

**BW - 34**

**CORRESPONDENCE**

**2011-2012**



# New Mexico Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

John H. Bemis  
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.  
Deputy Cabinet Secretary

Jami Bailey  
Division Director  
Oil Conservation Division



October 7, 2011

Mr. Michael Mariano  
New Mexico State Land Office  
PO Box 1148  
Santa Fe, NM 87504-1148

**RE: Brine Wells**

Dear Mr. *Michael* Mariano:

As a result of a meeting between the Land Office and Oil Conservation Division (OCD) personnel, it has come to my attention that the Land Office is seeking clarification regarding the permitting of a possible new brine well to be sited on state trust land west of Hobbs.

On November 14, 2008, then Energy, Minerals and Natural Resources Department Cabinet Secretary Joanna Prukop ordered the OCD to place a six-month moratorium on any new brine well applications that may be located in geologically sensitive areas. This decision followed two significant failures of mature brine wells completed in relatively shallow salt-bearing formations in southeastern New Mexico that year. The moratorium expired mid-May 2009.

Since that time, applications for new brine well permits have been accepted by the OCD and are being evaluated in light of new information, with restrictions imposed on length of term and operating procedures of the wells. We expect to issue permits with these new restrictions within the year.

As you know, brine wells remain an essential component of the oil and gas industry, particularly in the Permian Basin where the availability of brine is imperative for safe drilling through overlying salt intervals and for mitigating downhole pressures.

Thank you for your interest in this matter.

Respectfully,

*Jami Bailey*  
Jami Bailey  
Division Director





Key Energy Services  
6 Desta Drive  
Suite 4300  
Midland, Texas 79705

Telephone: 432.620.0300  
Facsimile: 432.571.7173  
www.keyenergy.com

RECEIVED OCD

2012 FEB 21 A 11:39

February 16, 2012

Mr. Glenn vonGonten- Acting Environmental Bureau Chief  
Mr. Jim Griswold- Senior Hydrologist  
1220 South St. Francis  
Santa Fe, New Mexico 87505

Subject: **NOTICE OF INTENT TO DISCHARGE**  
**WQCC 20.6.2.1201 NMAC**

Dear Mr. vonGonten and Griswold:

Key Energy Services, LLC is notifying the New Mexico Oil Conservation Division of its intent to permit a new brine well to be located in Lea County, New Mexico. Pursuant to the Water Quality Control Commission Regulations (WQCC) 20.6.2.1201.B and C. NMAC the following information is provided:

(1) The name of the person making the discharge:

**Key Energy Services LLC,**

(2) The address of the person making the discharge:

**Corporate office: 6 Desta Drive Suite 4300 Midland, TX 79705**

**Local: 418 S. Grimes, Hobbs, NM 88240**

(3) The location of the discharge:

**Brine Well Location: NW/4 SW/4 UL M- Section 34 - Township 18 South - Range 37 East.**

**Water Station Location: SE/4 SE/4 UL P Section 33 -Township 18 South- Range 37 East.**

(4) An estimate of the concentration of water contaminants in the discharge:

**Injection Water: Fresh water from on-site water well completed in the Ogallala <500 mg/l TDS.**

**Produced Brine Water: approximately 300,000 mg/l TDS.**

(5) The quantity of the discharge:

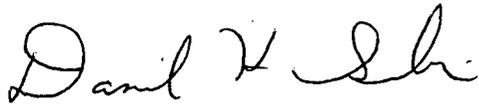
**Estimated Instantaneous flow rate: 3-5 barrels per minute.**

**Estimated monthly totals: 0-50,000 barrels per month.**

According to WQCC 20.6.2.1201.D; based on information provided in this notice of intent, the department will notify the person proposing the discharge as to which of the following apply: (1) a discharge permit is required; (2) a discharge permit is not required; (3) the proposed injection well will be added to the department's underground injection well inventory; (4) the proposed injection activity or injection well is prohibited pursuant to 20.6.2.5004 NMAC.

If OCD requires additional information concerning this notice of intent please do not hesitate to call me at 432-571-7536 or Wayne Price at 505-715-2809, or e-mail [wayneprice77@earthlink.net](mailto:wayneprice77@earthlink.net).

Sincerely,

A handwritten signature in cursive script that reads "Daniel K. Gibson".

Daniel K. Gibson, P.G.  
Corporate Environmental Director



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Division Director  
Oil Conservation Division



March 1, 2012

Daniel K. Gibson, P.G.  
Key Energy Services  
6 Desta Drive, Suite 4300  
Midland, Texas 79705

**RE: Proposed Brine Well in Unit M of Section 34, Township 18 South, Range 37 East  
NMPM; Lea County, New Mexico**

Dan,

The Oil Conservation Division is in receipt of Key Energy's Notice of Intent to Discharge (dated 2/16/12) regarding possible installation of a brine well at the above-referenced location. New Mexico Water Quality Control Commission regulation 20.6.2.5101 B. states:

*"Operation of a...Class III well must be pursuant to a discharge permit meeting the requirements of Sections 20.6.2.3000 through 20.6.2.3999 NMAC and Sections 20.6.2.5000 through 20.6.2.5299 NMAC."*

A brine well injects fluids into the subsurface for the in situ extraction of salt and is thus considered a Class III well within the Underground Injection Control program. An approved discharge permit is therefore required for your proposed operation. Within 120 days of receipt of this notice, please submit a discharge plan in conformance with the provisions of 20.6.2.3106 C., 5000 through 5299 NMAC, and any other applicable requirements along with a filing fee of \$100.00. Make any check payable to the "Water Quality Management Fund." An *Application for Permit to Drill* (Form C-101) should also be filed at an appropriate date and, if approved, the well will be added to our underground injection inventory.

Respectfully,

Jim Griswold  
Senior Hydrologist

