



ENTERED

PLUGGING RECORD



NRC
Well abandonment
Chase
Farms
4/21/23

NOTE: A Well Plugging Plan of Operations shall be approved by the State Engineer prior to plugging - 19.27.4 NMAC

I. GENERAL / WELL OWNERSHIP:

State Engineer Well Number: RA# 4798
 Well owner: CHASE FARMS LLC Phone No.: 575-746-7933
 Mailing address: PO BOX 658
 City: ARTESIA State: NEW MEXICO Zip code: 88211

II. WELL PLUGGING INFORMATION:

- 1) Name of well drilling company that plugged well: PECOS VALLEY ARTESIAN CONSERVANCY DIST.
- 2) New Mexico Well Driller License No.: WD-1179 Expiration Date: FEB. 7, 2024
- 3) Well plugging activities were supervised by the following well driller(s) rig supervisor(s):
JOE B NIECE ROBERT CALLAWAY DANIEL T CASTRO
- 4) Date well plugging began: APRIL 10, 2023 Date well plugging concluded: APRIL 10, 2023
- 5) GPS Well Location: Latitude: N.33 deg. 50 min. 40.69 sec
Longitude: W.104 deg. 22 min. 37.81 sec. WGS 84
- 6) Depth of well confirmed at initiation of plugging as: 280 ft below ground level (bgl).
by the following manner: TYPE MEASURED
- 7) Static water level measured at initiation of plugging: 84 ft bgl
- 8) Date well plugging plan of operations was approved by the State Engineer: OCT.20,2022
- 9) Were all plugging activities consistent with an approved plugging plan? NO If not, please describe differences between the approved plugging plan and the well as it was plugged (attach additional pages as needed):

OWNER REQUESTED WE NOT EXCAVATE AROUND WELL DUE TO UNDER GROUND ELECTRIC IN AREA. WELL IS NEXT TO HF SINCLAIR MONITOR WELL AND OUT BUILDING CONTAINING PRESSURE TANK AND ELECTRIC PANELS THAT COULD NOT BE RELOCATED. PVACD TREMIED PORTLAND TYPE I-II NEAT CEMENT SLURRY FROM TOTAL DEPTH OF 280 FT. BGL TO SURFACE.

17.26.10

10) Log of Plugging Activities - Label vertical scale with depths, and indicate separate plugging intervals with horizontal lines as necessary to illustrate material or methodology changes. Attach additional pages if necessary.

For each interval plugged, describe within the following columns:

Depth (ft bgl)	Plugging Material Used (include any additives used)	Volume of Material Placed (gallons)	Theoretical Volume of Borehole Casing (gallons)	Placement Method (tremie pipe, other)	Comments (“casing perforated first”, “open annular space also plugged”, etc.)
0	GROUND LEVEL				
280'	PORTLAND TYPE I-II NEAT CEMENT SLURRY	1010 GALLONS OR 5 YARDS	926 GALLONS OR 4.5 GALLONS YARDS	TREMIE PIPE	CASING PERFORATED FIRST

032 00 APR 12 2023 PM 12:7

MULTIPLY	BY	EQUAL OBTAIN
Cubic feet	4.905	= gallons
Cubic yards	201.97	= gallons

III. SIGNATURE:

I, JOE B. NIECE, say that I am familiar with the rules of the Office of the State Engineer pertaining to the plugging of wells and that each and all of the statements in this Plugging Record and attachments are true to the best of my knowledge and belief.

Joe B. Niece

Signature of Well Driller

APRIL 12, 2023

Date



WELL PLUGGING PLAN OF OPERATIONS



NOTE: A Well Plugging Plan of Operations shall be filed with and accepted by the Office of the State Engineer prior to plugging. This form may be used to plug a single well, or if you are plugging multiple monitoring wells on the same site using the same plugging methodology.

Alert! Your well may be eligible to participate in the Aquifer Mapping Program (AMP)-NM Bureau of Geology geoinfo.nmt.edu/resources/water/cgmn/ if within an area of interest and meets the minimum construction requirements, such as there is still water in your well, and the well construction reflected in a well record and log is not compromised, contact AMP at 575-835-5038 or -6951, or by email nmbg-waterlevels@amt.edu, prior to completing this prior form. Showing proof to the OSE that your well was accepted in this program, may delay the plugging of your well until a later date.

I. FILING FEE: There is no filing fee for this form.

II. GENERAL / WELL OWNERSHIP: Check here if proposing one plan for multiple monitoring wells on the same site and attaching WD-08m

Existing Office of the State Engineer POD Number (Well Number) for well to be plugged: RA# 4798
Name of well owner: CHASE FARMS LLC
Mailing address: PO BOX 658 County: EDDY
City: ARTESIA State: NEW MEXICO Zip code: 88211
Phone number: 575-746-7933 E-mail: _____

III. WELL DRILLER INFORMATION:

Well Driller contracted to provide plugging services: PECOS VALLEY ARTESIAN CONSERVANCY DISTRICT
New Mexico Well Driller License No.: WD-1779 Expiration Date: FEB. 7, 2024

IV. WELL INFORMATION: Check here if this plan describes method for plugging multiple monitoring wells on the same site and attach supplemental form WD-08m and skip to #2 in this section.

Note: A copy of the existing Well Record for the well(s) to be plugged should be attached to this plan.

1) GPS Well Location: Latitude: N.32 deg, 50 min, 40.69 sec
Longitude: W.104 deg, 22 min, 37.81 sec, NAD 83

2) Reason(s) for plugging well(s): 002 071 001 20 2022 P.M. 1.3

The owner, Chase Farms LLC, has drilled a replacement shallow well. Due to the water quality, small amount of contaminates, environmental reasons and location they are requesting PVACD plug well RA# 4798.

3) Was well used for any type of monitoring program? yes If yes, please use section VII of this form to detail what hydrogeologic parameters were monitored. If the well was used to monitor contaminated or poor quality water, authorization from the New Mexico Environment Department may be required prior to plugging.

4) Does the well tap brackish, saline, or otherwise poor quality water? yes If yes, provide additional detail, including analytical results and/or laboratory report(s):

Contact Jason Leik, P.E. environmental specialist for HF Sinclair

5) Static water level: 84 feet below land surface / feet above land surface (circle one)

6) Depth of the well: 280 feet

- 7) Inside diameter of innermost casing: 9 inches.
- 8) Casing material: STEEL
- 9) The well was constructed with:
 an open-hole production interval, state the open interval: _____
 a well screen or perforated pipe, state the screened interval(s): UNKNOWN
- 10) What annular interval surrounding the artesian casing of this well is cement-grouted? N/A
- 11) Was the well built with surface casing? UNKNOWN If yes, is the annulus surrounding the surface casing grouted or otherwise sealed? _____ If yes, please describe:

- 12) Has all pumping equipment and associated piping been removed from the well? YES If not, describe remaining equipment and intentions to remove prior to plugging in Section VII of this form.

V. DESCRIPTION OF PLANNED WELL PLUGGING: If plugging method differs between multiple wells on same site, a separate form must be completed for each method.

Note: If this plan proposes to plug an artesian well in a way other than with cement grout, placed bottom to top with a tremie pipe, a detailed diagram of the well showing proposed final plugged configuration shall be attached, as well as any additional technical information, such as geophysical logs, that are necessary to adequately describe the proposal. Attach a copy of any signed OSE variance to this plugging plan.

Also, if this planned plugging plan requires a variance to 19.27.4 NMAC, attach a detailed variance request signed by the applicant.

- 1) Describe the method by which cement grout shall be placed in the well, or describe requested plugging methodology proposed for the well:

PVACD WILL RUN POLY TREMIE PIPE TO TOTAL DEPTH OF 280 FT. BGL AND PUMP PORTLAND TYPE I-II NEAT CEMENT SLURRY TO SURFACE WITH A MUSHROOM CAP.
- 2) Will well head be cut-off below land surface after plugging? YES

VI. PLUGGING AND SEALING MATERIALS:

Note: The plugging of a well that taps poor quality water may require the use of a specialty cement or specialty sealant. Attach a copy of the batch mix recipe from the cement company and/or product description for specialty cement mixes or any sealant that deviates from the list of OSE approved sealants.

- 1) For plugging intervals that employ cement grout, complete and attach Table A.
- 2) For plugging intervals that will employ approved non-cement based sealant(s), complete and attach Table B.
- 3) Theoretical volume of grout required to plug the well to land surface: 926 GALLONS OR 4.5 YARDS
- 4) Type of Cement proposed: PORTLAND TYPE I-II NEAT CEMENT SLURRY
- 5) Proposed cement grout mix: 5.2 gallons of water per 94 pound sack of Portland cement.
- 6) Will the grout be: batch-mixed and delivered to the site
 mixed on site

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7) Grout additives requested, and percent by dry weight relative to cement:

[Empty box for grout additives information]

8) Additional notes and calculations:

PVACD WILL EVCAVATE DOWN AROUND CASING 6 FT. BGL CUT CASING OFF AT 4 FT. BGL. ALSO EXCAVATING A 2 FT. CIRCUMFERENCE FOR MUSHROOM CAP. REQUIRING 404 GALLONS OR 2 YARDS OF PORTLAND TYPE I-II NEAT CEMENT SLURRY. THEN BACK FILL WITH NATIVE FILL.

VII. ADDITIONAL INFORMATION: List additional information below, or on separate sheet(s):

ENVIROMENTAL QUESTIONS CAN BE DIRECTED TO JASON LEIK, P.E. ENVIROMENTAL SPECIALIST FOR HF SINCLAIR AT 1-214-871-3408 (OFFICE) OR 1-214-970-8902 (CELL). THIS SHALLOW WATER WELL WAS ORIGINALLY DRILLED AS A OIL WELL TO A DEPTH OF 1130 FT. BGL THEN PLUGGED BACK TO APPROXIMATELY 280 FT. BGL IS THE BEST INFORMATION PVACD, OFFICE OF THE STATE ENGINEER AND JASON LEIK CAN LOCATE.

VIII. SIGNATURE:

I, JOE B. NIECE, say that I have carefully read the foregoing Well Plugging Plan of Operations and any attachments, which are a part hereof; that I am familiar with the rules and regulations of the State Engineer pertaining to the plugging of wells and will comply with them, and that each and all of the statements in the Well Plugging Plan of Operations and attachments are true to the best of my knowledge and belief.

Joe B. Niece
Signature of Applicant

OCT.20, 2022

Date

IX. ACTION OF THE STATE ENGINEER:

This Well Plugging Plan of Operations is:

- Approved subject to the attached conditions.
- Not approved for the reasons provided on the attached letter.

USE ON OCT 20 2022 10:15

Witness my hand and official seal this 4th day of November, 2022

Mike A. Hamman P.E., New Mexico State Engineer

By: K. Parekh

KASHYAP PAREKH
W.R.M.I



TABLE A - For plugging intervals that employ cement grout. Start with deepest interval.

	Interval 1 – deepest	Interval 2	Interval 3 – most shallow
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of grout placement (ft bgl)			GROUND LEVEL
Bottom of proposed interval of grout placement (ft bgl)			280 FT. BGL
Theoretical volume of grout required per interval (gallons)			926 GALLONS OR 4.5 YARDS
Proposed cement grout mix gallons of water per 94-lb. sack of Portland cement			5.2
Mixed on-site or batch-mixed and delivered?			BATCH MIXED / DELIVERED
Grout additive 1 requested			
Additive 1 percent by dry weight relative to cement			
Grout additive 2 requested			
Additive 2 percent by dry weight relative to cement			

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TABLE B - For plugging intervals that will employ approved non-cement based sealant(s). Start with deepest interval.

	Interval 1 – deepest	Interval 2	Interval 3 – most shallow
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of sealant placement (ft bgl)			
Bottom of proposed sealant or grout placement (ft bgl)			
Theoretical volume of sealant required per interval (gallons)			
Proposed abandonment sealant (manufacturer and trade name)			

OGE ON OCT 20 2022 #0315



STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER
ROSWELL

Mike A. Hamman, P.E.
State Engineer

DISTRICT II
1900 West Second St.
Roswell, New Mexico 88201
Phone: (575) 622-6521
Fax: (575) 623-8559

November 4, 2022

Chase Farms LLC
P.O. Box 658
Artesia, NM 88211

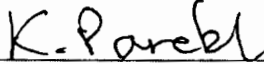
RE: Well Plugging Plan of Operations for well no. RA-4798

Greetings:

Enclosed is your copy of the Well Plugging Plan of Operations for the above referenced well subject to the attached Conditions of Approval. The proposed method of operation is found to be acceptable and in accordance with the Rules and Regulations Governing Well Driller Licensing; Construction, Repair and Plugging of Wells 19.27.4 NMAC adopted June 30, 2017 by the State Engineer. subject to the attached Conditions of Approval.

Within 30 days after the well is plugged, the well driller is required to file a complete plugging record with the OSE and the permit holder.

Sincerely,



Kashyap Parekh
Water Resources Manager I

Parekh, Kashyap, OSE

From: Cobrain, Dave, ENV
Sent: Friday, November 4, 2022 10:33 AM
To: Parekh, Kashyap, OSE
Cc: jn@pvacd.com; jason.leik@hfsinclair.com; Hernandez, Juan L., OSE
Subject: RE: Re: Well Plugging Plan of Operations for well no. RA-4798 and RA-4196 (Chase Farms LLC)

Kashyap.

NMED does not have any concerns regarding abandonment of irrigation wells RA-4798 and RA-4196. Sorry for the delayed response.

Dave

Dave Cobrain
New Mexico Environment Department
Hazardous Waste Bureau
2905 Rodeo Park Drive East Bldg 1
Santa Fe, NM 87505-6313
Main Office Phone 505-476-6000
Direct Line 505-476-6055
Cell 505-690-5802

From: Parekh, Kashyap, OSE <Kashyap.Parekh@ose.nm.gov>
Sent: Tuesday, November 1, 2022 8:54 AM
To: Cobrain, Dave, ENV <dave.cobrain@env.nm.gov>
Cc: jn@pvacd.com; jason.leik@hfsinclair.com; Hernandez, Juan L., OSE <Juan.Hernandez@ose.nm.gov>
Subject: Re: Well Plugging Plan of Operations for well no. RA-4798 and RA-4196 (Chase Farms LLC)
Importance: High

Good Morning Dave,

My name is Kashyap Parekh. I am a Water Resources Manager 1 working for the Office of the State Engineer District 2 Office in Roswell, New Mexico. I got your contact details from Joe Niece (PVACD) and Jason Leik (HF Sinclair).

I am contacting you with regards to the Well Plugging Plan of Operations for well nos. RA-4798 and RA-4196 located in Artesia, New Mexico. PVACD has submitted the well plugging plan of operations to the OSE D2 Office on October 20, 2022. A review of the Well Plugging Plan of Operations indicate that the proposed methodology of plugging is acceptable to OSE.

Does NMED have any concerns with the plugging of the wells ?

Regards,
Kashyap

Kashyap Parekh
Office of the State Engineer
DISTRICT II W.R.A.P

1900 West Second Street
Roswell, New Mexico 88201-1712
Office: 575-291-2408
Fax: 575-623-8559



STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER
ROSWELL

1900 West Second St.
Roswell, New Mexico 88201
Phone: (575) 622-6521
Fax: (575) 623- 8559

Applicant has identified wells, listed below, to be plugged. Pecos Valley Artesian Conservancy District (WD-1779) will perform the plugging.

Permittee: Chase Farms LLC
NMOSE Permit Number: RA-4798

NMOSE File	Casing diameter (inches)	Well depth (feet bgl)	Approximate static water level (feet bgl)	Latitude	Longitude
RA-4798	9.0	280.0	84.0	32° 50' 40.69"	104° 22' 37.81"

Specific Plugging Conditions of Approval for Well located in Artesia, NM, in Eddy County.

1. Water well drilling and well drilling activities, including well plugging, are regulated under 19.27.4 NMAC, which requires any person engaged in the business of well drilling within New Mexico to obtain a Well Driller License issued by the New Mexico Office of the State Engineer (NMOSE). Therefore, the firm of a New Mexico licensed Well Driller shall perform the well plugging.
2. The total Theoretical volume of sealant required for abandonment of 9.0 inch diameter (I.D.) casing is approximately 926.0 gallons. Total minimum volume of necessary sealant shall be calculated upon sounding the actual pluggable depth of well, which is estimated at 280.0 feet.
3. A Type I/II Portland cement mixed with 5.2 to 6.0 gallons of fresh water per 94-lb sack of cement is approved for the plugging the well.
4. Sealant shall be placed by pumping through a tremie pipe extended to near well bottom and kept below top of the slurry column as the well is plugged from bottom-upwards in a manner that displaces the standing water column upwards from below. Tremie pipe may be pulled as necessary to retain minimal submergence in the advancing column of sealant.
5. Should cement "shrinks-back" occur in the well, use of a tremie for topping off is required for cement placement deeper than 20 feet below land surface or if water is present in the casing. The approved sealant for topping off is identified in condition 3. of these Specific Conditions of Approval.

6. Any open annulus encountered surrounding the casing shall also be sealed by the placement of the approved sealant. When plugging shallow wells with no construction or environmental concerns, and if the well record on a well to be plugged shows a proper 20-foot annular seal, a plugging plan can propose the use of clean fill material to a nominal 30 feet bgs, then placing an OSE approved sealant to surface. Lacking that information, we would require an excavation of at least 2-feet which shall then be filled in its entirety with sealant to surface.
7. Should the NMED, or another regulatory agency sharing jurisdiction of the project authorize, or by regulation require a more stringent well plugging procedure than herein acknowledged, the more-stringent procedure should be followed. This, in part, includes provisions regarding pre-authorization to proceed, contaminant remediation, inspection, pulling/perforating of casing, or prohibition of free discharge of any fluid from the borehole during or related to the plugging process.
8. NMOSE witnessing of the plugging of the shallow well will not be required.
9. Any deviation from this plan must obtain an approved variance from this office prior to implementation.
10. A Well Plugging Record itemizing actual abandonment process and materials used shall be filed with the State Engineer within 30 days after completion of well plugging. For the plugging record, please resurvey coordinate location for well and note coordinate system for GPS unit. Please attach a copy of these plugging conditions.

The NMOSE Well Plugging Plan of Operations is hereby approved with the aforesaid conditions applied.

Witness my hand and seal this 4th day of November 2022

Mike A. Hamman, P.E. State Engineer



By: K. Parekh

Kashyap Parekh
Water Resources Manager I

Big House

WELL PLUG AGREEMENT

THIS AGREEMENT entered into on Sept. 21, 2022, between Pecos Valley Artesian Conservancy District, (hereinafter referred to as "PVACD"), whose address is 2303 East Second Street, Roswell, New Mexico 88201, and Chase Farms LLC (hereinafter referred to as "Owner"), whose address is PO Box 658, Artesia N.M. 88211 and, if available Location: TWP: 17 Range: 26 Section: 10 @ 333 and/or GPS location N.32°50'40.69", W.104°22'37.81"

WHEREAS, PVACD is an artesian conservancy district whose boundaries are within the counties of Chaves and Eddy, New Mexico, and which is operated and maintained by the PVACD pursuant to NMSA 1978, Section 73-1-1, et seq. The PVACD is a political subdivision of the State of New Mexico; and

WHEREAS, PVACD is authorized pursuant to NMSA 1978, § 73-1-20, to do any act or thing necessary to carry out the intents and purposes for which the district was formed, including the right of ingress and egress to all wells within the district to abate and plug leaking, abandoned, or wells determined to be a nuisance; and

WHEREAS, Owner is the owner of a well located within the boundaries of the PVACD and is desirous of engaging the PVACD to plug the well; and

WHEREAS, PVACD has agreed to plug the well subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the terms, conditions, and covenants contained herein, it is hereby agreed as follows:

**ARTICLE I
PROPERTY OWNERSHIP AND AUTHORITY**

- 1.1 Owner warrants, represents, and covenants that he/she/it is the owner of a well identified under State Engineer File No. RA-Orphaned Well, as evidenced by proof of ownership which is attached hereto and marked as Exhibit "1". *RA 4798?*
- 1.2 Owner warrants, represents, and covenants that he/she/it has full and complete authority to enter into this Agreement. (If the owner is a corporation, partnership or limited partnership, proof of authority must be provided.)

**ARTICLE II
TERM OF AGREEMENT; TERMINATION**

- 2.1 *Term of Agreement.* Subject to the provisions of this Agreement, PVACD may, at its discretion, determine the date that the plugging process shall commence and PVACD shall have absolute authority to determine when the plugging of the well will be completed. PVACD or Owner may terminate this Agreement at their sole discretion, with or without

cause, by sending a written notice of termination to the other party. Such notice shall specify the termination date of this Agreement.

- 2.2 *Termination of Agreement.* This Agreement shall terminate if PVACD determines that the well cannot be plugged with resources and equipment owned or utilized by the PVACD; if ordered to terminate by any county, state, or federal body or agency; if PVACD determines that the plugging of the well will create a public safety concern; or for any other reason as determined by PVACD, its employees, representatives, or agents.

ARTICLE III WELL PLUGGING CONDITIONS

- 3.1 Owner acknowledges and agrees that Owner is responsible to maintain the wells on Owner's land in such condition that the wells do not create a public nuisance or hazard.
- 3.2 PVACD will undertake to plug the well identified in Paragraph 1.1 of this Agreement in accordance with a plugging plan approved by the New Mexico State Engineer. In the event the well cannot be plugged pursuant to the plugging plan and any amendments to the plan, PVACD may withdraw from the well site and the Owner shall not be relieved from the duty of plugging the well.
- 3.3 PVACD and Owner covenant and agree that in the event PVACD withdraws from the well site, PVACD shall have no obligation or duty to pay for the plugging of the well by Owner or Owner's agents, employees or representatives.
- 3.4 Owner agrees that in the event the plugging event is unsuccessful, Owner waives the right to raise any claims against PVACD for any alleged damages caused by the attempted plugging.
- 3.5 PVACD warrants that it will conduct the activity in a fashion, so as to minimize disturbance of owner's property.
- 3.6 PVACD will inspect the well location and advise the Owner of PVACD's requirements regarding the well site prior to the well plugging.

ARTICLE IV OWNER'S DUTIES AND REPRESENTATIONS

- 4.1 *Owner's Duties.* Owner shall remove all debris, equipment, foliage, utilities, livestock, trash, and other materials from the well site prior to PVACD's entry on the well site. Owner shall ensure that the well site is secure at all times that PVACD is engaged in the well plugging process.

- 4.2 *Owner's Representations.* Owner acknowledges, warrants, and represents that he/she/it has the authority to enter into this Agreement. If a corporation, Owner has provided PVACD a copy of the Corporate Resolution authorizing it to make the plugging request. Owner acknowledges that PVACD has made no representations or warranties regarding Owner's property interest, including Owner's forfeiture or abandonment of water rights. Owner further warrants and represents that PVACD has made no warranties, representations, promises, or assurances regarding Owner's ability to appropriate water from adjacent water wells.
- 4.3 Owner agrees to cooperate with PVACD during the well plugging and will take no action to interfere with or impede the well plugging by PVACD.

ARTICLE V INDEMNIFICATION

- 5.1 Owner agrees to indemnify and hold harmless PVACD and all of its officers, directors and employees ("Indemnities") against any and all costs, losses, liabilities, expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with third party claims against PVACD which result from any act or omission constituting negligence, willful misconduct or breach of fiduciary duty by owners, an officer, director or employee of owner in connection with this Agreement.
- 5.2 Owner waives all claims and actions against PVACD for allegations of adverse affects to any and all water wells owned by Owner.

ARTICLE VI REPRESENTATIONS, WARRANTIES AND COVENANTS

- 6.1 Each of the parties hereto warrants and represents that it has the authority, corporate and otherwise, to enter into this Agreement and perform in accordance with the terms hereof.
- 6.2 Owner acknowledges the inherent risks in undertaking the well plugging operations in the Roswell Artesian Basin, and Owner assumes all inherent risks associated with the process.

ARTICLE VII MISCELLANEOUS PROVISIONS

- 7.1 *Notices.* All notices under this Agreement shall be in writing and shall be deemed duly given when delivered if personally delivered, or three (3) days after the date mailed if sent by registered or certified mail, return receipt requested and postage prepaid, and addressed to the parties at the following addresses:

If to PVACD to: Pecos Valley Artesian Conservancy District
P. O. Box 1346
Roswell, New Mexico 88202-1346

If to Owner to: Chase Farms LLC
PO Box 658
Artesia, N.M. 88211

unless a party receives written notice of any change.

- 7.2 *Government/Agency Participation.* If Owner is a government agency, Owner covenants and agrees to share in the cost of the well plugging. The terms and costs of the well plugging shall be set out in a Memorandum of Understanding signed by the parties and made a part of this agreement.
- 7.3 *Assignment; Binding Effect.* Owner may not assign or transfer this Agreement or any rights or benefits under this Agreement to any person or entity without the prior written approval of PVACD.
- 7.4 *Remedies Not Exclusive.* The rights and remedies provided in this Agreement are cumulative and not exclusive and are in addition to any other rights and remedies the parties may have at law or otherwise.
- 7.5 *Waiver.* Neither party's waiver of the other's breach of any term, covenant or condition contained in this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition in this Agreement.
- 7.6 *Force Majeure.* PVACD and Owner shall be excused for the period of any delay in the performance of any obligations under this Agreement when prevented from performing such obligations by cause or causes beyond their reasonable control, including, without limitation, civil commotion, war, invasion, rebellions, hostilities, military or usurped power, sabotage, pestilence, riots, fire or other casualty or acts of God.
- 7.7 *Headings.* The headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any article or section of this Agreement.
- 7.8 *Survival.* The covenants contained in or liabilities accrued under this Agreement which, by their terms, require their performance after the expiration or termination of this Agreement shall be enforceable notwithstanding the expiration or other termination of this Agreement.

- 7.9 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico.
- 7.10 *Severability.* If any provision of this Agreement shall be determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, and every provision of this Agreement shall remain in full force and effect and enforceable to the fullest extent permitted by law.
- 7.11 *Time of the Essence.* Time is of the essence in the performance of the duties under this Agreement.
- 7.12 *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 7.13 *Entire Agreement; Modification.* This Agreement, and the materials incorporated herein by reference, constitute the entire agreement between the parties. There are no promises or other agreements, oral or written, express or implied, between the parties other than as set forth in this Agreement. No change or modification of, or waiver under, this Agreement shall be valid unless it is in writing and signed by duly authorized representatives of PVACD and Owner.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first written above.

**PECOS VALLEY ARTESIAN
CONSERVANCY DISTRICT:**

OWNER:

By: JOE B NIECE
Name: [Signature]
Title: PVACD, DRILLER, WD-1779

By: Chase Farms LLC
Name: Brian Kuykendall (manager)
Title: OWNER



PLUGGING RECORD



NOTE: A Well Plugging Plan of Operations shall be approved by the State Engineer prior to plugging - 19.27.3 NMAC

I. GENERAL / WELL OWNERSHIP:

State Engineer Well Number: RA# 4196
 Well owner: CHASE FARMS LLC Phone No.: 575-746-7933
 Mailing address: PO BOX 658
 City: ARTESIA State: NEW MEXICO Zip code: 88211

II. WELL PLUGGING INFORMATION:

- 1) Name of well drilling company that plugged well: PECOS VALLEY ARTESIAN CONSERVANCY DIST.
- 2) New Mexico Well Driller License No.: WD-1179 Expiration Date: FEB. 7, 2024
- 3) Well plugging activities were supervised by the following well driller(s)/rig supervisor(s):
JOE B NIECE, ROBERT CALLAWAY, DANIEL T. CASTRO
- 4) Date well plugging began: APRIL 11, 2023 Date well plugging concluded: APRIL 11, 2023
- 5) GPS Well Location: Latitude: N.32 deg, 50 min, 37.02 sec
Longitude: W.104 deg, 22 min, 41.25 sec, WGS 84
- 6) Depth of well confirmed at initiation of plugging as: 317 ft below ground level (bgl).
by the following manner: TYPE MEASURED
- 7) Static water level measured at initiation of plugging: 101 ft bgl
- 8) Date well plugging plan of operations was approved by the State Engineer: OCT.20,2022
- 9) Were all plugging activities consistent with an approved plugging plan? YES If not, please describe differences between the approved plugging plan and the well as it was plugged (attach additional pages as needed):

17.26.10.

10) Log of Plugging Activities - Label vertical scale with depths, and indicate separate plugging intervals with horizontal lines as necessary to illustrate material or methodology changes. Attach additional pages if necessary.

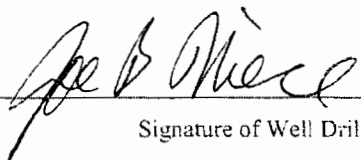
For each interval plugged, describe within the following columns:

Depth (ft bgl)	Plugging Material Used (include any additives used)	Volume of Material Placed (gallons)	Theoretical Volume of Borehole/ Casing (gallons)	Placement Method (tremie pipe, other)	Comments (“casing perforated first”, “open annular space also plugged”, etc.)
0	GROUND LEVEL				
317'	PORTLAND TYPE I-II NEAT CEMENT SLURRY	808 GALLONS OR 4 YARDS	634 GALLONS OR 3.1 YARDS	TREMIE PIPE	CASING PERFORATED FIRST

MULTIPLY	BY	AND OBTAIN
cubic feet	7.4805	= gallons
cubic yards	201.97	= gallons

III. SIGNATURE:

I, JOE B. NIECE, say that I am familiar with the rules of the Office of the State Engineer pertaining to the plugging of wells and that each and all of the statements in this Plugging Record and attachments are true to the best of my knowledge and belief.



 Signature of Well Driller

APRIL 12, 2023

 Date



STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER
ROSWELL

Mike A. Hamman, P.E.
State Engineer

DISTRICT II
1900 West Second St.
Roswell, New Mexico 88201
Phone: (575) 622-6521
Fax: (575) 623-8559

November 4, 2022

Chase Farms LLC
P.O. Box 658
Artesia, NM 88211

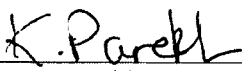
RE: Well Plugging Plan of Operations for well no. RA-4196

Greetings:

Enclosed is your copy of the Well Plugging Plan of Operations for the above referenced well subject to the attached Conditions of Approval. The proposed method of operation is found to be acceptable and in accordance with the Rules and Regulations Governing Well Driller Licensing; Construction, Repair and Plugging of Wells 19.27.4 NMAC adopted June 30, 2017 by the State Engineer. subject to the attached Conditions of Approval.

Within 30 days after the well is plugged, the well driller is required to file a complete plugging record with the OSE and the permit holder.

Sincerely,



Kashyap Parekh
Water Resources Manager I



**STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER
ROSWELL**

1900 West Second St.
Roswell, New Mexico 88201
Phone: (575) 622-6521
Fax: (575) 623- 8559

Applicant has identified wells, listed below, to be plugged. Pecos Valley Artesian Conservancy District (WD-1779) will perform the plugging.

Permittee: Chase Farms LLC
NMOSE Permit Number: RA-4196

NMOSE File	Casing diameter (inches)	Well depth (feet bgl)	Approximate static water level (feet bgl)	Latitude	Longitude
RA-4196	7.0	317.0	101.0	32° 50' 37.02"	104° 22' 41.25"

Specific Plugging Conditions of Approval for Well located in Artesia, NM, in Eddy County.

1. Water well drilling and well drilling activities, including well plugging, are regulated under 19.27.4 NMAC, which requires any person engaged in the business of well drilling within New Mexico to obtain a Well Driller License issued by the New Mexico Office of the State Engineer (NMOSE). Therefore, the firm of a New Mexico licensed Well Driller shall perform the well plugging.
2. The total Theoretical volume of sealant required for abandonment of 7.0 inch diameter (I.D.) casing is approximately 634.0 gallons. Total minimum volume of necessary sealant shall be calculated upon sounding the actual pluggable depth of well, which is estimated at 317.0 feet.
3. A Type I/II Portland cement mixed with 5.2 to 6.0 gallons of fresh water per 94-lb sack of cement is approved for the plugging the well.
4. Sealant shall be placed by pumping through a tremie pipe extended to near well bottom and kept below top of the slurry column as the well is plugged from bottom-upwards in a manner that displaces the standing water column upwards from below. Tremie pipe may be pulled as necessary to retain minimal submergence in the advancing column of sealant.
5. Should cement "shrinks-back" occur in the well, use of a tremie for topping off is required for cement placement deeper than 20 feet below land surface or if water is present in the casing. The approved sealant for topping off is identified in condition 3. of these Specific Conditions of Approval.

6. Any open annulus encountered surrounding the casing shall also be sealed by the placement of the approved sealant. When plugging shallow wells with no construction or environmental concerns, and if the well record on a well to be plugged shows a proper 20-foot annular seal, a plugging plan can propose the use of clean fill material to a nominal 30 feet bgs, then placing an OSE approved sealant to surface. Lacking that information, we would require an excavation of at least 2-feet which shall then be filled in its entirety with sealant to surface.
7. Should the NMED, or another regulatory agency sharing jurisdiction of the project authorize, or by regulation require a more stringent well plugging procedure than herein acknowledged, the more-stringent procedure should be followed. This, in part, includes provisions regarding pre-authorization to proceed, contaminant remediation, inspection, pulling/perforating of casing, or prohibition of free discharge of any fluid from the borehole during or related to the plugging process.
8. NMOSE witnessing of the plugging of the shallow well will not be required.
9. Any deviation from this plan must obtain an approved variance from this office prior to implementation.
10. A Well Plugging Record itemizing actual abandonment process and materials used shall be filed with the State Engineer within 30 days after completion of well plugging. For the plugging record, please resurvey coordinate location for well and note coordinate system for GPS unit. Please attach a copy of these plugging conditions.

The NMOSE Well Plugging Plan of Operations is hereby approved with the aforesaid conditions applied.

Witness my hand and seal this 4th day of November 2022

Mike A. Hamman, P.E. State Engineer



By: K. Parekh

Kashyap Parekh
Water Resources Manager I



WELL PLUGGING PLAN OF OPERATIONS



NOTE: A Well Plugging Plan of Operations shall be filed with and accepted by the Office of the State Engineer prior to plugging. This form may be used to plug a single well, or if you are plugging multiple monitoring wells on the same site using the same plugging methodology.

Alert! Your well may be eligible to participate in the Aquifer Mapping Program (AMP)-NM Bureau of Geology geoinfo.nmt.edu/resources/water/cgmn/ if within an area of interest and meets the minimum construction requirements, such as there is still water in your well, and the well construction reflected in a well record and log is not compromised, contact AMP at 575-835-5038 or -6951, or by email ambg-waterlevels@nmt.edu, prior to completing this prior form. Showing proof to the OSE that your well was accepted in this program, may delay the plugging of your well until a later date.

I. FILING FEE: There is no filing fee for this form.

II. GENERAL / WELL OWNERSHIP: Check here if proposing one plan for multiple monitoring wells on the same site and attaching WD-08m

Existing Office of the State Engineer POD Number (Well Number) for well to be plugged: RA# 4196
Name of well owner: CHASE FARMS LLC
Mailing address: PO BOX 658 County: EDDY
City: ARTESIA State: NEW MEXICO Zip code: 88211
Phone number: 575-746-7933 E-mail: _____

III. WELL DRILLER INFORMATION:

Well Driller contracted to provide plugging services: PECOS VALLEY ARTESIAN CONSERVANCY DISTRICT
New Mexico Well Driller License No.: WD-1779 Expiration Date: FEB. 7, 2024

IV. WELL INFORMATION: Check here if this plan describes method for plugging multiple monitoring wells on the same site and attach supplemental form WD-08m and skip to #2 in this section.

Note: A copy of the existing Well Record for the well(s) to be plugged should be attached to this plan.

1) GPS Well Location: Latitude: N.32 deg, 50 min, 37.02 sec
Longitude: W.104 deg, 22 min, 41.25 sec, NAD 83

2) Reason(s) for plugging well(s):

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OWNER CHASE FARMS LLC HAS DRILLED NEW IRRIGATION WELL AND WOULD LIKE THIS OLD SHALLOW DOMESTIC WELL PLUGGED. THAT WELL IS NO LONGER IN USE AND NEED TO BE PLUGGED FOR SAFETY AND ENVIROMENTAL CONCERNS. WELL IS ALSO LOCATED IN ASPHALT PARKING LOT.

3) Was well used for any type of monitoring program? Yes If yes, please use section VII of this form to detail what hydrogeologic parameters were monitored. If the well was used to monitor contaminated or poor quality water, authorization from the New Mexico Environment Department may be required prior to plugging.

4) Does the well tap brackish, saline, or otherwise poor quality water? YES If yes, provide additional detail, including analytical results and/or laboratory report(s): Contact Jason Leik, P.E. enviromental specialist for HF Sinclair

5) Static water level: 101 fct below land surface / feet above land surface (circle one)

6) Depth of the well: 317 feet

- 7) Inside diameter of innermost casing: 7" inches.
- 8) Casing material: STEEL
- 9) The well was constructed with:
 an open-hole production interval, state the open interval: _____
 a well screen or perforated pipe, state the screened interval(s): 275' TO 294' = 19'
- 10) What annular interval surrounding the artesian casing of this well is cement-grouted? N/A
- 11) Was the well built with surface casing? NO If yes, is the annulus surrounding the surface casing grouted or otherwise sealed? _____ If yes, please describe:

- 12) Has all pumping equipment and associated piping been removed from the well? YES If not, describe remaining equipment and intentions to remove prior to plugging in Section VII of this form.

V. DESCRIPTION OF PLANNED WELL PLUGGING: If plugging method differs between multiple wells on same site, a separate form must be completed for each method.

Note: If this plan proposes to plug an artesian well in a way other than with cement grout, placed bottom to top with a tremie pipe, a detailed diagram of the well showing proposed final plugged configuration shall be attached, as well as any additional technical information, such as geophysical logs, that are necessary to adequately describe the proposal. Attach a copy of any signed OSE variance to this plugging plan.

Also, if this planned plugging plan requires a variance to 19.27.4 NMAC, attach a detailed variance request signed by the applicant.

- 1) Describe the method by which cement grout shall be placed in the well, or describe requested plugging methodology proposed for the well:

PVACD WILL RUN POLY TREMIE PIPE TO TOTAL DEPTH OF 317 FT. BGL AND PUMP TYPE I-II NEAT CEMENT SLURRY TO SURFACE.
- 2) Will well head be cut-off below land surface after plugging? NO

VI. PLUGGING AND SEALING MATERIALS:

Note: The plugging of a well that taps poor quality water may require the use of a specialty cement or specialty sealant. Attach a copy of the batch mix recipe from the cement company and/or product description for specialty cement mixes or any sealant that deviates from the list of OSE approved sealants.

- 1) For plugging intervals that employ cement grout, complete and attach Table A.
- 2) For plugging intervals that will employ approved non-cement based sealant(s), complete and attach Table B.
- 3) Theoretical volume of grout required to plug the well to land surface: 634 GALLONS OR 3.1 YARDS
- 4) Type of Cement proposed: PORTLAND TYPE I-II NEAT CEMENT SLURRY
- 5) Proposed cement grout mix: 5.2 gallons of water per 94 pound sack of Portland cement.
- 6) Will the grout be: X batch-mixed and delivered to the site
 _____ mixed on site

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7) Grout additives requested, and percent by dry weight relative to cement:

[Empty box for grout additives information]

8) Additional notes and calculations:

ENVIROMENTAL QUESTIONS CAN BE DIRECTED TO JASON LEIK, P.E. ENVIROMENTAL SPECIALIST FOR HF SINCLAIR AT 1-214-871-3408 (OFFICE) OR 1-214-970-8902 (CELL).

VII. ADDITIONAL INFORMATION: List additional information below, or on separate sheet(s):

PVACD IS REQUESTING A VARIANCE IN PLUGGING PROCEDURE FOR THIS SHALLOW DOMESTIC WELL. RA# 4196 IS LOCATED IN A ASPHALT PACKING LOT AND THE OWNER REQUESTS THAT PVACD DOES NOT EXCAVATE FOR A MUSHROOM CAP.

VIII. SIGNATURE:

I, JOE B. NIECE, say that I have carefully read the foregoing Well Plugging Plan of Operations and any attachments, which are a part hereof; that I am familiar with the rules and regulations of the State Engineer pertaining to the plugging of wells and will comply with them, and that each and all of the statements in the Well Plugging Plan of Operations and attachments are true to the best of my knowledge and belief.

Joe B. Niece
Signature of Applicant

OCT. 20, 2022
Date

IX. ACTION OF THE STATE ENGINEER:

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This Well Plugging Plan of Operations is:

- Approved subject to the attached conditions.
- Not approved for the reasons provided on the attached letter.

Witness my hand and official seal this 4th day of November, 2022
P.E.

Mibe A. Hamman, New Mexico State Engineer

By: K. Parekh

KASHYAP PAREKH
W.R.M.I



TABLE A - For plugging intervals that employ cement grout. Start with deepest interval.

	Interval 1 – deepest	Interval 2	Interval 3 – most shallow
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of grout placement (ft bgl)			GROUND LEVEL
Bottom of proposed interval of grout placement (ft bgl)			317' BGL
Theoretical volume of grout required per interval (gallons)			634 GALLONS OR 3.1 YARDS
Proposed cement grout mix gallons of water per 94-lb. sack of Portland cement			5.2
Mixed on-site or batch-mixed and delivered?			BATCH MIXED / DELIVERED
Grout additive 1 requested			
Additive 1 percent by dry weight relative to cement			
Grout additive 2 requested			
Additive 2 percent by dry weight relative to cement			

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TABLE B - For plugging intervals that will employ approved non-cement based sealant(s). Start with deepest interval.

	Interval 1 – deepest	Interval 2	Interval 3 – most shallow
			Note: if the well is non-artesian and breaches only one aquifer, use only this column.
Top of proposed interval of sealant placement (ft bgl)			
Bottom of proposed sealant of grout placement (ft bgl)			
Theoretical volume of sealant required per interval (gallons)			
Proposed abandonment sealant (manufacturer and trade name)			

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Parekh, Kashyap, OSE

From: Cobrain, Dave, ENV
Sent: Friday, November 4, 2022 10:33 AM
To: Parekh, Kashyap, OSE
Cc: jn@pvacd.com; jason.leik@hfsinclair.com; Hernandez, Juan L., OSE
Subject: RE: Re: Well Plugging Plan of Operations for well no. RA-4798 and RA-4196 (Chase Farms LLC)

Kashyap.

NMED does not have any concerns regarding abandonment of irrigation wells RA-4798 and RA-4196. Sorry for the delayed response.

Dave

Dave Cobrain
New Mexico Environment Department
Hazardous Waste Bureau
2905 Rodeo Park Drive East Bldg 1
Santa Fe, NM 87505-6313
Main Office Phone 505-476-6000
Direct Line 505-476-6055
Cell 505-690-5802

From: Parekh, Kashyap, OSE <Kashyap.Parekh@ose.nm.gov>
Sent: Tuesday, November 1, 2022 8:54 AM
To: Cobrain, Dave, ENV <dave.cobrain@env.nm.gov>
Cc: jn@pvacd.com; jason.leik@hfsinclair.com; Hernandez, Juan L., OSE <Juan.Hernandez@ose.nm.gov>
Subject: Re: Well Plugging Plan of Operations for well no. RA-4798 and RA-4196 (Chase Farms LLC)
Importance: High

Good Morning Dave,

My name is Kashyap Parekh. I am a Water Resources Manager 1 working for the Office of the State Engineer District 2 Office in Roswell, New Mexico. I got your contact details from Joe Niece (PVACD) and Jason Leik (HF Sinclair).

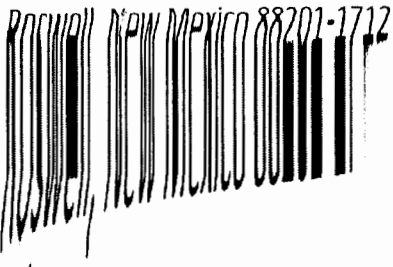
I am contacting you with regards to the Well Plugging Plan of Operations for well nos. RA-4798 and RA-4196 located in Artesia, New Mexico. PVACD has submitted the well plugging plan of operations to the OSE D2 Office on October 20, 2022. A review of the Well Plugging Plan of Operations indicate that the proposed methodology of plugging is acceptable to OSE.

Does NMED have any concerns with the plugging of the wells ?

Regards,
Kashyap

Kashyap Parekh
Office of the State Engineer
DISTRICT II W.R.A.P

1900 West Second Street



Office: 575-291-2408

Fax: 575-623-8559

Little House

WELL PLUG AGREEMENT

THIS AGREEMENT entered into on Sept. 21, 2022, between Pecos Valley Artesian Conservancy District, (hereinafter referred to as "PVACD"), whose address is 2303 East Second Street, Roswell, New Mexico 88201, and Chase Farms LLC (hereinafter referred to as "Owner"), whose address is PO Box 658, Artesia N.M. 88211 and, if available Location: TWP: 17 Range: 26 Section: 10 @ 333 and/or GPS location N.32°50'37.02", W.104°22'41.25"

WHEREAS, PVACD is an artesian conservancy district whose boundaries are within the counties of Chaves and Eddy, New Mexico, and which is operated and maintained by the PVACD pursuant to NMSA 1978, Section 73-1-1, et seq. The PVACD is a political subdivision of the State of New Mexico; and

WHEREAS, PVACD is authorized pursuant to NMSA 1978, § 73-1-20, to do any act or thing necessary to carry out the intents and purposes for which the district was formed, including the right of ingress and egress to all wells within the district to abate and plug leaking, abandoned, or wells determined to be a nuisance; and

WHEREAS, Owner is the owner of a well located within the boundaries of the PVACD and is desirous of engaging the PVACD to plug the well; and

WHEREAS, PVACD has agreed to plug the well subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the terms, conditions, and covenants contained herein, it is hereby agreed as follows:

**ARTICLE I
PROPERTY OWNERSHIP AND AUTHORITY**

- 1.1 Owner warrants, represents, and covenants that he/she/it is the owner of a well identified under State Engineer File No. RA-Orphan Well, as evidenced by proof of ownership which is attached hereto and marked as Exhibit "1". RA4196 ?
- 1.2 Owner warrants, represents, and covenants that he/she/it has full and complete authority to enter into this Agreement. (If the owner is a corporation, partnership or limited partnership, proof of authority must be provided.)

**ARTICLE II
TERM OF AGREEMENT; TERMINATION**

- 2.1 *Term of Agreement.* Subject to the provisions of this Agreement, PVACD may, at its discretion, determine the date that the plugging process shall commence and PVACD shall have absolute authority to determine when the plugging of the well will be completed. PVACD or Owner may terminate this Agreement at their sole discretion, with or without

cause, by sending a written notice of termination to the other party. Such notice shall specify the termination date of this Agreement.

- 2.2 *Termination of Agreement.* This Agreement shall terminate if PVACD determines that the well cannot be plugged with resources and equipment owned or utilized by the PVACD; if ordered to terminate by any county, state, or federal body or agency; if PVACD determines that the plugging of the well will create a public safety concern; or for any other reason as determined by PVACD, its employees, representatives, or agents.

ARTICLE III WELL PLUGGING CONDITIONS

- 3.1 Owner acknowledges and agrees that Owner is responsible to maintain the wells on Owner's land in such condition that the wells do not create a public nuisance or hazard.
- 3.2 PVACD will undertake to plug the well identified in Paragraph 1.1 of this Agreement in accordance with a plugging plan approved by the New Mexico State Engineer. In the event the well cannot be plugged pursuant to the plugging plan and any amendments to the plan, PVACD may withdraw from the well site and the Owner shall not be relieved from the duty of plugging the well.
- 3.3 PVACD and Owner covenant and agree that in the event PVACD withdraws from the well site, PVACD shall have no obligation or duty to pay for the plugging of the well by Owner or Owner's agents, employees or representatives.
- 3.4 Owner agrees that in the event the plugging event is unsuccessful, Owner waives the right to raise any claims against PVACD for any alleged damages caused by the attempted plugging.
- 3.5 PVACD warrants that it will conduct the activity in a fashion, so as to minimize disturbance of owner's property.
- 3.6 PVACD will inspect the well location and advise the Owner of PVACD's requirements regarding the well site prior to the well plugging.

ARTICLE IV OWNER'S DUTIES AND REPRESENTATIONS

- 4.1 *Owner's Duties.* Owner shall remove all debris, equipment, foliage, utilities, livestock, trash, and other materials from the well site prior to PVACD's entry on the well site. Owner shall ensure that the well site is secure at all times that PVACD is engaged in the well plugging process.

- 4.2 *Owner's Representations.* Owner acknowledges, warrants, and represents that he/she/it has the authority to enter into this Agreement. If a corporation, Owner has provided PVACD a copy of the Corporate Resolution authorizing it to make the plugging request. Owner acknowledges that PVACD has made no representations or warranties regarding Owner's property interest, including Owner's forfeiture or abandonment of water rights. Owner further warrants and represents that PVACD has made no warranties, representations, promises, or assurances regarding Owner's ability to appropriate water from adjacent water wells.
- 4.3 Owner agrees to cooperate with PVACD during the well plugging and will take no action to interfere with or impede the well plugging by PVACD.

ARTICLE V INDEMNIFICATION

- 5.1 Owner agrees to indemnify and hold harmless PVACD and all of its officers, directors and employees ("Indemnities") against any and all costs, losses, liabilities, expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with third party claims against PVACD which result from any act or omission constituting negligence, willful misconduct or breach of fiduciary duty by owners, an officer, director or employee of owner in connection with this Agreement.
- 5.2 Owner waives all claims and actions against PVACD for allegations of adverse affects to any and all water wells owned by Owner.

ARTICLE VI REPRESENTATIONS, WARRANTIES AND COVENANTS

- 6.1 Each of the parties hereto warrants and represents that it has the authority, corporate and otherwise, to enter into this Agreement and perform in accordance with the terms hereof.
- 6.2 Owner acknowledges the inherent risks in undertaking the well plugging operations in the Roswell Artesian Basin, and Owner assumes all inherent risks associated with the process.

ARTICLE VII MISCELLANEOUS PROVISIONS

- 7.1 *Notices.* All notices under this Agreement shall be in writing and shall be deemed duly given when delivered if personally delivered, or three (3) days after the date mailed if sent by registered or certified mail, return receipt requested and postage prepaid, and addressed to the parties at the following addresses:

If to PVACD to: Pecos Valley Artesian Conservancy District
P. O. Box 1346
Roswell, New Mexico 88202-1346

If to Owner to: Chase Farms LLC
PO Box 658
Artesia, N.M. 88211

unless a party receives written notice of any change.

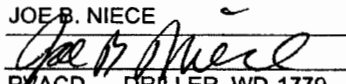
- 7.2 *Government/Agency Participation.* If Owner is a government agency, Owner covenants and agrees to share in the cost of the well plugging. The terms and costs of the well plugging shall be set out in a Memorandum of Understanding signed by the parties and made a part of this agreement.
- 7.3 *Assignment; Binding Effect.* Owner may not assign or transfer this Agreement or any rights or benefits under this Agreement to any person or entity without the prior written approval of PVACD.
- 7.4 *Remedies Not Exclusive.* The rights and remedies provided in this Agreement are cumulative and not exclusive and are in addition to any other rights and remedies the parties may have at law or otherwise.
- 7.5 *Waiver.* Neither party's waiver of the other's breach of any term, covenant or condition contained in this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition in this Agreement.
- 7.6 *Force Majeure.* PVACD and Owner shall be excused for the period of any delay in the performance of any obligations under this Agreement when prevented from performing such obligations by cause or causes beyond their reasonable control, including, without limitation, civil commotion, war, invasion, rebellions, hostilities, military or usurped power, sabotage, pestilence, riots, fire or other casualty or acts of God.
- 7.7 *Headings.* The headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of any article or section of this Agreement.
- 7.8 *Survival.* The covenants contained in or liabilities accrued under this Agreement which, by their terms, require their performance after the expiration or termination of this Agreement shall be enforceable notwithstanding the expiration or other termination of this Agreement.

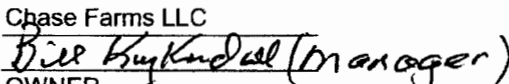
- 7.9 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New Mexico.
- 7.10 *Severability.* If any provision of this Agreement shall be determined to be invalid or unenforceable, the remaining provisions of this Agreement shall not be affected thereby, and every provision of this Agreement shall remain in full force and effect and enforceable to the fullest extent permitted by law.
- 7.11 *Time of the Essence.* Time is of the essence in the performance of the duties under this Agreement.
- 7.12 *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 7.13 *Entire Agreement; Modification.* This Agreement, and the materials incorporated herein by reference, constitute the entire agreement between the parties. There are no promises or other agreements, oral or written, express or implied, between the parties other than as set forth in this Agreement. No change or modification of, or waiver under, this Agreement shall be valid unless it is in writing and signed by duly authorized representatives of PVACD and Owner.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first written above.

**PECOS VALLEY ARTESIAN
CONSERVANCY DISTRICT:**

OWNER:

By: JOE B. NIECE
Name: 
Title: PVACD, DRILLER, WD-1779

By: Chase Farms LLC
Name:  (Manager)
Title: OWNER