

**GW - 165**

**GENERAL  
CORRESPONDENCE**

**YEAR(S):  
1994 - 2005**

RECEIVED

THE SANTA FE  
**NEW MEXICAN**  
Founded 1849

FEB 09 2005

OIL CONSERVATION  
NM OIL CONSERVATION DIV.  
*Attn: Ed Martin*  
1220 ST. FRANCIS DR

SANTA FE NM 87505

ALTERNATE ACCOUNT: 56689  
AD NUMBER: 00105636 ACCOUNT: 00002212  
LEGAL NO: 76598 P.O. #: 05-199-050185  
275 LINES 1 TIME(S) 121.00  
AFFIDAVIT: 5.50  
TAX: 9.25  
TOTAL: 135.75

AFFIDAVIT OF PUBLICATION

STATE OF NEW MEXICO  
COUNTY OF SANTA FE

I, B. Perner, being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication # 76598 a copy of which is hereto attached was published in said newspaper 1 day(s) between 02/04/2005 and 02/04/2005 and that the notice was published in the newspaper proper and not in any supplement; the first date of publication being on the 4th day of February, 2005 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

*OK to pay  
Ed Martin  
2-11-05*

/s/ B Perner  
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 4th day of February, 2005

Notary Laura Z. Hardig

Commission Expires: 11/23/07

**NOTICE OF  
PUBLICATION**

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

Notice is hereby given that pursuant to the New Mexico Water Quality Control Commission Regulations, the following discharge permit application has been submitted to the Director of the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

**(GW-165) - Pure Resources, Jeff Picket, Production Foreman, 463 Turner Drive, Suite 101, Durango, Colorado, 81301, has submitted a discharge plan application for their CDP #2 Compressor Station located in the NE/4 SW/4 Section 25, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 52 gallons per day of process wastewater with total dissolved solids concentration of 1500 mg/l is stored in a closed top fiberglass tank prior to offsite disposal at an OCD approved disposal facility. Groundwater most likely to be affected in the event of an accidental discharge is at a depth of approximately 120 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.**

**(GW-166) - Hallwood Energy Companies, Jim Bonaventura, Area Superintendent, 463 Turner Drive, Suite 101, Durango, Colorado, 81301, has submitted a discharge plan application for their CDP #4 Compressor Station located in the NE/4 SE/4 Section 1, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 43 gallons per day of process wastewater with total dissolved solids concentration of 1500 mg/l is stored in a closed top**

**fiberglass tank prior to offsite disposal at an OCD approved disposal facility. Groundwater most likely to be affected in the event of an accidental discharge is at a depth of approximately 80 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.**

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge permit application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday thru Friday. Prior to ruling on any proposed discharge permit or its modification, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted to him and public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

If no hearing is held, the Director will approve or disapprove the permit based on the information available. If a public hearing is held, the Director will approve the permit based on the information in the permit and information presented at the hearing.

GIVEN under the Seal of New Mexico Conservation Commission at Santa Fe, New Mexico, on this 19th day of January 2005.

**STATE OF  
NEW MEXICO  
OIL CONSERVATION  
DIVISION**

**Mark Feismire, P.E.,  
Director**

**SEAL  
Legal #76598  
Pub. February 4, 2005**

AFFIDAVIT OF PUBLICATION

Ad No. 51128

STATE OF NEW MEXICO  
County of San Juan:

CONNIE PRUITT, being duly sworn says:  
That she is the CLASSIFIED MANAGER of  
THE DAILY TIMES, a daily newspaper of  
general circulation published in English at  
Farmington, said county and state, and that  
the hereto attached Legal Notice was  
published in a regular and entire issue of the  
said DAILY TIMES, a daily newspaper duly  
qualified for the purpose within the meaning of  
Chapter 167 of the 1937 Session Laws of the  
State of New Mexico for publication and  
appeared in the Internet at The Daily Times  
web site on the following day(s):

Friday, February 4, 2005.

And the cost of the publication is \$76.57.

Connie Pruitt

ON 2/9/05 CONNIE PRUITT  
appeared before me, whom I know personally  
to be the person who signed the above  
document.

Wynell Corey  
My Commission Expires November 17, 2008.



COPY OF PUBLICATION

918 Legal

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to the New Mexico Water Quality Control Commission Regulations, the following discharge permit application has been submitted to the Director of the Oil Conservation Division, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

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If no hearing is held, the Director will approve or disapprove the permit based on the information available. If a public hearing is held, the Director will approve the permit based on the information in the permit and information presented at the hearing.

GIVEN under the Seal of New Mexico Conservation Commission at Santa Fe, New Mexico, on this 19th day of January 2005.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

Mark Feismire, P.E., Director

SEAL

Legal No. 51128 published in The Daily Times, Farmington, New Mexico on Friday, February 4, 2005.

## Ford, Jack

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**From:** Inge, Richard  
**Sent:** Tuesday, February 01, 2005 8:58 AM  
**To:** Ford, Jack  
**Subject:** \*Done RE: GW-165 & GW-166

---

**From:** Ford, Jack  
**Sent:** Tuesday, February 01, 2005 8:30 AM  
**To:** Inge, Richard  
**Subject:** GW-165 & GW-166

Please place the attached on the web site. Thanks.

<< File: GW165\_166PUB05.doc >> << File: GW165RENAPPO5.doc >> << File: GW166RENAPPO5.doc >>

## Ford, Jack

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**From:** Martin, Ed  
**Sent:** Monday, January 31, 2005 10:26 AM  
**To:** Farmington Daily Times (E-mail)  
**Cc:** Ford, Jack  
**Subject:** Legal Notices

Please publish the attached legal notices, one time only, on or before Friday, February 4, 2005.

Upon publication, forward to this office:

1. Affidavit of publication
2. Invoice. Purchase order number is **05-199-050189**

If you have any questions, please contact me.

Thank you.



Publ. Notice  
GW165\_166.doc

*Ed Martin*

New Mexico Oil Conservation Division  
Environmental Bureau  
1220 S. St. Francis  
Santa Fe, NM 87505  
Phone: 505-476-3492  
Fax: 505-476-3462

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 9/23/04,  
or cash received on \_\_\_\_\_ in the amount of \$ 200.00

from Pure Resources  
for CDP # 2 C.S. GW-165  
CDP # 4 C.S. GW-166

Submitted by: [Signature] Date: 9-28-04

Submitted to ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee  New Facility \_\_\_\_\_ Renewal   
Modification \_\_\_\_\_ Other \_\_\_\_\_  
(specify)

Organization Code 521.07 Applicable FY 2001

To be deposited in the Water Quality Management Fund.

Full Payment  or Annual Increment \_\_\_\_\_

VENDOR # WAT0103 CHECK # 7085275 DATE 09/23/04 200.00

THIS CHECK IS VOID WITHOUT A BLUE & GRAY BACKGROUND AND AN ARTIFICIAL WATERMARK CERTIFICATION SEAL ON THE BACK - HOLD AT ANGLE TO VIEW SEAL

 Pure Resources, L.P.  
OPERATING ACCOUNT  
500 W. Illinois  
Midland, TX 79701

PAY THIS AMOUNT:  
Two Hundred Dollars and No Cents

CHECK NO. [REDACTED] CHECK DATE 09/23/04

TO THE ORDER OF WATER QUALITY MANAGEMENT FUND  
C/O NEW MEXICO OIL CONSERVATION DIV.  
1220 S. ST FRANCES DR.  
SANTA FE, NM 87505

[Signature]

VOID AFTER 180 DAYS

Pure Resources, L.P. 5000 Illinois, Midland, TX 79701

INVOICE NUMBER	DATE	DESCRIPTION	NET
GW1652004	09/14/04		100.00
GW1662004	09/14/04		100.00

RECEIVED

SEP 27 2004

OIL CONSERVATION  
DIVISION

FROM TIME TO TIME, FIELD PERSONNEL OF PURE RESOURCES I, INC. AND ITS AFFILIATES ('PURE') ARE REQUIRED TO SIGN SERVICE TICKETS, INVOICES, WORK ORDERS OR OTHER DOCUMENTS PRESENTED TO THEM BY VENDORS OF EQUIPMENT, SUPPLIES, MATERIALS AND SERVICES. THIS NOTICE IS FOR THE PURPOSE OF PLACING EACH OF PURE'S VENDORS ON NOTICE THAT FIELD PERSONNEL SIGNING SUCH SERVICE TICKETS, INVOICES, WORK ORDERS OR OTHER DOCUMENTS PRESENTED TO THEM BY VENDORS ONLY HAVE THE AUTHORITY TO ACKNOWLEDGE RECEIPT OF SUCH EQUIPMENT, MATERIALS, SUPPLIES OR SERVICES. THEY DO NOT HAVE THE AUTHORITY TO WAIVE ANY RIGHTS OR CAUSES OF ACTION OTHERWISE AVAILABLE TO PURE AS A RESULT OF ITS HAVING PURCHASED (OR HAVING SUBSEQUENTLY USED) SUCH EQUIPMENT, MATERIALS, SUPPLIES OR SERVICES. SUCH RIGHTS, INCLUDING ANY RIGHT OF INDEMNIFICATION AND THE RIGHT TO BE HELD HARMLESS FROM LIABILITY RESULTING FROM, OR TO OTHERWISE BE COMPENSATED FOR, DAMAGES INCURRED BY PURE AS A RESULT OF ITS PURCHASE OR USE OF SUCH EQUIPMENT, MATERIALS, SUPPLIES OR SERVICES MAY ONLY BE WAIVED BY DULY AUTHORIZED OFFICERS OF PURE AND NOT BY FIELD PERSONNEL. BY THIS NOTICE YOU ARE ADVISED THAT PROVISIONS IN SERVICE TICKETS, INVOICES, WORK ORDERS AND OTHER DOCUMENTS SIGNED BY FIELD PERSONNEL OF PURE THAT PURPORT TO RELEASE VENDORS OF LIABILITY THEY WOULD OTHERWISE HAVE WILL NOT BE BINDING ON PURE. IF A VENDOR HAS EXECUTED A MASTER SERVICE AGREEMENT WITH PURE, THE TERMS OF SUCH MASTER SERVICE AGREEMENT WILL PREVAIL OVER THE PROVISIONS OF ANY SERVICE TICKET, INVOICE, WORK ORDER OR OTHER SIMILAR DOCUMENT EXECUTED IN THE FIELD OR AT THE WORK SITE UNLESS THE SAME SPECIFICALLY PROVIDES THAT IT AMENDS, MODIFIES OR SUPERSEDES THE MASTER SERVICE AGREEMENT AND IS EXECUTED ON BEHALF OF PURE BY A DULY AUTHORIZED OFFICER.

QUESTIONS? ACCOUNTING HOTLINE: (432) 498-2698 OPTION 2 EMAIL: [accountspayable@pureresources.com](mailto:accountspayable@pureresources.com)

VENDOR # WAT0103 CHECK # 7085275 DATE 09/23/04 200.00



August 3, 2004

Mr. Jack Ford  
Oil Conservation Division  
New Mexico Energy and Minerals Department  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Discharge Plan Renewal and Change in Ownership for the Pure Resources, CPD #2  
Compressor Station, New Mexico-Discharge Plan GW-165.

Dear Mr. Ford:

In the course of your discussions with our consultant Dave Baker several issues regarding the CPD #2 Compressor Station have been identified. This letter is to formally notify the NM Oil Conservation Division (NMOCD) of a change in ownership at the facility and our agreement to continue operating under the expired GW-165 until a new discharge plan can be approved.

The CPD #2 facility was owned and operated by:  
Hallwood Energy Company  
4582 South Ulster Street Parkway  
Denver, Colorado 80237

Please change this to:  
Pure Resources  
463 Turner Drive  
Suite 101  
Durango, Colorado 81303  
Contact Person: Jeff Pickett

I have directed Dave Baker to prepare the required discharge plan renewal while working closely with your office. Pure Sources anticipates submitting the plan in the near future. If you have any questions or require further information, please contact me at (970) 259-1374 or Dave Baker at (505) 294-9943. Thank you for your assistance with this matter.

Sincerely,

Jeff Pickett  
Production Foreman

xc: David Baker, Baker Environmental Consulting, Albuquerque, NM



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark Fesmire, P.E.**

Director

**Oil Conservation Division**

June 2, 2004

Mr. Chris Williams  
Hallwood Energy Companies  
4582 South Ulster Street Parkway  
Denver, Colorado 80237

**RE: Discharge Permit GW-165 and GW-166 Renewal  
Hallwood Energy Companies  
San Juan County, New Mexico**

Dear Mr. Williams:

On June 6, 1999, the groundwater discharge permits, GW-165 and GW-166, for the Hallwood Energy Companies Compressor Station CDP #2 and CDP #4 located in San Juan County, New Mexico, was approved by the Director of the New Mexico Oil Conservation Division (OCD). This discharge permits were required and submitted pursuant to Water Quality Control Commission (WQCC) regulations and were approved for a period of five years. **The approval will expire on June 6, 2004.**

If the facilities continue to have potential or actual effluent or leachate discharges and **Hallwood Energy Companies** wish to continue operation, the discharge permits must be renewed. **Pursuant to Section 3106.F., if an application for renewal is submitted at least 120 days before the discharge permit expires then the existing approved discharge permit for the same activity shall not expire until the application for renewal has been approved or disapproved. The deadline for the 120 days was on February 6, 2004.** Hallwood Energy Companies has failed to meet the 120-day deadline before discharge permit expiration and therefore your discharge permit will expire on June 6, 2004 unless you have received an approved renewal from OCD. The OCD review the discharge permits renewal submittals carefully and the review time can extend for several weeks to months. **To date the OCD has not received an application for renewal of GW-165 or GW-166.** Please indicate whether Hallwood Energy Companies intends to make, any changes in the system, and if so, please include these modifications in the application for renewal.

The discharge permit renewal application for the Hallwood Energy Companies Compressor Stations CDP #2 and CDP #4 are subject to WQCC Regulation 3114. Every billable facility submitting a discharge permit renewal will be assessed a filing fee of \$100.00 plus a flat fee equal to \$1,700.00 for compressor stations with horsepower rating greater than 1001 horsepower. The \$100.00 filing fee is to be submitted with the discharge permit renewal application and is non-refundable.

Mr. Chris Williams  
Renewal Notification GW-165 and GW-166  
June 2, 2004  
Page 2

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office. Please submit the original discharge permit renewal applications and one copy to the OCD Santa Fe Office and one copy to the OCD Aztec District Office. **Note that the completed and signed application form must be submitted with each of your discharge permit renewal requests.** A complete copy of the regulations is available on the New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division website at ([www.emnrd.state.nm.us/oed](http://www.emnrd.state.nm.us/oed)).

If the Hallwood Energy Companies Compressor Station CDP #2 or CDP #4 no longer have any actual or potential discharges and a discharge permit is not needed, please notify this office. If you have any questions please do not hesitate to contact W. Jack Ford at (505) 476-3489.

Sincerely,



W. Jack Ford, C.P.G.  
Environmental Bureau  
Oil Conservation Division

cc: OCD Aztec District Office



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

July 14, 1999

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

CERTIFIED MAIL  
RETURN RECEIPT NO. Z-274-520-513

Mr. Chris R. Williams  
Hallwood Petroleum, Inc.  
P.O. Box 378111  
Denver, Colorado 80237

**RE: Site Modifications Notification  
GW-165, CDP #2 and GW-166, CDP #4  
San Juan County, New Mexico**

Dear Mr. Williams:

The OCD has received the site modification letter, dated June 25, 1999, with appropriate diagrams, for the installation of new sump equipment from Hallwood Petroleum, Inc. for the CDP #2 and CDP #4 Compressor Stations GW-165 and GW-166 located in the NE/4 SW/4, Section 25, Township 32 North, Range 13 West, and the NE/4 SE/4, Section 1, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico, respectively. The requested modification is considered a minor modification to the above referenced discharge plans and public notice will not be issued. **The site modification is approved without modification to the discharge plans with the stipulation that all modifications comply with the respective discharge renewal plans approved April 27, 1999.**

Please note that Section 3104 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 3107.C Hallwood Petroleum, Inc. 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. Further, this approval does not relieve Hallwood Petroleum, Inc. from liability should operations result in contamination to the environment.

Sincerely,

Roger C. Anderson  
Chief, Environmental Bureau  
Oil Conservation Division

cc: Mr. Denny Foust - Aztec District Office

# Hallwood Petroleum, Inc.

4610 S. Ulster Street, Suite 200  
 Post Office Box 378111, Denver, CO 80237  
 Phone (303) 850-7373 Fax (303) 850-

## FACSIMILE COVER SHEET

THE ENCLOSED MATERIAL IS INTENDED FOR THE RECIPIENT NAMED BELOW AND UNLESS OTHERWISE EXPRESSLY INDICATED, IS CONFIDENTIAL AND PRIVILEGED INFORMATION. ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THE ENCLOSED MATERIAL IS PROHIBITED. IF YOU RECEIVE THIS TRANSMISSION IN ERROR PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE, AT OUR EXPENSE AND DESTROY THE ENCLOSED MATERIALS. YOUR COOPERATION IS APPRECIATED.

<b>DATE:</b> June 25, 1999		<b>TIME:</b> 11:15 AM MST	
<b>TO:</b> Mr. W. Jack Ford			
<b>COMPANY:</b> NMOCD Environmental Bureau			
<b>FAX #:</b> (505) 827-8177			
<b>FROM:</b> Chris Williams			
<b>URGENT:</b>	<b>FOR REVIEW:</b>	<b>PLEASE COMMENT:</b>	<b>PLEASE REPLY:</b>
<b>COMMENTS:</b> Dear Jack;			
Copy of new sump design. Hard copy to follow by certified mail.			
<b>Thanks,</b>			
<b>Chris</b>			
<b>NUMBER OF PAGES THIS TRANSMISSION:</b>			
<b>IF THERE IS A PROBLEM WITH THIS TRANSMITTED INFORMATION PLEASE CONTACT:</b>			

# Hallwood Petroleum, Inc.

4582 S. Ulster St. Pkwy Suite 1700 Stanford Place III P.O. Box 378111  
Denver, Colorado 80237 (303) 850-7373

June 25, 1999

Mr. W. Jack Ford  
New Mexico Energy, Mineral,  
& Natural Resources Department  
Oil Conservation Department  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**RE:** *Schematic of new sump design for CDP #2 & #4.  
Discharge Plans GW-165 & GW-166  
Gas Compressors Stations  
San Juan County, New Mexico*

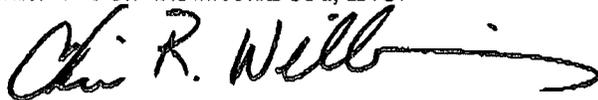
Dear Mr. Ford:

Enclosed for you review is the schematic for the new sump design for the facilities referenced above. We anticipate that our contractor will begin installing these sumps on July 1, 1999. Once the sumps have been installed at both facilities, we will pressure test the effluent discharge lines. I have already called our field representative and have informed him that if the installation of the sumps does not begin as previously mentioned he is to contact you to reschedule a date for installation. He will also give Mr. Denny Faust of the OCD Aztec office a call prior to beginning any pressure testing of effluent discharge lines.

If you have any questions you may contact me at (303) 850-6305.

Sincerely,

HALLWOOD PETROLEUM, INC.



Chris R. Williams  
Environmental/Safety Manager

Enclosures

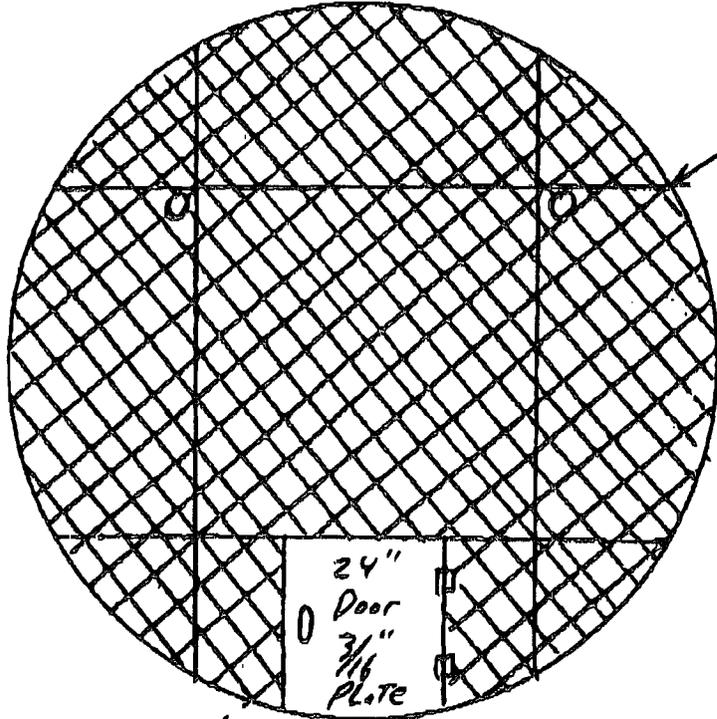
cc: Jim Bonaventura  
OCD - Aztec District Office



EAGLE WELDING

5611 US Hwy 64  
Farmington, NM 87401  
Office-FAX (505) 324-8482 • Shop (505) 324-6317

3/4" #9 Expanded Metal  
↓ Top of Tank Keep Animal's out

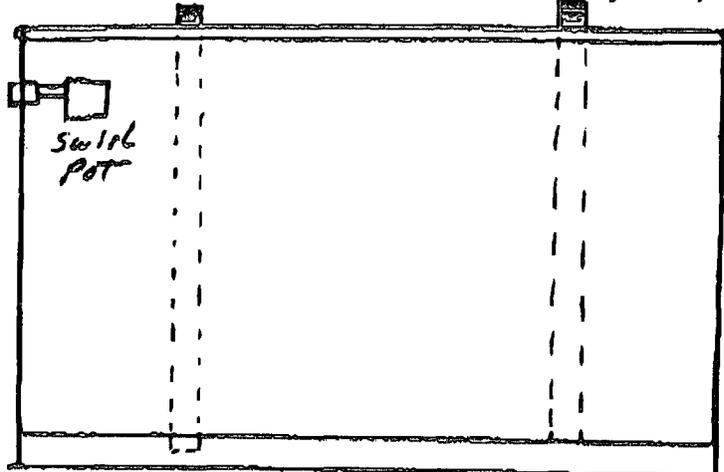


3" Channel Support Expanded Metal

Leak 2" inspection

3" siphon

2" cpl Inlet



3/16 Side wall

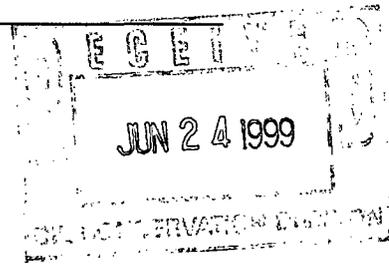
Double Bottom  
3/16"

Bolt For Cathodic Protection Diode

# Hallwood Petroleum, Inc.

4610 S. Ulster St. Pkwy - Suite 200 - Metro Point II P.O. Box 378111  
Denver, Colorado 80237 (303) 850-7373

June 18, 1999



Mr. W. Jack Ford  
New Mexico Energy, Mineral,  
& Natural Resources Department  
Oil Conservation Department  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**RE:** *Proposed Modification to Discharge Plan Permits GW-165 & GW-166  
Gas Compressors Stations  
San Juan County, New Mexico*

Dear Mr. Ford:

Hallwood Petroleum, Inc., in accordance with our discharge permits GW-165 & GW-166, has attempted to pressure test all of the effluent lines associated with these facilities. However, due to the configuration of the fiberglass sumps and the effluent lines at these facilities, we have no way of pressure testing the lines. As a result, Hallwood proposes to redesign the sumps and the effluent lines at each facility. The fiberglass sumps will be replaced with double bottom steel sumps with visual leak detection systems. These tanks will have cathodic protection and the outside of each tank will be wrapped with coal tar as added protection against corrosion. The tops of the sumps will be covered with steel-mesh screens to protect against entry by wildlife. The effluent lines will be equipped with ball valves and needle valves so that pressure tests may be conducted on the lines and the pressure test results recorded.

The sumps are currently under construction and should be ready for installation by the end of this month. I am awaiting fabrication drawings from the manufacturer and will forward a copy to you upon receipt. I will also notify you at least 72 hours prior to the installation of the sumps and the testing of the effluent lines associated with the facility.

If you have questions regarding this matter, you may contact me at (303) 850-6305.

Sincerely,

HALLWOOD PETROLEUM, INC.

Chris R. Williams  
Environmental/Safety Manager

cc: Jim Bonaventura  
Doug Elworthy  
Mr. Roger C. Anderson OCD - Santa Fe  
OCD - Aztec District Office

# Hallwood Petroleum, Inc.

4582 S. Ulster St. Pkwy • Suite 1700 • Stanford Place III • P.O. Box 378111  
Denver, Colorado 80237 • (303) 850-7373

May 21, 1999

Mr. Roger C. Anderson  
Chief, Environmental Bureau  
New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

RE: Renewal Fee for GW-165, CDP #2 Compressor Station  
San Juan County, New Mexico  
Hallwood Petroleum, Inc.

Dear Mr. Anderson:

Enclosed please find a check for the amount of \$345.00 for the renewal flat fee for GW-165. If you have any question please give me a call at (303) 850-6305.

Sincerely,



Chris R. Williams  
Environmental/Safety Manager

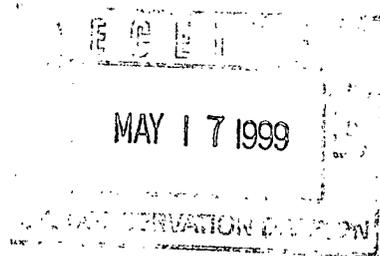
Enclosure

# Hallwood Petroleum, Inc.

4582 S. Ulster St. Pkwy • Suite 1700 • Stanford Place III • P.O. Box 378111  
Denver, Colorado 80237 • (303) 850-7373

May 12, 1999

Mr. Roger C. Anderson  
Chief, Environmental Bureau  
State of New Mexico Energy, Mineral  
& Natural Resources Department  
Oil Conservation Division  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87505



RE: Discharge Plan Renewal GW-165 & GW-166

Dear Mr. Anderson:

Enclosed please find signed copies of GW-165 and GW-166 for two compressor stations in San Juan County, New Mexico. Please give me a call if you have any question.

Sincerely,

HALLWOOD PETROLEUM, INC.

Chris R. Williams  
Environmental/Safety Manager

Enclosure

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 5/11/99,  
or cash received on \_\_\_\_\_ in the amount of \$ 345.00  
from Hallwood Petroleum, Inc.

for CDP #2 GW-165

Submitted by: [Signature] (Facility Name) Date: 6-1-99 (DP No.)

Submitted to ASD by: [Signature] Date: 6-1-99

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee \_\_\_\_\_ New Facility \_\_\_\_\_ Renewal

Modification \_\_\_\_\_ Other \_\_\_\_\_ (specify)

Organization Code 521.07 Applicable FY 99

To be deposited in the Water Quality Management Fund.

Full Payment  or Annual Increment \_\_\_\_\_

**Hallwood Petroleum, Inc.**

Post Office Box 378111 \* (303) 850-7373  
Denver, Colorado 80237

FIRST UNION NATIONAL BANK  
OF NORTH CAROLINA  
CHAPEL HILL, NC  
66-156/531

**Pay: Three Hundred Forty-five Dollars and No Cents**

CHECK NUMBER	DATE	PAY EXACTLY
[REDACTED]	05/11/1999	*****345.00

To  
The  
Order  
Of  
NEW MEXICO OIL CONSERVATION  
2040 SOUTH PACHECO  
SANTA FE, NM 87505

[Signature]  
Authorized Signature  
[Signature]  
Authorized Signature

Hallwood Petroleum, Inc.

PAYEE	CHECK NUMBER	DATE
NEW MEXICO OIL CONSERVATION	17680	05/11/1999

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PAYMENTS	NET AMOUNT
05-10-65101	05/10/99	05/10/99	345.00		345.00
I CDP-2 DISCHARGE PLAN RENEWAL FEE					

GW-165

# AFFIDAVIT OF PUBLICATION

No. 41007

STATE OF NEW MEXICO  
County of San Juan:

ALETHIA ROTH LISBERGER, being duly sworn says: That she is the Classified Manager of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication on the following day(s):

Thursday, April 8, 1999

and the cost of publication is: \$90.89

Alethia Rothlisberger

On 4-8-99 ALETHIA ROTH LISBERGER appeared before me, whom I know personally to be the person who signed the above document.

Denny Beck

My Commission Expires April 2, 2000.

## COPY OF PUBLICATION

Legal:

### NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations, the following discharge plan application(s) have been submitted to the Director of the Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

(GW-165) - Hallwood Energy Company, Chris R. Williams-, (303) 850-6305, 4582 South Ulster Street Parkway, Denver, Colorado 80327, has submitted a discharge renewal application for the CDP #2 Compressor Station located in the NE/4 SW/4 of Section 25, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 40 gallons per month of process waste water with a total solids concentration of 1500 mg/l is collected in a 300 barrel fiberglass storage tank prior to offsite disposal at an OCD approved facility. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 120 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(GW-166) - Hallwood Energy Company, Chris R. Williams-, (303) 850-6305, 4582 South Ulster Street Parkway, Denver, Colorado 80237, has submitted a discharge renewal application for the CDP #4 Compressor Station located in the NE/4 SE/4 of Section 1, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 20 gallons per month of process waste water with total dissolved solids concentration of 1500 mg/l is collected in a 300 barrel fiberglass storage tank prior to disposal offsite at an OCD approved facility. Ground water most likely to be affected in the event of an accidental discharge is at a depth of approximately 80 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application(s) may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed discharge plan application(s), the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and a public hearing may be requested by any interested person. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed plan(s) based on the information in the discharge plan application(s) and information submitted at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 17th day of March, 1999.

DIVISION

SEAL

Legal No. 41007, published in The Daily Times, Farmington, New Mexico, Thursday, April 8, 1999.

STATE OF NEW MEXICO  
OIL CONSERVATION

/s/ ROGER ANDERSON  
Roger Anderson  
for LORI WROTEBERY, Director

# The Santa Fe New Mexican

Since 1849. We Read You.

NM OCD  
ATTN: LUPE SHERMAN  
2040 S. PACHECO ST.  
SANTA FE, NM 87505

AD NUMBER: 75133      ACCOUNT: 56689  
LEGAL NO: 65063      P.O.#: 99199000357  
222 LINES      1 time(s) at \$ 97.74  
AFFIDAVITS:      5.25  
TAX:      6.44  
TOTAL:      109.43

### AFFIDAVIT OF PUBLICATION

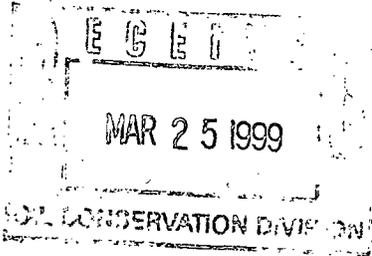
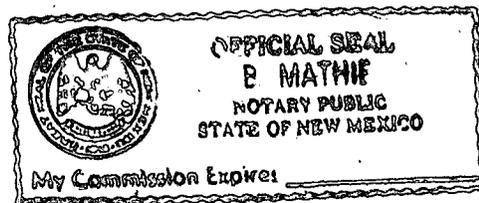
STATE OF NEW MEXICO  
COUNTY OF SANTA FE

I, B. Ruener being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTE FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a Newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication #65063 a copy of which is hereto attached was published in said newspaper 1 day(s) between 03/23/1999 and 03/23/1999 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 23 day of March, 1999 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/ Betsy Ruener  
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this  
23 day of March A.D., 1999

Notary D. Mathie  
Commission Expires 3-13-2001



NOTICE OF  
PUBLICATION

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

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GIVEN under the Seal of  
New Mexico Oil Conservation  
Commission at Santa Fe,  
New Mexico, on this 17th day  
of March 1999.

STATE OF NEW MEXICO  
OIL CONSERVATION  
DIVISION

LORI WROTENBERY,  
Director

Legal #65063  
Pub. March 23, 1999

**NOTICE OF PUBLICATION**

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

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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
for LORI WROTENBERY, Director

S E A L

# Hallwood Petroleum, Inc.

4582 S. Ulster St. Pkwy, Stanford Place III, Suite 1700  
Post Office Box 378111, Denver, CO 80237 (303) 850-7373

## FACSIMILE COVER SHEET

THE ENCLOSED MATERIAL IS INTENDED FOR THE RECIPIENT NAMED BELOW AND UNLESS OTHERWISE EXPRESSLY INDICATED, IS CONFIDENTIAL AND PRIVILEGED INFORMATION. ANY DISSEMINATION, DISTRIBUTION OR COPYING OF THE ENCLOSED MATERIAL IS PROHIBITED. IF YOU RECEIVE THIS TRANSMISSION IN ERROR PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE, AT OUR EXPENSE AND DESTROY THE ENCLOSED MATERIALS. YOUR COOPERATION IS APPRECIATED.

DATE: March 17, 1999

TIME: 10:05 AM

TO: Mr. W. Jack Ford

COMPANY: New Mexico Oil Conservation Division

FAX #: (505) 827-8177

FROM: Chris Williams

URGENT:

FOR REVIEW:

PLEASE COMMENT:

PLEASE REPLY:

COMMENTS: Dear Jack:

Per our conversation this morning, attached please find my corrections to the

Contingency Plan Section of Discharge Applications for GW-165 & GW-166.

Please give me a call if you need any additional information.

Thanks

NUMBER OF PAGES THIS TRANSMISSION: Three (3)

IF THERE IS A PROBLEM WITH THIS TRANSMITTED INFORMATION PLEASE

CONTACT: Chris Williams @ (303) 850-6305

## NOTICE OF PUBLICATION

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

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 17th day of March, 1999.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Lori Wrottenbery*  
for LORI WROTENBERY, Director

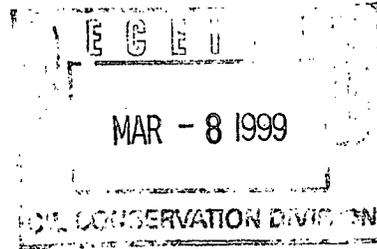
S E A L

# Hallwood Petroleum, Inc.

4582 S. Ulster St. Pkwy • Suite 1700 • Stanford Place III • P.O. Box 378111  
Denver, Colorado 80237 • (303) 850-7373

March 4, 1999

Mr. W. Jack Ford  
New Mexico Energy, Mineral,  
& Natural Resources Department  
Oil Conservation Department  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



*RE: Discharge Plan Renewal Applications for GW-165 & GW-166  
Gas Compressors Stations  
San Juan County, New Mexico*

Dear Mr. Ford:

Enclosed for review and approval are two copies of our Discharge Plan Renewal Applications for the gas compressor sites (GW-165 & GW-166) we operate in San Juan County, New Mexico. Also enclosed are two checks for the amount of \$50.00 to cover the fees associated with these Renewal Applications.

Please forward any approval or return correspondence to the address referenced above. If you have any questions you may contact me at (303) 850-6305.

Sincerely,

HALLWOOD PETROLEUM, INC.

Chris R. Williams  
Environmental/Safety Manager

Enclosures

cc: Jim Bonaventura  
OCD - Aztec District Office

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 3-2-99,

or cash received on 3-15-99 in the amount of \$ 50.00

from Hallwood Petroleum, Inc.

for CDP #2 Compressor Station GW-165

Submitted by: WJ Ford Date: 3-15-99

Submitted to ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee  New Facility \_\_\_\_\_ Renewal

Modification \_\_\_\_\_ Other \_\_\_\_\_  
(specify)

Organization Code 521.07 Applicable FY 99

To be deposited in the Water Quality Management Fund.

Full Payment \_\_\_\_\_ or Annual Increment \_\_\_\_\_

Hallwood Petroleum, Inc.

PAYEE	CHECK NUMBER	DATE
NMED WATER QUALITY MANAGEMENT	50055	03/02/1999

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PAYMENTS	NET AMOUNT
03-10-65050	2/25/99	02/25/99	50.00		50.00
I DISCHARGE PLAN APPLICATION FEE FOR CDP #2					

**Hallwood Petroleum, Inc.**

Post Office Box 378111 \* (303) 850-7373  
Denver, Colorado 80237

FIRST UNION NATIONAL BANK  
OF NORTH CAROLINA  
CHAPEL HILL, NC  
66-156/531

*Pay: Fifty Dollars and No Cents*

CHECK NUMBER	DATE	PAY EXACTLY
	03/02/1999	*****50.00

To The Order Of  
NMED WATER QUALITY MANAGEMENT  
2040 SOUTH PACHECO STREET  
SANTA FE, NM 87505

*T. J. Jung*  
Authorized Signature  
*R. West*  
Authorized Signature

Hallwood Petroleum, Inc.

PAYEE	CHECK NUMBER	DATE
NMED WATER QUALITY MANAGEMENT	50055	03/02/1999

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PAYMENTS	NET AMOUNT
03-10-65050	2/25/99	02/25/99	50.00		50.00
I DISCHARGE PLAN APPLICATION FEE FOR CDP #2					

**istrict I** - (505) 393-6161  
O. Box 1980  
obbs, NM 88241-1980  
**istrict II** - (505) 748-1283  
11 S. First  
tesia, NM 88210  
**istrict III** - (505) 334-6178  
100 Rio Brazos Road  
ztec, NM 87410  
**istrict IV** - (505) 827-7131

New Mexico  
Energy Minerals and Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

Revised 12/1/9

Submit Origin:  
Plus 1 Copy  
to Santa F  
1 Copy to appropriate  
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES.  
GAS PLANTS, REFINERIES, COMPRESSOR, AND CRUDE OIL PUMP STATIONS  
(Refer to the OCD Guidelines for assistance in completing the application)

New

Renewal

Modification

1. Type: Gas Compressor Facility
2. Operator: Hallwood Energy Company  
Address: 4582 South Ulster Street Parkway, Denver, CO 80237  
Contact Person: Chris R. Williams Phone: (303) 850-6305
3. Location: NE /4 SW /4 Section 25 Township 32 N Range 13 W  
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: Chris R. Williams Title: Environmental/Safety Manager  
Signature: *Chris R. Williams* Date: 3/4/99

**DISCHARGE PLAN  
RENEWAL APPLICATION  
FOR  
GW-165**

**GAS COMPRESSOR SITE CDP #2**

**HALLWOOD ENERGY  
COMPANIES**

**Submitted to:**

**State of New Mexico  
Energy, Minerals and Natural Resources Department  
OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa, Fe NM 87505**

**MONTOYA 25-2 COMPRESSOR STATION, SITE CDP #2  
DISCHARGE PLAN RENEWAL APPLICATION FOR  
GW-165**

The Discharge Plan Renewal Application has been prepared in accordance with Oil Conservation "Division guidelines for the Preparation of Ground Water Discharge plans at Natural Gas Processing Plants".

**1. Type of Operation**

Hallwood Energy Company (HEC) has installed a 1,085 Horsepower reciprocating engine with a compressor and a 600 Horsepower reciprocating engine with a compressor at this facility. The compressors will compress an approximate total of 2,200 MCF of natural gas from a low-pressure field line (100-psi) to a high-pressure line (420-psi). The site is located approximately four (4) miles NE of La Plata, New Mexico.

HEC is the owner of the facility and operator of the dehydration system. Compressor Systems, Inc (CSI) operates the compressor at the facility.

Major Operational Components:

Field Compressors consisting of

- A 1,085 HP compressor,
- A 600 HP compressor,
- Two outlet triethylene glycol (TEG) dehydrators with regeneration heaters and 130-gallon makeup TEG tank,
- One 400-bbl. water storage tank (associated with dehydrators),
- Two two-phase inlet separators,
- Two suction scrubbers,
- Two fuel gas filters,
- Two 300-gallon lubricating oil makeup tanks,
- Two fin-fan coolers,
- Two 50-bbl. Waste oil fiberglass reinforced plastic tank,
- One 50-bbl. Fiberglass reinforced plastic dehydrator blowdown tank.

*Handwritten signature and date:*  
F. J. ...  
8/21/82

## **2. Operator/Legally Responsible Party and Local Representative**

### **Legally Responsible Party:**

Mr. Bill Guzzetti  
Hallwood Energy Companies  
3710 Rawlings, Suite 1500  
Dallas, Texas 75219  
(800) 225-0135

### **Local Representative:**

Mr. Jim Bonaventura  
Hallwood Energy Companies  
463 Turner Drive, Suite 101  
Durango, CO 81301  
(970) 259-1374

### **Compressor Operator:**

Mr. Johnny Hayes  
Compressor Systems, Inc.  
501 Airport Drive  
Farmington, NM 87401  
(505) 327-6943

### **Dehydrator Operator:**

Mr. Doug Elworthy  
Hallwood Energy Companies  
463 Turner Drive, Suite 101  
Durango, CO 81301  
(970) 259-1374

## **3. Location of Facility**

The facility is located in Letter K, SW/4, Section 25, Township 32N, Range 13W, San Juan County, New Mexico. A topographic map is provided in Appendix A. The facility site plan is provided in Appendix B.

From the intersection of Highway 170 and Highway 574 in La Plata, go approximately two (2) miles east on Highway 574, then turn left at County Road 1300. Go approximately 3.5 miles on a dirt road to the Compressor Station.

#### 4. Landowner

Mr. Burke Greene ✓  
812 Grandview Drive  
Albuquerque, NM 87108

#### 5. Facility Description

A diagram indicating the location of fences, pits, berms and tanks associated with the facility is provided in Appendix B. This diagram depicts the location of storage facilities, disposal facilities, processing facilities, and other relevant areas. The facility boundary is shown on the diagram.

#### 6. Materials Stored or Used at the Facility

The materials stored or used at this facility include triethylene glycol and compressor lubricating oil. The triethylene glycol is stored in one 130-gallon regeneration makeup tank and the lubricating oil is stored in two 300-gallon makeup tanks.

#### 7. Sources, Quantities, and Quality of Effluent

##### Inlet Separators

Two 2-phase separators separate the gas and liquids. A mixture of hydrocarbons and water discharges from the wells to the inlet of the separators/treaters. Approximately 30 barrels per month will be discharged into the separators/treaters. The separators/treaters are part of the outlet dehydrator system. The exact volume of liquids will vary depending on the quality of the gas.

##### Compressors

A 1,085 HP and 600 HP compressor are installed on this site. The compressors are mounted on econo-skids consisting of built-in compressor pads with non-permeable trays around the compressor units to contain spills. The econo-skids insure containment of drips, spills, and washdown from the units.

The compressors are installed in such a manner to ensure containment of drips, spills and washdown waters. Any spills or washdown waters from cleaning operations are contained and discharged into a fiberglass tank.

##### *A. Washdown Water*

The compressors are washed every ~~three (3)~~ <sup>100</sup> months with seventy ~~(20)~~ gallons of water. The washdown water from each unit is discharged into the fiberglass tank mentioned above through the econo-skid drain line. A nontoxic, biodegradable cleaner is used to clean the compressor units.

*B. Lubricating Oil, Waste Lubricating Oil and Used Engine Oil Filters*

CSI is responsible for maintenance of the compressors and for the removal of waste lube oils. Waste oil generated by the compressors is hauled from the site in accordance with OCD regulations and is recycled. CSI is responsible for hauling and D&D Recycled Oil is responsible for recycling the waste oil. Additional information is provided in the Effluent Disposal Section on Page 5. A copy of D&D Oil's EPA Form 8700-12A is provided in Appendix C.

Compressor oil filters and engine oil filters are replaced every month. The engine oil filters are allowed to drain completely prior to disposal with Genesis Environmental.

*C. Packing Vent Waste Oil*

Waste oil is generated at a rate of approximately eighty (80) gallons per month through continuous blowdown from the compressor packing vent drains. The packing vent drains discharge into a fiberglass pit.

*D. Engine Cooling Water*

A 210-gallon (1,085 HP engine) and a 90-gallon (600 HP engine) cooling water surge tanks are located on of the skid mounted compressor packages. A mixture of propylene glycol and water is used as cooling water. When it is necessary to drain the cooling water system for maintenance or repairs, the cooling water is drained into steel drums or a small tank mounted on a pickup truck. After maintenance and/or repairs, the cooling water is placed back into the cooling system.

*E. Suction and Interstage Scrubbers*

Suction and interstage scrubbers are on the skid mounted compressor packages. These scrubbers remove natural gas liquids. The volume of liquid from the scrubber is very small. Approximately ~~twenty~~<sup>forty</sup> (40) gallons per month of a mixture of hydrocarbons and water discharge from the compressor scrubbers to the inlet of the separator/treaters. The volume of liquids discharged from these scrubbers varies depending on the quality of the gas entering the system.

*Outlet Dehydrator*

The dehydration portion of the facility is operated by HEC. The dehydrators are skid mounted and located West of the compressors. Each dehydrator consists of filter separators, separator/treater, absorber and a regenerator. The dehydration area is bermed.

## 8. Transfer and Storage of Process Fluids and Effluents

### A. Summary Information

Source	Onsite Collection
<u>Inlet Separators</u>	Separator/Treaters
<u>Compressors</u>	
Washdown Water	Fiberglass Tank
Waste Lube Oil	Hauled Off-Site
Engine Oil Filters	Hauled Off-Site
Packing Vent Waste Oil	Fiberglass Tank
Engine Cooling Water	Fiberglass Tank
Suction & Interstage Scrubber	Fiberglass Tank
<u>Outlet Dehydrator</u>	
Separator/Treater (Water)	Evaporation Pit
Separator/Treater (Oil)	N/A

### B. Water and Wastewater Schematic

A schematic denoting the wastewater system is provided in Appendix B.

### C. Specifications

Pipelines - All wastewater piping is below ground and not pressurized. Suction scrubber and interstage scrubber piping for both units are also below ground and not pressurized. Each line is open-ended and discharges into the fiberglass tank.

### D. Fluids Disposal and Storage Tanks

The hydrocarbons are recycled. The water fraction is separated and discharged into a fiberglass tank. It is disposed in a manner that meets OCD regulations. Additional information is provided in the Effluent Disposal Section below.

### E. Prevention of Unintentional and Inadvertent Discharges

All storage tanks for fluids other than freshwater are bermed to contain a volume one-third more than the tank contents. All aboveground tanks are placed on a gravel pad and placed on an elevated stand so that any leaks that may occur can be visually detected.

There is no chemical or drum storage area. Drums utilized to contain engine cooling water or waste oil are removed from the site at the end of each workday.

*F. Underground Pipelines*

The wastewater underground piping carrying waste liquids to the collection tanks are open-ended non-pressurized lines, therefore, hydrostatic testing is unwarranted and has not been performed.

*G. Effluent Disposal*

Off-Site Disposal

All liquids from the site are handled in accordance with OCD and NMED regulations. All solid wastes are removed from the site by either CSI or Three Rivers Trucking.

CSI is responsible for disposal of waste oil and filters.

Waste Oil Hauling Agent:

Compressor Systems, Inc.  
501 Airport Drive  
Farmington, NM 87401

Waste Oil Final Disposal:

D&D Recycled Oil  
10 Road 5044  
Bloomfield, NM 87413

Waste Water Hauling:

Three river Trucking  
603 E. Murray Drive  
Farmington, NM 87402

Waste Water Final Disposal:

Basin Disposal, Inc.  
6 County Road 5046  
Bloomfield, NM 87413

Used Filter Hauling Agent:

Compressor Systems, Inc.  
501 Airport Drive  
Farmington, NM 87401

Used Filter Final Disposal:

Genesis Environmental  
2220 Second Street  
Albuquerque, NM

## **9. Proposed Modification to Collection/Treatment/Disposal System**

There are currently no planned modifications to the existing collection, treatment, and disposal system in place at this facility.

## **10. Inspection, Maintenance, Reporting**

CSI and HEC employees visit the site on a daily basis. Each day the compressors are inspected for any leaks. Daily inspection and maintenance logs of the two compressors are kept by CSI.

The site is visited regularly by HEC employees as well. HEC inspects the inlet separator, filter separator, separator/treater, absorber and regenerator for any leaks or spills.

## **11. Contingency Plan (Spill/Leak Prevention and Reporting)**

The compressor sites are graded and bermed so that precipitation and runoff do not cause water to enter or leave the process areas.

The dehydrator process areas are bermed so that precipitation and runoff do not cause water to leave the process area. The compressors are equipped with econo-skids so that any leaks or spills are contained.

Since HEC personnel or its contractor visits the site on a daily basis, any leaks, spills, and/or drips will be quickly identified. Regularly scheduled maintenance procedures also help to assure that the equipment remains functional and thus the possibility of spills or leaks is further minimized.

Leaks, spills, and drips will be handled in accordance with OCD Rule 116 as follows:

- Small spills will be absorbed with soil and shoveled into drums for off-site disposal. If the soil is an "exempt" waste, the soil will be disposed at an OCD approved landfarm facility. If the soil is a "nonexempt" waste, the soil will be characterized and disposed according to the analytical profile.
- Large spills will be contained with temporary berms. Free liquids will be removed by use of a vacuum truck. Any hydrocarbon liquid will be recycled. Any contaminated soil will be disposed as discussed in the paragraph above.
- Cleanup standards of the impacted soils will be performed in accordance with the NMOCD Ranking Criteria, Ranking Score and Action Levels as provided in Rule 116
- Verbal and written notification of leaks or spills will be made to the OCD in accordance with Rule 116.

- All areas identified as susceptible to leaks or spills are bermed or otherwise contained to prevent the discharge of effluents.

A Response Plan to address possible spills or leaks from this facility is provided in Appendix D.

## 12. Site Geology/Hydrologic Information.

### Site Geomorphology and Characteristics

Hallwood's compressor station identified as CDP #2 is located on the eastern side of the La Plata River in the northern portion of the San Juan Basin. The area surrounding the facility is characterized by high sagebrush plains with small arroyos and washes. The soil type beneath the site has been identified as the Doak-Aralon (USSCS, 1997). The site is located on gently sloping terrain at least 3/4 mile from McDermott Arroyo, the permanent drainage of the area. This Arroyo is fed by many smaller gullies and rills and travels to the southwest until it converges upon the La Plata River.

CDP#2 is located in the SW/4 Section 25, T32N, R13W at an elevation of 5,880 feet above MSL. The compressors are on a self-contained skids placed on gravel pads.

### Regional Geology

CDP #2 is located in the northwest portion of the San Juan Basin on Tertiary Nacimiento sediments. The area is adjacent to the Monocline, a structural feature of the Late Cretaceous or early Tertiary Period.

### Nacimiento

The Nacimiento Formation is made up of medium to very coarse-grained arkosic sands interbedded with dark carbonaceous clays forming the unique rounded mounds and hills of the bad lands. The thickness of the Nacimiento Formation varies from 400' to 2,000'. Stratigraphically, the Nacimiento Formation is a local aquifer with interbedded sandstone lenses. The broad open surfaces of the shallow dipping limbs of the Nacimiento Formation in the San Juan Basin serve as recharge areas for ground water in the aquifer. A hydrologic map depicting specific conductance of specific wells and springs of the area is provided in Appendix E.

### Flood Protection

CDP #2 is located in an area not associated with flooding. All drip tanks on location are fiberglass lined and are set with the edge of the tanks being above ground level. Berms have been placed around the pits with all pits being fenced.

All maps are from Hydrologic Report 6, New Mexico Bureau of Mines and Minerals, 1983.

### **13. Closure Plan**

The closure plan for CDP #2 will be performed in accordance with applicable regulations. A description is provided below:

#### *Inlet Separators*

The inlet separators will be disconnected and transported from the site to be utilized at another location, placed into storage for future use or sold. Any liquids discovered in the separators during the disconnect will be drained into buckets and then transferred to the fiberglass tanks for temporary storage prior to final disposition. Any solids that may have accumulated in the bottom of the separators will be transferred to drums and temporarily stored prior to final disposition either by disposal at an OCD approved landfarm or on-site bioremediation.

#### *Compressors*

All fluids (i.e., all used lubricating oil, engine oil and coolants) will be drained from the compressor and placed in drums by CSI for recycling. All unused liquids will be removed by CSI for use at another facility. Upon removal of the compressors, the gravel pad and pad base will be inspected for unnoticed leaks and spills. Any leaks or spills observed during this inspection will be remediated in accordance with Rule 116 (See Section 11).

#### *Fiberglass Pits*

Prior to the closure of the fiberglass pits, liquid and solid samples will be collected from the pits for disposal characterization. Once this solid waste has been characterized, the waste will be removed from the pits by use of a vacuum truck and transported to the appropriate disposal facility for disposal per RCRA regulations.

The fiberglass pits will then be removed and decontaminated prior to removal from the site. The washwater from this procedure will be placed in storage drums and characterized as described above prior to final disposition. The fiberglass pit will then either be disposed of at a construction debris landfill or transported to another site for reuse.

Any leaks discovered at the base of the pit during pit removal will be remediated as previously described.

### Dehydrators

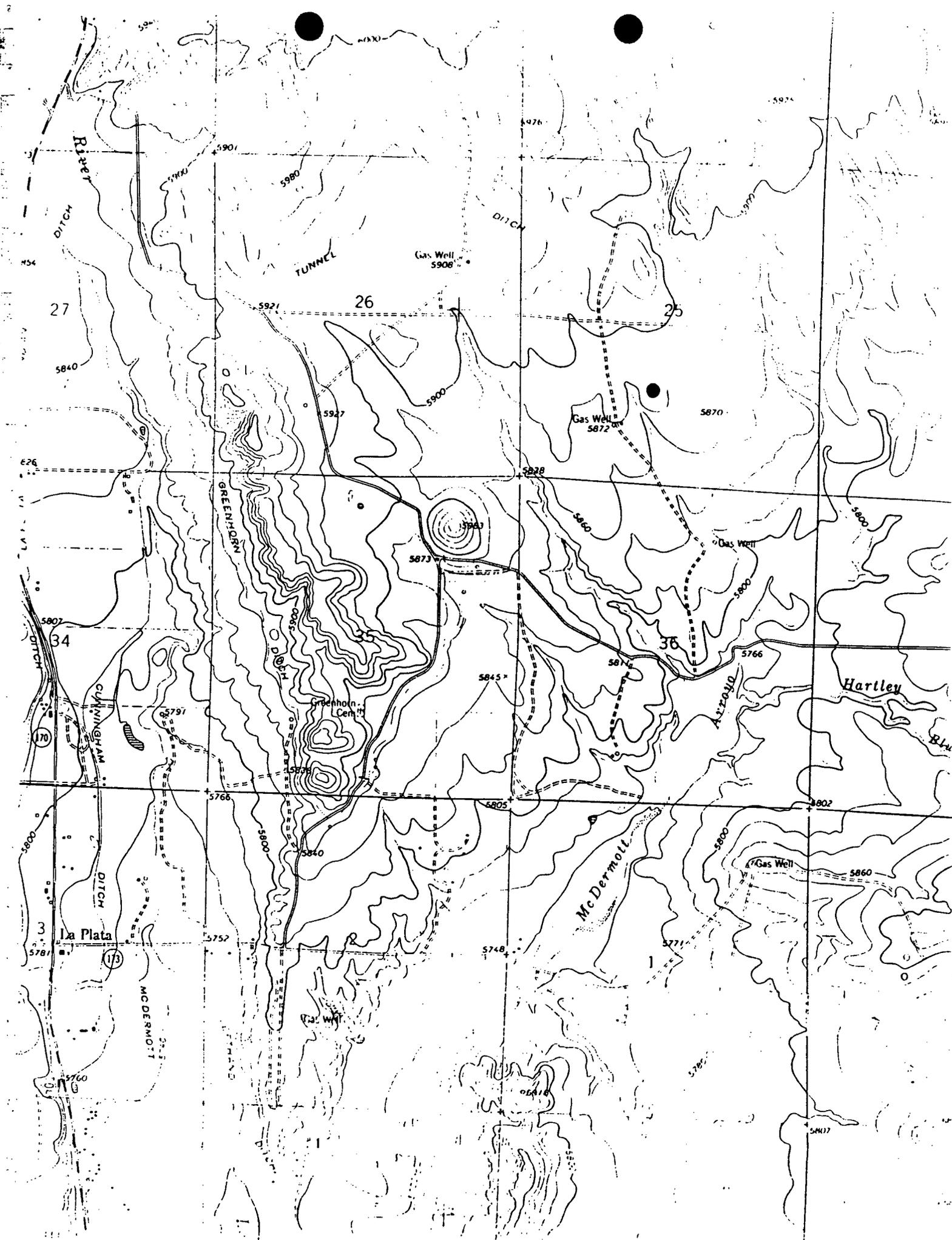
The two dehydrators located at this facility will be removed and either transported to another location for reuse or placed in storage for future use. Used TEG will be directed to the fiberglass tanks, and the unused TEG will be removed by HEC for use at another facility.

### Underground Piping

All underground piping associated with this facility will be removed upon abandonment and sold for salvage. These ditches will also be inspected and any leaks observed will be remediated as previously described.

**APPENDIX A**

**Topographic Map**



27

26

25

34

36

3

TUNNEL

River  
DITCH

GREENHORN

CUNNINGHAM

La Plata

Mc Dermott

Hartley

Gas Well  
5908

Gas Well  
5872

5870

Gas Well

Greenhorn  
Cen.

Gas Well

5860

5840

5900

5927

5976

5974

626

5878

5807

5800

5791

5838

5845

5874

5766

5800

5800

5840

5805

5802

5752

5748

5771

5760

McDERMOTT

Gas Well

5818

5782

5807

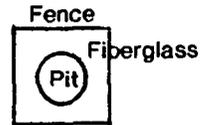
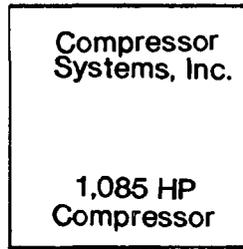
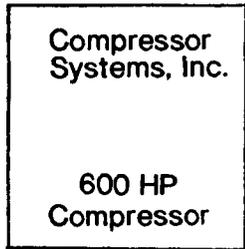
**APPENDIX B**

**Facility Site Plan**

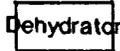
Subject \_\_\_\_\_

# Hallwood Petroleum, Inc.

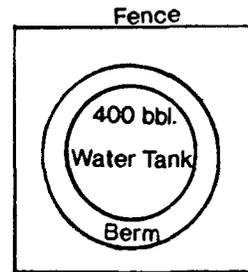
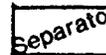
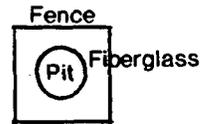
Date \_\_\_\_\_ By \_\_\_\_\_ Page \_\_\_\_\_



Well head



Dehydrator



CDP #2

**APPENDIX C**

**EPA Form 8700-12A**



ACKNOWLEDGEMENT OF NOTIFICATION  
OF REGULATED WASTE ACTIVITY  
(VERIFICATION)

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

EPA I.D. NUMBER

NHD986682102

INSTALLATION ADDRESS

504 SP 20 COUNTY RD  
BLOOMFIELD NM 87413

# **APPENDIX D**

## **Response Plan**

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## *OIL SPILL CONTINGENCY PLAN RESPONSE PLAN*

**Name of Facility**      Various Oil and Gas Wells (SPG #1270)

**Operator**              Hallwood Petroleum, Inc.

### **Response Plan**

Company or contract personnel who discover an oil spill should: 1) close off the source of the spill, if safe to do so, and control the spill if possible, 2) notify Hallwood Supervisors, and 3) call for necessary equipment and contractors to control the spill. Personnel should directly notify emergency and regulatory agencies if the Hallwood Supervisors are not available and if there is an immediate danger to human health, property, or the environment.

Personnel should attempt to close off the source of the spill only if the situation is safe and if there is no danger of physical harm. Do not attempt to close off the source of a spill if fire is involved. Minor repairs to ring dikes and construction of spill barriers may be safely performed with shovels and other types of small earth-moving equipment.

Personnel should contact their Hallwood supervisors by telephone as soon as possible to report the incident. The Hallwood supervisors responsible for all spills in New Mexico, and the emergency and regulatory agencies are listed in this SPCC plan under the Company, Emergency and Regulatory Contacts section. The following information should be described to Hallwood Supervisors or to emergency and regulatory agencies:

- (1) Date and time the spill was discovered,
- (2) Location of spill by legal definitions and by distance and direction from the nearest town or landmark,
- (3) Estimated quantity of the spill, area and depth of soil affected, distance spill traveled,
- (4) General prevailing conditions in the area including precipitation, temperature, and soil conditions,
- (5) Corrective actions taken, and
- (6) Immediate or potential danger to human health or the environment.

Except in cases of extreme emergency, the authority to contact cleanup contractors and to begin cleanup operation must be obtained from a Hallwood Supervisor. Cleanup contractors are listed in this SPCC plan under the Cleanup Contractors section.

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## OIL SPILL CONTINGENCY PLAN RESPONSE PLAN

**Name of Facility**      Various Oil and Gas Wells (SPG #1270)

**Operator**              Hallwood Petroleum, Inc.

### Response Plan (continued)

Notification procedures for fires, breaks, leaks spills and blowouts are described in *Rule 116 of the New Mexico Oil Conservation Division (OCD) Rules and Regulations (revised February 1, 1996)*.

Oil and water spills of varying quantities and situations require the following notifications to regulatory agencies:

- (1) **Less than 5 barrels of oil or less than 25 barrels of salt water, not reaching a watercourse or entering a stream or lake:** No immediate or subsequent notification required. Spill must be remediated to OCD guidelines.
- (2) **5-25 barrels of oil or 25-100 barrels of salt water, not reaching a watercourse or entering a stream or lake:** No immediate notification required. Spill must be remediated to OCD guidelines. Subsequent notification is required.
- (3) **Greater than 25 barrels of oil or 100 barrels of salt water, not reaching a watercourse or entering a stream or lake:** Immediate notification is required. Spill must be remediated to OCD guidelines. Subsequent notification is required.
- (4) **Any quantity reaching a watercourse or entering a stream or lake:** Same as (3) above.
- (5) **Any spill involving a blowout or fire:** Same as (3) above.
- (6) **Any spill which has a reasonable probability to endanger human health or result in damage to property:** Same as (3) above.

4-27 Update  
Updated

“Immediate Notification” shall be as soon as possible after discovery and shall be either in person or by telephone to the OCD District Office. The information to be conveyed during the immediate notification is similar to that described to Hallwood supervisors (see page 32). “Subsequent Notification” shall be a complete written report of the incident within ten days after discovery.

If a fire department or Hazardous Material Response Team responds to control a spill or fire then OSHA regulations prohibit further cleanup operations without the cleanup personnel being trained as hazardous waste site workers.

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## OIL SPILL CONTINGENCY PLAN RESPONSE PLAN

**Name of Facility**      Various Oil and Gas Wells (SPG #1270)

**Operator**              Hallwood Petroleum, Inc.

### Response Plan (continued)

This SPCC plan must be kept at the Hallwood field offices where it is accessible to all Hallwood personnel. The SPCC plan must be submitted to the Environmental Protection Agency (EPA) whenever:

- (1) A spill of 24 barrels or more occurs,
- (2) Any two reportable events occur within a 12 month period, or
- (3) EPA makes a specific request to see the plan.

A record of all reportable spills must be kept with this SPCC plan. Attachment #1 Record of Oil Spills has been provided for the purpose of spill recordkeeping.

### Cleanup of Spills

Hallwood does not maintain the equipment or supplies necessary to contain or cleanup a large oil spill. A list of contractors and suppliers to be contacted in the event of a spill is included in this SPCC plan under the Cleanup Contractors section. More complete soil and ground water cleanup procedures are described in OCD's *Guidelines for Remediation of Leaks, Spills and Releases (August 13, 1993)*.

#### Spills onto Soil

Mobile oil spills should be contained as soon as possible by the construction of earthen dams or by the placement of mechanical barriers. Free oil may be removed from the ground by the use of a vacuum truck. Remaining free oil may be removed from the ground by the use of oil-absorbent materials.

When all free oil has been removed the site should be assessed for severity of contamination and potential environmental and public health threats using a risk based ranking system. The depth to ground water, the distance to water wells or springs and the distance to surface water bodies should be determined. The lateral and vertical extent of soil contamination should be determined by physical observations and by sampling.

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## ***OIL SPILL CONTINGENCY PLAN RESPONSE PLAN***

**Name of Facility**      Various Oil and Gas Wells (SPG #1270)

**Operator**              Hallwood Petroleum, Inc.

### **Cleanup of Spills (continued)**

#### **Spills onto Soil (continued)**

If ground water is encountered during the soil sampling then a ground-water sample should be gathered. The soil and water remediation action level may be determined using the data gathered.

Soil exceeding the action level must be remediated by OCD approved methods. Contaminated soil may be excavated for treatment at the surface or treated in-situ. Excavated soil may be disposed of at an off-site OCD approved facility. Soil may be landfarmed if it does not contain free oil. In-situ treatment may be accomplished using vapor venting, bioremediation or other approved treatment system.

Ground water remediation activities will be reviewed and approved by OCD on a case-by-case basis prior to commencement of remedial activities.

Remedial actions must continue until the residual soil and ground water contaminant concentrations are below the previously determined action level.

#### **Spills onto Water**

Oil spills onto surface water of any quantity must be cleaned up to the satisfaction of landowners and the OCD. The spill should be contained as soon as possible by the use of floating booms or other mechanical barriers. Free oil may be removed from the water by the use of a vacuum truck or by the use of oil-skimming equipment. Remaining free oil may be removed from the water by the use of oil-absorbent materials. Oil-absorbent materials may also be used to remove oil which has accumulated on shoreline soils, rocks, and vegetation. Oil-contaminated shoreline materials may require removal to a suitable treatment site for cleanup, and may be cleaned as described in the Spills onto Soil section above.

# RESPONSE PLAN EMERGENCY CONTACTS

**Name of Facility** CDP #2

**Operator** Hallwood Petroleum, Inc.

## **Company, Emergency and Regulatory Contacts**

### Hallwood Supervisors

Jim Bonaventura - Area Superintendent  
Durango, Colorado

Office: (970) 259-1374

Home: (970) 247-9662

Mobile: (970) 749-0571

Kevin O'Connell - Drilling/Production Manager  
Denver, Colorado

Office: (303) 850-6305

Home: (303) 838-2191

### Fire Departments (Hazardous Materials Response Teams)

Farmington, New Mexico 911 or (505) 325-3501

La Plata, New Mexico (505) 326-3505

### New Mexico Oil Conservation Division

District III Office (505) 334-6178  
Aztec, New Mexico

### Local Emergency Planning Committee

San Juan County (505) 334-1180  
Don Cooper  
Aztec, New Mexico

### State Emergency Planning Commission

Max Johnson (505) 827-9223  
Chemical Safety Office  
Department of Public Safety  
Santa Fe, New Mexico

EPA National Response Center (800) 424-8802

# RESPONSE PLAN CLEANUP CONTRACTORS

## Water Haulers

Dawn Trucking Co.  
Farmington, NM  
(505) 327-6314

Sunco Trucking Co.  
Farmington, NM  
(505) 327-0416

Three Rivers  
Farmington, NM  
(505) 325-8017

## Dirt Contractors

Helmur Corp.  
Durango, CO  
(970) 247-4036

Ebberts Construction  
Durango, CO  
(970) 677-2476

Nickles Bros. Construction  
Farmington, NM  
(505) 325-4840

## Roustabouts

Tane's Oilfield  
Durango, CO  
(303) 385-6881

L&L Oilfield Service  
Farmington, NM  
(505) 325-9381

Iron Horse  
Farmington, NM  
(505) 334-3121

Wayne Hare  
Durango, CO  
(970) 247-4511

Stover & Son  
Farmington, NM  
(505) 327-5818'

## Suppliers and Environmental Consultants

ECCS  
Farmington, NM  
(505) 327-0041

On-Site  
Farmington, NM  
(505) 325-8786  
(505) 327-7105

## Corrections to GW-165 Discharge Permit Application Deficiencies

### 11. Contingency Plan (Spill/Leak Prevention Reporting)

Leaks, spills and drips associated with this compressor station will be handled in accordance with the requirements of OCD Rule 116 as follows:

#### Major Spills

Spills greater than 25 barrels of crude oil, condensate, saltwater, etc., or a gas release in excess of 500 MCF will be immediately reported to the OCD by verbal communication within 24-hours. A written notification shall then follow within 15 days on Form C-141.

Spill of any quantity which reach a watercourse or pose a threat to human health and the environment or which could reasonably be expected to impact groundwater will also be reported to the nearest OCD District Office and the OCD State Office in Santa Fe in the same manner as described above.

#### Minor Spills

Spills greater than 5 barrels and less than 25 barrels and gas releases between 5 and 50 MCF will be reported by written notification within 15 days occurrence on Form C-141 to the OCD.

#### Corrective Action

The OCD Ranking System will be used to determine the cleanup action level for any spill discovered at the site. These action levels are based on depth to groundwater, wellhead protection areas, and the distance to surface water bodies.

All impacted soils delineated during a site investigation will be remediated in accordance with approved OCD remediation techniques and closure requirements.

# LEAK AND SPILL REPORTING

## RULE 116 NMOCD

**Notification:** Operators must report all unauthorized releases per reporting requirements.

*Updated*

### Reporting requirements:

**Major Releases:** Immediate verbal notification (within 24 hours) and written notification (within 15 days) on form C-141; for

- \* > 25 barrels (crude oil, condensate, salt water, etc);
- \* Any Volume which;
  - + results in a fire;
  - + will reach a water course;
  - + may with reasonable probability endanger public health; or results in substantial damage to property or the environment.
- \* > 500 mcf Gas.
- \* Any Volume (Gas, Liquid, or solid);
  - + Which may with reasonable probability be detrimental to water or cause an exceedance of the standards in 19 NMAC 15.A.19 (groundwater standards).

**Note:** These requirements includes the vadose zone above groundwater, in addition any discovery of surface/ground water contamination must be reported to the NMOCD District office and the NMOCD Environmental Bureau in Santa Fe.

---

**Minor Releases:** Minor release shall be reported by written notification on form C-141 within 15 days; for

- \* > 5 but less than < 25 bbls (crude oil, condensate, salt water, etc).
- \* > 50 but less than < 500 mcf GAS.

---

### CORRECTIVE ACTION:

The responsible person must complete Division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the Division or with an abatement plan submitted in accordance with Rule 19 (19NMAC 15.A.19).

**Remediation Plan Definition:** Rule 7

Shall mean a written description of a program to address unauthorized releases. The plan may include appropriate information, including assessment data, health risk demonstrations, and corrective actions(s). The plan may also include an alternative proposing no action beyond the submittal of a spill report.

**Note:** Operators are responsible for corrective actions for non-reportable releases.

Depth To Ground Water

Ranking Score

<50 feet	20
50 - 99	10
>100	0

Wellhead Protection Area

<1000 feet from a water source, or;  
<200 feet from private domestic water source

Yes	20
No	0

Distance To Surface Water Body

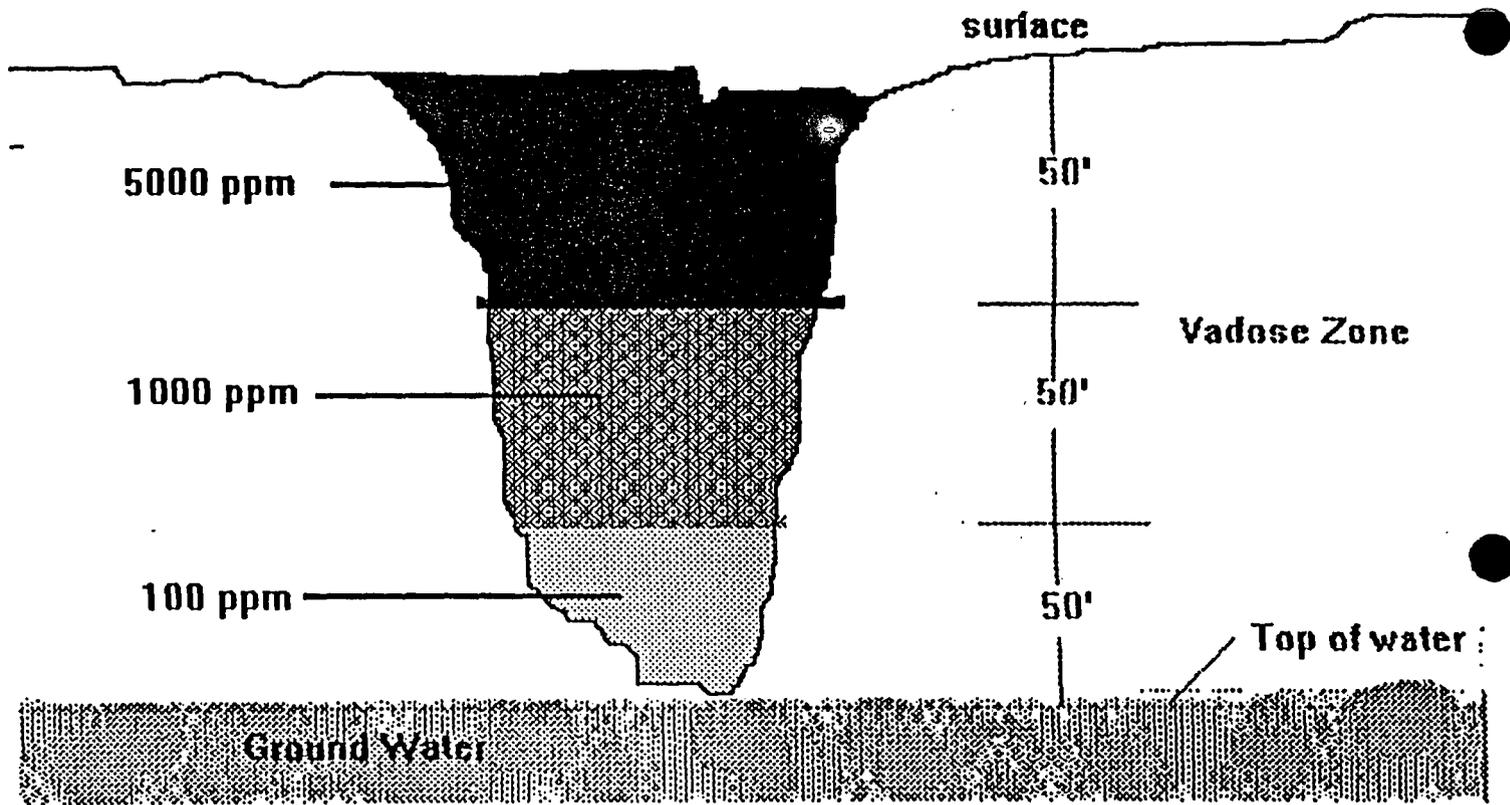
<200 horizontal feet	20
200 --1000 horizontal feet	10
>1000 horizontal feet	0

Total Ranking Score

	<u>&gt;19</u>	<u>10 - 19</u>	<u>0 - 9</u>
<u>Benzene(ppm) *</u>	10	10	10
<u>BTEX(ppm) *</u>	50	50	50
<u>TPH(ppm) **</u>	100	1000	5000

The depth to ground water is defined as the vertical distance from the lowermost contaminates to the seasonal high water elevation of the ground water.

# Total Petroleum Hydrocarbons (TPH) vs Ground Water Depth



# REMEDIATION TECHNIQUES & TERMINATION

## Vadose Zone Soil Remediation Techniques:

- \* **Excavation**
  - \* Excavate all soils that exceed guideline levels; or
  - \* Excavate soils or major sources of contamination to the maximum depth and horizontal extent practical. Determine if existing levels would be a future threat to public health, ground water, and/or the environment; by
    - \* Providing known and proven risk assessment methods to include;
      - + leaching models, and/or;
      - + leachability test, and/or,
      - + long term monitoring.
  
- \* **Excavated Soils (how to handle)?**
  - \* Disposed of off-site at an NMOCD approved facility.
  - \* Landfarmed on site. Note: In high risk areas special requirements will apply.
  - \* Composting.
  - \* Shredding.
  - \* Thermo-treating
  - \* Soil Washing
  - \* Soil dilution, under certain circumstances.
  - \* Others
  
- \* **In situ Treatment**
  - \* Bioremediation
  - \* Vapor Venting (SVE systems)
  
- \* **Stabilization/encapsulation**
  - \* cement, lime, gin trash, soil additions, etc
  - \* leachability test will probably be required.
  
- \* **Alternate Methods**

## FINAL TERMINATION:

- \* Includes proper backfilling and contouring, and
- \* can include site vegetation, depending upon land status.

**Special Note: All operators should be aware that certain NMOCD rules, regs, and guidelines may not in some instances supersede certain landowners rights.**

**APPENDIX E**

**Hydrologic Map**

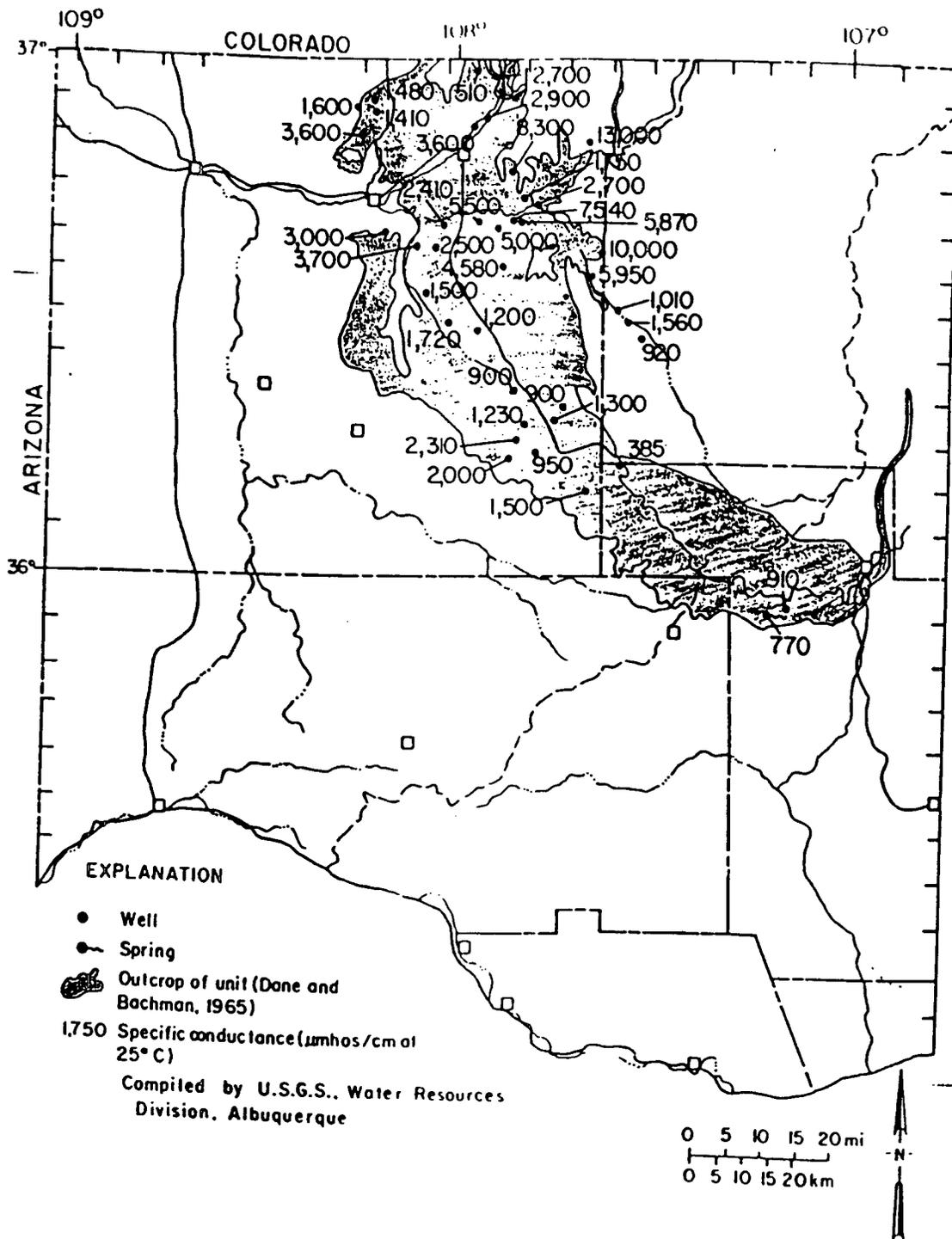


Figure 22—SPECIFIC CONDUCTANCE FROM SELECTED WELLS AND SPRINGS IN NACIMIENTO/ANIMAS FORMATIONS.

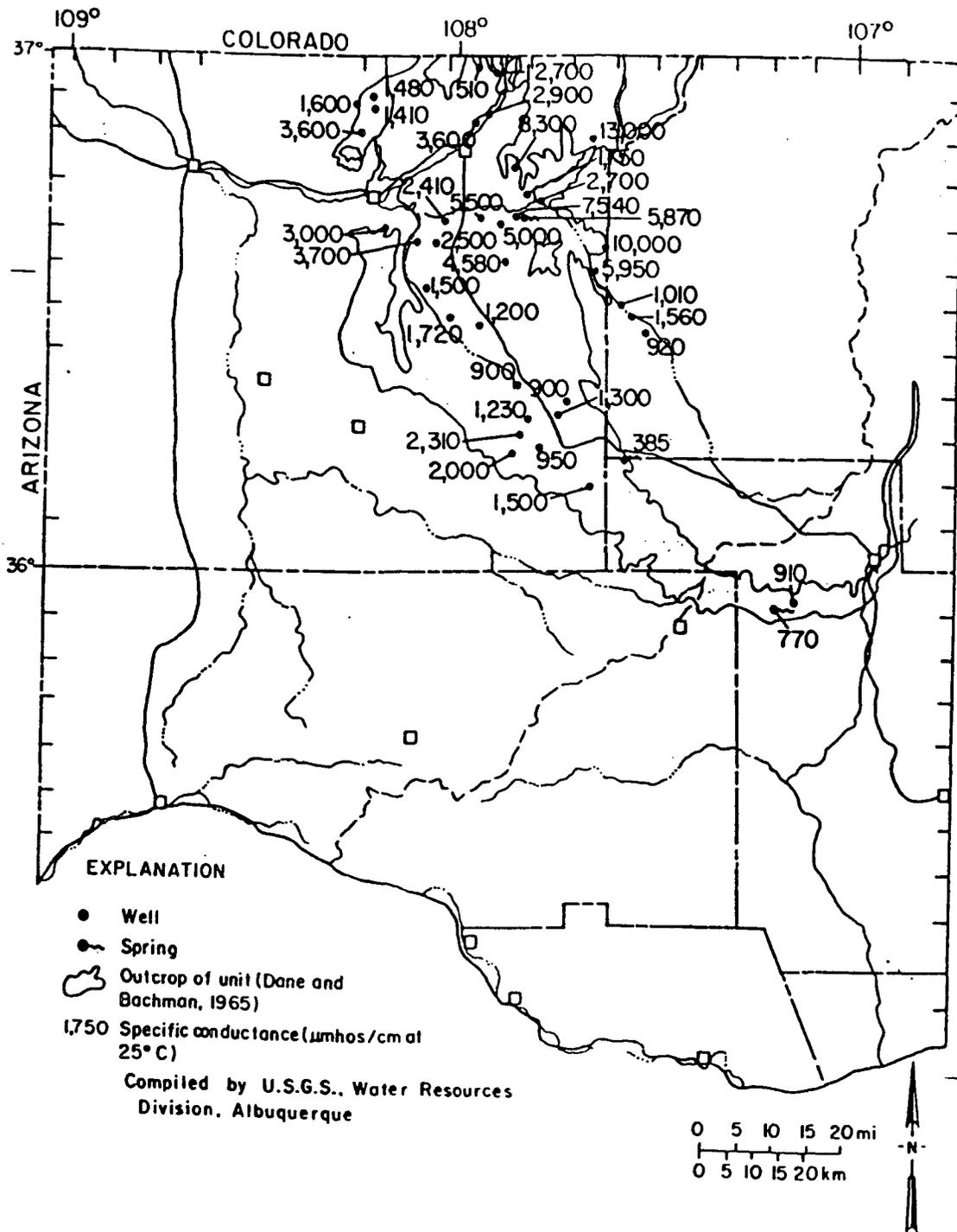


Figure 22—SPECIFIC CONDUCTANCE FROM SELECTED WELLS AND SPRINGS IN NACIMIENTO/ANIMAS FORMATIONS.

# Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111  
Denver, Colorado 80237 • (303) 850-7373

OIL CONSERVATION DIVISION  
RECEIVED

55 SE- 6 AM 8 52

September 6, 1995

OVERNIGHT MAIL

P. W. Sanchez  
Petroleum Engineer  
State of New Mexico  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

RE: Amended Discharge Plan  
Hallwood Energy Companies  
Gas Compressor Site - CDP #2  
NE SW Section 25-T32N-R13W  
San Juan County, New Mexico

Dear Mr. Sanchez:

This letter is in response to our previous telephone conversations concerning the approved discharge plan for the above referenced facility. Hallwood would like to request a minor modification to the discharge plan that will amend it for the installation of a second compressor.

Hallwood has leased a 600 HP caterpillar packaged Ariel JGJ-4 compressor which is now located next to (West of) the 1085 HP unit. This additional compression need is now required due to increased production volumes.

Enclosed is a letter from CSI (Compressor Systems Inc.), the Lessor, which discusses the effluents associated with operating this compressor. These volumes would thus be incremental since we have two compressors at the site now.

Should you require any additional information please contact me at (303) 850-6303.

Sincerely,

**HALLWOOD PETROLEUM, INC.**



Kevin E. O'Connell  
Drilling & Production Manager  
Rocky Mountain & Mid-Continent District

KEO/jea  
Enclosures  
cc: Jim Bonaventura  
Facility File

KEO95.076



## Compressor Systems, Inc.

Hallwood Petroleum, Inc.  
463 Turner Drive  
Durango, Colorado 81301

Attn: Kevin O'Connell

### CDP-2

Caterpillar G-3412C LE (600 H.P.) Packaged with an ariel JGJ-4 compressor on an enviromentally sensitive skid with ecology rails to prevent spillage on the ground. This is to be piped to a sump for disposal.

Lube oil capacity - 50 gallons (changed monthly with all used oil and filters transported to our central disposal facility.)

Coolant capacity - 90 gallons (changed as necessary- usually at least 2 years and transported to our central disposal facility.)

Wash water - Approximately 100 gallons/month (contained by the ecology rails on skid and drained to a sump for disposal. All cleaning components used are approved biodegradable.)

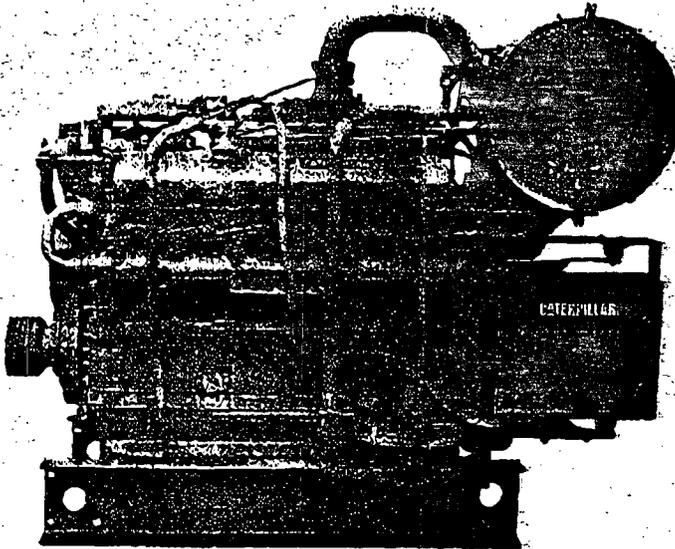
If you should have any questions, please give me a call.

COMPRESSOR SYSTEMS, INC.

Butch Fortenberry  
Regional Sales Manager  
505-327-6943

# CATERPILLAR

## Gas Industrial G3412C LE Engine



Shown with optional equipment

### SPECIFICATIONS

V-12, 4-Stroke-Cycle, Gas

Bore—in (mm)	5.4 (137)
Stroke—in (mm)	6.0 (152)
Displacement—cu in (L)	1649 (27)
Compression Ratio	9.7:1
Jacket Water System:	
Capacity w/out radiator—gal (L)	20 (70)
Gas Pressure Requirements	0.1 bar (1.5 psi)
Lube Oil Capacity—gal (L)	50 (189)
Aspiration	Turbocharged-Aftercooled (TA)
Weight — lb (kg)	4720 (2143)

### FEATURES

#### ■ DIESEL STRENGTH BUILT IN

All Caterpillar® Gas Engines are built on diesel frames which means greater service life. Caterpillar® Gas Engines inherit more from their diesel counterparts than just strength. They are backed by the same support system recognized as one of the most sophisticated and dependable in the world.

#### ■ APPLICATION FLEXIBILITY

Broad operating speed range and ability to burn a wide spectrum of gaseous fuels.

#### ■ EASE OF OPERATION

Deep sump oil pan has a larger capacity for normal 750 hour oil change interval. High-strength pan and rails for excellent mounting stability. Side covers on block allow inspection of internal components.

#### ■ LOW EMISSIONS

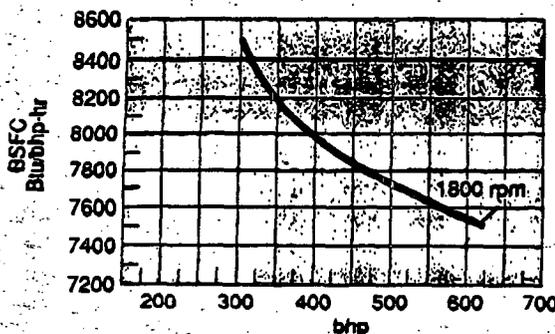
Two grams/bhp/hr NOx — Larger turbocharger and aftercooler provide lean air/fuel ratio mixture, low emissions and excellent fuel economy.

#### ■ ELECTRONIC IGNITION SYSTEM

Exclusive Caterpillar® design, Detonation Sensitive Timing, protects engine against detonation damage. New high efficient coils mounted under the valve covers provide a "cleaner look" and coils not subjected to harsh environments. Higher voltage and longer spark duration means easier starts, fewer misfires, and smoother operation. Multitude of diagnostic codes to help pinpoint problem (cylinder and component); also includes electronic control module self test. Spark plug maintenance codes determine spark plug condition.

### FUEL CONSUMPTION

9.7:1 CR, 130 F SCAC, 2 gm/bhp-hr NOx



### BHP\* VS RPM

Aspiration	1800 rpm	1600 rpm	1400 rpm	1300 rpm
LE-130 (9.7:1)	637	568	496	460

\*For fuels over 45 methane number





# G3412C LE GAS INDUSTRIAL ENGINE

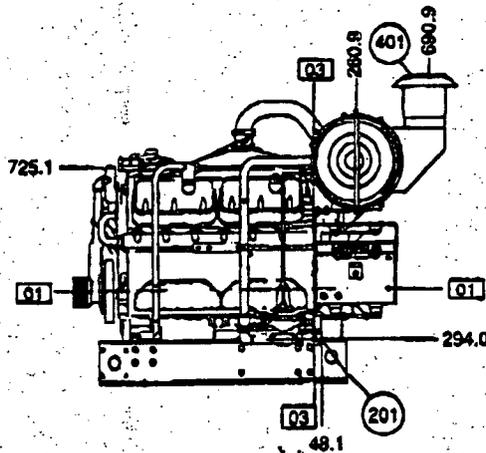
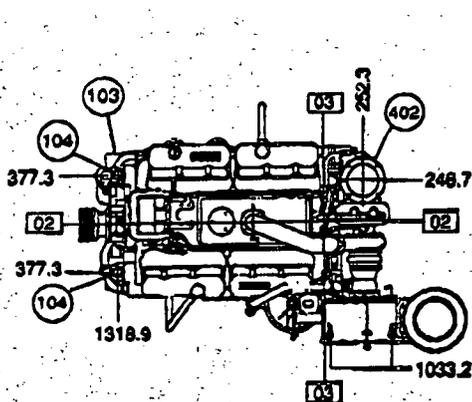
## STANDARD EQUIPMENT

- Air cleaner adapter, rain cap service indicator
- Block marine with side covers
- Breather, crankcase
- Carburetor, natural gas
- Cooler, lubricating oil, RH
- Filter, lubricating oil, RH
- Flywheel housing SAE 0
- Governor, 24 volt Woodward PSG
- Ignition system electronic (EIS) detonation sensitive timing (DST)
- Lifting eyes
- Manifold, exhaust watercooled
- Paint, Caterpillar yellow
- Pan, engine oil deep sump
- Protection devices status control, start/stop oil pressure, water temp overspeed and detonation shutoffs interconnect harness energized to run
- Pumps, gear driven auxiliary water jacket water
- Rails, pan mounted engine length
- Regulator, gas pressure
- SAE standard rotation
- Service meter
- Thermostats and housing
- Torsional vibration damper
- Valve gas supply, 24 volt

## OPTIONAL EQUIPMENT

- Air cleaner, two stage
- Controls and governors
- Cooling systems aftercooler groups heat exchangers
- Exhaust fittings
- Exhaust Manifold drilled and tapped for port thermocouples
- Fuel systems
- Gauges & Instrument panels
- Governor, air head PSG
- Mounting system
- Mufflers
- Power takeoffs
- Protection devices various lengths for interconnect harness
- Starting systems
- Vibration isolators

## GAS INDUSTRIAL ENGINE



	in (mm)
Length	96.2 (2444)
Height	77.2 (1960)
Width	63.1 (1603)

- |                                       |                                |                      |
|---------------------------------------|--------------------------------|----------------------|
| <b>01</b> Centerline of Crankshaft    | <b>103</b> Jacket Water Inlet  | <b>401</b> Air Inlet |
| <b>02</b> Centerline of Engine        | <b>104</b> Jacket Water Outlet | <b>402</b> Exhaust   |
| <b>03</b> Rear Face of Cylinder Block | <b>201</b> Fuel Inlet          |                      |

## RATING CONDITIONS AND DEFINITIONS

Ratings are based on SAE J1349 standard conditions of 29.61 in-Hg (100 kPa) and 77° F (25° C). These ratings also apply at ISO3046, DIN6271, BS5514 standard conditions of 29.81 in-Hg (100 kPa) 81° F (27° C); and API 7B-11C standard conditions of 29.38 in-Hg (99 kPa) and 85° F (29° C) also apply.

Ratings are based on dry natural gas having an LHV (low heat valve) of 905 btu/cu ft (35.54 MJ/N m<sup>3</sup>). Variations in altitude, temperature, and gas composition from standard conditions may require a reduction in engine horsepower.

Turbocharged-aftercooled ratings apply to 5,000 ft (1525 m) and 77° F (25° C). For applications which exceed these limits, contact your Caterpillar® representative.

Materials and specifications are subject to change without notice.

The International System of Units (SI) is used in this publication.

LEHQ5130 (5-95)  
Supersedes LEHQ4468

©1995 Caterpillar

Printed in U.S.A.

OIL CONSERVATION DIVISION  
RECEIVED  
MAY 23 11 50 AM '94

# Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378118 50  
Denver, Colorado 80237 • (303) 850-7373

May 19, 1994

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

Attn: Chris Eustice

RE: **Supplemental Information for  
Discharge Plan Application  
for Two Gas Compressor Sites  
San Juan County, New Mexico**

Dear Mr. Eustice:

As requested, Hallwood Petroleum, Inc. will dispose of any washdown water from the Gas Compressor Site CDP #2 and Gas Compressor Site CDP #4 at an OCD (Oil Conservation Division) approved evaporation pond or evaporation site.

Please forward any approval or return correspondence to the above address. If you have any questions you may contact me at (303) 850-7373.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell  
Drilling & Production Manager  
Rocky Mountain & Mid-Continent

cc: Jim Bonaventura - Durango

KEO\#214.pp



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
FISH AND WILDLIFE SERVICE  
Ecological Services  
Suite D, 3530 Pan American Highway, NE  
Albuquerque, New Mexico 87107

OIL CONSERVATION DIVISION  
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'94 MAY 23 AM 8 50

May 17, 1994

GW 94026

Mr. William J. Lemay  
Director, State of New Mexico  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

Dear Mr. Lemay:

This responds to the notice of publication received by the U.S. Fish and Wildlife Service (Service) on April 18, 1994, regarding the Oil Conservation Division (OCD) discharge permits GW-165 and 166 effects on fish, shellfish, and wildlife resources in New Mexico.

The Service has determined there are no wetlands or other environmentally sensitive habitats, plants, or animals that will be adversely affected by the following discharges.

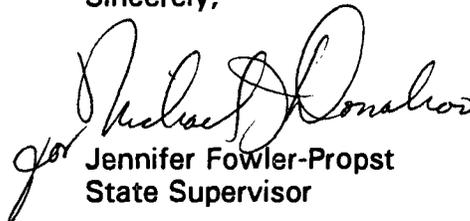
GW-165 Hallwood Energy Companies, CDP #2 Compressor Station  
located in section 25, T32N, R13W, San Juan County.

GW-166 Hallwood Energy Companies, CPD #4 Compressor Station  
located section 1, T31N, R13W, San Juan County, New Mexico.

Each station will store 43-52 gallons per day of process wastewater in a closed top fiberglass tank prior to offsite disposal at OCD approved disposal facilities. Tank capacities should be able to contain all the water produced during periods of inclement weather when it is not possible to drain the tank on a regular schedule. The tanks should also exhibit strong corrosion resistance to those fluids the tank will store. The tanks should be exposed entirely to visually detect leaks. If leaks are detected, surface soil monitoring and runoff prevention measures should be implemented.

If you have any questions concerning our comments, please contact Mary Orms at (505) 883-7877.

Sincerely,

  
Jennifer Fowler-Propst  
State Supervisor

cc:  
Director, New Mexico Department of Game and Fish, Santa Fe, New Mexico  
Regional Administrator, U.S. Environmental Protection Agency, Dallas, Texas

AFFIDAVIT OF PUBLICATION

No. 33164

STATE OF NEW MEXICO,  
County of San Juan:

ROBERT LOVETT being duly sworn, says: "That he is the CLASSIFIED ADVERTISING MANAGER of The Farmington Daily Times, a daily newspaper of general circulation published in English in Farmington, said county and state, and that the hereto attached LEGAL NOTICE

was published in a regular and entire issue of the said Farmington Daily Times, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for ONE consecutive (DAYS) (///// ) on the same day as follows:

First Publication FRIDAY, APRIL 22, 1994

Second Publication \_\_\_\_\_

Third Publication \_\_\_\_\_

Fourth Publication \_\_\_\_\_

and the cost of publication was \$ 61.78

*Robert Lovett*

On May 3, 1994 ROBERT LOVETT

appeared before me, whom I know personally to be the person who signed the above document.

*Mary J. Smad*

Notary Public, San Juan County,  
New Mexico

My Comm expires: MARCH 21, 1998

ROBERT LOVETT being duly sworn, says: "That he is the CLASSIFIED ADVERTISING MANAGER of The Farmington Daily Times, a daily newspaper of general circulation published in English in Farmington, said county and state, and that the hereto attached LEGAL NOTICE was published in a regular and entire issue of the said Farmington Daily Times, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for ONE consecutive (DAYS) (///// ) on the same day as follows:

COPY OF PUBLICATION

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to the New Mexico Water Quality Control Commission Regulations, the following discharge plan applications have been submitted to the Director of the Oil Conservation Division, State Land Office Building, P.O. Box 2088, Santa Fe, New Mexico 87504-2088, Telephone (505) 827-5800:

(GW-165) Hallwood Energy Companies, Jim Bonaventura, Area Superintendent, 463 Turner Drive, Suite 101, Durango, Colorado, 81301, has submitted a discharge plan application for their GDP #2 Compressor Station located in the NE/4-SW/4 Section 25, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 52 gallons per day of process wastewater with total dissolved solids concentration of 1500 mg/l is stored in a closed top fiberglass tank prior to off-site disposal at an OCD approved disposal facility. Groundwater most likely to be affected in the event of an accidental discharge is at a depth of approximately 120 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

(GW-166) Hallwood Energy Companies, Jim Bonaventura, Area Superintendent, 463 Turner Drive, Suite 101, Durango, Colorado, 81301, has submitted a discharge plan application for their GDP #4 Compressor Station located in the NE/4 SE/4 Section 11, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 43 gallons per day of process wastewater with total dissolved solids concentration of 1500 mg/l is stored in a closed top fiberglass tank prior to off-site disposal at an OCD approved disposal facility. Groundwater most likely to be affected in the event of an accidental discharge is at a depth of approximately 80 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The discharge plan application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday thru Friday. Prior to ruling on any proposed discharge plan or its modification, the Director of the Oil Conservation Division shall allow at least thirty (3) days after the date of publication of this notice during which comments may be submitted to him and public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

If no hearing is held, the Director will approve or disapprove the plan based on the information available. If a public hearing is held, the Director will approve the plan based on the information in the plan and information presented at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Division at Santa Fe, New Mexico, on this 11th Day of April, 1994.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION  
WILLIAM J. LEMAY, Director

Seal

Legal No. 33164 published in The Daily Times, Farmington, New Mexico on Friday, April 22, 1994.

## NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to the New Mexico Water Quality Control Commission Regulations, the following discharge plan applications have been submitted to the Director of the Oil Conservation Division, State Land Office Building, P.O. Box 2088, Santa Fe, New Mexico 87504-2088, Telephone (505) 827-5800:

**(GW-165) - Hallwood Energy Companies, Jim Bonaventura, Area Superintendent, 463 Turner Drive, Suite 101, Durango, Colorado, 81301, has submitted a discharge plan application for their CDP #2 Compressor Station located in the NE/4 SW/4 Section 25, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 52 gallons per day of process wastewater with total dissolved solids concentration of 1500 mg/l is stored in a closed top fiberglass tank prior to offsite disposal at an OCD approved disposal facility. Groundwater most likely to be affected in the event of an accidental discharge is at a depth of approximately 120 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.**

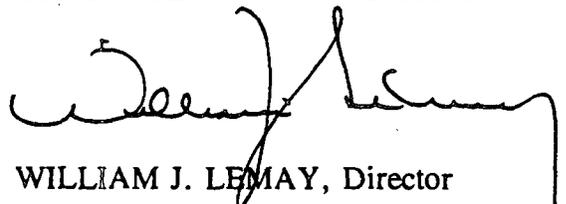
**(GW-166) - Hallwood Energy Companies, Jim Bonaventura, Area Superintendent, 463 Turner Drive, Suite 101, Durango, Colorado, 81301, has submitted a discharge plan application for their CDP #4 Compressor Station located in the NE/4 SE/4 Section 1, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico. Approximately 43 gallons per day of process wastewater with total dissolved solids concentration of 1500 mg/l is stored in a closed top fiberglass tank prior to offsite disposal at an OCD approved disposal facility. Groundwater most likely to be affected in the event of an accidental discharge is at a depth of approximately 80 feet with a total dissolved solids concentration of approximately 900 mg/l. The discharge plan addresses how spills, leaks, and other accidental discharges to the surface will be managed.**

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If no hearing is held, the Director will approve or disapprove the plan based on the information available. If a public hearing is held, the Director will approve the plan based on the information in the plan and information presented at the hearing.

GIVEN under the Seal of New Mexico Oil Conservation Division at Santa Fe, New Mexico, on this 14th day of April, 1994.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY, Director

SEAL

# Memo

*From*  
CHRIS E. EUSTICE  
*Geologist*

*To*  
Depth to Ground water  
was estimated by using topo  
map and figuring elev above  
McDermot Arroyo, then add 10'.

Quality of Ground water estim  
by using NMBM San Juan Hydrologic  
report, Take conductivity x .75  
squalling TDS.

# Hallwood Energy Companies

4582 South Ulster Street Parkway • Stanford Place III • Suite 1700 • Post Office Box 378111 • DIVISION  
Denver, Colorado 80237 • (303) 850-7373 RECEIVED

'94 APR 11 AM 8 49

April 7, 1994

State of New Mexico  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501

**RE: Discharge Plan Application  
for Two Gas Compressor Sites  
San Juan County, New Mexico**

Gentlemen:

Enclosed for your review and approval are two (2) Applications for Gas Compressor Sites we operate in San Juan County, New Mexico. Also enclosed is a check for \$790.00 to cover the fees associated with these Applications.

Please forward any approval or return correspondence to the above address. If you have any questions you may contact me at (303) 850-7373.

Sincerely,

HALLWOOD PETROLEUM, INC.



Kevin E. O'Connell  
Drilling & Production Manager  
Rocky Mountain & Mid-Continent

Enclosures

cc: Jim Bonaventura  
OCD - Aztec Office

KEO\#209.pp

ACKNOWLEDGEMENT OF RECEIPT  
OF CHECK/CASH

I hereby acknowledge receipt of check No. [REDACTED] dated 04/05/94,

or cash received on April 19, 1994 in the amount of \$ 790<sup>00</sup>

from Hallwood Energy Companies

for EDP #2 Compressor Station GW-165 filing fee, flat fee  
EDP #4 Compressor Station GW-166 filing fee

Submitted by: (Facility Name) Robert Myerson Date: (DP No.) 4/19/94

Submitted to ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Received in ASD by: \_\_\_\_\_ Date: \_\_\_\_\_

Filing Fee  New Facility  Renewal \_\_\_\_\_

Modification \_\_\_\_\_ Other \_\_\_\_\_  
(specify)

Organization Code 521.07 Applicable FY 94

To be deposited in the Water Quality Management Fund.

Full Payment  or Annual Increment \_\_\_\_\_

Hallwood Energy Companies

Post Office Box 378111 • (303) 850-7373  
Denver, Colorado 80237

FIRST UNION NATIONAL BANK  
OF NORTH CAROLINA  
CHAPEL HILL, NC  
66-156/531



PAY  
SEVEN HUNDRED NINETY DOLLARS AND NO CENTS

CHECK NUMBER	DATE	PAY EXACTLY
[REDACTED]	04/05/94	*****790.00

TO  
THE  
ORDER  
OF

STATE OF NEW MEXICO  
ENERGY MINERALS NAT RESOURCES  
OIL CONSERVATION DIVISION  
1000 RIO BRAZOS ROAD  
AZTEC, NM 87410

*[Handwritten Signature]*

AUTHORIZED SIGNATURE

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

**DISCHARGE PLAN APPLICATION FOR NATURAL GAS PROCESSING PLANTS,  
OIL REFINERIES AND GAS COMPRESSOR STATIONS**

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

- I. TYPE: Gas Compression
- II. OPERATOR: Hallwood Energy Companies  
ADDRESS: 463 Turner Dr., Suite 101, Durango, CO 81301  
CONTACT PERSON: Jim Bonaventura PHONE: 303-259-1374
- III. LOCATION: NE 1/4 SW 1/4 Section 25 Township 32 N Range 13 W  
Submit large scale topographic map showing exact location.
- IV. Attach the name and address of the landowner(s) of the disposal facility site.
- V. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
- VI. Attach a description of sources, quantities and quality of effluent and waste solids.
- VII. Attach a description of current liquid and solid waste transfer and storage procedures.
- VIII. Attach a description of current liquid and solid waste disposal procedures.
- IX. Attach a routine inspection and maintenance plan to ensure permit compliance.
- X. Attach a contingency plan for reporting and clean-up of spills or releases.
- XI. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact fresh water. Depth to and quality of ground water must be included.
- XII. Attach such other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.
- XIII. CERTIFICATION

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

Name: Jim Bonaventura

Title: Area Superintendent

Signature: 

Date: 1/24/94

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

**MONTOYA 25-2 COMPRESSOR STATION, SITE CDP #2  
DISCHARGE PLAN**

This Discharge Plan has been prepared in accordance with Oil Conservation "Division Guidelines for the Preparation of Ground Water Discharge Plans at Natural Gas Processing Plants".

**I. Type of Operation**

Hallwood Energy Company has installed a 1085 Horsepower reciprocating engine and compressor. The compressor will compress approximately 9.4 MCF of natural gas from a low pressure field line (100 psi) to a high pressure line (420 psi). The site is located approximately 4 (four) miles NE of La Plata, New Mexico.

Hallwood Energy Company (HEC) is the owner of the compressor facility. The compressor portion of the facility is operated by Compressor Systems, Inc (CSI). The dehydration portion of the facility is operated by HEC.

**Major Operational:  
Components**

**Field Compressor consisting of**

- . a 1085 HP compressor
- . one outlet triethylene glycol (TEG) dehydrator with regenerator heater and 130 gallon makeup TEG tank.
- . one 400 barrel water storage tank (associated with dehydrator)
- . one two phase inlet separator
- . one suction scrubber
- . one fuel gas filter
- . one 300 gallon lubricating oil makeup tank
- . one fin fan cooler
- . one 50 bbl waste oil fiberglass reinforced plastic tank
- . one 50 barrel fiberglass reinforced plastic dehydrator blowdown tank

**II. Operator/Legally Responsible Party and Local Representative**

**Legally Responsible Party:**

Bill Guzzetti  
Hallwood Energy Companies  
3710 Rawlings, Suite 1500  
Dallas, Texas 75219  
(800) 225-0135

Local Representative: Jim Bonaventura  
Hallwood Energy Companies  
463 Turner Drive, Suite 101  
Durango, CO 81301  
(303) 259-1374

Compressor Operator: Johnny Haynes  
Compressor Systems, Inc.  
501 Airport Drive  
Farmington, NM 87401  
(505) 327-6943

Dehydrator Operator: Doug Elworthy  
Hallwood Energy Companies  
463 Turner Drive, Suite 101  
Durango, CO 81301  
(303) 259-1374

### III. Location of Facility

The facility is located in Letter K, SW/4, Section 25, Township 32N, Range 13W, San Juan County, New Mexico. A topographic map is under Tab 1. The facility site plan is under Tab 4. From the intersection of Highway 170 and Highway 574 in La Plata, go approximately 2 (two) miles East on Highway 574. Then, turn left at County Road 1300 and go approximately 3.5 (three and one-half) miles on a dirt road to the Compressor Station.

### IV. Landowner

Burke Greene  
812 Grandview Drive  
Albuquerque, NM 87108

### V. Facility Description

A diagram of the facility indicating location of fences, pits, berms, and tanks on the facility is under Tab 4. The diagram depicts the location of storage facilities, disposal facilities, processing facilities, and other relevant areas. The facility boundary is shown on the diagram.

## VI. Sources, Quantities, and Quality of Effluent

### Inlet Separator

A two phase inlet separator separates the gas and liquids. A mixture of hydrocarbons and water discharges to the inlet of the separator/treater. Approximately 10 bbl per month will be discharged into the separator/treater. The separator/treater is part of the outlet dehydrator system. The exact volume of liquids will vary depending on the quality of the gas.

### Compressor

A 1085 HP compressor is installed on the site. The compressor is mounted on an econo-skid consisting of a built-in compressor pad with a non-permeable tray around the compressor unit to contain spills. The econo-skid insures containment of drips, spills, and washdown from the unit.

The compressor is installed in such a manner to ensure containment of drips, spills, and washdown water. Any spill or washdown water from cleaning operations is contained and discharged into a fiberglass tank.

#### A. Washdown Water

The compressor is washed every 3 (three) months with 70 (seventy) gallons of water. The washdown water is discharged into the fiberglass tank mentioned above through the econo-skid drain line. A nontoxic, biodegradable cleaner is used to clean the compressor unit.

#### B. Lubricating Oil, Waste Lubricating Oil and Used Engine Oil Filters

Compressor Systems, Inc. is responsible for maintenance of the compressor and for removal of waste lube oil. Waste oil generated by the compressor is hauled from the site in accordance with OCD regulations and is recycled. CSI is responsible for hauling and D & D Recycled Oil is responsible for recycling the waste oil. Additional information is provided in the Effluent Disposal Section on Page 5. A copy of D & D Oil's RPA Form 8700-12A is under Tab 5.

Compressor oil filter and engine oil filters are replaced every month. The engine oil filters are allowed to completely drain prior to disposal with Genesis Environmental.

#### C. Packing Vent Waste Oil

Waste oil is generated at a rate of approximately 50 (fifty) gallons per month through continuous blowdown from the compressor packing vent drain. The packing vent drain discharges into a fiberglass pit.



## Outlet Dehydrator

Separator/Treater (Water)	Evaporation Pit
Separator/Treater (Oil)	N/A

### B. Water and Wastewater Schematic

A drawing denoting the wastewater system is in the schematic under Tab 4.

### C. Specifications

Pipelines - All wastewater piping is below ground and not pressurized. The suction scrubber and interstage scrubber discharge piping are below ground and is not pressurized. Both lines are open ended and discharge into a fiberglass tank.

### D. Fluids Disposal and Storage Tanks

The hydrocarbons are recycled. The water fraction is separated and discharged into a fiberglass tank. It is disposed in a manner which meets OCD regulations. Additional information is provided in the Effluent Disposal Section below.

### E. Prevention of Unintentional and Inadvertent Discharges

All storage tanks for fluids other than fresh water are bermed to contain a volume one-third more than the tank contents. All above ground tanks are placed on a gravel pad and placed on an elevated stand so that leaks can be visually detected.

There is no chemical or drum storage area. Drums utilized to contain engine cooling water, or waste oil are removed from the site at the end of each working day. A copy of the Material Safety Sheets for triethylene glycol, lubricating oil, and SuperAll cleanser is under Tab 2.

### F. Underground Pipelines

All wastewater underground piping carrying waste liquids are not hydrostatically tested. All wastewater underground pipes are open ended.

## VIII. Effluent Disposal

### Offsite Disposal

All liquids from this site are handled in accordance with OCD and NMED regulations. All liquids are removed from the site by either Compressor Systems, Inc. or Three Rivers Trucking.

Compressor systems, Inc. is responsible for disposal of waste oil and filters.

Waste Oil Hauling Agent: Compressor Services, Inc.  
501 Airport Drive  
Farmington, NM 87401

Waste Oil Final Disposal D & D Recycled Oil  
10 Road 5044  
Bloomfield, NM 87413

Waste Water Hauling Agent: Three Rivers Trucking  
603 E. Murray Drive  
Farmington, NM 87402

Waste Water Final Disposal: Basin Disposal, Inc.  
6 County Road 5046  
Bloomfield, NM 87413

Used Filter Hauling Agent: Compressor Services, Inc.  
501 Airport Drive  
Farmington, NM 87401

Used Filter Final Disposal: Genesis Environmental  
2220 Second Street  
Albuquerque, NM

#### IX. Inspection, Maintenance and Reporting

The site is visited on a daily basis by CSI and HEC employees. Each day the compressor is inspected for any leaks.

The site is visited regularly by Hallwood Energy Company employees. HEC inspects the inlet separator, filter separator, separator/treater, absorber, and regenerator for any leaks or spills.

#### X. Spill/Leak Prevention and Reporting (Contingency Plans)

The compressor site is graded and bermed so that precipitation and runoff does not cause water to enter or leave the process areas.

The dehydrator process area is bermed so that precipitation and runoff does not cause water to leave the process area. The compressor area is equipped with a econo-skid so that any leaks or spills are contained.

Since the site is visited on a regular basis by Hallwood Energy Company and it's contractors, any leaks, spills, and/or drips will be identified. Regularly scheduled maintenance procedures also helps to assure that the equipment remains functional and thus the possibility of spills or leaks is further minimized.

Leaks, spills, and drips will be handled in accordance with OCD Rule 116 as follows:

- Small spills will be absorbed with soil and shoveled into drums for off-site disposal. If the soil is an "exempt" waste, the soil will be disposed at an OCD approved landfarm facility. If the soil is an "nonexempt" waste the soil will be characterized and disposed according to the analytical profile.
- Large spills will be contained with temporary berms. Free liquids will pumped out by a vacuum truck. Any hydrocarbon liquids will be recycled. Any contaminated soil will be disposed as discussed in the paragraph above.
- Verbal and written notification of leaks or spills will be made to OCD in accordance with Rule 116.
- All areas identified as susceptible to leaks or spills are bermed or otherwise contained to prevent the discharge of effluents.

#### Site Geomorphology and characteristics:

Hallwood's compressor is located on the east side of the La Plata River in the northern portion of the San Juan Basin. The area is characterized by high sagebrush plains with small arroyos and washes carving the landscape. Soil type for the CDP#2 is Doak-Aralon (USSCS, 1977). CDP#2 compressor is located at least 3/4 of a mile on gentle slopes from the permanent drainage in the area (McDermott Arroyo). The McDermott Arroyo fed by many smaller gullies and rills, flows to the southwest to meet the La Plata River determined by elevation.

Hallwood's CDP#2 is located in the southwest of Section 25, T32N, R13W at an elevation of 5880. The compressor is on a self contained skids placed on gravel pads.

#### Regional Geology:

The compressor is located in the northwest portion of the basin on Tertiary Nacimiento sediments. The area is adjacent to the Monocline a structural feature of the Lale Cretaceous or early Tertiary Period.

Nacimiento:

The Nacimiento Formation is made up of medium to very coarse grained arkosic sands interbedded with dark carbonaceous clays forming the unique rounded mounds and hills of the bad lands. Thickness of the Nacimiento varies 400'-2000' in thickness. Strateographicly the Nacimiento extends north into Colorado and has far south as Cuba where the type section is located. The Nacimiento Formation with interbedded sandstone lense is a local aquifer. Broad open surfaces on the shallow dipping limbs of the San Juan Basin provide recharge of ground water into the aquifer.

Flood Protection:

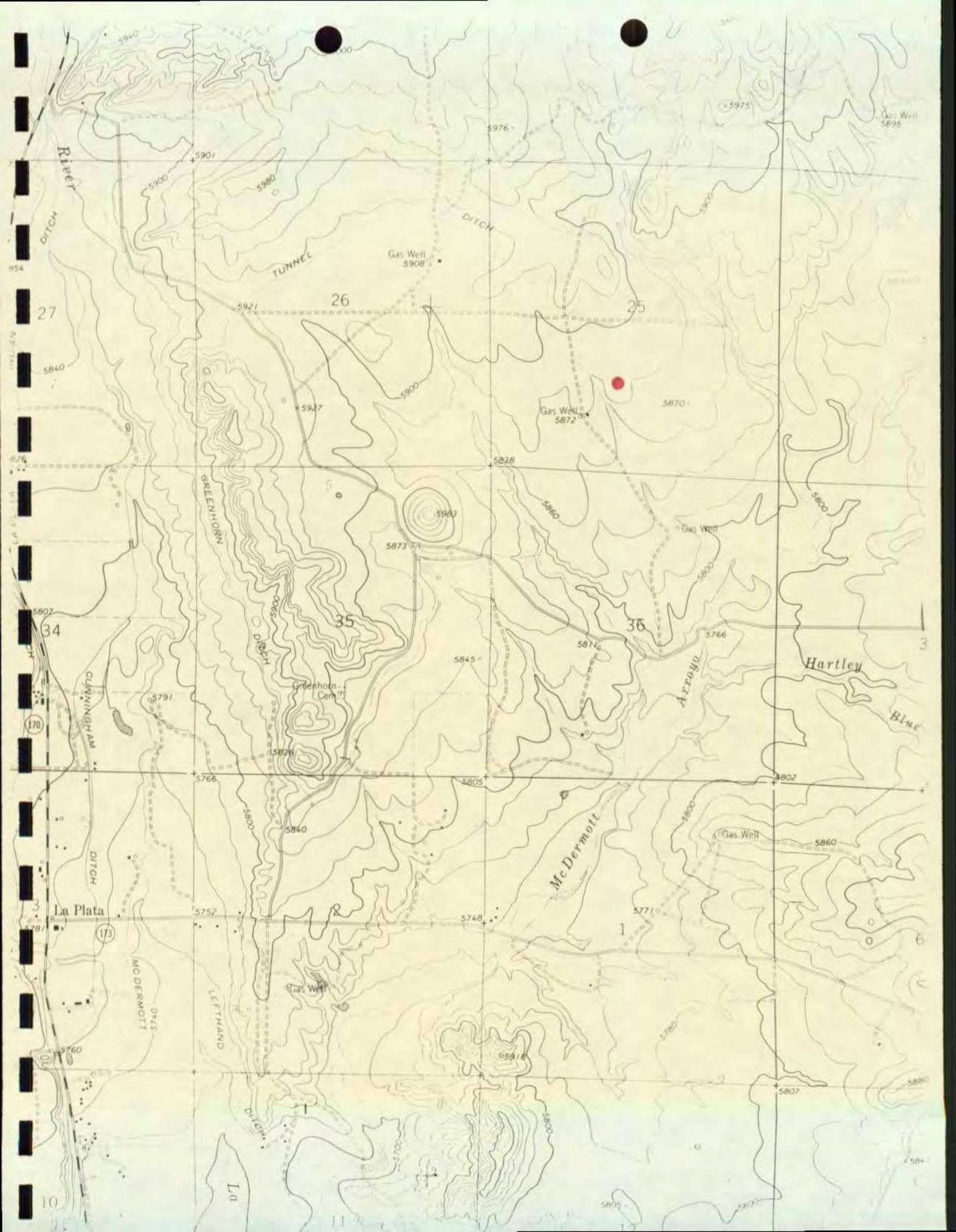
Hallwood's compressor CDP#2 is located in an area not associated with flooding. All drip tanks on locations are fibreglassed line and are set with the edge of tanks being above ground level. Berms have been placed around pits with all pits being fenced.

All maps are from Hydrologic Report 6 New Mexico Bureau of Mines and Minerals 1983.

(HALL.DOC)

**TOPOGRAPHIC**

**MAP**



**SPILL  
PREVENTION  
PLAN**

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## OIL SPILL CONTINGENCY PLAN RESPONSE PLAN

**Name of Facility**      Various Oil and Gas Wells  
                                 San Juan County, New Mexico

**Operator**                      Hallwood Petroleum, Inc.

### Response Plan

Company or contract personnel who discover an oil spill should: 1) close off the source of the spill, if safe to do so, and control the spill if possible, 2) notify Hallwood Supervisors, and 3) call for necessary equipment and contractors to control the spill. Personnel should directly notify emergency and regulatory agencies if the Hallwood Supervisors are not available and if there is an immediate danger to human health, property, or the environment.

Personnel should attempt to close off the source of the spill only if the situation is safe and if there is no danger of physical harm. Do not attempt to close off the source of a spill if fire is involved. Minor repairs to ring dikes and construction of spill barriers may be safely performed with shovels and other types of small earth-moving equipment.

Personnel should contact their Hallwood supervisors by telephone as soon as possible to report the incident. The Hallwood supervisors responsible for all spills in San Juan County, New Mexico, and the emergency and regulatory agencies are listed in this SPCC plan under the Company, Emergency, and Regulatory Contacts section. The following information should be described to the Hallwood Supervisors or to emergency and regulatory agencies:

1. Date and time the spill was discovered,
2. Location of spill by legal definitions and by distance and direction from the nearest town or landmark,
3. Estimated quantity of the spill, distance spill traveled, status of containment,
4. General prevailing conditions in the area including precipitation, temperature, and soil conditions, and
5. Immediate or potential danger to human health or the environment.

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## OIL SPILL CONTINGENCY PLAN RESPONSE PLAN

**Name of Facility**      Various Oil and Gas Wells  
                                 San Juan County, New Mexico

**Operator**                      Hallwood Petroleum, Inc.

### Response Plan (continued)

The following oil spill situations require notification to the State Oil Conservation Commission, the Local Emergency Planning Committee and the State Emergency Planning Commission:

1. A spill of 5 barrels or more onto the ground regardless of whether the spill is contained or not,
2. A spill of any quantity which reaches any surface water or watercourse,
3. A spill involving a well blowout or a fire.

Immediate notification to state regulatory agencies, either in person or by telephone, is required for blowouts or fires, for spills of any quantity which reach surface water or a watercourse, and for spills of 25 barrels or more onto the ground. Subsequent notification, consisting of a complete written report of the incident, must be submitted to the state agencies within 10 days of occurrence. Spills of between 5-25 barrels which do not reach surface water or a watercourse require subsequent notification only. Additional details regarding spill reporting may be found under Rule 116 of the New Mexico Oil Conservation Commission Rules and Regulations.

Except in cases of extreme emergency, the authority to contact cleanup contractors and to begin cleanup operation must be obtained from the Hallwood Supervisors listed in this SPCC Plan. Cleanup contractors are listed in this SPCC plan under the Cleanup Contractors section. Spill containment or cleanup plans may require coordination with the state regulatory agencies. If a fire department or Hazardous Material Response Team responds to control a spill or fire then OSHA regulations prohibit the resumption of cleanup operations without Hallwood personnel being trained as hazardous waste site workers.

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## OIL SPILL CONTINGENCY PLAN RESPONSE PLAN

**Name of Facility**      Various Oil and Gas Wells  
                                 San Juan County, New Mexico

**Operator**                      Hallwood Petroleum, Inc.

### Response Plan (continued)

This SPCC plan must be kept at the Hallwood field offices where it is accessible to all Hallwood personnel. The SPCC plan may be required to be submitted to the EPA and state agencies whenever:

1. A spill of 24 barrels or more into surface water or a watercourse occurs,
2. Any two reportable events occur within a 12 month period, or
3. If EPA makes a specific request to see the plan.

A record of all reportable spills must be kept with this SPCC plan. Attachment #1 Record of Spills from These Facilities has been provided for the purpose of spill recordkeeping.

### Cleanup of Oil Spills

Hallwood does not maintain the equipment or supplies necessary to contain or cleanup a large oil spill. A list of contractors and suppliers to be contacted in the event of a spill is included in this SPCC plan under the Cleanup Contractors section.

**Spills onto Soil:** Mobile oil spills should be contained as soon as possible by the construction of earthen dams or by the placement of mechanical barriers. Free oil may be removed from the ground by the use of a vacuum truck. Remaining free oil may be removed from the ground by the use of oil-absorbent materials. Oil-contaminated soil may be cleaned by the processes of volatilization and/or bioremediation. Volatilization is the natural process of allowing the light oil fractions to evaporate into the atmosphere. Bioremediation is the natural process of allowing oil-feeding microbes to consume the oil. Bioremediation may be enhanced by the addition of commercially available microbes and nutrients to the soil. Both volatilization and bioremediation may be enhanced by roto-tilling the contaminated soil. Depending on the severity of the spill and soil contamination, soil sampling and testing for oil content may be required to satisfy regulatory agencies.

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

## OIL SPILL CONTINGENCY PLAN RESPONSE PLAN

Name of Facility      Various Oil and Gas Wells  
                            San Juan County, New Mexico

Operator                Hallwood Petroleum, Inc.

### Cleanup of Oil Spills (continued)

**Spills onto Water:** Oil spills onto surface water of any quantity must be cleaned up to the satisfaction of landowners and regulatory agencies. The spill should be contained as soon as possible by the use of floating booms or other mechanical barriers. Free oil may be removed from the water by the use of a vacuum truck or by the use of oil-skimming equipment. Remaining free oil may be removed from the water by the use of oil-absorbent materials. Oil-absorbent materials may also be used to remove oil which has accumulated on shoreline soils, rocks, and vegetation. Oil-contaminated shoreline materials may require removal to a suitable treatment site for cleanup, and may be cleaned as described in the Spills onto Soil section above.

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

<p>OIL SPILL CONTINGENCY PLAN COMPANY, EMERGENCY, AND REGULATORY CONTACTS</p>
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**Name of Facility**      Various Oil and Gas Wells  
                                 San Juan County, New Mexico

**Operator**                      Hallwood Petroleum, Inc.

**Company, Emergency, and Regulatory Contacts**

Hallwood Supervisors

Jim Bonaventura - Area Superintendent  
Durango, Colorado  
Office (303)259-1374      Home (303)247-9662  
Farmington mobile (505)599-1920  
Durango mobile (303)247-4127      (OD 20120)

Kevin O'Connell - Drilling & Production Superintendent  
Denver, Colorado  
Office(303)850-6303      Home (303)838-2191

Fire Departments (Hazardous Material Response Teams)

Durango, Colorado	911 or (303)247-5622
Ignacio, Colorado	(303)563-9501
Farmington, New Mexico	911 or (505)325-3501
La Plata, New Mexico	(505)326-3505

New Mexico Oil Conservation Commission

District II Offices  
Artesia, New Mexico      (505)748-1283

Local Emergency Planning Committee

San Juan County  
Niel Tribbett  
Waterflow, New Mexico      (505)598-7252

State Emergency Planning Commission

Max Johnson  
Chemical Safety Office  
Department of Public Safety  
Santa Fe, New Mexico      (505)827-9223

EPA National Response Center      (800)424-8802

# SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN

<b>OIL SPILL CONTINGENCY PLAN CLEANUP CONTRACTORS</b>
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**Name of Facility**      Various Oil and Gas Wells  
San Juan County, New Mexico

**Operator**              Hallwood Petroleum, Inc.

## **Cleanup Contractors**

### Water Haulers

Dawn Trucking Co.  
Farmington, NM  
(505)327-6314

Sunco Trucking Co.  
Farmington, NM  
(505)327-0416

Three Rivers  
Farmington, NM  
(505)325-8017

### Dirt Contractors

Helmur Corp.  
Durango, CO  
(303)247-4036

Ebberts Construction  
Durango, CO  
(303)677-2476

Nickles Bros. Construction  
Farmington, NM  
(505)325-4840

### Roustabouts

Tane's Oilfield  
Durango, CO  
(303)385-6881

L&L Oilfield Service  
Farmington, NM 87499  
(505)325-9381

Iron Horse  
Farmington, NM  
(505)334-3121

Wayne Hare  
Durango, CO  
(303)247-4511

Stover & Son  
Farmington, NM  
(505)327-5818

### Suppliers and Environmental Consultants

ECC  
Farmington, NM  
(505)327-0041

On Site  
Farmington, NM  
(505)325-8786  
(505)327-7105

**HYDROLOGIC**

**MAPS**

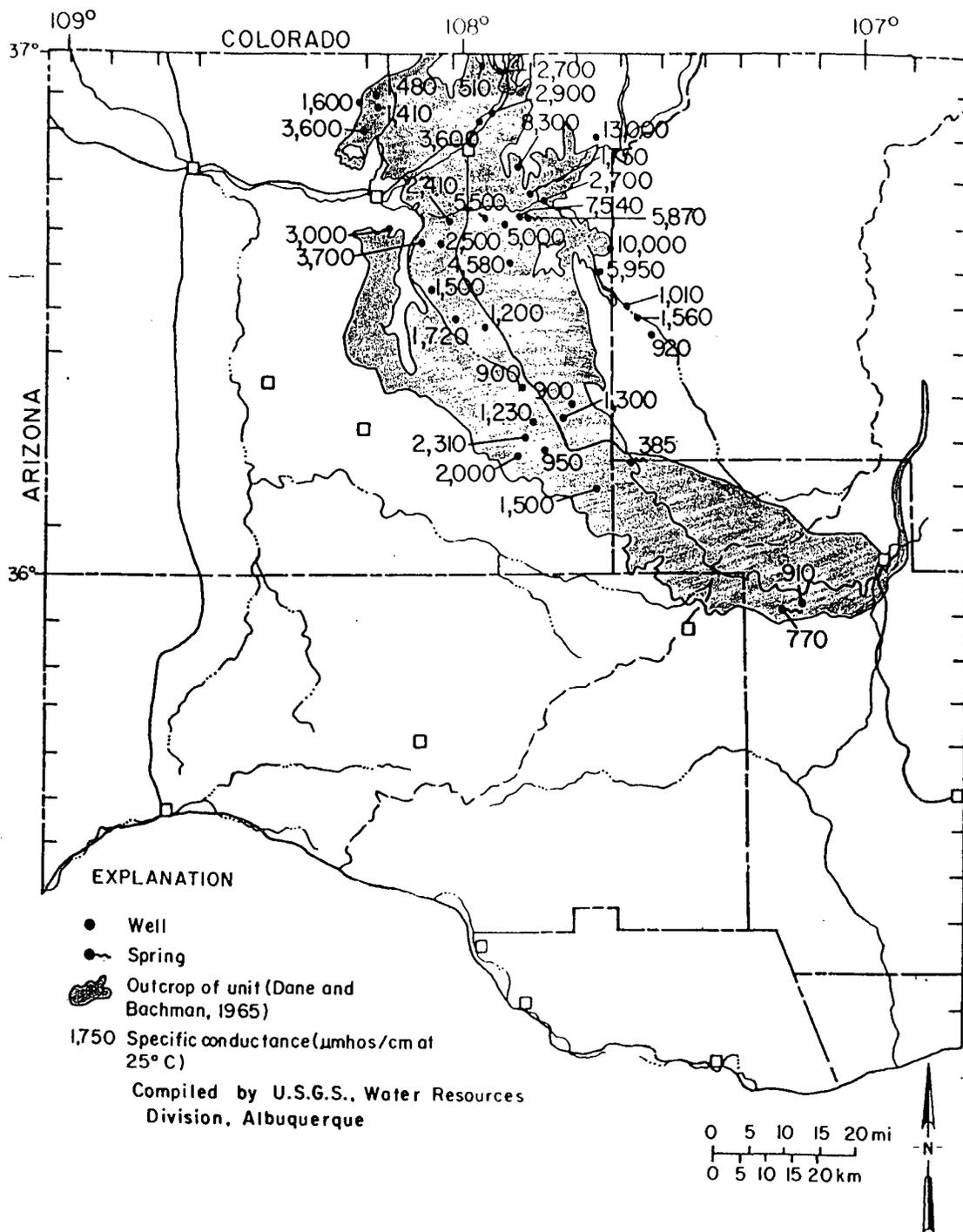


Figure 22—SPECIFIC CONDUCTANCE FROM SELECTED WELLS AND SPRINGS IN NACIMIENTO/ANIMAS FORMATIONS.

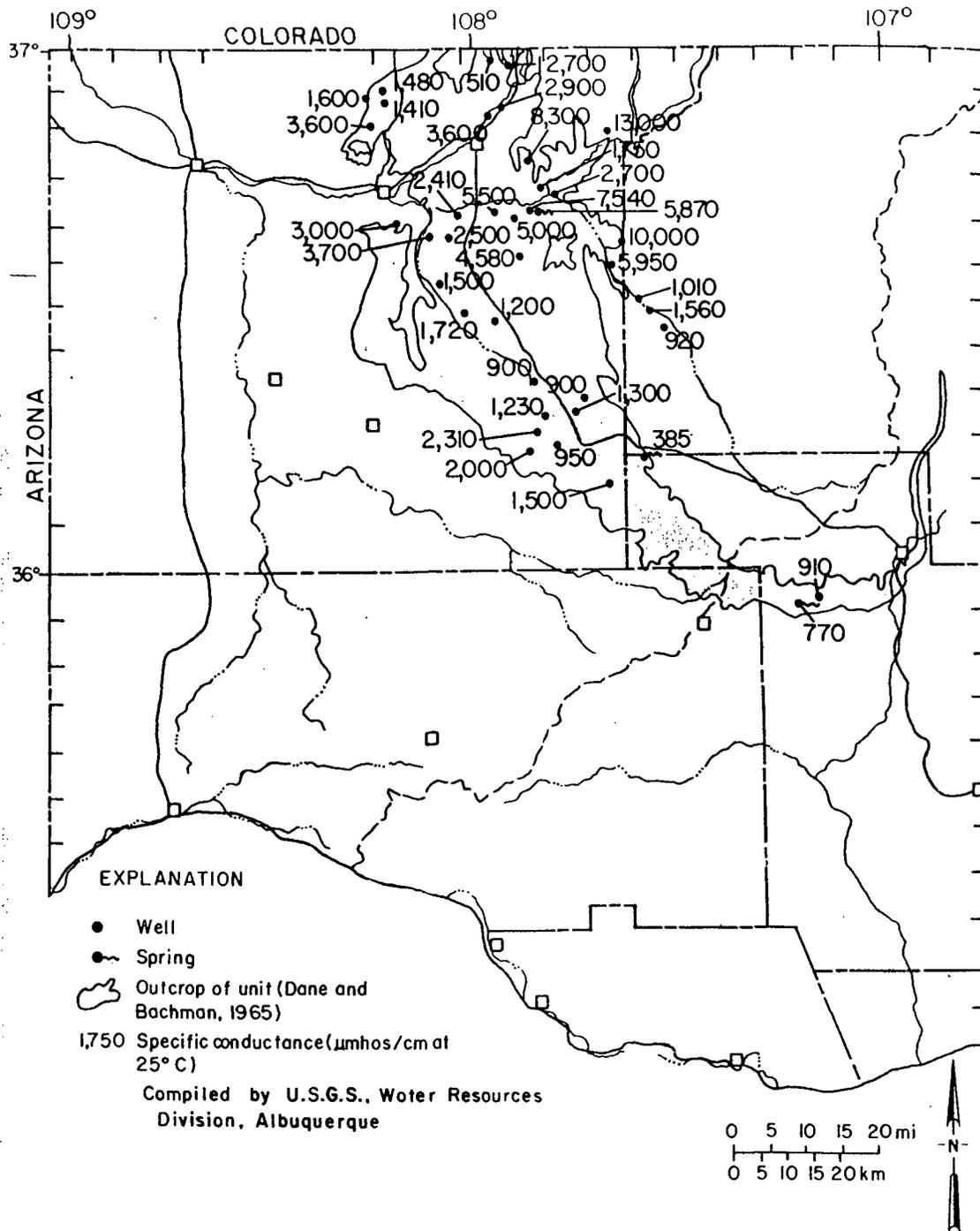


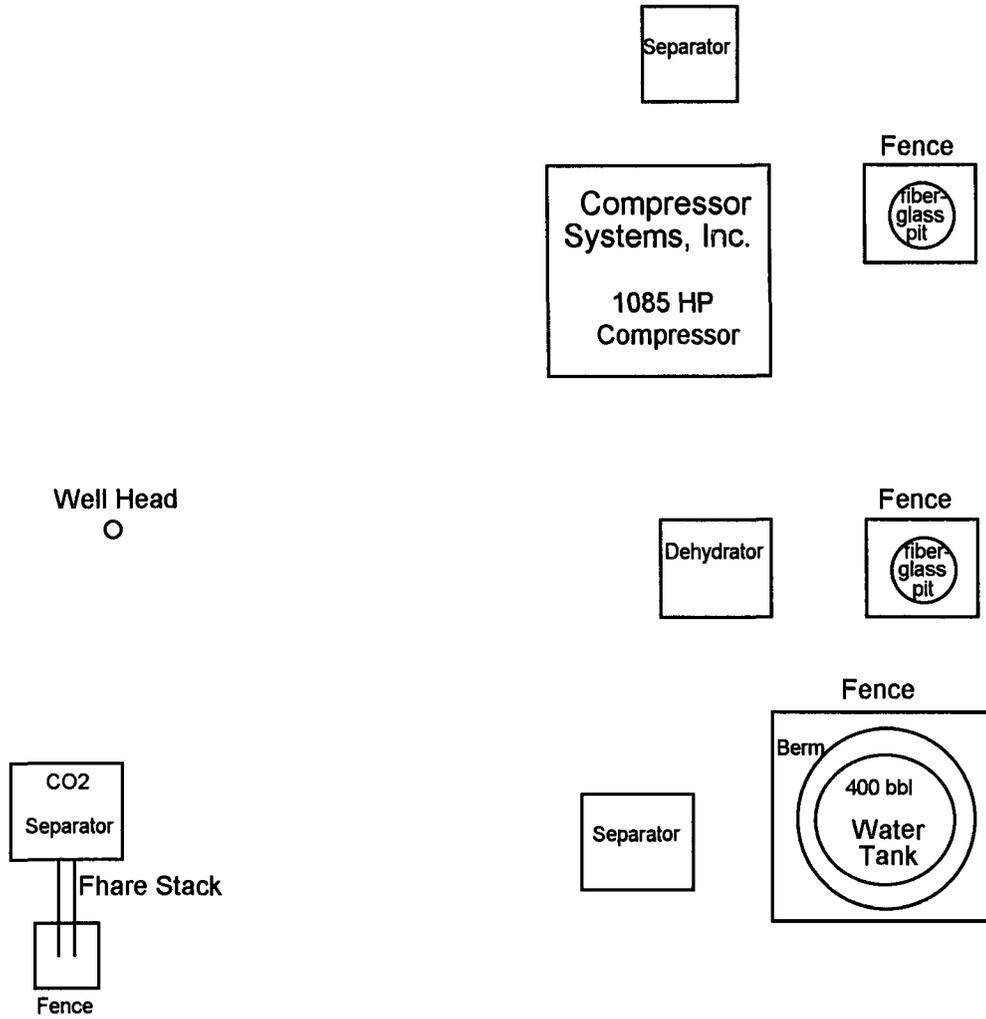
Figure 22—SPECIFIC CONDUCTANCE FROM SELECTED WELLS AND SPRINGS IN NACIMIENTO/ANIMAS FORMATIONS.

**FACILITY**

**SITE**

**PLAN**

CDP #2



NTS

**E P A**

**FORM 8700 - 12A**



ACKNOWLEDGEMENT OF NOTIFICATION  
OF REGULATED WASTE ACTIVITY  
(VERIFICATION)

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

EPA I.D. NUMBER

NHD986682102

INSTALLATION ADDRESS

504A SP 20 COUNTY RD  
BLOOMFIELD, NM 87413