

UIC- I - ____005__

**ANNUAL
REPORTS**

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, December 07, 2010 7:52 AM
To: 'Gibson, Dan'; Moore, Darrell; 'Lackey, Johnny'; Schmaltz, Randy; McDaniel, Vic
Cc: Sanchez, Daniel J., EMNRD; Jones, William V., EMNRD; VonGonten, Glenn, EMNRD
Subject: UIC Class I Disposal Well 2011 Annual Report Reminder

Gentlemen:

Good morning.

This is a reminder of your OCD discharge permit reporting obligations for your Underground Injection Control (UIC) disposal well(s).

Please plan on meeting the Annual Report submittal dates in January of 2011 as failure to submit the report will constitute a violation under the Federal 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 Class I disposal well(s), etc.

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

File: OCD Online "Annual Report" thumbnail

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")

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, February 12, 2010 10:36 AM
To: Perrin, Charlie, EMNRD
Subject: FW: Key Energy Services, LLC. (UICI-005) Annual report

FYI.

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(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Friday, February 12, 2010 10:30 AM
To: 'Patterson, Bob'
Cc: Sanchez, Daniel J., EMNRD; VonGonten, Glenn, EMNRD
Subject: RE: Key Energy Services, LLC. (UICI-005) Annual report

Bob:

Good morning. Those items are part of the OCD discharge permit signed by Key, The Area of Review (AOR) information may be found under 20.6.2 NMAC at <http://www.emnrd.state.nm.us/ocd/documents/20.006.0002.pdf>. The AOR summary should include any new wells drilled within 1 mile of your well during the past year.

Key is currently in violation of its UICI-00-5 Class I Disposal Well Permit. Please submit the Annual Report to the OCD with all required reporting items for the year.

Please contact me if you have questions. Thank you.

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From: Patterson, Bob [<mailto:bpatterson@keyenergy.com>]
Sent: Friday, February 12, 2010 10:19 AM

To: Chavez, Carl J, EMNRD
Subject: Annual report

Carl,

I apologize for being late with my report. I promise to be more prompt in the future. I was looking over the requirements and I noticed your reference to the marked items in red below. I have looked at every regulation of the OCD, UCI, and WQCC and I didn't find those referenced items. Could you direct me to those please? As soon as I get my water analysis back from the lab, I will send you the report. Thanks for your help.

BW-28 Key Energy Services
 LLC

01/31/10

L. Annual Report: All operators s
each
year. The report shall include

1. Cover sheet marked as "A
permit #, API# of well(s), d
2. Brief summary of brine w
for
any remedial or major wor
3. Production volumes as rei
should
be carried over to each yea
4. A copy of the chemical an
5. A copy of any mechanical
open to formation or casin
6. Brief explanation describi
7. A copy of any leaks and sp
8. If applicable, results of an
9. Information required from
10. **An Area of Review (AOR)**
11. Sign-off requirements pt

This inbound email has been scanned for malicious software and transmitted safely to you using Webroot Email Security.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, November 19, 2009 7:45 AM
To: 'Bob Patterson'; 'Dan Gibson'; 'Schmaltz, Randy'; 'Moore, Darrell'; 'Lackey, Johnny'
Cc: Sanchez, Daniel J., EMNRD; VonGonten, Glenn, EMNRD; Griswold, Jim, EMNRD
Subject: UIC Class I Disposal Well Annual Report Schedule for Submittal & Content REMINDER- 2010
Attachments: Class I Disposal Well Annual Report Tracking 2010.xls; 19.15.11 NMAC.doc

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.

You will notice that a Hydrogen Sulfide Contingency Plan (CP) (see attached 19.15.11 NMAC Regulations) has been written into a couple of new Navajo Refining Company permits. This regulation became effective on December 1, 2008 and applies to any facility or well where the hydrogen sulfide concentration is at or greater than 100 ppm. Consequently, if your facilities meet or exceed this concentration, you are required to have an H2S CP for your facility regardless of whether the OCD has required it in your permit. The OCD believes that all UIC Class I Disposal Well Facilities require an H2S CP; therefore, the OCD is requesting your H2S CP(s) by Wednesday, March 31, 2010, unless a different date for submittal is specified in your permit. Also, if you are an operator with multiple wells, you may develop one CP, but you must address each well location with site specific details in that one CP.

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 Class I disposal well. Failure to meet the H2S CP requirement may also result in the shut-in of your well operations; consequently, the OCD is hopeful you will satisfy the regulations pertaining to this deadly gas.

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

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CC: UIC Class I Well File "Annual Reporting" and "H2S Contingency Plan"

G. Injection Record Volumes and Pressures: The owner/operator shall submit quarterly reports of its disposal, operation and well workovers provided herein. The minimum, maximum, average flow, waste injection volumes (including total volumes) and annular pressures of waste (oil field exempt/non-exempt non-hazardous waste) injected will be recorded monthly and submitted to the OGD Santa Fe Office on a quarterly basis.

The casing-tubing annulus shall contain fluid and be equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The SUNCO DISPOSAL WELL #1 shall be equipped with an expansion tank under constant 100 psig pressure connected to the casing-annulus and maintained under constant pressure. The expansion tank shall initially be filled half-full (250 gallon expansion tank) with an approved fluid to establish an equilibrium volume and fluid level. Weekly monitoring of fluid levels in the expansion tank coupled with documented additions/removals of fluids into or out of the expansion tank is required to maintain the equilibrium volume. Any loss or gain of fluids in the expansion tank shall be recorded, and if significant, reported to the OGD within 24 hours of discovery. The owner/operator shall provide the following information on a quarterly basis: weekly expansion tank volume readings shall be provided in a table in the cover letter of each quarterly report. Key shall monitor, record and note any fluid volume additions or removals from the expansion tank on a quarterly basis. In addition, any well activity (i.e., plugging, changing injection intervals, etc.) shall be conducted in accordance with all applicable New Mexico Oil Conservation Division regulations. H. Analysis of Injected Waste: Provide an analytical data or test results summary of the injection waste water with each annual report. The analytical testing shall be conducted on a quarterly basis with any exceedence reported to the OGD within 24 hours after having knowledge of an exceedence(s). 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 Class I Well Report, name of operator, permit #, APIH of well(s), date of report, and person submitting report.
2. Brief summary of Class I Well(s) operations including description and reason for any remedial or major work on the well with a copy of OGD Form C-103.
3. Production volumes as required above in 22 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 22 H.
5. A copy of any mechanical integrity test chart, including the type of test, i.e. duration, gauge pressure, etc.
6. Brief explanation describing deviations from normal production methods.
7. A copy of any expansion tank monitoring pressure, fluid removals/additions, well

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, September 25, 2009 3:05 PM
To: 'Bob Patterson'; 'lmoleur@keyenergy.com'; 'Schmaltz, Randy'; DARRELL MOORE; Lackey, Johnny
Cc: Sanchez, Daniel J., EMNRD; Jones, William V., EMNRD; VonGonten, Glenn, EMNRD
Subject: New Mexico Oil Conservation Division Class I (non-hazardous) Disposal Well Operator Notice--QUARTERLY & ANNUAL REPORTING

Gentlemen:

Re: UIC Class I Disposal Well **Quarterly and Annual Reporting**

You are receiving this message because you are currently operating a Underground Injection Control (UIC) Class I (non-hazardous) Disposal 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 Brine Well Webpage 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 more closely the receipt of your "Quarterly Reports" and "Annual Reports" required under the applicable section(s) of your OCD Discharge Permit. After reexamining our UIC Program subsequent to the UIC Class III Solution Mining Wells that collapsed in July and November of 2008, the OCD identified that it has been deficient in tracking reporting obligations in the past; however, the OCD has recently upgraded its online electronic system to better track operators who are not meeting the reporting requirements as specified in their OCD Discharge Permits. Please plan on submitting reports with required information by the date specified in your discharge permit. Operators undergoing permit renewal will notice changes to the OCD's discharge permit, which will include "Annual Reports" in addition to the Quarterly Reporting requirement(s).

To access your OCD Discharge Permit Online for the date of submittal and required contents of the report(s), please go to OCD Online at <http://ocdimage.emnrd.state.nm.us/imaging/AEOrderCriteria.aspx> (enter "Order Type" as UICI and your "Order Number"). The OCD has placed a "Quarterly Reporting" and "Annual Reports" thumbnails into each of your online well files and will be scanning all received reports into them upon receipt from now on.

If you have been delinquent in submitting your Quarterly (more recent permits require Annual Reports), a historical review of your production or disposal records will be required in order to provide cumulative injection or disposal 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: Class I (non-hazardous) Disposal Well Files UICI- 5, 9, 8, 8-1 & 8-0 (Quarterly Reporting & Annual Reports)

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