

BW - _____9_____

**GENERAL
CORRESPONDENCE**

YEAR(S):

2008 - Present

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, October 14, 2008 10:27 AM
To: Chavez, Carl J, EMNRD; 'Philliber, Mark'; Price, Wayne, EMNRD
Cc: 'Shelton, Jack'; Hill, Larry, EMNRD; Sanchez, Daniel J., EMNRD; Macquesten, Gail, EMNRD
Subject: RE: Key Energy Brine well PA G.P. Sims No. 2 Brine Well (BW-9)

Mr. Philliber:

Please complete the plug and abandonment items with attachments in the OCD C-103 approved and signed on October 7, 2008 within 60 days of today's date or by December 15, 2008. You may recall that the OCD had recognized June 4, 2008 to be the date the well was deemed in violation of its MIT requirement and had allowed a 90 day period or by September 4, 2008 for corrective action, and in this case plug and abandonment to be completed.

Please contact me if you have questions. Thank you.

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

From: Chavez, Carl J, EMNRD
Sent: Tuesday, October 07, 2008 3:57 PM
To: 'Philliber, Mark'; Price, Wayne, EMNRD
Cc: Shelton, Jack; Hill, Larry, EMNRD
Subject: RE: Key Energy Brine well PA G.P. Sims No. 2 Brine Well (BW-9)

Mark, Jack, et. al:

Please find attached the OCD's signed C-103 with conditions.

Please contact me if you have questions. Thank you.

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

From: Philliber, Mark [<mailto:mphilliber@keyenergy.com>]
Sent: Monday, October 06, 2008 8:59 AM
To: Chavez, Carl J, EMNRD; Price, Wayne, EMNRD
Cc: Shelton, Jack

10/20/2008

Subject: FW: Key Energy Brine well PA

Carl,

In June, we had Sonarwire out here to run a sonar survey on the Sims well but encountered a tight spot in the casing at 1100'. We worked on the well for about a week and milled on the tight spot for several days but were unable to get past this point into the cavern so we were not able to run the survey.

Thank you,

Mark Philliber | Key Energy Services | SWD Compliance Coordinator | Corporate Environmental

6 Desta Drive, Suite 4400, Midland, TX 79705 | o: 432.571.7203 | c: 432.770.5064 | e: mphiliber@keyenergy.com

-----Original Message-----

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]

Sent: Monday, October 06, 2008 9:05 AM

To: Shelton, Jack; Price, Wayne, EMNRD

Cc: Philliber, Mark; Hill, Larry, EMNRD

Subject: RE: Key Energy Brine well PA

Jack:

Once the OCD- Environmental Bureau (EB) receives the signed C-103, Wayne Price will sign it and approve it with conditions (see below). I will scan the signed C-103 and send it back to you upon receipt.

C-103 G.P. Sims No. 2 (BW-9)

API# 30-025-25525

Conditions of Approval

- 1) A sonar test of the salt cavern is required in advance of plugging and abandoning the well.
- 2) Cement must be circulated back to surface under adequate pressure.
- 3) At least 290 sks of Class "C" Cement from CIBP Setting Depth of 1154' to surface is required.
- 4) Install a plug and abandonment marker.
- 5) Final C-103 Form shall be submitted within 30 days of plug and abandonment with final construction details.

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491

10/20/2008

Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Shelton, Jack [<mailto:jshelton@keyenergy.com>]
Sent: Monday, October 06, 2008 7:56 AM
To: Chavez, Carl J, EMNRD; Price, Wayne, EMNRD
Cc: Philliber, Mark; Hill, Larry, EMNRD
Subject: RE: Key Energy Brine well PA

Mr. Chavez, I sent the signed copies Fed Ex on Friday to you, should be delivered today.

If I need to send to OCD in Hobbs I will but I talked to Buddy Hill with OCD and he told me to send them to you.

Thanks Jack

Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

-----Original Message-----

From: Chavez, Carl J, EMNRD [<mailto:CarlJ.Chavez@state.nm.us>]
Sent: Friday, October 03, 2008 5:13 PM
To: Price, Wayne, EMNRD
Cc: Shelton, Jack; Philliber, Mark; Hill, Larry, EMNRD
Subject: RE: Key Energy Brine well PA

Wayne:

The C-103 was not signed the Key Agent. The OCD needs a signed C-103. Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
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1220 South St. Francis Dr., Santa Fe, New Mexico 87505
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E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Price, Wayne, EMNRD
Sent: Thursday, October 02, 2008 9:51 AM
To: Chavez, Carl J, EMNRD
Subject: FW: Key Energy Brine well PA

From: Shelton, Jack [<mailto:jshelton@keyenergy.com>]
Sent: Tuesday, September 30, 2008 1:01 PM
To: Price, Wayne, EMNRD

10/20/2008

Cc: Philliber, Mark

Subject: Key Energy Brine well PA

Hello Mr. Price, I have completed the C-103 and will mail hard copies to you for approval.

G.P. Sims Well # 2

Brine well

30-025-25525

Please confirm that I've sent this to the right office.

Thank you,

Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

This inbound email has been scanned by the MessageLabs Email Security System.

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10/20/2008

Chavez, Carl J, EMNRD

From: Philliber, Mark [mphilliber@keyenergy.com]
Sent: Tuesday, October 14, 2008 10:31 AM
To: Chavez, Carl J, EMNRD
Cc: Patterson, Bob
Subject: RE: Key Energy Brine well PA G.P. Sims No. 2 Brine Well (BW-9)

Carl, this well is under the oversight of Bob. I will pass this information on to him.

Thank you,

Mark Philliber | Key Energy Services | **SWD Compliance Coordinator** | **Corporate Environmental**

6 Desta Drive, Suite 4400, Midland, TX 79705 | **o: 432.571.7203** | **c: 432.770.5064** | [e: mphilliber@keyenergy.com](mailto:mphilliber@keyenergy.com)

-----Original Message-----

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Sent: Tuesday, October 14, 2008 11:27 AM
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Subject: RE: Key Energy Brine well PA G.P. Sims No. 2 Brine Well (BW-9)

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Mark Philliber | [Key Energy Services](#) | **SWD Compliance Coordinator** | **Corporate Environmental**

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API# 30-025-25525
Conditions of Approval

10/14/2008

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Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

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G.P. Sims Well # 2
Brine well
30-025-25525

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Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

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This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, October 14, 2008 10:13 AM
To: 'Patterson, Bob'
Cc: Philliber, Mark; Price, Wayne, EMNRD; Sanchez, Daniel J., EMNRD; Macquesten, Gail, EMNRD; Gum, Tim, EMNRD
Subject: FW: Key Energy Services, LLC. BW-19 C-103 PA Approval
Attachments: BW-19 PA Approval 2-19-08.tif

Bob:

The Oil Conservation Division (OCD) is writing to request the status of the plug and abandonment of BW-19 in Carlsbad, NM. OCD records indicate that Wayne Price (OCD) signed a C-103 form approving the plug and abandonment of BW-19 on February 19, 2008.

Has the well been plugged and abandoned according to the signed C-103? If so, please update the OCD on the plug and abandonment and submit the final C-103 to me by close of business October 16, 2008. If the well has not been plugged and abandoned in accordance with the signed C-103, then Key Energy Services LLC is out of compliance with the USEPA 90 day corrective action period and has 60 days from today's date to plug and abandon the well in accordance with the C-103. In addition, the OCD requires the following for BW-19:

C-103 City of Carlsbad Well No. 1 (BW-19)**API# 30-015-21842****Conditions of Approval**

- 1) A sonar test of the salt cavern is required in advance of plugging and abandoning the well. If a Sonar cannot be run, then OCD will require seismic and subsidence monitor and will require additional financial assurance.
- 2) Cavern must be filled with brine water in advance of plugging and abandonment operations.
- 3) Cement must be pressure grouted from bottom to top or surface under adequate pressure. Class "C" Cement from CIBP Setting Depth to surface is required.
- 4) Install a plug and abandonment marker.
- 5) Final C-103 Form shall be submitted within 30 days of plug and abandonment with final construction details.

The above plug and abandonment work must be completed within 60 days of the date of this message. Please contact me if you have questions. Thank you.

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

From: Chavez, Carl J, EMNRD
Sent: Tuesday, February 19, 2008 8:36 AM
To: 'Patterson, Bob'
Cc: Price, Wayne, EMNRD; Gum, Tim, EMNRD

10/14/2008

Subject: Key Energy Services, LLC. BW-19 C-103 PA Approval

Bob:

Please find attached OCD approval from Mr. Wayne Price (Environmental Bureau Chief) dated 2/19/2008 on Key Energy Services, LLC (Key) C-103 for Brine Well 19 (API# 30-015-21842). Please submit the final report within 30 days of completion of field work.

Also, Key will need to submit an APD to OCD Santa Fe with a copy to the OCD Artesia District Office for the new UIC Class III replacement brine well. We will need a bond in place for the new well. Perhaps a Rider to the existing \$50K bond with the new API# and well name, etc. would work. Key will need an API# for the new bond or bond rider. Thank you.

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

10/14/2008

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

BW-19

Form C-103
May 27, 2004

WELL API NO. 30-015-21842	
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>	
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name City of Carlsbad	
8. Well Number 1	
9. OGRID Number	
10. Pool name or Wildcat Brine Mining Well	

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

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

2. Name of Operator
Key Energy Services, LLC

3. Address of Operator
6 Desta Drive, Suite 4400, Midland, Texas 79705

4. Well Location
Unit Letter **H**, **2420** feet from the **North** line and **330** feet from the **East** line
Section **36** Township **22S** Range **26E** NMPM **Lea** County

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

Pit or Below-grade Tank Application ☐ or Closure ☐ Not applicable

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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

See Attached wellbore diagram for details.

Key Energy plans to plug and abandon this well. The well is a brine well under Permit# M19264. Key Energy will drill a new brine well nearby into the same salt section at a future date. The salt section is from 710 to 930'.

In early 2008, four separate attempts to squeeze a casing leak between 95-105' were performed. The last attempt pumped 59 bbls of cement at an AIR of 0.8 bpm, AIP 1250 psi. After drilling out cement a pressure test of 300 psi bled back to 200 psi in 5 minutes. A subsequent temperature survey showed the squeeze cement to be positioned outside casing from 70-160 feet.

Proposed P&A procedure:

Set cement retainer at 600' (whipstock top at 628')

Pump 100 sx of Class C cement below retainer.

POOH to 100 feet, place cement plug from 100-600 feet. WOC. Tag top of cement plug.

Pump cement to fill casing to surface. Repeat, if necessary, until TOC remains at surface.

Cut off casing stubs, place P&A marker.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE M. Duffus TITLE Agent for Key Energy

DATE 2-7-2008

Type or print name
For State Use Only

E-mail address:

Telephone No.

APPROVED BY: [Signature]

TITLE

DATE

Conditions of Approval (if any):

COPY

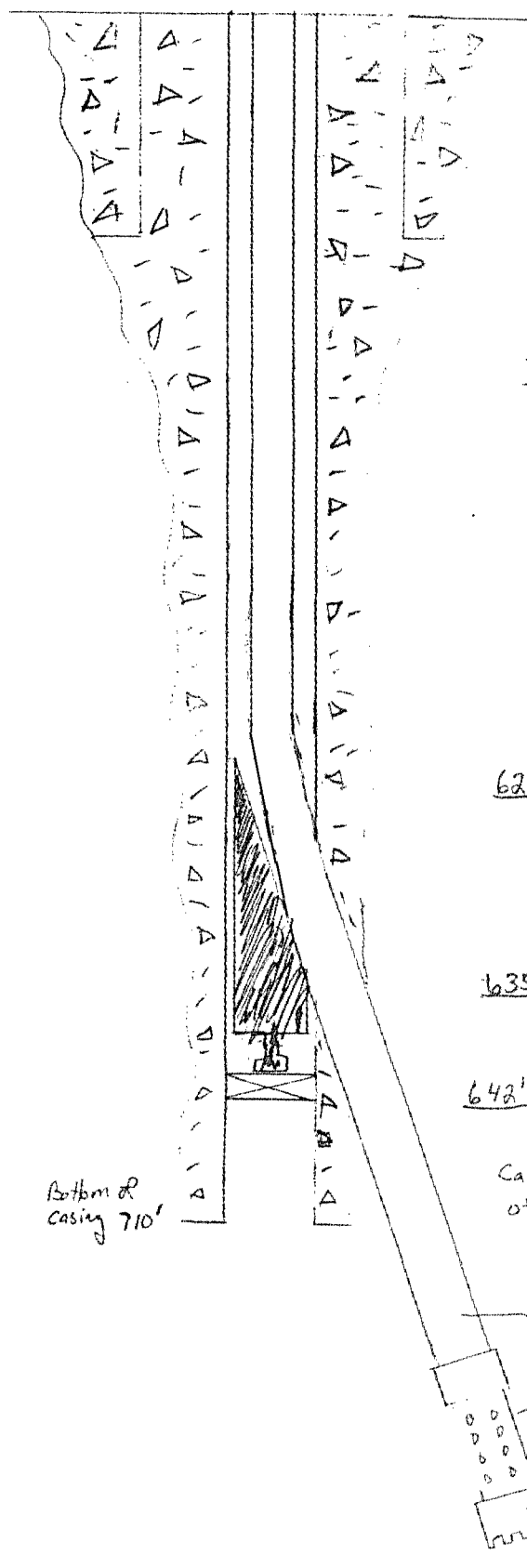
→ ORIG TO ARTESIA DISTRICT

TITLE ENVIRONMENTAL BUREAU CHIEF

DATE 2/17/08

RECEIVED
2008 FEB 11 PM 3 39

City of Carlsbad #1
 Truckee's Drive Station
 Current Wellbore Status
 4-25-03



350' - 8 5/8" 31# J-55 casing
 Cemented w/ 150 sxs Class "C" + 4% CaCl₂
 Circulated to surface
 27' csg joints

710' - 5 1/2" 15.5# csg
 Cemented w/ 150 sxs Class "C" + 4% CaCl₂
 Circulated to surface
 38' csg joints

628' - Top of whipstock

635' - Bottom of whipstock

642' - Bridge plug set

Casing at 692' down to bottom
 of csg at 710' is bad

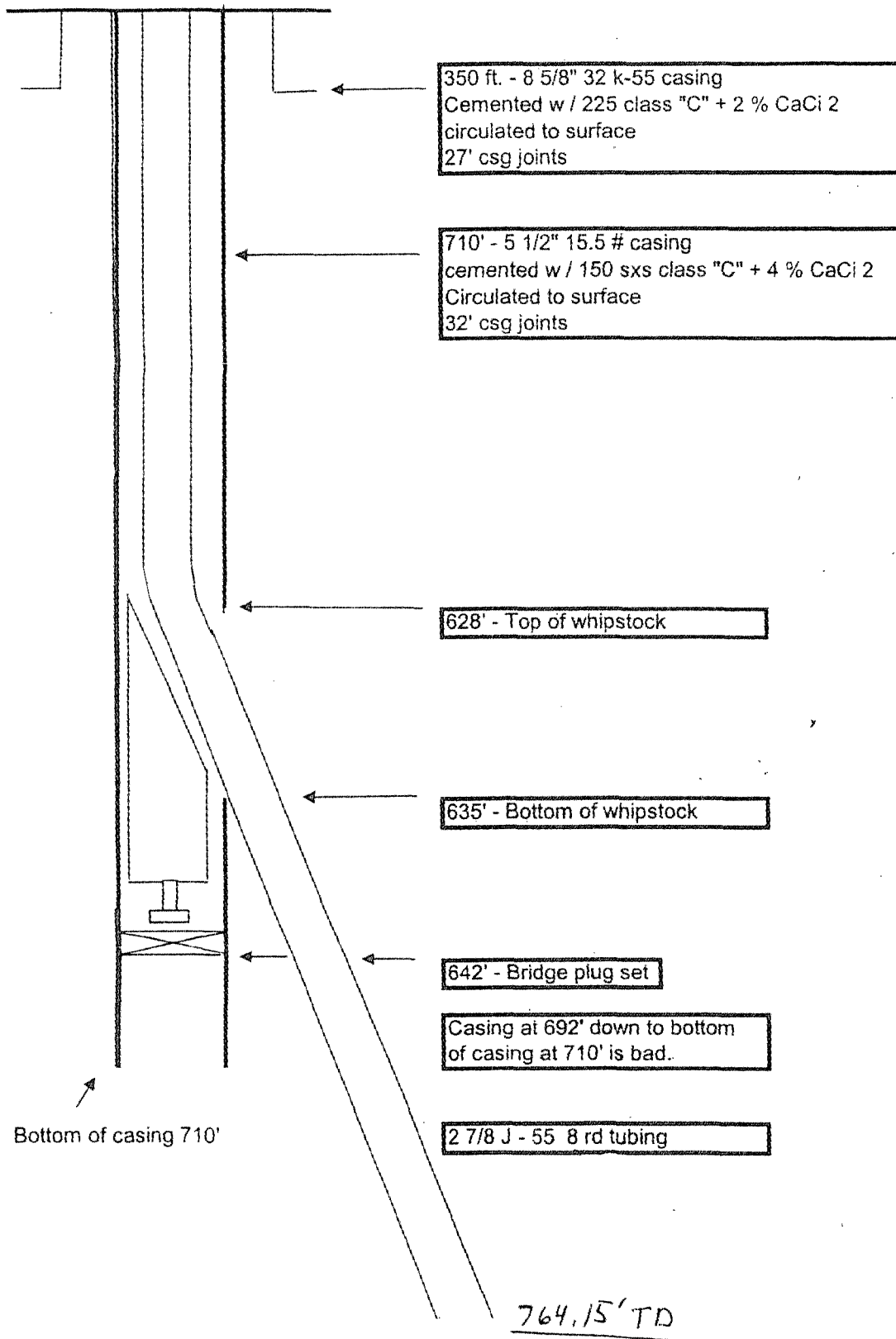
2 7/8 J-55 8rd tubing

8' Perforated sub

Slot hole collar

764.15' TD

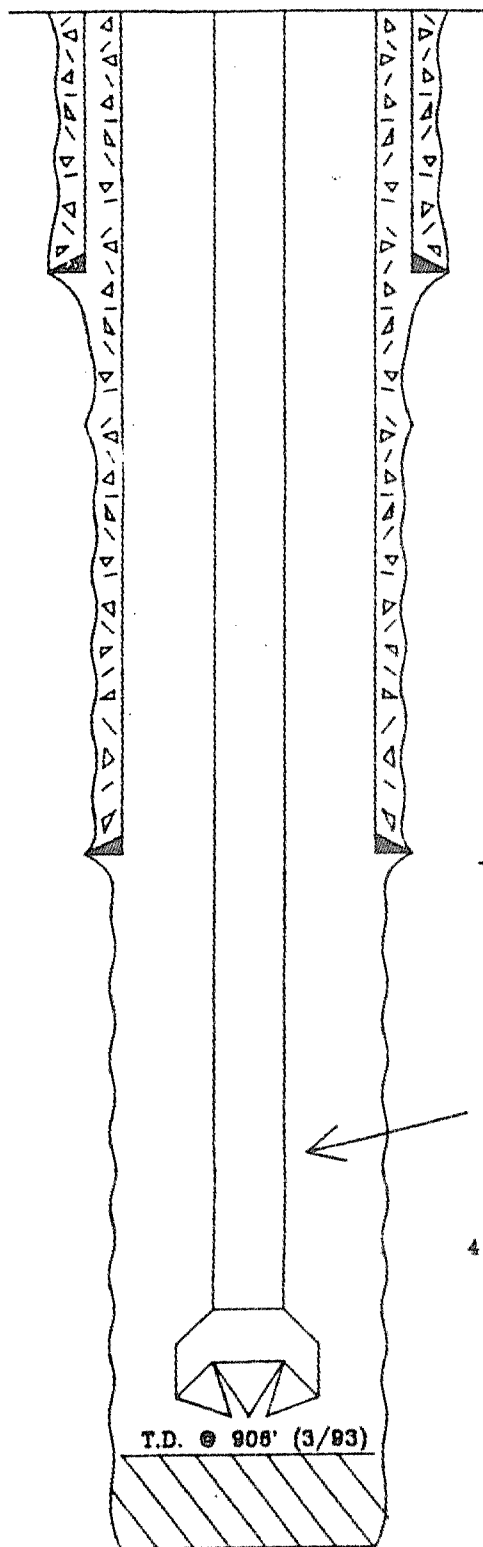
Key Energy Services
 City of Carlsbad Well #1
 2420' FNL + 330' FEL
 S 36 T 22 S R 26 E ULH
 Eddy Co. New Mexico



Elevation 3199'

Current Wellbore Status

3/25/93



350' - 8 5/8", 32#, K-55 Casing

Cemented w/225 sxs Class "C" + 2% CaCl₂

Circulated cement to surface

710' - 5 1/2", 15.5#, Casing

Cemented w/150 sxs Class "C" + 4% CaCl₂

Circulated 15 sxs to surface

2 7/8", 8.5#, Brd tubing @ 886'

with 4 3/4" bit welded on bottom collar

4 3/4" Hole

T.D. @ 908' (3/93)

Original T.D. @ 930'

ROWLAND TRUCKING, INC.
City of Carlsbad Well No. 1
2420' FNL & 330' FEL
Section 36, T-22S, R-26E
Eddy County, New Mexico

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, October 07, 2008 3:57 PM
To: 'Philliber, Mark'; Price, Wayne, EMNRD
Cc: Shelton, Jack; Hill, Larry, EMNRD
Subject: RE: Key Energy Brine well PA G.P. Sims No. 2 Brine Well (BW-9)
Attachments: C-103 PA Final 10-7-2008.tif

Mark, Jack, et. al:

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Carl J. Chavez, CHMM
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(Pollution Prevention Guidance is under "Publications")

From: Philliber, Mark [<mailto:mphilliber@keyenergy.com>]
Sent: Monday, October 06, 2008 8:59 AM
To: Chavez, Carl J, EMNRD; Price, Wayne, EMNRD
Cc: Shelton, Jack
Subject: FW: Key Energy Brine well PA

Carl,

In June, we had Sonarwire out here to run a sonar survey on the Sims well but encountered a tight spot in the casing at 1100'. We worked on the well for about a week and milled on the tight spot for several days but were unable to get past this point into the cavern so we were not able to run the survey.

Thank you,

Mark Philliber | [Key Energy Services](#) | **SWD Compliance Coordinator** | **Corporate Environmental**

6 Desta Drive, Suite 4400, Midland, TX 79705 | o: 432.571.7203 | c: 432.770.5064 | e:mphilliber@keyenergy.com

-----Original Message-----

From: Chavez, Carl J, EMNRD [<mailto:CarlJ.Chavez@state.nm.us>]
Sent: Monday, October 06, 2008 9:05 AM
To: Shelton, Jack; Price, Wayne, EMNRD
Cc: Philliber, Mark; Hill, Larry, EMNRD

10/14/2008

Subject: RE: Key Energy Brine well PA

Jack:

Once the OCD- Environmental Bureau (EB) receives the signed C-103, Wayne Price will sign it and approve it with conditions (see below). I will scan the signed C-103 and send it back to you upon receipt.

C-103 G.P. Sims No. 2 (BW-9)

API# 30-025-25525

Conditions of Approval

- 1) A sonar test of the salt cavern is required in advance of plugging and abandoning the well.
- 2) Cement must be circulated back to surface under adequate pressure.
- 3) At least 290 sks of Class "C" Cement from CIBP Setting Depth of 1154' to surface is required.
- 4) Install a plug and abandonment marker.
- 5) Final C-103 Form shall be submitted within 30 days of plug and abandonment with final construction details.

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oecd/index.htm>
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From: Shelton, Jack [<mailto:jshelton@keyenergy.com>]

Sent: Monday, October 06, 2008 7:56 AM

To: Chavez, Carl J, EMNRD; Price, Wayne, EMNRD

Cc: Philliber, Mark; Hill, Larry, EMNRD

Subject: RE: Key Energy Brine well PA

Mr. Chavez, I sent the signed copies Fed Ex on Friday to you, should be delivered today.

If I need to send to OCD in Hobbs I will but I talked to Buddy Hill with OCD and he told me to send them to you.

Thanks Jack

Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

-----Original Message-----

10/14/2008

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Sent: Friday, October 03, 2008 5:13 PM
To: Price, Wayne, EMNRD
Cc: Shelton, Jack; Philliber, Mark; Hill, Larry, EMNRD
Subject: RE: Key Energy Brine well PA

Wayne:

The C-103 was not signed the Key Agent. The OCD needs a signed C-103. 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
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Cc: Philliber, Mark
Subject: Key Energy Brine well PA

Hello Mr. Price, I have completed the C-103 and will mail hard copies to you for approval.

G.P. Sims Well # 2
Brine well
30-025-25525

Please confirm that I've sent this to the right office.

Thank you,

Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-025-25525

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
G.P. Sims

8. Well Number 2

9. OGRID Number

10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Key Energy Services

3. Address of Operator

6 Desta Drive Suite 4400 Midland, Texas 79705

4. Well Location

Unit Letter A : 420 feet from the North line and 210 feet from the East line

Section 32 Township 21-S Range 37-E NMPM Lea County

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

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type Steel Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒

TEMPORARILY ABANDON ☐ CHANGE PLANS ☐

PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ P AND A ☐

CASING/CEMENT JOB ☐

OTHER: ☐

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

1. Set 7" CIBP @ 1,154'.
2. Circulate well with plugging mud.
3. Spot 20 sks of c cement on top of BP.
4. Spot 95 sks of c cement 500'-surface.
5. Cut off wellhead and anchors 3' BCL. Cap well. Install dry hole marker.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE [Signature] TITLE Agent DATE 9-30-2008

Type or print name Jack Shelton

E-mail address: jshelton@keyenergy.com

Telephone No. 432-523-5155

For State Use Only

APPROVED BY: [Signature] TITLE EBC DATE 10/07/08

Conditions of Approval (if any)

SEE ATTACHED!

C-103 G.P. Sims No. 2 (BW-9)
API# 30-025-25525
Conditions of Approval

1) A sonar test of the salt cavern is required in advance of plugging and abandoning the brine well. If a Sonar test cannot be run, the OCD requires a closure plan for the facility including ground water (if applicable), seismic and subsidence monitoring for 30 years; time-frame for equipment decommissioning/site restoration; and financial assurance to ensure that the above is completed.

2) The cavern shall be filled with brine water (not fresh water) in advance of plugging operations.

3) Cement must be pressure grouted from above CIBP to surface.

4) At least 290 sks of Class "C" Cement from CIBP Setting Depth of 1154' to surface is required.

5) Install a plug and abandonment marker.

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State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505 PM 3 38

WELL API NO.

30-025-25525

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G.P. Sims

8. Well Number 2

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10. Pool name or Wildcat

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TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

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SIGNATURE [Signature] TITLE Agent DATE 9-30-2008

Type or print name Jack Shelton

E-mail address: jshelton@keyenergy.com

Telephone No. 432-523-5155

For State Use Only

APPROVED BY: [Signature] TITLE EBC DATE 10/07/08

Conditions of Approval (if any)

SEE ATTACHED!

[Signature]

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Key Energy Services

September 29, 2008

Current Wellbore

Lease & Well No.: **G.P. Sims # 2**

Well Category:

Status :

Area: New Mexico

Subarea: Eunice Field : G.P. Sims

API Number: 30-025-25525

Legal Description: "A" 420' FNL & 210' FEL Sec.32, T 21S, R 37E
Lea County, New Mexico

Spudded: 05/02/1977

Completed: 05/05/1977

Well History:

5/77 Spud well on 5-2-77. TD 8 3/4" hole @ 1,204'.

Ran 7" 23# K-55 casing to 1,204'. Cmt'd w/ 300 sks

Circulated 15 sks to pit.

Drill 7 7/8" hole to TD 2,434'.

12/81 Pulled tubing out of well. Found tbg parted @ 1,243'.

Ran bit and tubing to 1,441', through salt section.

3/07 Pulled 1,229' of tubing from well. Ran 341' tubing in well.

RKB

DF

GL

8 3/4" hole.

7", 23#, J-55 Casing.

Set @ 1,204', 300 sx cmt.

Circ. TOC at surface.

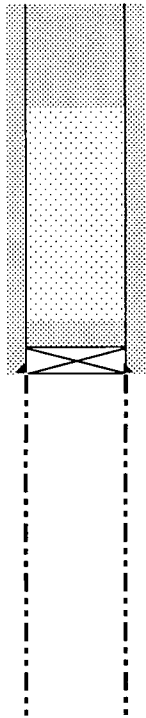
7 7/8" open hole

1,204'-2,434'.

PBTD:

TD: 2,434'

Key Energy Services
September 29, 2008
Proposed Wellbore



RKB
DF
GL
95 sks 500'-surface

8 3/4" hole.

7", 23#, J-55 Casing.
Set @ 1,204', 300 sx cmt.
Circ. TOC at surface.
CIBP @ 1,154'
Cap w/ 25 sks cmt

7 7/8" open hole
1,204'-2,434'.

TD: 2,434'

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Subarea: Eunice Field : G.P. Sims
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Cut off wellhead & anchors 3' BGL
Install dry hole marker.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, October 07, 2008 3:57 PM
To: 'Philliber, Mark'; Price, Wayne, EMNRD
Cc: Shelton, Jack; Hill, Larry, EMNRD
Subject: RE: Key Energy Brine well PA G.P. Sims No. 2 Brine Well (BW-9)
Attachments: C-103 PA Final 10-7-2008.tif

Mark, Jack, et. al:

Please find attached the OCD's signed C-103 with conditions.

Please contact me if you have questions. Thank you.

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

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6 Desta Drive, Suite 4400, Midland, TX 79705 | **o: 432.571.7203** | **c: 432.770.5064** | e:mphilliber@keyenergy.com

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API# 30-025-25525

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Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

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10/6/2008

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New Mexico Energy, Minerals & Natural Resources Dept.

10/6/2008

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To: Chavez, Carl J, EMNRD
Subject: FW: Key Energy Brine well PA

From: Shelton, Jack [<mailto:jshelton@keyenergy.com>]
Sent: Tuesday, September 30, 2008 1:01 PM
To: Price, Wayne, EMNRD
Cc: Philliber, Mark
Subject: Key Energy Brine well PA

Hello Mr. Price, I have completed the C-103 and will mail hard copies to you for approval.

G.P. Sims Well # 2
Brine well
30-025-25525

Please confirm that I've sent this to the right office.

Thank you,

Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

This inbound email has been scanned by the MessageLabs Email Security System.

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Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Thursday, October 02, 2008 9:51 AM
To: Chavez, Carl J, EMNRD
Subject: FW: Key Energy Brine well PA
Attachments: G.P.Sims # 2.xls; Key Sims 2 C103.doc

From: Shelton, Jack [mailto:jshelton@keyenergy.com]
Sent: Tuesday, September 30, 2008 1:01 PM
To: Price, Wayne, EMNRD
Cc: Philliber, Mark
Subject: Key Energy Brine well PA

Hello Mr. Price, I have completed the C-103 and will mail hard copies to you for approval.

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Brine well
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Thank you,

Jack Shelton | Key Energy Services | PA Manager | Po Box 1068 Andrews, Tx 79714 | O: 432.523.5155 | F: 432.523.6230 | C: 432.638.3756

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10/2/2008

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

Form C-103
May 27, 2004

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

WELL API NO.
30-025-25525

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name
G.P. Sims

8. Well Number **2**

9. OGRID Number

10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS

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

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator

Key Energy Services

3. Address of Operator

6 Desta Drive Suite 4400 Midland, Texas 79705

4. Well Location

Unit Letter **A** : **420** feet from the **North** line and **210** feet from the **East** line
Section **32** Township **21-S** Range **37-E** NMPM **Lea** County

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

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type **Steel** Depth to Groundwater Distance from nearest fresh water well Distance from nearest surface water

Pit Liner Thickness: mil Below-Grade Tank: Volume bbls; Construction Material

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☒
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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

1. Set 7" CIBP @ 1,154'.
2. Circulate well with plugging mud.
3. Spot 20 sks of c cement on top of BP.
4. Spot 95 sks of c cement 500'-surface.
5. Cut off wellhead and anchors 3' BCL. Cap well. Install dry hole marker.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE TITLE Agent DATE 9-30-2008

Type or print name Jack Shelton

E-mail address: jshelton@keyenergy.com

Telephone No. 432-523-5155

For State Use Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any):

Key Energy Services

September 29, 2008

Current Wellbore

Lease & Well No.: **G.P. Sims # 2**

Well Category:

Status :

Area:

New Mexico

Subarea:

Eunice

Field : G.P. Sims

API Number:

30-025-25525

Legal Description:

"A" 420' FNL & 210' FEL Sec.32, T 21S, R 37E
Lea County, New Mexico

Spudded:

05/02/1977

Completed:

05/05/1977

Well History:

5/77 Spud well on 5-2-77. TD 8 3/4" hole @ 1,204'.

Ran 7" 23# K-55 casing to 1,204'. Cmt'd w/ 300 sks

Circulated 15 sks to pit.

Drill 7 7/8" hole to TD 2,434'.

12/81 Pulled tubing out of well. Found tbg parted @ 1,243'.

Ran bit and tubing to 1,441', through salt section.

3/07 Pulled 1,229' of tubing from well. Ran 341' tubing in well.

RKB
DF
GL

8 3/4" hole.

7", 23#, J-55 Casing.
Set @ 1,204', 300 sx cmt.
Circ. TOC at surface.

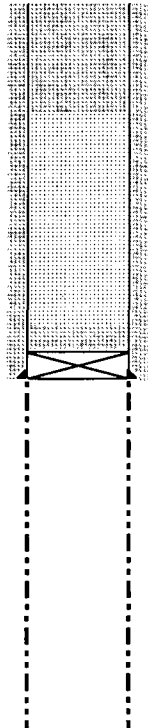
7 7/8" open hole
1,204'-2,434'.

PBTD:
TD: 2,434'

Key Energy Services

September 29, 2008

Proposed Wellbore



RKB

DF

GL

95 sks 500'-surface

8 3/4" hole.

7", 23#, J-55 Casing.

Set @ 1,204', 300 sx cmt.

Circ. TOC at surface.

CIBP @ 1,154'

Cap w/ 25 sks cmt

7 7/8" open hole

1,204'-2,434'.

TD: 2,434'

Lease & Well No.: **G.P. Sims # 2**

Well Category:

Status :

Area: New Mexico

Subarea: Eunice

Field : G.P. Sims

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12/81 Pulled tubing out of well. Found tbg parted @ 1,243'.

Ran bit and tubing to 1,441', though salt section.

3/07 Pulled 1,229' of tubing from well. Ran 341' tubing in well.

Proposed plugging procedure

**Plug # 1 CIBP @ 1,154'. Circulate well w/
plugging mud**

Plug # 2 20 sks on top of BP.

Plug # 3 95 sks 500'-surface.

Cut off wellhead & anchors 3' BGL

Install dry hole marker.