



August 11, 1994

Mr. Chris Eustice
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

RE: COMMERCIAL DISPOSAL FACILITY, SAN JUAN COUNTY, NEW MEXICO

Dear Mr. Eustice:

The following will serve as RMIES' response to OCD's letter dated August 3, 1994.

NUMBER 1:

RMI Environmental Services would like to amend the proposed H2S contingency plan to read as follows:

- A. Daily tests will be conducted and records made of the pH in the pond. If the pH falls below 8.0, remedial steps will be taken immediately to raise the pH to 8.0.
- B. Weekly tests will be conducted and records made of the dissolved sulfide concentration in the pond.
- C. During the first six months of operation, dissolved oxygen monitoring of all commercial and centralized ponds will be conducted twice daily that includes measurements of the dissolved oxygen one foot off the bottom of the pond. If the residual dissolved oxygen concentration does NOT fall below 0.5 ppm during this period, the frequency of the testing will be reduced to once per day. If the residual dissolved oxygen concentration falls below 0.5 ppm, an aeration system will be installed and operated to provide sufficient oxygen to the pond. Subsequent to the installation of the aeration system, tests will be conducted and records made to determine the dissolved oxygen levels in the pond according to the following procedure:
 - i. Testing conducted at least twice every 24 hour period.
 - ii. The sample for each test will be taken one foot from the bottom of the pond.
 - iii. The location of each test will vary around the pond.
 - iv. If any test shows a dissolved residual oxygen level of less than 0.5 ppm, immediate steps will be taken to oxygenate the pond and create a residual oxygen level of at least 0.5 ppm. Remedial measures may include adding chemicals or increasing aeration.

RMI
Environmental
Services

P. O. Box 2522
Farmington, NM 87499
Fax: 505-327-5988

2080 Afton Place, Suite A
Farmington, NM 87401
505-327-5966

- D. Tests of ambient H₂S levels will be conducted and records made. Such tests will be made at varying locations around the berm of the pond and around the perimeter of the facility. During the first six months of operation, tests will be conducted twice per day. If an H₂S reading of 0.1 ppm or greater is NOT obtained during this period, the frequency of the testing will be reduced to once per day. The wind speed and direction will be recorded in conjunction with each test.
- E. If an H₂S reading of 0.1 ppm or greater is obtained:
- i. A second reading will be taken on the downwind berm within one hour.
 - ii. The dissolved sulfide levels of the pond shall be tested immediately and the need for immediate treatment will be determined.
 - iii. Tests for H₂S levels will be made at the fence line downwind from the pond.
- F. If two consecutive H₂S readings of 0.1 ppm or greater are obtained:
- i. The operator will notify OCD Aztec office immediately.
 - ii. The operator will commence hourly monitoring on a 24 hour basis.
 - iii. The operator will obtain daily analysis of dissolved sulfide levels in the pond.
- G. If an H₂S reading of 10.0 ppm or greater at the facility fence line is obtained:
- i. The operator will immediately notify the OCD and the following public safety agencies:

State Police
County Sheriff
 - ii. The operator will initiate notification of all persons residing within one half mile of the fence line and assist public safety personnel with evacuation as requested.

NUMBER 2

Please see the enclosed calculations and diagrams.

NUMBER 3

Please see the enclosed diagrams.

NUMBER 4

If any tanks are placed at the facility, they will be handled accordingly.

NUMBER 5

Please see enclosed. Copies of the executed acknowledgement letters will be forwarded to the NMOCD immediately upon receipt. RMI has been in communication with all of the respective parties.

NUMBER 6

Please see enclosed.

NUMBER 7

There was no Item Number 7. in the OCD letter.

NUMBER 8

As per Brad Simmons' conversation with Chris Eustice on August 12, 1994, RMI is relieved of a response to this item.

NUMBER 9

RMI agrees to submit said third party cost estimate as requested under the following conditions:

- a) Current bonding requirements be posted and accepted for the approval and implementation of the facility addressed in this application until such time as new requirements can be determined per NMOCD's required process.
- b) Cost estimate submittal be submitted within 60 days of permit application approval.

NUMBER 10

In that RMI is a small-disadvantaged business which has not been in business for seven years (incorporated in 1990), providing the requested financial information would not be possible. Since no guidelines were documented or provided to RMI concerning our application, a basis for the evaluation of this information and how it will be utilized in determining RMI's right to approval should be made known publicly and to RMI.

NUMBER 11

RMI has never filed for bankruptcy or had legal action instituted by creditors.

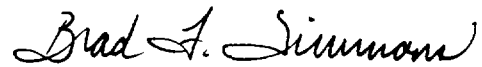
NUMBER 12

Please see the enclosed listing. More than 98% of RMI's stockholder reside and/or are based in Farmington, NM. If necessary, a listing of their respective mailing addresses can be provided.

Also, per Roger Anderson's request, please note the enclosed copy of the letter from the New Mexico State Engineer Office granting approval and stating the final conditions for the dirt work construction of the impoundments.

If I can be of any further help or assistance, please give me a call at 505-327-5966. Your attention and expediency concerning this application is greatly appreciated.

Sincerely,
RMI ENVIRONMENTAL SERVICES, INC.

A handwritten signature in cursive script that reads "Brad F. Simmons".

Brad F. Simmons
President

cc: Frank Chavez/Denny Foust, OCD Aztec Office
Elyse Gold, BLM Farmington Office

RMI Environmental Stockholders

Brad F. Simmons	58,056 shares	(58.056%)
Dugan Production Corp.	35,000 shares	(35.00%)
Mark & Ursula Bevan	2,000 shares	(2.00%)
George & Melissa Sharpe	1,000 shares	(1.00%)
Patrick & Becky Steenburg	750 shares	(0.825%)
Brendon Simmons	500 shares	(0.50%)
Alfred & Mary Kent	500 shares	(0.50%)
Harold & Jean Brown	383 shares	(0.383%)
T. Greg & Susan D. Merrion	250 shares	(0.25%)
Steven S. & Melinda A. Dunn	250 shares	(0.25%)
Michael K. Merrion	250 shares	(0.25%)
Paul W. Long	250 shares	(0.25%)
Paul W. Whitaker	250 shares	(0.25%)
Clay Bassett	212 shares	(0.212%)
John Sharpe	100 shares	(0.10%)
Pete Sharpe	100 shares	(0.10%)
Sonja Felix	85 shares	(0.085%)
Hugh Smith	64 shares	(0.064%)

Sheet1

LINEAR FLOW VELOCITY = Q/A

When Q = Discharge Rate, Ft³/min

A = X-sectional Area, Ft²

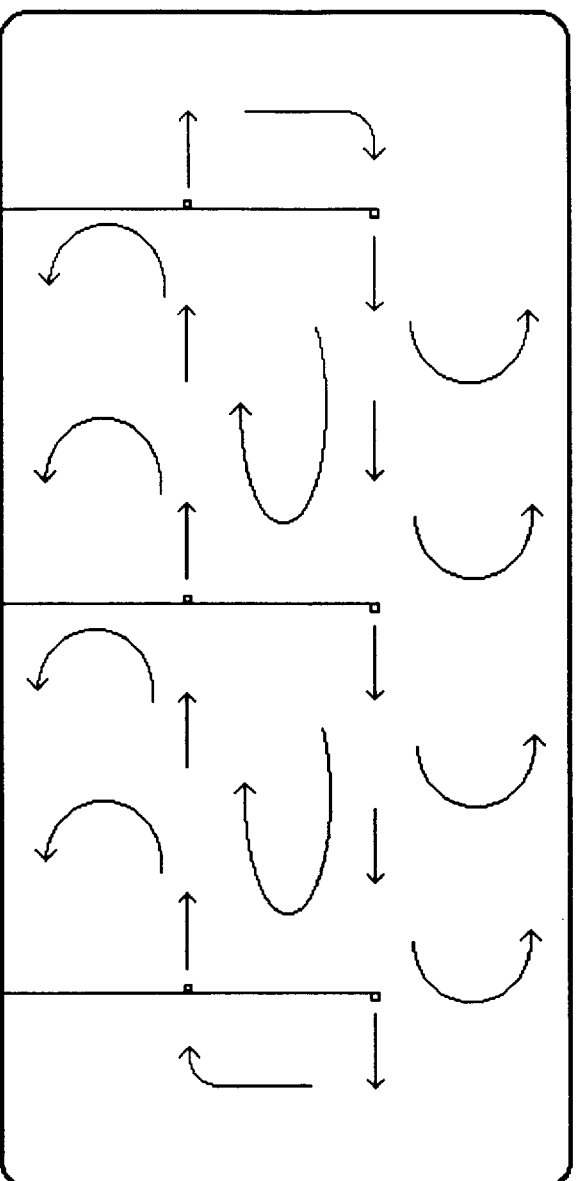
RADIAL FLOW VELOCITY = Q/A

When $A = \pi * (R^2) * 5'$

Distance From Outlet, ft	Radial Flow Velocity, 1500 bbls/day	Linear Flow Velocity, 1500 bbls/day
1	0.37	0.01
2	0.09	0.01
3	0.04	0.01
4	0.02	0.01
5	0.01	0.01
6	0.01	0.01
7	0.01	0.01
8	0.01	0.01
9	0.00	0.01
10	0.00	0.01
11	0.00	0.01
12	0.00	0.01
13	0.00	0.01
14	0.00	0.01
15	0.00	0.01
16	0.00	0.01

Distance From Outlet, ft	Radial Flow Velocity, 5000 bbls/day	Linear Flow Velocity, 5000 bbls/day
1	1.24	0.03
2	0.31	0.03
3	0.14	0.03
4	0.08	0.03
5	0.05	0.03
6	0.03	0.03
7	0.03	0.03
8	0.02	0.03
9	0.02	0.03
10	0.01	0.03
11	0.01	0.03
12	0.01	0.03
13	0.01	0.03
14	0.01	0.03
15	0.01	0.03
16	0.00	0.03

ARROWS INDICATE DIRECTION OF FLUID FLOW



LINEAR FLOW GEOMETRY

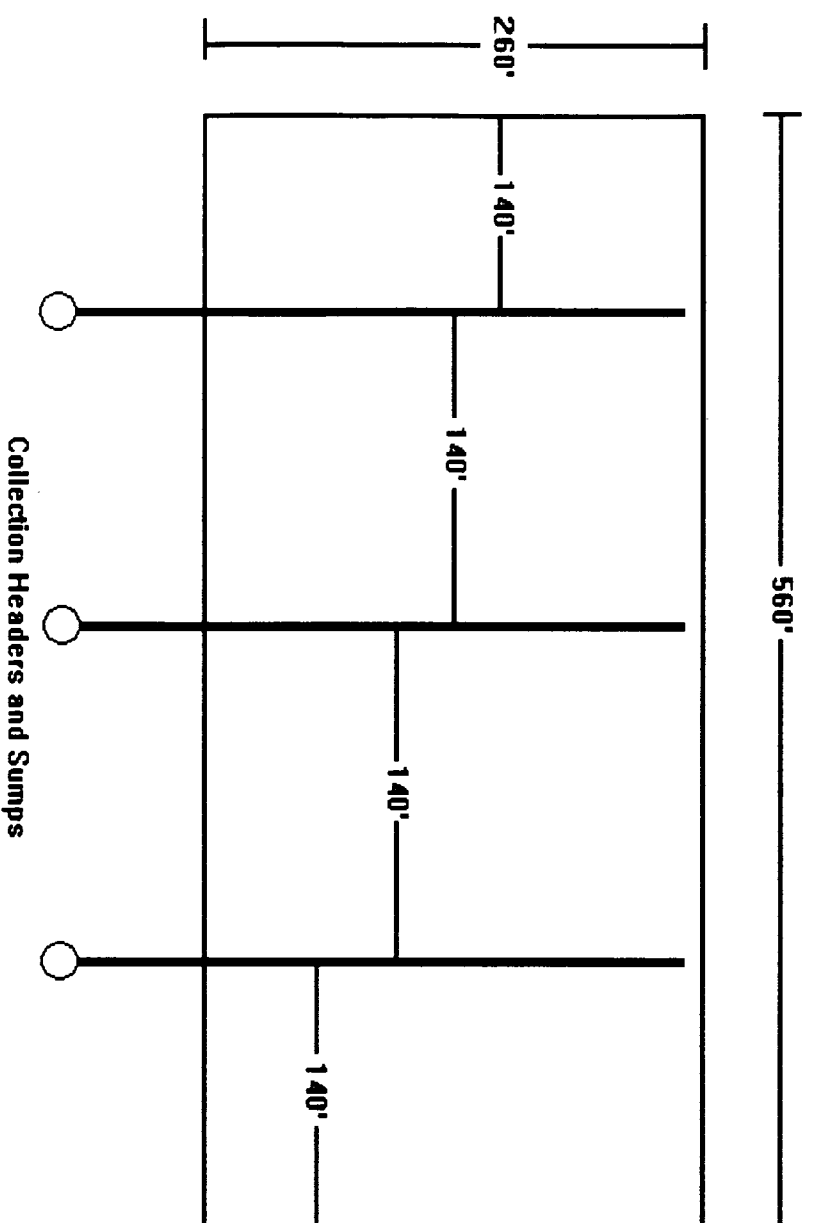
FEED FROM
RO UNIT

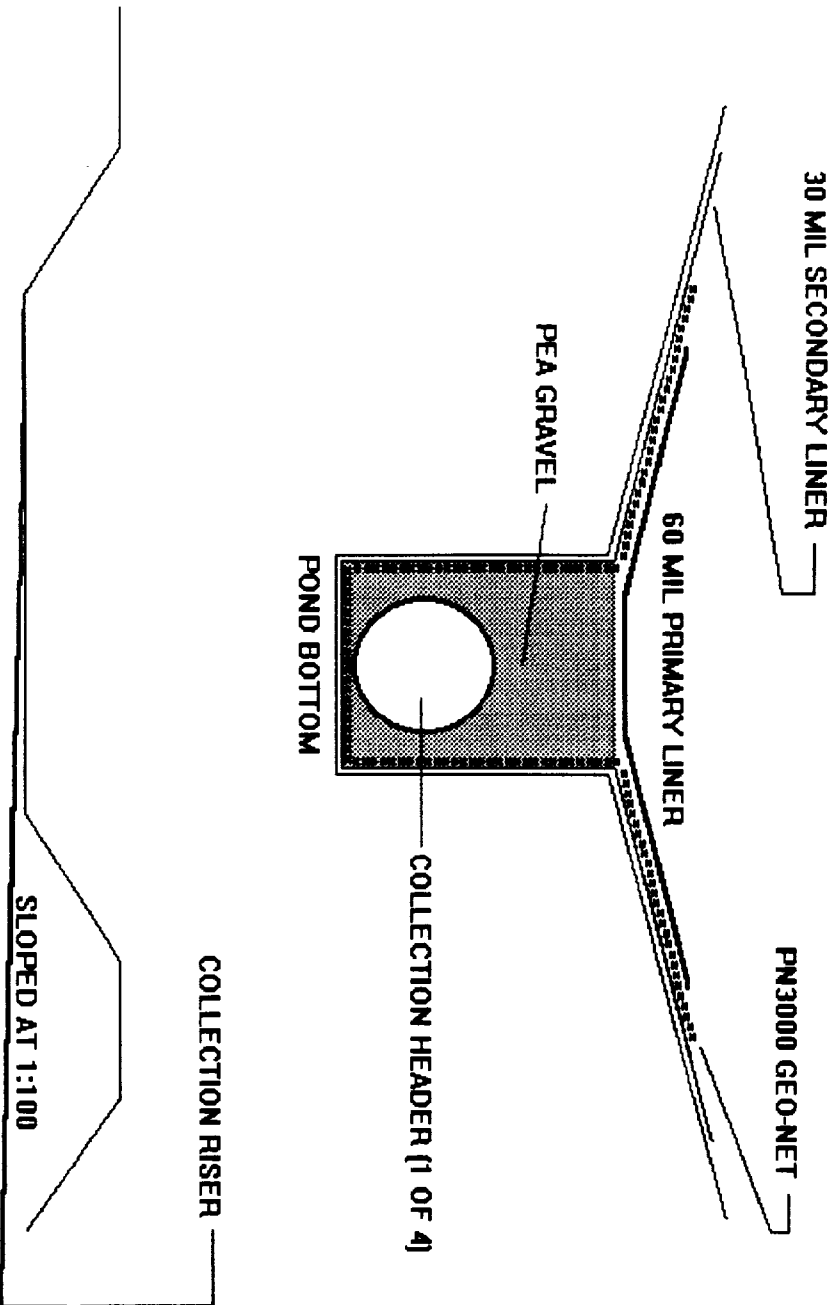
ARROWS INDICATE DIRECTION OF FLUID FLOW



**FEED FROM
RO UNIT**

RADIAL FLOW GEOMETRY







April 22, 1994

Mr. & Mrs. Larry and Rebecca Barnes
County Road 4012, #20
Middle Mesa Area
Ignacio, Colorado 81137

Mr. & Mrs. Barnes:

Please be advised that RMI Environmental Services, Inc. has entered into an agreement with the landowner of record and will be applying for the necessary permits from the New Mexico Oil Conservation Division, and the New Mexico State Engineer's Office, for the construction and operation of a four acre evaporation pond in the NW 1/4 SE 1/4 of Section 11 Township 32 North Range 7 West, (approximately 1/2 mile south of the State line, on the east side of the Tiffany road).

The pond will be used for the disposal of produced water and reverse osmosis concentrate resulting from the treatment of produced water at a facility located 1.5 miles to the north, in Colorado. The water will reach the pond via pipeline, at this time we are not planning on utilizing any motor transport.

The pond will be constructed and operated according to the rules and regulations set forth by the New Mexico Oil Conservation Division, which include, but are by no means, limited to:

two synthetic liners with a leak detection system to immediately alarm the operator in the event of a leak in the primary liner;

an anemometer will be used to constantly monitor wind speed, when the wind speed reaches a preset limit the anemometer will automatically shut down the sprinkler systems to prevent overspray from leaving the lined confines of the pond;

the New Mexico Oil Conservation Division will hold a \$25,000.00 cash bond or surety which will guarantee the proper closing and reclamation of the facility in the event of corporate failure of the operator, and;

the pond will have a minimum of two feet of freeboard at all times to prevent overtopping.

The possibility exists that a second two or four acre pond will be added to the facility in the future.

If you have any questions or comments about this letter or the pond in general please do not hesitate to contact me in Farmington at 505/327-5966. If you would like to make comment on the application in general you can contact the Aztec Office of the New Mexico Oil Conservation Division at 505/334-6178.

Sincerely,
RMI ENVIRONMENTAL SERVICES, INC.

Patrick M. Steenburg
Vice President, Operations

**RMI
Environmental
Services**

P. O. Box 2522
Farmington, NM 87499
Fax: 505-327-5988

2080 Afton Place, Suite A
Farmington, NM 87401
505-327-5966



August 9, 1994

Mr. & Mrs. Barnes
County Road 4012, # 20
Ignacio, Colorado 81137

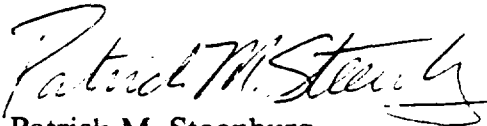
Dear Mr. & Mrs. Barnes,

On April 25, 1994, RMI Environmental Services, Inc. forwarded the original of the enclosed letter to your attention. Although the letter was sent via certified mail, return receipts were inadvertently not requested as per the request of the New Mexico Oil Conservation Division.

In order to complete the permit application for the project as described, please sign this page and this copy of the original letter and return in the stamped, addressed envelope provided.

Your prompt attention to this matter would be greatly appreciated. If you have any questions or require any additional information please do not hesitate to call me collect in Farmington at 505/327-5966.

Sincerely,
RMI ENVIRONMENTAL SERVICES, INC.



Patrick M. Steenburg
Project Manager

Mr. & Mrs. Barnes

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Farmington, NM 87499
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2080 Afton Place, Suite A
Farmington, NM 87401
505-327-5966



April 22, 1994

Mr. Mike Pool
Area Manager
Bureau of Land Management
1235 La Plata HWY
Farmington, New Mexico 87401

Mr. Pool:

Please be advised that RMI Environmental Services, Inc. has entered into an agreement with the landowner of record and will be applying for the necessary permits from the New Mexico Oil Conservation Division, and the New Mexico State Engineer's Office, for the construction and operation of a four acre evaporation pond in the NW 1/4 SE 1/4 Section 11 Township 32 North Range 7 West, (approximately 1/2 mile south of the State line, on the east side of the Tiffany road).

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Sincerely,
RMI ENVIRONMENTAL SERVICES, INC.

Patrick M. Steenburg
Vice President, Operations

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Farmington, NM 87401
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August 9, 1994

Mr. Mike Pool
Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

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Sincerely,
RMI ENVIRONMENTAL SERVICES, INC.



Patrick M. Steenburg
Project Manager

Mr. Mike Pool

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2080 Afton Place, Suite A
Farmington, NM 87401
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April 22, 1994

Mr. Jack Mackey
Route 2, County Road 328
Ignacio, Colorado 81137

Mr. Mackey:

Please be advised that RMI Environmental Services, Inc. has entered into an agreement with the landowner of record and will be applying for the necessary permits from the New Mexico Oil Conservation Division, and the New Mexico State Engineer's Office, for the construction and operation of a four acre evaporation pond in the NW 1/4 SE 1/4 Section 11 Township 32 North Range 7 West, (approximately 1/2 mile south of the State line, on the east side of the Tiffany road).

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Patrick M. Steenburg
Vice President, Operations

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Fax: 505-327-5988

2080 Afton Place, Suite A
Farmington, NM 87401
505-327-5966



August 9, 1994

Mr. Jack Mackey
Route 2, County Road 328
Ignacio, Colorado 81137

Dear Mr. Mackey,

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2080 Afton Place, Suite A
Farmington, NM 87401
505-327-5966



August 9, 1994

Mr. David Meyer III
County Road 4012, # 20
Ignacio, Colorado 81137

Dear Mr. Meyer,

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Sincerely,
RMI ENVIRONMENTAL SERVICES, INC.

Patrick M. Steenburg
Project Manager

Mr. David Meyer III

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Farmington, NM 87499
Fax: 505-327-5988

2080 Afton Place, Suite A
Farmington, NM 87401
505-327-5966



April 22, 1994

Mr. David Meyer III
727 Birdie Drive
Grand Junction, Colorado 81506

Mr. Meyer:

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