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NEWS RELEASE

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Public Meeting About Carlsbad Brine Well Scheduled for April 28, 2009

CARLSBAD, NM – The Oil Conservation Division, along with Eddy County Office of Emergency Management and the New Mexico Department of Homeland Security and Emergency Management will host an informational public meeting, on Tuesday, April 28, 2009 at 5:00 p.m. at the P.R. Leyva Middle School located at 800 West Church Street in Carlsbad, New Mexico 88220. The purpose of the meeting is to inform the public about monitoring and contingency planning associated with a potential brine well collapse at the I&W trucking facility in Carlsbad located at 3005 South Canal Street.

Earlier this month, 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. 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.

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.

Last month, 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 than 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.

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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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