

NM - 22

**MONITORING  
REPORTS**

**PROPOSAL**

**YEAR(S):**

JAN. 23, 2001

**PROJECT:**  
INVESTIGATION, CLEANUP AND ENVIRONMENTAL REMEDIATION  
OF THE GOODWIN TREATING PLANT

Offeror Name:

GANDY CORP. - TATUM, NM

Project Approach (75): Ro.1  
40

Project Plan (150): 60

Experience:

Proposed project staff experience in oil field cleanup/remediation (150):

110

Offerors Organizational relevant experience (175):

125

References:

Corporate(75):

Staff (75):

Cost (300):

Turnkey: \$160K

Itemized supplemental:

Total points :

EM  
Round 1

# GANDY CORPORATION

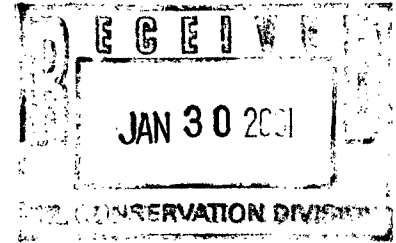
OILFIELD SERVICES

P. O. BOX 827

TATUM, NEW MEXICO 88267

(505) 398-4960

FAX 505-398-6887



January 23, 2001

Martyne J. Keiling  
New Mexico Oil Conservation Division  
1220 S. Saint Frances  
Santa Fe, NM 87505

Dear Ms. Keiling:

We are submitting the following information as requested in the letter of transmittal section of the RFP.

1. Submitting Organization: **Gandy Corporation**

Subcontractors to be used by Gandy:

- A. Haarmeyer Electric-Remove electrical materials and transformers
- B. J & L Land Farm-for land farm
- C. Hobbs Iron & Metal-demolition and recycling of iron
- D. Meridian Alliance Group-environmental assessment
- E. CRI-landfill for debris
- F. Lotus-NORM (See Attachment)
- G. GMI-remediation of tank bottom materials
- H. Millennium Laboratories, Inc.-laboratory analytical
- I. Harrison & Cooper, Inc.-drilling contractor

2. Authorized person to contractually obligate Gandy Corporation:

**Larry Gandy, Vice-President**

3. Name of person to be contacted to negotiate the contract on behalf of Gandy Corporation.

**Larry Gandy, Vice-President**  
**Phone: 505-398-4960**

4. Names, phone number and title of persons to be contacted for clarification:

**Dale Gandy, President**  
**Phone 505-396-4948**

**Larry Gandy, Vice-President**  
**Phone 505-398-4960**

5. Gandy Corporation as the submitting organization accepts all requirements of the Conditions Governing the Procurement in section II of the RFP.
6. Gandy Corporation is in receipt of the amendments faxed by Martyne Keiling on January 24, 2001 and January 29, 2001.

Signed this 29th day of January, 2001 by:



Larry Gandy, Vice-President  
Gandy Corporation

**TECHNICAL SPECIFICATION****ITEM COST**

1 Sub-Surface contamination investigation based on air rotary	485.00
2 Well completion based on 60 foot well	1,350.00
3 Groundwater sampling and analysis	912.00
4 NORM requirements	29,906.36
5 NORM survey and lab analysis	2,680.00
6 Tank fluid removal and disposal based on 1780 bbl (approx)	24,150.00
7 Tank solids removal and disposal based on 320 yrds. (approx)	43,650.00
8 Tank and equipment removal	7,200.00
9 Near-surface contamination investigation based on 35 lab samples	4,500.00
10 Contaminated soil removal based on 1450 cyd	29,000.00
11 Backfilling excavations with back-hauled clean soil	2,175.00
12 Phase 1 report	1,600.00
13 Phase 2 report	860.00
14 Phase 3 report	2,600.00
Total	\$151,068.36
NM Gross Receipts Tax	9,347.35
Total Turnkey Cost	\$160,415.71

<u>SUPPLEMENTAL RATE</u>		<u>RATE PER</u>	<u>UNIT</u>	
<u>DESCRIPTION OF SERVICE</u>				
Air rotary rig equipped to perform all work Set out in technical specifications		\$300.00	hour	
Bentonite pellets		\$.167	pound	
Black 2 inch PVC riser		\$1.25	foot	
Move-in, move-out charges		\$62.70	hour	
Water truck-capacity 130 bbls		\$66.00	hour	
Backhoe with operator-minimum hours	2	\$56.50	hour	4wd extendahoe
Trackhoe with operator-minimum hours	2	\$121.00	hour	
Dozer with operator-minimum hours	2	\$93.50	hour	D-6
Trucking-minimum hours if applicable	2	\$62.70	hour	20 ton
Front end loader with operator-minimum hours	2	\$76.45	hour	w/4yd bucket
Senior scientist		\$75.00	hour	
Environmental technician		\$45.00	hour	
Certified NORM technician/scientist		\$55.00	hour	
Labor		\$20.90	hour	
Photo Ionization Detector (PID)		N/C	day	
Chloride laboratory analysis		\$17.00	per analysis	
TPH laboratory analysis		\$55.00	per analysis	
BTEX laboratory analysis		\$45.00	per analysis	
Contaminated soil offsite landfarm remediation including loading and transportation		\$20.00	per cubic yard	
Back-haul clean soil including transportation and loading		\$6.00	per cubic yard	
NORM contaminated soil offsite disposal including trucking cost		\$721.59	per cubic yard	
Produced water and non-NORM liquids disposal including transportation		\$1.95	per barrel	

# **GANDY CORPORATION**

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## **VI. EVALUATION PROCESS**

### **1. Project Approach**

Gandy Corporation's approach to the project is to keep it as simple as possible. We propose to complete one phase at a time beginning first with the NORM issues. The next phase to complete would be the cleaning of the tanks and take one part of the project at a time to keep the clean up as economical as possible without having to many parts of the cleanup going at the same time.

### **2. Project Plan**

A. Gandy Corporation as prime contractor will initiate the Goodwin Remediation project by teaming with Lotus, L.L.C. to perform NORM remediation services as shown in attachment # 1. Lotus, L.L.C. scope of work, as a well experienced remote site remediation contractor, in this attachment will provide the EMNRD-OCD with the assurance that all regulations and industry standards will be met. Close coordination and attention to safety between Gandy Corporation, sub-contractors and EMNRD-OCD supervisory personnel will assure the most timely schedule for remediation at the Goodwin site. After all Norm has been removed or contained, additional remediation coordination can proceed.

B. The second part of the project will be to finish cleaning out all of the vessels and remove all the wastes that come from the vessels away from the site. We feel that this will keep from handling the waste twice. When we ran the thief in the tanks catching samples of the liquids and ran through the centrifuge we found some recoverable oil and paraffin that can be taken to our reclaiming plant to be recycled. The total amount of recyclable oil cannot be determined until we start cleaning out the tanks.

C. The next part of the project will be sub-surface contamination investigation to define the excavation levels on the contamination (excavation to 100 ppm tph or 1000 ppm tph).

D. The next part of the project will be the demolition of all the surface equipment and removal of all equipment from the site. There are many valves and connections on the tanks that will removed and reused at our reclaiming plant along with all of the stairways, walkways and

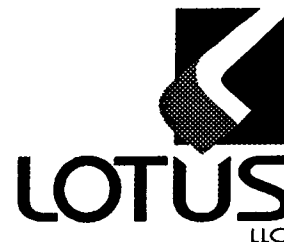
landings that are still usable. All of the metal tanks, several of which have aluminum tops, and all other scrap iron will be taken to a metal recycling plant. The redwood tanks that must be decontaminated will be clean enough for reuse (Gandy Corp. also has carpenters and a cabinet shop). The remaining debris will be disposed of at an approved landfill.

E. The next part of the project will be the excavation of the pit and under the tanks with sampling and removal of the stockpiled contaminated soils to an approved land farm.

F. After the above parts of the project have been completed, the extent of any other excavation or remediation needed to be done on the site will determined.



P.O. Box 1277  
Andrews, Texas 79714  
(915) 523-3320 Office  
(915) 524-4993 Fax  
dsnow@lotusllc.com E-mail



January 26, 2001

Gandy Oilfield Services  
Attn: Larry Gandy  
P O Box 827  
Tatum, NM 88267

Dear Larry,

Per your request I am submitting the following recommendations and plans of action for the remediation site known as the Goodwin Oil Treatment Center west of Hobbs, New Mexico. Listed immediately below are the qualifications and permits which constructs the basis under which Lotus, L.L.C. operates.

1. Lotus, L.L.C. is committed to the ALARA (As Low As Reasonably Achievable) principles for conductance of radiological work. Lotus is permitted for a remote site license under Texas Department of Health Permit Number L05147. This permit is also a site specific license which allows for the decontamination for NORM at a site 14 miles West of Andrews as the permanent site. Under reciprocity agreements with the State of New Mexico, Lotus, L.L.C. conducts remediation and cleanup of NORM materials under reciprocal agreement with the State of New Mexico, Bureau of Radiation Control. As such concerning the ALARA principles the following conditions are applicable:
  - a. Limitation of exposure of radioactivity to the worker.
  - b. Limitation of exposure to the general public.
  - c. Documentation of exposure to the worker.
  - d. Documentation of exposure to the public.
  - e. Documentation reporting of exposure to the proper authorities for both the worker and of the public exposure.
  - f. All of the above are conducted in accordance with a radiation work protection plan on file with the TDH and with the reciprocal agreement with the State of New Mexico Bureau of Radiation Control.
2. Lotus, L.L.C. is permitted to dispose of all NOW - NORM (Non Hazardous Waste - Naturally Occurring Radioactive Material) under Railroad Commission

Permits Numbers 10799, 11239, & 11240. With regard to radioactivity limitations, Lotus has no limit on the amount of radioactivity for Radium 226, Radium 228 and other Uranium Thorium Decay Isotopes as RCRA exempt waste for disposal at its site 14 miles west of Andrews, Texas. By default under its permit all NOW waste are also allowed for disposal at Lotus, L.L.C. The cut off distinction of NOW and NORM for the State of Texas is 30 picocuries per gram for radium 226, and 150 picocuries per gram for all other isotopes.

3. Lotus, L.L.C. is also an EPA approved facility under CERLA letter approval number TXR000019349.
4. Lotus, L.L.C. also conduct and has exported under Rocky Mountain Export Agreement for radioactive waste removed from the compact states of which New Mexico is a member. This results in fees being applied to the waste as it removed from the compact states area and is based on a tier volume. Lotus is also a hazardous transporter authorized under the State of Texas and also works with a companion company Fluid Transports, Inc. under Hazardous Transporters Permit Number 0531000050281, and EPA ID Number TXD962756744.

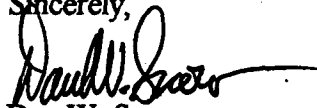
Lotus, L.L.C. in preparation for this remediation has reviewed the site west of Hobbs, New Mexico and submits the following as a procedural itemization for the conductance of work.

1. Upon notification as a successful bidder, Lotus, L.L.C. and its co-contractors would accomplish the a, b, & c below before operational commencement physically in the field.
  - a. Notify the New Mexico Department of Radiation Control as to anticipated start-up date to be arranged with the State of New Mexico NM-EMRCD representative.
  - b. Notify the State of New Mexico – EMRCD representative of coordinated start-up date with the New Mexico Bureau of Radiation Control.
  - c. Call line locator or the possible delineation of any buried lines in or around the subject area.
  - d. Upon positive approval of a, b,& c above, mobilize crew and equipment to the site and set up restricted areas around those necessary as required by scintillation survey for the potential testing and sampling of materials.
  - e. In accordance with the conductance of work, perform NORM survey and sampling recommended on areas noticed at twice background but as a minimum 50 microroentgen per hour as the basis for sampling.
  - f. Have all samples analyzed with 3 day turn around at American Radiation Services in Baton Rouge, Louisiana.
  - g. Commence cleanup operations on all liquids that are posed as non NORM.
  - h. Commence operations of cleanup on any sites and/or equipment that is not NORM based upon analysis results of (f) set up restricted work areas around equipment and sites for the decontamination of NORM from equipment and/or sites.

- i. Upon decontamination of equipment and sites, place all wastes into roll-off containers for transport with sample analysis governing as the manifestation of activity which will be reported to the Rocky Mountain Export Group for export permit.
- j. Transport material for disposal using an authorized approved DOT Hazardous transportation company. All radioactive materials in the United States fall under Federal guidelines 49CFR for the transportation of any known radioactive material, and as such must be conducted in accordance with their rules and regulations.
- k. Removal of tank or equipment from the site for disposal or recycle.
- l. As necessary, replace fill dirt in accordance with master contractors instructions to be coordinated with remaining of the remediation job site.
- m. Perform radiological exposure calculations as required by law and submit same results to the Bureau of Radiation Control New Mexico and to the prime contractor for reporting end results to the NM-EMRCD. This would be conducted and reported as a Phase II report for the NORM remediation:

Should you have any questions concerning this, as always please feel free to contact me at any time.

Sincerely,



Dan W. Snow  
Lotus, L.L.C.  
Assistant Manager

Cc: file

DWS/db

## **GANDY CORPORATION**

OILFIELD SERVICES

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TATUM, NEW MEXICO 88267

(505) 398-4960

FAX -505-398-6887

### **Experience: Staff Members of Gandy Corporation**

Gandy Corporation has available on its staff persons with a vast knowledge in cleaning up and remediating oil field contaminations. We have the following personnel who devote their time to these type situations:

**Larry Gandy:** Mr. Gandy has twenty years experience in oil field operations. Larry was very instrumental in development of GMI, Inc. land farm. He is currently manager of this land farm. This land farm is in the process of being permitted as a hazardous waste site. Larry has also remediated and handled contaminated soil on various projects. He has cleaned and disposed of steel tanks and the materials from these tanks. He is Hazwoper certified and a qualified incident commander.

**Lewis Walker:** Mr. Walker holds the title of Plant Manager for Gandy Corporation. Lewis has been running this plant for 18 years. In this capacity, he oversees buying, reclaiming and selling of petroleum products. In performance of his duties, Lewis oversees tank cleaning crews, pit redmediations and spill cleanups. Lewis is Hazwoper certified.

**Dale Gandy:** Mr. Gandy has forty years experience in oilfield operations. He has worked as a roustabout, truck driver, lease operator and is the president of Gandy Corporation. Dale has been involved in numerous large tank cleaning projects and remediation of contaminants.

**Dan Williamson:** Mr Williamson has been involved in the oil industry for thirty-eight years. He started as a roustabout, worked as a lease operator and worked as Production Foreman for Phillips Petroleum Co. At the present time, Dan is the safety consultant for Gandy Corporation and other firms. He will be the on site safety consultant during the completion of this project. Dan is Hazwoper certified and is a certified incident commander.

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## **Organizational Experience:**

Gandy Corporation has been an oilfield service company for 50 years. Gandy cleans about 100 tanks per year. These tanks vary in sizes from 210 barrel to 10,000 barrels in capacity. The materials that Gandy has removed and recycled from these tanks include oilfield wastes such as paraffin, iron sulfide and contaminated materials. Gandy has remediated around 2 ½ million yards of contaminated soil both on site and off. In this remediating, Gandy has dug out, hauled off and filled in with clean materials at various sites in the Permian Basin area. Gandy has worked on cleaning of pits on site-including digging out the contaminated soil, mixing with clean soil and putting back in the ground.

After cleaning of some tanks, Gandy has been involved with the dismantling (cutting with shears) and disposal of the tank metal. Gandy has dismantled wooden tanks and disposed of the wood coming from these tanks. The roustabout crews that are employed by Gandy are well experienced in dismantling and safely removing the valves, piping, stairways and walkways from the tanks.

STAFF  
REFERENCES

CORPORATE  
REFERENCES



## **STATEMENT OF QUALIFICATIONS**

### **NORM SERVICES**

**Lotus LLC**

**P.O. Box 1277**

**Andrews, Texas 79714**

**(915) 523-3320 Office**

**1-888-414-3320**

**(915) 524-4993 Fax**

Revised 12/13/00



## **PROFESSIONAL SERVICES:**

- **NORM Processing and Disposal**
- **Site Assessment and Surveys**
- **On Site Decontamination**
- **Regulatory Consulting**
- **Health Physics**
- **Air, Soil, Water, Scale, and Sludge Sampling**
- **Radiation Safety Officer Services**
- **Export Permitting from Rocky Mountain Compact States**
- **Tubular Decontamination**
- **Vessel Decontamination**
- **Hazardous Waste Transportation**
- **Hazardous and Mixed Waste Disposal**
- **Roll Off Container Rental**



**“Responsible solutions for a secure tomorrow”**

Lotus, L.L.C.  
 P O Box 1277  
 Andrews, TX 79714  
 (915)523-3320 – Phone  
 (915) 524-4993 – Fax

Company's total number of years of environmental and/or oilfield experience: 27

<b>Project Name and Location</b>	<b>Nature of Company's Services</b>	<b>Cost of Entire Project</b>	<b>Cost of Company Performed</b>
1) Fogelle State South Panna Maria, TX	Performed remediation services as prime contractor, including hazardous and NORM Contaminated materials, removal and disposal	\$256,177.77	\$171,598.91
2) Oxy Oil Co. Eldorado, Kansas	Performed remediation services as prime contractor, including hazardous and NORM Contaminated materials, removal and disposal	\$1,228,292.75	\$822,958.15
3) Oxy Oil Co. Lindsay, OK	Performed remediation services as prime contractor, including hazardous and NORM Contaminated materials, removal and disposal	\$96,314.00	\$64,610.38
4) Southwest Ramos Amelia, LA	Performed remediation services as prime contractor, including hazardous and NORM Contaminated materials, removal and disposal	\$30,104.00	\$30,104.00
5) Railroad Commission Merkel, Texas	Performed remediation services as prime contractor, including hazardous and NORM Contaminated materials, removal and disposal	\$261,221.89	\$261,221.89
6) Richard SWD Richard, LA	Performed remediation services as prime contractor, including hazardous and NORM Contaminated materials, removal and disposal	\$90,001.00	\$90,001.00

Lotus, L.L.C.  
P O Box 1277  
Andrews, TX 79714  
(915)523-3320 – Phone  
(915) 524-4993 – Fax

Bidders Project Manager: Dan W. Snow

Project Manager's total number of years of environmental and/or oilfield experience: 24

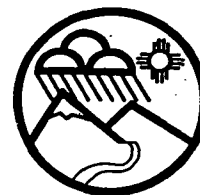
<b>Project Name and Location</b>	<b>Nature of Company's Services</b>	<b>Cost of Entire Project</b>	<b>Cost of Company Performed</b>
1) Fogelle State South Panna Maria, TX	Contractor-Remediation services, hazardous and radioactive material removal, disposal And decontamination	\$256,177.77	\$171,598.91
2) Oxy Oil Co. Eldorado, Kansas	Contractor-Remediation services, hazardous and radioactive material removal, disposal And decontamination	\$1,228,292.75	\$822,958.15
3) Oxy Oil Co. Lindsay, OK	Contractor-Remediation services, hazardous and radioactive material removal, disposal And decontamination	\$96,314.00	\$64,610.38
4) BTA Oil Producers Post, Texas	Performed site remediation, oil well P&A spill prevention and remediation.	\$845,000.00	\$845,000.00
5) Railroad Commission Merkel, Texas	Contractor-Remediation services, hazardous and radioactive material removal, disposal And decontamination	\$261,221.89	\$261,221.89
6) Richard SWD Richard, LA	Contractor-Remediation services, hazardous and radioactive material removal, disposal And decontamination	\$90,001.00	\$90,001.00

*Permits*



GARY E. JOHNSON  
GOVERNOR

State of New Mexico  
ENVIRONMENT DEPARTMENT  
Hazardous & Radioactive Materials Bureau  
2044 Galisteo Street  
P.O. Box 26110  
Santa Fe, New Mexico 87502  
(505) 827-1557  
Fax (505) 827-1544



PETER MAGGIORE  
SECRETARY

PAUL R. RITZMA  
DEPUTY SECRETARY

Thursday, July 06, 2000

Jerry Kelly, RSO  
Lotus, LLC  
P. O. Box 1277  
Andrews, TX 79714

SUBJECT: NOTICE OF RECIPROCAL RECOGNITION OF LICENSE IN NEW MEXICO FOR 2000

License Number: L05147 Am# 3

Issuing Agency: Texas

License Expiration Date: Sunday, July 31, 2005

Thank you for your request for reciprocity. In accordance with your request and pursuant to New Mexico Radiation Protection Regulation (NMRPR) 324.A., you are hereby authorized to possess and utilize radioactive materials at temporary job sites in areas not under exclusive Federal jurisdiction within the State of New Mexico. Reciprocity is granted for one calendar year. This authorization is void after December 31, 2000, or when activities have exceeded 180 days in the calendar year, whichever occurs first.

Your are required to notify the Department in writing at least three (3) days prior to each use of radioactive material in New Mexico. Further, you must notify the Department within one (1) hour after arrival at the actual work location within the State, and notify the Department within one (1) hour after any change in work location within the State. Please note that you may be subject to a routine field inspection at anytime.

Special Conditions: The following must be in the possession of the users at the work site: (1) A copy of this letter; (2) a complete copy of the NMRPR or Section 324 and Subparts 4, 5, and 10; the regulations may be purchased from Santa Fe Printing (505) 982-8111, or downloaded off the internet from the State website [www.nmenv.state.nm.us](http://www.nmenv.state.nm.us); (3) a copy of the Radioactive Materials License; (4) a complete inventory of sources brought into the State; (5) pertinent U.S. DOT documents; (6) leak test records for sources brought into the State; (7) instrument calibration records; and (8) personnel training records.

If I can be of assistance, you may contact me at (505) 827-1866 or fax (505) 827-1863.

Sincerely,

Sherry A. Miller  
Radiation Specialist

**P.O. Box 1277  
Andrews, Texas 79714  
(915) 523-3320 Office  
(915) 524-4993 Fax  
jHUDSON@lotusllc.com E-mail**



January 26, 2001

State of New Mexico  
Attn: Sherry Miller  
Environmental Department  
P O Box 26110  
Santa Fe, NM 87502

**Re: Notice of Reciprocal Recognition of License in New Mexico for 2001  
License No.: L05147 Amendment #5  
Issuing Agency: Texas  
License Expiration Date: Sunday, July 31, 2005**

Dear Ms. Miller,

Lotus, L.L.C. would like to renew their Reciprocity Agreement with the State of New Mexico for the calendar year 2001. Attached is Lotus's current license with Amendment Number 5, everything else is the same as last year.

If you need additional information or have any questions, please feel free to contact me at the above referenced letterhead.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Hudson".

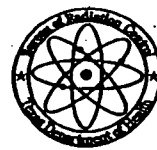
**Jeff Hudson  
Radiation Safety Officer**

Enclosure

Cc: file

JH/db

NMreprocity.doc



# RADIOACTIVE MATERIAL LICENSE

Pursuant to the Texas Radiation Control Act and Texas Health Department regulations on radiation, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess and transfer radioactive material listed below; and to use such radioactive material for the purpose(s) and at the place(s) designated below. This license is subject to all applicable rules, regulations and orders of the Texas Department of Health (Agency) now or hereafter in effect and to any conditions specified below.

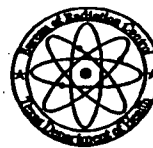
<b>LICENSEE</b>			This license is issued in response to a letter dated: August 30, 2000 signed by: Dan Snow	
1. Name	LOTUS LLC ATTN JEFFERY H HUDSON		3. License Number	Amendment Number
2. Address	PO BOX 1277 ANDREWS TX 79714		L05147	05
<b>PREVIOUS AMENDMENTS ARE VOID</b>				
<b>RADIOACTIVE MATERIAL AUTHORIZED</b>			4. Expiration Date July 31, 2005	
5. Radioisotope A. Naturally occurring radioactive material (NORM) as defined in *TAC §289.259	6. Form of Material A. Solid, sludge or liquid	7. Maximum Activity* A. For the Andrews facility: 2 Ci total concentrations not to exceed 10 µCi per gram. For jobs at customers facilities: As needed for each job.	8. Authorized Use A. Decontamination of NORM contaminated pipe, equipment and materials. Possession incidental to decontamination of NORM contaminated pipe, equipment and materials. Temporary storage prior to transfer to original generator, authorized recipients and/or authorized NORM disposal facilities.	

\* Ci-Curies mCi-Millicuries µCi-Microcuries \*\*Title 25 Texas Administrative Code

9. Radioactive material shall only be stored and used at:

<u>Site Number</u>	<u>Location</u>
000	Andrews - Lotus facility located 19 miles west of Andrews (Highway 176 West from Andrews, 4 miles south of intersection with Highway 176 on FM 181, then 2.5 miles West on SW 570 to Lotus facility.

10. The individual designated to perform the functions of Radiation Safety Officer (RSO) for activities covered by this license is Jeffery H. Hudson.
11. The authorized place of use is also at temporary sites, in areas not under exclusive Federal jurisdiction, throughout Texas.
12. Each site shall maintain documents and records pertinent to the operations at that site. Copies of all documents and records required by this license shall be maintained for Agency review at Site 000.
13. The licensee shall comply with the provisions of (as amended) 25 TAC §289.201, §289.202, §289.203, §289.204, §289.205, §289.251, 289.252, §289.257, and §289.259.
14. Radioactive material shall be used by, or under the direct supervision of, individuals designated by the RSO only after each worker has successfully completed an Agency accepted training course. Documentation verifying the successful completion of the training for each worker shall be maintained by the licensee for inspection by the Agency.

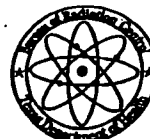


# RADIOACTIVE MATERIAL LICENSE

LICENSE NUMBER	AMENDMENT NUMBER
L05147	05

15. Financial assurance in the amount of \$175,000 shall be established with and accepted by the agency, as evidenced by written notification from the agency, prior to receipt of NORM at the facility.
16. The licensee shall provide written notification to the Agency:
- A. At least five (5) days prior to commencing NORM decontamination or remediation activities. The notification shall specify the following:
- (1) type of operation;
  - (2) the mode of decontamination (if more than one mode is authorized on the license);
  - (3) address and physical location of the decontamination or remediation activity;
  - (4) dates when the activity will be conducted; and
  - (5) the name of the person in charge of the operation at the site.
- B. within 7 days of completion of decontamination work for a customer at the customer's site. The notification shall specify the following:
- (1) customer name,
  - (2) customer mailing address,
  - (3) customer telephone number,
  - (4) quantity of contaminated material generated as a result of the decontamination process, and
  - (5) disposition of contaminated material.
    - (a) If contaminated material is left in the possession of the customer, the licensee shall also submit the following information:
      - (i) method (e.g., drums) of storage of contaminated material,
      - (ii) site where material is stored (provide map if street address is not available)
      - (iii) location at site where material is stored, and
      - (iv) storage conditions (e.g., metal shed, pallets on open ground, etc.).
- C. This information shall be addressed to the following:
- NORM Decontamination Notification  
ATTN: Division of Compliance and Inspection  
Bureau of Radiation Control  
Texas Department of Health  
1100 W. 49th Street  
Austin, Texas 78756-3189 or  
by facsimile to: (512) 834-6654.
18. A. The licensee shall conduct unannounced audits each month to assure that procedures are being conducted at the appropriate frequency and in the appropriate manner. These audits shall be conducted by the RSO. These audits shall as a minimum consist of the following:
- (1) survey location for personnel,
  - (2) material receipt procedures,
  - (3) processing procedures,
  - (4) personnel survey procedures,
  - (5) personnel monitoring procedures,
  - (6) equipment and material release surveys,
  - (7) material balance records and calculations,





# RADIOACTIVE MATERIAL LICENSE

LICENSE NUMBER	AMENDMENT NUMBER
L05147	05

18. (continued)

- (8) transfer and disposition records,
- (9) occupational and environmental air monitoring procedures,
- (10) facility survey procedures, and
- (11) posting and noticing requirements

B. The licensee shall document these audits by recording the date of the audit, the person conducting the audit, the findings of the audit, and any corrective action taken. These records shall be retained for inspection by the Agency.

19. Except as specifically provided otherwise by this license, the licensee shall possess and use the radioactive material authorized by this license in accordance with statements, representations, and procedures contained in the following:

application dated: December 22, 1997;

letters dated: February 22, 2000 and May 8, 2000


Title 25 TAC Chapter 289 shall prevail over statements contained in the above documents unless such statements are more restrictive than the regulations.

BFF:ef

FOR THE TEXAS DEPARTMENT OF HEALTH

Date

November 6, 2000

  
 Eugene F. Forrer II, Chief  
 Uranium/Thorium Licensing Program

RAILROAD COMMISSION OF TEXAS  
OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET  
NO. 08-0214236

IN THE FUHRMAN-MASCHO FIELD  
ANDREWS COUNTY, TEXAS

FINAL ORDER  
APPROVING THE APPLICATION OF LOTUS, L.L.C.  
FOR PIT PERMIT AND DISPOSAL WELL PERMIT  
TO MANAGE AND DISPOSE OF NORM WASTE  
IN THE FUHRMAN-MASCHO FIELD  
ANDREWS COUNTY, TEXAS

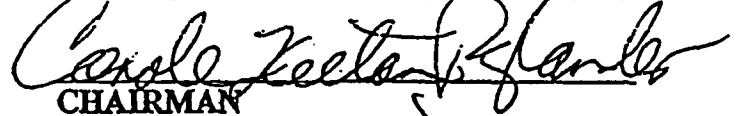
The Commission finds that after statutory notice in the above-numbered docket heard on December 4, 1996, the presiding examiner has made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

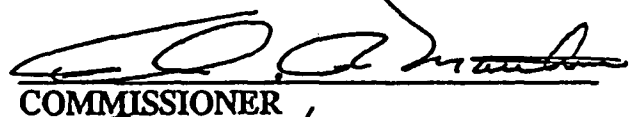
The Commission, after review and due consideration of the examiner's report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is ordered by the Railroad Commission of Texas that the application of LOTUS, L.L.C. for Pit Permit No. P010928 and an Injection Well Permit for the Lotus Lease, Well No. 1, to authorize management and disposal of oil and gas NORM in the Fuhrman-Mascho Field, Andrews County, Texas, be and it is hereby approved subject to the conditions and limitations indicated in Exhibits A and B.

Done this 17th day of December, 1996.

RAILROAD COMMISSION OF TEXAS

  
CHAIRMAN

  
COMMISSIONER

  
COMMISSIONER

  
ATTEST  
Secretary

  
Secretary

## EXHIBIT A

## PERMIT TO MAINTAIN AND USE A PIT

Pit Permit No. P010928

LOTUS, L.L.C.  
P.O. Box 1277  
Andrews County, TX 79714

Based on information contained in your application (Form H-11) dated November 6, 1996, you are hereby authorized to maintain and use the pit designated herein:

Type of Pit: Oil and Gas NORM Waste Collecting Pit [LINED]  
LOTUS Disposal Facility  
1980 feet FSL and 660 feet FEL of Section 8, Block A-47, PSL Survey,  
Andrews County, RRC District 03

Authority is granted to maintain and use the pit in accordance with Statewide Rule 8 and subject to the following conditions:

1. Use of the pit is limited to collection of nonhazardous oil and gas waste, including oil and gas NORM waste at or below levels specified in the permit application, prior to disposal in the following well: LOTUS Lease, Well No. 1
2. The pit must be constructed of concrete at least 12 inches thick.
3. The capacity of the pit may not exceed 416 barrels.
4. At least 2 feet of freeboard must be maintained between the fluid level in the pit and the top of the pit.
5. The facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant, a fence and locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.
6. The permittee shall comply with the worker protection standards as defined in 16 TAC §3.94 (Rule 94, Disposal of Oil and Gas NORM Waste).

7. Records must be kept of each load of waste received at the pit. Records must include:
- a) the identity of the property where any oil and gas NORM waste was generated, including the Commission district; field; lease, unit, facility, or offshore tract;
  - b) the identity of the facility, site, or well where the oil and gas NORM waste was disposed of if other than the disposal wells referenced in Condition No. 1;
  - c) the physical nature (i.e., pipe scale, contaminated soil, basic sediment) of the oil and gas NORM waste;
  - d) the volume of oil and gas NORM waste received in the pit prior to disposal; and
  - e) the radioactivity level(s) of the oil and gas NORM waste (in pCi/g of Radium-226 and 228).

A copy of the records must be filed quarterly with the Assistant Director for Environmental Services and the Midland District Office.

8. No oil may be allowed to accumulate on top of waste collected in the pit. Any oil on top of the waste must be skimmed off.
9. The pit must be emptied and inspected monthly for deterioration and/or leaks. The Midland District Office must be notified at least 48 hours before each inspection. The pit must also be inspected whenever evidence of pit leakage arises. If inspection of the pit reveals a leak, the pit must be repaired before use of the pit is resumed.
10. The permittee must maintain a record of when the pit is inspected and the results of each inspection. This record must be maintained by the permittee for the life of the pit, and, upon request of the Commission, the record shall be filed with the Commission.
11. Unless otherwise required by conditions of this permit, construction, use, and maintenance of the pit shall be in accordance with the information represented on the application (Form H-11) and attachments thereto.
12. A sign shall be posted at the pit which shall show the pit permit number in numerals at least one inch in height.
13. The pit must be dewatered, emptied, and closed within 120 days of final cessation of use of the pit. Final closure of the pit must be accomplished in such a manner that rainfall will not collect at the pit location after pit closure. Upon final closure, the District Office shall be notified in writing.
14. This permit is nontransferable without the consent of the Commission. Any request for permit transfer must be filed with Environmental Services.
15. This permit does not authorize the discharge of any oil and gas wastes from the pit to the ground or surface water or groundwater.
16. This permit may be considered for administrative renewal upon review by Environmental Services.

17. Within one year after active disposal operations cease at the facility and prior to release of the facility for unrestricted use, the permittee shall decontaminate the land surface and any equipment not otherwise exempted under the provisions of §46.4(a)(2), Texas Regulations for Control of Radiation (TRCR). For purposes of this provision, the land surface shall be considered decontaminated when the levels of Radium 226 and Radium 228 do not exceed 5 pCi/g above background, unless a higher level is approved by the Commission. Equipment shall be considered decontaminated when it meets the exemption levels set forth in Appendix 46-A, TRCR Part 46.
18. Authority to use the pit expires December 17, 2001 (5 years from date of permit).

This authorization is granted subject to review and cancellation should investigation show that such authorization is being abused.

APPROVED AND ISSUED ON December 17, 1996.

## EXHIBIT B

**PERMIT TO DISPOSE OF NON-HAZARDOUS OIL AND GAS WASTE, INCLUDING NATURALLY OCCURRING RADIOACTIVE MATERIAL, BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL AND GAS**

PERMIT NO. 10799

LOTUS, L.L.C.  
P. O. Box 1277  
Andrews, TX 79714

Based on information contained in your application (Form W-14) dated September 9, 1996, you are hereby authorized to dispose of oil and gas waste, including oil and gas NORM waste, into your well designated as follows:

Lotus Lease, Well No. 1, Fuhrman-Mascho Field, Andrews County, RRC  
District 8A 08

Authority is granted to inject in accordance with Statewide Rules 9 and 94 of the Railroad Commission of Texas and subject to the following special and standard conditions:

**SPECIAL CONDITIONS:**

1. Oil and gas waste shall only be injected into strata in the subsurface depth interval from 5210 feet to 10,300 feet.
2. The injection volume shall not exceed 5,000 barrels per day.
3. The maximum surface injection pressure shall not exceed 2000 psig.
4. Records relating to the disposal of oil and gas NORM waste shall be retained for at least three years after the date of disposal. The records shall include for each shipment disposed of:
  - a. the identity of the generator of the oil and gas NORM waste.
  - b. the identity of the property where the oil and gas NORM waste was generated, including the district, field, lease, unit, facility, or offshore tract.
  - c. the physical nature of the NORM waste (i.e. pipe scale, contaminated soil, etc.)
  - d. the volume of the NORM waste.
  - e. the radioactivity level of the NORM waste in pCi/g of Radium-226 and Radium-228.
6. The permittee shall comply with the worker protection standards of Rule 94 (c).

7. Within one year after active disposal operations cease at the facility and prior to release of the facility for unrestricted use, the permitted shall decontaminate the land surface at the site and any equipment not otherwise exempted under the provisions of §46.4(a) (2), Texas Regulations for Control of Radiation (TRCR). For purposes of this provision, the land surface shall be considered decontaminated when the levels of Radium 226 and Radium 228 do not exceed 5 pCi/g above background unless a higher level is approved by the Commission. Equipment shall be considered decontaminated when it meets the exception levels set forth in Appendix 46-A, TRCR Part 46.

**STANDARD CONDITIONS:**

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
2. The District Office must be notified 48 hours prior to:
  - a. running tubing and setting packer;
  - b. beginning any workover or remedial operation;
  - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
4. Prior to beginning injection and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.
5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.
8. Unless otherwise required by conditions of the permit, completion and operation of the well shall be in accordance with the information represented on the application (Form W-14).
9. The operator shall be responsible for complying with the following requirements so as to assure that discharges of oil and gas waste will not occur:

- a. All surface facilities for oil and gas waste management must be permitted under the requirements of Statewide Rule 8.
  - b. A catch basin constructed of concrete, steel, or fiberglass must be installed to catch oil and gas waste which may spill as a result of connecting and disconnecting hoses or other apparatus while transferring oil and gas waste from tank trucks to the disposal facility.
  - c. All fabricated waste storage and pretreatment facilities (tanks, separators, or flow lines) shall be constructed of steel, concrete, fiberglass, or other materials approved by the Director. These facilities must be maintained so as to prevent discharges of oil and gas waste.
  - d. Dikes shall be placed around all waste storage, pretreatment, or disposal facilities. The dikes shall be designed so as to be able to contain a volume equal to the maximum holding capacity of all such facilities. Any liquids or wastes that do accumulate in the containment area shall be removed within 24 hours and disposed of in an authorized disposal facility.
  - e. The facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant, a fence and locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.
  - f. Each storage tank shall be equipped with a device (visual gauge or alarm) to alert drivers when each tank is within 130 barrels from being full.
10. Form P-18, Skim Oil Report, must be filed in duplicate with the District Office by the 15th day of the month following the month covered by the report.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such strata is eliminated.

APPROVED AND ISSUED ON December 17, 1996.



MICHAEL L. WILLIAMS, CHAIRMAN  
CHARLES R. MATTHEWS, COMMISSIONER  
TONY GARZA, COMMISSIONER



RICHARD A. VARELA  
DIRECTOR, OIL AND GAS DIVISION  
STEPHEN J. HALASZ  
DEPUTY DIRECTOR, ENVIRONMENTAL SERVICES

# RAILROAD COMMISSION OF TEXAS

## OIL AND GAS DIVISION

January 3, 2001

Mr. Dan W. Snow  
Manager  
Lotus, LLC  
P O Box 1277  
Andrews, Texas 79714

Re: Lotus (35507) Lease  
Well Nos. 2A and 2B  
Fuhrman-Mascho Field  
Andrews County, Texas

Dear Mr. Snow:

We have received your letter dated December 29, 2000, sonar surveys, and copies of H-5 test reports. You need also to file the completion reports (Form W-2) with the district office if you have not already. Although we note some differences between the proposed well completions and the actual completions, none are considered substantial. In addition, we note that the bottom of the solution-mined interval in Well No. 2B is at a depth of 3200 feet, approximately 80 feet above the base of the Salado Formation, according to information in the permit application. If the bottom of the cavern is becomes deeper than 3200 feet as the horizontal cavern is further developed, then application to amend the injection interval will be necessary.

You are authorized to begin disposal in accordance with disposal well permit nos. 11239 and 11240.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Richard F. Ginn".

Richard F. Ginn  
Deputy Assistant Director  
For Underground Injection Control  
Environmental Services

CC: RRC-Midland

BY GARZA, CHAIRMAN  
ARLES R. MATTHEWS, COMMISSIONER  
HAEL L. WILLIAMS, COMMISSIONER



RONALD L. KITCIENS  
ACTING DIRECTOR, OIL AND GAS DIVISION  
LESLIE SAVAGE  
ASSISTANT DIRECTOR FOR ENVIRONMENTAL SERVICES

# RAILROAD COMMISSION OF TEXAS

## OIL AND GAS DIVISION

PERMIT TO DISPOSE OF NON-HAZARDOUS OIL AND GAS WASTE, INCLUDING NATURALLY OCCURRING RADIOACTIVE MATERIAL, BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL AND GAS

PERMIT NO. 11240

LOTUS, L.L.C.  
P O BOX 1277  
ANDREWS TX 79714

Based on information contained in your application (Form W-14) received February 2, 1999, you are hereby authorized to dispose of oil and gas waste, including oil and gas NORM waste, into your well designated as follows:

Lotus Lease (35507), Well No. 2A, Fuhrman-Mascho Field, Andrews County, RRC  
District 8

Authority is granted to inject in accordance with Statewide Rules 9 and 94 of the Railroad Commission of Texas and subject to the following special and standard conditions:

### SPECIAL CONDITIONS:

1. Oil and gas waste shall only be injected into a cavern in a salt formation in the subsurface depth interval from 2400 feet to 3100 feet.
2. The injection volume shall not exceed 10,000 barrels per day.
3. The maximum surface injection pressure shall not exceed 250 psig for fresh water injection and 175 psig for 10-pound brine injection.
4. Prior to beginning disposal operations in the cavern disposal system, the cavern capacity shall be determined by sonar survey or other Commission approved method.
5. The results of the sonar survey or other method shall be reported to the Commission's Austin office prior to beginning disposal.

6. Records relating to the disposal of oil and gas NORM waste shall be retained for at least three years after the date of disposal. The records shall include for each shipment disposed of:
  - a. the identity of the generator of the oil and gas NORM waste.
  - b. the identity of the property where the oil and gas NORM waste was generated, including the district, field, lease, unit, facility, or offshore tract.
  - c. the physical nature of the NORM waste (i.e. pipe scale, contaminated soil, etc.)
  - d. the volume of the NORM waste.
  - e. the radioactivity level of the NORM waste in pCi/g of Radium-226 and Radium-228.
7. The permittee shall comply with the worker protection standards of Rule 94 (c).
8. A radiation safety officer (RSO) shall be on location during any activity that involves the retrieval of logging or workover tools, tubulars, or equipment from the well after NORM disposal begins.
9. Within one year after active disposal operations cease at the facility and prior to release of the facility for unrestricted use, the permitted shall decontaminate the land surface at the site and any equipment not otherwise exempted under the provisions of TAC § 289.259(d) (2). For purposes of this provision, the land surface shall be considered decontaminated when the levels of Radium 226 and Radium 228 do not exceed 5 pCi/g above background or do not exceed the level specified in Statewide Rule 94, whichever is greater. Equipment shall be considered decontaminated when it meets the exception levels set forth in § 289.259(w).

**STANDARD CONDITIONS:**

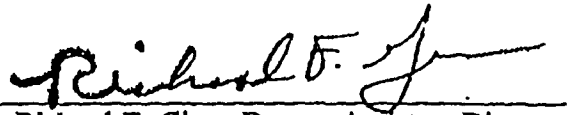
1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
2. The District Office must be notified 48 hours prior to:
  - a. running tubing and setting packer;
  - b. beginning any workover or remedial operation;
  - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
4. Prior to beginning injection and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.

5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.
8. Unless otherwise required by conditions of the permit, completion and operation of the well shall be in accordance with the information represented on the application (Form W-14).
9. The operator shall comply with financial security requirements of Statewide Rule 78.
10. The operator shall be responsible for complying with the following requirements so as to assure that discharges of oil and gas waste will not occur:
- a. All surface facilities for oil and gas waste management must be permitted under the requirements of Statewide Rule 8.
  - b. A catch basin constructed of concrete, steel, or fiberglass must be installed to catch oil and gas waste which may spill as a result of connecting and disconnecting hoses or other apparatus while transferring oil and gas waste from tank trucks to the disposal facility.
  - c. All fabricated waste storage and pretreatment facilities (tanks, separators, or flow lines) shall be constructed of steel, concrete, fiberglass, or other materials approved by the Director. These facilities must be maintained so as to prevent discharges of oil and gas waste.
  - d. Dikes shall be placed around all waste storage, pretreatment, or disposal facilities. The dikes shall be designed so as to be able to contain a volume equal to the maximum holding capacity of all such facilities. Any liquids or wastes that do accumulate in the containment area shall be removed within 24 hours and disposed of in an authorized disposal facility.
  - e. The facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant, a fence and locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.

- f. Each storage tank shall be equipped with a device (visual gauge or alarm) to alert drivers when each tank is within 130 barrels from being full.
11. Form P-18, Skim Oil Report, must be filed in duplicate with the District Office by the 15th day of the month following the month covered by the report.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such strata is eliminated.

APPROVED AND ISSUED ON July 27, 1999.

  
Richard F. Ginn, Deputy Assistant Director  
for Underground Injection Control



# RAILROAD COMMISSION OF TEXAS

## OIL AND GAS DIVISION

PERMIT TO DISPOSE OF NON-HAZARDOUS OIL AND GAS WASTE, INCLUDING NATURALLY OCCURRING RADIOACTIVE MATERIAL, BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL AND GAS

PERMIT NO. 11239

2B

LOTUS, L.L.C.  
P O BOX 1277  
ANDREWS TX 79714

Based on information contained in your application (Form W-14) received February 2, 1999, you are hereby authorized to dispose of oil and gas waste, including oil and gas NORM waste, into your well designated as follows:

Lotus Lease (35507), Well No. <sup>2B</sup>Fuhrman-Mascho Field, Andrews County, RRC District 8

*Richard G. N.W. OK*

Authority is granted to inject in accordance with Statewide Rules 9 and 94 of the Railroad Commission of Texas and subject to the following special and standard conditions:

### SPECIAL CONDITIONS:

1. Oil and gas waste shall only be injected into a cavern in a salt formation in the subsurface depth interval from 2400 feet to 3100 feet.
2. The injection volume shall not exceed 10,000 barrels per day.
3. The maximum surface injection pressure shall not exceed 250 psig for fresh water injection and 175 psig for 10-pound brine injection.
4. Prior to beginning disposal operations in the cavern disposal system, the cavern capacity shall be determined by sonar survey or other Commission approved method.
5. The results of the sonar survey or other method shall be reported to the Commission's Austin office prior to beginning disposal.

6. Records relating to the disposal of oil and gas NORM waste shall be retained for at least three years after the date of disposal. The records shall include for each shipment disposed of:
  - a. the identity of the generator of the oil and gas NORM waste.
  - b. the identity of the property where the oil and gas NORM waste was generated, including the district, field, lease, unit, facility, or offshore tract.
  - c. the physical nature of the NORM waste (i.e. pipe scale, contaminated soil, etc.)
  - d. the volume of the NORM waste.
  - e. the radioactivity level of the NORM waste in pCi/g of Radium-226 and Radium-228.
7. The permittee shall comply with the worker protection standards of Rule 94 (c).
8. A radiation safety officer (RSO) shall be on location during any activity that involves the retrieval of logging or workover tools, tubulars, or equipment from the well after NORM disposal begins.
9. Within one year after active disposal operations cease at the facility and prior to release of the facility for unrestricted use, the permitted shall decontaminate the land surface at the site and any equipment not otherwise exempted under the provisions of TAC § 289.259(d) (2). For purposes of this provision, the land surface shall be considered decontaminated when the levels of Radium 226 and Radium 228 do not exceed 5 pCi/g above background or do not exceed the level specified in Statewide Rule 94, whichever is greater. Equipment shall be considered decontaminated when it meets the exception levels set forth in § 289.259(w).

**STANDARD CONDITIONS:**

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.
2. The District Office must be notified 48 hours prior to:
  - a. running tubing and setting packer;
  - b. beginning any workover or remedial operation;
  - c. conducting any required pressure tests or surveys.
3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.
4. Prior to beginning injection and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.

5. The injection pressure and injection volume must be monitored at least monthly and reported annually on Form H-10 to the Commission's Austin office.
6. Within 30 days after completion, conversion to disposal, or any workover which results in a change in well completion, a new Form W-2 or G-1 must be filed in duplicate with the District Office to show the current completion status of the well. The date of the disposal well permit and the permit number must be included on the new Form W-2 or G-1.
7. Written notice of intent to transfer the permit to another operator must be submitted to the Commission at least 15 days prior to the date the transfer will occur by filing Form P-4.
8. Unless otherwise required by conditions of the permit, completion and operation of the well shall be in accordance with the information represented on the application (Form W-14).
9. The operator shall comply with financial security requirements of Statewide Rule 78.
10. The operator shall be responsible for complying with the following requirements so as to assure that discharges of oil and gas waste will not occur:
  - a. All surface facilities for oil and gas waste management must be permitted under the requirements of Statewide Rule 8.
  - b. A catch basin constructed of concrete, steel, or fiberglass must be installed to catch oil and gas waste which may spill as a result of connecting and disconnecting hoses or other apparatus while transferring oil and gas waste from tank trucks to the disposal facility.
  - c. All fabricated waste storage and pretreatment facilities (tanks, separators, or flow lines) shall be constructed of steel, concrete, fiberglass, or other materials approved by the Director. These facilities must be maintained so as to prevent discharges of oil and gas waste.
  - d. Dikes shall be placed around all waste storage, pretreatment, or disposal facilities. The dikes shall be designed so as to be able to contain a volume equal to the maximum holding capacity of all such facilities. Any liquids or wastes that do accumulate in the containment area shall be removed within 24 hours and disposed of in an authorized disposal facility.
  - e. The facility shall have security to prevent unauthorized access. Access shall be secured by a 24-hour attendant, a fence and locked gate when unattended, or a key-controlled access system. For a facility without a 24-hour attendant, fencing shall be required unless terrain or vegetation prevents truck access except through entrances with lockable gates.

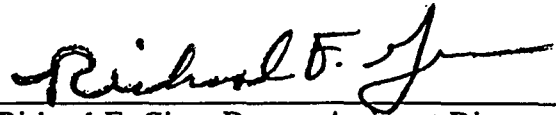


f. Each storage tank shall be equipped with a device (visual gauge or alarm) to alert drivers when each tank is within 130 barrels from being full.

11. Form P-18, Skim Oil Report, must be filed in duplicate with the District Office by the 15th day of the month following the month covered by the report.

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such strata is eliminated.

APPROVED AND ISSUED ON July 27, 1999.

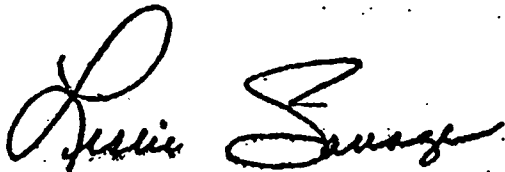


Richard F. Ginn, Deputy Assistant Director  
for Underground Injection Control

Permit No. 3192 is hereby issued to LOTUS, L.L.C. subject to the conditions below.

**PERMIT CONDITIONS**

- A. This permit authority is limited to the hauling, handling, and disposal of oil and gas waste off a lease, unit, or other oil and gas property.
- B. This permit authorizes the permitted hauler to dispose of oil and gas waste only at the following disposal/injection systems:
  - Commission-permitted disposal/injection systems for which a Form WH-3 has been submitted and which are listed on Permit Attachment B, Approved Disposal/Injection Systems;
  - disposal systems operated under authority of a minor permit issued by the Commission; and
  - disposal systems permitted by another state agency or another state provided the Commission has granted separate authorization for the disposal.
- C. Each vehicle must be marked on both sides and in the rear with the permitted hauler's name (exactly as shown on the P-5 organization report) and permit number in characters not less than three inches high.
- D. This permit authorizes the permitted hauler to use only those vehicles shown on the Commission-issued listing of approved vehicles (Permit Attachment A, Waste Hauler Vehicle Identification).
- E. Each vehicle must carry a copy of this permit along with a copy of those parts of Permit Attachment A (Waste Hauler Vehicle Identification) and Permit Attachment B (Approved Disposal/Injection Systems) that are relevant to that vehicle's activities.
- F. Each vehicle must be operated and maintained in such a manner as to prevent spillage, leakage, or other escape of oil and gas waste during transportation.
- G. The permitted hauler must make each vehicle available for inspection upon request by Commission personnel.
- H. The permitted hauler must compile and keep current a list of all persons by whom the permitted hauler is hired to haul and dispose of oil and gas waste and furnish such list to the Commission upon request.
- I. The permitted hauler must adequately train all drivers to ensure compliance with Commission rules, including recordkeeping requirements, and adherence to proper emergency response and notification procedures.
- J. The permitted hauler must keep a DAILY record of the oil and gas waste hauling operations of each approved vehicle. The daily record, signed and dated by the vehicle driver, must be kept open for Commission inspection and must contain the following information:
  1. Identity of the property from which the oil and gas waste is hauled (operator name, lease name and number or other facility name or number, and county);
  2. Type and volume of oil and gas waste received by the hauler at the property where it was generated;
  3. Identity of the disposal system to which the oil and gas waste is delivered (operator name, lease name and number or system name, well number or system permit number, and county); and
  4. Type and volume of oil and gas waste transported and delivered to the disposal system.
- K. This permit is not transferable without the consent of the Commission.
- L. This permit expires on 03/31/2001. This permit, unless suspended or revoked for cause shown, will remain valid until the expiration date.



Director of Environmental Services

Glenda Babola

RRC Contact

3/30/2000

Date of Permit Issuance

(512) 463-6818

Hauler Name	Permit Number	Expiration Date	Number of Vehicle
LOTUS, L.L.C.	3192	03/31/2001	1

Make	/ Model	/Yr	Serial No.	Cap. / Unit	License	Inspect
INT'L	/	/86	1HTLAHEMOGHA19329	6 / YDS	CHO748	

A COPY OF THE PART OF THIS LISTING RELEVANT TO THAT VEHICLES ACTIVITIES MUST BE CARRIED IN EACH VEHICLE SUBJECT TO THIS PERMIT

Hauler Name	Permit Number	Permit Date	Expiration Date	Distribution Number
LOTUS, L.L.C.	3192	04/01/2000	03/31/2001	08

System Operator Name Lease Name	RRC ID	Well	County	Disposal	Project
LOTUS, L. L. C. LOTUS	35507	1	ANDREWS	14-10799	

A COPY OF THE PART OF THIS LISTING RELEVANT TO THAT VEHICLES ACTIVITIES MUST BE CARRIED IN EACH VEHICLE SUBJECT TO THIS PERMIT

UNITED STATES OF AMERICA  
DEPARTMENT OF TRANSPORTATION  
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION



HAZARDOUS MATERIALS  
CERTIFICATE OF REGISTRATION  
FOR REGISTRATION YEAR 2000-2001

Registrant: FLUID TRANSPORT INC  
Attn: Billy Smartt  
PO Box 99  
Snyder, TX 79550-0099

This certifies that the registrant is registered with the U.S. Department of Transportation as required by 49 CFR Part 107, Subpart G.

This certificate is issued under the authority of 49 U.S.C. 5108. It is unlawful to alter or falsify this document.

Reg. No: 053100 005 0281

Issued: 06/05/00

Expires: 06/30/01

**Record keeping Requirements for the Registration Program**

The following must be maintained at the principal place of business for a period of three years from the date of issuance of this Certificate of Registration:

- (1) A copy of the registration statement filed with RSPA; and
- (2) This Certificate of Registration

Each person subject to the registration requirement must furnish that person's Certificate of Registration (or a copy) and all other records and information pertaining to the information contained in the registration statement to an authorized representative or special agent of the U. S. Department of Transportation upon request.

Each motor carrier (private or for-hire) and each vessel operator subject to the registration requirement must keep a copy of the current Certificate of Registration or another document bearing the registration number identified as the "U.S. DOT Hazmat Reg. No." in each truck and truck tractor or vessel (trailers and semi-trailers not included) used to transport hazardous materials subject to the registration requirement. The Certificate of Registration or document bearing the registration number must be made available, upon request, to enforcement personnel.

For information, contact the Hazardous Materials Registration Manager, DHM-60 Research and Special Programs Administration, U.S. Department of Transportation, 400 Seventh Street, SW, Washington, DC 20590, telephone (202) 366-4109.



ACKNOWLEDGEMENT OF NOTIFICATION  
OF HAZARDOUS WASTE ACTIVITY

This is to acknowledge that you have filed a Notification of Hazardous Waste Activity for the installation located at the address shown in the box below to comply with Section 3010 of the Resource Conservation and Recovery Act (RCRA). Your EPA Identification Number for that installation appears in the box below. The EPA Identification Number must be included on all shipping manifests for transporting hazardous wastes; on all Annual Reports that generators of hazardous waste, and owners and operators of hazardous waste treatment, storage and disposal facilities must file with EPA; on all applications for a Federal Hazardous Waste Permit; and other hazardous waste management reports and documents required under Subtitle C of RCRA.

EPA ID NUMBER

TXD962736744

INSTALLATION ADDRESS

FLUID TRNG INC  
HOLT DAVID PRES  
PO BOX 99  
SNYDER TX 79549

111 N COLLEGE AVE  
SNYDER TX 79549

EPA Form 8700-12A (4-80)

Jan 02 01 01:02P

Billie Smartt

915-573-3963

*U.S. EPA  
CERCLA  
Approval Letter*



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TX 75202-2733

AUG 10 1998

Mr. Jerry Kelly  
Regulatory Affairs Manager  
Lotus L.L.C.  
P.O. Box 1277  
Andrews, TX 79714

Dear Mr. Kelly:

In response to your request of May 26, 1998, the U.S. Environmental Protection Agency (EPA) has determined that the Lotus L.L.C. facility in Andrews, Texas (EPA ID #TXR000019349) is acceptable for the receipt of hazardous substances, pollutants or contaminants (that are not Resource Conservation and Recovery Act hazardous waste) from Comprehensive Environmental Response, Compensation and Liability Act response actions.

This determination is made pursuant to the requirements prescribed in 40 CFR 300.440 (58 FR 49200, 49215 - 49218 September 22, 1993), and is based upon communication with representatives of the Railroad Commission of Texas. If conditions change, or if new information reveals violations exist, then the acceptability determination may be affected.

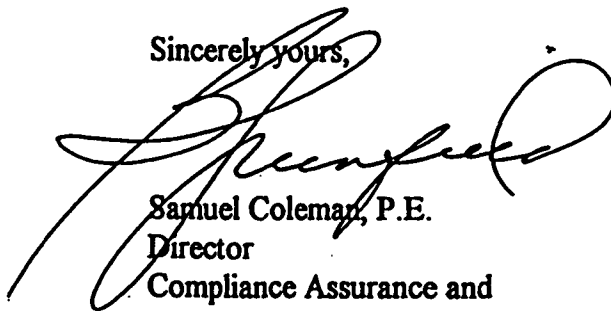
Please note that the Railroad Commission of Texas has requested that the Railroad Commission be provided notice of any transfer of CERCLA waste to the Lotus L.L.C. facility in Andrews, Texas. Notification should be provided to:

Ms. Leslie Savage, Assistant Director  
Environmental Services  
Railroad Commission of Texas  
P.O. Box 12967  
Austin, TX 78711



If you have any questions regarding this letter, please contact Ron Shannon of my staff at (214) 665-2282.

Sincerely yours,

A large, stylized handwritten signature in black ink, appearing to read 'S. Coleman', is written over the typed name and title.

Samuel Coleman, P.E.  
Director  
Compliance Assurance and  
Enforcement Division

cc: Ms. Leslie Savage  
Railroad Commission of Texas

# *Insurance*

PRODUCER

West Texas Insurance Exch, Inc  
1000 Maple Avenue  
Odessa TX 79761-2810

Jeffery F. Rea

Phone No 915-333-4106 Fax No 915-333-6803

INSURED

Lotus, LLC  
P. O. Box 1277  
Andrews TX 79714

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

COMPANY A	Clarendon National
COMPANY B	Great Texas County Mutual
COMPANY C	American Interstate Ins. Co.
COMPANY D	Security of Hartford

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNERS & CONTRACTORS PRO <input checked="" type="checkbox"/> SUDDEN/GRAD <input checked="" type="checkbox"/> POLLUTION	GLA1050099	01/29/00	01/29/01	GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 PERSONAL & ADV INJURY \$ 1,000,000 EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 50,00 MED EXP (Any one person) \$ 5,00
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> MCS-90 <input checked="" type="checkbox"/> LEASED VEHICLES	TBA2290684	01/29/00	01/29/01	COMBINED SINGLE LIMIT \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE \$
	GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EACH ACCIDENT \$ AGGREGATE \$
A	EXCESS LIABILITY <input checked="" type="checkbox"/> UMBRELLA FORM OTHER THAN UMBRELLA FORM	UMB1050029	01/29/00	01/29/01	EACH OCCURRENCE \$ 4,000,000 AGGREGATE \$ 4,000,000
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR PARTNER/EXECUTIVE OFFICERS ARE: <input type="checkbox"/> INCL <input checked="" type="checkbox"/> EXCL	00WCTK146706	01/29/00	01/29/01	<input checked="" type="checkbox"/> NO STATUTORY LIMITS <input type="checkbox"/> OTHER EL EACH ACCIDENT \$ 1,000,000 EL DISEASE - POLICY LIMIT \$ 1,000,000 EL DISEASE - CA EMPLOYEE \$ 1,000,000
D	OTHER EQUIPMENT CARGO	CTPPG30458	01/29/00	01/29/01	LEASED LIMIT 100,000 LIMIT 100,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS  
BLANKET WAIVER OF SUB & ADD'L INSURED ON GL & AUTO IN FAVOR OF CERT HOLDER WHEN REQUIRED BY WRITTEN CONTRACT. BLANKET WAIVER OF SUB ALSO INCLUDED ON WC. MCS-90 FILING & BROADENED POLLUTION COVERAGE INCLUDED ON BUSINESS AUTO.

CERTIFICATE HOLDER

SAMPLEC

SAMPLE CERTIFICATE

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDFAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT. BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Jeffery F. Rea

*Jeffery F. Rea*  
ACORD CORPORATION 198

# *Professional Staff*

**Dan Snow**  
**General Manager**

B.S. Mechanical Engineering  
New Mexico State University

Petroleum Engineering  
Amoco Production Company

20 Years Experience, Oil & Gas Industry

**Jeff Hudson**  
**Regulatory Affairs Manager**  
**Corporate Radiation Safety Officer**

Health, Environmental and Safety Coordinator  
Union Oil Company of California

Instructor of OSHA Standards  
U. S. Department of Labor

ASSE Member for 7 Years

Certified Industrial Hygiene Contact

14 Years Experience, Mining Industry

20 Years Experience, Oil & Gas Industry

# Certificate of Completion

*This certifies that*

**Jeff Hudson**

*has satisfactorily completed a forty hour*

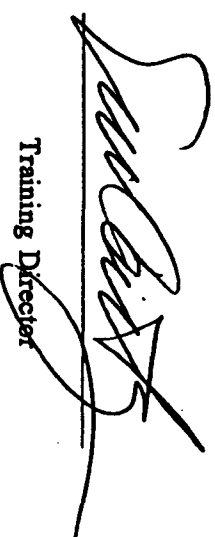
***NORM Radiation Safety Officer***  
*course of instruction*

*The course of instruction included both a written and practical examination.*

*Course Date: April 15 - 19, 1996*

*Location: Sugar Land, TX*



  
Training Director

200A Burgess Drive · Lafayette · Louisiana · 70505-2844

# Certificate of Qualification

*This is to certify that*

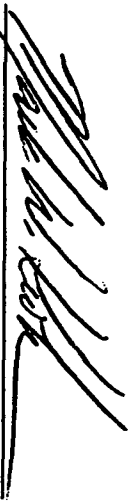
*Jeffrey H. Hudson*

*has completed an approved, eight hour refresher training course as a*

**NORM Radiation Safety Officer**

*Certification Date:* September 7, 2000

*Location:* Baton Rouge, Louisiana

  
Mark W. Krohn, RRPPT





September 7, 2000

Jeffrey H. Hudson  
Lotus, L.L.C.  
P.O. Box 1277  
Andrews, TX 79714

Dear Mr. Hudson:

This letter is to inform you that you have successfully completed a NORM Radiation Safety Officer Refresher Course. Enclosed, please find the copies of the certificates and letters for the 8 Hour NORM Radiation Safety Officer Refresher Course on June 7, 2000. It is not necessary to send copies of these certificates or letters to the Texas Department of Health, Bureau of Radiation Control. However, copies should be kept in your training records should you ever be requested to show proof of training.

We are interested in your comments and questions. We would like to help you in any way. Please contact us at 1-800-401-4277 if you have any questions or need further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark W. Krohn". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark W. Krohn, RRPT  
Health Physicist





September 7, 2000

Texas Department of Health  
Bureau of Radiation Control  
1100 West 49th Street  
Austin, TX 78756-3189

Dear Sir or Madam:

This letter is to certify that Jeffrey H. Hudson, has successfully completed a 8-Hour NORM Radiation Safety Officer Refresher Course. This course included, but was not limited to the following:

- Federal Regulations
- State Regulations
- Protective Clothing
- Radiation Survey Instrument Calibration Requirements
- Documentation Requirements
- Emergency Actions
- Radiation Protection Programs
- State Notification Requirements
- Disposal Options
- Respiratory Protection Requirements
- RSO Responsibilities
- Texas Regulations
- Exposure Risk to Unborn Child
- Exposure Minimization
- Type of Survey Instruments
- Radiation and Contamination Survey Techniques
- Personnel Monitoring
- Legal Responsibilities
- Waste Management Program
- Liability Prevention
- Shipping and Manifesting
- RSO Problems and Solutions

If you have any questions, or need assistance, please don't hesitate to call any of the ARS staff at 1-800-401-4277.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark W. Krohn", written in a cursive style.

Mark W. Krohn, RRPT  
Health Physicist

*Training*

**Minimum Training Requirements  
LOTUS, L.L.C. Employee:**

**8 hr. NORM Surveyor**

**40 hr. HAZWOPER**

**Personal Protective Equipment**

**Personal Dosimetry**

**Respiratory Protection**

**ALARA Principles**

**Hazard Communication**

**Hearing Conservation**

**Injury/Accident Reporting**

**Drug/Alcohol Policy and Testing**

**Hydrogen Sulfide Safety**

**Confined Space Entry**

**Radiation Protection**

**First-Aid / CPR**

**Lock-Out / Tag-Out**

*Clientele*

**ALTURA ENERGY**

**EXXON COMPANY, USA**

**HUNT OIL COMPANY**

**ICO WORLDWIDE, INC.**

**J.M. HUBER CORPORATION**

**LOUIS - DREYFUSS**

**NATIONAL TANK COMPANY**

**OCEAN ENERGY (UMC PETROLEUM CORP.)**

**ORYX ENERGY**

**OXY, USA**

**PERMIAN - SCURLOCK**

**PIONEER NATURAL RESOURCES**

**PHILLIPS PIPELINE COMPANY**

**STATE OF NEW MEXICO**

**TITAN RESOURCES, INC.**

**UNOCAL / SPIRIT ENERGY 76**

**U.S. ENVIRONMENTAL PROTECTION AGENCY**