

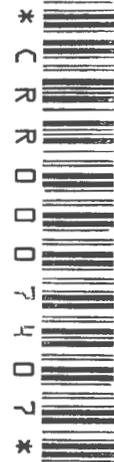
**BW - 2**

**PERMITS,  
RENEWALS,  
& MODS**

# Cash Remittance Report (CRR)

Appendix 8-14 revised 11/27/01

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



Location Name ①

Location Code ②

OCD-Environment

0740

Today's Date: 09 / 08 / 2017  
MONTH DAY YEAR

Collection Period: \_\_\_ / \_\_\_ / \_\_\_ through \_\_\_ / \_\_\_ / \_\_\_  
MM DD YYYY MM DD YYYY

Cost Center ⑤	Revenue Code ⑤	Receipt Amount ⑦	Collected Amount ⑧
0740		1,700. <sup>00</sup>	

**Total** =====> \$ 1,700.<sup>00</sup> ⑨ \$ ⑩

Over/Short Amount \$ ⑪

CRR Deposit Amount \$ ⑫

Print Name: Lorraine De Vargas ⑬ Signature: Lorraine De Vargas 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: \_\_\_\_\_ ①

Notes: \_\_\_\_\_ ② Amount Received: \_\_\_\_\_ ③

State Treasurer Deposit Number: \_\_\_\_\_ ④ Verified by: \_\_\_\_\_ ⑥

Deposit Date: \_\_\_\_\_ ⑤

EMNRDCRR Revised 4/01

Basic Energy Services  
801 Cherry St Suite 2100 - Unit #21  
Fort Worth, TX 76102  
(817) 334-4100

BANK OF AMERICA, NA  
600 PEACHTREE ST NE  
30308 ATLANTA, GA

64-1278 CHECK NUMBER  
611 GA 1307459

**DATE**

Aug 31, 2017

**AMOUNT**

\$1,700.00\*

One Thousand Seven Hundred Dollars



Pay to the Order of:

STATE OF NEW MEXICO - OIL CONSERV.

1220 SOUTH ST FRANCIS DR  
SANTA FE, NM 87505  
USA

Void After 90 Days from Date of Issue

2 SIGNATURES REQUIRED OVER \$25,000



Basic Energy Services

Check Number: 1307459

STATE OF NEW MEXICO - OIL CONSERV. 4033534

Date: 08/31/2017

Invoice Number	Date	Description	Amount	Discount	Paid Amount
18476/08142017	08/14/2017		1,700.00	0.00	1,700.00
Totals:			1,700.00	0.00	1,700.00

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**David R. Catanach** Division Director  
Oil Conservation Division



August 11, 2017

**CERTIFIED MAIL**  
**RETURN RECEIPT NO: 7923 1343**

Mr. David Alvarado  
Basic Energy Services, LLC  
801 Cherry, Suite 2100  
Ft. Worth, Texas 76102

**Re: Discharge Plan Permit (BW-002), Basic Energy Services, LLC, UIC Class III Brine Well Eunice Brine Well No. 1, API No. 30-025-26884, UL: O, Section 34, Township 21 South, Range 37 East, 630 FSL, 2,427 FEL, Lat. 32.42983°, Long. 103.15015°, NMPM, Lea County, New Mexico**

Dear Mr. Alvarado,

The discharge permit (BW-002) for Basic Energy Services, LLC (BES) Class III Brine Well "Eunice Brine Well No. 1" located 630 FSL, 2,427 FEL, Unit Letter "O", Section 34, Township 21 South Range 37 East, Lea County, New Mexico, is hereby approved under the terms and conditions specified in the enclosed discharge permit renewal.

The New Mexico Oil Conservation Division (OCD) hereby approves this discharge permit renewal 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 renewal does not relieve BES 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, BES 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 6, 2019**, and BES 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 renewal application for the BES Class III Brine Well is subject to 20.6.2.3114 NMAC. Every billable facility submitting a discharge permit renewal 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 BES to the "Water Quality Management Fund."

August 11, 2017

Page 2

If you have any questions, please contact Carl Chavez of my staff at (505-476-3490) or email: [Carl.J.Chavez@state.nm.us](mailto: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,

A handwritten signature in black ink that reads "David R. Catanach". The signature is written in a cursive style with a large, stylized initial "D".

David R. Catanach  
OCD Director

DRC/cc

Enclosure

cc: Hobbs District Office

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of Check No. 1307459 dated 08/31/2017

or cash received on 09/08/2017 in the amount of \$ 1,766.<sup>00</sup>

from Basie Energy

for Discharge plan permit W&F

Submitted by: Carl Chavez Date: 09/08/2017

Submitted to ASD by: Lorraine DeVargas Date: 09/08/2017

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee \_\_\_\_\_ New Facility: \_\_\_\_\_ Renewal: \_\_\_\_\_

Modification \_\_\_\_\_ Other Discharge permit

Organization Code 521.07 Applicable FY 18

To be deposited in the Water Quality Management Fund.

Full Payment \_\_\_\_\_ or Annual Increment \_\_\_\_\_



Basic Energy Services  
801 Cherry St Suite 2100 - Unit #21  
Fort Worth, TX 76102  
(817) 334-4100

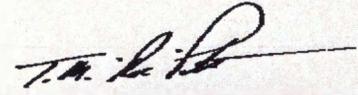
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**DATE**

Aug 31, 2017  
One Thousand Seven Hundred Dollars

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\$1,700.00\*



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STATE OF NEW MEXICO - OIL CONSERV.

1220 SOUTH ST FRANCIS DR  
SANTA FE, NM 87505  
USA

Void After 90 Days from Date of Issue

2 SIGNATURES REQUIRED OVER \$25,000

Basic Energy Services

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STATE OF NEW MEXICO - OIL CONSERV. 4033534

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State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
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Oil Conservation Division



**August 11, 2017**

**CERTIFIED MAIL**  
**RETURN RECEIPT NO: 7923 1343**

Mr. David Alvarado  
Basic Energy Services, LLC  
801 Cherry, Suite 2100  
Ft. Worth, Texas 76102

**Re: Discharge Plan Permit (BW-002), Basic Energy Services, LLC, UIC Class III Brine Well Eunice Brine Well No. 1, API No. 30-025-26884, UL: O, Section 34, Township 21 South, Range 37 East, 630 FSL, 2,427 FEL, Lat. 32.42983°, Long. 103.15015°, NMPM, Lea County, New Mexico**

Dear Mr. Alvarado,

The discharge permit (BW-002) for Basic Energy Services, LLC (BES) Class III Brine Well "Eunice Brine Well No. 1" located 630 FSL, 2,427 FEL, Unit Letter "O", Section 34, Township 21 South Range 37 East, Lea County, New Mexico, is hereby approved under the terms and conditions specified in the enclosed discharge permit renewal.

The New Mexico Oil Conservation Division (OCD) hereby approves this discharge permit renewal 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 renewal does not relieve BES 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, BES 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 6, 2019**, and BES 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 renewal application for the BES Class III Brine Well is subject to 20.6.2.3114 NMAC. Every billable facility submitting a discharge permit renewal 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 BES to the "Water Quality Management Fund."

August 11, 2017

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Sincerely,

A handwritten signature in black ink that reads "David R. Catanach". The signature is written in a cursive style with a large, stylized initial "D".

David R. Catanach  
OCD Director

DRC/cc

Enclosure

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 renews Discharge Permit BW-2 (Discharge Permit) to Basic Energy Services, L.P. (Permittee) to operate an Underground Injection Control (UIC) Class III Well for the solution mining of salt (Eunice Brine Well No. 1 API No. 30-025-26884) located 630 FSL and 2,427 FEL, Unit Letter O (SW/4 SE/4) of Section 34, Township 21 South, Range 37 East, Lat. N 32.42983°, Long. W 103.15015°, NMPM, Lea County, New Mexico. The brine extraction well is located approximately ¾ mile east on Texas Street and ½ mile south on Fourth Street from the town of Eunice, New Mexico.

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 55 feet below ground surface and has a total dissolved solids (TDS) concentration of approximately 430 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 ground water and surface water of 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 20.6.2.5299 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 20.6.2.5299 NMAC) for Class III wells are met. Pursuant to 20.6.2.5003B NMAC, the Permittee shall comply with 20.6.2.1 through 20.6.2.5299 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 (TDS).

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). The Permittee 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 Permittee shall abide by all commitments of such plans.

**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 6, 2019**. 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 20.6.2.5299 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. **Monitor Well:** The Permittee shall verify that a downgradient monitor well screened into the water table aquifer exists within 250 ft. of the brine well within 6 months of permit renewal and collect a background groundwater sample 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) and be **submitted to OCD for approval within 7 months of permit renewal**. The monitor well construction shall comply with EPA Standards and be required to be sampled and monitored **annually** thereafter for the following characteristics:

- pH (Method 9040);
- Eh;
- Specific conductance;
- Specific gravity;
- Temperature; and
- General ground water quality parameters (general chemistry/cations and anions, including: fluoride, calcium, potassium, magnesium, sodium bicarbonate, carbonate, chloride, sulfate, total dissolved solids, cation/anion balance, pH, and bromide using the methods specified in Method 6010C).

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 has submitted a Surface Subsidence Monitoring Plan to OCD. 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 semiannually.

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 reaches 0.10 ft. compared to its baseline elevation, then the Permittee shall notify OCD immediately for further instructions. If 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:** Prior to closure of the facility, the Permittee shall submit for OCD's approval, a closure plan including a completed form C-103 for plugging and abandonment of the Class III well. The Permittee shall plug and abandon 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); 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;
- 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 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), 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 NMAC through 20.6.2.5299 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 hereinabove.

**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;
- Annual monitor well analytical data results;
- Injection pressure data;
- 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.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 reverse flow configuration consisting of fresh water injection through the annulus between the casing and tubing string with brine production through the tubing string to surface. Injection and production flow may temporarily be reversed as required periodically to clean the tubing and annulus. However, injection 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.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 or 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 injection pressure, flow rate, flow volume, and pressure on the annulus between the tubing and the long string of casing.

**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.

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 MIT if final test pressure is within +/- 10% of starting pressure, if approved by OCD;
  - 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.
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, surface restoration, 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.

## Chavez, Carl J, EMNRD

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**From:** Chavez, Carl J, EMNRD  
**Sent:** Friday, June 23, 2017 7:52 AM  
**To:** 'Brian Wood'  
**Cc:** DAVID ALVARADO; Griswold, Jim, EMNRD  
**Subject:** BW-2 Basic Energy Services Eunice BW #1 (API# 30-025-26884) Closure Plan and Cost Estimate for Land Reclamation and Brine Well Plug and Abandonment  
**Attachments:** Closure Plan Cost Estimate 6-22-2017.pdf

Brian:

The New Mexico Oil Conservation Division (OCD) is in receipt of the Permits West, Inc. letter (see attachment) for the above subject brine well facility dated June 22, 2017.

OCD also requires a third-party cost estimate for the current day cost to properly plug and abandon the brine well.

Please submit the itemized plug and abandonment cost estimate with well diagram on or before COB today so OCD may complete the financial assurance evaluation under the Water Quality Control Commission Regulations.

Please contact me if you have questions. Thank you.

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  
Ph. (505) 476-3490  
E-mail: [CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)

**“Why not prevent pollution, minimize waste to reduce operating costs, reuse or recycle, and move forward with the rest of the Nation?” (To see how, go to: <http://www.emnrd.state.nm.us/OCD> and see “Publications”)**

**From:** Brian Wood [mailto:brian@permitswest.com]  
**Sent:** Thursday, June 22, 2017 5:34 PM  
**To:** Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>  
**Cc:** DAVID ALVARADO <David.Alvarado@basicenergyservices.com>  
**Subject:** Basic's Eunice 1 cost estimate letter

June 22, 2017

Carl Chavez  
NM Oil Conservation Division  
1220 S. St. Francis Dr.  
Santa Fe NM 87505  
& via e-mail

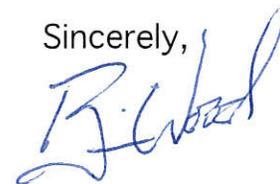
Dear Mr. Chavez:

On behalf of Basic Energy Services LP (OGRID246368), I am providing the following cost estimates for the Closure Plan for the Eunice 1 brine supply well (30-025-26884; O-34-21s-37e).

Item	Cost + tax
mobilize 2 belly dumps & 1 front end loader	1,400
excavate & load 2020 cubic yards	10,000
haul 2020 cubic yards	16,000
bulldozer	4,521
front end loader	5,600
seeding	2,500
NM registered land surveyor sets 4 subsidence monitoring monuments	2,750
NM registered land surveyor checks elevation in 2018	1,150
SUM	43,921

Please call David Alvarado or me if you have any questions.

Sincerely,



Brian Wood

cc: Alvarado

NOTICE OF PUBLICATION

STATE OF NEW MEXICO  
ENERGY, MINERALS AND  
NATURAL RESOURCES  
DEPARTMENT

OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3108 NMAC), the following discharge permit renewal application has been submitted to the Director of the New Mexico Oil Conservation Division ("OCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(3W-2) Basic Energy Services, L.P., David Alvarado, Owner, 801 Cherry, Suite 2100, Ft. Worth, Texas 76102, has submitted an application for renewal of an Underground Injection Control (UIC)

Class III Brine Well Discharge Permit for the "Eunice Brine Well No. 1" (API# 30-025-26884), located 630 FSL and 2,427 FEL (S W/4, SE/4) in Section 34, Township 21 South, Range 37 East (Lat.: N 32.42983° Long.: W 103.15015°), NMPM, Lea County, New Mexico. The injection well is located approximately 3/4 mile east on Texas Street and 1/2 mile south on Fourth Street from the town of Eunice, New Mexico. Fresh water from the City of Eunice will be stored in a 1000 bbl freshwater tank for injection into the brine well seated in the Salado Salt Formation in the injection interval from 1,450 to 1,818 ft. below ground surface (bgs) through tubing. Fresh water will be injected into tubing at a rate of approximately 20 - 40 gpm, and at a normal operating pressure of 200 to 250 psig. The maximum surface injection pressure allowed is 280 psig. Dissolution brine water (~ 268,000 ppm Total Dissolved Solids- TDS) is produced up the well annulus between the injection tubing and well casing shoe (1,450 ft.). Brine is then pumped to a surface meter and into a series of four 1,000 bbl. tanks at the brine station with two loadout lines (fresh water and brine) for sale. The injected fresh water from the City of Eunice is estimated to contain less than 820 ppm TDS. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 55 ft. below ground level with a TDS concentration of approximately 890 ppm. The renewal permit addresses well construction, operation, monitoring, ground subsidence, associated surface facilities, financial assurance, and provides a contingency plan in the event of accidental discharges.

The OCD has determined the application is administratively complete and has prepared a draft permit renewal. The OCD will accept comments and statements of interest regarding this application 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 may contact the Environmental Bureau Chief of the OCD at the address given above. The permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or at the OCD web site <http://www.emnrd.state.nm.us/ocd/>. Persons interested in obtaining a

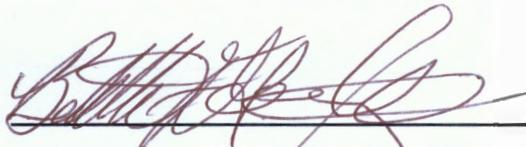
# AFFIDAVIT OF PUBLICATION

## STATE OF NEW MEXICO

County of Bernalillo SS

Bernadette Gonzales, the under signed, on oath states that she is an authorized Representative of The Albuquerque Journal, and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Laws of 1937, and that payment therefore has been made of assessed as court cost; that the notice, copy of which hereto attached, was published in said paper in the regular daily edition, for 1 time(s) on the following date(s):

02/05/2017



Sworn and subscribed before me, a Notary Public, in and for the County of Bernalillo and State of New Mexico this

5 day of February of 2017

PRICE \$110.20

Statement to come at the end of month.

ACCOUNT NUMBER 1009556

**OFFICIAL SEAL**  
**Sandra B. Gutierrez**  
 NOTARY PUBLIC  
 STATE OF NEW MEXICO  
 My Commission Expires: 2-18-19




through tubing. Fresh water will be injected into tubing at a rate of approximately 20 - 40 gpm, and at a normal operating pressure of 200 to 250 psig. The maximum surface injection pressure allowed is 280 psig. Dissolution brine water (~268,000 ppm Total Dissolved Solids- TDS) is produced up the well annulus between the injection tubing and well casing shoe (1,450 ft.). Brine is then pumped to a surface meter and into a series of four 1,000 bbl. tanks at the brine station with two loadout lines (fresh water and brine) for sale. The injected fresh water from the City of Eunice is estimated to contain less than 820 ppm TDS. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 55 ft. below ground level with a TDS concentration of approximately 890 ppm. The renewal permit addresses well construction, operation, monitoring, ground subsidence, associated surface facilities, financial assurance, and provides a contingency plan in the event of accidental discharges.

The OCD has determined the application is administratively complete and has prepared a draft permit renewal. The OCD will accept comments and statements of interest regarding this application 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 may contact the Environmental Bureau Chief of the OCD at the address given above. The permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or at the OCD web site <http://www.emnrd.state.nm.us/ocd/>. Persons interested in obtaining a copy of the application and draft permit may contact the OCD at the address given above. Prior to ruling on any proposed permit, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that OCD hold a public hearing. Requests for a hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

*If no hearing is held, the Director will approve the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.*

Para obtener más información sobre esta solicitud en español, sírvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energía, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservación Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Laura Tulk, 575-748-1283).

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 5th day of February 2017.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

David R. Catanach, Director

Journal: February 5, 2017

2017 FEB -7

RECEIVED

# 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  
February 05, 2017  
and ending with the issue dated  
February 05, 2017.

  
\_\_\_\_\_  
Publisher

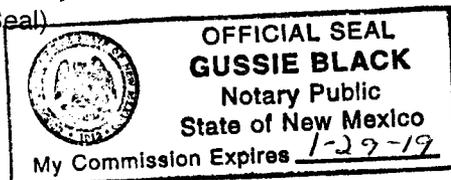
Sworn and subscribed to before me this  
5th day of February 2017.

  
\_\_\_\_\_  
Business Manager

My commission expires

January 29, 2019

(Seal)



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

LEGAL

LEGAL

LEGAL

LEGAL NOTICE  
February 5, 2017

NOTICE OF PUBLICATION

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3108 NMAC), the following discharge permit renewal application has been submitted to the Director of the New Mexico Oil Conservation Division ("OCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

**(BW-2) Basic Energy Services, L.P., David Alvarado, Owner, 801 Cherry, Suite 2100, Ft. Worth, Texas 76102, has submitted an application for renewal of an Underground Injection Control (UIC) Class III Brine Well Discharge Permit for the "Eunice Brine Well No. 1" (API# 30-025-26884), located 630 FSL and 2,427 FEL (SW/4, SE/4) in Section 34, Township 21 South, Range 37 East (Lat.: N 32.42983° Long.: W 103.15015°), NMPM, Lea County, New Mexico. The injection well is located approximately ¼ mile east on Texas Street and ½ mile south on Fourth Street from the town of Eunice, New Mexico. Fresh water from the City of Eunice will be stored in a 1000 bbl freshwater tank for injection into the brine well seated in the Salado Salt Formation in the injection interval from 1,450 to 1,818 ft. below ground surface (bgs) through tubing. Fresh water will be injected into tubing at a rate of approximately 20 - 40 gpm, and at a normal operating pressure of 200 to 250 psig. The maximum surface injection pressure allowed is 280 psig. Dissolution brine water ( 268,000 ppm Total Dissolved Solids- TDS) is produced up the well annulus between the injection tubing and well casing shoe (1,450 ft.). Brine is then pumped to a surface meter and into a series of four 1,000 bbl. tanks at the brine station with two loadout lines (fresh water and brine) for sale. The injected fresh water from the City of Eunice is estimated to contain less than 820 ppm TDS. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 55 ft. below ground level with a TDS concentration of approximately 890 ppm. The renewal permit addresses well construction, operation, monitoring, ground subsidence, associated surface facilities, financial assurance, and provides a contingency plan in the event of accidental discharges.**

The OCD has determined the application is administratively complete and has prepared a draft permit renewal. The OCD will accept comments and statements of interest regarding this application 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 may contact the Environmental Bureau Chief of the OCD at the address given above. The permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or at the OCD web site <http://www.emnrd.state.nm.us/ocd/>. Persons interested in obtaining a copy of the application and draft permit may contact the OCD at the address given above. Prior to ruling on any proposed permit, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that OCD hold a public hearing. Requests for a hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no hearing is held, the Director will approve the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en español, sírvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservación Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Laura Tulk, 575-748-1283).

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 5th day of February 2017.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

SEAL  
#31525

David R. Catanach, Director

01101546

00188114

LEONARD LOWE  
NEW MEXICO OIL CONSERVATION DIVISION, EMNRD  
1220 S. SAINT FRANCIS DR.  
SANTA FE, NM 87505

## Chavez, Carl J, EMNRD

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**From:** Chavez, Carl J, EMNRD  
**Sent:** Thursday, February 2, 2017 10:01 AM  
**To:** 'james.lane@state.nm.us'; Wunder, Matthew, DGF; 'arthur.allison@state.nm.us'; 'ddapr@nmda.nmsu.edu'; 'jjuen@blm.gov'; 'psisneros@nmag.gov'; 'r@rthicksconsult.com'; 'sric.chris@earthlink.net'; Parks, NM, EMNRD; 'Verhines, Scott, OSE'; 'peggy@nmbg.nmt.edu'; 'marieg@nmoga.org'; Fetner, William, NMENV; 'lazarus@glorietageo.com'; Wojahn, Beth, EMNRD; 'cnewman02@fs.fed.us'; Kieling, John, NMENV; 'bsg@garbhall.com'; 'Jerry.Schoeppner@state.nm.us'; 'claudette.horn@pnm.com'; 'ekendrick@montand.com'; 'staff@ipanm.org'; 'maxey.brown@state.nm.us'; Bratcher, Mike, EMNRD; Perrin, Charlie, EMNRD; Jones, William V, EMNRD; Kelly, Jonathan, EMNRD; Powell, Brandon, EMNRD; Griswold, Jim, EMNRD; Sanchez, Daniel J., EMNRD; Goetze, Phillip, EMNRD; Bayliss, Randolph, EMNRD  
**Cc:** 'Alvarado, David'; Tulk, Laura, EMNRD  
**Subject:** Discharge Permit Renewal (BW-2) Basic Energy Services, L.P. Eunice Brine Well No. 1 (API# 30-025-26884) in Lea County

Ladies and Gentlemen:

Please find below the New Mexico Oil Conservation Division (OCD) Public Notice (30-day public comment period begins Sunday, February 5, 2016) in accordance with New Mexico Water Quality Control Commission Regulations (20.6.2.3108 NMAC) and Discharge Permit for the above subject Underground Injection Control (UIC) Class III Brine Well.

**Discharge Permit (BW-2) Basic Energy Services, L.P. Eunice Brine Well No. 1 (11/9/16):** The Underground Injection Control (UIC) Class III Brine Well (API#: 30-025-26884) is located approximately .75 miles east on Texas Street and .5 miles south on Fourth Street from the town of Eunice, New Mexico in Lea County.

[Administrative Completeness \(11/09/2016\)](#)

[Description](#)

[Application \(11/12/2013\)](#)

[Discharge Permit \(02/02/2017\)](#)

[Public Notice \(02/02/2017\)](#)

The OCD Website for public notices is at <http://www.emnrd.state.nm.us/OCD/env-draftpublicetc.html> (see “Draft Permits and Public Notices” section).

Please contact me if you have questions. Thank you.

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  
Ph. (505) 476-3490  
E-mail: [CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)

**“Why not prevent pollution, minimize waste to reduce operating costs, reuse or recycle, and move forward with the rest of the Nation?” (To see how, go to: <http://www.emnrd.state.nm.us/OCD> and see “Publications”)**

## NOTICE OF PUBLICATION

### STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3108 NMAC), the following discharge permit renewal application has been submitted to the Director of the New Mexico Oil Conservation Division (“OCD”), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

**(BW-2) Basic Energy Services, L.P., David Alvarado, Owner, 801 Cherry, Suite 2100, Ft. Worth, Texas 76102, has submitted an application for renewal of an Underground Injection Control (UIC) Class III Brine Well Discharge Permit for the “Eunice Brine Well No. 1” (API# 30-025-26884), located 630 FSL and 2,427 FEL (SW/4, SE/4) in Section 34, Township 21 South, Range 37 East (Lat.: N 32.42983° Long.: W 103.15015°), NMPM, Lea County, New Mexico. The injection well is located approximately ¾ mile east on Texas Street and ½ mile south on Fourth Street from the town of Eunice, New Mexico. Fresh water from the City of Eunice will be stored in a 1000 bbl freshwater tank for injection into the brine well seated in the Salado Salt Formation in the injection interval from 1,450 to 1,818 ft. below ground surface (bgs) through tubing. Fresh water will be injected into tubing at a rate of approximately 20 - 40 gpm, and at a normal operating pressure of 200 to 250 psig. The maximum surface injection pressure allowed is 280 psig. Dissolution brine water (~ 268,000 ppm Total Dissolved Solids- TDS) is produced up the well annulus between the injection tubing and well casing shoe (1,450 ft.). Brine is then pumped to a surface meter and into a series of four 1,000 bbl. tanks at the brine station with two loadout lines (fresh water and brine) for sale. The injected fresh water from the City of Eunice is estimated to contain less than 820 ppm TDS. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 55 ft. below ground level with a TDS concentration of approximately 890 ppm. The renewal permit addresses well construction, operation, monitoring, ground subsidence, associated surface facilities, financial assurance, and provides a contingency plan in the event of accidental discharges.**

The OCD has determined the application is administratively complete and has prepared a draft permit renewal. The OCD will accept comments and statements of interest regarding this application 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 may contact the Environmental Bureau Chief of the OCD at the address given above. The permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or at the OCD web site <http://www.emnrd.state.nm.us/ocd/>. Persons interested in obtaining a copy of the application and draft permit may contact the OCD at the address given above. Prior to ruling on any proposed permit, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that OCD hold a public hearing. Requests for a hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no hearing is held, the Director will approve the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en español, sírvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de

Nuevo México), Oil Conservation Division (Depto. Conservación Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Laura Tulk, 575-748-1283).

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 5<sup>th</sup> day of February 2017.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

S E A L

David R. Catanach, Director

## Chavez, Carl J, EMNRD

---

**From:** Aguirre, Teresa <Teresa.Aguirre@basicenergyservices.com>  
**Sent:** Tuesday, November 22, 2016 8:36 AM  
**To:** Chavez, Carl J, EMNRD; Alvarado, David  
**Subject:** RE: EUNICE BRINE BW-02 SPANISH PUBLIC NOTICE  
**Attachments:** Affidavit of Public Notice - English.pdf; Affidavit of Public Notice - Spanish.pdf; Notice to Property Owners.pdf

Good Morning Mr. Chavez,

Attached you will find the affidavits for the public notices in English & Spanish, as well as the confirmation of notice to the property owner's.  
If you have any questions please let David or myself know.

Have a great day & Thanksgiving!

*Thank you,*

*Teresa Aguirre*

NM Fluid Sales  
Yard 1307  
P. O. Box 1375  
1007 W. Main St  
Artesia, NM 88210  
O: [\(575\) 746-2072](tel:(575)746-2072)  
F: [\(575\) 746-2435](tel:(575)746-2435)

---

**From:** Chavez, Carl J, EMNRD [<mailto:CarlJ.Chavez@state.nm.us>]  
**Sent:** Thursday, November 10, 2016 4:39 PM  
**To:** Alvarado, David <David.Alvarado@basicenergyservices.com>  
**Cc:** Aguirre, Teresa <Teresa.Aguirre@basicenergyservices.com>  
**Subject:** RE: EUNICE BRINE BW-02 SPANISH PUBLIC NOTICE

David and Teresa:

Looks good! Thank you.

---

**From:** Alvarado, David [<mailto:David.Alvarado@basicenergyservices.com>]  
**Sent:** Thursday, November 10, 2016 11:15 AM  
**To:** Chavez, Carl J, EMNRD <[CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)>  
**Cc:** Aguirre, Teresa <[Teresa.Aguirre@basicenergyservices.com](mailto:Teresa.Aguirre@basicenergyservices.com)>  
**Subject:** EUNICE BRINE BW-02 SPANISH PUBLIC NOTICE

Please find above our public notice in Spanish that will accompany the approved English version and will be posted Sunday 13<sup>th</sup> of November in the Hobbs Sun newspaper.

Thank you

Dave

**Basic Energy Services Confidentiality Notice:**

The information in this email is confidential. It is intended solely for the addressee. Access to this email by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it, is prohibited and may be unlawful.

**Basic Energy Services Confidentiality Notice:**

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# 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  
November 13, 2016  
and ending with the issue dated  
November 13, 2016.



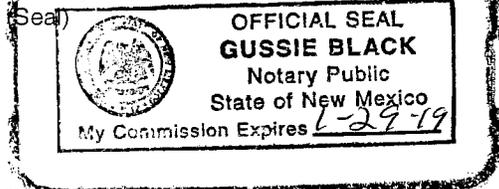
Publisher

Sworn and subscribed to before me this  
13th day of November 2016.



Business Manager

My commission expires  
January 29, 2019



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

Notice is hereby given that pursuant to New Mexico Oil Conservation Division (OCD) Regulations, the following proposed discharge plan renewal has been submitted for approval to the Oil Conservation Division, Energy, Minerals & Natural Resources Dept., 1220 South Francis Dr., Santa Fe New Mexico 87505. Telephone (505)476-3490 or (505)476-3440.

Basic Energy Services, L.P., PO Box 1375 Artesia, NM 88211 has submitted a discharge plan renewal application for the Eunice Brine Well No. 1 (API # 30-025-26884) brine supply well, located on State Road 234 and approximately 1 mile southeast of Eunice, New Mexico. The facility is located in the SW/4 SE/4 of Section 34 of Township 21 South, Range 37 East, 630' FSL and 2427' FEL, N 32.42983°, Long. W 103.15015°, NMPM, Lea County, New Mexico. This facility will temporarily store for sale brine water and fresh water. No other fluids will be stored at this facility. The freshwater from the City of Eunice will be stored in a 1000 barrel fresh water storage tank. Fresh water is injected at a maximum surface injection pressure of 310 psig down the tubing of the brine well into the Salado Salt Formation at approximately 1450 -1818 ft. and Brine (Total dissolved solids TDS at about 268,000 ppm.) is produced at about 20-40 gpm up the casing and stored in four 1,000 barrel brine storage tanks for distribution from two loading lines. Groundwater most likely to be affected by a spill, leak, or accidental discharge to surface occurs at a depth of approximately 55 feet with a TDS concentration of approximately 890 ppm.

Any interested person may obtain further information from the Oil Conservation Division and may submit comments and statements to the Environmental Bureau, New Mexico Energy, Minerals & Natural Resources Dept., Oil Conservation Division 1220 South St. Francis Sr., Santa Fe, New Mexico 87505, E-mail carlj.chavez@state.nmus, Telephone (505)476-3490 or (505)476-3440. Also any interested person may request to be placed on a mailing list for future notices regarding this application. The OCD contact for Spanish speakers is Laura Tulk at (575)748-1283.

67108919

00184295

TERESA AGUIRRE  
BASIC ENERGY SERVICES  
PO BOX 1375  
ARTESIA, NM 88211

# Affidavit of Publication

STATE OF NEW MEXICO  
COUNTY OF LEA

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Beginning with the issue dated  
November 13, 2016  
and ending with the issue dated  
November 13, 2016.

  
\_\_\_\_\_  
Publisher

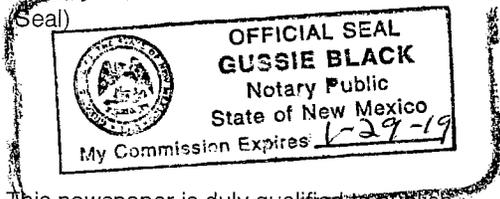
Sworn and subscribed to before me this  
13th day of November 2016.

  
\_\_\_\_\_  
Business Manager

My commission expires

January 20, 2019

(Seal)



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 pública

Por la presente se notifica que de conformidad con la División de Conservación de Petróleo de Nuevo México (OCD) Reglamento, se ha presentado la siguiente propuesta de renovación del plan de descarga para la División de Conservación de Petróleo, Departamento de Energía, Minerales y Recursos Naturales, 1220 South Francis Dr., Santa Fe Nuevo México 87505. Teléfono (505) 476-3490 o (505) 476-3440.

Basic Energy Services, L.P., PO Box 1375 Artesia, NM 88211 ha presentado una renovación del plan de descarga del pozo de suministro de salmuera Eunice No. 1 (API # 30-025-26884) situado en la carretera estatal 234 y aproximadamente 1 milla al sureste de Eunice, Nuevo México. La facilidad se encuentra en el SW / 4 SE / 4 de la Sección 34 del Municipio 21 Sur, Rango 37 Este, 630 'FSL Y 2427 'FEL, N 32.42983 °, Long. W 103.15015 °, NMPM, Condado de Lea, Nuevo México. Esta facilidad almacenará temporalmente la venta de agua salmuera y agua dulce. No se almacenarán otros fluidos en esta instalación. El agua dulce de la ciudad de Eunice se almacenará en un depósito de agua dulce de 1000 barriles tanque. Se inyecta agua dulce a una presión de inyección de superficie máxima de 310 psig por el tubo De la salmuera hasta bien entrada a la Formación de Salado a aproximadamente 1450-1818 pies y Salmuera (Total Sólidos disueltos TDS a aproximadamente 268.000 ppm) a aproximadamente 20-40 gpm por encima de la carcasa y Almacenados en cuatro tanques de almacenamiento de salmuera de 1,000 barriles para su distribución desde dos líneas de carga. El agua subterránea más probable de ser afectada por un derrame, una fuga, o una descarga accidental a la superficie se produce a una profundidad de aproximadamente 55 pies con una concentración de TDS de aproximadamente 890 ppm.

Toda persona interesada podrá obtener más información de la División de Conservación del Petróleo y Puede enviar comentarios y declaraciones a la Oficina de Medio Ambiente, Energía de Nuevo México, Departamento de Minerales y Recursos Naturales, División de Conservación de Petróleo 1220 South St. Francis Sr., Santa Fe, Nuevo México 87505, E-mail carlj.chavez@state.nmus, Teléfono (505) 476 - 3490 o (505) 476 - 3440. También cualquier persona interesada puede solicitar ser colocada en una lista de correo para futuras notificaciones relativas a esta solicitud. El contacto de OCD para personas de habla hispana comuniquensen con Laura Tulk al (575) 748-1283.

67108919

00184296

TERESA AGUIRRE  
BASIC ENERGY SERVICES  
PO BOX 1375  
ARTESIA, NM 88211

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee  <i>Jana Baer</i></p> <p>B. Received by (Printed Name) _____ C. Date of Delivery _____</p>
<p>1. Article Addressed to:</p> <p style="text-align: center;">Chevron USA Inc.  15 Smith RD  Midland, TX 79705</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes  If YES, enter delivery address below: <input type="checkbox"/> No</p>  <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number (Trans) 7014 3490 0000 6271 4343</p>	<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>

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

For delivery information, visit our website at [www.usps.com](http://www.usps.com)®

MIDLAND, TX 79705 **OFFICIAL USE**

Postage	\$17.00
Certified Fee	\$2.70
Return Receipt Fee (Endorsement Required)	\$0.00
Restricted Delivery Fee (Endorsement Required)	\$0.00
<b>Total Postage &amp; Fees</b>	<b>\$22.70</b>

**ARTESIA, NM 812 01**  
Postmark: NOV 18 2006  
USPS 88210

Sent To **\$8.20** Chevron USA Inc.  
15 Smith RD  
Midland, TX 79705

PS Form 3800, July 2014 See Reverse for Instructions

## Chavez, Carl J, EMNRD

---

**From:** Chavez, Carl J, EMNRD  
**Sent:** Wednesday, December 14, 2016 5:06 PM  
**To:** Estes, Bob, DCA  
**Cc:** 'Alvarado, David'; Griswold, Jim, EMNRD  
**Subject:** Eunice Brine Well No. 1 (BW-2) Basic Energy Services (HPD Log 104830) Discharge Permit Renewal

Mr. Estes:

The New Mexico Oil Conservation Division (OCD) is in receipt of your letter dated December 7, 2016 (letter).

OCD acknowledges receipt of the letter indicating there are “no cultural resources nearby, Historic Preservation Division- HPD has no concerns about the application.”

Thank you.

Mr. Carl J. Chavez  
New Mexico Oil Conservation Division  
Energy Minerals and Natural Resources Department  
1220 South St Francis Drive  
Santa Fe, New Mexico 87505  
Ph. (505) 476-3490  
E-mail: [CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)

**“Why not prevent pollution, minimize waste to reduce operating costs, reuse or recycle, and move forward with the rest of the Nation?” (To see how, go to: <http://www.emnrd.state.nm.us/OCD> and see “Publications”)**



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

December 7, 2016

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

Re: Eunice Brine Well #1. (BW-2) Basic Energy Services (HPD Log 104830)

Dear Mr. Chavez:

This letter is in response to the above referenced permit renewal application received at the Historic Preservation Division (HPD) on November 17, 2016. According to the application, the proposed project is within Township 21 South, Range 37 East, Section 34.

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.

Because the application is a renewal, on private property, and there are no cultural resources nearby, HPD has no concerns about the application. 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](mailto:bob.estes@state.nm.us).

Sincerely,

Bob Estes Ph.D.  
Archaeologist

RECEIVED 0000  
2016 DEC 14 P 2:01

# BASIC ENERGY SERVICES, INC. CHECK REQUEST FORM

1) Date check needed: ASAP	2) Vendor ID:
----------------------------	---------------

Computer check runs are processed each Tuesday, Wednesday and Friday for BASIC Energy. Check requests must be received in the Accounts Payable Department by 9 am on the day before a check run to be included in the check run the next day.

3) Company to issue check on:		4) Vendor name & address:	
Water Quality Management Fund in care of OCD		State of New Mexico	
5) Check Amount:	<b>\$1,700.00</b>	Oil Conservation Division	
6) For attachments return to:		1220 South St. Francis Dr.	
PO Box 1375, Artesia, NM 88211		Santa Fe, NM 87505	
7) Description on check stub:			
Permit Fee for <b>Eunice Brine #001</b> (18476/A)			

Requested by: *Juan Jiri* Date: *5-20-14*

Approved by: *[Signature]* Date: *5/20/14*

**Attach all backup and documentation and forward check request to one of the following:  
Field offices: send to Area Manager for approval and then forward to: Judith Arndt, Corporate AP**

THIS SECTION IS FILLED OUT BY REQUESTOR		
GL Account #: 4096	AFE #:	Cost Center: 1307/206
MDA:	G/L Description:	
Amount: \$1,700.00	Registration, licenses, and taxes	
GL Account #:	AFE #:	Cost Center:
MDA	G/L Description:	
Amount #:		
THIS SECTION IS FILLED OUT BY ACCOUNTING		
Vendor ID#		Vendor Name:
Invoice # :	Invoice Date	Invoice Amt

SCANNED

5-20-14 to Linda Hemphill

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 20.6.2.5299 NMAC) for Class III wells are met. Pursuant to 20.6.2.5003B NMAC, the Permittee shall comply with 20.6.2.1 through 20.6.2.5299 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 (TDS).

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 RENEWAL:** 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.

7 **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.

*Nov 19, 2013 Eunice Brino  
Ch # 1016689 100<sup>00</sup>*





June 15, 2015

Dear Customer:

The following is the proof-of-delivery for tracking number **803737710144**.

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**Delivery Information:**

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<b>Status:</b>	Delivered	<b>Delivery location:</b>	SANTA FE, NM
<b>Signed for by:</b>	S.MARTINEZ	<b>Delivery date:</b>	Jun 4, 2014 10:08
<b>Service type:</b>	FedEx Standard Overnight		
<b>Special Handling:</b>	Deliver Weekday		
	Direct Signature Required		

Signature image is available. In order to view image and detailed information, the shipper or payor account number of the shipment must be provided.

---

**Shipping Information:**

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<b>Tracking number:</b>	803737710144	<b>Ship date:</b>	Jun 3, 2014
-------------------------	--------------	-------------------	-------------

**Recipient:**  
SANTA FE, NM US

**Shipper:**  
ARTESIA, NM US

**Reference**

ENICE BRINE

Thank you for choosing FedEx.

CSST  
\*CSsalama@aol.com

# DownHole SAT Water Analysis Report

## SYSTEM IDENTIFICATION



BASIC NM  
 EUNICE BRINE #1  
 LOAD LINE  
 C. APPLIN  
 RESISTIVITY= 0.0308 OHM/METERS @70F

Sample ID#: 22719  
 ID: WA22719  
 Sample Date: 10-03-2016 at 1129  
 Report Date: 10-05-2016

## WATER CHEMISTRY

### CATIONS

Calcium(as Ca)	1282
Magnesium(as Mg)	4407
Barium(as Ba)	0.120
Strontium(as Sr)	33.97
Sodium(as Na)	101288
Potassium(as K)	3231
Iron(as Fe)	7.04
Manganese(as Mn)	7.37

### ANIONS

Chloride(as Cl)	177000
Sulfate(as SO <sub>4</sub> )	2779
Dissolved CO <sub>2</sub> (as CO <sub>2</sub> )	83.00
Bicarbonate(as HCO <sub>3</sub> )	170.80
Phosphate(as PO <sub>4</sub> )	0.00
H <sub>2</sub> S (as H <sub>2</sub> S)	0.00

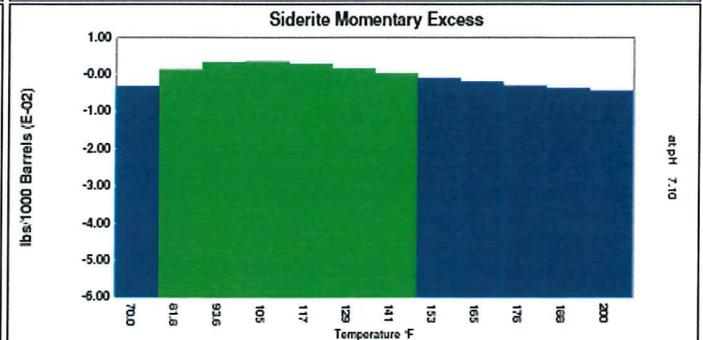
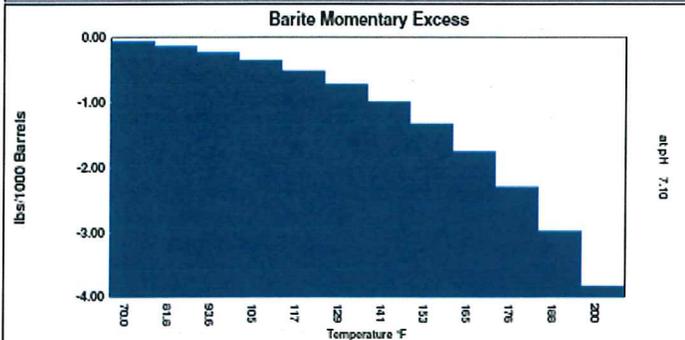
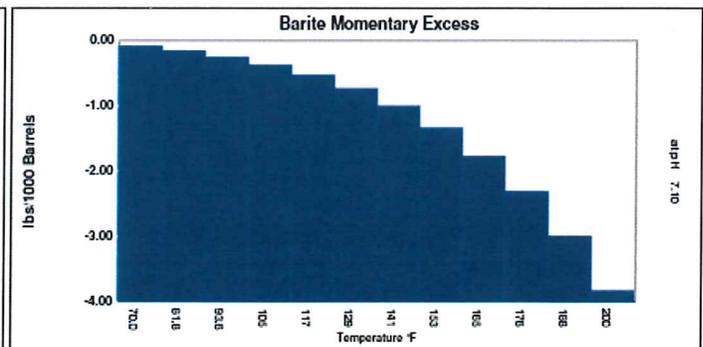
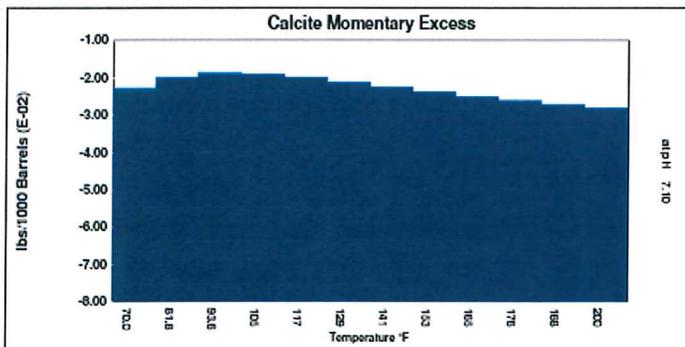
### PARAMETERS

Temperature(°F)	70.00
Sample pH	7.10
Conductivity	532976
T.D.S.	268250
Resistivity	1.88
Sp.Gr.(g/mL)	1.20

## SCALE AND CORROSION POTENTIAL

Temp. (°F)	Press. (psig)	Calcite CaCO <sub>3</sub>	Anhydrite CaSO <sub>4</sub>	Gypsum CaSO <sub>4</sub> *2H <sub>2</sub> O	Barite BaSO <sub>4</sub>	Celestite SrSO <sub>4</sub>	Siderite FeCO <sub>3</sub>	Mackawenite FeS	CO <sub>2</sub> (mpy)	pCO <sub>2</sub> (psia)							
70.00	14.70	0.517	-0.0229	0.234	-565.75	0.273	-540.46	0.452	-0.0860	0.0838	-175.95	0.895	-0.00332	0.00	-0.157	0.0560	0.244
81.82	147.00	0.550	-0.0200	0.216	-578.30	0.239	-589.18	0.308	-0.159	0.0753	-187.54	1.04	0.00113	0.00	-0.161	0.115	1.34
93.64	279.30	0.549	-0.0190	0.206	-572.48	0.211	-630.01	0.218	-0.255	0.0690	-196.03	1.13	0.00309	0.00	-0.166	0.136	2.44
105.45	411.60	0.518	-0.0192	0.202	-551.17	0.193	-651.79	0.159	-0.377	0.0641	-202.41	1.16	0.00328	0.00	-0.172	0.155	3.53
117.27	543.90	0.472	-0.0201	0.203	-517.48	0.193	-617.85	0.117	-0.534	0.0597	-208.32	1.14	0.00256	0.00	-0.178	0.143	4.63
129.09	676.20	0.417	-0.0214	0.210	-474.58	0.192	-588.98	0.0876	-0.738	0.0556	-214.36	1.09	0.00141	0.00	-0.184	0.132	5.72
140.91	808.50	0.361	-0.0227	0.222	-425.49	0.190	-564.65	0.0660	-1.00	0.0518	-220.57	1.01	< 0.001	0.00	-0.192	0.119	6.82
152.73	940.80	0.306	-0.0240	0.240	-372.96	0.188	-544.43	0.0501	-1.34	0.0482	-226.99	0.916	-0.00112	0.00	-0.199	0.129	7.92
164.55	1073	0.257	-0.0252	0.264	-319.36	0.186	-527.99	0.0383	-1.77	0.0448	-233.68	0.819	-0.00222	0.00	-0.208	0.139	9.01
176.36	1205	0.214	-0.0263	0.296	-266.65	0.183	-515.05	0.0295	-2.31	0.0417	-240.72	0.723	-0.00316	0.00	-0.217	0.147	10.11
188.18	1338	0.178	-0.0273	0.338	-216.36	0.180	-505.44	0.0229	-2.99	0.0388	-248.18	0.639	-0.00387	0.00	-0.228	0.0836	11.21
200.00	1470	0.149	-0.0282	0.391	-169.60	0.176	-499.01	0.0179	-3.84	0.0361	-256.16	0.561	-0.00447	0.00	-0.239	0.0653	12.30
		xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels		

Saturation Levels (xSAT) are the ratio of ion activity to solubility, e.g. {Ca}{CO<sub>3</sub>}/K<sub>sp</sub>. pCO<sub>2</sub> (psia) is the partial pressure of CO<sub>2</sub> in the gas phase. Lbs/1000 Barrels scale is the quantity of precipitation (or dissolution) required to instantaneously bring the water to equilibrium.



# DownHole SAT™ Water Analysis Report

## SYSTEM IDENTIFICATION



BASIC NM  
 EUNICE BRINE #1  
 LOAD LINE  
 C. APPLIN  
 RESISTIVITY= 6.0000 OHM/METERS @70F

Sample ID#: 22721  
 ID: WA22721  
 Sample Date: 10-03-2016 at 1134  
 Report Date: 10-05-2016

## WATER CHEMISTRY

### CATIONS

Calcium(as Ca)	63.69
Magnesium(as Mg)	11.38
Barium(as Ba)	0.0800
Strontium(as Sr)	0.430
Sodium(as Na)	181.59
Potassium(as K)	8.89
Iron(as Fe)	0.0600
Manganese(as Mn)	0.0200

### ANIONS

Chloride(as Cl)	260.26
Sulfate(as SO <sub>4</sub> )	49.00
Dissolved CO <sub>2</sub> (as CO <sub>2</sub> )	0.00
Bicarbonate(as HCO <sub>3</sub> )	237.90
Phosphate(as PO <sub>4</sub> )	0.00
H <sub>2</sub> S (as H <sub>2</sub> S)	0.00

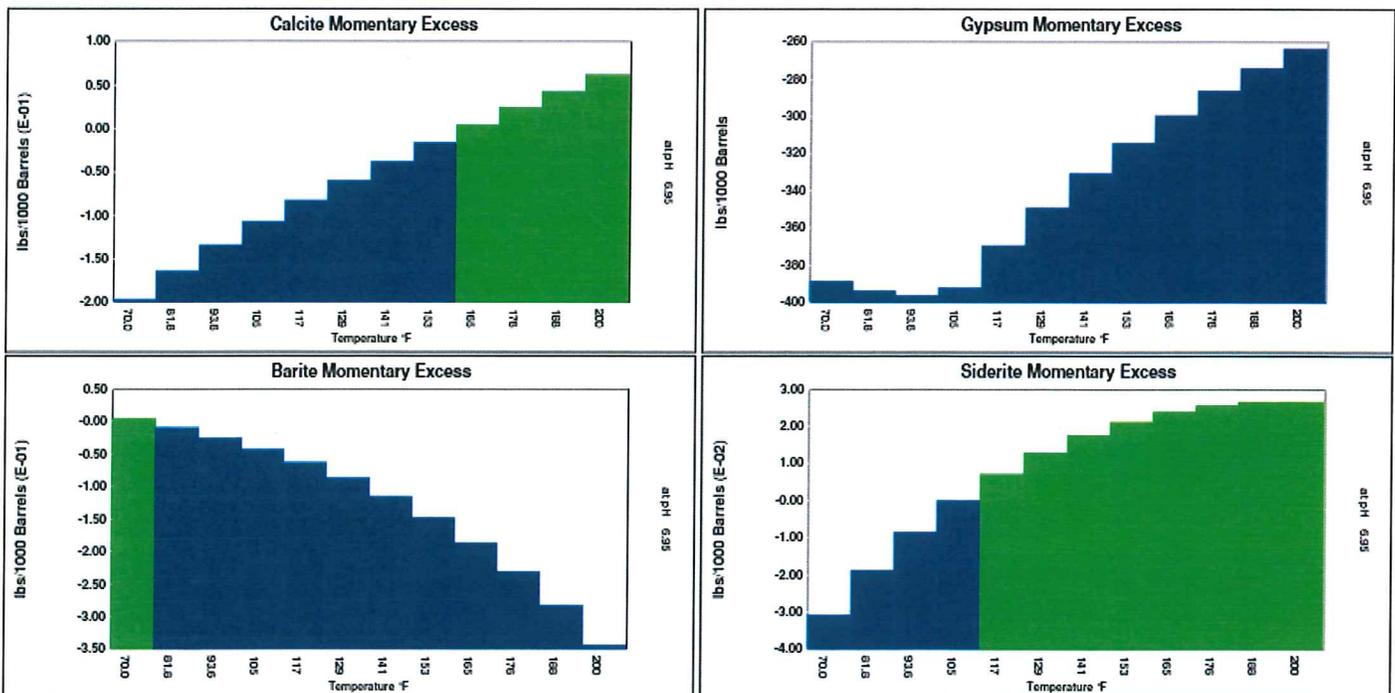
### PARAMETERS

Temperature(°F)	70.00
Sample pH	6.95
Conductivity	1196
T.D.S.	816.25
Resistivity	836.37
Sp.Gr.(g/mL)	1.00

## SCALE AND CORROSION POTENTIAL

Temp. (°F)	Press. (psig)	Calcite CaCO <sub>3</sub>	Anhydrite CaSO <sub>4</sub>	Gypsum CaSO <sub>4</sub> *2H <sub>2</sub> O	Barite BaSO <sub>4</sub>	Celestite SrSO <sub>4</sub>	Siderite FeCO <sub>3</sub>	Mackawenite FeS	CO <sub>2</sub> (mpy)	pCO <sub>2</sub> (psia)							
70.00	14.70	0.269	-0.197	0.00576	-462.93	0.00987	-388.67	1.09	0.00375	0.00358	-37.50	0.421	-0.0309	0.00	-0.142	0.105	0.647
81.82	147.00	0.336	-0.165	0.00586	-454.90	0.00949	-393.84	0.822	-0.0102	0.00356	-37.42	0.577	-0.0188	0.00	-0.143	0.220	3.56
93.64	279.30	0.411	-0.135	0.00614	-439.56	0.00924	-396.35	0.643	-0.0262	0.00362	-36.87	0.770	-0.00852	0.00	-0.143	0.276	6.47
105.45	411.60	0.491	-0.108	0.00661	-418.27	0.00927	-392.38	0.519	-0.0438	0.00372	-36.07	0.999	>-0.001	0.00	-0.144	0.320	9.38
117.27	543.90	0.578	-0.0835	0.00730	-392.43	0.0101	-369.63	0.424	-0.0641	0.00383	-35.25	1.27	0.00700	0.00	-0.144	0.245	12.29
129.09	676.20	0.674	-0.0603	0.00825	-363.41	0.0110	-349.17	0.349	-0.0880	0.00393	-34.52	1.60	0.0128	0.00	-0.145	0.166	15.20
140.91	808.50	0.780	-0.0382	0.00951	-332.49	0.0119	-330.79	0.289	-0.116	0.00401	-33.87	1.98	0.0175	0.00	-0.146	0.0914	18.11
152.73	940.80	0.897	-0.0169	0.0112	-300.79	0.0128	-314.28	0.240	-0.149	0.00409	-33.30	2.43	0.0211	0.00	-0.146	0.0344	21.02
164.55	1073	1.02	0.00366	0.0133	-269.21	0.0137	-299.45	0.201	-0.187	0.00415	-32.81	2.93	0.0238	0.00	-0.147	0.155	23.93
176.36	1205	1.16	0.0236	0.0161	-238.51	0.0146	-286.14	0.169	-0.232	0.00420	-32.39	3.48	0.0255	0.00	-0.148	0.165	26.84
188.18	1338	1.30	0.0427	0.0198	-209.21	0.0154	-274.22	0.142	-0.284	0.00424	-32.04	4.06	0.0264	0.00	-0.149	0.0937	29.75
200.00	1470	1.45	0.0615	0.0246	-181.73	0.0162	-263.58	0.120	-0.344	0.00426	-31.77	4.66	0.0266	0.00	-0.150	0.0732	32.66
		Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per	Lbs per
		xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT	xSAT
		1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
		Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels	Barrels

Saturation Levels (xSAT) are the ratio of ion activity to solubility, e.g. {Ca}{CO<sub>3</sub>}/K<sub>sp</sub>. pCO<sub>2</sub> (psia) is the partial pressure of CO<sub>2</sub> in the gas phase. Lbs/1000 Barrels scale is the quantity of precipitation (or dissolution) required to instantaneously bring the water to equilibrium.





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

New  Renewal

- I. Facility Name: Eunice Brine Well # 001 BW - 002
- II. Operator: Basic Energy Services L.P.  
Address: 801 Cherry Suite 2100 Ft. Worth Texas  
Contact Person: David Alvarado Phone: 575.746.2072
- III. Location: 630' SOUTH 1/4 2427' EAST 1/4 Section 34 Township 21S Range 37E  
Submit large scale topographic map showing exact location.
- 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 Alvarado Title: SENM Fluid Sales Mgr.

Signature:  Date: 11/12/13

E-mail Address: david.alvarado@basicenergyservices.com

Discharge Plan Application for Brine Extraction Facilities

- III. Please see exhibit # III for large topographic map showing exact location.
- IV. Landowners of the facility site is Chevron USA Inc. 15 Smith RD Midland Texas 79705.
- V. Two types of fluids are used at the facility Fresh Water and 10# brine.  
  
Please see Exhibit V. for this year to date amounts of fresh interring, Brine extraction amounts, PSI, ratio fresh to Brine.
- VI. Eunice Brine facility transfers fresh water from the City of Eunice water line into a fiberglass 1000 bbl. tank where it is stored. A lateral pump takes the water from the storage tank and transfers the fresh water down the tubing allowing it to brine with the Salado formation in Marker bed 9. 10# Brine water comes up the casing where it is metered and stored in the facility battery. The total capacity at the facility for brine is 4000 BBLs. 4 1000 Bbl. tanks are used for storage. Please see Exhibit VI Schematic of the facility.
- VII. Please see Exhibit VII. Well bore Schematic.
- VIII. Basic Energy Services L.P. has in place a 20 mill liner under the tank berm area and will hold 110% of total volume of stored product. The location is also berm.  
  
Notification: BY Phone  
  
Basic Energy Services, OCD Santa Fe, District Office OCD Hobbs, Chevron USA, Phoenix Environmental.  
  
Notification: By Form Reporting  
  
C-141 & Basic Energy Services Spill Release form,  
  
SPCC / Guidelines for Remediation  
  
Basic Energy Services L.P. will use The SPCC Plan & Oil/ Saltwater Contingency Plan and the Guidelines for Remediation of leaks, spills and releases. Basic Energy will hand a copy on request.
- IX. Please See the attached evidence demonstrating operations will not adversely impact fresh water.  
  
Exhibit IX Formation test chart  
  
Exhibit IX a. well bore Schematic of new 5 1/2 casing Cmt to surface  
  
Exhibit IX b. Powers Report  
  
Exhibit IX c. CBL
- X Please See C-103 work done to well with MIT for 2013.



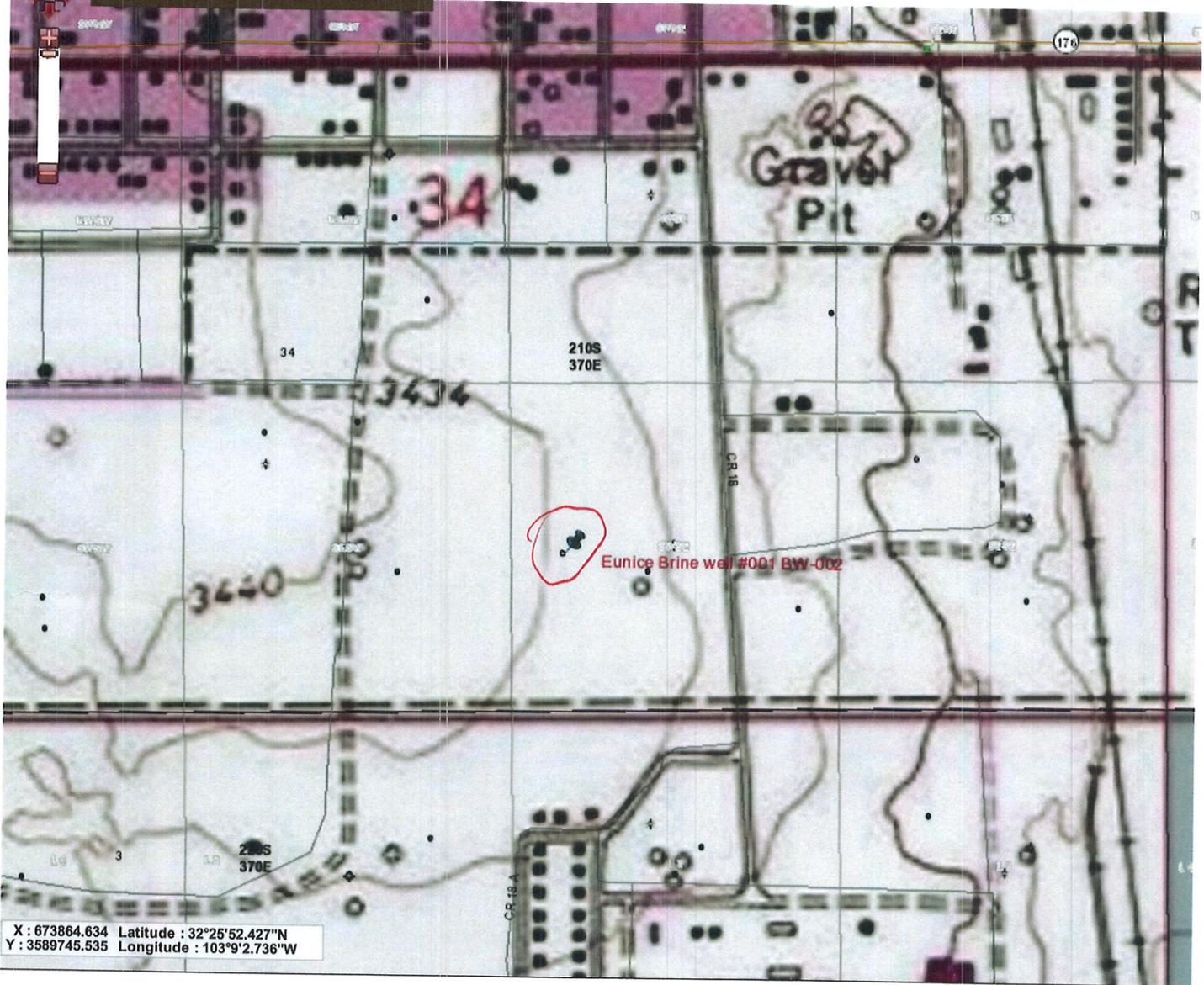
NEW MEXICO  
STATE LAND OFFICE

Oil and Gas, Minerals Map Service



Map Relief Imagery Topo

CONTENTS LEGEND



NEW MEXICO  
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310 Old Santa Fe Trail, Santa Fe NM 87501  
P.O. Box 1148, Santa Fe, NM 87504  
505-827-5760  
505-827-5766 (Fax)

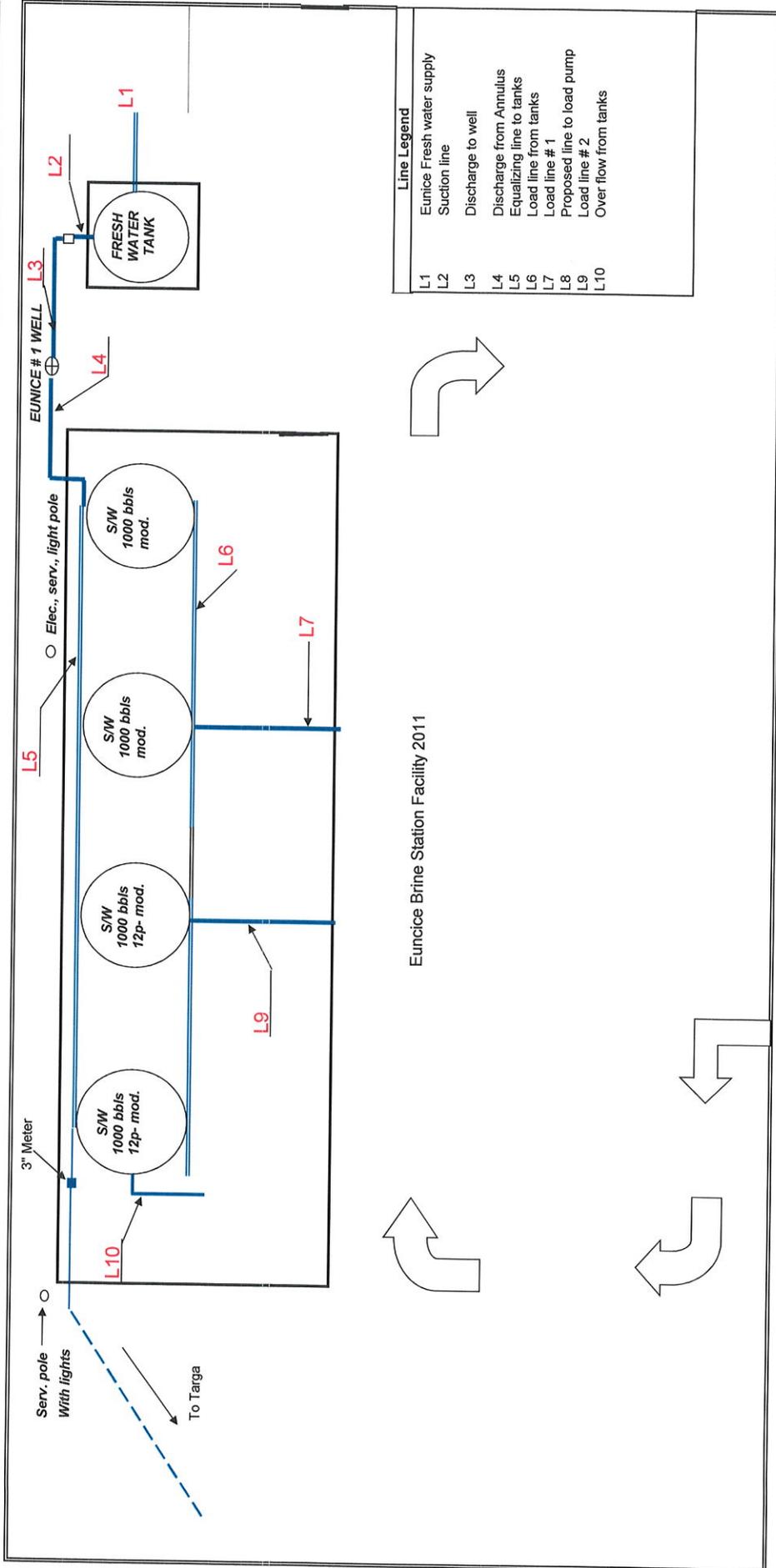


Basic Energy Services L.P.

Eunice Brine 001 BW002 Year to Date Totals Fresh and Brine 2013

Lease	BES Asset #	API	FOOTAGE			UNIT	TOWNSHIP RANGE			County
			630 FSL	2427 FEL	2427 FEL		O	34	21S	
Eunice Brine #1	18476	30-025-26884	400							LEA
BES		Brine								
Month	Start	End	Total	PSI	F/W Start	F/W End	Fresh Total	F/w to Brine		
Jan	0	16575	16575	250	0	16025	16,025			
Feb	0	22037	22037	250	0	21834	21,834			
Mar	0	35052	35052	250	0	36157	36,157	9.69		
Apr	0	19564	19564	250	0	20121	20,121	9.72		
May	19564	39617	20053	250	20121	40691	20,570	9.97		
Jun	39617	68761	29,144	250	40691	70375	29,684	9.82		
July	68761	105190	36,429	250	70375	107615	37,240	9.78		
August	105190	156374	51,184	250	107615	159990	52,375	9.77		
Sep	156374	193450	37,076	250	159990	197968	37,978	9.76		
Oct	193450	233708	40,250	250	197968	240048	42080	9.57		

**BASIC ENERGY SERVICES**  
**EUNICE # 1 SWBS**



**Line Legend**

L1	Eunice Fresh water supply
L2	Suction line
L3	Discharge to well
L4	Discharge from Annulus
L5	Equalizing line to tanks
L6	Load line from tanks
L7	Load line # 1
L8	Proposed line to load pump
L9	Load line # 2
L10	Over flow from tanks

Eunice Brine Station Facility 2011



Basic Energy Services LP  
Eunice Brine # 001 Bw-002  
630' FSL, 2427' FEL, Unit (O), Sec 34, T21S, R37E  
API # 30-025-26884

CURRENT  
9/6/2012

2 7/8"

Surface Hole  
Bit Size N/A

Inter. Hole  
Bit Size N/A

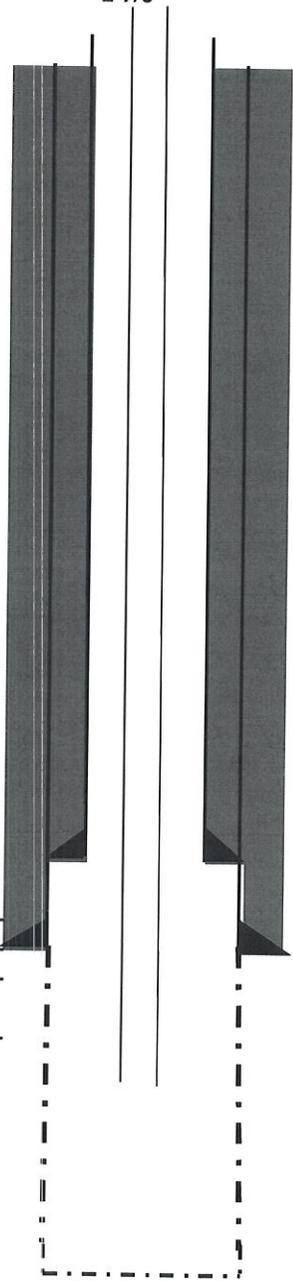
Cement Data:

Lead - \_\_\_\_\_

Tail - \_\_\_\_\_

Note - \_\_\_\_\_

Bit size 8 3/4"



TD @ 1818'

Tree Conection 2 7/8 J-55 PC TBG.

Production 2 7/8" J-55 PC TBG

Setting Depth 1540'

Surface Casing: NONE

Setting Depth @ N/A

Interm. Casing: NONE

Setting Depth: NONE

Liner Casing 5.5 15.5# FJ

102sx "C" 20sx excess cir surf.

Setting Depth 1375'

Production Csg.: 7" 24# / 20#

700SX CIR. SURF

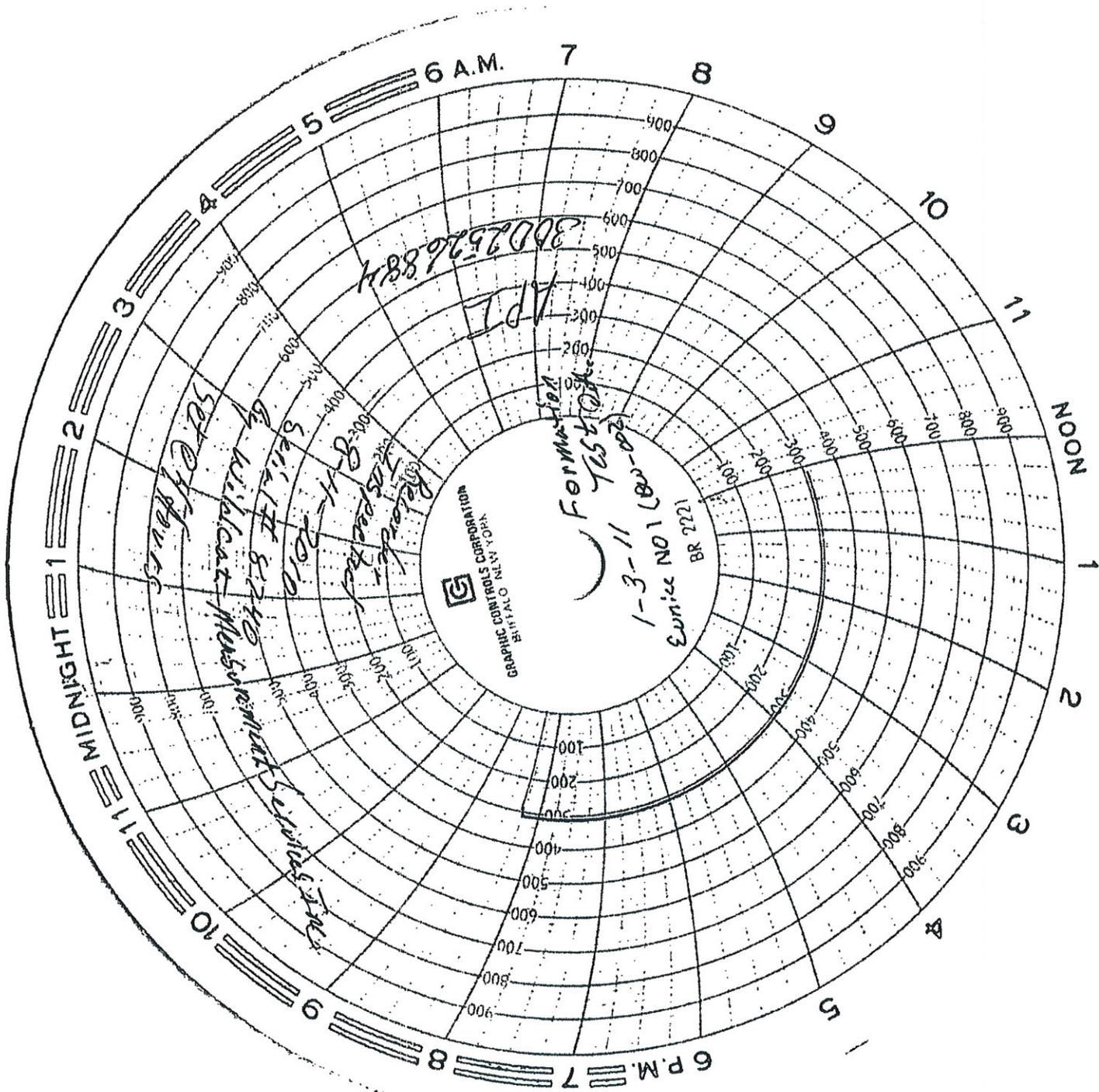
Setting Depth @ 1450'

PBTD: NO PBTD

OPEN HOLE yes

DEPTH OH 1800'

VII  
IX a





CEMENT BOND  
GAMMA RAY  
CCL/LOG

Company BASIC ENERGY SERVICES,LP

Well EUNICE NO.001

Field

County LEA

State N.MEX

Location:

630FSL&2427FEL

API #: 3002526884

Other Services

Company BASIC ENERGY SERVICES,LP  
Well EUNICE NO.001  
Field  
County LEA  
State N.MEX

Permanent Datum SEC TWP RGE Elevation G.L.  
Log Measured From G.L.  
Drilling Measured From K.B.  
Elevation K.B./N/A  
D.F.  
G.L.

Date	12-28-2010
Run Number	ONE
Depth Driller	
Depth Logger	1450
Logged Interval	1447
True Log Interval	SURF.
Open Hole Size	N/A
Type Fluid	WATER
Density / Viscosity	N/A
Max. Recorded Temp.	N/A
Estimated Cement Top	SURF.
Time Well Ready	07:30
Time Logger on Bottom	08:00
Equipment Number	12
Location	HOBBS, NM
Recorded By	PAUL ZARAGOZA
Witnessed By	DAVID ALVARADO

Run Number	Borehole Record		Tubing Record	
	Bit	From	To	Weight
Casing Record				
Surface String				
Prot. String				
Production String		7"		SURF.
Liner				1464

All interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not, except in the case of gross or willful negligence on our part, be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation made by any of our officers, agents or employees. These interpretations are also subject to our general terms and conditions set out in our current Price Schedule.

Comments

LOG RAN ON WIRELINE DEPTH

MAIN PASS 0 PSI

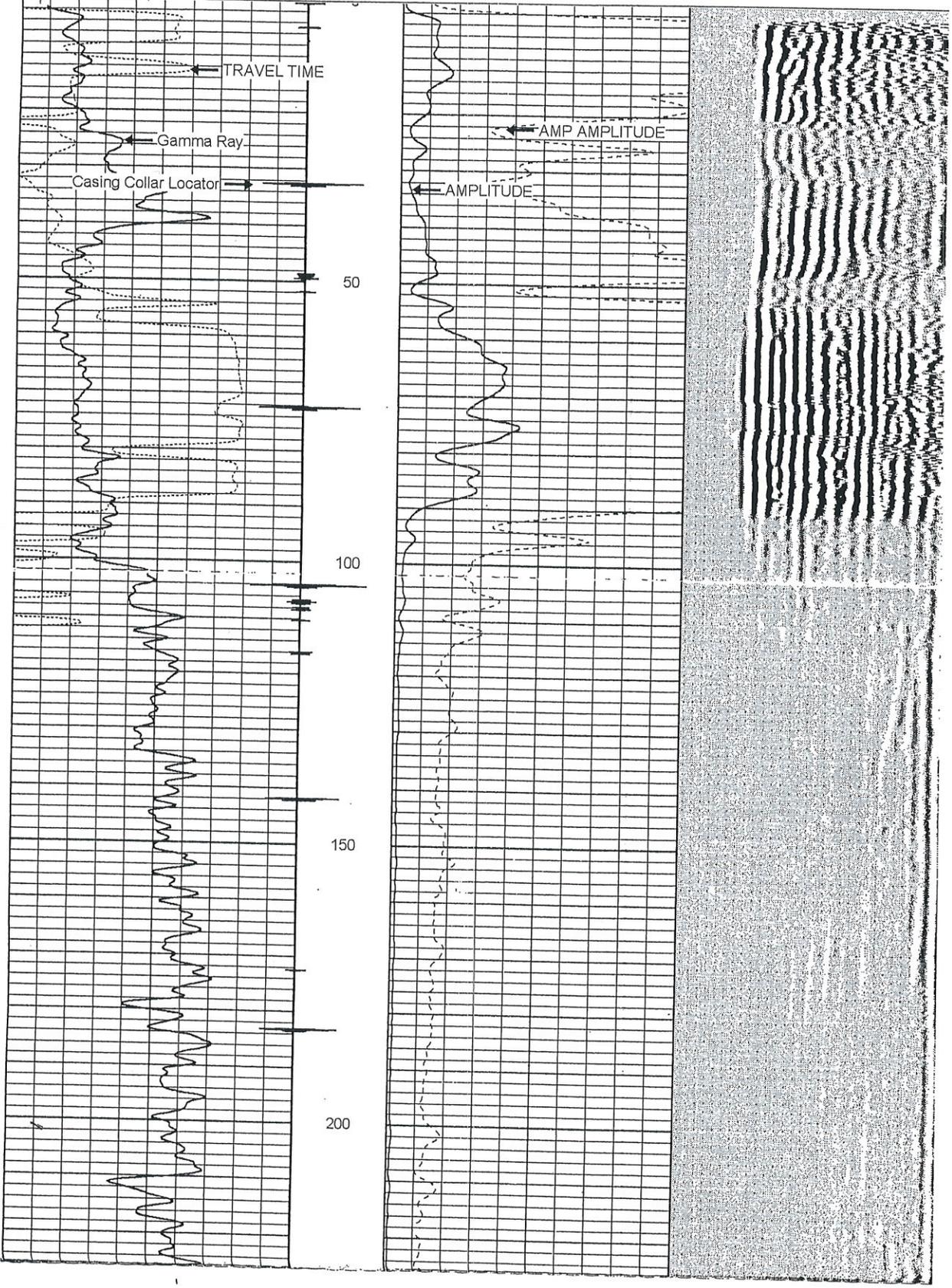


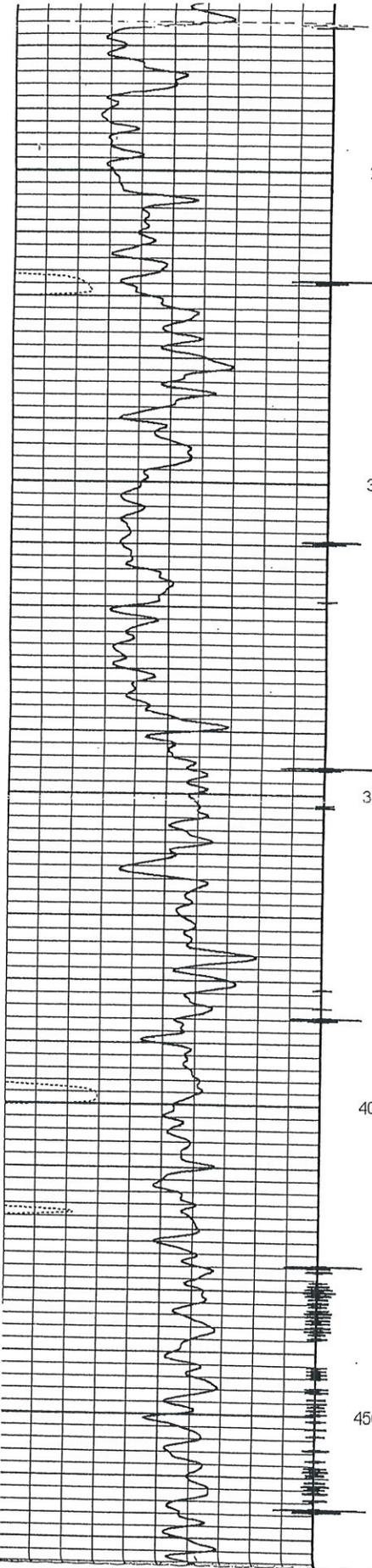
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Dataset Pathname: pass13  
Presentation Format: cbl\_drs  
Dataset Creation: Tue Dec 28 10:39:24 2010 by Log Std Casedhole 07122  
Charted by: Depth in Feet, scaled 1:240

IX C

360	TRAVEL TIME (usec)	260
40	Collar Locator	-0.01
0	Gamma Ray (GAPI)	150

AMP AMPLITUDE (mV)	10	200	Vari.	Density	1
AMPLITUDE (mV)	100				





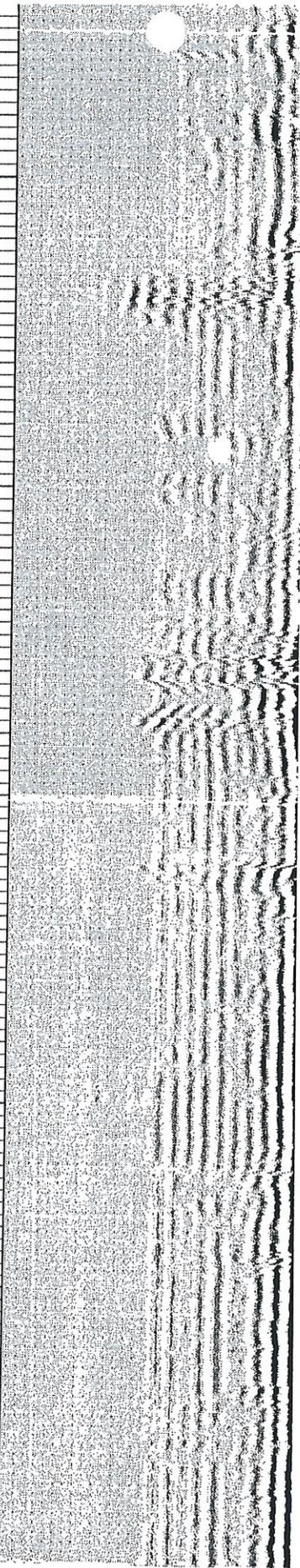
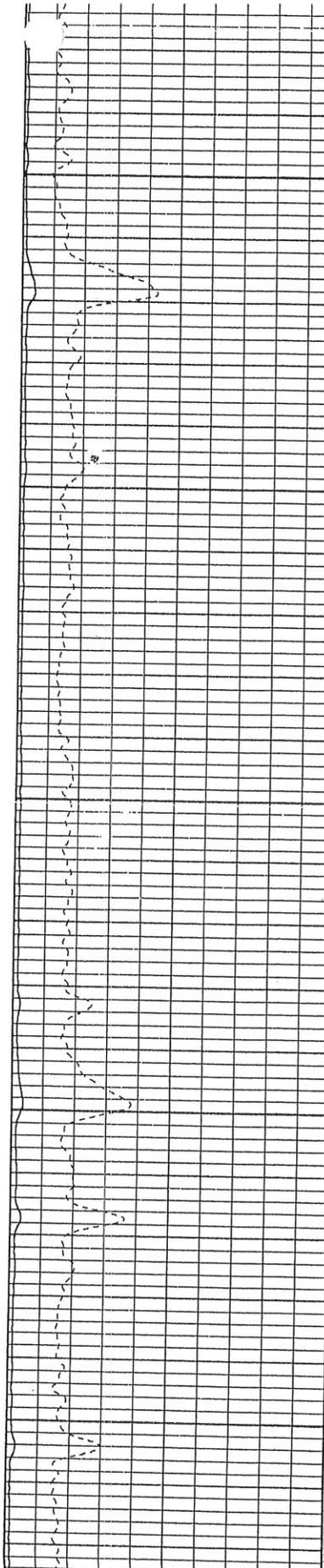
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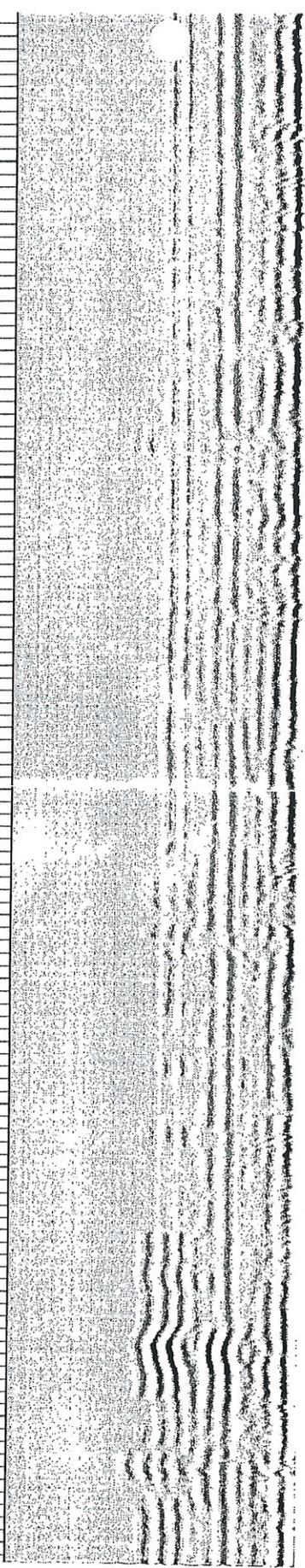
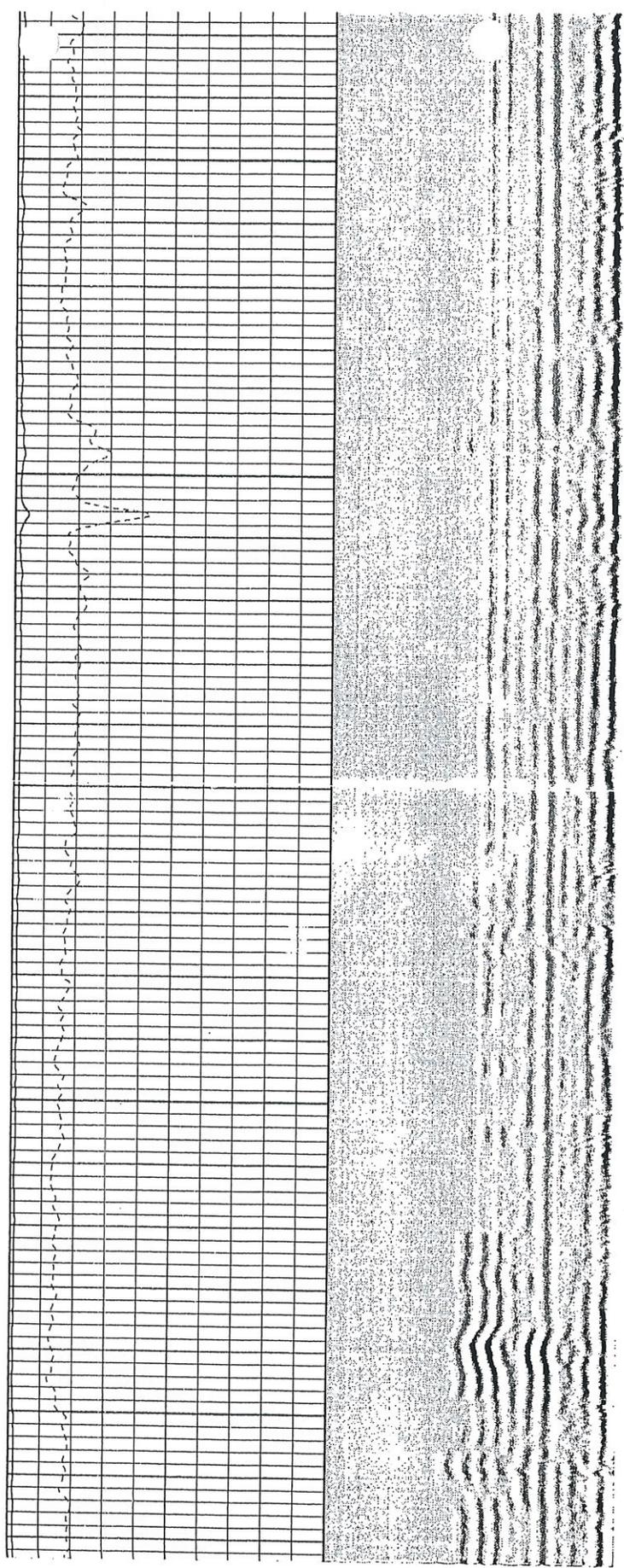
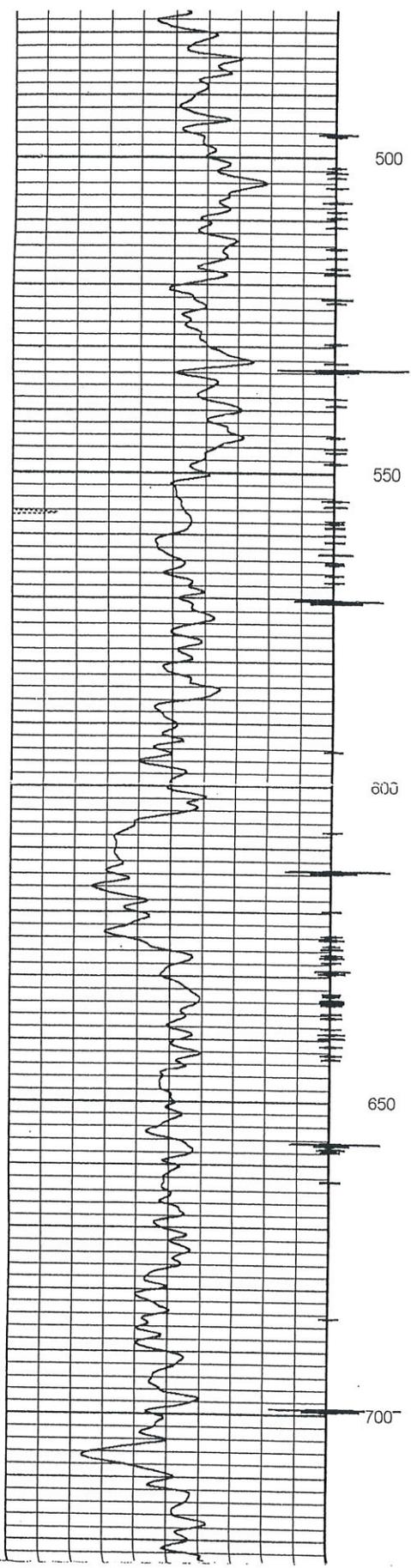
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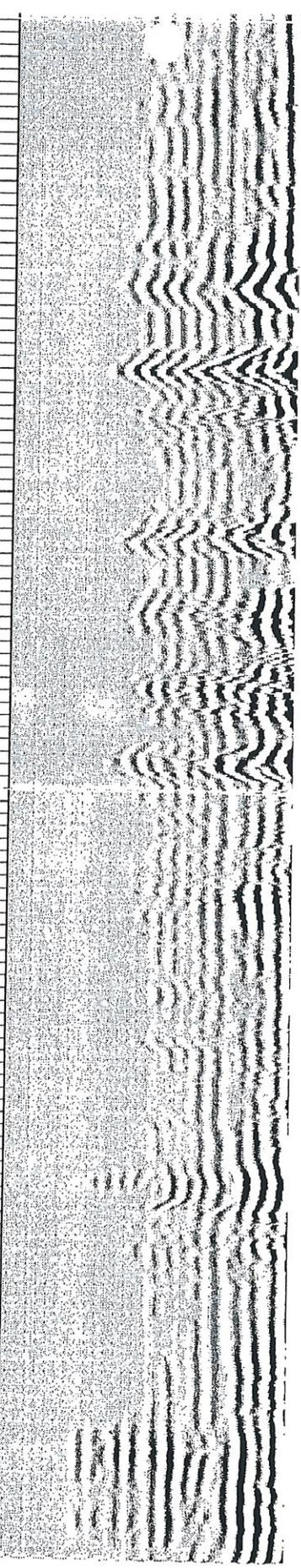
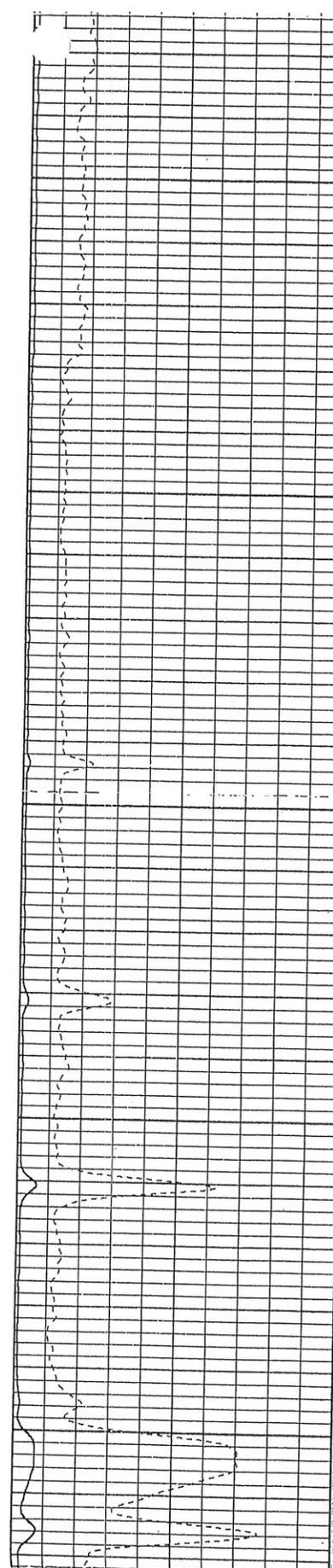
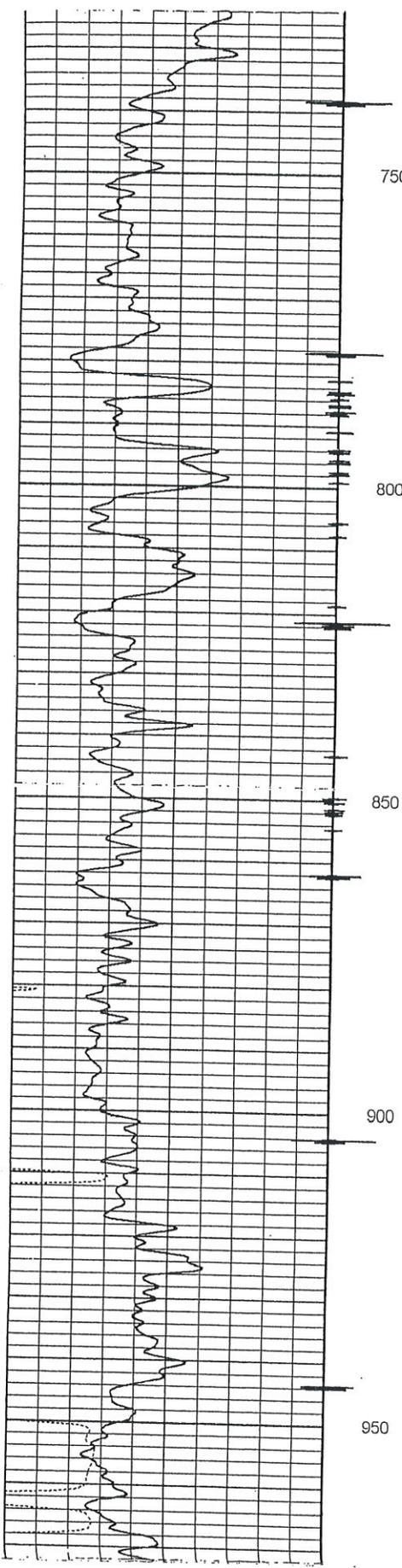
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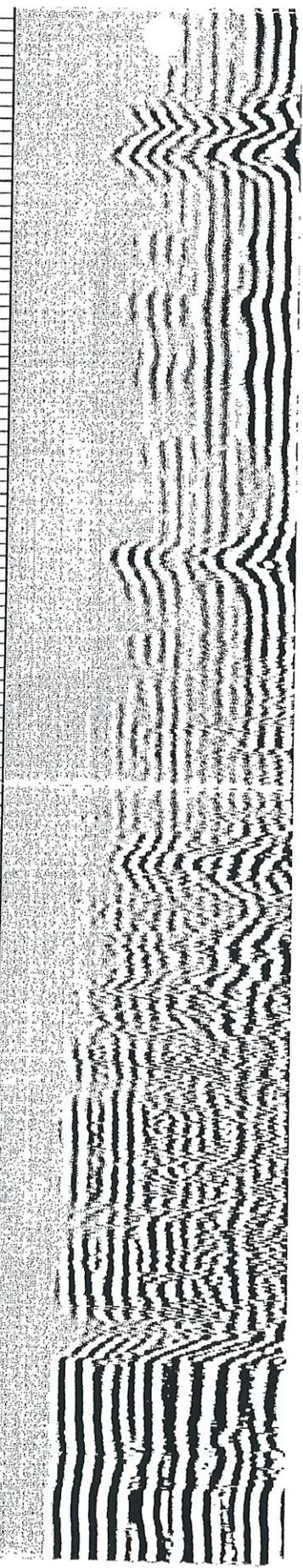
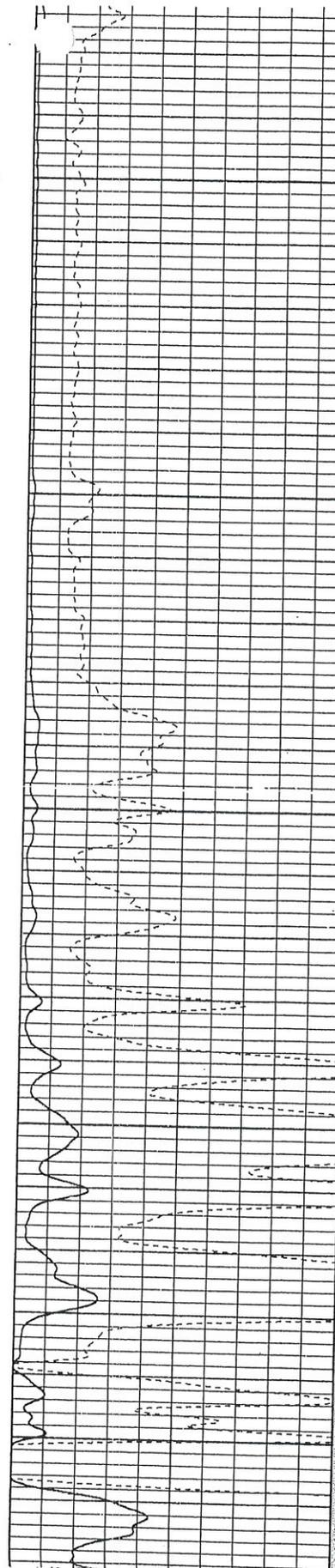
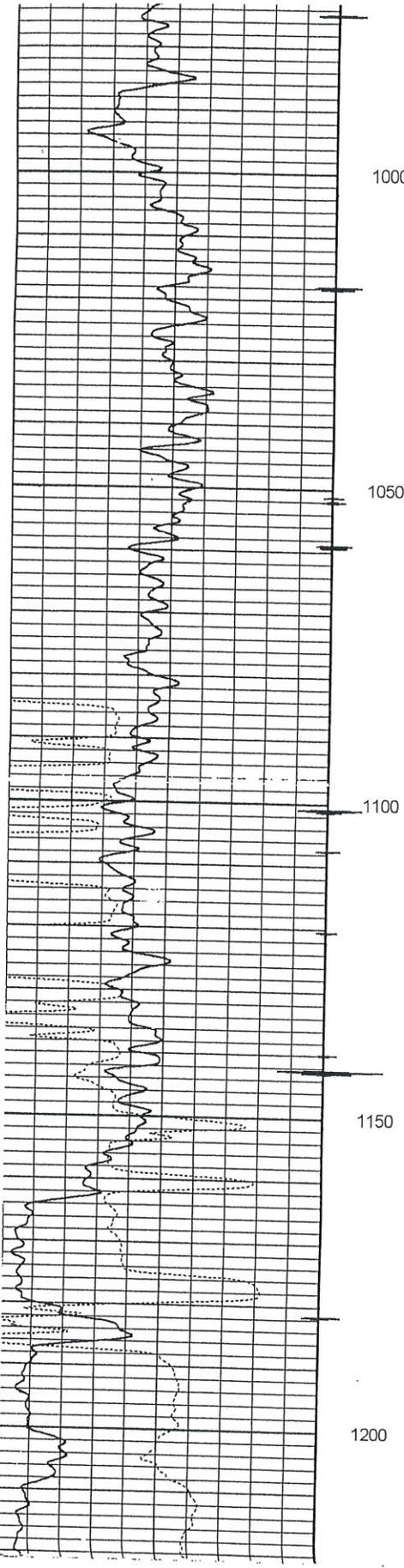
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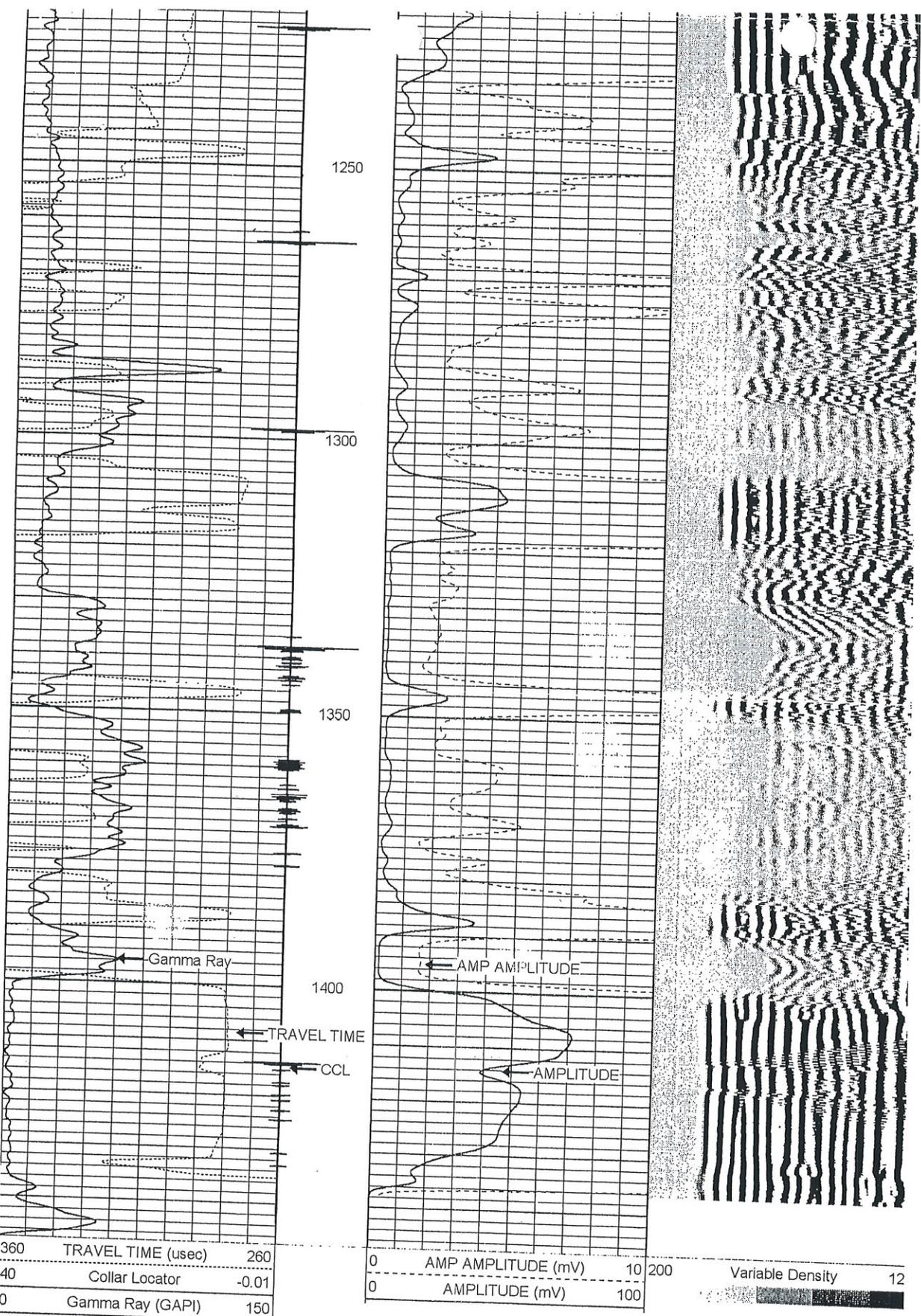
450











Submit 1 Copy 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

Form C-103  
 October 13, 2009

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

WELL API NO. 3002526884
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Eunice No # 001 BW - 002
8. Well Number # 1
9. OGRID Number
10. Pool name or Wildcat Salado

**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.)

1. Type of Well: Oil Well  Gas Well  Other Brine

2. Name of Operator  
BASiC Energy Services

3. Address of Operator  
P.O. Box 10460 Midland Tx. 79702

4. Well Location  
 Unit Letter O : 630 feet from the South line and 2427 feet from the East line  
 Section 34 Township 21 S Range 37 E NMPM County Lea

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input checked="" type="checkbox"/>	<input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: RUN 5.5 15.5# FJ J-55 FL4S thread.	

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.

Weight of brine has fallen to 9.8, 9.9 lbs/ gal might have lost integrity in a joint above btm hole assembly @ 1492.49' causing fresh water to come in with brine on the way up the casing.

8-7-12 MI EQUIP RU well flowing back brine at fast rate bleeding back to stock tanks SDFN

8-8-12 ND WELL POH LAYING DOWN TBG. CALL FOR NEW 2 7/8 J-55 PC TUBING 1540' RIH W/scraper and 6 1/4" bit POH RIH with 7" PKR. set @ 1390' was not able to hold psi on casing. Moved packer one joint higher same result POH with PKR SDFN.

8-9-12 TIH W/Pkr. /plug set plug at 1375' test plug will not hold continued to move plug and pkr up hole to surface. Casing is in tact but orange pealed SDFN

8-10-12 Changed to softer element on packer set plug at 1250' tested up hole will psi to 500# then communicate around pkr. Notified Jim Griswold OCD and BES L.P. Sr. VP Newman. SDFN

8-13-12 POH pkr./plug order 1375' 5 1/2" 15.5# FJ J-55 FL4S waiting on AFE approval.

8-22-12 RIH with CIBP on wire line set @ 1390' bail dump 2sx on top wait on cmt. RIH tag top @ 1380' SDFN

8-23-12 Cut off 7" casing redressed with Larken 92 7"X 5.5 head. Csg on location and racked. SDFN

8-24-12 RIH w/ float shoe and collar. Shoe @ 1375' Float Collar @ 1334.19' waiting on Cmt. Dress 5.5 Csg. W/ Larken K 5.5X 2 7/8 head.

8-25-12 RU BES LP cmt. crew circulated twice volume capacity head away with 102 sx net C to surface circulated 25sx to pit. SDFN

8-27-12 RU Reverse unit TIH with 4 - 3.5" collars to top of shoe drill out to 1365' call OCD for MIT on Casing. SDFN

8-28-12 OCD Mark Whitaker gave approval to run MIT. Called Mark back after MIT good psi @ 400# for 35 min. drill down to 1507.5' SDFN. Please see MIT chart.

8-29-12 TD at 1550' left well flowing to stock tanks (psi on formation due to conventional drilling) SDFN

8-30-12 NU well head and placed back to production brine testing at 10.1 # per gal will test for a few days.

9-6-12 9617 bbls fresh in 9284 bbls brine out show of 10 % brine to fresh. Testing from 8-30-12 to 9-6-12

Spud Date:  Rig Release Date:

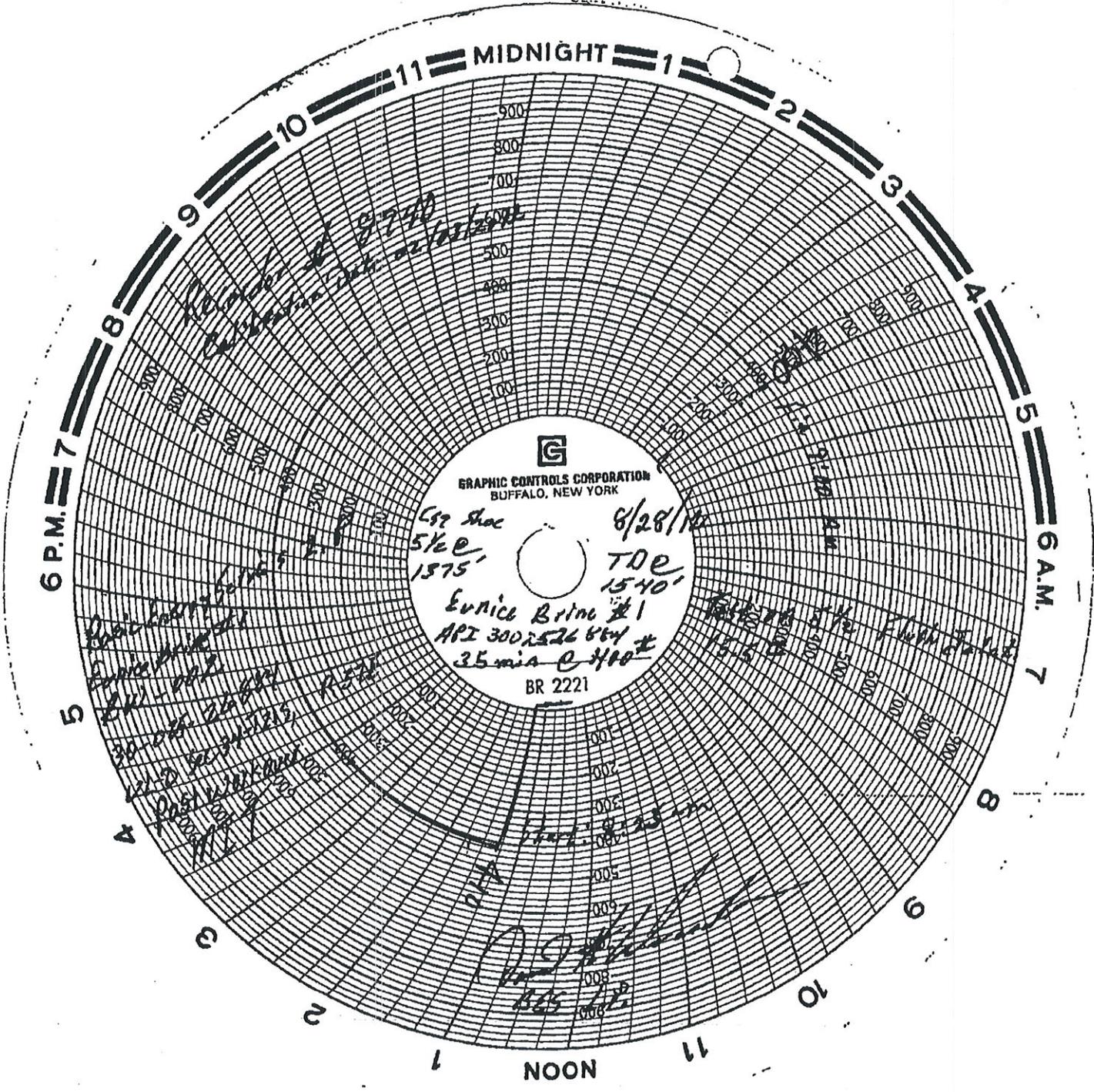
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  TITLE SENM Fluid Sales MGR. DATE 9-6-12

Type or print name DAVID ALVARADO E-mail address: david.alvarado@basicenergyservices.com PHONE: 575.746 2072

**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of Approval (if any): \_\_\_\_\_



**G**  
 GRAPHIC CONTROLS CORPORATION  
 BUFFALO, NEW YORK

8/28/10  
 5 1/2 e  
 1575'  
 Eunice Brine #1  
 API 300, 2526 654  
 35 mi a @ 400 #  
 BR 2221

*Handwritten notes in the upper-left quadrant:*  
 8:00  
 7:00  
 6:00  
 5:00  
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*Handwritten notes in the lower-right quadrant:*  
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 1010



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

August 8, 2007

Mr. Eddie W. Seay  
Basic Energy Services  
P.O. Box 827  
Tatum, New Mexico 88267

**Re: Discharge Plan Renewal of Permit (BW-002)  
Basic Energy Services  
Class III Brine Well  
Eunice Well No. 1, API No. 30-025-26884  
630 FSL and 2427 FEL UL: O Section 34, T 21 S, R 37 E  
Lea County, New Mexico**

Dear Mr. Seay:

The New Mexico Oil Conservation Division (NMOCD) has received Basic Energy Services's renewal application for the "Eunice Well No. 1" brine well to inject fresh water and extract 10 pound brine water from the Salado Formation at a daily rate of 250 barrels per day and at a maximum injection pressure of 1115 psig. The Class III brine well is located on state road 234 approximately 1 mile southeast of Eunice New Mexico. The initial and subsequent submittals provided the required information in order to deem the renewal application "administratively" complete.

Therefore, the New Mexico Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the NMOCD. NMOCD will 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) 476-3491 or [carlj\\_chavez@state.nm.us](mailto:carlj_chavez@state.nm.us) if you have questions. Thank you for your cooperation during this discharge permit review.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl J. Chavez".

Carl J. Chavez  
Environmental Engineer

CJC/cjc

xc: OCD District Office



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

September 21, 2007

Mr. Steve Prather  
Basic Energy Services L.P.  
1603 Avenue O  
Eunice, New Mexico 88231

Re: Discharge Permit Basic Energy Services, L.P. Eunice Well No. 1 (BW-002) Renewal

Dear Mr. Prather:

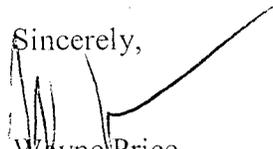
Pursuant to all applicable parts of the Water Quality Control Commission (WQCC) Regulations 20.6.2 NMAC and more specifically 20.6.2.3104 - 20.6.2.3999 discharge permit, and 20.6.2.5000-.5299 Underground Injection Control, the Oil Conservation Division (OCD), the applicant is hereby authorized with corrective actions specified in Item 20(A) herein to utilize its "Eunice Well No. 1" (BW-002) located in the SW/4, SE/4 of Section 34, Township 21 South, and Range 37 East, NMPM, Lea County, New Mexico, under the conditions specified in the enclosed **Attachment To The Discharge Permit**.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Carl Chavez of my staff at (505-476-3491) or E-mail [carlj.chavez@state.nm.us](mailto: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.

Sincerely,

  
Wayne Price  
Environmental Bureau Chief

LWP/cc  
Attachments-1  
xc: OCD District Office

**ATTACHMENT TO THE DISCHARGE PERMIT  
Basic Energy Services, L.P. "Eunice No. 1" Brine Well (BW-002)  
DISCHARGE PERMIT APPROVAL CONDITIONS**

September 21, 2007

**Please remit a check for \$1700.00 made payable to Water Quality Management Fund:**

**Water Quality Management Fund  
C/o: Oil Conservation Division  
1220 S. Saint Francis Drive  
Santa Fe, New Mexico 87505**

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100.00, plus a renewal flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required \$100.00 filing fee. However, the owner/operator still owes the required \$1700.00 permit fee for a Class III Brine Well.
- 2. Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on January 6, 2014** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F 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 permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. *Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA1978} and civil penalties may be assessed accordingly.*
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its August 2, 2006 discharge permit application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.
- 5. Modifications:** WQCC Regulation 20.6.2.3107.C, 20.6.2.3109 and 20.6.2.5101.I NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground

water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

**6. Waste Disposal and Storage:** The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

**A. OCD Rule 712 Waste:** Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

**B. Waste Storage:** The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

**7. Drum Storage:** The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

**8. Process, Maintenance and Yard Areas:** The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

**9. Above Ground Tanks:** The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

**10. Labeling:** The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

**11. Below-Grade Tanks/Sumps and Pits/Ponds.**

**A.** All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall

retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

**B.** All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

**C.** The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

**D.** The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

## **12. Underground Process/Wastewater Lines:**

**A.** The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

**B.** The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

**13. Class V Wells:** The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

**14. Housekeeping:** The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

**15. Spill Reporting:** The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

**16. OCD Inspections:** The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

**17. Storm Water:** The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

**18. Unauthorized Discharges:** The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. *An unauthorized discharge is a violation of this permit.*

**19. Vadose Zone and Water Pollution:** The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

**20. Additional Site Specific Conditions:**

**A. The operator shall complete the following "Required Corrective Action" on the following nine wells by March 14, 2008, and submit written verification of completion to the**

**Environmental Bureau in the Santa Fe office of the Division.** If this required work and written verification is not completed by said date, the owner/operator shall immediately shut-in this brine well, submit to the Hobbs district office of the Division a sundry notice of intent to plug and abandon with a proposed procedure and submit to the Environmental Bureau a valid closure plan.

Required Corrective Action:

API	WELL NAME	OPERATOR	FTG NS	FTG EW	OCD UL	Sec	Tsp	Rge	Dist	COMPL STATUS
30-025-07002	MARK OWEN 002	GULF OIL CORP	660 FSL	1980 FEL	O	34	21S	37E	448	Plugged
30-025-06999	OWEN B 004	APACHE CORP	660 FSL	1980 FWL	N	34	21S	37E	874	Active

Within each of the above wells, remedial cementing shall be completed, squeezing cement from the existing cement top to cover any equivalent injection interval in the well and/or across the Salado Formation. Prior to work, a Bradenhead test shall be run to evaluate flowing conditions between casings and a cement bond log shall be run to verify all existing cement and, after completion of any work involving cementing, another cement bond log shall be run showing placement of remedial cement. All cement bond logs shall be supplied to the Division and also to the respective operators of the wells.

**21. Brine Well(s) Identification, Operation, Monitoring, Bonding and Reporting.**

- A. Well Identification: API # 30-025-26884
- B. Well Work Over Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other work. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Environmental Bureau and District Office.
- C. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out. Operators may request long term reverse operation if they can demonstrate that additional casing and monitoring systems are installed and approved by OCD. Operating in the reverse mode for more than 24 hours unless approved otherwise is a violation of this permit.
- D. Well Pressure Limits: The maximum operating surface injection and/or test pressure measured at the wellhead shall not exceed 450 psig unless otherwise approved. The operator shall have a working pressure limiting device or controls to prevent overpressure. Any pressure that causes new fractures or propagate existing fractures or causes damage to the system shall be reported to OCD within 24 hours of discovery.
- E. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with approved fluids or gas to a minimum of 300 psig measured on the surface casing for four hours. However, no operator may exceed test pressures that may cause formation fracturing (see item 21.D above) or system failures. Systems requiring test pressures less than 300 psig must be approved by OCD prior to testing. At least once

every five years and during well work-overs the salt cavern formation will be isolated from the casing/tubing annulars and the casing pressure tested at 300 psig for 30 minutes. All pressure tests must be performed per the schedule shown below and witnessed by OCD unless otherwise approved.

**Testing Schedule:**

2007- 30 minute @ 300 psig casing test only (set packer to isolate formation)  
2008- 4 hour @ 300 psig casing open to formation test  
2009- 4 hour @ 300 psig casing open to formation test  
2010- 4 hour @ 300 psig casing open to formation test  
2011- 4 hour @ 300 psig casing open to formation test  
2012- 30 minute @ 300 psig casing test only (set packer to isolate formation)  
2013- 4 hour @ 300 psig casing open to formation test  
2014- 4 hour @ 300 psig casing open to formation test

- F. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandon the well.

**Any subsidence must be reported within 24 hours of discovery.**

- G. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in the annual report.
- H. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (method 40 CFR 136.3) using EPA methods.
- I. Area of Review (AOR): The operator shall report within 24 hours of discovery of any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within ¼ mile from the brine well.
- J. Loss of Mechanical Integrity: The operator shall report within 24 hours of discovery of any failure of the casing, tubing or packer, or movement of fluids outside of the injection zone. The operator shall cease operations until proper repairs are made and receive OCD approval to re-start injection operations.

- K. Bonding or Financial Assurance:** The operator shall maintain at a minimum, a one well plugging bond in the amount of \$50,000.00 to restore the site and plug and abandon the well by January 1, 2008, pursuant to OCD rules and regulations. If warranted, OCD may require additional financial assurance.
- L. Annual Report:** All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:

1. Cover sheet marked as "Annual Brine Well Report, name of operator, BW permit #, API# of well(s), date of report, and person submitting report.
2. Brief summary of brine wells operations including description and reason for any remedial or major work on the well. Copy of C-103.
3. Production volumes as required above in 21.G. including a running total should be carried over to each year. The maximum and average injection pressure.
4. A copy of the chemical analysis as required above in 21.H.
5. A copy of any mechanical integrity test chart, including the type of test, i.e. open to formation or casing test.
6. Brief explanation describing deviations from normal production methods.
7. A copy of any leaks and spills reports.
8. If applicable, results of any groundwater monitoring.
9. Information required from cavity/subsidence 21.F. above.
10. An Area of Review (AOR) summary.
11. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.

**22. Transfer of Discharge Permit:** Pursuant to WQCC 20.6.2.5101.H the owner/operator and new owner/operator shall provide written notice of any transfer of the permit. Both parties shall sign the notice 30 days prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. In addition, the purchaser shall include a written commitment to comply with the terms and conditions of the previously approved discharge permit. OCD will not transfer brine well operations until proper bonding or financial assurance is in place and approved by the division. OCD reserves the right to require a modification of the permit during transfer.

**23. Closure:** The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit for OCD approval, a closure plan including a completed C-103 form for plugging and abandonment of the well(s). Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

**24. Certification: Basic Energy Services, L.P. (Owner/Operator),** by the officer, whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I 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."

\_\_\_\_\_  
Company Name-print name above

\_\_\_\_\_  
Company Representative- print name

\_\_\_\_\_  
Company Representative- signature

Title \_\_\_\_\_

Date: \_\_\_\_\_

# Advertising Receipt

REC-11248

Hobbs Daily News-Sun

201 N Thorp  
 P O Box 850  
 Hobbs, NM 88241-0850  
 Phone: (505) 393-2123  
 Fax: (505) 397-0610

CARL CHAVEZ  
 NEW MEXICO ENERGY, MINERALS AND  
 NATURAL RESOURCES DEPARTMENT  
 1220 SOUTH ST. FRANCIS DR.  
 SANTA FE, NM 87505

**Cust#:** 01106077-000  
**Ad#:** 02595409  
**Phone:** (505)476-3200  
**Date:** 08/09/07

Ad taker: C2      Salesperson: 08      Classification: 673

Description	Start	Stop	Ins.	Cost/Day	Surcharges	Total
07 07 Daily News-Sun	08/10/07	08/10/07	1	178.08		178.08
Bold						1.00
Affidavit for legals						3.00

**Payment Reference:**

LEGAL NOTICE  
 August 10, 2007

NOTICE OF PUBLICATION

STATE OF NEW MEXICO  
 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
 OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-002) Basic Energy Services LLC, Mr. Steve Prather, P.O. Box 7169, Eunice, New Mexico 88231, has submitted an application for the renewal of a discharge plan for the brine well "Eunice

**Total:** 182.08  
**Tax:** 0.00  
**Net:** 182.08  
**Prepaid:** 0.00

**Total Due 182.08**

*ok to pay  
 8/29/07*

AFFIDAVIT OF PUBLICATION

State of New Mexico,  
County of Lea.

I, KATHI BEARDEN

Publisher

of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of \_\_\_\_\_  
\_\_\_\_\_ weeks.

Beginning with the issue dated  
August 10 2007

and ending with the issue dated  
August 10 2007

*Kathi Bearden*  
\_\_\_\_\_

Publisher

Sworn and subscribed to before

me this 10th day of

August 2007  
*Dora Montz*  
\_\_\_\_\_

Notary Public.

My Commission expires  
February 07, 2009

(Seal)



OFFICIAL SEAL  
DORA MONTZ  
NOTARY PUBLIC  
STATE OF NEW MEXICO

My Commission Expires: \_\_\_\_\_

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 publication has been made.

LEGAL NOTICE  
August 10, 2007

NOTICE OF PUBLICATION

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

**(BW-002) Basic Energy Services LLC**, Mr. Steve Prather, P.O. Box 7169, Eunice, New Mexico 88231, has submitted an application for the renewal of a discharge plan for the brine well "Eunice No. 1," (API# 30-025-26884) located in the SW/4, SE/4 of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately \_\_\_\_\_ mile east on Texas Street and \_\_\_\_\_ mile south on Fourth Street from the town of Eunice, New Mexico. An average of 600 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 320,000 mg/L is produced for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 55 feet with a TDS of approximately 430 mg/L. The discharge plan addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

Fresh water will be injected through the outer casing into the Salado Formation at an injection depth of 1489 ft. below ground surface at a maximum allowable injection pressure of 11.15 psig. Brine water will be extracted upward through the tubing at about 600 barrels per day.

**(BW-004) Gandy Corporation**, Mr. Larry Gandy, P.O. Box 827, Tatum, New Mexico 88267, has submitted an application for the renewal of a discharge plan for the brine well "Eidson State No. 1," (API# 30-025-26883) located in the SW/4, SW/4 of Section 31, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 2 miles east of Tower Road (CR 172) on Priscilla Road (CR 157) near the intersection of CRs 157 and 159. An average of 475 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 333,600 mg/L is produced for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 75 feet with a TDS of approximately 445 mg/L. The discharge plan addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

Fresh water will be injected through the outer casing into the Salado Formation at a maximum injection depth of 1895 ft. below ground surface at a maximum allowable injection pressure of 1420 psig. Brine water will be extracted upward through the tubing at a depth of 2461 ft. below ground surface.

**(GW-119) ConocoPhillips Company**, Mr. Kenneth N. Andersen, Environmental Specialist, 3300 North "A" Street, 6-129, Midland, Texas 79705-5490, has submitted a renewal application for a discharge plan for the East Vacuum Liquid Recovery Gas Plant located in the NE/4 Section 33 Township 17 South, Range 35 East, NMPM, Lea County, New Mexico (approximately 3.5 miles east of the intersection of CR-238 and CR-50 off of CR-50). The facility separates hydrocarbon liquids from a natural gas liquid stream into propane, C5+, liquids are removed from the gas stream and sold and the CO2-enriched gas is compressed and re-injected into a CO2 flood. Approximately 304,166 gallons per month of waste water is discharged onsite into the Free Water Knock Outs located at the East Vacuum Grayburg San Andres Unit Central Tank Battery, where it is used as feedstock in the production stream. Other wastes generated will be temporarily stored in tanks or containers and shipped offsite for disposal or recycling at an OCD approved site. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 90 feet below the ground surface, with a total dissolved solids concentration of approximately 300-500 mg/L. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

The NMOCD has determined that the applications listed above are administratively complete and has prepared draft permits. The NMOCD will accept comments and statements of interest regarding this application 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 the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site <http://www.emrd.state.nm.us/ocd/>. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

THE SANTA FE  
**NEW MEXICAN**  
Founded 1849

RECEIVED  
2007 AUG 20 PM 2 17

NM Energy Mineral Natural  
ATTN: Carl Chavez  
1220 S St Francis Dr  
Santa Fe, NM 87505

ALTERNATE ACCOUNT: 56673  
AD NUMBER: 00226445 ACCOUNT: 00002202  
LEGAL NO: 81442 P.O. #: 52100-00000075  
650 LINES 1 TIME(S) 364.00  
AFFIDAVIT: 6.00  
TAX: 29.14  
TOTAL: 399.14

*Make pay  
and  
8/29/07*

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

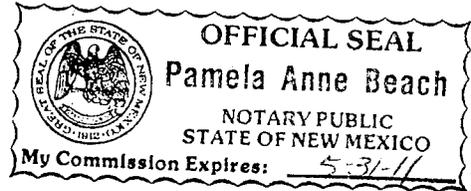
I, T. Valencia, being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication # 81442 a copy of which is hereto attached was published in said newspaper 1 day(s) between 08/14/2007 and 08/14/2007 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 14th day of August, 2007 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/ *[Signature]*  
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 14th day of August, 2007

Notary *Pamela Anne Beach*

Commission Expires: *May 31, 2011*



**NOTICE OF PUBLICATION**  
**STATE OF NEW MEXICO**  
**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**  
**OIL CONSERVATION DIVISION**

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505. Telephone (505) 476-3440:

**(BW-002) Basic Energy Services LLC, Mr. Steve Prather, P.O. Box 7169, Eunice, New Mexico 88231,** has submitted an application for the renewal of a discharge plan for the brine well "Eunice No. 1" (API# 30-025-26884) located in the SW/4, SE/4 of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately one mile east on Texas Street and one mile south on Fourth Street from the town of Eunice, New Mexico. An average

of 600 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 320,000 mg/L is produced for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 55 feet with a TDS of approximately 430 mg/L. The discharge plan addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

Fresh water will be injected through the outer casing into the Salado Formation at an injection depth of 1489 ft. below ground surface at a maximum allowable injection pressure of 1115 psig. Brine water will be extracted upward through the tubing at about 600 barrels per day.

**(BW-004) Gandy Corporation, Mr. Larry Gandy, P.O. Box 827, Tatum, New Mexico 88267,** has submitted an application for the renewal of a discharge plan for the brine well "Eldson No. 1" (API#

30-025-26883) located in the SW/4, SW/4 of Section 31, Township 16 South, Range 35 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 2 miles east of Tower Road (CR. 172) on Priscilla Road (CR. 157) near the intersection of CRs 157 and 159. An average of 475 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 333,600 mg/L is produced for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 75 feet with a TDS of approximately 445 mg/L. The discharge plan addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water.

Fresh water will be injected through the outer casing into the Salado Formation at a maximum injection depth of 1895 ft. below ground surface at a maximum allowable injection pressure of

1420 psig. Brine water will be extracted upward through the tubing at a depth of 2461 ft. below ground surface.

**(BW-006) I & W Inc., Mr. Kevin Wilson, P.O. Box 98, Loco Hills, New Mexico 88255,** has submitted an application for the renewal of a discharge plan for the brine well "Eugenie Well No. 1" (API# 30-015-22574) located in the SW/4, SW/4 of Section 17, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. The brine extraction well is located just south of U.S. Hwy. 285 near the intersection of Hwy. 285 and Canal Street in Carlsbad. An average of 200 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 463,000 mg/L is produced for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 45 feet with a TDS of approximately 200 mg/L. The discharge plan addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental

accidental discharges in order to protect fresh water.

Fresh water will be injected through the outer casing into the Salado Formation at an injection depth of 456 ft. below ground surface at a maximum allowable injection pressure of 238 psig. Brine water will be extracted upward through the tubing at a depth of 601 ft. below ground surface.

**(GW-119) ConcoPhillips Company, Mr. Kenneth N. Andersen, Specialist, 3300 North "A" Street, 6-129, Midland, Texas 79705-5490,** has submitted a renewal application for a discharge plan for the East Vacuum Liquid Recovery Gas Plant located in the NE/4 Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico (approximately 3.5 miles east of the intersection of CR-238 and CR-50). The facility separates hydrocarbon liquids from a natural gas liquid stream into propane, C5+ liquids are re-moved from the gas stream and sold and the CO2 enriched gas is compressed and re-injected into a CO2 flood. Approximately 304,166 gallons per month of waste water is discharged onsite into the Free Water

Knock Outs located at the East Vacuum Unit Central Tank Battery, where it is used as feedstock in the production stream. Other wastes generated will be temporarily stored in tanks or containers and shipped offsite for disposal or recycling at an OCD approved site. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 90 feet below the ground surface, with a total dissolved solids concentration of approximately 300-500 mg/L. The discharge plan addresses how oil-field products and waste will be properly handled, stored, and disposed of including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

The NMOCD has determined that the applications listed above are administratively complete and has prepared draft permits. The NMOCD will accept comments and statements of interest regarding this application 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 the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site <http://www.emmnd.state.nm.us/oecd/>. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will

estimated in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site <http://www.emmnd.state.nm.us/oecd/>. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener mas informacion sobre esta solicitud en espanol, por favor comuniquese con el Departamento de Recursos Naturales y Medio Ambiente, Oil Conservation Division (Depto. Conservacion Del Petroleo), 1220 South St. Francis Drive, Santa Fe, New Mexico (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico, Oil Conservation Commission at Santa Fe, New Mexico, on this 8th day of August 2007.

STATE OF  
NEW MEXICO  
OIL  
CONSERVATION  
DIVISION

S. E. A. L.

Mark Fesmire,  
Director

Legal#81442  
Pub August 15, 2007

RECEIVED  
August 1, 2007 AUG 6 PM 2 20

Carl J Chavez, CHMM  
New Mexico Energy, Minerals & Natural Resources Dept  
Oil Conservation Division  
1220 South St. Francis Dr  
Santa Fe, New Mexico 87505

Dear Mr. Chavez

Please find below the information requested for the Basic Energy Services LLC (BW-2) and Gandy Corp (BW-4) public notice.

**Basic Energy Services LLC (BW-2)**

Question 1) Location of site from Eunice.

Answer 1) Site is located approximately  $\frac{3}{4}$  mile east on Texas Street and  $\frac{1}{2}$  south on Fourth Street from the town of Eunice, New Mexico. No street address available.

Question 2) The application indicates that there is no ground water for this area (from P & S Brine Sales). You indicate that the Ogallala Formation is present SWL at 55 ft. Please clarify.

Answer 2) The Ogallala and the saturated water zone pinch out on the east side of Eunice. Data from the State Engineers Office and maps of ground water at the OCD office indicates that there is no ground water at the location of the brine well. However, recent soil borings by another operator approximately  $\frac{1}{4}$  mile east of the brine well indicates that the Ogallala pinch out is further east than what was previously known. The new soil boring data indicates the depth to ground water in the area is at 55 feet.

Question 3) Volume of discharge

Answer 3) Volume of discharge is 600 barrels per day into the brine tanks.

Question 4) Also in your public notice you need to provide the API # and name of the well with max. injection pressure of the fresh water.

Answer 4) API # 30-025-26884 Well Name: Eunice # 1 Located: Unit/Letter O  
Section 34, Township 21 South, Range 37 East 630 FSL and 2427 FEL.  
Maximum injection pressure 750 lbs. Minimum pump pressure 250 lbs.  
Depth 1489

BW-2

PUBLIC NOTICE

Notice is hereby given that pursuant to New Mexico Oil Conservation Division Regulations, the following proposed discharge plan renewal has been submitted for approval to the Oil Conservation Division, Energy, Minerals & Natural Resources Dept., 1220 South St. Francis Dr., Santa Fe, New Mexico 87505. Telephone (505) 476-3440 or (505) 476-3487.

Basic Energy Service LLC, PO Box 7169, Eunice, New Mexico 88231, has submitted a discharge plan renewal application for brine supply well, located on State Road 234 and approximately 1 mile southeast of Eunice, New Mexico. The facility is located in the SW/4 of SE/4 of Section 34 of Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. This facility will temporarily store for sale brine water and fresh water. No other fluids will be stored at this facility. The fresh water will be stored in a 750 barrel and 1000 barrel fresh water storage tanks. Fresh water will be sold and/or diverted down the annulus of the brine well and brine water flows back up the tubing and stored in three 100 barrel brine storage tanks. The ground water likely to be affected by discharges occurs at a depth of 55 feet in the Ogallala Formation.

Any interested person may obtain further information from the Oil Conservation Division and may submit comments and statements to Carl Chavez, New Mexico Energy, Minerals & Natural Resources Dept., Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, E-mail [carlj.chavez@state.nm.us](mailto:carlj.chavez@state.nm.us), Telephone (505) 476-3460 or (505) 476-3491. Also any interested person may request to be placed on a mailing list for future notices regarding this application.

tb 1321 → (1816) TD 1489 copy  
Bond 2000' 6/27/80 Max 1489 ≈ 1115 PSC9

RECEIVED

2007 JUL 16 PM 1 48

July 13, 2007

NMOCD  
ATTN: Carl J. Chavez  
1220 S. Saint Francis Drive  
Santa Fe, NM 87504

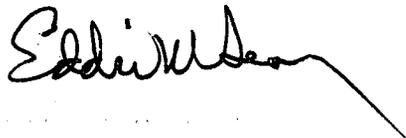
RE: BW-2 Basic Energy Services  
Lea Co., NM

Mr. Chavez:

Find examples of the notice for the above listed facility. We will run notice in the Hobbs News Sun, the nearest paper with general circulation. I will also notice the landowner as required.

If this meets with your approval, please let me know.

Sincerely,



Eddie W. Seay, Agent  
Eddie Seay Consulting  
601 W. Illinois  
Hobbs, NM 88242  
(505)392-2236  
seay04@leaco.net

## NOTA PUBLICA

Advierta por la presente es dado que según de los Regulaciones de División de Conservación de Petróleo de Nuevo México, la renovación del siguiente propuso la descarga se han sometido para la aprobación a la División de la Conservación del Petróleo, Departamento Energía, Minerales y Recursos Naturales, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505. Telefonos (505) 476-3440 o (505) 476-3487

Basic Energy Services LLC, PO Box 7169, Eunice, Nuevo México 88231, se han sometido una aplicación de renovación del plan de la descarga para el pozo de salmuera, localizó en el Camino del Estado 234 y aproximadamente 1 milla al sudeste de Eunice, Nuevo México. La facilidad se localiza en el SW/4 de SE/4 de la Sección 34 de Municipio 21 al sur, la Gama 37 al este, NMPM, Condado de Lea, Nuevo México. Esta facilidad almacenará temporalmente agua de salmuera y agua dulce para vender. Ningún otro líquido se almacenará en esta facilidad. El agua dulce se almacenará en dos tanque almacenaje de 750 y 1000 barriles para solamente agua dulce. El agua dulce se vendrá y/o desviado en el annulus del pozo salmuera. El flujo de agua de salmuera retrocederá en la tubería y se almacenadara en tres tanques de almacenaje de 100 barriles. El agua del suelo probablemente estará afectada por descargas ocurre en una profundidad de 55 pies en la Formación de Ogallala.

Alguna persona interesada puede obtener información adicional de la División de la Conservación del Petróleo y puede someterse los comentarios y las declaraciones a Carl Chavez, Departamento de Energía, Minerales y Recursos Naturales, la División de la Conservación del Petróleo, 1220 S. St. Francis Dr., Santa Fe, Nuevo México 87505, MANDAN CORREO ELECTRONICO [carlj.chavez@state.nm.us](mailto:carlj.chavez@state.nm.us). Telefonos (505) 476-3440 o (505) 476-3487. También alguna persona interesada puede solicitar para ser colocada en una lista de envío para notas futuras con respecto a esta aplicación.

Gentlemen:

Class III Discharge Plan Renewals related to the prior msg. I sent you yesterday.

BW-6 Eugenie Well No. 1 (I&W Inc.)

BW-4 Eidson Brine Station (Gandy Corporation)

BW-2 Basic Energy Services, LLC (formerly P & S Brine Sales)

Please consider your applications mailed in August of 2006 to be administratively incomplete, until I receive the WQCC Public Notice items (admin. complete requirements) required with your applications to deem them "administratively complete." Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM  
New Mexico Energy, Minerals & Natural Resources Dept.  
Oil Conservation Division, Environmental Bureau  
1220 South St. Francis Dr., Santa Fe, New Mexico 87505  
Office: (505) 476-3491  
Fax: (505) 476-3462  
E-mail: [CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)  
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>  
(Pollution Prevention Guidance is under "Publications")

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**From:** Chavez, Carl J, EMNRD  
**Sent:** Thursday, July 05, 2007 4:49 PM  
**To:** 'IWCARLSBAD@PLATEAUTEL.NET'; 'seay04@leaco.net'; 'Steve.Prather@basicenergyservices.com'  
**Subject:** Class III Brine Well Renewal Applications

Gentlemen:

Please find attached the WQCC public notice provisions that need to be provided to me before I can deem your applications administratively complete. Please contact me if you have questions. Once I receive the 20.6.2.3108 "administrative complete" sections, we may move forward. Thank you.

Carl J. Chavez, CHMM  
New Mexico Energy, Minerals & Natural Resources Dept.  
Oil Conservation Division, Environmental Bureau  
1220 South St. Francis Dr., Santa Fe, New Mexico 87505  
Office: (505) 476-3491  
Fax: (505) 476-3462  
E-mail: [CarlJ.Chavez@state.nm.us](mailto:CarlJ.Chavez@state.nm.us)  
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>  
(Pollution Prevention Guidance is under "Publications")

7/6/2007

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No.  dated 10/19/07

or cash received on \_\_\_\_\_ in the amount of \$ 1700<sup>00</sup>

from BASIC Energy Services

for BW-002

Submitted by: Lawrence Romero Date: 10/18/07

Submitted to ASD by: Lawrence Romero Date: 10/18/07

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee \_\_\_\_\_ New Facility \_\_\_\_\_ Renewal \_\_\_\_\_

Modification \_\_\_\_\_ Other \_\_\_\_\_

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment  or Annual Increment \_\_\_\_\_

Description	FUND	CES	DFA ORG	DFA ACCT	ED ORG	ED ACCT	AMOUNT	
1 CY Reimbursement Project _____ Tax _____	064	01						1
5 Gross Receipt Tax	064	01		2329	900000	2329134		2
3 Air Quality Title V	092	13	1300	1896	900000	4169134		3
4 PRP Prepayments	248	14	1400	9696	900000	4989014		4
2 Climax Chemical Co.	248	14	1400	9696	900000	4989015		5
6 Circle K Reimbursements	248	14	1400	9696	900000	4989248		6
7 Hazardous Waste Permits	339	27	2700	1696	900000	4169027		7
8 Hazardous Waste Annual Generator Fees	339	27	2700	1696	900000	4169339		8
10 ✓ Water Quality - Oil Conservation Division	341	29		2329	900000	2329029	200 <sup>00</sup>	10
11 Water Quality - GW Discharge Permit	341	29	2900	1696	900000	4169029		11
12 Air Quality Permits	631	31	2500	1696	900000	4169031		12
13 Payments under Protest	651	33		2919	900000	2919033		13
14 Xerox Copies	652	34		2349	900000	2349001		*14
15 Ground Water Penalties	652	34		2349	900000	2349002		15
16 Witness Fees	652	34		2349	900000	2439003		16
17 Air Quality Penalties	652	34		2349	900000	2349004		17
18 OSHA Penalties	652	34		2349	900000	2349005		18
19 Prior Year Reimbursement	652	34		2349	900000	2349006		19
20 Surface Water Quality Certification	652	34		2349	900000	2349009		20
21 Jury Duty	652	34		2349	900000	2349012		21
22 CY Reimbursements ( i.e. telephone)	652	34		2349	900000	2349014		22
23 UST Owner's List	783	24	2500	9696	900000	4989201		*23
24 Hazardous Waste Notifiers List	783	24	2500	9696	900000	4989202		*24
25 UST Maps	783	24	2500	9696	900000	4989203		*25
26 UST Owner's Update	783	24	2500	9696	900000	4989205		*26
28 Hazardous Waste Regulations	783	24	2500	9696	900000	4989207		*28
29 Radiologic Tech. Regulations	783	24	2500	9696	900000	4989208		*29
30 Superfund CERLIS List	783	24	2500	9696	900000	4989211		*30
31 Solid Waste Permit Fees	783	24	2500	9696	900000	4989213		31
32 Smoking School	783	24	2500	9696	900000	4989214		32
33 SWQB - NPS Publications	783	24	2500	9696	900000	4989222		*33
34 Radiation Licensing Regulation	783	24	2500	9696	900000	4989228		*34
35 Sale of Equipment	783	24	2500	9696	900000	4989301		*35
36 Sale of Automobile	783	24	2500	9696	900000	4989302		*36
37 Lust Recoveries	783	24	2500	9696	900000	4989814		**37
38 Lust Repayments	783	24	2500	9696	900000	4989815		**38
39 Surface Water Publication	783	24	2500	9696	900000	4989801		39
40 Exxon Reese Drive Ruidoso - CAF	783	24	2500	9696	900000	4989242		40
41 Emerg. Hazardous Waste Penalties NOV	957	32	9600	1696	900000	4164032		41
42 Radiologic Tech. Certification	987	05	0500	1696	900000	4169005		42
44 Ust Permit Fees	988	20	3100	1696	900000	4169020		44
45 UST Tank Installers Fees	989	20	3100	1696	900000	4169021		45
48 Food Permit Fees	991	26	2600	1696	900000	4169026		46
43 Other								43

Gross Receipt Tax Required \_\_\_\_\_ Site Name & Project Code Required \_\_\_\_\_ TOTAL 200<sup>00</sup>

Contact Person: Wagner Price Phone: 476-3490 Date: 8/22/06

Received in ASD By: \_\_\_\_\_ Date: \_\_\_\_\_ RT #: \_\_\_\_\_ ST #: \_\_\_\_\_

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. 4928 dated 8/11/06

in cash receipt on \_\_\_\_\_ in the amount of \$ 100<sup>00</sup>

pay to Chaparral Services

no. BW-002

submitted by Lawrence Romero Date: 8/22/06

Submitted to ASD by Reverne Jones Date: 8/22/06

Received in ASD by \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee \_\_\_\_\_ New Facility \_\_\_\_\_ Renewal

Modification \_\_\_\_\_ Other \_\_\_\_\_

Organization Code 52107 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment \_\_\_\_\_ or Annual Increment \_\_\_\_\_

<b>EDDIE SEAY CONSULTING</b> 601 W. ILLINOIS PH. (505) 392-2236 HOBBS, NM 88240		<b>4928</b>
		95-219/1070 616 1100154253
		<u>8-11-06</u> DATE
PAY TO THE ORDER OF	<u>Water Quality Management Fund</u>	\$ <u>100.<sup>00</sup></u>
<u>One hundred and no/100</u>		DOLLARS 
 Wells Fargo Bank, N.A. New Mexico wellsfargo.com		
FOR	<u>P+S BW-002</u>	<u>Reverne Jones</u> MP
⑆ 107002192⑆ 1100154253⑆ 04928		

RECEIVED

Revised June 10, 2003

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, 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

AUG 21 2006

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

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

**DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITIES**

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

New  Renewal Permit # BW-002

I. Facility Name: P & S Brine Sales

II. Operator: Paul Prather Chaparral Services

Address: P.O. Box 7169 Eunice, NM 88231

Contact Person: Paul Prather Phone: (505) 390-1437

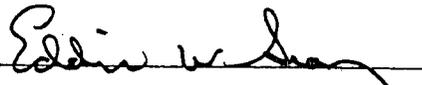
III. Location: 630 FSL 2427 FEL  
/4 /4 Section 34 Township 21 S Range 37 E  
Submit large scale topographic map showing exact location.

- 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: Eddie W. Seay Title: Agent

Signature:  Date: 8/13/06

E-mail Address: seay04@leaco.net

## **P & S Brine BW-002**

- IV. Landowner of the facility:  
Bill Stephens  
901 Ave. F  
Eunice, NM 88231
- V. Types and quantities of fluids:  
There are 3-100 bl. brine tanks.  
There are 2 fresh water tanks, 1-750 bl. and 1-1000 bl.  
Injection pump and well.
- VI. All fluid transfer lines are above ground, except for fresh water line coming from City of Eunice. Any leak that were to occur would be readily detected.  
Trucks load from the east side of tank through individual load lines, each having a catch basin to collect any spillage. The catch basins are emptied regularly at an approved OCD SWD.
- VII. The brine well is constructed with surface casing and production casing. Fresh water is pumped down casing and brine is produced out tubing.
- VIII. Attach a contingency plan for reporting and clean up of spills; Chaparral Services owns and operates backhoes, vacuum trucks and other construction equipment.  
In the event of a release of brine, Chaparral will adhere to OCD Rule 116, will notify the OCD in Hobbs by phone and immediately begin removal of free liquids and stop source of leak.
- Chaparral will file appropriate work plan with OCD, and begin delineation as soon as possible. All areas will be remediated to OCD guidelines and all necessary reports will be filed.

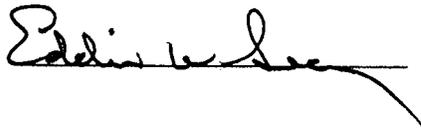
IX. Geology and Hydrology:

According to State Engineer records, no groundwater exists for this area. (See attached report) The geology consists of surface sand, caliche and redbed.

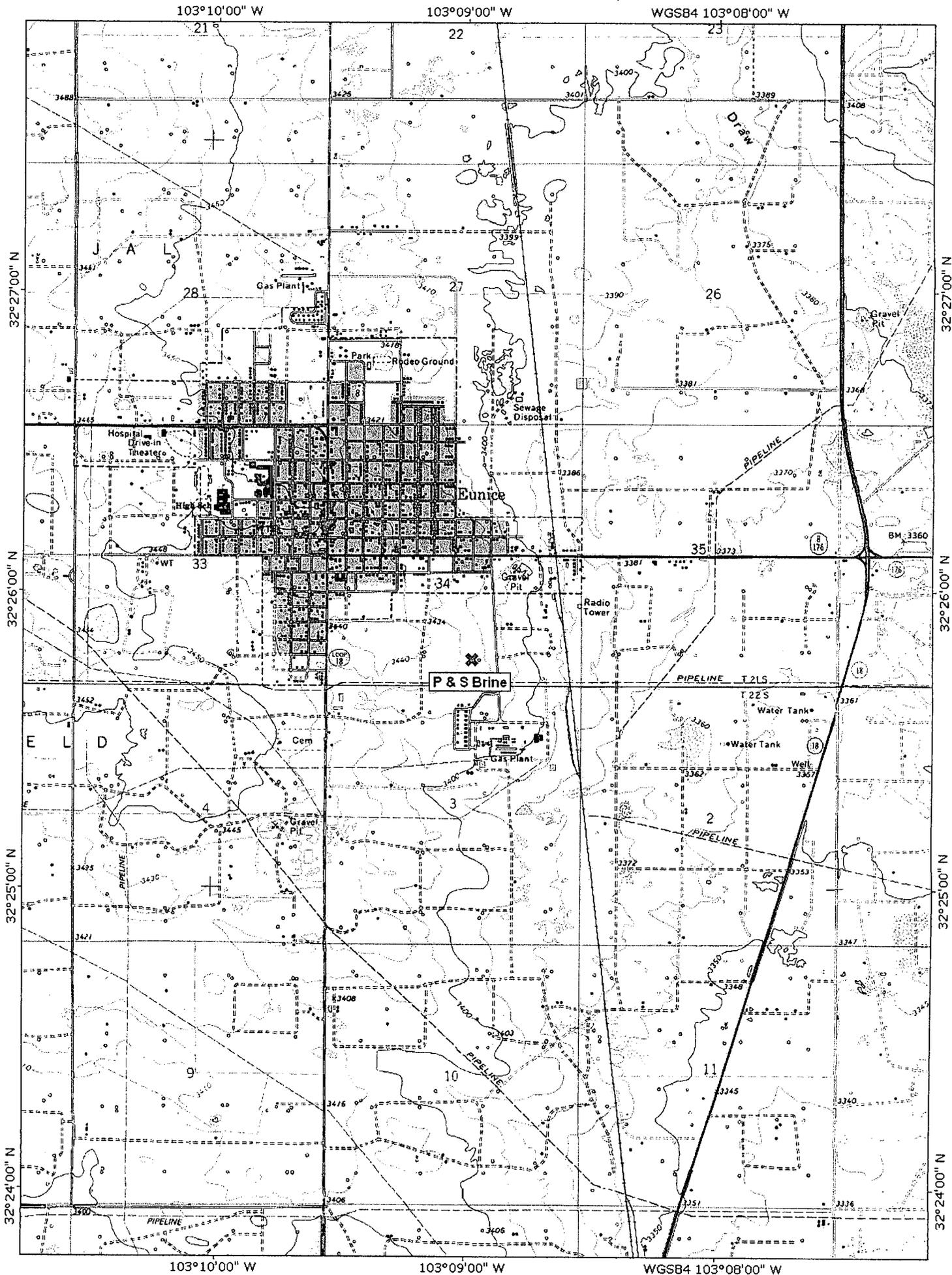
X. Chaparral does regular inspections and maintenance of the facility to ensure compliance with permit. Chaparral regularly does MIT on its brine well. (See recent chart)

XI. I certify that all information listed is true, accurate and complete.

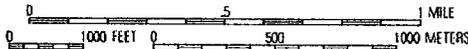
Eddie W. Seay, Agent

A handwritten signature in black ink, appearing to read "Eddie W. Seay", with a long horizontal stroke extending to the right.

\$100.00 Application Fee sent to Water Quality Management Fund.



TN MN  
8 1/2°





PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
 EDDIE SEAY CONSULTING  
 ATTN: EDDIE SEAY  
 601 W. ILLINOIS  
 HOBBS, NM 88242  
 FAX TO: (505) 392-6949

Receiving Date: 08/11/06  
 Reporting Date: 08/14/06  
 Project Owner: P. PRATHER  
 Project Name: P & S BRINE FACILITY  
 Project Location: EUNICE, NM

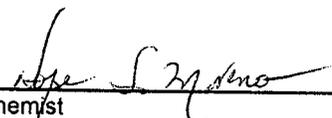
Sampling Date: 08/11/06  
 Sample Type: GRND & WASTEWATER  
 Sample Condition: COOL & INTACT  
 Sample Received By: HM  
 Analyzed By: HM

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (mS/cm)	T-Alkalinity (mgCaCO <sub>3</sub> /L)
ANALYSIS DATE:		08/11/06	08/11/06	08/11/06	08/14/06	08/11/06	08/11/06
H11434-1	PSB #1	132243	1403	2066	928	355200	80
H11434-2	PSF #2	31	64.1	29.2	2.08	660	160
Quality Control		NR	48.0	48.6	1.82	1421	NR
True Value QC		NR	50.0	50.0	2.0	1413	NR
% Recovery		NR	96	97	91	101	NR
Relative Percent Difference		NR	0.0	0.0	0.6	0.1	NR

METHODS:	SM3500-Ca-D	3500-Mg E	8049	120.1	310.1
----------	-------------	-----------	------	-------	-------

	Cl <sup>-</sup> (mg/L)	SO <sub>4</sub> (mg/L)	CO <sub>3</sub> (mg/L)	HCO <sub>3</sub> (mg/L)	pH (s.u.)	TDS (mg/L)	
ANALYSIS DATE:		08/11/06	08/14/06	08/11/06	08/11/06	08/11/06	08/14/06
H11434-1	PSB #1	207936	7425	0	97.6	6.88	319912
H11434-2	PSF #2	64	97.5	0	195	7.75	432
Quality Control		970	23.7	NR	976	6.98	NR
True Value QC		1000	25.0	NR	1000	7.00	NR
% Recovery		97	95	NR	98	100	NR
Relative Percent Difference		1.0	1.5	NR	0.0	0.3	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
----------	-------------	-------	-------	-------	-------	-------

  
 Chemist

08-14-06  
 Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. H11434 shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



# CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240  
 (915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

## CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page \_\_\_\_ of \_\_\_\_

Company Name: Eddison Sosa Consulting  
 Project Manager: Eddison Sosa

Address: 101 W. Illinois State: NM Zip: 88242

City: Abilene Phone #: 2-2236

Fax #: 2-6949

Project #: P+S Brine Project Owner: A. Proff

Project Name: P+S Brine Facility State: NM

Project Location: Enclave DM Phone #: \_\_\_\_\_

FOR LAB USE ONLY

Company: \_\_\_\_\_ PO #: \_\_\_\_\_

Attn: \_\_\_\_\_ Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

Phone #: \_\_\_\_\_ Fax #: \_\_\_\_\_

ANALYSIS REQUEST

LAB I.D.	Sample I.D.	CYRAB OR (C)OMP.	# CONTAINERS	MATRIX						PRES.	SAMPLING	DATE	TIME	
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:					
11434-1	PSB 41	✓	1	✓							8/4	9:10	✓	Gen. Chemistry
11434-2	PSF 42	✓	1	✓							8/4	9:20	✓	

PLEASE NOTE: Liability and Damages. Cardinal Laboratory and starts its liability based on the amount paid by the client for the analysis. All claims including those for negligence and for other causes whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable analysis. In no event shall Cardinal be liable for negligent or consequential damages, including without limitation, business interruption, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, its subsidiaries, affiliates or successors, in whole or in part, and all costs of collection, including attorney's fees.

Sampler Relinquished By: [Signature] Date: 8/11 Time: 1:50  
 Relinquished By: \_\_\_\_\_ Date: \_\_\_\_\_ Time: \_\_\_\_\_

Received By: (Lab Staff) [Signature] Date: 8/11/06 Time: \_\_\_\_\_

Delivered By: (Circle One)  UPS  Bus  Other: \_\_\_\_\_  
 Sample Condition: Cool  Intact  Yes  No

Checked By: (Initials) \_\_\_\_\_  
 Remarks: PSB - Brine water  
PSF - Fresh - city of Enclave  
ASAP

† Cardinal cannot accept verbal changes. Please fax written changes to 915-673-7020.

New Mexico Office of the State Engineer  
Well Reports and Downloads

Township:  Range:  Sections:

NAD27 X:  Y:  Zone:  Search Radius:

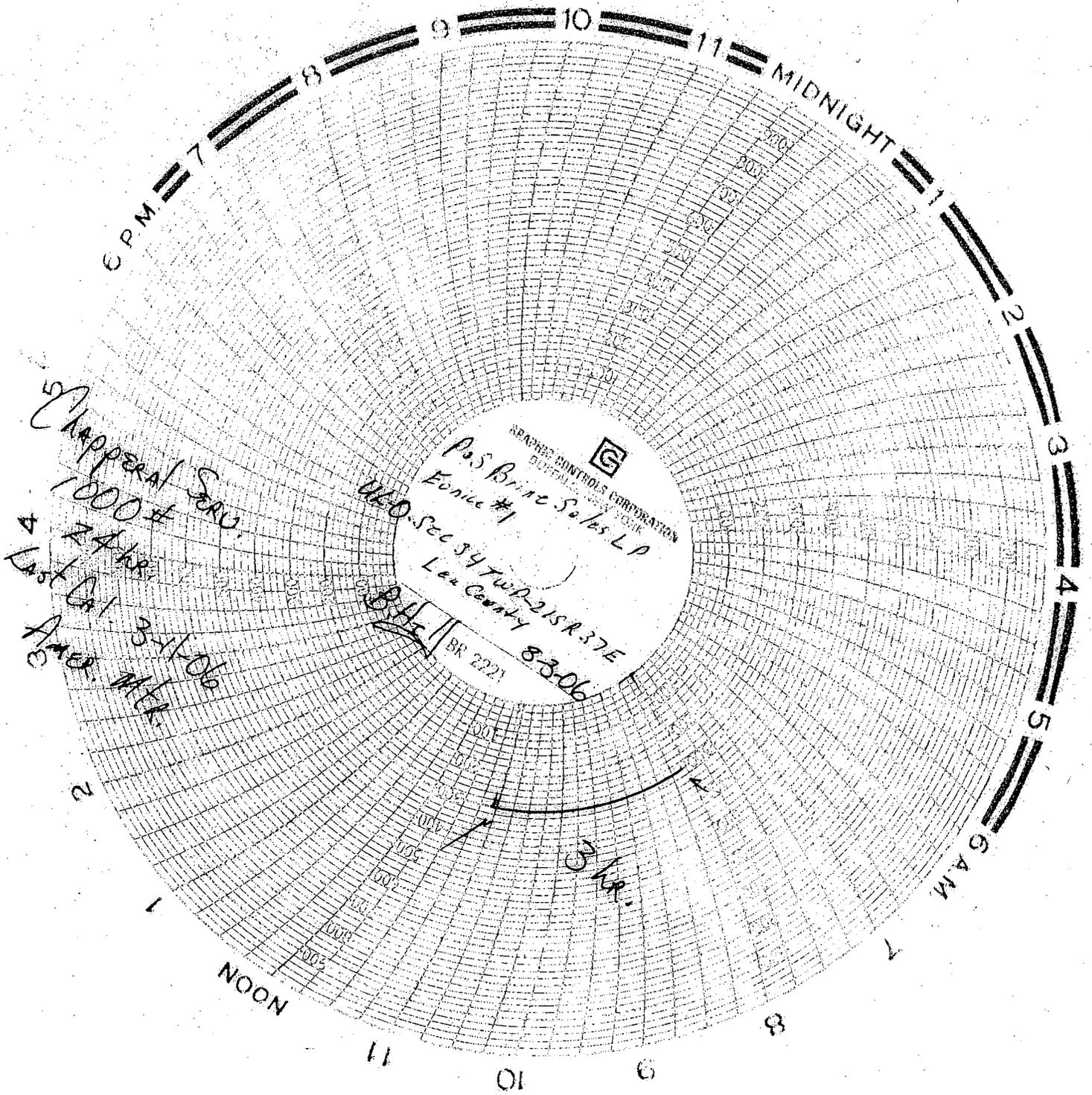
County:  Basin:  Number:  Suffix:

Owner Name: (First)  (Last)   Non-Domestic  Domestic  All

AVERAGE DEPTH OF WATER REPORT 10/14/2005

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
CP	21S	37E	04				2	75	75	75
CP	21S	37E	06				1	73	73	73
CP	21S	37E	16				1	70	70	70
CP	21S	37E	22				1	53	53	53
CP	21S	37E	23				1	65	65	65
CP	21S	37E	23		924000	6600000	1	65	65	65
CP	21S	37E	27				1	76	76	76
CP	21S	37E	28				3	65	75	71
CP	21S	37E	33				1	100	100	100

Record Count: 12



New 2006  
Pressure test  
Witnessed by OCA

EDDIE SEAY CONSULTING  
601 W. ILLINOIS PH. (505) 392-2236  
HOBBS, NM. 88240

4928

95-219/1070 616  
1100154253

8-11-06 DATE

PAY TO THE ORDER OF Water Quality Management Fund \$ 100.00

One hundred and no/100 DOLLARS

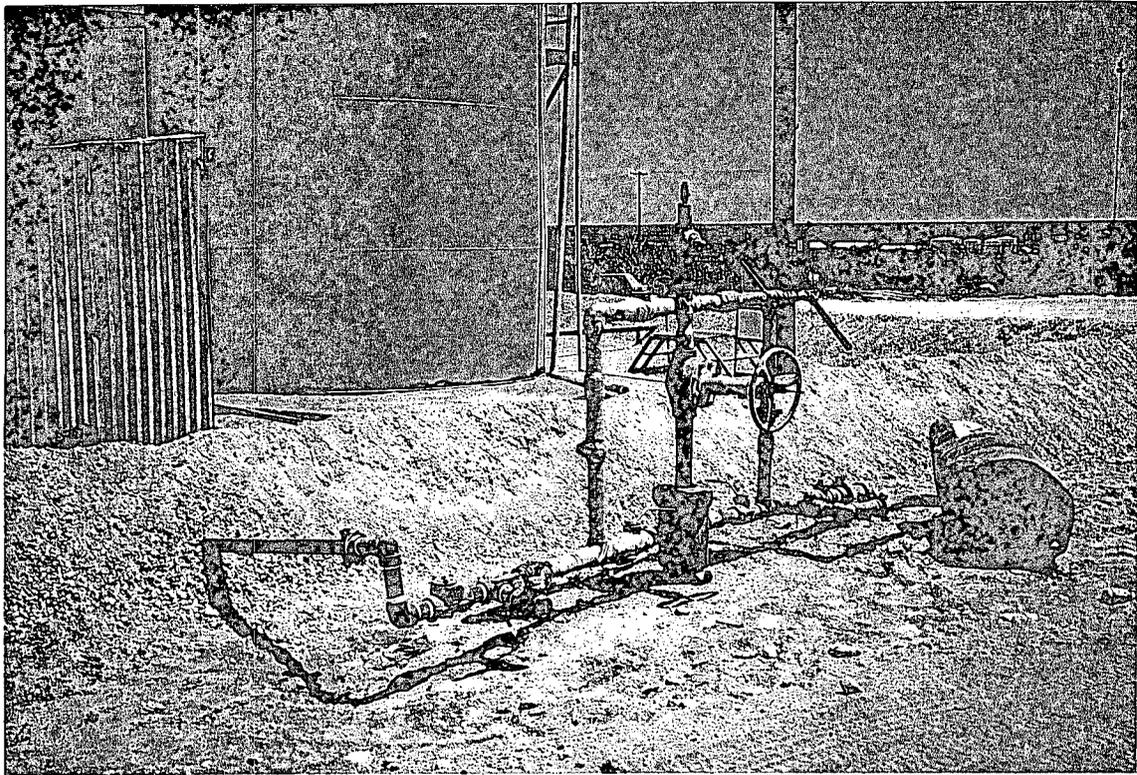


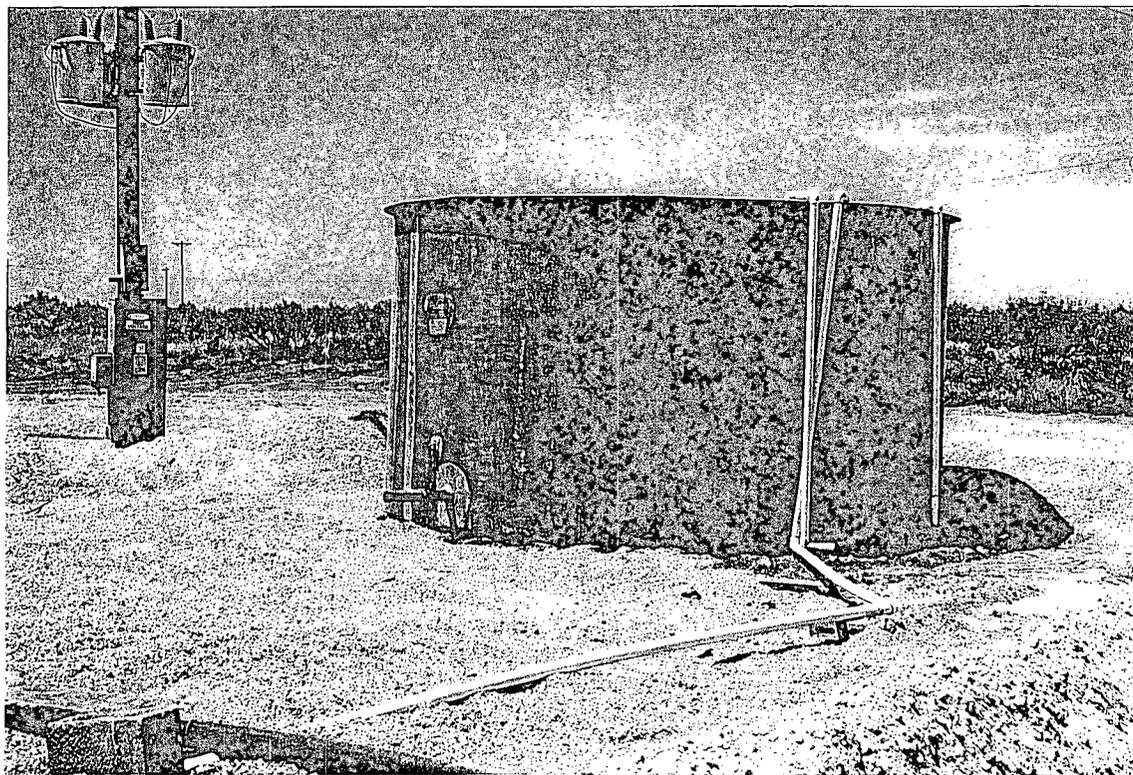
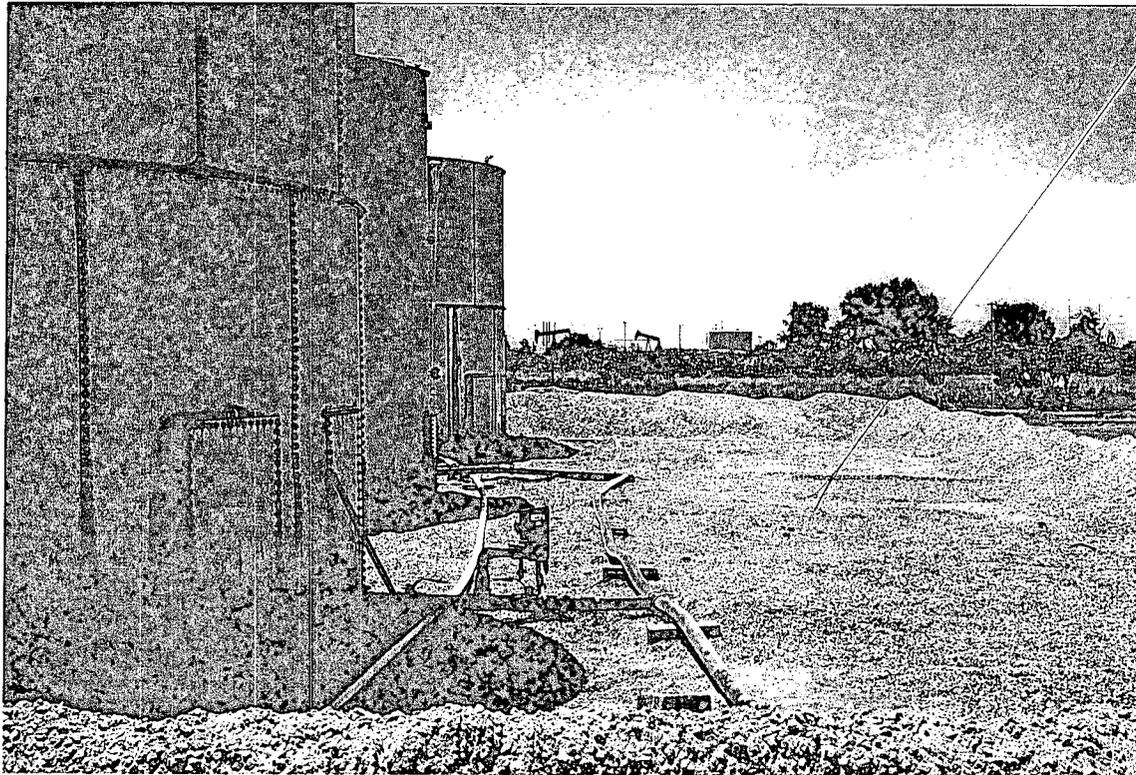
Wells Fargo Bank, N.A.  
New Mexico  
wellsfargo.com

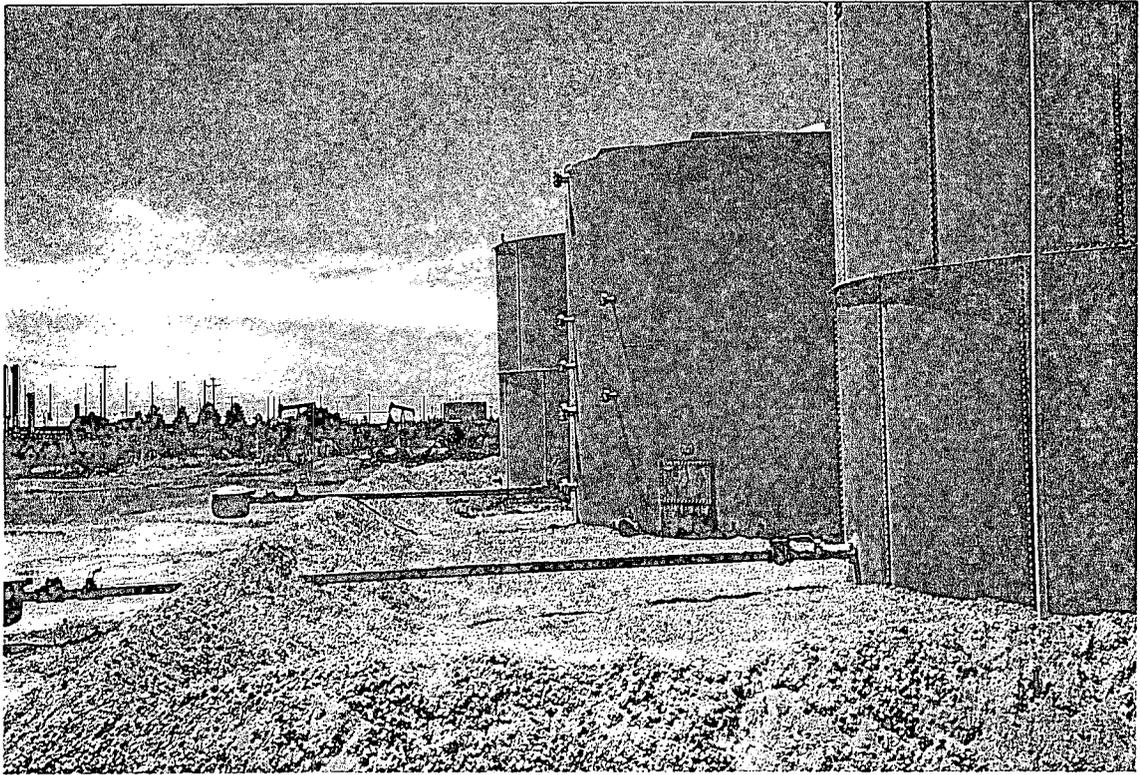
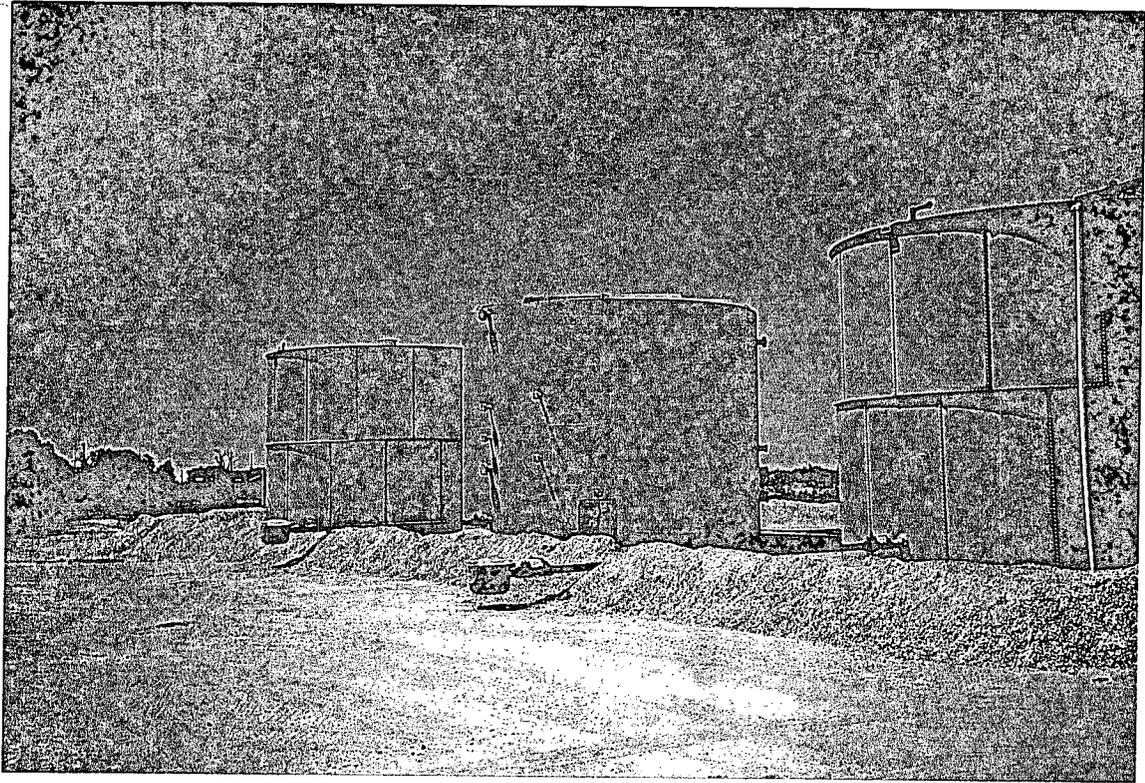
FOR P+S

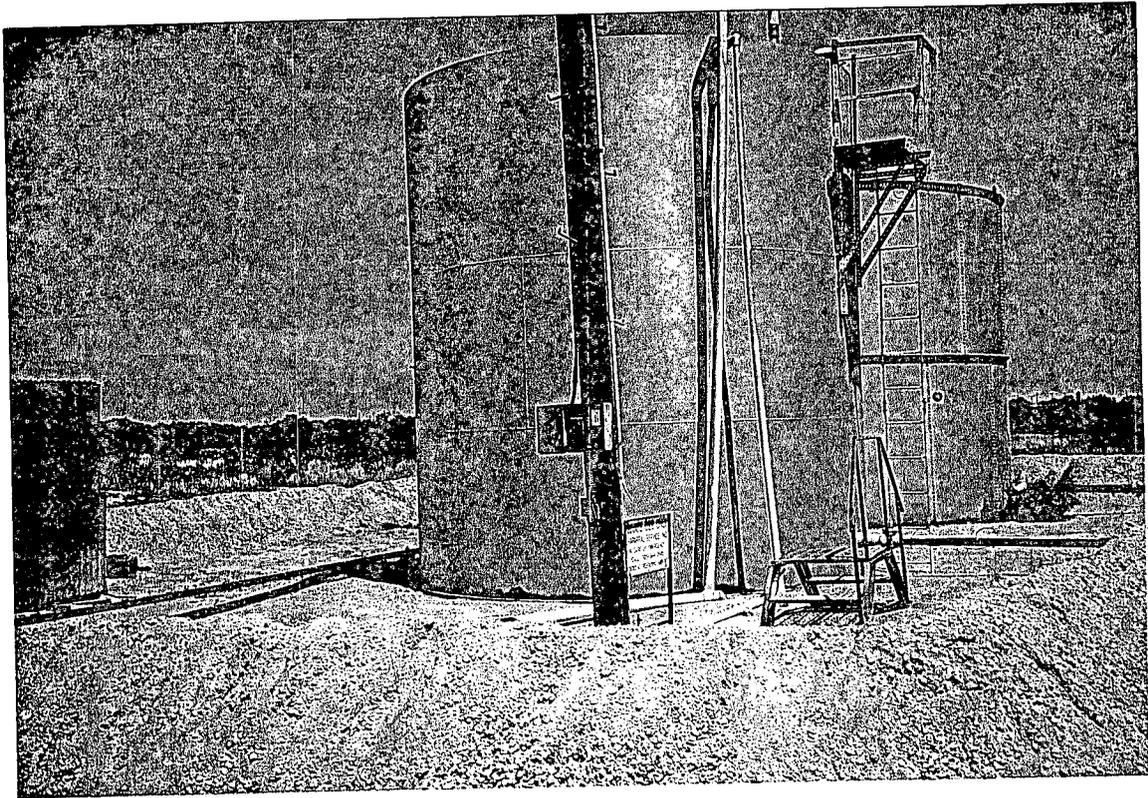
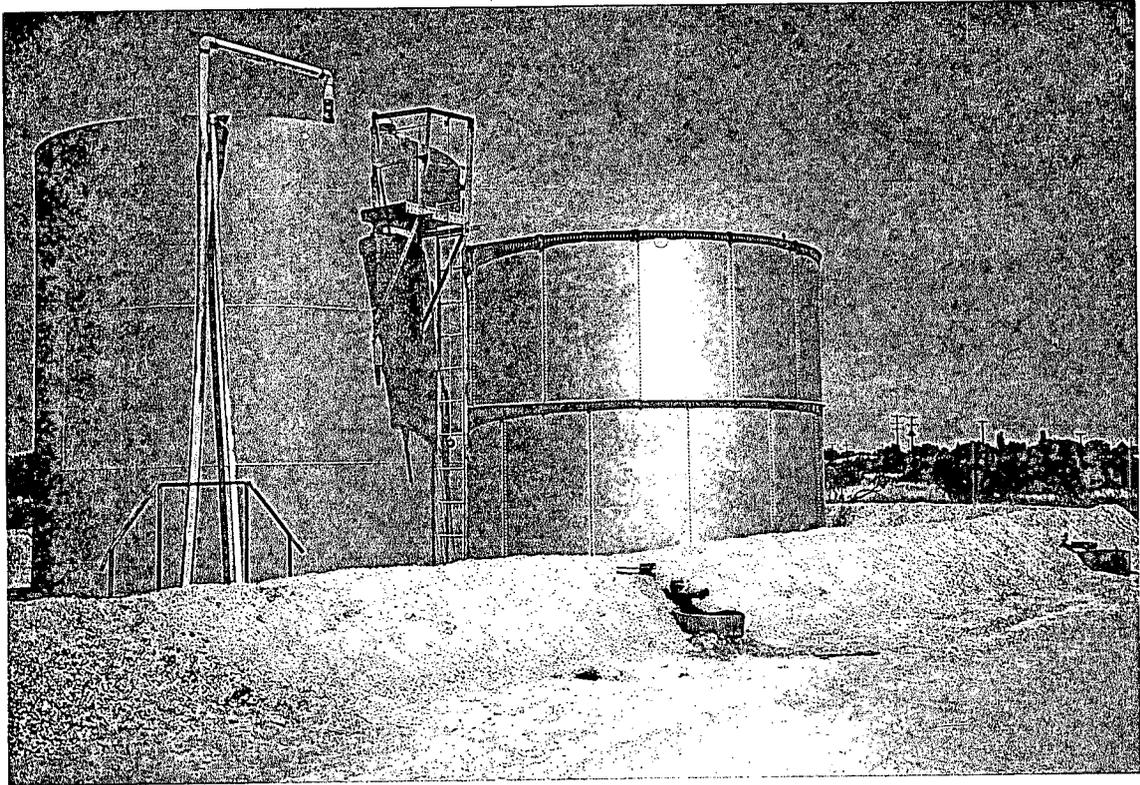
Rena Seay MP

⑆ 107002192⑆ 1100154253⑆ 04928









District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, 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 June 10, 2003  
Submit Original  
Plus 1 Copy  
to Santa Fe  
1 Copy to Appropriate  
District Office

**DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITIES**

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

New  Renewal Permit # BW-002

I. Facility Name: P & S Brine Sales

II. Operator: Paul Prather Chaparral Services

Address: P.O. Box 7169 Eunice, NM 88231

Contact Person: Paul Prather Phone: (505) 390-1437

III. Location: 630 FSL 2427 FEL  
/4 /4 Section 34 Township 21 S Range 37 E

Submit large scale topographic map showing exact location.

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.

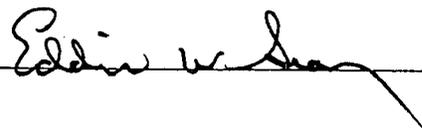
X. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

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: Eddie W. Seay

Title: Agent

Signature: 

Date: 8/13/06

E-mail Address: seay04@leaco.net

## P & S Brine BW-002

- IV. Landowner of the facility:  
Bill Stephens  
901 Ave. F  
Eunice, NM 88231
- V. Types and quantities of fluids:  
There are 3-100 bl. brine tanks.  
There are 2 fresh water tanks, 1-750 bl. and 1-1000 bl.  
Injection pump and well.
- VI. All fluid transfer lines are above ground, except for fresh water line coming from City of Eunice. Any leak that were to occur would be readily detected.  
Trucks load from the east side of tank through individual load lines, each having a catch basin to collect any spillage. The catch basins are emptied regularly at an approved OCD SWD.
- VII. The brine well is constructed with surface casing and production casing. Fresh water is pumped down casing and brine is produced out tubing.
- VIII. Attach a contingency plan for reporting and clean up of spills; Chaparral Services owns and operates backhoes, vacuum trucks and other construction equipment.  
In the event of a release of brine, Chaparral will adhere to OCD Rule 116, will notify the OCD in Hobbs by phone and immediately begin removal of free liquids and stop source of leak.
- Chaparral will file appropriate work plan with OCD, and begin delineation as soon as possible. All areas will be remediated to OCD guidelines and all necessary reports will be filed.

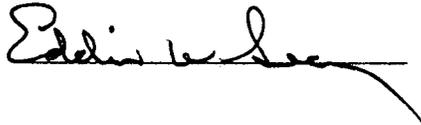
IX. Geology and Hydrology:

According to State Engineer records, no groundwater exists for this area. (See attached report) The geology consists of surface sand, caliche and redbed.

X. Chaparral does regular inspections and maintenance of the facility to ensure compliance with permit. Chaparral regularly does MIT on its brine well. (See recent chart)

XI. I certify that all information listed is true, accurate and complete.

Eddie W. Seay, Agent

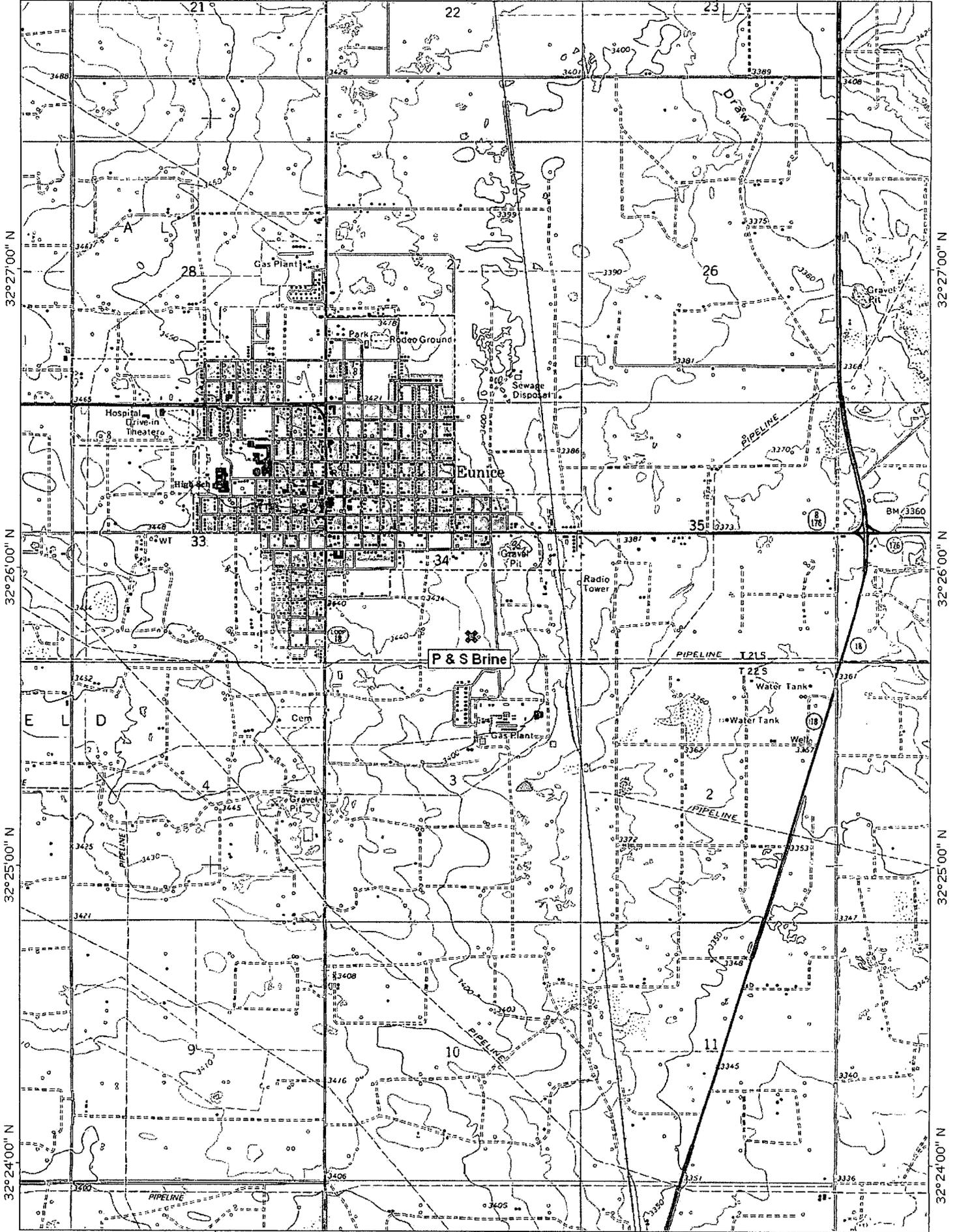
A handwritten signature in black ink, appearing to read "Eddie W. Seay", with a long horizontal stroke extending to the right.

\$100.00 Application Fee sent to Water Quality Management Fund.

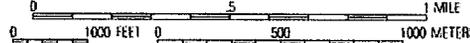
103°10'00" W

103°09'00" W

WGS84 103°08'00" W



TN MN 8 1/2°





PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
 EDDIE SEAY CONSULTING  
 ATTN: EDDIE SEAY  
 601 W. ILLINOIS  
 HOBBS, NM 88242  
 FAX TO: (505) 392-6949

Receiving Date: 08/11/06  
 Reporting Date: 08/14/06  
 Project Owner: P. PRATHER  
 Project Name: P & S BRINE FACILITY  
 Project Location: EUNICE, NM

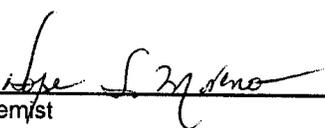
Sampling Date: 08/11/06  
 Sample Type: GRND & WASTEWATER  
 Sample Condition: COOL & INTACT  
 Sample Received By: HM  
 Analyzed By: HM

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (mS/cm)	T-Alkalinity (mgCaCO <sub>3</sub> /L)
ANALYSIS DATE:		08/11/06	08/11/06	08/11/06	08/14/06	08/11/06	08/11/06
H11434-1	PSB #1	132243	1403	2066	928	355200	80
H11434-2	PSF #2	31	64.1	29.2	2.08	660	160
Quality Control		NR	48.0	48.6	1.82	1421	NR
True Value QC		NR	50.0	50.0	2.0	1413	NR
% Recovery		NR	96	97	91	101	NR
Relative Percent Difference		NR	0.0	0.0	0.6	0.1	NR

METHODS:	SM3500-Ca-D	3500-Mg E	8049	120.1	310.1	
	Cl <sup>-</sup> (mg/L)	SO <sub>4</sub> (mg/L)	CO <sub>3</sub> (mg/L)	HCO <sub>3</sub> (mg/L)	pH (s.u.)	TDS (mg/L)

ANALYSIS DATE:		08/11/06	08/14/06	08/11/06	08/11/06	08/11/06	08/14/06
H11434-1	PSB #1	207936	7425	0	97.6	6.88	319912
H11434-2	PSF #2	64	97.5	0	195	7.75	432
Quality Control		970	23.7	NR	976	6.98	NR
True Value QC		1000	25.0	NR	1000	7.00	NR
% Recovery		97	95	NR	98	100	NR
Relative Percent Difference		1.0	1.5	NR	0.0	0.3	NR

METHODS:	SM4500-Cl-B	375.4	310.1	310.1	150.1	160.1
----------	-------------	-------	-------	-------	-------	-------

  
 \_\_\_\_\_  
 Chemist

08-14-06  
 \_\_\_\_\_  
 Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. **H11434** shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



# CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240  
 (915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

## CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page \_\_\_\_\_ of \_\_\_\_\_

Company Name: Eddies to Seag Consulting  
 Project Manager: Eddies to Seag Consulting

Address: 1001 W. Illinois State: NM Zip: 88242

City: Alamos State: NM Zip: 88242

Phone #: 2-7236 State: NM Zip: 88242

Fax #: 2-6949

Project #: P+S Brina Project Owner: P. Proff

Project Name: P+S Brina Facility

Project Location: Ennis NM

FOR LAB USE ONLY

Company: HILITO PO #: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_

Phone #: \_\_\_\_\_

Fax #: \_\_\_\_\_

LAB I.D.	Sample I.D.	(GRAB OR (C)OMP.	# CONTAINERS	MATRIX						DATE	TIME	ANALYSIS REQUEST	
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:				
11424-1	PSR #1	V	1	V						8/10	9:10	V	Gen. Chemistry
11424-2	PSR #2	V	1	V						8/10	9:20	V	

PLEASE NOTE: Liability and Damages, Cardinal's liability and client's exclusive remedy for any claim arising under this contract or hereunder shall be limited to the amount paid by the client for the analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable analysis. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruption, loss of use, or loss of profit, incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished By: [Signature] Date: 8/11 Time: 11:50  
 Relinquished By: \_\_\_\_\_ Date: \_\_\_\_\_ Time: \_\_\_\_\_

Received By: (Lab Staff) [Signature]  
 Sample Condition:  Intact  Cool  Yes  No

Delivered By: (Circle One)  UPS  Bus  Other: \_\_\_\_\_  
 Checked By: (Initials) \_\_\_\_\_

REMARKS: PSR - Brina water  
PSR - Fresh - city of Ennis  
ASAP

\* Cardinal cannot accept verbal changes. Please fax written changes to 915-673-7020.

New Mexico Office of the State Engineer  
Well Reports and Downloads

Township:  Range:  Sections:

NAD27 X:  Y:  Zone:  Search Radius:

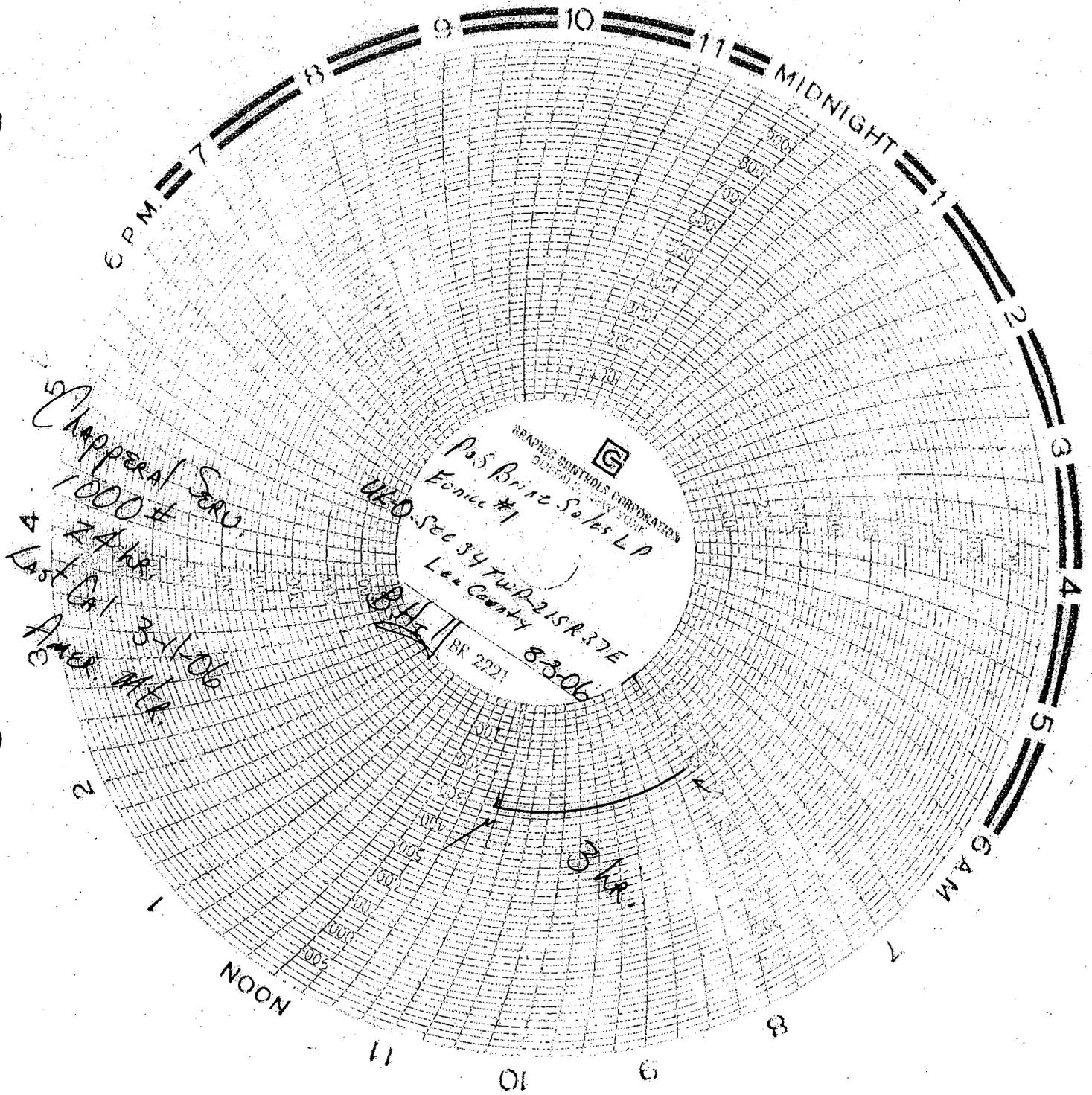
County:  Basin:  Number:  Suffix:

Owner Name: (First)  (Last)   Non-Domestic  Domestic  All

AVERAGE DEPTH OF WATER REPORT 10/14/2005

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
CP	21S	37E	04				2	75	75	75
CP	21S	37E	06				1	73	73	73
CP	21S	37E	16				1	70	70	70
CP	21S	37E	22				1	53	53	53
CP	21S	37E	23				1	65	65	65
CP	21S	37E	23		924000	6600000	1	65	65	65
CP	21S	37E	27				1	76	76	76
CP	21S	37E	28				3	65	75	71
CP	21S	37E	33				1	100	100	100

Record Count: 12



New 2006  
 Pressure test  
 Witnessed by OCA

EDDIE SEAY CONSULTING  
601 W. ILLINOIS, PH. (505) 392-2236  
HOBBS, NM 88240

4928

95-219/1070 616  
1100154253

8-11-06 DATE

PAY TO THE ORDER OF *Water Quality Management Fund \$ 100.00*

*One hundred and no/100* DOLLARS



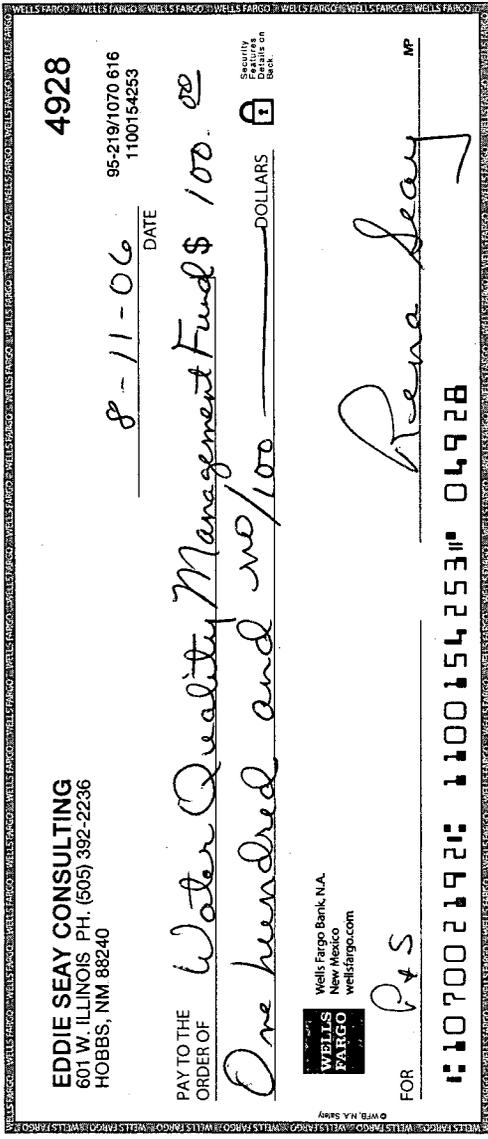
Wells Fargo Bank N.A.  
New Mexico  
wellsfargo.com

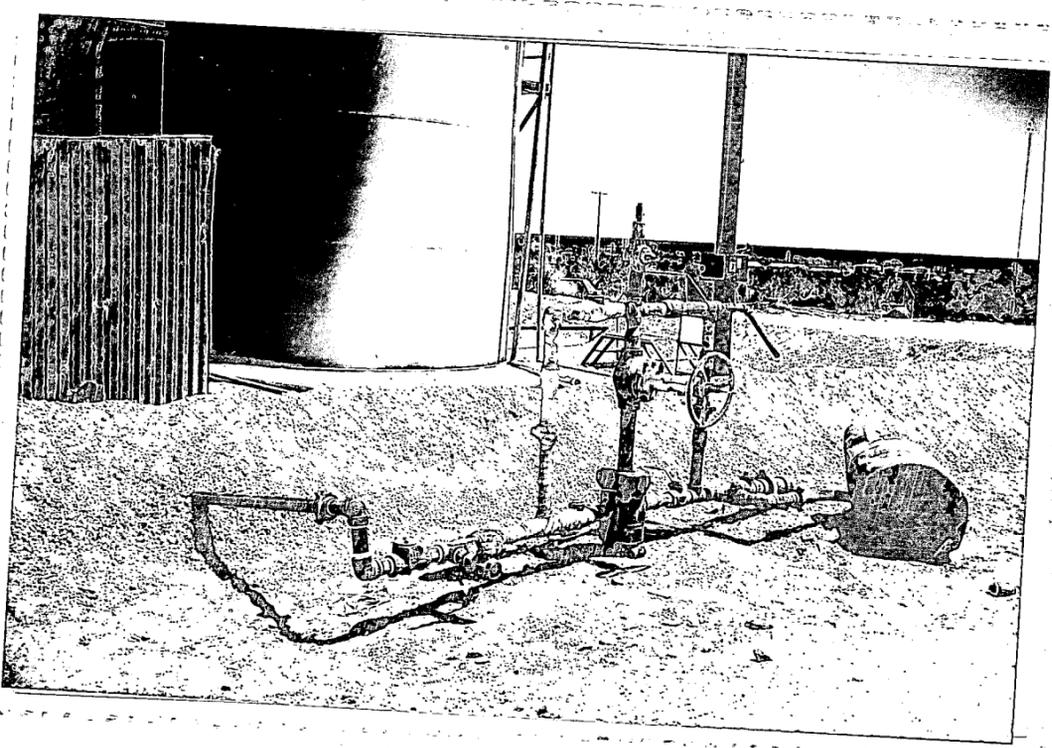
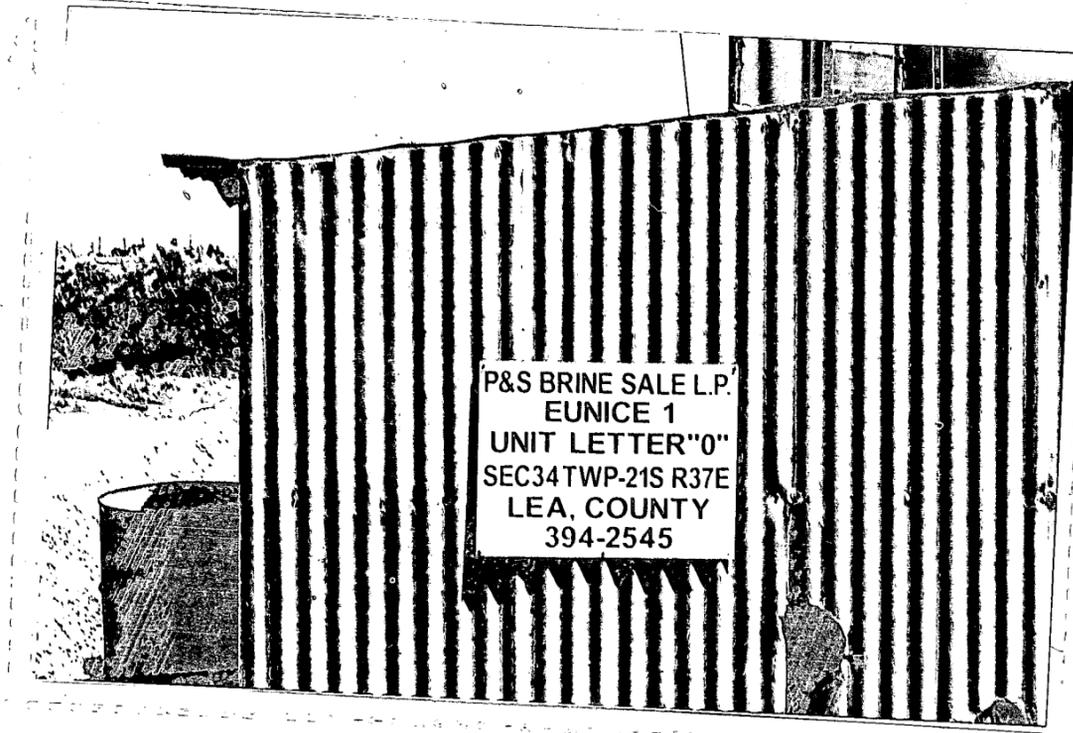
FOR *P+S*

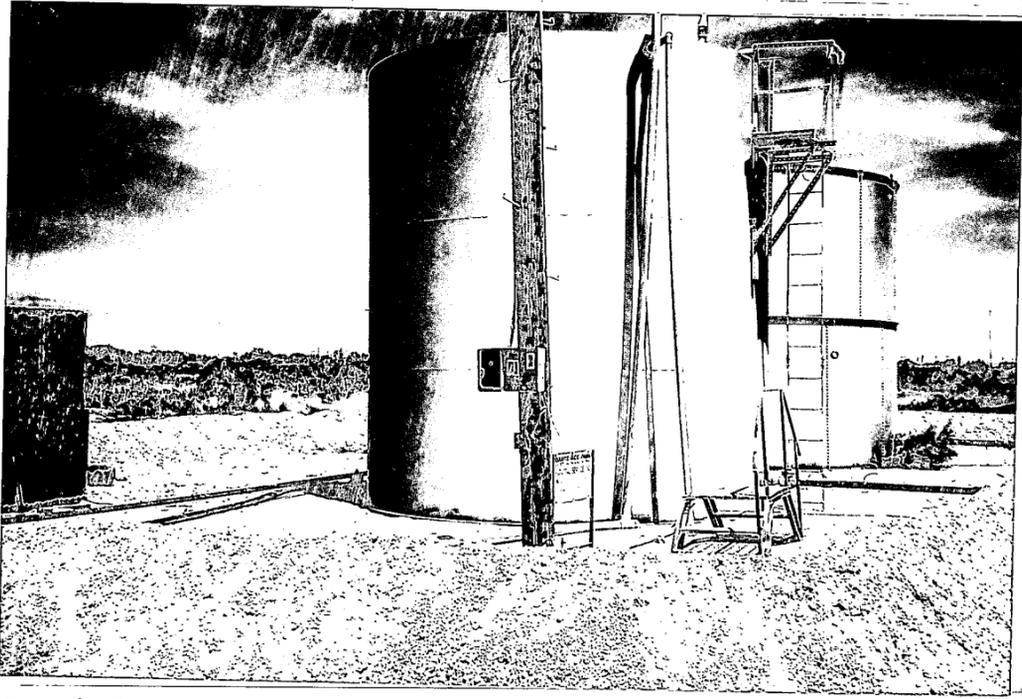
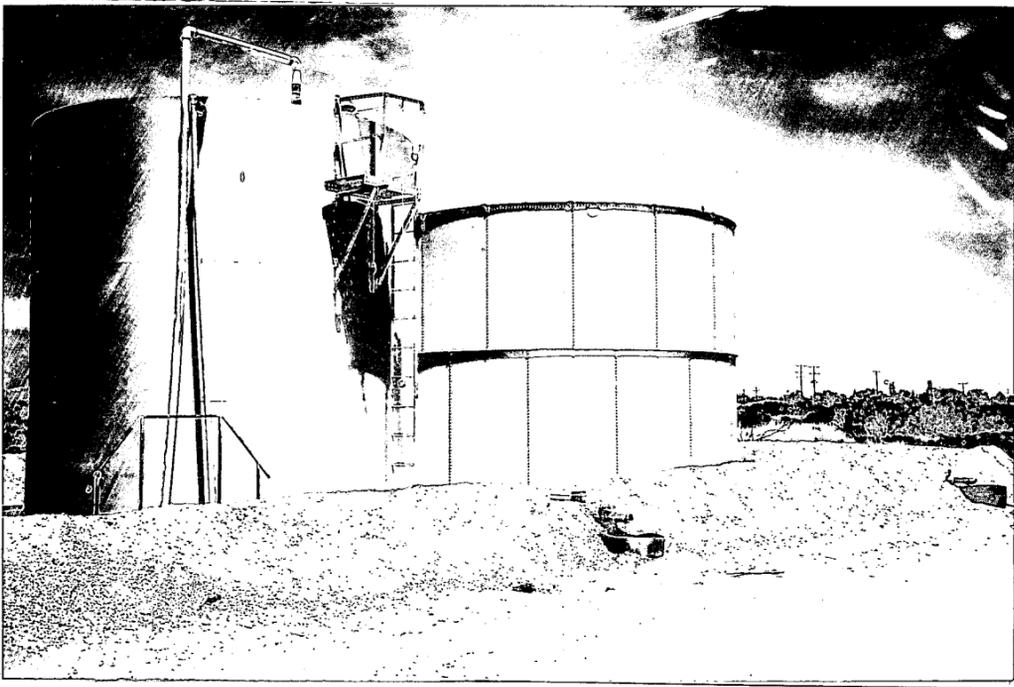
*Renee Seay*

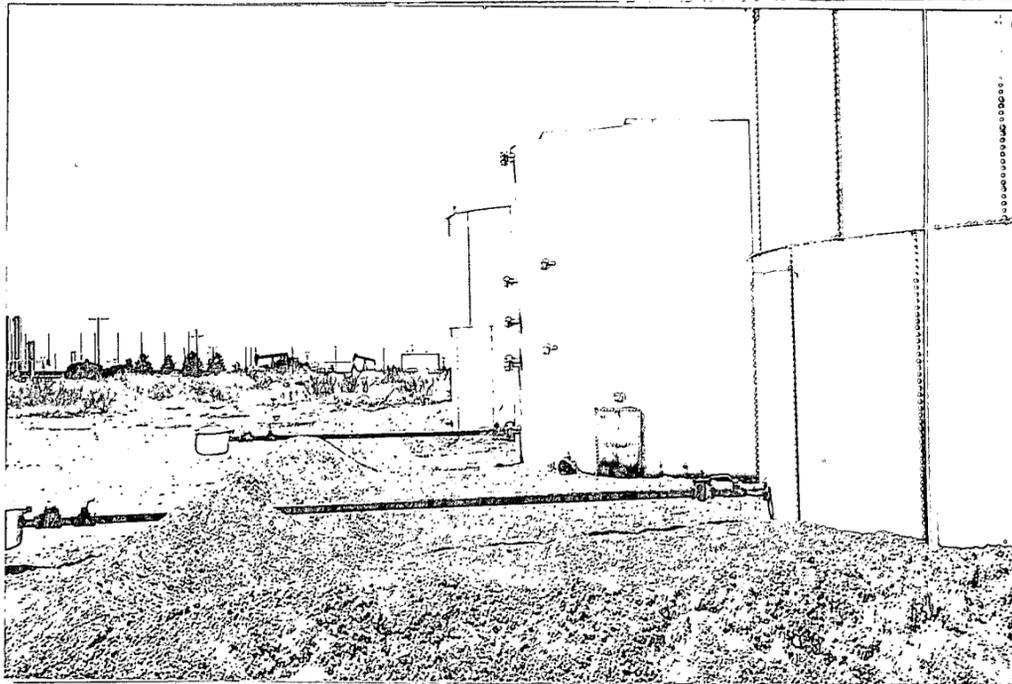
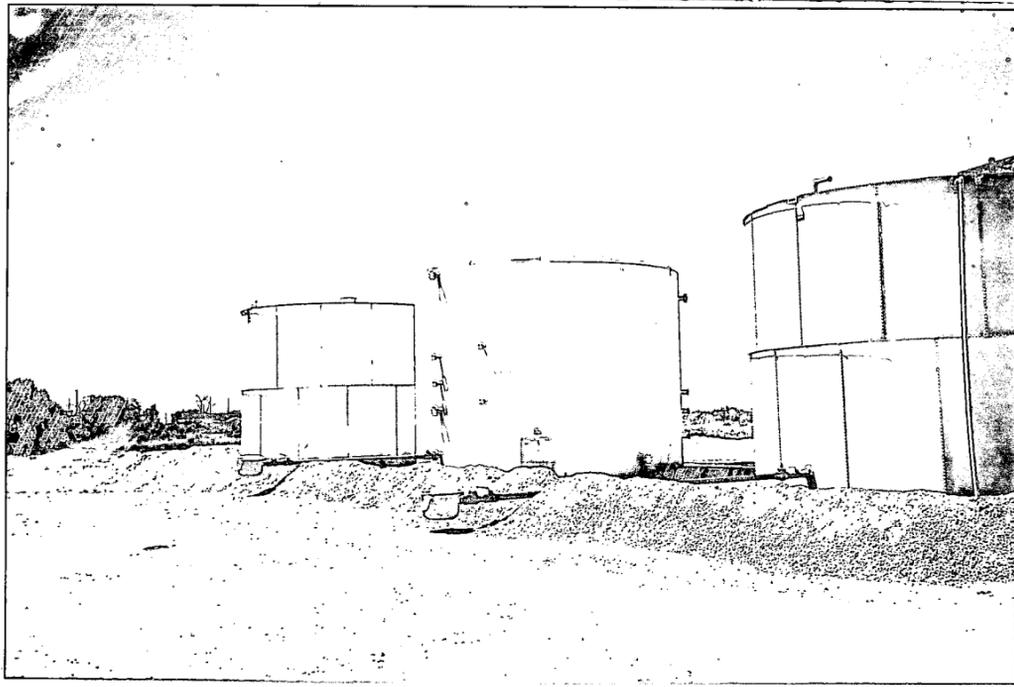
MP

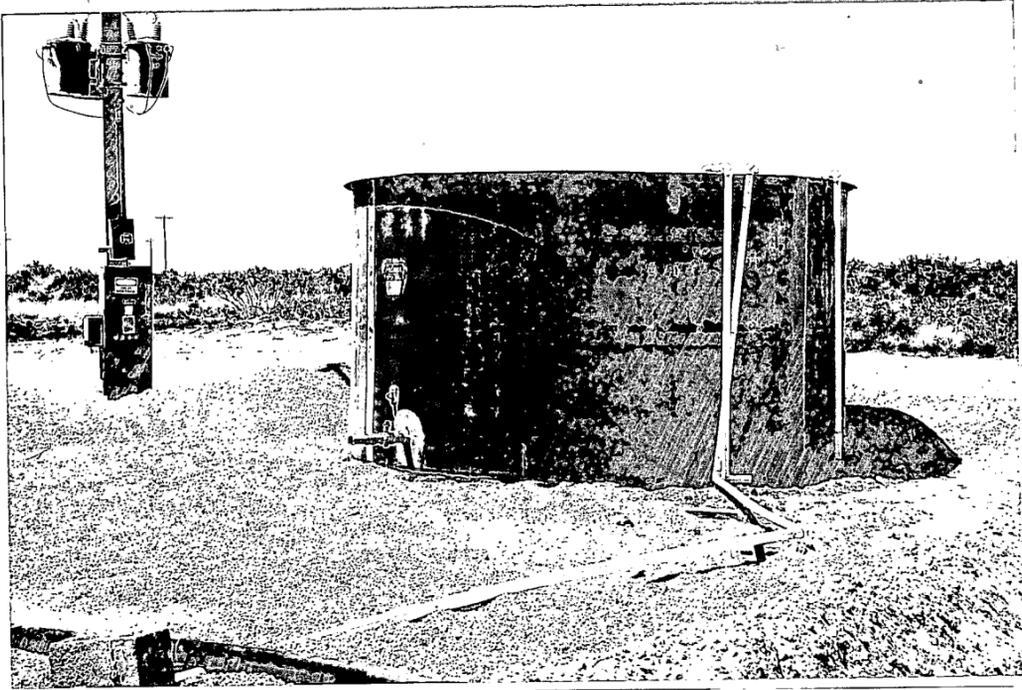
⑆ 107002192⑆ 1100154253⑆ 04928



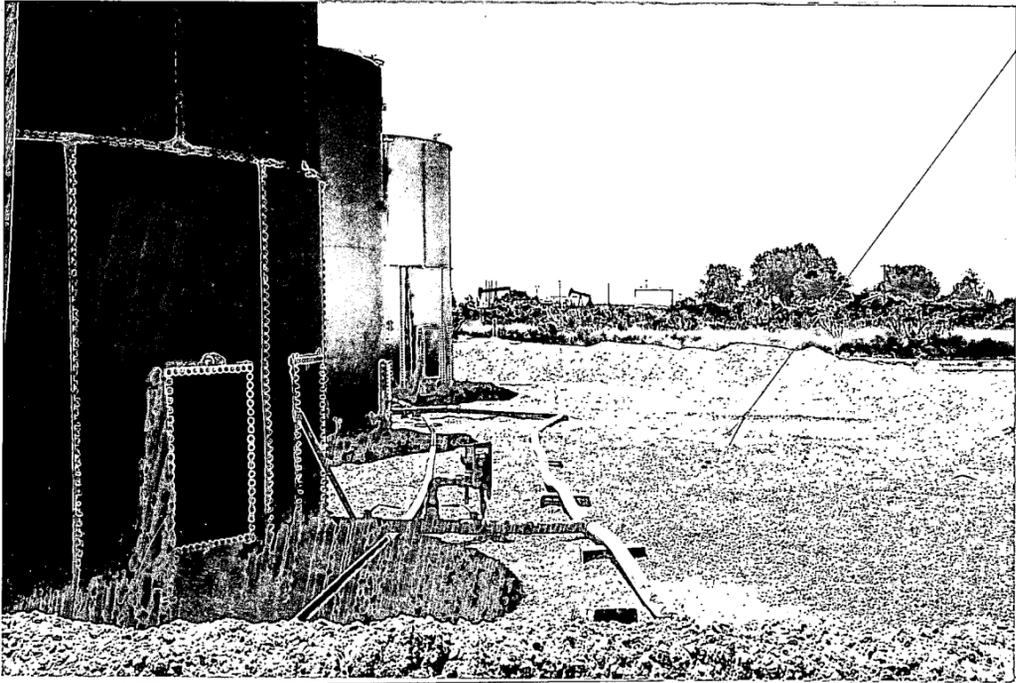








100



101

RECEIVED

2007 AUG 31 PM 2 12

August 29, 2007

NMOCD Environmental  
ATTN: Carl J. Chavez  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

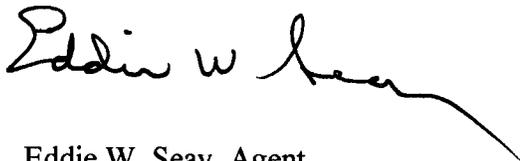
RE: Basic Energy Service LLC  
P & S Brine BW-002  
Discharge Renewal Information

Mr. Chavez:

Find within the well information for well within the AOR. Also find the advertisement and receipt for notice as required. This should complete all information that you requested.

If you should need anything further, please call.

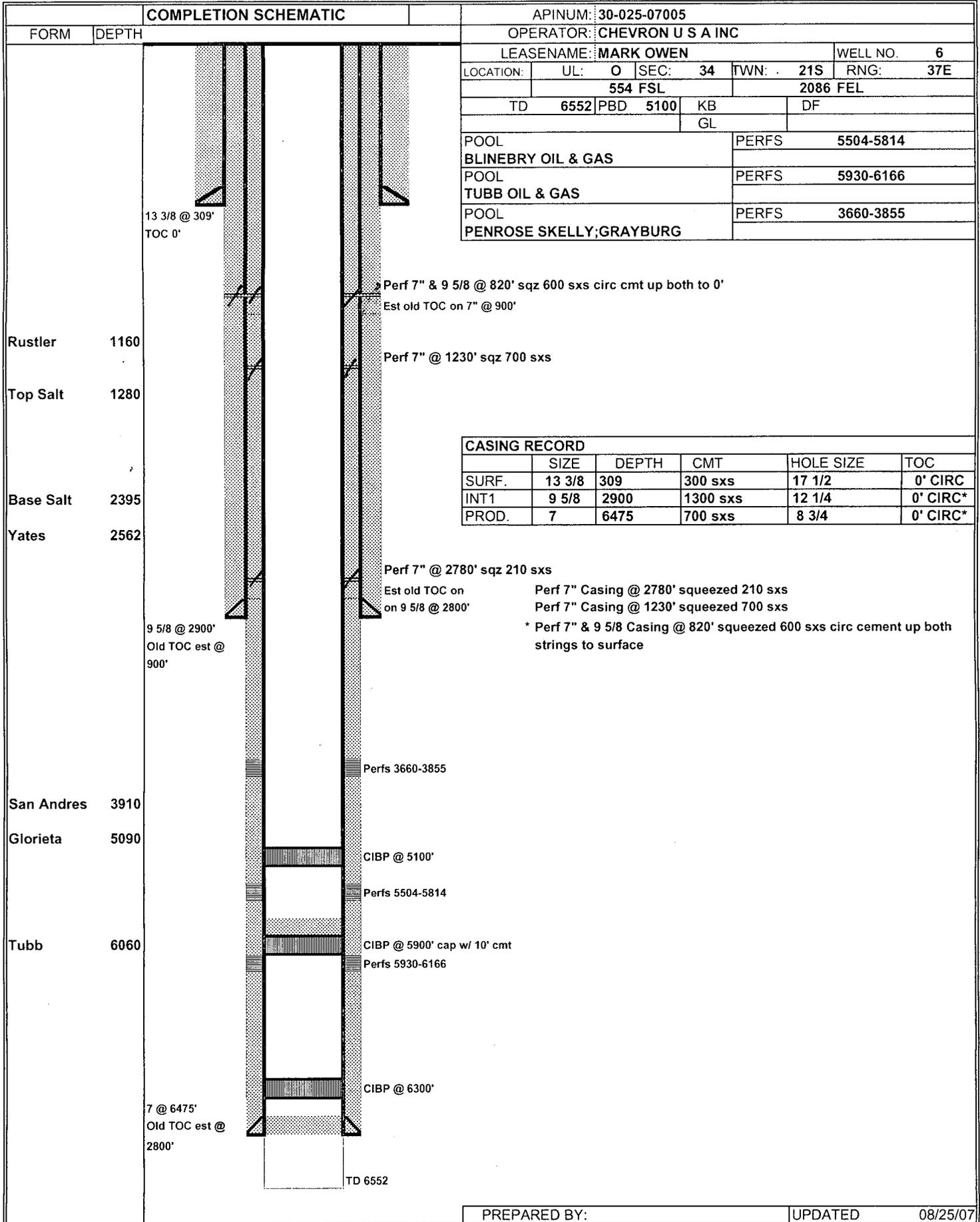
Sincerely,

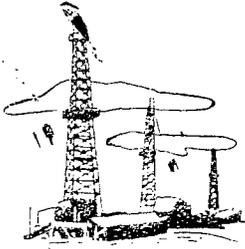


Eddie W. Seay, Agent  
Eddie Seay Consulting  
601 W. Illinois  
Hobbs, NM 88242  
(505)392-2236  
seay04@leaco.net

cc: Basic Energy

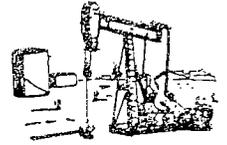
# WELLBORE SCHEMATIC AND HISTORY





# YARBROUGH OIL LIMITED PARTNERSHIP

P.O. BOX 1769  
EUNICE, NEW MEXICO 88231  
2007 FEB 15 AM 10 33



February 12, 2007

Basic Energy Services, L.P.  
P. O. Box 10460  
Midland, Texas 79702

Re: P & S Brine Sales, L.P. Permit (BW-002)  
Chaparral SWD, L.P. Permit (BW-025)

Dear Ms. Lovett:

The Discharge Plan permits referenced above were personally delivered to Rowe Patterson and the attorney present at the August 15, 2006 closing of the sale of these two companies. It was required for the closing that all these documents be in hand.

Since this time, any documentation needed has been hand delivered to Steve Prather.

If there are other questions concerning these permits, please contact me at Yarbrough Oil Company, L.P.

Sincerely,

Paul Prather

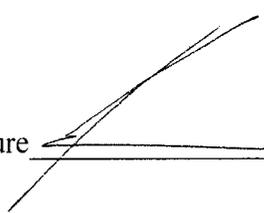
2007 FEB 15 AM 10 34

**OCD CERTIFICATION**

Basic Energy Services (BES) hereby accepts the terms and conditions of the attached P & S Bine Sales discharge plan permit (BW-002) and agrees to comply with the terms and conditions. BES acknowledges that the Oil Conservation Division (OCD) may change the terms and conditions for good cause shown as necessary to protect fresh water, human health, and the environment. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted.

Basic Energy Services  
400 West Illinois, Suite 800  
Midland, Texas 79701

Signature  Title President's  
CEO Date \_\_\_\_\_

DRAFT

January 28, 2004

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7923 4351**

Mr. Paul Prather  
P & S Brine Sales  
P.O. Box 7169  
Eunice, NM 88231

**Re: Discharge Plan BW-002  
Eunice Brine Station  
Lea County, New Mexico**

Dear Mr. Prather,

The groundwater discharge renewal permit for the P & S Brine Sales Eunice Brine Station BW-002, located 630 feet FSL and 2427 feet FEL in Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico **is hereby approved** to operate under the conditions contained in the enclosed attachment. The original discharge plan was approved on December 18, 1982 and subsequently renewed as DP-319 by the Environmental Improvement Division (EID) on January 6, 1989, and renewed by the Oil Conservation Division on May 16, 1994 and November 17, 1999. The discharge plan renewal consists of the renewal application dated January 05, 2004 and attachments. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter.**

The discharge permit renewal application was submitted pursuant to Section 20.6.2.5101 of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge permit is issued pursuant to Section 5101 and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the permit. Please be advised that approval of this permit does not relieve ~~Key Energy Services, Inc.~~ of liability should operations result in pollution of surface or ground waters, or the environment.

pd5  
BRINE

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104 of the regulations requires that "when a permit has been approved, discharges must be consistent with the terms and conditions of the permit." Pursuant to Section 3107.C., operators are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

NOTICE OF PUBLICATION

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge permit application(s) has been submitted to the Director of the Oil Conservation Division, 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(BW-02) - P&S Brine Sales, Paul Prather, P.O. Box 7169, Eunice, New Mexico 88231, has submitted an application for the renewal of a discharge plan for the P&S Brine Sales Station, located in the SW/4 SE/4 of Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. An average of 250 barrels per day of brine water with a TDS of approximately 300,000 mg/l is produced for use in the oil industry. Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 45 feet with a total dissolved solids concentration of approximately 1400 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application and draft discharge permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. The draft discharge permit may also be viewed at OCD's web site <<http://www.emnrd.state.nm.us/ocd/>>. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 28<sup>th</sup> day of January 2004.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

SEAL

LORI WROTENBERY, Director

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire January 06, 2009** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, 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 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 P&S Brine Sales Eunice Brine Station is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge permit will be assessed a fee equal to the filing fee of \$100.00 plus a flat fee of \$1700.00 for brine stations.

**Please make all checks payable to: Water Quality Management Fund** C/o:  
**Oil Conservation Division** 1220 South Saint Francis Drive  
**Santa Fe, New Mexico 87505.**

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). 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,

Roger C. Anderson  
Environmental Bureau Chief  
RCA/lwp  
xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PERMIT BW-002 APPROVAL  
P&S Brine Sales Eunice Brine Station  
DISCHARGE PERMIT APPROVAL CONDITIONS  
January 28, 2004

1. Payment of Discharge Permit Fees: The \$100.00 filing fee has not been received by OCD. The \$1700.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the permit, with the first payment due upon receipt of this approval.
2. Commitments: P&S Brine Sales will abide by all commitments submitted in the discharge permit

application, subsequent information supplied and these conditions for approval.

3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded and will not cause new fractures or propagate existing fractures or cause damage to the system.
5. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with fluids to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. However, no operator may exceed surface injection or test pressures that may cause formation fracturing (see item 4 above) or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids, i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annually.

At least once every five years and during well work-overs the cavern formation will be isolated from the casing/tubing annually and the casing pressure tested at 300 psig for 30 minutes. All pressure tests must be witnessed by OCD.

6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.
7. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.
8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb

type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

12. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
13. Below Grade Ponds/Pits/Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All below grade tanks, sumps and pits must be tested annually, except systems that have secondary containment with leak detection. These systems with leak detection shall have a monthly inspection of the leak detection to determine if the primary containment is leaking. Results of tests and inspections shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Any system found to be leaking shall be reported pursuant to Item # 18. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.
14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
15. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
16. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.
17. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery. A record of inspections will be retained on site for a period of five years.
18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.
19. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste

determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge permit will be approved by OCD on a case-by-case basis.

Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is allowed at solid waste facilities permitted by the New Mexico Environment Department as long as the waste

stream is identified in the discharge permit, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge permit. A written commitment to comply with the terms and conditions of the previously approved discharge permit must be submitted by the purchaser and approved by the OCD prior to transfer.
21. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure permit will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
23. Storm Water : Stormwater runoff controls shall be maintained. As a result of operations, if any water contaminant that exceeds the WQCC standards listed in 20 NMAC 6.2.3101 is discharged in any stormwater run-off, then immediate actions shall be taken to mitigate the effects of the run-off, notify the OCD within 24 hours, and modify the discharge permit to include a formal stormwater run-off containment permit and submit for OCD approval within 15 days.
24. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.
25. Well Workover Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.

26. Certification: **P&S Brine Sales** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **P&S Brine Sales** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by:

**P&S Brine Sales**

Paul TRATHER  
Company Representative- print name

Paul Trather Date 2-5-04  
Company Representative- Sign

Title PARTNER

2539.

P S BRINE LIMITED PARTNERSHIP

P. O. BOX 1759  
EUNICE, NM 88231-1759

02-05-04 19

95-183/1122  
5

*Pay to the order of* (OIL CONSERVATION DIVISION) WATER QUALITY MANAGEMENT FUND \$ 1,700.00

ONE THOUSAND SEVEN HUNDRED DOLLARS AND NO/100-----Dollars



**Lea County State Bank**

P.O. Box 400 · Hobbs, New Mexico 88241

*For* DISCHARGE PERMIT BW-002

*Suzanne McReynolds*

⑈002539⑈ ⑆1112201836⑆ 51001022⑈

DRAFT

January 28, 2004

CERTIFIED MAIL  
RETURN RECEIPT NO. 7923 4351

Mr. Paul Prather  
P & S Brine Sales  
P.O. Box 7169  
Eunice, NM 88231

Re: **Discharge Plan BW-002**  
**Eunice Brine Station**  
**Lea County, New Mexico**

Dear Mr. Prather,

The groundwater discharge renewal permit for the P & S Brine Sales Eunice Brine Station BW-002, located 630 feet FSL and 2427 feet FEL in Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico **is hereby approved** to operate under the conditions contained in the enclosed attachment. The original discharge plan was approved on December 18, 1982 and subsequently renewed as DP-319 by the Environmental Improvement Division (EID) on January 6, 1989, and renewed by the Oil Conservation Division on May 16, 1994 and November 17, 1999. The discharge plan renewal consists of the renewal application dated January 05, 2004 and attachments. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter.**

The discharge permit renewal application was submitted pursuant to Section 20.6.2.5101 of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge permit is issued pursuant to Section 5101 and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the permit. Please be advised that approval of this permit does not relieve ~~Key Energy~~ <sup>pd5</sup> ~~Semis, Inc.~~ of liability should operations result in pollution of surface or ground waters, or the <sup>BRINE</sup> environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104 of the regulations requires that "when a permit has been approved, discharges must be consistent with the terms and conditions of the permit." Pursuant to Section 3107.C., operators are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire January 06, 2009** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, 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 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 P&S Brine Sales Eunice Brine Station is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge permit will be assessed a fee equal to the filing fee of \$100.00 plus a flat fee of \$1700.00 for brine stations.

**Please make all checks payable to: Water Quality Management Fund** C/o:  
**Oil Conservation Division** 1220 South Saint Francis Drive  
**Santa Fe, New Mexico 87505.**

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). 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,

Roger C. Anderson  
Environmental Bureau Chief  
RCA/lwp  
xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PERMIT BW-002 APPROVAL  
P&S Brine Sales Eunice Brine Station  
DISCHARGE PERMIT APPROVAL CONDITIONS  
January 28, 2004

1. Payment of Discharge Permit Fees: The \$100.00 filing fee has not been received by OCD. The \$1700.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the permit, with the first payment due upon receipt of this approval.
2. Commitments: P&S Brine Sales will abide by all commitments submitted in the discharge permit

type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

12. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
13. Below Grade Ponds/Pits/Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All below grade tanks, sumps and pits must be tested annually, except systems that have secondary containment with leak detection. These systems with leak detection shall have a monthly inspection of the leak detection to determine if the primary containment is leaking. Results of tests and inspections shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Any system found to be leaking shall be reported pursuant to Item # 18. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.
14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
15. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
16. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.
17. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery. A record of inspections will be retained on site for a period of five years.
18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.
19. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste

26.

Certification: **P&S Brine Sales** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **P&S Brine Sales** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by:

**P&S Brine Sales**

Paul TRATHER  
Company Representative- print name

Paul Trather Date 2-5-04  
Company Representative- Sign

Title

Partner

**FEDERAL EXPRESS**

USE THIS AIRBILL FOR SHIPMENTS WITHIN THE CONTINENTAL U.S., ALASKA AND HAWAII.  
USE THE INFORMATION ON THE REVERSE SIDE FOR INTERNATIONAL AND ALL NON-U.S. LOCATIONS.  
QUESTIONS? CALL 800-238-5355 TOLL FREE.

**AIRBILL**  
PACKAGE TRACKING NUMBER

3141859943

3141859943

Sender's Federal Express Account Number: 813670611 Date: 2-13-07  
Your Phone Number (Very Important): 5053943304  
To (Recipient's Name) Please Print: Sara Lovett  
Recipient's Phone Number (Very Important): 402-680-5528

From (Your Name) Please Print: Steve Frather  
Company: Basic Energy Services  
Department/Floor No.:  
Street Address: 1603 Ave D  
City: ELWILLE State: NM ZIP Required: 88331

Company: Basic Energy Services  
Department/Floor No.:  
Street Address: 400 W Illinois, Ste 800  
City: MIDLAND State: TX ZIP Required: 79703

**CUSTOMER:**  
PLEASE REMOVE ONE OF THESE LABELS AND PLACE IT ABOVE THE AIRBILL ON YOUR PACKAGE.

YOUR INTERNAL BILLING REFERENCE INFORMATION (First 24 characters will appear on invoice):  
Discharge Permits/RS & SWD  
PAYMENT: 1  Bill Sent 2  Bill Recipient's Fedex Acct. No. 3  Bill 3rd Party Fedex Acct. No. 4  Bill Credit Card  
5  Cash 6  Fedex No Req'd 7  Fill in Account Number Below 8  Fill in Credit Card No. below (req'd)  
9  Cash 10  Fedex No Req'd 11  Fill in Account Number Below 12  Fill in Credit Card No. below (req'd)

4 SERVICES (Check only one box)		5 DELIVERY AND SPECIAL HANDLING (Check services required)		6 PACKAGES	
Priority Overnight (Always in non-business hours)	Standard Overnight (Always in non-business hours)	1 HOLD FOR PICK-UP (P.R. in Box 1)	2 DELIVER WEEKDAY (Not available to addressees)	3 DELIVER SATURDAY (Extra charge)	4 DANGEROUS GOODS (Extra charge)
11 <input type="checkbox"/> YOUR PACKAGING	51 <input type="checkbox"/> YOUR PACKAGING	1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>
16 <input type="checkbox"/> FEDEX LETTER*	56 <input type="checkbox"/> FEDEX LETTER*	5 <input type="checkbox"/>	6 <input type="checkbox"/>	7 <input type="checkbox"/>	8 <input type="checkbox"/>
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ATTACHMENT TO THE DISCHARGE PERMIT BW-002 APPROVAL  
P&S Brine Sales Eunice Brine Station  
DISCHARGE PERMIT APPROVAL CONDITIONS  
February 20, 2004

1. Payment of Discharge Permit Fees: The \$100.00 filing fee and \$1700.00 flat fee has been received by OCD.
2. Commitments: P&S Brine Sales will abide by all commitments submitted in the discharge permit application, subsequent information supplied and these conditions for approval.
3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded and will not cause new fractures or propagate existing fractures or cause damage to the system.
5. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with fluids to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. However, no operator may exceed surface injection or test pressures that may cause formation fracturing (see item 4 above) or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids, i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annuals.

At least once every five years and during well work-overs the cavern formation will be isolated from the casing/tubing annuals and the casing pressure tested at 300 psig for 30 minutes. All pressure tests must be witnessed by OCD.

6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.
7. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.
8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
12. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
13. Below Grade Ponds/Pits/Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All below grade tanks, sumps and pits must be tested annually, except systems that have secondary containment with leak detection. These systems with leak detection shall have a monthly inspection of the leak detection to determine if the primary containment is leaking. Results of tests and inspections shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Any system found to be leaking shall be reported pursuant to Item # 18. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per

- square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.
14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
  15. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
  16. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.
  17. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery. A record of inspections will be retained on site for a period of five years.
  18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116, and WQCC 1203, to the OCD Hobbs District Office.
  19. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge permit will be approved by OCD on a case-by-case basis.

Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is allowed at solid waste facilities permitted by the New Mexico Environment Department as long as the waste

stream is identified in the discharge permit, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge permit. A written commitment to comply with the terms and conditions of the previously approved discharge permit must be submitted by the purchaser and approved by the OCD prior to transfer.
21. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure permit will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
23. Storm Water : Stormwater runoff controls shall be maintained. As a result of operations, if any water contaminant that exceeds the WQCC standards listed in 20 NMAC 6.2.3101 is discharged in any stormwater run-off, then immediate actions shall be taken to mitigate the effects of the run-off, notify the OCD within 24 hours, and modify the discharge permit to include a formal stormwater run-off containment permit and submit for OCD approval within 15 days.
24. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.
25. Well Workover Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.

Mr. Paul Prather  
February 20, 2004  
Page 7

26. Certification: **P&S Brine Sales** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **P&S Brine Sales** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by:

**P&S Brine Sales**

PAUL D. PRATHER  
Company Representative- print name

Paul D. Prather Date 3-1-04  
Company Representative- Sign

Title Partner.

RECEIVED

MAR 04 2004

Dear Dink:

OIL CONSERVATION  
DIVISION

This is the final copy of your discharge plan. You have already paid all of your fees. So please sign the extra copy and send it to me.

Thanks:

If you have any questions please do not hesitate to contact me at 505-476-3487 or e-mail [WPRICE@state.nm.us](mailto:WPRICE@state.nm.us).

Sincerely;

Wayne Price-Pet. Engr. Spec.

cc: OCD Hobbs Office

attachments-



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**  
Cabinet Secretary

February 20, 2004

**Lori Wrotenbery**

Director

**Oil Conservation Division**

**CERTIFIED MAIL**

**RETURN RECEIPT NO. 7923 4351**

Mr. Paul Prather  
P & S Brine Sales  
P.O. Box 7169  
Eunice, NM 88231

**Re: Discharge Plan BW-002  
Eunice Brine Station  
Lea County, New Mexico**

Dear Mr. Prather,

The groundwater discharge renewal permit for the P & S Brine Sales Eunice Brine Station BW-002, located 630 feet FSL and 2427 feet FEL in Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico **is hereby approved** to operate under the conditions contained in the enclosed attachment. The original discharge plan was approved on December 18, 1982 and subsequently renewed as DP-319 by the Environmental Improvement Division (EID) on January 6, 1989, and renewed by the Oil Conservation Division on May 16, 1994 and November 17, 1999. The discharge plan renewal consists of the renewal application dated January 05, 2004 and attachments. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter.**

The discharge permit renewal application was submitted pursuant to Section 20.6.2.5101 of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge permit is issued pursuant to Section 5101 and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the permit. Please be advised that approval of this permit does not relieve Key Energy Services, Inc. of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Mr. Paul Prather  
February 20, 2004  
Page 2

Please note that Section 3104 of the regulations requires that "when a permit has been approved, discharges must be consistent with the terms and conditions of the permit." Pursuant to Section 3107.C., operators are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire January 06, 2009** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, 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 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 P&S Brine Sales Eunice Brine Station is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge permit will be assessed a fee equal to the filing fee of \$100.00 plus a flat fee of \$1700.00 for brine stations. All fees have been paid.

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). 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,



Roger C. Anderson  
Environmental Bureau Chief  
RCA/lwp  
xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PERMIT BW-002 APPROVAL  
P&S Brine Sales Eunice Brine Station  
DISCHARGE PERMIT APPROVAL CONDITIONS  
February 20, 2004

1. Payment of Discharge Permit Fees: The \$100.00 filing fee and \$1700.00 flat fee has been received by OCD.
2. Commitments: P&S Brine Sales will abide by all commitments submitted in the discharge permit application, subsequent information supplied and these conditions for approval.
3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded and will not cause new fractures or propagate existing fractures or cause damage to the system.
5. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with fluids to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. However, no operator may exceed surface injection or test pressures that may cause formation fracturing (see item 4 above) or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids, i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annuals.

At least once every five years and during well work-overs the cavern formation will be isolated from the casing/tubing annuals and the casing pressure tested at 300 psig for 30 minutes. All pressure tests must be witnessed by OCD.

6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.
7. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.
8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
12. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
13. Below Grade Ponds/Pits/Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All below grade tanks, sumps and pits must be tested annually, except systems that have secondary containment with leak detection. These systems with leak detection shall have a monthly inspection of the leak detection to determine if the primary containment is leaking. Results of tests and inspections shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Any system found to be leaking shall be reported pursuant to Item # 18. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per

square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
15. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
16. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.
17. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery. A record of inspections will be retained on site for a period of five years.
18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.
19. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge permit will be approved by OCD on a case-by-case basis.

Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is allowed at solid waste facilities permitted by the New Mexico Environment Department as long as the waste

stream is identified in the discharge permit, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge permit. A written commitment to comply with the terms and conditions of the previously approved discharge permit must be submitted by the purchaser and approved by the OCD prior to transfer.
21. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure permit will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
23. Storm Water: Stormwater runoff controls shall be maintained. As a result of operations, if any water contaminant that exceeds the WQCC standards listed in 20 NMAC 6.2.3101 is discharged in any stormwater run-off, then immediate actions shall be taken to mitigate the effects of the run-off, notify the OCD within 24 hours, and modify the discharge permit to include a formal stormwater run-off containment permit and submit for OCD approval within 15 days.
24. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.
25. Well Workover Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.

26. Certification: **P&S Brine Sales** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **P&S Brine Sales** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: **P&S Brine Sales**

\_\_\_\_\_  
Company Representative- print name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Company Representative- Sign

\_\_\_\_\_  
Title

Mr. Paul Prather  
November 17, 1999  
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Oil Conservation Division

**ATTACHMENT TO THE DISCHARGE PLAN BW-002 APPROVAL  
P&S Brine Sales Eunice Brine Station (BW-002)  
DISCHARGE PLAN APPROVAL CONDITIONS  
November 17, 1999**

1. Payment of Discharge Plan Fees: The \$50.00 filing fee has been received by OCD. The \$690.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Commitments: P&S Brine Sales will abide by all commitments submitted in the discharge plan renewal application dated August 23, 1999 and these conditions for approval.
3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded.
5. Mechanical Integrity Testing: P&S Brine Sales will conduct an annual open hole cavern pressure test equal to one and one-half times the normal operating pressure (not to exceed formation fracture pressure) or 300 psi, whichever is greater, for four hours. At least once every five years and during well work overs the cavern formation will be isolated from the casing/tubing annulars and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.
6. Capacity and Cavity Configuration: A test will be conducted to determine the size and configuration of the mined cavity prior to discharge plan renewal (January 06, 2004). The method and time of testing will be approved by the OCD prior to performing the test.  
  
P&S Brine Sales will provide to the NMOCD by February 28, 2000, the calculated size of the cavity and demonstrate the stability of the salt formation cavity from collapse and/or subsidence.
8. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office quarterly.

Mr. Paul Prather  
November 17, 1999  
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Oil Conservation Division

9. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with the first quarterly report. Analysis will be for concentrations of Total Dissolved Solids, Sodium, Calcium, Potassium, Magnesium, Bromide, Carbonate/Bicarbonate, Chloride and Sulfate. Include location and method of sampling.
10. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
11. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
12. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
13. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
14. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
15. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.

Mr. Paul Prather  
November 17, 1999  
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Environmental Bureau  
Oil Conservation Division

16. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.
17. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
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19. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
20. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.
21. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste characterization per 40 CFR Part 261.
22. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

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Oil Conservation Division

Mr. Paul Prather  
November 17, 1999  
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23. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
24. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
26. Conditions accepted by:

**P&S Brine Sales**

Print Name: PAUL PRATHER

Signature: Paul Prather

Title: Partner

Date: 11-23-99



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

November 17, 1999

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P 410 425 210**

Mr. Paul Prather  
P & S Brine Sales  
P.O. Box 7169  
Eunice, NM 88231

**Re: Discharge Plan BW-002  
Eunice Brine Station  
Lea County, New Mexico**

*THIS IS YOUR  
ORIGINAL, PLEASE  
KEEP FOR YOUR  
FILES!*

*ENCLOSED IS A COPY  
OF APPROVAL CONDITIONS:  
2 PRICE-00  
12/1/99*

Dear Mr. Prather,

The groundwater discharge plan renewal for the P & S Brine Sales Eunice Brine Station BW-002, located 630 feet FSL and 2427 feet FEL in Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico **is hereby approved** under the conditions contained in the enclosed attachment. The original discharge plan was approved on December 18, 1982 and subsequently renewed as DP-319 by the Environmental Improvement Division (EID) on January 6, 1989, and renewed by the Oil Conservation Division on May 16, 1994. The discharge plan renewal consists of the renewal application dated August 23, 1999 and attachments. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within ten working days of receipt of this letter.**

The discharge plan renewal application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is renewed pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve P&S Brine Sales of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104. of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

November 17, 1999

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P 410 425 210**

Mr. Paul Prather  
P & S Brine Sales  
P.O. Box 7169  
Eunice, NM 88231

**Re: Discharge Plan BW-002  
Eunice Brine Station  
Lea County, New Mexico**

Dear Mr. Prather,

The groundwater discharge plan renewal for the P & S Brine Sales Eunice Brine Station BW-002, located 630 feet FSL and 2427 feet FEL in Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico **is hereby approved** under the conditions contained in the enclosed attachment. The original discharge plan was approved on December 18, 1982 and subsequently renewed as DP-319 by the Environmental Improvement Division (EID) on January 6, 1989, and renewed by the Oil Conservation Division on May 16, 1994. The discharge plan renewal consists of the renewal application dated August 23, 1999 and attachments. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within ten working days of receipt of this letter.**

The discharge plan renewal application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is renewed pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve P&S Brine Sales of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104. of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section

Mr. Paul Prather  
November 17, 1999  
Page 2

3107.C., P&S Brine Sales is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire January 06, 2004** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit plans for, or the results of, an underground drainage testing program as a requirement for discharge plan renewal.

The discharge plan application for the P&S Brine Sales Eunice Brine Station is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus a renewal fee of \$690.00 for brine stations. The OCD has not received the \$690.00 flat fee. The flat fee of \$690.00 may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office.

If you have any questions, please contact Wayne Price of my staff at (505-827-7155). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger Anderson  
Environmental Bureau Chief

RCA/lwp  
Attachment-1

xc: OCD Hobbs Office

**ATTACHMENT TO THE DISCHARGE PLAN BW-002 APPROVAL  
P&S Brine Sales Eunice Brine Station (BW-002)  
DISCHARGE PLAN APPROVAL CONDITIONS  
November 17, 1999**

1. Payment of Discharge Plan Fees: The \$50.00 filing fee has been received by OCD. The \$690.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Commitments: P&S Brine Sales will abide by all commitments submitted in the discharge plan renewal application dated August 23, 1999 and these conditions for approval.
3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded.
5. Mechanical Integrity Testing: P&S Brine Sales will conduct an annual open hole cavern pressure test equal to one and one-half times the normal operating pressure (not to exceed formation fracture pressure) or 300 psi, whichever is greater, for four hours. At least once every five years and during well work overs the cavern formation will be isolated from the casing/tubing annulars and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.
6. Capacity and Cavity Configuration: A test will be conducted to determine the size and configuration of the mined cavity prior to discharge plan renewal (January 06, 2004 ). The method and time of testing will be approved by the OCD prior to performing the test.  
  
P&S Brine Sales will provide to the NMOCD by February 28, 2000, the calculated size of the cavity and demonstrate the stability of the salt formation cavity from collapse and/or subsidence.
8. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office quarterly.

9. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with the first quarterly report. Analysis will be for concentrations of Total Dissolved Solids, Sodium, Calcium, Potassium, Magnesium, Bromide, Carbonate/Bicarbonate, Chloride and Sulfate. Include location and method of sampling.
10. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
11. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
12. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
13. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
14. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
15. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every year from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.

16. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than February 28, 2000 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD 30 days after test has been conducted.
17. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
18. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Hobbs District Office.
19. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
20. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Hobbs District Office.
21. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste characterization per 40 CFR Part 261.
22. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

Mr. Paul Prather  
November 17, 1999  
Page 6

23. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
24. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
26. Conditions accepted by:

**P&S Brine Sales**

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. 1721 dated 5-20-94,  
or cash received on 5/31/94 in the amount of \$ 50<sup>00</sup>  
from P&S Brines Sales  
for Eunice Brine Station BW-002

Submitted by: \_\_\_\_\_ (Facility Name) Date: \_\_\_\_\_ (DP No.)

Submitted to ASD by: Robert Myers Date: 5/31/94

Received in ASD by: Ange Alton Date: 5/31/94

Filing Fee  New Facility \_\_\_\_\_ Renewal \_\_\_\_\_

Modification \_\_\_\_\_ Other \_\_\_\_\_ (specify)

Organization code 521.07 Applicable FY 94

To be deposited in the Water Quality Management Fund.

Full Payment \_\_\_\_\_ or Annual Increment \_\_\_\_\_

P S BRINE LIMITED PARTNERSHIP  
P. O. BOX 1768  
EUNICE, NM 88231

1721

95-183/11

Pay to the order of State of NM - NMED - Water Quality Mgmt. \$ 50.00  
Fifty dollars and no/100 Dollars

 **Lea County State Bank**  
P.O. Box 400 • Hobbs, New Mexico 88241

For Discharge Plan BW-002

R. Suzanne M. Reynolds

(Filing Fee) ⑈001721⑈ ⑆112201836⑆ 51001027⑈

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. 1722 dated 5-20-94,  
or cash received on 5/31/94 in the amount of \$ 790<sup>00</sup>  
from P&S Brine Sales  
for Eunice Brine Station BW-002

Submitted by: \_\_\_\_\_ Date: \_\_\_\_\_  
(Facility Name) (DP No.)

Submitted to ASD by: Robert Myers Date: 5/31/94

Received in ASD by: Alma Alwe Date: 5/31/94

Filing Fee \_\_\_\_\_ New Facility \_\_\_\_\_ Renewal K

Modification \_\_\_\_\_ Other \_\_\_\_\_  
(specify)

Organization Code 521.07 Applicable FY 94

To be deposited in the Water Quality Management Fund.

Full Payment K or Annual Increment \_\_\_\_\_

P S BAINE LIMITED PARTNERSHIP  
P. O. BOX 1768  
EUNICE, NM 88231

1722

95-183/1122  
5

5-20-1994

Pay to the order of NMED - Water Quality Mgmt. \$ 790.00  
SEVEN HUNDRED NINETY AND NO/100 Dollars

 **Lea County State Bank**

P.O. Box 400 • Hobbs, New Mexico 88241

For DISCHARGE PLAN BW-002

R. Suzanne M Reynolds

(Flat Rate) ⑆001722⑆ ⑆112201836⑆ 510010274



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

May 16, 1994

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P 176 012 080**

Mr. Paul Prather  
P & S Brine Sales  
P.O. Box 7169  
Eunice, NM 88231

**Re: Discharge Plan BW-002  
Eunice Brine Station  
Lea County, New Mexico**

Dear Mr. Prather,

The groundwater discharge plan renewal, BW-002, for the P & S Brine Sales Eunice Brine Station, located 630 feet FSL and 2427 feet FEL in Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The discharge plan consists of the renewal application dated February 2, 1994, which includes the information contained within the original discharge plan application.

The discharge plan was submitted pursuant to section 3-106 of the Water Quality Control Commission Regulations. It is approved pursuant to section 3-109.A.. Please note Section 3-109.F., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve you of your liability should your operation result in actual pollution of surface or ground waters or the environment which may be actionable under other laws and/or regulations.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3-104 of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C. you are required to notify the Director of any facility

Mr. Paul Prather  
May 16, 1994  
Page 2

expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

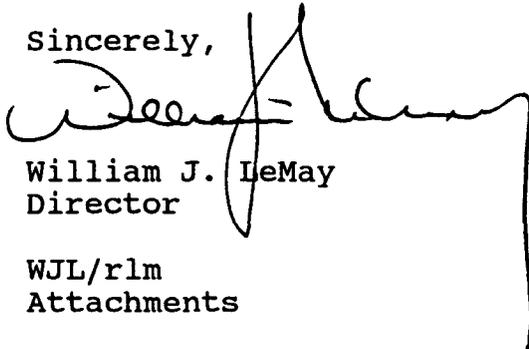
Pursuant to Section 3-109.G.4., this approval is for a period of five years. This approval will expire January 6, 1999, and an application for renewal should be submitted in ample time before that date.

The discharge plan application for the P & S Brine Sales Eunice Brine Station is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty (50) dollars plus the flat rate of seven hundred ninety dollars (\$790.00) for brine station discharge plan renewal. The fifty (50) dollar filing fee and the seven hundred ninety dollar (\$790.00) flat fee have not been received by the Oil Conservation Division, and shall be submitted on receipt of this approval. The required flat fee may be paid in a single payment or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval.

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



William J. LeMay  
Director

WJL/rlm  
Attachments

xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PLAN BW-002 APPROVAL  
P & S BRINE SALES  
EUNICE BRINE STATION  
DISCHARGE PLAN REQUIREMENTS  
(May 16, 1994)

1. The fifty (50) dollar filing fee and the seven hundred ninety dollar (\$790.00) flat fee shall be submitted on receipt of this approval. The required flat fee may be paid in a single payment or in equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval.
2. Brine Transfer Lines: All Below-grade brine transfer lines will be tested for integrity once every five years. A proposed method and schedule shall be submitted to the OCD by July 1, 1994.
3. Sump Construction: All new or rebuilt sumps and below-grade tanks will be approved by the OCD prior to installation and will incorporate secondary synthetic containment and leak detection in their designs. All leak detection systems will be inspected weekly and the OCD Santa Fe Office will be notified immediately upon discovery of fluids in any leak detection system.
4. Drum Storage: All chemical and lubrication drums shall be stored on pad and curb type containment.
5. Tank Berming: All tanks that contain materials other than fresh water will be bermed to contain one and one-third times the capacity of the tank.
6. Spill Containment: All brine storage and transfer will be managed in such a manner to keep brine off of the ground surface. Any brine spilled onto the ground surface will be cleaned up upon discovery.
7. Spill Reporting: All spills and/or leaks shall be reported to the OCD Hobbs District office pursuant to WQCC Rule 1-203 and OCD Rule 116.
8. Production Method: Fresh water shall be injected down the annulus and brine shall be recovered up the tubing. Reverse flow will be allowed once a month for up to 24 hours for clean out.
9. Maximum Injection Pressure: The maximum operating injection pressure at the well head will be such that the fracture

pressure of the injection formation (Salado) will not be exceeded.

10. Mechanical Integrity Testing: A mechanical integrity test will be conducted on the well annually. A pressure equal to one and one-half of the normal operating pressure will be maintained for four hours. The OCD will be notified prior to the test so that the may witness the test.
11. Cavity Configuration: A test will be conducted to determine the size and configuration of the mined cavity prior to discharge plan renewal (January 6, 1999). The method and time of testing will be approved by the OCD prior to performing the test.
12. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office quarterly.
13. Well Workover Operations: OCD approval will be obtained prior to performing remedial work or any other workover. Approval will be requested at the OCD Hobbs District office on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103-A).
14. Closure: The OCD will be notified when operations of the facility is discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for OCD approval. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.



BRUCE KING  
GOVERNOR

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

RECEIVED  
'94 APR 28 AM 8 50

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

**NMOCD Inter-Correspondence**

To: Roger Anderson-Environmental Bureau Chief  
From: Wayne Price-Environmental Engineer District I  
Date: April 21, 1994  
Reference: Request from Kathy Brown to inspect P & S Brine ST.  
Subject: P & S Brine St. Discharge Plan Renewal

Comments: I inspected the P&S Brine station and here are my comments. There is 4-1000 bbl tanks, one is for fresh water, the others are for brine. The three brine tanks are manifolded together. Each brine tank is setting on dirt, each one has a loading sump made from a plastic drum. One was noted full, due to a valve leaking, and over flowing onto the ground. Each Brine tank has an overflow line that goes to an unlined pit. This pit is approximately 10'x20'x6'(deep). It presently is dry, but there is evidence to show that brine water has been discharged into it.

The pump has a small line that is run out into the adjacent field. There was a small discharge of oil and water noted on the ground. The suction side of the pump which is fresh water was noted leaking and seeping into a small ditch which is connected to the pit.

There is one old junk tank on site, there is another tank that apparently is or has held some kind of oil.

This is a usual brine station with some spillage of brine around the tanks and driveway.

cc: Jerry Sexton-District I Supervisor  
Attachments-pictures



Pictures of P & S brine station.

Discharge plan: BW-02

Taken by: Wayne Price

Date: April 21, 1994

Location: Approximately 1/2 mile SE of Eunice, NM

1. Looking west at brine station.
2. Looking west, shows pump house, well head, over flow lines, and excavated dirt that came out of pit behind pump house.
3. Well head. Picture shows ditch where water drains from pump house to pit. **Note there is no location sign marker on well head or location.**
4. Looking south shows pit area. Background shows brine overflow lines. Drainage from these lines goes to pit.
5. Standing behind tanks on west side, looking south, picture shows small drain line where discharge of oil & water goes on the ground.
6. Brine tank loading station.
7. Looking at Brine tank on left and fresh water tank on right. Can not determine where the fresh water comes from.
8. Junk tank on site.
9. Old oil tank on site.

*Wayne Price*

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

February 16, 1994

CERTIFIED MAIL

RETURN RECEIPT NO.P-111-334-060

Mr. Paul Prather  
P&S Brine Sales Inc.  
P. O. Box 1768  
Eunice, New Mexico 88231

**RE: DISCHARGE PLAN BW-02 RENEWAL  
P&S BRINE SALES INC.  
LEA COUNTY, NEW MEXICO**

Dear Mr. Prather:

On December 18, 1982, the ground water discharge plan, GWB-7 for the P&S Brine Sales Facility located in Section 34, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, was approved by the Director of the Oil Conservation Division (OCD). This discharge plan was required and submitted pursuant to Water Quality Control Commission (WQCC) regulations and was approved for a period of five years. The discharge plan (DP-319, formerly GWB-7) was renewed on January 6, 1989 by the Director of the Environmental Improvement Division (EID). The approval expired on January 6, 1994.

Authority to administer the brine program was returned to the OCD in 1989 and all brine well permits and activities are again under the OCD's jurisdiction. Please note the new discharge plan number BW-02, formerly DP-319, which will be the permanent designation used in all future correspondence.

If your facility continues to have potential or actual effluent or leachate discharges and you wish to continue operations, you must renew your discharge plan. Since your discharge plan has expired, please submit your application for renewal of plan approval within sixty (60) days of receipt of this letter. Please indicate whether you have made, or intend to make, any changes in your discharge system, and if so, please include these modifications in your application for renewal.

Mr. Paul Prather  
February 16, 1994  
Page 2

To assist you in preparation of your renewal application, I have enclosed an application form and a copy of the OCD's Guidelines for the Preparation of Ground Water Discharge Plans at Brine Extraction Facilities, revised May 1991, and a copy of the Water Quality Control Commission Regulations. Note that the completed and signed application form must be submitted with your discharge plan renewal request.

The discharge plan renewal application for the P&S Brine Facility is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan renewal will be assessed a fee equal to the filing fee of fifty (50) dollars plus one-half of the flat fee or six-hundred and ninety (690) dollars for brine extraction facilities.

The \$50 filing fee is to be submitted with the discharge plan renewal application and is nonrefundable. The flat fee for an approved discharge plan renewal may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the discharge plan.

If you no longer have any actual or potential discharges a discharge plan renewal is not needed, please notify this office. If you have any questions, please do not hesitate to contact Kathy Brown at (505) 827-5884.

Sincerely,



Roger C. Anderson  
Environmental Bureau Chief

RCA/kmb

Enclosures

xc: Wayne Price, OCD Hobbs Office

M E M O R A N D U M

TO: LOUIS ROSE, DEPUTY GENERAL COUNSEL  
FROM: GINI NELSON, ASSISTANT GENERAL COUNSEL 

DATE: JANUARY 3, 1990

RE: P & S BRINE SALES TRUST AGREEMENT

Pursuant to your request, I have reviewed the letter drafted by the UIC program for Richard's signature regarding release of the above-captioned trust agreement. My initial comments follow:

1. Is EID certain that there are no legal obligations remaining from the time that the UIC program administered the brine wells? In other words, is automatic release simply because of transfer of the brine wells program back to OCD a correct legal presumption?

2. Assuming no legal obligations remain independent of what OCD requires, what is EID's policy going to be about other financial assurances provided EID? For example, Unichem provided EID with letters of credit for \$7,500 and \$11,000 for plugging and abandonment of two wells, and a corporate guarantee for \$70,000 for the hydrogeologic investigation of both wells.

3. Regarding this particular proposed release, EID will need to consider the express terms of the subject trust agreement before it can properly authorize a release. The copy of the bond that is attached to the legal request is the bond apparently since provided to OCD, but is not a copy of the trust agreement apparently previously provided to EID. The UIC program will need to provide the Office of General Counsel with a copy of the earlier trust agreement. I note that I have no recollection of involvement in any P & S Brine Sales trust agreement.

4. Further, before EID authorizes any release of this trust fund, EID will need confirmation from OCD that OCD is satisfied with the financial assurance P & S Brine Sales has provided OCD. At this time, the UIC program only has P & S Brine Sales' (implied) representation that OCD is satisfied that no further financial assurance is required.

I would be glad to review the trust agreement when the program provides it and make further comments on the proposed authorization for release of the trust.