

GW - 348

**GENERAL
CORRESPONDENCE**

YEAR(S):
2005 - 1985

Memorandum

To: Cheryl O'Connor

CC: Denny Foust

From: Ed Martin

Date: 12/2/2005

Re: Chaco Chemical

Denny and I think that Chaco still needs to send us an application for a discharge permit. They have done better in the recent past and Denny's inspection on 9/30/05 showed that they are making some attempts to run a cleaner operation. Do you want to write another letter to them requesting (again) a discharge permit application, or do you want me to do it?

I don't think (nor does Denny) that Chaco deserves penalties or an ACO.

If I were to write the letter, I would include a C-137 and a short set of instructions as to what we need as an adequate discharge permit application. If you want to write the letter, I can do that part for you. Also, I think that we need to address the letter to Anthony Wiggins at the Chaco address, and provide a copy of the letter to Tony Archuleta.

Copy

Environmental Field Inspections

September 2005

Date Insp	Insp No	Facility	Facility Type	Insp Type	Insp Purpose	Inspector	Documentation
9/30/2005	6DGF0532226671	CHACO CHEMICAL CO	Service Company	Field Inspection	Enforcement Action Follow-up	Denny Foust	<div>Samples <input type="checkbox"/></div> <div>Photos / Etc. <input type="checkbox"/></div> <div>Docs Reviewed <input type="checkbox"/></div>
Operator:		CHACO CHEMICAL CO		Permit(s) Authorizing Facility		GW-348	
Violation Detail (If applicable) Violation Description: Met with Paul Wiggins and Anthony Wiggins contact 326-3050, cell 320-2694. No chemicals in kitchen lab area, containment under the chemical dock has been poured full of concrete, dock extends over ends of the containment. Empty barrel storage needed some dressing up and ideally should have containment.							
Comments / Action Required Addition Concerns as Checked: <div> Unauth. Release <input type="checkbox"/> Drums <input type="checkbox"/> Process Area <input type="checkbox"/> Pad / Berm / Liner <input type="checkbox"/> BG Tanks/Sumps <input type="checkbox"/> Labeling <input type="checkbox"/> WD Practice <input type="checkbox"/> UG Lines <input type="checkbox"/> Housekeeping <input type="checkbox"/> Class V <input type="checkbox"/> Remediations <input type="checkbox"/> Storm Water <input type="checkbox"/> </div>							

Copy



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 8, 2005

Mr. Anthony T. Archuleta
Chaco Chemical Co., Inc.
P.O. Box 3526
Farmington, New Mexico 87499

CERTIFIED MAIL

Return Receipt

No. 7001-1940-0004-7920-7720

Re: Notice of Violation

Dear Mr. Archuleta:

Pursuant to NMSA 1978, Section 70-2-12(22) and Rule 19.15.1.12 NMAC, the New Mexico Oil Conservation Division (hereinafter, "OCD") has the authority and duty to regulate oil field service companies by enforcing relevant state statutes and OCD rules. Under NMSA 1978, Section 74-6-10, it is authorized to enforce New Mexico Environment Department rules and regulations pertaining to the protection of groundwater. See NMSA 1978, Section 74-6-2.

As you are aware, over the past several years, the OCD has conducted several investigations of Chaco Chemical Company, Inc.'s (hereinafter, "Chaco") facility located at 205 Elm Street, Farmington, New Mexico. Many deficiencies were found. The OCD notified Chaco of these deficiencies. These deficiencies indicate a potential for accidental leaks and spills from inadequate and or improper operation of the facility, which leaks and spills may result in polluting ground water.

The potential for leaks and spills triggered a requirement, under Rule 20.6.2.3104, that Chaco obtain a discharge permit. Chaco ignored this requirement, which is a violation of the Rule. Unfortunately, the potential for leaks and spills is now a reality, as documented in the OCD's March 2005 inspection.

The OCD is now requiring Chaco to remedy ten (10) years of on-going deficiencies, including applying for a discharge permit, or face severe penalties.

A summary of prior deficiencies, believed to be on going to this day, is as follows:

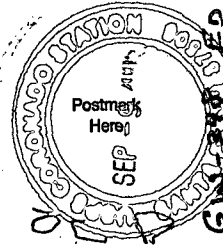
- A. By letter dated April 26, 1995 you were advised of a physical inspection conducted earlier that month. Several deficiencies were noted:

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

OFFICIAL USE

7001 1940 0004 7920 7720

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.49



Sent To
ANTHONY T. ARCHULETA
Street, Apt. No.,
or PO Box No. **P.O. Box 3526**
City, State, ZIP+4
FARMINGTON, NM 87499
PS Form 3800, January 2001 See Reverse for Instructions

Anthony T. Archuleta
Chaco Chemical Co., Inc.
September 8, 2005
Page 2

1. Drums that store waste on site need some sort of secondary containment.
2. Drum storage area needs an impermeable containment underneath it.
3. Empty drums need to be stored on their side with the bungs in place and horizontal to the ground.
4. Make certain all drums are properly labeled.

These deficiencies violate Rule 19.15.1.12, NMAC, which provides, in pertinent part, that "[a]ll operators, ... service companies ... or other persons shall at all times conduct their operations ... in a manner that will prevent waste of oil and gas, the contamination of fresh waters and shall not wastefully utilize oil or gas, or allow either to leak or escape from a natural reservoir, or from wells, tanks, containers, pipe or other storage, conduit or operating equipment."

B. By letter dated April 2, 2002, you were advised that on March 5, 2002 the OCD conducted a physical inspection of Chaco. Several deficiencies were noted:

1. Some drums in yard were not properly stored.
2. The plastic liner installed under the elevated drum rack is damaged and does not provide adequate protection against chemicals stored on the rack from reaching the ground.
3. General housekeeping of the facility is below normal standards.
4. Unidentified 5-gallon containers stored in the office should be stored in a more suitable facility with containment.
5. Saddle tanks (unlabeled) with no containment.
6. Some labeled containers being used for a product not specified on the label.
7. Numerous small bottles of a wide variety of chemicals (some unknown) not stored properly and out of date.
8. Unlabeled vials in refrigerator.

Again, these deficiencies violate Rule 19.15.1.12, NMAC.

By the same letter, Chaco was notified it was also in violation of Rules 20.6.2.3104 and 20.6.2.3106 NMAC. Rule 3104 provides that "no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into ground water unless he is discharging pursuant to a discharge permit issued by the secretary. When a permit has been issued, discharges must be consistent with the terms and conditions of the permit." This rule applies to actual or potential discharges, which makes it applicable to Chaco and a requirement that it apply for a permit. Rule 3106 requires that Chaco submit a discharge plan for approval, with its permit application.

Anthony T. Archuleta
Chaco Chemical Co., Inc.
September 8, 2005
Page 3

The discharge plan is defined in 20.6.2.1101P NMAC. It covers all discharges of effluent or leachate at or adjacent to a facility. The application requires that Chaco present a plan for controlling spills and accidental discharges at the facility (including detection of leaks in below grade sumps, buried underground process tanks and/or piping), and closure plans for any pits or ponds that will no longer be in use.

Chaco failed to respond to OCD's letter.

- C. By letter dated September 16, 2002 (certified mail receipt 3929-9673), Chaco received a third notice of violation, this time for failure to file a discharge plan. This was a continuing violation of Rules 20.6.2.3104 and 20.6.2.3106 NMAC.

In a subsequent phone conversation, Chaco denied receiving the September 16, 2002 letter. Therefore, OCD mailed Chaco a second letter dated September 24, 2002 (certified mail receipt 3929-9680), with a copy of the September 16th letter attached. The second letter reiterated that a discharge permit is required for the facility.

Still no action was taken by Chaco.

- D. In yet another attempt to get Chaco to correct deficiencies, a letter dated February 18, 2003 (certified mail receipt 3929-9789) was sent recapping the results of the above inspections. Copies of pertinent letters and inspection results were attached.

Again, Chaco failed to respond.

- E. On March 23, 2005 Jack Ford, OCD, performed another inspection of the Chaco facility. The following deficiencies were noted to Chaco:

1. Contamination observed on ground surface.
2. Drum arrangement / condition does not meet specs.
3. Drums not in containment and unlabeled.
4. Empty drums improperly stored.
5. Unknown chemical residue on ground.

As usual, no response to these deficiencies was received from Chaco.

Not only do the latest deficiencies violate OCD Rule 19.15.1.12 NMAC, the ground surface contamination is a violation of Rules 20.6.2.3104 and 20.6.2.1201 NMAC, promulgated pursuant to the Water Quality Act.

Anthony T. Archuleta
Chaco Chemical Co., Inc.
September 8, 2005
Page 4

Rule 3104, as described above, prohibits discharges of effluent or leachate that may enter the ground water. Rule 1201 provides that "notice regarding discharges from facilities for the production, refinement, pipeline transmission of oil and gas or products thereof, the oil field service industry, oil field brine production wells, geothermal installations and carbon dioxide facilities shall be filed ... with the Oil Conservation Division." No notice of the prohibited discharge was received from Chaco.

It is clear that conditions at the facility have not improved over the past ten years, nor has Chaco applied for a discharge permit. These violations cannot continue.

Therefore, on September 26, 2005 the OCD will conduct another inspection of the facility. If the above deficiencies still exist, a compliance order requiring immediate compliance will be issued and civil penalties of up to \$10,000.00 per day will be assessed. See Section 74-6-10(A). Likewise, if a discharge permit application is not received in this office by September 26, 2005, appropriate action will be taken, which may include \$10,000.00 per day fines and / or court action seeking injunctive or other relief.

NEW MEXICO OIL CONSERVATION DIVISION



Mark E. Fesmire, P.E.
Director

pc: OCD, Aztec

Environmental Field Inspections

March 2005

Date Insp	Insp No	Facility	Facility Type	Insp Type	Insp Purpose	Inspector	Documentation
3/23/2005	eEEM0509630524	CHACO CHEMICAL CO	Service Company	Field Inspection	NOV Follow-up	Jack Ford	Samples <input type="checkbox"/> Photos / Etc. <input type="checkbox"/> Docs Reviewed <input type="checkbox"/>
Operator:		CHACO CHEMICAL CO		Permit(s) Authorizing Facility		GW-348	
Violation Detail (if applicable) Contamination observed on ground surface							
Drum Arrangement/Condition does not meet specs.							

Violation Description

Comments / Action Required

Drums not in containment and unlabeled. Empty drums improperly stored. Unknown chemical residue on ground.

Addition Concerns as Checked:

Unauth. Release <input checked="" type="checkbox"/>	Process Area <input checked="" type="checkbox"/>	BG Tanks/Sumps <input type="checkbox"/>	WD Practice <input type="checkbox"/>	Housekeeping <input checked="" type="checkbox"/>	Remediations <input type="checkbox"/>	Storm Water <input type="checkbox"/>
Drums <input checked="" type="checkbox"/>	Pad / Berm / Liner <input checked="" type="checkbox"/>	Labeling <input checked="" type="checkbox"/>	UG Lines <input type="checkbox"/>	Class V <input type="checkbox"/>		

March 2002

Date Insp	Insp No	Facility	Facility Type	Insp Type	Insp Purpose	Inspector	Documentation
3/5/2002	eEEM0206735686	CHACO CHEMICAL CO	Service Company	Field Inspection	Request/Complaint	Ed Martin	Samples <input type="checkbox"/> Photos / Etc. <input type="checkbox"/> Docs Reviewed <input type="checkbox"/>
Operator:		CHACO CHEMICAL CO		Permit(s) Authorizing Facility		GW-348	
Violation Detail (if applicable) No spill collection device at process areas							
Drum Arrangement/Condition does not meet specs.							
Other (Describe below)							

Violation Description

10 UNIDENTIFIED 5-GAL CONTAINERS STORED IN OFFICE AREA. Various containers, some empty, stored on ground not in proper position. Chemical drums (various) stored on raised platform. No effective containment. TBC-100 drum, no containment.

2 saddle tanks, 1/2 full, no containment. Contained flammable liquid (probably diesel) no other readable labels. Many unlabeled containers in yard. Shed storage - numerous 5-gal containers, only one labeled (HCL). According to Wiggins, the container did not contain HCL, but something else. He wasn't sure what. Office area contained many small bottles of chemicals, some dated 1986 and prior. Most unlabeled. Small refrigerator containing 100+ small vials. None labeled. Contained orange and yellow liquid.

Chaco has 120 days from April 2, 2002 to submit an application for a discharge plan.

Comments / Action Required		Unauth. Release <input type="checkbox"/>	Process Area <input checked="" type="checkbox"/>	BG Tanks/Sumps <input type="checkbox"/>	WD Practice <input type="checkbox"/>	Housekeeping <input checked="" type="checkbox"/>	Remediations <input type="checkbox"/>	Storm Water <input type="checkbox"/>
Addition Concerns as Checked:		Drums <input checked="" type="checkbox"/>	Pad / Berm / Liner <input type="checkbox"/>	Labeling <input checked="" type="checkbox"/>	UG Lines <input type="checkbox"/>	Class V <input type="checkbox"/>		

May 1995

Date Insp	Insp No	Facility	Facility Type	Insp Type	Insp Purpose	Inspector	Documentation
5/24/1995	eEEM0229428213	CHACO CHEMICAL CO	Service Company	Field Inspection	Normal Routine Activity	Roger Anderson	Samples <input type="checkbox"/> Photos / Etc. <input type="checkbox"/> Docs Reviewed <input type="checkbox"/>
Operator:		CHACO CHEMICAL CO		Permit(s) Authorizing Facility		GW-348	
Violation Detail (If applicable)							
Violation Description							
Comments / Action Required							
Addition Concerns as Checked:							
Unauth. Release		<input type="checkbox"/>	Drums	<input type="checkbox"/>	Process Area	<input type="checkbox"/>	Pod / Berm / Liner
BG Tanks/Sumps		<input type="checkbox"/>	Labeling	<input checked="" type="checkbox"/>	W/D Practice	<input type="checkbox"/>	UG Lines
Housekeeping		<input checked="" type="checkbox"/>	Class Y	<input type="checkbox"/>	Remediations	<input type="checkbox"/>	Storm Water



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

February 18, 2003

CERTIFIED MAIL

RETURN RECEIPT NUMBER: 3929-9789

Mr. Anthony T. Archuleta
Chaco Chemical Co., Inc.
P.O. Box 3526
Farmington, NM 87499

Dear Mr. Archuleta:

Following is a history of the inspections and correspondence concerning Chaco Chemical:

1. April 26, 1995. Letter to Mr. Anthony T. Archuleta, certified mail #Z-765-962-672. This letter recapped infractions noted during a physical inspection of the property. A copy of this letter is attached. No permit was recommended at that time as long as the suggestions in the letter were implemented. See item 9 of letter.
2. A subsequent inspection of May 24, 1995 revealed that Chaco staff was apparently making an effort to implement the suggestions shown in the April 26, 1995 letter.
3. OCD personnel again inspected Chaco's facility on March 5, 2002. At that time it was noted that Chaco was backsliding on some of the efforts they had previously made. As a result of this inspection, it was determined that Chaco Chemical would be required to operate under a discharge permit. A copy of the letter dated April 2, 2002, notifying you of this requirement is attached. See first full paragraph on page 2 of letter. A discharge permit application should have been received from you by August 2, 2002. Chaco Chemical did not submit the required application.

7001	1940	0004	3929	9789
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OFFICE RECEIVED

Postage	\$		FEB 19 2003
Certified Fee			Postmark Here
Return Receipt Fee (Endorsement Required)			
Restricted Delivery Fee (Endorsement Required)			
Total Postage & Fees			

Send **CHACO Chemical**
Street, Apt. No.;
or PO Box No. **P.O. BOX 1326**
City, State, ZIP+4 **FARMINGTON, NM 87499**
PS Form 3800, January 2001 See Reverse for Instructions



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 24, 2002

CERTIFIED MAIL
RETURN RECEIPT NO: 3929-9680

Mr. Anthony Wiggins
Chaco Chemical Co., Inc.
P.O. Box 3526
Farmington, NM 87499

RE: NOTICE OF VIOLATION: Chaco Chemical Co. Facility, Farmington, New Mexico

Dear Mr. Wiggins:

This letter is in response to our telephone conversation today concerning our letter to you dated April 2, 2002. Attached is a copy of this letter along with a copy of the certified mail receipt #7923-4191 signed by Christine Wiggins on April 5, 2002.

Per paragraph 2 of that letter, Chaco Chemical Co., Inc. is required to file an application for a discharge plan. This discharge plan constitutes a permit to operate Chaco Chemical Co.'s facility at 205 Elm St., Farmington, San Juan County, New Mexico, and is required by the regulations noted in paragraph 3.

Also attached is an application form for the above permit. **This application must be completed and submitted to the New Mexico Oil Conservation Division by October 28, 2002.** Fees associated with this permit are: \$100.00 filing fee plus \$1,700.00 flat fee. Total due with application: \$1,800.00.

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

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

xc: Frank Chavez, OCD Aztec District Office
David K. Brooks, OCD Legal Counsel

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

Postmark
here

Sent To
ANTHONY WILKINS CHACO Chem. Co.
Street, Apt. No.,
or PO Box No. P.O. Box 526
City, State, ZIP+4 FARMINGTON, NM 87499

PS Form 3800, January 2001. See Reverse for Instructions

0996 6263 4000 0461 7002

GW348 E0



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

BETTY RIVERA

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

September 16, 2002

CERTIFIED MAIL

RETURN RECEIPT NO: 3929-9673

Mr. Anthony T. Archuleta
Chaco Chemical Co., Inc.
P.O. Box 3526
Farmington, NM 87499

RE: NOTICE OF VIOLATION: Chaco Chemical Co. Facility, Farmington, New Mexico

Dear Mr. Archuleta:

On April 2, 2002, the New Mexico Oil Conservation Division (OCD) notified Chaco Chemical Co., Inc. of deficiencies at its Farmington facility. The OCD required that Chaco submit an application for a Discharge Permit pursuant to the provisions of the New Mexico Water Quality Control Commission regulations.

To date the OCD has not received the application as required. As a result, Chaco Chemical Co., Inc. is in violation of 20 NMAC 6.2.3106.A. of the regulations. In order to correct this violation, the OCD requires that Chaco Chemical Co., Inc. submit, by November 9, 2002, a Discharge Permit application as set forth in our letter dated April 2, 2002, certified mail receipt number 7923-4191. Failure to provide this application may result in Chaco Chemical Co. Inc. being summoned to a show cause hearing before a Division Hearing Examiner where the Division staff will recommend issuance of a formal order requiring compliance with OCD rules. Such an order may include imposition of civil penalties.

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

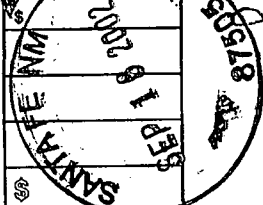
Sincerely,

Roger C. Anderson
Environmental Bureau Chief

xc: Frank Chavez, OCD Aztec District Office
David K. Brooks, OCD Legal Counsel

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Insurance Coverage Provided)

OFFICIAL USE

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

Sent To
ANTHONY T. ARCHULETA / Chaco Chem.
Street, Apt. No., or PO Box No. **P.O. Box 3526**
City, State, ZIP+4 **FARMINGTON, NM 87499**

PS Form 3800, January 2001 See Reverse for Instructions

7001 1940 0004 3929 9673

GW-348 EP

4. September 16, 2002. A Notice of Violation was sent to Chaco Chemical certified mail receipt #3929-9673. This means that as of that date Chaco Chemical is in violation of state statutes as shown in the notice of violation. Copy attached.
5. September 24, 2002. A second copy of the notice of violation was sent to Chaco Chemical certified mail receipt #3939-9680. Copy attached.

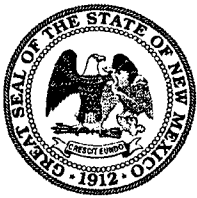
The New Mexico Oil Conservation Division regulates oilfield service companies such as Chaco Chemical.

Please call me at 505-476-3492 so that we can discuss the elements of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Martin", with a stylized flourish at the end.

Ed Martin
Environmental Bureau



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

April 2, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 7923-4191

Mr. Anthony T. Archuleta
Chaco Chemical Co., Inc.
P.O. Box 3526
Farmington, NM 87499

RE: DISCHARGE PLAN REQUIREMENT
FARMINGTON SERVICE FACILITY
SAN JUAN COUNTY, NEW MEXICO

Dear Mr. Archuleta:

The New Mexico Oil Conservation Division (OCD) conducted an inspection of your Farmington service facility in April, 1995 and again on March 5, 2002. The following is a listing of deficiencies noted during the inspection:

1. An NMOCD inspection made in 1995 revealed certain conditions that should have been addressed. This information was conveyed to you by our letter of April 26, 1995. These concerns have only partially been addressed.
2. Our inspection on March 5, 2002 showed the following:
 - a. Some drums in yard were not stored properly
 - b. The plastic liner installed under the elevated drum rack is damaged and does not provide adequate protection against chemicals stored on the rack from reaching the ground.
 - c. General housekeeping of facility is below our normal standards.
 - d. Unidentified 5-gal containers stored in office should be stored in a more suitable facility with containment.
 - e. Saddle tanks (unlabeled) with no containment.
 - f. Some labeled containers being used for a product not specified on the label.

- g. Numerous small bottles of a wide variety of chemicals (some unknown) not stored properly and out of date.
- h. Unlabeled vials in refrigerator.

Based on inspection deficiencies and pursuant to the provisions of the New Mexico Water Quality Control Commission (WQCC) Regulations, you are hereby notified that the filing of a discharge plan is required for your existing Farmington Service Facility located at 205 Elm St., Farmington, San Juan County, New Mexico.

This notification of discharge plan requirement is pursuant to 20 NMAC 6.2.3104 and 20 NMAC 6.2.3106 of the WQCC Regulations. The discharge plan, defined in 20 NMAC 6.2.1101.P. of the WQCC Regulations, should cover all discharges of effluent or leachate at the facility or adjacent to the facility site. Included in the application should be plans for controlling spills and accidental discharges at the facility (including detection of leaks in below grade sumps, buried underground process tanks and/or piping), and closure plans for any pits or ponds whose use will be discontinued.

Also enclosed are an application and a copy of OCD Guidelines for the Preparation of Discharge Plans at Oil Field Service Facilities. Two copies of your discharge plan application are to be submitted to the Santa Fe office and one copy to the Aztec office for review purposes.

20 NMAC 6.2.3106.A. of the regulations requires submittal of the discharge plan application within 120 days of receipt of this notice unless an extension of this time period is sought and approved for good cause. 20 NMAC 6.2.3106.A. also allows discharges to continue without an approved discharge plan until 240 days after written notification by the Director of the OCD that a discharge plan is required. An extension of this time may be sought and approved for good cause.

Pursuant to the 20 NMAC 6.2.3114 "every billable facility submitting a discharge plan for approval, modification or renewal shall pay the fees specified in this section to the Water Quality Management Fund".

Every billable facility submitting a new discharge plan will be assessed a fee equal to the filing fee plus either a flat fee or discharge fee. The filing fee is \$100.00 and shall be submitted with the discharge plan application (nonrefundable). The remainder of the "total fee" for oil and gas service companies falls under the "flat fee" category and is equal to \$1700.00. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the discharge plan, with the first payment due at the time of approval.

<p>Please make all checks payable to: Water Management Quality Management Fund C/o: Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87505.</p>
--

If there are any questions on this matter, please feel free to contact me at (505) 476-3490.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

RCA/eem

xc: Denny Foust - OCD Aztec Office



Chaco Chemical Company – Farmington
Office area.



Drum Storage Area in yard of Chaco Chemical
No containment.



Shelving in office area containing numerous
chemicals, some identified (labeled) and some not.
Some chemicals very old (1986-1987).



Chemicals stored in 5-gal. Containers in office area.



Chemical storage area in yard of Chaco Chemical



Elevated rack for chemical drum storage at Chaco Chemical. Note plastic liner beneath.



Tank area – Chaco Chemical – Farmington
Unknown chemicals. No Containment.



Different view under elevated drum storage deck. Note that plastic liner does not extend completely to limits of deck area.



Views of Chaco Chemical Co. yard in Farmington





Storage shed in Chaco Chemical's yard.



Inside view of storage shed – Chaco Chemical



Example of materials stored in storage shed. This shed contained approximately 30 – 40 5-gal. Containers. One container was labeled HCl, but, according to operator, did not contain HCl.



Refrigerator inside office area of Chaco Chemical. This refrigerator contained numerous small vials, none of which were labeled.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

April 26, 1995 - May 24, 95 inspection
1:20 pm

CERTIFIED MAIL

RETURN RECEIPT NO. Z-765-962-672

Mr. Anthony T. Archuleta
CHACO CHEMICAL COMPANY, Inc.
P.O. Box 3526
Farmington, NM 87499

**RE: Discharge Plan Requirement Inspection
Farmington Facility
San Juan County, New Mexico**

Dear Mr. Archuleta:

Outlined below are the observations and findings made by the NMOCD team that recently inspected the Chaco Chemical Company, Inc. Facility at 205 Elm in Farmington, New Mexico.

1. Few lab tests done at the facility.
2. Sewage goes to city of Farmington POTW.
3. Lab sample bottles for field testing re-used.
4. Lab waste that does accumulate is not allowed to go down the sink - is used as flush.
Note: Drums that store the waste on site need some sort of secondary containment and also need to be labelled as NON-HAZARDOUS. — Drums labelled and stored inside of cut-off 55 gallon drums — acting as containment.
5. Drum storage area needs some sort of impermeable containment underneath it. — working on Drum Area — with Black plastic.
6. Empty drums need to be stored on their side with the bungs in place and horizontal to the ground. Drums stored properly

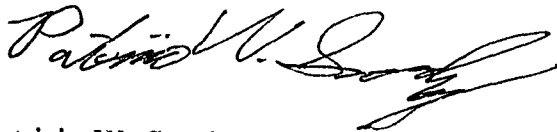


Mr. Anthony T. Archuleta
April 26, 1995
Page 2

7. No automotive servicing is done at the facility.
8. Make certain all drums are properly labelled. — *Still needs to work on labelling.*
9. At this point NMOCD will not require Chaco Chemical to prepare a Discharge plan; However should Chaco Chemical not implement the suggestions made by the NMOCD team a permit will be required. Further at some point in time NMOCD may find it appropriate to require a Discharge plan from Chaco Chemical.

If you any further questions or comments please feel free to call me at (505)-827-7156.

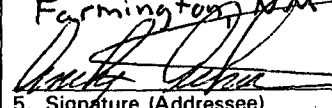
Sincerely,



Patricio W. Sanchez
Petroleum Engineer

— overall looks like he is making an effort to implement suggestions.

XC Denny Foust

Is your RETURN ADDRESS completed on the reverse side?	SENDER: <ul style="list-style-type: none">• Complete items 1 and/or 2 for additional services.• Complete items 3, and 4a & b.• Print your name and address on the reverse of this form so that we can return this card to you.• Attach this form to the front of the mailpiece, or on the back if space does not permit.• Write "Return Receipt Requested" on the mailpiece below the article number.• The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: Mr. Anthony T. Archuleta Chaco Chemical Company, Inc. P.O. Box 3526 Farmington, NM 87499	4a. Article Number E-765-962-672	
	4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise		
	5. Signature (Addressee) 	7. Date of Delivery APR 27 1995	
	6. Signature (Agent)	8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530 **DOMESTIC RETURN RECEIPT**



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

April 26, 1995

CERTIFIED MAIL
RETURN RECEIPT NO.Z-765-962-672

Mr. Anthony T. Archuleta
CHACO CHEMICAL COMPANY, Inc.
P.O. Box 3526
Farmington, NM 87499

RE: Discharge Plan Requirement Inspection
Farmington Facility
San Juan County, New Mexico

Dear Mr. Archuleta:

Outlined below are the observations and findings made by the NMOCD team that recently inspected the Chaco Chemical Company, Inc. Facility at 205 Elm in Farmington, New Mexico.

1. Few lab tests done at the facility.
2. Sewage goes to city of Farmington POTW.
3. Lab sample bottles for field testing re-used.
4. Lab waste that does accumulate is not allowed to go down the sink - is used as flush.
Note: Drums that store the waste on site need some sort of secondary containment and also need to be labelled as NON-HAZARDOUS.
5. Drum storage area needs some sort of impermeable containment underneath it.
6. Empty drums need to be stored on their side with the bungs in place and horizontal to the ground.

Mr. Anthony T. Archuleta

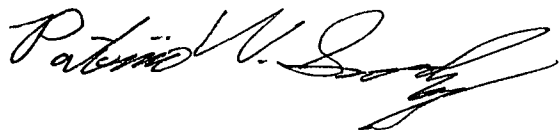
April 26, 1995

Page 2

7. No automotive servicing is done at the facility.
8. Make certain all drums are properly labelled.
9. At this point NMOCD will not require Chaco Chemical to prepare a Discharge plan; However should Chaco Chemical not implement the suggestions made by the NMOCD team a permit will be required. Further at some point in time NMOCD may find it appropriate to require a Discharge plan from Chaco Chemical.

If you any further questions or comments please feel free to call me at (505)-827-7156.

Sincerely,

A handwritten signature in cursive script, appearing to read "Patricio W. Sanchez".

Patricio W. Sanchez
Petroleum Engineer

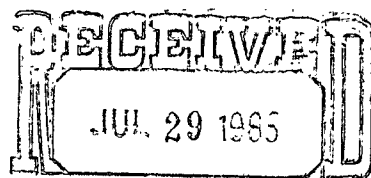
XC Denny Foust

50 YEARS



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION



OIL CONSERVATION DIVISION
SANTA FE



1935 - 1985

POST OFFICE BOX 2288
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Chaco Chemical Co.
2635 La Plata Hwy
Farmington, NM 87499

July 11, 1985

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

Dear Sir:

On June 4, 1985, the Oil Conservation Division mailed you a Well Service Company Questionnaire requesting a response within 30 days. Your response was not submitted within the specified time limit.

Any discharges of fluids that may occur from your facility are regulated under the New Mexico Oil Conservation Division Rules and Regulations and/or the New Mexico Water Quality Act, and as such, your response to the Well Service Companies Questionnaire is required. Since we are required by statute to protect fresh water supplies, we are seeking your voluntary cooperation in this survey of potential pollution problems in the San Juan Basin.

Within 15 days from the date of this letter please submit your response to the enclosed questionnaire. If there are any questions or more information is necessary, please call Jami Bailey in Santa Fe at (505) 827-5884.

Sincerely,

R. L. STAMETS
Director

WELL SERVICE COMPANIES
QUESTIONNAIRE

Check one or more, as applicable.

I. Types of Services Performed:

- ☐ Vacuum Hauling/Tank Cleaning
- ☐ Acidizing
- ☐ Fracturing
- ☐ Cementing
- ☐ Drilling mud/additives
- ☒ Other (Specify) *Production Chemicals*

II. General Types of Products and Quantities Used in
Service or Transported in 1984:

- | | Quantity (bbls.) |
|--|------------------------------------|
| <input type="checkbox"/> Acids | |
| <input type="checkbox"/> Brines | |
| <input type="checkbox"/> Caustics | |
| <input type="checkbox"/> Drilling Mud/Additives | |
| <input checked="" type="checkbox"/> Corrosion Inhibitors | <i>100 drums</i> |
| <input type="checkbox"/> Surfactants/Polymers | <i>All products transported in</i> |
| <input type="checkbox"/> Shale Control Inhibitors | <i>55 gallon Drums.</i> |
| <input type="checkbox"/> Radioactive Tracers Returned
from Wellbores or Pipelines | |
| <input type="checkbox"/> Oxygen Scavengers | |
| <input type="checkbox"/> Waste Oil | |
| <input type="checkbox"/> Produced Water | |
| <input type="checkbox"/> Other (Specify) | |

III. TYPE, QUANTITY, AND LOCATION OF WELL SERVICE FLUIDS AND SOLIDS, PRODUCED WATER,
OR WASTE OIL DISPOSAL

TYPE OF FLUID OR SOLID	VOLUME (BARRELS)	DISPOSAL SITE		NATURE OF DISPOSAL LOCATION (LETTER FROM BELOW)
		(NO. FROM BELOW)	LOCATION	

Disposal Sites

1. Individual Well Site (Do not list all locations)
2. Sanitary Landfill
3. Injection Wells (Do not list locations)
4. Evaporation Pond
5. Chemical Waste Tank
6. City Sewer
7. Company Facilities
8. Other (Specify)

Nature of Disposal Location

- A. Lined Pit
- B. Unlined Pit
- C. Ground Surface
- D. Above Ground Tank
- E. Buried Tank
- F. Injection Well
- G. Other (Specify)