

NM - 34

**GENERAL  
CORRESPONDENCE**

**YEAR(S):**  
1993-1988



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

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

BRUCE KING  
GOVERNOR

POST OFFICE BOX 1980  
HOBBS, NEW MEXICO 88241-1980  
(505) 393-6161

February 10, 1993

Mr. Larry Squires  
Snyder Ranches  
P.O. Box 726  
Lovington, NM 88260

RE: PITS AT LAGUNA GATUNA

Dear Mr. Squires:

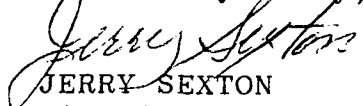
The Hobbs Oil Conservation Division (OCD) District did witness the work done on the covering of the pits at Laguna Gatuna.

The pits were covered by digging a large hole in a pit or knocking the side out of a pit and pumping the liquid out of the pit, then mixing the solids with sand, then placing several feet of sand over the pit. I did witness that the dozier could drive over the pits after the cover was in place. As I explained over the phone, Roger Anderson and Dave Boyer made the deal on how the pits were to be covered. Roger did inspect the East pit being closed.

A General Petroleum truck was pumping water out of the hole and Roger was not sure if they were not unloading into the pit. The Hobbs District OCD checked at Rogers request, to make sure the pits were not being used.

I would recommend you get with Roger Anderson and confirm the agreement made on the closure of the pits.

Yours very truly,

  
JERRY SEXTON  
District I Supervisor

JS/sad

xc: Bill LeMay  
Roger Anderson





COMMISSION  
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

91 APR 7 11:09 AM REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TEXAS 75202-2733

March 26, 1991

RECEIVED

APR 02 1991

SURFACE WATER  
QUALITY BUREAU

Mr. Jim Piatt  
Acting Bureau Chief  
Surface Water Bureau  
Environmental Improvement Division  
New Mexico Health and Environment Department  
Harold Runnels Building  
1190 St. Francis Drive  
Santa Fe, New Mexico 87503

Re: Jurisdictional Status of Laguna Gatuna under the Clean Water Act

Dear Mr. Piatt:

This responds to your March 11, 1991, inquiry on the jurisdictional status of Laguna Gatuna, a playa lake located in Lea County, New Mexico. As pointed out in your letter, EPA responded to an earlier request for jurisdictional advice on Laguna Gatuna on August 13, 1987, concluding that the information provided with that request did not indicate it a "water of the United States." Significantly, the information on which that conclusion was based included a statement that Laguna Gatuna "supports no wildlife...of any kind."

In essence, we regard your inquiry as a request for reconsideration of that advice on the basis of information recently provided by the Bureau of Land Management (BLM) and the U.S. Fish & Wildlife Service (USFWS). In contrast to the basis for EPA's August 13, 1987 advice, that information indicates Laguna Gatuna is in fact used as a feeding and loafing area by migratory birds during their spring and fall migrations and as a nesting area during the breeding season. Although neither BLM or USFWS specifically identifies the species using the playa, their letters suggest they may include listed threatened and endangered species, including the Aplomado Falcon and Snowy Plover, and clearly show Laguna Gatuna is susceptible to use by those migratory species.

EPA Region 6 has regarded use by migratory birds as a use in interstate commerce since at least 1979. See, e.g., "Lake Whalen -- 'Navigable Waters' Determination," 1 Gen. Couns. Ops. 165 (January 26, 1979). Under the Agency's current definition of "waters of the United States" at 40 CFR §122.2, even potential use by migratory birds is sufficient to show a specific surface water is subject to federal jurisdiction under the Clean Water Act. Accordingly, the information submitted by BLM and USFWS compels a conclusion that Laguna Gatuna is indeed a water of the United States. Section 301(a) of the Clean Water Act, 33 U.S.C. §1311(a), thus prohibits

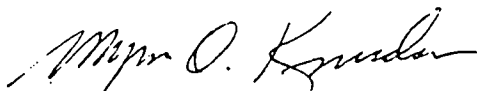
discharges of pollutants to Laguna Gatuna in the absence of an authorizing National Discharge Elimination System (NPDES) Permit.

Your March 11 inquiry indicates your Agency is contemplating issuance of a State permit for a surface brine disposal facility proposed by Petro-Thermo Corporation. It did not, however, indicate the location or nature of the wells producing the brine or whether the contemplated permit would authorize its discharge to Laguna Gatuna. If any of the wells producing that brine fall within the Onshore Subcategory of the Oil and Gas Extraction Point Source, its discharge to Laguna Gatuna is presumably prohibited by NPDES General Permit NMG320000. See 56 Fed. Reg. 7698 (February 25, 1991). Moreover, Section 510 of the Clean Water Act, 33 U.S.C. §1370, preempts New Mexico's authority to authorize discharges of Onshore Subcategory produced water to any water of the United States, including Laguna Gatuna.

Please note that we do not here determine that Petro-Thermo's proposed discharge would necessarily be prohibited by NPDES Permit NMG320000. Possibly, it would be subject to another subcategory of the Oil and Gas Extraction Point Source Category and might thus be authorized to discharge through issuance of an individual NPDES permit with effluent limitations reflecting appropriate levels of control for that subcategory, New Mexico's water quality standards, and other applicable State and federal law. Making a decision on that issue would, however, require substantially more information on the proposed facility and discharge.

We are providing a copy of this letter to the attorneys which requested the 1987 jurisdictional advice and to Laguna Gatuna, Inc., which we understand may now be discharging wastewater to Laguna Gatuna without an NPDES permit. If there are further questions in this matter, please call Assistant Regional Counsel Pat Rankin at (214) 655-2106.

Sincerely yours,



Myron Knudson, P.E.  
Director  
Water Management Division

cc: Mr. Tom O'Brien  
USFWLS

Mr. T. Kreager  
BLM

Petro-Thermo Corporation

Laguna Gatuna, Inc.

Michael R. Comeau, Esq.  
Stephenson, Carpenter, Crout & Oimsted

Paul Watler, Esq.  
Jenkins & Gilchrist



LARRY C. SQUIRES  
President

## POLLUTION CONTROL, INC.

August 17, 1988

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Attention: David Boyer

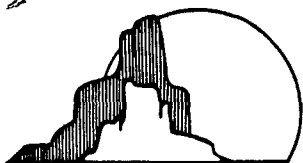
Re: Compliance w/OCD Order  
R-8662 and Rule #711  
(L. C. Squires & Pollution  
Control, Inc.)

Gentlemen:

Larry C. Squires and Pollution Control, Inc. have obtained OCD Order Nos. R-3725 and R-3725-A, which authorizes disposal of oil field waters and wastes into the Laguna Gatuna natural salt lake, and R-6718, which authorizes the treatment and reclaiming of sediment oil at the Laguna Gatuna disposal facility. A \$25,000.00 bond as required in OCD Order No. R-8662 has been secured along with an additional \$10,000.00 bond which is required by the BLM.

The following information is furnished in compliance with Rule No. 711 and we are respectfully requesting administrative approval for this previously permitted facility.

1. A plat and topographic map showing the location of the facility located in the NW/4 of Section 18 and SW/4 of Section 17, T20S, R33E, NMPM, Lea County, New Mexico (Dwg PCI-1). There are no dwellings or water wells within one mile of the facility.
2. The landowners of record are the Bureau of Land Management (USA), State of New Mexico and Snyder Ranches, Inc., P. O. Box 2158, Hobbs, New Mexico. Snyder Ranches, Inc. owns or has the surface grazing leases from the Bureau of Land Management and State of New Mexico for all lands surrounding the Laguna Gatuna disposal facility and controls all access to the site.
3. Diagrams with land descriptions are enclosed. See Drawings PCI-2 and PCI-3 which shows existing disposal facilities in the SW/4 SW/4 of Section 17 and NE/4 NW/4 of Section 18. Drawings PCI-4 and 4-A show proposed new site located in the NW/4 NW/4 of Section 18.

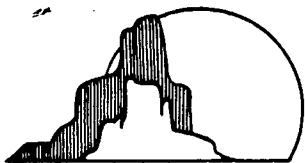


## POLLUTION CONTROL, INC.

Page 2 - New Mexico Oil Conservation Division - 8-17-88

4. The plan for disposal of oilfield brines at an additional Laguna Gatuna disposal site located in the NW/4 NW/4 of Section 18 is to transport the water by pipeline to a series of terminal tanks where any hydrocarbons can be removed; from these terminal tanks the water will be circulated through an unlined surface pit for additional skimming and settling (see Dwg PCI-4), and from that pit the water will be transported by pipeline to a second holding area for final skimming and settling before being discharged into the Laguna Gatuna for evaporation. An existing discharge facility located in the SW/4 SW/4 of Section 17 will receive water by pipeline and by approved truckers (see Dwg PCI-3) into a tank and then discharged into a number of skim/settling pits before being discharged into the Laguna Gatuna. A minimum of solid wastes will be accepted at existing facilities located in the NE/4 NW/4 of Section 18 (see Dwg PCI-2). This material will be properly identified and placed in eathern pits, allowed to cure and when adequately cured the pits will be closed. Any water will be pulled off and disposed into the Laguna Gatuna and any oil will be reclaimed and sold to a certified oil reclaiming facility.
5. Any significant spills will be routinely reported to the OCD and appropriate clean up will be accomplished at the earliest possible time.
6. The Laguna Gatuna facilities will be checked on a daily schedule by qualified personnel to ensure permit compliance and maintenance will be accomplished on a regular basis.
7. Several old pits at the present facilities located in the NE/4 NW/4 of Section 18 are scheduled to be closed within the next two years as water and recoverable hydrocarbons are removed. This will be done on a continuing basis and as pits are adequately cured they will be closed. Flood control dikes will be constructed around the old pits to prevent invasion of rain waters into the pit area.

See #3  
8/31/88  
OCD Letter



LARRY C. SQUIRES  
President

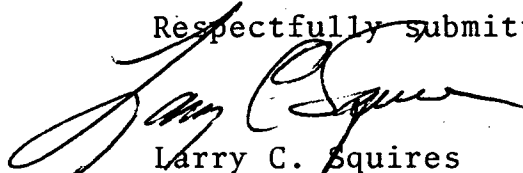
## POLLUTION CONTROL, INC.

Page 3 - New Mexico Oil Conservation Division - 8-17-88

8. Geological and hydrological evidence demonstrating that disposal of oil field wastes will be adversely impact fresh water was done by Geohydrology Associates, Inc. and is enclosed. This was furnished at previous OCD hearing in 1969 and 1984.
9. Notice requirements were previously given before the 1969 and 1984 hearings.

I certify that the information submitted is true, accurate and complete to the best of my knowledge.

Respectfully submitted



Larry C. Squires  
President

LCS/jp

Encls: OCD Order No. R-3725  
OCD Order No. R-3725-A  
OCD Order No. R-6718  
Report/Hydrologic Assessment  
Dwgs. PCI-1  
PCI-2  
PCI-3  
PCI-4  
PCI-4A

cc: OCD-Hobbs

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

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

August 31, 1988

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Larry Squires  
POLLUTION CONTROL, Inc.  
P. O. Box 2158  
Hobbs, New Mexico 88241

RE: Compliance with OCD Rule 711

Dear Mr. Squires:

The Oil Conservation Division (OCD) has reviewed your application dated August 17, 1988 requesting administrative approval for the existing facility in the NE/4 NW/4 of Section 18, Township 20 South, Range 33 East NMPM, Lea County, New Mexico, and the proposed construction and disposal system detailed in drawings numbered PCI-4 and PCI-4A in the application. At this time approval for modification of the truck terminal in the SW/4 of Section 17 and NW/4 of Section 20, Township 20 South, Range 33 East is not being sought.

The application was submitted pursuant to OCD Rule 711 and is hereby approved with the following conditions:

1. A plan for initial and periodic integrity testing of the pipelines leading to the facility will be submitted for approval by the OCD within 60 days. A commitment for repair of the pipelines in the event of any leaks must also be furnished.
2. In the event of closure of the facility, the pipelines must be plugged to prevent further disposal of fluids at the facility.

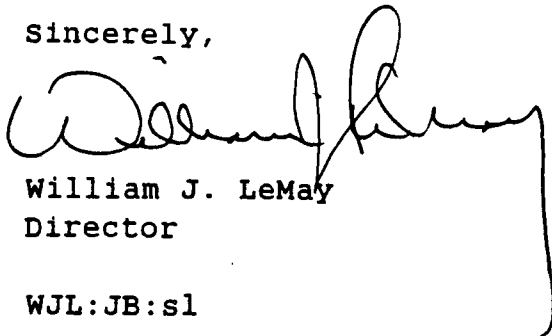


Mr. Larry Squires  
August 31, 1988  
Page 2

3. The eastern and western pit areas detailed in drawing number PCI-2 of the application will be closed by filling and mounding with soil by August 30, 1990.
4. All water discharged from the gunbarrels will be directed into the settle/skim pit where a minimum 2-1/2 foot freeboard will be maintained to prevent overtopping of the berm. No fluid will be allowed to be discharged or leaked on to the surrounding terrain prior to discharge through pipe into Laguna Gatuna.

Please be advised that the approval of this facility, proposed construction and disposal system does not relieve you of liability should your operation result in actual pollution of surface or ground waters which may be actionable under other laws and/or regulations.

Sincerely,



William J. LeMay  
Director

WJL:JB:sl

cc: OCD - Hobbs

PS Form 3811, July 1983 447-945

**SENDER - Complete items 1, 2, 3 and 4.**

Put your address in the "FROM" space on the reverse. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for rates and check box(es) for service(s) requested.

1. ☒ Return Receipt, date and address of delivery.

2. ☐ Restricted Delivery

3. ☒ Addressed for:  
Hobbs, Larry  
Rt. 1, Box 100  
Hobbs, NM 88241

4. **Typed Service:** ☐ Registered ☐ Insured ☐ Certified ☐ COD ☐ Express Mail

5. **Signature:** ☒ Addressee ☐ Agent

6. **Signature:** ☐ Addressee ☐ Agent

7. **Date of Delivery:** 9/2/88

8. **Addressee's Address (ONLY if requested and fee paid)**

DOMESTIC RETURN RECEIPT



2600 DUDLEY ROAD — KILGORE, TEXAS 75662 — 903/984-0551

Analytical Chemistry • Utility Operations • Equipment Sales

03/14/91

Environmental Bureau NM Oil D.  
PO Box 2088  
Santa Fe, NM 87504

Sample Identification: 9102051625 HOBBS AMERICA  
Collected By: O/A/B  
Date & Time Taken: 02/05/91 1625  
On Site Data: WEST END LAGUNA GATUNA INC. *Laguna*  
Other:

LOW DETECTION LIMIT REQUESTED, CONDUCTIVITY(UNCORRECTED) <50,000 umho

Lab Sample Number: 181398

Received: 02/11/91

Client: SNM1

OIL CONSERVATION DIVISION  
RECEIVED  
91 MAR 19 AM 11 02

PARAMETER	RESULTS	UNITS	TIME	DATE	METHOD	BY
Benzene	50	ppb	0800	02/18/91	EPA Method 8020	KB
Ethyl benzene	8	ppb	0800	02/18/91	EPA Method 8020	KB
Toluene	30	ppb	0800	02/18/91	EPA Method 8020	KB
Xylenes	4	ppb	0800	02/18/91	EPA Method 8020	KB
Acrolein	ND(100) *	ug/l	1231	02/15/91	EPA Method 624	PM
Acrylonitrile	ND(100) *	ug/l	1231	02/15/91	EPA Method 624	PM
Benzene	80	ug/l	1231	02/15/91	EPA Method 624	PM
Bromoform	ND(5) *	ug/l	1231	02/15/91	EPA Method 624	PM
Bromomethane	ND(10) *	ug/l	1231	02/15/91	EPA Method 624	PM
Carbon Tetrachloride	ND(5) *	ug/l	1231	02/15/91	EPA Method 624	PM
Chlorobenzene	ND(5) *	ug/l	1231	02/15/91	EPA Method 624	PM
Chloroethane	ND(10) *	ug/l	1231	02/15/91	EPA Method 624	PM
2-Chloroethylvinyl ether	ND(10) *	ug/l	1231	02/15/91	EPA Method 624	PM
Chloroform	ND(5) *	ug/l	1231	02/15/91	EPA Method 624	PM
Chloromethane	ND(10) *	ug/l	1231	02/15/91	EPA Method 624	PM

Standards for Benzene: Continued

Haz waste: 500 ppb

NM Ground Water: 10

EPA DRINKING: 5 ppb

PARAMETER	RESULTS	UNITS	TIME	DATE	METHOD	BY
Molybdenum	<.2	mg/l	2045	02/18/91	EPA Method 6010	GK
Sodium	2300	mg/l	0830	02/15/91	EPA Method 6010	NT
Nickel	<.05	mg/l	1300	02/14/91	EPA Method 200.7	GK
Antimony	<.05	mg/l	1300	02/14/91	EPA Method 6010	GK
Selenium	<.1	mg/l	1300	02/14/91	EPA Method 200.7	GK
Silicon (as Silica)	45	mg/l	2045	02/18/91	EPA Method 6010	GK
Thallium	<.1	mg/l	1300	02/14/91	EPA Method 6010	GK
Vanadium	.2	mg/l	2045	02/18/91	EPA Method 6010	GK
Zinc	.03	mg/l	1300	02/14/91	EPA Method 200.7	GK
Benzene	140	ppb	0800	02/19/91	EPA Method 8020	KB
Ethyl benzene	.7	ppb	0800	02/19/91	EPA Method 8020	KB
Toluene	.3	ppb	0800	02/19/91	EPA Method 8020	KB
Xylenes	2	ppb	0800	02/19/91	EPA Method 8020	KB
Acrolein	ND(100) *	ug/l	1656	02/14/91	EPA Method 624	PM
Acrylonitrile	ND(100) *	ug/l	1656	02/14/91	EPA Method 624	PM
Benzene	354	ug/l	1656	02/14/91	EPA Method 624	PM
Bromoform	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Bromomethane	ND(10) *	ug/l	1656	02/14/91	EPA Method 624	PM
Carbon Tetrachloride	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Chlorobenzene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Chloroethane	ND(10) *	ug/l	1656	02/14/91	EPA Method 624	PM

Continued



2600 DUDLEY ROAD — KILGORE, TEXAS 75662 — 903/984-0551

Analytical Chemistry • Utility Operations • Equipment Sales

181401 Continued

Page 3

PARAMETER	RESULTS	UNITS	TIME	DATE	METHOD	BY
2-Chloroethylvinyl ether	ND(10) *	ug/l	1656	02/14/91	EPA Method 624	PM
Chloroform	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Chloromethane	ND(10) *	ug/l	1656	02/14/91	EPA Method 624	PM
Dibromochloromethane	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Bromodichloromethane	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
1,1-Dichloroethane	ND(5) *	ug/l	1656	02/14/91	EPA Method 8240	PM
1,2-Dichloroethane	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
1,1-Dichloroethene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
trans-1,2-Dichloroethene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
1,2-Dichloropropane	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
cis-1,3-Dichloropropene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Ethyl benzene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Methylene Chloride	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
1,1,2,2-Tetrachloroethane	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Tetrachloroethene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Toluene	9.0	ug/l	1656	02/14/91	EPA Method 624	PM
1,1,1-Trichloroethane	ND(5) *	ug/l	1656	02/14/91	EPA Method 8240	PM
1,1,2-Trichloroethane	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Trichloroethene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM
Vinyl Chloride	ND(10) *	ug/l	1656	02/14/91	EPA Method 624	PM
trans-1,3-Dichloropropene	ND(5) *	ug/l	1656	02/14/91	EPA Method 624	PM

Continued



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200

DALLAS, TEXAS 75202-2733

*have worries about the lake*  
*91 APR 7 10 39 AM*  
*37 PPB*  
*Lake tested for contaminants and they are there -- you (springs) have current liability for these contaminants*

March 26, 1991

RECEIVED

APR 02 1991

SURFACE WATER  
QUALITY BUREAU

Mr. Jim Piatt  
Acting Bureau Chief  
Surface Water Bureau  
Environmental Improvement Division  
New Mexico Health and Environment Department  
Harold Runnels Building  
1190 St. Francis Drive  
Santa Fe, New Mexico 87503

Re: Jurisdictional Status of Laguna Gatuna under the Clean Water Act

Dear Mr. Piatt:

This responds to your March 11, 1991, inquiry on the jurisdictional status of Laguna Gatuna, a playa lake located in Lea County, New Mexico. As pointed out in your letter, EPA responded to an earlier request for jurisdictional advice on Laguna Gatuna on August 13, 1987, concluding that the information provided with that request did not indicate it a "water of the United States." Significantly, the information on which that conclusion was based included a statement that Laguna Gatuna "supports no wildlife...of any kind."

In essence, we regard your inquiry as a request for reconsideration of that advice on the basis of information recently provided by the Bureau of Land Management (BLM) and the U.S. Fish & Wildlife Service (USFWS). In contrast to the basis for EPA's August 13, 1987 advice, that information indicates Laguna Gatuna is in fact used as a feeding and loafing area by migratory birds during their spring and fall migrations and as a nesting area during the breeding season. Although neither BLM or USFWS specifically identifies the species using the playa, their letters suggest they may include listed threatened and endangered species, including the Aplomado Falcon and Snowy Plover, and clearly show Laguna Gatuna is susceptible to use by those migratory species.

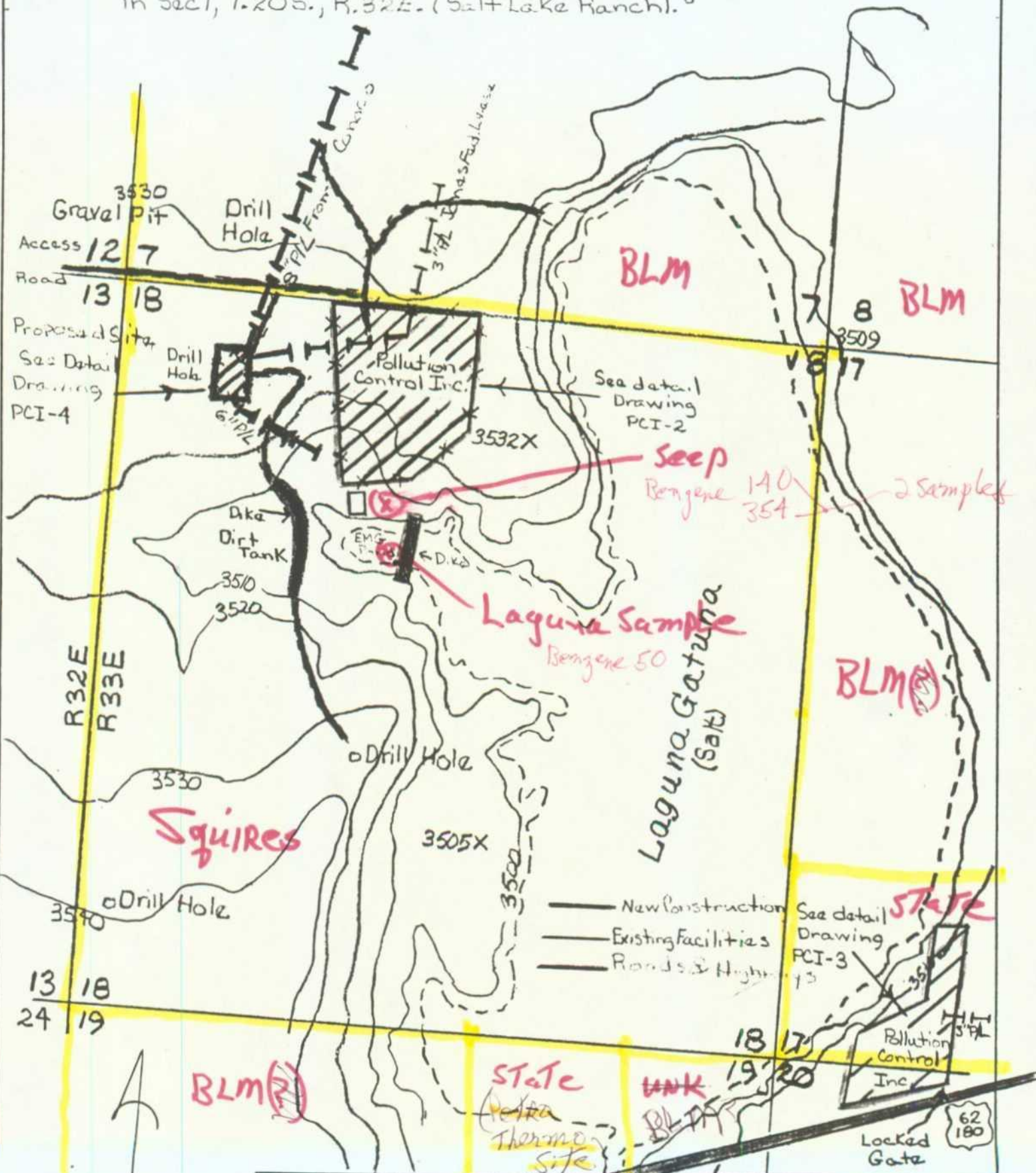
EPA Region 6 has regarded use by migratory birds as a use in interstate commerce since at least 1979. See, e.g., "Lake Whalen -- 'Navigable Waters' Determination," 1 Gen. Couns. Ops. 165 (January 26, 1979). Under the Agency's current definition of "waters of the United States" at 40 CFR §122.2, even potential use by migratory birds is sufficient to show a specific surface water is subject to federal jurisdiction under the Clean Water Act. Accordingly, the information submitted by BLM and USFWS compels a conclusion that Laguna Gatuna is indeed a water of the United States. Section 301(a) of the Clean Water Act, 33 U.S.C. §1311(a), thus prohibits

*This whole decision has raised issues not previously addressed by OCO:*  
*1) Whether OCO can authorize any discharges into the lake*  
*2) Need to review current operations in light of objectives raised against Petco*  
*3) Staff has informed me that "compliance of Rule 711 is fairly good"*

Director  
New Mexico Department of Fish and Game



Note: All Grazing Permits & Leasing around Lake are owned by Snyder Ranches. Snyder Ranch Headquarters is located in Sec 1, T.20S., R.32E. (Salt Lake Ranch).



DWN	8-12-88	RA	Laguna Gatuna Showing Pollution Control Inc. Facilities	SCALE 1" = 1000'
			Rice Engineering & Operating, Inc.	DWG NO.
			Hobbs, New Mexico	PCI-1

Sec 18, T.20S., R.33E.  
L20 County, N.M.



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

December 16, 1993

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-111-334-074**

Mr. Larry R. Scott  
Pronghorn SWD System  
P.O. Box 1979  
Hobbs, New Mexico 88241

**RE: REQUEST FOR COMMERCIAL DISPOSAL FACILITY  
LAGUNA GATUNA, INC. PERMIT TRANSFER  
LEA COUNTY, NEW MEXICO**

Dear Mr. Scott:

*T20S mjk*

The New Mexico Oil Conservation Division (OCD) has received your November 19, 1993 application for a commercial surface oilfield disposal facility located in the NW/4 NW/4, Section 18, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico. This location is currently included under a disposal permit issued to Laguna Gatuna, Inc. through OCD Orders R-3725 and R-3725-A and an administrative OCD Rule 711 approval dated August 31, 1988. The request submitted by Pronghorn SWD Systems is to transfer the portion of Laguna Gatuna, Inc.'s permit which covers the above referenced location.

Review of the application indicates that the facility will consist of tanks for the temporary storage of produced water prior to injection for either secondary recovery or disposal. The existing unlined pond will only be utilized as an emergency pond and no disposal will occur at the facility. The OCD has therefore determined that Pronghorn's operations do not require an OCD Rule 711 surface disposal facility permit or the associated \$25,000 bond. In addition, since Pronghorn's proposed primary operations will not utilize the existing facility other than for temporary transfer and storage, a disposal permit transfer is not appropriate.

The OCD acknowledges that Pronghorn is the current owner of the NW/4 NW/4, Section 18, T20S, R33E which was permitted and operated as a disposal facility by Laguna Gatuna, Inc. Please be advised that the OCD holds the current landowner/operator responsible for all past and present operations on a specific parcel of land. All other liability issues between outside parties must be settled by those parties on their own accord.



Mr. Larry R. Scott  
December 16, 1993  
Page 2

Although the proposed facility does not require an OCD Rule 711 permit, Pronghorn is required to comply with all other OCD rules and regulations, including the following conditions:

1. Tank Berming: All tanks that contain materials other than fresh water will be bermed to contain one and one-third times the volume of the largest or all interconnected tanks.
2. Spill Containment: All oil and produced water storage and transfer will be managed in such a manner to keep them off of the ground surface. Any produced water and oil spilled onto the ground surface will be cleaned-up upon discovery.
3. Spill Reporting: All spills and/or leaks will be reported to the OCD Hobbs District Office pursuant to OCD Rule 116.
4. Form C-133: No produced water will be received at the facility unless the transporter has a valid Form C-133 (Authorization to Move Produced Water) on file with the Division.
5. Oil Storage: Oil recovered from separation operations will be stored in closed storage tanks or drums and then transferred to an OCD approved oil reclamation facility. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles. All drums at the facility will be stored on pad and curb type containment.

Please be advised that the determination that your facility does not require an OCD Rule 711 permit does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment actionable under other laws and/or regulations. In addition the OCD approval does not relieve your of liability for compliance with any other laws and/or regulations.

If you have any questions please do not hesitate to contact me at (505) 827-5812.

Sincerely,



Roger C. Anderson  
Environmental Bureau Chief

RCA/kmb

xc: Jerry Sexton, OCD Hobbs Office



# PRONGHORN SWD SYSTEM

P.O. Box 1979  
3325 Enterprise Drive  
Hobbs, New Mexico 88241  
(505) 392-8292 Fax: (505) 392-7886

NEW MEXICO OIL CONSERVATION DIVISION  
RECEIVED  
93 NOV 23 AM 10 00

November 19, 1993

Mr. William J. Lemay  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504

Re: Partial Transfer of OCD Orders R-3725, R-3725A, and R-6718

Sir:

Please find enclosed a completed application for the partial transfer of the above referenced Orders to Pronghorn SWD System. Also enclosed is the \$25,000 bond as required in OCD Order No. R-8662. Note that our request is ONLY for the facility located in the NW/4 NW/4 of Section 18, T-20S, R-33E, Lea County, NM.

I would like to detail for you our proposed plan of operations as the gathering system and existing facilities will not be used for surface waste disposal under normal operating conditions. Under NO conditions will the Lagauna Gatuna lake bed receive water from our system. Operations are proposed as follows:

1. Produced water will be accepted from leases directly connected to the gathering system pipelines (plat shown as Pronghorn Drawing No. 1) and at truck terminals located in Unit D, Section 18, T-20S, R-33E, Lea County, NM, and in Unit J, Section 34, T-17S, R-32E, Lea County, NM. The water will be accepted for transmission and disposal at two locations.
2. The primary destination will be Mewbourne Oil Company's Querecho Plains Bone Springs Unit Central Facility located in Unit N, Section 23, T-18S, R-32E, Lea County, NM, where the water will be utilized in secondary recovery operations.
3. The secondary or backup destination will be a Yates-Seven Rivers formation disposal well that has been permitted under Administrative Order SWD-536 to be located in Unit B, Section 24, T-19S, R-32E, Lea County, NM. This well has not yet been drilled but we are currently surveying the site for road, location, and power line right-of-way from the Bureau of Land Management. We anticipate that the well will be drilled early in the second quarter of 1994.
4. Oil skimming will be effected at both truck terminals.

5. The existing pit located in the NW/4 NW/4 of Section 18, T-20S, R-33E, Lea County, NM will be utilized only during upset conditions as a relief reservoir to avoid overpressure of the gathering system pipeline(s).

The following information is furnished in compliance with Rule No. 711.

- III. A plat and topographic map showing the location of the existing pit in the NW/4 NW/4 of Section 18, T-20S, R-33E, has been previously submitted. There are no dwellings or water wells within one mile of the facility.
- V. Pronghorn SWD System owns the NW/4 NW/4 Section 18, T-20S, R-33E, Lea County, NM. The landowners of record within one-half mile are the Bureau of Land Management (USA), State of New Mexico, and Snyder Ranches, Inc., P.O. Box 2158, Hobbs, NM 88241.
- VI. Facilities diagrams are attached as Pronghorn Drawing Nos. 2 and 3.
- VII. Detailed engineering design diagrams for the pit have been previously submitted. Pronghorn Drawing No. 4 shows that the 8 inch discharge line allowing pit water to escape to the Laguna Gatuna lake bed skimming pond will be capped.
- VIII. Any significant spills will be routinely reported to the NMOCD and appropriate clean up will be accomplished as soon as possible.
- IX. The Pronghorn facilities will be checked daily by qualified personnel to ensure permit compliance. Facilities and line maintenance will be performed on a regular basis.
- X. The pit will be allowed to dry completely and then filled and mounded.
- XI. Geological/Hydrological studies addressing this requirement have been previously submitted.
- XII. Notice requirements were previously met prior to the 1969 and 1984 hearings.
- XIII. No pressured vessels are planned for this system. Gunbarrel separators, water tanks, and oil skim tanks will be vented to atmosphere.

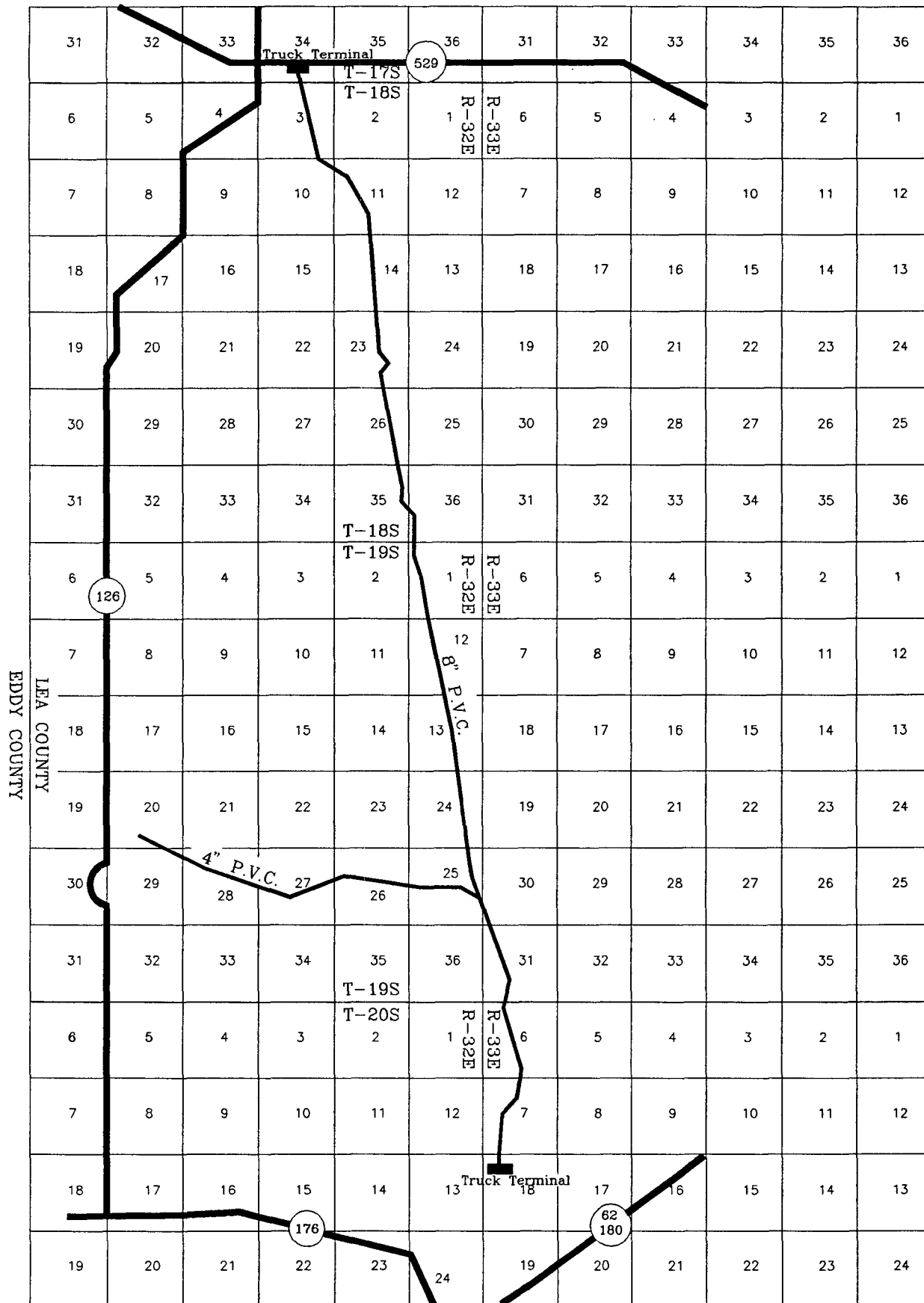
Copies of Pollution Control, Inc.'s original application for this facility and the NMOCD approval are enclosed for your review. Please do not hesitate to call or write if you need additional information or have any questions.

Sincerely,

PRONGHORN SWD SYSTEM

*Larry R. Scott*  
Larry R. Scott

enclosures



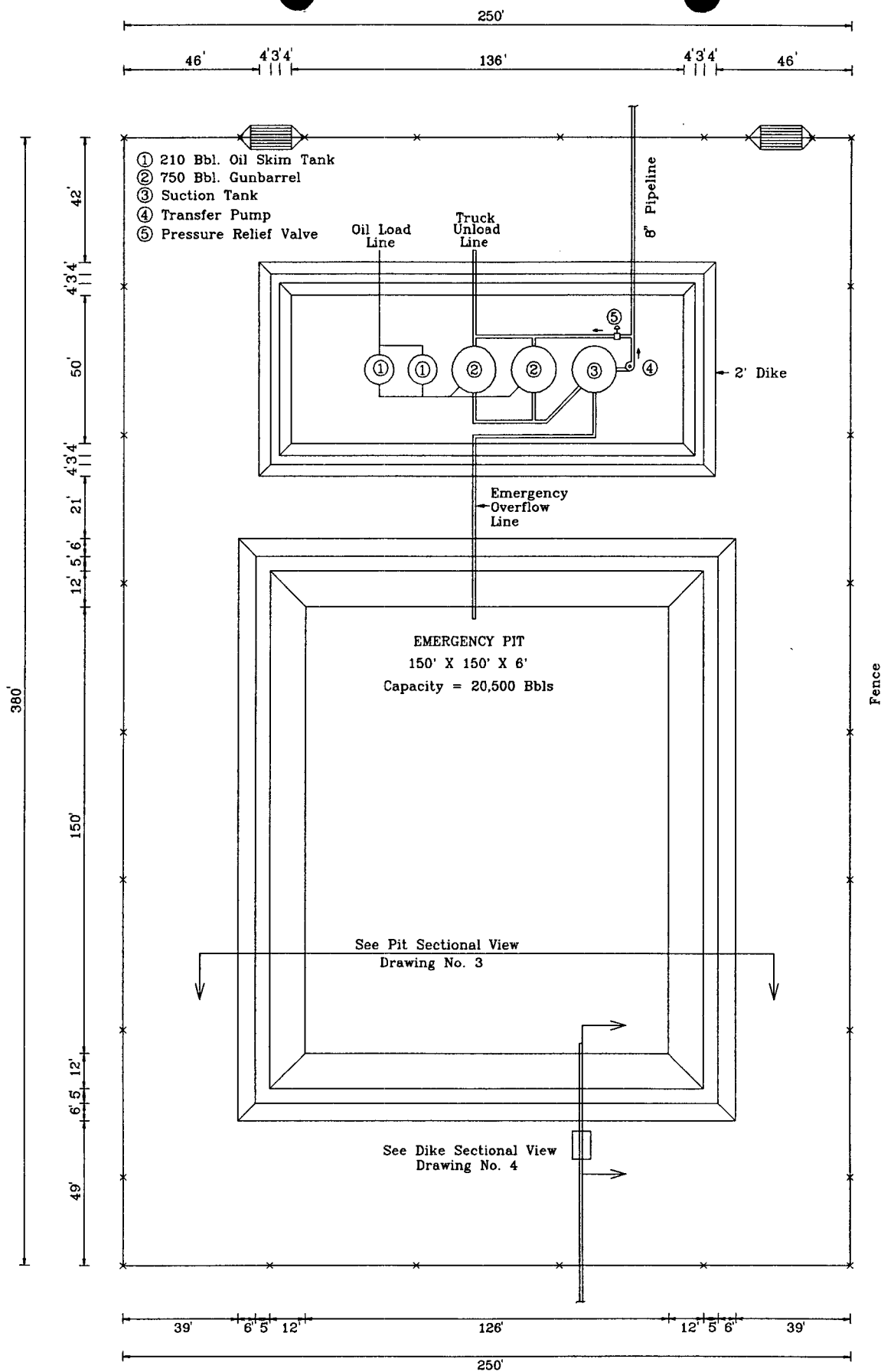
# PRONGHORN S.W.D. SYSTEM

Drawing No. 1

SCALE: 1" = 10,000'

LEA COUNTY, NEW MEXICO

DATE: 11/12/93



Location: NW/4, NW/4  
 Sec. 18, T-20S, R-33E  
 Lea County, NM

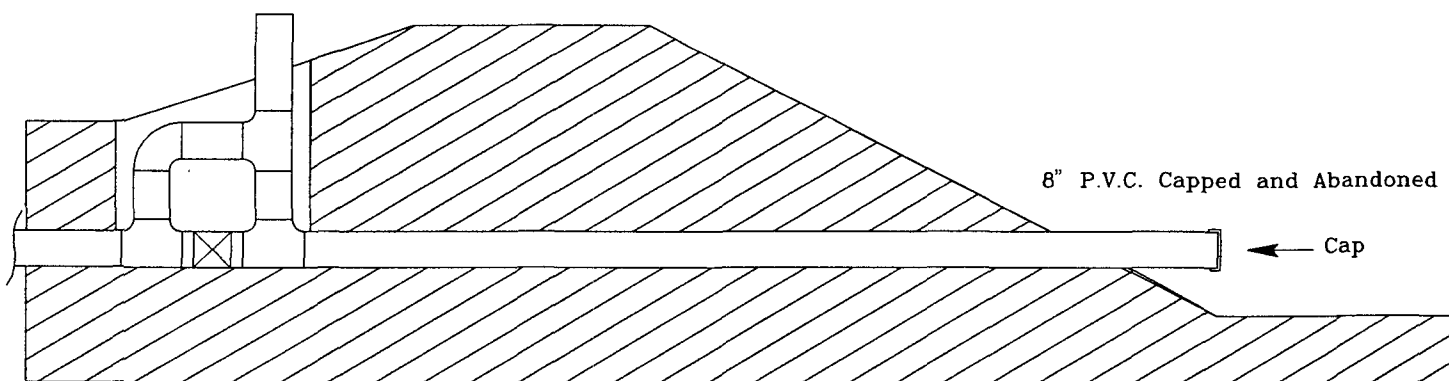
PRONGHORN S.W.D. SYSTEM  
 SITE DIAGRAM

Drawing No. : 2

11/17/93

Scale : 1"=50'

Scale: 1"=10'



Location: NW/4, NW/4  
 Sec. 18, T-20S, R-33E  
 Lea County, NM

PRONGHORN S.W.D. SYSTEM  
 PIT OUTLET SECTIONAL VIEW

Drawing No. 4

11/18/93

Scale: 1"=4'



State of New Mexico  
 Energy, Minerals and Natural Resources Department  
**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, NM 87501

**APPLICATION FOR SURFACE WASTE DISPOSAL FACILITY**

(Refer to OCD Guidelines for assistance in completing the application)

☒ Commercial ☐ Centralized

I. Type: ☒ Produced Water ☐ Drilling Muds ☐ Other \_\_\_\_\_  
☐ Solids/Landfarm ☐ Treating Fluids

II. OPERATOR: Rhombus Corp., Managing General Partner, Pronghorn SWD System

ADDRESS: P.O. Box 1979, 3325 Enterprise Drive, Hobbs, NM 88241

CONTACT PERSON: Larry R. Scott PHONE: (505) 392-8292

III. LOCATION: NW /4 NW /4 Section 18 Township 20-S Range 33-E  
 Submit large scale topographic map showing exact location.

IV. IS THIS AN EXPANSION OF AN EXISTING FACILITY? ☐ Yes ☒ No

V. Attach the name and address of the landowner of the disposal facility site and landowners of record within one-half mile of the site.

VI. Attach discription of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.

VII. Attach detailed engineering designs with diagrams prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations sytems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities.

VIII. Attach a contingency plan for reporting and clean-up of spills or releases.

IX. Attach a routine inspection and maintenance plan to ensure permit compliance.

X. Attach a closure plan.

XI. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact fresh water. Depth to and quality of ground water must be included.

XII. Attach proof that the notice requirements of OCD Rule 711 have been met (Commercial facilities only).

XIII. Attach a contingency plan in the event of a release of H<sub>2</sub>S.

XIV. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

XV. CERTIFICATION

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

Name: Larry R. Scott Title: President

Signature: *Larry R. Scott* Date: 11/19/93

DISTRIBUTION: Original and one copy to Santa Fe with one copy to appropriate Division District Office.

GENERAL POWER OF ATTORNEY

CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS: That UNDERWRITERS INDEMNITY COMPANY, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

ROY C. DIE

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

\*\*\*\*\*FIFTY THOUSAND AND NO/100\*\*\*\*\*

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said UNDERWRITERS INDEMNITY COMPANY as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office.

This Power of Attorney is executed, and may be certified to and may be revoked, pursuant to and by authority of Article V, Section 6(C) of the By-Laws adopted by the Board of Directors of UNDERWRITERS INDEMNITY COMPANY, at a meeting called and held on the 23rd day of January 1985, of which the following is a true transcript of said Section 6(C):

- "The President or any Vice President, Assistant Vice President, Secretary or Resident Secretary shall have power and authority
- (1) To appoint Attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
  - (2) to appoint special Attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the By-laws of the Company, and
  - (3) to remove, at any time, any such Attorney-in-fact or Special Attorney-in-fact and revoke the authority given to him."

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted at a meeting duly called and held on the 23rd day of January, 1985, of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, UNDERWRITERS INDEMNITY COMPANY has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the third day of September, 1991.



*E.H. Frank III*

President

STATE OF TEXAS  
COUNTY OF HARRIS

On this the 3rd day of September, 1991, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of UNDERWRITERS INDEMNITY COMPANY; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written.



*Mary Williams*

NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of UNDERWRITERS INDEMNITY COMPANY, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 12th day of November, 19 93



*Pat Doehring*

Assistant Secretary

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company.

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

NEW MEXICO OIL CONSERVATION DIVISION  
THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

\$25,000.00 BOND FOR COMMERCIAL SURFACE WASTE DISPOSAL FACILITY

BOND NO. BO4381  
(For Use of Surety Company)

File with Oil Conservation Division, P. O. Box 2088, Santa Fe, New Mexico 87504

KNOW ALL MEN BY THESE PRESENTS:

That LYNX PETROLEUM CONSULTANTS, INC., ~~XXXXXXXXXXXX~~  
~~XXXXXXXXXX~~ (a corporation organized in the State of New Mexico,  
with its principal office in the City of Hobbs, State of New  
Mexico, and authorized to do business in the State of New Mexico), as  
PRINCIPAL, and UNDERWRITERS INDEMNITY COMPANY, a corporation  
organized and existing under the laws of the State of Texas,  
and authorized to do business in the State of New Mexico with duly appointed resident  
agent licensed in the State of New Mexico to execute this bond on behalf of the  
surety company, as SURETY, are held firmly bound unto the State of New Mexico, for  
the use and benefit of the Oil Conservation Division of the Energy, Minerals and  
Natural Resources Department pursuant to Chapter 72, Laws of New Mexico, 1935, as  
amended, and to the State of New Mexico in the sum of Twenty Five Thousand  
(\$25,000.00) Dollars lawful money of the United States for the payment of which, well  
and truly to be made, said PRINCIPAL and SURETY hereby bind themselves, their  
successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into the  
collection, disposal or storage of produced water and/or other oil field related  
waste in Section <sup>NW $\frac{1}{4}$  of NW $\frac{1}{4}$</sup>  18, Township 20 (~~XXXX~~) (South), Range 33 (East)  
(~~XXXX~~). N.M.P.M., Lea County, New Mexico.

NOW, THEREFORE, This \$25,000 performance bond is conditioned upon substantial  
compliance with all applicable statutes of the State of New Mexico and all rules,  
regulations, and orders of the Oil Conservation Division of the Energy and Minerals  
Department, and upon clean-up of the facility site to standards of the Oil  
Conservation Division; otherwise the principal amount of the bond to be forfeited to  
the State of New Mexico.

PROVIDED, HOWEVER, That sixty (60) days after receipt by the Oil Conservation  
Division of written notice of cancellation from the Surety, the obligation of the  
Surety shall terminate as to activities or operations conducted by PRINCIPAL after  
said sixty (60) day period but shall continue in effect, notwithstanding said notice,  
as to such activities or operations conducted or commenced before the expiration of  
the sixty day period.

Signed and sealed this 12th day of November, 19 93.

LYNX PETROLEUM CONSULTANTS, INC.  
PRINCIPAL  
3325 Enterprise Drive  
Hobbs, NM 88241  
\_\_\_\_\_  
Mailing Address

UNDERWRITERS INDEMNITY COMPANY  
SURETY  
8 Greenway Plaza, Suite 400  
Houston, TX 77046  
\_\_\_\_\_  
Mailing Address

By [Signature] Vice-President  
Signature Title

By [Signature]  
Attorney-in-Fact, Roy C. Die

(Note: Principal, if corporation  
Affix corporate seal here.)

(Note: Corporate surety affix corporate  
seal here.)

Note: If corporate surety executes this bond by an attorney-in-fact not in New  
Mexico, the resident New Mexico agent shall countersign here below.)

Countersigned by:

Michael B. Hartman, Hartman Insurance, Inc.

Michael B. Hartgraves, Hartgraves Insurance, Inc., P. O. Box 1657  
New Mexico Resident Agent Lovington, NM 88260  
Address

STATE OF New Mexico )  
COUNTY OF Lea ) ss.

On this 16th day of November, 1993, before me personally appeared Michael B. Hartgraves, to me known to be the person (persons) described in and who executed the foregoing instrument and acknowledged that he (they) executed the same as he (their) free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

10/24/95  
My Commission Expires:

Jean Anthony  
Notary Public OFFICIAL SEAL

Signature: JEAN ANTHONY  
NOTARY PUBLIC - NEW MEXICO  
NOTARY BOND FILED WITH SECRETARY OF STATE  
Commission Expires 10-24-95

ACKNOWLEDGMENT FORM FOR CORPORATIONS

STATE OF NEW MEXICO )  
COUNTY OF LEA ) ss.

On this 17<sup>th</sup> day of NOVEMBER, 1993, before me personally appeared GARY FORAY, to me personally known who, being by me duly sworn, did say that he is GARY FORAY, V.P. of LYNX PETROLEUM and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.

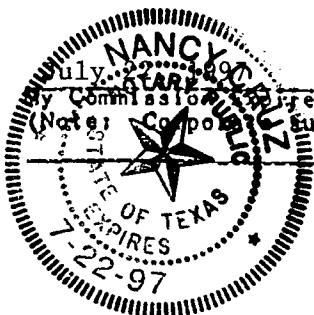
FEB 22, 1993  
My Commission Expires

LECO  
Notary Public

STATE OF Texas )  
COUNTY OF Harris ) ss.

On this 12th day of November, 1993, before me appeared Roy C. Die, to me personally known, who, being by me duly sworn, did say that he is Attorney-in-Fact of Underwriters Indemnity Co. and that the foregoing instrument was signed and sealed on behalf of said corporation by authority of its board of directors, and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year in this certificate first above written.



Nancy C. Die  
Notary Public

APPROVED BY:  
OIL CONSERVATION DIVISION

By \_\_\_\_\_



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

August 31, 1988

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Larry Squires  
POLLUTION CONTROL, Inc.  
P. O. Box 2158  
Hobbs, New Mexico 88241

RE: Compliance with OCD Rule 711

Dear Mr. Squires:

The Oil Conservation Division (OCD) has reviewed your application dated August 17, 1988 requesting administrative approval for the existing facility in the NE/4 NW/4 of Section 18, Township 20 South, Range 33 East NMPM, Lea County, New Mexico, and the proposed construction and disposal system detailed in drawings numbered PCI-4 and PCI-4A in the application. At this time approval for modification of the truck terminal in the SW/4 of Section 17 and NW/4 of Section 20, Township 20 South, Range 33 East is not being sought.

The application was submitted pursuant to OCD Rule 711 and is hereby approved with the following conditions:

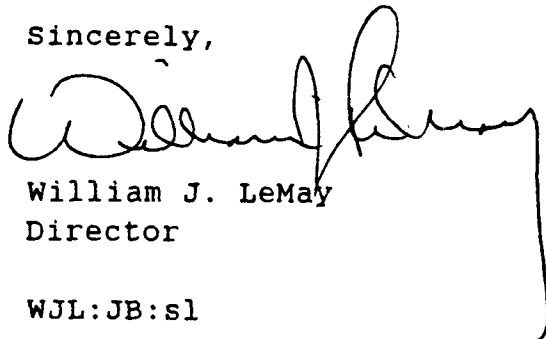
1. A plan for initial and periodic integrity testing of the pipelines leading to the facility will be submitted for approval by the OCD within 60 days. A commitment for repair of the pipelines in the event of any leaks must also be furnished.
2. In the event of closure of the facility, the pipelines must be plugged to prevent further disposal of fluids at the facility.

Mr. Larry Squires  
August 31, 1988  
Page 2

3. The eastern and western pit areas detailed in drawing number PCI-2 of the application will be closed by filling and mounding with soil by August 30, 1990.
4. All water discharged from the gunbarrels will be directed into the settle/skim pit where a minimum 2-1/2 foot freeboard will be maintained to prevent overtopping of the berm. No fluid will be allowed to be discharged or leaked on to the surrounding terrain prior to discharge through pipe into Laguna Gatuna.

Please be advised that the approval of this facility, proposed construction and disposal system does not relieve you of liability should your operation result in actual pollution of surface or ground waters which may be actionable under other laws and/or regulations.

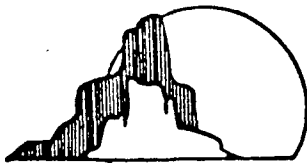
Sincerely,



William J. LeMay  
Director

WJL:JB:sl

cc: OCD - Hobbs



LARRY C. SQUIRES  
President

## POLLUTION CONTROL, INC.

August 17, 1988

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87504

Attention: David Boyer

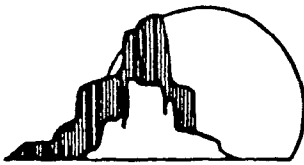
Re: Compliance w/OCD Order  
R-8662 and Rule #711  
(L. C. Squires & Pollution  
Control, Inc.)

Gentlemen:

Larry C. Squires and Pollution Control, Inc. have obtained OCD Order Nos. R-3725 and R-3725-A, which authorizes disposal of oil field waters and wastes into the Laguna Gatuna natural salt lake, and R-6718, which authorizes the treatment and reclaiming of sediment oil at the Laguna Gatuna disposal facility. A \$25,000.00 bond as required in OCD Order No. R-8662 has been secured along with an additional \$10,000.00 bond which is required by the BLM.

The following information is furnished in compliance with Rule No. 711 and we are respectfully requesting administrative approval for this previously permitted facility.

1. A plat and topographic map showing the location of the facility located in the NW/4 of Section 18 and SW/4 of Section 17, T20S, R33E, NMPM, Lea County, New Mexico (Dwg PCI-1). There are no dwellings or water wells within one mile of the facility.
2. The landowners of record are the Bureau of Land Management (USA), State of New Mexico and Snyder Ranches, Inc., P. O. Box 2158, Hobbs, New Mexico. Snyder Ranches, Inc. owns or has the surface grazing leases from the Bureau of Land Management and State of New Mexico for all lands surrounding the Laguna Gatuna disposal facility and controls all access to the site.
3. Diagrams with land descriptions are enclosed. See Drawings PCI-2 and PCI-3 which shows existing disposal facilities in the SW/4 SW/4 of Section 17 and NE/4 NW/4 of Section 18. Drawings PCI-4 and 4-A show proposed new site located in the NW/4 NW/4 of Section 18.



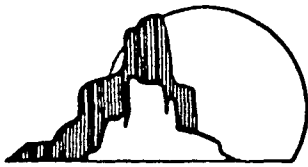
## POLLUTION CONTROL, INC.

Page 2 - New Mexico Oil Conservation Division - 8-17-88

4. The plan for disposal of oilfield brines at an additional Laguna Gatuna disposal site located in the NW/4 NW/4 of Section 18 is to transport the water by pipeline to a series of terminal tanks where any hydrocarbons can be removed; from these terminal tanks the water will be circulated through an unlined surface pit for additional skimming and settling (see Dwg PCI-4), and from that pit the water will be transported by pipeline to a second holding area for final skimming and settling before being discharged into the Laguna Gatuna for evaporation. An existing discharge facility located in the SW/4 SW/4 of Section 17 will receive water by pipeline and by approved truckers (see Dwg PCI-3) into a tank and then discharged into a number of skim/settling pits before being discharged into the Laguna Gatuna. A minimum of solid wastes will be accepted at existing facilities located in the NE/4 NW/4 of Section 18 (see Dwg PCI-2). This material will be properly identified and placed in eathern pits, allowed to cure and when adequately cured the pits will be closed. Any water will be pulled off and disposed into the Laguna Gatuna and any oil will be reclaimed and sold to a certified oil reclaiming facility.
5. Any significant spills will be routinely reported to the OCD and appropriate clean up will be accomplished at the earliest possible time.
6. The Laguna Gatuna facilities will be checked on a daily schedule by qualified personnel to ensure permit compliance and maintenance will be accomplished on a regular basis.
7. Several old pits at the present facilities located in the NE/4 NW/4 of Section 18 are scheduled to be closed within the next two years as water and recoverable hydrocarbons are removed. This will be done on a continuing basis and as pits are adequately cured they will be closed. Flood control dikes will be constructed around the old pits to prevent invasion of rain waters into the pit area.

Old pits will be closed by filling and mounding and the proposed flood control dikes will divert rain waters around old pit areas.





# POLLUTION CONTROL, INC.

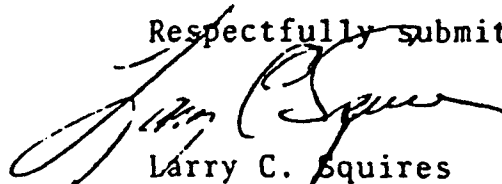
LARRY C. SQUIRES  
President

Page 3 - New Mexico Oil Conservation Division - 8-17-88

8. Geological and hydrological evidence demonstrating that disposal of oil field wastes will be adversely impact fresh water was done by Geohydrology Associates, Inc. and is enclosed. This was furnished at previous OCD hearing in 1969 and 1984.
9. Notice requirements were previously given before the 1969 and 1984 hearings.

I certify that the information submitted is true, accurate and complete to the best of my knowledge.

Respectfully submitted



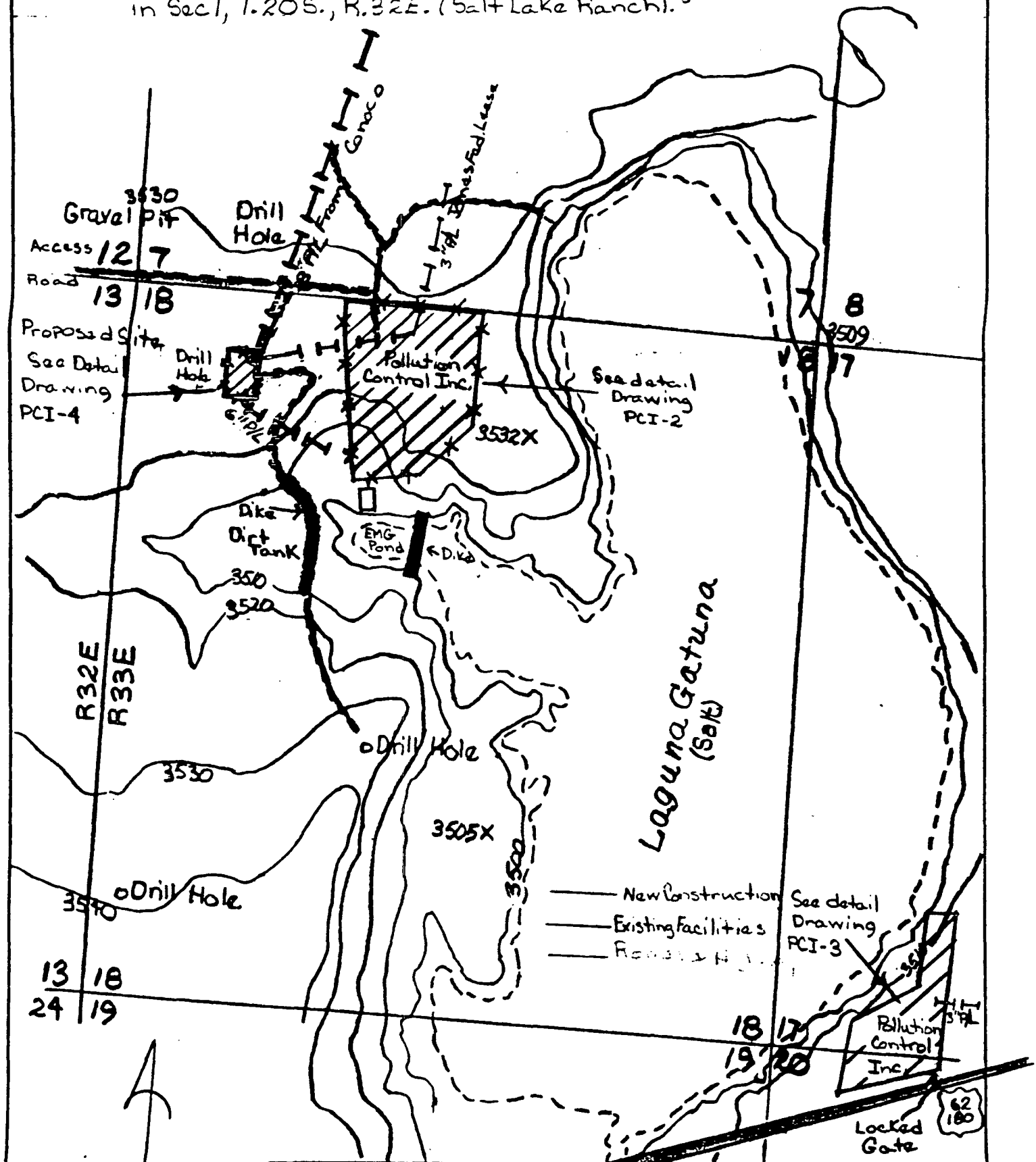
Larry C. Squires  
President

LCS/jp

Encls: OCD Order No. R-3725  
OCD Order No. R-3725-A  
OCD Order No. R-6718  
Report/Hydrologic Assessment  
Dwgs. PCI-1  
PCI-2  
PCI-3  
PCI-4  
PCI-4A

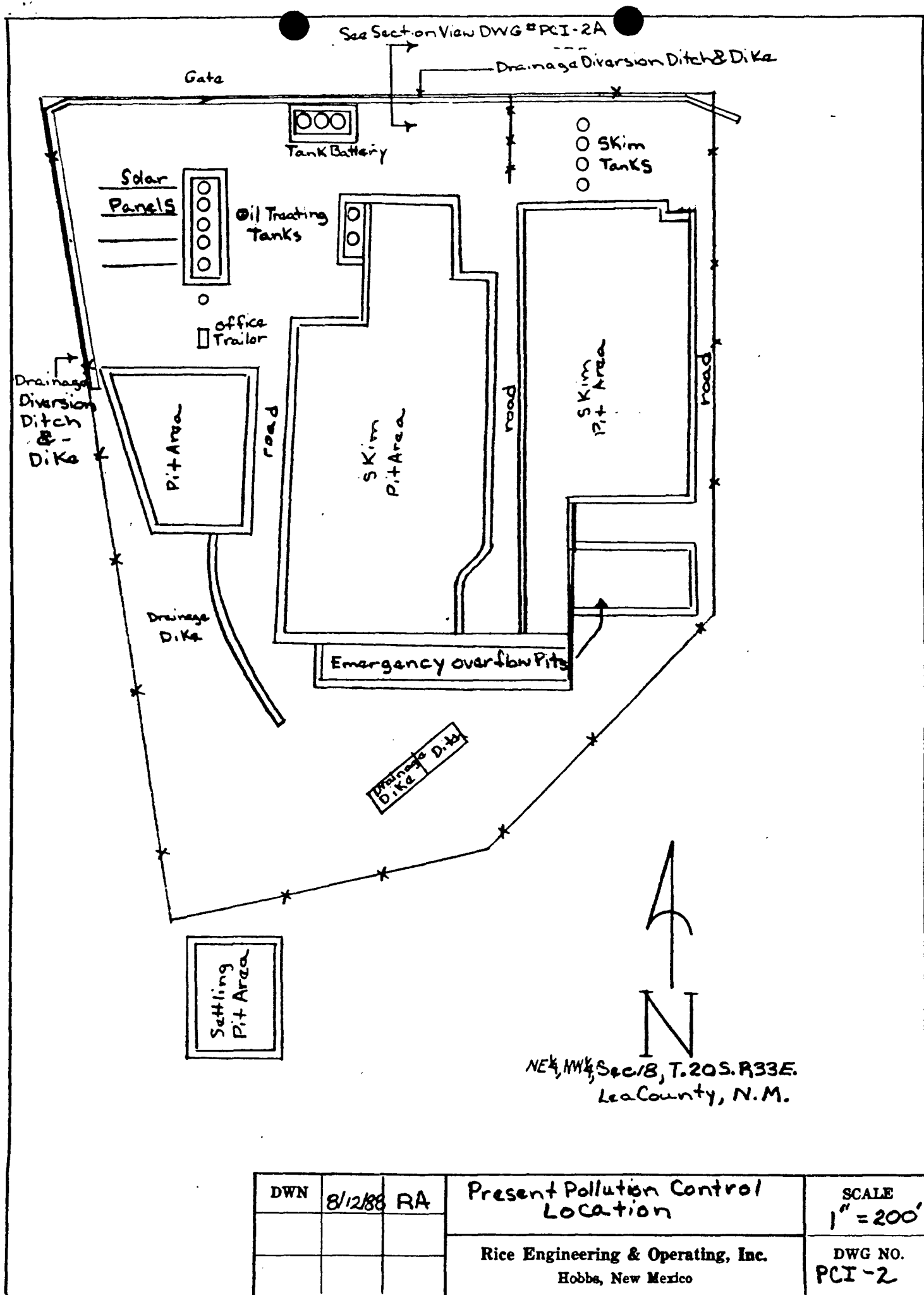
cc: OCD-Hobbs

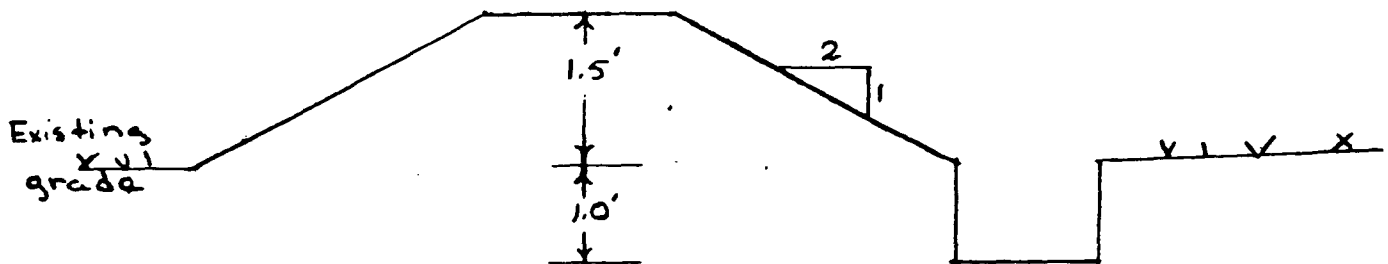
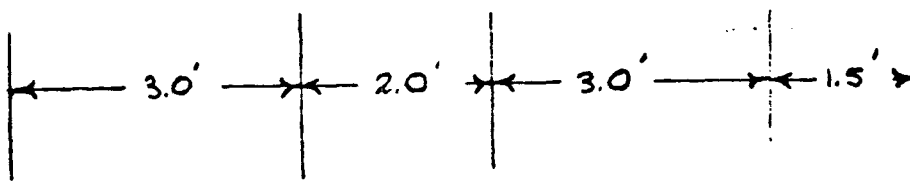
Note: All Grazing Permits & Leasing around Lake are owned by Snyder Ranches. Snyder Ranch Headquarters is located in Sec 1, T.20S., R.32E. (Salt Lake Ranch).



Sec 18, T.20S, R. 33E.  
Lea County, N. M.

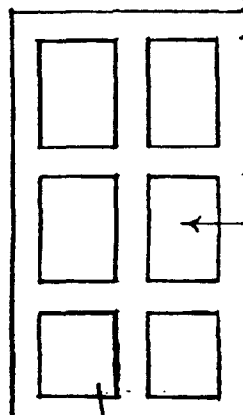
DWN	8-12-88	RA	Laguna Gatuna Showing Pollution Control Inc. Facilities	SCALE 1" = 1000'
			Rice Engineering & Operating, Inc.	DWG NO.
			Hobbs, New Mexico	PCI - 1





DWN	8/8/88	RA	Present Pollution Control Location Drainage Diversion Section View	SCALE 1" = 2'
			Rice Engineering & Operating, Inc. Hobbs, New Mexico	DWG NO. PCI-2A

Laguna Gatuna  
Lake  
(Salt)



6- Settle/Skim  
Pits

Rainwater  
Drainage Ditch

2" P/L

2 ea - 15'-6"  
x 13'-6" Tanks  
(450 bbls.)

D. Ka  
Abnd. 500 bbl. tank  
3" poly Line

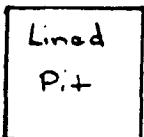
3" P/L



SW 1/4 Sec. 17 & NW 1/4 Sec. 20, T. 20S, R. 33E  
Lea County, N. M.

Gravel Pad

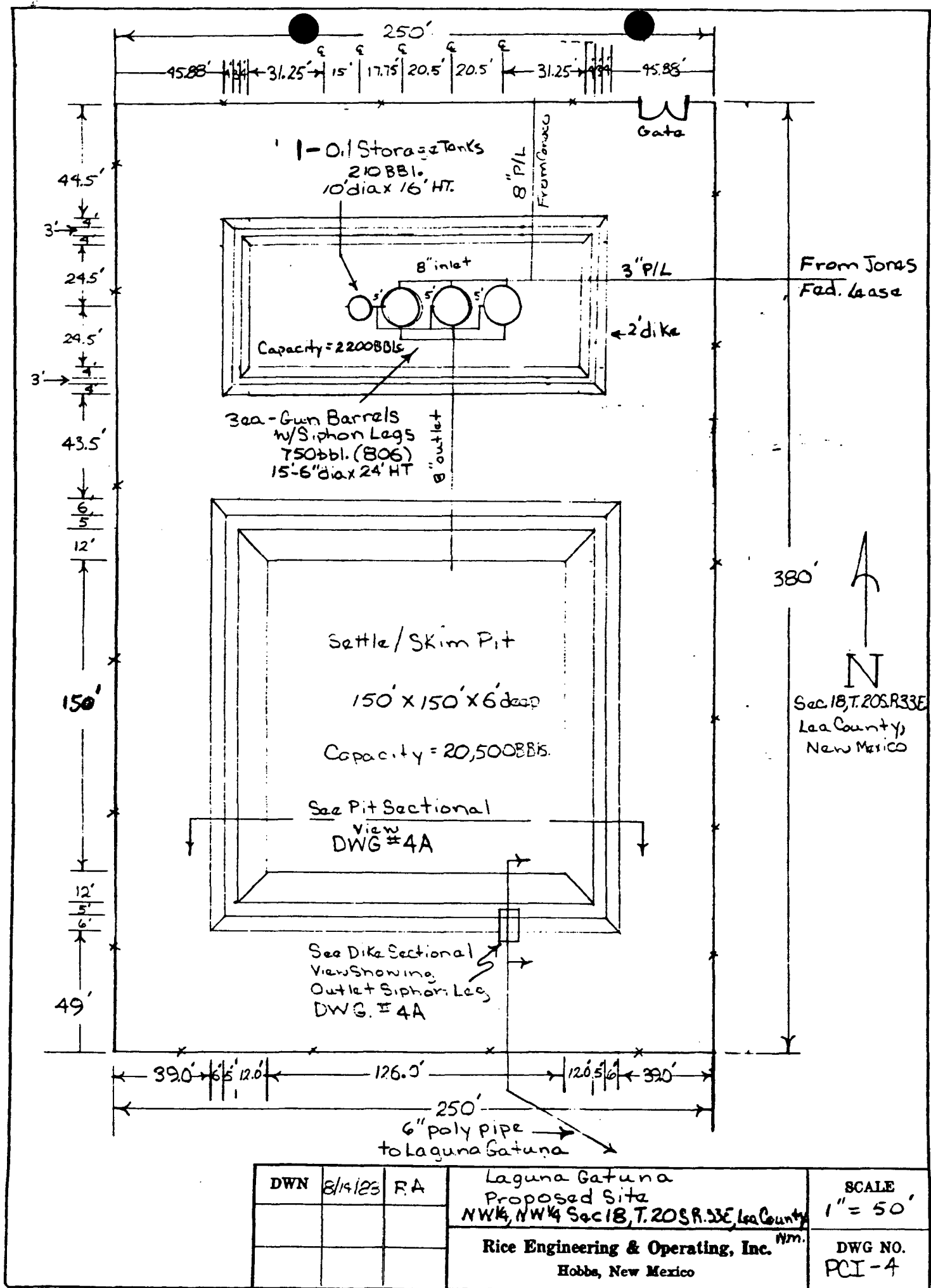
Sec 17  
Sec 20



Locked Gate

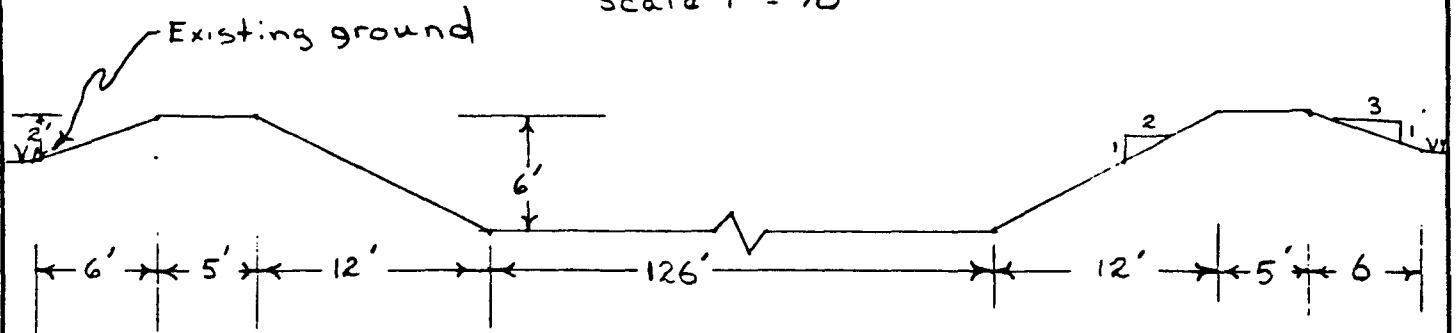
U.S. HWY 62-180

DWN	8/14/88	RA	Laguna Gatuna Existing Location for Future Truck Unloading Disposal	SCALE 1" = 200'
			Rice Engineering & Operating, Inc. Hobbs, New Mexico	DWG NO. PCI-3



# Pit Sectional View

Scale 1" = 10'

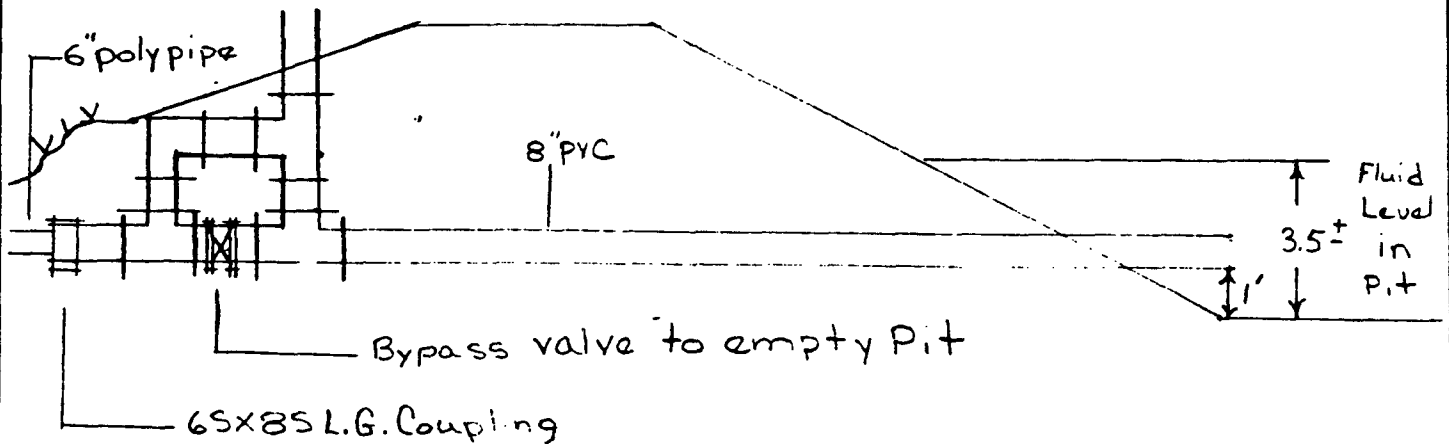


## Dike Section View

Showing Pit Outlet Siphon Leg

Scale 1" = 4'

← To Laguna Gatuna



DWN	8/14/88	RA	Latuna Gatuna Pit Detail Drawings	SCALE
			Rice Engineering & Operating, Inc. Hobbs, New Mexico	DWG NO. PCI-4A

