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Carlsbad Brine Well Remediation Project Carlsbad, New Mexico State of New Mexico - Energy, Minerals and Natural Resources Department (EMNRD)

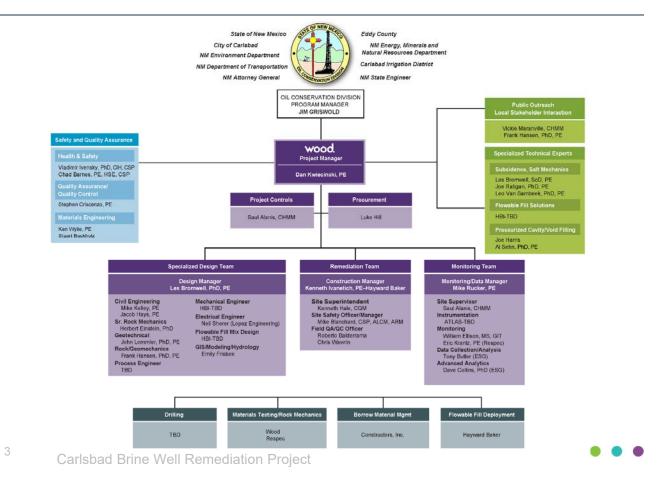
Presentation to the Legislative Finance Committee Dan Kwiecinski, NM Operations Manager and Vickie Maranville, NM Consulting Branch Manager June 4, 2018

Project Team

- Amec Foster Wheeler officially changed its name on April 16, 2018 to Wood Environment & Infrastructure Solutions, Inc. This is a name change only and is administrative in nature.
- Wood has assembled a Team of specialized contractors, capable of implementing all aspects of the project.

| Role |
|--|
| Project Management/ Quality Assurance/ Design Lead |
| Construction Team Lead/ Grout Deployment |
| Monitoring/ Rock Mechanics/ Public Relations Support |
| Local Contractor/ Borrow Material |
| Microseismic Instrumentation & Data Acquisition |
| |

Organizational Chart



Introduction – Project Background

- August 1, 1978 Initial brine production, using a one well system (Eugenie #1), begins at the site.
 - Initial operator is Permian Brine Sales.
- December 18, 1982 OCD issues permit to Permian Brine Sales (Permit Number BW-006).
- July 1995 I&W assumes ownership of the site.
- April 28, 2009 All activity is ceased at I&W Site.
- May 1, 2009 Installation of the Atlas monitoring system at the site is completed.



Carlsbad Brine Well Remediation Project

Wood Direct Project Experience

In 2012 retained by OCD to perform:

- Monitoring system upgrades & operation
- Evaluation of previous investigation methods
- Conduct Feasibility study

To date, we have gathered and evaluated data from site monitoring instruments over the last 5 years

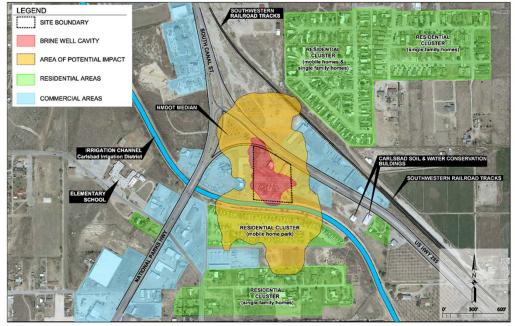
- Slight pressure increases
- Decrease in microseismic activity





Feasibility Study

- Cavity investigations performed to confirm size, shape, and mechanical parameters.
- OCD selected alternative for in-situ fill of the cavity.



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Carlsbad Brine Well Remediation Project

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On-going Methods of Site Monitoring

Microseismic (MS)

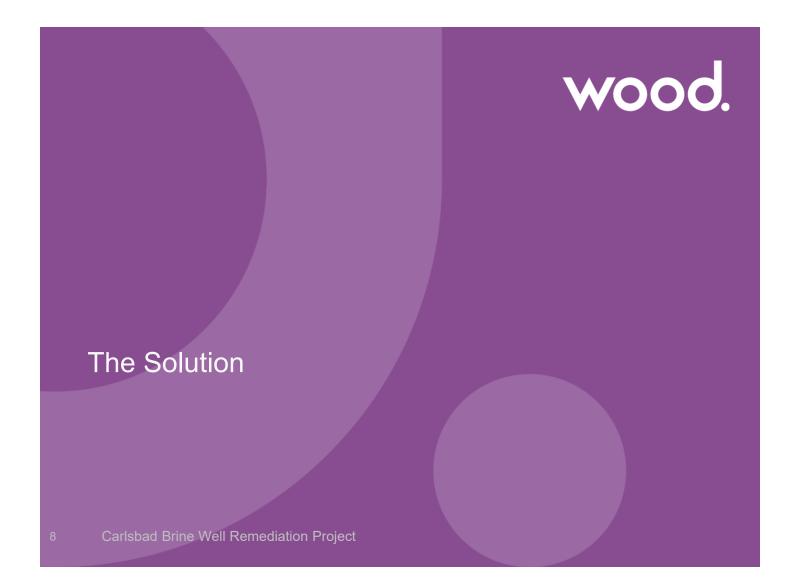
- Four MS monitoring stations
- One below cavity, three above roof

Atlas Monitoring System (24 hours/7 days)

- Four borehole tilt meter
- Two pressure transducers to measure pressure at Eugenie #1 (well head/annulus)
- Two pressure transducers to measure depth to groundwater (shallow and deep aquifers)
- Pressure transducer to measure depth of water in canal (canal loading)
- Barometric pressure, air & soil temperatures, rain gauge

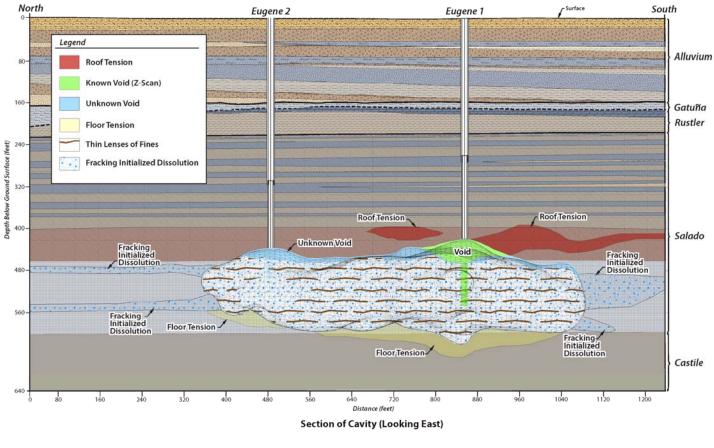






Proposed Solution

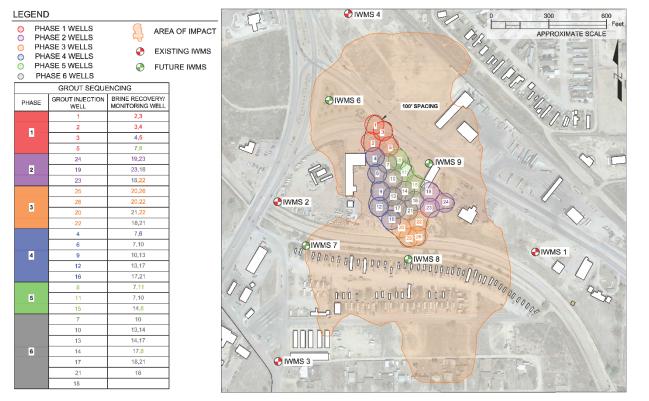
- Install a series of wells to extract brine and inject grout
 - Maintain cavity pressure
 - Balance volume of brine removed with volume of grout injected
 - Install a grout cap using high mobility grout to support cavity roof
 - Install grout columns using low mobility grout to support grout cap



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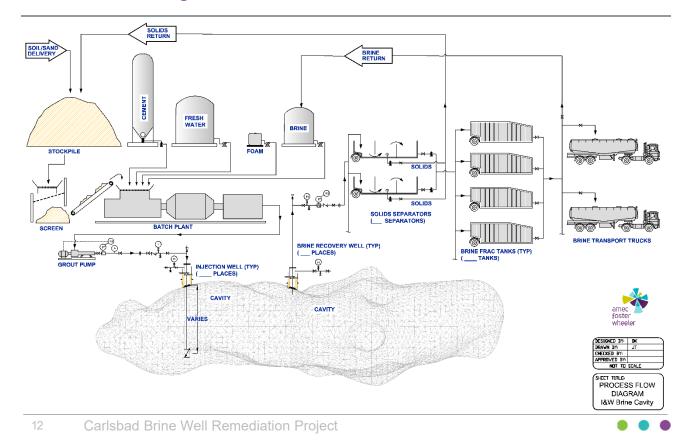
Cavity Filling Process Boring & Grouting Sequencing



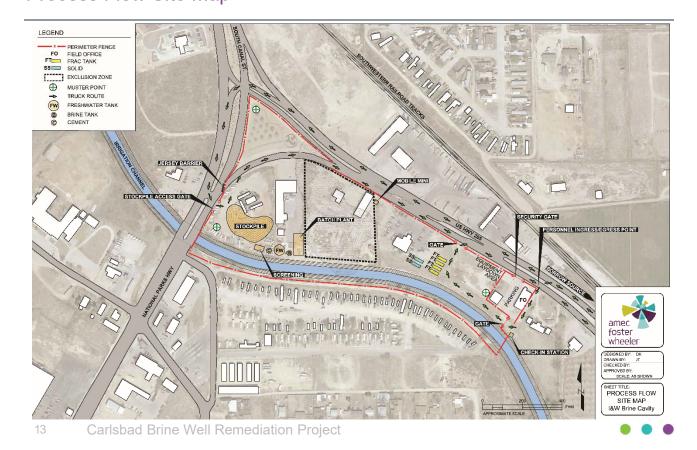
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Cavity Filling Process

Process Flow Diagram



Cavity Filling Process Process Flow Site Map



Project Timeline and Budget

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Site Impacts – Planned Activities

- Changes to the site
 - Installation of security/privacy fencing
 - o Signage
 - Relocation of neighbors (City of Carlsbad leading effort)
 - Expanded site boundaries
 - \circ Utility connections
 - o Install additional site instrumentation
 - o Additional BTM's, HIPI
 - $_{\odot}$ Locations selected based on CSM
 - o Relocate existing instrumentation
 - o Install additional MS monitoring sites
 - o Traffic patterns

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Milestone Schedule

- June 30, 2018 Phase 1a Preliminary Design Completed
 - Site Survey, Site Security, Traffic Control Planning, Plans and Permits
- July 11, 2018 Presentation on traffic control to Brine Well Authority
- August 2, 2018 Proposed Public Informational Meeting
- September 2017 Upgrades to monitoring, site security.
- December 2018 Complete draft design and refine cost estimate for Phase 2
- January 30, 2019 Field mobilization and site preparation.
 Begin Phase 2 Implementation.
- February 20, 2019 Final design deliverable report

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Project Budget

- Phase 1a/1b \$1,522,556
- Phase 2 \$41,285,952 (with 25% contingency)
- Phase 3 \$1,176,492 (with 25% contingency)
- Currently estimated with contingency because additional data gathering is required to refine cost
- Phase 1b includes a re-baseline of the cost based on final design.
- Phase 2 cost will be revised to include a 10% contingency.

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Cost Control

- Development of cash flow model to forecast project spending.
- Cost and scope reviewed weekly.
- Key Team Members selected based on expertise and experience.
- Support subcontractor services competitively bid to ensure best value and use of available local resources.
- Budgets reflect approved project phases.
- Phase 1b allows for cost refinement, including re-baseline project budget with a 10% contingency.
- Invoicing will provide accounting of expenditures.
- Contingency use requires pre-approval from EMNRD.



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Change Management Process

- All changes will be formally documented and agreed to in writing by EMNRD and Wood and between Wood and its subcontractors. End of month reports will include anticipated changes for the coming month, if any. All work will be performed under approved Task Orders.
- Appropriate approvals by EMNRD PM, Wood PM, and subcontractor PM must will be documented for each task order and contract modification.

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Public Outreach

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- E&IS responsible for overall Public Outreach and Community Interaction for this contract
- Project related press releases and public/stakeholder meetings will be coordinated with OCD
- Series of Town Hall meetings are planned throughout the project.
 - Convey project information at milestones
 - Convey accurate information to all stakeholders
- Project Fact Sheet is being developed to convey project details to stakeholders, residents, businesses and media.

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