GW - 372

PERMITS, RENEWALS, & MODS Application

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 3/26/08

or cash received on _____ in the amount of $ 1700 00

from Key Energy Services Inc.

for GW-372

Submitted by: Lawrence Romero Date: 4/3/08

Submitted to ASD by: [signature] Date: 4/3/08

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal ✓

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment ✓ or Annual Increment _____

Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Telephone: 432.620.0300
Facsimile: 432.571.7173
www.keyenergy.com

March 31, 2008

Mr. Wayne Price
Environmental Bureau Chief
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: New Discharge Permit for Key Energy Services, LLC
NE/4 NW/4 Section 33, Township 21 South, Range 31 East NMPM
Lea County, New Mexico

Dear Mr. Price:

Enclosed you will find the Discharge Permit for the above referenced site, along with Key's check in the amount of $1,700.00.

If you need anything else, please do not hesitate to let me or Ted know.

Sincerely,

Robyn Miller

Robyn Miller, CLA

Enclosures

NM13017

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

March 12, 2008

Mr. Edward D. Philley
6 Desta Drive, Suite 4400
Midland, Texas 79705

Re: New Discharge Permit
Eunice Oil and Gas Service Co., (GW-372)
NE/4 NW/4 Section 33, Township 21 South, Range 31 East, NMPM,
Lea County, New Mexico,

Dear Mr. Philley:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby approves the discharge permit for the **Key Energy Services LLC.,** (owner/operator) for the above referenced site contingent upon the conditions specified in the enclosed **Attachment to the Discharge Permit**. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Wayne Price
Environmental Bureau Chief

LWP/lrl

Attachments-1
xc: OCD District Office

ATTACHMENT- DISCHARGE PERMIT APPROVAL CONDITIONS

1. **Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of $100.00, plus a flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required $100.00 filing fee. ***The flat fee for a Oil and Gas service company is $1700.00. Please submit this amount along with the signed certification item 23 of this document to the NMOCD office. Checks should be made out to the New Mexico Water Quality Management Fund.***

2. **Permit Expiration, Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on March 12th, 2013** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. ***Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA 1978} and civil penalties may be assessed accordingly.***

3. **Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.

4. **Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its November 2007 discharge plan application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. **Modifications:** WQCC Regulation 20.6.2.3107.C and 20.6.2.3109 NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. **Waste Disposal and Storage:** The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste

stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. **OCD Rule 712 Waste:** Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. **Waste Storage:** The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. **Drum Storage:** The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. **Process, Maintenance and Yard Areas:** The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. **Above Ground Tanks:** The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. **Labeling:** The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. **Below-Grade Tanks/Sumps and Pits/Ponds.**

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that

inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. ***An unauthorized discharge is a violation of this permit.***

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Transfer of Discharge Permit (WQCC 20.6.2.3111) Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, the transferor shall notify the transferee in writing of the existence of the discharge permit, and shall deliver or send by certified mail to the department a copy of such written notification, together with a certification or other proof that such notification has in fact been received by the transferee.

Upon receipt of such notification, the transferee shall have the duty to inquire into all of the provisions and requirements contained in such discharge permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the department's file or files concerning such discharge permit. The transferee (new owner/operator) shall sign and return an original copy of these permit conditions and provide a written commitment to comply with the terms and conditions of the previously approved discharge permit.

22. Closure Plan and Financial Assurance: Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, modified plan, and/or provide adequate financial assurance.

23. Certification: (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

Key Energy Services, LLC
Company Name-print name above

Jim Flynt
Company Representative- print name

Company Representative- Signature

Title Senior VP Western Region

Date: 3/26/2008

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

March 12, 2008

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C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

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19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Transfer of Discharge Permit (WQCC 20.6.2.3111) Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, the transferor shall notify the transferee in writing of the existence of the discharge permit, and shall deliver or send by certified mail to the department a copy of such written notification, together with a certification or other proof that such notification has in fact been received by the transferee.

Upon receipt of such notification, the transferee shall have the duty to inquire into all of the provisions and requirements contained in such discharge permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the department's file or files concerning such discharge permit. The transferee (new owner/operator) shall sign and return an original copy of these permit conditions and provide a written commitment to comply with the terms and conditions of the previously approved discharge permit.

22. **Closure Plan and Financial Assurance:** Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, modified plan, and/or provide adequate financial assurance.

23. **Certification: (Owner/Operator)**, by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

_____
Company Name-print name above

_____
Company Representative- print name

_____
Company Representative- Signature

Title_____

Date:_____

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Friday, December 14, 2007 1:31 PM
To: 'tphilley@keyenergy.com'
Cc: Hansen, Edward J., EMNRD
Subject: GW-273, Administratively Complete
Attachments: GW-372 AdmCompleteLetter.pdf; GW-372 DRAFT Permit.pdf; GW-372 OCD PN .pdf; New & Mod PN Flow Chart.pdf; New & Mod WQCC PN Rules.pdf

Mr. Edward D. Philley,

Your submitted application for the Key Energy Eunice Oil and Gas Service company has been determined Administratively Complete. See attachments.

Please submit to the NMOCD a draft version of your public notice for approval. See the attachment for all requirements for public notice. Once the OCD has approved your Public Notice you can then post/publish. What newspaper do you intend to publish your notice in?

I will initiate the technical portion of the Application. I will be contacting for further information if needed.

Thank you for your attention.

llowe

Leonard Lowe
Environmental Engineer
Oil Conservation Division, EMNRD
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505
Phone: (505) 476-3492
Fax: (505) 476-3462
E-mail: leonard.lowe@state.nm.us

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

December 14, 2007

Mr. Edward D. Philley
6 Desta Drive, Suite 4400
Midland, Texas 79705

Re: New Discharge Plan Permit, GW-372
Key Energy Services, LLC.
Eunice Oil and Gas Service Company
2105 Avenue O, Lea County, New Mexico

Dear Mr. Philley:

The New Mexico Oil Conservation Division (NMOCD) has received Key Energy Service's request and initial fee, dated November 6th, 2007, for a new discharge plan, GW-372, for the ir Key Energy Service's Oil and Gas Service company, 2105 Avenue, Eunice N.M. located in the NE/4 NW/4 of Section 33, Township 21 South, Range 31 East, NMPM, Lea County, New Mexico. The initial submittal provided the required information in order to deem the application "administratively" complete.

Therefore, the New Mexico Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to the NMOCD. NMOCD will provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest. Please submit a draft public notice to the NMOCD for approval prior to publication and posting.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3492 or leonard.lowe@state.nm.us. On behalf of the staff of the NMOCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Leonard Lowe
Environmental Engineer

LRL/lrl

xc: OCD District I Office, Hobbs

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

December 14, 2007

Mr. Edward D. Philley
6 Desta Drive, Suite 4400
Midland, Texas 79705

Re: New Discharge Plan Permit, GW-372
Key Energy Services, LLC.
Eunice Oil and Gas Service Company
2105 Avenue O, Lea County, New Mexico

Dear Mr. Philley:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3000 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby approves the discharge permit for the Key Energy Services, LLC (owner/operator) Eunice Oil and Gas Service company, GW-372, located in the NE/4 NW/4 of Section 33, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, under the conditions specified in the enclosed **Attachment To The Discharge Permit**. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Leonard Lowe of my staff at 505-476-3492 or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Wayne Price
Environmental Bureau Chief

LWP/lrl
Attachments-1
xc: OCD District I Office

ATTACHMENT TO THE DISCHARGE PERMIT
KEY ENERGY SERVICES, EUNICE OIL AND GAS SERVICES (GW-273)
DISCHARGE PERMIT APPROVAL CONDITIONS
DECEMBER 14, 2007

Please remit a check for $1700.00 made payable to Water Quality Management Fund:

Water Quality Management Fund
C/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

1. **Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of $100.00, plus a renewal flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required $100.00 filing fee. However, the owner/operator still owes the required $1700.00 renewal permit fee for a Oil and Gas Service company.

2. **Permit Expiration, Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on December XX, 20XX** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. ***Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA1978} and civil penalties may be assessed accordingly.***

3. **Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.

4. **Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its November 6, 2007 discharge plan new application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. Modifications: WQCC Regulation 20.6.2.3107.C, and 20.6.2.3109 NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. ***An unauthorized discharge is a violation of this permit.***

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Transfer of Discharge Permit (WQCC 20.6.2.3111) Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, the transfer or shall notify the transferee in writing of the existence of the discharge permit, and shall deliver or send by certified mail to the department a copy of such written notification, together with a certification or other proof that such notification has in fact been received by the transferee. Upon receipt of such notification, the transferee shall have the duty to inquire into all of the provisions and requirements contained in such discharge permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the department's file or files concerning such discharge permit. The transferee (new owner/operator) shall sign and return an original copy of these permit conditions and provide a written commitment to comply with the terms and conditions of the previously approved discharge permit.

22. Closure Plan and Financial Assurance: Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, modified plan, and/or provide adequate financial assurance.

23. Certification: Key Energy Services, LLC, (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

_____
Company Name-print name above

_____
Company Representative- print name

_____
Company Representative- signature

Title_____

Date:_____

NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(GW-372) Mr. Edward D. Philley, Environmental Specialist for Key Energy Services LLC., 6 Desta Drive, Suite 4400, Midland TX 79705 has submitted a new Discharge Plan application for their Oil and Gas Service company, 2105 Avenue O. Eunice N.M., located in the NE/4 NW/4 of Section 33, Township 21 South, Range 31 East, NMPM, Lea County, New Mexico. The facility is a dispatch and maintenance facility for petroleum exploration and production fluids logistics. Approximately 200 gallons/month of motor/gear oil, 20 filters/month, and 5 gallons/month of solvent are generated and properly stored onsite prior to disposal at an NMOCD approved facility. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 80 feet, with a total dissolved solids concentration of approximately 1,010 mg/l. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site http://www.emnrd.state.nm.us/ocd/. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en español, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservacio´n Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 14th day of

December 2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director

Lowe, Leonard, EMNRD

From: Philley, Ted [tphilley@keyenergy.com]
Sent: Friday, January 04, 2008 4:07 PM
To: Lowe, Leonard, EMNRD
Subject: Corrections
Attachments: X3e_8360985.pdf

Mr. Lowe,

Here are the amended portions of the Discharge Permit Application. OCD District 1 was copied on the first letter; let me know if I need to send them an updated copy.

Ted

Edward D. "Ted" Philley, P.G. | **Key Energy Services** | Environmental Specialist II | Corporate Environmental
6 Desta Drive, Suite 4400, Midland, TX 79705 | **o:** 432.571.7141 | **c:** 432.288.5358 | **e:** tphilley@keyenergy.com

Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Telephone: 432.571.7141
Facsimile: 432.571.7173
www.keyenergy.com

January 4, 2008

Mr. Leonard Lowe
New Mexico Oil Conservation District
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: GW-372, Key Energy Services Yard in Eunice, Lea County, New Mexico

Dear Mr. Lowe:

Enclosed please find the amended *Discharge Plan Application For Service Companies, Gas Plants, Refineries, Compressor, Geothermal Facilities And Crude Oil Pump Stations* for the Key Energy Services, Inc. (Key) Eunice Truck Yard located in Lea County New Mexico, in section 33,T-21-S; R-37-E (FIGURE 1). The previously submitted application contained an error in the site location.

If you have any questions, please call me at (432) 571-7141 or email me at tphilley@keyenergy.com.

Yours truly,

Key Energy Services, Inc.

Edward D. "Ted" Philley
Corporate Environmental Specialist

Discharge Plan Application
Attachments

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS, REFINERIES, COMPRESSOR, GEOTHERMAL FACILITES AND CRUDE OIL PUMP STATIONS

(Refer to the OCD Guidelines for assistance in completing the application)

[X] New [ ] Renewal [ ] Modification

1. Type: Oil and Gas Service Company
2. Operator: Key Energy Services, LLC
   Address: 2105 Avenue O, Eunice, New Mexico
   Contact Person: Sam Blevins Phone: (505)394-2581
3. Location: NE /4 NW /4 Section 33 Township 21S Range 37E
   Submit large scale topographic map showing exact location.
4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of sources and quantities of effluent and waste solids, average quality and daily volume of wastewater, water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of groundwater must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATION: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Edward D. (Ted) Philley Title: Key Energy Services, Inc. Environmental Specialist II

Signature: Ed D. Philley Date: 11/9/08

E-mail Address: tphilley@keyenergy.com

Attachments for Discharge Plan Application

Key Energy Services
2105 Avenue O
Eunice, New Mexico

3) Location:
The facility is located in the NE/4 of the NW/4 of section 33, T-21-S, R-37-E in Lea County. Site coordinates are N 32° 26' 29.94", W 103° 10' 9.41". The location is identified on a 7.5 minute USGS Eunice Quadrangle, 1979 revision attached as FIGURE 1.

4) Landowner of the Facility Site:

Key Energy Services, LLC.
6 Desta Drive, Suite 4400
Midland, Texas 79705

5) Facility Description and Diagram:
The Facility is a dispatch and maintenace facility for petroleum exploration and production fluids logistics. A facility diagram is attached as FIGURE 2.

6) Description of Stored and Used Materials:

See APPENDIX A

7) Sources and Estimated Quantities of Effluent and Waste Solids:
a. Motor and gear oil: 200 gallons / month
b. Used oil filters: 20 filters / month
c. Used Safety-Kleen Systems, Inc. (Safety-Kleen) mineral spirit solvent: 15 gallons / 3 months

8) Description of Current Liquid and Solid Waste Collection/Treatment/Disposal:

a. Motor and gear oil: Used oil is stored in a tank and removed by under manifest.
b. Used oil filters: Safety-Kleen transports and disposes of collected filters.
c. Safety-Kleen mineral spirit solvent: Safety-Kleen services the parts washer.

Attachments for Dischage Plan Application (continued)

Key Energy Services
2105 Avenue O
Eunice, New Mexico

9) Proposed Modifications to Liquid and Solid Waste Collection/Treatment/Disposal:
At this time, there are no proposed modifications.

10) Routine Inspection and Maintenance Plan:
Quarterly Inpection Checklist APPENDIX B. Quarterly inspections are performed by a supervisor and documented deficiencies/violations are kept on file. A copy of the most recent quarterly inspection is provided as Appendix B. Spills and releases at the facility will be reported to the OCD, as required.

11) Contingency Plan for Reporting and Clean-up of Spills:

Key SPCC (APPENDIX C).

12) Geological/Hydrological Information:

a. A review of the 7.5 minute USGS Eunice Quadrangle, 1979 revision (FIGURE 3), indicates the nearest surface water exceeds 3500-feet in distance and nearest water source wells exceed 3000-feet in distance.

b. Based on the August 26, 2004 Brown and Caldwell (B&C) report prepared on behalf of Key, the onsite monitor well gauging data records the depth to water at the site as 80-feet bgs.

c. A June 11, 2004 sample collected by B&C on behalf of Key, indicated a chloride content of 196 mg/L and a TDS content of 1,010 mg/L. The WQCC domestic water supply standard for chloride and TDS are 250 mg/L and 1000 mg/L respectively. B&C reported to Key that the first measured (1,010 mg/L TDS) result becomes the default groundwater standard for the site under WQCC rules.
d. A review of the Geologic Map of New Mexico, New Mexico Bureau of Geology and Mineral Resources, 2003, Scale 1:500,000, ISBN: 1-883905-16-8, indicates Eunice is in Map unit Qep. Qep is eolian and piedmont deposits (Holocene to middle Pleistocene).

13) Closure Plan and Other OCD Compliance Information:
When the facility is to be closed, Key Energy Services will remove equipment, assess the site and perform any necessary cleanup pursuant to an OCD approved workplan.

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 9/24/07

or cash received on _____ in the amount of $ 100.00

from Key Energy Services Inc.

for GW-372

Submitted by: Lawrence Romero Date: 11/14/07

Submitted to ASD by: Lawrence Romero Date: 11/14/07

Received in ASD by: _____ Date: _____

Filing Fee ✓ New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Telephone: 432.571.7141
Facsimile: 432.571.7173
www.keyenergy.com

November 6, 2007

Mr. Leonard Lowe
New Mexico Oil Conservation District
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Key Energy Services Yard in Eunice, Lea County, New Mexico

Dear Mr. Lowe:

Enclosed please find the *Discharge Plan Application For Service Companies, Gas Plants, Refineries, Compressor, Geothermal Facilities And Crude Oil Pump Stations* for the Key Energy Services, Inc. (Key) Eunice Truck Yard located in Lea County New Mexico, in section 33,T-21-S; R-31-E (FIGURE 1). The Key Eunice Truck Yard's Latitude and Longitude are 32.441650°, 103.169281°. A check for $100.00 is attached for the filing fee.

If you have any questions, please call me at (432) 571-7141 or email me at tphilley@keyenergy.com.

Yours truly,

Key Energy Services, Inc.

Edward D. "Ted" Philley
Corporate Environmental Specialist

Discharge Plan Application
Attachments

cc: OCD District I

RECEIVED
2007 NOV 8 PM 2 17

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
2007 NOV 8 PM 2 18

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES,GAS PLANTS, REFINERIES, COMPRESSOR, GEOTHERMAL FACILITES AND CRUDE OIL PUMP STATIONS

(Refer to the OCD Guidelines for assistance in completing the application)

☒ New ☐ Renewal ☐ Modification

1. Type: Oil and Gas Service Company GW-372
2. Operator: Key Energy Services, LLC

   Address: 2105 Avenue O, Eunice, New Mexico

   Contact Person: Sam Blevins Phone: (505)394-2581
3. Location: NE /4 NW /4 Section 33 Township 21S Range 31E

   Submit large scale topographic map showing exact location.
4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATION: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Edward D. (Ted) Philley Title: Key Energy Services, Inc. Environmental Specialist II

Signature: Ted D. Philley Date: 11/6/07

E-mail Address: tphilley@keyenergy.com

Attachments for Discharge Plan Application

Key Energy Services
2105 Avenue O
Eunice, New Mexico

3) Location:
The facility is located in the NE/4 of the NW/4 of section 33, T-21-S, R-31-E in Lea County. Site coordinates are N 32° 26' 29.94", W 103° 10' 9.41". The location is identified on a 7.5 minute USGS Eunice Quadrangle, 1979 revision attached as FIGURE 1.

4) Landowner of the Facility Site:

Key Energy Services, LLC.
6 Desta Drive, Suite 4400
Midland, Texas 79705

5) Facility Description and Diagram:
The Facility is a dispatch and maintenace facility for petroleum exploration and production fluids logistics. A facility diagram is attached as FIGURE 2.

6) Description of Stored and Used Materials:

See APPENDIX A

7) Sources and Estimated Quantities of Effluent and Waste Solids:
a. Motor and gear oil: 200 gallons / month
b. Used oil filters: 20 filters / month
c. Used Safety-Kleen Systems, Inc. (Safety-Kleen) mineral spirit solvent: 15 gallons / 3 months

8) Description of Current Liquid and Solid Waste Collection/Treatment/Disposal:

a. Motor and gear oil: Used oil is stored in a tank and removed by under manifest.
b. Used oil filters: Safety-Kleen transports and disposes of collected filters.
c. Safety-Kleen mineral spirit solvent: Safety-Kleen services the parts washer.

Attachments for Dischage Plan Application (continued)

Key Energy Services
2105 Avenue O
Eunice, New Mexico

9) Proposed Modifications to Liquid and Solid Waste Collection/Treatment/Disposal:
At this time, there are no proposed modifications.

10) Routine Inspection and Maintenance Plan:
Quarterly Inpection Checklist APPENDIX B. Quarterly inspections are performed by a supervisor and documented deficiencies/violations are kept on file. A copy of the most recent quarterly inspection is provided as Appendix B. Spills and releases at the facility will be reported to the OCD, as required.

11) Contingency Plan for Reporting and Clean-up of Spills:

Key SPCC (APPENDIX C).

12) Geological/Hydrological Information:

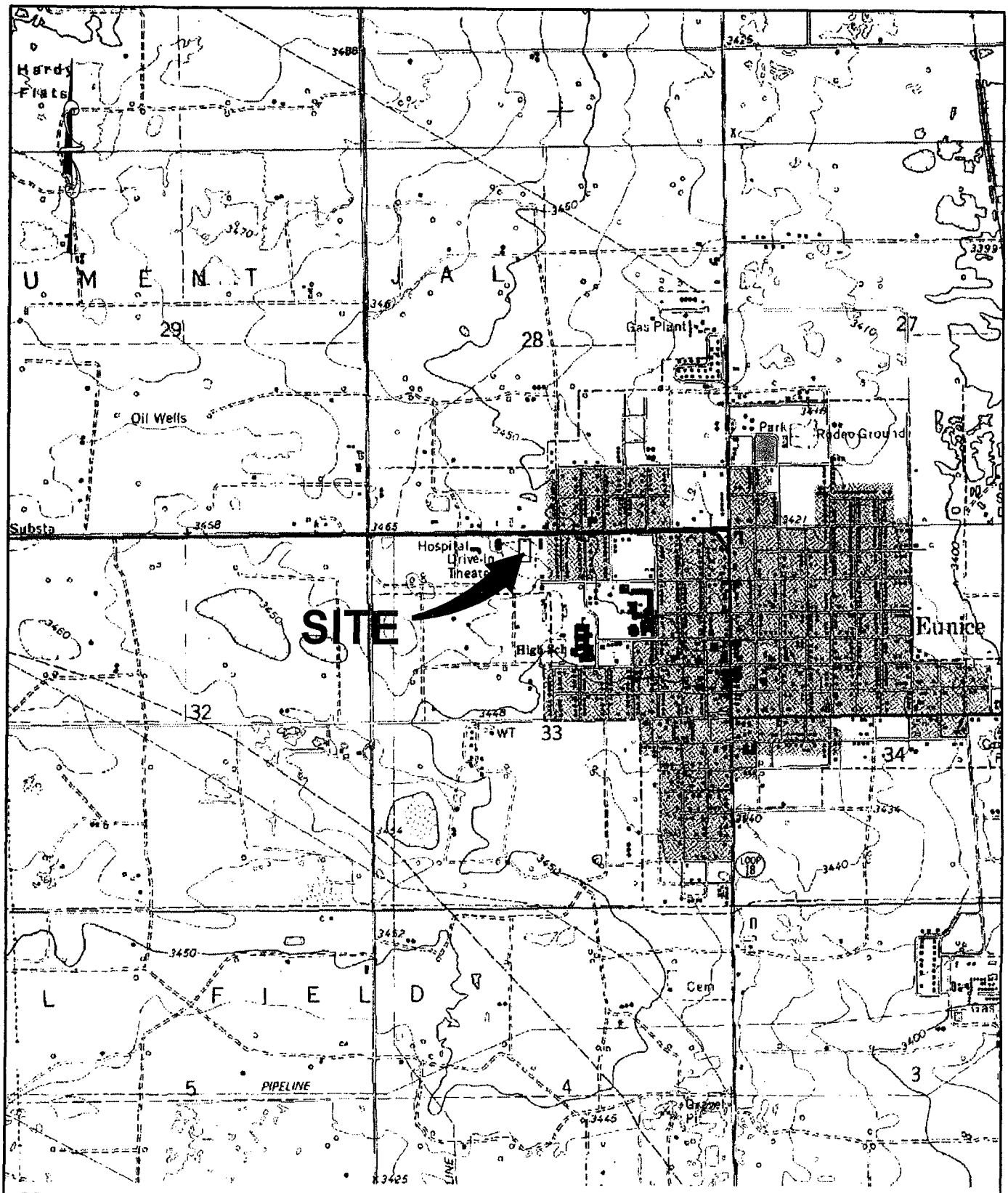
a. A review of the 7.5 minute USGS Eunice Quadrangle, 1979 revision (FIGURE 3), indicates the nearest surface water exceeds 3500-feet in distance and nearest water source wells exceed 3000-feet in distance.

b. Based on the August 26, 2004 Brown and Caldwell (B&C) report prepared on behalf of Key, the onsite monitor well gauging data records the depth to water at the site as 80-feet bgs.

c. A June 11, 2004 sample collected by B&C on behalf of Key, indicated a chloride content of 196 mg/L and a TDS content of 1,010 mg/L. The WQCC domestic water supply standard for chloride and TDS are 250 mg/L and 1000 mg/L respectively. B&C reported to Key that the first measured (1,010 mg/L TDS) result becomes the default groundwater standard for the site under WQCC rules.
d. A review of the Geologic Map of New Mexico, New Mexico Bureau of Geology and Mineral Resources, 2003, Scale 1:500,000, ISBN: 1-883905-16-8, indicates Eunice is in Map unit Qep. Qep is eolian and piedmont deposits (Holocene to middle Pleistocene).

13) Closure Plan and Other OCD Compliance Information:
When the facility is to be closed, Key Energy Services will remove equipment, assess the site and perform any necessary cleanup pursuant to an OCD approved workplan.

FIGURES



SOURCE: USGS 7.5 MINUTE TOPOGRAPHIC QUADRANGLE - EUNICE, NEW MEXICO; 1969; REVISED 1979

0 1000 2000

APPROXIMATE SCALE IN FEET

BROWN AND CALDWELL

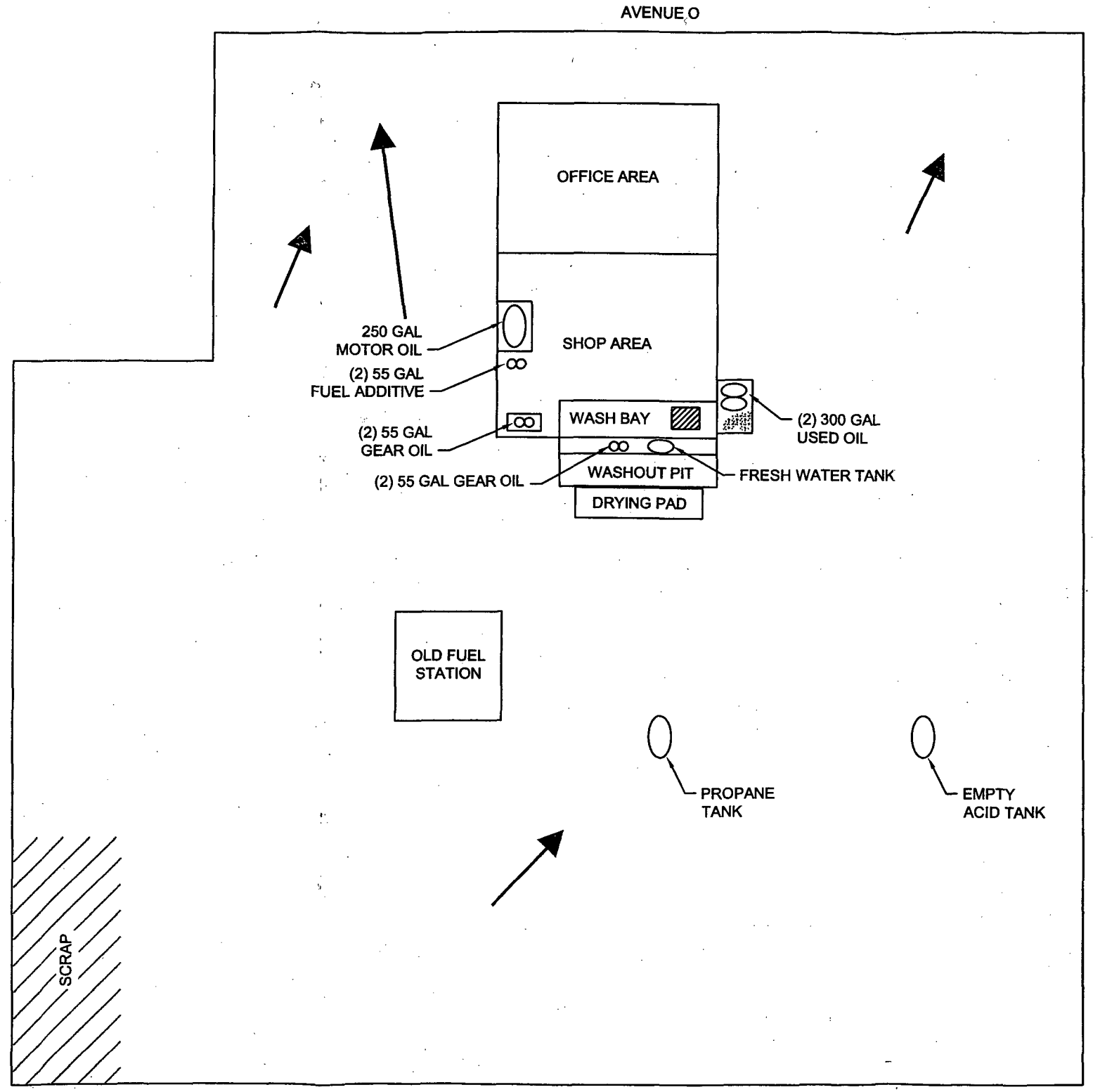
1415 Louisiana
Suite 2500
Houston, Texas 77002
Tel: (713) 759-0999
Fax: (713) 308-3886

KEY ENERGY SERVICES, INC.

SITE LOCATION MAP
EUNICE, NEW MEXICO
FIGURE 1

Aug 26, 2004 - 2:43pm ckelly
P:\Cad\JOBS\KeyEnerg\25934\EuniceSiteLocMap.dwg

FIGURE 2



NO SCALE

SITE PLAN LEGEND

- AST
- UST
- PIPING
- FENCE LINE
- PROPERTY BOUNDARY
- STORM WATER FLOW DIRECTION
- STORM WATER DRAIN
- SUMP
- APPROXIMATE LOCATION OF SEPTIC SYSTEM
- MONITORING WELL
- FRESH WATER WELL
- DISPOSAL WELL
- DRUMS AND TOTES
- PARTS WASHER
- CONCRETE
- GRAVEL
- ASPHALT
- GRASS
- SS SOIL SAMPLE
- SILO
- DRAINAGE DITCH
- HOPPER
- FLOOR DRAIN

BROWN AND CALDWELL

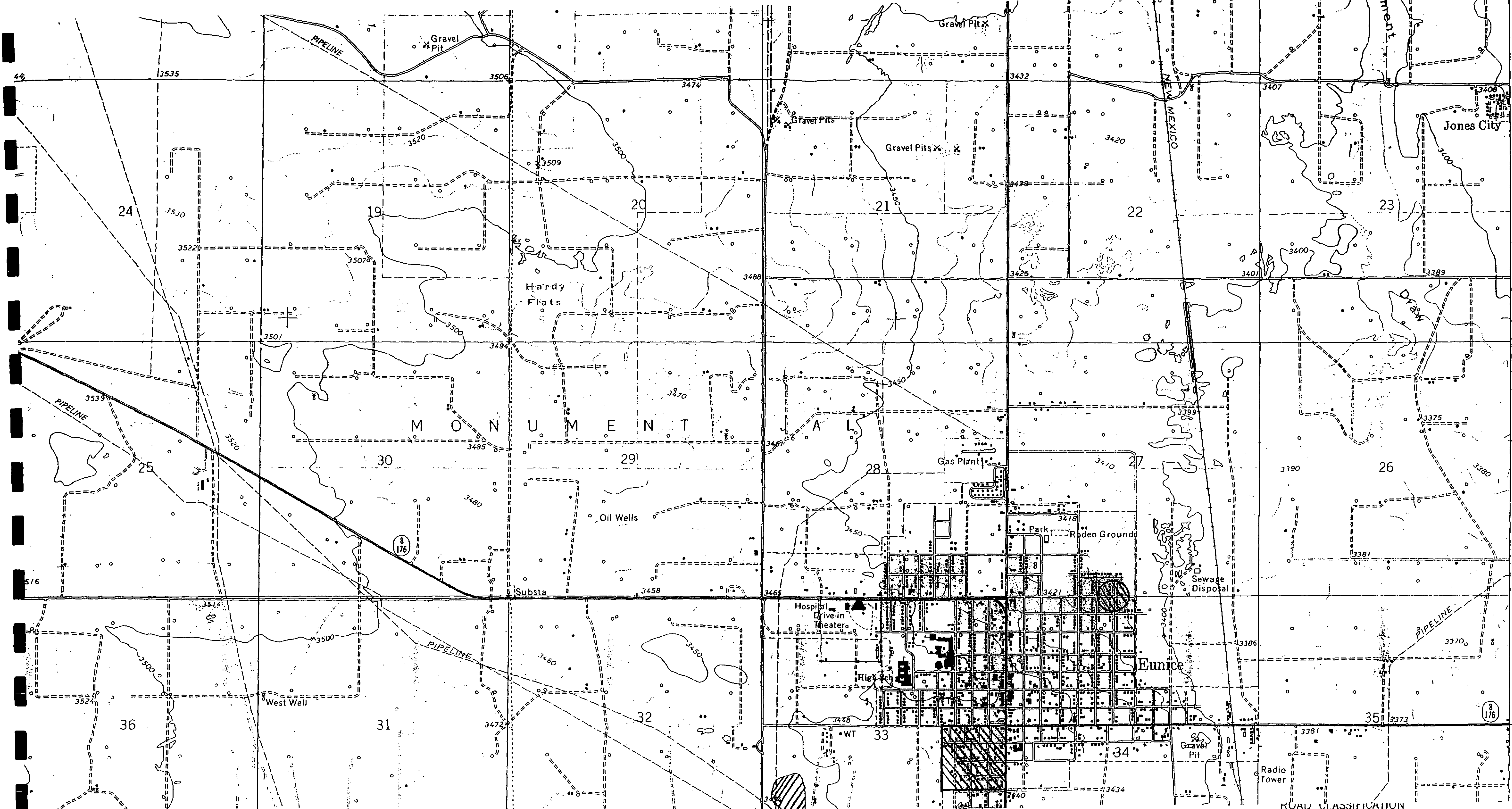
Figure 2

SITE MAP
EUNICE OFFICE & YARD

2105 AVENUE O
EUNICE, NM

P:\CAD\0KEYENERGY\24041\EUNICE, NM (407) fig3.dwg Nov 04, 2004 - 12:55pm kstanley

FIGURE 3



SCALE 1:24 000

1 ½ 0 1 MILE

1000 0 1000 2000 3000 4000 5000 6000 7000 FEET

1 .5 0 1 KILOMETER

CONTOUR INTERVAL 10 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

MN GN 10° 178 MILS 0°58' 17 MILS

UTM GRID AND 1979 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

place on the predicted North American Datum 1983
/e the projection lines 9 meters south and
meters east as shown by dashed corner ticks

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

NEW MEXICO
QUADRANGLE LOCATION

ROAD CLASSIFICATION

Primary highway, all weather, hard surface
Light-duty road, all weather, improved surface
Secondary highway, all weather, hard surface
Unimproved road, fair or dry weather
State Route

SITE
WATER WELL
SURFACE WATER

EUNICE, N. MEX.
N3222.5—W10307.5/7.5

1969
PHOTOREVISED 1979
DMA 5348 I NW—SERIES V881

APPENDICES

Form 4.1 Chemical Inventory

Facility Name: Key Energy Ser.	Division: 100	KEY ENERGY ENVIRONMENTAL HS&E	Building Name:	Key Energy
Inventory Supervisor: Sam Blevins	Phone # 575-394-2581	Hazard Communications	Location Code:	Yard 407
Facility Address: 2105 Ave O	Fax # 575-394-2584	Chemical Inventory	Date of Inventory:	10-9-07

Act Count	Max Amt	Chemical Name	Common Name	Container Size	Container Type	PS	CAS Number	Manufacturer	N.F.P.A. Rating H	F	R	S	Location	MSDS? Yes	No
	1	Universal Gear Lubricant	Automotive Gear Oil	55gal				Shell Oil	0	1	0	-	Shop	✓	
	1	Rimula Premium	15W-40 Oil	275gal				Shell Oil	0	1	0	-	Shop	✓	
	1	Solvant	Varsol	30gal	Steel			Safety Kleen	1	2	0	-	Shop	✓	
	1	SOAP	SOAP	300gal	Plastic Tank		None	American Cleaning Systems	1	0	0	ALK	Yard	✓	
	1	Automatic Transmission Fluid	Transmission Fluid	1gal	Plastic Bottle			Castrol	0	1	0	-	Shop	✓	
	1	Paint	Enamel	CAN	aresol			Krylon							
	1	Alvania EP Grease	Grease	120lb	solid			Shell	0	1	0	-	Shop	✓	
	1	Brake Cleaner	Brake Cleaner	CAN	aerso			Parts Plus	2	1	1	-	Shop	✓	

APPENDIX B

Energy Services

Internal Audit Checklist Form
4.10 (rev 3/6/07)

QUARTERLY ENVIRONMENTAL AUDIT

Division 100-T
Yard 407
Audit Team Members
Eddy FABELA
JAMES WOODRING
_____

Date 10-16-07
Manager Sam Blevins
Position
Supervisor
Shop Foreman
_____

I. Facility Inspection

A. Housekeeping

Inspect each of the following areas for housekeeping practices. Rate each area as Acceptable (A), Needs Improvement (N) or Not Applicable (N/A). Comment on any problem areas.

1. Shop ☒ A ☐ N ☐ N/A
Comments _____

2. Parts Storage Room ☒ A ☐ N ☐ N/A
Comments _____

3. Used Parts ☒ A ☐ N ☐ N/A
Comments _____

4. Wash Rack ☐ A ☒ N ☐ N/A
Comments _____

5. Fuel Island ☒ A ☐ N ☐ N/A
Comments _____

6. Waste Comments ☒ A ☐ N ☐ N/A
Comments _____

7. Rig ☐ A ☐ N ☒ N/A
Comments _____

8. Equipment ☒ A ☐ N ☐ N/A
Comments _____

9. SWD Well ☐ A ☐ N ☒ N/A
Comments _____

10. SWD ☐ A ☐ N ☒ N/A
Comments _____

11. Other Comments or Notes _____

B. Fuel Storage ☑ Not applicable for this facility

1. Describe any bulk fuel storage containers present at the facility. Note the product (gasoline, diesel, etc.), capacity, type of tank (above ground or underground) and the physical condition.

Product	Capacity (Gal.)	Type of Tank	Physical Condition
PROPANE	8000	☐ AST ☐ UST	Good
_____	_____	☐ AST ☐ UST	_____
_____	_____	☐ AST ☐ UST	_____
_____	_____	☐ AST ☐ UST	_____

2. Are fuel tanks equipped with Stage II and/or Stage III vapor recovery equipment?
☐ None ☐ Stage II ☐ Stage III ☐ N/A

3. Are all fuel containers clearly labeled with the following signs ?
a. Content labels ☒ Yes ☐ No

b. NFPA Hazard ☒ Yes ☐ No

c. "No Smoking" ☒ Yes ☐ No

4. Are fuel tanks equipped with locking filler caps? ☒ Yes ☐ No
If no, are the fuel pumps equipped with any other means of securing access? ☑ Yes ☐ No
If yes, describe FENCE + LOCKING GATE

5. Are the fuel pumps equipped with a remotely located emergency shutoff switch? ☒ Yes ☐ No
If yes, where is this located? _____

6. Are the fuel hoses equipped with quick release couplings? ☐ Yes ☒ No

7. Are bulk fuel tanks located within secondary containment structures large enough to contain 110% of the largest tank? ☐ Yes ☐ No ☒ N/A

8. How is rainwater removed from secondary containment areas? _____
If valves are used, are they locked in the closed position? ☐ Yes ☐ No ☒ N/A

9. Inspect the tanks, pumps, lines, hoses, and secondary containment for signs of wear and/or deterioration. YES
Comments _____

10. Is there evidence of spills and/or leaks around the fuel storage area?
☐ Yes ☒ No
If yes, what is the probable cause of the release? Has the problem been corrected?
How? Describe the impacted area (location, size, etc.) _____

11. Are fire extinguishers located within 50 feet of all fuel storage areas? ☒ Yes ☐ No
Comments _____

12. Other Comments or Notes _____

C. Oil Storage ☐ Not applicable for this facility

1. How are motor oil, hydraulic fluid, skim oil, and other petroleum liquids stored?
Check all that apply.
☐ Qt./Gal./5 Gal. Containers ☐ 55 Gal. Drums ☒ Bulk Tanks ☐ Other _____

2. Are oil containers clearly labeled with the following signs?

a. Drums

(1)	Contents label	☒ Yes	☐ No	☐ N/A
(2)	NFPA Hazard Identification	☒ Yes	☐ No	☐ N/A
(3)	"No Smoking"	☐ Yes	☒ No	☐ N/A

b. Bulk Tanks

(1)	Contents label	☒ Yes	☐ No	☐ N/A
(2)	NFPA Hazard Identification	☐ Yes	☒ No	☐ N/A
(3)	"No Smoking"	☐ Yes	☒ No	☐ N/A

c. Skim Oil Storage Tanks

(1)	Contents label	☒ Yes	☐ No	☐ N/A
(2)	NFPA Hazard Identification	☒ Yes	☐ No	☐ N/A
(3)	"No Smoking"	☐ Yes	☒ No	☐ N/A

3. Are oil containers located within secondary containment structures large enough to contain 110% of the largest container?

a. Drums	☒ Yes	☐ No	☐ N/A
b. Bulk Tanks	☒ Yes	☐ No	☐ N/A
c. Skim oil Tanks	☒ Yes	☐ No	☐ N/A

4. How is rainwater removed from secondary containment areas? Tank
If valves are used are they locked in the closed position? ☐ Yes ☐ No ☒ N/A

5. Inspect the tanks, drums, lines, hoses, and secondary containment for signs of wear and/or deterioration.
Comments Good

6. Is there evidence of spills and/or leaks around oil storage areas? ☐ Yes ☒ No
If yes, what is the probable cause of the release? Has the problem been corrected?
How? Describe the impacted area (location, size, etc.) _____

7. Other Comments or Notes _____

D. Painting ☑ Not applicable for this facility

1. Is painting of equipment conducted at the yard? ☐ Yes ☐ No
   If yes how often? _____
   If yes, what type of equipment is painted? _____
   How is paint applied (spray, brush, etc.) _____

2. Is painting of equipment conducted off site? ☐ Yes ☐ No
   If yes, what type of equipment is painted? Where is the work performed?
   By whom? _____

3. Is paint and/or solvent stored on the premises? ☐ Yes ☐ No
   If yes, is the paint/solvent stored in a well ventilated, fire resistant building separate from other structures? ☐ Yes ☐ No ☐ N/A
   Describe the paint storage area _____

4. Is the paint inventory kept to a minimum considering the painting workload? ☐ Yes ☐ No

5. Is painting conducted in a designated area? ☐ Yes ☐ No

   a. Describe the areas used for painting _____

   b. What BMPs are used to control overspray? _____

6. Can overspray from the painting operation leave the specified area? ☐ Yes ☐ No ☐ N/A

7. Is the washrack used as a painting area? ☐ Yes ☐ No ☐ N/A

8. Other Comments or Notes _____

E. Sandblasting ☑ Not applicable for this facility

1. Is sandblasting of equipment conducted at the yard? ☐ Yes ☐ No
   If yes how often? _____
   If yes, what type of equipment is sandblasted? _____

2. Is sandblasting of equipment conducted off site? ☐ Yes ☐ No
   If yes, what type of equipment is sandblasted? Where is the work performed?
   By whom? _____

3. Is sandblasting conducted in a designated area? ☐ Yes ☐ No ☐ N/A

   a. Describe the areas used for sandblasting _____

   b. What BMPs are used to control sandblast media and waste? _____

4. Can overspray from the sandblasting operation leave the specified area? ☐ Yes ☐ No ☐ N/A

5. How is spent sandblast grit handled? _____

6. Other Comments or Notes _____

F. Chemicals ☐ Not applicable for this facility

1. Prepare a list of the chemicals being stored at the facility (ex. antifreeze, methanol, solvents, paints, soaps), an estimate of the volume in storage, the type of storage container used (drums, 5 gal, cans, etc.), and the location of each chemical. Use additional sheets if necessary. **Check here if the updated list is available in the site SWPP plan** ☑

Chemical	Estimated Volume	Container	Location
Solvent	5 Gal.	5 gal Buckets	Shop

2. Are all chemicals stored in a secure area? ☒ Yes ☐ No
Comments _____

3. Are bulk chemicals (drums and tanks) stored in secondary containment areas? ☒ Yes ☐ No
Comments _____

4. Is there evidence of spills and/or leaks around chemical storage areas? ☒ Yes ☑ No
If yes, what is the probable cause of the release? Has the problem been corrected?
How? Describe the impacted area (location, size, etc.) _____

5. Inspect chemical containers and secondary containment for signs of wear and/or deterioration. YES
Comments _____

6. Other Comments or Notes _____

G. Equipment Maintenance and Cleaning ☐ Not applicable for this facility

1. Where is maintenance performed on rigs, pumps, trucks, etc.? Shop

2. Is the maintenance area equipped with an impervious surface that will prevent machine fluids from impacting the soil? ☑ Yes ☐ No
Comments _____

3. What measures are taken to protect soil and water during equipment maintenance? Drain Pans Absorbant Pad

4. Is the facility equipped with a wash rack? ☑ Yes ☐ No
If no, where are rigs, trucks, and other equipment cleaned? _____

5. Is the washrack equipped with an impervious surface that fully contains all cleaning fluids and other pollutants? ☑ Yes ☐ No ☐ N/A

6. Is the washrack used as a painting or maintenance area? ☐ Yes ☑ No ☐ N/A

7. How is wash water disposed of?
   - ☐ Recycled through a closed loop system
   - ☑ Discharged to a public sewer system
   - ☐ Collected in tanks and transported to an approved disposal facility
   - ☐ Discharged to surface
   - ☐ Other_____

8. Is the washrack designed so as to prevent overspray of wash fluids and other pollutants from impacting the surrounding soil? ☑ Yes ☐ No ☐ N/A
   Comments _____

9. Inspect the wash rack and fluid containment structures for signs of wear and/or deterioration.
   Comments Good

10. Is the soil around the wash rack stained from runoff and/or overspray? ☐ Yes ☒ No ☐ N/A
    If yes, has the problem been corrected? How? Describe the impacted area (location, size, etc.) _____

11. Other Comments or Notes _____

H. Equipment Storage ☑ Not applicable for this facility

1. Are rigs and/or other equipment located in the yard for long term storage? ☐ Yes ☐ No

2. Is there a designated area in the yard for long term storage of this equipment? ☐ Yes ☐ No

3. Will the surface grade around stored equipment prevent spills and/or leaks from running off site? ☐ Yes ☐ No

4. What measures have been taken to prevent contaminants from running off site? (ex. dikes, berms, trenches) _____

5. Is there evidence of spills and/or leaks around equipment storage areas? ☐ Yes ☐ No
   If yes, what is the probable cause of the release? Has the problem been corrected? How? Describe the impacted area (location, size, etc.) _____

6. Is the stored equipment cleaned sufficiently to prevent contaminants from being washed onto the surrounding soil? ☐ Yes ☐ No
   Comments _____

7. Have the following procedures been completed for the stored equipment?

   a. Drain fuel, oil, hydraulic fluid, etc. ☐ Yes ☐ No

   b. Remove the batteries. ☐ Yes ☐ No

   c. Lock out / tag out starters. ☐ Yes ☐ No

d. Comments _____

8. Other Comments or Notes _____

I. Waste Management ☐ Not applicable for this facility

1. Aerosol Cans
   a. Are aerosol cans recycled? ☑ Yes ☐ No ☐ N/A
   b. If not, how are they disposed of? _____
   c. Are aerosol cans punctured prior to disposal/recycling? ☑ Yes ☐ No ☐ N/A
   d. Comments _____

2. Antifreeze
   a. Is used antifreeze recycled? ☑ Yes ☐ No ☐ N/A
   b. Name of recycling company Safety Kleen
   c. If not recycled, how is it disposed of? _____
   d. How is used antifreeze stored prior to recycling/disposal? _____
   e. Are used antifreeze containers labeled? ☐ Yes ☐ No ☑ N/A
   f. Is used antifreeze stored in secondary containment areas? ☐ Yes ☐ No ☑ N/A
   g. Comments _____

3. Asbestos Materials
   a. Are used asbestos brake blocks present in the yard? ☐ Yes ☑ No ☐ N/A
   b. If yes how are they disposed of? _____
   c. If yes, are they protected from weather? ☐ Yes ☐ No ☐ N/A
   d. Are asbestos brake blocks placed in plastic bags prior to disposal? ☐ Yes ☐ No ☐ N/A
   e. Are there any other sources of asbestos materials at this facility? ☐ Yes ☑ No
      If yes, describe _____
   f. Comments _____

4. Batteries
   a. Are used batteries returned to the vendor for recycling? ☑ Yes ☐ No
   b. If not, how are they disposed of? _____
   c. Are used batteries stored in a covered well-ventilated area with containment? ☐ Yes ☑ No

d. Comments _____

5. Buckets

a. Are used buckets recycled? ☑ Yes ☐ No ☐ N/A

b. If not recycled, how are they disposed of? _____

c. Comments _____

6. Filters

a. Are used oil filters and fuel filters recycled? ☑ Yes ☐ No ☐ N/A

b. If not recycled, how are they disposed of? _____

c. How are used filters stored prior to recycling/disposal? Safety Kleen Bin

d. Number of drums of used oil filters on site? 1

e. Are used filter containers covered & labeled? ☑ Yes ☐ No

f. Are used filters stored in secondary containment areas? ☑ Yes ☐ No

g. Is there evidence of spills and/or leaks around used filter storage areas? ☐ Yes ☑ No

h. If yes, what is the probable cause of the release? Has the problem been corrected? How? Describe the impacted area (location, size, etc.) _____

i. Inspect used filter containers and secondary containment for signs or wear and/ or deterioration. Comments Good

j. Comments _____

7. Oil

a. Is used oil generated at this facility recycled? ☑ Yes ☐ No ☐ N/A

b. How is the used oil stored? ☑ tank (250 gal.) ☐ drums ☐ other_____

c. Are used oil storage containers in good condition? ☑ Yes ☐ No

d. Are all used oil containers properly labeled? ☑ Yes ☐ No
   1. Contents ☑ Yes ☐ No
   2. "No Smoking" ☑ Yes ☐ No

e. Are there open containers of used oil in the yard? ☐ Yes ☒ No

f. Is used oil stored in a secondary containment area? ☒ Yes ☐ No

g. Is there evidence of spills and/or leaks around used oil storage areas? ☐ Yes ☒ No

h. If yes, what is the probable cause of the release? Has the problem been corrected? How? Describe the impacted area (location, size, etc.) _____

i. Inspect used oil containers and secondary containment for signs or wear and/or deterioration. Comments Good

j. Comments _____

8. Rags/Sorbents
a. Are used rags and sorbent material recycled? ☒ Yes ☐ No ☐ N/A

b. If not recycled, how are they disposed of? _____

c. Comments _____

9. Rubber Goods
a. Are rubber goods (other than tires) recycled? ☐ Yes ☐ No ☒ N/A

b. If not recycled, how are they disposed of? _____

c. Comments _____

10. Soil (contaminated)
a. Are there areas of petroleum contaminated soil at this facility that require remediation? ☐ Yes ☒ No
If yes, describe _____

b. Are there areas of saltwater contaminated soil at this facility that require remediation? ☐ Yes ☒ No ☐ N/A
If yes, describe _____

c. Is any contaminated soil currently being remediated on-site? ☐ Yes ☒ No
If yes, describe _____

Does the remediation project present a further pollution hazard? ☐ Yes ☒ No

d. Comments _____

11. Tires
a. Are used tires returned to the vendor for recycling? ☒ Yes ☐ No ☐ N/A

b. If not, how are they disposed of? _____

c. Are used tires stored in a designated area? ☒ Yes ☐ No ☐ N/A

d. Comments _____

12. Trash
a. Are trash collection bins designed to protect contents from wind and rain? ☒ Yes ☐ No

b. Are there sufficient numbers of trash cans and collection bins in the yard? ☒ Yes ☐ No

c. Comments _____

13. Wire Rope
a. Is all wire rope either returned to the vendor or sold for scrap? ☐ Yes ☐ No ☒ N/A

b. If not, how is it disposed of? _____

c. Comments _____

14. Paint Waste
a. Is paint waste stored on site? ☐ Yes ☐ No ☒ N/A

b. How is this material disposed? _____

15. Blasting Grit
a. Is spent blasting grit stored on site? ☐ Yes ☐ No ☒ N/A

b. How is this material disposed? _____

16. Other
Is other waste generated at this facility that does not fall into the above categories? ☐ Yes ☒ No
If yes, describe the waste. _____ How is it disposed of? _____

17. Other Comments and Notes _____

J. Naturally Occurring Radioactive Material (NORM) ☑ Not applicable for this facility

1. Does this yard service wells known to produce NORM? ☐ Yes ☐ No
If yes, what precautions are used to prevent NORM contamination of equipment and property _____

2. Is liquid and solid residue removed from mud tanks before they are transported to the yard? ☐ Yes ☐ No

3. Are mud tanks cleaned at the yard? ☐ Yes ☐ No
If yes, where? _____

4. Is used production equipment or tubing stored at the yard? ☐ Yes ☐ No

5. Has this equipment been surveyed for NORM? ☐ Yes ☐ No
If so, have NORM labels been applied as required? ☐ Yes ☐ No

6. Other Comments and Notes _____

K. Drums ☐ Not applicable for this facility

1. Are empty drums returned to the vendors for recycling? ☑ Yes ☐ No
If not, how are they disposed of? _____

2. Are all drums stored in a containment area? ☒ Yes ☐ No

3. Other Comments and Notes _____

L. Parts Washers ☐ Not applicable for this facility

1. Are all solvents recycled? ☒ Yes ☐ No
   If not, how are they disposed of? _____

2. Are parts washers clearly labeled with the following signs?
   (1) Contents label ☒ Yes ☐ No
   (2) Hazard Identification ☒ Yes ☐ No
   (3) "No Smoking" ☐ Yes ☒ No

3. Other Comments and Notes _____

2. *Environmental Records and Procedures* ☐ Not applicable for this facility

A. Environmental Files

1. Does this facility maintain an organized system of filing environmental records and documents? ☒ Yes ☐ No

2. Other Comments and Notes _____

B. Training

1 Do newly hired employees receive training in the following areas?
a. HAZCOM Program ☒ Yes ☐ No

b. Spill Prevention Control and Countermeasure Plan ☒ Yes ☐ No

c. Storm Water Pollution Prevention Plan ☒ Yes ☐ No

d. Key Energy's Environmental Policy and Procedures ☒ Yes ☐ No

e. NORM ☐ Yes ☒ No

2. Have all employees received environmental training in the last year? ☒ Yes ☐ No

3. Are environmental training records maintained in the yard/office? ☒ Yes ☐ No

4. Are environmental subjects discussed during monthly and/or quarterly safety meetings? ☒ Yes ☐ No

5. Other Comments and Notes _____

C. Permits and Registration

1. Does this facility have an NPDES or state Storm Water Permit? ☒ Yes ☐ No

2. Is this facility registered with the EPA as a hazardous waste generator? ☐ Yes ☒ No
If yes, EPA # _____

3. Are all non-SWD above ground petroleum storage tanks registered with appropriate regulatory agencies? ☐ Yes ☒ No ☐ N/A
Name of agency, if applicable _____

4. Is a SWD present at this facility? ☐ Yes ☒ No
Is there a permit for this SWD? ☐ Yes ☐ No ☒ N/A

5. Are other permits and/or registrations required at this facility? ☐ Yes ☐ No
If yes, describe. Pit Permit

6. Does this facility have a pit? ☒ Yes ☐ No
If there is a pit, when was the pit last emptied and inspected? Pit Closed + Empty

7. Is this facility in compliance with permit and registration requirements? ☐ Yes ☐ No

8. Other Comments and Notes _____

D. Spill Prevention Control and Countermeasure Plan (SPCC)

1. A SPCC plan is required at any facility that stores a total of 1320 gal. of petroleum in any container of 55 gallon or greater including tanks. Is a SPCC plan required for this facility? ☒ Yes ☐ No

2. Is the SPCC plan for this facility readily accessible? ☒ Yes ☐ No

3. Is the SPCC plan up to date? ☒ Yes ☐ No

4. Do yard and shop workers have a good working knowledge of the SPCC plan? ☒ Yes ☐ No

5. Is the facility inspected at least quarterly as specified in the SPCC plan? ☒ Yes ☐ No

6. Are facility inspections documented? ☒ Yes ☐ No

7. Other Comments and Notes _____

E. Storm Water Pollution Prevention Plan (SWPPP)

1. Is the SWPPP for this facility readily accessible? ☒ Yes ☐ No

2. Is the SWPPP up to date? ☒ Yes ☐ No

3. Does the pollution prevention team have a good working knowledge of the SWPPP? ☒ Yes ☐ No

4. Is the facility inspected as specified in the SWPPP at least quarterly? ☒ Yes ☐ No

5. Are facility inspections documented in the SWPPP? ☒ Yes ☐ No

6. Is storm water sampling and analysis required at this facility? ☐ Yes ☒ No
   If yes, has the facility complied with the sampling requirements? ☐ Yes ☐ No

7. *Inspect drainage areas and outfalls. Is there evidence of pollutants entering the* drainage system? ☐ Yes ☒ No

8. Are the management practices in place effectively controlling exposure of pollutants to storm water? ☒ Yes ☐ No

9. Note any problems with storm water pollution or controls. _____

10. Is the facility SWP/SW3P compliant? ☐ Yes ☒ No

11. Other Comments and Notes _____

F. HAZCOM Plan

1. Is the HAZCOM plan for this facility readily accessible? ☒ Yes ☐ No

2. Does the plan contain material safety data sheets (MSDS) for all the chemicals noted in the facility inspection? ☒ Yes ☐ No

3. Other Comments and Notes _____

G. Waste Shipments

1. Is hazardous waste generated at this facility? ☐ Yes ☒ No
(Note: Do not include recycled materials, batteries, used oil, antifreeze)

2. If yes, list the type of waste and estimated monthly quantity generated below.

Hazardous Waste	*Monthly Quantity Generated*

3. Are copies of the following waste shipment manifests on file?
If yes, for what period of time?

a. Used oil ☑ Yes, since Safety Kleen 2005 ☐ No

b. Used filters ☑ Yes, since 2005 ☐ No

c. Solvents ☐ Yes, since _____ ☐ No

d. Other _____ ☐ Yes, since _____ ☐ No

e. Other _____ ☐ Yes, since _____ ☐ No

f. Other _____ ☐ Yes, since _____ ☐ No

4. Other Comments and Notes _____

H. Lab Testing ☑ Not applicable for this facility

1. Sandblasting and Painting ☐ Not applicable for this facility

a. If equipment is sandblasted at this facility, are samples of paint collected from the equipment and analyzed for hazardous constituents prior to sandblasting? ☐ Yes ☐ No

b. Are copies of the lab reports from the above samples on file? ☐ Yes ☐ No

c. If equipment is painted and/or sandblasted at this facility, are soil samples collected annually and tested for contamination? ☐ Yes ☐ No

d. Are copies of the lab reports from the above samples on file? ☐ Yes ☐ No

e. Do the lab reports indicate elevated levels of hazardous materials? ☐ Yes ☐ No

f. Are samples of grit analyzed for inertness? ☐ Yes ☐ No

g. Other Comments and Notes _____

2. Soil Remediation ☐ Not applicable for this facility
a. If soil remediation is conducted on site, were samples of the soil collected and analyzed for appropriate constituents? ☐ Yes ☐ No

b. Are copies of the lab reports from the above samples on file? ☐ Yes ☐ No

c. Other Comments and Notes _____

I. Contractors

1. Are waste transportation, disposal, and recycling contractors properly licensed and permitted for the type of waste they handle? ☑ Yes ☐ No

2. Is proof of insurance available for all environmental contractors? ☑ Yes ☐ No

3 If an off site wash rack is used for cleaning rigs and other equipment, is the facility properly permitted? ☑ Yes ☐ No
Does the wash rack facility use sound waste management practices? ☑ Yes ☐ No

4. Other Comments and Notes _____

Yard:	
Date:	

3. *SWD Inspection*

☑ Not applicable for this facility

A. Well Site

1. Are required signs posted (well name, RRC#, authorized personnel only, etc.)? ☐ Yes ☐ No
2. Are piping and valves free of damage and leaks? ☐ Yes ☐ No
3. Are all thief hatches closed and secured? ☐ Yes ☐ No
4. Are fire extinguishers mounted within 50 feet of any point and do they have current inspection tags and seals? ☐ Yes ☐ No
5. Is the tank level gauge working properly? ☐ Yes ☐ No
6. Are all walkway, stairs, and ladders free of damage and are proper railings in place? ☐ Yes ☐ No ☐ N/A
7. Are all pressure gauges working properly? ☐ Yes ☐ No
8. Are electrical wiring and switches in proper condition? ☐ Yes ☐ No
9. Are the sumps free of standing water? ☐ Yes ☐ No ☐ N/A
10. Are slip/trip hazards present? ☐ Yes ☐ No
11. Is adequate lighting available for night work? ☐ Yes ☐ No ☐ N/A
12. When was the pit last cleaned out and inspected? _____
13. Is documentation related to cleaning/inspecting the pit available? ☐ Yes ☐ No ☐ N/A
    Comments _____
14. Other Comments and Notes _____

If any actions recommended for deficiencies that could impact releases to storm water, a corrective actions form must be completed and attached to this checklist.

AUDIT APPROVED BY:

NAME: S.B.
TITLE: MANAGER
DATE: 10/16/07

APPENDIX C

SPILL PREVENTION, CONTROL, AND COUNTERMEASURE PLAN

KEY ENERGY SERVICES, INC.
EUNICE OFFICE AND YARD
EUNICE, NEW MEXICO

March 10, 2005

NM7014

SPILL PREVENTION, CONTROL AND COUNTERMEASURE PLAN
KEY ENERGY SERVICES, INC.
EUNICE OFFICE AND YARD
EUNICE, NEW MEXICO

Prepared for

Key Energy Services, Inc.

Project Number: 24041.407

Prepared by:

Kati Petersburg
Task Manager

March 10, 2005

Brown and Caldwell
1697 Cole Boulevard
Golden, CO 80401

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CONTENTS (Continued)

CONTENTS (Continued)

1.0 INTRODUCTION

This Spill Prevention, Control and Countermeasure (SPCC) Plan has been developed for the Key Energy Services, Inc. (Key Energy) Eunice Office and Yard (Eunice Office and Yard) site located at 2105 Avenue O in Eunice, New Mexico. The approximate location of the site is shown on the Site Vicinity Map, Figure 1. This SPCC Plan complies with the requirements of Title 40 of the Code of Federal Regulations, Part 112 as amended July 17, 2002. This SPCC Plan was prepared in accordance with good engineering practices and with the full approval of management at a level with authority to commit the resources necessary to fully implement the plan.

The Spill Response Coordinator is responsible for oil spill and discharge prevention. The following personnel are responsible for implementing the SPCC plan.

Spill Response Team

Role	Responsibility	Title	Phone Number
Spill Response Coordinator	Primary Emergency Contact Spill Response Equipment Inventory	Site Manager	Office 505-394-2581
Spill Response Team Leader	Secondary Emergency Contact Preventive Maintenance Training Inspections Recordkeeping Spill Response	Site staff employee	Office 505-394-2581
Spill Response Team Member	Spill Response	Site staff employee	Office 505-394-2581

See Section 7.1 for a detailed description of responsibilities.

To provide consistency with the facility's Storm Water Pollution Prevention Plan, this plan includes references to tanks that contain materials other than oil. Bold text indicates that an item is to be updated based on a change in facility operations and tasks that are to be performed at a specified frequency.

FACILITY CONTACT INFORMATON

Facility Name: Key Energy Services, Inc., Eunice Office and Yard

Facility Contact: Spill Response Coordinator

Facility Address: 2105 Avenue O
Eunice, New Mexico
Latitude: 32° 26'32.1"
Longitude: -103° 10'08.6"

Facility Telephone Number: 505-394-2581

1.1 Applicability (40 CFR 112.1)

This plan was prepared in accordance with the new SPCC plan regulations, published in Federal Register Volume 67, No. 137, July 17, 2002. Provisions of this plan required by the existing SPCC plan regulations are effective immediately. Provisions required only by the new regulations will be implemented upon the effective date of those regulations or as soon as practicable.

The Key Energy Yard facility meets the following criteria for applicability under 40 CFR 112.1:

- The facility is engaged in drilling, producing, gathering, storing, processing, refining, transferring, distributing, using, or consuming oil and oil products.
- The facility, due to its location, could reasonably be expected to discharge oil in quantities that may be harmful, as defined in 40 CFR 110, into or upon the navigable waters of the United States or adjoining shorelines.
- The facility has oil in any aboveground container, any completely buried tank, any container used for standby storage, for seasonal storage or for temporary storage, and any bunkered tank or partially buried tank.
- The facility has an aggregate aboveground storage capacity of greater than 1,320 gallons of oil and only containers of oil with a capacity of 55 gallons or greater are counted in this aggregate.

The requirements for preparation of an SPCC Plan do not apply to containers with a storage capacity of less than 55 gallons of oil and for the purposes of counting the total oil storage capacity of the facility, only containers with a capacity of 55 gallons or greater are counted. Those portions of the facility used exclusively for wastewater treatment, excluding production, recovery, or recycling of oil, and not used to satisfy the requirements of 40 CFR Part 112 are also

not subject to the SPCC Plan requirements and are not included in the calculation of oil storage capacity of the facility.

For the purposes of this plan, oil means oil of any kind or in any form, including, but not limited to, fats, oils, or greases of animal, fish, or marine mammal origin; vegetable oils, including oils from seeds, nuts, fruits or kernels; and other oils and greases, including petroleum, fuel oil, sludge, synthetic oils, mineral oils, oil refuse, or oil mixed with wastes other than dredged spoil.

Figure 1, Site Location Map, indicates the approximate location of the site and the nearest surface water body.

1.2 Plan Availability, Professional Engineer's Certification and Industry Standards (40 CFR 112.3)

1.2.1 Plan Availability

This plan will be maintained at the facility and made available to the Regional Administrator for onsite review during normal working hours.

1.2.2 Professional Engineer's Certification

This plan and any technical amendments must be certified by a licensed professional engineer.

I herby certify that I am familiar with the requirements of 40 CFR Part 112, that I or my agent visited and examined the facility, that this plan has been prepared in accordance with good engineering practice, including consideration of applicable industry standards and the requirements of 40 CFR Part 112, that the procedures for required inspections and testing have been established, and that the plan is adequate for the facility.

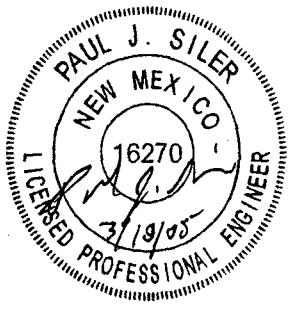
Signature of Professional Engineer Paul J. Siler

Name of Professional Engineer Paul J. Siler

Registration Number 16270

Date 3/10/05

Seal:



1.2.3 Applicable Industry Standards (40 CFR 112.3(d)(iii))

The following industry standards were taken into consideration in preparation of this plan:

- API 12F for steel storage tanks
- API 12P for fiberglass reinforced plastic tanks

All tanks to be replaced will be constructed and tested in accordance with the appropriate industry standards and documented annually.

1.3 Amendment, Review and Evaluation (40 CFR 112.4 and 112.5)

This Plan will be reviewed and evaluated every five years (every three years until the July 17, 2002 SPCC Plan regulations are effective) from the date of the preparation of this Plan and subsequently from the date of the last review of this Plan. Documentation of completion of the review and evaluation and documentation of whether the Plan will be amended based on the review and evaluation is provided in Appendix A.

This Plan will be amended whenever required by the Regional Administrator and whenever there is a change in the facility design, construction, operation, or maintenance that materially affects its potential for a discharge of oil in harmful quantities into or upon the waters of the United States or adjoining shorelines. This Plan will also be amended if, as a result of the review and evaluation required to be performed every five years, it is determined that more effective prevention and control technology that has been field-proven at the time of the review will significantly reduce the likelihood of a discharge of oil in harmful quantities into or upon the waters of the United States or adjoining shorelines.

Any amendment to this Plan will be completed within six months of identification of the need for an amendment, and implemented as soon as possible, but not later than six months following preparation of the amendment. A professional engineer will certify any technical amendment to the Plan.

1.4 Plan Preparation and Management Approval (40 CFR 112.7)

This SPCC Plan was prepared in accordance with good engineering practices and with the full approval of management at a level with authority to commit the resources necessary to fully implement the plan.

I certify that this plan has the approval of management at a level with authority to commit the resources necessary to fully implement the Plan.

Site Manager Name	Title
Signature	Date

GENERAL REQUIREMENTS (40 CFR 112.7(a)(1))

This SPCC Plan complies with the requirements of the following:

FEDERAL REQUIREMENTS: 40 CFR Part 112, as amended July 17, 2002

1.5 Deviations From 40 CFR 112 Requirements (40 CFR 112.7(a)(2))

In preparing this Plan, no specific deviations from 40 CFR Part 112 were included. However, if any deviations from the requirements of 40 CFR Part 112 are included during subsequent review and amendment, they will be described in this section of the Plan.

2.0 PHYSICAL LAYOUT OF FACILITY (40 CFR 112.7(a)(3))

The Eunice Office and Yard is an oilfield service facility located on the south side of Avenue O in Eunice, New Mexico. The facility is approximately 20 acres in size and is used to park equipment, perform equipment maintenance, store empty frac tanks, and washout trailers and frac tanks. The site has a maintenance shop, office, and storage and parking areas. An abandoned fueling station that used to house fuel tanks is located at the facility, but is no longer in service.

Figure 2 provides a map of the Eunice Office and Yard. This figure includes:

- Tank locations and approximate drainage pathways indicated by arrows showing surface water flow
- Direction of surface water flow
- Locations of existing secondary containment or diversionary structures

2.1 Buildings

One primary structure is located on the property. The main building houses the offices and mechanics shop.

2.2 Tanks

Two 300-gallon used oil tanks are located within a concrete secondary containment structures just north of the mechanics shop. Additionally, a 250-gallon motor oil tank is located inside the shop. Six 55-gallon drums were located at the facility during the site visit, containing fuel additive and gear oil.

3.0 FACILITY DIAGRAM (40 CFR 112.7(a)(3)

Figure 2 is a map of the facility, which provides the physical layout of the facility and the location and contents of each oil storage container. Although there are currently no buried tanks at the facility, if any buried tanks are installed at the facility, these figures would show the location of any completely buried tanks that are subject to all of the technical requirements of 40 CFR 280 or a State program approved under 40 CFR 281 and, therefore, otherwise exempted from 40 CFR 112.7 requirements.

4.0 OIL STORAGE CONTAINERS (40 CFR 112.7 (a)(3)(i))

This section of the plan provides a description of each oil storage container and its capacity. A material inventory, listing the types of materials transported by trucks and stored in the truck shop or yard, is included in Appendix B. **The material inventory list will be maintained and updated whenever the materials handled change.**

4.1 Oil Storage Areas

The following oil storage tanks were observed outside during the site visit:

- Two 300-gallon used oil tanks

The tanks are located within insufficient secondary containment structures. Secondary containment sufficient to contain a spill from the largest tank plus 10% freeboard for precipitation will be provided as soon as practicable. The tanks and associated containment are shown on Figure 2.

The following oil storage tanks were observed in the mechanics shop during the site visit.

- 250-gallon motor oil tank

The tank is located inside the shop, where the floor and walls are considered sufficient secondary containment.

4.2 Diesel Tank Storage Area

Not applicable at this facility.

4.3 Chemical Storage Area

Not applicable at this facility.

4.4 Drum Containment Area

The following 55-gallon drums were observed in the shop during the site visit:

- Six 55-gallon drums of gear oil and fuel additives

The drums in this area are constructed of steel and are located within the shop, where the walls and floor are considered sufficient secondary containment.

5.0 *DISCHARGE PREVENTION MEASURES (40 CFR 112.7 (a)(3)(ii))*

This section of the pl[illegible]scribes the discharge prevention measures used at the facility, including procedures for the routine handling of products (loading, unloading, and facility transfers).

To minimize the release of pollutants during truck loading activities, the delivery is performed following the procedures in Appendix D, Procedures for Loading Vacuum Units. In addition, the following procedures for transfer of materials from or into tank trucks are followed:

- All vehicles entering the facility are warned of possible vehicular impact that may endanger aboveground piping, tanks, or other oil transfer operations.
- The truck driver is present at the hose connection and observes the material transfer until completed.
- Prior to departure of the tank truck the lowermost drain and all outlets of the vehicle are examined for leakage, and if necessary, tightened, adjusted, or replaced to prevent liquid leakage while in transit.
- The truck driver involved in the transfer is required to complete and sign a sign-off sheet at the main office confirming that each of the steps listed on the Tank Truck Material Transfer Checklist, included in Appendix E, was completed and that no spillage or release occurred.

Any and all employees are responsible for reporting immediately any spill or leak of material described in this plan to the Spill Response Coordinator.

6.0 DISCHARGE OR DRAINAGE CONTROLS (40 CFR 112.7(a)(3)(iii))

This section describes the discharge or drainage controls used at the facility, including secondary containment and other structures, equipment, or procedures for the control of a discharge.

There is one storage area located outside. The secondary containment structure for the tanks is insufficient to contain a spill from the largest tank plus 10% freeboard for precipitation. Sufficient containment will be provided at the site as soon as practicable.

7.0 COUNTERMEASURES FOR DISCHARGE DISCOVERY, RESPONSE, AND CLEANUP (40 CFR 112.7 (a)(3)(iv))

This section describes the procedures that are followed for responses to spills or leaks. These procedures are consistent with the facility's Storm Water Pollution Prevention Plan and these procedures are included in the Employee Training Program. Spill response procedures have been established to respond to a release or spill at the Key facility so that spill response procedures are carried out in an organized manner. Material Safety Data Sheets (MSDSs) for materials used at the Eunice Office and Yard facility are located in the Spill Response Coordinator's office or in the mechanics shop. All tanks are clearly labeled with their contents to facilitate spill response procedures. An inventory of spill response equipment materials is maintained and updated quarterly by the Spill Response Coordinator.

ANY AND ALL EMPLOYEES ARE RESPONSIBLE FOR REPORTING IMMEDIATELY ANY SPILL OR LEAK OF MATERIAL DESCRIBED IN THIS PLAN TO THEIR SUPERVISOR.

In the event of a release or spill, the employee discovering the spill will report the following:

- **Time of spill or discovery**
- **Location of spill**
- **Type of material spilled**
- **Estimated quantity of spilled material**
- **Condition of spilled material**

The supervisor will immediately notify the Spill Response Coordinator.

7.1 Spill Response Team

A Spill Response Team has been designated and trained in the proper actions to be taken in the event of a release or spill. The purpose of the team is to provide immediate response to the containment and cleanup of any spill. All Spill Response Team members receive updated training in January of each year. The Spill Response Team members and their individual responsibilities are listed below.

Spill Response Team

Role	Responsibility	Title	Phone Number
Spill Response Coordinator	Primary Emergency Contact	Site Manager	Office 505-394-2581

Role	Responsibility	Title	Phone Number
	Spill Response Equipment Inventory		
Spill Response Team Leader	Secondary Emergency Contact Preventive Maintenance Training Inspections Recordkeeping Spill Response	Site staff employee	Office 505-394-2581
Spill Response Team Member	Spill Response	Site staff employee	Office 505-394-2581

The Spill Response Team is responsible for the following:

- The Spill Response Coordinator is responsible for determining whether the facility has had a release that could flow off site, that could reach an offsite surface water body or a navigable waterway, or that could threaten human health or the environment.
- The Spill Response Coordinator is responsible for assessing the spill, gathering the information required for notification requirements, making the proper notifications timely, and implementing the spill response procedures.
- The Spill Response Coordinator will coordinate with the Spill Response Team Leader in implementing the spill response procedures appropriate to the type of spill encountered and the Spill Response Team Leader will direct the Spill Response Team Members in spill response for the type of spill encountered. **Spill response procedures are provided in Appendix F.**
- The Spill Response Coordinator will assess whether evacuation of the surrounding area is required and, if necessary, will notify proper local authorities, including the police department, fire department, hospital, and state and local emergency response teams. A list of the local authorities and their phone numbers is shown in Appendix G.
- The Spill Response Team Leader is responsible for preventive maintenance, coordinating inspections and implementing inspection schedules, documenting inspections, maintaining records required by the SPCC Plan, and spill response. He is also responsible for conducting training of Operations personnel on both the contents of the SPCC Plan and any modifications made to the plan.

- The purpose of this team is to provide immediate response to the containment and cleanup of any spill. All Spill Response Team members receive updated training in January of each year.

7.2 Spill Response Equipment

Spill response equipment including shovels and sorbent material will be located at the Eunice Office and Yard site as soon as practicable.

7.3 Communications Equipment

In the event of a spill, cell phones will be used for communication between the Spill Response Coordinator, the Spill Response Team Leader, the Spill Response Team, and facility personnel. For communication between the Spill Response Coordinator or his designee and offsite emergency response personnel, site telephones or cell phones will be used. This communications equipment is used daily and is maintained in good working order and repaired as necessary.

7.4 Evacuation Procedures

If the Spill Response Coordinator determines that a release, spill, fire, or explosion has occurred that could threaten human health, he will notify site personnel of evacuation of a specific area of the facility or complete evacuation of the facility by using cellular telephones, and he will take the visitors' log. Anyone requesting access to the Farmington facility is required to check in at the Eunice Office and Yard office and sign the visitors' log. All personnel in the immediate area of an evacuation will be required to leave the designated area immediately and report to his/her supervisor at the entrance to the office building. Site personnel should be familiar with the location of the office to assure safe and efficient evacuation in case of an emergency.

When an evacuation is implemented by the Spill Response Coordinator, each supervisor will report to the office and take a head count of the employees he/she is responsible for. If any employees are missing, the names of those employees and their last known location will be reported to the Spill Response Coordinator immediately. Each supervisor will direct further evacuation procedures in accordance with direction received from the Spill Response Coordinator.

8.0 METHODS OF DISPOSAL OF RECOVERED MATERIAL (40 CFR 112.7(a)(v))

Following a release within the tank secondary containment areas the recoverable released material will be pumped into the appropriate storage tank. Any material released outside of the tank secondary containment areas will be removed with sorbent material and placed in drums on

site for proper offsite disposal. Recovered petroleum contaminated materials will be disposed at a facility permitted to manage these types of wastes.

9.0 CONTACT LIST (40 CFR 112.7 (a)(3)(vi))

The contact list and phone numbers for the Spill Response Coordinator, National Response Center, cleanup contractors who the facility uses for spill response, and all appropriate Federal, State, and local agencies who must be contacted in case of a discharge described in 40 CFR 112.1(b) are provided in Appendix G. The spill reporting and notification procedures to Federal and State agencies are provided in Appendix H.

10.0 SITE-SPECIFIC INFORMATION FOR REPORTING A DISCHARGE (40 CFR 112.7 (a)(4))

The following information will be provided when reporting a discharge:

1) Name, address, and telephone number of the person making the telephone report
2) Name, address, and telephone number of the facility
3) If different from the person making the notification, the names, addresses, and telephone numbers of the responsible person and contact person at the location of the discharge or spill
4) Date, time, and exact location of the spill or discharge
5) Specific description or identification of the oil, petroleum product, or other substances discharged or spilled
6) Estimate of the quantity discharged or spilled
7) Duration of the incident
8) Source of the discharge or spill
9) Cause of the discharge or spill
10) Description of all affected media
11) Any damages or injuries caused by the discharge
12) Description of any actions that have been taken, are being taken, and will be taken to stop, remove, and mitigate the effects of the discharge or spill
13) Any known or anticipated health risks
14) Whether an evacuation is needed
15) Identity of any governmental representatives, including local authorities or third parties, responding to the discharge or spill
16) Names of any individuals and/or organizations who have also been contacted
17) Any other information that may be significant to the response action

11.0 DISCHARGE RESPONSE (40 CFR 112.7(a)(5))

The procedures described in Sections 7.0, 8.0, and 9.0 are organized to make them readily usable to respond to an emergency at the facility.

12.0 DISCHARGES FROM EQUIPMENT FAILURE (40 CFR 112.7 (b))

This section describes the potential types of equipment failure, and for each potential type of equipment failure, a prediction of the direction of flow, rate of flow, and total quantity of oil that could be discharged from the facility as a result of each type of major equipment failure.

The oil storage containers at the facility are shown on Figure 2. The activities that represent the greatest potential for release of oil from the site to the environment are tank failures and loading to delivery trucks.

12.1 Tank Overflows and Leaks from Storage Tanks

Used oil and motor oil have the potential to be released from tank overflows and failures at the site. The used oil storage tanks at the facility are located outside, within secondary containment, while the motor oil tank is located inside.

Direction of flow: Any potential release from overflow or failure of the storage tanks would be contained within the secondary containment structures. Any releases from tanks to the area outside of the secondary containment structures would flow to the west, following site topography.

Rate of flow: The rate of flow for a tank failure will vary depending upon the location of the tank failure and the rate of flow from tank overflow will depend on the pumping rate to the tank.

Total quantity of oil discharged: The quantities of materials that could be released from the tanks due to a tank failure are shown in Table 1. The quantity of material that could be released from overflow of a tank would be 300 gallons, which is the maximum capacity of any tank at the facility.

12.2 Unloading from Delivery Trucks

No unloading takes place at this facility.

12.3 Loading Into Tank Trucks

Used oil is loaded into trucks at the Eunice Office and Yard facility, and has the potential to be released during unloading activities at the facility.

Direction of flow: Any potential release from unloading these materials, due to a release at the tank being filled, would be contained within the secondary containment structures. Any releases to the area outside of the secondary containment structures would flow to the west, following site topography.

Rate of flow: The rate of flow for a release during delivery truck unloading will depend on the pumping rate to the tank.

Total quantity of oil discharged: The quantity of material that could be released during unloading from a delivery truck would be 6,000 gallons, which is the maximum capacity of any tank at the facility.

13.0 APPROPRIATE CONTAINMENT OR DIVERSIONARY STRUCTURES (40 CFR 112.7 (c))

Appropriate containment or diversionary structures or equipment to prevent a discharge as described in 40 CFR 112.1(b) are described in Section 6.0, Discharge or Drainage Controls. Adequate secondary containment systems existing on site are capable of containing oil. These containment systems are constructed such that any discharge from a primary containment system, such as a tank or pipe, will not escape the containment system before cleanup occurs. Additionally, any releases from tanks or piping would be removed by pumping the released material into the respective tank or removing the residue with sorbent materials.

14.0 PRACTICABILTY DETERMINATION (40 CFR 112.7(d))

The facility has determined that the structures and pieces of equipment listed in Sections 40 CFR 112.7(c) and (h)(1) and Sections 112.8(c)(2) and (c)(11) to prevent a discharge in harmful quantities from the facility are practicable. If at any time the facility determines that any of these structures or pieces of equipment are not practicable, the facility will provide a statement regarding why such measures are not practicable in this section of the plan and for bulk storage containers, the facility will conduct both periodic integrity testing of the containers and periodic integrity and leak testing of the valves and piping and the facility will provide in an appendix to this plan an oil spill contingency plan following the provisions of 40 CFR Part 109 and a written commitment of manpower, equipment and materials required to expeditiously control and remove any quantity of oil discharged that may be harmful.

15.0 INSPECTIONS AND TESTING (40 CFR 112.7 (e))

Key Energy conducts weekly inspections as part of its preparedness and prevention procedures. Included in the weekly inspections are the tank storage areas. The items inspected in the weekly tank storage area inspections include the general condition and integrity of the tanks, pumps, valves, flange joints, expansion joints, catch pans, piping, tank and piping foundations and supports, whether the tank valves are closed, whether the tanks are labeled with the contents of the tank, any observed releases from the tanks, pump operation, the integrity of the concrete secondary containment, whether any releases from the secondary containment were observed, housekeeping, observation of accumulated liquids, inventory and condition of spill response equipment, and corrective actions recommended during previous weekly inspections. Additional items included in the weekly inspections are the integrity of the few drums stored inside the concrete containment area, whether drums stored on site inside the secondary containment are labeled, and any evidence of spills or releases. Areas where spills of oil could occur are described in Section 12.0.

A checklist for weekly inspections is provided in Appendix I of this plan. A copy of the completed inspection reports will be signed by the Inspector and provided quarterly to the Spill Response Coordinator for review and signature. The completed reports will list the areas inspected, observations made during the inspections, and any corrective action planned or taken to address areas of non-compliance with this plan. The signed reports will be provided to the Spill Response Coordinator and a copy of the inspection report placed in the Facility Inspection log book where the reports will be maintained for a period of three years. **Any deficiencies in the implementation of this plan will be corrected as soon as practicable.** The Facility Inspection log book will be maintained by the Spill Response Coordinator and kept in the Spill Response Coordinator 's office. Upon identification of a problem that could impact releases, a work order will be completed. Previous inspection logs will be reviewed quarterly such that confirmation of corrective actions required may be made during inspections subsequent to issuance of work orders to address areas of non compliance. **Whenever revisions or additions to the plan are recommended as a result of inspections, a summary description of the proposed changes, including time frames required to implement the proposed changes, will be attached to the inspection checklist.**

A facility inspection checklist to document the inspections conducted in accordance with this plan is included in Appendix I.

Testing required by 40 CFR 112 will be conducted in accordance with Section 21.10, Integrity Testing and Inspection. Any testing and inspection conducted in accordance with this plan will be documented and maintained at the facility for a period of three years.

16.0 PERSONNEL, TRAINING AND DISCHARGE PREVENTION PROCEDURES (40 CFR 112.7(f))

This section provides a description of the employee training program for the facility that is provided to all oil-handling personnel. The employee training includes:

- Procedures for loading and unloading from vehicles and/or tanks
- Vehicle fueling procedures
- Inspections
- Equipment operation
- Preventive maintenance
- Operations and maintenance of equipment to prevent discharges
- Discharge procedures
- Applicable pollution prevention laws, rules, and regulations
- General facility operations
- Spill prevention
- Location of spill response equipment
- Spill response procedures
- Material management practices for specific materials at the facility
- Spill reporting procedures
- Contents of the SPCC Plan

Training will be conducted annually during the month of January or within one month of a new employee's hire date. Records of training will be maintained by the Spill Response Coordinator.

The Spill Response Coordinator is responsible for discharge prevention and reports to the Spill Response Coordinator.

Discharge prevention briefings will be provided to all oil-handling personnel at least once a year to assure adequate understanding of the SPCC Plan. These discharge prevention briefings include a description of known discharges or failures, malfunctioning components, and any recently developed precautionary measures.

17.0 SECURITY (40 CFR 112.7(g))

17.1 Fencing (40 CFR 112.7 (g)(1))

Each facility, as defined by the regulation, handling, processing, or storing oil at the facility will be fully fenced and the entrance gates locked and/or guarded when the facility is not in production or is unattended. The Key Energy Eunice Office and Yard facility is not surrounded by a chain-link fence and gate. A fence will be provided for the facility as soon as practicable.

17.2 Discharge Valves (40 CFR 112.7 (g)(2))

The master flow and drain valves and any other valves that permit direct outward flow from containers on site to the surface have adequate security measures so that they remain in the closed position when in non-operating or non-standby status. The drain valves on all tanks are maintained in the closed position when in non-operating or non-standby status. This is confirmed during weekly inspections.

17.3 Locked Starter Control Valves (40 CFR 112.7 (g)(3))

The starter control valves on each pump at the facility are locked in the "off" position and located in an area accessible only to authorized personnel when the pumps are in a non-operating or non-standby status.

17.4 Cap or Blank Flange Loading/Unloading Connections (40 CFR 112.7 (g)(4))

The unloading/loading connections of facility piping will be securely capped or blank-flanged when not in service or when in standby service for an extended time. This practice will also be applied to piping that is emptied of liquid content either by draining or inert gas pressure.

17.5 Facility Lighting (40 CFR 112.7 (g)(5))

Facility lighting is provided that is commensurate with the type and location of the facility. Lighting will assist in the discovery of discharges occurring during hours of darkness, both by operating personnel, if present, and by non-operating personnel (the general public, local police, etc.), and the prevention of discharges occurring through acts of vandalism. Facility lighting is provided during operating hours. Lighting reduces the risk of vehicular impact, facilitates inspection of storage and transfer areas and discovery of discharges, and reduces the risk of discharges through acts of vandalism.

18.0 FACILITY TANK TRUCK LOADING/UNLOADING (40 CFR 112.7(h))

18.1 Tank Truck Containment System (40 CFR 112.7 (h)(1))

The SPCC Plan rule requires that, where loading/unloading area drainage does not flow into a catchment basin or treatment facility designed to handle such discharges, the facility will use a quick drainage system for tank truck unloading and loading areas and the facility will design a containment system to hold at least the maximum capacity of any single compartment of the tank

truck loaded or unloaded at the facility. The loading area does not have secondary containment and is required to have it. The secondary containment must be able to contain the largest single tank truck compartment volume. Secondary containment structures sufficiently impervious to contain oil, and with the capacity to contain the largest tank truck compartment loaded or unloaded at the facility plus 10% freeboard for precipitation, will be provided for the appropriate areas as soon as practicable.

18.2 Prevention of Departure Prior to Disconnection (40 CFR 112.7(h)(2 and 3))

As described in Section 5.0, Discharge Prevention Measures, the facility complies with the requirement to provide an interlocked warning light or physical barrier system, warning signs, wheel chocks, or vehicle brake interlock system in loading/unloading areas to prevent vehicles from departing before complete disconnection of flexible or fixed oil transfer lines. The facility also complies with the requirement that prior to filling and departure of any tank truck, the lowermost drain and all outlets of such vehicles are closely inspected for discharges and, if necessary, they are tightened, adjusted, or replaced to prevent liquid discharge while in transit.

19.0 BRITTLE FRACTURE OR OTHER CATASTROPHE EVALUATION (40 CFR 112.7 (i))

Currently, the Key site does not have any field-constructed aboveground containers. If the facility installs a field-constructed aboveground container and it undergoes a repair, alteration, reconstruction, or change in service that might affect the risk of a discharge or failure due to brittle fracture or other catastrophe, or has discharged oil or failed due to brittle fracture failure or other catastrophe, the facility will evaluate the container for risk of discharge or failure due to brittle fracture or other catastrophe and, as necessary, take appropriate action.

20.0 CONFORMANCE WITH APPLICABLE RULES, REGULATIONS, AND GUIDELINES (40 CFR 112.7 (j))

In addition to the prevention standards listed in 40 CFR Part 112.7, this SPCC Plan meets the requirements of 40 CFR 112.8.

21.0 SPILL PREVENTION, CONTROL AND COUNTERMEASURE PLAN REQUIREMENTS FOR PETROLEUM OILS AND NON-PETROLEUM OILS AT ONSHORE FACILITIES (EXCLUDING PRODUCTION FACILITIES) (40 CFR 112.8(a))

This facility is an onshore facility and this plan meets the general requirements of 40 CFR 112.7 and the specific discharge prevention and containment procedures listed in 40 CFR 112.8 as described in the following sections of this SPCC Plan.

21.1 Facility Drainage From Diked Areas (40 CFR 112.8(b)(1) and (2))

The tank storage area does not have drains to empty the containment of accumulated liquids. Any spills or leaks are pumped from the containment area to drums or truck tanks or absorbed by sorbent materials inside the containment dikes. The sorbent material and any liquids pumped from the containment will be collected in drums for proper disposal.

If the facility installs diked storage areas that do have drains or discharge spouts, they will be installed to restrain drainage from the diked storage areas by valves to prevent a discharge into the drainage system or facility effluent treatment system, except where facility systems are designed to control such discharge, including emptying diked areas by pumps or ejectors by manually activating these pumps or ejectors and inspecting the condition of the accumulation before starting to ensure no oil will be discharged.

For these diked areas the facility will only use valves of manual, open-and-closed design for the drainage of diked areas. The facility will not use flapper-type drain valves to drain diked areas. The facility drainage does not drain directly into a watercourse or into an onsite wastewater treatment plant, and the facility will inspect retained storm water and only drain uncontaminated retained storm water as described in 40 CFR 112(c)(3)(ii),(iii), and (iv). Drainage from diked storage areas is documented on the Checklist for Secondary Containment Discharge Observation Prior to Discharge included in Appendix I.

21.2 Facility Drainage From Undiked Areas (40 CFR 112.8(b)(3))

Drainage systems from undiked areas with a potential for discharge (such as where piping is located outside containment walls or where tank truck discharges may occur outside the loading area) must be designed to flow into ponds, lagoons, or catchment basins designed to retain oil or return it to the facility. The loading/unloading areas do not have any secondary containment. Secondary containment structures sufficiently impervious to contain oil, and with the capacity to contain the largest tank truck compartment loaded or unloaded at the facility plus 10% freeboard for precipitation, will be provided as soon as practicable.

There are no open facility catchment basins. If the facility installs catchment basins, they will not be located in areas subject to periodic flooding.

21.3 Spill Diversion System (40 CFR 112.8(b)(4))

The drainage system from the undiked truck unloading area is not engineered as required in 40 CFR 112.8(b)(3). There are no ditches located inside the facility, so no diversion system has been provided for the final discharge of ditches inside the facility that would, in the event of an uncontrolled discharge, retain oil in the facility.

21.4 Facility Drainage Systems (40 CFR 112.8(b)(5))

Since drainage waters are not treated in more than one treatment unit where such treatment is continuous, and pump transfer is needed, the requirement to provide two lift pumps and permanently install at least one of the pumps is not applicable. However, facility drainage systems have been designed to prevent a discharge in harmful quantities into or upon the navigable waters of the United States or adjoining shoreline in case there is an equipment failure or human error at the facility.

21.5 Bulk Storage Container Compatibility (40 CFR 112.8(c)(1))

The containers used for storage of oil at the facility are compatible with the materials stored and the conditions of storage such as pressure and temperature.

21.6 Bulk Storage Container Secondary Containment (40 CFR 112.8(c)(2))

Two 300-gallon used oil tanks and a 250-gallon motor oil tank are located at the facility. The used oil tanks are located in a concrete secondary containment structure with insufficient capacity. Sufficient containment for the tanks will be provided as soon as practicable. The motor oil tank is located inside the shop, where the walls and floor provide sufficient secondary containment. A number of oil-containing drums were also located in the shop.

21.7 Discharge of Uncontaminated Rainwater (40 CFR 112.8(c)(3)

The facility will not allow drainage of uncontaminated rainwater from the diked areas into storm drains or discharge of effluent into an open watercourse, lake, or pond, bypassing the facility treatment system, without doing the following: 1) Normally keeping the bypass valve sealed closed, 2) Inspecting the retained rainwater to ensure that its presence will not cause a discharge of harmful quantities of oil into or upon navigable waters of the United States or adjoining shorelines, 3) Opening the bypass valve and resealing it following drainage under responsible supervision, and 4) Keeping adequate records of such events. Currently the discharge of uncontaminated rainwater from the diked storage areas at the facility is pumped out and stored in drums until proper disposal.

21.8 Completely Buried Storage Tanks (40 CFR 112.8 (c)(4))

There are no completely buried metallic storage tanks located at the facility. If any completely buried metallic storage tanks are installed at the facility, they will be protected from corrosion by coatings or cathodic protection compatible with the local soil conditions. Each completely buried metallic storage tank will be regularly leak tested.

21.9 Partially Buried or Bunkered Tanks (40 CFR 112.8 (c)(5))

There are no partially buried or bunkered metallic tanks located at the facility for the storage of oil. If any partially buried or bunkered metallic tanks are installed for the storage of oil, the buried section of the tank will be protected from corrosion by coatings or cathodic protection compatible with local soil conditions.

21.10 Integrity Testing and Inspection (40 CFR 112.8 (c)(6))

As soon as practicable, the facility will begin to test each aboveground container for integrity on a regular schedule, and whenever material repairs are made. The frequency of and type of testing takes into account container size and design. The facility will combine visual inspection with a testing technique such as hydrostatic testing, radiographic testing, ultrasonic testing, acoustic emissions testing, or another system of non-destructive shell testing. The facility will keep comparison records and will also inspect the container's supports and foundations. The facility will frequently inspect the outside of the containers for signs of deterioration, discharges, or accumulation of oil inside diked areas. Records of inspections and tests will be maintained at the facility for 3 years. Integrity testing will be completed annually and documented in accordance with tank standards API 12F for steel tanks and API 12P for fiberglass reinforced plastic tanks. Integrity testing of all storage tanks will be implemented as soon as practicable.

21.11 Internal Heating Coils (40 CFR 112.8 (c)(7))

There are no tanks equipped with internal heating coils located at the facility. If any tanks are installed with internal heating coils, leakage through defective internal heating coils will be controlled by monitoring the steam return and exhaust lines for contamination from internal heating coils that discharge into an open water course, or the facility will pass the steam return or exhaust lines through a settling tank, skimmer, or other separation or retention system.

21.12 Engineering Controls for Liquid Levels (40 CFR 112.8(c)(8))

Each container will be installed with one of the following devices to avoid a discharge. a) High liquid level alarm with an audible or visual signal at a constantly attended operation or surveillance station. b) High liquid level pump cutoff devices set to stop flow at a predetermined container content level. c) Direct audible or code signal communication between the container gauger and the pumping station. d) A fast response system for determining the liquid level of each bulk storage container such as digital computers, telepulse, or direct vision gauges. If this last alternative is used, a person will be present to monitor the gauges and the overall filling of the bulk storage containers. The liquid level sensing devices will be regularly tested to ensure proper operation. Liquid level gauges or high level alarms will be installed on all storage tanks as soon as practicable.

21.13 Effluent Treatment (40 CFR 112.8 (c)(9))

There is no effluent treatment system that discharges to a navigable water body. Any effluent treatment facilities installed at the facility will be observed frequently enough to detect possible system upsets that could cause a discharge of harmful quantities of oil into or upon the navigable waters of the United States or adjoining shorelines.

21.14 Correction and Removal of Visible Discharges (40 CFR 112.8 (c)(10))

The facility promptly corrects visible discharges, which result in a loss of oil from containers, including but not limited to seams, gaskets, piping, pumps, valves, rivets, and bolts. Any accumulation of oil in diked areas is also promptly removed. Weekly inspections include tank integrity, tank valves, observation for releases, integrity of secondary containment structures, releases from secondary containment structures, and accumulated liquids within secondary containment structures.

21.15 Mobile or Portable Oil Storage (40 CFR 112.8 (c)(11))

The facility currently does not have any mobile or portable oil storage containers. If the facility uses mobile or portable oil storage containers in the future, the mobile or portable oil storage containers will be positioned or located to prevent a discharge of harmful quantities of oil into or upon the navigable waters of the United States or adjoining shorelines. A secondary means of containment will be provided, such as a dike or catchment basin, sufficient to contain the capacity of the largest single compartment or container with sufficient freeboard to contain precipitation.

21.16 Buried Piping (40 CFR 112.8 (d)(1))

There is currently no buried piping at the facility. However, if any buried piping is installed or replaced at the facility, it will be provided with a protective wrapping and coating. The buried piping will also either be cathodically protected or provided with another means of satisfying the corrosion protection standards for piping in 40 CFR 280 or a state program approved under 40 CFR 281. If a section of buried line is exposed for any reason, it will be carefully inspected for deterioration. If corrosion damage is found, the facility will undertake additional examination and corrective action as indicated by the magnitude of the damage.

21.17 Out Of Service Piping (40 CFR 112.8 (d)(2))

When piping is not in service or is in standby service for an extended period of time, the facility will cap or blank-flange the terminal connection at the transfer point and mark it as to origin.

21.18 Pipe Supports (40 CFR 112.8 (d)(3))

Pipe supports at the facility are to be designed to minimize abrasion and corrosion and allow for expansion and contraction.

21.19 Inspection of Aboveground Valves and Piping (40 CFR 112.8 (d)(4))

The facility will inspect all aboveground valves, piping, and appurtenances. During the inspection, the inspector will assess flange joints, expansion joints, valves, catch pans, pipeline supports, locking of valves, and metal surfaces. Integrity and leak testing of buried piping, if applicable, will be conducted at the time of installation, modification, construction, relocation, or replacement.

21.20 Vehicle Damage to Piping

All vehicles entering the facility are warned of vehicular impact that may endanger aboveground piping, tanks, or other oil transfer operations at the Eunice Office and Yard.

22.0 SUBSTANTIAL HARM CRITERIA

The Certification of Substantial Harm Criteria required by 40 CFR 112.20(e) is attached in Appendix J.

DISTRIBUTION

Spill Prevention, Control and Countermeasure Plan
Key Energy Services, Inc.
Eunice Office and Yard
2105 Avenue O
Eunice, New Mexico

March 10, 2005

1 copy to: Key Energy Services, Inc.
6 Destra Drive, Suite 5900
Midland, TX 79705
Attention: Gene Butler

Key Energy Eunice Office and Yard
2105 Avenue O
Eunice, New Mexico

Attention: Spill Response Coordinator

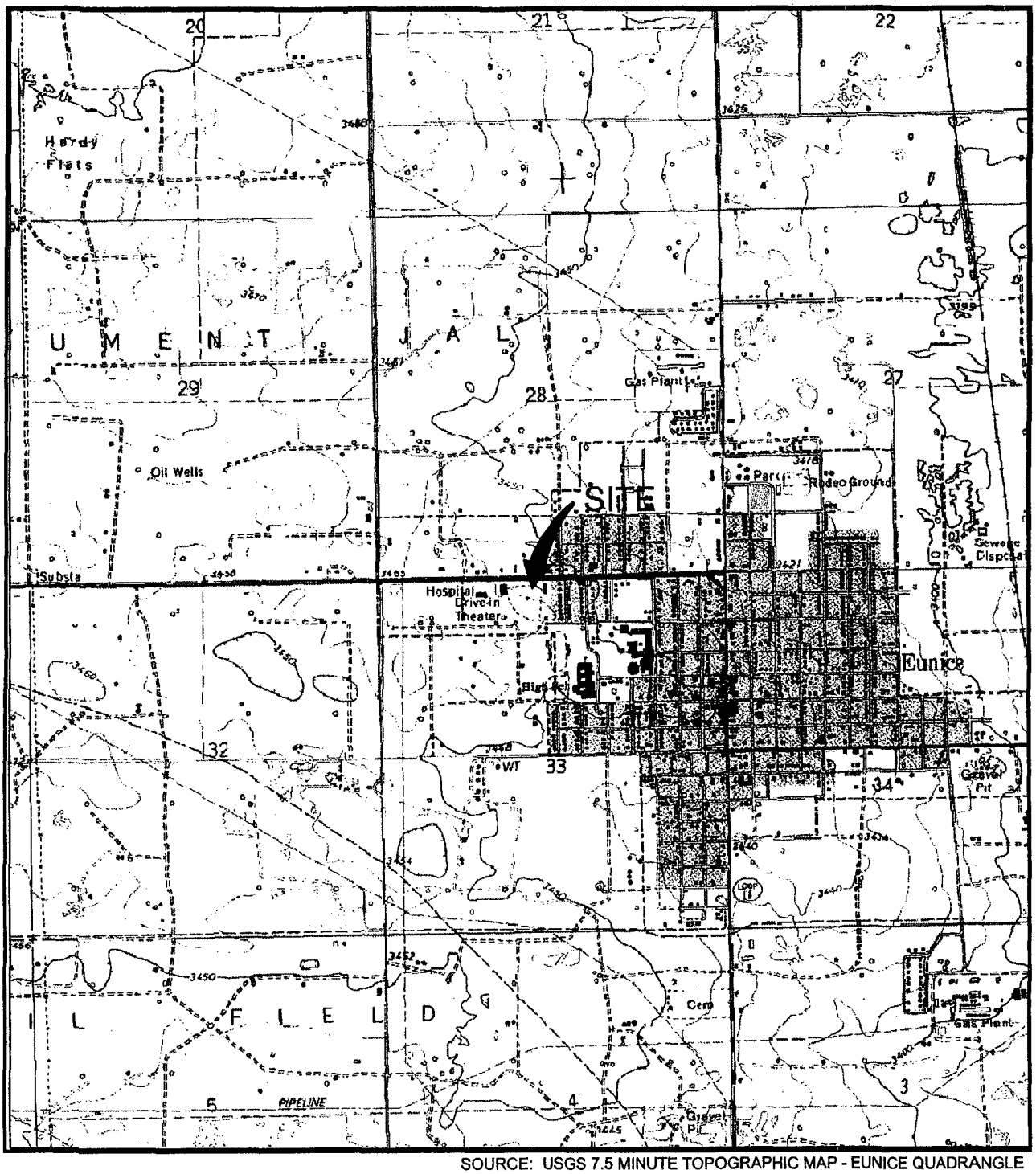
1 copy to: Brown and Caldwell
Project File

QUALITY CONTROL REVIEWER

_____

Paul Siler, P.E.
Supervising Engineer

PJS:kp



SOURCE: USGS 7.5 MINUTE TOPOGRAPHIC MAP - EUNICE QUADRANGLE

0 1

SCALE IN MILES

BROWN AND CALDWELL

Figure 1

SITE VICINITY MAP
EUNICE OFFICE & YARD

2105 AVENUE O
EUNICE, NEW MEXICO

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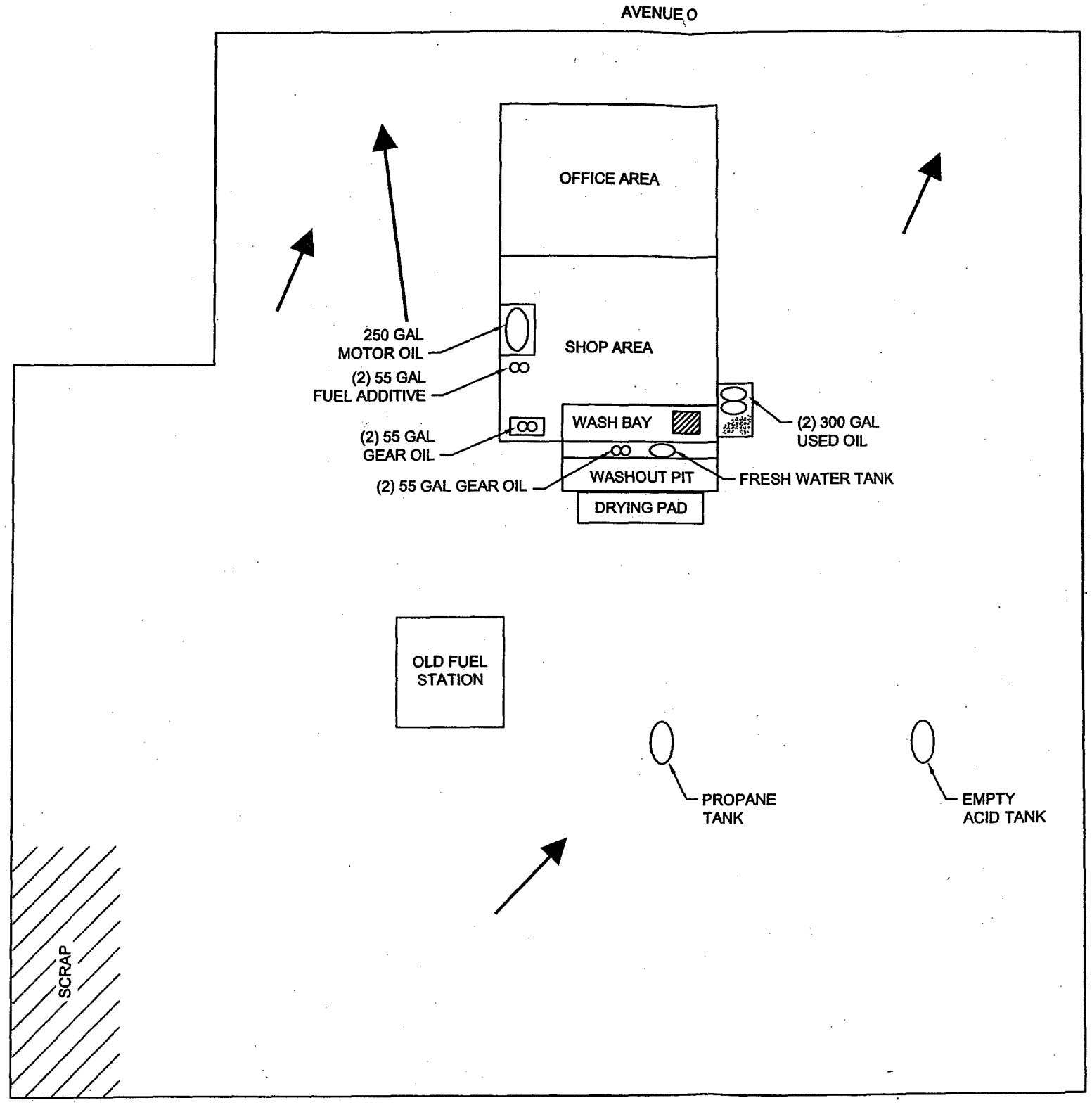

NO SCALE

SITE PLAN LEGEND

- AST
- UST
- PIPING
- FENCE LINE
- PROPERTY BOUNDARY
- STORM WATER FLOW DIRECTION
- STORM WATER DRAIN
- SUMP
- APPROXIMATE LOCATION OF SEPTIC SYSTEM
- MONITORING WELL
- FRESH WATER WELL
- DISPOSAL WELL
- DRUMS AND TOTES
- PARTS WASHER
- CONCRETE
- GRAVEL
- ASPHALT
- GRASS
- SS SOIL SAMPLE
- SILO
- DRAINAGE DITCH
- HOPPER
- FLOOR DRAIN

BROWN AND CALDWELL

Figure 2

SITE MAP
EUNICE OFFICE & YARD

2105 AVENUE O
EUNICE, NM

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TABLE 1
TANK AND DRUM STORAGE AREAS

AREA	CONTAINER	CAPACITY	CONSTRUCTION MATERIAL	MATERIAL STORED	SECONDARY CONTAINMENT
Outside storage area	Used oil tanks	Two, 300-gallons	Steel	Oil	Concrete secondary containment structure, which will be modified to have sufficient capacity as soon as practicable.
Mechanic Shop	Motor oil tank	250 gallons	Steel	Oil	Located in shop, where floor and walls act as secondary containment.
	Gear oil and fuel additive drums	Six, 55 gallons	Steel	Used Oil	

APPENDIX A

Plan Review and Evaluation Certification

PLAN REVIEW AND EVALUATION CERTIFICATION

I have completed review and evaluation of the SPCC Plan for the Key Energy Facility and I __will / will not__ amend the Plan as a result.

_____	_____
Site Manager Name	Title
_____	_____
Signature	Date

If the plan is being amended, the following amendments will be made:

The amendments __do/do not__ include technical amendments requiring certification by a professional engineer.

If any technical amendments requiring certification by a Professional Engineer have been made, the certification is attached to this certification in Appendix A. **Any amendment to this plan will be completed within 6 months of any change requiring an amendment identified during the plan review. The amendment will be implemented within 6 months following completion of the amendment.**

APPENDIX B

Material Inventory for Trucks and Truck Shop/Yard

A material inventory list for this site may be found in the contents for MSDSs for this facility and is located in the office. Alternatively, it may be included here.

APPENDIX C

Unloading Procedures for Vacuum Units

PROCEDURES FOR UNLOADING VACUUM UNITS

- Review JSA
- Spot unit
- Set parking brake
- Chock wheels
- Visually check to see if all hatches are closed
- Connect ground wire
- Connect hose to vacuum unit
- Connect hose from unit to source
  - A. If open pit or tank is involved, hose must be secured by soft line
  - B. If connected to a load line, open valve
- Open vent line
- Position valve handle on pump to "discharge"
- Start vacuum pump
- Close vent - open 4" valve at rear of unit
- After unit is empty, close 4" valve, open vent line
- Close load line
- Close 4" valve
- Bleed pressure off of bleed down line
- Disconnect hose from source and unit

APPENDIX D

Loading Procedures for Vacuum Units

PROCEDURES FOR LOADING VACUUM UNITS

- Review JSA
- Spot unit
- Set parking brake
- Chock wheels
- Visually check to see if all hatches are closed
- Connect ground wire
- Connect hose to vacuum unit
- Connect hose from unit to source
  - A. If open pit or tank is involved, hose must be secured by soft line
  - B. If connected to a load line, open valve
- Open vent line
- Position valve handle on pump to "suction"
- Start vacuum pump
- Close vent - open 4" valve at rear of unit
- After unit is empty, close 4" valve, open vent line, blow air back, close load line
- Bleed pressure off, bleed down line
- Disconnect hose from source and unit

APPENDIX E

Tank Truck Material Transfer Checklist

TRUCK DRIVER CONFIRMATION OF ADHERENCE TO LIQUID TRANSFER OPERATION PROCEDURES

- **The truck driver was present throughout the transfer at the hose connection to the truck until the transfer was completed.**
- **The truck driver chocked the wheels of the delivery truck prior to making the hose connection between the truck and the receiving pipe to prevent movement during transfer.**
- **The truck driver placed orange traffic cones surrounding the truck prior to making the hose connection between the truck and the receiving pipe to prevent departure of the vehicle before complete disconnection of the transfer hoses.**
- **The truck driver visually examined the discharge valve on the truck and the delivery hose to determine that they are both in good condition prior to connecting the hose to the receiving pipe.**
- **The tank was gauged prior to starting the discharge of material from the truck to determine if the tank had the capacity to accept the full shipment from the truck.**
- **A drip bucket was placed under the truck hose connection to catch any spillage.**
- **No spillage or release occurred.**
- **The flexible or fixed transfer lines have been disconnected prior to moving the delivery truck.**
- **The lower-most drain valve and all outlets have been closely inspected for discharges, and if necessary, the drains and outlets were tightened, adjusted, or replaced to prevent liquid discharge while in transit.**

I confirm that the procedures listed above were followed and that no releases occurred during my transfer of liquids from the delivery truck.

Printed Name

Signature

Date

APPENDIX F

Spill Response Procedures

Spill Response Procedures

If a spill occurs at the Eunice Office and Yard facility, the Spill Response Coordinator will notify the Spill Response Team Leader and coordinate with the Spill Response Team Leader to have the Spill Response Team implement the following Spill Response Procedures:

1. Evacuate the area if necessary following the procedures listed in Section 7.4 of the SPCC Plan.
2. Call emergency response personnel, if necessary.
3. Stop operation of equipment that is the source of the spill, including closing valves, stopping pumps, etc.
4. Contain the spill using absorbent booms, a trench dug in the soil surrounding the spill, etc.
5. Deploy absorbent materials to soak up spilled material.
6. Once spill is contained and area where spill occurred is secured, the Spill Response Coordinator or his designee will gather information required for notifications and reports described in Section 7.0 and Section 8.0 of the SPCC Plan.
7. Contact spill cleanup, transportation, and disposal vendors, if necessary.
8. Remove spilled material from ground surfaces using pumps and sorbent material and place in containers approved by the Spill Response Coordinator or his designee.
9. Remove spilled material from equipment using cloth rags and a cleaning solution approved by the Spill Response Coordinator or his designee to be compatible with the material spilled.
10. Place used rags and other disposable spill cleanup equipment in containers approved by the Spill Response Coordinator or his designee.
11. Label all containers used for storage of recovered spill material, used disposable equipment and any other waste from the spill containment and recovery with the material stored, date accumulation began, contact name and phone number.
12. Store containers in a designated storage area compatible with the materials stored.
13. Arrange for transport and disposal of waste generated from spill response off site at a permitted disposal facility.
14. Inventory all equipment used in the spill response and test non-disposable equipment for proper operation. If repair or replacement is necessary to ensure adequate equipment to respond to a release or spill is on site and available for use, order the repair or replacement immediately.
15. Prepare all notifications and reports required to be submitted in accordance with state, Federal and local regulations. A summary of the State and Federal requirements is provided in Section 7.0 and Section 8.0 of the SPCC Plan.

APPENDIX G

Emergency Contact List

EMERGENCY CONTACT LIST

Facility Spill Response Coordinator	Office: (505) 394-2581
Facility Spill Response Team Leader	Office: (505) 394-2581
National Response Center	(800) 424-8802
Police	911
New Mexico State Patrol	(505) 334-6000
Fire	911
Hospital	911
New Mexico Oil Conservation Division	(505) 334-6178
New Mexico Environment Department	505-827-9329

APPENDIX H

Federal and State Spill Notification and Reporting Procedures

SPILL NOTIFICATION

Upon notification of a spill, the Spill Response Coordinator will determine if the oil spill requires notification and/or reporting to regulatory agencies. Below is a summary of the notification and reporting requirements based on the U.S. Environmental Protection Agency (EPA) regulations for Discharge of Oil contained in Title 40 of the Code of Federal Regulations (CFR) Part 110.

Federal Notification Requirements

The EPA regulations regarding discharge of oil require notification by a person in charge of a facility as soon as he or she has knowledge of any discharge of oil from a facility as may be harmful. 40 CFR Part 110.3 states that discharges of oil in such quantities that the Administrator has determined may be harmful to the public health or welfare or the environment of the United States include discharges of oil that:

1) violate applicable water quality standards; or
2) cause a film or sheen upon or discoloration of the surface of the water or adjoining shorelines or cause a sludge or emulsion to be deposited beneath the surface of the water or upon adjoining shorelines.

Notification must be made to the National Response Center (NRC) at 800-424-8802.

Information Required for Notifications

The following information is required in notifications described in Sections 7.1.1 and 7.1.2:

1) the name, address, and telephone number of the person making the telephone report;
2) the name, address and telephone number of the facility;

3) if different from the person making the notification, the names, addresses, and telephone numbers of the responsible person and contact person at the location of the discharge or spill;

4) the date, time and location of the spill or discharge;

5) a specific description or identification of the oil, petroleum product or other substances discharged or spilled;

6) an estimate of the quantity discharged or spilled;

7) the duration of the incident;

8) source of the discharge or spill;

9) the cause of the discharge or spill;

10) a description of all affected media;

11) a description of the extent of actual or potential water pollution or harmful impacts to the environment and an identification of any environmentally sensitive areas or natural resources at risk;

12) the name of the surface water or a description of the waters in the state affected or threatened by the discharge or spill;

13) any damages or injuries caused by the discharge;

14) a description of any actions that have been taken, are being taken, and will be taken to stop, remove and mitigate the effects of the discharge or spill;

15) any known or anticipated health risks;

16) whether an evacuation is needed;

17) the identity of any governmental representatives, including local authorities or third parties, responding to the discharge or spill; and

18) any other information that may be significant to the response action.

The Spill Response Coordinator must submit a report to the EPA Regional Administrator within 60 days following a release of the following quantities:

- a discharge of more than 1,000 U.S. gallons of oil in a single discharge as described in 40 CFR 112.1 (b); or

- a discharge of more than 42 U.S. gallons of oil, as described in 40 CFR 112.1 (b) in each of two discharges, within any 12-month period.

A discharge requiring reporting is defined as oil discharged in harmful quantities, defined in 40 CFR 110 as a quantity that violates applicable water quality standards or causes a film or sheen upon or discoloration of the surface of the water or adjoining shorelines or causes a sludge or emulsion to be deposited beneath the surface of the water or upon adjoining shorelines, into or upon the navigable waters of the United States or adjoining shorelines in two spill events, occurring within any 12-month period.

The report must include the following information:

1) Name of the facility;
2) Name(s) of the owner or operator of the facility;
3) Location of the facility;
4) Date and year of initial facility operation;
5) Maximum storage or handling capacity of the facility and normal daily throughput;
6) Description of the facility, including maps, flow diagrams, and topographical maps;
7) A complete copy of the SPCC Plan with any amendments;
8) The cause(s) of such spill, including a failure analysis of system or subsystem in which the failure occurred;
9) The corrective actions and/or countermeasures taken, including an adequate description of equipment repairs and/or replacements;
10) Additional preventive measures taken or contemplated to minimize the possibility of recurrence; Such other information as the Regional Administrator may reasonably require pertinent to the Plan or spill event.

State Notification Requirements

Notification of Spills and Unauthorized Discharges

Who Must Provide Notification? The owner, operator, or person in charge of any facility where a discharge has occurred must provide notification such release to the New Mexico Environment Department.

What Kinds of Discharges Must be Reported? Any amount of any material in such quantity as may with reasonable probability injure or be detrimental to human health, animal or plant life, or property, or may unreasonably interfere with the public welfare or the use of property. This includes chemical, biohazardous, petroleum-product, and sewage spills and incidents. In

addition to recent spills, the discovery of evidence of previous unauthorized discharges, such as contaminated soil or ground water, also must be reported.

Are There Reportable Quantities? New Mexico has not established reportable quantities.

When Must Notification Be Provided? Verbal notification must be provided as soon as possible after learning of a discharge, but in no event more than twenty-four (24) hours thereafter.

How Should Notification be Provided?

For emergencies, call 505-827-9329 twenty-four hours a day.

For non-emergencies, call 866-428-6535 (voice mail, twenty-four hours a day).

For non-emergencies, and to reach an on-duty NMED staff member during normal business hours, call 505-428-2500.

APPENDIX I
Inspection Checklists

See Storm Water Pollution Prevention Plan, Appendix H.

APPENDIX J

Certification of Substantial Harm Criteria

CERTIFICATION OF SUBSTANTIAL HARM DETERMINATION FORM

1. Does the facility transfer oil over water to or from vessels and does the facility have a total oil storage capacity greater than or equal to 42,000 gallons?
   YES ☐ NO ☒

2. Does the facility have a total oil storage capacity greater than or equal to 1 million gallons and does the facility lack secondary containment that is sufficiently large to contain the capacity of the largest aboveground oil storage tank plus sufficient freeboard to allow for precipitation within any aboveground storage tank area?
   YES ☐ NO ☒

3. Does the facility have a total storage capacity greater than or equal to 1 million gallons and is the facility located at a distance (as calculated using the appropriate formula in **Attachment C-III** to this appendix or a comparable formula) such that a discharge from the facility could cause injury to wildlife and sensitive environments? For further descriptions of fish and wildlife and sensitive environments, see Appendices I, II and III to DOC/NOAA's "Guidance for Facility and Vessel Response Plans: Fish and Wildlife and Sensitive Environments" (see **Appendix E** to this part, Section 10, for availability) and the applicable Area Contingency Plan.
   YES ☐ NO ☒

4. Does the facility have a total oil storage capacity greater than or equal to 1 million gallons and is the facility located at a distance (as calculated using the appropriate formula in **Attachment C-III** to this appendix or a comparable formula) such that a discharge from the facility would shut down a public drinking water intake?
   YES ☐ NO ☒

5. Does the facility have a total oil storage capacity greater than or equal to 1 million gallons and has the facility experienced a reportable oil spill in an amount greater than or equal to 10,000 gallons within the last 5 years?
   YES ☐ NO ☒

CERTIFICATION

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document, and that based on my inquiry of those individuals responsible for obtaining this information, I believe that the submitted information is true, accurate and complete.

Spill Response Coordinator

Signature: _____ Date: _____

I. If a comparable formula is used, documentation of the reliability and analytical soundness of the comparable formula must be attached to this form.

II. For the purposes of 40 CFR part 112, public drinking water intakes are analogous to public water systems described in 40 CFR 143.2(c).