April 20, 2018

Stacy Boultinghouse – Energy Transfer/Transwestern

The Oil Conservation Division (OCD) is in receipt of Annual Groundwater Report and a Scope of Work Report. Annual report for 2017 and both reports dated March 2018.

OCD offers the following:

OCD has no immediate issue with the data and representation of/in the Annual Monitoring Report. OCD is aware of the sulfate concentrations as reported.

OCD has been informed by the consultant that a sampling event is scheduled in the near future. It is anticipated that sulfate and TOC will be evaluated in this sampling event. This may be critical so as to monitor the overall effect of the past and proposed injection of magnesium sulfate. While OCD agrees in the general approach, we believe it needs to be monitored closely. It is anticipated by consultant the sulfate levels in ground water would/should decrease as the anaerobic bacteria utilize this substrate. It is also noted that TOC is an issue as well. It is possible that some amendment will need to be added in future to assist in anticipated contamination reduction. This should also be watched closely and will need to be addressed quickly if it proves a concern.

OCD agrees with use of the magnesium sulfate injection in locations and quantities deemed appropriate by consultant. However, please note above concerns for monitoring.

Otherwise, OCD approves of the injection protocol, sampling protocol, schedule for sampling and analysis structure for samples as outlined in Scope of Work. This includes the demarcations between areas identified as ERDP and DEHY. OCD agrees with sampling some statistically relevant number of wells quarterly to assess effectiveness of injected material in both the ERDP and DEHY areas. If there are unanticipated responses found during these interim evaluations please contact OCD for discussion. Don't necessarily wait for the next Annual Report. Next Annual Report should also highlight the assessed effectiveness or lack thereof or unanticipated issues with the injection/remedial plan. If there are any permits required from other governmental agencies for this proposed technique/injection please make OCD aware.

Please keep a copy of this electronic communication, as NO paper copy will be typically supplied.

If there are any questions/comments/needs please contact this office. OCD appreciates your combined efforts on/for this location.

Sincerely,

Bradford Billings EMNRD/OCD Santa Fe

OCD approval does not relieve the operator of liability should their operations fail to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.