



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

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Brett F. Woods, Ph.D.

Deputy Cabinet Secretary

David Catanach

Director, Oil Conservation Division



May 27, 2015

Ray Reid

Triple R Two, Inc.

1927 Talbott

Guymon, Oklahoma 73942

RE: Commercial Surface Waste Management Facility Permit NM1-60 for a Produced Water Treatment Facility in Unit Letter F of Section 27, Township 20 South, Range 32 East NMPM; Lea County, New Mexico

Mr. Reid,

Pursuant to all applicable parts of the Oil Conservation Commission regulations 19.15.36 NMAC, the Oil Conservation Division hereby approves the surface waste management permit and authorizes construction and operation of the Triple R Two, Inc. (owner/operator) facility at the location described above and under the conditions specified in the attached Permit Conditions.

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

If you have any questions, please contact Jim Griswold of my staff at (505) 476-3465 or by email at jim.griswold@state.nm.us. On behalf of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this permit review.

Respectfully,



David Catanach

Director

DC/jg

Attachment – Surface Waste Management Facility Permit Conditions

cc: OCD District I, Hobbs



WASTE TREATMENT FACILITY PERMIT CONDITIONS
NM1-60
Triple R Two, Inc.
Unit Letter F of Section 26, Township 20 South, Range 32 East NMPM
May 27, 2015

Upon confirmation Triple R Two, Inc. of 1927 Talbott, Guymon, Oklahoma 73942 (the owner/operator) has provided financial assurance required under Section 1.H of this permit, the owner/operator is permitted to construct and operate a produced water treatment facility as described in the revised Application and associated attachments filed by the owner/operator dated January 1, 2015 in accordance with (a) the terms of this Permit, (b) the rules governing solid waste management facilities; 19.15.36 NMAC and (c) all other applicable provisions of the Oil and Gas Act and the rules promulgated under the Act. Exceptions requested by the owner/operator to 19.15.36.8(C)(5) NMAC regarding certification of an application by a professional engineer, 19.15.36.8(C)(15)(b) NMAC regarding laboratory samples, and 19.15.36.8(C)(15)(c) NMAC regarding groundwater information have been previously granted. The owner/operator is responsible for insuring any oil and gas operations located within the overall facility area described in Section 1.A do not interfere with the proper operation of the facility as described in the Application and authorized by this Permit. Any change to the proposed operations or any change to the area described in the owner/operator's application will require a modification to the Permit including any necessary changes to the amount of financial assurance. The Oil Conservation Division (OCD) of the Energy, Minerals, and Natural Resources Department will determine if any Permit changes constitute a "major modification" under 19.15.36 NMAC.

1. GENERAL PROVISIONS

A. Permittee and Permitted Facility. OCD issues surface oil field waste management permit NM1-60 to Triple R Two, Inc. (owner/operator), 1927 Talbott, Guymon, Oklahoma 73942 for the construction, operation, and eventual closure of a facility to be located upon an approximate 1.685 acre tract along the south side of US 62-180 in an unincorporated portion of Lea County, New Mexico.

The waste management facility is intended for the treatment of exempt oilfield waste, specifically produced water, and non-exempt non-hazardous waters from oilfield operations. The owner/operator will not accept solid materials for treatment such as sludge or tank bottoms. Once completed, the facility will consist of four (4) unloading pots, nine (9) water receiving tanks each with a capacity of 500 barrels, two (2) settling tanks each with a capacity of 1,000 barrels, two (2) skim oil tanks each with a capacity of 400 barrels, treatment equipment, a chemical storage area, eight (8) treated water tanks each with a capacity of 500 barrels, four (4) loading pots, and an office. The unloading and loading areas, the receiving tanks, the treatment and chemical storage areas, along with the treated water tanks will all be situated atop a minimum 40-mil HDPE welded liners. Furthermore, the storage and treatment areas will be surrounded by a berm of adequate height which will also be covered by a 40-mil HDPE liner. Within the bermed areas, the liner material will be protected by a cover of sand and gravel.

B. Scope of Permit. OCD regulates the disposition of water produced or used in connection with the exploration and production of oil and gas and to direct disposal of that water in a manner which will afford reasonable protection against contamination of fresh water supplies pursuant to authority granted in the Oil & Gas Act (Chapter 70, Article 2 NMSA 1978). The disposition of any effluent generated by the treatment of produced water is also regulated by the OCD along with the disposition of nondomestic wastes resulting from exploration, production, or storage of crude oil and natural gas to protect public health and the environment. Similarly, OCD regulates the disposition of nondomestic wastes resulting from the oil field service industry, the transportation of crude oil and natural gas, the treatment of natural gas, and the refinement of crude oil to protect public health and the environment pursuant to jurisdiction and authority granted by the same Act.

This permit does not convey any property rights of any sort or any exclusive privilege to the owner/operator and does not authorize any injury to property or persons, any invasion of other private rights, or any infringement of state, federal, or local laws, rules, or regulations.

C. Owner/Operator Commitments. The owner/operator must ensure all operations are consistent with the terms and conditions of this permit and in conformance with all pertinent rules and regulations under the Oil & Gas Act. Furthermore, the owner/operator shall abide by the approval conditions contained herein along with all commitments submitted in its permit application including any attachments and/or amendments all of which are incorporated into this permit by reference.

D. Modifications. The owner/operator must notify the OCD in advance of any increase in the land area the facility occupies, any change in the design capacity, any change in the nature of the waste streams, or any change in process. As a result, the OCD Director may require a modification in the permit conditions.

E. Definitions. Terms not specifically defined in the permit shall have the same meanings as those in the Oil & Gas Act or the rules adopted pursuant to the Act, as the context requires.

F. General Performance Standards. The owner/operator must operate in accordance with the permit conditions, comply with the Oil & Gas Act and rules issued pursuant to the Act, protect public health and the environment, prevent the waste of oil and gas, and prevent the contamination of fresh waters.

G. Effective Date, Expiration, Renewal, and Penalties for Operating Without a Permit. This permit is effective as of May 27, 2015 and will expire ten years thereafter on May 27, 2025. If it so desires, the owner/operator may submit an application for renewal to OCD no later than 120 calendar days before the expiration date. If the owner/operator submits such a renewal application before the required date and is in compliance with the existing permit, then that existing permit will not expire until the OCD approves or denies the renewal application. Operating with an expired permit will subject the owner/operator to civil and/or criminal penalties (see Section 70-2-31 NMSA 1978).

H. Financial Assurance. The owner/operator must provide financial assurance in a form acceptable to OCD for the waste management facility's estimated closure and post-closure cost. The amount currently required is \$89,151.00 based upon the third-party estimate provided as part of the application. On an annual basis, the owner/operator will update the closure/post-closure estimate and thus the amount of financial assurance based on the Consumer Price Index.

2. GENERAL FACILITY OPERATIONS

A. Labeling. The owner/operator must clearly label all tanks, drums, and other containers to identify their contents along with other emergency notification information. The owner/operator may use a tank coding system if it is incorporated into their emergency response planning.

B. Inspections and Maintenance of Secondary Containment Systems. The owner/operator must inspect all secondary containment systems and sumps at least monthly to ensure proper operation and to prevent over filling or system failure. The owner/operator must empty all secondary containment systems of any fluids within 48 hours of discovery, notify the OCD, and initiate corrective actions. The owner/operator must keep written records of its inspections and of any fluid analyses. The owner/operator shall maintain and make the documentation available for OCD inspection.

C. Release Reporting and Corrective Action for Releases. The owner/operator must comply with the spill reporting and corrective action provisions of the Oil & Gas Regulations (19.15.29 and 19.15.30 NMAC).

D. Annual Report. The owner/operator must submit an annual report to the OCD by September 1st of each year providing the following information for the preceding year: 1) all inspection forms including those for leak detection systems along with analytical results, 2) hydrogen sulfide monitoring results, 3) process piping integrity test results, 4) training records, 5) complaint logs and resolutions, and 6) a summary of the nature and amount of any reportable releases.

3. MATERIAL STORAGE

A. Process, Maintenance, and Material Storage Areas. The owner/operator must berm and install an impermeable liner in all process, maintenance, and material storage areas at the facility, or incorporate another appropriate spill collection device for these areas.

B. Above Ground Tanks. The owner/operator must place above ground tanks on impermeable pads and surround the tanks with lined berms or other impermeable secondary containment system having a capacity of at least one and one-third times the capacity of the largest tank, or the combined volume of any interconnected tanks. This does not apply to tanks containing fresh water.

4. WASTE MANAGEMENT

A. Waste Streams. This permit authorizes the owner/operator to handle the RCRA exempt streams. OCD approval must be obtained to receive any waste stream not specified in its application prior to collection, storage, treatment, or disposal.

B. Waste Storage. The owner/operator must store wastes at the facility only in clearly marked storage areas that have been specified in the application except any waste that may be generated during emergency response operations. However, such emergency waste may be stored elsewhere for no more than 72 hours. OCD may approve additional storage on a case-by-case basis.

The owner/operator must not store non-oil field waste generated at the facility by the owner/operator for more than 180 calendar days from the date any container is filled without OCD approval.

C. Class V Wells. Leach fields and other wastewater disposal systems at OCD-regulated facilities which inject non-hazardous fluids into or above an underground source of drinking water are Underground Injection Control Class V wells pursuant to 20.6.2.5002 NMAC. This permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the facility. Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

5. BELOW GRADE TANKS AND SUMPS

Below grade tanks and sumps must have secondary containment systems with leak detection and meet construction and operating requirements of 19.15.17 NMAC.

6. ADDITIONAL FACILITY-SPECIFIC CONDITIONS

A. The owner/operator shall register this facility (form C-147) under provisions of revised 19.15.34 NMAC effective March 31, 2015 and report monthly received and treated volumes (form C-148).

B. The owner/operator shall not accept liquid oil field wastes unless the transporter has an approved form C-133, authorization to move liquid waste. The owner/operator shall maintain records reflecting the

generator, location of origin, volume and type of waste, along with the hauling company for each load and make such records available to the OCD.

C. Liquid and solid waste streams generated by the water treatment process shall be properly contained while on-site, properly transported, and subsequently disposed at OCD-approved waste management facilities along with the retention of those waste manifests.

D. The owner/operator shall not release treated water unless the transporter has an approved form C-133. All treated water leaving the facility must be subsequently used in conjunction with the exploration and/or production of oil and gas. The owner/operator shall maintain records reflecting the transporter, volume, and location of reuse for each load and make such records available to the OCD.

E. Naturally Occurring Radioactive Material (NORM) waste cannot be accepted at the facility unless in compliance with 19.15.35 NMAC.

F. Prior to facility construction, the owner/operator must consult with both the Surface Water Quality and Air Quality Bureaus of the New Mexico Environment Department concerning the applicability of either or both a stormwater pollution prevention plan and an air emissions plan for the facility. After such consultation and within 72 hours of receiving a determination of applicability, the owner/operator must notify OCD.

G. Prior to beginning operations, the owner/operator must provide a visual schematic to OCD indicating the locations of communications, first aid, and personal protective equipment locations.

H. Prior to the construction of any liner system, the owner/operator must provide calculations to OCD demonstrating that the puncture resistance of the liners will not be exceeded by any equipment anticipated for use during construction or normal operation.