

BW - 21

**PERMITS,
RENEWALS,
& MODS**

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 7/10/08

or cash received on _____ in the amount of \$ 1700⁰⁰

from Loco Hills Water Disposal Co.

for BW-21

Submitted by: Lawrence Romero Date: 7/18/08

Submitted to ASD by: Lawrence Romero Date: 7/18/08

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment ☒ or Annual Increment _____

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, July 16, 2008 3:41 PM
To: 'Randall Harris'
Subject: RE: BW-21 Receipt of Signed Discharge Permit

Randall:

I am in receipt of the check. 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: Randall Harris [mailto:rharrisnm@aim.com]
Sent: Monday, July 14, 2008 12:51 PM
To: Chavez, Carl J, EMNRD
Subject: Re: BW-21 Receipt of Signed Discharge Permit

Carl,

Dick sent a check on Thur. the 10th. You should receive today or tomorrow if not let me know.

Randall

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

From: Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>
To: Randall Harris <rharrisnm@aim.com>
Cc: Price, Wayne, EMNRD <wayne.price@state.nm.us>
Sent: Tue, 8 Jul 2008 1:02 pm
Subject: BW-21 Receipt of Signed Discharge Permit

Randall:

Good morning. I am in receipt of your signed discharge permit; however, there was no check made payable to the "Water Quality Management Fund" in the amount of \$1,700 as required under 20.6.2.3114 NMAC (Injection Wells: Class III and Geothermal). In order for the OCD to complete the permit process, the final fee must be paid.

Did you send the check? Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
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7/16/2008

LOCO HILLS WATER DISPOSAL CO.

Water Quality Mgr Fund

7/10/2008

13259

1,700.00

B of A Mutual Fund S

1,700.00

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Friday, July 25, 2008 8:16 AM
To: Chavez, Carl J, EMNRD; rharrisnm@netscape.net
Cc: Gum, Tim, EMNRD
Subject: RE: Loco Hills Brine well.

Dear Randy, as we discussed yesterday please make sure you run an open hole gamma Ray-Neutron log and after setting casing a CBL.

From: Chavez, Carl J, EMNRD
Sent: Wednesday, July 23, 2008 3:03 PM
To: Price, Wayne, EMNRD
Subject: RE: Loco Hills Brine well.

Done.

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

From: Price, Wayne, EMNRD
Sent: Wednesday, July 23, 2008 1:33 PM
To: Chavez, Carl J, EMNRD
Subject: FW: Loco Hills Brine well.

Put in Brine well file

From: rharrisnm@netscape.net [mailto:rharrisnm@netscape.net]
Sent: Wednesday, July 23, 2008 1:02 PM
To: Price, Wayne, EMNRD
Subject: Re: Loco Hills Brine well.

Wayne,

The casing is will be set 100' into the salt as stated on the application.
Both the tubing and packer will be removable. I do not believe they make a sonar tool that will go inside 2 3/8" tubing. When it is time to run the sonar tool we will remove both the tubing and packer and run the sonar just the same as we have done in the past down the casing.

Randall Harris
Geologist

7/25/2008

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

From: Price, Wayne, EMNRD <wayne.price@state.nm.us>
To: rharrisnm@netscape.net
Cc: Gum, Tim, EMNRD <tim.gum@state.nm.us>; Chavez, Carl J, EMNRD
<CarlJ.Chavez@state.nm.us>
Sent: Wed, 23 Jul 2008 9:21 am
Subject: Loco Hills Brine well.

Randy, an additional condition on you APD if not already considered, is the bottom of the casing shoe shall be set at least 100 feet into the salt section. The double tubing packer shall be designed to where the tubing can be removed. In addition, the tubing shall be large enough to run a sonar log. Please respond ASAP! Do not proceed until we have discussed this issue.

Wayne Price-Environmental Bureau Chief
Oil Conservation Division
1220 S. Saint Francis
Santa Fe, NM 87505
E-mail wayne.price@state.nm.us
Tele: 505-476-3490
Fax: 505-476-3462

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Sent: Wednesday, July 23, 2008 1:02 PM
To: Price, Wayne, EMNRD
Subject: Re: Loco Hills Brine well.

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Randall Harris
Geologist

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

From: Price, Wayne, EMNRD <wayne.price@state.nm.us>
To: rharrisnm@netscape.net
Cc: Gum, Tim, EMNRD <tim.gum@state.nm.us>; Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>
Sent: Wed, 23 Jul 2008 9:21 am
Subject: Loco Hills Brine well.

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Wayne Price-Environmental Bureau Chief
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E-mail wayne.price@state.nm.us
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7/23/2008

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, July 14, 2008 11:00 AM
To: Chavez, Carl J, EMNRD
Subject: Loco Hills Brine Well (BW-21) Note to File- Request for Check w/ final sum \$1,700

Note to file documenting my call today with Randall Harris at 10:55 a.m. requesting the final check for \$1,700 for the discharge permit. He will check with Dick Maloney during lunch as get back with me on the status of the check. Dick was supposed to have mailed the check. Told him we have not received it. Randall said he would get back with me about it. Ok.

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")

7/14/2008

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, July 08, 2008 1:03 PM
To: 'Randall Harris'
Cc: Price, Wayne, EMNRD
Subject: BW-21 Receipt of Signed Discharge Permit

Randall:

Good morning. I am in receipt of your signed discharge permit; however, there was no check made payable to the "Water Quality Management Fund" in the amount of \$1,700 as required under 20.6.2.3114 NMAC (Injection Wells: Class III and Geothermal). In order for the OCD to complete the permit process, the final fee must be paid.

Did you send the check? Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
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Oil Conservation Division, Environmental Bureau
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E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oed/index.htm>
(Pollution Prevention Guidance is under "Publications")

7/8/2008

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

2008 JUN 30 PM 2 43

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



April 15, 2008

Mr. James R. Maloney
Loco Hills Water Disposal Co.
P.O. Box 68
Loco Hills, New Mexico 88210

Re: **Discharge Permit Brine Water Well No. 2 (BW-021) Renewal**
API# 30-015-36119

Dear Mr. Maloney:

Pursuant to all applicable parts of the Water Quality Control Commission (WQCC) Regulations 20.6.2 NMAC and more specifically 20.6.2.3104 - 20.6.2.3999 discharge permit, and 20.6.2.5000-.5299 Underground Injection Control, the Oil Conservation Division (OCD) hereby approves the discharge permit and authorizes the operation and injection for the **Loco Hills Water Disposal Company (Owner/Operator)** Brine Water Well No. 2 (BW-021) located in the NW/4, SW/4 of Section 16, 1453 FSL 221 FWL, Township 17 South and Range 30 East, NMPM, Eddy County, New Mexico, under the conditions specified in the enclosed **Attachment To The Discharge Permit**.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this Letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Carl Chavez of my staff at (505-476-3491) or E-mail carlj.chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Carl Chavez for Wayne Price
Wayne Price
Environmental Bureau Chief

LWP/cc
Attachments-1
xc: OCD District Office



**ATTACHMENT TO THE DISCHARGE PERMIT
Loco Hills Water Disposal Company Brine Well (BW-021)
DISCHARGE PERMIT APPROVAL CONDITIONS**

April 15, 2008

**Please remit a check for \$1700.00 made payable to Water Quality
Management Fund:**

**Water Quality Management Fund
C/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505**

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100.00, plus a renewal flat fee (see WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required \$100.00 filing fee. However, the owner/operator still owes the required \$1700.00 permit fee for a Class III Brine Well.
- 2. Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on December 18, 2010** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. ***Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA1978} and civil penalties may be assessed accordingly.***
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its August 17, 2007 discharge permit application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with

the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. Modifications: WQCC Regulation 20.6.2.3107.C, 20.6.2.3109 and 20.6.2.5101.I NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh

water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure; if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program.

Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein.

An unauthorized discharge is a violation of this permit.

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Brine Well(s) Identification, Operation, Monitoring, Bonding and Reporting.

- A. Well Identification: API# 30-015-36119
- B. Well Work Over Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other work. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Environmental Bureau and District Office.
- C. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out. Operators may request long term reverse operation if they can demonstrate that additional casing and monitoring systems are installed and approved by OCD. Operating in the reverse mode for more than 24 hours unless approved otherwise is a violation of this permit.
- D. Well Pressure Limits: **The maximum operating surface injection and/or test pressure measured at the wellhead shall not exceed 185 psig unless otherwise approved by the OCD.** The operator shall have a working pressure limiting device or controls to prevent overpressure. Any pressure that causes new fractures or propagate existing fractures or causes damage to the system shall be reported to OCD within 24 hours of discovery.
- E. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with approved fluids or gas to a minimum of 300 psig measured on the surface casing for four hours. However, no operator may exceed test pressures that may cause formation fracturing (see item 21.D above) or system failures. Systems requiring test pressures less than 300 psig must be approved by OCD prior to testing. At least once every five years and during well workovers the salt cavern formation will be isolated from the casing/tubing annulus and the casing pressure tested at 300 psig for 30 minutes. All pressure tests must be performed per the scheduled shown below and witnessed by OCD unless otherwise approved.

Testing Schedule:

2006- 4 hour	@ 300 psig casing open to formation test
2007- 4 hour	@ 300 psig casing open to formation test

2008- 30 minute	@ 300-500 psig casing test only (set packer to isolate formation from casing)
2009- 4 hour	@ 300 psig casing open to formation test
2010- 4 hour	@ 300 psig casing open to formation test

- F. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.

Any subsidence must be reported within 24 hours of discovery.

- G. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in the annual report.
- H. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (method 40 CFR 136.3) using EPA methods.
- I. Area of Review (AOR): The operator shall report within 24 hours of discovery of any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within $\frac{1}{4}$ mile from the brine well.
- J. Loss of Mechanical Integrity: The operator shall report within 24 hours of discovery of any failure of the casing, tubing or packer, or movement of fluids outside of the injection zone. The operator shall cease operations until proper repairs are made and the operator receives OCD approval to re-start injection operations.
- K. Bonding or Financial Assurance: The operator shall maintain at a minimum, a one well plugging bond in the amount of \$50,000.00 to restore the site, plug and abandon the well, pursuant to OCD rules and regulations. If warranted, OCD may require additional financial assurance.

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 20.6.2.5101.

22. Transfer of Discharge Permit: Pursuant to WQCC 20.6.2.5101.H the owner/operator and new owner/operator shall provide written notice of any transfer of the permit. Both parties shall sign the notice 30 days prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. In addition, the purchaser shall include a written commitment to comply with the terms and conditions of the previously approved discharge permit. OCD will not transfer brine well operations until proper bonding or financial assurance is in place and approved by the division. OCD reserves the right to require a modification of the permit during transfer.

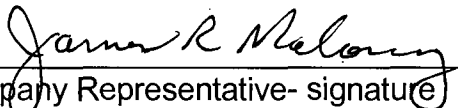
23. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit for OCD approval, a closure plan including a completed C-103 form for plugging and abandonment of the well(s). Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

24. Certification: Loco Hills Water Disposal Co. (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

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

LOCO HILLS WATER DISPOSAL COMPANY
Company Name-print name above

JAMES R. MALONEY
Company Representative- print name


Company Representative- signature

Title VICE PRESIDENT

52100 -
000007518

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:

March 5

2008

That the cost of publication is \$ 139.88 that Payment Thereof has been made and will be assessed as court costs.

April Hernandez

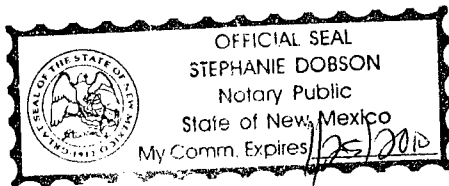
Subscribed and sworn to before me this

5 day of March, 2008

Stephanie Dobson

My commission Expires on 1/25/2010

Notary Public



March 5, 2008

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-021) Loco Hills Water Disposal Company, Mr. James R. Maloney, P.O. Box 68, Loco Hills, New Mexico 88210, has

submitted an application for the renewal of a discharge plan for the brine well "Brine Water Well No. 2" (API# 30-015-36119) located in the NW/4, SW/4 of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 0.5 mile north of Loco Hills off of Hwy. 82. Fresh water is injected into the Salado Formation at a depth of 620 feet, maximum injection pressure of 185 psig, and an average of 2,500 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L. Brine 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 270 feet with a TDS of approximately 3000 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.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. 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.

day, or may also be viewed at the NMOCD web site <http://www.emnr.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 mas informacion sobre esta solicitud en español, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerales y Recursos Naturales de Nuevo Mexico) Oil Conservation Division (Depto. Conservacion Del Petroleo), 1220 South St. Francis Drive, Santa Fe, New Mexico (Contacto: Dorothy Phillips, 505-476-3461).

GIVEN under the Seal of New Mexico, Oil Conservation Commission at Santa Fe, New Mexico, on this 4th Day of March 2008.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

S E A L Mark
Fesmire, Director

CARLSBAD CURRENT-ARGUS

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

RECEIVED

ADVERTISING INVOICE/STATEMENT

DETACH THIS STUB AND RETURN WITH PAYMENT PAYABLE TO: 2008 APR 10 PM 10:28
Carlsbad Current-Argus

NM OIL & CONSERVATION, ENERGY,
1220 S SAINT FRANCIS DR
SANTA FE NM 87505-4000

ACCOUNT NO.	INVOICE NO.
730593	0003754147
DUE DATE	AMOUNT DUE
04/24/08	303.08
BILLING PERIOD	THROUGH
03/01/08	03/31/08
AMOUNT PAID	

RETAIN THIS PORTION FOR YOUR RECORDS

DATE	EDT	CLASS	DESCRIPTION	COL	DEPTH	TMS RUN	TOTAL SIZE	RATE	AMOUNT
301			PREVIOUS BALANCE						176.96
320			PAYMENT-THANK YOU						176.96-
305	CRC	0152	1000932243/MARCH /521--7518	1	216.00	1	216.00		131.64
330	CRC	0152	1000950024/MARCH /52100-7518	1	255.00	1	255.00		153.48
305		0152	NM TAX						17.96
<p>WE KNOW YOU HAVE CHOICES - THANK YOU FOR YOUR BUSINESS !</p>									

CURRENT	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	OVER 120 DAYS	TOTAL DUE
303.08	.00	.00	.00	.00	303.08

TYPE	CONTRACT QUANTITY	EXPIRATION DATE	CURRENT USAGE	TOTAL USED	QUANTITY REMAINING	SALES PERSON
						<p>4/10/08 OK to pay Sandy</p> <p>0433 OK to pay 4/10/08 had charging 04-21</p>

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	NM OIL & CONSERVATION, ENERGY,	0003754147	
		DUE DATE	
		04/24/08	

Carlsbad Current-Argus

For Billing Inquiries Call: (505) 887-5501

ADVERTISING INVOICE/STATEMENT

THE SANTA FE
NEW MEXICAN
Founded 1849

RECEIVED
2008 MAR 10 PM 2 14

NM EMNRD OIL CONSERV. DIV

1220 S ST FRANCIS DR

SANTA FE NM 87505

Attn: Carl Chavez

ALTERNATE ACCOUNT: 56689

AD NUMBER: 00248072 ACCOUNT: 00002212

LEGAL NO: 82445

P.O. #: 52100-7521

205 LINES 1 TIME(S) 178.08

AFFIDAVIT: 7.00

TAX: 14.69

TOTAL: 199.77

3/12/08
OK to pay
and return

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 # 82445 a copy of which is hereto attached was published in said newspaper 1 day(s) between 03/07/2008 and 03/07/2008 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 7th day of March, 2008 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

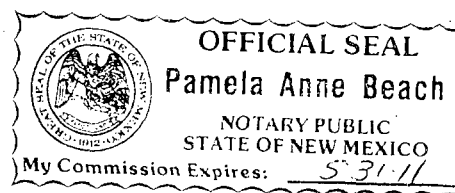
/s/ T Valencia

LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 7th day of March, 2008

Notary Pamela Anne Beach

Commission Expires: May 31, 2011



**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-021) Loco Hills Water Disposal Company Mr. James R. Maloney, P.O. Box 68, Loco Hills, New Mexico 88210, has submitted an application for the renewal of a discharge plan for the brine well "Brine Water Well No. 2" (API# 30-015-36119) located in the NW/4, SW/4 of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 0.5 mile north of Loco Hills off of Hwy. 82. Fresh water is injected into the Salado Formation at a depth of 620 feet, maximum injection pressure of 185 psig, and an average of 2,500 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L. Brine 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 approxi-

mately 270 feet with a TDS of approximately 3000 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.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. 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 in-

terested 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 español, sírvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerales y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservación Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New Mexico (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 4th Day of March 2008.

**STATE OF
NEW MEXICO
OIL CONSERVATION
DIVISION**

S E A L

Mark Fesmire,
Director

Legal #82445
Pub. March 7, 2008

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, March 04, 2008 8:11 AM
To: 'legals@sfnewmexican.com'; 'Hernandez, April'
Subject: New Mexico Oil Conservation Division Classified Ad Request (BW-021)
Attachments: BW-21 PN 2-28-08 Final2.doc

Hi. Please find below and attached a public notice request with account information for your newspapers.

Attn: Ms. Valencia (Santa Fe New Mexican)

Please publish (for one day only) the attached Notice(s) in the classified notice section of the newspaper: PO # is 52100-0000007521 Account # 56689. Please mail an affidavit of proof of publication for each notice

Attn: Ms. Hernandez (Current Argus Publishing)

Please publish (one day only) the attached Notice(s) in the classified notice section of the newspaper: PO # is 52100-0000007518 Account # 730593. Please mail an affidavit of proof of publication for the notice to:

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")

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, March 04, 2008 8:00 AM
To: Thompson, Bruce C., DGF; Warren, Alvin, DIA; 'ddapr@nmda.nmsu.edu'; 'Linda_Rundell@nm.blm.gov'; 'sthompson@ago.state.nm.us'; 'r@rthicksconsult.com'; 'sricdon@earthlink.net'; 'nmparks@state.nm.us'; Dantonio, John, OSE; 'sreid@nmoga.org'; Martinez, Elysia, NMENV; 'lwa@lwasf.com'; 'lazarus@glorietageo.com'; Stone, Marissa, NMENV; 'ron.dutton@xcelenergy.com'; 'cgarcia@fs.fed.us'; 'jbarnett@barnettwater.com'; Kieling, John, NMENV; 'bsg@garbhall.com'; Olson, Bill, NMENV; 'claudette.horn@pnm.com'; 'ekendrick@montand.com'; 'ken@carihobbs.com'; 'staff@ipanm.org'; Williams, Chris, EMNRD; Johnson, Larry, EMNRD; Gum, Tim, EMNRD; Bratcher, Mike, EMNRD; Perrin, Charlie, EMNRD; Powell, Brandon, EMNRD; Martin, Ed, EMNRD
Cc: 'Randall Harris'
Subject: FW: New Mexico Oil Conservation Division BW-21 Draft Admin. Complete, Public Notice & Draft DP

Ladies and Gentlemen:

Please note that a draft brine well (BW-021) public notice, discharge permit and administrative complete letter has been posted on the Oil Conservation Division website at <http://www.emnrd.state.nm.us/oed/ENV-DraftPublicEtc.htm>.

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: Hansen, Edward J., EMNRD
Sent: Monday, March 03, 2008 11:59 AM
To: Chavez, Carl J, EMNRD
Subject: RE: BW-21 Draft Admin. Complete, Public Notice & Draft DP

posted

From: Chavez, Carl J, EMNRD
Sent: Friday, February 29, 2008 10:52 AM
To: Hansen, Edward J., EMNRD
Subject: BW-21 Draft Admin. Complete, Public Notice & Draft DP

Ed:


Please post the PDF files on the OCD Website on March 4, 2008. The PDFs are located at

<L:\ENVIRONM\WORD\ENVR-CC\UIC\Discharge Plans\Class III\BW-21 Application Cancelled 8-7-07\Application Renewal>

3/4/2008

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")



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark Fesmire

Division Director

Oil Conservation Division



March 4, 2008

Mr. James Maloney
Loco Hills Brine Company
P.O. Box 68
Loco Hills, New Mexico 88255

**Re: Discharge Plan Renewal of Permit (BW-021)
Loco Hills Water Disposal Company
Class III Brine Well
Brine Water Well No. 2, API No. 30-015-36119
1,453 FSL and 221 FWL UL: L Section 16, T 17 S, R 30 E
Eddy County, New Mexico**

Dear Mr. Maloney:

The New Mexico Oil Conservation Division (NMOCD) has received Loco Hills Water Disposal Company's renewal application for the "Brine Water Well No. 2" brine well to inject fresh water and extract 10 pound brine water from the Salado Formation at a daily rate of 2,500 barrels per day and at a maximum injection pressure of 185 psig. The Class III brine well is located approximately 0.5 mile north of Loco Hills off of Hwy. 82. The initial and subsequent submittals provided the required information in order to deem the renewal application "administratively" complete.

Therefore, the New Mexico Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the NMOCD. NMOCD will provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

Please contact me at (505) 476-3491 or carlj.chavez@state.nm.us if you have questions. Thank you for your cooperation during this discharge permit review.

Sincerely,

Carl J. Chavez
Environmental Engineer

CJC/cjc
xc: OCD District Office





New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



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-021) Loco Hills Water Disposal Company Mr. James R. Maloney, P.O. Box 68, Loco Hills, New Mexico 88210, has submitted an application for the renewal of a discharge plan for the brine well "Brine Water Well No. 2" (API# 30-015-36119) located in the NW/4, SW/4 of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. The brine extraction well is located approximately 0.5 mile north of Loco Hills off of Hwy. 82. Fresh water is injected into the Salado Formation at a depth of 620 feet, maximum injection pressure of 185 psig, and an average of 2,500 barrels per day of brine water with a total dissolved solids (TDS) concentration of approximately 300,000 mg/L. Brine 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 270 feet with a TDS of approximately 3000 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.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. 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 español, 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. Conservación 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 4th Day of March 2008.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 4, 2008

Mr. James R. Maloney
Loco Hills Water Disposal Co.
P.O. Box 68
Loco Hills, New Mexico 88210

Re: **DRAFT Discharge Permit Brine Water Well No. 2 (BW-021) Renewal**
API# 30-015-36119

Dear Mr. Maloney:

Pursuant to all applicable parts of the Water Quality Control Commission (WQCC) Regulations 20.6.2 NMAC and more specifically 20.6.2.3104 - 20.6.2.3999 discharge permit, and 20.6.2.5000-.5299 Underground Injection Control, the Oil Conservation Division (OCD) hereby approves the discharge permit and authorizes the operation and injection for the Loco Hills Water Disposal Company (**Owner/Operator**) Brine Water Well No. 2 (BW-021) located in the NW/4, SW/4 of Section 16, 1453 FSL 221 FWL, Township 17 South and Range 30 East, NMPM, Eddy County, New Mexico, under the conditions specified in the enclosed **Attachment To The Discharge Permit**.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this Letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Carl Chavez of my staff at (505-476-3491) or E-mail carlj.chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Wayne Price
Environmental Bureau Chief

LWP/cc
Attachments-1
xc: OCD District Office



**ATTACHMENT TO THE DISCHARGE PERMIT
Loco Hills Water Disposal Company Brine Well (BW-021)
DISCHARGE PERMIT APPROVAL CONDITIONS**

March 4, 2008

**Please remit a check for \$1700.00 made payable to Water Quality
Management Fund:**

**Water Quality Management Fund
C/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505**

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100.00, plus a renewal flat fee (see WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required \$100.00 filing fee. However, the owner/operator still owes the required \$1700.00 permit fee for a Class III Brine Well.
- 2. Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on December 18, 2010** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. ***Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA1978} and civil penalties may be assessed accordingly.***
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its August 17, 2007 discharge permit application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with

the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. Modifications: WQCC Regulation 20.6.2.3107.C, 20.6.2.3109 and 20.6.2.5101.I NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh

water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of

drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein.

An unauthorized discharge is a violation of this permit.

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. **Additional Site Specific Conditions:** N/A

21. Brine Well(s) Identification, Operation, Monitoring, Bonding and Reporting.

- A. Well Identification: API# 30-015-36119
- B. Well Work Over Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other work. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Environmental Bureau and District Office.
- C. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out. Operators may request long term reverse operation if they can demonstrate that additional casing and monitoring systems are installed and approved by OCD. Operating in the reverse mode for more than 24 hours unless approved otherwise is a violation of this permit.
- D. Well Pressure Limits: **The maximum operating surface injection and/or test pressure measured at the wellhead shall not exceed 185 psig unless otherwise approved by the OCD.** The operator shall have a working pressure limiting device or controls to prevent overpressure. Any pressure that causes new fractures or propagate existing fractures or causes damage to the system shall be reported to OCD within 24 hours of discovery.
- E. Mechanical Integrity Testing: Conduct an annual open to formation pressure test by pressuring up the formation with approved fluids or gas to a minimum of 300 psig measured on the surface casing for four hours. However, no operator may exceed test pressures that may cause formation fracturing (see item 21.D above) or system failures. Systems requiring test pressures less than 300 psig must be approved by OCD prior to testing. At least once every five years and during well workovers the salt cavern formation will be isolated from the casing/tubing annulus and the casing pressure tested at 300 psig for 30 minutes. All pressure tests must be performed per the scheduled shown below and witnessed by OCD unless otherwise approved.

Testing Schedule:

2006-	4 hour	@ 300 psig casing open to formation test
2007-	4 hour	@ 300 psig casing open to formation test
2008-	30 minute	@ 300-500 psig casing test only (set packer to isolate formation from casing)
2009-	4 hour	@ 300 psig casing open to formation test
2010-	4 hour	@ 300 psig casing open to formation test

- F. Capacity/ Cavity Configuration and Subsidence Survey: The operator shall provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence, collapse or damage to property, or become a threat to public health and the environment. This information shall be supplied in each annual report. OCD may require the operator to perform additional well surveys, test, and install subsidence monitoring in order to demonstrate the integrity of the system. If the operator cannot demonstrate the integrity of the system to the satisfaction of the Division then the operator may be required to shut-down, close the site and properly plug and abandoned the well.

Any subsidence must be reported within 24 hours of discovery.

- G. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office in the annual report.
- H. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (method 40 CFR 136.3) using EPA methods.
- I. Area of Review (AOR): The operator shall report within 24 hours of discovery of any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within $\frac{1}{4}$ mile from the brine well.
- J. Loss of Mechanical Integrity: The operator shall report within 24 hours of discovery of any failure of the casing, tubing or packer, or movement of fluids outside of the injection zone. The operator shall cease operations until proper repairs are made and the operator receives OCD approval to re-start injection operations.
- K. Bonding or Financial Assurance: The operator shall maintain at a minimum, a one well plugging bond in the amount of \$50,000.00 to restore the site, plug and abandon the well, pursuant to OCD rules

and regulations. If warranted, OCD may require additional financial assurance.

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 20.6.2.5101.

22. Transfer of Discharge Permit: Pursuant to WQCC 20.6.2.5101.H the owner/operator and new owner/operator shall provide written notice of any transfer of the permit. Both parties shall sign the notice 30 days prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. In addition, the purchaser shall include a written commitment to comply with the terms and conditions of the previously approved discharge permit. OCD will not transfer brine well operations until proper bonding or financial assurance is in place and approved by the division. OCD reserves the right to require a modification of the permit during transfer.

23. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit for OCD approval, a closure plan including a completed C-103 form for plugging and abandonment of the well(s). Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

24. Certification: Loco Hills Water Disposal Co. (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

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

Company Name-print name above

Company Representative- print name

Company Representative- signature

Title _____



RECEIVED

Ray Westar Operating, Inc. 2008 JAN 10 PM 1:42

Independent Oil Producer
Post Office Box 4
Loco Hills, New Mexico 88255
PH. 505-677-2370 • FAX 505-677-2361

January 4, 2008

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

Attn: Wayne Price

Gentlemen:

Enclosed is the news paper Notice of the Renewal of Discharge Plan for the Loco Hills Water Disposal Brine Well #1. The Notice was published in the Artesia Daily Press on December 16, 2007.

Respectfully submitted,

Randall L. Harris

AVISO.

Renovacion del Plan de Descargo para el lugar de la Extraccion Salmuera
Loco Hills Water Disposal
P.O. Box 68
Loco Hills, NM 88255

Localizado una milla al norte del camino US 82 en el camino condado CR 217
camino rumbo a Hagerman
1654 CR 217
Loco Hills, NM 88255
(505) 677-2118

Agua salmuera es producida de una noria localizada en la propiedad y es descarga-
da por linea a un estanque.

El Volume es aproximadamente 2500 barriles por dia de salmuera 10#.

No hay agua subterranea potable cerca o alrededor del area.

Comentarios y o peticiones que quieran puestas en la instalacion de la lista de correo
en el futuro se pueden mandar a:

NMOCD
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attn: Carl J. Chavez
(505) 476-3462

NOTICE

Renewal of Discharge Plan for Brine Extraction Facility
Loco Hills Water Disposal
P.O. Box 68
Loco Hills, NM 88255

Located one mile south of US 82 on CR 217 (Hagerman Cutoff)
1654 CR 217
Loco Hills, NM 88255
(505) 677-2118

Brine water is produced from a well located on the property and is discharged in a
lined bermed pond.

Volume is approximately 2500 barrels per day of 10# brine.

There is no fresh ground water within this area.

Comments and or request to be placed on the facility mailing list for future notices
should be made to:

NMOCD
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attn: Carl J. Chavez
(505) 476-3462

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided.)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 1.82
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.47

Sent To **COG**
 Street, Apt. No., or PO Box No. **550 W. TEXAS AVE STE 1300**
 City, State, ZIP+4 **MIDLAND TX 79701**

Postmark Here **AUG 1 2007**

PS Form 3800, June 2002 See Reverse for Instructions

9209 9122 2218 6029 7004 2890 0003 2218 6035

U.S. Postal Service
CERTIFIED MAIL RECEIPT
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 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 1.82
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.47

Sent To **MARKUS ENERGY**
 Street, Apt. No., or PO Box No. **BOX 227**
 City, State, ZIP+4 **ACTESIA, NM 88210**

Postmark Here **AUG 25 2007**

PS Form 3800, June 2002 See Reverse for Instructions

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only. No Insurance Coverage Provided.)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$ 1.82
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.47

Sent To **Southwest Royalties**
 Street, Apt. No., or PO Box No. **6 DESTA DR STE 2180**
 City, State, ZIP+4 **MIDLAND TX 79701**

Postmark Here **AUG 15 2007**

PS Form 3800, June 2002 See Reverse for Instructions

9209 9122 2218 6029 7004 2890 0003 2218 6035

U.S. Postal Service
CERTIFIED MAIL RECEIPT
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OFFICIAL USE

Postage	\$ 1.82
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.47

Sent To **BP AMERICA**
 Street, Apt. No., or PO Box No. **501 WESTLAKE PK BLVD**
 City, State, ZIP+4 **HOUSTON, TX 77079**

Postmark Here **AUG 1 2007**

PS Form 3800, June 2002 See Reverse for Instructions

AVISO

Renovacion del Plan de Descargo para el lugar de la Extraccion Salmuera
Loco Hills Water Disposal

P.O. Box 68
Loco Hills, NM 88255

Localizado una milla al norte del camino US 82 en el camino condado CR 217
camino rumbo a Hagerman
1654 CR 217

Loco Hills, NM 88255
(505) 677-2118

Agua salmuera es producida de una noria localizada en la propiedad y es descarga-
da por linea a un estanque.

El Volume es aproximadamente 2500 barriles por dia de salmuera 10#.

No hay agua subterranea potable cerca o alrededor del area.

Comentarios y o peticiones que quieran puestas en la instalacion de la lista de correo
en el futuro se pueden mandar a:

NMOCD
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attn: Carl J. Chavez
(505) 476-3462

NOTICE

Renewal of Discharge Plan for Brine Extraction Facility
Loco Hills Water Disposal

P.O. Box 68
Loco Hills, NM 88255

Located one mile south of US 82 on CR 217 (Hagerman Cutoff)
1654 CR 217

Loco Hills, NM 88255
(505) 677-2118

Brine water is produced from a well located on the property and is discharged in a
lined bermed pond.

Volume is approximately 2500 barrels per day of 10# brine.

There is no fresh ground water within this area.

Comments and or request to be placed on the facility mailing list for future notices
should be made to:

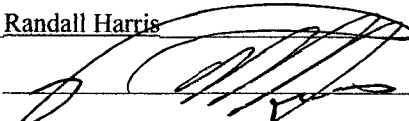
NMOCD
1220 South St. Francis Dr.
Santa Fe, NM 87505

Attn: Carl J. Chavez
(505) 476-3462

APPLICATION FOR AUTHORIZATION TO INJECT

- I. PURPOSE: Brine Well
Application qualifies for administrative approval? 2007 AUG 14 PM 1:59 Yes ☒ No ☐
- II. OPERATOR: Loco Hills Water Disposal
ADDRESS: P.O. Box 68, Loco Hills, NM 88255
CONTACT PARTY: Randall Harris Phone 505.677.2370
- III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection.
Additional sheets may be attached if necessary.
- IV. Is this an expansion of an existing project? ☒ Yes ☐ No
If yes, give the Division order number authorizing the project: _____
- V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.
- VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.
- VII. Attach data on the proposed operation, including:
1. Proposed average and maximum daily rate and volume of fluids to be injected;
 2. Whether the system is open or closed;
 3. Proposed average and maximum injection pressure;
 4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
 5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).
- *VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.
- IX. Describe the proposed stimulation program, if any.
- *X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).
- *XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.
- XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.
- XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.
- XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: Randall Harris TITLE: Geologist

SIGNATURE:  DATE: 8/14/2007

E-MAIL ADDRESS: rhaarrisnm@aim.com

- * If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

- (1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.
- (2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.
- (3) A description of the tubing to be used including its size, lining material, and setting depth.
- (4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

- (1) The name of the injection formation and, if applicable, the field or pool name.
- (2) The injection interval and whether it is perforated or open-hole.
- (3) State if the well was drilled for injection or, if not, the original purpose of the well.
- (4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.
- (5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

- (1) The name, address, phone number, and contact party for the applicant;
- (2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;
- (3) The formation name and depth with expected maximum injection rates and pressures; and,
- (4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

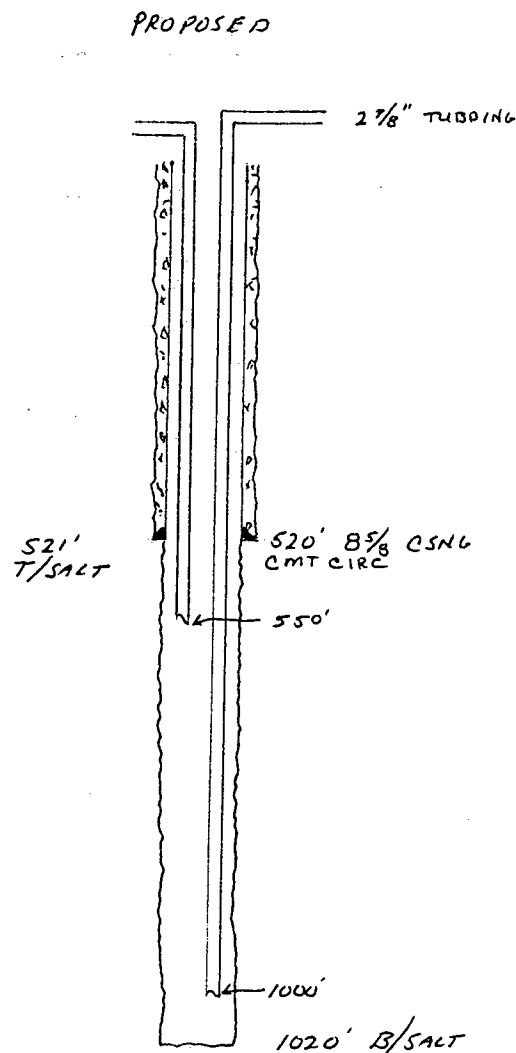
NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

INJECTION WELL DATA SHEET

OPERATOR: Loco Hills Water Disposal CompanyWELL NAME & NUMBER: Brine Well #2

WELL LOCATION: 1453' FSL & 221' FWL K 16 17 South 30 East
 FOOTAGE LOCATION UNIT LETTER SECTION TOWNSHIP RANGE

WELLBORE SCHEMATICWELL CONSTRUCTION DATASurface CasingHole Size: 12 1/4" Casing Size: 8 5/8"Cemented with: 450 sx. or ft³Top of Cement: Surface Method Determined: CirculatedIntermediate CasingHole Size: Casing Size: Cemented with: sx. or ft³Top of Cement: Method Determined: Production CasingHole Size: Casing Size: Cemented with: sx. or ft³Top of Cement: Method Determined: Total Depth: Injection Interval520 feet to 1020 Open Hole

(Perforated or Open Hole; indicate which)

INJECTION WELL DATA SHEET

Tubing Size: 2 7/8" Lining Material: NONE

Type of Packer: None

Packer Setting Depth:

Other Type of Tubing/Casing Seal (if applicable):

Additional Data

1. Is this a new well drilled for ~~injection~~ BRINE X Yes No

If no, for what purpose was the well originally drilled?

2. Name of the Injection Formation: Salt

3. Name of Field or Pool (if applicable):

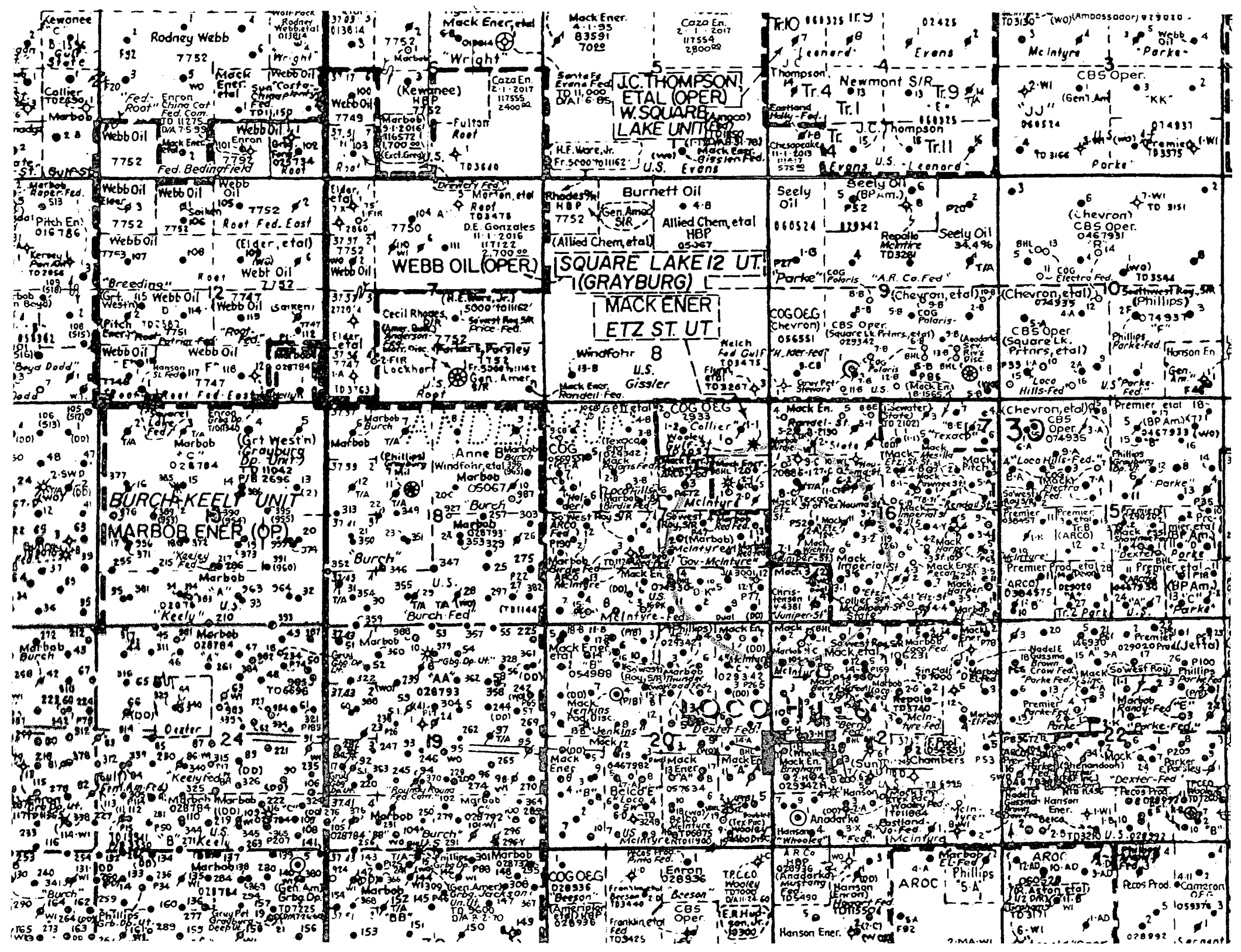
4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

ATTACHMENT V

Maps that identifies all wells of public record within two miles of the brine well, and the area of review one-half mile radius around the brine well.

19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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ATTACHMENT VI

Data on all wells of public record within the area of review which penetrate the proposed injection zone. Included are schematics of the plugged wells that penetrated the proposed injection zone within the area of review.

WELL NAME	LOCATION	SPUD DATE	SUR.CASING	INT.CASING	PROD. CASING	COMPLETION
Loco Hills Brine Brine Well #1 30-015-32068	SWSW Sec 16 T17S R30 E	1985	7" @ 499' Cmt Circulated		5 1/2" @ 404' 100 sxs Circ	OH 499-1000 Brine
COG ETZ State Unit 110 30-015-04166	NESW Sec 16 T17S-R30E	8/8/1936	10" @ 432' mud to surface		5" @ 2630' 80 sxs T/2285' calc	OH 2630-3187 Grayburg Jackson Oil
COG Wichita State #1 30-015-30638	NWSW SEC 16 T17S-R30E	7/22/1999	13 3/8" @ 359' 325 sxs Circ	8 5/8" @ 1106' 550 sxs Circ	5 1/2" @ 4794 935 sxs T/4000' Calc	4312-4650' Loco Hills Paddock Oil
COG ETZ State Unit 107 30-015-20551	SWNW Sec 16 T17S-R30E	6/14/1972	8 5/8" @ 528' 100 sxs Surf calc		4 1/2" @ 3950' 600 sxs T/1490' Calc	2526-3877 Grayburg Jackson Oil
COG ETZ State Unit 106 30-015-10046	SWNW Sec 16 T17S-R30E	3/22/1972	16" @ 341' 400 sxs circ		8 5/8" @ 4000' 1200 sxs T/1020' Temp	3704-3740' Grayburg Jackson Oil
COG Houma State 1 30-015-31491	SWNW Sec 16 T17S-R30E	1/12/2001	13 3/8" @ 397' 450 sxs Circ	8 5/8" @ 1229' 550sxs Circ	5 1/2" @ 4861' 840 sxs Circ	4313-4711' Loco Hills Paddock Oil
COG ETZ State Unit 119 30-015-21333	NESW Sec 16 T17S-R30E	9/27/1975	8 5/8" @ 485' 150 sxs Surf calc		4 1/2" 2859' 450 sxs T/1200' Bond	2096-2102 Grayburg Jackson Oil
COG ETZ State Unit 109 30-015-20540	NWSW Sec 16 T17S-R30E	12/12/1971	8 5/8" @ 520' 220 sxs Surf calc		5 1/2" @ 3305' 360 sxs	2520-3180' Grayburg Jackson Oil
COG ETZ State Unit 118 30-015-20746	SESW Sec 16 T17S-R30E	11/14/1972	8 5/8" @ 531' 100 sxs Surf calc		5 1/2" @ 4048' 600 sxs T/800' Calc	2523-3962' Grayburg Jackson Oil

Mack Energy Etz State 24 30-015-20747	NESW Sec 16 T17S-R30E	11/24/1972	8 5/8" @ 531' 100 sxs Surf calc		5 1/2" @ 4048' 600 sxs T/800' Calc	2533-3960' Grayburg Jackson INJ
Marbob Energy Birdie Federal #5 30-015-30371	SENE Sec 17 T17S-R30E	8/25/1998	8 5/8" @ 402' 400 sxs Surf ready mix		5 1/2" @ 4725' 1600 sxs Circ	4280-4552 Loco Hills Paddock Oil
Southwest Royalties McIntyre 1Fed #2 30-015-20614	NESE Sec 17 T17S-R30E	4/2/1972	8 5/8" @ 497' 100 sxs T/190' Calc		5 1/2 @ 3700' 650 sxs T/1035' Calc	2494-3648' Grayburg Jackson Oil
Southwest Royalties Mcintyre F #1 30-015-04182	NESE Sec 17 T17S-R30E	10/1/1941 re-entered 5/7/1972	10 3/4" @ 500' 50 sxs No hole size	8 5/8 @ 1980' Mudded	4 1/2 @ 3750' 700 sxs T/740' Calc	2512-3666' Grayburg Jackson Oil
COG McIntyre DK #10 30-015-04183	SWSE Sec 17 T17S-R30E	1935 ?	10" 300' (?) Cemented (?# sxs)		6 5/8' @ 2800' Cemented (?#sxs)	OH 2800-3260' Grayburg Jackson Oil
COG Mcintyre DK #1 30-015-04184	SESE Sec 17 T17S-R30E	1937 ? Deepened 7/15/1997	9 5/8" @ 526' 50 sxs T/348' Calc	7"@ 2878' 100 sxs T/1600' calc	4 1/2 @ 4788' 400 sxs T/2800'	4306-4597' Loco Hills Paddock Oil
COG McIntyre DK #5 30-015-20749	SESE Sec 17 T17S-R30E	10/16/1972	8 5/8" @ 505' 225 sxs Circ		5 1/2" @ 4300' 850 sxs T/1040'	2582-4102' Grayburg Jackson Oil
COG McIntyre DK #12Y 30-015-30772	SESE Sec 17 T17S-R30E	7/15/1997	13 3/8" @ 424' 425 sxs Circ	8 5/8" @ 1117' 650 sxs Circ	5 1/2" @ 4711' 1000 sxs Circ	4380-4669' Loco Hills Paddock Oil
COG ETZ State Unit 108 30-015-04185	SENE 17 T17S-R30E	11/13/1944 Deepened 5/9/1972	10 3/4" @ 500' 50 sxs T/280' Calc	8 5/8" @ 1970' 100 sxs T/1260' Calc	4 1/2" @ 2935' 300 sxs T/1284' Calc	2533-3251' OH Grayburg Jackson Oil

COG ETZ State Unit 120 30-015-21178	SENE Sec 17 T17S-R30E	6/13/1974	8 5/8" @ 476' 150 sxs T/Surf		4 1/2" @ 2850' 450 sxs T/1000' Calc	2068-2076 Grayburg Jackson Oil
Marbob Energy Birdie Federal #5 30-015-30371	SENE Sec 17 T17S-R30E	8/25/1998	8 5/8" @ 403' 400 sxs Ready Mix to surf		5 1/2" @ 4725' 1600 sxs Circ	4280-4552' Loco Hills Paddock Oil
BP America Goldfish 17 Fed. #1 30-015-34376	SENE Sec 17 T17S-R30E	10/15/2005	13 3/8" @ 509' 640 sxs Circ	8 5/8" @ 4244' 2300 sxs T/238'	5 1/2" @ 10728 1770 sxs Circ	W/Cat Atoka 10728-11096' Gas
Southwest Royalties McIntyre Fed #1 30-015-04182	NESE Sec 17 T17S-R30E	10/1/1941 Deepeded 5/7/1972	10 3/4" @ 500' 50 sxs T/178' Calc	8 5/8" @ 1980' Mudded	4 1/2" @ 3750' 700 sxs T/750' Calc	2412-3666' Grayburg Jackson Oil
Marbob Energy Red Federal # 3 30-015-30232	NESE Sec 17 T17S-R30E	5/11/1998	8 5/8" @ 417' 400 sxs Ready Mix to Surf		5 1/2" @ 4814' 1400 sxs Circ	4353-4610 Loco Hills Paddock Oil
Marbob Energy Red Federal #1 30-015-30792	NESE Sec 17 T17S-R30E	5/1/2000	8 5/8" @ 394' 300 sxs Circ		5 1/2" @ 4740' 1300 sxs Circ	4306-4573' Loco Hills Paddock Oil
Southwest Royalites McIntyre Fed #2 30-015-20614	NWSE Sec 17 T17S-R30E	4/2/1922	8 5/8" @ 497' 100 sxs T/250' Calc		4 1/2" @ 3700' 650 sxs T/1000' Calc	2494-3648' Grayburg Jackson Oil
Marbob Energy Red Federal #2 30-015-30143	NWSE Sec 17 T17S-R30E	4/10/1998	8 5/8" @ 398' 400 sxs Circ		5 1/2" @ 4805' 1175 sxs Circ	4299-4557' Loco Hills Paddock Oil
Marbob Energy Red Federal #4 30-015-30698	NWSE Sec 17 T17S-R30E	11/2/1999	8 5/8" @ 424' 300 sxs Ready mix to surf		5 1/2" @ 4765' 1300 sxs Circ	4293-4584' Loco Hills Paddock Oil

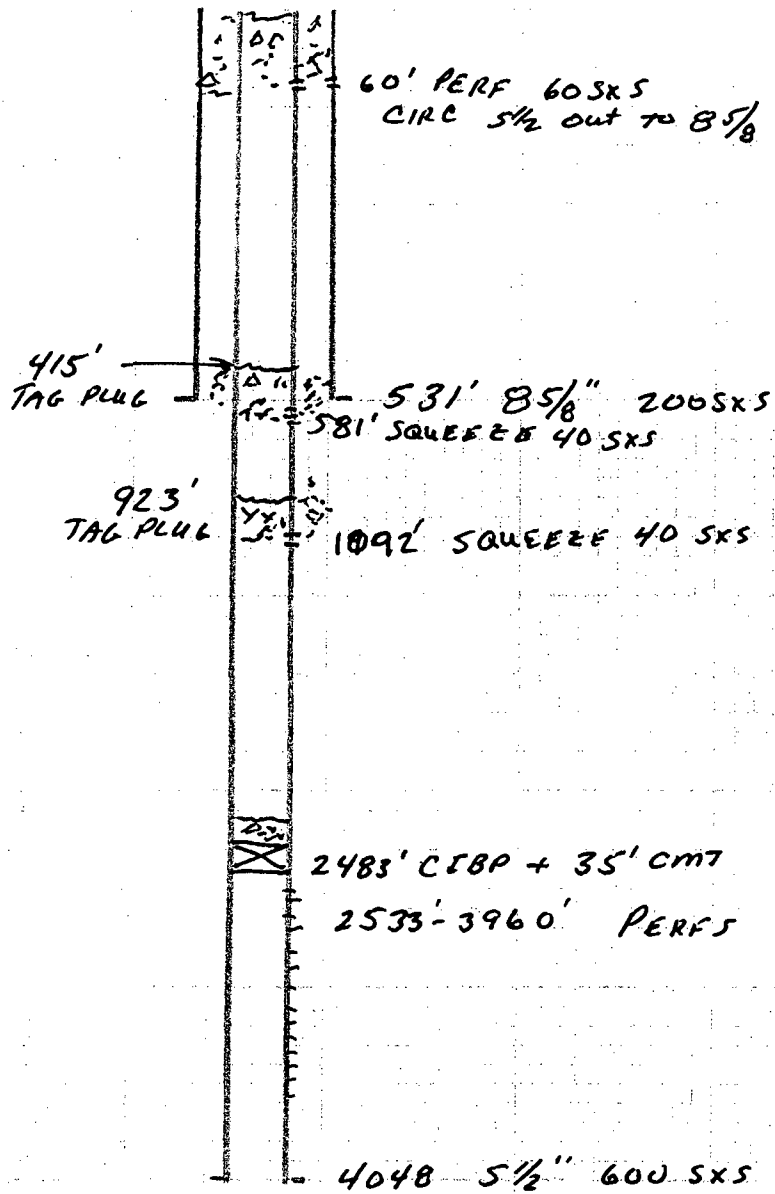
COG WD McIntyre #9 30-015-34473	NENE Sec 20 T17S-R30E	12/22/2005	13 3/8" @ 415' 628 sxs Surf	8 5/8" @ 1123' 900 sxs Surf	5 1/2" @ 6031' 1245 sxs Surf	5033-5680' Loco Hills Paddock Oil
COG WD McIntyre #2 30-015-04226	NENE Sec 20 T17S-R30E	3/12/1938 Deepend 4/23/1997	9 5/8" @ 515' 50 sxs T/340 Calc	7" @ 2930' 100 sxs T1700' Calc	4 1/2" @ 4824' 360 sxs T/864' Calc	4244-4644 Loco Hills Paddock Oil
COG McIntyre C #1 30-015-04236	NWNW Sec 21 T17S-R30E	1936	10" @ 300' ? 250 sxs ?		7" @ 2600' 500 sxs ?	2605-3218' OH Grayburg Jackson Oil
COG Marbob Energy Tyler Federal #1 30-015-30220	NWNW Sec 21 T17S-R30E	5/21/1999	8 5/8" @ 430' 400 sxs Circ		5 1/2' @ 4846' 1475 sxs Circ	4285-4616' Loco Hills Paddock Oil

P&A WELLS

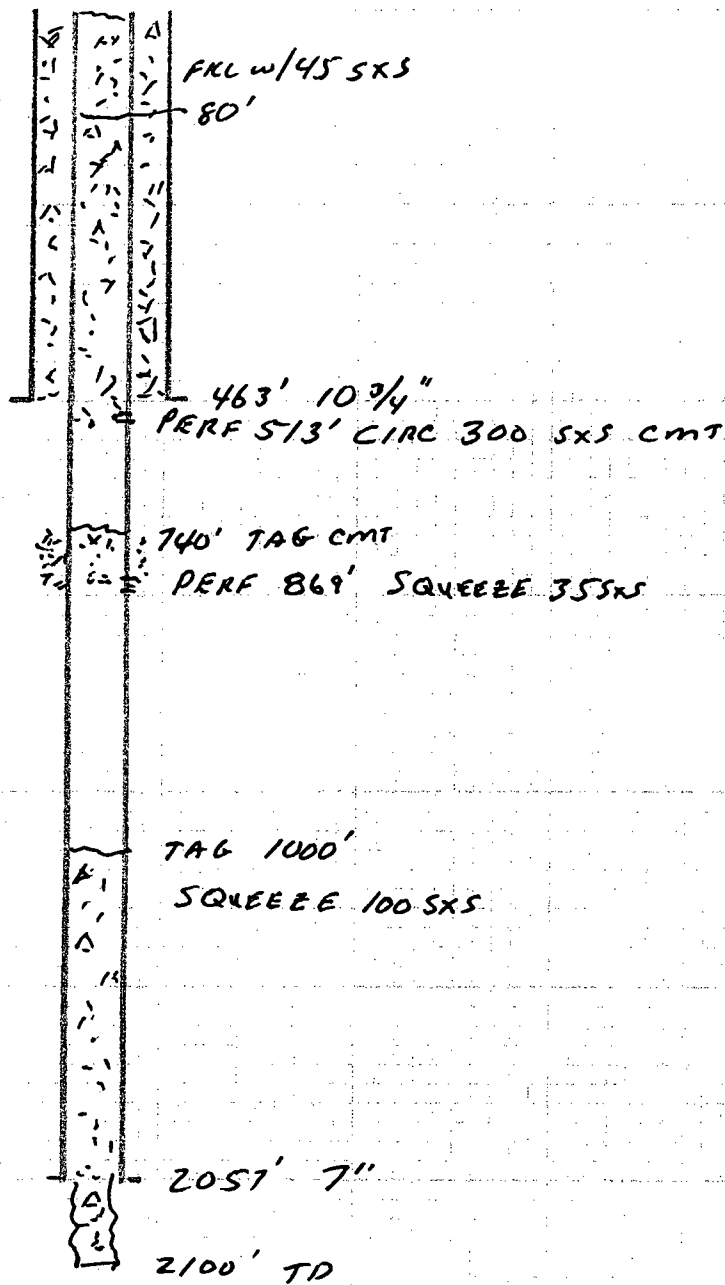
WELL NAME	LOCATION	SPUD DATE	SUR.CASING	INT.CASING	PROD. CASING	COMPLETION
Mack Energy ETZ State Unit 111 30-015-20747	NESW Sec 16 T17S-R30E	11/24/1972	8 5/8" @ 531' 100 sxs T/200' Calc		5 1/2" @ 4048' 600 sxs T/600' Calc	2533-3960 Grayburg Jackson Oil
Mack Energy ETZ C State #27 30-015-22154	SEnw Sec 16 T17S-R30E	5/14/1977	10 3/4" @ 463' 200 sxs T/100' Calc		7" @ 2057' 200 sxs T/700' Calc	2072-2100' OH Grayburg Jackson Oil
Mack Energy ETZ C State #12 30-015-20121	SEnw Sec 16 T17S-R30E	2/17/1968	8 5/8" @ 563' 75 sxs T/50' Calc		5 1/2" @ 2079' 100 sxs T/1500' Calc	2085-2100 OH Grayburg Jackson Oil
Mack Energy Etz State #11 30-015-10608	NESW Sec 16 T17S-R30E	11/11/1965	8 5/8" @ 531' 50 sxs T/300' Calc		4 1/2" @ 2058' 100 sxs T/1628' Calc	2058-2093' OH Grayburg Jackson Oil
Mack Energy Juniper State #2 30-015-04179	SWSW Sec 16 T17S-R30E	2/6/1936	8 5/8" @ 525' 75 sxs T/325' Calc		6 5/8" @ 2574' 100 sxs T/1500' Calc	2574-3149' OH Grayburg Jackson Oil
Texas American Oil Etz State #10 30-015-10497	SEnw Sec 16 T17S-R30E	6/29/1964	7" @ 561' 50 sxs T/380' Calc		2 2/7" @ 2078' 100 sxs T/1400' Calc	2078-2095' OH Grayburg Jackson Oil
Mack Energy ETZ C State #9 30-015-10496	NWNW Sec 16 T17S-R30E	4/7/1964	7" @ 530' 50 sxs T/200' Calc		2 7/8" @ 2055' 100 sxs T/1400' Calc	2055-2088' OH Grayburg Jackson Oil
Mack Energy ETZ C State #8 30-015-04175	SEnw Sec 16 T17S-R30E	7/20/1944	8 1/4" @ 520' 25 sxs T/400' Calc		7" @ 1800' 50 sxs T/1200' Calc	1800-2082' OH Grayburg Jackson Oil

Mack Energy ETZ C State #7 30-015-04174	SENW Sec 16 T17S-R30E	9/18/1941	8 1/4" @ 495' 25 sxs T/375' Calc		7" @ 1900' 50 sxs T/1100' Calc	1900-2110' OH Grayburg Jackson Oil
Mack Energy Juniper State #3 30-015-04163	SWSW Sec 16 T17S-R30E	6/20/1961	8 5/8" @ 525' 50 sxs T/300' Calc	7" @ 1815' 100 sxs T/800' Calc	5 1/2" @ 2100' 100 sxs T/1100' Calc	2152-2068' Grayburg Jackson Oil
Mack Energy ETZ State Unit 117 30-015-04164	SESW Sec 16 T17S-R30E	9/7/1935	8 1/4" W 390' 25 sxs T/260' Calc		6 5/8" @ 2690' 75 sxs T/2000' Calc	2690-3320' OH Grayburg Jackson Oil
Mack Energy McIntyre D #2 30-015-21177	SENE Sec 17 T17S-R30E	5/6/1974	8 5/8" @ 475' 150 sxs T/Surf		4 1/2" @ 2850' 450 sxs T/1000' Calc	2071-2078 Grayburg Jackson Oil
Devon Energy ETZ A State #2 30-015-04165	NWSW Sec 16 T17S-R30E	2/19/1936	8 1/4" @ 1320' 25 sxs 1300' EST		7" @ 2026' 100 sxs T/800' Calc	2065-2085' Grayburg Jackson Oil

MACK ENERGY
ETZ STATE UNIT III
30-DIS-20747
NESW SEC 16
T17S-R30E



MACK ENERGY
ETZ C STATE 27
30-015-22154
SE NW SEC 16
T17S- R30E



MACK ENERGY
ETZ C STATE # 12
30-015-20121
SE NW SEC 16
T17S-R30E

10 SXS SURFACE PLUG

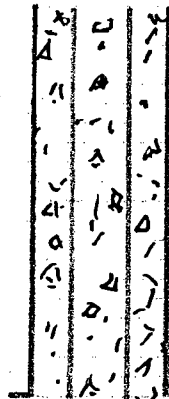
563' $8\frac{5}{8}$ "
610' 25 SXS PLUG

1810' CIBP + 10 SXS

2079' $5\frac{1}{2}$ "

2100' TD

MAK ENERGY
ETZ STATE #11
30-015-10608
NESW SEC 16
T175-R30E



531' 8 5/8"
550' SQUEEZE & CIRCULATE CMT

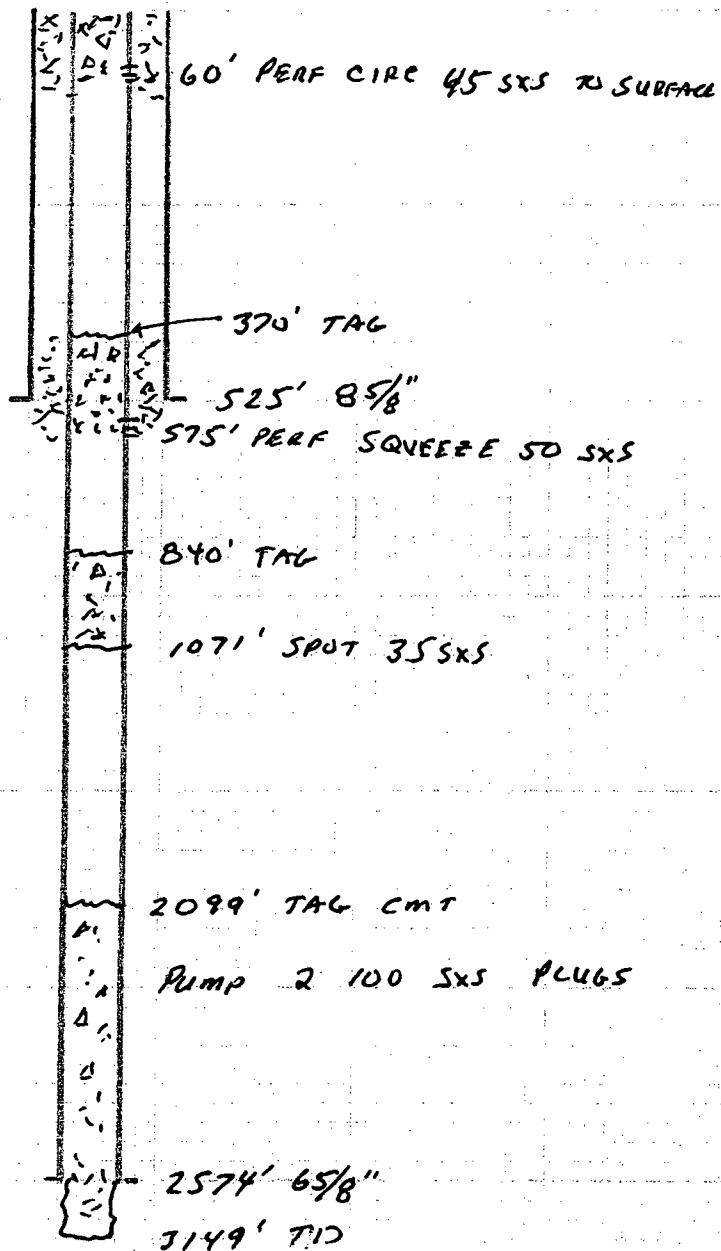
1018' TAG
1055' SQUEEZED SO SXS

2000' CIBP + 10 SXS

2058' 4 1/2"

2093 TD

MACK ENERGY
JUNIPER STATE #2
30-015-04179
SWSW SEC 16
T17S-R-30E



TEXAS AMERICAN OIL
ETZ STATE #10
30-015-10497
SE NW SEC 16
T17S-R30E

90 SXS CMT
DOWN 7" BRADENHEAD

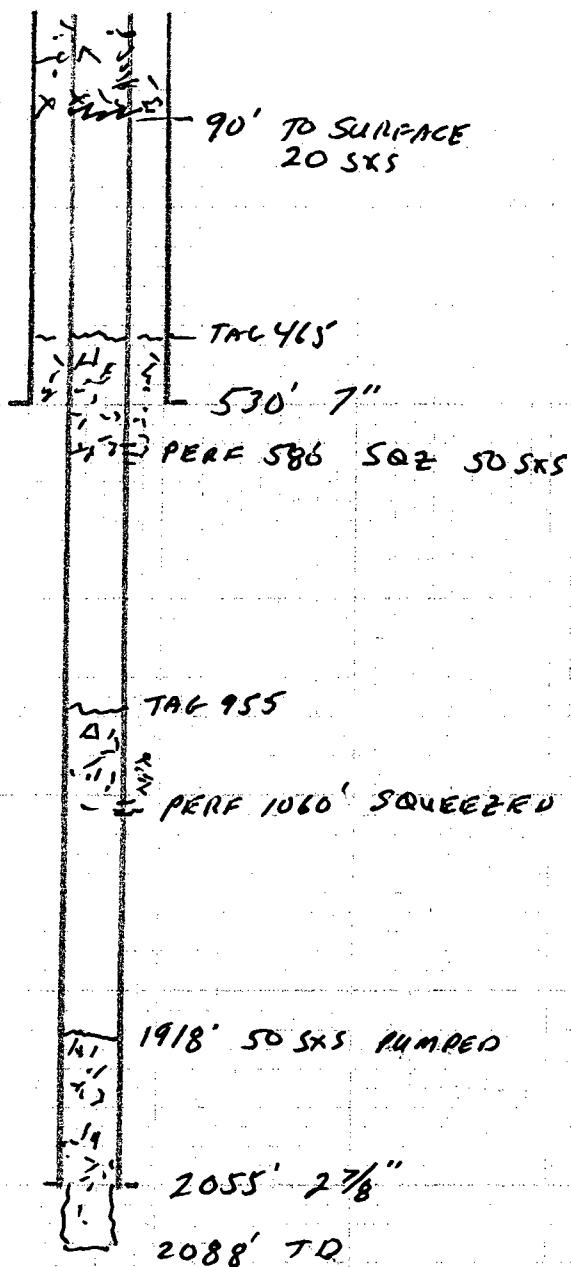
TAG 498'
561' 7"
PERF 603' 40 SXS

TAG 847'
PERF 1075'
50 SXS PLUG

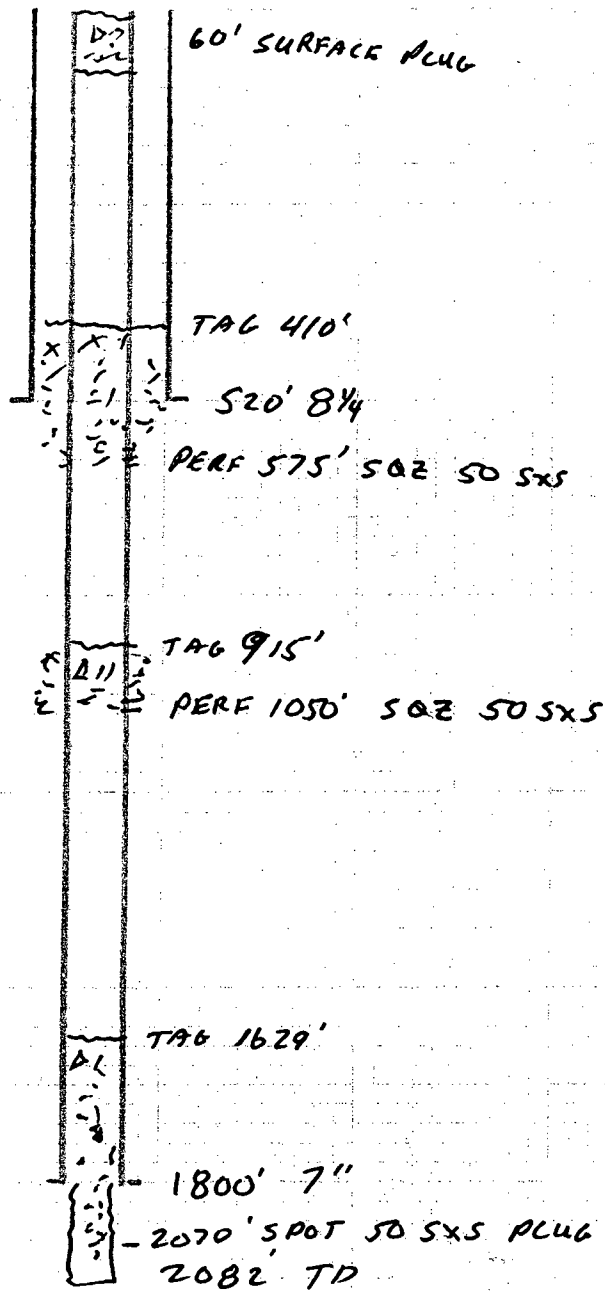
1781' TAG
SD07 20 SXS

2078' 2 7/8"
2095' TD

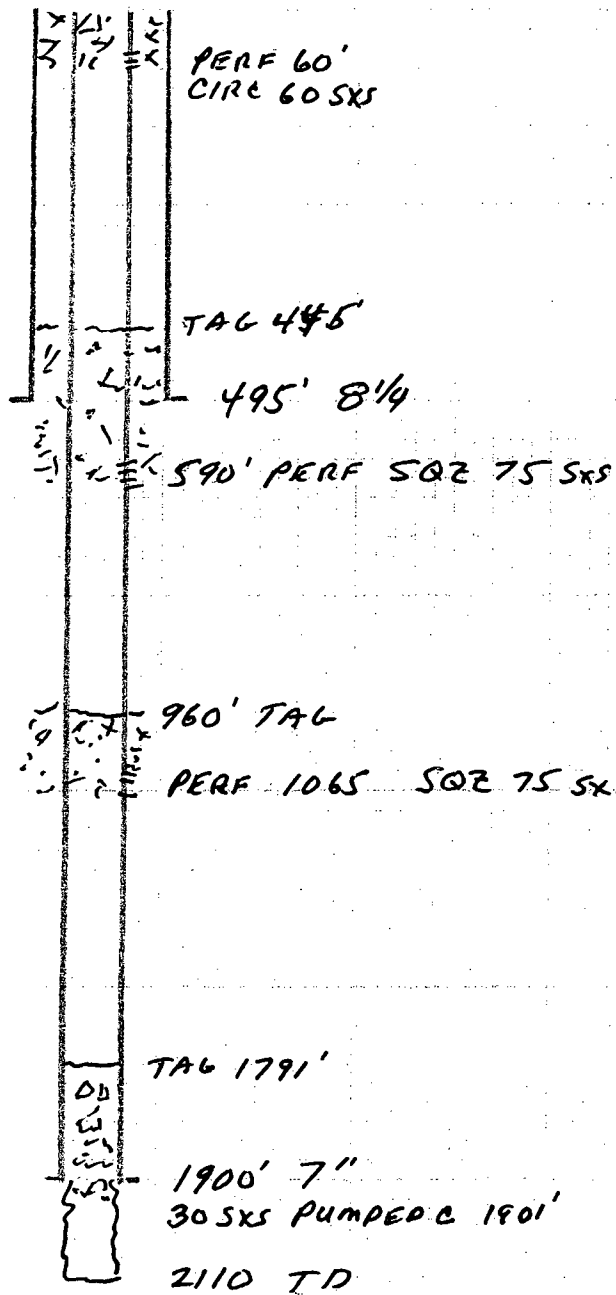
MAK ENERGY
ETZ STATE #9
30-015-10496
NW NW SEC 16
T17S-R30E



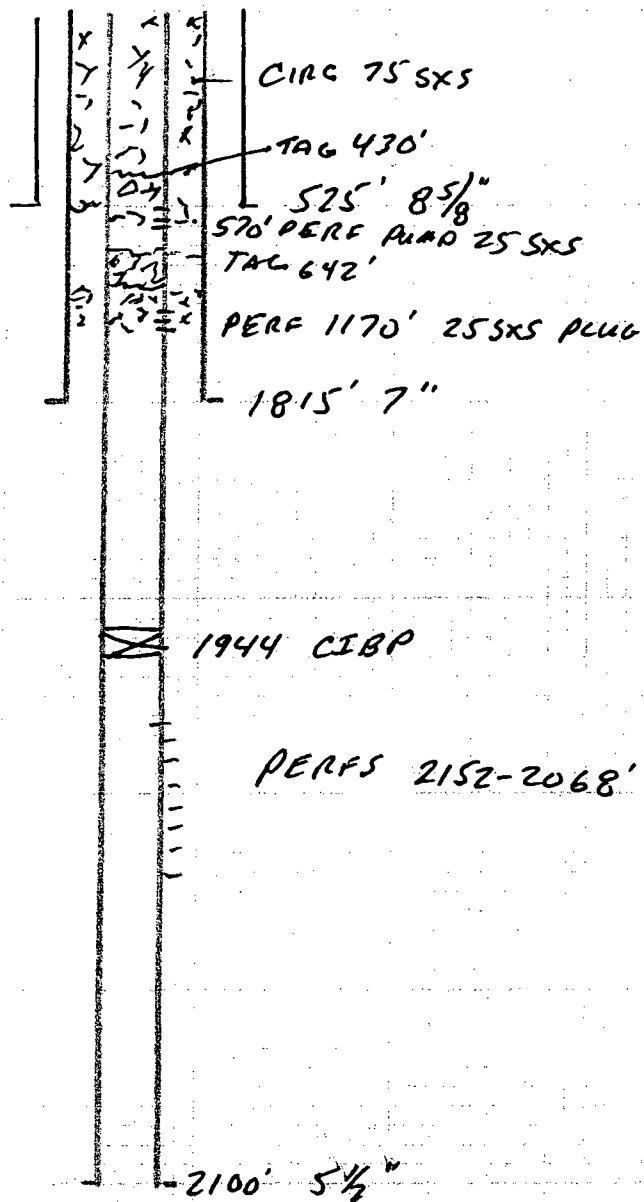
MACK ENERGY
ETZ C STATE #8
30-015-04175
SE NW SEC 16
T17S-R30E



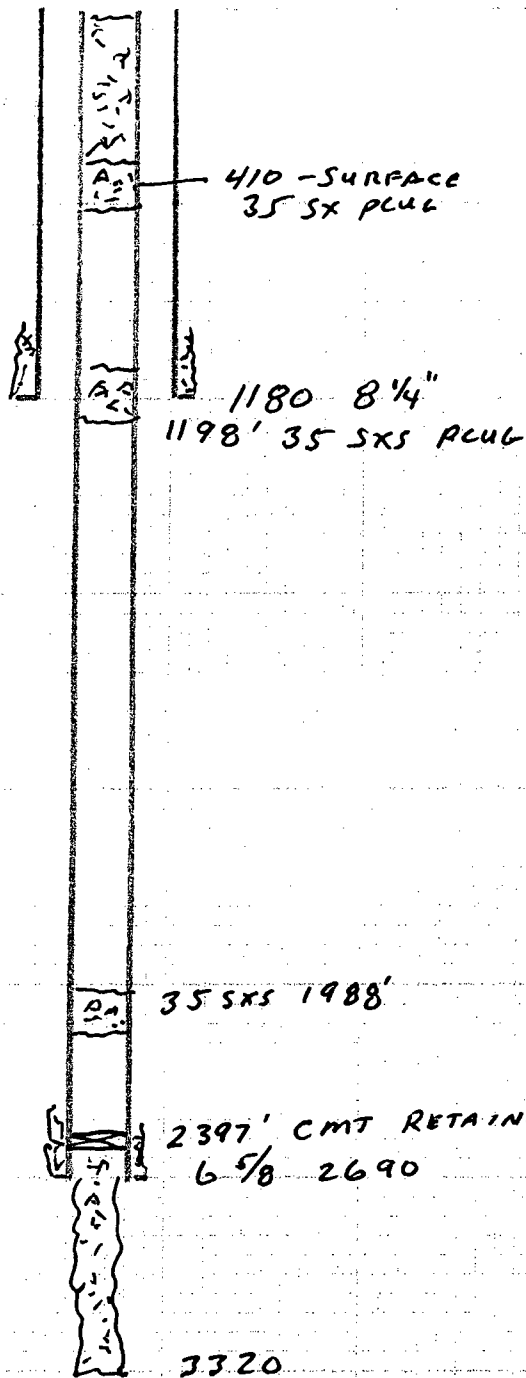
MACK ENERGY
ETZ C STATE #7
30-015-04174
SE NW SEC 16
T17S-R30E



MACK ENERGY
JUNIPER STATE #3
30-015-04163
SWSW SEC 16
T17S-R30E



MACC ENERGY
ETZ STATE UNIT 117
30-015-04164
SESN SEL6-T175-R30E



MAC K ENERGY
MCINTYRE D #2
30-01S-21177
SENE SEC 17
T 17S- R 30E

15' CIRC TO SURFACE

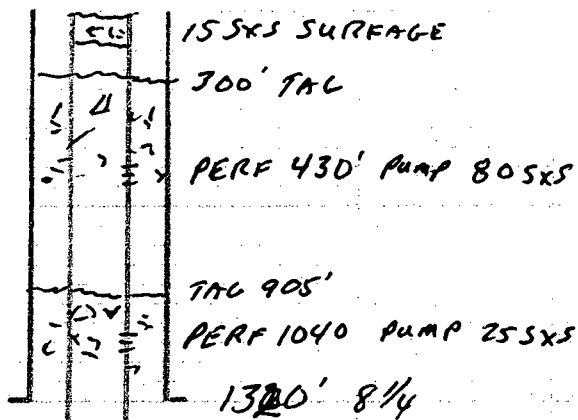
475' 8 5/8"

1050' CIRC CM7 IN + OUT 4 1/2"

PERF 2071-2078'

2850' 4 1/2"

DEVON ENERGY
ETZ A STATE #2
30-015-04165
NWSW SEC 16
T17S-R30E



SPOT 10XS @ 2019'
2019 TAG
2026' 7"
2058' SPOT 75XS
2085' TD

ATTACHMENT VII

1. Proposed average of 500 bbls per day and maximum of 1000 bbls per day of circulated water. At a rate of one bbl per minuet.
2. System will be closed.
3. Average anticipated circulating pressure of 150 psi.

ATTACHMENT VIII

Brine extraction is from the salt section approximately 520-1020' deep.. There is no drinking water overlying the salt in this area'. There is no known source underlying the injection interval.

ATTACHMENT IX

Proposed stimulation:

None

ATTACHMENT XI

There are no active fresh water wells within one mile.

ATTACHMENT XII

All available geologic and engineering data have been examined and there is no evidence of open faults or any other hydrologic connection between the disposal zone and any source of drinking water.

ATTACHMENT XIV

PROOF OF NOTICE

Leasehold owners within one-half mile of the well are: COG, Southwest Royalties, Marboband BP America. Each of the operators were provided a copy of our application by certified mail. Proof of notice is enclosed. The surface owner is the State of New Mexico, leased to Loco Hills Water Disposal Company.

PROOF OF PUBLICATION

Proof of publication is from the Artesia Daily Press and is attached.

CERTIFIED MAIL

COG
550 W Texas Ave
Suite 1300
Midland, TX 79701

7440 2890 0003 2218 5953

Southwest Royalties
6 Desta Dr
Suite 2100
Midland, TX 79701

7440 2890 0003 2218 5960

Marbob Energy
Box 227
Artesia, NM 88210

7440 2890 0003 2218 6028

BP America
501 Westlake Pk Blvd
Houston, TX 77079

7440 2890 0003 2218 6035

Oil Conservation Division
1301 W. Grand
Artesia, NM 88210

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

Affidavit of Publication

NO. 19477

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 Consecutiv week/days on the same
day as follows:

First Publication November 8 2006

Second Publication

Third Publication

Fourth Publication

Subscribed and sworn to before me this

8th Day November 2006

Barbara Ann Boers

Notary Public, Eddy County, New Mexico

My Commission expires September :23, 2007

Copy of Publication:

LEGAL NOTICE
Loco Hills Water Disposal, P.O. Box
4, Loco Hills, New Mexico 88255
Phone (505) 677-2118. Contact
party for Loco Hills Water Disposal
is Randal Harris. is
seeking administrative approval
from the New Mexico Oil
Conservation Division to utilize a
well located 1453 FSL &
1221 FWL Section 16 Township 17
South Range 30 East Eddy
County, New Mexico known as the
Brine Well #2 for brine extraction
injection and extraction is in the
Salt formation through open hole
500-1000 feet. Expected maximum
injection rate of 800 bbls per day at
75psi. Interested parties
must file objection or requests for
hearing with the Oil Conservation
Division, 1220 So. St. Francis Drive,
Santa Fe, NM 87505 within 15 days
of the notice.
Published in the Artesia Daily
Press, Artesia, N.M. November 8,
2006.

Legal 19477

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 8/1/06

or cash received on _____ in the amount of \$ 100⁰⁰

from Loco Hills Water Disposal Co.

for BW-021

Submitted by: LAWRENCE ROMERO Date: 8/8/06

Submitted to ASD by: LAWRENCE ROMERO Date: 8/8/06

Received in ASD by: _____ Date: _____

Filing Fee ☒ New Facility _____ Renewal ☒

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

Bank of America
ACH R/T 107000327

LOCO HILLS WATER DISPOSAL CO.
P.O. BOX 68
LOCO HILLS, NM 88255
PH. 505-677-2118

[REDACTED]
95-32/1070 NM
MMGR

8/1/06

PAY TO THE ORDER OF Water Quality Management Fund \$ 100⁰⁰/100

100 DOLLARS

DOLLARS

MEMO Brine Well BW-21

James R. Maloney

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

2006 AUG 4 PM 2 17
DISCHARGE PLAN APPLICATION FOR BRINE EXTRACTION FACILITIES

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

☐ New ☒ Renewal Permit # BW-21

I. Facility Name: LOCO HILLS WATER DISPOSAL CO.

II. Operator: JAMES R. MALONEY

Address: P.O. BOX 68, LOCO HILLS NM 88210

Contact Person: JAMES R. MALONEY Phone: 505-677-2118

III. Location: SW 1/4 SW 1/4 Section 16 Township 17S Range 30E

Submit large scale topographic map showing exact location.

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

See Attachment A

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

See Attachment A

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

See Attachment A

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

See Attachment A

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

See Attachment A

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

See Attachment B

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

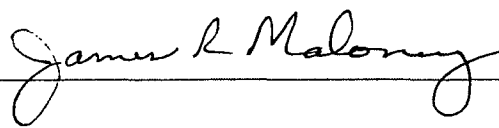
See Attachment B

XI. CERTIFICATION:

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

Name: James R. Maloney

Title: Vice President

Signature: 

Date: August 1, 2006

E-mail Address: _____

LOCO HILLS WATER DISPOSAL CO.
P. O. Box 68
Loco Hills, NM 88255

State of New Mexico
Oil Conservation Division
1720 S. St. Francis Drive
Santa Fe, NM 87505

ATTACHMENT A.

IV - State of New Mexico Lease No. BL 1149

V - 1 Caprock Water Company
P.O. Box 607
Artesia, NM 88210

- a. Fresh Water from a pipeline off the Caprock;
- b. Average daily volume produced is 2500 barrels.

V - 2. Location is on site at Loco Hills Water Disposal, one mile North of Loco Hills, NM on Hwy 217.

- a. Discharged brine water into a lined pond. The pond is 115 ft x 60 ft at the bottom with a 3 ft to a 1 ft slope, with maximum depth of 11 ft. This maximum height will maintain a free board of 3 ft, total volume of 23,000 barrels.

VI – Contaminated fluids are not transferred from the facility.
The facility is part of Loco Hills Water Disposal Co. Loco Hills Water Disposal Co. Permit No. is R-3221 and handles all waste fluids.

VII – Permit to Drill. Underground facility is a well cased to 419 ft 5.5 inch J-55 steel casing; 900 ft of 2 7/8 inch steel tubing. Average injection pressure is approximately 125 PSI.

VIII – All spills go into a concrete ditch to the Loco Hills Water Disposal system.

LOCO HILLS WATER DISPOSAL CO.
P. O. Box 68
Loco Hills, NM 88255

State of New Mexico
Oil Conservation Division
1720 S. St. Francis Drive
Santa Fe, NM 87505

ATTACHMENT B.

X – Hydrologic study by Ed L. Reed & Associates, Inc.
Midland, Texas, for Loco Hills Water Disposal Co.
show the following:

1. Fresh water is non-existent within nine (9) miles of the site (Map on file with Permit No R-3221).
2. Soil in the area consists of sand, clay, and caliche.
3. Depth of rock at base of Alluvium is 420 ft.
4. Flooding of the discharge site is controlled by beams elevated 10 ft to 12 ft higher than ground level of the surrounding area. These beams are approximately 10 ft wide at the bottom and lined on the inside and is all caliche dirt construction. This will protect us from any discharge of brine water in the event of a flood.

XI – Oil Conservation Division rules and regulations compliance:

1. Leak detection system of 13 monitor well around the site.
2. Pressure testing the well to maintain safety of the well.
3. Bond for Performance of Mineral Lease and for Plugging and Abandonment.
4. Loco Hills Water Disposal Permit No R-3221 for disposal of all oilfield fluids

NM OIL CONSERVATION DEPT

WELL LOG # Brine Well #1

REMOVED FROM FILE

BW 021 . **BOX**

NUMBER 33

RETURNED TO CUSTOMER

Price, Wayne

From: Stubblefield, Mike
Sent: Friday, December 22, 2000 4:24 PM
To: Anderson, Roger
Cc: Price, Wayne
Subject: 12/20/2000 RETEST ON RAY WESTALL BRINE SUPPLY WELL

12/20/2000

ROGER,

RAY WESTALL RIGGED UP ON THE BRINE SUPPLY WELL
TODAY.

A LOCKSET TENSION PACKER WAS RAN IN WELLBORE
AND SET AT 405'. 7" CASING SHOE AT 420'.

THE HOLE WAS LOADED USING 12 BBLs OF FRESHWATER.
THE CASING WOULD NOT PRESSURE UP PAST 40# PUMPING
.25 BPM.

THE PACKER WAS RESET AT 374'.

THE CASING WOULD NOT PRESSURE UP PAST 40# PUMPING
AT .25 BPM.

OPERATOR THINKS PACKER WAS NOT SEALING OFF
ALLOWING WATER TO BE PUMPED BY PACKER?

DONNY MATHEWS THEN DECIDED TO RUN A COUPLE JOINTS
OF TUBING BACK INTO WELL AND START ATTEMPTING TO
PRESSURE UP ON ENTIRE BRINE CARVERN USING FRESHWATER
BEING ADDED.

OPERATOR WILL NOTIFY O.C.D WHEN READY TO RETEST



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Oil Conservation Division
District II

811 South First Street, Artesia, NM 88210
Phone: (505) 748-1283 • Fax (505) 748-9720
<http://www.emnrd.state.nm.us>

FAX COVERSHEET

TO: JACK Ford 827-8177 DATE: 12/28/2000
FROM: Mike Stubblefield
Number of Pages (including Coversheet): 11
Message (if any): _____

If you have any trouble with this transmission, please call (505) 748-1283.

COMPUTALOG

OS2400

MULTI SENSOR
MULTI ARM CALIPER
40 ARM

FOLD

COMPANY RAY NESTALL		WELL BRINE WELL # 1		FIELD		CITY EDDY STATE NM	
COMPANY RAY NESTALL		WELL BRINE WELL NO. 1		FIELD		COUNTY EDDY STATE N.M.	
LOCATION:		SEC. N/A TYP. N/A RGE. N/A		OTHER SERVICES:		CBL/GR CRANE UNIT	
PERM. DATUM GROUND LEVEL		LOG MEASURED FROM 0 FT. ABOVE PERMANENT DATUM		ELEV. N/A		ELEV. K.B. N/A D.F. N/A G.L. N/A	
DATE		12/27/00		DATE		12/27/00	
RUN NO.		ONE		DEPTH DRILLER		433'	
DEPTH LOGGER		427'		BTM. LOG INTERVAL		0'	
TOP LOG INTERVAL		0'		OPEN HOLE SIZE		8 3/4"	
TYPE FLUID		N/A		DENS.		N/A	
MAX. REC. TEMP. °F		N/A		EST. CEMENT TOP		CIRC. TO SURF	
TIME WELL READY		ON ARRIVAL		TIME LOGGER ON BTM.		SEE LOG	
EQUIP. NO.		4631		LOCATION		HOBBS	
RECORDED BY		OLIVAS		WITNESSED BY		RANDY HARRIS	
BOREHOLE RECORD		RUN NO.		BIT		FROM TO	
TUBING RECORD		SIZE		HGT.		FROM TO	
Casing Record		SIZE		WT/FT		GRADE	
SURFACE STRING		7"				TYPE JOINT	
PROD. STRING						TOP	
LINER						BOTTOM	

ALL INTERPRETATIONS ARE OPINIONS BASED ON INFERENCES FROM ELECTRICAL OR OTHER MEASUREMENTS AND WE CANNOT AND DO NOT GUARANTEE THE ACCURACY OR CORRECTNESS OF ANY INTERPRETATION, AND WE SHALL NOT, EXCEPT IN THE CASE OF GROSS OR WILLFULL NEGLIGENCE ON OUR PART, BE LIABLE OR RESPONSIBLE FOR ANY LOSS, COSTS, DAMAGES, OR EXPENSES INCURRED OR SUSTAINED BY ANYONE RESULTING FROM ANY INTERPRETATION MADE BY ANY OF OUR OFFICERS, AGENTS OR EMPLOYEES. THESE INTERPRETATIONS ARE ALSO SUBJECT TO OUR GENERAL TERMS AND CONDITIONS SET OUT IN OUR CURRENT PRICE SCHEDULE.

REMARKS:

NO CORRECTION MADE-WIRELINE DEPTH ONLY

* FOUND BOTTOM OF CASING AT 419'. USED GROUND LEVEL FOR ZERO POINT.-

* POSSIBLE HOLE AT 63' FROM SURFACE *

MSC:108

THANK YOU!!!!

V.10.05.99

VERSION: 1.84

MAIN PASS

42106MSC1

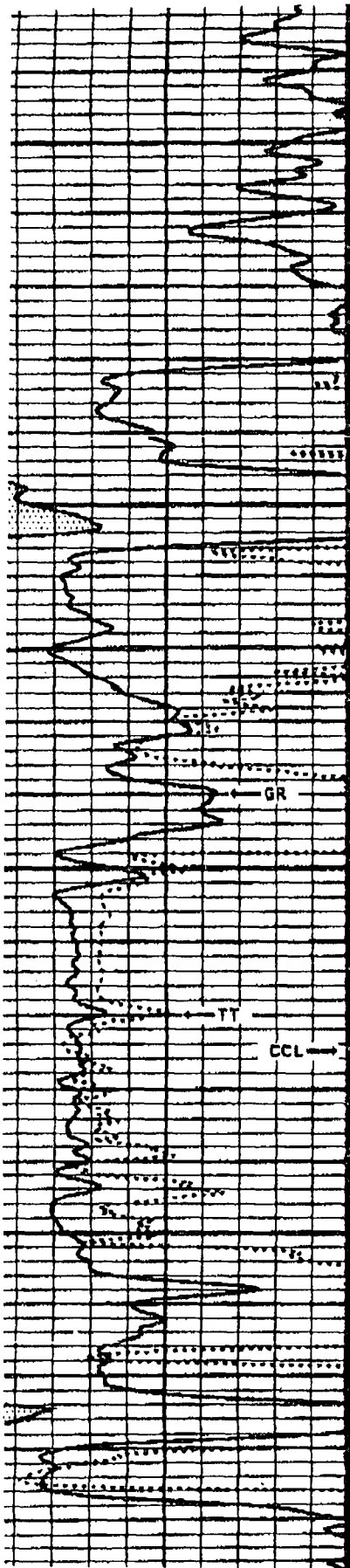
FINISH DEPTH: 0.4 FEET DIRECTION: UP DATE: 12/27/2000 TIME: 15:52 MODE: RECOMPUTE
RECOMPUTED DATE: 12/27/2000 TIME: 18:24

CASING WALL

P. 07

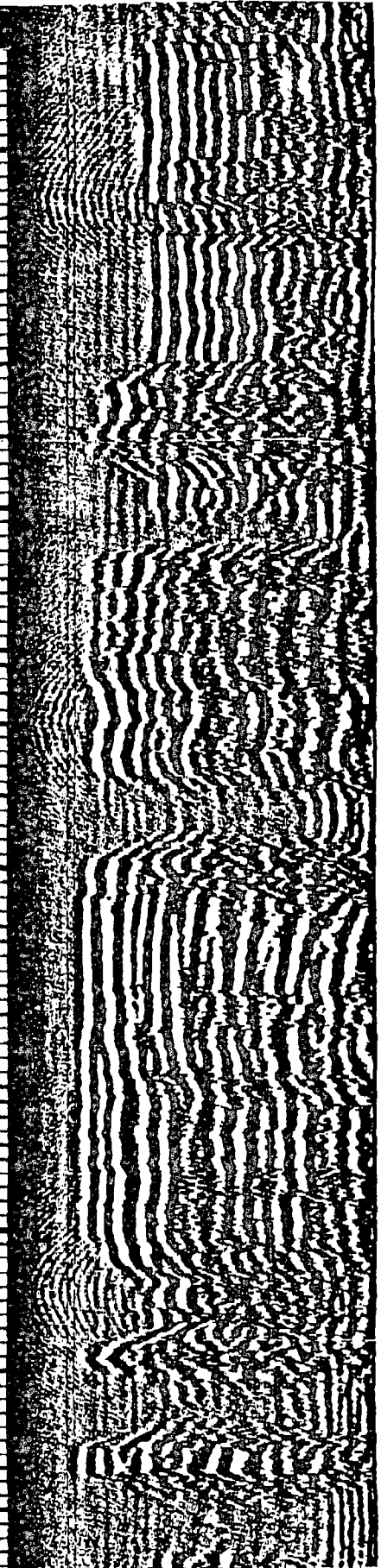
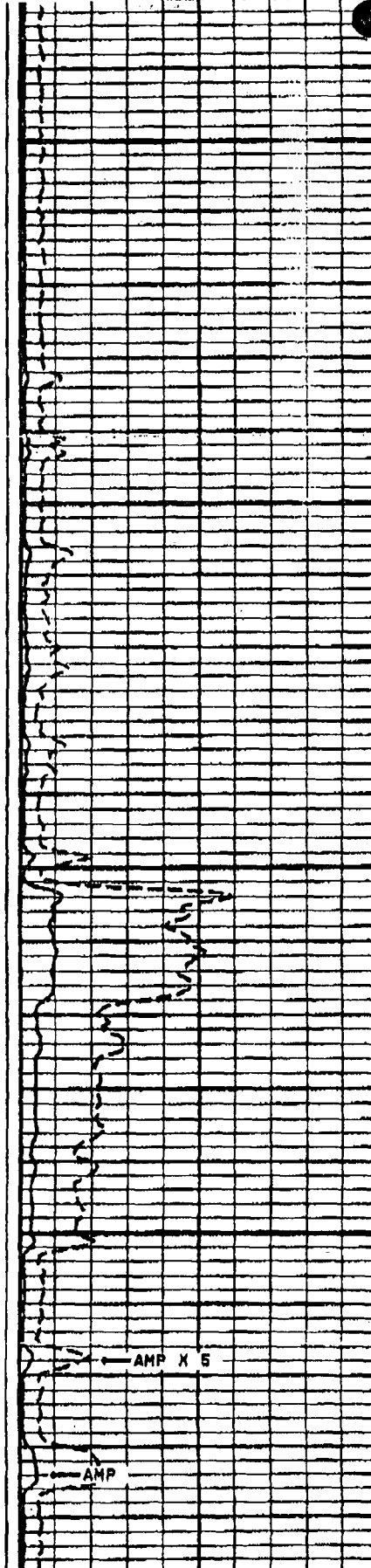
FAX NO. 15057489720

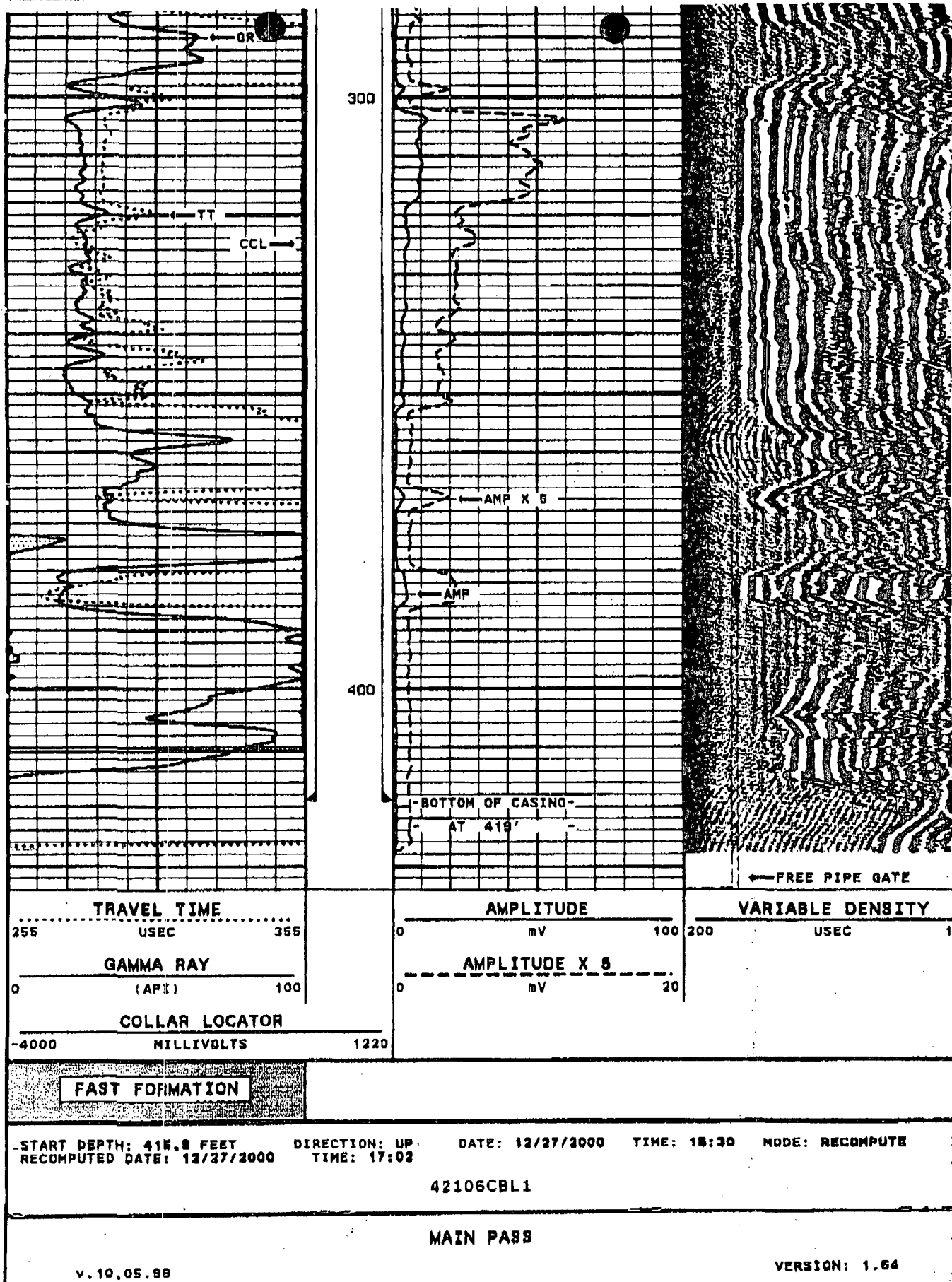
DEC-28-2000 THU 03:45 PM OGD DISTRICT 11



200

300





GR: 153 CCL: 152

THANK YOU!!!!

V.10.05.99

VERSION: 1.54

MAIN PASS

42106CBL1

FINISH DEPTH: -23.8 FEET DIRECTION: UP DATE: 12/27/2000 TIME: 15:44 MODE: RECOMPUTE
RECOMPUTED - DATE: 12/27/2000 TIME: 17:08

FAST FORMATION

COLLAR LOCATOR

4000 MILLIVOLTS 1220

GAMMA RAY

(API) 100

TRAVEL TIME

55 USEC 355

AMPLITUDE X 5

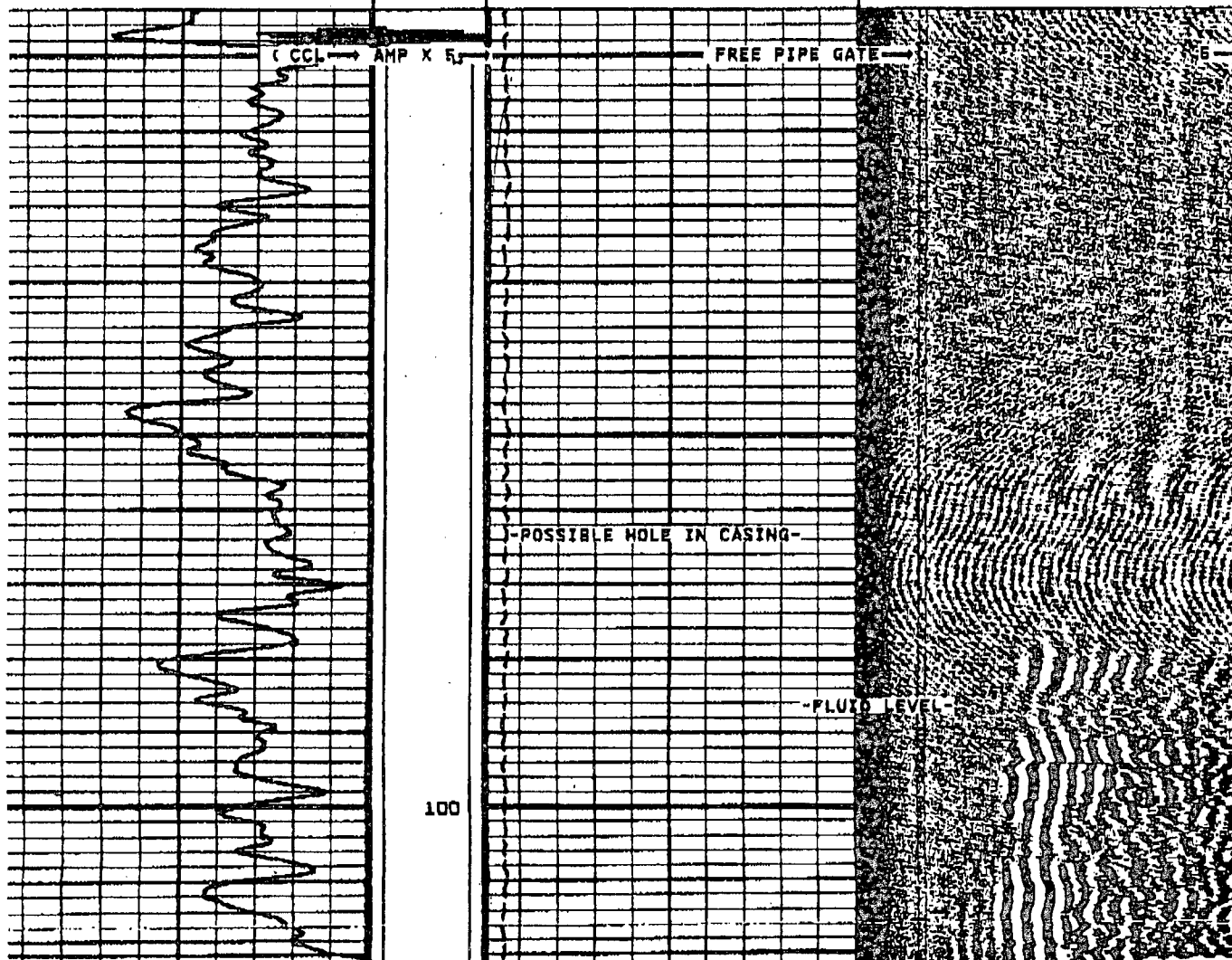
0 mV 20

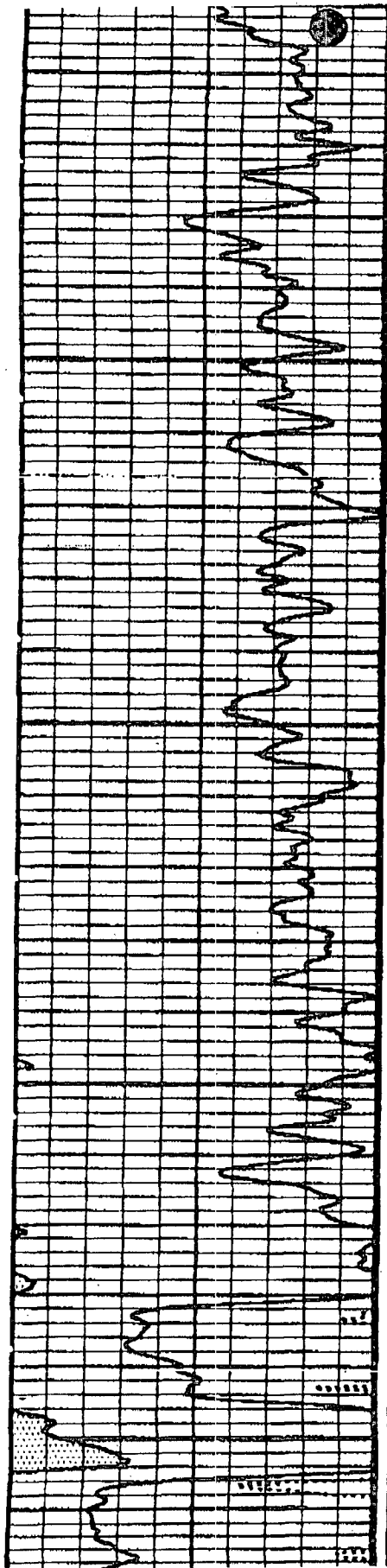
AMPLITUDE

0 mV 100

VARIABLE DENSITY

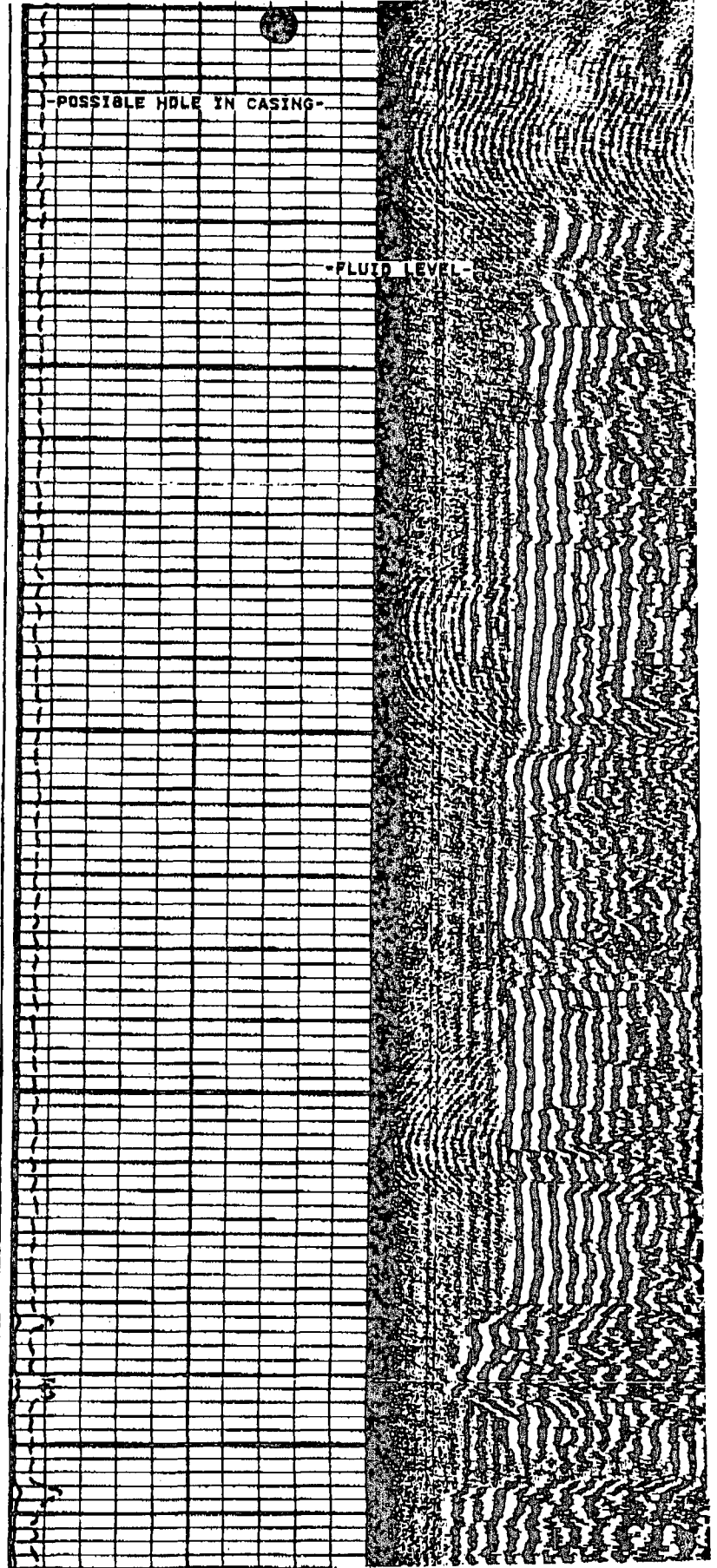
200 USEC 1200





100

200



COMPUTALOG										GS400	
ACOUSTIC CEMENT BOND										GAMMA RAY	
CCL										CCL	
COMPANY RAY HESTALL											
WELL BRINE WELL # 1											
FIELD											
CNTY EDDY STATE NM											
SEC. N/A TWP. N/A RGE N/A											
LOCATION: COUNTY EDDY STATE N.M.											
WELL BRINE WELL NO. 1											
FIELD											
COUNTY EDDY											
STATE N.M.											
OTHER SERVICES: MSC CRANE UNIT											
PERM. DATUM GROUND LEVEL ELEV. N/A											
LOG MEASURED FROM 0 FT. ABOVE PERMANENT DATUM ELEV. N/A											
DRILLING MEASURED FROM KELLY BUSHINGS ELEV. N/A											
DATE 12/27/00											
RUN NO. ONE											
DEPTH DRILLER											
DEPTH LOGGER 433'											
BTM. LOG INTERVAL 427'											
TOP LOG INTERVAL 0'											
OPEN HOLE SIZE											
TYPE FLUID BRINE											
DENS. VISC. N/A											
MAX. REC. TEMP. °F N/A											
EST. CEMENT TOP CIRC. TO SURF											
TIME WELL READY ON ARRIVAL											
TIME LOGGER ON BTM. SEE LOG											
EQUIP. NO. 4631											
LOCATION HOBBS											
RECORDED BY OLIVAS											
WITNESSED BY RANDY HARRIS											
BOREHOLE RECORD											
TUBING RECORD											
RUN NO. BIT FROM TO SIZE WGT. FROM TO											
CASEING RECORD											
SURFACE STRING 7" WT/FT GRADE TYPE JOINT TOP BOTTOM											
PROD. STRING											
LINER											

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REMARKS:

NO CORRECTION MADE-WIRELINE DEPTH ONLY

* FOUND BOTTOM OF CASING AT 418'. USED GROUND LEVEL FOR ZERO POINT.-

SBT:138

GR:153 CCL:152

THANK YOU!!!!

V.10.05.88

VERSION: 1.64

MAIN PASS

42106CBL1

FINISH DEPTH: -23.8 FEET DIRECTION: UP DATE: 12/27/2000 TIME: 16:44 MODE: RECOMPUTE
 RECOMPUTED DATE: 12/27/2000 TIME: 17:08

FAST FORMATION

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REMARKS:

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* FOUND BOTTOM OF CASING AT 419'. USED GROUND LEVEL FOR ZERO POINT.-

* POSSIBLE HOLE AT 63' FROM SURFACE *

MSC:108

THANK YOU!!!!

V.10.05.99

VERSION: 1.64

MAIN PASS

42106MSC1

FINISH DEPTH: 0.4 FEET DIRECTION: UP DATE: 12/27/2000 TIME: 15:52 MODE: RECOMPUTE
RECOMPUTED DATE: 12/27/2000 TIME: 16:24

CASING WALL

WALL LOSS

WALL INCREASE

NOMINAL OD

6.10 INCH 7.10

NOMINAL ID

6.10 INCH 7.10

MAX ID

6.10 INCH 7.10

AVG ID

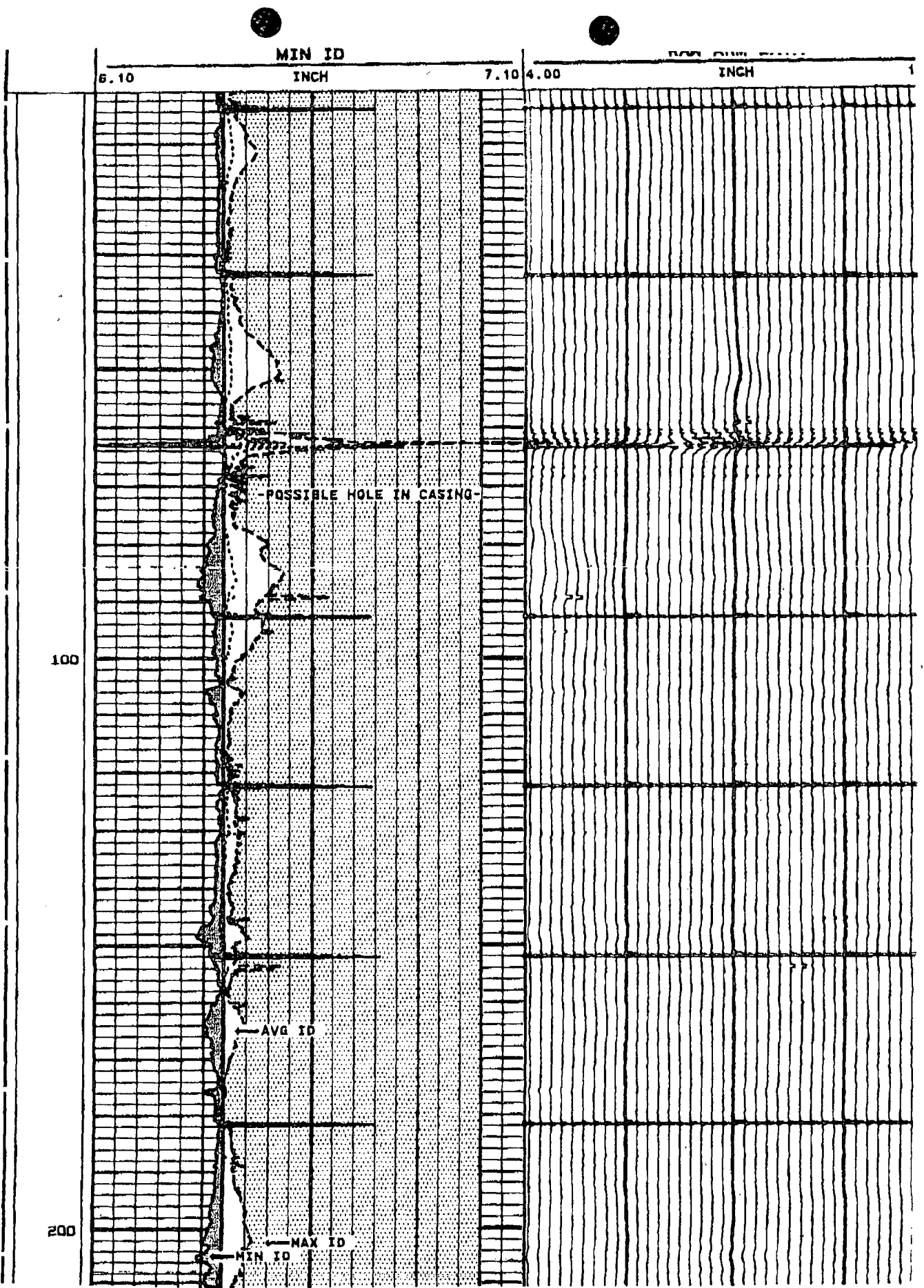
6.10 INCH 7.10

MIN ID

6.10 INCH 7.10

RAW ARM DATA

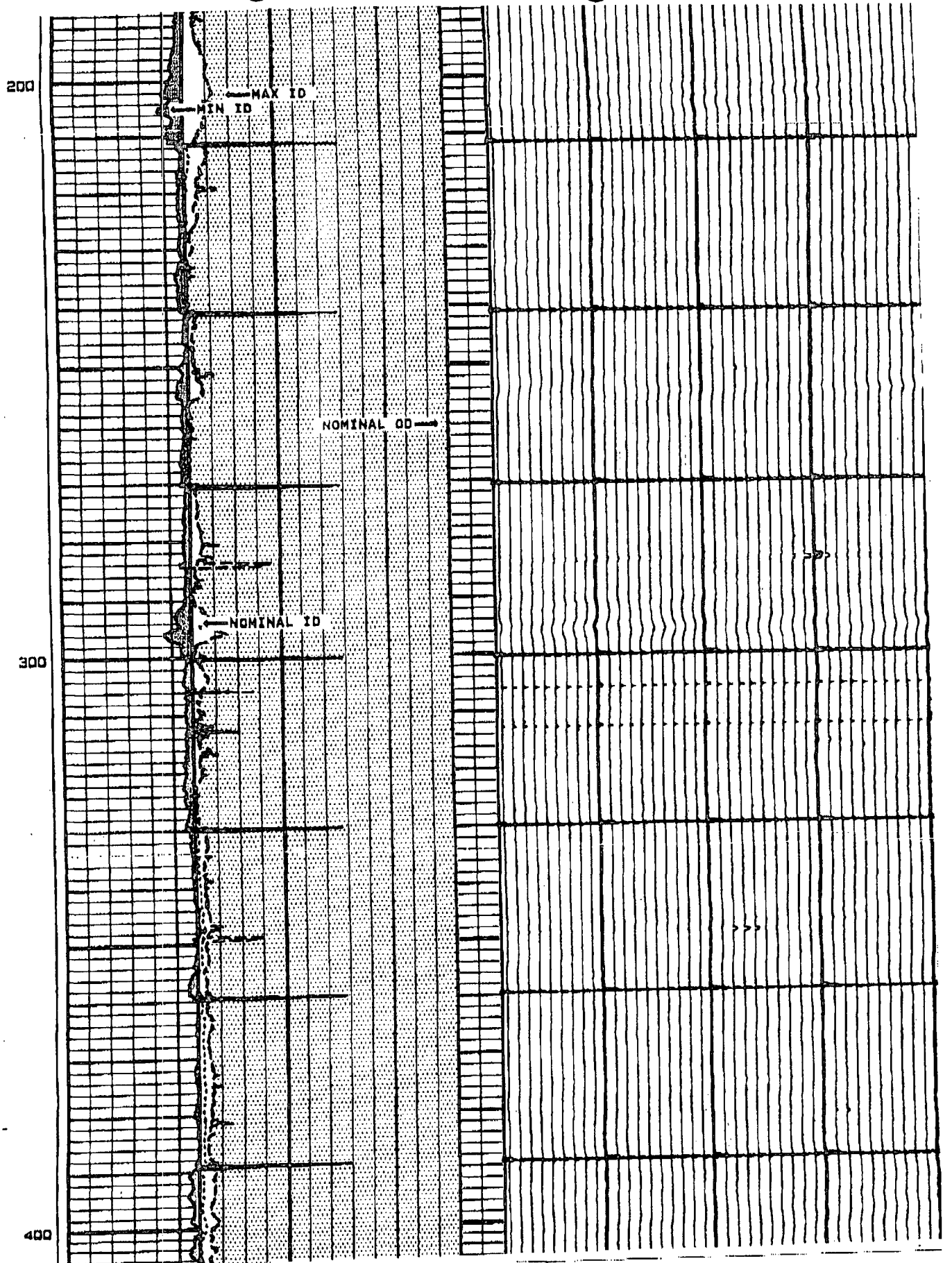
4.00 INCH 14.0



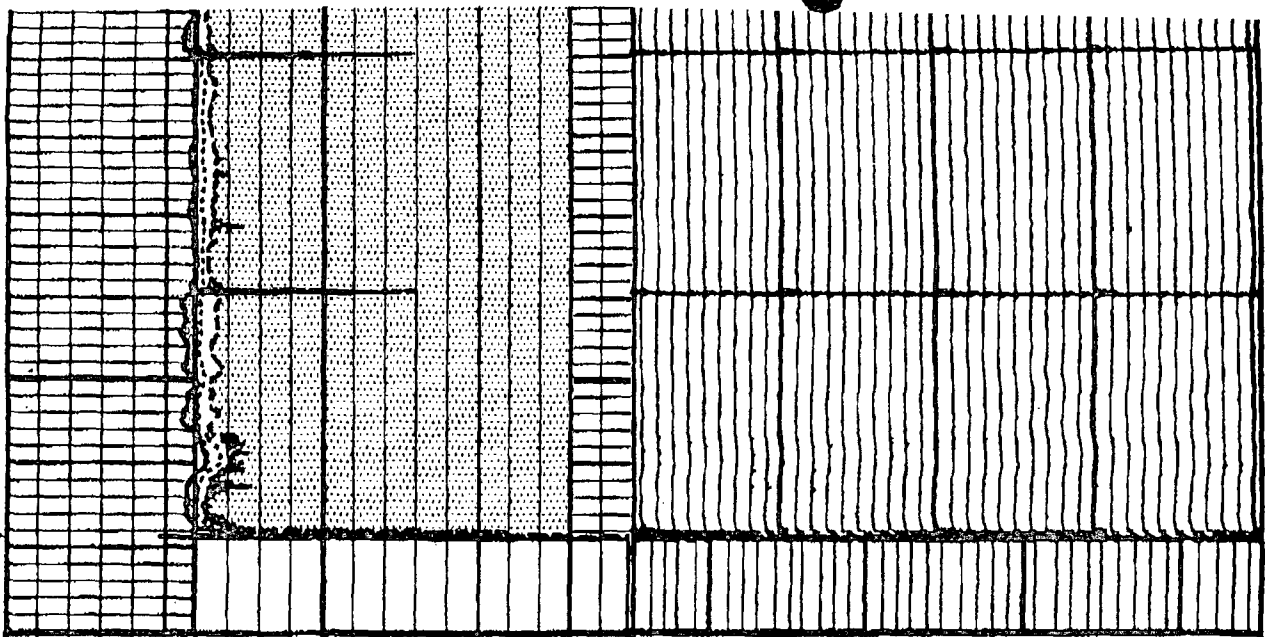
P. 09

FAX NO. 15057489720

DEC-28-2000 THU 03:45 PM OGD DISTRICT 11



400



MIN ID		
6.10	INCH	7.10
AVG ID		
6.10	INCH	7.10
MAX ID		
6.10	INCH	7.10
NOMINAL ID		
6.10	INCH	7.10
NOMINAL OD		
6.10	INCH	7.10

RAW ARM DATA
4.00 INCH 14.00

WALL INCREASE

WALL LOSS

CASING WALL

START DEPTH: 431.8 FEET DIRECTION: UP DATE: 12/27/2000 TIME: 15:34 MODE: RECOMPUTE
RECOMPUTED DATE: 12/27/2000 TIME: 16:15

42106MSC1

MAIN PASS

V.10.05.99

VERSION: 1.54

Single Conductor Adaptor Head

Weight
Length

1 LB
12 IN

P. 11

FAX NO. 15057489720

DEC-28-2000 THU 03:47 PM OGD DISTRICT II

Price, Wayne

From: Price, Wayne
Sent: Thursday, December 21, 2000 9:59 AM
To: 'rharrisnm@netscape.net'
Subject: FW: Loco Hills Brine Well

From: Price, Wayne
Sent: Thursday, December 21, 2000 9:58 AM
To: Gum, Tim; Stubblefield, Mike
Cc: Anderson, Roger; , test; 'rharrisnm@netscape.net'
Subject: Loco Hills Brine Well

Per our telephone conversation this morning, Loco Hills Water Disposal Co. must demonstrate the well has mechanical integrity for the entire system which includes both the internal (casing) and external (outside of casing).

Also their discharge plan expired on Dec 18, 2000 and before OCD can approve the new discharge plan Loco Hills Water Disposal Co. must meet the requirements of their discharge plan particularly item 6. concerning cavity configuration.

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

RANDY HARRIS - 505-677-2370 (TELE)

Price, Wayne

From: Price, Wayne
Sent: Monday, December 18, 2000 4:09 PM
To: Gum, Tim
Cc: Stubblefield, Mike
Subject: Loco Hills Brine well test Log

Dear Tim:

Please find attached a log of the brine well test. Pursuant to our telephone conversation this morning, please have Loco Hills investigate and repair the well and make arrangements with you to re-test.

Thanks for the help!



Testdoc.doc

Affidavit of Publication

NO. 17081

STATE OF NEW MEXICO

County of Eddy:

Gary D. Scott being duly

sworn, says: That he is the Publisher of The

Artesia Daily Press, a daily newspaper of general

circulation, published in English at Artesia, said county

and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said

Artesia Daily Press, a daily newspaper duly qualified

for that purpose within the meaning of Chapter 167 of

the 1937 Session Laws of the state of New Mexico for

1 consecutive weeks/days on the same

day as follows:

First Publication August 16 2000

Second Publication _____

Third Publication _____

Fourth Publication _____

Subscribed and sworn to before me this

16TH day of August 2000

Barbara Ann Beans
Notary Public, Eddy County, New Mexico

My Commission expires September 23, 2003

Copy of Publication:

Artesia (NM) Daily Press

been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131: (BW-21) Loco Hills Brine Company, James Maloney, Vice President, P.O. Box 68, Loco Hills, New Mexico, 88255 has submitted an application for renewal of its previously approved discharge plan for its brine. The

brine extraction facility is located in the SW/4 SW/4 of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico. Loco Hills Brine Company receives an average daily volume of 2,100 barrels of fresh water from two pipelines off the caprock. This fresh water is injected at an average pressure of 125 psi into a well cased with 420 feet of fiberglass casing, and brine is produced through a 900 foot steel tubing string. The brine is stored in a lined pond for sale on demand. Ground water in the immediate vicinity is at a depth exceeding 270 feet with a total dissolved solids concentration of 3,000 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed. Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted to him and a public hearing may be requested by any interested person. 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 there is significant public interest. If no public hearing is held, the Director will approve or disapprove the proposed plan based on information available. If a public hearing is held, the Director will approve or disapprove the proposed plan based on information in the plan and information submitted at the hearing. GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 8th day of August 2000.

LEGAL NOTICE

NOTICE OF PUBLICATION
STATE OF NEW MEXICO
ENERGY, MINERALS AND
NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVI-
SION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan application(s) have

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
s-Lori Wrotenbery
LORI WROTENBERY, Director
SEAL
Published in the Artesia Daily
Press, Artesia, N.M. August 16,
2000.

Legal 17081

Artesia Daily Press

P.O. Box 190, Artesia, NM 88211-0190
Phone: (505) 746-3524
Fax: (505) 746-8795


INVOICE

Invoice Date:
08/16/00

Invoice Number:
1063299

Customer Number:
10005610

Oil Conservation Division
2040 South Pacheco St.
Santa Fe NM 87505

DATE	TYPE	DOC NO	REF NUMBER	DESCRIPTION	# OF INS	DEPTH	RATE	AMOUNT
08/16/00	INV	1063299	A/R:1063299 Ord:10758178	LEGAL NOTICE NOTICE OF PUBLICA Artesia Daily Press Legal Section, LEGAL NOTICE 8/16/0 State Sales Tax	1 1	13.50 13.50	47.52 3.00	47.52 3.00
This is your First Notice! Thank You!								
TOTAL								50.52
I hereby certify that this is a true and correct statement to the best of my knowledge.								
				 Bookkeeper				

Please detach and return this portion with payment. To ensure proper credit to your account, please write your customer number on your check. If you have any questions about your account, please contact Accounts Receivable at (505) 746-3524.

Invoice Date
08/16/00

Invoice Number
1063299

Customer Number
10005610

Retail Advertising

PLEASE PAY:

50.52

ARTESIA DAILY PRESS
Attn: Accounts Receivable
P.O. Box 190
Artesia, NM 88211-0190

Oil Conservation Division
2040 South Pacheco St.
Santa Fe NM 87505

Legal 17081
Approved
Wm R

THE SANTA FE
NEW MEXICAN
Founded 1849

Aug 18

NM OIL CONSERVATION DIVISION
ATTN: DONNA DOMINGUEZ
2040 S. PACHECO ST.
SANTA FE, NM 87505

AD NUMBER: 165343 ACCOUNT: 56689
LEGAL NO: 67909 P.O.#: 00199000278
189 LINES 1 time(s) at \$ 83.31
AFFIDAVITS: 5.25
TAX: 5.54
TOTAL: 94.10

NOTICE OF PUBLICATION

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

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

(BW-21) - Loco Hills Brine Company, James Maloney, Vice President, P.O. Box 68, Loco Hills, New Mexico, 88255 has submitted an application for renewal of its previously approved discharge plan for its brine. The brine extraction facility is located in the SW/4 SW/4 of Section 16, Township 17 South, Range 30 East, NMMP, Eddy County, New Mexico. Loco Hills Brine Company receives an average daily volume of 2,100 barrels of fresh water from two pipelines off the caprock. This fresh water is injected at an average pressure of 125 psi into a well cased with 420 feet of fiberglass casing, and brine is produced through a 900 foot steel tubing string. The brine is stored in a lined pond for sale on demand. Ground water in the immediate vicinity is at a depth exceeding 270 feet with a total dissolved solids concentration of 3,000 mg/l. The discharge plan addresses how spills, leaks and other accidental discharges to the surface

will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted to him and public hearing may be requested by any interested person. Requests for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the Director determines there is significant public interest.

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

GIVEN under the Seal of New Mexico Conservation Commission at Santa Fe, New Mexico, on this 8th day of August, 2000.

STATE OF NEW MEXICO
OIL CONSERVATION
DIVISION
LORI WROTENBERY,
Director

Legal #67909
Pub. August 15, 2000

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, B. Perney 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 #67909 a copy of which is hereto attached was published in said newspaper 1 day(s) between 08/15/2000 and 08/15/2000 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 15 day of August, 2000 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/

B. Perney
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this
15 day of August A.D., 2000

Notary

Laura E. Harding

Commission Expires

11/23/03

www.sfnwmexican.com

202 East Marcy Street, Santa Fe, NM 87501-2021 • 505-983-3303 • fax: 505-984-1785 • P.O. Box 2048, Santa Fe, NM 87504-2048

NOTICE OF PUBLICATION

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ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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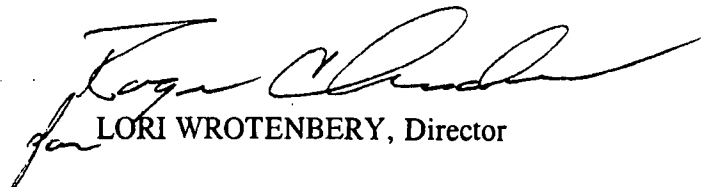
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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 8th day of August, 2000.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**


LORI WROTENBERY, Director

S E A L

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. dated 7/18/2000

or cash received on in the amount of \$ 50⁰⁰

from LOCO HILLS WATER DISPOSAL

for LOCO HILLS BRINE ST BW-021

Submitted by: WAYNE PRICE (Facility Name) Date: 7/29/00 (SP No.)

Submitted to ASD by: Date:

Received in ASD by: Date:

Filing Fee ☒ New Facility ☐ Renewal ☐

Modification ☐ Other ☐

Organization Code 521.07 Applicable FY 2001

To be deposited in the Water Quality Management Fund.

Full Payment ☐ or Annual Increment ☐

LOCO HILLS WATER DISPOSAL 05/91
P.O. BOX 68
LOCO HILLS, NM 88255-0068

DATE JUL 18 2000

95-32
9900 1070

PAY
TO THE ORDER
OF

FIFTY DOLLARS 00 CTS

DOLLARS \$ 50⁰⁰/₁₀₀

Water Quality Control Management

BW-021

James L. Maloney

Bank of America.

© DELUXE - ME

LOCO HILLS WATER DISPOSAL CO.

P. O. Box 68
Loco Hills, NM 88255

JUL 20 2000

July 18, 2000

Mr. Wayne Price
STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

RE: Discharge Plan BW-021

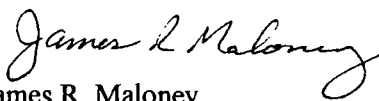
Dear Mr. Price,

For our renewal of the above referenced permit, there has been no change since 1996.

You will find enclosed, out check in the amount of Fifty Dollars (\$50.00) made payable to Water Quality Control Management.

If further information is required, please call me at (505) 677-2118.

Sincerely,
LOCO HILLS WATER DISPOSAL AND BRINE CO., INC.


James R. Maloney
Vice President

JRM:jb



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

June 23, 2000

Lori Wrotenberg
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 5051 5604

Mr. James R. Maloney
Loco Hills Water Disposal Company
P.O. Box 68
Loco Hills, New Mexico 88255

Re: Discharge Plan BW-021 Brine Well Renewal Notice
Loco Hills Water Disposal Company
Eddy County, New Mexico

Dear Mr. Maloney:

The groundwater discharge plan BW-021 for the Loco Hills Water Disposal Company Brine Well facility located in the SW/4 SW/4 of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico will expire on December 18, 2000.

Please note: WQCC 3106.F. If the holder of an approved discharge plan submits an application for discharge plan renewal at least 120 days before the discharge plan expires, and the discharger is not in violation of the approved discharge plan on the date of its expiration, then the existing approved discharge plan for the same activity shall not expire until the application for renewal has been approved or disapproved. A discharge plan continued under this provision remains fully effective and enforceable. An application for discharge plan renewal must include and adequately address all of the information necessary for evaluation of a new discharge plan. Previously submitted materials may be included by reference provided they are current, readily available to the secretary and sufficiently identified to be retrieved. [12-1-95]

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 Artesia Office

NM OIL CONSERVATION DEPT

WELL LOG # L109195 Brine Water N2 Well test

REMOVED FROM FILE

BW 021 . **BOX**

NUMBER 33

RETURNED TO CUSTOMER



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. James Maloney
Loco Hills Water Disposal Co.
P.O. Box 68
Loco Hills, New Mexico 88255

RE: Mechanical Integrity Testing of Brine Supply Wells

Dear Mr. James Maloney:

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 New Mexico Oil Conservation Division (OCD) has not received any quarterly reports for the Loco Hills brine station since October 24, 1991. Please update all delinquent quarterly reports by January 26, 1997.

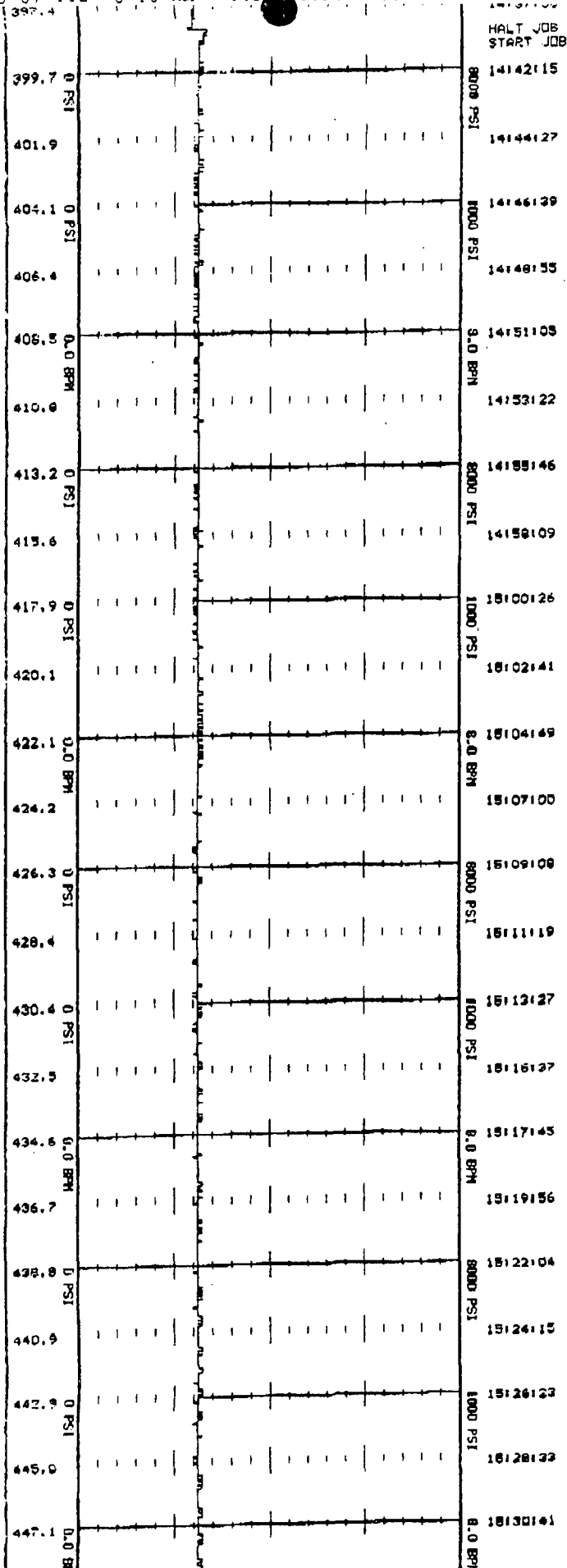
On behalf of the New Mexico Oil Conservation Division, I would like to thank you for your time and cooperation during the testing. If you have any questions, please contact me at (505) 827-7155.

Sincerely,

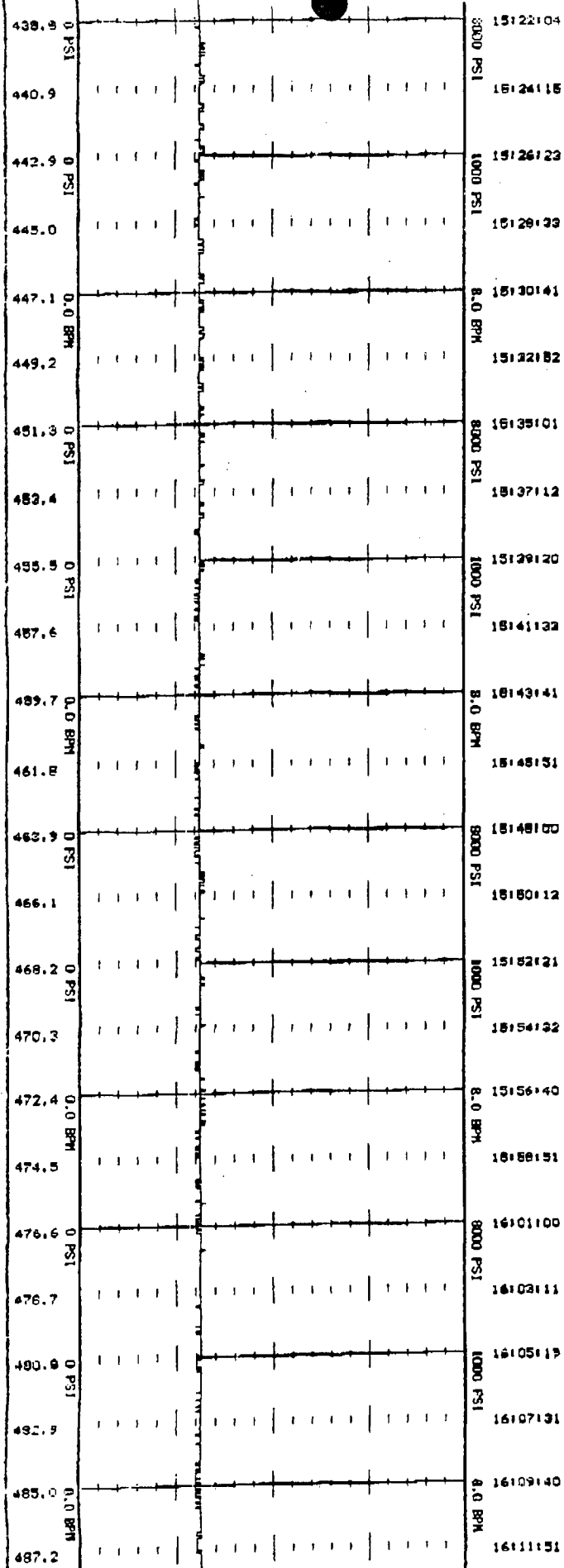
A handwritten signature in black ink, appearing to read "Mark Ashley".

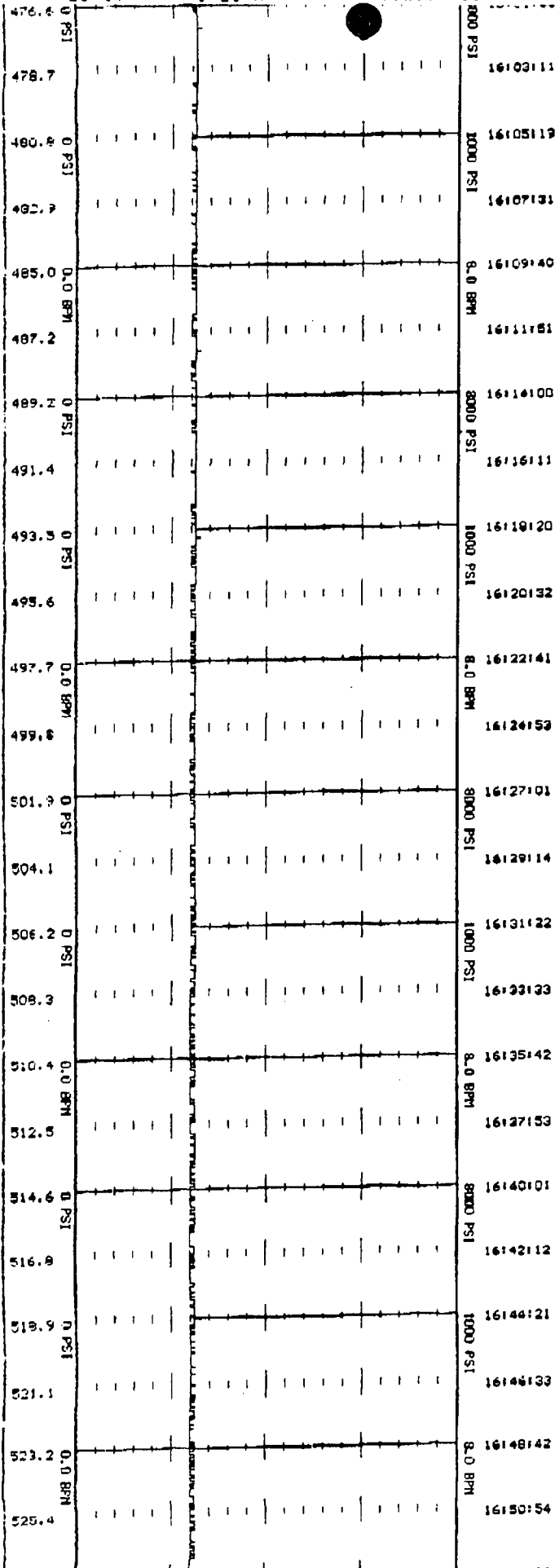
Mark Ashley
Geologist

Attachment



Loco Hills
Brine Well

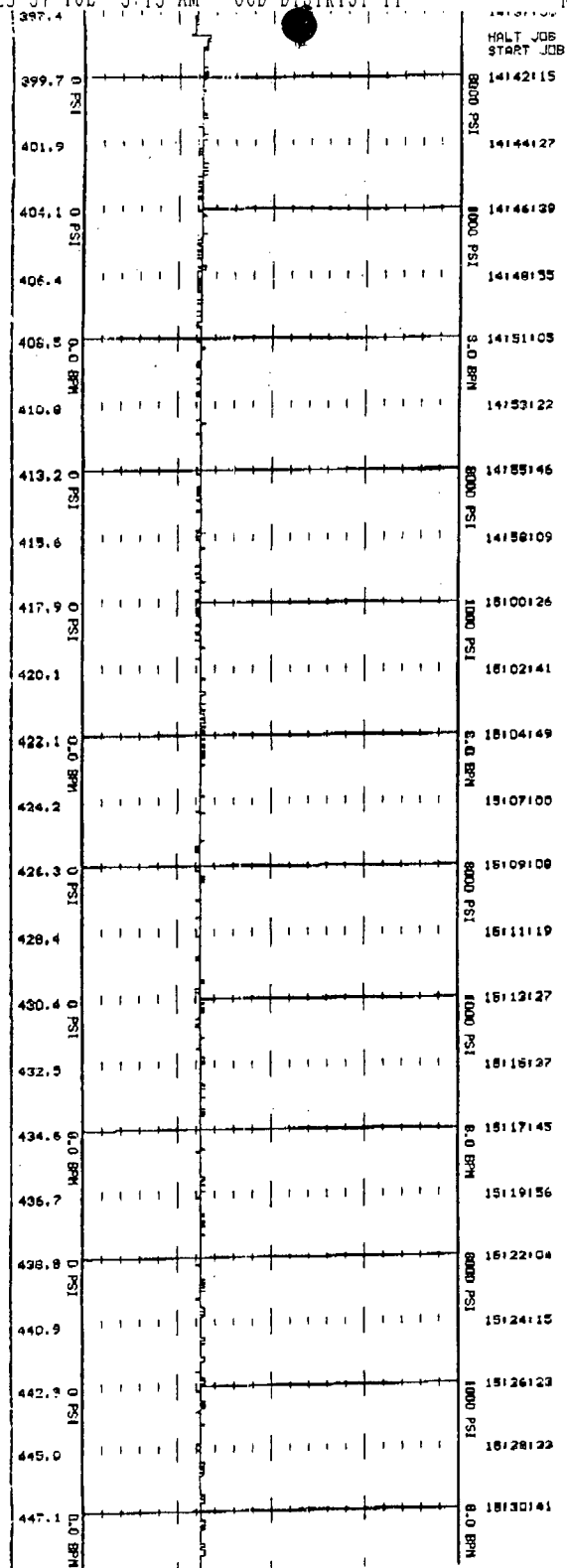




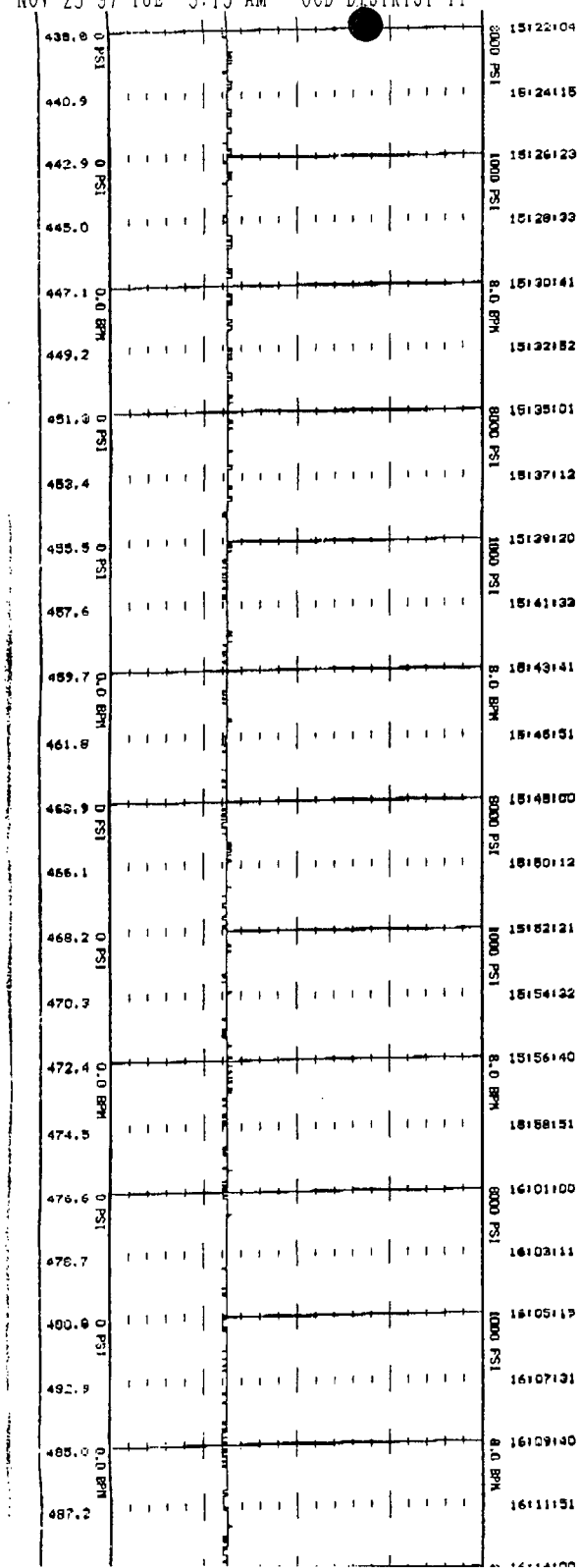
518.9	0 PSI	16:44:21
521.1		16:46:33
523.2	0.0 BPM	16:48:42
525.4		16:50:54
527.5	0 PSI	16:53:03
529.6		16:55:14
531.8	0 PSI	16:57:23
533.9		16:59:34
536.0	0.0 BPM	17:01:43
538.2		17:03:54
540.3	0 PSI	17:06:03
542.5		17:08:14
544.6	0 PSI	17:10:22
546.7		17:12:34
548.9	0.0 BPM	17:14:42
551.0		17:16:54
553.1	0 PSI	17:19:03
555.3		17:21:14
557.4	0 PSI	17:23:24
559.6		17:25:35
561.7	0.0 BPM	17:27:44
563.9		17:29:56
566.0	0 PSI	17:32:08
568.2		17:34:16

561.7	0.0 BPH	17:27:44
563.9		17:29:56
566.0	0 PSI	17:32:05
568.2		17:34:16
570.3	0 PSI	17:36:25
572.5		17:38:36
574.6	0.0 BPH	17:40:44
576.7		17:42:56
578.9	0 PSI	17:45:06
591.0		17:47:17
593.2	0 PSI	17:49:26
595.3		17:51:37
597.4	0.0 BPH	17:53:46
599.6		17:55:57
601.7	0 PSI	17:58:06
603.9		18:00:17
606.0	0 PSI	18:02:26
608.1		18:04:37
610.2	0.0 BPH	18:06:45
612.4		18:08:57
614.5	0 PSI	18:11:06
616.7		18:13:18

RESET N2 STAGE
RESET N2 TOTAL



Loco Hills
Bring Well



Pressure (PSI)	Time (HH:MM:SS)
478.7	16:03:11
480.8	16:05:19
482.9	16:07:31
485.0	16:09:40
487.2	16:11:51
489.2	16:14:00
491.4	16:16:11
493.5	16:18:20
495.6	16:20:32
497.7	16:22:41
499.8	16:24:52
501.9	16:27:01
504.1	16:29:14
506.2	16:31:22
508.3	16:33:33
510.4	16:35:42
512.5	16:37:53
514.6	16:40:01
516.8	16:42:12
518.9	16:44:21
521.1	16:46:33
523.2	16:48:42
525.4	16:50:54
527.5	16:53:03

518.9	0 PSI	16:44:21
521.1	0 PSI	16:46:33
523.2	0 PSI	16:48:42
525.4	0 PSI	16:50:54
527.5	0 PSI	16:53:03
529.6	0 PSI	16:55:14
531.8	0 PSI	16:57:23
533.9	0 PSI	16:59:34
536.0	0 PSI	17:01:42
538.2	0 PSI	17:03:54
540.3	0 PSI	17:06:03
542.5	0 PSI	17:08:14
544.6	0 PSI	17:10:22
546.7	0 PSI	17:12:34
548.9	0 PSI	17:14:42
551.0	0 PSI	17:16:54
553.1	0 PSI	17:19:03
555.3	0 PSI	17:21:14
557.4	0 PSI	17:23:24
559.6	0 PSI	17:25:35
561.7	0 PSI	17:27:44
563.9	0 PSI	17:29:56
566.0	0 PSI	17:32:08
568.2	0 PSI	17:34:16

561.7	0.0 BPH	17:12:14
563.5		17:12:15
566.0	0 PSI	17:12:15
568.2		17:13:16
570.3	0 PSI	17:13:12
572.8		17:13:13
574.6	0.0 BPH	17:14:14
576.7		17:14:15
578.9	0 PSI	17:15:16
581.0		17:15:17
583.2	0 PSI	17:16:16
585.0		17:16:17
587.4	0.0 BPH	17:17:16
589.6		17:17:17
591.7	0 PSI	17:18:16
593.9		18:00:17
596.0	0 PSI	18:02:16
598.1		18:04:17
600.3	0.0 BPH	18:06:15
602.4		18:08:17
604.6	0 PSI	18:11:06
606.7		18:13:18

RESET N2 STAGE
RESET N2 TOTAL

P. 288 258 955

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (*See reverse*)

PS Form 3800, April 1995

Sent to	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

March 23, 2001

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 3771 7194

James Maloney, Vice President
Loco Hills Brine Company
P.O. Box 68
Loco Hills, New Mexico, 88255

Re: Loco Hills Brine Well #1 BW-021
SW/4 SW/4 Sec 16-Ts17S-R30E
Eddy County, New Mexico

OIL CONSERVATION DIV.
01 APR 18 PM 2:10

Dear Mr. Maloney:

The groundwater discharge plan renewal for the Loco Hills Brine Production Facility BW-021 operated by Loco Hills Water Disposal Company located in SW/4, SW/4 of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico **is hereby approved** under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within ten working days of receipt of this letter.**

The original discharge plan was approved on December 18, 1985 by the Environment Improvement Division with an expiration date of December 18, 1990, renewed by the OCD on April 24, 1991 and January 24, 1996 with an expiration date of December 18, 2000. The discharge plan renewal application letter dated July 18, 2000 including subsequent attachments, submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge plan renewal application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is renewed pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve Loco Hills Water Disposal Company of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104. of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section

James Maloney
March 23, 2001
Page 2

3107.C., Loco Hills Water Disposal Company is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire December 18, 2005** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the Loco Hills Brine Company is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$100.00 (\$50.00 if filed before January 15, 2001) plus a flat fee of \$1700.00 for brine stations. The OCD has not received the \$1700.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: **Water Quality Management Fund**
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief
RCA/lwp

Attachment-1

xc: OCD Artesia Office

ATTACHMENT TO THE DISCHARGE PLAN BW-021 APPROVAL
Loco Hills Brine Company (BW-021)
DISCHARGE PLAN APPROVAL CONDITIONS
March 23, 2001

1. Payment of Discharge Plan Fees: The \$50.00 filing fee has been received by OCD. The \$1700.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Commitments: Loco Hills Water Disposal Company will abide by all commitments submitted in the discharge plan renewal application dated July 18, 2000 and these conditions for approval.
3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded. Please provide to OCD by July 31, 2001 the system fracture pressure calculated at the bottom casing shoe, fracture pressure gradient (psi/ft) for the system, and the maximum surface injection pressure that will not cause new fractures or propagate existing fractures.
5. Mechanical Integrity Testing: Loco Hills Water Disposal Company will conduct an annual open to 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 annually.

At least once every five years and during well work overs the cavern formation will be isolated from the casing/tubing annually and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.

6. Capacity and Cavity Configuration: The OCD is in receipt of the Sonar Survey dated February 07, 2001 conducted by Sonarwire, Inc. showing the configuration and size of the mined cavity. Loco Hills Water Disposal Company shall submit for OCD approval a method to detect long-term subsidence. Please submit the plan by July 31, 2001.
7. 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.
8. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.
9. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
10. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
11. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
12. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
13. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
14. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than July 31, 2001 and every year from tested date, thereafter. Permittees may propose various methods for testing

21. Brine Storage Pond Inspection: Leaks shall be reported pursuant to Item 19. (Spill Reporting) of these conditions. A minimum freeboard will be maintained in the pond so that no overtopping of brine occurs. Any repairs or modifications to the pond liner must receive prior OCD approval.
22. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
23. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
24. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
25. Storm Water Plan: Loco Hills Water Disposal Company will submit a storm water run-off plan for OCD approval by July 31, 2001.
26. Certification: **Loco Hills Water Disposal Company** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Loco Hills Water Disposal Company further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: **Loco Hills Water Disposal Company**

James R Maloney
Company Representative- print name

James R Maloney Date 4/16
Company Representative- Sign

Title VP

ATTACHMENT TO THE DISCHARGE PLAN BW-021 RENEWAL
LOCO HILLS WATER DISPOSAL COMPANY
BRINE PRODUCTION FACILITY
DISCHARGE PLAN REQUIREMENTS
(January 24, 1996)

1. Payment of Discharge Plan Fees: The \$690 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Loco Hills Water Disposal Company Commitments: Loco Hills Water Disposal Company will abide by all commitments submitted in the renewal application dated December 12, 1995.
3. Production Method: Fresh water shall be injected down the casing injection well and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded. Loco Hills Water Disposal Company Brine Production Facility shall supply and obtain approval for any changes to the approval for the maximum and average injection pressures and injection volumes.
5. Mechanical Integrity Testing: The OCD requires an annual open hole pressure test equal to one and one-half of the normal operating pressure for four hours with ten percent bleed-off allowed. At least once every five years the OCD requires the above mentioned open hole test with zero bleed-off allowed. If zero bleed-off cannot be achieved, the casing will be isolated from the formation and tested to 300 psi for 30 minutes. During well work over, the OCD requires the casing to be isolated from the casing and tested to 300 psi for 30 minutes. The OCD will be notified at least 72 hours prior to all testing so that an OCD representative may witness the test.
6. Cavity Configuration: For renewal application for facilities in operation in excess of 15 years, provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence of catastrophic collapse. All testing will be completed by December 18, 2000 using an OCD approved method.

7. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office quarterly.
8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad (i.e. concrete, asphalt, or other suitable containment) with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad with curbing.
9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device (i.e. drip pan) incorporated into the design.

The pump house at the loading dock shows evidence of brine leaks that have rusted through the building and leaked on the ground. Please propose and submit a method by April 25, 1996 to the OCD by which the leaks can be contained, and prevented from reaching the ground.

10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
12. Tank Labeling: All tanks should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
13. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks /or sumps.
14. Underground Process/Wastewater Lines: All underground process/wastewater, and brine transfer pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years there after. Permittees may propose various methods for testing such

as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD.

15. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Artesia District Office.
16. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
17. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.
18. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
19. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
20. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.

21. Conditions accepted by:

James R Maloney
Company Representative

2/2/96
Date

VP
Title



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

March 23, 2001

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 3771 7194

James Maloney, Vice President
Loco Hills Brine Company
P.O. Box 68
Loco Hills, New Mexico, 88255

Re: Loco Hills Brine Well #1 BW-021
SW/4 SW/4 Sec 16-Ts17S-R30E
Eddy County, New Mexico

Dear Mr. Maloney:

The groundwater discharge plan renewal for the Loco Hills Brine Production Facility BW-021 operated by Loco Hills Water Disposal Company located in SW/4, SW/4 of Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico **is hereby approved** under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within ten working days of receipt of this letter.**

The original discharge plan was approved on December 18, 1985 by the Environment Improvement Division with an expiration date of December 18, 1990, renewed by the OCD on April 24, 1991 and January 24, 1996 with an expiration date of December 18, 2000. The discharge plan renewal application letter dated July 18, 2000 including subsequent attachments, submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge plan renewal application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. The discharge plan is renewed pursuant to Section 5101.A. and 3109.C. Please note Section 3109.G., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve Loco Hills Water Disposal Company of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104. of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section

James Maloney
March 23, 2001
Page 2

3107.C., Loco Hills Water Disposal Company is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4., this approval is for a period of five years. **This approval will expire December 18, 2005** and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the Loco Hills Brine Company is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$100.00 (\$50.00 if filed before January 15, 2001) plus a flat fee of \$1700.00 for brine stations. The OCD has not received the \$1700.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

**Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.**

If you have any questions, please contact Wayne Price of my staff at (505-476-3487). On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief
RCA/lwp

Attachment-1

xc: OCD Artesia Office

ATTACHMENT TO THE DISCHARGE PLAN BW-021 APPROVAL
Loco Hills Brine Company (BW-021)
DISCHARGE PLAN APPROVAL CONDITIONS
March 23, 2001

1. Payment of Discharge Plan Fees: The \$50.00 filing fee has been received by OCD. The \$1700.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Commitments: Loco Hills Water Disposal Company will abide by all commitments submitted in the discharge plan renewal application dated July 18, 2000 and these conditions for approval.
3. Production Method: Fresh water will be injected down the casing and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection and/or test pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded. Please provide to OCD by July 31, 2001 the system fracture pressure calculated at the bottom casing shoe, fracture pressure gradient (psi/ft) for the system, and the maximum surface injection pressure that will not cause new fractures or propagate existing fractures.
5. Mechanical Integrity Testing: Loco Hills Water Disposal Company will conduct an annual open to 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 annually.

At least once every five years and during well work overs the cavern formation will be isolated from the casing/tubing annually and the casing pressure tested at 300 psig for 30 minutes. All pressure test must be witnessed by OCD.

6. Capacity and Cavity Configuration: The OCD is in receipt of the Sonar Survey dated February 07, 2001 conducted by Sonarwire, Inc. showing the configuration and size of the mined cavity. Loco Hills Water Disposal Company shall submit for OCD approval a method to detect long-term subsidence. Please submit the plan by July 31, 2001.
7. 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.
8. Analysis of Injection Fluid and Brine: Provide an analysis of the injection fluid and brine with each annual report. Analysis will be for General Chemistry (Method 40 CFR 136.3) using EPA methods.
9. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
10. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
11. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
12. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
13. Labeling: All tanks, drums, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
14. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must be tested to demonstrate their mechanical integrity no later than July 31, 2001 and every year from tested date, thereafter. Permittees may propose various methods for testing

such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the annual report.

15. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than July 31, 2001 and every 5 years, from tested date, thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD in the first annual report.
16. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
17. Well Work Over Operations: OCD approval will be obtained from the Director prior to performing remedial work, pressure test or any other Work over. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Artesia District Office.
18. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure. All spill collection and/or secondary containment devices will be emptied of fluids within 48 hours of discovery.
19. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.
20. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis.

21. Brine Storage Pond Inspection: Leaks shall be reported pursuant to Item 19. (Spill Reporting) of these conditions. A minimum freeboard will be maintained in the pond so that no overtopping of brine occurs. Any repairs or modifications to the pond liner must receive prior OCD approval.
22. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
23. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
24. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
25. Storm Water Plan: Loco Hills Water Disposal Company will submit a storm water run-off plan for OCD approval by July 31, 2001.
26. Certification: **Loco Hills Water Disposal Company** by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Loco Hills Water Disposal Company further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: **Loco Hills Water Disposal Company**

Company Representative- print name

Date _____
Company Representative- Sign

Title _____

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 4/16/01
or cash received on _____ in the amount of \$ 1700⁰⁰
from LOCO HILLS WATER DISPOSAL
for LOCO HILLS BRINE WELL BW-021
Submitted by: WAYNE PRICE (Primary Name) Date: 5/18/01 (DP No.)
Submitted to ASD by: [Signature] Date: "
Received in ASD by: _____ Date: _____
Filing Fee _____ New Facility _____ Renewal X
Modification _____ Other _____
Organization Code 521.07 Applicable FY 2001

To be deposited in the Water Quality Management Fund.

Full Payment X or Annual Increment _____

LOCO HILLS WATER DISPOSAL

P.O. BOX 68
LOCO HILLS, NM 88255-0068

DATE 4/16/01

95-32
9800 NM
1070

PAY
TO THE ORDER
OF

SEVENTEEN HUNDRED DOLLARS

DOLLARS \$ 1700⁰⁰

Water Quality Mgr. Fund

Security features
included
Details on back.

Bank of America

BW-021

James R. Maloney

LOCO HILLS WATER DISPOSAL

P. O. BOX 68
LOCO HILLS, NM 88255-0068

Feb 9 19 96 95-226/1122

WARRANTY
8N398856 690 DOLS 00 CTS

DOLLARS \$ 690⁰⁰/₁₀₀

PAY
TO THE ORDER
OF

NMED Water Quality Management

James L McConny

SUNWEST

SUNWEST BANK OF ROSWELL, N.A.
ROSWELL, NEW MEXICO 88201-1858 (505) 624-5000

© DELUXE - WE



United States Department of the Interior

FISH AND WILDLIFE SERVICE

New Mexico Ecological Services Field Office
2105 Osuna NE
Albuquerque, New Mexico 87113
Phone: (505) 761-4525 Fax: (505) 761-4542

January 25, 1996

Mr. William J. Lemay
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

RECEIVED

JAN 29 1996

Oil Conservation Division

Dear Mr. Lemay:

This responds to the Energy, Minerals, and Natural Resources Department Oil Conservation Division's public notice dated December 13, 1995, regarding the State of New Mexico's proposal to approve the discharge plan for the applicant listed below.

(BW-21) - Loco Hills Brine Company. The vice president of the brine extraction facility has submitted an application renewal to discharge brine water to a lined pond in Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico.

During flight, migratory birds may not distinguish between a pond or lagoon from a natural waterbody. Therefore, rather than allow migratory birds access to a waterbody that may act as an attractive nuisance, the U.S. Fish and Wildlife Service (Service) recommends that the applicant demonstrate that the pond or lagoon is "bird-safe" (e.g., can meet New Mexico general water quality standards 1102B, 1102F, and 3101K or 3101L), or that the ponds and lagoons be constructed in a manner that prevents bird access (e.g., netted, fenced, enclosed in tanks, etc.).

Migratory birds that land on waterbodies with an oil sheen have the potential to contaminate their eggs during nesting season. Hydrocarbon pollutants carried to the nest on breast feathers, feet, or nesting materials can cause reduced hatchability of contaminated eggs. As little as 1 to 10 microliters of crude or refined oil topically applied to eggs of various bird species can be embryotoxic or teratogenic. We recommend that the Oil Conservation Division or the applicant demonstrate that the pond will have no oil sheen and continue periodic testing to characterize the water quality and determine if any bioaccumulation or ecological risks seem imminent.

Our intent is to inform and intercede before any migratory bird deaths occur as migratory birds are beneficial (e.g., they hold pest populations in check) and are protected by law. The Migratory Bird Treaty Act (MBTA) makes it unlawful for anyone at anytime or in any manner to take (i.e., pursue, hunt, take, capture, kill, transport, or possess) any migratory bird unless authorized by a permit issued by the Department of the Interior. The courts have interpreted "illegal take" to include accidental poisoning

Mr. William J. Lemay

2

or accumulation of harmful concentrations of contaminants by migratory birds, even if the contamination event was accidental or the perpetrator was unaware of the fact that his/her actions (or failure to take action) could ultimately prove harmful to migratory birds. The liability provisions of the MBTA preclude the necessity of proving intent and permits criminal prosecution of persons, associations, partnerships, or corporations that inadvertently or intentionally kill or illegally take one or more migratory birds.

Therefore, if the creation and operation of a pond or lagoon results in migratory bird deaths and the problem is not addressed, the operators may be held liable under the enforcement provisions of the MBTA. If migratory birds or other wildlife are dying around a lagoon or pond, please contact either the Service or the New Mexico Department of Game and Fish.

If you have any questions, please contact Joel D. Lusk at (505) 761-4525.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Fowler-Propst". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

Jennifer Fowler-Propst
Field Supervisor

cc:

Director, New Mexico Department of Game and Fish, Santa Fe, New Mexico
Chief, New Mexico Environment Department, Surface Water Quality Bureau, Santa Fe,
New Mexico



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

Z 765 962 927

January 24, 1996

CERTIFIED MAIL

RETURN RECEIPT NO. Z-765-962-927

Mr. James R. Maloney
Loco Hills Water Disposal Company
P.O. Box 68
Loco Hills, New Mexico 88255

**RE: Discharge Plan BW-021 Renewal
Loco Hills Water Disposal Company
Eddy County, New Mexico**

Dear Mr. Maloney:

The groundwater discharge plan renewal, BW-021, for the Loco Hills Water Disposal Company Brine Production Facility, located in the SW/4 SW/4 Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, is **hereby approved** under the conditions contained in the enclosed attachment. The renewal application consists of the original discharge plan as approved December 18, 1985, the discharge plan renewal as approved April 24, 1991, and the discharge plan renewal application dated December 12, 1995. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within five working days of receipt of this letter.**

The discharge plan renewal application was submitted pursuant to Section 5101.B.3. of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Section 5101.A. and 3109.C. Please note Section 3109.F., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve Loco Hills Water Disposal Company of liability should their operation result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.



**Receipt for
Certified Mail**

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

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

PS Form 3800, March 1993

Mr. James R. Maloney
January 25, 1996
Page 2

Please note that Section 3104. of the regulations requires that "when a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C., Loco Hills Water Disposal Company is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

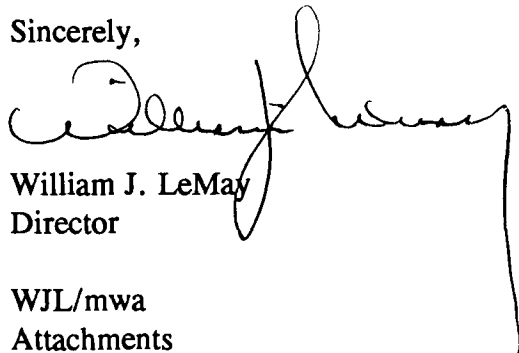
Pursuant to Section 3109.G.4., this approval is for a period of five years. This approval will expire December 18, 2000, and an application for renewal should be submitted in ample time before that date. It should be noted that all discharge plan facilities will be required to submit plans for, or the results of, an underground drainage testing program as a requirement for discharge plan renewal.

The discharge plan renewal application for the Loco Hills Water Disposal Company Brine Production Facility is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus one half of the flat rate or \$690 for brine stations. The \$50 filing fee was received by the OCD on December 13, 1995. The OCD has not received the flat fee of \$690, which may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

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

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



William J. LeMay
Director

WJL/mwa
Attachments

xc: **OCD Artesia Office**

Mr. James R. Maloney
January 25, 1996
Page 3

ATTACHMENT TO THE DISCHARGE PLAN BW-021 RENEWAL
LOCO HILLS WATER DISPOSAL COMPANY
BRINE PRODUCTION FACILITY
DISCHARGE PLAN REQUIREMENTS
(January 24, 1996)

1. Payment of Discharge Plan Fees: The \$690 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Loco Hills Water Disposal Company Commitments: Loco Hills Water Disposal Company will abide by all commitments submitted in the renewal application dated December 12, 1995.
3. Production Method: Fresh water shall be injected down the casing injection well and brine shall be recovered up the tubing. Reverse flow will be allowed only once a month for up to 24 hours for clean out.
4. Maximum Injection Pressure: The maximum operating injection pressure at the well head will be such that the fracture pressure of the injection formation will not be exceeded. Loco Hills Water Disposal Company Brine Production Facility shall supply and obtain approval for any changes to the approval for the maximum and average injection pressures and injection volumes.
5. Mechanical Integrity Testing: The OCD requires an annual open hole pressure test equal to one and one-half of the normal operating pressure for four hours with ten percent bleed-off allowed. At least once every five years the OCD requires the above mentioned open hole test with zero bleed-off allowed. If zero bleed-off cannot be achieved, the casing will be isolated from the formation and tested to 300 psi for 30 minutes. During well work over, the OCD requires the casing to be isolated from the casing and tested to 300 psi for 30 minutes. The OCD will be notified at least 72 hours prior to all testing so that an OCD representative may witness the test.
6. Cavity Configuration: For renewal application for facilities in operation in excess of 15 years, provide information on the size and extent of the solution cavern and geologic/engineering data demonstrating that continued brine extraction will not cause surface subsidence of catastrophic collapse. All testing will be completed by December 18, 2000 using an OCD approved method.

7. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office quarterly.
8. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad (i.e. concrete, asphalt, or other suitable containment) with curbing. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad with curbing.
9. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device (i.e. drip pan) incorporated into the design.

The pump house at the loading dock shows evidence of brine leaks that have rusted through the building and leaked on the ground. Please propose and submit a method by April 25, 1996 to the OCD by which the leaks can be contained, and prevented from reaching the ground.

10. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
11. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
12. Tank Labeling: All tanks should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
13. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks /or sumps.
14. Underground Process/Wastewater Lines: All underground process/wastewater, and brine transfer pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years there after. Permittees may propose various methods for testing such

Mr. James R. Maloney
January 25, 1996
Page 5

as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD.

15. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Artesia District Office.
16. Housekeeping: All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
17. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.
18. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
19. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
20. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
21. Conditions accepted by:

Company Representative

Date

Title

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 2/1/96
or cash received on _____ in the amount of \$ 690.00
from Loco Hills
for Loco Hills Brine BW 21

Submitted by: _____ Date: _____
Submitted to ASD by: R. Anderson Date: 3/25/96
Received in ASD by: Angela Herrera Date: 3-29-96

Filing Fee _____ New Facility _____ Renewal X

Modification _____ Other _____
(Specify)

Organization Code 521.07 Applicable FY 96

To be deposited in the Water Quality Management Fund.

Full Payment X or Annual Increment _____

LOCO HILLS WATER DISPOSAL
P. O. BOX 68
LOCO HILLS, NM 88255-0068

Feb-9 19 96 95-226/1122

WARRANTY 690 DOLS 00 CTS

PAY
TO THE ORDER
OF

DOLLARS \$ 690⁰⁰/₁₀₀

NMED Water Quality Management

James R. McLaughlin NP

SUNWEST

SUNWEST BANK OF ROSWELL, N.A.
ROSWELL, NEW MEXICO 88201-1858 (505) 624-5000



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

BRUCE KING
GOVERNOR

April 24, 1991

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5600

CERTIFIED MAIL
RETURN RECEIPT NO. P-327-278-156

Mr. James R. Maloney
Vice President
Loco Hills Water Disposal Company
P. O. Box 68
Loco Hills, New Mexico 88255

**RE: Discharge Plan BW-21 (formerly DP-394) Renewal
Loco Hills Brine Station
Eddy County, New Mexico**

Dear Mr. Maloney:

The discharge plan renewal (BW-21) for the Loco Hills Brine Station located in Section 16, Township 17 South, Range 30 East, NMPM, Eddy County, New Mexico, on the property of the Loco Hills Water Disposal Company is hereby approved. Please note the new discharge plan number (BW-21) which will be the permanent designation used in all future correspondence. The renewal application consists of the original discharge plan as approved December 18, 1985, the renewal application dated February 11, 1991, and the materials dated March 25, 1991, submitted as supplements to the application.

Please note that in your discharge plan renewal application you committed to an analysis of your produced brine as soon as production started back up. Submit this analysis with your quarterly report of volumes of fluids injected and brine produced.

The discharge plan was submitted pursuant to Section 5-101.B.3 of the New Mexico Water Quality Control Commission Regulations. It is renewed pursuant to Sections 5-101.A and 3-109.C. Please note Sections 3-109.E and 3-109.F which provide for possible future amendments or modifications of the plan. Please be advised that the approval of this plan does not relieve you of liability should your operation result in actual pollution of surface water, ground water, or the environment which may be actionable under other laws and/or regulations.

Mr. James R. Maloney

April 24, 1991

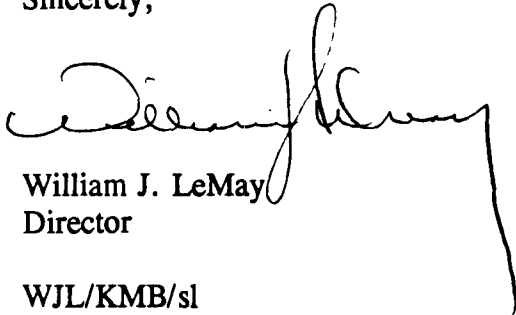
Page -2-

The monitoring and reporting shall be as specified in the discharge plan. Please note that Section 3-104 of the regulations requires that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C. you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.G.4., this plan is for a period of five (5) years. This approval will expire December 18, 1995 and you should submit an application for renewal in ample time before this date.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review,

Sincerely,

A handwritten signature in dark ink, appearing to read 'William J. LeMay', with a long, sweeping horizontal line extending to the right.

William J. LeMay
Director

WJL/KMB/sl

cc: OCD Artesia Office