

GW - 53

**PERMITS,
RENEWALS,
& MODS**

2006 APR 20 PM 12 21
ATTACHMENT TO THE DISCHARGE PERMIT
AGAVE ENERGY CO., AGAVE GAS PLANT (GW-053)
DISCHARGE PERMIT APPROVAL CONDITIONS
March 30, 2006

Please remit a check for \$4,100 made payable to Water Quality Management Fund:

Water Quality Management Fund
c/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100. There is also a renewal flat fee of \$4,000 for gas processing plants (*see* WQCC Regulation 20.6.2.3114 NMAC).
- 2. Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **This permit will expire on November 10, 2010** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if an owner/operator submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its January 19, 2006 discharge permit renewal application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.
- 5. Modifications:** WQCC Regulation 20.6.2.3109.G NMAC addresses possible future modifications of a permit. Pursuant to WQCC Regulation 20.6.2.3107.C NMAC, the owner/operator shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. Pursuant to WQCC Regulation 20.6.2.3109.E NMAC, the Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED-permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area. Waste generated during emergency response operations may be stored for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all above ground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water,

public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any storm water run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, or abatement and submit subsequent reports will be a violation of the permit.

20. Landfarm Operations:

A. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.

B. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.

C. Soils must be spread on the surface in twelve inch or less lifts.

D. Moisture must be added as necessary to enhance bioremediation and to control blowing dust.

E. There may be no ponding, pooling, or run-off of water. Any ponding of precipitation must be removed within twenty-four hours of discovery.

F. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.

G. The facility is authorized to accept only exempt and "non-hazardous", non-exempt oilfield wastes that are generated in the state of New Mexico by Agave Energy Co. or Yates Petroleum Co.

H. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.

I. No free liquids or soils with free liquids may be accepted at the facility.

J. Soils must be disked a minimum of once every two weeks to enhance biodegradation of contaminants.

K. Records of all material disposed of at the facility must be maintained by the discharge permit holder.

L. The OCD offices in Santa Fe and Artesia must be notified when operation of the landfarm is discontinued for a period in excess of six months or if there is a change in the configuration of the landfarm within the property covered by the discharge permit.

21. Transfer of Discharge Permit: The owner/operator shall notify the OCD prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. The purchaser shall submit a written commitment to comply with the terms and conditions of the previously approved discharge permit and shall seek OCD approval prior to transfer.

Agave Energy Co.

GW-053

March 30, 2006

Page 6 of 6

22. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit a closure plan for approval. Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

23. Certification: Certification: Agave Energy Co., by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained herein. Agave Energy Co. further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by:

AGAVE ENERGY, CO.

Paul Ragsdale

Company Representative- print name

Paul Ragsdale

Company Representative- signature

President

Title

4-10-2006

Date



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 30, 2006

Ms. Jennifer Knowlton
Agave Energy Co.
105 South Fourth Street
Artesia, NM 88210

Re: Discharge Permit GW-053
Agave Gas Plant

Dear Ms. Knowlton:

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 the Agave Energy Co. (owner/operator) Agave Gas Plant GW-053 located in the SE/4 SE/4 of Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, under the conditions specified in the enclosed **Attachment To The Discharge Permit**. 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 30 working days of receipt of this letter including permit fees.**

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

If you have any questions, please contact Ed Martin of my staff at (505-476-3492) or ed.martin@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,

Wayne Price

Environmental Bureau Chief

Copy: OCD, Artesia District Office

**ATTACHMENT TO THE DISCHARGE PERMIT
AGAVE ENERGY CO., AGAVE GAS PLANT (GW-053)
DISCHARGE PERMIT APPROVAL CONDITIONS
March 30, 2006**

Please remit a check for \$4,100 made payable to Water Quality Management Fund:

**Water Quality Management Fund
c/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505**

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100. There is also a renewal flat fee of \$4,000 for gas processing plants (*see* WQCC Regulation 20.6.2.3114 NMAC).
- 2. Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **This permit will expire on November 10, 2010** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if an owner/operator submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its January 19, 2006 discharge permit renewal application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.
- 5. Modifications:** WQCC Regulation 20.6.2.3109.G NMAC addresses possible future modifications of a permit. Pursuant to WQCC Regulation 20.6.2.3107.C NMAC, the owner/operator shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. Pursuant to WQCC Regulation 20.6.2.3109.E NMAC, the Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED-permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area. Waste generated during emergency response operations may be stored for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all above ground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water,

public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any storm water run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, or abatement and submit subsequent reports will be a violation of the permit.

20. Landfarm Operations:

A. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.

B. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.

C. Soils must be spread on the surface in twelve inch or less lifts.

D. Moisture must be added as necessary to enhance bioremediation and to control blowing dust.

E. There may be no ponding, pooling, or run-off of water. Any ponding of precipitation must be removed within twenty-four hours of discovery.

F. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.

G. The facility is authorized to accept only exempt and "non-hazardous", non-exempt oilfield wastes that are generated in the state of New Mexico by Agave Energy Co. or Yates Petroleum Co.

H. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.

I. No free liquids or soils with free liquids may be accepted at the facility.

J. Soils must be disked a minimum of once every two weeks to enhance biodegradation of contaminants.

K. Records of all material disposed of at the facility must be maintained by the discharge permit holder.

L. The OCD offices in Santa Fe and Artesia must be notified when operation of the landfarm is discontinued for a period in excess of six months or if there is a change in the configuration of the landfarm within the property covered by the discharge permit.

21. Transfer of Discharge Permit: The owner/operator shall notify the OCD prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. The purchaser shall submit a written commitment to comply with the terms and conditions of the previously approved discharge permit and shall seek OCD approval prior to transfer.

Agave Energy Co.

GW-053

March 30, 2006

Page 6 of 6

22. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit a closure plan for approval. Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

23. Certification: Certification: Agave Energy Co., by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained herein. Agave Energy Co. further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by:

AGAVE ENERGY, CO.

Company Representative- print name

Company Representative- signature

Title

Date



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 20, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 5051-6045

Mr. Paul Ragsdale
Agave Energy Company
105 South Fourth Street
Artesia, New Mexico 88210

RE: Discharge Plan Renewal GW-053
Agave Energy Company
Agave Gas Plant
Eddy County, New Mexico

Dear Mr. Ragsdale:

The ground water discharge plan renewal **GW-053** for the **Agave Energy Company Agave Gas Plant** located in the SE/4 SE/4 of Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, is **hereby approved** under the conditions contained in the enclosed attachment. 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 10 working days of receipt of this letter.**

The original discharge plan application was submitted on December 8, 1989 and approved November 9, 1990. The discharge plan renewal application letter, dated June 19, 2000, submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge plan is renewed pursuant to Section 3109.C. Please note Section 3109.G, which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve **Agave Energy Company** of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does it relieve Agave Energy Co. of responsibility to comply with any other government authority's rules and regulations.

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

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage \$
Certified Fee \$
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)
Total Postage & Fees \$

Postmark
Here

Name (Please Print Clearly) (To be completed by mailer)

PAUL RAGSDALE c/o AGAVE

Street, Apt. No., or PO Box No.

105 S. 4TH ST.

City, State, ZIP+4

ARTESIA, NM 88210

PS Form 3800, July 1999

See Reverse for Instructions

Mr. Paul Ragsdale
GW-053
November 20, 2000
Page 2

Please note that Section 3104 of the regulations provides: "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C, **Agave Energy Company** 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.

Pursuant to Section 3109.H.4, this renewal plan is for a period of five years. This renewal will expire on **November 9, 2005**, and **Agave Energy Company** should submit an application in ample time before this date. Note that under Section 3106.F of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit the results of an underground drainage testing program as a requirement for discharge plan.

The discharge plan renewal application for the **Agave Energy Company Agave Gas Plant** is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan application will be assessed a fee equal to the filing fee of \$50.00. There is a renewal flat fee assessed for gas processing plants of one-half of the original flat fee or \$1,667.50. The OCD has received the filing fee.

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

Sincerely,



Roger C. Anderson
Chief, Environmental Bureau
Oil Conservation Division

RCA/eem
Attachment

cc: OCD Artesia Office
Mr. David Haggith

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-053
AGAVE ENERGY COMPANY
AGAVE GAS PLANT
DISCHARGE PLAN APPROVAL CONDITIONS
November 20, 2000

1. Payment of Discharge Plan Fees: The \$50.00 filing fee has been received by the OCD. There is a required flat fee equal to one-half of the original flat fee for natural gas processing plants. The renewal flat fee required for this facility is \$\$1,667.50 which may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the discharge plan, with the first payment due upon receipt of this approval. The filing fee is payable at the time of application and is due upon receipt of this approval. Please make all checks payable to:

Water Quality Management Fund
c/o Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505
2. Commitments: **Agave Energy Company** will abide by all commitments submitted in the discharge plan renewal application letter dated June 19, 2000 and these conditions for approval.
3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis.
4. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.
5. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

6. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
8. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.
9. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity annually. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.
10. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than November 30, 2000 and every five (5) years thereafter. Permittees 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. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD by January 31, 2001.
11. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

12. Landfarm Operations:

- a. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
- b. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.
- c. Soils must be spread on the surface in twelve (12) inch lifts or less.
- d. Moisture must be added as necessary to enhance bioremediation and to control blowing dust. There may be no ponding pooling or run-off of water allowed. Any ponding of precipitation must be removed within twenty-four (24) hours of discovery.
- e. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.
- f. The facility is authorized to accept only exempt and "non-hazardous" non-exempt oilfield wastes that are generated in the state of New Mexico by Agave Energy Co. or Yates Petroleum Co.
- g. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
- h. No free liquids or soils with free liquids may be accepted at the facility.
- i. Soils must be disked a minimum of once every two weeks (biweekly) to enhance biodegradation of contaminants.
- j. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.
- k. Records of all material disposed of at the facility must be maintained by the discharge plan holder.
- l. The OCD offices in Santa Fe and Artesia must be notified when operation of the landfarm is discontinued for a period in excess of six (6) months or if there is a change in the configuration of the landfarm within the property covered by the discharge plan.

13. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
14. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Artesia District Office.
15. Transfer of Discharge Plan: The OCD will be notified prior to any 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.
16. Storm Water Plan: The facility will have an approved storm water run-off plan by January 31, 2001.
17. Closure: The OCD will be notified when operations of the **Agave Gas Plant** are discontinued for a period in excess of six months. Prior to closure of the **Agave Gas Plant**, the Director will submit a closure plan for approval. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
18. Conditions accepted by: **Agave Energy Company**, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **Agave Energy Company** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Agave Energy Company

Print Name: _____

Signature: _____

Title: _____

Date: _____



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

February 28, 1996

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-963-015

Mr. Paul Ragsdale
Agave Energy Company
105 South Fourth Street
Artesia, NM 88210

RE: Yates Plant GW- 053
Discharge Plan Permit Conditions

Dear Mr. Ragsdale:

The New Mexico Oil Conservation Division (OCD) has received the letter dated February 13, 1996, which notified the OCD of the transfer of GW-053, located in the SW/4, Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, from Transwestern Pipeline Company to Agave Energy Company.

The information was submitted pursuant to WQCC regulation 3111 "Transfer of Discharge Plan," and **is hereby approved**. The discharge plan approval will expire on November 9, 2000. Two original copies of the discharge plan approval conditions are enclosed along with a copy of the discharge plan approval letter dated September 26, 1995. **Please sign and return one original to the OCD Santa Fe office, within 5 working days of receipt of this letter.**

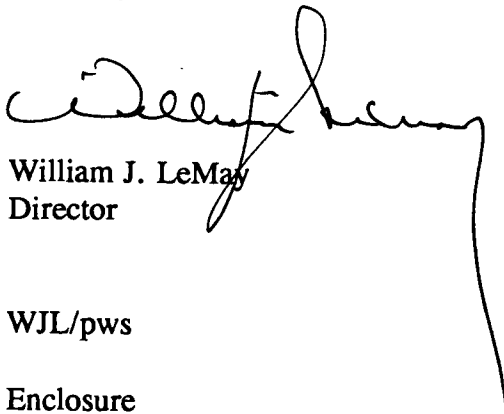
Please note that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan". Pursuant to Section 3107.C you are required to notify the Director of any facility expansion, production increase or process modification that would result in a significant modification in the discharge of potential ground water contaminants.

Note, that OCD approval does not relieve Agave Energy Company of liability should operations at the Yates Plant Discharge Plan facility GW-053 result in contamination of surface waters, ground waters or the environment. In addition, OCD approval does not relieve Agave Energy Company of responsibility for compliance with any other Federal, State, or local laws and/or regulations.

Mr. Paul Ragsdale
February 29, 1996
Page 2

If you have any questions please feel free to call Roger Anderson at (505)-827-7152 or Patricio Sanchez at (505)-827-7156.

Sincerely,



William J. LeMay
Director

WJL/pws

Enclosure

xc: OCD Artesia District Office

Mr. Paul Ragsdale
February 28, 1996
Page 3

ATTACHMENT TO DISCHARGE PLAN GW-53 RENEWAL
Agave Energy Company - Yates Natural Gas Plant
DISCHARGE PLAN REQUIREMENTS
(February 28, 1996)

1. **Tank Berming:** All tanks that contain materials other than fresh water that, if released, could contaminate surface or ground water or the environment will be bermed to contain 1 1/3 times the capacity of the tank or 1 1/3 times the volume of all interconnected tanks.
2. **Drum Storage:** All drums will be stored on pad and curb type containment.
3. **Spills:** All spills and/or leaks will be reported to the OCD district office pursuant to WQCC Rule 1203 and OCD Rule 116.
4. **Modifications:** All proposed modifications that include the construction of any below grade facilities or the excavation and disposal of wastes or contaminated soils will have OCD approval prior to excavation, construction or disposal.

5.

Company Representative

Date

Title

2 765 963 015



**Receipt for
Certified Mail**

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
GW-53 transfer	
Street and No.	
Mr. Paul Ragsdale.	
P.O., State and ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

PS Form 3800, March 1993

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 10/2/95
or cash received on 10/12/95 in the amount of \$ 1667.50

from ENRON

for Yates Gas Plant
(Facility No.)

GW 053
(DP No.)

Submitted by: _____

Date: _____

Submitted to ASD by: John Charles

Date: 10/13/95

Received in ASD by: [Signature]

Date: 10/13/95

Filing Fee _____ New Facility _____ Renewal X

Modification _____ Other _____
(Specify)

Organization Code 52107 Applicable FY 96

To be deposited in the Water Quality Management Fund.

Full Payment X or Annual Increment _____

**ENRON
CORP**

P. O. Box 1188
Houston, TX 77251-1188

62-20
311

CHECK
NO. [REDACTED]

CHECK DATE 10-02-95

PAY EXACTLY One Thousand Six Hundred Sixty-Seven 50 DOLLARS
THIS CHECK IS VOID UNLESS PRINTED ON BLUE BACKGROUND

\$1,667.50

NOT VALID AFTER 90 DAYS

PAY TO THE
ORDER OF

NMED-WATER QUALITY MANAGEMENT

NOT VALID OVER \$5000.00 UNLESS COUNTERSIGNED

FIELD DISBURSEMENT ACCOUNT

CITIBANK DELAWARE

Transwestern Pipeline Company

TECHNICAL OPERATIONS

6381 North Main • Roswell, New Mexico 88201

OIL CONSERVATION DIVISION
RECEIVED
195 OCT 11 AM 8 52

October 5, 1995

Mr. Roger Anderson
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

RECEIVED

OCT 11 1995

Environmental Bureau
Oil Conservation Division

Re: Site Inspection Yates Plant

Dear Mr. Anderson:

As a result of the Oil Conservation Division's (OCD) September 13, 1995 inspection of Transwestern Pipeline Company's Yates Plant, presented below are responses to address concerns brought about by Pat Sanchez and Mark Ashley of your staff:

1. **Unmarked drums in the concrete secondary containment area**
Refer to the attached photograph depicting the proper chemical marking on the drums at the facility.
2. **Drums not being stored in secondary containment**
Refer to the attached photograph depicting proper storage of the drums in secondary containment.
3. **Tabulated list of the chemicals used at the Yates Plant**
Presented with the photographs addressing the above concerns, employees at the Yates Plant have prepared a list of the chemicals which were/are used for facility operating determinations. A review of this list will confirm that all reagents presented are not regulated under Subtitle C as a hazardous waste and can be disposed of by normal methods.

Should you require additional information concerning the above responses, contact our Roswell Technical Operations at (505) 625-8022.

Sincerely,



Larry Campbell
Division Environmental Specialist

xc: Dave Owen
Joe Hulscher
Arnie Bailey
Artesia Team

Enron Corp.
P. O. Box 1188
Houston, TX 77251-1188

**ENRON
CORP**

RECEIVED
OCT 12 1995

Environmental Bureau
Oil Conservation Division

CHECK NO. _____

CHECK DATE 10-02-95

PAGE 1 OF 1

VENDOR NO:
REMITTANCE STATEMENT

VOUCHER NO.	INVOICE DATE	INVOICE NO.	PURCHASE ORDER	AMOUNT		
				GROSS	DISCOUNT	NET
	10/2/95	MISC2100295 GW-53		\$1,667.50		
					TOTAL	

SPECIAL INSTRUCTIONS:

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

OIL CONSERVATION DIVISION

September 26, 1995

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-963-063

Mr. Larry Campbell
Division Environmental Specialist
Transwestern Pipeline Company
6381 North Main
Roswell, NM 88201

**RE: Approval of Discharge Plan GW-53
Renewal
Yates Gas Plant
Eddy County, New Mexico**

Dear Mr. Campbell:

The discharge plan renewal GW-53 for the Transwestern Pipeline Company Yates gas plant located in SW/4, Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The discharge plan renewal consists of the application and its contents dated May 8, 1995 and subsequent additional information dated September 21, 1995 as signed and submitted by Mr. Larry Campbell with Transwestern Pipeline Company.

The discharge plan renewal application was submitted pursuant to Section 3-106 of the New Mexico Water Quality Control Commission Regulations. Please note Sections 3-109.E and 3-109.F which provide for possible future amendments or modifications of the plan. Please be advised that the approval of this plan does not relieve Transwestern Pipeline Company of liability should the operations associated with this facility result in pollution of surface water, ground water, or the environment.

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.

OFFICE OF THE SECRETARY - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5950
ADMINISTRATIVE SERVICES DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5925
ENERGY CONSERVATION AND MANAGEMENT DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5900
FORESTRY AND RESOURCES CONSERVATION DIVISION - P. O. BOX 1948 - SANTA FE, NM 87504-1948 - (505) 827-5830
MINING AND MINERALS DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5970
OIL CONSERVATION DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-7131
PARK AND RECREATION DIVISION - P. O. BOX 1147 - SANTA FE, NM 87504-1147 - (505) 827-7465

Mr. Larry Campbell
Page 2
September 26, 1995

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.

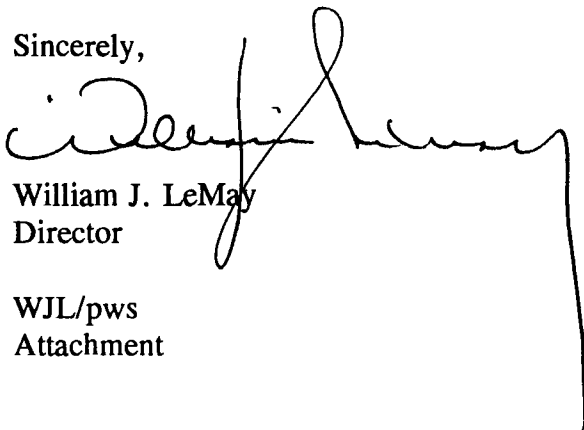
Pursuant to Section 3-109.G.4, this plan is for a period of five (5) years. This approval will expire November 9, 2000, and you should submit an application for renewal six (6) months before this date.

The discharge plan renewal for the Yates Natural Gas Plant GW-53 is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty dollars (\$50) plus the flat fee of one-thousand, six-hundred and sixty seven dollars and fifty cents (\$1667.50) for Gas Plants filing for renewal of existing discharge plans..

The \$50 filing fee has been received by the OCD. The flat fee for an approved discharge plan has not been received by the OCD. The flat fee check should be submitted to the **NMED - Water Quality Management** through the NMOCD office in Santa Fe, New Mexico.

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/pws
Attachment

xc: District II Environmental Representative

Mr. Larry Campbell
Page 3
September 26, 1995

ATTACHMENT TO DISCHARGE PLAN GW-53 RENEWAL
Transwestern Pipeline Company - Yates Natural Gas Plant
DISCHARGE PLAN REQUIREMENTS
(September 26, 1995)

1. Tank Berming: All tanks that contain materials other than fresh water that, if released, could contaminate surface or ground water or the environment will be bermed to contain 1 1/3 times the capacity of the tank or 1 1/3 times the volume of all interconnected tanks.
2. Drum Storage: All drums will be stored on pad and curb type containment.
3. Spills: All spills and/or leaks will be reported to the OCD district office pursuant to WQCC Rule 1-203 and OCD Rule 116.
4. Modifications: All proposed modifications that include the construction of any below grade facilities or the excavation and disposal of wastes or contaminated soils will have OCD approval prior to excavation, construction or disposal.
5. Payment of Discharge Plan Fees: The one-thousand six-hundred and sixty seven dollar and fifty cent dollar (\$1,667.50) flat fee shall be submitted upon receipt of this approval. The flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the five (5) year duration of the plan, with the first payment due upon receipt of this approval.

Transwestern Pipeline Company
TECHNICAL OPERATIONS
6381 North Main • Roswell, New Mexico 88201

September 21, 1995

RECEIVED

SEP 25 1995

Mr. Patricio Sanchez
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Environmental Bureau
Oil Conservation Division

Re: Discharge Plan Renewal Yates Plant, GW-53

Dear Mr. Sanchez:

In response to the Oil conservation Division's (OCD) August 3, 1995 letter, informing Transwestern Pipeline Company (Transwestern), of additional information to be included with the discharge plan renewal application for the Yates Plant, presented below are responses to those concerns. Each response follows the sequence of the items addressed in your letter:

- I. Transwestern requests that the October 31, 1990 supplement to the OCD be included in the 1995 permit application.
- II. Transwestern does not dispose of any liquid waste streams at the Yates Plant. All liquid streams are either recycled, recovered or collected at the facility and transferred to the owner of the liquids. This last process is directed under contract obligations with a local producer. Presented below are the liquid waste stream and volumes which are generated at the facility, and the vendor and process which is used for each stream:

used engine oil	90 gallons/month	recycling
oily waste water	143 gallons/month	recovery
pipeline liquids	17,850 gallons/month	transferred to Yates Petroleum
- III. Transwestern is in compliance with the OCD's disposal regulations for exempt and non exempt wastes.
- IV. The reclassification of the Yates facility as a gasoline plant is acceptable to Transwestern.

Should you require any additional information concerning approval of the submitted discharge application, contact our Roswell Technical Operations at (505) 625-8022.

Sincerely,

A handwritten signature in cursive script that reads "Larry Campbell".

Larry Campbell
Division Environmental Specialist

xc: Dave Owen
Joe Hulscher
Arnie Bailey
Artesia Team
Butch Russell
file

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 12/5/91,
or cash received on 12/10/91 in the amount of \$ 50.00
from TRANSWESTERN PIPELINE CO
for YATES COMPRESSOR STATION GW-53
(Facility Name) (DP No.)
Submitted by: Roger C. Anderson Date: 12/11/91
Submitted to ASD by: Norothy Montoy Date: 12/12/91
Received in ASD by: _____ Date: _____

Filing Fee ☒ New Facility _____ Renewal _____
Modification _____ Other _____
(specify)

Organization Code 521.07 Applicable FY 80

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

**ENRON
CORP**

TRANSWESTERN PIPELINE COMPANY
P.O. BOX 1188
HOUSTON, TEXAS 77251-1188

DATE OF CHECK

December 05, 1991

PAY EXACTLY FIFTY DOLLARS AND NO/100 DOLLARS \$50.00

This check is VOID unless printed on BLUE background

PAY
TO THE
ORDER
OF

NMED-WATER QUALITY MANAGEMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO 87505

[Signature]

NOT VALID OVER \$5,000 UNLESS COUNTERSIGNED

UNITED BANK OF GRAND JUNCTION

CHECK NO.

REMITTANCE STATEMENT

DECEMBER 5, 1991

VOUCHER NO.	INVOICE DATE	INVOICE NUMBER	PURCHASE ORDER	AMOUNT					
				GROSS	DISCOUNT	NET			
FILING FEE FOR NEW DISCHARCH PLAN APPLICATION FOR TRANSWESTERN PIPELINE CO. YATES COMPRESSOR STATION. WQCC REGULATION 3-114						\$50.00			
<div>RECEIVED</div> <div>DEC 10 1991</div> <div>WILSON CONSERVATION DIV.</div> <div>SANTA FE</div>									
Special Instructions									
P. O. BOX 1188, HOUSTON, TEXAS 77251-1188 <small>DETACH STATEMENT BEFORE DEPOSITING. ENDORSEMENT OF CHECK ATTACHED ACKNOWLEDGES PAYMENT IN FULL OF ALL ITEMS SHOWN ABOVE. IN CASE OF ERROR OR OMISSION RETURN BOTH CHECK AND STATEMENT</small>									

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 12/5/91,
or cash received on 12/10/91 in the amount of \$ 50.00
from TRANSWESTERN PIPELINE CO
for YATES COMPRESSOR STATION GW-53
Submitted by: Roger C. Anderson (Facility Name) Date: 12/11/91 (DP No.)
Submitted to ASD by: _____ Date: _____
Received in ASD by: _____ Date: _____

Filing Fee ☒ New Facility _____ Renewal _____

Modification _____ Other _____
(specify)

Organization Code 521.07 Applicable FY 80

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____



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

OIL CONSERVATION DIVISION

November 20, 1991



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY
MATTHEW BACA
DEPUTY SECRETARY

CERTIFIED MAIL
RETURN RECEIPT NO. P-756-903-910

Mr. Larry T. Campbell
Transwestern Pipeline Company
P.O. Box 1717
Roswell, New Mexico 88202-1717

RE: Fee for Discharge Plan GW-53 Modification
Yates Compressor Station
Eddy County, New Mexico

Dear Mr. Campbell:

Pursuant to the New Mexico Water Quality Control Commission (WQCC) Regulation 3-114 "every billable facility submitting a discharge plan for approval, modification or renewal shall pay the fees specified in this section to the Water Quality Management Fund." Enclosed is a copy of WQCC Rule 3-114 effective as of August 18, 1991.

The Oil Conservation Division (OCD) received your discharge plan modification for the Transwestern Pipeline Co. Yates Compressor Station on October 31, 1991, which is after the effective date of the WQCC Regulation 3-114. The discharge plan modification application for the Yates Compressor Station is therefore subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan modification will be assessed a fee equal to the filing fee plus one-half of either a flat fee or discharge fee. The director may waive the flat fee or discharge fee for discharge plan modifications which require little or no cost for investigation or issuance.

The filing fee is fifty (50) dollars for each new discharge plan application. The \$50 filing fee is due immediately and is nonrefundable.

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

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

LAND OFFICE BUILDING - 310 Old Santa Fe Trail
Oil Conservation Division
P.O. Box 2088 87504-2088
827-5800

Mr. Larry Campbell
November 20, 1991
Page 2

The remainder of the "total fee" for gas compressor stations falls under the "flat fee" category. The Director has waived the flat fee for the discharge plan modification for the Transwestern Pipeline Co. Yates Compressor Station.

Please make all checks out to the **NMED - Water Quality Management** and send to the OCD Santa Fe Office. If you have any questions, please do not hesitate to contact me at (505) 827-5884.

Sincerely,



Roger C. Anderson
Environmental Engineer

Enclosure

xc: OCD Artesia District Office

Payment Approval				
CO	MAJOR	SUB	DETAIL	RC
060	8530	999	161	5149
SUBLEDGER/WAREHOUSE #		VEHICLE#/STOCK SYMBOL		
WORK ORDER	PROPERTY UNIT	COST CATEGORY		
Discharge Plan Fee - Yates Plant				
DESCRIPTION				
SIGNATURE		DATE		
[Signature]		12-05-91		

B. If the director determines that a discharger is not exempt from filing a discharge plan, or that the material to be discharged contains any toxic pollutant as defined in Section 1-101.UU., which is not included in the numerical standards of Section 3-103, then the discharger may appeal such determination by filing with the commission's secretary a notice of appeal to the commission within thirty days after receiving the director's written determination, and the appeal therefrom and any action of the commission thereon shall be in accordance with the provisions of Subsections 74-6-5 (K), (L), (M) and (N) NMSA 1978.

3-113. APPEALS FROM COMMISSION DECISIONS--A discharger may appeal the decision of the commission in accordance with the provisions of Section 74-6-5 (N), NMSA 1978.

3-114. FEES.

A. DEFINITIONS. - As used in this section:

1. "average discharge" means the average daily flow rate of effluent discharge as measured or estimated over the period of one year;

2. "billable facility" means any facility or portion of a facility required to have a discharge plan.

3. "discharge plan modification" means a change in requirements of a discharge plan as requested by the discharger as a result of past, present or anticipated changes in the quality or quantity of effluent or the location of the discharge; or, as required by the director.

B. FEE AMOUNT AND SCHEDULE OF PAYMENT - Every billable facility submitting a discharge plan for approval, modification or renewal shall pay the fees specified in this subsection to the Water Quality Management Fund.

1. The amount of the fee payment for a new discharge plan shall be calculated using the following formula:

TOTAL FEE = FILING FEE + FLAT FEE or DISCHARGE FEE

(a) The filing fee is fifty (50) dollars for each new discharge plan application.

(b) Billable facilities in the following categories applying for a new discharge plan will pay a flat fee as indicated:

4. If the director requires a discharge plan modification as a component of an enforcement action, the facility shall pay the applicable discharge plan modification fee. If the director requires a discharge plan modification outside the context of an enforcement action, the facility shall not be assessed a fee.

5. The director may waive flat fees or discharge fees for discharge plan modifications which require little or no cost for investigation or issuance.

6. Billable facilities shall pay the filing fee at the time of discharge plan application. The filing fee is nonrefundable. The required flat fees or discharge fees may be paid in a single payment or in equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of discharge plan approval. The discharge plan or discharge plan application review of any facility shall be suspended or terminated if the facility fails to submit an installment payment by its due date.

3-115. SEVERABILITY.--If any section, subsection, individual standard or application of these standards or regulations is held invalid, the remainder shall not be affected.



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

November 20, 1991



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

MATTHEW BACA
DEPUTY SECRETARY

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

Mr. Larry Campbell
Transwestern Pipeline Company
P.O. Box 1717
Roswell, New Mexico 88202-1717

RE: Discharge Plan GW-53 Modification
Yates Compressor Station
Eddy County, New Mexico

Dear Mr. Campbell

The groundwater discharge plan modification for the Transwestern Pipeline Co. Yates Compressor Station located in the SW/4, Section 35, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico is hereby approved. The modification consists of the discharge plan as approved on November 9, 1990 and modified on March 21, 1991 and the modification application dated October 31, 1991.

The modification application was submitted pursuant to Section 3-109.F of the Water Quality Control Commission Regulations. It is approved pursuant to Section 3-109.A. The modification is a minor modification that does not alter the quantity or quality of discharges from the compressor station, therefore public notice is not required.

Please be advised that 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.

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

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco
Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

Mining and Minerals
827-5970

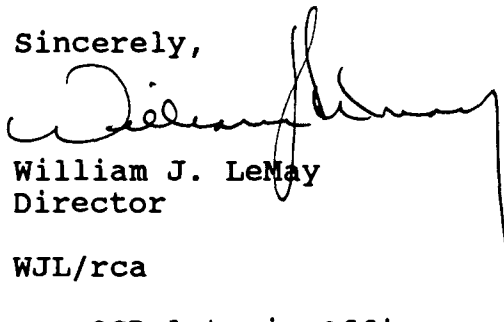
LAND OFFICE BUILDING - 310 Old Santa Fe Trail
Oil Conservation Division
P.O. Box 2088 87504-2088
827-5800

Mr. Larry Campbell
November 20, 1991
Page -2-

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.

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

xc: OCD Artesia Office
Chris Eustice- OCD Hobbs