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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



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SANTA FE, NEW MEXICO 87504
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January 12, 1994

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-068

Mr. William H. Brininstool
Salado Brine Sales
P.O. Drawer A
Jal, New Mexico 88252

RE: **APPROVAL OF DISCHARGE PLAN BW-26**
SALADO BRINE SALES WELL NO. 3
LEA COUNTY, NEW MEXICO

Dear Mr. Brininstool:

The discharge plan BW-26 for the Salado Brine Sales No. 2 Brine Station located in the NE/4 NE/4, Section 32, Township 23 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The approved discharge plan consists of the discharge plan dated November 11, 1993.

The discharge plan renewal was submitted pursuant to Section 5-101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5-101.A and 3-109.C. Please note Sections 3-109.E and 3-109.F which provide for possible future amendments or modifications of the plan.

Please be advised that the approval of this plan does not relieve you of liability should your operation result in actual pollution of surface water, ground water, or the environment which may be actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with any other laws and/or regulations.

The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3-104 of the regulations requires that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section

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3-107.C you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.G.4, this plan is for a period of five (5) years. This approval will expire January 12, 1999, and you should submit an application for renewal in ample time before this date. Note that under Section 5-101.G of the regulations, if a discharger submits a discharge plan renewal application at least 180 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

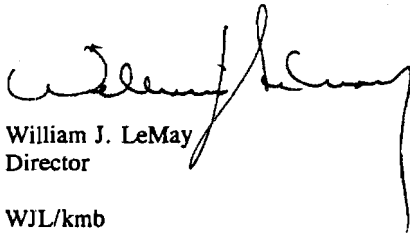
The discharge plan application for the Salado Brine Sales No. 3 Brine Facility is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty (50) dollars plus the flat fee of one-thousand, three-hundred and eighty (1380) dollars for brine extraction facilities.

The OCD has not received your \$50 filing fee or \$1380 flat fee (total fee \$1430). The filing fee is due upon receipt of this letter. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the discharge plan, with the first payment due upon receipt of this approval.

Please make all checks out to: **NMED - Water Quality Management** and addressed to the OCD Santa Fe Office.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



William J. LeMay
Director

WJL/kmb

Attachment

xc: Jerry Sexton, OCD Hobbs Office

ATTACHMENT TO DISCHARGE PLAN BW-26 APPROVAL
SALADO BRINE SALES NO. 3 BRINE FACILITY
DISCHARGE PLAN REQUIREMENTS
(January 12, 1994)

1. Well Drilling & Construction: Upon completion of the brine well all drilling, log evaluation and completion information will be submitted to the OCD. This will include casing depths, cement volumes, casing integrity tests, formation descriptions and depths, and the depth and quality of all groundwater encountered while drilling.
2. Brine Transfer Lines: All below-grade brine transfer lines will be tested for integrity once every five years with the first test conducted prior to the discharge plan renewal (January 12, 1999). Prior to conducting the integrity test the OCD will be notified of the exact method and date.
3. Sump Construction: All sumps and below-grade tanks will be approved by the OCD prior to installation and will incorporate secondary synthetic containment and leak detection in their designs. All leak detection systems will be inspected weekly and the OCD Santa Fe Office will be notified immediately upon discovery of fluids in any leak detection system.
4. Drum Storage: All drums will be stored on pad and curb type containment.
5. Tank Berming: All tanks that contain materials other than fresh water will be bermed to contain one and one-third times the capacity of the tank.
6. Spill Containment: All brine storage and transfer will be managed in such a manner to keep brine off of the ground surface. Any brine spilled onto the ground surface will be cleaned-up upon discovery.
7. Spill Reporting: All spills and/or leaks will be reported to the OCD Hobbs District Office pursuant to WQCC Rule 1-203 and OCD Rule 116.
8. Production Method: Fresh water will be injected down the annulus and brine will be recovered up the tubing. Reverse flow will be allowed once a month for a maximum of 24 hours for clean out.
9. Maximum Injection Pressure: The maximum operating injection pressure at the well head will be such that the fracture pressure of the injection formation (Salado) will not be exceeded.
10. Mechanical Integrity Testing: A mechanical integrity test will be conducted on the well annually. A pressure equal to one and one-half of the normal operating pressure will be maintained for four hours. The OCD will be notified prior to the test so that they may witness the test.

11. Production/Injection Volumes: The volumes of fluids injected (fresh water) and produced (brine) will be recorded monthly and submitted to the OCD Santa Fe Office quarterly.
12. Well Workovers Operations: OCD approval will be obtained prior to performing remedial work or any other workover. Approval will be requested at the OCD Hobbs District Office on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103-A).
13. Closure: The OCD will be notified when operations of the facility is discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for OCD approval. Closure and waste disposal will be in accordance with the statues, rules and regulations in effect at the time of closure.