BW - 2

CAVERN CHARACTERIZATION PLAN

2020

From: <u>Cory Walk</u>

To: <u>Chavez, Carl J, EMNRD</u>

Cc: Griswold, Jim, EMNRD; Wade, Gabriel, EMNRD; Ames, Eric, EMNRD; Hull, Jason; Pritchett, Gary

Subject: [EXT] Re: BW-2 Cavern Configuration Follow-up Communication: CAVERN MATURITY RATIO (D/H)

Date: Thursday, March 19, 2020 11:16:51 AM
Attachments: Eunice 1 - Salt Cavern Characterization v2.pdf

Good Morning Carl,

Please see the attached document which includes a <u>revised</u> Salt Cavern Characterization diagram (page 1), a detailed explanation of how estimates were calculated for missing data (pages 2-3), and a compilation of all brine production from 1980 - 2020 which was used in the cavern volume/radius calculations (pages 4-10). Please note that brine production was recorded quarterly from 1980 - 2006 and monthly from 2006 - present. Yellow highlighted dates indicate where data was missing and estimates were used.

Also included in the characterization diagram (page 1) is a calculation of cavern maturity which resulted in a ratio of 0.24, falling below NMOCD's 0.5 threshold and therefore classifies this cavern as "immature".

Please review this document completely and let me know if you have any questions or need any additional information. I am happy to provide an excel spreadsheet of the compiled brine production records upon request.

Thank you,

On Wed, Mar 18, 2020 at 11:17 AM Chavez, Carl J, EMNRD < Carl J. Chavez@state.nm.us > wrote:

Cory:

Good morning! As a follow-up to our morning call today, the figure should include the D/H Ratio to assess the maturity of the brine well cavern.

Cavern Maturity = D/H

D = Estimated diameter of the salt cavern (ft.)

H = Depth from land surface to the casing shoe (ft.)

For a mature cavern, a D/H approaching a 0.5 ratio is of concern to the OCD.

Please include this calculation in the figure or in your E-mail communication to the OCD. You indicated Harcrow Surveying is working on the Surface Subsidence Plan to be

submitted in April. You also indicated the spreadsheet with brine production volumes and volume estimation for missing years would be forthcoming soon. I am working on the new discharge permit application and admin. completeness for BW-2 this week.

Please contact me if you have questions.

Thank you.

Mr. Carl J. Chavez, CHMM (#13099)

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"Why not prevent pollution, minimize waste to reduce operating costs, reuse or recycle, and move forward with the rest of the Nation?" (To see how, go to: http://www.emnrd.state.nm.us/OCD and see "Publications")

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SALT CAVERN CHARACTERIZATION

Eunice Brine #001 (BW-2) Basic Energy Services L.P.

API: 30-025-26884 Sec. 34, T. 21S, R. 37E

Lat: 32.42983 Long: -103.15015

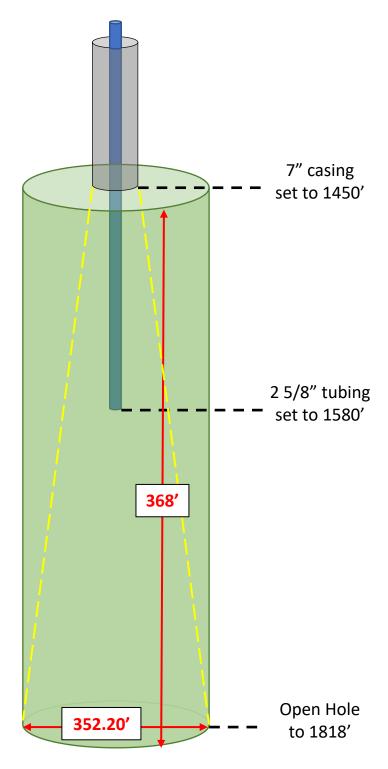
Notes:

- 1) There are several gaps in Basic Energy's brine production records. Specifically, there are no records from October 1982 December 1987, July 1989 December 1996, October 1999 December 1999 and April 2006 July 2006. Under NMOCD direction, estimates were used for the times when data was missing. See pages 2-3 of this document for a detailed explanation of how estimates were calculated.
- 2) Basic Energy does not have well logs that go beneath the casing shoe. Therefore, a height from the casing shoe to the TD of the open hole was used in the radius calculation below.
- 3) See pages 4-10 of this document for cumulative brine production records from 1980 2020.

Total Brine = 7,827,873 bbl. 122.136 lbs/bbl = 956,065,097 lbs halite V= (956,065,097 lbs) / (80 lbs/ft³) = 11,950,814 ft³

 $V = \pi r^2 h / 3$ 11,950,814 ft³ = (3.14159 x r²) x (368') / 3
r = 176.10'

Est. cavern height = 368' Est. cavern floor diameter = 352.20'



Cavern Maturity = D/H
D = estimated diameter = 352.20'
H = depth from surface to csg shoe = 1450'
352.20' / 1450'
Cavern Maturity = 0.24 (immature)

Estimate Calculation

Throughout the life of the Eunice Brine #1 well (1980-2020) there have been 4 periods of time in which brine production was not recorded and/or is not found in NMOCDs online records. To characterize the cavern, I estimated brine production during those times. Some gaps in the data were for years at a time and others were for only a couple months. Different methods were used based on the span of data missing. Below is a detailed explanation of how each estimate was calculated.

Data Gap 1: October 1982 – December 1987

Method: Quarterly average of production from the 4 quarters *before* and 4 quarters *after* the gap in data.

Time	Production
1981 Q4	90367
1982 Q1	50531
1982 Q2	50531
1982 Q3	50531

Time	Production
1988 Q1	83210
1988 Q2	42471
1988 Q3	41923
1988 Q4	26034

Data Gap 2: July 1989 – December 1996

Method: Quarterly average of production from the 4 quarters *before* and 4 quarters *after* the gap in data.

Time	Production
1988 Q3	41923
1988 Q4	26034
1989 Q1	51728
1989 Q2	35531

Time	Production
1997 Q1	55297
1997 Q2	48999
1997 Q3	79618
1997 Q4	64553

Data Gap 3: October 1999 – December 1999

Method: Quarterly average of production from 1 quarter before and 1 quarter after the gap in data.

Time	Production
1999 Q3	20150

Time	Production
2000 Q1	55370

Average = (20150 + 55370)/2 **Quarterly Average = 37760 BBL**

Data Gap 4: April 2006 - July 2006

Method: Monthly average of production from 3 months before and 3 months after the gap in data.

Time	Production
2006 Jan	
2006 Feb	19775
2006 Mar	

Gap = April	2006 -	July	2006
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Time	Production	
2006 Aug	9590	
2006 Sept	5490	
2006 Oct	3580	

Average = (19775 + 9590 + 5490 + 3580)/6

Monthly Average = 6406 BBL

Note: Exact same amounts for each quarter is suspicious/unlikely but it's all we have. Well spudded in July		Produced Brine (BBLs)
	January	
	February	
	March	
	April	
	May	
1980	June	
1380	July (spud well)	
	August	62573
	September	
	October	
	November	62573
	December	
Annu	al Production (BBLs)	125146

Note: Exact same amounts for each quarter is suspicious/unlikely but it's all we have.		Produced
		Brine (BBLs)
	January	
	February	90367
	March	
	April	
	May	90367
1981	June	
1901	July	
	August	90367
	September	
	October	
	November	90367
	December	
Annu	al Production (BBLs)	361468

Note: Exact same amounts for each			
quarter is suspicious/unlikely but it's all		Produced	
	= estimated production		
data.		Brine (BBLs)	
	January		
	February	50531	
	March		
	April		
	May	50531	
1982 June			
1302	July		
	August	50531	
	September		
	October		
	November	54450	
	December		
Annual Production (BBLs)		206043	

	estimated production. See estimate calculation sheet	Produced Brine (BBLs)
	January	Brille (BBL3)
	February	54450
	March	31133
	April	
	May	54450
1983	June	
1303	July	
	August	54450
	September	
	October	
	November	54450
	December	
Annu	al Production (BBLs)	217800

Note: Yellow = estimated production.		
See details on the estimate calculation sheet above.		Produced Brine (BBLs)
	January	, ,
	February	54450
	March	
	April	
1984	May	54450
	June	
1304	July	
	August	54450
	September	
	October	
	November	54450
	December	
Annua	l Production (BBLs)	217800

Note: Yellow = estimated production.		
See details on the estimate calculation sheet above.		Produced Brine (BBLs)
	January	
	February	54450
	March	
	April	
1985	May	54450
	June	
1303	July	
	August	54450
	September	
	October	
	November	54450
	December	
Annua	Production (BBLs)	217800

	estimated production. See estimate calculation sheet	Produced Brine (BBLs)
	January <u> </u>	
	February	54450
	March	
	April	
	May	54450
1986	June	
1560	July	
	August	54450
	September	
	October	
	November	54450
	December	
Annu	al Production (BBLs)	217800

Annual Production (BBLs)		217800
-		
Note: Yellow =	estimated production. See	
details on the above.	estimate calculation sheet	Produced
above.		Brine (BBLs)
	January	
	February	51728
	March	
	April	
1989	May	35531
	June	
1303	July	
	August	50460
	September	
	October	
	November	50460
	December	
Annu	al Production (BBLs)	188179

Note: Vellow:	= estimated production	
Note: Yellow = estimated production. See details on the estimate calculation		Produced
sheet above.		Brine (BBLs)
	January	
	February	54450
	March	
	April	
	May	54450
1987	June	
1567	<mark>July</mark>	
	August	54450
	September	
	October	
	November	54450
	December	
Annua	al Production (BBLs)	217800

Note: Yellow = estimated production.		
See details on the estimate calculation		Produced
sheet above.		
		Brine (BBLs)
	January	
	February	50460
	March	
	April	
1990	May	50460
	June	
1990	July	
	August	50460
	September	
	October	
	November	50460
	December	
Annua	Production (BBLs)	201840

		Produced Brine (BBLs)
	January	
	February	83210
	March	
	April	
	May	42471
1988	June	
1300	July	
	August	41923
	September	
	October	
	November	26034
	December	
Annua	l Production (BBLs)	193638

Note: Yellow = estimated production.		
See details on the estimate calculation sheet above.		Produced Brine (BBLs)
	<mark>January</mark>	
	February	50460
	March	
	April	
1991	May	50460
	June	
1331	July	
	August	50460
	September	
	October	
	November	50460
	December	
Annual	Production (BBLs)	201840

Note: Yellow =	estimated production. See	
details on the estimate calculation sheet		Produced
above.		Brine (BBLs)
	January	
	February	50460
	March	
	April	
	May	50460
1992	June	
1992	July	
	August	50460
	September	
	October	
	November	50460
	December	
Annu	al Production (BBLs)	201840

Note: Yellow = estimated production. See details on the estimate calculation sheet		Produced
above.		Brine (BBLs)
	January	
	February	50460
	March	
	April	
1995	May	50460
	June	
1993	July	
	August	50460
	September	
	October	
	November	50460
	December	
Annu	al Production (BBLs)	201840

Note: Yellow = estimated production. See details on the estimate calculation sheet above.		Produced Brine (BBLs)
	January	
	February	50460
	March	
	April	
	May	50460
1993	June	
1993	July	
	August	50460
	September	
	October	
	November	50460
	December	
Annua	l Production (BBLs)	201840

Note: Yellow = estimated production. See details on the estimate calculation sheet above.		Produced Brine (BBLs)
	January February March	50460
1996	April May June	50460
1996	July August September	50460
	October November December	50460
Annua	Production (BBLs)	201840

Note: Yellow = estimated production. See details on the estimate calculation sheet above.		Produced Brine (BBLs)
	January February March	50460
4004	April May June	50460
1994	July August September	50460
	October November December	50460
Annua	Production (BBLs)	201840

		Produced Brine (BBLs)
	January	
	February	55297
	March	
	April	
	May	48999
1997	June	
1337	July	
	August	79618
	September	
	October	
	November	64553
	December	
Annua	Production (BBLs)	248467

		Produced Brine (BBLs)
	January	
	February	81123
	March	
	April	
	May	37546
1998	June	
1990	July	
	August	48160
	September	
	October	
	November	9243
	December	
Annua	al Production (BBLs)	176072

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Note: Yellow = estimated production.		
See details on the estimate calculation		Produced
sheet above.		
		Brine (BBLs)
	January	
	February	10846
	March	
	April	
1999	May	34050
	June	
1333	July	
	August	20150
	September	
	October	
	November	37760
	December	
Annua	l Production (BBLs)	102806

		Produced Brine (BBLs)
	January	
	February	55370
	March	
	April	
	May	41456
2000	June	
2000	July	
	August	22741
	September	
	October	
	November	42109
	December	
Annua	Production (BBLs)	161676

		Produced Brine (BBLs)
	January	
	February	88369
	March	
	April	
	May	121508
2001	June	
2001	July	
	August	47347
	September	
	October	
	November	28055
	December	
Annu	al Production (BBLs)	285279

		Produced Brine (BBLs)
	January	
	February	17158
	March	
	April	
	May	32433
2002	June	
2002	July	
	August	48302
	September	
	October	
	November	59464
	December	
Annua	l Production (BBLs)	157357

		Produced Brine (BBLs)
	January	
	February	50146
	March	
	April	
	May	45977
2002	June	
2003	July	
	August	46413
	September	
	October	
	November	49345
	December	
Annua	Production (BBLs)	191881

		Produced Brine (BBLs)
	January	
	February	88658
	March	
	April	
2004	May	74340
	June	
2004	July	
	August	84471
	September	
	October	
	November	58793
	December	
Annua	al Production (BBLs)	306262

		Produced Brine (BBLs)
	January	23133
	February	9341
	March	4276
	April	10968
	May	11365
2007	June	15278
2007	July	15430
	August	12664
	September	1908
	October	30
	November	1080
	December	2600
Annua	al Production (BBLs)	108073

		Produced Brine (BBLs)
	January	
	February	41958
	March	
	April	
	May	82679
2005	June	
2003	July	
	August	65161
	September	
	October	
	November	67696
	December	
Annu	al Production (BBLs)	257494

Note: 0's were reported instead of just		
leaving it blank. I assume that was intentional and nothing was actually		Produced
produced durir	ng this time.	Brine (BBLs)
	January	10032
	February	5986
	March	0
	April	2215
	May	721
2008	June	0
2008	July	0
	August	0
	September	5600
	October	29282
	November	24316
	December	23963
Annual Production (BBLs)		102115

Note: Monthly production began to be reported starting August 2006. Yellow = estimated production.		Produced Brine (BBLs)
	January	
	February	19775
	March	
	April	6406
	May	6406
2006	June	6406
2000	July	6406
	August	9590
	September	5490
	October	3580
	November	5550
	December	16465
Annual Production (BBLs)		86074

		Produced Brine (BBLs)
	January	2923
	February	10055
	March	7735
	April	13180
	May	3308
2009	June	10840
2009	July	10143
	August	5575
	September	13203
	October	9872
	November	9316
	December	4320
Annual Production (BBLs)		100470

Note: 0's were reported instead of just		
leaving it blank. I assume that was		Produced
	nothing was actually	
produced durin	ig this time.	Brine (BBLs)
	January	25225
	February	8546
	March	9111
	April	10840
	May	18508
2010	June	5740
2010	July	1790
	August	0
	September	0
	October	0
	November	0
	December	0
Annual Production (BBLs)		79760

		Produced Brine (BBLs)
	January	1740
	February	11501
	March	6431
	April	10067
	May	12984
2011	June	12124
2011	July	12591
	August	8446
	September	18479
	October	20363
	November	10104
	December	2803
Annual Production (BBLs)		127633

	Produced
	Brine (BBLs)
January	6229
February	10713
March	10165
April	14340
May	11742
June	15939
July	16878
August	11076
September	18479
October	11572
November	19345
December	26217
Production (BBLs)	172695
	February March April May June July August September October November December

		Produced Brine (BBLs)
	January	16575
	February	22037
	March	35052
	April	19564
	May	20053
2013	June	29144
2013	July	36429
	August	51184
	September	37076
	October	40250
	November	32977
	December	34096
Annual Production (BBLs)		374437

		Produced Brine (BBLs)
	January	11477
	February	14943
	March	10624
	April	22163
	May	22800
2014	June	29824
2014	July	21420
	August	48383
	September	40596
	October	66617
	November	66684
	December	55300
Annua	l Production (BBLs)	410831

		Produced Brine (BBLs)
	January	43769
	February	32350
	March	40794
	April	28208
	May	27115
2015	June	37609
2015	July	42883
	August	18388
	September	26863
	October	24070
	November	22182
	December	22349
Annual Production (BBLs)		366580

		Produced
		Brine (BBLs)
	January	19185
	February	13170
	March	7310
	April	9629
	May	5582
2016	June	5148
2010	July	14649
	August	11375
	September	11347
	October	9014
	November	5860
	December	20217
Annual Production (BBLs)		132486

	January February	Produced Brine (BBLs) 10699 11399
	March	16581
	April	17070
	May	12049
2017	June	3210
2017	July	8211
	August	6966
	September	25140
	October	6789
	November	5688
	December	9249
Annual Production (BBLs)		133051

		Produced Brine (BBLs)
	January	13917
	February	8263
	March	6319
	April	21897
	May	20777
2018	June	7978
2018	July	12062
	August	9847
	September	17366
	October	16897
	November	22225
	December	12472
Annual Production (BBLs)		170020

Note: Shut-In		Produced Brine (BBLs)
2019	January	0
	February	0
	March	0
	April	0
	May	0
	June	0
	July	0
	August	0
	September	0
	October	0
	November	0
	December	0
Annual Production (BBLs)		0

Note: Shut-In		Produced
		Brine (BBLs)
2020	January	0
	February	0
	March	0
	April	
	May	
	June	
	July	
	August	
	September	
	October	
	November	
	December	
Annual Production (BBLs)		0

Cumulative Brine Production 7,827,873 BBL