

SALADO BRINE SALES

**P. O. Drawer A
Jal, New Mexico 88252
505-395-2010**

November 11, 1993

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 1980
Hobbs, NM 88240

Attention: Jerry Sexton

Re: Discharge plan Application for Brine Extraction

Dear Jerry:

William H. Brininstool dba Salado Brine Sales, P. O. Drawer A, Jal, New Mexico 88252, is proposing to drill a new brine well, well #3, in the NE/4 of the NE/4 of Section 32, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico. I am submitting this letter and a copy of the application for permit to drill so you can start processing application for approval. Proposed well #3 will be drilled on land owned by the State of New Mexico and the State of New Mexico also owns the salt minerals. Mr. Brininstool at present has surface leased as part of his ranching operation.

Mr. Brininstool is the operator of Salado Brine Sales located in SE/4, Section 14, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, Discharge Plan DP-320. Due to a lost circulation Mr. Brininstool drilled a new brine well located in NE/4 of the NE/4 of Section 20, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico, Discharge Plan BW-25.

Proposed brine well #3 will be located between Jal and Carlsbad in an area that is actively drilling new oil and gas wells. Mr. Brininstool believes that a brine station located between Jal and Carlsbad will be beneficial to the oil industry as the closest brine station is approximately a distance of 30 miles.

Proposed well will be drilled to approximately 2300 feet. A 14 3/4" hole will be drilled to a depth of 60' and 12 3/4" conductor casing will be run and cemented to the surface. The 12 3/4" casing is schedule 20 and weights 28# per foot. A 9 7/8" hole will be drilled into the Salt

formation to approximately 1460' and 7" casing will be run and cemented to the surface. The 7" casing is schedule 30 and weights 23# per foot. A 6 1/2" hole will then be drilled to approximately 2300'. Well will have approximately 2300' of 2 7/8" tubing. The 2 7/8" tubing is schedule 40 and weights 10.40# per foot. Cement work will be performed by Halliburton Services. The first stage cement will be approximately 50 sacks Class C cement and the second stage cement will be approximately 500 sacks Class C cement. At this time a casing integrity test will be performed and logs will be run that is required by the Oil Conservation Commission. The topographic map shows the approximate location of the proposed brine facility and the fresh water wells within a 1/4 mile radius.

A caliche pad will be built that will include the well site, fresh water storage tanks, brine water storage tanks and loading area. The brine facility will contain 2 fresh water storage tanks next to the brine well. Brine storage will consist of 4-1000 bbl tanks. Fresh water source will be from 3 commercial water wells owned by Mr. Brininstool that are located Northeast of the proposed brine well. Fresh water from the commercial water wells will be piped by a 2" polyethylene pipeline positioned 18 inches below ground level to the two fresh water storage tanks. Fresh water will be pumped down the casing into the salt formation forcing saturated brine water to the surface through 2 7/8" tubing, entering a 3 inch polyethylene pipeline buried 1 foot below ground level and travels via this pipeline to the brine storage tanks. Once a month for 24 hours fresh water will be pumped down the tubing and brine return through casing for clean out. Brine tanks will be bermed to contain a volume one-third more than the total volume of the interconnected tanks. If a leak, spill or other unanticipated discharge on the surface or underground occurs, Salado Brine Sales will notify the Oil Conservation Division in Santa Fe or the district office in Hobbs, Lea County within 48 hours.

Salado Brine Sales will notify the Oil Conservation Division prior to commencement of drilling, cementing of casing, well logging, mechanical integrity tests and any well work-over to allow opportunity for on site inspection by the director or his representative.

Salado Brine Sales well #3 will be visually monitored daily by Mr. Brininstool as facility will be located at his ranch house. Quarterly reports will be submitted to the Oil Conservation Commission on fresh water injected underground and brine sold. Quarterly reports of operation, production and sale of salt will be submitted to the New Mexico State Land Office. A meter will be installed at the brine well site showing bbls fresh water injected and drivers will fill out tickets for each load hauled.

The maps showing cross-section, vertical and horizontal limits of all ground water having less than 10,000/1 TDS and generalized and specific maps and cross-sections depicting both regional and site-specific geology please refer to the following report: Ground Water Report #6, Geology and Ground Water Conditions in Southern Lea County, New Mexico, United States Geological Survey, State Bureau of Mines and Mineral Resources, New Mexico Institute of Mining & Technology.

If loss of mechanical integrity in the injection well, Salado Brine Sales will shut down, pull tubing and correct problem. If loss of mechanical integrity can not be corrected facility will be

abandoned. Upon abandonment, drill holes will be properly sealed to protect water bearing aquifers in a manner approved by the Oil Conservation Division. Plugging procedure proposed is placing a cast iron bridge plug at bottom of casing with 20 sacks of cement on top of plug. A cement plug at the bottom of the fresh water zone that is approximately 700 feet. The last plug will be a cement plug at the surface. Between all plugs well will be filled with 10# salt gel. Decommissioning of surface facilities would consist of selling surface equipment, ripping of caliche pad and reseeding with BLM formula seed.

Map is enclosed showing proposed location and all surrounding drill holes. No existing oil or gas wells are drill holes are within a 1/4 mile radius.

Stan Piper Surveying of Gardendale, Texas has completed on site surveying and enclosed is the final plate.

After completion of drilling, logging, and casing integrity test all information will be sent to your office. After completion of brine well facility pictures will be made and sent to your office.

An analysis of the brine water will be provided as soon as commencement of production. At the same time maximum and average injection pressures and injection volume will be provided.

Thank you for all the help you have provided. If you need more information please call.

Cordially,

A handwritten signature in cursive script that reads "Christine Brininstool". The signature is written in dark ink and is positioned above the printed name and title.

Christine Brininstool
Office Manager