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November 5, 2020

Mr. Robert J. Hamlet
State of New Mexico
Energy, Minerals, and Natural Resources
Oil Conservation Division
811 S. First Street
Artesia, New Mexico 88210

**Re: Response to Denial of Remediation Workplan
Site Characterization Report and Remediation Workplan dated May 12, 2020
Holly Energy Partners – Operating, L.P.
Millman Station Crude Oil Release
Approximately 20.5 Miles Southeast of Artesia, Eddy County, New Mexico
Coordinates: 32.66451107, -104.1267756
Incident Number: NRM2002952961**

Dear Mr. Hamlet,

On behalf of Holly Energy Partners – Operating, L.P. (HEP), TRC Environmental (TRC) is providing this response to the New Mexico Oil Conservation Division's (NMOCD) denial dated July 16, 2020, of the Remediation Workplan that was submitted as part of the *Site Characterization Report and Remediation Workplan (SCR)* dated May 12, 2020 for the above-referenced Millman Station Crude Oil Release site (the site). Through subsequent electronic mail (email) correspondence between August 2, 2020 and September 21, 2020, some of the items in the denial have been resolved; however, there are remaining unresolved items or unanswered questions that HEP wishes to clarify so that HEP can proceed with the remediation effort. This document summarizes how HEP has responded to each of the items in the NMOCD denial, but the remaining unresolved item is as follows:

- As documented in the above-referenced report and TRC's email correspondence on September 21, 2020, HEP firmly believes the chloride concentrations detected at sample point TT-8 are not associated with the November 2019 HEP release and rather are the result of release(s) from nearby line handling produced (brine) water from oil and gas production operations. HEP requests concurrence that horizontal delineation of chlorides at sample point TT-8 is not required. HEP will pursue horizontal delineation of chlorides at sample point AH-1 near the HEP release point. As previously offered, HEP can host a conference call to discuss this matter.

A brief background is provided below followed by a summary of responses to each of the items in the NMOCD denial correspondence.

Background

On November 13, 2019, a release was discovered on the surge tank at HEP's Millman Station located approximately 20.5 miles southeast of Artesia, Eddy County, New Mexico (see Figure 1). The release was attributed to a rupture in the surge tank caused by back pressure in a pipe. Approximately 340 barrels (bbls) of crude oil were reported to have been released. A vacuum truck was dispatched in response to the release, and approximately 275 bbls of crude oil were recovered during initial response activities. The impacted footprint appears to be approximately 34,000 square feet. Investigation activities were conducted in December 2019 and March 2020, and the results were provided in the *Site Characterization Report and Remediation Workplan* dated May 12, 2020. As a result of the investigation activities, and primarily based on the location of the site in a medium karst potential area, the appropriate NMOCD Closure Criteria were determined to be: 600 milligrams per

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kilogram (mg/kg) chloride; 100 mg/kg total petroleum hydrocarbons (TPH); 50 mg/kg total benzene, toluene, ethylbenzene, and xylenes (BTEX); and, 10 mg/kg benzene. The proposed remediation workplan included excavation and offsite disposal of affected soils in exceedance of the Closure Criteria outside the fenced area, and a request for deferral until time of abandonment in accordance with 19.15.29.12(C)(2) New Mexico Administrative Code (NMAC) for the affected soil inside the fenced area as this area is around and under active production equipment. The NMOCD reviewed the *Site Characterization Report and Remediation Workplan* and issued correspondence on July 16, 2020, that the remediation workplan was denied.

Response Summary to NMOCD Denial of Remediation Workplan

Each of the comments listed in the NMOCD denial correspondence dated July 16, 2020 are provided below along with a summary of HEP's response, including responses from previous email correspondence.

- **NMOCD Comment 1:** *When nearby wells are used to determine depth to groundwater, the wells should be no further than ½ mile away from the site, and data should be no more than 25 years old, and well construction information should be provided. If evidence of depth to ground water within a ½ mile radius of the site cannot be provided, impacted soils will need to meet Table 1 Closure Criteria for ground water at a depth of 50 feet or less.*

HEP Response: Understood. Due to the location of the site in a medium karst potential area, the Closure Criteria for the site have already been established as the most stringent concentrations (i.e., depth to groundwater does not matter regarding the Closure Criteria).

- **NMOCD Comment 2:** *A deferral cannot be granted on a release if the depth to water is <50' depth to groundwater. At that point, a hydrovac/shovel would need to be used to safely remove the contaminated soil around equipment and pipelines. The release will need to be remediated to the strictest closure criteria limits (600 mg/kg, Chlorides, 100 mg/kg TPH, etc.), which matches the closure criteria that Holly Energy Partners has elected to go with. If you feel the depth to groundwater is >50', a shallow borehole can be drilled to 51' allowing for verification of the depth. If water is not visible after reaching bottom-hole and waiting 72 hours, the OCD will accept this as evidence. We would just need a copy of the driller's log.*

HEP Response: HEP indicated the intent to install a soil boring to a minimum depth of 51 feet below ground surface (bgs) to confirm the absence of groundwater in the upper 50 feet. HEP mobilized to the site on October 13, 2020 and installed a soil boring to a total depth of 51 feet bgs. The boring was allowed to stand open for a period of 74 hours and no groundwater was observed confirming the depth to groundwater is > 50 feet. A copy of the driller's log will be provided with the Closure Report that will be submitted to document remediation activities. With the absence of groundwater in the upper 50 feet, HEP's Millman Station appears eligible for a deferral until time of abandonment for affected soils in inaccessible areas (e.g., areas immediately under or around production equipment).

- **NMOCD Comment 3:** *In the future, there are a couple mandatory things that need to be accomplished for a deferral. All sample points, except the requested sample points for deferral, must have contaminated soil removed before a deferral request is uploaded to the payment portal. The only remediation that should remain are the sample points that are being requested for deferral. Also, specify exactly which sample points you are asking for a deferral on and the reason the contaminants can't be removed.*



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HEP Response: HEP understands that remediation must occur before the request for deferral until time of abandonment is made. The deferral request will be provided in the Closure Report and will specify exactly which areas/sampling points are being requested for deferral, and state that contaminants cannot be removed due to the presence of active production equipment.

- **NMOCD Comment 4:** *The release will need to be cleaned up inside and outside the fence area unless depth to water has been determined through use of a borehole. The OCD wants to clarify that the entire release area will not be deferred, only the sample points that are around production equipment such as production tanks, wellheads and pipelines. The deferral may be granted so long as the contamination is fully delineated and does not cause an imminent risk to human health, the environment, or ground water. Final remediation and reclamation shall take place in accordance with 19.15.29.12 and 19.15.29.13 NMAC once the site is no longer being used for oil and gas operations.*

HEP Response: As indicated above, HEP installed a soil boring to a total depth of 51 feet bgs to confirm the absence of groundwater within the upper 50 feet. The boring remained open for 74 hours and confirmed the depth to groundwater is > 50 feet. It is not HEP's intent to request deferral of the entire area. Remediation will proceed in accordance with the workplan to remove soil to the aforementioned Closure Criteria outside the fence. Only the areas/sampling points under and around production equipment that are not accessible for soil removal will be included in the future deferral request.

- **NMOCD Comment 5:** *Please continue to horizontally delineate sample points AH-1 and TT-8 to 600 mg/kg for chlorides on the outer edges/periphery and include sample points in your next report after closure criteria limits have been met. Based on distribution of chlorides and TPH, chlorides in TT-8 are not associated with the release and HEP requests no further delineation of what appears to be another operator's affected soil. While vertical definition of contamination that may be acceptable is almost exclusively driven by depth to water, as determined, and as driven by Table I in rule, horizontal definition if different. The edges (horizontal definition) of a liquid release must be determined as well. The only value for determination of horizontal impact are derived by either "background" value as determined appropriate to Rule 29, or, for chloride, 600 mg/Kg in soils. This 600 mg/Kg value is discussed in detail in 19.15.29.13 D. (1). Therefore, horizontal soils delineation for chloride should be 600 mg/KG (again, or background) for all liquid releases, either on or off production pad. It is conceivable that in determining the horizontal extent of chloride that the edge of the production pad may be encountered, if last sample taken on pad limit, samples(s) must be obtained off pad to determine extent of release. If horizontal delineation samples on pad eventually reach a mechanical barrier, (such as pipeline or battery) sample(s) should be obtained as near as possible on the linear opposite side of said barrier and as close as possible to barrier. It is conceivable that a liquid release may occur with, for example, a surface soil chloride of 19,000 mg/Kg, and if it is reliably determined that groundwater is over 101 feet below ground surface, then that value may stand as a vertical definition, but nonetheless, the horizontal value(s) for lateral extent of liquid release would still, of Rule 29 necessity, be 600 mg/Kg chloride or less. This would be inclusive of both "on-pad" or "off-pad" release area. The above if laboratory data driven, not just reported visual extent of a liquid release or calculated and reported release volumes. As indicated in above portions, a scaled map with horizontal and vertical definition of actual laboratory values is required. Generally, the top one foot sample suffices for immediate horizontal evaluation and deeper contamination would likely be identified during actual remediation.*

HEP Response: HEP understands that NMOCD is requesting horizontal delineation of chloride impacts in surface soil at sample points AH-1 and TT-8. Figure 5 from the *Site Characterization Report* and



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Remediation Workplan dated May 12, 2020, is attached that shows the sample point locations. HEP concurs with the need to delineate chlorides at sample point AH-1 because there is correlation between the TPH and chloride data, and the location is in close proximity to HEP's release. However, HEP firmly feels the chloride concentrations at sample point TT-8 are not associated with HEP's release for the reasons presented in the *Site Characterization Report and Remediation Workplan* and the additional points presented below. Therefore, HEP should not be responsible for delineating chlorides at sample point TT-8 that are not associated with HEP's release.

- **Vertical Extent:** Sample point TT-8 does not have TPH or BTEX exceedances and most of the data reported non-detect concentrations for TPH and BTEX. This indicates that sample point TT-8 was not impacted by HEP's release as HEP's release contained TPH and BTEX (reference data from sample point AH-1 near the release location). Sample point TT-8 exhibited the deepest chloride exceedances from 0 to 11 feet bgs, as well as the highest detected chloride concentrations. The TPH and BTEX exceedances from the HEP release were constrained to the upper soil profile (0-1 feet) in the sample points located further from the HEP release with exception of sample point TT-8 that does not indicate any impacts from the HEP release. This data clearly indicates that sample point TT-8 was not impacted by HEP's release and that the chlorides at sample point TT-8 were not associated with the HEP release given that there is no correlation between the TPH/BTEX and the chloride data. The most likely source of the chlorides at TT-8 is the line handling produced (brine) water from oil and gas production operations located within 20 feet of sample point TT-8.
- **TPH-Chloride Inverse Correlation:** The correlation of chloride and TPH concentrations were evaluated across the site with the premise that if chlorides were sourced from HEP's release, then chloride would correlate with TPH, which was sourced from HEP's release. However, there is an inverse correlation of chloride and TPH concentrations as shown on the attached graphs. This indicates that HEP's release, as evidenced by TPH, did not result in the chloride concentrations detected across the site including sample location TT-8. There are numerous produced (brine) water lines in the area of HEP's release that are the likely source of the chlorides.
- **Observed Saltwater Releases:** During the soil boring installation activities conducted on October 13, 2020, TRC observed evidence of a recent release from the saltwater injection lines located within 20 feet of sample location TT-8, where salt crust at the surface was visible. Photographs of the area affected by the saltwater release are attached. This indicates that releases have occurred from the lines handling produced (brine) water from oil and gas production operations in the area and provide further evidence that the source of chloride in soil at sample point TT-8 is clearly not related to HEP's release.

HEP feels the evidence presented in the SCR and additional evidence provided above clearly show that the presence of chlorides in soil at the Release Site and specifically sample location TT-8 are not attributed to HEP's release, and thus HEP is not responsible to delineate chlorides at sample point TT-8 that are apparently from the nearby produced (brine) water lines. As indicated in several previous correspondences, HEP is open to a call with NMOCD to further the discussion on the technical points of this issue.

- **NMOCD Comment 6:** *If Holly Energy Partners wants to move forward with excavating, the shallow excavation areas will need to be excavated to the first clean (under closure criteria limit) sample point*



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depth. The deeper contamination zones will need to be excavated to either the first clean (under closure criteria limit) sample point depth or until rock refusal.

HEP Response: Understood. HEP wishes to move forward with excavation as per the remediation workplan, but the remediation workplan was denied. HEP would like to understand if remediation can proceed or if a revised remediation workplan in response to the NMOCD denial correspondence is required for further NMOCD review and approval before work can proceed.

- **NMOCD Comment 7:** *The report says, "A hard caliche layer was encountered at approximately 10 to 11 feet bgs, which caused refusal for both the backhoe and hand auger". The OCD has a process in place for rock refusal, during the remediation process to satisfy the OCD and State of New Mexico:*
 - a) *If rock refusal interferes with the remediation process, use a back-hoe/track-hoe to remove the rock*
 - b) *If the rock is immovable and target depth cannot be reached, use a hydrovac to clean the contaminated soil off of the rock surface and outline specific locations and steps taken on the Closure Report*
 - c) *Use a rotary drill to drill a 18"-24" hole into the rock, pull sample to ensure contaminants haven't permeated deep through the rock surface*
 - d) *layer the cleaned rock with Micro-Blaze or liquid with microbial strains, surfactants and nutrients designed to digest organics and hydrocarbons*
 - e) *Back-fill with clean material.*

HEP Response: HEP will utilize the NMOCD procedures outlined above where remediation activities encounter rock refusal.

- **NMOCD Comment 8:** *Please have soil samples analyzed for all components in Table 1 of the spill rule. The current spill rule may be viewed here: <http://164.64.110.134/parts/title19/19.015.0029.html>*

HEP Response: As previously demonstrated above, the presence of chloride in soil is the result of other sources/operators and does not appear related to the HEP release. Therefore, with the exception of lateral delineation of chloride at sample location AH-1 near the HEP release location, HEP will only analyze soil samples for BTEX and TPH.

- **NMOCD Comment 9:** *The variance request for 1,000 ft² composite confirmation sample size is approved.*

HEP Response: Understood.

- **NMOCD Comment 10:** *The variance request for 100 linear feet of excavated sidewall for samples is approved.*

HEP Response: Understood.



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- **NMOCD Comment 11:** *Please let us know if you are going to drill a borehole to properly assess depth to water and move forward with a formal deferral request.*

HEP Response: As discussed above, and communicated to NMOCD in an email dated August 2, 2020, HEP installed a soil boring on October 13, 2020, to confirm the absence of groundwater in the upper 50 feet. This boring was installed to a total depth of 51 feet bgs and allowed to stand open for 74 hours. No groundwater was observed confirming the depth to groundwater is > 50 feet. HEP intends to move forward with a formal deferral request at the completion of remediation activities.

HEP and TRC appreciate NMOCD's consideration of the response to comments from your denial correspondence and look forward to resolving the final question and moving forward with remediation activities. Based on the time needed to complete resolution and clarification of the NMOCD's denial of the Remediation Workplan, HEP anticipates completion of the remediation activities and submittal of a Closure Report by May 31, 2021. Please contact me at (432) 215-6730 or Mark Shemaria of HEP at (469) 265-8658 with any questions or to schedule a conference call to discuss this project.

Sincerely,
TRC Environmental Corporation

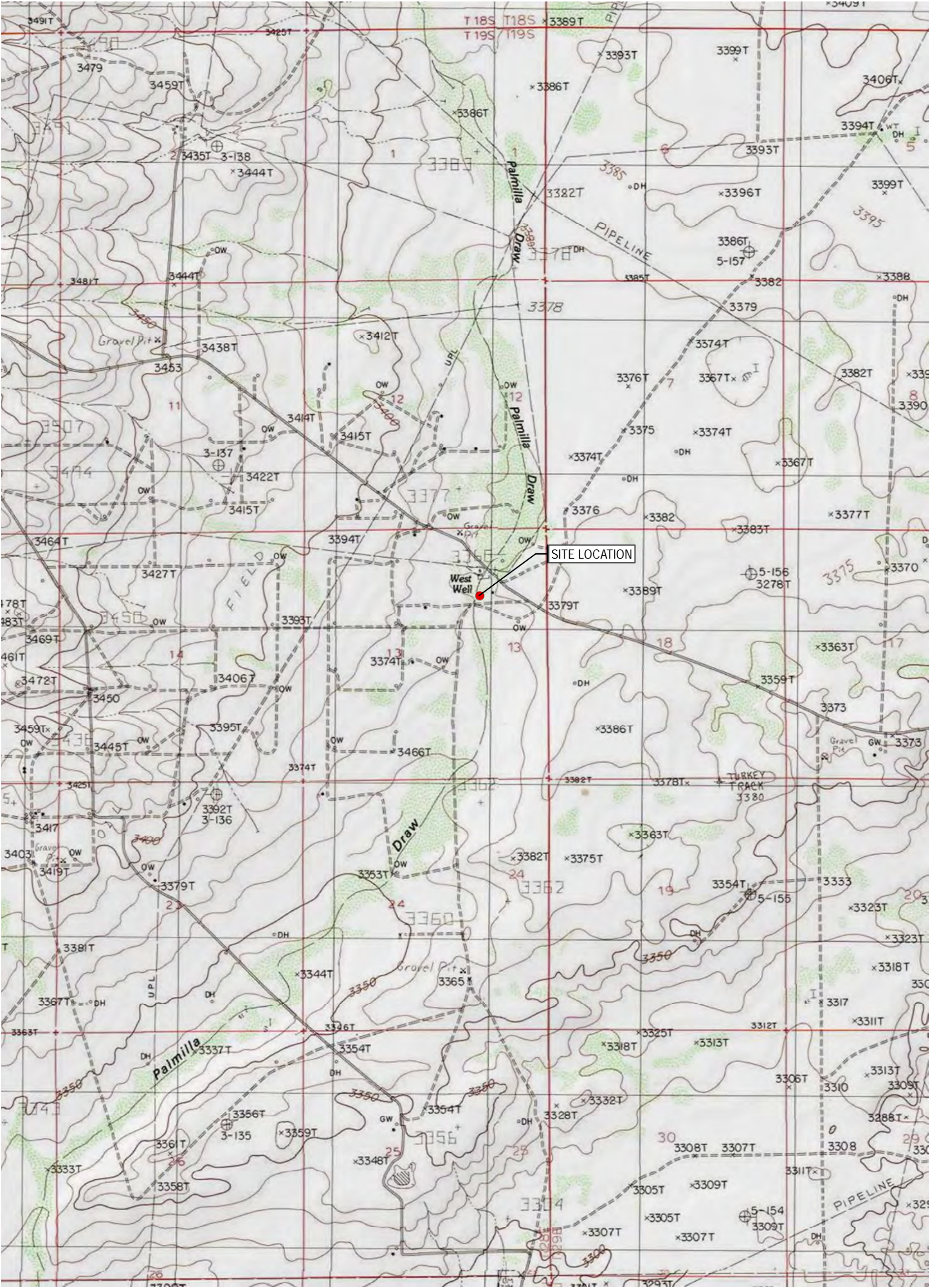


Cynthia K. Crain, P.G.
Senior Project Manager

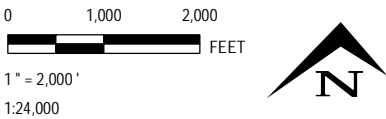
Attachments: Figure 1 – Site Location Map
Figure 5 – Soil Sample Analytical Results Map
TPH versus Chloride Graphs
Photographs of Recent Saltwater Release


cc: Lori Coupland, HEP
Mark Shemaria, HEP
Melanie Nolan, HEP
Arsin Sahba, PG, HollyFrontier Corporation
Shannon Hoover, PG, TRC

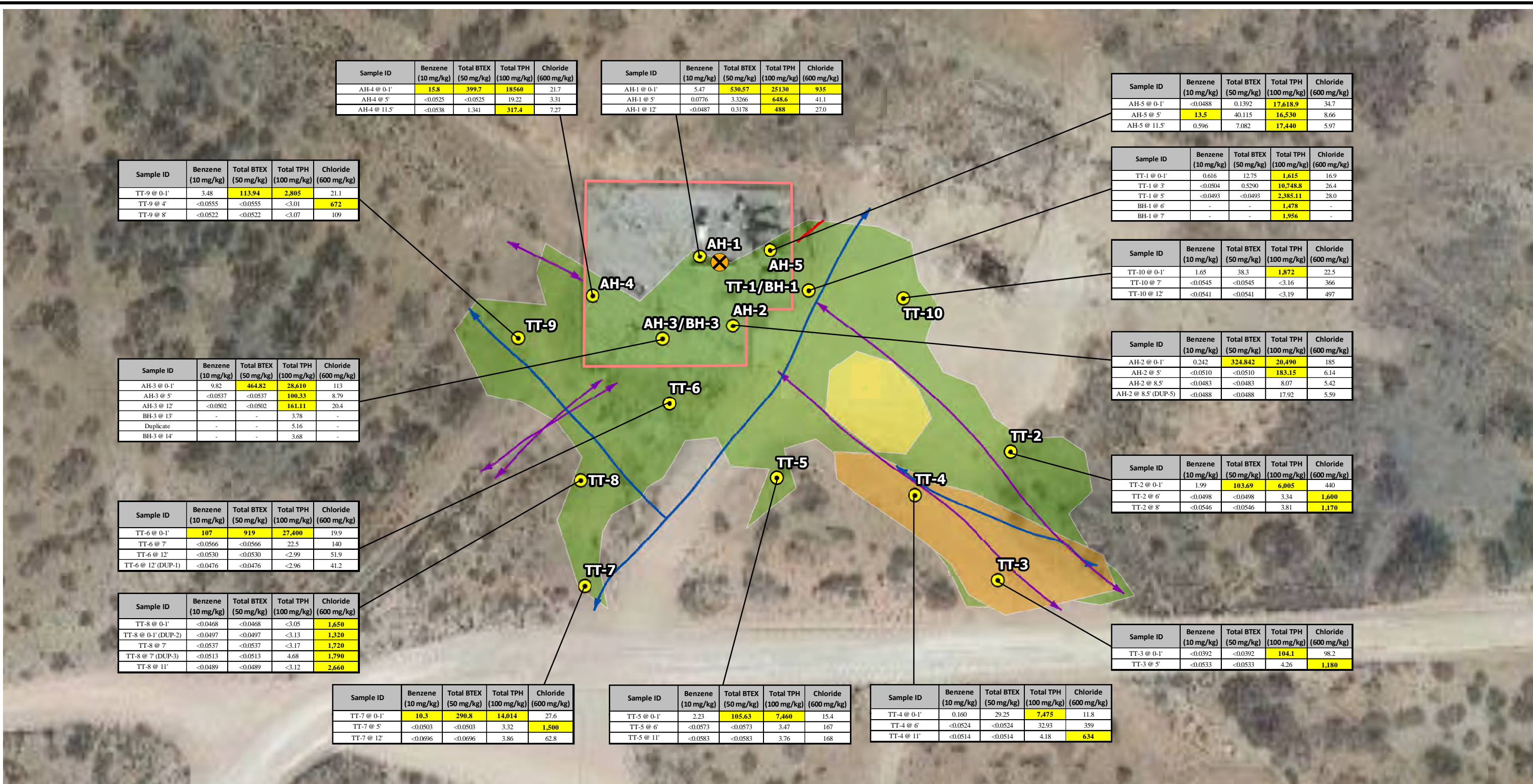




BASE MAP FROM USGS 7.5 MINUTE TOPOGRAPHIC QUADRANGLE SERIES - ILLINOIS CAMP, NEW MEXICO (1985).



<div> 505 East Huntland Drive Suite #250 Austin, TX 78752 Phone: 512.329.6080</div>	PROJECT:	<div>HOLLY ENERGY PARTNERS - OPERATING L.P. MILLMAN STATION CRUDE OIL RELEASE EDDY COUNTY, NEW MEXICO</div> <div>SITE LOCATION MAP</div>	DRAWN BY:	S. RAY
	TITLE:		CHECKED BY:	
			APPROVED BY:	
			DATE:	APRIL 2020
			PROJ. NO.:	371909
			FILE:	371909_1.mxd
			FIGURE 1	



LEGEND

SOIL SAMPLE LOCATIONS

RELEASE POINT (SURGE TANK)

ELECTRICAL LINE

HEP LINES

SALTWATER INJECTION T LINE OPERATED BY STEPHENS & JOHNSON OPERATING

SALTWATER INJECTION LINES OPERATING BY STEPHENS & JOHNSON OPERATING

SURFACE RELEASE AREA

STOCKPILED MATERIAL

SCRAPED AREA

FENCED AREA/STATION BOUNDARY

BASE MAP FROM GOOGLE AND THEIR DATA PARTNERS (3/12/2016).

NOTES:

1. Yellow highlight indicates the parameter was detected above the NMOCD Closure Criteria.

2. < indicates the parameter was below the appropriate laboratory method/sample detection limit.

3. Dup-1 was collected from the same location as TT-6 @ 12'.

4. Dup-2 was collected from the same location as TT-8 @ 0-1'.

5. Dup-3 was collected from the same location as TT-8 @ 7'.

6. Dup-4 was collected from the same location as AH-4 @ 5'.

7. Dup-5 was collected from the same location as AH-2 @ 8.5'.

8. Duplicate was collected from the same location as BH-3 @ 13'.

0100

Feet

1" = 50'

1:600

Sample ID	Benzene (10 mg/kg)	Total BTEX (50 mg/kg)	Total TPH (100 mg/kg)	Chloride (600 mg/kg)
NMOCD Closure Criteria	10 mg/kg	50 mg/kg	100 mg/kg	600 mg/kg

PROJECT:

HOLLY ENERGY PARTNERS - OPERATING L.P.

MILLMAN STATION CRUDE OIL RELEASE

EDDY COUNTY, NEW MEXICO

TITLE:

SOIL SAMPLE ANALYTICAL RESULTS MAP

DRAWN BY:

S. RAY

PROJ NO.:

371909

CHECKED BY:

APPROVED BY:

DATE:

MAY 2020

FIGURE 5

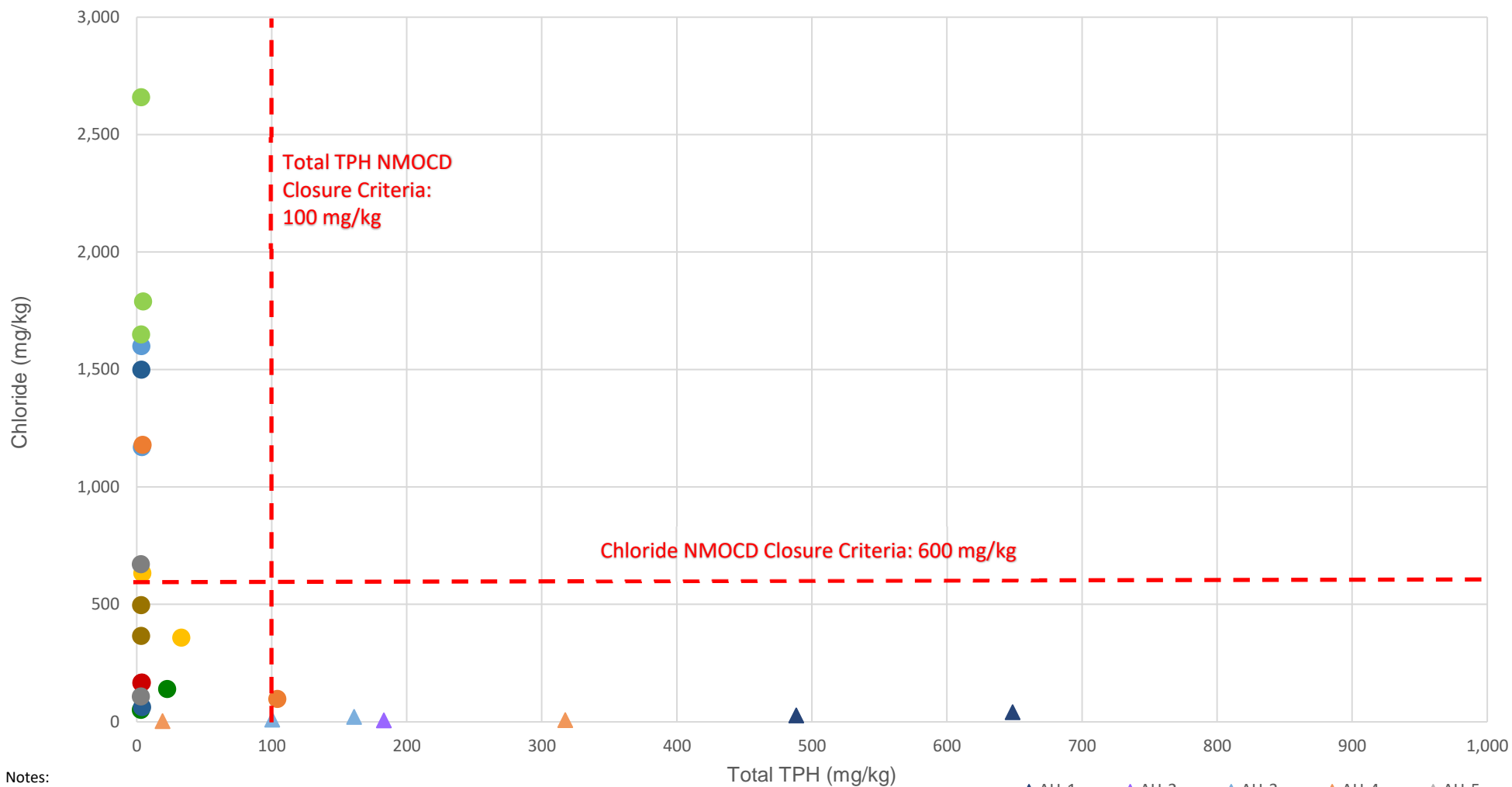
TRC

505 East Huntland Drive, Suite 250
Austin, TX 78752
Phone: 512.329.6080
www.trcsolutions.com

FILE NO.:

371909_5.mxd

Total TPH vs. Chloride Concentration - Detailed View
Holly Energy Partners - Operating, L.P.
Millman Station Crude Oil Release



Notes:

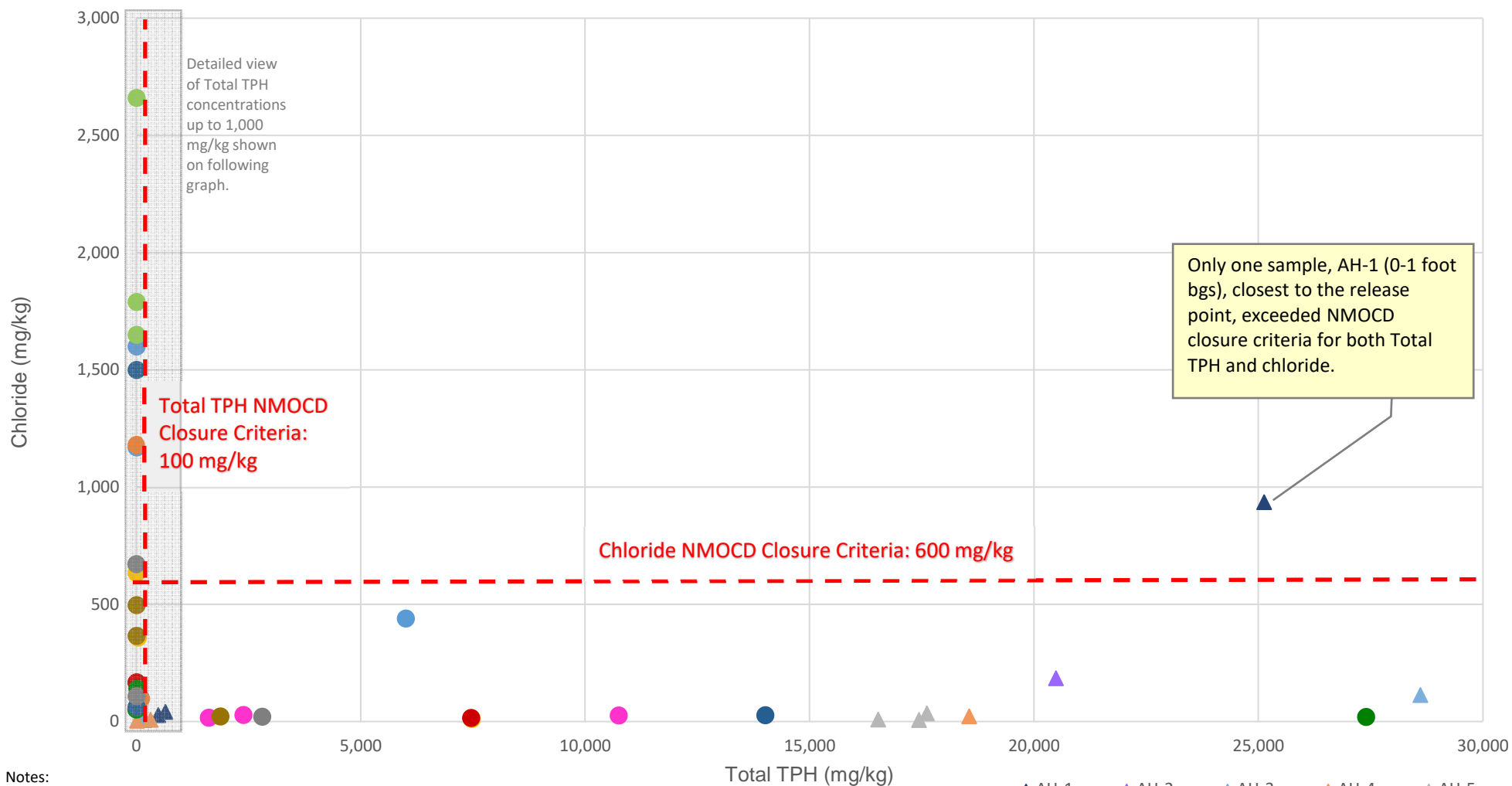
1. Soil samples AH-1 to AH-5 and TT-1 to TT-10 were collected in December 2019 and were analyzed for TPH and chloride.

bgs: below ground surface
mg/kg: milligrams per kilogram

NMOCD: New Mexico Oil Conservation Department
TPH: total petroleum hydrocarbons

▲ AH-1 ▲ AH-2 ▲ AH-3 ▲ AH-4 ▲ AH-5
● TT-1 ● TT-2 ● TT-3 ● TT-4 ● TT-5
● TT-6 ● TT-7 ● TT-8 ● TT-9 ● TT-10

Total TPH vs. Chloride Concentration Holly Energy Partners - Operating, L.P. Millman Station Crude Oil Release



Notes:

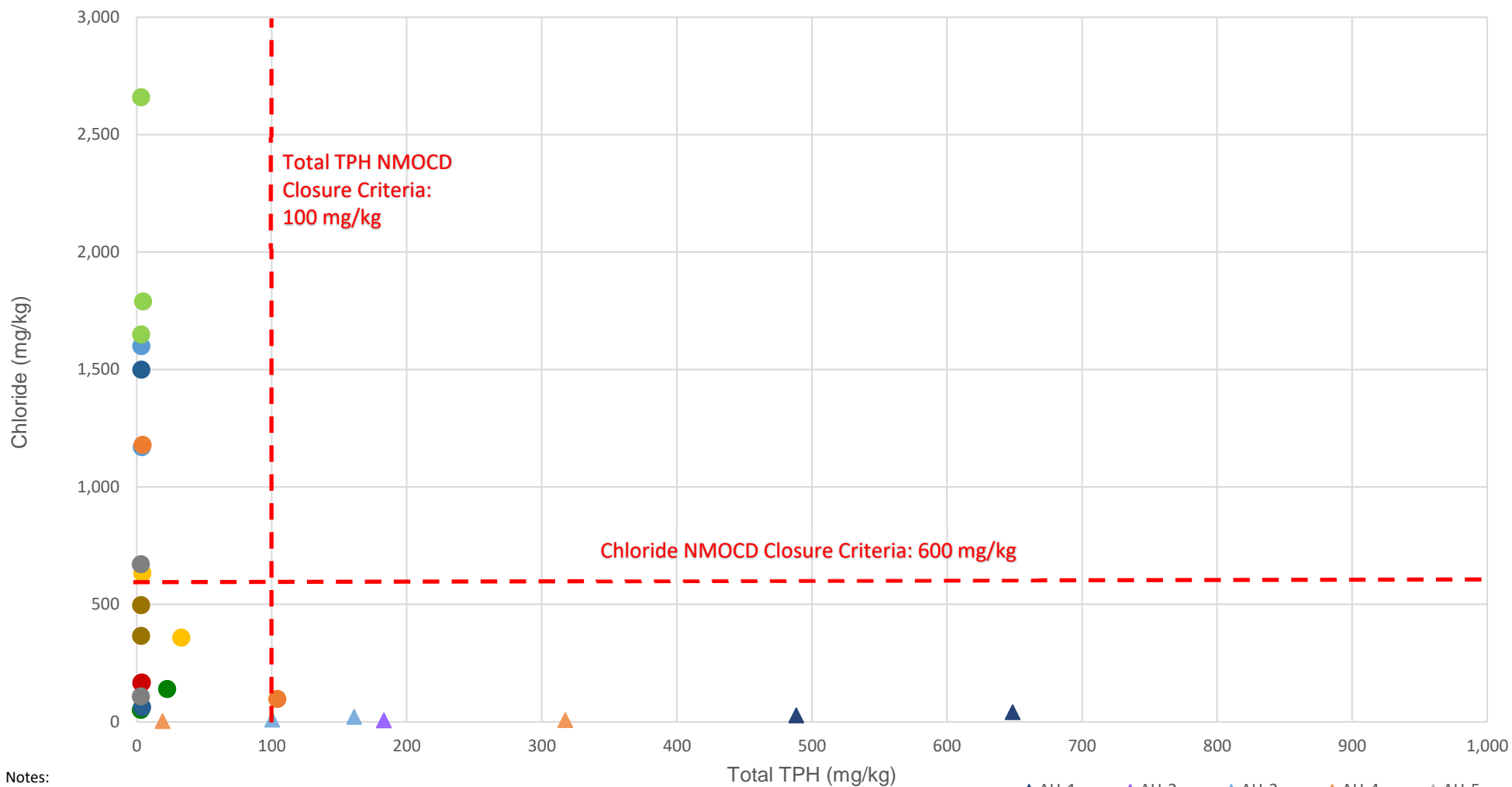
1. Soil samples AH-1 to AH-5 and TT-1 to TT-10 were collected in December 2019 and were analyzed for TPH and chloride.

bgs: below ground surface
mg/kg: milligrams per kilogram

NMOCD: New Mexico Oil Conservation Department
TPH: total petroleum hydrocarbons

▲ AH-1 ▲ AH-2 ▲ AH-3 ▲ AH-4 ▲ AH-5
● TT-1 ● TT-2 ● TT-3 ● TT-4 ● TT-5
● TT-6 ● TT-7 ● TT-8 ● TT-9 ● TT-10

Total TPH vs. Chloride Concentration - Detailed View
Holly Energy Partners - Operating, L.P.
Millman Station Crude Oil Release



Notes:

1. Soil samples AH-1 to AH-5 and TT-1 to TT-10 were collected in December 2019 and were analyzed for TPH and chloride.

bgs: below ground surface
mg/kg: milligrams per kilogram


NMOCD: New Mexico Oil Conservation Department
TPH: total petroleum hydrocarbons

▲ AH-1 ▲ AH-2 ▲ AH-3 ▲ AH-4 ▲ AH-5
● TT-1 ● TT-2 ● TT-3 ● TT-4 ● TT-5
● TT-6 ● TT-7 ● TT-8 ● TT-9 ● TT-10

Appendix B

Photographic Documentation

	<p>Photograph 1: View to northwest of produced water release (10.13.20). Millman Station fence to right.</p>
	<p>Photograph 2: View to south (from Millman Station fence) of produced water release (10.13.20).</p>

Job No.	Photographs Taken By:	Page No.	Client:	Site Name/Address:	
390408	Tania Babu	1 of 1	Holly Energy Partners – Operating L.P.	Millman Station	

From: [Crain, Cynthia K.](#)
To: [Hamlet, Robert, EMNRD](#)
Cc: [Bratcher, Mike, EMNRD](#); [Eads, Cristina, EMNRD](#); [Hensley, Chad, EMNRD](#); [Sahba, Arsin M.](#); [mark.shemaria](#); [melanie.nolan](#); [Hoover, Shannon](#)
Subject: [EXT] RE: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)
Date: Monday, March 1, 2021 10:10:40 AM
Attachments: [image001.png](#)

Robert,

Thank you for your response and clarification regarding the closure criteria of karst areas.

I will provide you with a notification at least 48 hours before remediation begins.

Please let me know if there is anything else you need.

Stay safe!

Cindy Crain, P.G.
Senior Project Manager
ckcrain@trccompanies.com



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From: Hamlet, Robert, EMNRD <Robert.Hamlet@state.nm.us>
Sent: Friday, February 26, 2021 3:18 PM
To: Crain, Cynthia K. <CKCrain@trccompanies.com>
Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Hensley, Chad, EMNRD <Chad.Hensley@state.nm.us>; Sahba, Arsin M. <arsin.sahba@hollyfrontier.com>; mark.shemaria <mark.shemaria@hollyenergy.com>; melanie.nolan <melanie.nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>
Subject: RE: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)

This is an **EXTERNAL** email. Do not click links or open attachments unless you validate the sender and know the content is safe.

Cynthia,

As of right now without a borehole, the release would need to be remediated to meet Table 1 Closure Criteria for ground water at a depth of 50 feet or less (600 mg/kg for Chlorides, 100 mg/kg for TPH). If a borehole is drilled and water is not visible after reaching bottom-hole and waiting 72

hours, the OCD will accept this as evidence. We would just need a copy of the driller's log. We would need to review the Site Assessment/Characterization and drillers log before we can make that determination. But yes, if the borehole pans out and everything is reviewed and approved, the numbers you refer to deeper than 4 feet are correct.

At this time "only" High Karst requires the operator to clean up to the strictest closure criteria standards. Medium Karst is not included.

Let me know if you have any questions,
Regards

Robert Hamlet • Environmental Specialist - Advanced
Environmental Bureau
EMNRD - Oil Conservation Division
811 S. First Street | Artesia, NM 88210
575.909.0302 | robert.hamlet@state.nm.us
<http://www.emnrd.state.nm.us/OCD/>



From: Crain, Cynthia K. <CKCrain@trccompanies.com>
Sent: Friday, February 26, 2021 11:51 AM
To: Hamlet, Robert, EMNRD <Robert.Hamlet@state.nm.us>
Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Hensley, Chad, EMNRD <Chad.Hensley@state.nm.us>; Sahba, Arsin M. <arsin.sahba@hollyfrontier.com>; mark.shemaria <mark.shemaria@hollyenergy.com>; melanie.nolan <melanie.nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>
Subject: [EXT] RE: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)

Robert,

Thank you again for your response regarding soil remediation at the Holly Energy Partners – Operating, L.P. (HEP) Millman Station (NRM2002952961) site.

HEP is prepared to begin soil remediation according to NMAC 19.15.29 requirements and will submit a Closure Request to NMOCD within 150 days from the date of this email (i.e., by July 26, 2021).

Even though the site is in a medium karst potential area, we understand from your email that with a depth to groundwater of greater than 50 feet below ground surface (bgs), the following Closure Criteria will be applicable for delineation/remediation of soil deeper than 4 feet bgs:

- Chloride 10,000 mg/kg
- TPH (GRO+DRO+MRO) 2,500 mg/kg
- TPH (GRO+DRO) 1,000 mg/kg
- BTEX 50 mg/kg

Benzene 10 mg/kg

Please let me know if you have any questions or would like to discuss.

Thank you,

Cindy Crain, P.G.
Senior Project Manager
ckcrain@trccompanies.com



10 Desta Dr STE 150E, Midland, TX 79705
T: 432 520 7720 | F: 432 520 7701 | C: 432 215 6730
[LinkedIn](#) | [Twitter](#) | [Blog](#) | TRCcompanies.com

From: Crain, Cynthia K.
Sent: Wednesday, February 17, 2021 5:05 PM
To: Hamlet, Robert, EMNRD <Robert.Hamlet@state.nm.us>
Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Hensley, Chad, EMNRD <Chad.Hensley@state.nm.us>; Sahba, Arsin <Arsin.Sahba@HollyFrontier.com>; Shemaria, Mark <Mark.Shemaria@hollyenergy.com>; Nolan, Melanie <Melanie.Nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>
Subject: RE: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)

Hi Robert –

Thank you for the response. Your explanation of chloride delineation and deferral is appreciated.

I will pass your response on to HEP and we will let you know if there are any additional questions as remediation proceeds.

I apologize for the delay in getting back with you, but I just found your email in my junk folder!

Stay safe and warm!

Cindy Crain, P.G.
Senior Project Manager
ckcrain@trccompanies.com



10 Desta Dr STE 150E, Midland, TX 79705
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From: Hamlet, Robert, EMNRD <Robert.Hamlet@state.nm.us>
Sent: Thursday, February 11, 2021 10:53 AM
To: Crain, Cynthia K. <CKCrain@trccompanies.com>
Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Hensley, Chad, EMNRD <Chad.Hensley@state.nm.us>
Subject: FW: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)

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Cynthia,

Mike forwarded me your email. If the borehole proved that there is no groundwater within the area to a depth of 50', sample point TT-8 would be delineated below 10,000 mg/kg for chlorides. Sample AH-1 is vertically delineated, but not horizontally delineated, meaning that the edge of the release has not been determined. This will require a clean sample to the North of AH-1 that is equal to or less than 600 mg/kg for chlorides. Surface sample points and sidewalls on the edge of the release need to be delineated to 600 mg/kg for chlorides and 100 mg/kg for TPH for the spill to be horizontally delineated. While vertical definition of contamination that may be acceptable is almost exclusively driven by depth to water, as determined, and as driven by Table I in rule, horizontal definition is different. The edges (horizontal definition) of a liquid release must be determined as well. The only value for determination of horizontal impact are derived by either "background" value as determined appropriate to Rule 29, or, for chloride, 600 mg/Kg in soils. This 600 mg/Kg value is discussed in detail in [19.15.29.13](#) D. (1). Therefore, horizontal soils delineation for chloride should be 600 mg/KG (again, or background) for all liquid releases, either on or off production/facility pad.

As we discussed further down in the email, All sample points, except the requested sample points for deferral, must have contaminated soil removed before a deferral request is uploaded to the payment portal. The only remediation that should remain are the sample points that are being requested for deferral. Also, specify exactly which sample points you are asking for a deferral on and the reason the contaminants can't be removed. The release outside the fence would need to be fully remediated because it is off facility grounds in the pasture area. Also, the sample points inside the fence that are not being interfered with by equipment, pipelines, and tanks would also need to be fully remediated. The deferral request should be loaded onto the payment portal after all of the remediation is completed, except for the sample points that you wish to defer.

Cut to the chase, it looks like a clean sample (<600 mg/kg) North of AH-1 is needed. The area outside the fence needs to be remediated as if it were pasture. All off pad/facility areas must contain a minimum of 4 feet non-waste containing uncontaminated, earthen material with chloride concentrations less than 600 mg/kg. In the pasture area, 4 feet below the ground surface, soil contamination limits revert back to Table 1 "Closure Criteria for Soils Impacted by a Release" included in the spill rule <http://164.64.110.134/parts/title19/19.015.0029.html>

Finally, safely remediate as much inside the fence as possible. Whatever sample points can't be

remediated/excavated can be proposed for deferral on the deferral request.

Please let me know if you have any further questions.

Regards,

Robert Hamlet • Environmental Specialist - Advanced

Environmental Bureau

EMNRD - Oil Conservation Division

811 S. First Street | Artesia, NM 88210

575.909.0302 | robert.hamlet@state.nm.us

<http://www.emnrd.state.nm.us/OCD/>



From: Hamlet, Robert, EMNRD

Sent: Friday, September 18, 2020 8:07 AM

To: 'Crain, Cynthia K.' <CKCrain@trccompanies.com>

Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Shemaria, Mark <Mark.Shemaria@hollyenergy.com>; Sahba, Arsin M. <arsin.sahba@hollyfrontier.com>; Coupland, Lori <Lori.Coupland@hollyenergy.com>; melanie.nolan <melanie.nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>

Subject: RE: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)

Cynthia,

All sample points, except the requested sample points for deferral, must have contaminated soil removed before a deferral request is uploaded to the payment portal. The only remediation that should remain are the sample points that are being requested for deferral. Also, specify exactly which sample points you are asking for a deferral on and the reason the contaminants can't be removed. This would require AH-1 and TT-8 to be further horizontally delineated/excavated. The release outside the fence would need to be fully remediated. Also, the sample points inside the fence that are not being interfered with by equipment, pipelines, and tanks would also need to be fully remediated. The deferral request should be loaded onto the payment portal after all of the remediation is completed, except for the sample points that you wish to defer.

Thanks,

Robert J Hamlet

State of New Mexico

Energy, Minerals, and Natural Resources

Oil Conservation Division

811 S. First St., Artesia NM 88210

(575) 748-1283

Robert.Hamlet@state.nm.us

From: Crain, Cynthia K. <CKCrain@trccompanies.com>
Sent: Thursday, September 17, 2020 4:23 PM
To: Hamlet, Robert, EMNRD <Robert.Hamlet@state.nm.us>
Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Shemaria, Mark <Mark.Shemaria@hollyenergy.com>; Sahba, Arsin M. <arsin.sahba@hollyfrontier.com>; Coupland, Lori <Lori.Coupland@hollyenergy.com>; melanie.nolan <melanie.nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>
Subject: [EXT] RE: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)

Hi Robert,

Thank you for your response and for the details that you provided regarding deferral, on-site vs off-site remediation and rock refusal.

The piping and equipment at Millman Station is on an active pad (fenced area); however, the release did flow off of the pad. HEP would only like to defer remediation of the area inside the fence until time of abandonment. It is understood that depth to groundwater must be >50' bgs in order to request deferral.

Since the Remediation Workplan was denied, it is still unclear whether or not HEP should submit a revised Remediation Workplan prior or proceed with the soil boring installation and soil remediation activities.

Additionally, HEP would like to discuss the request for delineation of chloride impacts at TT-8 with you.

Do you have some time available that we could set up a conference call with you to discuss?

Sincerely,

Cindy Crain, P.G.
Senior Project Manager
ckcrain@trccompanies.com



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From: Hamlet, Robert, EMNRD <Robert.Hamlet@state.nm.us>
Sent: Thursday, September 17, 2020 4:49 PM

To: Crain, Cynthia K. <CKCrain@trccompanies.com>

Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Shemaria, Mark <Mark.Shemaria@hollyenergy.com>; Sahba, Arsin M. <arsin.sahba@hollyfrontier.com>; Coupland, Lori <Lori.Coupland@hollyenergy.com>; melanie.nolan <melanie.nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>

Subject: [EXTERNAL] Questions/Clarifications (Application PO: 6RKN9-200512-C-1410)

This is an **EXTERNAL** email. Do not click links or open attachments unless you validate the sender and know the content is safe.

Cynthia,

I have been without a computer for a couple of weeks and am just now starting to catch back up. Thank you for the confirmation that HEP has elected to drill a borehole to properly assess depth to water.

I needed to get a clarification on whether the Millman Station is equivalent to being on an active well pad. The Millman Station will be treated as if it is on an active well pad, so Table 1 limits in the spill rule would apply to any part of the release **inside the fence** of the facility. If the borehole shows no groundwater <50' depth to groundwater, you should be able to defer clean-up of sample points with contaminated soil in/around equipment, pipelines, and tanks that interfere with excavation **inside the fence** of the facility. The portion of the spill **outside the fence** is considered to be in the pasture and doesn't qualify for deferment. A deferral can only be granted on an active well pad and not on a road, right-of-way, or in the pasture. A clarification document has been placed on the OCD website to clarify the matter. <http://www.emnrd.state.nm.us/OCD/documents/OCDInternalPolicy-SpillRuleClarifications.pdf>

Spill Rule Procedures September 6, 2019 Page 2 & 3

VI. ON-SITE vs. OFF-SITE REMEDIATION:

a. The remediation requirements in Table 1 [19.15.29.12](#) NMAC are the same for all releases, whether they occur on an active production site or not (19.15.29.12(C)(2) and (3) NMAC). Remediation on an active site can be deferred in areas immediately under or around production equipment such as production tanks, wellheads, and pipelines where remediation could cause a major facility deconstruction. A major facility deconstruction is determined by the OCD on a case by case basis. The remediation, restoration, and reclamation may be deferred with OCD's written approval until the equipment is removed during other operations, or when the well or facility is plugged or abandoned, whichever comes first. For the deferral request the contamination must be fully delineated. In addition, the contamination must not pose an imminent risk to human health, the environment, or groundwater. Deferrals are not forever and remediation must be completed in a timely fashion once the equipment is out of use for oil and gas operations.

b. Cleanup of off-site impacts cannot be deferred as they would not meet the deferral requirements of 19.15.29.12(C)(2) NMAC.

c. The difference between on- and off-site releases is when the reclamation and restoration must occur. Off-site releases must be reclaimed and restored immediately. On-site reclamation and restoration can wait until operations have ceased, but still must be done.

Rock Refusal

- The OCD has a process in place for rock refusal, during the remediation process to satisfy the OCD and State of New Mexico:
 - a. If rock refusal interferes with the remediation process, use a back-hoe/track-hoe to remove the rock
 - b. If the rock is immovable and target depth cannot be reached, use a hydrovac to clean the contaminated soil off of the rock surface and outline specific locations and steps taken on the Closure Report
 - c. Use a rotary drill to drill a 18"-24" hole into the rock, pull sample to ensure contaminants haven't permeated deep through the rock surface
 - d. layer the cleaned rock with Micro-Blaze or liquid with microbial strains, surfactants and nutrients designed to digest organics and hydrocarbons
 - e. Back-fill with clean material

-
-
-
-

Horizontal delineation of chloride impacts around AH-1 and TT-8

These 2 sample points will need to be further horizontally delineated. If the surface sample is >600 mg/kg for chlorides and represents the edge of a release, the soil sample needs to be pushed out until it is under the limit of 600 mg/kg for chlorides. AH-1 is vertically delineated, but not horizontally delineated. TT-8 is also on the edge of the spill and needs to be horizontally delineated until the surface sample is under the limit of 600 mg/kg for chlorides.

Hopefully this helps. Email me if you have additional questions.

Regards,

Robert J Hamlet
State of New Mexico
Energy, Minerals, and Natural Resources
Oil Conservation Division
811 S. First St., Artesia NM 88210
(575) 748-1283
Robert.Hamlet@state.nm.us

-

From: Crain, Cynthia K. <CKCrain@trccompanies.com>
Sent: Friday, August 14, 2020 10:49 AM
To: Hamlet, Robert, EMNRD <Robert.Hamlet@state.nm.us>

Cc: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>; Eads, Cristina, EMNRD <Cristina.Eads@state.nm.us>; Shemaria, Mark <Mark.Shemaria@hollyenergy.com>; Sahba, Arsin M. <arsin.sahba@hollyfrontier.com>; Coupland, Lori <Lori.Coupland@hollyenergy.com>; Nolan, Melanie <Melanie.Nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>
Subject: [EXT] FW: [EXTERNAL] New Mexico OCD Application Submission was Rejected by the OCD (Application PO: 6RKN9-200512-C-1410)

Good morning, Mr. Hamlet –

On behalf of Holly Energy Partners – Operating, L.P. (HEP), I am checking to see if you received the email below that was sent on August 2, 2020 regarding the HEP Millman Station Crude Oil Release (Application PO: 6RKN9-200512-C-1410).

As there are a few questions regarding the NMOCD denial of the *Remediation Workplan*, we would like to set up a call with you to discuss the following:

- Horizontal delineation of chloride impacts around AH-1 and TT-8;
- Sample collection of rock at refusal;
- Submittal of another workplan or proceed with work.

Please let me know when you may have some availability.

Thank you,

Cindy Crain, P.G.
Senior Project Manager
ckcrain@trccompanies.com



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From: Crain, Cynthia K.
Sent: Sunday, August 2, 2020 10:04 PM
To: Robert.Hamlet@state.nm.us; Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Venegas, Victoria, EMNRD <Victoria.Venegas@state.nm.us>; christina.eads@state.nm.us; Mann, Ryan <rmann@slo.state.nm.us>
Cc: Shemaria, Mark <Mark.Shemaria@hollyenergy.com>; Sahba, Arsin <Arsin.Sahba@HollyFrontier.com>; Coupland, Lori <Lori.Coupland@hollyenergy.com>; Nolan, Melanie <Melanie.Nolan@hollyenergy.com>; Hoover, Shannon <SHoover@trccompanies.com>
Subject: RE: [EXTERNAL] New Mexico OCD Application Submission was Rejected by the OCD (

Application PO: 6RKN9-200512-C-1410)

Mr. Hamlet,

On May 12, 2020, Holly Energy Partners – Operating, L.P. (HEP) submitted a *Site Characterization Report and Remediation Workplan* to the New Mexico Oil Conservation Division (NMOCD) regarding the Millman Station Crude Oil Release (Incident #MRN2002952961). On July 16, 2020, HEP received NMOCD denial of that Workplan according to the attached word document.

In your denial communication, you did approve the variance requests for 1,000 ft² composite confirmation sample size and 100 linear feet of excavated sidewall for confirmation samples, and also requested that HEP let you know if they elected to drill a borehole to properly assess depth to water and move forward with a formal deferral request.

Please accept this email as confirmation that HEP does elect to drill a borehole to properly assess depth to water and move forward with a formal deferral request of the area around the above ground piping (within the fenced area). If the depth to groundwater is >50 feet then HEP wants to clarify that the entire release area will not be deferred, only the sample points that are around production equipment such as production tanks, wellheads and pipelines.

Your attached letter is appreciated; however there are a few points that we would like to discuss with you:

- Horizontal delineation of chloride impacts around AH-1 and TT-8;
- Sample collection of rock at refusal;
- Submittal of another workplan or proceed with work.

Please let us know if you have time for a conference call in the near future to discuss these points, and we will set up the call.

Respectfully,

Cindy Crain, P.G.

Senior Project Manager

ckcrain@trccompanies.com



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From: Shemaria, Mark <Mark.Shemaria@hollyenergy.com>

Sent: Monday, July 20, 2020 8:40 AM

To: Crain, Cynthia K. <CKCrain@trccompanies.com>; Hoover, Shannon

<SHoover@trccompanies.com>; Gilbert, Bryan <BGilbert@trccompanies.com>

Cc: Sahba, Arsin M. <arsin.sahba@hollyfrontier.com>; Coupland, Lori

<Lori.Coupland@hollyenergy.com>; Nolan, Melanie <Melanie.Nolan@hollyenergy.com>

Subject: [EXTERNAL] New Mexico OCD Application Submission was Rejected by the OCD

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See below.

Mark Shemaria

Sr. Manager EHS
Holly Energy Partners
2828 N. Harwood, Ste. 1300
Dallas, TX 75201
Dir. (214) 954-6668 Cell (469) 265.8658
mark.shemaria@hollyenergy.com



From: Nolan, Melanie <Melanie.Nolan@hollyenergy.com>
Sent: Monday, July 20, 2020 8:37 AM
To: Shemaria, Mark <Mark.Shemaria@hollyenergy.com>
Subject: New Mexico OCD Application Submission was Rejected by the OCD

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From: OCDOnline@state.nm.us <OCDOnline@state.nm.us>
Sent: Thursday, July 16, 2020 3:14 PM
To: Nolan, Melanie <Melanie.Nolan@hollyenergy.com>
Subject: New Mexico OCD Application Submission was Rejected by the OCD

CAUTION: This email originated from outside of the HollyFrontier organization. Do not click on links or open attachments unless you recognize the sender and know the content is safe.

The Oil Conservation Division (OCD) has rejected the application PO: 6RKN9-200512-C-1410.

The original application was submitted by Melanie Nolan for HOLLY ENERGY PARTNERS.

The user added the additional comment:

"We have received your Workplan/Remediation Proposal for Incident #NRM2002952961 Millman Station Crude Oil Release, thank you. This Workplan/Remediation proposal is

denied."

If you are concerned about receiving this email or have any other questions, please feel free to contact our Santa Fe OCD office.

New Mexico Energy, Minerals and Natural Resources Department

1220 South St. Francis Drive

Santa Fe, NM 87505

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District I

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District II

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District III

1000 Rio Brazos Rd., Aztec, NM 87410
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District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 11086

CONDITIONS OF APPROVAL

Operator:	HOLLY ENERGY PARTNERS	1602 W. Main St.	Artesia, NM88210	OGRID:	282505	Action Number:	11086	Action Type:	C-141
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OCD Reviewer	Condition
rhamlet	5 months has passed since the "Response to Denial of Remediation Plan" submittal. The incident has been thoroughly discussed through email correspondence. If questions persist, please contact Rob Hamlet @ (575) 909-0302. This is just an acknowledgment that the letter has been reviewed. Correspondence emails will be put in the incident file. This is not an approval of the incident itself, only that the upload has been reviewed in the PIP system. Thank you