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August 9, 1994

Roger Anderson
Chris Eustice
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87504

RECEIVED

AUG 11 1994

OIL CONSERVATION DIV.
SANTA FE

Case 11085

RE: RMI Environmental Services Inc; Commercial Disposal Facility,
San Juan County, New Mexico

Dear Mr's Anderson and Eustice:

I have previously spoken to Roger about the pending application for permit which has been filed by my client RMI. I have reviewed the application, correspondence with the BLM, and Mr. Eustice's letter of August 3, 1994.

My clients filed their application in late April of this year. The public comment period ended on June 17, 1994.

They received no comments or requests for additional information from OCD until August 3, 1994.

After the application was filed some concerns were expressed by the local office of the Bureau of Land Management. My clients immediately arranged meetings with local representatives of your department and BLM. The concerns of BLM were satisfactorily addressed.

My client has a contract to construct a produced water treatment facility that will process fluids from it's customers gas wells. After treatment by the facility there will be fluid remaining. This fluid will consist of a filtered brine water. Unlike traditional produced water evaporative facilities the vast majority of the fluid placed in the proposed pond will come from a known source and before placement in the pond will be run through a water treatment facility designed to remove suspended solids and hydrocarbons from the treated liquid. This is a vast difference from traditional ponds which receive product from many varied and untreated locations.

Many of the requirements placed on my client in my opinion were formulated to address concerns OCD has about traditional disposal ponds. I believe that many of these concerns are eliminated by the treatment of the water by my client prior to disposal in the pond and the single origination of a vast majority of the fluids. While some form of these requirements might be appropriate for my

client's operation we believe that many of them are unnecessary for the applicant and the modification of them would not place in jeopardy the health and safety of the public nor create a risk to the surrounding air or water quality.

My client is willing to meet many of these requirements in order to obtain it's permit and of course continue to meet them until relieved of them by OCD. However we are asking that a portion of these requirements be relaxed at the present time or that they be reviewed after six months of operation.

Another area of concern is the portion of your letter concerning bond level requirements. I am sure you realize that a bond based on what cost would be incurred to transport the liquid in the proposed ponds at their full capacity is prohibitive. We also believe that it is the intention of the OCD to substantially raise the amount of the bond, not because of our application on its merits, but because of recent closure problems imposed on the state due to the financial failure of the operator of a disposal pond. Bond requirements at the time of our application were \$25,000 (twenty five thousand). While we recognize your concerns about the failure of an owner to close its pond in a responsible manner all other applicants have been allowed to post a bond in the amount set out above. We think this is appropriate for us also. If in the future bond requirements are raised, after the required public hearings, for all owner operators we would be forced to be bound by them. The costs imposed on us by requiring third party estimates of closing costs put us in an unfair competitive position. Additionally changing these requirements after we have put in our application, following all of the then existing rules, and subsequent to us entering into business contracts based on those existing rules, is an unreasonable and unfair position.

We are trying to comply with all of OCD's regulations and address all reasonable concerns raised by interested parties. In doing so we feel obligated to raise the concerns expressed in this letter.

Your consideration of these concerns is appreciated.

Sincerely:


John A Dean Jr.

JAD\jv
cc: client