

BW - 30

**MECHANICAL
INTEGRITY TEST
(MITs)**

DATE: _____

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, July 21, 2016 2:02 PM
To: 'Jerry@Pyotewatersystems.com'
Cc: Griswold, Jim, EMNRD
Subject: Hobbs State No. 10 (BW-30) Pressure Test Sundry dated 8/31/2015 Request for Test Chart w/ Chart Recorder Calibration Record

Mr. Pyote:

The New Mexico Oil Conservation Division (OCD) is in receipt of your C-103 Sundry for a pressure test performed on the above subject well.

OCD requests the Chart Recorder Calibration Record associated with the test and the pressure chart for the Administrative Record.

In the future, you contact Mark Whitaker at the OCD Hobbs District Office to schedule all of your brine well MITs so that OCD may witness the tests.

Thank you.

Carl J. Chavez, CHMM
Environmental Engineer
Oil Conservation Division- Environmental Bureau
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Phone: (505) 476-3490
Main Phone: (505) 476-3440
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: www.emnrd.state.nm.us/ocd

Why not prevent pollution, minimize waste, reduce operation costs, and move forward with the rest of the Nation? To see how, go to "Publications" and "Pollution Prevention" on the OCD Website.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, April 23, 2010 6:56 AM
To: 'Alvarado, David'; 'lyn.sockwell@basicenergyservices.com'; 'James Millett'; Clay Wilson; 'Patterson, Bob'; 'gandy2@leaco.net'; 'Gary Schubert'; 'Dan Gibson'
Cc: VonGonten, Glenn, EMNRD; Griswold, Jim, EMNRD
Subject: New Mexico UIC Class III Brine Well MIT Scheduling with Completion by September 30, 2010

Gentlemen:

Re:

Basic Energy Services: BW-002 & BW-025
Gandy Corporation: BW-004 & BW-022
Key Energy Services, LLC: BW-028
Mesquite: BW-027 (MITs on 2-Well System Completed this Season) & BW-030
Salty Dog: BW-008
HRC: BW-031

Good morning. It is that time of year again to remind operators that their MITs for this season must be completed by 9/30/2010. The list of operator names w/ associated brine wells are provided above and as in the past, the OCD attempts to schedule MITs logistically on the same day and in a route with start times that is most efficient in the field.

Operators are aware of the annual formation MIT (4-hr @ 300 psig or less depending on historical pressure and TD of well) and every 5-yrs. or after well workover. EPA MIT (30 min. @ 500 psig). Operators need to review well MIT records to inform OCD-EB of the type of MIT it will run this year and inform OCD-EB of any issues or concerns associated with this season's MIT.

You may access your well information on OCD Online either by API# and/or Permit Number at <http://ocdimage.emnrd.state.nm.us/imaging/AEOrderCriteria.aspx> and <http://www.emnrd.state.nm.us/OCD/OCDPermitting/Data/Wells.aspx>. For information on New Mexico's UIC Program and training information, please go to: <http://www.emnrd.state.nm.us/ocd/Publications.htm>.

Please contact Jim Griswold at (505) 476-343465 on or before May 7, 2010 to schedule your preferred MIT date and time. Jim will work to finalize the witness schedule with each of you. Thank you in advance for your cooperation.

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

Carl J. Chavez, CHMM
UIC Program Quality Assurance & Quality Control Officer
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, October 06, 2009 1:01 PM
To: Chavez, Carl J, EMNRD; 'George Parchman'
Cc: 'David Pyeatt'; VonGonten, Glenn, EMNRD
Subject: RE: BW-30 MIT and Facility Inspection Items Need to be addressed within 90 days

Mr. Pyeatt:

Re: MIT Inspection Items 2009

HOBBS STATE #10	BW-30	30-025-35915	(UL-F)29-18S-38E	Lea
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I am in receipt of your response to inspection items presented by the OCD during this season's annual MIT and inspection.

OCD comments:

- 1) The sign looks good but appears to be missing the well API#. Please add it to the sign.
- 2) Please specify the liner type, mil thickness and whether it contains seams. If it has seams, is the liner thermally seamed (single/double) or glued?
- 3) As a reminder, the OCD will be monitoring the receipt of all reporting and upcoming annual report information for your well. I hope you are working diligently to submit an annual report in compliance with your discharge permit.

Please contact me if you have questions or need further assistance. Thank you in advance for your cooperation.

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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")

From: Chavez, Carl J, EMNRD
Sent: Thursday, August 20, 2009 10:37 AM
To: Chavez, Carl J, EMNRD; George Parchman
Cc: David Pyeatt; VonGonten, Glenn, EMNRD
Subject: RE: BW-30 MIT and Facility Inspection Items Need to be addressed within 90 days

Also, a well sign is needed to identify the well, operator, etc. Thanks.

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From: Chavez, Carl J, EMNRD

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To: George Parchman

Cc: 'David Pyeatt'; VonGonten, Glenn, EMNRD

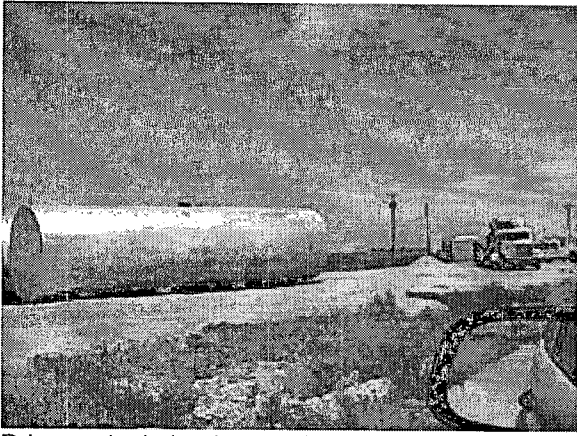
Subject: BW-30 MIT and Facility Inspection Items Need to be addressed within 90 days

George, et al.:

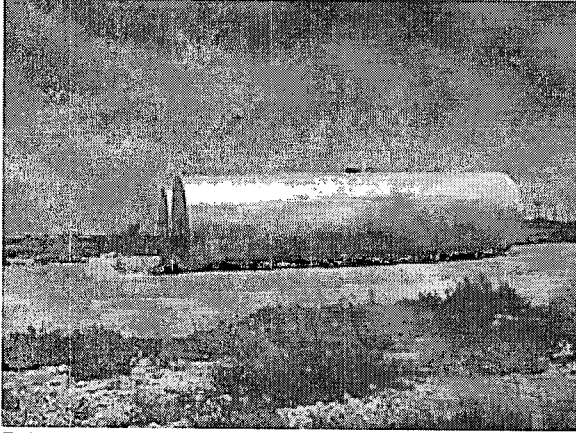
Congratulations on passing this season's MIT (see chart under "MITs") at

<http://ocdimage.emnrd.state.nm.us/imaging/AEOrderFileView.aspx?appNo=pLWP0124237005>.

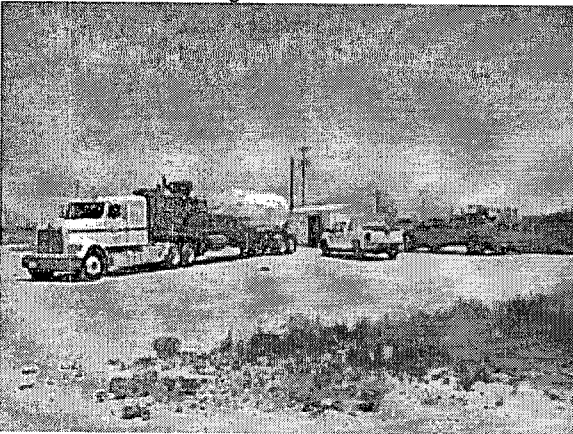
BW-30 Inspection & MIT (8/13/2009)



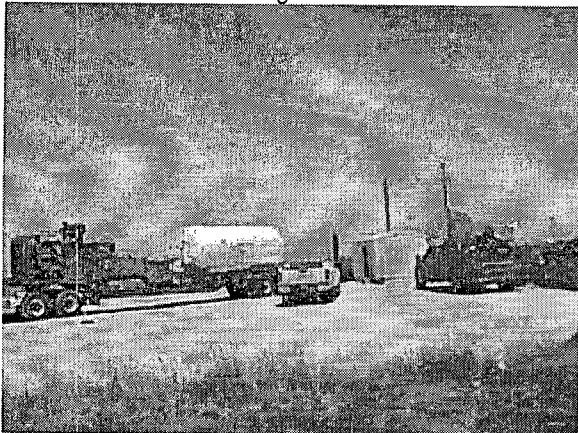
Brine tanks in background



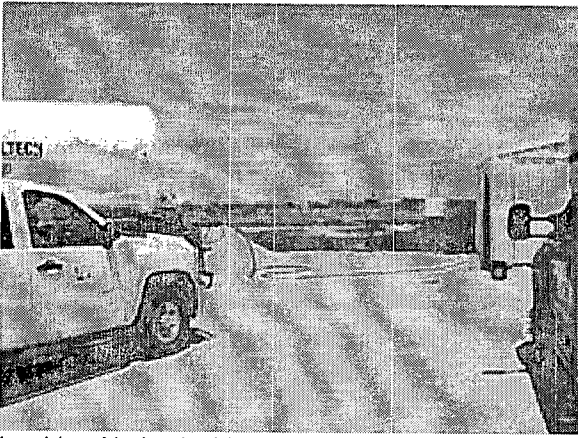
Brine tanks in background



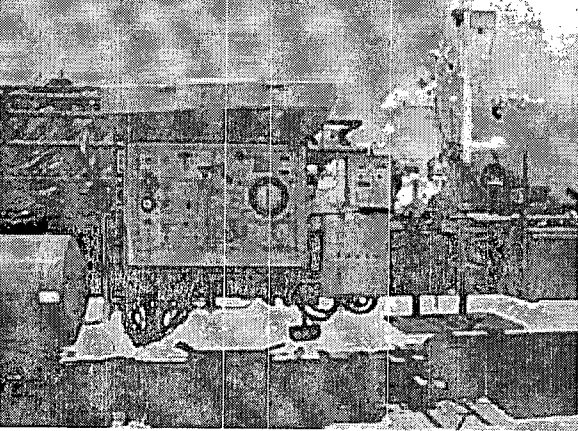
BJ Services truck facing W-SW



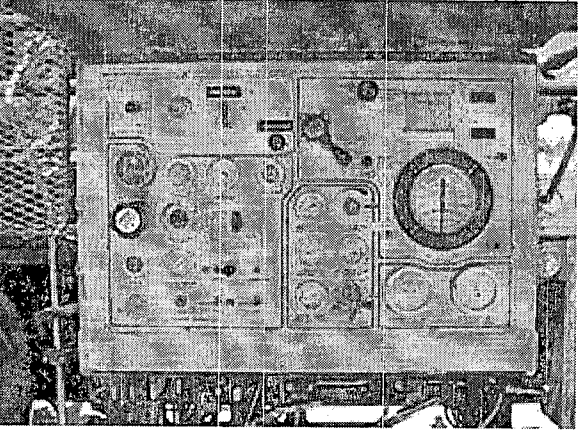
BJ Services N2 truck in position had pumped for 3 minutes to pressure up to 300 psig when I arrived



Looking N shed with wellhead in background



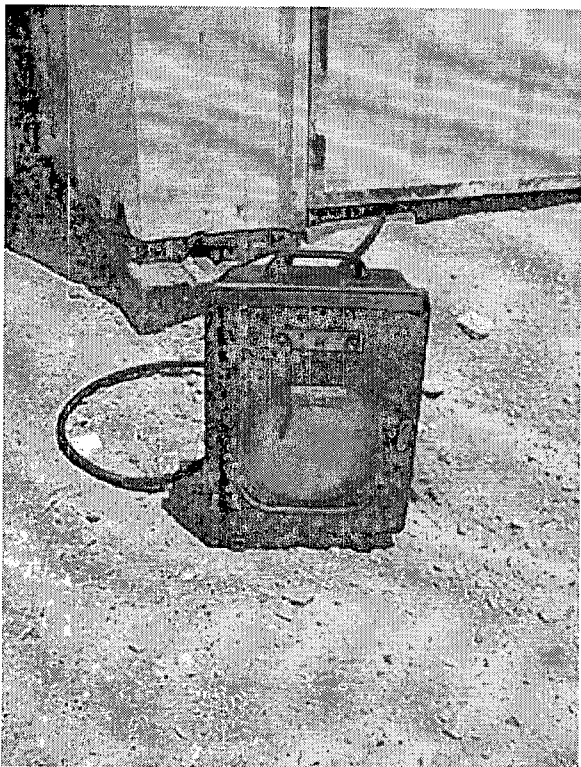
BJ Services truck gauges upon arrival only pumped N2 for 3 minutes.



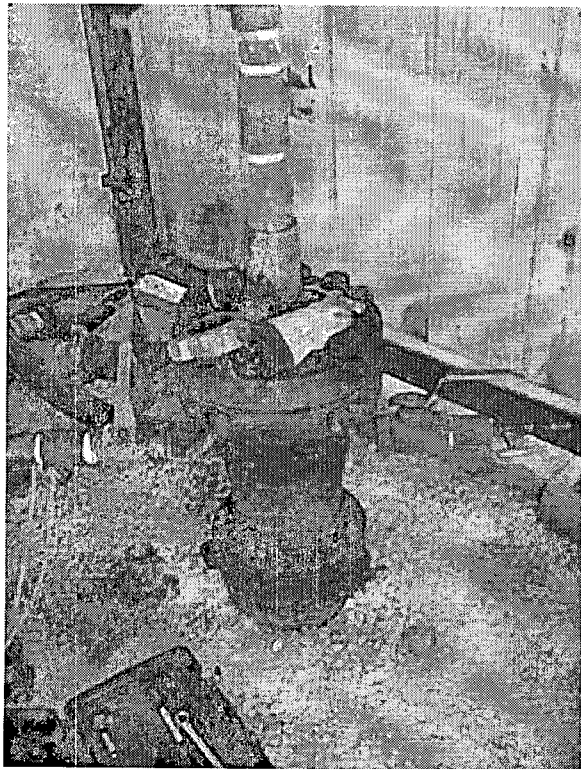
BJ Services tank gauges upon arrival



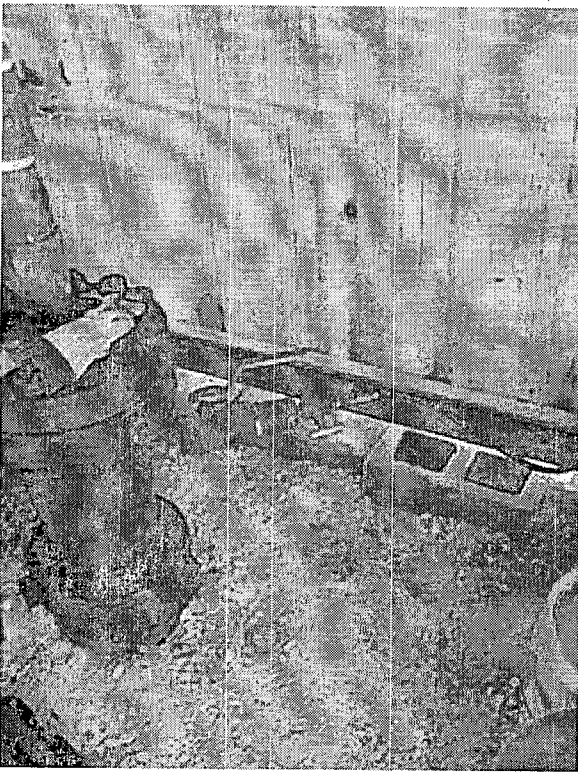
Out-of-service fresh water tank



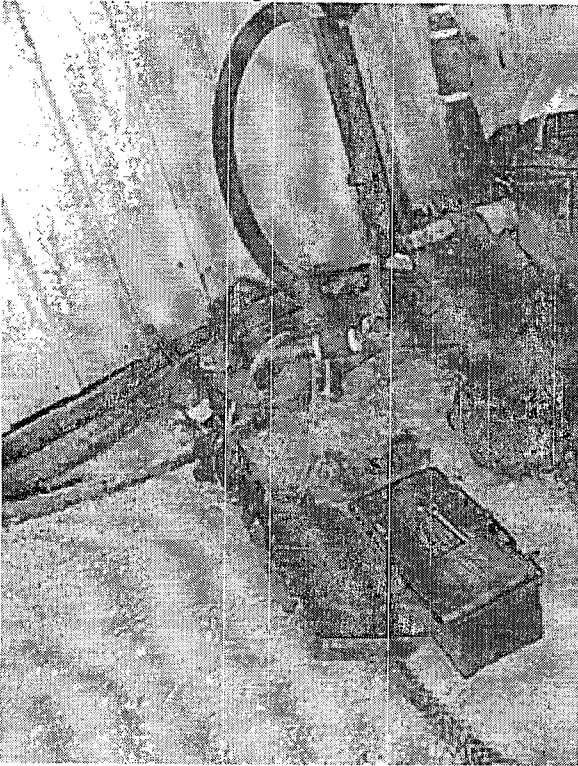
Calibrated chart recorder



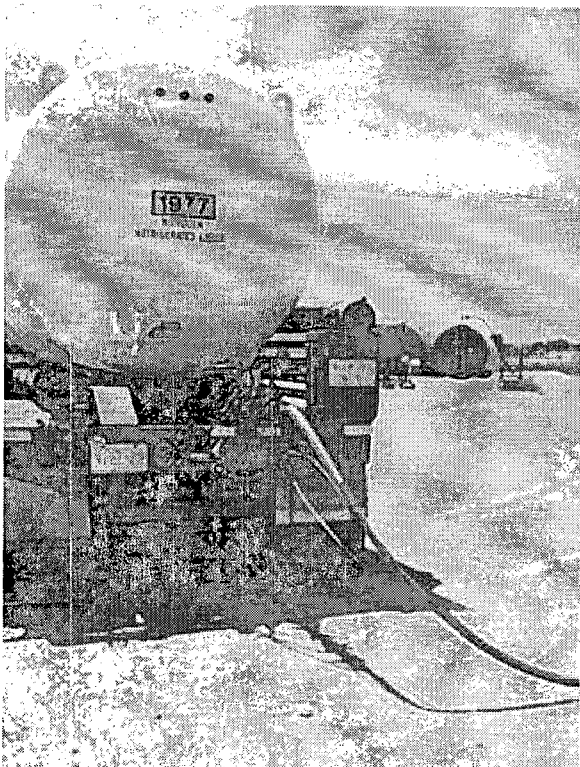
Wellhead valve configuration



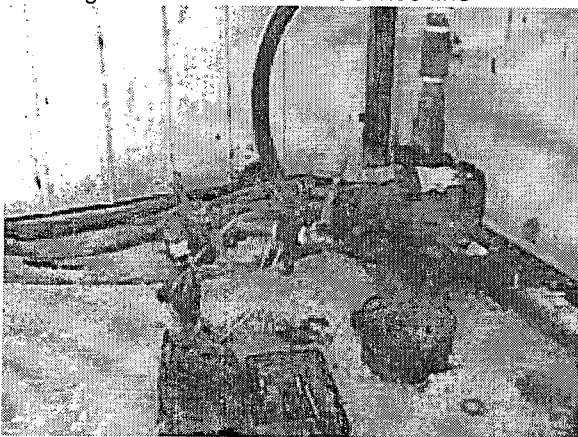
Wellhead valve configuration



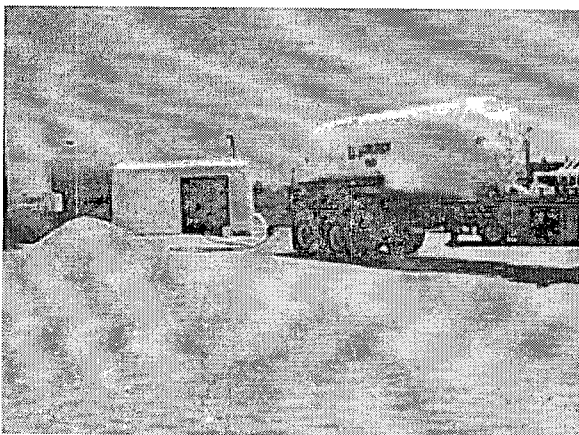
Wellhead and valve configuration



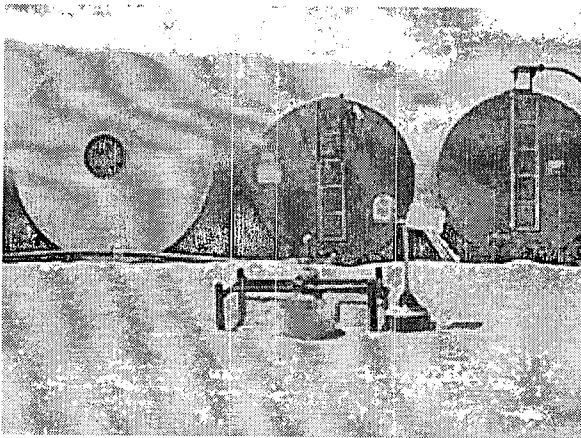
Looking W from shed at BJ Service line



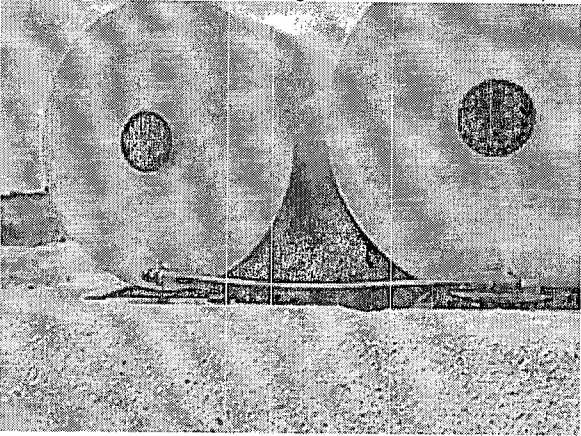
Wellhead and valve configuration



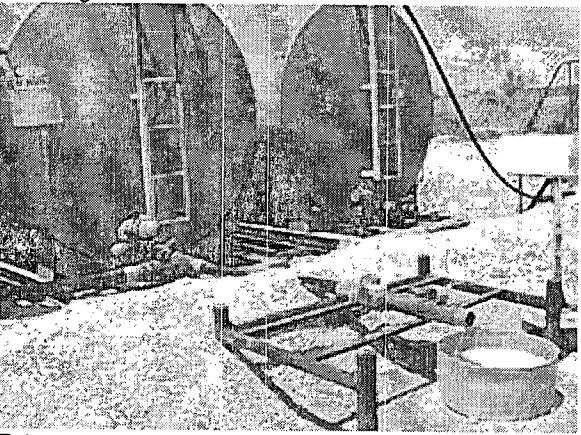
Looking E-SE at configuration



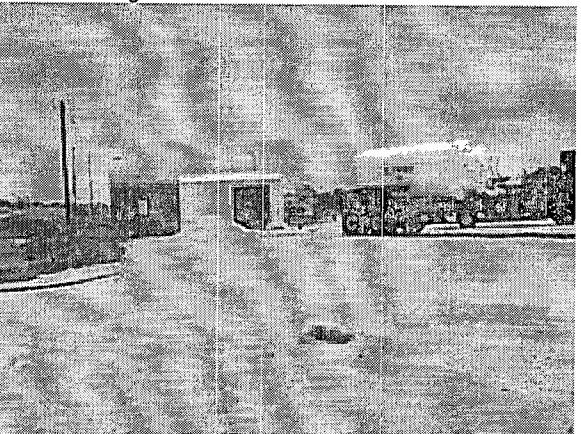
Looking W at brine storage tanks are bermed, but unlined storage area.



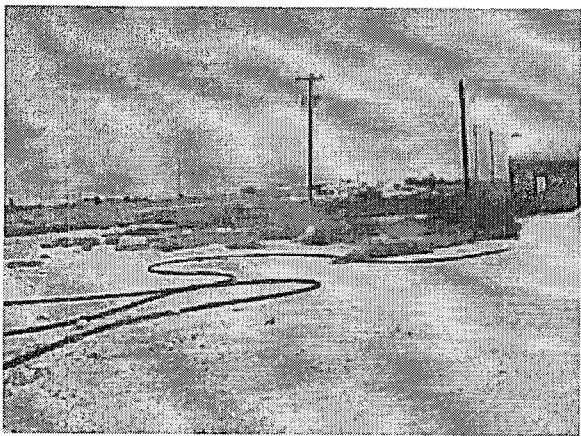
Looking W-SW at Brine tanks within berm



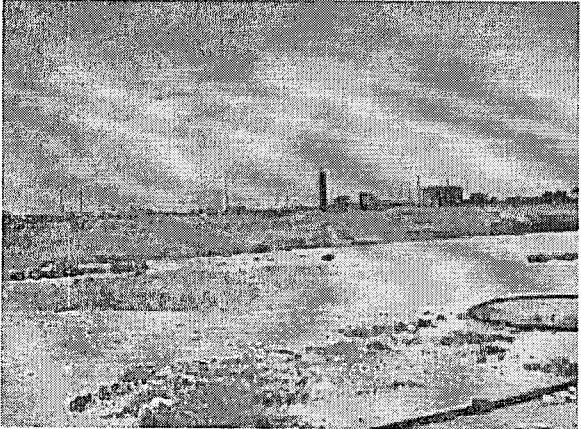
Brine storage tanks



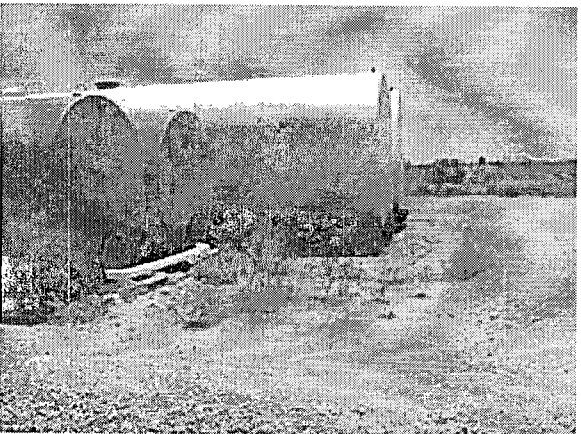
Looking E at shed and fresh water tanks behind shed



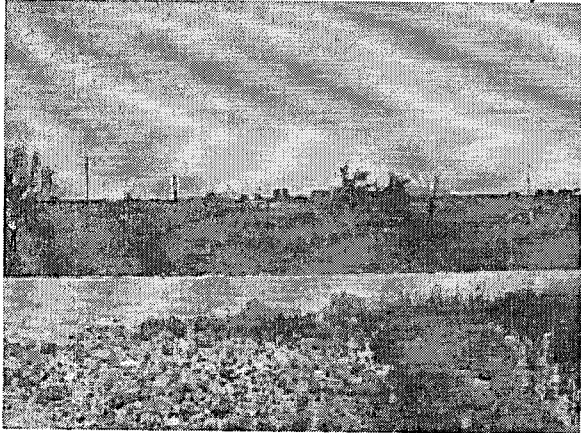
Looking N-NW from SW property location w/ brine tanks in background.



Fresh water on land surface



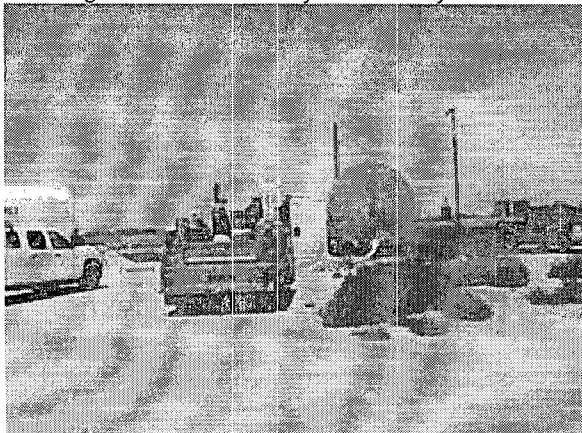
Brine tanks bermed and in unlined secondary containment & housekeeping issues w/ weed growth.



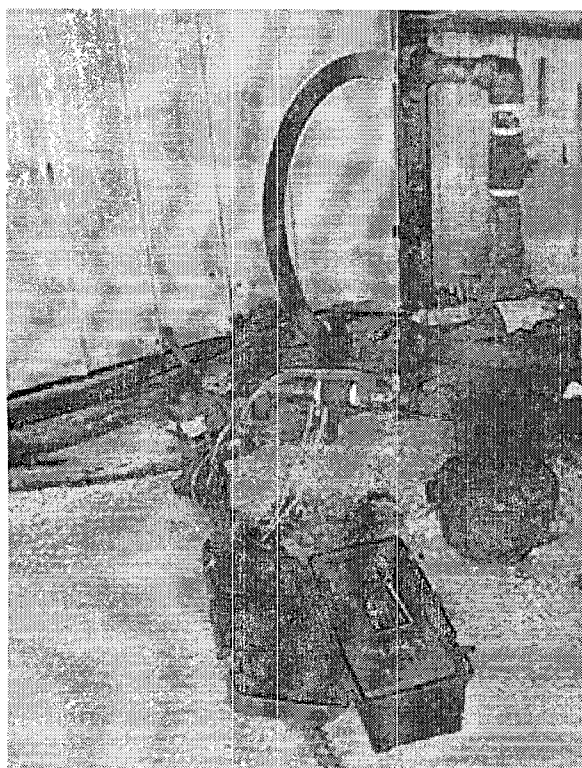
Looking N from property.



Looking W at dirt roadway into facility



Looking N at shed with wellhead and fresh water tank.



Wellhead inside shed

Notes:

- 1) The Formation MIT passed (Start: 400 psig & End: 400 psig)

- 2) Brine storage tanks need to be placed on top of a properly constructed liner system w/ berms to contain 1 + 1/3 the total volume of all interconnected tanks. Operator thinks liner is underneath dirt? OCD has some liner guidance under Regulation Part 36 that may help operator to complete this task.
- 3) Company claims it can't make 10 lb. brine under conventional flow regime.
- 4) Upon arrival, informed N₂ gas was only injected for 3 minutes to pressure up cavern to 300 psig. Operator recalculated and estimated ~32.7 bbl. of N₂ gas was needed to displace fluid level down below casing shoe for Fm. MIT. Opened up brine tanks to allow displaced fluids to flow back into tanks during N₂ injection.
- 5) Housekeeping issue w/ weed growth in brine tank storage area.
- 6) Next year special inflatable packer will be used to satisfy EPA 5-Yr. MIT. Only 5.5" ID casing due to liner emplacement within 7" casing.

The above notes highlighted in yellow need to be corrected in 90 days. Please provide photos and proof of work within 30 days of completion of work. 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) 476-3490
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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")

RECEIVED

Liquid Resource Services, LLC
OCT 6 AM 10 38 1819 N. Turner
Suite B
Hobbs, New Mexico 88240

October 5, 2009

OCD
Carl Chavez
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

VIA REGULAR MAIL

RE: BW-30

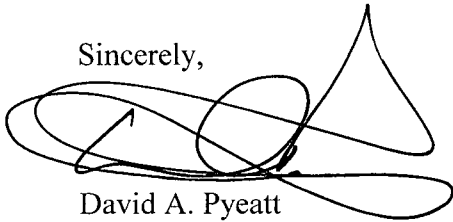
Dear Mr. Chavez,

I have enclosed pictures of our location reflecting the housekeeping issues noted on your enclosed email.

Lined berm around storage tanks
Removal of weeds
Well Sign.

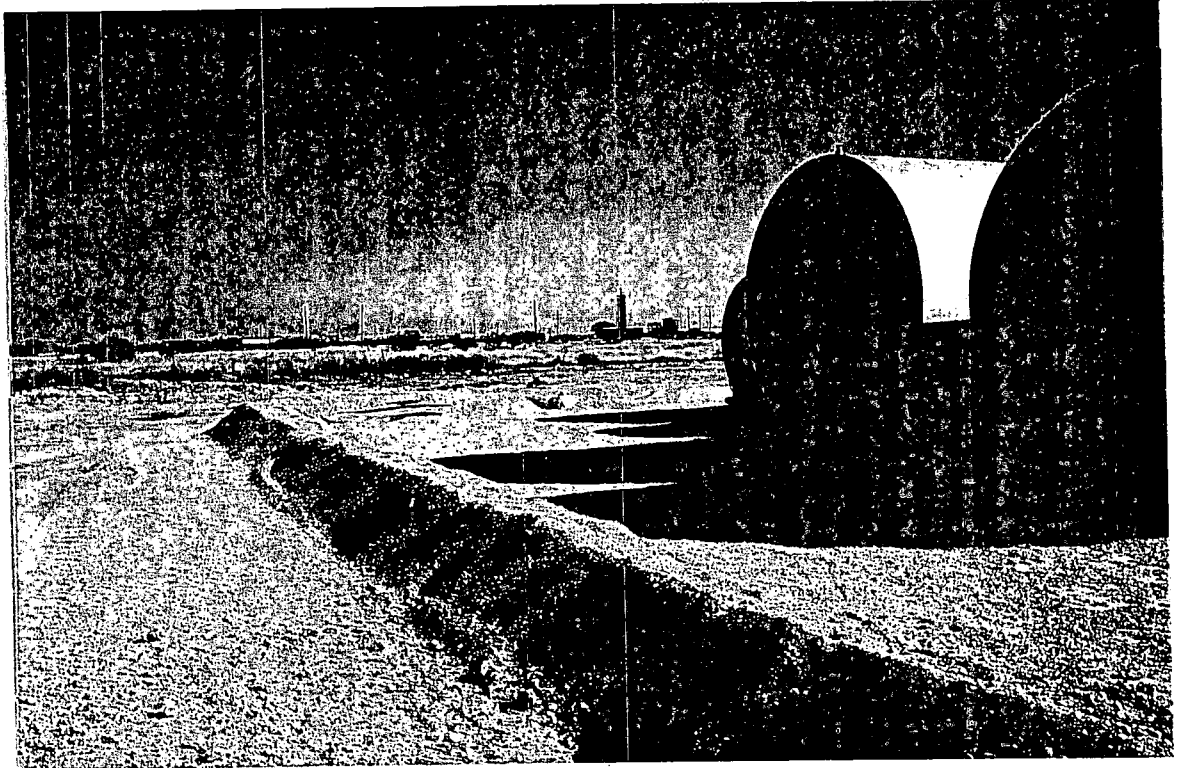
Please send me an email acknowledging receipt to david@ewtitle.com

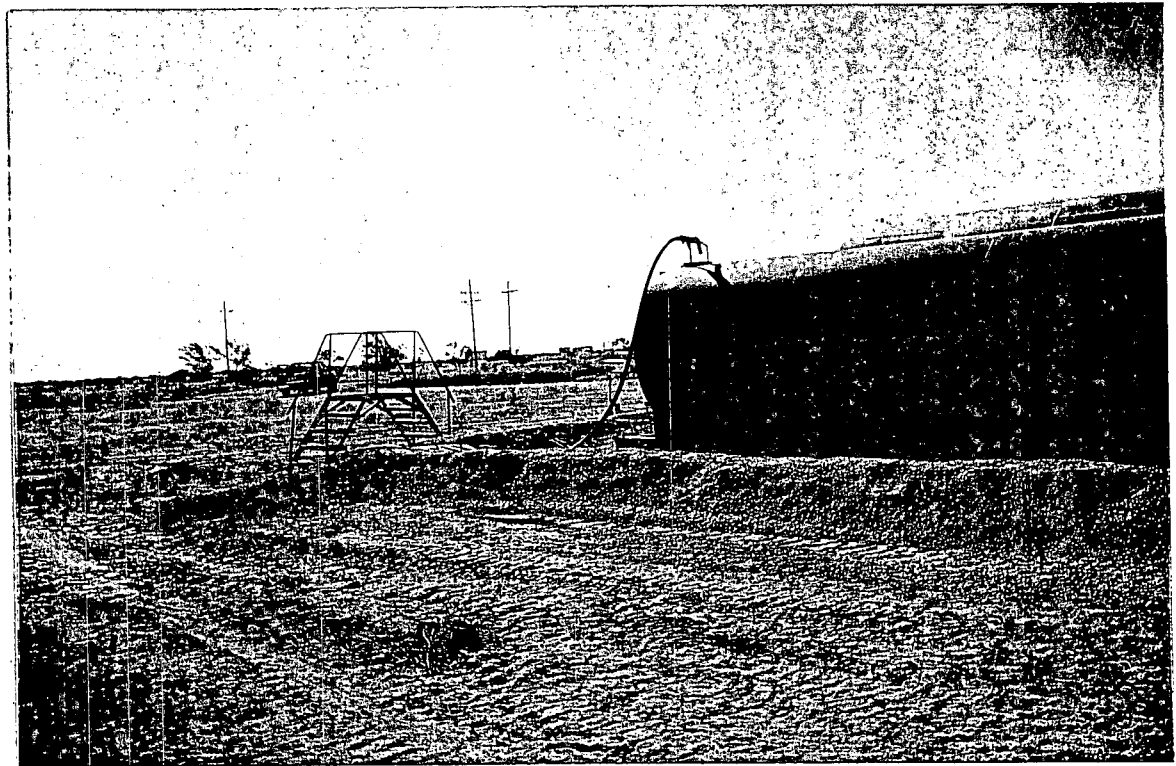
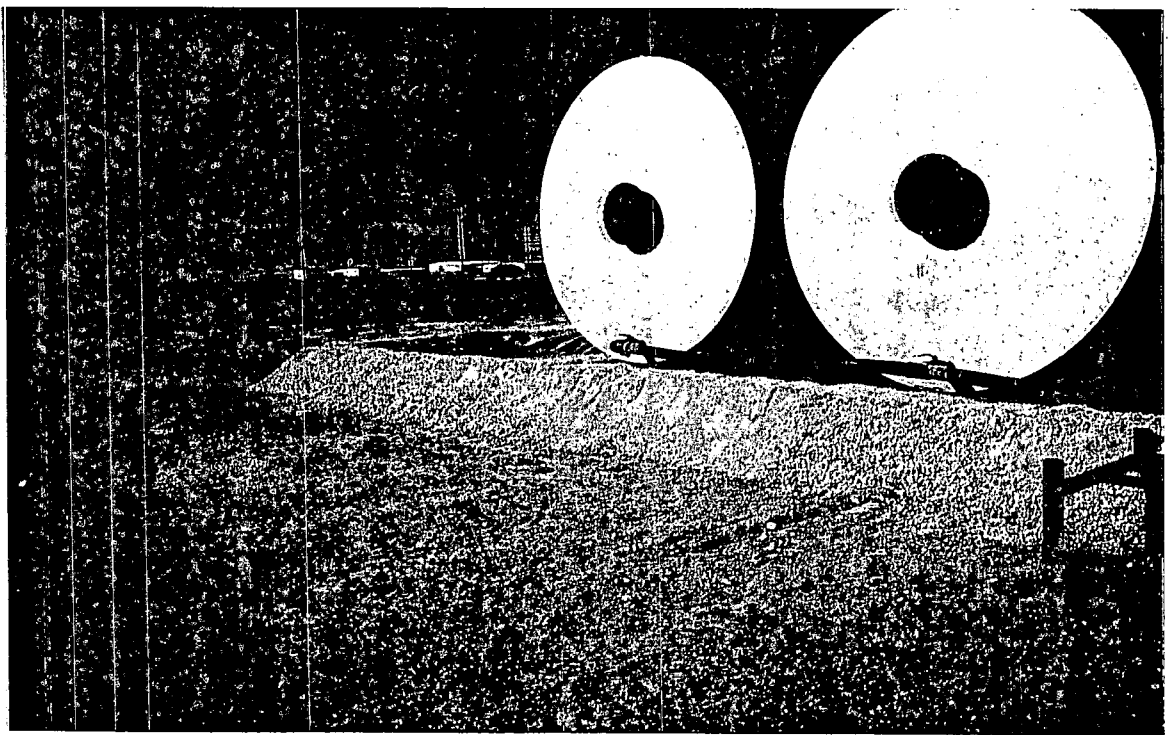
Sincerely,

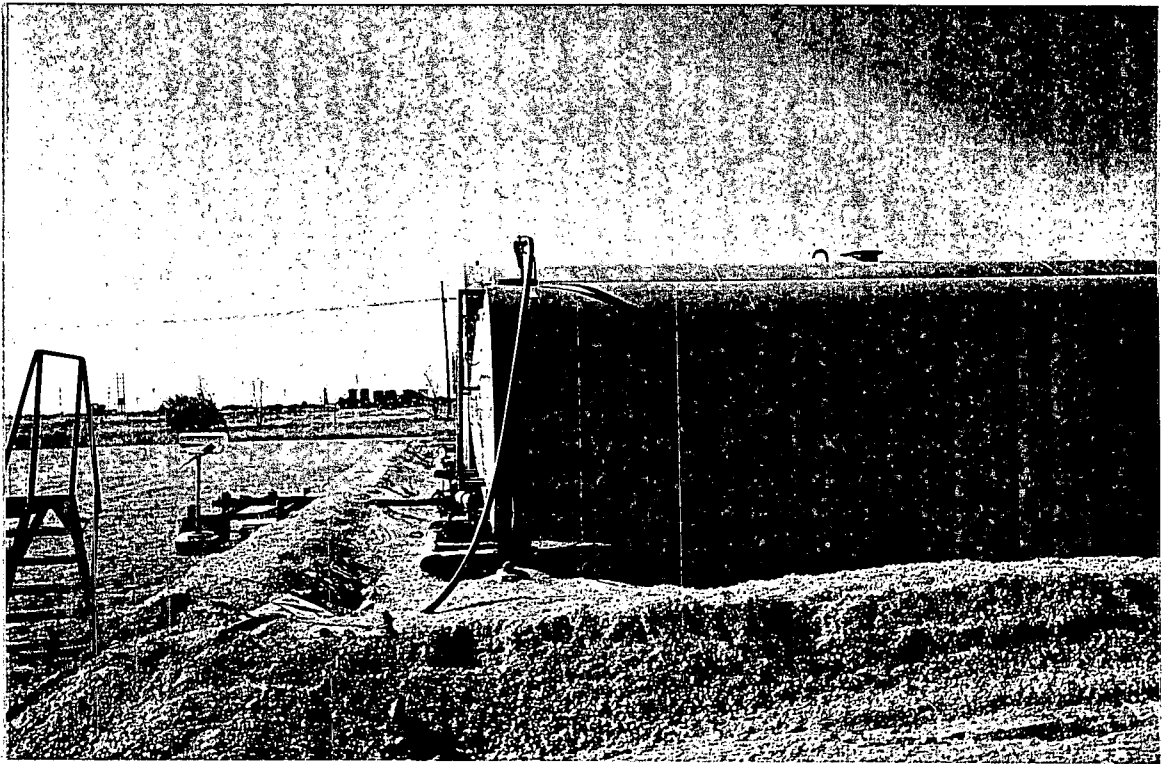
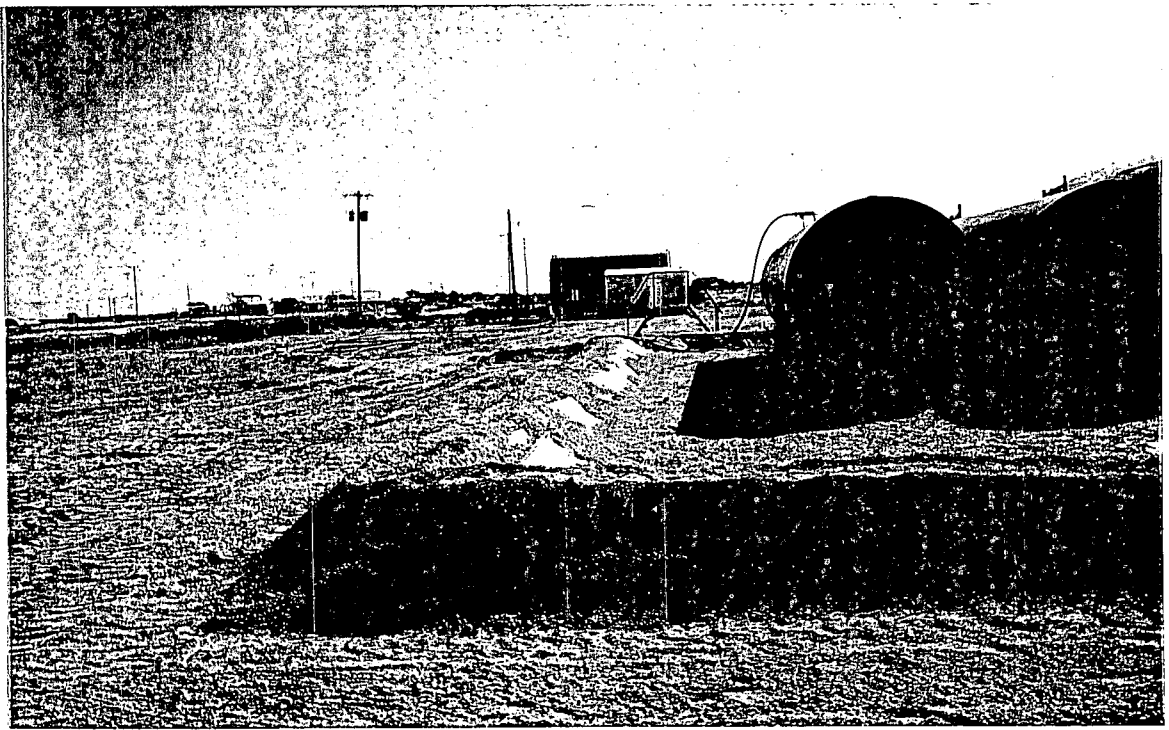
A handwritten signature in black ink, appearing to read 'David A. Pyeatt', with a large, stylized flourish extending upwards and to the right.

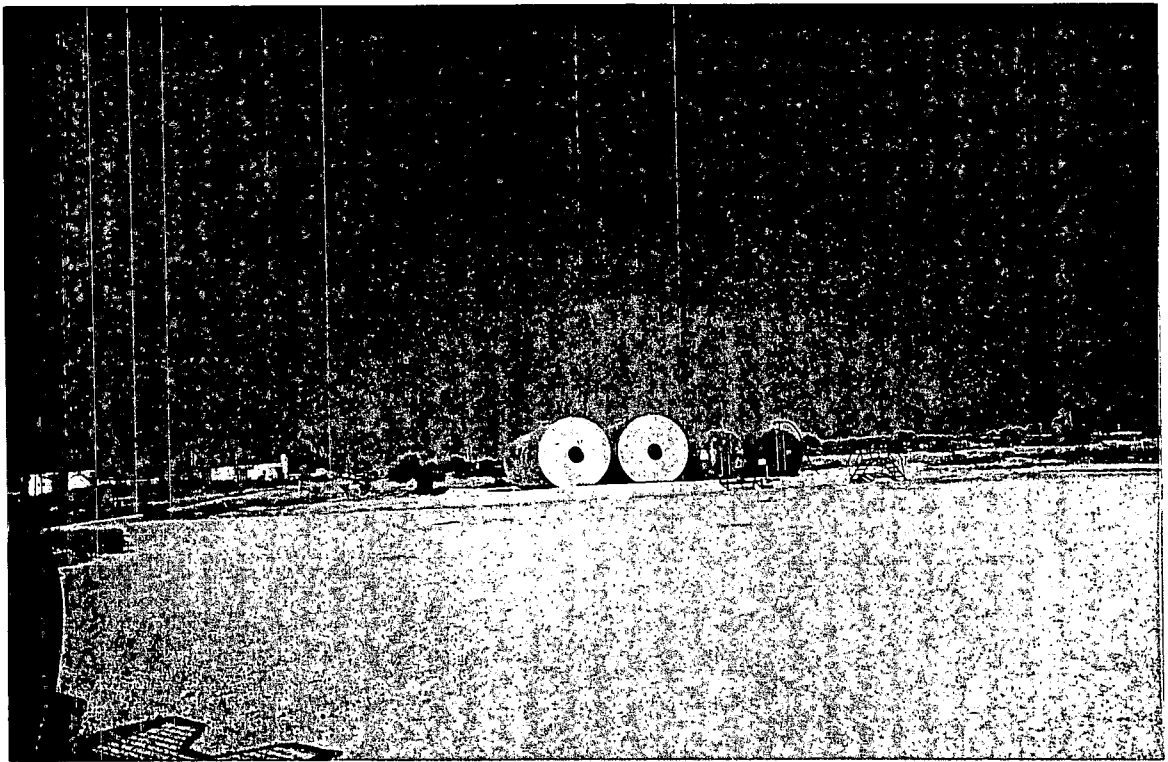
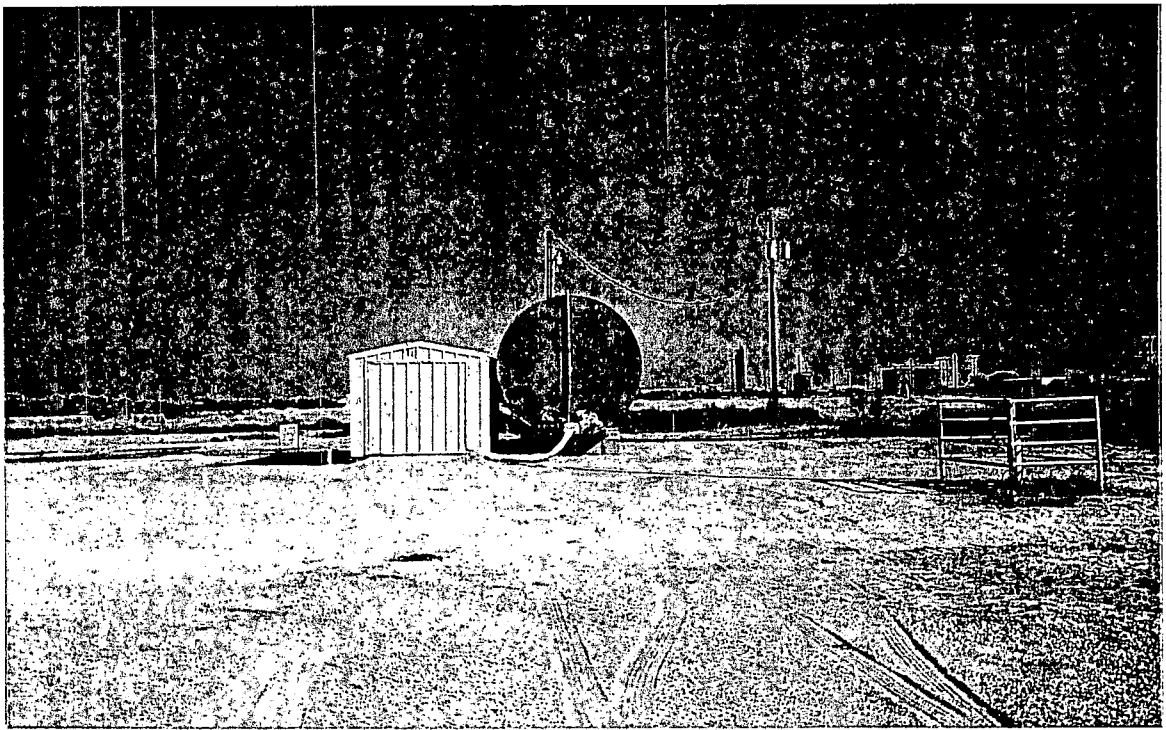
David A. Pyeatt
Co-Manager

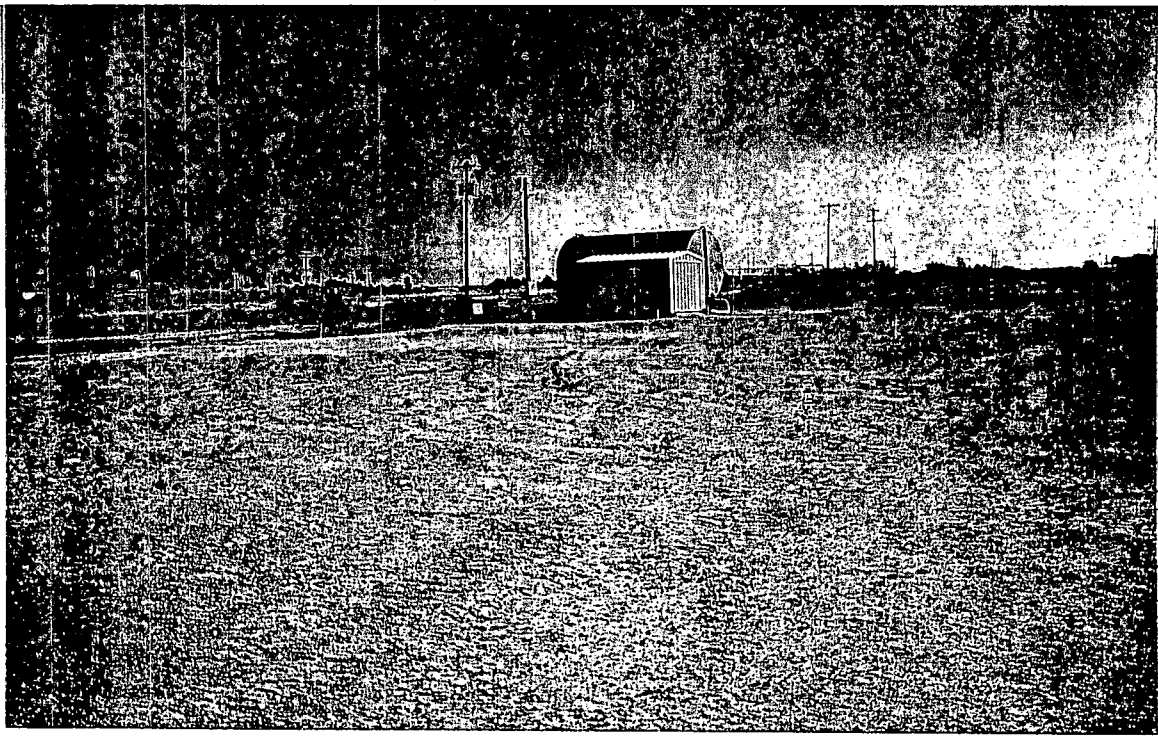
DAP/











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Subject: RE: BW-30 MIT and Facility Inspection Items Need to be addressed within 90 days
From: "Chavez, Carl J, EMNRD" <CarlJ.Chavez@state.nm.us>
Date: Thu, 20 Aug 2009 10:37:10 -0600
To: "Chavez, Carl J, EMNRD" <CarlJ.Chavez@state.nm.us>, "George Parchman" <GEOANDDOT@LEACO.NET>
CC: "David Pyeatt" <david@ewtitle.com>, "VonGonten, Glenn, EMNRD" <Glenn.VonGonten@state.nm.us>

Also, a well sign is needed to identify the well, operator, etc. Thanks.

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George, et al.:

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<http://ocdimage.emnrd.state.nm.us/imaging/AEOrderFileView.aspx?appNo=pLWP0124237005>.

BW-30 Inspection & MIT (8/13/2009)

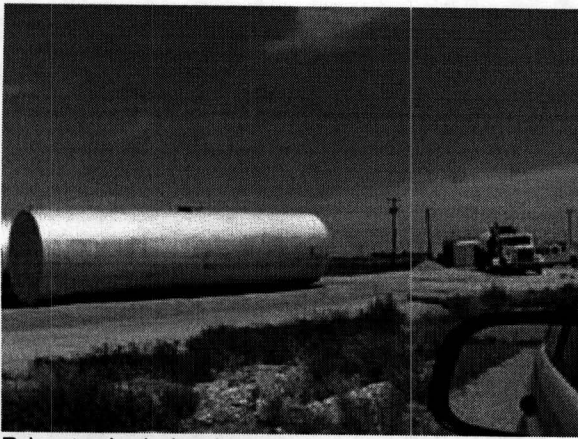
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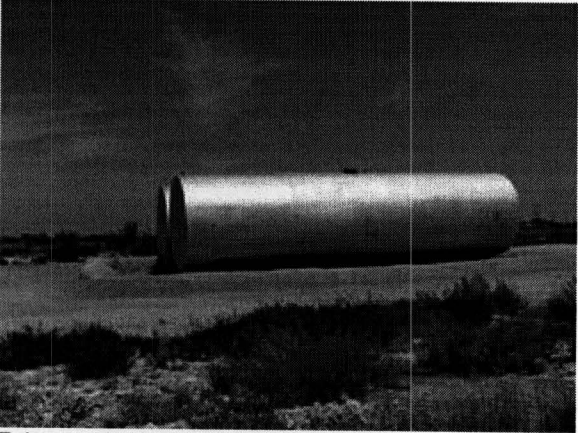
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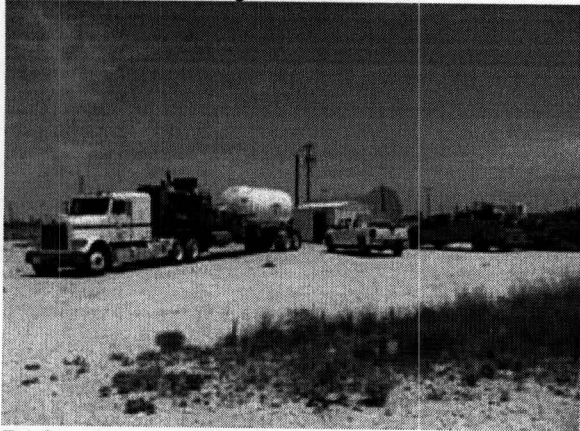
BW-30 Inspection & MIT (8/13/2009)



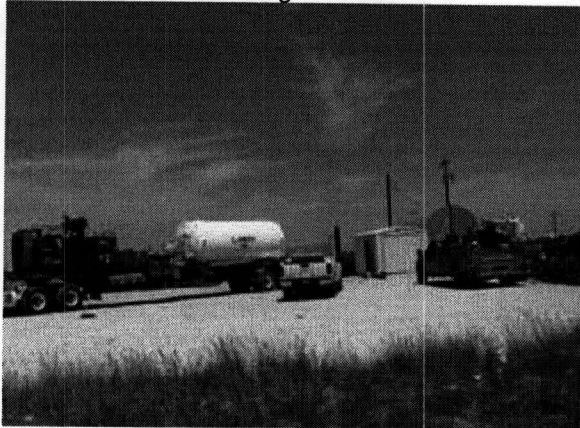
Brine tanks in background



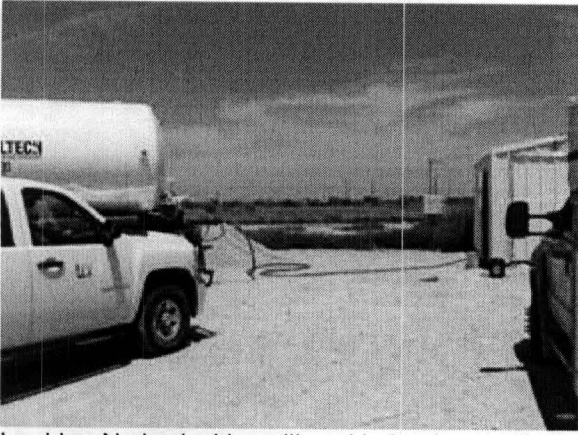
Brine tanks in background



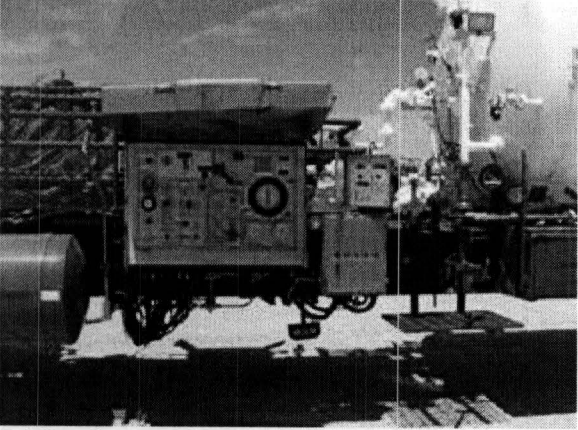
BJ Services truck facing W-SW



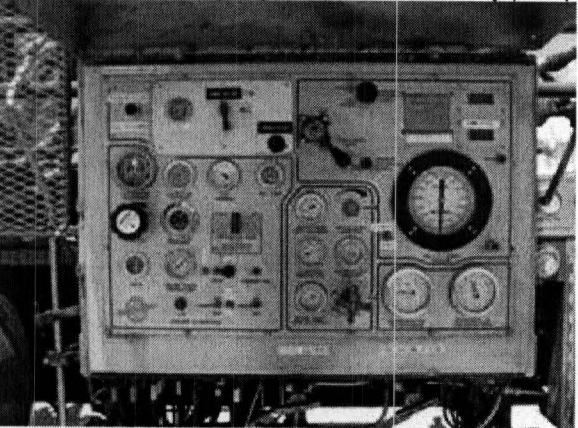
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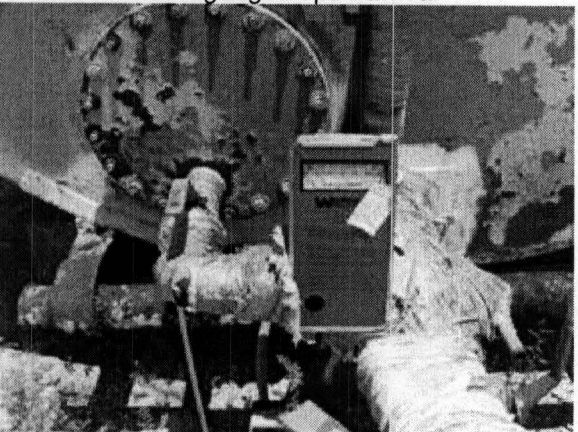
Looking N shed with wellhead in background



BJ Services truck gauges upon arrival only pumped N2 for 3 minutes.



BJ Services tank gauges upon arrival



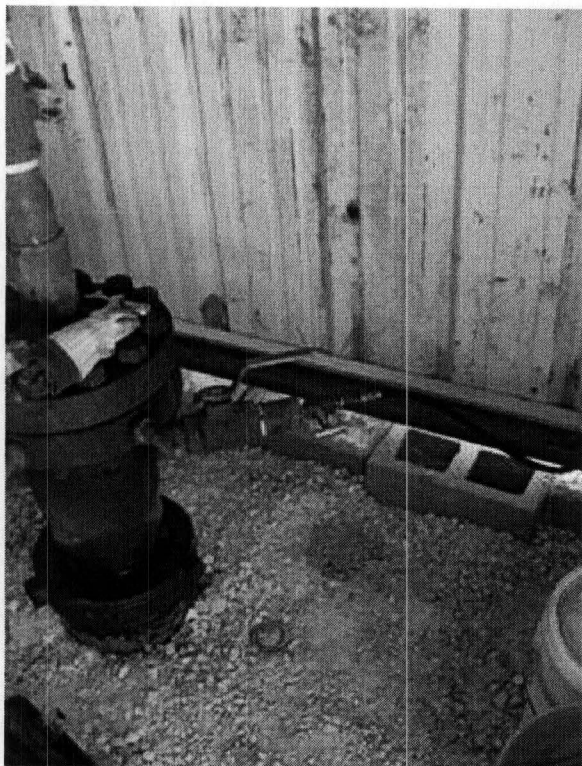
Out-of-service fresh water tank



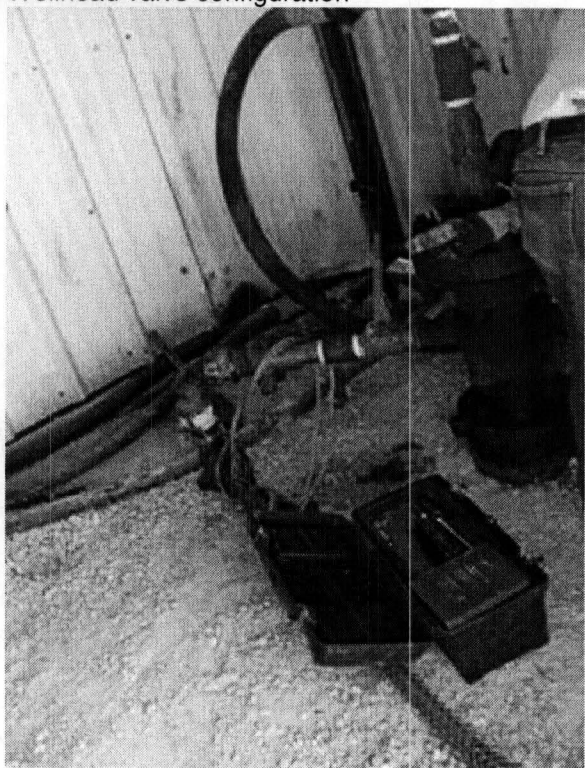
Calibrated chart recorder



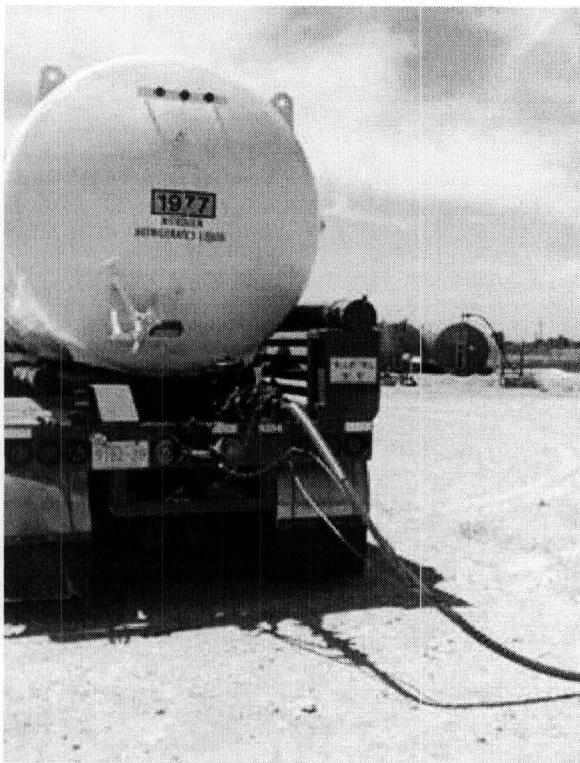
Wellhead valve configuration



Wellhead valve configuration



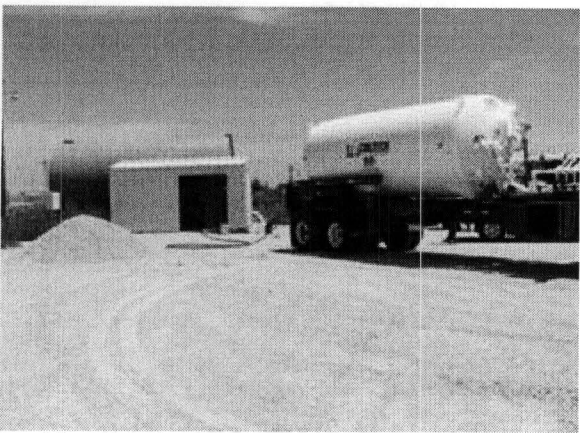
Wellhead and valve configuration



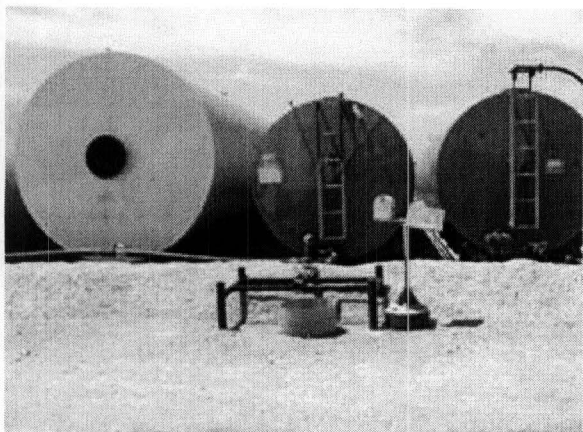
Looking W from shed at BJ Service line



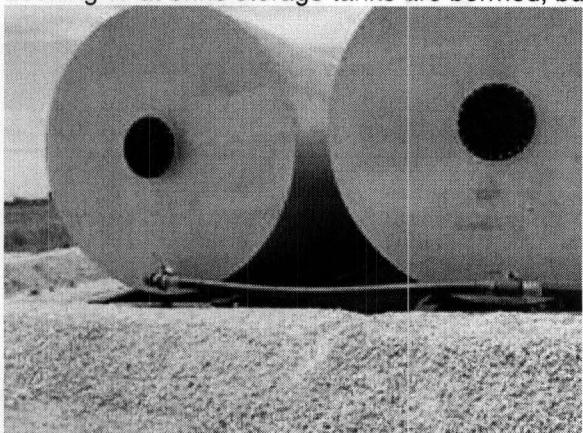
Wellhead and valve configuration



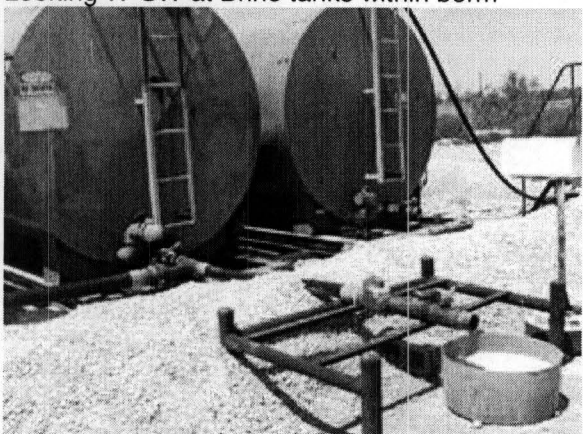
Looking E-SE at configuration



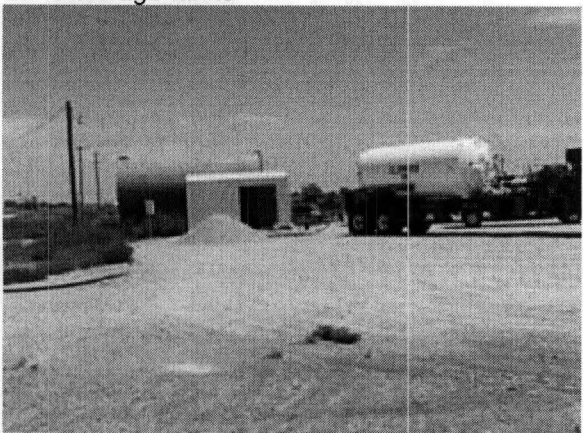
Looking W at brine storage tanks are bermed, but unlined storage area.



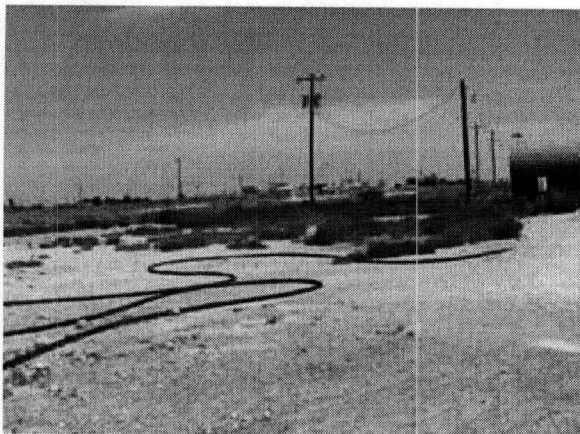
Looking W-SW at Brine tanks within berm



Brine storage tanks



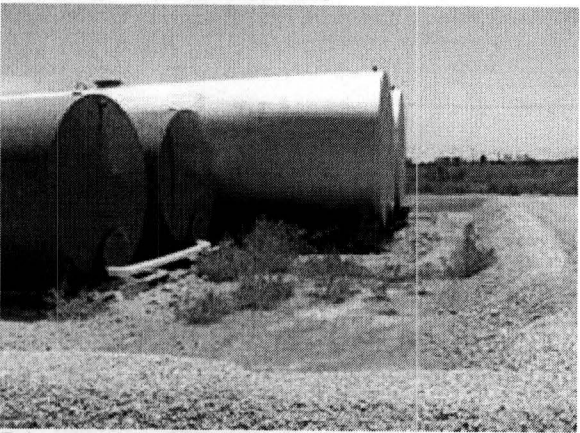
Looking E at shed and fresh water tanks behind shed



Looking N-NW from SW property location w/ brine tanks in background.



Fresh water on land surface



Brine tanks bermed and in unlined secondary containment & housekeeping issues w/ weed growth.



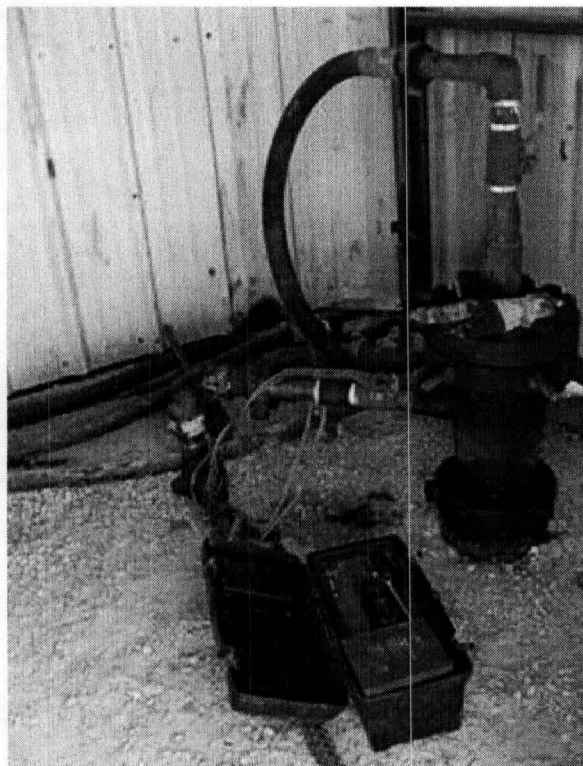
Looking N from property.



Looking W at dirt roadway into facility



Looking N at shed with wellhead and fresh water tank.



Wellhead inside shed

Notes:

- 1) The Formation MIT passed (Start: 400 psig & End: 400 psig)

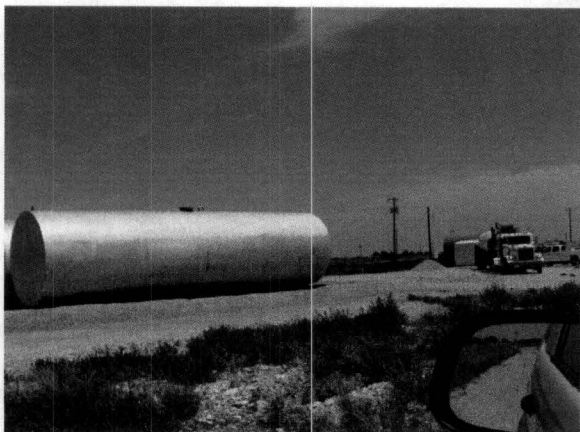
- 2) Brine storage tanks need to be placed on top of a properly constructed liner system w/ berms to contain 1 + 1/3 the total volume of all interconnected tanks. Operator thinks liner is underneath dirt? OCD has some liner guidance under Regulation Part 36 that may help operator to complete this task.
- 3) Company claims it can't make 10 lb. brine under conventional flow regime.
- 4) Upon arrival, informed N₂ gas was only injected for 3 minutes to pressure up cavern to 300 psig. Operator recalculated and estimated ~32.7 bbl. of N₂ gas was needed to displace fluid level down below casing shoe for Fm. MIT. Opened up brine tanks to allow displaced fluids to flow back into tanks during N₂ injection.
- 5) Housekeeping issue w/ weed growth in brine tank storage area.
- 6) Next year special inflatable packer will be used to satisfy EPA 5-Yr. MIT. Only 5.5" ID casing due to liner emplacement within 7" casing.

7) Sign needed. *CHC 8/21/09*

The above notes highlighted in yellow need to be corrected in 90 days. Please provide photos and proof of work within 30 days of completion of work. 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) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

BW-30 Inspection & MIT (8/13/2009)



Brine tanks in background



Brine tanks in background



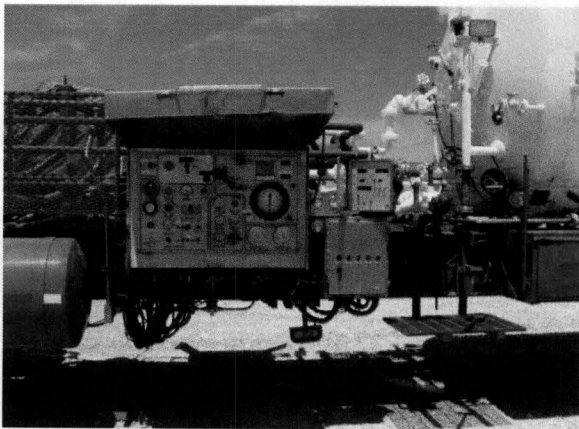
BJ Services truck facing W-SW



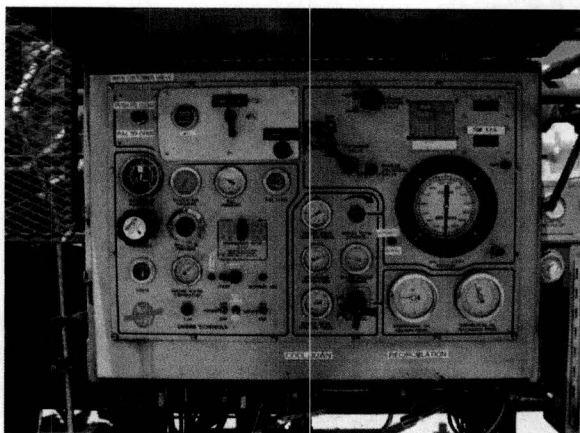
BJ Services N2 truck in position had pumped for 3 minutes to pressure up to 300 psig when I arrived



Looking N shed with wellhead in background



BJ Services truck gauges upon arrival only pumped N2 for 3 minutes.



BJ Services tank gauges upon arrival



Out-of-service fresh water tank



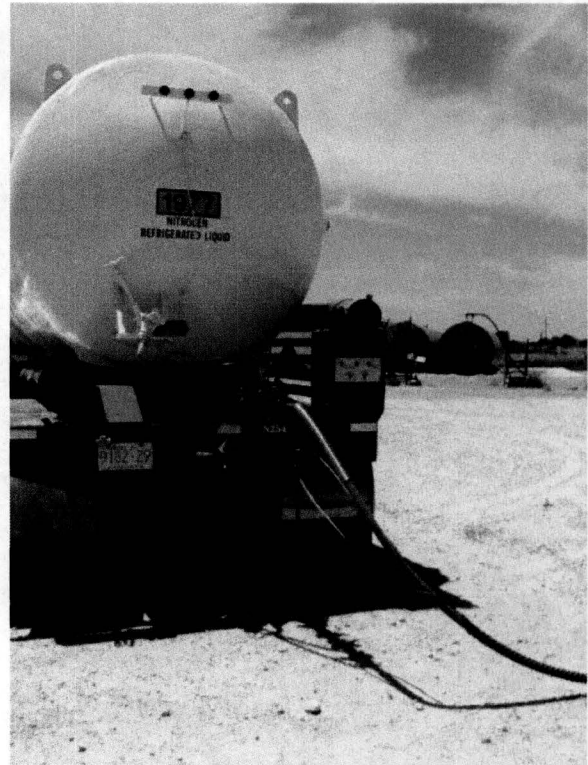
Calibrated chart recorder



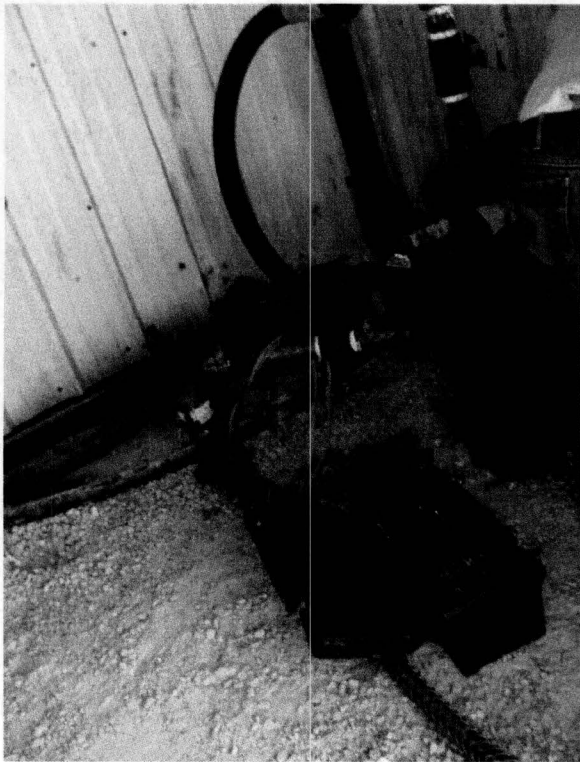
Wellhead valve configuration



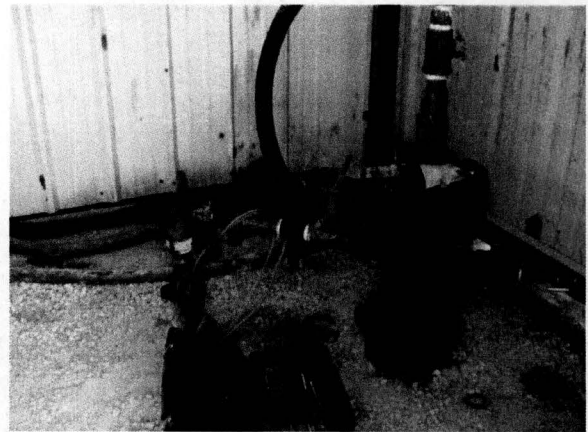
Wellhead valve configuration



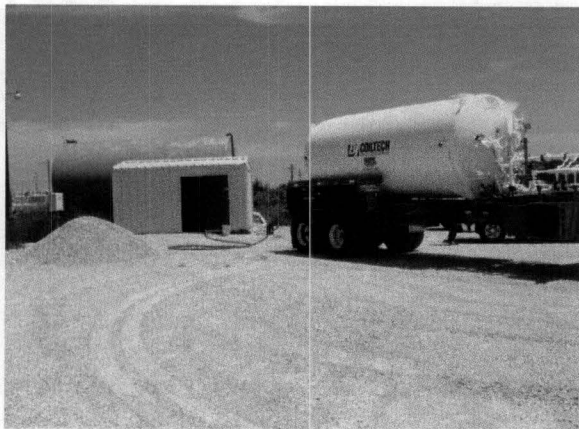
Looking W from shed at BJ Service line



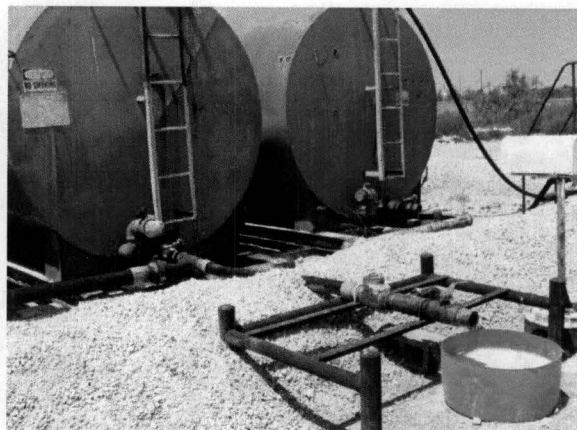
Wellhead and valve configuration



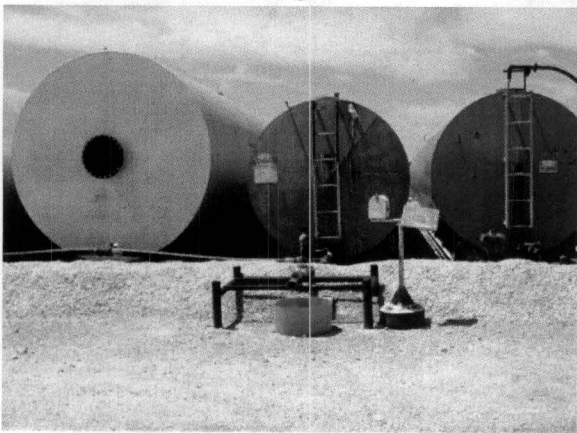
Wellhead and valve configuration



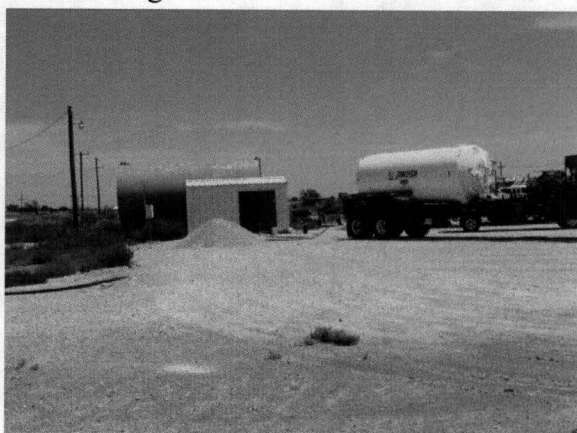
Looking E-SE at configuration



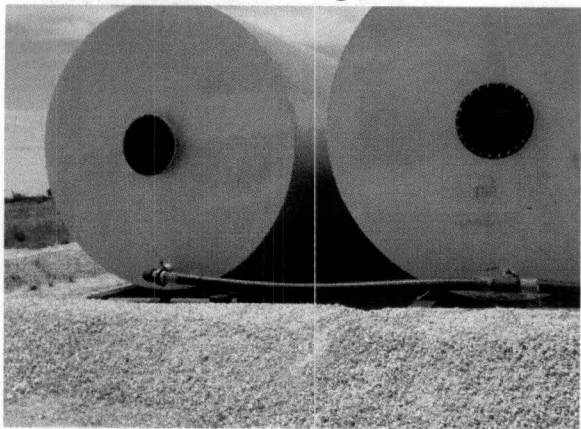
Brine storage tanks



Looking W at brine storage tanks are bermed, but unlined storage area.



Looking E at shed and fresh water tanks behind shed



Looking W-SW at Brine tanks within berm



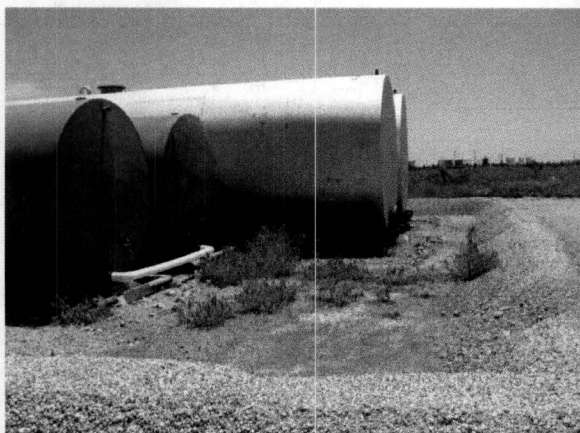
Looking N-NW from SW property location w/ brine tanks in background.



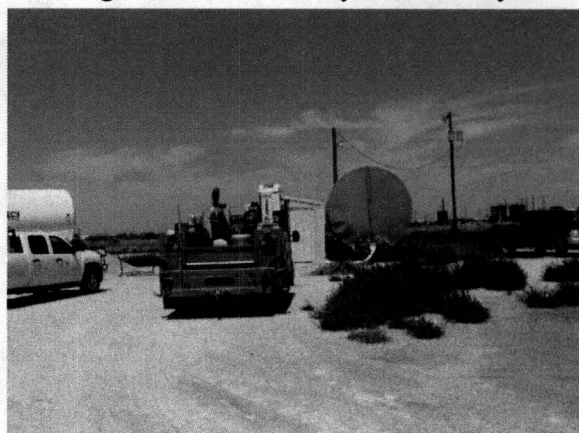
Fresh water on land surface



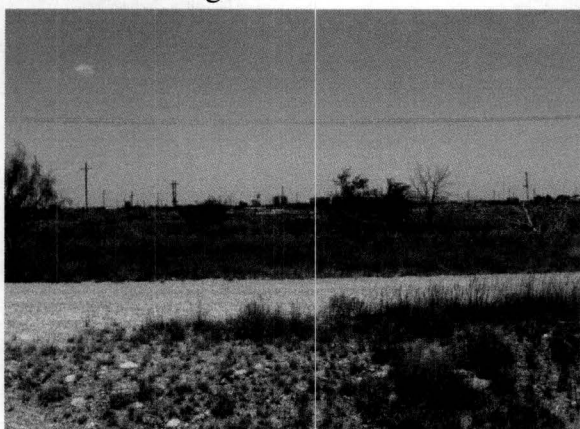
Looking W at dirt roadway into facility



Brine tanks bermed and in unlined secondary containment & housekeeping issues w/ weed growth.



Looking N at shed with wellhead and fresh water tank.



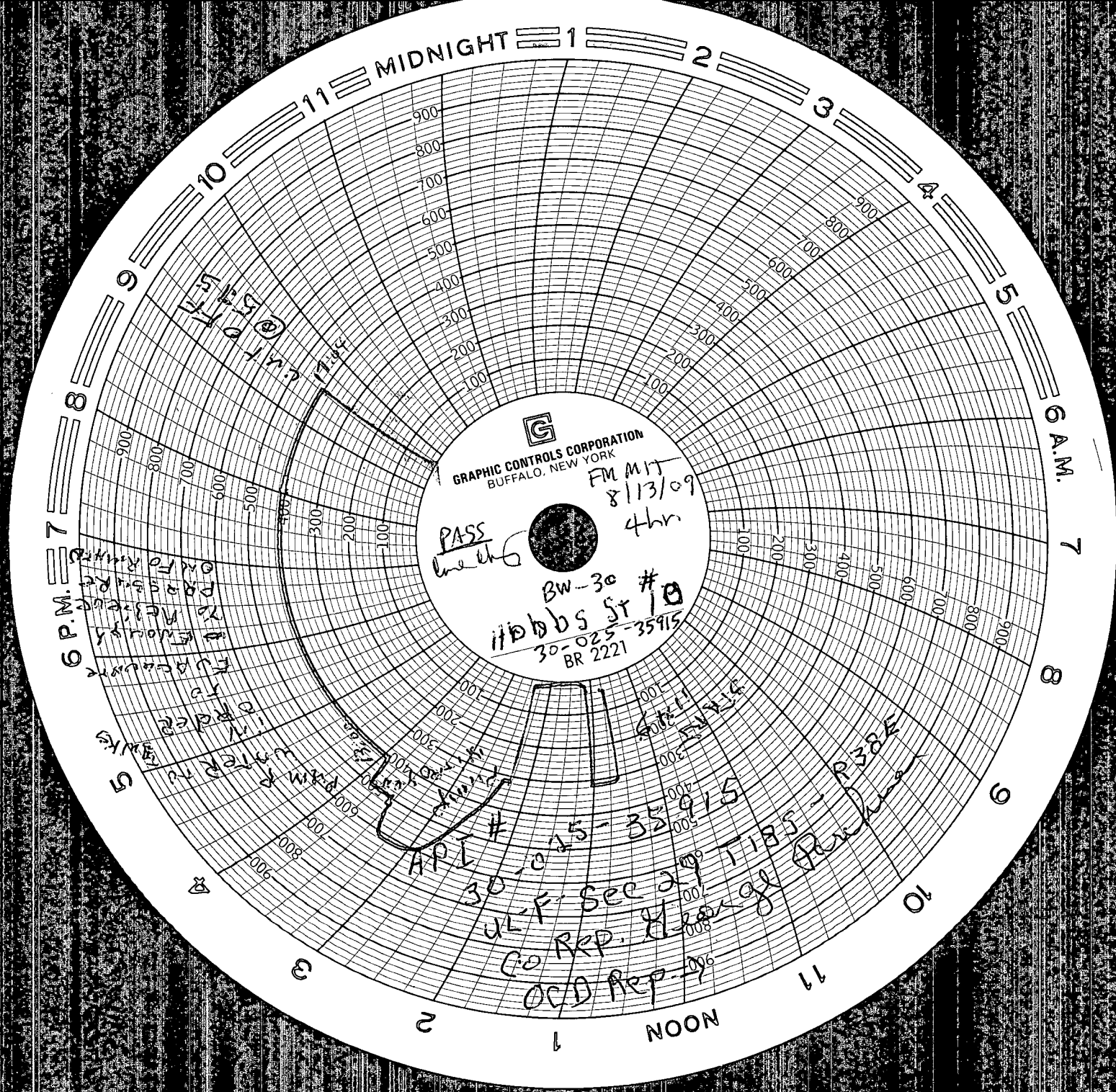
Looking N from property.



Wellhead inside shed

Notes:

- 1) The Formation MIT was successful (Start: 400 psig & End: 400 psig)
- 2) Brine storage tanks need to be placed on top of a properly constructed liner system w/ berms to contain $1 + \frac{1}{3}$ the total volume of all interconnected tanks. Operator thinks liner is underneath dirt?
- 3) Company claims it can't make 10 lb. brine under conventional flow regime.
- 4) Upon arrival, informed N_2 gas was only injected for 3 minutes to pressure up cavern to 300 psig. Operator recalculated and estimated ~ 32.7 bbl. of N_2 gas was needed to displace fluid level down below casing shoe for Fm. MIT.
- 5) Opened up brine tanks to allow displaced fluids to flow back into tanks during N_2 injection.
- 6) Housekeeping issue w/ weed growth in brine tank storage area.
- 7) Next year special inflatable packer will be used to satisfy EPA 5-Yr. MIT. Only 5.5" ID casing due to liner emplacement within 7" casing.





WELL-SITE INVENTORY SCHEDULE FOR ENERGIZED FLUIDS

(Attachment to Treatment Report)

Page 1 of 1

DATE:	8/13/2009	CUSTOMER:	Liquid Resources Service
FIELD RECEIPT NO.:	4914110480	N2 SUPPLIER:	BJ Coil Tubing Services
LEASE NAME & WELL NO.:		Hobbs State #10	

Note: Use additional copies of this report for more tanks or compartments.

Liquid Phase: attach appropriate blend schedule(s) Q.C. report(s) and list type(s) It took 7000 scf of nitrogen to displace 32 barrels of fluid at 600 pounds of pressure

(N2)

Transport/tank number	1	2	3	4	5	6	7	8	9	10	Quantity SCF (sf^3)/Tons
SCF of N2 or Tons Co2 Loaded	N-254										
SCF of N2 or Tons Co2 after Job	159,000										
SCF of N2 or Tons Co2 Used	7,000										
Pressure, psig (kpa) before	10										
Pressure, psig (kpa) after	5										

Was a N2 Blanket used? ☐ Yes ☒ No

Foaming Agent used?
list foaming agent tradename
loading

Foamer dilution required
volume of foamer available
volume of diluent used
volume of diluted foamer
expected liquid phase pumping rate
pump rate of foamer

Yes/No

gal/1000 gal. Liq. Phase

Yes/No

gallon or _____ Cubic meters
gallon or _____ Cubic meters
gallon or _____ Cubic meters
bbl/min or _____ Cubic meters/min
gal/min or _____ Cubic meters/min

Attachments:

Blend Schedule and Q.C. Report for Liquid phase

PREPARED BY

Roger Avila

BW-30

American Valve & Meter, Inc.
1113 W. BROADWAY
P.O. BOX 166
HOHES, NM 88240

TO: Coin Pot oil

DATE: 8-13-09

This is to certify that:

I, Bud Collins, Technician for American Valve & Meter, Inc., has checked the calibration of the following instrument.

"Pressure recorder" Serial No: 12449

at these points.

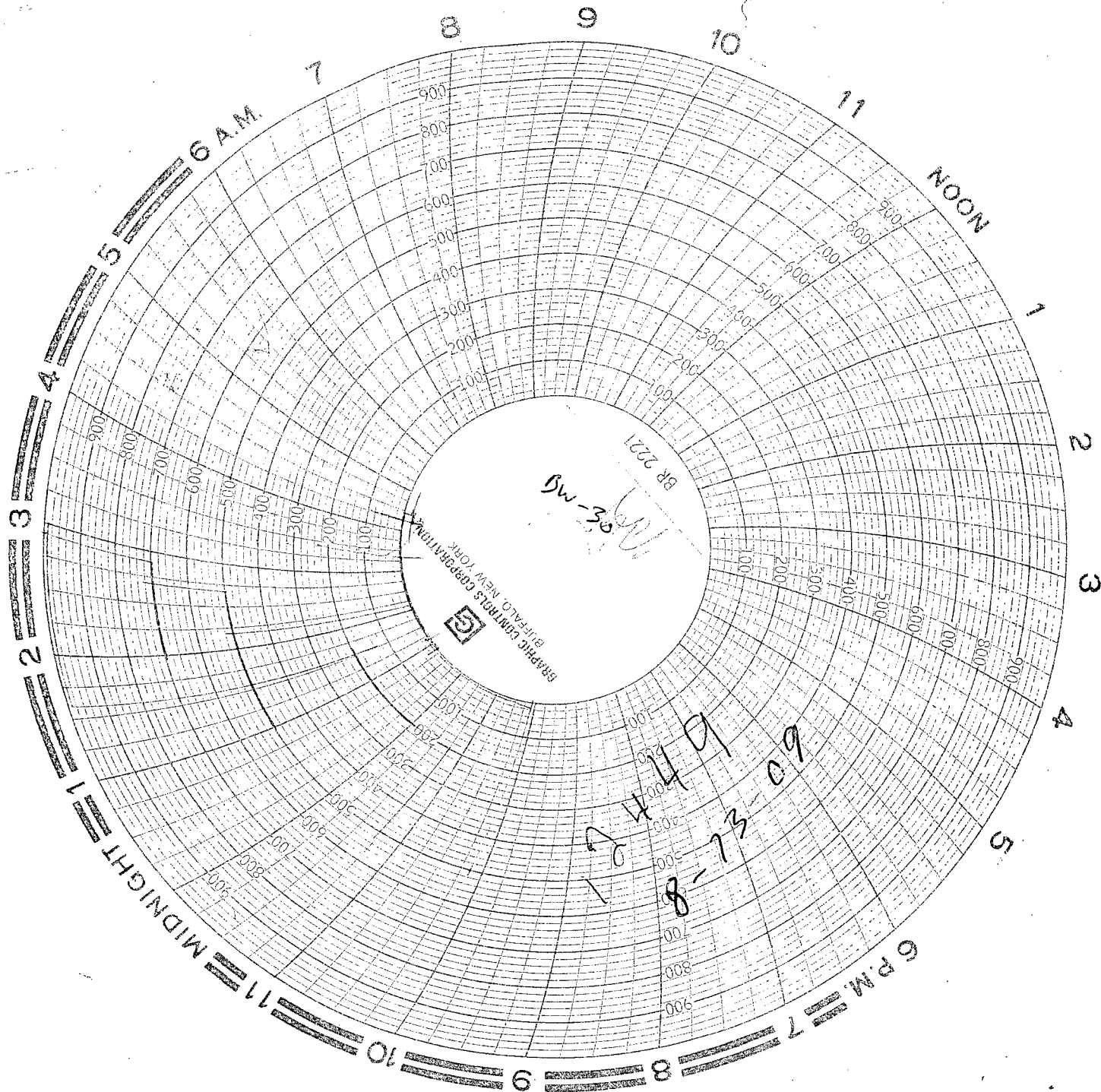
Pressure 0 - 1000

Temperature _____

<u>Test</u>	<u>Found</u>	<u>Left</u>	<u>Test</u>	<u>Found</u>	<u>Left</u>
<u>0</u>	—	<u>0</u>	—	—	—
<u>500</u>	—	<u>500</u>	—	—	—
<u>1000</u>	—	<u>1000</u>	—	—	—
<u>700</u>	—	<u>700</u>	—	—	—
<u>200</u>	—	<u>200</u>	—	—	—
<u>0</u>	—	<u>0</u>	—	—	—

Remarks: _____

Signature Bud Collins



Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, July 02, 2009 11:53 AM
To: 'seay04@leaco.net'; 'David Pyeatt'; 'garymschubert@aol.com'
Cc: Griswold, Jim, EMNRD; VonGonten, Glenn, EMNRD
Subject: 2009 MIT Scheduling Request

Gentlemen:

OCD records show that your brine wells have not been MIT'd this season. The OCD needs the owner/operator to contact the OCD to schedule an MIT before the end of the EPA Federal Fiscal Year or by COB on 9/30/2009.

Brine Wells Needing an MIT this season are as follows:

BW-4 EPA 30 min. MIT w/ tubing pulled out of casing w/ packer or plug set near casing shoe (from 300 – 500 psig)

BW-22 EPA 30 min. MIT w/ tubing pulled out of casing w/ packer or plug set near casing shoe (from 300 – 500 psig)

BW-30 Fm. MIT 4-Hr. (similar pressure as last formation MIT)

BW-31 EPA 30 Min. MIT w/ tubing pulled out of casing w/ packer or plug set near casing shoe (from 300 – 500 psig)

If you have completed an MIT this season, but did not send in the chart and calibration information, please let me know ASAP.

Please contact me within 5 working days to tentatively schedule a date and time for the test in order for the OCD to identify a couple of days where we can witness all of the MITs. The month of August would probably allow enough time for scheduling, etc. and to beat the 9/30/09 deadline.

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) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

Active Brine Well Facilities

- **BW-2** Basic Energy/P&S Eunice #1 (API 30-025-26884)

Began production in July 1980.

Depth to top-of-salt 1320 ft bgs. Casing shoe @ 1440 ft bgs. Tubing depth 1718 ft bgs.

Last sonar log completed February 2009. Interval imaged 1440 to 1666 ft bgs. Log indicates only 21,000 bbls of cavern volume despite historic production of 6.8 Mbbls. Cavern should be ~1Mbbls.

Permit renewal date: 1/6/2014

- **BW-4** Gandy Corporation/Eidson State #1 (API 30-025-26883)

Began production in August 1980.

Depth to top-of-salt 1865 ft bgs. Casing shoe @ 1895 ft bgs. Tubing depth 2461 ft bgs.

Last sonar log completed October 2008. Interval imaged 1909 to 1944 ft bgs. Log indicates only 11 bbls of cavern volume despite historic production of 5.28 Mbbls. Cavern should be ~800,000 bbls.

Permit renewal date: 6/11/2011

- **BW-8** PAB Services/Brine Supply #1 (API 30-025-26307)

Began production in May 1979.

Depth to top-of-salt 2000 ft bgs. Casing shoe @ 1871 ft bgs. Tubing depth 2552 ft bgs.

Last sonar log completed February 2009. Interval imaged 1871 to 1903 ft bgs. Log indicates only 720 bbls of cavern volume despite historic production of perhaps 12 Mbbls. Cavern should be 1.8 Mbbls.

Permit renewal application currently under review.

- **BW-22** Gandy Corporation/Watson #1 (API 30-025-28162)

Began production in April 1983.

Depth to top-of-salt 2290 ft bgs. Casing shoe @ 2249 ft bgs. Tubing depth 2870 ft bgs.

Last sonar log completed August 2008. Interval imaged 2200 to 2220 ft bgs. Log indicates only 11,289 bbls of cavern volume despite historic production of perhaps 18 Mbbls. Cavern should be 2.7 Mbbls.

Permit renewal date: 3/11/2012

- **BW-25** Basic Energy/Salado #2 (API 30-025-32394)

Began production in September 1993.

Depth to top-of-salt 1220 ft bgs. Casing shoe @ 1220 ft bgs. Tubing depth 1385 ft bgs.

No sonar log run. Historic production of perhaps 1.7 Mbbls, indicating cavern volume of 25,500 bbls.

Permit renewal application currently under review.

- **BW-27** Mesquite SWD/Dunaway #1 and #2 (APIs 30-015-28083 and 28084)

Began production in January 1995.

Depth to top-of-salt 1060 ft bgs. Casing shoe @ 1064 ft bgs. Tubing depth 1024 ft bgs.

Last sonar log attempted December 2008 but failed to get any data due to configuration of casing and tubing.

Permit renewal date: 9/21/2009

- **BW-28** Key Energy/State Brine Well #1 (API 30-025-33547)

Began production in October 1996.

Depth to top-of-salt 1390 ft bgs. Casing shoe @ 1390 ft bgs. Tubing depth 2074 ft bgs.

Sonar log completed 5/20/09. Report not yet provided. Estimated production of perhaps 4 Mbbls, indicating cavern volume of 600,000 bbls.

Permit renewal date: 7/18/2011

- **BW-30** Liquid Resource/Hobbs State #10 (API 30-025-35915)

Began production in July 2002.

Depth to top-of-salt 1645 ft bgs. Casing shoe @ 1633 ft bgs. Tubing depth 1930 ft bgs.

OCD did not require them to run sonar due to shortness of operational life. Estimated brine production of 1.4 Mbbls, indicating cavern may be 207,000 bbls.

Permit renewal date: 5/29/2012

- **BW-31** HRC/HRC Schubert 7 #1 (API 30-025-36781)

Began production in October 2006.

Depth to top-of-salt 1800 ft bgs. Casing shoe @ 1865 ft bgs. Tubing depth 2300 ft bgs.

No sonar log run. Estimated production of only 560,000 bbls and thus cavern only 84,000 bbls.

Permit renewal date: 6/22/2011

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, December 15, 2008 9:03 AM
To: 'sid none'
Cc: Price, Wayne, EMNRD; Hill, Larry, EMNRD
Subject: RE: Brine well Hobbs State #10 (BW-30)

Sid:

The first week in June of 2009 is good. After reviewing the MIT record, this well is need of the EPA 5-Yr. MIT (300 – 500 psig for 30 min.). You will need to remove the tubing, set packer near the casing shoe and pressure up on the casing for at least 30 minutes (+/- 10% to pass).

As the date approaches, please provide the exact date and time that the MIT will be run for the OCD to witness. 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: sid none [mailto:elkhorn6@hotmail.com]
Sent: Monday, December 15, 2008 8:42 AM
To: Chavez, Carl J, EMNRD
Subject: RE: Brine well Hobbs State #10 (BW-30)

Carl we would like to run the nitrogen test again , this will not require we pull pipe . We would like to set the test up for the first week in June the weather will be better an the winds should be died down by then

Thank you
Sid Parchman

Subject: RE: Brine well Hobbs State #10 (BW-30)
Date: Thu, 4 Dec 2008 08:20:54 -0700
From: CarlJ.Chavez@state.nm.us
To: elkhorn6@hotmail.com
CC: wayne.price@state.nm.us

Mr. Parchman:

Good morning. According to OCD records, your brine well began operation in 2002; therefore, you are not required to run the sonar test; however, you do need to schedule your next MIT before July 30, 2009. The EPA 5-Yr. removal of tubing and pressure up of casing is required every 5 years (30 min. @ 300 – 500 psig), and the formation MIT (4-hr) is run annually with the exception of when the EPA 5 Yr. MIT is run.

Please review the history of your MITs and propose the type of MIT and date that you would like to run it to me within the next couple of weeks. If you don't know or need assistance determining the type of MIT to run this season, please contact me. 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: sid none [mailto:elkhorn6@hotmail.com]
Sent: Tuesday, November 25, 2008 1:41 PM
To: Chavez, Carl J, EMNRD
Subject: Brine well Hobbs State #10

**Liquid Resource Services
1819 N Turner Suite B
Hobbs New Mexico 88240
575-605-4402**

RE: Hobbs State #10

Dear Carl ,
In response to the new requirement for MIT and Sonar testing . Last year we conducted a nitrogen test which tested not only the casing but the entire cavity. As you know the test was successful and held substantial pressure for over 4 1/2 hours . Could it be argued that our test actually was more difficult to pass and is better than just testing the casing by installing a packer . If this is the case do we still need install a packer and run another expensive MIT test ?

As to sonar requirement, due to our well being so new , could this requirement be waived .

Respectfully Requested

Sid Parchman

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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO.	30-025-35915
5. Indicate Type of Lease	LEASE PM 2 22 STATE 7 27 FEE 9
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name	Hobbs State
8. Well Number	10
9. OGRID Number	131652
10. Pool name or Wildcat	Salado

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

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

2. Name of Operator HRC, Inc.

3. Address of Operator P.O. BOX 5102 Hobbs, NM 88241

4. Well Location
Unit Letter F : 2545 feet from the N line and 2330 feet from the W line
Section 29 Township 18S Range 38E NMPM County Lea

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

Pit or Below-grade Tank Application ☐ or Closure ☐

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

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

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

NOTICE OF INTENTION TO:

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

OTHER: ☐

SUBSEQUENT REPORT OF:

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

OTHER: ☐

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

See attached

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

SIGNATURE Laura Dindshaffer TITLE Account Manager DATE 12/23/05

Type or print name
For State Use Only

E-mail address:

Telephone No.

APPROVED BY: [Signature]
Conditions of Approval (if any)

TITLE ENVIRONMENTAL CHIEF DATE 7/27/06

**HRC, Inc.
P O Box 5102
Hobbs, NM 88241
393-6662**

Hobbs State #10 Brine Well

2005 Annual pressure test

12/21/05

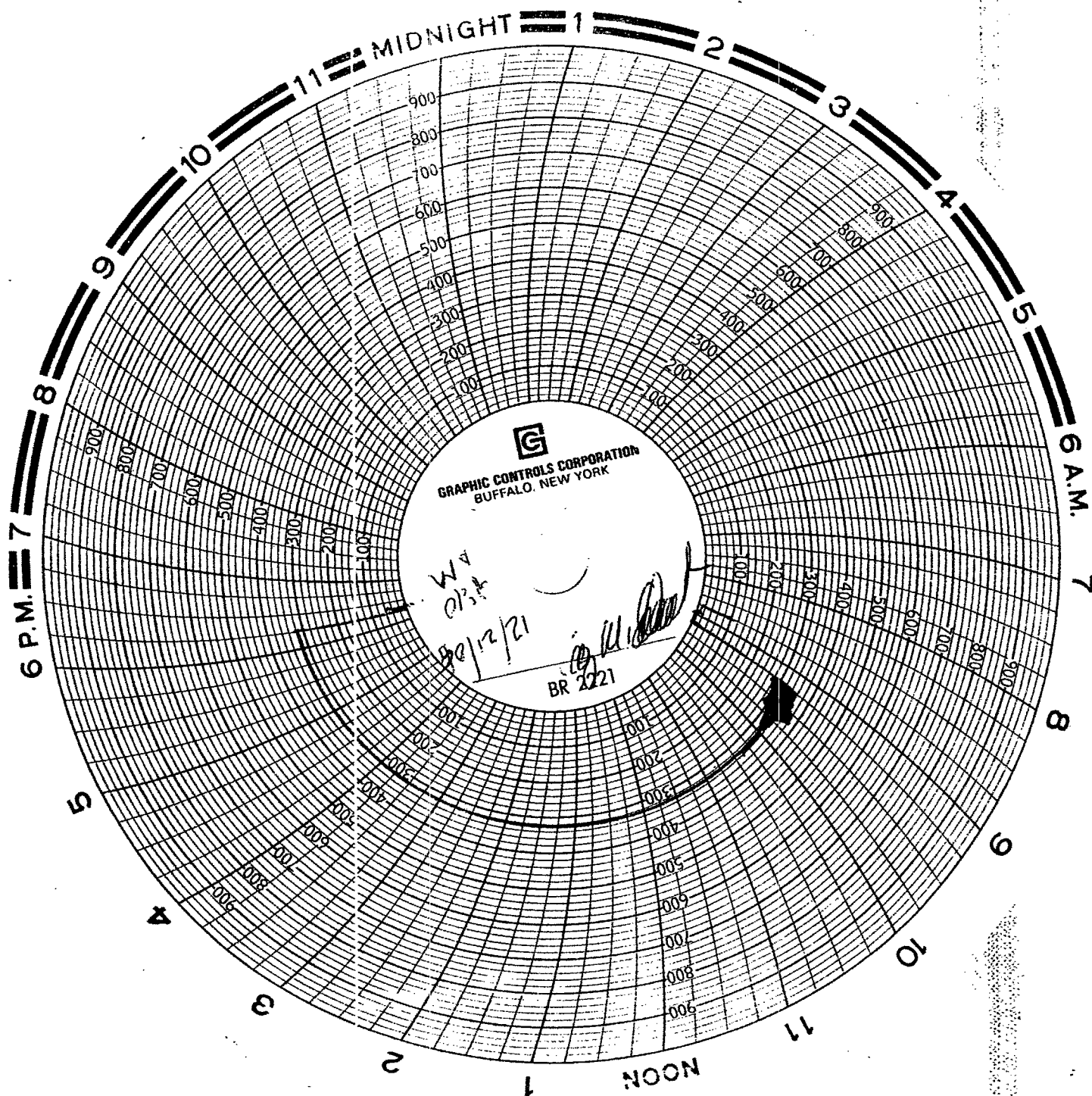
7:00 AM Begin to pressure up formation by squeezing partially shut flow line (tubing) valve at wellhead and continuing to run triplex pump.

8:30 AM Pressure at 290 #, call Oil Conservation Department to witness test (Sylvia Dickey and Paul Sheeley)

9:00 AM Install chart recorder (12 hour chart speed)

9:30 AM Oil Conservation Department witness's pressure build up. Shut down pump; close casing valve (tubing valve already closed); begin pressure observation test.

1:49 Witness test complete with Oil Conservation Department representatives bled pressure to 0# pressure chart removed and given to Sylvia Dickey and Paul Sheeley.



started
test: 9:38 AM - start
1:49 PM stop
Hobbs State
#10 -

Witnessed By
Shirley L. Dickey
CCO Compliance Officer
(12/21/05)

H.R.C., Inc.
P O Box 5102
Hobbs, NM 88241
(505)393-6662

RECEIVED

MAR 16 2005

March 15, 2005

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

Mr. Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, NM 87505

RE: Hobbs State#10 Brine well pressure test.

Dear Wayne,

I am in receipt of your correspondence of 3/14/05. I am attaching the test results of the original test and the retest and some reference information.

If you or the Hobbs OCD office desires a retest I will get that done and witnessed immediately.

The "snafu" is on my part; I thought my office had forwarded the reports and that had not been done. I apologize for this delay on my part. I hope the attached information clears this up. If you require anything else let me know and I will comply.

Thanks for your cooperation.

Sincerely,



Gary M. Schubert

cc, Hobbs OCD

**H.R.C., Inc.
P O Box 5102
Hobbs, NM 88241
(505)393-6662**

Hobbs State #10 Pressure Test

12/21/04

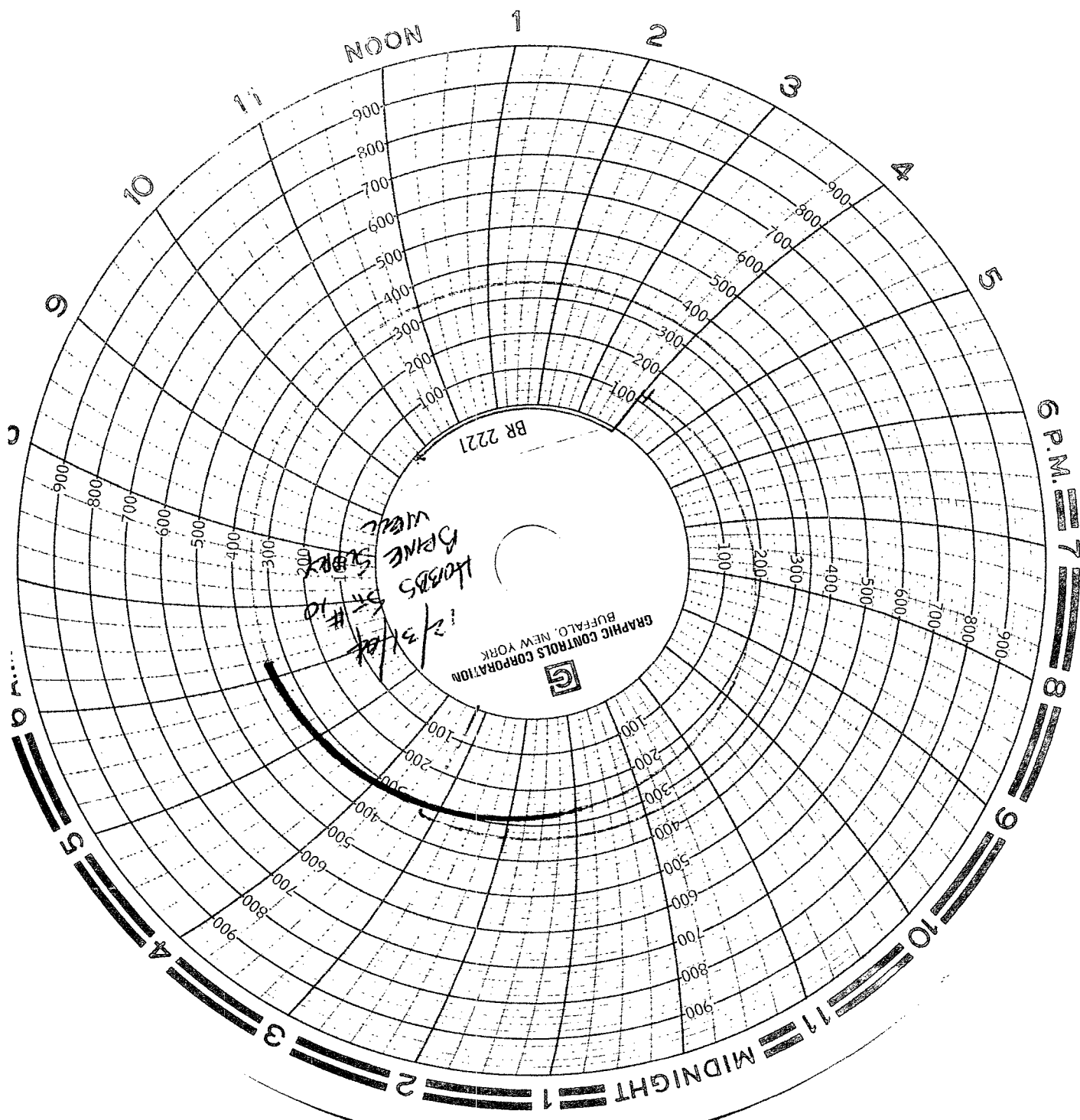
Rig up Maclaskey pump truck.

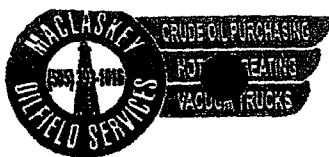
Pump fresh water down casing to 300 psi.

Close isolation valves and start chart recorder.

Found tubing discharge valve not holding (Paul Sheeley agreed he heard small valve seepage) and pressure decreased to 265# over 4 1/2 hours.

Agreed to replace leaking valve so that well can be pressured up with triplex injection pump and retested.





Maclaskey Oilfield Services, Inc.

P.O. Box 580
Hobbs, N.M. 88241
(505) 393-1016

GARY SCHUBERT
P.O. BOX 5102
HOBBS, NM 88241

*HS3
OK
gms*

INVOICE NO. : 55317
INVOICE DATE: 12/22/04
Customer ID # : GARY S
Location: HOBBS STATE BRINE WELL
Company: #10

QTY.	DESCRIPTION	PRICE	AMOUNT
5.50	HOURS TICKET #83069 12-21-04	73.90	406.4
55.00	BARRELS OF FRESH WATER	0.30	16.5
1.00	CHART RECORDER CHARGE	27.00	27.0
RIG UP ON CASING TO PUMP FRESH TO 300 PSI. RUN CHART.			

Sub Total: 449.9
Sales Tax @ 5.38 %: 24.1
0.0

PLEASE PAY THIS AMOUNT: 474.1

*1770
12/28/04*

**** We Appreciate Your Business****
****aka Kelly Maclaskey Oilfield Services, Inc.****

Maclarkey Oilfield Services

P.O. BOX 580 • HOBBS, NM 88241
OFF: (505) 393-1016 • FAX (505) 393-1455

FIELD WORK TICKET No 83069

CHARGE TO:

SCHUBERT FARMS

DATE 12-21-2007

WORK LOCATION <u>HOBBS STATE BRINE WELL #10</u>	PRODUCT / CHEMICAL <u>Fresh water</u>
OTHER / AFE	OTHER
TRUCK NO. <u>PT 37</u>	GAUGES <u>Chart Recorder.</u>
HOURS <u>5.5</u>	VOLUME <u>55 Bbls.</u>

- Drove to location, rig up on casing to pump
35 Bbls (300 PSI). Run 4 hrs. Chart.

LOAD / OFF LOAD <u>Yard</u>	NUMBER - LOCATION
--------------------------------	-------------------

DRIVER Chris Sparks

B-26514

**H.R.C., Inc.
P O Box 5102
Hobbs, NM 88241
(505)393-6662**

Hobbs State # 10 Pressure Test

12/31/04 8:30 A.M.

Pressure up on salt formation with Triplex (chart set by mistake on 96 minutes)

Achieved pressure at 10:00 A.M.

Reset timing chart to 12 hour cycle

Pressure held steady at 340 # until 8:30 P.M. turned off chart recorder.

Witnessed By Gary M. Schubert, H.R.C., Inc.


_____ 12/31/04

Witnessed By Santiago Gonzalez, Gonzalez Welding


_____ 12/31/04

Hobbs State # 10
P O Box 5102
Hobbs, NM 88241
(505) 393-6662

RECEIVED

APR 06 2005

OIL CONSERVATION
DIVISION

April 2, 2005

Wayne Price
NMOCD Environmental Bureau
P O Box 6429
Santa Fe, NM 87504

RE: HRC, Inc. Hobbs State#10 yearly report

Mr. Price,

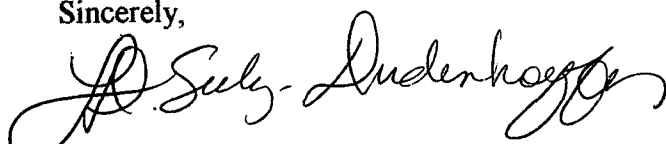
The following is the production of Hobbs State #10 for the year 2004.

January	2,673.5	Barrels
February	6,354.5	Barrels
March	7,251	Barrels
April	5,890	Barrels
May	13,388	Barrels
June	4,970	Barrels
July	6,810	Barrels
August	5,170	Barrels
September	16,792	Barrels
October	21,946	Barrels
November	15,152	Barrels
December	13,812	Barrels

Total Barrels for 2004
120,209

Thank you for your cooperation.

Sincerely,



Lorna D. Seely-Dudenhoeffer

Price, Wayne

From: Dickey, Sylvia
Sent: Tuesday, March 15, 2005 3:55 PM
To: Price, Wayne
Cc: Sheeley, Paul; Wink, Gary



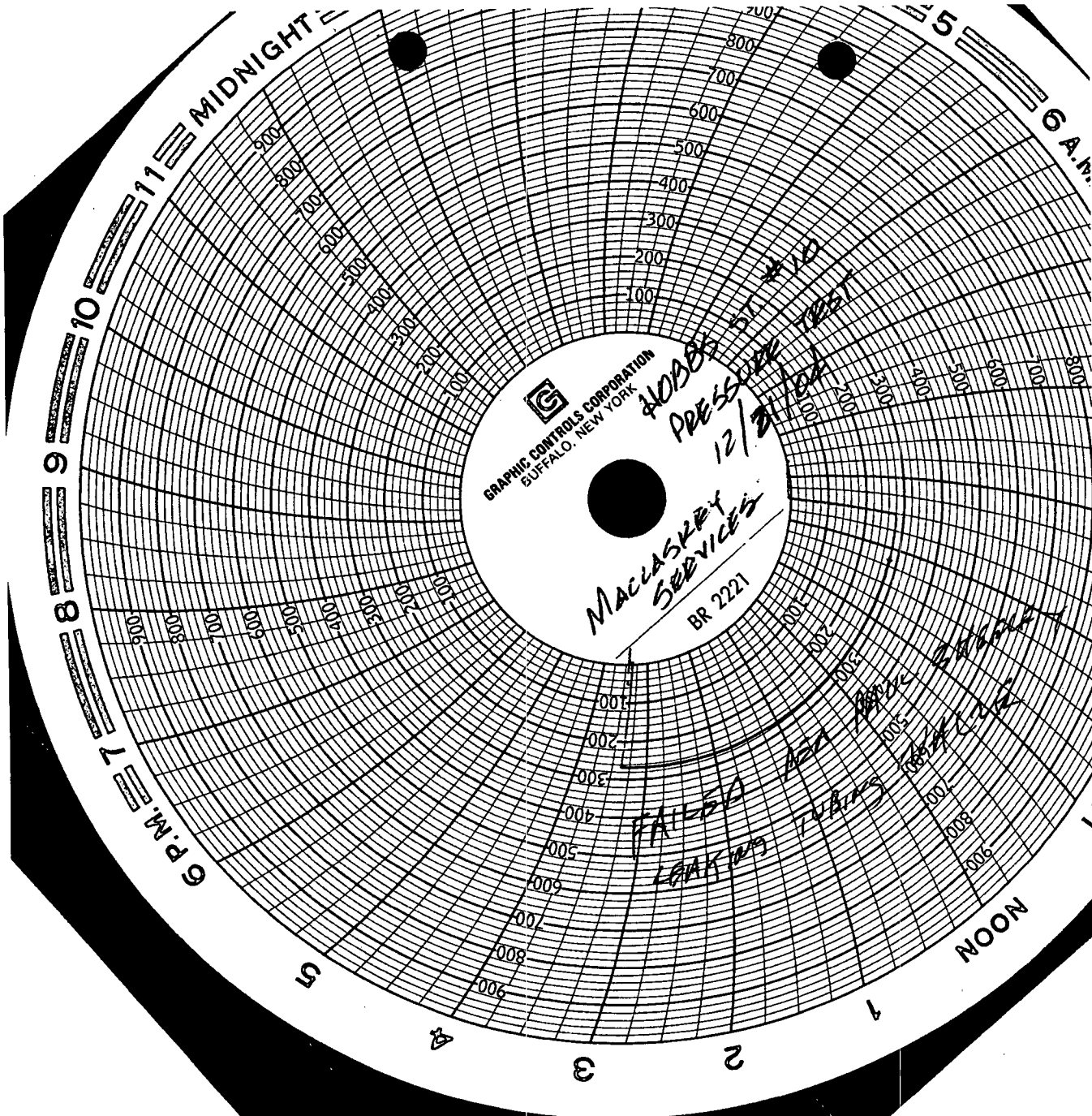
hrc2.tif

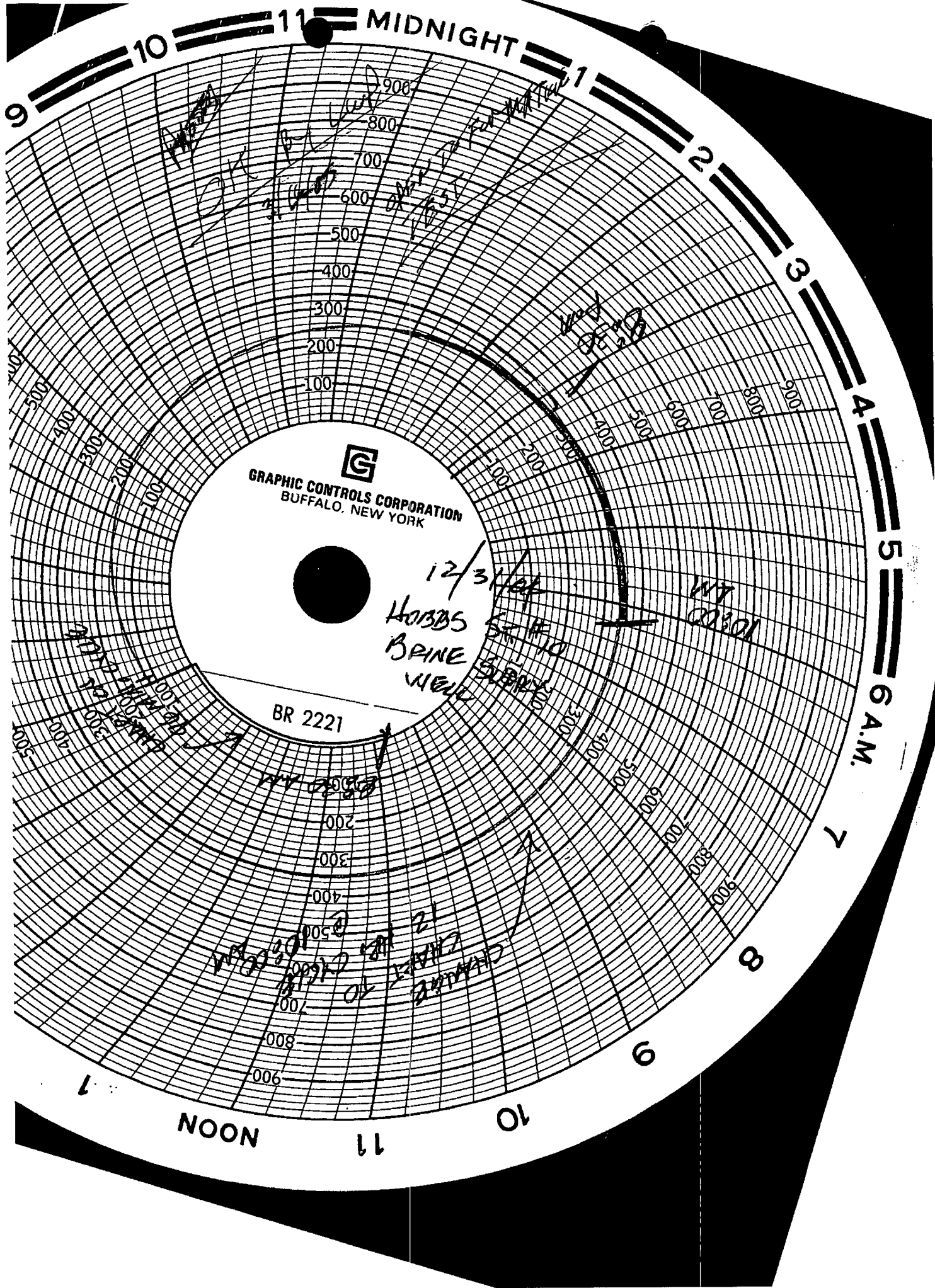
Wayne;

The above file contains the failed chart of 12/21/04 and the chart for 12/31/04. Please review and let me know if the test is acceptable. Also, check the test record in RBDMS. I key entered the both charts, showing the well as being in compliance, but I realize that it is subject to your approval.

thanks,

sadickey





GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

BR 2221

12/31/64
HOBBS
BRINE
WELL

WT
02301

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Price, Wayne

From: Price, Wayne
Sent: Wednesday, March 16, 2005 12:06 PM
To: Dickey, Sylvia; Gary Schubert (E-mail)
Cc: Sheeley, Paul; Wink, Gary
Subject: RE: HRC Brine well 2004 test

Dear Team:

After reviewing the pressure chart OCD Santa Fe hereby approves of this pressure test. The test chart shows a small amount of pressure drop approximately 5 psi at the very end of the test.. We will accept this because this is a relative new salt cavern with a small volume. Fresh water was used to perform the pressure test thus causing dissolutions of the cavern. OCD's experience is that this dissolution causes a greater impact on small caverns versus large ones, thus the sensitivity is greater. In addition, OCD has a groundwater monitor well on-site to detect any leakage into the fresh water. OCD notes that in the future HRC will be required to have this test witnessed by OCD, as stated in their discharge Plan BW-30.

Therefore, please accept the MIT test and place this documentation for acceptance into the RBDMS MIT test function and well file.

I do have other Discharge Plan issues with HRC, but will handle them in a separate letter.

I have attached OCD's guidance for testing Brine wells.



Test Guidance
document amended.

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

From: Dickey, Sylvia
Sent: Tuesday, March 15, 2005 3:55 PM
To: Price, Wayne
Cc: Sheeley, Paul; Wink, Gary
Subject:

<< File: hrc2.tif >>

Wayne;

The above file contains the failed chart of 12/21/04 and the chart for 12/31/04. Please review and let me know if the test is acceptable. Also, check the test record in RBDMS. I key entered the both charts, showing the well as being in compliance, but I realize that it is subject to your approval.

thanks,

sadickey

Price, Wayne

From: Price, Wayne
Sent: Monday, March 14, 2005 3:04 PM
To: Price, Wayne; Sheeley, Paul
Cc: Williams, Chris; Wink, Gary; Sanchez, Daniel
Subject: RE: HRC Brine well Test BW-030 API # 30-025-35915-00-00

Paul please enter the MIT test failure ASAP in REDMS on the day it failed. I need this before I send in my EPA report for class III wells. Also do you know if HRC keep producing Brine during this time. If so, then I might need to report it to EPA. This would be a significant violation.

Thanks for your help!

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

From: Price, Wayne
Sent: Monday, March 14, 2005 2:28 PM
To: Sheeley, Paul
Subject: RE: HRC Brine well Test BW-030 API # 30-025-35915-00-00

Thanks Paul, I will notify him immediately!

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

From: Sheeley, Paul
Sent: Monday, March 14, 2005 2:26 PM
To: Price, Wayne
Subject: RE: HRC Brine well Test BW-030 API # 30-025-35915-00-00

Wayne,
The well failed. Shubert was to call me back the next week. Never did.
PS

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

From: Price, Wayne
Sent: Monday, March 14, 2005 11:57 AM
To: Sheeley, Paul
Cc: Gary Schubert (E-mail); Williams, Chris
Subject: HRC Brine well Test BW-030 API # 30-025-35915-00-00

Gentleman:

OCD Santa Fe Office does not have a record of the Brine well Test. These records are subject to and reported to EPA.

Paul: I looked in OCD data base and I don't see a record of where you witnessed any test and the well file does not have a copy of a chart. If you have witnessed please install into the well file and MIT file ASAP.

Gary: I looked in the HRC file. I have no records of any MIT being completed in the year 2004.. Could you please provide me an update within 48 hours or get with the OCD Hobbs District and make arrangements to have this well tested.. If EPA audits our records this could trigger an EPA SNOV. If you have not run the MIT then you must complete it within 10 days and must be witnessed by OCD.

I think this is just a record snafu!!

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487

fax: 505-476-3002
E-mail: WPRICE@state.nm.us

Price, Wayne

From: Price, Wayne
Sent: Wednesday, March 16, 2005 9:50 AM
To: Dickey, Sylvia
Cc: Sheeley, Paul; Wink, Gary
Subject: RE:

Hi Sylvia, Thanks for the update.

Who witnessed the test on Dec 31, 04. The reason I ask is that Paul informed me by E-mail this well failed. Unfortunately, I immediately sent HRC an E-mail concerning this issue. I also looked this morning under API # 30-025-35915-00-00 MIT test and cannot see the records of the inspection.

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

From: Dickey, Sylvia
Sent: Tuesday, March 15, 2005 3:55 PM
To: Price, Wayne
Cc: Sheeley, Paul; Wink, Gary
Subject:

<< File: hrc2.tif >>

Wayne;

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thanks,

sadickey

Price, Wayne

From: Price, Wayne
Sent: Monday, March 14, 2005 2:51 PM
To: Gary Schubert (E-mail)
Cc: Sheeley, Paul; Williams, Chris
Subject: HRC Brine well BW-30 API # 30-025-35915-00-00

Dear Mr. Schubert:

I have just been notified by the OCD Hobbs Office that the HRC Brine well BW-30 failed the last Mechanical Integrity Test. Please provide within 48 hours the status of this well. If the well has failed the MIT then HRC shall cease well operations immediately and shall notify the Santa Fe Environmental Bureau and The Hobbs District office of HRC intentions for this well.

sent via E-mail and US post Office.

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Price, Wayne

From: Price, Wayne
Sent: Monday, March 14, 2005 2:28 PM
To: Sheeley, Paul
Subject: RE: HRC Brine well Test BW-030 API # 30-025-35915-00-00

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To: Price, Wayne
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Subject: HRC Brine well Test BW-030 API # 30-025-35915-00-00

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Gary: I looked in the HRC file. I have no records of any MIT being completed in the year 2004.. Could you please provide me an update within 48 hours or get with the OCD Hobbs District and make arrangements to have this well tested.. If EPA audits our records this could trigger an EPA SNOV. If you have not run the MIT then you must complete it within 10 days and must be witnessed by OCD.

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