

GW - 253

ENFORCMENT

DATE:

2003-2001

ZIA TRANSPORTS, INC.

New Mexico Oil Conservation Di

Check Number: 11553

11553

Check Date: Jul 3, 2002

Check Amount: \$500.00

Item to be Paid - Description

Discount Taken Amount Paid

Civil Penalty

500.00

11553

ZIA TRANSPORTS, INC.
P.O. BOX 2724
LUBBOCK, TX 79408
(806) 741-1080

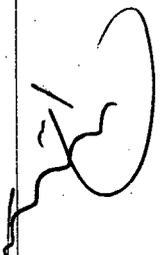
LUBBOCK NATIONAL BANK
LUBBOCK, TEXAS 79493
88-766-1113

Memo:

PAY Five Hundred and 00/100 Dollars
TO THE
ORDER
OF

New Mexico Oil Conservation Di
Attn: Lori Wrotenbery Director
1220 South St. Francis
Santa Fe, NM 87505

DATE AMOUNT
Jul 3, 2002 *****\$500.00



MP

081013/6-89

⑈011553⑈ ⑆11307883⑆ 008 842 7⑈

CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Postage \$ 0.00
 Certified Fee \$ 0.00
 Return Receipt Fee \$ 0.00
 Restricted Delivery Fee \$ 0.00
 Total Postage & Fees \$ 0.00

Postmark Here

Recipient's Name (Please Print Clearly) (To be completed by mailer)
 Zia Transport c/o Lou Ann Bergstein
 Street, Apt. No.; or PO Box No.
 205 W. Mesa
 City, State, ZIP+4
 Hobbs, NM 88240

PS Form 3800, February 2000 See Reverse for Instructions

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) 7000 0520 0021 6896 3935
 PS Form 3811, August 2001 Domestic Return Receipt 102595-01-1M-2509

PLACE STICKER AT TOP OF ENVELOPE
 TO THE RIGHT OF RETURN ADDRESS
 FOLD AT DOTTED LINE

CERTIFIED MAIL

7000 0520 0021 6896 3935
 7000 0520 0021 6896 3935

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

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

Postmark Here

Recipient's Name (Please Print Clearly) (To be completed by mailer)
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 Street, Apt. No.; or PO Box No.
 205 W. Mesa
 City, State, ZIP+4
 Hobbs, NM 88240

PS Form 3800, February 2000 See Reverse for Instructions

02 JUN 20 11 11 AM '06

OIL CONSERVATION DIV.

ORDER ASSESSING A CIVIL PENALTY

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended (the "Act"), the Director of the Oil Conservation Division ("OCD") issues this order to Zia Transport, Inc. ("ZIA") to enforce the Act and the OCD Rules adopted pursuant thereto, and to assess a civil penalty for violation of the Act.

FINDINGS

1. The OCD is the State Division charged with administration and enforcement of the Act and OCD Rules.
2. ZIA is a corporation authorized to do business in the State of New Mexico under Public Regulation Commission ("PRC") number 1944479.
3. According to PRC records, ZIA is an active corporation in good standing.
4. Lou Ann Bergstein is the registered agent for ZIA, and its registered address is 205 W. Mesa, Hobbs, NM 88240.
5. ZIA operates an oil field service business, and, in connection therewith a yard facility located at 816 NW County Rd in Lea County, New Mexico. Said yard facility has a Discharge Plan (No. GW-253) approved by the OCD pursuant to the New Mexico Water Quality Act [NMSA 1978 Sections 74-4-1 through 74-4-17, as amended].
6. On May 3, 2001 OCD inspectors Wayne Price and Paul Sheeley conducted a Discharge Plan inspection at the ZIA Transportation facility located at 816 NW County Road, Hobbs New Mexico. The inspection consisted of a facility tour conducted by ZIA's yard manager, Mr. Terry Wallace.
7. During the exit and records review the OCD inspectors requested documents showing where the wastewater generated on site from the wash bay was being disposed. Mr. Terry Wallace, ZIA's yard manager, indicated that the last load was mixed with a load of "rinsate that was picked up by ZIA at the Star Tool Hobbs service company yard and hauled to Sundance Services' Parabo facility [a waste water disposal facility permitted under OCD Rule 711]."
8. Mr. Wallace provided a copy of Sundance Services Inc. Invoice #37387 showing that Sundance billed ZIA for 80 barrels of Star Tool Rinsate Liquid (Special

Fluids) delivered on 7/31/00 by driver #265, ticket #30559, and a ZIA check #4013 showing a payment to Sundance.

9. Further OCD investigations revealed that:
 - a. Sundance Services was not informed that any waste came from ZIA's Yard.
 - b. ZIA never actually picked up any waste from the Star Tool facility, but falsified paper work indicating such action had taken place.
 - c. ZIA Transportation falsified paperwork and disposed of an unauthorized waste at an OCD permitted waste management facility under false pretenses.
10. ZIA's conduct is a *violation* of the Oil and Gas Act (*Section 70-2-31.B, NMSA 1978, as amended*), which provides, in pertinent part:

It is unlawful . . . for any person to knowingly and willfully:

(2) . . .

 - (a) make any false entry or statement in a report required by the Oil and Gas Act or by any rule, regulation or order . . . issued pursuant to that act;
 - (b) make or cause to be made any false entry in any record, account or memorandum required by the Oil and Gas Act or by any rule, regulation or order of the commission or division issued pursuant to the act;
11. NMSA 1978, Section 70-2-31.A authorizes the assessment of civil penalties of up to one thousand dollars (\$1,000) per day per violation for any knowing or willful violation of any provision of the Oil and Gas Act or of any rule adopted pursuant to the Act.
12. ZIA knowingly and willfully violated NMSA 1978 Section 70-2-31.B by falsely reporting the origin of waste disposed at an OCD regulated disposal facility, as above described, on July 31, 2000.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and the subject matter of this proceeding.
2. ZIA is a person as defined by OCD Rule 7.P (19NMAC 15.A.7.P).
3. The conduct of ZIA as found above warrants the assessment of civil penalties pursuant to NMSA 70-2-31.A. for violations of the Oil and Gas Act provision described above.

ORDER AND CIVIL PENALTY

1. Taking into consideration the mitigating and other factors, including ZIA's agreement to conduct training for its personnel, as hereinafter delineated, OCD hereby assesses a civil penalty of five hundred dollars (\$500) against ZIA for the above described violation.
2. The civil penalty shall be paid within thirty (30) days of receipt of this Order, by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention Lori Wrotenbery Director, 1220 South St. Francis, Santa Fe, New Mexico 87505.
3. ZIA shall provide training to all of its Hobbs-yard employees in the "Proper Handling and Disposal of Oil Field Waste." The training shall consist of a minimum of eight (8) hours of in person instruction by a qualified third party acceptable to OCD, following a written curriculum or plan of instruction approved by OCD, and shall be conducted within ninety (90) days of the receipt by ZIA of this order.
4. ZIA shall modify its current discharge plan to include all waste streams, specifically including any and all on-site generate waste.
5. By its signature hereon accepting this order, ZIA hereby expressly (a) acknowledges the correctness of the Findings and Conclusions set forth in this order, (b) agrees and undertakes to comply with Ordering Paragraphs 2 and 3 hereof, (c) waives any right, pursuant to NMSA 1978 Section 70-2-23 or otherwise, to a hearing either prior or subsequent to entry of this Order, and (d) understands and agrees that, in the event of non-compliance, this Order may be

enforced, by suit or otherwise, to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978 Sections 70-2-1 through 70-2-38, as amended).

DONE at Santa Fe, New Mexico this 21st day of June, 2002

Date 6-21-02

By Lori Wrotenbery
LORI WROTENBERY, Director

ACCEPTANCE

ZIA TRANSPORT, INC. hereby accepts the above and foregoing Order No. NMOCD - OGA 02-__, and agrees to all of the terms and provisions therein set forth.

Dated 6/17, 2002

ZIA TRANSPORT, INC.

By

PETER BENEFITTE
Its V-P



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

June 24, 2002

Zia Transport, Inc.
c/o Lou Ann Bergstein
Registered Agent
205 W. Mesa
Hobbs, NM 88240

VIA Certified Mail

Re: Order Assessing Civil Penalty

Ladies and Gentlemen:

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input checked="" type="checkbox"/> Beverly Brisco <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) Beverly Brisco</p> <p>C. Date of Delivery 6-28-02</p>
<p>1. Article Addressed to:</p> <p>Zia Transport, Inc. c/o Lou Ann Bergstein Registered Agent 205 W. Mesa Hobbs, NM 88240</p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number 7000 0520 0021 6896 3935 (Transfer from service label)</p>	
<p>PS Form 3811, August 2001 Domestic Return Receipt 102595-01-M-2509</p>	

IA and by the NMOCD. its terms.

ORDER ASSESSING A CIVIL PENALTY

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-21 through 70-2-38, as amended (the "Act"), the Director of the Oil Conservation Division ("OCD") issues this order to Zia Transport, Inc. ("ZIA") to enforce the Act and the OCD Rules adopted pursuant thereto, and to assess a civil penalty for violation of the Act.

FINDINGS

1. The OCD is the State Division charged with administration and enforcement of the Act and OCD Rules.
2. ZIA is a corporation authorized to do business in the State of New Mexico under Public Regulation Commission ("PRC") number 1944479.
3. According to PRC records, ZIA is an active corporation in good standing.
4. Lou Ann Bergstein is the registered agent for ZIA, and its registered address is 205 W. Mesa, Hobbs, NM 88240.
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6. On May 3, 2001 OCD inspectors Wayne Price and Paul Sheeley conducted a Discharge Plan inspection at the ZIA Transportation facility located at 816 NW County Road, Hobbs New Mexico. The inspection consisted of a facility tour conducted by ZIA's yard manager, Mr. Terry Wallace.
7. During the exit and records review the OCD inspectors requested documents showing where the wastewater generated on site from the wash bay was being disposed. Mr. Terry Wallace, ZIA's yard manager, indicated that the last load was mixed with a load of "rinsate that was picked up by ZIA at the Star Tool Hobbs service company yard and hauled to Sundance Services' Parabo facility [a waste water disposal facility permitted under OCD Rule 711]."
8. Mr. Wallace provided a copy of Sundance Services Inc. Invoice #37387 showing that Sundance billed ZIA for 80 barrels of Star Tool Rinsate Liquid (Special

OIL CONSERVATION DIV

JUN 20 11 02 AM '01

Fluids) delivered on 7/31/00 by driver #265, ticket #30559, and a ZIA check #4013 showing a payment to Sundance.

9. Further OCD investigations revealed that:
 - a. Sundance Services was not informed that any waste came from ZIA's Yard.
 - b. ZIA never actually picked up any waste from the Star Tool facility, but falsified paper work indicating such action had taken place.
 - c. ZIA Transportation falsified paperwork and disposed of an unauthorized waste at an OCD permitted waste management facility under false pretenses.
10. ZIA's conduct is a **violation** of the Oil and Gas Act (*Section 70-2-31.B, NMSA 1978, as amended*), which provides, in pertinent part:

It is unlawful . . . for any person to knowingly and willfully:

(2) . . .

 - (a) make any false entry or statement in a report required by the Oil and Gas Act or by any rule, regulation or order . . . issued pursuant to that act;
 - (b) make or cause to be made any false entry in any record, account or memorandum required by the Oil and Gas Act or by any rule, regulation or order of the commission or division issued pursuant to the act;
11. NMSA 1978, Section 70-2-31.A authorizes the assessment of civil penalties of up to one thousand dollars (\$1,000) per day per violation for any knowing or willful violation of any provision of the Oil and Gas Act or of any rule adopted pursuant to the Act.
12. ZIA knowingly and willfully violated NMSA 1978 Section 70-2-31.B by falsely reporting the origin of waste disposed at an OCD regulated disposal facility, as above described, on July 31, 2000.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and the subject matter of this proceeding.
2. ZIA is a person as defined by OCD Rule 7.P (19NMAC 15.A.7.P).
3. The conduct of ZIA as found above warrants the assessment of civil penalties pursuant to NMSA 70-2-31.A. for violations of the Oil and Gas Act provision described above.

ORDER AND CIVIL PENALTY

1. Taking into consideration the mitigating and other factors, including ZIA's agreement to conduct training for its personnel, as hereinafter delineated, OCD hereby assesses a civil penalty of five hundred dollars (\$500) against ZIA for the above described violation.
2. The civil penalty shall be paid within thirty (30) days of receipt of this Order, by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention Lori Wrotenbery Director, 1220 South St. Francis, Santa Fe, New Mexico 87505.
3. ZIA shall provide training to all of its Hobbs-yard employees in the "Proper Handling and Disposal of Oil Field Waste." The training shall consist of a minimum of eight (8) hours of in person instruction by a qualified third party acceptable to OCD, following a written curriculum or plan of instruction approved by OCD, and shall be conducted within ninety (90) days of the receipt by ZIA of this order.
4. ZIA shall modify its current discharge plan to include all waste streams, specifically including any and all on-site generate waste.
5. By its signature hereon accepting this order, ZIA hereby expressly (a) acknowledges the correctness of the Findings and Conclusions set forth in this order, (b) agrees and undertakes to comply with Ordering Paragraphs 2 and 3 hereof, (c) waives any right, pursuant to NMSA 1978 Section 70-2-23 or otherwise, to a hearing either prior or subsequent to entry of this Order, and (d) understands and agrees that, in the event of non-compliance, this Order may be

enforced, by suit or otherwise, to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978 Sections 70-2-1 through 70-2-38, as amended).

DONE at Santa Fe, New Mexico this 21st day of June, 2002

Date 6-21-02

By Lori Wrotenbery
LORI WROTENBERY, Director

ACCEPTANCE

ZIA TRANSPORT, INC. hereby accepts the above and foregoing Order No. NMOCD - OGA 02-___, and agrees to all of the terms and provisions therein set forth

Dated 6/17, 2002

ZIA TRANSPORT, INC.

By

PETER BENKSTEIN
Its V-P



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

June 10, 2002

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Piter Bergstein
Zia Transport, Inc.
Box 2724
Lubbock, TX 79408

Re: Reporting Violation on or about July 31, 2000

Dear Mr. Bergstein:

Pursuant to our administrative conference on April 25, 2002, I have prepared the enclosed consent order to be entered in reference to the July 31, 2002 reporting incident involving wash-bay waste from your facility.

Please review the proposed draft. If the form of order is satisfactory, kindly sign it in the space provided for your signature on the last page and return the same to me. I will furnish you a copy of the final order when it is entered by the Division.

Should you have any questions, please call me at (505)-476-3450.

Very truly yours,

121

David K. Brooks
Assistant General Counsel

cc: Roger Anderson
Bureau Chief
OCD Environmental Bureau

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 - a. Sundance Services was not informed that any waste came from ZIA's Yard.
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10. ZIA's conduct is a *violation* of the Oil and Gas Act (*Section 70-2-31.B, NMSA 1978, as amended*), which provides, in pertinent part:

It is unlawful . . . for any person to knowingly and willfully:

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11. NMSA 1978, Section 70-2-31.A authorizes the assessment of civil penalties of up to one thousand dollars (\$1,000) per day per violation for any knowing or willful violation of any provision of the Oil and Gas Act or of any rule adopted pursuant to the Act.

12. ZIA knowingly and willfully violated NMSA 1978 Section 70-2-31.B by falsely reporting the origin of waste disposed at an OCD regulated disposal facility, as above described, on July 31, 2000.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and the subject matter of this proceeding.
2. ZIA is a person as defined by OCD Rule 7.P (19NMAC 15.A.7.P).
3. The conduct of ZIA as found above warrants the assessment of civil penalties pursuant to NMSA 70-2-31.A. for violations of the Oil and Gas Act provision described above.

ORDER AND CIVIL PENALTY

1. Taking into consideration the mitigating and other factors, including ZIA's agreement to conduct training for its personnel, as hereinafter delineated, OCD hereby assesses a civil penalty of five hundred dollars (\$500) against ZIA for the above described violation.
2. The civil penalty shall be paid within thirty (30) days of receipt of this Order, by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention Lori Wrotenbery Director, 1220 South St. Francis, Santa Fe, New Mexico 87505.
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4. ZIA shall modify its current discharge plan to include all waste streams, specifically including any and all on-site generate waste.
5. By its signature hereon accepting this order, ZIA hereby expressly (a) acknowledges the correctness of the Findings and Conclusions set forth in this order, (b) agrees and undertakes to comply with Ordering Paragraphs 2 and 3 hereof, (c) waives any right, pursuant to NMSA 1978 Section 70-2-23 or otherwise, to a hearing either prior or subsequent to entry of this Order, and (d) understands and agrees that, in the event of non-compliance, this Order may be

enforced, by suit or otherwise, to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978 Sections 70-2-1 through 70-2-38, as amended).

DONE at Santa Fe, New Mexico this _____ day of _____, 2002

Date _____ By _____
LORI WROTENBERY, Director

ACCEPTANCE

ZIA TRANSPORT, INC. hereby accepts the above and foregoing Order No. NMOCD - OGA 02-__, and agrees to all of the terms and provisions therein set forth.

Dated _____, 2002

ZIA TRANSPORT, INC.

By _____
Its _____

Brooks, David K

From: Price, Wayne
Sent: Monday, April 29, 2002 11:11 AM
To: Brooks, David K
Subject: Zia Transportation Compliance Order

Notes to assist you.



wpdbApril29.doc

April 29, 2002

To: David Brooks

From: Wayne Price

Re: Zia Transportation

Dear David:

Please find below the topics to be included in the compliance order.

Fine: \$500.00

Training:

Zia shall provide training to all of its Hobbs-yard employees. The training shall consist of a minimum of 8 hours conducted by a third party. The topic shall be "Proper Handling and Disposal of Oilfield Waste". The training program shall be approved By OCD.

Discharge Plan Modification:

Zia shall modify the current discharge plan to include all waste streams.

Notice of Violation:

Zia shall fulfill the requirements of the NOV previously submitted.

Draft

**IN THE MATTER OF
ZIA TRANSPORT, INC.**

NMOCD NOV 01-__

ORDER ASSESSING A CIVIL PENALTY

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ADD IDENTIFICATION OF DISCHARGE PLAN

6. On May 3, 2001 OCD inspectors Wayne Price and Paul Sheeley conducted a Discharge Plan inspection at the ZIA Transportation facility located at 816 NW County Road, Hobbs New Mexico. The inspection consisted of a facility tour conducted by ZIA's yard manager, Mr. Terry Wallace.
 (GW-253)
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12. ZIA knowingly and willfully violated NMSA 1978 Section 70-2-31.B by falsely reporting the origin of waste disposed at an OCD regulated disposal facility, as above described, on 7/31/, 2000. [Fill in date. If exact date not known, substitute "on or about."]

CONCLUSIONS

1. The OCD has jurisdiction over the parties and the subject matter of this proceeding.
2. ZIA is a person as defined by OCD Rule 7.P (19NMAC 15.A.7.P).
3. The conduct of ZIA as found above warrants the assessment of civil penalties pursuant to NMSA 70-2-31.A. for violations of the Oil and Gas Act provision described above.

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5. By its signature hereon accepting this order, ZIA hereby expressly (a) acknowledges the correctness of the Findings and Conclusions set forth in this order, (b) agrees and undertakes to comply with Ordering Paragraphs 2 and 3 hereof, (c) waives any right, pursuant to NMSA 1978 Section 70-2-23 or otherwise, to a hearing either prior or subsequent to entry of this Order, and (d) understands and agrees that, in the event of non-compliance, this Order may be

enforced, by suit or otherwise, to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978 Sections 70-2-1 through 70-2-38, as amended).

DONE at Santa Fe, New Mexico this _____ day of _____, 2002

Date _____ By _____
LORI WROTENBERY, Director

ACCEPTANCE

ZIA TRANSPORT, INC. hereby accepts the above and foregoing Order No. NMOCD - OGA 02-__, and agrees to all of the terms and provisions therein set forth.

Dated _____, 2002

ZIA TRANSPORT, INC.

By _____
Its _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

NOTICE OF VIOLATION

Lori Wrotenbery
Director
Oil Conservation Division

April 04, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 7001 1940 0004 7923 4214

Mr. Piter Bergstein
Zia Transportation
P.O. Box 2724
Lubbock, Texas 79408

Re: Discharge Plan GW-253
Hobbs, NM Facility

Dear Mr. Bergstein:

New Mexico Oil Conservation Division (OCD) inspectors Wayne Price and Paul Sheeley conducted a Discharge Plan inspection on May 03, 2001 at the Zia Transportation facility located at 816 NW County Road, Hobbs New Mexico. The inspection consisted of a facility tour conducted by Zia Transportation yard manager, Mr. Terry Wallace.

As a result of that inspection the OCD found Zia Transportation in violation of its Discharge Plan requirements and of Section 3104 of the Water Quality Control Commission (WQCC) regulations (20 NMAC 6.2.3104) and issued to Zia Transportation a Notice of Violation.

Further OCD investigations have found the following:

During the exit and records review OCD requested documents showing where the wastewater generated on site from the wash bay was being disposed. Mr. Terry Wallace, Zia Transportation's manager, indicated that the last load was mixed with a load of "rinsate that was picked up by Zia Transportation at the Star Tool Hobbs service company yard and hauled to Sundance Services Parabo facility [a waste water disposal facility permitted under OCD Rule 711]." Sundance Services was not informed that any waste came from Zia Transportation Yard.

Mr. Piter Bergstein

April 04, 2002

Page 2

Mr. Wallace provided a copy of Sundance Services Inc. Invoice #37387 showing that Sundance billed Zia for 80 barrells of Star Tool Rinsate Liquid (Special Fluids) delivered on 7/31/00 by driver #265, ticket #30559, and a Zia Transportation check #4013 showing a payment to Sundance.

Zia Transportation's discharge plan was not approved for on-site generation or storage of waste liquids, nor was it approved for the off-site disposal of waste liquids generated on-site. This is a **violation** of the discharge plan requirement #2 (Commitments) and of the Water Quality Act (*Section 74-6-10.2.A(2), New Mexico Statutes Annotated 1978 as amended*).

OCD investigations revealed that Zia Transportation falsified paperwork and disposed of an unauthorized waste at an OCD permitted waste management facility under false pretenses. Evidence obtained by OCD revealed that Zia Transportation never actually picked up any waste from the Star Tool facility, but falsified paper work indicating such action had taken place.

This is a **violation** of the Oil and Gas Act (*Section 70-2-31.B, NMSA 1978, as amended*), which provides, in pertinent part:

It is unlawful . . . for any person to knowing and willfully:

(2) . . .

(a) make any false entry or statement in a report required by the Oil and Gas Act or by any rule, regulation or order . . . issued pursuant to that act;

(b) make or cause to be made any false entry in any record, account or memorandum required by the Oil and Gas Act or by any rule, regulation or order of the commission or division issued pursuant to the act...

Due to the seriousness of this violation, we plan to file an application for a show cause hearing before a Division Hearing Examiner, where we will recommend issuance of a formal order requiring compliance with OCD rules and imposing a \$1,000.00 (one thousand dollars) civil penalty for the Oil and Gas Act violation, pursuant to *NMSA 1978 Section 70-2-31.A*.

Mr. Piter Bergstein
April 04, 2002
Page 3

Please contact this office to schedule a conference concerning the cited violation within ten (10) days; failure to do so may result in additional penalty.

If you have any questions, please contact me at (505)-476-3490 or E-mail rcanderson@state.nm.us.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger C. Anderson". The signature is fluid and cursive, with the first name "Roger" being more prominent than the last name "Anderson".

Roger C. Anderson
Environmental Bureau Chief

RCA/wp

Xc: David K. Brooks, OCD Legal Counsel
OCD-Hobbs office

OCD ENVIRONMENTAL BUREAU

SITE INSPECTION SHEET

DATE: 5/3/01 Time: 11 AM

Type of Facility: Refinery Gas Plant Compressor St. Brine St. Oilfield Service Co.
Surface Waste Mgt. Facility E&P Site Crude Oil Pump Station
Other _____

Discharge Plan: No Yes DP# GW-253

FACILITY NAME: HOBBS YARD

PHYSICAL LOCATION: 816 NW COUNTY RD

Legal: QTR QTR Sec TS R R County LEA

OWNER/OPERATOR (NAME) ZIA TRANSPORTS INC

Contact Person: TERRY WALLACE - MGR. Tele:# 505-393-8352

MAILING

ADDRESS: P.O. 513 HOBBS State NM ZIP 88241

Owner/Operator Rep's: S.A.P.

OCD INSPECTORS: WAYNE PRICE, PAUL SHERLEY

1. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

pic #4 - ANTI-FREEZE + FLAMMABLE LIQUID DRUM - NO CONTAINMENT

pic #9 - EMPTY DRUMS NE YARD - DRUMS HAVE LIQUIDS WITH NO ~~SEALS~~ LIDS!

2. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

pic #3 - WASTE SOIL PILE OILY STAIN

pic #6 - UNKNOWN MATERIAL - IMPROPER STORAGE

pic #8 - CHEMICAL DRUM STORAGE - NO CONTAINMENT AND BRINE TX (WITH LINES)

pic #10 - YARD HAS OIL STAINS THROUGHOUT

3. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

PIC # 7 - DIESEL TANK - STAINS AROUND TANK
PIC # 2 - USED MOTOR OIL TK - NO CONTAINMENT
PIC # 5 - WASTEWATER TANK + SUMP FROM WASH BAY - NO CONTAINMENT

4. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

PIC # 11 - HCL TANK STAINS BELOW TANK
PIC # 12 - CHEMICAL STORAGE TANKS HAS CHEMICAL + OIL IN SECONDARY CONTAINMENT

5. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.

6. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

WASHBAY SUMP DRAINS TO OUTSIDE SUMP - PUMED TO WW TK.
HAVE NOT TESTED SUMPS OR LINES!

7. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge plan renewal. The permittee may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.

BETWEEN WASHBAY + OUTSIDE SUMP

8. Onsite/Offsite Waste Disposal and Storage Practices: Are all wastes properly characterized and disposed of correctly? Does the facility have an EPA hazardous waste number? Yes No

ARE ALL WASTE CHARACTERIZED AND DISPOSED OF PROPERLY? YES NO IF NO DETAIL BELOW.

- WASTE WATER HAULED TO SUNDANCE PARABO PER TERRY WALLACE
PAPER WORK TO VERIFY - INVOICE #37387 SHOWS 80 BBL'S OF RINSATE LIQUID (SPECIAL FLUIDS) IN WHICH PART OF WASTE CAME FROM WASTE WATER TANK IN YARD!! DISPOSED OF AS EXEMPT WASTE.
- USED MOTOR OIL DISPOSED OF OFF-SITE AT E+E (TEXAS).

DOCUMENTS COLLECTED: (3)

- COPY CHECK 4013
- COPY INVOICE 37387
- COPY SUNDANCE SUMMARY SHEET FOR ZIA

9. **Class V Wells:** Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. All Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Closure of Class V wells must be in accordance with a plan approved by the Division's Santa Fe Office. The OCD allows industry to submit closure plans which are protective of human health, the environment and groundwater as defined by the WQCC, and are cost effective. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

ANY CLASS V WELLS NO YES IF YES DESCRIBE BELOW! Undetermined

10. **Housekeeping:** All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.

IS EXTREMELY BAD!

11. **Spill Reporting:** All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the proper OCD District Office.

DIESEL SPILL NOT REPORTED.

12. **Does the facility have any other potential environmental concerns/issues?**

13. **Does the facility have any other environmental permits - i.e. SPCC, Stormwater Plan, etc.?**

NO!

14. **ANY WATER WELLS ON SITE? NO YES IF YES, HOW IS IT BEING USED?**

WATER WELL ON SITE - USED WASHING TRUCKS, MAKING ICE & COFFEE

Miscellaneous Comments:

Number of Photos taken at this site: attachments-

PIC # 1 - ENTRANCE

6/30/00

596.50

4013

896.50

7/31/00

1,013.00

1,013.00

10/4/00

Sundance Services

\$1,609.50

TRANSPORTS, INC.
P.O. BOX 513 PH. 505-393-8352
HOBBS, NM 88241

PNB FINANCIAL
LUBBOCK, TEXAS 79406-0277
84-2199-1113

One thousand six hundred nine and 50/100 dollars

Oct 4, 2000

***** \$1,609.50

Sundance Services

P.O. BOX 1737

Eunice, NM 88231

⑈004013⑈ ⑆111322994⑆ ⑈17 208 0⑈

TRANSPORTS, INC.

4013

*I will try to get you another
check in a couple of weeks*

T. J. Wallace

SUNDANCE SERVICES INC.

Invoice

**P.O. BOX 1737
EUNICE, NM 88231**

DATE	INVOICE #
7/31/2000	37387

BILL TO
Zia Transports Inc.
P.O. Box 513
Hobbs, NM 88231

P.O. NO.	TERMS	PROJECT

QUANTITY	DESCRIPTION	RATE	AMOUNT
3	Trailer Jetout	50.00	150.00
1,043	Produced Water	0.25	260.75
80	Rinsate Liquid <i>Special Fluids</i>	3.75	300.00
93	Solids	3.25	302.25

2% Discount if paid by 10th of Month.

Total \$1,013.00

Bill Company : ZIA

Total

\$978.25

Date	Transporter	Driver	Producer	Lease & Well	Ticket #	Barrels	Type of Product	Price	Total
7/11/00	ZIA	#302	FALCON CREEK	BOYD	30071	139.00	PW	\$0.25	\$34.75
7/14/00	ZIA	DAVID	FALCON CREEK	BOYD	30166	121.00	PW	\$0.25	\$30.25
7/17/00	ZIA	PAUL	ME TEX	SCRATCH ROYALTY	30241	135.00	PW	\$0.25	\$33.75
7/19/00	ZIA	PAUL #302	ME TEX	SCRATCH ROYALTY	30243	149.00	PW	\$0.25	\$37.25
7/21/00	ZIA	#265	FALCON CREEK	BOYD	30305	100.00	PW	\$0.25	\$25.00
7/21/00	ZIA	#265	SEELY OIL	C.E.K.Q.U. #15	30392	1.00	JETOUT	\$50.00	\$50.00
7/26/00	ZIA	PAUL #95	SEELY OIL	C.E.K.Q.U. #15	30392	3.00	SOLIDS	\$3.25	\$9.75
7/29/00	ZIA	PAUL #95	FALCON CREEK	BOYD #1	30466	128.00	PW	\$0.25	\$32.00
7/29/00	ZIA	RONNIE	FALCON CREEK	DANGLADE	30472	132.00	PW	\$0.25	\$33.00
7/29/00	ZIA	RONNIE	KEMPER	STATE A F	30553	1.00	JETOUT	\$50.00	\$50.00
7/31/00	ZIA	#265	KEMPER	STATE A F	30553	90.00	SOLIDS	\$3.25	\$292.50
7/31/00	ZIA	#265	STAR TOOL	HOBBS YARD	30559	1.00	JETOUT	\$50.00	\$50.00
7/31/00	ZIA	#265	STAR TOOL	HOBBS YARD	30559	80.00	RINSAT	\$3.75	\$300.00

Rawie Johnson

Bill Company Zia

Total

\$34.75

Date	Transporter	Driver	Producer	Lease & Well	Ticket #	Barrels	Type of Product	Price	Total
7/11/00	Zia	302	Mewboine oil co	Conoco Fed	30067	139.00	PAW	\$0.25	\$34.75



Pic # 1- Site Entrance



Pic # 5- Wastewater tank and sump receives water from washbay.



Pic # 2- Used motor oil tank



Pic # 7- Diesel Tank



Pic # 3- Waste soil pile



Pic # 8- Chemical drums; Brine tank shown in background. Brine tank has liner under tank.



Pic # 9- Empty drum storage area located in NE part of yard. Some drums were not empty.



Pic # 11- HCL Tank area.



Pic # 10- Yard area looking west. Picture shows oily stains.



Pic # 12- Chemical storage tanks. Secondary containment has standing chemical and water.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

Memorandum of Meeting or Conversation

Telephone

Personal

E-Mail

Time: 9:15 am

Date: April 25, 2002

Originating Party: Piter Bergstein- Zia Transportation

Other Parties: W. Price, R Anderson, D Brooks-Div. Attorney

Subject: OCD to Zia Letter Dated April 04, 2002

Discussion: Conference Call Concerning Cited Violation

Signed: _____

W PRICE

CC: RCAnderson, D Brooks-

Zia Enforcement Conference

4/25/02

Wayne Assume about trsf of waste to Sundance -
Paradise - Ferry indicated waste actually
came from Zia's facility

Berg Just repossesses place from Tony's ? -
OCD came by and did survey. Got
consultant - Eddy Sea (?) - Disch
Discharge Plan

Wayne Disch. Plan in effect said not generate
any more water. Now one says
same

Berg Not correct

Wayne If not correct, needs to be corrected

Berg Just opened pbg dtd 4/16 w/ Disch
Plan

Wayne Issue is falsifying paper -

Berg Dont know about it. Dont know where
hauling for Star Tool. Own and
am responsible sorry. Tony's used
to haul for Star Tool.

Wayne You are a trucking co. and haul waste
Issue is took waste

Berg and mint w/ someone else's

Wayne Not pick up from Star Tool.

Berg Terry Wallace had no idea. Don't know why put "Star Tool" on there.
Guess Surveillance must have asked for paperwork

Roger Primary reason for NOV. Everyone makes mistake. Rely on industry self-reg. Falsification of paper serious offense -

Peter Understand - Don't know why they did it - Have told them is "big no. no" - Will never happen again - Doesn't fix what we did

DD Understand ~~is~~ not offering penalty

Peter [He agreed]

Wayne Need to modify discharge plan to include washwater generated here.

Roger

~~What~~ Suppose an agreed order
+ Lower fine to \$500 because of
attitude - Also put certain steps that
will do (1) Mtd dishg plan, (2)
conduct formal ting in regulation
for employees

Wayne

Recommend ting on issue of waste
I/P and proper disposal.

Roger

Would be part of order not time
frame. Continue corrections that
have already started on other violations.
Time frame on those corrections also.

Peter

~~Will~~ Has already told empees - only
- Will get Eddy (consultant) in to
tell them also. - Have already
tested [something] - ~~will~~

Wayne

NOV went out before dish plan

DB

Will prepare order

Brooks, David K

From: Anderson, Roger
Sent: Wednesday, April 24, 2002 7:42 AM
To: Brooks, David K; Price, Wayne
Subject: RE: Zia Transportation

It'll work for me.

Roger C. Anderson
Environmental Bureau Chief
Oil Conservation Division

-----Original Message-----

From: Brooks, David K
Sent: Monday, April 22, 2002 9:00 AM
To: Anderson, Roger; Price, Wayne
Subject: Zia Transportation

Roger and Wayne:

Mr. Bergstein called me this morning.

He suggested a telephone conference on Thursday, April 25. He will be in Hobbs that day, and can be available by phone between 8 and 11 am.

Please let me know if this will work. If not let me know what will work, so I can get back to him.

DB

Brooks, David K

From: Anderson, Roger
Sent: Thursday, April 18, 2002 1:33 PM
To: Brooks, David K
Subject: FW: From Pieter Bergstein - Zia Transports, Inc.

Roger C. Anderson
Environmental Bureau Chief
Oil Conservation Division

-----Original Message-----

From: Pabpayton@aol.com [mailto:Pabpayton@aol.com]
Sent: Tuesday, April 16, 2002 3:40 PM
To: rcanderson@state.nm.us
Subject: From Pieter Bergstein - Zia Transports, Inc.

I have tried for the past several to call you to schedule the conference referenced in your letter to me dated 4/4/2002. Would you please call me at (806) 741-1080 so we can discuss this matter? Thank you for your time.

Sincerely,
Pieter Bergstein

NOTICE OF VIOLATION

April 05, 2002

DRAFT

DAVID I E-MAILED
THIS TO YOU!

CERTIFIED MAIL
RETURN RECEIPT NO. XXXXXXXXXXXXXXXXXXXX

Mr. Piter Bergstein
Zia Transportation
P.O. Box 2724
Lubbock, Texas 79408

Re: Discharge Plan GW-253
Hobbs, NM Facility

Dear Mr. Bergstein:

New Mexico Oil Conservation Division (OCD) inspectors Wayne Price and Paul Sheeley conducted a Discharge Plan inspection on May 03, 2001 at the Zia Transportation facility located at 816 NW County Road, Hobbs New Mexico. The inspection consisted of a facility tour conducted by Zia Transportation yard manager Mr. Terry Wallace.

As a result of that inspection the OCD found Zia Transportation in violation of its Discharge Plan requirements and Section 3104 of the Water Quality Control Commission (WQCC) regulations (20 NMAC 6.2.3104) and issued Zia Transportation a Notice of Violation.

Further OCD investigations have found the following:

During the exit and records review OCD requested documents showing where the wastewater generated on site from the wash bay was being disposed of. Mr. Terry Wallace, Zia Transportation's manager, indicated that the last load was mixed with a load of "Rinsate that was picked up by Zia Transportation at the Star Tool Hobbs service company yard and hauled to Sundance Services Parabo facility. Sundance Services was not informed that any waste came from Zia Transportation Yard.

Mr. Wallace provided a copy of Sundance Services Inc. Invoice #37387 showing where Sundance billed Zia for 80 barrells of Star Tool Rinsate Liquid(Special Fluids) delivered

on 7/31/00 by driver #265 ticket #30559 and a Zia Transportation check #4013 showing a payment to Sundance.

Zia Transportation's discharge plan was not approved for on-site generation of wastewater, storage or disposal of any wastewater. This is a violation of the discharge plan requirement #2 (Commitments); ***Failure to Disclose-Violation of Section 74-6-10.2.A(2), New Mexico Statutes Annotated 1978 as amended.***

OCD investigations revealed that Zia Transportation falsified paperwork and disposed of an unauthorized waste at a permitted waste management facility under false pretenses. Evidence obtained by OCD revealed that Zia Transportation never actually picked up any waste from the Star Tool facility, but falsified paper work indicating such action had taken place.

This is a ***Violation of section 70-2-31.B(2), NMSA 1978, as amended.***

Due to the seriousness of this violation, we are requesting a show cause hearing before a Division Hearing Examiner where we will recommend issuance of a former order requiring compliance with OCD rules and imposition of a \$2000.00 (two thousand dollars) civil penalty.

Please contact this office to schedule a pre-hearing conference within ten (10) days to discuss this matter; failure to do so may result in additional penalty.

If you have any questions, please contact me at (505)-334-6178 ext 11.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

RCA/wp

Xc: David K. Brooks, OCD Legal Counsel
CTP??

THIS N.O.V. WAS ISSUED!



September 12, 2001

CERTIFIED MAIL
RETURN RECEIPT NO. 5357 7676

Mr. Piter Bergstein
Zia Transportation
P.O. Box 2724
Lubbock, Texas 79408

Subject: NOTICE of VIOLATION

Re: Discharge Plan GW-253
Hobbs, NM Facility

Dear Mr. Bergstein:

New Mexico Oil Conservation Division (NMOCD) inspectors Wayne Price and Paul Sheeley conducted a Discharge Plan inspection on May 03, 2001 at the Zia Transportation facility located at 816 NW County Road, Hobbs New Mexico. The inspection consisted of a facility tour conducted by Zia Transportation yard manager Mr. Terry Wallace. Enclosed is a copy of the inspection report.

NMOCD finds Zia Transportation in violation of its Discharge Plan requirements and Section 3104 of the Water Quality Control Commission (WQCC) regulations (20 NMAC 6.2.3104) for the deficiencies listed below:

1. **Drum Storage:**

- A. Antifreeze and Flammable liquid drum had no containment.

Violation of Requirement 3 (Drum Storage).

- B. Empty drum storage area in northeast yard had no containment and some were noted to have no lids and bungs. Drums contained unknown liquids.

Violation of Requirement 3 (Drum Storage) and Requirement 7 (Labeling).

2. Process Areas:

- A. Waste oily soil pile located northeast of office and shop building.

Violation of Requirement 4 (Process Areas).

- B. Unknown chemical powdered material improperly stored.

Violation of Requirement 3 (Drum Storage) and Requirement 7 (Labeling).

- C. Chemical Drums and Brine Tank no containment.

Violation of Requirement 3 (Drum Storage) and Requirement 5 (Above Ground Tanks).

- D. Diesel tank is leaking and had no containment.

Violation of Requirement 5 (Above Ground Tanks), Requirement 7 (Labeling), Requirement 11 (Spill Reporting).

- E. Used motor oil tank had no containment or labels.

Violation of Requirement 5 (Above Ground Tanks) and Requirement 7 (Labeling).

- F. Wastewater tank and sump connected to wash bay had no containment or labels.

Violation of Requirement 5 (Above Ground Tanks) and Requirement 7 (Labeling).

3. Above Ground Saddle Tanks:

- A. Hydrochloric Acid tank has visual stains of leakage and does not have containment or labels.

Violation of Requirement 6 (Above Ground Saddle Tanks), Requirement 7 (Labeling) and Requirement 11 (Spill Reporting).

Mr. Piter Bergstein
September 12, 2001
Page 3

4. Wash bay sump and underground wastewater lines.
 - A. Lines and sumps have not been tested.

***Violation of Requirement 8 (Below Grade Tanks/Sumps) and
Requirement 9 (Underground Process/Wastewater Lines).***

Zia Transportation is hereby required to respond by October 15, 2001 with actions taken to correct the above violations. Failure to respond to this Notice of Violation may result in a compliance order being issued pursuant to Section 74-6-10, NMSA 1978, against Zia Transportation assessing penalties and requiring Zia Transportation to comply with the requested actions.

If you have any questions, please contact Wayne Price of my staff at (505-476-3487).
Sincerely,

Roger C. Anderson
Environmental Bureau Chief

RCA/lwp
Attachment-1 Copy of filed inspection report



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

September 11, 1996

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-258-849

Mr. Scotty Greenlee
Sonny's Oilfield Services, Inc.
P.O. Box 1438
Hobbs, NM 88240

RE: Discharge Plan GW-253
Sonny's Oilfield Services, Inc.
Lea County, New Mexico

Dear Mr. Greenlee:

The groundwater discharge plan, GW-253, for the Sonny's Oilfield Services, Inc. (Sonny's) Hobbs Facility located in NW/4 NW/4 of Section 32, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The discharge plan consists of the original application dated June 24, 1996. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within five working days of receipt of this letter.**

The discharge plan was submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Section 3109.A. Please note Sections 3109.E and 3109.F., which provide for possible future amendments or modifications of the plan. Please be advised that approval of this plan does not relieve Sonny's of liability should operations result in pollution of surface water, ground water, or the environment.

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

Please note that Section 3104 of the regulations require "When a facility has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section

Mr. Scotty Greenlee
September 11, 1996
Page 2

3107.C. Sonny's is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

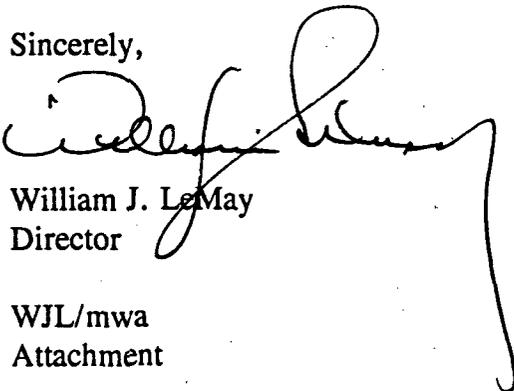
Pursuant to Section 3109.G.4., this plan is for a period of five years. This approval will expire on September 11, 2001, and Sonny's should submit an application in ample time before this date. Note that under Section 3106.F. of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit plans for, or the results of, an underground drainage testing program as a requirement for discharge plan renewal.

The discharge plan renewal application for the Sonny's Oilfield Services, Inc. Hobbs Facility is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus a flat fee of \$1,380 for oil field service companies. The \$50 filing fee was received by the OCD on June 24, 1996. The OCD has not received the \$1,380 flat fee. The flat fee of \$1,380 may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office.

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

Sincerely,



William J. LeMay
Director

WJL/mwa
Attachment

xc: OCD Hobbs Office

ATTACHMENT TO THE DISCHARGE PLAN GW-253 APPROVAL
SONNY'S OILFIELD SERVICES, INC.
HOBBS FACILITY
DISCHARGE PLAN REQUIREMENTS

1. Payment of Discharge Plan Fees: The \$1,380 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
2. Sonny's Commitments: Sonny's will abide by all commitments submitted in the discharge plan application dated June 24, 1996.
3. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.
4. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
5. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm.
6. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
7. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
8. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps. The OCD will be notified at least 72 hours prior to all testing so that an OCD representative may witness the testing.

Mr. Scotty Greenlee

September 11, 1996

Page 4

9. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years there after. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing so that an OCD representative may witness the testing.
10. Housekeeping: All systems designed for spill collection/prevention should be inspected to ensure proper operation and to prevent overtopping or system failure.
11. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Hobbs District Office.
12. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.
13. Closure: The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
14. OCD Inspections: Additional requirements may be placed on the facility based upon results from OCD inspections.
15. Certification: Sonny's, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Sonny's further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:

SONNY'S OILFIELD SERVICES, INC.

by _____
Title

Zia Transportation NOV

Wayne performed an inspection -
prepared a draft NOV.

Exit interview and records review
- Waste tank accepts waste water
from washing oil field trucks - Discharge
plan says no waste stream because
not being used any more - Jan
mgr., Terry Wallace, showed
invoices, where took material to
Pacbr for disposal - showed it
material from Star Tool - actually
included their waste.

Roger wanted to check w/ Star
Tool - Star Tool says Zia never
picked up anything from Star Tool
on that date.

Prepare

71.C.(4)