

BW - 6

**GENERAL
CORRESPONDENCE**

YEAR(S):

1996 → 1989



ARTESIA
(505) 746-4214
1 (800) 748-1972

CARLSBAD
(505) 885-6663
1 (800) 658-2739

P.O. BOX 98
LOCO HILLS, NEW MEXICO 88255

LOCO HILLS
(505) 677-2111
1 (800) 748-1972

LOVINGTON
(505) 396-3331
1 (800) 748-2084
P.O. BOX 939

88260

Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87505-6429

February 27, 1996

Attn: Mark Ashley

We have reviewed the letter we recently received concerning the Discharge Plan BW-006 Inspection Report dated December 5th 1995. As we previously discussed on the 16th of February, I & W, Inc. will be in compliance with the regulations expressed in the report. However in regards to the Sonar Survey we had discussed earlier. We will schedule the sonar to be done at a later date, whenever it would be more convenient for you. Please let us know at least a month ahead of time as it will take a little notice to schedule. The completion time frame that we have in mind shall be anywhere between 6 months and one year.

If you need additional information or we can be of further assistance please contact us at (505)885-6663.

Sincerely,

A handwritten signature in cursive script, reading "George E. Parchman".

George E. Parchman
Manager

GEP/lr

OIL CONSERVATION DIVISION

January 9, 1996

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-962-919

Mr. George Parchman
I & W, Inc.
P.O. Box 727
Carlsbad, New Mexico 88220

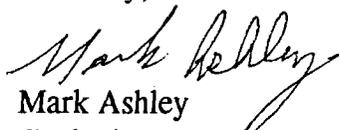
Re: I & W, Inc.
Discharge Plan BW-006 Inspection Report

Dear Mr. Parchman:

The inspection letter dated December 5, 1995 was returned to the New Mexico Oil Conservation Division on January 8, 1996 as undeliverable. Due to the delay, all information contained in the original letter must be submitted by February 19, 1996.

If you have any questions, please call me at (505) 827-7155.

Sincerely,


Mark Ashley
Geologist

OIL CONSERVATION DIVISION

December 5, 1995

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-962-900

Mr. George Parchman
I & W, Inc.
P.O. Box 727
Carlsbad, New Mexico 88220

Re: I & W, Inc.
Discharge Plan BW-006 Inspection Report

Dear Mr. Parchman:

The New Mexico Oil Conservation Division (OCD) would like to thank you for your cooperation during the October 10, 1995 and November 15, 1995 inspections of the I & W, Inc. brine facility located in Carlsbad, New Mexico. Comments from the inspection conducted are as follows:

1. Drum Storage: All drums that contain 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 and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad with curbing.
2. Process Area: The fluid loading pads show evidence of fluids reaching the ground surface. 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.
3. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water or alcohol must be bermed to contain a volume of one-third more than the total volume of the largest or all interconnected tanks. All new facilities or modifications to existing facilities must have the tanks placed on an impermeable pad so that leaks can be identified.

Currently the four 1,000 barrel brine storage tanks do not have any containment. Please submit a plan to the OCD for containment of the storage tanks.

Mr. George Parchman

December 5, 1995

Page 2

The existing concrete containment around the truck washout collection tank appears to have run over. Does the current containment equal one-third more than the total volume of the tank? Please submit a plan to the OCD for containment of future overflows.

- ✓ 4. Above Ground Saddle Tanks: Above ground saddle tanks must have pad and curb type of containment below them unless they contain alcohol or fluids which are gases at normal atmospheric pressure and temperature. No berms are required for saddle tanks.
- ✓ 5. Tank Labeling: All tanks should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
- ✓ 6. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation 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 and visual inspection of cleaned out tanks /or sumps. Please submit a method and time schedule to the OCD for integrity testing.
- ✓ 7. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter. Companies may propose various methods for testing such as pressure testing or other means acceptable to the OCD. Please submit a method and time schedule to the OCD for integrity testing.
- ✓ 8. Truck Wash Pad: The truck wash pad shows evidence of wash water overflows on to the ground surface. Please submit a plan to the OCD for containment of future overflows.

The fluids generated from the wash pad are non-exempt wastes and cannot be disposed of in a class II well. Please sample and test using EPA approved methods for metals, volatiles, and semivolatiles in the enclosed attachment. Please send the results to the OCD.

- ✓ 9. Contaminated Soils: The facility is currently storing contaminated soils. All contaminated soils need to be tested for hazardous constituents and disposed of at an OCD approved site.
- ✓ 10. Mechanical Integrity Testing: A mechanical integrity test equal to 300 psi for 30 minutes will be conducted on the wells by April 15, 1996. The OCD will be notified at

Mr. George Parchman
December 5, 1995
Page 3

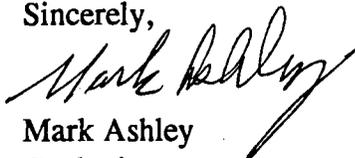
least 72 hours prior to the test so that the OCD may witness the test.

- ✓ 11. Capacity and Cavity Configuration: The capacity and configuration of the salt cavern will be determined by April 15, 1996 by sonar survey or an alternate method approved by the OCD.
12. Subsidence Survey: I & W will design and install a series of survey points over the area of the facility and the salt cavern by April 15, 1996 to monitor any future surface subsidence. Please submit a plan to the OCD outlining the number and locations of the survey points.
13. Housekeeping: All systems designed for spill collection/prevention should be inspected frequently to ensure proper operation and to prevent overtopping or system failure.
14. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 and WQCC 1203 to the appropriate OCD District Office.

Please submit the above mentioned information to the OCD by January 12, 1996.

If you have any questions, please call me at (505) 827-7155.

Sincerely,



Mark Ashley
Geologist

xc: OCD Artesia Office

THE WESTERN COMPANY OF NORTH AMERICA
WATER ANALYSIS

ARTESIA, NM LAB

ANALYSIS #: AR010155

GENERAL INFORMATION

| | |
|--------------------------|--------------------------|
| OPERATOR: I & W | DEPTH: |
| WELL: I & W BRINE (10.1) | DATE SAMPLED: 10-10-95 |
| FIELD: | DATE RECEIVED: 10-09-95 |
| FORMATION: | SUBMITTED BY: LARRY DADE |
| COUNTY: EDDY | WORKED BY: M.R. DAJANI |
| STATE: NM | PHONE #: (505) 746-3140 |

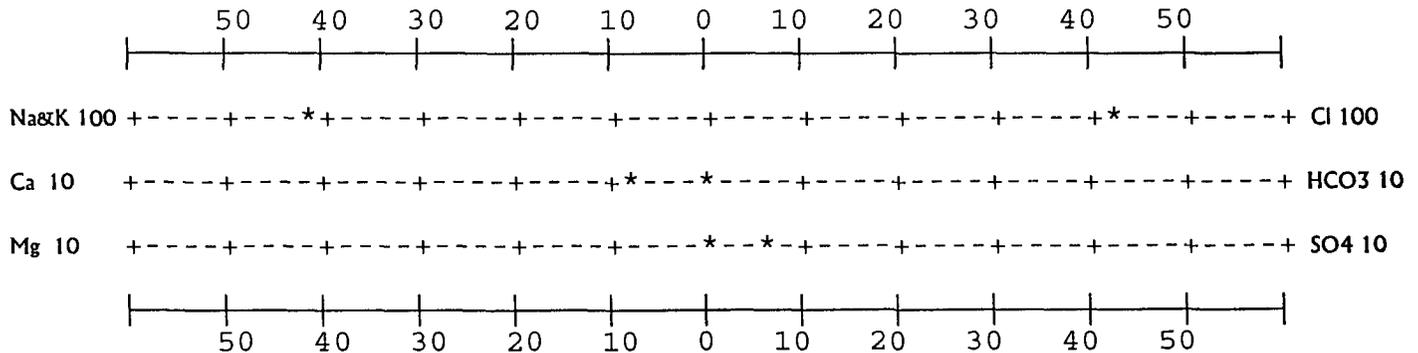
SAMPLE DESCRIPTION: CLEAR / COLORLESS / ODORLESS

PHYSICAL AND CHEMICAL DETERMINATIONS

| | |
|--|------------------------------------|
| SPECIFIC GRAVITY: 1.195 @ 72 °F | PH: 5.8 |
| RESISTIVITY (CALC.): .025 OHMS @ 75 °F | |
| IRON (FE ⁺⁺): 0 PPM | SULFATE: 3013 PPM |
| CALCIUM: 1540 PPM | TOTAL HARDNESS: 4100 PPM |
| MAGNESIUM: 61 PPM | BICARBONATE: 225 PPM |
| CHLORIDE: 152267 PPM | SODIUM CHLORIDE (CALC): 250479 PPM |
| SODIUM+POTASS: 132631 PPM | TOT. DISSOLVED SOLIDS: 292236 PPM |
| H2S :N.D. | K+ :350 MG/L |

REMARKS:

STIFF TYPE PLOT (IN MEQ/L)



ANALYST _____

M.R. DAJANI

THE WESTERN COMPANY OF NORTH AMERICA

WATER ANALYSIS

ARTESIA, NM LAB

ANALYSIS #: AR010156

GENERAL INFORMATION

| | |
|---------------------------|--------------------------|
| OPERATOR: I & W | DEPTH: |
| WELL: CARLSBAD CITY WATER | DATE SAMPLED: 10-10-95 |
| FIELD: | DATE RECEIVED: 10-09-95 |
| FORMATION: | SUBMITTED BY: LARRY DADE |
| COUNTY: EDDY | WORKED BY: M.R. DAJANI |
| STATE: NM | PHONE #: (505) 746-3140 |

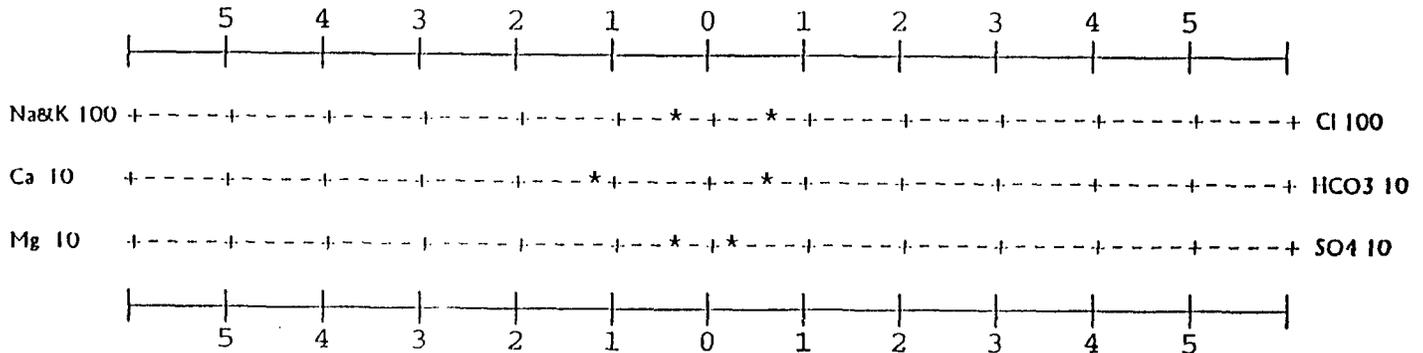
SAMPLE DESCRIPTION: CLEAR / COLORLESS / ODORLESS

PHYSICAL AND CHEMICAL DETERMINATIONS

| | |
|--|----------------------------------|
| SPECIFIC GRAVITY: 1.000 @ 77 °F | PH: 7 |
| RESISTIVITY (CALC.): .895 OHMS @ 75 °F | |
| IRON (FE++): 0 PPM | SULFATE: 85 PPM |
| CALCIUM: 240 PPM | TOTAL HARDNESS: 800 PPM |
| MAGNESIUM: 49 PPM | BICARBONATE: 329 PPM |
| CHLORIDE: 2000 PPM | SODIUM CHLORIDE (CALC): 3289 PPM |
| SODIUM+POTASS: 1475 PPM | TOT. DISSOLVED SOLIDS: 4689 PPM |
| H2S :N.D. | K+ :0 MG/L |

REMARKS:

STIFF TYPE PLOT (IN MEQ/L)



ANALYST _____

M.R. DAJANI

RECEIVED

AUG 29 1995
8379
USFWS - NMESSO

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 application has been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

(GW-221)- ENVIROTECH, Inc., Mr. Morris Young, (505)-632-0615, 5796 U.S. Highway 64-3014, Farmington, NM, 87401 has submitted a Discharge plan application for their Farmington facilities located in the NW/4 NW/4, Section 27, Township 29 North, Range 12 West, and NW/4 NE/4, Section 28, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico. All effluents that may be generated at the facilities will be collected in a closed top tank and transported offsite for disposal at an OCD approved facility; Groundwater most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 55 feet with a total dissolved solids concentration of approximately 1000 mg/L. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge 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 public hearing may be requested by any interested person. Requests for 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 24th day of August, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

NO EFFECT FINDING

The described action will have no effect on listed species,
[REDACTED]

Date SEAL September 22, 1995

Consultation # GW OCD95-1

Approved by [Signature]

U.S. FISH and WILDLIFE SERVICE
NEW MEXICO ECOLOGICAL SERVICES FIELD OFFICE
ALBUQUERQUE, NEW MEXICO

[Signature]
WILLIAM J. LEMAY, Director

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to the New Mexico Water Quality Control Commission Regulations, the following discharge plan renewal application has been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

(BW-006) - B&E Incorporated, George Parchman, P.O. Box 727, Carlsbad, New Mexico 88220, has submitted a discharge plan renewal application for their Eugenie Brine Extraction Facility located in the SW/4 SW/4 of Section 17, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Fresh water is injected down the No. 2 well to an approximate depth of 550 feet and brine is produced through the tubing of the No. 1 well. The brine has an average total dissolved solids content of 300,000 mg/l. Groundwater most likely to be affected by any accidental discharge is at a depth of 50 feet with a total dissolved solids concentration of about 1,000 mg/l. The discharge plan addresses how spills, leaks and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan applications may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday thru 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 public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

If no hearing is held, the Director will approve or disapprove the plan based on the information available. If a public hearing is held, the Director will approve the plan based on the information in the plan and information presented at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24st day of August, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAX, Director

SEAL

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

OIL CONSERVATION DIVISION

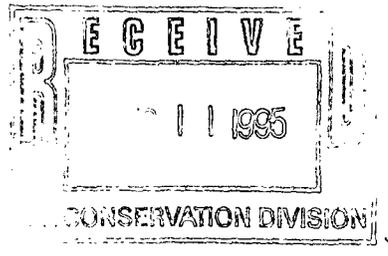
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(BW-006) - BAE Incorporated, George Parchman, P.O. Box 727, Carlsbad, New Mexico 88220, has submitted a discharge plan renewal application for their Eugene Brine Extraction Facility located in the SW/4 SW/4 of Section 17, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Fresh water is injected down the No. 2 well to an approximate depth of 350 feet and brine is produced through the tubing of the No. 1 well. The brine has an average total dissolved solids content of 300,000 mg/L. Groundwater most likely to be affected by any accidental discharge is at a depth of 50 feet with a total dissolved solids concentration of about 1,000 mg/L. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:30 a.m. and 4:30 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 public hearing may be requested by any interested person. Requests for 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 24th day of August, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
S.W. LILIAN J. LEMAY, Director
Journal, August 31, 1995.



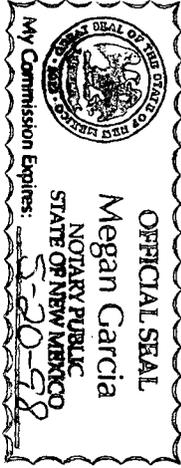
STATE OF NEW MEXICO
County of Bernalillo SS

Bill Tafoya being duly sworn declares and says that he is Classified Advertising manager of The Albuquerque Journal, and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Laws of 1937, and that payment therefore has been made of assessed as court cost; that the notice, copy of which is hereto attached, was published in said paper in the regular daily edition, for _____ times, the first publication being of the _____ day of August, 1995, and the subsequent consecutive publications on _____, 1995.

Bert Tafoya

Sworn and subscribed to before me, a notary public in and for the County of Bernalillo and State of New Mexico, this 31st day of Aug 1995

PRICE \$ 33.01
Statement to come at end of month.



Megan Garcia
CIA-22-A (R-1/93) ACCOUNT NUMBER C80932

Affidavit of Publication

No 16790

State of New Mexico,
County of Eddy, ss.

Amy McKay,
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:

September 1, 1995
_____, 19____
_____, 19____
_____, 19____
_____, 19____
_____, 19____

That the cost of publication is \$ 38.99,
and that payment thereof has been made and will
be assessed as court costs.

Amy McKay

Subscribed and sworn to before me this

6th day of September, 1995

Donna Crump

My commission expires 08/01/98
Notary Public

SEPTEMBER 1, 1995

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

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(BW-006) - B&E Incorporated, George Parchman, P.O. Box 727, Carlsbad, New Mexico 88220, has submitted a discharge plan renewal application for their Eugenie Brine Extraction Facility located in the SW/4 SW/4 of Section 17, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Fresh water is injected down the No. 2 well to an approximate depth of 550 feet and brine is produced through the tubing of the No. 1 well. The brine has an average total dissolved solids content of 300,000 mg/l. Groundwater most likely to be affected by any accidental discharge is at a depth of 50 feet with a total dissolved solids concentration of about 1,000 mg/l. The discharge plan addresses how spills, leaks and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan applications may be viewed at the above address between 8:00 a.m. and 4 p.m., Monday thru Friday. Prior to ruling on any pro-

posed 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 public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

If no hearing is held, the Director will approve or disapprove the plan based on the information available. If a public hearing is held, the Director will approve the plan based on the information in the plan and information presented at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24th day of August, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION

DIVISION
WILLIAM J. LEMAY,
Director



**ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH**

I hereby acknowledge receipt of check No. [REDACTED] dated 8/18/95
or cash received on 9/1/95 in the amount of \$ 50.00
from I & W

for Eugenie Brine Well BW 006
(Family Name) (DP No.)

Submitted by: _____ Date: _____

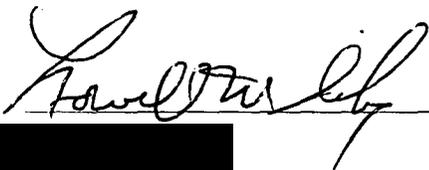
Submitted to ASD by: Page Anderson Date: 9/1/95

Received in ASD by: Annie Olive Date: 9/1/95

Filing Fee New Facility _____ Renewal _____
Modification _____ Other _____
(specify)

Organization Code 521.07 Applicable FY 96

To be deposited in the Water Quality Management Fund.
Full Payment _____ or Annual Increment _____

| | | | |
|---|---|--|---|
| Western Bank ARTESIA, NEW MEXICO 88210 |  | I & W, INC. P. O. BOX 98 677-2111 LOCO HILLS, NM 88255 | Aug 18 19 95 95-198 1122 |
| | PAY TO THE ORDER OF <u>NMED Water Quality Management</u> \$ <u>50.00</u> | | DOLLARS |
| | | I & W HOT OIL SERVICE NO. 50 000 000 | |
| | Transfer of Ownership (Application Fee) | 50 00 | |
| <small>THIS CHECK IS DELIVERED FOR PAYMENT ON THE ACCOUNTS LISTED</small> | |  | |



Mark
New Mexico
DRUG FR
It's a State of Mind

August 25, 1995

ALBUQUERQUE JOURNAL
P. O. Drawer J-T
Albuquerque, New Mexico 87103

RE: NOTICE OF PUBLICATION

2 Notices

ATTN: ADVERTISING MANAGER

Dear Sir/Madam:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

1. Publisher's affidavit in duplicate.
2. Statement of cost (also in duplicate.)
2. **CERTIFIED** invoices for prompt payment.

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving payment.

Please publish the notice no later than September 1, 1995.

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

Attachment

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-7131

mark



August 25, 1995

CARLSBAD CURRENT ARGUS
P. O. Box 1629
Carlsbad, New Mexico 88221

RE: NOTICE OF PUBLICATION

ATTN: ADVERTISING MANAGER

Dear Sir/Madam:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

1. Publisher's affidavit in duplicate.
2. Statement of cost (also in duplicate.)
2. CERTIFIED invoices for prompt payment.

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving payment.

Please publish the notice no later than September 1, 1995.

Sincerely,

Sally E. Martinez
Sally E. Martinez
Administrative Secretary

Attachment

NOTICE OF PUBLICATION

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

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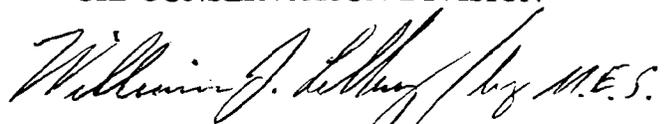
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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24th day of August, 1995.

SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAX, Director

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to the New Mexico Water Quality Control Commission Regulations, the following discharge plan renewal application has been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

(BW-006) - B&E Incorporated, George Parchman, P.O. Box 727, Carlsbad, New Mexico 88220, has submitted a discharge plan renewal application for their Eugenie Brine Extraction Facility located in the SW/4 SW/4 of Section 17, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Fresh water is injected down the No. 2 well to an approximate depth of 550 feet and brine is produced through the tubing of the No. 1 well. The brine has an average total dissolved solids content of 300,000 mg/l. Groundwater most likely to be affected by any accidental discharge is at a depth of 50 feet with a total dissolved solids concentration of about 1,000 mg/l. The discharge plan addresses how spills, leaks and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan applications may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday thru 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 public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

If no hearing is held, the Director will approve or disapprove the plan based on the information available. If a public hearing is held, the Director will approve the plan based on the information in the plan and information presented at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 24th day of August, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY, Director

SEAL

SPEED MESSAGE

TO

Oil Conservation Div.

FROM

BFE / AEW
RECEIVED
DIVISION

Att: Mark Ashley

Val Lemon
AUG 23 AM 8 52

SUBJECT

Discharge Plan 3W-006

DATE

August 21, 1995

Attached please find documentation of the transfer of ownership of the above mentioned subject.

Also, please find 50⁰⁰ check (app. fee) for June 96 renewal.

Per our conversation ... these letters will act as application for the renewal. Please call 1800-658-2759 if you have any questions.

SIGNED

Frank
Val

ORIGINAL

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box ~~756~~ 727
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

GEORGE PARSHMAN

July 27, 1995

RECEIVED

AUG 23 1995
Environmental Bureau
Oil Conservation Division

New Mexico Energy, Minerals and Natural Resources
Oil Conservation Division
State of New Mexico
2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

CERTIFIED MAIL
Return Receipt # Z 737 768 700

ATT: Roger Anderson
Environmental Bureau Chief

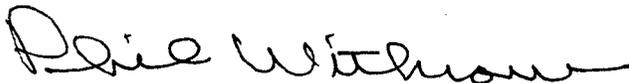
RE: Transfer of Ownership
Discharge Plan BW-006 (formerly GWB-5 and DP-323)
Eugenie Brine Extraction Facility
Eddy County, New Mexico
SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 17 T 22S R 27E

I, Phil Withrow, previous owner of B & E, Inc. willingly transfer to I & W ownership, control and possession of the approved written Discharge Plan BW-006 pertaining to the above-referenced facility. Under the guidelines (3-111 Transfer of Discharge Plan; pg. 33) of the Water Control Commission Regulations all files and pertinent information has been released to aid I & W in compliance and proper implementation.

This letter serves as notification of ownership transfer and possession of the above mentioned documents.

Thank you for your consideration and help in making this transition run smoothly.

Respectfully,



Phil Withrow
Owner/B & E, Inc. (transferor)

PW/va1

xc: I & W/Lowell Irby
OCD/District Office/Artesia
file



LOCO HILLS, NEW MEXICO 88255

August 10, 1995

New Mexico Energy, Minerals and Natural Resources
Oil Conservation Division
State of New Mexico
2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

ATT: Roger Anderson
Environmental Bureau Chief

RE: Renewal of Discharge Plan BW-006 (formerly GWB-5 and DP-323)
Transfer of Facility Ownership
Eugenie Brine Extraction Facility
Eddy County, New Mexico
SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 17 T 22S R 27E

This letter serves as notification of the transfer of property ownership and possession of Discharge Plan BW-006 from B & E, Inc. (transferor) to I & W (transferee). I & W acknowledges possession of the approved written discharge plan and all pertinent information for operational compliance and implementation of future renewals. (WQCC Regulations, 3-111. Transfer of Discharge Plan, pg. 33).

I & W, new owner of the above-referenced facility, willingly accepts and agrees to honor prior commitments between B & E, Inc. (previous owner) and the New Mexico Oil Conservation Division under the Discharge Plan BW-006 including the pending June 19, 1996 renewal approval.

The prior commitments to be honored are as follows:

1. Perform annual (mechanical integrity) open-hole pressure test (500 PSI - 4 hrs.).
2. Submit annual fresh and brine water analysis.
3. Perform pressure test isolating the casing from the formation (using a bridge plug or packer) every 5 yrs. Next test due prior to June 19, 1996.
4. Perform a sonar log before the expiration of the active discharge plan on June 19, 1996.

August 10, 1995

Page 2

5. Agreement to give the OCD 3-4 days notice on the annual pressure test, 5-yr. casing test, sonar log or any other anticipated work to be performed.

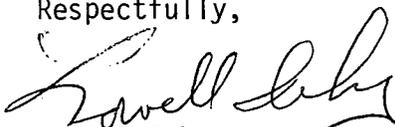
I & W will provide a bond representing financial assurance to cover the proper decommissioning of surface facilities and plugging and abandonment of the wells in case of closure. (Eugenie #1; discharge well and Eugenie #2; injection well).

I & W does not anticipate or propose any changes in the brine extraction operations or the facility set-up at the present time or near future.

Attached please find the Discharge Plan Application accompanied by a check for \$ 50.00 pursuant to WQCC Regulations (3-114. Fees, pg. 33.1 - 33.3).

In conclusion I & W petitions the NMOCD to recognize this letter as renewal of Discharge Plan BW-006 for reasons so stated above.

Respectfully,


Lowell Irby
Owner/ I & W

LI/va

Attachment (renewal application/fee)

xc: OCD/District Office/Artesia
Phil Withrow/B & E, Inc.
file

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87501

DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITIES

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

NEW RENEWAL

I. FACILITY NAME: Eugenie Brine Extraction Facility

II. OPERATOR: I & W

ADDRESS: P.O. Box 98 Loco Hills, NM 88255

CONTACT PERSON: Lowell Irby/owner PHONE: 677-2111

III. LOCATION: SW /4 SW /4 Section 17 Township 22 S Range 27 E

Submit large scale topographic map showing exact location.

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

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

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

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

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

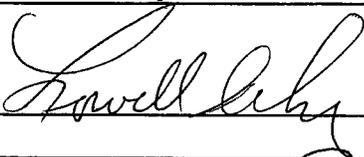
IX. Attach geological/hydrological evidence demonstrating that brine extraction operations will not adversely impact fresh water.

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

XI. CERTIFICATION

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

Name: Lowell Irby Title: Owner/ I & W

Signature:  Date: 8/2/95

DISTRIBUTION: Original and one copy to Santa Fe with one copy to appropriate Division District Office.

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

OIL CONSERVATION DIVISION
RECEIVED

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

RECEIVED

JUL 25 1995

Environmental Bureau
Oil Conservation Division

July 18, 1995

Oil Conservation Division
State Land Office
P.O. Box 2088
Santa Fe, NM 87504

RE: Sale of B & E, Inc. & Eugenie Brine Station

ATT: Kathy Brown

Effective July 10, 1995 B & E, Inc. was bought by I & W Transportation.
Also Eugenie Brine Station is now owned by I & W.

This information is for your records. The manager of I & W is George
Parchman (business card enclosed). The telephone numbers will stay
the same (505-885-6663 or 800-658-2739).for the Carlsbad Yard at the
South Y.

If you have any questions please call me at the above numbers.

I personally would like to thank you and the staff of the OCD for always
being cordial and so very helpful. The Carlsbad yard is in the process
of being cleaned up.

Respectfully,


Valerie Lemon
I & W

xc: Artesia OCD (Tim Gum)
file

OIL CONSERVATION DIVISION

July 20, 1995

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-962-743

Mr. Phil Withrow
B & E Incorporated
P.O. Box 756
Carlsbad, New Mexico 88220

RE: Discharge Plan BW-006 Renewal
B & E Incorporated
Eugenie Brine Station
Eddy County, New Mexico

Dear Mr. Withrow:

On December 18, 1982, the groundwater discharge plan, BW-006 (formerly GWB-5 and DP-323) for the Eugenie Brine Station located in the SW/4 SW/4 of Section 17, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico, was approved by the Director of the New Mexico Oil Conservation Division (OCD). This discharge plan was required and submitted pursuant to Water Quality Control Commission (WQCC) regulations and was approved for a period of five years, and was subsequently renewed on June 19, 1991 by the Director of the OCD. The current approval will expire on June 16, 1996 and you should submit an application for renewal six months before this date.

If your facility continues to have potential or actual effluent or leachate discharges and you wish to continue operation, you must renew your discharge plan. The OCD is reviewing discharge plan submittals and renewals carefully and the review time can extend for several months. Please indicate whether you have made, or intend to make, any changes in you system, and if so, please include these modifications in your application for renewal.

Mr. Phil Withrow
July 20, 1995
Page 2

To assist you in preparation of your application, I have enclosed an application form and a copy of the OCD's Guidelines for the Preparation of Discharge Plans at Brine Extraction Facilities and a copy of the WQCC regulations. Please submit the original and one copy to the OCD Santa Fe Office and one copy to the OCD Artesia District Office. Note that the completed and signed application form must be submitted with your discharge plan renewal request.

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

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

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

If you no longer have any actual or potential discharges a discharge plan is not need, please notify this office. If you have any questions, please do not hesitate to contact Mark Ashley at (505) 827-7155.

Sincerely,


Roger C. Anderson
Environmental Bureau Chief

RCA/mwa

xc: OCD Artesia Office

Z 765 962 743



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

| | |
|---|----|
| Sent to | |
| Street and No. | |
| P.O., State and ZIP Code | |
| Postage | \$ |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to Whom & Date Delivered | |
| Return Receipt Showing to Whom, Date, and Addressee's Address | |
| TOTAL Postage & Fees | \$ |
| Postmark or Date | |

PS Form 3800, March 1993

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone-(505) 885-6663

OIL CONSERVATION DIVISION
RECEIVED Vacuum Trucks
Winch Truck
Kill Truck
H2c Tanks
'93 OCT 22 AM 8 45

October 18, 1993

Oil Conservation Division
State Land Office Bldg.
P.O. Box 2088
Santa Fe, NM 87504

RE: Eugenie Brine Well
Casing Isolation Test
Mechanical Integrity

ATT: Kathy Brown

Attached please find a run down procedure for the above mentioned test. A Pride Petroleum pulling unit and reverse unit were rigged up about 5:00 p.m. on September 29, 1993.

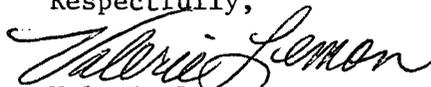
Mr. Ray Smith, Field Representative II with the Oil Conservation Division from the Artesia District was on location September 30, 1993 for the test. Alvin Isbell was the B & E, Inc. company representative.

Also attached please find a copy of the chart from the pressure test. Mr. Smith had taken possession of the original.

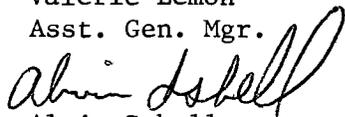
If you have any further questions please don't hesitate to call us at 800-658-2739.

Thank you and we appreciate the OCD's cooperation.

Respectfully,


Valerie Lemon

Asst. Gen. Mgr.



Alvin Isbell
Field Representative

xc: file
Artesia - OCD Office

Procedure for the casing test

September 29, 1993

Rigged up Pride Petroleum pulling unit at 5:00 p.m., also Pride Petroleum reverse unit at 5:00 p.m. Made call for Pecos Valley Tools for a 7" packer to be on location at 9:30 a.m. on September 30, 1993.

September 30, 1993

At 8:30 a.m. we started pulling tubing. The tubing had gotten stuck so we pumped 60 bbls of fresh water down the casing. Bumped tubing down with blocks and proceeded to start pulling tubing. Finished pulling all tubing by 10:30 a.m.

From 10:30 a.m. to 11:55 a.m. we ran casing scraper. Ran casing scraper to 420.56 ft. and then pulled scraper.

Picked up and set 7" packer to 411 ft. At 1:07 p.m. tested casing at 500# for 30 minutes. Mr. Ray Smith was present for this test. Test okayed and complete. Pulled packer.

Picked up 4 3/4" drill bit and started back in the hole with the tubing. We drilled back to 576 ft. and shut down.

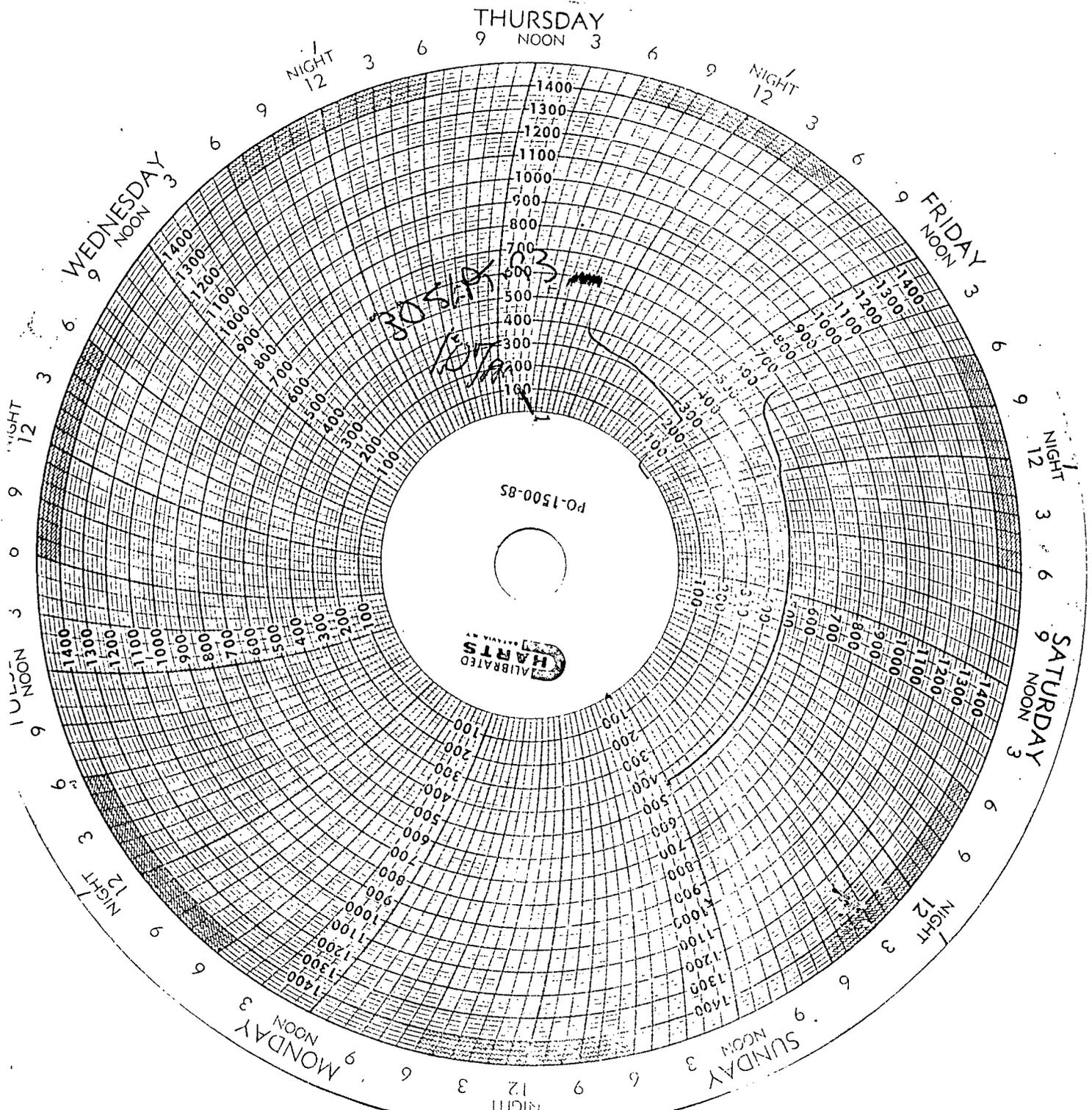
October 1, 1993

Alvin Isbell hooked well back to flowline and started producing brine at 9:30 a.m.

JOB COMPLETE



Alvin Isbell
Field Representative



30587 23
NOTA

THURSDAY

9 NOON 3

NIGHT
12

NIGHT
12

WEDNESDAY
MOON
3

FRIDAY
NOON

PO-1500-85

ALIBRATED
CHARTS
BY DATA INC.

SATURDAY
NOON

MONDAY
NOON

SUNDAY
NOON

NIGHT
12

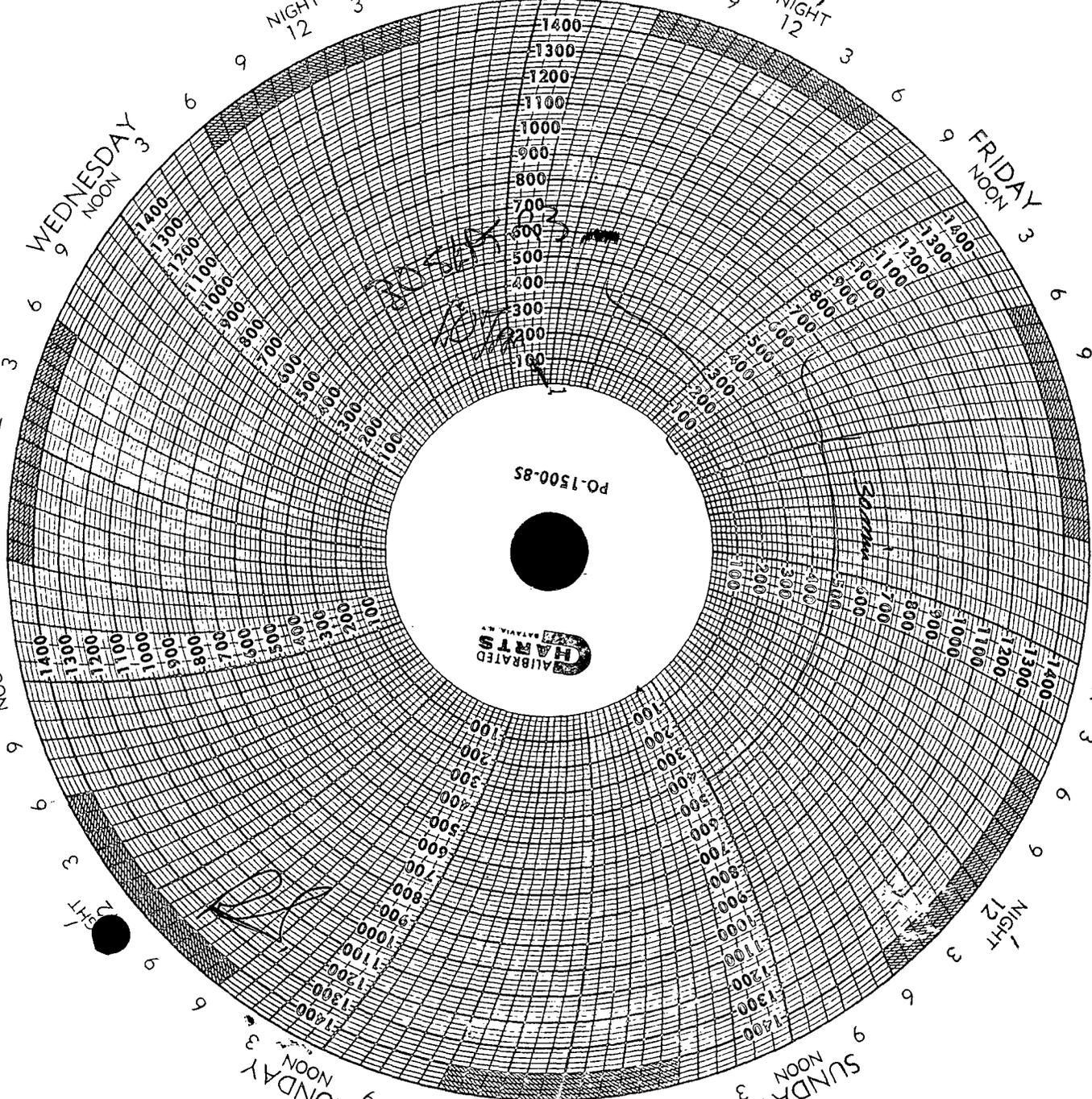
NIGHT
12

TUESDAY
NOON

NIGHT
12

NIGHT
12

NIGHT
12



B + E Inc.
Eugene Brine Discharge #1

17-22-27

9-30-93

009 shoe e 406' Pkr e 415'

NEW MEXICO OIL CONSERVATION COMMISSION
FIELD TRIP REPORT

INSPECTION CLASSIFICATION FACILITY HOURS QUARTER HOURS

Name RAY SMITH Date 9-30-93 Miles _____ District II
Time of Departure 7A Time of Return _____ Car No. 0759

In the space below indicate the purpose of the trip and the duties performed, listing wells or leases visited and any action taken.

TUCO

17-22-27. B+E Inc Eugenie Brine Discharge #1 well. To witness MIT on the above well. Start work at 8:30 AM & stuck the work down backside w/ fresh water. Continue working they until it came loose. Pook w/ the start on csg scraper to remove from Artesian. Rth w/ scraper & clean csg walls. Test csg for 30 min with about 10% soap. Test to 500 PSI.

I do not believe it would be possible to locate a leak this small nor could you squeeze it. This well operates at 65 PSI & there should be no problems at this time.

| | | |
|----------------|-----------------|--------------|
| <u>Mileage</u> | <u>Per Diem</u> | <u>Hours</u> |
| UIC _____ | UIC _____ | UIC _____ |
| RFA _____ | RFA _____ | RFA _____ |
| Other _____ | Other _____ | Other _____ |

| TYPE INSPECTION PERFORMED | INSPECTION CLASSIFICATION | NATURE OF SPECIFIC WELL OR FACILITY INSPECTED |
|---------------------------|---|---|
| H - Housekeeping | U - Underground Injection Control - Any inspection of or related to injection project, facility, or well or resulting from injection into any well. (SWD, 2ndry injection and production wells, water flows or pressure tests, surface injection equipment, plugging, etc.) | D - Drilling |
| P - Plugging | R - Inspections relating to Reclamation Fund Activity | P - Production |
| C - Plugging Cleanup | O - Other - Inspections not related to injection or The Reclamation Fund... | I - Injection |
| T - Well Test | | C - Combined prod. inj. operations |
| R - Repair/Workover | | S - SWD |
| F - Waterflow | | U - Underground Storage |
| N - Mishap or Spill | | G - General Operation |
| W - Water Contamination | | F - Facility or location |
| O - Other | | M - Meeting |
| | | O - Other |

E - Indicates some form of enforcement action taken in the field.

Equipment & Supplies

Fresh Water

Brine Supplies

Salt Water Disposal

Oil Conservation Division

RECEIVED

'92 JUL 29 AM 8 48

B & E, INC.

South Y

P. O. Box 756

Carlsbad, N.M. 88220

Phone (505) 885-6663

Vacuum Trucks

Winch Truck

Kill Truck

Frac Tanks

July 27, 1992

Oil Conservation Division
State Land Office Bldg.
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Annual Pressure Test (open-hole)
Eugenie Brine Discharge Well #1
Sec. 17 T 22S R 27E

ATT: Kathy Brown

Attached please find B & E, Inc. field ticket #43848 dated 7-25-92 showing work performed by our operator, Jody Wright. The same ticket being signed and witnessed by Chris Eustice of the OCD.

Also, attached please find the chart showing the pressure held and starting time of 9:30 a.m. and finishing time of 1:30 p.m. This chart was also signed by Chris Eustice, Alvin Isbell; representative of B & E, and Jody Wright; kill truck operator.

If you have any questions please call us at 800-658-2739.

Again, we want to thank you for being patient with us for being late doing the pressure test.

Respectfully,



Valerie Lemon
Asst. General Manager
B & E, Inc.

Attachments

xc: Chris Eustice
Mike Williams
file

S.C.C. 1015-1

TRANSPORTS
KILL TRUCKS
FRAC TANKS**B & E, INC.**P.O. BOX 2292
HOBBS, NEW MEXICO 88240

PHONE

(505)-885-6663

(505)-887-6706

(505)-393-0762

BILL TO

*B & E Inc*CONTRACT
NUMBERA.F.E.
NUMBERREQ. OR
PURCHASE ORDER
NUMBERFIELD
ORDER
NUMBER

43848

DATE:

7/25/92

ORDERED BY:

*QCD*DELIVERED
FROM:

TO:

LOCATION

*Cuernie # 2*WELL
OR
RIG
NO.*Brine/Water*TRUCK OR
UNIT NO.*8403*

CAPACITY

*140*AMOUNT
HAULED*0*TIME
OUT*3:30* AM
PMTIME
IN*2:00* AM
PMHOURS
CHGD*10 1/2*

DELIVERED BY:

B & E

DESCRIPTION

WT.

HRS.

DAYS

RATE

AMOUNT

*Brine/Water**1450**—**—**Kill Truck Services**10 1/2**\$165.00**Lig upon tubing - 4:00 AM startup - Cased
formation to 255 - 9:30 AM began chart**testing - Pressure increased with temp tool -
Ending test at 1:30 PM put well back on**Production Lig Down.*

TOP GAUGE

BOTTOM GAUGE

SET DATE

RELEASE DATE

HIGHWAY MILES

LOADED

UNLOADED

TERMS:

TAX

NET TOTAL

OPERATOR OR DRIVER

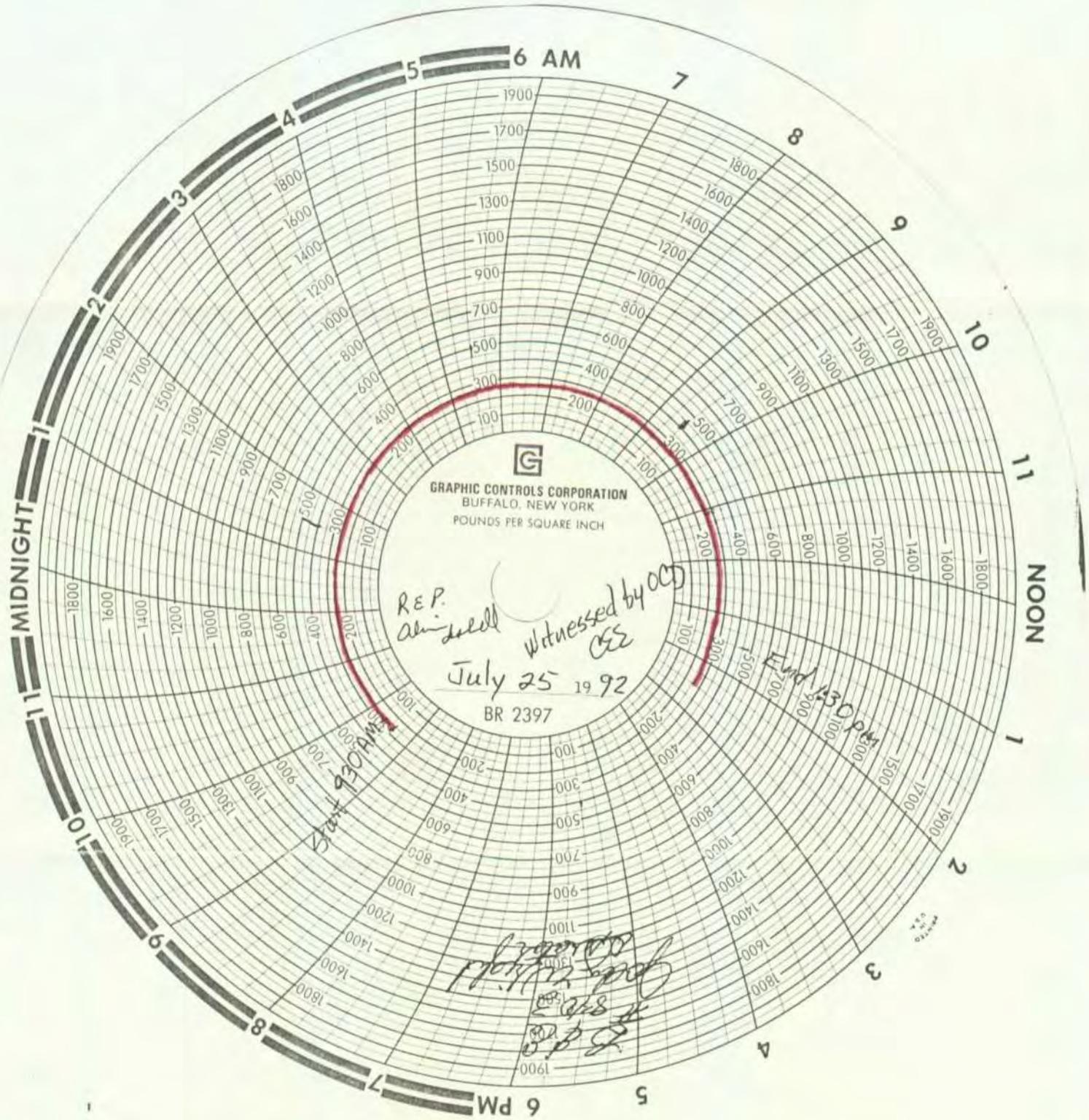
AUTHORIZED BY:

Judy Wright

X

John Ashell
S. H. H.

Thank You



GRAPHIC CONTROLS CORPORATION
 BUFFALO, NEW YORK
 POUNDS PER SQUARE INCH

R.E.P. *Alm*
 Witnessed by *OCJ*
CSZ

July 25 1992

BR 2397

Start 11:30 AM

End 1:30 PM

Graphic Controls Corporation
Buffalo, New York
8100
8100
8100

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

OIL CONSERVATION DIVISION
RECEIVED
'92 JUL 24 AM 8 51
Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

July 20, 1992

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

ATT: Kathy Brown

RE: Eugenie Brine Annual Pressure Test

We made a commitment to the Oil Conservation Division to run an annual pressure test on our Eugenie Brine injection well. The test should have been run during the month of June.

We have been unable to fulfill that commitment as of this date. We have had several dates set and because of our workload and the constant demand for brine water, we have had to cancel.

We are tentatively setting this weekend, July 24 & 25. We will contact the Artesia District office so they can be present.

Please call me if you have any questions.

Respectfully,



Valerie Lemon
Asst. General Manager
B & E, Inc.

xc: file
Artesia District

copies: faxed 7-21-92
mailed 7-21-92

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

C O V E R P A G E

DATE:

July 21, 1992

TO:

Kathy Brown

COMPANY:

OOD

ADDRESS:

Santa Fe

1-827-5741

FROM: B & E, Inc.
P.O. Box 756
Carlsbad, NM 88220

FAX NUMBER: (505) 885-5988
800 NUMBER: (800) 658-2739

NO. OF PAGES: 2 (including this cover page)

SPECIAL INSTRUCTIONS:

*Thanks,
Tal*

*Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal*

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885 6663

*Vacuum Trucks
Winch Truck
Kill Truck
Fruc Tanks*

July 20, 1992

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

ATT: Kathy Brown

RE: Eugenic Brine Annual Pressure Test

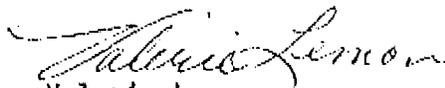
We made a commitment to the Oil Conservation Division to run an annual pressure test on our Eugenic Brine injection well. The test should have been run during the month of June.

We have been unable to fulfill that commitment as of this date. We have had several dates set and because of our workload and the constant demand for brine water, we have had to cancel.

We are tentatively setting this weekend, July 24 & 25. We will contact the Artesia District office so they can be present.

Please call me if you have any questions.

Respectfully,

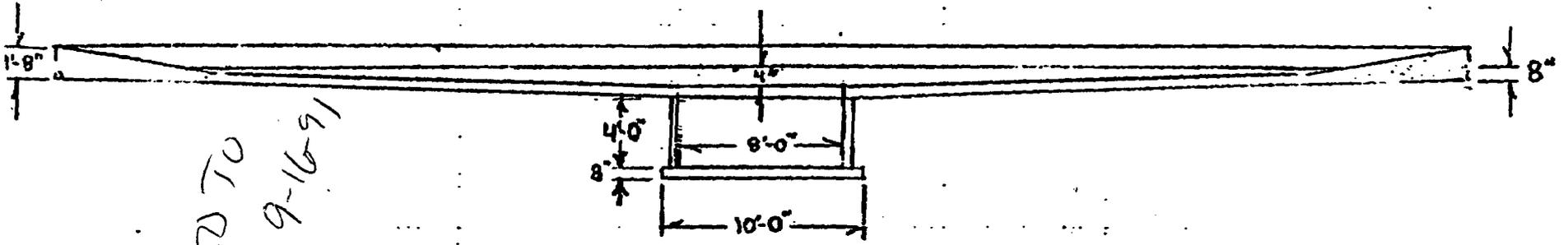


Valerie Lemon
Asst. General Manager
B & E, Inc.

xc: file
Artesia District

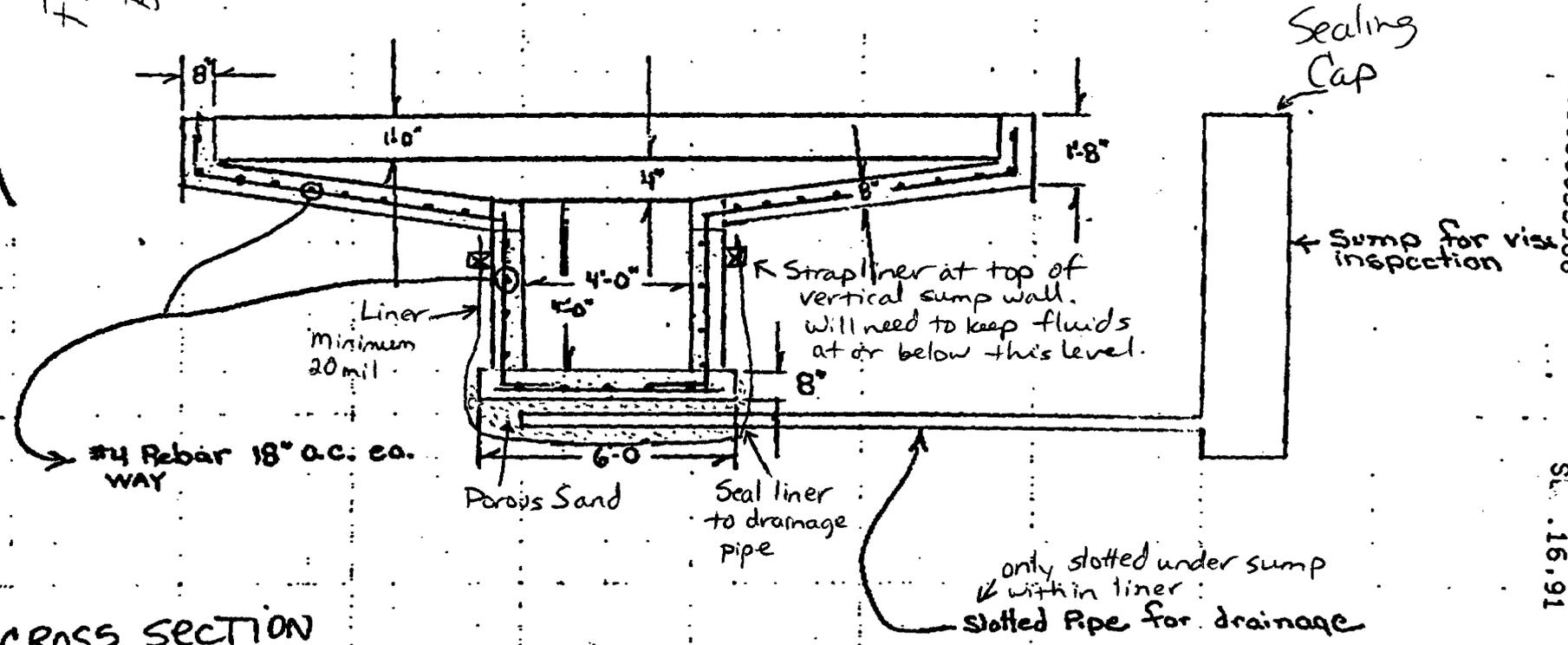
copies: faxed 7-21-92
mailed 7-21-92

B



FIXED TO
B/E 9-16-91

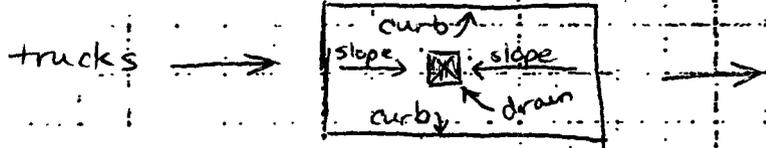
A



CROSS SECTION

3-loading areas

→ make sure that you have curbs on the side of your loading pads and that they slope into your drain.



9-16-91

Kathy -

Attached please find several drawings.

The new contractor is:

Southwest Concrete Const. Inc.

P.O. Box 34

Artesia, NM 88210

505-746-9074

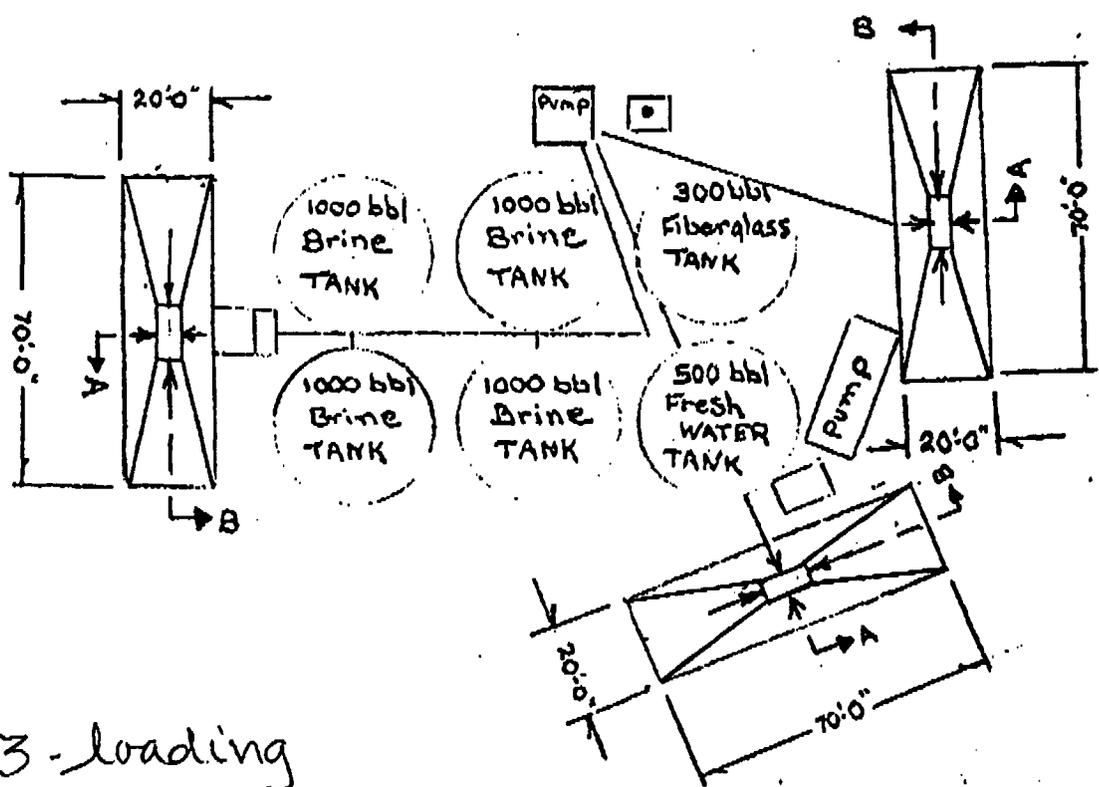
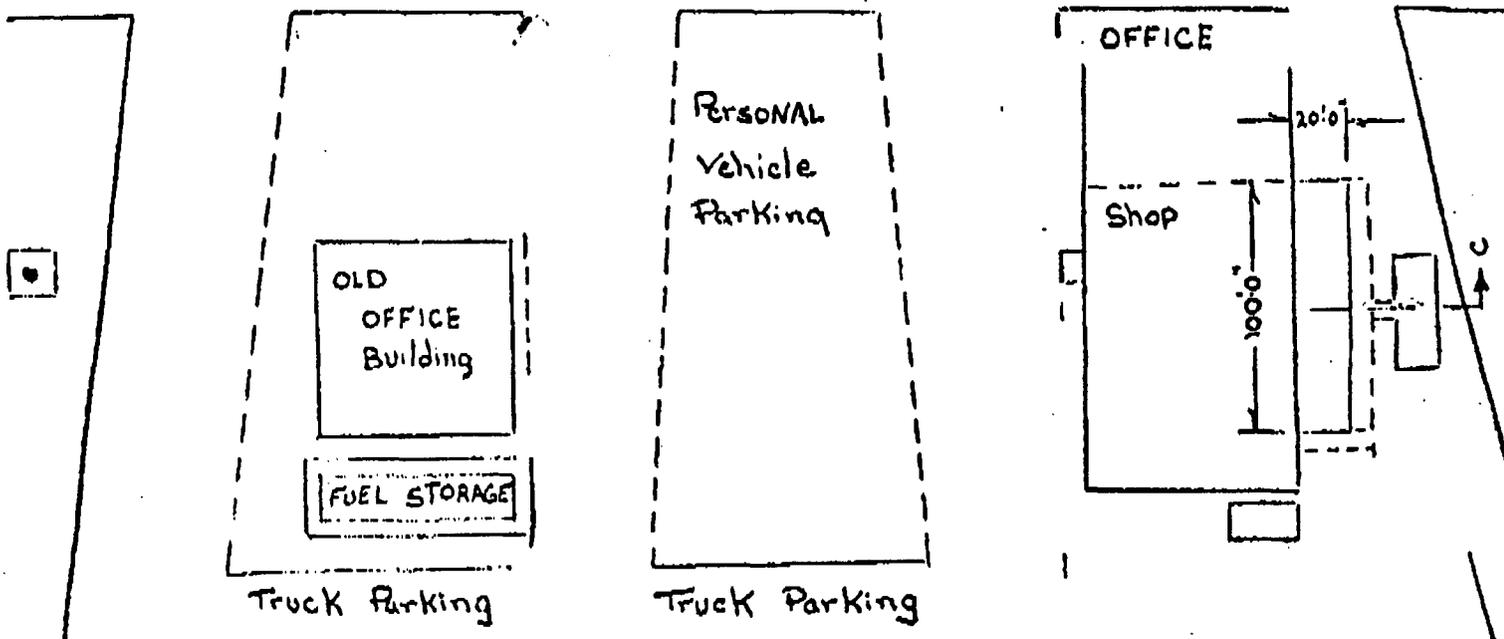
Steve Usherwood

They want to start Sept. 23, 1991
(Monday)

Please approve as soon as possible!!!

All sumps will have your tank installation - leak detection from the drawings you sent.

The fuel storage drawing and (c) drain trench & sump are coordinated in the construction to satisfy the EPA Storm Water Regulation Permit.

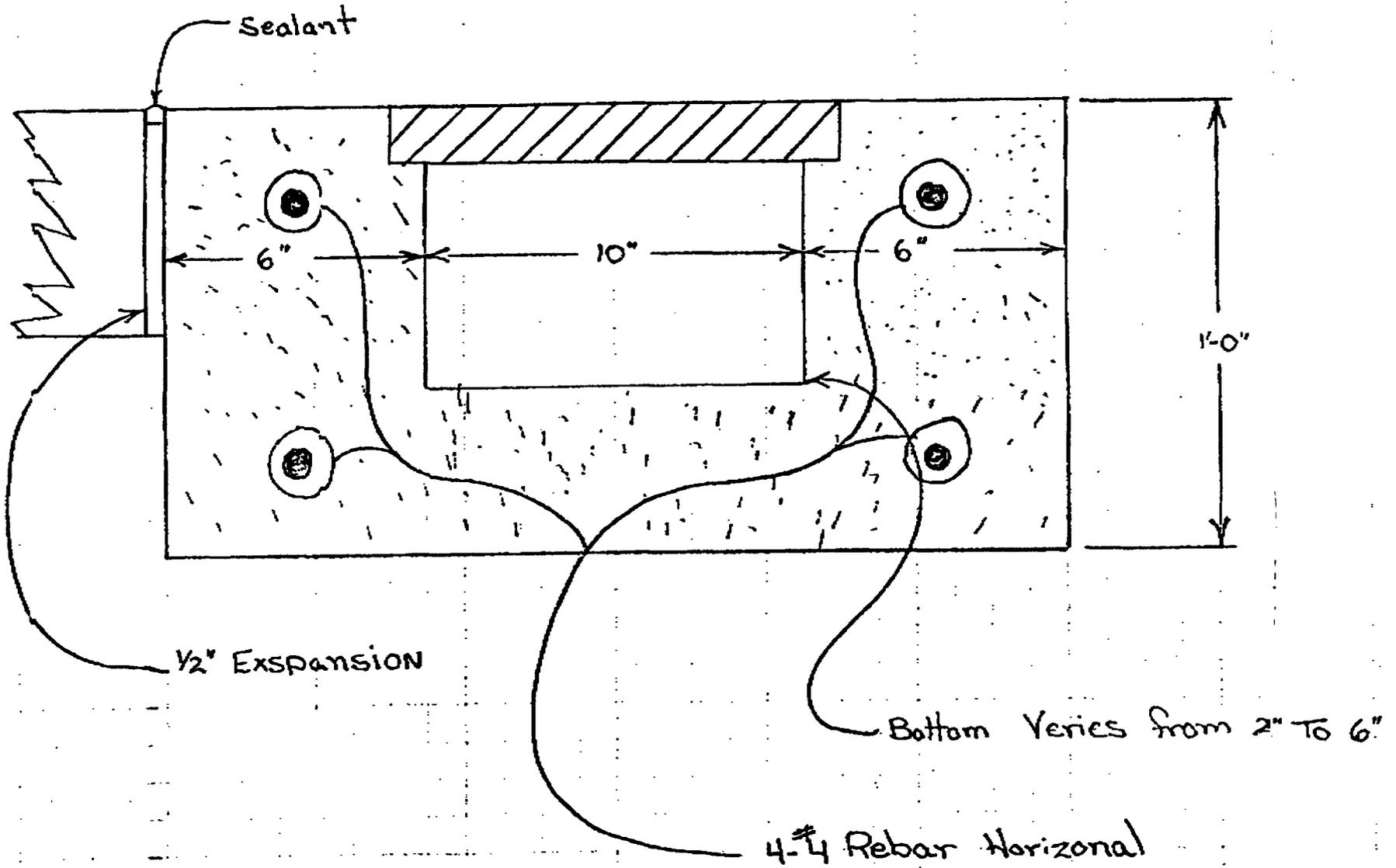


3-loading areas



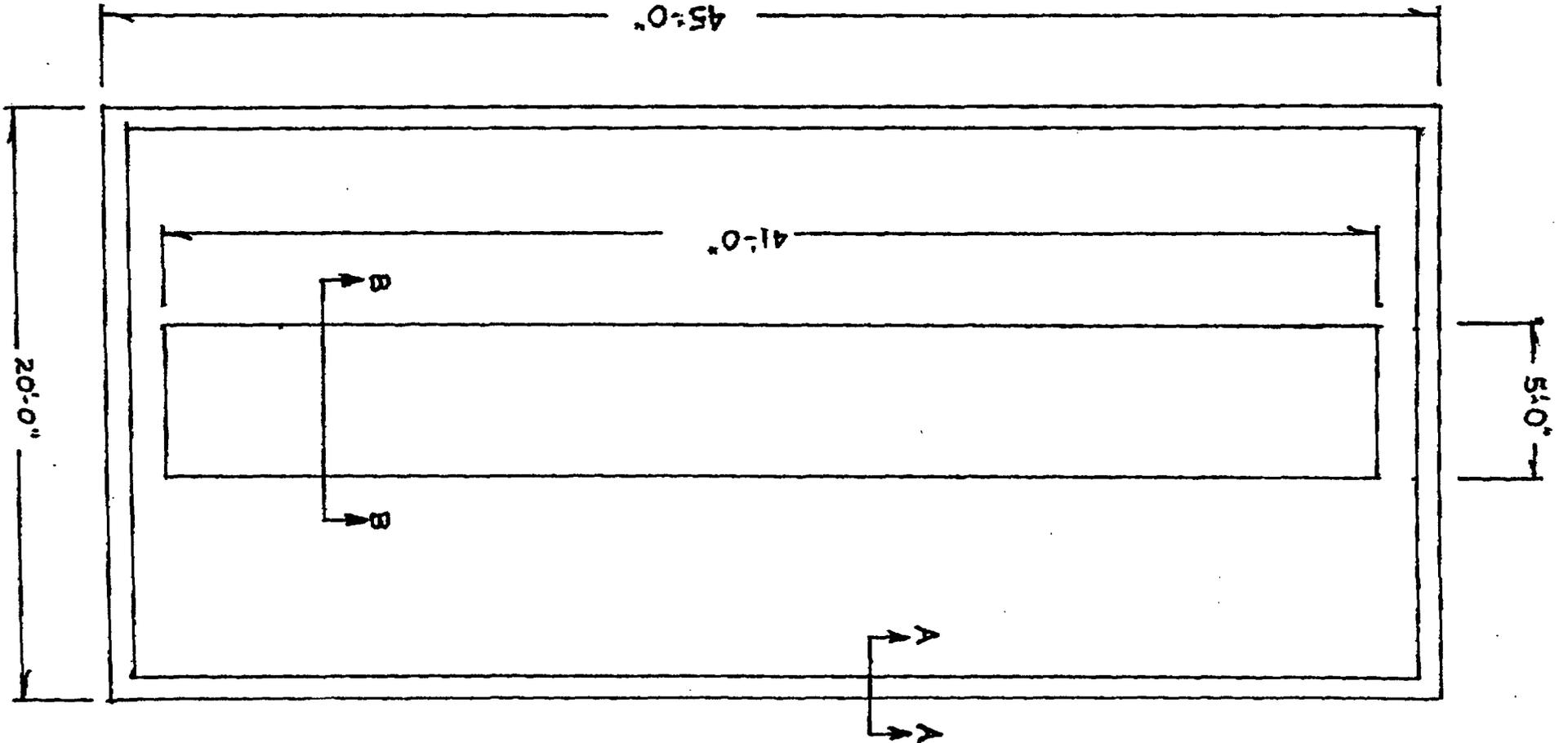
C

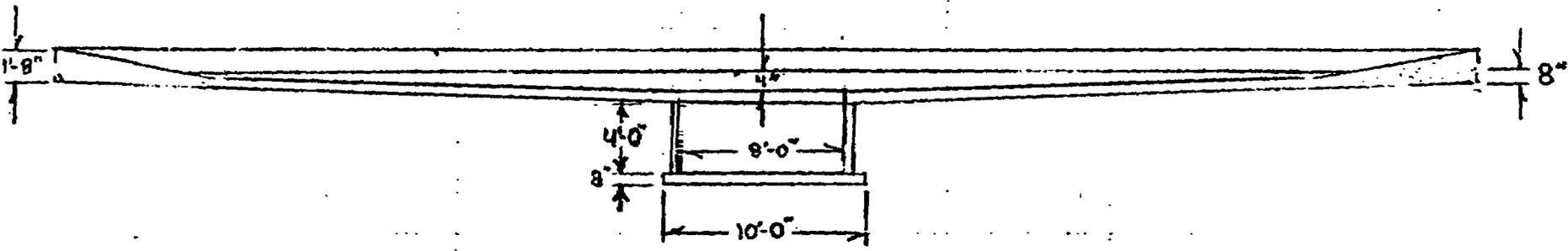
Cross-section
trench - pad
east side bldg.



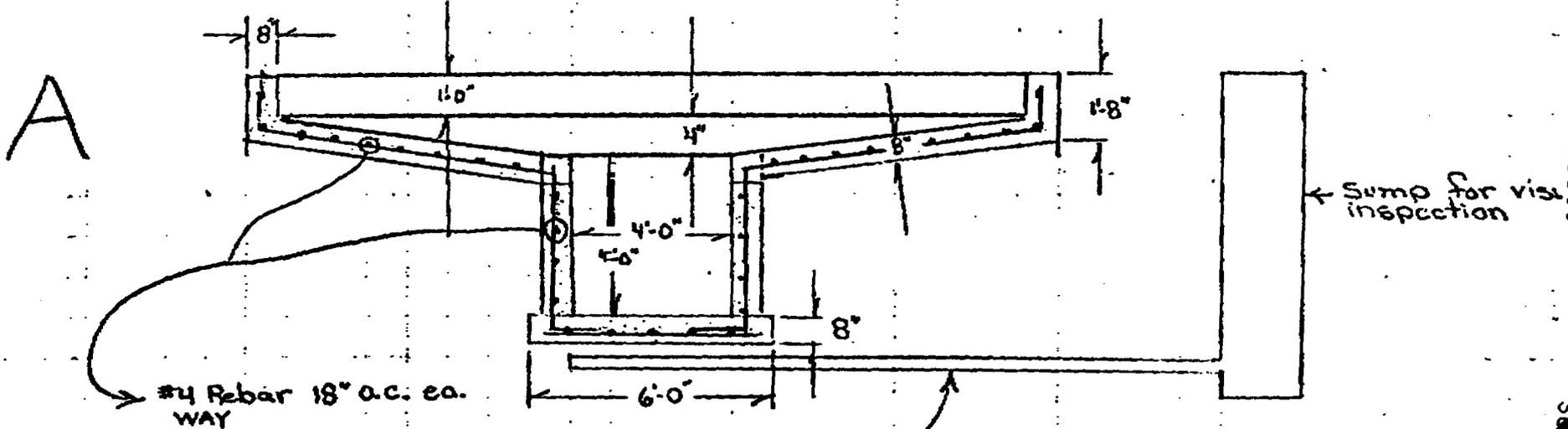
FUEL STORAGE RETAINAGE

Diesel Fuel
Storage





B

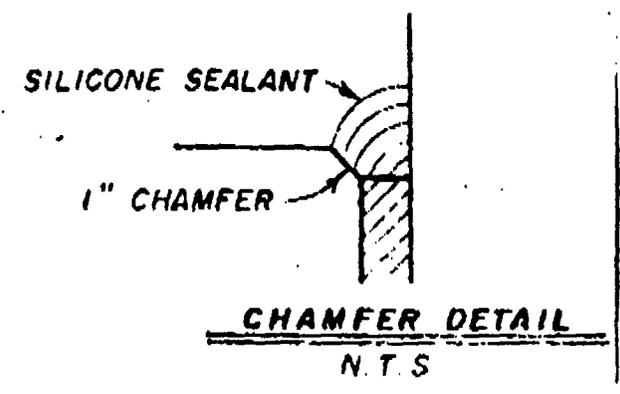
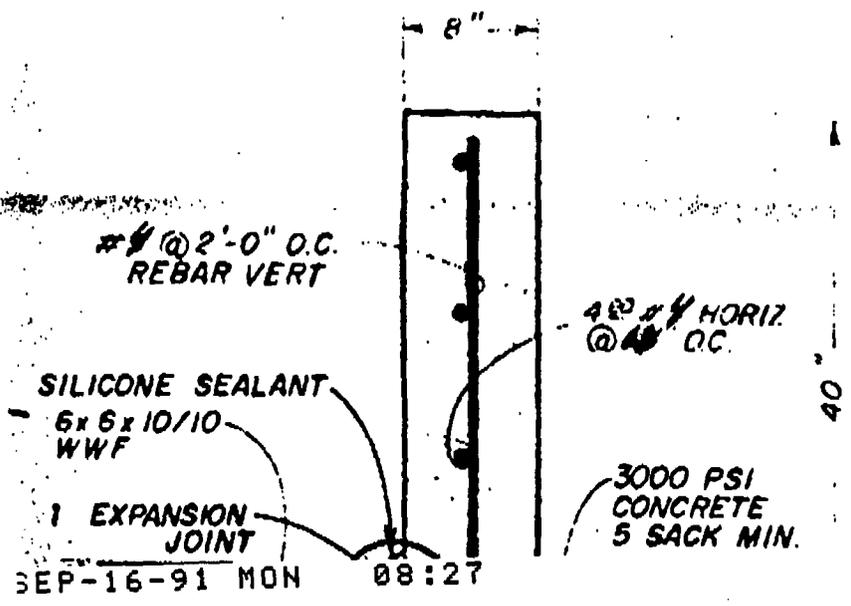


A

CROSS SECTION
3-loading areas

Slotted Pipe for drainage

Sump for visual inspection



SEP-16-91 MON

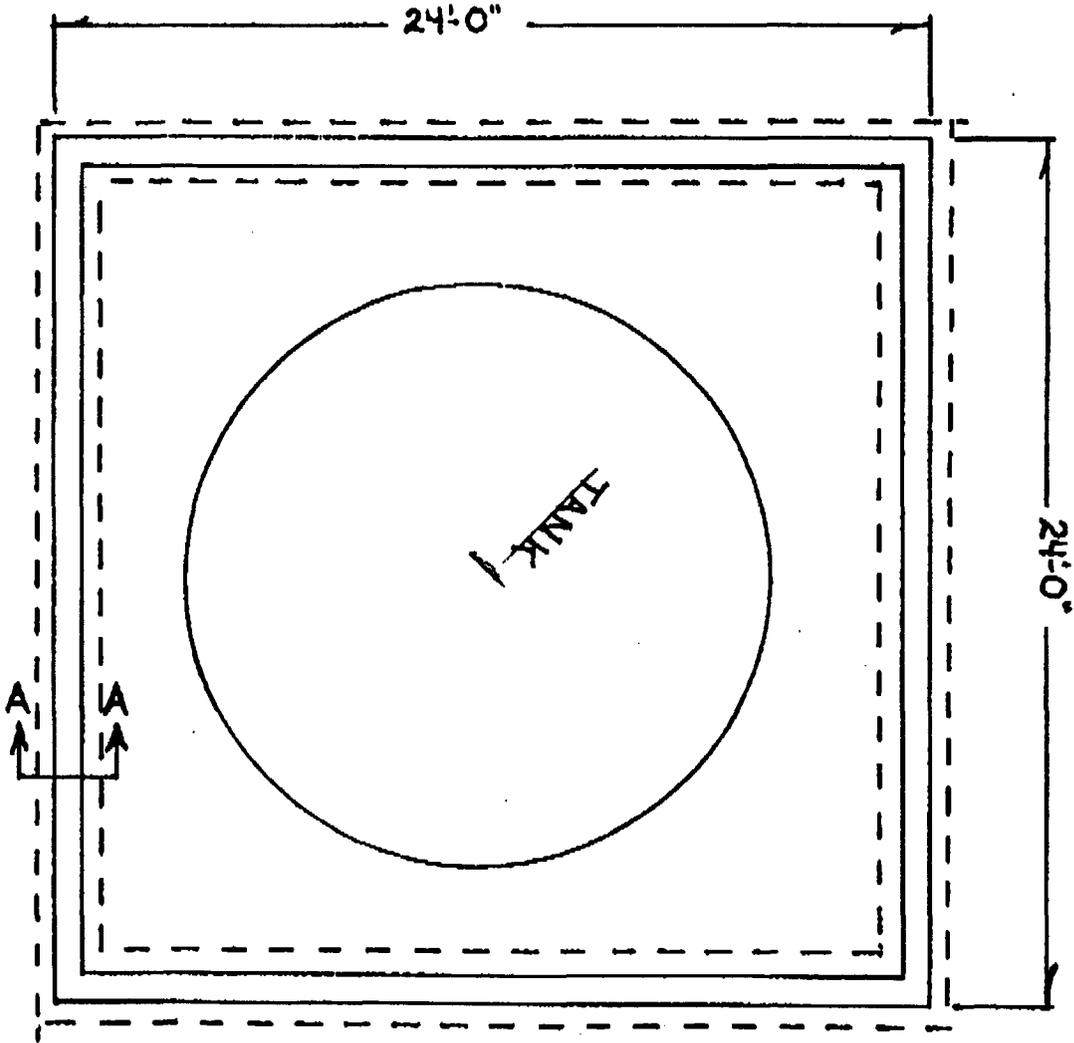
08:27

5058855988

P. 04

Fiberglass Tank

EIBERGLASS TANK RETAINAGE



Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

OIL CONSERVATION DIVISION
RECEIVED

'91 SEP 13 AM 9 37

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

September 10, 1991

Oil Conservation Division
State Land Office Building
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Required Yard Construction
B & E, Inc. - Eugenie Brine Station
Plan BW-6

ATT: Kathy Brown
Environmental Geologist

B & E, Inc. intends to keep all commitments made to the Oil Conservation Division. We do apologize for the lack of progress but it seems to have been out of our control. This situation has been extremely frustrating for B & E.

We are doing everything we possibly can to get this work completed. Now because Durham Associates (architect - blueprint) has back downed on their commitment (see copy of letter attached) after keeping us hanging for two months, we have to go out of town because there is not anymore architectural firms in Carlsbad who can do this.

Our choice of general contractor and concrete contractor has no bearing on the work not being started or completed. They have gone out of their way to assist us and now it seems it is out of their control also.

I spoke with the concrete contractor this very morning and he is trying to contact someone in Artesia, NM to see if they can help us out. This means that we will have to change contractors but his willingness to help us speaks for itself.

As soon as we receive a commitment from someone else and the final blueprints are submitted to us, we will immediately submit them to your office before any actual construction begins.

Sincerely,



Valerie Lemon-Pierce
Asst. General Manager

xc: file

Attachment

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

September 10, 1991

Durham & Associates Architect AIA
102 N. Canyon
Carlsbad, NM 88220

RE: Intended Commitment for blueprint

ATTN: Beryl Durham

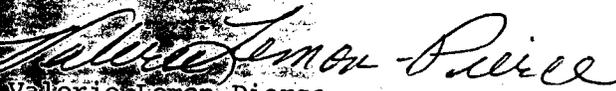
I feel compelled to express my disappointment in your firm continuing to put us off after you made a commitment to us. You even sent a man here to our yard to look over the site and take information on what we were required to have done.

I know for a fact that if we conducted business like that. . . .we would have to shut our doors.

We have had to make commitments to a lot of government agencies to get this work done. You were recommended and we entered into the agreement with good faith!

It has been two months and now you finally tell Mr. Kent Carter that your workload won't allow you to do the work you originally committed to do. It certainly would have been easier if you had told Kent or B & E, Inc. from the very start that you could not fulfill your commitment.

Respectfully,



Valerie Lemon-Pierce
Asst. General Manager
B & E, Inc.

cc: file

copy

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

September 5, 1991

CERTIFIED MAIL
RETURN RECEIPT NO. P-757-737-744

Mr. Phil Withrow
B & E, Incorporated
P. O. Box 756
Carlsbad, New Mexico 88220

RE: **Discharge Plan BW-6**
B & E Inc., Eugenie Brine Station

Dear Mr. Withrow:

The discharge plan renewal (BW-6) for the B & E Eugenie Brine Station (Carlsbad) was approved by the Director of the Oil Conservation Division (OCD), on June 19, 1991. Approval of the discharge plan renewal contained specific commitments from B & E Inc., including a complete upgrade of your facility to contain brine and oil constantly spilled. In your letter dated May 1, 1991, B & E Inc. submitted a schedule of completion for this work. The proposed schedule stated that you would be accepting bids for the proposed work during the month of May, and after accepting a bid the chosen contractor would have 60 days to complete the work.

A follow-up letter from B & E Inc. on June 14, 1991, stated H & H Excavating as the contractor chosen. Inspection of your yard on August 27, 1991 revealed that there has been no work done at the facility aside from installation of your new fiberglass tank. In addition, excessive spillage of oil onto the ground surface was observed around the outside of the short metal berm. Is there a bottom to this metal berm (ie. is this secondary containment)? Excessive oil was also spilled onto the ground surface around the loading valve for this tank. This oil must be cleaned-up and containment installed to ensure that oil is kept off of the ground surface.

Mr. Phil Withrow
September 5, 1991
Page 2

Because it is evident that you cannot meet your original completion schedule for the required work, please submit a new work schedule to the OCD within 14 days from the date of this letter. Please submit to the OCD the final blueprints for your proposed facility upgrade prior to any actual construction.

If you have any questions, please do not hesitate to call me at (505) 827-5824.

Sincerely,



Kathy M. Brown
Environmental Geologist

xc: OCD Artesia Office

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

OIL CONSERVATION DIVISION
RECEIVED
'91 JUL 22 AM 9 30

Vacuum Trucks
Truck
Kill Truck
Frac Tanks

July 18, 1991

Oil Conservation Division
State Land Bldg.
P.O. Box 2088
Santa Fe, NM 87504

ATT: Kathy Brown, Environmental Geologist

RE: Eugenie Brine - Annual Pressure Test
Loco Hills Brine - discharge plan
Carlsbad Yard - Construction
Sonar Log

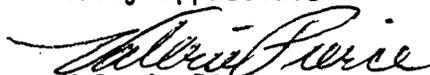
I haven't heard from your office about the Eugenie Brine open-hole annual pressure test. I was just wondering if everything was satisfactory.

Also, I haven't heard as to the status of the discharge plan on the Loco Hills Brine and if you might need more information or if it was near approval.

The yard construction that is to take place here on our property has been at a standstill because the architect hasn't completed the blue-prints so the contractor can get started. I just wanted to let you know what the progress was or wasn't.

I called about some information on the sonar log and received it in the mail last week. From my conversation with Bill Schnitger with Sonar & Well Testing Services, Inc. it was decided that when we did our 5-year mechanical integrity testing that would be the ideal time to run the sonar log also. Just wanted to thank you for the contacts and let you know the status on that.

Thank you again for all your help, cooperation and information. It is truly appreciated.


Valerie Pierce
Ofc/Per/Mgr.
B & Inc.

xc: file

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

OIL CONSERVATION DIVISION
RECEIVED
'91 JUN 26 AM 8 43

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

June 24, 1991

Oil Conservation Division
State Land Office Bldg.
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Annual Pressure Test (open-hole)
Eugenie Brine Discharge Well #1
Sec. 17 T 22S R 27E

ATT: Kathy Brown
Dave Boyer

Attached please find B & E, Inc. field ticket #09963 dated 6-22-91 and field ticket #09964 dated 6-23-91 showing work done by our operator, Jody Wright (kill truck services).

As you will see we ran into some difficulty on Saturday 6-22-91 with leaking connections and having to change out connections. This being a procedure that we are unfamiliar with caused some delay. By Sunday at 1:00 p.m to 5:00 p.m. the pressure held at 500 PSI as required.

Attached please find the chart that the operator used. We did not have the standard 12 hour charts so had to use the 7 day chart. The operator has indicated in pencil on the chart as to the day, time and any difficulty that we had. Also he has indicated where the pressure held at 500 PSI for the required 4 hours.

We did receive the approval on the brine well from your office and want to thank you for your consideration and patience through all of this.

If you have any further questions please don't hesitate to contact us at 800-658-2739.

Sincerely,



Valerie Lemon-Pierce
B & E, Inc.

Attachments

xc: file, Mike Williams-OCD Artesia District

S.C.C. 1015-1

TRANSPORTS
KILL TRUCKS
FRAC TANKS

B & E, INC.

P.O. BOX 2292
HOBBS, NEW MEXICO 88240

PHONE

(505)-885-6663

(505)-887-6706

(505)-393-0762

B
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B & E Inc

CONTRACT
NUMBER

A.F.E.
NUMBER

REQ. OR
PURCHASE ORDER
NUMBER

FIELD
ORDER
NUMBER

09963

DATE

ORDERED BY

6/22/91
Cody M

DELIVERED
FROM:

B & E Inc

TO:

Brine Well

LOCATION

Eugenium # 1 Sec 17 T22S-R27E

WELL
OR
RIG
NO.

Brine Well

TRUCK OR
UNIT NO.

8403

CAPACITY

140

AMOUNT
HAULED

2,000

TIME
OUT

1:00

AM

TIME
IN

6:00

AM

PM

HOURS
CHGD

5

DELIVERED BY

B & E Inc

DESCRIPTION

WT

HRS

DAYS

RATE

AMOUNT

Fresh Water 2,000 bbls 4000 bbls

Hill Truck Services 5 hrs 5-hr

*Connect to Casing Pumped 2,000 bbls
down hole - Load formation held
until next morning*

TOP GAUGE

BOTTOM GAUGE

SET DATE

RELEASE DATE

HIGHWAY MILES

LOADED

UNLOADED

TERMS:

TAX

NET TOTAL

OPERATOR OR DRIVER

AUTHORIZED BY:

Judy Wright X

Thank You

S.C.C. 1015-1

TRANSPORTS
KILL TRUCKS
FRAC TANKS

B & E, INC.

P.O. BOX 2292
HOBBS, NEW MEXICO 88240

PHONE

(505)-885-6663

(505)-887-6706

(505)-393-0762

B
I
L
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B & E Inc

CONTRACT
NUMBER

A.F.E.
NUMBER

REQ. OR
PURCHASE ORDER
NUMBER

FIELD
ORDER
NUMBER

09964

DATE

6/23/91

ORDERED BY

Eddy M

DELIVERED
FROM

B & E Yard

TO

Brine/Well

LOCATION

Crown #1 Sec 17 T22S R27E

WELL
OR
RIG
NO.

Brine/W

TRUCK OR
UNIT NO.

8403

CAPACITY

140

AMOUNT
HAULED

1,000

TIME
OUT

4:00

AM
PM

TIME
IN

6:00

AM
PM

HOURS
CHGD

DELIVERED BY

B & E Inc

DESCRIPTION

WT HRS DAYS

RATE

AMOUNT

Fresh Water 1,000 ccs

1,000 ccs

Rif Truck Services

1.5 hrs

*Le start pumping on casing-formation
load at 1:00^{PM} at 500^{PSI} held pres-
sure untill 5:00^{PM} Lipped down.*

TOP GAUGE

BOTTOM GAUGE

SET DATE

RELEASE DATE

HIGHWAY MILES

LOADED

UNLOADED

TERMS:

TAX

NET TOTAL

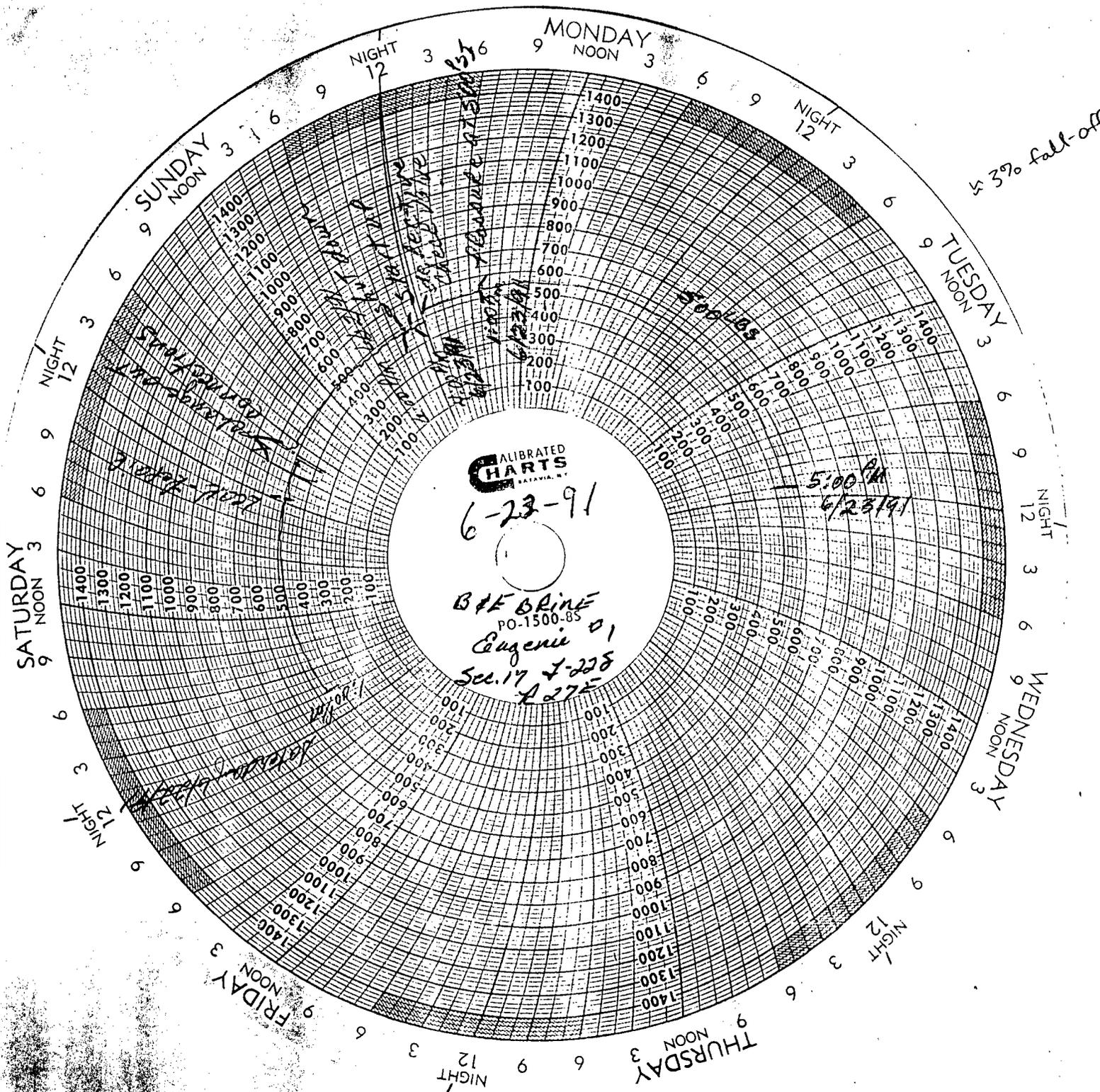
OPERATOR OR DRIVER

AUTHORIZED BY:

Judy Wright

X

Thank You



5.3% fall-off

5:00 PM
 6/23/91

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

June 25, 1991

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

CERTIFIED MAIL - RETURN RECEIPT NO. P-327-278-247

Mr. Phil Withrow
B&E Incorporated
P. O. Box 756
Carlsbad, New Mexico 88220

RE: Discharge Plan BW-6 - Sonar Log Commitment

Dear Mr. Withrow:

The discharge plan renewal (BW-6) for the B&E Eugenie Brine Station was approved on June 19, 1991. The renewal was approved under a number of conditions which B&E has committed to. One of these commitments is that B&E will perform a sonar log before the expiration of the active discharge plan, or before June 19, 1996.

There are a number of operators who perform sonar logs. A major company involved in salt extraction operations has run numerous sonar logs. This company has used the following operators:

Digital Surveys (formerly Microgauge), contact Curt Warnock, Jr. at 713/240-6777.

French Well Surveys, a division of PB/KBB, contact Joe Pope at 713/721-3694.

Sonar and Well Testing Serving (formerly Dowell), contact Bill Schmitter or H. L. Van Metre at 713/772-4960.

This same company also performs quick checks on many of their wells by pulling the tubing and running a gamma ray to determine the top of the cavern.

Hopefully, this information will help you complete your commitment to run a sonar log by June 19, 1996. If you have any questions, please feel free to contact me at 505/827-5824.

Sincerely,

A handwritten signature in cursive script that reads "Kathy M. Brown".

Kathy M. Brown
Environmental Geologist

KMB/sl

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

June 19, 1991

POST OFFICE BOX 208B
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

CERTIFIED MAIL
RETURN RECEIPT NO. P-327-278-199

Mr. Phil Withrow
B&E Incorporated
P. O. Box 756
Carlsbad, New Mexico 88220

RE: Approval of Discharge Plan BW-6 (formerly DP-323)
B&E Eugenie Brine Station

Dear Mr. Withrow:

The discharge plan renewal (BW-6) for the B&E Eugenie Brine Station located in the SW/4 SW/4 of Section 17, Township 22 South, Range 27 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 application dated May 28, 1987; and the materials dated June 10, 1988, October 11, 1988, November 10, 1988, May 1, 1991, and June 14, 1991, submitted as supplements to the application. Please note the new discharge plan number (BW-6), formerly DP-323, which will be the permanent designation used in all future correspondence.

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 charge in the discharge of water quality or volume.

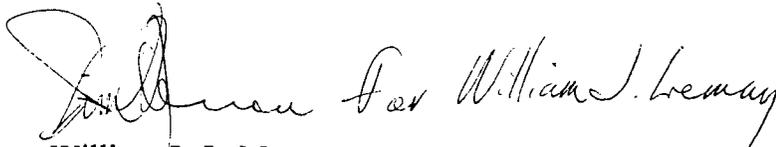
Mr. Phil Withrow
June 19, 1991
Page -2-

Before performing remedial work, altering or pulling casing, plugging or abandonment, or any other workover, approval of the OCD must be obtained. Approval should be requested on the OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103-A). Submit the original form to the appropriate district office and a copy of the form to the Environmental Bureau in the Santa Fe Office.

Pursuant to Section 3-109.G.4., this plan is for a period of five (5) years. This approval will expire June 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,

A handwritten signature in cursive script, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/KMB/sl

cc: OCD Artesia Office

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

OIL CONSERVATION DIVISION
REC'D
'91 JUN 17 AM 9 48
Vacuum Trucks
Winch Truck
Kill Truck
Puc Tanks

June 14, 1991

Oil Conservation Division
P.O. Box 2088
State Land Office Bldg.
Santa Fe, New Mexico 87504

RE: Discharge Plan DP-323 Renewal
B & E, Inc. - Eugenie Brine
Eddy County, New Mexico

ATT: Kathy Brown

This letter is a follow-up to our conversation of Tuesday, June 11, 1991 concerning the following commitments:

1. B & E, Inc. will have a sonar log on the Eugenie wells before the next five years renewal. (to determine size of cavity)
2. B & E, Inc. will have an annual pressure test run on the Eugenie well. We commit to having one now as soon as the arrangements can be made. (brine production well No. 1)
3. B & E, Inc. will run another casing isolation test before the next five years renewal. (before 1996 renewal date)
4. B & E, Inc. will send a copy of the blueprints for the working plans of construction to our South Y yard concerning the UCD requirements. H & H Excavating is the contractor that we have chosen. Durham Associates is the architect.

Thank you for all your consideration and patience. We certainly do appreciate all your help and all the information you have provided us with.

If you have any further questions, please don't hesitate to contact me at 800-658-2739.

Sincerely,


Valerie Lemon-Pierce
Office/Personnel/Mgr.

xc: file



**UNITED STATES
DEPARTMENT OF THE INTERIOR
FISH AND WILDLIFE SERVICE**
Ecological Services
Suite D, 3530 Pan American Highway, NE
Albuquerque, New Mexico 87107

Boyer
OIL CONSERVATION DIVISION
RECEIVED

91 JUN 10 AM 8 46

June 6, 1991

Mr. William J. Lemay, Director
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Dear Mr. Lemay:

The U.S. Fish and Wildlife Service (Service) has reviewed the Public Notice dated May 10, 1991, regarding the effects of granting State of New Mexico groundwater discharge permits on fish, shellfish, and wildlife resources in New Mexico.

The Service has determined that there are no wetlands or other environmentally sensitive habitats that will be adversely affected by the following activities.

(BW-3) - Salado Brine Sales, Jal, New Mexico

(BW-6) - B&E Incorporated, Carlsbad, New Mexico

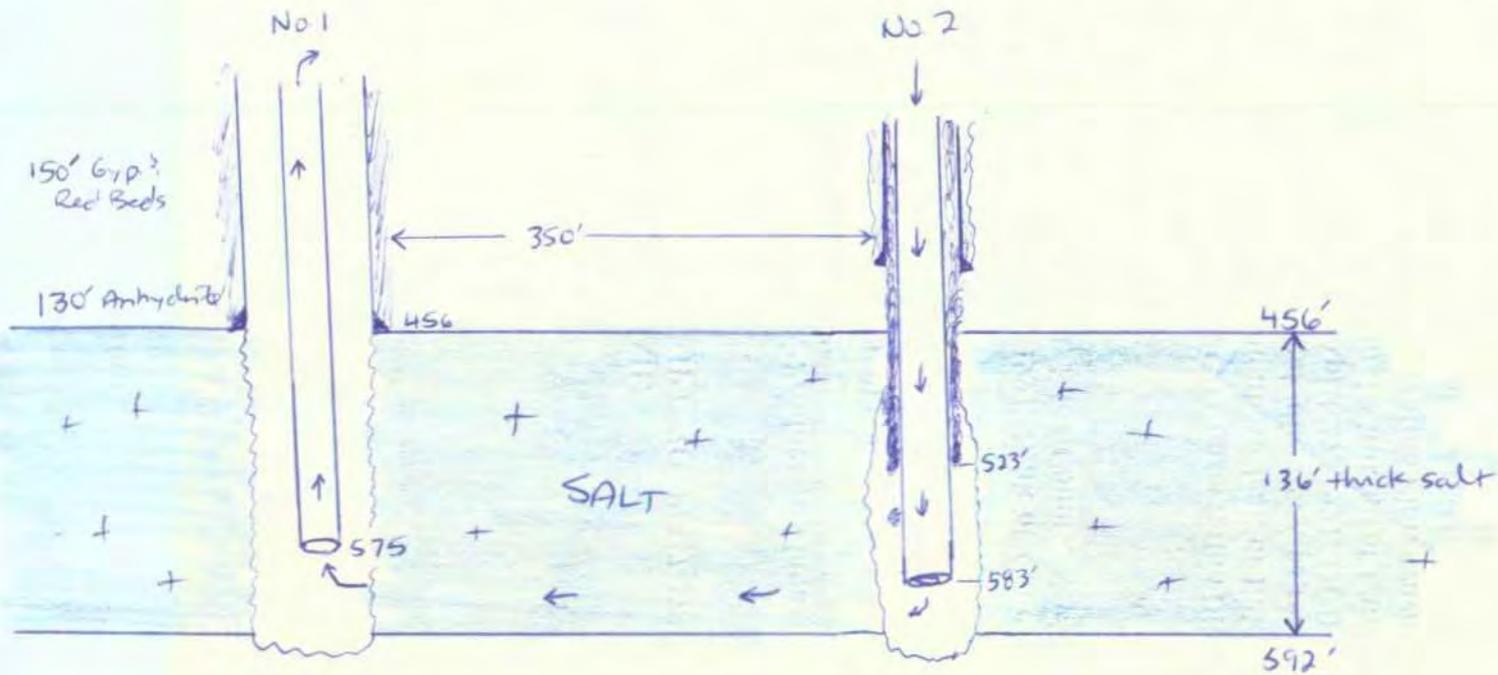
If you have any questions, please call Richard Roy at (505) 883-7877.

Sincerely,

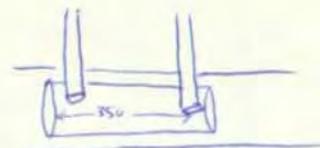
Jennifer Fowler-Propst
Field Supervisor

cc:

Director, New Mexico Department of Game and Fish, Santa Fe, New Mexico
Director, New Mexico Energy, Minerals and Natural Resources Department,
Forestry and Resources Conservation Division, Santa Fe, New Mexico
Regional Administrator, U.S. Environmental Protection Agency, Dallas, Texas
Regional Director, U.S. Fish and Wildlife Service, Fish and Wildlife
Enhancement, Albuquerque, New Mexico



| <u>Brine Removed</u> | <u>Vol. Removed</u> | <u>Wt Removed</u> |
|----------------------|--|--|
| Hi 4,250,000 bbl | — 3,335,764 ft ³ | — 223,877 ton |
| med 4,000,000 bbl | — 3,139,544 ft ³ | — 210,708 ton |
| Low 3,500,000 bbl | — 2,747,101 ft ³ | — 184,369 ton |
| + All's number | $ft^3 = \frac{300,000}{350,000} \times \text{bbl} \times 0.9157$ | $\text{ton} = \frac{ft^3}{14.9 \frac{ft^3}{\text{ton}}}$ |



Using known volume & height
calculate current radius

$V = \pi r^2 h$

| | Hi | med | low |
|-----|------|------|------|
| r = | 55' | 53' | 50' |
| d = | 110' | 106' | 100' |

Avg Quarterly Brine Sold 22,283 bbl
(April 89 - April 91)
Annually = 89,134 bbl
At this rate it would take
25 to 33 years to remove
remaining salt

Using distance between wells as height
and thickness of salt as diameter (136' - 2 = 68')
Calculate vol. needed removed to remove all of the
salt between the 2 wells

$V = \pi 350(68^2) = 5,084,436 \text{ ft}^3 = 6,477,932 \text{ bbl}$

| | Hi | med | Low |
|---------------------|-----------|-----------|-----------------------------------|
| % removed | 66% | 62% | 54% |
| bbl. left to remove | 2,227,932 | 2,477,932 | 2,860,000 2,977,932 |

May 14, 1991

CERTIFIED MAIL
RETURN RECEIPT NO. P-327-278-118

Mr. R. F. Unger, Production Manager
Midland Operations
Marathon Oil Company
P. O. Box 552
Midland, Texas 79702

RE: April 12, 1991, Leak of Condensate and Produced Water, Marathon Indian Basin Gas Field, Eddy County, New Mexico

Dear Mr. Unger:

The New Mexico Oil Conservation Division (OCD) has received your April 22, 1991, written notification of the above leak of fluids. Verbal notification was provided to OCD on the morning of the leak discovery, as required by OCD Rule 116. Subsequent to the written notification, on April 29, 1991, OCD received a copy of the "Site Characterization Plan" (SCP) provided to the Bureau of Land Management. Both the OCD notification letter and the Site Characterization Plan provide information on the circumstances of the incident, volumes of fluids lost and interim measures being taken to investigate the extent of the spill and recover fluids.

The NMOCD has authority under both the Oil and Gas Act (70-2-1 et seq., NMSA 1978) and the New Mexico Water Quality Act (74-6-1 et seq., NMSA 1978), and rules and regulations adopted thereunder, to require actions be taken to protect public health and the environment and prevent water pollution; and to require corrective actions as are necessary or appropriate to contain, remove or mitigate the damage caused by a discharge of water pollutants. This letter is a request for your continued voluntary compliance in taking the corrective actions needed to investigate, assess, contain, remove and mitigate actual or potential environmental pollution that has been or may be caused by this spill.

To Kathy Brown
(OCD)

Date 5-13-91 Sp d Message

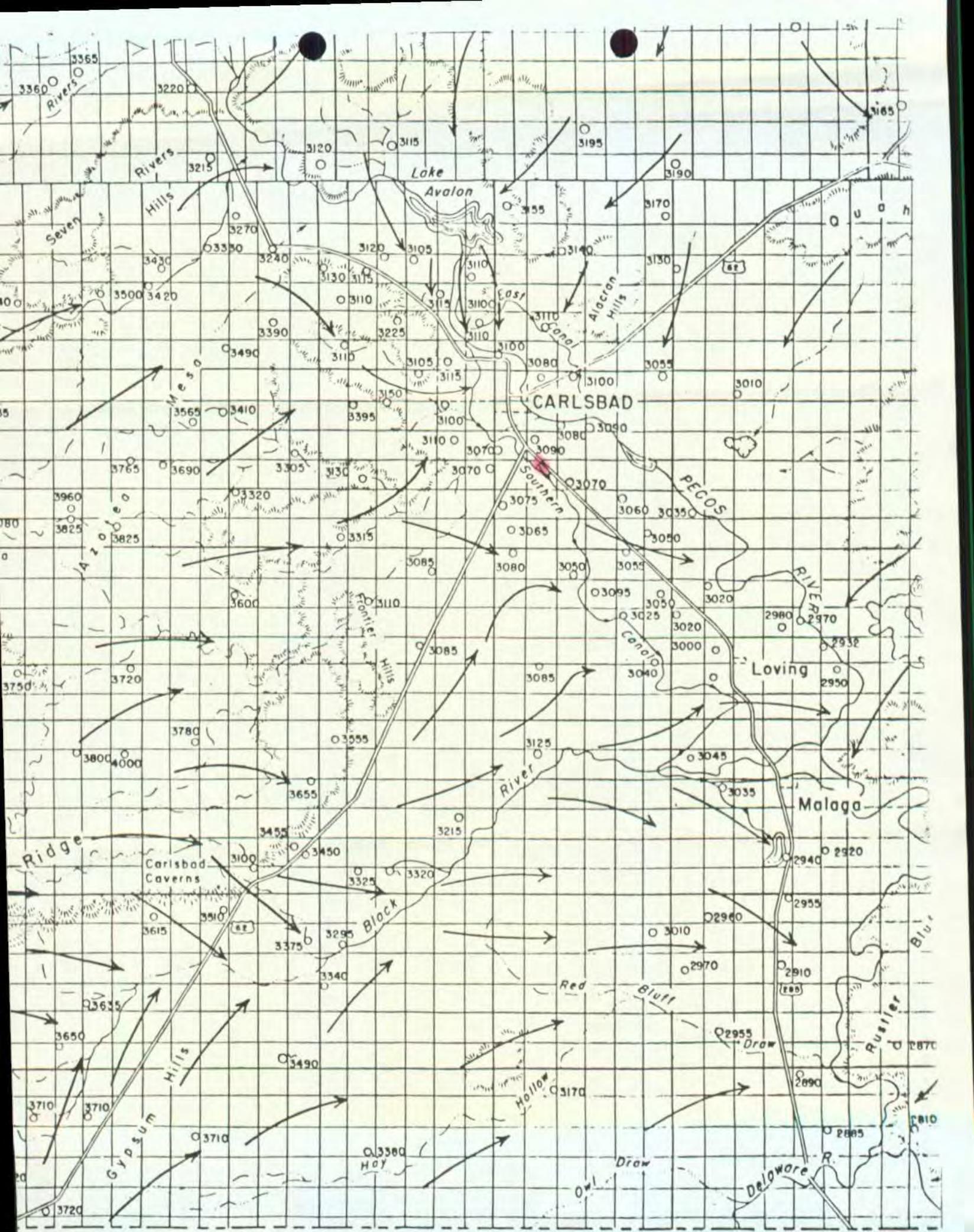
From Wal-B&E, Inc.

Subject maps

Attached please find maps
we spoke of per telephone
conversation 5-13-91.

Thanks,

Signed V. Pierce



R. 24 E.

R. 25 E.

R. 26 E.

R. 27 E.

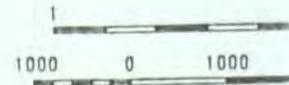
R. 28 E.

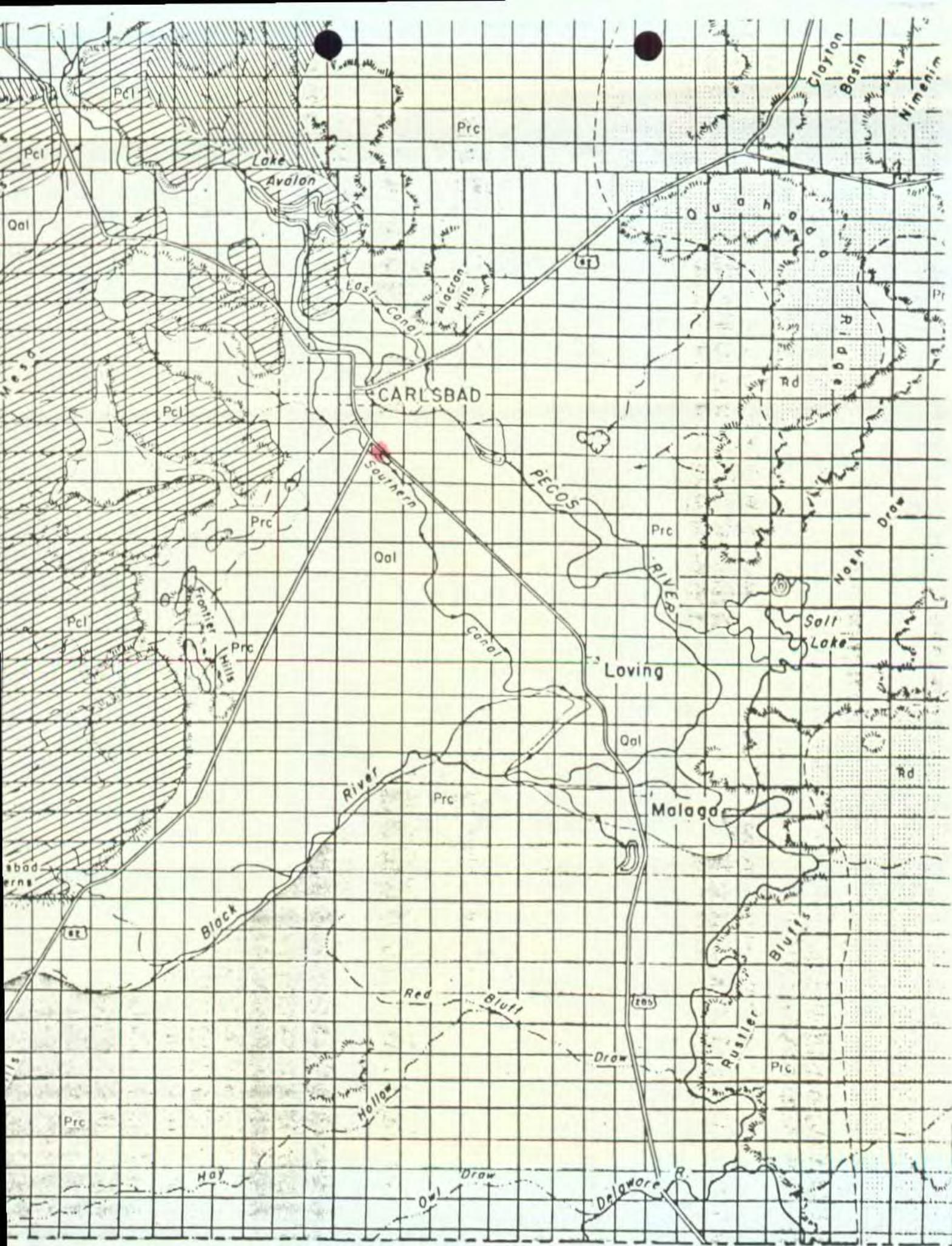
CARLSBAD



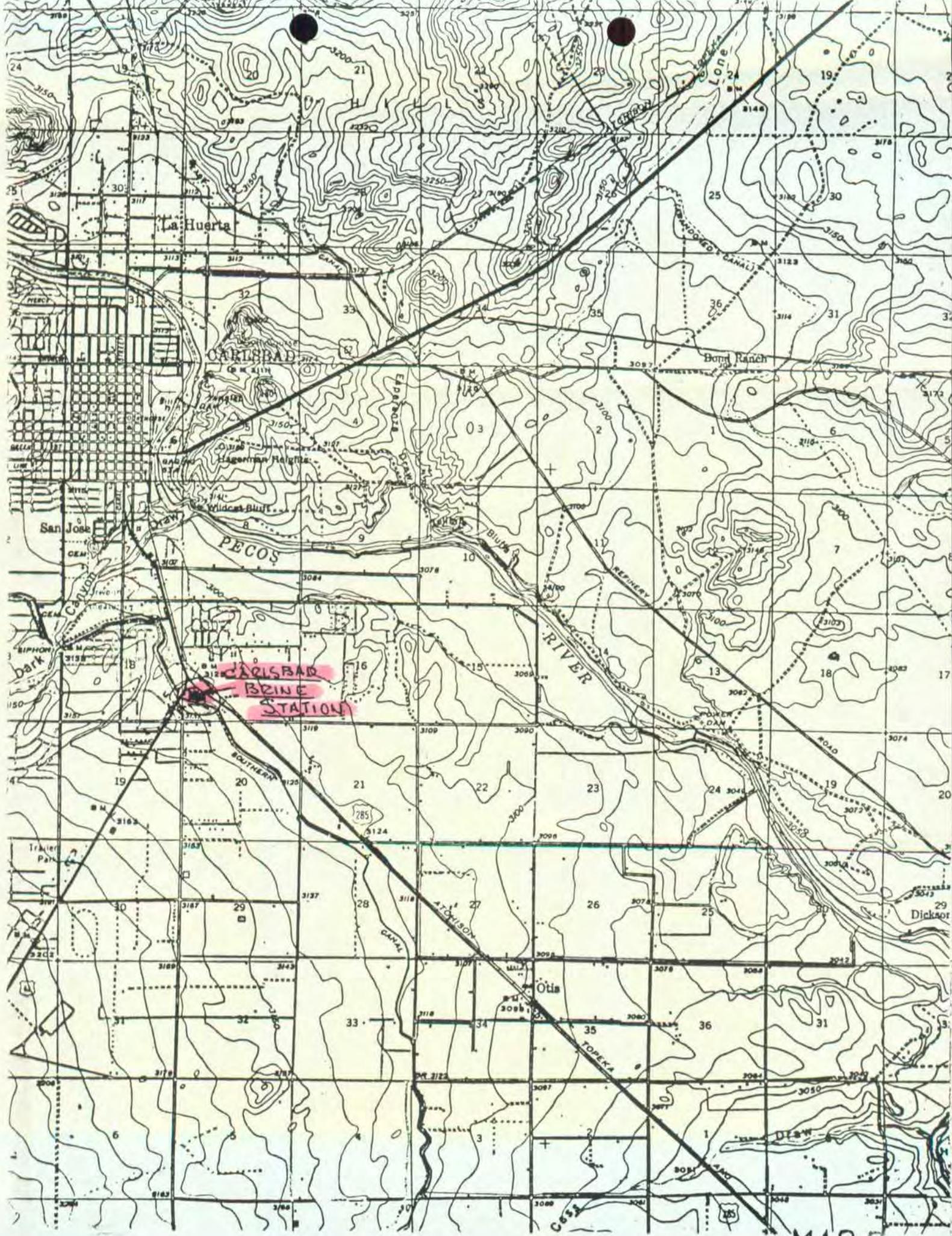
PRODUCED BY THE UNITED STATES GEOLOGICAL SURVEY
CONTROL BY USGS, NGS/NOAA
DERIVED FROM AERIAL PHOTOGRAPHS TAKEN IN 1977
CHECKED IN 1978 MAP EDITED IN 1985
PROJECTION TRANSVERSE MERCATOR
1000-METER UNIVERSAL TRANSVERSE MERCATOR ZONE 11
5000-FOOT STATE GRID TICKS NEW MEXICO, EAST ZONE
GRID DECLINATION 0°26' EAST

NORTH ↑





R. 25 E. R. 26 E. R. 27 E. R. 28 E. R. 29 E.



Memo

From

KATHY BROWN
Geologist

5-13-91

To

- 1) Told need leak detection for
sumps - consider making just
1 centralized sump. Will address
by modifying construction plans
- 2) Told need annual pressure test.
Said they would submit schedule -
had been planning on doing so.
(Taking bids from contractors)
on work to be done.
- 3) Waiting for OCD advice on
possible collapse/subsidence.
- 4) Gave information on piping of various
tanks. Added (by OCD) to diagrams of
discharge plan. Explained alarm system
for overflows

B&E, Carlsbad Station - D.P. Renewal Review

1) Buried brine pipeline to overhead loading rack is 4" PVC pipe & to storage tanks is 2 1/2" PVC pipe both 5 yr. old. Pipe is Schedule 80-PVC heavy duty plastic installed new 12-85 thru 1-86. Not proposed to have MITing. Probably not necessary til ~~next renewal period 25~~ when ~~would be 10~~ years old.

OK
not needed
tested yet

2) MIT of Well. Last test was 10-88 isolating casing w/ packer. Tested @ 500 psi for 30 minutes. Need annual pressure test on formation before DP renewal approval (commitment OK) & 5 yr. commitment

OK
committed

3) Above ground loading gun barrel used occasionally by the vacuum trucks & to brine pumps in cold weather. Explain brine pumps & how/why vacuum truck use them

OK -
explained
yes
may need
sump/drainage/
pad

4) Fiberglass Tank - have pipe coming off this that transporters pump or rinse residues. Piped to ~~any~~ other tanks. How exactly are the brine storage tanks, fiberglass tank & alarm w/ float on brine tanks connected? Alarm to alert us when pumping?

OK
explained

Cement pad under fiberglass tank? Bermed to hold 1 1/3 of contents

5) Storage tanks bermed? valved together?

6) Fresh Water tanks - explain the vapor lock on pump when washing rinsing out trailers w/ fresh water Sump will have truck washing (hydrocarbons, diluted brine, ect...) & may need leak detection. Why 2 sumps here. Commit to pumping?

OK

OK

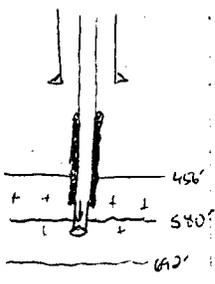
OK
will
commit
to

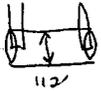
7) Brine loading sump needs leak detection
Maybe just have 1 main sump for all areas
w/ leak detection.

8) Collapse/Subsidence Protection

Must either put in an oil pad or drill 3rd well
Oil Pad 5'3" @ 285'; top salt @ 456', 2 7/8" tubing @
583' cemented to 523'.

Using A.I. Hickersons Vol. of cavity number of 3,406,071 ft³

- 
- Radius of sphere = 93' = 186' diameter
 - Radius of cylinder assuming height ~~of~~ is equal to salt thickness (= 150') = 85' = 170' diameter
 - Radius of cone assuming height is equal to salt thickness (= 150') =
 - Radius of cylinder assuming height is distance between wells + washout or $(327 + 22 = 350)$ = 56' = 112' diameter ↓



OK,
explained
overflow
device

9) Brine Injection - continually making brine
How do know want over flow



MEMORANDUM OF MEETING OR CONVERSATION

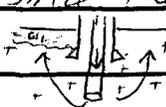
 Telephone Personal
Time
9:40 AMDate
May 6, 1991Originating Party

K.M. Brown - OCD

Other PartiesA.L. Hickerson - Permian
Brine & Sales

Subject
"Oil Pad" A.L. Hickerson suggested B&E pump into their brine wells @ their Carlsbad station - to reduce collapse potential.

Discussion

Al has used oil pads in both 1 well & 2 well systems. No special casing is necessary. B&E would pump oil down the tubing and since the casing is below the salt roof, then the oil would fill this void . No concern over getting a little oil back in the brine since most brine hauling trucks also haul oil & there is most always oil mixed with the brine. As for the volume of oil injected - You can calculate the amount of salt removed, assume a cavity shape and calculate the surface area of the ^{cavity} roof. Then you can calculate the volume of oil needed to cover, say, 1". Or, the more common practice is to pump 100 bbl of oil which is a truck load. The type of oil used is simply crude oil (SG=0.6) from a lease site. Would need to add more conclusions or Agreements oil as the cavity is enlarged, say, about every 2 to 3 years.

*Note^① The Permian Corporation is in the process of being bought out by the Ashland Corporation out of Ashland, Kentucky. TPC's brine wells just approved by OCD (DP BW-24) are now on hold. ^② Al was partners with Phil Withrow on B&E's brine wells @ Carlsbad & Artesia, but he has since sold out to B&E.

Distribution ^③ Al's "Permian Brine Sales" has no connections with "The Permian Corporation."

Signed

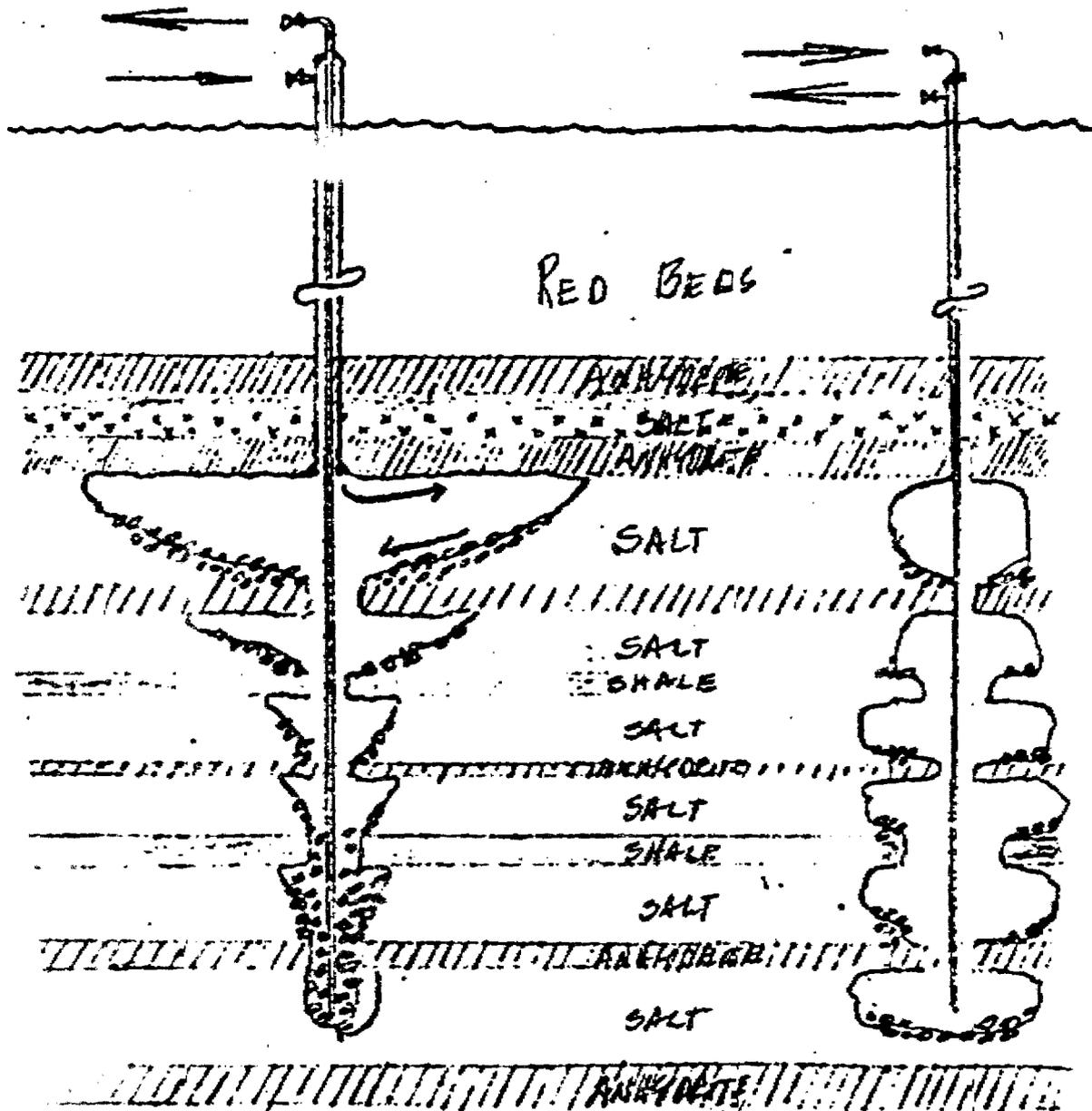
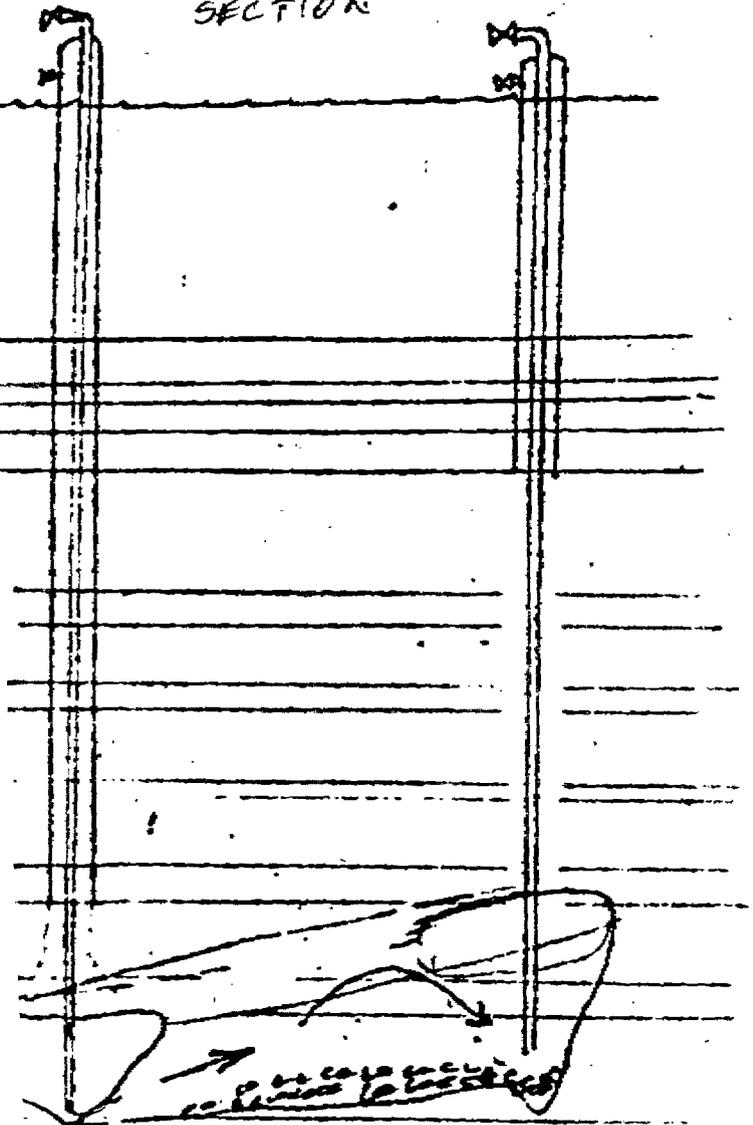
Kathy Brown

TYPICAL BRINE WELL CONFIGURATION CIRCULATION

REVERSE

DIRECT

TWO WELL SYSTEM
FOR THIN SALT
SECTION



SKETCH BY A.L. HICKERSON

Affidavit of Publication

No. 13534

STATE OF NEW MEXICO,

County of Eddy:

Gary D. Scott being duly sworn, says: That he is the Publisher of The Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and state, and that the hereto attached Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of

the state of New Mexico for 1 consecutive weeks on the same day as follows:

First Publication May 16, 1991

Second Publication _____

Third Publication _____

Fourth Publication _____

Subscribed and sworn to before me this 16th day of May 19 91

Debra Ann Beans
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 1991

LEGAL NOTICE

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 renewal applications have been submitted to the Director of the Oil Conservation Division, State Land Office Building, P.O. Box 2088, Santa Fe, New Mexico 87504-2088, Telephone (505) 827-5800:

(BW-3) - Salado Brine, Sales, W.H. Brininstool, Owner, Drawer A, Jal, New Mexico, 88252, has submitted a renewal application for the previously approved discharge plan for their insitu extraction brine well facility. The Salado Brine Station is located in the SE/4, Section 14, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico. Fresh water is injected to an approximate depth of 1000 feet and brine is extracted with an average total dissolved solids content in excess of 350,000 mg/l. Groundwater most likely to be affected by any accidental discharge is at a depth of approximately 80 feet and has a dissolved solids content of about 800 mg/l. The discharge plan address how spills, leaks and other accidental discharges to the surface will be managed.

(BW-6) - B&E Incorporated, Phil Withrow, Owner, P.O. Box 756, Carlsbad, New Mexico, 88220, has submitted a renewal application for the previously approved discharge plan for their insitu extraction brine well facility. The Eugenie Brine Station is located at the South Y, Carlsbad in the SW/4, SW/4, Section 17, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico. Fresh water is injected down the No. 2 well to an approximate depth of 550 feet and brine is produced through the tubing of the No. 1 Well. The brine has an average total dissolved solids content of 300,000 mg/l. Groundwater most likely to be affected by an accidental discharge is at a depth of 50 feet with a total dissolved solids concentration of about 1000 mg/l. The discharge plan addresses how spills, leaks and other accidental discharges to the surface will be managed.

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

and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 5:00 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 public hearing may be requested by any interested person. Requests for 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 10th day of May, 1991. To be published on or before May 17, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
s-William J. LeMay
WILLIAM J. LEMAY,
Director

SEAL
Published in the Artesia Daily Press, Artesia, N.M. May 16, 1991.

Legal 13534

Affidavit of Publication

STATE OF NEW MEXICO)

) ss.

COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that he is Adv. Director of THE LOVINGTON DAILY LEADER, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled **Notice Of Publication**

and numbered in the Court of Lea County, New Mexico, was published in a regular and entire issue of THE LOVINGTON DAILY LEADER and not in any supplement thereof, once each week on the same day of the week, for **one (1)**

consecutive weeks, beginning with the issue of **May 14**, 19**91**

and ending with the issue of **May 14**, 19**91**

And that the cost of publishing said notice is the sum of \$ **35.49**

which sum has been (Paid) (Assessed) as Court Costs

Joyce Clemens
Subscribed and sworn to before me this **15th**

day of **May**, 19**91**

Ms. Jean Senier
Notary Public, Lea County, New Mexico

My Commission Expires **Sept. 28**, 19**94**

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

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 10th day of May, 1991. To be published on or before May 17, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
WILLIAM J. LEMAY, Director
SEAL
Published in the Lovington Daily Leader May 14, 1991.

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

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 10th day of May, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
s/WILLIAM J. LEMAY, Director
Journal: May 16, 1991

**STATE OF NEW MEXICO
County of Bernalillo**

SS

Thomas J. Smithson being duly sworn declares and says that he is National Advertising manager of the **Albuquerque Journal**, and that this newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Session Laws of 1937, and that payment therefore has been made or assessed as court costs; that the notice, a copy of which is hereto attached, was published in said paper in the regular daily edition,

for..... 1times, the first publication being on the..... 16day
of..... May , 1991, and the subsequent consecutive
publications on..... , 1991.

Thomas J. Smithson

Sworn and subscribed to before me, a Notary Public in and for the County of Bernalillo and State of New Mexico, this 16 day of..... May , 1991.

PRICE..... \$28.84

Statement to come at end of month.

ACCOUNT NUMBER..... C81184

OFFICIAL SEAL
Bernadette A. [Signature]
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires 12-18-93

CLA-22-A (R-12/91)

91 MAY 22 AM 8 34

OIL CONSERVATION DIVISION
RECEIVED

NOTICE OF PUBLICATION

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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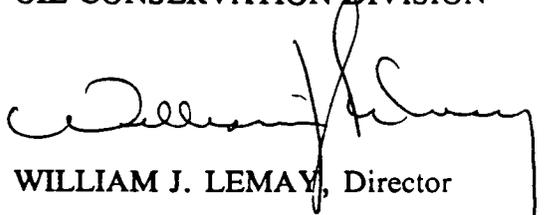
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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 10th day of May, 1991. To be published on or before May 17, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY, Director

S E A L

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

OIL CONSERVATION DIVISION
RECEIVED
01 MAY 8 AM 9 15
Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

May 1, 1991

Oil Conservation Division
P.O. Box 2088
State Land Office Bldg.
Santa Fe, NM 87504

RE: Discharge Plan DP-323
B&E, Inc. - Eugenie Brine Station
Eddy County, New Mexico

ATT: Dave Boyer
Kathy Brown

Attached please find the seven (7) comments that needed to be addressed concerning your observation during your February visit to our site and out discharge plan renewal application.

I hope that each issue has been addressed or explained in a manner in which you can understand. I've attached alot of maps and drawings and highlighted according to the issues needing to be explained.

If you have any further questions, please don't hesitate to contact me at 800-658-2739.

There will be alot of follow-up letters alerting you to when the work will start, how it is progressing and when we expect the completion.

We certainly appreciate your consideration and help. I hope to hear from Kathy Brown soon after contact with the man in Kansas about the oil being put in the cavern.

Again, thank you.

Sincerely,



Valerie Pierce
Ofc/Mgr.

Attachments

xc: UCD-Artesia
File

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

1. Fiberglass Tank:

- A. What fluids are placed in the sunken fiberglass overflow tank? The OCD requires that below grade tanks have proper leak detection. Submit information detailing the leak detection system if one already exists or a plan to install leak detection if it does not exist.
- B. Spilled oil was observed on the ground surrounding your sunken fiberglass tank. In addition, the lining surrounding the tank is torn, deteriorating and is inadequate to contain spills from the overflow tank. The spilled oil must be cleaned-up immediately and the area kept clean. Submit a proposal to test the integrity of the liner and repair all leaks and tears. Spilled oil has been observed in and around this area on several previous occasions during inspections by OCD and EID staff. If spillage is observed outside the liner perimeter in the future you will be required to have a paved pad and berm around this tank. **

** This work was completed on April 19, 1991

Fiberglass Tank:

A. The fluid that is placed in the fiberglass overflow tank is water rinsed out from transports to remove residue from hoses or belly lines. (Combination of fresh, brine, & disposal). It is then hauled to our disposal system.

An alarm with a float will be installed on the brine tanks to alert us when we are pumping (at 125#) so we can turn the switch off when the tanks are approaching the full capacity.

The fiberglass overflow tank is also a leak detection system for our brine storage tanks.

The tank is checked and monitored everyday (1st thing in the morning), and also throughout the day.

B. See attached copies of the invoice where we purchased from Fiberglass Fabricators a brand new 300 bbl. fiberglass tank with extra heavy walls. This tank replaced the old sunken fiberglass tank that was here on site when your inspection was made. The tank was replaced about a week after you were here. Also see the invoices from Saulcon, Inc. showing work performed and the dates. All work was done on Feb. 13, 1991 and Feb. 16, 1991. Arrangements have been made to build a berm around the newly installed fiberglass tank. **

The old fiberglass tank was sunken. The new tank is above ground with fill dirt and new pad built under.

** Work was complete on April 19, 1991.

TEL

Apr 6 1991 10:49 No.001 P.01

Post-It routing request pad 7004

ROUTING - REQUEST

Please

- READ
- HANDLE
- APPROVE
- and
- FORWARD
- RETURN
- KEEP OR DISCARD
- REVIEW WITH ME

To Valerie

Per your request.

From Jane

Date 4/1/91

IBER
AB

217 PUEBLO RD.
LAKE ARTHUR, NM 88253
505-365-2930

FIBERGLASS
FABRICATORS

INVOICE

February 26, 1991

NAME: B & E Inc.

ADDRESS: Carlsbad, NM

| QUAN. | DESCRIPTION | PRICE | AMT. |
|-------|---|-----------|------------|
| 1 | 300 bbl. Fiberglass Tank Extra Heavy Walls | | \$3250.00 |
| 2 | Extra Connections | \$20.00 | 40.00 |
| | Sub Total | | \$3290.00 |
| | Deduct 5% if paid in 1-5 days | -\$164.50 | |
| | Deduct 2.5% if paid in 5-10 days | -\$ 82.25 | |
| | Tax | | \$ 185.06 |
| | Due upon receipt | Total | \$ 3475.06 |

LOCATION: Carlsbad Yard

SIGNATURE: Larry Mullin

5020

CARLSBAD
 Phone (505) 885-5823
 Post Office Box 657
 Carlsbad, N.M. 88221-0657



ODESSA
 Phone (915) 367-4532
 8715 Andrews Highway
 Odessa, Texas 79765

INCORPORATED
 General Construction & Maintenance
 Oil & Gas Division

No 3788

Date FEBRUARY 16, 1991

Customer B & E TRUCKING

P.O.# _____

Address P.O. BOX 756

A.P.E.# _____

City CARLSBAD, NM 88221

Job# 1249

Ordered by _____

Time out _____ Time in _____

Description of Work Performed:

THREE TON TRUCK WITH TOOLS AND TWO MAN CREW

B & E YARD 5 1/2 hrs. 308.00

Drove to yard, helped dig around buried fiber glass tank.

Unhooked two 4" line and removed from ground, filled in hole. Drove to yard.

Material Used:

TAX 15.79

TOTAL 323.79

Well Name _____ Rig# _____

Company Representative Signature Smith Jaws Date _____

Welder _____ Pusher KEN COWEN

Operator _____ Unit 316

CARLSBAD
Phone (505) 885-5823
Post Office Box 657
Carlsbad, N.M. 88221-0657



ODESSA
Phone (915) 367-4532
8715 Andrews Highway
Odessa, Texas 79765

INCORPORATED
General Construction & Maintenance
Oil & Gas Division

No 3767

Date RRRRRXX FEBRUARY 16, 1991

Customer B & E TRUCKING

P.O.# _____

Address P.O. BOX 756

A.F.E.# _____

City CARLSBAD, NM 88221

Job# 1249

Ordered by _____

Time out 10:00am Time in 3:30pm

Description of Work Performed:

BACKHOE & OPERATOR

5 1/2 hrs.

244.75

Take out pipe and stands to fiberglass tank. Dug out dirt removed tank, filled in hole.

Material Used:

TAX

12.54

TOTAL

257.29

Well Name B & E YARD

Rig# _____

Company Representative Signature [Signature]

Date _____

Welder _____

Pusher _____

CARLSBAD
Phone (505) 885-5823
Post Office Box 657
Carlsbad, N.M. 88221-0657



ODESSA
Phone (915) 387-4532
8715 Andrews Highway
Odessa, Texas 79765

INCORPORATED
General Construction & Maintenance
Oil & Gas Division

No 3788

Date FEBRUARY 16, 1991

Customer B & E TRUCKING P.O.#

Address P.O. BOX 756 A.F.E.#

City CARLSBAD, NM 88221 Job# 1249

Ordered by Time out Time in

Description of Work Performed:

THREE TON TRUCK WITH TOOLS AND TWO MAN CREW

B & E YARD 5 1/2 hrs. 308.00

Drove to yard, helped dig around buried fiber glass tank.

Unhooked two 4" line and removed from ground, filled in hole. Drove to yard.

Material Used:

TAX 15.79

TOTAL 323.79

Well Name Rig#

Company Representative Signature *Smith* Date

Welder Pusher KEN COWEN

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

2. Surface and Subsurface Facilities

Information submitted to the OCD from B&E on May 28, 1987 detailing surface and subsurface facilities is not clear. Identify the correct injection and production wells and describe brine loading operations as detailed in items H.A.2 and Map D. Also, for Map B submit the actual depth of the 8 5/8" casing in the Eugenie No. 1, and the actual depth, perforations, and cement top and bottom for the 2 7/8" tubing in the Eugenie No. 2.

↙
should be 9 5/8"

Surface and Subsurface Facilities:

See attached EXHIBIT NO. 1 identifying the Injection and the Production wells and their location on B & E property.

See attached EXHIBIT NO. 2 showing depth of casing and tubing on both the wells and the depth of the cement.

NO. 1 - Production

9 5/8" cemented to 349.4'
5 1/2" cemented to 456'

NO. 2 - Injection

5 1/2" cemented to 285'
2 7/8" cemented to 523'
Bottom 2 7/8" tubing is
at 583'

Brine Loading Operations: MAP D

Brine is loaded from the overhead loading rack (15' high), the underground flowline to the brine overhead loading rack (2.) is 4" PVC pipe. The above ground brine loading gun barrel (1.) is used occasionally only by the vacuum trucks and also to brine pumps during cold weather. (6" PVC pipe).

Perforations: There are no perforations. Both wells were open hole completions.

B & E

EUGENIE BRINE WELLS

No 1 well

No 2 well

PRODUCTION

INJECTION

BRINE WATER OUT A

FRESH WATER IN A

9 5/8 CEMENTED TO 349.4'

5 1/2" CEMENTED TO 456'

5 1/2 CEMENTED TO 285'

2 7/8 to 583' CEMENTED TO 523'

SAND & CALICHE
 46' GRAVEL
 98' Red BEDS
 10' HARD LIMESTONE
 42' RED BEDS
 12' ANHYDRITE
 70' STRIPS OF ANHYDRITE & RED BEDS
 GYPSUM & ANHYDRITE
 LIMESTONE & SANDSTONE
 TOP OF SALT 456'

LIME & SHALE STRINGER

ANHYDRITE TO 648'

CAVERN

ROCK SALT

BOTTOM OF SALT FRACTURE INITIATED BETWEEN WELLS

692'

SCALE 1" = 100'

EXHIBIT NO. 2

CROSS SECTION



(Assumed due South)
Southerly 286.9

U.S. HIGHWAY 180

U.S. Hwy. 285

A.T. 45

285

497' ← #2 INJECTION

1st. Charge
1258'

LOCATION OF WELL

641' "FWL"

← #1
295 FSL

PRODUCTION

N 0° 43' W 427

S 59° 30' E
64.9

S 66° 50' E
100

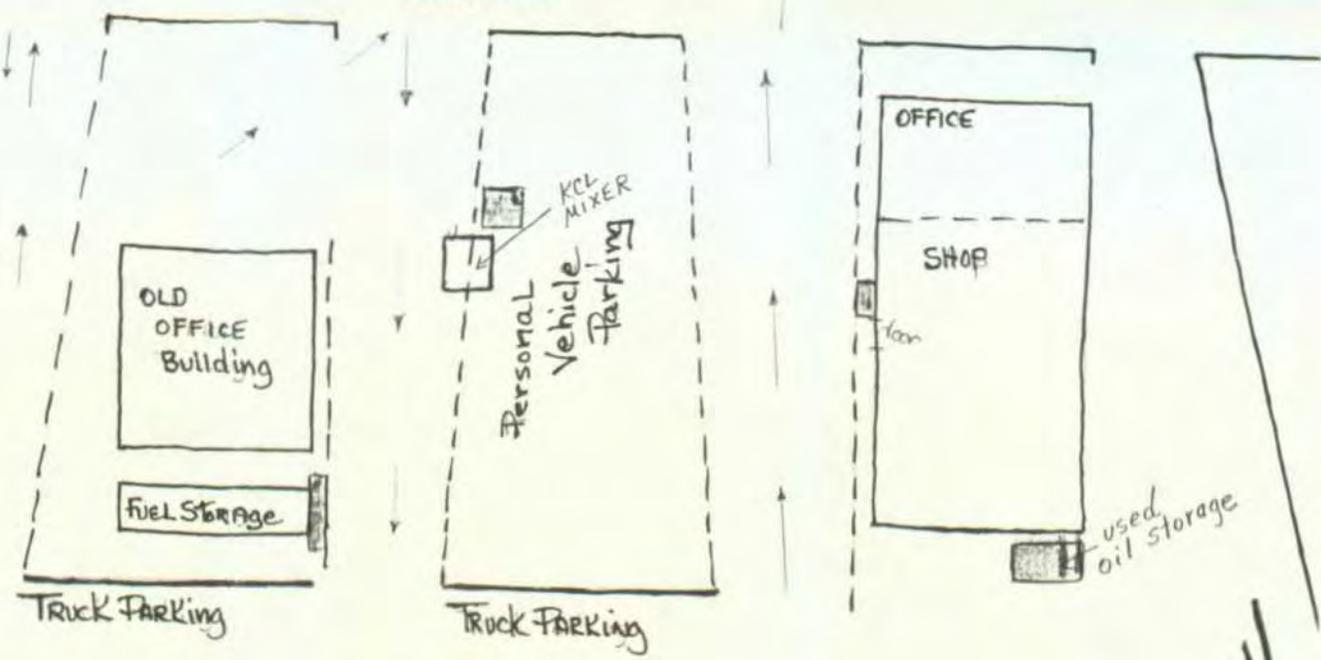
S 78° 05' E
100.0'

S 83° 58' E
104.5

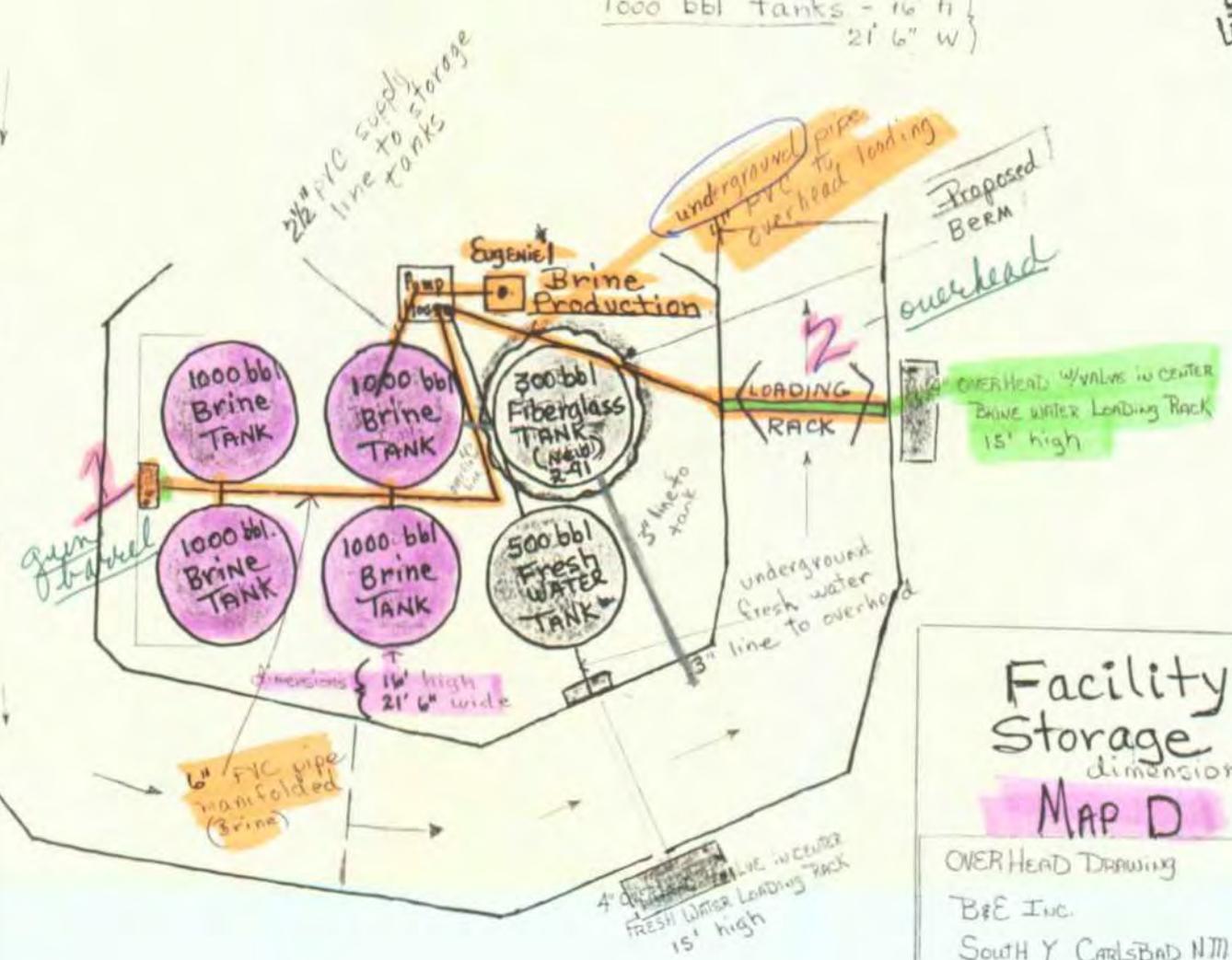
CA

U.S. 285

EUGENIE 2
Fresh Injection



1000 bbl tanks - 16' h / 21' 6" w



Facility Storage

dimensions

MAP D

OVERHEAD DRAWING
 B&E Inc.
 SOUTH Y CARLSBAD NM 882

| | |
|---------------------|-------------------------|
| DATE May 7, 1987 | GENE PAWITT B&E Inc. |
|---------------------|-------------------------|

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

3. Fresh Water Storage Tank

Excessive amounts of oil were observed on the ground surrounding your fresh water storage tank. This area must be cleaned-up immediately and kept free of spills. Again, spilled oil has been observed in this area on numerous occasions by OCD and EID staff. If spillage is observed in the future this area will be required to be paved and curbed.

Fresh Water Storage Tank:

When the proposed work is completed the area around the fresh water tank will be kept clean and monitored daily. When a driver is using 2-3 barrels of water to rinse out his trailer he lays his load hose on the ground. Rinsing out the trailer to load fresh water causes a vapor lock (to pump) so they have to lay the hose down on the ground to bleed the pump. With the proposed trench draining into the proposed sump will eliminate any of this fluid on the ground.

On attached MAP D the fresh water tank is highlighted in pink.

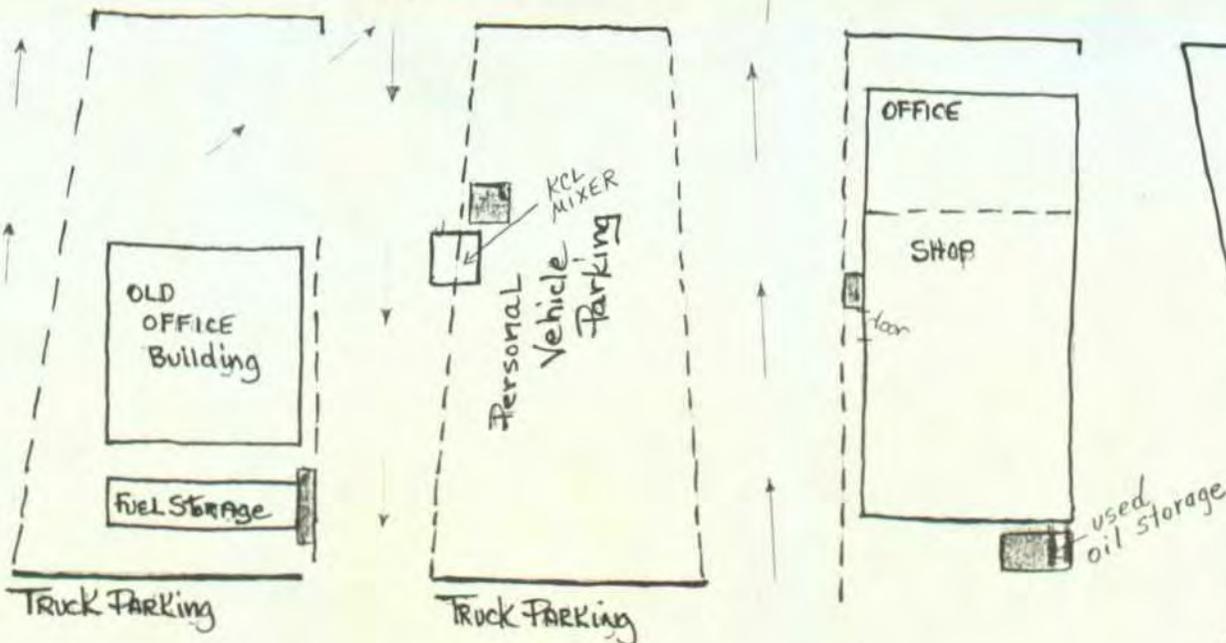
The areas highlighted lavender are proposed sumps to eliminate any run-offs, leaks and spills.

The proposed 24" wide trench is highlighted in green (directly under the fresh water loading rack) which will serve as a catch all for fresh (or rinsing fresh - hose) if a spill or tanker is run-over and will drain into the sump. This trench will be of concrete with grating across.

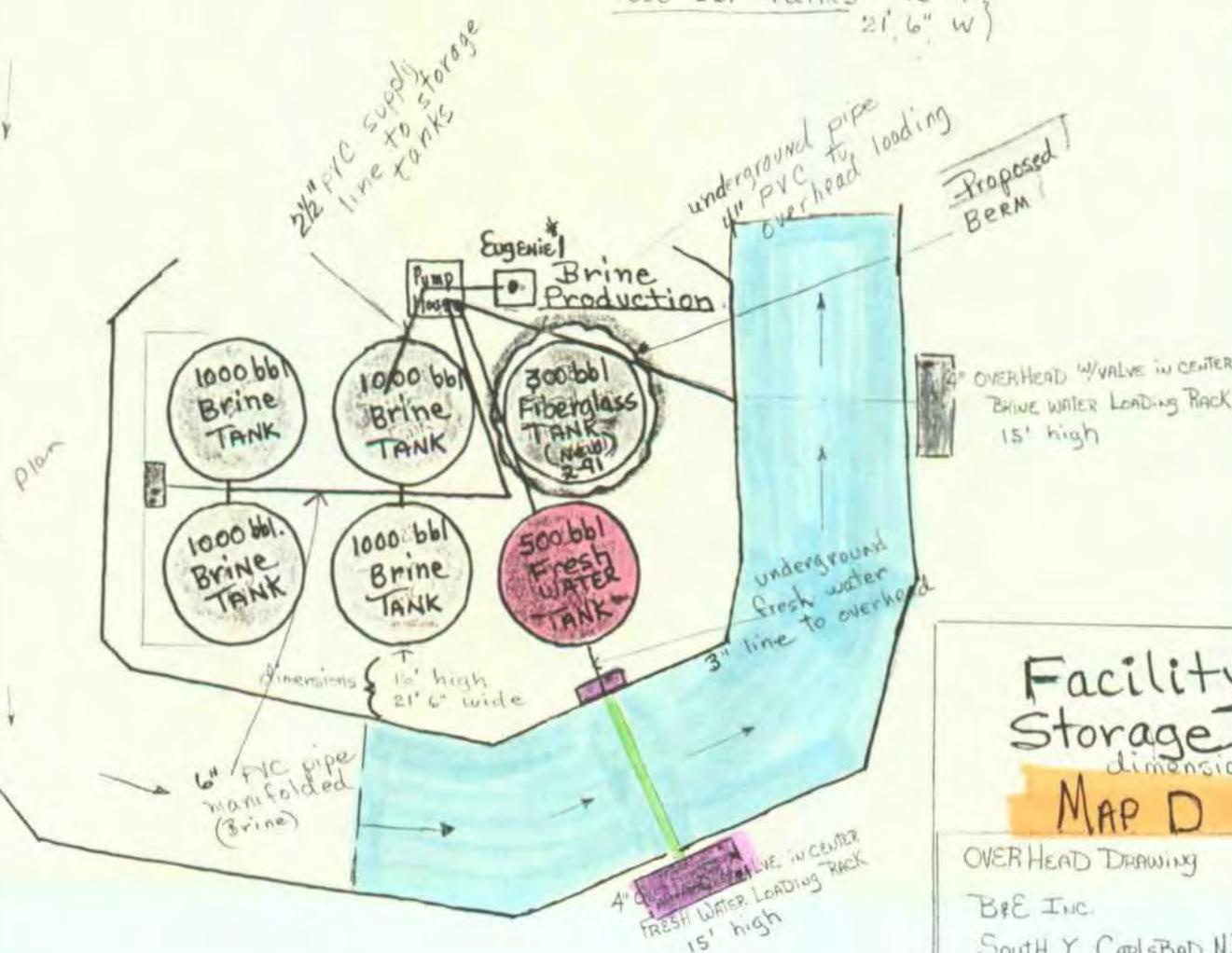
The area highlighted in blue is the proposed pavement or concrete (to be decided) under each of the loading racks.

U.S. 285

Eugenie 2
Fresh Injection



1000 bbl tanks - 16' h
21' 6" w



Facility Storage dimensions

MAP D

OVER HEAD DRAWING
B&E Inc.
South Y CARLSBAD N.M. 8822

DATE
May 7, 1987

Gene Pruitt
B&E Inc.

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

4. Brine Loading Area

The loading area showed evidence of significant brine discharges to the ground surface. The spilled brine around the brine loading area must be cleaned-up. The OCD requires that a paved pad and adequate drain/sump system be installed at the brine truck loading area. Containment must include the area around the brine loading valve(s). Submit a schedule for completion of this work.

Brine Loading Area:

Around the brine loading area clean-up has to be done periodically from tankers running over while loading. We have and do realize this is a serious situation and do believe that the proposed work to be complete will rectify this situation.

On attached MAP D the brine tanks, underground PVC pipe to the brine loading valve and overhead rack are highlighted in orange.

The area highlighted in lavender is the proposed sump to eliminate run-offs, leaks and spills. The other area highlighted in lavender is a smaller sump in the area where the drivers brine their pumps or load occasionally.

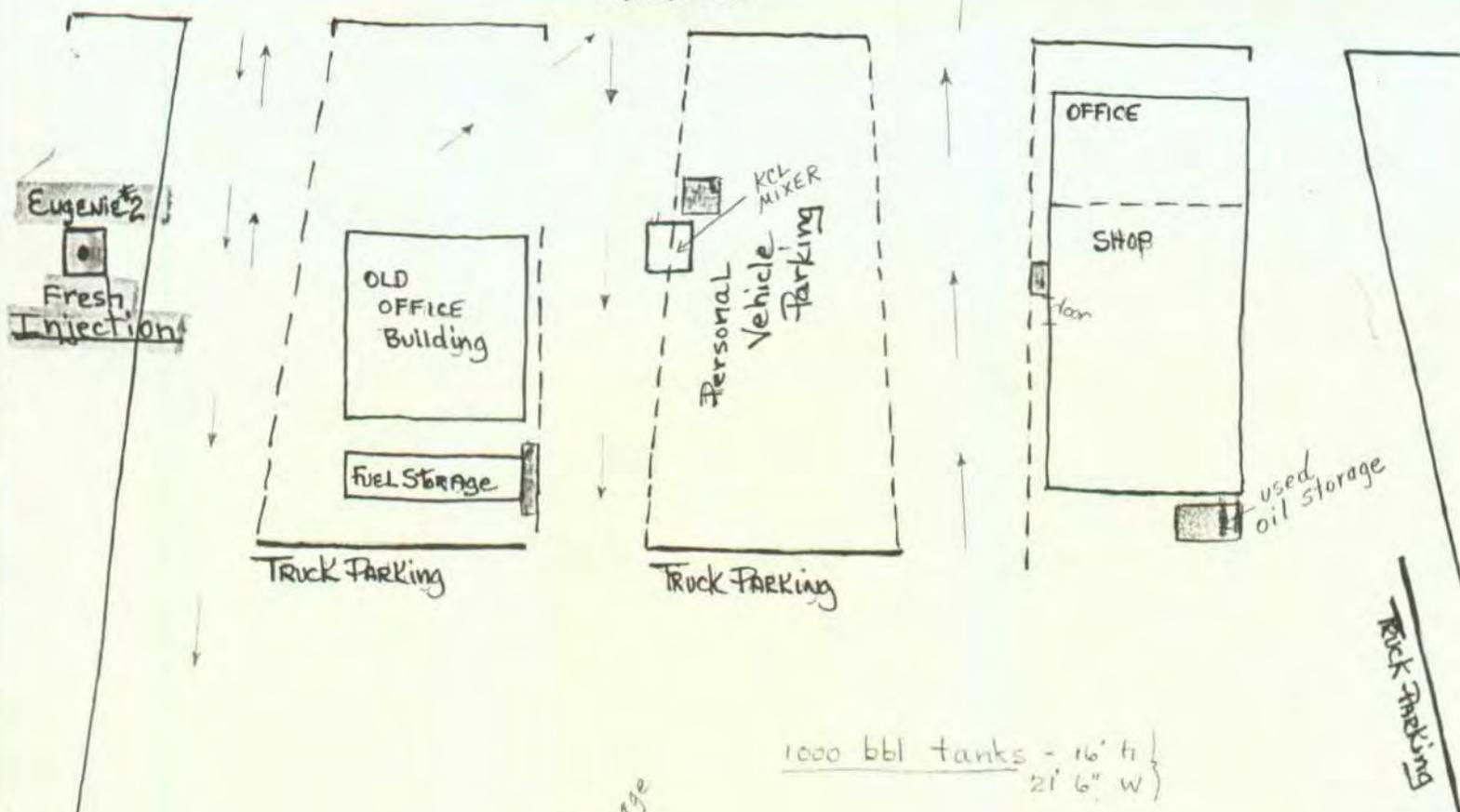
The proposed 24" wide trench is highlighted in green which will serve as a catchall for brine if a spill or tanker is run-over and will drain into the sump. This sump will also be of concrete with grating. The area highlighted in blue is the proposed pavement or concrete (to be decided) under each loading rack.

We also intend to replace the brine loading rack.

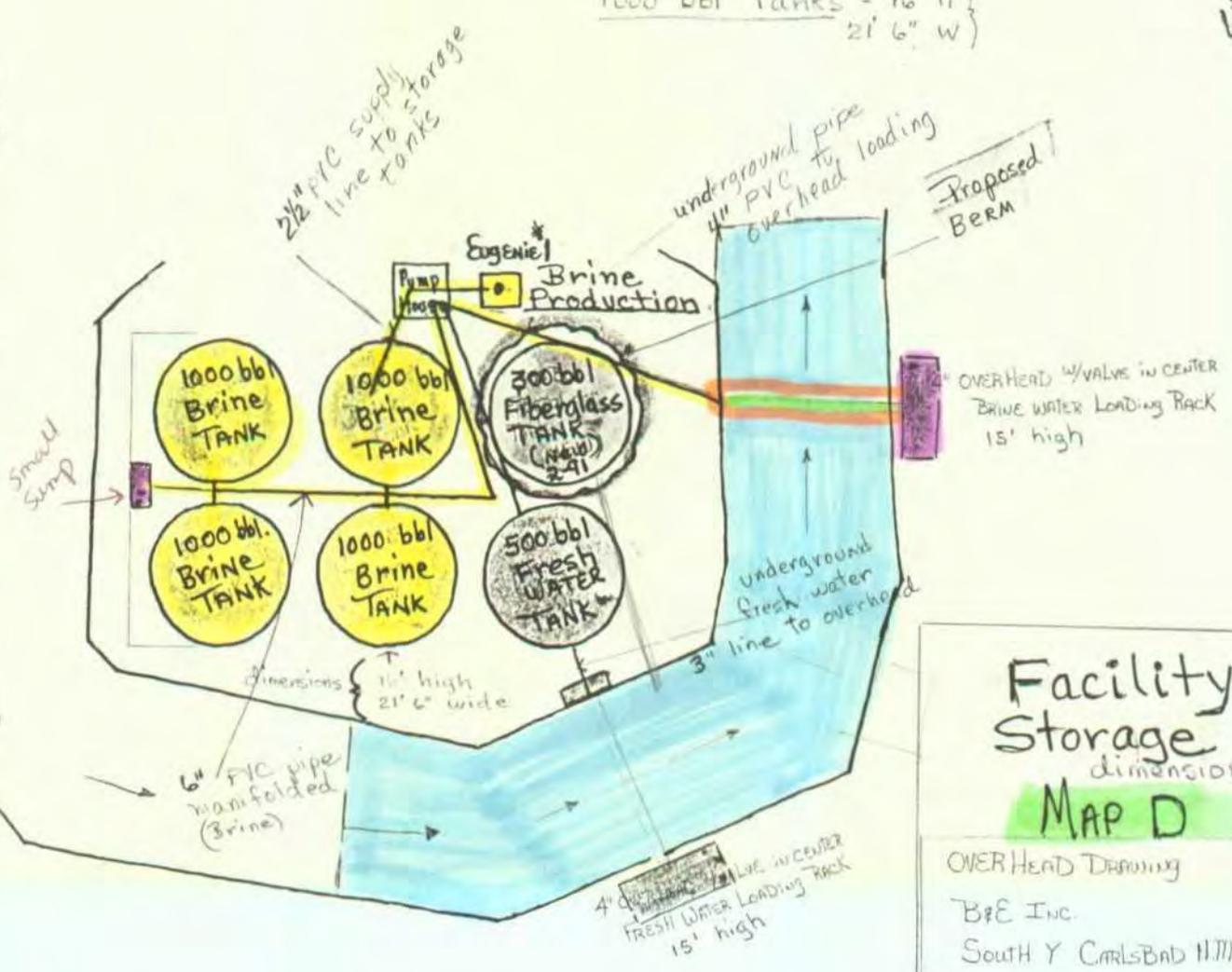
We are currently in the process of calling for prices and dimensions on the various sumps that we are going to install. We are also in the process of deciding between asphalt or concrete for the loading areas.

Schedule of Completion: We will be accepting bids for proposed work during the month of May. When we accept a bid and sign a contract with the contractor we choose, we will give them 60 days to complete the work. At which time, we will alert the UCD.

U.S. 285



1000 bbl tanks - 16' ft }
21' 6" W }



Facility Storage

dimensions

MAP D

OVERHEAD DRAWING
 B&E Inc.
 SOUTH Y CARLSBAD 11771 8822

| | |
|---------------------|----------------------|
| DATE May 7, 1987 | GENE FRUIT B&E I. |
|---------------------|----------------------|

*Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal*

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

*Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks*

5. Collapse and Subsidence

Because of the relatively thin amounts of overburden rock at your location, the OCD is concerned over the potential for collapse and/or subsidence of the strata overlying the salt cavity that B&E has created. Submit evidence that future brine extraction operations will not significantly increase the potential for collapse and/or subsidence. Include details on collapse/subsidence prevention, monitoring, contingency plans, and remedial actions.

Collapse and Subsidence:

Attached please find a copy of a letter dated April 12, 1991 from Al Hickerson (Professional Engineer) who originally drilled and owned the Eugenie Brine well before Mr. Phil Withrow (B & E) purchased the well. Al Hickerson has been in the business of injection and discharge wells since 1949.

In paragraph 4. of the attached letter, we feel that 4,250,000 bbls is somewhat of a high figure according to some of our records of monthly bbls sold.

In paragraph 5. of the attached letter he states that in his opinion that from his calculations that this is not excessive based on the amount and kind of hard rock overburden on this site. In paragraph 6. he recommends that we put 300 bbls of crude oil down the No. 2 Well (injection). The crude will float on top of the brine in the cavern and effectively prevent further dissolution of the cavern roof. This suggestion is quite interesting but makes alot of sense.

In our telephone conversation we also discussed that by us keeping the cavern full of fresh water and under pressure does give support but again is no positive guarantee.

In paragraph 6. he also recommended that we give serious consideration to drilling a 3rd well in the future. Attached see plat for suggested location of the 3rd well.(highlighted in green)

Well No. 1 (highlighted in yellow) Well No. 2 (highlighted in pink)

A. L. Hickerson

OFFICE PHONE:

(915) 381-0531

(915) 563-4730

FAX 915/381-9316

DIRECT LINE: (915) 381-8420

PROFESSIONAL ENGINEER

TEXAS #1183OK

6067 W. TENTH ST.

ODESSA, TEXAS 79763

RESIDENCE:

3216 BAINBRIDGE DRIVE

ODESSA, TEXAS 79762

PHONE: (915) 362-4814

April 12, 1991

Ms. Valerie Pierce
B & E, Inc.
P.O. Box 756
Carlsbad, New Mexico 88220

Dear Ms. Pierce:

- 1.) At your telephone request I have reviewed our Carlsbad Eugenie Brine well files.
- 2.) Fresh water is injected down the tubing (set at 583') of the No. 2 well, circulated through the rock salt section to the No. 1 well, where it is forced up the tubing, set at 587 feet. (Please see attached sketch.)
- 3.) As the fresh water circulates, it tends to move upward as it moves through the salt. This is because fresh water is lighter than brine, 1.0 SP.GR, as compared to 1.2 SP.GR for brine. However, as the water moves through the brine and along the face of the rock salt, it becomes more saturated until it reaches complete saturation. It has been found by research that the cavern formed by the dissolution of the salt well is roughly triangular in shape, being somewhat larger in the fresh water end of the triangle.
- 4.) However, assuming that the cavern is triangular, its dimensions can be calculated. Assuming that 4,250,000 barrels (1,366,000 sold from July 1979 through April of 1983) of brine have been sold - divide by 7 (each seven barrels of brine dissolves out approximately one barrel of cavern) gives a cavern of about 607,142 barrels capacity. Multiply by 5.61 (cu.ft per bbl) gives 3,406,071 cu. ft. in cavern. Divide by 350 feet (distance between wells - 327 feet and some washout) gives 9,731 square feet for cross sectional area of triangle. Divide by $127/2$ (depth of cavern and divide by 2 to get area of triangle) gives a top dimension of caverns to be 153 feet.
- 5.) In my opinion this is not excessive, based on amount and kind of hard rock overburden at this site. You usually have some warning of danger of caving or sloughing of the roof of the cavern, in the form of minor cavings which would break or bend the 2 7/8" in the No. 2 well.

We believe this figure to be high according to some of our records

3,558,149 ft³

Ms. Valerie Pierce
April 12, 1991
Page 2

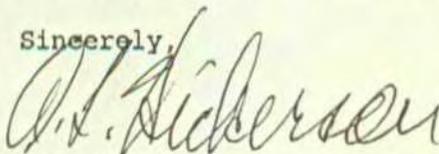
6) However, there is always the possibility of major subsidence. In your location, and the degree of liability exposure, I would recommend that you put about 300 barrels of crude oil down the No. 2 well. This crude will float on top of the brine in the cavern and effectively prevent further dissolution of the cavern roof. I would also recommend that serious consideration be given to the drilling of a third well to greatly minimize any danger of subsidence. See attached plat for location.

7) Attached are copies of pertinent articles. You may be able to locate your cavern by use of a seismograph truck. I have never tried such a method.

- Articles - "Yes, We Can Locate Solution Cavity Boundaries"
- "The Problem of Subsidence In Salt Producing Areas"
- "Brine Field Subsidence At Windsor, Ontario"

Hoping this information will be of help to you, I am,

Sincerely,



A.L. Hickerson

ALH/scd

Attachments

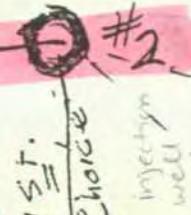
(Assumed due South)
Sourtherly 286.

U.S. HIGHWAY 180

A.T. 15

HIGHWAY 285

497' 100.7 300.4 144'

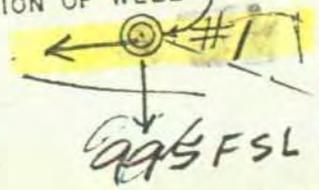


1288' 327'

N0°43'W 427

LOCATION OF WELL

641' 'FWL



550'

POSSIBLE LOCATION OF THIRD WELL

MAIN CANAL

S59°30'E 64.9

S66°50'E 100

S78°05'E 100.0'

S88°58'E 104.5

200'

17' 18'

B & E

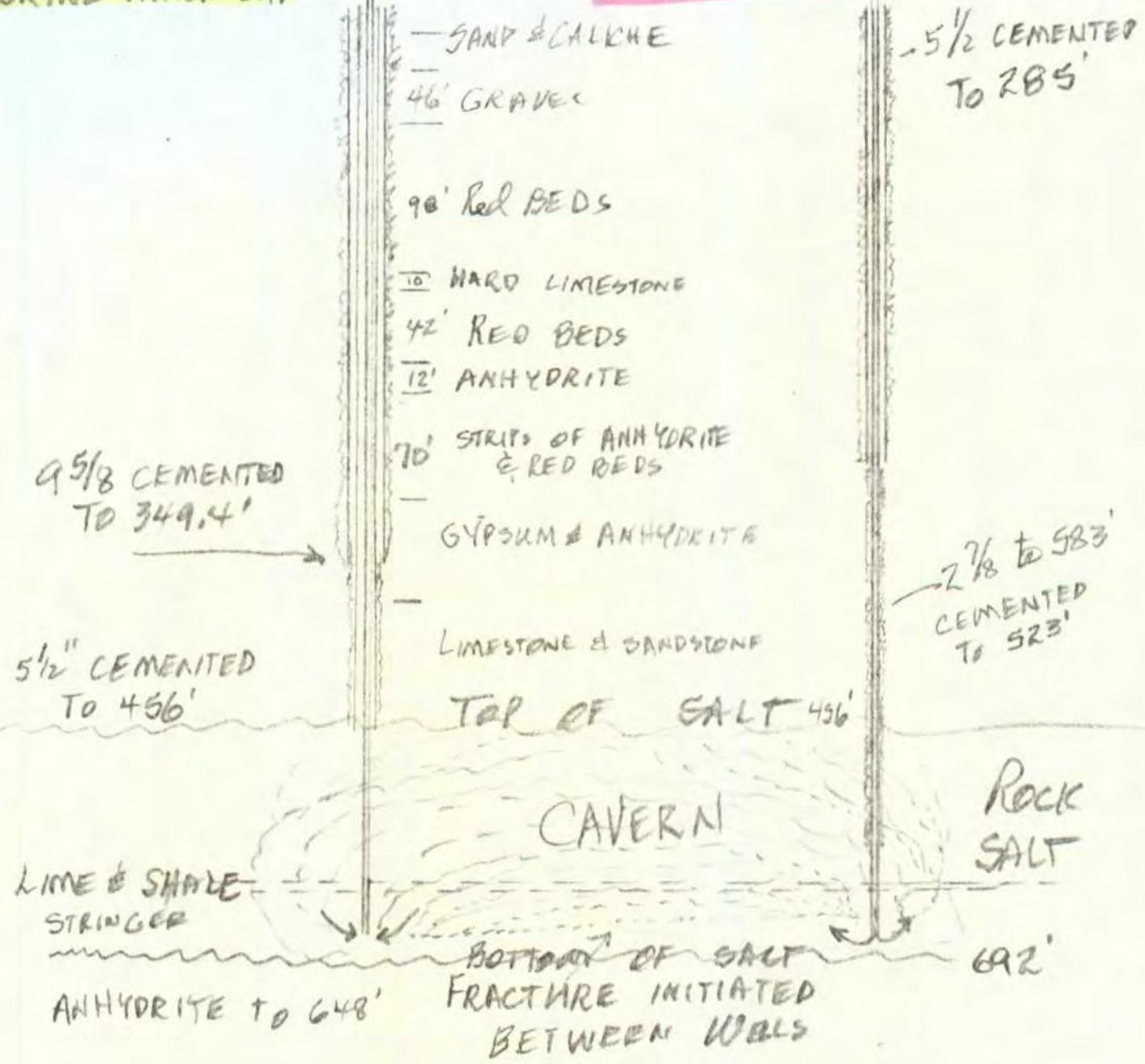
EUGENIE BRINE WELLS

No 1 well
(PRODUCTION)

No 2 well
(INJECTION)

BRINE WATER OUT

FRESH WATER IN



SCALE 1" = 100'



CROSS SECTION

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

6. Mechanical Integrity Testing

Pursuant to revised OCD guidelines for discharge plans at brine facilities, all wells must be pressure tested (open-hole) to 500 psi for 4 hours on an annual basis. A pressure test isolating the casing from the formation using either a bridge plug or packer must be conducted at least once every 5 years or during well workovers. Submit a proposal for testing and ensuring the mechanical integrity of the well. The results from a current pressure test isolating the casing will be required prior to the approval of any brine facility discharge plan applications or renewals. The fresh water injection well is not required to be tested. Note that an OCD representative must be on site to witness all pressure tests. Also, submit information on any buried brine pipelines including age and material of the lines. Propose a plan to ensure the mechanical integrity of all underground brine pipelines.

Mechanical Integrity Testing:

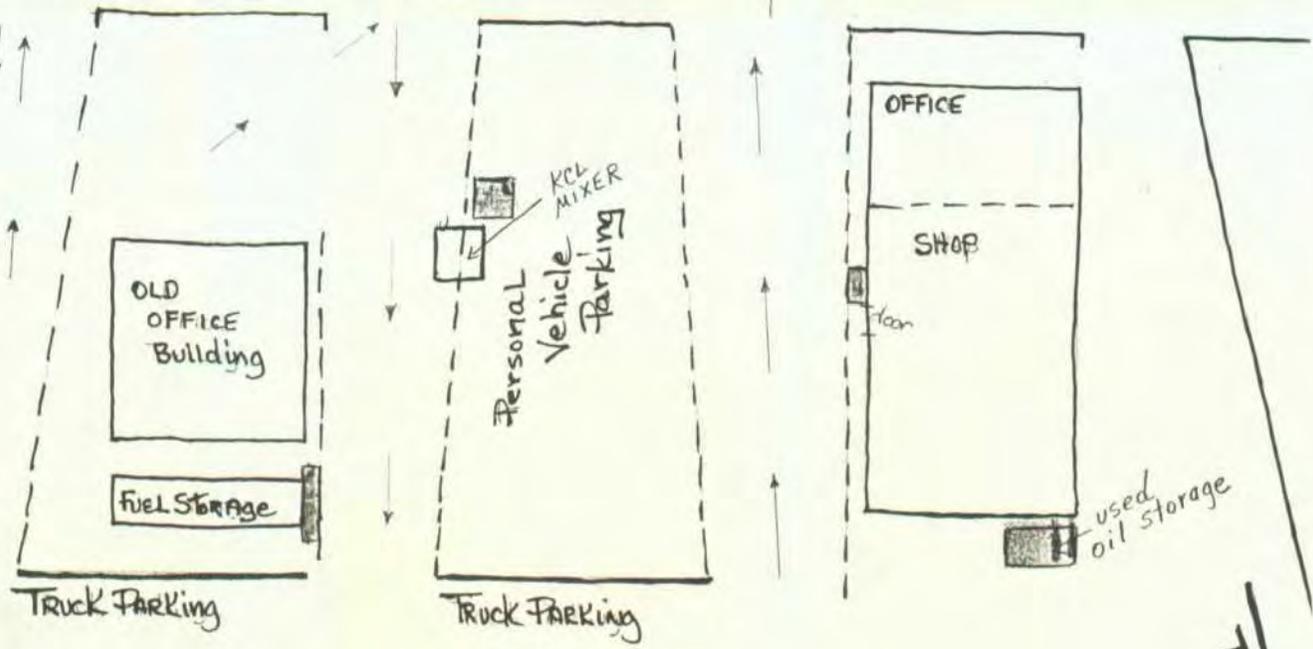
A copy of the pressure test using a packer was conducted on October 8, 1988 by a Mack Chase pulling unit and Completion Rentals reverse unit (see attached). This report was send to Kevin Lambert of the E.I.D.

Please see attached a copy of MAP D highlighted in green which shows location of any pipelines. The aboveground pipeline is highlighted in yellow, consisting of 6" PVC pipe (manifolded). The underground pipeline is highlighted in orange, consisting of 2½" PVC line to the storage tanks, and 4" PVC to the overhead loading rack.

All of the above mentioned PVC (Schedule 80-PVC heavy duty plastic) is 5 years old. This pipe was installed new when the 4-1000 bbl tanks were purchased and installed. (December of 1985 and January of 1986).

U.S. 285

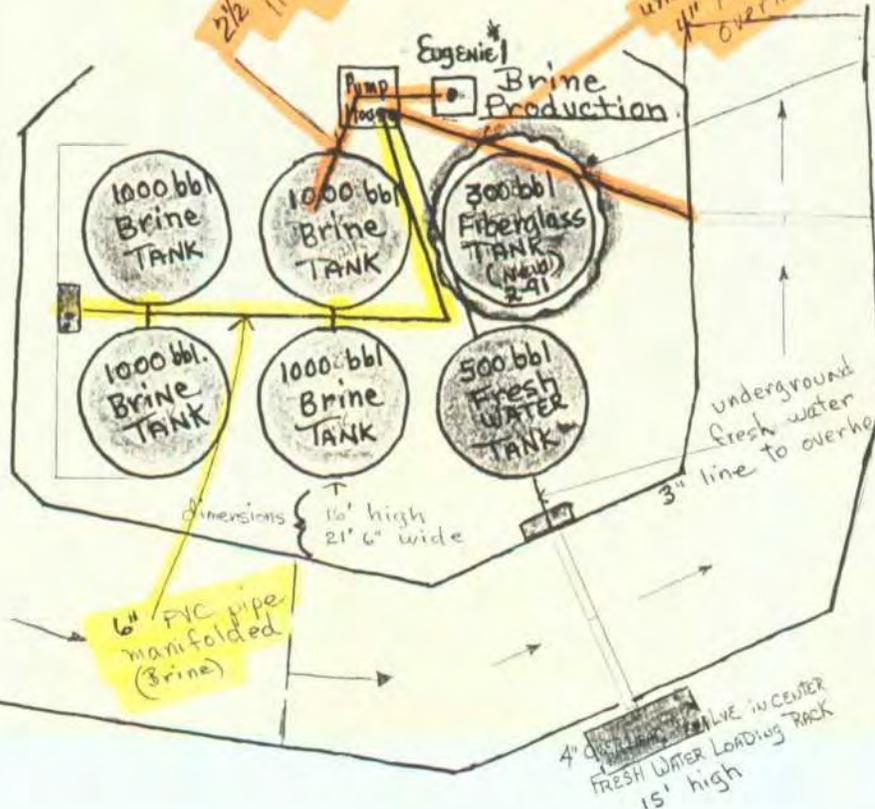
Eugenie 2
Fresh Injection



1000 bbl tanks - 16' h / 21' 6" w

2 1/2" PVC supply line to storage tanks

underground pipe 4" PVC to overhead loading



Above ground - PVC
 Under ground - PVC

Facility Storage dimensions

MAP D

OVER HEAD DRAWING
 B&E Inc.
 SOUTH Y CARLSBAD NM 882

DATE May 7, 1987
 GENE PRUITT B&E Inc.

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

October 11, 1988

Environmental Improvement Division
P.O. Box 968
Santa Fe, NM 87504-0968

RE: Procedure on Maintenance Re-Work on
Eugenie Brine Well Eddy County
Sec. 17 T 22S R 27E

ATT: Kevin Lambert

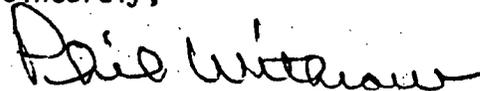
Attached find report on Maintenance Re-working of Eugenie Brine Well per our conversation on October 11, 1988.

Copies attached are:

1. Description (logs) of work performed.
2. Packer installation Plan from Kenco Oil Tools.
3. Pressure test chart.
4. Copies of B & E tickets of work done (with explanation) the day prior to re-work procedure.

Thank you very much for your consideration. If you have any other questions, please don't hesitate to contact us.

Sincerely,



Phil Withrow
Owner/Mgr.
B & E, Inc.

PW/va

Attachments

XC: Mike Williams, Artesia District
Oil Conservation Division

Our File

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

Procedure for Re-working Eugenie Brine Well

Rigged up Mack Case pulling machine unit on Saturday Oct. 8, 1988
at 8:00 a.m.

Called Completion Rentals-ordered reverse unit to rig up at 8:00
a.m. on Saturday Oct. 8, 1988

Called Kenco Oil Tools, Inc. to be on location at 9:00 a.m. on
Saturday Oct. 8, 1988

Pulled tubing

Run 7" packer to 414 ft.

Set packer

Pressured backside to 500 lbs. PSI

Ran 30 minute test

Pressure held at 500 lbs. PSI

Chart attached

Released packer

Pulled tubing

Attached 4 3/4" drill bit and started back in the hole with tubing

Drilled back to depth of 575 ft.

Nippled up well head

Began to produce brine at 8:00 p.m.

JOB COMPLETE

S.C.C. 1015-1

TRANSPORTS
KILL TRUCKS
FRAC TANKS

B & E, INC.
P.O. BOX 2292
HOBBS, NEW MEXICO 88240

PHONE

(505)-885-6663
(505)-887-6706
(505)-393-0762

B
I
L
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T
O

B+E, INC.

CONTRACT NUMBER

FIELD ORDER NUMBER **70446**

A.F.E. NUMBER

DATE **10-7-88**

REQ. OR PURCHASE ORDER NUMBER

ORDERED BY

DELIVERED FROM *B+E yard*

TO: *B+E yard (Location)*

LOCATION *Engenie #1*

WELL OR RIG NO.

TRUCK OR UNIT NO. *8403*

CAPACITY *140 bbls*

AMOUNT HAULED *40 bbls*

TIME OUT *3100* AM TIME IN *5100*

AM HOURS PM HOURS *2*

DELIVERED BY *B+E, INC.*

| DESCRIPTION | WT | HRS | DAYS | RATE | AMOUNT |
|---|----|-----|------|------|----------------|
| <i>Fresh Water</i> | | | | | <i>40 bbls</i> |
| <i>Kill Truck (by the hour)</i> | | | | | <i>2 hrs</i> |
| <i>Rig up to back side pump 20 bbls at 180pm followed by 20 bbls with max rate with out going over 150 psi - pumped last 20 bbls at approx 4 am 75 psi. Rig down shut in. Lett pressure gauge manifold.</i> | | | | | |
| <i>to dissolve any salt rings that may have built up in casing</i> | | | | | |

| HIGHWAY MILES | |
|---------------|----------|
| LOADED | UNLOADED |
| | |

TERMS:

TAX

NET TOTAL

OPERATOR OR DRIVER
Donald C. Patterson

AUTHORIZED BY:

Thank You

S.C.C. 1015-1

TRANSPORTS
KILL TRUCKS
FRAC TANKS

B & E, INC.

P.O. BOX 2292
HOBBS, NEW MEXICO 88240

PHONE
(505)-885-6663
(505)-887-6706
(505)-393-0762

B
I
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B+E

CONTRACT
NUMBER

A.F.E.
NUMBER

REQ. OR
PURCHASE ORDER
NUMBER

FIELD
ORDER
NUMBER 71093

DATE 10/7/88
ORDERED BY

DELIVERED
FROM

Vacuum Trucks

TO:

TK SWD

LOCATION

B+E yard

WELL
OR
RIG
NO.

TRUCK OR
UNIT NO.

7802

CAPACITY

140

AMOUNT
HAULED

135

TIME
OUT

10:50 AM

TIME
IN

1:30 PM

AM
PM

HOURS
CHGD.

DELIVERED BY

DESCRIPTION

WT. HRS. DAYS

RATE

AMOUNT

Disposal

135

Loaded 15 Bbls. Flw on Kill
Truck. Pumped fluid down
backside of brine well
at yard.

TOP GAUGE

BOTTOM GAUGE

SET DATE

RELEASE DATE

HIGHWAY MILES

LOADED

UNLOADED

21

21

OPERATOR OR DRIVER

Steve Simmons

X

TERMS:

AUTHORIZED BY:

TAX

NET TOTAL

Thank You



PACKER INSTALLATION PLAN

| PREPARED FOR <i>MR. PAUL WITKOW</i> | | COMPANY <i>B&E INC.</i> | | | | DATE <i>10-8-88</i> | |
|--|---------------|--------------------------------|--------------------------------------|---------------------------------|---|------------------------|---|
| LEASE <i>EUGENIE</i> | | WELL No. <i>1</i> | FIELD <i>SEC. 17-215-316 EDDY</i> | | CO./PARISH <i>NM.</i> | STATE <i>NM.</i> | <input type="checkbox"/> NEW COMPLETION <input checked="" type="checkbox"/> WORKOVER |
| INSTALLATION | ITEM | LENGTH | FROM | TO | DESCRIPTION | OD | ID |
| | | | <i>0</i> | <i>0</i> | | | |
| | | <i>18.00</i> | <i>0</i> | <i>14.00</i> | <i>2 7/8 6'-6'-6' 8rd Subs</i> | | |
| | | | | | <i>10-8-88 Run Guiberson Unit PI 7" 23# Packer to 411' and Pressure Tested casing to 500 PSI. Tested okay.</i> | | |
| | <i>245.50</i> | <i>14.00</i> | <i>259.50</i> | <i>8 1/2 2 7/8 8rd EUE 10G.</i> | | | |
| | <i>312.70</i> | <i>259.50</i> | <i>572.20</i> | <i>11 1/2 2 7/8 Packer</i> | | | |

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

7. Maximum Injection Pressure

Pursuant to WQCC Regulation Section 5-206, the maximum injection pressure at the wellhead shall not initiate new fractures or propagate existing fractures in the continuing zone. Submit a proposed maximum injection pressure, a measured and/or calculated fracture pressure for the zone being injected into, and a plan to ensure the fracture pressure value will not be exceeded.

Maximum Injection Pressure:

Well No. 2 (fresh injection) was drilled in November of 1979. B J Hughes Services were on location when well was drilled. (treating report). The fracture pressure was between 700-800 lbs. with an 11 minute return.

The fresh water is saturated under pressure, pumped to the surface and stored in the above ground tanks.

The fresh injected is City of Carlsbad fresh water and is pumped down at 65 lbs. It makes approximately 3/4 barrel of brine in one minute. There is a high pressure centrifugal pump that is turned on by a switch to increase the production of brine. The maximum pressure is 125 lbs. It will make 1.3 to 1.4 barrel of brine in one minute. The 125 lbs. maximum pressure is measured by a gauge. It never exceeds the 125 lbs. We pump the brine into the tanks until they get to a certain level, then we turn the pump off (125#). We do not turn the fresh water flow (65#) off to keep fresh flowing and the cavern full (under pressure). Therefore, if we have a need for a great deal of brine we turn the pump (125#) back on and the brine production will keep up with the demand.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

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

March 27, 1991

Mr. Phil Withrow, Owner
B&E, Incorporated
P. O. Box 756
Carlsbad, New Mexico 88220

RE: Enclosed Guidelines and Regulations

Dear Mr. Withrow:

Enclosed is a copy of the OCD's guidelines for preparation of ground water discharge plans at brine extraction facilities, and a copy of the Water Quality Control Commission Regulations. These were mistakenly left out of the correspondence from the OCD to B&E Inc. dated March 26, 1991. I am sorry for any inconvenience this may have caused. If I can be of further assistance in preparing your discharge plan renewal application, do not hesitate to contact me at (505) 827-5824.

Sincerely,

A handwritten signature in cursive script that reads "Kathy Brown".

Kathy M. Brown
Environmental Bureau Geologist

KMB/sl

Enclosures

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

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

March 26, 1991

CERTIFIED MAIL
RETURN RECEIPT NO. P-327-278-325

Mr. Phil Withrow, Owner
B&E, Incorporated
P. O. Box 756
Carlsbad, New Mexico 88220

RE: Discharge Plan DP-323
B&E Inc., Eugenie Brine Station
Eddy County, New Mexico

Dear Mr. Withrow:

On December 18, 1982, the ground water discharge plan, DP-323 for the B&E Inc., Eugenie Brine Station located in SW/4 SW/4, Section 17, Township 22, Range 27 East, NMPM, Eddy County, New Mexico, was approved by the Director of the Oil Conservation Division (OCD). This discharge plan was required and submitted pursuant to Water Quality Control Commission (WQCC) regulations and was approved for a period of five years. The approval expired on December 18, 1987. Subsequent to approval, administration of the brine program was transferred to the Environmental Improvement Division. Authority to administer the program was returned to OCD in 1989 with staffing approved in 1990.

If your facility continues to have effluent or leachate discharges and you wish to continue discharging, you must renew your discharge plan. Since your discharge plan has expired, please submit your application for renewal of plan approval within sixty days of receipt of this letter. Please indicate whether you have made, or intend to make, any changes in your discharge system, and if so, please include these modifications in your application for renewal. To assist you in preparation of your renewal application, I have enclosed a copy of the OCD's guidelines for preparation of ground water discharge plans at brine extraction facilities, revised February 19, 1991, and a copy of the Water Quality Control Commission Regulations.

The OCD visited your operation on February 8, 1991, as part of an extensive multifacility inspection trip that week. Because of scheduling problems, and the numerous facilities visited, we were unable to notify you of the date and time of arrival in advance. Although not required our agency generally notifies operators in advance giving time of arrival; in this instance it was not possible to do so.

The following comments are based on observations during the OCD site visit on February 8, 1991, and on additional requirements detailed in the guidelines. Please address these comments in your discharge plan renewal application.

1. **Fiberglass Tank:**

- A. What fluids are placed in the sunken fiberglass overflow tank? The OCD requires that below grade tanks have proper leak detection. Submit information detailing the leak detection system if one already exists or a plan to install leak detection if it does not exist.
- B. Spilled oil was observed on the ground surrounding your sunken fiberglass tank. In addition, the lining surrounding the tank is torn, deteriorating and is inadequate to contain spills from the overflow tank. The spilled oil must be cleaned-up immediately and the area kept clean. Submit a proposal to test the integrity of the liner and repair all leaks and tears. Spilled oil has been observed in and around this area on several previous occasions during inspections by OCD and EID staff. If spillage is observed outside the liner perimeter in the future you will be required to have a paved pad and berm around this tank.

2. **Surface and Subsurface Facilities**

Information submitted to the OCD from B&E on May 28, 1987 detailing surface and subsurface facilities is not clear. Identify the correct injection and production wells and describe brine loading operations as detailed in items II.A.2 and Map D. Also, for Map B submit the actual depth of the 8 5/8" casing in the Eugenie No. 1, and the actual depth, perforations, and cement top and bottom for the 2 7/8" tubing in the Eugenie No. 2.

3. **Fresh Water Storage Tank**

Excessive amounts of oil were observed on the ground surrounding your fresh water storage tank. This area must be cleaned-up immediately and kept free of spills. Again, spilled oil has been observed in this area on numerous occasions by OCD and EID staff. If spillage is observed in the future this area will be required to be paved and curbed.

4. **Brine Loading Area**

The loading area showed evidence of significant brine discharges to the ground surface. The spilled brine around the brine loading area must be cleaned-up. The OCD requires that a paved pad and adequate drain/sump system be installed at the brine truck loading area. Containment must include the area around the brine loading valve(s). Submit a schedule for completion of this work.

5. **Collapse and Subsidence**

Because of the relatively thin amounts of overburden rock at your location, the OCD is concerned over the potential for collapse and/or subsidence of the strata overlying the salt cavity that B&E has created. Submit evidence that future brine extraction operations will not significantly increase the potential for collapse and/or subsidence. Include details on collapse/subsidence prevention, monitoring, contingency plans, and remedial actions.

6. **Mechanical Integrity Testing**

Pursuant to revised OCD guidelines for discharge plans at brine facilities, all wells must be pressure tested (open-hole) to 500 psi for 4 hours on an annual basis. A pressure test isolating the casing from the formation using either a bridge plug or packer must be conducted at least once every 5 years or during well workovers. Submit a proposal for testing and ensuring the mechanical integrity of the well. The results from a current pressure test isolating the casing will be required prior to the approval of any brine facility discharge plan applications or renewals. The fresh water injection well is not required to be tested. Note that an OCD representative must be on site to witness all pressure tests. Also, submit information on any buried brine pipelines including age and material of the lines. Propose a plan to ensure the mechanical integrity of all underground brine pipelines.

7. **Maximum Injection Pressure**

Pursuant to WQCC Regulation Section 5-206, the maximum injection pressure at the wellhead shall not initiate new fractures or propagate existing fractures in the continuing zone. Submit a proposed maximum injection pressure, a measured and/or calculated fracture pressure for the zone being injected into, and a plan to ensure the fracture pressure value will not be exceeded.

Mr. Phil Withrow
March 26, 1991
Page -4-

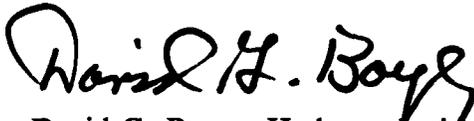
8. Transfer of Commitment

Notwithstanding the transfer of jurisdiction of brine wells to OCD, all prior commitments to EID concerning reporting and notification remain in effect. However, please note that all unauthorized discharges (i.e. major leaks and spills), need to be reported to OCD within 24 hours of the event (WQCC Rule 5-208), not within 48 hours as stated in your correspondence dated June 10, 1988.

Addressing the above items in your application for renewal of your discharge plan will accelerate the review and response time of your application.

If you no longer have such discharges a discharge plan renewal is not needed, please notify this office. If you have any questions, please do not hesitate to contact Kathy Brown at (505) 827-5824.

Sincerely,



David G. Boyer, Hydrogeologist
Environmental Bureau Chief

DGB/KMB/sl

Enclosures

cc: OCD Artesia Office

INVENTORY OF SOLUTION MINING WELLS -- OIL CONSERVATION DIVISION, 1991

I. OPERATOR/LOCATION INFORMATION

Operator: B.E. Inc.; Phil Withrow-Owner/Val Perce-Office manager

Address: South Y, P.O. Box 756

Carlsbad, NM 88220 Phone: 885-6663

Facility Eugenie Brine Station (Pioneer Brine)

T. 22S R. 27E Sec. 17 SW 1/4 SW 1/4 M

County: Eddy

Purpose of well (brine supply, LPG storage, potash dissolution) _____

Brine Supply

II. DRILLING/SITING INFORMATION

Contractor: No. 1
No. 2

Date drilling started No. 1 No. 2 10/22/79 Date drilling completed No. 1 - 6/78
No. 2 - 11/20/79

Drilling method _____

Ground Surface Elevation No. 1 - 3126.4' No. 2 - 3126' KB Elevation _____

Total depth of hole No. 1 - 683'; No. 2 - 618'
Production Injection

Attach schematic of well, include open hole interval, perforations, etc.

Type of drilling fluid Mud

Describe all casing tests performed to date _____

10-8-88 Eugenie No. 1 - pulled tubing set packer^(414"), tested
for 30 min. @ 500psi

1 well plugging band

CASING, TUBING AND CEMENTING RECORD

| | From | To | Size of Hole | Size of Casing | Weight per Foot | Sacks of Cement | Estimated Top of cmt. |
|---------------------|------|--------|--------------|--|--|-----------------|-----------------------|
| No. 1 Production | 0' | 349H' | | 9 ⁵ / ₈ " | | | Surface |
| | 0' | 456' | | 7" (5 ¹ / ₂ " t) | 23# N-80 | | Surface |
| | 0' | 572.2' | | 2 ⁷ / ₈ " | 8 Jt. $\frac{3}{4}$, 11 Jt. Butress heads | | |
| No. 2 Injection | 0' | 285' | | 5 ¹ / ₂ " | | | Surface |
| | 0' | 583' | | 2 ⁷ / ₈ " | | | Surface to 523' |

Is site within 1/2 mile of another well? Is so, explain. Cities Service No. 1

Morrow gas well (Tracy B lease).

Type of well-head equipment _____

Comments (include problems encountered while drilling, loss of circulation, deviation of hole from vertical, centralizers, used, tools lost or stuck, fracturing techniques used, etc.) Fractured No. 2 well from 576' to 592' in

shale $\frac{1}{2}$ salt stringer.

III. FORMATION INFORMATION

Formation Record

| | From | To | Thickness | Formation (name, description) |
|-------------------------------------|-----------------|-----|-----------|--|
| Alluvium | 0 th | 46' | 46' | Top Soil & Gravel |
| | 46' | 58' | 12' | Sand & Gravel |
| Gatuna Fm. ? | 58 | 62 | 4 | Lime |
| | 62 | 76 | 14' | Red Bed/sand |
| | 76 | 107 | 31' | Gravel |
| Santa Rosa SS | 107 | 163 | 56' | Clay w/ gravel & sand |
| | 163 | 170 | 7' | Red Bed |
| Dewey Lake Red Beds | 170 | 178 | 8' | Lime (v. hard) |
| | 178 | 225 | 47' | Red Bed |
| | 225 | 237 | 12' | Anhydrite & Red Bed |
| | 237 | 252 | 15' | Lime & Anhydrite w/ some Gyp |
| Rustler evaporites & elastics | 252 | 268 | 16' | Red Bed |
| | 268 | 320 | 52' | Gypsum, Anhydrite w/ some red beds |
| | 320 | 328 | 8' | Red Beds |
| | 328 | 430 | 102' | Anhydrite w/ lime & red sand |
| Salado evaporites | 430 | 456 | 26' | Anhydrite w/ gray lime |
| | 456 | 592 | 136' | Salt w/ some lime & blue shale (v. little) |
| | 592 | 663 | 71' | Anhydrite |

Holocene
 Pleistocene
 UTR
 Permian

Logs (specify type) Drillers log for Eugenie No. 1

Identify where logs are on file OLD Santa Fe - has summary

IV. AQUIFER INFORMATION

Aquifers in Immediate Area

| From | To | Aquifer Description | Amount of Water entering hole | Quality of Water |
|------|----|---------------------|-------------------------------|------------------|
| | | | | 1000mg/l TDS |

Note: If water quality analysis are available please attach.*

Source of aquifer description _____

Source of water level and quality data _____

Depth water first encountered during drilling 41' & 90' in No. 2

Direction of water gradient N-NE-E towards Pecos River. Located 2 mi South West & 50' above river.

Explain any evidence of water contamination _____

V. PRODUCTION/BRINE STORAGE INFORMATION

Method of production (describe fully) Pump water down tubing of No. 2 well @ 65# & have high pressure centrifugal pump which can increase pressure to a maximum of 125# if needed.
Freshwater flow (65#) is continuous to keep cavern under pressure. Water migrates 353' and is produced out the tubing of No. 2 through 2 1/2" PVC to tanks to loading rack.

125# @ surface
= 1.6 bpm
= 180# @ 663'

Was well used previously for some purpose other than brine supply No

If so, explain _____

Use of brine Drilling Fluids in 300,000 mg/l TDS; 10 ppb

Source of injection water (be specific) City of Carlsbad fresh water

Date of first production _____

Volume of brine produced to date _____

Weight of salt removed to date _____

Calculated size and shape of cavity to date _____

Explain any evidence of subsidence and any subsidence monitoring No evidence,
but concern due to shallow depth & amount salt
removed. Either ~~run~~ run sonar log or use oil pad cushion
Brine storage facilities (describe) 4-1000 bbl, above ground tanks
manifolded together w/ 6" PVC pipe. New 300 bbl. fiberglass
tank (.....) w/ berm for overflow & rinse water from
hoses & belly lines & leak detection for big tanks.

Explain how ^{loading area} ~~brine storage pit~~ is being monitored for leakage Drivers do
visual inspection of valves & tanks.

Explain brine loading procedures Brine is loaded from an overhead,
15', loading rack. from a 4" PVC underground pipe.
Also, have an above ground brine loading gun barrel only
used occasionally by vacuum trucks & to brine pumps
in cold weather (6" PVC pipe)

Explain fresh water loading procedures 4" overhead with center
valve at overhead, 15' high, loading rack.

VI. ABANDONMENT/PLUGGING RECORDS

Date well abandoned/plugged N/A

Reason for well abandonment or plugging N/A

Method of plugging or proposed plugging (describe fully, include amounts of cement, etc. top, plug type, depth, etc.) OK - have proper plan & 3 cost estimates

List all conduits in the area of review. Include completion and plugging records.

No P&A wells within 1/4 mile.

VII. CHRONOLOGY OF EVENTS

- 12-18-82: DP approved by OCD to Permian Brine Sales (PBS)
- 4-30-83: B&E bought out PBS share; DP not officially transferred;
_____ legal issues w/ EID over transfer & financial assurance
- 12-85: B&E facility modifications: Replace 6-500 bbl brine tanks w/
_____ 4-1000 bbl & 1-300 bbl fiberglass overflow & 1-500 gal fresh water tank
_____ & pump house & fresh water loading area
- 2-25-87: EID requests DP renewal
- 5-28-87: B&E submits DP renewal; received 6-2-87
- 12-16-87: EID requests additional info.
- 12-18-87: DP expires
- 6-10-88: B&E responds to EID's 10 questions
- 8-3-88: EID requests add^l P&A and financial assistance info
- 10-11-88: B&E submits info on reworking well
- 11-10-88: B&E submits info on P&A and financial assistance
- 11-29-88: EID's response to B&E's 11-10-88 submittal
- 6-14-89: EID's legal staff writes-off further evaluation of
_____ B&E's fin. assist. since brine wells back to OCD.
- _____
- _____
- _____
- _____
- _____

EUGENIE No. 1

EUGENIE No. 2

M-17-22-27

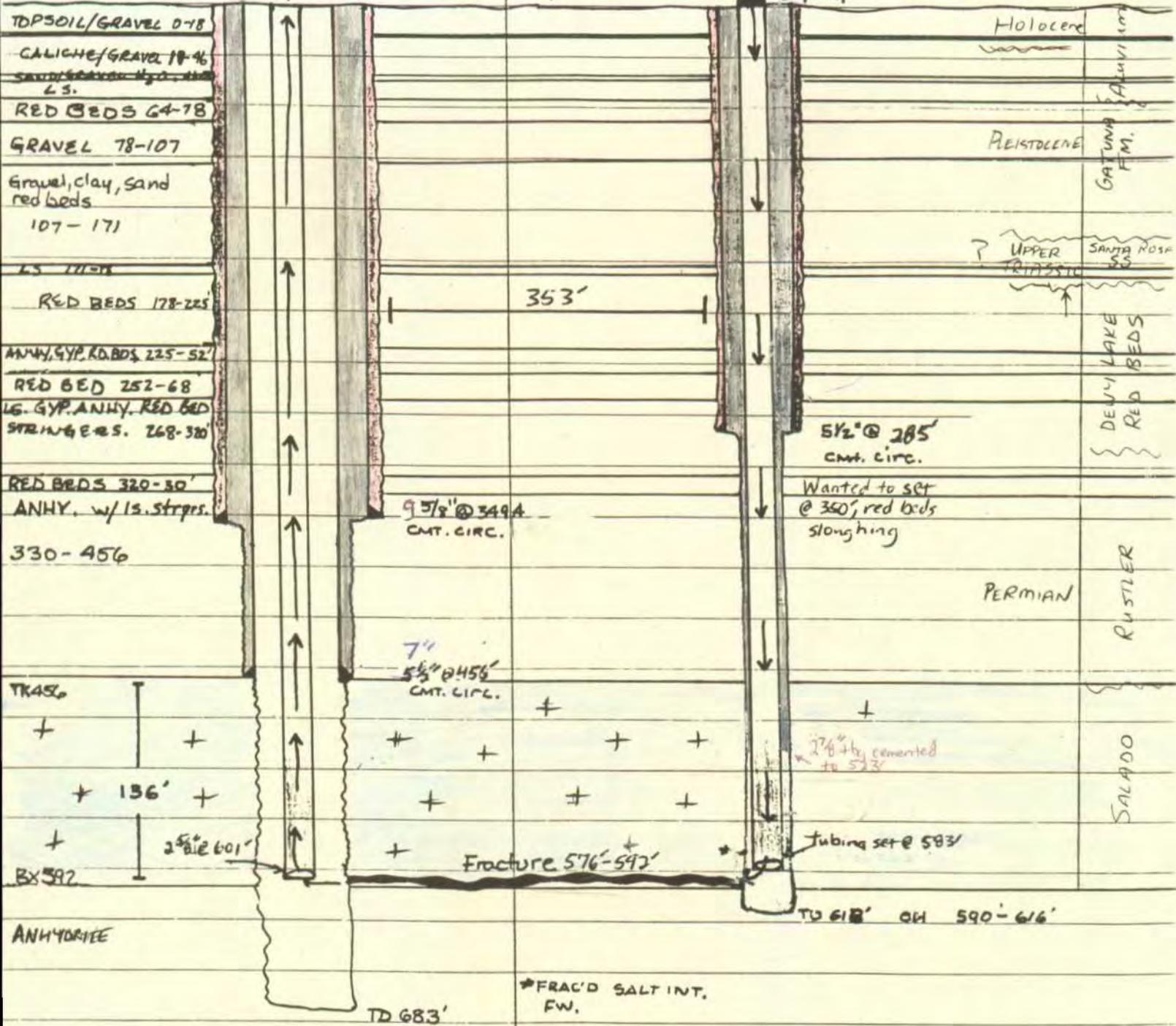
M-17-22-27

GL 3126.4

GL 3126

← TO SALES

70 GPM
H₂O pump



* drilled back to 575' in No. 1 after pulled tubing and pressure tested. Tubing run to 572'

No. 2 saw water @ 4,190' limestone 555' to 567' blue shale 567 to 576'

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

RECEIVED
OIL CONSERVATION DIVISION
RECEIVED
'91 FEB 8 AM 9 09
Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

February 5, 1991

Oil Conservation Division
State Land Office
P.O. Box 2088
Santa Fe, New Mexico 87504

RE: Yearly (1991) Water Analysis
Fresh & Brine Water
Eugenie Brine
Eugenie Fresh (City of Carlsbad)
Loco Hills Brine
Double Eagle Fresh

ATT: Dave Boyer

Attached please find the water analysis for the above mentioned locations.

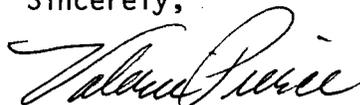
Halliburton Division Laboratory; Artesia District ran analysis on the samples that we provided.

I apologize that they weren't sent in January but the paperwork had gotten lost in the mail.

If you have any further questions, please don't hesitate to call (800-658-2739).

Thank you for your consideration.

Sincerely,



Valerie Pierce
Office Manager
B & E, Inc.

VP

Attachments

xc: file

HALLIBURTON DIVISION LABORATORY

HALLIBURTON SERVICES

ARTESIA DISTRICT

LABORATORY REPORT

No. W20 & W21-91

TO B & E

Date January 18, 1991

P. O. Box 2292

Hobbs, NM 88240

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Submitted by _____ Date Rec. January 16, 1991

Well No. _____ Depth _____ Formation _____

Field _____ County _____ Source _____

| | <u>Double Eagle FW</u> | <u>Loco Hills BWS</u> |
|---------------------|------------------------|-----------------------|
| Resistivity | <u>15.8 @ 70°</u> | <u>0.052 @ 70°</u> |
| Specific Gravity .. | <u>1.0010 @ 70°</u> | <u>1.1742 @ 70°</u> |
| pH | <u>7.2</u> | <u>7.1</u> |
| Calcium | <u>682</u> | <u>2,500</u> |
| Magnesium | <u>1,654</u> | <u>1,723</u> |
| Chlorides | <u>200</u> | <u>160,000</u> |
| Sulfates | <u>100</u> | <u>1,500</u> |
| Bicarbonates | <u>305</u> | <u>763</u> |
| Soluble Iron | <u>0</u> | <u>0</u> |
| ----- | ----- | ----- |
| ----- | ----- | ----- |
| ----- | ----- | ----- |

Remarks:

Eric Jacobson
Respectfully submitted

Analyst: Eric Jacobson - Field Engineer

HALLIBURTON SERVICES

NOTICE:

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HALLIBURTON DIVISION LABORATORY

HALLIBURTON SERVICES

ARTESIA DISTRICT

LABORATORY REPORT

No. W12 & W13-91TO B & EDate January 12, 1991P. O. Box 2292Hobbs, NM 88240

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Submitted by _____ Date Rec. _____

Well No. _____ Depth _____ Formation _____

Field _____ County _____ Source _____

| | <u>Eugenie Fresh</u> | <u>Eugenie Brine</u> |
|---------------------|----------------------|----------------------|
| Resistivity | <u>15.8 @ 70°</u> | <u>N.A.</u> |
| Specific Gravity .. | <u>1.0010 @ 70°</u> | <u>N.A.</u> |
| pH | <u>7.0</u> | <u>6.8</u> |
| Calcium | <u>1,704</u> | <u>3,408</u> |
| Magnesium | <u>1,723</u> | <u>1,240</u> |
| Chlorides | <u>200</u> | <u>204,000</u> |
| Sulfates | <u>0</u> | <u>0</u> |
| Bicarbonates | <u>367</u> | <u>305</u> |
| Soluble Iron | <u>0</u> | <u>0</u> |
| ----- | ----- | ----- |
| ----- | ----- | ----- |
| ----- | ----- | ----- |

Remarks:

E. Jacobson
Respectfully submitted

Analyst: Eric Jacobson - Field Engineer

HALLIBURTON SERVICES

NOTICE:

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Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

OIL CONSERVATION DIVISION
RECEIVED

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

'90 JAN 22 AM 10 05

January 15, 1990

Oil Conservation Division
State Land Office Bldg.
P.O. Box 2088
Santa Fe, NM 87504

RE: Monitoring Requirements Summary

TDS, CL; Fresh & Brine

ATT: Dave Boyer
Roger Anderson

Attached please find a laboratory report from Halliburton Division
Lab, Artesia District.

Below listed are the four samples we had tested per requirements for
the yearly monitoring report:

Double Eagle Fresh Water (Loco Hills)
City of Carlsbad Fresh Water (Carlsbad Yard)
Eugenie Brine Water (Carlsbad Yard)
Loco Hills; State 24 #1 (Loco Hills)

I hope the information is satisfactory. If you need anymore infor-
mation please don't hesitate to call me.

Thank you for your consideration and please don't hesitate to contact
me.

Sincerely,



Valerie Lemon
Secretary

Attachment

xc:file

HALLIBURTON DIVISION LABORATORY

HALLIBURTON SERVICES

ARTESIA DISTRICT

LABORATORY REPORT

No. W11, W12 & W13-90

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

Date January 8, 1990

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Submitted by Bill Washburn **Date Rec.** January 5, 1990

Well No. _____ **Depth** _____ **Formation** _____

Field _____ **County** _____ **Source** _____

| | <u>F/W Double Eagle</u> | <u>F/W Yard</u> | <u>B/W Yard</u> |
|----------------------------|-------------------------|-----------------|-----------------|
| Resistivity | | 2 | |
| Specific Gravity .. | 1.001 | 1.001 | 1.207 |
| pH | 7.2 | 7.4 | 6.5 |
| Calcium | 217 | 109 | 1,304 |
| Magnesium | 132 | 66 | 527 |
| Chlorides | 300 | 300 | 191,000 |
| Sulfates | Below 200 | Below 200 | 800 |
| Bicarbonates | 183 | 244 | 31 |
| Soluble Iron | 0 | 0 | 50 |
| ----- | | | |
| ----- | | | |
| ----- | | | 10.05 # |

Remarks:

Rocky Chambers

 Respectfully submitted

Analyst: Rocky Chambers - Field Engineer

HALLIBURTON SERVICES

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HALLIBURTON DIVISION LABORATORY

HALLIBURTON SERVICES

ARTESIA DISTRICT

LABORATORY REPORT

No. W14-90

TO B & E, Inc.

Date January 8, 1990

P. O. Box 2292

Hobbs, NM 88240

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Submitted by Bill Washburn

Date Rec. January 5, 1990

Well No. _____ Depth _____ Formation _____

Field _____ County _____ Source _____

B/W State 24 #1

Resistivity _____

Specific Gravity .. 1.173

pH 7.2

Calcium 1,087

Magnesium 923

Chlorides 157,000

Sulfates 400

Bicarbonates 92

Soluble Iron 0

----- 9.77 # -----

Remarks:

Rocky Chambers
Respectfully submitted

Analyst: Rocky Chambers - Field Engineer

HALLIBURTON SERVICES

NOTICE:

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New Mexico Health and Environment Department
 SCIENTIFIC LABORATORY DIVISION
 700 Camino de Salud NE
 Albuquerque, NM 87106 — (505) 841-2555

859
 WNN

**GENERAL WATER CHEMISTRY
 and NITROGEN ANALYSIS**

| | | |
|--|------------------------|--|
| DATE RECEIVED <u>12/01/89</u> | LAB NO. <u>WC 3919</u> | USER CODE <input type="checkbox"/> 59300 <input type="checkbox"/> 59600 <input checked="" type="checkbox"/> OTHER: 82235 |
| Collection DATE <u>89/11/30</u> | SITE INFORMATION | Sample location <u>B+E CARLSBAD</u> |
| Collection TIME <u>12:15</u> | | Collection site description <u>BRINE TANK</u> |
| Collected by — Person/Agency <u>ANDERSON/BOXER</u> <u>10CD</u> | | |

ENVIRONMENTAL BUREAU
 NM OIL CONSERVATION DIVISION
 State Land Office Bldg, PO Box 2088
 Santa Fe, NM 87504-2088

SEND FINAL REPORT TO

Attn: David Boyer

Phone: 827-5812

OIL CONSERVATION DIVISION RECEIVED 90 JAN 22 AM 9 43

SAMPLING CONDITIONS

| | | | | |
|--|---|--|--|-------------------------|
| <input type="checkbox"/> Bailed | <input type="checkbox"/> Pump | Water level | Discharge | Sample type <u>GRAB</u> |
| <input checked="" type="checkbox"/> Dipped | <input type="checkbox"/> Tap | | | |
| pH (00400) | Conductivity (Uncorrected) <u>50000 +</u> μmho | Water Temp. (00010) $^{\circ}\text{C}$ | Conductivity at 25°C (00094) μmho | |
| Field comments | | | | |

SAMPLE FIELD TREATMENT — Check proper boxes

| | | | |
|---|---|---|--|
| No. of samples submitted <u>1</u> | <input checked="" type="checkbox"/> NF: Whole sample (Non-filtered) | <input type="checkbox"/> F: Filtered in field with 0.45 μ membrane filter | <input type="checkbox"/> A: 2 ml H ₂ SO ₄ /L added |
| <input checked="" type="checkbox"/> NA: No acid added | <input type="checkbox"/> Other-specify: | <input type="checkbox"/> A: 5ml conc. HNO ₃ added | <input type="checkbox"/> A: 4ml fuming HNO ₃ added |

ANALYTICAL RESULTS from SAMPLES

| NA | Units | Date analyzed | From <u>NF</u> , NA Sample: | Date Analyzed |
|---|-----------------|---------------|--|--------------------------------|
| <input checked="" type="checkbox"/> Conductivity (Corrected) 25°C (00095) | μmho | <u>1-3</u> | <input checked="" type="checkbox"/> Calcium | <u>1640 mg/l 12/06</u> |
| <input type="checkbox"/> Total non-filterable residue (suspended) (00530) | mg/l | | <input checked="" type="checkbox"/> Potassium | <u>25 mg/l 12/13</u> |
| <input checked="" type="checkbox"/> Other: pH <u>6.59</u> | | <u>12/14</u> | <input checked="" type="checkbox"/> Magnesium | <u>35.3 mg/l 12/06</u> |
| <input type="checkbox"/> Other: | | | <input checked="" type="checkbox"/> Sodium | <u>12800 mg/l 12/13</u> |
| <input type="checkbox"/> Other: | | | <input checked="" type="checkbox"/> Bicarbonate | <u>151 mg/l 12/14</u> |
| A-H₂SO₄ | | | <input checked="" type="checkbox"/> Chloride | <u>177000 mg/l 12/20</u> |
| <input type="checkbox"/> Nitrate-N + Nitrate-N total (00630) | mg/l | | <input checked="" type="checkbox"/> Sulfate | <u>3670 mg/l 12/19</u> |
| <input type="checkbox"/> Ammonia-N total (00610) | mg/l | | <input checked="" type="checkbox"/> Total Solids | <u>320,000 mg/l 12/22</u> |
| <input type="checkbox"/> Total Kjeldahl-N () | mg/l | | <input checked="" type="checkbox"/> <u>BROMIDE</u> | <u>0.46 12/12/89</u> |
| <input type="checkbox"/> Chemical oxygen demand (00340) | mg/l | | <input type="checkbox"/> | |
| <input type="checkbox"/> Total organic carbon () | mg/l | | <input checked="" type="checkbox"/> Cation/Anion Balance | |
| <input type="checkbox"/> Other: | | | Analyst | Date Reported <u>1/10/90</u> |
| <input type="checkbox"/> Other: | | | | Reviewed by <u>[Signature]</u> |

Laboratory remarks

FOR OCD USE -- Date Owner Notified _____ Phone or Letter? _____ Initials _____

CATIONS

| ANALYTE | MEQ. | PPM | DET. LIMIT |
|---------|---------|-----------|------------|
| Ca | 81.84 | 1640.00 | <3.0 |
| Mg | 2.90 | 35.30 | <0.3 |
| Na | 5567.64 | 128000.00 | <10.0 |
| K | 1.92 | 75.00 | <0.3 |
| Mn | 0.00 | 0.00 | |
| Fe | 0.00 | 0.00 | |

SUMS 5654.29 129750.30

Total Dissolved Solids= 320000
 Ion Balance = 111.48%

ANIONS

| ANALYTE | MEQ. | PPM | DET. LIMIT |
|---------|---------|---------|------------|
| HC03 | 2.47 | 151.00 | <1.0 |
| SO4 | 76.46 | 3670.00 | <10.0 |
| CL | 4992.95 | ##### | <5.0 |
| NO3 | 0.00 | 0.00 | < 0. |
| C03 | 0.00 | 0.00 | < 1. |
| NH3 | 0.00 | 0.00 | < 0. |
| PO4 | 0.00 | 0.00 | < 0. |

5071.88 #####

WC No. = 8903919
 Date out/By CG 1/10/90

OIL CONSERVATION DIVISION
 RECEIVED
 '90 JAN 22 AM 9 43

LAB NUMBER 01-346
DATE RECEIVED 12-01-89
DATE REPORTED _____

REPORT TO: Mr. David G. Boyer
NM Oil Conservation Div.
P.O. Box 2088
Santa Fe, NM 87504

User Code: 55430
~~82235~~
Subr Code: 260

Attention: _____

Water () Soil () Sediment () Vegetation () Air Filter ()
192

Sample Location BYE CARLSBAD BRINE STA Sample # 8911301215

Purpose _____
Date Collected 11/30/89 Time 12:15 Name Boyer
Remarks by Collector _____

Sample Preparation

() Filtered Non Filtered HNO₃ () H₂SO₄ () _____
pH _____ Temp. _____
Conductivity 5000+ umho Conductivity at 25°C _____ umho

ANALYSES REQUESTED

| | <u>Units</u> + | <u>Counting Error</u> | <u>Date Analysed</u> |
|---|----------------|-----------------------|----------------------|
| <input checked="" type="checkbox"/> Gross Alpha (Rel to U 238) | _____ | _____ | _____ |
| <input checked="" type="checkbox"/> Gross Alpha (Rel to Am 241) | _____ | _____ | _____ |
| <input checked="" type="checkbox"/> Gross Beta | _____ | _____ | _____ |
| () Uranium 238 | _____ | _____ | _____ |
| () Uranium 235 | _____ | _____ | _____ |
| () Uranium 234 | _____ | _____ | _____ |
| () Thorium 232 | _____ | _____ | _____ |
| () Thorium 230 | _____ | _____ | _____ |
| () Thorium 228 | _____ | _____ | _____ |
| <input checked="" type="checkbox"/> Radium 226 | _____ | _____ | _____ |
| <input checked="" type="checkbox"/> Radium 228 | _____ | _____ | _____ |
| () Lead 210 | _____ | _____ | _____ |
| () Polonium 210 | _____ | _____ | _____ |
| () Radon 222 | _____ | _____ | _____ |
| () Gamma Spectroscopy | _____ | _____ | _____ |
| () Other | _____ | _____ | _____ |

REMARKS BY ANALYST _____

OIL CONSERVATION DIVISION
RECEIVED

SCIENTIFIC LABORATORY DIVISION

700 Camino de Salud, NE

Albuquerque, NM 87106 [505]-841-2500

RADIOCHEMISTRY SECTION [505]-841-2574

'90 JAN 5 AM 8 55

January 3, 1990

ANALYTICAL REPORT
SLD Accession No. RC-89-0346Distribution Submitter
 SLD FilesTo: Mr. David G. Boyer
NM Oil Conservation Div.
P. O. Box 2088
Santa Fe, NM 87504From: Radiochemistry Section
Scientific Laboratory Div.
700 Camino de Salud, NE
Albuquerque, NM 87106

Re: A water sample submitted to this laboratory on December 1, 1989

DEMOGRAPHIC DATA

| COLLECTION | | LOCATION |
|----------------|-------------|------------------------------|
| On: 30-Nov-89 | By: Boy ... | B & E Carlsbad Brine Station |
| At: 12:15 hrs. | In/Near: | |

ANALYTICAL RESULTS

| Analysis | Value | Sigma | D. Lmt. | Units | Analyst |
|------------------------|---------|--------|---------|-------|---------|
| G-Alpha w/ Am-241 ref. | -150.00 | 100.00 | 250.00 | pCi/L | Cress |
| G-Alpha w/ U -nat ref. | -250.00 | 200.00 | 400.00 | pCi/L | Cress |
| G-Beta w/ Cs-137 ref. | -400.00 | 150.00 | 250.00 | pCi/L | Cress |
| G-Beta w/ Sr/Y90 ref. | -350.00 | 150.00 | 250.00 | pCi/L | Cress |
| Ra-226, non-SDWA Mth'd | 2.30 | 1.00 | 1.00 | pCi/L | Cress |
| Ra-228, non-SDWA Mth'd | 13.00 | 20.00 | | pCi/L | Bay |
| U -238, non-SDWA Mth'd | 4.00 | 2.00 | | pCi/L | Lusk |
| U -234, non-SDWA Mth'd | 3.00 | 2.00 | | pCi/L | Lusk |
| Th-230, non-SDWA Mth'd | 1.00 | 2.00 | | pCi/L | Lusk |

Notations & Comments:

Uncertainties, sigmas, are expressed as +/- one standard deviation, i.e. one standard error.

Small negative or positive values which are less than two(2) standard deviations should be interpreted as: including 'zero'; as 'not detected'; as 'less than the detection limit (<D. Lmt.)' when reported, or 'less than twice the standard deviation'.

Reviewed By:


 Loren A. Berge, Ph.D. 01/03/90
 Supervisor, Radiochemistry Section

MEMORANDUM

TO: ERNEST REBUCK
JOHN PARKER

FROM: GINI NELSON *G. Nelson*

DATE: JUNE 14, 1989

RE: B & E CARLSBAD BRINE FACILITY LEGAL REQUEST

As discussed in my telephone conversation today with Ernie, I am returning the proposed trust submitted with the legal request regarding B & E Carlsbad Brine facility (B & E). As the Underground Injection Control Program is to be returned to the Oil Conservation Division (OCD) for administration, Ernie advised me to not spend any additional legal time on this matter. It will be taken off the Legal Docket.

The trust agreement as proposed needed several changes, which I had discussed briefly with Jackie Burke (393-0762) of B & E. She is expected to hear from me or from John Parker about the changes. I suggest that John call her and explain that EID will not be further processing B & E's financial assurance, and that B & E will need to talk with OCD about what financial assurance OCD will accept.

R E C E I V E D

TRUST AGREEMENT

MAR 29 1989

GROUND WATER BUREAU

Trust Agreement, the "Agreement," entered into as of 3/3/89 by and between B. AND E. INC., a _____ N.M. _____ corporation, the "Grantor," and _____ THE NEW MEXICO ENVIRONMENTAL IMPROVEMENT DIVISION, the "Trustee."

Whereas, the New Mexico Environmental Improvement Division, "EID," an agency of the State of New Mexico, has established certain regulations applicable to the Grantor, requiring that an owner or operator of an injection well shall provide assurance that funds will be available if needed for proper closing, plugging and abandonment of the injection well, and hydrogeologic investigation for ground-water contamination,

Whereas, the Grantor has elected to establish a trust to provide all or part of such financial assurance for the facility(ies) identified herein,

Whereas, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee,

Now, therefore, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) The term "Grantor" means the owner or operator who enters into this agreement and any successors or assigns of the Grantor;

(b) The term "Trustee" means the Trustee who enters into this Agreement and any successor Trustee;

(c) the terms "facility" or "activity" mean any underground injection well or any other facility or activity that is subject to regulation under the Underground Injection Control Program of the New Mexico Environmental Improvement Division, "EID", an agency of the State of New Mexico.

Section 2. Identification of Facilities and Cost Estimates. This Agreement pertains to the facilities and cost estimates identified on Attachment A

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a trust fund, the "Fund," for the benefit of the State of New Mexico, c/o Director, EID. The Grantor and the Trustee intend that no third party have

access to the Fund except as herein provided. The Fund is established initially as consisting of the property, which is acceptable to the Trustee, described in Attachment B. Such property and any other property subsequently transferred to the Trustee is referred to as the Fund, together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibilities for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by EID.

Section 4. Payment for Plugging and Abandonment. The Trustee shall make payments from the Fund as the EID Director shall direct, in writing, to provide for the payment of the costs of proper closing, plugging and abandonment of the injection wells, and hydrogeologic investigation for ground-water contamination covered by this Agreement. The Trustee shall reimburse the Grantor or other persons as specified by the EID Director from the Fund for such expenditures in such amounts as the EID Director shall direct in writing. In addition, the Trustee shall refund to the Grantor such amounts as the EID Director specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

Section 5. Payments Comprising the Fund. Payments made to the Trustee for the Fund shall consist of cash or securities acceptable to the Trustee.

Section 6. Trustee Management. The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this Section. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge his duties with respect to the trust fund solely in the interest of the beneficiary and with care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that

(a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2(a), shall not be acquired or held, unless they are securities or other

obligations of the Federal or a State government;

(b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the Federal or State government; and

(c) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

(a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and

(b) To purchase shares in any investment company registered under the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq., including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Powers of Trustee. Without in any way limiting the powers and discretions conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

(a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;

(b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

(c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in

bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the Federal or State government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. The Trustee shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the EID Director a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the EID Director shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advise of Counsel. The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected to the extent permitted by law, in acting upon the advise of counsel.

Section 12. Trustee Compensation. The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing from time to time with the Grantor.

Section 13. Successor Trustee. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor trustee and this successor accepts the appointment. The successor trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor trustee or for instructions. The successor trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the EID Director, and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section 9.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are designated in Attachment A or such other designees as the Grantor may designate by amendment to Attachment A. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the EID Director to the Trustee shall be in writing, signed by the EID Director, or his designee, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instruction. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or EID hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or EID, except as provided for herein.

Section 15. Notice of Nonpayment. The Trustee shall notify the Grantor and the EID Director, by certified mail within 10 days following the expiration of the 30-day period after the anniversary of the establishment of the Trust, if no payment is received from the Grantor during that period. After the pay-in period is completed, the Trustee shall not be required to send a notice of nonpayment.

Section 16. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the EID Director, or by the Trustee

and the EID Director if the Grantor ceases to exist.

Section 17. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 16, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee and the EID Director, or by the Trustee and the EID Director, if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final trust administration expenses, shall be delivered to the Grantor.

Section 18. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this Trust, or in carrying out any directions by the Grantor or the EID Director issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 19. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of New Mexico.

Section 20. Interpretation. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

In Witness Whereof the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written.

Richard [Signature]

BY President
Title

Attest: _____

Julie Withrow

BY Vice President
Title

Attest: _____

State of N.M.
County of Lea

March 3, 1989
Jackie Burke

Commissioner Eppes 6/10/90

CERTIFICATE OF ACKNOWLEDGEMENT

State of

County of

On this _____, before me personally came _____
_____ to me known, who, being by me duly sworn, did depose and
say that she/he resides at _____, that she/he
is _____ of _____, the corporation described
in and which executed the above instrument; that she/he knows the seal of said
corporation; that the seal affixed to such instrument is such corporate seal; that
it was so affixed by order of the Board of Directors of said corporation, and that
she/he signed her/his name thereto by like order.

Notary Public

ATTACHMENT "A"

EUGENIE No. 1 - Sec 17-T22S-R27E

EUGENIE No. 2 - Sec 17-T22S-R27E

COST ESTIMATE FOR PLUGGING AND ABANDONMENT FOR TWO WELLS
DESCRIBE ABOVE: \$7500.00

PHIL WITHROW

B&E, INC.

N.M.S.C.C. No. 1015-1

Transportation of Oilfield
Equipment and Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal
Frac Tanks
Vacuum Trucks

P. O. Box 2292
Hobbs, NM 88240
Phone (505) 393-0762

February 7, 1989

Mr. Kevin A. Lambert
Environmental Improvement Division
Harold Runnels Bldg.
1190 St. Francis Drive
Santa Fe, New Mexico 87503

R E C E I V E D
FEB 10 1989
GROUND WATER BUREAU

Re: Discharge Plan (DP-323)

Dear Mr. Lambert:

In response to your letter of 1/23/89: 1. B & E's fiscal year is from October 1 to September 30; 2. B & E is a short-haul trucking company transporting fresh water, brine water, and produced disposal water; 3. Our company structure is a coporation; 4. Enclosed is a copy of B & E's financial statement for year end 9/30/86.

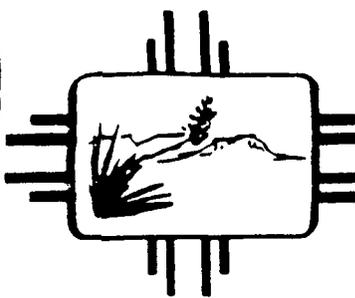
Mr. Carl Brown of Sunwest Bank of Roswell, NM is in the process of establishing a trust agreement in the amount of \$7500.00 for the benefit of the State of NM/c/o Director, EID. Documentation will be forwarded as soon as possible.

Thank you for your assistance.

Sincerely,


Jackie Burke

Enclosure



New Mexico Health and Environment Department

MARALYN BUDKE
Acting Secretary

CARLA L. MUTH
Deputy Secretary

MICHAEL J. BURKHART
Deputy Secretary

RICHARD MITZELFELT
Director

MEMORANDUM

TO: Gini Nelson, Office of General Counsel

FROM: Ernest C. Rebeck, ^{ER}Program Manager
Ground Water Section

SUBJECT: B & E Carlsbad Brine Facility

DATE: May 12, 1989

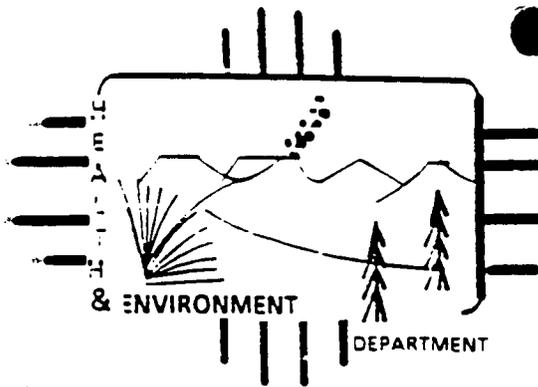
This is in response to your memorandum of May 3, 1989 on the above referenced facility.

I appreciate your review of the trust agreement, and I recognize that the EID cannot be the trustee. Perhaps the legal request wasn't clear. We were asking for your advice on handling the certificate of acknowledgement, and your memorandum mentions but doesn't address the certificate.

Regarding the bond, I had checked with John Parker. B & E, Inc. has not acquired a bond, choosing instead to put up \$7,500.00 cash. You were supplied the entire financial assurance package as it was received by the Ground Water Section. I acknowledge that I was slow getting that information to you, and you had already drafted the memorandum before I did so.

You asked about accepting financial assurances without legal review. I trust you are aware that the permitting of brine facilities has been brought to almost a complete halt for over a year because of the Office of General Counsel's interpretation of Section 5-210.B.17. of the Water Quality Control Commission Regulations. In effect your question is almost academic, insofar as the majority of brine operators up for renewal are refusing to submit financial assurances that meet the office General Counsel's interpretation of Regulation 5-210.B.17.

ERC:mlg



STATE OF NEW MEXICO

OFFICE OF GENERAL COUNSEL

1190 St. Francis Drive
Santa Fe, New Mexico 87503
(505) 827-2990

GROUND WATER BUREAU

GARREY CARRUTHERS

GOVERNOR

CARLA L. MUTH
Deputy Secretary

MICHAEL J. BURKHART
Deputy Secretary

MAY 04 1989

CONFIDENTIAL; SUBJECT TO ATTORNEY-CLIENT PRIVILEGE

MEMORANDUM

TO: Ernest C. Rebuck
FROM: Gini Nelson *Gini Nelson*
DATE: May 3, 1989
RE: B & E Carlsbad Brine Facility

Pursuant to your Request for Legal Services I have reviewed the Trust Agreement submitted by B & E, Inc.

As I stated in our telephone conversation of April 24, 1989, the Trust Agreement is unacceptable as proposed and I am returning it to you. First and foremost, it is drafted with EID as the Trustee. The Trustee must be a New Mexico bank or other corporate trustee.

I also reminded you that the Trust Agreement must be accompanied by an executed bond. You said you would have John Parker call me about the bond and trust agreement. As he has not done so, I cannot have any further opinion on the bond.

Is the Program accepting financial assurances without legal review? The legal request specified a question about the Trust's Certificate of Acknowledgment. Would the Program have accepted this Trust, but for a question of the Certificate of Acknowledgment? I advise legal review of all financial assurance submittals for a period of time until the regulated community and program personnel are used to them.

GN:vmj

cc: John Parker, EID, UIC Program
Stuart Castle, EID Groundwater Bureau Chief

[mmrebuk.B&E]

HEALTH AND ENVIRONMENT DEPARTMENT
OFFICE OF INTERNAL AUDIT

ENVIRONMENTAL IMPROVEMENT DIVISION
GROUNDWATER SECTION
DETERMINATION OF NET WORTH OF
B & E, INC.

BACKGROUND

B & E, Inc. of Hobbs, New Mexico is a short-haul trucking company transporting fresh water, brine water and produced disposal water. The corporation's fiscal year is from October 1 through September 30.

EVALUATION

Review of B & E, Inc. indicates tangible net worth of \$670,334 at 9/30/88. The self insurance requirement per the HED Environmental Improvement Division, Ground Water Bureau is \$35,000 tangible net worth. \$434,937 of the net worth is cash.

Net income increased 191% for the year ending 9/30/88. The income analysis reflects an upward trend in the corporation's stability. Based on a three year analysis, income has fluctuated with a 29% decrease between 9/30/86 and 9/30/87, then increased by 29% for the period ending 9/30/88. Expenditures decreased by 32% in the period ending 9/30/87 and have remained stable.

RECOMMENDATION

The corporation has sufficient tangible net worth for self insurance. The self insurance amount should be set aside in a separate account by B & E, Inc.

ED Office of Internal Audit
 EID Ground Water Section

Tangible Net Worth Evaluation of:
 B & E, Inc., Hobbs, NM

| Balance Sheet: | 9/30/86 | 9/30/87 | 9/30/88 |
|---------------------------------------|--------------------|--------------------|------------------|
| Current Assets: | | | |
| Cash | \$21,406 | \$152,181 | \$434,937 |
| Accounts Receivable-Trade | \$392,326 | \$261,643 | \$244,139 |
| Accounts Receivable-M & W | \$47,770 | \$0 | \$0 |
| Accounts Receivable-Other | \$24,798 | \$3,253 | \$522 |
| Accounts Receivable-Withrow | \$0 | \$61,553 | \$69,760 |
| Prepays | \$28,301 | \$16,835 | \$16,835 |
| Total Current Assets | \$514,601 | \$495,464 | \$766,194 |
| Current Liabilities: | | | |
| Commissions Payable | \$6,263 | \$204 | \$0 |
| Accounts Payable-Trade | \$0 | \$22,520 | \$45,775 |
| Accounts Payable-Misc. | \$67,144 | \$58,233 | \$12,946 |
| Royalty & Trust Payable | \$17,024 | \$0 | \$0 |
| Interest Payable | \$8,719 | \$1,337 | \$2,333 |
| Payroll Taxes Payable | \$18,167 | \$2,392 | \$2,535 |
| Sales Tax Payable | \$4,937 | \$5,569 | \$7,869 |
| Due to (from) Stockholders | \$33,429 | \$0 | \$0 |
| Notes Payable-Current | \$243,333 | \$0 | \$0 |
| Other Payables | \$0 | \$24,781 | \$24,401 |
| Total Current Liabilities | \$399,016 | \$115,036 | \$95,860 |
| Tangible Net Worth | \$115,585 | \$380,429 | \$670,334 |
| Acid Test Ratio | 1.3 : 1 | 4.3 : 1 | 8 : 1 |
| Income Statement: | | | |
| Revenue | \$2,003,210 | \$1,428,521 | \$1,839,670 |
| Expenses | \$2,313,390 | \$1,572,524 | \$1,565,199 |
| Net (Loss) Income | (\$310,180) | (\$144,003) | \$274,471 |
| Retained Earnings 10/1 | \$69,203 | (\$208,193) | |
| Retained Earnings 9/30 | (\$208,193) | (\$364,681) | |
| Reduction in Retained Earnings | 401% | 75% | |

REQUEST FOR LEGAL SERVICES

OK
4/10/89
OK
3/87

NAME OF CASE:

B & E. Carlsbad Brine Facility

RECEIVED
MAY 9 1989

REQUEST MADE BY:

Ernest C. Rebeck, Program Manager, Ground Water Section
Name, Title, and Bureau

RECEIVED

APR 12 1989

GROUND WATER BUREAU

APPROVAL OF BUREAU CHIEF:

Stuart J. Castle
(Signature)

LEGAL

APPROVAL OF ~~LEGAL LIAISON~~

Deputy Director

James D. Royson
(Signature) 4/12/89

DATE OF REQUEST:

4/10/89

PERSON ATTORNEY SHOULD CONTACT:

E. C. Rebeck

No. 2900

PRIORITY:

X

EMERGENCY (explain) _____
NORMAL
LOW

DUE DATE (Deadline)

4/24/89

NATURE OF REQUEST:

Ground Water Section is requesting legal assistance in handling (responding to) the attached certificate of acknowledgement.

Please provide a memo or narrative description, and attach any other documentation explaining the assistance sought.

PLEASE FILL IN AS APPLICABLE:

SPECIAL INSTRUCTIONS:

Gini Nelson has agreed to review the certificate of acknowledgement

To be completed by Deputy General Counsel

This matter has been referred to Gini Nelson on 4/12/89

with the following instructions _____

(Where applicable) This matter has been transferred to _____

on _____ with the following instructions _____

Internal #

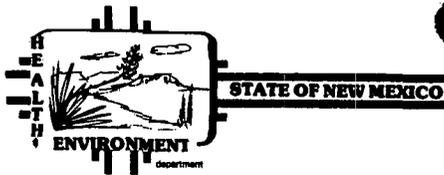
119-89

[Signature]
Deputy General Counsel

Date Completed _____

2/13/89

MEMORANDUM



DATE: February 10, 1989

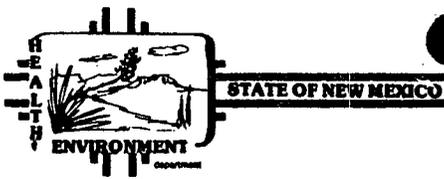
TO: Hazelaine Romero, Office of Internal Audit

FROM: Kevin Lambert, Hydrologist, Ground Water Section

SUBJECT: Determination of Net Worth

Attached are three financial statements for the past three years for Phil Withrow/ B&E, Inc., plus information related to their fiscal year and company structure. Please review and evaluate, and determine net worth.

Thank you for your cooperation. Should you have any questions please contact me at X2902 or John Parker at X0027.



MEMORANDUM

DATE: February 10, 1989

TO: Hazelaine Romero, Office of Internal Audit
FROM: Kevin Lambert, Hydrologist, Ground Water Section
SUBJECT: Determination of Net Worth

Attached are three financial statements for the past three years for Phil Withrow/ B&E, Inc., plus information related to their fiscal year and company structure. Please review and evaluate, and determine net worth.

Thank you for your cooperation. Should you have any questions please contact me at X2902 or John Parker at X0027.

PHIL WITHROW

B&E, INC.

N.M.S.C.C. No. 1015-1

Transportation of Oilfield
Equipment and Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal
Frac Tanks
Vacuum Trucks

P. O. Box 2292
Hobbs, NM 88240
Phone (505) 393-0762

February 7, 1989

Mr. Kevin A. Lambert
Environmental Improvement Division
Harold Runnels Bldg.
1190 St. Francis Drive
Santa Fe, New Mexico 87503

R E C E I V E D
FEB 10 1989
GROUND WATER BUREAU

Re: Discharge Plan (DP-323)

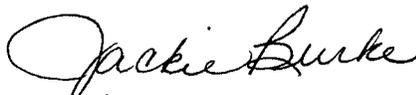
Dear Mr. Lambert:

In response to your letter of 1/23/89: 1. B & E's fiscal year is from October 1 to September 30; 2. B & E is a short-haul trucking company transporting fresh water, brine water, and produced disposal water; 3. Our company structure is a coporation; 4. Enclosed is a copy of B & E's financial statement for year end 9/30/86.

Mr. Carl Brown of Sunwest Bank of Roswell, NM is in the process of establishing a trust agreement in the amount of \$7500.00 for the benefit of the State of NM/c/o Director, EID. Documentation will be forwarded as soon as possible.

Thank you for your assistance.

Sincerely,


Jackie Burke

Enclosure

R E C E I V E D

JAN 04 1989

GROUND WATER BUREAU

Philip B. and Julie E. Withnow
Statement of Assets and Liabilities
May 31, 1988

ASSETS

| | |
|--|--------------------------|
| <i>Cash</i> | <i>\$ 35,000.00</i> |
| <i>Investment in B & E, Inc.</i> | <i>170,400.00</i> |
| <i>Real Estate: Lovington Hiway Yard</i> | <i>65,000.00</i> |
| <i>Household Goods and Personal Effects</i> | <i>20,000.00</i> |
| <i>Automobiles</i> | <i>14,500.00</i> |
| <i>Cash Value of Life Insurance Policies</i> | <i><u>10,000.00</u></i> |
| <i>Total Assets</i> | <i>\$ 314,900.00</i> |

LIABILITIES

| | |
|----------------------------------|-----------------------------|
| <i>Sunwest Bank-Note Payable</i> | <i>\$ <u>200,000.00</u></i> |
|----------------------------------|-----------------------------|

| | |
|------------------|------------------------------------|
| <i>NET WORTH</i> | <i>\$ <u><u>114,900.00</u></u></i> |
|------------------|------------------------------------|

BBBB

B & E, INC.
P.O. BOX 2292
HOBBS, N.M. 88240

B & E, INC.
BALANCE SHEET
AS OF 09/30/88

B & E, Inc.
Box 756
Carlsbad, NM

ASSETS

CURRENT ASSETS:

| | | |
|-----------------------------|----|------------|
| CASH | \$ | 434,937.28 |
| ACCOUNTS RECEIVABLE - TRADE | | 244,139.23 |
| ACCOUNTS RECEIVABLE-OTHER | | 522.30 |
| ACCOUNTS REC.-WITHROW, INC. | | 69,760.49 |
| PREPAIDS | | 16,835.00 |

TOTAL CURRENT ASSETS \$ 766,194.30

OTHER ASSETS:

| | | |
|-----------------------------|----|-------------|
| HAULING PERMITS | \$ | 17,500.00 |
| UTILITY DEPOSITS | | 1,296.05 |
| INVESTMENT IN QUALITY BRINE | | (60,711.00) |

TOTAL OTHER ASSETS \$ (41,914.95)

FIXED ASSETS:

| | | |
|------------------------------|----|--------------|
| TRUCKS & TRAILERS | \$ | 1,170,131.68 |
| WATER STATIONS | | 529,942.86 |
| DISPOSAL SYSTEM | | 296,509.66 |
| STORAGE TANKS | | 195,159.11 |
| BUILDING | | 165,953.60 |
| AUTOMOBILES | | 72,421.82 |
| RADIOS & EQUIPMENT | | 39,690.04 |
| OFFICE FURNITURE & EQUIPMENT | | 42,911.03 |
| LEASING IMPROVEMENTS | | 39,487.04 |
| MISC. FIXED ASSETS | | 57,004.36 |

| | | |
|----------------------------|----|----------------|
| TOTAL FIXED ASSETS | \$ | 2,609,211.20 |
| ALLOWANCE FOR DEPRECIATION | \$ | (2,423,222.42) |

NET FIXED ASSETS \$ 185,988.78

TOTAL ASSETS \$ 910,268.13

RECEIVED
JAN 04 1989
GROUND WATER BUREAU

LIABILITIES

CURRENT LIABILITIES:

| | | |
|---------------------------|--------------|-----------|
| ACCOUNTS PAYABLE - TRADE | \$ 45,775.02 | |
| ACCOUNTS PAYABLE - MISC. | 12,946.48 | |
| PAYROLL TAXES | 2,534.94 | |
| STATE SALES TAX PAYABLE | 7,869.43 | |
| OTHER PAYABLES | 24,401.17 | |
| ACCRUED INTEREST PAYABLE | 2,332.89 | |
| | ----- | |
| TOTAL CURRENT LIABILITIES | \$ | 95,859.93 |

| | | |
|-------------------------------|----------------|------------|
| ADVANCES FROM STOCKHOLDER | \$ (42,928.32) | |
| NOTE PAYABLE-FIRST INTERSTATE | 609,762.31 | |
| NOTE PAYABLE-NAT'L OLD LINE | 37,913.56 | |
| | ----- | |
| TOTAL OTHER LIABILITIES | \$ | 604,747.55 |

STOCKHOLDERS' EQUITY

| | | |
|---|----|--------------|
| CAPITAL STOCK, PAR VALUE \$10 PER SHARE | | |
| AUTHORIZED - 20,000 SHARES | | |
| ISSUED AND OUTSTANDING-2,213 SHARES | | |
| CAPITAL STOCK | \$ | 23,030.00 |
| PAID IN CAPITAL | | 288,720.00 |
| TREASURY STOCK | | (9,950.00) |
| RETAINED EARNINGS | | (364,681.41) |
| CURRENT YEAR PROFIT (LOSS) | | 272,542.06 |
| | | ----- |
| TOTAL LIABILITIES AND EQUITY | \$ | 910,268.13 |
| | | ===== |

B & E, INC.
STATEMENT OF OPERATIONS
PERIOD: 09/01/88 TO 09/30/88

| | CURRENT-PERIOD | | YEAR-TO-DATE | |
|---------------------------|----------------|--------|-----------------|--------|
| | AMOUNT | RATIO | AMOUNT | RATIO |
| INCOME: | | | | |
| TRANSPORT HAULING | \$ 127,701.34 | 88.63 | \$ 1,227,637.86 | 78.43 |
| WINCH TRUCK | 2,161.25 | 1.50 | 35,845.00 | 2.29 |
| ZONE OF RATE FREEDOM | (2,969.60) | 2.06- | (51,370.14) | 3.28- |
| KILL TRUCK - 8403 | 3,009.00 | 2.09 | 72,798.05 | 4.65 |
| COMMISSIONS EARNED | (159.26) | .11- | (85.46) | .01- |
| FRESH WATER SALES | 13,718.10 | 9.52 | 55,389.53 | 3.54 |
| BRINE WATER SALES | 3,277.75 | 2.27 | 33,890.90 | 2.17 |
| SALES KCL | 1,245.00 | .86 | 36,780.00 | 2.35 |
| FRAC TANK RENTAL | 2,680.00 | 1.86 | 50,846.50 | 3.25 |
| DISPOSAL INCOME | 32,413.68 | 22.50 | 234,685.63 | 14.99 |
| SALE OF OIL - TUZLU KOPEC | 1,839.00 | 1.28 | 17,448.46 | 1.11 |
| PIPE RACK RENTAL | .00 | .00 | 1,175.00 | .08 |
| INTEREST INCOME | 2,450.01 | 1.70 | 14,259.02 | .91 |
| SALE OF ASSETS | 42,500.00 | 29.50 | 47,398.00 | 3.03 |
| INCOME/LOSS QUALITY BRINE | (10,849.00) | 7.53- | 5,993.00 | .38 |
| MISCELLANEOUS INCOME | 773.86 | .54 | 56,978.33 | 3.64 |
| | ----- | | ----- | |
| TOTAL INCOME | \$ 219,791.13 | 152.55 | \$ 1,839,669.68 | 117.54 |
| | ----- | | ----- | |

EXPENSES:**DIRECT EXPENSES:**

| | | | | |
|--------------------------------|--------------|-------|---------------|-------|
| OIL - TRUCKS | \$ 762.93 | .53 | \$ 9,999.06 | .64 |
| TIRES AND TUBES | 4,169.43 | 2.89 | 54,268.01 | 3.47 |
| TRUCK AND TRAILER REPAIRS | (8,851.54) | 6.14- | 71,576.70 | 4.57 |
| FRESH WATER COST | 10,802.46 | 7.50 | 34,895.63 | 2.23 |
| BRINE WELL EXPENSES | 4,603.23 | 3.19 | 36,758.61 | 2.35 |
| KCL COST | .00 | .00 | 15,105.00 | .97 |
| DISPOSAL EXPENSES | 12,115.19 | 8.41 | 46,149.93 | 2.95 |
| DIESEL FUEL TRUCKS | 8,854.99 | 6.15 | 80,942.49 | 5.17 |
| PURCHASES BOUGHT FOR RESALE | 2,851.90 | 1.98 | 3,681.26 | .24 |
| SALARIES AND WAGES | 30,619.73 | 21.25 | 395,102.78 | 25.24 |
| PAYROLL TAX EXPENSE | 3,833.35 | 2.66 | 48,406.56 | 3.09 |
| RADIO COMMUNICATIONS | 806.21 | .56 | 5,926.35 | .38 |
| CUSTOMER SOLICITATION | 868.04 | .60 | 8,507.97 | .54 |
| FIELD EXPENSE | 1,689.83 | 1.17 | 19,613.18 | 1.25 |
| RENT-BUILDING & YARD | 1,396.20 | .97 | 16,754.40 | 1.07 |
| EQUIPMENT RENTAL | 2,351.06 | 1.63 | 19,557.54 | 1.25 |
| CONTRACT LABOR | 378.00 | .26 | 5,118.70 | .33 |
| DIESEL TAX & HIGHWAY US | 4,082.15 | 2.83 | 23,382.00 | 1.49 |
| SHOP EXPENSE & SUPPLIES-MISC. | 2,223.08 | 1.54 | 34,391.47 | 2.20 |
| LAUDRY & UNIFORMS | 889.57 | .62 | 7,119.14 | .45 |
| SMALL SHOP TOOLS | .00 | .00 | 53.82 | .00 |
| FREIGHT | .00 | .00 | 255.16 | .02 |
| FRAC TANK RENTALS & EXPENSE | 1,000.20 | .69 | 12,597.44 | .80 |
| YARD EXPENSE | 56.12 | .04 | 2,807.48 | .18 |
| LICENSE, PERMITS, AND REGISTRA | .00 | .00 | 3,116.40 | .20 |
| BUILDING EXPENSE | 523.69 | .36 | 4,083.39 | .26 |
| FINES & PENALTIES | .00 | .00 | 2,127.01 | .14 |
| | ----- | | ----- | |
| TOTAL DIRECT EXPENSES | \$ 86,025.82 | 59.71 | \$ 962,297.48 | 61.48 |

GENERAL AND ADMINISTRATIVE EXPENSE:

| | | | | | | |
|--------------------------|----|------------|--------|----|--------------|--------|
| SALARIES | \$ | 13,616.66 | 9.45 | \$ | 143,277.25 | 9.15 |
| GAS & OIL ADMINISTRATION | | 1,258.94 | .87 | | 15,444.72 | .99 |
| TIRES & TUBES - ADMIN. | | .00 | .00 | | 81.78 | .01 |
| REPAIRS - ADMINISTRATION | | 292.68 | .20 | | 8,651.05 | .55 |
| OWNER INSURANCE | | 984.90 | .68 | | 11,957.40 | .76 |
| INSURANCE | | 14,490.78 | 10.06 | | 127,484.81 | 8.14 |
| TELEPHONE | | 833.59 | .58 | | 10,755.69 | .69 |
| UTILITIES | | 1,111.71 | .77 | | 18,350.87 | 1.17 |
| OFFICE SUPPLIES | | 869.20 | .60 | | 12,971.59 | .83 |
| DUES/SUBSCRIPTIONS | | 191.02 | .13 | | 3,070.39 | .20 |
| DONATIONS | | .00 | .00 | | 250.00 | .02 |
| ADVERTISING | | .00 | .00 | | 260.00 | .02 |
| PROFESSIONAL FEES | | 4,371.11 | 3.03 | | 37,957.32 | 2.43 |
| EMPLOYEE BENEFITS | | .00 | .00 | | 81.72 | .01 |
| FINANCE CHARGES | | .00 | .00 | | 317.36 | .02 |
| TRAVEL EXPENSE | | .00 | .00 | | 2,255.37 | .14 |
| COMPUTER EXPENSE | | 100.00 | .07 | | 1,286.14 | .08 |
| SAFETY & TRAINING | | 217.00 | .15 | | 774.22 | .05 |
| MISCELLANEOUS TAXES | | (72.00) | .05- | | 8,809.30 | .56 |
| MISCELLANEOUS EXPENSE | | 2,564.43 | 1.78 | | 3,413.90 | .22 |
| INTEREST EXPENSE | | 7,027.45 | 4.88 | | 57,278.81 | 3.66 |
| DEPRECIATION | | 9,200.00 | 6.39 | | 110,400.00 | 7.05 |
| BAD DEBTS EXPENSE | | 997.13 | .69 | | 27,772.00 | 1.77 |
| TOTAL G & A EXPENSES | \$ | 58,054.60 | 40.29 | \$ | 602,901.69 | 38.52 |
| TOTAL EXPENSES | \$ | 144,080.42 | 100.00 | \$ | 1,565,199.17 | 100.00 |
| NET INCOME OR (LOSS) | \$ | 75,710.71 | 52.55 | \$ | 274,470.51 | 17.54 |

B & E, INC.
P.O. BOX 2292
HOBBS, N.M. 88240
BBBB

B & E, INC.
BALANCE SHEET
AS OF 09/30/87

B+E Inc.
Box 756
Carlsbad, NM

ASSETS

R E C E I V E D

JAN 04 1989

GROUND WATER BUREAU

CURRENT ASSETS:

| | | | |
|-----------------------------|----|------------|------------|
| CASH | \$ | 152,180.78 | |
| ACCOUNTS RECEIVABLE - TRADE | | 261,643.35 | |
| ACCOUNTS RECEIVABLE-OTHER | | 3,252.57 | |
| ACCOUNTS REC.-WITHROW, INC. | | 61,552.65 | |
| PREPAIDS | | 16,835.00 | |
| | | ----- | |
| TOTAL CURRENT ASSETS | \$ | | 495,464.35 |

OTHER ASSETS:

| | | | |
|-----------------------------|----|-------------|-------------|
| HAULING PERMITS | \$ | 35,000.00 | |
| UTILITY DEPOSITS | | 1,322.50 | |
| INVESTMENT IN QUALITY BRINE | | (66,704.00) | |
| | | ----- | |
| TOTAL OTHER ASSETS | \$ | | (30,381.50) |

FIXED ASSETS:

| | | | |
|------------------------------|----|----------------|------------|
| TRUCKS & TRAILERS | \$ | 1,148,698.86 | |
| WATER STATIONS | | 529,942.86 | |
| DISPOSAL SYSTEM | | 296,509.66 | |
| STORAGE TANKS | | 195,159.11 | |
| BUILDING | | 165,953.60 | |
| AUTOMOBILES | | 86,646.82 | |
| RADIOS & EQUIPMENT | | 39,690.04 | |
| OFFICE FURNITURE & EQUIPMENT | | 42,911.03 | |
| LEASING IMPROVEMENTS | | 39,487.04 | |
| MISC. FIXED ASSETS | | 57,004.36 | |
| | | ----- | |
| TOTAL FIXED ASSETS | \$ | 2,602,003.38 | |
| ALLOWANCE FOR DEPRECIATION | \$ | (2,317,880.18) | |
| | | ----- | |
| NET FIXED ASSETS | \$ | | 284,123.20 |

| | | | |
|--------------|----|-------|------------|
| TOTAL ASSETS | \$ | | 749,206.05 |
| | | ===== | |

LIABILITIES

CURRENT LIABILITIES:

| | | |
|---------------------------|--------------|------------|
| ACCOUNTS PAYABLE - TRADE | \$ 22,519.88 | |
| ACCOUNTS PAYABLE - MISC. | 58,233.00 | |
| COMMISSIONS PAYABLE | 204.20 | |
| PAYROLL TAXES | 2,392.00 | |
| STATE SALES TAX PAYABLE | 5,568.74 | |
| OTHER PAYABLES | 24,780.69 | |
| ACCRUED INTEREST PAYABLE | 1,337.08 | |
| | ----- | |
| TOTAL CURRENT LIABILITIES | \$ | 115,035.59 |

| | | |
|-------------------------------|--------------|------------|
| ADVANCES FROM STOCKHOLDER | \$ 11,763.26 | |
| NOTE PAYABLE-FIRST INTERSTATE | 632,994.67 | |
| NOTE PAYABLE-NAT'L OLD LINE | 39,808.70 | |
| | ----- | |
| TOTAL OTHER LIABILITIES | \$ | 684,566.63 |

STOCKHOLDERS' EQUITY

| | | |
|---|----|--------------|
| CAPITAL STOCK, PAR VALUE \$10 PER SHARE | | |
| AUTHORIZED - 20,000 SHARES | | |
| ISSUED AND OUTSTANDING-2,213 SHARES | | |
| CAPITAL STOCK | \$ | 23,030.00 |
| PAID IN CAPITAL | | 288,720.00 |
| TREASURY STOCK | | (9,950.00) |
| RETAINED EARNINGS | | (208,192.86) |
| CURRENT YEAR PROFIT (LOSS) | | (144,003.31) |
| | | ----- |
| TOTAL LIABILITIES AND EQUITY | \$ | 749,206.05 |
| | | ===== |

BBBB

B & E, INC.
STATEMENT OF OPERATIONS
PERIOD: 09/01/87 TO 09/30/87

| | CURRENT-PERIOD AMOUNT | RATIO | | YEAR-TO-DATE AMOUNT | RATIO |
|---------------------------|--------------------------|--------------|-----------|------------------------|--------------|
| INCOME: | | | | | |
| TRANSPORT HAULING | \$ 84,137.95 | 27.52 | \$ | 1,054,786.97 | 67.08 |
| WINCH TRUCK | 1,710.00 | .56 | | 29,260.00 | 1.86 |
| ZONE OF RATE FREEDOM | (3,322.40) | 1.09- | | (64,783.18) | 4.12- |
| KILL TRUCK - 8403 | 2,301.00 | .75 | | 37,279.00 | 2.37 |
| COMMISSIONS EARNED | (568.44) | .19- | | 1,631.16 | .10 |
| FRESH WATER SALES | 2,997.60 | .98 | | 26,611.86 | 1.69 |
| BRINE WATER SALES | 2,268.45 | .74 | | 15,645.70 | .99 |
| SALES KCL | 2,028.00 | .66 | | 20,046.65 | 1.27 |
| FRAC TANK RENTAL | 3,665.00 | 1.20 | | 32,548.50 | 2.07 |
| DISPOSAL INCOME | 40,420.24 | 13.22 | | 193,171.37 | 12.28 |
| SALE OF OIL - TUZLU KOPEC | 2,195.72 | .72 | | 16,202.03 | 1.03 |
| PIPE RACK RENTAL | .00 | .00 | | 1,230.00 | .08 |
| INTEREST INCOME | 566.00 | .19 | | 3,217.54 | .20 |
| SALE OF ASSETS | 71,413.04 | 23.36 | | 71,413.04 | 4.54 |
| INCOME/LOSS QUALITY BRINE | (16,363.00) | 5.35- | | (16,363.00) | 1.04- |
| MISCELLANEOUS INCOME | .00 | .00 | | 6,623.16 | .42 |
| | <hr/> | | | <hr/> | |
| TOTAL INCOME | \$ 193,449.16 | 63.28 | \$ | 1,428,520.80 | 90.84 |

EXPENSES:**DIRECT EXPENSES:**

| | | | | | |
|--------------------------------|---------------------|--------------|-----------|-------------------|--------------|
| OIL - TRUCKS | \$ 1,986.52 | .65 | \$ | 11,409.80 | .73 |
| TIRES AND TUBES | 5,676.55 | 1.86 | | 35,349.32 | 2.25 |
| TRUCK AND TRAILER REPAIRS | 7,024.10 | 2.30 | | 59,736.22 | 3.80 |
| FRESH WATER COST | 5,064.14 | 1.66 | | 23,850.98 | 1.52 |
| BRINE WELL EXPENSES | 4,258.57 | 1.39 | | 24,303.08 | 1.55 |
| KCL COST | 2,767.50 | .91 | | 11,070.00 | .70 |
| DISPOSAL EXPENSES | 537.18 | .18 | | 23,660.86 | 1.50 |
| DIESEL FUEL TRUCKS | 6,291.44 | 2.06 | | 71,031.16 | 4.52 |
| PURCHASES BOUGHT FOR RESALE | (932.50) | .31- | | (1,478.70) | .09- |
| SALARIES AND WAGES | 30,061.26 | 9.83 | | 330,298.13 | 21.00 |
| PAYROLL TAX EXPENSE | 2,385.86 | .78 | | 39,374.15 | 2.50 |
| RADIO COMMUNICATIONS | 1,082.77 | .35 | | 5,320.19 | .34 |
| CUSTOMER SOLICITATION | 1,142.69 | .37 | | 6,381.50 | .41 |
| FIELD EXPENSE | 1,588.71 | .52 | | 10,657.68 | .68 |
| RENT-BUILDING & YARD | 6,981.00 | 2.28 | | 16,754.40 | 1.07 |
| EQUIPMENT RENTAL | 2,349.98 | .77 | | 20,924.65 | 1.33 |
| CONTRACT LABOR | 1,604.30 | .52 | | 5,761.80 | .37 |
| DIESEL TAX & HIGHWAY US | 6,474.67 | 2.12 | | 20,964.83 | 1.33 |
| SHOP EXPENSE & SUPPLIES-MISC. | 1,319.72 | .43 | | 17,586.36 | 1.12 |
| LAUDRY & UNIFORMS | 517.93 | .17 | | 6,198.42 | .39 |
| SMALL SHOP TOOLS | .00 | .00 | | 50.68 | .00 |
| FREIGHT | 12.85 | .00 | | 95.77 | .01 |
| FRAC TANK RENTALS & EXPENSE | 5,413.41 | 1.77 | | 16,402.02 | 1.04 |
| YARD EXPENSE | .00 | .00 | | 2,441.47 | .16 |
| LICENSE, PERMITS, AND REGISTRA | 49.60 | .02 | | 1,532.40 | .10 |
| BUILDING EXPENSE | (1,173.84) | .38- | | 2,480.49 | .16 |
| FINES & PENALTIES | .00 | .00 | | 1,309.30 | .08 |
| | <hr/> | | | <hr/> | |
| TOTAL DIRECT EXPENSES | \$ 92,484.41 | 30.25 | \$ | 763,466.96 | 48.55 |

GENERAL AND ADMINISTRATIVE EXPENSE:

| | | | | | | |
|--------------------------|----|--------------|--------|----|--------------|--------|
| SALARIES | \$ | 13,611.86 | 4.45 | \$ | 137,464.13 | 8.74 |
| GAS & OIL ADMINISTRATION | | 738.16 | .24 | | 13,972.79 | .89 |
| TIRES & TUBES - ADMIN. | | 10.53 | .00 | | 1,377.05 | .09 |
| REPAIRS - ADMINISTRATION | | 952.66 | .31 | | 10,605.57 | .67 |
| OWNER INSURANCE | | 1,518.15 | .50 | | 15,110.42 | .96 |
| INSURANCE | | 3,465.87 | 1.13 | | 96,594.44 | 6.14 |
| TELEPHONE | | 899.29 | .29 | | 10,554.42 | .67 |
| UTILITIES | | 863.57 | .28 | | 16,964.84 | 1.08 |
| OFFICE SUPPLIES | | 1,184.34 | .39 | | 11,962.32 | .76 |
| DUES/SUBSCRIPTIONS | | 305.00 | .10 | | 3,221.00 | .20 |
| DONATIONS | | 12.50 | .00 | | 102.50 | .01 |
| ADVERTISING | | .00 | .00 | | 370.38 | .02 |
| PROFESSIONAL FEES | | 1,458.18 | .48 | | 19,874.23 | 1.26 |
| EMPLOYEE BENEFITS | | .00 | .00 | | 685.00 | .04 |
| FINANCE CHARGES | | .00 | .00 | | 153.43 | .01 |
| TRAVEL EXPENSE | | .00 | .00 | | 1,421.25 | .09 |
| COMPUTER EXPENSE | | 100.00 | .03 | | 1,200.00 | .08 |
| SAFETY & TRAINING | | 240.00 | .08 | | 380.26 | .02 |
| MISCELLANEOUS TAXES | | 58,227.80 | 19.05 | | 59,082.53 | 3.76 |
| AIRPLANE EXPENSES | | .00 | .00 | | 3,432.52 | .22 |
| MISCELLANEOUS EXPENSE | | .00 | .00 | | 3,062.74 | .19 |
| INTEREST EXPENSE | | 13,563.73 | 4.44 | | 82,409.24 | 5.24 |
| DEPRECIATION | | 18,388.90 | 6.02 | | 221,388.90 | 14.08 |
| BAD DEBTS EXPENSE | | 97,667.19 | 31.95 | | 97,667.19 | 6.21 |
| | | ----- | | | ----- | |
| TOTAL G & A EXPENSES | \$ | 213,207.73 | 69.75 | \$ | 809,057.15 | 51.45 |
| | | ----- | | | ----- | |
| TOTAL EXPENSES | \$ | 305,692.14 | 100.00 | \$ | 1,572,524.11 | 100.00 |
| | | ----- | | | ----- | |
| NET INCOME OR (LOSS) | \$ | (112,242.98) | 36.72- | \$ | (144,003.31) | 9.16- |
| | | ===== | | | ===== | |

B & E, INC.
BALANCE SHEET
SEPTEMBER 30, 1986

ASSETS

Current Assets:

| | |
|---------------------------|------------------|
| Cash | \$ 21,405.79 |
| Accounts Receivable-Trade | 392,326.05 |
| Accounts Receivable-M&W | 47,770.19 |
| Accounts Receivable-Other | 24,797.76 |
| Prepaid Insurance | <u>28,301.00</u> |

Total Current Assets

\$514,600.79

Other Assets:

| | |
|-----------------------------|------------------|
| Investment in Quality Brine | (50,341.00) |
| Utility Deposits | 1,322.50 |
| Supplies | 1,267.00 |
| Hauling Permit | <u>35,000.00</u> |

Total Other Assets

(12,751.50)

Fixed Assets:

| | |
|----------------------------|------------------|
| Building | \$ 156,101.36 |
| Leasehold Improvements | 39,487.04 |
| Automobiles | 80,146.82 |
| Trucks and Trailers | 1,148,698.86 |
| Water Stations | 529,942.86 |
| Storage Tanks | 195,159.11 |
| office Furniture | 37,861.41 |
| Airplane | 162,859.60 |
| Radios | 39,690.04 |
| Disposal System | 296,509.66 |
| Miscellaneous Fixed Assets | <u>57,004.36</u> |
| | 2,743,461.12 |

Allowance for Depreciation

(2,281,969.30)

Total Fixed Assets

461,491.82

TOTAL ASSETS

\$963,341.11

B & E, INC.
BALANCE SHEET
SEPTEMBER 30, 1986

LIABILITIES

Current Liabilities:

| | |
|------------------------------|-------------------|
| Accounts Payable | \$ 67,143.79 |
| Commissions Payable | 6,262.72 |
| Royalty and Trust Payable | 17,024.26 |
| Interest Payable | 8,718.71 |
| Payroll Taxes Payable | 18,167.31 |
| Sales Tax Payable | 4,937.25 |
| Due to (from) Stockholders | 33,429.20 |
| Notes Payable-Curent Portion | <u>243,332.90</u> |

Total Current Liabilities \$399,016.14

Long-Term Debt 503,501.31

Total Liabilities 902,517.45

Stockholders' Equity:

| | |
|--|---------------------|
| Common Stock, Par Value \$10 Per Share | |
| Authorized 20,000 Shares | |
| Issued & Outstanding 2,213 Shares | 23,030.00 |
| Paid in Capital | 288,720.00 |
| Treasury Stock | (9,950.00) |
| Retained Earnings | 69,203.26 |
| Current Year Profit (Loss) | <u>(310,179.60)</u> |

Total Stockholders' Equity 60,823.66

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY \$963,341.11

B & E, INC.
 STATEMENT OF OPERATIONS
 OCTOBER 1, 1985 TO SEPTEMBER 30, 1986

| <u>Income:</u> | <u>Current Month</u> | <u>Year To Date</u> |
|------------------------|--------------------------|---------------------|
| Transportation Hauling | \$76,741.78 | \$1,601,141.08 |
| Winch Trucks | 2,042.50 | 25,745.00 |
| Zone of Rate Freedom | (5,224.42) | (124,840.68) |
| Kill Truck | 2,006.00 | 64,938.40 |
| Commissions | 137.38 | 37,151.43 |
| Fresh Water | 2,353.00 | 37,806.90 |
| Brine Water | 1,730.25 | 34,914.55 |
| KCL | 2,402.40 | 44,318.83 |
| Frac Tank Rental | 2,701.00 | 54,717.50 |
| Disposal Tuzlu Kopec | 9,508.07 | 160,521.26 |
| Disposal Outside | 290.40 | 11,438.48 |
| Vacuum Truck | -0- | 9,528.94 |
| Bulk Additives | 630.00 | 630.00 |
| Sale of Oil | 1,934.42 | 23,276.01 |
| Interest Income | -0- | 3,544.62 |
| Quality Brine | -0- | (26,620.43) |
| Miscellaneous Income | -0- | 16,623.34 |
| Gain on Sale of Assets | -0- | 28,375.24 |
| | <hr/> | <hr/> |
| Total Income : | \$97,252.78 | 2,003,210.47 |

| <u>Direct Expenses:</u> | | |
|----------------------------|-------------|----------------|
| Oil-Gas-Trucks | 1,396.47 | 12,382.70 |
| Tires & Tubes-Trucks | 4,325.81 | 79,568.48 |
| Repairs-Trucks & Trailers | 6,034.76 | 135,313.97 |
| Fresh Water Costs | 2,211.57 | 26,177.38 |
| Brine Costs | -0- | 884.47 |
| Disposal Charges | 918.20 | 14,954.74 |
| Tuzlu Kopec Expenses | 408.56 | 15,717.23 |
| Diesel Fuel-Less Discounts | 3,239.27 | 106,361.39 |
| State 24 & Eugenie | 2,416.11 | 35,564.80 |
| Wages-Drivers & Sales | 40,570.01 | 515,569.98 |
| Loving Water | 129.37 | 6,034.71 |
| KCL | 2,767.50 | 19,372.50 |
| | <hr/> | <hr/> |
| Total Direct Expenses | 64,417.63 | 967,902.35 |
| GROSS PROFIT | \$32,835.15 | \$1,035,308.12 |

B & E, INC.
 STATEMENT OF OPERATIONS
 OCTOBER 1, 1985 TO SEPTEMBER 30, 1986

| | <u>Current Month</u> | <u>Year To Date</u> |
|--------------------------------|--------------------------|---------------------|
| <u>G & A Expenses:</u> | | |
| Wages | \$21,417.75 | \$ 220,420.94 |
| Payroll Taxes | 4,354.66 | 50,590.68 |
| Gas & Oil | 1,325.35 | 25,367.49 |
| Repairs | 713.33 | 13,182.74 |
| Tires | 55.54 | 2,176.92 |
| Insurance-Officers Life | 933.15 | 17,221.01 |
| Insurance-Other | 19,143.48 | 160,211.70 |
| Telephone | 2,058.20 | 18,904.72 |
| Radio | 1,019.84 | 5,258.59 |
| Utilities | 1,171.79 | 27,507.11 |
| Office Supplies | 844.61 | 13,189.33 |
| Dues & Subscriptions | 413.00 | 4,639.15 |
| Contributions | -0- | 2,056.00 |
| Advertising | -0- | 415.47 |
| Customer Solicitation | 622.42 | 35,532.94 |
| Field Expense | 463.95 | 8,760.44 |
| Depreciation | 29,583.00 | 398,628.45 |
| Rent-Building/Yard | 1,396.20 | 15,358.20 |
| Rent-Equipment | 1,777.93 | 21,513.98 |
| Professional Fees | 805.68 | 27,711.04 |
| Contract Labor | -0- | 9,674.20 |
| Interest & Finance Charges | 1,453.10 | 110,893.61 |
| Travel | 607.30 | 5,484.15 |
| Shop Supplies | -0- | 34,327.85 |
| Laundry & Uniforms | 705.76 | 9,593.25 |
| Freight | 217.63 | 4,629.63 |
| Frac Tank Expense | 1,000.00 | 32,380.56 |
| Miscellaneous Building Expense | 108.20 | 4,971.20 |
| Safety & Training | 16.81 | 439.86 |
| Employee Benefits | -0- | 415.26 |
| Miscellaneous Taxes | -0- | 2,436.97 |
| Small Tools | 2,762.71 | 3,525.28 |
| Yard Expense | -0- | 2,342.29 |
| License & Permits | 24.80 | 3,788.61 |
| Computer Expense | 44.00 | 6,349.73 |
| Diesel Tax | -0- | 14,795.88 |
| Highway Use Tax | -0- | 23,373.90 |
| Fines & Penalties | -0- | 1,959.34 |
| Airplane Expense | <u>291.26</u> | <u>5,459.25</u> |
| Total G & A Expenses | 95,331.45 | 1,345,487.72 |
| NET PROFIT | (\$62,496.30) | (\$310,179.60) |



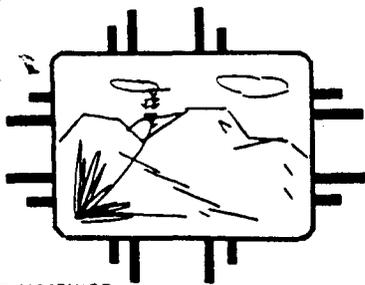
Telephone Personal Time 10:00am Date 2/3/89

Originating Party: B+E Inc
Jackie Burke 393-0762
Other Parties: Kevin
Subject: Financial Assurance Requirements

Discussion: Will be getting only trust agreement
getting banker to work on it
Will send information for self insurance
should already have 1988 & 1987^{OK}
financial statements will send 1986
and business description & company structure
1987 Included w/ original packet on financial
assurance. 1/4/89

Conclusions or Agreements: Sounds great

Distribution: _____
Signed: Kevin Lambert



NEW MEXICO
HEALTH AND ENVIRONMENT
DEPARTMENT

ENVIRONMENTAL IMPROVEMENT DIVISION
Harold Runnels Bldg.-1190 St. Francis Drive
Santa Fe, New Mexico 87503

Richard Mitzelfelt
Director

GARREY CARRUTHERS
Governor
CARLA L. MUTH
Secretary
MICHAEL J. BURKHART
Deputy Secretary

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 23, 1989

Phil Withrow, Manager
B&E, Inc.
P.O. Box 756
Carlsbad, New Mexico 88220

RE: Discharge Plan (DP-323)

Dear Mr. Withrow:

The Environmental Improvement Division (EID) Ground Water Section has received your submittal, on January 4, 1989, concerning financial assurance requirements for your discharge plan renewal application DP-323.

Please address the following questions and comments so that review and evaluation of your renewal application may proceed.

1. The financial statement you submitted on January 4, 1989, to satisfy financial assurance requirements for a hydrological investigation at your facility is being forwarded to the Health and Environment Department's Office of Internal Audit (OIA) for review. To aid in their evaluation the OIA requests the following information be submitted: B&E's fiscal year; type of business; company structure (e.g. partnership, limited partnership, etc.); and two (2) previous financial statements (i.e. 1986 and 1987).
OK 2/3/89
2. Adequate financial assurance is required to cover the costs involved in plugging and abandonment of wells at your facility. Acceptable forms for use in obtaining financial assurance were provided to you in our letter dated August 3, 1988. Please note that a trust agreement must also be submitted with either a financial guarantee bond, performance bond, or irrevocable standby letter of credit. Also, EID notified you by letter dated November 29, 1988, concerning the need to submit documentation for the total costs of plugging and abandonment of the two brine wells at your facility, and the need to obtain financial assurance to cover this amount (i.e. \$7,500.00). Please submit as soon as possible a copy of your financial assurance and trust agreement, so we may complete our review. Should B&E not wish to use any of the types of financial assurance referred to above, EID will review any forms of financial assurance proposed.

Phil Withrow, Manager

Page 2

January 23, 1989

Timely action on your part, in addressing these matters, is necessary to avoid a lapse in your discharge plan, which would be a violation of the New Mexico Water Quality Act.

Thank you for your cooperation. If you should have any questions, you may call me at 827-2902.

Sincerely,



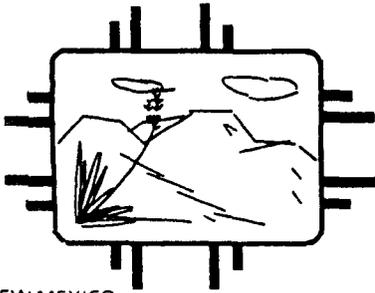
Kevin A. Lambert

Hydrologist

Ground Water Section - UIC Program

KAL/mw

cc: Tom Burt, EID Carlsbad Field Office
Garrison McCaslin, EID District IV Manager, Roswell



NEW MEXICO
HEALTH AND ENVIRONMENT
DEPARTMENT

ENVIRONMENTAL IMPROVEMENT DIVISION
Harold Runnels Bldg.-1190 St. Francis Drive
Santa Fe, New Mexico 87503

Richard Mitzelfelt
Director

GARREY CARRUTHERS
Governor
CARLA L. MUTH
Secretary
MICHAEL J. BURKHART
Deputy Secretary

December 14, 1988

Phil Withrow
B&E, Inc. - Carlsbad Brine Station
P.O. Box 756
Carlsbad, New Mexico 88220

Dear Mr. Withrow:

The Underground Injection Control staff of the New Mexico Environmental Improvement Division Ground Water Section would like to thank you for your cooperation during our recent inspection of B&E, Inc. - Carlsbad brine facility. A copy of the inspection form is attached for your reference.

No violations were noted during the inspection.

Thank you for your continued cooperation. Should you have any questions feel free to contact me (827-2902) or John Parker (827-0027).

Sincerely,

Kevin Lambert
Hydrologist
Ground Water Section - UIC Program

KL/mw

Enclosure

| No. of Samples | Ion |
|----------------|----------|
| / | Na |
| / | K |
| / | Ca |
| / | Mg |
| / | Cl |
| / | HCO3 |
| / | CO3 |
| / | SO4 |
| / | TDS |
| / | NO3+ NO2 |
| / | NH3 |
| / | kjeld N |
| / | As |
| / | Ba |
| / | Cd |
| / | CN |
| / | Cr |
| / | F |
| / | Pb |
| / | Hg |
| / | Se |
| / | Ag |
| / | U |
| / | V |
| / | Ra 226 |
| / | Ra 228 |
| / | Cu |
| / | Fe |
| / | Mn |
| / | Phenols |
| / | Zn |
| / | Al |
| / | B |
| / | Co |
| / | Mo |
| / | Ni |
| / | pH |
| / | Conduct. |

FIELD TRIP REPORT
GROUND WATER SECTION

County Eddy/Lea

SLD USER CODES

Ground Water: 59300
NO₃, HC, & Toxics: 59600
UIC: 59500

FACILITY VISITED

Name of Facility: 20 Brine Facilities of Climax Chemical
Location: Carlsbad/Hobbs in Southeast NM
Discharge Plan Number: DP- See Below
Type of Operation: Brine Production / Chemical Manufacturing

ENVIRONMENTAL IMPROVEMENT DIVISION FIELD VISIT

EID Inspector(s): Lambert
Date of Inspection or Visit: 12/5-8/88
Discharger's Representative Present During EID Visit:
Name: _____

Title or Position: _____
Purpose of Visit:

- a. Evaluation of Proposed Discharge Plan _____
- b. Compliance Inspection of Discharge with Approved Plan _____
- c. Other (specify) _____

Inspection Activities During Field Visit:

- a. Inspection of Facilities or Construction (specify) _____
- b. Sampling of Effluents (give sampling locations) _____
- c. Sampling of Ground Water (give names or locations of wells)
Sampled M.W. at Marathon
- d. Evaluation of geology, soils, water levels or other physical characteristics of the location (specify) _____
- e. Other (specify) _____

Observations and Information Obtained during the Visit:

The 20 Brine Facilities of Climax are listed below by DP#. See Individual File for specifics

ACTION REQUIRED

| # | # | # | # | # |
|-----|-----|-----|-----|-----|
| 318 | 323 | 354 | 370 | 298 |
| 319 | 324 | 355 | 371 | 426 |
| 320 | 325 | 360 | 372 | |
| 321 | 326 | 361 | 394 | |
| 322 | 351 | 369 | 401 | |

BRINE STATION INSPECTION FORM

DATE 12/5 1988 1550 12/6/88 730am
FACILITY B & E CARLSBAD EID INSPECTOR Lambert
FACILITY REP ON SITE _____ LOCATION CARLSBAD
COUNTY Eddy

WELL OPERATION

2 well system

WELL IS INJECTING: _____ THROUGH ANNULUS _____ THROUGH TUBING
SOURCE OF FRESH WATER City of CARLSBAD
TRACE INJECTION/PRODUCTION LINES Underground

WELL HEAD PRESSURE _____ PSIG PUMP PRESSURE _____ PSIG
LEAKS AROUND WELL OR PUMP _____

STORAGE AREA 1 well, production, near tanks Look
1 well, injection near Hwy Good

FOR PONDS: No ponds
GENERAL LINER APPEARANCE _____

AMOUNT OF FREEBOARD

ANY SIGN OF OVERFLOW OR LEAKS _____
LEAK DETECTION SYSTEM _____ FLUIDS _____ DRY

FOR TANKS:

GENERAL APPEARANCE Look Good
LABELED PLAINLY YES NO by color
BERMED TO PREVENT RUNOFF YES NO
CHECK CONTENTS TO ASSURE PROPER FLUID/LABLE MATCH _____

NUMBER OF TANKS FOR BRINE 4 FRESH WATER 1 ~~black~~
5 Silver

LOADING AREA

Overhead Racks fresh & brine

PROPERLY GRADED AND BERMED TO CONTAIN SPILLAGE YES NO
ANY EVIDENCE OF RECENT SPILLAGE YES NO
DOES FACILITY HAVE A SPILL COLLECTION SYSTEM YES NO
ANY EVIDENCE OF OIL SPILLING/DUMPING YES NO

collection system in good shape

MONITORING WELLS

DEPTH _____ FT STATIC WATER LEVEL _____ FT BELOW CASING
SAMPLED THIS VISIT _____ YES _____ NO TEMP _____ Ec _____

COMMENTS Facility clean & in good shape
see no problems

* Send copy of hydrogeological investigation
to Phil

& monitoring requirements

1/11/89 EID Review of B&E's Inc Financial Statement

1. P&A, Total Amount = \$7,500.00

* - Use acceptable forms we provided you by letter on 8/3/88 to obtain financial assurance (FA). Note trust agreement must accompany FA

* - Potentially acceptable FA \Rightarrow modifying existing OGD one well plugging bond \$5,000.00 so that bond is in EID's name.
bond # 610 0037388

a) Provide EID copy of present one well plugging bond; for our review so that we can assess potential modification necessary to comply with regulatory requirements

Note: need Trust Agreement
Must obtain additional FA for remaining \$2,500.00

2. Hydrogeological Investigation = \$35,000.00

- Required in addition to P&A FA of \$7,500.00
- Acceptable Forms provided August 3, 1988
- Self insurance also acceptable

a) HED's Office of Internal Audit will review for adequacy. They request the following information aid in their review:

- B&E's fiscal year
- Type of Company
- 2 Previous years financial statement

CONSTRUCTION

Eugenie #2 Fresh Water Injection

*see
plan
for
more
detailed
description*

| | size | depth | cement (sacks) | calculated interval |
|-------------------|--------|-------|----------------|---------------------|
| Surface csg. | 5 1/2" | 285' | 125 SX | |
| Intermediate csg. | | | | |
| Long string csg. | | | | |
| Tubing | 2 7/8" | 583' | 100 SX | |

Hole size *8 1/2"*

Is construction adequate?

yes no *OCD approved*

Packer required?

yes no

Packer depth

Total Depth

*salt formation
456' to 663'*

583'

FILE REVIEW

Permit No. M-323 Pass Fail
 Well Class III Reviewer: Lambert
 Operator B&E, INC CARLSBAD Date: 10/19/87
 Well Name Eugenie #1 State: NM
Eugenie #2 SW 1/4, SW 1/4
 Well Location T22S, R27E Sec 17 Agency: EID - GWB
 Lease Name Eugenie Drill Date: #1 6-30-78
#2 11-30-79

CONSTRUCTION Eugenie #1 Brine Production

| | size | depth | cement (sacks) | calculated interval |
|-------------------|---------|-------|----------------|---------------------|
| Surface csg. | 10 3/4" | 220' | 170 SX | |
| Intermediate csg. | 8 5/8" | 220' | | |
| Long string csg. | 5 1/2" | 456' | 135 SX / 45X | Calcium chloride |
| Tubing | 2 7/8" | 601 | 6 | 25X Bentonite |

See plan for more detailed description

Hole size 7 7/8"
 Is construction adequate? yes no
 Packer required? yes no
 Packer depth _____
 Total Depth salt formation 456' 601'
to 663'

OCD approved

HYDROLOGY

USDW Depth (10,000 mg/l) DTW 60 ft
 Log Types? Drill Logs
 Faults in area addressed? No Known faults yes no
 Chemical analysis, formation fluid included? yes no
 Chemical analysis injected fluid included? yes no
 Adequate confining layer? Red Beds yes no
 Permitted injection pressure 5.5 lbs
 Permitted injection rate _____
 Does pressure and rate exceed allowable? _____
 Type of injectant Fresh Water
City of Carlsbad

submitted w/ original

5/28/87

GENERAL INFORMATION

Plugging bond or financial assurance included? yes no

Public notice included? yes no

Hearing required? yes no

Citizen comments addressed? *None Received* yes no

Workover, if yes put in general comments yes no

OCD approved 6/6/78

AREA OF REVIEW

Calculated _____ 1/4 mile _____ minimum State AOR _____

Wells in AOR: _____ injection _____ production _____ abandoned

Deficient wells: _____ construction _____ plugging

Wells receiving CA: _____ injection _____ production _____ abandoned

Were all wells addressed for CA? yes no

If no, comments: *No known wells exist that have been plugged or abandoned within required radius i.e. 1/4 mile radius*

AOR landowners notified? yes no

?

Has well received (pressure test) MIT? yes no

Date of most recent MIT *? 1978-79* pass fail

Has absence of fluid movement been demonstrated? yes no

Enforcement actions included? yes no

If yes, comments: _____

Has well been a SNC? yes no

Is all information in permit? yes no

Is permit issued properly? _____ yes _____ no

Citizen comments and investigations? *None Received* _____ yes _____ no

If yes, comments: _____

OCD Approved

PLUGGING AND ABANDONMENT

Operating
Properly Plugged? _____ *Have plugging bond, will adhere to*
OCD P&A criteria
cement top to bottom _____ yes _____ no

Cement Placement
Cement (sx)

_____ from _____ to _____

_____ from _____ to _____

_____ from _____ to _____

Required Placement

_____ from _____ to _____

GENERAL COMMENTS

7

EID Review & Evaluation of B+E's response to EID Letter of 12/16/87

- 1. - OK ACK includes 1 well
- 2. - Submitted Completion Report Citrus, Tracy B, 1
 - OK Check adequacy of Cementing Program
 - OK Have committed to take corrective action if necessary
- 3. - OK committed to ~~not~~ conduct cement bond log during 5-year renewal period
 - Submitted ~~Fracture~~ Radioactive Tracer Survey for both wells (fracture injection products)
- 4. OK Provided injection procedure, injected & produced fluid volumes
- 5. OK ~~Fracture~~ Fracture Pressure Comparison
- 6. OK } B+E committed to meet these requirements
- 7. OK }
- 8. OK }

not sufficient for Engine #1

(?)
*

9. ~~Bonding~~ P+A Plan * does not address decommissioning of surface facility, No documentation on adequacy of P+A Bond
 Need more information on cost to determine Bonding Needs, Will require additional bonding

10. OK

12/10/87 B&E Carlsbad DP-323 Review & Evaluation
w/ Part 5 of WACC Regs.

5-101

H. OK

5-102 Reconstruction Requirements

NA

OK Submitted to OCD 11/8/82 to meet 3-106 C.
OCD approved 12/18/82

5-103

NA

5-104

NA

5-105

NA

5-200 Technical Criteria

5-201 - OK

5-202 - AOR ~~NA~~

✓* B 1.ord. Need map showing all known wells and fractures
which may penetrate the injection zone
- 1/4 mile radius of facility
- Cont. w/ OCD regarding oil & gas wells that
penetrate injection zone.

5-203 Corrective Action

✓* A. Must submit documentation that demonstrates
all pathways penetrating injection zone
properly constructed and completed,
plugged and abandoned.

- ✓* B. 1. All ^{required} corrective action taken
- 2. Limit injection pressure in prevent fluid movement through pathways w/in AOR

C. FID Must Consider

- 1. OK 68 gpm @ 150 PSI
- 2. OK mining salt producing brine water
- 3. OK drill logs for #1 + #2
- ✓* 4. OK. Nothing on wells/fractures in AOR
- ✓* 5. OK. " " " " " " "
- ✓* 6. Nothing on abandonment procedures
- ✓* 7. Nothing on hydraulic connections
- D. OK

5-204 MIT

✓* B. Need MIT

- ✓* 1. Leak evaluation - pressure test/annulus pressure
- ✓* 2. Conduits for fluid movement - Need cement band logs ^{if available} during removal period
- 3. Other tests - Optional

C. OK

✓* D. MIT Reporting Requirements

- ✓* Description, Methods used, test results

Ask under 5-210

5-205 Construction Requirements

A. 1. OK Have submitted well construction/completion info for Eugene #1 + #2

2. OK

* 3. EID Must Consider a.) OK * b.) Have Various values c.) OK d.) OK e.) OK * f.) Temperature & Volume of injected g.) OK h.) NA * i.) fracture pressure j.) OK

* 4. a.) No vertical channels

* b.) May require logs to demonstrate integrity

* i.) Cement band long

* 5. Must provide notice before commencing work over

B. NA

Ask under 5-210

C. 1.) NA 2.) Monitor Wells 3.) NA 4.) Adequacy of M.W.

* 5-206

* A. 1.) Shall not initiate fractures 2.) Shall not inject outside authorized injection zone

B. NA

C. 1. and a.) Same as A. above b.) Protect g.w. 3-109C 5-101C

5-207 Monitoring Req.

A. MIT once every 2 years

B. NA

C. 1.) Quarterly reporting of injected fluid / Not Necessary Fresh Water

* 2.) Monitor Injected & Produced fluid a.) injection pressure & flow rate every two weeks * b.) Metering & daily recording of fluid volumes

MW - NA

3.) NA

5-208 Reporting Requirements

A. NA

- ✓ B. *1.) 48 Hours Notification for leaks *2.) Report quarterly required monitoring including MIT 3.) NA
- ✓ *C. *1.) Reports meet 3-101.H. or by duly authorized representatives *2.) Duly authorized individual

5-209 P+A

- ✓ *A. Submit P+A Plan for below/above ground
- submit copy of bond & documentation supporting adequacy of bond
- ✓ B. Must use cement plugs
- ✓ C. Well in state of static equilibrium
- *D. P+A procedure
- *E. EID shall consider

5-210. EID must consider following

- *A. Materials may be referenced if current, readily available, sufficiently identified
- *B. EID shall consider following
- ✓ 1. 3-106.C. - OK
- ✓ *2. Need map showing AOR
- ✓ *3. Need table of all wells in AOR
- ✓ *4. Corrective Action
- ✓ *5. Need X-sec of general vertical limits of g.w.

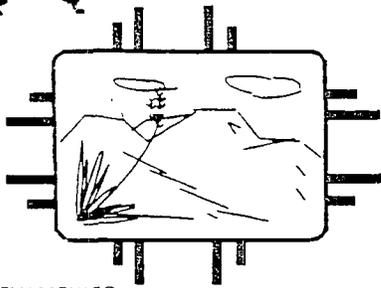
- OK 6.) X sec of geology of area Having drill logs
- ✓ * 7.) Maps & X-secs of regional geology
- ✓ * 8.) Operating date * a.) Average & maximum flow rate
- * b.) Average & maximum injection pressure OK c.) Fresh City of Carlsbad

- 9.) NA
- 10.) NA
- 11.) NA

✓ * 12. Injection procedure Need to clarify injection pressure & provide estimates of injected & produced volumes

- OK 13.
- OK 14.
- OK 15.

- OK * 16. Heavy surface schematics
- ✓ * 17. P+A Plan, Bond, Demonstration bond is sufficient
- * Co 1 - 7



NEW MEXICO
HEALTH AND ENVIRONMENT

DEPARTMENT

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

November 29, 1988

Phil Withrow, Manager
B & E, Inc.
P.O. Box 756
Carlsbad, NM 88220

RE: Discharge Plan (DP-323)

Dear Mr Withrow:

The Environmental Improvement Division (EID) Ground Water Section has completed review of B & E's November 10, 1988, submittal responding to our letter August 3, 1988, concerning your discharge plan renewal application DP-323.

Please address the following questions and comments so that review and evaluation of your renewal application may proceed.

1. The plugging and abandonment plan and surface facility decommissioning plan submitted appear to comply with all applicable regulatory requirements.
2. The total amount of the costs for plugging and abandonment is \$7,500.00. Therefore, you should use the forms we provided you in our August 3, 1988, correspondence to obtain financial assurance(s) to cover a total amount of 7,500.00. Please submit a copy of your financial assurance as soon as possible so we may complete our review of your renewal application.
3. Also, please be reminded that EID is requiring all applicants for a discharge plan to operate a brine station to have in place financial assurance for the purpose of conducting a hydrogeological investigation. EID has developed a detailed cost estimate for such an investigation which totals \$35,000.00. Financial assurances for a hydrogeological investigation may be in the form of any of the four types provided in our letter of August 3, 1988, or, in addition, self insurance may be acceptable for this purpose. If you wish to pursue this form of financial assurance, please provide a copy of your companies most recent financial statement. At a minimum, 10 percent of the applicant's tangible net worth should cover the sum of the costs of the required action(s) e.g. \$35,000.00.

ENVIRONMENTAL IMPROVEMENT DIVISION
Harold Runnels Bldg.-1190 St. Francis Drive
Santa Fe, New Mexico 87503

Richard Mitzelfelt
Director

GARREY CARRUTHERS
Governor
CARLA L. MUTH
Secretary
MICHAEL J. BURKHART
Deputy Secretary

Thank you for your cooperation. Should you have any questions, you may call me at 827-2902.

Sincerely



Kevin Lambert
Hydrologist
Ground Water Section-UIC Program

KL:kl

cc:Tom Burt, EID Carlsbad Field Office
Garrison McCaslin, EID District IV Manager, Roswell

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

November 10, 1988

Environmental Improvement Division
Ground Water Section-UIC
P.O. Box 968
Santa Fe, NM 87504-0968

ATT: Kevin Lambert
Hydrologist

Attached please find Plugging and Abandonment Procedures with attached schematics, three estimates for the cost of Plugging and Abandonment of the two Eugenie wells, explanation of the Decommissioning of Surface Facilities.

A copy of the three estimates have been taken to our attorney for consideration concerning the bonds. He will be in contact with you concerning the financial assurances and acceptable forms.

If you have any further questions concerning the information attached, please don't hesitate to call us or contact us at the above address and phone number.

Thanks for your patience and consideration through all of this.

Sincerely,


Valerie Lemon
B & E, Inc.

VL

Attachments

CC/file

#1 2,600.00 / 3,000.00
400.0000
#2 1,900.00 / 4,500.00
2,600.00
3,000.00
7,500.00

RECEIVED

NOV 13 1988

GROUND WATER BUREAU

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

Plugging & Abandonment
Procedures w/Schematics (2)

Eugenie #1

Eugenie #2

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
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Frac Tanks

Plugging & Abandonment Procedure

EUGENIE #1

Rig up pulling machine
~~Pull 2 7/8" tubing~~
Pick up 7" cast iron plug
Run plug approximately 450 ft. deep inside 7" 23 lb. casing
Set plug
~~Release tubing from plug~~
Pick tubing up 4 ft.
Begin to pump cement
Circulate cement to surface
Pull tubing and lay down
Remove wellhead and install dry hole marker
Fill cellar with approximately 2 yds redimix concrete

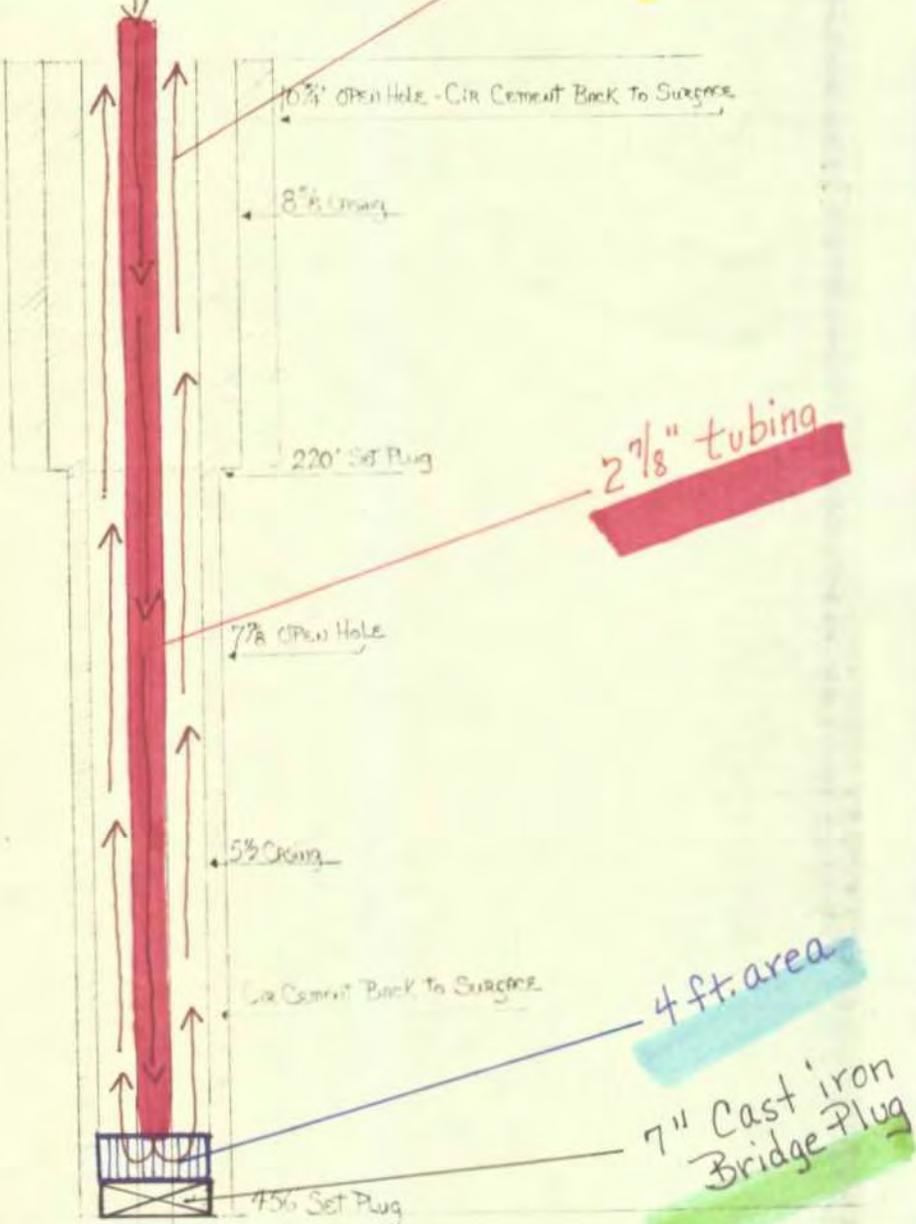
JOB COMPLETE - Well #1 plugged and abandoned

Approximate Cost \$3000.00

SEE ATTACHED SCHEMATIC

EUGENIE #1
Blow Discharge

Cement Circulating



10 3/4' OPEN Hole - Cir Cement Back to Surface

8 1/2' casing

220' Set Plug

7 7/8' OPEN Hole

5 1/2' casing

4 ft. area

4 ft. area

7" Cast iron Bridge Plug

7 5/8' Set Plug

2 7/8" tubing

Salt Formation

open Hole

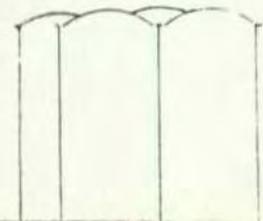
60'

663'

| | |
|--|------------------------|
| SUB-SURFACE SCHEMATIC DRAWING OF CEMENTING & CASING PROGRAM | |
| B&E INC. SMITH Y CARLSBAD N.M. 88220 EUGENIE #1 | |
| DATE May 7, 1987 | GENE HUNTT B&E INC. |

Map C-1
Cementing & Casing Specs

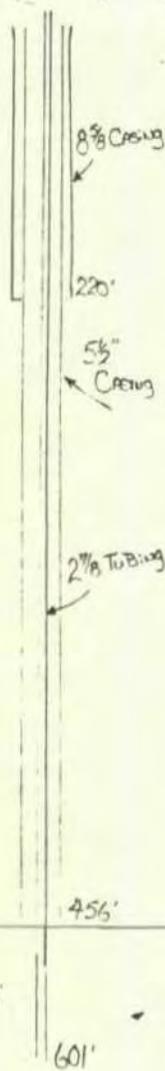
4. 1000 GAL BRINE STORAGE TANKS



EUGENIE #1

Discharge Brine To Storage Tanks

GROUND SURFACE



EUGENIE #2

F/W Injection Down Hole

5 1/2\"/>

285'

2 7/8\"/>

456'

601'

456'

Top of Salt

SALT FORMATION

601'

663'

Depth, Diameter Casing & Tubing Specs

Map B

WMB Surge Schematic Drawing of Eugenie #1 & Eugenie #2

B&E Inc. SOUTH Y CARLSBAD N.M. 88220

DATE May 7, 1987

Gene Pruitt B&E Inc.

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

Plugging & Abandonment Procedure

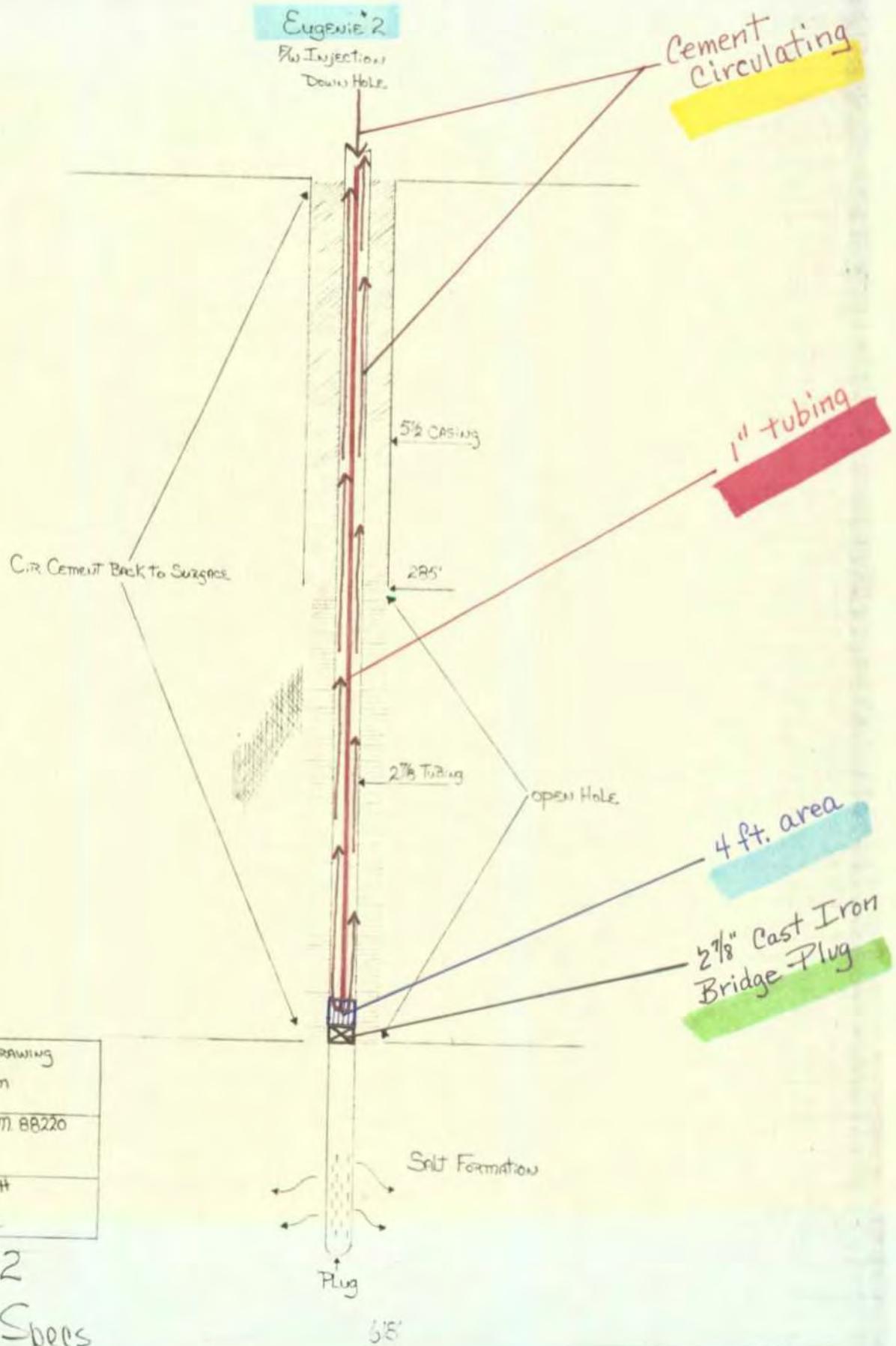
EUGENIE #2

Rig up pulling machine
Slick line wireline truck
Run 2 7/8" cast iron plug
Run plug approximately 450 ft. deep
Release plug
Rig down wireline truck
~~Pick up 1" tubing~~
Run in hole - tag bridge plug
Pick up 4 ft.
Circulate cement to surface
Plug 1" tubing and lay down
Fill cellar with approximately 2 yds redimix concrete
Install dry hole marker
Rig down

JOB COMPLETE - Well #2 plugged and abandoned

Approximate Cost \$4500.00

SEE ATTACHED SCHEMATIC

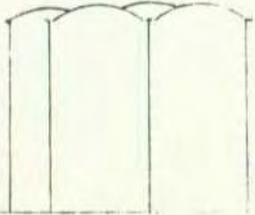


| | |
|--|------------------------|
| SUB-SURFACE SCHEMATIC DRAWING OF CEMENTING & CASING PROGRAM | |
| B&E INC. SOUTH Y CARLSBAD N.M. 88220 EUGENIE 2 | |
| DATE MAY 7 1987 | GENE PAULT B&E INC. |

MAPC - 2

Cementing & Casing Specs

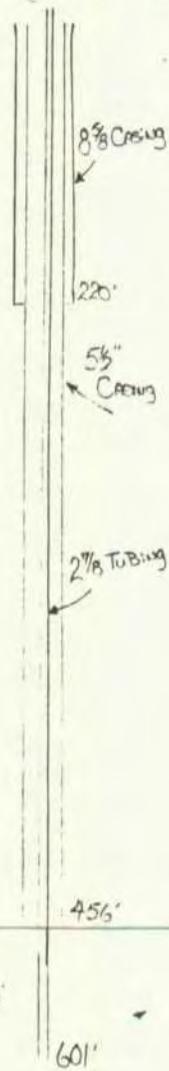
4 - 1000 GAL BRINE STORAGE TANKS



EUGENIE 1

DISCHARGE BRINE TO STORAGE TANKS

GROUND SURFACE



EUGENIE 2

1 7/8 INJECTION DRAIN HOLE

5 1/2 INCH CASING

285'

2 7/8 TUBING

456'

601'

Top of Salt
SALT FORMATION

663'

Depth, Diameter
Casing & Tubing
Specs
Map B

Well Schematic Drawing
of Eugenie 1 & Eugenie 2

B&E Inc. SOUTH Y CARLSBAD N.M. 88220

DATE
May 7, 1987

GEWE PRUITT
B&E Inc.

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

Three Estimates for
Cost of Plugging
and Abandonment

Eugenie #1

Eugenie #2

INVOICE Proposal

LEONARD CAFFEY
392-6662

CAFFEY
NC.

PLEASE REMIT TO
BOX 2128
HOBBS, N.M. 88241-2128

STEVE CAFFEY
397-2853

INVOICE No. ~~601~~

DATE 10-15-88

SOLD TO

Phil Withrow
P.O. Box 756
Carlsbad, NM 88220

CUSTOMER'S
ORDER NO.

LEASE

TERMS: NET

Bid to Plug and Abandon the following Wells

| | |
|------------|---------|
| Eugenia #1 | \$2,600 |
| Eugenia #2 | \$1,900 |

Any changes in the known present well conditions or requirements by the NM OCC shall cause us to revert to prices on the current price list.

Submitted By Leonard Caffey



P.O. BOX 1772
500 W. TAYLOR
HOBBS, N.M. 88241
505-393-5516
505-397-3502

October 14, 1988

Phil Withrow
Box 756
Carlsbad, NM 88220

RE: Bids to Plug and abandon the Eugenia #1 and #2

Dear Sir:

Baber Well Servicing Company submits the following bids on the above captioned wells:

| | |
|------------|------------|
| Eugenia #1 | \$2,605.00 |
| Eugenia #2 | \$1,933.00 |

If for unknown reason, due to well conditions or recommendations by the Oil Conservation, the procedure is changed; BWSCO will revert to the daywork charges listed below:

Rig - 88.00/hr.
Pump truck - 600.00/day
Operator/Supervisor - 200.00/day
Cement - 7.00/sk.

If you have any questions, please call.

Sincerely,

A handwritten signature in cursive script that reads "Raymond Maldonado".

Raymond Maldonado

RM/kh



P.O. Box 2322, Midland, Texas 79702 • (915) 697-1161 • Lovington, N.M. Yard: (505) 396-6381

11/3/88

B & E Inc.
P.O. BOX 756
Carlsbad, N.M. 88220

Attn: Phil Withrow

P & A
Re: Eugenie #1
Eugenie #2

Gentlemen:

Please be advised taht PBCP Services, Inc. submits a bid of \$ 1950 to P & A the Eugenie #2 and a bid of \$ 2650 to P & A the Eugenie #1.

This bid is based on information received by Davis White. If any adverse conditions are encountered in this well, the above bid may be reconsidered.

Please contact Davis White in our Midland Office if you need additional information.

Yours very truly,

A handwritten signature in cursive script, appearing to read 'Davis White', written in dark ink.

Davis White
PBCP Services, Inc.

/dm

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

Decommissioning of Surface Facilities

Attached please find a copy of the Warranty Deed and the Salt Rights Deed.

The property that the two Eugenie wells are located on is deeded land. The owners being Phil & Julie Withrow. The attached documents show ownership and are a matter of record in Eddy County.

The decommissioning of any surface facilities would be done at the discretion of the Withrow's being joint property owners.

WARRANTY DEED

B & E, INC., a New Mexico Corporation, for consideration paid, grants to PHIL WITHROW and JULIE WITHROW, his wife, whose address is 1101 Cimarron, Hobbs, New Mexico, the following described real property in Eddy County, New Mexico:

Approximately 1.125 acres between the Railroad and Canal in the SW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 17, Township 22 South, Range 27 East, Eddy County, New Mexico,

Also described as:

Commencing at the Northwest corner of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, Township 22 South, Range 27 East, N.M.P.M., which point is designated by a railroad iron located 4005 feet from the Northwest corner of said Section 17 and 1335 feet from the Southwest corner of said Section; thence East along the North line of the said SW $\frac{1}{4}$ SW $\frac{1}{4}$ a distance of 86.1 feet; thence South along a line described in the boundary line agreement between George R. Benz and wife and Albert Fisher and wife and recorded in Book 34, at Page 323 of the Miscellaneous Records of Eddy County, New Mexico to its intersection with the South line of U.S. Highway No. 285, the point of beginning of the tract herein described; thence, South along the said boundary line a distance of 290 feet; thence West at an angle to the right of 97°33', a distance of 155 feet; thence North at an angle to the right of 86°02' a distance of 350 feet, more or less to the South line of said highway; thence southeasterly along the South line of said highway a distance of 153.75 feet, more or less, to the point of beginning, and being in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 17, Township 22 South, Range 27 East, N.M.P.M.;

subject to restrictions, reservations and easements of record and in open view;

with warranty covenants.

WITNESS our hand and seal this 15 day of October, 1979.

B & E, INC., a New Mexico corporation

By Phil Withrow
President

ATTEST:

Julie Withrow
Secretary

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

The foregoing instrument was acknowledged before me this 15 day of October, 1979, by as of B & E, INC., a New Mexico corporation, on behalf of said corporation.

Julia Hart
Notary Public

My Commission Expires: 5/26/81

(Book 225 Page 527 Eddy County)

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

October 11, 1988

R E C E I V E D
OCT 13 1988

GROUND WATER BUREAU

Environmental Improvement Division
P.O. Box 968
Santa Fe, NM 87504-0968

RE: Procedure on Maintenance Re-Work on
Eugenie Brine Well Eddy County
Sec. 17 T 22S R 27E

ATT: Kevin Lambert

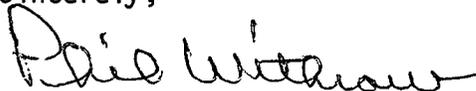
Attached find report on Maintenance Re-working of Eugenie Brine Well per our conversation on October 11, 1988.

Copies attached are:

1. Description (logs) of work performed.
2. Packer installation Plan from Kenco Oil Tools.
3. Pressure test chart.
4. Copies of B & E tickets of work done (with explanation) the day prior to re-work procedure.

Thank you very much for your consideration. If you have any other questions, please don't hesitate to contact us.

Sincerely,



Phil Withrow
Owner/Mgr.
B & E, Inc.

PW/va1

Attachments

XC: Mike Williams, Artesia District
Oil Conservation Division

Our File

Equipment & Supplies
Fresh Water
Brine Supply Wells
Salt Water Disposal

B & E, INC.

South Y
P. O. Box 756
Carlsbad, N.M. 88220
Phone (505) 885-6663

Vacuum Trucks
Winch Truck
Kill Truck
Frac Tanks

Procedure for Re-working Eugenie Brine Well

Rigged up Mack Case pulling machine unit on Saturday Oct. 8, 1988
at 8:00 a.m.

Called Completion Rentals-ordered reverse unit to rig up at 8:00
a.m. on Saturday Oct. 8, 1988

Called Kenco Oil Tools, Inc. to be on location at 9:00 a.m. on
Saturday Oct. 8, 1988

Pulled tubing

Run 7" packer to 414 ft.

Set packer

Pressured backside to 500 lbs. PSI

Ran 30 minute test

Pressure held at 500 lbs. PSI

Chart attached

Released packer

Pulled tubing

Attached 4 3/4" drill bit and started back in the hole with tubing

Drilled back to depth of 575 ft.

Nippled up well head

Began to produce brine at 8:00 p.m.

JOB COMPLETE



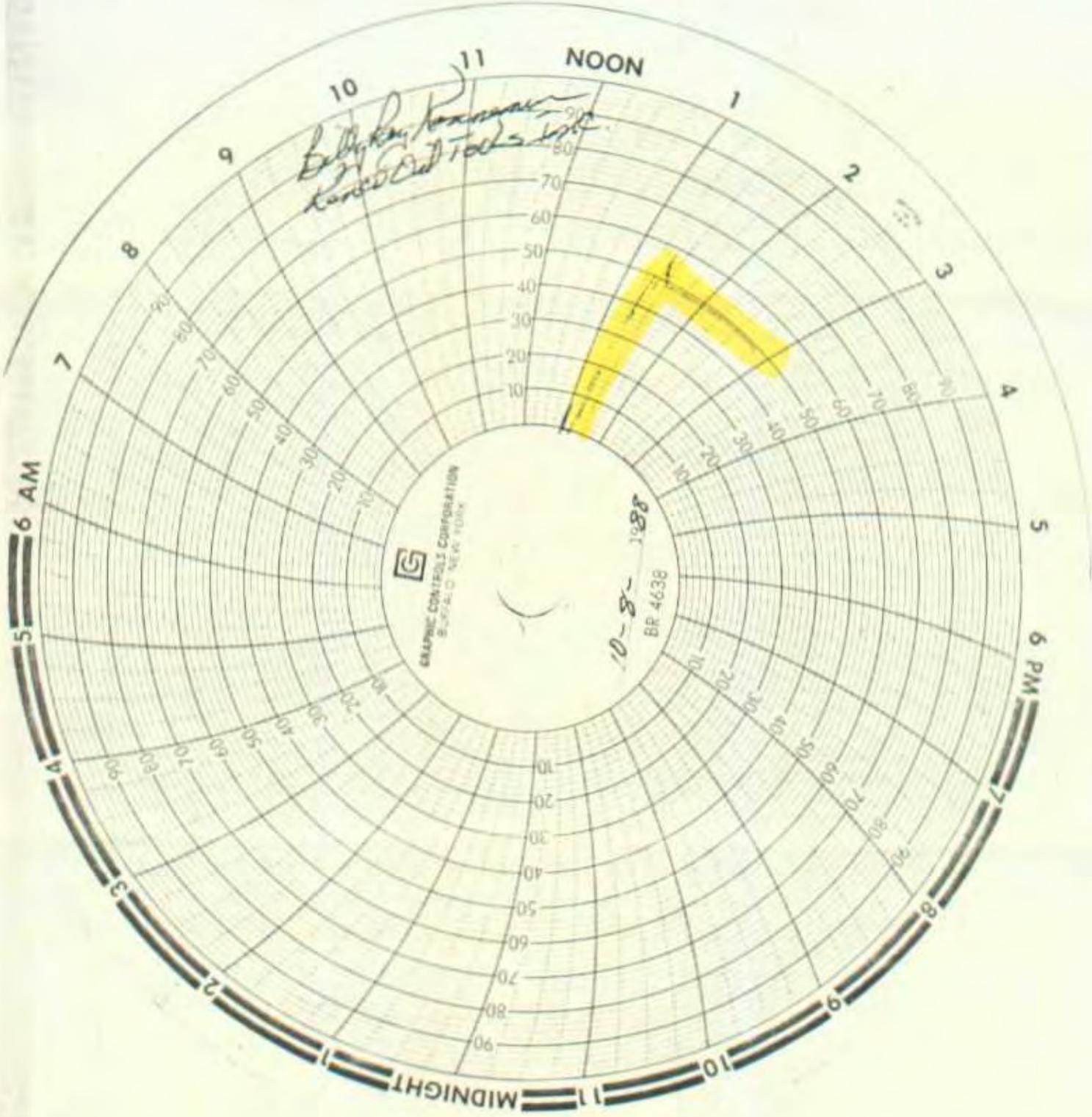
PACKER INSTALLATION PLAN

| | | | | | | |
|--|----------------------|--------------------------------------|-------------------------------|--------------------|---|------------------------|
| PREPARED FOR <i>MR. PAUL WATKIN</i> | | | COMPANY <i>B&E INC</i> | | | DATE <i>10-8-88</i> |
| LEASE <i>EUGENIE</i> | WELL No. <i>1</i> | FIELD <i>SEC. 17-215-376 EDDY</i> | CO./PARISH <i>NM</i> | STATE <i>NM</i> | <input type="checkbox"/> NEW COMPLETION <input checked="" type="checkbox"/> WORKOVER | |

| INSTALLATION | ITEM | LENGTH | FROM | TO | DESCRIPTION | OD | ID | |
|--------------|------------|---------------|---------------|---------------|-------------------|---|----|--|
| | | | <i>Ø</i> | <i>Ø</i> | | | | |
| | | <i>18.00</i> | <i>Ø</i> | <i>14.00</i> | <i>2 7/8</i> | <i>6'-6'-6' Red Sub</i> | | |
| | | | | | | <i>10-8-88 New Guiberson Unit</i> | | |
| | | | | | | <i>7" 23" Packer to 411' and pressure</i> | | |
| | | | | | | <i>tested casing to 500 PSI.</i> | | |
| | | | | | | <i>tested okay.</i> | | |
| | | <i>245.50</i> | <i>14.00</i> | <i>259.50</i> | <i>8 5/8</i> | <i>2 7/8" 8RD EUE 1BG.</i> | | |
| | | <i>312.70</i> | <i>259.50</i> | <i>572.20</i> | <i>11 1/4</i> | <i>2 7/8" Buttress</i> | | |
| | | | | | | <i>type threads 1BG.</i> | | |
| | | | <i>SURF</i> | <i>456'</i> | | <i>7" 23" N-80 CSG.</i> | | |
| | | <i>456</i> | <i>T.D.</i> | | <i>OPEN HOLE</i> | | | |
| | <i>150</i> | <i>572.20</i> | <i>576.70</i> | | <i>4 3/4" BIT</i> | | | |

| | | | | |
|-----------------------------------|---------------|---------------|-------------|--|
| GENERAL REMARKS | | | PACKER TYPE | RETRIEVING METHOD Include shear release or collet snap value |
| | | | top | |
| COMP. FLUID TYPE AND WEIGHT | ESTIMATED BHT | ESTIMATED BHP | middle | |
| MAX. ANGLE AND KICKOFF DEPTH (ft) | SAND CONTROL | | lower | |

| | | | |
|------------------------|---|-------------------------------------|---|
| DATE <i>10-8-88</i> | OPERATOR'S NAME <i>Billy [Signature]</i> | AREA <i>Kenner Oil Tools Inc</i> | DELIVERY TICKET No. <i>President</i> |
|------------------------|---|-------------------------------------|---|



Bally's, Toronto
Landed 10/25/88

G
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

10-8-1988
BR 4638

B & E, INC.

CONTRACT NUMBER
A.F.E. NUMBER
REQ. OR PURCHASE ORDER NUMBER

FIELD ORDER NUMBER **70446**
DATE: **10-7-88**
ORDERED BY:

DELIVERED FROM: **B+E yard** TO: **B+E yard (Location)**

LOCATION: **Engine #1** WELL OR RIG NO.
TRUCK OR UNIT NO. **8403** CAPACITY **140 bbls** AMOUNT HAULED **40 bbls** TIME OUT **3100** AM/PM **PM** TIME IN **5100** AM/PM **PM** HOURS CHGD. **2** DELIVERED BY: **B+E, INC.**

| DESCRIPTION | WT. | HRS. | DAYS | RATE | AMOUNT |
|---------------------------------|-----|------|------|------|----------------|
| Fresh Water | | | | | 40 bbls |
| Kill Truck (by the hour) | | | | | 2 hrs |

Rig up to back side pump 20 bbls at 1 bpm followed by 20 bbls with max rate without going over 150 psi - pumped last 20 bbls at approx 4 bpm 75 psi Rig down shut in left pressure gauge manifold.

to dissolve any salt rings that may have built up in casing.

| HIGHWAY MILES | |
|---------------|----------|
| LOADED | UNLOADED |
| 1 | 1 |

TERMS:

AUTHORIZED BY:

TAX
NET TOTAL

OPERATOR OR DRIVER
Donald S. Patterson

Thank you

S.C.C. 1015-1

TRANSPORTS
KILL TRUCKS
FRAC TANKS

B & E, INC.

P.O. BOX 2292
HOBBS, NEW MEXICO 88240

PHONE

(505)-885-6663
(505)-887-6706
(505)-393-0762

B
I
L
L
T
O

B+E

| | |
|-------------------------------|--|
| CONTRACT NUMBER | |
| A.F.E. NUMBER | |
| REQ. OR PURCHASE ORDER NUMBER | |

| | |
|--------------------|---------|
| FIELD ORDER NUMBER | 71093 |
| DATE | 10/7/88 |
| ORDERED BY | |

DELIVERED FROM: **Vacuum Trucks** TO: **TK SWD**

LOCATION: **B+E yard** WELL OR RIG NO.:

| | | | | | | | | |
|-------------------------------|---------------------|--------------------------|-----------------------|-----------------|---------------------|-----------------|-------------|--------------|
| TRUCK OR JNIT NO. 7802 | CAPACITY 140 | AMOUNT HAULED 135 | TIME OUT 10:50 | AM/PM AM | TIME IN 1:30 | AM/PM PM | HOURS CHGD. | DELIVERED BY |
|-------------------------------|---------------------|--------------------------|-----------------------|-----------------|---------------------|-----------------|-------------|--------------|

| DESCRIPTION | WT. | HRS. | DAYS | RATE | AMOUNT |
|---|------------|------|------|------|--------|
| Disposal | 135 | | | | |
| Loaded 15 Bbls. Flw on Kill Truck. Pumped fluid down backside of brine well at yard. | | | | | |

TOP GAUGE BOTTOM GAUGE SET DATE RELEASE DATE

| HIGHWAY MILES | |
|---------------|-----------|
| LOADED | UNLOADED |
| 21 | 21 |

TERMS: _____ TAX _____
NET TOTAL

OPERATOR OR DRIVER: **Steve Simmons** X

AUTHORIZED BY:

Thank You



| | | | |
|---|-----------------------------------|--------------------------|--------------|
| <input checked="" type="checkbox"/> Telephone | <input type="checkbox"/> Personal | Time 11:20 AM | Date 9/20/88 |
|---|-----------------------------------|--------------------------|--------------|

| | |
|------------------------------------|---|
| Originating Party Kevin Lambert | Other Parties Phil Withrow 887-6706 |
|------------------------------------|---|

Subject DP Renewal for Carlsbad Brine Station

11:20 Left Message.

2:44 pm Discussion Getting Bids on P&A and decommissioning facility will be submitting information before end-of-month. Wanted to know how important financial assurance is for decommissioning, decided land in family for generations, ~~Inform~~ ~~him~~ no intention of selling property would want to use for another business. Informed him that we are really concerned w/ brine lagoons and potential problems not necessarily tanks. Told him we are willing to make adjustments based on site specific conditions but still must submit documentation which address decommissioning.

Conclusions or Agreements Once E.T.D. has all the information available we will forward our position and proceed accordingly

Distribution

Signed



Telephone Personal Time 2:02 Date 9/8/88

| Originating Party | Other Parties |
|----------------------|---|
| <u>Kevin Lambert</u> | <u>Jay Francis 885-6615</u> <u>Attorney for B+E Carlsbad</u> |

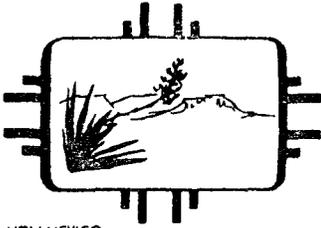
Subject Bonding for brine well, B+E Carlsbad
Discussed the bonding, in Chapter 11
requirements

Discussion Need Jay Francis
W&CC Regs Merrick & ~~Yarbo~~ Yarbo
P.O. Drawers AA
Carlsbad, NM 88221-AA

Working on developing financial assurance
I stated 4 acceptable forms provided are
for P&A of well, decommissioning of
surface facility. Self insurance is acceptable
for hydrogeologic investigation

Conclusions or Agreements Also, other financial assurances may
be considered. Must include thorough
documentation and show it will satisfy
our Regulations

Distribution _____ Signed Kevin



NEW MEXICO
HEALTH AND ENVIRONMENT
DEPARTMENT

Post Office Box 968
Santa Fe, New Mexico 87504-0968

GARREY CARRUTHERS
Governor

LARRY GORDON
Secretary

CARLA L. MUTH
Deputy Secretary

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

August 3, 1988

Phil Withrow, Manager
B & E, Inc.
P. O. Box 756
Carlsbad, NM 88220

RE: Discharge Plan (DP-323)

Dear Mr. Withrow:

The Environmental Improvement Division (EID) Ground Water Section has completed review of B & E, Inc. June 10, 1988, submittal responding to our letter of December 16, 1987, concerning your discharge plan renewal application; DP-323.

This letter contains technical questions concerning your plugging and abandonment plan and specific information concerning adequate financial assurances for brine operations pursuant to Section 5-210.B.17. of the New Mexico Water Quality Control Commission (WQCC) regulations. Please address the following questions and comments so that review and evaluation of your renewal application may proceed.

The plugging and abandonment procedure submitted does not furnish sufficient detail on the methods and materials used, and cost involved to implement the plan. Will the wells be entirely cemented bottom to top or will discrete plugs be set at prescribed intervals? A minimum of 100 feet of cement is required above a cast iron bridge plug and at any plugging interval. Please explain how cement plugs will be set. Detailed information on plugging and abandonment procedures, and decommissioning of the surface facilities is necessary to determine the adequacy of your plan. EID needs written documentation for the cost of plugging and abandonment of the wells and decommissioning of the surface facilities, and recommends a minimum of three estimates be submitted.

The WQCC regulations Section 5-210.B.17. require that all dischargers operating an in situ extraction facility must be able to undertake measures necessary to prevent contamination of ground water having 10,000 mg/l or less TDS after cessation of operations. This includes the proper closing (i.e. decommissioning of surface facilities), plugging and abandonment of well(s), ground water restoration if applicable, and any post-operational monitoring as may be required. Adequate financial

assurances for these measures are required along with written documentation for the costs involved prior to approval of a discharge plan application for an in situ extraction operation.

Acceptable forms for the following types of financial assurances to cover the proper closing of surface facilities, and plugging and abandonment of well(s) are available from the EID:

1. Financial Guarantee Bond
2. Performance Bond
3. Trust Agreement
4. Irrevocable Standby Letter of Credit

(note: a trust agreement must also be submitted for options 1, 2, or 4.)

Pursuant to Section 5-210. B. 17. of the WQCC regulations, EID is requiring all applicants for a discharge plan to operate a brine station to have in place financial assurance for the purpose of conducting a hydrogeological investigation. A hydrogeological investigation may be required if there is cause to believe that ground water contamination has occurred resulting from the operation of the brine station. Such cause may be determined to exist when the discharger fails to comply with the terms of the discharge plan, or the WQCC regulations. EID has developed a detailed cost estimate for such an investigation which totals \$35,000.00.

Financial assurances for a hydrogeological investigation may be in the form of any of the four types listed previously, or, in addition, self insurance may be acceptable for this purpose. If you wish to pursue this form of financial assurance, please provide a copy of your companies most recent financial statement. At a minimum, 10 percent of the applicant's tangible net worth should cover the sum of the costs of the required action(s); e.g., \$35,000.00.

Since the in situ mining of salt does not involve injection into a formation containing ground water of less than 10,000 mg/l TDS, as some in situ extraction operations do, EID is requiring financial assurance only for a hydrogeological investigations instead of for ground water restoration as referred to in WQCC Section 5-210.B.17.

For further information on these types of financial assurances, please contact your insurance agent or attorney. Once a decision has been made concerning your choice of financial assurances please notify EID Ground Water Section so that we may send you the acceptable forms. Timely action on your part is necessary to avoid a lapse in your discharge plan, which would be a violation of the New Mexico Water Quality Act.

Thank you for your cooperation. Should you have any questions
feel free to contact me at 827-2902 or John Parker at 827-0027.

Sincerely,

Kevin A Lambert

Kevin Lambert
Ground Water Hydrologist
Ground Water Section-UIC

KL:kl

cc: Roelf Ruffner, EID Hobbs Field Office
Garrison McCaslin, EID District IV Manager, Roswell



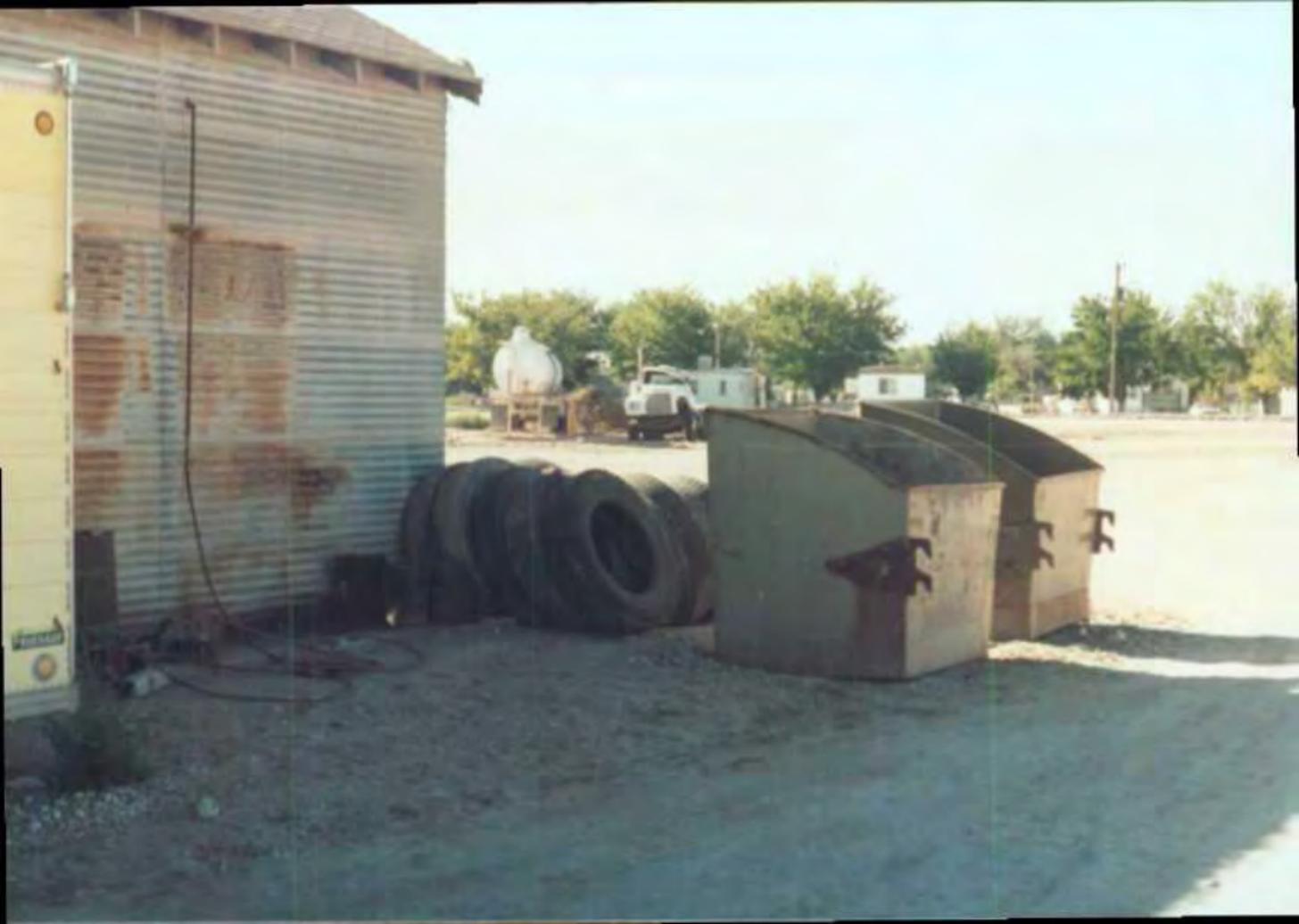
12/5/88

B&E Carlsbad - Brine Station



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B&E Carlsbad - Brune Station



10-12-95 JPL



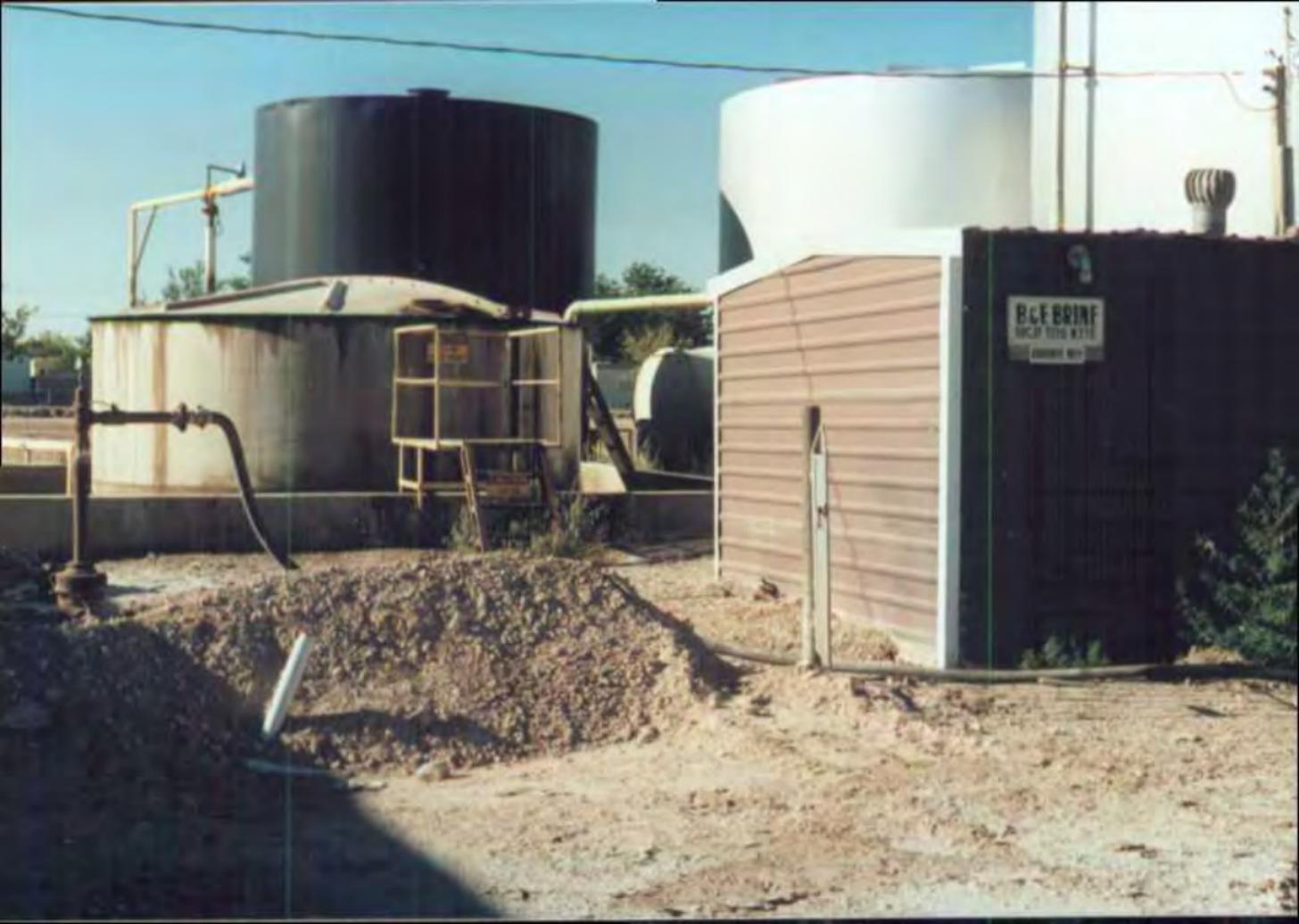
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10-12-95 JKW



10-12-95 I+LW



BCE BRINE
MCP TDS 8.7%
COLUMBIA, MO

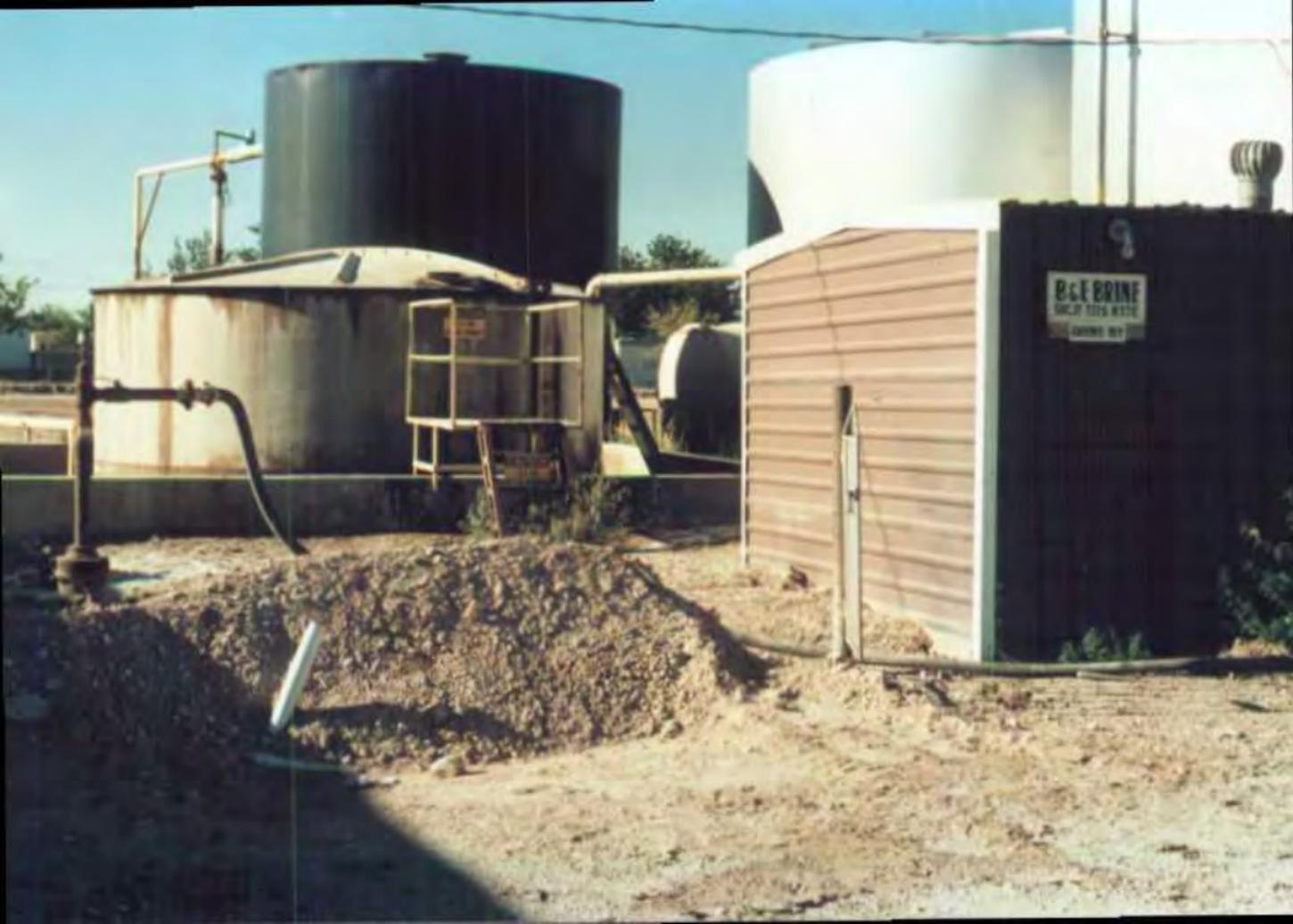
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MAT 15 15W



10-12-95 JcW



B&E BRINE
CALIF TDS MTD
BRINE BY

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10-12-95 IOW



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10-12-95 I*W



10/12/15 1-4W



CAUTION
H₂S GAS
MAY BE PRESENT

CAUTION
H₂S GAS
MAY BE PRESENT

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10-12-95 JEW



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CAUTION
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MAY BE PRESENT

CAUTION
H₂S GAS
MAY BE PRESENT

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JRW



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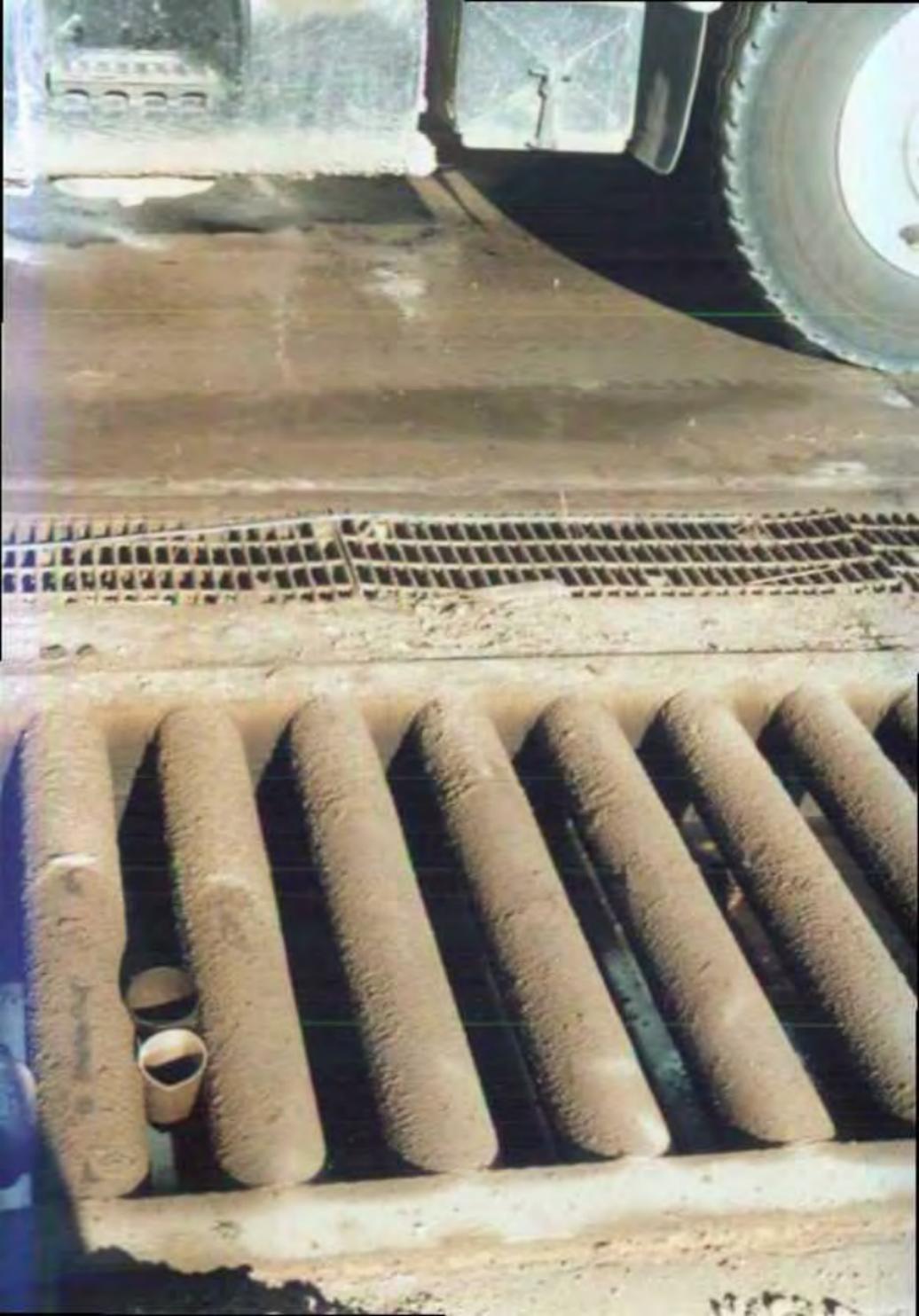
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18-12-95 I b W



10-12-95 IHW



12



10-12-95 IOW



10-12-95 ITW



10-12-95 ILW

PHOTOS

Jerry Hanway, MANAGER

B & E, INC.

TRANSPORTS • TANKS • FLUIDS • REVERSE UNITS

CARLSBAD OFFICE

(505) 885-6663

(505) 887-6706

(505) 393-0762

FAX 885-5948

ANSWERING SERVICE. (505) 885-8840
BOX 756, CARLSBAD, N.M. 88220

Phil

Withrow

Carlsbad

887-6706

{ J. Franca
885-6615

{ Franca's mobile:
369-7275

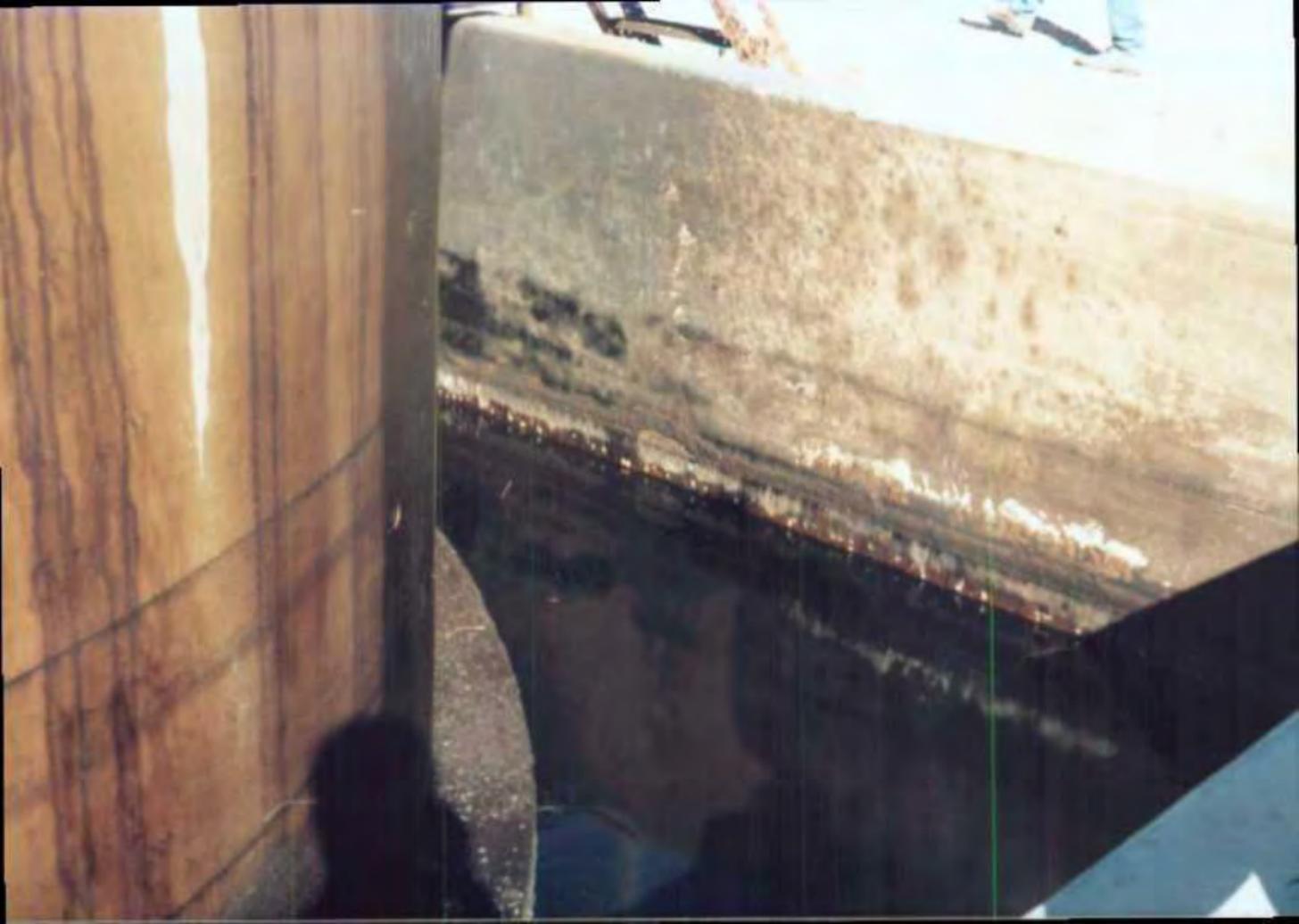




























ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

CONSERVATION DIVISION

2040 S. PACHECO

SANTA FE, NM 87505



I+W - CARLSBAD BW

10-17-91

1



ETHW - CARLSBAD BW

10-17-96



I^W - CARLSBAD BW

10-17-96

3



ILW CARLSBAD BW

4

10-17-96



ITW - CARLSBAD BW

5

10-17-96

State of New Mexico

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco
P.O. Box 6429
Santa Fe, New Mexico 87505-5472

10-1)-96

IHW - CARLSBAD