

BW - 5

**PERMITS,
RENEWALS,
& MODS**

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. dated 8/3/08

or cash received on in the amount of \$ 1700⁰⁰

from JWS of New Mexico

for BW-5

Submitted by: Lawrence Romero Date: 8/9/08

Submitted to ASD by: Lawrence Romero Date: 8/9/08

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

K.P. KAUFFMAN COMPANY, INC.

WORLD TRADE CENTER
1675 BROADWAY, 28TH FLOOR
DENVER, COLORADO 80202-4628

TELEPHONE (303) 825-4822

FACSIMILE (303) 825-4825

www.kpk.com

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2008 APR 7 PM 3 39

JWS

JWS OF NEW MEXICO, INC.

Via USPS

April 3, 2008

State of New Mexico
Water Quality Management Fund
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico

Re: Discharge Permit State 24 Well No. 1 Brine Well (BW-005) Renewal
Conditions of Approval and fee
API #30-015-02036

To Whom It May Concern:

Please see attached executed conditions and approval and a check for the fee of Seventeen Hundred dollars (\$1,700.00) regarding the referenced well. Please call me if you have any questions. Thanks!

Sherry Glass

Sherry Glass
Engineering Technician
K. P. Kauffman Company, Inc.
Jim's Water Service

Attachments



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 7, 2008

Ms. Sherry Glass
Jims Water Service
11413 U.S. Hwy. 82
Artesia, New Mexico 88210

Re: **Discharge Permit State 24 Well No. 1 Brine Well (BW-005) Renewal**

Dear Ms. Glass:

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) hereby approves the discharge permit and authorizes the operation and injection for the Jims Water Service (**Owner/Operator**) brine well BW 004 (API# 30-015-02036) located in the NW/4, SE/4 of Section 24, Township 18 South, and Range 28 East, NMPM, Eddy 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. 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, appearing to read "Wayne Price".

Wayne Price

Environmental Bureau Chief

LWP/cc

Attachments-1

xc: OCD District Office

**ATTACHMENT TO THE DISCHARGE PERMIT
Jims Water Service Brine Well (BW-005)
DISCHARGE PERMIT APPROVAL CONDITIONS**

March 7, 2008

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 \$1,700.00 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 December 19, 2011** 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 September 20, 2007 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 storm water 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: N/A

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

A. Well Identification: API # 30-015-02036

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 137 psig unless otherwise approved by the OCD.** 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 annuals and the casing

pressure tested at 300 psig for 30 minutes. All pressure tests must be performed per the scheduled shown below and witnessed by OCD unless otherwise approved.

Testing Schedule:

2007- 4 hour @ 300 psig casing open to formation test
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- 30 minute @ 300 psig casing test only (set packer to isolate formation)

- 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 abandoned 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 the operator receives 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, 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: Glass Corporation (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."

Jim's Water Service
Company Name-print name above

Sherry Glass
Company Representative- print name

Sherry Glass
Company Representative- signature

Title Engineering Technician

Date: 4-3-08



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
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Joanna Prukop
Cabinet Secretary

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

March 7, 2008

Ms. Sherry Glass
Jims Water Service
11413 U.S. Hwy. 82
Artesia, New Mexico 88210

Re: **Discharge Permit State 24 Well No. 1 Brine Well (BW-005) Renewal**

Dear Ms. Glass:

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) hereby approves the discharge permit and authorizes the operation and injection for the Jims Water Service (**Owner/Operator**) brine well BW 004 (API# 30-015-02036) located in the NW/4, SE/4 of Section 24, Township 18 South, and Range 28 East, NMPM, Eddy 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. 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
Jims Water Service Brine Well (BW-005)
DISCHARGE PERMIT APPROVAL CONDITIONS**

March 7, 2008

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

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Santa Fe, New Mexico 87505**

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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 storm water 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:** N/A

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

A. Well Identification: API # 30-015-02036

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 137 psig unless otherwise approved by the OCD.** 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 annuals and the casing

pressure tested at 300 psig for 30 minutes. All pressure tests must be performed per the scheduled shown below and witnessed by OCD unless otherwise approved.

Testing Schedule:

2007- 4 hour @ 300 psig casing open to formation test
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- 30 minute @ 300 psig casing test only (set packer to isolate formation)

- 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 abandoned 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 the operator receives 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, 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: Glass Corporation (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.

Ms. Sherry Glass
State 24 Well No. 1 (BW-005)
March 7, 2008
Page 9 of 9

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: _____

CARLSBAD CURRENT-ARGUS

Mail Payment To:
Carlsbad Current-Argus
P.O. Box 1629
Carlsbad, NM 88221-1629

ADVERTISING INVOICE/STATEMENT

DETACH THIS STUB AND RETURN WITH PAYMENT PAYABLE TO:
Carlsbad Current-Argus

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PO#
52100-000007518

NM OIL & CONSERVATION, ENERGY,
1229 S SAINT FRANCIS DR
SANTA FE NM 87505-4000

ACCOUNT NO.	INVOICE NO.
730593	0003710061
DUE DATE	AMOUNT DUE
03/24/08	176.96
BILLING PERIOD	THROUGH
02/01/08	02/29/08
AMOUNT PAID	

RETAIN THIS PORTION FOR YOUR RECORDS

DATE	EDT	CLASS	DESCRIPTION	COL	DEPTH	TMS RUN	TOTAL SIZE	RATE	AMOUNT
0201			PREVIOUS BALANCE						234.38
0221			PAYMENT-THANK YOU						234.38-
0203	CRC	0152	1000906772/FEBRUA/7518	1	278.00	1	278.00		166.36
0203		0152	NM TAX						10.60

WE KNOW YOU HAVE CHOICES -
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CURRENT	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	OVER 120 DAYS	TOTAL DUE
176.96	.00	.00	.00	.00	176.96

TYPE	CONTRACT QUANTITY	EXPIRATION DATE	CURRENT USAGE	TOTAL USED	QUANTITY REMAINING	SALES PERSON
						0433

OK to pay 3/12/08
[Signature]

NOTE: Bills are due and payable when rendered. If the ending balance of any statement is not paid in full during the following month, that portion of it which remains unpaid, after application of all payments and those credits which pertain to that balance (rather than to the current month's charges), will be assessed a FINANCE CHARGE of 1.35% per month (an ANNUAL PERCENTAGE RATE not to exceed 18% per year). The minimum FINANCE CHARGE (which will apply should there be any unpaid balance) will be \$0.50. No FINANCE will be made if the ending balance is paid in full within the ensuing month.

ACCOUNT NO.	NAME	INVOICE NUMBER	AMOUNT PAID
730593	NM OIL & CONSERVATION, ENERGY,	0003710061	

Carlsbad Current-Argus

For Billing Inquiries Call: (505) 887-5501

ADVERTISING INVOICE/STATEMENT

DUE DATE	
03/24/08	

For your records:

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

April Hernandez, being first duly sworn,
on oath says:

That she is HR Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

February 3 2008

That the cost of publication is \$ 176.96 that Payment Thereof has been made and will be assessed as court costs.

April Hernandez

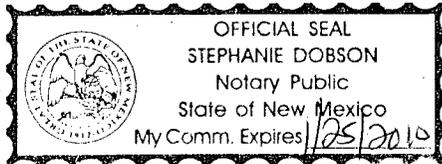
Subscribed and sworn to before me this

4th day of February, 2008

Stephanie Dobson

My commission Expires on 1/25/2010

Notary Public



February 3, 2008

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-005) Jims Water Service, Ms. Sherry Glass, 11413 US Hwy. 82, Artesia, New Mexico 88210, has submitted an application for the renewal of a discharge permit for the brine well "State 24 Well No. 001" (API# 30-015-02036) located in the NW/4, SE/4 of Section 24, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 14 miles east of Artesia, New Mexico on Hwy. 82, turn south 6 miles on Hwy. 360, and turn west on Hagerman Road about 1.25 miles, then turn north into facility. Fresh water is injected into the Salado Formation at a depth of 456 feet and 900 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L 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 225 feet with a TDS of approximately 600 - 6,000 mg/L. The discharge permit 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 acci-

dental discharges in order to protect fresh water.

(BW-019) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Desoto Drive, Suite 4400, Midland, Texas 79705, has submitted an application for the renewal of a discharge permit for the brine well "City of Carlsbad Well No. 001" (API# 30-015-21842) located in the SE/4, NE/4 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 2 miles south of Carlsbad, New Mexico, and 0.5 mile east on Hwy. 62/180. Fresh water is injected into the Salado Formation at a depth of 710 feet and 650 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L 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 150 feet with a TDS of approximately 1,800 mg/L. The discharge permit 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. The NMOCD has determined that the application is administratively complete and has prepared a draft permit. 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.emnrd.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.

Para obtener esta 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 Mexico (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 31st day of January 2008.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL
Mark Fesmire,
Director

THE SANTA FE
NEW MEXICAN
Founded 1849

NM EMNRD OIL CONSERV
1220 S ST FRANCIS DR
SANTA FE NM 87505

ALTERNATE ACCOUNT: 56689
AD NUMBER: 00245365 ACCOUNT: 00002212
LEGAL NO: 82256 P.O. #: 52100-00000075
925 LINES 1 TIME(S) 805.28
AFFIDAVIT: 7.00
TAX: 64.47
TOTAL: 876.75

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 # 82256 a copy of which is hereto attached was published in said newspaper 1 day(s) between 02/06/2008 and 02/06/2008 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 6th day of February, 2008 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

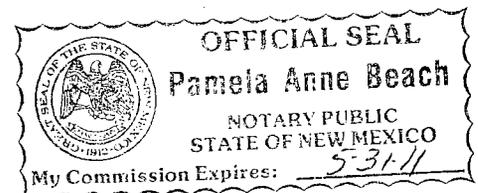
RECEIVED
2008 FEB 20 PM 2 13

/s/ T Valencia
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 6th day of February, 2008

Notary Pamela Anne Beach

Commission Expires: May 31, 2011



jected into the Salado Formation at a depth of 1,350 feet and 450 barrels per day of brine water is extracted through a 2,200 foot fiberglass tubing with total dissolved solids (TDS) concentration of approximately 300,000 mg/L 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 70 feet with a TDS of approximately 1,100 mg/L. The discharge permit 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.

NMPM, Lea County, New Mexico, 1500 Broadway Place, Hobbs N.M. The facility provides sandblasting and painting of oilfield equipment. Approximately fifty 100 lb sacks of sandblasting sand and small quantities of paint are stored on-site. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 60 feet, with a total dissolved solids concentration of approximately 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.

OCDC approved containers onsite within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 200-500 feet, with a total dissolved solids concentration of approximately 200-2000 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.

gine of used engine oil are generated and stored in ODC approved containers onsite within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 50-200 feet, with a total dissolved solids concentration of approximately 200-2000 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.

New Mexico, on this 30th day of January, 2008.

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION

S E A L

Mark Fesmire,
Director
Legal#82256
Pub. Feb. 6, 2008

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-005) Jims Water Service, Ms. Sherry Glass, 11413 US Hwy. 82, Artesia, New Mexico 88210, has submitted an application for the renewal of a dis-

(BW-030) Liquid Resource Services, LLC, Mr. David Pyeatt, 1819 N. Turner, Suite B, Hobbs, New Mexico 88240, has submitted an application for the renewal of a discharge permit for the brine well "Hobbs State No. 010" (API# 30-025-35915) located in the SE/4, NW/4 of Section 29, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 1.4 miles west of the North Lovington Hwy. on West Bender Boulevard, turn south and head straight and onto dirt road for 0.5 mile on Northwest County

(GW-362) Mr. Clifford Stewart of Riverside Transportation Inc., P.O. Box 1898, Carlsbad N.M., 88221-1898 has submitted an application for a new discharge plan for their Oil and Gas Service Company located in Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, approximately mile East of Jal, New Mexico. Typical materials generated or used at the facility include bagged potassium chloride, new and used lube oil and other chemicals provided to the oil and gas industry. Approximately 600 gallons of used lube oil, which is

(GW-133) Williams, Four Corners, Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, N.M. 87413, has submitted a renewal application for the previously approved discharge plan for their 30-8 CDP Compressor Station, located in the SW/4 SE/4 of Section 32, Township 31 North, Range 8 West, NMPM, San Juan County, New Mexico, approximately 17 miles east of Aztec, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate; 100-5000 gal/year/unit of waste water and 500-2000 gal/year/en-

(GW-374) Nalco Chemical Company, 1902 Black Gold Road, Levelland, Texas, 79336 has submitted an application for a new discharge plan for their Nalco Oil and Gas Service Company, 13 County Road, 3535 Flora Vista, N.M., located in the NE/4 NW/4 of Section 22, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico. Approximately 72 bbls of Acid/Caustics, 52 bbls of Biocides, 1600 gallons of methanol, and 14,000 gallons of Corrosion inhibitors will be stored onsite in a closed top steel tank within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected

Large permit on ...
 Road, and turn right into the facility in Hobbs, New Mexico. Fresh water is injected into the Salado Formation at a depth of 1,700 feet and 580 barrels per day of brine water is extracted with a total concentration of approximately 300,000 mg/L 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 50 feet with a TDS of approximately 800 mg/L. The discharge permit 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.

300-2000 gal./yr. engine oil generated and stored in OGD approved containers on site prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 200-500 feet with a total dissolved solids concentration of approximately 200 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.

(GW-134) Williams Four Corners, Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, NM 87413, has submitted a renewal application for the previously approved discharge plan for their Decker Junction CDP Compressor Station, located in the NE/4 SE/4 of Section 19, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico, approximately 3 miles north west of Cedar Hill, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate, 100-5000 gal/year/unit of waste water, and 500-2000 gal/year/engine oil are generated and stored in OGD approved containers on site prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 200-500 feet with a total dissolved solids concentration of approximately 200 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.

(GW-372) Mr. Edward D. Philley, Environmental Specialist for Key Energy Services LLC., 6 Desta Drive, Suite 4400, Midland, TX 79705 has submitted a new discharge plan application for their Oil and Gas Service company, 2105 Avenue O, Eunice, N.M., located in the NE/4 NW/4 of Section 33, Township 21 South, Range 31 East, NMPM, Lea County, New Mexico. The facility is a dispatch and maintenance facility for petroleum exploration and production fluids logistics. Approximately 200 gallons/month of motor/gear oil, 20 fillers/month, and 5 gallons/month of solvent are generated and properly stored onsite prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 80

(GW-010) Southern Union Gas Services, Ltd., Bruce Williams, Vice President, Operations, Southern Union Gas Services, Ltd., 301 Commerce Street, Suite 700, Fort Worth, Texas 76102, has submitted a renewal application for the previously approved discharge permit, Jal #3 Natural Gas Processing Plant, located in the SW/4 NW/4 of Section 33, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, approximately 3.5 miles north of Jal, New Mexico and one mile east of Hwy. #18. Current operations at the facility are: compression, sweetening, and sulfur recovery, dehydration, cryogenic extraction of ethane and heavier hydrocarbons, steam generation, and Class II well disposal. The plant is designed to

(BW-019) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Destia Drive, Suite 4400, Midland, Texas 79705, has submitted an application for the renewal of a discharge permit for the brine well "City of Carlsbad Well No. 001" (API# 30-015-21842) located in the SE/4, NE/4 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 2 miles

to a recycling facility, 400 bags of 50lb KCL, 100 gallons of liquid KCL and 500 barrels of truck wash are generated at the facility and will be stored onsite in a closed top steel tank within a bermed area prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 68 feet, with a total dissolved solids concentration of approximately 855 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.

(GW-134) Williams Four Corners, Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, NM 87413, has submitted a renewal application for the previously approved discharge plan for their Decker Junction CDP Compressor Station, located in the NE/4 SE/4 of Section 19, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico, approximately 3 miles north west of Cedar Hill, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate, 100-5000 gal/year/unit of waste water, and 500-2000 gal/year/engine oil are generated and stored in OGD approved containers on site prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 200-500 feet with a total dissolved solids concentration of approximately 200 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.

(GW-372) Mr. Edward D. Philley, Environmental Specialist for Key Energy Services LLC., 6 Desta Drive, Suite 4400, Midland, TX 79705 has submitted a new discharge plan application for their Oil and Gas Service company, 2105 Avenue O, Eunice, N.M., located in the NE/4 NW/4 of Section 33, Township 21 South, Range 31 East, NMPM, Lea County, New Mexico. The facility is a dispatch and maintenance facility for petroleum exploration and production fluids logistics. Approximately 200 gallons/month of motor/gear oil, 20 fillers/month, and 5 gallons/month of solvent are generated and properly stored onsite prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 80

(GW-010) Southern Union Gas Services, Ltd., Bruce Williams, Vice President, Operations, Southern Union Gas Services, Ltd., 301 Commerce Street, Suite 700, Fort Worth, Texas 76102, has submitted a renewal application for the previously approved discharge permit, Jal #3 Natural Gas Processing Plant, located in the SW/4 NW/4 of Section 33, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, approximately 3.5 miles north of Jal, New Mexico and one mile east of Hwy. #18. Current operations at the facility are: compression, sweetening, and sulfur recovery, dehydration, cryogenic extraction of ethane and heavier hydrocarbons, steam generation, and Class II well disposal. The plant is designed to

(BW-019) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Destia Drive, Suite 4400, Midland, Texas 79705, has submitted an application for the renewal of a discharge permit for the brine well "City of Carlsbad Well No. 001" (API# 30-015-21842) located in the SE/4, NE/4 of Section 36, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 2 miles

by a spill, leak or accidental discharge is at a depth of approximately 35 feet, with a total dissolved solids concentration of approximately 1000 ppm. 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 application is administratively complete and has prepared a draft permit. 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.emrhd.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, a mailing list

(GW-134) Williams Four Corners, Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, NM 87413, has submitted a renewal application for the previously approved discharge plan for their Decker Junction CDP Compressor Station, located in the NE/4 SE/4 of Section 19, Township 32 North, Range 10 West, NMPM, San Juan County, New Mexico, approximately 3 miles north west of Cedar Hill, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate, 100-5000 gal/year/unit of waste water, and 500-2000 gal/year/engine oil are generated and stored in OGD approved containers on site prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 200-500 feet with a total dissolved solids concentration of approximately 200 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.

(GW-372) Mr. Edward D. Philley, Environmental Specialist for Key Energy Services LLC., 6 Desta Drive, Suite 4400, Midland, TX 79705 has submitted a new discharge plan application for their Oil and Gas Service company, 2105 Avenue O, Eunice, N.M., located in the NE/4 NW/4 of Section 33, Township 21 South, Range 31 East, NMPM, Lea County, New Mexico. The facility is a dispatch and maintenance facility for petroleum exploration and production fluids logistics. Approximately 200 gallons/month of motor/gear oil, 20 fillers/month, and 5 gallons/month of solvent are generated and properly stored onsite prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 80

(GW-010) Southern Union Gas Services, Ltd., Bruce Williams, Vice President, Operations, Southern Union Gas Services, Ltd., 301 Commerce Street, Suite 700, Fort Worth, Texas 76102, has submitted a renewal application for the previously approved discharge permit, Jal #3 Natural Gas Processing Plant, located in the SW/4 NW/4 of Section 33, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico, approximately 3.5 miles north of Jal, New Mexico and one mile east of Hwy. #18. Current operations at the facility are: compression, sweetening, and sulfur recovery, dehydration, cryogenic extraction of ethane and heavier hydrocarbons, steam generation, and Class II well disposal. The plant is designed to

south of Carlsbad, New Mexico, and 0.5 mile east on Hwy. 62/180. Fresh water is injected into the Salado Formation at a depth of 710 feet and 650 barrels per day of brine water is extracted with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L 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 150 feet with a TDS of approximately 1,800 mg/L. The discharge permit 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.

(BW-028) Key Energy Services, Inc., Mr. Louis Sanchez, 6 Desta Drive, Suite 4400, Midland, Texas 79705 has submitted an application for the renewal of a discharge permit for the brine well "State Well No. 001" (API# 30-025-33547) located in the SW/4, NW/4 of Section 15, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico. The brine extraction well is located approximately 2.5 miles north of Eunice, New Mexico on Hwy. 18, east on CR-207 0.1 miles into the facility. Fresh water is in-

have no intentional liquid discharges and disposes of wastewater and acid gas in a permitted Class II Woolworth Estate disposal well (API# 30-025-27081), which will be replaced by a similar well about 200 ft. east of the existing well. The new disposal well will inject in addition to past waste disposal, acid gas (H2S) into the San Andres Formation (4,350 - 5,200 ft.). A hydrogen sulfide contingency plan has been incorporated into the discharge permit. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 90 feet, with a total dissolved solids concentration of approximately 2,200 mg/l. The discharge permit addresses remediation of soil and ground water and 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.

(GW-319) Robert Strasner of R&R Service Company Inc., P.O. Box 1409, Hobbs, N.M. 88241-1409, has submitted a renewal application for the previously approved discharge plan for their Oil and Gas Service company, located in the NE/4 SW/4 of Section 33, Township 18 South, Range 38 East,

with a total dissolved solids concentration of approximately 1,010 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.

(GW-045) Williams Four Corners, Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, N.M. 87413, has submitted a renewal application for the previously approved discharge plan for their Kutz Canyon Gas Plant/Keblah Compressor Station, located in the NW/4 NW/4 of Section 13 and SW/4 of Section 12, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico, approximately 3 miles south of Bloomfield, New Mexico. The gas plant removes Ethane and higher hydrocarbons from field gas. The compressor station provides metering and compression to various producers for the gathering of natural gas for treatment and delivery. Approximately 1 - 1.5 million gal/year of waste water; 1000 - 5000 gal/month of used oil; 2000-8000 bbl/year of produced/natural gas water and 40,000 100,000 gal/month of condensate/natural gasoline are generated and stored in

proved containers on site within a bermed area prior to disposal at an NMOC approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 50-200 feet with a total dissolved solids concentration of approximately 200-2000 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.

(GW-136) Williams Four Corners, Mr. David Bays, Senior Environmental Specialist, 188 County Road 4900, Bloomfield, N.M. 87413, has submitted a renewal application for the previously approved discharge plan for their 29-7 #1 Compressor Station, located in the NE/4 SE/4 of Section 15 Township 29 North, Range 7 West, NMPM, San Juan County, New Mexico, approximately 24 miles east of Bloomfield, New Mexico. The station provides metering, compression, and dehydration services to various producers for the gathering of natural gas for treatment and delivery. Approximately 2000-8000 bbl/year of produced water/natural gas condensate; 100-5000 gal/year/unit of waste water and 500-2000 gal/year/en-

vironmental notification, 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 NMOC 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.

Para obtener más información sobre esta solicitud en español, sírvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerales y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservación Del Petróleo), 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 ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 30, 2008

Ms. Sherry Glass
Jims Water Service
11413 U.S. Hwy. 82
Artesia, New Mexico 88210

**Re: Discharge Plan Renewal of Permit (BW-005)
Jims Water Service
Class III Brine Well
State 24 Well No. 001, API No. 30-015-02036
1,988 FSL and 1,930 FEL UL: J Section 24, T 18 S, R 28 E
Eddy County, New Mexico**

Dear Ms.Glass:

The New Mexico Oil Conservation Division (NMOCD) has received Jims Water Service's renewal application for the "State 24 Well No. 001" brine well to inject fresh water and extract 10 pound brine water from the Salado Formation at a daily rate of 900 barrels per day and at a maximum injection pressure of 137 psig. The Class III brine well is located approximately 14 miles east of Artesia, New Mexico on Hwy. 82, turn south 6 miles on Hwy. 360, and turn west on Hagerman Road about 1.25 miles, then turn north into the facility. 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 if you have questions. Thank you for your cooperation during this discharge permit review.

Sincerely,

Carl J. Chavez
Environmental Engineer

CJC/cjc

xc: OCD District Office

K. P. KAUFFMAN COMPANY, INC.

RECEIVED

WORLD TRADE CENTER

1675 BROADWAY, 28TH FLOOR

DENVER, COLORADO 80202-4628

2007 SEP 20 AM 11 55

TELEPHONE (303) 825-4822

FACSIMILE (303) 825-4825

www.kpk.com

Via USPS

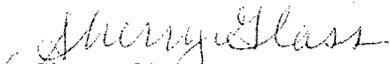
September 17, 2007

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico
505-476-3471 fax
Attn: Carl J. Chavez
UIC Quality Assurance/Quality Control Officer

Re: Jim's Water Service, Brine Well Discharge Plan (BW-005)
State 24 Well #1 (API# 30-015-02036)
UL: J 24-18S-28E, Eddy County

To Whom It May Concern:

Please see attached discharge plan renewal application with explanatory documents regarding the referenced facility. I have also attached the check for the \$100.00 filing fee. We have contacted our bonding agent to raise our bond amount from \$5000.00 to \$50,000.00, but that hasn't been put into place yet, it should resolve later this week. I have a SPCC plan to submit, but I'm waiting on signatories. I will forward it to your attention by the end of this week. I'm sorry this is so late in getting back to you, but our Artesia office sent this to us a week ago, so I've had to scramble to put the paperwork together. Mr. Stoneman is no longer in our employ. Please call me if you have any questions. Thanks!


Sherry Glass

Engineering Technician
K. P. Kauffman Company, Inc.
(303) 825-4822 X116

Attachments



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 14, 2007

Mr. Sammy Stoneman
Jim's Water Service of New Mexico
P.O. Box 1387
Artesia, New Mexico 88211-1387

Re: Jims Water Service, Brine Well Discharge Plan (BW-005)
State 24 Well #1 (API# 30-015-02036)
UL:J 24-18S-28E, Eddy County

Dear Mr. Stoneman:

The New Mexico Oil Conservation Division (OCD), Environmental Bureau (EB) has confirmed that your discharge plan is currently expired and without a permit. This is a violation of your discharge plan permit and is subject to penalties under 20.6.2 NMAC.

Therefore, the EB hereby requests that you submit a discharge plan renewal application with \$100.00 filing fee (check made payable to the "Water Quality Management Fund") by September 17, 2007. Along with your application, you will need to address the attached 20.6.2.3108 NMAC Public Notice provisions for administrative completeness.

In addition, the OCD is upgrading the minimum bond amount to \$50,000.00 for Class I and III Wells effective January 1, 2008. Our current bond record for your brine well indicates that it will need to be increased to at least \$50,000.00. Our bond record for your well currently indicates the following:

Bond: BO01493; \$5000.00; 4/25/05; US Specialty Insurance Company

Please contact me at (505-476-3491) or E-mail carlj.chavez@state.nm.us if you have questions. Thank you.

Sincerely,

Mr. Carl J. Chávez
UIC Quality Assurance/Quality Control Officer

xc: OCD District Office

K.P. KAUFFMAN COMPANY, INC.

RECEIVED

WORLD TRADE CENTER
1675 BROADWAY, 28TH FLOOR
DENVER, COLORADO 80202-4628

2007 SEP 20 AM 11:55

TELEPHONE (303) 825-4822

FACSIMILE (303) 825-4825

www.kpk.com

Via USPS

September 17, 2007

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico
505-476-3471 fax
Attn: Carl J. Chavez
UIC Quality Assurance/Quality Control Officer

Re: Jim's Water Service, Brine Well Discharge Plan (BW-005)
State 24 Well #1 (API# 30-015-02036)
UL: J 24-18S-28E, Eddy County

To Whom It May Concern:

Please see attached discharge plan renewal application with explanatory documents regarding the referenced facility. I have also attached the check for the \$100.00 filing fee. We have contacted our bonding agent to raise our bond amount from \$5000.00 to \$50,000.00, but that hasn't been put into place yet, it should resolve later this week. I have a SPCC plan to submit, but I'm waiting on signatories. I will forward it to your attention by the end of this week. I'm sorry this is so late in getting back to you, but our Artesia office sent this to us a week ago, so I've had to scramble to put the paperwork together. Mr. Stoneman is no longer in our employ. Please call me if you have any questions. Thanks!


Sherry Glass

Engineering Technician
K. P. Kauffman Company, Inc.
(303) 825-4822 X116

Attachments

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
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 SERVICE COMPANIES, GAS PLANTS,
REFINERIES, COMPRESSOR, GEOTHERMAL FACILITIES
AND CRUDE OIL PUMP STATIONS**

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

New Renewal Modification

Trucking company

1. Type: _____
2. Operator: JWS of New Mexico
1675 Broadway, 28th floor Denver, CO 80202
Address: physical address: 11413 US Hwy 82, Artesia, NM 88210
Contact Person: SHERRY GLASS Phone: 303-825-4822
3. Location: _____ /4 _____ /4 Section _____ Township _____ Range _____
Submit large scale topographic map showing exact location.
4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATION: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Sherry Glass

Title: Engineering Technician

Signature: *Sherry Glass*

Date: 9-17-07

E-mail Address: sglass@kpk.com

2.1.1 Facility Layout

Details for each facility covered by this plan are provided in Appendix A. In general, the physical layout of the Artesia facility consists of one waste water catch basin, a 9000 gallon (gal) welded steel above ground diesel storage tank (AST) containing diesel fuel for operating the water service truck fleet, one 210 Bbls fiberglass brine storage tank, and one steel freshwater storage tank (210 Bbl) for pumping water for the wash bay operations.

This facility occupies a cleared area that includes the secondary storm water containment surrounding the parking area, pump house, administrative offices and storage areas, waste water catch basin, old and new motor oil storage, brine storage, equipment parking area, maintenance shop, access road, and vehicle turn-around area. Runoff/drainage across uncontained portions of the sites is not anticipated to come into contact with hydrocarbons. This is confirmed by the visual inspections of the entire location performed by the supervisor as described in Section 2.3.2.

2.1.2 Tanks, Piping and Equipment

As described in Section 2.3.2, storage tanks are visually inspected on a regular basis for leaks, corrosion, and any other malfunctions or deterioration. The materials and construction of this equipment and associated catch basin are compatible with the fluids stored and storage conditions such as pressure and temperature.

2.1.3 Containment Berms

With the exceptions noted in Table 2, earthen berms constructed of native soil are present at each facility to provide secondary containment for the waste water and wash water basin. The storage volume of each bermed area is large enough to contain the entire capacity of the largest single container in the secondary containment plus sufficient freeboard to contain precipitation, except where noted on Table 2.

2.1.4 Site Specific Facility Diagrams

Site specific facility diagrams are included in Appendix A with the following detail and location information:

- Wash bay equipment,
- Fixed aboveground storage tanks and waste water catch basin
- Direction of surface water runoff.
- Drum and portable container storage areas.
- The contents and material of construction of all containers.

2.2 General Requirements

2.2.1 Discovery, Response and Cleanup of Releases

Inspections of Company facilities are routinely conducted as described in Section 2.3.2. In addition, employees are trained in the appropriate operation and maintenance of equipment and to look for, report and clean up releases as described in Section 2.5.1. All recovered materials are disposed of in accordance with all applicable federal, state and local laws and regulations as described in Section 2.4.1.

2.2.2 Notification Contacts

The list of individuals and organizations to contact should a release occur is provided in the Oil Spill Contingency Plan (Appendix B).

2.2.3 Notification Forms

Appendix C has the appropriate forms which must be completed prior to reporting a spill. These forms will help remind the manager of the procedures which must be followed and the information which must be furnished.

2.2.4 Response Plan

General information on the response to, and reporting of, oil discharges can be found in Section 2.4 of this plan. Detailed information can be found in the Oil Spill Contingency Plan provided in Appendix B. This plan describes procedures that will be used when a discharge occurs. Reporting requirements and contact information is provided in the Oil Spill Contingency Plan.

2.3 Routine Facility Operations, Inspections and Maintenance

Jim's Water Service oil spill prevention program is described in this section of the SPCC plan and includes routine facility operations, periodic inspections and maintenance activities. It addresses all routine activities associated with the oil production facilities as required by 40 CFR 112.7 and 112.9.

2.3.1 Facility Operations

All onsite equipment is operated to prevent and contain spills. Fluid levels are not allowed to exceed 90 percent of tank capacity. The manager also performs a visual inspection of all above ground vessels, lines, tank hatches, valves, and secondary containment features to promptly identify and respond to leaks or other mechanical issues as described in Section 2.3.2.

Tank truck washing occurs at this facility, with associated wash waste water, including waste water from cleaning of transport tanks and 500 barrel frac tanks and is covered in this plan. The

truck waste water catch basin may contain brine, solids from oil operations, and soil. All fluids are cleaned out by vacuum truck and transported to waste water facility. All solids are dehydrated and removed to a non-hazardous waste landfill.

All loading and unloading activities are either by conducted by JWS or qualified contract personnel who are trained in proper loading and spill prevention techniques and procedures. Water hauling truck personnel inspect tank truck and transfer lines including drains and outlets on the tank trucks prior to filling and before departure to ensure that there are no leaks or discharges. If necessary, truck personnel tighten, adjust, or replace equipment that is leaking.

2.3.2 Facility Inspection Program

Employees are trained to look for and report any leaks. In addition, each week a complete inspection of the facility is conducted and documented. The weekly inspection includes review of all above ground equipment, tanks, valves, hatches, and lines; the site drainage system; and the entire facility, including the area within the containment berms. Specifically, each storage vessel is visually inspected for deterioration and maintenance needs, including the foundation and support of each tank/container located on or above the ground surface. Observations made by the manager are recorded on weekly inspection forms, which are stored at the Artesia Field Office and the corporate office in Denver. A copy of the weekly inspection form is provided in Appendix D. Mechanical integrity and spill-related issues are addressed as they are identified.

In addition to equipment, the entire wash catch basin facility, including the area within the containment berm, is visually inspected weekly. Site drainage systems such as drainage ditches, road ditches, and intermittent creeks in the vicinity of the facility are inspected for accumulations of oil. Rainwater and other precipitation that accumulates within the berm is either allowed to evaporate, infiltrate into underlying soil, or is removed using a vacuum truck. Excess rainwater removed by the vacuum truck is transported for offsite disposal at Loco Hills Disposal, a permitted non-hazardous Class I and Class II injection well/disposal facility. No drains are present in the secondary containment berms. A discharge of rainwater from the berm cannot occur unless the berm fails or is breached.

Oil accumulating within the secondary containment area is removed using absorbent pads or is removed with excess rainwater water using a vacuum truck as described above. Accumulated oil is not discharged outside of the secondary containment areas. Evidence of hydrocarbon spills are noted and remediate as appropriate as described in Section 2.4.

2.3.3 Maintenance Program

JWS has a robust maintenance program aimed at eliminating releases of oil and minimizing unplanned downtime. Preventative maintenance on mechanical equipment is performed according to manufacturer recommendations to ensure proper operation and elimination of leaks. Any items requiring maintenance that are identified by visual inspections of the facilities are addressed by either JWS mechanical staff or outside contractors. Equipment repairs are made in accordance with the relevant codes and industry standards.

2.4 Response and Reporting Information

Detailed spill reporting and response procedures are provided in the Oil Spill Contingency Plan included in Appendix B. The specific response activities taken will depend on the size and nature of the release.

2.4.1 Spill Response

Generally, the site manager is responsible for taking any immediate steps necessary to respond to a spill or release noted during their site visit. If a spill is discovered, the manager is instructed to isolate or shutdown the source of the release, either by closing valves to the affected tank or other vessel, or taking other actions deemed appropriate. After the source of the spill has been abated, the manager will contact the Response Coordinator to report the event. The contact list included in the contingency plan provides the names of the primary and secondary personnel accountable for oil spill prevention and facility response. The contact list also includes important agency numbers.

In general, recovered fluids are either returned to the wash water catch basin for eventual disposal or recovered using a vacuum truck and transported offsite for disposal at Loco Hills Disposal, LLC, a permitted commercial non-hazardous Class I and Class II injection well/disposal facility.

Depending on the volume, hydrocarbon affected soil may either be incorporated into the berms or disposed of off-site following all appropriate Federal, State, and local regulations.

2.4.2 Spill Reporting

As described in the Oil Spill Contingency Plan, the Response Coordinator will be notified in the event of a release. Notification forms are provided in Appendix C. These forms are designed to assist in providing information in the event of a discharge/release/spill. The forms will help document the event, identify information that needs to be obtained, and list site specific information. Depending on the size and site conditions of the spill, the Response Coordinator may have to report the release to various state and federal regulatory agencies. The following paragraphs summarize the notification requirements for various regulatory programs.

The reporting requirements for spills under the Clean Water Act, New Mexico Water Pollution Control Act, and the Comprehensive Emergency Response, Compensation, and Liability Act (CERCLA) are as follows:

1. If a spill threatens waters of the State of New Mexico (causes a sheen or film on surface water or staining of adjoining shorelines), the spill must be reported to the National Response Center, OCD, WQQC, and the appropriate Local Emergency Response Committee (LEPC) immediately.

The reporting requirements for spills from OCD-regulated facilities are:

1. Per the regulations, if a spill of a water contaminant occurs, then the person in charge of the facility must verbally report the spill to NMED within 24 hours of learning of the spill. The verbal notification requirements are explained in the Unauthorized Discharge Incident Form.

2. Within a week of learning of the discharge a written Corrective Action Report (CAR) must be submitted to NMED verifying the verbal notification and provide any additions or corrections. As soon as possible after learning of the spill, corrective actions must be taken to contain and remove or mitigate the damage caused by the spill. If it is possible to do so without unduly delaying needed corrective actions, CIP should be consulted to coordinate acceptable corrective action efforts.
3. No later than 15 days of learning of the spill, a written CAR must be submitted to NMED describing any actions taken or to be taken. Upon receipt of the CAR, the CEP shall approve or disapprove the CAR within 30 days of receipt. If the spill may with reasonable probability cause water pollution or not be abated within 180 days, NMED may require an Abatement Plan.

In addition to the spill reporting requirements listed above, if a spill that threatens waters of the State occurs on land owned by Bureau of Land Management (BLM), it is reportable to BLM. Similarly, if a spill threatens fish or wildlife, it must be reported to the U.S. Fish and Wildlife Service.

2.5 Spill Response Training

2.5.1 Annual Training

JWS provides the following minimum training to oil-handling personnel:

- Operation and maintenance of equipment to prevent oil discharges;
- Oil discharge procedure protocols;
- Applicable oil spill prevention (State & Federal) laws, rules, and regulations;
- General facility operations; and
- The contents of the facility SPCC Plan and applicable pollution control laws, rules, and regulations.

Training is conducted prior to assignment of job responsibilities and then again annually. Training includes oil spill prevention, SPCC Plan requirements, and federal and state pollution prevention and spill reporting/response requirements.

2.5.2 Discharge Prevention Briefings

The facility conducts discharge prevention briefings for oil-handling personnel at least once a year to assure adequate understanding of the SPCC Plan for the facility. At a minimum, this is conducted via annual SPCC and spill response refresher training describing the contents of the SPCC regulations and plans, spill response techniques, and a review of federal and state spill reporting requirements. These briefings also include discussion of potential discharges or component failures and precautionary measures.

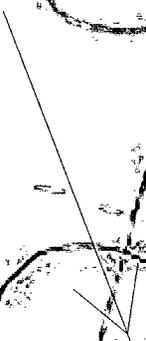


Imagery

Maps

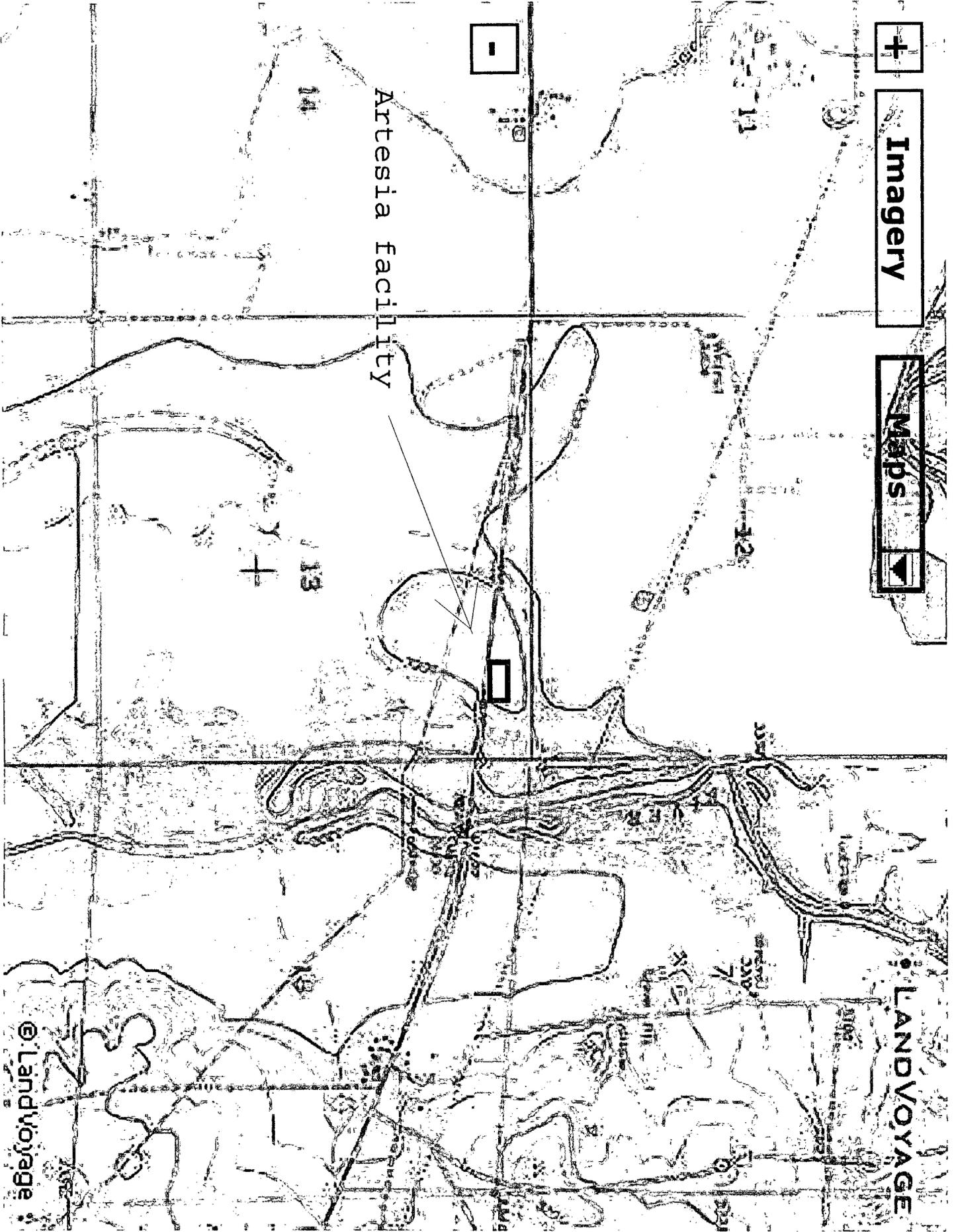


Artesia facility

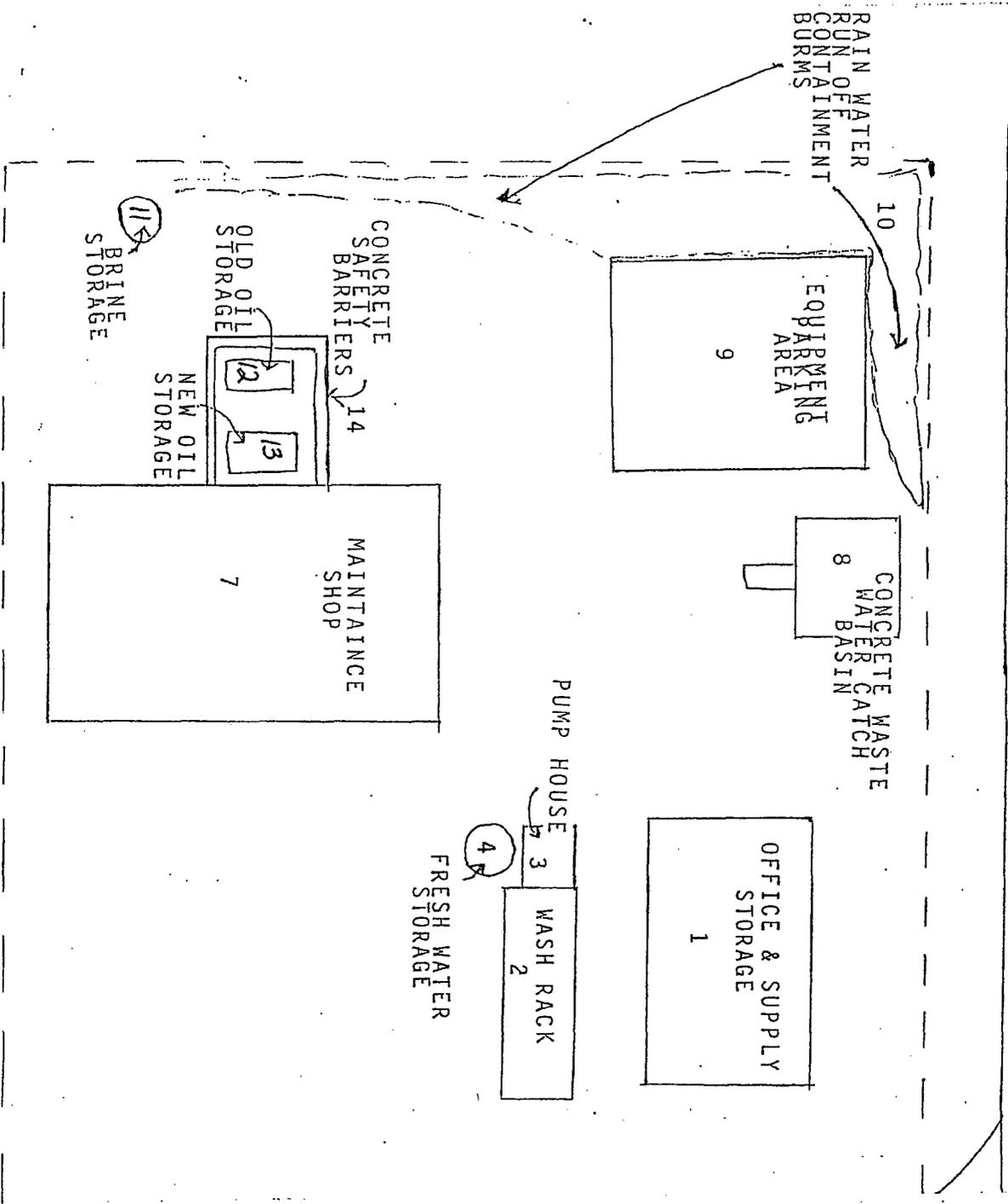


LANDVOYAGE

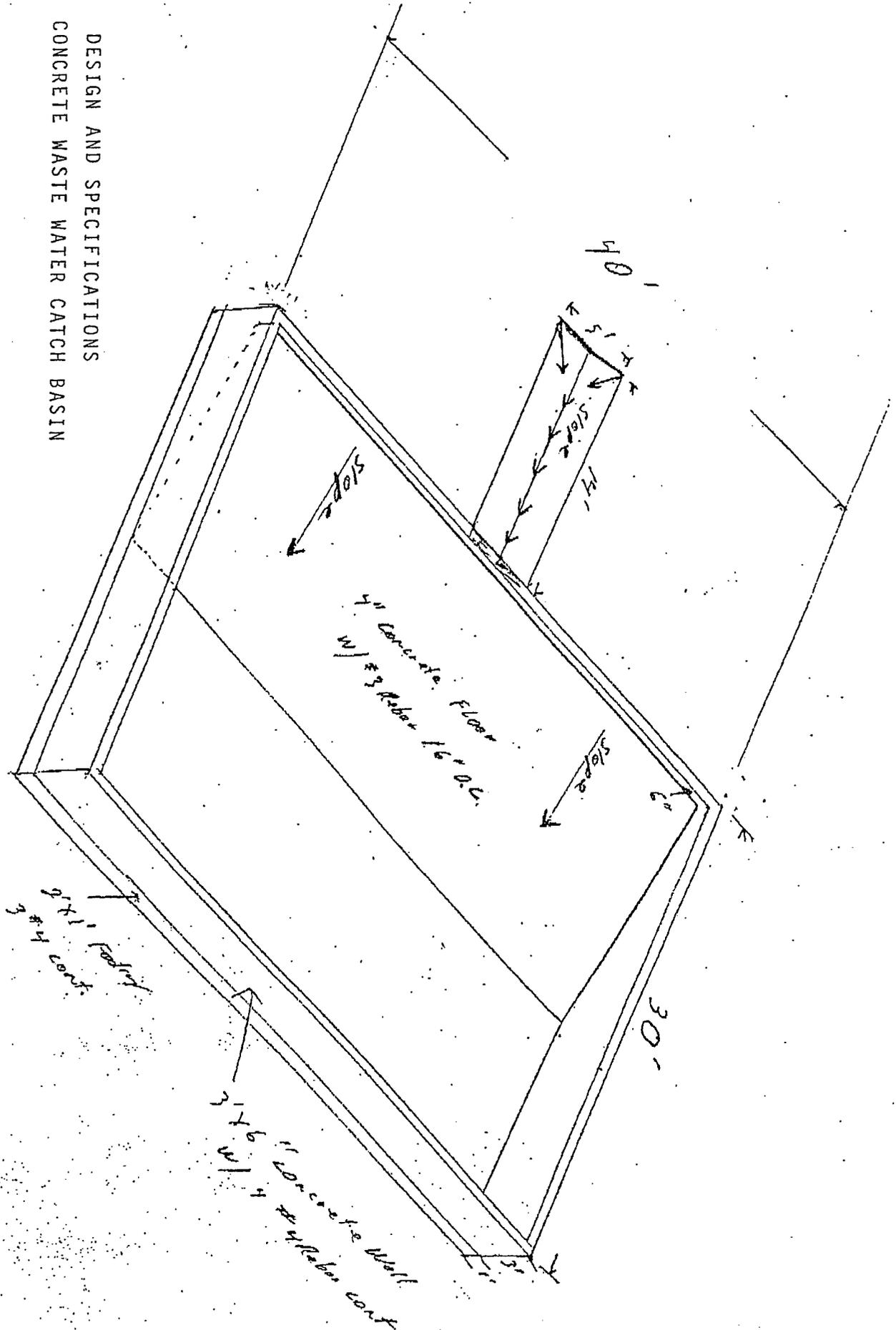
@LandVoyage



US HWY 82



DESIGN AND SPECIFICATIONS
CONCRETE WASTE WATER CATCH BASIN



EMERGENCY CONTACT LIST AND PHONE NUMBERS

Contact	Phone Number
24-hour Operations Number (Artesia)	1 (800) 874-7024
Designated Person Accountable for Oil Spill Prevention and Response Coordinator: Dimas Herrera <i>Vice President of Operation, GM</i> 11413 US Hwy 82 Artesia, NM 88210	Office: (505) 748-1352 Cell: (505) 703-4787
Designated Backup Person Accountable for Oil Spill Prevention and Backup Response Coordinator: Adrian Dennis <i>Safety Supervisor</i>	Office: (505) 748-1352 Cell: (505) 365-7012
Ray Gorka <i>Environmental Health and Safety Coordinator, corporate</i>	Office: (303) 825-4822 Cell: (303) 944-3063 Home: (303) 797-0959
Gordon Allott <i>General Counsel</i>	Office: (303) 825-4822 Cell: (303) 378-1710
K. P. Kauffman Company, Inc. Corporate Office	(303) 825-4822
Jim's Water Service Field Office Artesia, New Mexico	1 (800) 874-7024 toll-free Fax: (505) 746-3227
Federal and State Agencies	
National Response Center	(800) 424-8802
New Mexico Oil Conservation Division Oil Spill Response-Pollution Prevention (GWPPS) George Schuman	(505) 827-2945
Environmental Protection Agency (EPA) Region 6	(800) 887-6063
New Mexico Department of Public Health & Environment, Water Quality Division (Bill Olson, Ground Water Bureau Chief)	(505) 827-2919
New Mexico Department of Labor – Oil and Public Safety Division (Evonne Gantz, Emergency Mgmt Specialist)	(505) 476-9684
Local Agencies and Responders	
Sheriff/Police/Fire Department State Police	911 (505) 476-9620 (505) 827-9126
Fire Marshal and Homeland Security (Robert Brader)	(505) 885-3581 (505) 628-3973 fax
Eddy County Local Emergency Planning Commission (Joel Arnwine, Director)	(505) 885-3581 (505) 628-3973 fax

40 CFR 109.5(c) Provisions to assure that full resource capability is known.

DISCHARGE PLAN APPLICATION

Oilfield Service Facilities

Part VIII. Form (Optional)

Summary Description of Existing Liquid and Solids Waste Collection and Disposal - For each waste type listed in Part VII, provide summary information about onsite collection and disposal systems. Information on basic construction features, specific descriptions, and wastewater schematics should be provided as required in the Guidelines. The use of this form is optional, but the summary information requested must be provided.

Waste Type	Tank(T)/ Drum(S)	Floor Drain(F) Sump(S)	Pits- Lined(L) or Unlined(U)	Onsite Injection Well	Leach Field	Offsite Disposal
1. Truck Wastes	WASH WATER CONTAINED IN AN ON SITE FACILITY AND REMOVED BY TRUCKS TO A CLASS "B" DISPOSAL.					
2. Truck, Tank and Drum Washing	SAME AS #1					
3. Steam Cleaning of Parts, Equipment, Tanks	SAME AS #1 and #2					
4. Solvent/Degreaser Use	N/A					
5. Spent Acids, Caustics, or Completion Fluids	N/A					
6. Waste Slop Oil	CONTAINED ON SITE AND SHIPPED TO LICENSED RECLAIMERS					

<i>Waste Type</i>	<i>Tank(T)/ Drum(S)</i>	<i>Floor Drain/(F) Sump(S)</i>	<i>Pits- Lined(L) or Unlined(U)</i>	<i>Onsite Injection Well</i>	<i>Leach Field</i>	<i>Offsite Disposal</i>
7. <i>Waste Lubrication and Motor Oils</i>	SAME AS #6					
8. <i>Oil Filters</i>	CONTAINED ON SITE, ENGINERATED, CRUSHED, AND REMOVED TO WASTE DISPOSAL					
9. <i>Solids and Sludges from Tanks</i>	CONTAINED ON SITE , DEHYDRATED , AND TRANSPORTED TO LICENSED SOLID WASTE SITE:					
10. <i>Painting Wastes</i>	N/A					
11. <i>Sewage</i>	N/A					
12. <i>Other Waste Liquids</i>	N/A					
13. <i>Other Waste Solids</i>	N/A					

EXHIBIT V CONTINUED:

1. OFFICE & SUPPLY STORAGE: THIS AREA UTILIZED FOR ADMINISTRATION & EQUIPMENT SUPPLY STORAGE.

2. WASH RACK: THIS AREA UTILIZED FOR PURPOSE OF CLEANING AND WASHING OF EQUIPMENT. WASH WATER IS CONTAINED AND CONVEYED BY A 4" PVC LINE TO AREA #8(CONCRETE WASTE WATER CATCH BASIN)

3. PUMP HOUSE: THIS AREA UTILIZED FOR PUMP EQUIPMENT & WASH EQUIPMENT TO OPERATE WASH RACK FACILITIES. HEAVY GEAR LUBES ARE HOUSED IN THIS AREA AND STORED ON A CONCRETE SLAB.

4. FRESH WATER STORAGE: THIS AREA IS A 210 BARREL TANK FOR STORAGE AND SUPPLY OF FRESH WATER TO WASH RACK AND MAINTAINCE SHOP.

5. PARKING AREA: THIS AREA IS UTILIZED FOR THE PARKING OF JIM'S WATER SERVICE TRUCKS. THE ENTIRE AREA HAS A SAND COAT ON TOP OF ROCK AND CLACHE BASE. THE SAND IS USED TO ABSORBE ANY OIL LEAKS THAT MAY OCCUR. WHEN THIS MATERIAL IS SOLID, IT IS REMOVED AND TRANSPORTED TO A SOLID WASTE DISPOSAL WHICH IS LOCATED 60 MILES FROM OUR BASE OF OPERATION, ON HWY US 62-180, EAST OF CARLSBAD NEW MEXICO. THIS FACILITY IS CALLED CONTROLLED RECOVERY, INC.

6. FUEL STORAGE: THIS IS A 9000 GALLON DIESAL STORAGE, OWNED AND OPERATED BY BREWER OIL COMPANY, ARTESIA, NEW MEXICO.

7. MAINTAINCE SHOP: THIS AREA UTILIZED FOR THE REPAIRS AND SERVICE OF JIM'S WATER SERVICE EQUIPMENT.

8. CONCRETE WASTE WATER CATCH BASIN: THIS AREA IS UTILIZED TO RECIEVE ALL WATER FROM AREA #2(WASH RACK), ALSO THIS AREA RECIEVES ALL FLUIDS FROM ANY CLEANING OF TRANSPORT TANKS OR 500 BARREL FRAC TANKS. IF AND WHEN THIS AREA NEEDS CLEANING, ALL FLUIDS WILL BE TRANSPORTED BY JIM'S WATER SERVICE TRUCKS TO A CLASS B DISPOSAL FACILITY. ANY SOLIDS WILL BE DE-HYDRATED AND TRANSPORTED TO CRI SOLID WASTE.

9. EQUIPMENT PARKING: THIS AREA WILL ACCOMIDATE JIM'S WATER SERVICE EQUIPMENT.

10. RAIN WATER RUN OFF CONTAINMENT BURM: INSTALLED IN COMPLIANCE WITH THE RAIN WATER RUN OFF REGULATIONS. THE NATURAL FLOW OF RUN OFF INSIDE JIM'S WATER SERVICE PROPERTIES IS FROM SOUTHEAST TO NORTHWEST. THE NORTHWEST CORNER, BEING THE LOWEST POINT OF JIM'S WATER SERVICE PROPERTY, A CONTAINMENT OF DIRT ERECTED WHICH PROVIDES ADAQUATE CONTAINMENT. JIM'S WATER SERVICE PROPERTY IS SURROUNDED BY BURMS TO EITHER KEEP RUN OFF FROM OTHER AREAS OF THE PROPERTIES, OR KEEP RUN OFF INSIDE SAID PROPERTIES FROM ESCAPING.

11. BRINE STORAGE: THIS AREA IS A 210 BARREL FIBERGLASS TANK SITTING ATOP OF ROCK AND HARD PACK CLACHE.

12. OLD OIL STORAGE: THIS AREA TO RECIEVE AND STORE USED MOTOR OILS.

13. NEW MOTOR OIL STORAGE: THIS AREA IS FOR STORAGE OF THE NEW MOTOR OILS.

14. CONCRETE SAFETY BARRIERS: THIS AREA TO BE UTILIZED IF EITHER OIL STORAGES RUPTURE OR SPRINGS A LEAK.

***CONTINUATION OF AY 0080 ***

FLASH METHOD:

SFCC ASTM D-3828

EXTINGUISHING MEDIA:

Use water spray or fog, alcohol-type foam, dry chemical or CO2.

FIRE FIGHTING PROCEDURES:

Use a self-contained breathing apparatus with full facepiece operated in pressure-demand or other positive pressure mode. Flammable. Cool fire-exposed containers using water spray.

UNUSUAL FIRE AND EXPLOSION HAZARDS:

Flammable liquid, vapors of which can form an ignitable mixture with air. Vapors can flow along surfaces to distant ignition sources and flash back.

SECTION 5 HEALTH HAZARD DATA

EFFECTS OF OVEREXPOSURE:

INHALATION:

Prolonged exposure may cause mild irritation of mucous membranes, headache and tiredness. At elevated concentrations, symptoms may include nausea, shortness of breath and a sense of drunkenness. In extreme cases, visual disturbances and ocular damage may occur. Inhalation of mists, aerosols or very high vapor concentrations will produce intense eye, nose and respiratory irritation and may result in lung damage. Prolonged exposure may result in chemical pneumonitis and, in extreme cases, pulmonary edema.

SKIN AND EYE CONTACT:

Contact with skin will cause moderate to severe irritation or burns. Contact with eyes will result in severe eye irritation or burns, and if not immediately removed, may lead to permanent eye injury.

INGESTION:

Causes severe irritation or burns to the mouth and gastrointestinal tract. In extreme cases may cause kidney and liver damage.

EMERGENCY AND FIRST AID PROCEDURES:

If contacted, wash skin immediately with soap and water. Remove contaminated clothing and wash before reuse. If irritation or burns develop, consult a physician. If in eyes, irrigate with flowing water immediately and continuously for fifteen minutes. Consult a physician.

CONTINUED ON PAGE: 3

***CONTINUATION OF AY 0080 ***

If inhaled, remove to fresh air. Administer oxygen if necessary. Consult a physician if symptoms persist or exposure was severe.

If ingested, DO NOT induce vomiting. If conscious, drink promptly large quantities of water. Call a physician immediately. NOTE TO PHYSICIAN: Probable mucosal damage may contraindicate the use of gastric lavage. Measures against circulatory shock and convulsion may be necessary.

SECTION 6 REACTIVITY DATA

STABILITY:

Stable under normal conditions of storage and use.

INCOMPATIBILITY:

Keep away from strong oxidizing agents, heat and open flames.

HAZARDOUS DECOMPOSITION PRODUCTS:

Oxides of nitrogen. HCl.

HAZARDOUS POLYMERIZATION:

Will not occur.

SECTION 7 SPILL AND LEAK PROCEDURES

IF MATERIAL IS, SPILLED OR RELEASED:

Small spill - Absorb on paper, cloth or other material.
Large spill - Dike to prevent entering any sewer or waterway. Transfer liquid to a holding container. Cover residue with dirt, or suitable chemical adsorbent. Use personal protective equipment as necessary.

DISPOSAL METHOD:

Place chemical residues and contaminated adsorbent materials into a suitable waste container and take to an approved hazardous waste disposal site. Dispose of all residues in accordance with applicable waste management regulations.

DECONTAMINATION PROCEDURES:

Not appropriate.

SECTION 8 SPECIAL PROTECTION INFORMATION

RESPIRATORY PROTECTION:

When concentrations exceed the exposure limits specified, use of a NIOSH-approved supplied air respirator is recommended. Where the protection factor of the respirator may be exceeded, use of a self-contained breathing unit may be necessary.

CONTINUED ON PAGE: 4

***CONTINUATION OF AY 0080 ***

VENTILATION:

General ventilation should be provided to maintain ambient concentrations below nuisance levels. Local ventilation of emission sources may be necessary to maintain ambient concentrations below recommended exposure limits.

PROTECTIVE CLOTHING:

Chemical-resistant gloves and chemical goggles, face shield and synthetic apron or coveralls should be used to prevent contact with eyes, skin or clothing.

SECTION 9 SPECIAL PRECAUTIONS

Flammable liquid. Avoid heat, sparks and open flames. Avoid breathing of vapors and contact with eyes, skin or clothing. Keep container closed when not in use. Hazardous product residue may remain in emptied container. Do not reuse empty containers without commercial cleaning or reconditioning.

Although the information and recommendations set forth herein are believed to be correct as of the date hereof, Petrolite makes no representations to the accuracy of such information and recommendations. It is the user's responsibility to determine the suitability and completeness of such information and recommendation for its own particular use. Petrolite shall not be responsible for any direct, indirect, incidental or consequential damages of whatsoever nature resulting from the publication, use of or reliance upon such information and recommendations.

PETROLITE EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES OF EVERY KIND AND NATURE INCLUDING THOSE OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCT, THE INFORMATION AND RECOMMENDATIONS CONTAINED HEREIN, OR ANY USE OR RELIANCE THEREON.

MATERIAL SAFETY DATA SHEET
TRUCK SPA

1 HMIS HEALTH
0 HMIS FLAMMABILITY
0 HMIS REACTIVITY
B HMIS PERSONAL PROTECTION

SECTION I - IDENTIFICATION

MANUFACTURER'S NAME..... ADAMS CHEMICAL & EQUIPMENT CO., INC.
PHONE NUMBER..... 915-337-8942
EMERGENCY PHONE NUMBER... 1-800-535-5053
EFFECTIVE DATE..... SEPTEMBER 1991
REVISED DATE..... August 1993
TRADE NAME..... TRUCK SPA
CHEMICAL FAMILY..... BIODEGRADABLE INDUSTRIAL DETERGENT
CAS NUMBER..... NONE
CHEMICAL FORMULA..... BLEND

SECTION II - HAZARDOUS INGREDIENTS

HAZARDOUS COMPONENTS	%	TLV (Units)	PROD. CAS #
Sodium Tripoly Phosphate	Conf.	None Listed	7758-29-4

TOXIC SUBSTANCES CONTROL ACT 40 CFR 710. Sources of the raw materials used in this product assure that all chemical ingredients included are in compliance with Section 8(b), or are otherwise in compliance with the Toxic Substances Control Act.

SECTION III - PHYSICAL DATA

BOILING Point(F)..... APPROXIMATELY 212 DEGREES F
FREEZING POINT (F)..... NOT DETERMINED
VAPOR PRESSURE (mm Hg)... NOT DETERMINED
VAPOR DENSITY (Air=1)... APPROXIMATELY 1
SOLUBILITY IN WATER..... COMPLETE
APPEARANCE/ODOR..... BLUE LIQUID
SPECIFIC GRAVITY (H2O=1). COMPLETE
PH..... 11.0
PH of recommended dilution
9.5 to 10.0

SECTION IV - FIRE AND EXPLOSION HAZARD DATA

FLASH POINT..... NON FLAMMABLE
LOWER FLAME LIMIT..... NOT APPLICABLE
UPPER FLAME LIMIT..... NOT APPLICABLE
EXTINGUISHING MEDIA..... NOT APPLICABLE
UNUSUAL FIRE HAZARD..... Containers may explode from internal pressure if confined to fire. Cool with water. Keep unnecessary people away.

MATERIAL SAFETY DATA SHEET
TRUCK SPA

SECTION V - HEALTH HAZARD DATA

THRESHOLD LIMIT VALUE.... None listed for this Product.

ROUTES OF ENTRY	INHALATION?	SKIN?	INGESTION?
	NONE	Irritant	Irritant

HEALTH HAZARDS..... Chronic, May cause allergic skin reactions. Irritating to skin and eyes.

CARCINOGENICITY:	NTP?	IARC MONOGRAPHS?	OSHA REGULATED
NO	NO	NO	NO

OVER EXPOSURE EFFECTS.... Skin irritation develops slowly after contact. Eye irritation develops immediately upon contact.

FIRST AID PROCEDURES..... In case of eye contact, flush immediately with plenty of water for at least 15 minutes and get medical attention; for skin, wash thoroughly with soap and water. If swallowed, do not induce vomiting, get immediate medical attention.

SECTION VI - REACTIVITY DATA

CHEMICAL STABILITY..... STABLE

CONDITIONS TO AVOID..... NONE

INCOMPATIBLE MATERIALS... NONE

DECOMPOSITION PRODUCTS... From Fire; Smoke, Carbon Dioxide, Carbon Monoxide, & Oxides of Phosphorous.

HAZARDOUS POLYMERIZATION. WILL NOT OCCUR

POLYMERIZATION AVOID..... NONE KNOWN

SECTION VII - SPILL OR LEAK PROCEDURE

FOR SPILL..... In case of spillage, absorb with inert material and dispose of in accordance with applicable regulations.

WASTE DISPOSAL METHOD.... Industrial Waste. Follow State Regulations.

SECTION VIII - SPECIAL PROTECTION

RESPIRATORY PROTECTION... NOT NORMALLY REQUIRED

VENTILATION..... RECOMMENDED

MECHANICAL EXHAUST..... NOT NORMALLY REQUIRED

LOCAL EXHAUST..... NOT NORMALLY REQUIRED

PROTECTIVE GLOVES..... Wear impervious gloves

EYE PROTECTION..... Use goggles or face shield if spashing is likely

OTHER PROTECTIVE

EQUIPMENT..... None

SECTION IX - SPECIAL HANDLING

MATERIAL SAFETY DATA SHEET
TRUCK SPA

=====

HANDLING AND STORAGE..... Wear impervious gloves Use goggles or face shield if spashing is likely

PRECAUTIONARY MEASURES... Avoid contact with skin, eyes, and clothing. After handling this product, wash hands before eating, drinking, or smoking. If contact occurs, remove contaminated clothing. If needed, take firstaid action shown in Section V.

DOT HAZARD CLASS..... Not regulated

DOT SHIPPING NAME..... Truck Spa. Not regulated.

DOT REPORTABLE QUANTITY (RQ)..... none

UN NUMBER..... Not applicable

NA NUMBER..... NOT APPLICABLE

PACKAGING SIZE..... VARIED

DOT LABEL REQUIRED..... None

=====

SECTION X - REGULATORY

=====

EPA ACUTE..... YES

EPA CHRONIC..... NO

EPA IGNITABILITY..... NO

EPA REACTIVITY..... NO

EPA SUDDEN RELEASE OF PRESSURE..... NO

CERCLA RQ VALUE..... None

SARA TPQ..... NONE

SARA RQ..... NONE

SARA SECTION 313..... NOT LISTED

EPA HAZARD WASTE #..... None

CLEAN AIR ACT..... NOT LISTED

CLEAN WATER ACT..... LISTED IN SEC 311

FOOT NOTES

PREPARED BY:..... HAZARDOUS MATERIAL CHEMISTS, MIDLAND, TEXAS
915 697 2803

THIS PRODUCT'S SAFETY INFORMATION IS PROVIDED TO ASSIST OUR CUSTOMERS IN ASSESSING COMPLIANCE WITH HEALTH, SAFETY AND ENVIRONMENTAL REGULATIONS. THE INFORMATION CONTAINED HEREIN IS BASED ON DATA AVAILABLE TO US AND IS BELIEVED TO BE ACCURATE, ALTHOUGH NO GUARANTEE OR WARRANTY IS PROVIDED BY THE COMPANY IN THIS RESPECT. SINCE THE USE OF THIS PRODUCT IS WITHIN THE EXCLUSIVE CONTROL OF THE USER, IT IS THE USER'S OBLIGATION TO DETERMINE THE CONDITIONS OF SAFE USE OF THIS PRODUCT. SUCH CONDITIONS SHOULD COMPLY WITH ALL FEDERAL REGULATIONS CONCERNING THE PRODUCT.

MATERIAL SAFETY DATA SHEET
NU-BRITE

THIS PRODUCT'S SAFETY INFORMATION IS PROVIDED TO ASSIST OUR CUSTOMERS IN ASSESSING COMPLIANCE WITH HEALTH, SAFETY AND ENVIRONMENTAL REGULATIONS. THE INFORMATION CONTAINED HEREIN IS BASED ON DATA AVAILABLE TO US AND IS BELIEVED TO BE ACCURATE, ALTHOUGH NO GUARANTEE OR WARRANTY IS PROVIDED BY THE COMPANY IN THIS RESPECT. SINCE THE USE OF THIS PRODUCT IS WITHIN THE EXCLUSIVE CONTROL OF THE USER, IT IS THE USER'S OBLIGATION TO DETERMINE THE CONDITIONS OF SAFE USE OF THIS PRODUCT. SUCH CONDITIONS SHOULD COMPLY WITH ALL FEDERAL REGULATIONS CONCERNING THE PRODUCT.

MATERIAL SAFETY DATA SHEET
 NU-BRITE

3 HMIS HEALTH
 0 HMIS FLAMMABILITY
 0 HMIS REACTIVITY
 G HMIS PERSONAL PROTECTION

SECTION I - IDENTIFICATION

MANUFACTURER'S NAME..... ADAMS CHEMICAL & EQUIPMENT CO., INC.
 PHONE NUMBER..... 915 337 6942
 EMERGENCY PHONE NUMBER... 1-800-535-5053
 EFFECTIVE DATE..... SEPTEMBER, 1990
 REVISED DATE..... OCTOBER, 1993
 TRADE NAME..... NU-BRITE
 CHEMICAL FAMILY..... INDUSTRIAL ALUMINUM CLEANER
 CAS NUMBER..... NONE
 CHEMICAL FORMULA..... BLEND

SECTION II - HAZARDOUS INGREDIENTS

HAZARDOUS COMPONENTS	%	TLV (Units)	PROD. CAS #
PHOSPHORIC ACID	CONF.	OSHA: TWA = 1MG/M3, STEL = 3MG/M3 ACGIH: TWA = 1MG/M3, STEL 3MG/M3	7664-38-2
AMMONIUM BIFLOURIDE	CONF.	NOT LISTED	1341-49-7

TOXIC SUBSTANCES CONTROL ACT 40 CFR 710. Sources of the raw materials used in this product assure that all chemical ingredients included are in compliance with Section 8(b), or are otherwise in compliance with the Toxic Substances Control Act.

SECTION III - PHYSICAL DATA

BOILING Point(F)..... APPROXIMATELY 212 DEGREES F
 FREEZING POINT (F)..... NOT DETERMINED
 VAPOR PRESSURE (mm Hg)... NOT DETERMINED
 VAPOR DENSITY (Air=1).... APPROXIMATELY 1
 SOLUBILITY IN WATER..... COMPLETE
 APPEARANCE/ODOR..... CLEAR LIQUID
 SPECIFIC GRAVITY (H2O=1). APPROXIMATELY 1.12
 PH..... <2.5

SECTION IV - FIRE AND EXPLOSION HAZARD DATA

FLASH POINT..... NOT FLAMMABLE
 LOWER FLAME LIMIT..... NOT APPLICABLE
 UPPER FLAME LIMIT..... NOT APPLICABLE
 EXTINGUISHING MEDIA..... NOT APPLICABLE

MATERIAL SAFETY DATA SHEET
NU-BRITE

UNUSUAL FIRE HAZARD..... Containers may explode from internal pressure if confined to fire. Cool with water. Keep unnecessary people away.

SECTION V - HEALTH HAZARD DATA

THRESHOLD LIMIT VALUE.... 1 MG/M3 PHOSPHORIC ACID

ROUTES OF ENTRY	INHALATION? IRRITANT	SKIN? CORROSIVE	INGESTION? CORROSIVE
-----------------	-------------------------	--------------------	-------------------------

HEALTH HAZARDS..... ACUTE, CORROSIVE TO SKIN AND EYES, AND IRRITATING TO RESPIRATORY TRACT.

CARCINOGENICITY:	NTP?	IARC MONOGRAPHS?	OSHA REGULATED
NO	NO	NO	NO

OVER EXPOSURE EFFECTS.... Immediate irritation and burning sensation followed by destruction of skin or eye tissue.

FIRST AID PROCEDURES..... In case of eye contact, flush immediately with plenty of water for at least 15 minutes and get medical attention; for skin, wash thoroughly with soap and water. If inhaled, remove to fresh air. If not breathing, give artificial respiration, preferably mouth-to-mouth. If breathing is difficult, give oxygen. Get medical attention. If swallowed, do not induce vomiting, get immediate medical attention.

SECTION VI - REACTIVITY DATA

CHEMICAL STABILITY..... STABLE

CONDITIONS TO AVOID..... NONE

INCOMPATIBLE MATERIALS... Alkaline Materials.

DECOMPOSITION PRODUCTS... From Fire; Smoke, Carbon Dioxide, Carbon Monoxide, & Oxides of Phosphorous.

HAZARDOUS POLYMERIZATION. WILL NOT OCCUR

POLYMERIZATION AVOID..... NONE KNOWN

SECTION VII - SPILL OR LEAK PROCEDURE

FOR SPILL..... In case of spillage, absorb with inert material and dispose of in accordance with applicable regulations.

WASTE DISPOSAL METHOD.... Hazardous Waste. Follow Federal and State Regulations.

SECTION VIII - SPECIAL PROTECTION

RESPIRATORY PROTECTION... NIOSH APPROVED ACID VAPOR MASK

VENTILATION..... RECOMMENDED

MECHANICAL EXHAUST..... NOT NORMALLY NEEDED

MATERIAL SAFETY DATA SHEET
NU-BRITE

LOCAL EXHAUST..... NOT NORMALLY NEEDED
PROTECTIVE GLOVES..... WEAR IMPERVIOUS GLOVES
EYE PROTECTION..... GOGGLES OR FACE SHIELD
OTHER PROTECTIVE
EQUIPMENT..... APRONS, EYE WASH FOUNTAIN AND SAFETY SHOWER

SECTION IX - SPECIAL HANDLING

HANDLING AND STORAGE..... Wear impervious gloves Use goggles or face shield if
splashing is likely
PRECAUTIONARY MEASURES... Avoid contact with skin, eyes, and clothing. After
handling this product, wash hands before eating,
drinking, or smoking. If contact occurs, remove
contaminated clothing. If needed, take firstaid
action shown in Section V.
DOT HAZARD CLASS..... CORROSIVE, 8
DOT SHIPPING NAME..... CLEANING COMPOUND, CORROSIVE LIQUID, n.o.s., (CONTAINING
PHOSPHORIC OXIDE), 8, UN1760, PGII, NU-BRITE
DOT REPORTABLE QUANTITY
(RQ)..... 2550 POUNDS
UN NUMBER..... UN 1760
NA NUMBER..... NOT APPLICABLE
PACKAGING SIZE..... VARIED
DOT LABEL REQUIRED..... CORROSIVE, 8

SECTION X - REGULATORY

EPA ACUTE..... YES
EPA CHRONIC..... NO
EPA IGNITABILITY..... NO
EPA REACTIVITY..... NO
EPA SUDDEN RELEASE OF
PRESSURE..... NO
GHS A RQ VALUE..... 2550 POUNDS BASED ON AMMONIUM BIFLUORIDE
SARA TPO..... NONE
SARA RQ..... NONE
SARA SECTION 313..... NOT LISTED
EPA HAZARD WASTE #..... D002 CORROSIVE WASTE
CLEAN AIR ACT..... NOT LISTED
CLEAN WATER ACT..... LISTED IN SEC 311

FOOTNOTES NA - NOT APPLICABLE ND - NOT DETERMINED

PREPARED BY:..... S.I.S., FORT WORTH, TEXAS (817) 560-4631



JIMS WATER SERVICE OF NEW MEXICO
 A DIVISION OF JIM'S WATER SERVICE OF COLORADO, INC.
 1675 BROADWAY, SUITE 2800, DENVER, CO 80202 - (800) 999-Jims
 ARTESIA TERMINAL - 11413 US HIGHWAY 82
 P.O. Box 1387, ARTESIA, NEW MEXICO, 88211-1387 - (505) 748-1352

DELIVERY TICKET

273421

DATE: 8 25 07

BILL TO: Jims

P.O. NUMBER: _____

AFE NUMBER: _____

LEASE: Year

WELL NO.: _____

ORDERED BY: TRAC

W.O. NUMBER: _____

DESCRIPTION	QTY	RATE	CHARGE
<u>220 12/100</u>	<u>2.40</u>	<u>6.75</u>	<u>159.50</u>
	<u>2.5</u>	<u>10.00</u>	<u>25.00</u>
<u>Pulled PIT</u>			

DRIVER: Michael...

TRUCK NO: 740

TAX 10.27

START: 7:00 FINISH: 1:30 TOTAL: 180

RECEIVED: _____

TOTAL 192.47

TRANSPORTS - FRAC TANKS - VACUUM TRUCKS - KILL TRUCKS - HOT OIL TRUCKS - DIRT WORK - ENVIRONMENTAL RECLAMATION - COMPLETE OIL FIELD (24 HOUR) SERVICE

25.00

THE SANTA FE
NEW MEXICAN

Founded 1849

RECEIVED
JAN 10 2002
Environmental Bureau
Oil Conservation Division

NM OIL CONSERVATION DIVISION
1220 ST. FRANCIS DR.
SANTA FE, NM 87505
ATTN WAYNE PRICE

AD NUMBER: 240339 ACCOUNT: 56689
LEGAL NO: 70902 P.O.#: 0219900249
189 LINES 1 time(s) at \$ 83.31
AFFIDAVITS: 5.25
TAX: 5.54
TOTAL: 94.10

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 plan applications 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-005) - Jim's Brine Sales, Sammy Stone-man, (505) 748-1352, P.O. Box 1387, Artesia, New Mexico, 88211-1387 has submitted an application for renewal of its previously approved discharge plan for the Loco Hills Brine Station, located in the SE/4 SE/4 of Section 24, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. Fresh water is injected to an approximate depth of 456 feet and brine water is extracted with an average total dissolved solids concentration of 300,000 mg/l. Ground water most likely to be affected by any accidental discharge is at a depth exceeding 225 feet and has a total dissolved solids content of 600 mg/l to 6,000 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

ervation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan 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 to him 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 plan based on information available. If a public hearing is held, the director will approve or disapprove the proposed plan based on information in the plan and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 17th day of December 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

LORI WROTENBERY, Director
Legal # 70902
Pub. December 24, 2001

Any interested person may obtain further information from the Oil Conservation Division

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, K. Voorhees 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 #70902 a copy of which is hereto attached was published in said newspaper 1 day(s) between 12/24/2001 and 12/24/2001 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 24 day of December, 2001 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

K. Voorhees

LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 24 day of December A.D., 2001

Notary Laura R. Harding

Commission Expires 11/23/03

APPROVED
Wayne Price

01 DEC 28 PM 2:15

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

Dawn Higgins

being first duly sworn, on oath says:

That she is Business Manager of the Carlsbad Current-Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

December 23, 2001

That the cost of publication is \$ 65.66, and that payment thereof has been made and will be assessed as court costs.

Dawn Higgins

Subscribed and sworn to before me this

26 day of December 2001

delo seed

My commission expires 04-25-04
Notary Public

December 23, 2001

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 plan applications 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-005) - Jim's Brine Sales, Sammy Stoneman, (505) 748-1352, P.O. Box 1387, Artesia, New Mexico, 88211-1387 has submitted an application for renewal of its previously approved discharge plan for the Loco Hills Brine Station, located in the SE/4 SE/4 of Section 24, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico. Fresh water is injected to an approximate depth of 456 feet and brine water is extracted with an average total dissolved solids concentration of 300,000 mg/l. Ground water most likely to be affected by any accidental discharge is at a depth exceeding 225 feet and has a total dissolved solids content of 600 mg/l to 6,000 mg/l. The discharge plan ad-

dresses 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 plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan 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 to him 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 plan based on information available. If a public hearing is held, the director will approve or disapprove the proposed plan based on information in the plan and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 17th day of December 2001.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

LORI WROTENBERRY, Director

Approved
[Signature]

Mr. Stoneman
May 06, 2002
Page 3

RECEIVED
JUL 12 2002
Environmental Bureau
Oil Conservation Division

**ATTACHMENT TO THE DISCHARGE PLAN BW-005 APPROVAL
Jim's Water Service of New Mexico Loco Hills Brine Station (BW-005)
DISCHARGE PLAN APPROVAL CONDITIONS
May 06, 2002**

1. Payment of Discharge Plan Fees: The \$100.00 filing fee has 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 plan, with the first payment due upon receipt of this approval.
2. Commitments: Jim's Water Service of New Mexico will abide by all commitments submitted in the discharge plan renewal application letter dated August 16, 2001, 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/Test 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. Please provide to OCD by September 30, 2002 the system fracture pressure calculated at the bottom casing shoe, fracture pressure gradient (psi/ft) for the system, and the maximum surface injection and test pressure that will not cause new fractures or propagate existing fractures.
5. Mechanical Integrity Testing: Jim's Water Service of New Mexico will 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 annulars and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.

NOTE: The last open to formation pressure test ran on January 26, 2001 indicated that the formation was breaking down (fracturing) at a surface pressure of 165 psig and continued fluid injection would not build sufficient pressure to complete the Mechanical Integrity Test.

An alternate pressure test utilizing nitrogen pressure was utilized and subsequently passed the test. Therefore, JWS shall submit a modification to the discharge plan for OCD approval incorporating an alternate plan for the open to formation pressure test. Please submit this modification by September 30, 2002.

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 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 December 31, 2002 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 in the annual report.
14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than December 31, 2002 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 in the first annual report.
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 Artesia 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 Artesia 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 plan 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 plan, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. 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.
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 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.
22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
23. Storm Water Plan: Jim's Water Service of New Mexico will submit in the first annual report a storm water run-off plan for OCD approval.
24. Capacity/ Cavity Configuration and Subsidence Survey: A test or method will be conducted to determine the size and configuration of the mined cavity and a method to detect long-term subsidence. Plans or methods shall be submitted with first annual report for OCD approval.
25. Brine Storage Pond: Leaks or releases shall be reported pursuant to Item 18. (Spill Reporting) of these conditions. A minimum freeboard will be maintained in the pond so that no overtopping of brine occurs. Any repairs or modifications to the pond liner must receive prior OCD approval. If the pond liner is replaced or a new pond is constructed, a double synthetic liner with leak detection will be incorporated into the design.

Leak Detection Monitor Well: The leak detection monitor well for the single-lined brine storage pond must be inspected for fluids monthly. Records will be maintained to include quantity of fluid measured, conductivity and chlorides of fluid, date of inspection, and name of inspector. Any fluids found must be reported to the NMOCD Santa Fe office and the appropriate District office within 48 hours of discovery.

26. Certification: **Jim's Water Service of New Mexico** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **Jim's Water Service of New Mexico** 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:

Jim's Water Service of New Mexico

SAMMY STONEMAN
Company Representative- print name

Sammy Stoneman Date 6-4-02
Company Representative- Sign

Title Manager



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

May 06, 2002

Lori Wrotenberg
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7923 4252

Mr. Sammy Stoneman
Jim's Water Service of New Mexico
P.O. Box 1387
Artesia, New Mexico 88211-1387

Re: Discharge Plan Renewal
Loco Hills Brine Station BW-005
Eddy County, New Mexico

Dear Mr. Stoneman:

The groundwater discharge plan renewal for the Loco Hills Brine Station Well BW-005 operated by Jim's Water Service (JWS) of New Mexico located in NW/4 SE/4 of Section 24, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico **is hereby approved** under the conditions contained in the enclosed attachment. 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 original discharge plan was approved on December 18, 1982 by the OCD. The discharge plan renewal application letter dated August 16, 2001 including attachments, submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. 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 Jim's Water Service of New Mexico 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. Stoneman
May 06, 2002
Page 2

3107.C., Jim's Water Service of New Mexico 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 December 19, 2006** 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.

The discharge plan application for the Jim's Water Service of New Mexico Loco Hills 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 \$100.00 plus a flat fee of \$1700.00 for brine stations. The OCD has not received the \$1700.00 flat fee. The flat fee 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: 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 plan review.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief
RCA/lwp

Attachment-1

xc: OCD Artesia Office

ATTACHMENT TO THE DISCHARGE PLAN BW-005 APPROVAL
Jim's Water Service of New Mexico Loco Hills Brine Station (BW-005)
DISCHARGE PLAN APPROVAL CONDITIONS
May 06, 2002

1. Payment of Discharge Plan Fees: The \$100.00 filing fee has 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 plan, with the first payment due upon receipt of this approval.
2. Commitments: Jim's Water Service of New Mexico will abide by all commitments submitted in the discharge plan renewal application letter dated August 16, 2001, 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/Test 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. Please provide to OCD by September 30, 2002 the system fracture pressure calculated at the bottom casing shoe, fracture pressure gradient (psi/ft) for the system, and the maximum surface injection and test pressure that will not cause new fractures or propagate existing fractures.
5. Mechanical Integrity Testing: Jim's Water Service of New Mexico will 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 annulars and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.

NOTE: The last open to formation pressure test ran on January 26, 2001 indicated that the formation was breaking down (fracturing) at a surface pressure of 165 psig and continued fluid injection would not build sufficient pressure to complete the Mechanical Integrity Test.

An alternate pressure test utilizing nitrogen pressure was utilized and subsequently passed the test. Therefore, JWS shall submit a modification to the discharge plan for OCD approval incorporating an alternate plan for the open to formation pressure test. Please submit this modification by September 30, 2002.

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 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 December 31, 2002 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 in the annual report.
14. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than December 31, 2002 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 in the first annual report.
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 Artesia 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 Artesia 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 plan 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 plan, and existing process knowledge of the waste stream does not change without notification to the Oil Conservation Division.

20. 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.
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 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.
22. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
23. Storm Water Plan: Jim's Water Service of New Mexico will submit in the first annual report a storm water run-off plan for OCD approval.
24. Capacity/ Cavity Configuration and Subsidence Survey: A test or method will be conducted to determine the size and configuration of the mined cavity and a method to detect long-term subsidence. Plans or methods shall be submitted with first annual report for OCD approval.
25. Brine Storage Pond: Leaks or releases shall be reported pursuant to Item 18. (Spill Reporting) of these conditions. A minimum freeboard will be maintained in the pond so that no overtopping of brine occurs. Any repairs or modifications to the pond liner must receive prior OCD approval. If the pond liner is replaced or a new pond is constructed, a double synthetic liner with leak detection will be incorporated into the design.

Leak Detection Monitor Well: The leak detection monitor well for the single-lined brine storage pond must be inspected for fluids monthly. Records will be maintained to include quantity of fluid measured, conductivity and chlorides of fluid, date of inspection, and name of inspector. Any fluids found must be reported to the NMOCD Santa Fe office and the appropriate District office within 48 hours of discovery.

26. Certification: **Jim's Water Service of New Mexico** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **Jim's Water Service of New Mexico** 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: **Jim's Water Service of New Mexico**

Company Representative- print name

Date _____
Company Representative- Sign

Title _____

011971

REFERENCE NO.	DESCRIPTION	INVOICE DATE	INVOICE AMOUNT	DISCOUNT TAKEN	AMOUNT PAID
	FLAT FEE FOR BRINE WELL RENEWAL OF DISCHARGE PLAN BW-005 JIM'S BRINE SALES LOCO HILLS FACILITY		\$690.00		\$690.00
CHECK DATE	CHECK NO.	PAYEE	DISCOUNTS TAKEN	CHECK AMOUNT	
1/08/97	011971	NMED-WATER QUALITY MANAGEMENT		\$690.00	

ATTACHMENT TO THE DISCHARGE PLAN BW-005 RENEWAL
JIM'S WATER SERVICE OF NEW MEXICO
LOCO HILLS BRINE STATION
DISCHARGE PLAN APPROVAL CONDITIONS
(December 17, 1996)

1. Payment of Discharge Plan Fees: The \$1,380 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. Jim's Commitments: Jim's will abide by all commitments submitted in the discharge plan renewal application dated June 26, 1996.
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 pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded. Jim's shall supply and obtain approval for any changes to the approval for the maximum and average injection pressures and injection volumes.
5. Mechanical Integrity Testing: The OCD requires an annual open hole pressure test equal to one and one-half of the normal operating pressure for four hours with ten percent bleed-off allowed. At least once every five years the OCD requires the above mentioned open hole test with zero bleed-off allowed. If zero bleed-off cannot be achieved, the casing will be isolated from the formation and tested to 300 psi for 30 minutes. Prior to commencement of operations and during well workovers, the OCD requires the casing to be isolated from the formation and tested to 300 psi for 30 minutes. The OCD will be notified at least 72 hours prior to all testing.
6. Capacity and Cavity Configuration: A test will be conducted to determine the size and configuration of the salt cavern by December 19, 1997. The method and time of testing will be approved by the OCD prior to performing the test. The OCD will be notified at least 72 hours prior to all testing.
7. Subsidence Survey: Jim's will design and install a series of survey points over the area of the facility and the salt cavern by December 19, 1997 to monitor any future surface subsidence. The location and number of survey points will be approved by the OCD prior to installation. The elevation of all survey points will be monitored annually thereafter. The OCD will be notified at least 72 hours prior to all monitoring.

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.

The OCD has not received quarterly reports from January 20, 1992 (Fourth quarter, 1991) to the second quarter of 1996. The third quarter of 1996 was received October 1, 1996. Please update all delinquent quarterly reports by January 31, 1997.

9. 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.
10. 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.
11. 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.
12. 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.
13. 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.
14. 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 demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps. The OCD will be notified at least 72 hours prior to all testing.
15. Underground Process/Wastewater Lines: All underground process/wastewater, and brine transfer pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge plan renewal. 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.

16. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work 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 Artesia 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.
- Any non-exempt contaminated wastes that are collected at the facility will be tested for hazardous constituents, and after receiving OCD approval, will be disposed of at an OCD approved site.
18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.
19. 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.
20. 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.
21. Certification: Jim's, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Jim's 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.

Accepted:

JIM'S WATER SERVICE OF NEW MEXICO

by  PRESIDENT



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

December 17, 1996

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-258-879

Mr. Larry Wright
Jim's Water Service of Colorado, Inc.
World Trade Center
1675 Broadway
Suite 1970
Denver, Colorado 80202

Re: Discharge Plan BW-005
Jim's Water Service of Colorado, Inc.
Jim's Brine Sales
Loco Hills Facility
Eddy County, New Mexico

Dear Mr. Wright:

The groundwater discharge plan renewal BW-005, for the Jim's Water Service (Jim's) Loco Hills Brine Station located in the NW/4 SE/4, of Section 24, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The application consists of the original discharge plan as approved December 18, 1982; the renewal as approved December 19, 1986; the renewal as approved January 17, 1992; and the renewal application dated June 26, 1996. 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 five working days of receipt of this letter.**

The discharge plan application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Section 5101.A. and 3109.C. Please note Section 3109.F., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve Jim's 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. Larry Wright
December 17, 1996
Page 2

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 3107.C., Jim's 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.

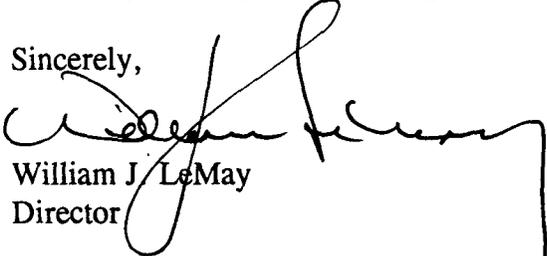
Pursuant to Section 3109.G.4., this approval is for a period of five years. This approval will expire December 19, 2001, and an application for renewal should be submitted in ample time before that date. Note that under Section 5101.G. of the regulations, if a discharger submits a discharge plan renewal application at least 180 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 Jim's Loco Hills 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 flat fee of \$690 for brine stations. The OCD received the \$50 filing fee on July 2, 1996. The OCD has not received the \$690 flat fee. The flat fee 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.

On behalf of the staff of the New Mexico 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/mwa
Attachments

xc: OCD Artesia Office

ATTACHMENT TO THE DISCHARGE PLAN BW-005 RENEWAL
JIM'S WATER SERVICE OF NEW MEXICO
LOCO HILLS BRINE STATION
DISCHARGE PLAN APPROVAL CONDITIONS
(December 17, 1996)

1. Payment of Discharge Plan Fees: The \$1,380 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. Jim's Commitments: Jim's will abide by all commitments submitted in the discharge plan renewal application dated June 26, 1996.
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 pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded. Jim's shall supply and obtain approval for any changes to the approval for the maximum and average injection pressures and injection volumes.
5. Mechanical Integrity Testing: The OCD requires an annual open hole pressure test equal to one and one-half of the normal operating pressure for four hours with ten percent bleed-off allowed. At least once every five years the OCD requires the above mentioned open hole test with zero bleed-off allowed. If zero bleed-off cannot be achieved, the casing will be isolated from the formation and tested to 300 psi for 30 minutes. Prior to commencement of operations and during well workovers, the OCD requires the casing to be isolated from the formation and tested to 300 psi for 30 minutes. The OCD will be notified at least 72 hours prior to all testing.
6. Capacity and Cavity Configuration: A test will be conducted to determine the size and configuration of the salt cavern by December 19, 1997. The method and time of testing will be approved by the OCD prior to performing the test. The OCD will be notified at least 72 hours prior to all testing.
7. Subsidence Survey: Jim's will design and install a series of survey points over the area of the facility and the salt cavern by December 19, 1997 to monitor any future surface subsidence. The location and number of survey points will be approved by the OCD prior to installation. The elevation of all survey points will be monitored annually thereafter. The OCD will be notified at least 72 hours prior to all monitoring.

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.

The OCD has not received quarterly reports from January 20, 1992 (Fourth quarter, 1991) to the second quarter of 1996. The third quarter of 1996 was received October 1, 1996. Please update all delinquent quarterly reports by January 31, 1997.

9. 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.
10. 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.
11. 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.
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16. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work 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 Artesia 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.

Any non-exempt contaminated wastes that are collected at the facility will be tested for hazardous constituents, and after receiving OCD approval, will be disposed of at an OCD approved site.
18. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.
19. 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.
20. 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.
21. Certification: Jim's, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Jim's 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.

P 288 258 879

Accepted:

JIM'S WATER SERVICE OF NEW MEXICO

by _____
Title

US Postal Service
Receipt for Certified Mail
 No Insurance Coverage Provided.
 Do not use for International Mail (See reverse)

Sent to	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, April 1995

**E
D
D** **ENVIRONMENTAL
IMPROVEMENT
DIVISION**

**DENISE D. FORT
DIRECTOR**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

December 19, 1986

Phil Withrow
B & E, Inc.
P.O. Box 2292
Hobbs, NM 88240

RE: Discharge Plan Approval for DP-322

Dear Mr. Withrow:

The discharge plan (DP-322) for the brine production facility and in situ extraction well located in Section 24, T18S, R28E, Eddy County, New Mexico is hereby approved. The approved discharge plan consists of the materials dated February 6, April 22, August 5, and December 2, 1986, plus the information and materials submitted as part of the original discharge plan approved December 18, 1982.

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

The monitoring and reporting shall be as specified in the discharge plan and supplements thereto. These requirements are summarized on the attached sheet. Any inadvertent omissions from this summary of a discharge plan monitoring or reporting requirement shall not relieve you of responsibility for compliance with that requirement.

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."

Please be aware that in this discharge plan you have made commitments which are legally enforceable under the New Mexico Water Quality Act. These include constructing all aspects of your installation as designed, properly installing all monitor wells in the prescribed locations and completely fulfilling all monitoring commitments on schedule. You are susceptible to fines should you not fulfill these obligations.

EQUAL OPPORTUNITY EMPLOYER

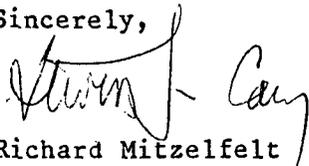
P.O. Box 968, Santa Fe, New Mexico 87504-0968
(505) 827-0020

Phil Withrow
December 19, 1986
Page 2

Pursuant to Subsection 3-109.G.4., this plan approval is for a period of five years. This approval will expire December 19, 1991, and you should submit an application for new approval in ample time before that date.

On behalf of the staff of the Ground Water Section, I wish to thank you for your cooperation during this discharge plan review.

Sincerely,



for Richard Mitzelfelt
Bureau Chief
Ground Water/Hazardous Waste Bureau

RM:KL:egr

cc: Garrison McCaslin, EID District IV Manager, Roswell



BRUCE KING
GOVERNOR

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

January 17, 1992

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

CERTIFIED MAIL
RETURN RECEIPT NO. P-756-903-914

Mr. Mid Ray Clark
Jim's Water Service
P. O. Box 848
Artesia, New Mexico 88210

**RE: Approval of Discharge Plan BW-5
Jim's Water Service, Loco Hills Brine Station**

Dear Mr. Clark:

The discharge plan renewal BW-5 for the Jim's Water Service, Loco Hills Brine Station located in the NW/4 SE/4, Section 24, Township 18 South, Range 28 East, NMPM, Eddy County, New Mexico, is hereby approved. The renewal application consists of the original discharge plan as approved December 18, 1982; the renewal of the discharge plan approved December 19, 1986; the renewal application dated June 24, 1991; and the materials dated December 19, 1991, and January 15, 1991 submitted as supplements to the application.

The discharge plan renewal was submitted pursuant to Section 5-101.B.3 of the New Mexico Water Quality Control Commission Regulations. It is approved pursuant to Sections 5-101.A and 3-109.C. Please note Sections 3-109.E and 3-109.F which provide for possible future amendments or modifications of the plan. Please be advised that the approval of this plan does not relieve you of liability should your operation result in actual pollution of surface water, ground water, or the environment which may be actionable under other laws and/or regulations.

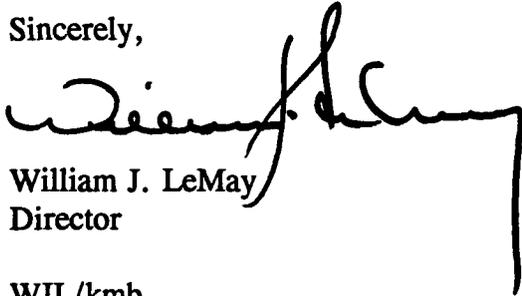
The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3-104 of the regulations requires that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Mr. Mid Ray Clark
January 17, 1992
Page 2

Pursuant to Section 3-109.G.4, this plan is for a period of five (5) years. This approval will expire December 19, 1996, and you should submit an application for renewal in ample time before this date. Note that under Section 5-101.G of the regulations, if a discharger submits a discharge plan renewal application at least 180 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.

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/kmb

cc: Chris Eustice - OCD Hobbs Office
OCD Artesia Office