

NM1 - 19

**PERMITS,
RENEWALS, &
MODS**

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

2008 AUG 20 PM 12:13

Mark Fesmire
Division Director
Oil Conservation Division



August 12, 2008

Mr. Larry Gandy
Gandy Marley Inc.
P.O. Box 1658
Roswell, NM 88202

Re: Minor Modification Request to Permit NM-1-019
Gandy Marley Inc.
Commercial Surface Waste Management Facility: Permit NM-1-019
Location: Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
Chaves County, New Mexico

Dear Mr. Marley

The New Mexico Oil Conservation Division (OCD) has reviewed Gandy Marley Inc.'s C-137 application modification request, dated May 29, 2008, to allow for the stabilization of drilling mud, petroleum hydrocarbon contaminated soils, and oil field sludge, that would not pass the paint filter test upon initial receipt, in the cement holding and treating trough (stabilization unit) that was approved for construction and use on June 14, 1996. OCD understands that Gandy Marley Inc. is proposing this minor modification in order to accept the oilfield waste identified above and still comply with the operational, waste acceptance, and closure requirements provided in 19.15.36 NMAC, in accordance with the transitional provisions of Subsection A of 19.15.36.20 NMAC, and the existing terms and conditions of Permit NM-1-019. This modification request is hereby approved under the following conditions and understandings:

1. Gandy Marley Inc. shall not commingle OCD oilfield waste material with the material approved by the NMED Ground Water Bureau permit DP-1041 for stabilization in the same treating trough.
2. Gandy Marley Inc. shall ensure that the stabilized oilfield waste material satisfies the waste acceptance criteria of 19.15.36 NMAC and the existing terms and conditions of Permit NM-1-019.
3. Gandy Marley Inc. shall comply with the conditions specified within the June 14, 1996 approval letter.
4. Gandy Marley Inc. shall comply with the transitional provisions of Subsection A of 19.15.36.20 NMAC, and the existing terms and conditions of Permit NM-1-019.

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

Oil Conservation Division * 1220 South St. Francis Drive
Santa Fe, New Mexico 87505

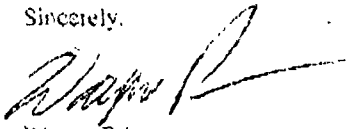
* Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

A handwritten signature, likely of Mark Fesmire, is written in the bottom right corner of the page.

Mr. Marley
Gandy Marley, Inc. Permit NM-1-019
August 12, 2008
Page 2 of 2

Please sign the certification statement below and return a copy to this office. If there are any questions regarding this matter, please do not hesitate to contact Brad A. Jones of my staff at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,



Wayne Price
Environmental Bureau Chief

WP/buj

cc: OCD District I Office, Hobbs

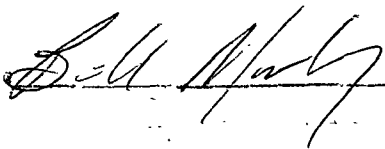
CERTIFICATION

Gandy Marley, Inc. by the officer whose signature appears below, accepts this approval and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

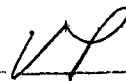
Accepted.

GANDY MARLEY, INC

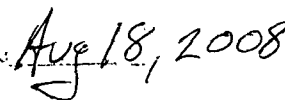
Signature



Title



Date



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



August 12, 2008

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P.O. Box 1658
Roswell, NM 88202

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Location: Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
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1. Gandy Marley Inc. shall not comingle OCD oilfield waste material with the material approval by the NMED Ground Water Bureau permit DP- 1041 for stabilization in the same treating trough.
2. Gandy Marley Inc. shall ensure that the stabilized oilfield waste material satisfies the waste acceptance criteria of 19.15.36 NMAC and the existing terms and conditions of Permit NM-1-019.
3. Gandy Marley Inc. shall comply with the conditions specified within the June 14, 1996 approval letter.
4. Gandy Marley Inc. shall comply with the transitional provisions of Subsection A of 19.15.36.20 NMAC, and the existing terms and conditions of Permit NM-1-019.

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



Mr. Marley
Gandy Marley, Inc. Permit NM-1-019
August 12, 2008
Page 2 of 2

Please sign the certification statement below and return a copy to this office. If there are any questions regarding this matter, please do not hesitate to contact Brad A. Jones of my staff at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,



Wayne Price
Environmental Bureau Chief

WP/baj

cc: OCD District I Office, Hobbs

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this approval and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

GANDY MARLEY, INC.

Signature _____ Title _____ Date _____

TRANSACTION REPORT

P.01

AUG-14-2008 THU 05:03 PM

FOR:

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
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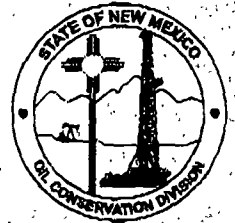
TOTAL : 1M 28S PAGES: 2

New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



August 12, 2008

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Re: Minor Modification Request to Permit NM-1-019
Gandy Marley Inc.
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Location: Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
Chaves County, New Mexico

Dear Mr. Marley:

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Oil Conservation Division



August 12, 2008

Mr. Larry Gandy
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Roswell, NM 88202

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Gandy Marley Inc.
Commercial Surface Waste Management Facility: Permit NM-1-019
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Chaves County, New Mexico

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1. Gandy Marley Inc. shall not commingle OCD oilfield waste material with the material approval by the NMED Ground Water Bureau permit DP- 1041 for stabilization in the same treating trough.
2. Gandy Marley Inc. shall ensure that the stabilized oilfield waste material satisfies the waste acceptance criteria of 19.15.36 NMAC and the existing terms and conditions of Permit NM-1-019.
3. Gandy Marley Inc. shall comply with the conditions specified within the June 14, 1996 approval letter.
4. Gandy Marley Inc. shall comply with the transitional provisions of Subsection A of 19.15.36.20 NMAC, and the existing terms and conditions of Permit NM-1-019.

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



Please sign the certification statement below and return a copy to this office. If there are any questions regarding this matter, please do not hesitate to contact Brad A. Jones of my staff at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,



Wayne Price
Environmental Bureau Chief

WP/baj

cc: OCD District I Office, Hobbs

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this approval and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

GANDY MARLEY, INC.

Signature _____ Title _____ Date _____

**GANDY MARLEY INC.
SURFACE WASTE MANAGEMENT FACILITY
MINOR MODIFICATION TO NM-01-0019
Section 4,5,8 & 9 of Tws. 11 S., Rng. 31 E.
Chaves Co.**

MINOR MODIFICATION

**Prepared By
Larry Gandy
May 2008**

RECEIVED
2008 JUN 3 11 08 AM '08

RECEIVED
2008 JUN 3 11 08 AM '08

May 27, 2008

NMOCD Environmental
ATTN: Brad Jones
1220 S. Saint Francis Drive
Santa Fe, NM 87504

RE: Gandy Marley Inc.
Minor Modification to NM-01-0019

Mr. Jones:

Find attached a C-137 from for a minor change to its concrete mixing impoundment.

Should you need additional information, please contact me. We appreciate your time on this request.

Sincerely,

Larry Gandy DS

Larry Gandy, V.P.
Box 1658
Roswell, NM 88201
575-399-5721

Please note due to illness in family Dale Gandy has signed for Larry Gandy.

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

For State Use Only:

Form C-137
Revised March 1, 2007

Submit 1 Copy to Santa Fe Office

APPLICATION FOR SURFACE WASTE MANAGEMENT FACILITY

A meeting should be scheduled with the Division's Santa Fe office Environmental Bureau prior to pursuing an application for a surface waste management facility in order to determine if the proposed location is capable of satisfying the siting requirements of Subsections A and B of 19.15.36.13 NMAC for consideration of an application submittal.

1. Application: ☐ New ☒ Modification ☐ Renewal
2. Type: ☐ Evaporation ☐ Injection ☐ Treating Plant ☐ Landfill ☐ Landfarm ☒ Other
3. Facility Status: ☒ Commercial ☐ Centralized
4. Operator: Gandy Marley Inc.
Address: P.O. Box 1658 Roswell, NM 88201
Contact Person: Larry Gandy Phone: 575-399-5721
parts of sect. 4, 5, 8 & 9
5. Location: 1/4 /4 Section 11 Township 11 S. Range 31 E.
6. Is this an existing facility? ☒ Yes ☐ No If yes, provide permit number NM-01-0019
7. Attach the names and addresses of the applicant and principal officers and owners of 25 percent or more of the applicant. Specify the office held by each officer and identify the individual(s) primary responsible for overseeing management of the facility.
8. Attach a plat and topographic map showing the surface waste management facility's location in relation to governmental surveys (quarter-quarter section, township and range); highways or roads giving access to the surface waste management facility site; watercourses; fresh water sources, including wells and springs; and inhabited buildings within one mile of the site's perimeter.
9. Attach the names and addresses of the surface owners of the real property on which the surface waste management facility is sited and surface owners of the real property within one mile of the site's perimeter.
10. Attach a description of the surface waste management facility with a diagram indicating the location of fences and cattle guards, and detailed construction/installation diagrams of pits, liners, dikes, piping, sprayers, tanks, roads, fences, gates, berms, pipelines crossing the surface waste management facility, buildings and chemical storage areas.
11. Attach engineering designs, certified by a registered professional engineer, including technical data on the design elements of each applicable treatment, remediation and disposal method and detailed designs of surface impoundments.
12. Attach a plan for management of approved oil field wastes that complies with the applicable requirements contained in 19.15.36.13, 19.15.36.14, 19.15.36.15 and 19.15.36.17 NMAC.
13. Attach an inspection and maintenance plan that complies with the requirements contained in Subsection L of 19.15.36.13 NMAC.
14. Attach a hydrogen sulfide prevention and contingency plan that complies with those provisions of 19.15.3.118 NMAC that apply to surface waste management facilities.

15. Attach a closure and post closure plan, including a responsible third party contractor's cost estimate, sufficient to close the surface waste management facility in a manner that will protect fresh water, public health, safety and the environment (the closure and post closure plan shall comply with the requirements contained in Subsection D of 19.15.36.18 NMAC).

16. Attach a contingency plan that complies with the requirements of Subsection N of 19.15.36.13 NMAC and with NMSA 1978, Sections 12-12-1 through 12-12-30, as amended (the Emergency Management Act)

17. Attach a plan to control run-on water onto the site and run-off water from the site that complies with the requirements of Subsection M of 19.15.36.13 NMAC.

18. In the case of an application to permit a new or expanded landfill, attach a leachate management plan that describes the anticipated amount of leachate that will be generated and the leachate's handling, storage, treatment and disposal, including final post closure options.

19. In the case of an application to permit a new or expanded landfill, attach a gas safety management plan that complies with the requirements of Subsection O of 19.15.36.13 NMAC

20. Attach a best management practice plan to ensure protection of fresh water, public health, safety and the environment.

21. Attach a demonstration of compliance with the siting requirements of Subsections A and B of 19.15.36.13 NMAC.

22. Attach geological/hydrological data including:

(a) a map showing names and location of streams, springs or other watercourses, and water wells within one mile of the site;

(b) laboratory analyses, performed by an independent commercial laboratory, for major cations and anions; benzene, toluene, ethyl benzene and xylenes (BTEX); RCRA metals; and total dissolved solids (TDS) of ground water samples of the shallowest fresh water aquifer beneath the proposed site;

(c) depth to, formation name, type and thickness of the shallowest fresh water aquifer;

(d) soil types beneath the proposed surface waste management facility, including a lithologic description of soil and rock members from ground surface down to the top of the shallowest fresh water aquifer;

(e) geologic cross-sections;

(f) potentiometric maps for the shallowest fresh water aquifer; and

(g) porosity, permeability, conductivity, compaction ratios and swelling characteristics for the sediments on which the contaminated soils will be placed.

23. In the case of an existing surface waste management facility applying for a minor modification, describe the proposed change and identify information that has changed from the last C-137 filing.

24. The division may require additional information to demonstrate that the surface waste management facility's operation will not adversely impact fresh water, public health, safety or the environment and that the surface waste management facility will comply with division rules and orders

25. CERTIFICATION

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name: Larry Gandy

Title: Vice President

Signature: Larry Gandy

Date: May 29, 2008

E-mail Address: gandy2@leaco.net

**MINOR MODIFICATION TO EXISTING PERMIT
GANDY MARLEY INC.**

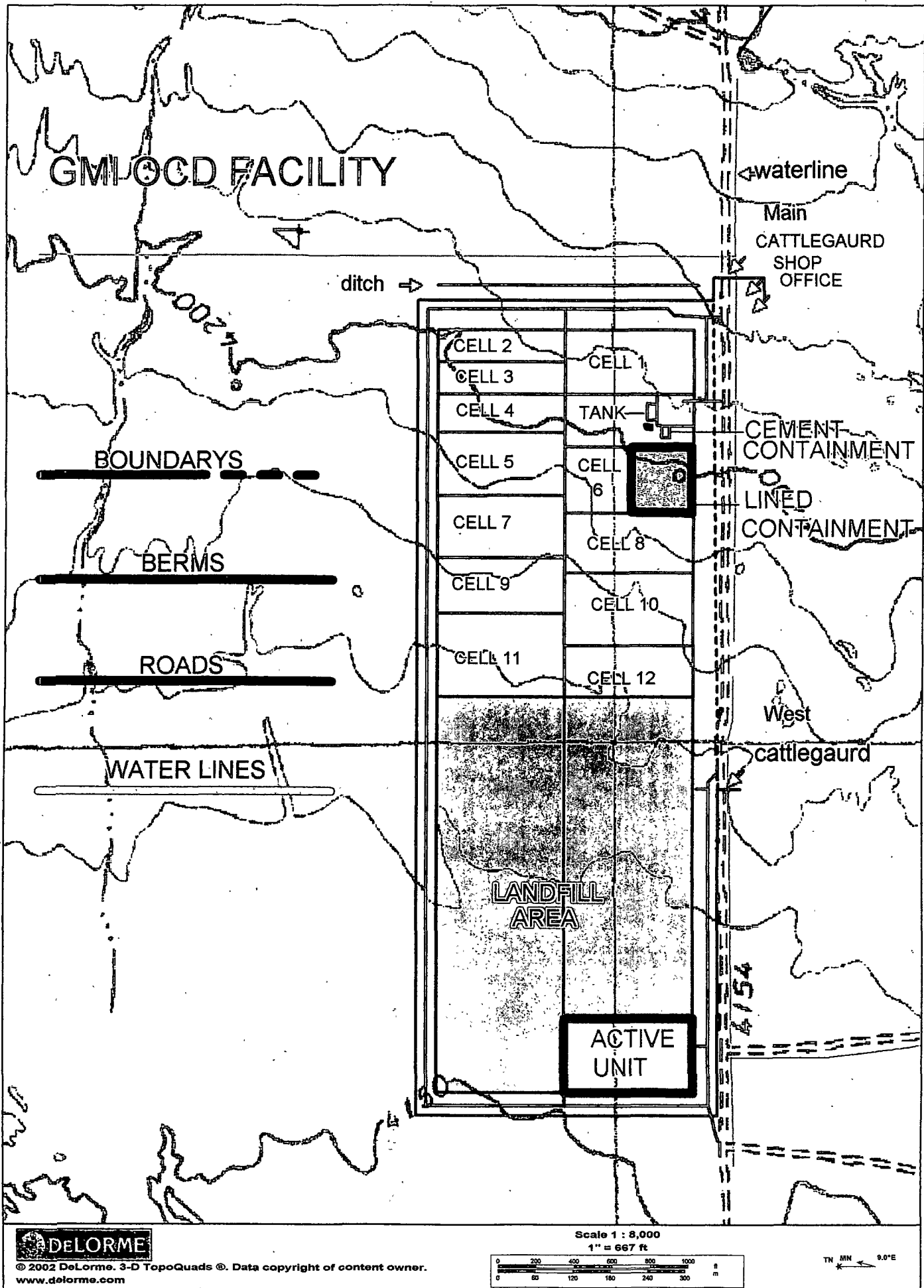
- 1) Minor Modification to existing permit.
- 2) Permit NM-01-0019 Concrete Mixing Impoundment
- 3) Commercial
- 4) Gandy Marley Inc.
- 5) The existing permit facility is located in part of section 4,5,8 & 9, Tws. 11 S., Rng. 31 E., Chaves Co.
- 6) The existing permit is NM-01-0019.
- 7) Bill Marley - President and Operations Manager
Larry Gandy - Vice President
- 8) Maps attached.
- 9) Marley Ranches is surface owner and owners of real property within one mile of the perimeter.

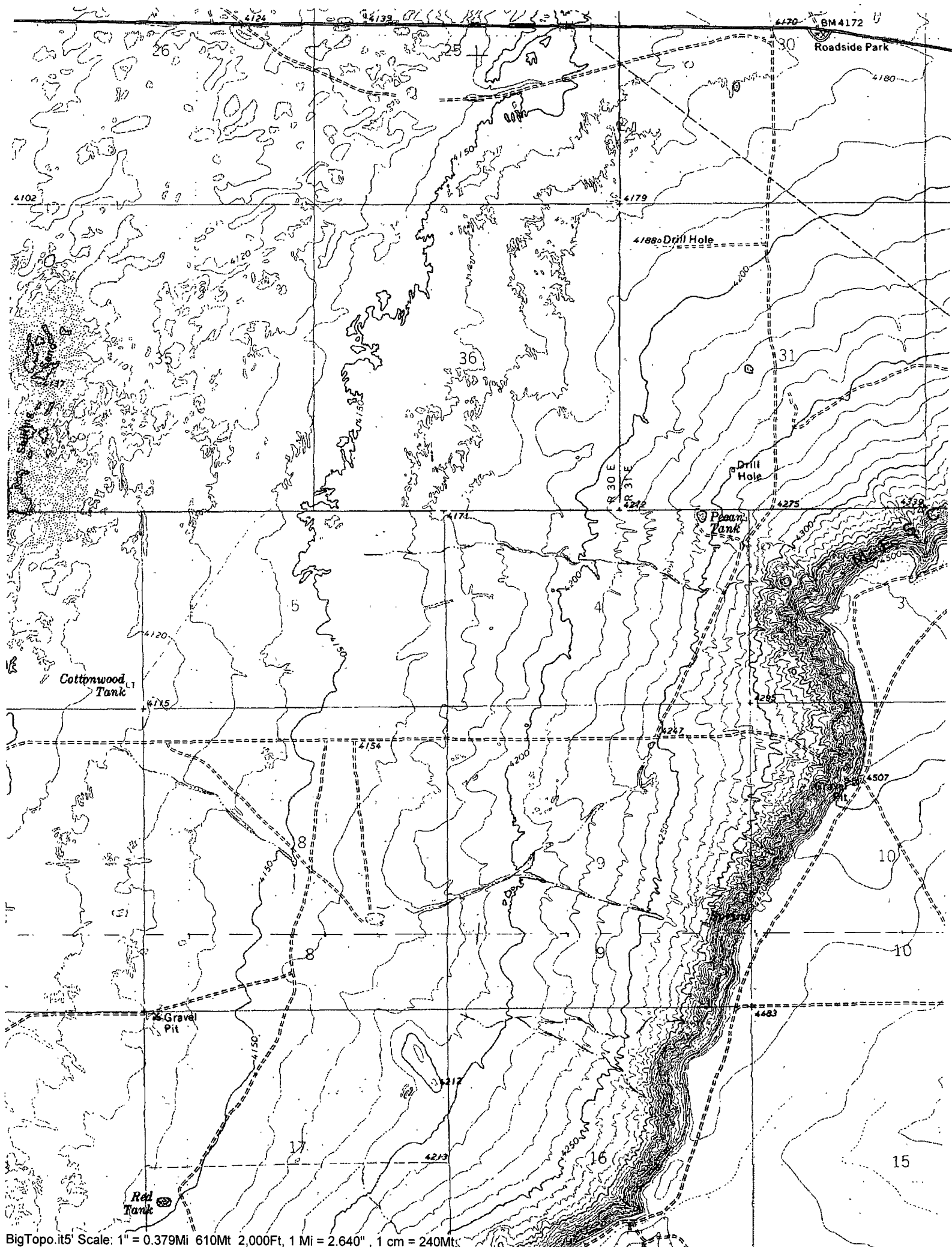
10 thru 22 have been previously addressed in application under NM-711-1-0020 and NM-01-0019.

- 23) Gandy Marley is seeking approval to accept drilling mud, soils and sludge that do not meet the paint filter test, to comply with landfarm and landfill operations. Any material that exceeds the chloride limit for landfarm operations, will be placed in the landfill.

This cement holding and treating trough (solidification unit) was approved previously for design and operations under NM-01-0019, letter of approval attached.

We are only seeking additional materials which may be accepted at the facility.







STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
ROAD 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

Mr. Larry Gandy
June 14, 1996
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,

Qigong

Chris Eustice
Geologist

xc: OCD - Hobbs Office

Price, Wayne, EMNRD

From: Price, Wayne, EMNRD
Sent: Thursday, October 23, 2008 1:51 PM
To: 'Mike Marley'
Cc: Jones, Brad A., EMNRD
Subject: NM-01-0019

Dear Mr. Marley:

OCD is in receipt of the signed certification dated 09-04-08 signed by Mr. Bill Marley- VP of Gandy Marley, Inc. of the emergency approval of the minor modification for the evaporation pond approved on August 29, 2008 by Wayne Price- OCD Environmental Bureau Chief. Please provide to OCD the information required in the approval within 60 days.

Wayne Price-Environmental Bureau Chief
Oil Conservation Division
1220 S. Saint Francis
Santa Fe, NM 87505
E-mail wayne.price@state.nm.us
Tele: 505-476-3490
Fax: 505-476-3462

August 29, 2008

Page 3 of 3

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

GANDY MARLEY, INC.

Signature

B. U. Marley

Title

VP

Date

9-4-8

RECEIVED
2008 SEP 8 PM 2 13

Price, Wayne, EMNRD

From: Price, Wayne, EMNRD
Sent: Friday, August 29, 2008 9:36 AM
To: 'Mike Marley'
Cc: Dale Gandy; Larry Gandy; Fesmire, Mark, EMNRD; Sanchez, Daniel J., EMNRD; Gum, Tim, EMNRD; 'Brad Jones'; Chavez, Carl J, EMNRD; Griswold, Jim, EMNRD; Hansen, Edward J., EMNRD; Lowe, Leonard, EMNRD; VonGonten, Glenn, EMNRD
Subject: RE: Emergency request
Attachments: Emergency approval_Aug_29_08.doc

Emergency approval granted pursuant to attachment. Signed copy place in the us mail today.

From: Mike Marley [mailto:gmi@dfn.com]
Sent: Thursday, August 28, 2008 12:39 PM
To: Price, Wayne, EMNRD
Cc: Dale Gandy; Larry Gandy
Subject: Emergency request


Wayne,

Please find the emergency request attached, the original request is being overnighted to you.

Thanks,

Bill Marley

This inbound email has been scanned by the MessageLabs Email Security System.



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



August 29, 2008

Mr. Larry Gandy
Mr. Bill Marley
P.O. Box 1658
Roswell, NM 88202

Reference:

NMOCD PERMIT NO. NM-01-0019

GANDY MARLEY, INC. SURFACE WASTE MANAGEMENT FACILITY

Located in Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
Chaves County, New Mexico

Subject: Emergency Approval

Gentlemen:

The OCD understands that you are requesting an emergency approval to start the process of replacing part of your existing permitted landfarm area with a minor modification of the current solid waste liquid (removal and evaporation) treatment system that was previously approved as a minor modification on August 02, 2006. OCD hereby approves of this request with the following conditions:

1. Provide written verification within 48 hours that an emergency exists pursuant to our telephone conference calls on August 26th, 27th and 28th.
2. The system shall meet or exceed the design, construction, material, and installation specifications previously approved in the August 02, 2006 approval. Any deviation or change must receive OCD written approval before changes are made.
3. Provide OCD a weekly report with photos by E-mail of the progress of all significant activities and stages of work. All Correspondence shall have the permit number NM-01-0019 included.
4. As-built drawings certified by a professional engineer shall be submitted 60 days after installation and start-up. The drawings shall include size "D" engineering surveyed scaled site plot plans to include all new features, detailed as-built installation scaled drawings including detail section drawings, all material specifications, liner testing QA/QC results,

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



installation daily log, compaction results, piping and electrical diagrams, flow diagrams, calculated volume sizes, freeboard calculations, and any other information required by OCD.

5. The landfarm area used for this project shall be cleared of any bio-remediated or contaminated soils. The vadose zone shall be sampled to determine if underlying soils are clean and OCD approval must be granted before constructing any device over these areas and documentation must be supplied to OCD where any soils removed are placed on-site. NO soils may be utilized off-site unless approved by OCD.

6. The system shall be designed, constructed, operated and closed so as to contain liquids and solids in a manner that will protect fresh water, public health, and the environment. In addition, all permit conditions for NM-1-0019 and any subsequent amendments, modifications, changes, operating conditions, waste acceptance, reporting and closure requirements from previously approved conditions or any new requirements pursuant to statutes, rules or regulations shall be adhered to including Part 19.15.36 NMAC (Part 36 Surface Waste Management Facilities).

7. OCD will reserve the right to request modifications (albeit minor or major) in a timely fashion in order to protect public health, fresh water, environment, public safety including any other necessary changes including additional financial assurances.

Please be advised that approval of this "minor modification" to permit NM-01-0019 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.

Please sign the certification statement below and return to this office within 10 days. If you have any questions, please contact me at 505-476-3490 or E-mail wayne.price@state.nm.us.

Sincerely,



Wayne Price
Environmental Bureau Chief

Attachments-1

xc: Mark Fesmire-Director
OCD Environment Bureau Staff
OCD District Office

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

GANDY MARLEY, INC.

Signature _____ Title _____ Date _____



RECEIVED

2008 AUG 29 AM 10 43

COMMERCIAL LAND FARMS

*A New Mexico Enterprise
Serving New Mexico's Needs*

Mr. Wayne Price
Environmental Bureau Chief
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

August 28, 2008

Dear Mr. Price,

Gandy Marley, Inc., OCD Permit NM-01-0019, is submitting a request for an emergency permit modification for an additional evaporation pond and cement containment and solidification unit as per rule 19.15.36.19 part B, NMAC. This is submitted as an emergency request because the newly adopted pit rules have overnight increased the demand for evaporation beyond the current capacity. Our existing evaporation pond is nearing capacity as it was not designed to handle the volumes we are currently receiving. If we do not receive this emergency approval we will have to curtail the volumes we receive and this will create a hardship for the producers in our area and curtail drilling operations. These facilities will be built under the same specifications as the existing evaporation pond and cement containment/solidification unit. The proposed facility will be located within the current permitted boundary.

The use of evaporation over stabilization minimizes the volume of waste going to the landfill because of the enormous amount of soil required to stabilize the liquids that are now being received from the working pits of the current drilling operations. By placing these facilities in existing landfarm cells this modification will not increase the overall permitted design capacity.

Your prompt attention to this matter is greatly appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Bill Marley', is written over a horizontal line.

Bill Marley
Vice President

Price, Wayne, EMNRD

From: Mike Marley [gmi@dfn.com]
Sent: Thursday, August 28, 2008 12:39 PM
To: Price, Wayne, EMNRD
Cc: Dale Gandy; Larry Gandy
Subject: Emergency request
Attachments: OCD Emergency request 8-28-08.doc

Wayne,

Please find the emergency request attached, the original request is being overnighted to you.

Thanks,

Bill Marley

This inbound email has been scanned by the MessageLabs Email Security System.

GANDY MARLEY, INC.
P.O. BOX 1658
ROSWELL, NM 88202

Mr. Wayne Price
Environmental Bureau Chief
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

August 28, 2008

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Your prompt attention to this matter is greatly appreciated.

Sincerely,

Bill Marley
Vice President



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



August 26, 2008

Mr. Larry Gandy
Mr. Bill Marley
P.O. Box 1658
Roswell, NM 88202

Gentlemen:

The OCD recently received a C-137 for permit NM-01-0020 with \$100 check. Please note the facility with aforementioned permit is a closed facility or a facility that was never constructed. OCD does not charge fees for such facilities and the associated drawings did not match or conform to OCD specifications. Therefore, the OCD is returning the application and voided check # 6659.

OCD also understands that this application may have been for the current operating surface waste management facility NM-1-019 and detail discussions with Mr. Marley indicate this to be the case. OCD will address that issue in a separate letter.

If you have any questions please do not hesitate to call or write.

Sincerely,



Wayne Price-Environment Bureau Chief

Cc: Brad Jones





NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT
RECEIVED

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

AUG 28 2006

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

August 02, 2006

Mr. Bill Marley
Mr. Larry Gandy
Gandy Marley Inc.
P.O. Box 1658
Roswell, NM 88202

Re: Minor Modification
Permit # NM-01-0019

Dear Mr. Larry Gandy and Mr. Bill Marley:

The New Mexico Oil Conservation Division is in receipt of the April 2006 C-137 application and amendment dated June 12, 2006 to add an evaporation and wash-out system at the existing permitted facility. Pursuant to OCD Rule 711 and other applicable rules, including the existing terms and conditions of the permit, OCD hereby approves construction and installation of the requested modification pursuant to the submitted application and the attached permit conditions. The proposed evaporation pond and concrete wash out pit shall be designed, constructed and operated so as to contain liquids and solids in a manner that will prevent contamination of fresh water, public health, safety and the environment.

OCD approval of this plan does not relieve the owner/operator of responsibility should operations pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve the owner/operator of responsibility for compliance with any OCD, federal, state, or local laws and/or regulations.

Please sign the certification contained in the permit conditions and return to this office. If you have any questions or concerns please notify me at 505-476-3490 or E-mail wayne.price@state.nm.us.

Sincerely Yours,

Wayne Price-Environmental Bureau Chief

PERMIT CONDITIONS
NMOCD PERMIT NO. NM-01-0019
GANDY MARLEY, INC. SURFACE WASTE MANAGEMENT FACILITY
Located in Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
Chaves County, New Mexico
August 02, 2006

Operations, Waste Acceptance, Reporting Requirements and Closure:

The operation, waste acceptance, reporting requirements and closure for the new evaporation pond and concrete wash-out pit shall be pursuant to the application and consistent with the previously approved conditions found in the January 12, 2006 permit conditions.

Concrete Wash-Out facility:

1. This device shall have an OCD approved leak detection system between the concrete primary liner and secondary liner or a vadose zone monitoring device installed in close proximity to the device or other approved monitoring method.
2. The concrete device shall be designed and constructed using sound engineering practices and principals to anticipate any structural loading from liquids, solids, movement from expansion or contraction, or equipment loading. The concrete used shall have a minimum of 4000 psi compressive strength. All non-monolithic pours shall have water seals installed in the joints. The device shall be coated to prevent degradation of the concrete surface from salts or other corrosive materials.
3. The device shall have a freeboard marker set to prevent overtopping from operations, wind or rainfall.
4. The leak detection device shall be monitored and records maintained pursuant to the original permit conditions attachment 7 October 04, 2005 or other approved method.
5. Only waste listed in the "Waste Acceptance Criteria" January 12, 2006 permit conditions may be placed in the device.
6. A trap and skimmer device shall be used to separate any oil and solid material from the liquid prior to water discharge into the pond
7. Records shall be maintained for all waste placed into and removed from the device and retained on site for a minimum of five years.

Evaporation Pond:

1. The proposed 60-mil HDPE liners shall have a hydraulic conductivity no greater than 1×10^{-9} centimeters per second.

The pond shall have a properly constructed foundation or firm, unyielding base, smooth and free of rocks, debris, sharp edges or irregularities, in order to prevent rupture or tear of the liner and an adequate anchor trench; and shall be constructed so that the inside grade of the levee is no steeper than 2H:1V. Levees shall have an outside grade no steeper than 3H:1V. The tops of the levees shall be wide enough to install an anchor trench and provide adequate room for inspection and maintenance. The proposed foundation shall be constructed with compacted soil membranes, i.e., natural or processed clay and other soils, shall be at least one foot thick, placed in six-inch lifts, watered and compacted to 95 percent of the material's standard proctor density, or equivalent.

2. Liner seams shall be minimized and oriented up and down, not across a slope. Factory seams shall be used where possible. Field seams in geosynthetic material shall be thermally seamed (hot wedge) with a double track weld to create an air pocket for non-destructive air channel testing. A stabilized air pressure of 35 psi, plus or minus one percent, shall be maintained for at least five minutes. Liners shall be overlapped four to six inches before seaming, and seams shall be oriented parallel to the line of maximum slope; i.e., oriented along, not across, the slope. The number of field seams in corners and irregularly shaped areas shall be minimized. There shall be no horizontal seams within five feet of the toe of the slope. Qualified personnel shall perform all field seaming. All test results shall be submitted prior to operation and be approved by OCD.
3. At any point of discharge into or suction from the lined pit, the liner shall be protected from excessive hydrostatic force or mechanical damage. External discharge lines shall not penetrate the liner.
4. A leak detection system shall be placed between the lower and upper liners and shall have a saturated hydraulic conductivity of 1×10^{-5} cm/sec or greater to facilitate drainage. The leak detection system shall consist of a properly designed drainage, collection and removal system placed above the lower liner and sloped so as to facilitate earliest possible leak detection. All piping used shall be designed to withstand chemical attack from waste or leachate, structural loading from stresses and disturbances from overlying waste, waste cover materials, equipment operation, expansion or contraction, and to facilitate clean-out maintenance. The material placed between the pipes and laterals shall be sufficiently permeable to allow the transport of the fluids to the drainage pipe. The slope of the interior sub-grade and of all drainage lines and laterals shall be at least a two percent grade, i.e., two feet vertical drop per 100 horizontal feet. A solid sidewall riser pipe shall be sealed to convey any collected fluids to a collection, observation and disposal system, located outside the perimeter of the pit or pond.
5. The operator shall notify the division at least 72 hours prior to the primary liner's installation so that a division representative may inspect the leak detection system before it is covered.
6. The ponds shall be constructed in such a manner as to prevent overtopping due to wave action or rainfall, and a three foot freeboard shall be maintained at all times.

7. Only non-hazardous oil field liquid waste shall be discharged into or stored in the pond. No measurable or visible layer of oil may be allowed to accumulate or remain anywhere on the surface of any pit except an approved skimmer pit. Spray evaporation systems shall be operated such that all spray-borne suspended or dissolved solids remain within the lined portion of the pond.
8. The leak detection systems shall be monitored pursuant to the previously approved permit conditions. The operator shall maintain monitoring records in a form readily accessible for division inspection, and shall report discovery of any liquids in the leak detection system to the division within 24 hours.

As-Built Drawings:

As-built drawings and a waste flow diagram shall be submitted after installation, and photo documentation be provided showing before, during and after construction.

Financial Assurances:

The closure cost of \$7,500 shall be submitted before commencement of operations in a form suitable to OCD.

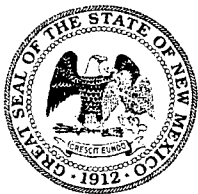
CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

GANDY MARLEY, INC.

Signature Harry Gandy Title V-P Date 8-15-06



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 02, 2006

Mr. Bill Marley
Mr. Larry Gandy
Gandy Marley Inc.
P.O. Box 1658
Roswell, NM 88202

Re: Minor Modification
Permit # NM-01-0019

Dear Mr. Larry Gandy and Mr. Bill Marley:

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Please sign the certification contained in the permit conditions and return to this office. If you have any questions or concerns please notify me at 505-476-3490 or E-mail wayne.price@state.nm.us.

Sincerely Yours,

Wayne Price-Environmental Bureau Chief

PERMIT CONDITIONS
NMOCD PERMIT NO. NM-01-0019
GANDY MARLEY, INC. SURFACE WASTE MANAGEMENT FACILITY
Located in Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
Chaves County, New Mexico
August 02, 2006

Operations, Waste Acceptance, Reporting Requirements and Closure:

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Concrete Wash-Out facility:

1. This device shall have an OCD approved leak detection system between the concrete primary liner and secondary liner or a vadose zone monitoring device installed in close proximity to the device or other approved monitoring method.
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5. Only waste listed in the "Waste Acceptance Criteria" January 12, 2006 permit conditions may be placed in the device.
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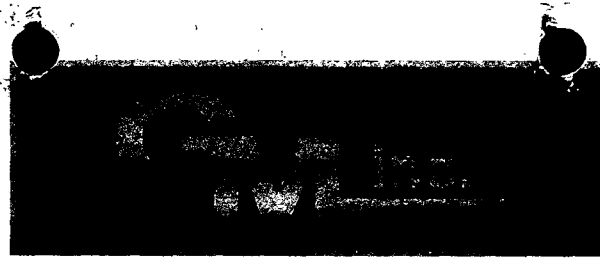
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Accepted:

GANDY MARLEY, INC.

Signature _____ Title _____ Date _____



COMMERCIAL LAND FARMS

*A New Mexico Enterprise
Serving New Mexico's Needs*

RECEIVED

January 25, 2006

JAN 27 2006

**Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505**

Mr. Roger C. Anderson
Environmental Bureau Chief
Oil Conservation Division
1220 S St. Francis Dr.
Santa Fe NM 87505

Dear Mr. Anderson

Please find the enclosed signed permit No. NM-01-0019 for the Commercial Surface Waste Management Facility located in Sections 4, 5, 8, and 9 to Township 11 South Range 31 East, NMPM Chaves County, New Mexico.

If you have any questions please contact Bill Marley at 505-626-6513 or at the office.

Sincerely,

Sonya Ford

PERMIT CONDITIONS
NMOCD PERMIT NO. NM-01-0019
GANDY MARLEY, INC. SURFACE WASTE MANAGEMENT FACILITY
Located in Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
Chaves County, New Mexico
January 12, 2006

GENERAL FACILITY OPERATIONS

1. The facility must be fenced and have a sign at the entrance that is legible from 50 feet and contain the name, location by section, township, range, and emergency telephone number(s) for the facility.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. There may be no ponding, pooling or run-off of water allowed. Ponding of precipitation shall be removed within 24 hours of discovery.
4. All aboveground tanks at the facility, and containing materials other than fresh water, shall be placed on an impermeable pad. The tanks shall be labeled as to contents and hazards and must be bermed to contain one and one-third (133%) of the volume of the largest tank or all interconnected tanks.
5. The NMOCD Santa Fe and Hobbs offices must be notified within 24 hours of discovery of a spill or leak.
6. All tanks exceeding 16 feet in diameter and all exposed pits, ponds or lagoons must be screened, netted, covered, or otherwise rendered non-hazardous to migratory birds.

LANDFARM OPERATION

1. All contaminated soils received at the landfarm must be spread and disked within 72 hours of receipt.
2. Soils must be spread on the surface in lifts of six inches or less.
3. Soils must be disked bi-weekly, or more often, to enhance biodegradation of contaminants.
4. Moisture may be added to enhance bioremediation and to control blowing dust.
5. The active landfarm cells must be bermed to prevent run-on and run-off. A perimeter berm capable of containing precipitation from a one hundred year flood for the region shall be maintained.
6. Contaminated soils shall not be placed within 100 feet of the boundary of the facility.
7. Contaminated soils shall not be placed within 20 feet of any pipelines crossing the landfarm. No equipment may be operated within 10 feet of any such pipeline. All pipelines crossing the facility must have surface markers identifying the location.
8. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 2,500 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations shall be maintained at the facility. The application of successive lifts, and the removal of remediated soils require NMOCD approval.

9. The application of microbes or fertilizers to enhance bioremediation requires NMOCD approval. Such requests for approval shall include the location of the area designated for the application, the composition of the additives, and the method of application.
10. Any design changes to the landfarm and tank bottom holding and treatment area must be submitted to the NMOCD Santa Fe office for approval.
11. Landfarm inspection and maintenance shall be conducted at least bi-weekly and immediately following any consequential rain or windstorm. The NMOCD Santa Fe office must be notified within 48 hours of the discovery of any defect during these inspections. Repairs of such defects shall be made as soon as possible. If such defect will jeopardize the integrity of the landfarm, additional wastes shall not be placed into that portion of the landfarm until repairs have been completed.
12. Landfarm cells shall not exceed 5 acres in area.
13. A treatment zone not to exceed three feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample shall be taken from each cell six months after the first contaminated soils are placed in the cell and then quarterly thereafter.
14. Such soil samples shall be analyzed using EPA-approved methods for TPH and BTEX quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
15. After the soil samples are obtained, the boreholes shall be filled with an impermeable material such as cement or bentonite.
16. All loads of tank bottoms shall be screened for hydrogen sulfide (H_2S) before they are unloaded from the truck. Records of H_2S screening shall be maintained for NMOCD review.
17. Tank bottoms must be placed in the receiving tank for settling prior to solidification and landfarm application.
18. The concrete mixing impoundment may be used for the solidification of tank bottoms. Adequate freeboard shall be maintained to prevent any overtopping or slop over of material. Soils, remediated to NMOCD standards, may be mixed with the tank bottoms to stabilize the material. Material received at this impoundment must be mixed and stabilized immediately.
19. The concrete mixing impoundment shall be inspected bi-weekly, or more often, to assess its overall integrity. Records of such inspections shall be made available for NMOCD inspection.
20. Loads of tank bottoms that contain miscellaneous hydrocarbons in excess of 2/10 of 1% of the total volume of the tank bottoms must be accompanied by and NMOCD-approved Form C-117-A from the well operator. Accumulations of miscellaneous hydrocarbons must be reported on NMOCD Form C-118.

LANDFILL OPERATION

1. Landfill cells shall be constructed according to the facility design and construction (attachment 7) portion of the permit modification application dated October 4, 2005
2. No debris will be placed in a landfill cell in a way that would compromise the integrity of the clay liner. Large debris with such a potential will be placed on a soil layer sufficient to protect the liner.
3. As the cell fills, the contaminated material will be covered, progressively, with a 1-foot thick clay cap, which will be machine compacted and a minimum of 2 feet of clean soil.
4. Non-virgin soils used a cover material will be sampled and analyzed for TPH, BTEX and chlorides. A report of such sampling and analyses results shall be submitted to the NMOCD prior to using such soil as landfill cover.

5. The top of the clean soil cover will be seeded with indigenous plants and watered to promote plant growth.
6. No materials will be placed in the landfill that are chemically incompatible with each other.
7. Any precipitation that accumulates in the landfill cell will be removed within 72 hours of discovery. Upon removal, such accumulated water will be sampled for TPH, BTEX and chlorides. Records of such sampling and analyses results shall be maintained for NMOCD inspection.
8. No more than 10 uncovered acres will be used for landfill disposal at any given time.
9. The leachate collection system will be monitored as described in Attachment 7 of the permit modification proposal dated October 4, 2005.
10. Landfarmed petroleum-contaminated soils may be used as daily cover within the landfill when a laboratory measurement of TPH is less than or equal to 1,500 ppm, BTEX is less than or equal to 50 ppm, and benzene is less than or equal to 10 ppm. Records of the sampling and analyses results shall be maintained for NMOCD inspection.
11. Cover materials will be applied to the working face of the landfill, as necessary, to control odors, vectors, and blowing litter.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain naturally occurring radioactive material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403. A "Generator Certificate of Waste Status" signed by the generator shall accompany all loads of these wastes received at the facility.
 - b. Non-hazardous, non-exempt oilfield wastes that do not contain NORM. All such wastes shall be accompanied by:
 - (1) An approved NMOCD Form C-138 Request for Approval to Accept Solid Waste.
 - (2) A "Generator Certificate of Waste Status" signed by the generator.
 - (3) A verification of waste status issued by the appropriate agency for wastes generated outside NMOCD jurisdiction. The agency verification shall be based upon specific information on the subject waste that demonstrates the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. NMOCD approval must be obtained prior to accepting such wastes.
2. The facility shall not accept wastes that are hazardous by either listing or characteristic testing.
3. The facility shall not accept free liquids or soils with free liquids.
4. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional material has been added.

REPORTING REQUIREMENTS

1. Results of the bi-weekly facility inspection and maintenance, including inspection of the concrete mixing impoundment, must be recorded and maintained for NMOCD review. The NMOCD Santa Fe office shall be notified within 48 hours if any defect is observed.

2. Results of the H₂S screening shall be recorded and maintained for NMOCD review.
3. Analyses results from the treatment zone monitoring shall be submitted to the NMOCD Santa Fe office within 30 days of receipt from the laboratory.
4. Analyses results for remediated soils shall be submitted to the NMOCD Santa Fe office along with any request to close a landfarm cell, apply successive lifts or to remove any remediated material.
5. Gandy Marley shall comply with NMOCD Rule 116 as it applies to this facility.
6. Records of material disposed of at the facility shall be maintained at the facility. Such records, for each load of material, shall include:
 - A. Generator of the waste
 - B. Origin of the waste
 - C. Date received
 - D. Quantity
 - E. Certification of waste status as exempt or non-exempt along with any supporting documentation to certify non-hazardous status for non-exempt waste
 - F. NORM status declaration
 - G. Name of transporter
 - H. Exact cell location
 - I. Addition of microbes, or fertilizers if applicable
7. The NMOCD shall be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.
8. All records shall be retained for a period of 5 years.

FINANCIAL ASSURANCE

1. The NMOCD currently has financial assurance from Gandy Marley in the amount of \$82,917.
2. An additional \$20,000 financial assurance is required due to the approval of this modification. This additional \$20,000 is due as follows:
 - A. No later than January 12, 2007, an additional \$5,000 is required.
 - B. No later than January 12, 2008, an additional \$5,000 is required.
 - C. No later than January 12, 2009, an additional \$5,000 is required.
 - D. No later than January 12, 2010, the final \$5,000 is required.
3. As stated above, the facility is subject to periodic inspection by the NMOCD. The conditions of the permit covering this facility will be reviewed periodically, but no less often than every 5 years from the date of this approval. Closure cost estimates, as shown in Attachment 10 of the permit modification application dated October 4, 2005, will be reviewed as well, and financial assurance requirements contained in these conditions for approval may be adjusted by the NMOCD.

CLOSURE

Closure of the facility shall be accomplished according to Attachment 10 to the permit modification application dated October 4, 2005.

Gandy Marley, Inc.
Permit NM-01-0019
January 12, 2006
Page 7 of 7

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

GANDY MARLEY, INC.

Signature Bill Marley Title VP Date 1/25/06



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 17, 2006

Mr. Bill Marley
Gandy Marley, Inc.
P.O. Box 1658
Roswell, NM 88202

RE: New Mexico Oil Conservation Division Permit No. NM-01-0019
For the Commercial Surface Waste Management Facility Located in
Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM,
Chaves County, New Mexico

Dear Mr. Marley:

The permit modification application, dated October 4, 2005, for the facility shown above, is hereby approved in accordance with New Mexico Oil Conservation Division (NMOCD) Rule 711 and under the conditions contained in the enclosed attachment. This permit approval is conditional upon the receipt and approval by the NMOCD of financial assurance in the amount of \$102,917. Gandy Marley currently has financial assurance in place in the amount of \$82,917. The additional \$20,000 is to be received according to the schedule outlined in the financial assurance section of the enclosed attachment. The permit modification application consists of the permit application Form C-137 dated October 4, 2005 and all attachments (#5 through #13) thereto.

The operation, monitoring and reporting shall be as specified in the attached conditions. All modifications and alternatives to the approved conditions must receive NMOCD approval. Gandy Marley is required to notify the NMOCD of any facility expansion or process modification.

Be advised that approval of this permit modification does not relieve Gandy Marley of liability should its operations at this site result in pollution of surface water, groundwater, or the environment. Nor does it relieve Gandy Marley of responsibility for compliance with other federal, state, or local rules and regulations.

NMOCD Rule 310 prohibits oil from being stored in earthen reservoirs or open receptacles.

The facility is subject to periodic inspection by the NMOCD. The conditions of the permit will be reviewed by the NMOCD no less than once every five years. Closure cost estimates included in your permit modification application will be reviewed by the NMOCD periodically and may be adjusted as needed.

Gandy Marley, Inc.
Permit NM-01-0019
January 12, 2006
Page 2 of 7

Enclosed are two copies of the conditions of approval. Please sign and return one copy to the NMOCD Santa Fe office within five working days of receipt of this letter.

If you have any questions, contact Ed Martin at (505) 476-3492 or ed.martin@state.nm.us

NEW MEXICO OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Roger C. Anderson", with a long horizontal flourish extending to the right.

Roger C. Anderson
Environmental Bureau Chief

Copy: NMOCD, Hobbs, New Mexico

PERMIT CONDITIONS
NMOCD PERMIT NO. NM-01-0019
GANDY MARLEY, INC. SURFACE WASTE MANAGEMENT FACILITY
Located in Sections 4, 5, 8, and 9 of Township 11 South, Range 31 East, NMPM
Chaves County, New Mexico
January 12, 2006

GENERAL FACILITY OPERATIONS

1. The facility must be fenced and have a sign at the entrance that is legible from 50 feet and contain the name, location by section, township, range, and emergency telephone number(s) for the facility.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. There may be no ponding, pooling or run-off of water allowed. Ponding of precipitation shall be removed within 24 hours of discovery.
4. All aboveground tanks at the facility, and containing materials other than fresh water, shall be placed on an impermeable pad. The tanks shall be labeled as to contents and hazards and must be bermed to contain one and one-third (133%) of the volume of the largest tank or all interconnected tanks.
5. The NMOCD Santa Fe and Hobbs offices must be notified within 24 hours of discovery of a spill or leak.
6. All tanks exceeding 16 feet in diameter and all exposed pits, ponds or lagoons must be screened, netted, covered, or otherwise rendered non-hazardous to migratory birds.

LANDFARM OPERATION

1. All contaminated soils received at the landfarm must be spread and disked within 72 hours of receipt.
2. Soils must be spread on the surface in lifts of six inches or less.
3. Soils must be disked bi-weekly, or more often, to enhance biodegradation of contaminants.
4. Moisture may be added to enhance bioremediation and to control blowing dust.
5. The active landfarm cells must be bermed to prevent run-on and run-off. A perimeter berm capable of containing precipitation from a one hundred year flood for the region shall be maintained.
6. Contaminated soils shall not be placed within 100 feet of the boundary of the facility.
7. Contaminated soils shall not be placed within 20 feet of any pipelines crossing the landfarm. No equipment may be operated within 10 feet of any such pipeline. All pipelines crossing the facility must have surface markers identifying the location.
8. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 2,500 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations shall be maintained at the facility. The application of successive lifts, and the removal of remediated soils require NMOCD approval.

9. The application of microbes or fertilizers to enhance bioremediation requires NMOCD approval. Such requests for approval shall include the location of the area designated for the application, the composition of the additives, and the method of application.
10. Any design changes to the landfarm and tank bottom holding and treatment area must be submitted to the NMOCD Santa Fe office for approval.
11. Landfarm inspection and maintenance shall be conducted at least bi-weekly and immediately following any consequential rain or windstorm. The NMOCD Santa Fe office must be notified within 48 hours of the discovery of any defect during these inspections. Repairs of such defects shall be made as soon as possible. If such defect will jeopardize the integrity of the landfarm, additional wastes shall not be placed into that portion of the landfarm until repairs have been completed.
12. Landfarm cells shall not exceed 5 acres in area.
13. A treatment zone not to exceed three feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample shall be taken from each cell six months after the first contaminated soils are placed in the cell and then quarterly thereafter.
14. Such soil samples shall be analyzed using EPA-approved methods for TPH and BTEX quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
15. After the soil samples are obtained, the boreholes shall be filled with an impermeable material such as cement or bentonite.
16. All loads of tank bottoms shall be screened for hydrogen sulfide (H_2S) before they are unloaded from the truck. Records of H_2S screening shall be maintained for NMOCD review.
17. Tank bottoms must be placed in the receiving tank for settling prior to solidification and landfarm application.
18. The concrete mixing impoundment may be used for the solidification of tank bottoms. Adequate freeboard shall be maintained to prevent any overtopping or slop over of material. Soils, remediated to NMOCD standards, may be mixed with the tank bottoms to stabilize the material. Material received at this impoundment must be mixed and stabilized immediately.
19. The concrete mixing impoundment shall be inspected bi-weekly, or more often, to assess its overall integrity. Records of such inspections shall be made available for NMOCD inspection.
20. Loads of tank bottoms that contain miscellaneous hydrocarbons in excess of 2/10 of 1% of the total volume of the tank bottoms must be accompanied by and NMOCD-approved Form C-117-A from the well operator. Accumulations of miscellaneous hydrocarbons must be reported on NMOCD Form C-118.

LANDFILL OPERATION

1. Landfill cells shall be constructed according to the facility design and construction (attachment 7) portion of the permit modification application dated October 4, 2005
2. No debris will be placed in a landfill cell in a way that would compromise the integrity of the clay liner. Large debris with such a potential will be placed on a soil layer sufficient to protect the liner.
3. As the cell fills, the contaminated material will be covered, progressively, with a 1-foot thick clay cap, which will be machine compacted and a minimum of 2 feet of clean soil.
4. Non-virgin soils used a cover material will be sampled and analyzed for TPH, BTEX and chlorides. A report of such sampling and analyses results shall be submitted to the NMOCD prior to using such soil as landfill cover.

5. The top of the clean soil cover will be seeded with indigenous plants and watered to promote plant growth.
6. No materials will be placed in the landfill that are chemically incompatible with each other.
7. Any precipitation that accumulates in the landfill cell will be removed within 72 hours of discovery. Upon removal, such accumulated water will be sampled for TPH, BTEX and chlorides. Records of such sampling and analyses results shall be maintained for NMOCD inspection.
8. No more than 10 uncovered acres will be used for landfill disposal at any given time.
9. The leachate collection system will be monitored as described in Attachment 7 of the permit modification proposal dated October 4, 2005.
10. Landfarmed petroleum-contaminated soils may be used as daily cover within the landfill when a laboratory measurement of TPH is less than or equal to 1,500 ppm, BTEX is less than or equal to 50 ppm, and benzene is less than or equal to 10 ppm. Records of the sampling and analyses results shall be maintained for NMOCD inspection.
11. Cover materials will be applied to the working face of the landfill, as necessary, to control odors, vectors, and blowing litter.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain naturally occurring radioactive material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403. A "Generator Certificate of Waste Status" signed by the generator shall accompany all loads of these wastes received at the facility.
 - b. Non-hazardous, non-exempt oilfield wastes that do not contain NORM. All such wastes shall be accompanied by:
 - (1) An approved NMOCD Form C-138 Request for Approval to Accept Solid Waste.
 - (2) A "Generator Certificate of Waste Status" signed by the generator.
 - (3) A verification of waste status issued by the appropriate agency for wastes generated outside NMOCD jurisdiction. The agency verification shall be based upon specific information on the subject waste that demonstrates the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. NMOCD approval must be obtained prior to accepting such wastes.
2. The facility shall not accept wastes that are hazardous by either listing or characteristic testing.
3. The facility shall not accept free liquids or soils with free liquids.
4. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional material has been added.

REPORTING REQUIREMENTS

1. Results of the bi-weekly facility inspection and maintenance, including inspection of the concrete mixing impoundment, must be recorded and maintained for NMOCD review. The NMOCD Santa Fe office shall be notified within 48 hours if any defect is observed.

2. Results of the H₂S screening shall be recorded and maintained for NMOCD review.
3. Analyses results from the treatment zone monitoring shall be submitted to the NMOCD Santa Fe office within 30 days of receipt from the laboratory.
4. Analyses results for remediated soils shall be submitted to the NMOCD Santa Fe office along with any request to close a landfarm cell, apply successive lifts or to remove any remediated material.
5. Gandy Marley shall comply with NMOCD Rule 116 as it applies to this facility.
6. Records of material disposed of at the facility shall be maintained at the facility. Such records for each load of material, shall include:
 - A. Generator of the waste
 - B. Origin of the waste
 - C. Date received
 - D. Quantity
 - E. Certification of waste status as exempt or non-exempt along with any supporting documentation to certify non-hazardous status for non-exempt waste
 - F. NORM status declaration
 - G. Name of transporter
 - H. Exact cell location
 - I. Addition of microbes, or fertilizers if applicable
7. The NMOCD shall be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.
8. All records shall be retained for a period of 5 years.

FINANCIAL ASSURANCE

1. The NMOCD currently has financial assurance from Gandy Marley in the amount of \$82,911.
2. An additional \$20,000 financial assurance is required due to the approval of this modification. This additional \$20,000 is due as follows:
 - A. No later than January 12, 2007, an additional \$5,000 is required.
 - B. No later than January 12, 2008, an additional \$5,000 is required.
 - C. No later than January 12, 2009, an additional \$5,000 is required.
 - D. No later than January 12, 2010, the final \$5,000 is required.
3. As stated above, the facility is subject to periodic inspection by the NMOCD. The condition of the permit covering this facility will be reviewed periodically, but no less often than every 5 years from the date of this approval. Closure cost estimates, as shown in Attachment 10 of the permit modification application dated October 4, 2005, will be reviewed as well, and financial assurance requirements contained in these conditions for approval may be adjusted by the NMOCD.

CLOSURE

Closure of the facility shall be accomplished according to Attachment 10 to the permit modification application dated October 4, 2005.

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

CONSOLIDATED

**APPLICATION OF THE OIL CONSERVATION DIVISION TO EXTEND THE
EFFECTIVE DURATION OF AN EMERGENCY ORDER TO OPERATE ISSUED TO
GANDY MARLEY, INC.**

**CASE NO. 13454
ORDER NO. 12306-A**

AND

**APPLICATION OF THE OIL CONSERVATION DIVISION TO EXTEND THE
EFFECTIVE DURATION OF AN EMERGENCY ORDER TO OPERATE ISSUED TO
ARTESIA AERATION, LLC.**

**CASE NO. 13455
ORDER NO. 12307-A**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 10:00 a.m. on March 25, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 25th day of March 2005, the Division Director, having considered the requests,

FINDS THAT:

- (1) Due public notice has been given, and the Oil Conservation Division ("Division") has jurisdiction over these cases and their subject matter.
- (2) The Division seeks an order extending the effective duration of Emergency Order R-12306 issued to Gandy Marley Inc. and Emergency Order R-12307 issued to Artesia Aeration, LLC, until a determination is made on the applications of those operators to amend their landfarm permits.
- (3) These cases were consolidated for purpose of the hearing.
- (4) Notice of this hearing was provided to Gandy Marley Inc. and to Artesia Aeration, LLC ("Operators"). Notice of the hearing was also published in the Lovington Daily Leader on March 15, 2005, and in the Roswell Daily Record on March 17, 2005. Additionally, notice was posted on the Division's website and sent by e-mail to those parties who had requested notice of Division hearings.
- (5) Gandy Marley, Inc. was present at the hearing and represented by counsel.

(6) Artesia Aeration, Inc. was not represented by counsel.

(7) Dr. Don Neeper appeared and provided testimony at the hearing.

(8) Controlled Recovery, Inc. ("CRI") was represented by counsel and appeared at the hearing in opposition to the Division's applications and presented testimony from one witness.

(9) The Division presented the following testimony and evidence:

a) Gandy Marley, Inc. ("Gandy Marley") is the operator of record and surface owner of a commercial landfarm located in Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, in Chaves County, New Mexico. This landfarm is permitted pursuant to 19.15.9.711 NMAC under permit number NM-01-0019.

b) Artesia Aeration, L.L.C. ("Artesia Aeration") is the operator of record and surface owner of a commercial landfarm located in the N/2 of Section 7, Township 17 South, Range 32 East, in Lea County, New Mexico. This landfarm is permitted pursuant to 19.15.9.711 NMAC under permit number NM-01-0030.

c) The public notice given prior to issuance of a majority of landfarm permits in New Mexico stated: "Hydrocarbon contaminated soils associated with oil and gas production will be remediated...."

d) The language of those landfarm permits, however, was broader than the language in the public notice, allowing the facilities to accept oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Materials regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM) and "Non-hazardous" non-exempt oilfield wastes.

e) Salt contamination decreases the biodegradation capacity of the landfarms and because salts leach more easily than hydrocarbons, a landfarm accepting salt-contaminated oilfield wastes could pose a threat to groundwater.

f) According to the terms of the landfarm permits referred to in "c" above, the Division may change the permit conditions administratively for good cause shown as necessary to protect fresh water, human health, and the environment.

g) Division Director Mark Fesmire notified the holders of the aforementioned landfarm permits by letter dated March 4, 2005, that the Division had determined that it was necessary to modify the landfarm permits in order to protect fresh water, human health and the environment. The permits were modified to add the following conditions: "Effective immediately, the NMOCD permitted landfarm ... is prohibited from accepting oilfield waste contaminated with salts."

The March 4th letter stated that for a landfarm to accept salts, the operator was required to apply for a modification of the permit pursuant to 19.15.9.711.B(1) NMAC and follow the notice requirements of 19.15.9.711.B(2).

h) The Operators have each applied for a modification of their permits to allow them to accept salt-contaminated oilfield wastes. The applications to modify those permits are set for hearing on May 19, 2005, before the Division.

i) On March 10, 2005, Gandy Marley applied for an emergency order allowing it to accept salt-contaminated oilfield waste pending a decision on its application for a permit modification. In support of this request, Gandy Marley asserted the following:

- i. The depth to groundwater at the location of the landfarm is 150 feet.
- ii. The TDS level of the groundwater at the location of the landfarm is in excess of 15,000 PPM.
- iii. There are no fresh water wells or watercourses (wet or dry) within 1,000 feet of the landfarm.
- iv. There is an impermeable redbed clay barrier of approximately 150 feet between the surface and the groundwater.
- v. The groundwater at the site is nonproduceable in both volume and quality.
- vi. An emergency order is necessary because there is a critical need in the area of the landfarm for a facility that can accept salt contaminated soils due to extensive drilling programs and remediation programs in the area.

j) On March 11, 2005, Artesia Aeration applied for an emergency order allowing it to accept salt contaminated oilfield waste pending a decision on its application for a permit modification. In support of this request, Artesia Aeration asserted the following:

- i. There is no groundwater at the site as evidenced by a 120 feet deep monitor well.
- ii. There are no fresh water wells or watercourses (wet or dry) within 1,000 feet of the landfarm.
- iii. An emergency order is necessary because there is a critical need in the area of the landfarm for a facility that can accept salt-contaminated soils due to extensive drilling and remediation programs in the area by oil and gas operators.

k) The records of the Division confirm both Operators' descriptions of conditions at their landfarms.

l) Division staff confirmed that both Operators intend to keep salt contaminated oilfield waste separate from hydrocarbon contaminated oilfield waste.

m) By Emergency Order R-12306, issued on March 11, 2005, the Division Director determined that Gandy Marley had demonstrated an emergency need for the issuance of an order without hearing. This order allows Gandy Marley to accept salt contaminated oilfield wastes pending a decision on its application for a permit modification.

n) By Emergency Order R-12307, issued on March 11, 2005, the Division Director determined that Artesia Aeration had demonstrated an emergency need for the issuance of an order without hearing. This order allows Artesia Aeration to accept salt contaminated oilfield wastes pending a decision on its application for a permit modification.

o) In Emergency order R-12307, issued on March 11, 2005, the Division Director determined that Artesia Aeration had demonstrated an emergency requiring the issuance of an order without a hearing allowing Artesia Aeration to accept salt contaminated oilfield wastes pending a decision on its application for a permit modification.

p) Pursuant to NMSA 1978, § 70-2-23, an emergency order shall expire fifteen days from its effective date.

q) Division Orders R-12306 and R-12307 will expire after March 26, 2005.

CONCLUDES THAT:

(1) Prior to the March 4, 2005 letter, the original permits allowed the Operators to accept salt-contaminated oilfield wastes.

(2) The public notices for the permits issued to the Operators did not include acceptance of salt-contaminated oil field wastes as a requested term or condition of the permits.

(3) The public notices given for the permit applications were inadequate, rendering the permits voidable.

(4) The public did not receive proper notice of pending applications before the Division in order to have an adequate opportunity to comment upon the permit applications.

(5) The Division's March 4, 2005 administrative action, which notified all operators of landfarms who had received the voidable permits, that effective immediately, their permits were administratively modified. This modification prohibited them from accepting oilfield waste contaminated with salts, and was permissible and necessary to protect fresh water, human health and the environment.

(6) The Division's action administratively amending previously approved permits resulted in a majority of the landfarms no longer being able to receive salt contaminated oil field wastes.

(7) The recent adoption of the Pit Rule (19.15.2.50 NMAC) has increased the need for remediation and disposal of drill cuttings within New Mexico.

(8) Removing the capability of a majority of landfarms to accept salt contaminated oil field wastes represented to the Division an unforeseen combination of circumstances calling for immediate action by the Division. This constituted an emergency. See definition of "Emergency," Blacks Law Dictionary, 5th ed.

(9) It was necessary for the Division to take appropriate action to ensure that adequate facilities would continue to be available to receive and treat salt contaminated oil field wastes.

(10) It was reasonable for the Division not to wait until a crisis in the disposal of contaminated soil exists, but to take action quickly to protect fresh water, human health and the environment.

(11) Preliminary evidence indicates that the hydrologic and geologic characteristics associated with the Gandy Marley and Artesia Aeration disposal sites are sufficient to prevent water contamination and to protect human health and the environment.

(12) Division Rule 1202.A allows emergency orders to be issued without a hearing and to have the same validity as if a hearing had been held, provided that the order may remain in effect for a period no longer than 15 days.

(13) The purpose of Division Rule 1202 is to allow an emergency order to be extended beyond the 15 day period, provided a hearing is held thereon, and provided further that notice of such hearing may be given within a lesser period than 20 days, as the Division may order. See also NMSA 1978, § 70-2-23.

(14) Adequate notice in compliance with OCD Rule 1202.B of the Division's application to extend the emergency order was provided.

(15) Any extensions of the two emergency orders at issue will be temporary, until final determination concerning the Operator's applications for permit modifications is made by the Division.

(16) Preliminary evidence indicates that allowing Gandy Marley and Artesia Aeration to accept salt-contaminated oilfield wastes at their landfarm facilities will not pose a danger to fresh water, human health or the environment.

(17) The decisions on the applications of Gandy Marley and Artesia Aeration for permit modification should be acted upon with dispatch and not be allowed to pend before the Division for an extended period of time.

IT IS THEREFORE ORDERED THAT:

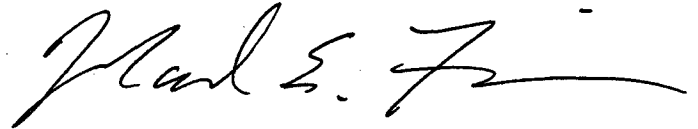
(1) The Division's application to extend Emergency Order R-12306 to allow Gandy Marley, Inc. to continue to operate under permit number NM-01-0020 without being subject to the Division's March 4, 2005 letter, is hereby approved; provided that any salt contaminated oil field waste shall be kept separate from non salt contaminated waste; and provided, further, that such extension shall only remain in effect until a determination is made by the Division on Gandy Marley's application to amend its current landfarm permit.

(2) The Division's application to extend Emergency Order R-12307 to allow Artesia Aeration, LLC to continue to operate under permit number NM-01-0030 without being subject to the Division's March 4, 2005 letter, is hereby approved; provided that any salt contaminated oil field waste shall be kept separate from non salt contaminated waste; and provided, further, that such extension shall only remain in effect until a determination is made by the Division on Artesia Aeration's application to amend its current landfarm permit.

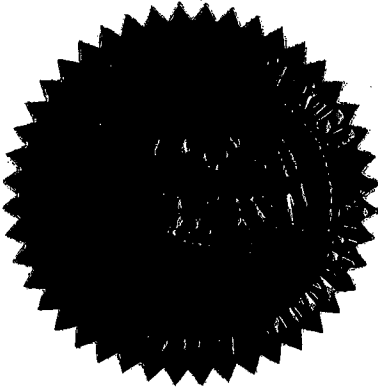
(3) Jurisdiction of these cases is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director



SEAL

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

**IN THE MATTER OF THE PROCEEDING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING:**

**REQUEST OF GANDY MARLEY INC.
FOR AN EMERGENCY ORDER TO OPERATE**

CASE NO. 13454
ORDER NO. R-12306

ORDER

BY THE DIVISION:

This matter came on for decision before the Director of the Oil Conservation Division on March 10, 2005, upon the request of Gandy Marley Inc. for an emergency order pursuant to NMSA 1978, § 70-2-23 allowing its commercial landfarm, located in Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, in Chaves County, New Mexico, to accept salt-contaminated oilfield waste until a determination is made by the Hearing Examiner on Gandy Marley Inc's application to amend its current landfarm permit.

NOW, on this 11 day of March 2005, the Division Director, having considered the request,

FINDS THAT:

- (1) The Oil Conservation Division ("Division") has jurisdiction over this case and its subject matter.
- (2) Gandy Marley Inc. ("Operator") is the operator of record of a commercial landfarm located in Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, in Chaves County, New Mexico (hereinafter "landfarm").
- (3) The landfarm is permitted pursuant to 19.15.9.711 NMAC under permit number NM-01-0019.
- (4) The public notice given prior to issuance of landfarm permits stated that the permits were for landfarming to remediate hydrocarbon-contaminated soils.
- (5) The language of the landfarm permits, however, was broader than the language in the public notice, allowing the facilities to accept oilfield contaminated solids that are either exempt from the Federal RCRA Subtitle C (hazardous waste) regulations or are "nonhazardous" by characteristic testing or listing.

(6) If the language of the landfarm permits is interpreted to allow landfarms to accept oilfield waste contaminated with salts, the salts could compromise the biodegradation capacity of the landfarms. And because salts leach more easily than hydrocarbons, unless the site is appropriate, a landfarm accepting salt-contaminated oilfield wastes could pose a threat to groundwater.

(7) According to the terms of the landfarm permits, the Division may change the permit conditions administratively for good cause shown as necessary to protect fresh water, human health and the environment.

(8) By letter dated March 4, 2005, Division Director Mark Fesmire notified the holders of landfarm permits that the Division had determined that it was necessary to modify the landfarm permits as follows, in order to protect fresh water, human health and the environment:

"Effective immediately, the NMOCD permitted landfarm identified above is prohibited from accepting oilfield waste contaminated with salts."

The letter stated that for a landfarm to accept salts, the operator would need to apply for a modification of the permit pursuant to 19.15.9.711.B(1) NMAC and follow the notice requirements of 19.15.9.711.B(2).

(9) Operator has applied for a modification of its permit to allow it to accept salt-contaminated oilfield wastes.

(10) On March 10, 2005, Operator applied for an emergency order allowing it to accept salt-contaminated oilfield waste pending a decision on its application for a permit modification. In support of its request, Operator asserts the following:

- a. The depth to groundwater at the location of the landfarm is 150 feet.
- b. The TDS level of the groundwater at the location of the landfarm is in excess of 15,000 PPM.
- c. There are no fresh water wells or watercourses (wet or dry) within 1,000 feet of the landfarm.
- d. There is an impermeable redbed clay barrier of approximately 150 feet between the surface and the groundwater.
- e. The groundwater at the site is nonproduceable in both volume and quality.
- f. An emergency order is necessary because there is a critical need in the area of the landfarm for a facility that can accept salt-contaminated soils due to extensive drilling programs and remediation programs in the area.

(11) The records of the Oil Conservation Division confirm Operator's description of conditions at the site of the landfarm.

(12) Conditions at the site of the landfarm are such that the landfarm may accept salt-contaminated oilfield wastes without posing a hazard to groundwater.

(13) Division staff has confirmed that the Operator will keep salt-contaminated oilfield waste separate from hydrocarbon-contaminated oilfield waste.

(14) Operator has demonstrated an emergency requiring the issuance of an order without a hearing allowing Operator to accept salt-contaminated oilfield waste at the landfarm pending a determination by the Hearing Examiner on Operator's application to amend the current permit.

IT IS THEREFORE ORDERED THAT:

(1) Gandy Marley Inc.'s request for an emergency order allowing it to accept salt-contaminated oilfield wastes pending a decision on its application for a permit modification is granted.

(2) This order shall remain effective as provided in NMSA 1978, § 70-2-23.

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

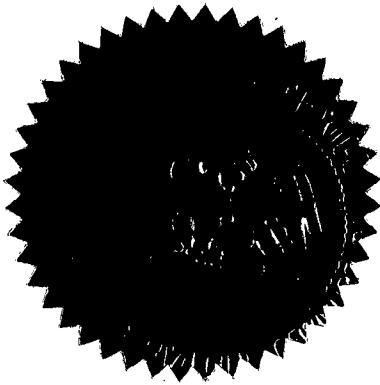
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



for

MARK E. FESMIRE, P.E.
Director



SEAL



GARY E. JOHNSON
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT
Ground Water Protection and Remediation Bureau

Harold Runnels Building
1190 St. Francis Drive, P.O. Box 26110
Santa Fe, New Mexico 87502
(505) 827-2918 phone
(505) 827-2965 fax



MARK E. WEIDLER
SECRETARY

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 14, 1997

RECEIVED

APR 07 1997

Larry Gandy, Owner
Gandy Marley, Inc. Landfarm
1109 East Broadway
P.O. Box 827
Tatum, New Mexico 88267

Environmental Bureau
Oil Conservation Division

**RE: Discharge Plan Modification, DP-1041, Gandy Marley, Inc.
Landfarm**

Dear Mr. Gandy:

Pursuant to Water Quality Control Commission (WQCC) Regulation 3109, the application for discharge plan modification for DP-1041, submitted by Larry Gandy for the discharge of 10,000 cubic yards per month of hydrocarbon contaminated soil and 6,000 gallons per week of hydrocarbon contaminated water to the Gandy Marley, Inc. Landfarm is hereby approved, subject to the conditions listed below. The facility is located approximately 33 miles northwest of Tatum in Sections 8 and 9, T11S, R31E, Chaves County. In approving this discharge plan modification, the New Mexico Environment Department (NMED) has determined that the requirements of WQCC Regulation 3109.C have been met.

The approved Gandy Marley Inc. treatment and disposal system is briefly described as follows:

The approved landfarm facility consists of up to 33 unlined cells, each of which is approximately 5 acres in area. Up to 10,000 cubic yards per month of non-hazardous hydrocarbon contaminated soils are spread in 6 inch lifts within the cells. After placement, soils are disked on a regular basis to enhance biodegradation and aeration processes.

The modification consists of permitting up to 6,000 gallons per week of non-hazardous hydrocarbon contaminated water to be treated and applied at the site. Contaminated water will be stored in a two tank system which will provide treatment through aeration and evaporation. Residual water from the tank system will be passed

Larry Gandy, DP-1041
February 14, 1997
Page 2

through carbon filters and sprinkled on contaminated soils at the landfarm facility. The modification also includes the use of a solidification unit located at an adjacent facility which is permitted by the Oil Conservation Division (OCD). The unit consists of an open cement pit where native soils are mixed with hydrocarbon contaminated sludges and applied to the NMED permitted side of the landfarm. Ground water below the site is at a depth of approximately 150 feet and has a total dissolved solids concentration of approximately 11,900 milligrams per liter.

The approved discharge plan modification consists of the materials submitted by Larry Gandy dated October 14, 1996 and the letter submitted by Mike Marley dated November 6, 1996. In addition, the discharge plan includes information and materials submitted as part of the original discharge plan approved on March 24, 1995. The discharge shall be managed in accordance with the approved plan and is subject to the conditions listed below.

However, modification of this discharge plan does not relieve you of your responsibility to comply with any conditions or requirements of the previously approved discharge plan, DP-1041 (approval letter attached), and any other applicable federal, state and/or local laws and regulations, such as zoning requirements and nuisance ordinances.

CONDITIONS FOR APPROVAL

This discharge plan modification is subject to the conditions of the March 25, 1995 discharge plan approval (enclosed) and the following conditions for the following reasons:

1. Larry Gandy, Inc. shall apply wastewater with a concentration not greater than 100 ppm total petroleum hydrocarbons (TPH). Use of wastewater will be manifested in the same manner as soils accepted at the facility as outlined in Specific Requirement #3 of the discharge plan approval letter dated March 24, 1995. Wastewater shall not be applied to saturated soils and shall be applied in such a way as to prevent ponding and runoff.
2. All hydrocarbon contaminated sludges accepted and solidified at the site shall be manifested in the same manner as outlined in Specific Requirement #3 of the discharge plan approval letter dated March 24, 1995. All solidified sludges applied at the site shall be included as part of the permitted discharge volume limitation of 10,000 cubic yards per month.

The reason for these conditions is to comply with WQCC Reg. 3107 by monitoring wastes applied to the land.

SPECIFIC REQUIREMENTS

The terms and conditions of this modification contain the following specific requirements in addition to the specific requirements of the March 25, 1995 approval letter (enclosed) which are summarized below.

1. Gandy Marley, Inc. is authorized to accept up to 6000 gallons per week of non-hazardous hydrocarbon contaminated water for treatment and disposal at the landfarm facility.
2. Gandy Marley, Inc. is authorized to process hydrocarbon contaminated sludges regulated by the NMED at the solidification unit on the OCD permitted side of the landfarm, and apply the sludges on the NMED permitted side of the landfarm facility. Wastes regulated by the Oil Conservation Commission pursuant to WQCC Regulation 3105.M shall not be applied to the NMED permitted side of the facility. Solidified sludges and contaminated soils combined will not exceed 10,000 cubic yards per month.

A revised copy of the discharge plan summary is attached to this letter.

GENERAL DISCHARGE PLAN REQUIREMENTS

In addition to any other requirements provided by law, approval of discharge plan, DP-1041, is subject to the following general requirements:

Monitoring and Reporting

Monitoring and reporting shall be as specified in the discharge plan and supplements thereto. These requirements are summarized on the attached sheet(s). Any inadvertent omissions from this summary of a discharge plan monitoring or reporting requirement shall not relieve you of responsibility for compliance with that requirement.

Record Keeping

1. The discharger shall maintain at the facility, a written record of ground water and wastewater quality analyses.

The following information shall be recorded and shall be made available to the NMED upon request.

Larry Gandy, DP-1041
February 14, 1997
Page 4

- a. The dates, exact place and times of sampling or field measurements.
 - b. The name and job title of the individuals who performed the sampling or measurements.
 - c. The dates the analyses were performed.
 - d. The name and job title of the individuals who performed the analyses.
 - e. The analytical techniques or methods used.
 - f. The results of such analyses, and
 - g. The results of any split sampling, spikes or repeat sampling.
2. The discharger shall maintain a written record of any spills, seeps, and/or leaks of effluent, leachate and/or process fluids not authorized by this discharge plan.
3. The discharger shall maintain a written record of the operation, maintenance and repair of facilities/equipment used to treat, store and/or dispose of contaminated soil and water; to measure soil and water volumes; and/or to monitor soil and water quality. This will include repairs, replacement or calibration of any monitoring equipment and repairs or replacement of any equipment used in Gandy Marley's waste treatment and disposal system.
4. The discharger shall maintain a written record of the amount of soil and wastewater discharged.

Inspection and Entry

In accordance with § 74-6-9.B & E NMSA 1978 and WQCC Regulation 3107.D., the discharger shall allow the Secretary or his authorized representative, upon the presentation of credentials, to:

1. Enter at regular business hours or at other reasonable times upon the discharger's premises or where records must be kept under the conditions of this discharge plan.
2. Inspect and copy, during regular business hours or at other reasonable times, any records required to be kept under the conditions of the discharge plan.

3. Inspect, at regular business hours or at other reasonable times, any facility, equipment (including monitoring and control equipment), practices or operations regulated or required under this discharge plan.

4. Sample or monitor, at reasonable times for the purpose of assuring discharge plan compliance or as otherwise authorized by the New Mexico Water Quality Act, any effluent at any location before or after discharge.

Duty to Provide Information

In accordance with § 74-6-9.B NMSA 1978 and WQCC Regulation 3107.D., the discharger shall furnish to the NMED, within a reasonable time, any relevant information which it may request to determine whether cause exists for modifying, terminating and/or renewing this discharge plan or to determine compliance with this plan. The discharger shall furnish to the NMED, upon request, copies of records required to be kept by this discharge plan.

Spills, Leaks and Other Unauthorized Discharges

This approval authorizes only those discharges specified in the discharge plan. Any unauthorized discharges violate WQCC Regulation 3104, and must be reported to the NMED and remediated as required by WQCC Regulation 1203. This requirement applies to all seeps, spills, and/or leaks discovered from the landfarm facility.

Retention of Records

The discharger shall retain records of all monitoring information, including all calibration and maintenance records, copies of all reports required by this discharge plan, and records of all data used to complete the application for this discharge plan, for a period of at least five years from the date of the sample collection, measurement, report or application. This period may be extended by request of the Secretary at any time.

Enforcement

Failure to grant the Secretary or his authorized representative access to the records required to be kept by this discharge plan or to allow an inspection of the discharge facilities or to the collection of samples is a violation of this discharge plan and the WQCC Regulations. Such violations as well as other violations of the discharge plan, may subject the discharger to a compliance order, a compliance order assessing a civil penalty or an action in district court pursuant to § 74-6-10 NMSA 1978, and/or modification or termination of this discharge plan pursuant to §

Larry Gandy, DP-1041
February 14, 1997
Page 6

74-6-5.L NMSA 1978. Penalties assessed as part of a compliance order shall not exceed \$15,000 per day for violations of the terms of this permit or the requirements of § 74-6-5 NMSA 1978, and shall not exceed \$10,000 per day for violations of other sections of the Water Quality Act.

Modifications and/or Amendments

The discharger shall notify NMED, pursuant to WQCC Regs. 3107.C, of any modifications or additions to the Gandy Marley's soil and wastewater disposal system, including any increase in wastewater flow rate or soil and wastewater storage and disposal management changes to the system as approved under this discharge plan. The discharger shall obtain NMED's approval, as a discharge plan modification, prior to any increase in the quantity or concentration of constituents in the leachate above those approved in this plan. Please note that WQCC Regs. 3109.E and F provide for possible future amendment of the plan.

Other Requirements

Please be advised that the approval of this plan does not relieve Larry Gandy of liability should your operation result in actual pollution of surface or ground water which may be actionable under other laws and/or regulations.

RIGHT TO APPEAL

If Larry Gandy is dissatisfied with this action taken by NMED, Larry Gandy may file a petition for hearing before the WQCC. This petition shall be in writing to the Water Quality Control Commission within thirty (30) days of the receipt of this letter. Unless a timely request for hearing is made, the decision of the NMED shall be final.

TRANSFER OF DISCHARGE PLAN

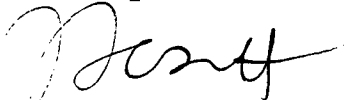
Pursuant to WQCC Regulation 3111, prior to any transfer of ownership, the discharger shall provide the transferee a copy of the discharge plan, including a copy of this approval letter and shall document such to the NMED.

Larry Gandy, DP-1041
February 14, 1997
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PERIOD OF APPROVAL

This modification approval expires on March 24, 2000, the same date as the original plan, and you must submit an application for renewal at least 120 days before that date.

Sincerely,



Marcy Leavitt, Chief
Ground Water Quality Bureau

ML:CLM/clm

Enclosures: Discharge Plan Summary
Discharge Plan Approval Letter from NMED, dated
March 25, 1995

xc: Garrison McCaslin, Dist. Manager, NMED Dist. 4
John Hoover, HPM, NMED District 4, Roswell
NMED Hobbs Field Office
Roger Anderson, OCD, Santa Fe

LED, GROUND WATER SECTION, DISCHARGE PLAN SUMMARY

Discharge Plan Number..... 1041
Date Report Generated..... 09-DEC-96
Staff Reviewer..... CLINT MARSHALL

Legally Responsible Party. LARRY GANDY OWNER 398-4960
Owner..... LARRY GANDY
1109 EAST BROADWAY PO BOX 827
TATUM NM 88267

Facility..... GANDY MARLEY INC LANDFARM

Primary Waste Type..... INDUSTRIAL OTHER
Treatment..... HYDROCARBON REMEDIATION LAND FARMING
Discharge..... LAND APPLICATION DISPOSAL
Discharge Location..... 33 MILES NORTHWEST OF TATUM

Application Received..... 15-OCT-96 Discharge Volume.. 68190 gpd
Public Notice Published... 20-NOV-96 Depth to GW..... 150 feet
Discharge Plan Approved... 24-MAR-95 TDS..... 11900 mg/l
Discharge Plan Expires.... 24-MAR-00

Monitoring Reports due.... 01-MAR 01-OCT

<u>Sampling Annual</u>	<u>No. of</u>	<u>Sampling</u>	<u>Description</u>
<u>Category</u>	<u>Frequency</u>	<u>Sites</u>	
6	2	15	TPH and BTEX; 3 samples/cell at 3 feet beneath surface. Baseline, 6 months after soil emplacement, and quarterly thereafter. Report results semi-annually.
4	1	3	Metals; 3 samples over facility. Baseline only.
8			Manifests on all soils accepted at the site.

____ If this space is checked, monitoring requirements are summarized or explained in more detail on the attached sheet. Any inadvertent omission from this summary does not relieve the discharger of responsibility for compliance with that requirement.

Send All monitoring reports or correspondence to: CLINT MARSHALL
Ground Water Pollution
Prevention Section
Environment Department
P.O. Box 26110
Santa Fe NM 87502
(505) 827-2900



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

October 22, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-649

Mr. Larry Gandy
Gandy Marley, Inc.
P.O. Box 1658
Roswell, NM 88202

RE: OCD Rule 711 Permit Approval NM-01-0020
Gandy Marley, Inc.
Commercial Landfarm
Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM,
Chaves County, New Mexico

Dear Mr. Gandy:

The permit application for the Gandy Marley, Inc. (Gandy Marley) commercial surface waste management facility located in Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM, Chaves County, New Mexico, **is hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$82,917.** According to the schedule outlined in the financial assurance section of the enclosed attachment, a portion of the \$82,917 financial assurance (\$25,000) is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated December 9, 1997, supplemental information dated September 10, 1999, the inspection report response letter dated September 10, 1997, the original permit application dated October 6, 1994, the original permit approval dated January 27, 1995, the application for permit modification dated April 4, 1996 and the permit modification dated June 14, 1996.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved landfarming methods must receive prior OCD approval. Gandy Marley is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Gandy Marley of liability should your operation result in pollution of surface water, ground water, or the environment. In

Mr. Larry Gandy
October 22, 1999
Page 2

addition, OCD approval does not relieve Gandy Marley of responsibility for compliance with other federal, state or local laws and/or regulations.

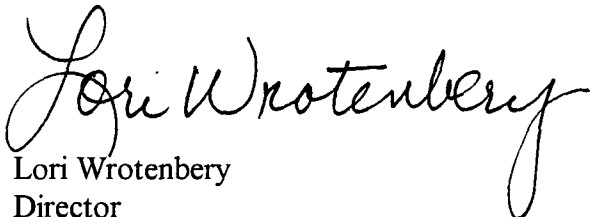
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 827-7153.

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery". The signature is fluid and elegant, with the first letters of the first and last names being capitalized and prominent.

Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-01-0020
GANDY MARLEY, INC.
Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM,
Chaves County, New Mexico
(October 22, 1999)

LANDFARM OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.
4. Soils must be spread on the surface in lifts of six inches or less.
5. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
6. Moisture may be added as necessary to enhance bioremediation and to control blowing dust.
7. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation will be removed within twenty-four (24) hours of discovery.
8. The portion of the facility containing contaminated soils must be bermed to prevent run-off and run-on. A perimeter berm must be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for the specific region.
9. Contaminated soils may not be placed within one hundred (100) feet of the boundary of the facility.
10. Contaminated soils may not be placed within twenty (20) feet of any pipelines crossing the landfarm. In addition, no equipment may be operated within ten (10) feet of a pipeline. All pipelines crossing the facility must have surface markers identifying the location of the pipelines.

11. All above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad. The tanks must be labeled as to contents and hazards and must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks
12. The OCD Santa Fe and Hobbs District offices must be notified within 24 hours of discovery of a spill or leak.
13. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 2500 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations must be maintained at the facility. Authorization from the OCD must be obtained prior to application of successive lifts and/or removal of the remediated soils.
14. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers is permitted only with prior approval from the OCD Santa Fe office. Requests for approval of the application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
15. Any design changes to the landfarm and tank bottom holding and treatment area must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
16. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs District offices must be notified within 48 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the landfarm additional wastes may not be placed into the landfarm until repairs have been completed.
17. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.

TANK BOTTOM ACCEPTANCE

1. For worker protection all loads of tank bottoms must be pre-screened for H_2S before they are un-loaded from the truck. Records of H_2S screening must be maintained for OCD review.

2. All tank bottoms must be accepted into the receiving tank for settling prior to solidification and landfarm application.
3. The concrete mixing impoundment may be used for the solidification of tank bottoms received by the landfarm facility. Adequate freeboard must be maintained to prevent any overtopping or slop over of material. OCD-approved remediated soil may be mixed with the tank bottoms to stabilize the material. Material received at the impoundment must be mixed and stabilized immediately.
4. The concrete mixing impoundment must be inspected inside and outside every two weeks (biweekly) for overall integrity. Records of such inspections must be made available to the OCD upon request.
5. Loads of tank bottoms that contain miscellaneous hydrocarbons exceeding 2/10 of 1% of the total volume of the tank bottoms must be accompanied by an OCD-approved Form C-117A from the well operator. Accumulations of miscellaneous hydrocarbons must be reported monthly on Form C-118.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility shall be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.

- iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
- 2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
 - 3. No free liquids or soils with free liquids may be accepted into the landfarm facility.
 - 4. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

TREATMENT ZONE MONITORING

- 1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken at two (2) to three (3) feet below the native ground surface.
- 2. The soil samples will be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
- 3. After the soil samples are obtained, the boreholes will be filled with an impermeable material such as cement or bentonite.

REPORTING

- 1. Results of the biweekly facility inspection and maintenance, including inspection of the concrete mixing impoundment, must be recorded and maintained for OCD review. The OCD Santa Fe and Hobbs District office must be notified **within 48 hours** if any defect is noted.

2. Results of the worker safety H₂S screening must be recorded and maintained for OCD review.
3. Analytical results from the treatment zone monitoring will be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.
4. Analytical results regarding remediated soil must be submitted to the OCD Santa Fe office with a copy to the Hobbs District office, along with any request to close the cell, apply successive lifts or remove the remediated material.
5. Gandy Marley Inc. must notify the **OCD Santa Fe and Hobbs District office within 24 hours** of any fire, break, leak, spill, or blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
6. Comprehensive records of all material disposed of at the facility must be maintained at the facility. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt or non-exempt with any necessary supporting documentation to certify non-hazardous status for non-exempt waste; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of microbes, moisture, fertilizers, *etc.*
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.
8. All records of testing and monitoring must be retained for a period of five (5) years.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$82,917** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Gandy Marley, Inc. for the commercial surface waste management facility.

By November 22, 1999 Gandy Marley, Inc must submit financial assurance in the amount of **\$25,000**.

By November 22, 2000 or when the facility is filled to 50% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$41,458**.

By November 22, 2001 or when the facility is filled to 75% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$62,187**.

By November 22, 2002 or when the facility is filled to 100% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$82,917**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs District offices must be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Upon cessation of landfarming operations for six (6) consecutive months, the operator shall complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.
2. A closure plan to include the following procedures must be submitted to the OCD Santa Fe office for approval:
 - a. When the facility is to be closed no new material will be accepted.
 - b. Existing landfarm soils will be remediated until they meet the OCD standards in effect at the time of closure.
 - c. The soils beneath the landfarm cells will be characterized as to the total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content in order to determine potential migration of contamination beneath the facility.
 - d. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.
 - e. The area will be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses the structures, berms, or fences may be left in place.
 - f. Closure will be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

Gandy Marley Inc.
711 Permit NM-01-0020
October 22, 1999
Page 7

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc., further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

GANDY MARLEY, INC.

Signature  Title  Date 10/1/99



GARY E. JOHNSON
GOVERNOR

State of New Mexico

RECEIVED IN ENVIRONMENT DEPARTMENT
REG: GED Ground Water Protection and Remediation Bureau

Harold Runnels Building
1490 St. Francis Drive, P.O. Box 26110
Santa Fe, New Mexico 87502
(505) 827-2918 phone
(505) 827-2965 fax



MARK E. WEIDLER
SECRETARY

EDGAR T. THORNTON, III
DEPUTY SECRETARY

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 29, 1996

Larry Gandy, Owner
Gandy Marley, Inc.
1109 East Broadway
P.O. Box 827
Tatum, New Mexico 88267

RE: Temporary permission for Gandy Marley, Inc., DP-1041

Dear Mr. Gandy:

Your letter dated October 11, 1996 requested permission to discharge for a period not to exceed 120 days at Gandy Marley, Inc. The facility is located 39 miles east of Roswell in Sections 8 & 9, T11S, R31E, Chaves County.

Up to 20,000 gallons of wastewater and sludge collected from an oil/water separator from Cannon Air Force Base will be treated and land applied at the Gandy-Marley Landfarm Facility. Contaminated water will be stored in a two tank system which will provide treatment through aeration and evaporation. Residual water from the tank system will be passed through carbon filters and sprinkled on contaminated soils at the landfarm to enhance remediation. Sludges will be solidified in the solidification unit located on the OCD permitted side of the landfarm facility. The solidification unit is an open cement pit where native soils are mixed with sludges. The waste will be removed from the solidification unit and applied on the NMED permitted side of the landfarm facility.

Temporary permission to discharge is hereby granted pursuant to Section 3-106.B of the NM Water Quality Control Commission (WQCC) Regulations for the above referenced discharge until March 3, 1997.

This approval is contingent on your discharging as described in your letter of October 11, 1996 and the following conditions for the following reason:

Larry Gandy, DP-1041
October 29, 1996
Page 2

1. Larry Gandy, Inc. shall conduct a one-time analysis of the wastewater after it has been treated by carbon filtration. The sample shall be analyzed for benzene, toluene, ethylbenzene and xylene using EPA methods 601/602. The analyses shall be submitted to NMED prior to application to contaminated soils.
2. Larry Gandy, Inc. shall apply wastewater with a concentration not greater than 100 ppm total petroleum hydrocarbons (TPH). Use of wastewater will be manifested in the same manner as soils accepted at the facility as described in Specific Requirement #3 of the discharge plan approval letter, dated March 24, 1995. Wastewater shall not be applied to saturated soils and shall be applied in such a way as to prevent ponding and/or runoff.

The reason for these conditions is to comply with WQCC Reg. 3107.

This approval does not relieve you of your responsibility to comply with any conditions or requirements of the approved discharge plan, DP-1041, dated December 15, 1994, or any other applicable federal, state, and/or local laws and regulations, such as zoning requirements and nuisance ordinances. Also this approval does not relieve you of liability should your operation result in actual pollution of surface or ground waters.

If you have any questions, please contact Clint Marshall of the Ground Water Section at the above address or phone 827-0027.

Sincerely,



Marcy Leavitt, Chief
Ground Water Quality Bureau

ML:CLM/clm

cc: Garrison McCaslin, District Manager, NMED Dist. 4
John Hoover, HPM, NMED District 4, Roswell
~~Roger Anderson, OCD, Santa Fe~~

ogrid/195280



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

October 22, 1999

CERTIFIED MAIL

RETURN RECEIPT NO. P-326-936-649

Mr. Larry Gandy
Gandy Marley, Inc.
P.O. Box 1658
Roswell, NM 88202

RE: **OCD Rule 711 Permit Approval NM-01-0020** 19
Gandy Marley, Inc.
Commercial Landfarm
Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM,
Chaves County, New Mexico

Dear Mr. Gandy:

The permit application for the Gandy Marley, Inc. (Gandy Marley) commercial surface waste management facility located in Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM, Chaves County, New Mexico, **is hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$82,917.** According to the schedule outlined in the financial assurance section of the enclosed attachment, a portion of the \$82,917 financial assurance (\$25,000) is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated December 9, 1997, supplemental information dated September 10, 1999, the inspection report response letter dated September 10, 1997, the original permit application dated October 6, 1994, the original permit approval dated January 27, 1995, the application for permit modification dated April 4, 1996 and the permit modification dated June 14, 1996.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved landfarming methods must receive prior OCD approval. Gandy Marley is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Gandy Marley of liability should your operation result in pollution of surface water, ground water, or the environment. In

Mr. Larry Gandy
October 22, 1999
Page 2

addition, OCD approval does not relieve Gandy Marley of responsibility for compliance with other federal, state or local laws and/or regulations.

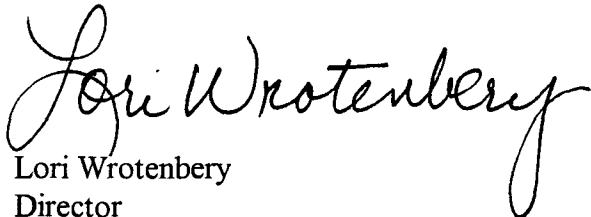
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 827-7153.

Sincerely,



Lori Wrotenberg
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-01-0020
GANDY MARLEY, INC.
Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM,
Chaves County, New Mexico
(October 22, 1999)

LANDFARM OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility, b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.
4. Soils must be spread on the surface in lifts of six inches or less.
5. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
6. Moisture may be added as necessary to enhance bioremediation and to control blowing dust.
7. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation will be removed within twenty-four (24) hours of discovery.
8. The portion of the facility containing contaminated soils must be bermed to prevent run-off and run-on. A perimeter berm must be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for the specific region.
9. Contaminated soils may not be placed within one hundred (100) feet of the boundary of the facility.
10. Contaminated soils may not be placed within twenty (20) feet of any pipelines crossing the landfarm. In addition, no equipment may be operated within ten (10) feet of a pipeline. All pipelines crossing the facility must have surface markers identifying the location of the pipelines.

11. All above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad. The tanks must be labeled as to contents and hazards and must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks
12. The OCD Santa Fe and Hobbs District offices must be notified within 24 hours of discovery of a spill or leak.
13. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 2500 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations must be maintained at the facility. Authorization from the OCD must be obtained prior to application of successive lifts and/or removal of the remediated soils.
14. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers is permitted only with prior approval from the OCD Santa Fe office. Requests for approval of the application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
15. Any design changes to the landfarm and tank bottom holding and treatment area must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
16. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs District offices must be notified within 48 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the landfarm additional wastes may not be placed into the landfarm until repairs have been completed.
17. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.

TANK BOTTOM ACCEPTANCE

1. For worker protection all loads of tank bottoms must be pre-screened for H₂S before they are un-loaded from the truck. Records of H₂S screening must be maintained for OCD review.

2. All tank bottoms must be accepted into the receiving tank for settling prior to solidification and landfarm application.
3. The concrete mixing impoundment may be used for the solidification of tank bottoms received by the landfarm facility. Adequate freeboard must be maintained to prevent any overtopping or slop over of material. OCD-approved remediated soil may be mixed with the tank bottoms to stabilize the material. Material received at the impoundment must be mixed and stabilized immediately.
4. The concrete mixing impoundment must be inspected inside and outside every two weeks (biweekly) for overall integrity. Records of such inspections must be made available to the OCD upon request.
5. Loads of tank bottoms that contain miscellaneous hydrocarbons exceeding 2/10 of 1% of the total volume of the tank bottoms must be accompanied by an OCD-approved Form C-117A from the well operator. Accumulations of miscellaneous hydrocarbons must be reported monthly on Form C-118.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility shall be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.

- iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
- 2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
 - 3. No free liquids or soils with free liquids may be accepted into the landfarm facility.
 - 4. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

TREATMENT ZONE MONITORING

- 1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken at two (2) to three (3) feet below the native ground surface.
- 2. The soil samples will be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
- 3. After the soil samples are obtained, the boreholes will be filled with an impermeable material such as cement or bentonite.

REPORTING

- 1. Results of the biweekly facility inspection and maintenance, including inspection of the concrete mixing impoundment, must be recorded and maintained for OCD review. The OCD Santa Fe and Hobbs District office must be notified **within 48 hours** if any defect is noted.

2. Results of the worker safety H₂S screening must be recorded and maintained for OCD review.
3. Analytical results from the treatment zone monitoring will be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.
4. Analytical results regarding remediated soil must be submitted to the OCD Santa Fe office with a copy to the Hobbs District office, along with any request to close the cell, apply successive lifts or remove the remediated material.
5. Gandy Marley Inc. must notify the **OCD Santa Fe and Hobbs District office within 24 hours** of any fire, break, leak, spill, or blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
6. Comprehensive records of all material disposed of at the facility must be maintained at the facility. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt or non-exempt with any necessary supporting documentation to certify non-hazardous status for non-exempt waste; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of microbes, moisture, fertilizers, *etc.*
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.
8. All records of testing and monitoring must be retained for a period of five (5) years.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$82,917** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Gandy Marley, Inc. for the commercial surface waste management facility.

By November 22, 1999 Gandy Marley, Inc must submit financial assurance in the amount of **\$25,000**.

By November 22, 2000 or when the facility is filled to 50% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$41,458**.

By November 22, 2001 or when the facility is filled to 75% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$62,187**

By November 22, 2002 or when the facility is filled to 100% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$82,917**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs District offices must be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Upon cessation of landfarming operations for six (6) consecutive months, the operator shall complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.
2. A closure plan to include the following procedures must be submitted to the OCD Santa Fe office for approval:
 - a. When the facility is to be closed no new material will be accepted.
 - b. Existing landfarm soils will be remediated until they meet the OCD standards in effect at the time of closure.
 - c. The soils beneath the landfarm cells will be characterized as to the total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content in order to determine potential migration of contamination beneath the facility.
 - d. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.
 - e. The area will be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses the structures, berms, or fences may be left in place.
 - f. Closure will be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

Gandy Marley Inc.
711 Permit NM-01-0020
October 22, 1999
Page 7

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc., further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

GANDY MARLEY, INC.

Signature _____ Title _____ Date _____



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

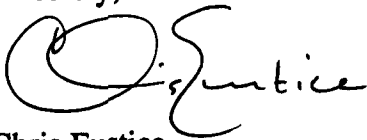
Mr. Larry Gandy
June 14, 1996
page 2

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 black ink, appearing to read "Chris Eustice". The signature is stylized with a large, looped initial "C" and a long, sweeping underline.

Chris Eustice
Geologist

xc: OCD - Hobbs Office

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505



January 27, 1995

CERTIFIED MAIL
RETURN RECEIPT NO. P-176-012-098

Mr. Larry Gandy
Gandy Marley, Inc.
P.O. Box 827
Tatum, New Mexico 88267

RE: Commercial Landfarm Permit (NM-711-1-0020)
Gandy Marley, Inc.
Chavez County, New Mexico

Dear Mr. Gandy:

The permit application for the Gandy Marley, Inc. (Gandy Marley) Landfarm located in the SW/4 of Section 4, SE/4 of Section 5, NE/4 of Section 8 and the NW/4 of Section 9, Township 11 South, Range 31 East, NMPM, Chaves County, New Mexico, is hereby approved in accordance with the Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. The application consists of the original application dated October 11, 1994.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved landfarming methods must receive prior OCD approval. You are required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility does not relieve you of liability should your operation result in actual pollution of surface waters, ground water or the environment actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with other laws and /or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoir, or in open receptacles.

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

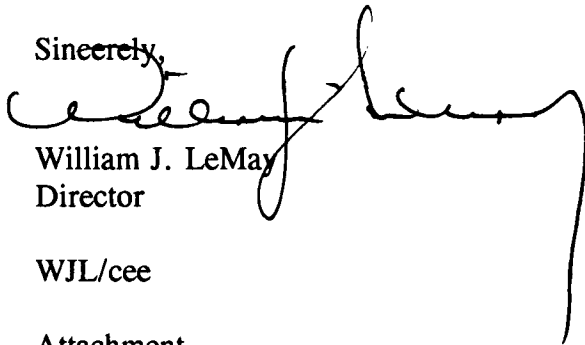
2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970
Oil Conservation
827-7131

Mr. Larry Gandy
January 27, 1995
Page 2

The Division shall have authority to administratively change this permit to protect public health and the environment.

If you have any questions, please do not hesitate to contact Chris Eustice at (505) 827-7153.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long, sweeping horizontal line extending to the right.

William J. LeMay
Director

WJL/cee

Attachment

xc: OCD Artesia Office

ATTACHMENT TO OCD PERMIT APPROVAL
GANDY MARLEY, INC.
COMMERCIAL LANDFARM (NM-711-1-0020)
(January 27, 1995)

LANDFARM OPERATION

1. Disposal will occur only when an attendant is present.
2. The facility will be entirely fenced and separated from any future facility and have a sign at the entrance. The sign will be legible from at least 50 feet and will contain the following information: a) name of the facility, b) permit number, c) location by section, township and range, and d) emergency phone number.
3. An adequate berm will be constructed and maintained to prevent runoff and runoff for that portion of the facility containing contaminated soils.
4. All contaminated soils received at the facility will be spread and disked within 72 hours of receipt.
5. Soils will be spread in six inch lifts or less.
6. Soils will be disked a minimum of once every two weeks to enhance biodegradation of the contaminants.
7. Successive lifts of contaminated soils will not be spread until a laboratory measurement of Total Petroleum Hydrocarbons (TPH) in the previous lift is less than 100 parts per million (ppm), and the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and the benzene concentration is less than 10 ppm. Comprehensive records of laboratory analysis and the sampling locations will be maintained at the facility. Authorization from the OCD will be obtained prior to the spreading of successive lifts and/or removal of the remediated soils.
8. Only oilfield wastes regulated by the OCD which are exempt from RCRA Subtitle C regulations or non-hazardous by characteristic testing will be accepted at the facility. Solids from operations not currently exempt under RCRA Subtitle C or mixed exempt/non-exempt solids will be tested for the appropriate hazardous constituents. Test results must be submitted to the OCD along with a request to receive the non-exempt solids, and written OCD approval (case specific) must be obtained prior to disposal. Comprehensive records of all laboratory analyses and sample locations will be maintained by the operator.
9. Moisture will be added as necessary to enhance biodegradation and to control blowing dust. There will be no ponding, pooling or runoff allowed. Any ponding of precipitation will be removed within seventy-two (72) hours of discovery.

10. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers will only be permitted after prior approval from the OCD. Request for the application of microbes must include the location of the area designated for the bioremediation program, composition of additives, and the method, amount and frequency of application.
11. No free liquids or soils with free liquids will be accepted at the facility.
12. Comprehensive records of all materials received at the facility will be maintained at the facility. The records for each load will include: a) the origin, b) date received, c) quantity, d) exempt or non-exempt status and analyses for hazardous constituents if required, e) transporter, and f) exact cell location and any addition of microbes, moisture, fertilizers, etc.

TREATMENT ZONE MONITORING

1. One (1) background sample will be taken from the center portion of the landfarm two (2) feet below the native ground surface. The sample will be analyzed for total petroleum hydrocarbons (TPH), general chemistry, and heavy metals using EPA approved methods.
2. A treatment zone not to exceed three (3) feet beneath the landfarm will be monitored. A minimum of one random soil sample will be taken from each cell, with no cell being larger than five acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken at two (2) to three (3) feet below the native ground surface.
3. The soil samples will be analyzed using approved EPA methods for TPH and BTEX quarterly, and general chemistry and heavy metals annually.
4. After obtaining the soil samples the bore holes will be filled with an impermeable material such as bentonite cement.

REPORTING

1. Analytical results from the treatment zone monitoring will be submitted to the OCD Santa Fe Office within thirty (30) days of receipt from the laboratory.
2. The OCD will notified of any break, spill, fire or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.

BOND

Pursuant to OCD Rule 711.10.(A) closure bonding requirements will be based upon Gandy Marley Inc. submitting an estimate for the closure of the facility to include the following:

- a. Remediation of the contaminated soils to the OCD standards in affect at the time of closure.
- b. Removal of all piping, liners, surface equipment and all other equipment.
- c. Recontouring and revegetation of the property to its original condition.

CLOSURE

The operator will notify the OCD of cessation of operations. Upon cessation of landfarming operations for six (6) consecutive months, the operator will complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension is granted by the Director of the OCD. When the facility is to be closed no new material will be accepted. Existing soils will be remediated until they meet the OCD standards in effect at the time of closure. The area will then be reseeded with indigenous grasses and allowed to return to its natural state. Closure will be pursuant to all OCD requirements in affect at the time of closure, and any other applicable state or federal regulations.