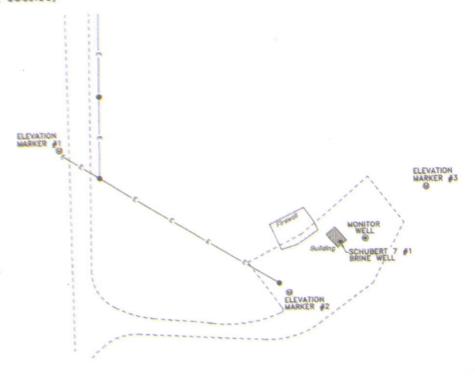
BW - 31

SUBSIDENCE MONITORING REPORTS

DATE:

SECTION 7, TOWNSHIP 19 SOUTH, RANGE 39 EAST, N.M.P.M., NEW MEXICO.



ELEVATION MARKER #4

RASIEN SURVEYS P.O. BOX 1766-HOBBS, NEW MEXICO

NOTE: ELEVATIONS ARE ON BLACK MARK ON NORTH SIDE OF PVC CASING.

EW MENIOD STATE PLANE COORDINATES (NADB3)

MELL	NOR THING	EASTING	LATTUDE	LONGITUDE	ELEVA HON
DN-1	611,304,81	925484.92	32'40'27.52"	103'05'05.71"	3591.65
DW-2	611100.65	925800.71	32'40'25.46"	#03'05'02.05"	3586.37
DW-3	811/248 47	925997.42	32'40'26.90"	103'04'59.79"	3586.23
King at	#10005 15	925561,84	32'40'23.76"	103'05'04.86"	3586.94

REVISION #	DATE	DESCRIPTION
F	SEPT. 8, 2015	DRIGNAL SURVEY
2	DEC. 15, 2015	RESURVEY-NO CHANGE IN ELEVATIONS
3	APRIL 12, 2016	RESURVEY-NO CHANGE IN ELEVATIONS
4	JULY 26, 2016	RESURVEY-NO CHANGE IN ELEVATIONS
5	OCTOBER 27, 2016	RESURVEY-NO CHANGE IN ELEVATIONS
ŝ	February 6, 2017	RESURVEY-NO CHANGE IN ELEVATIONS
7	May 11, 2017	RESURVEY-NO CHANGE IN ELEVA HONS
8	AUGUST 30, 2017	RESURVEY-NO CHANGE IN ELEVATIONS
9	JANUARY 10, 2018	RESURVEY-NO CHANGE IN ELEVATIONS
10	MAY 1, 2018	RESURVEY-NO CHANGE IN ELEVATIONS
jt#	SEPTEMBER 5, 2018	RESURVEY-NO CHANGE IN ELEVATIONS
12	JANESARY 15, 2019	RESURVEY-NO CHANGE IN ELEVATIONS
LJ.	MAY 7, 2019	RESURVEY-NO CHANGE IN ELEVATIONS

100 0 100 200 FEET

SCALE: 1" = 100'

H.R.C. INC.

REF: ELEVATION MARKERS

ELEVATION MARKERS LOCATED IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 39 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

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: <u>CarlJ.Chavez@state.nm.us</u>

Website: http://www.emnrd.state.nm.us/ocd/index.htm (Pollution Prevention Guidance is under "Publications")

Bill Richardson

Covernor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



November 14, 2008

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:

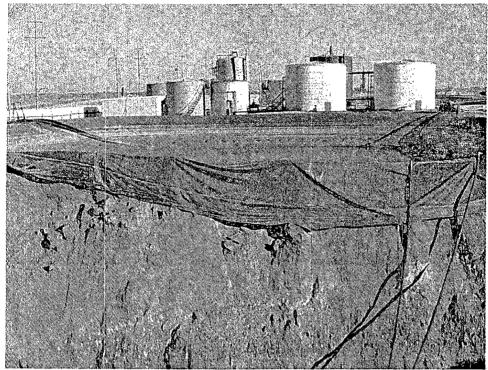


Loco Hills brine well collapse, morning, November 7, 2008, sinkhole with fresh water pond in foreground.

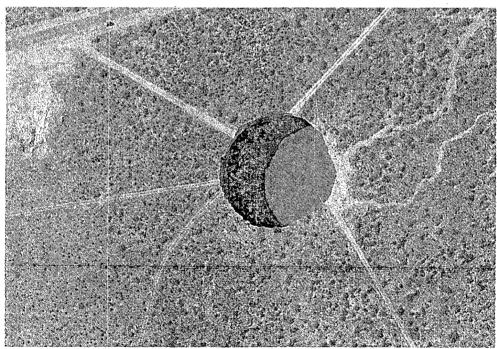
Photo courtesy of Oil Conservation Division



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 11:50 AM

To: 'ziatransports@gmail.com'; 'jrmillett@gmail.com'; 'Patterson, Bob'; Philliber, Mark;

'rharrisnm@aim.com'; 'gandy2@leaco.net'; 'David Pyeatt'; 'garymschubert@aol.com'

Cc: Price, Wayne, EMNRD; Sanchez, Daniel J., EMNRD; Hill, Larry, EMNRD; Gum, Tim, EMNRD

Subject: Brine Well Sonar Testing Requirement with this season's upcoming MIT Schedule 2009

Gentlemen:

Re: MITs and OCD Sonar Test Requirement

Good morning. It is that time of season when the OCD requests your proposed MIT schedule. The OCD is requiring a sonar test in addition to the MIT this season. The OCD objective is to complete the MITs on or before July 31, 2009. If circumstances require it, the deadline for MITs may be extended to on or before October 31, 2009. Please contact me within 30 days to schedule your MIT and sonar test with date and time that you prefer. Note that brine well operators scheduled for the annual OCD 4-hr. formation MIT may conduct the EPA 5-Yr. 30 minute MIT (+/- 10% to pass) at 300 – 500 psig on casing in lieu of the OCD annual formation MIT this season.

After reviewing the site files and your responses to the recent OCD questionnaire following the Jims Water Service (BW-5) brine well collapse SE of Artesia in Eddy County on 7/16/2008, and the more recent collapse at Loco Hills (BW-21) in Eddy County on 11/3/2008, the OCD is requiring Sonar Testing along with your MIT this season to assess the configuration of your brine well cavern and any threats to public health and safety in your areas. The OCD is focused on the maturity of brine wells and the "Calculation" from the recent questionnaire attempts to assess brine well maturity by comparing the total brine production relative to the depth of the brine well casing shoe. This is one of the reasons why fresh water and brine well production record reporting to the OCD is so critical. Any operators that are planning to plug and abandon their brine wells are required by the OCD to conduct a sonar test of the well in advance of plugging and abandonment. Also, the OCD requires that the brine cavern be filled with brine fluid as this adds structural stability to the cavern and well. This will be required in a C-103 approved with conditions by the OCD. Currently, 3 brine well operators have been required by the OCD to conduct sonar testing within 30 days due to the maturity issue mentioned above. The OCD is continuing to assess its EPA Class III Brine Well program and will keep you updated on improvements and/or changes as needed.

If you feel that your brine well is too new to require sonar testing or a sonar was recently completed at your brine well, please provide the basis for requesting an exemption to this OCD sonar test requirement ASAP for OCD approval.

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

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")

HRC, INC. P. O. Box 5102 Hobbs, NM 88241-5102 Phone # (575) 393-6662 Fax # (575) 393-6662

September 3, 2008

Mr. Wayne Price Environmental Bureau Chief Oil Conservation Division 1220 South Saint Francis Drive Santa Fe, NM 87505

RE: BW-031

Dear Mr. Price:

I am enclosing the response to the "Brine Well Information Request". In reviewing the questions, I realized that I have neglected to file the annual water volume production reports, the analysis of injection fluid and brine reports, and the monitor well test results that were due 1/31/08. The water volume productions reports are included in the attached "brine well information request". However in the next 45 days, I will complete the other data and send a complete package of all deficient information for your review.

I apologize for my omission and assure you that I will achieve compliance in this matter at the earliest date possible. Please see attached report and please contact me if I can be of further assistance (575-393-6662 or garymschubert@AOL.com). Thank you for your cooperation.

Sincerely,

GMS/gp

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 HRC, INC. Well Name(s) SCHUBERT 7 No. 1
API Number 30-025-36781 Brine Well Permit # BW - 031
Date Permit Expires? 6/22/2011
Location: Section 7 Ts 19 Rg 39 FNL FSL 2313 FEL 2313 FWL GPS of well(s): Lat: Long: 103° 04' 59.41" # SEE 32°40' 25.78" 103° 04' 59.41" ATTACHE
Have you reviewed and understand all of your permit conditions? Yes ⊌ No□
Are you presently deficient of any condition in your permit? Yes PNoD Don't knowD
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 Not
Do you think OCD should provide guidelines on subsidence and collapse issues? Yes! Not
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:
. 75 MILE NORTHEAST (HOUSE) * SEE ATTACHED
Distance and direction to nearest water well if less than one mile:
. 60 MILE NORTHEAST (IRR. WELL)
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:
NONE



Distance and direction to nearest producing oil or gas well(s) if less than one mile:
Provide API Number: , 25 MILE WEST TEILOGY OPERATING
Distance and direction to nearest tank battery(ies) if less than one mile:
SAME AS ABOVE: API# 30-025-37736 -
Distance and direction to nearest pipeline(s), including fresh water pipelines if less than one
mile: .30 MILE
Distance and direction to nearest paved or maintained road or railroad if less than one mile:
.65 MILE LEACOUNTY ROAD H-63
Depth to ground water found above the Salado (salt section), regardless of yield:
80 FEET
Name of aquifer(s):
OGALALLA
WELL CONSTRUCTION: Please provide the following information and attach a diagram depicting the brine well. Check box if attached: ** CEE ATTACHED
Copy of a current well diagram: Attached
Copy of formation record with tops: Attached
Copy of geophysical well logs if available: Attached \square If not, well logs within one mile \square
Depth of the top of the salt below ground surface (feet):
11B00 to 18B0
Depth to the bottom of the salt below ground surface (feet):
2900
Depth(s) to and thickness(es) of any anhydrite section(s) (located above the salt):
1700 TO 1775 APPROK. 100' DEPTH
Depth of casing(s) shoe below ground surface (feet):
Is the easing shoe set in the anhydrite or other layer above the salt? Yes V No U
Is the casing shoe set into the salt? Yes Now If yes, how far into the salt? Depth of tubing(s):
2300
Do you suspect that your cavern has partially caved in? Yes NoL Don't know
bo you hanpeet that your envernment partners, enver in 1952 1762 2500 this
OPERATIONS: Please provide the following information.
Start date of brine well operation:
OCTOBER 2006
Total volume of fresh water injected into the brine well to date (bbls) and how determined:
556,600 BBL BY METER

* SEE ATTACHED

Total volume of brine water produced (bbls) to date and how determined: ESTIMATED BY
561,100 BBL RUNTIME OF PUMP
Have you ever lost casing or tubing? If yes, please provide details. Document attached
140
Do you maintain a surface pressure on your well during idle times? Yes Not
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 Note
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
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 \(\subseteq \text{NoW}
Do you have any geophysical monitoring devices, such as a seismic device positioned near your brine well? Yes \(\Boxed{\text{Ves}}\) No
Have you submitted all of your monthly, quarterly, or annual reports to the OCD? Yes I Note See ATTACHED LETTER
Have you failed a brine well mechanical integrity test (MIT)? If yes, please attach details and results. Attached [] No
Have you ever had a casing leak? Yes \(\Delta\) Not Don't know \(\Delta\) Have you ever had a cavern leak? Yes \(\Delta\) Not Don't know \(\Delta\) Have you ever exceeded the cavern fracture pressure? Yes \(\Delta\) Not Don't know \(\Delta\) Do you know how to calculate your maximum pressure? Yes \(\Delta\) Not Don't know \(\Delta\) Have you routinely looked for cracks or fissures in the ground surface around your brine well? Yes \(\Delta\) Not
Do you have any minor or major cracks, fissures, tank settlement, line breakage from settlement or any minor subsidence. Yes \(\Delta \) Now
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 Not

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 \(\) Not Are you concerned about pulling the tubing due to the fact it may be difficult to re-enter the hole? Yes \(\) Not Are you concerned about running a sonar tool in fear of losing tool because of debris in hole? Yes \(\) Not Have you ever conducted a fly over of your well site? Not \(Yes \) 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. \(\) 561, 100 \(\) 180,000 \(\) 55 1. Provide the calculated number above here: \(\) = \(\) 55,86 2. Now provide the depth (ft) from the surface to your casing shoe: \(\) 1865 Is the calculated number found in #1 above greater than #2? Yes \(\) Not Comments or recommendations for OCD: \(\) WOULD BE WILLING TO PROVIDE '' FLY OVER PICTURES AND OR INSTALL SEISMIC MONITOR.	Have you ever experienced unexpected pressure gain or loss in the cavern? If Yes, was there a difference in your normal flow rate?	Yes□ Yes□	NoL NoC
Are you concerned about running a sonar tool in fear of losing tool because of debris in hole? Yes Not Have you ever conducted a fly over of your well site? Not 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. Provide the calculated number above here: Now provide the depth (ft) from the surface to your casing shoe: 1865 Is the calculated number found in #1 above greater than #2? Yes Not Comments or recommendations for OCD:			n fresh
Have you ever conducted a fly over of your well site? Note 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. Provide the calculated number above here:	Are you concerned about pulling the tubing due to the fact it may be difficul hole? Yes Now	t to re-ente	er the
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: = 155,86 2. Now provide the depth (ft) from the surface to your casing shoe: 1865 Is the calculated number found in #1 above greater than #2? Yes□ Note Comments or recommendations for OCD:	Are you concerned about running a sonar tool in fear of losing tool because of Not.	of debris i	n hole?
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. 561,100 ÷ 180,000 × 50 1. Provide the calculated number above here: = 155,86 2. Now provide the depth (ft) from the surface to your casing shoe: 1865 Is the calculated number found in #1 above greater than #2? Yes \(\text{Not} \) Not Comments or recommendations for OCD:	photo.	olease pro	vide
I WOULD BE WILLING TO PROVIDE "FLY OVER	multiply by 50. Example: If you have produced a total of 18,000,000 bbls of time of the well then your calculation would be 18,000,000/180,000 = 100 x 561,100 ÷ 160,000 × 50 1. Provide the calculated number above here: = 155,2 2. Now provide the depth (ft) from the surface to your casing shoe:	of brine in 50 = 500 of 50 = 500 of 5	the life 0.
I WOULD BE WILLING TO PROVIDE "FLY OVER PICTURES AND OR INSTALL SEISMIC MONITO	Comments or recommendations for OCD:		
PICTURES AND OR INSTALL SEISMIC MONITO	I WOULD BE WILLING TO PROVIDE	"FLY	OVER
	PICTURES AND OR INSTALL SEISA	AIC N	RONITO

"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

CARY M. SCHUBERT

Company Representative- print name

Company Representative- Signature

Title PRES:

Date: 9/Z/08

New Mexico Office of the State Engineer POD Reports and Downloads

	o mamping a s	Range: 39E Sect	tions: 7	
NAC	27 X:	Y: Zo	one: Search	Radius:
County: LE	Basi	n:	Number:	Suffix:
Owner Name:	(First)	(Last)	○ Non-Do	mestic ODomestic @All

WATER COLUMN REPORT 10/08/2008

	(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are biggest to smallest)					Depth	Depth	Water	(in feet)	
POD Number	Tws	Rng Sec	qqq	Zone	x	Y	Well	Water	Column	
L 11024	19S	39E 07	1 1 1				227	110	117	
L 11042 EXPL	19S	39E 07	1 2 2				200			
L 03803 APPRO	19S	39 E 07	1 3				120	80	40	
L 03803	19S	39E 07	1 3				120	80	40	
L 11041 EXPL	19S	39E 07	1 3 3				200			
L 03382 APPRO	19S	39E 07	2 2 2				120	65	55	
L 03382	19S	39E 07	2 2 2				120	65	55	

Record Count: 7

New Mexico Office of the State Engineer POD Reports and Downloads

Township: 19	S Range: 39E	Sections: 7	anappanan 4-4-20 Phonasan in 20-20 November 19-20 November 19-20 November 19-20 November 19-20 November 19-20					
NAD27 X:	Y:	Zone:	Search Radius:					
County: LE	Basin:		Number:	Suffix:				
Owner Name: (First)		(Last)	O Non-Domestic	e ODomestic				
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	reet)
Bsn	Tws	Rng Sec	Zone	x	Y	Wells	Min	Max	Avg
L	19S	39E 07				5	65	110	80

Record Count: 5

State of New Mexico

DISTRICT I P.O. Box 1980, Hobbs, NM 88241-1980

Buergy, Minerals and Natural Resources Department

Form C-102 Revised February 10, 1994 Submit to Appropriate District Office

ibmit to Appropriate District Offi State Lease - 4 Copi

DISTRICT II P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

State Lease - 4 Copies Yee Lease - 3 Copies

DISTRICT III 1000 Rio Brezos Rd., Axtec. NM 87410 P.O. Box 2088 Santa Fe, New Mexico 87504-2088

P.O. BOX 2068, SANTA PR. N.M. 87504-2088	WELL LOCATION AND	ACREAGE DEDICATION PLA	AT
API Number	Pool Code	Pool	Name
38-025- 36781		WILE	DCAT -
Property Code	Prop	Well Number	
34123	SCHU	1	
OGRID No.	•	ator Name	Elevation
020077	SAHARA OPER	RATING COMPANY	3585'

Surface Location | Feet from the | North/South line | Feet from the | Bast/West

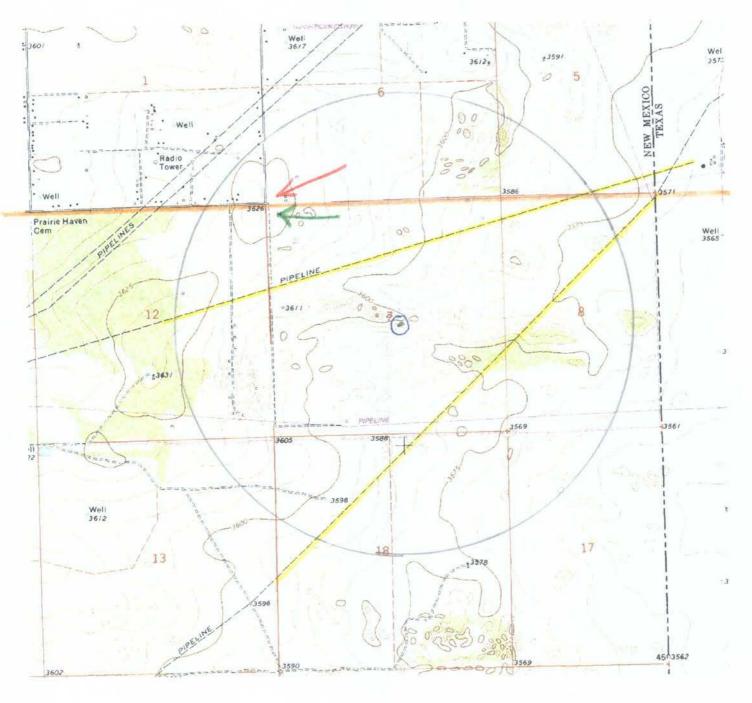
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South Line	Feet from the	East/West line	County
J	7	19-S	39-E		2313'	SOUTH	2313'	EAST	LEA

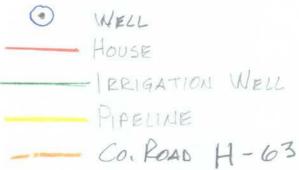
Bottom Hole Location If Different From Surface

			Doccom	Hote Doe	audii ii biiic	rede trom Sur	1400		
UL or lot No.	Section To	wnship	Range	Lot Idn	Feet from the	North/South line	Peet from the	East/West line	County
Dedicated Acres	Joint or in	ruii Co	noitabilese	Code Or	der No.				;
40	N								:

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

OR A NON-STANDARD UNIT HAS BEEN APPROVED	BY THE DIVISION
GEODETIC COORDINATES NAD 27 NME	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belta! Signature ROBERT MCALPINE. Printed Name PRESIDENT
Y=611116.0 N X=884695.7 E LAT.=32'40'25.78" N LONG.=103'04'59.41" W	Title 6/20/04 Date SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.
2313	MAY 5, 2004 Date Surveyord Signature & Seaf of Date Professional Surveyor 04.13.0728 Certificate No. CARY EIDSON 12641





Existing Condition H.R.C., Inc.

Casing: Size: 8 5/8

Depth: 1865'
Hole size: 12.25"

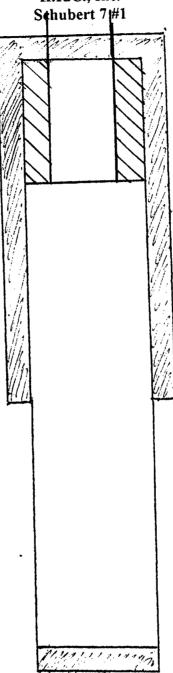
Cmt: 900 sxs TOC: circ. 278 sx.

To pit

Casing: (Liner)

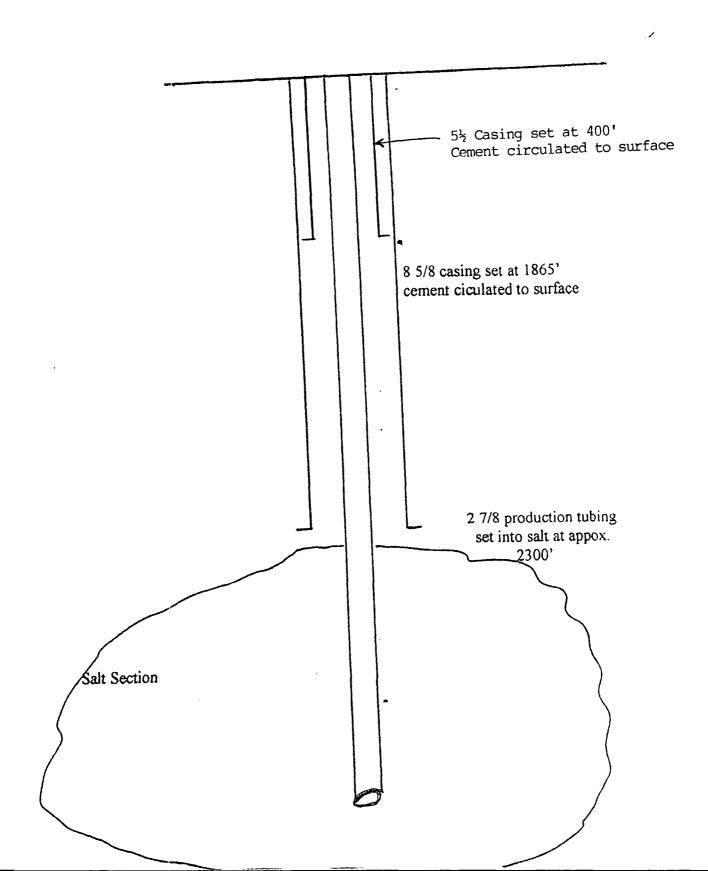
Size: 5½ Depth: 400'

Omt: Circ to surface



Well plugged back to 2947'
(10/8/04)
(See attached C-103
Of 10/11/04)

Proposed completion for HRC Brine Well Schubert 7 #1



INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Division not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 25 through 29 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

_			astern New Mexico			Northwester	n New Mexico	
I. Anh	y <u> </u>	5	T. Canyon	T. Ojo Ala	amo		T. Penn. "B"	
T. Salt	1880)	T. Strawn	T. Kirtlan	d-Fruitla	ind	T. Penn. "C"	
B. Salt	290	U	T. Atoka	T. Picture	d Cliffs_		T. Penn. "B" T. Penn. "C" T. Penn. "D" T. Leadville	
T. Yate	es <u>293</u>	<u>0</u>	T. Miss	T. Cliff H	ouse		T. Leadville	
T. 7 Ri	vers3	3160	T. Devonian		·e		i. Madison	
T. Que	en	3710	T. Silurian	T Point I	ookout		T Filhert	
T. Gray	yburg	408 <u>0</u> 4396	I. Montoya	T. Manco	s		T. McCracken T. Ignacio Otzte T. Granite T	
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T. Pade	dock	5858	T. Ellenburger	T. Dakota			T	
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			LITHOLOGY REC	ORD (Attach	addition	al sheet if neces	sary)	
From 2600	To 2900	Thickness In Feet	LITHOLOGY REC Lithology Salt, Redbed, Shale	ORD (Attach	addition	al sheet if neces	sary)	
From	То	Thickness In Feet	LITHOLOGY REC	ORD (Attach	addition	al sheet if neces	sary)	
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From 2600	To 2900	Thickness In Feet	LITHOLOGY REC Lithology Salt, Redbed, Shale	ORD (Attach	addition	al sheet if neces	sary)	
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WELL LOGS

	30-025-367						
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Datum.	Kp]			10.	7300		
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					on Date: (1)		
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				Date Logs	Due in: (2)	10/29/2004	
Confidential:	NO				Date out:	_	
	period: 90 Day						
	(1) is equal t			days			
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ETZ BRINE STATION

YEAR 2006

MONTH	BRINE PRODUCTION (By Sales Receipts)	BRINE PRODUCTION (By Run Time)	FRESH WATER INJECTED (By Meter)
October	24,597	25,200	26,500
November	9,282	9,510	9,700
December	7,804	8,240	8,600
Totals	41,683	42,950	44,800

ETZ BRINE STATION

YEAR 2007

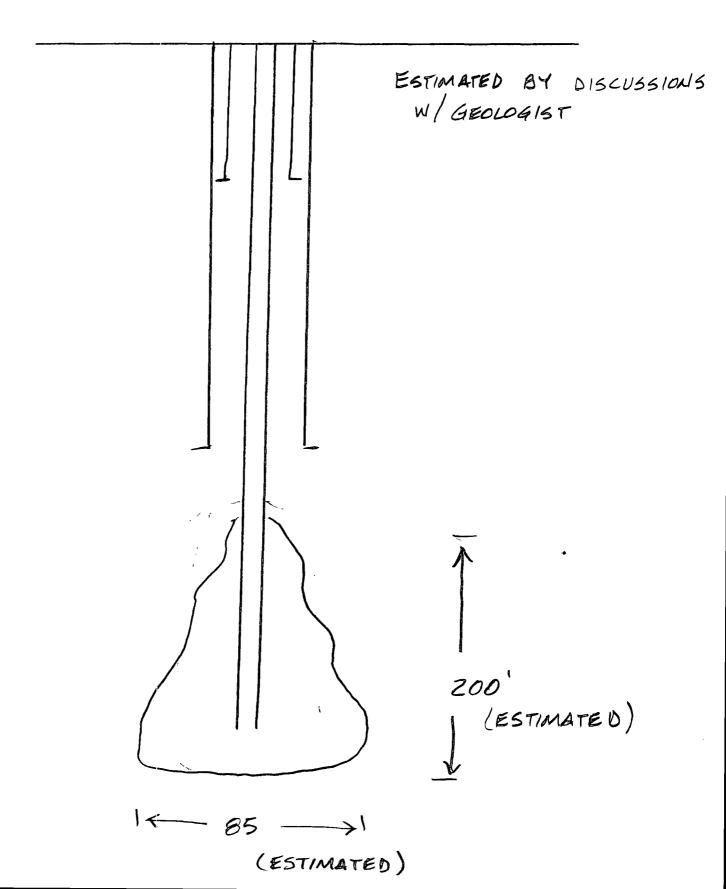
MONTH	BRINE PRODUCTION (By Sales Receipts)	BRINE PRODUCTION (By Run Time)	FRESH WATER INJECTED (By Meter)
January	28,537	29,600	30,500
February	22,842	23,150	23,000
March	32,472	32,670	32,800
April	24,870	25,260	25,600
May	33,709	34,120	34,500
June	31,298	31,810	32,200
July	36,642	37,100	37,300
August	19,164	19,430	19,700
September	13,140	13,410	13,000
October	15,406	15,680	15,900
November	21,321	21,730	21,000
December	28,595	28,840	29,500
Totals	307,996	312,800	315,000

ETZ BRINE STATION

YEAR 2008

MONTH	BRINE PRODUCTION (By Sales Receipts)	BRINE PRODUCTION (By Run Time)	FRESH WATER INJECTED (By Meter)
January	27,797	28,370	28,600
February	23,793	23,800	24,000
March	25,132	25,640	25,900
April	27,832	27,980	28,200
May	25,474	25,890	25,700
June	19,360	19,770	19,900
July	23,778	24,100	24,000
August	29,435	29,810	30,500
September			
October			
November			
December			
Totals	202,601	205,360	206,800

SCHUBERT 7 NO. 1 ESTIMATED CAVERN DIAGRAM



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



Bill Richardson

Governor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary Mark Fesmire
Division Director
Oil Conservation Division



July 23, 2008

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."

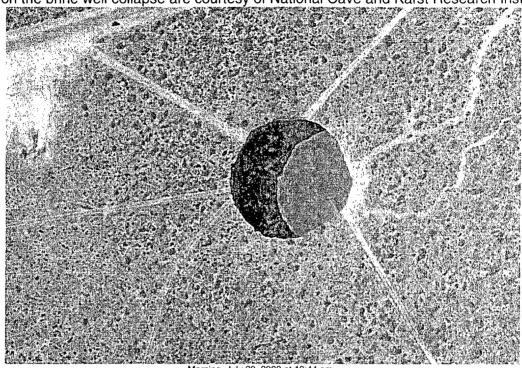
The Oil Conservation Division is continuing to monitor and investigate the collapse of the brine well, located on state trust land 17.3 miles southeast of Artesia, which is still active. The well is owned by Jim's Water Service. County Road 217 remains closed as a safety precaution, and a command center 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

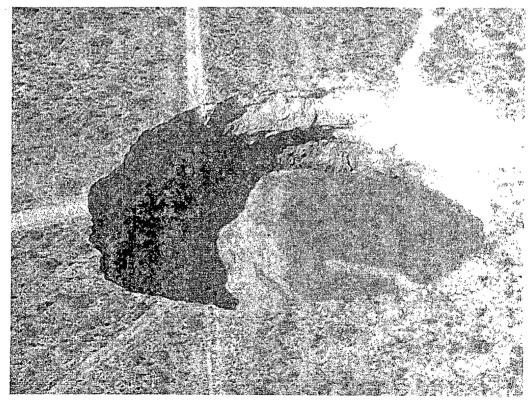
Bureau of Geology and Mineral Resources, and the National Cave & Karst Research Institute are all working together to assess horizontal and vertical movements to project any future subsidence. Work on a protective fence and keep-out signage began yesterday with completion expected on Friday.

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





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)Brine Well Permit #	
API Number	Brine Well Permit #	
Date Permit Expires?	<u> </u>	
·	·	
Location: Section	Rg	
FNLFSL	FELFWL	_
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 expertis	e, knowledge and general understanding of what causes a	ı
brine well to collapse? Yes□ No□		
Do you think OCD should provide	guidelines on subsidence and collapse issues? Yes□ No	ο□
*	•	
SITING INFORMATION: Pleas	se provide the following information and depict on 7.5	-
	Aap. Limit search to one mile radius.	
Is the brine well located within a m	nunicipality or city limits? Yes \(\) No \(\)	
13 the office well located within a m	tumorpanty of oity films. Test 1400	
Distance and direction to nearest pe	ermanent structure, house, school, etc. if less than one mit	le:
Distance and direction to record w	oton well if leastless are will	
Distance and direction to nearest w	ater werr if tess than one mite:	
Distance to nearest watercourse(s).	floodplain, playa lake(s), or man-made canal(s) or pond(<u>s)</u>
if less than one mile:	and the police of the police o)
to the manual transfer of the second transfer		
Distance and direction to nearest kr	nown karst features or mines if less than one mile:	—
Distance and direction to hearest ki	ionn Raist foundies of mines if tess than one mute.	1



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 \Box
Copy of formation record with tops: Attached \Box
Copy of geophysical well logs if available: Attached \Box If not, well logs within one mile \Box
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 \Box If other, please specify and provide a sketch of cavern: \Box
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 \Box
Have you ever had a casing leak? Yes □ No□ Don't know □ 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

, · · · · · · · · · · · · · · · · · · ·	ienced unexpected pressure gain or loss in the cavern? Yes No Yes No Yes No
	bast 5 years, have you experienced a noticeable difference between fresh and into the well verses brine water produced? Yes □ No□
Are you concerned a hole? Yes□ No□	bout pulling the tubing due to the fact it may be difficult to re-enter the
Are you concerned a Yes□ No□	bout running a sonar tool in fear of losing tool because of debris in hole?
Have you ever conduphoto. □ Photo(s) attached	icted a fly over of your well site? No \(\text{ Yes} \(\text{if yes, please provide} \)
Calculation: Please multiply by 50. Exaltime of the well then	divide your estimated total volume of produced brine by $180,000$ and <i>mple</i> : If you have produced a total of $18,000,000$ bbls of brine in the life your calculation would be $18,000,000/180,000 = 100 \times 50 = 5000$.
	calculated number above here: the depth (ft) from the surface to your casing shoe:
Is the calculated num	aber found in #1 above greater than #2? Yes□ No□
Comments or recommendation	nendations for OCD:
this document and all atta obtaining the information	f law that I have personally examined and am familiar with the information submitted in achments and that, based on my inquiry of those individuals immediately responsible for I, I believe that the information is true, accurate, and complete. I am aware that there are ubmitting 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

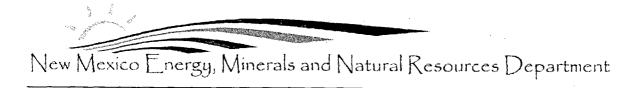
11 Plugged and Abandoned Brine Wells

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



Bill Richardson

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary

Mark Fesmire Division Director Oil Conservation Division



July 23, 2008

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."

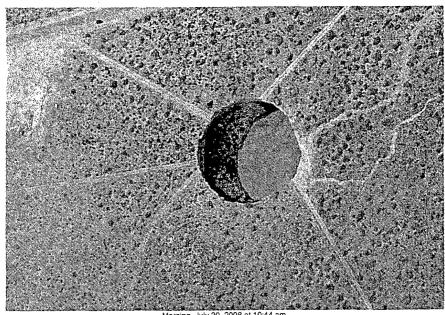
The Oil Conservation Division is continuing to monitor and investigate the collapse of the brine well, located on state trust land 17.3 miles southeast of Artesia, which is still active. The well is owned by Jim's Water Service. County Road 217 remains closed as a safety precaution, and a command center 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.

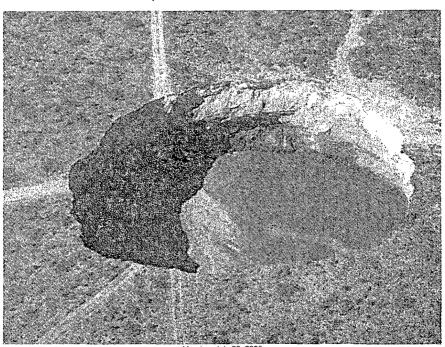
In a related issue, the Oil Conservation Division has also been closely monitoring a brine well operated by I & W, Inc located in Carlsbad, NM. Yesterday, following ongoing inquiries from OCD the operator decided voluntarily to stop operation of the well The division will work with I & W, Inc. to ensure 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:

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courtesy of National Cave and Karst Research Institute



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

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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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