

NM1 - 27

INSPECTIONS & DATA



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 8, 2004

Lori Wrotenbery

Director

Oil Conservation Division

Mr. Kelly Maclaskey
Kelly Maclaskey Oilfield Services, Inc.
P.O. Box 580
Hobbs, NM 88241

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0027
Kelly Maclaskey Oilfield Services, Inc.
NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico**

Dear Mr. Maclaskey:

The New Mexico Oil Conservation Division (OCD) inspected the Kelly Maclaskey Oilfield Services, Inc (Maclaskey) commercial surface waste management facility at the above location on September 24, 2003.

Overall the OCD found Maclaskey to have a well maintained treating plant with good security. The OCD inspection and file review of Maclaskey indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Maclaskey during the inspection and file review. Attachment 2 contains photographs taken during the inspection. Maclaskey shall provide OCD with a detailed description of how the corrections will be made and a timetable of when each of the corrections will be completed. Maclaskey must respond to the permit deficiencies by April 8, 2004.

A review of Maclaskey's financial assurance finds that the \$25,000 cash bond CD #6965 is current and active.

During the treating plant inspection you expressed a request to move the treating plant to the Maclaskey service company yard. As of February 24, 2004 I conducted a drive-by inspection and found that the tanks had been removed. If Maclaskey still wishes to close the existing facility please notify the OCD in writing your closure plan. Upon removal of the tanks and equipment and soil cleanup please provide a final report. The final report must include photos of the closure procedure, depth of soil samples, and analytical results of subsurface soil samples for total petroleum hydrocarbons (TPH), benzene, toluene, ethylbenzene and xylene (BTEX) and chloride. The OCD recommends that Maclaskey take 3 to 5 samples beneath the tank foot print area, to check subsurface at the below grade valve catchments areas, and any other areas that show heavy oil stains.

Kelly MacLaskey,
Permit NM-01-0027
March 8, 2003
Page 2

Jack Ford with the OCD Santa Fe office will be handling the modification to your discharge plan GW-234 for the addition of a treating plant within the service facility. If you have any questions regarding the closure of the old treating plant facility please do not hesitate to contact me at (505) 476-3488.

Sincerely,



Martyne J. Kielling
Environmental Geologist

Attachments

xc: Hobbs OCD Office

ATTACHMENT 1
INSPECTION REPORT
PERMIT NM-01-0027
KELLY MCLASKEY OILFIELD SERVICES, INC.
NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico
(March 8, 2004)

1. Fencing and Signs: The facility will be fenced and have a sign at the entrance. The sign shall be maintained in good condition and shall be legible from at least fifty (50) feet and contain the following information: a) name of facility, b) location by section, township and range, and c) emergency phone number.

Facility is secured with fence and locking gate and has a sign at the entrance (see photo 2).

2. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

The facility was tidy and there was no trash or debris present.

3. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable pad within the berm so that leaks can be identified.

The berms are very eroded and in places are down completely and would not contain the necessary volume if a major leak occurred. (see photos 3, 4, 6, 7, and 11)

4. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and to prevent overflow onto the ground. All pre-existing below grade sumps or catchments must demonstrate integrity on an annual basis. Integrity tests must include visual inspections of cleaned out sumps or catchments.

All but one valve catchment was fairly full (see photos 5, 6, 8 and 9). Sumps must be kept empty prevent overflow onto the ground. There appeared to be some previous overflow or spillage around sumps in photos 5 and 6.

5. Equipment Maintenance: Equipment, tanks, pipe valves and connections must be inspected on a regular basis and repairs made as needed.

Pipes, valves, pump and tanks were in good condition. There was no evidence of overtopping of tanks, leaking pipes or pump (see photos 3, 7, 10 and 12).

6. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

N/A There are no drums or other chemicals stored on site.

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

N/A There are no saddle tanks at the facility.

8. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

Tanks are clearly numbered, labeled, and have hazard Placards (see photo 3, 4, and 7).

9. Migratory Bird Protection: All tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered not hazardous to migratory birds.

NA There are no open top tanks, pits or ponds at the facility.

10. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 to the appropriate OCD District Office.

At the time of inspection, there were no spills evident at this facility.

11. Waste Acceptance and Disposal Documentation: Documentation required by forms C-117 and C-118 must be filed with the OCD and retained at the facility office.

Records including C-117 and C-118 were reviewed. Records of waste received indicate waste acceptance and disposal records are being kept and maintained as required.



Photo 1. Facility sign at entrance.



Photo 2. Fence surrounding the facility and locking gate at entrance.



Photo 3. Berm is very low along the northwest edge.



Photo 4. Oil stained soil in foreground. Berm around tanks is very low, less than 1 foot high.



Photo 5. Valve sumps need to be emptied to prevent potential overflows.



Photo 6. Valve sumps and stained soil.



Photo 7. Berm around tanks is low.



Photo 10. Pump.



Photo 8 Barrel is over $\frac{2}{3}$ rd full and needs to be emptied to prevent a potential overflow.



Photo 11. Berm is missing along the northwest edge.



Photo 9. Barrel contents have been emptied and barrel is in good shape.



Photo 12. Facility



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

April 27, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-310

Mr. Kelly Maclaskey
Kelly Maclaskey Oilfield Services, Inc.
P.O. Box 580
Hobbs, NM 88241

RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0027
Kelly Maclaskey Oilfield Services, Inc.
NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico

Dear Mr. Maclaskey:

The New Mexico Oil Conservation Division (OCD) inspected the Kelly Maclaskey Oilfield Services, Inc (Maclaskey) commercial surface waste management facility at the above location on April 12, 2000.

Overall the OCD found Maclaskey to have a well maintained treating plant with good security. The OCD inspection and file review of Maclaskey indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Maclaskey during the inspection and file review. Attachment 2 contains photographs taken during the inspection. Maclaskey shall provide OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. Maclaskey must respond to the permit deficiencies by May 29, 2000.

A review of Maclaskey's financial assurance finds that the \$25,000 cash bond CD #6965 is current and active. Please be advised that the facility is scheduled to be re-permitted this year and additional financial assurance will be required. If you do not have a copy of the OCD surface waste management facility financial assurance forms you may obtain them from the OCD web site
<http://www.emnrd.state.nm.us/ocd/>.

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

Sincerely,

Martyne J. Kielling
Environmental Geologist

Attachments
xc: Hobbs OCD Office

ATTACHMENT 1
INSPECTION REPORT
PERMIT NM-01-0027
KELLY MCLASKEY OILFIELD SERVICES, INC.
NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico
(April 27, 2000)

1. Fencing and Signs: The facility will be fenced and have a sign at the entrance. The sign shall be maintained in good condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by section, township and range, and c) emergency phone number.

Facility is secured with fence and locking gate and has a sign at the entrance (see photo 1).

2. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

The facility was tidy and there was no trash or debris present (see photos 1 and 2).

3. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable pad within the berm so that leaks can be identified.

The above ground tanks are bermed and there is a poly liner beneath the tank area. However, the berms are very eroded and would not contain the necessary volume if a major leak occurred.

4. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and to prevent overflow onto the ground. All pre-existing below grade sumps or catchments must demonstrate integrity on an annual basis. Integrity tests must include visual inspections of cleaned out sumps or catchments.

Valve catchment was empty.

5. Equipment Maintenance: Equipment, tanks, pipe valves and connections must be inspected on a regular basis and repairs made as needed.

Pipes, valves, pump and tanks were in good condition. There was no evidence of overtopping of tanks, leaking pipes or pump (see photo 2). Secondary impermeable containment may be needed beneath the pump if the pump is not setting on the poly liner that underlies the tanks.

6. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

N/A There are no drums or other chemicals stored on site.

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

N/A There are no saddle tanks at the facility.

8. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

Tanks are clearly numbered, labeled, and have hazard Placards (see photo 2).

9. Migratory Bird Protection: All tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered not hazardous to migratory birds.

NA There are no open top tanks, pits or ponds at the facility.

10. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 to the appropriate OCD District Office.

At the time of inspection, there were no spills evident at this facility.

11. Regular Facility Inspections: Facility inspections and maintenance must be conducted on at least a biweekly basis (of one time every two weeks) and immediately following each consequential rainstorm or windstorm.

The current permit issued on July 29, 1992 has not required these inspections.

12. H₂S Screening: H₂S screening must be recorded and maintained.

H₂S screening has not been performed. The current permit issued on July 29, 1992 does not required H₂S screening and record keeping.

13. Waste Acceptance and Disposal Documentation: Documentation required by forms C-117 and C-118 must be filed with the OCD and retained at the facility office.

Records including C-117 and C-118 were reviewed. Records of waste received indicate waste acceptance and disposal records are being kept and maintained as required.

ATTACHMENT 2:
Kelly Maclaskey Oilfield Services, Inc.
Permit NM-01-0027



Photo 1 04-12-00
Entrance gate and sign.



Photo 2: 04-12-00
Treating plant.



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 19, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-315

Mr. Kelly Maclaskey
P.O. Box 580
Hobbs, New Mexico 88241

RE: Treating Plant Inspection
Kelly Maclaskey Oilfield Services, Inc.
NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico

Dear Mr. Maclaskey:

The New Mexico Oil Conservation Division (OCD), inspected Kelly Maclaskey Oilfield Services, Inc. (Maclaskey) treating plant located in the NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, on April 1, 1997.

Overall the OCD found Maclaskey to have good security, facility postings and a well maintained yard. The OCD inspection and current file review of Maclaskey indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Maclaskey during the inspection and the new Rule 711 requirements that are not on file. Attachment 2 contains photographs taken during the inspection. Maclaskey shall provide the OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. A response is required by Maclaskey to these deficiencies by September 22, 1997.

Pursuant to Order R-10411-B the OCD General Rule 711 has been revised. The OCD is currently in the process of re-permitting all surface waste management facilities under the new Rule 711. Maclaskey treating plant is included under the new Rule 711. A copy of Order R-10411-B along with the new bond forms are included with this report. A permit application, Form C-137 (attachment 3), shall be filed with the OCD according to the instructions in Attachment 1, Section 14.

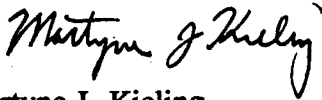
Please be advised that the bonding requirements have changed under the new Rule 711. Maclaskey's current cash bond (CD No. 6965) for \$25,000 will need to be replaced. The new bonded amount will be based upon the estimated closure costs that the State of New Mexico would incur if a third party contractor were to remediate the facility (see Rule 711.B.1.i). Maclaskey

Mr. Kelly Maclaskey
July 19, 1997
Page 2

must have a new bond in place for the approved estimated closure amount prior to receiving a new waste management facility permit.

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

Sincerely,

A handwritten signature in cursive script, reading "Martyne J. Kielling".

Martyne J. Kielling
Environmental Geologist

Attachments

xc: Hobbs OCD Office

ATTACHMENT 1
INSPECTION REPORT
APRIL 1, 1997
KELLY MACLASKEY OILFIELD SERVICES, INC.
(NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM)
LEA COUNTY, NEW MEXICO

1. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

N/A There are no drums located at this facility.

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

2. **Process Area:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

Good yard maintenance practices were evident in the process area (see pictures 1 and 2). Spill collection barrels below tank valves were empty (see picture 2).

- 3: **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm so that leaks can be identified.

The large above ground tanks are all on a plastic liner. However, the bermed area is not adequate to contain a volume of one-third more than the total volume of all interconnected tanks (see picture 1). In addition, a containment berm is required around tank and filter (see picture 2).

4. **Open Top Tanks and Pits:** To protect migratory birds, all tanks exceeding 16 feet in diameter, and exposed pits and ponds shall be screened, netted or covered.

N/A This facility does not have any open top tanks, pits, or ponds.

5. **Above Ground Saddle Tanks:** Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

N/A There are no saddle tanks located at this facility.

6. **Tank Labeling:** All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

The above ground tanks are not labeled (see pictures 1 and 2).

7. **Below Grade Tanks/Sumps:** All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing and/or visual inspection of cleaned out tanks or sumps, or other OCD approved methods.

N/A There are no below grade tanks/sumps at this facility.

8. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter. Companies may propose various methods for testing such as pressure testing or other OCD approved methods.

N/A This facility does not contain underground process/wastewater lines.

9. **Housekeeping:** All systems designed for spill collection/prevention should be inspected frequently to ensure proper operation and to prevent overtopping or system failure.

Facility housekeeping, yard maintenance, and spill prevention/cleanup is excellent (see pictures 1 and 2).

10. **Trash and Potentially Hazardous Materials:** All trash and potentially hazardous materials should be properly disposed of.

N/A This facility was free of trash.

11. **Spill Reporting:** All spills/releases shall be reported pursuant to OCD Rule 116.

At the time of inspection there were no spills evident at this facility.

12. **Security:** The facility shall be secured when no attendant is present, to prevent any unauthorized dumping. Securing the facility may include locks on tank valves, a perimeter fence and locked gate or other similar security measures.

Facility has a perimeter fence and locking gate.

13. **Signs:** The facility shall have a sign in a conspicuous place at the facility. The sign shall be maintained in legible condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by quarter-quarter section, township and range, and c) emergency phone number.

Facility will need a new sign with name of facility, location and emergency phone number.

14. **Application Requirements for Permit Under the New Rule 711:** An application, Form C-137, for a permit renewal shall be filed in DUPLICATE with the Santa Fe Office of the Division and ONE COPY with the Hobbs OCD district office. The application shall comply with Division guidelines and shall include:

- (a) The names and addresses of the applicant and all principal officers of the business if different from the applicant;

Please submit with C-137 application.

- (b) A plat and topographic map showing the location of the facility in relation to governmental surveys (1/4 1/4 section , township, and range), highways or roads giving access to the facility site, watercourses, water sources, and dwellings within one (1) mile of the site;

Some of this is already on file with the OCD. Attached is a copy of what we have in the file please submit a larger scale map of the facility that shows the features listed above.

- (c) The names and addresses of the surface owners of the real property on which the management facility is sited and surface owners of the real property of record within one mile of the site;

This is already on file with the OCD.

- (d) A description of the facility with a diagram indicating location of fences and cattle guards, and detailed construction/installation diagrams of any pits, liner, dikes, piping, sprayers, and tanks on the facility;

Attached is a copy of what is currently on file with the OCD. Please submit an updated facility maps that reflects any changes that have been made.

- (e) A plan for management of approved wastes;

Please submit with C-137 application.

- (f) A contingency plan for reporting a cleanup of spills or releases;

Please submit with C-137 application.

- (g) A routine inspection and maintenance plan to ensure permit compliance;

Please submit with C-137 application.

- (h) A Hydrogen Sulfide (H₂S) Prevention and Contingency Plan to protect public health;

Please submit with C-137 application.

- (i) A closure Plan including a cost estimate sufficient to close the facility to protect public health and the environment; said estimate to be based upon the use of equipment normally available to a third party contractor;

Please submit with C-137 application.

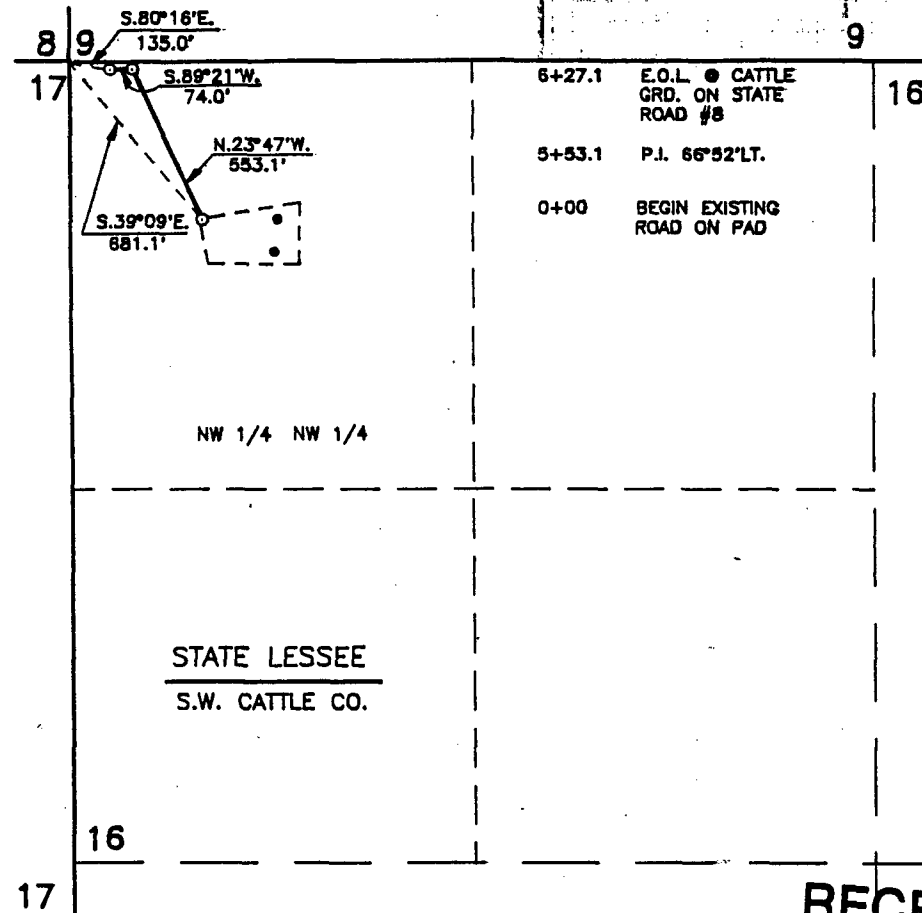
- (j) Geological/hydrological evidence, including depth to and quality of groundwater beneath the site, demonstrating that disposal of oil field wastes will not adversely impact fresh water;

Please submit geological/hydrological evidence, including depth to and quality of groundwater beneath the facility with the C-137 application.

- (l) Certification by an authorized representative of the applicant that information submitted in the application is true, accurate and complete to the best of the applicant's knowledge.

Please submit with C-137 application.

SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



RECEIVED

APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

LEGAL DESCRIPTION

AN EXISTING CALICHE ROAD EASEMENT 30 FEET WIDE, BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT BEING S.39°09'E., 681.1 FEET FROM THE NORTHWEST CORNER OF SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO. THENCE N.23°47'W., 553.1 FEET; THENCE S.89°21'W., 74.0 FEET TO A POINT ON THE EAST RIGHT OF WAY OF STATE HIGHWAY NUMBER 8, SAID POINT BEING S.80°16'E., 135.0 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16.

NW 1/4 NW 1/4

38.01 RODS

0.43 AC

500 0 500 1000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

BANDERA OIL INC

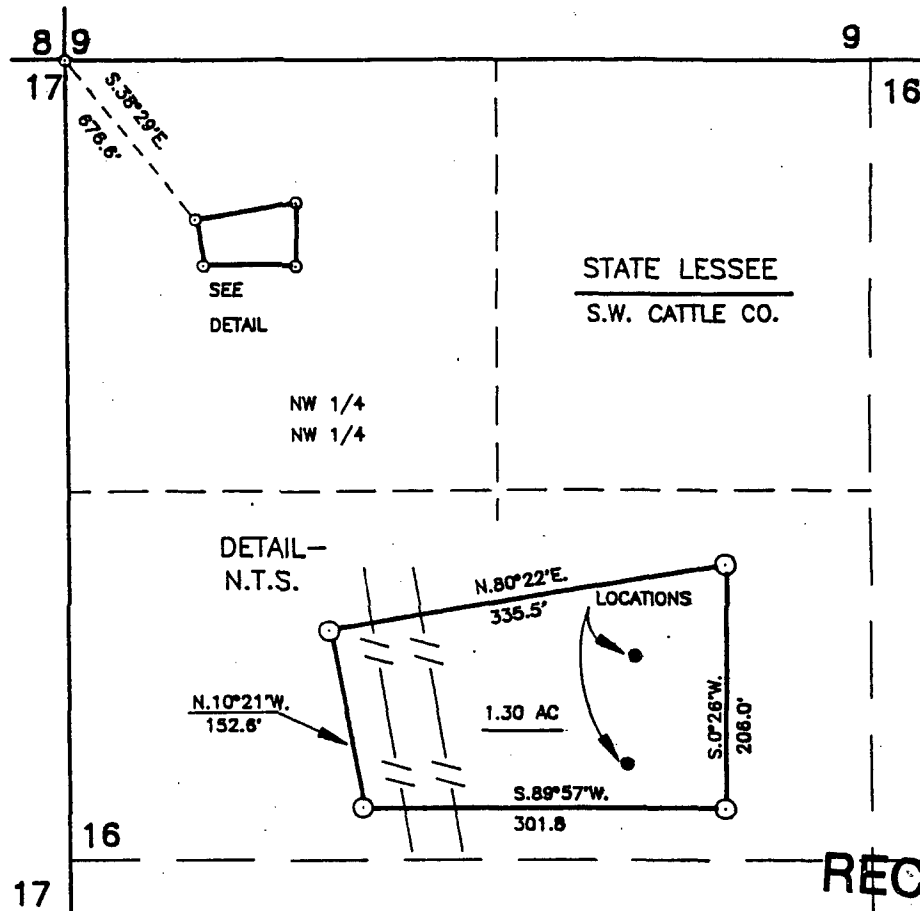
AN EXISTING CALICHE ROAD EASEMENT LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY
CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

JOHN W. WEST
RONALD J. EIDSON
GARY L. JONES
N.M. P.S. No. 677
TEXAS P.L.S. No. 1138
N.M. P.S. No. 3239
TEXAS P.L.S. No. 1883
N.M. P.S. No. 7977

Survey Date: 12-11-91	Drawn By: NICHOLS
Approved By:	Sheet 1 of 1 Sheets
W.O. Number: 91-11-0501	File Name: BAN0501B
Date: 12-18-91	Disk: CN-No1 Scale: 1" = 500'

SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



RECEIVED

APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THIS TRACT, A POINT BEING S.38°29'E., 676.6 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16. THENCE N.80°22'E., 335.5 FEET; THENCE S.0°26'W., 206.0 FEET; THENCE S.89°57'W., 301.8 FEET; THENCE N.10°21'W., 152.6 FEET TO THE POINT OF BEGINNING. SAID TRACT CONTAINS 1.30 ACRES MORE OR LESS AND IS LOCATED SOLELY IN THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER (NW1/4 NW1/4) OF SAID SECTION 16.

500 0 500 1000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

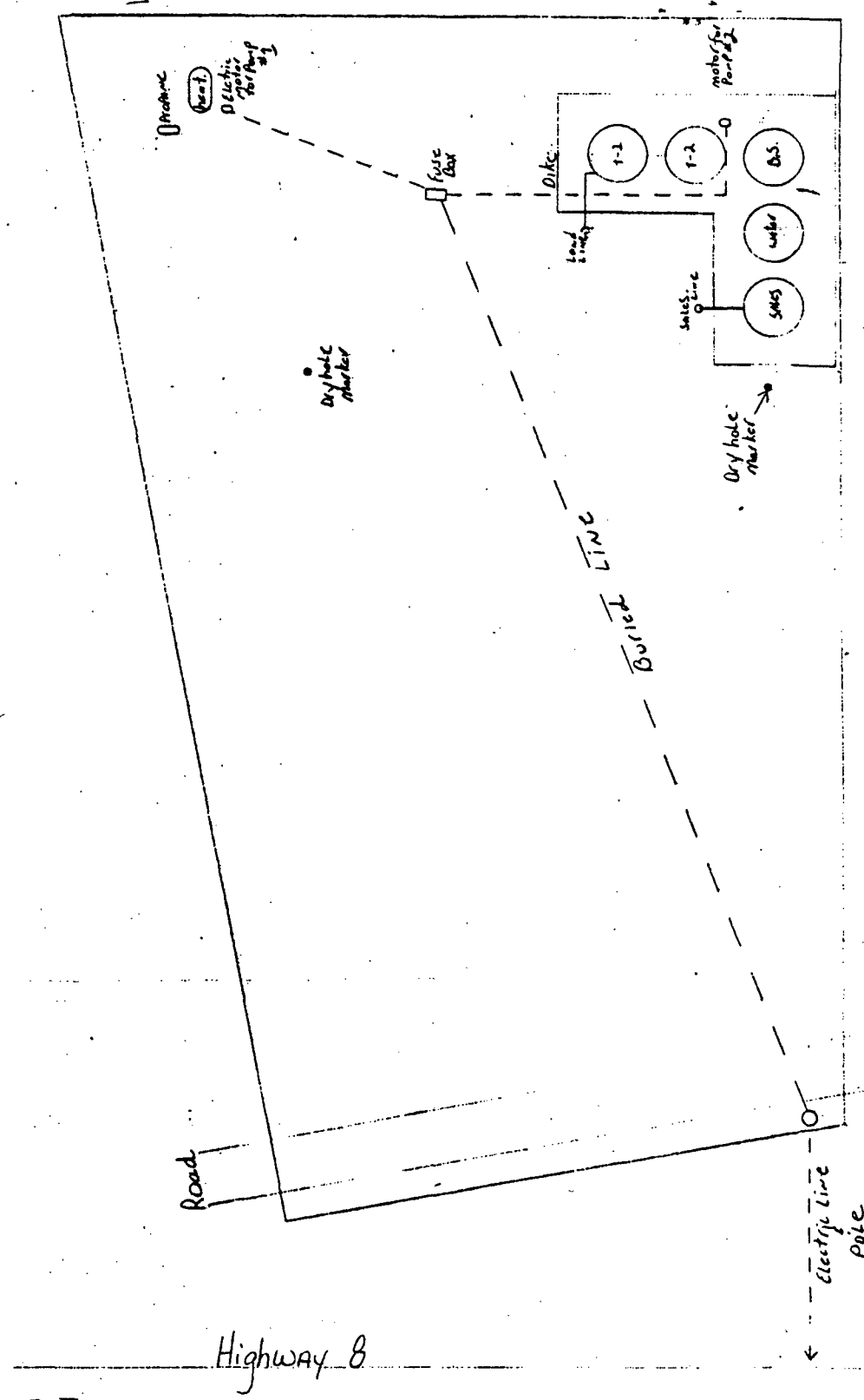
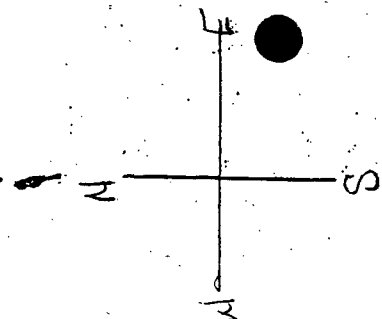
Ronald J. Eidson
JOHN W. WEST N.M. P.S. No. 677
RONALD J. EIDSON TEXAS P.L.S. No. 1138
GARY L. JONES N.M. P.S. No. 3239
N.M. P.S. No. 1883
N.M. P.S. No. 7977

BANDERA OIL INC

A TRACT OF LAND LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY
CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

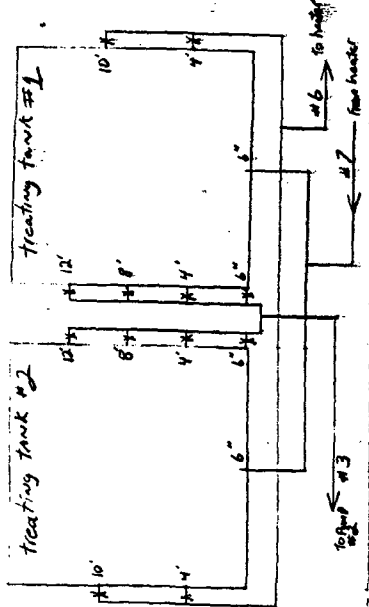
Survey Date: 12-11-91	Drawn By: NICHOLS
Approved By:	Sheet 1 of 1 Sheets
W.O. Number: 91-11-0501	File Name: BAND0501
Date: 12-18-91	Disk: CN-No1 Scale: 1" = 500'







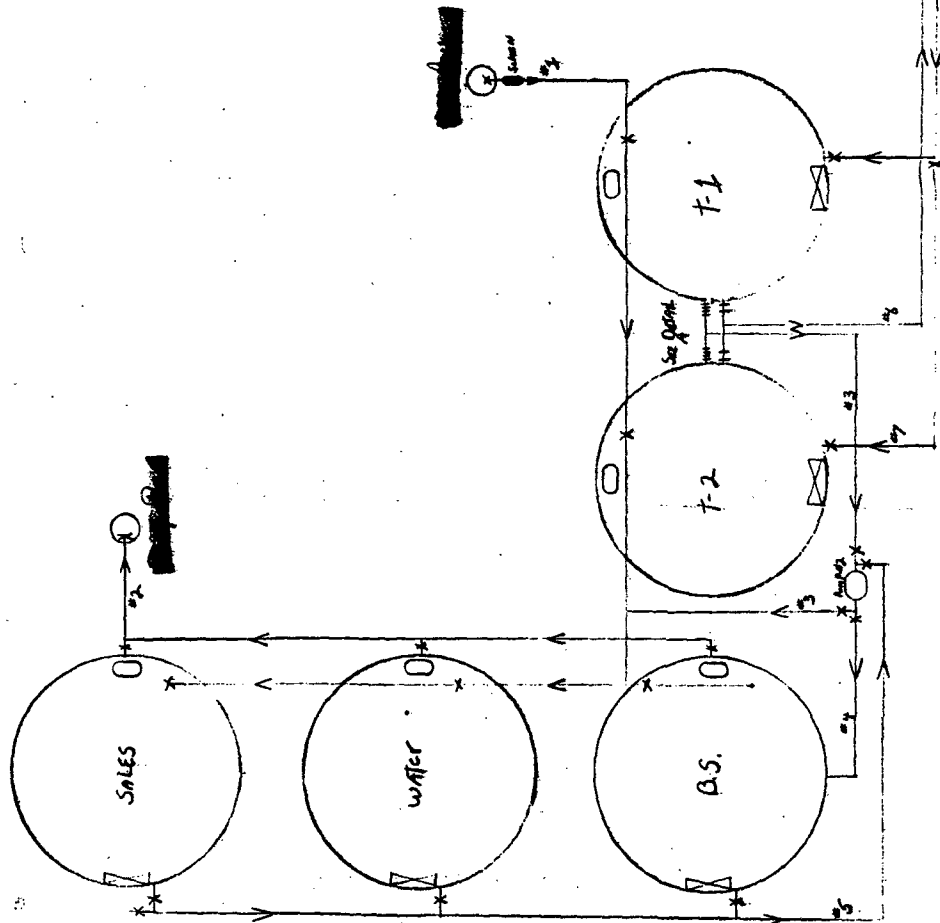
The landowners within 1/2 mile of the proposed facility are Jimmie Cooper and State of N.M., with Trent Stradley leasing the land from the State. All of Mr. Cooper's land is West of Highway 8. Trent Stradley is leasing the land on the East side of the road from the State of New Mexico. The State Land Office is aware of the proposed plant and is awaiting the permitting of the plant. Alec Fraley with the State Land Office will be inspecting all construction upon being permitted.

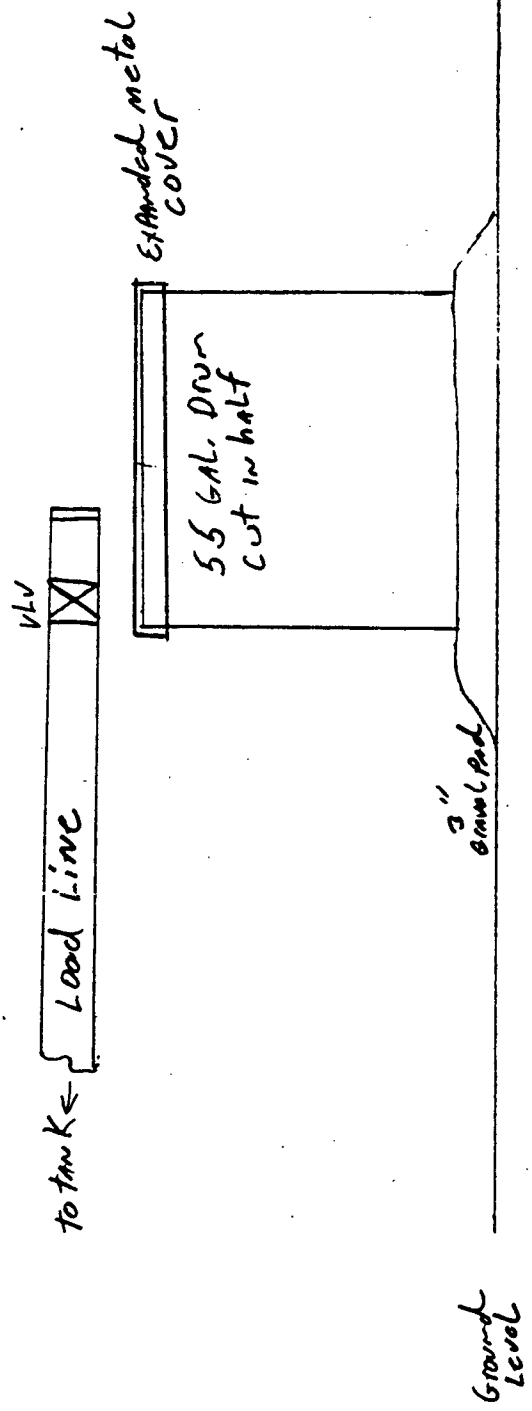
BANDERA PEIKULEUM, INC.:

Detail A



#1- 3" Fill Line	#6- 3" buried fiberglass discharge line from treating tanks to heater
#2- 3" Sales Line	#7- 3" buried fiberglass return line from heater to treating tanks
#3- 2" transfer line from treating tanks to holding tanks	 - Thief hatch  - Manway plate X - Valve
#4- 2" rolling line from BS tank	> - Direction of Flow
#5- 2" Circulating line	 - Located under load lines to catch spills  - Screen to catch larger pieces of trash & debris





BANDERA PETROLEUM INC. TREATING PLANT INSPECTION (PHOTOS BY OCD)



PHOTO NO. 1 DATE: 04/1/97



PHOTO NO. 2 DATE: 04/1/97



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 2, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-301

Mr. Jimmy Curtis
Bandera Petroleum, Inc.
P.O. Box 430
Hobbs, NM 88240

RE: Treating Plant Inspection
Bandera Petroleum, Inc.
NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico

Dear Mr. Curtis:

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The workshop
...

Enclosed within please find the maps and facility diagrams referred to in the New Mexico Oil Conservation Division (OCD), inspection report for Bandera Petroleum, Inc. dated July 2, 1997. The maps and facility diagrams were inadvertently left out of your report.

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

Sincerely,

Martyne J. Kielling
Environmental Geologist

Attachments

xc: Hobbs OCD Office



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 2, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-300

Mr. Jimmy Curtis
Bandera Petroleum, Inc.
P.O. Box 430
Hobbs, NM 88240

RE: Treating Plant Inspection
Bandera Petroleum, Inc.
NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM
Lea County, New Mexico

Dear Mr. Curtis:

The New Mexico Oil Conservation Division (OCD), inspected Bandera Petroleum, Inc. (Bandera) treating plant located in the NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, on April 1, 1997.

Overall the OCD found Bandera to have good security, facility postings and a well maintained yard. The OCD inspection and current file review of Bandera indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Bandera during the inspection and the new Rule 711 requirements that are not on file. Attachment 2 contains photographs taken during the inspection. Bandera shall provide the OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. A response is required by Bandera to these deficiencies by September 2, 1997.

Pursuant to Order R-10411-B the OCD General Rule 711 has been revised. The OCD is currently in the process of re-permitting all surface waste management facilities under the new Rule 711. Bandera treating plant is included under the new Rule 711. A copy of Order R-10411-B along with the new bond forms were given to you (Jimmy Curtis) during the OCD inspection on April 1, 1997. A permit application, Form C-137 (attachment 3), shall be filed with the OCD according to the instructions in Attachment 1, Section 14.

Please be advised that the bonding requirements have changed under the new Rule 711. Bandera's current cash bond (Bond No. OCD-344) for \$25,000 will need to be replaced. The new bonded amount will be based upon the estimated closure costs that the State of New Mexico would incur

Mr. Jimmy Curtis

July 2, 1997

Page 2

if a third party contractor were to remediate the facility (see Rule 711.B.1.i). Bandera must have a new bond in place for the approved estimated closure amount prior to receiving a new waste management facility permit.

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

Sincerely,



Martyne J. Kielling
Environmental Geologist

Attachments

xc: Hobbs OCD Office

**ATTACHMENT 1
INSPECTION REPORT
APRIL 1, 1997
BANDERA PETROLEUM, INC.
(NW/4 NW/4 of Section 16, Township 20 South, Range 37 East, NMPM)
LEA COUNTY, NEW MEXICO**

1. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

N/A There are no drums located at this facility.

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

2. **Process Area:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

Good yard maintenance practices were evident in the process area (see pictures 1 and 2). Spill collection barrels below tank valves were empty (see picture 2).

3. **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm so that leaks can be identified.

The large above ground tanks are all on a plastic liner. However, the bermed area is not adequate to contain a volume of one-third more than the total volume of all interconnected tanks (see picture 1). In addition, a containment berm is required around tank and filter (see picture 2).

4. **Open Top Tanks and Pits:** To protect migratory birds, all tanks exceeding 16 feet in diameter, and exposed pits and ponds shall be screened, netted or covered.

N/A This facility does not have any open top tanks, pits, or ponds.

5. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

N/A There are no saddle tanks located at this facility.

6. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

The above ground tanks are not labeled (see pictures 1 and 2).

7. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing and/or visual inspection of cleaned out tanks or sumps, or other OCD approved methods.

N/A There are no below grade tanks/sumps at this facility.

8. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter. Companies may propose various methods for testing such as pressure testing or other OCD approved methods.

N/A This facility does not contain underground process/wastewater lines.

9. Housekeeping: All systems designed for spill collection/prevention should be inspected frequently to ensure proper operation and to prevent overtopping or system failure.

Facility housekeeping, yard maintenance, and spill prevention/cleanup is excellent (see pictures 1 and 2).

10. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

N/A This facility was free of trash.

11. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116.

At the time of inspection there were no spills evident at this facility.

12. **Security:** The facility shall be secured when no attendant is present, to prevent any unauthorized dumping. Securing the facility may included locks on tank valves, a perimeter fence and locked gate or other similar security measures.

Facility has a perimeter fence and locking gate.

13. **Signs:** The facility shall have a sign in a conspicuous place at the facility. The sign shall be maintained in legible condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by quarter-quarter section, township and range, and c) emergency phone number.

Facility has a clearly labeled sign posted within view.

14. **Application Requirements for Permit Under the New Rule 711:** An application, Form C-137, for a permit renewal shall be filed in DUPLICATE with the Santa Fe Office of the Division and ONE COPY with the Hobbs OCD district office. The application shall comply with Division guidelines and shall include:

- (a) The names and addresses of the applicant and all principal officers of the business if different from the applicant;

Please submit with C-137 application.

- (b) A plat and topographic map showing the location of the facility in relation to governmental surveys (1/4 1/4 section , township, and range), highways or roads giving access to the facility site, watercourses, water sources, and dwellings within one (1) mile of the site;

Some of this is already on file with the OCD. Attached is a copy of what we have in the file please submit a larger scale map of the facility that shows the features listed above.

- (c) The names and addresses of the surface owners of the real property on which the management facility is sited and surface owners of the real property of record within one mile of the site;

This is already on file with the OCD.

- (d) A description of the facility with a diagram indicating location of fences and cattle guards, and detailed construction/installation diagrams of any pits, liner, dikes, piping, sprayers, and tanks on the facility;

Attached is a copy of what is currently on file with the OCD. Please submit an updated facility maps that reflects any changes that have been made.

- (e) A plan for management of approved wastes;

This is already on file with the OCD.

- (f) A contingency plan for reporting a cleanup of spills or releases;

Please submit with C-137 application.

- (g) A routine inspection and maintenance plan to ensure permit compliance;

Please submit with C-137 application.

- (h) A Hydrogen Sulfide (H₂S) Prevention and Contingency Plan to protect public health;

Please submit with C-137 application.

- (i) A closure Plan including a cost estimate sufficient to close the facility to protect public health and the environment; said estimate to be based upon the use of equipment normally available to a third party contractor;

Please submit with C-137 application.

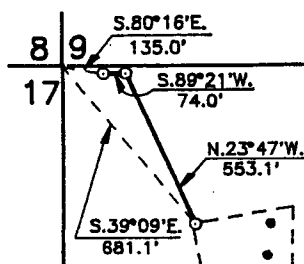
- (j) Geological/hydrological evidence, including depth to and quality of groundwater beneath the site, demonstrating that disposal of oil field wastes will not adversely impact fresh water;

Please submit geological/hydrological evidence, including depth to and quality of groundwater beneath the facility with the C-137 application.

- (l) Certification by an authorized representative of the applicant that information submitted in the application is true, accurate and complete to the best of the applicant's knowledge.

Please submit with C-137 application.

SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



6+27.1 E.O.L. ● CATTLE
GRD. ON STATE
ROAD #8
5+53.1 P.I. 66°52'LT.
0+00 BEGIN EXISTING
ROAD ON PAD

NW 1/4 NW 1/4

STATE LESSEE
S.W. CATTLE CO.

RECEIVED

APR 15 1992

OIL CONSERVATION DIV.
SANTA FE

LEGAL DESCRIPTION

AN EXISTING CALICHE ROAD EASEMENT 30 FEET WIDE, BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT BEING S.39°09'E., 681.1 FEET FROM THE NORTHWEST CORNER OF SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO. THENCE N.23°47'W., 553.1 FEET; THENCE S.89°21'W., 74.0 FEET TO A POINT ON THE EAST RIGHT OF WAY OF STATE HIGHWAY NUMBER 8, SAID POINT BEING S.80°16'E., 135.0 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16.

NW 1/4 NW 1/4

38.01 RODS

0.43 AC

500 0 500 1000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

BANDERA OIL INC

AN EXISTING CALICHE ROAD EASEMENT LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY

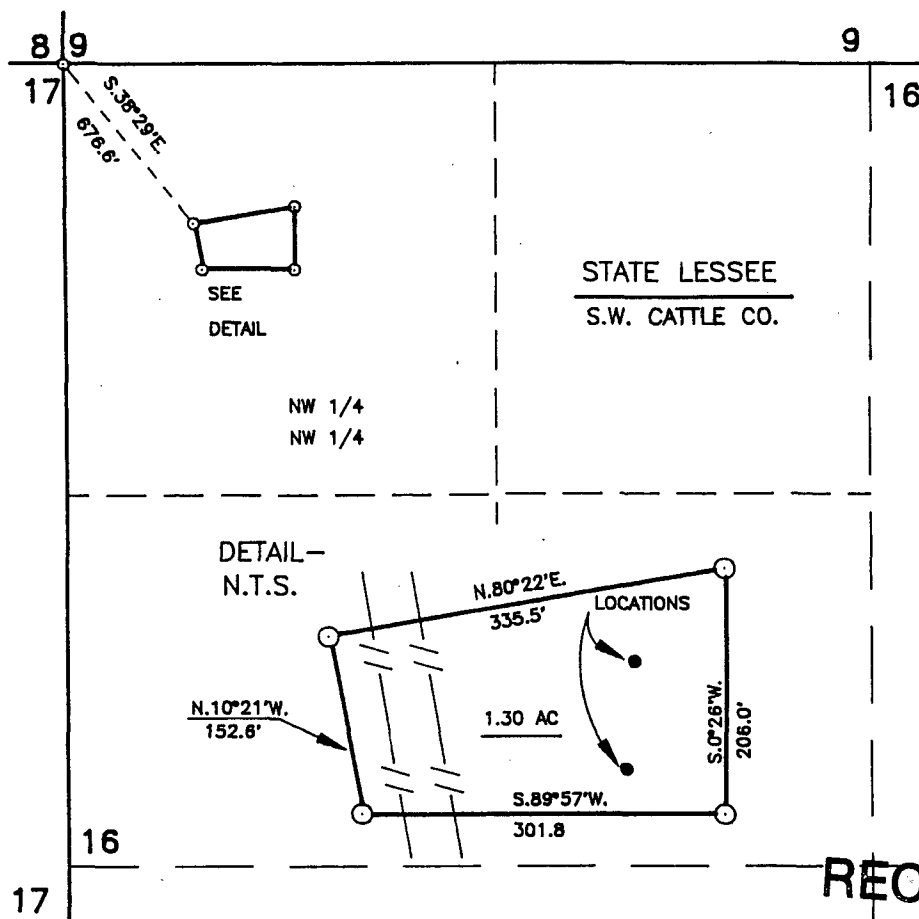
CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

JOHN W. WEST
RONALD J. EIDSON
GARY L. JONES

N.M. P.S. No. 677
TEXAS P.S. No. 1138
N.M. P.S. No. 3239
TEXAS P.S. No. 1883
N.M. P.S. No. 7977

Survey Date: 12-11-91 Drawn By: NICHOLS
Approved By: Sheet 1 of 1 Sheets
W.O. Number: 91-11-0501 File Name: BAN0501B
Date: 12-16-91 Disk: CN-No1 Scale: 1" = 500'

SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO



RECEIVED
APR 15 1992
OIL CONSERVATION DIV.
SANTA FE

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THIS TRACT, A POINT BEING S.38°29'E., 676.6 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 16. THENCE N.80°22'E., 335.5 FEET; THENCE S.0°28'W., 206.0 FEET; THENCE S.89°57'W., 301.8 FEET; THENCE N.10°21'W., 152.6 FEET TO THE POINT OF BEGINNING. SAID TRACT CONTAINS 1.30 ACRES MORE OR LESS AND IS LOCATED SOLELY IN THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER (NW1/4 NW1/4) OF SAID SECTION 16.

500 0 500 1000 FEET

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

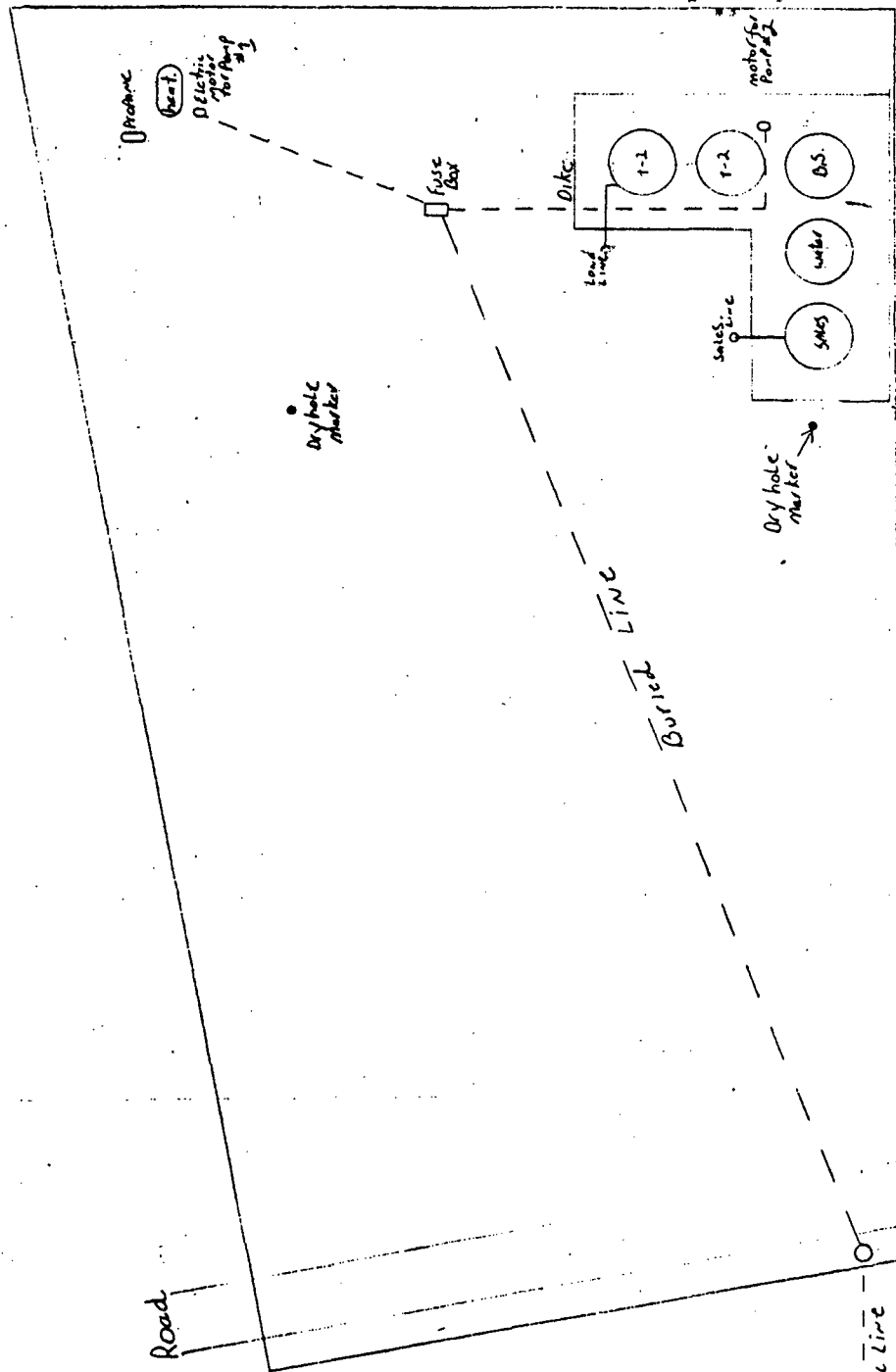
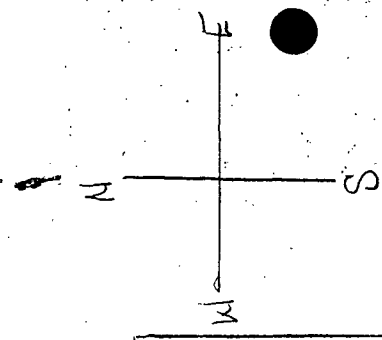
Ronald J. Eidson
JOHN W. WEST N.M. P.S. No. 677
RONALD J. EIDSON TEXAS P.L.S. No. 1138
GARY L. JONES N.M. P.S. No. 3239
TEXAS P.L.S. No. 1883
N.M. P.S. No. 7977

BANDERA OIL INC

A TRACT OF LAND LOCATED IN SECTION 16, TOWNSHIP 20 SOUTH, RANGE 37 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO.

JOHN W. WEST ENGINEERING COMPANY
CONSULTING ENGINEERS & SURVEYORS - HOBBS, NEW MEXICO

Survey Date: 12-11-91	Drawn By: NICHOLS
Approved By:	Sheet 1 of 1 Sheets
W.O. Number: 91-11-0501	File Name: BAND0501
Date: 12-16-91	Scale: 1" = 500'

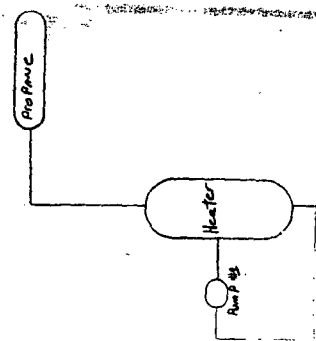
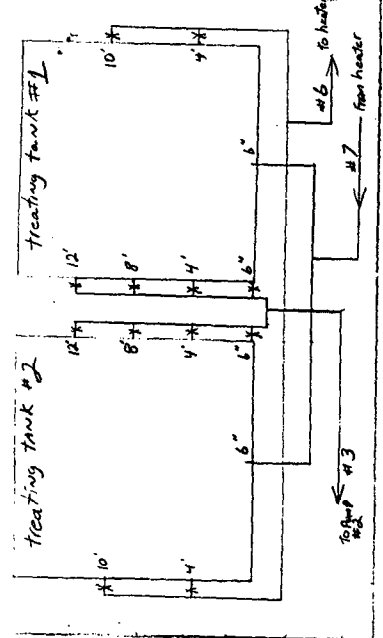
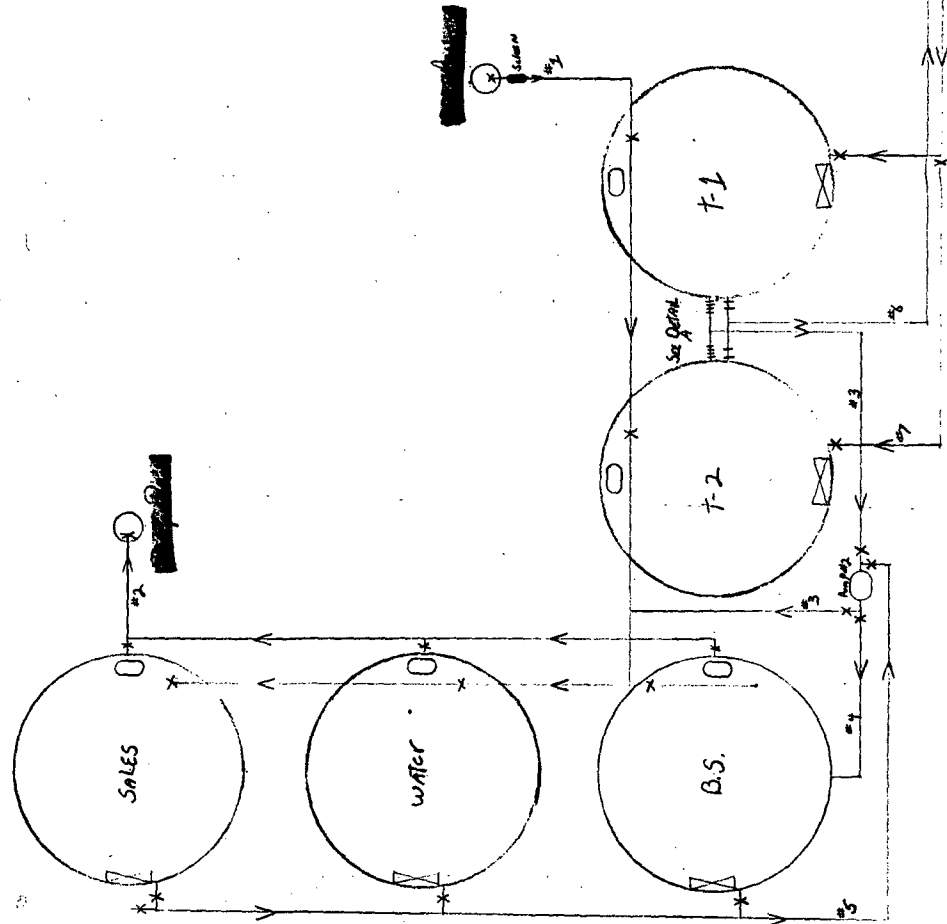


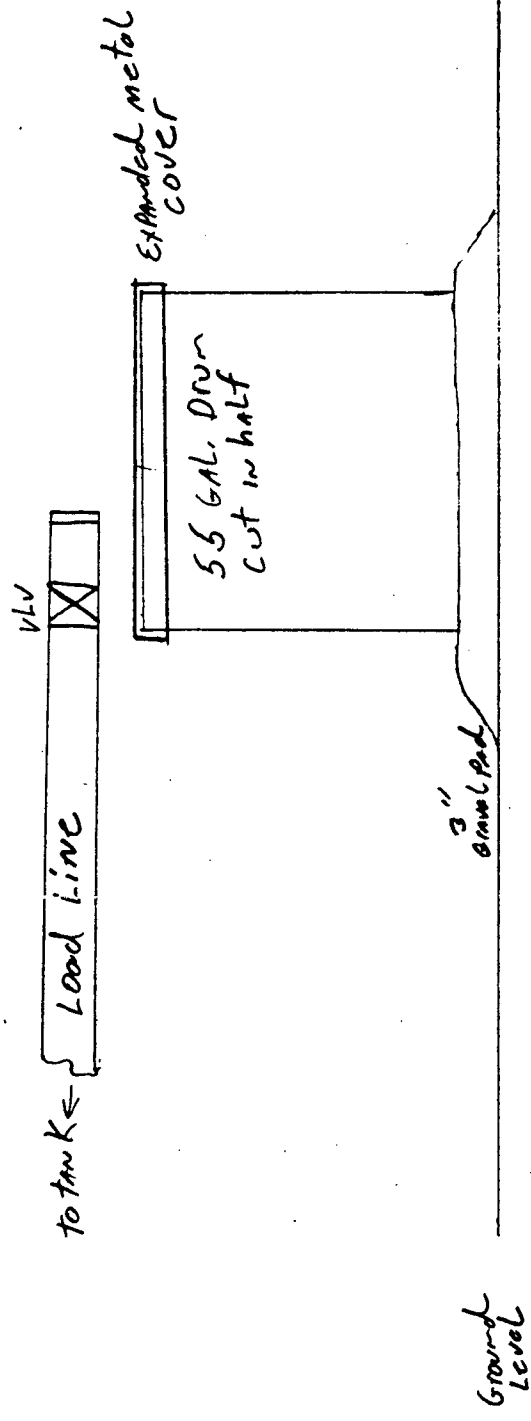
The landowners within 1/2 mile of the proposed facility are Jimmie Cooper and State of N.M., with Trent Stradley leasing the land from the State. All of Mr. Cooper's land is West of Highway 8. Trent Stradley is leasing the land on the East side of the road from the State of New Mexico. The State Land Office is aware of the proposed plant and is awaiting the permitting of the plant. Alec Fraley with the State Land Office will be inspecting all construction upon being permitted.

BANDERA PETROLEUM, INC.

DETAIL A

#1- 3" Fill Line	#6- 3" buried fiberglass discharge line from treating tanks to heater
#2- 3" Sales Line	#7- 3" buried fiberglass return line from heater to treating tanks
#3- 2" transfer line from treating tanks to holding tanks	○ - Thief hatch
#4- 2" rolling line from BS tank	⊠ - Manway plate
#5- 2" Circulating line	X - Valve
	> - Direction of Flow
	○ - Located under load lines to catch spills
	■ - Screen to catch larger pieces of trash & debris





BANDERA PETROLEUM INC. TREATING PLANT INSPECTION (PHOTOS BY OCD)

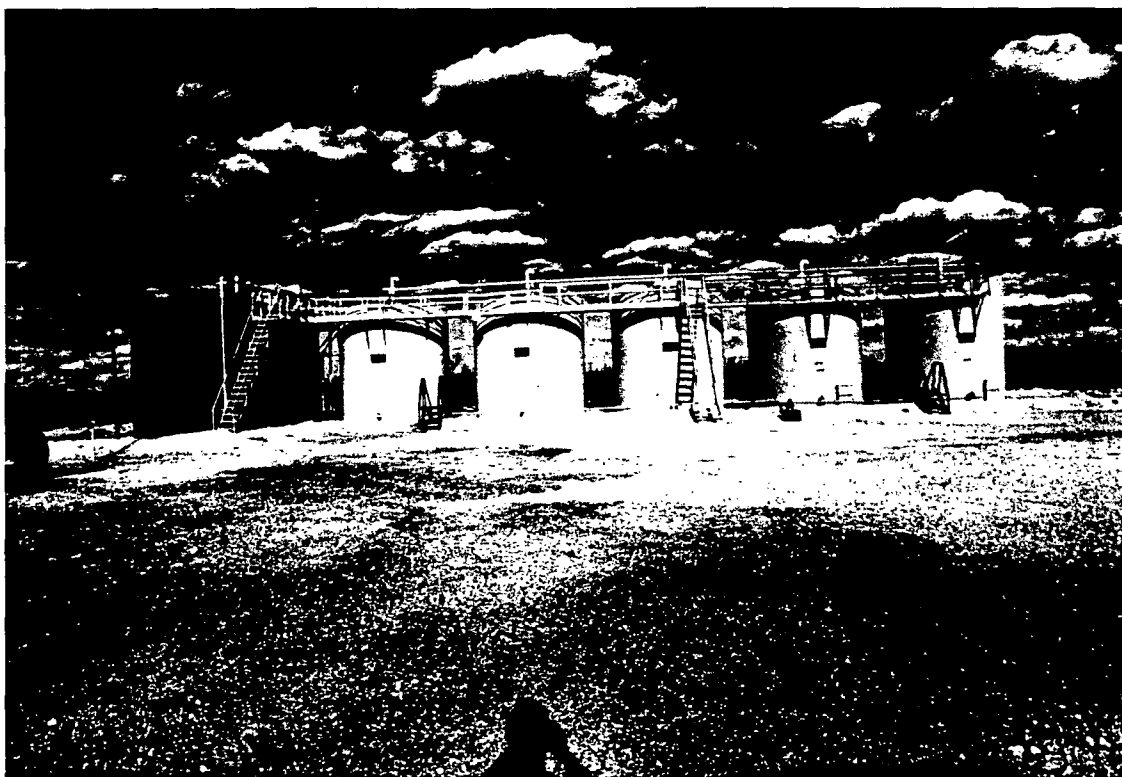


PHOTO NO. 1 DATE: 04/1/97



PHOTO NO. 2 DATE: 04/1/97



Bandera Treating Plant

4-1-97



Bandera Treating Plant

4-1-97