

BW - _____27_____

ANNUAL REPORTS

**MESQUITE SWD, INC./
CARLSBAD BRINE, LLC
P.O. Box 1479
Carlsbad, NM 88221**

February 25, 2010

Carl Chaves, CHMM
N.M. Energy, Minerals, and Natural Resources Dept
OCD
1220 South St. Francis Drive
Santa Fe, NM 87505

**RE: Discharge Permit BW 27 Carlsbad Brine Facility Eddy County, NM
API #30-015-28083
API #30-015-28084**

After several phone calls to Plains Marketing I finally came to the conclusion that they had no production records for the Carlsbad Brine wells. I went to the State Engineer office and found where they had moved water rights into the fresh water well starting in 1995 thru 2004. I used these numbers for that period of time to calculate the usage.

We also redid Mesquite Fresh water from 2005 through 2009 and made some corrections that are more accurate and reflect the right amount of fresh water, attachment A.

Starting in December of 2009 we installed a fresh water meter that reads BBI's and are able to track both the brine and fresh water on a monthly basis. I have enclosed the analytical results on the fresh water and brine from cardinal laboratories. You have the results of MIT test ran on 02-18-2010, and the 4 hour pressure test on the formation which were witnessed by the OCD.

If I can be of any further help, please contact me at 575-706-1840.

Thank You,



Clay L. Wilson
President

RECEIVED
OCD
2010
FEB
10 10

**Mesquite SWD, Inc./
Carlsbad Brine**

Attachment: A

Year	Fresh Water	Brine
95		
96	136,368	
97	134,047	119,831
98	176,194	117,791
99	186,563	154,828
2000	113,292	163,940
2001	264,306	99,554
2002	528,660	232,255
2003	256,383	464,552
2004	80,250	225,293
2005	477,451	70,519
2006	807,952	419,552
2007	925,019	709,975
2008	835,017	812,846
2009	714,263	733,758
	408,744	627,647
Totals		359,177
	6,044,509	
		5,311,518



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

January 22, 2010

Clay Wilson
Mesquite SWD
P.O. Box 1479
Carlsbad, NM 88221

Re: Carlsbad Brine

Enclosed are the results of analyses for sample number H19023, received by the laboratory on 01/11/10 at 1:40 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 5 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



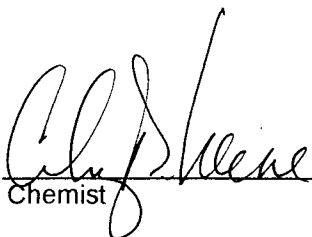
PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

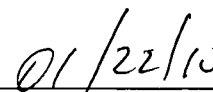
ANALYTICAL RESULTS FOR
MESQUITE SWD, INC.
ATTN: CLAY L. WILSON
P.O. BOX 1479
CARLSBAD, NM 88221-1479
FAX TO: (575) 885-2909

Receiving Date: 01/11/10
Reporting Date: 01/21/10
Project Number: NOT GIVEN
Project Name: CARLSBAD BRINE
Project Location: NOT GIVEN

Sampling Date: 01/11/10
Sample Type: WATER
Sample Condition: INTACT @ 15°C
Sample Received By: JH
Analyzed By: HM

LAB NUMBER	SAMPLE ID	F ⁻ (mg/L)	PO ₄ (mg/L)	NO ₃ -N (mg/L)	NO ₂ -N (mg/L)
Analysis Date:		01/21/10	01/19/10	01/14/10	01/14/10
H19023-1	CARLSBAD FRESHWATER	2.10	< 0.1	9.25	< 0.05
H19023-2	CARLSBAD BRINE	11.1	< 0.1	13.3	< 0.05
Quality Control		0.957	0.989	4.62	0.21
True Value QC		1.000	1.000	5.00	0.20
% Accuracy		95.7	98.9	92.5	103
Relative Percent Difference		3.3	2.7	4.9	4.9
METHOD: EPA 600/4-79-020,		340.2	365.3	353.3	354.1


Chemist


Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MESQUITE SWD INC.
ATTN: CLAY L. WILSON
P.O. BOX 1479
CARLSBAD, NM 88221-1479
FAX TO: (575) 885-2909

Receiving Date: 01/11/10
Reporting Date: 01/20/10
Project Owner: NOT GIVEN
Project Name: CARLSBAD BRINE
Project Location: NOT GIVEN

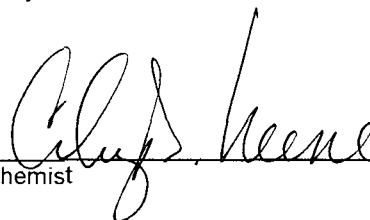
Sampling Date: 01/11/10
Sample Type: WATER
Sample Condition: INTACT @ 15°C
Sample Received By: JH
Analyzed By: JM

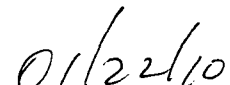
RCRA METALS

LAB NO.	SAMPLE ID	As (mg/L)	Ag (mg/L)	Ba (mg/L)	Cd (mg/L)	Cr (mg/L)	Pb (mg/L)	Hg (mg/L)	Se (mg/L)
ANALYSIS DATE:		01/13/10	01/13/10	01/13/10	01/13/10	01/13/10	01/13/10	01/19/10	01/13/10
H19023-1	CARLSBAD F. WATER	0.15	< 0.1	< 0.01	< 0.01	< 0.01	< 0.05	< 0.0002	< 0.20
H19023-2	CARLSBAD BRINE	0.11	< 0.1	< 0.01	< 0.01	< 0.01	< 0.05	< 0.0002	< 0.20
Quality Control		5.11	0.52	2.52	2.52	2.59	5.22	0.0021	10.1
True Value QC		5.00	0.50	2.50	2.50	2.50	5.00	0.0020	10.0
% Recovery		102	104	101	101	104	104	105	101
Relative Standard Deviation		2.2	3.6	4.6	5.5	3.6	4.8	< 0.1	4.1

METHODS: EPA 600/4-91/010	200.7	200.7	200.7	200.7	200.7	200.7	245.1	200.7
---------------------------	-------	-------	-------	-------	-------	-------	-------	-------

Analyses subcontracted to Green Analytical Laboratories, a subsidiary of Cardinal Laboratories.


Chemist


Date

H19023RM Mesquite SWD Inc.

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
MESQUITE SWD INC.
ATTN: CLAY L. WILSON
P.O. BOX 1479
CARLSBAD, NM 88221-1479
FAX TO: (575) 885-2909

Receiving Date: 01/11/10
Reporting Date: 01/20/10
Project Number: NOT GIVEN
Project Name: CARLSBAD BRINE
Project Location: NOT GIVEN

Sampling Date: 01/11/10
Sample Type: WATER
Sample Condition: INTACT @ 15°C
Sample Received By: JH
Analyzed By: HM/JM

LAB NUMBER	SAMPLE ID	* Na (mg/L)	* Ca (mg/L)	* Mg (mg/L)	* K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		01/13/10	01/13/10	01/13/10	01/13/10	01/14/10	01/14/09
H19023-1	CARLSBAD FRESHWATER	1,520	734	358	6.6	10,500	308
H19023-2	CARLSBAD BRINE	192,000	649	140	10.4	476,000	208
Quality Control		8.14	5.16	4.95	10.3	1,417	NR
True Value QC		8.10	5.00	5.00	10.0	1,413	NR
% Recovery		100	103	99.0	103	100	NR
Relative Percent Difference		4.3	7.3	5.1	0.7	0.6	NR

METHODS:	200.7	200.7	200.7	200.7	120.1	310.1
----------	-------	-------	-------	-------	-------	-------

		Cl (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)
ANALYSIS DATE:		01/14/10	01/18/10	01/14/10	01/14/10	01/14/10	01/14/10
H19023-1	CARLSBAD FRESHWATER	2,750	2,340	0	376	6.82	8,340
H19023-2	CARLSBAD BRINE	190,000	3,600	0	254	6.07	309,000
Quality Control		510	39.6	NR	988	7.03	NR
True Value QC		500	40.0	NR	1000	7.00	NR
% Recovery		102	99	NR	98.8	100	NR
Relative Percent Difference		2.0	3.6	NR	<0.1	0.6	4.1

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

* Analyses subcontracted to Green Analytical Laboratories, a subsidiary of Cardinal Laboratories.

Chemist

Date

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. **H19023-Mesquite SWD Inc.** Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

Page of

Company Name: MESADINE SUD INC

Project Manager: CLAY L LOHSON

Address: P.O. Box 1479

City: CHASSAUB State: NM Zip: 88221-1479

Phone #: 575-706-1840 Fax #: 575-885-2909

Project #:

Project Name: Carlsbad Brine

Project Location:

Sampler Name:

FOR LAB USE ONLY

BILL TO

P.O. #:

City:

State:

Zip:

Address:

Phone #:

Fax #:

ANALYSIS REQUEST

Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX	PRESERV.	SAMPLING	DATE	TIME	ANALYSIS REQUEST
H19023-1	Carlsbad Freshwater			GROUNDWATER					
2	Carlsbad Brine			WASTEWATER					
				SOIL					
				OIL					
				SLUDGE					
				OTHER:					
				ACID/BASE:					
				ICE / COOL					
				OTHER:					

Relinquished By:

Date:

Received By:

Delivered By: (Circle One)

Date:

Received By:

Sampler - UPS - Bus

Other:

Temp.

Sample Condition

CHECKED BY:

Phone Result:

No

Add'l Phone #:

Fax Result:

No

Add'l Fax #:

REMARKS:

fax results

* Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

#26

Submit 1 Copy To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
October 13, 2009

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

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.)		WELL API NO. 30-015-28084
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <u>Brine Freshwater</u>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
2. Name of Operator Mesquite SWD Inc.		6. State Oil & Gas Lease No.
3. Address of Operator P.O. Box 1479 Carlsbad NM 88221-1479		7. Lease Name or Unit Agreement Name Dunaway
4. Well Location Unit Letter <u>F</u> : <u>1443</u> feet from the <u>North</u> line and <u>1698</u> feet from the <u>West</u> line Section <u>23</u> Township <u>22S</u> Range <u>27E</u> NMPM County <u>Eddy</u>		8. Well Number # <u>2</u>
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3094GR		9. OGRID Number 161968
		10. Pool name or Wildcat BSW Salado

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 ☐
DOWNHOLE COMMINGLE ☐

OTHER: Ran Sonar



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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

- 1) Moved in Eunice well services
- 2) unset packer toh
- 3) picked up 6" bit 4 drill collars
- 4) Tag at 1231' drilled out salt block tag at 1246' could not get pass 1246'
- 5) toh layed down bit collars and tubing
- 6) rih with sinker bar tag at 1246'
- 7) rih with sonar tool could not get pass 1205'
- 8) ran sonar tool from 1205' to 1170' inside 7" csg
- 9) pu packer ran in hole with tubing set packer.released pulling unit
- 10) contacted OCD ran Mit test returned to production witness by the OCD

Spud Date:

Rig Release Date:

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

Chavez, Carl J, EMNRD

From: Griswold, Jim, EMNRD
Sent: Thursday, February 04, 2010 9:47 AM
To: Chavez, Carl J, EMNRD
Subject: Mesquite brine well (BW-27)

Carl,

FYI. On Tuesday I received a copy of the lab results via email from Clay Wilson for both the freshwater and brine sampling undertaken on 1/11/10 from his brine production facility southeast of Carlsbad.

Jim Griswold
Senior Hydrologist
Environmental Bureau
ENMRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
direct: 505.476.3465
email: jim.griswold@state.nm.us

Chavez, Carl J, EMNRD

From: Griswold, Jim, EMNRD
Sent: Friday, January 08, 2010 5:03 PM
To: Clay Wilson
Cc: Chavez, Carl J, EMNRD
Subject: Mesquite brine well (BW-27)

Clay,

This email is to memorialize our telephone conversation of this afternoon regarding requirements under Discharge Permit BW-27 for Mesquite's brine production facility located east of Otis, NM. It will be helpful for you to review the last permit renewal paperwork with the approval conditions that was issued to Mesquite on 7/5/05. As part of those approval conditions an Annual Report must be filed with the OCD by the first day of January of each year. That report needs to contain:

1. The volume of fresh water injected and the volume of brine produced on a monthly basis for each month of the year. We now have monthly brine production data from January of 2004 thru December 2009. We only have annual freshwater injection over the same time. Mesquite needs to continue its efforts to get historic information, hopefully going all the way back to when the facility first went into production back in early-1995.
2. The results of independent lab analyses of both the fresh water and brine. Those samples need to be assayed for pH, total dissolved solids, anions and cations (fluoride, chloride, nitrate, nitrite, phosphorus, and sulfate) by Method 300, and dissolved metals (arsenic, barium, cadmium, calcium, chromium, lead, magnesium, potassium, selenium, silver, and sodium) by Method 6010
3. Information on the size and extent of the cavern and geologic/engineering data demonstrating that continuation of operations will not result in significant surface subsidence or cavern collapse. Sonar surveys can provide this information if they are run properly. If the sonar cannot be run, then the historic brine production might be the only other data we can look at. If the sonar is undertaken, whether or not it works in defining the cavern, a casing MIT must be run before returning to production. That MIT and the sonar survey should be witnessed by OCD personnel. If the sonar appears successful, the production data requested in item 1 may not be as critical, but please work to get it nonetheless.

It is very important that you send me a letter formally asking for a time extension to get this work completed before 3/1/10 and submitted in your annual report. The OCD can allow this extension for good cause as you have attempted to meet the 1/1/10 deadline. Thanks.

Jim Griswold
Senior Hydrologist
Environmental Bureau
ENMRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
direct: 505.476.3465
email: jim.griswold@state.nm.us

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, November 18, 2009 7:02 AM
To: 'Prather, Steve'; 'gandy2@leaco.net'; 'James Millett'; 'Clay Wilson'; 'Bob Patterson'; 'David Pyeatt'; 'garymschubert@aol.com'; 'Gary Schubert'
Cc: Griswold, Jim, EMNRD; VonGonten, Glenn, EMNRD; Sanchez, Daniel J., EMNRD
Subject: UIC Class III Well Annual Report Schedule for Submittal & Content REMINDER- 2010
Attachments: Annual Reports 2010.xls

Gentlemen:

Good morning. You may recall an e-mail message from me this past Summer alerting you to the reporting provision of your current discharge permit (permit) and how the New Mexico Oil Conservation Division (OCD) is stepping up its efforts to track reporting under issued permits.

Please find attached a spreadsheet listing the dates that OCD expects to receive your Annual Reports and/or any reporting requirements from your permit. If you are an operator with limited reporting requirements based on your permit, you are welcome to follow the format and content required from more recent permit renewals issued by the OCD, which are more comprehensive and constitute a report. Any renewed permits will likely require similar content anyway.

Please plan on meeting the Annual Report submittal dates in January of 2010 as failure to submit the report will constitute a violation under the Federal Underground Injection Control (UIC) Program and reporting to the United States Environmental Protection Agency, which could result in the shut-in and/or plug and abandonment of your brine production well.

Please contact me if you have questions. Thank you in advance for your cooperation in this matter.

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) 476-3490
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")

CC: Brine Well File "Annual Reporting"

NMOCD UIC Annual Reports

11/18/09

Permit ID	Operator	Annual Rpt. Due Date	Submitted	Annual Report Contents
BW-2	Basic Energy	01/31/10		<p>L. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:</p> <ol style="list-style-type: none"> 1. Cover sheet marked as "Annual Brine Well Report, name of operator, permit #, API# of well(s), date of report, and person submitting report. 2. Brief summary of brine wells operations including description and reason for any remedial or major work on the well. Copy of C- 103. 3. Production volumes as required above in 21 .G. including a running total should be carried over to each year. The maximum and average injection pressure. 4. A copy of the chemical analysis as required above in 21 .1-l. 5. A copy of any mechanical integrity test chart, including the type of test, i.e. <ul style="list-style-type: none"> open to formation or easing test. 6. Brief explanation describing deviations from normal production methods. 7. A copy of any leaks and spills reports. 8. If applicable, results of any groundwater monitoring. 9. Information required from cavity/subsidence 21 .F. above. 10. An Area of Review (AOR) summary. 11. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.

BW-4 Gandy Corp. 01/31/10

L. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:

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

BW-8 PAB- Salty Dog Mo. w/ Qtly Rpts.

BW-22	Gandy Corp.	01/31/10	<p>L. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:</p> <ol style="list-style-type: none"> 1. Cover sheet marked as "Annual Brine Well Report, name of operator, BW permit #, API# of well(s), date of report, and person submitting report. 2. Brief summary of brine wells operations including description and reason for any remedial or major work on the well. Copy of C-103. 3. Production volumes as required above in 21 .G. including a running total should be carried over to each year. The maximum and average injection pressure. 4. A copy of the chemical analysis as required above in 21.H. 5. A copy of any mechanical integrity test chart, including the type of test, i.e. open to formation or casing test. 6. Brief explanation describing deviations from normal production methods. 7. A copy of any leaks and spills reports. 8. If applicable, results of any groundwater monitoring. 9. Information required from cavity/subsidence 21 .F. above. 10. An Area of Review (AOR) summary. 11. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.
BW-25	Basic Energy	01/31/10	<ol style="list-style-type: none"> 6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.

BW-27	Mesquite	01/01/10	<p>7. Production/injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Sanla Fe Office in an annual report due on the first day of January of each year.</p> <p>L. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:</p> <ol style="list-style-type: none"> 1. Cover sheet marked as "Annual Brine Well Report, name of operator, BW permit #, API# of well(s), date of report, and person submitting report. 2. Brief summary of brine wells operations including description and reason for any remedial or major work on the well. Copy of C-103. 3. Production volumes as required above in 21 .G. including a running total should be carried over to each year. The maximum and average injection pressure. 4. A copy of the chemical analysis as required above in 21 .H. 5. A copy of any mechanical integrity test chart, including the type of test, i.e. open to formation or casing test. 6. Brief explanation describing deviations from normal production methods. 7. A copy of any leaks and spills reports. 8. If applicable, results of any groundwater monitoring. 9. Information required from cavity/subsidence 21 .F. above. 10. An Area of Review (AOR) summary. 11. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.
BW-28	ey Emnergy Services LI	01/31/10	

BW-30 Liquid Resources 01/31/10

L. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:

1. Cover sheet marked as "Annual Brine Well Report, name of operator, BW permit ~, API~ of well(s), date of report, and person submitting report.
2. Brief summary of brine wells operations including description and reason for any remedial or major work on the well. Copy of C-103.
3. Production volumes as required above in 21 .G. including a running total should be carried over to each year. The maximum and average injection pressure.
4. A copy of the chemical analysis as required above in 21 .H.
5. A copy of any mechanical integrity test chart, including the type of test, i.e. open to formation or casing test.
6. Brief explanation describing deviations from normal production methods.
7. A copy of any leaks and spills reports.
8. If applicable, results of any groundwater monitoring.
9. Information required from cavity/subsidence 21 .F. above.
10. An Area of Review (AOR) summary.
11. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5 101.

BW-31 HRC- Schubert 01/31/10

6. Production/Injection Volumes/Annual Report: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in an annual report due on the thirty-first (31) day of January of each year.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, September 25, 2009 1:48 PM
To: 'Prather, Steve'; 'gandy2@leaco.net'; 'James Millett'; 'Clay Wilson'; 'Bob Patterson'; 'Blevins, Sam'; 'David Pyeatt'; 'garymschubert@aol.com'
Cc: Sanchez, Daniel J., EMNRD; VonGonten, Glenn, EMNRD; Griswold, Jim, EMNRD; Jones, William V., EMNRD
Subject: New Mexico Oil Conservation Division Class III Solution Mining Well Operator Notice-- ANNUAL REPORTS

Gentlemen:

Re: Annual Reporting

You are receiving this message because you are currently operating a Underground Injection Control (UIC) Class III Solution Mining Well in New Mexico under an Oil Conservation Division (OCD) Discharge Permit. You may be aware of the most recent events related to OCD Class III Wells in New Mexico and can find out more by visiting the OCD's Website at <http://www.emnrd.state.nm.us/OCD/brinewells.htm> and OCD Brine Well Work Group Website at <http://ocdimage.emnrd.state.nm.us/imaging/AEOrderFileView.aspx?appNo=pCJC0906359521>.

The OCD is writing to inform you that it will be monitoring the receipt of your "Annual Reports" under the applicable section of your OCD discharge permit. The OCD has been deficient in tracking reporting obligations in the past; however, the OCD has recently upgraded our online system to track operators who are not meeting the reporting requirements specified in OCD Discharge Permits. Please plan on submitting the report with the required information by the date required in your discharge permit.

To access your OCD Discharge Permit Online for the date of submittal and contents of the report, please go to OCD Online at <http://ocdimage.emnrd.state.nm.us/imaging/AEOrderCriteria.aspx> (enter "Order Type" as BW and your "Order Number"). If you have not submitted an Annual Report (report) for your well, a historical review of your injection and production records will be required in order to provide cumulative injection and production information in this year's report.

Please contact me if you have questions or need assistance.

Thank you in advance for your cooperation in this matter.

Copy: Brine Well Files BWs 2, 4, 8, 22, 25, 27, 28, 30 & 31

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) 476-3490
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")