BW – 31

PERMIT APPLICATIONS, RENEWALS, & MODS

2018

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of Check No. 3775 dated 01-24-2019

or cash received on 01-29-2019 in the amount of $ 1,700.00

from HRC, Inc.

for BW-031 Discharge Permit

Submitted by: Carl Chavez Date: 01/29/2019

Submitted to ASD by: Lorraine DeVargas Date: 01/29/2019

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility: _____ Renewal: _____

Modification _____ Other * Discharge Permit

Organization Code 521.07 Applicable FY 119

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary Designate

Gabriel Wade, Acting Director
Oil Conservation Division

JANUARY 23, 2018

Mr. Gary Schubert
H.R.C., Inc.
P.O. Box 5102
Hobbs, NM 88241

Re: Discharge Permit (BW-031), H.R.C., Inc. (H.R.C.), UIC Class III Brine Well "Schubert '7' Well No. 1" (API No. 30-025-36781) UL: J Section 7 Township 19 South, Range 39 East, 2313 FSL, 2313 FEL, Lat. 33.67388°, Long. 103.08360°, NMPM, Lea County, New Mexico

Dear Mr. Schubert,

The discharge permit (BW-031) for the Class III Brine Well "Schubert '7' Well No. 1" is hereby approved under the terms and conditions specified in the enclosed discharge permit.

The New Mexico Oil Conservation Division (OCD) hereby approves this new discharge permit pursuant to 20.6.2.3109A NMAC. Please note 20.6.2.31090 NMAC, which provides for possible future amendment of the permit. Please be advised that approval of this discharge permit does not relieve H.R.C. of liability if operations result in pollution of surface water, groundwater, or the environment.

Please note that 20.6.2.3104 NMAC specifies "When a permit has been issued, discharges must be consistent with the terms and conditions of the permit." Pursuant to 20.6.2.3107C NMAC, H.R.C. is required to notify the Director of any increase in the injection volume or injection pressure, or process modification that would result in any change in the water quality or volume of the discharge.

This discharge permit will expire on January 23, 2024, and H.R.C. should submit a discharge permit renewal application in ample time before this date. Note that under 20.6.2.3106F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved discharge permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.

The discharge permit application for the Schubert '7' Class III Brine Well is subject to 20.6.2.3114 NMAC. Every billable facility submitting a discharge permit application is assessed a non-refundable filing fee of $100.00. OCD has already received the required $100.00 filing fee and the $1,700.00 permit fee for a Class III Brine Well is now required by check made payable by H.R.C. to the "Water Quality Management Fund."

If you have any questions, please contact Carl Chavez of my staff at (505-476-3490) or email: CarlJ.Chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

3775

HRC, INC.
PO BOX 1606
HOBBS, NM 88241
(575) 393-3194

FIRST AMERICAN BANK
HOBBS, NM 88240 575-392-9200
MEMBER FDIC
95-43-1122

01-24-2019

PAY TO THE ORDER OF **Water Quality Management Fund**

$ **1,700.00**

One Thousand Seven Hundred and 00/100******** DOLLARS

Security features. Details on back.

Water Quality Management Fund
1220 S. St. Francis
Santa Fe, NM 87505

MEMO

AUTHORIZED SIGNATURE

[redacted]

HRC, INC.

3775

01-24-2019

Ref: Permit Fee for Schubert "7" Class III Brine Well No. "1"
(API No. 30-025-36781)

$1,700.00

Cash Remittance Report (CRR)

Appendix 8-14 revised 11/27/01

Energy, Minerals & Natural Resources Department
CASH REMITTANCE REPORT (CRR)

Location Name ① OCD - Environment

Location Code ② 0740

Today's Date: 01 (MONTH) / 29 (DAY) ③ / 2019 (YEAR)

Collection Period: ___ (MM) / ___ (DD) / ___ (YYYY) through ___ (MM) / ___ (DD) / ___ (YYYY) ④

Cost Center ⑤	Revenue Code ⑤	Receipt Amount ⑦	Collected Amount ⑧
0740		$ 1,700.00	

Total ========→	$ 1,700.00 ⑨	$ ⑩

Over/Short Amount	$ ⑪

CRR Deposit Amount	$ ⑫

Print Name: Lorraine DeVargas ⑬ Signature: Lorraine DeVargas ⑬

Print Name: ⑬ Signature: ⑬

Distribution: White and Yellow copy to Accounts Receivable-ASD.
Pink copy retained at CRR submitting location.

Official Use Only

Completed by the Accounts Receivable

Date Received: ❶

Notes: ❷

Amount Received: ❸

State Treasurer Deposit Number: ❹

Verified by: ❻

Deposit Date: ❺

EMNRDCRR Revised 4/01

NEW MEXICO ENVIRONMENT DEPARTMENT - ALBUQUERQUE FIELD OFFICE DAILY CHECK RECEIPT LOG

DATE RECEIVED	WALK-IN	MAIL	NAME ON CHECK	DATE OF CHECK	CHECK/MONEY ORDER#	PROGRAM ACCOUNT CODE	AMOUNT OF CHECK	DATE DEPOSITED	DEPOSITED BY:
01/29/19		*	HRC, Inc.	01/24/19	3775		$1,700.00		
TOTAL							1,700.00		

REVENUE TRANSMITTAL SHEET

Description	Fund	Dept.	Share Acct	Sub Acct	Amount
Liquid Waste	34000	Z3200	496402		
Water Recreation Facilities	40000	Z8501	496402		
Food Permit Fees	99100	Z2600	496402		
OTHER	34100	232900		232902900	

State of New Mexico
Energy, Minerals and Natural Resources Department

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Gabriel Wade, Acting Director
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JANUARY 23, 2018

Mr. Gary Schubert
H.R.C., Inc.
P.O. Box 5102
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Re: Discharge Permit (BW-031), H.R.C., Inc. (H.R.C.), UIC Class III Brine Well "Schubert '7' Well No. 1" (API No. 30-025-36781) UL: J Section 7 Township 19 South, Range 39 East, 2313 FSL, 2313 FEL, Lat. 33.67388°, Long. 103.08360°, NMPM, Lea County, New Mexico

Dear Mr. Schubert,

The discharge permit (BW-031) for the Class III Brine Well "Schubert '7' Well No. 1" is hereby approved under the terms and conditions specified in the enclosed discharge permit.

The New Mexico Oil Conservation Division (OCD) hereby approves this new discharge permit pursuant to 20.6.2.3109A NMAC. Please note 20.6.2.31090 NMAC, which provides for possible future amendment of the permit. Please be advised that approval of this discharge permit does not relieve H.R.C. of liability if operations result in pollution of surface water, groundwater, or the environment.

Please note that 20.6.2.3104 NMAC specifies "When a permit has been issued, discharges must be consistent with the terms and conditions of the permit." Pursuant to 20.6.2.3107C NMAC, H.R.C. is required to notify the Director of any increase in the injection volume or injection pressure, or process modification that would result in any change in the water quality or volume of the discharge.

This discharge permit will expire on January 23, 2024, and H.R.C. should submit a discharge permit renewal application in ample time before this date. Note that under 20.6.2.3106F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved discharge permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.

The discharge permit application for the Schubert '7' Class III Brine Well is subject to 20.6.2.3114 NMAC. Every billable facility submitting a discharge permit application is assessed a non-refundable filing fee of $100.00. OCD has already received the required $100.00 filing fee and the $1,700.00 permit fee for a Class III Brine Well is now required by check made payable by H.R.C. to the "Water Quality Management Fund."

If you have any questions, please contact Carl Chavez of my staff at (505-476-3490) or email: Carl J.Chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Gabriel Wade
Acting Director

GW/cc

Enclosure: Discharge Permit BW-031

cc: Hobbs District Office

DISCHARGE PERMIT APPROVAL CONDITIONS

All discharge permits are subject to Water Quality Control Commission regulations.

1. GENERAL PROVISIONS:

1.A. PERMITTEE AND PERMITTED FACILITY : The Director of the Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues a Discharge Permit Renewal for BW-31 to H.R.C., Inc. (Permittee) to operate a Underground Injection Control (UIC) Class III Well for the solution mining of salt (Schubert '7' Well No. 1 API # 30-025-36781) is located 2,313 FSL, and 2,313 FEL, Unit Letter J (NW/4 SE/4) of Section 7, Township 19S Range 39E, Lat. N 32.67388°, Long. W 103.08360°, NMPM, Lea County, New Mexico. This brine well is located approximately 0.55 mile south of E. Stanolind Road and is approximately 3.5 miles northeast of the brine station at 1914 East Nadine Road, Hobbs, NM 88240. The brine station or sales terminal is located approximately 3.5 miles SW of the brine well. Produced brine is metered at surface and transported greater than 3.5 miles via a buried 3-inch polyethylene pipeline to the brine station for sale. The brine station is also permitted and used by the same operator under OCD Permit BW-36.

The Permittee is permitted to inject water into the subsurface salt layers and produce brine for use in the oil and gas industry. Ground water that may be affected by a spill, leak, or accidental discharge of brine occurs at a depth of approximately 75 feet below ground surface and has a total dissolved solids (TDS) concentration of approximately 700 mg/L.

1.B. SCOPE OF PERMIT: OCD has been granted the authority by statute and by delegation from the Water Quality Control Commission (WQCC) to administer the Water Quality Act (Chapter 74, Article 6 NMSA 1978) as it applies to Class III wells associated with the oil and gas industry (See Section 74-6-4, 74-6-5 NMSA 1978).

The Water Quality Act and the rules promulgated pursuant to the Act protect groundwater and surface water within the State of New Mexico by providing that, unless otherwise allowed by 20.6.2 NMAC, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan (See 20.6.2.3104 NMAC, 20.6.2.3106 NMAC, and 20.6.2.5000 through 20.6.2.5399 NMAC).

This Discharge Permit for a Class III Brine Well is issued pursuant to the Water Quality Act and WQCC rules, 20.6.2 NMAC. This Discharge Permit does not authorize any treatment of, or on-site disposal of, any materials, product, by-product, or oil-field waste.

Pursuant to 20.6.2.5004A NMAC, the following underground injection activities are prohibited:

1. The injection of fluids into a motor vehicle waste disposal well is prohibited.
2. The injection of fluids into a large capacity cesspool is prohibited.
3. The injection of any hazardous or radioactive waste into a well is prohibited except as provided by 20.6.2.5004A(3) NMAC.
4. Class IV wells are prohibited, except for wells re-injecting treated ground water into the same formation from which it was drawn as part of a removal or remedial action.
5. Barrier wells, drainage wells, recharge wells, return flow wells, and motor vehicle waste disposal wells are prohibited.

This Discharge Permit does not convey any property rights of any sort nor any exclusive privilege, and does not authorize any injury to persons or property, any invasion of other private rights, or any infringement of state, federal, or local laws, rules or regulations.

The Permittee shall operate in accordance with the terms and conditions specified in this Discharge Permit to comply with the Water Quality Act and the rules issued pursuant to that Act, so that neither a hazard to public health nor undue risk to property will result (see 20.6.2.3109C NMAC); so that no discharge will cause or may cause any stream standard to be violated (see 20.6.2.3109H(2) NMAC); so that no discharge of any water contaminant will result in a hazard to public health, (see 20.6.2.3109H(3) NMAC); so that the numerical standards specified of 20.6.2.3103

NMAC are not exceeded; and, so that the technical criteria and performance standards (see 20.6.2.5000 through 20.6.2.5399 NMAC) for Class III wells are met. Pursuant to 20.6.2.5003B NMAC, the Permittee shall comply with 20.6.2.1 through 20.6.2.5399 NMAC.

The Permittee shall not allow or cause water pollution, discharge, or release of any water contaminant that exceeds the Water Quality Control Commission (WQCC) standards specified at 20.6.2.3101 NMAC and 20.6.2.3103 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams). Pursuant to 20.6.2.5101A NMAC, the Permittee shall not inject non-hazardous fluids into ground water having 10,000 mg/l or less total dissolved solids.

The issuance of this permit does not relieve the Permittee from the responsibility of complying with the provisions of the Water Quality Act, any applicable regulations or water quality standards of the WQCC, or any applicable federal laws, regulations or standards (See Section 74-6-5 NMSA 1978).

1.C. DISCHARGE PERMIT: This Discharge Permit is a permit renewal that replaces the permit being renewed. Replacement of a prior permit does not relieve the Permittee of its responsibility to comply with the terms of that prior permit while that permit was in effect.

1.D. DEFINITIONS: Terms not specifically defined in this Discharge Permit shall have the same meanings as those in the Water Quality Act or the rules adopted pursuant to the Act, as the context requires.

1.E. FILING FEES AND PERMIT FEES: Pursuant to 20.6.2.3114 NMAC, every facility that submits a Discharge Permit application for initial approval or renewal shall pay the permit fees specified in Table 1 and the filing fee specified in Table 2 of 20.6.2.3114 NMAC. OCD has already received the required $100.00 filing fee. The Permittee is now required to submit the $1,700.00 permit fee for a Class III well. Please remit payment made payable to the "Water Quality Management Fund" in care of OCD at 1220 South St. Francis Drive in Santa Fe, New Mexico 87505.

1.F. EFFECTIVE DATE, EXPIRATION, RENEWAL CONDITIONS, AND PENALTIES FOR OPERATING WITHOUT A DISCHARGE PERMIT: This Discharge Permit becomes effective immediately from the date that the Permittee receives this discharge permit or until the permit is terminated or expires. This Discharge Permit will expire on **January 23, 2024**. The Permittee shall submit an application for renewal no later than 120 days before that expiration date, pursuant to 20.6.2.5101F NMAC. If a Permittee submits a renewal application at least 120 days before the Discharge Permit expires and is in compliance with the approved Discharge Permit, then the existing Discharge Permit will not expire until OCD has approved or disapproved the renewal application. A discharge permit continued under this provision remains fully effective and enforceable. Operating with an expired Discharge Permit may subject the Permittee to civil and/or criminal penalties (See Section 74-6-10.1 NMSA 1978 and Section 74-6-10.2 NMSA 1978).

1.G. MODIFICATIONS AND TERMINATIONS: The Permittee shall notify the OCD Director and OCD's Environmental Bureau of any Facility expansion or process modification (See 20.6.2.3107C NMAC). The OCD Director may require the Permittee to submit a Discharge Permit modification application pursuant to 20.6.2.3109E NMAC and may modify or terminate a Discharge Permit pursuant to Sections 74-6-5(M) through (N) NMSA 1978.

1. If data submitted pursuant to any monitoring requirements specified in this Discharge Permit or other information available to the OCD Director indicate that 20.6.2 NMAC is being or may be violated, then the OCD Director may require modification or, if it is determined by the OCD Director that the modification may not be adequate, may terminate this Discharge Permit for a Class III well that was approved pursuant to the requirements of 20.6.2.5000 through 20.6.2.5399 NMAC for the following causes:

    a. Noncompliance by Permittee with any condition of this Discharge Permit; or,

    b. The Permittee's failure in the discharge permit application or during the discharge permit review process to disclose fully all relevant facts, or Permittee's misrepresentation of any relevant facts at any time; or,

    c. A determination that the permitted activity may cause a hazard to public health or undue risk to property and can only be regulated to acceptable levels by discharge permit modification or termination (See Section 75-6-6 NMSA 1978; 20.6.2.5101I NMAC; and, 20.6.2.3109E NMAC).

2. This Discharge Permit may also be modified or terminated for any of the following causes:

   a. Violation of any provisions of the Water Quality Act or any applicable regulations, standard of performance or water quality standards;

   b. Violation of any applicable state or federal effluent regulations or limitations; or

   c. Change in any condition that requires either a temporary or permanent reduction or elimination of the permitted discharge (See Section 75-6-5M NMSA 1978).

1.H. TRANSFER OF CLASS III WELL DISCHARGE PERMIT:

1. The transfer provisions of 20.6.2.3111 NMAC do not apply to a discharge permit for a Class III well.

2. Pursuant to 20.6.2.5101H NMAC, the Permittee may request to transfer its Class III well discharge permit if:

   a. The OCD Director receives written notice 30 days prior to the transfer date; and

   b. The OCD Director does not object prior to the proposed transfer date. OCD may require modifications to the discharge permit as a condition of transfer, and may require demonstration of adequate financial responsibility.

3. The written notice required in accordance with Permit Condition 1.H.2.a shall:

   a. Have been signed by the Permittee and the succeeding Permittee, and shall include an acknowledgement that the succeeding Permittee shall be responsible for compliance with the Class III well discharge permit upon taking possession of the facility; and

   b. Set a specific date for transfer of the discharge permit responsibility, coverage and liability; and

   c. Include information relating to the succeeding Permittee's financial responsibility required by 20.6.2.5210B(17) NMAC.

1.I. COMPLIANCE AND ENFORCEMENT: If the Permittee violates or is violating a condition of this Discharge Permit, OCD may issue a compliance order that requires compliance immediately or within a specified time period, or assess a civil penalty, or both (See Section 74-6-10 NMSA 1978). The compliance order may also include a suspension or termination of this Discharge Permit. OCD may also commence a civil action in district court for appropriate relief, including injunctive relief (See Section 74-6-10(A)(2) NMSA 1978). The Permittee may be subject to criminal penalties for discharging a water contaminant without a discharge permit or in violation of a condition of a discharge permit; making any false material statement, representation, certification or omission of material fact in a renewal application, record, report, plan or other document filed, submitted or required to be maintained under the Water Quality Act; falsifying, tampering with or rendering inaccurate any monitoring device, method or record required to be maintained under the Water Quality Act; or failing to monitor, sample or report as required by a Discharge Permit issued pursuant to a state or federal law or regulation (See Section 74-6-10.2 NMSA 1978).

2. GENERAL FACILITY OPERATIONS:

2.A. QUARTERLY MONITORING REQUIREMENTS FOR CLASS III WELLS: The Permittee may use either or both fresh water or water from otherwise non-potable sources. Pursuant to 20.6.2.5207C, the Permittee shall provide analysis of the injected fluids and brine at least quarterly to yield data representative of their characteristics. The Permittee shall analyze both the injected fluids and brine for the following characteristics: pH; density, concentration of total dissolved solids (TDS); chloride concentration; and sodium concentration (for brine only).

1. **Groundwater Monitor Well:** Collect groundwater samples for general chemistry and WQCC 20.6.2.3103 NMAC groundwater constituents. Groundwater quality data shall comply with EPA Quality

Assurance/Quality Control (QA/QC) and Data Quality Objectives (DQOs). The monitor well is required to be sampled and monitored **semi-annually** for the following characteristics:

- pH (Method 9040);
- Eh;
- Specific conductance;
- Specific gravity;
- Temperature; and
- General ground water quality parameters (pH, total dissolved solids, and major cations and anions, including: fluoride, calcium, potassium, magnesium, sodium bicarbonate, carbonate, chloride, sulfate, and bromide using the methods specified in 40 CFR 136.3).

The environmental data results shall be reported in the Annual Report (Section 2.J).

2.B. SOLUTION CAVERN MONITORING PROGRAM:

1. **Surface Subsidence Monitoring Plan:** The Permittee shall submit a Surface Subsidence Monitoring Plan to OCD within 180 days of the effective date of this permit. The Surface Subsidence Monitoring Plan shall specify that the Permittee will install at least three survey monuments and shall include a proposal to monitor the elevation of the monuments and top of well casing at least semi-annually.

   The Permittee shall survey each survey monument and top of well casing at least semiannually to monitor for possible surface subsidence and shall tie each survey to the nearest USGS geodetic benchmark. The Permittee shall employ a licensed professional surveyor to conduct the subsidence monitoring program with proper instrument accuracy assessment at the conclusion of each survey. The Permittee shall submit the results of all subsidence surveys with summary of results and any recommendations to OCD within 15 days of survey completion. If the monitored surface subsidence survey at any measuring point deviates 0.10 ft. or more compared to its baseline elevation, then the Permittee shall notify OCD within 30 days of survey completion for further instructions. If survey results continue to demonstrate subsidence over time, and the Permittee cannot demonstrate the integrity of the cavern and well to the satisfaction of OCD, then it shall cease all brine production and submit a corrective action plan to mitigate the subsidence.

   The Permittee shall include the above information in the Annual Report (Section 2.J).

2. **Solution Cavern Characterization Program:** The Permittee shall submit a Solution Cavern Characterization Plan to characterize the size and shape of the solution cavern using geophysical methods within 180 days of the effective date of this permit. The Permittee shall characterize the size and shape of the solution cavern using a geophysical methods approved by OCD at least once before the expiration date of the permit. The Permittee shall demonstrate that at least 90% of the calculated volume of salt removed based upon injection and production volumes has been accounted for by the approved geophysical method(s) for such testing to be considered truly representative.

   a. The Permittee shall provide an estimate of the size and shape of the solution cavern at least annually in the Annual Report (Section 2.J), based on fluid injection and brine production data.

   b. The Permit shall compare the ratio of the volume of injected fluids to the volume of produced brine monthly. If the average ratio of injected fluid to produced brine varies is less than 90% or greater than 110%, the Permittee shall report this to OCD and cease injection and production operations of its Class III well within 24 hours. The Permittee shall begin an investigation to determine the cause of this abnormal ratio within 72 hours. The Permittee shall submit to OCD a report of its investigation within 15 days of cessation of injection and production operations of its Class III well for further instructions.

3. **Annual Certification:** The Permittee shall certify annually in the Annual Report (Section 2.J) that continued salt solution mining will not cause cavern collapse, surface subsidence, property damage, or otherwise threaten public health and the environment, based on geologic and engineering data.

If the solution cavern is determined by either OCD or the Permittee to be potentially unstable by either direct or indirect means, then the Permittee shall cease all fluid injection and brine production within 24 hours. If the Permittee ceases operations because it or OCD has determined that the solution cavern is unstable, then it shall submit a plan to stabilize the solution cavern within 30 days. OCD may require the Permittee to implement additional subsidence monitoring and to conduct additional corrective action.

2.C. CONTINGENCY PLANS: The Permittee shall implement its proposed contingency plan(s) included in its Permit Application to cope with failure of a system(s) in the Discharge Permit.

2.D. CLOSURE: The Permittee shall submit as a condition of C-103 Sundry approval, and for OCD approval, a facility closure plan with third-party cost estimate for its well pursuant to 20.6.2.5209 NMAC and as specified in Permit Conditions 2.I and 5.B to address: well plug and abandonment, land surface restoration; environmental groundwater monitoring (if applicable); pipeline abandonment; and five years of surface subsidence monitoring.

1. Pre-Closure Notification: Pursuant to 20.6.2.5005A NMAC, the Permittee shall submit a pre-closure notification to OCD's Environmental Bureau at least 30 days prior to the date that it proposes to close or to discontinue operation of its Class III well. Pursuant to 20.6.2.5005B NMAC, OCD's Environmental Bureau must approve all proposed well closure activities before Permittee may implement its proposed closure plan.

2. Required Information: The Permittee shall provide OCD's Environmental Bureau with the following information:

- Name of facility;
- Address of facility;
- Name of Permittee (and owner or operator, if appropriate);
- Address of Permittee (and owner or operator, if appropriate);
- Contact person;
- Phone number;
- Number and type of well(s);
- Year of well construction;
- Well construction details;
- Type of discharge;
- Average flow (gallons per day);
- Proposed well closure activities (e.g., sample fluids/sediment, appropriate disposal of remaining fluids/sediments, remove well and any contaminated soil, clean out well, install permanent plug, conversion to other type of well, ground water and vadose zone investigation, other);
- Proposed date of well closure;
- Proposed method and date of surface restoration;
- Proposed method and date of pipeline abandonment;
- Name of preparer; and
- Date.

2.E. PLUGGING AND ABANDONMENT PLAN: Pursuant to 20.6.2.5209A NMAC, when the Permittee proposes to plug and abandon its Class III well, it shall submit to OCD a plugging and abandonment plan that meets the requirements of 20.6.2.3109C NMAC, 20.6.2.5101C NMAC, and 20.6.2.5005 NMAC for protection of ground water. If requested by OCD, Permittee shall submit for approval prior to closure, a revised or updated plugging and abandonment plan. The obligation to implement the plugging and abandonment plan as well as the requirements of the plan survives the termination or expiration of this Discharge Permit. The Permittee shall comply with 20.6.2.5209 NMAC.

2.F RECORD KEEPING: The Permittee shall maintain records of all inspections, surveys, investigations, etc., required by this Discharge Permit at its Facility office for a minimum of five years and shall make those records available for inspection at the request of an OCD Representative.

2.G. RELEASE REPORTING: The Permittee shall comply with the following permit conditions, pursuant to 20.6.2.1203 NMAC, if it determines that a release of oil or other water contaminant, in such quantity as may with reasonable probability injure or be detrimental to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of property, has occurred. The Permittee shall report unauthorized releases of water contaminants in accordance with any additional commitments made in its approved Contingency Plan. If the Permittee determines that any constituent exceeds the standards specified at 20.6.2.3103 NMAC, then it shall report a release to OCD's Environmental Bureau.

1. **Oral Notification:** As soon as possible after learning of such a discharge, but in no event more than twenty-four (24) hours thereafter, the Permittee shall notify OCD's Environmental Bureau. The Permittee shall provide the following:

   - The name, address, and telephone number of the person or persons in charge of the facility, as well as of the owner and/or operator of the facility;
   - The name and location of the facility;
   - The date, time, location, and duration of the discharge;
   - The source and cause of discharge;
   - A description of the discharge, including its chemical composition;
   - The estimated volume of the discharge; and,
   - Any corrective or abatement actions taken to mitigate immediate damage from the discharge.

2. **Written Notification:** Within one week after the Permittee has discovered a discharge, the Permittee shall send written notification (may use form C-141 with attachments) to OCD's Environmental Bureau verifying the prior oral notification as to each of the foregoing items and providing any appropriate additions or corrections to the information contained in the prior oral notification.

   The Permittee shall provide subsequent corrective actions and written reports as required by OCD's Environmental Bureau.

2.H. OTHER REQUIREMENTS:

1. **Inspection and Entry:** Pursuant to Section 74-6-9 NMSA 1978 and 20.6.2.3107A NMAC, the Permittee shall allow any authorized representative of the OCD Director, to:

   - Upon the presentation of proper credentials, enter the premises at reasonable times;
   - Inspect and copy records required by this Discharge Permit;
   - Inspect any treatment works, monitoring, and analytical equipment;
   - Sample any injection fluid or produced brine;
   - Conduct various types environmental media sampling, and
   - Use the Permittee's monitoring systems and wells in order to collect groundwater samples.

2. **Advance Notice:** The Permittee shall provide OCD's Environmental Bureau and Hobbs District Office with at least five (5) working days advance notice of any environmental sampling to be performed pursuant to this Discharge Permit, or any well plugging, abandonment or decommissioning of any equipment associated with its Class III well.

3. **Environmental Monitoring:** The Permittee shall ensure that any environmental sampling and analytical laboratory data collected meets the standards specified in 20.6.2.3107B NMAC or EPA QA/QC Standards. The Permittee shall ensure that all environmental samples are analyzed by an accredited "National Environmental Laboratory Accreditation Conference" (NELAC) Laboratory. The Permittee shall submit environmental sampling data summary tables, all raw analytical data, and laboratory QA/QC.

   a. A groundwater monitor well shall be installed hydrogeologically downgradient from the Brine Well and sampled in accordance with Section 2.A.1.

2.I. BONDING OR FINANCIAL ASSURANCE: Pursuant to 20.6.2.5210B(17) NMAC, the Permittee shall maintain at a minimum, a single well plugging bond in the amount that it shall determine, in accordance with Permit Conditions 2.D and 5.B, to cover potential costs associated with plugging and abandonment of the Class III well, surface restoration, environmental ground water monitoring (if applicable), pipeline abandonment, along with five years of surface subsidence monitoring thereafter. OCD may require additional financial assurance to ensure adequate funding is available to plug and abandon the well and/or for any required environmental related corrective actions.

Methods by which the Permittee shall demonstrate the ability to undertake these measures shall include submission of a surety bond or other adequate assurances, such as financial statements or other materials acceptable to the OCD Director, such as: (1) a surety bond; (2) a trust fund with a New Mexico bank in the name of the State of New Mexico, with the State as Beneficiary; (3) a non-renewable letter of credit made out to the State of New Mexico; (4) liability insurance specifically covering the contingencies listed in this paragraph; or (5) a performance bond, generally in conjunction with another type of financial assurance. If an adequate bond is posted by the Permittee to a federal or another state agency, and this bond covers all of the measures specified above, the OCD Director shall consider this bond as satisfying the bonding requirements of Sections 20.6.2.5000 through 20.6.2.5399 NMAC wholly or in part, depending upon the extent to which such bond is adequate to ensure that the Permittee will fully perform the measures required herein above.

2.J. ANNUAL REPORT: The Permittee shall submit its annual report pursuant to 20.6.2.3107 NMAC to OCD's Environmental Bureau by June 1st of the following year. The annual report shall include the following:

- Cover sheet marked as "Annual Class III Well Report, Name of Permittee, Discharge Permit Number, API number of well(s), date of report, and person submitting report;
- Summary of Class III well operations for the year including a description and reason for any remedial or major work on the well with a copy of form C-103;
- Monthly fluid injection and brine production volume, including the cumulative total carried over each year;
- Semi-annual monitor well analytical data results;
- Injection pressure data;
- Pipeline hydrostatic test results;
- Pipeline visual leak inspection monitoring results at joints;
- A copy of the quarterly chemical analyses shall be included with data summary and all QA/QC information;
- Copy of any mechanical integrity test chart, including the type of test, i.e., duration, gauge pressure, etc.;
- Brief explanation describing deviations from the normal operations;
- Results of any leaks and spill corrective action reports;
- An Area of Review (AOR) update summary;
- A summary with interpretation of MITs, surface subsidence surveys, estimated cavern size and shape, cavern volume and geometry measurements with conclusion(s) and recommendation(s);
- A summary of the ratio of the monthly volume of injected fluids to the volume of produced brine;
- A summary of all major Facility activities or events, which occurred during the year with any conclusions and recommendations;
- Annual Surface Subsidence Monitoring Plan data results in accordance with Permit Condition 2.B.1;
- Annual Solution Cavern Characterization data results in accordance with Permit Condition 2.B.2; and
- The Permittee shall file its Annual Report in an electronic format with a hard copy submittal to OCD's Environmental Bureau.

3. CLASS III WELL OPERATIONS:

3. **Owner/Operator Commitments.** Once a permit is issued, the owner/operator must ensure all operations are consistent with the terms and conditions of the permit and in conformance with all pertinent rules and regulations under both the Water Quality Act. The owner/operator shall abide by all commitments submitted in its discharge permit application including any attachments and/or amendments along with these approval conditions. Applications which reference previously approved plans on file with the OCD shall be incorporated into this permit and the owner/operator shall abide by all commitments of such plans.

3.A. OPERATING REQUIREMENTS: The Permittee shall comply with the operating requirements specified in 20.6.2.5206A NMAC and 20.6.2.5206A NMAC to ensure that:

1. **Brine Production Method:** During the cavern development process and daily brine production, a normal flow configuration consisting of fresh water injection shall occur through the 2-1/16 in. tubing at an approximate depth of 2,750 ft. bgl with brine production through the 4 in. casing liner extending from surface to an approximate depth of 1,995 which is at least 100 ft. below the overburden/salt interface at approximately 1,880 ft. backed by packer fluid (3% KCL with Inhibitor) set by specific gravity and steel and cement to surface in an open system. The brine cavern collapse ratio of D (estimated diameter of cavern in ft.) vs. H (depth to casing shoe) and corresponding safety factor approaching 0.45 shall be implemented to prevent cavern ceiling collapse. Injection and production flow may temporarily be reversed as required periodically to clean the tubing and annulus. However, a reverse flow regime is required during daily injection and production and must only occur in the intended solution mining interval.

2. **Injection Out of Zone:** Injection between the outermost casing and the well bore is prohibited in a zone other than the authorized injection zone. If the Permittee determines that its Class III well is discharging or suspects that it is discharging fluids into a zone or zones other than the permitted injection zone specified in Permit Condition 3.B.1., then the Permittee shall within 24 hours notify OCD's Environmental Bureau and Hobbs District Office of the circumstances and action(s) taken. The Permittee shall cease operations until proper repairs are made and it has received approval from OCD to re-start injection operations.

3. **Pipeline:** Initial hydrostatic testing of pipeline is required for any pressure loss, leakage, etc. at joints. The hydrostatic test report with "as-built" pipeline transect and associated construction information shall be submitted to OCD for approval before pipeline activation. Mandatory Hydrostatic Testing of the pipeline is required after leakage and/or before the expiration date of the Permit. The pipeline shall be constructed with an Emergency Shut-Down Device with block off locations for pipeline isolation, access, cleaning, testing, etc. Daily pipeline inspection and monitoring is required at a minimum for the first week and each time the pipeline is brought back into service after shut-down, service work, etc. The pipeline shall be inspected within 8-hours of pipeline pressure loss, upset, etc. Weekly inspection and monitoring at a minimum is required thereafter. Inspection record keeping is required and shall include the date and time of each inspection, inspectors name and contact information, weather conditions with inspection summary, any conclusion on pipeline condition with any recommendations. Spills or release locations shall include GPS Coordinates and be handled in accordance with Condition 2.G Release Reporting herein.

3.B. INJECTION OPERATIONS:

1. **Well Injection Pressure Limit:** The Permittee shall ensure that the maximum wellhead or surface injection pressure on its Class III well shall not exceed the fracture pressure of the injection salt formation and will not cause new fractures or propagate any existing fractures of cause damage to the system and underground source of drinking water.

2. **Pressure Limiting Device:** The Permittee shall equip and operate its Class III well or system with a pressure limiting device which shall, at all times, limit surface injection pressure to the maximum allowable pressure for its Class III well. The Permittee shall monitor the pressure-limiting device daily and shall report all pressure exceedances within 24 hours of detecting an exceedance to OCD's Environmental Bureau.

   The Permittee shall take all steps necessary to ensure that the injected fluids enter only the proposed injection interval and is not permitted to escape to other formations, fresh water zones, or onto the ground surface. The Permittee shall report to OCD's Environmental Bureau within 24 hours of discovery any indication that new fractures or existing fractures have been propagated, or that damage to the well, the injection zone, or formation has occurred.

3.C. CONTINUOUS MONITORING DEVICES: The Permittee shall use continuous monitoring devices to provide a record of surface injection pressure, flow rate, and flow volume.

3.D. MECHANICAL INTEGRITY FOR CLASS III WELLS:

1. Pursuant to 20.6.2.5204 NMAC, the Permittee shall demonstrate mechanical integrity for its Class III well at least once every five years or more frequently as the OCD Director may require for good cause during the life of the well. The Permittee shall demonstrate mechanical integrity for its Class III well every time it performs a well workover, including when it pulls the tubing. A Class III well has mechanical integrity if there is no detectable leak in the casing or tubing which OCD considers to be significant at maximum operating temperature and pressure; and no detectable conduit for fluid movement out of the injection zone through the well bore or vertical channels adjacent to the well bore which the OCD Director considers to be significant. The Permittee shall conduct a casing Mechanical Integrity Test (MIT) from the surface to the approved injection depth to assess casing integrity. The MIT shall consist of a 30-minute test at a minimum pressure of 500 psig measured at the surface when tubing is removed and a plug is installed within 20 ft. of the casing shoe depth. Alternatively, the MIT may consist of a casing/cavern 4-hr. test at a minimum pressure of 300 psig measured at the surface when the cavern and casing are full and tubing remains in the well. More work is required in the "casing/cavern" test in the event of failure to determine the actual cause.

   The Permittee shall notify OCD's Environmental Bureau and Hobbs District Office at least 5 days prior to conducting any MIT to allow OCD Hobbs the opportunity to witness the MIT.

2. The following criteria will determine if the Class III well has passed the MIT:

   a. Passes MIT if zero bleed-off during the test;

   b. Passes casing MIT if final test pressure is within +/- 10% of starting pressure, if approved by OCD (Note: Passes +/- 1% of starting pressure for cavern test due to the massive volume of fluid required in the cavern and casing during this test);

   c. When the MIT is not witnessed by OCD and fails, the Permittee shall notify OCD within 24 hours of the failure of the MIT.

   d. All chart recorder information, charts containing appropriate information, calibration sheets, etc. shall be provided to OCD within 5 working days of completing an MIT.

3. Pursuant to 20.6.2.5204C NMAC, the OCD Director may consider the use by the Permittee of equivalent alternative test methods to determine mechanical integrity. The Permittee shall submit information on the proposed test and all technical data supporting its use. The OCD Director may approve the Permittee's request if it will reliably demonstrate the mechanical integrity of the well for which its use is proposed.

4. Pursuant to 20.6.2.5204D NMAC, when conducting and evaluating the MIT(s), the Permittee shall apply methods and standards generally accepted in the oil and gas industry. When the Permittee reports the results of all MIT(s) to the OCD Director, it shall include a description of the test(s), the method(s) used, and the test results.

3.E. WELL WORKOVER OPERATIONS: Pursuant to 20.6.2.5205A(5) NMAC, the Permittee shall provide notice to and shall obtain approval from OCD's District Office in Hobbs and the Environmental Bureau in Santa Fe prior to commencement of any remedial work or any other workover operations to allow OCD the opportunity to witness the operation. The Permittee shall request approval using form C-103 (Sundry Notices and Reports on Wells) with copies sent to OCD's Environmental Bureau and Hobbs District Office. Properly completed Forms C-103 and/or C-105 must be filed with OCD upon completion of workover activities and copies included in that year's Annual Report.

3.F. FLUIDS INJECTION AND BRINE PRODUCTION VOLUMES AND PRESSURES: The Permittee shall continuously monitor the volumes of water injected and brine production. The Permittee shall submit monthly reports of its injection and production volumes on or before the 10th day of the following month. The Permittee shall suspend injection if the monthly injection volume is less than 110% or greater than 120% of associated brine production. If such an event occurs, the Permittee shall notify OCD within 24 hours.

3.G. AREA OF REVIEW (AOR): The Permittee shall report within 72 hours of discovery any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within a 1-mile radius from its Class III well. OCD shall be notified within 24 hours of having knowledge of any wells lacking cement within the cavern interval within a ½-mile radius from the Class III well.

4. CLASS V WELLS: Pursuant to 20.6.2.5002B NMAC, leach fields and other waste fluids disposal systems that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells. This Discharge Permit does not authorize the use of a Class V injection well for the disposal of industrial waste. Pursuant to 20.6.2.5005 NMAC, the Permittee shall close any Class V industrial waste injection well that injects non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes (e.g., septic systems, leach fields, dry wells, etc.) within 90 calendar days of the issuance of this Discharge Permit. The Permittee shall document the closure of any Class V wells used for the disposal of non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes other than contaminated ground water in its Annual Report. Other Class V wells, including wells used only for the injection of domestic wastes, shall be permitted by the New Mexico Environment Department.

5. SCHEDULE OF COMPLIANCE:

5.A. ANNUAL REPORT: The Permittee shall submit its annual report to OCD by June 1st of each year.

5.B. BONDING OR FINANCIAL ASSURANCE: The Permittee shall submit an estimate of the minimum cost to properly close, plug and abandon its UIC Class III well, conduct ground water restoration if applicable, and any post-operational monitoring as may be needed (see 20.6.2.5210B(17) NMAC) within 90 days of permit issuance (See 20.6.2.5210B(17) NMAC), and/or the Closure Plan addresses this requirement and is approved by OCD. The Permittee's cost estimate shall be based on third person estimates and included in the Closure Plan with the application. OCD will require the Permittee to submit a single well plugging bond based on the approved third person cost estimate for OCD approval before OCD may issue approval to drill and construct the well (also see Permit Conditions 2.D and 2.I).

5.C. SURFACE SUBSIDENCE MONITORING PLAN: The Permittee shall submit the Surface Subsidence Monitoring Plan required in accordance with Permit Condition 2.B.1 within 180 days of permit issuance for OCD approval.

5.D. SOLUTION CAVERN CHARACTERIZATION PLAN: The Permittee shall submit the Solution Cavern Characterization Plan required in accordance with Permit Condition 2.B.2 within 180 days of permit issuance for OCD approval.

Susana Martinez
Governor

STATE OF NEW MEXICO
DEPARTMENT OF CULTURAL AFFAIRS
HISTORIC PRESERVATION DIVISION

BATAAN MEMORIAL BUILDING
407 GALISTEO STREET, SUITE 236
SANTA FE, NEW MEXICO 87501
PHONE (505) 827-6320 FAX (505) 827-6338

September 19, 2018

Carl Chavez
Environmental Engineer
Oil Conservation Bureau-Environmental Bureau Mining and Minerals Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Discharge permit (BW-031) HRC Inc., Schubert #7 Brine Well No. 1. (HPD Log:108593)

Dear Mr. Chavez:

This letter is in response to the above referenced discharge permit application received at the Historic Preservation Division (HPD) on August 31, 2018. According to the application, the proposed project is within Township 19 South, Range 39 East, and portions of Sections 7.

I reviewed our records to determine if cemeteries, burial grounds or cultural resources listed on the State Register of Cultural Properties or the National Register of Historic Places exist within or near the permit area. Our records show that there are no cultural resources listed on the National Register or State Register within or near the proposed permit area and no known cemeteries or burial grounds.

Although there are no cultural resources listed on the State or National Register, our records show that the area has not been surveyed for cultural resources but there is at least one previously recorded archaeological site near the project area of potential effect.

Based on the level of ground disturbance and the fact the permit is a renewal, the SHPO no concerns that the permit renewal will have inadvertent effects to cultural resources.

Please do not hesitate to contact me if you have any questions regarding these comments. I can be reached by telephone at (505) 827-4225 or by email at bob.estes@state.nm.us .

Sincerely,

Bob Estes

Bob Estes Ph.D.
Archaeologist

H.R.C., Inc.
P.O. Box 5102
Hobbs, New Mexico 88241-5102

August 17, 2018

New Mexico Oil Conservation Division
Environmental Bureau
1220 South St. Francis Drive
Santa Fe. New Mexico 8705
Attention: Mr. Carl Chavez

Re: Discharge Renewal Application for Brine Extraction BW-31
H.R.C., Inc.
UIC Class III Brine Well – Schubert 7 Well No. 1 BW-31 (30-025-36781)
Ul. J, Sec 7, T19S, R39E 2313 FSL, 2313 FEL
32.6738815 -103.0835953 Lea County New Mexico

Dear Mr. Chavez,

Pursuant to 20.6.2.3108 D, NMAC, H.R.C., Inc. is hereby providing proof of notice in compliance with Subsection B, C, and F of 20.6.2.3108 NMAC for the above reference Discharge Renewal Application permit. Attached with this letter are the original affidavits of publication and postings. Copies of Certified letters to the property land owners within 2/3 mile with receipts.

Copies of the above were previously submitted in my email letter to you on August 17, 2018.

If you have any questions concerning these notice documents, please let me know. Thank you in advance for your consideration of this discharge renewal permit application.

Sincerely,

David H. Alvarado
Alvarado & Sons Consulting LLC.
Agent for H.R.C., Inc.
Cell: 505-513-1238
Email: davidal00136@gmail.com

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
August 11, 2018
and ending with the issue dated
August 11, 2018.

Publisher

Sworn and subscribed to before me this 11th day of August 2018.

Business Manager

My commission expires
January 29, 2019
(Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-19

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

Noticia Publica

Por control de Calidad del Agua Subsección de Regulación de la Comisión F de 20.6.2.3108 NMAC

H.R.C., INC., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393-3194 Ha presentado la Renovació Permiso de Aprobación del Schubert 7 Pozo No. 1 BW-031 (API # 30-025-36781) un pozo existente de la fue de la salmuera, localizado en el NW/4 SE/4 de la Sección 7, Municipio 19 Sur, Rango 39E, NMPM, Condad Lea, Nuevo Mexico.

La Facilidad esta aproximadamente 2.3 millas al Sureste de Hobbs o aproximadamente 0.6 millas 5W de la intersección Este Stanolind Road y la línea Estatal de Texas. La ubicación del punto de salmuera se encuentr Lat: 32.67388° y Long.: -103.08360°. Esta facilidad almacenara salmuera en la ubicación del pozo y trasladad la estación de salmuera "AN ETZ" Lat: 32.62503° y Long: -103.11434° o localizado a 0.79 millas al Este de Nadine carretera HWY 18 Sur de Hobbs. La estación también se comparte con el Schubert Farms # 1. (BW-3

Salmuera y el agua dulce se almacenaran en ambas localidades. Agua es suministrada por un pozo de riego cercano ubicado aproximadamente 1500 pies al noreste de BW-31 a través de una vaina de irrigación en el l Tratamientos de aguas efluentes de la ciudad de Hobbs y agua dulce se almacenan en dos tanques de acero 420 bbl. en la locación del pozo salmuera. La construcción del pozo consiste de 8 5/8" cubierta con el punto la carcasa en 1865' y un revestimiento de 5 ½" conjunto de la superficie con su punto de la carcasa en 404' ambos se cementan a la superficie. H.R.C., Inc. Se ejecutara un forro de 4" de la superficie donde se extend el punto cubierta 130' en el Salado donde el punto trazador de líneas se establecerá a una estimación de 19 El agua dulce se inyecta a una presión superficial de la inyección de aproximadamente 225 PSIG abajo 2 1/16 la tubería en la formación de Salado en aproximadamente 2750' de la superficie con una presión máxima de inyección superficial de 300 PSIG. Salmuera se produce a través de 4" de la carcasa a una profundidad de 19 dentro de la formación de Salado.

Tasa de inyección de agua dulce medido por el anillo es cerca de 20-40 GPM con un promedio de 800 bbl. produciendo diariamente y la capacidad máxima de producción es de alrededor de 1370 BPD. Salmuera es medida en la ubicación del pozo y almacenada en dos tanques de almacenamiento de 500 bbl. resultado sentado dentro de una secundaria 20 cadena de mil LLDPG reforzado berma que contiene el 150% de la capacidad total del tanque. Fluidos de salmuera se transfieren a través de una tubería enterrada de cuatro pulgadas de polietileno a la estación de salmuera en este camino de Nadine donde diez tanques de 500 bbl. sientan dentro de un sistema de contención de berma revestida (similar a la anterior). La plataforma de ca de cemento esta construida con bordillo de cemento y contención de sumidero. El agua subterránea con ma probabilidad de ser afectada por un derrame, fuga o descarga accidental en la superficie ocurre a una profundidad estimación de 75 pies por debajo del nivel del suelo. La concentración estimada de TDS de agu subterránea es aproximadamente 714 ppm.

Para Comentarios y Preguntas sobre la solicitud de renovación pueden dirigirse a H.R.C., Inc., c/o Mr. David Alvarado at 575-513-1238 o correo electrónico davidal00136@gmail.com. El señor Alvarado es un consultor para H.R.C., Inc. asistiendo para obtener la renovación del permiso de descarga.

La División de Conservación del Petróleo de Nuevo México aceptará comentarios y declaraciones de interés respecto a esta renovación del permiso de descarga y creará una lista de correo específica de las instalacione para las personas que deseen recibir avisos futuros. Las personas interesadas en obtener más información, enviar comentarios o solicitar estar en una lista de correo especifica de las instalaciones para futuras notificaciones pueden ponerse en contacto con: Enviromental Bureau, New Mexico Energy, Minerals & Natu Resources Dept., Oil Conservation Divison 1220 South St. Francis St., Santa Fe, New Mexico 87505, E-mail carlj.chavez@state.nmus, Telephone (505) 476-3490 or (505) 476-3440. El contacto de OCD para hablantes d español es Laura Tulk en (575) 748-1238.

67115326 00216322

DAVID ALVARADO
ALVARADO AND SONS LLC
98 MARSHA DRIVE
ARTESIA, NM 88210

AUG 20 2018 PM01:56

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

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Sworn and subscribed to before me this
11th day of August 2018.

Business Manager

My commission expires
January 29, 2019
(Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-19

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

Public Notice

Per Water Quality Control Commission Regulations Subsection F of 20.6.2.3108 NM

H.R.C., Inc., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393 3194 has submitted t Permit Renewal application for the Schubert 7 Well No. 1 BW-031 (API # 30-025-36781) an existing well, located in the NW/4 SE/4 of Section 7, Township 19 South, Range 39E, NMPM, Lea County, New

The facility is approximately 2.3 miles southeast of Hobbs or approximately 0.6 miles SW of the interse Stanolind Road and the Texas State Line. The brine well location is at Lat: 32.67388° and Long.: 103.(facility will store brine at the well location and transfer it to the "AN ETZ" brine station at LAT: 32 LONG: -103.11434° or located 0.79 miles East on Nadine Road from HWY 18 South of Hobbs. The st shared with the Schubert Farms # 1 (BW-36).

Brine and fresh water will be stored at both locations. Freshwater is supplied by a nearby irrigation v approximately 1500 feet to the northwest of BW-31 through an irrigation pod on location. Treated effl from the City of Hobbs and fresh water are stored in two 420 bbl. steel tanks at the well location. Th construction consists of 8 5/8"casing with the casing point set at 1865' and a 5 ½" liner set from surfa casing point at 404' both are cemented to surface. H.R.C., Inc. will run a 4" liner from surface where point will be extended 130' into the Salado where the liner point will be set at estimate 1995'. Fresh wa injected at an average surface injection pressure of approximately 225 PSIG down the 2 1/16" tubin Salado Formation at approximately 2750' from surface with a maximum surface injection pressure of Brine will be produced thru 4" casing at a depth of 1995' within the Salado Formation.

The rate of metered fresh water injection down the annulus is about 20-40 GPM with an average brine p of 800 bbl. per day (BPD) with a maximum production capacity of approximately 1370 BPD. Brine is mete well location, and stored in two 500 bbl. storage tanks sitting within a secondary 20 LLDPG mil string r lined berm which contains 150% of total tank capacity. Brine fluids are transferred via a buried polyethy inch pipeline to the brine station located on East Nadine road where ten 500 bbl. tanks sit within a lir (similar to the above) containment system. The cement loading pad is constructed with cement curb a containments. Groundwater most likely to be affected by a spill, leak or accidental discharge at surface an estimated depth of 75 feet below ground level. The estimated TDS concentration of ground water is a ppm.

Comments and inquiries about the renewal application may be directed to H.R.C., Inc., c/o Mr. David Alvar 575-513-1238 or email davidal00136@gmail.com. Mr. Alvarado is a consultant to H.R.C., Inc. assistance ob this Discharge Permit Renewal.

The New Mexico Oil Conservation Division (OCD) will accept comments and statements of interest regardi Discharge Permit Renewal and will create a facility-specific mailing list for persons who wish to receive futu notices. Persons interested in obtaining further information, submitting comments or requesting to be on facility-specific mailing list for future notices may contact:

Environmental Bureau, New Mexico Energy, Minerals & Natural Resources Dept., Oil Conservation Divis South St. Francis St., Santa Fe, New Mexico 87505, E-mail carli.chavez@state.nmus, Telephone (505)476 (505) 476-3460. The OCD contact for Spanish speakers is Laura Tulk at (575) 748-1238.

67115326 00216320

DAVID ALVARADO
ALVARADO AND SONS LLC
98 MARSHA DRIVE
ARTESIA, NM 88210

AUG 20 2018 PM01:56

Schubert 7 Well No. 1

2/3 Mile Property Owners

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Allen, Frederick G - Darla Farms LLC

Address: 124 Lake Mineral Wells Dr.

City / State Georgetown TX 78628

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Cain, LD Sr., Cain, Arthur

Address: 119 Cain Road

City / State: Logan NM 88426

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Cain, LD Jr. - Goetz Cindy

Address: HC 32 Box 12 C

City / State: T or C NM 87901

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Selman LLC

Address: **3324 S Eunice HWY**

City / State: **Hobbs NM 88240**

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Seminole Farms LLC

Address: **PO BOX 1375**

City / State: **Brownfield TX 79316**

H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/16/16

Property Owner of Record

Name: **Selman LLC**

Address: **3324 S Eunice HWY**

City / State: Hobbs NM 88240

Public Notice

Per Water Quality Control Commission Regulations Subsection F of 20.6.2.3108 NMAC

H.R.C., Inc., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393 3194 has submitted the Discharge Permit Renewal application for the Schubert 7 Well No. 1 BW-031 (API # 30-025-36781) an existing brine supply well, located in the NW/4 SE/4 of Section 7, Township 19 South, Range 39E, NMPM, Lea County, New Mexico.

The facility is approximately 2.3 miles southeast of Hobbs or approximately 0.6 miles SW of the intersection of East Stanolind Road and the Texas State Line. The brine well location is at Lat: 32.67388° and Long.: 103.08360°. This facility will store brine at the well location and transfer it to the "AN ETZ" brine station at LAT: 32.62503° and LONG: -103.11434° or located 0.79 miles East on Nadine Road from HWY 18 South of Hobbs. The station is also shared with the Schubert Farms # 1 (BW-36).

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The rate of metered fresh water injection down the annulus is about 20-40 GPM with an average brine production of 800 bbl. per day (BPD) with a maximum production capacity of approximately 1370 BPD. Brine is metered at the well location, and stored in two 500 bbl. storage tanks sitting within a secondary 20 LLDPG mil string reinforced lined berm which contains 150% of total tank capacity. Brine fluids are transferred via a buried polyethylene four inch pipeline to the brine station located on East Nadine road where ten 500 bbl. tanks sit within a lined berm (similar to the above) containment system. The cement loading pad is constructed with cement curb and sump

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Thank You!
David Alvarado

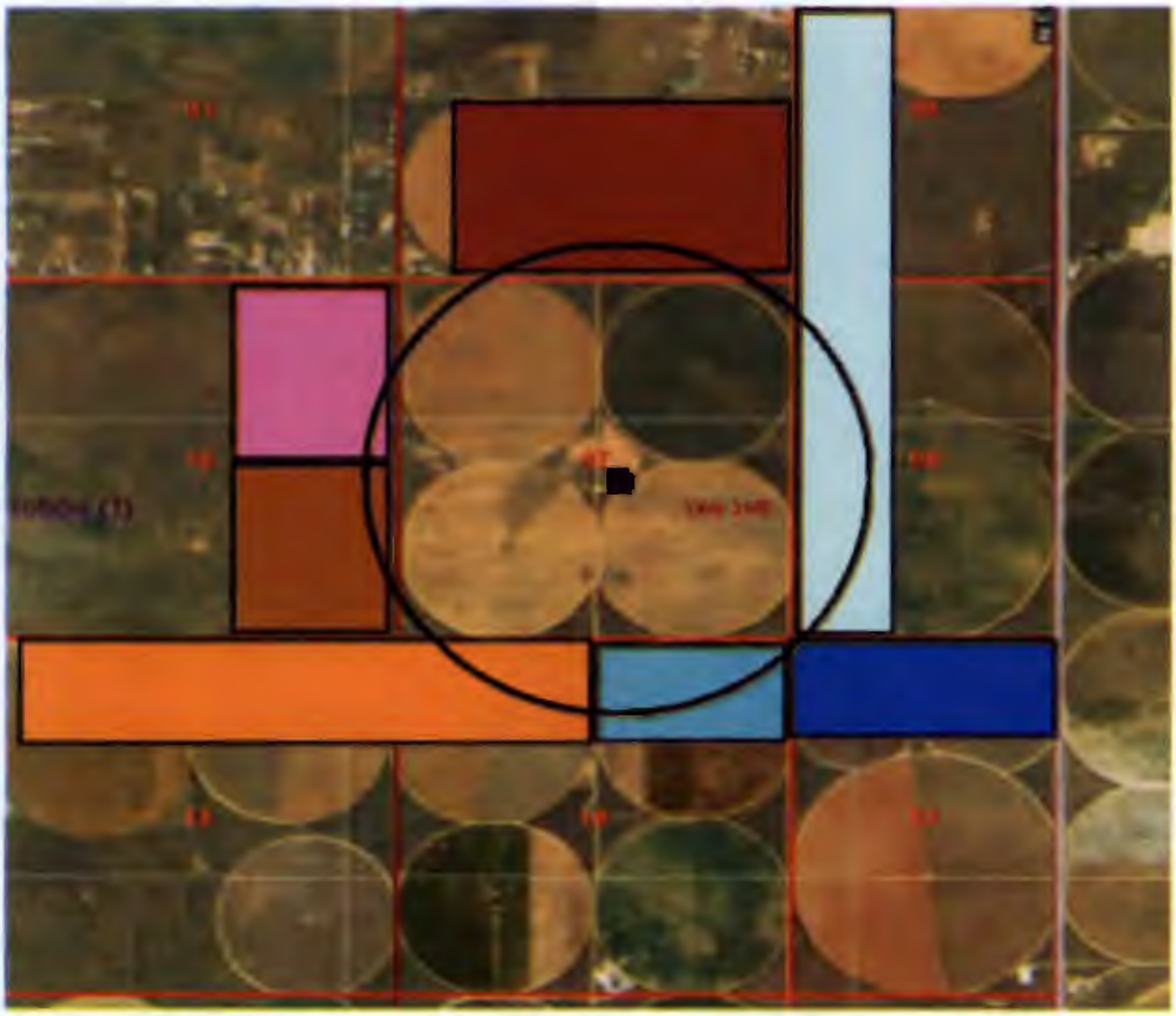
H.R.C., INC.

SCHUBERT 7 WELL No. 1 BW-31

UNIT J SEC 7, T19S, R39E

LAT: 32.6738815°, LONG: -103.0835953°

AOR 2/3 MILE PROPERTY OWNERS



SEMINOLE FARMS LLC

CAIN LD JR. (CINDY GOETZ)

CAIN LD SR. (ARTHUR CAIN)

SELMAN LLC

S&H ENTERPRISES INC

DARLA FARMS LLC

GRIMES LAND CO. LTD

SCHUBER 7 WELL No. 1 BW-31

2/3 MILE AOR & ALL PROPERTY IN SECTION 7 IS GRIMES LAND CO. LTD

H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/16/18

Property Owner of Record

Name: **Seminole Farms LLC**

Address: **PO BOX 1375**

City / State: **Brownfield TX 79316**

Public Notice

Per Water Quality Control Commission Regulations Subsection F of 20.6.2.3108 NMAC

H.R.C., Inc., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393 3194 has submitted the Discharge Permit Renewal application for the Schubert 7 Well No. 1 BW-031 (API # 30-025-36781) an existing brine supply well, located in the NW/4 SE/4 of Section 7, Township 19 South, Range 39E, NMPM, Lea County, New Mexico.

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The rate of metered fresh water injection down the annulus is about 20-40 GPM with an average brine production of 800 bbl. per day (BPD) with a maximum production capacity of approximately 1370 BPD. Brine is metered at the well location, and stored in two 500 bbl. storage tanks sitting within a secondary 20 LLDPG mil string reinforced lined berm which contains 150% of total tank capacity. Brine fluids are transferred via a buried polyethylene four inch pipeline to the brine station located on East Nadine road where ten 500 bbl. tanks sit within a lined berm (similar to the above) containment system. The cement loading pad is constructed with cement curb and sump containments. Groundwater most likely to be affected by a spill, leak or accidental discharge at surface occurs at an estimated depth of 75 feet below ground level. The estimated TDS concentration of ground water is about 714 ppm.

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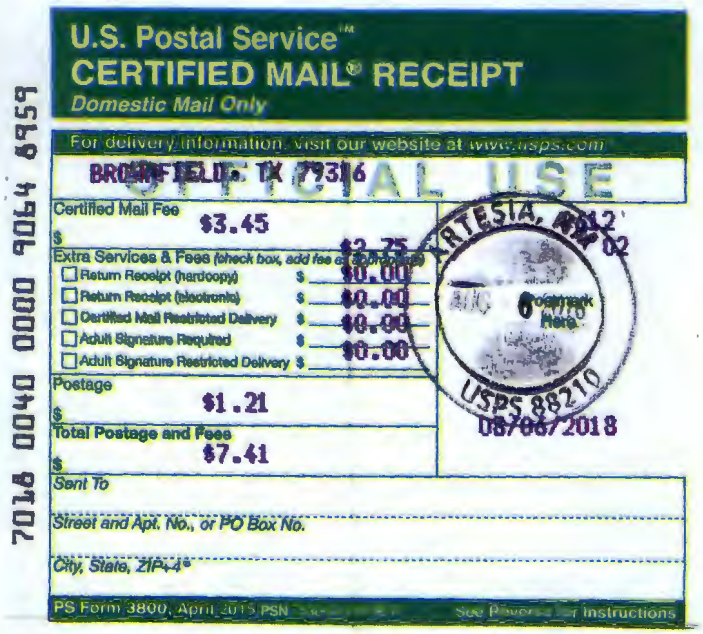


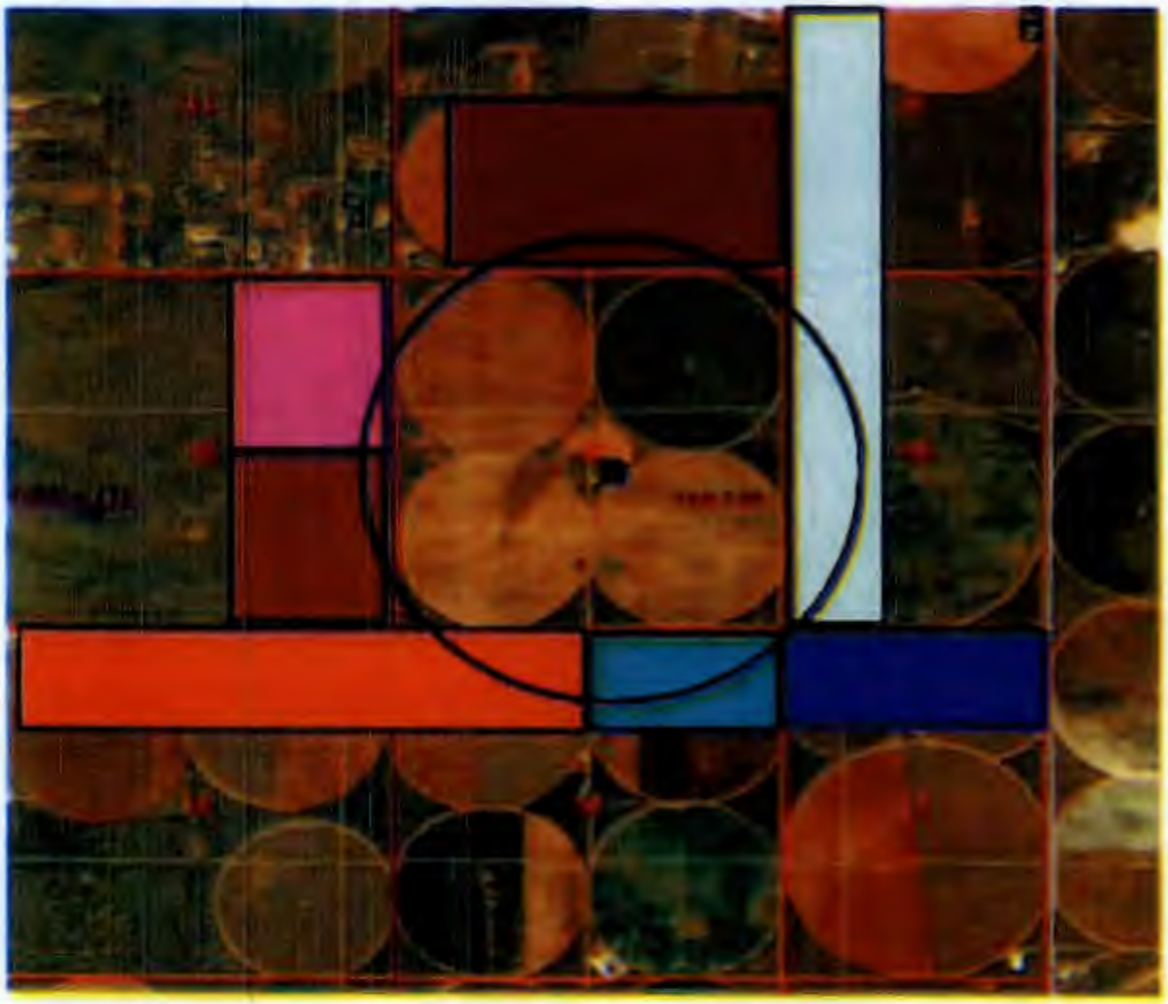
H.R.C., INC.

SCHUBERT 7 WELL No. 1 BW-31

UNIT J SEC 7, T19S, R39E

LAT: 32.6738815°, LONG: -103.0835953°

AOR 2/3 MILE PROPERTY OWNERS



H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Cain, LD Jr. - Goetz Cindy

Address: HC 32 Box 12 C

City / State: T or C NM 87901

Public Notice

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Thank you!
David H. Alvarado

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Adult Signature Restricted Delivery	
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08/06/2018

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Street and Apt. No., or PO Box No.

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PS Form 3800, April 2015 PSN See Reverse for Instructions

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- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Cindy Goetz
Cain, LD JR.
HC 32 Box 12C
T or C NM 87901

2. Article Number (Transfer from service label)
7016 0040 0000 9064 8942

PS Form 3811, July 2013 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X [signature] ☐ Agent ☐ Addressee

B. Received by (Printed Name) CHARLES D. GOETZ
C. Date of Delivery 8/8/2018

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail® ☐ Priority Mail Express™
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes

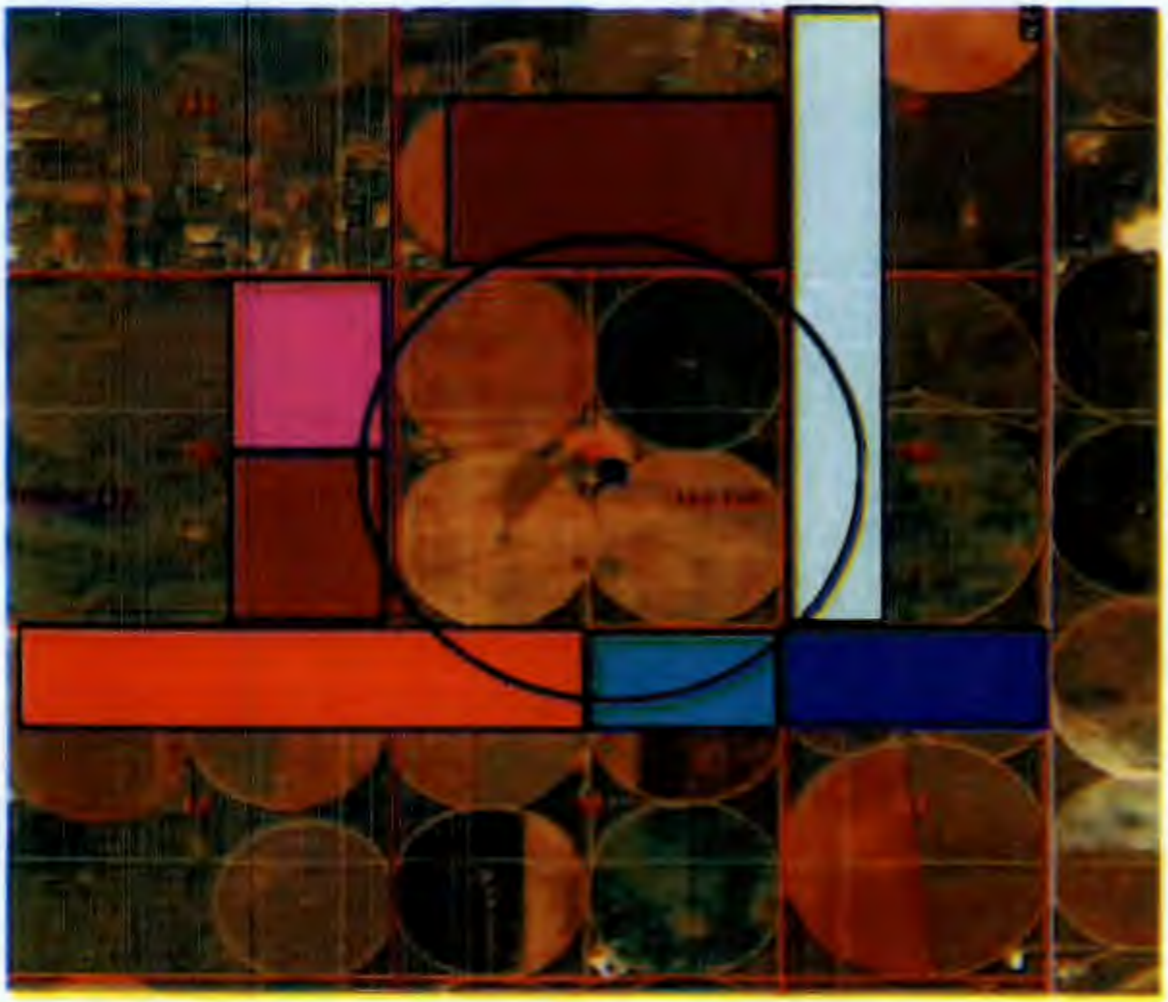
H.R.C., INC.

SCHUBERT 7 WELL No. 1 BW-31

UNIT J SEC 7, T19S, R39E

LAT: 32.6738815°, LONG: -103.0835953°

AOR 2/3 MILE PROPERTY OWNERS



H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/6/16

Property Owner of Record

Name: **Allen, Frederick G - Darla Farms LLC**

Address: **124 Lake Mineral Wells Dr.**

City / State **Georgetown TX 78628**

Public Notice

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Thank you!

[signature]

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GEORGETOWN, TX 78628

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Postage	$1.21
Total Postage and Fees	$7.41

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PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Frederick G Allen
Dorke Farms LLC
124 Lake Mineralwells Cir
Georgetown TX 78628

9590 9402 3594 7305 5745 05

2. Article Number (Transfer from service label)

7016 0040 0000 9064 8928

PS Form 3811, July 2015 PSN 7530-02-000-9053

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A. Signature ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature ☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery ☐ Registered Mail™
☐ Certified Mail® ☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery ☐ Return Receipt for Merchandise
☐ Collect on Delivery ☐ Signature Confirmation™
☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery

Domestic Return Receipt

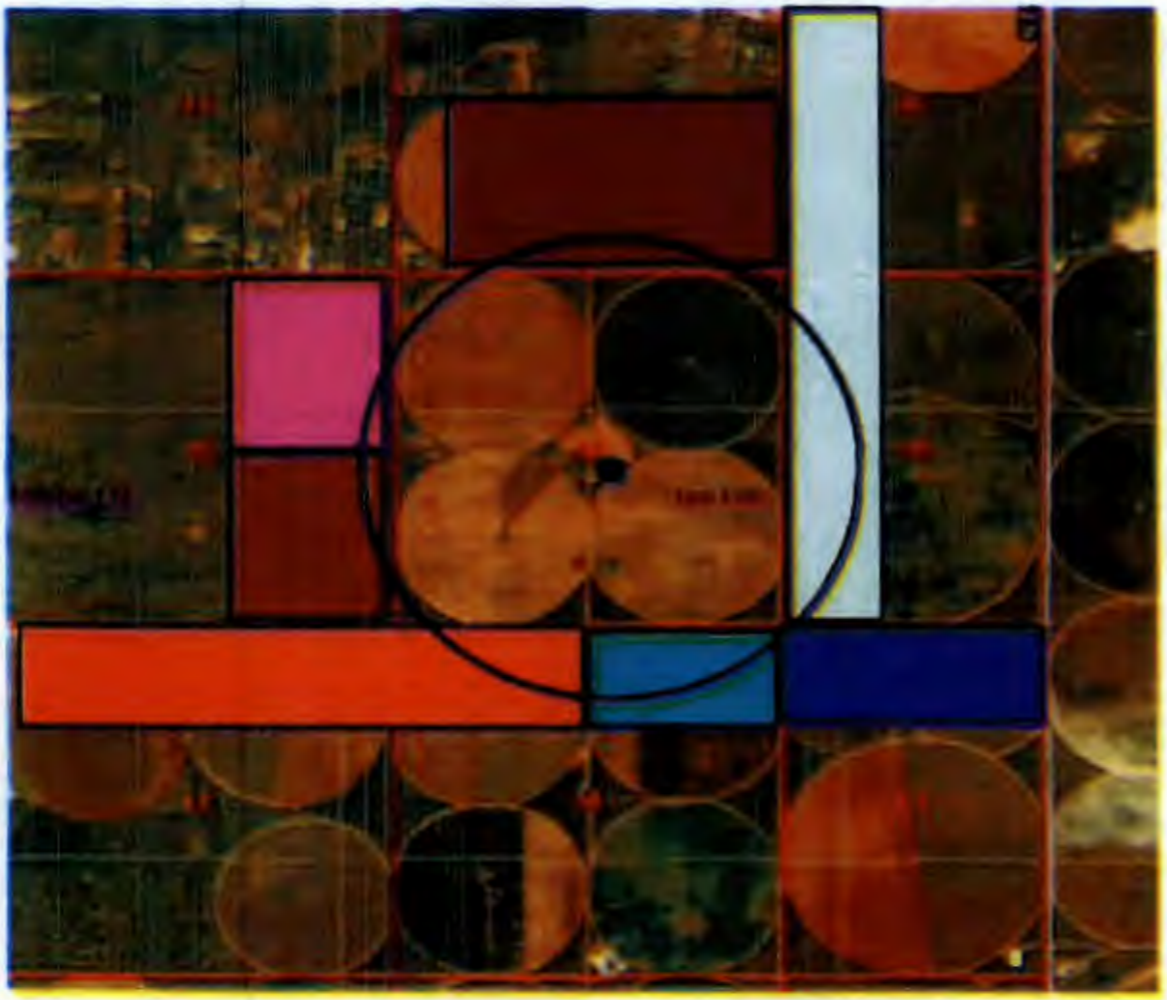
H.R.C., INC.

SCHUBERT 7 WELL No. 1 BW-31

UNIT J SEC 7, T19S, R39E

LAT: 32.6738815°, LONG: -103.0835953°

AOR 2/3 MILE PROPERTY OWNERS



H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: **Cain, LD Sr., Cain, Arthur**

Address: **119 Cain Road**

City / State: **Logan NM 88426**

Public Notice

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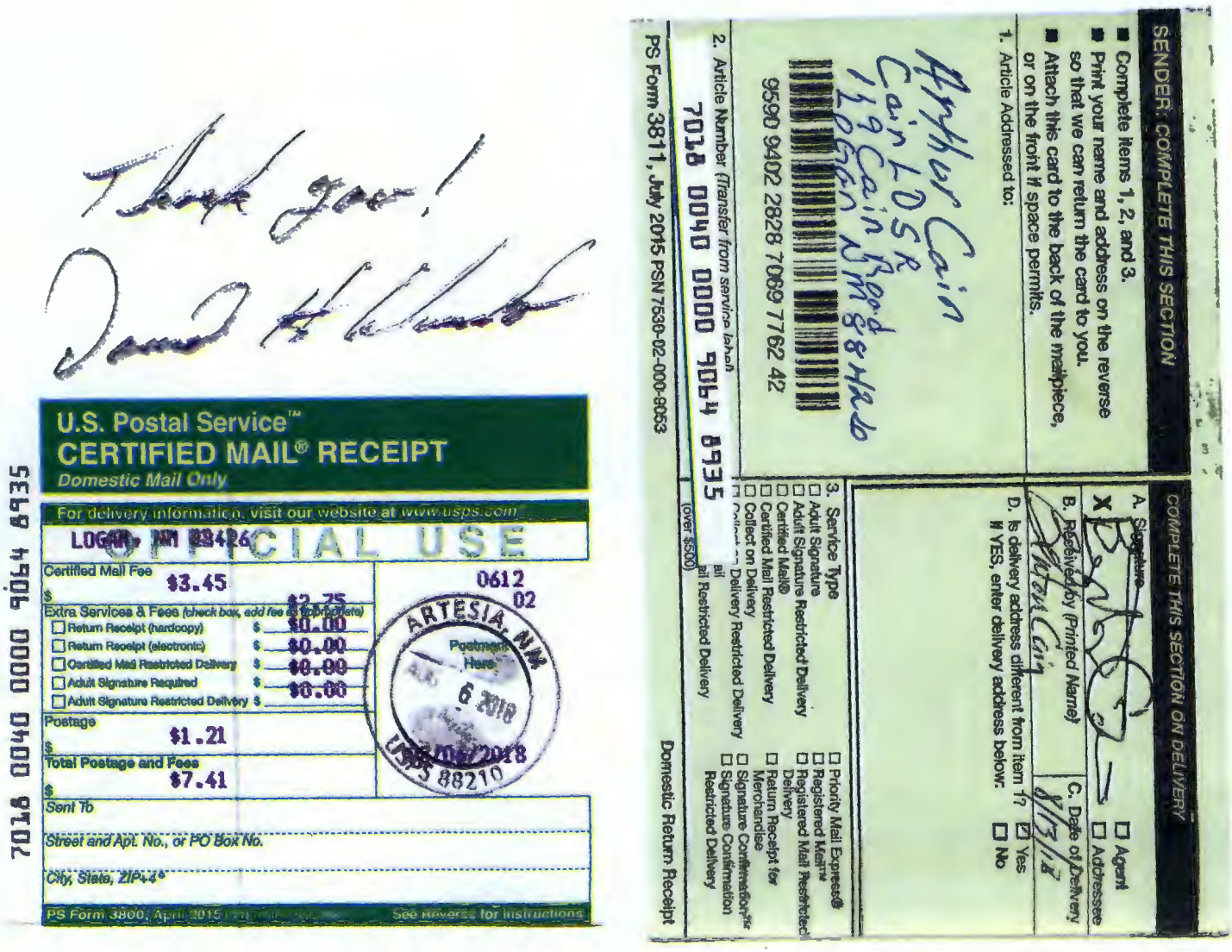


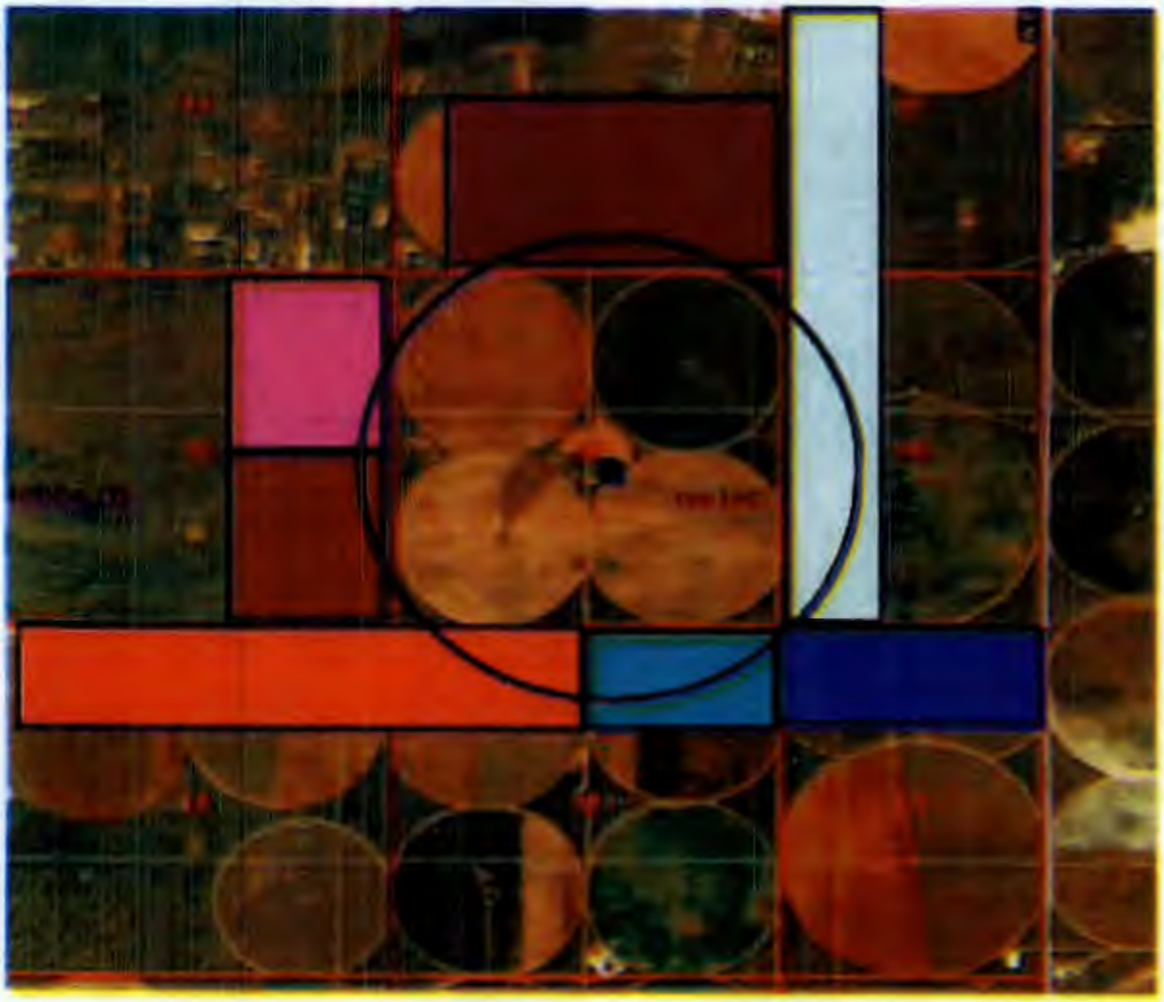
H.R.C., INC.

SCHUBERT 7 WELL No. 1 BW-31

UNIT J SEC 7, T19S, R39E

LAT: 32.6738815°, LONG: -103.0835953°

AOR 2/3 MILE PROPERTY OWNERS



SEMINOLE FARMS LLC

CAIN LD JR. (CINDY GOETZ)

CAIN LD SR (ARTHUR CAIN)

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DARLA FARMS LLC

GRIMES LAND CO. LTD

SCHUBER 7 WELL No. 1 BW-31

2/3 MILE AOR & ALL PROPERTY IN SECTION 7 IS GRIMES LAND CO. LTD

Chavez, Carl J, EMNRD

From: David Alvarado <davidal00136@gmail.com>
Sent: Friday, August 17, 2018 11:44 AM
To: Chavez, Carl J, EMNRD; Gary Schubert
Subject: Affidavits of PN & Certified letters reciepts
Attachments: Affidavit of PNs BW-31 8-17-18.pdf; Property owners Certified Notices.pdf

Good day Carl,
Please find below the PN Affidavits of the newspaper posting and the receipts of the certified letters in the 2/3 AOR.
I am sending you the original Affidavits from the Hobbs News Sun and copies of the certified letters with receipt in the mail today.

Have a great weekend !!
Dave

H.R.C., Inc.
P.O. Box 5102
Hobbs, New Mexico 88241-5102

August 17, 2018

New Mexico Oil Conservation Division
Environmental Bureau
1220 South St. Francis Drive
Santa Fe. New Mexico 8705
Attention: Mr. Carl Chavez

Re: Discharge Renewal Application for Brine Extraction BW-31
H.R.C., Inc.
UIC Class III Brine Well – Schubert 7 Well No. 1 BW-31 (30-025-36781)
Ul. J, Sec 7, T19S, R39E 2313 FSL, 2313 FEL
32.6738815 -103.0835953 Lea County New Mexico

Dear Mr. Chavez,

Pursuant to 20.6.2.3108 D, NMAC, H.R.C., Inc. is hereby providing proof of notice in compliance with Subsection B, C, and F of 20.6.2.3108 NMAC for the above reference Discharge Renewal Application permit. Attached with this letter are the original affidavits of publication and postings. Copies of Certified letters to the property land owners within 2/3 mile with receipts.

Copies of the above were previously submitted in my email letter to you on August 17, 2018.

If you have any questions concerning these notice documents, please let me know. Thank you in advance for your consideration of this discharge renewal permit application.

Sincerely,

David H. Alvarado
Alvarado & Sons Consulting LLC.
Agent for H.R.C., Inc.
Cell: 505-513-1238
Email: davidal00136@gmail.com

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that he clipping attached hereto was published n the regular and entire issue of said newspaper, and not a supplement thereof or a period of 1 issue(s).

Beginning with the issue dated
August 11, 2018
and ending with the issue dated
August 11, 2018.

Publisher

Sworn and subscribed to before me this 11th day of August 2018.

Business Manager

My commission expires
January 29, 2019
(Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-19

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

Public Notice

Per Water Quality Control Commission Regulations Subsection F of 20.6.2.3108 NMAC

H.R.C., Inc., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393 3194 has submitted the Permit Renewal application for the Schubert 7 Well No. 1 BW-031 (API # 30-025-36781) an existing br well, located in the NW/4 SE/4 of Section 7, Township 19 South, Range 39E, NMPM, Lea County, New M

The facility is approximately 2.3 miles southeast of Hobbs or approximately 0.6 miles SW of the intersect Stanolind Road and the Texas State Line. The brine well location is at Lat: 32.67388° and Long.: 103.08 facility will store brine at the well location and transfer it to the "AN ETZ" brine station at LAT: 32.6 LONG: -103.11434° or located 0.79 miles East on Nadine Road from HWY 18 South of Hobbs. The stat shared with the Schubert Farms # 1 (BW-36).

Brine and fresh water will be stored at both locations. Freshwater is supplied by a nearby Irrigation w approximately 1500 feet to the northwest of BW-31 through an irrigation pod on location. Treated effl from the City of Hobbs and fresh water are stored in two 420 bbl. steel tanks at the well location. Th construction consists of 8 5/8"casing with the casing point set at 1865' and a 5 ½" liner set from surfa casing point at 404' both are cemented to surface. H.R.C., Inc. will run a 4" liner from surface where point will be extended 130' into the Salado where the liner point will be set at estimate 1995'. Fresh wa injected at an average surface injection pressure of approximately 225 PSIG down the 2 1/16" tubin Salado Formation at approximately 2750' from surface with a maximum surface injection pressure of Brine will be produced thru 4" casing at a depth of 1995' within the Salado Formation.

The rate of metered fresh water injection down the annulus is about 20-40 GPM with an average brine p of 800 bbl. per day (BPD) with a maximum production capacity of approximately 1370 BPD. Brine is mete well location, and stored in two 500 bbl. storage tanks sitting within a secondary 20 LLDPG mil string lined berm which contains 150% of total tank capacity. Brine fluids are transferred via a buried polyeth inch pipeline to the brine station located on East Nadine road where ten 500 bbl. tanks sit within a li (similar to the above) containment system. The cement loading pad is constructed with cement curb containments. Groundwater most likely to be affected by a spill, leak or accidental discharge at surface an estimated depth of 75 feet below ground level. The estimated TDS concentration of ground water is ppm.

Comments and inquiries about the renewal application may be directed to H.R.C., Inc., c/o Mr. David Alva 575-513-1238 or email davida100136@gmail.com. Mr. Alvarado is a consultant to H.R.C., Inc. assistance ol this Discharge Permit Renewal.

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67115326 00216320

DAVID ALVARADO
ALVARADO AND SONS LLC
98 MARSHA DRIVE
ARTESIA, NM 88210

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
August 11, 2018
and ending with the issue dated
August 11, 2018.

Publisher

Sworn and subscribed to before me this 11th day of August 2018.

Business Manager

My commission expires
January 29, 2019
(Seal)

OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-19

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Noticia Publica

Por control de Calidad del Agua Subsección de Regulación de la Comisión F de 20.6.2.3108 NM

H.R.C., INC., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393-3194 Ha presentado la Ren Permiso de Aprobación del Schubert 7 Pozo No. 1 BW-031 (API # 30-025-36781) un pozo existente de de la salmuera, localizado en el NW/4 SE/4 de la Sección 7, Municipio 19 Sur, Rango 39E, NMPM, C Lea, Nuevo Mexico.

La Facilidad esta aproximadamente 2.3 millas al Sureste de Hobbs o aproximadamente 0.6 millas SW intersección Este Stanolind Road y la línea Estatal de Texas. La ubicación del punto de salmuera se en Lat: 32.67388° y Long.: -103.08360°. Esta facilidad almacenara salmuera en la ubicación del pozo y tra la estación de salmuera "AN ETZ" Lat: 32.62503° y Long: -103.11434° o localizado a 0.79 millas al Est Nadine carretera HWY 18 Sur de Hobbs. La estación también se comparte con el Schubert Farms # 1.

Salmuera y el agua dulce se almacenaran en ambas localidades. Agua es suministrada por un pozo de cercano ubicado aproximadamente 1500 pies al noreste de BW-31 a través de una vaina de irrigación Tratamientos de aguas efluentes de la ciudad de Hobbs y agua dulce se almacenan en dos tanques de 420 bbl. en la locación del pozo salmuera. La construcción del pozo consiste de 8 5/8" cubierta con el la carcasa en 1865' y un revestimiento de 5 ½" conjunto de la superficie con su punto de la carcasa en ambos se cementan a la superficie. H.R.C., Inc. Se ejecutara un forro de 4" de la superficie donde se e el punto cubierta 130' en el Salado donde el punto trazador de líneas se establecerá a una estimación El agua dulce se inyecta a una presión superficial de la inyección de aproximadamente 225 PSIG abajo la tubería en la formación de Salado en aproximadamente 2750' de la superficie con una presión máxi inyección superficial de 300 PSIG. Salmuera se produce a través de 4" de la carcasa a una profundidad dentro de la formación de Salado.

Tasa de inyección de agua dulce medido por el anillo es cerca de 20-40 GPM con un promedio de 800 l produciendo diariamente y la capacidad máxima de producción es de alrededor de 1370 BPD. Salmue medida en la ubicación del pozo y almacenada en dos tanques de almacenamiento de 500 bbl. resulta sentado dentro de una secundaria 20 cadena de mil LLDPG reforzado berma que contiene el 150% de l capacidad total del tanque. Fluidos de salmuera se transfieren a través de una tubería enterrada de cu pulgadas de polietileno a la estación de salmuera en este camino de Nadine donde diez tanques de 5(sientan dentro de un sistema de contención de berma revestida (similar a la anterior). La plataforma de cemento esta construida con bordillo de cemento y contención de sumidero. El agua subterránea c probabilidad de ser afectada por un derrame, fuga o descarga accidental en la superficie ocurre a una profundidad estimación de 75 pies por debajo del nivel del suelo. La concentración estimada de TDS subterránea es aproximadamente 714 ppm.

Para Comentarios y Preguntas sobre la solicitud de renovación pueden dirigirse a H.R.C., Inc., c/o Mr. D Alvarado at 575-513-1238 o correo electrónico davidal00136@gmail.com. El señor Alvarado es un con para H.R.C., Inc. asistiendo para obtener la renovación del permiso de descarga.

La División de Conservación del Petróleo de Nuevo México aceptará comentarios y declaraciones de in respecto a esta renovación del permiso de descarga y creará una lista de correo específica de las instal para las personas que deseen recibir avisos futuros. Las personas interesadas en obtener más informa enviar comentarios o solicitar estar en una lista de correo específica de las instalaciones para futuras notificaciones pueden ponerse en contacto con: Enviromental Bureau, New Mexico Energy, Minerals & Resources Dept., Oil Conservation Divison 1220 South St. Francis St., Santa Fe, New Mexico 87505, E-m carlj.chavez@state.nmus, Telephone (505) 476-3490 or (505) 476-3440. El contacto de OCD para hablar español es Laura Tulk en (575) 748-1238.

67115326 00216322

DAVID ALVARADO
ALVARADO AND SONS LLC
98 MARSHA DRIVE
ARTESIA, NM 88210

Schubert 7 Well No. 1

2/3 Mile Property Owners

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Allen, Frederick G - Darla Farms LLC

Address: 124 Lake Mineral Wells Dr.

City / State Georgetown TX 78628

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Cain, LD Sr., Cain, Arthur

Address: 119 Cain Road

City / State: Logan NM 88426

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Cain, LD Jr. - Goetz Cindy

Address: HC 32 Box 12 C

City / State: T or C NM 87901

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Selman LLC

Address: **3324 S Eunice HWY**

City / State: **Hobbs NM 88240**

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: Seminole Farms LLC

Address: **PO BOX 1375**

City / State: **Brownfield TX 79316**

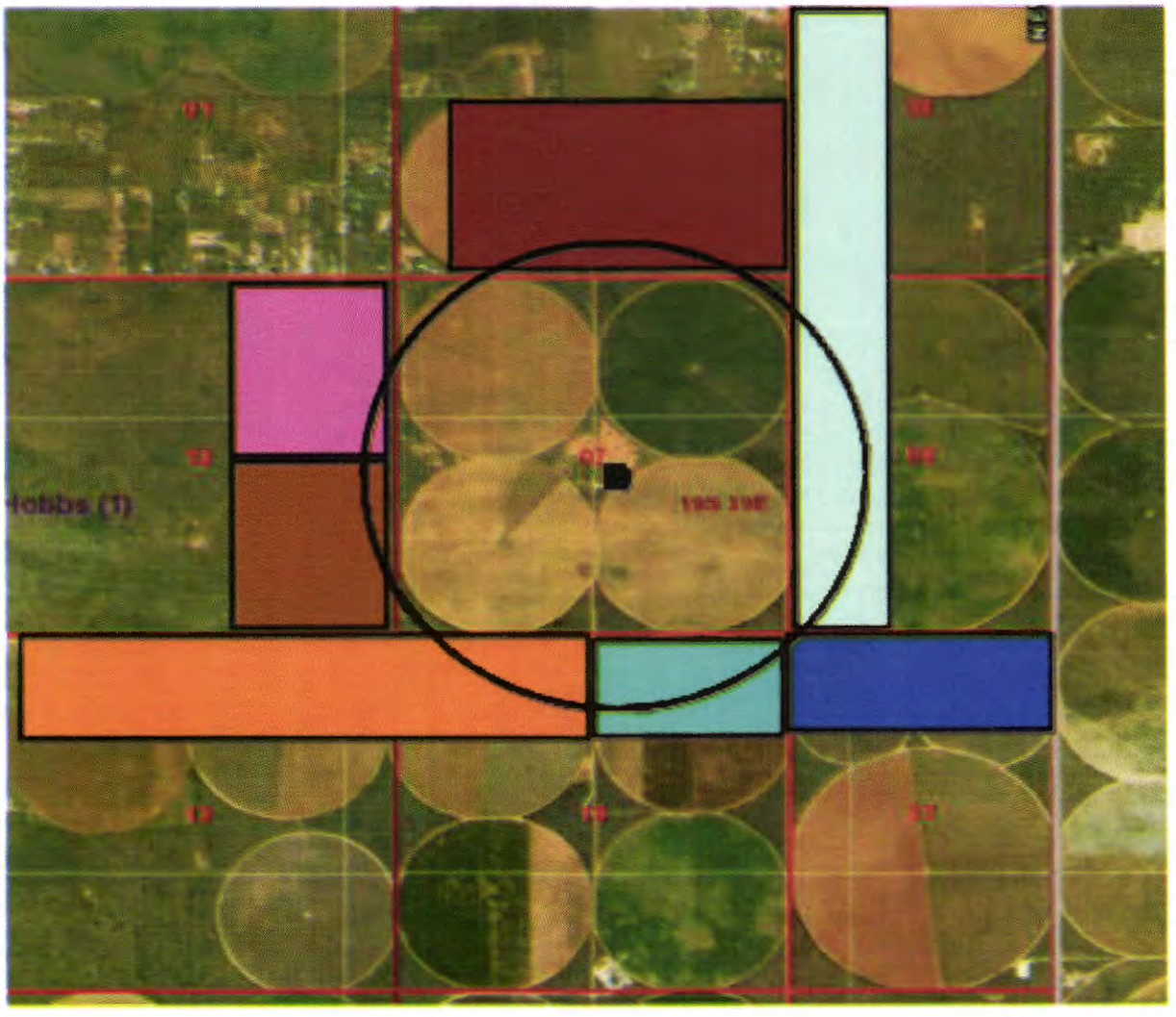
H.R.C., INC.

SCHUBERT 7 WELL No. 1 BW-31

UNIT J SEC 7, T19S, R39E

LAT: 32.6738815°, LONG: -103.0835953°

AOR 2/3 MILE PROPERTY OWNERS



SEMINOLE FARMS LLC

CAIN LD JR. (CINDY GOETZ)

CAIN LD SR. (ARTHUR CAIN)

SELMAN LLC

S&H ENTERPRISES INC

DARLA FARMS LLC

GRIMES LAND CO. LTD

SCHUBER 7 WELL No. 1 BW-31

2/3 MILE AOR & ALL PROPERTY IN SECTION 7 IS GRIMES LAND CO. LTD

H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/4/16

Property Owner of Record

Name: **Selman LLC**

Address: **3324 S Eunice HWY**

City / State: **Hobbs NM 88240**

Public Notice

Per Water Quality Control Commission Regulations Subsection F of 20.6.2.3108 NMAC

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Thank You!
David Alvarado

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Hobbs, NM, 88240

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H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: **Seminole Farms LLC**

Address: **PO BOX 1375**

City / State: Brownfield TX 79316

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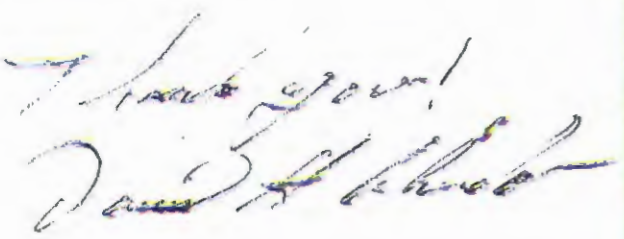

H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/4/18

Property Owner of Record

Name: **Cain, LD Jr. - Goetz Cindy**

Address: **HC 32 Box 12 C**

City / State: **T or C NM 87901**

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H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/6/16

Property Owner of Record

Name: **Allen, Frederick G - Darla Farms LLC**

Address: **124 Lake Mineral Wells Dr.**

City / State **Georgetown TX 78628**

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The rate of metered fresh water injection down the annulus is about 20-40 GPM with an average brine production of 800 bbl. per day (BPD) with a maximum production capacity of approximately 1370 BPD. Brine is metered at the well location, and stored in two 500 bbl. storage tanks sitting within a secondary 20 LLDPG mil string reinforced lined berm which contains 150% of total tank capacity. Brine fluids are transferred via a buried polyethylene four inch pipeline to the brine station located on East Nadine road where ten 500 bbl. tanks sit within a lined berm (similar to the above) containment system. The cement loading pad is constructed with cement curb and sump

containments. Groundwater most likely to be affected by a spill, leak or accidental discharge at surface occurs at an estimated depth of 75 feet below ground level. The estimated TDS concentration of ground water is about 714 ppm.

Comments and inquiries about the renewal application may be directed to H.R.C., Inc., c/o Mr. David Alvarado at 575-513-1238 or email davidal00136@gmail.com Mr. Alvarado is a consultant to H.R.C., Inc. assistance obtaining this Discharge Permit Renewal.

The New Mexico Oil Conservation Division (OCD) will accept comments and statements of interest regarding this Discharge Permit Renewal and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact:

Environmental Bureau, New Mexico Energy, Minerals & Natural Resources Dept., Oil Conservation Division 1220 South St. Francis St., Santa Fe, New Mexico 87505, E-mail carl.chavez@state.nm.us Telephone (505)476-3490 or (505) 476-3460. The OCD contact for Spanish speakers is Laura Tulk at (575) 748-1238.

Thank you!

David Alvarado

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

GEORGETOWN, TX 78628

OFFICIAL USE

Certified Mail Fee	$3.45
Extra Services & Fees (check box, add fee as appropriate)	
☐ Return Receipt (hardcopy)	$0.00
☐ Return Receipt (electronic)	$0.00
☐ Certified Mail Restricted Delivery	$0.00
☐ Adult Signature Required	$0.00
☐ Adult Signature Restricted Delivery	$
Postage	$1.21
Total Postage and Fees	$7.41

ARTESIA, NM 88210 — 08/06/2018

Sent To

Street and Apt. No., or PO Box No.

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

9214 8901 4403 8400 0400 9702

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Frederick G Allen
Derke Farms LLC
124 Lake Minerals Well Rd
Georgetown TX 78628

2. Article Number (Transfer from service label)

7018 0040 0000 9014 8928

9590 9402 3594 7305 5745 05

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Adult Signature ☐ Priority Mail Express®
☐ Adult Signature Restricted Delivery ☐ Registered Mail™
☐ Certified Mail® ☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery ☐ Return Receipt for Merchandise
☐ Collect on Delivery ☐ Signature Confirmation™
☐ Collect on Delivery Restricted Delivery ☐ Signature Confirmation Restricted Delivery
☐ Insured Mail
ted Delivery

H.R.C., INC

PO BOX 5102 Hobbs, NM 88241

Certified Mail

Date: 8/6/18

Property Owner of Record

Name: **Cain, LD Sr., Cain, Arthur**

Address: **119 Cain Road**

City / State: Logan NM 88426

Public Notice

Per Water Quality Control Commission Regulations Subsection F of 20.6.2.3108 NMAC

H.R.C., Inc., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393 3194 has submitted the Discharge Permit Renewal application for the Schubert 7 Well No. 1 BW-031 (API # 30-025-36781) an existing brine supply well, located in the NW/4 SE/4 of Section 7, Township 19 South, Range 39E, NMPM, Lea County, New Mexico.

The facility is approximately 2.3 miles southeast of Hobbs or approximately 0.6 miles SW of the intersection of East Stanolind Road and the Texas State Line. The brine well location is at Lat: 32.67388° and Long.: 103.08360°. This facility will store brine at the well location and transfer it to the "AN ETZ" brine station at LAT: 32.62503° and LONG: -103.11434° or located 0.79 miles East on Nadine Road from HWY 18 South of Hobbs. The station is also shared with the Schubert Farms # 1 (BW-36).

Brine and fresh water will be stored at both locations. Freshwater is supplied by a nearby Irrigation well located approximately 1500 feet to the northwest of BW-31 through an irrigation pod on location. Treated effluent water from the City of Hobbs and fresh water are stored in two 420 bbl. steel tanks at the well location. The wellbore construction consists of 8 5/8"casing with the casing point set at 1865' and a 5 ½" liner set from surface with its casing point at 404' both are cemented to surface. H.R.C., Inc. will run a 4" liner from surface where the casing point will be extended 130' into the Salado where the liner point will be set at estimate 1995'. Fresh water will be injected at an average surface injection pressure of approximately 225 PSIG down the 2 1/16" tubing into the Salado Formation at approximately 2750' from surface with a maximum surface injection pressure of 300 PSIG. Brine will be produced thru 4" casing at a depth of 1995' within the Salado Formation.

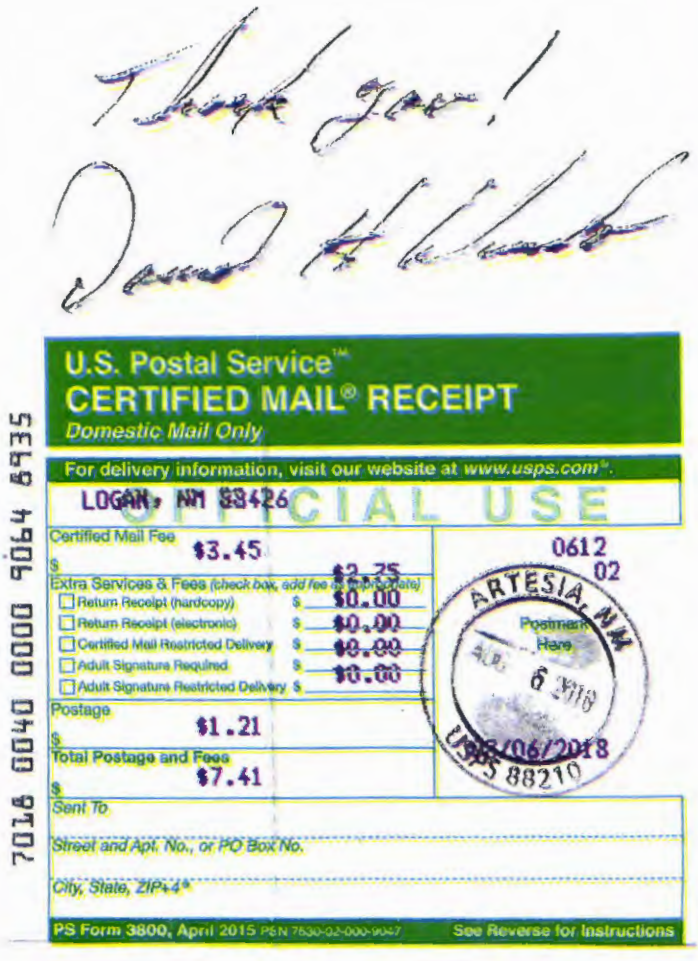
The rate of metered fresh water injection down the annulus is about 20-40 GPM with an average brine production of 800 bbl. per day (BPD) with a maximum production capacity of approximately 1370 BPD. Brine is metered at the well location, and stored in two 500 bbl. storage tanks sitting within a secondary 20 LLDPG mil string reinforced lined berm which contains 150% of total tank capacity. Brine fluids are transferred via a buried polyethylene four inch pipeline to the brine station located on East Nadine road where ten 500 bbl. tanks sit within a lined berm (similar to the above) containment system. The cement loading pad is constructed with cement curb and sump

containments. Groundwater most likely to be affected by a spill, leak or accidental discharge at surface occurs at an estimated depth of 75 feet below ground level. The estimated TDS concentration of ground water is about 714 ppm.

Comments and inquiries about the renewal application may be directed to H.R.C., Inc., c/o Mr. David Alvarado at 575-513-1238 or email davidal00136@gmail.com Mr. Alvarado is a consultant to H.R.C., Inc. assistance obtaining this Discharge Permit Renewal.

The New Mexico Oil Conservation Division (OCD) will accept comments and statements of interest regarding this Discharge Permit Renewal and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact:

Environmental Bureau, New Mexico Energy, Minerals & Natural Resources Dept., Oil Conservation Division 1220 South St. Francis St., Santa Fe, New Mexico 87505, E-mail carl.chavez@state.nm.us Telephone (505)476-3490 or (505) 476-3460. The OCD contact for Spanish speakers is Laura Tulk at (575) 748-1238.



State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division

AUGUST 3, 2018

CERTIFIED MAIL
RETURN RECEIPT NO: 5995 4094

Mr. Gary M. Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, NM 88241

Re: Discharge Permit (BW-031) H.R.C. Inc., UIC Class III Brine Well "Schubert '7' Well No. 1" (API No. 30-025-36781) UL: J Section 7 Township 19 South, Range 39 East, 2313 FSL, 2313 FEL, Lat. N 32.67385°, Long. W 103.08363°, NMPM, Lea County, New Mexico

Mr. Schubert,

The New Mexico Oil Conservation Division (OCD) has received H.R.C., Inc.'s (HRC) discharge permit renewal application dated May 4, 2018, was officially received on May 18, 2018, for the discharge permit renewal of the Schubert '7' Well No. 1.

The initial submittal with additional information requested by OCD provided the required information to deem the application ***"administratively complete"*** per New Mexico Water Quality Control Commission regulations (20.6.2.3108 NMAC).

As such, the Water Quality Control Commission (WQCC) regulations notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the OCD. OCD will also provide public notice pursuant to WQCC requirements and determine if there is sufficient public interest.

Please contact me at (505) 476-3490 or carlj.chavez@state.nm.us if you have questions. Thank you for your cooperation throughout the discharge permit review process.

Sincerely,

Carl J. Chávez
Environmental Engineer

xc: OCD Hobbs District Office

SCHUBERT 7 WELL NO. 1
API 30-025-36781
2313 FSL, 2313 FEL
J - SEC 7 - T19S - R39E
LAT: 32.6738815 LONG: -103.0835953

Current **CORRECTED 6/29/18**

Lithology Record (C-105)

From	To	Thick / ft.	Lithology
212'	1151'	939'	Redbed
1151'	1455'	304'	RB / Shale
1455'	1775'	320'	Shale
1775'	1880'	105'	Anhydrite
1880'	2900'	1020'	Salt,Redbed,Shale
2900'	3130'	230'	Anhy,Salt, Shale
3130'	4080'	950'	Anhy.,Dolomite
4080'	4430'	350'	Dolomite, Anhydrite
4430'	7500'	3070'	Dolomite, Limestone
7500'	7900'	400'	Dolomite

TREE 2 7/8" 6.5# J-55 IPC
SET @ 2312'

Liner 5 1/2" 15.5# Drift 4.825"
Set @ 404' 200 sx cir surf

SURFACE 8 5/8" 24# ST&C
SET AT 1865' w/900SX
CIR. SURFACE

OH HOLE SIZE 7 7/8"

1.32 Class C est.

Yates @2930'

PLUG # 4 100sx @ 2947'
est. TOC @ 2,557' 390'

PLUG # 3 40sx @ 4089'
est. TOC @ 3,933' 156'

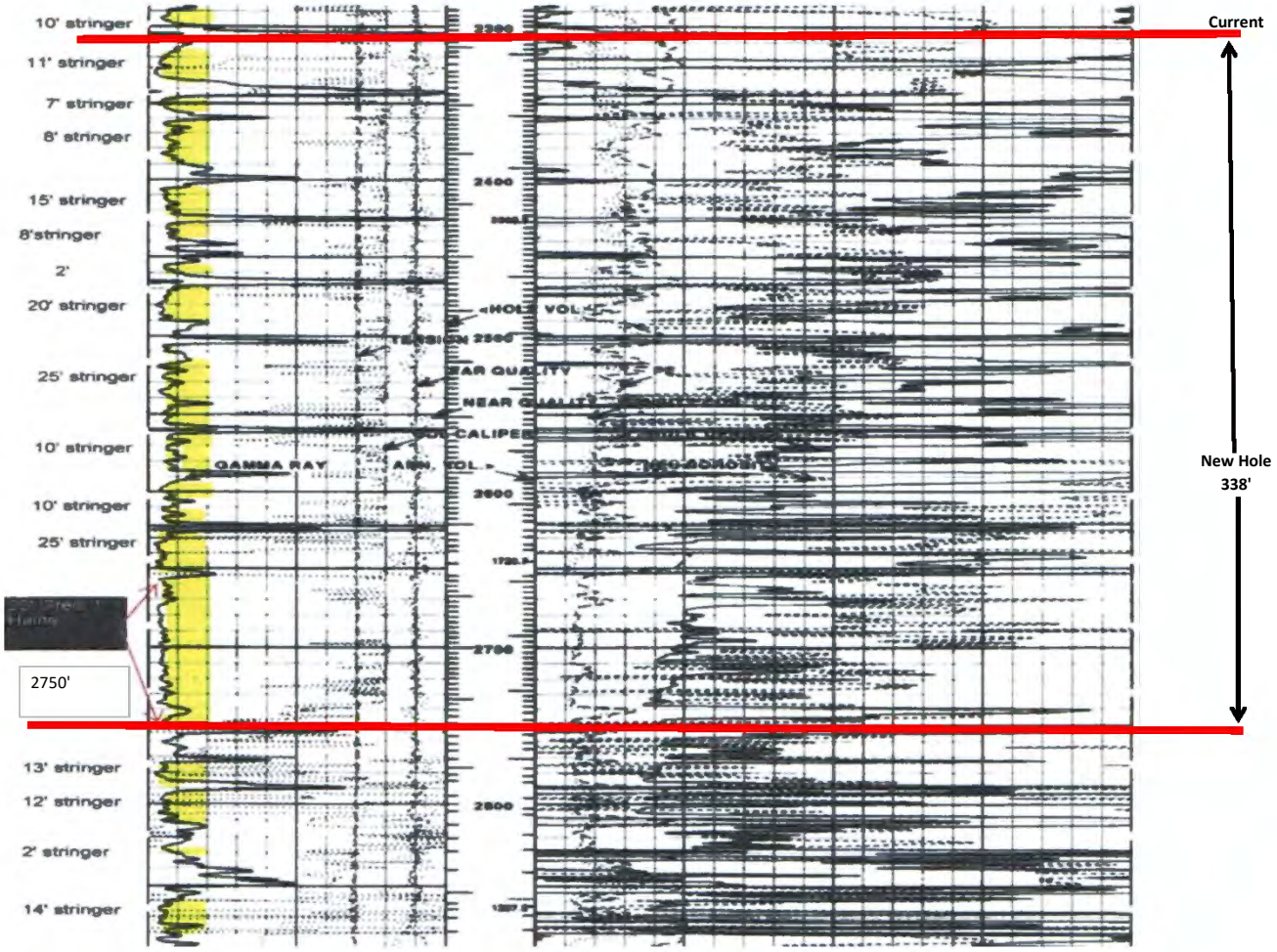
PLUG # 2 35sx @ 5710'
est. TOC @ 5,573' 137'

PLUG # 1 30sx @ 7900'
est. TOC @ 7,783' 117'

TD 7900'

Formation Top (C-105)

T. Anhy	1775'
T. Salt	1880'
B. Salt	2900'
T. Yates	2930'
T. 7 Rivers	3160'
T. Queen	3710'
T. Grayburg	4080'
T. San Andres	4396'
T. Glorieta	5715'
T. Paddock	5858'
T. Blinebry	6260'
T. Tubb	6820'
T. Drinkard	7050'
T. Abo	7464'


10' stringer
11' stringer
7' stringer
8' stringer
15' stringer
8'stringer
2'
20' stringer
25' stringer
10' stringer
10' stringer
25' stringer
13' stringer
12' stringer
2' stringer
14' stringer
2750'
Current
New Hole
338'
GAMMA RAY
2300
2400
2600
2700
2800

SCHUBERT 7 WELL NO. 1
API 30-025-36781
2313 FSL, 2313 FEL
J - SEC 7 - T19S - R39E
LAT: 32.6738815 LONG: -103.0835953

Proposal

Lithology Record (C-105)

From	To	Thick / ft.	Lithology
212'	1151'	939'	Redbed
1151'	1455'	304'	RB / Shale
1455'	1775'	320'	Shale
1775'	1880'	105'	Anhydrite
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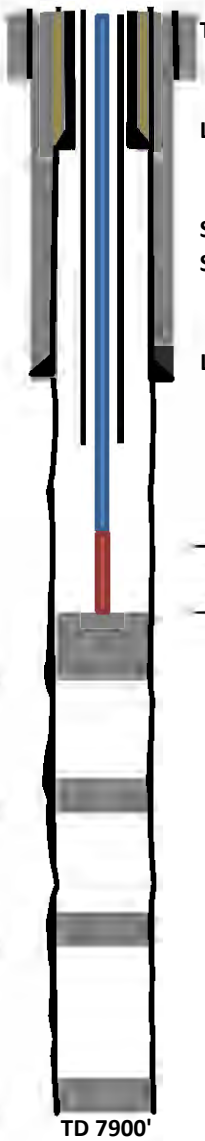
2900'	3130'	230'	Anhy,Salt, Shale
3130'	4080'	950'	Anhy.,Dolomite
4080'	4430'	350'	Dolomite, Anhydrite
4430'	7500'	3070'	Dolomite, Limestone
7500'	7900'	400'	Dolomite



Hung with 3M head

TREE 2 3/8" 4.7# J-55 IPC ODC 2.594"
SET @ 2750'

Liner 5 1/2" 15.5# Drift 4.825"
Set @ 404' 200 sx cir surf

SURFACE 8 5/8" 24# ST&C
SET AT 1865' w/900SX
CIR. SURFACE

Liner 4 1/2"11.6# J-55 FJ Drift 3.875"
set @ 1995'

OH HOLE SIZE 7 7/8"

Current tubing point @ 2312'

Drill to 2750' set 2 3/8" tubing

1.32 Class C est.

Yates @2930'

PLUG # 4 100sx @ 2947'
est. TOC @ 2,557' 390'

PLUG # 3 40sx @ 4089'
est. TOC @ 3,933' 156'

PLUG # 2 35sx @ 5710'
est. TOC @ 5,573' 137'

PLUG # 1 30sx @ 7900'
est. TOC @ 7,783' 117'

TD 7900'

Formation Top (C-105)

T. Anhy	1775'
T. Salt	1880'
B. Salt	2900'
T. Yates	2930'
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T. Tubb	6820'
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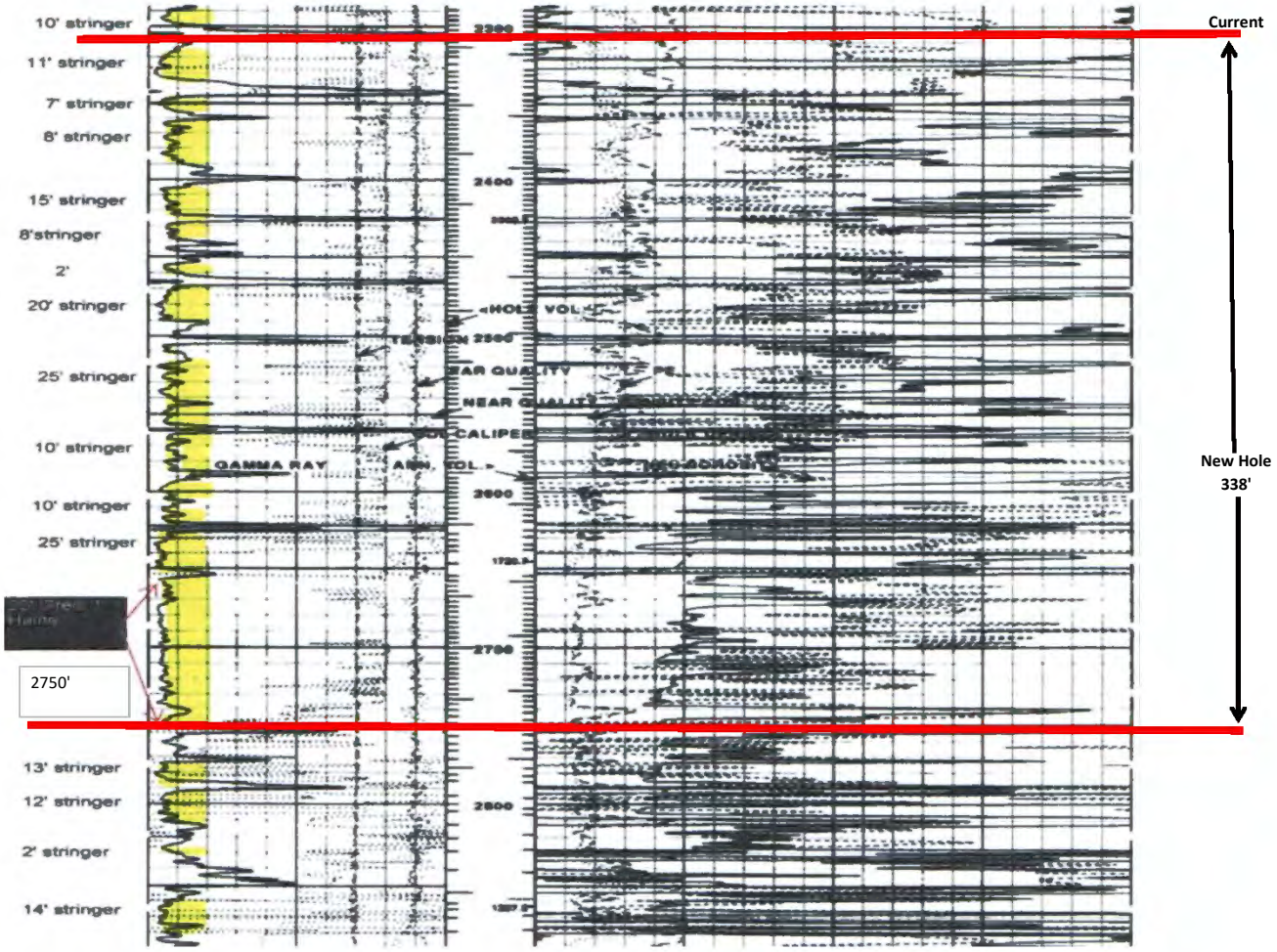
T. Abo	7464'


10' stringer
11' stringer
7' stringer
8' stringer
15' stringer
8'stringer
2'
20' stringer
25' stringer
10' stringer
10' stringer
25' stringer
13' stringer
12' stringer
2' stringer
14' stringer
2750'
Current
New Hole
338'
GAMMA RAY
2300
2400
2600
2700
2800

Chavez, Carl J, EMNRD

From: David Alvarado <davidal00136@gmail.com>
Sent: Friday, June 1, 2018 8:52 AM
To: Chavez, Carl J, EMNRD
Subject: Corrected PN, Wellbore diagram, AN ETZ Isotope
Attachments: Public Notice correceted (1).pdf; CURRENT WELL BORE SCHUBERT 7 WELL No.1.pdf; FRONT FACILITY Sales Point.pdf

Good Morning Carl,
Ready for another HOT day !

Here is the requested, I am still waiting for Mr. Schubert to reply with a Plat for the line buried transferring brine effluents from the Schubert 7 # 1 to the Sales Point.

Maybe today I will get a response soon as I get that I will send to you.

KEEP COOL and HYDRATE!
Dave

Public Notice

Per Water Quality Control Commission Regulations Subsection F of 20.6.2.3108 NMAC

H.R.C., Inc., (Gary Schubert) PO Box 5102 Hobbs, NM 88241 Ph. (575) 393 3194 has submitted the Discharge Permit Renewal application for the Schubert 7 Well No. 1 BW-031 (API # 30-025-36781) an existing brine supply well, located in the NW/4 SE/4 of Section 7, Township 19 South, Range 39E, NMPM, Lea County, New Mexico.

The facility is approximately 2.3 miles southeast of Hobbs or approximately .6 miles SW of the intersection of East Stanolind Road and the Texas State Line. The brine well location is at Lat: 32.67388° and Long.: 103.08360°. This facility will temporarily store brine at the well location and transfer it to the AN ETZ sales facility at LAT: 32.62503° and LONG: -103.11434° or located .79 miles East on Nadine Road from HWY 18 South of Hobbs. The AN ETZ sales facility is also shared with the Schubert Farms # 1 (BW-36).

No other fluids other than brine solution and fresh water will be stored at both locations. The freshwater from a nearby Irrigation well located approximately 1500 feet to the northwest of the BW-31 supplies the water at the facility through an irrigation pod on location and treated effluent water from the City of Hobbs are stored in two 420 bbl. steel tank (840 bbl. total capacities) at the brine well location. The wellbore casing is cemented to surface with the casing point set above the Salado formation in Anhydrite protecting the fresh water zone's above. Fresh water is injected at a surface injection pressure of approximately 225 PSIG down the annulus into Anhydrite Formation at approximately 1865 feet from surface with a maximum surface pressure of 300 PSIG. Brine is produced thru 2 7/8" tubing at a depth of 2312' with in the Salado Formation.

Based on an OCD Underground Injection Control Class III Cavern Safety Collapse ratio of 0.45 for solution mining, for the Schubert 7 Well No. 1 is currently estimated at 0.16, which is below OCD's Ratio (H-depth to casing shoe to ft./D-Cavern Diameter in ft.). The weight of the brine is approximately 10 pounds per gallon and the quality of the brine produced has an average of Total Dissolved Solids (TDS) of about 312,000 ppm.

The rate of metered fresh water injection down the annulus is about 20-40 GPM with an average brine production of 800 bbl. per day (BPD) with a maximum production capacity of approximately 1370 BPD. Brine is metered at the brine well location, and stored in two 500 barrel storage tanks (at the brine well location) sitting within a secondary 20 mil string reinforced LLDPE lined berm which contains 150% of total tank capacity at the well site. Brine Solution is transferred via a burred polyethylene four inch pipeline for sales distribution to the AN ETZ facility located on East Nadine road where ten 500 bbl. tanks sitting within a lined berm (similar to the above) containment system. The cement loading pad is constructed with cement curb and sump containments. Groundwater most likely to be affected by a spill, leak or accidental discharge at surface occurs at a depth of approximately 75 feet below ground level. The TDS concentration of ground water is about 714 ppm.

Comments and inquiries about the renewal application may be directed to H.R.C., Inc., c/o Mr. David Alvarado at 575-513-1238 or email davidal00136@gmail.com. Mr. Alvarado is a consultant to H.R.C., Inc. assistance obtaining this Discharge Permit Renewal.

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SCHUBERT 7 WELL NO. 1
API 30-025-36781
2313 FSL, 2313 FEL
J - SEC 7 - T19S - R39E
LAT: 32.6738815 LONG: -103.0835953

CURRENT

Lithology Record (C-105)

From	To	Thick / ft.	Lithology
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3130'	4080'	950'	Anhy.,Dolomite
4080'	4430'	350'	Dolomite, Anhydrite
4430'	7500'	3070'	Dolomite, Limestone
7500'	7900'	400'	Dolomite

TREE	2 7/8" 6.5# J-55
	SET @ 2312'
SURFACE	8 5/8" 24# STC
SET AT	1865' w/900SX
	CIR. SURFACE

Formation Top (C-15)

T. Anhy	1775'
T. Salt	1880'
B. Salt	2900'
T. Yates	2930'
T. 7 Rivers	3160'
T. Queen	3710'
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T. Tubb	6820'
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OH HOLE SIZE 7 7/8"

1.32 Class C est.

Yates @2930'

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PLUG # 3 40sx @ 4089'
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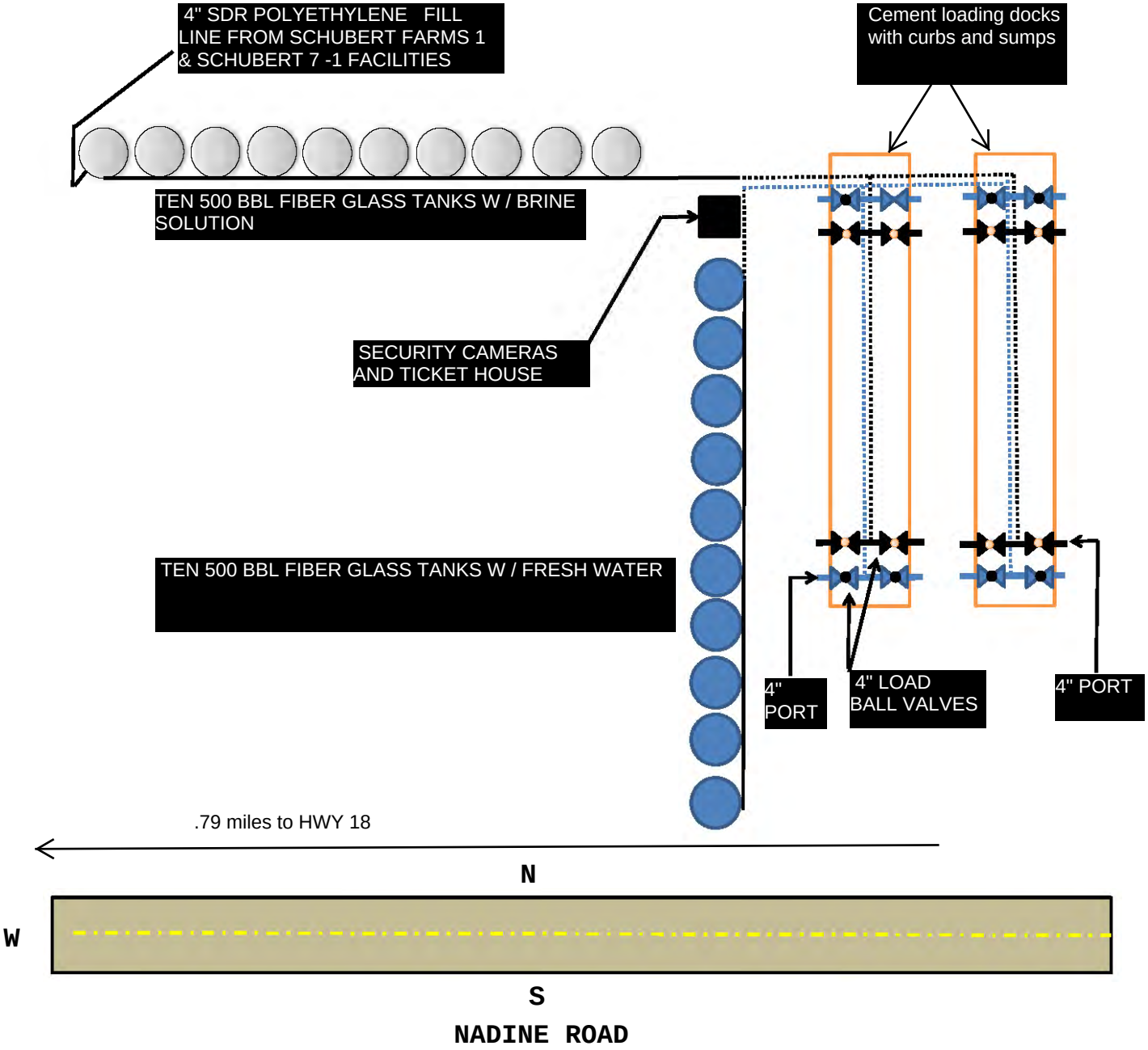
PLUG # 2 35sx @ 5710'
est. TOC @ 5,573' 137'

PLUG # 1 30sx @ 7900'
est. TOC @ 7,783' 117'

TD 7900'

H.R.C., INC.
SCHUBERT 7 WELL No.1
SCHUBERT FARMS WELL No.1

AN ETZ Sales Point
Brine and Fresh Water
.79 miles East of HWY 18 on Nadine Road
Lat:32.62503 Long -103.11434



State of New Mexico
Energy, Minerals and Natural Resources Department

MAY 18, 2018

CERTIFIED MAIL
RETURN RECEIPT NO: 7923 1367

Mr. Gary M. Schubert
H.R.C. Inc.
P.O. Box 5102
Hobbs, NM 88241

Re: Discharge Permit (BW-031) H.R.C. Inc., UIC Class III Brine Well "Schubert '7' Well No. 1" (API No. 30-025-36781) UL: J Section 7 Township 19 South, Range 39 East, 2313 FSL, 2313 FEL, Lat. 32.67388°, Long. 103.08360°, NMPM, Lea County, New Mexico

Mr. Schubert,

The New Mexico Oil Conservation Division (OCD) has received H.R.C. Inc.'s application for discharge permit renewal and the initial filing fee, dated May 4, 2018 for the Schubert '7' Well No. 1 located in the NW/4 SE/4 of Section 7, Township 19 South. Range 39 East. NMPM, Lea County, New Mexico.

The department has determined based on 20.6.2.3108 NMAC that the application is **not administratively complete**.

The OCD has identified the following deficiencies:

1) The lack of proposed locations and newspapers for providing notice required by 20.6.2.3108 (B)(1)(4) NMAC or (C)(2) as required in 20.6.2.3108(A) NMAC.
2) Synopsis of notice in English for OCD review and approval with the Spanish Version also included in any Newspaper posting for official WQCC Public Notice under 20.6.2.3108 (C)(2) NMAC.

Upon receipt of the information requested above, and any final communication, OCD may deem the application administratively complete and provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

Please contact me at (505) 476-3490 or carlj.chavez@state.nm.us if you have questions. Thank you for your cooperation throughout the review of the application.

Respectfully,

Carl J. Chavez
Environmental Engineer

xc: OCD District I Office, Hobbs

Cash Remittance Report (CRR)

Appendix 8-14 revised 11/27/01

Energy, Minerals & Natural Resources Department
CASH REMITTANCE REPORT (CRR)

Location Name ① OCD-Environment

Location Code ② 0740

Today's Date: 05 (MONTH) 08 (DAY) ③ 20 18 (YEAR)

Collection Period: ____ (MM) / ____ (DD) / ____ (YYYY) through ____ (MM) / ____ (DD) / ____ (YYYY) ④

Cost Center ⑤	Revenue Code ⑤	Receipt Amount ⑦	Collected Amount ⑧
0740		100.00	

Total ========>	$ 100.00 ⑨	$ ⑩

Over/Short Amount	$ ⑪

CRR Deposit Amount $ ⑫

Print Name: Lorraine DeVargas ⑬ Signature: Lorraine DeVargas ⑬

Print Name: ____ ⑬ Signature: ____ ⑬

Distribution: White and Yellow copy to Accounts Receivable-ASD.
Pink copy retained at CRR submitting location.

Official Use Only

Completed by the Accounts Receivable

Date Received: ____ ❶

Notes: ____ ❷

Amount Received: ____ ❸

State Treasurer Deposit Number: ____ ❹

Verified by: ____ ❻

Deposit Date: ____ ❺

EMNRDCRR Revised 4/01

MAY 08 2018 PM02:43

Mr. Carl J. Chavez, CHMM (#13099)
New Mexico Oil Conservation Division
Energy Minerals and Natural Resources Department
1220 South St Francis Drive
Santa Fe, New Mexico 87505

LUBBOCK TX 794

04 MAY 2018 PM 1 L

USA

Gary M. Schubert
HRC Inc.
P. O. Box 5102
Hobbs, NM 88241

MR. Carl J. Chavez, CHMM
New Mexico Oil Conservation Division
Energy Minerals and Natural Resources Dept.
1229 South St. Francis Dr.
Santa, Fe, NM 87505

87505-405299

3690

HRC, INC.
PO BOX 1606
HOBBS, NM 88241
(575) 393-3194

FIRSTAMERICAN BANK
MEMBER FDIC
95-43-1122

5/4/2018

PAY TO THE ORDER OF Water Quality Management Fund

$ **100.00

One Hundred and 00/100********** DOLLARS

Water Quality Management Fund
1220 S. St. Francis
Santa Fe, NM 87505

MEMO

AUTHORIZED SIGNATURE

Security features. Details on back.

HRC, INC.

3690

Water Quality Management Fund 5/4/2018 100.00

MAY 08 2018 PM02:43

Permit Renewal Fee
BW-31

First National Bank 100.00

3690

HRC, INC.
PO BOX 1606
HOBBS, NM 88241
(575) 393-3194

FIRST AMERICAN BANK
HOBBS, NM 88240 575-392-6200
MEMBER FDIC
95-43-1122

5/4/2018

PAY TO THE ORDER OF Water Quality Management Fund

$ **100.00

One Hundred and 00/100********** DOLLARS

Water Quality Management Fund
1220 S. St. Francis
Santa Fe, NM 87505

Security features. Details on back.

MEMO

AUTHORIZED SIGNATURE

[redacted]

HRC, INC.

3690

Water Quality Management Fund 5/4/2018

100.00

MAY 08 2018 P 02:43

PERMIT RENEWAL FEE
BW-31

First National Bank 100.00

[redacted]

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of Check No. 3690 dated 5/4/18

or cash received on 5/8/18 in the amount of $ 100.00

from HRC, Inc.

for permit fee WQF

Submitted by: Carl Chavez Date: 05/08/18

Submitted to ASD by: Lorraine DeVargas Date: 05/08/18

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility: _____ Renewal: * permit

Modification _____ Other _____

Organization Code 521.07 Applicable FY _____

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

NEW MEXICO ENVIRONMENT DEPARTMENT - ALBUQUERQUE FIELD OFFICE DAILY CHECK RECEIPT LOG

DATE RECEIVED	WALK-IN	MAIL	NAME ON CHECK	DATE OF CHECK	CHECK/MONEY ORDER#	PROGRAM ACCOUNT CODE	AMOUNT OF CHECK	DATE DEPOSITED	DEPOSITED BY:
5/8/18		*	HRC, Inc.	5/4/18	3690		100.00		
TOTAL							100.00		

REVENUE TRANSMITTAL SHEET

Description	Fund	Dept.	Share Acct	Sub Acct	Amount
Liquid Waste	34000	Z3200	496402		
Water Recreation Facilities	40000	Z8501	496402		
Food Permit Fees	99100	Z2600	496402		
OTHER	34100	232900		2329029000	

Chavez, Carl J, EMNRD

From: David Alvarado <davidal00136@gmail.com>
Sent: Thursday, April 5, 2018 12:56 PM
To: Chavez, Carl J, EMNRD
Subject: BW-31 Discharge Renewal Application and Exhibits A-O
Attachments: Discharge Renewal for BW-31.pdf; BW-31 Exhibit A-O.pdf

Hi Carl,
please accept the Discharge Renewal Application for the Schubert 7 Well No. 1 BW-31 and the Exhibits A-O
I will place the Originals and a copy in the Mail for you and send a copy to the OCD office in Hobbs.

Thanks and Regards!
Dave

DISCHARGE RENEWAL APPLICATION FOR BRINE EXTRACTION

H.R.C., INC

BW-31

API # 30-025-36781

SCHUBERT 7 WELL No. 1

March 24, 2018

DAVID H. ALVARADO

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised August 1, 2011

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITES

(Refer to the OCD Guidelines for assistance in completing the application)

☐ New ■ Renewal

I. Facility Name: Schubert 7 Well # 1 (BW-31) API # 30-025-36781

II. Operator: H.R.C., INC (GARY SCHUBERT OWNER)

Address: PO BOX 5102 HOBBS, NEW MEXICO 88241-5102

Contact Person: GARY SCHUBERT Phone: (575) 393-6662

III. Location: NW /4 SE /4 Section 7 Township 19S Range 39E
Submit large scale topographic map showing exact location. **PLEASE SEE EXHIBIT A**

IV. Attach the name and address of the landowner of the facility site.

V. Attach a description of the types and quantities of fluids at the facility.

VI. Attach a description of all fluid transfer and storage and fluid and solid disposal facilities.

VII. Attach a description of underground facilities (i.e. brine extraction well).

VIII. Attach a contingency plan for reporting and clean-up of spills or releases.

IX. Attach geological/hydrological evidence demonstrating that brine extraction operations will not adversely impact fresh water.

X. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

XI. CERTIFICATION:

I hereby certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment.

Name: DAVID H. ALVARADO Title: Acting Agent for H.R.C., Inc.

Signature: David H Alvarado Date: 4/5/18

E-mail Address: davidal00136@gmail.com

DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITES

I. NAME OF FACILITY

This is a renewal application for existing Class III solution brine mine well at the H.R.C. Brine Facility Shubert 7 # 1. (30-025-36781) LAT: 32.6738815 LONG: -103.0835953

II. NAME OF OPERATOR OR LEGALLY RESPONSIBLE PARTY AND LOCAL REPRESENTATIVE.

The Operator / Legally responsible party are H.R.C., INC. PO Box 5102 Hobbs, New Mexico 88241. Surface is Fee as the lessor owner is Gary Schubert PO Box 5102 Hobbs, New Mexico 88241 (575) 393 3194.

III. LOCATION OF FACILITY

The Schubert 7 # 1 is (NW/4, SE/4 Unit J) of Section 7, Township 19 South, Range 39 East 2313 FSL AND 2313 FEL **LAT 32.6738815, LONG -103.0835953** Lea County New Mexico.

The facility is located southeast of Hobbs approximately 0.6 miles of East Stanolind Road. Please see **Exhibit A. Large Topografic Map** with this report.

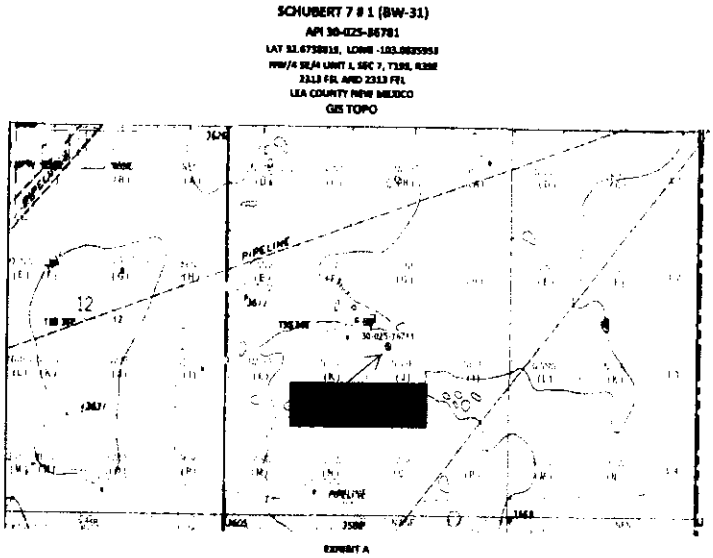
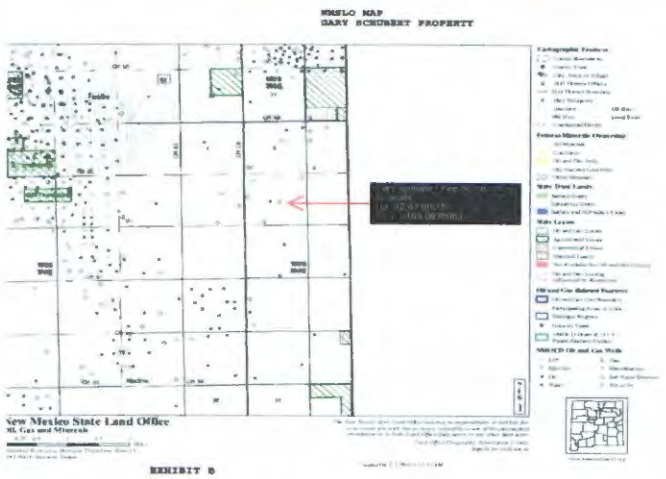


Figure: A. GSI map of Schubert 7 Well No. 1

IV. LANDOWNERS

Gary Schubert and Marcia Schubert, PO Box 5102 Hobbs, New Mexico 88241 are the owners and operators of the Schubert 7 Well No. 1. Please see **Exhibit B State Land Map** and **Exhibit C Emapsplus Ownership of the Schubert 7 Well No. 1** showing a totaling 22.1 dedicated acres with this report.



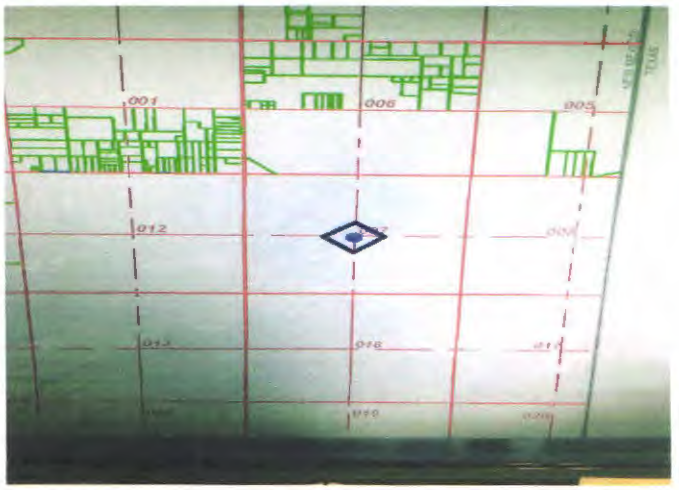


Figure: B NMSLO MAP & C. E-maps-plus Ownership of Schubert Well No. 1.

V. TYPE AND QUANTITIES OF FLUIDS STORED OR USED AT THE FACILITY

Two types of fluid are stored at the Schubert 7 Well No. 1 facility those are brine and fresh water.

Brine is stored in two fiber glass tanks with a capacity of 500 bbl. each allowing a total of 1000 bbl. capacity.

Brine tanks are kept at a safety level of 6 ft. to 10 ft. at the top end holding a total of 660 bbl. of brine.

Levels vary depending on the demand of the brine on a day to day basis. The brine tanks do not exceed 10 ft. of brine solution volume.

Fresh water is also stored at the Schubert 7 No. 1 location in two 10 x 30 horizontal vessels estimated capacity of 420 bbl. each.

Both tanks are equalized and controlled with a head switch set at 8 ft. this allows a two foot cushion within both tanks allowing a total of 718 bbl. of fresh water stored when full.

Volumes will vary due to day to day operational needs with the demand of brine at the sales loading station.

VI. ATTACH A DISCRIPTION OF ALL FLUID TRANSFER AND STORAGE AND FLUID AND SOLID DISPOSAL FACILITY

Fresh water is supplied from two points. First is the farm water that is piped underground by polyethylene pipelining from an irrigation well / pod on the farm

it holds a constant pressure of around 25 psig. The connection point is 4 miles south of the Schubert 7 Well No. 1. The second source is treated effluent water from the City of Hobbs.

Both points of water are received at the facility where they are controlled by a head switch located in front of two horizontal tanks on the east side of the pump house.

Once the demand of water is initiated by the head switch it enters the North tank at the top of the tank that is tied into the tank trough a flanged bell bonnet.

Both fresh water tanks are tied together at a bottom focal point where they are equalizing at all times.

Both tanks are mated together below with a focal point suction exit equipped with a valve that leads into the pump house. Hydrostatic head methodology is used to feed this line.

The flow of water enters the pump house below ground then up through a riser where the fresh water assembly line houses a magnetic stim type meter localized in the middle of the assembly.

Passing the meter assembly it is connected to the suction side of a positive displacement triplex pump with a 3" flex hose equipped with union connections.

Fresh water then enters the wells annulus from the positive displacement pump and is injecting at a positive pressure of 200-250 psig at a depth of 2,312 ft. BHA of the tubing has a rock type bit possibly 6 7/8".

Brine is extracted up the 2 7/8" tubing to surface through the master valve where a cross connection ties into the master valve.

Brine effluents enters the valve and check valve that leads to the top of the East brine 500 bbl. tank via 4" poly SDR 11 for storage.

Both tanks are sitting level and above ground with a polyethylene barrier and berm with the ability to hold 133% of total tank volume.

Brine solution is equalized at the sales level of the tanks where it is now ready to supply the transfer pump located in the pump house.

The supply line is connected to the suction side of a C-pump and is displaced thru the top of the pump.

The discharge is equipped with connections and a check valve then a ball valve traveling into the poly line that terminates at the sales facility to the South.

Brine enters the far West brine tank at the top and is the supply source of nine other 500 bbl. tanks that are equalizing for storage and supply brine to the header of the loading stations for truck sales.

Please find **Exhibit D Facility Schematic Schubert 7 Well No. 1** with this report.

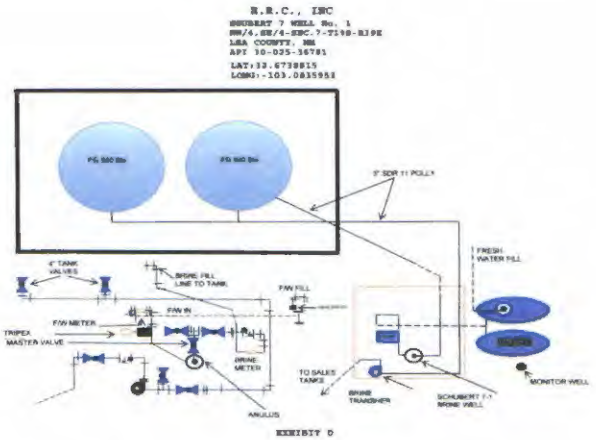


Figure: D Facility Schematic

VII. ATTACH A DISCRIPTION OF UNDERGROUND FACILITY

Schubert 7 Well No. 1 spudded on 9-22-2004.

9-24-2004 Surface casing point was drilled to a depth of 1865' where 8 5/8" 24# 8rd ST&C new casing was run.

BHA an 8 5/8" saw-tooth casing shoe then one joint 8 5/8" with an 8 5/8" float collar proceeded with 45 joints 8 5/8" 24# 8rd. ST&C new casing and 12 centralizers. Total length of string tallied 1869.62' casing was set at 1865' casing was dressed.

BJ cemented with 700sx 35:65:6 lead mixed to 12.7 PPG. Tailed with 200 sx class C with 2% CaCl mixed to 14.8 PPG. Cement was circulated pumping 278sx to the pit.

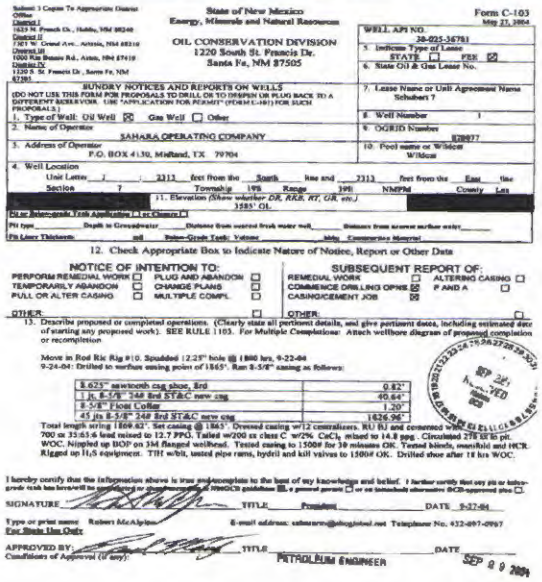
Cubic foot volume between 8 5/8" casing and 12 ¼" hole is 769.69 cubic feet. 900 sx Cmt. Class C cement at a 1.32 slurry weight has 1188 cubic foot of volume. This is 65% excess cement and was brought to surface.

Waited18 hours for cement to set then tested casing to 1500 PSIG for 30 min test held okay. After testing surface BOP and manifold drilling commenced at the top of the float collar then drilled out shoe.

Continued to drill to TD of 7900' on 10-7-2004 the hole was circulated clean then logs where run. It was declared a dry hole.

10-8-04 Paul Kautz sent the plugging procedure to set the first plug of 30sx at 7900', second plug of 35sx at 5710' third plug of 40sx at 4089' and the last fifth plug of 100 sx at 2947' top of the Yates formation.

By request from HRC Inc. P&A operations ceased. **Please see Exhibit: E Well C-103 Commence Drilling Operations and Casing cement Job Subsequent Report**



State of New Mexico
Energy, Minerals and Natural Resources
Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-36781
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
7. Lease Name or Unit Agreement Name: Schubert 7
1. Type of Well: Oil Well ☒ Gas Well ☐ Other
8. Well Number 1
2. Name of Operator: SAHARA OPERATING COMPANY
9. OGRID Number 026077
3. Address of Operator: P.O. BOX 4130, Midland, TX 79704
10. Pool name or Wildcat: Wildcat
4. Well Location
Unit Letter J : 2313 feet from the South line and 2313 feet from the East line
Section 7 Township 19S Range 39E NMPM County Lea
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3585' GL

Pit or Below-grade Tank Application ☐ or Closure ☐
Pit type ____ Depth to Groundwater ____ Distance from nearest fresh water well ____ Distance from nearest surface water ____
Pit Liner Thickness: ____ mil Below-Grade Tank: Volume ____ bbls Construction Material ____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
OTHER: ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS ☒ P AND A ☐
CASING/CEMENT JOB ☒
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion

Move in Rod Rig #10. Spudded 12.25" hole @ 1800 hrs, 9-22-04
9-24-04: Drilled to surface casing point of 1865'. Ran 8-5/8" casing as follows:

8.625" sawtooth csg shoe, 8rd	0.82'
1 jt. 8-5/8" 24# 8rd ST&C new csg	40.64'
8-5/8" Float Collar	1.20'
45 jts 8-5/8" 24# 8rd ST&C new csg	1826.96'

Total length string 1869.62'. Set casing @ 1865'. Dressed casing w/12 centralizers. RU BJ and cemented with 900 sx 35:65:6 lead mixed to 12.7 PPG. Tailed w/200 sx class C w/2% $CaCl_2$ mixed to 14.8 ppg. Circulated 278 sx to pit. WOC. Nipple up BOP on 3M flanged wellhead. Tested casing to 1500# for 30 minutes OK. Tested blinds, manifold and HCR. Rigged up 11/5 equipment. TIH w/bit, tested pipe rams, hydril and kill valves to 1500# OK. Drilled shoe after 18 hrs WOC.

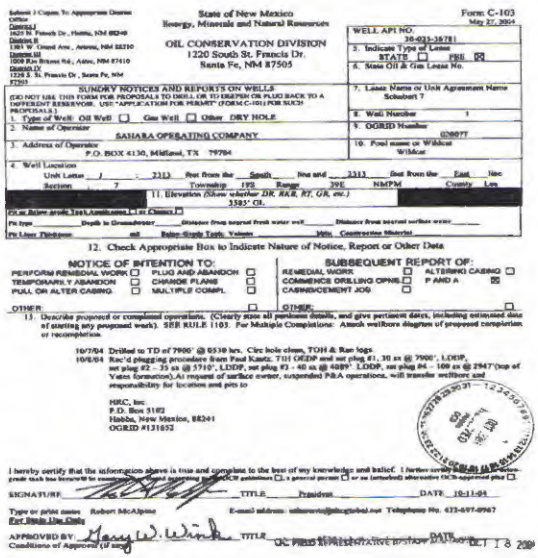
I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE ____ TITLE President DATE 9-27-04
Type or print name Robert McAlpine E-mail address: sahararm@sbcglobal.net Telephone No. 432-697-0967
For State Use Only
APPROVED BY: ____ TITLE PETROLEUM ENGINEER DATE SEP 29 2004
Conditions of Approval (if any):

NMOCD approved the C- 104A on February 23, 2005 as H.R.C. Inc. the new Operator and Owner of Schubert 7 Well No. 1.

2006, Schubert 7 Well No. 1 was completed Please see **Exhibit G Schubert 7 No. 1 Wellbore Diagram** with this report.

with Exhibit: F C-103 P&A Subsequent Report at the end of this report.



State of New Mexico
Energy, Minerals and Natural Resources
Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-025-36781
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
7. Lease Name or Unit Agreement Name: Schubert 7
1. Type of Well: Oil Well ☐ Gas Well ☐ Other DRY HOLE
8. Well Number 1
2. Name of Operator: SAHARA OPERATING COMPANY
9. OGRID Number 026077
3. Address of Operator: P.O. BOX 4130, Midland, TX 79704
10. Pool name or Wildcat: Wildcat
4. Well Location
Unit Letter J : 2313 feet from the South line and 2313 feet from the East line
Section 7 Township 19S Range 39E NMPM County Lea
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3585' GL

Pit or Below-grade Tank Application ☐ or Closure ☐
Pit type ____ Depth to Groundwater ____ Distance from nearest fresh water well ____ Distance from nearest surface water ____
Pit Liner Thickness: ____ mil Below-Grade Tank: Volume ____ bbls Construction Material ____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
OTHER: ☐

SUBSEQUENT REPORT OF:
REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS ☐ P AND A ☒
CASING/CEMENT JOB ☐
OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

10/7/04 Drilled to TD of 7900' @ 0530 hrs. Circ hole clean, TOH & Ran logs
10/8/04 Rec'd plugging procedure from Paul Kautz. TIH OEDP and set plug #1, 30 sx @ 7900', LDDP, set plug #2 - 35 sx @ 5710', LDDP, set plug #3 - 40 sx @ 4089' LDDP, set plug #4 - 100 sx @ 2947'(top of Yates formation).At request of surface owner, suspended P&A operations, will transfer wellbore and responsibility for location and pits to

HRC, Inc.
P.O. Box 5182
Hobbs, New Mexico, 88241
OGRID #131852

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE ____ TITLE President DATE 10-11-04
Type or print name Robert McAlpine E-mail address: sahararm@sbcglobal.net Telephone No. 432-697-0967
For State Use Only
APPROVED BY: ____ TITLE OC FIELD REPRESENTATIVE II/STAFF MANAGER DATE OCT 18 2004
Conditions of Approval (if any):

FIGURE E & F C-103 SUBSEQUENT REPORTS

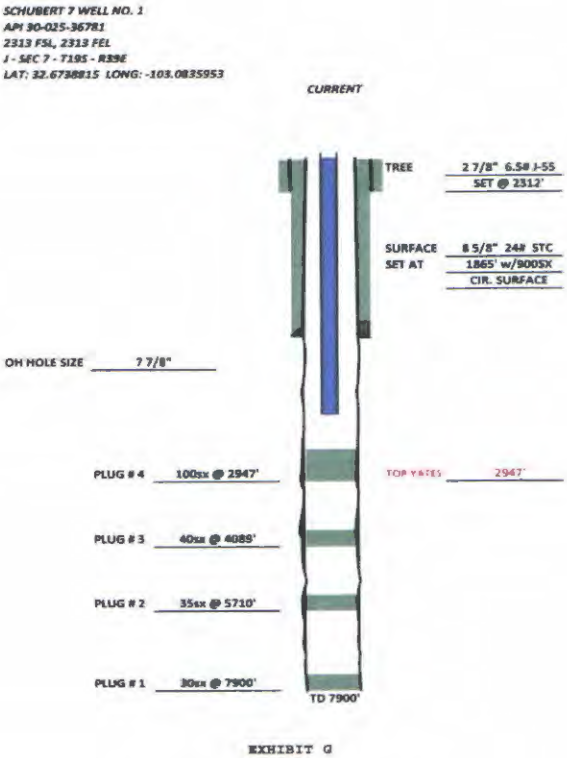


FIGURE: G WELLBORE DIAGRAM

On February 22, 2005 C-104A Change of Operator was signed between Sahara Operating and H.R.C. Inc.

VIII. ATTACH A CONTINGENCY PLAN FOR REPORTING AND CLEAN-UP OF SPILLS OR RELEASES

H.R.C., INC. will follow NMAC 20.6.2.1203 where H.R.C.,**Inc.**

1. As soon as possible after learning of such a discharge within 24 hours will orally notify the chief of the ground water quality bureau of the department, or his counter partner in any constituent agency delegated responsibility for enforcement of these rules. HRC Inc. will notify Jim Griswold or Carl Chavez in Santa Fe, District II Hobbs of any release discharge. Information that will be reported at the time is as follows:

a. Name, address, and telephone number of the person in charge of the facility as well as the owner or operator of the facility;

b. Name and address of the facility;

c. Date and time, location, and duration of the discharge;

d. The Source and cause of discharge;

e. A description of the discharge, including its chemical composition;

f. The estimated volume of the discharge;

g. Any actions taken to mitigate immediate damage from the discharge.

H.R.C., Inc. within one week of a discharge will send written notification to the same department officials, verifying the prior oral notification and providing any appropriate additions or corrections to the information contained in the prior oral notification.

The C-141 Release Notification and Correction Action form will be used. Once mitigation of the discharge is complete form C-141 will be filled out with the information of what and how the discharge was addressed within 15 days of the discharge.

H.R.C., Inc. will seek in an effort to determine the department's views as to what further corrective actions may be necessary or appropriate to the discharge in question.

H.R.C., Inc. taking safety measures to control of any discharge. The Schubert 7 Well No. 1 has a lease operator that is on location daily and oversees the facility.

His duties are to make full walk around inspections of all connections, valves, hoses, tank levels, operating pressures, meter readings, gather loading tickets security entry cameras and reports them daily.

All tanks are set above ground level with a berm barrier holding over 133% of total tank capacity followed with a secondary barrier of 20+ mil Polly.

IX. ATTACH GEOLOGICAL/HYDROLOGICAL

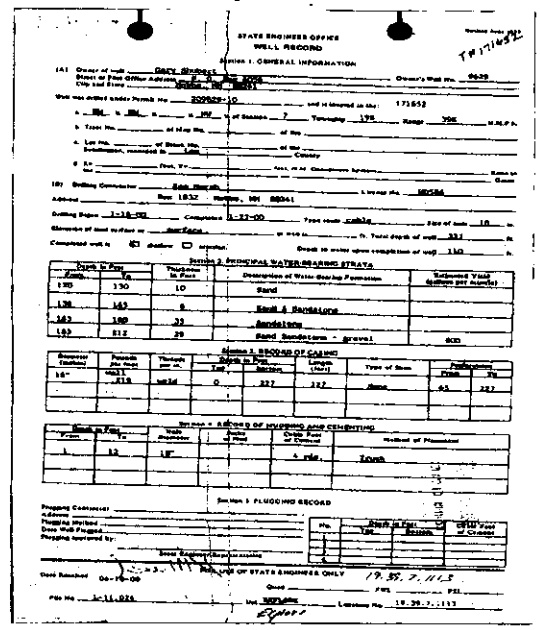
EVIDENCE DEMONSTRATING THAT BRINE EXTRACTION OPERATIONS WILL NOT ADVERSELY IMPACT FRESH WATER.

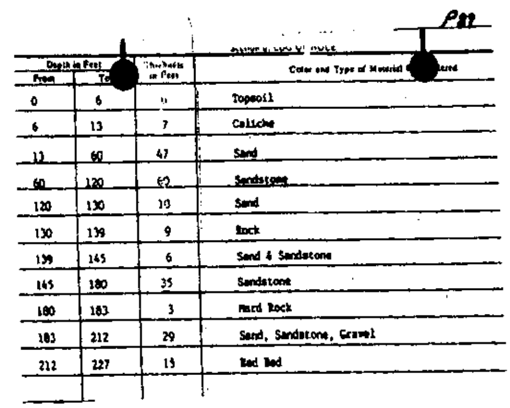
The Ogallala Aquifer formation (Phanerozoic / Cenozoic /Tertiary) is the only source of fresh water in the AOR of the Schubert 7 Well No. 1.

The Gary Schubert water well # 9629 drilling Lithology report showed the following:

From ft.	To ft.	Thickness	Type Material
0	6	6	Topsoil
6	13	7	Caliche
13	60	47	Sand
60	120	60	Sandstone
120	130	10	Sand
From ft.	TO ft.	Thickness	Type Material
130	139	9	Rock
139	145	6	Sand & Sandstone
145	180	35	Sand Stone
180	183	3	Hard Rock
183	212	29	Sand, Sandstone& Gravel
212	227	15	Red Bed

Please find with this Report **Exhibit H Drilling Report of the Gary Schubert water well No. 9629**


STATE ENGINEER OFFICE
WELL RECORD
Section 1. GENERAL INFORMATION
Section 2. PRINCIPAL WATER-BEARING STRATA
Section 3. RECORD OF CASING
Section 4. RECORD OF MUDDING AND CEMENTING
Section 5. PLUGGING RECORD
FOR USE OF STATE ENGINEER ONLY



From	To	Thickness in Feet	Color and Type of Material
0	6	6	Topsoil
6	13	7	Caliche
13	60	47	Sand
60	120	60	Sandstone
120	130	10	Sand
130	139	9	Rock
139	145	6	Sand & Sandstone
145	180	35	Sandstone
180	183	3	Hard Rock
183	212	29	Sand, Sandstone, Gravel
212	227	15	Red Bed

FIGURE: H. GARY SCHUBERT WATER WELL No. 9629

Top of the water level is at 75' we have no record on the thickness of the capillary fringe. The Alluvium estimate would be 60 to 70 feet thick.

The Topo map provided in this report **Exhibit A** shows a slight declination to the southeast.

The elevation at the Schubert 7 Well No. 1 is recorded at 3,585' at ground level.

Below the red bed of the Ogallala Aquifer lays the:

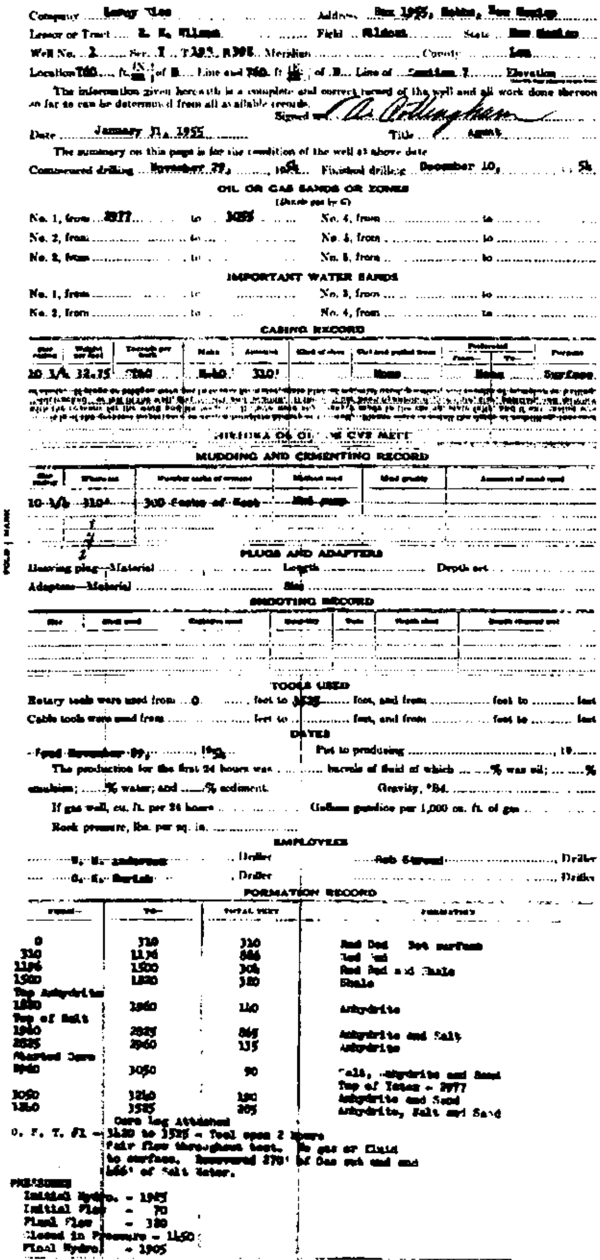
Triassic (Dockum),

Permian Ochoan (Dewey Lake, Rustler, Salado, Castile)

Permian Guadalupian Tansill,

(Yates, Seven Rivers, Queen, Grayburg) oil bearing strata.

Pre-Ongard API 30-025-07973 drilled in 1955 shows a great Lithology Report of the footage being drilled Please see **Exhibit: I** at the end of this report. **Figure: I** illustrates this Sundry.



FORMATION RECORD

From	To	Total Feet	Formation
0	310	310	Red Bed [illegible] surface
310	1196	886	Red [illegible]
1196	1500	304	Red Bed and Shale
1500	1820	320	Shale
Top Anhydrite 1820	1960	140	Anhydrite
Top of Salt 1960	2825	865	Anhydrite and Salt
2825	2960	135	Anhydrite
Started Core 2960	3050	90	Salt, Anhydrite and Sand; Top of Yates - 2977
3050	3240	190	Anhydrite and Sand
3240	3585	205	Anhydrite, Salt and Sand

FIGURE: I. LOG OF OIL OR GAS WELL API 30-025-07973

This well is 3,923 feet to the northwest of the Schubert 7 Well No.1 please find with this report **EXHIBIT J** an Aerial view of the location and description of the Pre

Ongard well in relation to the Schubert 7 Well No.1

FIGURE: J. AERIAL VIEW

One can correlate the Pre Ongard well API 30-025-07973 lithology report with the Dual – Spaced Neutron Spectral Density Log from 200 ft. to bottom of the 8 5/8" casing shoe that was run in the Schubert 7 Well No.1 on 10/7/2004 by Halliburton.

Please find with this report **EXHIBIT K.** the log depicts the 1665' thickness of the roof strata above the Salado showing the thickness of 961'± Red beds, 304'± RB / Shale, and 200' ± Anhydrite. Schubert 7 Well No. 1 is well protected that brine solution will not penetrate the Aquafer of the Ogallala.

NM OCD has on file the CBL log that shows continuity with the outer walls of the casing and the borehole wall.

Pease find with this report **EXIHIBIT L.** The Salado GR / Neutron log showing the Halite stringers to the top of the Yates formation.

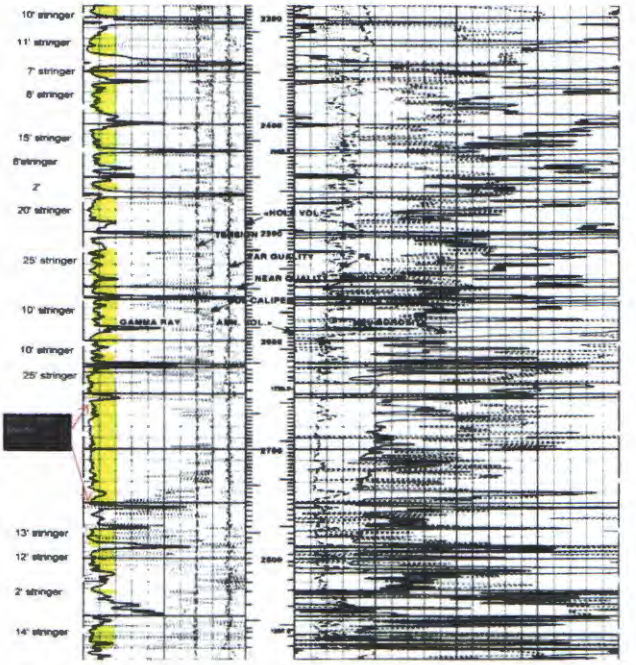


FIGURE: L. PAGE 3 OF 4 HALITE BEDS SALADO

As flooding the slope dip will run off to the southeast. Brine tanks on the Schubert 7 - 1 as talked about earlier in this report has a berm and secondary containment to hold 133% of total capacity. Third party trucking empties out the berm containment when it fills with rain water and disposes it at a registered NMOCD approved SWD.

No lakes, arroyos, or streams are in the AOR of the Schubert 7 Well No. 1 the area is of Agriculture land farming with cattle in certain areas to the South.

X. Attach other information as necessary to demonstrate compliance with any other OCD rules, regulations and / or orders

1. Section 2. A Quarterly analysis of injected fluids and brine. Pursuant to 20.6.2.5207C

Tabulated Quarterly analysis last five years Fresh Water Schubert 7 Well No. 1 20.6.2.5207C (1)

Mo. / Year	pH mg / L	TDS mg / L	CL mg / L	Na mg / L	SG
2013					
JAN.					
MAR					
JUN	8.07	666	176	124	
SEP					
DEC.	8.07	839	240	153	
2014					
JAN.					
MAR					
JUN	8.17	648	116	97.0	
SEP					
DEC.	7.18	908	240	161	
2015					
JAN.					
MAR					
JUN	8.2	706	132	95.1	
SEP					
DEC.	8.38	700	120	112	
2016					
JAN					
MAR					
JUN	8.3	728	116	110	
SEP					
DEC.	7.55	572	128	81.7	
2017					
JAN.					
MAR					
JUNE	7.0	1080	256	190	
SEP					
DEC.	7.98	896	224	130	
2018					
JAN.					
MAR					
JUN					
SEP					
DEC.					

Tabulated Quarterly analysis last five years Brine Water Schubert 7 Well No. 1 20.6.2.5207C (1)

Mo. / Year	pH mg / L	TDS mg / L	CL mg / L	Na mg /L	S G
2013					
JAN.					
MAR					
JUN	6.84	312000	186000	118000	
SEP					
DEC.	6.78	312000	184000	126000	
2014					
JAN.					
MAR					
JUN	6.83	314000	204000	125000	
SEP					
DEC.	6.85	328000	198000	119000	
2015					
JAN.					
MAR					
JUN	6.92	313000	212000	118000	
SEP					
DEC.	7.21	306000	184000	116000	
2016					
JAN.					
MAR					
JUN					
SEP					
DEC.	6.88	312000	188000	137000	

2017					
JAN.					
MARCH					
JUNE	7.0	326000	196000	115000	
SEP					
DEC.	7.06	257000	172000	93500	
2018					
JAN.					
MARCH					
JUNE					
SEP					
DEC.					

Tabulated Quarterly analysis last five years Monitor Fresh Water Well Schubert 7 Well No. 1 20.6.2.5207C (1)

Mo. / Year	Ph mg / L	TDS mg / L	CL mg / L	Na mg / L	SG
2013					
JAN.					
MAR					
JUN	7.98	1150	409	210	
SEP					
DEC.	8.02	719	240	158	
2014					
JAN.					
MAR					
JUN	8.08	676	208	142	
SEP					
DEC.	8.04	574	204	129	
2015					
JAN.					
MAR					
JUN	8.25	528	108	84.2	
SEP					
DEC.	8.65	452	152	143	
2016					
JAN.					
MAR					
JUN					
SEP					
DEC.	7.57	486	132	91.3	
2017					
JAN.					
MAR					
JUN	7.68	634	144	137	
SEP					
DEC.	7.82	794	204	123	
2018					
JAN.					
MAR					
JUN					
SEP					
DEC.					

20.6.2.5207C (2) Monitoring injection volumes, Brine, Fresh Water and pressures.

2013 REPORT OF BRINE & F / W

Month	Prod. psig	Brine Prod. by meter	Injection psig	F/W inj. by meter
JAN		18,870		20,333
FEB		20,100		20,714
MAR		24,960		25,460
APR		25,410		26,048
MAY		23,530		23,910
JUN		23,400		23,190
JUL		27,820		28,862
AUG		29,900		30,119
SEP		27,110		27,919
OCT		32,134		29,557
NOV		25,865		24,643
DEC		25,037		25,510
Yearly Totals		**304,136**		**306,265**

2014 REPORT OF BRINE & F / W

Month	Prod. psig	Brine Prod. by meter	Injection psig	F/W inj. by meter
JAN		29,097		30,200
FEB		29,322		30,100
MAR		28,619		29,100
APR		26,417		27,017
MAY		25,381		25,876
JUN		24,195		23,755
JUL		26,167		26,657
AUG		25,077		25,138
SEP		22,883		22,907
OCT		24,867		25,436
NOV		24,267		24,321
DEC		24,276		25,500
Totals		**310,568**		**316,007**

Yearly

2015 REPORT OF BRINE & F / W

Month	Prod. psig	Brine Prod. by meter	Injection psig	F/W inj. by meter
JAN		22,483		22,650
FEB		20,840		21,043
MAR		25,417		25,919
APR		20,460		20,441
MAY		21,462		20,838
JUN		24,012		24,640
JUL		26,952		24,317
AUG		29,071		29,776
SEP		25,880		25,327
OCT		24,977		25012
NOV		24,792		24793
DEC		24,859		24,900
Yearly Totals		**274,741**		**276,593**

2016 REPORT OF BRINE & F / W

Month	Prod. psig	Brine Prod. by meter	Injection psig	F/W inj. by meter
JAN		24,405		23,636
FEB		10,170		10,279
MAR		21,995		21,955
APR		19,500		20,240
MAY		27,833		25,664
JUN		30,024		28,565
JUL		24,200		23,700
AUG		25,310		24,233
SEP		20,905		21,531
OCT		29,900		28,900
NOV		20,024		19,533
DEC		29,475		28,357
Yearly Totals		**274,741**		**276,593**

20.6.2.5207C (2) Monitoring injection volumes, Brine, Fresh Water and pressures.

2017 REPORT OF BRINE & F / W

Month	Prod. psig	Brine Prod. by meter	Injection psig	F/W inj. by meter
JAN	30	27,548	205	26,059
FEB	35	25,762	210	23,755
MAR	30	25,595	200	23,869
APR	35	22,071	200	20,562
MAY	35	19,857	200	19,164
JUN	25	24,381	200	22,843
JUL	20	29,740	200	26,581
AUG	20	27,455	200	25,150
SEP	30	28,429	220	25,224
OCT	40	26,529	210	24,738
NOV	30	20,445	200	19,421
DEC	40	25,690	205	25,079
Yearly Totals		**303,502**		**282,445**

2018 REPORT OF BRINE & F / W

Month	Prod. psig	Brine Prod. by meter	Injection psig	F/W inj. by meter
JAN	35	25,912	210	25,981
FEB	35	23,395	210	22,926
MAR				
APR				
MAY				
JUN				
JUL				
AUG				
SEP				
OCT				
NOV				
DEC				

2.B. SOLUTION CAVERN MONITORING PROGRAM

1. Surface Subsidence Monitoring Plan

H.R.C., Inc. has placed in action the Monitoring Plan on 9/9/15 a survey was conducted where four elevation markers were placed by Basin Surveys Gary L. Jones. Total of eight surveys have been conducted last one on record was on August 30, 2017 no change in Elevation has occurred in this time period.

Because this is a live document H.R.C. Inc. will report to the Department of the next survey as Basin Surveys completes them. Please find at the end of this report **Exhibit: M. Basin Surveys Elevation Markers**

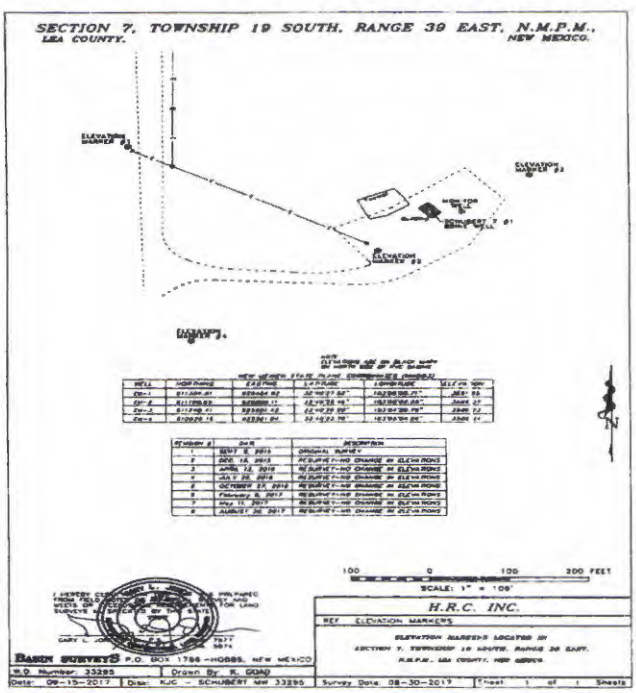


Figure: M Basin Surveys Plat.

2.B.2. SOLUTION CAVERN CHARACTERIZATION PROGRAM

Schubert 7 Well No.1 has extracted a total of 3,538,154 bbl. of brine from 2006 thru the end of 2017 calculating cone volume of 5,401,700 ft³ this shows the base diameter to be 286.14' and the height of 252' Please see **EXHIBIT: O CAVERN CHARACTERIZATION PLAN** at the end of this **report.**

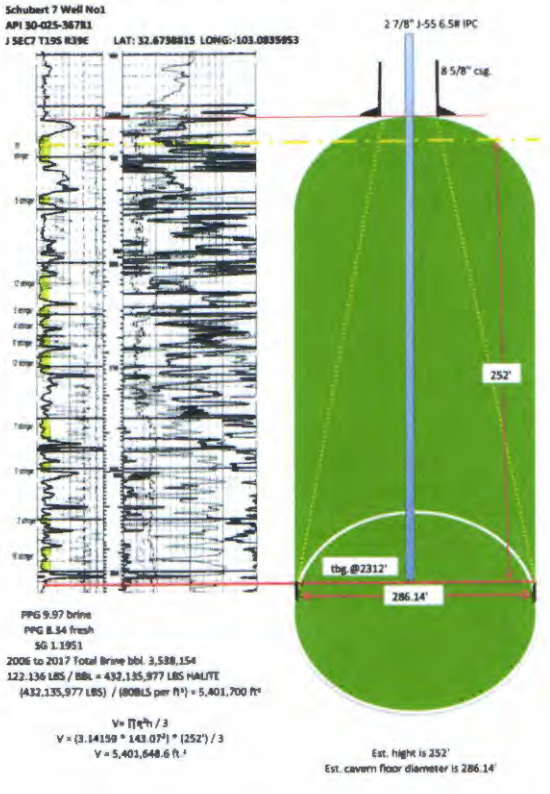


EXHIBIT O

2.B ANNUAL CERTIFICATION

H.R.C., Inc. has demonstrated with the Surface Subsidence Monitoring Plan that no evidence of elevation markers to have changed.

Please find with this report **EXHIBIT K.** the log depicts the 1665' thickness of the roof strata above the Salado showing the thickness of 961'± Red beds, 304'± RB / Shale, and 200' ± Anhydrite. Schubert 7 Well No. 1 is well protected that brine solution will not penetrate the Aquafer of the Ogallala.

Pease find with this report **EXIHIBIT L.** The Salado GR / Neutron log showing the Halite stringers to the top of the Yates formation. The Strata demonstrates strong shale beds and anhydrite beds supporting the solution mining within the Salado formation.

Schubert 7 Well No. 1 tested the formation on 11/20/16 pressured formation to 300 psi. Well was kept shut in until 11/22/16 where a chart recorder was hooked up to the annulus and started a four hour formation test witnessed by OCD Officer Mark Whitaker and passed showing that the formation is sound and intact.

Please find **Exhibit N C-103 Subsequent MIT test, Chart of the recording pressure and Chart Calibration Certificate.** Included with this report.

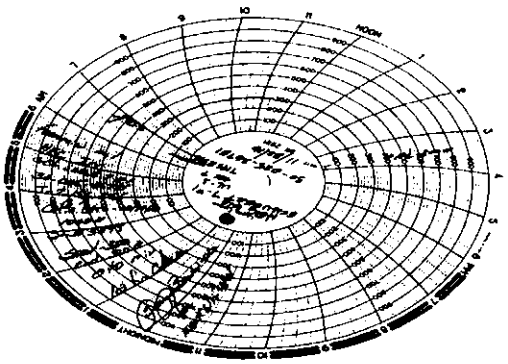


Figure: N. MIT Chart

2. J ANNUAL REPORTING

H.R.C., Inc. has submitted its Schubert 7 Well No. 1 annual 2017 report to the NM OCD and has been posted on the website for review complying with 20.6.2.3107 NMAC.

3.C CONTINUOUS MONITORING DEVICES

Schubert 7 Well No. 1 has complied with the monitoring of pressure, flow rate, Volume flow, and pressure on the annulus.

Methodology of monitoring are as follows: An oil fluid gauge is placed at the annulus port where the operator reads and records daily on a daily sheet of the pressure each day.

Tubing has a Cross connection above the master valve and the upper port is supported with an oil fluid gauge monitoring the fluid exit pressure of the fluid heading to the tanks. Pressures are recorded onto the lease operator's daily log sheet.

Brine solution has a meter that registers bbl. amounts. As it leaves the tubing then through a connection hose it enters a ridged line where the meter is housed in the middle then it leaves and is tied to a 4" SDR 11 poly line to the fill tank. The lease operator daily records the meter reading and records the reading onto his daily log sheet.

Fresh water is metered before entering the suction side of the PD pump it enters a ridged line where the meter is housed in the middle as it leaves the ridged line it is connected with a flex hose and is tied into the suction side of the positive displacement pump. The lease operator records the meter reading and enters the meter reading into his daily sheet.

All tanks, connections, valves, checks valves are inspected daily and most days two or three times a day.

Head switches control the water level and set as to not over fill the tanks. Added protection is a radio frequency communicating with the front facility shutting down the system if the fluid levels start to reach a critical level. Please see **EXHIBIT: D. Facility Schematic** for your review.

3.K FLUID INJECTION AND BRINE PRODUCTION VOLUMES AND PRESURES

Please see **Page 13** for the recorded volumes for 2017 and 2018 sent to the Department for review.

SUMMARY OF THE SCHUBERT 7 WELL No. 1

In the near future plans to replace the positive displacement pump with a VFD Grundfos CR32 pump with a 20 hp motor.

The attribute of this is a constant flow of water to the Halite beds and allows the ability of flow to be controlled making it more efficient economically and adding formation stability. Harmonics plays a factor when PD type pumps are used this will eliminate the downhole harmonics.

Schubert 7 Well No. 1 is utilizing 92 feet of upper net pay of Halite. A total of 302 foot of net pay lies below 2312 feet of the Salado.

Today only 23.3% of net pay is being mined of the total 394 foot of net pay. Schubert 7 Well No. 1 has a lot of life yet to see as it supplies the needs of the Oil Industry while generating revenue for the State of New Mexico and the company.

David H. Alvarado

Alvarado and Son's Consulting Agency

Cell; 575-513-1238

Email; davidal00136@gmail.com

SCHUBERT 7 # 1 (BW-31)

API 30-025-36781

LAT 32.6738815, LONG -103.0835953

NW/4 SE/4 UNIT J, SEC 7, T19S, R39E

2313 FSL AND 2313 FEL

LEA COUNTY NEW MEXICO

GIS TOPO

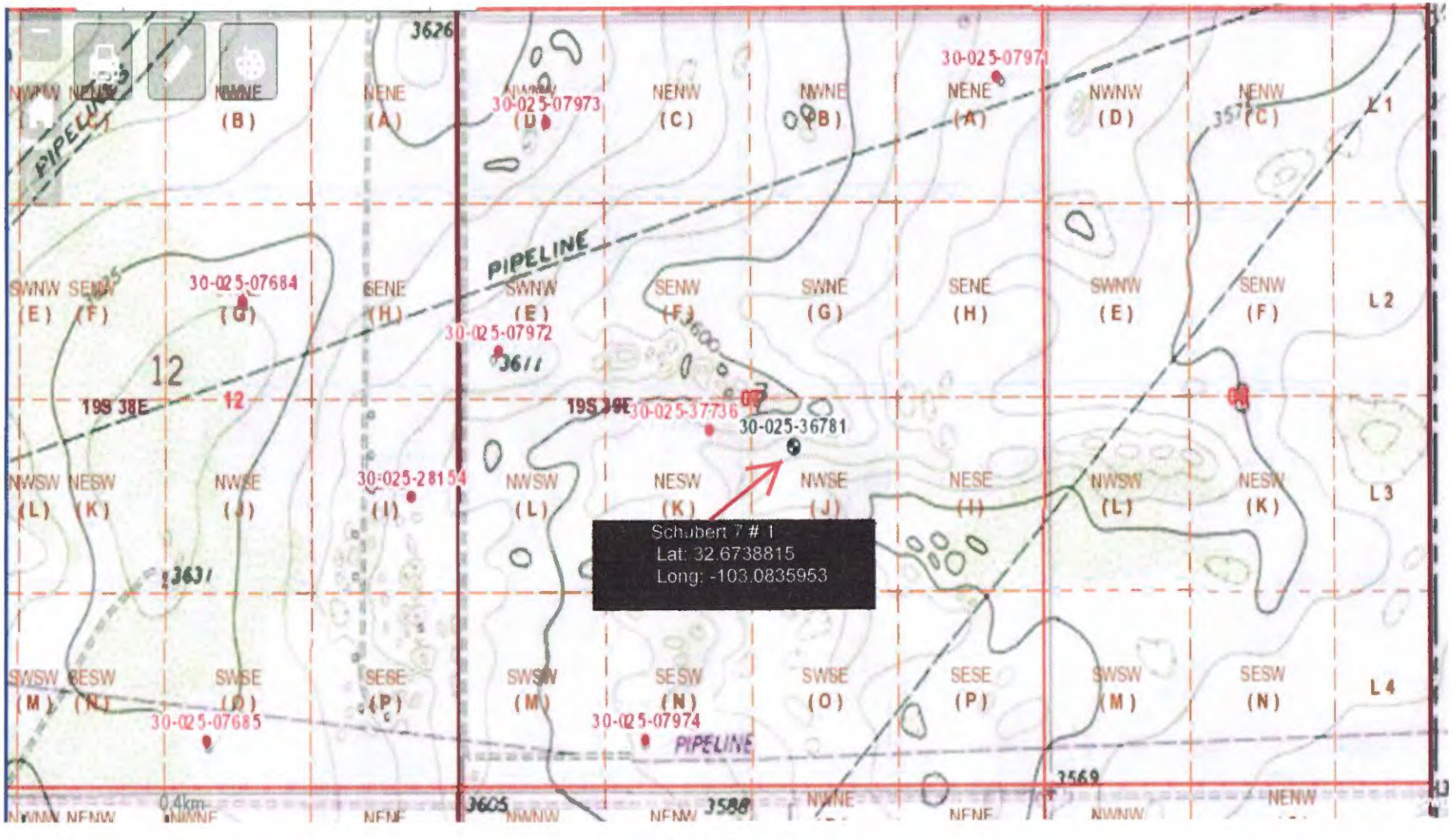
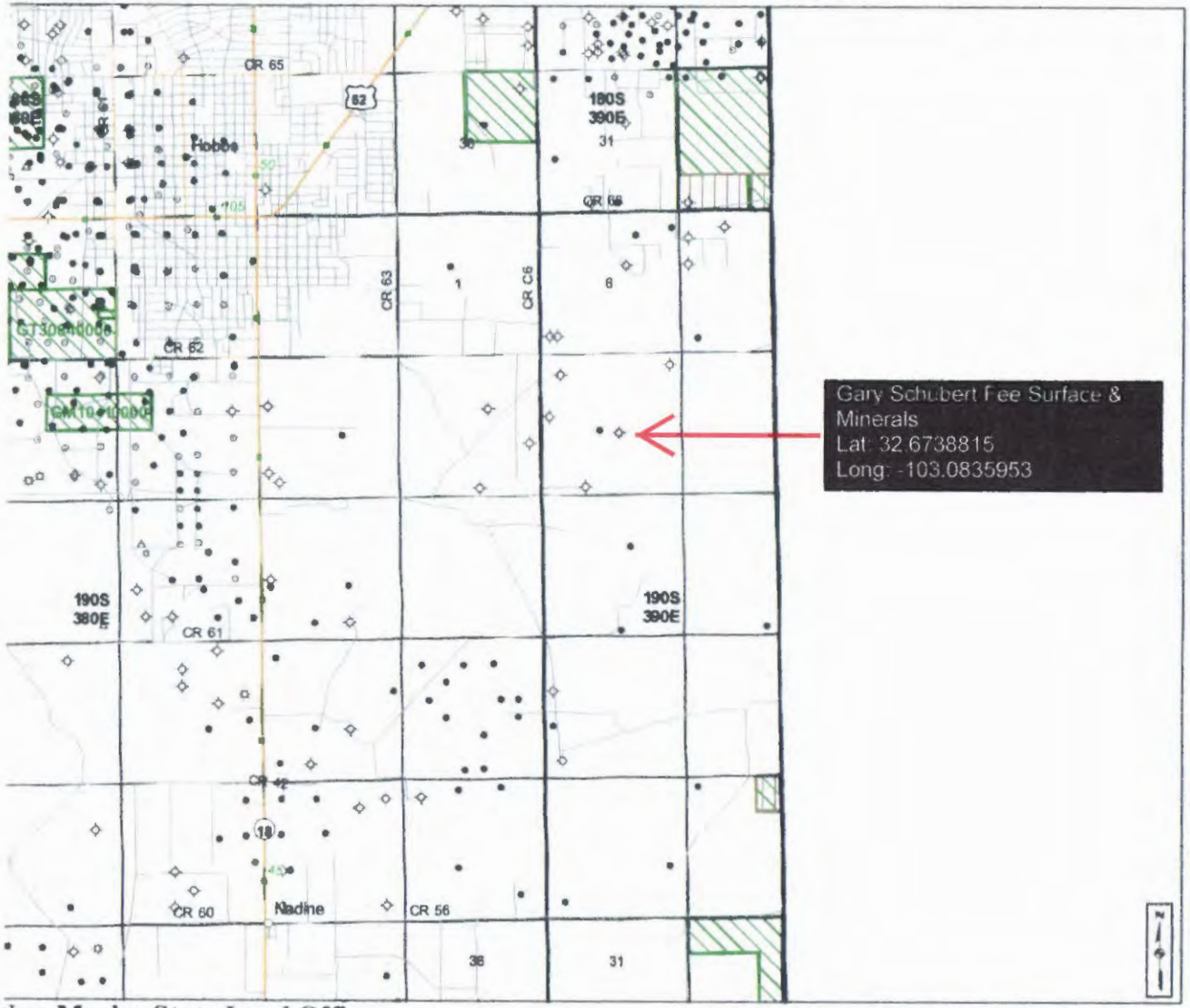


EXHIBIT A

NMSLO MAP
GARY SCHUBERT PROPERTY



Cartographic Features
- County Boundaries
- County Seats
- City, Town or Village
- SLO District Offices
- SLO District Boundary
- Hwy Mileposts
- Interstate
- US Hwy
- NM Hwy
- Local Road
- Continental Divide

Federal Minerals Ownership
- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

State Trust Lands
- Surface Estate
- Subsurface Estate
- Surface and Subsurface Estate

State Leases
- Oil and Gas Leases
- Agricultural Leases
- Commercial Leases
- Minerals Leases
- Not Available for Oil and Gas Leasing
- Oil and Gas Leasing Influenced by Restriction

Oil and Gas Related Features
- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- Volcanic Vents
- NMOCD Order R-111-P Potash Enclave Outline

NMOCD Oil and Gas Wells
- CO^2
- Gas
- Injection
- Miscellaneous
- Oil
- Salt Water Disposal
- Water
- DA or PA

New Mexico State Land Office
Oil, Gas and Minerals

0.25 0.5 1 1.5 2 Miles

Universal Transverse Mercator Projection, Zone 13
1983 North American Datum

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center
logic@slo.state.nm.us

Created On: 3/5/2018 9:17:52 AM

www.nmstatelands.org

EXHIBIT B

PROPERTY EMAPSPLUS
SCHUBERT 7 WELL No 1
LAT: 32.6738815
LONG: -103.0835953
22.12 ACRES

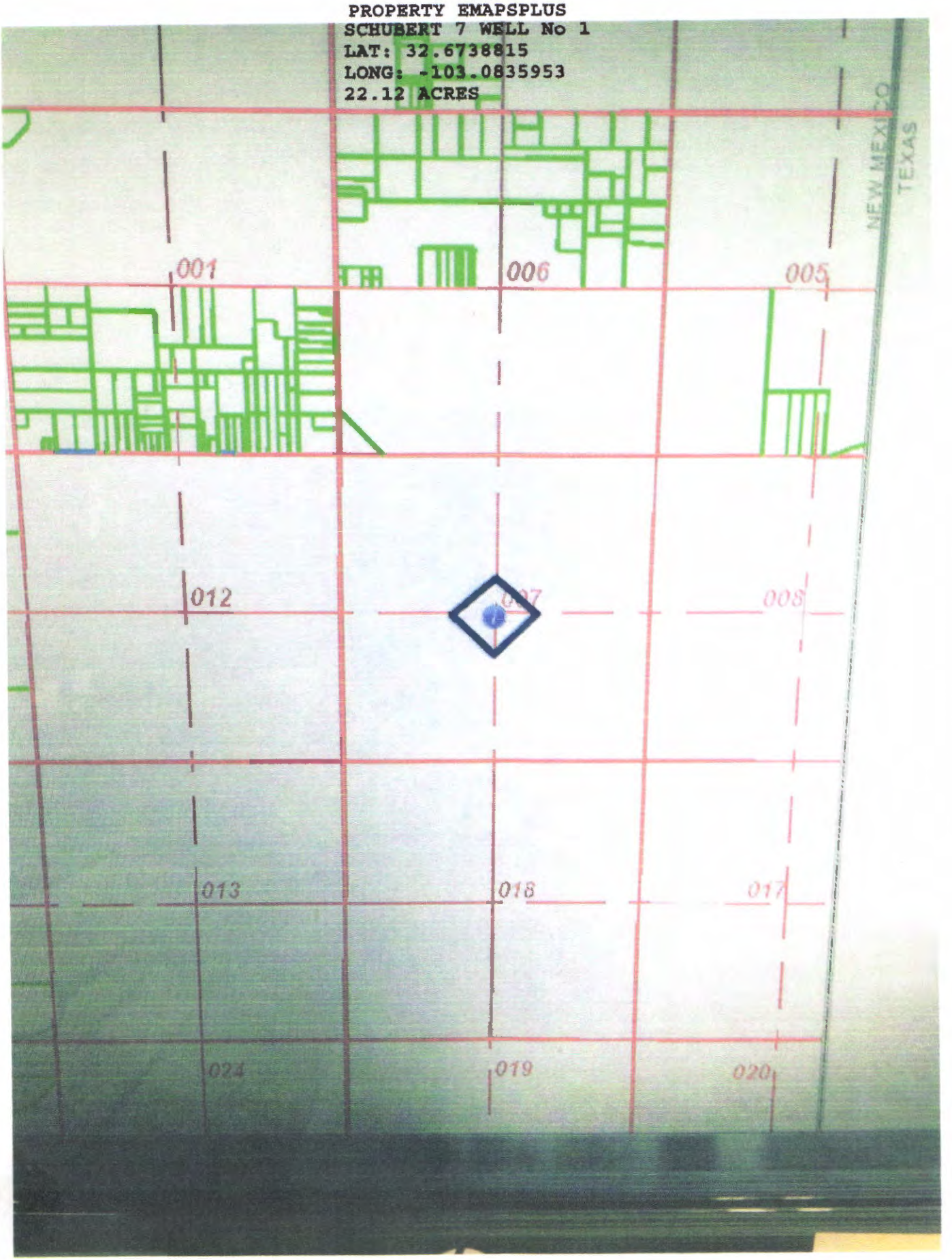


EXHIBIT C

H.R.C., INC

SHUBERT 7 WELL No. 1
NW/4,SE/4-SEC.7-T19S-R39E
LEA COUNTY, NM
API 30-025-36781

LAT:32.6738815
LONG:-103.0835953

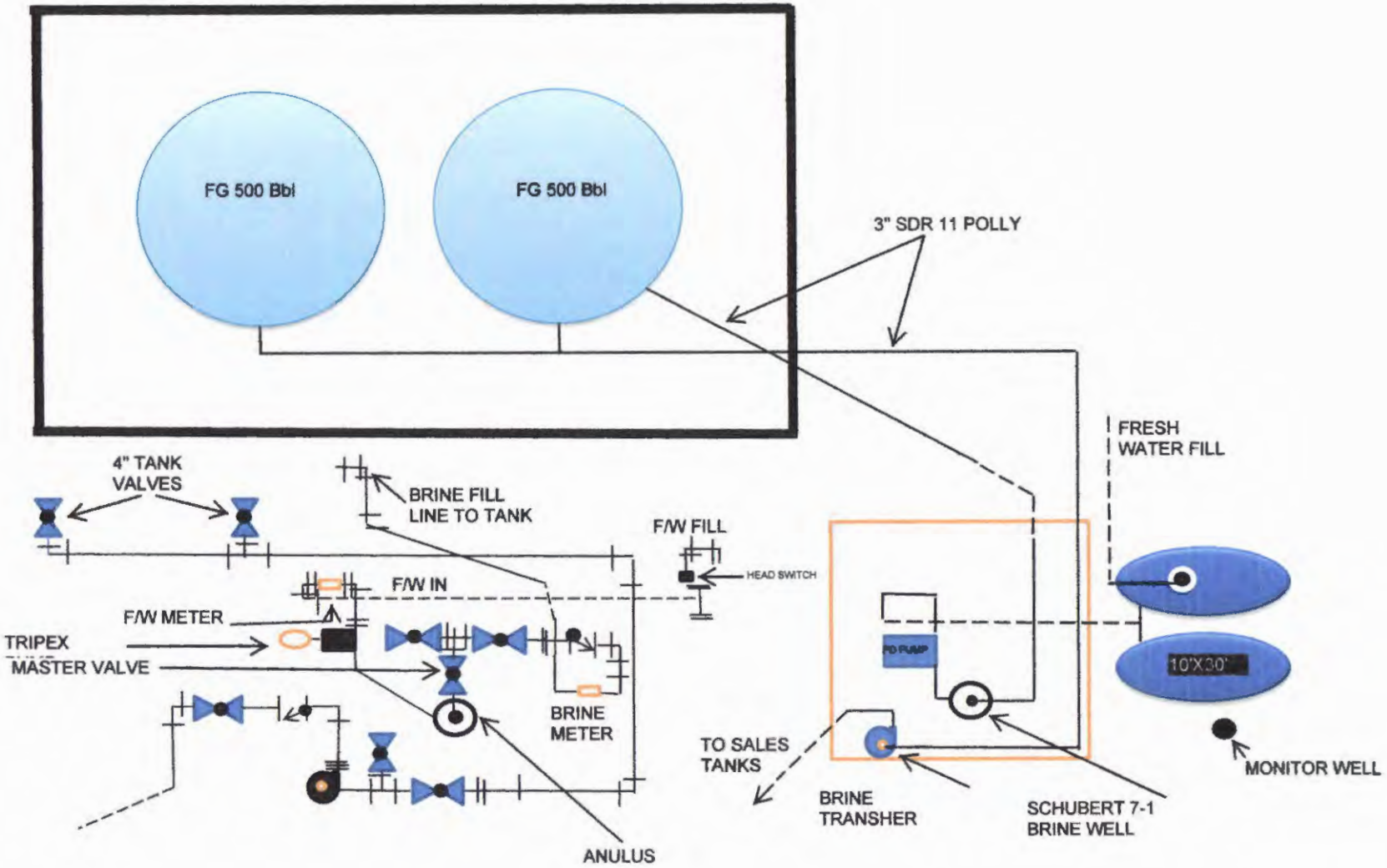


EXHIBIT D

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-025-36781
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: Schubert 7
1. Type of Well: Oil Well ☒ Gas Well ☐ Other
8. Well Number: 1
2. Name of Operator: SAHARA OPERATING COMPANY
9. OGRID Number: 020077
3. Address of Operator: P.O. BOX 4130, Midland, TX 79704
10. Pool name or Wildcat: Wildcat
4. Well Location
Unit Letter J : 2313 feet from the South line and 2313 feet from the East line
Section 7 Township 19S Range 39E NMPM County Lea
11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3585' GL

Pit or Below-grade Tank Application ☐ or Closure ☐
Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____
Pit Liner Thickness: ____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☒	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☒	
OTHER: ☐		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Move in Rod Ric Rig #10. Spudded 12.25" hole @ 1800 hrs, 9-22-04
9-24-04: Drilled to surface casing point of 1865'. Ran 8-5/8" casing as follows:

8.625" sawtooth csg shoe, 8rd	0.82'
1 jt, 8-5/8" 24# 8rd ST&C new csg	40.64'
8-5/8" Float Collar	1.20'
45 jts 8-5/8" 24# 8rd ST&C new csg	1826.96'

Total length string 1869.62'. Set casing @ 1865'. Dressed casing w/12 centralizers. RU BJ and cemented with 700 sx 35:65:6 lead mixed to 12.7 PPG. Tailed w/200 sx class C w/2% $CaCl_2$ mixed to 14.8 ppg . Circulated 278 sx to pit. WOC. Nipped up BOP on 3M flanged wellhead. Tested casing to 1500# for 30 minutes OK. Tested blinds, manifold and HCR. Rigged up H_2S equipment. TIH w/bit, tested pipe rams, hydril and kill valves to 1500# OK. Drilled shoe after 18 hrs WOC.

SEP 2004 RECEIVED Hobbs OCD

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE _____ TITLE President DATE 9-27-04

Type or print name Robert McAlpine E-mail address: saharam@sbcglobal.net Telephone No. 432-697-0967

For State Use Only

APPROVED BY: _____ TITLE PETROLEUM ENGINEER DATE SEP 29 2004
Conditions of Approval (if any):

EXHIBIT E

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-025-36781
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: Schubert 7
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8. Well Number: 1
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9. OGRID Number: 020077
3. Address of Operator: P.O. BOX 4130, Midland, TX 79704
10. Pool name or Wildcat: Wildcat

4. Well Location
Unit Letter J : 2313 feet from the South line and 2313 feet from the East line
Section 7 Township 19S Range 39E NMPM County Lea

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 3585' GL

Pit or Below-grade Tank Application ☐ or Closure ☐
Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____
Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

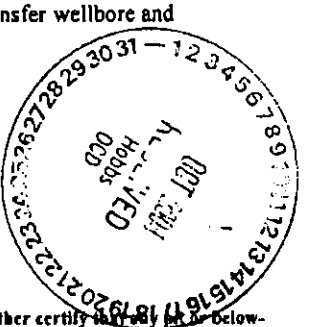
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☒
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
OTHER:	☐			OTHER:	☐		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

10/7/04 Drilled to TD of 7900' @ 0530 hrs. Circ hole clean, TOH & Ran logs.
10/8/04 Rec'd plugging procedure from Paul Kautz. TIH OEDP and set plug #1, 30 sx @ 7900', LDDP, set plug #2 – 35 sx @ 5710', LDDP, set plug #3 - 40 sx @ 4089'. LDDP, set plug #4 – 100 sx @ 2947'(top of Yates formation).At request of surface owner, suspended P&A operations, will transfer wellbore and responsibility for location and pits to

HRC, Inc.
P.O. Box 5102
Hobbs, New Mexico, 88241
OGRID #131652



I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE _____ TITLE President DATE 10-11-04

Type or print name Robert McAlpine E-mail address: saharam@sbcglobal.net Telephone No. 432-697-0967

For State Use Only

APPROVED BY: Mary W. Wink TITLE OC FIELD REPRESENTATIVE II/STAFF MANAGER DATE OCT 18 2004
Conditions of Approval (if any):

EXHIBIT F

SCHUBERT 7 WELL NO. 1
API 30-025-36781
2313 FSL, 2313 FEL
J - SEC 7 - T19S - R39E
LAT: 32.6738815 LONG: -103.0835953

CURRENT

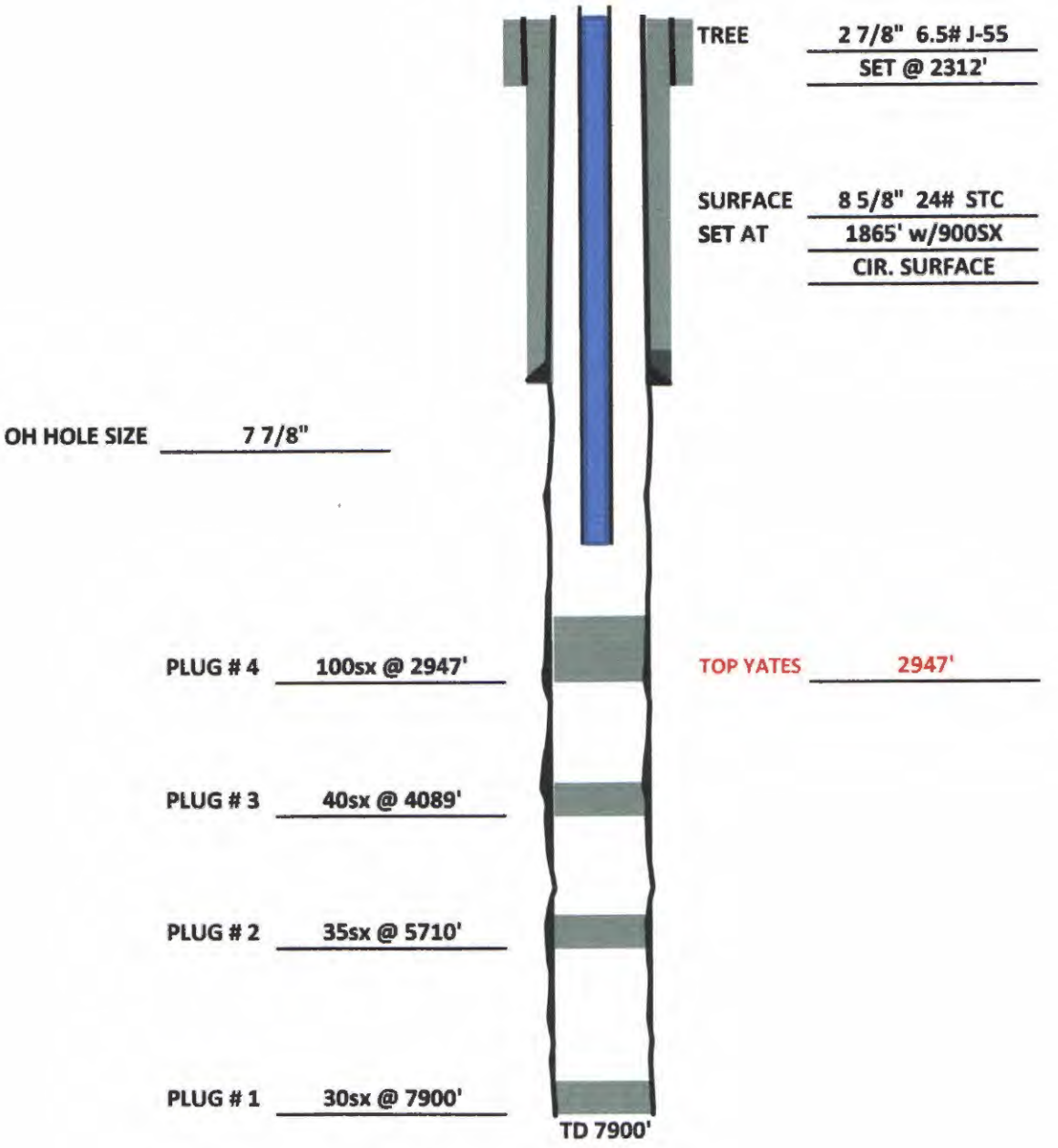


EXHIBIT G

GARY SCHUBERT WATER WELL No. 9629

Revised June 1972

T#171652

STATE ENGINEER OFFICE

WELL RECORD

Section 1. GENERAL INFORMATION

(A) Owner of well Gary Shubert Owner's Well No. 9629

Street or Post Office Address P. O. Box 6056

City and State Hobbs, NM 88241

Well was drilled under Permit No. 209629-10 and is located in the: 171652

a. NW ¼ NW ¼ ¼ NW ¼ of Section 7 Township 19S Range 39E N.M.P.M.

b. Tract No. ____ of Map No. ____ of the ____

c. Lot No. ____ of Block No. ____ of the ____ Subdivision, recorded in Lea County.

d. X= ____ feet, Y= ____ feet, N.M. Coordinate System ____ Zone in the ____ Grant.

(B) Drilling Contractor Ken Marsh License No. WD586

Address Box 1832 Hobbs, NM 88241

Drilling Began 1-16-00 Completed 1-23-00 Type tools cable Size of hole 18 in.

Elevation of land surface or surface at well is ____ ft. Total depth of well 227 ft.

Completed well is ☒ shallow ☐ artesian. Depth to water upon completion of well 110 ft.

Section 2. PRINCIPAL WATER-BEARING STRATA

Depth in Feet From	Depth in Feet To	Thickness in Feet	Description of Water-Bearing Formation	Estimated Yield (gallons per minute)
120	130	10	Sand	
130	145	6	Sand & Sandstone	
145	180	35	Sandstone	
183	212	29	Sand Sandstone - gravel	600

Section 3. RECORD OF CASING

Diameter (inches)	Pounds per foot	Threads per in.	Depth in Feet Top	Depth in Feet Bottom	Length (feet)	Type of Shoe	Perforations From	Perforations To
16"	wall .219	weld	0	227	227	None	65	227

Section 4. RECORD OF MUDDING AND CEMENTING

Depth in Feet From	Depth in Feet To	Hole Diameter	Sacks of Mud	Cubic Feet of Cement	Method of Placement
1	12	18"		4 yds.	Truck

Section 5. PLUGGING RECORD

Plugging Contractor ____

Address ____

Plugging Method ____

Date Well Plugged ____

Plugging approved by: ____ State Engineer Representative

No.	Depth in Feet Top	Depth in Feet Bottom	Cubic Feet of Cement
1			
2			
3			
4			

FOR USE OF STATE ENGINEER ONLY 19.39.7.1113

Date Received 04-10-00

Quad ____ FWL ____ FSL ____

File No. L-11,024 Use EXPLORE Location No. 19.39.7.1113

Explor

EXHIBIT H

P82

Section 6. LOG OF HOLE

Depth in Feet From	Depth in Feet To	Thickness in Feet	Color and Type of Material Encountered
0	6	6	Topsoil
6	13	7	Caliche
13	60	47	Sand
60	120	60	Sandstone
120	130	10	Sand
130	139	9	Rock
139	145	6	Sand & Sandstone
145	180	35	Sandstone
180	183	3	Hard Rock
183	212	29	Sand, Sandstone, Gravel
212	227	15	Red Bed

Section 7. REMARKS AND ADDITIONAL INFORMATION

The undersigned hereby certifies that, to the best of his knowledge and belief, the foregoing is a true and correct record of the above described hole.

K Mauck
Driller

INSTRUCTIONS: This form should be executed in triplicate, preferably typewritten, and submitted to the appropriate district office of the State Engineer. All sections, except Section 5, shall be answered as completely and accurately as possible when any well is drilled, repaired or deepened. When this form is used as a plugging record, only Section 1(a) and Section 5 need be completed.

EXHIBIT H

Pre-Ongard
API 30-025-07973
D-7-19S-39E
760 FNL + 760 FWL
Lat: 32.679966
Long -103.0907898 NAD 83

Form 9-330

Budget Bureau No. 42-R356.2.
Approval expires 12-31-55.

U. S. Land Office: New Mexico
Serial Number: N. M. 058
Lease or Permit to Prospect:

LOCATE WELL CORRECTLY

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

LOG OF OIL OR GAS WELL

Company: Leroy Wise Address: Box 1955, Hobbs, New Mexico
Lessor or Tract: R. M. Wilson Field: Wildcat State: New Mexico
Well No. 1 Sec. 7 T.19S. R.39E. Meridian ...... County: Lea
Location 760 ft. {N.} of N. Line and 760 ft. {E.} of W. Line of Section 7 Elevation ......

The information given herewith is a complete and correct record of the well and all work done thereon so far as can be determined from all available records.

Signed: [signature]

Date: January 31, 1955 Title: Agent

The summary on this page is for the condition of the well at above date

Commenced drilling: November 29, 1954 Finished drilling: December 10, 1954

OIL OR GAS SANDS OR ZONES

(Denote gas by G)

No. 1, from 2977 to 3055 No. 4, from ...... to ......
No. 2, from ...... to ...... No. 5, from ...... to ......
No. 3, from ...... to ...... No. 6, from ...... to ......

IMPORTANT WATER SANDS

No. 1, from ...... to ...... No. 3, from ...... to ......
No. 2, from ...... to ...... No. 4, from ...... to ......

CASING RECORD

Size casing	Weight per foot	Threads per inch	Make	Amount	Kind of shoe	Cut and pulled from	Perforated From—	Perforated To—	Purpose
10 3/4	32.75	ST&C	S-40	310'		None	None		Surface

MUDDING AND CEMENTING RECORD

Size casing	Where set	Number sacks of cement	Method used	Mud gravity	Amount of mud used
10 3/4	310'	300 Sacks of Neat	Mud pump		

PLUGS AND ADAPTERS

Heaving plug—Material ...... Length ...... Depth set ......
Adapters—Material ...... Size ......

SHOOTING RECORD

Size	Shell used	Explosive used	Quantity	Date	Depth shot	Depth cleaned out

TOOLS USED

Rotary tools were used from 0 feet to 3525 feet, and from ...... feet to ...... feet
Cable tools were used from ...... feet to ...... feet, and from ...... feet to ...... feet

DATES

Spud November 29, 1954 Put to producing ......, 19...

The production for the first 24 hours was ...... barrels of fluid of which ......% was oil; ......% emulsion; ......% water; and ......% sediment. Gravity, °Bé. ......

If gas well, cu. ft. per 24 hours ...... Gallons gasoline per 1,000 cu. ft. of gas ......

Rock pressure, lbs. per sq. in. ......

EMPLOYEES

W. W. Anderson, Driller Bob Garand, Driller
O. E. Surlek, Driller ......, Driller

FORMATION RECORD

FROM—	TO—	TOTAL FEET	FORMATION
0	310	310	Red Bed Set surface
310	1196	886	Red Bed
1196	1500	304	Red Bed and Shale
1500	1820	320	Shale
Top Anhydrite			
1820	1960	140	Anhydrite
Top of Salt			
1960	2825	865	Anhydrite and Salt
2825	2960	135	Anhydrite
Started Core			
2960	3050	90	Salt, Anhydrite and Sand Top of Yates - 2977
3050	3240	190	Anhydrite and Sand
3240	3525	285	Anhydrite, Salt and Sand

Core Log Attached

D. S. T. #1 – 3420 to 3525 – Tool open 2 hours
Fair flow throughout test. No gas or fluid to surface. Recovered 270' of Gas cut mud and 166' of Salt Water.

PRESSURES
Initial Hydro. – 1925
Initial Flow – 70
Final Flow – 320
Closed in Pressure – 1450
Final Hydro. – 1905

EXHIBIT I

FORMATION RECORD—Continued

FOLD | MARK

LOCATION AND DISTANCE OF GEOLOGICAL STUDY

AERIAL VIEW OF WATER WELL, PRE ONGARD
SCHUBERT 7 WELL No. 1

EXHIBIT J

SCHUBERT 7 WELL No. 1
GR/NEUTRON SPECTRAL DENSITY LOG

CORROLATION WITH PRE ONGAURD API 30-025-07973
LITHOLOGY REPORT.

EXHIBIT K

HALLIBURTON
EXCEL

DUAL-SPACED NEUTRON
SPECTRAL DENSITY

COMPANY SAHARA OPERATING COMPANY
WELL SCHUBERT 7 No. 1
FIELD WILDCAT
COUNTY LEA STATE NM

API No 30-025-36791
Location 2313' FSL AND 2217' FEL

Sect 7 Twp 19S Rge 38E

Other Services
BHC
DLL/MGRD

Permanent Datum GROUND LEVEL Elev 3586
Log measured from K.B. 13.5 ft. above perm. datum
Drilling measured from KELLY BUSHING
Elev.: K.B. 3599.5 D.F. 3597.5 G.L. 3586.0

Date	10/07/04			
Run No	ONE			
Depth – Driller	7900			
Depth – Logger	7588			
Bottom – Logged Interval	7600			
Top – Logged Interval	1862			
Casing – Driller	8.625 @ 1865	@	@	@
Casing – Logger	1862			
Bit Size	7.875			
Type Fluid in Hole	BRINE			
Dens. | Visc.	10 | 34	|	|	|
Ph | Fluid Loss	11 | 12	|	|	|
Source of Sample	LINED PIT			
Rm @ Meas. Temp.	0.12 @ 73 F	@	@	@
Rmf @ Meas. Temp.	0.12 @ 73 F	@	@	@
Rmc @ Meas. Temp.	N/A @ N/A	@	@	@
Source Rmf | Rmc	MEAS. | N/A	|	|	|
Rm @ BHT	0.075 @ 121 F	@	@	@
Time Since Circ.	10/7 0600			
Time on Bottom	10/7 1658			
Max. Rec. Temp.	121 F @ 7588	@	@	@
Equip. | Location	582 | HOBBS	|	|	|
Recorded By	K. LAFORTUNE			
Witnessed By	J. LEEDE	R. McALPINE		

Service Ticket No 3328745 API Serial No 30-025-36791 PGM Version XL V5.6

CHANGE IN MUD TYPE OR ADDITIONAL SAMPLES / RESISTIVITY SCALE CHANGES / RESISTIVITY EQUIPMENT DATA

EQUIPMENT DATA

	GAMMA		ACOUSTIC		DENSITY		NEUTRON
Run No	ONE	Run No		Run No	ONE	Run No	ONE
Serial No	10089YL	Serial No		Serial No	AD44YL	Serial No	*08772YL
Model No	NGRT-A	Model No		Model No	SDL_DA	Model No	DSNT-A
Diameter	3.625"	No. of Cent		Diameter	4.50"	Diameter	3.625"
Detector Model No	T102-A	Spacing		Log Type	GAMGAM	Log Type	NEUNEU
Type	SCINT	LSA [Y/N]		Source Type	Cs 137	Source Type	Am241Be
Length	4.0'	FWDA [Y/N]		Serial No	2649GW	Serial No	DSN 80
Distance to Source	10.0'			Strength	1.5 Ci	Strength	18.6 Ci

LOGGING DATA

Run No.	Depth From	Depth To	Speed Ft/Min	Gamma L	Gamma R	Acoustic L	Acoustic R	Acoustic Matrix	Density L	Density R	Density Matrix	Neutron L	Neutron R	Neutron Matrix
ONE	7588	1862	REC	0	100				30%	-10%	2.71	30%	-10%	LIME
ONE	1862	200	REC	0	100							30%	-10%	LIME

DIRECTIONAL INFORMATION
Maximum Deviation / KOP

Remarks
TOOLSTRING CONFIGURATION: BRID/GR/DSN/SDL/FLEX/BHC/DLL/MGRD
ANNULAR HOLE VOLUME CALCULATED USING 5.5" PRODUCTION CASING
LOGGING INTERVALS PER CUSTOMER REQUEST.
TOTAL DEPTH NOT REACHED DUE TO HOLE CONDITIONS

H.E.S. CREW: O. AVILA, A. JURADO, J. SANCHEZ
THANK YOU FOR CHOOSING HALLIBURTON ENERGY SERVICES. (800) 84 8451

MAIN LOG (2" = 100 FT.)

HALLIBURTON

EXCELL

Version No: 3.6 | he:3.0
Data File: 1007_1612_e2701.3.cls
Format File: plot_01_1.spe
Plot Time: 2004-10-07 20:12:33
Log Time: 2004-10-07 17:28:46

Top Depth: 160.26
Bottom Depth: 7683.29

GAMMA RAY
0 API 100

SDL CALIPER
6 INCHES 16

NEAR QUALITY
-4.5 .5

FAR QUALITY
4.5 -.5

TENSION
10000 POUNDS 0

ANN. VOL.>
TIC=10FT3
<HOLE VOL.
TIC=10FT3
1:600
FT.

NEU POROSITY
30. % MTX=LIME -10

BULK DENSITY
2 GM/CC 3

DENSITY COR.
-.1 GM/CC .5

PE
0 10

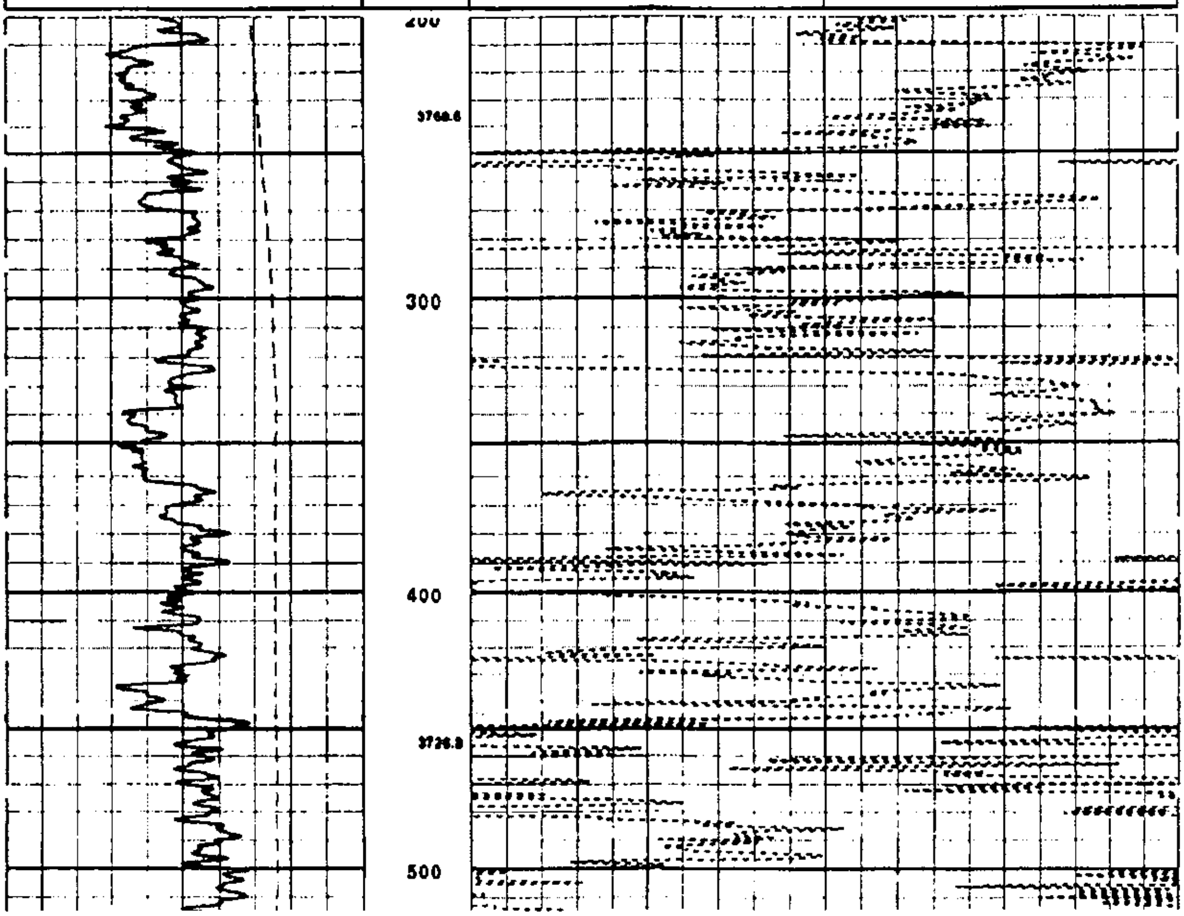


EXHIBIT K

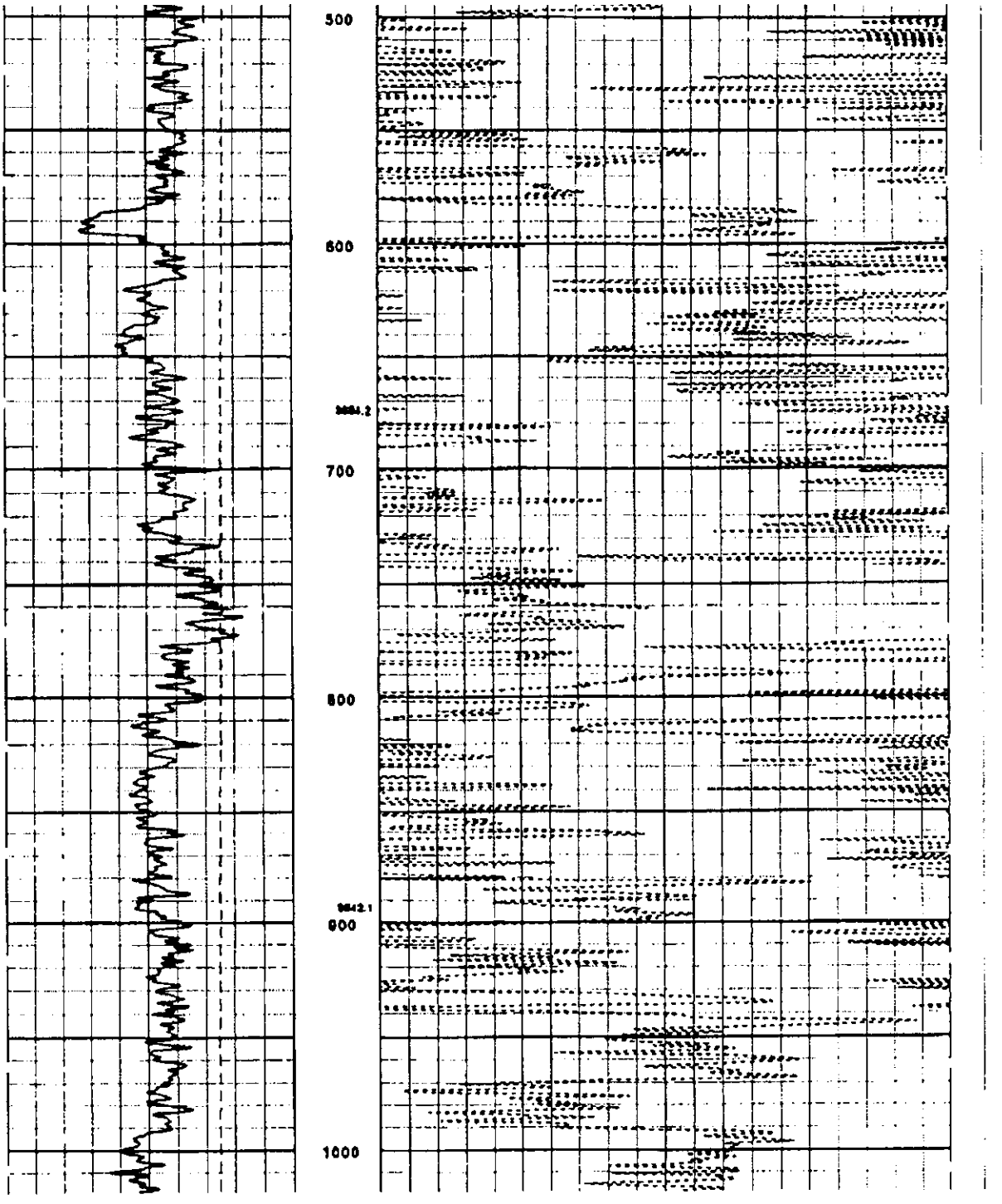


EXHIBIT K

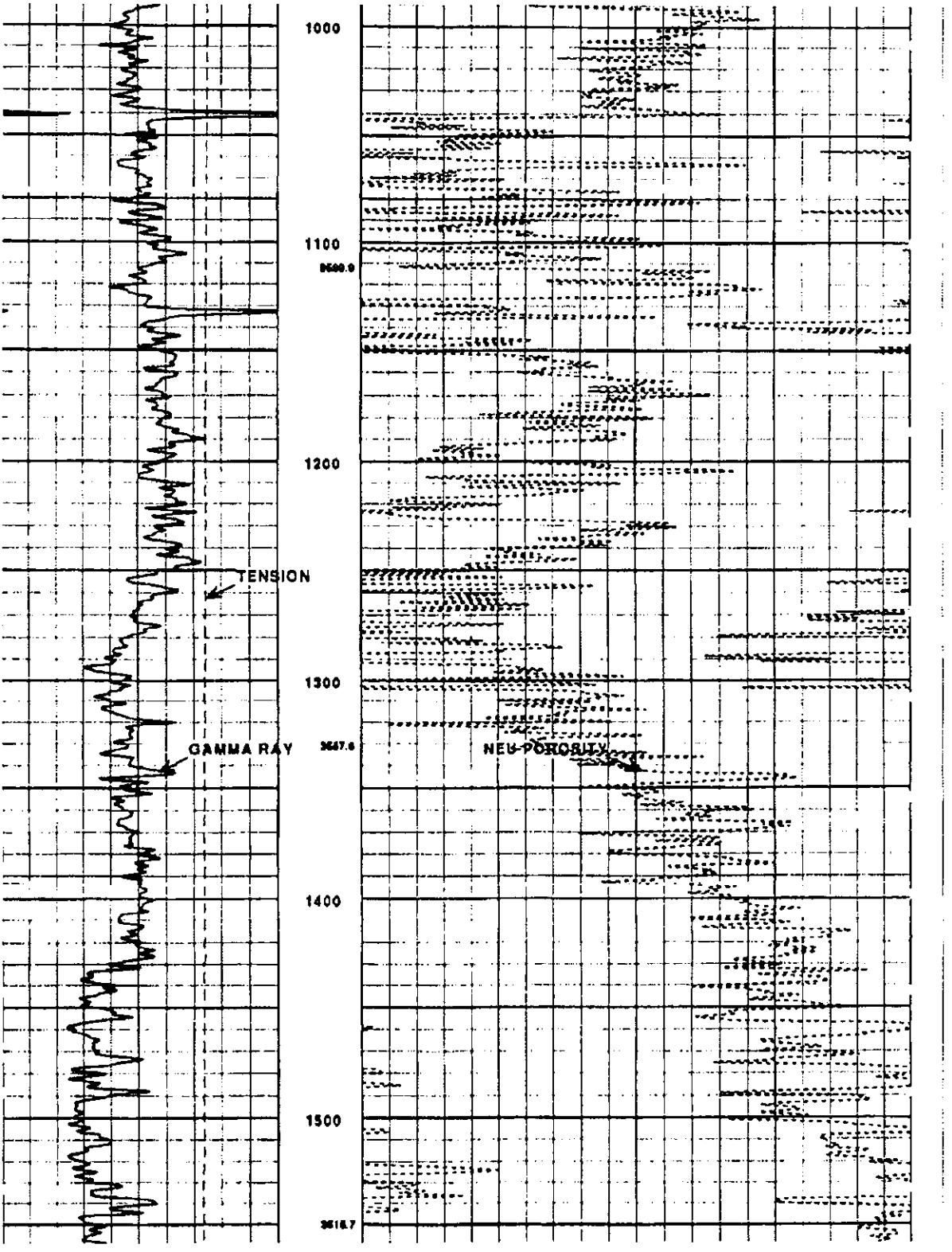

1000
1100
1200
1300
1400
1500
TENSION
GAMMA RAY
NEU-POROSITY

EXHIBIT K

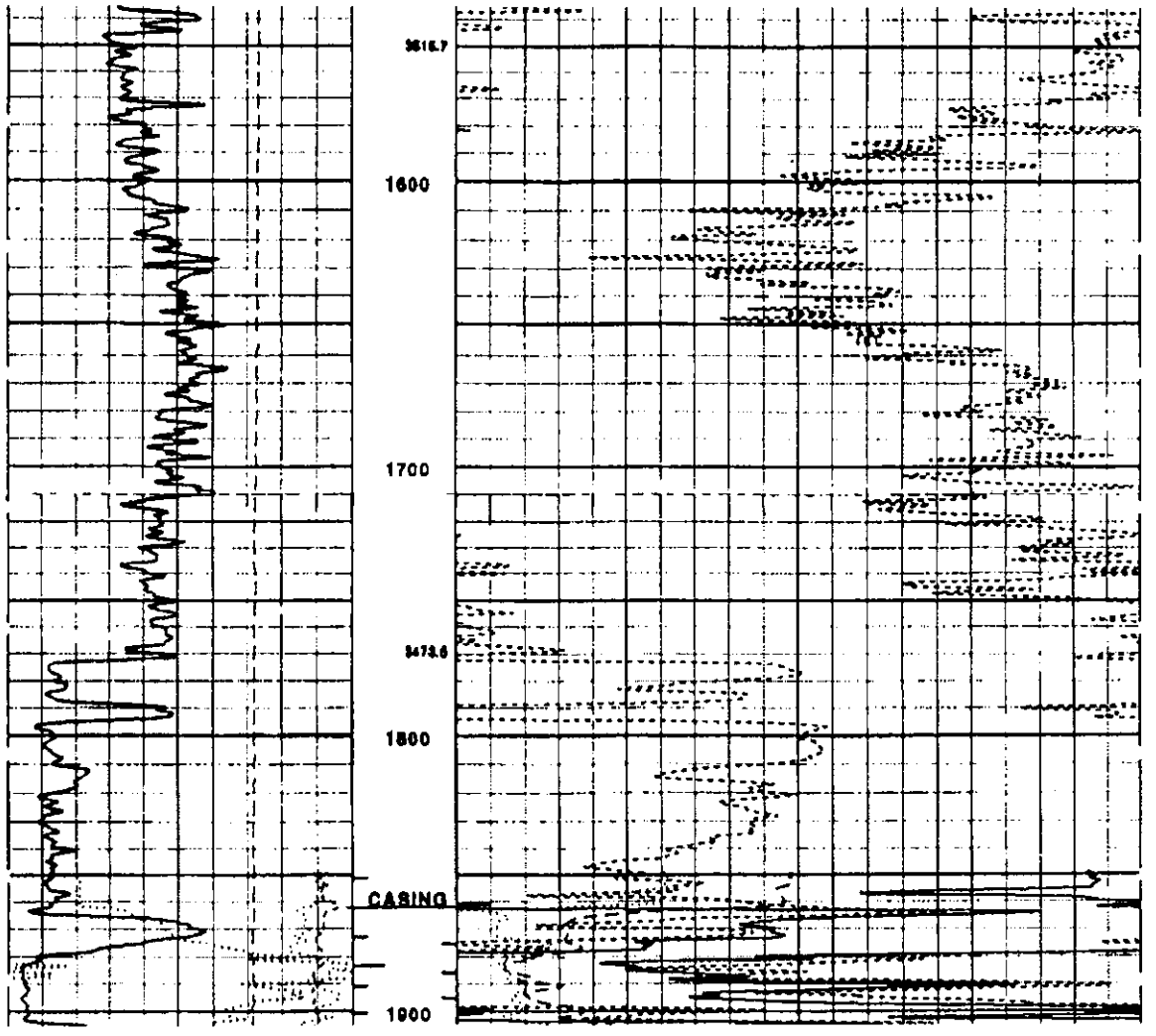
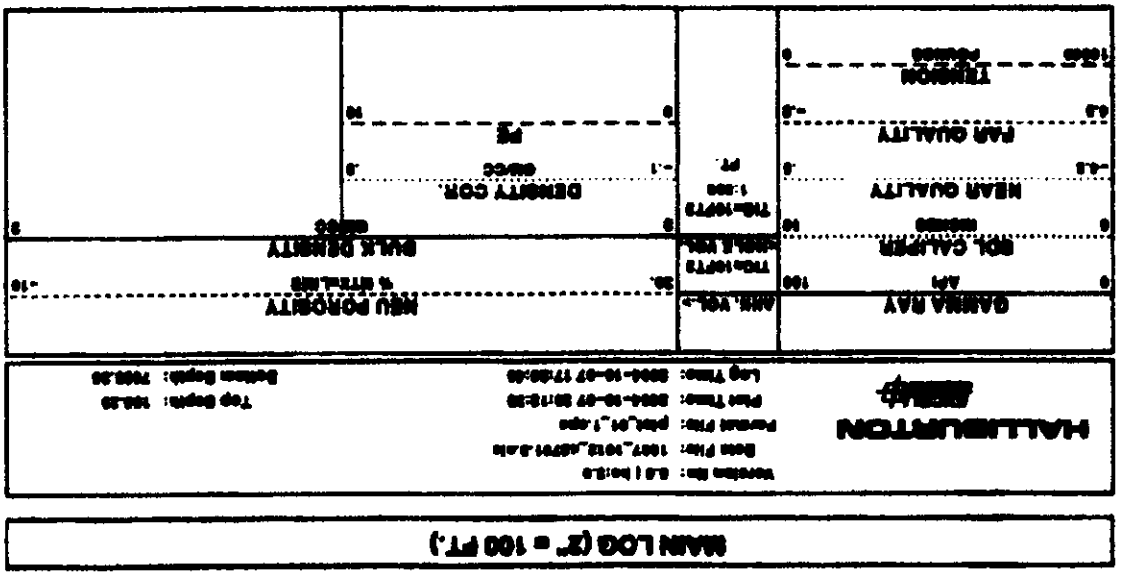
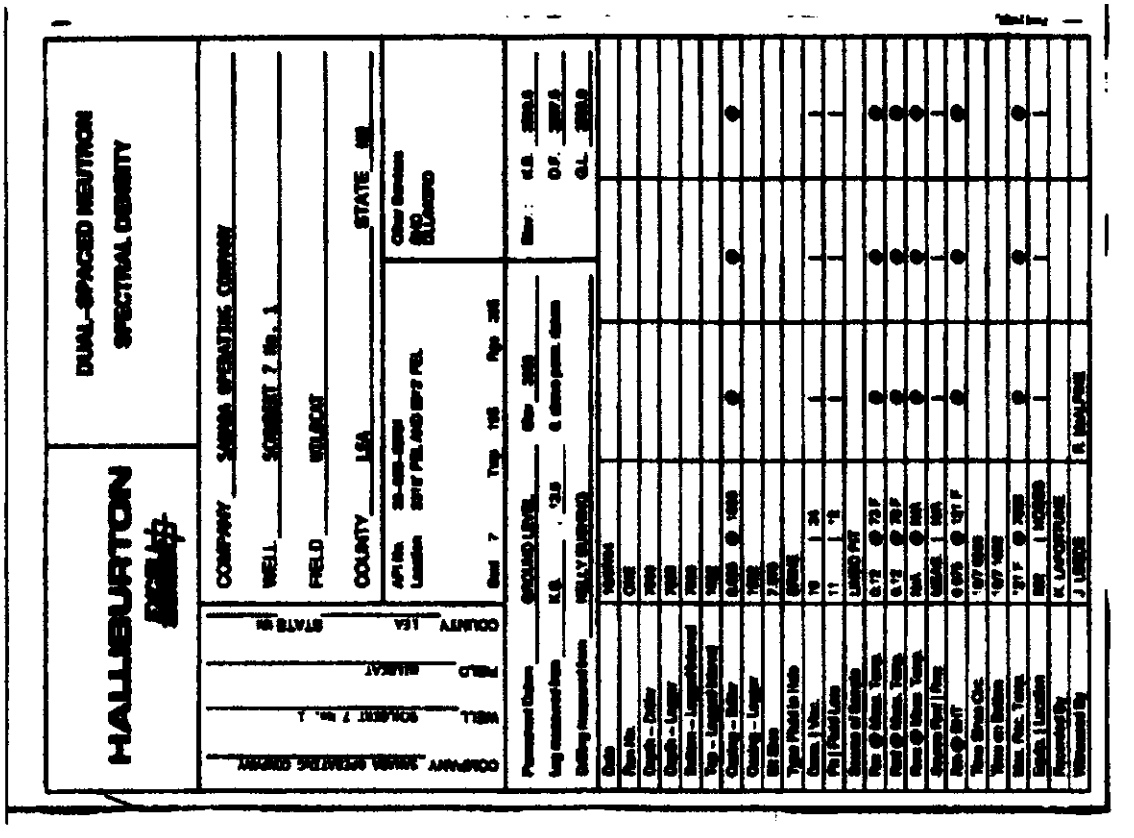


EXHIBIT K

SCHUBERT 7 WELL No. 1
DUAL SPACED NEUTRON
SPECTRIAL DENSITY
SALADO HALITE

EXHIBIT L





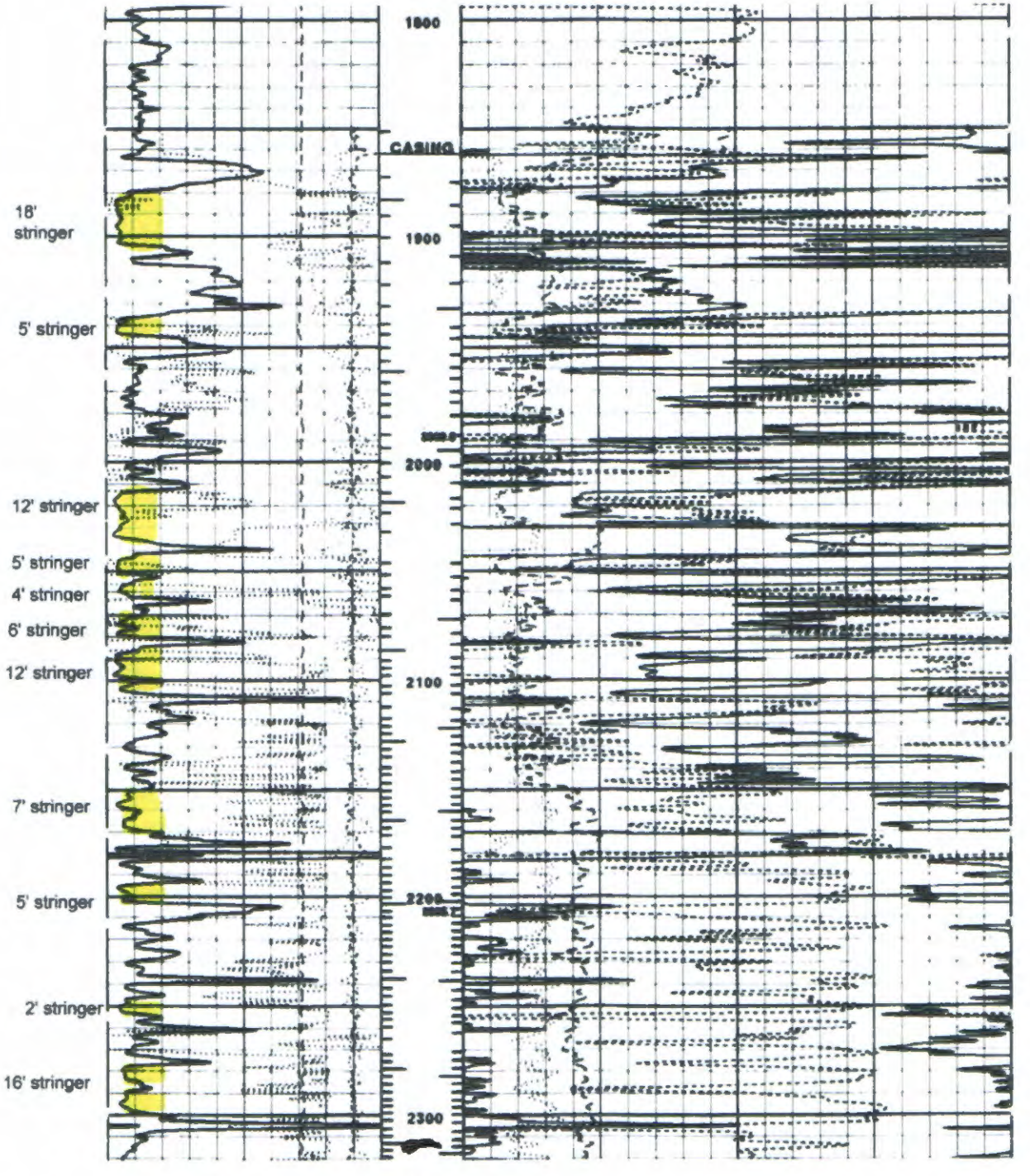

1800
CASING
1900
2000
2100
2200
2300
18' stringer
5' stringer
12' stringer
5' stringer
4' stringer
6' stringer
12' stringer
7' stringer
5' stringer
2' stringer
16' stringer

EXHIBIT L

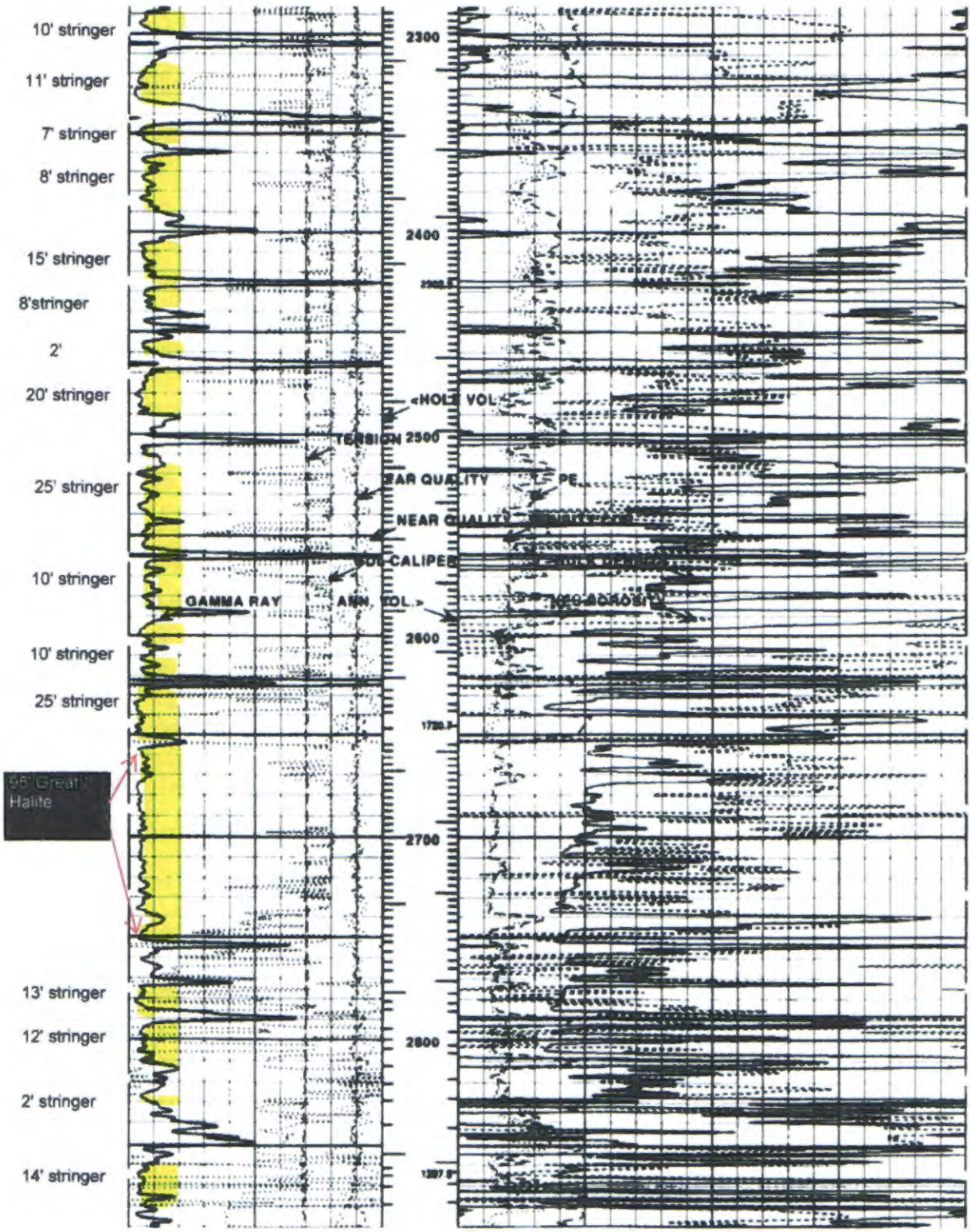

10' stringer
11' stringer
7' stringer
8' stringer
15' stringer
8'stringer
2'
20' stringer
25' stringer
10' stringer
10' stringer
25' stringer
95' Great Halite
13' stringer
12' stringer
2' stringer
14' stringer
2300
2400
2500
2600
2700
2800
GAMMA RAY
CALIPER
NEAR QUALITY
PE

EXHIBIT L

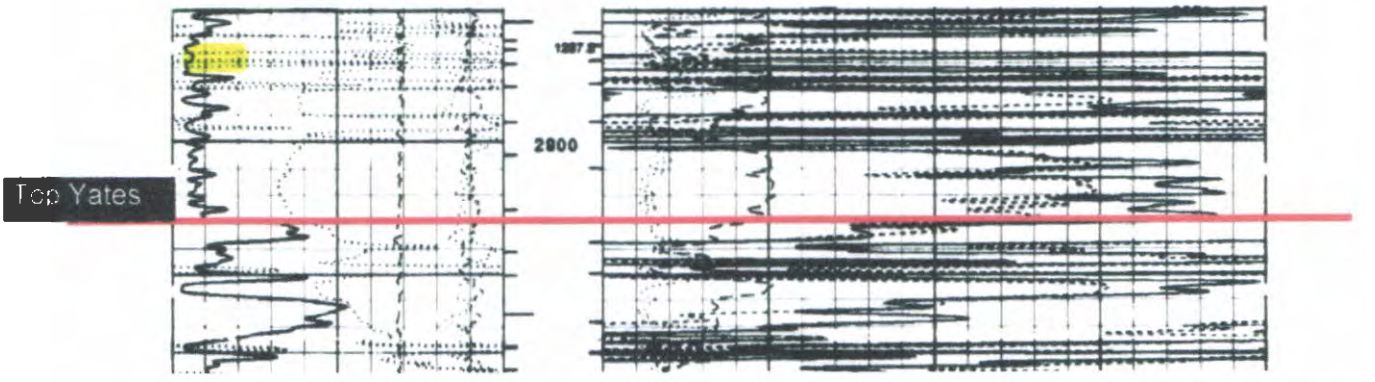
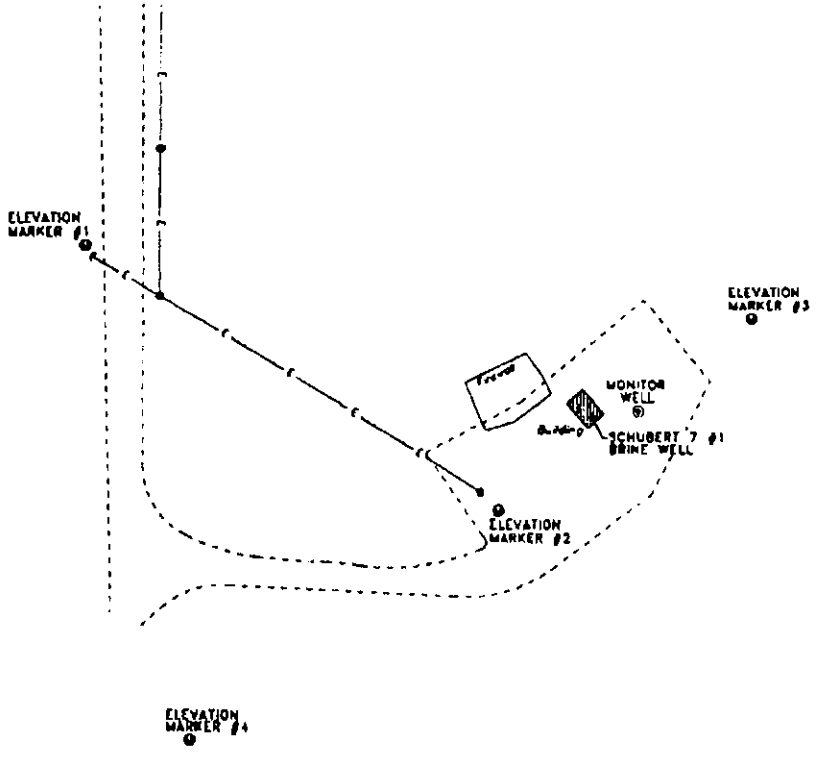


EXHIBIT L

SCHUBERT 7 WELL No. 1
MONITORING PROGRAM PLAT

SECTION 7, TOWNSHIP 19 SOUTH, RANGE 39 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



NOTE
ELEVATIONS ARE ON BLACK MARK ON NORTH SIDE OF PVC CASING

NEW MEXICO STATE PLANE COORDINATES (NAD83)

WELL	NORTHING	EASTING	LATITUDE	LONGITUDE	ELEVATION
EM-1	611304.81	925484.92	32°40'27.52"	103°05'05.71"	3591.55
EM-2	611100.65	925800.11	32°40'25.46"	103°05'02.05"	3586.33
EM-3	611248.41	925991.43	32°40'26.90"	103°04'59.78"	3586.23
EM-4	610926.15	925561.84	32°40'23.76"	103°05'04.66"	3586.24

REVISION #	DATE	DESCRIPTION
1	SEPT 8, 2015	ORIGINAL SURVEY
2	DEC. 15, 2015	RESURVEY-NO CHANGE IN ELEVATIONS
3	APRIL 12, 2016	RESURVEY-NO CHANGE IN ELEVATIONS
4	JULY 28, 2016	RESURVEY-NO CHANGE IN ELEVATIONS
5	OCTOBER 27, 2016	RESURVEY-NO CHANGE IN ELEVATIONS
6	February 6, 2017	RESURVEY-NO CHANGE IN ELEVATIONS
7	May 11, 2017	RESURVEY-NO CHANGE IN ELEVATIONS
8	AUGUST 30, 2017	RESURVEY-NO CHANGE IN ELEVATIONS

100 0 100 200 FEET

SCALE: 1" = 100'

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEY AND MEETS OR EXCEEDS THE REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES, N.M. P.S. 7977

BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

H.R.C. INC.

REF: ELEVATION MARKERS

ELEVATION MARKERS LOCATED IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 39 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

W.O. Number: 33295	Drawn By: K. GOAD		
Date: 09-15-2017	Disk: KJG - SCHUBERT MW 33295	Survey Date: 08-30-2017	Sheet 1 of 1 Sheets

EXHIBIT M

MIT CONDUCTED 11/20/16

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

WELL API NO. 30-025-36781
5. Indicate Type of Lease STATE ☐ FEE ☒
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: SCHUBERT 7
1. Type of Well: Oil Well ☐ Gas Well ☒ Other (Brine Supply)
8. Well Number 1
2. Name of Operator: H.R.C., Inc.
9. OGRID Number: 131652
3. Address of Operator: P. O. Box 5102, Hobbs, NM 88241
10. Pool name or Wildcat: BSW-Saldo
4. Well Location
Unit Letter J : 2313 feet from the South line and 2313 feet from the East line
Section 7 Township 19S Range 39E NMPM County Lea
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3585 GL

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER: MIT TEST	☒			OTHER: MIT TEST	☒		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

11/20/16 PRESSURE FORMATION TO 300 PSI -- SHUT IN 8 P.M.
11/21/16 SHUT IN
11/22/16 RIG UP CHART RECORDER; OPEN CSG. TO CHART RECORDER @ 300 PSI @ 8:15 AM; WITNESS: MARK WHITAKER; 4 HR. TEST CLOSE CSG. @ 12:15 PM WITNESS GEORGE BOWEN -- HELD @ 300 PSI.
1:00 PM - OPEN WELL TO TANKS -- BLEED PRESSURE TO 200psi
7:00 PM - PRODUCE BRINE @ 200 PSI

Spud Date: Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Gary M. Schubert TITLE President DATE 11-16-2016

Type or print name Gary M. Schubert E-mail address: garymschubert@gmail.com PHONE: 575-393-3194

For State Use Only

APPROVED BY: TITLE Senior Engineer DATE 12/1/2016
Conditions of Approval (if any):

EXHIBIT N

SCHUBERT 7 WELL No. 1
MIT CHART

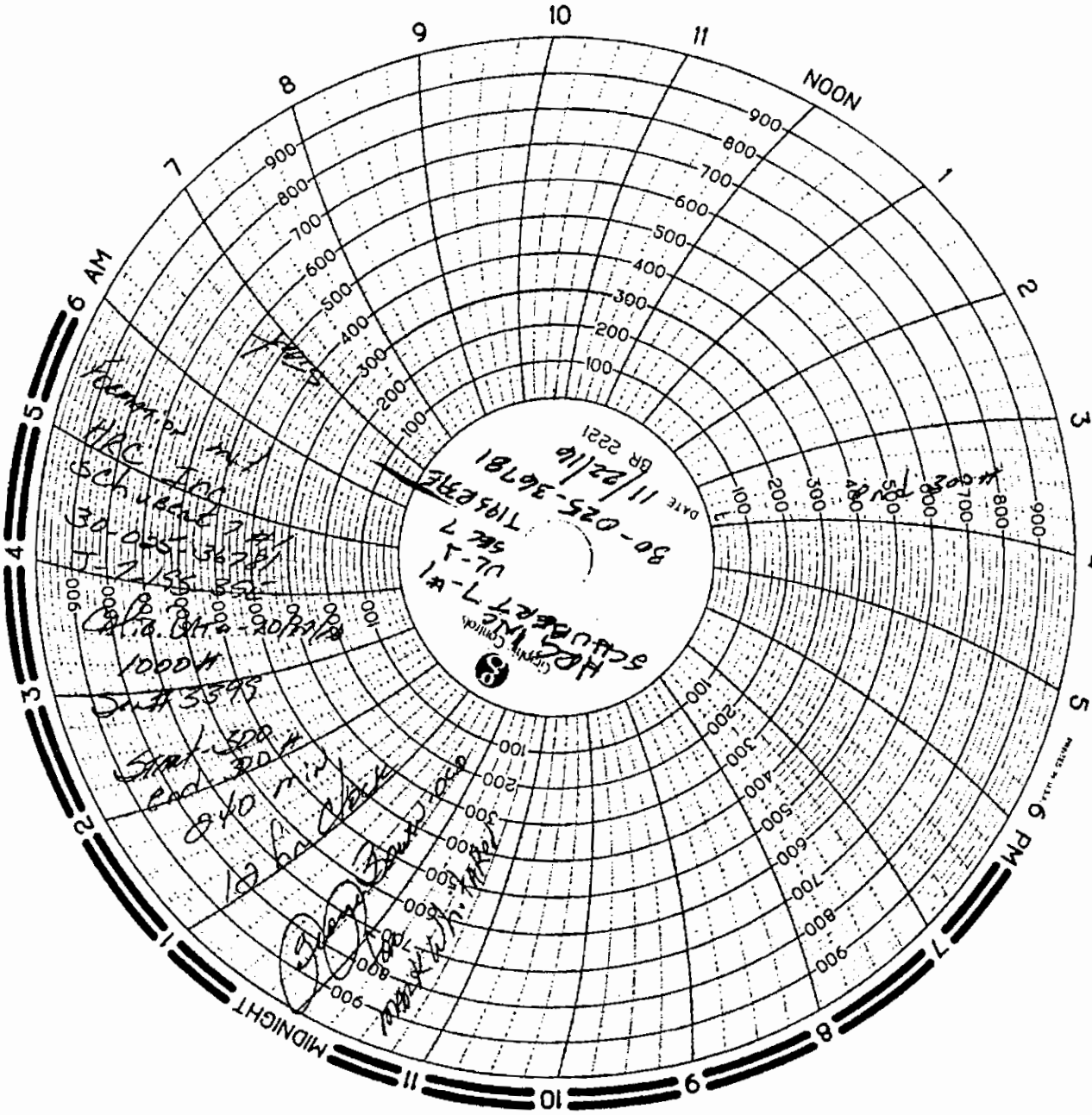


EXHIBIT N

SCHUBERT 7 WELL No. 1
CALABRATION CERTIFICATE

American Valve & Meter, Inc.

1113 W. BROADWAY

P.O. BOX 166 HOBBS, NM 88240

TO: RENTAL **DATE: 10/17/16**

This is to certify that :

I, Tony Flores, Technician for American Valve & Meter Inc.

has checked the calibration of the following instrument.

8"_Pressure recorder **Ser# 3399**

at these points:

Pressure #1000			Temperature *or Pressure #		
Test	**Found**	**Left**	**Test**	**Found**	**Left**
- 0	-	- 0	-	-	-
- 500	-	- 500	-	-	-
- 700	-	- 700	-	-	-
- 1000	-	- 1000	-	-	-
- 200	-	- 200	-	-	-
- 0	-	- 0			

Remarks:_____

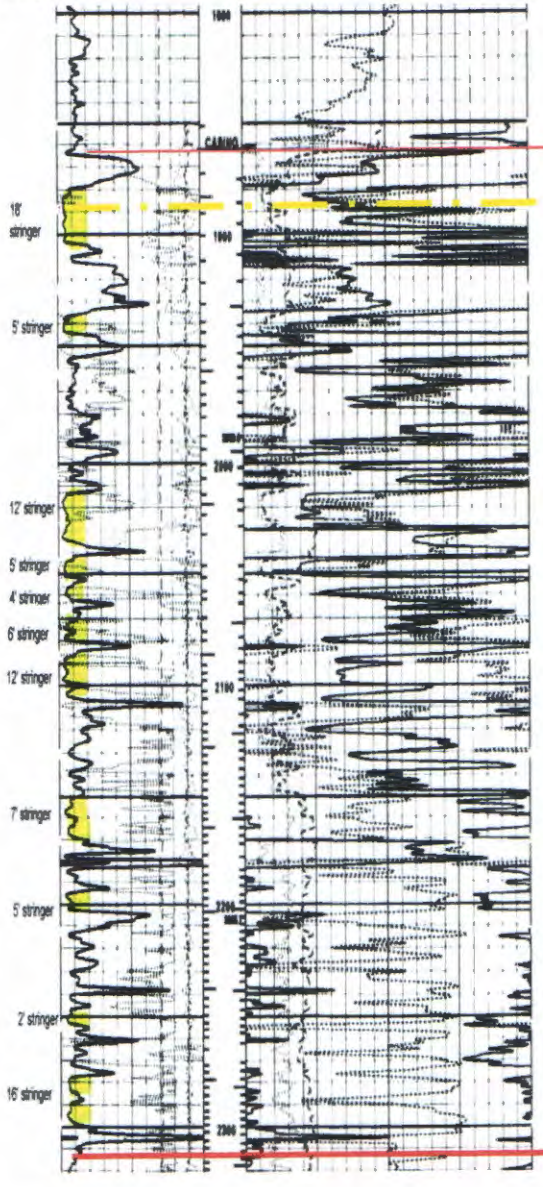
_____

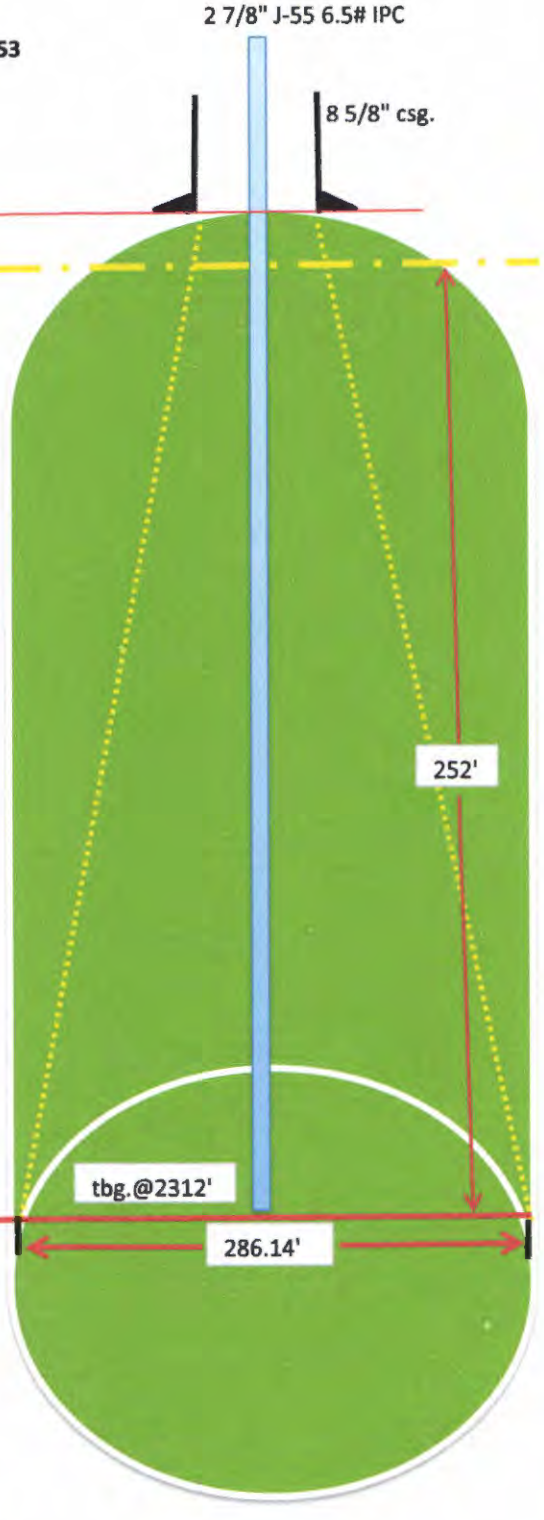
_____

Signature: Tony Flores

EXHIBIT N

Schubert 7 Well No1
API 30-025-36781
J SEC7 T19S R39E **LAT: 32.6738815 LONG:-103.0835953**





PPG 9.97 brine
PPG 8.34 fresh
SG 1.1951
2006 to 2017 Total Brine bbl. 3,538,154
122.136 LBS / BBL = 432,135,977 LBS HALITE
(432,135,977 LBS) / (80BLS per ft³) = 5,401,700 ft³

$V = \pi r^2 h / 3$
$V = (3.14159 * 143.07^2) * (252') / 3$
$V = 5,401,648.6\ ft.^3$

Est. hight is 252'
Est. cavern floor diameter is 286.14'

EXHIBIT O

H.R.C., Inc.

Closure Plan

Pursuant to 20.6.2.5209 NMAC and Specified Permit Conditions 2.I and 5B

Pursuant to 20.6.2.5005A NMAC Pursuant to 20.6.2.5005B NMAC

Schubert 7 Well No. 1 BW-031

API 30-025-36781

Pursuant to 20.6.2.5005

Address:

BW-031 is located in the NW/4 SE/4 of Section 7, Township 19 South, Range 39E, NMPM, Lea County, New Mexico. The facility is approximately 2.3 miles southeast of Hobbs or approximately 0.6 miles SW of the intersection of East Stanolind Road and the Texas State Line. The brine well location is at Lat: 32.67388° and Long.: 103.08360°.

Operator / Owner:

H.R.C., INC. / Gary Schubert

Address of Permittee:

PO Box 5102 Hobbs, New Mexico 88241

Contact Person:

Gary Schubert (575) 393-3194, c/o David Alvarado (575) 513-1238

Number and Type:

Single well - Class III Well

Year of well Construction:

10-7-04

Well construction details:

Spudded 12.25" hole on 9-22-04 and drilled to a surface casing point at 1865' then on 9-24-04

8 5/8 casing was run and cemented. On 8-28-18 13Jts. of 5.5" casing was run with its casing point at 404' and was cemented to surface.

Casing run are as follows:

8.625" saw-tooth csg. Shoe, 8rd.	0.82'
1 jt. 8.625" 24# 8rd. ST&C new csg.	40.64'
8.625" float collar	1.20'
45 jts. 8.625" 24# 8rd ST&C new csg.	1826.96'
13 jts. 5 ½" NA/PPF, NA/Type Possible J-55 15.5# FJ	404'
Approved Intent C-103 4" 11# 55KSI / L80 Surface to	1995'

The total length of the 8 5/8"string tallied 1,869.62' and casing was set at 1865' with 12 centralizers. Cemented 8/5/8"casing with 700 sx 35:65:6 (lead) and was mixed to weigh 12.7 pounds per gallon (PPG) then tailed with 200 sx of class C with 2% $CaCL_2$ mixed to a weight of 14.8 PPG. A total of 278 sx of cement was circulated to the pit crew waited on cement 18 hours to set. The blow out preventer (BOP) was then placed on a 3M 900 series flanged wellhead. The 8 5/8" casing was then tested to 1,500 pounds of pressure for 30 minutes it tested and held. The drilling crew then tripped in the hole with a 7 7/8" bit and drilled out the shoe and continued to drill an open hole to a total depth of 7,900'. The wellbore hole was circulated clean and logs were run. The well logging results rendered the well as a dry hole. Drilling operations received procedures to plug from OCD Paul Kautz and plugged as follows:

Plug	SX Cmt used	Setting depth in ft.	Est. Top Cmt. In ft.	Est. Height of plug in ft.
#1	30	7900	7783	117
#2	35	5710	5573	137
#3	40	4089	3933	156
#4	100	2947	2557	390

At request of the surface owner (Gary Schubert) to suspend the plugging and abandonment of the wellbore it was agreed upon between both parties to transfer the well. It was transferred by OCD C-104A (Change of Operator) and was approved by Chris Williams, District I on February 23, 2005. In 2006 the Schubert 7 Well No. 1 was Completed where 13 joints of 5 ½" casing was run from surface to 404' as per request from OCD to have water sands double lined

with casing. A total of 200 sx of cement was circulated to surface and allowed time for cement to cure. A total of 2312' of 2 7/8" 6.5 pounds per foot (PPF) J-55 inter plastic coating (IPC) tubing was run.

On 7/18/2018 Maxey Brown approved the Intent C-103 to run a 4" flush joint liner from surface to a depth of 1995' this is 130' below the 8 5/8" casing point. H.R.C., Inc. will run 2 1/16" 3.25# IJ J-55 or L80 BTS-8 tubing to 2750'. A 4 ¾ bit will be run before the new liner is run and set. The drilling of new halite beds from 2312' to 2750' will take place giving 236' of net Halite beds for mining. The Schubert 7 well No. 1 will produce in a conventional manner where fresh water will be pumped down the tubing and brought up to surface through the 4".

Note: Casing and tubing shortage is causing a two to three month waiting time for orders to be filled. H.R.C., Inc. is working with distributors to speed the process and will notify District I and SF when rig up will commence 48 hours prior to starting any operations of remedial work.

Type of Discharge:

Brine water solution weighing approximately 10 pounds per gallon (PPG) containing a total dissolved solids (TDS) of approximately 312,000 parts per million (PPM).

Fresh water weighs approximately 8.36 PPG with an average TDS at 770 PPM

Average flow gallons per day

The average flow per day for 2018 is 35,099 gallons of brine.

Proposed well closure activities:

Upon closure or cease of the Schubert 7 Well No. 1 BW-031 H.R.C., Inc. will submit form C-103 intent to plug and abandon the wellbore 30 days prior of any work operations following the Pursuant of 20.6.2.505 A.

H.R.C., Inc. Pursuant of Subsection C of 20.6.2.3109 in the Discharge Application Renewal demonstrates there are no hazards to public health and undue risk to property with the operations at the BW-031 facility this is attributed to the close watch in the daily operations by overseeing tank levels, pressure readings, brine solution water analysis and monitoring fresh water well testing analysis recorded and turned in to OCD for record. Once approved, a C-

103 intent to plug will contain a plugging procedure and will be submitted to the OCD District I office and the OCD WQCC office in Santa Fe and await any changes or approval of the plugging procedure. H.R.C., Inc. will follow WQCC regulations and OCD rules or any amendments that may take place at the time of plugging the brine well.

The Operator will record its last meter readings of brine and fresh water. Tanks will be gauged as to the amount of brine left in storage at the BW-031 well site facility and record their findings. Stored brine will then be transported to the AN ETZ sales point down the 4" buried line by a C-pump at the Schubert 7 Well No. 1 well site. The 4" transporting line will then undergo clearing and cleaning of any brine by flushing fresh water through it as above towards the AN ETZ sales facility. There will be one foot of fluid left in each of the two storage tanks (approximately 66 bbl. total) that may contain some sediment.

An OCD permitted third party trucking company will remove the remaining fluid from the tanks by two methods as follows:

- First is to go over the top of the tank and remove all brine fluid to the top of posable sediments then transport this fluid to the AN ETZ sales facility for marketing.

- Second will be done by hooking up to the 4" drain valve with the vacuum truck at the base of the tank where all lines at the well site facility containing brine will be flushed with fresh water and gathered within the brine tanks. The trucking company will (as above) remove all fluids and remove the man hatch to clean the sediments residue left within the tanks. Fluids gathered at this point will be removed and hauled to a permitted SWD for proper disposal.

Before any work commences on dissembling the main power terminal will be disconnected at the power bank by the disconnection of the three phase leg fuses located between the transformers and primary power line and the main disconnect panel box locked and tagged with a date and reason why it was disconnected rendering the entire facility grid dead by a Certified Electrician or Journeyman.

Electricians will disconnect and remove all electrical lines from conduit lines, motors, panel rack, lights, and light poles rendering all terminals disconnected and ready for storage.

Roustabouts will commence removing connections, valves, meters, and gathering all usable lines and transport usable items to a storage yard. Pumps, Motors, panel racks, will be also removed as above stored for future use.

Tanks will be raised and laid on their side on a lowboy trailer for transportation by use of a crane and a third party hauling truck/trailer combination to storage.

Pump house building will also be picked up and removed from location and transported to the storage yard.

Roustabouts will gather liners and all other non-useable items where it will be disposed of as trash and will be taken to a permitted land fill for disposal.

Well Plug and Abandonment:

Pursuant of Subsection C of 20.6.2.5101 NMAC and 20.6.2.513 NMAC

The BW-031 will not need to receive an aquifer designation as per 20.6.2.5103 NMAC TDS of the Ogallala Aquifer within the AOR of the Schubert 7 Well No. 1 has an average of 714 mg/L TDS and The means of a 5 year average from the monitor well located at the BW-031 facility was done showing the average TDS of 774.3 mg/L. it is the same average to date.

In the case of a contamination of the Aquifer where the standard is compromised to the >10,000 ppm H.R.C., Inc. will determine the outer diameter of the contaminated water area by drilling monitor wells and testing by continuous water analysis marking the outer boundary of impacted fresh water . Other well or wells will then be drilled within the AOR of the contamination area. The size of the impacted plume area will determine the amount of well or wells needed to create a cone or cones of influence that will remove the contaminated water from the Aquifer this will proceed until water is restored to its standards. All contaminated effluents will be hauled to a permitted SWD disposal.

Pursuant of 20.6.2.5209 NMAC All 2 1/16 J-55 or L80 tubing will be extracted and laid down. 4” flush joint liner will be extracted and laid down. A working string of tubing 2 7/8 L80 will be run back in and set above the casing point. The casing will undergo a mechanical integrity test (MIT) according to what OCD recommends on the MIT PSIG and duration of the MIT. (OCD will be notified 24 hours prior to MIT) or follow the recommendations from OCD at that time.

All tubing will be extracted after the fluid in the wellbore production string casing is swabbed at the casing point shoe depth. Temporary abandonment time should be added to the prior

plugging of the well to stabilize temperatures to prevent creep from occurring with OCD guidance as to how long of a time period is needed and other advisement they might convey.

Once the well is stabilized in temperature and approved as ready to be plugged by OCD, H.R.C., Inc. will follow the C-103 approved plugging procedure of the third party assigned to the well. As pursuant to 20.6.2.5209 Sub C NMAC wellbore will be retained in a state of static equilibrium with mud weight equalized top to bottom by circulating the mud once or if elected to cement the entire casing to surface. Cement will be of salt resistant and will be used when setting all OCD approved plugs in the 8 5/8" casing to surface.

All fluids during plugging operations will be stored in a frac tank and taken to an SWD or permitted facility that will dispose of the fluids (e.g. R360) when finished.

The well head will be removed and casing cutoffs will take place. A dry hole marker will be erected with all of the legal data (e.g. well name, legal description, API number and County) on the post or plate.

Surface Restoration:

All surface and subsurface equipment will be removed from the location at the well site. Good caliche will be gathered from the location and stored for further use on the Schubert property. All contaminated caliche will be removed by third party and taken to a proper facility (e.g. Sun Dance in Hobbs or R360) also surface testing for chlorides and TPH will be conducted by an OCD approved Environmental Company (e.g. Phoenix Environmental or Tetra Tech). Surface soil will be placed back to its natural contour of the surrounding area. The surface area that was disturbed will be sowed (if elected by the surface owner Gary Schubert) with the States recommendations or sowed with BLM grass seed mixture.

Annual Subsidence Survey:

A professional surveying contractor will be hired to return to the site semiannually and take bench mark shots from each monument to the top of the well head bench mark and will tie each survey to the nearest USGS geodetic benchmark then record on a survey log.

The information will be recorded on a survey plat from the Surveying Engineer showing all information and the elevation shots of the wellbore and each monument. H.R.C., Inc. will

submit the results of all subsidence surveys with summary of results and any recommendations to OCD within 15 days of survey completion.

If the measuring point reaches 0.10 ft. compared to its baseline elevation H.R.C., Inc. will notify OCD within 30 days of survey completion for further instructions. This will be part of the yearly report turned into the WQCC Department. This will continue to be done while the wells healing process is allowed to vent and formation temperatures stabilize until ready to plug and abandon. The surveying will continue to be done 5 years after the well is plugged. The Monitor fresh water well will also be tested at its normal schedules during the year and will continue to be tested for five years after the well is plugged and abandoned.

Proposed date of Well Closure:

H.R.C., Inc. will follow the OCD Underground Injection Control Class III Cavern Safety Collapse ratio of 0.45 for solution mining, for the Schubert 7 Well No. 1 is currently estimated at 0.16, which is below OCD's Ratio (H-depth to casing shoe in ft./D-Cavern Diameter in ft.). With the new hole to be drilled will allow H.R.C., Inc. to restart a new cavern within the best of the halite beds. This will allow a conventional flow and will be monitored as solution mining continues using the Cavern Safety Collapse Ratio formula as stated above.

Notification to OCD and the WQCC will be made once approaching the Safety Collapse ratio of 0.45 for further instructions.

Proposed method and date of surface restoration.

Surface restoration will start once all equipment has been properly cleaned and removed.

A third party Environmental company (e.g., Tetra Tech or Phoenix Environmental) will delineate the pad for remediation and record on record on a plat map of impacted soil with values of the survey done.

Backhoe services will be used to dig out the well cellar for casing cut off. It will also be used to help remove any buried lines on location during the cleanup phase. A front end loader and dump truck will be used to gather any contaminated soil and hauled off to a proper storage waist facility.

A dozer might be used if elected to gather the good caliche off the pad and rip or sub soil the ground for planting of grass if not, the frontend loader will work.

Roustabout gang and truck will disassemble all connections and lines and move all equipment to the Schubert Farms yard for storage.

Proposed method and date of pipeline abandonment

Upon approval from OCD and WQCC for P&A of the well all polyethylene lines, Connections, Valves, will be flushed and cleaned with fresh water before disassembly. Fluid effluents generated during this process that are not of value will be hauled off to a permitted disposal nearest to the facility fluids that are of value will be transported to the sales point for marketing sales.

Estimated Cost for P&A
Basic Energy Services L.P.

Item	Days	Cost per Hr. / Day	Est. Total Cost
Service Unit	3.5	3,180.00	11,130.00
Casing Crew	1 (12Hr)	200.00/HR	2,400.00
Hydraulic Catwalk	1 (12hr)	150.00 /HR	1800.00
Contract Supervision w/Miles	3.5	200.00 / HR	8,400.00
Wire line truck	1	500.00	500.00
CIBP	1	800.00	800.00
Circulation pit	1	1,500.00	1,500.00
Cement	@ current price	1,400.00	1,400.00
Water /Gel	@ current price	900.00	900.00
Dry hole marker w/ cutoff	1	500.00	500.00
	Est. Cost to Plug		**$29,330.00**

Roustabout w/ trailers / Crane / Tuck & Lowboy

MSI Carlsbad

Items	Days	Cost per hr. / Day	Est. Total Cost
Roustabout Crew w/Trk. & tools	4	980.00	3,920.00
Pipe trailer or flat bed	4	150.00	700.00
Crane	2	2,600.00	5,200.00
Truck / Lowboy	2	1,500.00	3,000.00

Est. Cost to disassemble and remove to Storage $12,820.00

Surface Restoration

Phoenix Environmental

Items	Days	Cost per hr. / Day	Est. Total Cost
750 Dozer w/ mobilization and de-mobilization	3	1,416.00	4,250.00
544 loader	4	1000.00	4,000.00
12YD Dump truck	4	800.00	3,200.00
Restore to couture w/seeding	1	600.00	600.00
Lab analysis of CL and TPH with Final closure report	1	1,800.00	1,800.00

Est. Cost for Surface Restoration $13,850.00

Electrical

Tessco Carlsbad

Items	Days	Cost per hr. / Day	Est. Total Cost
Journeymen /w truck to de-energize and disconnect lines	5	880	4,400.00
Pole Removal truck w/ men	2	1,280.00	2,560.00

Est. Cost to De-Energize & Disconnect $6,960.00

Surface Subsidence Monitoring 5 years

Basin Survey

Items	5 year	Cost per Survey	Est. Total Cost
Survey	10	887.00	8,870.00
	Est. Cost to Survey Subsidence Monitoring		**$8,870.00**

Total estimated plugging cost for the Schubert 7 Well No. 1 BW-031

$71,830.00

Prepared by: David Alvarado

Acting Agent for H.R.C., Inc.

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Date: **7/19/18**