



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JUL 24 2014

MEMORANDUM

OFFICE OF
WATER

SUBJECT: Enhancing Coordination and Communication with States on Review and Approval of
Aquifer Exemption Requests Under SDWA

FROM: Peter Grevatt, Director
Office of Ground Water and Drinking Water (OGWD)

A handwritten signature in black ink, appearing to read "Peter Grevatt", written over the typed name in the "FROM" field.

TO: Water Division Directors Regions I – X

I. Introduction

More than four thousand aquifer exemptions have been approved over the history of the UIC program, and the vast majority of these have been straightforward actions that have been completed in a timely manner. There are some aquifer exemption decisions, however, where review of the aquifer exemption request has been considerably more complex, due to specific conditions associated with the proposed exemption. In some cases, these issues have led to protracted discussions between EPA and the states, without a clear path for resolution.

The purpose of this memorandum is to promote a consistent and predictable process for the review of Aquifer Exemption requests under the Safe Drinking Water Act (SDWA).¹ EPA has both a direct implementation role and a state partnership role in reviewing and approving aquifer exemption requests. Over the course of the past year, EPA has participated in discussions with a number of states through a Ground Water Protection Council (GWPC) workgroup to review issues associated with more complex aquifer exemption requests and to make recommendations on steps to improve the review process. Based on these discussions, EPA and the participating states agreed on a number of steps to enhance coordination and communication between EPA Regions and state UIC programs regarding proposed aquifer exemptions, as discussed below.

II. Roles and Responsibilities

EPA is responsible for the final review and approval of all aquifer exemption requests, based on the regulatory criteria in 40 CFR 146.4 [attached]. UIC permit applicants that need an aquifer exemption in order to conduct injection activities typically delineate the proposed exempted area and submit the delineation to the primacy agency, along with information to support a determination under 40 CFR 146.4 that the proposed exemption is appropriate. States or tribes with primacy review the application and, if the information submitted supports a determination that an aquifer exemption is warranted, make a designation, provide for public participation, and submit a request for approval of the exemption to the

¹ The substantive and procedural requirements for aquifer exemptions in connection with Class VI wells are not addressed in this memo.

appropriate EPA regional office. Primacy states and tribes are also responsible for issuing the UIC permit that goes with the aquifer exemption request and are the direct point of contact for the owners or operators requesting the permit and exemption. Where EPA directly implements the UIC program, the applicant submits the request directly to EPA, and EPA reviews the applicant's demonstrations and makes the final determination to approve or disapprove the exemption request.

If the aquifer exemption is a non-substantial program revision, the relevant EPA Region either responds by letter to the primacy state or tribe or, where EPA directly implements the program, to the applicant. If the aquifer exemption is a substantial program revision, notice of approval of the aquifer exemption is published in the *Federal Register* after EPA has provided public notice and an opportunity for public comment and a public hearing. Where EPA directly implements the UIC program, regional offices are also responsible for identifying and designating exempted aquifers or portions of aquifers at the request of a UIC permit applicant, issuing public notices, and issuing any related UIC permits following aquifer exemption approval. Regional Administrators are primarily responsible for approving/disapproving non-substantial aquifer exemption requests, and the Administrator is responsible for approving the request if the exemption is a substantial program revision.

III. Recommended Steps for Facilitating the Aquifer Exemption Review and Approval Process

As indicated above, most aquifer exemption requests have clearly met the regulatory criteria in 40 CFR 146.4, and reviews have been completed in a timely manner. There are some aquifer exemption requests, however, that have proven to be considerably more complex to review. These more complex aquifer exemption requests have not been limited to substantial program revisions; in some cases, non-substantial aquifer exemption requests have proved quite complex as well. Typically, these have involved situations where the proposed exempted area is located adjacent to an underground source of drinking water (USDW) that is currently in use, or where the potential future use of the USDW is unclear. The following steps are recommended to help facilitate the aquifer exemption review and approval process:

- a. Each Region should adopt and share the attached aquifer exemption checklist with each of your states. OGWDW, in consultation with the Regions and states, developed the attached checklist to facilitate EPA's aquifer exemption review process and documentation. The checklist will help convey to states, tribes, and UIC permit applicants the typical information needed to facilitate EPA's review of an aquifer exemption request.
- b. Regions should document their review and analysis of the information in the checklist in a Statement of Basis or decision memo that should be included in the Agency's record of its final action. The Statement of Basis should include explanations of the factual, technical, and legal bases for the determination. Information collected following the template of the checklist should inform the Statement of Basis.
- c. In the case of aquifer exemption requests that are expected to be complex, EPA Regions are encouraged to schedule a discussion with the state UIC program managers as early in the process as possible. These discussions will serve to identify any potential technical issues that require additional attention even before the package has been submitted to EPA for review and approval.

- d. Regional UIC program managers are encouraged to elevate significant disagreements on AE requests to senior primacy program managers rather than allowing them to persist at the staff level for extended periods of time. While HQ can offer assistance on specific Regional AE decisions, I anticipate that most technical issues can be resolved at the Regional level.

IV. Additional background for Approving and Documenting Aquifer Exemptions

The Safe Drinking Water Act (SDWA) directed EPA to establish an Underground Injection Control (UIC) program to prevent endangerment of Underground Sources of Drinking Water (Section 1421(b)(1)). EPA's regulatory approach to aquifer exemptions was promulgated in a 1980 rulemaking. EPA determined that without aquifer exemptions, certain types of energy production, solution mining, or waste disposal would be severely limited. Thus, the regulatory approach that EPA adopted—a broad definition of covered underground waters coupled with a discretionary exemption mechanism—allows the agency to prevent endangerment consistent with the statute while allowing some case-by-case consideration. This approach protects underground sources of drinking water while also allowing underground injection associated with industrial activities including the production of minerals, oil, or geothermal energy. EPA retains the final approval authority over aquifer exemption decisions regardless of state primacy status.

EPA must follow the regulatory criteria at 40 CFR 146.4 in making aquifer exemption determinations. For the EPA to approve an aquifer exemption, the Agency must first find that the state or, where EPA directly implements the UIC program, the applicant, has demonstrated that the aquifer or the portion of an aquifer identified by the state as exempt “does not currently serve as a source of drinking water” (40 CFR 146.4 (a)). EPA has determined that water that currently serves as a source of drinking water includes water that is being withdrawn in the present moment as well as water that will be withdrawn in the future by wells that are currently in existence. EPA's evaluation of this criterion ensures that water from the exempted area of the aquifer “does not currently serve as a source of drinking water” for nearby drinking water wells as required by 40 CFR 146.4(a).

The second exemption criterion requires EPA to determine either that the aquifer cannot now and will not in the future serve as a source of drinking water or that the total dissolved solids content of the ground water is more than 3,000 and less than 10,000 mg/l and it is not reasonably expected to supply a public water system.² The regulations at 40 CFR 146.4(b) describe four (4) potential reasons for making the determination that the aquifer cannot now and will not in the future serve as a source of drinking water. One reason (146.4(b)(1)) is that the aquifer is mineral, hydrocarbon, or geothermal energy producing, or can be demonstrated as part of a permit application to contain minerals or hydrocarbons that are expected to be commercially producible. The other reasons relate to practicality of access to water. EPA is continuing discussions with the GWPC workgroup to better define and communicate the type of data and analyses used to support those determinations. EPA Regions will need to document all reasons and factors they considered in a Statement of Basis or decision memo when making the final aquifer exemption decision. As best management practice, EPA will continue to communicate to the states the importance of documenting aquifer exemption analyses and their decision making process.

Robust recordkeeping and management of decision memos and aquifer exemption data is critically important to support informed decisions related to public and private ground water uses for drinking water. Therefore, in addition to the decision memos and records underlying EPA's approval/disapproval

² EPA will fully address the criteria 146.4 (b) and 146.4(c) at a later time, after ongoing discussions with GWPC have concluded.

decisions, it is essential that regions maintain standardized, readily available data on all existing aquifer exemptions. Proper recordkeeping and data management at the regional level will help with mapping and geospatial analysis for greater accessibility and comprehension of the exemption data and ensure that potentially affected parties are made aware of the exempted areas. Additionally it will enhance HQ efforts to facilitate a national tracking mechanism for approved exemptions.

Conclusion

Recognizing that EPA's approval of an aquifer exemption request is typically required prior to issuance of a UIC permit, regional UIC programs should establish early communication with the primacy state to inform EPA's review. The Region should start its review with the information provided in the primacy program's designation and approval request. If questions arise or further information is needed to either supplement the request or clarify specific data points related to the proposed exempted aquifer, the Region should work with the primacy program to obtain this information at the earliest opportunity. The Region should also work expeditiously with the primacy program to resolve any disagreements arising from the aquifer exemption process.

While there are other technical and policy issues associated with aquifer exemptions that are not addressed by this memorandum, I hope that the clarity on the review and determination process for aquifer exemptions provided herein, will help the Agency's effort to achieve national consistency and clarify expectations from states and tribes (and potentially owners or operators) on aquifer exemptions. The Agency will continue to work in consultation with states and stakeholders to promote a consistent and predictable process for the review of aquifer exemption requests under the Safe Drinking Water Act (SDWA).

Attachments

40 CFR 146.4: Criteria for Exempted Aquifers

An aquifer or a portion thereof which meets the criteria for an “underground source of drinking water” in § 146.3 may be determined under § 144.7 of this chapter to be an “exempted aquifer” for Class I-V wells if it meets the criteria in paragraphs (a) through (c) of this section. Class VI wells must meet the criteria under paragraph (d) of this section:

(a) It does not currently serve as a source of drinking water; and

(b) It cannot now and will not in the future serve as a source of drinking water because:

(1) It is mineral, hydrocarbon or geothermal energy producing, or can be demonstrated by a permit applicant as part of a permit application for a Class II or III operation to contain minerals or hydrocarbons that considering their quantity and location are expected to be commercially producible.

(2) It is situated at a depth or location which makes recovery of water for drinking water purposes economically or technologically impractical;

(3) It is so contaminated that it would be economically or technologically impractical to render that water fit for human consumption; or

(4) It is located over a Class III well mining area subject to subsidence or catastrophic collapse; or

(c) The total dissolved solids content of the ground water is more than 3,000 and less than 10,000 mg/l and it is not reasonably expected to supply a public water system

(d) The areal extent of an aquifer exemption for a Class II enhanced oil recovery or enhanced gas recovery well may be expanded for the exclusive purpose of Class VI injection for geologic sequestration under § 144.7(d) of this chapter if it meets the following criteria:

(1) It does not currently serve as a source of drinking water; and

(2) The total dissolved solids content of the ground water is more than 3,000 mg/l and less than 10,000 mg/l; and

(3) It is not reasonably expected to supply a public water system.

Aquifer Exemption Checklist

Reviewed by: _____ Date _____

A- Regulatory Background and Purpose

An aquifer or a portion thereof which meets the criteria for an "underground source of drinking water" in § 146.3 may be determined to be an "exempted aquifer". The aquifer exemption criteria at 146.4 must be met as follows:

- Class I-V wells must meet criteria 146.4(a) and 146.4(b)(1); or 146.4(a) and 146.4(b)(2); or 146.4(a) and 146.4(b)(3); or 146.4(a) and 146.4(b)(4); or 146.4(a) and 146.4(c).
- Class VI wells must meet the criteria 146.4(d)¹.

Regardless of the AE request or the type of injection activity, in all cases, first and foremost a demonstration that the aquifer or portion thereof does not currently serve as a source of drinking water is the required first step in the process. EPA must evaluate each AE request to ensure the criteria are met prior to approval. EPA should also document its rationale for approving or disapproving each AE request in its statement of basis and, in case of exemptions that are substantial program revisions, EPA must provide public notice and an opportunity for the public to comment and request a public hearing.

The purpose of this checklist is to ensure that appropriate and adequate information is collected to facilitate review of AE requests, and documentation of AE decisions. Some information described here may not apply to all AE requests.

B- General Information

AE request received by EPA on _____

Is the aquifer exemption Substantial _____ Non-Substantial _____

Describe basis for substantial/non-substantial determination _____

Is the aquifer exemption Complex? (Existence of drinking water wells, populated area ...) _____

Did the state or tribe provide public notice and opportunity for public hearing on the aquifer exemption request (144.7 (b)) Y/N _____

Were there any public comments? Y/N If yes, identify where they may be located _____

Date(s) of notice(s) published _____, Public meeting(s) held _____, Hearing held _____, any notable findings or pending litigation _____

Describe the notice and comment process and the final decision _____

Describe the basis for the decision to exempt the aquifer or the basis for the decision to withhold or deny approval of the exemptions request _____

Any anticipated issues associated with EPA approval or disapproval of the AE request _____

Y/N _____

Any meetings between EPA/States/Tribes/Operator to discuss issues Y/N list _____

Is the request submitted by a primacy state or tribe? Y/N If yes name the State/Tribe/Agency _____

Contact: _____

AE identified by the Primacy State or tribe and submitted for EPA review and final determination on _____

Name of the Owner/operator _____

Well/Project Name: _____ Well Class _____

Purpose of injection: _____ (mineral mining/oil and gas/other)

Where is the proposed aquifer exemption located? Township, Section, Range, Quarter Section or other method used to identify the area _____ Latitude and longitude information _____ County _____ City _____

State _____ Add information about distance to nearest Town, County _____

Name of aquifer or portion of aquifer to be exempted _____

¹ Additional Class VI only requirements in 40 CFR 144.7(d)(1) and (2) apply. This checklist does not address those requirements.

Areal extent of the area proposed for exemption _____

Depth and thickness of the aquifer _____

Discuss the total dissolved solid (TDS) content of the aquifer, including the TDS at the top and bottom of the exempted zone, and the locations and depths of all fluids samples taken. _____

C- Regulatory Criteria

An aquifer or a portion thereof may be determined to be an exempted aquifer for Class I-V wells if it meets the criteria in paragraphs (a) –(c) below. Other than EPA approved aquifer exemption expansions that meet the criteria set forth in 146.4(d), new aquifer exemptions for Class VI wells shall not be issued.

146.4: () (a) Not currently used as a drinking water source and:

() **(b)(1)** It is mineral, hydrocarbon, or geothermal energy producing, or can be demonstrated by a permit applicant as part of a permit application for a Class II or Class II operation to contain minerals or hydrocarbons that considering their quantity and location are expected to be commercially producible; or

() **(b)(2)** It is situated at a depth or location which makes recovery of water for drinking water purposes economically or technologically impractical; or

() **(b)(3)** It is so contaminated that it would be economically or technologically impractical to render that water fit for human consumption; or

() **(b)(4)** It is located over a Class III well mining area subject to subsidence or catastrophic collapse; or

() **(c)** TDS is more than 3,000 and less than 10,000 mg/l and it is not reasonably expected to supply a public water system.

() **(d)** *The areal extent of an aquifer exemption for a Class II enhanced oil recovery or enhanced gas recovery well may be expanded for the exclusive purpose of Class VI injection for geologic sequestration under § 144.7(d) if it does not currently serve as a source of drinking water; and the TDS is more than 3,000 mg/l and less than 10,000 mg/l; and it is not reasonably expected to supply a public water system.*

1- Demonstration that the aquifer or portion thereof does not currently serve as a source of drinking water per 146.4(a)

Describe the proposed exempted area and how it was determined: _____

TDS: _____ Top: _____ Bottom: _____

Lithology: _____

Permeability: _____ Porosity: _____ Groundwater flow direction: _____

Upper and Lower Confining Zone(s) and description of vertical confinement from USDWs: _____

Oil or mineral production history: _____

Are there any public or private drinking water wells within and nearby the proposed exempted area for which the proposed exempted portion of the aquifer might be a source of drinking water Y/N If yes, list all those wells

- ***Include:*** pertinent map(s) visually showing the areal extent of exemption boundary, depth and thickness of the aquifer proposed for exemption, all known subsurface structures such as faults affecting the aquifer, and each of the inventoried water well locations by well # or owner name.
- ***Include:*** Table of all inventoried water wells showing: Well Name/#, Owner, (Private/Public), Contact information, Purpose of well (Domestic, Irrigation, Livestock, etc.), depth of source water, name of aquifer, well completion data, age of well (if known), and the primary source of well data (Applicant/State/Tribe/EPA).
- ***Include:*** Map showing the areal extent of exemption boundary, all domestic water wells considered potentially down gradient of the exemption and hydraulically connected to the exemption. If wells are deemed horizontally and/or vertically isolated from the exemption, this should be foot noted on the Table as well. Use arrow(s) to indicate the direction and speed of GW in the aquifer proposed for exemption.

- Describe the evidence presented in the application and/or methodology used to conclude GW direction and speed when relevant.
- *Include*: any source water assessment and/or protection areas and designated sole source aquifers located within the delineated area.

What is the appropriate area to examine for drinking water wells? Although guidance 34 says it should be a minimum of 1/4 mile, the determination of the appropriate area is on a case by case basis. Describe area and give a rationale.

Are there any public or private drinking water wells or springs capturing (or that will be capturing) or producing drinking water from the aquifer or portion thereof within the proposed exemption area? Y/N*

- Evaluate the capture zone of the well (s) in the area near the proposed project (i.e., the volume of the aquifer(s) or portion(s) thereof from within which groundwater is expected to be captured by that well).
 - A drinking water well's current source of water is the volume (or portion) of an aquifer which contains water that will be produced by a well in its lifetime. What parameters were considered to determine the lifetime of the well?
-
- (*) If the answer to this question is Yes, therefore the aquifer currently serves as a source of drinking water.

2- Demonstration that the aquifer or portion thereof is mineral, hydrocarbon or geothermal energy producing per 146.4(b)(1)

Did the permit applicant for a Class II or III operation demonstrate as part of the permit application that the aquifer or portion thereof contains minerals or hydrocarbons that, considering their quantity and location are expected to be commercially producible? Did the permit applicant furnish the data necessary to make the demonstration as required by 40 C.F.R. 144.7(c)(1) and (2)? Summarize this demonstration and data _____

- Include narrative statement, logs, maps, data and state issued permit.
- If the proposed exemption is to allow a Class II enhanced oil recovery well operation in a field or project containing aquifers from which hydrocarbon were previously produced, commercial producibility shall be presumed by the Director upon a demonstration of historical production having occurred in the project area or field. Many times it may be necessary to slightly expand an existing Class II operation to recover hydrocarbons and an aquifer exemption for the expanded area may be needed. If the expanded exemption for the Class II EOR well is for a well field or project area where hydrocarbons were previously produced, commercial producibility would be presumed.
- For new or existing Class II wells not located in a field or project containing aquifers from which hydrocarbons were previously produced, information such as logs, core data, formation description, formation depth, formation thickness and formation parameters such as permeability or porosity shall be considered by the Director, to the extent available.
- Many Class II injection well permit applicants may consider much information concerning production potential to be proprietary. As a matter of policy, some states/tribes do not allow any information submitted as part of a permit application to be confidential. In those cases where potential production information is not being submitted, EPA would need some record basis for concluding that the permit application demonstrates that the aquifer contains commercially producible minerals or hydrocarbons. For example, the permit application may include the results of any R & D pilot project. In this case, the applicant should state the reasons for believing that there are commercially producible quantities of minerals within the expanded area. Also, exemptions relating to new or existing Class II wells not located in a field or project containing aquifers from which hydrocarbons were previously produced should include the following types of information:
 - a- Production history of the well if it is a former production well which is being converted.
 - b- Description of any drill stem tests run on the horizon in question. This should include information on the amount of oil and water produced during the test
 - c- Production history of other wells in the vicinity which produce from the horizon in question.
 - d- Description of the project, if it is an enhanced recovery operation including the number of wells and there location.

For Class III wells, the Director must require an applicant to furnish data necessary to demonstrate that the aquifer is expected to be mineral or hydrocarbon producing and the Director must consider information contained in the mining plan for the proposed project, such as a map and general description of the mining zone, general information on the mineralogy and geochemistry of the mining zone, analysis of the amenability of the mining zone to the proposed mining

method, and a time-table of planned development of the mining zone. Information to be provided may also include: a summary of logging which indicates that commercially producible quantities of minerals or hydrocarbons are present.

3- Demonstration that the aquifer or portion thereof is situated at a depth or location which makes recovery of water for drinking water purposes economically or technologically impractical per 146.4(b)(2)

Is the aquifer or portion thereof situated at a depth or location which makes recovery of water for drinking water purposes economically or technologically impractical? _____

- List evidence in the application showing how this demonstration was made.
- EPA consideration of an aquifer exemption request under this provision would include information related to:
The availability of less costly and more readily available alternative supplies, the adequacy of alternatives to meet present and future needs, and costs for treatment (including cost of disposal of treatment residuals) and or development associated with the use of the aquifer.
- The economic evaluation, submitted by the applicant, should consider the above factors, and these that follow:
 1. Distance from the proposed exempted aquifer to public water supplies.
 2. Current sources of water supply for potential users of the proposed exempted aquifer.
 3. Availability, quantity and quality of alternative water supply sources.
 4. Analysis of future water supply needs within the general area.
 5. Depth of proposed exempted aquifer.
 6. Quality of the water in the proposed exempted aquifer.

4- Demonstration that the aquifer or portion thereof is too contaminated per 146.4(b)(3)

Is the aquifer or portion thereof proposed for exemption so contaminated that it would be economically or technologically impractical to render that water fit for human consumption _____

- List evidence in the application showing that the area to be exempted is so contaminated that it would be economically or technologically impractical to render that water fit for human consumption.
- Economic considerations would also weigh heavily in EPA's decision on aquifer exemption requests under this section. Unlike the previous section, the economics involved are controlled by the cost of technology to render water fit for human consumption. Treatment methods can usually be found to render water potable. However, costs of that treatment may often be prohibitive either in absolute terms or compared to the cost to develop alternative water supplies.
- EPA's evaluation of aquifer exemption requests under this section will consider the following information submitted by the applicant:
 - (a) Concentrations, types, and source of contaminants in the aquifer.
 - (b) If contamination is a result of a release, whether contamination source has been abated.
 - (c) Extent of contaminated area.
 - (d) Probability that the contaminant plume will pass through the proposed exempted area.
 - (e) Ability of treatment to remove contaminants from ground water.
 - (f) Current and alternative water supplies in the area.
 - (g) Costs to develop current and future water supplies, cost to develop water supply from proposed exempted aquifer. This should include well construction costs, transportation costs, water treatment costs, etc.
 - (h) Projections on future use of the proposed aquifer.

5- Demonstration that the aquifer or portion thereof is located over a Class III well mining area subject to subsidence or catastrophic collapse per 146.4(b)(4)

Is the aquifer or portion thereof proposed for exemption located over a Class III well mining area subject to subsidence or catastrophic collapse? _____

- List evidence in the application showing that the area to be exempted is located over a Class III well mining area subject to subsidence or catastrophic collapse _____

- Discuss the mining method and why that method necessarily causes subsidence or catastrophic collapse. The possibility that non-exempted underground sources of drinking would be contaminated due to the collapse should also be addressed in the application.

6- Demonstration that the aquifer or portion thereof has TDS more than 3,000 and less than 10,000 mg/l and it is not reasonably expected to supply a public water system per 146.4(c)

Is the TDS of the aquifer or portion thereof proposed for exemption more than 3,000 and less than 10,000 mg/l? _____

Is the aquifer proposed for exemption or portion thereof not reasonably expected to supply a public water system? _____

- Identify and discuss the information on which the determination that the total dissolved solids content of the ground water in the proposed exemption is more than 3,000 and less than 10,000 mg/l and the aquifer is not reasonably expected to supply a public water system.
- Include information about the quality and availability of water from the aquifer proposed for exemption. Also, the exemption request must analyze the potential for public water supply use of the aquifer. This may include: a description of current sources of public water supply in the area, a discussion of the adequacy of current water supply sources to supply future needs, population projections, economy, future technology, and a discussion of other available water supply sources within the area.

7- Demonstration that a Class II aquifer exemption may be expanded to Class VI per

146.4(d) (Refer to additional requirements in EPA's regulations for Class VI aquifer exemptions for this demonstration)

May the areal extent of an aquifer exemption for a Class II enhanced oil recovery or enhanced gas recovery well be expanded for the exclusive purpose of Class VI injection for geologic sequestration under § 144.7(d)? _____

- List evidence in the application showing an existing Class II operation associated with AE that is being converted into Class VI _____

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Tony Delfin
Acting Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



October 24, 2016

Mr. Philip Dellinger, Chief
Ground Water/UIC Section, Region 6
United States Environment Protection Agency
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733

**RE: REVIEW OF UNDERGROUND INJECTION CONTROL CLASS II ACTIVITIES
WITHIN THE STATE OF NEW MEXICO FOR POSSIBLE INJECTION INTO
UNDERGROUND SOURCES OF DRINKING WATER**

Dear Mr. Dellinger:

Reference is made to your request on behalf of the United States Environmental Protection Agency (EPA) for a review of current oil and gas injection activities occurring within New Mexico that may potentially impact Underground Sources of Drinking Water (USDWs) and their relationship to exempted aquifers associated with operations permitting injection into USDWs. This review was to specifically identify impacts due to Underground Injection Control (UIC) Class II operations potentially injecting directly in USDWs. This request was submitted to the New Mexico Oil Conservation Division (Division) in an EPA correspondence dated August 31, 2016.

I. State Underground Injection Control (UIC) Program General Information

The Division prepared general guidelines for the protection of USDWs as part of the *Class II Demonstration* dated September 15, 1981. The demonstration was submitted to the EPA as part of the effort by the state to obtain primacy for management of Class II wells in New Mexico. The proposed program was approved by the EPA on March 7, 1982, and recorded in Code of Federal Regulations (CFR) Title 40, Part 147, Subpart GG, Section 1600.

Section j. Aquifer Protection, Aquifer Exemption of the *Class II Demonstration* presented the argument that the original concept for the use of formal aquifer designations and aquifer exemptions, as proposed in 40 CFR 104.6, was not practical based on the common occurrences of hydrocarbon reservoirs and aquifers in the same lithologic units and the expense for formal declaration of numerous exempted aquifers not supported by budget. This concept was supported by two studies included in the demonstration (Appendices I and II) and summarized in a technical paper by Wilson and Holland (1984).

The demonstration detailed, in Appendix II, the prototype approval process for each of the three Class II well categories: Enhanced Oil Recovery (ER wells), Produced Fluid Disposal (SWD wells or Class II disposal wells), and Liquid Hydrocarbon Storage (HS wells).

Following the approval of the state UIC program, a new source of produced water became prolific: coal-bed methane (CBM) wells. This new source of hydrocarbon production was not considered in the original *Class II Demonstration* and was determined to be within the regulatory authority of the Division. The produced water from CBM wells was considered to be equivalent to produced fluids from oil and gas wells and applications for disposal were assessed using the same approval process as SWD wells.

The demonstration approval process for ER wells provided the following reasoning for limited application of exempted aquifers in areas with ER projects in response to 40 CFR 146.4:

There seems little necessity for elaborate aquifer exemptions related to ER Projects for the following reasons:

- (1) The pressure sinks surrounding the producing wells in an ER project cause injected fluids to move inward toward producing wells rather than outward toward any other part of the formation. Such contained movement eliminates the direct potential for contamination of USDWs which may be located elsewhere in the same formation.*
- (2) The Division knows of no instance in the State where drinking water is being produced and consumed by the public from an aquifer which is also an oil and/or gas reservoir at the same horizontal and vertical section. Some USDWs exist within the same vertical section but horizontally removed from the hydrocarbon zone. The San Andres formation in Eddy County provides excellent examples of both of these situations. These conditions are discussed and extensively referenced in Appendix A-1. [Section j. Aquifer Protection, Aquifer Exemption, Class II Demonstration, page 51]*

The demonstration approval process for SWD wells includes the following stipulation in response to 40 CFR 146.4:

All applications for approval of SWD wells not within an oil or gas zone or within one mile thereof will contain data on water quality in the proposed disposal interval. Any SWD well proposed for disposal into a formation or zone containing water of 10,000 mg/l TDS [Total Dissolved Solids] or less which is not an exempted aquifer will be set for public hearing before a Division examiner. [Section j. Aquifer Protection, Aquifer Exemption, Class II Demonstration, page 52]

This criterion is incorporated in the Division's regulation under Rule 19.15.26.8(E) New Mexico Administrative Code (NMAC). Additionally, the state UIC program included specific regulation by limiting disposal by SWD wells in Lea County to formations older than the Triassic age (Rule 19.15.26.8(E)(1) NMAC).

The demonstration also contained the following recommendation for future assessment for aquifer exemptions for portions of the Capitan Reef aquifer within Lea County:

Based upon this study the Division proposes that the Tansil, Yates, Seven Rivers, Queen, Grayburg, and San Andres formations of Lea County be classified as exempt aquifers. Please refer to Figures 8 and 9 of the Lea County Report, Appendix A-2 [Hiss (1980)] and Resource Map No. 6 from "Stratigraphy and Ground-Water Hydrology of the Capitan Aquifer, Southeastern New Mexico and Western Texas" by William L. Hiss (PhD Thesis, University of Colorado 1975) [Hiss (1976)] for the vertical and horizontal sections to be exempted. Because of the gradational nature of the back reef facies a more precise description is not proposed. [Section j. Aquifer Protection, Aquifer Exemption, Class II Demonstration, page 53]

To respond to EPA's request, the reviews of UIC Class II operations were divided and grouped based on the four major geographic areas of oil and gas activities. This separation provides the ability to discuss the corresponding Class II activities based on mutual geologic and hydrologic characteristics. These areas included the San Juan Basin, the Raton Basin, the Bravo Dome area, and the Permian Basin (see Figure 1). Of these four groups, the Permian Basin has the most Class II well activity due the significant increase in the volume of produced water associated with the recent expansion of horizontal well completions in Permian-age formations.

II. Class II Operations in the San Juan Basin

Class II activities in the San Juan Basin includes historical oil and gas operations along with recent shallow CBM production and current exploration activities of the Mancos Shale using horizontal well completions. The development of the oil potential of the Mancos Shale, as well as any new interest in further development of CBM resources, has subsided due to the decrease in commodity prices. The majority of oil and gas operations, including the recent efforts for Mancos Shale development and CBM production, is concentrated in the northern half of the San Juan Basin (see Figures 2A and 2B).

There are numerous aquifers in the San Juan Basin with the potential for classification as USDWs, but these aquifers have variable water quality characteristics relative to their location in the structural basin and the associated aquifer's recharge area (see Figure 2B). The Jurassic Morrison Formation is an example of a commonly occurring lithologic unit with potential as an USDW in the vicinity of the recharge area created by the exposure of formation outcrops along the south boundary of the basin. Groundwater occurring in this formation along the south edge of the basin contains TDS concentrations significantly below 10,000 milligrams per liter (mg/L). However, as this lithologic unit is followed to the north towards the center (axis) of the basin, the water quality degrades as the influence of recharge decreases resulting in TDS concentrations in excess of 10,000 mg/L (Kelley and others, 2014).

The volume of produced water in the San Juan Basin is relatively minor when compared to the level of production activity. This geographical area contains 99 active Class II disposal wells and

represents only 12 percent of the total amount of SWD wells operating in New Mexico. Most of the Class II disposal wells have permitted intervals within the upper Cretaceous Mesaverde Group (the Menefee Formation), the lower Cretaceous Dakota Sandstone, and the Jurassic sequence of Morrison-Bluff-Entrada Formations. The SWD wells utilizing these lithologic units for disposal are frequently located over the deepest part of the structural basin where the TDS concentrations of the formation fluids exceeds 10,000 mg/L.

The Division utilized the state UIC program's process for exempted aquifers for two applications involving disposal injection into protectable waters as defined by 40 CFR 146.4. Both applications were reviewed through Division hearings and were approved for exempted aquifer status (Division Order No. R-10168-A/Case No. 11179 and Division Order No. R-10847/Case No. 11470). Of these two orders, the exempted aquifer in the Entrada Formation provides the highest probability for future hearings for exempted aquifer determination.

ER activities are also limited with only 39 active ER wells in the San Juan Basin. Of the 39 ER wells, 20 wells are associated with a single oil field (Hospah oil field) with production from a Gallup Sandstone reservoir that initiated production in the 1930s and has been determined not to be a USDW in this portion of the basin.

III. Class II Operations in the Bravo Dome Area

The development and production of carbon dioxide (CO₂) resources southeast of the Raton Basin has required a very limited number of Class II disposal wells (see Figure 3A). The interior portion of the Bravo Dome CO₂ field (the AMOCO Unit) has gas production with little water content. Recent expansion of development along the western flank of the dome has increased produced water content, but this additional volume of water has necessitated only one additional SWD well. Disposal is permitted for the Permian Glorieta Formation which, in this area, has porosity but is void of any formation water.

IV. Class II Operations in the Raton Basin

Class II operations in the Raton Basin are limited to SWD wells in support of CBM production (see Figure 4A). The development of CBM resources in the southern portion of the Raton Basin (within New Mexico) remains stagnant and the current number of Class II disposal wells associated with production is seven. ER wells and HS wells are not employed in the Raton Basin. Disposal is permitted in the deep interval from the lower Cretaceous Dakota Sandstone to the Permian Glorieta Formation. Various analytical reports of formation fluids provided in applications for injection permits have demonstrated TDS concentrations above 10,000 mg/L for the lithologic units utilized for disposal of CBM produced waters.

V. Class II Operations in the Permian Basin

The Permian Basin represents the greatest concentration of Class II wells operating in New Mexico. Approximately 89 percent of all active SWD wells and nearly 99 percent of the

approximately 3,200 active ER wells operate within the New Mexico portion of the Permian Basin. There are two prominent occurrences in the Permian Basin where there are both hydrocarbon reservoirs and aquifers classified as USDWs following EPA definitions. These locations are the Roswell Artesian Basin aquifer system and the Capitan Reef aquifer system.

Shallower USDWs within the Permian Basin, such as the Ogallala aquifer (Ogallala and Blackwater Draw Formations) and aquifers within the Dockum Group (Santa Rosa Formation), are excluded from this review since they are protected under Rule 19.15.26.8(E)(1) NMAC and are not available for Class II activities.

The eastern extent of the Roswell Artesian Basin aquifer system parallels the Pecos River drainage from north of the city of Roswell to north of the city of Carlsbad (see Figure 6A). This aquifer system has both a shallow alluvial aquifer that is principally recharged by the Pecos River and a deeper, artesian aquifer that is recharged through exposures of the aquifer formation along the Sacramento Mountains which forms the western boundary of the basin (see Figure 6B).

The shallow alluvial aquifer is separated from the artesian aquifer by an aquitard composed of the formations known as the Artesia Group (Tansil Formation, Yates Formation, Seven Rivers Formation, Queen Formation, and Grayburg Formation). The artesian aquifer occurs within the San Andres Formation which is beneath the Artesia Group and contains both hydrocarbon resources as well as protectable waters. The artesian aquifer represents a significant USDW while the quality and quantity of groundwater from the shallow alluvial aquifer is variable due to discharges from surface uses (agriculture) and drought impacts to the Pecos River. A more extensive discussion is found in the two Appendices of the *Class II Demonstration* (Holland and others, 1979; and Holland and others, 1980).

Review of the Class II wells located in the Roswell Artesian Basin aquifer system revealed no issues for the portions of the San Andres Formation which is both an USDW and a hydrocarbon reservoir. Class II injection wells for support of hydrocarbon production are typically authorized for permitted intervals that are deeper than the San Andres Formation and contain TDS concentrations significantly above 10,000 mg/L.

There are occurrences of hydrocarbon resources in the Artesia Group located to the east of the Pecos River and the eastern boundary of the artesian aquifer. These shallow oil fields are very mature and a few are being operated using ER wells with no indication of impacts to either of the aquifer systems.

The Capitan Reef aquifer system is the lithosome that comprises the reef complex, the Goat Seep reef, and the facies transition of the backreef area (the shelf aquifers contained in the Artesia Group as described by Hiss (1980); see Figure 5B). The Capitan Reef aquifer system in New Mexico extends from the recharge area of the Guadalupe Mountains, west of the city of Carlsbad, and extends in an arc to the southeast corner to the state line with Texas (see Figure 5A).

Hiss describes the general ground-water movement as follows:

Water entering the Capitan aquifer in the Guadalupe Mountains moved slowly northeastward and then eastward along the northern margin of the Delaware Basin to a point southwest of present-day Hobbs. Here it joined and coningled with a relatively larger volume of ground water moving northward from the Glass Mountains along the eastern margin of the Delaware Basin. From this confluence, the ground water was discharged from the Capitan aquifer into the San Andres Limestone, where it then moved eastward across the Central Basin Platform and Midland Basin, eventually to discharge into stream draining to the Gulf of Mexico (Page 294; Hiss, 1980).

The quality of groundwater in the Capitan Reef aquifer system is variable with location. The western segment of the Capitan Reef aquifer system is recognized as a USDW and is utilized as a source for both domestic and municipal water supply wells. The eastern portion of the aquifer contains both protectable waters, based on TDS concentrations, as well as productive oil and gas fields in formations of the Artesia Group along the facies transition in the forereef (see inset of Figure 5A). Due to this common occurrence, the *Class II Demonstration* identified this area of the aquifer in Lea County for future assessment.

In 2009, the Division identified the need for further study of the Capitan system and its relationship with Class II well activities along the eastern portion in Lea County. The EPA provided funding for the evaluation which resulted in a report that identified a list of 30 wells with a higher risk of injection into the Capitan Reef. A copy of the report (RESPEC Consulting and Services Topical Report RSI-2048) is attached.

As a result of this review, the 2009 consultant's report prepared for the Division, and the review of current injection applications, the Division has identified existing injection operations in proximity to the Capitan Reef that require supplemental assessment including the wells identified in the 2009 RESPEC report. The Division has compiled a list of 32 wells which require additional investigation to determine the potential or necessity for establishing exempted aquifers (see Table 1).

Though not reported as HS wells, there are two gas storage operations in the Permian Basin. Both operations utilize depleted oil and gas reservoirs that are below Permian-age rocks with no potential for USDW classification.

VI. Summary

The greatest potential for occurrences of USDWs containing injection operations is within the Permian Basin. Of the two areas with USDWs in the Permian Basin, the Capitan Reef aquifer system contains both ER wells and SWD wells that have injection activities in association with a USDW. Many of the Class II wells listed in Table 1 are associated with older ER projects along the backreef area of the Reef aquifer that include formations that transition into the reef complex.

Many of these ER wells and their original injection authority predate the Safe Drinking Water Act and the related UIC Program.

Equally, the older SWD wells (including the 7406 JV-S Lea 20 No. 1) were authorized through Division hearings that predate the UIC Program. Other SWD wells were approved with the best information available regarding the delineation of the aquifer and were assessed as having no hydrologic connection with the Reef system.

There is no indication in the Division's historical record of any Class II injection authority being approved for operation within a recognized USDW. Additionally, there is no evidence of acute impacts such as the degradation of a water supply system observed with the injection activities listed in Table 1; however, the potential for long-term effects of the listed activities and their possible association with any USDWs should be examined.

The operation of Class II wells within the remaining three areas, the San Juan Basin, the Bravo Dome area, and the Raton Basin, have not exhibited any indications of existing conflicts with potential USDWs and injection intervals that may require an exempted aquifer determination. Additionally, the use of the state's UIC application process has successfully addressed USDWs and exempted aquifer determinations for individual Class II SWD wells in the San Juan Basin.

VII. State UIC Program Proposed Efforts for Resolution

This review has identified potential USDW issues for management of the Capitan Reef aquifer system in Lea County. The Division finds this review as an opportunity to complete the initial effort outlined in the *Class II Demonstration* for addressing exempted aquifers, to assess the Class II wells identified in the 2009 RESPEC report, and establish a process for managing future applications for Class II activities in the proximity of the Capitan Reef.

The Division proposes to continue the effort to review the wells listed in Table 1 for determination of the necessity for exempted aquifer in each case. This would include detailed technical review of the well's operation, review of the original application for the injection authority, and assessment of the potentials for impacts to the Capitan Reef aquifer system using current hydrologic information and mapping tools.

The wells listed in Table 1 that are associated with ER activities will be assessed by reviewing the current operation of the ER project which is typically an older waterflood for this area of the Artesia Group. This would provide a greater scope on the impacts and identify any additional wells not included in the 2009 RESPEC report.

Once a determination for exempted aquifer status has been completed, then the Division would meet with the operator and discuss the findings and options. This may include a determination of no action, a requirement for the operator to apply for an exempted aquifer specific to the injection activity, or initiation a hearing by Division to have the injection authority either restricted or revoked.

The content of this response was prepared by Phillip Goetze of the Division's Engineering Bureau. If

additional information is required or if there questions about the content of this correspondence, please contact either Mr. Goetze (phillip.goetze@state.nm.us; direct: 505.476.3466) or myself at your convenience.

Sincerely,



DANIEL SANCHEZ
Field Operations Bureau Chief / UIC Program Manager

JDS/prg

References:

- Hiss, W. L., 1976, Structure of the Permian Guadalupian Capitan Aquifer, Southeast New Mexico and West Texas, Resource Map 6, New Mexico Bureau of Geology and Mineral Resources, one sheet.
- Hiss, W. L., 1980, *Movement of Ground Water in Permian Guadalupian Aquifer Systems, Southeastern New Mexico and Western Texas*, in New Mexico Geological Society Guidebook, 31st Field Conference, Trans-Pecos Region, 1980, p. 289-294.
- Holland, Michael T., Parkhill, T., Wilson, L., Logsdon, M., and Stahl, M., 1980, *Aquifer Evaluation for UIC: Search for a Simple Procedure*, in New Mexico State Demonstration for Class II Wells, Appendix II (referenced in Demonstration as Appendix A-2). Report prepared for the Oil Conservation Division, Santa Fe, NM.
- Holland, Michael T., Wilson, L., Stahl, M., and Jenkins, D., 1979, *Aquifer Designation for UIC: Prototype Study in Southeastern New Mexico*, in New Mexico State Demonstration for Class II Wells, Appendix I (referenced in Demonstration as Appendix A-1). Report prepared for the Oil Conservation Division, Santa Fe, NM.
- Kelley, Shari, Engler, T., Cather, M., Pokorny, C., Yang, C., Mamer, E., Hoffman, G., Wilch, J., Johnson, P., and Zeigler, K., 2014, Hydrologic Assessment of Oil and Gas Resource Development of the Mancos Shale in the San Juan, New Mexico, New Mexico Bureau of Geology and Mineral Resources Open-file Report 566; 64 p.
- Minnick, Matthew D., 2009, Capitan Reef Injection Well Study, RESPEC Consulting and Services Topical Report RSI-2048, April 2009, 14 p. Report prepared for the Oil Conservation Division, Santa Fe, NM.
- Wilson, Lee, and Holland, Michael T., 1984, *Aquifer Classification for the UIC Program*:

Prototype Studies in New Mexico, in *Ground Water*, Volume 22, Number 6, November-December Issue, p. 706-716.

ATTACHMENTS:

Figures

- Figure 1. Map Showing Locations of Major Oil and Gas Activities
- Figure 2A. Geologic Map of the San Juan Structural Basin
- Figure 2B. Schematic Cross Section of the San Juan Basin Showing Potential Aquifers
- Figure 3A. Location Map Showing the Bravo Dome Carbon Dioxide Field
- Figure 3B. General Stratigraphic Column in the Vicinity of the Bravo Dome Field
- Figure 4A. Map Showing the General Geology of the Raton Basin
- Figure 4B. Relevant Stratigraphic Column and Relationship to Aquifer Occurrences in the Raton Basin as Shown in the Schematic Cross Section
- Figure 5A. Maps Showing the General Location of the Capitan Reef Aquifer System
- Figure 5B. Relevant Stratigraphic Column and Relationship to Aquifer Occurrences in the Capitan Reef Lithosome as Shown in the Schematic and Correlation Cross Sections
- Figure 6A. Map Showing the Location of the Roswell Basin Aquifer System
- Figure 6B. Stratigraphic Column and Relationship to Aquifer Occurrences in the Roswell Artesian Basin as Shown in the Schematic Cross Section

Tables

- Table 1. Summary Table of Active Injection Wells Requiring Further Investigation

Copy of Evaluation Report

- Minnick, Matthew D., 2009, Capitan Reef Injection Well Study, RESPEC Consulting and Services Topical Report RSI-2048, April 2009, p. 14.

cc: UIC Class II Program File



Oil Conservation Division
Energy, Minerals and Natural Resources Department
State of New Mexico

Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs

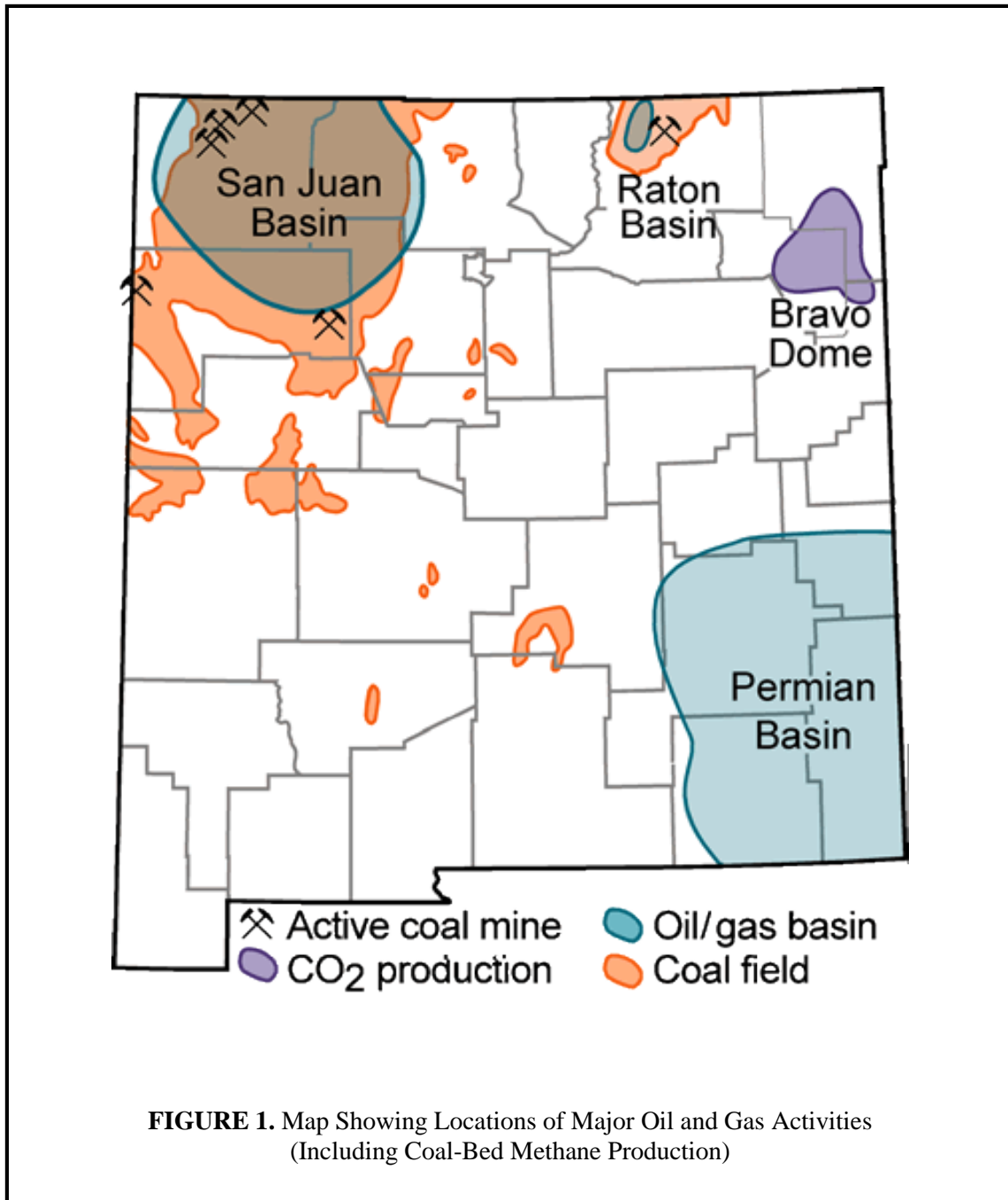


FIGURE 1. Map Showing Locations of Major Oil and Gas Activities
(Including Coal-Bed Methane Production)



Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: San Juan Basin

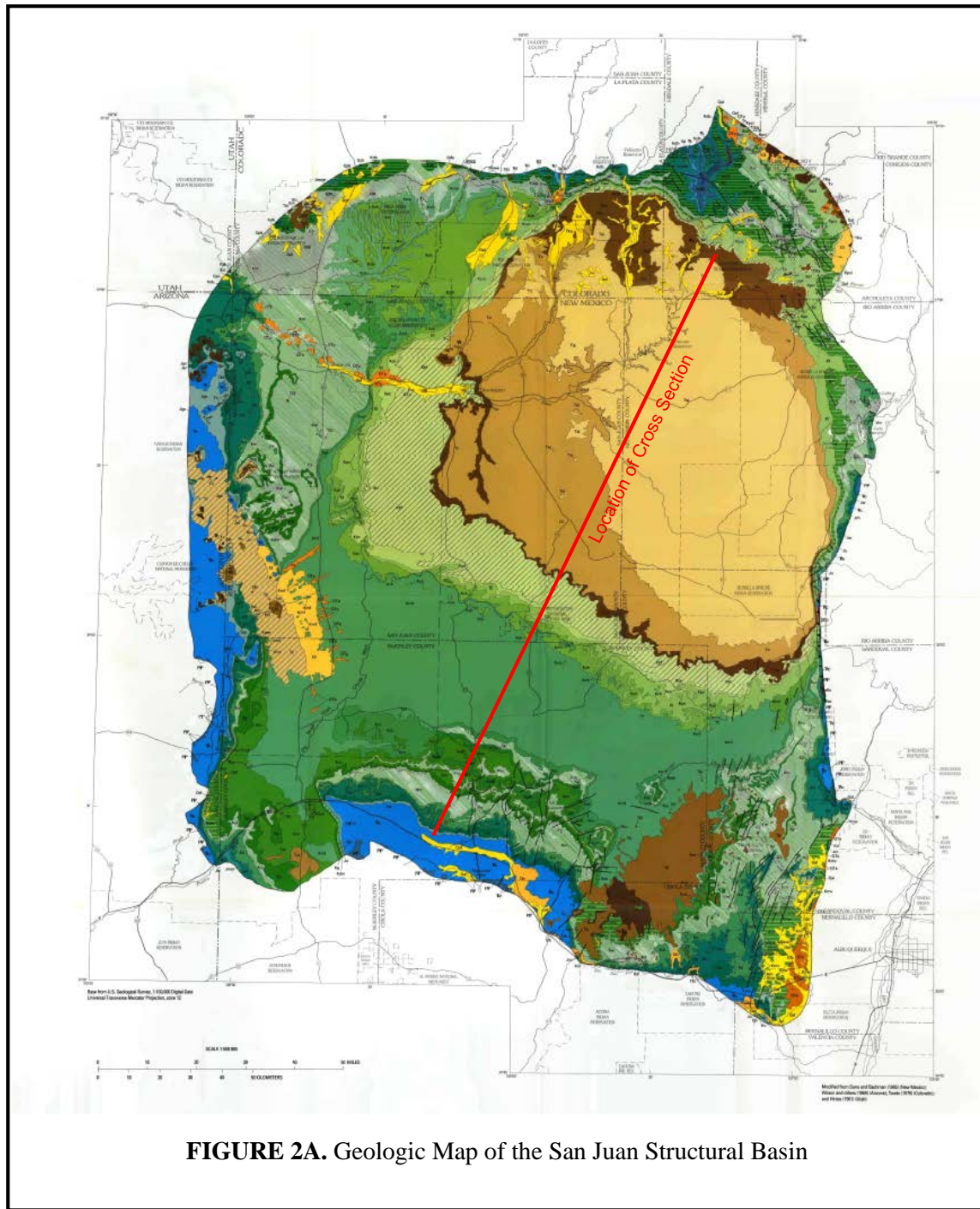


FIGURE 2A. Geologic Map of the San Juan Structural Basin

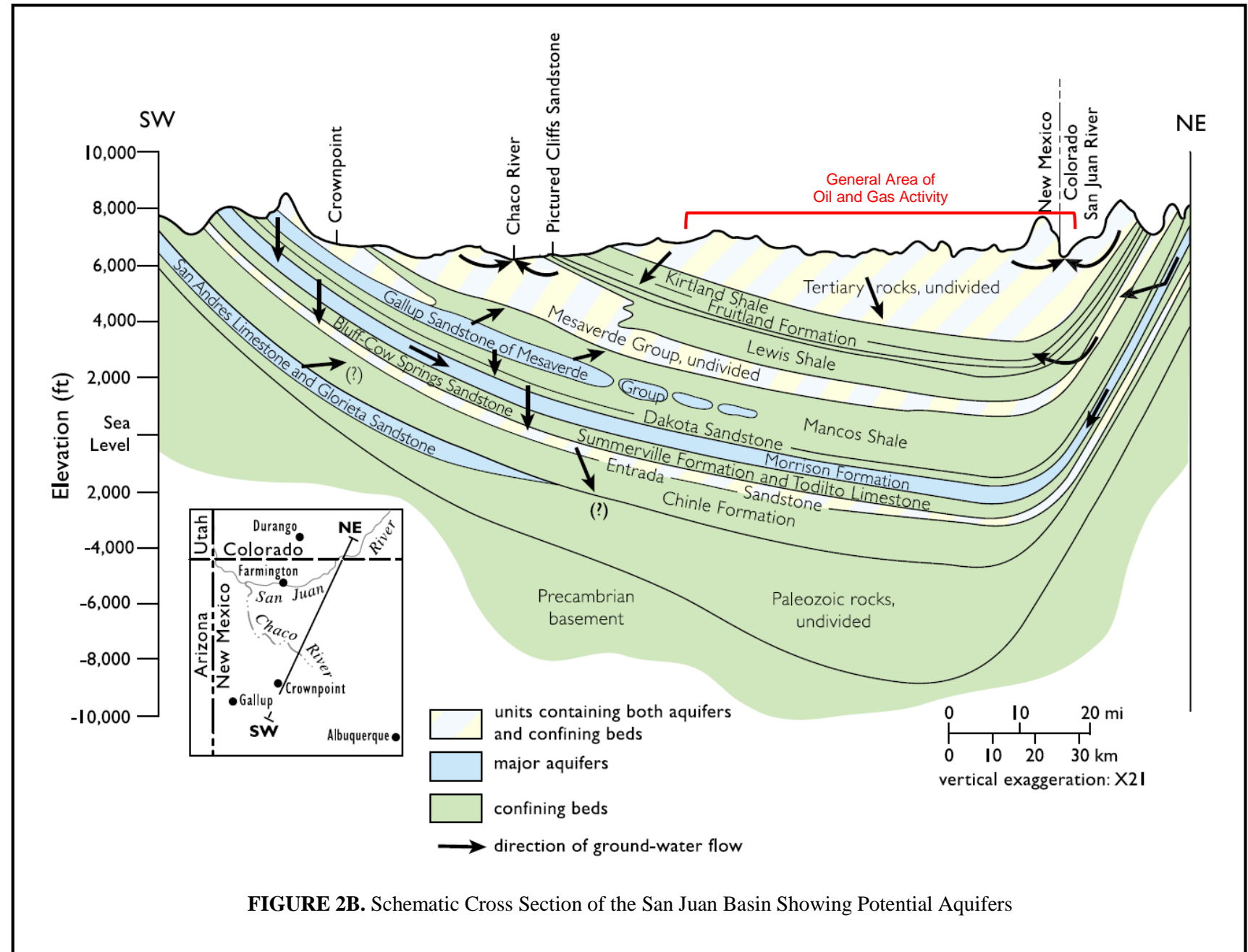


FIGURE 2B. Schematic Cross Section of the San Juan Basin Showing Potential Aquifers



Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Bravo Dome Area

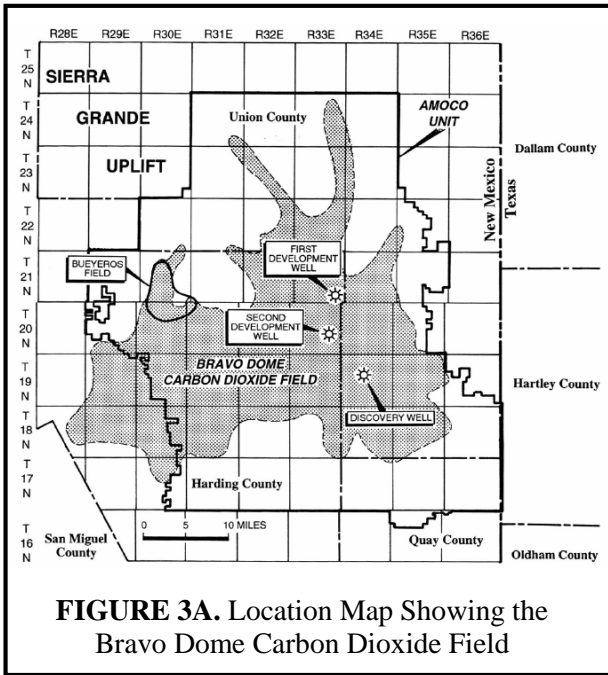


FIGURE 3A. Location Map Showing the Bravo Dome Carbon Dioxide Field

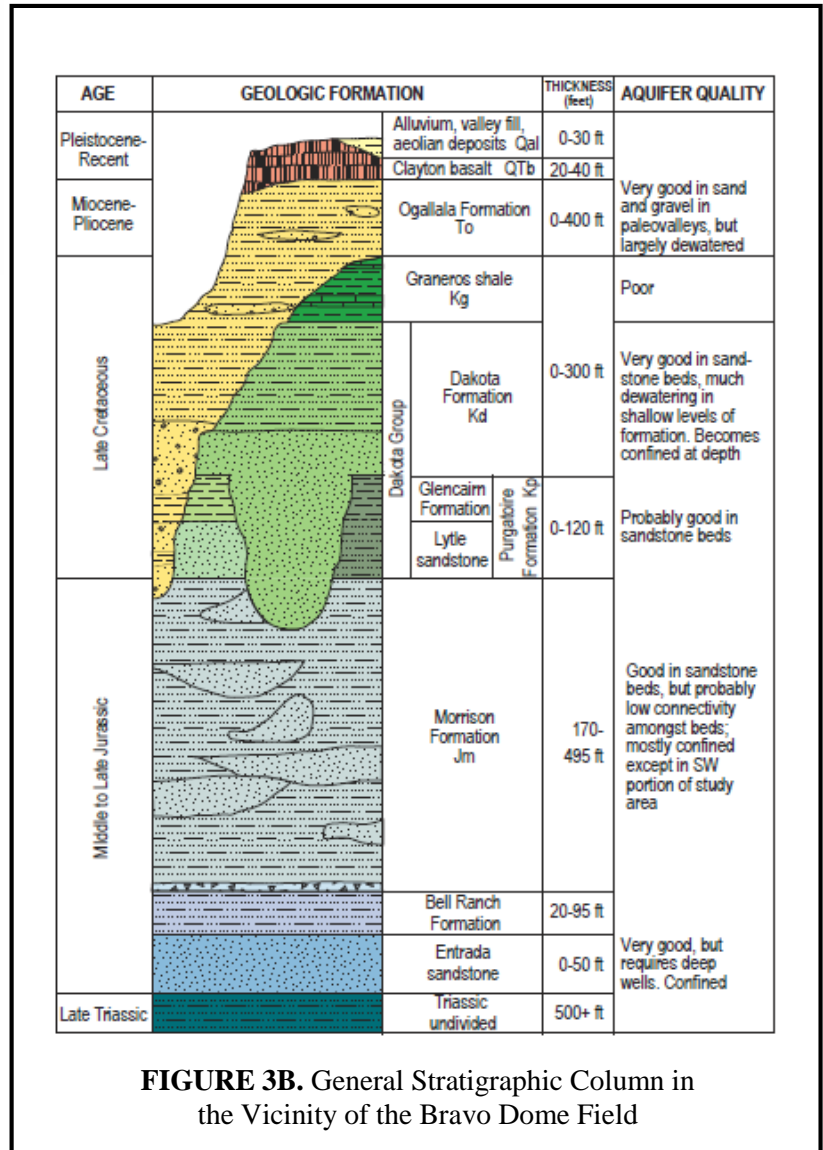


FIGURE 3B. General Stratigraphic Column in the Vicinity of the Bravo Dome Field



Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Raton Basin

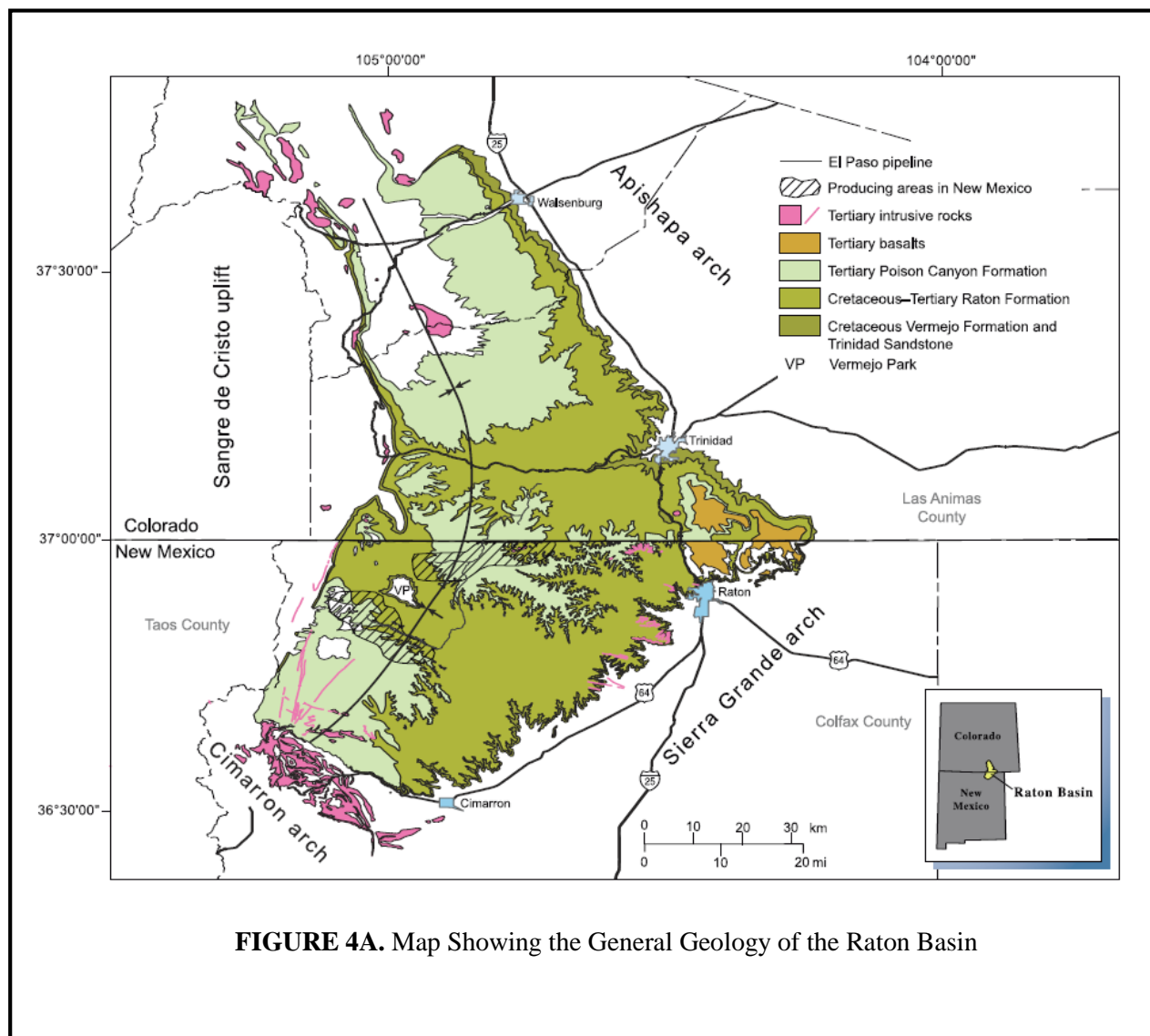
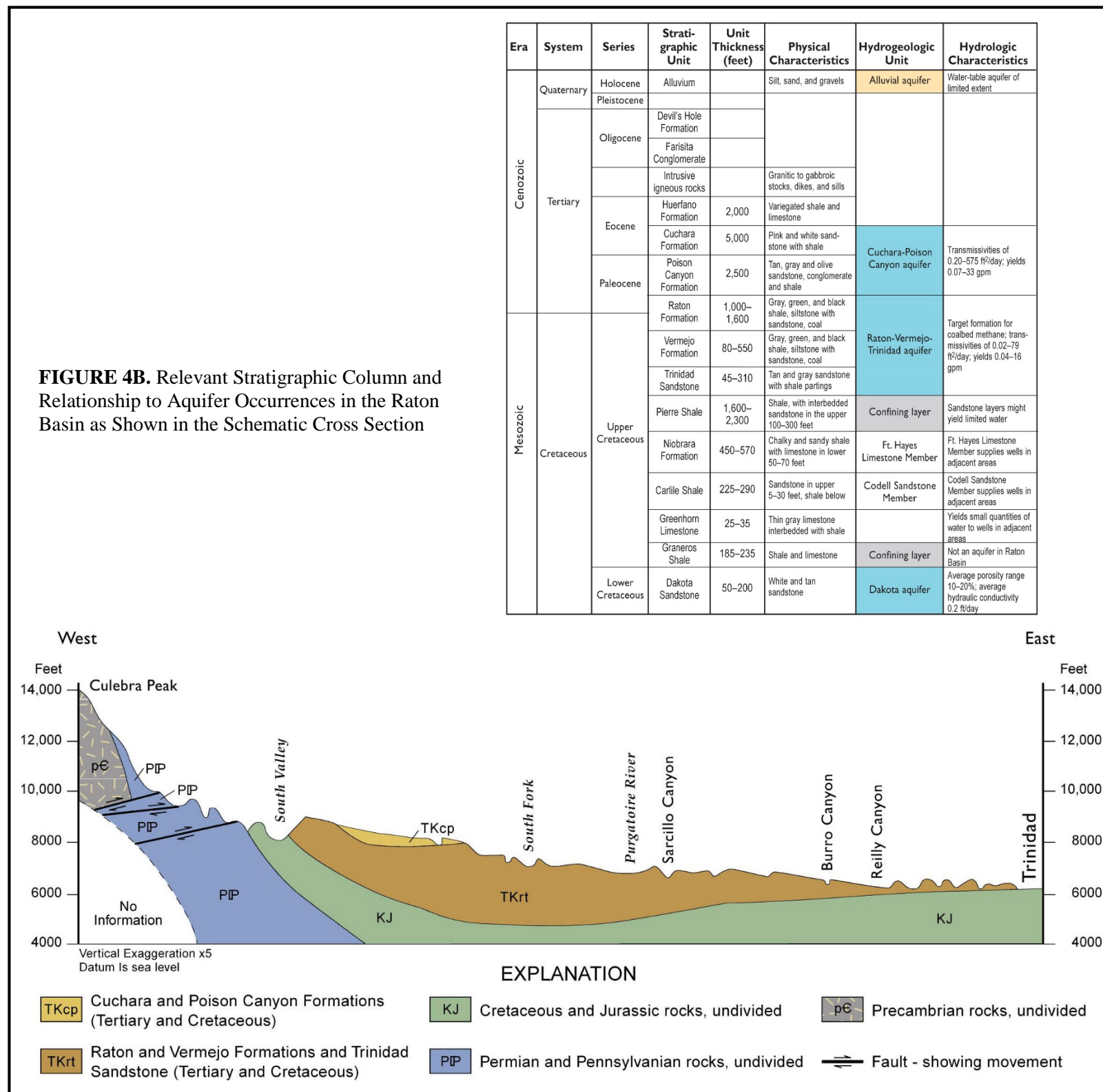
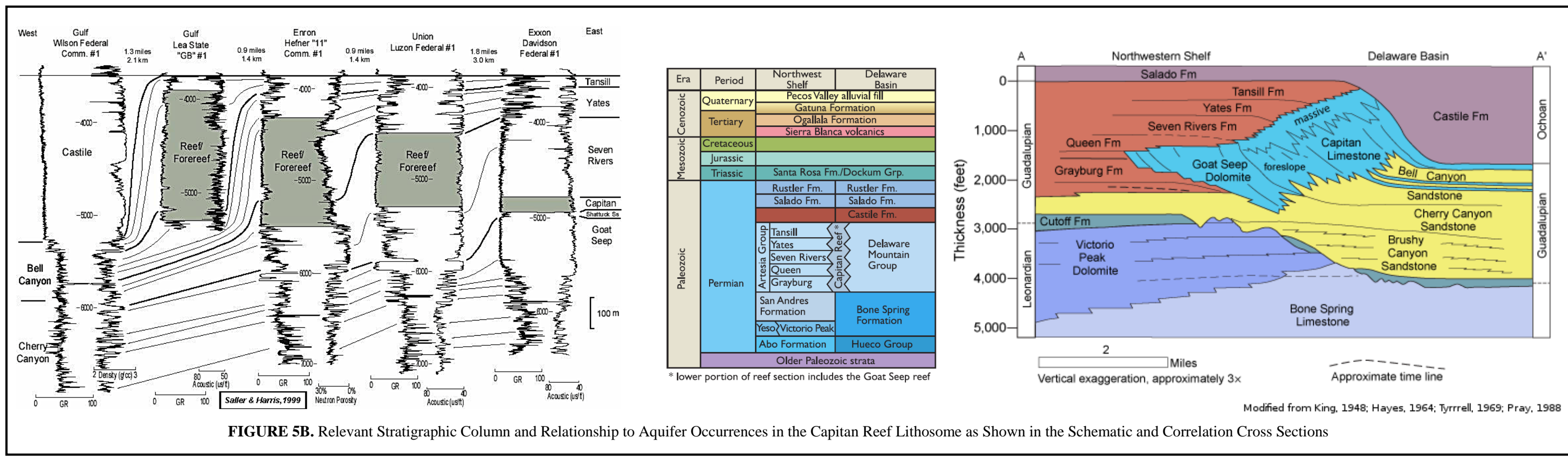
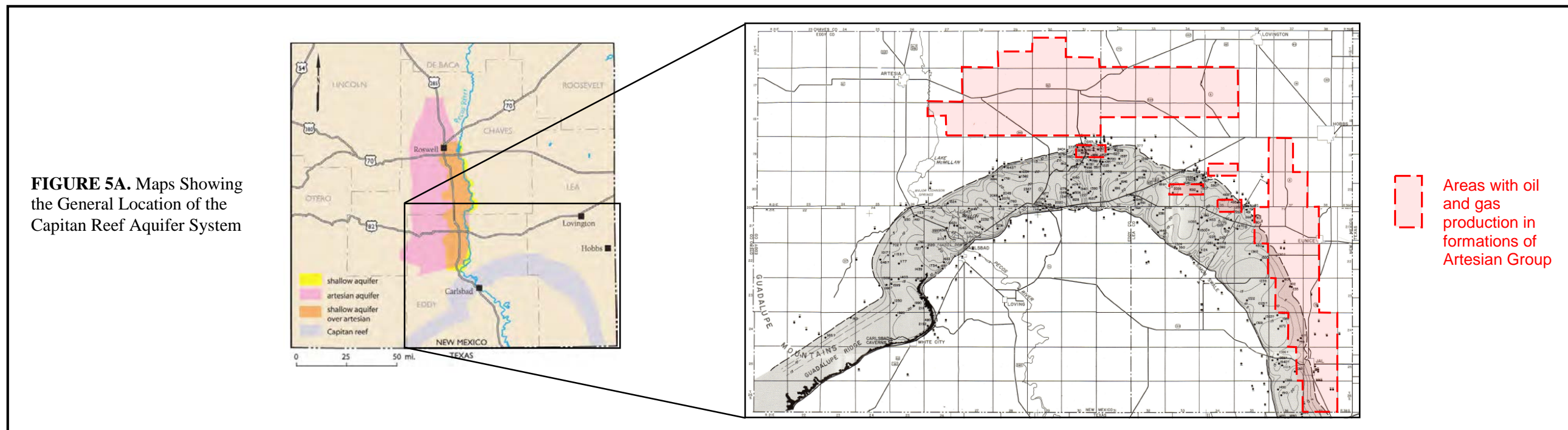


FIGURE 4A. Map Showing the General Geology of the Raton Basin



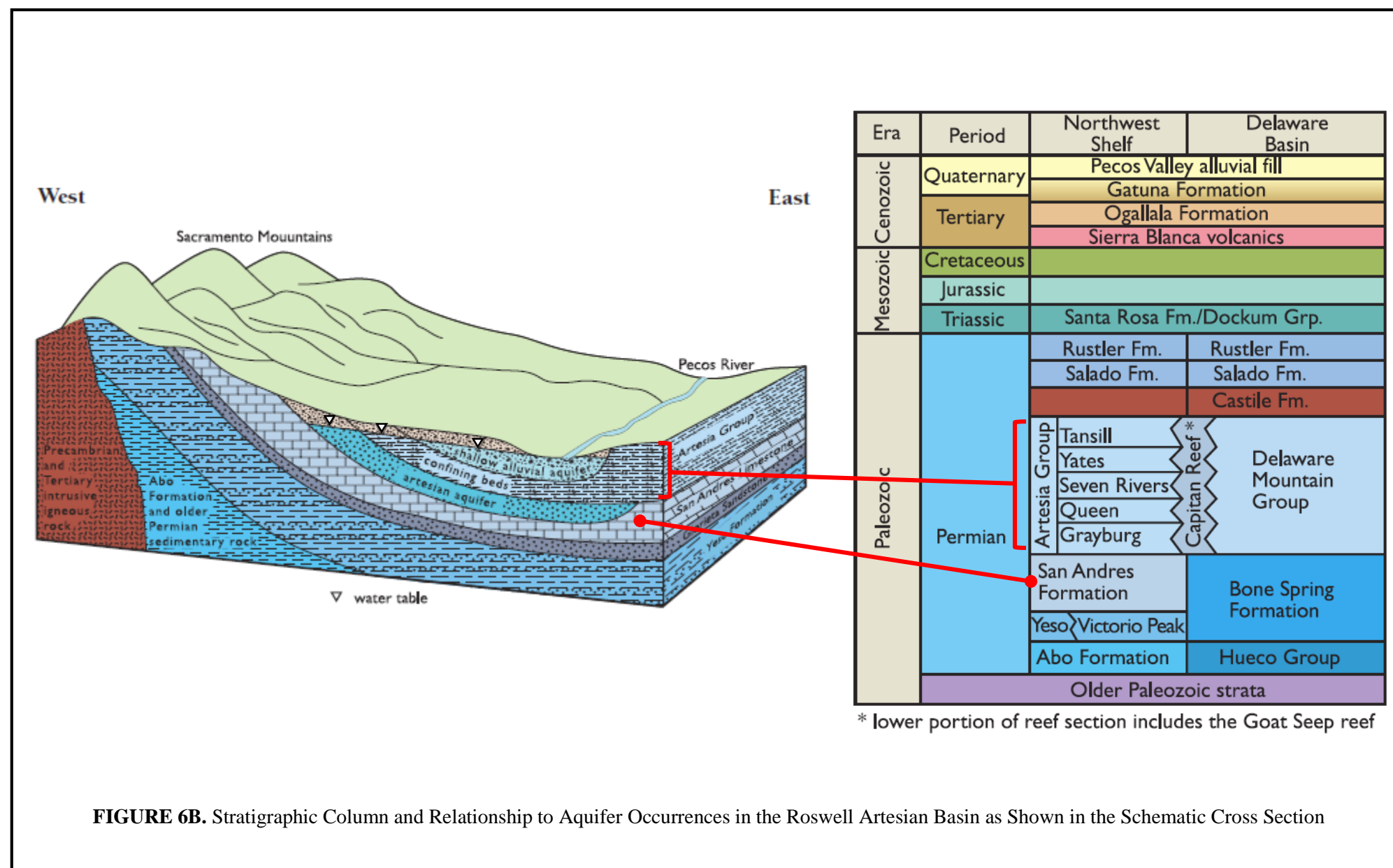
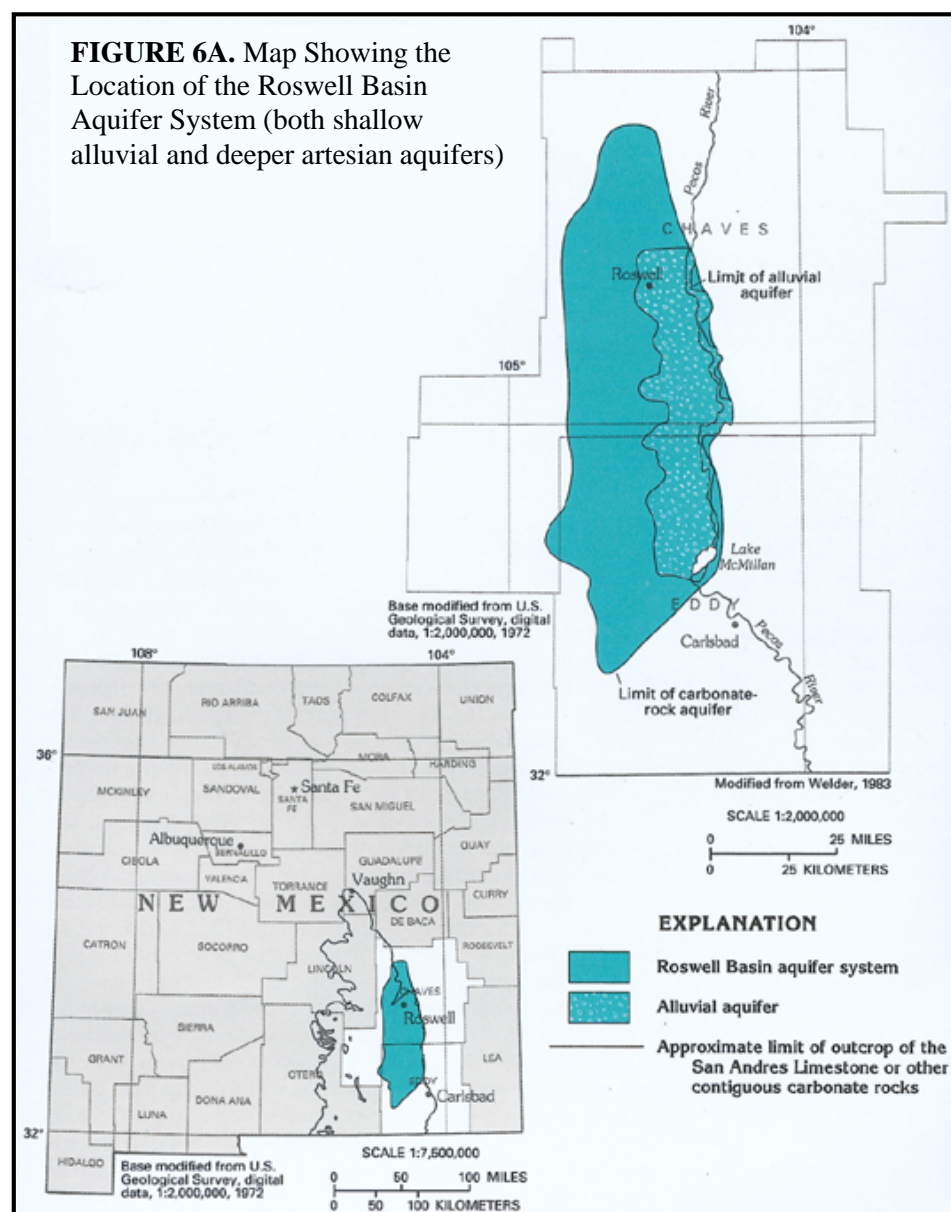


Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Permian Basin and the Capitan Reef Aquifer System





Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs: Permian Basin and Roswell Basin Aquifer System





Oil Conservation Division
Energy, Minerals and Natural Resources Department
State of New Mexico

Review of UIC Class II Activities Within the State of New Mexico for Possible Injection into USDWs

Table 1. Summary Table of Active Injection Wells Requiring Further Investigation

| Report ID Number | Well Identification No. | Well Name | Current Operator | Location (UL-Sec-Twn-Rge) | OCD Designated Pool | Well Type | Injection Authority | Source Identifying Potential |
|------------------|-------------------------|--------------------------------------|---|---------------------------|-------------------------------|-----------|-----------------------------|--|
| 1* | 30-015-02446 | SALADAR FEDERAL NO. 4 | MNA ENTERPRISES LTD CO | K (NE¼SW¼)-33-20S-28E | SALADAR;YATES | ER | WFX-869 | RESPEC Report RSI-2048 |
| 2* | 30-015-02448 | SALADAR FEDERAL NO. 6 | MNA ENTERPRISES LTD CO | K (NE¼SW¼)-33-20S-28E | SALADAR;YATES | ER | WFX-869 | RESPEC Report RSI-2048 |
| 3* | 30-015-02449 | SALADAR FEDERAL NO. 8 | MNA ENTERPRISES LTD CO | N (SE¼SW¼)-33-20S-28E | SALADAR;YATES | ER | WFX-869 | RESPEC Report RSI-2048 |
| 4* | 30-015-02450 | SALADAR B NO. 2 | MNA ENTERPRISES LTD CO | L (NW¼SW¼)-33-20S-28E | SALADAR;YATES | ER | Shut-in (expired authority) | RESPEC Report RSI-2048 |
| 5* | 30-015-24179 | SALADAR FEDERAL NO. 12 | MNA ENTERPRISES LTD CO | K (NE¼SW¼)-33-20S-28E | SALADAR;YATES | ER | WFX-869 | RESPEC Report RSI-2048 |
| 6* | 30-025-08606 | CONE JALMAT YATES POOL UNIT NO. 105 | BREITBURN OPERATING LP | L (NW¼SW¼)-13-22S-35E | JALMAT;TAN-YATES-7 RVRS (OIL) | ER | R-2495^ | RESPEC Report RSI-2048 |
| 7* | 30-025-08640 | CONE JALMAT YATES POOL UNIT NO. 502 | BREITBURN OPERATING LP | L (NW¼SW¼)-24-22S-35E | JALMAT;TAN-YATES-7 RVRS (OIL) | ER | WFX-206 | RESPEC Report RSI-2048 |
| 8* | 30-025-08648 | CONE JALMAT YATES POOL UNIT NO. 107 | BREITBURN OPERATING LP | D (NW¼NW¼)-24-22S-35E | JALMAT;TAN-YATES-7 RVRS (OIL) | ER | R-2495^ | RESPEC Report RSI-2048 |
| 9* | 30-025-08579 | JALMAT FIELD YATES SAND UNIT NO. 123 | BREITBURN OPERATING LP | P (SE¼SE¼)-10-22S-35E | JALMAT;TAN-YATES-7 RVRS (OIL) | ER | R-2243^ | RESPEC Report RSI-2048 |
| 10* | 30-025-08588 | JALMAT FIELD YATES SAND UNIT NO. 121 | BREITBURN OPERATING LP | N (SE¼SW¼)-11-22S-35E | JALMAT;TAN-YATES-7 RVRS (OIL) | ER | R-2243^ | RESPEC Report RSI-2048 |
| 11* | 30-025-08590 | JALMAT FIELD YATES SAND UNIT NO. 114 | BREITBURN OPERATING LP | J (NW¼SE¼)-11-22S-35E | JALMAT;TAN-YATES-7 RVRS (OIL) | ER | R-2243^ | RESPEC Report RSI-2048 |
| 12* | 30-025-08601 | JALMAT FIELD YATES SAND UNIT NO. 116 | BREITBURN OPERATING LP | L (NW¼SW¼)-12-22S-35E | JALMAT;TAN-YATES-7 RVRS (OIL) | ER | Currently producer (R-2243) | RESPEC Report RSI-2048 |
| 13 | 30-015-26524 | HADSON FEDERAL NO. 1 | VANGUARD OPERATING, LLC | O (SW¼SE¼)-11-19S-31E | SWD;YATES-SEVEN RIVERS | SWD | SWD-700 | RESPEC Report RSI-2048 |
| 14 | 30-015-26730 | HADSON FEDERAL NO. 3 | VANGUARD OPERATING, LLC | G (SW¼NE¼)-11-19S-31E | SWD;YATES-SEVEN RIVERS | SWD | SWD-479 | RESPEC Report RSI-2048 |
| 15 | 30-025-32735 | PRONGHORN SWD NO. 1 | COG OPERATING LLC | B (NW¼NE¼)-24-19S-32E | SWD;YATES-SEVEN RIVERS | SWD | SWD-536 | RESPEC Report RSI-2048 |
| 16 | 30-025-02431 | LEA UNIT NO. 8 | LEGACY RESERVES OPERATING, LP | B (NW¼NE¼)-12-20S-34E | SWD;SEVEN RIVERS | SWD | SWD-189^ | RESPEC Report RSI-2048 |
| 17 | 30-025-02459 | CRUCES FEDERAL NO. 3 | BURK ROYALTY CO., LTD. | N (SE¼SW¼)-26-20S-34E | LYNCH;YATES-SEVEN RIVERS | SWD | R-9000 | RESPEC Report RSI-2048 |
| 18 | 30-025-02507 | W H MILNER FEDERAL NO. 4 | BURK ROYALTY CO., LTD. | C (NE¼NW¼)-35-20S-34E | SWD;YATES | SWD | R-3779^ | RESPEC Report RSI-2048 |
| 19 | 30-025-02501 | NEAL NO. 3 | BURK ROYALTY CO., LTD. | A (NE¼NE¼)-35-20S-34E | LYNCH;YATES-SEVEN RIVERS | ER | R-4283-A | RESPEC Report RSI-2048 |
| 20 | 30-025-02476 | SILVER FEDERAL NO. 4 | STEVEN D RUPPERT | O (SW¼SE¼)-28-20S-34E | SWD;YATES-SEVEN RIVERS | SWD | R-3724^ | RESPEC Report RSI-2048 |
| 21 | 30-025-02466 | BALLARD DE FEDERAL NO. 3 | BLACK MOUNTAIN OPERATING LLC | D (NW¼NW¼)-27-20S-34E | SWD;SEVEN RIVERS | SWD | SWD-354 | RESPEC Report RSI-2048 |
| 22 | 30-025-02494 | B V LYNCH A FEDERAL NO. 2 | MAS OPERATING CO. | P (SE¼SE¼)-34-20S-34E | SWD;YATES-SEVEN RIVERS | SWD | R-7971 | RESPEC Report RSI-2048 |
| 23 | 30-025-12580 | B V LYNCH A FEDERAL NO. 10 | MAS OPERATING CO. | C (NE¼NW¼)-34-20S-34E | SWD;YATES-SEVEN RIVERS | SWD | R-4612 | RESPEC Report RSI-2048 |
| 24 | 30-025-02448 | D AND E FEDERAL NO. 1 | CHESTNUT EXPLORATION AND PRODUCTION, INC. | N (SE¼SW¼)-22-20S-34E | SWD;SEVEN RIVERS | SWD | SWD-326 | RESPEC Report RSI-2048 |
| 25 | 30-025-20386 | WHITTEN NO. 1 | NEW MEXICO SALT WATER DISPOSAL COMPANY | I (NE¼SE¼)-14-20S-34E | SWD;SEVEN RIVERS | SWD | SWD-525 | RESPEC Report RSI-2048 |
| 26 | 30-025-23985 | WALLEN FEDERAL NO. 2 | DAKOTA RESOURCES INC (I) | C (NE¼NW¼)-20-20S-34E | SWD;YATES-SEVEN RIVERS | SWD | SWD-249 | RESPEC Report RSI-2048 |
| 27 | 30-015-26710 | WELCH FEDERAL NO. 7 | BILL G TAYLOR AND HARVEY R TAYLOR | P (SE¼SE¼)-5-21S-27E | CEDAR HILLS;YATES | SWD | SWD-425 | RESPEC Report RSI-2048 |
| 28 | 30-015-22055 | EXXON STATE NO. 8 | PYOTE WELL SERVICE, LLC | O (SW¼SE¼)-15-21S27E | SWD;YATES | SWD | R-13043 | RESPEC Report RSI-2048 |
| 29 | 30-025-25957 | 7406 JV-S LEA 20 NO. 1 | CHANCES PROPERTIES COMPANY | P (SE¼SE¼)-20-26S-36E | SWD; CAPITAN REEF | SWD | SWD-210^ | Identified as result of EPA 2016 review request |
| 30 | 30-025-01671 | FEDERAL 18 B NO. 4 | COG OPERATING LLC | H (SE¼NW¼)-18-19S-33E | SWD; SEVEN RIVERS | SWD | SWD-589 | Identified as result of EPA 2016 review request |
| 31 | 30-025-09807 | MARALO SHALES B NO. 2 | OWL SWD OPERATING, LLC | P (SE¼SE¼)-25-25S-36E | SWD;YATES-SEVEN RIVERS | SWD | SWD-1127 | Identified as result of disposal application in vicinity |
| 32 | 30-025-09807 | BROWN NO. 5 | OWL SWD OPERATING, LLC | E (SW¼NW¼)-25-25S-36E | SWD;YATES-SEVEN RIVERS | SWD | R-5196^ | Identified as result of disposal application in vicinity |

*Colors represent grouping of individual injection wells that are part of active waterflood units.

^Indicates injection authority predates primacy approval date of March 7, 1982.

CAPITAN REEF INJECTION WELL IMPACT STUDY

Topical Report RSI-2048

prepared for

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

April 2009



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CAPITAN REEF INJECTION WELL
IMPACT STUDY

Topical Report RSI-2048

by

Matthew D. Minnick

RESPEC

P.O. Box 725

Rapid City, South Dakota 57709

prepared for

New Mexico Oil Conservation Division

1220 South Saint Francis Drive

Santa Fe, New Mexico 87505

April 2009

TABLE OF CONTENTS

| | |
|--|------------|
| 1.0 OBJECTIVES..... | 1 |
| 2.0 TASKS | 2 |
| 3.0 METHODS..... | 3 |
| 4.0 RESULTS..... | 4 |
| 5.0 RECOMMENDATIONS | 13 |
| 6.0 REFERENCES..... | 14 |
| APPENDIX A. TABLE OF WELLS MEETING THE TASK CRITERIA..... | A-1 |

LIST OF TABLES

| TABLE | | PAGE |
|-------|---|------|
| 4-1 | List of Higher Risk Wells Identified Using the Three-Dimensional Interpolation of the Capitan Reef..... | 8 |

LIST OF FIGURES

| FIGURE | | PAGE |
|--------|---|------|
| 4-1 | Locations of All Active Injection Wells Within 1 Mile of the Capitan Reef | 5 |
| 4-2 | Three Dimensional Interpolation of the Capitan Reef Created From Structure and Isopach Contours..... | 6 |
| 4-3 | Revised Well Injection Intervals Derived From the Three-Dimensional Interpolation of the Capitan Reef | 7 |
| 4-4 | Injection Location Map of the 30 Wells Representing Higher Risk | 10 |
| 4-5 | View of the Exxon State 008 Well Injection Interval in Relation to the Capitan Reef | 11 |
| 4-6 | Injection Location Map Coupled With Chloride Concentrations Interpolated by..... | 12 |

1.0 OBJECTIVES

The objective of this preliminary study was to increase the New Mexico Energy, Minerals, and Natural Resources Department (NMERD), Oil Conservation Division's ability to protect the water quality in and around the Capitan Reef and to protect the Carlsbad area's drinking water source. This aquifer vulnerability study focused primarily on identifying brine injection wells that have the potential to contaminate the freshwater resource of the Capitan Reef aquifer.

2.0 TASKS

The primary task and deliverable of this study was to identify wells currently permitted to inject into or near the upper or lower portions of the Capitan Reef boundary. The wells considered consist of those within 1 mile of Capitan Reef that are injecting and/or have injected within the past 2 years. Well completion reports and electronic log (elogs) data were obtained to determine the perforation depths and subsequent formation of injection to identify wells that have potential for contaminating groundwater in the area. A Geographic Information System (GIS) layer of the wells was generated and delivered in a format compatible with the Oil Conservation Division's risk-based data management system (RBDMS).

A list of wells found to meet the criteria was generated with the following attributes:

- American Petroleum Institute (API) numbers
- Injection location (above, into, or adjacent to Capitan Reef)
- Injection formation
- Well data source.

A new table, WELLSINJECT_SENAREA, was created in the RDBMS_BASE_GIS SQL database. The table includes wells that meet the criteria and the associated attributes.

3.0 METHODS

The primary source of data used for this project was the procuring agency's wells database and catalog of electronic completion reports and elogs. The New Mexico Environmental Department was also contacted as a data source, but no wells were found to fit the criteria stipulated under the project task from this agency. Using the task criteria, wells were identified that had been injecting in the last 2 years within 1 mile of the Capitan Reef. Oil Conservation Division's wells database was queried by well type and water injected per year to narrow down the spatial search. A 1-mile buffer was created around the surface boundaries for the Capitan Reef. The boundaries used were from the Phase 1 study that was digitized from open file reports developed by the U.S. Geological Survey in the mid-1970s [Hiss, 1975]. The buffered surface boundaries of Capitan Reef were used to perform a spatial selection of the wells in **ArcGIS**.

For the list of wells found to match the criteria, electronic documents, including well completion reports, status changes, perforation permits, and elogs, were downloaded. Many wells did not have elogs and some had only a few supporting documents where available. The perforated or open hole injection interval was determined from the supporting documents. This was done with careful attention to the evolution of the well outlined in the documentation to pinpoint the most recent injection interval. The injection formation and other formation tops were also recorded from the completion reports and elogs where available. Subsequently, the injection location attribute was populated based on the understanding of the injection interval and formation relative to the depth and thickness of the Capitan Reef. A second interpretation of the injection location was also done comparing the injection interval from the documentation with the structure contour and isopach data of the Capitan Reef developed by Hiss [1975]. The structure interval and isopach maps were used to develop interpolated surfaces to define the subsurface structure of the Capitan Reef. Wells and associated injection intervals were visually inspected and compared with the interpolated structure to further refine injection intervals.

4.0 RESULTS

A total of 298 wells were found to fit the criteria outlined in the project task. A table of the selected wells is contained in Appendix A (included on CD). The full datatable was uploaded into the RDBMS_BASE_GIS SQL database as specified by the Oil Conservation Division. From the preliminary findings based solely on well completion data, 139 wells are injecting above, 84 wells adjacent, and 75 below the Capitan Reef. The spatial distribution of the well injection locations from the initial findings are presented in Figure 4-1.

The injection intervals were reanalyzed using the 1975 Hiss interpolation of the subsurface structure of the Capitan Reef. A three-dimensional (3D) model of the Capitan Reef was built in ESRI's **ArcScene** using Hiss' interpolation and the 298 wells and injection intervals were added to the 3D structure model in Figure 4-2. The spatial distribution of the 3D interpolated injection well locations is presented in Figure 4-3. According to Hiss' structural interpolation, a set of 30 wells was found to be injecting close to, if not into, Capitan Reef. These 30 higher risk wells are presented in Table 4-1 and Figure 4-4. From the 3D interpolation, Exxon State 08 was found to be injecting approximately 70 feet above Capitan Reef (Figure 4-5). It is therefore difficult to identify the impact of the wells identified here in this subset.

The Hiss structural interpolation is an approximation based on limited data that may not reflect exact spatial relations between Capitan Reef and well injection intervals. The close spatial proximity to the Capitan Reef of these wells does not prove these wells are impacting Capitan Reef, just that they are a potential source of vulnerability. A modern structural interpolation using all available data would help to better define the subsurface structure of Capitan Reef and the proximity to the well injection intervals. To verify whether injection either below or above the Capitan Reef is safe under various aquifer stress conditions, additional work must be done to characterize the vertical hydraulic gradients.

A plot of the chloride concentration [Hiss, 1975] reveals a trend of lower chloride concentrations on Capitan Reef with concentrations increasing basinward (Figure 4-6). Recent water-quality data was not compared to historic data or injection well locations.

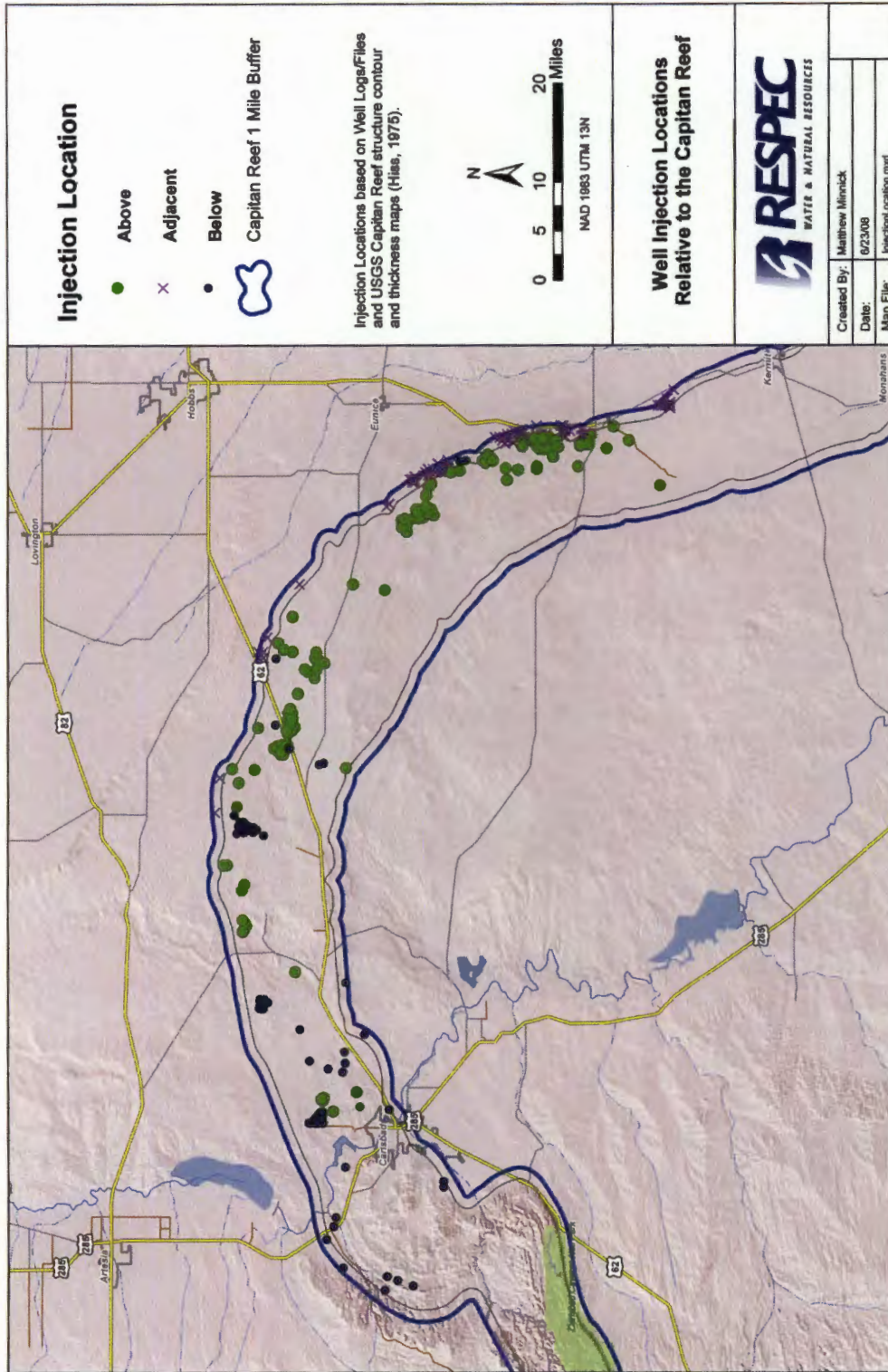


Figure 4-1. Locations of All Active Injection Wells Within 1 Mile of the Capitan Reef. Injection intervals derived from supporting well documents.

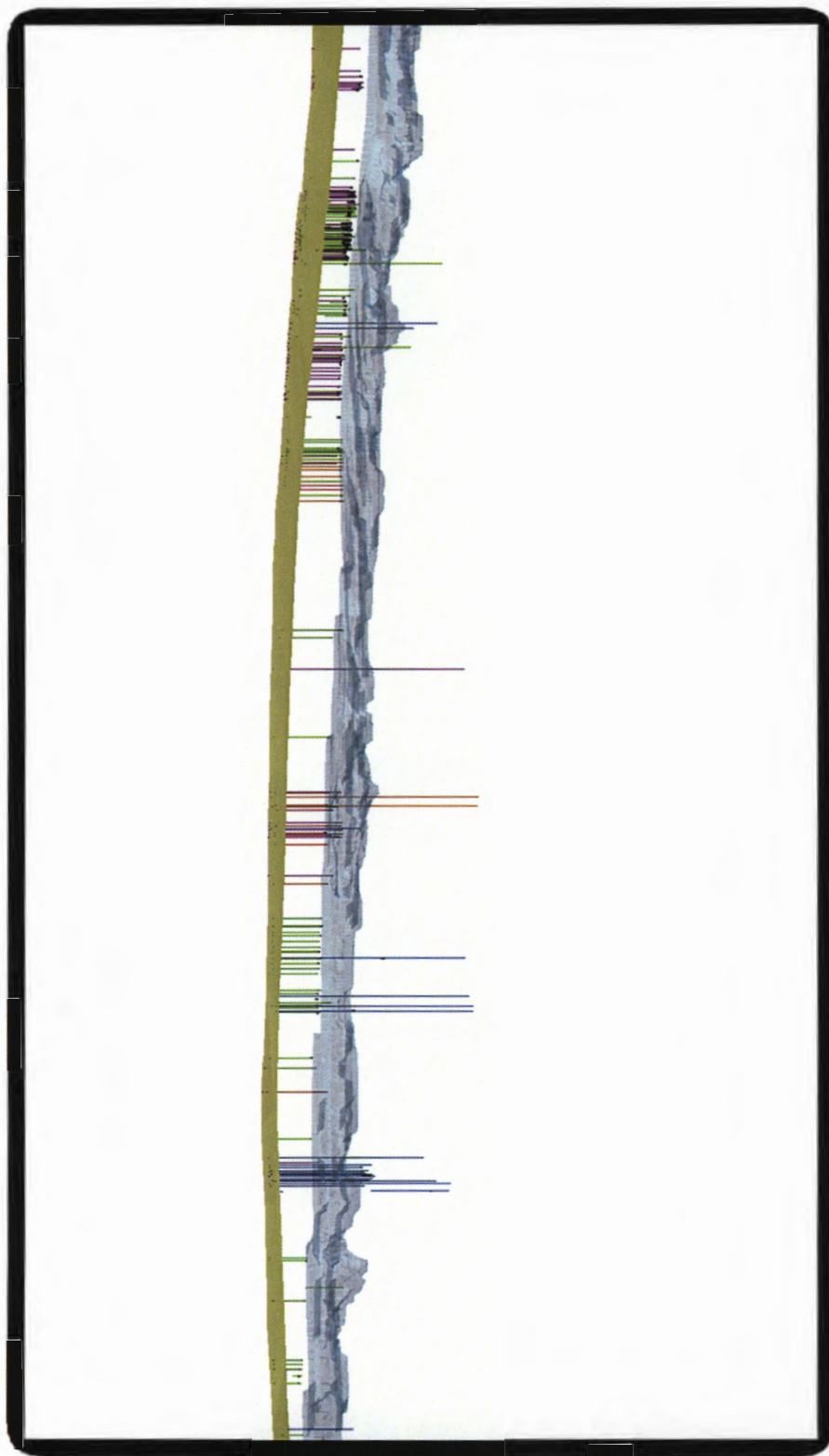


Figure 4-2. Three-Dimensional Interpolation of the Capitan Reef Created From Structure and Isopach Contours (From Hiss [1975]). Wells are colored according to injection location, green-into, blue-into, purple-into, red-into. Injection intervals are colored black.

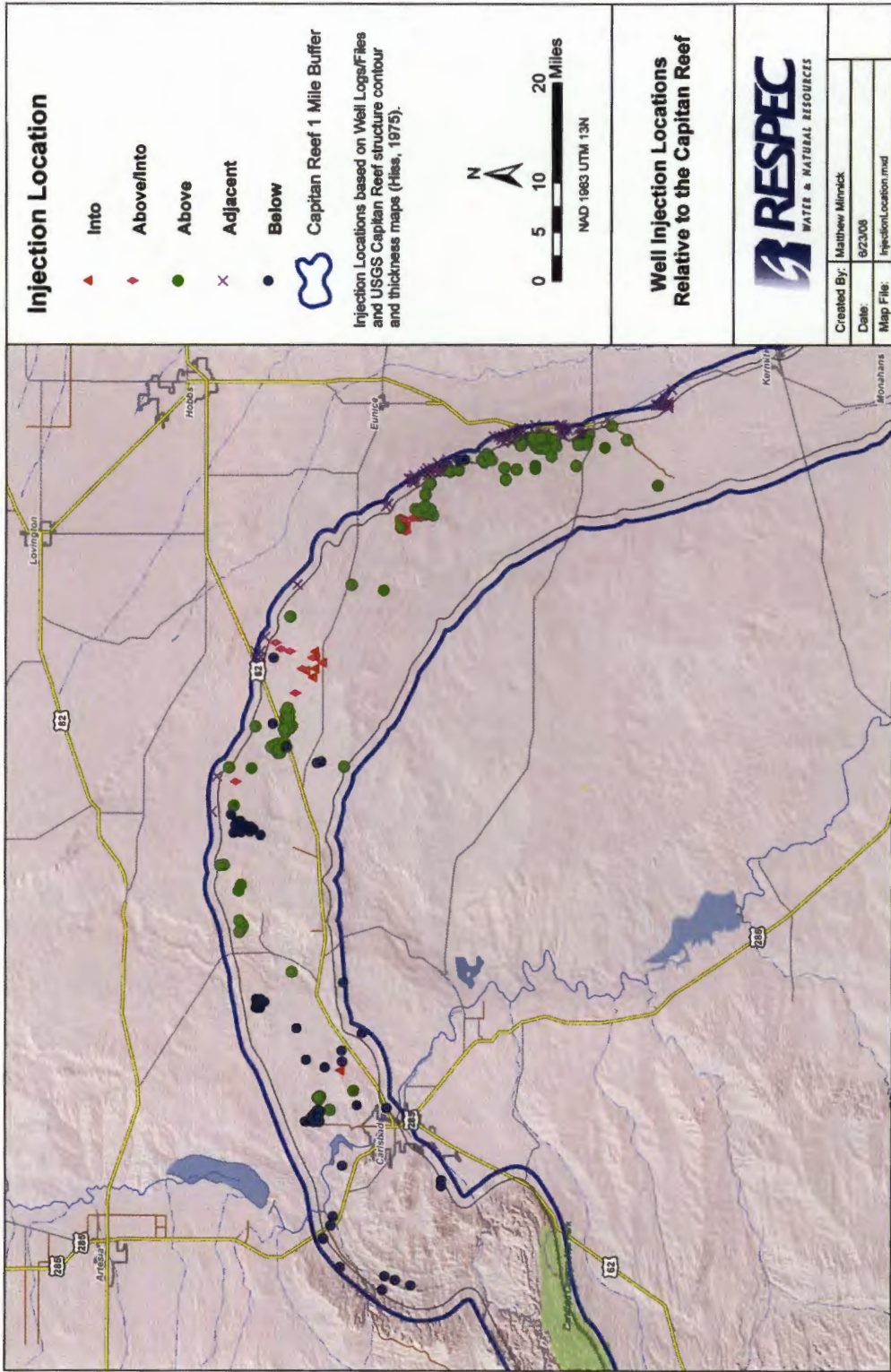


Figure 4-3. Revised Well Injection Intervals Derived From the Three-Dimensional Interpolation of the Capitan Reef.

Table 4-1. List of Higher Risk Wells Identified Using the Three-Dimensional Interpolation of the Capitan Reef (Page 1 of 2)

| API No. | Well Name | Injection Location | Interpolated Injection Location | Injection Formation |
|------------|----------------------------------|--------------------|---------------------------------|---------------------|
| 3001502449 | SALADAR UNIT 008 | Above | Above | Yates |
| 3001502446 | SALADAR UNIT 004 | Above | Above | Yates |
| 3001502448 | SALADAR UNIT 006 | Above | Above | Yates |
| 3001502450 | SALADAR UNIT 002 | Above | Above | Yates |
| 3001524179 | SALADAR UNIT 012 | Above | Above | Yates |
| 3002502459 | CRUCES FEDERAL 003 | Above | Above/Into | Yates |
| 3002508640 | CONE JALMAT YATES POOL UNIT 502 | Above | Above/Into | Yates |
| 3002508590 | JALMAT FIELD YATES SAND UNIT 114 | Above | Into | Yates |
| 3002508579 | JALMAT FIELD YATES SAND UNIT 123 | Above | Above/Into | Yates |
| 3002508606 | CONE JALMAT YATES POOL UNIT 105 | Above | Above/Into | Yates |
| 3002508588 | JALMAT FIELD YATES SAND UNIT 121 | Above | Into | Yates |
| 3002508601 | JALMAT FIELD YATES SAND UNIT 116 | Above | Above/Into | Yates |
| 3002508648 | CONE JALMAT YATES POOL UNIT 107 | Above | Above/Into | Yates |
| 3001526524 | HADSON FEDERAL 001 | Above | Above | Yates |
| 3001526710 | WELCH FEDERAL 007 | Above | Above | Yates |
| 3002502476 | SILVER FEDERAL 004 | Above | Into | Seven Rivers |
| 3002502466 | BALLARD DE FEDERAL 003 | Above | Into | Seven Rivers |
| 3001526730 | HADSON FEDERAL 003 | Above | Above | Yates/Seven Rivers |
| 3002502507 | W H MILNER FEDERAL 004 | Above | Into | Seven Rivers |
| 3002502431 | LEA UNIT 008 | Above | Above/Into | Yates |
| 3002502494 | B V LYNCH A FEDERAL 002 | Above | Into | Yates/Seven Rivers |
| 3002502448 | D AND E FEDERAL 001 | Above | Above/Into | Yates |
| 3002502501 | NEAL 003 | Above | Into | Yates |
| 3002520386 | WHITTEN 001 | Above | Above/Into | Seven Rivers/Queen |

Table 4-1. List of Higher Risk Wells Identified Using the Three-Dimensional Interpolation of the Capitan Reef (Page 2 of 2)

| API No. | Well Name | Injection Location | Interpolated Injection Location | Injection Formation |
|----------------|-------------------------|---------------------------|--|----------------------------|
| 3002512580 | B V LYNCH A FEDERAL 010 | Above | Into | Yates |
| 3002528528 | LEA UNIT SWD 002 | Above | Above/Into | Seven Rivers |
| 3002523985 | WALLEN FEDERAL 002 | Above | Above/Into | Seven Rivers |
| 3002532735 | PRONGHORN SWD 001 | Above | Above/Into | Yates/Seven Rivers |
| 3001520387 | GOVERNMENT D 001 | Below | Into | Delaware |
| 3001522055 | EXXON STATE 008 | Above | Above | Yates |

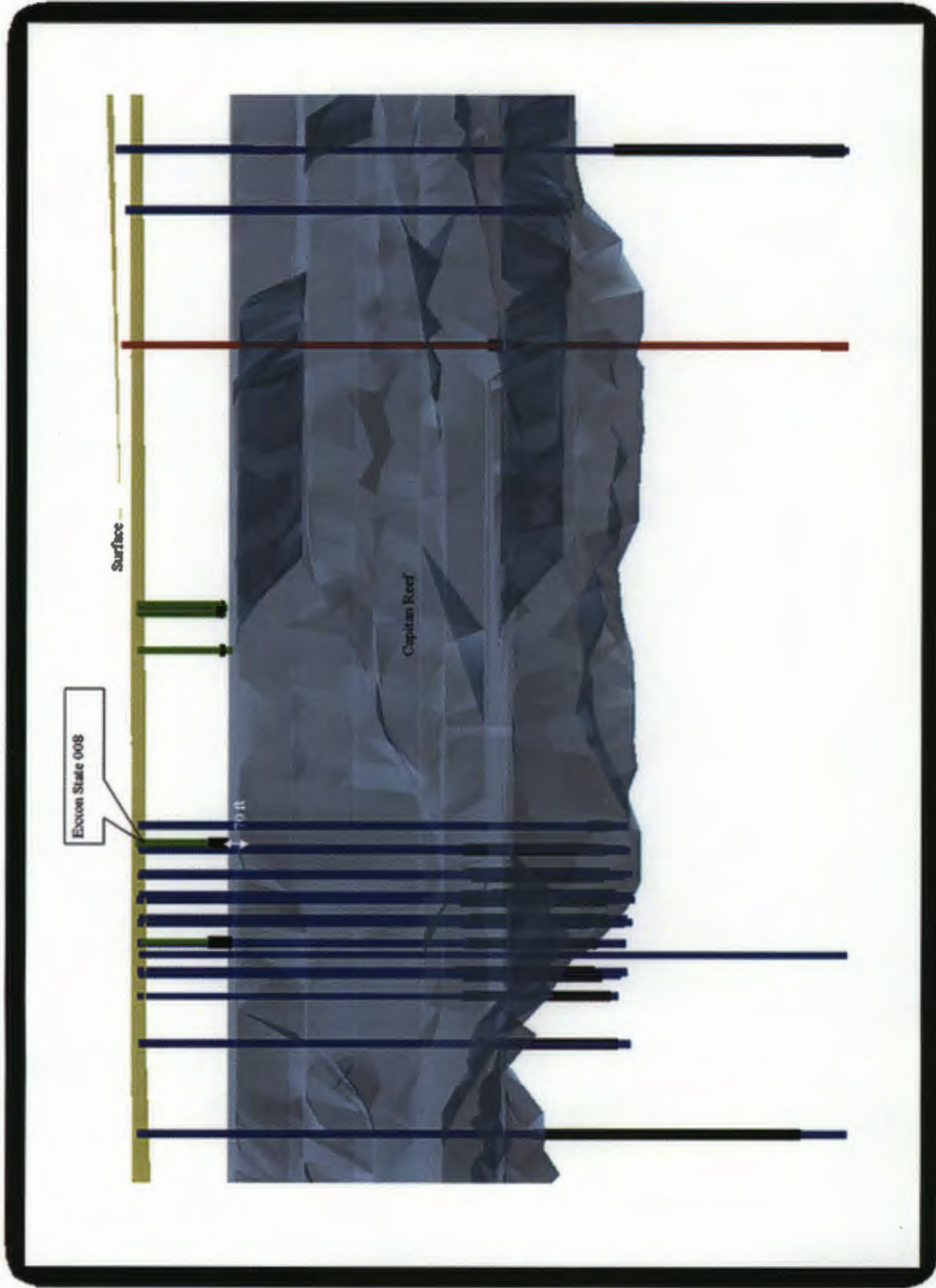


Figure 4-5. View of the Exxon State 008 Well Injection Interval in Relation to the Capitan Reef. Three-dimensional interpolation of the Capitan Reef created from structure and isopach contours (from Hiss [1975]). Wells are colored according to injection location, green—above, blue—below, purple—adjacent, and red—into. Injection intervals are colored black. In this figure, Exxon State 008 is injecting approximately 70 feet above the reef.

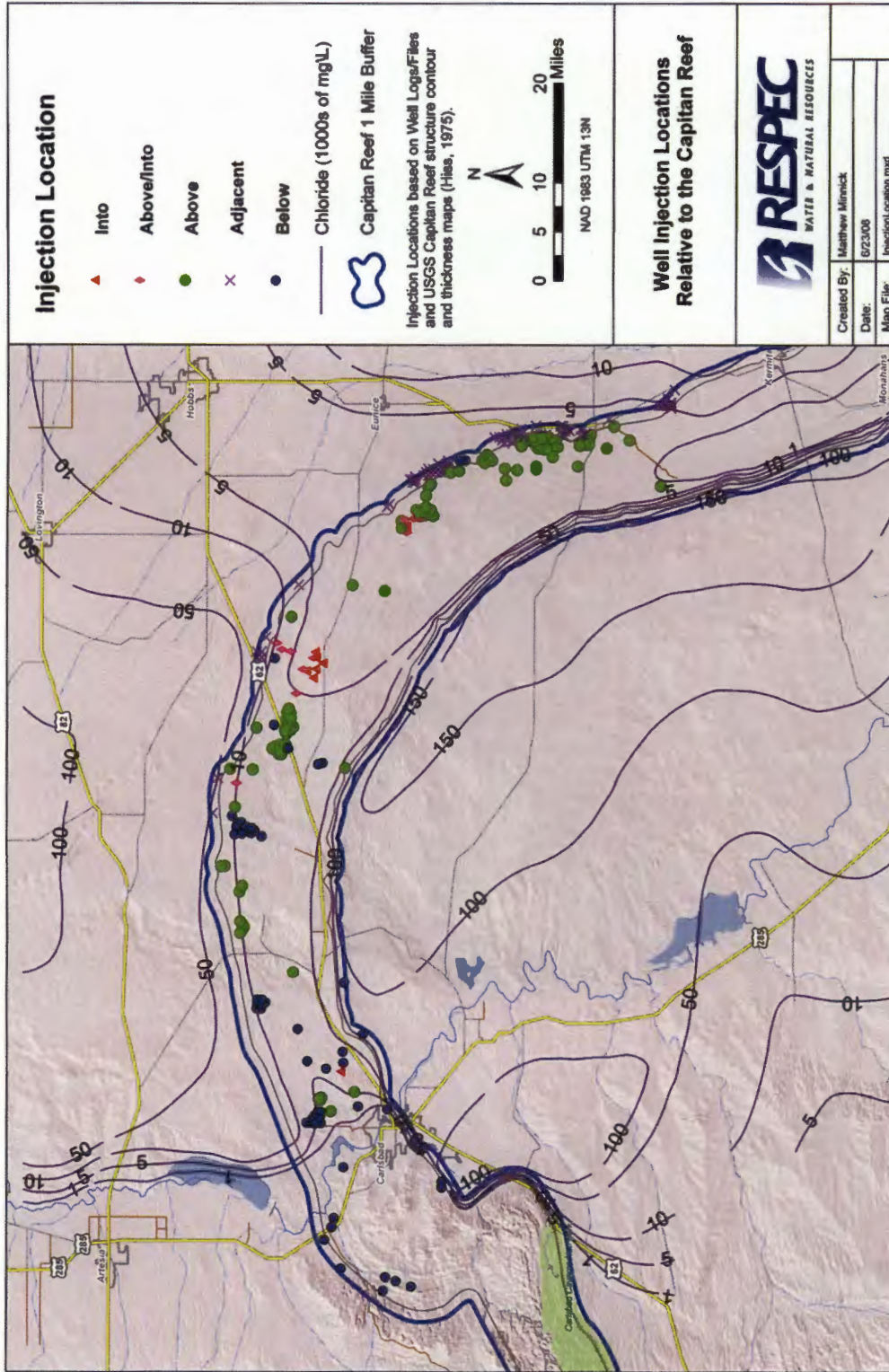


Figure 4-6. Injection Location Map Coupled With Chloride Concentrations Interpolated by Hiss [1975]. Injection locations represented here are derived from the three-dimensional interpolation of the reef.

5.0 RECOMMENDATIONS

Out of the 298 wells identified that match the task criteria, 30 wells were found to be of higher risk for potential to impact the Capitan Reef aquifer. Out of the 30 higher risk wells, 29 wells are injecting above the Capitan Reef in the Yates and Seven Rivers Formations and possibly into Capitan Reef. One well, GOVERNMENT D 001, is injecting just below or possibly into the Capitan Reef. This study is a regional survey of risk potential and does not attempt to understand the local scale structural features, faults, and lithology that control interformational flow and potential impact of brine injection. Understanding these features on a local scale is important to further assessing the potential impact of these wells. Using the results from this regional study, areas of focused research may be identified around suspect wells and areas of high vulnerability, including the fresh water, saline groundwater interface and the Pecos River. A more detailed and accurate subsurface visualization using data from all available resources should be built to provide a framework for assessing the potential impact of the higher risk wells and defining vulnerable areas of the Capitan Reef. Structural features, including faults that may provide preferential flow paths for injected brine to reach the Capitan Reef, need to be identified. Highly porous lithologic units or evaporites susceptible to dissolution also need to be identified in the subsurface framework. Other data, including groundwater flow and geochemistry, can also be visualized to further support the understanding of the aquifer.

ESRI's GIS can provide the platform to store, analyze, visualize, and disseminate the geology and groundwater data. Detailed geostatistical subsurface interpolations can be built using C-Tech's **Mining Visualization Systems (MVS)** and imported into an **ArchHydro** groundwater geodatabase schema for analysis with groundwater flow and geochemistry data. Coupling of this data with analytical and numerical models can provide a powerful decision support tool. Products developed from this system, including visualizations and animations, provide powerful and defensible litigation support material. This system would increase the NMERD Oil Conservation Division's ability to protect the water quality in and around the Capitan Reef and protect the Carlsbad area's drinking water source.

6.0 REFERENCES

Hiss, W. L. 1975. *Map Showing Thickness of the Permian (Guadalupean) Capitan Aquifer, Southeast New Mexico and West Texas*, prepared by the U.S. Geological Survey in cooperation with the New Mexico State Engineer.

APPENDIX A
TABLE OF WELLS MEETING
THE TASK CRITERIA
(CD ROM)

Capitan Reef Injection Well Impact Study
Topical Report RSI-2048

RESPEC
CONSULTING & SERVICES
April 2009

3824 Jet Drive, PO Box 725
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Macedon, New York 14502-0485
Phone: 315.573.6366 • Fax: 315.986.5887

302 North Canal, Suite C, PO Box 2261
Carlsbad, New Mexico 88221-2261
Phone: 505.885.1583 • Fax: 505.885.9329



| API | WELL_NAME | InjctLoc | InjctLoc3D | InjctFm | WellDataSrc | Elev | TD | Perf_T | Perf_B | T_Ruster | T_T_Salt | T_B_Salt | T_Yates | T_Seven | T_Queen | T_Panrose | T_Graybug | T_Cap | T_Del | T_Cherry_C | T_49sand | T_BrushiCa | T_Bone_Spr | T_Wolfcamp | T_CiscoReef | T_Strawn | T_Atoka | T_Morrow | T_Dev | T_Ellenburger | water_inj_2006 | water_inj_2007 | water_inj_2008 | LATITUDE | LONGITUDE | | |
|------------|--------------------------------|----------|------------|----------|-------------|-------|-------|--------|--------|----------|----------|----------|---------|---------|---------|-----------|-----------|-------|-------|------------|----------|------------|------------|------------|-------------|----------|---------|----------|-------|---------------|----------------|----------------|----------------|-----------|-----------|-----------|-----------|
| 3001502449 | SALADAR UNIT 006 | Above | Above | Yates | OC | 3,199 | 664 | 628 | 664 | | | | 604 | | | | | | | | | | | | | | | | | | | | 32.5254 | -104.1840 | | | |
| 3001502446 | SALADAR UNIT 004 | Above | Above | Yates | OC | 3,200 | 700 | 667 | 677 | | | | 634 | | | | | | | | | | | | | | | | | | | | 32.5290 | -104.1862 | | | |
| 3001502448 | SALADAR UNIT 006 | Above | Above | Yates | OC | 3,200 | 682 | 666 | 677 | | | | 636 | | | | | | | | | | | | | | | | | | | | 32.5272 | -104.1844 | | | |
| 3001502450 | SALADAR UNIT 002 | Above | Above | Yates | OC | 3,201 | 748 | 650 | 689 | | | | 636 | | | | | | | | | | | | | | | | | | | | 32.5272 | -104.1883 | | | |
| 3001524179 | SALADAR UNIT 012 | Above | Above | Yates | OC | 3,198 | 711 | 631 | 696 | | | | 631 | | | | | | | | | | | | | | | | | | | | 32.5281 | -104.1851 | | | |
| 3001504622 | NORTH HACKBERRY YATES UNIT 108 | Above | Above | Yates | OC | 3,257 | 2,000 | 1,749 | 1,851 | | 545 | | 1,084 | | | | | | | | | | | | | | | | | | | | 32.5440 | -103.9331 | | | |
| 3001504627 | NORTH HACKBERRY YATES UNIT 113 | Above | Above | Yates | OC | 3,288 | 2,000 | 1,789 | 1,901 | | 562 | | 1,712 | | | | | | | | | | | | | | | | | | | | | 32.5412 | -103.9286 | | |
| 3001504626 | NORTH HACKBERRY YATES UNIT 110 | Above | Above | Yates | OC | 3,350 | 2,075 | 1,896 | 1,927 | | 600 | | 1,664 | | | | | | | | | | | | | | | | | | | | | 32.5431 | -103.9246 | | |
| 3001504618 | NORTH HACKBERRY YATES UNIT 105 | Above | Above | Yates | OC | 3,285 | 1,993 | 1,762 | 1,820 | | | | 1,510 | | | 1,947 | | | | | | | | | | | | | | | | | | 32.5431 | -103.9246 | | |
| 3001510291 | NORTH HACKBERRY YATES UNIT 101 | Above | Above | Yates | OC | 3,436 | 2,125 | 2,022 | 2,050 | | | | 1,500 | | | | | | | | | | | | | | | | | | | | | 32.5431 | -103.9246 | | |
| 3001526006 | PARKWAY DELAWARE UNIT 302 | Below | Below | Delaware | OC | 3,312 | 5,000 | 4,241 | 4,310 | | 403 | | 1,130 | | | | | | | | | | | | | | | | | | | | | 32.6182 | -104.0516 | | |
| 3001526029 | PARKWAY DELAWARE UNIT 505 | Below | Below | Delaware | OC | 3,319 | 5,000 | 4,221 | 4,300 | | 392 | | 1,130 | | | | | | | | | | | | | | | | | | | | | | 32.6153 | -104.0517 | |
| 3001526143 | PARKWAY DELAWARE UNIT 204 | Below | Below | Delaware | OC | 3,310 | 4,550 | 4,210 | 4,246 | | | | 1,122 | | | | | | | | | | | | | | | | | | | | | | 32.6180 | -104.0510 | |
| 3001526433 | PARKWAY DELAWARE UNIT 601 | Below | Below | Delaware | OC | 3,320 | 4,500 | 4,266 | 4,350 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.6182 | -104.0425 | |
| 3001527445 | PARKWAY DELAWARE UNIT 303 | Below | Below | Delaware | OC | 3,311 | 4,800 | 4,138 | 4,247 | | 390 | | 1,175 | | | | | | | | | | | | | | | | | | | | | | 32.6204 | -104.0459 | |
| 3001527464 | PARKWAY DELAWARE UNIT 506 | Below | Below | Delaware | OC | 3,311 | 4,750 | 4,127 | 4,203 | | 394 | | 1,162 | | | | | | | | | | | | | | | | | | | | | | 32.6170 | -104.0456 | |
| 3001527283 | GOLDEN 8 FEDERAL 003 | Below | Below | Delaware | OC | 3,391 | 4,575 | 4,238 | 4,310 | | 902 | | | | | | | | | | | | | | | | | | | | | | | | 32.6182 | -104.0422 | |
| 3001528668 | AVALON DELAWARE UNIT 571 | Below | Below | Delaware | OC | 3,212 | 3,880 | 2,520 | 3,736 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.4921 | -104.0122 | |
| 3001528667 | AVALON DELAWARE UNIT 533 | Below | Below | Delaware | OC | 3,216 | 3,880 | 2,546 | 3,706 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.4921 | -104.0122 | |
| 3001528659 | AVALON DELAWARE UNIT 238 | Below | Below | Delaware | OC | 3,295 | 3,926 | 3,632 | 3,470 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5250 | -104.2090 | |
| 3001528658 | AVALON DELAWARE UNIT 537 | Below | Below | Delaware | OC | 3,236 | 3,800 | 2,544 | 3,656 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5298 | -104.2179 | |
| 3001528658 | AVALON DELAWARE UNIT 222 | Below | Below | Delaware | OC | 3,299 | 3,950 | 2,706 | 3,753 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5301 | -104.2132 | |
| 3001528665 | AVALON DELAWARE UNIT 516 | Below | Below | Delaware | OC | 3,232 | 3,850 | 2,576 | 3,670 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5301 | -104.2132 | |
| 3001528666 | AVALON DELAWARE UNIT 570 | Below | Below | Delaware | OC | 3,233 | 3,850 | 2,600 | 3,692 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5301 | -104.2132 | |
| 3001528660 | AVALON DELAWARE UNIT 254 | Below | Below | Delaware | OC | 3,291 | 3,870 | 2,584 | 3,632 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5301 | -104.2132 | |
| 3001528684 | AVALON DELAWARE UNIT 542 | Below | Below | Delaware | OC | 3,279 | 3,875 | 2,644 | 3,774 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5283 | -104.2219 | |
| 3001528661 | AVALON DELAWARE UNIT 253 | Below | Below | Delaware | OC | 3,297 | 3,820 | 2,552 | 3,728 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5283 | -104.2219 | |
| 3001528662 | AVALON DELAWARE UNIT 626W | Below | Below | Delaware | OC | 3,240 | 3,782 | 2,590 | 3,629 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5336 | -104.2172 | |
| 3001528594 | AVALON DELAWARE UNIT 503 | Below | Below | Delaware | OC | 3,208 | 3,849 | 3,532 | 3,711 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5299 | -104.2051 | |
| 3001528594 | AVALON DELAWARE UNIT 503 | Below | Below | Delaware | OC | 3,265 | 3,850 | 2,628 | 3,680 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5370 | -104.2136 | |
| 3001528678 | AVALON DELAWARE UNIT 507 | Below | Below | Delaware | OC | 3,260 | 3,870 | 2,498 | 3,614 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5368 | -104.2217 | |
| 3001528677 | AVALON DELAWARE UNIT 505 | Below | Below | Delaware | OC | 3,257 | 3,850 | 2,546 | 3,576 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5368 | -104.2175 | |
| 3001528663 | AVALON DELAWARE UNIT 642 | Below | Below | Delaware | OC | 3,205 | 3,850 | 2,534 | 3,678 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5363 | -104.2051 | |
| 3001528910 | AVALON DELAWARE UNIT 523 | Below | Below | Delaware | OC | 3,283 | 3,800 | 2,556 | 3,738 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5334 | -104.2219 | |
| 3001528934 | PARKWAY DELAWARE UNIT 507 | Below | Below | Delaware | OC | 3,334 | 4,400 | 4,164 | 4,244 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.6182 | -104.0419 | |
| 3001529503 | PARKWAY DELAWARE UNIT 304 | Below | Below | Delaware | OC | 3,321 | 4,430 | 4,154 | 4,261 | | | | | | | | | | | | | | | | | | | | | | | | | | | 32.6202 | -104.0419 |
| 3001530026 | PARKWAY DELAWARE UNIT 205 | Below | Below | Delaware | OC | 3,338 | 4,400 | 4,260 | 4,364 | | | | | | | | | | | | | | | | | | | | | | | | | | | 32.6206 | -104.0376 |
| 3001530030 | PARKWAY DELAWARE UNIT 509 | Below | Below | Delaware | OC | 3,333 | 4,400 | 4,204 | 4,324 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.6131 | -104.0410 | |
| 3001530029 | PARKWAY DELAWARE UNIT 508 | Below | Below | Delaware | OC | 3,328 | 4,400 | 4,160 | 4,278 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.6135 | -104.0453 | |
| 3001530028 | PARKWAY DELAWARE UNIT 704 | Below | Below | Delaware | OC | 3,327 | 4,400 | 4,219 | 4,344 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.6137 | -104.0381 | |
| 3002501724 | TEAS YATES UNIT 034 | Above | Above | Yates | OC | 3,608 | 3,536 | 3,308 | 3,484 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5777 | -103.6136 | |
| 3002501735 | TEAS YATES UNIT 121 | Above | Above | Yates | OC | 3,540 | 3,355 | 3,304 | 3,413 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5788 | -103.6447 | |
| 3002501725 | TEAS YATES UNIT 022 | Above | Above | Yates | OC | 3,599 | 3,359 | 3,335 | 3,359 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5786 | -103.6243 | |
| 3002501722 | TEAS YATES UNIT 032 | Above | Above | Yates | OC | 3,611 | 3,540 | 3,335 | 3,366 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5722 | -103.6147 | |
| 3002501727 | TEAS YATES UNIT 111 | Above | Above | Yates | OC | 3,592 | 3,319 | 3,204 | 3,329 | | | | | | | | | | | | | | | | | | | | | | | | | | 32.5777 | -103.6329 | |
| 3002501720 | TEAS YATES UNIT 021 | Above | Above | Yates | OC | 3,606 | 3,309 | 3,290 | 3,305 | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | |



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



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April 23, 1992

Mr. Eluid L. Martinez
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Santa Fe, New Mexico 87504-5102

Dear Mr. Martinez:

As you may know, the Oil Conservation Division of the Energy, Minerals and Natural Resources Department, has primacy in administering the Federal Underground Injection Control Program for the State of New Mexico. This program mandates that the Division, in reviewing applications for salt water disposal and secondary recovery injection wells, make a determination that such injection shall not pose a danger of contaminating underground sources of drinking water containing less than 10,000 parts per million total dissolved solids.

Recently, an application was filed by Anadarko Petroleum Company to utilize the Exxon Federal Well No. 3 located 660 feet from the North line and 1980 feet from the West line (Unit C) of Section 19, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico, as a salt water disposal well, injection to occur into the Capitan Reef at a depth of approximately 3500 feet to 4300 feet. The produced water to be injected into this well originates from the Delaware formation at a depth of approximately 5492 feet to 6020 feet, and contains total dissolved solids of approximately 219,389 parts per million. Injection is proposed to average 1000 barrels of water per day.

Anadarko presented geologic and engineering evidence and testimony at a public hearing held in Santa Fe on February 6, 1992, which indicates that in the area of concern, the Capitan Reef contains water with total dissolved solids of 105,532 parts per million, as evidenced by a water analysis from Anadarko's Teas Yates Water Supply Well No. 1 located 1330 feet from the North and West lines (Unit F) of Section 14, Township 20 South, Range 33 East, NMPM, which is currently completed in the Capitan Reef at a depth of approximately 3660 feet to 3762 feet. Based upon the evidence presented, the Division can approve the proposed injection into the Capitan Reef.

The Division's concerns regarding the proposed injection are as follows:

- 1) The Division has historically not allowed injection into the Capitan Reef as per an agreement supposedly reached between Mr. Pete Porter, previous director of the Division and Mr. Steve Reynolds;
- 2) Allowing the proposed injection at the present time would set a precedent, and as a result, the Division would expect to see numerous similar applications filed due to the unique ability of the Capitan Reef to easily accept injected fluids;
- 3) The Division lacks reservoir modeling capability and hydrologic expertise to adequately predict whether or not injection into the Capitan Reef on a large scale will ultimately have a detrimental affect on those portions of the Capitan Reef containing good quality water such as that currently being used by the City of Carlsbad.

Members of my staff have been in preliminary contact with Mr. Paul Saavedra of your office. Thus far, they have been unable to locate any documentation regarding the agreement between Mr. Porter and Mr. Reynolds.

I feel that this is a very important issue because once injection into the Capitan Reef is allowed and the injection occurs, it would be very difficult to perform remediation should contamination occur. We are therefore seeking your assistance in making a hydrologic determination that large scale injection of produced salt water into the Capitan Reef will not have a detrimental affect, at some future time, on those portions of the Reef containing fresh water. A hydrologic study of this nature will provide the Division scientific data and evidence needed to make informed decisions on the effects of salt water injection into the Capitan Reef.

Any assistance you can provide the Division in this matter will be greatly appreciated. If my engineering or geologic staff can be of any assistance, please feel free to request such assistance.

Sincerely,


William J. LeMay
Division Director

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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SANTA FE, NEW MEXICO 87504
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March 25, 1993

Eluid Martinez
State Engineer
Bataan Memorial Building
Santa Fe, NM 87501

RE: Proposed Injection into Capitan Reef

Dear Mr. Martinez:

The Oil Conservation Division has recently received another application to inject produced salt water into a portion of the Capitan Reef, this one being from Pronghorn SWD System of Hobbs, New Mexico. We are informed that the applicant has or is submitting information to your office and soliciting your support or approval for the project.

As you may remember, there has been a previous application for the same type of operation, which the Division denied. At that time we consulted with your staff regarding a long-standing agreement between Steve Reynolds and Pete Porter under which no injection would be allowed in the Reef.

As the agency responsible for protecting fresh water as designated by your office, we are very concerned about permitting injection into the Capitan Reef. We know that there are portions of the Reef which are major sources of fresh water in the area. Our concern is that injection of produced water could at some point contaminate the fresh water.

We would very much appreciate input from the experts in your office on questions within their expertise, specifically questions about the locations of fresh water and the potential alterations of water movement within the Reef which could cause contamination. We may ask that someone from your staff provide testimony at the hearing on this application.

That hearing is currently set for April 8, 1993, in the OCD conference room in the State Land Office Building, but we plan to continue that hearing to a later docket. We would like to hear from you prior to April 8 to help us determine what input your office can provide.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence O. Van Ryan".

Lawrence O. Van Ryan,
Chief Engineer

LOVR/RGS



Case Nos. 24278, 24277, 24123, 23775, 23614-23617, and 24018-24027
 OCD Exhibit No. 11E

Approximate Location of
 Area of Interest

Projection of the Capitan Reef Location
 Source: Capitan Reef Complex Structure
 and Stratigraphy, Texas Water
 Development Board, 2009

Portions of the Capitan Reef
 Classified as Exempted Aquifer
 Source: USEPA Website

Aquifer Exemptions by Well Class

- Class I
- Class II*
- Class IID
- Class IIR
- Class III
- Class V

County location available only

