

BW - _____6_____

OCD Facility Contingency Plan

2009

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, November 04, 2009 11:16 AM
To: Dade, Randy, EMNRD
Subject: FW: Contingency Plan for BW006

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) 476-3490
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")

From: VonGonten, Glenn, EMNRD
Sent: Tuesday, November 04, 2008 1:20 PM
To: iwcarlsbad@plateautel.net
Cc: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Contingency Plan for BW006

Lisa Rice, Kevin Wilson:

As we discussed, OCD is requiring I & W to submit a contingency plan for its brine well in Carlsbad by close of business on Friday, November 7, 2008 to both the Eddy County Emergency Management Service and to OCD. The contingency plan should include the following:

- 1) Contact list with phone numbers and email addresses for all organizations that I & W would need to contact if it were to detect subsidence or collapse at its brine well, including the Eddy County EMS, State Police, Carlsbad Police and Fire Departments, OCD District II office in Artesia and OCD Santa Fe office, etc.
- 2) Daily surveillance plan, including a log, that records I & W's daily inspections of the brine well and vicinity.
- 3) Weekly monitoring plan, including a log, that records I & W's weekly survey of its survey points.
- 4) Action plan for decommission the brine well by disconnecting all power, plumbing, and supply and production pipelines, etc. so that if a collapse occurs, the damage to surrounding infrastructure is minimized.

The intent of these additional requirements is so that if a collapse occurs, I & W will already have gone the process of preparing lists for contacting the appropriate organizations and plans for monitoring the brine well.

If you have any questions, please contact me - Wayne Price and Carl Chavez will be out of the office for several days.

*Glenn von Gonten
Senior Hydrologist
Environmental Bureau
Oil Conservation Division*

1220 South St. Francis Drive
Santa Fe, NM 87505
505-476-3488
fax -476-3462
glenn.vongonten@state.nm.us

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, November 04, 2009 11:16 AM
To: Dade, Randy, EMNRD
Cc: VonGonten, Glenn, EMNRD
Subject: I & W Facility (BW--6) New Drilling in proximately to I&W brine well

Randy:

FYI.

I am about to forward over a ½ mile AOR APD Contingency Plan and relevant information for the Carlsbad I&W Facility that you need to be aware of. You may not be aware of this as correspondence was sent to Tim Gum in the past.

Please refer to the note below that started a Contingency Plan and contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
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1220 South St. Francis Dr., Santa Fe, New Mexico 87505
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E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Price, Wayne, EMNRD
Sent: Thursday, November 13, 2008 4:51 PM
To: Gum, Tim, EMNRD; Chavez, Carl J, EMNRD
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD; Fesmire, Mark, EMNRD
Subject: New Drilling in proximately to I&W brine well

Dear Tim, please screen all APD's that would be within ½ mile radius of the Carlsbad I&W plugged brine well. The OCD Environmental Bureau would like to have the opportunity to assess the situation to determine if it would have an impact on the brine well.

Thank You.

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

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, April 22, 2009 3:07 PM
To: 'Overbay.Michael@epamail.epa.gov'
Subject: Dept. of Homeland Security & Emergency Management Contacts

Mike:

The contacts are as follows:

Mail address is the same

State of New Mexico Department of Homeland Security & Emergency Management
P.O. Box 27111
Santa Fe, NM 87502

Timothy W. Manning, State Director
Phone: (505) 476-1051
Fax: (505) 476-1057
E-mail: tim.manning@state.nm.us

John J. Martinez, Deputy Director
Phone: (505) 476-9655
Cell: (505) 228-7950
Fax: (505) 476-9695
E-mail: JohnJ.Martinez@state.nm.us

Preparedness Bureau

Susan C. Walker, Bureau Chief
State of New Mexico Preparedness Bureau
P.O. Box 27111
Santa Fe, NM 87502

Phone: (505) 476-9640
Cell: (505) 690-2340
Fax: (505) 476-9695
E-mail: susan.walker@state.nm.us

Thanks.

Carl J. Chavez, CHMM
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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, April 01, 2009 6:10 PM
To: Griswold, Jim, EMNRD
Cc: VonGonten, Glenn, EMNRD
Subject: FW: I & W Brine Well (BW-6) Carlsbad, NM

Jim:

Can you send your white paper to Mark Cartwright ASAP. Thanks.

I am providing a link to the OCD Online file "Subsidence Monitoring Thumbnail" and "Permits" and "Gen. Correspondence (early info.) for well info., history that may help Mark. Thanks.

OCD Online BW-6 (click on "Subsidence Monitoring Reports" thumbnail)
<http://ocdimage.emnrd.state.nm.us/imaging/AEOrderFileView.aspx?appNo=pENV0000BW0007>

Thanks.

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

From: MCartwright@unitedbrine.com [mailto:MCartwright@unitedbrine.com]
Sent: Wednesday, April 01, 2009 5:51 PM
To: Chavez, Carl J, EMNRD
Subject: Re: I & W Brine Well (BW-6) Carlsbad, NM

Can you send history?
Mark J. Cartwright
713.877.2634
www.texasbrine.com

From: "Chavez, Carl J, EMNRD" [CarlJ.Chavez@state.nm.us]
Sent: 04/01/2009 05:46 PM CST
To: Mark Cartwright
Cc: "VonGonten, Glenn, EMNRD" <Glenn.VonGonten@state.nm.us>; "Griswold, Jim, EMNRD" <Jim.Griswold@state.nm.us>
Subject: RE: I & W Brine Well (BW-6) Carlsbad, NM

Thanks Mark. When you approached me after the meeting on Friday, there was an immediate sense of urgency to act quickly instead of later. Consequently, the OCD was looking for immediate action indications from you so we may act

immediately if necessary. We are meeting with the Office of Homeland Security tomorrow morning and based on your response below, taking immediate measures may not transpire. Will keep you posted..... Thanks.

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

From: MCartwright@unitedbrine.com [<mailto:MCartwright@unitedbrine.com>]
Sent: Wednesday, April 01, 2009 5:31 PM
To: VonGonten, Glenn, EMNRD; Chavez, Carl J, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Griswold, Jim, EMNRD
Subject: Re: I & W Brine Well (BW-6) Carlsbad, NM

Glenn -

I just landed in Charlotte. Please forgive this late reply. As to urgency, it's difficult to gauge without more information. Please forward anything available and I will give you my opinion. Much of my initial response has simply to do with the cavern's size and depth. I think another important factor would be the length of time, and percent of production, since the early 80's change in mining mode, (direct to reverse).

It should be clear, there are professionals far more qualified than I, to consult OCD on the risk of collapse. I am happy to help in any way possible, but a much better assessment can be made by either of those gentlemen referred to you in my previous email. Nonetheless, I would like to review the history, particularly as it compares to the other problem wells.

Regards,
Mark J. Cartwright
713.877.2634
www.texasbrine.com

From: "VonGonten, Glenn, EMNRD" [Glenn.VonGonten@state.nm.us]
Sent: 04/01/2009 03:20 PM CST
To: Mark Cartwright; "Chavez, Carl J, EMNRD" <CarlJ.Chavez@state.nm.us>
Cc: "Sanchez, Daniel J., EMNRD" <daniel.sanchez@state.nm.us>; "Griswold, Jim, EMNRD" <Jim.Griswold@state.nm.us>
Subject: RE: I & W Brine Well (BW-6) Carlsbad, NM

Mark,

This afternoon was the first time that I have been able to speak with our boss, Director Mark Fesmire. Jim Griswold put together a history of the I&W brine well. He decided to bring the I&W situation immediately to the attention of the Secretary of the Energy, Minerals and Natural Resources Department, Johanna Prukop. I presented the site history and gave her a copy of your email. She is very concerned about the possibility of a collapse, as we all are. She requested

that I get in touch with you ASAP to find out how urgent that you feel the situation may be and whether you would be willing to talk about it with us.

Please give me a call at 505-476-3488 at your earliest convenience. Carl Chavez may be reached at 505-476-3490.

Thanks,

Glenn von Gonten
505-476-3488

From: Mark Cartwright [mailto:mcartwright@unitedbrine.com]
Sent: Wednesday, April 01, 2009 10:10 AM
To: Chavez, Carl J, EMNRD
Cc: Sanchez, Daniel J., EMNRD; VonGonten, Glenn, EMNRD; Griswold, Jim, EMNRD
Subject: Re: I & W Brine Well (BW-6) Carlsbad, NM

Hello folks - some quick thoughts and recommendations on the Carlsbad brine well.

- Emergency response/contingency plan involving State/County/City
- Every attempt should be made to characterize the cavern
 - Well construction
 - Production history
 - Estimated dimensions
 - Local/regional geology, (stratigraphy and structure)
 - Stability model - Geomechanical study by Respec or PB-ESS, (Dr. Van Sambeek and Dr. Ratigan, respectively)
 - Given cavern's sensitive location, several steps might be considered
 - High resolution seismic survey
 - Subsidence monitoring
 - Re-entry for direct monitoring
 - Seismic probe
 - Pressure probe
 - Well and cavern logging
 - If risk is found intolerable, develop concepts for possible backfilling
 - Sand
 - Crushed limestone
 - Salt from potash mine
 - If backfilling or other stabilization methods are prohibitive, consider ultimate failure with marginal impact
 - Reroute roadways and utilities
 - Reroute irrigation canal
 - Relocate homeowners and businesses

It was a pleasure meeting you. I wish you all the best and look forward to any future opportunities.

Mark

"Chavez, Carl J, EMNRD" <CarlJ.Chavez@state.nm.us>

03/27/2009 06:08 PM

To <mcartwright@unitedbrine.com>
cc "Sanchez, Daniel J., EMNRD" <daniel.s
EMNRD" <Glenn.VonGonten@state.nm
<Jim.Griswold@state.nm.us>



Mark:

Could you please send me an e-mail on the immediate concerns you have with the I & W brine well that you discussed with me after the meeting on Friday, March 27, 2009?

Also, any other immediate concerns that you have.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
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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>
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This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Griswold, Jim, EMNRD
Sent: Monday, March 09, 2009 9:04 AM
To: VonGonten, Glenn, EMNRD; Chavez, Carl J, EMNRD; Price, Wayne, EMNRD
Subject: BW-6

Here is a synopsis regarding I&W's brine operation in Carlsbad; BW-6:

Depth to ground water in this area is about 50 ft bgs.

The first well, Eugenie #1 (see attached aerial photo), was installed using a cable tool rig in August of 1978. The depth to salt (top of Salado) is 456 ft bgs where the casing was set. The tubing was set at a depth of 574 ft. Fresh drinking water from the city introduced down the annulus and brine produced up the tubing. During 1979, brine produced at a rate of just over 600 bbl/day. The production was insufficient for their needs so a second well, Eugenie #2, was installed by cable tool 325 ft NW of the first well in late-November of 1979. The casing on this well was set to only 285 ft (top of Rustler) with tubing down to a depth of 583 feet. The salt was fractured between the two wells and fresh water was introduced down the tubing of Eugenie #2 and brine produced from the tubing in Eugenie #1. During 1980 brine was sold at an average rate of more than 1,200 bbl/day. From January thru September of 1981 the rate of brine production was nearly 1,700 bbl/day.

The facility was first permitted by the OCD on December 18, 1982 (GWB-5) operated by Permian Brine Sales & Service based in Odessa. B&E, Inc. of Hobbs owned the land and took over operations in July 1983, with Permian still a minority partner. EID took over regulatory responsibility in September 1983 and the permit renewed by EID in 1987 as DP-323. OCD regains oversight in June 1989. During first six months of 1989 average brine production is about 400 bbl/day.

Ownership transfers to I&W in July 1995. April 1996 discharge permit renewal requires subsidence monitoring on regular basis. No reporting of subsidence monitoring exists in our files. During 1995-1996, OCD repeatedly tries to schedule integrity testing and cavern survey without success and orders I&W to cease brine production on October 11, 1996. This finally gets their attention as sonar survey of extraction well, Eugenie #1, completed on October 19, 1996. Cavern roof appears to be 135 ft across and 45 ft high (452 to 497 ft bgs) w/ capacity of 31,000 bbls. System goes back into service thereafter. Sonar profile shows highly symmetric conical cavern, which would not make sense given the mode of operation (i.e. 2-well system). This might be explained by the lack of a complete survey as the bottom of sonar log is perhaps 75 feet above the full tubing depth.

During cavern pressure testing in November 1999, injection well shows brine leakage at surface and NOV is issued. Eugenie #2 is plugged per OCD direction in January 2000. OCD tells I&W to install 3 monitoring wells to check for groundwater contamination. I&W installs 2 wells in March 2000, testing shows no indications of chloride contamination. I&W returns to single-well brine production using only Eugenie #1 after retesting in June 2000.

Renewal application of January 29, 2001 states brine production at only 200 bbl/day, though average daily production for the prior quarter is 647 bbl/day. Ramps up to 1,650 bbl/day by 2nd quarter of 2006.

Sonar log run August 2007 from 435 to 474 ft bgs (again, only scanned the uppermost portions of the cavern). Maximum diameter of 158 ft and volume of 48,000 bbls.

Jim's Water Service brine well collapse occurs on July 16, 2008. Eugenie #2 shut in on July 22nd, then plugged on October 1, 2008. OCD requests contingency plan by November 7, 2008 which would include daily surveillance and weekly monitoring but no such plan from I&W is in our files. When speaking with Dave Harrell of BLM late last week, he mentioned something having being submitted to Eddy County by I&W, but his recollection of Joel Arnwine's review of that document said it left a whole lot to be desired.

The diagram (attached) for subsidence monitoring provided by I&W in May of 2007 indicates 3 benchmarks, 2 of which are too far away from brine well. A graph of quarterly fresh water injection and brine production is also attached. Between 1989 and the end of the first quarter of 2007, the facility reports production of 2,874,230 bbls of brine while injecting only 1,868,115 bbls of fresh water. If accurate, this would mean that the brine solution was 35% salt by volume and the cavern would have grown by just over one million barrels over that time (21 times larger than surveyed).

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



BW-6 aerial.pdf



benchmark
diagram.pdf



BW-6
production.pdf

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, February 17, 2009 8:11 AM
To: Griswold, Jim, EMNRD
Cc: VonGonten, Glenn, EMNRD; Sanchez, Daniel J., EMNRD
Subject: FW: Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy Document (I & W, Inc. Carlsbad, NM- BW-006)

Jim:

Per Daniel Sanchez, we need to post the BW-6 (I & W Inc.) Internal Application Permit to Drill Area of Review Document and Final Contingency Plan when it is complete and place it on OCD Online for "BW-6." A thumbnail entitled, "Contingency Plan" and "APD Half-Mile Area of Review" may be appropriate thumbnails. Also, OCD needs to send copies to I & W w/ a copy to David Herrell of BLM & EPA so they know what we have done.

Let me know if I can help. 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) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oed/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Sanchez, Daniel J., EMNRD
Sent: Monday, February 16, 2009 7:52 AM
To: Chavez, Carl J, EMNRD
Cc: Bonham, Sherry, EMNRD
Subject: RE: Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy Document (I & W, Inc. Carlsbad, NM- BW-006)

Carl,

Go ahead with your request.

From: Chavez, Carl J, EMNRD
Sent: Friday, February 13, 2009 3:52 PM
To: Sanchez, Daniel J., EMNRD
Cc: Bonham, Sherry, EMNRD
Subject: FW: Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy Document (I & W, Inc. Carlsbad, NM- BW-006)

Daniel:

Per your request. If you guys approve, I think this should be scanned into OCD Online BW-6 under a thumbnail "OCD APD AOR ½ Mile Internal Policy w/ Date." Just a recommendation so we show what we're doing on these brine wells. Also, the final Contingency Plan that Jim is working on may need to be posted under "Facility Contingency Plan w/ Date." 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

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

From: Chavez, Carl J, EMNRD
Sent: Friday, January 30, 2009 11:12 AM
To: Chavez, Carl J, EMNRD; VonGonten, Glenn, EMNRD
Cc: Price, Wayne, EMNRD; Griswold, Jim, EMNRD; Gum, Tim, EMNRD; Sanchez, Daniel J., EMNRD
Subject: RE: Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy Document (I & W, Inc. Carlsbad, NM- BW-006)

Daniel:

Per our meeting this morning, Wayne requested that the final draft be forwarded to you, since OCD District 2 Office may need to develop an internal policy or something in writing with procedures in order to comply with the attached document. Please let me know if I can assist.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
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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, January 29, 2009 4:35 PM
To: VonGonten, Glenn, EMNRD
Cc: Price, Wayne, EMNRD; Griswold, Jim, EMNRD; Gum, Tim, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy Document (I & W, Inc. Carlsbad, NM- BW-006)

Glenn:

Please find attached my final version of the attached policy with Jim Griswold's and your comments included. Wayne may want to review it too? I believe it is ready to send to:

Kevin Wilson at I & W, Inc.
Dave Herrell at BLM

Copy: Tim Gum- District 2 & Jim Griswold- EB

Note that Jim Griswold is reviewing I & W, Inc.'s Contingency Plan (CP) and the finalized CP should be routed to the above persons and I & W, Inc. needs to contact the LEPC, Eddy County Hazmat, State Police, etc., and provide them each with a copy of the CP with any and all communication and cooperation necessary for these agencies to become more familiar with the I & W, Inc. facility and emergency response at the facility. Perhaps some mach brine collapse safety drills could be performed at the facility? Dave Herrell agrees that the Eddy County Emergency Plan should include the I & W, Inc. facility.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, January 29, 2009 4:35 PM
To: VonGonten, Glenn, EMNRD
Cc: Price, Wayne, EMNRD; Griswold, Jim, EMNRD; Gum, Tim, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy Document (I & W, Inc. Carlsbad, NM- BW-006)
Attachments: BW-6 APD Adviosry Internal Policy 1-29-09.docx

Glenn:

Please find attached my final version of the attached policy with Jim Griswold's and your comments included. Wayne may want to review it too? I believe it is ready to send to:

Kevin Wilson at I & W, Inc.
Dave Herrell at BLM

Copy: Tim Gum- District 2 & Jim Griswold- EB

Note that Jim Griswold is reviewing I & W, Inc.'s Contingency Plan (CP) and the finalized CP should be routed to the above persons and I & W, Inc. needs to contact the LEPC, Eddy County Hazmat, State Police, etc., and provide them each with a copy of the CP with any and all communication and cooperation necessary for these agencies to become more familiar with the I & W, Inc. facility and emergency response at the facility. Perhaps some mach brine collapse safety drills could be performed at the facility? Dave Herrell agrees that the Eddy County Emergency Plan should include the I & W, Inc. facility.

Thank you.

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

**New Mexico Energy, Minerals
& Natural Resources Department
Oil Conservation Division**

**Internal Application Permit to Drill (APD)
Area-of-Review (1/2 Mile) Staff Policy for:**

**I & W Inc. Eugenie Brine Extraction Facility (BW-006)
SW/4 SW/4 Sec. 17, T 22 S, R 27 E
Eddy County**

January 30, 2009

**OCD District 2 (Artesia)
OCD Environmental Bureau (Santa Fe)**

Introduction:

The Oil Conservation Division hereby establishes a ½ mile Area of Review (AOR) for all APDs surrounding the existing brine wells at the I & W, Inc. facility (BW-006). The facility consists of two brine wells, the Eugenie Well No. 1 & 2. The brine wells are located on I & W Inc. property in Carlsbad just south of the intersection of U.S. Hwy. 285 and the Pecos Highway south (see Figure 1).



Figure 1

Brine Operation:

There was a two-brine well extraction system in operation, until Well No. 2 was plugged and abandoned in 1999. Well No. 1 was plugged and abandoned on 10/31/2008 (see Table 1 below).

API WellNo	Comments	Well Name (Ongard)	Well#	Legal (Ongard)	N/S	E/W	Well Name (Non Ongard)	WellNo	S-T-R	County	Well Status
30-015-22574	[N 32.38813 W 104.21817]	EUGENIE	001	M 17 22S 27E	995 S	641 W	Eugenie	001	17-22S-27E	Eddy	10/31/2008
30-015-23031		EUGENIE	002	M 17 22S 27E	1288 S	497 W	Eugenie	002	17-22S-27E	Eddy	1999

Table 1

Well Construction:

Well No. 1 was constructed with 9 5/8" casing set to 350 ft. bgl. The well was drilled to 663 ft. (see Table 2) and 7" casing was set at 456 ft. bgl. Tubing was set at a depth of about 601 ft. bgl before plug and abandonment.

Well No. 2 was constructed with 5 1/2" casing set at 285 ft. bgl. Tubing consisted of 2 7/8" tubing, which was perfed at 335 ft. bgl.

P.B.S. & S.
BOX 1381
DRENNAN, TEXAS 75760

JUNE 30, 1972

SALT A 1

0 to 46	TOP SOIL WITH GRAVEL
46 to 58	SAND & GRAVEL
58 to 62	CLAY
62 to 64	RED BED
64 to 76	RED SAND
76 to 107	GRAVEL
107 to 163	BROWN CLAY w/GRAVEL & SAND
163 to 170	RED BED
170 to 178	CLAY VERY HARD
178 to 225	RED BED
225 to 237	ANHYDRITE & RED BED
237 to 252	CLAY & ANHYDRITE w/SOME GYP.
252 to 268	RED BED
268 to 285	CLAY w/GYP. STRONGER
285 to 305	GYP. w/CLAY & RED BED
305 to 320	GYP. & ANHYDRITE
320 to 328	RED BED
328 to 350	ANHYDRITE w/CLAY & SAND
350 to 410	RED BED & ANHYDRITE
410 to 430	ANHYDRITE w/SOME CLAY
430 to 437	GRAY LIME (HARD) & ANHYDRITE
437 to 445	ANHYDRITE
445 to 450	ANHYDRITE & GRAY LIME
450 to 455	SALT
455 to 467	SALT & DARK LIME
467 to 470	SALT & BLUE SHALE VERY BRITTLE
470 to 492	SALT
492 to 663	ANHYDRITE

Table 2

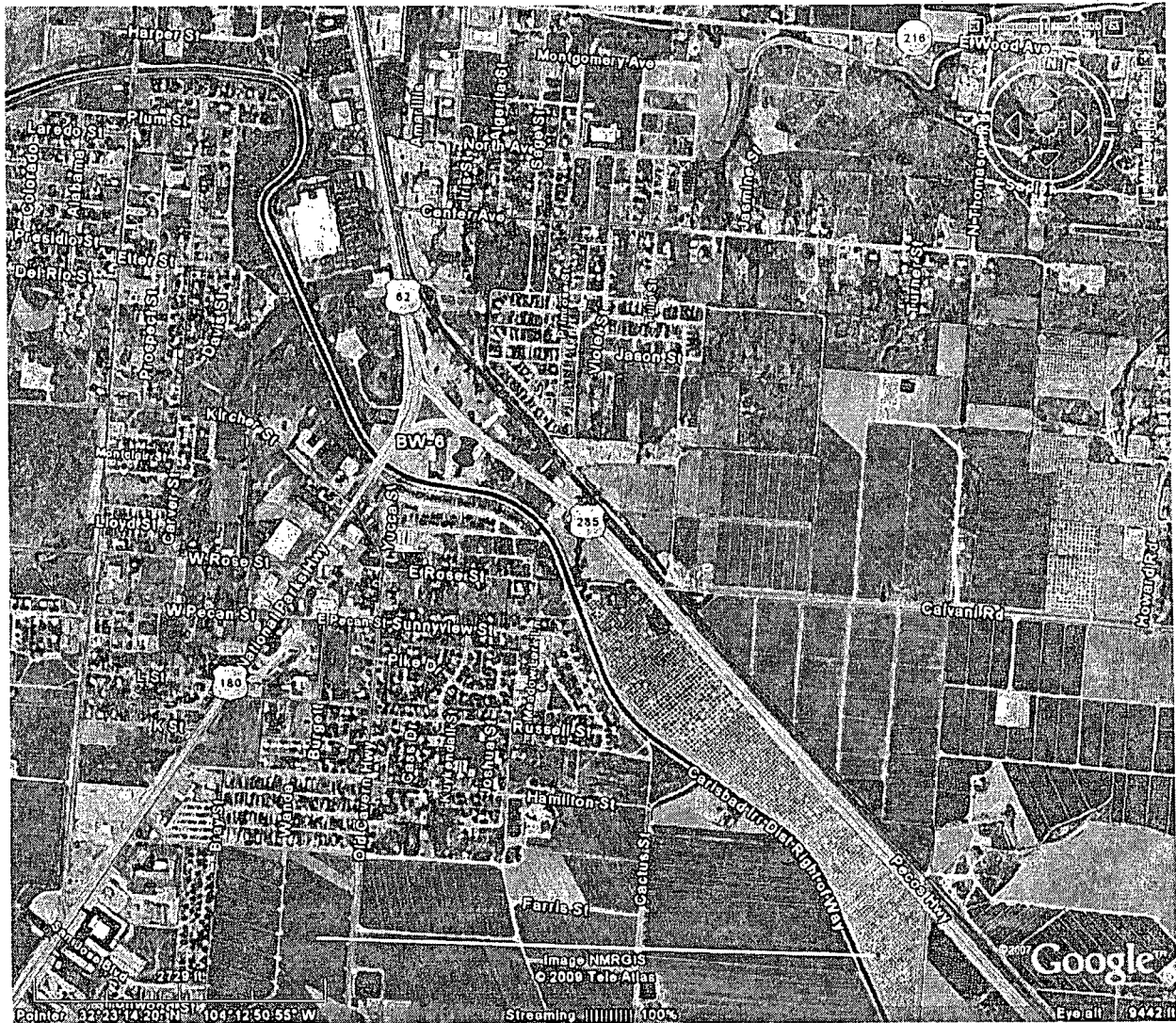


Figure 2

Owner/Operator Actions:

I & W Inc. voluntarily and permanently shut-in the brine well on July 22, 2008. The well was later plugged and abandoned on October 31, 2008. These actions were undertaken after the Jims Water Service (BW-005) brine well collapse on July 16, 2008 as a precautionary measure by the owner/operator. Due to its shallow depth and location in the City of Carlsbad, the brine well cavern is in close proximity to many infrastructure features, e.g., roads, railroads; irrigation canal, etc. (see Figures 2 & 3).



Figure 3

Internal APD AOR (1/2 mile) Policy:

More recently, the Loco Hills Brine Well No. 1 (BW-21) just north of Loco Hills, New Mexico collapsed in November of 2008. Brine Well No. 1 was plugged and abandoned on 7/7/2008. The collapse may have been caused by the drilling of a well that took on water at a similar depth interval and suspected by the OCD of being hydrogeologically connected with the salt cavern at Brine Well No. 1. Consequently, the collapse at Brine Well No. 1 may have been caused by the dewatering and/or loss of pressure in the cavern, which resulted in the destabilization of the ground around Brine Well No. 1. To avoid this in the future from occurring at this facility (BW-6), the OCD has developed an Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy (see Figure 4).



Map by: Jim Griswold, NMOCD

Figure 4

Eddy County Emergency Response Plan:

Ground water most likely to be affected by a spill, leak, or accidental discharge to the surface is at a depth of approximately 45 feet with a TDS of approximately 200 mg/L. The brine well discharge permit addresses well construction, operation, monitoring of the well, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks and other accidental discharges in order to protect fresh water. However, the discharge permit does not address a catastrophic collapse scenario. The OCD is currently working with I & W Inc. to complete a Contingency Plan in addition to working with the Eddy County Hazmat, State Police and the Local Emergency Planning Committee (LEPC- Fire Marshal). OCD will require I & W, Inc. to submit a copy of its final Contingency Plan to the Eddy County Hazmat responders. In addition, the OCD will recommend to Eddy County that it's Emergency Plan include a scenario for a

potential brine well collapse scenario from this facility in the interest of public health and safety.



Map by: Jim Griswold, NMOCD

Figure 5

Internal Application Permit to Drill (APD) Area-of-Review (1/2 Mile) Staff Policy:

OCD District 2 shall contact the Environmental Bureau whenever it receives any APDs located within a 1/2 mile Area-of-Review (AOR) from the brine wells at this facility (see Figures 4 - 6). District Office 2 staff and/or the District Supervisor shall make the preliminary determination and internally discuss the determination for approval and/or denial jointly with the Environmental Bureau Staff and/or Bureau Chief to reach consensus on a final determination.



Map by: Jim Griswold, NMOCD

Figure 6

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Wednesday, January 28, 2009 4:33 PM
To: Shallon Finkbone; Chavez, Carl J, EMNRD
Cc: Griswold, Jim, EMNRD
Subject: RE:

Received. Jim Griswold will evaluate and get back with you.

From: Shallon Finkbone [mailto:shallon@iandwinc.com]
Sent: Wednesday, January 28, 2009 3:09 PM
To: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD
Subject:

I was asked by Mr. Kevin Wilson to email you the following.

Thanks,

Shallon

This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Shallon Finkbone [shallon@iandwinc.com]
Sent: Wednesday, January 28, 2009 3:09 PM
To: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD
Attachments: KEVIN.doc; kevin110708.tif

I was asked by Mr. Kevin Wilson to email you the following.

Thanks,

Shallon

This inbound email has been scanned by the MessageLabs Email Security System.

January 28, 2009

New Mexico State Oil Conservation Division
1220 S St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Mr. Wayne Price
Environmental Bureau Chief

Attached are documents sent to you by email per your request November 7, 2008. Copies were distributed by I & W Inc.'s Safety Director, Dale Janway, at that time to the Eddy County Emergency Service Coordinator (given to the administrative assistant, since Joel Arnwine was in Las Vegas) and to Carlsbad Fire Chief, Mike Reynolds.

On Tuesday, January 27, Dale Janway also hand delivered copies to the state police personnel on the updated request and redelivered 2 copies to Joel Arnwine, and left a copy for Robert Braider, who is under the direct supervision of Joel Arnwine. Joel noted that he had received the copy dated November 7, 2008 and was going to email verification of receipt of the document to you as soon as he had the time.

Please review this and let us know as quickly as possible your concerns and additional action we need to take to resolve this apparent miscommunication problem. This is a very serious and important issue to I & W Inc.

Sincerely,

Kevin Wilson
Operation Manager

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Wednesday, January 28, 2009 9:28 AM
To: Chavez, Carl J, EMNRD; 'iwcarsbad@plateautel.net'; 'Shallon Finkbone'; Griswold, Jim, EMNRD
Cc: 'Herrell@blm.gov'; Sanchez, Daniel J., EMNRD
Subject: RE: I & W BW-6

Jim, follow thru on this via telephone, they do not respond to E-mail

From: Chavez, Carl J, EMNRD
Sent: Thursday, January 22, 2009 5:01 PM
To: iwcarsbad@plateautel.net; Shallon Finkbone
Cc: Price, Wayne, EMNRD; Herrell@blm.gov; Sanchez, Daniel J., EMNRD
Subject: I & W BW-6

Kevin, Lisa and/or Shallon, et al:

It has come to the OCD's attention that I & W has not contacted the Eddy County Hazmat Coordinator, Robert Braider. It is imperative that your facility establish communication with local responders in the event of an emergency.

Some Internet links to assist you with local contacts for communication which may include the following:

Local Emergency Planning Committee (LEPC) Local Fire Chiefs/Marshals are considered the LEPC in many locations.
<http://www.carlsbadnm.com/ecourt/lepc.html>

Hazard Mitigation Plan Eddy County, New Mexico
<http://www.eddyoem.com/2006eddyhazardmitigationplan.pdf>

The OCD had requested a Contingency Plan (see e-mail msg. below) by November 7, 2008. The OCD has yet to receive the Contingency Plan. Please contact me with a date for receipt of the Contingency Plan. In addition, a call to your LEPC, State Police, etc. will raise the awareness in the event of an emergency and they have resources and ideas to assist I & W. Thank you.

From: VonGonten, Glenn, EMNRD
Sent: Tuesday, November 04, 2008 1:20 PM
To: iwcarsbad@plateautel.net
Cc: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Contingency Plan for BWO06

Lisa Rice, Kevin Wilson:

As we discussed, OCD is requiring I & W to submit a contingency plan for its brine well in Carlsbad by close of business on Friday, November 7, 2008 to both the Eddy County Emergency Management Service and to OCD. The contingency plan should include the following:

- 1) Contact list with phone numbers and email addresses for all organizations that I & W would need to contact if it were to detect subsidence or collapse at its brine well, including the Eddy County EMS, State Police, Carlsbad Police and Fire Departments, OCD District II office in Artesia and OCD Santa Fe office, etc.
- 2) Daily surveillance plan, including a log, that records I & Ws daily inspections of the brine well and vicinity.
- 3) Weekly monitoring plan, including a log, that records I & W's weekly survey of its survey points.
- 4) Action plan for decommission the brine well by disconnecting all power, plumbing, and supply and

production pipelines, etc. so that if a collapse occurs, the damage to surrounding infrastructure is minimized.

The intent of these additional requirements is so that if a collapse occurs, I & W will already have gone the process of preparing lists for contacting the appropriate organizations and plans for monitoring the brine well.

If you have any questions, please contact me . Wayne Price and Carl Chavez will be out of the office for several days.

Glenn von Gonten
Senior Hydrologist
Environmental Bureau
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
505-476-3488
fax -476-3462
glenn. von gon ten @state.nm.us

From: David_Herrell@blm.gov [mailto:David_Herrell@blm.gov]
Sent: Thursday, January 22, 2009 2:43 PM
To: Price, Wayne, EMNRD
Subject: I and W

I was working on a hazmat with the Eddy County hazmat coordinator, Robert Braider, and I asked him if I and W had contacted them about contingency planning. If I am not mistaken, you informed them in writing to do so. Robert later checked with all other local agencies and none had been contacted about this contingency planning.

Is this a concern? Le me know.

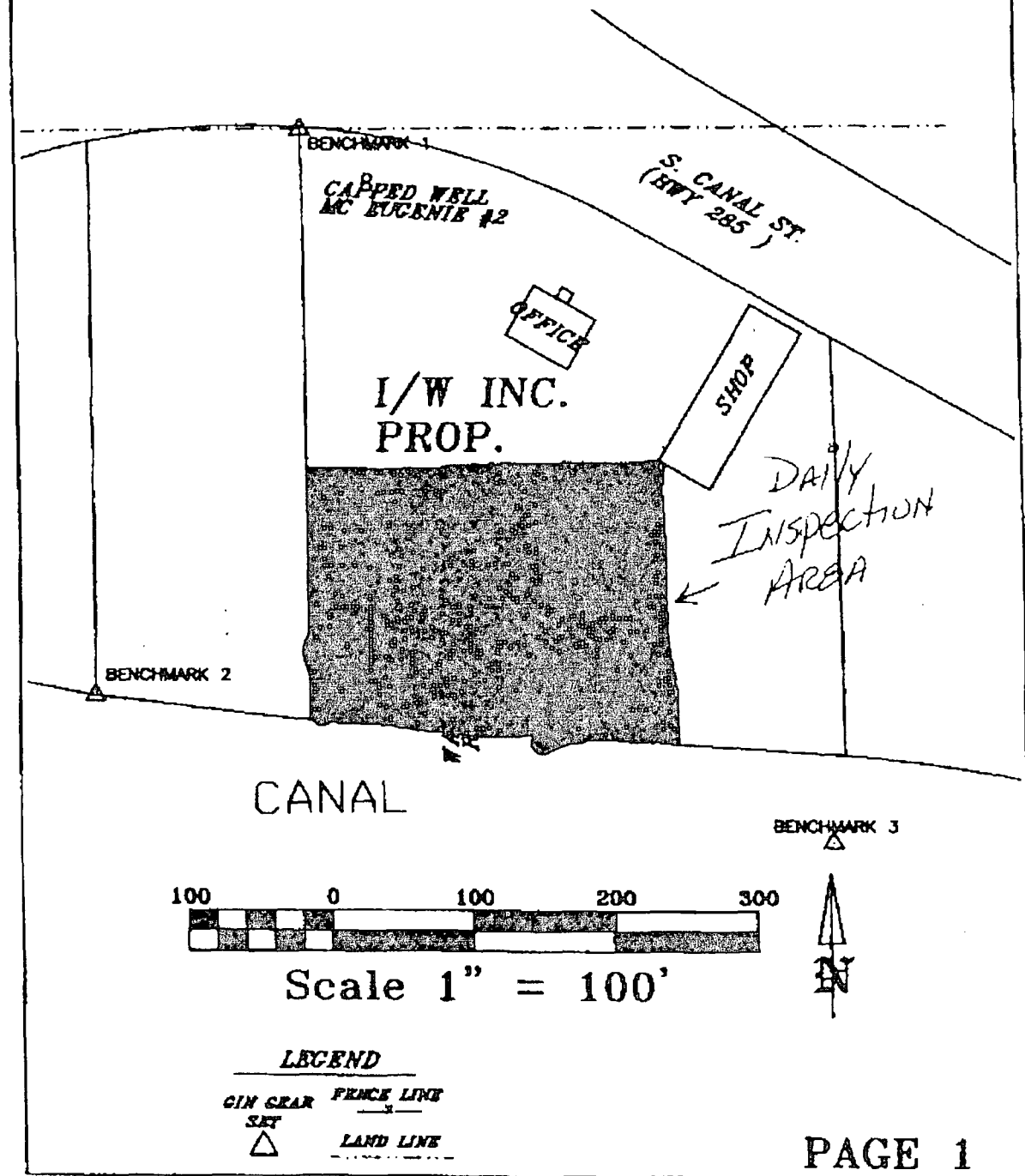
Thanks, Dave

(575) 234-2229, (575) 706-2783.

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")

EXHIBIT A

WELL AND BENCHMARK LOCATION FOR I/W INC. FOR
PURPOSES OF MONITORING GROUND SUBSIDENCE



I&W EMERGENCY PROCEDURES

In the event of a serious accident or injury whether at the worksite, on the way to, or at a location, the following emergency procedures are to be used as a guideline.

1. Immediately notify the appropriate dispatch office by radio or cell phone.
Give as much information as to the accident location and nature of the injury to dispatch as possible.
2. Dispatch will immediately begin notifications including, ambulance and medical services as needed;
 - A. EMS 911
 - B. Sheriff's Office Carlsbad 887-7551 Artesia 746-9888
 - C. State Police Carlsbad 885-3137 Artesia 748-9718
 - D. The pushers or supervisor in charge:

Carlsbad Numbers	Cell	Home
Benjie Trujillo	575-361-4116	575-885-5096
Chris Steward	575-361-4083	575-887-7662
Aaron Lotz	575-361-4029	575-361-1475
Gene Pruitt	575-361-4028	575-885-1232

Lupe Armendariz	575-703-2044	575-748-2522
Roy Bain	575-703-0116	575-677-2157
Ray Bernard	575-703-2045	575-746-4726
Ernie Sanchez	575-703-2042	575-396-7257
George Zednick	575-703-2043	575-746-6536

E. Safety		
Dale Janway	575-703-2046	575-887-3383
Sharon Kunkel	575-302-3073	

F. Management		
Kevin Wilson	575-703-2041	575-365-2444
Lisa Rice	575-200-5877	575-885-6390
Eugene Irby	575-703-5888	575-746-6915

G. Southwest Body & Towing	575-748-3223
----------------------------	--------------

Pusher or supervisor in charge will proceed immediately to the accident scene to assist emergency services in locating the injured person and transporting them in a timely manner. The pusher or supervisor will call on other supervisors or personnel to assist as he sees fit for the circumstances.

The Safety Department, depending on the nature of the injury will either proceed to assist at the accident scene or proceed to the emergency room for the arrival of the injured. The Safety Department will assist in notification, in person, if possible, of the family of the injured. The Safety Department will also assist the family with their immediate needs.

The Operations Manager and the Logistics Manager will immediately proceed to the accident scene with the priority of ensuring the injured individual or individuals are properly on their way to medical treatment. When this is accomplished, they will secure the accident scene and begin the preliminary investigation.

The General Manager will immediately proceed to the proper office (Loco Hills or Carlsbad) and assume overall management, including communication as needed with emergency services, law enforcement, regulatory officials, and media. All press releases or communications regarding the accident will be issued or cleared through the General Manager.

I & W, Inc. Eugene BW006
Daily Surveillance Plan

Date	Name	Observation of BW006 and Vicinity	
1. 11/4	KEVIN	Well head OK, NO CRACKS IN CEMENT, NO CRACKS IN GROUND OBSERVED IN WALK-AROUND	OK
2. 11/5	KEVIN	✓	OK
3. 11/6	KEVIN	✓	OK
4. 11/7	KEVIN	✓	OK
5.			
6.			
7.			
8.			
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15.			
16.			
17.			
18.			
19.			
20.			

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, January 23, 2009 11:44 AM
To: Gum, Tim, EMNRD
Subject: FW: I and W

Could you please contact me today about this matter? 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: Price, Wayne, EMNRD
Sent: Thursday, January 22, 2009 3:06 PM
To: David_Herrell@blm.gov
Cc: Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: RE: I and W

Carl, please handle immediately before you leave today. Also, I want in writing an internal procedure to make sure no APD is approved within ½ mile of the I&W site without our over site. Please contact Tim Gum on this issue. I do not any verbal understanding it must be in writing. If this is a problem please get Daniel Involved.

From: David_Herrell@blm.gov [mailto:David_Herrell@blm.gov]
Sent: Thursday, January 22, 2009 2:43 PM
To: Price, Wayne, EMNRD
Subject: I and W

I was working on a hazmat with the Eddy County hazmat coordinator, Robert Braider, and I asked him if I and W had contacted them about contingency planning. If I am not mistaken, you informed them in writing to do so. Robert later checked with all other local agencies and none had been contacted about this contingency planning.

Is this a concern? Le me know.

Thanks, Dave

(575) 234-2229, (575) 706-2783.

This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, January 23, 2009 10:58 AM
To: 'Shallon Finkbone'; 'iwcarlsbad@plateautel.net'
Cc: VonGonten, Glenn, EMNRD
Subject: FW: FW: I & W (BW-6)

Shallon, Kevin, et al:

Some contact info. to assist you with the contingency plan and establishing communication with responders in the event of an emergency. 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: David_Herrell@blm.gov [mailto:David_Herrell@blm.gov]
Sent: Friday, January 23, 2009 10:02 AM
To: Chavez, Carl J, EMNRD
Cc: Dave_D_Evans@blm.gov; George_MacDonell@nm.blm.gov; RobertPawelek@nm.blm.gov
Subject: RE: FW: I & W BW-6

Joel Arnwine, Eddy County Emergency Manager-(575) 8853581, (C) (575) 361-3404

Robert Braider, Eddy County Hazmat Coordinator-(575) 200-9393.

NMSP Dispatch, ask for SGT Chris Clements (575) 622-7200.

NMSP Carlsbad Office, SGT Bill Jenkins, (575) 885-3138, (C) (575) 361-3351.

NMSP SGT Javier Moncada, Eddy County, (575) 469-6917,

I and W (575) 885-6662.

Let me know if you need anything else, (575) 706-2783.

Thanks, Dave.

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Chavez, Carl J, EMNRD

From: David_Herrell@blm.gov
Sent: Friday, January 23, 2009 10:02 AM
To: Chavez, Carl J, EMNRD
Cc: Dave_D_Evans@blm.gov; George_MacDonell@nm.blm.gov; RobertPawelek@nm.blm.gov
Subject: RE: FW: I & W BW-6

Joel Arnwine, Eddy County Emergency Manager-(575) 8853581, (C) (575) 361-3404

Robert Braider, Eddy County Hazmat Coordinator-(575) 200-9393.

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NMSP SGT Javier Moncada, Eddy County, (575) 469-6917,

I and W (575) 885-6662.

Let me know if you need anything else, (575) 706-2783.

Thanks, Dave.

This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, January 23, 2009 9:03 AM
To: 'David_Herrell@blm.gov'
Subject: RE: FW: I & W BW-6

David:

I appreciate it. If you are able, and you have any contacts w/ phone numbers, etc. for me to forward to I & W Inc. so they may get going, this may help.

Shouldn't be too hard to locate the Fire Department and State Police. The name you provided to Eddy Co. Hazmat did not have a phone number and I was not successful in a google search of finding contact info. for Eddy Co. Hazmat.

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: David_Herrell@blm.gov [mailto:David_Herrell@blm.gov]
Sent: Friday, January 23, 2009 8:55 AM
To: Chavez, Carl J, EMNRD
Subject: Re: FW: I & W BW-6

Let me know if I can be of assistance.

Thanks, Dave.

This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: David_Herrell@blm.gov
Sent: Friday, January 23, 2009 8:55 AM
To: Chavez, Carl J, EMNRD
Subject: Re: FW: I & W BW-6

Let me know if I can be of assistance.

Thanks, Dave.

This inbound email has been scanned by the MessageLabs Email Security System.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, January 22, 2009 5:05 PM
To: VonGonten, Glenn, EMNRD
Subject: FW: I & W BW-6

Glenn:

FYI, I'm following up on the contingency plan that you had requested and per David Herrell's note, I & W needs to contact the LEPC, State Police, etc. to discuss their potential for brine well collapse, and other issues associated with a collapse there.

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: Thursday, January 22, 2009 5:01 PM
To: 'iwcarlsbad@plateautel.net'; 'Shallon Finkbone'
Cc: Price, Wayne, EMNRD; 'Herrell@blm.gov'; Sanchez, Daniel J., EMNRD
Subject: I & W BW-6

Kevin, Lisa and/or Shallon, et al:

It has come to the OCD's attention that I & W has not contacted the Eddy County Hazmat Coordinator, Robert Braider. It is imperative that your facility establish communication with local responders in the event of an emergency.

Some Internet links to assist you with local contacts for communication which may include the following:

Local Emergency Planning Committee (LEPC) Local Fire Chiefs/Marshals are considered the LEPC in many locations.
<http://www.carlsbadnm.com/ecourt/lepc.html>

Hazard Mitigation Plan Eddy County, New Mexico
<http://www.eddyoem.com/2006eddyhazardmitigationplan.pdf>

The OCD had requested a Contingency Plan (see e-mail msg. below) by November 7, 2008. The OCD has yet to receive the Contingency Plan. Please contact me with a date for receipt of the Contingency Plan. In addition, a call to your LEPC, State Police, etc. will raise the awareness in the event of an emergency and they have resources and ideas to assist I & W. Thank you.

From: VonGonten, Glenn, EMNRD
Sent: Tuesday, November 04, 2008 1:20 PM
To: iwcarlsbad@plateautel.net
Cc: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Contingency Plan for BWO06

Lisa Rice, Kevin Wilson:

As we discussed, OCD is requiring I & W to submit a contingency plan for its brine well in Carlsbad by close

of business on Friday, November 7, 2008 to both the Eddy County Emergency Management Service and to OCD. The contingency plan should include the following:

- 1) Contact list with phone numbers and email addresses for all organizations that I & W would need to contact if it were to detect subsidence or collapse at its brine well, including the Eddy County EMS, State Police, Carlsbad Police and Fire Departments, OCD District II office in Artesia and OCD Santa Fe office, etc.
- 2) Daily surveillance plan, including a log, that records I & Ws daily inspections of the brine well and vicinity.
- 3) Weekly monitoring plan, including a log, that records I & W's weekly survey of its survey points.
- 4) Action plan for decommission the brine well by disconnecting all power, plumbing, and supply and production pipelines, etc. so that if a collapse occurs, the damage to surrounding infrastructure is minimized.

The intent of these additional requirements is so that if a collapse occurs, I & W will already have gone the process of preparing lists for contacting the appropriate organizations and plans for monitoring the brine well.

If you have any questions, please contact me . Wayne Price and Carl Chavez will be out of the office for several days.

Glenn von Gonten
Senior Hydrologist
Environmental Bureau
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
505-476-3488
fax -476-3462
glenn.von.gon.ten@state.nm.us

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Sent: Thursday, January 22, 2009 2:43 PM
To: Price, Wayne, EMNRD
Subject: I and W

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Is this a concern? Le me know.

Thanks, Dave

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New Mexico Energy, Minerals & Natural Resources Dept.
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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>

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Monday, November 17, 2008 4:38 PM
To: Price, Wayne, EMNRD; VonGonten, Glenn, EMNRD; 'iwcarlsbad@plateautel.net'
Cc: Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: RE: Contingency Plan for BW006

In addition, it appears your plan is reactionary, which is good, but you should anticipate other scenarios, such as the canal, highway, power lines, flooding, etc. I would recommend you hire a safety consultant to put together a plan that is reactionary and anticipates planned events. Are you concerned about your employees on site with heavy truck traffic over the wells?

From: Price, Wayne, EMNRD
Sent: Monday, November 17, 2008 4:29 PM
To: VonGonten, Glenn, EMNRD; 'iwcarlsbad@plateautel.net'
Cc: Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: RE: Contingency Plan for BW006

Dear Kevin, about a week ago I E-mailed you to indicate that your plan may be deficient. I did not hear back from you. Let me know if you get this E-mail.

I did not see the Carlsbad Irrigation District on your list, did I miss that. What I want you to do is get an aerial photo, maybe from Google and draw a worst case scenario around your facility and supply us with it. Also, when we were there last we saw a lot of water over the site and some problems with containment. Please make sure those items are corrected before our next inspection. You should provide a plan to keep water off of the site, especially over the well cavity.

From: VonGonten, Glenn, EMNRD
Sent: Tuesday, November 04, 2008 1:20 PM
To: iwcarlsbad@plateautel.net
Cc: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Contingency Plan for BW006

Lisa Rice, Kevin Wilson:

As we discussed, OCD is requiring I & W to submit a contingency plan for its brine well in Carlsbad by close of business on Friday, November 7, 2008 to both the Eddy County Emergency Management Service and to OCD. The contingency plan should include the following:

1) Contact list with phone numbers and email addresses for all organizations that I & W would need to contact if it were to detect subsidence or collapse at its brine well, including the Eddy County EMS, State Police, Carlsbad Police and Fire Departments, OCD District II office in Artesia and OCD Santa Fe office, etc.

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If you have any questions, please contact me - Wayne Price and Carl Chavez will be out of the office for several days.

Glenn von Gonten
Senior Hydrologist
Environmental Bureau
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
505-476-3488
fax -476-3462
glenn.vongonten@state.nm.us

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Monday, November 17, 2008 4:29 PM
To: VonGonten, Glenn, EMNRD; 'iwcarlsbad@plateautel.net'
Cc: Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: RE: Contingency Plan for BW006

Dear Kevin, about a week ago I E-mailed you to indicate that your plan may be deficient. I did not hear back from you. Let me know if you get this E-mail.

I did not see the Carlsbad Irrigation District on your list, did I miss that. What I want you to do is get an aerial photo, maybe from Google and draw a worst case scenario around your facility and supply us with it. Also, when we were there last we saw a lot of water over the site and some problems with containment. Please make sure those items are corrected before our next inspection. You should provide a plan to keep water off of the site, especially over the well cavity.

From: VonGonten, Glenn, EMNRD
Sent: Tuesday, November 04, 2008 1:20 PM
To: iwcarlsbad@plateautel.net
Cc: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Contingency Plan for BW006

Lisa Rice, Kevin Wilson:

As we discussed, OCD is requiring I & W to submit a contingency plan for its brine well in Carlsbad by close of business on Friday, November 7, 2008 to both the Eddy County Emergency Management Service and to OCD. The contingency plan should include the following:

- 1) Contact list with phone numbers and email addresses for all organizations that I & W would need to contact if it were to detect subsidence or collapse at its brine well, including the Eddy County EMS, State Police, Carlsbad Police and Fire Departments, OCD District II office in Artesia and OCD Santa Fe office, etc.
- 2) Daily surveillance plan, including a log, that records I & W's daily inspections of the brine well and vicinity.
- 3) Weekly monitoring plan, including a log, that records I & W's weekly survey of its survey points.
- 4) Action plan for decommission the brine well by disconnecting all power, plumbing, and supply and production pipelines, etc. so that if a collapse occurs, the damage to surrounding infrastructure is minimized.

The intent of these additional requirements is so that if a collapse occurs, I & W will already have gone the process of preparing lists for contacting the appropriate organizations and plans for monitoring the brine well.

If you have any questions, please contact me - Wayne Price and Carl Chavez will be out of the office for several days.

Glenn von Gonten
Senior Hydrologist

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fax -476-3462
glenn.vongonten@state.nm.us*

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, November 10, 2008 8:46 AM
To: VonGonten, Glenn, EMNRD; 'iwcarlsbad@plateautel.net'
Cc: Price, Wayne, EMNRD; Sanchez, Daniel J., EMNRD
Subject: RE: Contingency Plan for BW006

I am in the office today (Monday), out Tuesday, and back in Wednesday – Friday. Please contact me if I may be of assistance in this matter. 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: VonGonten, Glenn, EMNRD
Sent: Tuesday, November 04, 2008 1:20 PM
To: iwcarlsbad@plateautel.net
Cc: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Contingency Plan for BW006

Lisa Rice, Kevin Wilson:

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P.O. BOX 98
LOCO HILLS, NEW MEXICO 88255

New Mexico State Oil Conservation Division

November 7, 2008

1220 S. St. Francis Drive

Santa Fe, New Mexico 87505

Attn: Mr. Wayne Price

Environmental Bureau Chief

As per your request, I & W, Inc. has distributed a copy of our emergency contact list to the Eddy County Emergency Management Service Coordinator and the City of Carlsbad fire Department.

The daily surveillance plan including logs and weekly subsidence monitoring plan have been implemented and are being documented.

I & W, Inc. has disconnected all production lines connected to the Eugenie #1 (BW006), as well as all electrical power.

Sincerely,

Kevin Wilson

Operation Manager

ARTESIA
(505) 748-4214
1 (800) 748-1972

CARLSBAD
(505) 885-6663
1 (800) 858-2739

LOCO HILLS
(505) 677-2111
1 (800) 748-1972



P.O. BOX 98
LOCO HILLS, NEW MEXICO 88255

INTEROFFICE MEMO

TO: Affected Personnel
FROM: Kevin Wilson / Lisa Rice
DATE: 11-6-08
SUBJECT: Update – Brine Well Collapse Emergency Contact List

cc: Eugene Irby
Dale Janway

Listed below are emergency contact numbers and e-mail addresses to be immediately notified in case of Brine Well collapse. (I&W Emergency Procedures Attached)

CARLSBAD POLICE & FIRE DEPARTMENT

911

EDDY COUNTY EMERGENCY MANAGEMENT SERVICE (EMS) 911 OR 887-7551

STATE POLICE (CARLSBAD OFFICE)

885-3137

TIM GUM – ARTESIA O.C.D.

575-748-1283 Cell: 575-626-0824

Tim.Gum@state.nm.us

WAYNE PRICE – ALBUQUERQUE O.C.D.

505-476-3490 Cell: 505-795-1222

Home: 505-892-6643

Wayne.Price@state.nm.us

GLENN vonGONTEN – SANTA FE O.C.D.

505-476-3488 FAX: 505-476-3462

Glenn.vongonten@state.nm.us

Chavez, Carl J, EMNRD

From: VonGonten, Glenn, EMNRD
Sent: Tuesday, November 04, 2008 1:20 PM
To: iwcarlsbad@plateautel.net
Cc: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Contingency Plan for BW006

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, October 31, 2008 10:06 AM
To: 'Shallon Finkbone'
Subject: RE:

Thank you.

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

From: Shallon Finkbone [mailto:shallon@iandwinc.com]
Sent: Friday, October 31, 2008 9:28 AM
To: Price, Wayne, EMNRD; Chavez, Carl J, EMNRD
Subject:

I was asked by Mr. Kevin Wilson with I&W Inc. to send this to you. If you have any replies please send them to iwcarlsbad@plateautel.net.

Thank you

This inbound email has been scanned by the MessageLabs Email Security System.
