I. GENERAL DESCRIPTION

A. 184208 Salty Dog, Inc.
Nolan Brunson
P. O. Box 774
Hobbs, New Mexico 88240

B. Located in Section 20, T-18-S, R-38-E
1650' FNL and 1650' FEL
Lea County, New Mexico

C. At the brine well fresh water from the city of Hobbs is injected down tubing casing annulus and brine is returned up tubing and sent to the storage facility. Brine is removed from the storage facility by the loading pump and metered as it is loaded on to transports. See Drawing #1, Brine System Schematic.

D. This well was initially drilled as an oil well. It was plugged and abandoned in 1967. It is proposed to reenter this well and convert it to a brine well.

I. DESCRIPTION OF FACILITY

A. Surface Facilities:

The site will be enclosed by a fence which will have a 24" sheet metal border along the bottom to prevent small animals from entering the site and getting into the brine storage facility. The surface facilities are arranged as shown in drawing #2. The brine storage facility is 177' by 177' with a slope of 30°. The brine facility is lined with hypolon type plastic sealed using a chemical fusing method (see Attachment J). Brine is carried 40' through 4" pipe to the storage facility. From the storage facility, brine is carried 40' to the loading station. Typically 1000 bbls./day are discharged to and withdrawn from the brine storage facility.

B. Underground Facilities:

The proposed brine well was drilled in March 1962 and is currently plugged and abandoned. Attachment A is a diagram of the well as it is now. Attachment B is a well bore sketch of the well as proposed. Salty Dog, Inc. proposes to re-enter the well and clean out the plugs from surface to 2800'. A new plug will be set from 2550' to 2800' on top of the existing plug at 2800'. A string of 5-1/2" casing will be set at 1700' and cemented back to surface. Then 2-3/8" tubing will be run in the hole to 2250'.