

SALADO BRINE SALES

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

May 7, 1993

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Attention: Kathy Brown

Re: Discharge plan Application for Brine Extraction

Dear Kathy:

William H. Brininstool dba Salado Brine Sales, P. O. Drawer A, Jal, New Mexico 88252, is proposing to drill a new brine well, well #2, in the NE/4 of the NE/4 of Section 20, Township 25S, Range 37E, NMPM, Lea County, New Mexico. As per our telephone conversation I am submitting this letter and a copy of the application for permit to drill so you may put notice of application in newspapers to determine if anyone protests application before finalizing purchase of land. If no protests William H. Brininstool will finalize purchase of land and he will be the surface owner. The Bureau of Land Management will be royalty owner.

Mr. Brininstool is the operator of Salado Brine Sales located in SE/4, Section 14, Township 25S, Range 37 East, NMPM, Lea County, New Mexico, Discharge Plan DP-320. Due to a lost circulation, Mr. Brininstool is forced to plug and abandon well and facility. At present there is no brine station located in Jal, New Mexico and we are now traveling approximately 30 miles to Texas to purchase brine. In 1991 Salado Brine Sales sold 187,011 bbls brine, 1992 sold 214,356 bbls of brine and in 1993, before closing of station, sold 69,846 bbls of brine. Mr. Brininstool has purchased 174,615 bbls brine in Texas the first 4 months of 1993.

Proposed well will be drilled to approximately 1700'. A 14 3/4" hole will be drilled to a depth of 60' and 12 3/4" casing will be run and cemented to the surface. The 12 3/4" casings is schedule

20 and weights 28# per foot. A 9 7/8" hole will be drilled to the top of the Halite formation approximately 1200' and 7" casing will be run and cemented to the surface. The 9 7/8" casing is schedule 30 and weights 23# per foot. A 6 1/2" hole will then be drilled to approximately 1700'. Well will have approximately 1700' 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 Class C cement approximately 50 sacks and the second stage cement is Class C cement approximately 500 sacks. 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, the location of the fresh water supply pipeline and all water wells within a 1/4 mile radius.

Fresh water will be stored in 2 storage tanks at the well site. A caliche pad will be built around well site and fresh water storage tanks. The storage of brine and loading station area will be South of the brine well. A caliche pad will be built that will include the brine storage tanks, loading station area, sump and sufficient area for trucks to enter and exit. The location containing the brine storage and loading station will also be fenced. A fresh water line will run to the loading station and then line will continue to the fresh water storage tanks. The source of fresh water is the City of Jal's 8 inch water line. Connection to the city water line will be a 8 inch SDR 17 polyethylene pipeline positioned 18 inches below ground level. Fresh water will be pumped down the casing into the Halite 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 at the loading station. Once a month for 24 hours fresh water will be pumped down the tubing and brine return through casing for clean out. Brine storage tanks will consist of 4-1000 bbl tanks. Brine tanks will be bermed to contain a volume one-third more than the total volume of the interconnected tanks. A lined pit will not be used at this facility as was used at previous brine station as proposed brine station is located close to the City of Jal. A concrete loading rack will be installed where trucks can load either brine or fresh water. A line underground will run from loading rack to a concrete sump that will collect any spillage of water as trucks are loaded, similar to the loading rack and sump at previous brine station except loading rack and sump will be larger. 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 will be visually monitored daily by Mr. Brininstool or one of his management employees. The Bureau of Land Management will conduct monthly inspections. Monthly reports are required by the Bureau of Land Management. Quarterly reports will be submitted to

Salado Brine Sales
Kathy Brown
page 3

the Oil Conservation Commission on fresh water injected underground and brine sold. 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 400 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.

Removal of waste water from the sump will be hauled by truck to Jet Disposal System, Inc., P. O. Box 914, Kermit, Texas 79745. Jet Disposal System, Inc. is in Texas and is regulated by the Railroad Commission of Texas and owned by William H. Brininstool. Location and permits are:

Disposal Well Permit #04026

RRC Operator #432087

RRC District #8

Winkler County

API #42-495-31611

Well #9

Field Name: Scarborough

Lease Name: Scarborough H

Location: Sec. 4, Block C22, Survey P.S.L.

Disposal well into non-productive zone.

Map is enclosed showing proposed location and all surrounding drill holes. Also enclosed is a list of existing wells within a 1/4 mile radius.

John West Engineering of Hobbs, New Mexico has completed on site surveying and is preparing the final plate. When Salado Brine Sales receives plate copies will be submitted to your office.

Salado Brine Sales
Kathy Brown
page 4

After completion of drilling, logging, and casing integrity test all information will be sent to your office. After completion of brine storage and loading station location pictures will be made and sent to your office.

An analysis of the fresh water injected underground and 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 black ink, reading "Christine Brininstool". The signature is written in a cursive, flowing style with a large initial "C".

Christine Brininstool
Office Manager