



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

June 14, 1996

CERTIFIED MAIL
RETURN RECEIPT NO. P-269-269-399

Mr. Larry Gandy
Gandy Marley, Inc.
PO Box 1658
Roswell, New Mexico 88201

Re: Approval of Concrete Holding and Treating Trough
Gandy Marley Landfarm (Permit #NM-01-0019)
Chaves County, New Mexico

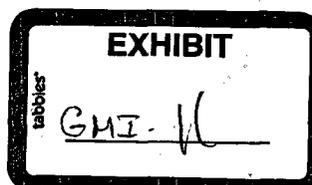
Dear Mr. Gandy:

The New Mexico Oil Conservation Division has received Gandy Marley, Inc.'s request dated April 2, 1996 to construct a concrete holding and treating trough at the Gandy Marley Landfarm. The area will be utilized for the stabilization and absorption of liquids and sludges received by Gandy Marley, Inc. for the purpose of land farming.

Based upon the information provided Gandy Marley, Inc.'s request is hereby approved under the following conditions:

1. The containment will be constructed as specified in the above referenced proposal. Any deviation from the proposed design will have prior OCD approval.
2. The trough will be constructed above grade and set on a liner for visual leak detection purposes.
3. The containment will be inspected, inside and outside, weekly and records of such inspections will be retained for 5 years from the date recorded and made available to the OCD upon request.
4. The OCD Santa Fe and Hobbs Offices will be notified within 24 hours of discovery of a containment leak.

Pursuant to New Mexico Oil Conservation Division Rule 711 this is considered to be a minor



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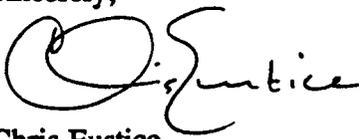
page 2

modification of the existing Rule 711 permit, therefore, not subject to public notification.

Please be advised that this approval does not relieve Gandy Marley, Inc. of liability should their operation result in pollution of surface water, groundwater or the environment. In addition, New Mexico Oil Conservation Division approval does not relieve Gandy Marley, Inc. of liability for compliance with any other laws and/or regulations.

If you have any questions, please do not hesitate to call me at (505) 827-7153.

Sincerely,

A handwritten signature in cursive script that reads "Chris Eustice". The signature is written in black ink and is positioned above the printed name and title.

Chris Eustice
Geologist

xc: OCD - Hobbs Office