BW - 25

SUBSIDENCE MONITORING REPORTS

DATE:

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, July 21, 2016 12:12 PM
To: 'David.Alvarado@basicenergyservices.com'
Cc: Griswold, Jim, EMNRD
Subject: Annual Class II Brine Report (June 30, 2016) BW 2 & BW-25 Proposal for Subsidence Measurement at Brine Wells dated August 29, 2013

David:

Good afternoon.

OCD notices during the 11/30/15 and 1/4/16 Brine vs. fresh water tank sampling events that the tank contained ~ 63,900 ppm Cl and ~ 104,748 ppm TDS. TDS had been ~ 450 ppm TDS. The tank water later tested back to fresh drinking water quality. Does Basic know what happened to explain this?

Draft subsidence monitoring reports were submitted for the Eunice 1 (BW-2) and Salado 2 (BW-25) brine well facilities dated 8-29-2013. OCD approves the proposal for Subsidence Measurement at these brine well facilities.

Please contact me if you have questions. 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.

November 20, 2008

NMOCD Environmental
ATTN: Carl J. Chavez
1220 S. Saint Francis Dr.
Santa Fe, NM 87505

RE: Basic Energy Service
BW-25

Mr. Chavez:

Find attached answer to your question concerning running sonar test on the brine well. Although it is not available within thirty days, Basic is committed to doing the work.

If you can do anything further, please let me know.

Sincerely,

Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
575-392-2236
seay04@leaco.net

Eddie W. Seay

From: "Prather, Steve" <Steve.Prather@basicenergyservices.com>
To: <seay04@leaco.net>
Sent: Thursday, November 20, 2008 8:04 AM
Subject: Soar Test BW-2 & BW 25

Eddie,

I have been in conversation with Carl Chavez with OCD. I have been advised they want me to run a sonar test on each brine well within the next 30 days. After calling around about the availability of equipment and personnel. I see no way of being able to start before the first of January.

BASiC energy services

Steve Prather

Area Manager

Eunice, NM 88231

505-394-3235

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD

Sent: Friday, November 14, 2008 4:38 PM

To: 'ziatransports@gmail.com'; 'jrmillett@gmail.com'; 'rharrisnm@aim.com'; 'gandy2@leaco.net'; 'seay04@leaco.net'; 'iwcarlsbad@plateautel.net'; 'Patterson, Bob'; 'Dimas Herrera'; 'gil@mull.us'; 'David Pyeatt'; 'Wayne E Roberts'; Dennis L Shearer; 'garymschubert@aol.com'; 'dgibson@keyenergy.com'; 'Clay Wilson'; 'Prather, Steve'; Ronnie D Devore

Cc: Hill, Larry, EMNRD; Gum, Tim, EMNRD; Price, Wayne, EMNRD

Subject: Brine Well Moratorium Press Release Today

Attachments: PR-OCD Brine Well Moratorium.pdf

FYI, please see the attached NM OCD Press Release issued today. 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

November 14, 2008

NEWS RELEASE

Contact: Jodi McGinnis Porter,
Public Information Officer 505.476.3226

Energy, Minerals and Natural Resources Cabinet Secretary Prukop Orders a Six Month Moratorium on New Brine Wells

Oil Conservation Division to Investigate Brine Well Collapses and Provide Recommendations

SANTA FE, NM – Secretary Joanna Prukop today ordered the Oil Conservation Division to place a six month moratorium on any new brine well applications located in geologically sensitive areas. Secretary Prukop's action comes following the second brine well collapse in less than four months in southeastern New Mexico. The Secretary has also directed the Oil Conservation Division to work with the Environmental Protection Agency, other states, technical experts and oil and gas industry representatives to examine the causes of recent collapses, and provide a report with recommendations to the Oil Conservation Commission for a safe path forward. The report should be completed by May 1, 2009.

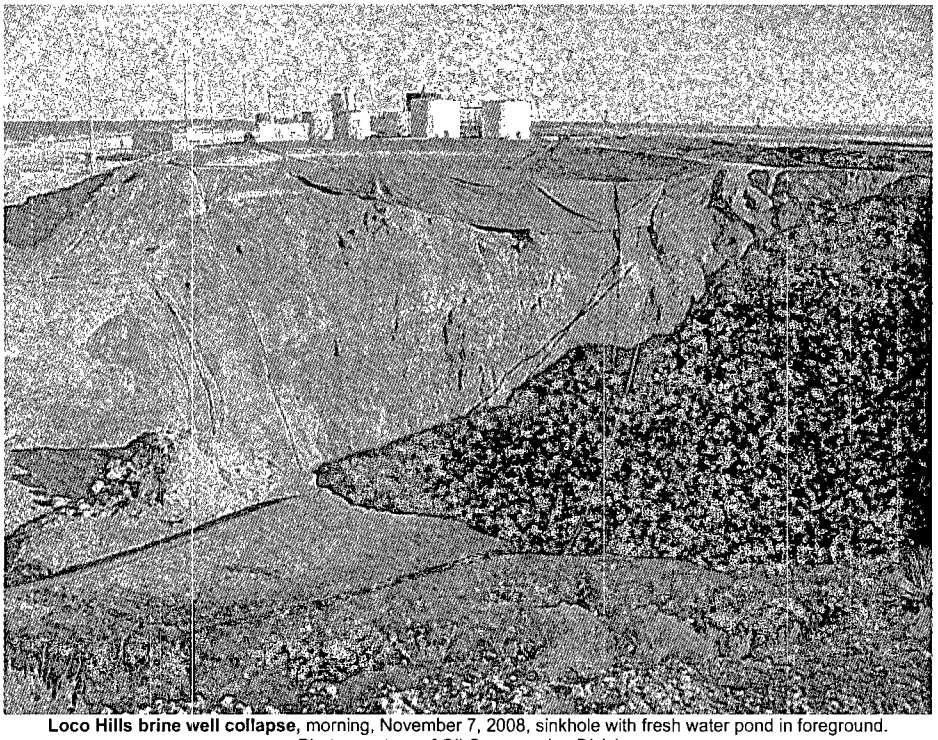
"I am deeply concerned by these two serious incidents and we are taking action to ensure the safety of our citizens and to protect the environment," stated Secretary Prukop.

Brine wells are an essential part of the oil and gas drilling industry, particularly in the southeastern part of the state. Oil and gas operators use brine water in the drilling process. Brine is saturated salt water which can be more salty than sea water. Brine is created by injecting fresh water into salt formations, allowing the water to absorb the salt and then pumping it out of the well. This method creates an underground cavity.

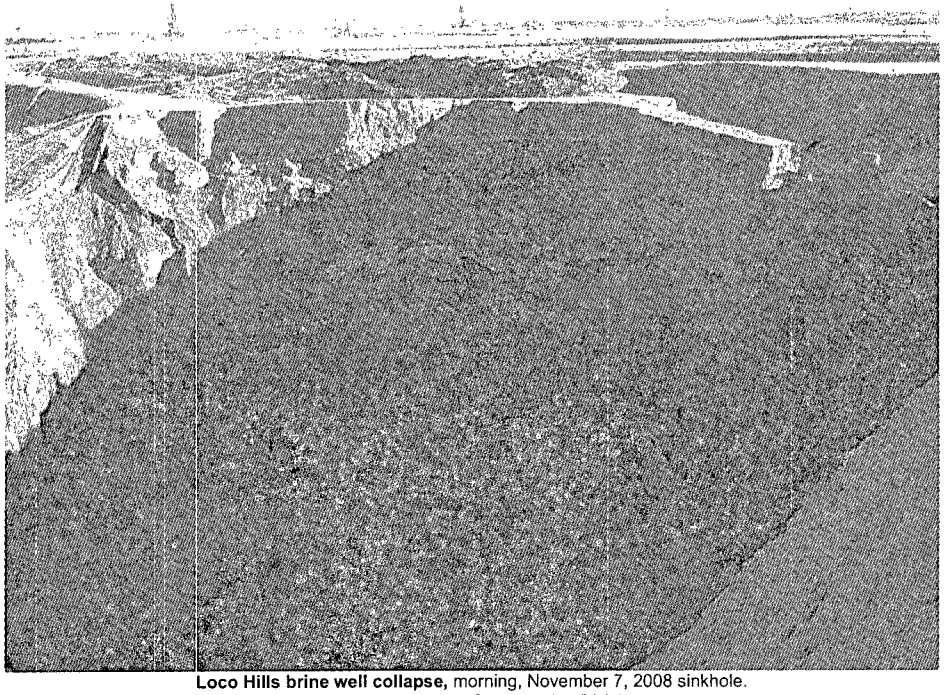
"The moratorium will provide time to properly evaluate the causes of the recent collapses and to discuss the development of new rules or guidelines to ensure the safety and stability of brine well systems," added Secretary Prukop.

The moratorium will only affect new wells and will not impact existing wells and facilities.

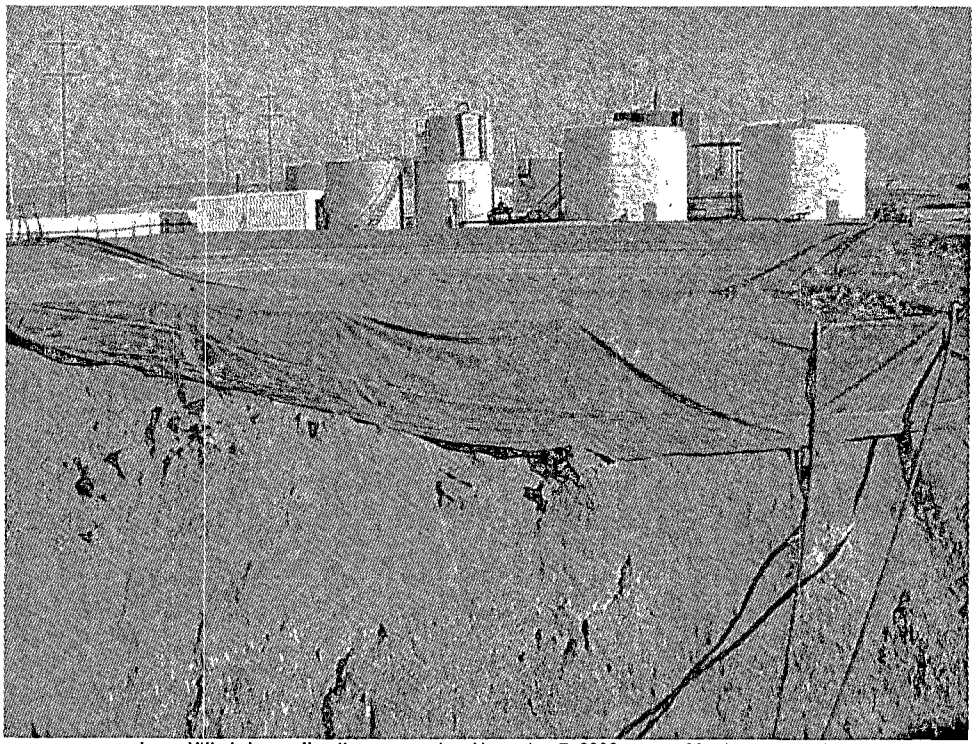
Below are photographs of the two recent collapses:



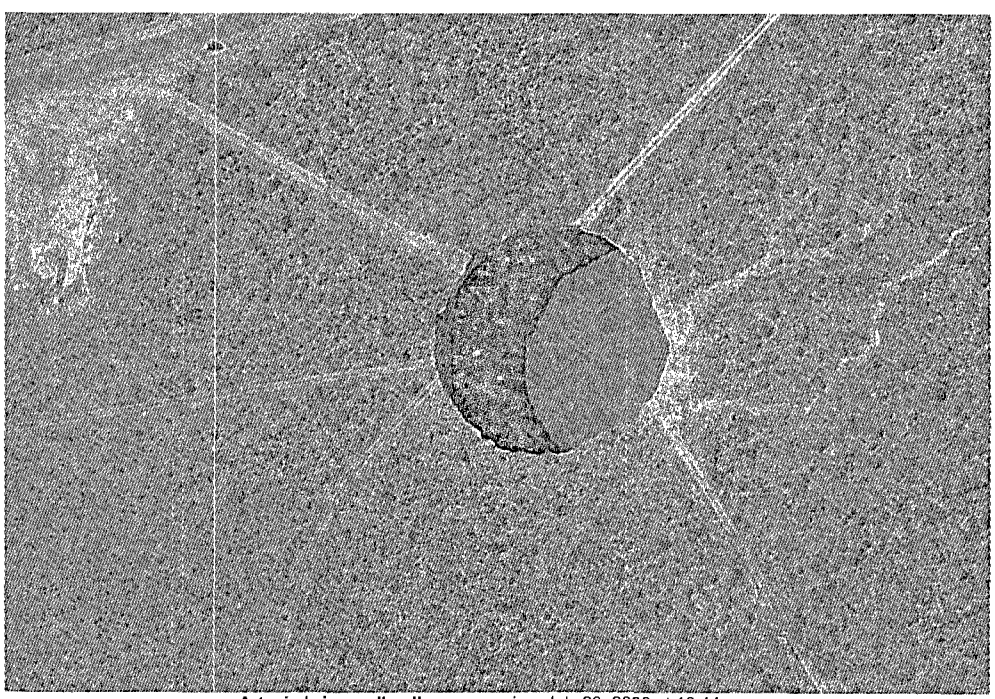
Loco Hills brine well collapse, morning, November 7, 2008, sinkhole with fresh water pond in foreground.
Photo courtesy of Oil Conservation Division



Loco Hills brine well collapse, morning, November 7, 2008 sinkhole.
Photo courtesy of Oil Conservation Division



Loco Hills brine well collapse, morning, November 7, 2008 status of fresh water pond.
Photo courtesy of Oil Conservation Division



Artesia brine well collapse, morning, July 20, 2008 at 10:44 am.
Photo courtesy of National Cave and Karst Research Institute

Artesia brine well collapse morning, July 22, 2008
Photo courtesy of National Cave and Karst Research Institute

#30#

The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

Oil Conservation Division
1220 South St. Francis Drive ▪ Santa Fe, New Mexico 87505
Phone (505) 476-3440 ▪ Fax (505) 476-3462 ▪ www.emnrd.state.nm.us/OCD

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, November 12, 2008 9:24 AM
To: 'Prather, Steve'
Cc: Price, Wayne, EMNRD
Subject: RE: BW-2 (Eunice No. 1) & BW-25 (Salado Brine Well No. 2) Upcoming MIT & Sonar Testing

Steve:

Yes, but if you are having scheduling difficulty, the OCD may approve an extension if needed? 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: Prather, Steve [mailto:Steve.Prather@basicenergyservices.com]
Sent: Wednesday, November 12, 2008 9:30 AM
To: Chavez, Carl J, EMNRD
Subject: Re: BW-2 (Eunice No. 1) & BW-25 (Salado Brine Well No. 2) Upcoming MIT & Sonar Testing

Are you saying they have moved it up to thirty days from this date and not June 30th of 2009?

Sent using BlackBerry

-----Original Message-----
From: Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>
To: Chavez, Carl J, EMNRD <CarlJ.Chavez@state.nm.us>; Prather, Steve <Steve.Prather@basicenergyservices.com>
CC: Price, Wayne, EMNRD <wayne.price@state.nm.us>; Hill, Larry, EMNRD <larry.hill@state.nm.us>; Sanchez, Daniel J., EMNRD <daniel.sanchez@state.nm.us>
Sent: Wed Nov 12 10:12:50 2008
Subject: RE: BW-2 (Eunice No. 1) & BW-25 (Salado Brine Well No. 2) Upcoming MIT & Sonar Testing

Steve:

After speaking with my Supervisor Wayne Price, and under the current circumstances, the OCD is requiring your brine well to be sonar tested within 30 days of this notice. Since you will be performing this task, it may be prudent to conduct the MIT at the same time.

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM

New Mexico Energy, Minerals & Natural Resources Dept.

Oil Conservation Division, Environmental Bureau

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

Office: (505) 476-3491

Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/index.htm

(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Monday, November 10, 2008 1:50 PM
To: 'Prather, Steve'
Cc: Price, Wayne, EMNRD; Hill, Larry, EMNRD
Subject: FW: BW-2 (Eunice No. 1) & BW-25 (Salado Brine Well No. 2) Upcoming MIT & Sonar Testing

Steve:

Hi. BWs-2 and 25 will required the EPA 5-Yr. 30 minute test (pull tubing, set packer near casing shoe (<20 ft. from casing shoe) and pressure up from 300 to 500 psig +/- 10% to pass.

As indicated below, a sonar test is required at BWs-2 and 25, which will facilitate the EPA 5-Yr. MIT before reinstalling the tubing.

Please contact me with your preferred date and time for the MITs and sonar. Thank you.

Carl J. Chavez, CHMM

New Mexico Energy, Minerals & Natural Resources Dept.

Oil Conservation Division, Environmental Bureau

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

Office: (505) 476-3491

Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us

Website: http://www.emnrd.state.nm.us/ocd/index.htm

(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Tuesday, October 21, 2008 2:38 PM
To: 'Prather, Steve'
Cc: Sanchez, Daniel J., EMNRD; Price, Wayne, EMNRD
Subject: BW-2 (Eunice No. 1) & BW-25 (Salado Brine Well No. 2) Upcoming MIT & Sonar Testing

Steve:

Re: OCD August 1, 2008 Letter w/ Brine Well Information Request (BWIR)

Good afternoon. The Oil Conservation Division (OCD) has reviewed Basic Energy Services, LLC responses to the BWIRs for the above subject OCD permitted brine wells. Based on the operational life and volume of brine produced from the above brine wells, sonar testing is required along with your MIT on or before July 31, 2009. According to OCD records, no sonar testing has been conducted on the above subject brine wells to date.

Please contact me within 8 working days to arrange the type, date and time for the MITs and corresponding date for sonar testing. Thank you.

Carl J. Chavez, CHMM

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Oil Conservation Division, Environmental Bureau

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

Office: (505) 476-3491

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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: Wednesday, October 22, 2008 8:56 AM
To: Hill, Larry, EMNRD
Subject: FW: BW-2 (Eunice No. 1) & BW-25 (Salado Brine Well No. 2) Upcoming MIT & Sonar Testing

Buddy:

FYI.

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

RECEIVED
2008 SEP 9 PM 2 55

August 30, 2008

NMOCD Environmental
ATTN: Wayne Price
1220 S. St. Francis Dr.
Santa Fe, NM 87505

RE: Basic Energy Service
BW-002
~~BW-025~~

Mr. Price:

Find within the information requested on the two brine wells that Basic Energy operates. Information was obtained from operator personnel, well files and physical observation.

Should you need anything further, please call.

Sincerely,

Eddie W. Seay, Agent
Eddie Seay Consulting
601 W. Illinois
Hobbs, NM 88242
(575)392-2236
seay04@leaco.net

cc: Basic Energy Service

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

OIL CONSERVATION DIVISION
BRINE WELL INFORMATION REQUEST

GENERAL INFORMATION:

Operator Name Basic Energy Serv. Well Name(s) Salado #2
API Number 30-025-32394 Brine Well Permit # BW-025
Date Permit Expires? September 2007

Location: Section 20 Ts 25 Rg 37 E
FNL 1305 FSL 60 FEL _____ FWL _____
GPS of well(s): Lat: 32° 07' 09" Long: 103° 10' 34"
Unit A

Have you reviewed and understand all of your permit conditions? Yes ☒ No ☐
Are you presently deficient of any condition in your permit? Yes ☐ No ☐ Don't know ☐
Do you operate below grade tanks or pits at the site? Yes ☒ No ☐
Do all tanks, including fresh water tanks, have secondary containment? Yes ☐ No ☒
Do you think you have the expertise, knowledge and general understanding of what causes a brine well to collapse? Yes ☒ No ☐ Generally
Do you think OCD should provide guidelines on subsidence and collapse issues? Yes ☒ No ☐

SITING INFORMATION: *Please provide the following information and depict on 7.5 minute (1": 2000') USGS Quad Map. Limit search to one mile radius.*

Is the brine well located within a municipality or city limits? Yes ☐ No ☒

Distance and direction to nearest permanent structure, house, school, *etc. if less than one mile:*
Attached

Distance and direction to nearest water well *if less than one mile:*
Attached

Distance to nearest watercourse(s), floodplain, playa lake(s), or man-made canal(s) or pond(s) *if less than one mile:* Attached

Distance and direction to nearest known karst features or mines *if less than one mile:*
Attached

Distance and direction to nearest producing oil or gas well(s) *if less than one mile:* Provide API Number: Attached
Distance and direction to nearest tank battery(ies) *if less than one mile:* Attached
Distance and direction to nearest pipeline(s), including fresh water pipelines *if less than one mile:* Attached
Distance and direction to nearest paved or maintained road or railroad *if less than one mile:* Attached
Depth to ground water found above the Salado (salt section), regardless of yield: Attached
Name of aquifer(s): Attached
WELL CONSTRUCTION: ***Please provide the following information and attach a diagram depicting the brine well. Check box if attached:*** *Copy of a current well diagram:* *Attached* ☒ *Copy of formation record with tops:* *Attached* ☒ *Copy of geophysical well logs if available:* *Attached* ☐ *If not, well logs within one mile* ☐
Depth of the top of the salt below ground surface (feet): Attached
Depth to the bottom of the salt below ground surface (feet): Attached
Depth(s) to and thickness(es) of any anhydrite section(s) (located above the salt): Attached
Depth of casing(s) shoe below ground surface (feet): 1220 Is the casing shoe set in the anhydrite or other layer above the salt? Yes ☒ No ☐ Top of Salt Is the casing shoe set into the salt? Yes☐ No☐ If yes, how far into the salt?_____
Depth of tubing(s): 1385 ft.
Do you suspect that your cavern has partially caved in? Yes☐ No☐ Don't know☒
OPERATIONS: *Please provide the following information.*
Start date of brine well operation: 9/93
Total volume of fresh water injected into the brine well to date (bbls) and how determined: Dont Know - calculate 7 x 1700000 = 11,900,000

Total volume of brine water produced (bbls) to date and how determined: 1,700,000 bbls. Average over 15yrs in operation
Have you ever lost casing or tubing? If yes, please provide details. NO Document attached ☐
Do you maintain a surface pressure on your well during idle times? Yes☒ No☐
Have you noticed large amounts of air built up during cavity pressurization? Yes☐ No☒
Have you ever noticed fluids or air/gas bubbling up around the casing during testing or normal operations? Yes☐ No☒
MONITORING: *Please provide the following information.*
Are you currently monitoring ground water contamination from your brine well or system? Yes ☒ No☐ Sampling fresh water supply wells.
Have you ever run a sonar log? Yes☐ No☒ *If yes,* please provide last date:_____
Provide cavern configuration (dimensions and volume) and method(s) used to estimate: If sonar report please attach ☐ *If other, please specify and provide a sketch of cavern:* ☐
Do you have a subsidence monitoring program in place? Yes ☐ No☒
Do you have any geophysical monitoring devices, such as a seismic device positioned near your brine well? Yes ☐ No☒
Have you submitted all of your monthly, quarterly, or annual reports to the OCD? Yes ☐ No☒
Have you failed a brine well mechanical integrity test (MIT)? If yes, please attach details and results. Attached ☐ Tubing leak 2005
Have you ever had a casing leak? Yes ☐ No☒ Have you ever had a cavern leak? Yes ☐ No☐ Don't know ☐ Have you ever exceeded the cavern fracture pressure? Yes ☐ No☐ Don't know ☒ Do you know how to calculate your maximum pressure? Yes ☐ No☐ Don't know ☒
Have you routinely looked for cracks or fissures in the ground surface around your brine well? Yes ☒ No☐
Do you have any minor or major cracks, fissures, tank settlement, line breakage from settlement or any minor subsidence. Yes ☐ No☒
During operations have you experienced any ground vibration, ground movement, or well movement after opening or shunting valves, pump start-up, shut-down, etc.? Yes☐ No☒

Have you ever experienced unexpected pressure gain or loss in the cavern? Yes☐ No☒ If Yes, was there a difference in your normal flow rate? Yes☐ No☐
Anytime during the past 5 years, have you experienced a noticeable difference between fresh water volume pumped into the well verses brine water produced? Yes ☐ No☒
Are you concerned about pulling the tubing due to the fact it may be difficult to re-enter the hole? Yes☒ No☐
Are you concerned about running a sonar tool in fear of losing tool because of debris in hole? Yes☒ No☐ Because of difficult in getting tubing back in hole.
Have you ever conducted a fly over of your well site? No☒ *Yes☐ if yes, please provide photo.* ☐ *Photo(s) attached*
Calculation: Please divide your estimated total volume of produced brine by 180,000 and multiply by 50. *Example:* If you have produced a total of 18,000,000 bbls of brine in the life time of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. 1. Provide the calculated number above here: 472. 2. Now provide the depth (ft) from the surface to your casing shoe: 1220 . Is the calculated number found in #1 above greater than #2? Yes☐ No☒
Comments or recommendations for OCD:

"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."

Basic Energy Services
Company Name-print name above

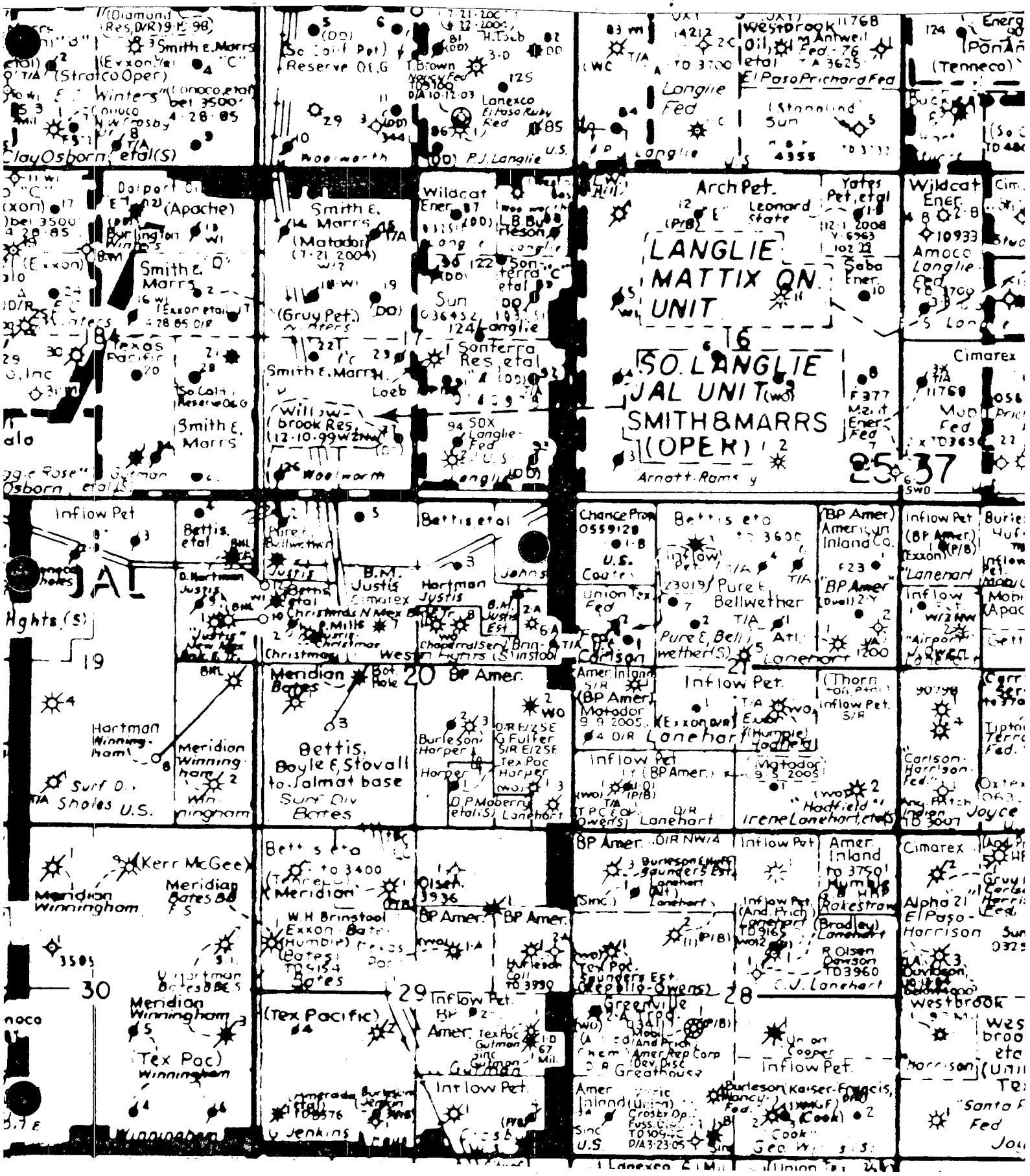
Eddie W Seay
Company Representative- print name

Eddie W Seay
Company Representative- Signature

Title Agent

Date: 8/29/2008

NE 1/4 of NE 1/4 Sect 20



API NUMBER	30-025-32394
OPERATOR	BASIC ENERGY SERVICES
PROPERTY NAME	SALADO # 2
LOCATION	A-20-T25S-R37E 1305 FNL 60 FEL
DEPTH TOP SALT BELOW G.L.	1120 FEET
DEPTH BASE SALT BELOW G.L.	2605 FEET
THICKNESS ANHYDRITE ABOVE SALT	110 FEET
LOGS WITHIN 1 MILE	All AVAILABLE ON OCD ONLINE 30-025-27837
State HWY 128	0.24 miles NW
Water Well (Supply Well)	0.17 miles SW
Tank Batteries	
Bettis, Boyle & Stoval	0.12 miles NW
Herman Loeb	0.22 miles SE
Pipe Lines	
Duke Gas Line	0.06 miles W
Sid Richardson Pipe Line	0.03 miles E
Southern Union Gas Line	0.06 miles SSE
Water Coarses	
Draw	0.09 miles NW
DEPTH TO GROUND WATER **SANTA ROSA**	330-560 FEET

BRINE WELL

3002532394	SALADO	2	BASIC ENERGY SERVICES		BSW	A	Lea		A	20	25	S	37	E	1305	N	60	E

Wells within 1 mike of Basic Energy Services, Salado # 2 brine well. 5280 5280

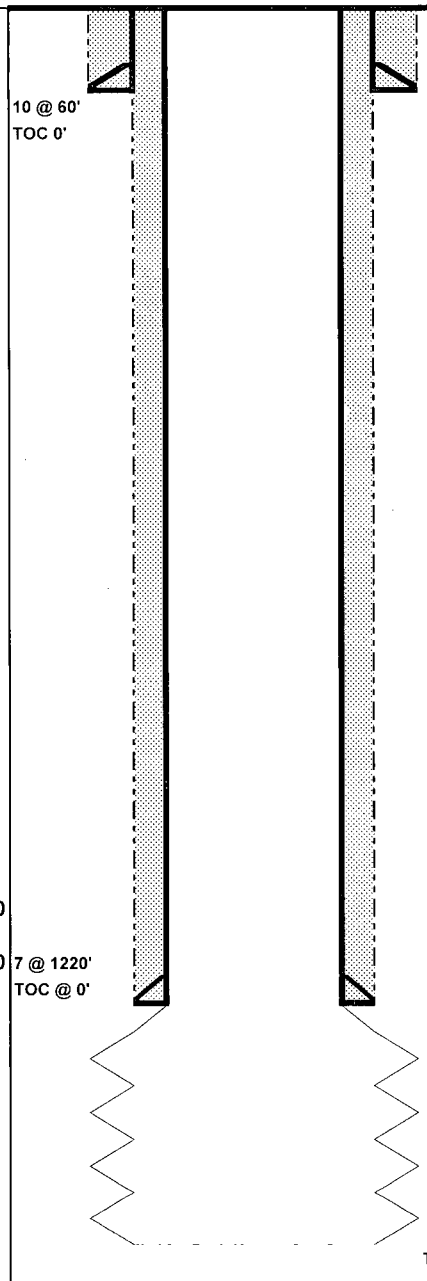
API #	PROPERTY NAME	#	OPERATOR	TD	TYPE	STAT	CO	L	U/L	SEC	TWN		RNG		N/S		E/W		DIST	Dir
3002511630	LANGLIE JAL UNIT	89	PHOENIX HYDROCARBONS OP CORP		I	A	Lea	F	H	17	25	S	37	E	1980	N	660	E	**4643**	N
3002511631	LANGLIE A FEDERAL	1	HERMAN L LOEB	2980	G	A	Lea	F	J	17	25	S	37	E	2310	S	2310	E	**4258**	NW
3002511633	LANGLIE JAL UNIT	93	PHOENIX HYDROCARBONS OP CORP		I	A	Lea	F	P	17	25	S	37	E	660	S	660	E	**2054**	N
3002511635	LANGLIE JAL UNIT	94	PHOENIX HYDROCARBONS OP CORP		O	P&A	Lea	F	O	17	25	S	37	E	990	S	1980	E	**2992**	NW
3002511636	LANGLIE JAL UNIT	92	PHOENIX HYDROCARBONS OP CORP		O	A	Lea	F	I	17	25	S	37	E	1980	S	660	E	**3339**	N
3002511638	SOUTH LANGLIE JAL UNIT	23	SMITH & MARRS INC	3405	I	TA	Lea	P	K	17	25	S	37	E	2310	S	2310	W	**4640**	NW
3002511641	SOUTH LANGLIE JAL UNIT	27	SMITH & MARRS INC	3550	O	A	Lea	P	N	17	25	S	37	E	990	S	2310	W	**3706**	NW
3002511645	SOUTH LANGLIE JAL UNIT	26	SMITH & MARRS INC	3365	I	TA	Lea	P	M	17	25	S	37	E	330	S	330	W	**5156**	WNW
3002524891	LANGLIE JAL UNIT	91	PHOENIX HYDROCARBONS OP CORP	3850	O	A	Lea	P	J	17	25	S	37	E	1980	S	1980	E	**3804**	NW
3002534620	LANGLIE A FEDERAL	2	HERMAN L LOEB	3080	G	A	Lea	F	O	17	25	S	37	E	660	S	1980	E	**2747**	NW
3002535626	LANGLIE JAL UNIT	124	PHOENIX HYDROCARBONS OP CORP	3750	O	A	Lea	F	G	17	25	S	37	E	2622	N	1528	E	**4226**	NNW
3002535642	LANGLIE JAL UNIT	122	PHOENIX HYDROCARBONS OP CORP	3750	O	A	Lea	F	H	17	25	S	37	E	1404	N	1126	E	**5289**	N
3002511612	ARNOTT RAMSAY NCT E	2	POGO PRODUCING CO		G	A	Lea	S	O	16	25	S	37	E	660	S	198	E	**3892**	ENE
3002511626	ARNOTT RAMSAY NCT E	4	GULF OIL CORP		O	P&A	Lea		L	16	25	S	37	E	1980	S	660	W	**3362**	NNE
3002511627	ARNOTT RAMSAY NCT E	3	GULF OIL CORP		G	P&A	Lea		M	16	25	S	37	E	615	S	705	W	**2066**	NNE
3002511628	ARNOTT RAMSAY NCT E	5	POGO PRODUCING CO		S	A	Lea	S	E	16	25	S	37	E	1980	N	560	W	**4646**	NNE
3002522813	SALINE	3	PERMIAN CORP		M	P&A	Lea		P	16	25	S	37	E	220	S	465	E	**5107**	ENE
3002525047	ARNOTT RAMSAY NCT E	6	POGO PRODUCING CO		O	A	Lea	S	K	16	25	S	37	E	2310	S	2310	W	**4322**	NNE
3002525465	ARNOTT RAMSAY NCT E	7	POGO PRODUCING CO	3700	O	A	Lea	S	P	16	25	S	37	E	610	S	660	E	**5056**	ENE
3002525596	ARNOTT RAMSAY NCT E	8	POGO PRODUCING CO	3700	O	A	Lea	S	I	16	25	S	37	E	610	S	660	E	**5056**	ENE
3002525597	ARNOTT RAMSAY NCT E	9	POGO PRODUCING CO	3700	O	A	Lea	S	J	16	25	S	37	E	1980	S	1980	E	**4699**	NE
3002511659	HARNER	2	TEXAS PACIFIC OIL C		O	P&A	Lea		J	20	25	S	37	E	1980	S	1905	E	**2717**	SW
3002511660	CHRISTMAS	1	BETTIS BOYLE & STOVALL	3285	S	P&A	Lea	F	E	20	25	S	37	E	1650	N	330	W	**4902**	WSW
3002511661	JOHNS FEDERAL	1	BETTIS BOYLE & STOVALL	3412	O	A	Lea	F	A	20	25	S	37	E	660	N	660	E	**880**	NW
3002511662	JUSTIS A FEDERAL	1	TENNECO OIL CO		G	P&A	Lea		D	20	25	S	37	E	990	N	330	W	**4900**	W
3002511663	B M JUSTIS C	5	BETTIS BOYLE & STOVALL	3370	O	A	Lea	P	C	20	25	S	37	E	370	N	1670	W	**3671**	WNW
3002511664	B M JUSTIS A	6	BETTIS BOYLE & STOVALL	3332	O	TA	Lea	P	H	20	25	S	37	E	2310	N	330	E	**1040**	SW
3002511665	B M JUSTIS A	3	BETTIS BOYLE & STOVALL	3380	O	A	Lea	P	B	20	25	S	37	E	990	N	1980	E	**1945**	W
3002511666	V H JUSTIS	2	BETTIS BOYLE & STOVALL		O	P&A	Lea	P	D	20	25	S	37	E	370	N	420	W	**4890**	W
3002511667	BATES	1	BETTIS BOYLE & STOVALL		G	P&A	Lea	P	L	20	25	S	37	E	1980	S	660	W	**4977**	SW
3002511668	B M JUSTIS A	2	BETTIS BOYLE & STOVALL	3030	O	P&A	Lea	P	H	20	25	S	37	E	1980	N	660	W	**4609**	SW
3002511669	B M JUSTIS B	7	BETTIS BOYLE & STOVALL	3285	O	A	Lea	P	F	20	25	S	37	E	1960	N	1980	W	**3305**	WSW

3002511670	LEONARD	1	LEWIS B BURLESON INC	3362	G	P&A	Lea	P	P	20	25	S	37	E	660	S	660	E	**3368**	S
3002511671	LEONARD	2	FULFER OIL & CATTLE LLC	3620	O	A	Lea	P	I	20	25	S	37	E	1980	S	660	E	**2083**	S
3002511672	LANEHART	3	SUN OIL CO		G	P&A	Lea	P	P	20	25	S	37	E	330	S	330	E	**3654**	S
3002511673	HARNER	1	TEXAS PACIFIC OIL C		O	P&A	Lea		O	20	25	S	37	E	660	S	1980	E	**3830**	SSW
3002520581	B M JUSTIS B	8	BETTIS BOYLE & STOVALL	3400	G	A	Lea	P	G	20	25	S	37	E	1980	N	1980	E	**2035**	WSW
3002526319	HORNER	3	LEWIS B BURLESON INC		G	P&A	Lea		J	20	25	S	37	E	1650	S	1650	E	**2816**	SW
3002527542	BATES	3	BURLINGTON RESOURCES O & G CO		G	P&A	Lea	P	K	20	25	S	37	E	1635	S	1210	W	**4642**	WSW
3002527630	B M JUSTIS	10	PLANTATION OP LLC		G	A	Lea	P	E	20	25	S	37	E	1940	N	120	W	**5139**	WSW
3002527664	JUSTIS CHRISTMAS	1	BETTIS BOYLE & STOVALL	3150	G	A	Lea	P	E	20	25	S	37	E	2225	N	790	W	**4524**	WSW
3002527837	B M JUSTIS	11	PLANTATION OP LLC	3150	G	P&A	Lea	P	G	20	25	S	37	E	1980	N	2210	E	**2253**	SW
3002528805	B M JUSTIS	12	PLANTATION OP LLC	3680	O	TA	Lea	P	E	20	25	S	37	E	1450	N	120	W	**5102**	WSW
3002509779	EXXON	1	INFLOW PETROLEUM RESOURCES LP	3448	G	A	Lea	P	J	21	25	S	37	E	1980	S	1980	E	**3907**	
3002511674	A B COATES B	1	CHANCE PROPERTIES COMPANY	3077	O	A	Lea	F	D	21	25	S	37	E	600	N	660	W	**1007**	NE
3002511676	HADFIELD	1	INFLOW PETROLEUM RESOURCES LP	3024	O	A	Lea	P	O	21	25	S	37	E	660	S	1980	E	**4720**	SE
3002511677	LANEHART	1-Y	INFLOW PETROLEUM RESOURCES LP	9029	O	A	Lea	P	M	21	25	S	37	E	660	S	810	W	**3427**	SSE
3002511678	LANEHART	1	LEWIS B BURLESON INC		G	P&A	Lea		M	21	25	S	37	E	660	S	660	W	**3392**	SSE
3002511679	B T LANEHART	5	BETTIS BOYLE & STOVALL	3143	G	TA	Lea	P	G	21	25	S	37	E	2310	N	2310	E	**3192**	ESE
3002511680	B T LANEHART	1	BETTIS BOYLE & STOVALL		O	TA	Lea	P	G	21	25	S	37	E	1980	N	1980	E	**3427**	ESE
3002511681	B T LANEHART	4	BETTIS BOYLE & STOVALL	3101	O	TA	Lea	P	B	21	25	S	37	E	990	N	2310	E	**3046**	E
3002511682	B T LANEHART	3	BETTIS BOYLE & STOVALL		O	A	Lea	P	C	21	25	S	37	E	660	N	1980	W	**2139**	E
3002511683	CARLSON	2	UNION TEXAS PETROLEUM		O	P&A	Lea		E	21	25	S	37	E	1980	N	660	W	**986**	SE
3002511684	LANEHART	3	INFLOW PETROLEUM RESOURCES LP	2928	G	A	Lea	P	L	21	25	S	37	E	2310	S	990	W	**1968**	SSE
3002511685	LANEHART	1	ATLANTIC RICHFIELD		G	P&A	Lea		H	21	25	S	37	E	2310	N	990	E	**4464**	ENE
3002511686	AZTEC	1	INFLOW PETROLEUM RESOURCES LP	3435	O	A	Lea	P	K	21	25	S	37	E	1980	S	1980	W	**2853**	SE
3002511687	B T LANEHART	2	BETTIS BOYLE & STOVALL		O	A	Lea	P	F	21	25	S	37	E	1980	N	1980	W	**2148**	ESE
3002525071	ARCO	1	INFLOW PETROLEUM RESOURCES LP	3500	O	A	Lea	P	A	21	25	S	37	E	990	N	330	E	**5019**	E
3002525141	ARCO LANEHART	2	BURLESON & HUFF		O	P&A	Lea		H	21	25	S	37	E	1980	N	330	E	**5055**	ESE
3002525174	ARCO	2-Y	INFLOW PETROLEUM RESOURCES LP		O	A	Lea	P	H	21	25	S	37	E	1770	N	660	E	**4703**	ESE
3002525588	B T LANEHART	6	BETTIS BOYLE & STOVALL		O	TA	Lea	P	B	21	25	S	37	E	990	N	1650	E	**3703**	E
3002526155	LANEHART	4	LEWIS B BURLESON INC		O	P&A	Lea	P	L	21	25	S	37	E	1650	S	330	W	**2357**	SSE
3002526335	FEDERAL	1	INFLOW PETROLEUM RESOURCES LP	3340	O	A	Lea	F	E	21	25	S	37	E	2210	N	890	W	**1312**	SE
3002526819	B T LANEHART	7	BETTIS BOYLE & STOVALL		O	A	Lea	P	F	21	25	S	37	E	1650	N	1650	W	**1744**	ESE
3002511832	COLL	1	OLSEN-BLOUNT OIL CO		O	P&A	Lea		B	29	25	S	37	E	660	N	1980	E	**5016**	SSW
3002511821	LANEHART	1	SINCLAIR OIL & GAS		O	P&A	Lea	P	D	28	25	S	37	E	990	N	990	W	**5074**	SSE
3002526077	SAUNDERS ESTATE	3	LEWIS B BURLESON INC		G	P&A	Lea	P	D	28	25	S	37	E	660	N	660	W	**4690**	SSE

WELLBORE SCHEMATIC AND HISTORY

COMPLETION SCHEMATIC

FORM	DEPTH
t. Santa Rosa	330
b Santa Rosa	560
Rustler	1010
Top Salt	1120
Base Salt	2605



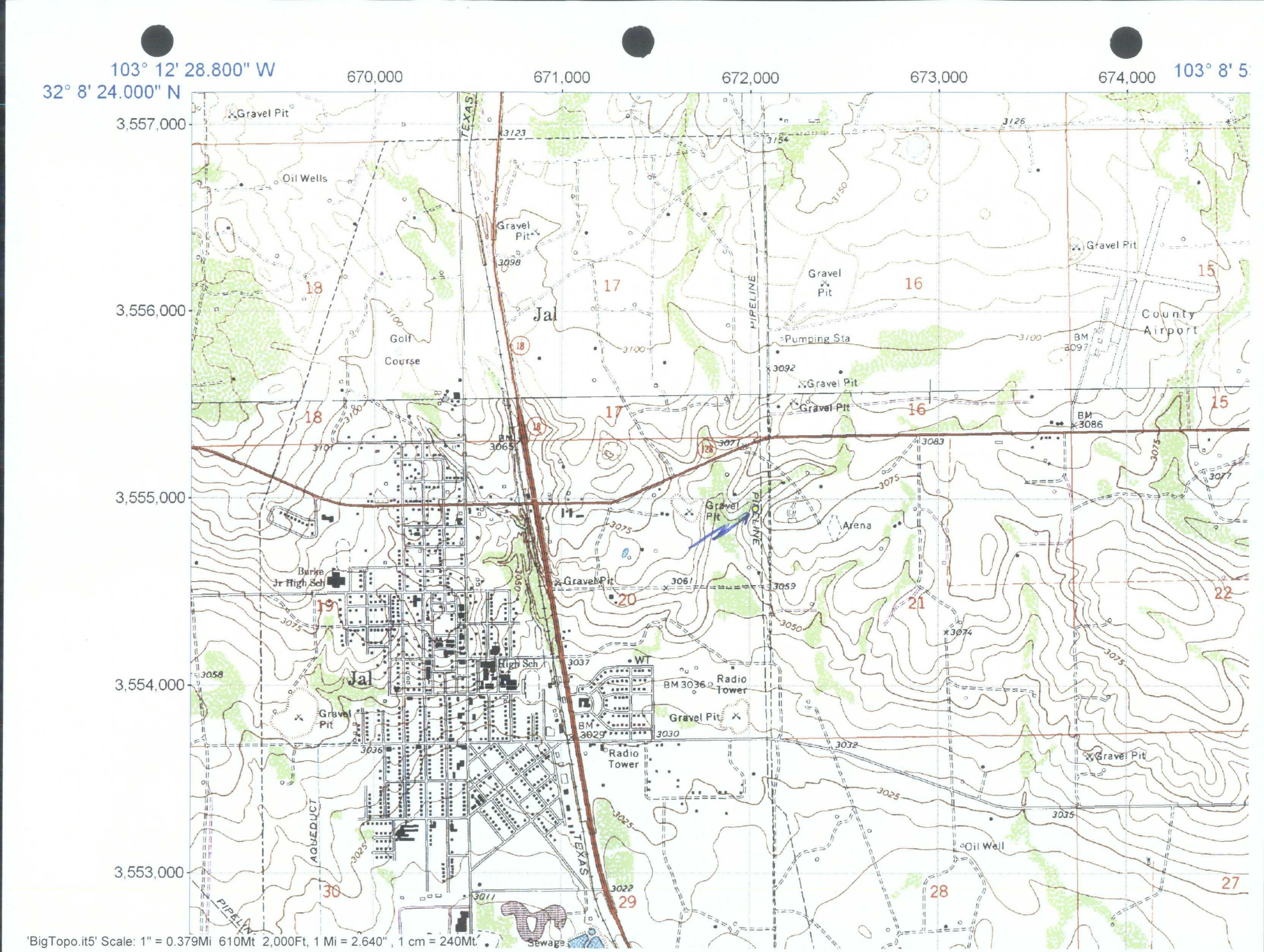
APINUM:	30-025-32394
OPERATOR:	BASIC ENERGY SERVICES
LEASENAME:	SALADO
WELL NO.	2
LOCATION: UL:	A
SEC:	20
TWN:	25S
RNG:	37E
	1305 FNL
	60 FEL
TD	
PBD	
KB	
DF	
GL	3073
POOL	BSW;SALADO
Open Hole	1220-1420
POOL	
PERFS	
POOL	
PERFS	

CASING RECORD

	SIZE	DEPTH	CMT	HOLE SIZE	TOC
SURF.	10	60	30 sxs	14 3/4	0' CIRC
PROD.	7	1220	475 sxs	9 7/8	0' CIRC

PREPARED BY:	Eddie Seay	UPDATED	08/23/08


32.1194526 -103.1765327
© 2008 Tele Atlas
Image © 2008 DigitalGlobe
2008 Google


103° 12' 28.800" W
32° 8' 24.000" N
103° 8' 5
670,000
671,000
672,000
673,000
674,000
3,557,000
3,556,000
3,555,000
3,554,000
3,553,000
Gravel Pit
Oil Wells
Jal
Golf Course
Pumping Sta
County Airport
Arena
Burke Jr High Sch
High Sch
Radio Tower
Oil Well
Sewage
TEXAS PIPELINE
AQUEDUCT
BM 3065
BM 3086
BM 3097
BM 3036
BM 3029
'BigTopo.it5' Scale: 1" = 0.379Mi 610Mt 2,000Ft, 1 Mi = 2.640" , 1 cm = 240Mt

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 25S Range: 37E Sections: 20

NAD27 X: Y: Zone: Search Radius:

County: LE Basin: Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic
◉ All

POD / Surface Data Report | Avg Depth to Water Report | Water Column Report

Clear Form | iWATERS Menu | Help

AVERAGE DEPTH OF WATER REPORT 10/08/2008

								(Depth Water in Feet)		
Bsn	**Tws**	**Rng**	**Sec**	**Zone**	**X**	**Y**	**Wells**	**Min**	**Max**	**Avg**
CP	25S	37E	20				7	23	70	39

Record Count: 7

New Mexico Office of the State Engineer
POD Reports and Downloads

Township: 25S Range: 37E Sections: 20

NAD27 X: Y: Zone: Search Radius:

County: LE Basin: Number: Suffix:

Owner Name: (First) (Last) ○ Non-Domestic ○ Domestic ◉ All

POD / Surface Data Report | Avg Depth to Water Report | Water Column Report

Clear Form | iWATERS Menu | Help

WATER COLUMN REPORT 10/08/2008

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column (in feet)
CP 00426	25S	37E	20							235	70	165
CP 00428	25S	37E	20	1						90	60	30
CP 00661	25S	37E	20	1	3	3				38	23	15
CP 00620	25S	37E	20	1	3	3				59	25	34
CP 00120	25S	37E	20	2	3	1				460		
CP 00124	25S	37E	20	2	4	1				530		
CP 00121	25S	37E	20	2	4	3				510		
CP 00619	25S	37E	20	3	1					48	25	23
CP 00777	25S	37E	20	3	2	4				100	28	72
CP 00557	25S	37E	20	3	3	3				350	42	308

Record Count: 10

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

Certified Receipt/Return Requested:

August 01, 2008

Attention Brine Well Operator(s):

One of the permitted brine wells has experienced a total collapse and created an enormous sinkhole. The well was located approximately 17 miles SE of Artesia, NM. on State Trust Land. The operator was Jim's Water Service and the brine well permit is BW-005. OCD has enclosed a press release with photos of the event.

The magnitude of this event warrants an immediate investigation of all brine wells in the state. Therefore, please find enclosed a "BRINE WELL INFORMATION REQUEST" form to be filled out and returned to this office no later than September 05, 2008. Failure to properly fill out and return the form in a timely manner may result in OCD requesting you shut down your operations until further notice. If you have any questions please do not hesitate to call me at 505-476-3490 or E-mail wayne.price@state.nm.us.

Sincerely,

Wayne Price
Environmental Bureau Chief
Oil Conservation Division

Attachments: (2)

Cc: EMNRD Cabinet Secretary-Joanna Prukop
OCD Director-Mark Fesmire
NMSLO- Brian Henington SF, Jim Carr-Carlsbad
BLM-Carlsbad Office- Dave Herrell
Eddy Co. Emergency Management-Joel Arnwine
NM State Police –Roswell Sgt. Les Clements
National Cave and Karst Research Institute- Dr. George Veni
NMOSE-John Stewart
Solution Mining Research Institute-John Voigt

Price, Wayne, EMNRD

From: Porter, Jodi, EMNRD
Sent: Wednesday, July 23, 2008 5:00 PM
Subject: PR-Secretary Prukop Proposes Stricter Conditions on Brine Wells State-wide
Attachments: PR-OCD.Brine.Wells07.23.08.pdf

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

July 23, 2008

NEWS RELEASE

Contact: Jodi McGinnis Porter,
Public Information Officer 505.476.3226

Energy, Minerals and Natural Resources Cabinet Secretary Joanna Prukop Proposes Stricter Conditions on Brine Wells State-wide

Artesia brine well collapse prompts statewide review

SANTA FE, NM – Secretary Joanna Prukop has directed the Oil Conservation Division (OCD) to conduct a complete evaluation of the rules and regulations concerning brine wells, a method of creating saturated salt water used in oil and gas production. The OCD evaluation will include an internal audit and inspection of all existing brine wells in New Mexico. Secretary Prukop is considering strengthening oversight of brine wells to protect against well failures such as the recent collapse in Artesia that created a huge sinkhole and forced the closure of an Eddy County road.

"There are several brine wells in New Mexico and we must ensure that they are all properly monitored to ensure safety and stability," stated Cabinet Secretary Joanna Prukop. "We have now seen that these wells can collapse and the extensive damage such a collapse can generate."

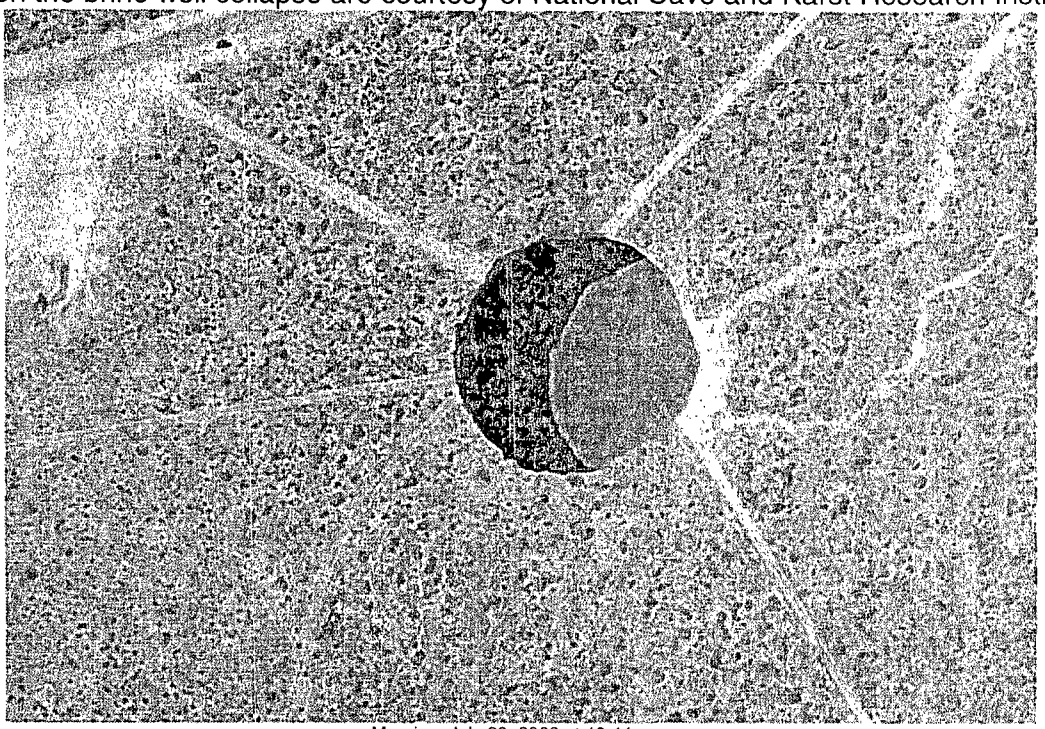
The Oil Conservation Division is continuing to monitor and investigate the collapse of the brine well, located on state trust land 17.3 miles southeast of Artesia, which is still active. The well is owned by Jim's Water Service. County Road 217 remains closed as a safety precaution, and a command center is on site. Division engineers estimate that the well is approximately 300 to 400 feet in diameter, 70 feet to the water level, and the actual depth to the bottom is unknown.

Scientists from the Oil Conservation Division, the Bureau of Land Management, State Land Office, the New Mexico

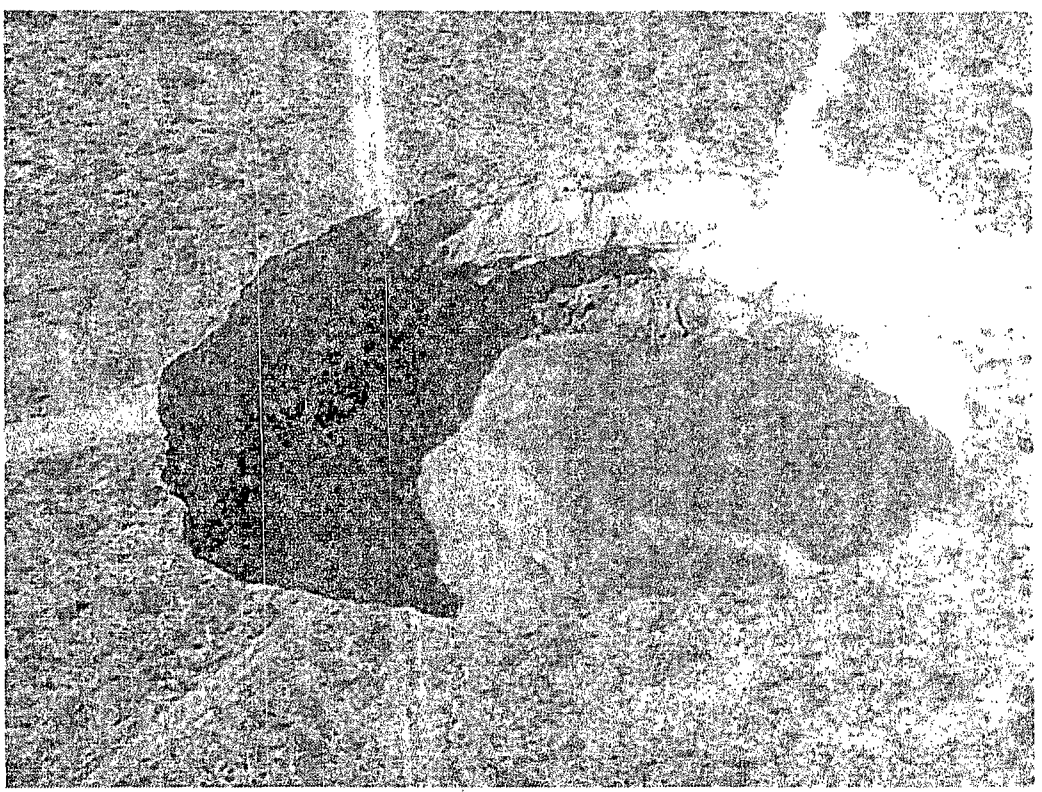
Bureau of Geology and Mineral Resources, and the National Cave & Karst Research Institute are all working together to assess horizontal and vertical movements to project any future subsidence. Work on a protective fence and keep-out signage began yesterday with completion expected on Friday.

In a related issue, the Oil Conservation Division has also been closely monitoring a brine well operated by I & W, Inc located in Carlsbad, NM. Yesterday, following ongoing inquiries from OCD the operator decided voluntarily to stop operation of the well The division will work with I & W, Inc. to ensure that the well is properly plugged, permanently abandoned, and monitored for the long term.

Images provided on the brine well collapse are courtesy of National Cave and Karst Research Institute:



Morning, July 20, 2008 at 10:44 am.
courtesy of National Cave and Karst Research Institute



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

OIL CONSERVATION DIVISION
BRINE WELL INFORMATION REQUEST

GENERAL INFORMATION:
Operator Name_____ Well Name(s)_____ API Number _____ Brine Well Permit # _____ Date Permit Expires? _____ Location: Section _____Ts _____ Rg _____ FNL_____FSL_____FEL_____FWL_____ GPS of well(s): Lat: Long:
Have you reviewed and understand all of your permit conditions? Yes ☐ No☐ Are you presently deficient of any condition in your permit? Yes ☐ No☐ Don't know☐ Do you operate below grade tanks or pits at the site? Yes☐ No☐ Do all tanks, including fresh water tanks, have secondary containment? Yes☐ No☐ Do you think you have the expertise, knowledge and general understanding of what causes a brine well to collapse? Yes☐ No☐ Do you think OCD should provide guidelines on subsidence and collapse issues? Yes☐ No☐
SITING INFORMATION: ***Please provide the following information and depict on 7.5 minute (1": 2000') USGS Quad Map. Limit search to one mile radius.***
Is the brine well located within a municipality or city limits? Yes☐ No☐
Distance and direction to nearest permanent structure, house, school, *etc. if less than one mile:*
Distance and direction to nearest water well *if less than one mile:*
Distance to nearest watercourse(s), floodplain, playa lake(s), or man-made canal(s) or pond(s) *if less than one mile:*
Distance and direction to nearest known karst features or mines *if less than one mile:*

Distance and direction to nearest producing oil or gas well(s) *if less than one mile:* Provide API Number:
Distance and direction to nearest tank battery(ies) *if less than one mile:*
Distance and direction to nearest pipeline(s), including fresh water pipelines *if less than one mile:*
Distance and direction to nearest paved or maintained road or railroad *if less than one mile:*
Depth to ground water found above the Salado (salt section), regardless of yield:
Name of aquifer(s):
WELL CONSTRUCTION: ***Please provide the following information and attach a diagram depicting the brine well. Check box if attached:*** *Copy of a current well diagram:* *Attached* ☐ *Copy of formation record with tops:* *Attached* ☐ *Copy of geophysical well logs if available:* *Attached* ☐ *If not, well logs within one mile* ☐
Depth of the top of the salt below ground surface (feet):
Depth to the bottom of the salt below ground surface (feet):
Depth(s) to and thickness(es) of any anhydrite section(s) (located above the salt):
Depth of casing(s) shoe below ground surface (feet):_____ Is the casing shoe set in the anhydrite or other layer above the salt? Yes ☐ No ☐ Is the casing shoe set into the salt? Yes☐ No☐ If yes, how far into the salt?_____
Depth of tubing(s):
Do you suspect that your cavern has partially caved in? Yes☐ No☐ Don't know☐
OPERATIONS: *Please provide the following information.*
Start date of brine well operation:
Total volume of fresh water injected into the brine well to date (bbls) and how determined:

Total volume of brine water produced (bbls) to date and how determined:
Have you ever lost casing or tubing? If yes, please provide details. Document attached ☐
Do you maintain a surface pressure on your well during idle times? Yes☐ No☐
Have you noticed large amounts of air built up during cavity pressurization? Yes☐ No☐
Have you ever noticed fluids or air/gas bubbling up around the casing during testing or normal operations? Yes☐ No☐
MONITORING: ***Please provide the following information.***
Are you currently monitoring ground water contamination from your brine well or system? Yes ☐ No☐
Have you ever run a sonar log? Yes☐ No☐ *If yes,* please provide last date:_____
Provide cavern configuration (dimensions and volume) and method(s) used to estimate: If sonar report please attach ☐ *If other, please specify and provide a sketch of cavern:* ☐
Do you have a subsidence monitoring program in place? Yes ☐ No☐
Do you have any geophysical monitoring devices, such as a seismic device positioned near your brine well? Yes ☐ No☐
Have you submitted all of your monthly, quarterly, or annual reports to the OCD? Yes ☐ No☐
Have you failed a brine well mechanical integrity test (MIT)? If yes, please attach details and results. Attached ☐
Have you ever had a casing leak? Yes ☐ No☐ Have you ever had a cavern leak? Yes ☐ No☐ Don't know ☐ Have you ever exceeded the cavern fracture pressure? Yes ☐ No☐ Don't know ☐ Do you know how to calculate your maximum pressure? Yes ☐ No☐ Don't know ☐
Have you routinely looked for cracks or fissures in the ground surface around your brine well? Yes ☐ No☐
Do you have any minor or major cracks, fissures, tank settlement, line breakage from settlement or any minor subsidence. Yes ☐ No☐
During operations have you experienced any ground vibration, ground movement, or well movement after opening or shunting valves, pump start-up, shut-down, etc.? Yes☐ No☐

Have you ever experienced unexpected pressure gain or loss in the cavern? Yes☐ No☐ If Yes, was there a difference in your normal flow rate? Yes☐ No☐
Anytime during the past 5 years, have you experienced a noticeable difference between fresh water volume pumped into the well verses brine water produced? Yes ☐ No☐
Are you concerned about pulling the tubing due to the fact it may be difficult to re-enter the hole? Yes☐ No☐
Are you concerned about running a sonar tool in fear of losing tool because of debris in hole? Yes☐ No☐
Have you ever conducted a fly over of your well site? No☐ *Yes☐ if yes, please provide photo.* ☐ *Photo(s) attached*
Calculation: Please divide your estimated total volume of produced brine by 180,000 and multiply by 50. ***Example:*** If you have produced a total of 18,000,000 bbls of brine in the life time of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. 1. Provide the calculated number above here:_____. 2. Now provide the depth (ft) from the surface to your casing shoe:_____ . Is the calculated number found in #1 above greater than #2? Yes☐ No☐
Comments or recommendations for OCD:

"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_____

Date:_____

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, July 25, 2008 4:21 PM
To: Hansen, Edward J., EMNRD; Price, Wayne, EMNRD
Cc: Sanchez, Daniel J., EMNRD
Subject: RE: PR-Secretary Prukop Proposes Stricter Conditions on Brine Wells State-wide
Attachments: image001.jpg; image007.jpg

Ed, Wayne, et. al:

Based on my records and knowledge of current activities at NMOCD BWs, my tally is as follows:

There are a total of 15 active UIC Class III Brine Well Permits (excluding BW-5 JWS & BW-6 I&W)

There are currently 13 active UIC Class III Brine Wells in operation (BW-2; BW-4; BW-8; BW-9; BW-12; BW-13; BW-22; BW-25; BW-27 Wells 1 & 2; BW-28; BW-30; and BW-31)

There are currently 6 brine wells that have actually been PA'd including: BW-5 JWS Collapse w/ Site Closure; BW-6 Eugenie #2; BW-21 Loco Hills Well #1 recently PA'd; BW-26 Salado Brine Sales; BW-29 Marbob; & William Brininstool.

There are currently 3 pending PAs of BWs including: BW-6 Eugenie #1 w/ Site Closure; BW-18 Key w/ redrill; and BW-19 Key w/ redrill.

There are currently 5 inactive brine wells (BW-5 Collapse w/ Site Closure; BW-6 needs PA Eugenie #1 w/ Site Closure; BW-18 needs PA w/ redrill; BW-19 needs PA w/ redrill; and BW21 needs redrill)

Let me know how we need to straighten RBDMS out. Please contact me if you have questions. Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
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: Hansen, Edward J., EMNRD
Sent: Wednesday, July 23, 2008 5:56 PM
To: Price, Wayne, EMNRD
Cc: Chavez, Carl J, EMNRD
Subject: FW: PR-Secretary Prukop Proposes Stricter Conditions on Brine Wells State-wide

Wayne,
Jane and I tallied these numbers off of RBDMS (you may want to double check).

From: Hansen, Edward J., EMNRD
Sent: Wednesday, July 23, 2008 5:54 PM
To: Porter, Jodi, EMNRD
Subject: RE: PR-Secretary Prukop Proposes Stricter Conditions on Brine Wells State-wide

Jodi,

We counted (from our database: RBDMS):

16 Active Brine Wells

11 Plugged and Abandoned Brine Wells

2 Inactive Brine Wells

From: Porter, Jodi, EMNRD
Sent: Wednesday, July 23, 2008 5:00 PM
Subject: PR-Secretary Prukop Proposes Stricter Conditions on Brine Wells State-wide

New Mexico Energy, Minerals and Natural Resources Department

July 23, 2008

NEWS RELEASE

Contact: Jodi McGinnis Porter,
Public Information Officer 505.476.3226

Energy, Minerals and Natural Resources Cabinet Secretary Joanna Prukop Proposes Stricter Conditions on Brine Wells State-wide

Artesia brine well collapse prompts statewide review

SANTA FE, NM – Secretary Joanna Prukop has directed the Oil Conservation Division (OCD) to conduct a complete evaluation of the rules and regulations concerning brine wells, a method of creating saturated salt water used in oil and gas production. The OCD evaluation will include an internal audit and inspection of all existing brine wells in New Mexico. Secretary Prukop is considering strengthening oversight of brine wells to protect against well failures such as the recent collapse in Artesia that created a huge sinkhole and forced the closure of an Eddy County road.

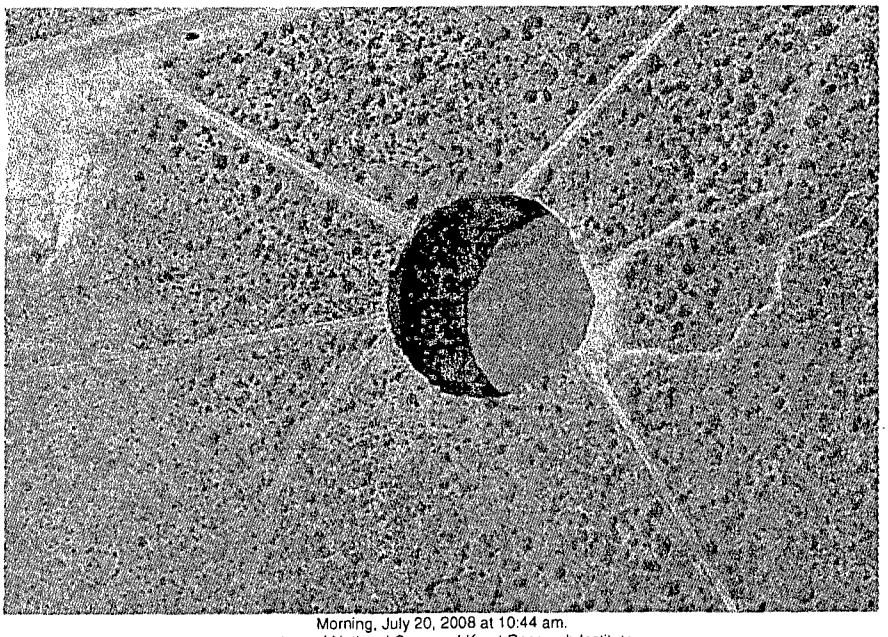
"There are several brine wells in New Mexico and we must ensure that they are all properly monitored to ensure safety and stability," stated Cabinet Secretary Joanna Prukop. "We have now seen that these wells can collapse and the extensive damage such a collapse can generate."

The Oil Conservation Division is continuing to monitor and investigate the collapse of the brine well, located on state trust land 17.3 miles southeast of Artesia, which is still active. The well is owned by Jim's Water Service. County Road 217 remains closed as a safety precaution, and a command center is on site. Division engineers estimate that the well is approximately 300 to 400 feet in diameter, 70 feet to the water level, and the actual depth to the bottom is unknown.

Scientists from the Oil Conservation Division, the Bureau of Land Management, State Land Office, the New Mexico Bureau of Geology and Mineral Resources, and the National Cave & Karst Research Institute are all working together to assess horizontal and vertical movements to project any future subsidence. Work on a protective fence and keep-out signage began yesterday with completion expected on Friday.

In a related issue, the Oil Conservation Division has also been closely monitoring a brine well operated by I & W, Inc located in Carlsbad, NM. Yesterday, following ongoing inquiries from OCD the operator decided voluntarily to stop operation of the well The division will work with I & W, Inc. to ensure that the well is properly plugged, permanently abandoned, and monitored for the long term.

Images provided on the brine well collapse are courtesy of National Cave and Karst Research Institute:



Morning, July 20, 2008 at 10:44 am.
courtesy of National Cave and Karst Research Institute

Morning, July 22, 2008
courtesy of National Cave and Karst Research Institute

#30#

The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

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Jodi

Jodi McGinnis Porter
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7/29/2008

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