

GW – 383

**PERMITS,
RENEWALS,
& MODS
Application**

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 7/16/09

or cash received on _____ in the amount of \$ 1700⁰⁰

from GUDD Pumping Services

for GW-383

Submitted by: Lawrence R. Rocco Date: 7/29/09

Submitted to ASD by: Lawrence Rocco Date: 7/29/09

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment or Annual Increment _____

RECEIVED OCD

2009 JUL 20 A 9:27

ATTACHMENT
DISCHARGE PERMIT
APPROVAL CONDITIONS

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100.00, plus a flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required \$100.00 filing fee. The facility fee for an oil and gas service company is \$1700.00. Please submit this amount with a signed copy of the permit and return to the OCD within 30 days. Checks should be made out to the New Mexico Water Quality Management Fund.
- 2. Permit Expiration, Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on July 7, 2014** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least **120 days before** the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. *Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA 1978} and civil penalties may be assessed accordingly.*
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its July 2008 discharge plan application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.
- 5. Modifications:** WQCC Regulation 20.6.2.3107.C and 20.6.2.3109 NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.
- 6. Waste Disposal and Storage:** The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class

II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Part 35 Waste: Pursuant to OCD Part 35 (19.15.35.8 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

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8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

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A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in

secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

Cudd Pumping Service shall inform the OCD Environmental Bureau when they intend to test their underground lines by **August 15, 2009**.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial

wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.6.2.1203 NMAC and OCD Part 29 (19.15.29 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days. The OCD does not consider covering contaminated areas a remediation of the spill/release.

16. OCD Inspections: The OCD performed an inspection of this facility on May 14, 2008. Mr. Eric Taylor witnessed the inspection. All photographs referenced below are located in the attachment of this permit. As a result of this inspection OCD concluded the following:

- 1. Photo 1, 3, 4, 7, 8, 10, 11, 13:** There were several areas with visual stained soils within the facility's yard. Owner/Operator shall follow best management practices to prevent such future discharges. If such discharges occur owner/operator shall address them accordingly. See Conditions 14, 15 and 18 for details.
- 2. Photo 2, 5, 6, 12, 13:** Several containers and barrels were located directly on the ground. Owner/operator shall locate all containers (empty, full or partially full) on an impermeable pad with curbing. See Conditions 7, 8, and 9 for details.
- 3. Photo 8, 9, 14:** The sump identified in Photo 8 appears to have a clogged drain. The sump in Photo 9 and 14 has fluids within it. All sumps are meant to catch fluids and must be drained within 72 hours. Sumps used to hold and retain fluids for indefinite periods meet the definition of a below-grade tank. The owner/operator must meet the below-grade tank requirements specified in the pit rule (see Part 17 for details). If these containments are to be maintained as sumps they shall be managed as sumps.

Owner/operator shall resolve items 1 – 3 by **August 15, 2009** and submit their findings to the OCD for review.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: Newly Permitted Facility:

- A. A copy of the discharge permit, GW-383, shall be kept on site at all times.
- B. The facility management shall present the discharge permit conditions to all its employees. Employees shall be made aware of possible discharges at the facility and made aware of the permit location on site.
- C. The OCD has a Hobbs office. Larry Johnson is the Environmental Engineer at this location and he can be reached at 575-393-6161 ext. 111. Any spills shall be reported to Mr. Johnson. Call Mr. Johnson for all hydrostatic testing.
- D. The Santa Fe OCD Environmental Bureau processes all discharge plan permits, refer all questions to the Santa Fe office.
- E. All below grade tanks shall be retrofitted according to Condition 11.A. Submit a work plan to the Santa Fe OCD office for approval prior to modification.

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

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

22. Closure Plan and Financial Assurance: Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, modified plan, and/or provide adequate financial assurance.

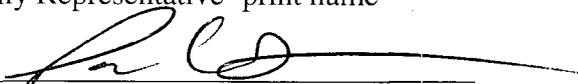
Mr. Paul Navarrette
Cudd Pumping Service
GW-383, Hobbs Oil and Gas Service Company
July 8, 2009
Page 7

23. Certification: (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively

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

Cudd Pumping Services
Company Name-print name above

Paul Navarrette
Company Representative- print name


Company Representative- Signature

Title District Manager

Date: 7/15/09

OCD Inspection: Cudd Energy Services *GW - 383

Inspectors: Leonard Lowe

Company Rep: Mr. Jerry Hornberger

Date: 05.15.08

Time: 10:00 – 11:00

Page 1

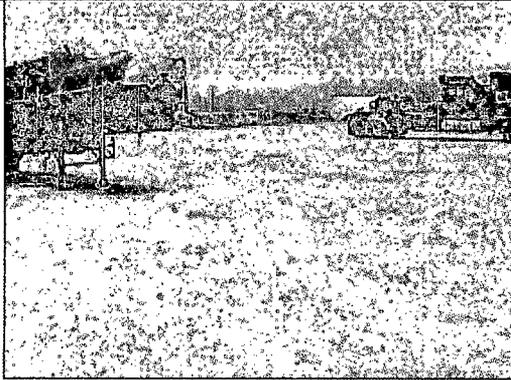


Photo 1: Yard with spotted soil staining.

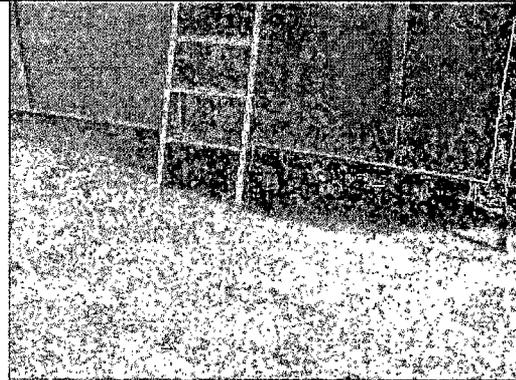


Photo 4: Soil staining around processing area.

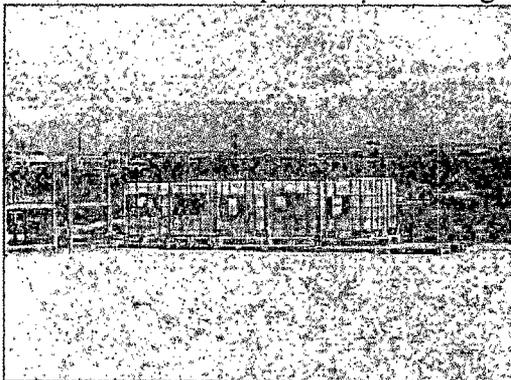


Photo 2: Tote tanks located on ground.



Photo 5: Barrels located without padded containment or curbing.

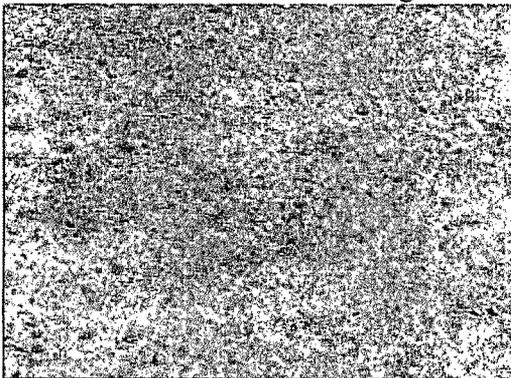
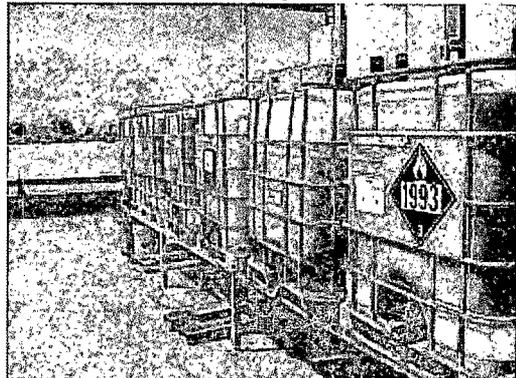


Photo 3: Close up of soil staining in yard.



OCD Inspection: Cudd Energy Services *GW - 383

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Page 2

Photo 6: Totes located above ground, not catch area.

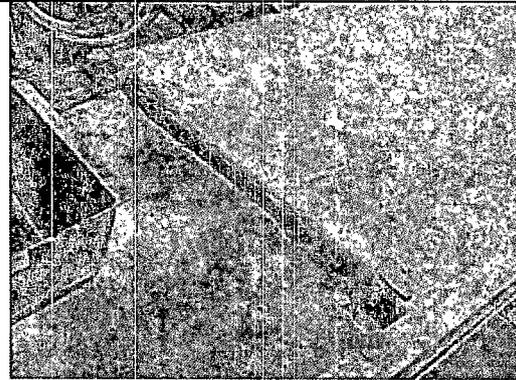
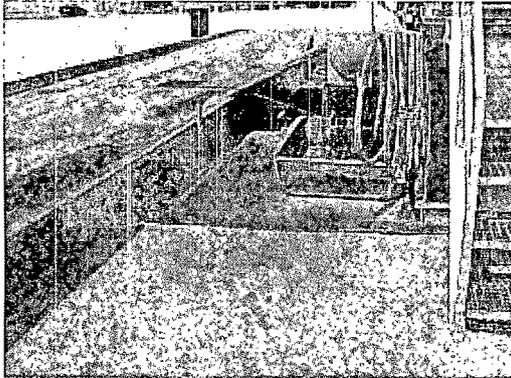


Photo 10: Soil staining near process area.

Photo 7: Soil staining around processing area.

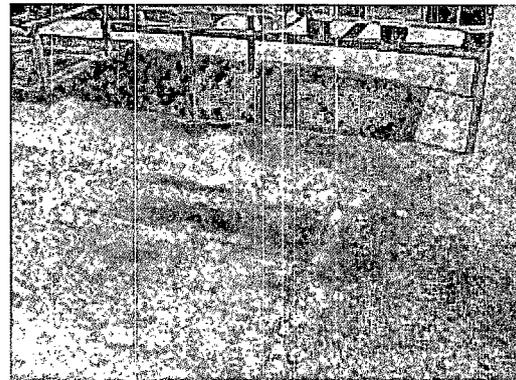
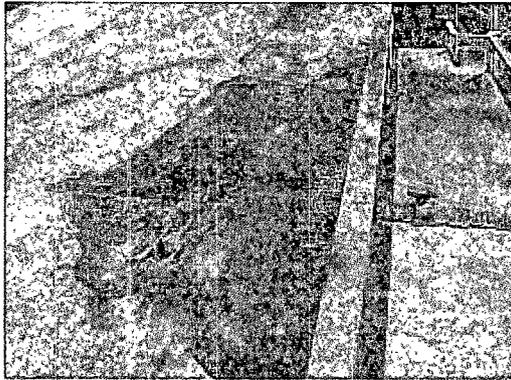


Photo 11: Soil staining near process area.

Photo 8: Spill catch area, sump is drained/pumped. Standing fluids.

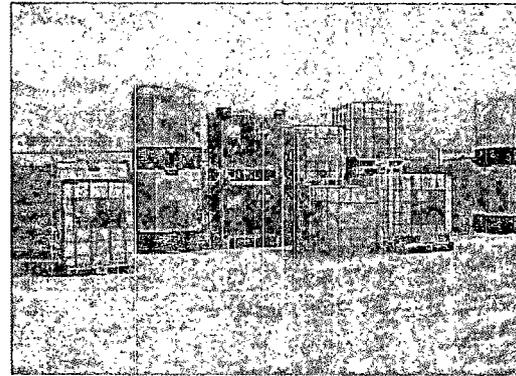
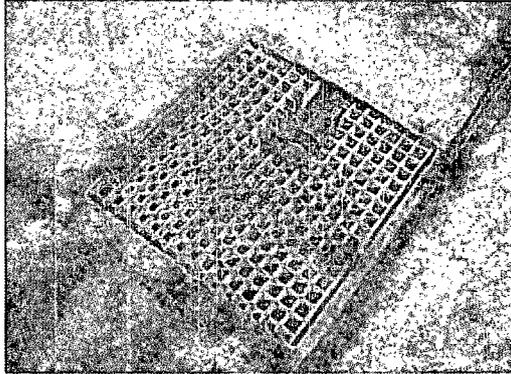


Photo 12: Totes on ground.

Photo 9: Sump.

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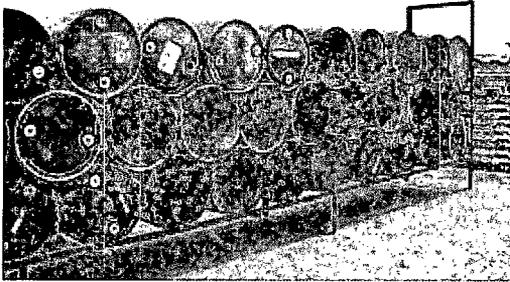


Photo 13: Empty barrels, a few with no bungs in place. No containment.

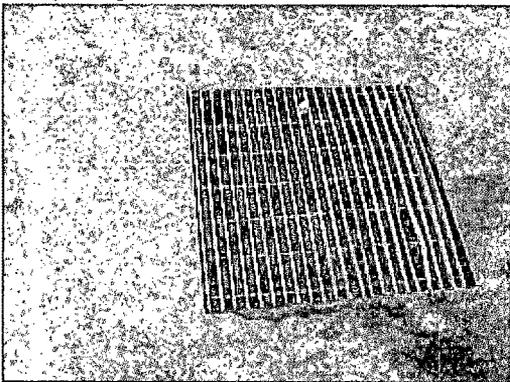


Photo 14: Sump.

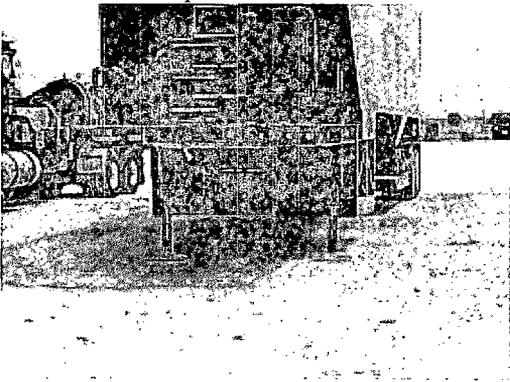


Photo 13: Soil staining near equipment area.



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor
Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 8, 2009

Mr. Paul Navarette
Cudd Pumping Services
1908 West Bender Blvd.
Hobbs, New Mexico 88240

*P.O. BOX 2381
HOBBS N.M., 88240*

Re: New Discharge Permit, GW-383
Cudd Oil and Gas Service Company
SW/4 SW/4 Section 21, Township 18 South, Range 38 East, NMPM,
Lea County, New Mexico

Dear Mr. Navarrette:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby approves the **Cudd Pumping Service**, discharge permit for the above referenced site contingent upon the conditions specified in the enclosed **Attachment to the Discharge Permit**. 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 30 days of receipt of this letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Glenn von Gonten
Acting Environmental Bureau Chief

Attachments-1
xc: OCD District Office



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DISCHARGE PERMIT
APPROVAL CONDITIONS

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Cudd Pumping Service shall inform the OCD Environmental Bureau when they intend to test their underground lines by **August 15, 2009**.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial

wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.6.2.1203 NMAC and OCD Part 29 (19.15.29 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days. The OCD does not consider covering contaminated areas a remediation of the spill/release.

16. OCD Inspections: The OCD performed an inspection of this facility on May 14, 2008. Mr. Eric Taylor witnessed the inspection. All photographs referenced below are located in the attachment of this permit. As a result of this inspection OCD concluded the following:

- 1. Photo 1, 3, 4, 7, 8, 10, 11, 13:** There were several areas with visual stained soils within the facility's yard. Owner/Operator shall follow best management practices to prevent such future discharges. If such discharges occur owner/operator shall address them accordingly. See Conditions 14, 15 and 18 for details.
- 2. Photo 2, 5, 6, 12, 13:** Several containers and barrels were located directly on the ground. Owner/operator shall locate all containers (empty, full or partially full) on an impermeable pad with curbing. See Conditions 7, 8, and 9 for details.
- 3. Photo 8, 9, 14:** The sump identified in Photo 8 appears to have a clogged drain. The sump in Photo 9 and 14 has fluids within it. All sumps are meant to catch fluids and must be drained within 72 hours. Sumps used to hold and retain fluids for indefinite periods meet the definition of a below-grade tank. The owner/operator must meet the below-grade tank requirements specified in the pit rule (see Part 17 for details). If these containments are to be maintained as sumps they shall be managed as sumps.

Owner/operator shall resolve items 1 – 3 by **August 15, 2009** and submit their findings to the OCD for review.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: Newly Permitted Facility:

- A. A copy of the discharge permit, GW-383, shall be kept on site at all times.
- B. The facility management shall present the discharge permit conditions to all its employees. Employees shall be made aware of possible discharges at the facility and made aware of the permit location on site.
- C. The OCD has a Hobbs office. Larry Johnson is the Environmental Engineer at this location and he can be reached at 575-393-6161 ext. 111. Any spills shall be reported to Mr. Johnson. Call Mr. Johnson for all hydrostatic testing.
- D. The Santa Fe OCD Environmental Bureau processes all discharge plan permits, refer all questions to the Santa Fe office.
- E. All below grade tanks shall be retrofitted according to Condition 11.A. Submit a work plan to the Santa Fe OCD office for approval prior to modification.

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

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

22. Closure Plan and Financial Assurance: Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, modified plan, and/or provide adequate financial assurance.

Mr. Paul Navarrette
Cudd Pumping Service
GW-383, Hobbs Oil and Gas Service Company
July 8, 2009
Page 7

23. Certification: (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively

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

Company Name-print name above

Company Representative- print name

Company Representative- Signature

Title _____

Date: _____

OCD Inspection: Cudd Energy Services *GW - 383

Inspectors: Leonard Lowe

Company Rep: Mr. Jerry Hornberger

Date: 05.15.08

Time: 10:00 - 11:00

Page 1

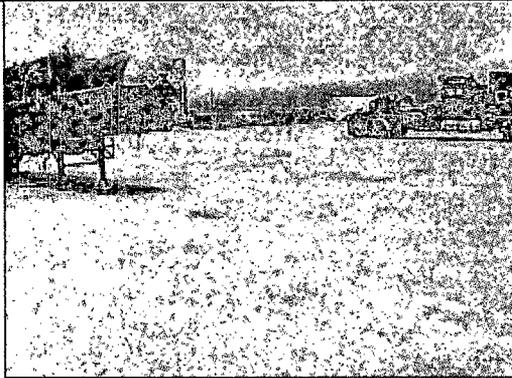


Photo 1: Yard with spotted soil staining.

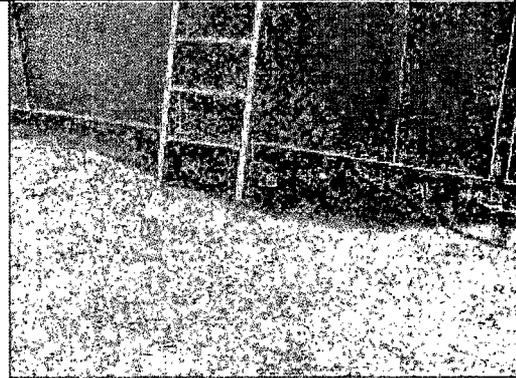


Photo 4: Soil staining around processing area.

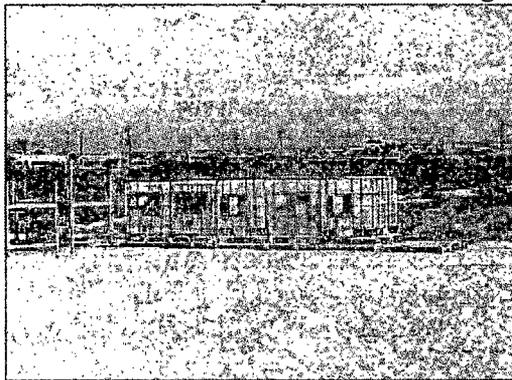


Photo 2: Tote tanks located on ground.



Photo 5: Barrels located without padded containment or curbing.

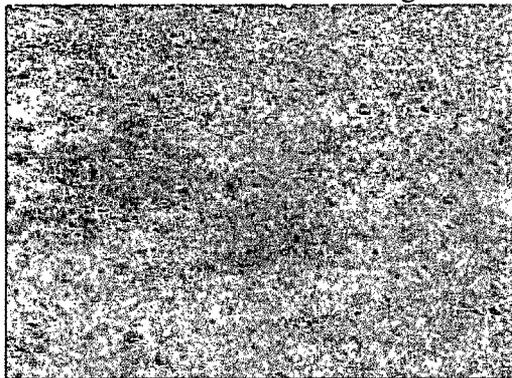
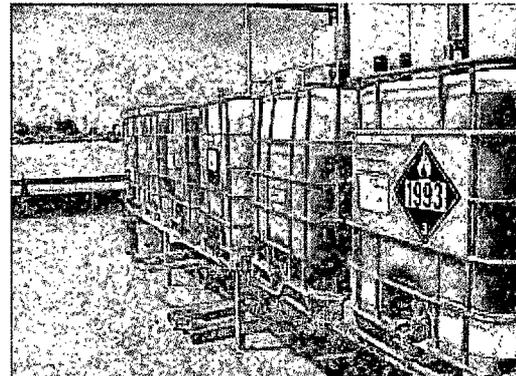


Photo 3: Close up of soil staining in yard.



OCD Inspection: Cudd Energy Services *GW - 383

Inspectors: Leonard Lowe

Company Rep: Mr. Jerry Hornberger

Date: 05.15.08

Time: 10:00 - 11:00

Page 2

Photo 6: Totes located above ground, not catch area.

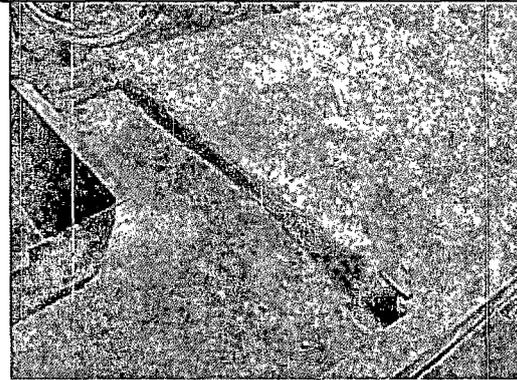
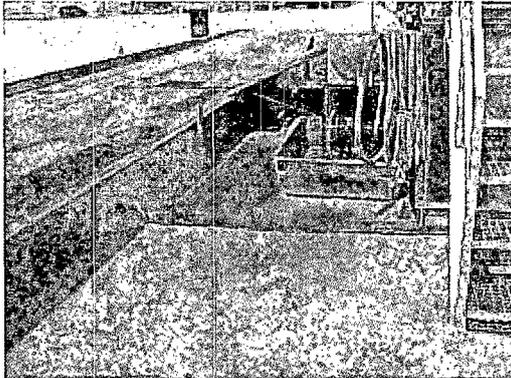


Photo 10: Soil staining near process area.

Photo 7: Soil staining around processing area.

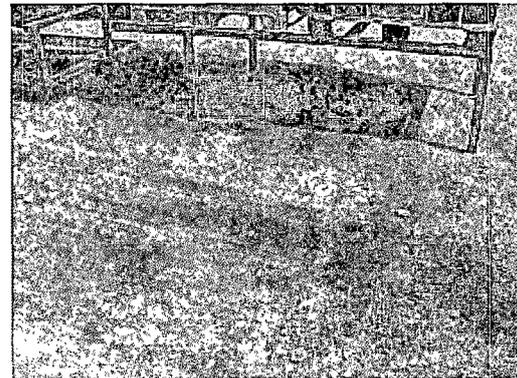
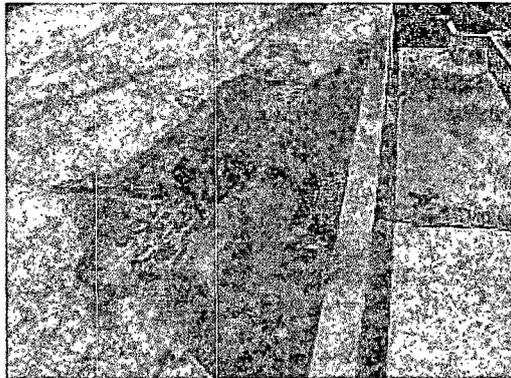


Photo 11: Soil staining near process area.

Photo 8: Spill catch area, sump is drained/pumped. Standing fluids.

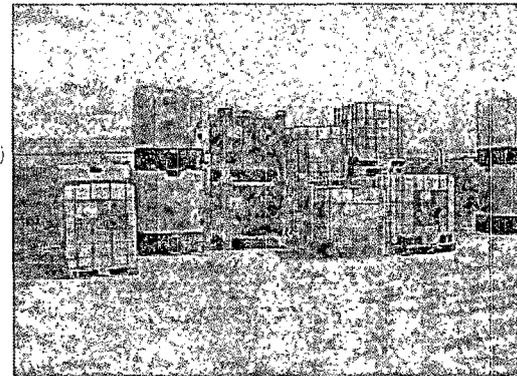
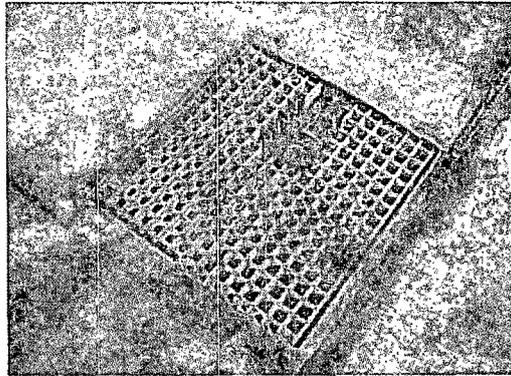


Photo 12: Totes on ground.

Photo 9: Sump.

OCD Inspection: Cudd Energy Services *GW - 383

Inspectors: Leonard Lowe

Company Rep: Mr. Jerry Hornberger

Time: 10:00 – 11:00

Date: 05.15.08

Page 3

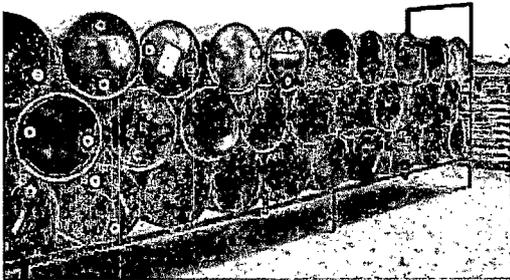


Photo 13: Empty barrels, a few with no bungs in place. No containment.

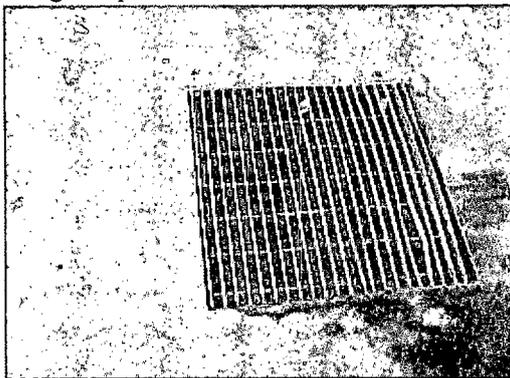


Photo 14: Sump.

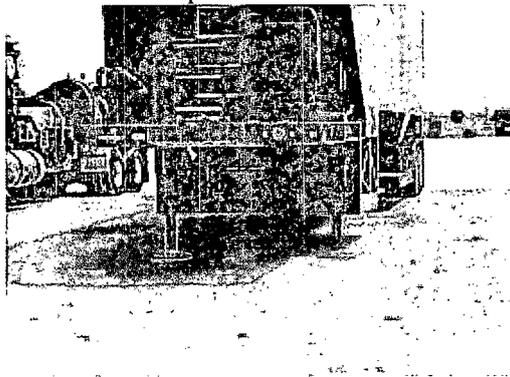


Photo 13: Soil staining near equipment area.

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Tuesday, March 31, 2009 1:39 PM
To: 'Paul Navarrete'
Cc: 'Kindley, Jeff'
Subject: GW-383, Cudd Pumping Services Admin. Complete
Attachments: GW-383, NEW DP Admin Complete Letter.pdf; GW-383, Draft Permit.pdf; GW-383 OCD PN.pdf

Mr. Paul Navarrete,

The OCD has determined your submitted discharge plan application to be **administratively complete**.

Attached are the **admin complete letter**, a **draft permit** and the **OCD public notice**.

Your public notice was previously approved for publication. Once published please submit the proof of publication affidavit to our office. Cudd can scan and e-mail the affidavit.

Cudd shall now submit to the OCD the locations for all additional posting of the approved notice.

A technical review of your application will commence while we are in the 30 day notice period.

I have attached the WQCC requirements for additional notices and a flow chart of this process, please review.

If you have any questions please submit them to me.

llowe

Leonard Lowe

Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, N.M. 87505
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 31, 2009

Mr. Paul Navarrette
Cudd Pumping Services
1908 West Bender Blvd.
Hobbs, New Mexico 88240

**Re: New discharge plan permit, GW-383
Cudd Pumping Services
Lea County, New Mexico**

Dear Mr. Navarrette:

The New Mexico Oil Conservation Division (NMOCD) has received Cudd Pumping Service's request and filing fee, dated July 2, 2008 for a new discharge permit for their Oil and Gas Service Company located SW/4 SW/4 of Section 21, Township 18 South, Range 38 East NMPM, Lea County, New Mexico. The Oil Conservation Division has identified this facility as GW- 383 for their discharge permit, please reference all future submitted documentation with this permit number. The initial submittal and additional information has provided the required information in order to deem the application "administratively" complete.

The New Mexico Water Quality Control Commission regulations (WQCC) notice requirements of 20.6.2.3108 NMAC for a new discharge plan was satisfied and demonstrated to the OCD. Please submit the proof of publication affidavit once published. Each additional public notice must be approved by the OCD prior to the applicant posting them. The OCD will provide public notice pursuant to the WQCC notice requirements of 20.6.2.3108 NMAC to determine if there is any public interest.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3492 or leonard.lowe@state.nm.us. On behalf of the staff of the NMOCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Leonard R. Lowe
Environmental Engineer

LRL/lrl



March 31, 2009
Page 2

xc: OCD District I Office, Hobbs



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 31, 2009

Mr. Paul Navarrette
Cudd Pumping Services
1908 West Bender Blvd.
Hobbs, New Mexico 88240

Re: **DRAFT** New Discharge Permit
Cudd Oil and Gas Service Company
SW/4 SW/4 Section 21, Township 18 South, Range 38 East, NMPM
Lea County, New Mexico

Dear Mr. Navarrette:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby approves the discharge permit for the **Cudd Pumping Services**, (owner/operator) for the above referenced site contingent upon the conditions specified in the enclosed **Attachment to the Discharge Permit**. 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 30 days of receipt of this letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Wayne Price
Environmental Bureau Chief

Attachments-1
xc: OCD District Office



ATTACHMENT- DISCHARGE PERMIT APPROVAL CONDITIONS

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100.00, plus a flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division (“OCD”) has received the required \$100.00 filing fee. The flat fee for an oil and gas service company is \$1700.00. Please submit this amount along with the signed permit conditions. Checks should be made out to the New Mexico Water Quality Management Fund.
- 2. Permit Expiration, Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on Month, Day, Year** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. *Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA 1978} and civil penalties may be assessed accordingly.*
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its July 2008 discharge plan application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.
- 5. Modifications:** WQCC Regulation 20.6.2.3107.C and 20.6.2.3109 NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.
- 6. Waste Disposal and Storage:** The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste

stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Part 35 Waste: Pursuant to OCD Part 35 (19.15.35.8 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.6.2.1203 NMAC and OCD Part 29 (19.15.29 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD performed an inspection of this facility on May 15th, 2008. Mr. Jerry Hornberger and Leonard Lowe were in attendance. All photographs referenced below are located in the attachment of this permit. Based on the inspection OCD determined the following:

1. Photo One:
2. Photo Two:
3. Photo three:

Cudd Pump Services appeared to be in

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Transfer of Discharge Permit (WQCC 20.6.2.3111) Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, the transferor shall notify the transferee in writing of the existence of the discharge

permit, and shall deliver or send by certified mail to the department a copy of such written notification, together with a certification or other proof that such notification has in fact been received by the transferee.

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

22. Closure Plan and Financial Assurance: Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, modified plan, and/or provide adequate financial assurance.

23. Certification: (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively

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

Company Name- print name above

Company Representative- print name

Company Representative- Signature

Title _____

Date: _____

NOTICE OF PUBLICATION

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

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3106 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(GW-383) Mr. Paul Navarrette, District Manager Cudd Pumping Services, 1908 West Bender Blvd, Hobbs N.M., has submitted a new discharge plan application for the for their Oil and Gas Service Company at, located in the SW/4 SW/4 of Section 21, Township 18 South, Range 38 East, NMPM, Lea County. The facility provides technical services to the oil and gas industry and stores chemicals and equipment associated with acid and fracture operations of oil and gas wells. Approximately 5000 gallons of diesel mix, 10,000 gallons of HCL, 200 gallons of used oil and 200 gallons of corrosive/flammable/gels are generated and stored in onsite. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 40-60 feet, with a total dissolved solids concentration of approximately 600 - 1000 mg/L. The discharge plan addresses how oilfield products and waste will be properly handled, stored, and disposed of, including how spills, leaks, and other accidental discharges to the surface will be managed in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site <http://www.emnrd.state.nm.us/ocd/>. Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en español, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservacio'n Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 31st day of March 2009.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Wednesday, January 28, 2009 2:26 PM
To: 'pnavarrette@cudd.com'
Subject: Discharge Permit Application for Hobbs Facility

Mr. Navarrette,

Thank you for taking a few moments to speak with me when I stopped by your office last Thursday morning January 22nd. I am the individual within the Oil Conservation Division (OCD) currently assigned to review CUDD's application for the required Discharge Plan (OCD designation GW-383).

On 5/15/08 an inspection by OCD personnel of your Hobbs facility located at 1908 West Bender Blvd. revealed multiple areas of environmental concern including the improper storage of barrels and totes without secondary containment along with the presence of stained soils, standing liquids, and multiple sumps within the property. Those findings led the OCD to request by letter of 5/22/08 that CUDD obtain a discharge permit for the service facility. Your subsequent application has a dated signature of 7/2/08 and was received by the OCD on 7/8/08. After a preliminary review of the application, I sent both you and Mr. Jerry Hornberger an email on 8/1/08 which read as follows:

OCD has received the application for discharge permit GW-383 with respect to the CUDD facility on Bender Blvd. in Hobbs. The application states "The saturated thickness of the Ogallala for the area varies between 40 to 60 feet." This may be correct. However, the depth to shallowest groundwater beneath the facility is the required parameter rather than the saturated thickness. Depth to water in this area, based on my quick review of water well logs from the Office of the State Engineer, is likely between 40 to 60 feet below surface. Was this a misstatement, and if so could you please verify to me in writing or by email? Also, the application states the concentration of total dissolved solids (TDS) in groundwater varies from 600 to 1000 ppm. Could you please provide me with the source of this water quality information. I also need a draft public notice, the name of the newspaper CUDD intends to publish such notice within, and the specific locations where CUDD proposes for appropriate signage as required.

No response was forthcoming from you or your firm, and so on 10/8/08 the following email was sent (both to you and Mr. Hornberger):

Please contact me regarding CUDD Pump Service's application for the facility on Bender Blvd. in Hobbs. On August 1st of this year I sent you an email requesting confirmation of depth to water, the source of TDS information, the name of the newspaper CUDD intends to use for public notice, and the specific locations for required signage. I have not received any response 68 days later.

Again, no response from CUDD. On 11/14/08 a certified letter was sent to you at the CUDD office in Hobbs using the street address for the facility provided on the application. That letter was returned to OCD by the postal service as there apparently is no mail receptacle at your office. The letter was re-sent on 12/8/08 (again by certified mail) to the post office box (PO Box 2381 Hobbs, NM 88240) listed on Mr. Hornberger's business card that was given to Leonard Lowe of the OCD during his May 2008 inspection of your facility. That letter was again returned to the OCD as being "unclaimed". The letter said:

On July 8, 2008 the OCD received your firm's application dated July 2, 2008 for a discharge permit for the service facility located at 1908 West Bender Blvd. in Hobbs. Having reviewed the application, I made a determination it was not "administratively complete". I sent you an email on August 1, 2008 requesting specific additional information, followed by a second email on October 8, 2008 as a reminder because no response had been forthcoming.

Based on what is known regarding CUDD's Hobbs facility, it must have a valid discharge permit issued by the OCD to remain in operation. Please contact me at (505) 476-3465 or by email at jim.griswold@state.nm.us within five (5) working days of receipt of this letter. Failure to do so will result in compliance actions by the OCD.

When we met on Thursday you stated that you had not received either email, could not explain why the mail at your PO box was not picked up, and that CUDD was certainly willing to comply with applicable regulations. We also agreed that I would email you upon my return to Santa Fe outlining my concerns. Please confirm receipt of this email immediately. Please respond to the questions and comments contained in my original 8/1/08 email on or before 2/13/09.

Jim Griswold
Hydrologist
Environmental Bureau
ENMRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
direct: 505.476.3465
email: jim.griswold@state.nm.us



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Director
Oil Conservation Division



November 14, 2008

Mr. Paul Navarrette
District Manager
CUDD Pumping Service
1908 West Bender Blvd.
Hobbs, New Mexico 88240

SENT VIA CERTIFIED MAIL

Re: Application for Discharge Permit GW-383

Mr. Navarrette:

On July 8, 2008, the Oil Conservation Division (OCD) received your firm's application dated July 2, 2008 for a discharge permit (OCD designation GW-383) for the service facility located at 1980 West Bender Blvd. in Hobbs. Having reviewed the application, I made a determination it was not "administratively complete". I sent you an email on August 1, 2008 requesting specific additional information, followed by a second email on October 8, 2008 as a reminder because no response had been forthcoming.

Based on what is known regarding CUDD's Hobbs facility, it must have a valid discharge permit issued by the OCD to remain in operation. Please contact me at (505) 476-3465 or by email at jim.griswold@state.nm.us within five (5) working days of receipt of this letter. Failure to do so will result in compliance actions by the OCD.

Respectfully,

A handwritten signature in black ink, appearing to read "Jim Griswold", is written over a horizontal line.

Jim Griswold
Hydrologist

JG/jg
cc: Larry Johnson; OCD District I Office, Hobbs



Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Wednesday, October 08, 2008 8:39 AM
To: 'pnavarrette@cudd.com'
Cc: 'jhornberger@cudd.com'
Subject: Discharge Permit Application for Hobbs facility (GW-383)

Mr. Navarette,

Please contact me regarding CUDD Pump Service's application for the facility on Bender Blvd. in Hobbs. On August 1st of this year I sent you an email requesting confirmation of depth to water, the source of TDS information, the name of the newspaper CUDD intends to use for public notice, and the specific locations for required signage. I have not received any response 68 days later.

Jim Griswold
Hydrologist
Environmental Bureau
ENMRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
direct: 505.476.3465
email: jim.griswold@state.nm.us

Griswold, Jim, EMNRD

From: Griswold, Jim, EMNRD
Sent: Friday, August 01, 2008 9:41 AM
To: 'pnavarrette@cudd.com'
Subject: Application for Discharge Permit GW-383

Hello Mr. Navarrette,

OCD has received the application for discharge permit GW-383 with respect to the CUDD facility on Bender Blvd. in Hobbs. The application states "The saturated thickness of the Ogallala for the area varies between 40 to 60 feet." This may be correct. However, the depth to shallowest groundwater beneath the facility is the required parameter rather than the saturated thickness. Depth to water in this area, based on my quick review of water well logs from the Office of the State Engineer, is likely between 40 to 60 feet below surface. Was this a misstatement, and if so could you please verify to me in writing or by email? Also, the application states the concentration of total dissolved solids (TDS) in groundwater varies from 600 to 1000 ppm. Could you please provide me with the source of this water quality information. I also need a draft public notice, the name of the newspaper CUDD intends to publish such notice within, and the specific locations where CUDD proposes for appropriate signage as required.

Jim Griswold
Hydrologist
Environmental Bureau
ENMRD/Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
direct: 505.476.3465
email: jim.griswold@state.nm.us

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 6/26/08

or cash received on _____ in the amount of \$ 100⁰⁰

from Codd Pumping Services

for GW-383

Submitted by: Lawrence Romero Date: 7/9/08

Submitted to ASD by: Lawrence Romero Date: 7/9/08

Received in ASD by: _____ Date: _____

Filing Fee New Facility _____ Renewal _____

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2004

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1009 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

RECEIVED
2008 JUL 28 PM 1:55

**DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS,
REFINERIES, COMPRESSOR, GEOTHERMAL FACILITIES
AND CRUDE OIL PUMP STATIONS**

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

New Renewal Modification

1. Type: Oil and Gas Service Company GW-383

2. Operator: CUDD Pumping Service

Address: 1908 West Bender Blvd., Hobbs, New Mexico

Contact Person: Paul Navarrette Phone: 505-393-4111

3. Location: SW /4 SW /4 Section 21 Township 18S Range 38E
Submit large scale topographic map showing exact location.

4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

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

Name: Paul Navarrette

Title: District Manager

Signature: 

Date: 7-2-08

E-mail Address: pnavarrette@cudd.com

I TYPE OF OPERATION

The Cudd Pumping Service Facility provides technical services to the oil and gas industry. It stores chemicals and equipment associated with acid and fracture operations of oil and gas wells.

II FACILITY OPERATOR

The Cudd Pumping Service Facility is located at 1908 West Bender Blvd. in Hobbs, New Mexico 88240. The site telephone number is (575) 393-4111.

III FACILITY LOCATION

The Cudd Pumping Service Facility is located at 1908 West Bender Blvd. in Hobbs, New Mexico. More specifically the site is located at coordinates 32.72611 North and 103.15989 West or at Letter M Section 21, Range 38 East and Township 18 South. See Figure 1 and 2 for site location and a site map of the facility.

IV LANDOWNER

The current owners of the property are Mr. Darrell Beardon and Mr. Johnny Cope. The telephone number for Mr. Beardon is 575-441-7472.

V FACILITY DESCRIPTION

The facility is comprised of approximately 15 acres of land improved with a steel warehouse building which is utilized as offices and as a shop maintenance for the trucks. In addition, the site has a wash bay with dry chemical storage area attached. A loading/unloading rack (acid dock) is located in the north central section of the property and contains various chemicals stored within a concrete secondary containment. Totes and 55-gallon drums of chemicals and gels are stored in two areas on pallets along the north fence line of the property. The front of the facility is comprised of asphalt paved parking while the remainder of the facility is covered with gravel. The property is bounded to the north by vacant land, to the east by Chesapeake Oil and Gas Company, to the south by West Bender Boulevard, and to the west by a residence.

VI STORED MATERIALS

Substance	Quantity Stored	Location	Container	Phase
Gel (Diesel Mix)	5,000 Gallons	Acid Dock	Steel	Liquid
Xylene	500 Gallons	Acid Dock	Steel	Liquid

HCL	10,000 Gallons	Acid Dock	Polyurethane	Liquid
Corrosives/Flammables	55-gallon drums	Acid Dock	Steel	Liquid
Water	6,000 Gallons	Acid Dock	Steel	Liquid
Soap	300 Gallons	Acid Dock	Steel	Liquid
Motor/Lube Oils	4-200 Gallons	Maintenance Shop	Steel	Liquid
Used Oil Filters	55-gallon drums	Maintenance Shop	Steel	Solid
Used Oil	200 gallon	Maintenance Shop	Steel	Liquid
Antifreeze	200 gallon tote	Maintenance Shop	Polyurethane	Liquid
Gel (Diesel Mix)	7,160-gallon tank	North part of yard	Steel	Liquid
Friction Reducers	55-gallon drums	North part of yard	Steel	Liquid
Miscellaneous Chemicals	55-gallon drums and 200-gallon totes and buckets	North part of yard	Steel/Polyurethane	Liquid
Corrosives/Flammables/Gels	200-gallon totes	North part of yard	Polyurethane	Liquid
Dry chemicals	50 pound bags	Dry chemical shed	On pallets	Solid/powder

VII GENERATED SOURCES AND QUANTITIES OF EFFLUENT AND WASTE SOLIDS AT FACILITY

The site generates various solid and liquid phase waste products which are stored onsite prior to disposal by a third party entity. The waste products include used motor oil stored in a 200 gallon tank located on the north side of the maintenance building along with used antifreeze stored in several 55-gallon steel drums within the maintenance shop. In addition to the antifreeze, used oil filters and absorbent pads are stored in 55-gallon steel drums within the maintenance building. When the drums or containers are filled, a third party authorized disposal facility collects, recycles and/or properly disposes of the material at an approved disposal/recycling facility.

Other wastes generated at the site include general household/facility waste (paper, boxes, etc) along with scrap metal. These solid wastes are stored within metal trash dumpsters which contain lids to prevent rainwater from infiltrating and leaching through the generated waste.

Sanitary waste from the facility is collected through a separate sewer system which is connected to the city sanitary system.

The wash bay has a floor drain which collects water, soap and debris from the washing of the facilities trucks and equipment. The drain is connected to a two stage oil/water separator. The treated water is discharged to the city sewer line.

VIII DESCRIPTION OF CURRENT LIQUID/SOLID WASTE COLLECTION/STORAGE/DISPOSAL PROCEDURES

See above section VII for information on the current liquid/solid waste collection/storage and disposal procedures. In addition to the above information covered in section VII, rainwater which collects within the concrete berm of the acid loading dock is either allowed to evaporate or if it exceeds several inches, it is vacuumed out by a local pump company. The volume of the containment is able to contain 115% of the total volume of the stored liquid. The used motor oil is stored on the north side of the maintenance building within a secondary containment able to contain up to 115% of the volume of the tank, while the 55-gallon drums of antifreeze, used oil filters and oil absorbent pads are located within the maintenance building.

Storage of the 200-gallon totes and 55-gallon drums of mixed chemicals are stored on pallets on the north side of the facility. Empty 55-gallon drums are stored on their side in the northern part of the facility. All drums and totes are kept clean and lids tightly sealed to prevent possible rainwater from washing chemicals or chemical residue onto the surrounding soils. No secondary containment is provided for the totes or drums. All secondary containments, drums and totes are checked daily to ensure that no leaks or breaches have occurred. See Figure 3 for site map detailing location of chemical storage, stormwater outfall areas, and washbay.

Wash Bay Sump - Controlled Recovery, Inc. (CRI), P.O. Box 388, Hobbs, New Mexico.

Used oil/oil filters and sweep floor material - Thermo Fluids, 2302 Lubbock, Brownfield, Tx.

Solvents - Safety Kleen Systems, Inc., 5400 Legacy Drive, Plano, Texas.

General Waste - City of Hobbs Sanitary Department.

IX PROPOSED MODIFICATIONS

Cudd proposes to install a paved and curbed secondary containment to place all drums and totes within in order to prevent a possible release to the surrounding soils. In addition, any staining on the surrounding caliche driveway where the facility trucks are parked will be immediately scrapped to prevent possible impact to the soils and offsite migration during rainstorms.

X INSPECTION, MAINTENANCE, AND REPORTING

The facility is inspected daily to ensure there are no leaks to either the drums, tanks, totes, or secondary containment areas. The floor drain within the washbay and associated sump are inspected daily to ensure drainage is not impeded by debris. All petroleum and chemical products are properly covered and sealed to prevent exposure to rainwater. The 50 pound bags of chemicals are inspected regularly for damage. Any material released from the bags are collected and placed within a 55-gallon drum. Drip pans are provided for all containers and mechanical

equipment. Absorbent pads and booms are stored adjacent to each of the containment areas and are sufficiently stocked to contain minor spills.

Storm water discharges from each storm water outfall area will be visually examined on a quarterly basis. Records of each monitoring will be maintained on site and will include the date, time of event, names of personnel collecting and examining samples, and the approximate quantity of the discharge. Once a year, annual analytical testing of the storm water for each outfall area will be performed and the analytical results maintained with the storm water discharge plan for the site. As of this report, no annual sampling has been performed at the site due to a lack of rainfall since September 2007.

XI SPILL/LEAK PREVENTION AND REPORTING PROCEDURES

Should a spill occur, all personnel are to report the spill immediately to the Site Environmental Coordinator. In addition, if the spill is minor, they are to utilize the onsite booms and absorbent pads for containment. Used absorbent pads are then disposed of in onsite "Spill Waste Only" drums provided throughout the site. Should any discharge or spill of oil, petroleum product, used oil, hazardous substances, industrial solid waste, or other substances into the environment in a quantity equal to or greater than the reportable quantity in any 24-hour period will be reported to the appropriate regulatory authorities which will include the National Response Center, New Mexico Spill Hot Line, New Mexico Oil Conservation Division (Hobbs, Santa Fe), and local fire and police department. The NMOCD district office will be notified within 24 hours by telephone regarding a spill/release of reportable quantity as defined by the NMOCD Rule 116 and WQCC 1203.

XII SITE CHARACTERISTICS

There are two small depressions or players located approximately ½ mile east and ¼ mile to the southwest of the site. No other possible groundwater discharge sites are located within a 1-mile radius of the site. No water wells are located either onsite or within a ¼ mile radius of the property.

The soils underlying the site are the Amarillo loamy fine sand, 0 to 3 percent slopes. Soils in this series have a surface layer of loamy fine grain sand 8 to 10 inches thick. Runoff is very slow, while available water holding capacity is 6 to 8 inches. Soil blowing is a severe hazard. The soil is used mainly for range and irrigated small grain, sorghum, and alfalfa.

The underlying principal source of fresh groundwater in the county is the Ogallala formation of the Pliocene age. Water in the Ogallala formation is unconfined and is contained in the pore spaces of unconsolidated or partly consolidated sediments. The Ogallala formation principally consists of interfingering bodies of fine to coarse sand, gravel, silt, and clay-material eroded from the Rocky Mountains. The upper part of the formation contains several hard, caliche-cemented, erosionally resistant beds called the "Caprock". A wind blown cover of fine silt, sand, and soil overlies the Caprock.

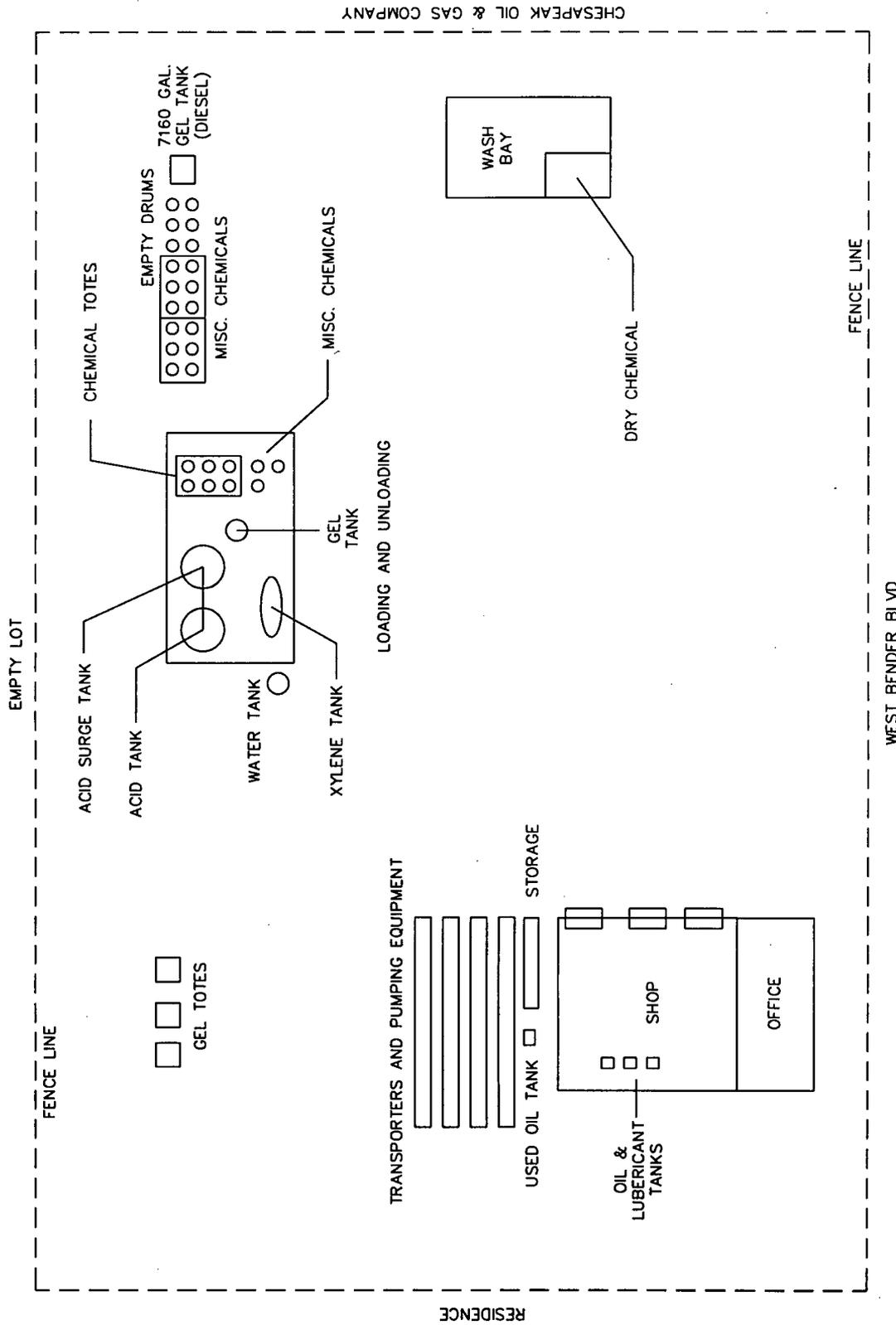
The thickness of the Ogallala formation is primarily controlled by the morphology of the eroded pre-Ogallala surface. The saturated thickness of the Ogallala for the area varies between 40 to 60 feet. The water gradient is generally to the southwest.

The groundwater in the Ogallala is generally of good quality. The total dissolved solids from wells in the vicinity of the site varies between 600 to 1,000 parts per million (ppm).

XIII FACILITY CLOSURE PLAN

When the facility is to be closed, the site will be properly assessed and a work plan will be submitted to the NMOCD for approval. Once approved, the work plan will be implemented for proper closure of the site.

FIGURES



CHESAPEAKE OIL & GAS COMPANY

FIGURE NO. 2

LEA COUNTY, TEXAS
CUDD PUMPING SERVICE
 SITE MAP
 1908 WEST BENDER BLVD
 HOBBS, NEW MEXICO 88240
 HIGHLANDER ENVIRONMENTAL CORP.
 MIDLAND, TEXAS

DATE:	6/16/08
DWG. BY:	RC
FILE:	C:\PUMPER\3404 1908 WEST BENDER

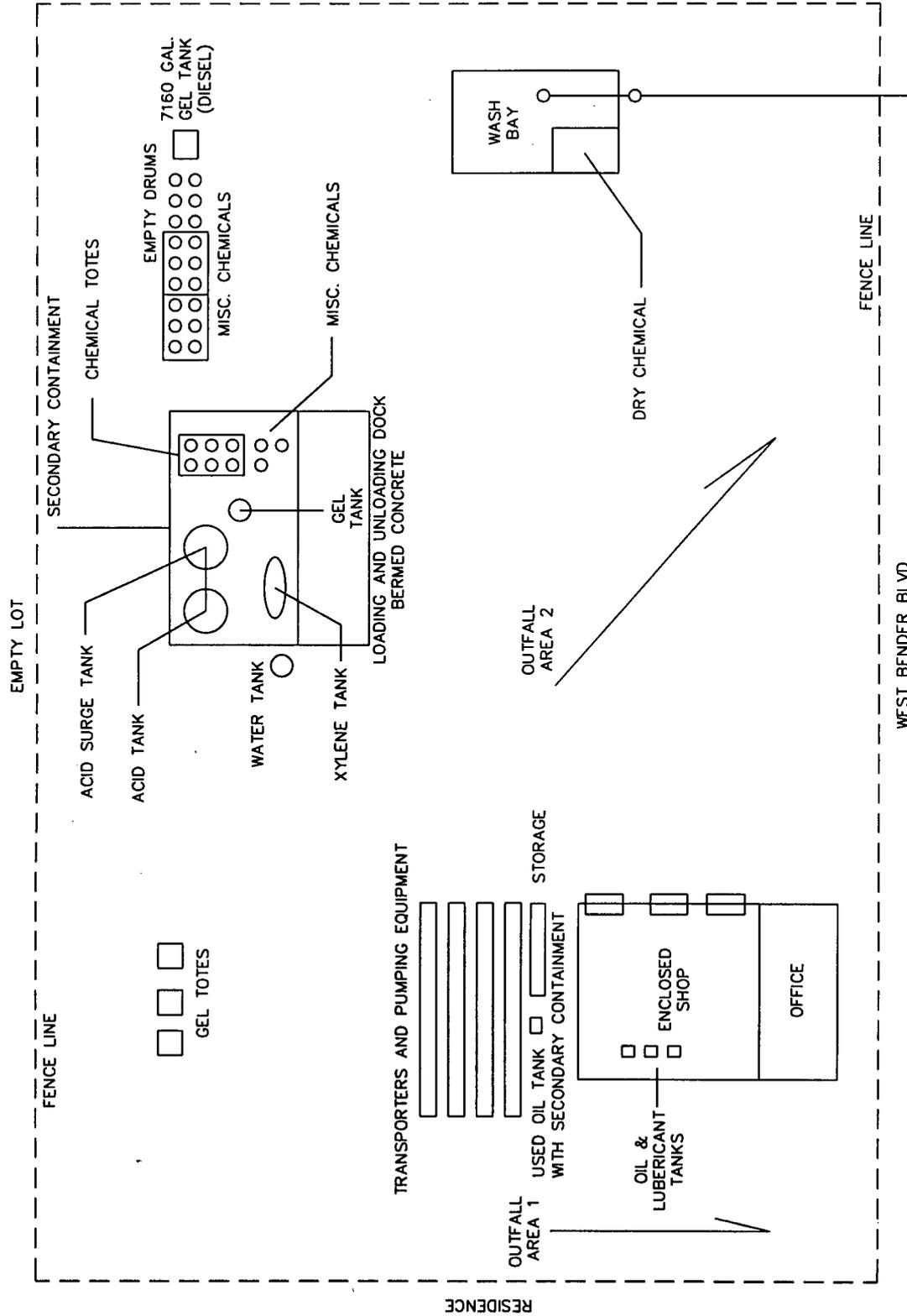


FIGURE NO. 3

LEA COUNTY, TEXAS
CUDD PUMPING SERVICE
 OUT FLOW AREA
 1908 WEST BENDER BLVD
 HOBBS, NEW MEXICO 88240
 HIGHLANDER ENVIRONMENTAL CORP.
 MIDLAND, TEXAS

DATE:	6/16/08
DWG. BY:	RC
FILE:	ENVIRONMENTAL/1908 WEST BENDER

PHOTOGRAPHS

PHOTOGRAPHIC DOCUMENTATION
CUDD Pumping Service
1908 West Bender Blvd., Hobbs, New Mexico
Lea County, New Mexico



1. View of trucks at facility.



2. View of trucks and wash bay at facility.

PHOTOGRAPHIC DOCUMENTATION
CUDD Pumping Service
1908 West Bender Blvd., Hobbs, New Mexico
Lea County, New Mexico



3. View of dry chemical shed.

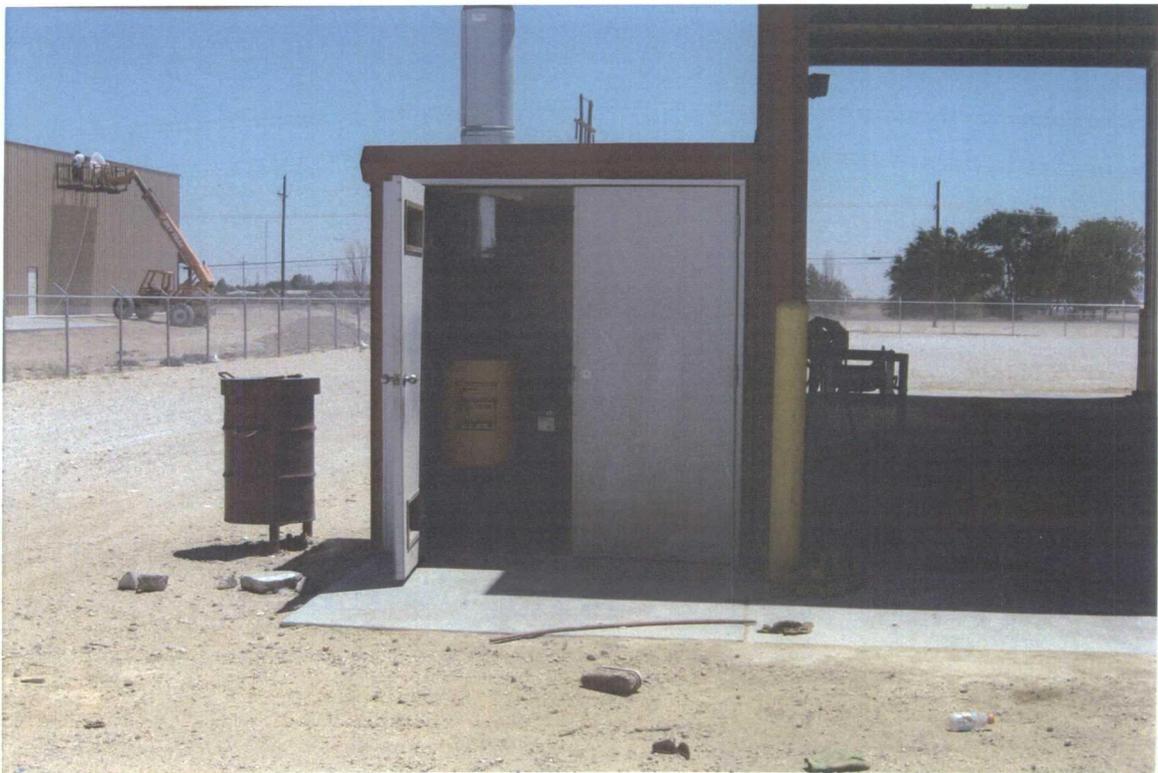


4. View of wash bay area and floor drain.

PHOTOGRAPHIC DOCUMENTATION
CUDD Pumping Service
1908 West Bender Blvd., Hobbs, New Mexico
Lea County, New Mexico



5. View of wash bay floor drain.



6. Gel mixing area adjacent to wash bay.

PHOTOGRAPHIC DOCUMENTATION
CUDD Pumping Service
1908 West Bender Blvd., Hobbs, New Mexico
Lea County, New Mexico



7. Trailer and totes stored along north side of facility.



8. Used 55-gallon drums and totes located on north side of property.



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



May 22, 2008

Mr. Jerry Hornberger
1908 W. Bender Blvd
P.O. Box 2381
Hobbs, N.M. 88240

Re: Discharge Plan Submittal Request (Designated **GW-383**)
Cudd Energy Services, 1908 W. Bender Blvd
Hobbs, New Mexico, Lea County 88240

Dear Mr. Hornberger:

The New Mexico Oil Conservation Division (NMOCD) Environmental Bureau performed an inspection of the above stated Cudd Energy Services on May 15, 2008. The inspection photos are attached to this letter. The inspection concluded several areas of concern: (1) several containers/barrels were not properly stored, (2) soil staining within yard/process areas and (3) the total amount of fluids located on site. Upon these conclusions the OCD is requesting that Cudd Energy Services submit a discharge plan for their oil and gas service company. The OCD identified a discharge plan number for this facility as GW-383; please annotate this in all documentation pertaining to this facilities discharge plan application.

The Discharge Plan Application for Service Companies, Gas Plants, Refineries, Compressor, Geothermal Facilities and Crude Oil Pump stations and Guidelines can be found on our website <http://www.emnrd.state.nm.us/ocd/EH-DischargePlanGuidelines.htm>, These have been attached to this letter for your convenience.

Processing a new discharge plan application requires the applicant to provide public notice. I have attached the WQCC rules and regulations to provide direction for this task. The notice procedures are done within stages of this entire process I have attached a flow chart of this process for clarification, please review.

The OCD Environmental Bureau is obligated by the New Mexico Water Quality Control Commission to protect the ground waters of the state of New Mexico. The NMOCD performs this task via a Discharge Plan Permit. Please provide information via the discharge plan application and submit to the OCD office within **45 days** of receipt of this letter. Along with your application a \$100.00 filing fee shall be submitted and payable to the Water Quality Management Fund.

If you have any questions pertaining to this process please call me at (505) 476-3492 or e-mail me at leonard.lowe@state.nm.us.



OCD Inspection: Cudd Energy Services *GW - 383

Inspectors: Leonard Lowe

Company Rep: Mr. Jerry Hornberger

Time: 10:00 - 11:00

Date: 05.15.08

Page 1

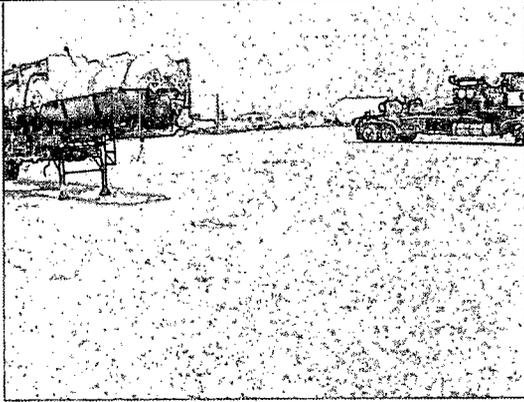


Photo 1: Yard with spotted soil staining.

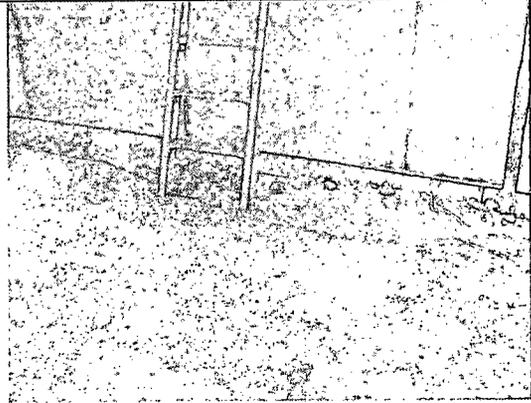


Photo 4: Soil staining around processing area.

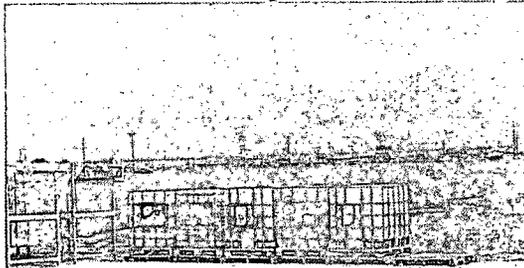


Photo 2: Tote tanks located on ground.

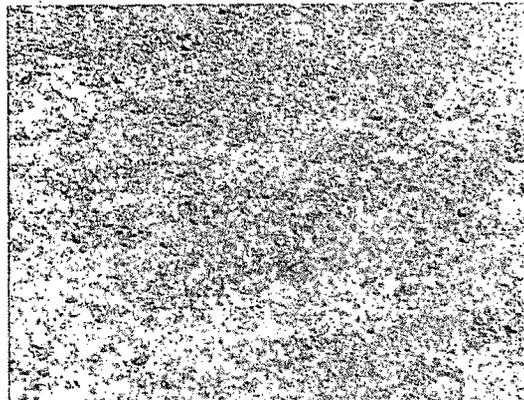


Photo 3: Close up of soil staining in yard.

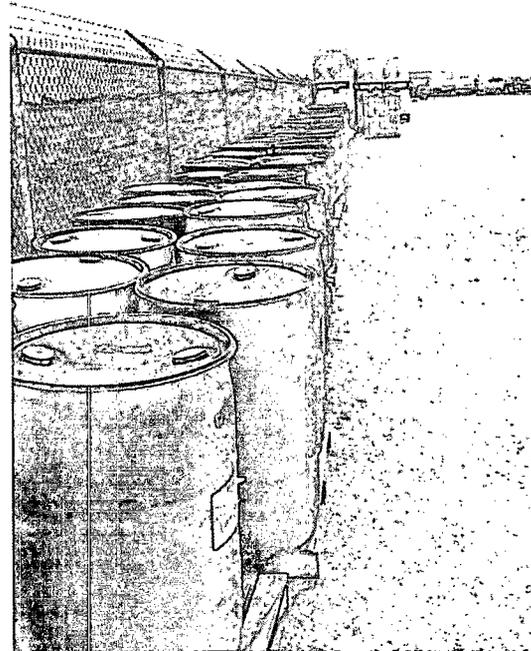
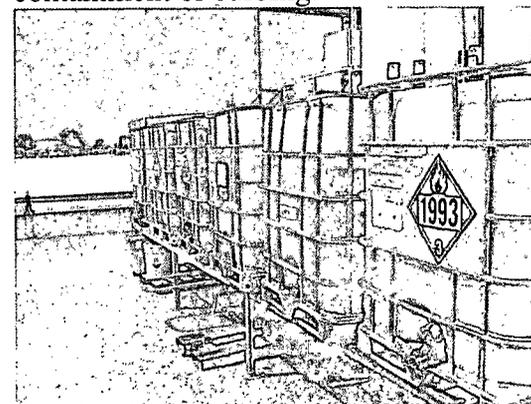


Photo 5: Barrels located without padded containment or curbing.



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Photo 6: Totes located above ground, not catch area.

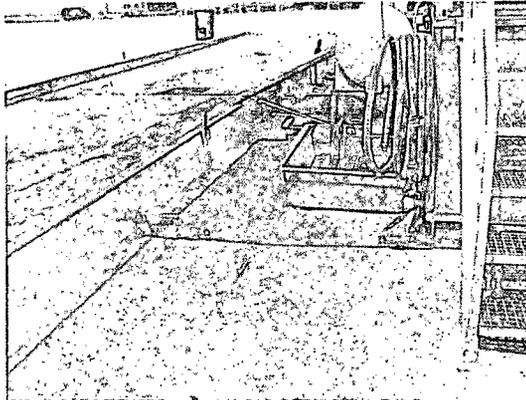


Photo 7: Soil staining around processing area.



Photo 8: Spill catch area, sump is drained/pumped. Standing fluids.

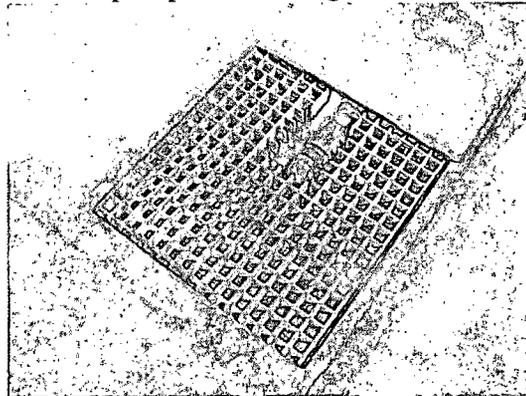


Photo 9: Sump.

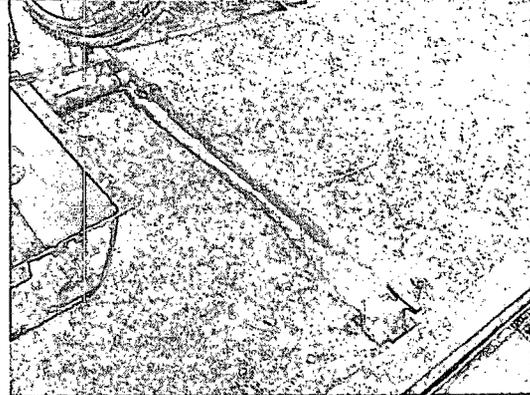


Photo 10: Soil staining near process area.



Photo 11: Soil staining near process area.

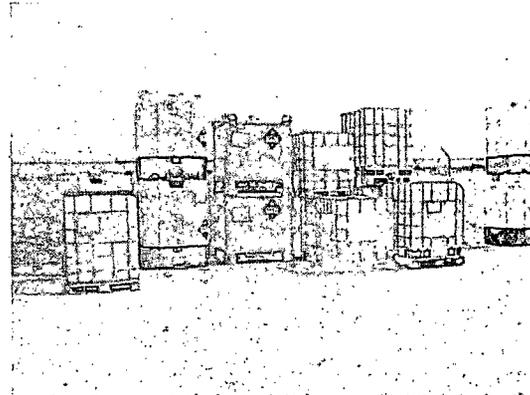


Photo 12: Totes on ground.

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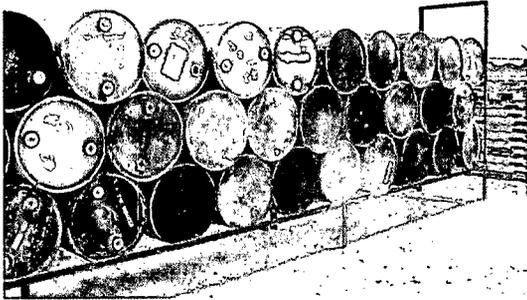


Photo 13: Empty barrels, a few with no bungs in place. No containment.

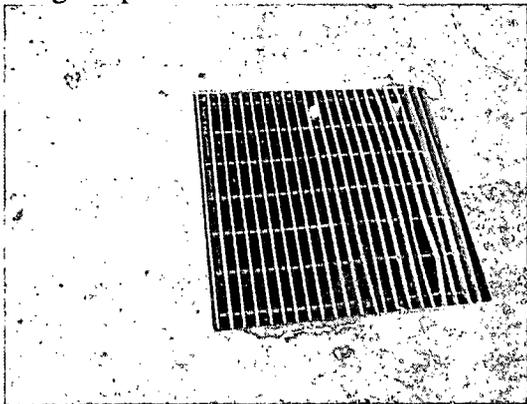


Photo 14: Sump.

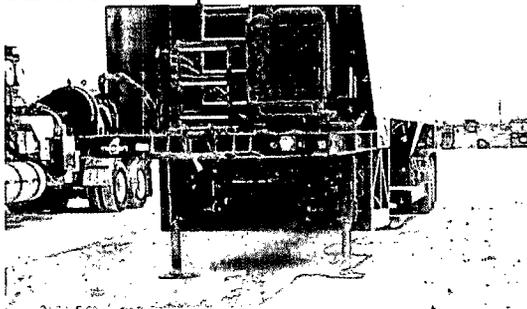


Photo 13: Soil staining near equipment area.