

GW - 123

**PERMITS,
RENEWALS,
& MODS
Application**

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



AUGUST 13, 2012

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

Dear Ms. Knowlton:

Based on your responses given in the "Oil & Gas Facilities Questionnaire for Determination of a WQCC Discharge Permit" and a file review, the Oil Conservation Division (OCD) has determined that two of your facilities with an expired or soon to be expired permit do not require a Water Quality Control Commission (WQCC) Discharge Permit. This means that the WQCC Discharge Permits **GW - 123** (Yates 7 Rivers C.S.) and **GW - 185** are hereby rescinded and you are not required to proceed with the renewal of this expired or soon to expire WQCC Discharge Permit. OCD will close these permits in its database.

Because this WQCC Discharge Permit is no longer valid, you may be required to obtain a separate permit(s) for other processes at your facility, such as: pits, ponds, impoundments, below-grade tanks; waste treatment, storage and disposal operations; and landfarms and landfills. OCD will make an inspection of your facility to determine if any of these existing processes may require a separate permit under OCD's Oil, Gas, and Geothermal regulations. If OCD determines that a separate permit(s) is required, then a letter will be sent to you indicating what type of permit is required.

Please keep in mind, if your facility has any discharges that would require a WQCC Discharge Permit now or in the future, then you will be required to renew or obtain a WQCC Discharge Permit. If you have any questions regarding this matter, please contact Glenn von Gonten at 505-476-3488.

Thank you for your cooperation.

A handwritten signature in black ink, appearing to read "Jami Bailey".

Jami Bailey
Director

JB/gvg

**ATTACHMENT TO THE DISCHARGE PERMIT
AGAVE ENERGY COMPANY, SEVEN RIVERS COMPRESSOR STATION
(GW-123)
DISCHARGE PERMIT APPROVAL CONDITIONS
June 13, 2007**

Please remit a check for \$1700.00 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 \$100.00, plus a renewal flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required \$100.00 filing fee. However, the owner/operator still owes the required \$1700.00 renewal permit fee for a gas compressor station greater than 1001 horsepower.
- 2. Permit Expiration, Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on July 28, 2012** 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 a discharger 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. *Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA1978} and civil penalties may be assessed accordingly.*
- 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 10, 2007 discharge plan renewal application and March 21, 2007 addendum, 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 20.6.2.3107.C, and 20.6.2.3109 NMAC addresses possible future modifications of a permit. The owner/operator (discharger) 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. 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, except waste generated during emergency response operations 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 aboveground 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, and 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 stormwater 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, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Transfer of Discharge Permit (WQCC 20.6.2.3111) Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, 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 department a copy of such written notification, together with a certification or other proof that such notification has in fact been received by the transferee.

Upon receipt of such notification, the transferee shall have the duty to inquire into all of the provisions and requirements contained in such discharge permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the department's file or files concerning such discharge permit. The transferee (new owner/operator) shall sign and return an original copy of these permit conditions and provide a written commitment to comply with the terms and conditions of the previously approved discharge permit.

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: Agave Energy Company, (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** 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.

Jennifer Knowlton

GW-123


June 13, 2007

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Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

Agave Energy Company
Company Name-~~print~~ name above

Greg Jokela
Company Representative- print name


Company Representative- signature

Title President

Date: June 25, 2007

AGAVE ENERGY COMPANY

105 South Fourth Street

Artesia, New Mexico 88210

(505) 748-4555

Fax (505) 748-4275

Via Certified Mail 7006 2150 0000 3855 1223

2007 JAN 12 PM 12 43

January 10, 2007

NMOCD
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

**Re: Seven Rivers Compressor Station
Discharge Plan GW-123
Renewal**

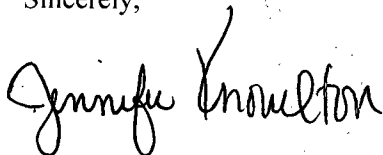
To Whom It May Concern:

Enclosed, please find the renewal application for the Seven Rivers Compressor Station, GW-123. The current discharge permit expires on July 28, 2007. Section 3106.F states that if the applicant submits the renewal application at least 120 days before the discharge plan expires, the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

In addition to the renewal application, please note that Agave Energy Company is now the owner and operator of the Seven Rivers Compressor Station. Yates Petroleum Corporation transferred this asset to Agave in the fall of 2006.

If you have any other questions regarding this information, please do not hesitate to email me at jknowlton@ypcnm.com call me at 505-748-4471.

Sincerely,

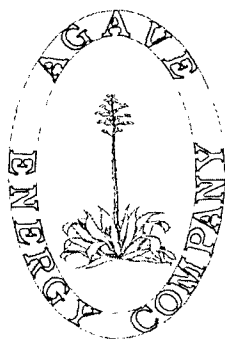


Jennifer Knowlton
Environmental Engineer

Cc: OCD District II, Artesia

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**OIL CONSERVATION DIVISION
DISCHARGE PLAN GW-123 RENEWAL
AGAVE ENERGY COMPANY
SEVEN RIVERS COMPRESSOR STATION**



January 10, 2007

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
FACILITIES AND CRUDE OIL PUMP STATIONS**

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

☐ New ☒ Renewal ☐ Modification

1. Type: Compressor Station

2. Operator: Agave Energy Company

Address: 105 South Fourth Street Artesia NM 88210

Contact Person: Jennifer Knowlton Phone: 505-748-4471

3. Location: NW/4 NW/4 Section 25 Township 19S Range 24E
Submit 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: Jennifer Knowlton

Title: Environmental Engineer

Signature: Jennifer Knowlton

Date: January 10, 2007

E-mail Address: jknowlton@ypcnm.com

Agave Energy Company
Seven Rivers Compressor Station
Discharge Permit GW-123 Renewal
January 10, 2007
Page 1 of 2

1. Type: Compressor Station
2. Operator: Agave Energy Company
Address: 105 South Fourth Street Artesia NM 88210
Contact Person: Jennifer Knowlton
Phone: 505-748-4471
3. Location: NW/4 NW/4
Section 25
Township 19S
Range 24E
4. Landowner: Bureau of Land Management
5. The Seven Rivers Compressor Station is part of a small localized gas gathering system that gathers sweet gas from multiple wells in the area and compresses this gas for delivery to a main line. The SIC code for the facility is 4922. The facility consists of two Caterpillar G3516 compressor engine, several small storage tanks, and various pumps, meters, and ancillary equipment. A plot plan is attached.
6. Materials Stored or Used at Facility:
 1. TK 1: 750 gallon antifreeze
 2. TK 2: 750 gallon lube oil
 3. TK 3: 750 gallon used antifreeze
 4. TK 4: 210 barrel pipeline products
 5. TK 5: 210 barrel pipeline products
 6. TK 6: 500 barrel pipeline products
 7. TK 7: 210 oily wastewater
 8. TK 8: 100 barrel methanol
7. Present Sources of Effluent and Waste Solids:
 1. Inlet separator – 5 to 50 BPD of produced water and condensate, RCRA exempt
 2. Engine cooling water – 100 to 200 gallons per year, RCRA exempt
 3. Waste engine oil – 500 gallons per year, RCRA non-Exempt
 4. Oily waste water – 500 gallons per year, RCRA non-Exempt
 5. Engine filters – 50 per year, RCRA non-Exempt
 6. Discharge vessel – 5 to 50 BPD of produced water and condensate, RCRA exempt
8. Current Liquid and Solid Waste Collection, Treatment and Disposal Procedures: Produced fluid from the inlet separator and the compressor scrubbers are piped to two 210 barrel fiberglass storage tanks. The produced water is transferred via pipeline and injected into Yates Petroleum's State CO #1 disposal well. This is an OCD approved class II injection well as per ORDER #SWD-285 dated May 8, 1985.

Waste engine oil and antifreeze are removed from the site by a reclaiming company and trucked to their facility for processing. In the event of a spill within the containment, the spill is pumped out of the containment with a sump pump and disposed of according to the type of liquid as described above. If the spill occurs on the ground, the soil is removed from site with the proper excavation equipment.

9. Proposed Modifications to existing Collection, Treatment and Disposal Systems: At this time, there are no proposed modifications to the existing collection, treatment, or disposal system.

10. Inspection and Maintenance Plan:

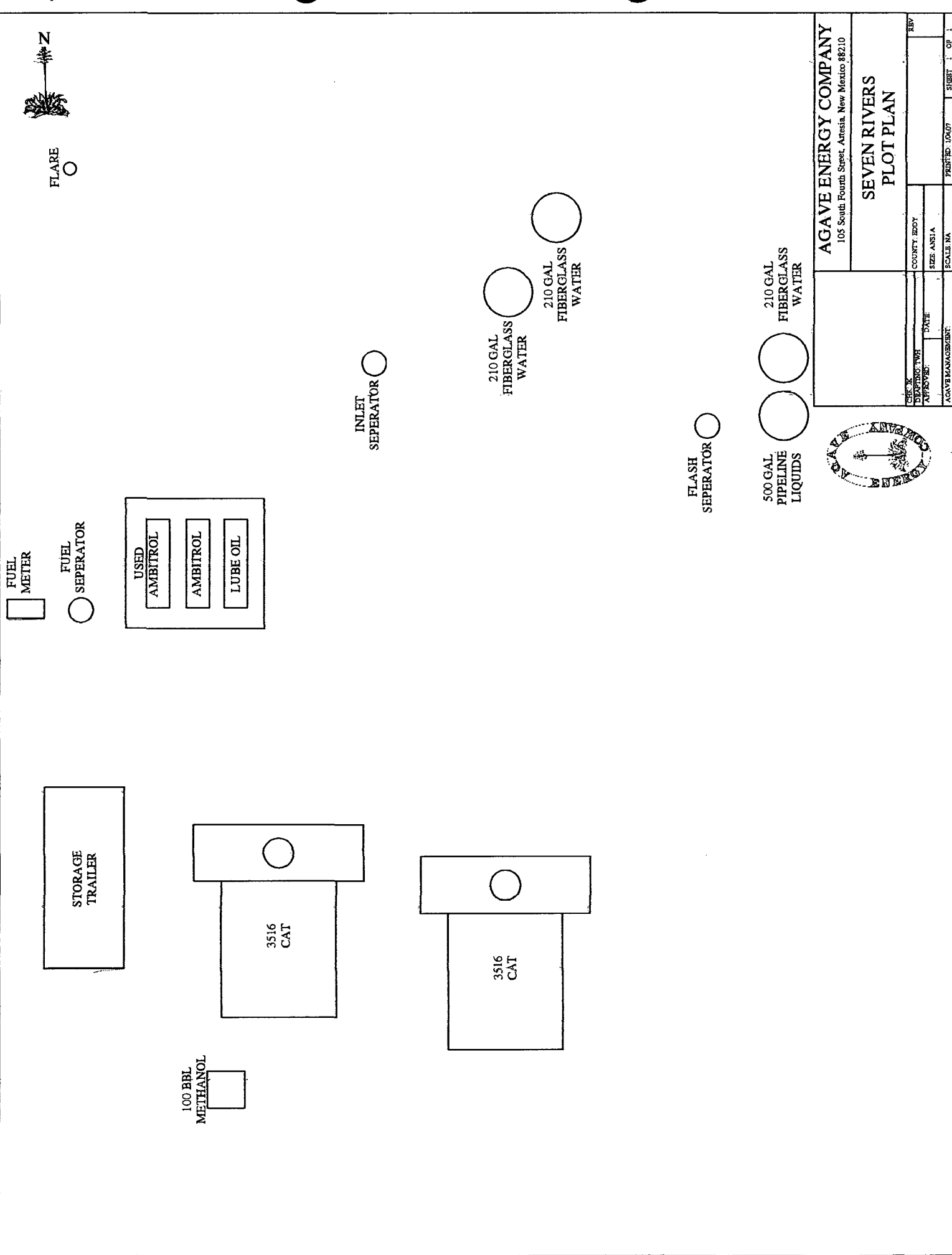
- a. Company personnel make daily inspections of the site during normal business hours. Malfunctions or breakdowns are noted and repaired.
- b. Any repair work that is needed is performed as required.
- c. A regular maintenance program is diligently carried out on all on-site equipment.

11. Plan for reporting and Cleanup of Spills or Releases:

- a. Standard company policy is to immediately secure the area to insure the safety of personnel and the public.
- b. Employees and contract personnel are dispatched to the spill area with necessary equipment and materials necessary to control and contain the spill and initiate clean-up program as soon as practicable.
- c. Notification and any necessary follow-up reports will be made to the appropriate agencies (BLM, OCD, etc) pursuant to regulations.

12. Geologic and Hydrological Information: There are no fresh water wells within two miles of the site. Estimated depth to ground water is 300 feet. The surrounding terrain consists of gentle rolling hills marked with outcrops of caliche. The soil consists of clay loams and silt. The surface is subject to colluvial process and drains to the south. The area is primarily rangeland consisting of tar brush, creosote bush, yucca, broom snakeweed, dogwood, and native grasses. The site is not located in a flood plain.

13. Facility Closure Plan: At this time, there are no plans to close the facility. The facility will operate for the foreseeable future. In the event that this changes, notice will be sent to the Oil Conservation Division and closure plans will be formulated.



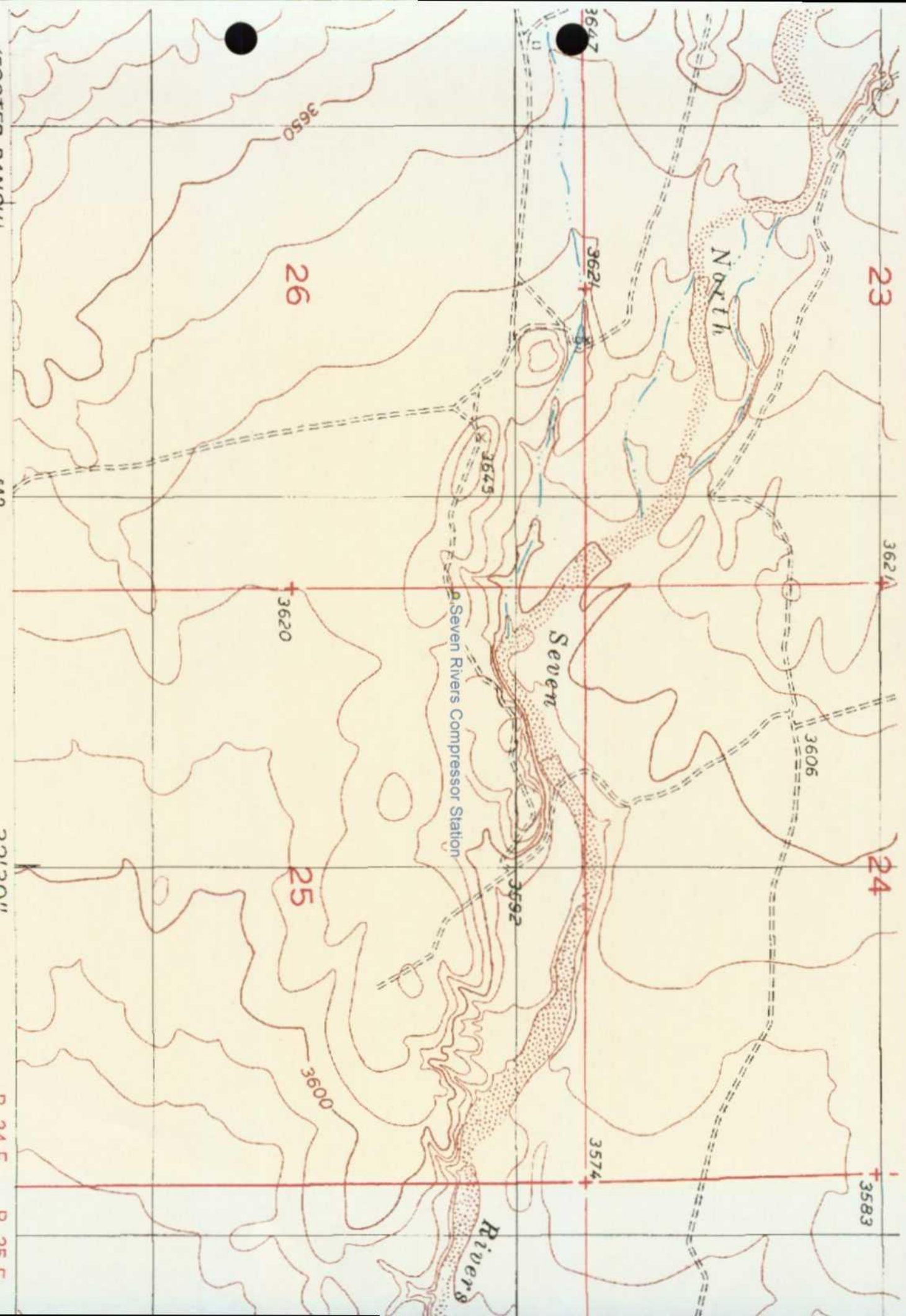
Parish Ranch, NM Scale: 1" = 0.204Mi 329Mt 1.078Ft, 1 Mi = 4.898", 1 cm = 129Mt

(FOSTER RANCH)
5049 II SE

542

32'30"

R 24 E R 25 E



ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-123
YATES PETROLEUM CORP.
SEVEN RIVERS COMPRESSOR STATION
DISCHARGE PLAN APPROVAL CONDITIONS
September 4, 2002

1. Payment of Discharge Plan Fees: The \$100.00 filing fee and the \$1,700.00 flat fee have been received by the OCD.
2. Commitments: Yates Petroleum Corp. will abide by all commitments submitted in the discharge plan renewal application letter dated April 1, 2002 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. Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is permitted at solid waste facilities permitted by the New Mexico Environment Department as long as:
 1. the waste stream is identified, and authorized, as such in the discharge plan, and;
 2. existing process knowledge of such waste streams does not change without notification to the Oil Conservation Division.
4. Drum Storage: All drums containing material 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 below grade tanks and sumps must be tested annually. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders 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 approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders 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.
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 approved for construction and/or operation unless it can be demonstrated that groundwater will 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.
12. 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.
13. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Artesia District Office.

14. 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.
15. Storm Water Plan: Yates Petroleum Corp. shall maintain storm water runoff controls. As a result of operations, if any water contaminant that exceeds the WQCC standards listed in 20 NMAC 6.2.3101 is discharged in any storm water run-off, then Yates Petroleum Corp. shall: take immediate actions to mitigate the effects of the run-off, notify the OCD within 24 hours, and modify the discharge plan to include a formal storm water run-off containment plan and submit for OCD approval within 15 days.
16. Closure: The OCD will be notified when operations of the Seven Rivers Compressor Station are discontinued for a period in excess of six months. Prior to closure of the facility, the company 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.
17. Conditions accepted by: Yates Petroleum Corp., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Yates Petroleum Corp. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health and the environment may change the conditions and requirements of this permit administratively.

Yates Petroleum Corp.

Print Name: Paul Ragsdale

Signature: Paul Ragsdale

Title: Vice President - Agave Energy

Date: 9-18-02

RECEIVED

JUN 23 1997

Mr. John F. Brown
Yates Petroleum Corporation
"7 Rivers" GW-123
June 12, 1997
Page 3

Environmental Bureau
Oil Conservation Division

**ATTACHMENT TO DISCHARGE PLAN GW-123
Yates Petroleum Corporation 7 Rivers Compressor Station
DISCHARGE PLAN REQUIREMENTS
(June 12, 1997)**

1. **Payment of Discharge Plan Fees:** The \$345 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments of \$69 per installment over the duration of the plan, with the first payment due upon receipt of this approval.
2. **Yates Petroleum Corporation Commitments:** Yates Petroleum Corporation will abide by all commitments submitted in the application dated March 25, 1997 from Yates Petroleum Corporation, the approval letter from OCD dated July 28, 1992, and this approval letter with conditions of approval from OCD dated June 12, 1997.
3. **Waste Disposal:** All wastes shall be disposed of at an NMOCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous by characteristics may be disposed of at an NMOCD approved facility upon proper waste characterization per 40 CFR Part 261.
4. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad and curb type containment. All empty drums should be stored on their sides with the bungs in place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.
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 facilities or modifications to existing facilities must place the tank on an impermeable type pad.
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. **Tank Labeling:** All tanks should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.

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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 that do not have secondary containment and leak detection must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks /or sumps.

10. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present, and then every 5 years there after. Companies 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.

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

Any soils contaminated with a non-exempt waste at the facility will be tested for hazardous constituents, and after receiving OCD approval, will be disposed of at an OCD approved site.

12. **Spill Reporting:** All spills/releases shall be reported pursuant to OCD Rule 116 and WQCC 1203 to the Artesia OCD District Office at (505)-748-1283.

13. **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.

14. **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.

15. **Certification:** Yates Petroleum Corporation , by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Yates Petroleum Corporation, 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 groundwater, human health and the environment.

Accepted:
Yates Petroleum Corporation

by John F. Brown
Title