GW -

PERMITS, RENEWALS, & MODS

State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

John H. Bemis Cabinet Secretary

Brett F. Woods, Ph.D. Deputy Cabinet Secretary

Jami Bailey, Division Director Oil Conservation Division



APRIL 10, 2012

Mr. Matt Hudson Chevron U.S.A, Inc. 1400 Smith Street, Room 40028 Houston, TX 77002

RE: PROPOSED GROUND WATER DISCHARGE DISPOSAL OPTIONS

CHEVRON U.S.A, INC. EUNICE SOUTH GAS PLANT

DISCHARGE PERMIT GW-003 LEA COUNTY, NEW MEXICO

Dear Mr. Hudson:

The Oil Conservation Division (OCD) has reviewed Chevron's proposal dated April 9, 2012, for an alternate disposal method for dealing with the ground water recovery system at its Eunice South Gas Plant. Chevron proposes to transfer the contaminated ground water to the Newpark Environmental facility in Andrews, Texas for disposal in a UIC injection well. OCD hereby approves Chevron's proposal. Chevron has complied with Permit Condition 4.D.

If you have any questions, please contact me at 505-476-3488.

Sincerely,

Glenn von Gonten



Matthew P. Hudson Remediation Project Manager Upstream Business Unit Chevron Environmental Management Company 1400 Smith St Room 07076 Houston, TX 77002 Tel 713 372 9207 mhudson@chevron.com

April 9, 2012

Mr. Glenn Von Gonten New Mexico Oil Conservation Division Energy, Minerals and Natural Resources Department 1200 South Francis Drive Santa Fe, New Mexico 87505

RE: Proposed Groundwater Discharge Disposal Options

Eunice South Gas Plant Lea County, New Mexico Discharge Permit GW-003

Dear Glenn:

Pursuant to the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department (NMOCD) Discharge Permit GW-003, Section 4D, for the Former Chevron Eunice South facility, Chevron is submitting this letter to propose an alternate disposal method for groundwater produced by the site groundwater recovery system. The groundwater recovery system was installed to recover shallow groundwater impacted with chloride from historical site operations. The groundwater recovery system was temporarily shut-down in 2011, when the current owner of the site (Targa) denied continued discharge of the recovered water to the on-site underground injection control (UIC) Class II injection well.

Chevron has completed a review of disposal options, and at this time, the most plausible disposal option identified is to transfer the water to a third-party owned and operated UIC well. The Newpark Environmental facility in Andrews, Texas is approximately 35 miles from the Eunice South facility and has been verified to have the capacity at their disposal well to accept the volume of water produced by the groundwater recovery system. Due to the large volume of water produced by the groundwater recovery system, Chevron is also exploring other disposal options that may provide more sustainable solutions. Chevron will notify NMOCD if a more desirable disposal option is identified.

Please feel free to contact me at if you have any questions or concerns. I can be reached at (713) 372-9207.

Sincerely,

Matthew P. Hudson



Matthew P. Hudson Remediation Project Manager Upstream Business Unit Chevron Environmental Management-Company 1400 Smith St Room 07076 Houston, TX 77002 Tel 713 372 9207 mhudson@chevron.com

January 27, 2012

Mr. Leonard Lowe
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1200 South Francis Drive
Santa Fe, New Mexico 87505

RE:

Signed Discharge Plan Renewal Permits:

GW-003 Former Eunice South Gas Plant, Lea County, New Mexico GW-004 Former Eunice North Gas Plant, Lea County, New Mexico

Dear Mr. Lowe:

Please find enclosed the signed Discharge Renewal Permits, GW-003 and GW-004, along with the associated fees. Should you have any questions or concerns, please do not hesitate to contact me at (713) 372-9207.

Sincerely,

Matthew P. Hudson

Enclosures

ACKNOWLEDGEMENT OF RECEPT OF CHECK/CASH

Thereby acknowledge receipt of check (No. 24022153 dated 1/20/12
or cash received on in the amount of \$_\text{-}
from Cheuron
for GW-003
Submitted by: LAWGENCE ROSERO Date: 2/6/12
Submitted to ASD by: Career Fore Date: 2/6/12
Received in ASD by: Date:
Filing Fee New Facility Renewal
ModificationOther
Organization Code 521.07 Applicable FY 20
To be deposited in the Water Quality Management Fund.
Full Payment or Annual Increment

DISCHARGE PERMIT GW-003

1. GENERAL PROVISIONS:

A. PERMITTEE AND PERMITTED FACILITY: The Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues Discharge Permit GW-003 (Discharge Permit) to Chevron U.S.A., Inc. (Owner/Operator), located at 1400 Smith Street, Houston, Texas 77002 to abate ground water and vadose zone contamination at its Eunice South Gas Plant (Facility) located in the NW/4 of the SW/4 of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The facility is located approximately 4.5 miles south of Eunice, New Mexico between State Highway 207 (Eunice-Hobbs Highway) and State Highway 18.

Versado L.L.P. (Versado) is a limited partnership between Chevron and Targa Midstream Services (Targa). Versado is the current landowner of record for the land parcel where the Eunice South Gas Plant is located. The Facility is inactive; however, Targa on behalf of Versado presently operates a compressor station and operates a UIC Class II injection well.

When its ground water recovery system is operational, Chevron discharges approximately 180,000 barrels (7,560,000 gallons) per year of contaminated ground water. Ground water that may be affected by a spill, leak, or accidental discharge occurs at a depth of approximately 49 - 54 feet below ground surface, with a total dissolved solids concentration of approximately 1,000 - 1,300 mg/L.

B. SCOPE OF PERMIT: OCD has been granted authority to administer the Water Quality Act (Chapter 74, Article 6 NMSA 1978) as it applies to gas processing plants by statute and by delegation from the Water Quality Control Commission pursuant to Section 74-6-4(E) NMSA 1978.

The Water Quality Act and the rules issued under that Act protect ground water and surface water of the State of New Mexico by providing that, unless otherwise allowed by rule, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan. See 20.6.2.3104 NMAC and 20.6.2.3106 NMAC.

This Discharge Permit does not authorize any treatment of, or on-site disposal of, any materials, product, by-product, or oil field waste, including, but not limited to, the on-site disposal of lube oil, glycol, antifreeze, filters, elemental sulfur, washdown water, contaminated soil, and cooling tower blowdown water.

This Discharge Permit does not convey any property rights of any sort nor any exclusive privilege, and does not authorize any injury to persons or property, any invasion of other private rights, or any infringement of state, federal, or local laws, rules or regulations.

The Owner/Operator shall operate in accordance with the Discharge Permit conditions to comply with the Water Quality Act and the rules issued pursuant to that Act, so that neither a hazard to public health nor undue risk to property will result (see 20.6.2.3109C NMAC); so that no discharge will cause or may cause any stream standard to be violated (see 20.6.2.3109H(2) NMAC); so that no discharge of any water contaminant will result in a hazard to public health, (see 20.6.2.3109H(3) NMAC); and so that the numerical standards specified of 20.6.2.3103 NMAC are not exceeded.

The Owner/Operator shall not allow or cause water pollution, discharge, or release of any water contaminant that exceeds the Water Quality Control Commission (WQCC) standards specified at 20.6.2.3101 NMAC and 20.6.2.3103 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams).

C. DISCHARGE PERMIT CONDITIONS: By signing this Discharge Permit, the Owner/Operator agrees to the specific provisions set out in this document, and the commitments made in the approved Discharge Plan Application and the attachments to that application, which are incorporated into the Discharge Permit by reference.

If this Discharge Permit is a permit renewal, it replaces the permit being renewed. Replacement of a prior permit does not relieve the Owner/Operator of its responsibility to comply with the terms of that prior permit while that permit was in effect.

- **D. DEFINITIONS:** Terms not specifically defined in this Discharge Permit shall have the same meanings as those in the Water Quality Act or the rules adopted pursuant to that Act, as the context requires.
- E. FILING FEES AND PERMIT FEES: Pursuant to 20.6.2.3114 NMAC, every facility that submits a discharge permit application for initial approval or renewal shall pay the permit fees specified in Table 1 and the filing fee specified in Table 2 of 20.6.2.3114 NMAC. OCD has already received the required \$100.00 filing fee for this application. The flat fee for "Abatement of Ground Water and Vadose Zone Contamination at Oil and Gas Sites" is \$2,600.00. The Owner/Operator shall submit this amount along with the signed Discharge Permit. Checks should be payable to the "New Mexico Water Quality Management Fund," not the Oil Conservation Division.
- F. EFFECTIVE DATE, EXPIRATION, RENEWAL CONDITIONS, AND PENALTIES FOR OPERATING WITHOUT A DISCHARGE PERMIT: This Discharge Permit is effective when the Division's Environmental Bureau receives the signed Discharge Permit from the Owner/Operator and the \$2,600.00 fee. This Discharge Permit will expire on March 16, 2016. The Owner/Operator shall submit an application for renewal no later than 120 calendar days before that expiration date, pursuant to 20.6.2.3106F NMAC. If an Owner/Operator submits a renewal application at least 120 calendar days before the Discharge Permit expires and is in compliance with the approved Discharge Permit, then the existing Discharge Permit will not expire until OCD has approved or disapproved the renewal application. Operating with an expired Discharge Permit may subject the Owner/Operator to

civil and/or criminal penalties. See Section 74-6-10.1 NMSA 1978 and Section 74-6-10.2 NMSA 1978.

- G. MODIFICATIONS: The Owner/Operator shall notify the Division's Environmental Bureau of any facility expansion, production increase, or process modification that would result in any significant modification in the discharge of water contaminants. See 20.6.2.3107C NMAC. The Division's Environmental Bureau may require the Owner/Operator to submit a permit modification pursuant to 20.6.2.3109E NMAC and may modify or terminate a permit pursuant to Section 74-6-5(M) through (N) NMSA 1978.
- H. TRANSFER OF DISCHARGE PERMIT: Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of the Facility, the transferor shall notify the transferee in writing of the existence of the Discharge Permit, and shall deliver or send by certified mail to the Division's Environmental Bureau a copy of such written notification, together with a certification or other proof that such notification has been received by the transferee pursuant to 20.6.2.3111 NMAC. Upon receipt of such notification, the transferee shall inquire into all of the provisions and requirements contained in the Discharge Permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the Division's file or files concerning the Discharge Permit. Upon assuming either ownership or possession of the Facility the transferee shall have the same rights and responsibilities under the Discharge Permit as were applicable to the transferor. See 20.6.2.3111 NMAC.

Transfer of the ownership, control, or possession of the Facility does not relieve the transferor of responsibility or liability for any act or omission which occurred while the transferor owned, controlled, or was in possession of the Facility. See 20.6.2.3111E NMAC.

- I. CLOSURE PLAN AND FINANCIAL ASSURANCE: The Owner/Operator shall notify the Division's Environmental Bureau in writing when any operations of its Facility are to be discontinued for a period in excess of six months. Upon review of the Owner/Operator's notice, the Division's Environmental Bureau will determine whether to modify this permit pursuant to 20.6.2.3107 NMAC and 20.6.2.3109E NMAC or to require the Owner/Operator to submit a closure plan and/or post-closure plan, including financial assurance.
- J. COMPLIANCE AND ENFORCEMENT: If the Owner/Operator violates or is violating a condition of this Discharge Permit, the Division's Environmental Bureau may issue a compliance order requiring compliance immediately or within a specified time period, suspending or terminating this Discharge Permit, and/or assessing a civil penalty. See Section 74-6-10 NMSA 1978. The Division's Environmental Bureau may also commence a civil action in district court for appropriate relief, including injunctive relief. See Section 74-6-10(A)(2) NMSA 1978 and Section 74-6-11 NMSA 1978. The Owner/Operator may be subject to criminal penalties for discharging a water contaminant without a discharge permit or in violation of a condition of a discharge permit; making any false material statement, representation, certification or omission of material fact in an application, record, report, plan or other document filed, submitted or required to be maintained under the Water Quality Act; falsifying, tampering with

or rendering inaccurate any monitoring device, method or record required to be maintained under the Water Quality Act; or failing to monitor, sample or report as required by a permit issued pursuant to a state or federal law or regulation. See Section 74-6-10.2 NMSA 1978.

2. GENERAL FACILITY OPERATIONS:

- **A. OPERATIONAL MONITORING:** The Owner/Operator shall comply with its approved monitoring programs pursuant 20.6.2.3107 NMAC.
- 1. Ground Water Monitoring System: The Owner/Operator shall monitor and sample all ground water monitor wells in accordance with its approved ground water abatement program.

2. Disposal of Chloride Contaminated Ground Water:

- a. The Owner/Operator shall monitor its ground water recovery wells in accordance with its approved ground water abatement program.
- b. The Owner/Operator shall determine the monthly volume and Total Dissolved Solids concentration of the contaminated ground water that it disposes of in accordance with its approved ground water abatement program.
- **B. CONTINGENCY PLANS:** The Owner/Operator shall implement its approved Contingency Plans to cope with failure of the discharge permit or system in accordance with Permit Condition 2.F.
- C. CLOSURE PLAN: After completing abatement of all ground water and vadose contamination required under Permit Condition 2.G, the Owner/Operator shall perform the following closure measures:
- 1. Remove or plug all lines leading to and from ground water recovery or injection wells so that a discharge can no longer occur.
 - 2. Remove all abatement system components from the site, if applicable.
- 3. After receiving notification from the Division's Environmental Bureau that postclosure monitoring may cease, the Owner/Operator shall plug and abandon its monitor well(s).
- **D. RECORD KEEPING:** The Owner/Operator shall maintain records of all inspections required by this Discharge Permit at its local office located at 240 Avenue O, Eunice, NM 88231 for a minimum of five years and shall make those records available for inspection by the Division's Environmental Bureau.
- **E. RELEASE REPORTING:** The Owner/Operator shall comply with the following permit conditions, pursuant to 20.6.2.1203 NMAC, if it determines that a release of oil or other water contaminant, in such quantity as may with reasonable probability injure or be detrimental

to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of property, has occurred. The Owner/Operator shall report unauthorized releases of water contaminants in accordance with any additional commitments made in its approved Contingency Plan. If the Owner/Operator determines that any constituent exceeds the standards specified at 20.6.2.3103 NMAC, then it shall report a release to the Division's Environmental Bureau.

- 1. Oral Notification: As soon as possible after learning of such a discharge, but in no event more than twenty-four (24) hours thereafter, the Owner/Operator shall orally notify the Division's Environmental Bureau. The Owner/Operator shall provide the following:
 - the name, address, and telephone number of the person or persons in charge of the facility, as well as of the Owner/Operator of the facility;
 - the name and location of the facility;
 - the date, time, location, and duration of the discharge;
 - the source and cause of discharge;
 - a description of the discharge, including its chemical composition;
 - the estimated volume of the discharge; and,
 - any actions taken to mitigate immediate damage from the discharge.
- 2. Written Notification: Within one week after the Owner/Operator has learned of the discharge, the Owner/Operator shall send written notification to the Division's Environmental Bureau verifying the prior oral notification as to each of the foregoing items and providing any appropriate additions or corrections to the information contained in the prior oral notification.
- **F. ABATEMENT PLAN:** Pursuant to 20.6.2.4105A(6) NMAC, an Owner/Operator is exempt from the requirement to obtain and implement an Abatement Plan, as required in 20.6.2.4104 NMAC. However, an Owner/Operator's Discharge Permit must address abatement of contaminated ground water and be consistent with the requirements and provisions of Sections 20.6.2.4101, 20.6.2.4103, Subsections C and E of Section 20.6.2.4106, Sections 20.6.2.4107 and 20.6.2.4112 NMAC.
- 1. **Purpose of Abatement Plan:** The Owner/Operator shall abate polluted ground water so as to either remediate or protect the ground water for use as domestic and agricultural water supply.
- 2. Abatement Standards and Requirements: The Owner/Operator shall abate the vadose zone so that water contaminants in the vadose zone shall not contaminate ground water or surface water, through leaching, percolation or as the water table elevation fluctuates. The Owner/Operator, where the Total Dissolved Solids concentration is 10,000 mg/L or less, shall abate contaminated ground water so that toxic pollutant(s), as defined in 20.6.2.7WW NMAC, shall not be present and so that the standards of 20.6.2.3103 NMAC shall be met.

- 3. Ground Water Abatement: The Owner/Operator shall implement its approved ground water abatement program until it has remediated the contaminated ground water to meet the standards and requirements set forth in 20.6.2.4103 NMAC.
- 4. Completion and Termination: Pursuant to 20.6.2.4112 NMAC, abatement shall be considered complete when the standards and requirements specified in 20.6.2.4103 NMAC are met. At that time, the Owner/Operator shall submit an abatement completion report, documenting compliance with the standards and requirements set forth in 20.6.2.4103 NMAC and this Discharge Permit, to Division's Environmental Bureau for approval. The abatement completion report also shall propose any changes to long term monitoring and site maintenance activities, if needed, to be performed after termination of the abatement plan.

G. OTHER REQUIREMENTS:

- 1. Inspection and Entry: Pursuant to 20.6.2.4107A NMAC, the Owner/Operator shall allow the Division's Environmental Bureau, upon the presentation of proper credentials, to:
- enter the facility at reasonable times;
- inspect and copy records required by this discharge permit;
- inspect any treatment works, monitoring, and analytical equipment;
- sample any wastes, ground water, surface water, stream sediment, plants, animals, or vadose-zone material including vadose-zone vapor;
- use the Owner/Operator's monitoring systems and wells in order to collect samples; and
- gain access to off-site property not owned or controlled by the Owner/Operator, but accessible to the Owner/Operator through a third-party access agreement, provided that it is allowed by the agreement.
- 2. Advance Notice: Pursuant to 20.6.2.4107B NMAC, The Owner/Operator shall provide the Division's Environmental Bureau with at least four (4) working days advance notice of any sampling to be performed pursuant to this Discharge Permit, or any well plugging, abandonment or destruction at the facility site.
- 3. Plugging and Abandonment: Pursuant to 20.6.2.4107C NMAC, the Owner/Operator shall request by certified mail, approval by the Division's Environmental Bureau to plug and abandon a monitor well, unless such approval is required from the State Engineer. The proposed action shall be designed to prevent water pollution that could result from water contaminants migrating through the well or borehole. The proposed action shall not take place without written approval from the Division's Environmental Bureau, unless written approval or disapproval is not received by the Owner/Operator within thirty (30) days of the date of receipt of the proposal.
- **H. ANNUAL REPORT:** The Owner/Operator shall submit its annual report for each calendar year pursuant to 20.6.2.3107 NMAC to the Division's Environmental Bureau by March 15th of the following year. The annual report shall include the following:

- 1. Results of its ground water monitoring program; including:
- summary tables listing laboratory analytic results of all ground water and soil samples. Any WQCC constituent found to exceed the groundwater standard shall be highlighted and noted in the annual report. Copies of the most recent year's laboratory analytical data sheets shall also be submitted.
- annual water table potentiometric maps. A corrected water table elevation shall be determined for all wells containing non-aqueous phase liquids. These maps shall show well locations, pertinent site features, and the direction and magnitude of the hydraulic gradient.
- semi-annual isopleth maps for the following constituents: non-aqueous phase liquids; chlorides; and, BTEX.
- semi-annual geologic cross-sections (both dip and strike), using the geologic/lithologic logs from the monitor, recovery, and injection wells, depicting the concentrations for the following constituents: non-aqueous phase liquids; chlorides; and, BTEX.
- estimate or measure of the volume of contaminated ground water discharged during each quarter and the total volume discharged to date.
- 2. Summary of any releases and corrective actions taken in accordance with its approved Contingency Plan.
- 3. CLASS V WELLS: Pursuant to 20.6.2.5002B NMAC, leach fields and other wastewater disposal systems at Division-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells. This Discharge Permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the Facility. Pursuant to 20.6.2.5005 NMAC, the Owner/Operator shall close any Class V industrial waste injection wells at its Facility that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes (e.g., septic systems, leach fields, dry wells, etc.) within 90 calendar days of the issuance of this Discharge Permit. The Owner/Operator shall document the closure of any Class V wells used for the disposal of non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes other than contaminated ground water in its Annual Report.

Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

4. SCHEDULE OF COMPLIANCE:

- **A. PERMIT CERTIFICATION:** The Owner/Operator shall sign and return this Permit to the Division's Environmental Bureau within 45 days of its receipt of this Permit.
- **B. SUBMISSION OF THE PERMIT FEES:** As specified in Permit Condition 1.F, the Owner/Operator shall submit the fee of \$2,600.00 along with the signed Discharge

Permit within 45 days of the receipt of the Discharge Permit. Checks should be payable to the "New Mexico Water Quality Management Fund," not the Oil Conservation Division.

- C. ANNUAL REPORT: As specified in Permit Condition 2.H, the Owner/Operator shall submit its annual report to the Division's Environmental Bureau by March 15th of the following year.
- D. REQUIREMENT TO RESUME ABATEMENT PROGRAM: In February 2011, Chevron notified OCD that Targa would no longer allow Chevron to discharge contaminated ground water to its on-site UIC Class II injection well. Consequently, Chevron temporarily ceased operating its ground water abatement program. Chevron shall propose an alternate method of disposing the contaminated ground water to OCD no later than ninety (90) days after the issuance of this discharge permit.
- **5. CERTIFICATION: (OWNER/OPERATOR)** by the officer whose signature appears below, acknowledges receipt of this Discharge Permit, and has reviewed its terms and conditions.

Cheuron U.S.A. INC.
Company Name - print name
Robert A. Guldner
Company Representative - print name
2 Deldu
Company Representative - Signature
Title: Manager DE/AES
Date: 01/23/2012

Susana Martinez

Governor

John H. Bemis Cabinet Secretary-Designate

Brett F. Woods, Ph.D.Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



JANUARY 11, 2012

CERTIFIED MAIL RETURN RECEIPT NO: 0919 5860

Mr. Matthew Hudson Remediation Project Manager Chevron Environmental Management Company 1400 Smith St, Room 07076 Houston, TX 77002

RE: OCD'S RESPONSE TO COMMENTS OF SEPTEMBER 28, 2011
OCD'S DRAFT APPROVAL FOR DISCHARGE PLAN RENEWAL
DISCHARGE PERMIT GW-003, CHEVRON U.S.A, INC. - EUNICE SOUTH GAS
PLANT, SECTION 27, TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM, LEA
COUNTY, NEW MEXICO AND
OCD APPROVAL OF DISCHARGE PERMIT RENEWAL:

Dear Mr. Hudson:

On August 15, 2011, the Oil Conservation Division (OCD) proposed to approve the renewal of Chevron U.S.A, Inc.'s (Owner/Operator) discharge permit for the above referenced facility, pursuant to the Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC. Chevron reviewed the draft discharge permit and provided OCD with comments on September 28, 2011. OCD has reviewed Chevron's comments and prepared this response to Chevron's comments.

Chevron's Comment 1: The NMOCD's Discharge Plan Renewal cover letter dated August 15, 2011 acknowledges that the "OCD has received Chevron's request and initial fee to renew GW-004 for their Eunice South Gas Plant located in the NW/4 of the SW/4 of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico." The \$100.00 application fee was submitted by Chevron with the application in February 2008. Originally, the check for the initial fee was not made out to the correct payee entity but was changed to avoid reissuing the check. Please notify Chevron if the \$100.00 fee should be resubmitted.

OCD's Response to Chevron's Comment 1: OCD has changed the Section 1.E of the discharge permit by stating that "OCD has already received the required \$100.00 filing fee for

Mr. Matthew Hudson Page 2 of 2

this application." OCD also changed the permit to specify that Chevron must submit \$2,600.00 rather than \$2,700.00.

OTHER CHANGES: OCD made other changes to Chevron's permit as a result of comments made by other operators on similar permits. These changes are as follows:

OCD Change 1: OCD revised Section 2 by correcting several incorrect subsections.

OCD Change 2: OCD revised Permit Condition 2.H (formerly 2.I) by removing GRO/DRO and TPH.

OCD APPROVAL OF DISCHARGE PERMIT RENEWAL: Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby approves the discharge permit for Chevron (Owner/Operator) for the above referenced facility, as revised in response to Chevron's and others comments. Attached are two copies of the discharge permit. Please sign and return one copy to Oil Conservation Division's Santa Fe Office within 45 days of receipt of this letter including permit fees.

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

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Jami Bailey Director

JB/gvg

cc:

Daniel Sanchez, OCD Gabrielle Gerholt, OCD

DISCHARGE PERMIT GW-003

1. GENERAL PROVISIONS:

A. PERMITTEE AND PERMITTED FACILITY: The Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues Discharge Permit GW-003 (Discharge Permit) to Chevron U.S.A., Inc. (Owner/Operator), located at 1400 Smith Street, Houston, Texas 77002 to abate ground water and vadose zone contamination at its Eunice South Gas Plant (Facility) located in the NW/4 of the SW/4 of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The facility is located approximately 4.5 miles south of Eunice, New Mexico between State Highway 207 (Eunice-Hobbs Highway) and State Highway 18.

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- same meanings as those in the Water Quality Act or the rules adopted pursuant to that Act, as the context requires.
 - E. FILING FEES AND PERMIT FEES: Pursuant to 20.6.2.3114 NMAC, every facility that submits a discharge permit application for initial approval or renewal shall pay the permit fees specified in Table 1 and the filing fee specified in Table 2 of 20.6.2.3114 NMAC. OCD has already received the required \$100.00 filing fee for this application. The flat fee for "Abatement of Ground Water and Vadose Zone Contamination at Oil and Gas Sites" is \$2,600.00. The Owner/Operator shall submit this amount along with the signed Discharge Permit. Checks should be payable to the "New Mexico Water Quality Management Fund," not the Oil Conservation Division.
 - F. EFFECTIVE DATE, EXPIRATION, RENEWAL CONDITIONS, AND PENALTIES FOR OPERATING WITHOUT A DISCHARGE PERMIT: This Discharge Permit is effective when the Division's Environmental Bureau receives the signed Discharge Permit from the Owner/Operator and the \$2,600.00 fee. This Discharge Permit will expire on March 16, 2016. The Owner/Operator shall submit an application for renewal no later than 120 calendar days before that expiration date, pursuant to 20.6.2.3106F NMAC. If an Owner/Operator submits a renewal application at least 120 calendar days before the Discharge Permit expires and is in compliance with the approved Discharge Permit, then the existing Discharge Permit will not expire until OCD has approved or disapproved the renewal application. Operating with an expired Discharge Permit may subject the Owner/Operator to

civil and/or criminal penalties. See Section 74-6-10.1 NMSA 1978 and Section 74-6-10.2 NMSA 1978.

- G. MODIFICATIONS: The Owner/Operator shall notify the Division's Environmental Bureau of any facility expansion, production increase, or process modification that would result in any significant modification in the discharge of water contaminants. See 20.6.2.3107C NMAC. The Division's Environmental Bureau may require the Owner/Operator to submit a permit modification pursuant to 20.6.2.3109E NMAC and may modify or terminate a permit pursuant to Section 74-6-5(M) through (N) NMSA 1978.
- H. TRANSFER OF DISCHARGE PERMIT: Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of the Facility, the transferor shall notify the transferee in writing of the existence of the Discharge Permit, and shall deliver or send by certified mail to the Division's Environmental Bureau a copy of such written notification, together with a certification or other proof that such notification has been received by the transferee pursuant to 20.6.2.3111 NMAC. Upon receipt of such notification, the transferee shall inquire into all of the provisions and requirements contained in the Discharge Permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the Division's file or files concerning the Discharge Permit. Upon assuming either ownership or possession of the Facility the transferee shall have the same rights and responsibilities under the Discharge Permit as were applicable to the transferor. See 20.6.2.3111 NMAC.

Transfer of the ownership, control, or possession of the Facility does not relieve the transferor of responsibility or liability for any act or omission which occurred while the transferor owned, controlled, or was in possession of the Facility. See 20.6.2.3111E NMAC.

- I. CLOSURE PLAN AND FINANCIAL ASSURANCE: The Owner/Operator shall notify the Division's Environmental Bureau in writing when any operations of its Facility are to be discontinued for a period in excess of six months. Upon review of the Owner/Operator's notice, the Division's Environmental Bureau will determine whether to modify this permit pursuant to 20.6.2.3107 NMAC and 20.6.2.3109E NMAC or to require the Owner/Operator to submit a closure plan and/or post-closure plan, including financial assurance.
- J. COMPLIANCE AND ENFORCEMENT: If the Owner/Operator violates or is violating a condition of this Discharge Permit, the Division's Environmental Bureau may issue a compliance order requiring compliance immediately or within a specified time period, suspending or terminating this Discharge Permit, and/or assessing a civil penalty. See Section 74-6-10 NMSA 1978. The Division's Environmental Bureau may also commence a civil action in district court for appropriate relief, including injunctive relief. See Section 74-6-10(A)(2) NMSA 1978 and Section 74-6-11 NMSA 1978. The Owner/Operator may be subject to criminal penalties for discharging a water contaminant without a discharge permit or in violation of a condition of a discharge permit; making any false material statement, representation, certification or omission of material fact in an application, record, report, plan or other document filed, submitted or required to be maintained under the Water Quality Act; falsifying, tampering with

or rendering inaccurate any monitoring device, method or record required to be maintained under the Water Quality Act; or failing to monitor, sample or report as required by a permit issued pursuant to a state or federal law or regulation. See Section 74-6-10.2 NMSA 1978.

2. GENERAL FACILITY OPERATIONS:

- **A. OPERATIONAL MONITORING:** The Owner/Operator shall comply with its approved monitoring programs pursuant 20.6.2.3107 NMAC.
- 1. Ground Water Monitoring System: The Owner/Operator shall monitor and sample all ground water monitor wells in accordance with its approved ground water abatement program.

2. Disposal of Chloride Contaminated Ground Water:

- a. The Owner/Operator shall monitor its ground water recovery wells in accordance with its approved ground water abatement program.
- b. The Owner/Operator shall determine the monthly volume and Total Dissolved Solids concentration of the contaminated ground water that it disposes of in accordance with its approved ground water abatement program.
- **B. CONTINGENCY PLANS:** The Owner/Operator shall implement its approved Contingency Plans to cope with failure of the discharge permit or system in accordance with Permit Condition 2.F.
- C. CLOSURE PLAN: After completing abatement of all ground water and vadose contamination required under Permit Condition 2.G, the Owner/Operator shall perform the following closure measures:
- 1. Remove or plug all lines leading to and from ground water recovery or injection wells so that a discharge can no longer occur.
 - 2. Remove all abatement system components from the site, if applicable.
- 3. After receiving notification from the Division's Environmental Bureau that post-closure monitoring may cease, the Owner/Operator shall plug and abandon its monitor well(s).
- **D. RECORD KEEPING:** The Owner/Operator shall maintain records of all inspections required by this Discharge Permit at its local office located at 240 Avenue O, Eunice, NM 88231 for a minimum of five years and shall make those records available for inspection by the Division's Environmental Bureau.
- E. RELEASE REPORTING: The Owner/Operator shall comply with the following permit conditions, pursuant to 20.6.2.1203 NMAC, if it determines that a release of oil or other water contaminant, in such quantity as may with reasonable probability injure or be detrimental

to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of property, has occurred. The Owner/Operator shall report unauthorized releases of water contaminants in accordance with any additional commitments made in its approved Contingency Plan. If the Owner/Operator determines that any constituent exceeds the standards specified at 20.6.2.3103 NMAC, then it shall report a release to the Division's Environmental Bureau.

- 1. Oral Notification: As soon as possible after learning of such a discharge, but in no event more than twenty-four (24) hours thereafter, the Owner/Operator shall orally notify the Division's Environmental Bureau. The Owner/Operator shall provide the following:
 - the name, address, and telephone number of the person or persons in charge of the facility, as well as of the Owner/Operator of the facility;
 - the name and location of the facility;
 - the date, time, location, and duration of the discharge;
 - the source and cause of discharge;
 - a description of the discharge, including its chemical composition;
 - the estimated volume of the discharge; and,
 - any actions taken to mitigate immediate damage from the discharge.
- 2. Written Notification: Within one week after the Owner/Operator has learned of the discharge, the Owner/Operator shall send written notification to the Division's Environmental Bureau verifying the prior oral notification as to each of the foregoing items and providing any appropriate additions or corrections to the information contained in the prior oral notification.
- **F. ABATEMENT PLAN:** Pursuant to 20.6.2.4105A(6) NMAC, an Owner/Operator is exempt from the requirement to obtain and implement an Abatement Plan, as required in 20.6.2.4104 NMAC. However, an Owner/Operator's Discharge Permit must address abatement of contaminated ground water and be consistent with the requirements and provisions of Sections 20.6.2.4101, 20.6.2.4103, Subsections C and E of Section 20.6.2.4106, Sections 20.6.2.4107 and 20.6.2.4112 NMAC.
- 1. Purpose of Abatement Plan: The Owner/Operator shall abate polluted ground water so as to either remediate or protect the ground water for use as domestic and agricultural water supply.
- 2. Abatement Standards and Requirements: The Owner/Operator shall abate the vadose zone so that water contaminants in the vadose zone shall not contaminate ground water or surface water, through leaching, percolation or as the water table elevation fluctuates. The Owner/Operator, where the Total Dissolved Solids concentration is 10,000 mg/L or less, shall abate contaminated ground water so that toxic pollutant(s), as defined in 20.6.2.7WW NMAC, shall not be present and so that the standards of 20.6.2.3103 NMAC shall be met.

- 3. Ground Water Abatement: The Owner/Operator shall implement its approved ground water abatement program until it has remediated the contaminated ground water to meet the standards and requirements set forth in 20.6.2.4103 NMAC.
- 4. Completion and Termination: Pursuant to 20.6.2.4112 NMAC, abatement shall be considered complete when the standards and requirements specified in 20.6.2.4103 NMAC are met. At that time, the Owner/Operator shall submit an abatement completion report, documenting compliance with the standards and requirements set forth in 20.6.2.4103 NMAC and this Discharge Permit, to Division's Environmental Bureau for approval. The abatement completion report also shall propose any changes to long term monitoring and site maintenance activities, if needed, to be performed after termination of the abatement plan.

G. OTHER REQUIREMENTS:

- 1.- Inspection and Entry: Pursuant to 20.6.2.4107A NMAC, the Owner/Operator shall allow the Division's Environmental Bureau, upon the presentation of proper credentials, to:
 - enter the facility at reasonable times;
 - inspect and copy records required by this discharge permit;
 - inspect any treatment works, monitoring, and analytical equipment;
 - sample any wastes, ground water, surface water, stream sediment, plants, animals, or vadose-zone material including vadose-zone vapor;
 - use the Owner/Operator's monitoring systems and wells in order to collect samples; and
 - gain access to off-site property not owned or controlled by the Owner/Operator, but accessible to the Owner/Operator through a third-party access agreement, provided that it is allowed by the agreement.
 - **2. Advance Notice:** Pursuant to 20.6.2.4107B NMAC, The Owner/Operator shall provide the Division's Environmental Bureau with at least four (4) working days advance notice of any sampling to be performed pursuant to this Discharge Permit, or any well plugging, abandonment or destruction at the facility site.
 - 3. Plugging and Abandonment: Pursuant to 20.6.2.4107C NMAC, the Owner/Operator shall request by certified mail, approval by the Division's Environmental Bureau to plug and abandon a monitor well, unless such approval is required from the State Engineer. The proposed action shall be designed to prevent water pollution that could result from water contaminants migrating through the well or borehole. The proposed action shall not take place without written approval from the Division's Environmental Bureau, unless written approval or disapproval is not received by the Owner/Operator within thirty (30) days of the date of receipt of the proposal.
- **H. ANNUAL REPORT:** The Owner/Operator shall submit its annual report for each calendar year pursuant to 20.6.2.3107 NMAC to the Division's Environmental Bureau by March 15th of the following year. The annual report shall include the following:

- 1. Results of its ground water monitoring program; including:
- summary tables listing laboratory analytic results of all ground water and soil samples. Any WQCC constituent found to exceed the groundwater standard shall be highlighted and noted in the annual report. Copies of the most recent year's laboratory analytical data sheets shall also be submitted.
- annual water table potentiometric maps. A corrected water table elevation shall be determined for all wells containing non-aqueous phase liquids. These maps shall show well locations, pertinent site features, and the direction and magnitude of the hydraulic gradient.
- semi-annual isopleth maps for the following constituents: non-aqueous phase liquids; chlorides; and, BTEX.
- semi-annual geologic cross-sections (both dip and strike), using the geologic/lithologic logs from the monitor, recovery, and injection wells, depicting the concentrations for the following constituents: non-aqueous phase liquids; chlorides; and, BTEX.
- estimate or measure of the volume of contaminated ground water discharged during each quarter and the total volume discharged to date.
- **2.** Summary of any releases and corrective actions taken in accordance with its approved Contingency Plan.
- 3. CLASS V WELLS: Pursuant to 20.6.2.5002B NMAC, leach fields and other wastewater disposal systems at Division-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells. This Discharge Permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the Facility. Pursuant to 20.6.2.5005 NMAC, the Owner/Operator shall close any Class V industrial waste injection wells at its Facility that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes (e.g., septic systems, leach fields, dry wells, etc.) within 90 calendar days of the issuance of this Discharge Permit. The Owner/Operator shall document the closure of any Class V wells used for the disposal of non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes other than contaminated ground water in its Annual Report.

Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

4. SCHEDULE OF COMPLIANCE:

- A. PERMIT CERTIFICATION: The Owner/Operator shall sign and return this Permit to the Division's Environmental Bureau within 45 days of its receipt of this Permit.
- **B. SUBMISSION OF THE PERMIT FEES:** As specified in Permit Condition 1.F, the Owner/Operator shall submit the fee of \$2,600.00 along with the signed Discharge

Permit within 45 days of the receipt of the Discharge Permit. Checks should be payable to the "New Mexico Water Quality Management Fund," not the Oil Conservation Division.

- C. ANNUAL REPORT: As specified in Permit Condition 2.H, the Owner/Operator shall submit its annual report to the Division's Environmental Bureau by March 15th of the following year.
- **D. REQUIREMENT TO RESUME ABATEMENT PROGRAM:** In February 2011, Chevron notified OCD that Targa would no longer allow Chevron to discharge contaminated ground water to its on-site UIC Class II injection well. Consequently, Chevron temporarily ceased operating its ground water abatement program. Chevron shall propose an alternate method of disposing the contaminated ground water to OCD no later than ninety (90) days after the issuance of this discharge permit.
- 5. CERTIFICATION: (OWNER/OPERATOR) by the officer whose signature appears below, acknowledges receipt of this Discharge Permit, and has reviewed its terms and conditions.

Company Name - print name	
Company Representative - print name	
Company Representative - Signature	
Title:	
Date:	



Matthew P. Hudson Remediation Project Manager Upstream Business Unit Chevron Environmental Management Company 1400 Smith St Room 07076 Houston, TX 77002 Tel 713 372 9207 mhudson@chevron.com

September 28, 2011

Mr. Leonard Lowe
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1200 South Francis Drive
Santa Fe. New Mexico 87505

RE: DRAFT Approval for Discharge Plan Renewal Permit (GW-003) Comments

Eunice South Gas Plant Lea County, New Mexico

Dear Mr. Lowe:

Chevron U.S.A. Inc (Chevron) is please to provide the New Mexico Oil Conservation Division (NMOCD) comments to the DRAFT Approval Discharge Plan Renewal Permit GW-003 for the former Eunice South Gas Plant. The plant is situated five miles south of Eunice, Lea County, New Mexico.

Specific comments below to items in the Draft Discharge Permit:

1. 1.A.E Filing Fees and Permit Fees

Currently Stated - "OCD has not received the required \$100.00 filing fee for this application."

Comment – The NMOCD's Discharge Plan Renewal cover letter dated August 15, 2011 acknowledges that the "OCD has received Chevron's request and **initial fee** to renew GW-004 for their **Eunice South Gas Plant** located in the NW/4 of the SW/4 of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico." The \$100.00 application fee was submitted by Chevron with the application in February 2008. Originally, the check for the initial fee was not made out to the correct payee entity but was changed to avoid reissuing the check. Please notify Chevron if the \$100.00 fee should be resubmitted.

The groundwater recovery/disposal operations remain inactive. In the interim, Chevron has begun communications with area oil & gas operators (i.e. waste disposal facilities, water pipeline consortium) to explore/negotiate viable wastewater disposal options for the volume (approximately 500-600 barrels/day) of wastewater from the chloride recovery system.

Once a path forward has been selected, Chevron will modify the pending permit approval for GW-003 detailing the path forward and will request approval from the NMOCD prior to implementation of the selected disposal option.

Mr. Leonard Lowe
New Mexico Oil Conservation Division
September 28, 2011
Page 2

Should you have any questions or concerns, please do not hesitate to contact me at (713) 372-9207.

Sincerely,

Matthew P. Hudson

Enclosure

CC:

Susana Martinez Governor

John H. Bemis Cabinet Secretary-Designate

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey
Division Director
Oil Conservation Division



AUGUST 15, 2011

CERTIFIED MAIL RETURN RECEIPT NO: 0919 5815

Mr. Matt Hudson Chevron U.S.A, Inc. 1400 Smith Street, Room 40028 Houston, TX 77002

Re: Draft Approval for Discharge Plan Renewal Permit GW-003

Chevron U.S.A, Inc. Eunice South Gas Plant

Lea County, New Mexico

Dear Mr. Hudson:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby proposes to approve the renewal of Chevron's (Owner/Operator) discharge permit for the above referenced facility contingent upon the conditions specified in the attached draft Discharge Permit. Please review and provide comments to OCD on the draft Discharge Permit within 45 days of receipt of this letter.

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Glenn von Gonten

Acting Environmental Bureau Chief

GvG/gvg

DISCHARGE PERMIT GW-003

1. GENERAL PROVISIONS:

A. PERMITTEE AND PERMITTED FACILITY: The Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues Discharge Permit GW-003 (Discharge Permit) to Chevron U.S.A., Inc. (Owner/Operator), located at 1400 Smith Street, Houston, Texas 77002 to abate ground water and vadose zone contamination at its Eunice South Gas Plant (Facility) located in the NW/4 of the SW/4 of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The facility is located approximately 4.5 miles south of Eunice, New Mexico between State Highway 207 (Eunice-Hobbs Highway) and State Highway 18.

Versado L.L.P. (Versado) is a limited partnership between Chevron and Targa Midstream Services (Targa). Versado is the current landowner of record for the land parcel where the Eunice South Gas Plant is located. The Facility is inactive; however, Targa on behalf of Versado presently operates a compressor station and operates a UIC Class II injection well.

When its ground water recovery system is operational, Chevron discharges approximately 180,000 barrels (7,560,000 gallons) per year of contaminated ground water. Ground water that may be affected by a spill, leak, or accidental discharge occurs at a depth of approximately 49 - 54 feet below ground surface, with a total dissolved solids concentration of approximately 1,000 - 1,300 mg/L.

B. SCOPE OF PERMIT: OCD has been granted authority to administer the Water Quality Act (Chapter 74, Article 6 NMSA 1978) as it applies to gas processing plants by statute and by delegation from the Water Quality Control Commission pursuant to Section 74-6-4(E) NMSA 1978.

The Water Quality Act and the rules issued under that Act protect ground water and surface water of the State of New Mexico by providing that, unless otherwise allowed by rule, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan. See 20.6.2.3104 NMAC and 20.6.2.3106 NMAC.

This Discharge Permit does not authorize any treatment of, or on-site disposal of, any materials, product, by-product, or oil field waste, including, but not limited to, the on-site disposal of lube oil, glycol, antifreeze, filters, elemental sulfur, washdown water, contaminated soil, and cooling tower blowdown water.

This Discharge Permit does not convey any property rights of any sort nor any exclusive privilege, and does not authorize any injury to persons or property, any invasion of other private rights, or any infringement of state, federal, or local laws, rules or regulations.

The Owner/Operator shall operate in accordance with the Discharge Permit conditions to comply with the Water Quality Act and the rules issued pursuant to that Act, so that neither a hazard to public health nor undue risk to property will result (see 20.6.2.3109C NMAC); so that no discharge will cause or may cause any stream standard to be violated (see 20.6.2.3109H(2) NMAC); so that no discharge of any water contaminant will result in a hazard to public health, (see 20.6.2.3109H(3) NMAC); and so that the numerical standards specified of 20.6.2.3103 NMAC are not exceeded.

The Owner/Operator shall not allow or cause water pollution, discharge; or release of any water contaminant that exceeds the Water Quality Control Commission (WQCC) standards specified at 20.6.2.3101 NMAC and 20.6.2.3103 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams).

C. DISCHARGE PERMIT CONDITIONS: By signing this Discharge Bermit, the Owner/Operator agrees to the specific provisions serout in this document, and the commitments made in the approved Discharge Plan Application and the attachments to that application, which are incorporated into the Discharge Permit by reference.

If this Discharge Permit is a permit renewal, it replaces the permit being renewed. Replacement of a prior permit does not relieve the Owner/Operator of its responsibility to comply with the terms of that prior permit while that permit was in effect.

- D. DEFINITIONS: Terms not specifically defined in this Discharge Permit shall have the same meanings as those in the Water Quality Act or the rules adopted pursuant to those Act, as the context requires.
- E. FILING FEES AND PERMIT FEES: Pursuant to 20.6.2.3114 NMAC, every facility that submits a discharge permit application-for initial approval or renewal shall pay the permit fees specified in Table 1 and the filing fee specified in Table 2 of 20.6.2.3114 NMAC. OCD has not received the required \$100.00 filing fee for this application. The flat fee for "Abatement of Ground Water and Vadose Zone Contamination at Oil and Gas Sites" is \$2,600.00. The Owner/Operator shall submit this amount along with the signed Discharge Permit. Checks should be payable to the "New Mexico Water Quality Management Fund," not the Oil Conservation Division.
- PENALTIES FOR OPERATING WITHOUT A DISCHARGE PERMIT: This Discharge Permit is effective when the Division's Environmental Bureau receives the signed Discharge Permit from the Owner/Operator and the \$2,700.00 fee. This Discharge Permit will expire on March 16, 2016. The Owner/Operator shall submit an application for renewal no later than 120 calendar days before that expiration date, pursuant to 20.6.2.3106F NMAC. If an Owner/Operator submits a renewal application at least 120 calendar days before the Discharge Permit expires and is in compliance with the approved Discharge Permit, then the existing Discharge Permit will not expire until OCD has approved or disapproved the renewal application. Operating with an expired Discharge Permit may subject the Owner/Operator to

civil and/or criminal penalties. See Section 74-6-10.1 NMSA 1978 and Section 74-6-10.2 NMSA 1978.

- G. MODIFICATIONS: The Owner/Operator shall notify the Division's Environmental Bureau of any facility expansion, production increase, or process modification that would result in any significant modification in the discharge of water contaminants. See 20.6.2.3107C NMAC. The Division's Environmental Bureau may require the Owner/Operator to submit a permit modification pursuant to 20.6.2.3109E NMAC and may modify or terminate a permit pursuant to Section 74-6-5(M) through (N) NMSA 1978.
- H. TRANSFER OF DISCHARGE PERMIT: Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of the Facility, the transferor shall notify the transferee in writing of the existence of the Discharge Permit, and shall deliver or send by certified mail to the Division's Environmental Bureau a copy of such written notification, together with a certification or other proof that such notification has been received by the transferee pursuant to 20.6.2.3111 NMAC. Upon receipt of such notification, the transferee shall inquire into all of the provisions and requirements contained in the Discharge Permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the Division's file or files concerning the Discharge Permit. Upon assuming either ownership or possession of the Facility the transferee shall have the same rights and responsibilities under the Discharge Permit as were applicable to the transferor. See 20.6.2.3111 NMAC.

Transfer of the ownership, control, or possession of the Facility does not relieve the transferor of responsibility or liability for any act or omission which occurred while the transferor owned, controlled, or was in possession of the Facility. See 20.6.2.3111E NMAC.

- I. CLOSURE PLAN AND FINANCIAL ASSURANCE: The Owner/Operator shall notify the Division's Environmental Bureau in writing when any operations of its Facility are to be discontinued for a period in excess of six months. Upon review of the Owner/Operator's notice, the Division's Environmental Bureau will determine whether to modify this permit, pursuant to 20.6.2.3107 NMAC and 20.6.2.3109E NMAC, to require the Owner/Operator to submit a closure plan and/or post-closure plan, including financial assurance.
- J. COMPDIANCE AND ENFORCEMENT: If the Owner/Operator violates or is violating a condition of this Discharge Permit, the Division's Environmental Bureau may issue a compliance order requiring compliance immediately or within a specified time period, suspending or terminating this Discharge Permit, and/or assessing a civil penalty. See Section 74-6-10 NMSA 1978. The Division's Environmental Bureau may also commence a civil action in district court for appropriate relief, including injunctive relief. See Section 74-6-10(A)(2) NMSA 1978 and Section 74-6-11 NMSA 1978. The Owner/Operator may be subject to criminal penalties for discharging a water contaminant without a discharge permit or in violation of a condition of a discharge permit; making any false material statement, representation, certification or omission of material fact in an application, record, report, plan or other document filed, submitted or required to be maintained under the Water Quality Act; falsifying, tampering with

or rendering inaccurate any monitoring device, method or record required to be maintained under the Water Quality Act; or failing to monitor, sample or report as required by a permit issued pursuant to a state or federal law or regulation. See Section 74-6-10.2 NMSA 1978.

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- A. **OPERATIONAL MONITORING:** The Owner/Operator shall comply with its approved monitoring programs pursuant 20.6.2.3107 NMAC.
- 1. Ground Water Monitoring System: The Owner/Operator shall monitor and sample all ground waste monitor wells in accordance with its approved ground water abatement program.
 - 2. Disposal of Chloride Contaminated Ground Water:
- a. The Owner/Operator shall monitor its ground water recovery wells in accordance with its approved ground water abatement program.
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- B. CONTINGENCY PLANS: The Owner/Operator shall implement its approved Contingency Plans to cope with failure of the discharge permit-or system in accordance with Permit Condition 2.F.
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- 1. Remove of plug all lines leading to and from ground water recovery or injection wells so that a discharge can no longer occur.
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- 1. Oral Notification: As soon as possible after learning of such a discharge, but in no event more than twenty-four (24) hours thereafter, the Owner/Operator shall orally notify the Division's Environmental Bureau. The Owner/Operator shall provide the following:
 - the name, address, and telephone number of the person or persons in charge of the facility, as well as of the Owner/Operator of the facility;
 - the name and location of the facility;
 - the date, time, location, and duration of the discharge;
 - the source and cause of discharge;
 - a description of the discharge, including its chemical composition;
 - the estimated volume of the discharge; and,
 - any actions taken to mitigate immediate damage from the discharge.
- 2. Written Notification: Within one week after the Owner/Operator has learned of the discharge, the Owner/Operator shall send written notification to the Division's Environmental Bureau verifying the prior oral notification as to each of the foregoing items and providing any appropriate additions or corrections to the information contained in the prior oral notification.
- G. ABATEMENT PLAN: Pursuant to 20.6.2.4105A(6) NMAC, an Owner/Operator is exempt from the requirement to obtain and implement an Abatement Plan, as required in 20.6.2.4104 NMAC. However, an Owner/Operator's Discharge Permit must address abatement of contaminated ground water and be consistent with the requirements and provisions of Sections 20.6.2.4101, 20.6.2.4103, Subsections C and E of Section 20.6.2.4106, Sections 20.6.2.4107 and 20.6.2.4112 NMAC.
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- 2. Abatement Standards and Requirements: The Owner/Operator shall abate the vadose zone so that water contaminants in the vadose zone shall not contaminate ground water or surface water, through leaching, percolation or as the water table elevation fluctuates. The Owner/Operator, where the Total Dissolved Solids concentration is 10,000 mg/L or less, shall abate contaminated ground water so that toxic pollutant(s), as defined in 20.6.2.7WW NMAC, shall not be present and so that the standards of 20.6.2.3103 NMAC shall be met.

- 3. Ground Water Abatement: The Owner/Operator shall implement its approved ground water abatement program until it has remediated the contaminated ground water to meet the standards and requirements set forth in 20.6.2.4103 NMAC
- 4. Completion and Termination: Pursuant to 20.6.2.4112 NMAC, abatement shall be considered complete when the standards and requirements specified in 20.6.2.4103 NMAC are met. At that time, the Owner/Operator shall submit an abatement completion report, documenting compliance with the standards and requirements set forth in 20.6.2.4103 NMAC and this Discharge Permit, to Division's Environmental Bureau for approval. The abatement completion report also shall propose any changes to long term monitoring and site maintenance activities, if needed, to be performed after termination of the abatement plan.

H. OTHER REQUIREMENTS:

- 1. Inspection and Entry: Pursuant to 20.6.2.4107A NMAC, the Owner/Operator shall allow the Division's Environmental Bureau, upon the presentation of proper credentials, to:
- enter the facility at reasonable times;
- inspect and copy records required by this discharge permit;
- inspect any treatment works, monitoring, and analytical equipment;
- sample any wastes, ground water, surface water, stream sediment, plants, animals, or vadose-zone material including vadose-zone vapor;
- use the Owner/Operator's monitoring systems and wells in order to collect samples; and
- gain access to off-site property not owned or controlled by the Owner/Operator, but accessible to the Owner/Operator through a third-party access agreement, provided that it is allowed by the agreement.
- 2. Advance Notice: Pursuant to 20:6:2.4107B NMAC, The Owner/Operator shall provide the Division's Environmental Bureau with at least four (4) working days advance notice of any sampling to be performed pursuant to this Discharge Permit, or any well plugging, abandonment or destruction at the facility site.
- Rlugging and Abandonment: Pursuant to 20.6.2.4107C NMAC, the Owner/Operator shall request by certified mail, approval by the Division's Environmental Bureau to plug and abandon a monitor well, unless such approval is required from the State Engineer. The proposed action shall be designed to prevent water pollution that could result from water contaminants migrating through the well or borehole. The proposed action shall not take place without written approval from the Division's Environmental Bureau, unless written approval or disapproval is not received by the Owner/Operator within thirty (30) days of the date of receipt of the proposal.
- I. ANNUAL REPORT: The Owner/Operator shall submit its annual report pursuant to 20.6.2.3107 NMAC to the Division's Environmental Bureau by March 15th of each year. The annual report shall include the following:

- 1. Results of its ground water monitoring program; including:
- Summary tables listing laboratory analytic results of all ground water and soil samples. Any WQCC constituent found to exceed the groundwater standard shall be highlighted and noted in the annual report. Copies of the most recent year's laboratory analytical data sheets shall also be submitted.
- Annual water table potentiometric maps. A corrected water table elevation shall be determined for all wells containing non-aqueous phase liquids. These maps shall show well locations, pertinent site features, and the direction and magnitude of the hydraulic gradient.
- Semi-annual isopleth maps for the following constituents: non-aqueous phase liquids; chlorides; GRO/DRO; and, BTEX.
- Semi-annual geologic cross-sections (both dip and strike), using the geologic/lithologic logs from the monitor, recovery, and injection wells, depicting the concentrations for the following constituents: non-aqueous phase liquids; chlorides; TPH; and, BTEX.
- Estimate or measure of the volume of contaminated ground water discharged during each quarter and the total volume discharged to date.
- 2. Summary of any releases and corrective actions taken in accordance with its approved Contingency Plan.
- 3. CLASS V WELLS: Pursuant to 20.6.2.5002B NMAC, leach fields and other wastewater disposal systems at Division-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells. This Discharge Permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the Facility. Pursuant to 20.6.2.5005 NMAC, the Owner/Operator shall close any Class V industrial waste injection wells at its Facility that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes (e.g., septic systems, leach fields, dry wells, etc.) within 90 calendar days of the issuance of this Discharge Permit. The Owner/Operator shall document the closure of any Class V wells used for the disposal of non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes other than contaminated ground water in its Annual Report.

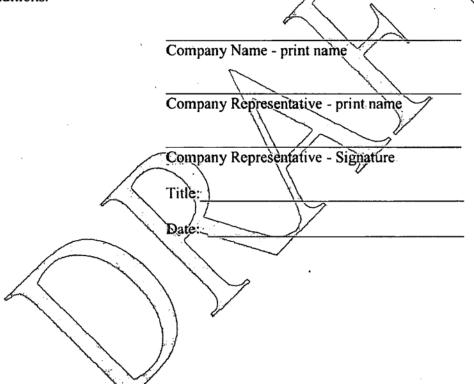
Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

4. SCHEDULE OF COMPLIANCE:

- A. PERMIT CERTIFICATION: The Owner/Operator shall sign and return this Permit to the Division's Environmental Bureau within 30 days of its receipt of this Permit.
- B. SUBMISSION OF THE PERMIT FEES: As specified in Permit Condition 1.F, the Owner/Operator shall submit the fee of \$2,700.00 along with the signed Discharge Permit within 30 days of the receipt of the Discharge Permit. Checks should be payable to the "New Mexico Water Quality Management Fund," not the Oil Conservation Division.

- C. ANNUAL REPORT: As specified in Permit Condition 2.I, the Owner/Operator shall submit its annual report to the Division's Environmental Bureau by March 15th of each year.
- D. REQUIREMENT TO RESUME ABATEMENT PROGRAM: In February 2011, Chevron notified OCD that Targa would no longer allow Chevron to discharge contaminated ground water to its on-site UIC Class II injection well. Consequently, Chevron temporarily ceased operating its ground water abatement program. Chevron shall propose an alternate method of disposing the contaminated ground water to OCD no later than ninety (90) days after the issuance of this discharger permit.

5. CERTIFICATION: (OWNER/OPERATOR) by the officer whose signature appears below, acknowledges receipt of this Discharge Permit, and has reviewed its terms and conditions.





Susana Martinez Governor

John H. Bemis Cabinet Secretary-Designate

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey Division Director Oil Conservation Division



AUGUST 15, 2011

Mr. Matt Hudson Chevron U.S.A, Inc. 1400 Smith Street, Room 40028 Houston, TX 77002

Re: Discharge Plan Renewal Permit GW-003 Chevron U.S.A, Inc. Eunice South Gas Plant Lea County, New Mexico

Dear Mr. Hudson:

The Oil Conservation Division (OCD) has received Chevron's request and initial fee to renew GW-004 for their Eunice South Gas Plant located in the NW/4 of the SW/4 of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The initial submittal provided the required information in order to deem the application "administratively" complete.

Therefore, the Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC must be satisfied and demonstrated to OCD. OCD will provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3492 or <u>leonard.lowe@state.nm.us</u>. On behalf of the staff of the NMOCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Leonard Lowe

Environmental Engineer

LRL/Irl

xc: OCD District III Office, Aztec

Susana Martinez Governor

John H. Bemis Cabinet Secretary-Designate

Brett F. Woods, Ph.D. Deputy Cabinet Secretary Jami Bailey
Division Director
Oil Conservation Division



AUGUST 15, 2011

CERTIFIED MAIL RETURN RECEIPT NO: 0919 5815

Mr. Matt Hudson Chevron U.S.A, Inc. 1400 Smith Street, Room 40028 Houston, TX 77002

Re: Draft Approval for Discharge Plan Renewal Permit GW-003

Chevron U.S.A, Inc. Eunice South Gas Plant

Lea County, New Mexico

Dear Mr. Hudson:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby proposes to approve the renewal of Chevron's (Owner/Operator) discharge permit for the above referenced facility contingent upon the conditions specified in the attached draft Discharge Permit. Please review and provide comments to OCD on the draft Discharge Permit within 45 days of receipt of this letter.

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Glenn von Gonten

Acting Environmental Bureau Chief

GvG/gvg

DISCHARGE PERMIT GW-003

1. GENERAL PROVISIONS:

A. PERMITTEE AND PERMITTED FACILITY: The Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department issues Discharge Permit GW-003 (Discharge Permit) to Chevron U.S.A., Inc. (Owner/Operator), located at 1400 Smith Street, Houston, Texas 77002 to abate ground water and vadose zone contamination at its Eunice South Gas Plant (Facility) located in the NW/4 of the SW/4 of Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico. The facility is located approximately 4.5 miles south of Eunice, New Mexico between State Highway 207 (Eunice-Hobbs Highway) and State Highway 18.

Versado L.L.P. (Versado) is a limited partnership between Chevron and Targa Midstream Services (Targa). Versado is the current landowner of record for the land parcel where the Eunice South Gas Plant is located. The Facility is inactive; however, Targa on behalf of Versado presently operates a compressor station and operates a UIC Class II injection well.

When its ground water recovery system is operational, Chevron discharges approximately 180,000 barrels (7,560,000 gallons) per year of contaminated ground water. Ground water that may be affected by a spill, leak, or accidental discharge occurs at a depth of approximately 49 - 54 feet below ground surface, with a total dissolved solids concentration of approximately 1,000 - 1,300 mg/L.

B. SCOPE OF PERMIT: OCD has been granted authority to administer the Water Quality Act (Chapter 74, Article 6 NMSA 1978) as it applies to gas processing plants by statute and by delegation from the Water Quality Control Commission pursuant to Section 74-6-4(E) NMSA 1978.

The Water Quality Act and the rules issued under that Act protect ground water and surface water of the State of New Mexico by providing that, unless otherwise allowed by rule, no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless such discharge is pursuant to an approved discharge plan. See 20.6.2.3104 NMAC and 20.6.2.3106 NMAC.

This Discharge Permit does not authorize any treatment of, or on-site disposal of, any materials, product, by-product, or oil field waste, including, but not limited to, the on-site disposal of lube oil, glycol, antifreeze, filters, elemental sulfur, washdown water, contaminated soil, and cooling tower blowdown water.

This Discharge Permit does not convey any property rights of any sort nor any exclusive privilege, and does not authorize any injury to persons or property, any invasion of other private rights, or any infringement of state, federal, or local laws, rules or regulations.

civil and/or criminal penalties. See Section 74-6-10.1 NMSA 1978 and Section 74-6-10.2 NMSA 1978.

- G. MODIFICATIONS: The Owner/Operator shall notify the Division's Environmental Bureau of any facility expansion, production increase, or process modification that would result in any significant modification in the discharge of water contaminants. See 20.6.2.3107C NMAC. The Division's Environmental Bureau may require the Owner/Operator to submit a permit modification pursuant to 20.6.2.3109E NMAC and may modify or terminate a permit pursuant to Section 74-6-5(M) through (N) NMSA 1978.
- H. TRANSFER OF DISCHARGE PERMIT: Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of the Facility, the transferor shall notify the transferee in writing of the existence of the Discharge Permit, and shall deliver or send by certified mail to the Division's Environmental Bureau a copy of such written notification, together with a certification or other proof that such notification has been received by the transferee pursuant to 20.6.2.3111 NMAC. Upon receipt of such notification, the transferee shall inquire into all of the provisions and requirements contained in the Discharge Permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the Division's file or files concerning the Discharge Permit. Upon assuming either ownership or possession of the Facility the transferee shall have the same rights and responsibilities under the Discharge Permit as were applicable to the transferor. See 20.6.2.3111 NMAC.

Transfer of the ownership, control, or possession of the Facility does not relieve the transferor of responsibility or liability for any act or omission which occurred while the transferor owned, controlled, or was in possession of the Facility. See 20.6.2.3111E NMAC.

- I. CLOSURE PLAN AND FINANCIAL ASSURANCE: The Owner/Operator shall notify the Division's Environmental Bureau in writing when any operations of its Facility are to be discontinued for a period in excess of six months. Upon review of the Owner/Operator's notice, the Division's Environmental Bureau will determine whether to modify this permit, pursuant to 20.6.2.3107 NMAC and 20.6.2.3109E NMAC, to require the Owner/Operator to submit a closure plan and/or post-closure plan, including financial assurance.
- J. COMPLIANCE AND ENFORCEMENT: If the Owner/Operator violates or is violating a condition of this Discharge Permit, the Division's Environmental Bureau may issue a compliance order requiring compliance immediately or within a specified time period, suspending or terminating this Discharge Permit, and/or assessing a civil penalty. See Section 74-6-10 NMSA 1978. The Division's Environmental Bureau may also commence a civil action in district court for appropriate relief, including injunctive relief. See Section 74-6-10(A)(2) NMSA 1978 and Section 74-6-11 NMSA 1978. The Owner/Operator may be subject to criminal penalties for discharging a water contaminant without a discharge permit or in violation of a condition of a discharge permit; making any false material statement, representation, certification or omission of material fact in an application, record, report, plan or other document filed, submitted or required to be maintained under the Water Quality Act; falsifying, tampering with

to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of property, has occurred. The Owner/Operator shall report unauthorized releases of water contaminants in accordance with any additional commitments made in its approved Contingency Plan. If the Owner/Operator determines that any constituent exceeds the standards specified at 20.6.2.3103 NMAC, then it shall report a release to the Division's Environmental Bureau.

- 1. Oral Notification: As soon as possible after learning of such a discharge, but in no event more than twenty-four (24) hours thereafter, the Owner/Operator shall orally notify the Division's Environmental Bureau. The Owner/Operator shall provide the following:
 - the name, address, and telephone number of the person or persons in charge of the facility, as well as of the Owner/Operator of the facility.
 - the name and location of the facility;
 - the date, time, location, and duration of the discharge;
 - the source and cause of discharge;
 - a description of the discharge, including its chemical composition;
 - the estimated volume of the discharge; and
 - any actions taken to mitigate immediate damage from the discharge.
- 2. Written Notification: Within one week after the Owner/Operator has learned of the discharge, the Owner/Operator shall send written notification to the Division's Environmental Bureau verifying the prior oral notification as to each of the foregoing items and providing any appropriate additions or corrections to the information contained in the prior oral notification.
- G. ABATEMENT PLAN: Pursuant to 20.6.2.4105A(6) NMAC, an Owner/Operator is exempt from the requirement to obtain and implement an Abatement Plan, as required in 20.6.2.4104 NMAC. However, an Owner/Operator's Discharge Permit must address abatement of contaminated ground water and be consistent with the requirements and provisions of Sections 20.6.2.4101, 20.6.2.4103, Subsections C and E of Section 20.6.2.4106, Sections 20.6.2.4107 and 20.6.2.4112 NMAC.
- 1. Purpose of Abatement Plan: The Owner/Operator shall abate polluted ground water so as to either remediate or protect the ground water for use as domestic and agricultural water supply.
- 2. Abatement Standards and Requirements: The Owner/Operator shall abate the vadose zone so that water contaminants in the vadose zone shall not contaminate ground water or surface water, through leaching, percolation or as the water table elevation fluctuates. The Owner/Operator, where the Total Dissolved Solids concentration is 10,000 mg/L or less, shall abate contaminated ground water so that toxic pollutant(s), as defined in 20.6.2.7WW NMAC, shall not be present and so that the standards of 20.6.2.3103 NMAC shall be met.

- 1. Results of its ground water monitoring program; including:
- Summary tables listing laboratory analytic results of all ground water and soil samples. Any WQCC constituent found to exceed the groundwater standard shall be highlighted and noted in the annual report. Copies of the most recent year's laboratory analytical data sheets shall also be submitted.
- Annual water table potentiometric maps. A corrected water table elevation shall be determined for all wells containing non-aqueous phase liquids. These maps shall show well locations, pertinent site features, and the direction and magnitude of the hydraulic gradient.
- Semi-annual isopleth maps for the following constituents: non-aqueous phase liquids; chlorides; GRO/DRO; and, BTEX.
- Semi-annual geologic cross-sections (both dip and strike), using the geologic/lithologic logs from the monitor, recovery, and injection wells, depicting the concentrations for the following constituents: non-aqueous phase liquids; chlorides; TPH; and, BTEX.
- Estimate or measure of the volume of contaminated ground water discharged during each quarter and the total volume discharged to date.
- 2. Summary of any releases and corrective actions taken in accordance with its approved Contingency Plan.
- 3. CLASS V WELLS: Pursuant to 20.6.2.5002B NMAC, leach fields and other wastewater disposal systems at Division-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells. This Discharge Permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the Facility. Pursuant to 20.6.2.5005 NMAC, the Owner/Operator shall close any Class V industrial wastes injection wells at its Facility that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes (e.g., septic systems, leach fields, dry wells, etc.) within 90 calendar days of the issuance of this Discharge Permit. The Owner/Operator shall document the closure of any Class V wells used for the disposal of non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes other than contaminated ground water in its Annual Report.

Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

4. SCHEDULE OF COMPLIANCE:

- A. **PERMIT CERTIFICATION:** The Owner/Operator shall sign and return this Permit to the Division's Environmental Bureau within 30 days of its receipt of this Permit.
- B. SUBMISSION OF THE PERMIT FEES: As specified in Permit Condition 1.F, the Owner/Operator shall submit the fee of \$2,700.00 along with the signed Discharge Permit within 30 days of the receipt of the Discharge Permit. Checks should be payable to the "New Mexico Water Quality Management Fund," not the Oil Conservation Division.

VonGonten, Glenn, EMNRD

From:

Briggs, Jenee' M [JBriggs@chevron.com]

Sent:

Thursday, February 21, 2008 3:24 PM

To:

VonGonten, Glenn, EMNRD

Cc:

dolivier@secor.com; mvizcaino@secor.com

Subject:

FW: Administrative Completeness South Eunice Former GP (GW003) discharge permit

Importance:

High

Attachments: Figure 1.pdf; Eunice South Site Map.pdf; SITE-MAP-04 Model (1).pdf; Eunice South GW-003

Application-Revised 022108.pdf

Glenn.

Per our discussions on 02/07/08 and again yesterday, attached is the revised application package that specifically addresses the below items you identified as incomplete.

- 100 filing fee was not made out to correct party, Water Quality Management Fund- On 02/07/08, you offered in this instance only to stamp and code the hard copy check once received changing it to the correct pavee entity, thus eliminating the need for us to void the old and reissue another check. However in the future instructions to make filling fees payable to Water Quality Management Fund will be followed.
- Complete "brief description of the expected quality and volume of the discharge" The expected annual discharge volume is approximately 180,000 barrels and the expected discharge TDS quality will range from 27,500 mg/L to 99,000 mg/L.
- Complete "background TDS concentration at the site" -The background TDS concentrations in the site vicinity vary from 1,000 mg/L to 1,300 mg/L.
- Complete the "name of the newspaper in which will provide public notice"- The Hobbs News-Sun, 201 N. Thorp St. Hobbs, NM 88240-6058. Phone #: 575-393-2133.

Please reconfirm that the OCD will draft the initial synopsis for our review and comment in accordance with confirming the administratively completeness of this application.

Once the synopsis is finalized, we can then publish the synopsis (in Spanish and English) in a 2"x3" display ad in the Hobbs News-Sun. Within fifteen days SECOR shall provide you with proof of the newspaper publication in accordance with 20.6.2.3108.D NMAC and then the remaining steps of the public comment and notification process required by OCD will commence.

Thanks,

Jeneé Briggs

Project Manager

Chevron Environmental Management Company

Upstream Business Unit 1400 Smith Street Room 19001B Houston, TX 77002 Tel 713.372.1035 Fax 713.372.1107 Mobile 281.543.9826 jbriggs@chevron.com

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From: HUDSON, MATTHEW

Sent: Wednesday, February 06, 2008 6:21 PM

To: 'dolivier@secor.com'; 'Moises Vizcaino'; Briggs, Jenee' M

Subject: FW: Administrative Completeness

From: VonGonten, Glenn, EMNRD [mailto:Glenn.VonGonten@state.nm.us]

Sent: Wednesday, February 06, 2008 5:47 PM

To: HUDSON, MATTHEW **Cc:** Price, Wayne, EMNRD

Subject: Administrative Completeness

Matt,

OCD conducts a quick admin completeness review pursuant to WQCC regulations (20.6.2.3108C and E NMAC) before beginning the public notice process. The permit renewal application for GW003 is not complete.

Please submit a revised application that includes the required "brief description of the expected quality and volume of the discharge." The application states that this information is provided to the SEO. OCD must be provided this estimate in the application. Also, the application did not provide the TDS concentration at the site. Finally, Chevron must provide the name of the newspaper in which it will provide public notice.

Thanks,

Glenn

Glenn von Gonten Senior Hydrologist Oil Conservation Division, EMNRD 505-476-3488 fax: 505-476-3462 glenn.vongonten@state.nm.us

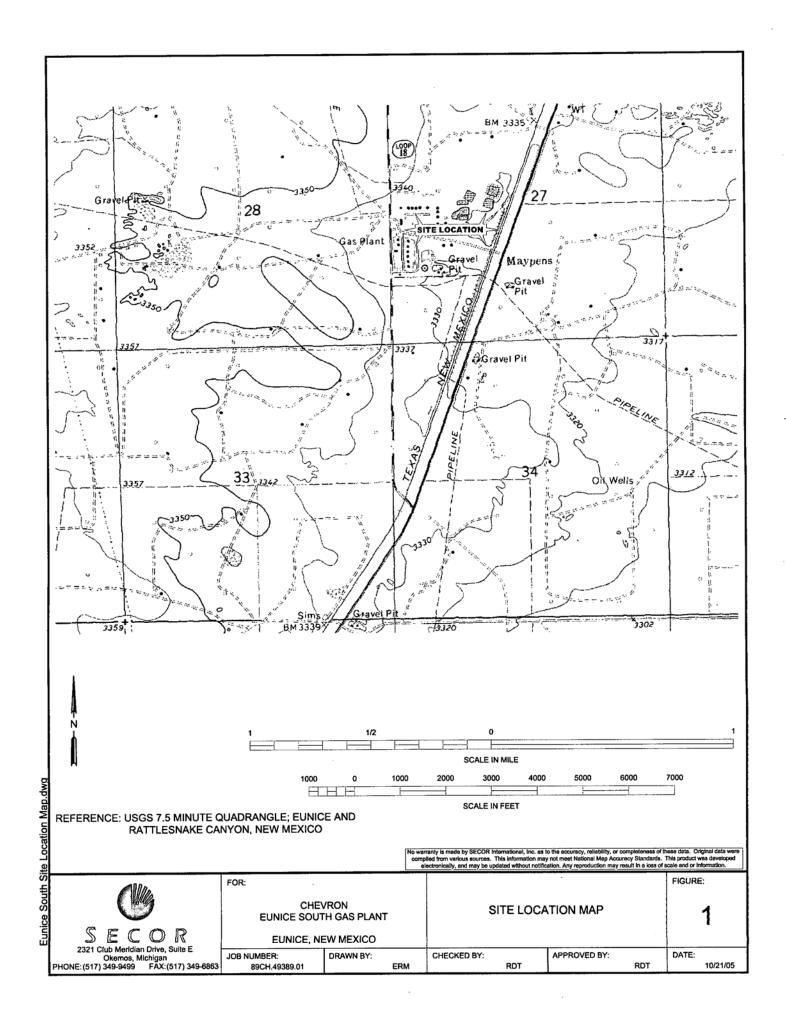
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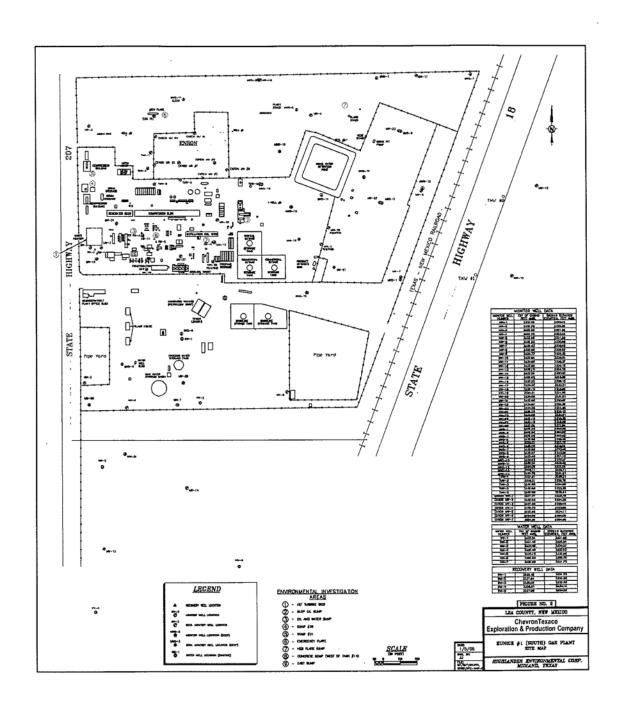
From: HUDSON, MATTHEW

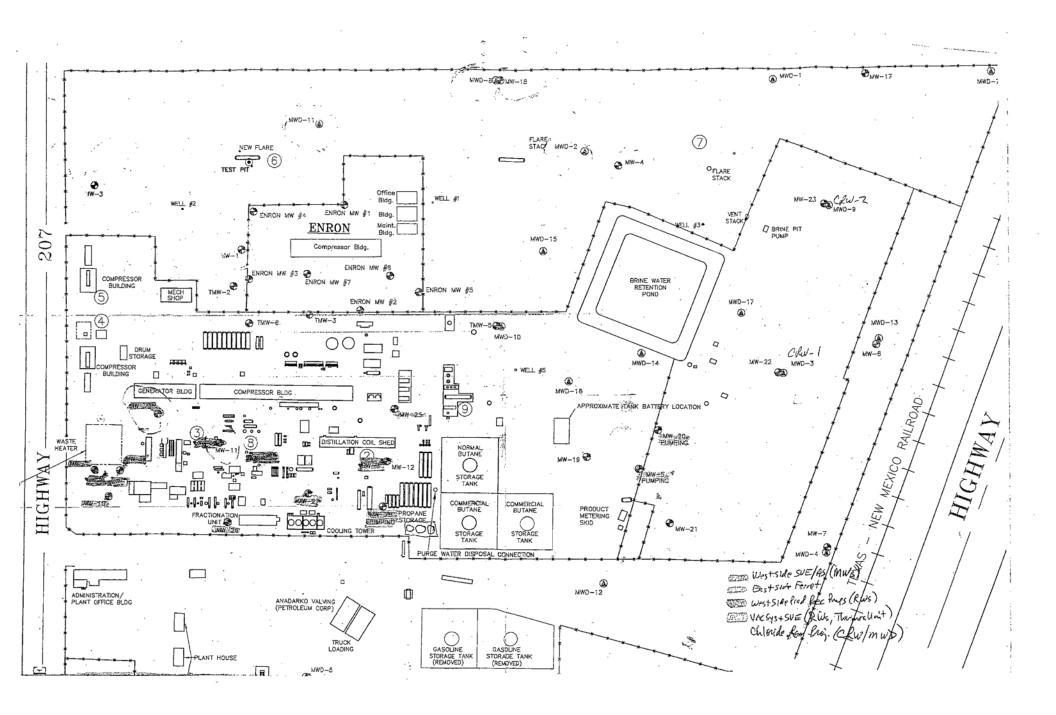
Sent: Wednesday, February 06, 2008 6:20 PM

To: 'Moises Vizcaino'; 'dolivier@secor.com'; Briggs, Jenee' M

Subject: FW: GW003 Filing Fee







District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico Energy Minerals and Natural Resources

Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505 Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS, REFINERIES, COMPRESSOR, GEOTHERMAL FACILITES AND CRUDE OIL PUMP STATIONS

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

	☐ New ☐ Renewal ☐ Modification
1.	Type: Eunice South Gas Plant (GW-003)
2.	Operator: Chevron U.S.A. Inc.
	Address: 11111 South Wilcrest, Houston, TX 77099
	Contact Person: Jenee' Briggs / Keith Hall Phone: (713) 372-1035
3.	Location: <u>NW</u> /4 <u>SW</u> /4 Section <u>27</u> Township <u>21-S</u> Range <u>37-E</u>
Sı	abmit large scale topographic map showing exact location.
4.	Attach the name, telephone number and address of the landowner of the facility site.
5.	Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6.	Attach a description of all materials stored or used at the facility.
7.	Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8.	Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9.	Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10	Attach a routine inspection and maintenance plan to ensure permit compliance.
11	. Attach a contingency plan for reporting and clean-up of spills or releases.
12	Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13	Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.
	14. CERTIFICATION I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.
	Name: Keith Hall Title: Facilities Engineering Manager
	Signature: Date: February 5, 2008
	E-mail Address: Keith.Hall@chevron.com



SECOR INTERNATIONAL INCORPORATED www.secor.com

3300 N. A St, B8, S200 Midland, TX 79705 432-685-0627 TEL 432-687-1598 FAX

February 3, 2008

Mr. Glenn von Gonten New Mexico Oil Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

RE: Permit Renewal for the Eunice South Gas Plant (GW-003), Lea County, New Mexico

Dear Mr. von Gonten:

SECOR International Incorporated (SECOR) is pleased to provide the attached information for the Eurice South Gas Plant to comply with the requirements in the Discharge Plan Application to renew the discharge permit for the Eurice South Gas Plant (GW-003) in Lea County, New Mexico.

A preliminary Discharge Plan Application, topographic map, and \$100.00 filing fee are hereby being submitted for your review and subsequent approval. The work plan attachment and Discharge Plan Application were submitted in 2006 for your review and should be in your files. Specific details of the following application line items are described in the work plan submitted in 2006 and cross-referenced below:

- 1. See Permit Application.
- 2. See Permit Application.
- 3. See Permit Application
- 4. Attach the name, telephone number and address of the landowner of the facility site. See attached
- Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
 See attached
- 6. Attach a description of all materials stored or used at the facility. See attached
- Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included. See attached.
- 8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.

 See attached

Mr. Glenn von Gonten February 4, 2008 Page 2

- Attach a description of proposed modifications to existing collection/treatment/disposal systems.
 See attached
- 10. Attach a routine inspection and maintenance plan to ensure permit compliance. See attached
- 11. Attach a contingency plan for reporting and clean-up of spills or releases. See attached
- Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.

See attached site geology description

 Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders. See attached.

Should you have any questions regarding the enclosed application, please contact me at (432) 685-0627 extension 29.

Respectfully,

SECOR International Incorporated

Bo Vizcalno

Project Manager

Attachments:

Discharge Plan Application

Cc:

Wayne Price, NMOCD Jenee Briggs, CEMC Scott Olivier, SECOR

DISCHARGE PERMIT APPLICATION

Item #1. See permit application

Item #2. See permit application

Item #3. See permit application

Item #4: Chevron owns the land where the plant presently is situated. The facility is unoccupied and is presently being dismantled. There are no active telephone systems at the site. Targa Resources presently operates a compressor and three condensate tanks at the site. A flare is also operational at this time. A deep well injection system is also operated within the plant confines. SECOR is presently pumping recovered chloride-contaminated groundwater into the injection system.

Item #5. See attached diagram

Item #6. At present, the only stored materials are the product that is being recovered by the ferret pumping system at the site and the chloride-contaminated groundwater that is being injected back into the ground. The pits that were previously used to store the chloride-containing materials and brine have been decommissioned. The main pit was emptied of all brine materials and rendered unusable by removing a section f the containment wall.

Item #7. The quantities of recovered ground water are reported to the NMOSE on a quarterly basis. Targa Resources receives a monthly tabulation of the barrels of recovered groundwater.

Item #8. The only liquids that are collected at the site are the recovered chloridecontaminated water, which are then injected back into the formation via an injection well.

Item #9. The only modifications to the system will be incorporated once all the demolition is completed. At that time, an evaluation will be made to determine what system will be installed to recover the hydrocarbon located beneath the plant. Current demolition activities prevent the actual removal of such contaminants.

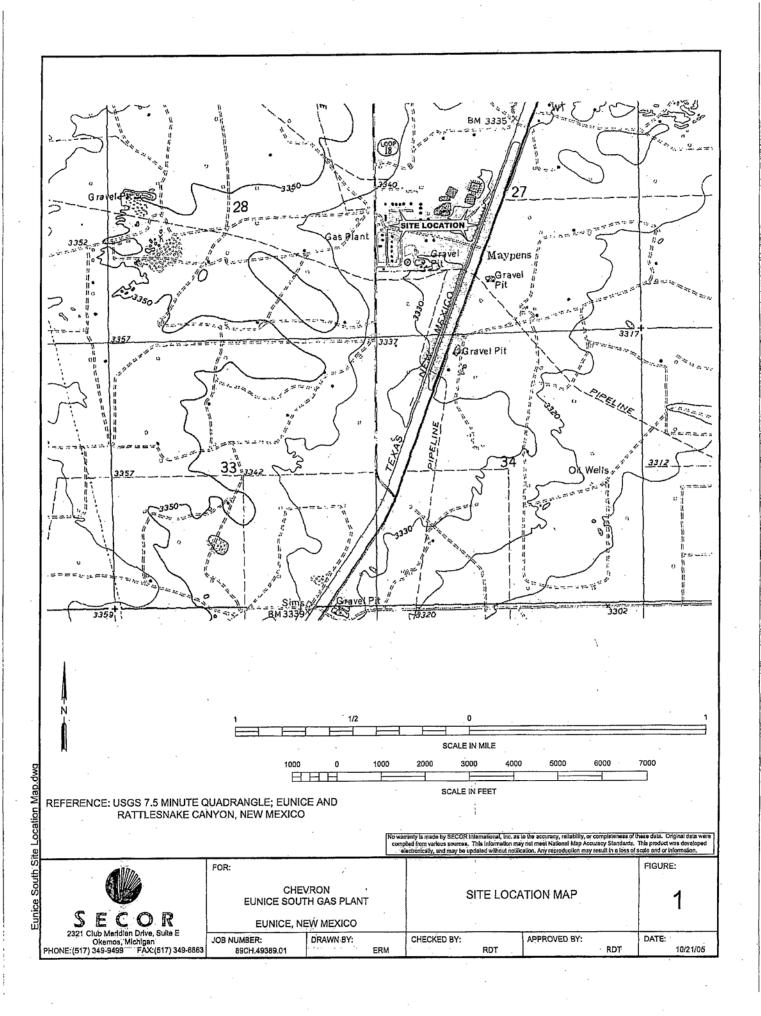
Item #10. Weekly routine inspections of the ground water recovery system are made. Reports are generated on a monthly basis to the operator and quarterly reports are submitted to the New Mexico Office of the State Engineer.

Item #11. The only possible method of incurring a release is if the poly lines are ruptured by demolition equipment or over-pressuring of the injection well system.

Item #12. See attached geological report

Item #13. The facility closure plan specifies the remediation of the hydrocarbon contamination beneath the plant and the investigation of the area beneath the brine pit to

ascertain the extent of contamination beneath the site. Until the demolition is completed, only the chloride recovery wells will be monitored.



EUNICE SOUTH GAS PLANT Eunice, New Mexico

1.1 Site Physical Characteristics and Hydrogeologic Setting

1.3.1 Physiography

The Site is located in the southeast corner of New Mexico approximately five miles due south of the City of Eunice in the southern half of Lea County. The Site lies in the southern High Plains of the Great Plains physiographic province. The Site lies in the Eunice Plain, which is bounded on the south by the South Plain, on the east by Rattlesnake Ridge, on the northeast by the High Plains, on the northwest by the Laguna Valley and Gramma Ridge Area, on the west by the San Simone Ridge and San Simone Swale, and to the west by the Antelope Ridge Area.

1.3.2 Topography

Monument Draw is the major surface drainage feature in the area. It is located approximately two and one-half miles to the east of the site. The site topography slopes gently toward Monument Draw at approximately 25 feet per mile. Small closed basins or playas exist on this eastward sloping surface of the draw. Accumulation of precipitation in these playas is the primary source of aquifer recharge.

1.3.3 Geology

The geologic formations of interest at the site include (from the oldest to the youngest): Triassic Chinle; Cretaceous undifferentiated; Tertiary Ogallala; and Quaternary windblown (eolian) sediments, designated as the Blackwater Draw Formation. Of particular interest with regard to the groundwater impact at the site are the Tertiary Ogallala and the Blackwater Draw which together make up the Ogallala Aquifer.

1.3.3.1 Triassic Chinle Formation

The Triassic Chinle Formation is composed of red and yellowish-green claystone interbedded with fine-grained sandstones and siltstones. The top of the Chinle (base of the Ogallala Aquifer) is an erosional surface.

1.3.3.2 Cretaceous Formations Undifferentiated

The Cretaceous formations have all been eroded and have not been encountered at the site.

1.3.3.3 Tertiary Ogallala

The lower Tertiary Ogallala Formation is the primary fresh water bearing formation in the vicinity and under the site. The Ogallala Formation rests uncomformably upon the claystones, sandstones, and siltstones of the Triassic Chinle Formation. The formation is a heterogeneous combination of clay silt, sand, and gravel of braided-stream deposits interbedded with, and overlain by, eolian sediments deposited as sand sheets and loess. These river or stream related (fluvial or alluvial) sediments were deposited on a sloping plain in the form of coalescing alluvial fans by streams that originated in the Rocky

Mountains to the west and northwest. The Ogallala Formation was deposited in lenses of predominately medium to yellowish-brown conglomeratic sandstone. In contrast to the fluvial deposition of the lower Ogallala sediments, the upper part of the Ogallala and all of the Blackwater Draw Formation overlying the Ogallala Formation are composed of eolian deposits.

1.3.3.4 Quaternary Blackwater Draw Formation

The Blackwater Draw Formation occurs as a mantle of Quaternary eolian sediments throughout the Southern High Plains. During the depositional time of the Blackwater Draw laterally restricted lenticular layers of eolian and playa lake (lacustrine) facies were formed. The Blackwater Draw occurs below the relatively well developed soils at the site and contains five to 20 feet of firm to hard caliche that is overlain by reddish sediments composed of moderately well developed soils.

1.3.4 Hydrogeology

The primary source of fresh water at the Site is the Ogallala Aquifer. The Qgallala Aquifer at the Site consists of the fluvial and eolian sediments of the Tertiary Ogallala Formation and the eolian sediments of the Quaternary Blackwater Draw Formation. The Ogallala aquifer is bounded unconformably upon the erosional surface of the claystones, sandstones, and siltstones of the Triassic Chinle Formation. The Chinle forms the base of the fresh groundwater in the area because of the Chinle's low vertical permeability.

The base of the Ogallala Aquifer is composed of five to ten feet of gravel; sand, and clay. This gravel unit is overlain by alternating layers of loose and well consolidated red and yellow sandstones. Overall depth to groundwater roughly varies with topography across the site, ranging from 46 to 56 feet below ground surface.

In this area the groundwater gradient generally slopes to the southeast, following the topographic slope toward Monument Draw.



Texaco Exploration and Production Inc.
Permian Business Unit

500 North Loraine Midland TX 79701 P O Box 3109 Midland TX 79702

June 13, 2001

New Mexico Oil Conservation Division 1220 St. Francis Dr. Santa Fe, New Mexico 87505



Attention: Mr. Wayne Price

RE: Discharge Plan Renewal Applications

Eunice-South Gas Plant (GW-003) Eunice-North Gas Plant (GW-004)

Dear Wayne:

Please find enclosed two renewal applications for the referenced plants with the associated \$100 application fees. Please advise if you require any additional information.

Sineerely

Robert H. Patterson SH&E/Litigation

RHP:cfb

Enclosures

File

Chrono

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

or cash received on	in the amount of \$ 200
from TEXACO EXP INC.	
EUNICE - NORTH PLANT	
Submitted by: WAYNE PRIZE	
Submitted to ASD by:	Data: "
Recaived in ASD by:	Date:
Filing Fee X New Facil	
Modification Other	
Organization Code 521.07	Applicable Fy 2001
To be deposited in the Water Qua	lity Management Fund.
Full Payment or Annu	al Increment

PAY Two hundred and 00/100 Dollars

TO THE NEW MEXICO ENVIRONMENTAL DEPARTMENT
ORDER HAROLD RUNNELS BLDG VALID ON BLUE BACKGROUND ONLY
P.O. BOX 26110
SANTA FE, NM 87502-0110

AM Very

Remittance Statement

CHECK NO.:

COMPANY NAME: Texaco Exploration & Producing

DATE: 06/13/2001

INVOICE NO.	INV. DATE	FI DOC #	TAL DEPARTMENT DESCRIPTION	APPLIED DISC	INV AMOUNT
13906072001	06/07/2001	1900089583	Appl Fee Funice N Gas Pit Discharge Pl (B Hensley)	100.0
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OIL CONSERVATION DIVISION 2040 South Pacheco Street Santa Fe, New Mexico 87505 (505) 827-7131

September 14, 1999

CERTIFIED MAIL RETURN RECEIPT NO. Z 357 870 157

Mr. Cal Wrangham Dynegy Midstream Services, Limited Partnership 6 Desta Drive, Suite 3300 Midland, Texas 79705

Re: Tank Drain System at South Eunice Gas Processing Facility.

Dear Mr. Wrangham:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of your minor modification to Discharge Plan GW-03. This information will be incorporated into Dynegy's discharge plan file. Please make sure a copy is sent to the OCD Hobbs office.

If you require any further information or assistance please do not hesitate to write or call me at (505-827-7155).

Sincerely Yours,

Wayne Price-Pet. Engr. Spec.

Environmental Bureau

cc: OCD Hobbs Office



Texaco Exploration and Production Inc

P O Box 1929 Eunice NM 88231 1929

Date: May 5, 1996

CERTIFIED MAIL RETURN RECEIPT

William J. LeMay
Energy Minerals and Natural Resources Dept.
Oil Conservation Division
2040 S. Pacheco
Santa Fe. New Mexico, 87505

RE: Discharge Plan Renewal GW-003

Eunice #1 (South) Gas Plant Lea County, New Mexico

Attached is a signed copy of the conditions of approval on renewal of the Eunice South Gas Plants Discharge Plan. A check for the fifty dollar (\$50.00) filing fee and the flat fee of one thousand six hundred sixty-seven dollars and fifty cents (\$1,667.00) was sent to the State of New Mexico OCD on May 5, 1996.

On behalf of Texaco and the Eunice Plants, I wish to thank the OCD for their cooperation during this discharge plan review.

Sincerely,

Rodney Bailey

Eunice complex

ATTACHMENT TO THE DISCHARGE PLAN GW-003 APPROVAL TEXACO EXPLORATION AND PRODUCTION, INC. EUNICE #1 (SOUTH) GAS PLANT DISCHARGE PLAN REQUIREMENTS (April 15, 1996)

- 1. <u>Fee Payment:</u> The \$50 filing fee and the \$1,667.50 flat fee shall be paid upon receipt of this letter.
- 2. Waste Water Ponds: The fluid level in the leak detection system indicates a leak may be present in the primary liner of the pond. The fluids will be immediately and continuously pumped from the leak detection system into the ponds. Texaco will determine the location of the leaks and provide a work plan to the OCD Santa Fe Office to remedy any leaks and associated problems within 60 days from receipt of this approval.
- 3. <u>Jet Turbine Skid Area:</u> Texaco will provide to the OCD Santa Fe Office a schedule and diagrams for the installation of containment for the skid area to prevent drips and leaks from flowing onto the ground. Texaco will provide a work plan and schedule to investigate the extent of contamination associated with the continuous drips and leaks at the turbines within 60 days from receipt of this approval.
- 4. <u>Slop Sump</u>: This area was noted during inspection as having repeated spills. **Texaco will** submit to the OCD a work plan and schedule to investigate the extent of contamination around this sump within 60 days receipt of this approval.
- 5. <u>Texaco Commitments:</u> Texaco will abide by all the commitments submitted in the discharge plan application dated February 14, 1996.
- 6. <u>Drum Storage:</u> All drums containing materials other than fresh water must be stored on pad and curb type containment. All empty drums will be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemical(s) stored in any other containers such as buckets and sacks must be stored on pad and curb type containment.
- 7. <u>Process Areas:</u> All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device (i.e. drip pan) incorporated into the design.
- 8. <u>Above Ground Tanks:</u> All above ground tanks which contain fluids other than freshwater must be bermed to contain a volume of one and one-third (1-1/3) more than the total volume of the largest tank within the berm or of all interconnected tanks. All new or replacement tanks will be placed on an impermeable liner.
- 9. <u>Saddle Tanks:</u> All saddle tanks will be placed on pad and curb type containment unless they contain fresh water or liquids that are gases at atmospheric temperature and pressure.

- 10. Tank Labeling: All tanks must be clearly labeled to identify their contents and other emergency information necessary if the tank(s) were to rupture, spill and/or ignite.
- 11. Tank Inspection: All tanks will be cleaned out and visually inspected prior to renewal of the discharge plan.
- 12. Below Grade Tanks/Sumps: All pre-existing sumps and below grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. All testing will be documented and recorded for a period of five (5) years and the records made available to the OCD inspectors upon request. All below grade tanks, sumps and pits must be approved by the OCD prior to installation and must incorporate secondary containment and leak detection into the design.

NOTE: Texaco must submit a proposed method and schedule to test all below grade tanks and sumps for integrity within 60 days of the receipt of this approval.

- 13. <u>Underground Process/Wastewater Lines:</u> All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every five years there after. Permittee may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD.
- 14. Spill Reporting: All spills and/or leaks will be reported to the OCD District Office pursuant to WQCC Rule 1203 and OCD Rule 116.
- 15. Housekeeping: All systems designed for spill collection/prevention will be inspected daily to ensure proper operation, prevent overtopping and/or system failure.
- 16. Transfer of Discharge Plan: The OCD will be notified prior to the transfer of ownership, control or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
- 17. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
- 18. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

19.	Conditions Accepted by:	company depresentative	<u>5/6/96</u>
		OPERATING UNIT MGR.	TEXACO ESPINC.

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check	No. dated 5/1/96,
or cash received on in	the amount of \$ 17/7,50
from Tefaco	
for Eunice #/ (South) G.P	GW 003'
Submitted by:	Data:
Submitted to ASD by: R. Clinder	Date: 5/9/96
Received in ASD by: May Il	Bate:
Filing Fee X New Facility	Renewal 💥
Modification Other	
· (squaredy)	•
Organization Code 521.07 A	oplicable FY 96
To be deposited in the Water Quality !	
Full Payment X or Annual Inc	crement



TEXACO INC.

BELLAIRE, TEXAS 77402%0430

PAY TO THE ORDER OF

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
2040 S PACHECO
SANTA FE
NM 87505

CHASE MANHATTAN BANK 6040 TARBELL ROAD SYRACUSE, NEW YORK 13206

206

CHECK NO.

DATE	AMOUNT
05-01-96	\$*****1,717.50

TEXACO INC.
HOUSTON VOUCHER ACCOUNT

m.D. Stylod

BELLAIRE, / EXAS / / 402-0430/ REMITTANCE STATEMENT PAYMENT IDENTIFICATION SUB. NUMBER NET AMOUNT TEXACO TEXACO EXPLORATION & PRODUCTION INC. 03883 041596 054 1,717.50 DIRECT INQUIRLES TO MARK E MILLER PHONE: 505-393-7191 SEQ 00009

PLEASE DIRECT ANY
QUESTIONS CONCERNING
THIS PAYMENT TO THE
INDIVIDUAL WHO INITIATED
THIS TRANSACTION OF CALL
DUSTOMER SERVICE NUMBER
2.134432-3489

REFER TO YOUR INVOICE NUMBER AND TO OUR DATE AND CHECK NO.

90074753

► 05-01-96 **-**

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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

April 15, 1996

CERTIFIED MAIL RETURN RECEIPT NO.P-269-269-385

Mr. Rodney Bailey Texaco Exploration and Production, Inc. PO Box 1929 Eunice, New Mexico 88231-1929

RE: Discharge Plan Renewal GW-003

Eunice #1 (South) Gas Plant Lea County, New Mexico

Dear Mr. Bailey:

The Ground Water Discharge Plan (GW-003) for Texaco Exploration and Production, Inc.'s (Texaco) Eunice #1 (South) Gas Plant located in the NW/4 SW/4 of Section 27, Township 22 South, Range 27 East, NMPM, Lea County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The ground water discharge plan consists of the original discharge plan as approved March 16, 1981, and renewed on May 23, 1986 and May 24, 1991, and the renewal application dated February 14, 1996. Enclosed are two copies of the conditions of approval. Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within five working days of receipt of this letter.

The discharge plan was submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission Regulations. It is approved pursuant to Section 3109.A. Please note Sections 3109.E and 3109.F. which provide for possible future amendments or modifications of the plan. Please be advised the approval of this plan does not relieve Texaco of liability should their operation result in pollution of surface water, ground water or the environment.

Please be advised that all exposed pits, including lined pits and open tanks (tanks exceeding 16 feet in diameter), shall be screened, netted or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104 of the regulations require "When a facility has been approved, discharges must be consistent with the terms and conditions of the plan". Pursuant to Section 3107.C. Texaco is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Mr. Bailey April 15, 1996 Page 2

Pursuant to Section 3109.G.4., this plan is for a period of five (5) years. This approval will expire on March 16, 2001, and Texaco should submit an application in ample time before this date.

The discharge plan application for the Texaco Eunice #1 (South) Gas Plant is subject to WQCC Regulation 3114 discharge plan fee. Every billable facility submitting a discharge plan renewal will be assessed a fee equal to the filing fee of fifty (\$50) dollars plus the flat fee of one thousand six hundred sixty-seven dollars and fifty cents (\$1,667.50) for renewal approval of gas processing plant discharge plans.

The Oil Conservation Division (OCD) has not received Texaco's fifty dollar (\$50.00) filing fee. The flat fee for an approved discharge plan may be paid in a single payment at the time of approval, or in equal installments over the duration of the plan, with the first payment due at the time of approval. The filing fee and the flat fee (total payment or the first installment) are due upon receipt of this letter.

Please make all checks payable to: NMED - Water Quality Management and send to the OCD Santa Fe Office.

On behalf of the staff of the OCD, I wish to thank Texaco for their cooperation during this discharge plan review.

Sincerely,

William J. LeMa

Director

WJL/cee Attachment

cc: OCD Hobbs Office

P 269 269 3**8**5

US Postal Service
Receipt for Certified Mail
No Insurance Coverage Provided.

Do not use for International Mail (See reverse)
Sent to
Street & Number
Post Office, State, & ZIP Code

Postage \$
Certified Fee
Special Delivery Fee

Restricted Delivery Fee
Return Receipt Showing to

Whom & Date Delivered
Return Receipt Showing to Whom,
Date, & Addressee's Address

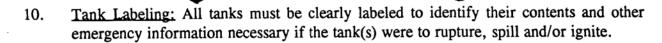
TOTAL Postage & Fees

Postmark or Date

S Form **3800**,

ATTACHMENT TO THE DISCHARGE PLAN GW-003 APPROVAL TEXACO EXPLORATION AND PRODUCTION, INC. EUNICE #1 (SOUTH) GAS PLANT DISCHARGE PLAN REQUIREMENTS (April 15, 1996)

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- 11. <u>Tank Inspection:</u> All tanks will be cleaned out and visually inspected prior to renewal of the discharge plan.
- 12. Below Grade Tanks/Sumps: All pre-existing sumps and below grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. All testing will be documented and recorded for a period of five (5) years and the records made available to the OCD inspectors upon request. All below grade tanks, sumps and pits must be approved by the OCD prior to installation and must incorporate secondary containment and leak detection into the design.

NOTE: Texaco must submit a proposed method and schedule to test all below grade tanks and sumps for integrity within 60 days of the receipt of this approval.

- 13. <u>Underground Process/Wastewater Lines:</u> All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every five years there after. Permittee may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD.
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- 15. Housekeeping: All systems designed for spill collection/prevention will be inspected daily to ensure proper operation, prevent overtopping and/or system failure.
- 16. Transfer of Discharge Plan: The OCD will be notified prior to the transfer of ownership, control or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
- 17. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
- 18. <u>Closure:</u> The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

19.	Conditions Accepted by:			
17.		Company Representative	Date	
		Title		



ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING GOVERNOR

May 24, 1991

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

CERTIFIED MAIL RETURN RECEIPT NO. P-327-278-141

Mr. C. Ray Russell Environmental Coordinator Texaco USA P. O. Box 1650 Tulsa, Oklahoma 74102

RE: Discharge Plan GW-3

Eunice #1 Gas Processing Plant Lea County, New Mexico

Dear Mr. Russell:

The groundwater discharge plan renewal (GW-3) for the Texaco, Inc. Eunice #1 Gas Processing Plant located in the NW/4 SW/4, Section 27, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico is hereby approved. The renewal application consists of the original discharge plan as approved March 16, 1981, and renewed on May 23, 1986, the renewal application dated January 16, 1991, and materials dated May 16, 1991, submitted as supplements to the application.

The discharge plan was submitted pursuant to Section 3-106 of the New Mexico Water Quality Control Commission Regulations. It is renewed pursuant to Section 3-109.A., please note Section 3-109.F., which provides for the possible future amendments of the plan. Please be advised that the approval of this plan does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment which may be actionable under other laws and/or regulations.

Please be advised that all exposed pits, including lined pits and open top tanks (tanks exceeding 16 feet in diameter), shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Mr. C. Ray Russell May 24, 1991 Page -2-

Î.

Please note that Section 3-104 of the regulations requires that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C. you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.G.4., this plan approval is for a period of five (5) years. This approval will expire March 16, 1996 and you should submit an application for renewal in ample time before that date. It should be noted that all gas processing plants and oil refineries in excess of twenty-five years of age will be required to submit plans for, or the results of an underground drainage testing program as a requirement for discharge plan renewal.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

William J. LeMay

Director

WJL/RCA/sl

cc: OCD Hobbs Office