

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**BY ELECTRONIC MAIL ONLY**

June 17, 2026

Jordan Shaw  
V-F Petroleum Inc.  
[jordan@vfpetroleum.com](mailto:jordan@vfpetroleum.com)

**RE: Notice of Deficiencies/Findings During Onsite Inspection and Records Review**

Dear Mr. Shaw:

The Oil Conservation Division (OCD) received a citizen complaint on June 10, 2026, regarding the Turkey Track North and South Recycling Facility. Based on this complaint, the OCD conducted an onsite inspection of the facility on June 11<sup>th</sup> and 12<sup>th</sup> 2026. The OCD also conducted a records review of the facility to determine overall compliance with 19.15.34 NMAC. The below are a list of deficiencies/findings that V-F Petroleum Inc. (V-F) must address:

- V-F failed to conduct weekly inspections as required by 19.15.34.9 NMAC and 19.15.34.13 NMAC.
  - 19.15.34.9.B(6) requires the following: “when the recycling facility is used with *dedicated above ground, unlined, hard-sided tanks* used in accordance with the manufacturer’s standards that are externally visually inspected weekly when holding fluids and a log is kept of the inspections made available to the division upon request.”
  - 19.15.34.13.A NMAC requires, “The operator shall inspect the recycling containment and associated leak detection systems weekly while it contains fluids. The operator shall maintain a current log of such inspections and make the log available for review by the division upon request.” Note, this inspection requirement also applies to the modular tank on location since it meets the definition of a recycling containment (i.e., incorporates a synthetic liner as the primary and secondary containment device).
- V-F failed to conduct the monthly inspection required by 19.15.34.12.E NMAC. This citation states, “The operator shall ensure that a recycling containment is screened, netted or *otherwise protective of wildlife, including migratory birds*. The operator shall on a monthly basis inspect for and, within 30 days of discovery, report the discovery of dead migratory birds or other wildlife to the appropriate wildlife agency and to the division district office in order to facilitate assessment and implementation of measures to prevent incidents from reoccurring.” The OCD did not see any monthly records that demonstrate compliance with this requirement. Furthermore, while conducting the onsite field inspection of the facility, the OCD noted that birds were nesting and heavily present in the recycling containment areas. This is a direct violation of this citation. The registration/permit application

approved by the OCD in 2017 included the following to protect wildlife, including migratory birds: "The Turkey Track Recycling Facility and Containments C-147 Registration Package requests one variance to use an audible bird protection system as an alternative to netting the recycling containments." As witnessed by the OCD during the onsite inspection, the currently utilized audible bird protection system is not sufficient to deter birds from recycling containment areas and as such V-F must either screen, net, or otherwise propose another protective measure for OCD consideration.

- V-F failed to meet the requirement of 19.15.34.13.B(2) NMAC which states, "The operator shall maintain at least three feet of freeboard at each containment." The registration/permit application approved by the OCD in 2017 states, "The operator will maintain at least three feet of freeboard for the containment and will use a free-standing staff gauge to allow easy determination of the required 3-feet of freeboard." How is V-F determining that the 3-feet of freeboard requirement is being met?
- V-F is not following the protocol approved by the OCD in the 2017 registration/permit application for leak detection monitoring (See Attachment A). During the field inspection, OCD witnessed a long rod with a hanker chief utilized to conduct a leak detection test.
- V-F failed to notify the OCD of a rip/tear of the primary liner. 19.15.34.13 NMAC requires the following:
  - "If the containment's primary liner is compromised above the fluid's surface, the operator shall repair the damage or initiate replacement of the primary liner within 48 hours of discovery or seek an extension of time from the division district office."
  - "If the primary liner is compromised below the fluid's surface, the operator shall remove all fluid above the damage or leak within 48 hours of discovery, notify the division district office and repair the damage or replace the primary liner."
- V-F failed to notify the OCD of cessation of operations. 19.15.34.13.C NMAC states the following: "A recycling containment shall be deemed to have ceased operations if less than twenty percent of the total fluid capacity is used every six months following the first withdrawal of produced water for use. The operator must report cessation of operations to the division. The division may grant an extension to this determination of cessation of operations not to exceed six months." The OCD understands that the recycling containments were not utilized from July 2025 to January 2026.
- V-F has been operating the facility **without authorization** since 2024. 19.15.34.10.C NMAC states, "Registered recycling containments may be operated for five years from the date on which the registration is filed with the division. The operator may extend the allowed time on an annual basis thereafter with division approval if, 30 days prior to the registration expiration, the operator files a form C-147 with an attached summary showing all monthly inspections at the containment, including the monitoring of the leak detection system, showing the containment's integrity has not been compromised."

Given this facility has been operating without authorization since 2024 and that an annual extension request would trigger the need for an integrity check of the primary/secondary liner and leak detection systems, V-F must remove all fluids from the recycling containments by June 24, 2026. If V-F wishes to utilize the recycling containments after all fluids have been removed, V-F must file a C-147 making the annual extension request and include signed documentation from a registered New Mexico Professional Engineer that all liners and leak detection systems meet integrity check standards. The submittal package should also include V-F's acknowledgement of the commitments and obligations made in the 2017 registration/permit package

approved by the OCD for the Turkey Track North and South Recycling Facility and address corrective actions for the above OCD identified deficiencies/findings.

If V-F decides after removing fluids from the recycling containments to not pursue an annual extension request, V-F must follow the closure and site reclamation requirements for the recycling containments as outlined in 19.15.34.14 NMAC. Note, a closure report is required to be submitted to the OCD within 60-days of closure completion utilizing form C-147.

V-F must let the OCD know when all fluids have been removed from the recycling containments and include photo documentation of the fluid removal. V-F must also indicate if they plan to submit an annual extension request or proceed with closure of the facility. If you have any questions, please do not hesitate to contact me.

Take care,



Leigh Barr

Environmental Permitting Supervisor

# Attachment A



**Turkey Track Recycling Facility and Containments  
C-147 Registration Package**

## Operating and Maintenance Plan

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The operator will operate and maintain the lined earthen containment to contain liquids and solids (blow sand and minimal precipitates from the treated produced water) and maintain the integrity of the liner system in a manner that prevents contamination of surface or groundwater and protects public health and the environment as described below. The purpose of the lined earthen containment is to facilitate recycling, reuse and reclamation of produced water derived from nearby oil and gas wells. During periods when water for E&P operations is not needed, produced water will discharge to one of the injection wells in the operator's SWD system. The containment will not be used for the disposal of produced water or other oilfield waste.

The operation of the containment are summarized below.

- a. Via pipeline, produced water generated from nearby oil and gas wells is delivered to a treatment system located as indicated in the C-147.
- b. After treatment, the produced water discharges into the containment
- c. When required, treated produced water is removed from the containment for E&P operations. At this time, treated produced water will be used for drilling beneath the fresh water zones (beneath surface casing), for well stimulation (e.g. hydraulic fracturing) and other E&P uses as approved by OCD.
- d. Whenever the maximum fluid capacity of the containment is reached, treatment and discharge to the containment ceases (see Freeboard and Overtopping Plan, below)
- e. The operator will keep accurate records and shall report monthly to the division the total volume of water received for recycling, with the amount of fresh water received listed separately, and the total volume of water leaving the facility for disposition by use on form C-148.
- f. The operator will maintain accurate records that identify the sources and disposition of all recycled water that shall be made available for review by the division upon request.
- g. The containment shall be deemed to have ceased operations if less than 20% of the total fluid capacity is used every six months following the first withdrawal of produced water for use. The operator will report cessation of operations to the appropriate division district office. The appropriate division district office may grant an extension to this determination of cessation of operations not to exceed six months.

The operation of the lined earthen containment will follow the mandates listed below:

1. The operator will not discharge into or store any hazardous waste (as defined by 40 CFR 261 and NMAC 19.15.2.7.H.3) in the containments.



**Turkey Track Recycling Facility and Containments  
C-147 Registration Package**

2. If the containment's primary liner is compromised above the fluid's surface, the operator will repair the damage or initiate replacement of the primary liner within 48 hours of discovery or seek an extension of time from the division district office.
3. If the primary liner is compromised below the fluid's surface, the operator will remove all fluid above the damage or leak within 48 hours of discovery, notify the division district office and repair the damage or replace the primary liner.
4. If any penetration of the containment liner is confirmed by sampling of fluid in the leak detection system (see Inspection and monitoring plan), The operator will
  - a. Begin and maintain fluid removal from the leak detection/pump-back system
  - b. Notify the district office within 48 hours (phone or email) of the discovery
  - c. Identify the location of the leak and
  - d. Repair the damage or, if necessary, replace the containment liner
5. The operator will install, or maintain on site, an oil absorbent boom or other device to contain an unanticipated release and the operator will remove any visible layer of oil from the surface of the recycling containment.
6. The operator will report releases of fluid in a manner consistent with NMAC 19.15.29
7. The containment will be operated to prevent the collection of surface water run-on.
8. The operator will maintain the containment free of miscellaneous solid waste or debris.
9. The operator will maintain at least three feet of freeboard for the containment and will use a free-standing staff gauge to allow easy determination of the required 3-feet of freeboard.
10. As described in the design/construction plan, the injection or withdrawal of fluids from the containment is accomplished through a hardware that prevents damage to the liner by erosion, fluid jets or impact from installation and removal of hoses or pipes.
11. The operator shall ensure that all gates associated with the fence are closed and locked when responsible personnel are not onsite.
12. The operator will maintain the fences in good repair

**Monitoring, Inspection, and Reporting Plan**

The operator will inspect the recycling containment and associated leak detection systems weekly while it contains fluids. The operator shall maintain a current log of such inspections and make the log available for review by the division upon request. See Appendix 9 for a sample template of the Weekly Visual Inspection Report.



**Turkey Track Recycling Facility and Containments  
C-147 Registration Package**

Weekly inspections consist of

- ✓ reading and recording the fluid height of staff gauges
- ✓ recording any evidence that the pond surface shows visible oil
- ✓ visually inspecting the containment's exposed liners
- ✓ checking the leak detection system for any evidence of a loss of integrity of the primary liner.

As stated above, if a liner's integrity is compromised, or if any penetration of the liner occurs above the water surface, then the operator will notify the District office within 48 hours (phone or email).

Monthly, the operator will

- ✓ Inspect diversion ditches and berms around the containment to check for erosion and collection of surface water run-on.
- ✓ Inspect the leak detection system for evidence of damage or malfunction and monitor for leakage
- ✓ Inspect the containment for dead migratory birds and other wildlife. Within 30 days of discovery, report the discovery of dead migratory birds or other wildlife to the appropriate wildlife agency and to the division district office in order to facilitate assessment and implementation of measures to prevent incidents from reoccurring.
- ✓ Report to the division the total volume of water received for recycling, with the amount of fresh water received listed separately, and the total volume of water leaving the facility for disposition by use of the form C-148.
- ✓ Record sources and disposition of all recycled water

The operator will maintain a log of all inspections and make the log available for the appropriate Division district office's review upon request. See Appendix 10 for a sample template of the Monthly Inspection Log.

**Freeboard and Overtopping Prevention Plan**

The method of operation of the containment allows for maintaining freeboard with very few potential problems. When the capacity of the containment is reached (3-feet of freeboard), the discharge of treated produced water ceases and the produced water generated by surrounding oil and gas wells is managed by injection into the nearby salt water disposal (SWD) well.



**Turkey Track Recycling Facility and Containments  
C-147 Registration Package**

If rising water levels suggest that 3-feet of freeboard will not be maintained, the operator will implement one or more of the following options

- I. Cease discharging treated produced water to the containment
- II. Accelerate re-use of the treated produced water for purposes approved by the Division
- III. Transfer treated produced water from the containment to the nearby salt water disposal (SWD) well.

The reading of the staff gauge typically occurs daily when treatment operations are ongoing and weekly when discharge to the containment is not occurring.

**Protocol for Leak Detection Monitoring, Fluid Removal and Reporting**

As shown in the attached Engineering Drawings (Appendix 4), the leak detection system includes a monitoring system. Any fluid released from the primary liner will flow to the collection sump where fluid level monitoring is possible at the monitoring riser pipe associated with the leak detection system.

The site operator may employ a portable electronic water level meter to determine if fluid exists in the monitoring riser pipe. Obtaining accurate readings of water levels in a sloped pipe beneath a containment can be a challenge. An electrician's wire snake may be required to push the probe to the bottom of the port and the probe may be fixed in a 2-inch pipe "dry housing" to avoid false readings due to water condensation on the pipe. There are many techniques to determine the existence of water in the sumps – including low flow pumps and a simple small bailer affixed to an electrician's snake. The operator will use the method that works best for this containment.

If seepage from the containment into the leak detection system is suspected by a positive fluid level measurement, the operator will

1. Re-measure fluid levels in the monitoring riser pipe on a daily basis for one week to determine the rate of seepage.
2. Collect a water sample from the monitoring riser pipe to confirm the seepage is treated produced water from the containment via field conductivity and chloride measurements.
3. Notify NMOCD of a confirmed positive detection in the system within 48- hours of sampling (initial notification).
4. Install a pump into the monitoring riser pipe sump to continually (manually on a daily basis or via automatic timers) remove fluids from the leak detection system into the containment until the liner is repaired or replaced.



**Turkey Track Recycling Facility and Containments  
C-147 Registration Package**

5. Dispatch a liner professional to inspect the portion of the containment suspected of leakage during a “low water” monitoring event.
6. Provide NMOCD a second report describing the inspection and/or repair within 20 days of the initial notification

If the point of release is obvious from a low water inspection, the liner professional will repair the loss of integrity. If the point of release cannot be determined by the inspection, the liner professional will develop a more robust plan to identify the point(s) of release.

The inspection plan and schedule will be submitted to OCD with the second report. The operator will implement the plan upon OCD approval.

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 596565

**CONDITIONS**

Operator: V-F PETROLEUM INC P.O. Box 1889 Midland, TX 79702	OGRID: 24010
	Action Number: 596565
	Action Type: [C-147] Water Recycle Long (C-147L)

**CONDITIONS**

Created By	Condition	Condition Date
vvenegas	None	6/17/2026