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NEWS RELEASE

April 9, 2009

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Oil Conservation Division Requests Carlsbad Brine Well Operator I&W to Take Common-Sense Precautions *State and Eddy County Preparing Emergency Action Plan*

CARLSBAD, NM – The Oil Conservation Division put Carlsbad brine well operator I&W, Inc on notice for unsafe conditions that pose a serious risk to human life and property, and is asking the operator to take reasonable actions to mitigate that risk. The division is considering legal action forcing safety precautions, if they are not voluntarily met by the operator. The location of I&W's brine operation poses special dangers in the event of collapse. The facility where the brine operations are located is in the city of Carlsbad, between US 285 and US 180/62 where those two highways meet at a "Y"-shaped intersection.

"Ensuring the public safety of citizens, protecting adjacent properties, roadways and the Carlsbad Irrigation District Canal demands our immediate attention," stated Mark Fesmire, Oil Conservation Division Director.

Today, the Oil Conservation Division met with Department of Homeland Security and Emergency Management, Department of Transportation, the National Cave and Karst Research Institute, Department of Energy, the Bureau of Land Management, Eddy County Emergency Management, fire and police officials from Carlsbad, representatives from the Carlsbad Irrigation District and local elected officials to prepare an action plan in the event the I&W brine well collapses.

"We are prepared to assist the Carlsbad community in organizing their law enforcement, fire, and emergency management agencies as they continue to protect the state and its citizens," said John Wheeler incoming Cabinet Secretary, for the Department of Homeland Security and Emergency Management.

The Oil Conservation Division requests that I&W voluntarily and immediately take the following common-sense precautions:

Cease truck traffic at the facility. The concern is that vibrations from heavy truck traffic over the cavern could trigger a collapse.

Remove the contents of tanks at the facility, if removal can be accomplished safely. Removal of liquids will reduce weight on the overburden, and hazardous liquids should be removed to prevent leakage should a collapse occur. The concern is also about tanks at the site that containing propane, which could spark an explosion in the event of a collapse.

Restrict all public access to the facility.

Cooperate with monitoring requirements. The division has been working with I&W to establish a monitoring program for the site, but has not seen proof that the monitoring is in place, and has not received monitoring data from I&W. The division's experience is that weekly or daily monitoring will not provide adequate warning of a collapse. The division is working to determine if a real-time monitoring system can be designed that will provide sufficient warning to prevent loss of life or property; if so, it will require I&W's cooperation in implementing that monitoring program.

On July 18, 2008, a brine well located approximately 25 miles north of Carlsbad collapsed forming a sinkhole several hundred feet across. Straight away, staff from the Oil Conservation Division began closely monitoring the brine well operated by I & W, Inc located in Carlsbad. Following ongoing inquiries from the division, the operator voluntarily agreed to stop operation of the well. Division staff had concerns then, because I&W's brine well operations share physical features with the Artesia brine well that had just collapsed.

Also in July of 2008, Energy, Minerals and Natural Resources Cabinet Secretary, Joanna Prukop ordered the Oil Conservation Division to conduct a complete evaluation of the rules and regulations concerning brine wells. The evaluation included an internal audit and inspection of all existing brine wells in New Mexico.

Last November 2008, after a second brine well collapse in less than four months in southeastern New Mexico, Secretary Prukop issued a six month moratorium on any new brine well applications located in geologically sensitive areas. Secretary Prukop also directed the Oil Conservation Division to work with the federal 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.

Two weeks ago the Oil Conservation Division hosted a 2-day brine well workgroup meeting. Participants included the Environmental Protection Agency, the Department of Energy, the National Cave and Karst Research Institute, the Solution Mining Research Institute, and New Mexico industry representatives. The workgroup discussed the two collapses, the collapse potential of existing brine wells in New Mexico, and what could be done in future operations to avoid collapses. During the workgroup, participants discussed I&W's operations. The members of the workgroup were extremely concerned because I&W's operations share physical features with the two brine wells that had collapsed and because the facility is located in a developed area, posing special risks to life and property in the event of a collapse.

Production of brine is 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. Because it is more economical that using above ground tanks, brine is typically produced by injecting fresh water into underground salt formations, allowing the water to absorb the salt and then pumping it out of the well. This method creates an underground cavity.

Below are photographs of the two brine well collapses that took place last year:



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



Artesia brine well collapse, morning, July 20, 2008 at 10:44 am.
Photo courtesy of National Cave and Karst Research Institute

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

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