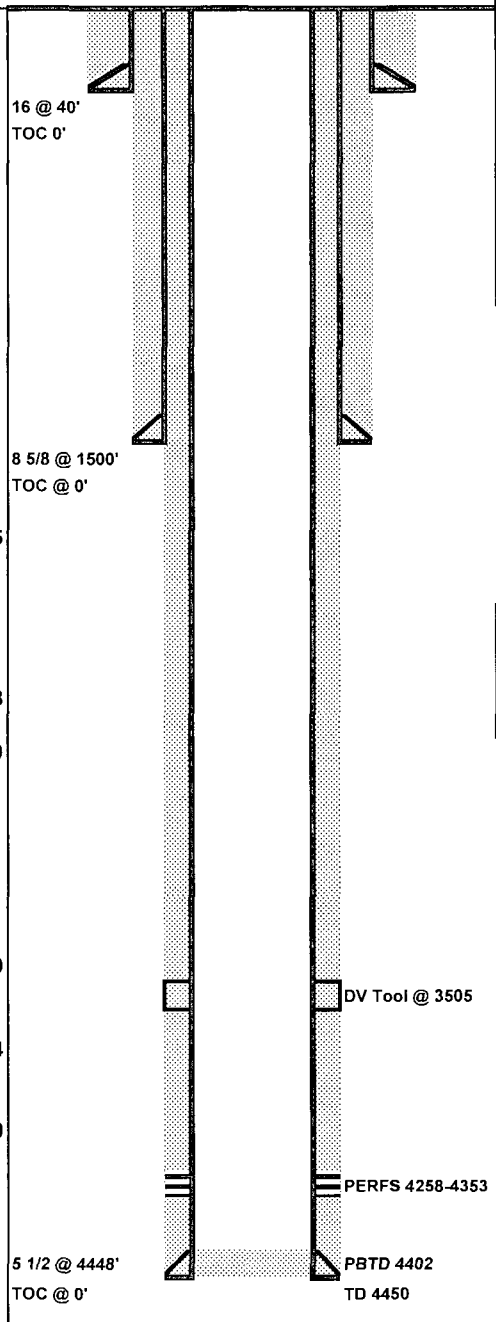
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1524	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4398	850 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1541
Top Salt	1605
Base Salt	2508
Yates	2710
Queen	3490
Grayburg	3854
San Andres	4180



APINUM:	30-025-37451				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	711
LOCATION:	UL: C	SEC: 29	TWN: 18S	RNG:	38E
	288 FNL		1650 FWL		
TD 4450	PBD 4402	KB		DF	
		GL			
POOL			PERFS	4258-4353	
HOBBS;GRAYBURG-SAN ANDRES					
POOL			PERFS		
POOL			PERFS		

CASING RECORD

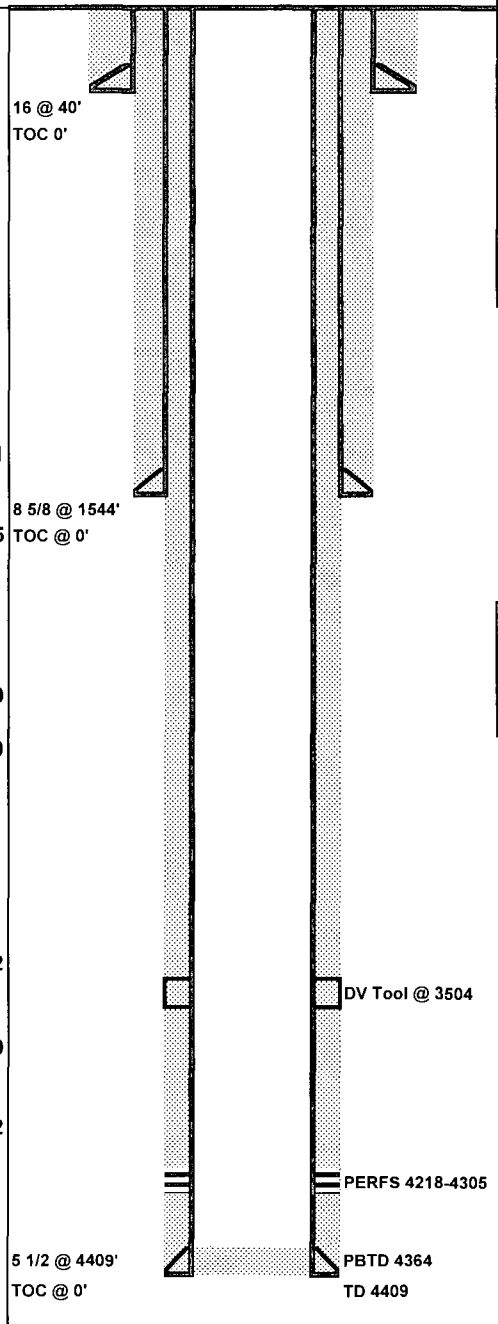
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1500	800 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4448	800 sxs	7 7/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1541
Top Salt	1605
Base Salt	2510
Yates	2690
Queen	3452
Grayburg	3810
San Andres	4132



APINUM:	30-025-37474				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	721
LOCATION:	UL: C	SEC: 29	TWN: 18S	RNG:	38E
	781 FNL		1857 FWL		
TD 4409	PBD 4364	KB	DF		
		GL			
POOL		PERFS	4218-4305		
HOBBS;GRAYBURG-SAN ANDRES					
POOL		PERFS			
POOL		PERFS			

CASING RECORD

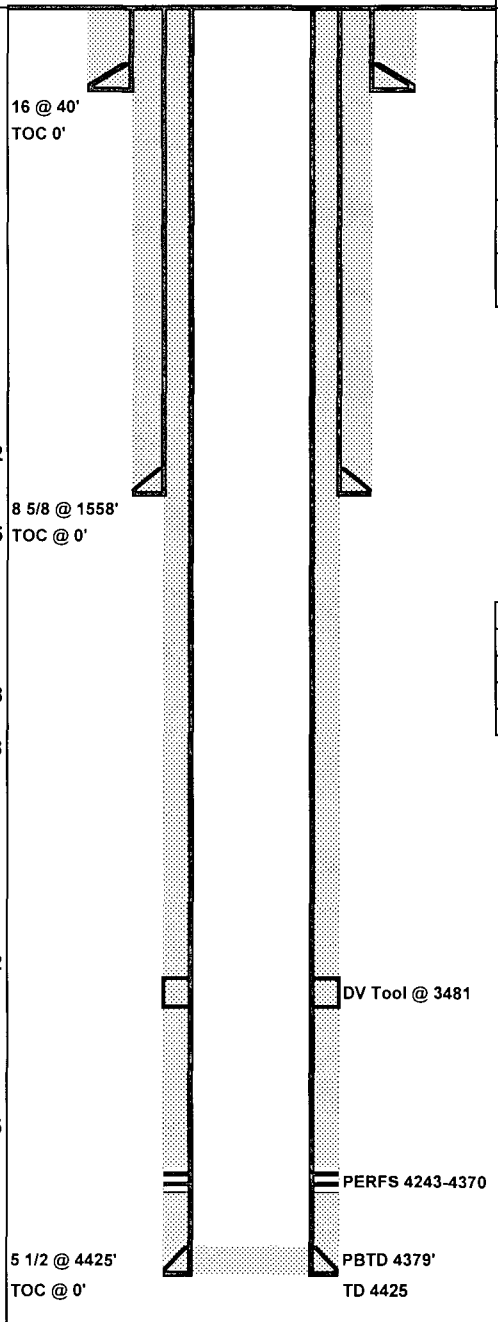
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1544	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4409	800 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1552
Top Salt	1615
Base Salt	2518
Yates	2698
Queen	3472
Grayburg	
San Andres	4155



APINUM:	30-025-37475				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	742
LOCATION:	UL: G	SEC: 29	TWN: 18S	RNG:	38E
	1670 FNL		1610 FEL		
TD	4425	PBD 4379	KB	DF	
			GL		

POOL	PERFS
HOBBS;GRAYBURG-SAN ANDRES	4243-4370
POOL	PERFS
POOL	PERFS

CASING RECORD

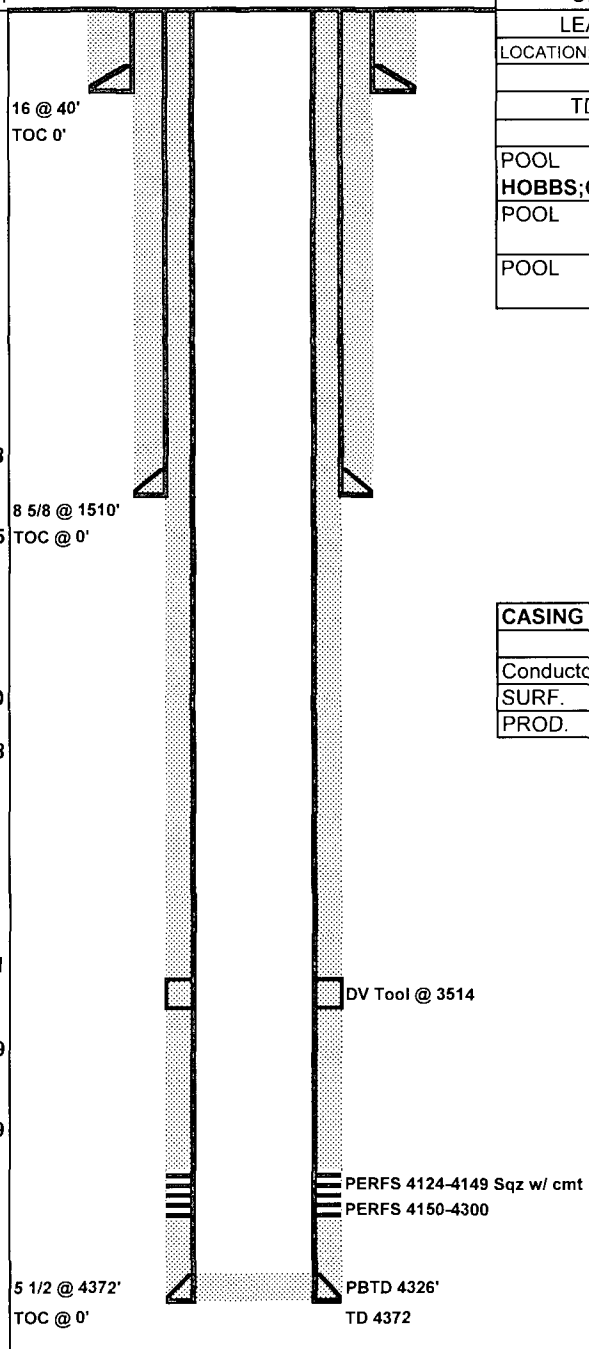
	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1558	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4425	800 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
Rustler	1498
Top Salt	1565
Base Salt	2470
Yates	2648
Queen	3401
Grayburg	3739
San Andres	4019



APINUM:	30-025-37558				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	712
LOCATION:	UL: E	SEC: 29	TWN: 18S	RNG:	38E
	2378 FSL		1086 FEL		
TD 4372	PBD 4326	KB		DF	
		GL			

POOL	PERFS 4124-4149 Sqz
HOBBS;GRAYBURG-SAN ANDRES	4150-4300
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	16	40	100 sxs	26	0' CIRC
SURF.	8 5/8	1510	750 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4372	800 sxs	7 7/8	0' CIRC

PREPARED BY: | UPDATED 08/30/07

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC			
FORM	DEPTH		
		16 @ 40'	
		TOC 0'	
Rustler	1490		
		8 5/8 @ 1490'	
		TOC @ 0'	
Top Salt	1563		
Base Salt	2450		
Yates	2620		
Queen	3389		
Grayburg	3723		
San Andres	4004		
		PERFS 4110-4266	
		5 1/2 @ 4370'	
		TOC @ 0'	TD 4370

APINUM:	30-025-28957				
OPERATOR:	OCCIDENTAL PERMIAN LTD				
LEASENAME:	NORTH HOBBS G/SA UNIT			WELL NO.	432
LOCATION:	UL: I	SEC: 30	TWN: 18S	RNG:	38E
	2260 FSL		180 FEL		
TD	4370	PBD	KB	DF	
			GL		

POOL	PERFS 4110-4266
HOBBS;GRAYBURG-SAN ANDRES	
POOL	PERFS
POOL	PERFS

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
Conductor	13 3/8	55	440 sxs	17 1/2	0' CIRC
SURF.	8 5/8	1490	1600 sxs	12 1/4	0' CIRC
PROD.	5 1/2	4370	850 sxs	7 7/8	0' CIRC

PREPARED BY:	UPDATED	08/30/07

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 29, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 3929 8942

Mr. Gary Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, New Mexico 88241

Re: Discharge Plan Application
H.R.C. Inc. State #10 Brine Station BW-030
Lea County, New Mexico

Dear Mr. Schubert:

The groundwater discharge plan for the State #10 Brine Well and Station BW-030 operated by H.R.C. Inc. located in SE/4 NW/4 of Section 29, Township 18 South, Range 38 East, and NW/4 NE/4 Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico **is hereby approved to construct and operate** under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter.**

The discharge plan application was submitted on August 03, 2001. Supplemental information, dated December 10, 2001, and notice to withdraw was submitted on February 08, 2002. A second application, reflecting a new well location, was submitted on February 20, 2002. This application including attachments, and subsequent information dated March 12, 2002, April 05, 2002, April 23, 2002, April 24, 2002, May 02, 2002 and May 10, 2002 was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is issued pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve H.R.C. Inc. of liability should operations result in pollution of surface or ground waters, or the environment.

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

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

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire May 29, 2007** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the H.R.C. Inc. State #10 Brine Station is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of $100.00 plus a flat fee of $1700.00 for brine stations. The OCD has not received the $1700.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief
RCA/lwp
xc: OCD Hobbs Office

Attachments- 2 Approval Conditions; C-101 APD

ATTACHMENT TO THE DISCHARGE PLAN BW-030 APPROVAL
H.R.C. Inc. State #10 Brine Station (BW-030)
DISCHARGE PLAN APPROVAL CONDITIONS
MAY 29, 2002

1. Payment of Discharge Plan Fees: The $100.00 filing fee has been received by OCD. The $1700.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

2. Commitments: H.R.C. Inc. will abide by all commitments submitted in the discharge plan application, subsequent information supplied and these conditions for approval.

3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.

4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded and will not cause new fractures or propagate existing fractures or cause damage to the system.

   The maximum injection pressure will be limited to 250 psig and the maximum test pressure will not exceed 375 psig.

5. Mechanical Integrity Testing: H.R.C. Inc. will conduct an annual open to formation pressure test by pressuring up the formation with fluids to 375 psig for four hours. However, no operator may exceed surface injection or test pressures that may cause formation fracturing (see item 4 above) or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids, i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annuals.

   At least once every five years and during well work-overs the cavern formation will be isolated from the casing/tubing annuals and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.

6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.

7. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.

8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.

9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.

11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

12. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.

13. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than December 31, 2002 and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the annual report.

14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than December 31, 2002 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the first annual report.

15. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

16. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.

17. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery. A record of inspections will be retained on site for a period of five years.

18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.

19. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis.

    Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is allowed at solid waste facilities permitted by the New Mexico Environment Department as long as the waste stream is identified in the discharge plan, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

21. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.

23. Storm Water Plan: H.R.C. Inc. will submit in the first annual report a storm water run-off plan for OCD approval.

24. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.

25. Monitor Well: The monitor well shall be located along the local groundwater flow direction and directly down-gradient of the brine well and situated within 50 feet of the brine well. The well shall be constructed, developed, purged and samples analyzed pursuant to approved EPA methods. Except for the initial well sampling event as proposed in the discharge plan, the monitor well shall be sampled and analyzed for general chemistry twice a year with the results submitted in the annual report. Discovery of groundwater contamination shall be reported pursuant to Item #18 above.

26. Area of Review: The Hobbs State #5 well (UL F Section 29-Ts 18s-R38e), located approximately 300-400 feet northwest of the proposed brine well, shall be properly plugged and abandoned. H.R.C. Inc. shall re-enter and plug this well pursuant to OCD District I approval. This work shall be completed within 90 days after discharge plan approval and all OCD required forms shall be submitted within 30 days after work has been completed.

27. Certification: **H.R.C. Inc.** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **H.R.C. Inc.** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: **H.R.C. Inc.**

GARY M. SCHUBERT
Company Representative- print name

Date 6/6/02
Company Representative- Sign

Title PRES.

NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 29, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 3929 8942

Mr. Gary Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, New Mexico 88241

Re: Discharge Plan Application
H.R.C. Inc. State #10 Brine Station BW-030
Lea County, New Mexico

Dear Mr. Schubert:

The groundwater discharge plan for the State #10 Brine Well and Station BW-030 operated by H.R.C. Inc. located in SE/4 NW/4 of Section 29, Township 18 South, Range 38 East, and NW/4 NE/4 Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico **is hereby approved to construct and operate** under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter.**

The discharge plan application was submitted on August 03, 2001. Supplemental information, dated December 10, 2001, and notice to withdraw was submitted on February 08, 2002. A second application, reflecting a new well location, was submitted on February 20, 2002. This application including attachments, and subsequent information dated March 12, 2002, April 05, 2002, April 23, 2002, April 24, 2002, May 02, 2002 and May 10, 2002 was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is issued pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve H.R.C. Inc. of liability should operations result in pollution of surface or ground waters, or the environment.

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

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

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire May 29, 2007** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the H.R.C. Inc. State #10 Brine Station is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of $100.00 plus a flat fee of $1700.00 for brine stations. The OCD has not received the $1700.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief
RCA/lwp
xc: OCD Hobbs Office

Attachments- 2 Approval Conditions; C-101 APD

ATTACHMENT TO THE DISCHARGE PLAN BW-030 APPROVAL
H.R.C. Inc. State #10 Brine Station (BW-030)
DISCHARGE PLAN APPROVAL CONDITIONS
MAY 29, 2002

1. Payment of Discharge Plan Fees: The $100.00 filing fee has been received by OCD. The $1700.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

2. Commitments: H.R.C. Inc. will abide by all commitments submitted in the discharge plan application, subsequent information supplied and these conditions for approval.

3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.

4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded and will not cause new fractures or propagate existing fractures or cause damage to the system.

   The maximum injection pressure will be limited to 250 psig and the maximum test pressure will not exceed 375 psig.

5. Mechanical Integrity Testing: H.R.C. Inc. will conduct an annual open to formation pressure test by pressuring up the formation with fluids to 375 psig for four hours. However, no operator may exceed surface injection or test pressures that may cause formation fracturing (see item 4 above) or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids, i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annuals.

   At least once every five years and during well work-overs the cavern formation will be isolated from the casing/tubing annuals and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.

6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.

7. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.

8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.

9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.

11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

12. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.

13. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than December 31, 2002 and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the annual report.

14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than December 31, 2002 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the first annual report.

15. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

16. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.

17. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery. A record of inspections will be retained on site for a period of five years.

18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.

19. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis.

    Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is allowed at solid waste facilities permitted by the New Mexico Environment Department as long as the waste stream is identified in the discharge plan, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

21. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.

23. Storm Water Plan: H.R.C. Inc. will submit in the first annual report a storm water run-off plan for OCD approval.

24. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.

25. Monitor Well: The monitor well shall be located along the local groundwater flow direction and directly down-gradient of the brine well and situated within 50 feet of the brine well. The well shall be constructed, developed, purged and samples analyzed pursuant to approved EPA methods. Except for the initial well sampling event as proposed in the discharge plan, the monitor well shall be sampled and analyzed for general chemistry twice a year with the results submitted in the annual report. Discovery of groundwater contamination shall be reported pursuant to Item #18 above.

26. Area of Review: The Hobbs State #5 well (UL F Section 29-Ts 18s-R38e), located approximately 300-400 feet northwest of the proposed brine well, shall be properly plugged and abandoned. H.R.C. Inc. shall re-enter and plug this well pursuant to OCD District I approval. This work shall be completed within 90 days after discharge plan approval and all OCD required forms shall be submitted within 30 days after work has been completed.

27. Certification: **H.R.C. Inc.** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **H.R.C. Inc.** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: **H.R.C. Inc.**

_____
Company Representative- print name

_____Date_____
Company Representative- Sign

Title_____

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
Revised March 17, 1999

Submit to appropriate District Office
State Lease - 6 Copies
Fee Lease - 5 Copies

☐ AMENDED REPORT

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

[1] Operator Name and Address	[2] OGRID Number
H.R.C. P.O. Box 5102 Hobbs, NM 88241	131652
	[3] API Number 30-025-3595

[3] Property Code	[5] Property Name	[6] Well No.
23612	Hobbs State	10

[7] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	18S	38E		2565	N	2330	W	Lea

[8] Proposed 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

[9] Proposed Pool 1	[10] Proposed Pool 2
BSW; Salado	

[11] Work Type Code	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	M	R	S	3655.3
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
NO	1700	Salt	Unknown	ASAP

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 1/4	9 5/8	28#	450	150 sx "c"	circulate
8 5/8	7	23#	1700	30 sx "c"	circulate
6 1/2	3.5 tubing	10.5	+ or - 2000		

RECEIVED
FEB 2002
HOBBS
OCD

[22] Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone.
Describe the blowout prevention program, if any. Use additional sheets if necessary.

Plan to drill a brine extraction well, will set 450' of 9 5/8" surface casing into the redbed and circulate cement to surface. We plan to run 7" casing to the top of the salt formation and cement it to surface. All cementing will be done by Halliburton. All casing tests and logs will be run as OCD requires.
BOP Schematic attached.

Permit Expires 1 Year From Approval Date Unless Drilling Underway

[23] I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
Signature: Eddie W Seay
Printed name: Eddie W. Seay
Title: Agent
Date: 2/14/2002 Phone: (505)392-2236

OIL CONSERVATION DIVISION
Approved by: Chris Williams
Title:
Approval Date: Expiration Date:
Conditions of Approval:
Attached ☒

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-025-35915	96173	BSW Salado

[4] Property Code	[5] Property Name	[6] Well Number
23612	Hobbs State	10

[7] OGRID No.	[8] Operator Name	[9] Elevation
131652	H. R. C. Inc.	3655.3

[10] Surface Location

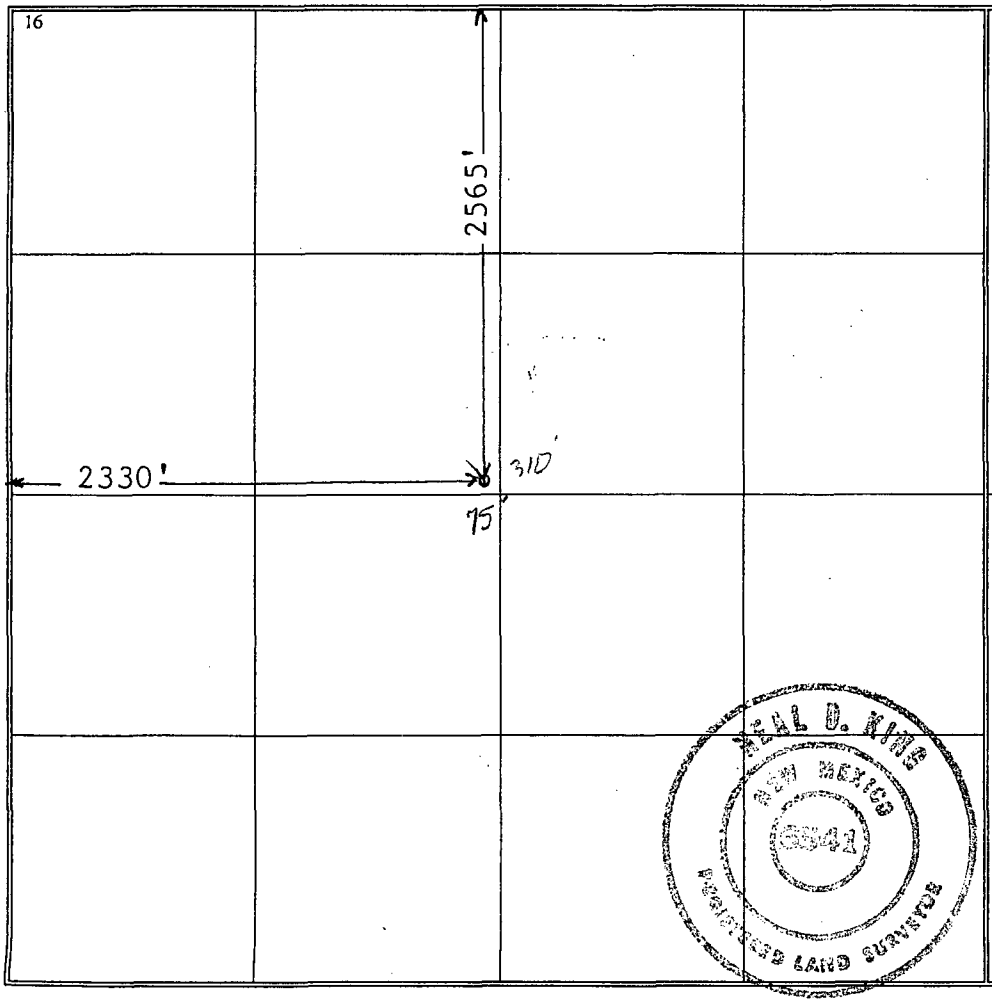
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	18S	38E		2565	North	2330	West	Lea

[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.
40			

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



[17] OPERATOR CERTIFICATION

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

Signature

Gary M. Schubert

Printed Name

Owner

Title

2/12/02

Date

RECEIVED
FEB 2002
HOBBS
OCD

[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.

02-09-02

Date of Survey

Signature and Seal of Professional Surveyor:

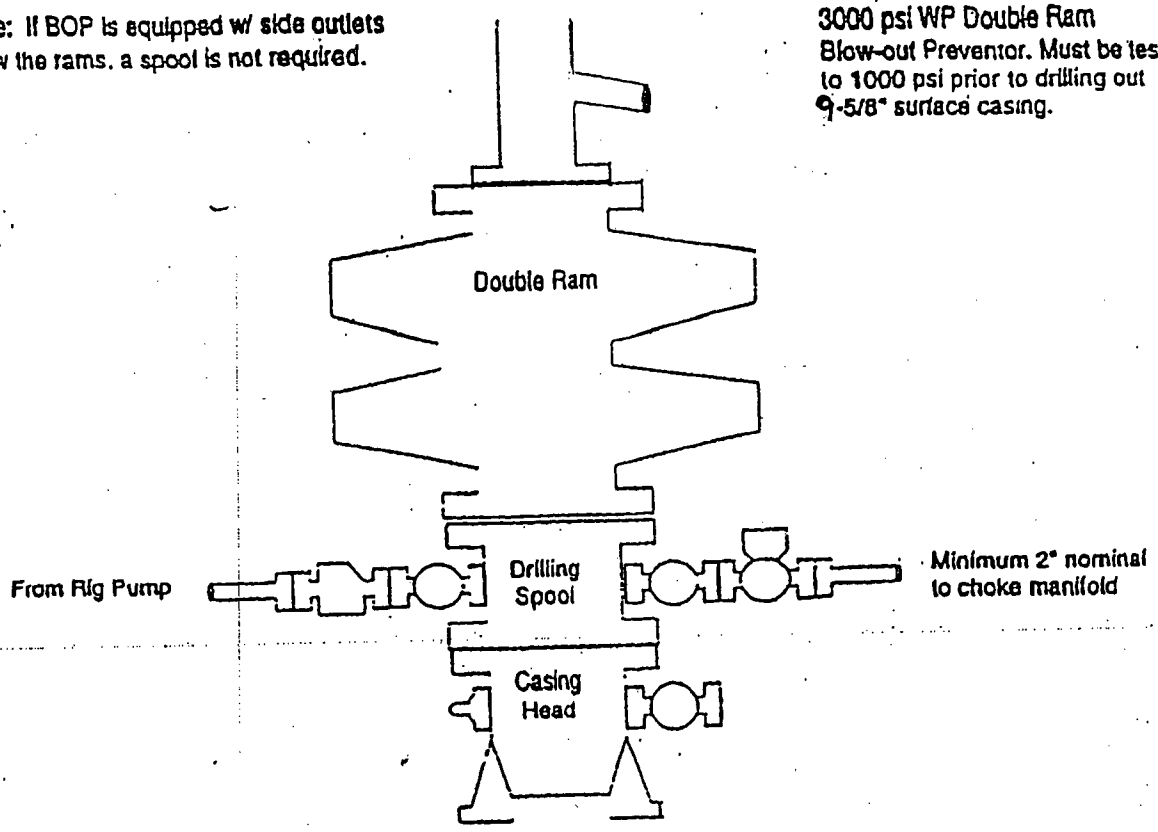
NEAL D. KING
NEW MEXICO
6541
REGISTERED LAND SURVEYOR

Certificate Number 6541

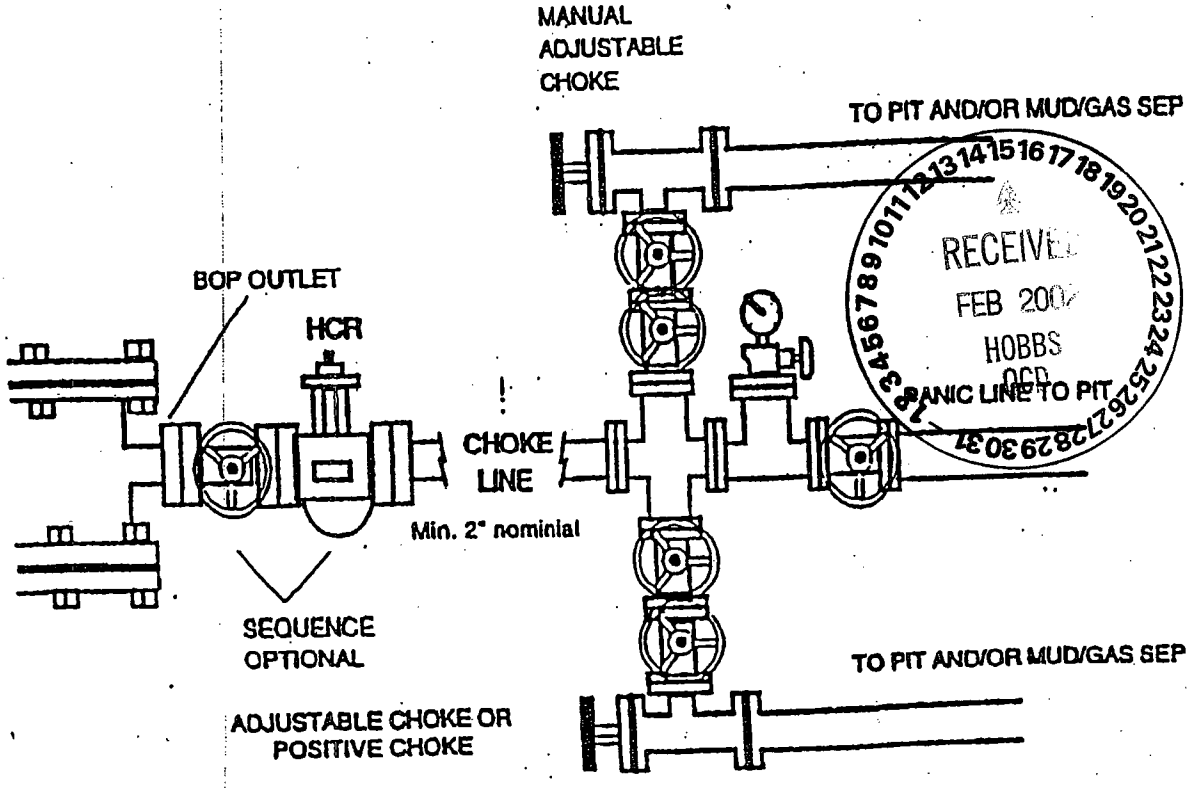
BOP Schematic

*Note: If BOP is equipped w/ side outlets below the rams, a spool is not required.

3000 psi WP Double Ram Blow-out Preventor. Must be tested to 1000 psi prior to drilling out 9-5/8" surface casing.



Choke Manifold Schematic



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

5/15/02

H.R.C.
PO Box 5102
Hobbs, NM 88241

Re: Hobbs State #10, 30-025-35915, F-29-18S-38E-Brine Well APD

CONDITION OF APPROVAL

The approval of this APD is conditional:

1) HRC must either get letters of release from the objecting parties or;
2) Settle the objections at an NMOCD hearing in Santa Fe;
3) If HRC should choose to drill this well before the objections are waived or settled at hearing then HRC does so at its own risk.

Chris Williams

Chris Williams- District 1 Supervisor

OPER. OGRID NO. 131652
PROPERTY NO. 23612
POOL CODE 96123
EFF. DATE 5-14-02
API NO. 30-025-35915

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 6/4/02

or cash received on _____ in the amount of $ 1700.00

from HRC Inc.

for Hobbs ST #10 Brine ST (Facility Name) BW-030. (DP No.)

Submitted by: WAYNE PRICE Date: 6/14/02

Submitted to ASD by: _____ Date: _____

Received in ASD by: _____ Date: _____

Filing Fee ___ New Facility ✓ Renewal ___

Modification ___ Other _____ (specify)

Organization Code 521.07 Applicable FY 2002

To be deposited in the Water Quality Management Fund.

Full Payment ✓ or Annual Increment ___

HRC, INC.
P.O. BOX 1705
HOBBS, NM 88241
(505) 393-3194

FIRST NATIONAL BANK
600 W. BENDER (505) 392-9200
P.O. BOX 460
HOBBS, NM 88241
93-43/1122

[redacted]

06/04/02

PAY TO THE ORDER OF Water Quality Management Fund $ **1,700.00

One Thousand Seven Hundred and 00/100********** DOLLARS

Water Quality Management Fund
C/O: Oil Conservation Division
1220 South Saint Francis Dr.
Santa Fe, NM 87505

MEMO Hobbs SL #10 Discharge Plan Application

AUTHORIZED SIGNATURE

[redacted]

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, September 26, 2006 4:05 PM
To: 'luckyservices@leaco.net'
Subject: Liquid Resource Services LLC Transfer of Ownership & Bond Documents

Ms. Rita Spencer:

Good afternoon. In accordance with your request for the above documents mailed out to Mr. Pyeatt this morning, please find attached the mailed documents (unsigned) with the exception of the Discharge Plan, which Mr. Pyeatt should receive in the mail soon. Please contact me if you have questions or need further assistance. Thank you.

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

Rita Spencer
ph: 505-392-1547
fax: 505-392-5788

Chavez, Carl J, EMNRD

From: Phillips, Dorothy, EMNRD
Sent: Monday, September 25, 2006 12:58 PM
To: Chavez, Carl J, EMNRD
Subject: RE: Liquid Resource Services LLC OGRID 243571

Okay. As I understand it, I can approve the online transfer, however, I am not to release the bond I hold for 30-025-23621 for the Hobbs State No. 3 and you hold the brine well bond 30-025-34915 for the Hobbs State No. 10. You will release the No. 10 correct? . I show no record of this bond. I do have a bond in place and entered into ONGARD for the No. 10 for Liquid Resources Services, LLC. but no for HRC. Let me know when I can release. Thanks

---

From: Chavez, Carl J, EMNRD
Sent: Monday, September 25, 2006 12:44 PM
To: Price, Wayne, EMNRD; Phillips, Dorothy, EMNRD
Subject: RE: Liquid Resource Services LLC OGRID 243571

Dorothy:

The answer to your question is yes; however, Wayne Price says that I must follow-up with Liquid Resources Services, LLC (LRS) via letter with HRC Inc.'s attached Discharge Plan (DP) requesting a statement that they will abide by the terms and conditions of HRC Inc.'s DP.

Wayne says we must receive LRS's letter accepting the terms and conditions of HRC Inc.'s DP before releasing any bonds. I will need to update the HRC Inc. and LRS files throughout the process. I presume they are familiar with the transfer forms, etc. required in the process (see below) right?

UIC Manual Plugging Bond Requirements

The operator of an injection well must furnish a plugging bond to the Division as

required by **Rule 101**. However, if the well is a producing well to be converted to

injection, and a bond already covers the well, no action regarding the bond is

required.

a. If there is to be a transfer of ownership of wells, or of authority to inject, the

provisions of **Rule 708** and **Rule 1104.E** must be followed. Form **C-104A**

(Change of Operator) must be filed.

b. Injection wells on federal land must have a federal plugging bond rather than

a state bond.

Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505

Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: http://www.emnrd.state.nm.us/ocd/
(Pollution Prevention Guidance is under "Publications")

From: Price, Wayne, EMNRD
Sent: Friday, September 22, 2006 12:00 PM
To: Phillips, Dorothy, EMNRD
Cc: Chavez, Carl J, EMNRD
Subject: RE: Liquid Resource Services LLC OGRID 243571

Thanks Dorothy, I will check the files and get back with you.

From: Phillips, Dorothy, EMNRD
Sent: Friday, September 22, 2006 12:00 PM
To: Price, Wayne, EMNRD
Subject: Liquid Resource Services LLC OGRID 243571

Wayne,
I have a request to approve a change of operator from HRC Inc. OGRID 131652 to Liquid Resource Services, LLC 243571
Liquid Resources has two one wells bonds to cover 30-025-23621 - Hobbs State No. 3 and Hobbs State No. 10 30-025-35915
I have the bond with HRC for the Hobbsd Staet No. 3 but not the Hobbs State N0 10 which is a brine well. Can I approve the transfer since Liquid
Resources has the bonds? If so, I need the bond for the NO. 10 so I can release it. Let me know. Thanks

BW-30 #31
Water Station #5
HRC Schubert #1
30-025-23662

Mr. David A. Pyeatt
Resource
Liquid Services, LLC
1819 N. Turner
Suite B
Hobbs, NM
88240
505-393-7706

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Friday, September 22, 2006 12:00 PM
To: Phillips, Dorothy, EMNRD
Cc: Chavez, Carl J, EMNRD
Subject: RE: Liquid Resource Services LLC OGRID 243571

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To: Price, Wayne, EMNRD
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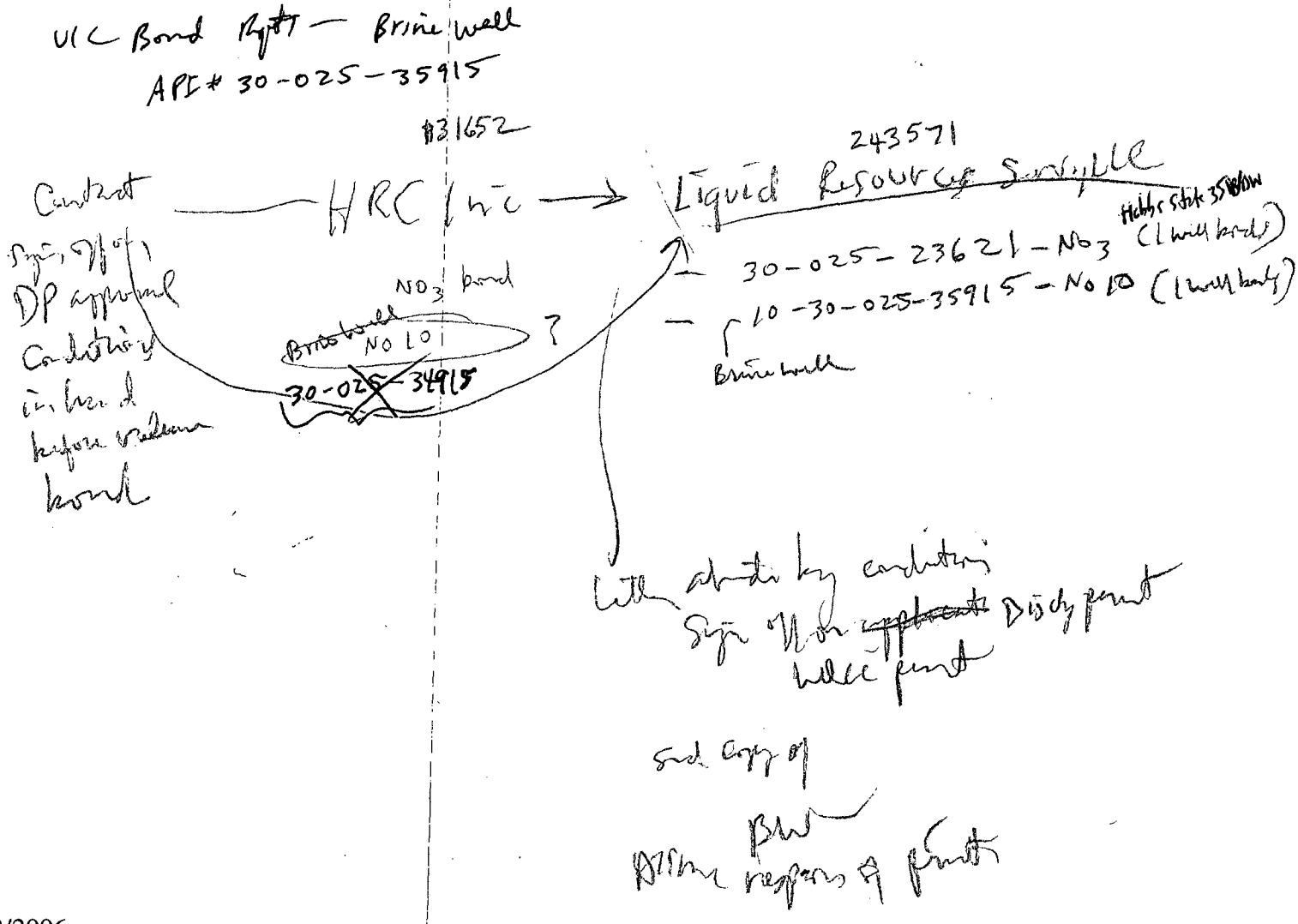

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(505) 393-6161 Fax:(505) 393-0720

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-145
Permit 37085

Change of Operator

Previous Operator Information		New Operator Information	
		Effective Date:	8/1/2006
OGRID:	131652	OGRID:	243571
Name:	HRC INC	Name:	LIQUID RESOURCE SERVICES, LLC
Address:	PO BOX 5102	Address:	1819 N. TURNER, SUITE B
Address:		Address:	
City, State, Zip:	HOBBS , NM 88241	City, State, Zip:	HOBBS , NM 88240

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator		New Operator	
Signature:	Gary M. Schubert	Signature:	
Printed Name:	GARY M. SCHUBERT	Printed Name:	DAVID A. PYEATT
Title:	PRES.	Title:	Member/Manager
Date:	9/8/06 Phone: 505-393-6662	Date:	9/8/06 Phone: 505-393-7706

New Search

LIQUID RESOURCE SERVICES, LLC

SCC Number:	**2746485**
Tax & Revenue Number:	
Organization Date:	**JUNE 21, 2006, in NEW MEXICO**
Organization Type:	**DOMESTIC LIMITED LIABILITY**
Organization Status:	**EXEMPT**
Good Standing:	
Purpose:	**N/R**

ORGANIZATION DATES

Taxable Year End Date:
Filing Date:
Expiration Date:

OGRID 243571

SUPPLEMENTAL POST MARK DATES

Supplemental:
Name Change:
Purpose Change:
Agent Resigned:

MAILING ADDRESS

1819 N. TURNER, SUITE B HOBBS , NEW MEXICO 88240

PRINCIPAL ADDRESS

1819 N. TURNER, SUITE B HOBBS NEW MEXICO 88240

PRINCIPAL ADDRESS (Outside New Mexico)

REGISTERED AGENT

MADDOX & HOLLOMAN, P.C.

205 E. BENDER, SUITE 150 HOBBS NEW MEXICO 88240

Agent Designated:

COOP LICENSE INFORMATION

Number:
Type:
Expiration Year:

ORGANIZERS

SCOTTY HOLLOMAN

DIRECTORS

Date Election of Directors:

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

May 29, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 3929 8942

Mr. Gary Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, New Mexico 88241

Re: Discharge Plan Application
H.R.C. Inc. State #10 Brine Station BW-030
Lea County, New Mexico

Dear Mr. Schubert:

The groundwater discharge plan for the State #10 Brine Well and Station BW-030 operated by H.R.C. Inc. located in SE/4 NW/4 of Section 29, Township 18 South, Range 38 East, and NW/4 NE/4 Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico **is hereby approved to construct and operate** under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico *Oil Conservation Division (OCD) Santa Fe Office within 30* working days of receipt of this letter.**

The discharge plan application was submitted on August 03, 2001. Supplemental information, dated December 10, 2001, and notice to withdraw was submitted on February 08, 2002. A second application, reflecting a new well location, was submitted on February 20, 2002. This application including attachments, and subsequent information dated March 12, 2002, April 05, 2002, April 23, 2002, April 24, 2002, May 02, 2002 and May 10, 2002 was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is issued pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve H.R.C. Inc. of liability should operations result in pollution of surface or ground waters, or the environment.

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

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

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire May 29, 2007** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the H.R.C. Inc. State #10 Brine Station is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of $100.00 plus a flat fee of $1700.00 for brine stations. The OCD has not received the $1700.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief
RCA/lwp
xc: OCD Hobbs Office

Attachments- 2 Approval Conditions; C-101 APD

ATTACHMENT TO THE DISCHARGE PLAN BW-030 APPROVAL
H.R.C. Inc. State #10 Brine Station (BW-030)
DISCHARGE PLAN APPROVAL CONDITIONS
MAY 29, 2002

1. Payment of Discharge Plan Fees: The $100.00 filing fee has been received by OCD. The $1700.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

2. Commitments: H.R.C. Inc. will abide by all commitments submitted in the discharge plan application, subsequent information supplied and these conditions for approval.

3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.

4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded and will not cause new fractures or propagate existing fractures or cause damage to the system.

   The maximum injection pressure will be limited to 250 psig and the maximum test pressure will not exceed 375 psig.

5. Mechanical Integrity Testing: H.R.C. Inc. will conduct an annual open to formation pressure test by pressuring up the formation with fluids to 375 psig for four hours. However, no operator may exceed surface injection or test pressures that may cause formation fracturing (see item 4 above) or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids, i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annuals.

   At least once every five years and during well work-overs the cavern formation will be isolated from the casing/tubing annuals and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.

6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.

7. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.

8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.

9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.

11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

12. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.

13. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than December 31, 2002 and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the annual report.

14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than December 31, 2002 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the first annual report.

15. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

16. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.

17. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery. A record of inspections will be retained on site for a period of five years.

18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.

19. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis.

    Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is allowed at solid waste facilities permitted by the New Mexico Environment Department as long as the waste stream is identified in the discharge plan, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

21. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.

23. Storm Water Plan: H.R.C. Inc. will submit in the first annual report a storm water run-off plan for OCD approval.

24. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.

25. Monitor Well: The monitor well shall be located along the local groundwater flow direction and directly down-gradient of the brine well and situated within 50 feet of the brine well. The well shall be constructed, developed, purged and samples analyzed pursuant to approved EPA methods. Except for the initial well sampling event as proposed in the discharge plan, the monitor well shall be sampled and analyzed for general chemistry twice a year with the results submitted in the annual report. Discovery of groundwater contamination shall be reported pursuant to Item #18 above.

26. Area of Review: The Hobbs State #5 well (UL F Section 29-Ts 18s-R38e), located approximately 300-400 feet northwest of the proposed brine well, shall be properly plugged and abandoned. H.R.C. Inc. shall re-enter and plug this well pursuant to OCD District I approval. This work shall be completed within 90 days after discharge plan approval and all OCD required forms shall be submitted within 30 days after work has been completed.

27. Certification: **H.R.C. Inc.** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **H.R.C. Inc.** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: **H.R.C. Inc.**

GARY M. SCHUBERT
Company Representative- print name

_____ Date 5/6/2
Company Representative- Sign

Title VP

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

September 26, 2006

Mr. David A. Pyeatt
Liquid Resource Services, LLC.
1819 N. Turner, Suite B
Hobbs, New Mexico 88240

Dear Mr. Pyeatt:

It has come to the Oil Conservation Division's (OCD) attention that Liquid Resource Services, LLC. (LRS) has acquired or is acquiring the Hobbs State No. 10 brine well (API# 30-025-35915) from H.R.C. Inc. (HRC). In order for the OCD to transfer ownership and release the HRC bond on the Hobbs State No. 10 brine well from HRC to LRS, the OCD is requesting certification with signature from LRS confirming that it accepts the terms and conditions of the existing attached HRC discharge plan permit. Please sign and return the attached certification if LRS accepts the above conditions within 14 days of the above date. If the OCD does not receive a signed certification for the Hobbs State No. 10 from LRS, the OCD cannot transfer ownership and release HRC from its bond.

An Internet link to the Underground Injection Control Manual (http://www.emnrd.state.nm.us/emnrd/ocd/documents/UICManual.pdf) is provided for you to consider the transfer of ownership and bonding requirements for Class III brine wells in New Mexico. In addition, I have attached the "WQCC Transfer of Discharge Permit Regulations."

Please contact Carl Chavez of my staff at (505) 476-3491 or via E-mail (CarlJ.Chavez@state.nm.us) if you have questions. Thank you.

Sincerely,

Wayne Price, OCD Environmental Bureau Chief

Attachments: Certification
HRC Discharge Plan Permit
WQCC Transfer of Discharge Permit Regulations

LWP:cc

CC: District I/File

OCD CERTIFICATION

Liquid Resource Services, LLC. (LRS) hereby accepts the terms and conditions of the attached H.R.C. Inc. discharge plan permit (BW-030) and agrees to comply with the terms and conditions. LRS acknowledges that the Oil Conservation Division (OCD) may change the terms and conditions for good cause shown as necessary to protect fresh water, human health, and the environment. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted.

LIQUID RESOURCE SERVICES, LLC.
1819 N. Turner, Suite B
Hobbs, New Mexico 88240

Signature_____Title_____ Date_____

WQCC Transfer of Discharge Permit Regulations

20.6.2.3104 DISCHARGE PERMIT REQUIRED: Unless otherwise provided by this Part, no person shall cause or allow effluent or leachate to discharge so that it may move directly of indirectly into ground water unless he is discharging pursuant to a discharge permit issued by the secretary. When a permit has been issued, discharges must be consistent with the terms and conditions of the permit. In the event of a transfer of the ownership, control, or possession of a facility for which a discharge permit is in effect, the transferee shall have authority to discharge under such permit, provided that the transferee has complied with Section 20.6.2.3111 NMAC, regarding transfers.

[2-18-77, 12-24-87, 12-1-95; Rn & A, 20.6.2.3104 NMAC - 20 NMAC 6.2.III.3104, 1-15-01; A, 12-1-01]

20.6.2.3111 TRANSFER OF DISCHARGE PERMIT: No purported transfer of any discharge permit shall be effective to create, alter or extinguish any right or responsibility of any person subject to this Part, unless the following transfer requirements are met:

A. Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, the transferror shall notify the transferee in writing of the existence of the discharge permit, and shall deliver or send by certified mail to the department a copy of such written notification, together with a certification or other proof that such notification has in fact been received by the transferee.

B. Upon receipt of such notification, the transferee shall have the duty to inquire into all of the provisions and requirements contained in such discharge permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the department's file or files concerning such discharge permit.

C. Until both ownership and possession of the facility have been transferred to the transferee, the transferor shall continue to be responsible for any discharge from the facility.

D. Upon assuming either ownership or possession of the facility, the transferee shall have the same rights and responsibilities under the discharge permit as were applicable to the transferor.

E. Nothing in this section or in this part shall be construed to relieve any person of responsibility or liability for any act or omission which occurred while that person owned, controlled or was in possession of the facility.

[2-18-77, 12-24-87, 12-1-95, 11-15-96; 20.6.2.3111 NMAC - Rn, 20 NMAC 6.2.III.3111, 1-15-01; A, 12-1-01]

20.6.2.5101 DISCHARGE PERMIT AND OTHER REQUIREMENTS FOR CLASS I NON-HAZARDOUS WASTE INJECTION WELLS AND CLASS III WELLS:

H. Transfer of Class I non-hazardous waste injection well and Class III well Discharge Permits.

(1) The transfer provisions of Section 20.6.2.3111 NMAC do not apply to a discharge permit for a Class I non-hazardous waste injection well or Class III well.

(2) A Class I non-hazardous waste injection well or Class III well discharge permit may be transferred if:

(a) The secretary receives written notice 30 days prior to the transfer date; and

(b) The secretary does not object prior to the proposed transfer date. The secretary may require modification of the discharge permit as a condition of transfer, and may require demonstration of adequate financial responsibility.

(3) The written notice required by Subparagraph (b) of Paragraph (2) of Subsection I above shall:

(a) Have been signed by the discharger and the succeeding discharger, including an acknowledgement that the succeeding discharger shall be responsible for compliance with the discharge permit upon taking possession of the facility; and

(b) Set a specific date for transfer of discharge permit responsibility, coverage and liability; and

(c) Include information relating to the succeeding discharger's financial responsibility required by Paragraph (17) of Subsection B of Section 20.6.2.5210 NMAC.