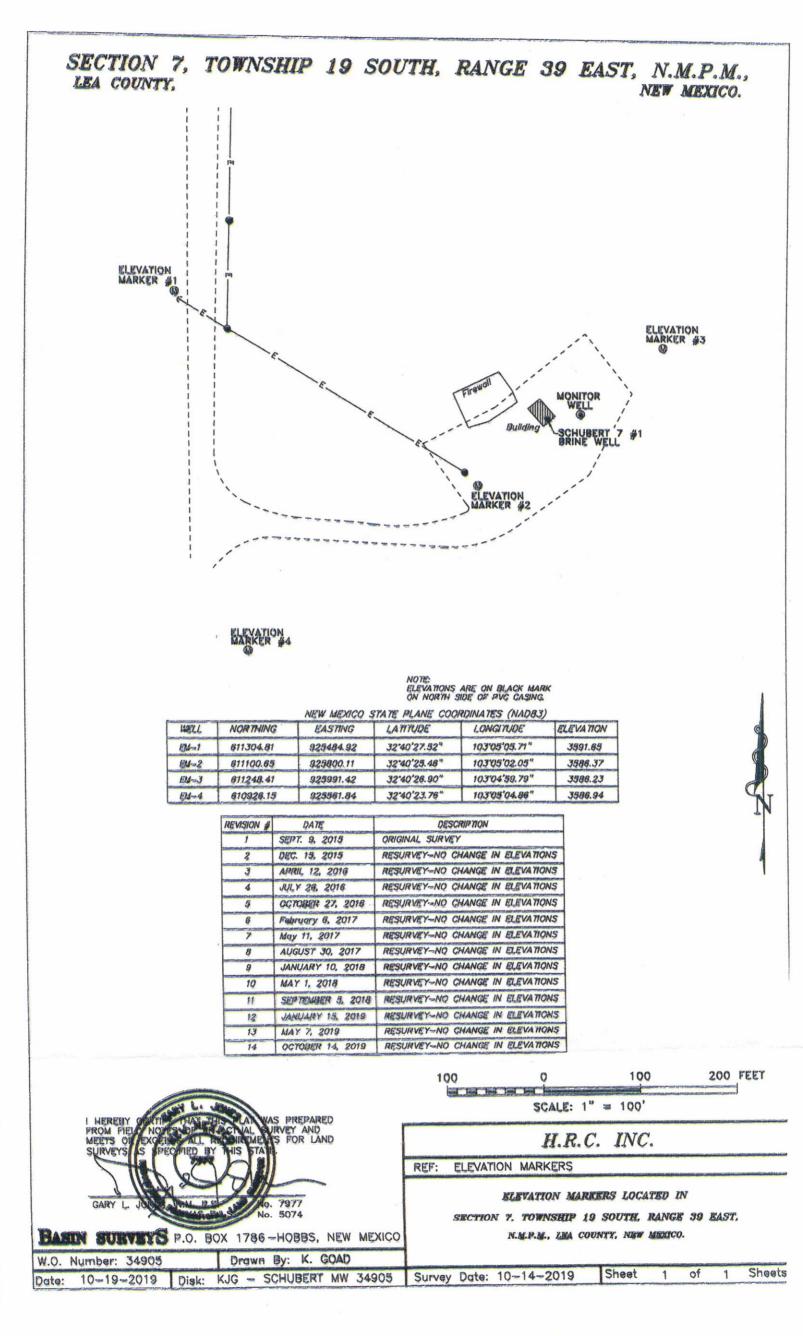
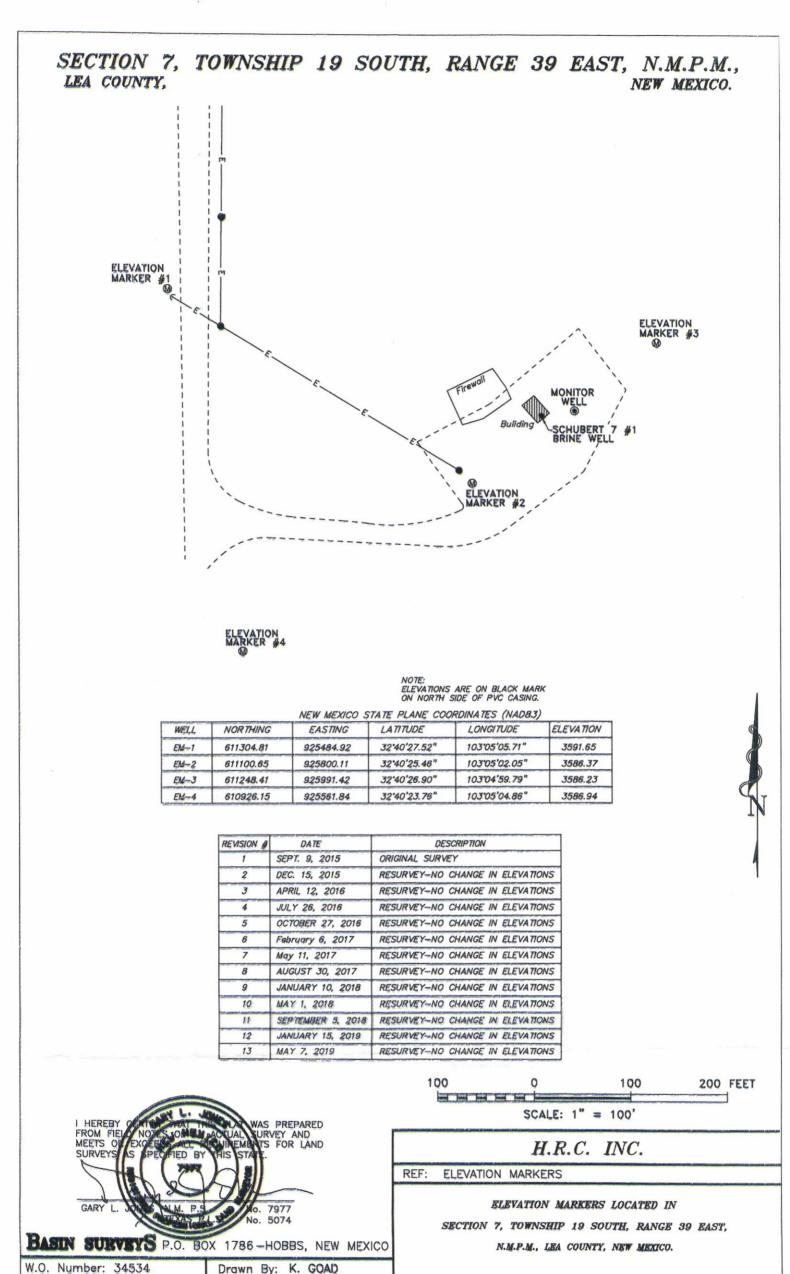


_31

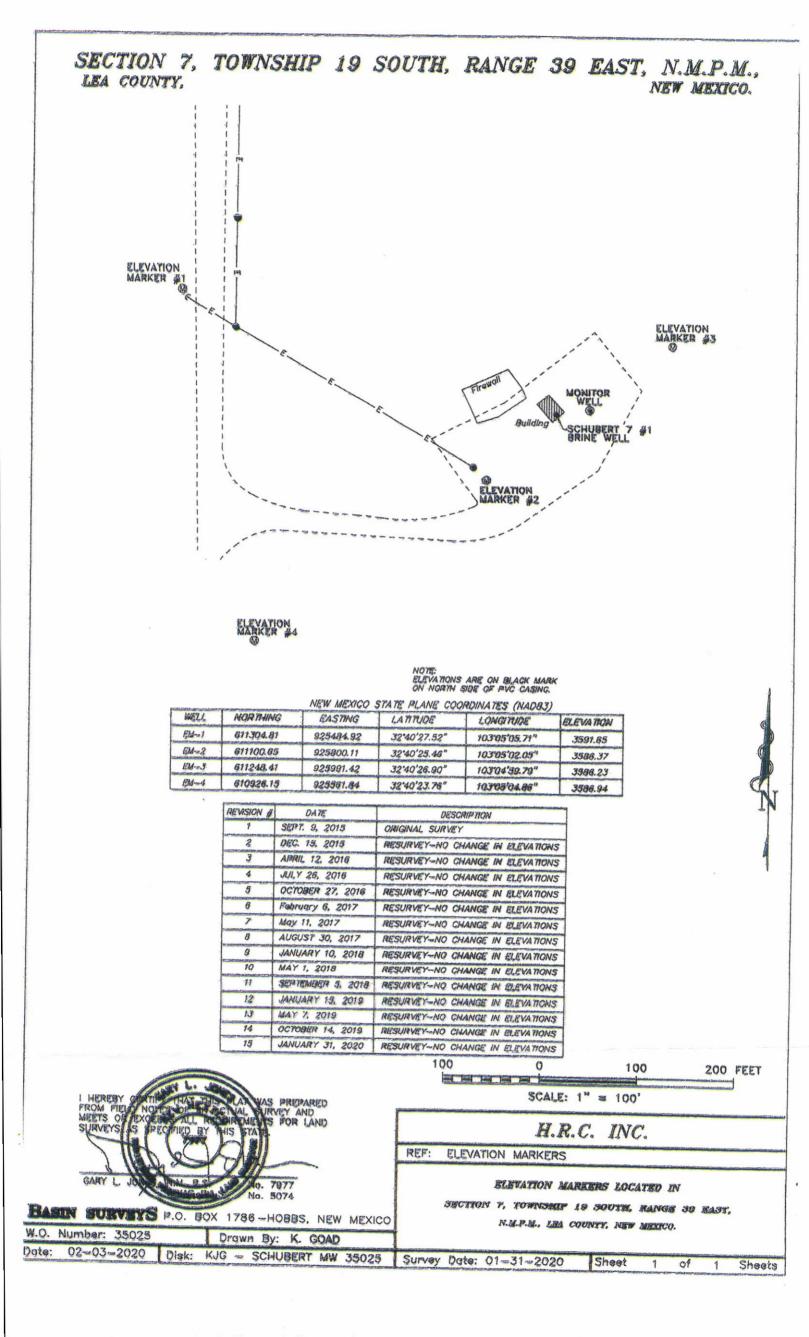
SUBSIDENCE MONITORING REPORTS

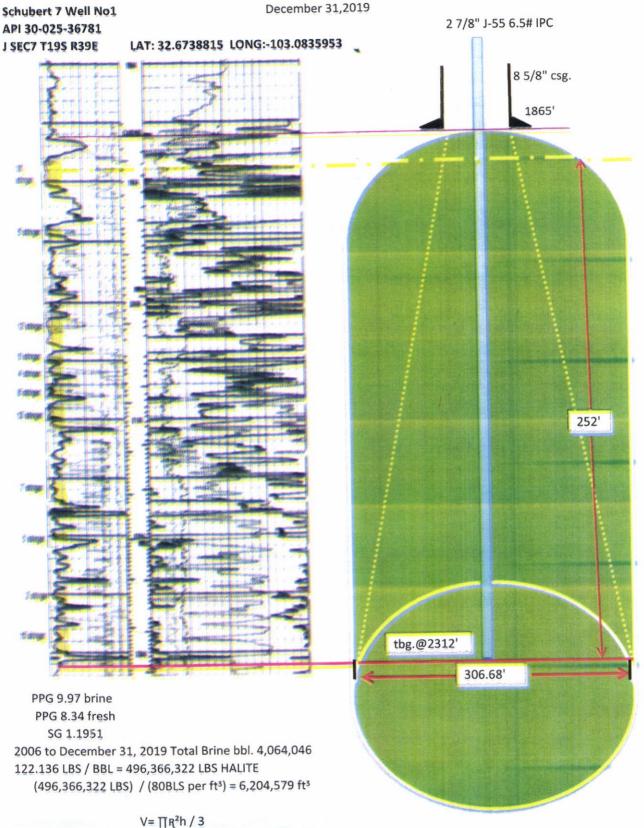
DATE:





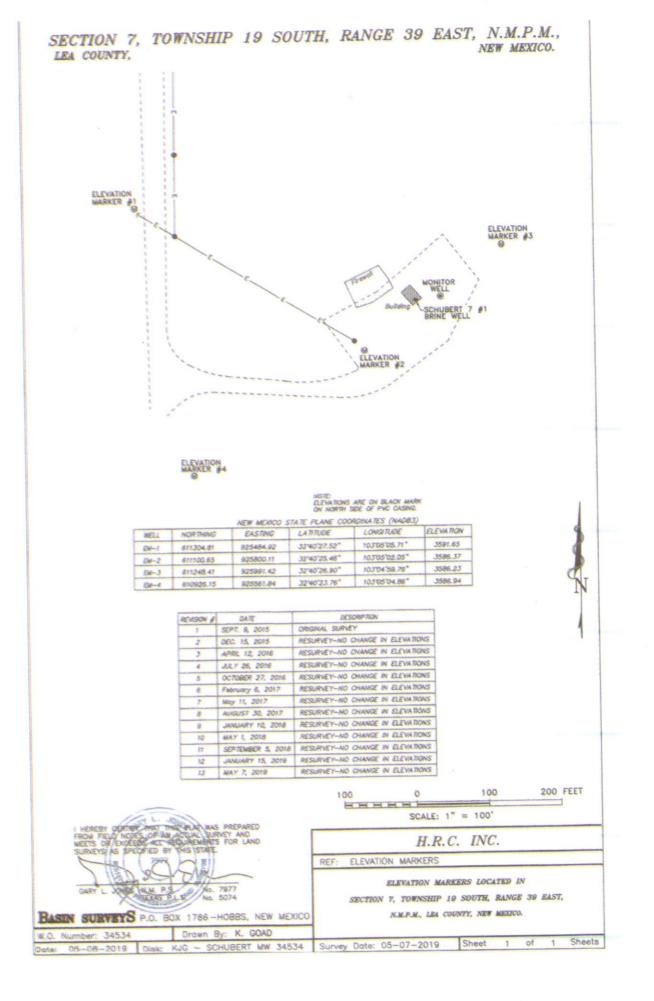
Contraction of the second state of the second	A LOUIS AND A L		And the second	and the local division of the local division	NAMES OF TAXABLE PARTY.	And in case of the owner, the second s
Date: 05-08-2019	Disk: KJG -	SCHUBERT MW 34534	Survey Date: 05-07-2019	Sheet	1 of	1 Sheets





V = (3.14159 * 153.335²) * (252') / 3 V = 6,204,571 ft.³

Est. hight is 252' Est. cavern floor diameter is 306.68' 306.68 / 1865 = 0.1644 factor value



Chavez, Carl J, EMNRD

From:	Chavez, Carl J, EMNRD
Sent:	Friday, November 14, 2008 4:38 PM
То:	'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: <u>http://www.emnrd.state.nm.us/ocd/index.htm</u> (Pollution Prevention Guidance is under "Publications") New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary

November 14, 2008

Mark Fesmire Division Director Oil Conservation Division



NEWS RELEASE

Contact: Jodi McGinnis Porter, Public Information Officer 505.476.3226

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

Oil Conservation Division to Investigate Brine Well Collapses and Provide Recommendations

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

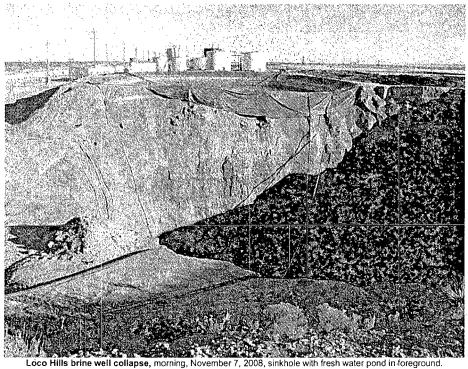
"I am deeply concerned by these two serious incidents and we are taking action to ensure the safety of our citizens and to protect the environment," stated Secretary Prukop.

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

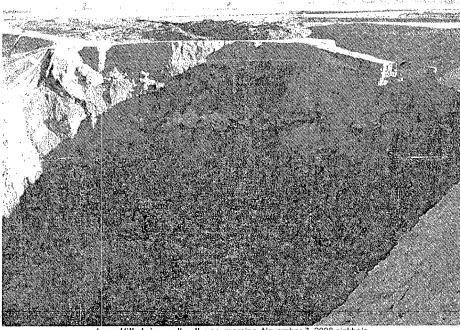
"The moratorium will provide time to properly evaluate the causes of the recent collapses and to discuss the development of new rules or guidelines to ensure the safety and stability of brine well systems," added Secretary Prukop.

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

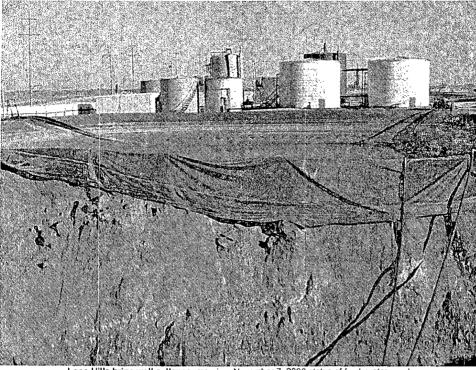
Below are photographs of the two recent collapses:



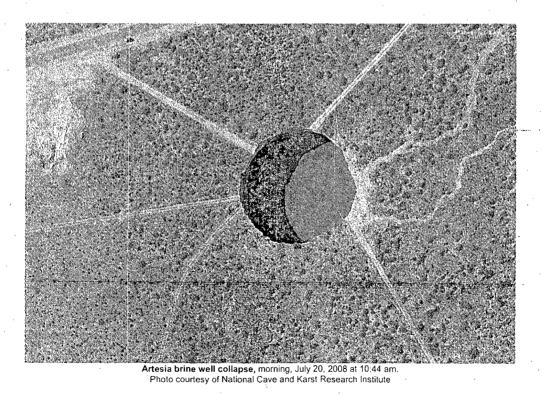
Loco Hills brine well collapse, morning, November 7, 2008, sinkhole with fresh water pond in foreground. Photo courtesy of Oil Conservation Division



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



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





Artesia brine well collapse morning, July 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 • <u>www.emnrd.state.nm.us/OCD</u>

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: <u>CarlJ.Chavez@state.nm.us</u> Website: <u>http://www.emnrd.state.nm.us/ocd/</u>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

RECEIVED 2008 SEP 5 PM 2 14

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,

Schubert

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



l

OIL CONSERVATION DIVISION BRINE WELL INFORMATION REQUEST

GENERAL INFORMATION:
Operator Name_HEC, INC. Well Name(s) SCHUBERT 7 No. 1
API Number <u>30-025-36781</u> Brine Well Permit # <u>BW-031</u>
Date Permit Expires? 6/22/2011
Location: Section 7 Ts 19 Rg 39 FNL FSL 2313 FEL 2313 FWL
FNL FSL 2313 FEL 2313 FWL
GPS of well(s): Lat: Long: 32°40'25.78" 103°04'59.41" ATTACHED
36 40 25,10 105 04 57,41
Have you reviewed and understand all of your permit conditions? Yes KNOL
Are you presently deficient of any condition in your permit? Yes ProD Don't know
Do you operate below grade tanks or pits at the site? Yes No
Do all tanks, including fresh water tanks, have secondary containment? Yes No
Do you think you have the expertise, knowledge and general understanding of what causes a
brine well to collapse? Yes Not
Do you think OCD should provide guidelines on subsidence and collapse issues? Yest 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:
NONE
Distance and direction to nearest known karst features or mines if less than one mile:
NONE
NONE



Distance and direction to nearest producing oil or gas well(s) if less than one mile:
Provide API Number: , 2.5 MILE WEST TEILOGY OPERATING
Distance and direction to nearest tank battery(ies) if less than one mile:
SAME AS ABOVE: AP1# 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 BOAD 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: K SEE ATTACHED
Copy of a current well diagram: Attached
Copy of formation record with tops: Attached B N/A
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):
11800 TO 1880
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):/865
Is the casing shoe set in the anhydrite or other layer above the salt? Yes VNO
Is the casing shoe set into the salt? Yes Nour 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
OPERATIONS: Please provide the following information.
Of DATATION (D. 1 lease provide me jenoming hijermanom
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
556,600 BBL BY METER * SEE ATTACHED

Total volume of brine water produced (bbls) to date and how determined:
561,100 BBL RUN TIME OF PUMP
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 Vo
Have you noticed large amounts of air built up during cavity pressurization? Yes Note
Have you ever noticed fluids or air/gas bubbling up around the casing during testing or normal operations? Yes Not
MONITORING: Please provide the following information.
Are you currently monitoring ground water contamination from your brine well or system? Yes W NoL
Have you ever run a sonar log? Yes□ No
If yes, please provide last date:
Provide cavern configuration (dimensions and volume) and method(s) used to estimate: If sonar report please attach If other, please specify and provide a sketch of cavern:
Do you have a subsidence monitoring program in place? Yes D Nov
Do you have any geophysical monitoring devices, such as a seismic device positioned near your brine well? Yes I Nor
Have you submitted all of your monthly, quarterly, or annual reports to the OCD? Yes DOBE SEE ATTACHED LETTER
Have you failed a brine well mechanical integrity test (MIT)? If yes, please attach details and results. Attached \Box No
Have you ever had a casing leak? Yes D Note Don't know D Note Don't know D Note Don't know D Note Don't know D Note D Not
Have you routinely looked for cracks or fissures in the ground surface around your brine well? Yes V No:_
Do you have any minor or major cracks, fissures, tank settlement, line breakage from settlement or any minor subsidence. Yes D 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 Not

hoto. Photo(s) attached Calculation: Please divide your estimated total volume of produced brine by 180,000 and hultiply by 50. Example: If you have produced a total of 18,000,000 bbls of brine in the life ime 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:
Yes, was there a difference in your normal flow rate? Noc nytime during the past 5 years, have you experienced a noticeable difference between fresh ater volume pumped into the well verses brine water produced? Yes \Box Now re you concerned about pulling the tubing due to the fact it may be difficult to re-enter the ble? Yes \Box Now re you concerned about running a sonar tool in fear of losing tool because of debris in hole? re you concerned about running a sonar tool in fear of losing tool because of debris in hole? est Not ave you ever conducted a fly over of your well site? Not Yes \Box if yes, please provide hoto. Photo(s) attached alculation: Please divide your estimated total volume of produced brine by 180,000 and nultiply by 50. Example: If you have produced a total of 18,000,000 bbls of brine in the life me 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: = 155,816
ater volume pumped into the well verses brine water produced? Yes \Box NoW re you concerned about pulling the tubing due to the fact it may be difficult to re-enter the ole? Yes \Box NoW re you concerned about running a sonar tool in fear of losing tool because of debris in hole? NoL ave you ever conducted a fly over of your well site? NoW Yes \Box if yes, please provide noto. Photo(s) attached alculation: Please divide your estimated total volume of produced brine by 180,000 and ultiply by 50. Example: If you have produced a total of 18,000,000 bbls of brine in the life me of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. 1. Provide the calculated number above here: $= 155, 86$
ater volume pumped into the well verses brine water produced? Yes \Box NoW re you concerned about pulling the tubing due to the fact it may be difficult to re-enter the oble? Yes \Box NoW re you concerned about running a sonar tool in fear of losing tool because of debris in hole? set NoL ave you ever conducted a fly over of your well site? NoW Yes \Box if yes, please provide hoto. Photo(s) attached alculation: Please divide your estimated total volume of produced brine by 180,000 and nultiply by 50. Example: If you have produced a total of 18,000,000 bbls of brine in the life me of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. 1. Provide the calculated number above here: $= 155, 86$
ble? Yes Note re you concerned about running a sonar tool in fear of losing tool because of debris in hole? re you ever conducted a fly over of your well site? Note fave you ever conducted a fly over of your well site? Note <i>Yes if yes, please provide</i> <i>hoto.</i> 1 <i>Photo(s) attached</i> <i>Photo(s) </i>
ole? Yes \Box Not the you concerned about running a sonar tool in fear of losing tool because of debris in hole? Yes \Box No \Box Have you ever conducted a fly over of your well site? No \Box Yes \Box if yes, please provide hoto. \Box Photo(s) attached Calculation: Please divide your estimated total volume of produced brine by 180,000 and nultiply by 50. Example: If you have produced a total of 18,000,000 bbls of brine in the life me of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. $561, 100 \div 160,000 \times 50$ 1. Provide the calculated number above here: = 155, 816
Test Not Not Not Not Not Not Not Not Not No
Test Not Not Not Not Not Not Not Not Not No
$\frac{Photo(s) attached}{Calculation:}$ Please divide your estimated total volume of produced brine by 180,000 and nultiply by 50. <i>Example:</i> If you have produced a total of 18,000,000 bbls of brine in the life ime of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. 561,100 ÷ 169,000 × 50 1. Provide the calculated number above here:
<i>Photo(s) attached</i> <i>Photo(s) attached</i> <i>Calculation:</i> Please divide your estimated total volume of produced brine by 180,000 and nultiply by 50. <i>Example:</i> If you have produced a total of 18,000,000 bbls of brine in the life ime of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. <i>561,100 ÷ 180,000 × 50</i> 1. Provide the calculated number above here:
$\frac{Photo(s) attached}{Calculation:}$ Please divide your estimated total volume of produced brine by 180,000 and nultiply by 50. <i>Example:</i> If you have produced a total of 18,000,000 bbls of brine in the life ime of the well then your calculation would be 18,000,000/180,000 = 100 x 50 = 5000. 561,100 ÷ 189,000 × 50 1. Provide the calculated number above here: = 155,86
1. Provide the calculated number above here: = 155,86
ime of the well then your calculation would be $18,000,000/180,000 = 100 \times 50 = 5000$. $561,100 \div 160,000 \times 50$ 1. Provide the calculated number above here:
561, 100 ÷ 180,000 × 50 1. Provide the calculated number above here: = 155,86
1. Provide the calculated number above here: = 155,86
2. Now provide the depth (ft) from the surface to your casing shoe: 1865
s the calculated number found in #1 above greater than #2? Yes Not
Comments or recommendations for OCD:
I WOULD BE WILLING TO PROVIDE FLY OVE
I WOULD BE WILLING TO PROVIDE "FLY OVER PICTURES AND OR INSTALL SEISMIC MONIT

Company Representative- Signature

Pres 9/z/ Title____ 08 Date:_

New Mexico Office of the State Engineer

10	wiisinp. 100	Range. 00	E Sections: 7		:	
NAD2	7 X:	Y:	Zone:	Search	n Radius:	
County: LE	Bas	in:	(t)	Number:	Suffix:	
Owner Name: (F	irst)	I)	last)	⊖Non-D	omestic O Domestic	⊛ All
POD / Surf	ace Data Repo	ort)	Avg Depth to Wat	er Report	Water Column Repor	t)

WATER COLUMN REPORT 10/08/2008

(quarters are 1=NW 2=NE 3=SW 4=SE) (quarters are biggest to smallest)								Derth		(in Each)
POD Number	-		orddad Arddesr ro	Zone	х	v	Depth Well	Depth Water	Column	(in feet)
L 11024		39E 07		lone		-	227	110	117	
L 11042 EXPL	195	39E 07	122				200			
L 03803 APPRO	19S	39E 07	/ 13				120	80	40	
<u>L 03803</u>	198	39E 07	13				120	80	40	
L 11041 EXPL	19S	39E 07	133				200			
L 03382 APPRO	19S	39E 07	222				120	65	55	
L 03382	19S	39E 07	222				120	65	55	

Record Count: 7

New Mexico Office of the State Engineer

Page	1	of	1
------	---	----	---

New Mexico Office of the State Engineer POD Reports and Downloads							
Township: 198	Range: 39E	Sections: 7					
NAD27 X:	Y:	Zone:	Search Radius:				
County: LE	Basin:		Number:	Suffix:			
Owner Name: (First)	(Last) (a) All	○ Non-Domestic				
POD / Su	urface Data Repo	ort Avg ater Column Report					

• • •

AVERAGE DEPTH OF WATER REPORT 10/08/3	2008
---------------------------------------	------

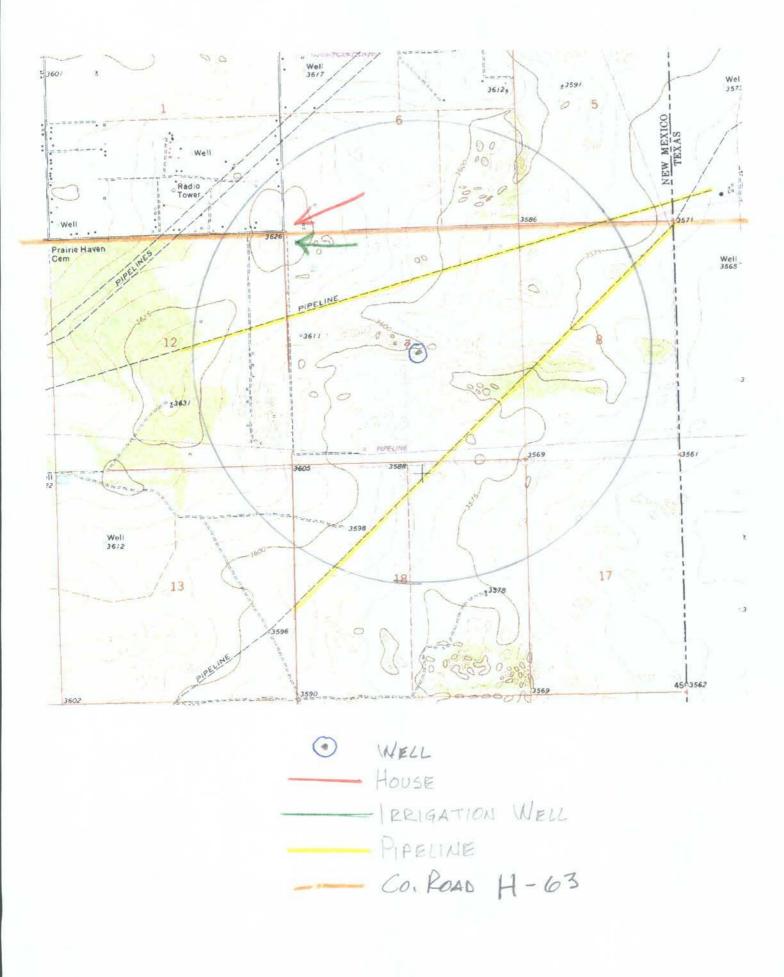
		AVENAGE I	JEF.III OF	WAIGK KE	JFORT I	0/00/20	00		
							(Depth	Water in	Feet)
Bsn	Tws	Rng Sec	Zone	х	Y	Wells	Min	Max	Avg
L	19S	39E 07				5	65	110	80

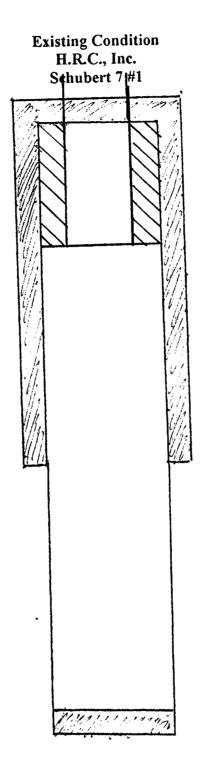
Record Count: 5

http://iwaters.ose.state.nm.us: 7001/iWATERS/WellAndSurfaceDispatcher

.

DISTRICT I P.O. Box 1980, Hobbs,	, NM 88241-19	180			-		MCXICO		Fo Rovised Febru	orm C-102 ury 10, 1994
DISTRICT H P.O. Drawer BD, Artes	sia, NM 88211	-0719	OIL CONSERVATION DIVISION P.O. Box 2088 Division Division P.O. Box 2088 Division Division P.O. Box 2088 Division Division P.O. Box 2088 Division Division P.O. Box 2088							
DISTRICT III 1000 Rio Brazos R	d., Aztec, NI	M 87410		Santa Fo	e, New	Mexico	o 87504–2088			
DISTRICT IV P.O. BOX 2068, SANT.	A PE. N.M. 87	504~2088	WELL LO	CATION	AND A	CREA	GE DEDICATIO	ON PLAT	C AMENDE	D REPORT
	Number	r		Pool Code				Pool Name WILDCAT		
38-025- Property (<u>3678</u> ^{Code}	l	1		Prope	rty Nam	c	WILDCAT	Well Num	ber
341					SCHUE	-			1	
ogrid n. 02007				SAHARA		tor Name ATING	COMPANY		Elevado 3585	-
L			·····		Surfac	e Loca	ition			
UL or lot No.	Section	Township	Range	Lot Idn	Feet from	m the	North/South line	Feet from the	Bast/West line	County
J	7	19-S	39-E		231	3'	SOUTH	2313'	EAST	LEA
			Bottom	Hole Loo	cation I	f Diffe	rent From Sur	face		
UL or lot No.	Section	Township	Range	Lot Idn	Feet fro	m the	North/South line	Feet from the	East/West line	County
Dedicated Acre	s Joint o	or infill C	onsolidation	Code Or	der No.					
L			SCICNED		COMPLE	TION I	UNTIL ALL INTER	DESTS HAVE BE	TEN CONSOLID	ለሞድቡ
							APPROVED BY			
			,,,	1			<u></u>	OPERATO	OR CERTIFICAT	TION
	1					ł			ny cortify the the in	Ĩ
	1							contained herei	in is true and comp	- ,
				ł				ousi of my know	wledge and bettef.	1
									KALIT	
								Signature	dr VIII	<u> </u>
								ROBERT	MCALPINE	
			GEODETIC (NAD 2	27 NME	IES			Printed Nam		
			Y=611116.0 N					T		
		1						6/20/04	4	
			LAT.=32*4	40'25.78 "	N			Date		
			LONG.=103		• // -			SURVEY	OR CERTIFICA	TION
		ł		330			313'		ly that the well loca vas plotted from fie	
				330'		2	510	actual surveys	t made by nie or nd that the same i	under my
				$ \mathbf{k} $		X			he best of my beli	
		{				1			IAY 5, 2004	
					_			Date Survey		JR
						i				
		1		-2313'					ME CONTRACT	
								ban	A Ecom	116/04
		1				1		1	04.13.0728	
								Certificate.	No. CARY EIDSON	12641
								mannan R	OFESSION CONTRACT	
								h		

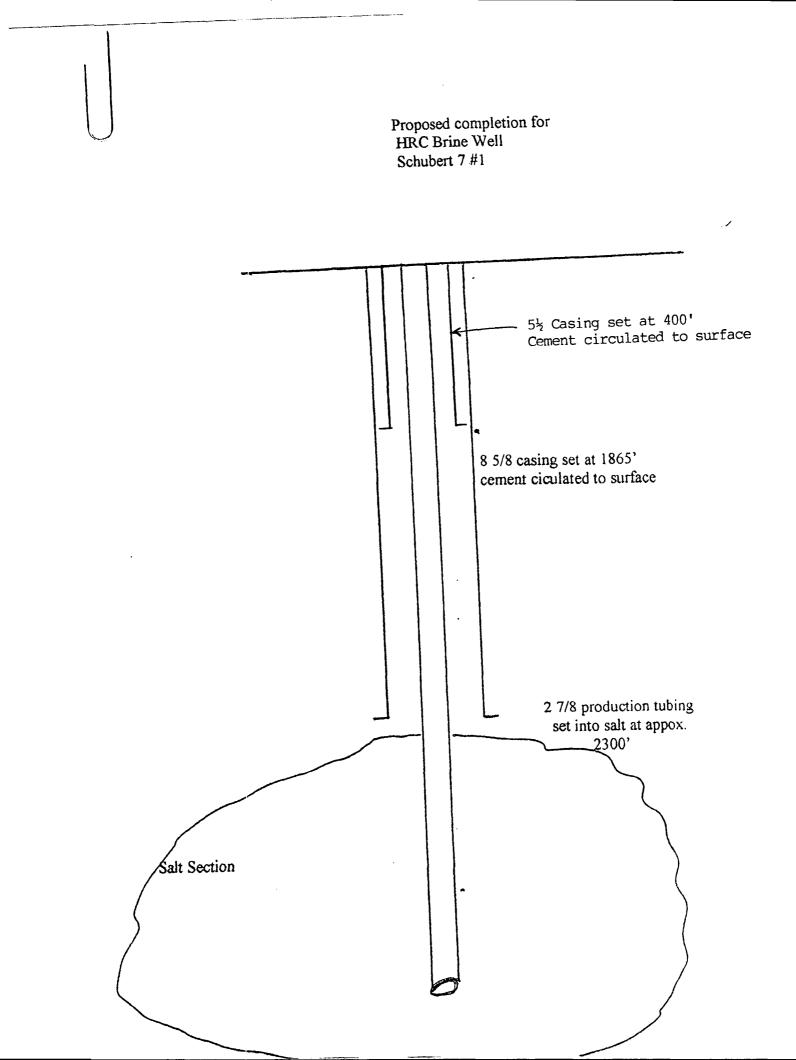




Well plugged back to 2947' (10/8/04) (See attached C-103 Of 10/11/04)

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' Cmt: Circ to surface



INSTRUCTIONS

٠.

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.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

		Southe	astern New Mexico				Northwest	ern New	Mexico
T. Anh			T. Canyon	Τ.	Ojo Ala	mo		T. F	Penn. "B" Penn. "C"
T. Salt_	1880)	T. Strawn	Т.	Kirtland	I-Fruitla	nd	T. F	enn. "C"
B. Salt	2900	0	T. Atcka	۰.	ricturec	r Cinns_		·	enn. "D"
T. Yate	s <u>293</u>	0	I. MISS	Τ.	Cliff Ho	ouse		1.1	Jeadville
	vers <u>3</u>		T. Devonian	T. Menefee				T. 1	Madison
		3710	T. Silurian	Τ.	Point Lo	ookout		T. 1	Elbert
T. Gray	/burg	4080	T. Montoya	Τ.	Mancos			T. ł	AcCracken
T. San	Andres_		T. Simpson	1.	Ganup_			_ I.I	gnacio Otzte
T. Glor	ieta	5715	T. McKee	Ba	ise Gree	nhorn		T, (Granite
T. Pade	lock	5858	T. Ellenburger	Τ.	Dakota			_ T_	
T. Blin	ebry	6260	T, Gr. Wash	Τ.	Morriso	n		Τ.	
T.Tubb)	6820	T. Delaware Sand	T.	Todilto			Т	
T. Drin	kard	7050	T. Bone Springs	Τ.	Entrada			Τ.	
T. Abo	·	7464	T	Ľ.	Wingat	e	_		
T. Wol	fcamp		l	T. Chinle					
T. Peni	n		Т	Т.	Permia	1			
T. Cisc	o (Boug	h C)	T	Τ.	Penn "A	۹		T	
									OIL OR GAS SANDS OR ZONES
No. 1. f	from		to	1	No. 3. f	rom			0
No. 2, f	from		to	ז ראש	No. 4, f T er s a	rom NDS			
							£		
			to						
			to						
No. 3, 1	from	• • • • • • • • • • • • • • •	to	• • • • • •	•••••	• • • • • • • • • •	feet	••••••	• • • • • • • • • • • • • • • • • • • •
			LITHOLOGY RECOR	D (Attach a	dditiona	al sheet if neo	essary)	
From	То	Thickness In Feet	Lithology] [From	То	Thickness In Feet		Lithology
2600	2900	300	Salt, Redbed, Shale	ר ך					
29 00	3130	230	Anhydrite, salt, shale						

				1			
3130	4080	950	Anhydrite, Dolomite				
4080	4430	350	Dolomite, Anhydrite				
4430	7500	3070	Dolomite, Limestone				1
7500	7900	400	Dolomite				
					l.		

WELL LOGS

A	PI number:	30-025-367	/81						
OGRID: Operator:			SAHARA (OPERATING	G CO				
			Property:	SCHUBER	IT 7			# 1	
	· ·		·····						
surface	ULSTR:	J	7	Т	195	R	39E		
			2313	FSL	2313	FEL		1	
		•		<u></u>		A	1		
BH Loc	ULSTR:	J	7	Т	195	R	39E	1	
		· · · · · · · · · · · · · · · · · · ·	2313			FEL		1	
					1	<u> </u>	1		
Gr	ound Level:	3585	DF:	3598	KB:	3599			
	Datum:				TD:	7900	A CONTRACTOR OF A CONTRACTOR O		
						1	1		
					Completi	on Date: (1)	10/9/2004		
	Land:	STATE	ľ			js Received:			
	Land.	UTALE				Due in: (2)			
Ca	nfidential:	NO			Date Logs	Date out:	10/23/2004		
00		And the second second second			ļ	Date out.			
		period: 90 Da	•						
		: (1) is equal (days				
	Logs	·····	Depth ir						
DSN/SD			1862			ensity Dual S			
			2800						
внс			1862	7624	Borehole C	compensated	Sonic	· · · · · · · · · · · · · · · · · · ·	
					<u> </u>				
		OCD TOP	S						
		1	1		1	T			
Rustler		1773	Strawn		1	1			
Tansill			Atoka		1	1	······································	1	
Yates	****	2930	Morrow						
7R		3159	A			-			
	vers Sd	1	1		1	1		1	
	vers Sd		t		1	1		+	
Queen		3722	1	· · · · · · · · · · · · · · · · · · ·	1	1			
Penro			1	<u> </u>	1	1		1	
Graybur		4080	1		+	-1		1	
San And		4396						+	
Glorieta		5715			+			+	
			' 				······		
Tubb		6320	1				<u></u>	+	
Drinkard		7050			-{			+	
1001000	· ·								

~

 7050
 7464

 7464
 7464

Abo Wolfcamp

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

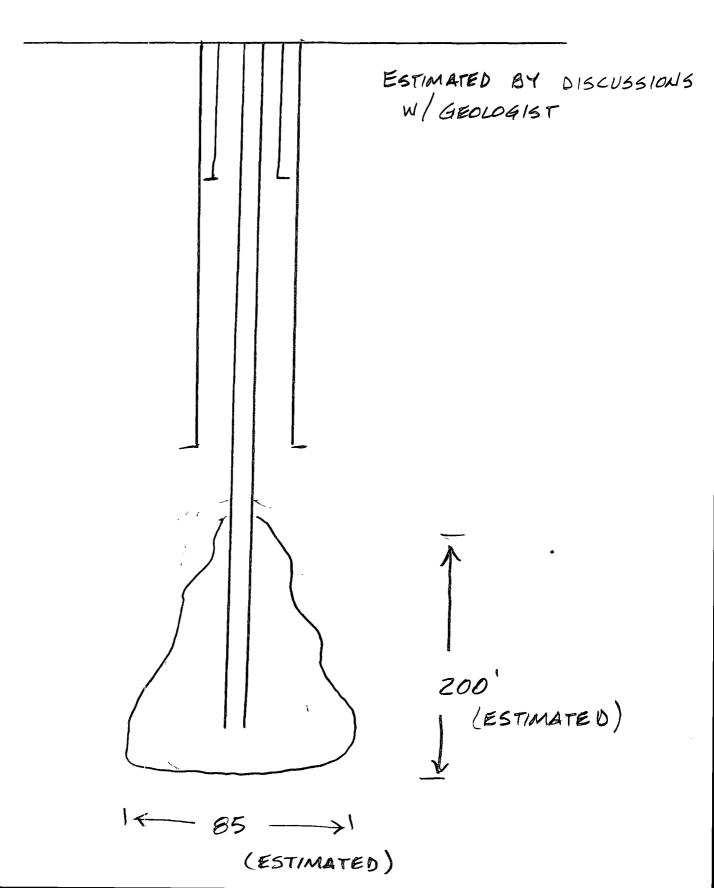
MONTH	BRINE PRODUCTION (By Sales Receipts)	BRINE PRODUCTION (By Run Time)	FRESH WATER INJECTED (By Meter)
January	28,537	29,600	30,500
February	22,842	23,150	23,000
March	32,472	32,670	32,800
April	24,870	25,260	25,600
May	33,709	34,120	34,500
June	31,298	31,810	32,200
July	36,642	37,100	37,300
August	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 CAVERAL 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: Sent: Subject: Attachments: Porter, Jodi, EMNRD Wednesday, July 23, 2008 5:00 PM PR-Secretary Prukop Proposes Stricter Conditions on Brine Wells State-wide PR-OCD.Brine.Wells07.23.08.pdf

New Mexico Energy, Minerals and Natural Resources Department

Mark Fesmire

Division Director

Oil Conservation Division

NEH

NEWS RELEASE

Bill Richardson Governor

Joanna Prukop Cabinet Secretary Reese Fullerton Deputy Cabinet Secretary

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.

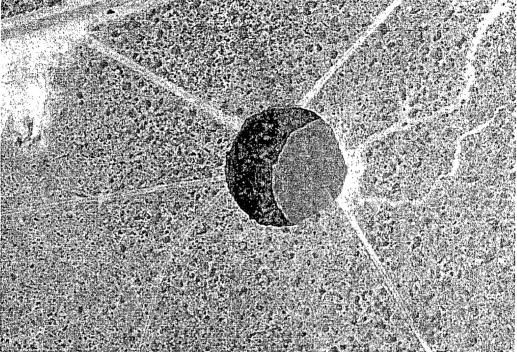
Scientists from the Oil Conservation Division, the Bureau of Land Management, State Land Office, the New Mexico

1

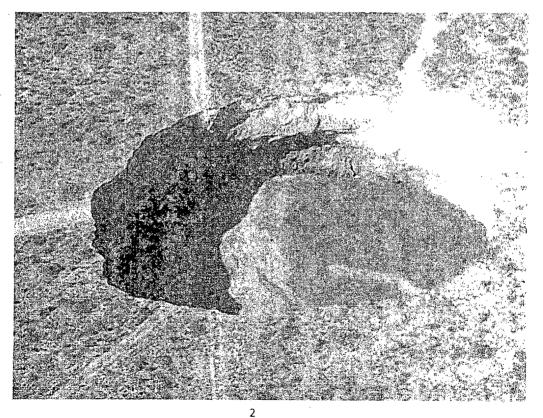
Bureau of Geology and Mineral Resources, and the National Cave & Karst Research Institute are all working together to assess horizontal and vertical movements to project any future subsidence. Work on a protective fence and keep-out signage began yesterday with completion expected on Friday.

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

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



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



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

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



OIL CONSERVATION DIVISION BRINE WELL INFORMATION REQUEST

GENERAL INFORMATION:	
Operator Name	Well Name(s)
API Number	Brine Well Permit #
Date Permit Expires?	
Location: SectionTs	Rg FELFWL Long:
FNLFSL	FELFWL
GPS of well(s): Lat:	Long:
·	
	of your permit conditions? Yes \Box No \Box
	lition in your permit? Yes □ No□ Don't know□
Do you operate below grade tanks or pi	
	is, have secondary containment? Yes \Box No \Box
• • •	nowledge and general understanding of what causes a
brine well to collapse? Yes No	Lines on subsidence and collence issues? Vec Ne .
Do you think OCD should provide guid	lelines on subsidence and collapse issues? Yes \Box No \Box
SITINC INFORMATION: Plaga pr	ovide the following information and depict on 7.5
minute (1": 2000') USGS Quad Map.	
To the hold of the second of t	inglian and limited Nam NL
Is the brine well located within a munic	sipality of city limits? Yes \Box No \Box
Distance and direction to nearest perma	nent structure, house, school, etc. if less than one mile:
Distance and direction to nearest water	well if loss than one mile:
Distance and direction to hearest water	wen ij iess mun one mile.
Distance to nearest watercourse(s), floo	dplain, playa lake(s), or man-made canal(s) or pond(s)
if less than one mile:	
• •	
Distance and direction to nearest knowr	h karst features or mines if less than one mile:
	-

Distance and direction to nearest producing oil or gas well(s) *if less than one mile:* Provide API Number:

Distance and direction to nearest tank battery(ies) if less than one mile:

Distance and direction to nearest pipeline(s), including fresh water pipelines *if less than one mile:*

Distance and direction to nearest paved or maintained road or railroad if less than one mile:

Depth to ground water found above the Salado (salt section), regardless of yield:

Name of aquifer(s):

WELL CONSTRUCTION: Please provide the following information and attach adiagram depicting the brine well. Check box if attached:Copy of a current well diagram:Copy of formation record with tops:Attached []

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 \Box No \Box Is the casing shoe set into the salt? Yes \Box No \Box 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 \Box

Do you maintain a surface pressure on your well during idle times? Yes \Box No \Box

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 \square No \square

MONITORING: Please provide the following information.

Are you currently monitoring ground water contamination from your brine well or system? Yes \Box No \Box

Have you ever run a sonar log? Yes \Box No \Box *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 \Box No \Box

Do you have any geophysical monitoring devices, such as a seismic device positioned near your brine well? Yes \Box No \Box

Have you submitted all of your monthly, quarterly, or annual reports to the OCD? Yes \Box No \Box

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 \Box No \Box Have you ever had a cavern leak? Yes \Box No \Box Don't know \Box Have you ever exceeded the cavern fracture pressure? Yes \Box No \Box Don't know \Box

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 \Box No \Box

Do you have any minor or major cracks, fissures, tank settlement, line breakage from settlement or any minor subsidence. Yes \Box No \Box

During operations have you experienced any ground vibration, ground movement, or well movement after opening or shunting valves, pump start-up, shut-down, etc.? Yes No

Have you ever experienced unexpected pressure gain or loss in the cavern?Yes \Box No \Box If Yes, was there a difference in your normal flow rate?Yes \Box No \Box

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 \Box No \Box

Are you concerned about pulling the tubing due to the fact it may be difficult to re-enter the hole? Yes \Box No \Box

Are you concerned about running a sonar tool in fear of losing tool because of debris in hole? Yes \Box No \Box

Have you ever conducted a fly over of your well site? No \Box Yes \Box if yes, please provide photo.

 \Box *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 $18,000,000/180,000 = 100 \ge 5000$.

1. Provide the calculated number above here:_

2. Now provide the depth (ft) from the surface to your casing shoe:_

Is the calculated number found in #1 above greater than #2? Yes \square No \square

Comments or recommendations for OCD:

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

Company Name-print name above

Company Representative- print name

Company Representative- Signature

Title____

Date:_

Chavez, Carl J, EMNRD

From:	Chavez, Carl J, EMNRD
Sent:	Friday, July 25, 2008 4:21 PM
То:	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: <u>Carl J. Chavez@state.nm.us</u> Website: <u>http://www.emnrd.state.nm.us/ocd/</u>index.htm (Pollution Prevention Guidance is under "Publications")

From: Hansen, Edward J., EMNRD Sent: Wednesday, July 23, 2008 5:56 PM To: Price, Wayne, EMNRD Cc: Chavez, Carl J, EMNRD Subject: FW: PR-Secretary Prukop Proposes Stricter Conditions on Brine Wells State-wide

Wayne,

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

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

Jodi,

We counted (from our database: RBDMS):

16 Active Brine Wells-

11 Plugged and Abandoned Brine Wells

2 Inactive Brine Wells

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

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

Joanna Prukop Cabinet Secretary Rease Fullerton Deputy Cabinet Secretary

Mark Fesmire Division Director Oil Conservation Divisio



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.

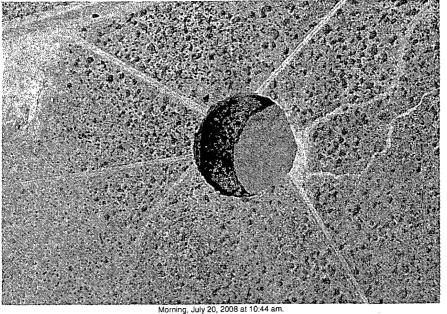
"There are several brine wells in New Mexico and we must ensure that they are all properly monitored to ensure safety and stability," stated Cabinet Secretary Joanna Prukop. "We have now seen that these wells can collapse and the extensive damage such a collapse can generate."

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:



ourtesy of National Cave and Karst Research Institute



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

#30#

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

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



jodi

Jodi McGinnis Porter Public Information Officer Energy, Minerals and Natural Resources Department (EMNRD) 1220 South St. Francis Drive Santa Fe, NM 87505 Phone: (505) 476-3226

PR-MMD

Fax: (505) 476-3220 Cell: (505) 690-1689 E-mail: j<u>odi.porter@state.nm.us</u> Website: <u>www.emnrd.state.nm.us</u>