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**NEWSPAPER**

## Oil company pins hopes on water treatment plant in Carlsbad

Carlsbad Current-Argus (NM) - Thursday, April 25, 2013

**Author:** Stella Davis [sdavis@currentargus.com](mailto:sdavis@currentargus.com)

A state-of-the-art water treatment plant would allow oil companies in the Carlsbad area to use recycled water to create the brine water they need. That's what Key Energy hopes to build near a brine well that was recently approved by the state near East Airport Road.

"We are looking at bringing in the really nasty produced water from the oilfields and turning it into a viable water source," said Wayne Price, representing Key Energy, in a presentation to the Carlsbad City Council on Tuesday.

The company is still waiting for the city's approval to convert a gas well into a salt water disposal well.

Price said he was glad to see the city award a contract on Tuesday to AMEC Environmental and Infrastructure Inc. for oil and gas well inspections. The firm will probably be charged by the city to review Key Energy's application for the conversion of the gas well.

He said he is hopeful AMEC will recommend to the city council that it approve the conversion of the gas well.

The proposed brine well is about 2,000 feet away from the gas well. The conversion of the well is important in the proposed production of brine water, Price said.

He said when the company came before the council three years ago to get approval for the proposed brine well, Key Energy had not foreseen there would be a prolonged drought. He said the need for fresh water in the brine operation has become dire.

"This is the biggest drought I have seen," Price said. "One thing we have to have is water. We had a pretty good idea when we proposed this project where we would get water. But as time has gone by, we have had to rethink that."

Price said Key Energy is currently testing a prototype process in Texas. He said if it meets the company's quality control standards, then the company will move forward with the construction of the "first ever" produced water treating system to reuse water in the brine well and other oilfield uses.

"This process is not cheap," Price said. "But Key committed to the city that we would advance this technology where economically and logistically possible. We are meeting our obligation to become somewhat independent of using fresh water to make brine water."

Price said the produced water that will come to the well site will be treated in a proprietary process and sent to the brine well.

It will essentially be a clean, clear water that will be recycled into the brine well, off-setting use of fresh water.

"We will need the salt water well to dispose the treated off-spec water and to grow our business in the area," he said.

Prior to the council meeting, Carlsbad Mayor Dale Janway said he believes the brine well and the water treatment plant will help all companies needing brine water in oilfield drilling operations.

"They are doing a lot of testing for the brine well. It's going to be the most advanced brine well, using the latest technology out there," Janway said.

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## Energy company seeks to allay local leaders' concerns

By Stella Davis  
Current-Argus Staff Writer  
Posted: 03/01/2011 09:39:44 PM MST

CARLSBAD — Houston-based Key Energy Services officials want to sit down with city and county leaders to show them technical evidence that its proposed brine well and operation will be safe, modern and will not collapse.

The company has filed an application with the city for a permit to drill a well in the county east of U.S. Highway 62-180 on the south side of the city. Although the proposed well would be outside the city limits, the location falls into the city's extraterritorial zone and is subject to the city's planning, zoning and permitting regulations. However, the county has some input in the approval of the permit.

Leery of the brine wells due to their history of collapse in the north part of the county, the Eddy County Commission said it has no problem with the issuance of a permit by the city, but it wants the city to require prefunding of a mitigation reserve of at least \$30 million, or a bond to cover mitigations in the same amount.

The commission was set to pass a resolution at its meeting Tuesday that mandates the \$30 million mitigation reserve, but tabled the action, saying it would like to have further information on the proposed brine well before taking action.

Eddy County Manager Allen Sartin said the \$30 million figure was set based on the estimated cost to cap and mitigate a brine well site.

Price, who operates an oil and gas environmental consulting service and represented Key Energy at the meeting, said the company has

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already spent several million dollars on a study of the proposed site and has brought in some of the best engineering minds and experts in the design and development of the brine well. It also has purchased land with a 2,000 square-foot setback from the airport

and National Park Highway.

"We fully understand that the outcome may not be in our favor, but we are prepared to show the city, county and the public what we can do and the jobs we will bring into Eddy County," Price said, making his pitch for the commission to come to the table with Key Energy and the city of Carlsbad officials. "We are confident that we have the best state-of-the-art system and that the well won't collapse. It's a win-win situation for everyone."

Reading from a written statement, Price said Key Energy is a medium to large vertically integrated oilfield service company with operations both domestically and international. He said Key energy has followed proper protocol with the federal Environmental Protection Agency and the state of New Mexico in filling out its application for a permit.

"Key wants the citizens of this area to know that Key Energy stands ready to provide the necessary and proper long-term protection standards for such an operation," Price said.

After listening to Price's assurance that the proposed brine well will not collapse at some future date, Commissioner Roxanne Lara said: "I'm concerned how confident you are in saying that the brine well will not collapse."

"We want to show you why it won't collapse," Price replied. "That's why we want to provide the county with the same presentation or arrange to combine the meeting with the city. There may also be an opportunity for the city and county to set up a technical work group to evaluate this process."

Price said the formation for the proposed brine well is the same as the site of the Waste Isolation Pilot Plant, a nuclear waste repository located about 26 miles east of Carlsbad. The waste is buried in specialized containers in salt beds. Also, he noted, that the well would be 1,100 feet in depth.

A working group was set up to monitor and analyze the former I&W brine well, which the state Oil Conservation Division said was imminent to collapse — but as yet, has not. Commissioner Jack Volpato suggested that working group be included in the meeting with Key Energy's experts.

The I&W well — now capped and still being studied and monitored — is located inside the city limits and close to homes and businesses.

Volpato noted that the working group is made up of scientists from Los Alamos and Sandia National Laboratories, mine engineers and cave and karst experts. He said although he does not doubt that Key Energy's experts will present valid documentation, he believes the city and county should also have a second opinion, which the brine well working group could provide.

Commissioner Guy Lutman said, given the history of collapsed brine wells in Eddy County, he would like Key Energy officials to take him and fellow commissioners to get a feel for the area in order to make an informed decision when the issuance of the local government permit is brought to vote.

Asked by the commission why the site was chosen for the brine well, Price said that the OCD is not issuing any more permits for brine wells north of Carlsbad and north Eddy County.

"Carlsbad is it. Can we go further south? Probably, but then you run into silt problems. Can we go east of the city? We certainly could. But you have to have water rights," he explained.

Price added that the brine is crucial to the area's oil and gas industry, especially with the current boom in the industry.

"Without an additional brine well, the industry can't make it," he said, noting that the two collapsed brine wells in north Eddy County are not operating.

He said the problem with the two wells was that they were shallow wells, unlike the Key Energy proposed well. He said

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because of the cost and regulatory process implemented since their collapse, it has become cost-prohibitive for small companies to become operators of new brine wells. He said Key Energy and other large companies have the financial resources that small operators don't have.

Commissioners Lewis Derrick and Tony Hernandez said it is important for the company to hold a public hearing on the issue. Price said the OCD will hold a public hearing that under state law must be held in Carlsbad, not Santa Fe.



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## County OK with well permit - with mitigation conditions

By Stella Davis  
Current-Argus Staff Writer  
Posted: 02/26/2011 09:01:00 PM MST

CARLSBAD — The Eddy County Commission says it had no problem with the city of Carlsbad issuing a brine well permit to Key Energy outside city limits, but within the city's extra-territorial zone.

That's the good news for the company. The bad news is that the county wants the city to require prefunding of a mitigation reserve of least \$30 million, or a bond to cover mitigation costs in the same amount.

The proposed brine well, to be located in the county east of U.S. Highway 62-180 on the south side of the city, is subject to the city's ETZ planning, zoning and permitting regulations, but the county has some input because the location is in the county.

At next weeks' regular commission meeting, a resolution stipulating the \$30 million mitigation reserve will be put before the commission for vote.

Eddy County leaders say the county is a strong supporter of the oil and gas industry and mineral extraction industries, but experiences in recent years with catastrophic collapsed brine wells in the Loco Hills area north of Carlsbad have made the county a little more cautious.

According to the wording of the resolution on the table for consideration, "the county prefers that brine wells be located outside the urban corridor (but) Key Energy's brine well project is proposed to be inside the urban corridor."

The resolution further states that the commission is concerned about the potential costs to the taxpayers to mitigate a future brine well collapse.

Other items on the agenda include:

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Public hearings on proposed ordinances granting non-exclusive franchise rights to Dell Telephone Cooperative, Central Valley Electric Cooperative, El Paso Natural Gas Company and New Mexico Gas

Company. Following the hearings the commission will deliberate and vote to approve or deny the franchise rights in Eddy County.

Presentation of an annual report from Flood Commissioner Louise Tracy.

Presentation on projects funded through the 60 percent fire excise tax.

Code enforcement actions.

Hear a request for county funding for lobbying efforts.

Riverblitz update.

Approval of resolutions, agreements and travel requests.

Discussion of legislative issues.

The commission will also go into a closed meeting to discuss personnel matters, threatened or pending litigation and real property.

The Eddy County Commission will meet at 8:30 a.m. Tuesday in Room 211 at the Eddy County Administration Complex, 101 E. Greene St.

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