BW - 6

MECHANICAL INTEGRITY TEST (MITs)

DATE: _____

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, November 30, 2007 11:21 AM
To: Price, Wayne, EMNRD
Cc: 'iwcarlsbad@plateautel.net'
Subject: BW-6 I&W MIT Schedule 2nd. Week in December 2007

Wayne:

Re:

INC	I & W	I & W EUGENIE BRINE - CARLSBAD	06/19/2006	30-015-22574	8/31/2007	12/18/2006	?	2

According to Mr. Kevin Wilson (cell: 505-703-2041), they ran a sonar test back in the summer. According to the report, there has been very little change in cavity size and they notice no subsidence issues near the well, etc. In the process of running the sonar, they ran a 30 min. at 330 psi on the casing with no loss in pressure. He is sending me the chart and the sonar report. He said that because of the sonar and having the opportunity to run a 30 min. test, they ran it, but they forgot to notify the district or Santa Fe Office.

Mr. Wilson would like to know if we will accept the EPA 30 minute MIT that was run on 8/31/2007 when they ran the sonar? Thanks.

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

Chavez, Carl J, EMNRD

From: Lisa Rice [iwcarlsbad@plateautel.net]
Sent: Friday, August 24, 2007 4:10 PM
To: Chavez, Carl J, EMNRD
Subject: I & W, Inc. Eugenie #1 (Sonar)

Mr. Chavez:

We wanted to inform you we will be conducting the Cavern Survey with sonar Thursday, August the 30th 2007. The test will begin at 8:00 am. If you have any question or need additional information please contact us.

Thank you - Lisa Rice & Kevin Wilson

CARLSBAD
CURRENT-ARGUS

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

RECEIVED
2007 SEP 10 PM 12:13

ADVERTISING INVOICE/STATEMENT

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

ACCOUNT NO.	INVOICE NO.
730593	0003452453
DUE DATE	AMOUNT DUE
09/24/07	286.93
BILLING PERIOD	THROUGH
08/01/07	08/31/07
AMOUNT PAID	

NEW MEXICO ENERGY, MINERALS &
1220 S SAINT FRANCIS DR
SANTA FE NM 87505-4000

RETAIN THIS PORTION FOR YOUR RECORDS

DATE	EDT	CLASS	DESCRIPTION	COL	DEPTH	TMS RUN	TOTAL SIZE	RATE	AMOUNT
801			PREVIOUS BALANCE						141.09
803			PAYMENT-THANK YOU						141.09-
810	CRC	0152	1000769658/AUGUST/'7518	1	225.00	1	225.00		136.68
819	CRC	0152	1000778433/AUGUST/52100'7518	1	219.00	1	219.00		133.32
810		0152	NM TAX						16.93

WE KNOW YOU HAVE CHOICES -
THANK YOU FOR YOUR BUSINESS !

OKAY TO PAY

145.26

CURRENT	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	OVER 120 DAYS	TOTAL DUE
286.93	.00	.00	.00	.00	286.93

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

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

For your records:

ACCOUNT NO.	NAME	INVOICE NUMBER	AMOUNT PAID
730593	NEW MEXICO ENERGY, MINERALS &	0003452453	
		DUE DATE	
		09/24/07	

Carlsbad Current-Argus For Billing Inquiries Call: (505) 887-5501

ADVERTISING INVOICE/STATEMENT

8/10/07

Name (Primary) : NEW MEXICO ENERGY, MINERALS

Account # 730593

Company (Primary) : NEW MEXICO ENERGY, MINER

Ad # : 1000769658

affidavit MAILED 8/13/07

Pull invoice

Width : 1

Depth : 225

Surface : 225.00

Carl J. Chavez
NM Energy, Minerals & Natural Resources
1220 South St. Francis Dr.
Santa Fe, NM 87505

Ad Sales Rep. : 458 - April Hernandez

Class Code : 0152 - Legal Notices

Ad Type :

Account # : 1239089

Start Date : 08/10/07

Stop Date : 08/10/07

Rate : CRLEGGOVMT - CARLSBAD LEGAL GOVMT ADS

Box Number : 0 - (None)

Ad Rated Cost : $126.00

Extra : $19.26

Total : $145.26

Run Status : A

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ugust 10, 2007

NOTICE OF PUBLICATION

TE OF NEW MEXI- ENERGY, MINER- S AND NATURAL OURCES DEPART- NT OIL CONSER- ATION DIVISION

ice is hereby giv- hat pursuant to w Mexico Water ility Control Com- sion Regulations 6.2.3106 NMAC), following dis- rge permit appli- on(s) has been mitted to the Di- or of the New ico Oil Conserva- n Division AOCD"), 1220 S. t Francis Drive, a Fe, New Mexi- 7505, Telephone) 476-3440:

-006) I & W Inc., Kevin Wilson, . Box 98, Loco s, New Mexico 55, has submitted pplication for the ewal of a dis- ge plan for the e well "Eugenie No. 1," (API# 30- 22574) located in SW/4, SW/4 of on 17, Township outh, Range 27 . NMPM, Eddy ty, New Mexico. rine extraction is located just h of U.S. Hwy.

Affidavit of Publication

State of New Mexico,
County of Eddy, ss.

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

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

August 10 2007

That the cost of publication is $145.26 that Payment Thereof has been made and will be assessed as court costs.

April Hernandez

Subscribed and sworn to before me this

10 day of August, 2007

Stephanie Dobson

My commission Expires on 1/25/2010

Notary Public

OFFICIAL SEAL
STEPHANIE DOBSON
Notary Public
State of New Mexico
My Comm. Expires 1/25/2010

NOTICE OF PUBLICATION

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

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

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

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

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

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

formación sobre esta solicitud en espan?ol, sírvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservacion Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

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

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director

THE SANTA FE
NEW MEXICAN
Founded 1849

RECEIVED
2007 AUG 20 PM 2 17

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

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

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

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

/S/ _____
LEGAL ADVERTISEMENT REPRESENTATIVE

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

Notary Pamela Anne Beach

Commission Expires: May 31, 2011

OFFICIAL SEAL
Pamela Anne Beach
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 5-31-11

NOTICE OF PUBLICATION

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

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

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

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

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

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

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

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

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

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

If no public hearing is held, the Director will

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

Para obtener más información sobre esta solicitud en espan_ol, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. de Conservacio n Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

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

STATE OF
NEW MEXICO
OIL
CONSERVATION
DIVISION

S E A L

Mark Fesmire,
Director

Legal#81442
Pub. August 15, 2007

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

March 13, 2007

Mr. Kevin Wilson
I W Inc.
P.O. Box 98
Loco Hills, New Mexico 88255

Re: I W Inc. Discharge Plan (BW-6)
Eugenie #1 (API# 30-015-22574)
UL:M 17-22S-27E, Eddy County

Dear Mr. Wilson:

The New Mexico Oil Conservation Division (OCD), Environmental Bureau witness a Mechanical Integrity Test and inspected the above brine well discharge plan facility on December 18, 2006.

Based on the OCD MIT inspection and discharge plan records, correspondence dated August 17, 2001 with extension for submittal by January 31, 2002; the OCD has yet to receive a subsidence monitoring report stipulated in Section 25 "Capacity and Cavity Configurations" of the discharge plan.

Please provide me with the report within the next 30 days or by April 13, 2007 to help evaluate subsidence and public health in the area. If you have not completed a subsidence monitoring report, please contact me immediately.

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

Sincerely,

Carl J. Chavez

Mr. Carl J. Chavez
Environmental Engineer

xc: OCD District Office

GRAPHIC CONTROLS CORPORATION

BW-6I&W

CHART NO. MC MP-500

FM Test w/ N_2

METER

12.18.06

CHART PUT ON

TAKEN OFF

WITNESS BY OLD LEONARD LODE

LOCATION ULM 17-225-27E

REMARKS Fm test w/ N_2
API# 30-015-22574

I & W Inc.
P.O. BOX 98
LOCO HILLS, NEW MEXICO 88255

Oil Conservation Division
1220 S. St Frances Dr.
Santa Fe, NM 87505

November 22, 2005

Attn: Wayne Price

This is the chart for the MIT on 7" casing, at the Eugenie #1 Brine station I & W, Inc. Carlsbad yard. We ran a 200# chart for 4 hours. There was no bleed off, and this is for you files.

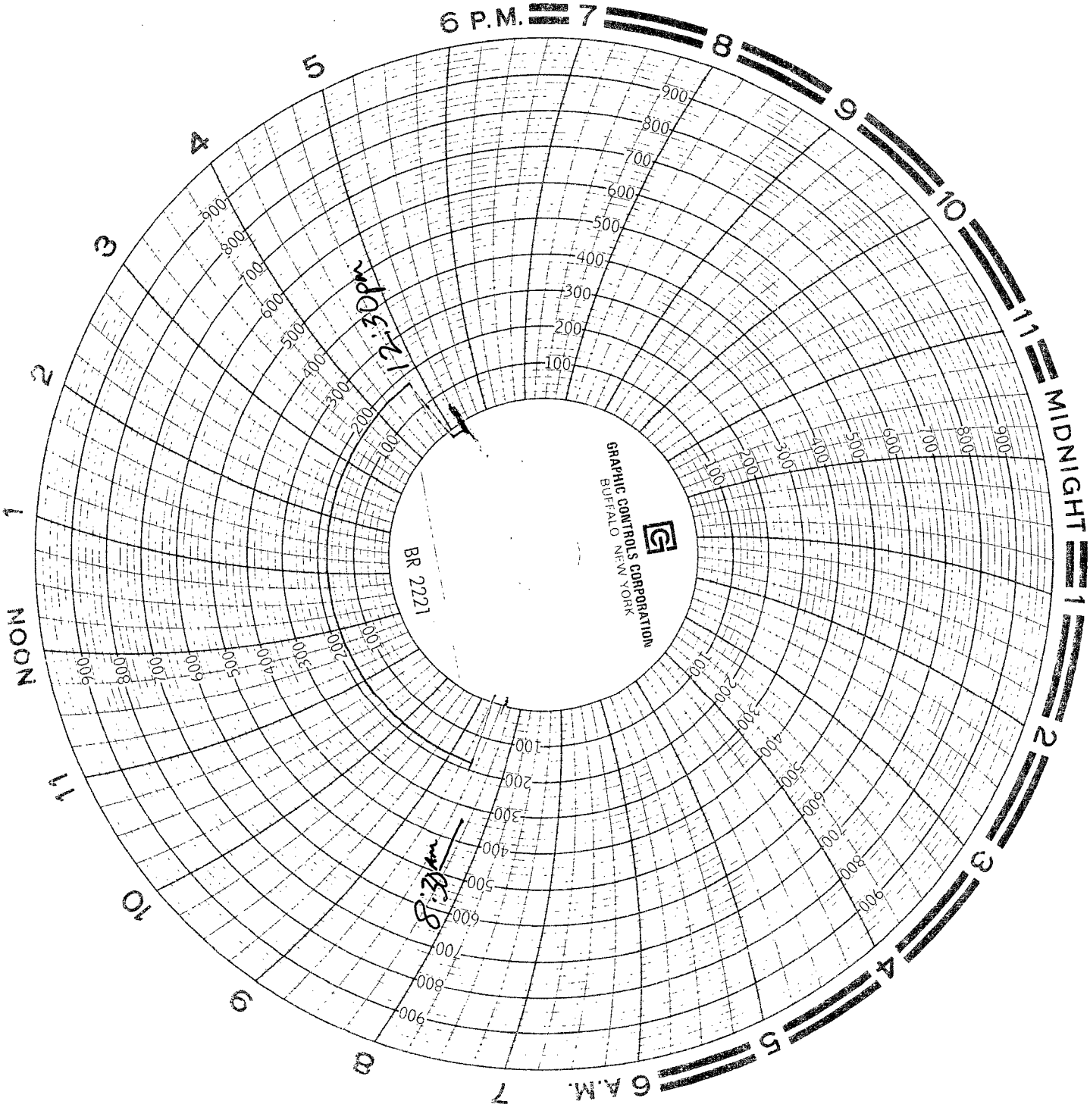
If you have any questions or if you need additional information please contact us at (505)885-6663.

Sincerely,

Kevin Wilson

Kevin Wilson
Operations Field Manager

API - 30-015-02036


6 P.M.
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GRAPHIC CONTROLS CORPORATION
BUFFALO NEW YORK
BR 2221
12:30pm
8:30am

Wildcat Measurement

Calibration Certificate

Pressure Recorder

Serial Number: 12137

Pressure Range 1000# **p.s.i. accuracy +/-** 0.2% **% Full Scale** _____ **p.s.i.** _____

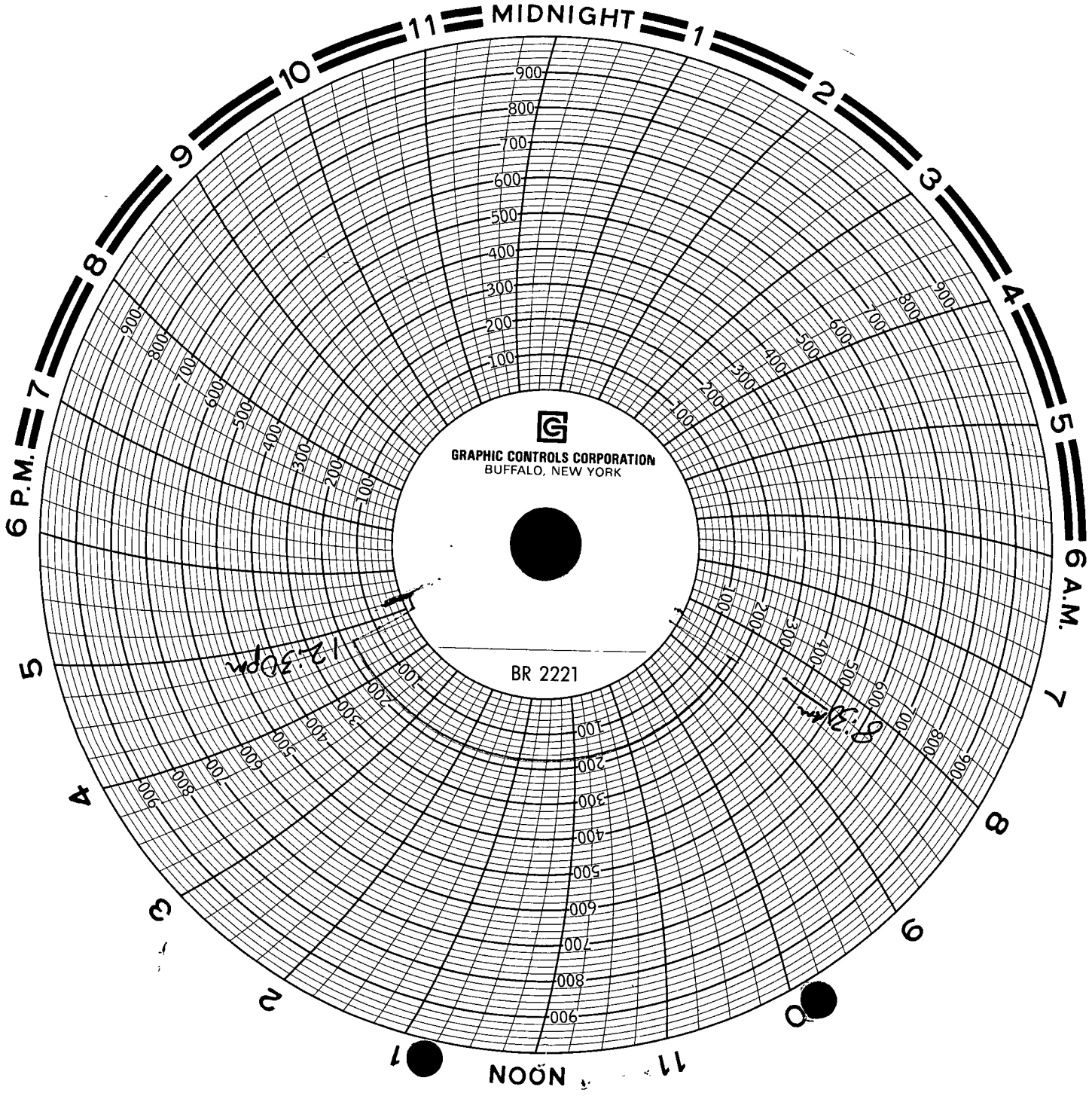
Increasing Pressure			Decreasing Pressure		
Applied Pressure	*Indicated Pressure*	*Difference*	*Applied Pressure*	*Indicated Pressure*	*Difference*
0.0#	0.0#	0.0#	800.0#	800.0#	0.0#
100.0#	100.0#	0.0#	600.0#	600.0#	0.0#
300.0#	300.0#	0.0#	400.0#	400.0#	0.0#
500.0#	500.0#	0.0#	200.0#	200.0#	0.0#
700.0#	700.0#	0.0#	0.0#	0.0#	0.0#
1000.0#	1000.0#	0.0#			

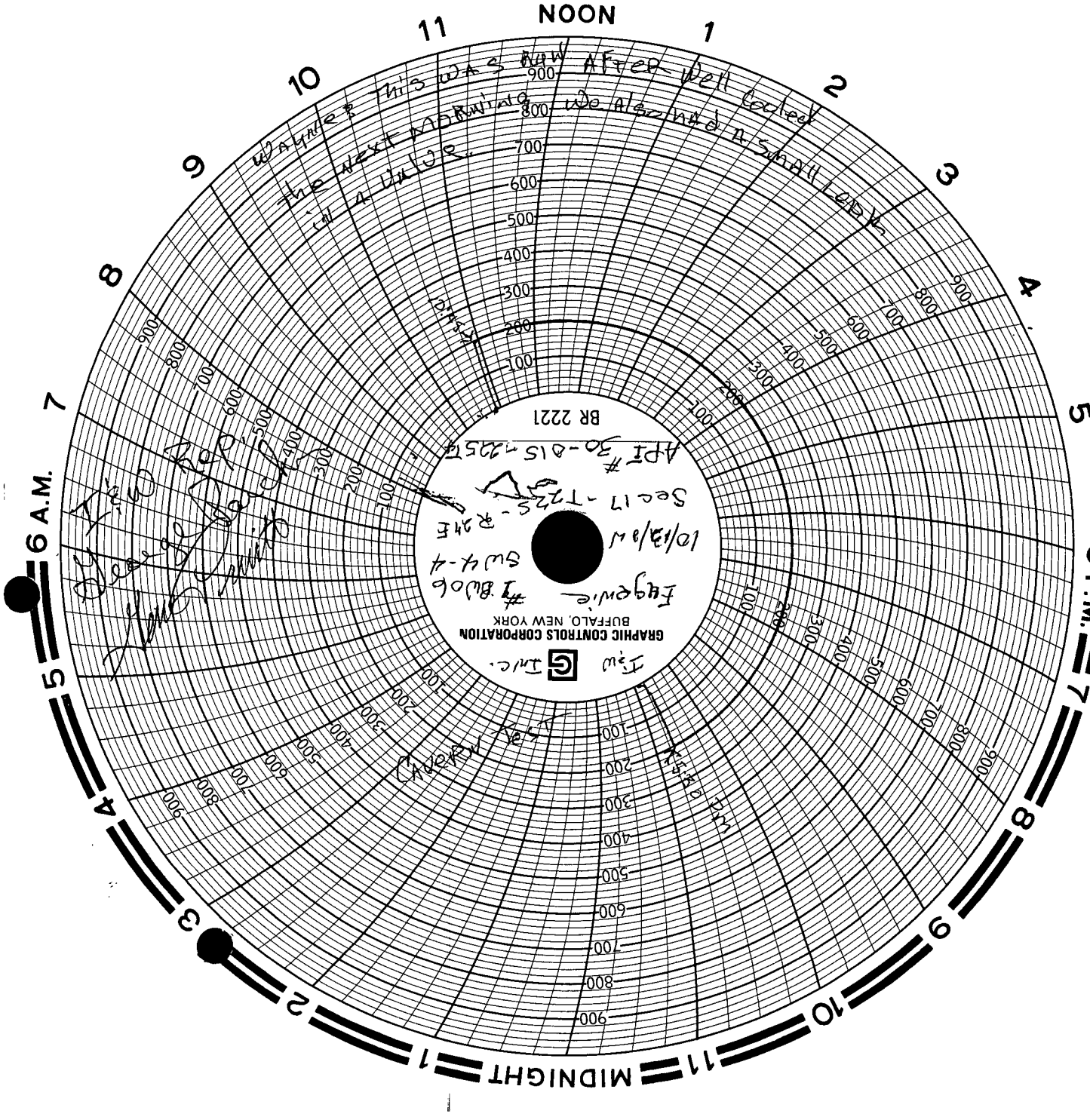
Calibrated By: Crystal **Gauge** **Deadweight** _____

This Is To Certify That This Recorder Has Been Inspected And Tested.

Remarks _____

Date Of Calibration 09-14-2005 **Inspector** _____


MIDNIGHT
NOON
6 P.M.
6 A.M.
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
BR 2221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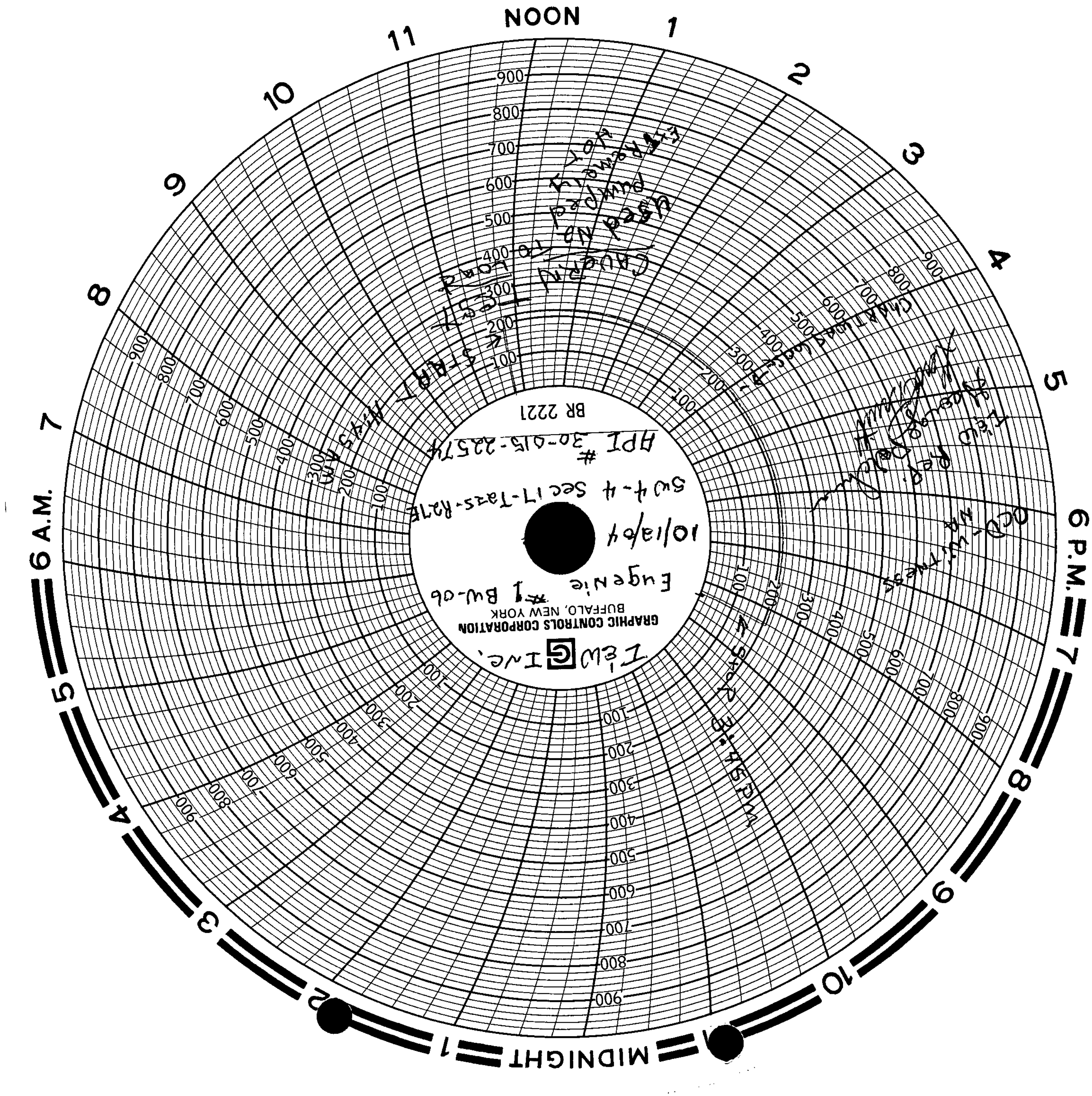
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
BR 2221



NOON
6 A.M.
6 P.M.
MIDNIGHT
BR 2221
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
API # 30-015-22574
Sw4-4 Sec 17-T23S-R27E
10/13/04
Eugenie #1 BW-06
Tew Inc.
S-RAT 11:45 AM
Caverns to used NB pumped Eng Remedy
Test
Chart Replace
OCD-No witness
4 Shr. 3:45 PM

Treatment Report (Energized)

Date: 12-OCT-04 District: Odessa Coiled Tubing F.Receipt: 395810074 Customer: I & W Inc
Lease: eugenie #1 Well Name: eugenie #1
Field: Location:
County: Eddy State: New Mexico Stage No: 1 Well API:

WELL DATA Well Type: OLD Well Class: WATER Depth TD/PB: 584 Formation:

Geometry Type	Tubular Type	OD	Weight	ID	Grade	Top	Bottom

Perf Intervals

Top	Bottom	SPF	Diameter

Packer Type Packer Depth FT

TREATMENT DATA

Fluid Type	Fluid Desc	Pumped Volume(Gals)	Prop. Description	Volume Pumped(Lbs)
			Total Prop Qty:	

LIQUID PUMPED AND CAPACITIES IN BBLS.

Tubing Cap.	
Casing Cap.	
Annular Cap.	
Open Hole Cap.	
Fluid to Load	
Pad Volume	
Treating Fluid	
Flush	
Overflush	
Fluid to Recover	
Total N_2	
Total CO_2	

Previous Treatment: Previous Production:
Foam Qual: Foam Type:
Hole Loaded With Treat Via: Tubing ☐ Casing ☐ Anul. ☐ Tubing & Anul. ☐
Ball Sealers: In Stages Type
Auxiliary Materials:

PROCEDURE SUMMARY

Time AM/PM	Treating Pressure-Psi		Surface Slurry BBLS. Pumped		Slurry Rate BPM	Total Surf. CO_2 Bbls Pumped	CO_2 Rate BPM	Total Surf. N_2 MSCF Pumped	N_2 Rate SCFM	DH Rate BPM	DH Foam Pumped	Comments
	STP	Annulus	Stage	Total								
06:00	0	0	0	0	0	0	0	0	0	0	0	AOL
06:15	0	0	0	0	0	0	0	0	0	0	0	HOLD SAFETY MEETING
07:15	0	0	0	0	0	0	0	0	0	0	0	RIG LINES TO WELLHEAD
08:05	165	0	0	0	0	0	0	0	2600	0	0	START N2
10:23	200	0	0	0	0	0	0	2750	3600	0	0	INCREASE RATE
12:05	225	0	0	0	0	0	0	5998	3600	0	0	shutdown achieved pressure

Treating Pressure	Injection Rates	Shut In Pressures	Customer Rep. GEORGE PARCHMA
Minimum	Treating Fluid	ISDP	BJ Rep. Randy Kennedy
Maximum	Flush	5 Min.	Job Number 395810074
Average	Average	10 Min.	Rec. ID No.
Operators Max. Pressure		15 Min.	Distribution
		Final In Min.	
		Flush Dens. lb./gal.	

Wildcat Measurement

Calibration Certificate

Pressure Recorder

Serial Number: 12137

Pressure Range 0-1000# **p.s.i. accuracy +/-** 0.2% **% Full Scale**_____ **p.s.i.**_____

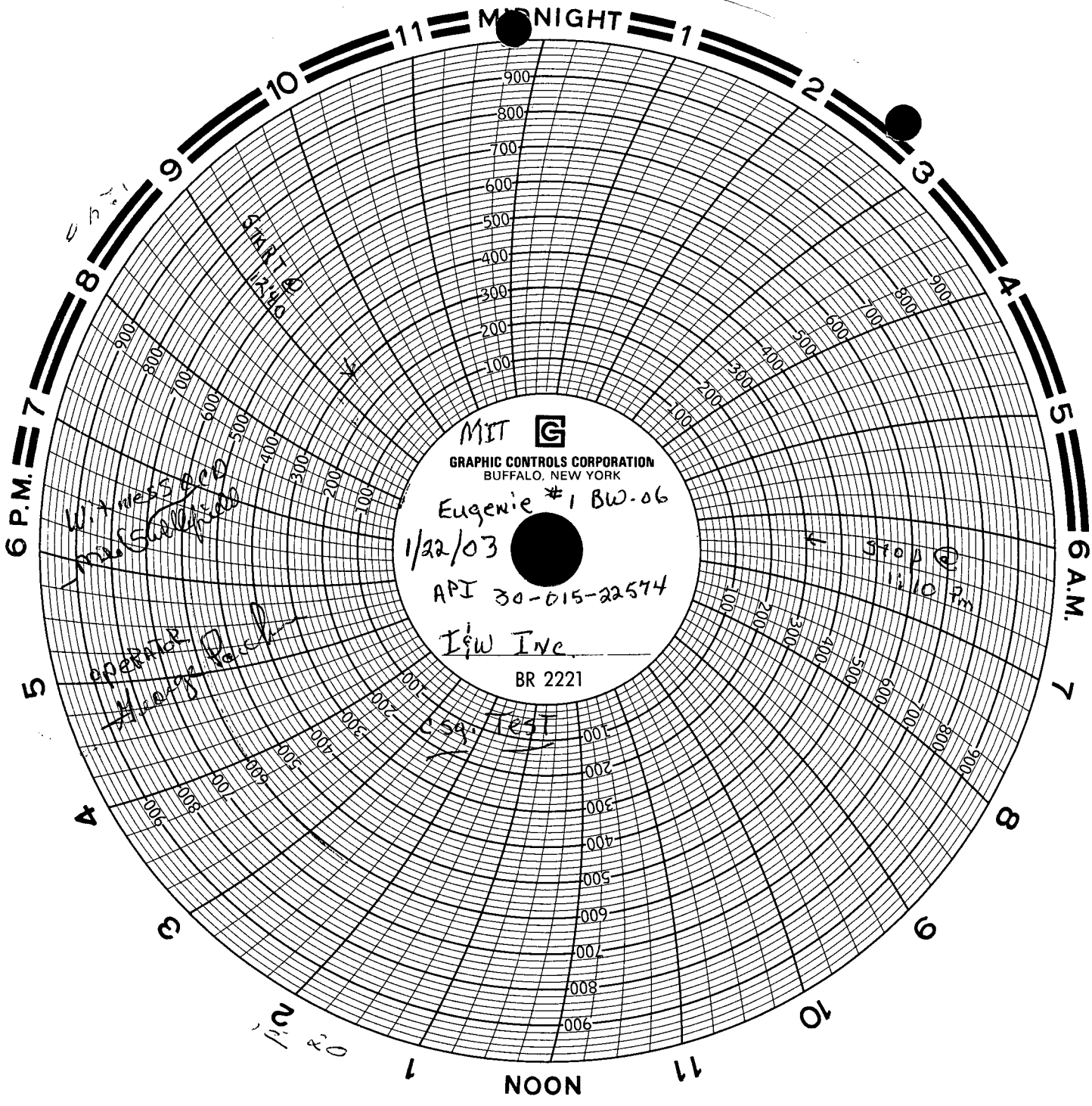
Increasing Pressure			Decreasing Pressure		
Applied Pressure	*Indicated Pressure*	*Difference*	*Applied Pressure*	*Indicated Pressure*	*Difference*
0.0#	0.0#	0.0	800.0#	800.0#	0.0
100.0#	100.0#	0.0	600.0#	600.0#	0.0
300.0#	300.0#	0.0	400.0#	400.0#	0.0
500.0#	500.0#	0.0	200.0#	200.0#	0.0
700.0#	700.0#	0.0	0.0#	0.0#	0.0
1000.0#	1000.0#	0.0			

Calibrated By: Crystal **Gauge** **Deadweight**_____

This Is To Certify That This Recorder Has Been Inspected And Tested.

Remarks_____

Date Of Calibration 08/13/2004 **Inspector**


MIDNIGHT
NOON
6 P.M.
6 A.M.
MIT
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
Eugenie #1 BW-06
1/22/03
API 30-015-22574
I&W Inc.
BR 2221
Witness BLM
Csg. Test
Start @ 11:40
Stop @ 1:10 PM

PAGE 1 OF

ORIGINAL TICKET 6780103

HALLIBURTON®

HALLIBURTON ENERGY SERVICES, INC.

BILL TO:
Jims Water Service
P O Box 1287
ADDRESS
Artesia, NM 88210
CITY, STATE, ZIP CODE

SHIP TO:
OWNER: Jims Water Service
WELL NUMBER: 1
COUNTY / PARISH: Eddy
LEASE NAME: Paige Well
WELL PERMIT NUMBER:
CITY / OFFSHORE LOCATION, STATE, ZIP CODE: Loco Hills, NM

TICKET TYPE	CUSTOMER P.O. NO.	HALLIBURTON ORDER NO.
☐ Service ☐ Sales ☒ Nitrogen		2138209
JOB DATE	**SALES OFFICE**	**PRIMARY SRVC LOCATION**
11-13-02	Midland	Odessa

JOB LOCATION	WELL TYPE	WELL CATEGORY	TECHNOLOGY	CONTRACTOR - RIG NAME / NO.
☒ Land ☐ Inland Waters ☐ State Waters ☐ Federal Waters	27	02	14101	

Reference	Description	QTY	U/M	QTY	U/M	Location	Unit Price	Amount
3567	Mileage	200	Mi	2	Unit		5.03	2012.00
3589	Pump Charge	1	Ea	1	Unit		1737.00	1737.00
82157	Pumping over 2 hours	-	Hrs	1	Unit		353.00	n/c
16261	Standby	50.00	Hrs	1	Unit		138.00	n/c
13459	Nitrogen	50,000	SCF				2.80	1400.00
3563	Transport (additional hrs)	1	Ea	1	Unit		152.00	n/c
11882	Overweight Permit	1	Ea	2	Unit		22.80	45.60
								5199.60
		1 (30% Account on				#5149	00)	1544.70

INVOICE INSTRUCTIONS

Tammy Stoneman

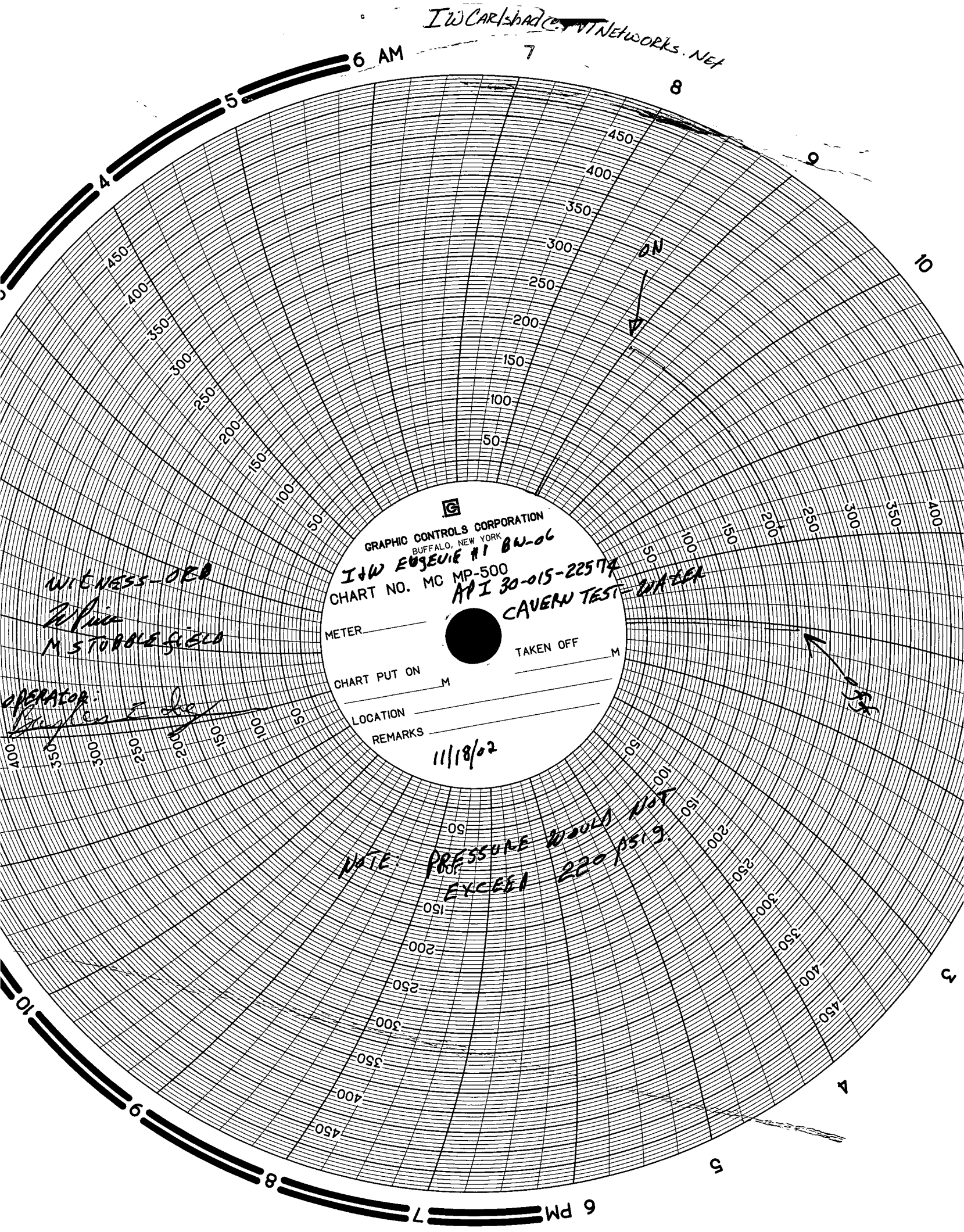
HALLIBURTON OPERATOR / ENGINEER: S Smith 10466

HALLIBURTON APPROVAL

PAGE TOTAL	3649.90
FROM CONTINUATION PAGE(S)	
SUB TOTAL applicable taxes will be added on invoice	

10895 SAP

CUSTOMER COPY


IW CARLSBAD
NETWORKS.NET
6 AM
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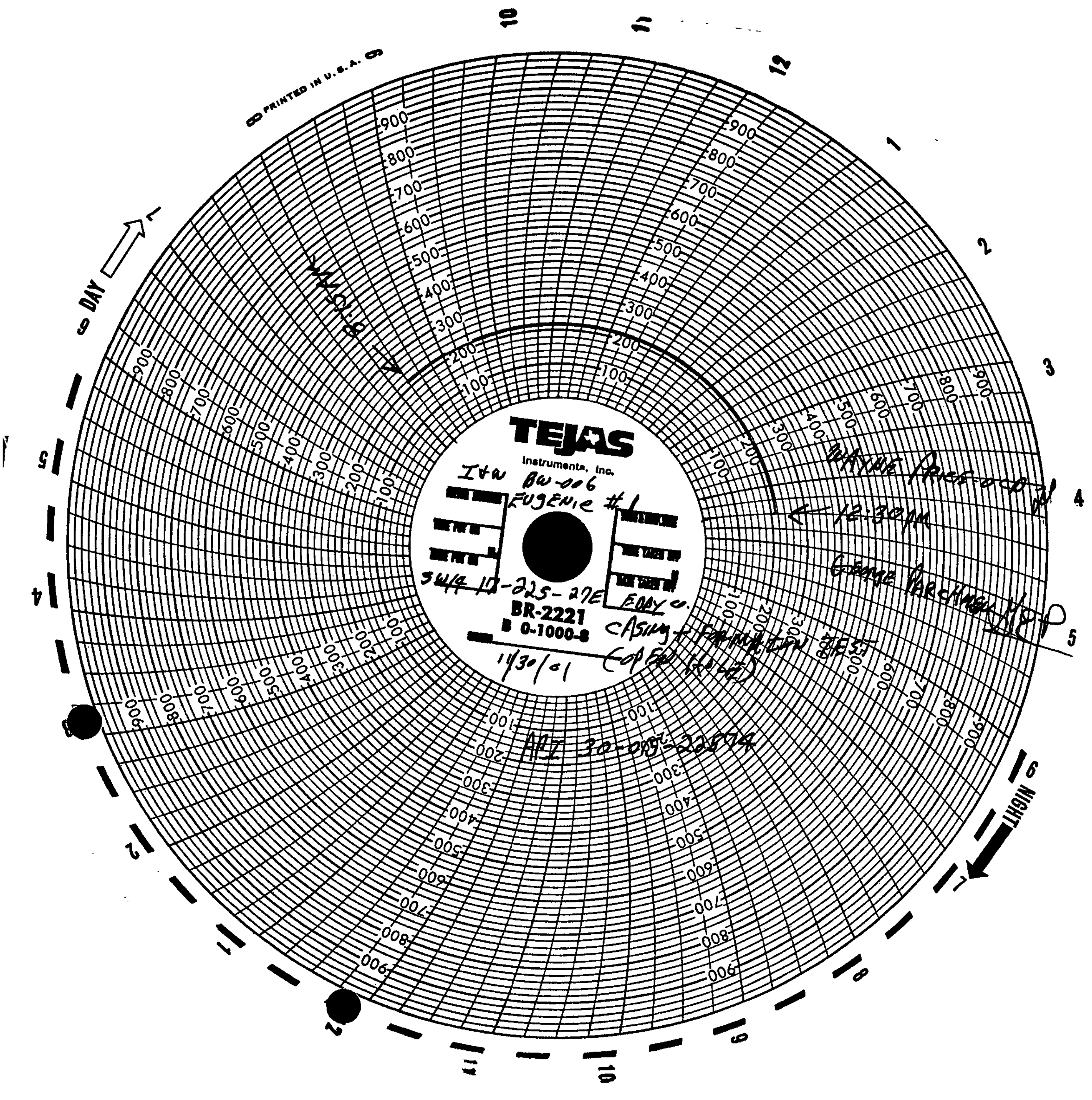
ON
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
I&W EUGENIE #1 BW-06
CHART NO. MC MP-500
API 30-015-22574
CAVERN TEST-WATER
METER
TAKEN OFF
M
CHART PUT ON
M
LOCATION
REMARKS
11/18/02
WITNESS-ORD
R. Price
M STUBBLEFIELD
OPERATOR:
NOTE: PRESSURE WOULD NOT
EXCEED 220 PSIG.



TEJAS
Instruments, Inc.
BR-2221
B 0-1000-8
PRINTED IN U.S.A.
DAY
NIGHT
EUGENIE #1
11/30/01
12:30PM
CASING + FORMATION TEST

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

State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
Revised March 25, 1999

WELL API NO.
30-015-22574

5. Indicate Type of Lease
STATE ☐ FEE ☐

6. State Oil & Gas Lease No.
BW-06

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

7. Lease Name or Unit Agreement Name:
Eugenie

1. Type of Well:
Oil Well ☐ Gas Well ☑ Other Brine Extraction Facility

2. Name of Operator
I & W, Inc.

8. Well No.
#1

3. Address of Operator
P.O. Box 1685

9. Pool name or Wildcat

4. Well Location

Unit Letter M : 995 feet from the South line and 641 feet from the West line.

Section 17 Township 225 Range 27E NMPM County: Eddy

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

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

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☑	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	PLUG AND ABANDONMENT	☐
PULL OR ALTER CASING	☐	MULTIPLE COMPLETION	☐	CASING TEST AND CEMENT JOB	☐		
OTHER:	☐			OTHER:	☐		

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

PROPOSAL: To pull the tubing on the Eugenie #1

Due to possible hole in the tubing causing the brine to become 9.7, instead of 10.1 lbs.

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

SIGNATURE George Parchaman TITLE Consultant DATE 01/07/03

Type or print name George E. Parchaman Telephone No. (505)885-6663

(This space for State use)

APPPROVED BY _____ TITLE _____ DATE _____

Conditions of approval, if any:

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

IMW, INC,
BW-06

October 20, 2001

CERTIFIED MAIL
RETURN RECEIPT NO. 5357 7492

Attention: Brine Well Operators

Re: Mechanical Integrity Testing of Brine Supply Wells

The Underground Injection Control Program of the Federal Safe Drinking Water Act requires that operators demonstrate mechanical integrity of all injection wells by ensuring there are no leaks in the tubing, casing, or packer. and injected/produced fluids are confined within the piping and injection zones.

The Oil Conservation Division (OCD) requires operators of brine supply wells to perform the following mechanical integrity test:

1. At least once every five years isolate the cavern formation from the casing/tubing annuals and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes. New brine wells and wells being worked over will have to be tested in this manner before operations begin.

2. Annually perform an open hole cavern formation pressure test by pressuring up the formation with fluids to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. However. no operator may exceed surface injection or test pressures that may cause formation fracturing or system failures. Systems requiring test pressures less than 300 psig or methods that use testing media other than fluids. i.e. gas, must be approved by OCD prior to testing. Brine supply wells operating with isolation packers will have to pressure test both the cavern formation and casing/tubing annuals.

Please find enclosed an "OCD Brine Well Test Schedule November 2001" and "Brine Well Test Procedure Guidance Document" for this November 26 through November 30, 2001. Please have your well ready for testing on the date and time you are scheduled. Please refer to the Well Test Schedule attached for the **Type of Test** you are scheduled to perform. You must receive prior OCD approval to alter the scheduled time or type of test.

What's New!! Please note that operators are required to have their pressure recording devices calibrated to 500 psig and 8-hour clock. See Guidance Document attached.

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 20, 2001

IRW, INC,
BW-06

CERTIFIED MAIL
RETURN RECEIPT NO. 5357 7492

Attention: Brine Well Operators

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Please find enclosed an "OCD Brine Well Test Schedule November 2001" and "Brine Well Test Procedure Guidance Document" for this November 26 through November 30, 2001. Please have your well ready for testing on the date and time you are scheduled. Please refer to the Well Test Schedule attached for the **Type of Test** you are scheduled to perform. You must receive prior OCD approval to alter the scheduled time or type of test.

What's New!! Please note that operators are required to have their pressure recording devices calibrated to 500 psig and 8-hour clock. See Guidance Document attached.

What's New!! All operators will provide to the OCD the maximum test pressure that will not cause formation fracturing or system failures.

Operators will be responsible for providing equipment and shall bear all costs incurred. All tests must be witnessed by the New Mexico Oil Conservation Division. Operators failing to abide by the procedures, type of test, and time schedules listed herein may be required to shut-in their systems until OCD has an opportunity to approve and witness testing.

If you require any further information or assistance please do not hesitate to write or call me at 505-476-3487 or E-mail WPRICE@state.nm.us.

Sincerely Yours,

Wayne Price- Senior Envr. Engr..
Environnemental Bureau

cc: OCD District Offices

Attachments- 1. OCD Brine Well Test Schedule November 2001
2. Brine Well Testing Procedure Guidance Document

Brine Well Testing Procedure Guidance Document

1) The cavern and all piping must be filled, pressured up and stabilized for a period of at least 24 hours prior to testing. If this test requires a packer then casing/tubing annulus must be loaded with inert fluid 24 hours prior to testing.

2) Have manpower and equipment available for pressure test. Wellhead shall be prepared for test and all valves and gauges should be in good working order.

3) Pumps, tanks, external lines etc. must be isolated from the wellhead during test.

4) A continuous recording pressure device with an 8-hour clock (min) shall be installed on the casing/tubing annulus. The pressure range shall not be greater than 500 psig. The operator must provide proof that the pressure-recording device has been calibrated within the past 6 months. **Note: Wells with packer installed: If this test requires both the casing/tubing annulus and cavern to be tested then two recording devices must be supplied or one recording device with two pins.**

5) A minimum of one pressure gauge shall be installed on the casing/tubing annulus.

6) OCD must witness the beginning of test (putting chart on) and ending of test (removing chart). At the end of test operator may be required to bleed-off well pressure to demonstrate recorder and gauge response.

7) The Operator will supply the following information on the pressure chart:

   A. Company Name, Well Name, API #, Legal Location.
   B. Test Procedure (1) Casing + Formation (2) Casing Test Only (3) Both (4) Other
   C. Testing Media: Water, Gas, Oil, Etc.
   D. Date, time started and ending.
   E. Name (printed) and signature of company representative and OCD Inspector

8) TEST ACCEPTANCE: The OCD will use the following criteria in determining if a well has passed the Mechanical Integrity Test:

   A. Passes if Zero Bleed-Off during the test.
   B. Passes if Final Test Pressure is within ± 1% of Starting Pressure, if approved by the OCD inspector.
   C. Fails if any Final Test Pressure is greater than ± 1% of Starting Pressure. Operators must investigate for leaks and demonstrate that mechanical integrity of the well(s) by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and injection zones. Wells shall not resume operations until approved by OCD.

Note: **OCD recognizes that different operations, well designs, formation characteristics and field conditions may cause variations in the above procedures. If operator wishes to make or anticipate changes please notify the OCD for approval. All operators are responsible to notify OCD of any procedure that may cause harm to the well system or formation. Please be advised that OCD approval does not relieve any operator of liability should operations result in pollution of surface water, groundwater, or the environment.**

OCD BRINE WELL TESTING SCHEDULE 2001 — OCD Contact Wayne Price cell 505-660-1067

Company	DP#	Facility Name		Date of Test	Start	Stop		Type of Test(s) Required	Contact Person	Telephone	FAX #/cell
		Crossroads Area									
Stearns Inc.	BW-013	Crossroads	Mon	26-Nov-01	12 noon	4:00 PM	2	Pressure test cavern	L.A. Stearns	1-505-675-2356	1-505-675-2339
		Loco Hills Area									
Marbob Brine Well	BW-029	M. Dodd "A" BW#1	Tue	27-Nov	9:00 AM	1:00 PM	2	Pressure test cavern	Doyle Davis	748-5975 cell	1-505-746-2523
Jims Water Ser.	BW-005	SE of Artesia	Tue	27-Nov	10:00 AM	2:00 PM	*	Pressure test cavern or casing	Sammy Stoneman	1-505-748-1352	1-505-746-3227
								* 1,2 or 3			
		Hobbs Area									
Key Energy	BW-018	Truckers #2 (Hobbs)	Wen	28-Nov-01	8:00 AM	12 noon	2	Pressure test cavern	Royce Crowell	(505) 393-9171	505-910-4185
Scurlock-Permian	BW-012	Hobbs Station	Wen	28-Nov-01	9:00 AM	1:00 PM	2	Pressure test cavern	Richard Lentz	505-392-8212	392-6988
Zia Transportation	BW-018	Salty Dog-Ark Jct	Wen	28-Nov-01	10:00 AM	2:00 PM	2	Pressure test cavern	Piter Bergstein	806-741-1080	
Marathon Brine St	BW-015	Marathon Road	Wen	28-Nov-01	11:30 AM	3:30 PM	1	Pressure Test Casing	CW Trainer		
		Eunice Area									
P&S Brine	BW-002	Eunice Brine Station	Thur	29-Nov-01	8:00 AM	12 noon	2	Pressure test cavern	Dink Prather	505-394-2545	394-2426
Key Simms-McCasland	BW-009A	Eunice Brine Station	Thur	29-Nov-01	9:00 AM	1:00 PM	2	Pressure test cavern	Royce Crowell	(505) 393-9171	505-910-4185
Yale E. Key (Old Goldstar)	BW-028	Eunice Brine Station	Thur	29-Nov-01	10:00 AM	2:00 PM	2	Pressure test cavern	Royce Crowell	1-505-394-2504	1-505-394-2560
		Carlsbad Area									
I & W	BW-06	Carlsbad -Euginie	Fri	30-Nov-01	8:00 AM	12 noon	2	Pressure test cavern	George Parchman	505-885-8883	885-8477
Key Energy-Carlsbad	BW-019	Rowland Truckers	Fri	30-Nov-01	9:00 AM	1:00 PM	2	Pressure test cavern	John Hutcheson	1-505-885-2053	cell 390-1833
Scurlock/Permian	BW-027 &27A	Carlsbad Brine St.	Fri	30-Nov-01	10:00 AM	2:00 PM	2	Pressure test cavern	Richard Lentz	505-392-8212	392-6988
		Wells Already Tested In 2001									
Gandy	BW-04	Wasserhund-Edison									
Gandy	BW-22	Tatum Brine St.									
Ray Westall	BW-21	Loco Hills Brine St.									
		Wells Being Repaired-									
Chaparral SWD	BW-25	Salado Brine #2- Jal									

Notes:

Type of Pressure Test:

1. Casing Test — Isolate cavern formation from the casing/tubing annuals and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes.
2. Open Hole Cavern Pressure Test — Open hole cavern formation pressure test by pressuring up the formation with fluid to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. Operators shall not exceed surface pressures that may cause formation fracturing or system failures. OCD prior to test shall approve test pressures below 300 psig and methods that use media other than fluids. Brine supply wells operating with packers will have to pressure both the cavern formation and casing/tubing annuals.
3. Others — Nitrogen-Brine Interface Test, Nitrogen Test, Etc.

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

October 20, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 5051 4409 I&W AW-006

Attention: Brine Well Operators

Re: Mechanical Integrity Testing of Brine Supply Wells

The Underground Injection Control Program of the Federal Safe Drinking Water Act requires that operators demonstrate mechanical integrity of all injection wells by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and injection zones.

The Oil Conservation Division (OCD) requires operators of brine supply wells to perform the following mechanical integrity tests:

1. At least once every five years isolate the cavern formation from the casing/tubing annuals and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes. New brine wells and wells being worked over will have to be tested in this manner before operations begin.

2. Annually perform an open hole cavern formation pressure test by pressuring up the formation with fluid to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. Operators shall not exceed surface pressures that may cause formation fracturing or system failures. OCD prior to test shall approve test pressures below 300 psig and methods that use media other than fluids. Brine supply wells operating with packers will have to pressure both the cavern formation and casing/tubing annuals.

Please find enclosed an "OCD Brine Well Test Schedule December 2000" and "Brine Well Test Procedure Guidance Document" for this December 8th through 18th 2000. Please have your well ready for testing on the date and time you are scheduled. Please refer to the Well Test Schedule attached for the **type of test** you are scheduled to perform. You must receive prior OCD approval to alter the scheduled time or type of test.

Operators will be responsible for providing equipment and shall bear all costs incurred. All tests must be witnessed by the New Mexico Oil Conservation Division. Operators failing to abide by the procedures, type of test, and time schedules listed herein may be required to shut-in their systems until OCD has an opportunity to approve and witness testing.

If you require any further information or assistance please do not hesitate to write or call me at (505-827-7155).

Sincerely Yours,

Wayne Price

Wayne Price-Pet. Engr. Spec.
Environmental Bureau

cc: OCD District Offices

Attachments- 1. OCD Brine Well Test Schedule December 2000.
2. Brine Well Testing Procedure Guidance Document.

OCD BRINE WELL TEST SCHEDULE December of 2000

Company	DP#	Facility Name	Date of Test	Start	Stop	Type of Test(s) Required	Contact Person	Telephone	FAX #
Marbob Brine Well	BW-029	M. Dodd "A" BW#1	December 08, 2000	1:00 PM	5:00 PM	2 Pressure test cavern	Doyle Davis Raye Miller	748-5975 cell 748-3303	1-505-746-2523
P&S Brine	BW-002	Eunice Eunice Water ST.	December 11, 2000	8 am	12 noon	2 Pressure test cavern	Paul Prather	1-505-394-2545	1-505-394-2426
Simms-McCasland	BW-009A	Eunice Brine Station	December 11, 2000	9:30 am	1:30 pm	2 Pressure test cavern	Bob Patterson	1-505-394-2581	1-505-394-2584
Salty Dog, Inc.	BW-008	Arkansas-Jct	December 11, 2000	11 am	3 pm	2 Pressure test cavern	Mr. Piter Bergstein Walter Brisco	1-806-741-1080	
Steams Inc.	BW-013	Crossroads	December 12, 2000	8:00 AM	12 noon	2 Pressure test cavern	L.A. Stearns	1-505-675-2356	1-505-675-2339
Gandy Corp.	BW-022	Tatum Water St.	December 12, 2000	9:00 AM	1:00 PM	2 Pressure test cavern	Larry Gandy	1-505-398-4960	cell 369-5721
Key Energy	BW-018	Truckers #2 (Hobbs)	December 12, 2000	10:30 AM	2:30 PM	2 Pressure test cavern	Pete Turner	1-505-397-4994	1-505-393-9023
I&W Trucking	BW-006 &6A	Carlsbad Yard	December 13, 2000	8:00 AM	12 noon	2 Pressure test cavern	George Parchman	1-505-885-6663	1-505-885-8477
Loco Hills Brine	BW-021	Loco Hills	December 13, 2000	1:30 PM	5:30 PM	2 Pressure test cavern	D. Maloney or R. Harris	1-505-677-2370	1-505-677-2361
Goldstar	BW-028	Eunice Brine Station	December 14, 2000	9:30 am	1:30 pm	2 Pressure test cavern	Royce Crowell	1-505-394-2504	1-505-394-2560
Quality Oil (Salado Brine Sales)	BW-025	Salado Brine St. #2	December 14, 2000	11am	3 pm	2 Pressure test cavern	see P&S		
Key Energy-Carlsbad	BW-019	Rowland Truckers	December 15, 2000	8:00 AM	12 noon	2 Pressure test cavern	John Hutcheson		1-505-887-3011
Scurlock/Permian	BW-027 &27A	Carlsbad Brine St.	December 15, 2000	9:00 AM	1:00 PM	2 Pressure test cavern	Jim Ephraim	1-713-672-8092	1-713-672-7609
Jims Water Ser.	BW-005	SE of Artesia	December 15, 2000	10:30 AM	2:30 PM	2 Pressure test cavern	Sammy Stoneman	1-505-748-1352	1-505-746-3227
Scurlock-Permian	BW-012	Hobbs Station	December 18, 2000	8:00 AM	12 noon	2 Pressure test cavern	Richard Lentz	1-505-392-8212	1-505-392-6988
Gandy- WasserHaun	BW-004	Buckeye St.	December 18, 2000	9:00 AM	1:00 PM	2 Pressure test cavern	Larry Gandy	1-505-398-4960	cell 369-5721

Notes:

Type of Pressure Test:

1 *Casing Test* — Isolate cavern formation from the casing/tubing annuals and hydrostatic fluid pressure test the casing at 300 psig for 30 minutes.

2 Open Hole Cavern Pressure Test — Open hole cavern formation pressure test by pressuring up the formation with fluid to one and one-half times the normal operating pressure or 300 psig whichever is greater for four hours. Operators shall not exceed surface pressures that may cause formation fracturing or system failures. OCD prior to test shall approve test pressures below 300 psig and methods that use media other than fluids. Brine supply wells operating with packers will have to pressure both the cavern formation and casing/tubing annuals.

3 Others — Nitrogen-Brine Interface Test, Nitrogen Test, Etc.

Brine Well Testing Procedure Guidance Document

1) The cavern and all piping must be filled, pressured up and stabilized for a period of at least 24 hours prior to testing. If this test requires or utilizes a packer then the casing/tubing annulus must be loaded with inert fluid 24 hours prior to testing.

2) Have manpower and equipment available for pressure test. Well head shall be prepared for test and all valves and gauges should be in good working order.

3) Pressure devices i.e pumps, truck pumps, etc. must be isolated from the well head during test.

4) A continuous recording pressure chart with an 8 hour clock shall be installed on the casing/tubing annulus, as directed by the OCD, with a pressure range of not greater than 500 psig. The operator must provide proof that pressure recording device has a range of 0-500 psig and has been calibrated within the past 6 months. Wells, with isolation packers installed, which requires both the casing/tubing annulus and cavern to be tested will require two recording devices or one recording device with two pins. Operators may utilize other types of pressure recording devices, such as electronic data loggers, etc., if approved by OCD.

5) A minimum of one pressure gage shall be installed in the system as directed by OCD.

6) OCD must witness the beginning of test (putting chart on) and ending of test (removing chart). At the end of test operator may be required to bleed-off pressure to demonstrate recorder response.

7) **The Operator will supply the following information on the pressure chart before starting test:**

   1. Company name, discharge plan #, well name and number, legal location UL, section, township, range and county.
   2. Type of Test: Open Hole, Casing Test, or Both.
   3. Date, time test started, time stop.
   4. Chart and Recorder information. (can be attached)
   5. Normal operating surface and formation fracture pressure. (can be attached)
   6. **After Test Completed:**
      Name (printed) and signature of company representative and OCD inspector.

Note: NMOCD recognizes that different operations, well constructions, well designs and field conditions may cause variations in the above procedures. Operator is responsible to notify OCD of any procedure that may cause harm to the well or formation. If operator wishes to make or anticipate changes you must notify the OCD for approval.

D & L Meters & Instrument Service, Inc.
P.O. Box 1621
Lovington, NM 88260
(505) 396-3715 FAX (505) 396-5812

BLOW-OUT PREVENTERS
FLUID CONTAINMENT SYSTEMS

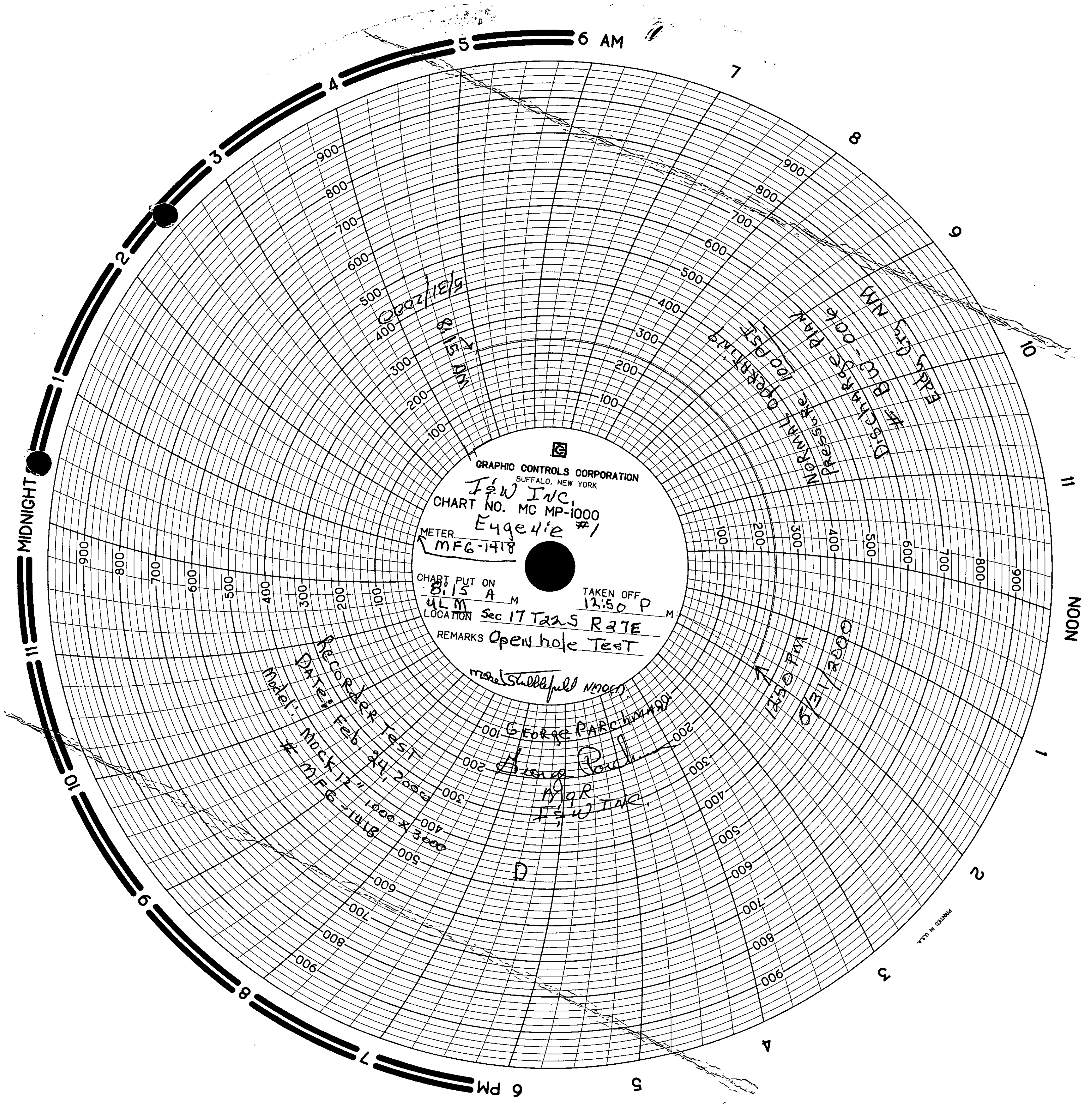
Thursday, February 24, 2000

Certification of Pressure Recorder Test:

Model: Mock 12" 1000# x 3000# Pressure Recorder
Serial #: MFG-1418

This Pressure Recorder was tested at midrange for accuracy and verified within +-5% and –5% for both 1000# and 3000# Pressure Elements.

Jesse Arenivas, Technician


GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
I&W INC,
CHART NO. MC MP-1000
Eugenie #1
METER MFG-1418
CHART PUT ON 8:15 A M
TAKEN OFF 12:50 P M
ULM
LOCATION Sec 17 T22S R27E
REMARKS Open hole Test
George Parchman
Mgr.
I&W Inc.
Recorder Test
Date: Feb. 24, 2000
Model: Mock 12" 1000 x 3000
MFG-1418
5/31/2000
8:15 AM
Normal operating 100 PSI
Discharge Pressure
Eddy Cty NM
12:50 PM
5/31/2000
6 AM
NOON
6 PM
MIDNIGHT
PRINTED IN U.S.A.

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

Fax: 1-505-885-8477

October 19, 1999

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

Re: Mechanical Integrity Testing of Brine Supply Wells.

This is a reminder that New Mexico Oil Conservation Division (NMOCD) will be witnessing mechanical integrity test for all brine supply wells during the time period between October 25 through November 2, 1999. A schedule was sent to each operator on September 11, 1999.

Please have your well ready for testing on the date and time you are scheduled. If there is some emergency which interferes with the scheduled date and time please call and notify NMOCD.

Failure to notify NMOCD may result in your operations being suspended until testing is complete.

If you require any further information or assistance please do not hesitate to write or call me at (505-827-7155) or notify Mr. Roger Anderson at (505-827-7152).

Sincerely Yours,

Wayne Price-Pet. Engr. Spec.
Environmental Bureau

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 11, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. Z 357 870 146

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

Re: Mechanical Integrity Testing of Brine Supply Wells

Dear Mr. George Parchman:

The Underground Injection Control Program of the Federal Safe Drinking Water Act requires that operators demonstrate mechanical integrity of all injection wells by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and injection zones.

The Oil Conservation Division (OCD) requires operators of brine supply wells to perform the following mechanical integrity test:

1. At least once every five years isolate the cavern formation from the casing/tubing annuals and pressure test the casing at 300 psig for 30 minutes. New brine wells and wells being worked over will have to be tested in this manner before operations begin.

2. Annually perform an open hole cavern formation pressure test by pressuring up the formation one and one-half times the normal operating pressure (not to exceed formation fracture pressure) or 300 psig whichever is greater for four hours. Brine supply wells operating with packers will have to pressure both the cavern formation and casing/tubing annuals.

Please find enclosed an OCD Brine Well Test Schedule and Test Procedure for this Fall October 25, 1999 through November 2, 1999. Please have your well ready for testing on the date and time you are schedule. Operators will be responsible for providing equipment and shall bear all costs incurred. All test must be witnessed by the New Mexico Oil Conservation Division.

If you require any further information or assistance please do not hesitate to write or call me at (505-827-7155).

Sincerely Yours,

Wayne Price-Pet. Engr. Spec.
Environmental Bureau

cc: OCD District Offices
attachments- OCD Brine Well Test Schedule & Brine Well Testing Procedure Guidance Document

OCD BRINE WELL TEST SCHEDULE FALL OF 1999

Company		DP#	Facility Name	Date of Test	Start	Stop	Type of Test(s) Required
P&S Brine	**	BW-002	Eunice Eunice Water ST.	October 25 1999	8 am	12 noon	Isolate cavern & pressure test casing + Cavern survey***
Simms-McCasland	**	BW-009A	Eunice Brine Station	October 25 1999	9:30 am	1:30 pm	Isolate cavern & pressure test casing + Cavern survey***
Goldstar		BW-028	Eunice Brine Station	October 25 1999	11 am	3 pm	Pressure test cavern
Key Energy	**	BW-018	Rowland Truckers #2	October 26 1999	8 am	12 noon	Pressure test cavern + Cavern survey***
Scurlock-Permian	**	BW-012	Hobbs Station	October 26 1999	9:30 am	1:30 pm	Isolate cavern & pressure test casing + Cavern survey***
Salty Dog, Inc.	**	BW-008	Arkansas-Jct	October 26 1999	11 am	3 pm	Pressure test cavern + Cavern survey***
Quality Oil (Salado Brine Sales)	**	BW-025	Salado Brine St. #2	October 27 1999	8 am	12 noon	Isolate cavern & pressure test casing + Cavern survey***
Conoco	**	BW-001	Warren -McKee #3	October 27 1999	1:30 pm	5:30 pm	Isolate cavern & pressure test casing
Conoco	**	BW-001	Warren -McKee #4	October 27 1999	1:30 pm	5:30 pm	Isolate cavern & pressure test casing
[illegible]ality Brine		BW-022	Tatum Water St.	October 28 1999	9 am	1 pm	Pressure test cavern
Kenneth Tank Service		BW-013	Crossroads	October 28 1999	11 am	3 pm	Pressure test cavern
WasserHaun		BW-004	Buckeye	October 29 1999	9 am	1 pm	Pressure test cavern
Marathon Brine St.		BW-015	Marthon Road	October 29 1999	11 am	3 pm	Pressure test cavern
Loco Hills Brine		BW-021	Loco Hills	November 1 1999	9 am	1 pm	Pressure test cavern
Jims Water Ser.		BW-005	SE of Artesia	November 1 1999	11 am	3 pm	Pressure test cavern
J&W Trucking		BW-006 &6A	Carlsbad Yard	November 2 1999	8 am	12 noon	Pressure test cavern
Key Energy-Carlsbad		BW-019	Rowland Truckers	November 2 1999	9:30 am	1:30 pm	Pressure test cavern
Scurlock/Permian	**	BW-027 &27A	Carlsbad Brine St.	November 2 1999	11 am	3 pm	Isolate cavern & pressure test casing + Cavern survey***

Notes:

** Discharge Plan up for renewal

*** Cavern Surveys are Discharge Plan Requirments Companies have the option to perform now are at a later date approved by OCD.

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

Brine Well Testing Procedure Guidance Document

1) The cavern and all piping must be filled, pressured up and stabilized for a period of at least 24 hours prior to testing. If this test requires a packer then casing/tubing annulus must be loaded with inert fluid 24 hours prior to testing.

2) Have manpower and equipment available for pressure test. Well head shall be prepared for test and all valves and gauges should be in good working order.

3) Pressure devices i.e pumps, truck pumps, etc. must be isolated from the well head before and during test.

4) A continuous recording pressure chart with an 8 hour clock shall be installed on the casing/tubing annulus. The pressure range shall not be greater than 1,000 psig. The operator must provide proof that the recording device has been calibrated within the past 6 months. **Note: Wells with packer installed: If this test requires both the casing/tubing annulus and cavern to be tested then two recording devices must be supplied or one recording device with two pins.**

5) A minimum of one pressure gage shall be installed in the system.

6) OCD must witness the beginning of test (putting chart on) and ending of test (removing chart). At the end of test operator shall bleed-off pressure by 10% to demonstrate recorder response.

7) The following information shall be place on the chart:

   1. Date, time test started, time stop.
   2. Company name, Discharge Plan #, well name and number, legal location UL, section, township, range and county.
   3. Type of Test; Open hole, Casing Test, or Both.
   4. Printed name and signature of company representative and OCD representative.

Note: NMOCD recognizes that different operations, well constructions and field conditions may cause variations in the above procedures. If operator wishes to make or anticipate changes please notify the OCD for approval.

6 AM

MIDNIGHT

NOON

6 PM

I 40 Brine
17-22-27
Eugene #1

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

CHART NO. MC MP-1000

METER

CHART PUT ON _____ M

TAKEN OFF _____ M

LOCATION

REMARKS 9/20/77 5:00 AM

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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

November 25, 1997

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

RE: Mechanical Integrity Testing of Brine Supply Wells

Dear Mr. George Parchman:

Enclosed is a copy of the mechanical integrity test conducted on your brine well. Please retain this copy for your records.

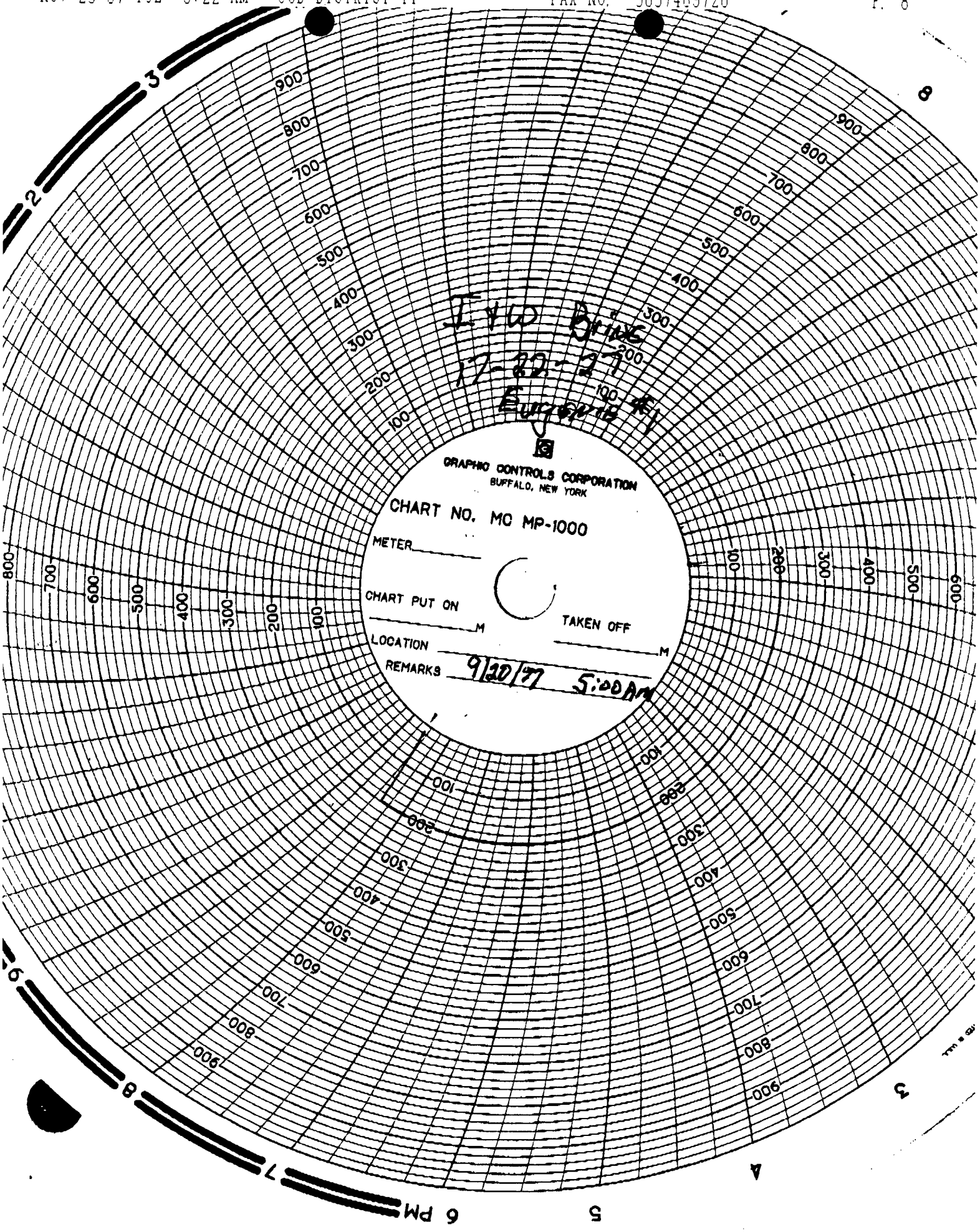
As a condition of discharge plan approval, all brine facilities are required to submit a quarterly report listing, by month, the volumes of fluids injected and produced. The reports received by the New Mexico Oil Conservation Division (OCD) have not been by month. Please correct the next quarterly report to reflect monthly figures.

On behalf of the OCD, I would like to thank you for your time and cooperation during the testing. If you have any questions, please contact me at (505) 827-7155.

Sincerely,

Mark Ashley
Geologist

Attachment


GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
CHART NO. MC MP-1000
METER
CHART PUT ON
TAKEN OFF
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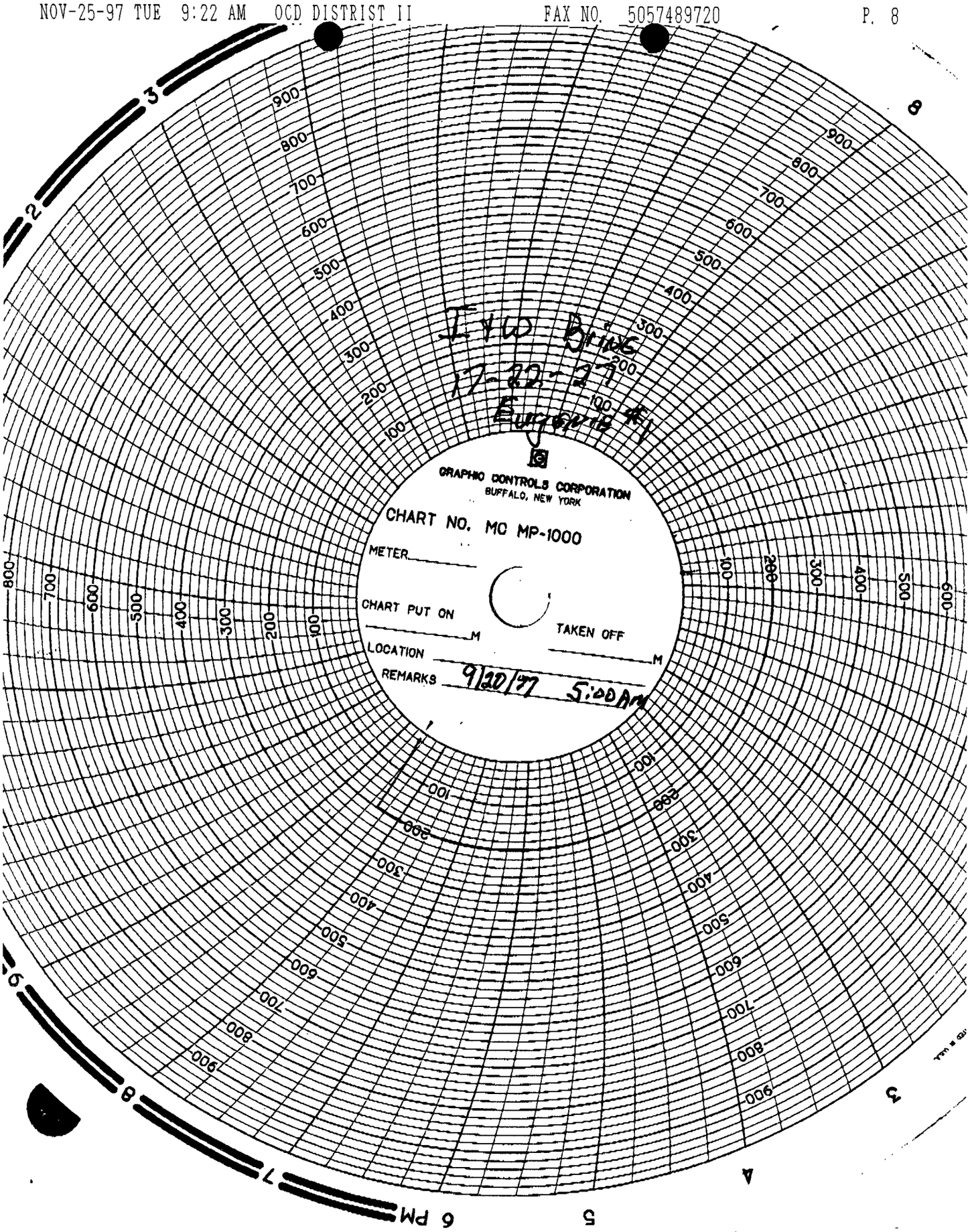
LOCATION
REMARKS
9/20/97 5:00 AM
6 PM


T-Y-D Brines
11-22-97
Eunice #1
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
CHART NO. MC MP-1000
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LOCATION
REMARKS 9/20/97 5:00 PM
6 PM

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 12, 1997

Certified Mail
Return Receipt No. P-288-258-953

Mr. George Parchman
I & W, Inc.
P.O. Box 98
Loco Hills, New Mexico 88255

RE: Mechanical Integrity Testing of Brine Supply Wells
Annual Test
Eugenie Brine Extraction Facility BW-006
Eddy County, New Mexico

Dear Mr. Parchman:

The Underground Injection Control Program of the Federal Safe Drinking Water Act requires that operators demonstrate mechanical integrity of all injection wells by ensuring that there are no leaks in the tubing, casing, or packer, and that the injected fluid is confined within the injection zone through proper cementing.

All brine wells that operate without a packer will be required to have an annual open hole pressure test equal to 1.5 times the normal operating pressure or 300 psi, whichever is greater, for four hours with a maximum of 10 percent bleed-off allowed. Every five years or at the time of discharge plan renewals they will be required to have an open hole pressure test equal to 1.5 times the normal operating pressure or 300 psi, whichever is greater, for four hours with zero bleed-off.

All brine wells that operate with a packer will be required to have an annual casing/tubing annulus pressure test equal to 300 psi for 30 minutes.

Operators will be responsible for providing equipment and shall bear all costs incurred. The date and time of all tests will be scheduled and witnessed by the New Mexico Oil Conservation Division.

Please have your wells ready for testing on September 18, 1997 at 8:00 AM as outlined below.

For brine wells operating without a packer:

1) The cavern must be pressured up and stabilized for a period of at least 24 hours prior to testing.

2) The system shall be tested to 1.5 times the normal operating pressure or 300 psi, whichever is greater, for a period of four hours. A maximum of 10 percent bleed-off will be allowed for annual tests. Testing conducted every five years or at the time of discharge plan renewal will have zero bleed-off.

3) A continuous recording pressure chart with an 8 hour clock shall be installed on the casing/tubing annulus. The pressure range shall not be greater than 1,000 psi.

4) Have well head prepared for test. All valves should be in good working order.

5) All gauges shall be in good working order.

6) Have manpower and equipment available for pressure test.

For brine wells operating with a packer:

1) Have the casing/tubing annulus and tubing loaded with inert fluid prior to testing.

2) The casing/tubing annulus shall be tested to 300 psi for 30 minutes.

3) A continuous recording pressure chart with an 8 hour clock shall be installed on the casing/tubing annulus. The pressure range shall not be greater than 1,000 psi.

4) Have well head prepared for test. All valves should be in good working order.

5) All gauges shall be in good working order.

6) Have manpower and equipment available for pressure test.

If you have any questions regarding this matter, please feel free to contact me at (505) 827-7155.

Sincerely,

Mark Ashley
Geologist

P 288 258 953

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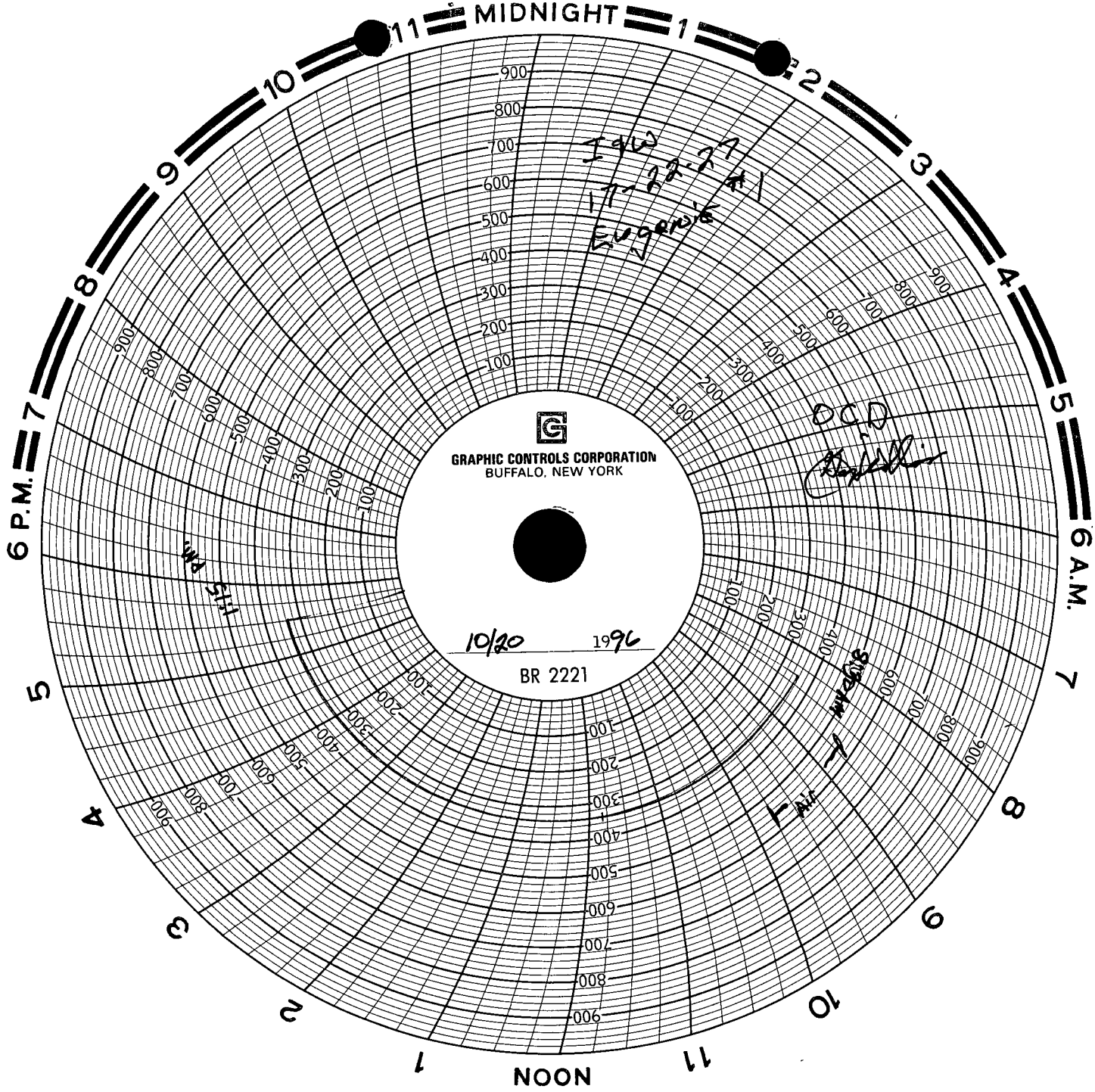
PS Form **3800**, April 1995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BUFFALO, NEW YORK
10/20
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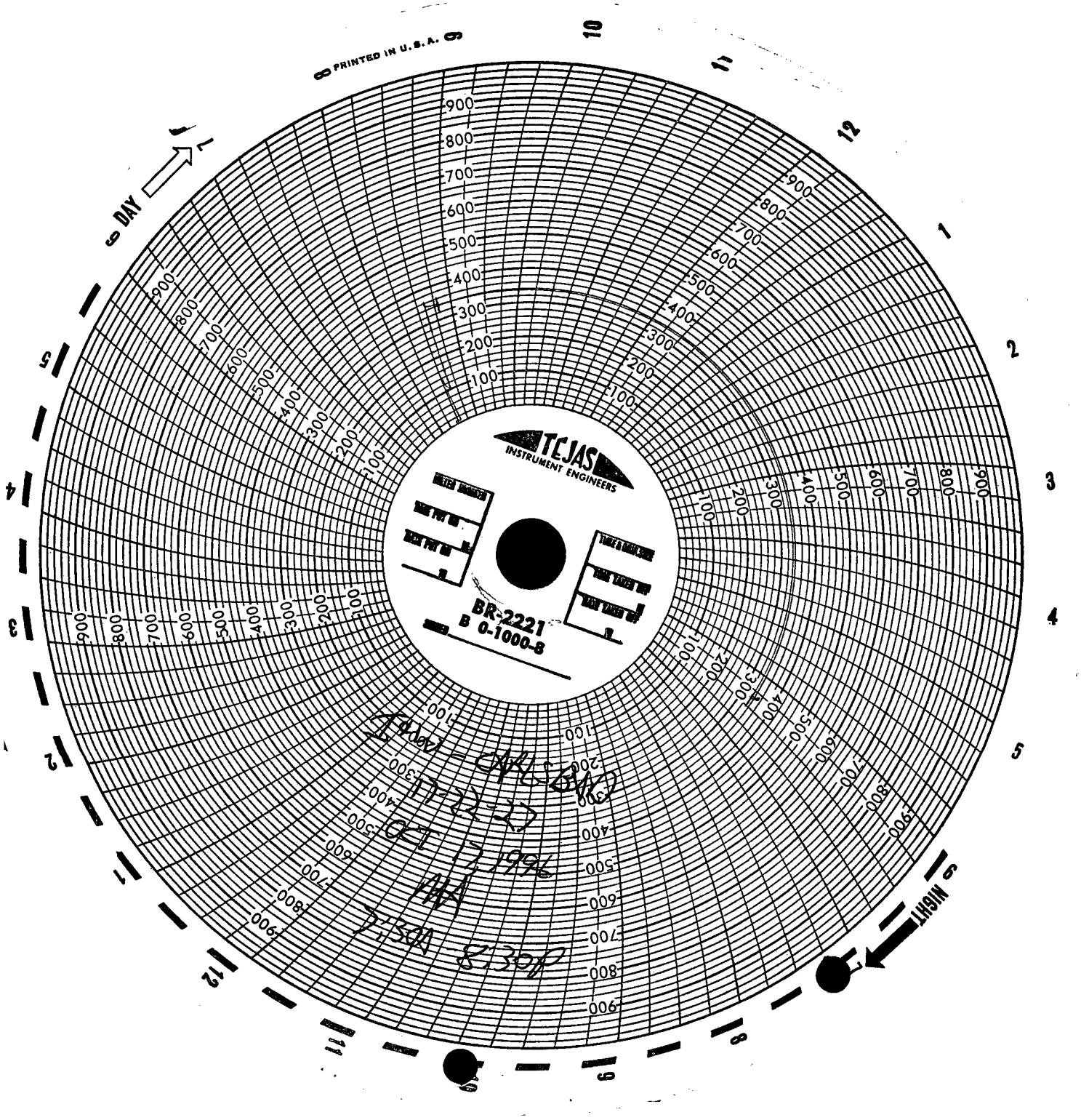
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NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

August 16, 1996

Certified Mail
Return Receipt No. Z-765-962-972

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

RE: Mechanical Integrity Testing of Brine Supply Wells
Discharge Plan Renewal Test
Eugenie Brine Extraction Facility BW-006
Eddy County, New Mexico

Dear Mr. Parchman:

The Underground Injection Control Program of the Federal Safe Drinking Water Act requires that operators demonstrate mechanical integrity of all injection wells by ensuring that there are no leaks in the tubing, casing, or packer, and that the injected fluid is confined within the injection zone through proper cementing.

All brine wells that operate without a packer will be required to have an annual open hole pressure test equal to 1.5 times the normal operating pressure or 300 psig, whichever is greater, for four hours with a maximum of 10 percent bleed-off allowed. Every five years or at the time of discharge plan renewals they will be required to have an open hole pressure test equal to 1.5 times the normal operating pressure or 300 psig, whichever is greater, for four hours with zero bleed-off.

All brine wells that operate with a packer will be required to have an annual casing/tubing annulus pressure test equal to 1.5 times the normal operating pressure or 300 psig, whichever is greater, for four hours.

Operators will be responsible for providing equipment and shall bear all costs incurred. The date and time of all tests will be scheduled and witnessed by the New Mexico Oil Conservation Division.

Please have your wells ready for testing on September 16, 1996 at 7:00 AM as outlined below.

For brine wells operating without a packer:

1) The cavern must be pressured up and stabilized for a period of at least 24 hours prior to testing.

2) The system shall be tested to 1.5 times the normal operating pressure or 300 psig, whichever is greater, for a period of four hours. A maximum of 10 percent bleed-off will be allowed for annual tests. Testing conducted every five years or at the time of discharge plan renewal will have zero bleed-off.

3) A continuous recording pressure chart with an 8 hour clock shall be installed on both the casing/tubing annulus and tubing. The pressure range shall not be greater than 1,000 psig.

4) Have well head prepared for test. All valves should be in good working order. All casing/tubing annulus and tubing valves shall be open.

5) All gauges shall be in good working order.

6) Have manpower and equipment available for pressure test.

For brine wells operating with a packer:

1) Have the casing/tubing annulus and tubing loaded with inert fluid prior to testing.

2) The casing/tubing annulus shall be tested to 1.5 times the normal operating pressure or 300 psig, whichever is greater, for four hours.

3) A continuous recording pressure chart with an 8 hour clock shall be installed on the casing/tubing annulus. The pressure range shall not be greater than 1,000 psig.

4) Have well head prepared for test. All valves should be in good working order.

5) All gauges shall be in good working order.

6) Have manpower and equipment available for pressure test.

If you have any questions regarding this matter, please feel free to contact me at (505) 827-7155.

Sincerely,

Mark Ashley
Geologist

Z 765 962 972

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PS Form **3800**, March 1993