BW-4

COMPLIANCE REVIEW

2022

From: Chavez, Carl J, EMNRD
To: jonrgandy Gandy
Cc: Goetze, Phillip, EMNRD; Powell, Brandon, EMNRD
Bcc: Shonna McFarlin
Subject: Compliance Records Review BW-4
Date: Wednesday, March 23, 2022 10:54:00 AM
Attachments: BW-4 DP Renewal of 12-26-19.pdf

Mr. Gandy:

Re.: Discharge Permit Deliverables

Permit	Facility Name	Expiration	Facility ID#	OGRID#	Permit	Active	Operator	Well Name	API#	MIT Date
BW-4	BW-4 Eidson State #1	12/26/2024	fCJC2116630149	118677/130851	DP-321	A	Wasserhund, INC	Eidson State #1	30-025-26883	3/7/22

Good morning!

The New Mexico Oil Conservation Division (OCD) has completed a review of the administrative record for the above subject brine well facility.

Currently, OCD is awaiting a better quality Casing MIT Chart with Chart Recorder Calibration Sheet with Spring Weight parameters, etc. from the test conducted on 3/7/2022. OCD is currently reviewing Action ID# 91375 C-103 Sundry for the MIT for final approval.

Based on a compliance review of the administrative record, OCD hereby requires the following deliverables be submitted via E-Permitting within 90-days from today's date or by COB on June 23, 2022.

- Condition 2.A & 2.A.1 (Semi-Annual Monitoring Requirements & Groundwater Monitoring Well): No brine nor groundwater monitor well data submitted. Covid-19 extension date for monitor well construction was 10/31/20, and MW has not been installed downgradient from the brine well.
- Condition 2.B.1 & 5.C (Surface Subsidence Monitor Plan & Semi-annual Survey Results): Covid-19 extension date for submittal of plan is 4/15/21, and plan has not been submitted. Surveys not submitted due to no plan received.
- Condition 2.B.2 & 5.D (Solution Cavern Characterization Program): Submitted with annual report in 2019 and per OCD's Covid-19 letter of May 14, 2020, Item# 5, OCD reviewed the characterization plan proposed therein utilizing the volume algorithm for cavern volume estimation based on cumulative brine production. OCD agrees with the estimation method and the cavern height estimation should be based on well work that allows for tagging of cavern bottom. OCD is not in agreement with the stated D/H 0.66 ratio for cavern safety collapse based on OCD cavern collapse ratio data to date which indicates the D/H ratio is 0.5 for cavern maturity and safety estimations. Resolution of this issue will likely occur when the ratio approaches the D/H of 0.5.
- Condition 2.B.3 (Annual Certification): Submitted since 2020, but without the basis of the D/H calculation. The Permittee's "Certification" must have a basis and it is the "D/H" ratio based on accurate cumulative brine production and cavern height estimation, monitoring for surface cracks, etc. If the Permittee is not in agreement with the above, OCD requires the Geophysical Method be applied.
- Condition 2.H.3 (Environmental Monitoring): Same as Condition 2.A above. Brine and water well monitoring has been conducted, but the monitor well in Condition 2.A above has not been installed per the permit or Covid-19 extension date.
- Condition 2.J. (Annual Report): 2021 Reports have been received. The next annual report for 2021 is due in June of 2022.
- Condition 3.F.(Fluids Injection & Brine Production Pressures/Vols.): Submitted but lacking associated injection pressure data. Complete brine production with injection pressures and cumulative volumes from start of production to date is required and for solution cavern characterization and maturity assessments.

As per Permit Condition 1.I (Compliance and Enforcement), any required items that are received by June 23, 2022 become subject to this provision of the brine well permit.

Please contact me if you have questions.

Thank you.

Carl J. Chavez ● UIC Group
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