COPPER EAGLE 1-24 SUNCOR SW SW 24-2N-2W (909) O



October 4, 2018

Mr. Nicholaus Fischer Vice President Merit Partners 2555 E. Camelback Road, Suite 180 Phoenix, Arizona 85016

SUBJECT: WELL ABANDONMENT – SUNCOR 1-24 OIL & GAS STORAGE WELL, GOODYEAR, AZ

Dear Mr. Fischer:

Southwest Groundwater Consultants (SGC) has prepared the following report documenting the abandonment of the SunCor 1-24 Oil & Gas Storage Well located northeast of the intersection of Indian School Road and Cotton Lane in Goodyear, Arizona. The location of the well is shown in Figure 1 included as Attachment 1.

BACKGROUND INFORMATION

Information regarding 1-24 Oil & Gas well is presented below.

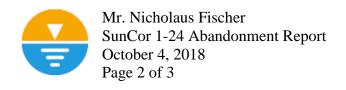
	SunCor 1-24
Cadastral Well Location	B (2-2) 24 CCC
Date Installed	February 2002
Total Depth (feet)	6,053

Abandonment Application

SGC prepared a well abandonment application and submitted it to the Oil & Gas Conservation Commission for approval. Final approval was granted by the Oil & Gas Conservation Commission in a letter dated March 8, 2018. A copy of the approval letter is included as Attachment 2.

Abandonment Procedures

Southwest Waterworks Contractors, Inc. (Southwest Waterworks) was contracted to abandon the well. Southwest Waterworks contracted Longmire Well Service (Longmire) to conduct a downhole color video survey of the well on August 22, 2018 to confirm the well casing was open to a depth of at least 2,100 feet below land surface (bls). Visibility throughout much of the video was poor. A soft fill material was encountered at approximately 1,810 feet bls and the video camera could not be advanced beyond that depth. The well casing was observed to be in good condition and was open to the depth approximately 1,810 feet bls. Although the well was listed as being greater than 6,000 feet deep, it was assumed that the well had been previously plugged



with cement from total depth to just below approximately 1,800 feet bls. A copy of the well video on CD is included as Attachment 3.

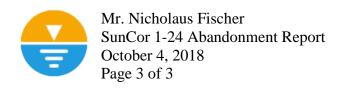
Instead of simply placing cement of top of the existing surface, Longmire was contracted to install a steel bridge plug in Well 1-24 at the approximate depth of 1,800 feet bls to ensure that a confirmed bridge was in place prior to placing cement slurry. Longmire installed a custom made corrugated steel plug that had a diameter slightly less than the existing well casing. The plug was swaged in place on September 11, 2018. Photographs of the bridge plug are included in Attachment 4.

No documentation of the completion of a cement bond log was available for the 1-24 well. In order to confirm that no annular space was "open" to the surface behind the well casing, SGC contracted Geolog, LLC (Geolog) to perform a cement bond log from the depth of 1,800 feet bls to the ground surface. Geolog conducted a cement bond log of well 1-24 on August 28, 2018. The cement bond log performed by Geolog confirmed the annular space behind the casing was cemented. A copy of the cement bond log conducted by Geolog is included as Attachment 5.

Well 1-24 was abandoned by filling with a cement slurry in two lifts by pumping through a tremie pipe. Prior to pumping through the tremie pipe, the cement grout was passed through a 2-inch slotted bar strainer, in order to remove any unmixed lumps. Approximately 6 cubic yards of cement slurry were placed during the initial lift on September 19, 2018 followed by a second lift of approximately 30 cubic yards on September 20, 2018. The second lift brought the cement in the well to within approximately 10 feet of ground surface.

Final abandonment activities included removing the upper 10 feet of well casing materials; placing a permanent steel plate with the well name, former operator, lease number, and well location permanently engraved over the remaining casing materials; placing a granular material infused with a bright colored permanent dye; and backfilling the remaining portion of the excavation with clean imported fill material. The fill material was compacted using a hand operated vibrating compactor, bucket tamping, and wheel rolling. A sign post, with pertinent well information, was placed at the abandoned well location; although it is understood the need for a permanent marker post was waived by the Oil & Gas Conservation Commission and this sign may be removed pending future development of the property. Photographs documenting the abandonment procedures are included as Attachment 4.

The well location was surveyed by an Arizona Licensed surveyor on September 26, 2018. A copy of the survey information is included as Attachment 6. A completed "Plugging Record" was prepared for the abandonment and is included as Attachment 7.



If you have any questions or require additional information, please call.

Sincerely,

Southwest Groundwater Consultants

Kevin D. Hebert, R.G.

Senior Project Hydrogeologist

Attachments: Attachment 1: Figure 1

Attachment 2: Application Approval Letter

Attachment 3: Well Video

Attachment 4: Abandonment Photographs

Attachment 5: Cement Bond Log

Attachment 6: Well Coordinate Survey

Attachment 7: Plugging Record

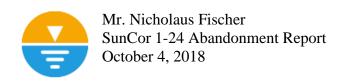
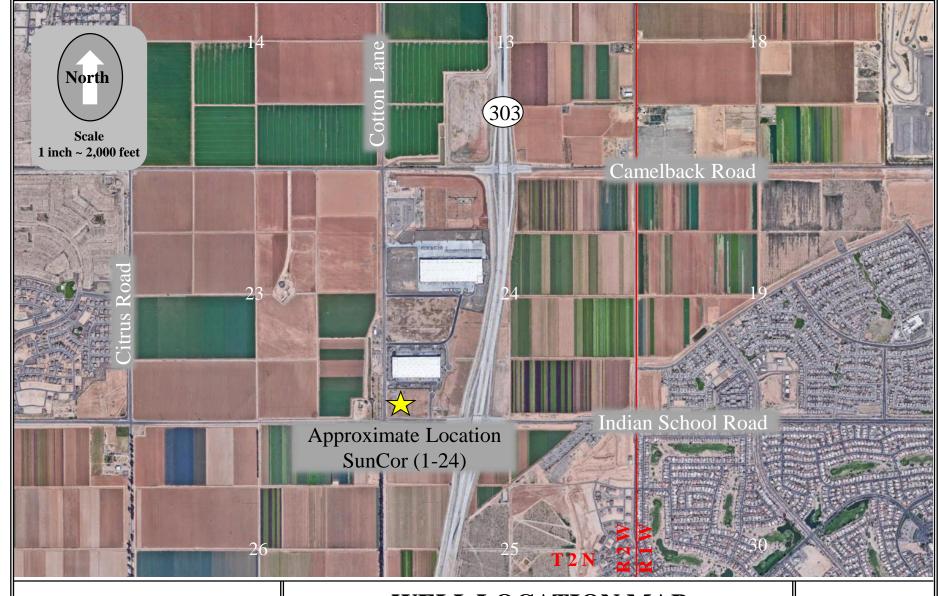


FIGURE 1





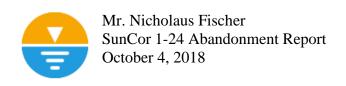
October 3, 2018 Project 18-573

WELL LOCATION MAP SUNCOR 1-24 OIL & GAS WELL

Maricopa County, Arizona

Figure

1



APPLICATION APPROVAL LETTER



State of Arizona

Oil and Gas Conservation Commission

1110 W. Washington Street, Phoenix, AZ 85007 602-771-4501 www.azogcc.az.gov

Dennis L. Turner, Oil and Gas Administrator

Commissioners: Frank Thorwald, Chair Vice Chair, vacant Stephen R. Cooper William C. Feyerabend J. Dale Nations, Ph.D.

VIA EMAIL and US MAIL

March 8, 2018

Mr. Bob Bambauer Senior Vice President Sunbelt Holdings 6720 North Scottsdale Road, Suite 250 Scottsdale, AZ 85253-4424

RE: Arizona Oil and Gas Conservation Commission Reconsideration of Approval of the Sunbelt Holdings Plug and Abandonment of the Copper Eagle #1-19 (permit 911) and Copper Eagle #1-24 (permit 909) Wells at the Meeting of January 12, 2018

Dear Mr. Bambauer:

As you may recall, the Arizona Oil and Gas Conservation Commission (OGCC or Commission) approved the plug and abandonment process for Sunbelt Holdings (Sunbelt) for wells Copper Eagle #1-19 (permit 911) and Copper Eagle #1-24 (permit 909) in the meeting of January 12, 2018. Sunbelt requested modification of the Commission's ruling and clarification of the Dennis Turner follow up letter of January 31, 2018. The Commission properly noticed the Sunbelt request for modification of the previous order, which was brought forward at the Commission meeting of February 23, 2018.

The Commission again appreciates your time and input at the public meeting on February 23, 2018 to reconsider two of the Commission's eleven directives as approved in the January 12, 2018 meeting. The directives were described in my letter of January 31, 2018.

At the February 23, 2018 meeting, the OGCC voted to amend two of the directives that were reflected in my previous letter. The two directives are modified as follows:

- Sunbelt Holdings shall install a permanent bridge plug at the approximate top of the salt body in each well. At Sunbelt's discretion, the bridge plug may be either cast iron or steel. The Commission recommended the bridge plug be placed at a minimum depth of 2100 feet in both wells.
- 3. In each well, below the permanent bridge plug, the borehole may remain filled with brine or water (its current state), instead of filling it with plugging mud, as required by Arizona Administrative Code (A.A.C.) R12-7-127(D).

Other than the two directives as modified above, the remaining directives are unchanged. In placing the permanent bridge plug, Sunbelt shall fill the entire wellbore with plugging cement to the surface. The preferred plugging cement slurry is that recommended by the American Petroleum Institute (API) Environmental Guidance Document: Well Abandonment and Inactive Well Practices for U.S. Exploration and Production Operations, i.e., a neat cement slurry mixed to API standards. The plugging cement slurry shall be allowed to cure for the times specified by API before proceeding with excavation work.

In the February 23, 2018 meeting, the OGCC also discussed the absence of any data verifying casing integrity and cement bonding in the 1-24 well. During this meeting, Sunbelt agreed to confer with Schlumberger, the logging company who originally ran the logs in both wells, to determine the best way to evaluate whether the cement bond and casing integrity are adequate for plugging the 1-24. Sunbelt agreed to provide the Commission with the results of that discussion with Schlumberger. The first directive of the Commission, as contained in my January 31, 2018 letter, remains unchanged; the Commission expects assurance from the operator that the 1-19 wellbore is isolated from the formations it penetrated above the Luke salt deposit.

Enclosed is your copy of the approved Application to Plug and Abandon the 1-19 well. Please advise me via email (preferred) or phone at least 48 hours in advance of the work commencing on this well. When the plugging work is completed on this well, in accordance with R12-7-127(I), submit a completed Form 10 within 15 days. Download this form at http://www.azogcc.az.gov/forms. Forms 9 and 10 should be submitted both electronically and via US Mail.

Please direct any questions and address all correspondence to:

Dennis L. Turner Oil & Gas Administrator Arizona Oil & Gas Conservation Commission c/o Arizona Department of Environmental Quality 1110 W. Washington Street Phoenix, AZ 85007 ogcc@azdeq.gov

Sincerely,

Dennis L. Turner

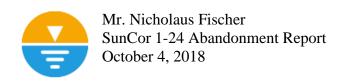
Oil & Gas Program Administrator

Dennis L. Turn

cc:

Frank Thorwald, Chairman, Arizona Oil and Gas Conservation Commission (email only)

Kevin Hebert, Southwest Groundwater Consultants

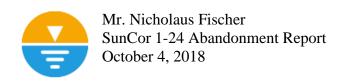


WELL VIDEO (ON CD)



Downhole Video Survey Log

Project No.:	18-573			-7	Job Title:	SunCor 1-24 Oil & Gas Well
ADWR Well No.:	55- Not A	pplicable		Cadastral	Location:	B (2-2) 24 CCC
Video Date:	8/22/2018	,		Rev	iew Date:	8/23/2018
Survey Company:	Longmire '	Well Servic	e	Revi	ewed By:	K. Hebert
Total Depth:	1,810	Feet			o Datum:	
Casing Dia.:	12	Inches (ID)	- Stick-up Co	orrection:	NA Feet
Perf Interval(s):		erved			orrection:	
Type of Perfs:				- Static Wa		
Depth Below Datum:	Water Clarity ¹	Encrus	station	Est. Perf Openings ²	Debris or Fill	Remarks
feet ³		extent ⁴	color		Yes / No	
0-1,810	cloudy	none	na			Visibility was poor; no perforations observed
0:00	na					Soft fill encountered; end of video
	clear, clou None, ligh	ıdy, dark t, medium,		full, partial,	none	3 - Depth displayed on video



ABANDONMENT PHOTOGRAPHS



View of swage tool and bridge plug



View of base of bridge plug



View of cement being poured into on-site strainer



View of cement being placed down 1-24 well through tremie pipe



Upper 10' of 1-24 well casing being removed



Backfill material being compacted in 1-24 excavation



View of metal plate placed over tubular casing at base of 1-24 excavation



View of permanent dyed granular material over top of metal plate



View of imported fill material being compacted in excavation



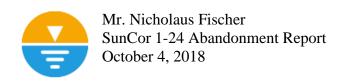
View of imported fill material being compacted in excavation



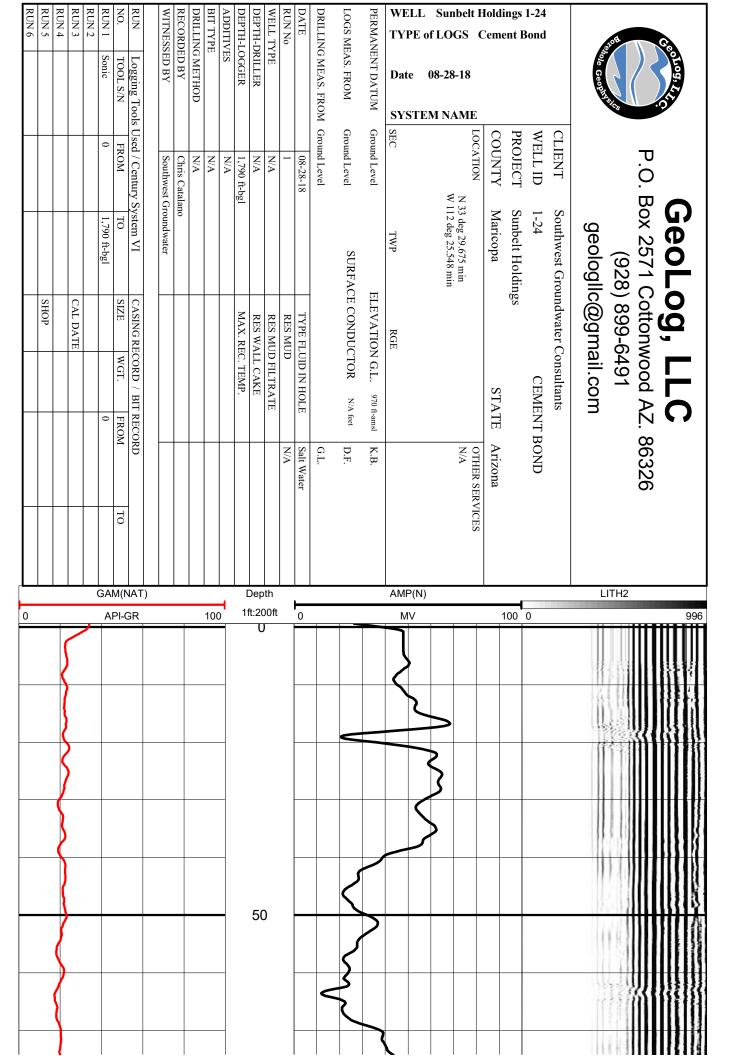
View of final site surface with well identification marker

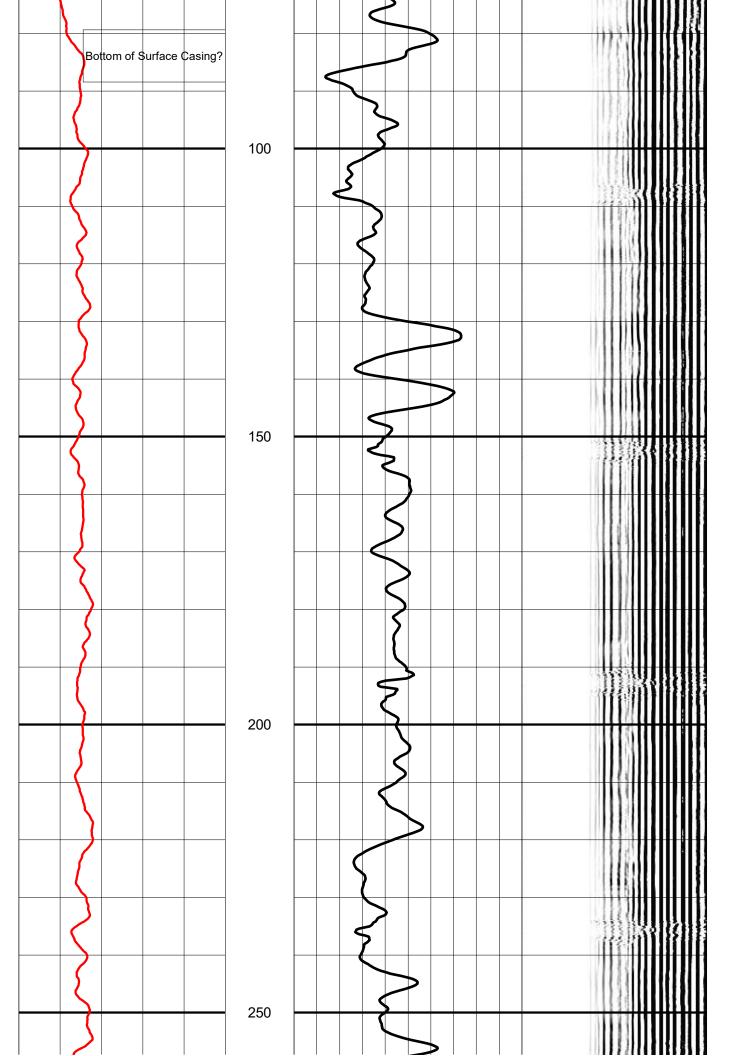


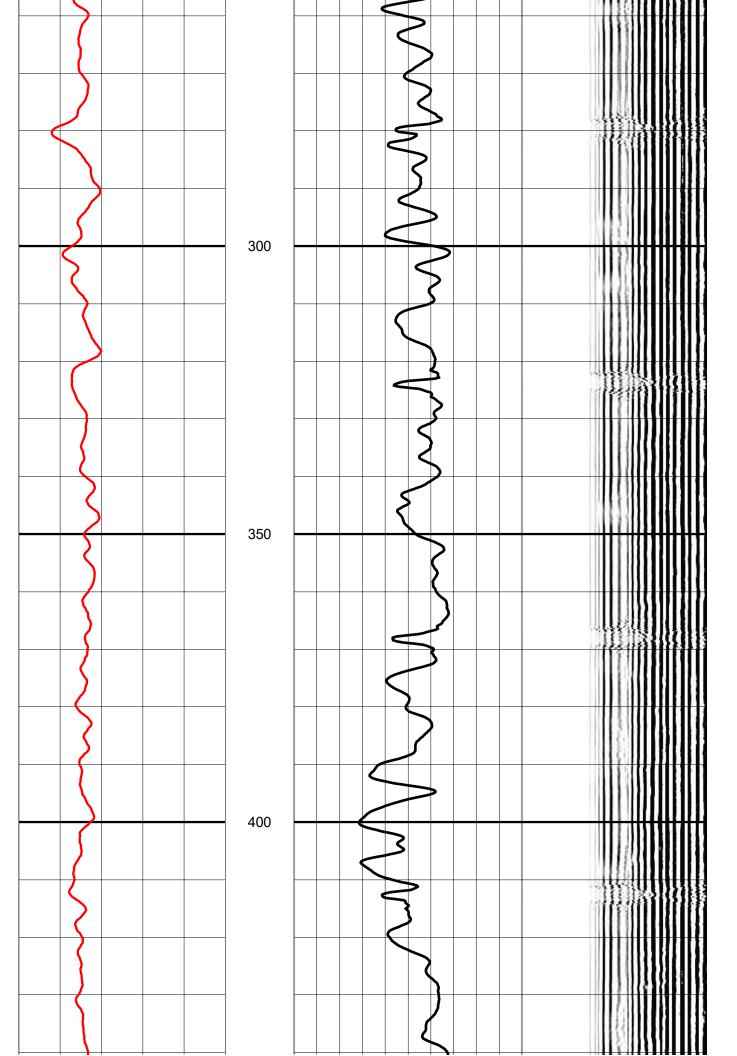
View of surface well identification marker

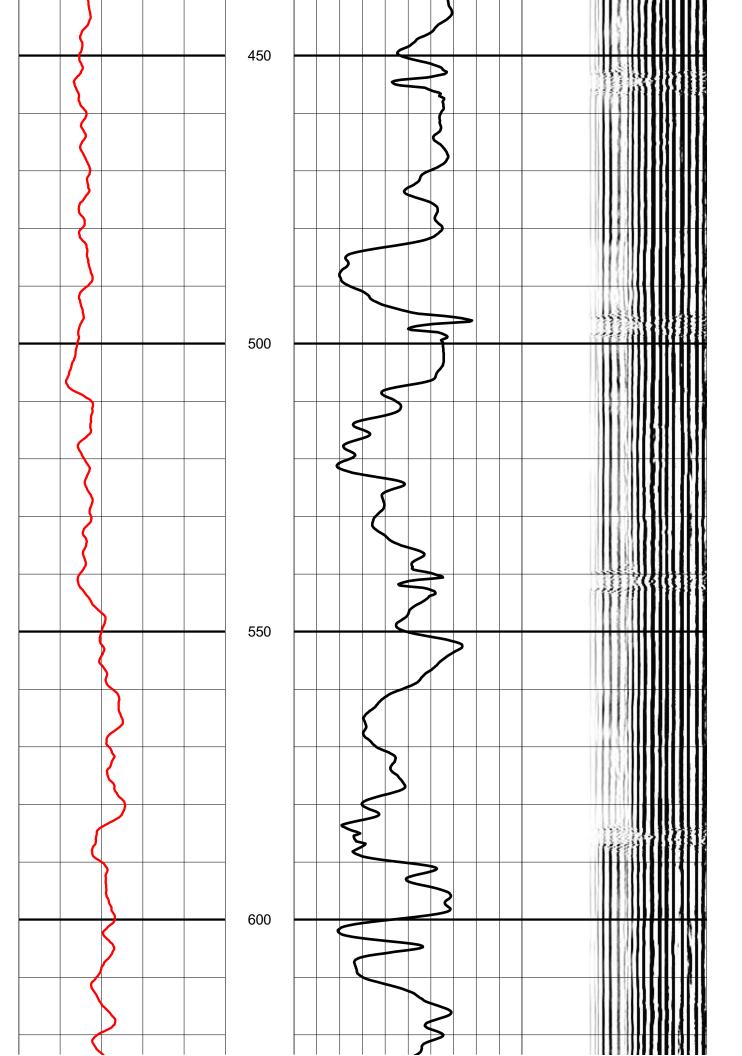


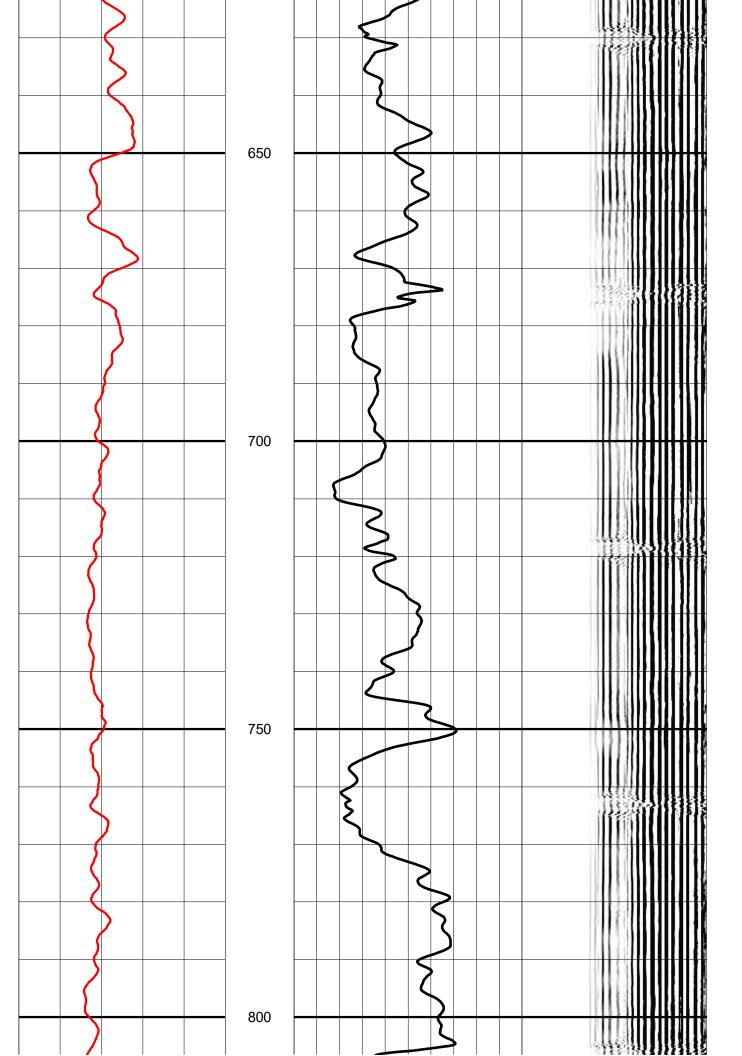
CEMENT BOND LOG

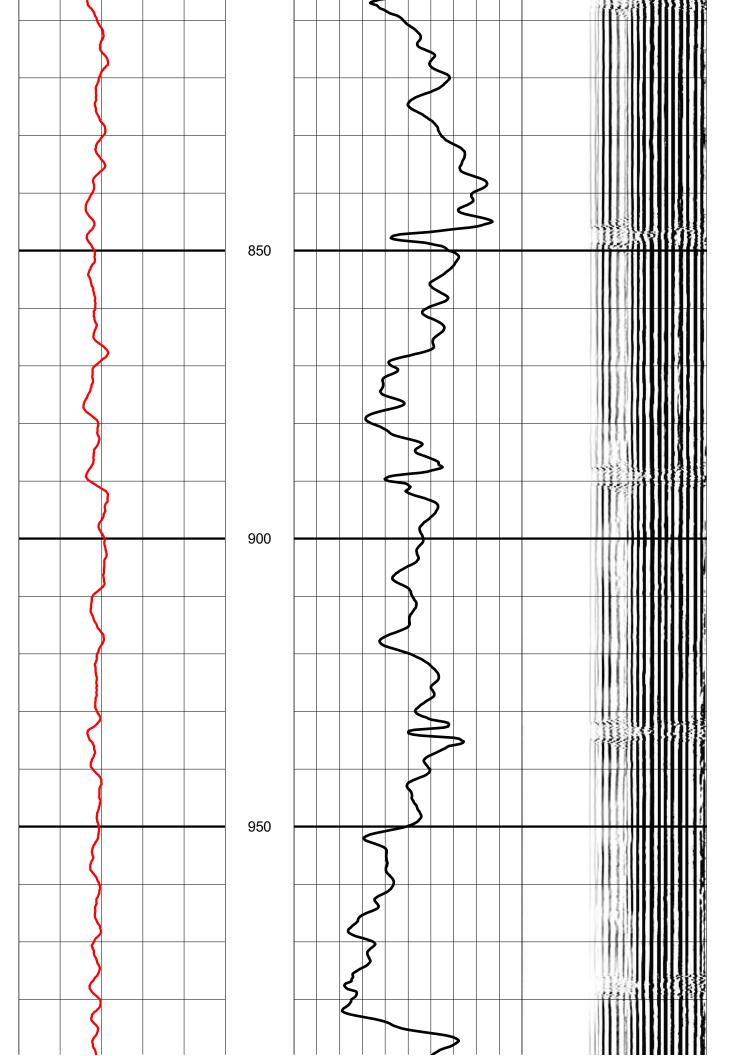


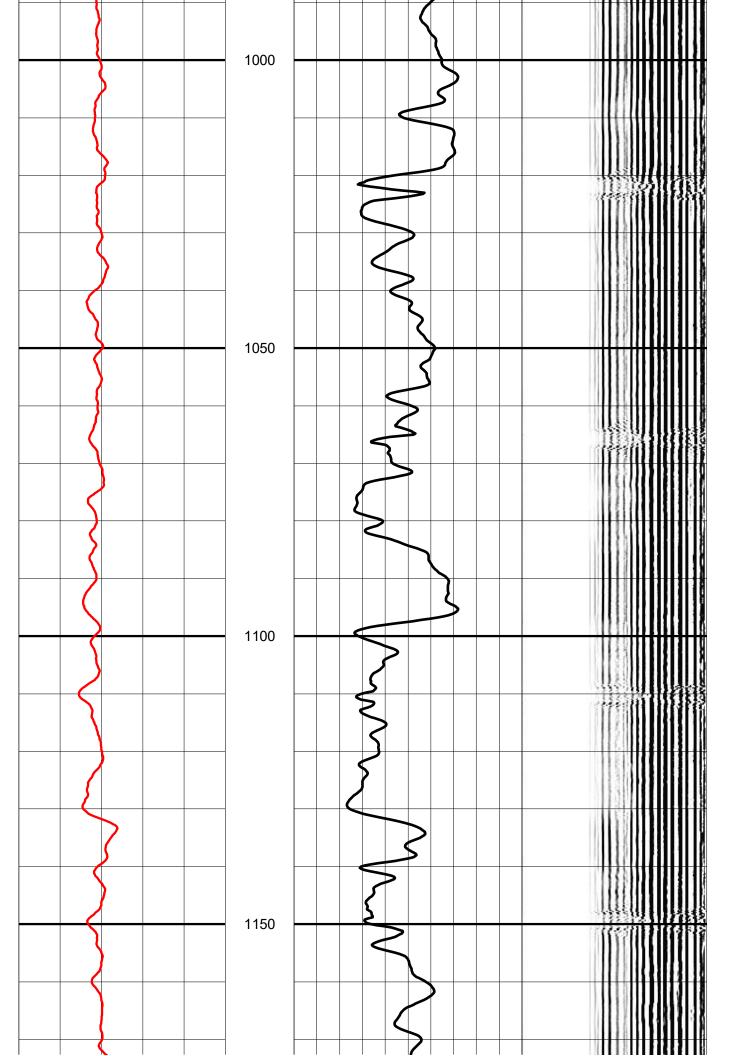


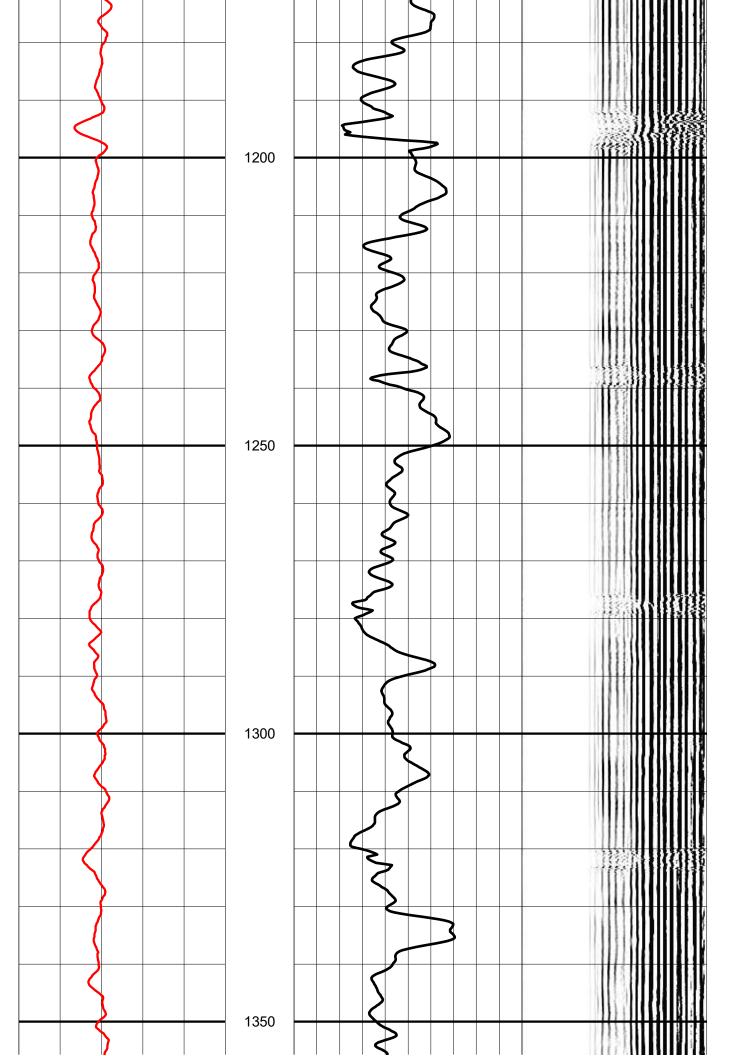


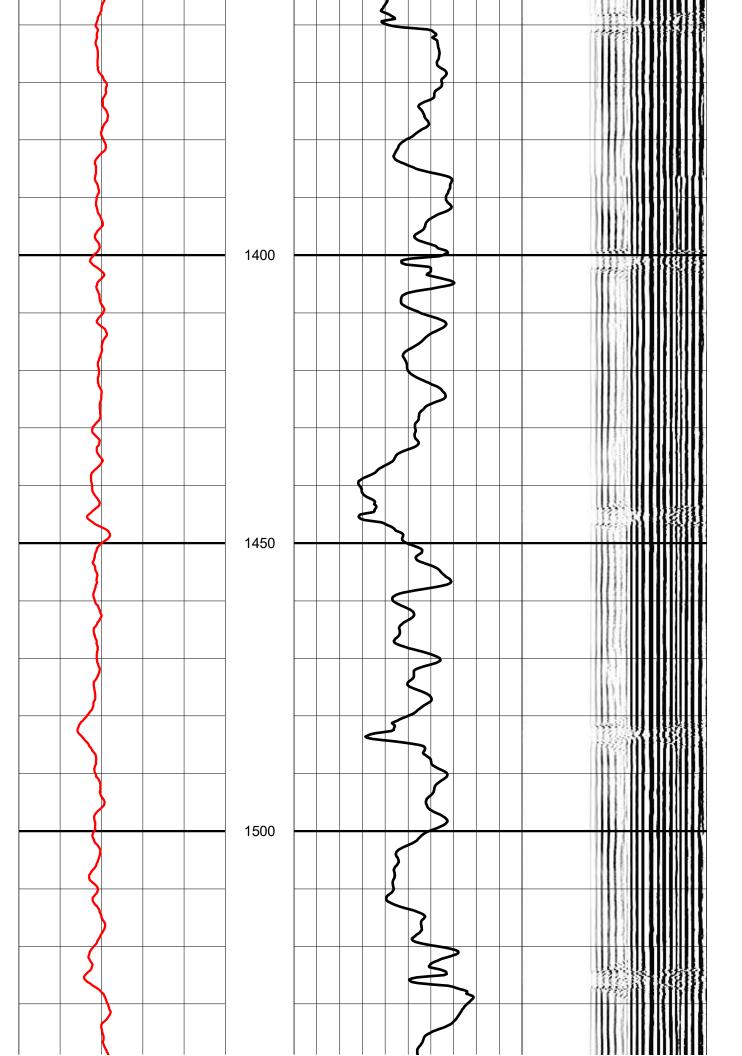


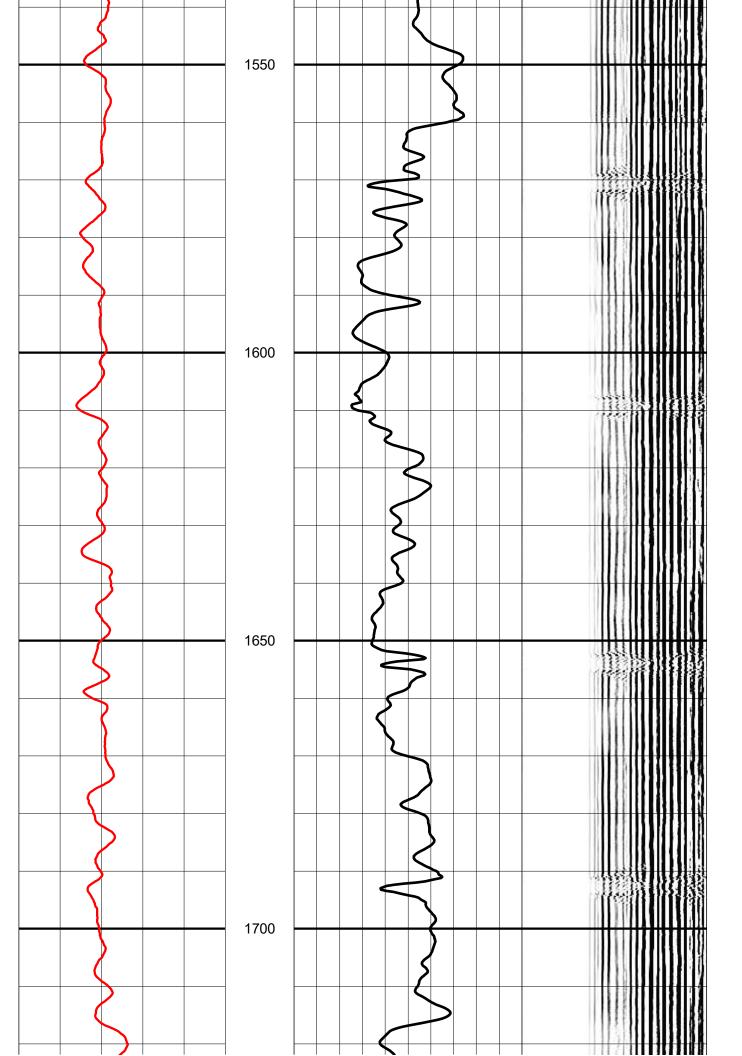


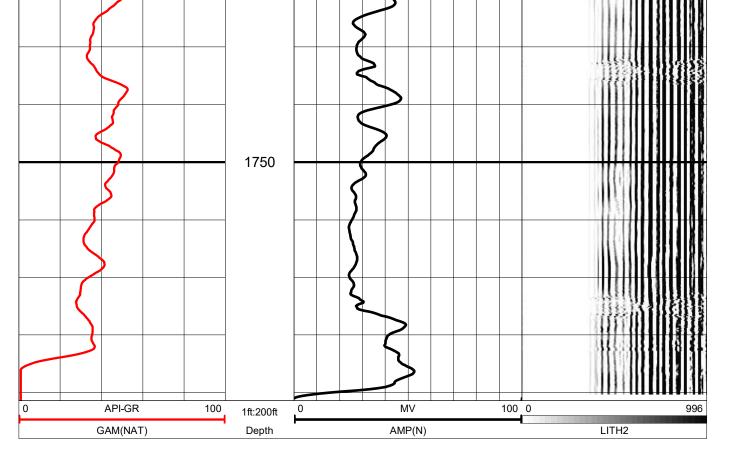


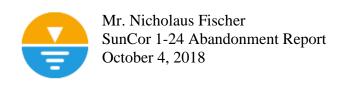












WELL COORDINATE SURVEY



K – WEST SURVEYING, INC. P.O. BOX 509 AVONDALE, AZ 85323

PHONE: 623-536-8248

FAX: 623-536-8247

CELL: 602-320-2333

E-MAIL: kwestsurvey@cox.net

September 26, 2018

Southwest Groundwater Consultants

Attn.: Kevin D. Herbert

Re: Copper Eagle Gas Storage, LLC

Luke-Glendale (Wildcat) SUNCOR Development 1-24

B(2-2) 24CCC

NE. Corner Indian School Road & Cotton Lane

Goodyear, Arizona

NORTHING EASTING

1-24 Well (3" Dia. Post) 907888.165 544798.641

Coordinates are State Plane NAD 83, Central Arizona Zone.

BASIS OF COORDINATES:

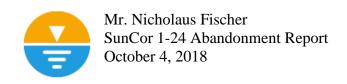
Record of Survey PLSS Subdivision GDACS: Book 652 of Maps, Page 22.

Coordinates Point No.'s: 51080-1M and 51076-1

Any question regarding this matter please contact K-West Surveying at the above information.

Wade H. Shaffer R.L.S.

Vice-President



PLUGGING RECORD

			PLU	JGG	SING	RE	CORD				
Operator Formerly Copper Eagle Gas Storage, LLC						Address & Phone number Not Applicable					
Federal, State, or Indian Lease No. or lessor's name if fee lease					We	II No.					
Location of Well Cadastral Location: B (2-2) 24 CCC							20.00 0.0		· Twp - Rge		County
	this well was filed in		Has this well	l ever		Chara	cter of well	at com	nletion (initia	I production)	Maricopa
1	le Gas Stora			ed oil or gas?		Character of well at completion (initial pr Oil (bbls/day) Gas (MCF. Not Applicable Not Applicable				CF/day)	Dry?
Date plugged			Total depth			Amour	t well produ	ucing w	hen plugged	:	341-6 (6-1-1-4)
September	r 20, 2018		1,800 feet						Not Applica	MCF/day) able	Water (bbls/day)
Name of each formation containing oil or gas. Indicate which formation open to wellbore at time of plugging			ontent of each formation			Depth interval of each formation			rmation	Size, kind & depth of plugs used. Indicate zones squeeze cemented, giving amount of cement	
Not App	plicable										
				CAS	ING I	RECOR	D				
Size pipe	Put in well (ft.)	Pulled out (ft.) Left in well (ft.)			(ft.)	Give depth and method of parting casing (shot, etc.)			F	Packers and shoes	
24"	80'	10'	-	70'							
13 3/8"	3,060'	10'	3,	,050'							
9 5/8"	5,730'	10'	5,	720)*						
184	1										
Well was cemented fr									on containing		
Name	NAME AND ADDE	RESSES OF		LEA	ASE C	PERA	ORS OR	OWN			
		Addre		Direction from					from this well		
None								-			
In addition to other information required on this form if this wall was about 1							d-4-th C . L				
In addition to other information required on this form, if this well was plugged back for use as a fresh water well, give all pertinent details of plugging operations to base of fresh water sand, perforated interval to fresh water sand, name and address of surface owner, and attach letter from surface owner authorizing completion of this well as a water well and agreeing to assume full liability for any subsequent plugging which might be required.											
				Not	App	licable)				
Use reverse side for additional detail											
CERTIFICATE: I, the undersigned, under the penalty of perjury, state that I am the Project Hydrogeologist of the Southwest Groundwater Consultants (company) and that I am authorized by said company to make this report; and that this											
		sion and dire									
report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.											
10/3/18 Date	10/3/18										
Date Signature											
Mail one copy of completed form to: STATE OF ARIZONA											
Oil and Gas Program Administrator					OIL & GAS CONSERVATION COMMISSION						
Arizona Department of Environmental Quality 1110 W. Washington Street					'	Plugging Record					
Phoenix, AZ 85007 Permit No email <u>one</u> copy to: ogcc@azdeq.gov						File two copies: one by mail, one electronically Form No. 10					



State of Arizona

Oil and Gas Conservation Commission

1110 W. Washington Street, Phoenix, AZ 85007 602-771-4501 www.azogcc.az.gov

Dennis L. Turner, Oil and Gas Administrator

Commissioners:
Frank Thorwald, Chair
J. Dale Nations, Ph.D., Vice Chair
Stephen R. Cooper
William C. Feyerabend

September 11, 2018

VIA EMAIL and U.S. MAIL

Mr. Nicholaus Fischer Vice President Merit Partners Inc. 2555 East Camelback Road, Suite 180 Phoenix, Arizona 85016

RE: Inspection Report for Copper Eagle 1-24 Inspected on August 28, 2018

Dear Mr. Fischer:

Enclosed are is an Inspection Report for the subject wellsite. This was a routine inspection/ site visit by the Arizona Oil and Gas Conservation Commission to observe the cement bond log run. There were no compliance issues associated with this site visit.

The enclosed document is for your records.

Feel free to contact me at ogcc@azdeq.gov or (602) 771 – 4501, if you have any questions.

Sincerely,

Dennis L. Turner

Oil & Gas Program Administrator

Dennis C Tell

cc: Kevin Hebert, R.G., Southwest Groundwater Consultants (email only)



State of Arizona

Oil and Gas Conservation Commission

1110 W. Washington Street, Phoenix, AZ 85007 602-771-4501 www.azogcc.az.gov

Dennis L. Turner, Oil and Gas Administrator

Commissioners: Frank Thorwald, Chair J. Dale Nations, Ph.D., Vice Chair Stephen R. Cooper William C. Feyerabend

Oil and Gas Administrator's Field Inspection Report

Company Name: Merit Partners Inc.		Inspection ID #: 308483	Case ID #: N/A				
Customer ID #: 77563 Place Name: Copper Eagle 1-24		•	·				
Place Name: Copp Place ID #: 180967	_	Inspector(s): Dennis L. Turner					
		Arrival Date and Time: 8/28/2018, 1:00 pm.					
County: Maricopa		, ,					
Physical Location:	NE cor. Cotton Lane and Indian School Rd., Phoenix, AZ						
		Reason for Inspection:					
Mailing Address:	2555 East Camelback Road, Suite 180 Phoenix, Arizona 85016	☐ Complaint Complaint No.: ☐ Routine Inspection					
Physical Address:	NE cor. Cotton Lane & Indian School Rd., Phoenix, AZ						
Coordinates (for n		☐ Follow-Up Original Inspection Report No.:					
-	33° 29′ 40.3" N						
	112 ° 25′ 32.8" W ; el.: ft.						
Permit No.: 0912		Was Inspection Announced?					
Onsite Contact Per	rson(s)/Title(s)/phone:	⊠ Yes □ No					
Kevin D. Hebert, R.	G., Southwest Groundwater Consultants	Operational Status:					
602.515.0295 ofc.		Spud date: 12/22/2001					
602.908.2973 cell		T.D. and date: 6052' temp. a	D. and date: 6052' temp. abdn. 2/3/2002				
Other Names for S	ite/Facility: SunCor Development Co.	Last Inspection: enter a date. N/A					
Inspection Report Issued: Via email from ADEQ office		Facility Initial:	OGCC Initial:				
	were noted during the course of the inspencies were noted during the course of the		·				
Comments:							
Observe cement be	ond log run.						
Chris Catalano, Geo	oLog, LLC., logging operator						
Attachments:							
Notice of Inspectio	n Rights						
Choose an item.							

Form updated 11/2017 Page 1



ARIZONA OIL AND GAS CONSERVATION COMMISSION NOTICE OF INSPECTION RIGHTS

FACILITY INFORMATION	OGCC INFO	RMATION			
Facility Name (Place): Copper Eagle 1-24	Date of Inspection: 8/2	8/2018			
Physical Location (Facility): NE cor. Cotton Lane and Indian School Rd.,	County: Maricopa				
Phoenix, AZ	Inspector: Dennis Turner				
Mailing Address: 2555 East Camelback Road, Suite 180	Telephone: 602/771-450	1			
Phoenix, Arizona 85016	Accompanied by:				
Responsible Party: Nicholaus Fischer, VP					
Telephone: 602-316-3754	ADEQ Follow-up Contact: Balaji Vaidyanathan				
On-Site Representative: Kevin D. Hebert, R.G., 602/515-0295	Facilities Emissions Control Section				
Title: Senior Project Hydrogeologist	Title: Manager				
Email: khebert@swgroundwater.com	Telephone: (602) 771-45	27			
The Arizona Oil And Gas Conservation Commission (OGCC) representative(s) identified about date and time. Upon entry to the premises, the OGCC representative(s) met with me, present representative(s) and explained:					
\square That the purpose of the inspection is to determine:					
⊠ Compliance with Title 27 of the Arizona Revised Statutes, Title 12 of the Arizona Admir Permit/Agreement Numbers: 0912	nistrative Code* and/or:				
☐ Qualification for a license issued pursuant to: A.R.S. § 27-513, and A.A.C. R12-7-104					
□ That this inspection is conducted pursuant to the authority granted in A.R.S. § 27-503 and A.A.C. R12-7-110(D)	d/or:				
☐ That the state shall not be barred by the statutes of limitations of actions, according to A.R.S. § 12-510, except as provided in A.R.S. § 12-529					
concerning certain claims based on navigability of watercourses. According to 28 U.S.C. within 5 years after the date the claim first accrued.		nust commence an action			
□ Possible applicability of Small Business Bill of Rights pursuant to Arizona Revised Statutes § 41-1001(21)					
That the fee for this inspection is: No fee for the inspection					
*The Arizona Revised Statutes (A.R.S.) can be found on the internet: www.azleg.state.az.us/ArizonaRevisedStatutes.asp while the Arizona Administrative Code (A.A.C.) can be found at https://www.azsos.gov/rules/arizona-administrative-code					
While I have the right to refuse to sign this form, the OGCC representatives may still	I proceed with the inspection	n			
\square I have read this notice and discussed any questions or concerns with the OGCC r	epresentatives and I have re	ceived the Small			
Business Bill of Rights					
		Enter a date.			
Signature of Regulated Person or Authorized On-Site Representative					
Signature of Regulated Person or Authorized On-Site Representative					
☐ The regulated person or authorized on-site representative refused to sign.					
Name of Regulated Person or Authorized On-Site Representative Title					
☑ The regulated person or an authorized on-site representative was not present at the	e facility.				
James L. Turner	8/	28/2018			
Signature of OGCC Representative					

INSPECTION RIGHTS

- $\ \ \, \square \ \ \, I \,\, understand \,\, that \,\, I \,\, can \,\, accompany \,\, the \,\, OGCC \,\, representative(s) \,\, on \,\, the \,\, premises, \,\, except \,\, during \,\, confidential \,\, interviews.$
- ☐ I understand that I have right to, on request:
 - > Copies of any original documents taken during the inspection, and that the OGCC will provide copies of those documents at the OGCC's expense;
 - A split of any samples taken during the inspection, if the split of the samples would not prohibit an analysis from being conducted or render an analysis inconclusive;
 - > Copies of any analysis performed on samples taken during the inspection and that the OGCC would provide copies of this analysis at the OGCC's expense;
 - > Copies of any documents to be relied on to determine compliance with licensure or regulatory requirements if the agency is otherwise permitted by law to do so.

☐ I also understand that:

Each person who is interviewed by the OGCC inspector during the inspection must be informed that:

- Participation in an interview is voluntary, unless legally compelled to participate;
- They have the right to have an attorney or other experts in their field present during the interview to represent or advise the regulated person;
- The OGCC inspector may not take any adverse action or treat less favorably or draw any inference as a result of the regulated person's decision to be represented by an attorney or advised by any other experts in their field;
- > Statements made by the person may be included in the inspection report; and
- They have the right to 24 hours to review and revise any written witness statement drafted by the OGCC inspector on which the OGCC inspector requests that person's signature.
- > If the information and documents provided to the OGCC inspector become a public record, trade secrets and proprietary and confidential information may be redacted, unless the information and documents are not confidential pursuant to statute.
- Each person interviewed during the inspection must be informed that statements made by the person may be included in the inspection report;
- Each person whose conversation is tape recorded during the inspection must be informed that the conversation is being tape recorded;
- If an administrative order is issued or a permit decision is made based on the results of the inspection, I have the right to appeal that administrative order or permit decision. I understand that my administrative hearing rights are set forth in Arizona Revised Statutes § 41-1092 et seq. and my rights relating to an appeal of a final agency decision are found in Arizona Revised Statutes § 12-901 et seq.
- If I have any questions or concerns about this inspection, I may contact the person listed as the ADEQ Follow-up Contact on the front of this form; ADEQ's Ombudsman at (602) 771-4322 (toll free inside Arizona at (800) 234-5677, extension, 771-4322); or the Arizona Ombudsman-Citizens' Aid office at (602) 277-7292 (toll free at (800) 872-2879);

If I have any questions concerning my rights to appeal an administrative order or permit decision, I may contact the OGCC's Administrative Counsel at (602) 542-8553.

Oil and Gas Field Inspection Photograph Log

Site Location:NE cor. Cotton Lane and IndianPhotographer:Camera:Copper Eagle 1-24School Rd., Phoenix, AZDennis TurnerCanon PowerShot 110SX

Copper Eagle 1-24 School Rd., Phoenix, AZ Dennis Turner Canon PowerShot 110S2

Photo No. Date:

Direction Photo Taken:

8/28/2018

Southeast

Photo Description:

ID of wellhead



Photo No. Date: 8/28/2018

Direction Photo Taken:

Southeast

Photo Description:

View of cement bond log tool



Form updated 11/2017 Page 1



State of Arizona

Oil and Gas Conservation Commission

1110 W. Washington Street, Phoenix, AZ 85007 602-771-4501 www.azogcc.az.gov

Dennis L. Turner, Oil and Gas Administrator

Commissioners: Frank Thorwald, Chair Vice Chair, vacant Stephen R. Cooper William C. Feyerabend J. Dale Nations, Ph.D.

VIA EMAIL and US MAIL

January 31, 2018

Mr. Bob Bambauer Senior Vice President Sunbelt Holdings 6720 North Scottsdale Road, Suite 250 Scottsdale, AZ 85253-4424

RE: Plugging and Abandonment of Copper Eagle #1-19 (permit 911) and Copper Eagle #1-24 (permit 909)

Dear Mr. Bambauer:

The Arizona Oil and Gas Conservation Commission (OGCC or Commission) appreciates your time and input at the public meeting on January 12, 2018. As you recall, the OGCC discussed the matter of plugging and abandonment (P&A) of the two wells: Copper Eagle #1-19 (permit 911) and Copper Eagle #1-24 (permit 909). The P&A application that Southwest Groundwater Consultants submitted via email on November 16, 2017 does not meet the minimum requirements of Arizona Administrative Code (A.A.C.) R12-7-127(C) through R12-7-127(F).

At the January 12, 2018 meeting, the Commission approved the following procedures to plug and abandon the two referenced wells:

- 1. Sunbelt Holdings shall comply with A.A.C. R12-7-127(C)(3) to ensure that no annular space in each well extends from above the top of salt to the surface through any casing string. To document this condition to the satisfaction of the Commission, the recommended method is either to run a cement bond log, or a casing integrity log. Cement and casing integrity may be determined with existing or new cement bond logs or other evidence that the well is sealed from the surrounding formations and aquifers and from the Luke salt body below.
- 2. Place a cast iron bridge plug (CIBP) in each well at the approximate top of the salt body. The Commission recommended the CIBP be placed at a minimum depth of 2100 feet in both wells.
- 3. Below the CIBP, the entire wellbore shall be filled with plugging mud at the minimum weight specified in R12-7-127(D). Above the CIBP, the entire wellbore shall be filled with plugging cement to the surface. The preferred plugging cement slurry is that recommended by the American Petroleum Institute (API) Environmental Guidance Document: Well Abandonment and Inactive Well Practices for U.S. Exploration and Production Operations, i.e., a neat cement slurry mixed to API standards. The plugging cement slurry shall be allowed to cure for the times specified by API before proceeding with excavation work.
- 4. Remove the upper ten (10) feet of all well casing materials and all surface structures and install a heavy metal plate over all tubulars. The well location and identity shall be permanently inscribed on the plate as required in A.A.C. R12-7-106(A).

Mr. Bambauer p. 2

5. The excavated portion around well shall be backfilled first with three (3) to five (5) feet of granular material, liberally infused with bright colored, highly visible and permanent dye.

- 6. Over this layer, place clean imported fill material, compacted with wheel and bucket tamping.
- 7. The installation of a permanent above-ground well marker, pursuant to A.A.C. R12-7-127(F), is waived. Upon completion of placement of the five (5) feet of clean imported fill as cited in item 7 above, the ground surface shall be returned to its current condition.
- 8. The site shall be surveyed by a surveyor licensed in the state of Arizona, which shall include geodetic coordinates. The location shall be surveyed before the site is backfilled with the specified materials.
- 9. A temporary marker, the same or similar to that currently at the site, shall be placed above ground at the location of the well after all work is completed.
- 10. Photo-document the above required closure steps to confirm completion of the plug and abandonment of the wells to statute and rule.
- 11. The Application to Plug and Abandon, Attachment A, is hereby incorporated by reference as to Details of Proposed Plan of Work that are in agreement with the above stated conditions. The conditions as noted above control where there is any disagreement with Attachment A.

For existing well log interpretation to satisfy the requirements in 1. above, the Commission notes that Schlumberger provided a large portion of the electric downhole logs of record for the two wells and may be a good source for help with data interpretation. Additionally, the Commission recommends that Sunbelt review the OGCC well files for the two subject wells for logs available.

The Commission strongly recommends the use of drilling contractors experienced in the oilfield services with workovers and plugging and abandonment work. If additional cement work must be performed on either well, the commission suggests use of an oil field service contractor that is equipped to perform the additional cement work behind casing. If you require a list of suggested experienced contractors in this area, the Commission recommends that you contact the Interstate Oil and Gas Compact Commission, 405/522-8380 or communications@iogcc.ok.gov.

Please advise me via phone or email at least 48 hours in advance of the work commencing on each well. When the plugging work is completed on each well, in accordance with R12-7-127(I), submit a completed Form 10 within 15 days. Download this form at http://www.azogcc.az.gov/forms.

Please direct any questions and address all correspondence to:

Dennis L. Turner
Oil & Gas Administrator
Arizona Oil & Gas Conservation Commission
c/o Arizona Department of Environmental Quality
1110 W. Washington Street
Phoenix, AZ 85007
ogcc@azdeq.gov

Sincerely,

Dennis L. Turner

Oil & Gas Program Administrator

Dennis C. Tonne

cc: Frank Thorwald, Chairman, Arizona Oil and Gas Conservation Commission (email only) Kevin Hebert, Southwest Groundwater Consultants

APPLICATION TO PLUG AND ABANDON

FIELD Luke - Goodyear	r, Arizona						
OPERATOR Formerly Su	nCor	ADDRESS &	PHONE N/A				
LEASE NUMBER (Lessor's name if fee)			WELL N	NO. SunCor	SunCor 1-24		
LOCATION Cadastral W	ell Location - B(2-2) 24 CCC					
TYPE OF WELL Oil and G	Sas Storage Well		TOTAL	DEPTH 6,05	53 ft		
	(Oil,	Gas, or Dry)					
ALLOWABLE (If Assigned)	N/A						
LAST PRODUCTION TEST	OIL N/A	(Bbls.)	WATER	N/A	(Bbls.)		
	GAS N/A	(MCF)	DATE OF	TEST N/A	1		
PRODUCING HORIZON	N/A	PRODUCING FF	ROM N/A	от	N/A		
1. COMPLETE CASING RECO	ORD:						
• Conductor Pipe (0 ft to 80 ft)						
- 24" pipe • Surface Casing (
- 13 3/8" pip • Production Casin							
- 9 5/8" pipe							
2. FULL DETAILS OF PROPOS	SED PLAN OF WORK	:					
See Attachmen	÷Δ						
Oce Attachmen							
	Navami	ID					
DATE COMMENCING OPERAT	rions <u>novem</u>	per/December 2017					
NAME OF PERSON DOING WO	ORK Southwest Wat	erworks Contractors, Inc.	ADDRESS 2205 W	. Grant Street, F	Phoenix, AZ 85005		
		au whit					
	:	Signature Senior Proje	et ly drogeologi	st			
Blattan as No. 14.		Title 3622 1) AA II	street, Ste. 121	5 PHOGNIX	AZ 85818		
Mail two copies of completed form Oil and Gas Program Administrator	-	Address / /	sared Stelle) (, , , , ,	7-2 0- 10		
Arizona Department of Environmental 1110 W. Washington Street Phoenix, AZ 85007	Quality	11/13/17					
		Date					
Date Approved				F ARIZONA			
STATE	OF ARIZONA		OIL & GAS CONSER	VATION COMN Plug and Abandon	MISSION		
OIL & GAS CONSEI	RVATION COMMIS	SION		o copies			
Ву		Form No.	9				
					12/2016		

Permit No.



Details of Proposed Plan of Work



Details of Proposed Plan of Work

- Measure and record depth to groundwater.
- Install bridge plug, consisting of a rubber packer or similar, at least 60 feet into well.
- Confirm depth of bridge plug by tagging with a weighted measuring tape.
- Once bridge plug is confirmed to be at appropriate depth, a cement slurry, consisting of two (2) 94 lb sacks of Portland Type II cement, will be placed into the well using a centralized tremie pipe.
- Allow cement to set for a minimum of one hour.
- Tag surface of the plug to confirm placement.
- An additional cement mixture, consisting of two (2) 94 lb sacks of Portland Type II cement, will be placed in the well using a centralized tremie pipe.
- The second lift of the bridge plug will be allowed to cure for period of at least 8 hours.
- Place a final cement slurry from the top of the plug to a depth of within 10 feet of the surface.
- Remove the upper 10 feet of all well casing materials and all surface structures.
 - Excavate trench box to sufficient depth to facilitate removal of top 10-feet of casing materials.
 - Excavated portion around well will be backfilled and compacted with wheel and bucket tamping using clean imported fill material.
- Because future development of the site is proposed, it is requested that the requirement to install a permanent well marker be waived. A GPS measurement of the well location is proposed instead.