

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

RECEIVED OCD

Release Notification and Corrective Action

Name of Company Controlled Recovery, Inc		Contact Gary Wallace		2009 AUG 12 <input checked="" type="checkbox"/> Initial Report <input type="checkbox"/> Final Report	
Address P.O. Box 388 Hobbs, NM 88241		Telephone No. (432) 638-4076			
Facility Name		Facility Type			
Surface Owner		Mineral Owner		Lease No.	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
						10 feet		County Rd. 176

Latitude _____ Longitude _____ from county rd.

NATURE OF RELEASE

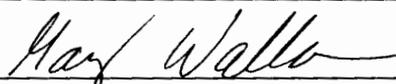
Type of Release Drilling Mud/Fluids	Volume of Release 15 yds.	Volume Recovered 24 yds.
Source of Release	Date and Hour of Occurrence 2am	Date and Hour of Discovery 2am
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? OCD	
By Whom? Gary Wallace	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Overtured bobtail truck and 20 yard rig bin

Describe Area Affected and Cleanup Action Taken.*
15 yards of drilling mud/fluids discharged into bar ditch adjacent to CR176. Dig and haul 24 yds of discharged material and soil. Hauled to CRI facility.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Gary Wallace	Approved by District Supervisor:	
Title: President	Approval Date:	Expiration Date:
E-mail Address: Gary.Wallace@carihobbs.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 8-10-09 Phone: 432-638-4076		

* Attach Additional Sheets If Necessary

Hansen, Edward J., EMNRD

From: John Barnidge [john.barnidge@crihobbs.com]
Sent: Tuesday, May 05, 2009 4:29 PM
To: Hansen, Edward J., EMNRD
Cc: Jones, Brad A., EMNRD
Subject: FW: CRI - Facility Layout Map
Attachments: FACILITY LAYOUT B (1).pdf

Ed and Brad:
Here is a draft of the Halfway Disposal Facility map and layout. Thanks.

John Q. Barnidge
Chief Executive Officer
Controlled Recovery, Inc.

From: Pamela Gonzales [mailto:PGonzales@gordonenvironmental.com]
Sent: Tuesday, May 05, 2009 10:10 AM
To: John.barnidge@crihobbs.com
Subject: CRI - Facility Layout Map

Dear John,
Attached for your review and comment is the New Facility Layout Map. I am also sending 5 copies via mail.

Thank you

I. Keith Gordon, P.E.
Pamela Gonzales
Gordon Environmental, Inc.
213 S. Camino del Pueblo
Bernalillo, NM 87004
P: 505-867-6990
F: 505-867-6991



This inbound email has been scanned by the MessageLabs Email Security System.



FACILITY LAYOUT MAP

CRI
HALFWAY, NEW MEXICO

Gordon Environmental, Inc. Consulting Engineers		2113 S. Camino del Rio Barrington, New Mexico, USA Phone: 505-867-0880 Fax: 505-867-0891
DATE: 06/06/08	CAD: FACILITY LAYOUT.rwg	PROJECT #: 139.02.02
DRAWN BY: MLH	REVISED BY: GSB	
APPROVED BY: MCB	gordon@cri-engineers.com	FIGURE X

Drawing No: 139.02.02 FACILITY LAYOUT.rwg
 Date: 06/06/08
 Author: MLH
 Checked: GSB
 Approved: MCB
 Copyright © All Rights Reserved, Gordon Environmental, Inc. 2008

DRAFT

Hansen, Edward J., EMNRD

From: Pamela Gonzales [PGonzales@gordonenvironmental.com]
Sent: Tuesday, April 21, 2009 3:00 PM
To: Hansen, Edward J., EMNRD
Attachments: CRI-ContPlan-ReplacementPgs.pdf

Dear Mr. Hansen,

The Contingency Plan for the CRI Site has been updated per OCD's request, and to comply with the current Rules [19.15.36 NMAC]. We are providing you with the attached replacement pages for your copy of the CRI Contingency Plan:

- Cover
- Page 1
- Page 2
- Page 3
- Page 11
- Page 18
- Page 19
- Table 1
- Table 2
- Table 3
- Table 4
- Attachment F

Please let us know if you have any questions.

Thank you,

I. Keith Gordon, P.E.
Pamela Gonzales
Gordon Environmental, Inc.
213 S. Camino del Pueblo
Bernalillo, NM 87004
P: 505-867-6990
F: 505-867-6991



This inbound email has been scanned by the MessageLabs Email Security System.

GORDON ENVIRONMENTAL, INC. RECEIVED

2008 MAY 23 AM 10 18

To: Mr. Brad Jones, OCD
From: Dacia Tucholke, Keith Gordon, GEI
Date: 05/20/2008
Subject: CRI Contingency Plan [139.02.02/03]

Mr. Jones,

Please find enclosed for your review and approval, a revised copy (dated May 19, 2008) of the Contingency Plan for the Controlled Recovery, Inc. Facility located off of US 62/NM 180 in Lea County, NM. This Plan was updated in response to the comments you provided during our phone conversation on May 15, 2008. Regulatory citations were updated throughout the document, and Table 4 and the second page of Attachment E were replaced with the current regulations (19.15.3.116 Release Notification and Corrective Action).

We appreciate your assistance and review of this project. Please contact us at (505) 867-6990 or dtucholke@gordonenvironmental.com with your questions or comments. We look forward to hearing from you.

Thank you.

RECEIVED
2008 MAY 23 AM 10:18

CONTINGENCY PLAN

CONTROLLED RECOVERY, INC. FACILITY
US 62/NM 180, Lea County, NM

Revised May 19, 2008

DRAFT

Prepared For:
Controlled Recovery, Inc.
P.O. Box 388
Hobbs, NM 88241
(505) 393-1079



Prepared By:
Gordon Environmental, Inc.
213 S. Camino del Pueblo
Bernalillo, NM 87004
(505) 867-6990



Gordon Environmental, Inc.

Consulting Engineers

DRAFT

1.0 INTRODUCTION

1.1 Site Information

The Controlled Recovery, Inc. (CRI) site is located in unincorporated Lea County, New Mexico (NM), near Halfway, NM. Gated access to the site is provided off of US Highway 62/NM 180 and County Road C-29. A Site Location Map is provided as **Figure 1**. CRI provides comprehensive processing, recycling and disposal services for the oil and gas industry and other commercial customers. The CRI site consists of ±284 acres and is transected by US Highway 62/NM180; the two portions of the site are referred to as the “North Site” (±65 acres) and the “South Site” (±219 acres) as shown on **Figure 2**.

Facility Name and Address

Controlled Recovery Inc.
US 62/NM 180
Halfway, NM 88241
Contact: Mr. Robert Whittemore
Director of Sales
Phone: (505)393-1079

Facility Owner, Operator, and Permittee:

Controlled Recovery Inc.
P.O. Box 388
Hobbs, NM 88241
Contact: Mr. Robert Whittemore
Director of Sales
Phone: (505)393-1079

The North Site is comprised of a New Mexico Environment Department (NMED) Ground Water Quality Bureau (GWQB) approved landfarm consisting of ±65 acres. The discharge permit (DP-818) was issued by NMED in 1991 and is on a 5-year renewal cycle; the permit was last renewed in 2004. The North Site landfarm is used for the remediation of light hydrocarbons in soil contaminated by leaking underground storage tanks (petroleum contaminated soils, or “PCS”). The Site Plan (**Figure 2**) identifies existing features and potential improvements for the CRI site.

The South Site includes several active areas as shown on **Figure 2**:

- Liquids receiving, processing, and disposal area (±36 acres).
- Oil recovery plant (±8 acres).
- Lease property (±10 acres) used by third parties for an asphalt batch plant.

DRAFT

- Oil Conservation Division (OCD) landfarm; currently active for remediation of oilfield wastes, or future landfill (12.4 acres).
- Current OCD landfill; with active, closed, and future cells.
- Future landfill; development of designated areas as landfill cells.

1.2 OCD Permit

CRI operates a "Surface Waste Management Facility" as defined in 19.15.1.7.S(10) NMAC. It is permitted by the Oil Conservation Division (OCD) of the New Mexico Energy, Minerals and Natural Resources Department under Order R9166 to receive for collection, disposal, evaporation, remediation, reclamation, treatment or storage of any produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, bottom sediment and water tank bottoms, waste oil or, upon written approval by the division, other oilfield related waste. The existing operation consists of both a "landfarm" and a "landfill" as defined in 19.15.36.7.A(3), (4) NMAC, both located on the South Site; as well as a crude oil recycling plant. Approval was issued as part of a settlement agreement dated January 13, 2004.

1.3 Contingency Plan Requirements

This document has been prepared to address the requirements of 19.15.36.13.N NMAC which specifies that each operator of a surface waste management facility must prepare and have available a Contingency Plan (the Plan). This Plan is designed to minimize hazards to fresh water, public health, safety or the environment from fires, explosions or an unplanned sudden or non-sudden release of contaminants or oil field waste to air, soil, surface water or ground water. Applicable provisions of this Plan will be implemented immediately whenever there is a fire, explosion or release of contaminants or oil field waste constituents that could threaten fresh water, public health, safety or the environment.

This Plan is organized for easy reference by site personnel, all of whom will be required to read it. Figures are provided at the end of the text, as well as Tables 1-6. Tables A, B, C, and D are included within the text for ease of reference. Copies of

DRAFT

this Plan will be maintained in a readily accessible location at the Site Office and the CRI Office in Hobbs. In addition, copies of the Plan will be made available to the emergency agencies identified in **Table 1**. Agencies listed on **Table 1** will be invited to the site for the purposes of familiarizing themselves with the facility and reviewing the Plan's contents with CRI [19.15.36.13.N(2) NMAC]. As detailed in Section 10 of this Plan, whenever significant changes to the Plan are made, revised copies of the Plan will replace existing copies; and the agencies listed in **Table 1** will be provided with the most recent Plan updates. Several definitions pertinent to this Contingency Plan are provided in **Table 2**. The definitions are provided as specified in 19.15.1.7 NMAC.

2.0 EMERGENCY COORDINATORS

CRI has designated specific individuals with the responsibility and authority to implement response measures in the event of an emergency which threatens freshwater, public health, safety or the environment [19.15.36.13.N(3) NMAC]. The Primary, Alternate, and On-site Emergency Coordinators (ECs; **Table 3**) will be thoroughly familiar with all aspects of this Plan; operations and activities at the facility; location and characteristics of waste to be managed; the location of all records within the facility; and the facility layout. **Table 3** lists the names, designations, titles, home addresses, and office, home, and cellular phone numbers for each EC.

The ECs are responsible for coordinating emergency response measures and have the authority to commit the resources required for implementation of this Plan. A designated EC is available to respond to emergencies 24 hours a day, 7 days a week. The CRI employee who identifies an emergency situation will contact an EC directly or via phone. Contact will be attempted with each EC (Primary, Alternate, and the On-site) until communication is achieved (**Table 3**). Upon arrival at the scene of an emergency, the first EC to arrive will assume responsibility for initiated response measures. If more than one EC responds, authority is given to the Primary EC.

DRAFT

such as fire, explosion, major H₂S release, etc.

In the case of an H₂S emergency where H₂S ≥ 20 ppm, notification will be provided to the New Mexico State Police, Lea County Sheriff, and OCD (also included on **Table 1**):

- OCD
 - Hobbs, NM (505) 393-6161
 - Emergency Beeper (505) 370-7106
 - Santa Fe, NM (505) 476-3440
- New Mexico State Police 911 or (505) 841-9271
- Lea County Sherriff's Dept. 911 or (505) 393-2515

CRI will also notify Calaway Safety in Hobbs (**Table 1**) to provide personnel, equipment, and supplies to mitigate the source of an H₂S reading of H₂S ≥ 10 ppm.

DRAFT

Table 4 provides specific information regarding notification of OCD in the case of a release, which by definition includes breaks, leaks, spills, releases, fires or blowouts (**Table 2**). In addition, **Table 4** also provides OCD definitions for “major” and “minor” releases.

Additional State, Federal, and other local (WIPP) emergency contact numbers are provided and should be used as deemed appropriate to the situation. If the EC determines that the incident could threaten fresh water, human health, public safety or the environment beyond the limits of the facility, the EC will notify the National Response Center and New Mexico Environment Department (NMED) spill emergencies at the following phone numbers (also included on **Table 1**):

- National Response Center - 24 Hr. Hotline: (800) 424-8802
- NMED Spill Emergencies - 24 Hr. Hotline: (505) 827-9329

The EC's notification to authorities must include all of the following information, as listed on the Emergency Response Record Keeping Form:

- name and telephone number of person reporting the incident
- name and address of facility
- time and type of incident (e.g., hazardous material release, fire)

DRAFT

First aid and safety equipment will be maintained at various locations at CRI (**Table 6**). Safety equipment located at the facility includes industrial first aid kits, and an eye wash station. First aid kits will be placed in the facility office, maintenance shop and oil recycling plant. In addition, first aid kits will be maintained in all facility vehicles, including heavy equipment. Prominent signs will be placed identifying the location of health and safety equipment, and emergency response items (e.g., fire extinguishers).

7.5 *Spill Response Equipment*

Spill response equipment, including heavy equipment and shovels, is stored at various locations around the facility (**Table 6**).

8.0 RECORDKEEPING

The EC will be responsible for insuring that emergency response actions are fully documented. The Primary EC may complete the documentation requirements themselves or delegate to another EC. The CRI Incident Report Form (**Attachment D**) illustrates the information that will be recorded as a result of any emergency incident and related response action. This form will be signed by both the EC and the facility Plant Manager. Copies of the form filed for each incident will be retained as part of the Facility Operating Record.

In addition, in the case of an unauthorized release at CRI, the OCD will be notified pursuant to 19.15.3.116 NMAC. As defined by OCD in **Table 2**, a “release” is all “breaks, leaks, spills, releases, fires or blowouts involving crude oil, produced water, condensate, drilling fluids, completion fluids or other chemical or contaminant or mixture thereof, including oil field wastes and natural gases to the environment” (19.15.1.7.R(3) NMAC). A major release (19.15.3.116 NMAC; **Table 4**) includes an unauthorized release of a volume in excess of 25 barrels, or of any volume which results in a fire, will reach a water course, may with reasonable probability endanger public health or results in substantial damage to property or to the environment, cause detriment to water or exceed the standards in 19.15.1.19 NMAC. A major release requires both immediate verbal notification (within 24 hours) as well as timely written notification to OCD (within 15 days) using form C-141 relating to release

DRAFT

DRAFT

Notification and Corrective

Action. A minor release (**Table 4**) is an unauthorized release of greater than 5 barrels but less than 25 barrels. A minor release requires timely written notice only. A copy of form C-141 is provided as **Attachment E**. Copies of the form filed for each incident will be retained as part of the Facility Operating Record.

9.0 COORDINATION AGREEMENTS

A copy of the Contingency Plan is made available to the organizations identified in **Table 1**. The Contingency Plan serves to familiarize each of the identified organizations with the operations of the facility and types of emergencies and responses that may be required. Each agency will be encouraged to visit the Facility for purposes of assessing site operations and providing input regarding emergency response procedures [19.15.36.13.N(2), (7) NMAC].

10.0 PLAN AMENDMENT

The EC will be responsible for assuring updates to or amendments of the Contingency Plan in the event of any of the following [19.15.36.13.N(8) NMAC]:

1. The Facility Permit is revised or modified.
2. The Plan fails in an emergency.
3. Modification to the Facility design, construction, operation, maintenance or other circumstances that changes the potential for fires, explosion, or releases of hazardous oil field waste constituents; or related changes in the appropriate emergency response.
4. The list of ECs changes.
5. The list of emergency equipment changes significantly.

The revised Contingency Plan will be distributed to OCD and made available to each of the organizations identified in **Table 1** with a cover letter highlighting any substantive changes. Any proposed changes will be in compliance with 19.15.36.13.N NMAC (Contingency Plan).

TABLE 1 **DRAFT**

Emergency Response Agencies and Contacts
(Updated 06/2007)

<u>Agency/Organization</u>	<u>Emergency Number</u>
Fire	
Monument Volunteer Fire Dept.	911 or (505) 393-8690
Carlsbad Fire Department (31 miles)	911 or (505) 885-3125
Police	
Lea County Sheriff's Department (Hobbs Sub-Station)	911 or (505) 393-2515
New Mexico State Police	911 or (505) 841-9271
Medical/Ambulance	
Carlsbad Medical Center 2430 W. Pierce St. Carlsbad, NM 88220	911 or (505) 887-4100
Halfway NM	
Store, Customers and Employees	(505) 887-8112
Safety Supplies	
Calaway Safety 3229 Industrial Dr. Hobbs NM 88240	(505) 392-2973
OCD Emergency Response Contacts	
Oil Conservation Division 1625 North French Dr. Hobbs, NM 88240	(505) 393-6161
Emergency Beeper	(505) 370-7106
Oil Conservation Division 1220 South St. Francis Drive Santa Fe, NM 87505	(505) 476-3440
State Emergency Response Contacts	
New Mexico Environment Department Solid Waste Bureau, Santa Fe	(505) 827-0197
Hazardous and Radioactive Materials Bureau, Santa Fe	(505) 827-1557
Spill Emergencies 24 hr. Hotline (NMED)	(505) 827-9329
Other Local Emergency Response Contacts	
WIPP Emergency Line	(505) 234-8111
Federal Emergency Response Contacts	
National Emergency Response Center (U.S. Coast Guard)	(800) 424-8802
Region VI 24 hr. Emergency Response Hotline (USEPA)	(214) 665-2222

DRAFT

TABLE 2
Definitions

DRAFT

- Barrel** shall mean 42 United States gallons measured at 60 degrees fahrenheit and atmospheric pressure at the sea level. [19.15.1.7.B(3) NMAC]
- Division** shall mean the oil conservation division of the New Mexico energy, minerals and natural resources department. [19.15.1.7.D(4) NMAC]
- Fresh water** (to be protected) includes the water in lakes and playas, the surface waters of all streams regardless of the quality of the water within any given reach and all underground waters containing 10,000 milligrams per liter (mg/l) or less of total dissolved solids (TDS) except for which, after notice and hearing, it is found there is no present or reasonably foreseeable beneficial use which would be impaired by contamination of such waters. The water in lakes and playas shall be protected from contamination even though it may contain more than 10,000 mg/l of TDS unless it can be shown that hydrologically connected fresh ground water will not be adversely affected. [19.15.1.7.F(3) NMAC]
- Hazard to public health** exists when water which is used or is reasonably expected to be used in the future as a human drinking water supply exceeds at the time and place of such use, one or more of the numerical standards of Subsection A of 20.6.2.3103 NMAC, or the naturally occurring concentrations, whichever is higher, or if any toxic pollutant as defined at Subsection VV of 20.6.2.7 NMAC affecting human health is present in the water. In determining whether a release would cause a hazard to public health to exist, the director shall investigate and consider the purification and dilution reasonably expected to occur from the time and place of release to the time and place of withdrawal for use as human drinking water. [19.15.1.7.H(1) NMAC]
- Oil field waste** shall mean waste generated in conjunction with the exploration for, drilling for, production of, refining of, processing of, gathering of or transportation of crude oil, natural gas or carbon dioxide;—waste generated from oil field service company operations; and waste generated from oil field remediation or abatement activity regardless of the date of release. Oil field waste does not include waste not generally associated with oil and gas industry operations such as tires, appliances or ordinary garbage or refuse unless generated at a division-regulated facility, and does not include sewage, regardless of the source. [19.15.1.7.O(3) NMAC]
- Release** shall mean all breaks, leaks, spills, releases, fires or blowouts involving crude oil, produced water, condensate, drilling fluids, completion fluids or other chemical or contaminant or mixture thereof, including oil field wastes and natural gases to the environment. [19.15.1.7.R(3) NMAC]
- Waste (non-hazardous).** Non-hazardous waste shall mean non-exempt oil field waste that is not hazardous waste. [19.15.1.7.W(5) NMAC]

TABLE 3
List of Emergency Coordinators
(Updated 06/2007)

Primary Emergency Coordinator

Name:	<u>Robert Whittemore</u>	Home Phone:	<u>(505) 631-4640</u>
Title:	<u>Director of Sales</u>	Mobile Phone:	<u>(505) 631-4640</u>
Address:	<u>2119 French Drive</u>	Work Phone:	<u>(505) 393-1079</u>
	<u>Hobbs, NM 88240</u>		

Alternate Emergency Coordinator*

Name:	<u>W. David Poe</u>	Home Phone:	<u>(505) 631-6989</u>
Title:	<u>Director of Safety</u>	Mobile Phone:	<u>(505) 631-6989</u>
Address:	<u>2410 Idaho Street</u>	Work Phone:	<u>(505) 393-1079</u>
	<u>Carlsbad, NM 88220</u>		

Onsite Emergency Coordinator*

Name:	<u>Javier Enriquez</u>	Home Phone:	<u>(505) 492-1583</u>
Title:	<u>Plant Manager</u>	Mobile Phone:	<u>(505) 602-1637</u>
Address:	<u>2516 Charlcia Blvd</u>	Work Phone:	<u>(505) 887-6504</u>
	<u>Hobbs, NM 88240</u>		<u>(505) 393-1079</u>

**Or as designated by CRI.*

DRAFT

TABLE 4

19.15.3.116 RELEASE NOTIFICATION AND CORRECTIVE ACTION

A. Notification

(1) The division shall be notified of any unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of crude oil, natural gases, produced water, condensate or oil field waste including Regulated NORM, or other oil field related chemicals, contaminants or mixture thereof, in the State of New Mexico in accordance with the requirements of Section 116 of 19.15.3 NMAC.

(2) The division shall be notified in accordance with Section 116 of 19.15.3 NMAC with respect to any release from any facility of oil or other water contaminant, in such quantity as may with reasonable probability be detrimental to water or cause an exceedance of the standards in Section 19, Subsection B, Paragraphs (1) and (2) or (3) of 19.15.1 NMAC.

B. Reporting Requirements. Notification of the above releases shall be made by the person operating or controlling either the release or the location of the release in accordance with the following requirements:

(1) A Major Release shall be reported by giving both immediate verbal notice and timely written notice pursuant to Subsection C, Paragraphs (1) and (2) of 19.15.3.116 NMAC. A Major Release is:

(a) an unauthorized release of a volume, excluding natural gases, in excess of 25 barrels;

(b) an unauthorized release of any volume which:

(i) results in a fire;

(ii) will reach a water course;

(iii) may with reasonable probability, endanger public health; or

(iv) results in substantial damage to property or the environment;

(c) an unauthorized release of natural gases in excess of 500 mcf; or

(d) a release of any volume which may with reasonable probability be detrimental to water or cause an exceedance of the standards in Section 19, Subsection B, Paragraphs (1) and (2) or (3) of 19.15.1 NMAC.

(2) A Minor Release shall be reported by giving timely written notice pursuant to Subsection C, Paragraph (2) of 19.15.3.116 NMAC. A Minor Release is an unauthorized release of a volume, greater than 5 barrels but not more than 25 barrels; or greater than 50 mcf but less than 500 mcf of natural gases.

C. Contents Of Notification

(1) Immediate verbal notification required pursuant to Subsection B of 19.15.3.116 NMAC shall be reported within twenty-four (24) hours of discovery to the division district office for the area within which the release takes place. In addition, immediate verbal notification pursuant to Subsection B, Paragraph (1), Subparagraph (d) of 19.15.3.116 NMAC shall be reported to the division's Environmental Bureau Chief. This notification shall provide the information required on division Form C-141.

(2) Timely written notification is required to be reported pursuant to Subsection B of 19.15.3.116 NMAC within fifteen (15) days to the division district office for the area within which the release takes place by completing and filing division Form C-141. In addition, timely written notification required pursuant to Subsection B, Paragraph (1), Subparagraph (d) of 19.15.3.116 NMAC shall also be reported to the division's Environmental Bureau Chief within fifteen (15) days after the release is discovered. The written notification shall verify the prior verbal notification and provide any appropriate additions or corrections to the information contained in the prior verbal notification.

D. Corrective Action. The responsible person must complete division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC.

[1-1-50...5-22-73...2-1-96; A, 3-15-97; 19.15.3.116 NMAC - Rn, 19 NMAC 15.C.116, 11-15-01]

DRAFT

ATTACHMENT F
GAS SAFETY MANAGEMENT DETERMINATION



September 14, 2007

Mr. Shawn Patterson
Controlled Recovery, Inc.
P. O. Box 388
Hobbs, NM 88241

DRAFT

Re: Controlled Recovery, Inc. [139.02.02]
Gas Safety Management Plan [§19.15.36.13.0]

Dear Mr. Patterson;

Gordon Environmental, Inc. (GEI) is an engineering firm that specializes in the design, permitting, and compliance of landfills in New Mexico. GEI has been instrumental in the updates to New Mexico's regulations under the Oil Conservation Division (OCD), Solid Waste Bureau, and Air Quality Bureau for land disposal facilities. We specifically provided technical comments and testimony regarding the management of "landfill gas" at hearings on the proposed regulations on the above-referenced subsection.

As requested by CRI, we have reviewed the waste streams accepted for processing and disposal at its approved facility as they pertain to the potential for the generation of landfill gases. Our review included an on-site inspection by GEI personnel on July 2 and 3, 2007; and a two-week inventory conducted during July, 2007. Based on our review, the waste types are not putrescible, being comprised primarily of soils and inert materials, and are not subject to significant aerobic or anaerobic decomposition.

Under the "Title V" Air Quality regulations, non-putrescible materials are subtracted from the waste mass for gas generation potential. Inert wastes are also excluded from the gas management requirements of NMED's Solid Waste Regulations. In summary, GEI's conclusions are that the waste types accepted at CRI do not represent a potential source of landfill gas during the operational or post-closure care period for the land disposal units. Therefore, the requirements for a "Gas Safety Management Plan" do not apply pursuant to Title 19, Chapter 15, Part 36 [§19.15.36.13.0].

Very truly yours,
Gordon Environmental, Inc.


I. Keith Gordon, P.E.
Principal



Dacia Tucholke
Project Scientist



Daniel B. Stephens & Associates, Inc.

RECEIVED

**Particle Size Analysis
Wet Sieve Data (#10 Split)**

APR 15 2004

Job Name: Lawrence Earth Engineering
 Job Number: LB09.0046.00
 Sample Number: CR-1
 Project Name: Control Recovery
 Depth: NA
 Test Date: 9-Mar-09

Environmental Bureau
 Oil Conservation Division
 Initial Dry Weight of Sample (g): 1026.08
 Weight Passing #10 (g): 960.72
 Weight Retained #10 (g): 65.36
 Weight of Hydrometer Sample (g): 47.23
 Calculated Weight of Sieve Sample (g): 50.44
 Shape: Angular
 Hardness: Weathered and friable

Test Fraction	Sieve Number	Diameter (mm)	Wt. Retained	Cum Wt. Retained	Wt. Passing	% Passing
+10						
	3"	75	0.00	0.00	1026.08	100.00
	2"	50	0.00	0.00	1026.08	100.00
	1.5"	38.1	0.00	0.00	1026.08	100.00
	1"	25	0.00	0.00	1026.08	100.00
	3/4"	19.0	0.00	0.00	1026.08	100.00
	3/8"	9.5	5.09	5.09	1020.99	99.50
	4	4.75	21.81	26.90	999.18	97.38
	10	2.00	38.46	65.36	960.72	93.63
-10			(Based on calculated sieve wt.)			
	20	0.85	1.65	4.86	45.58	90.36
	40	0.425	1.19	6.05	44.39	88.00
	60	0.250	1.47	7.52	42.92	85.09
	140	0.106	5.53	13.05	37.39	74.12
	200	0.075	3.01	16.06	34.38	68.16
	dry pan		0.39	16.45	33.99	
	wet pan			33.99	0.00	

d₁₀ (mm): 0.0026 d₅₀ (mm): 0.026
 d₁₆ (mm): 0.0036 d₆₀ (mm): 0.047
 d₃₀ (mm): 0.0082 d₈₄ (mm): 0.23

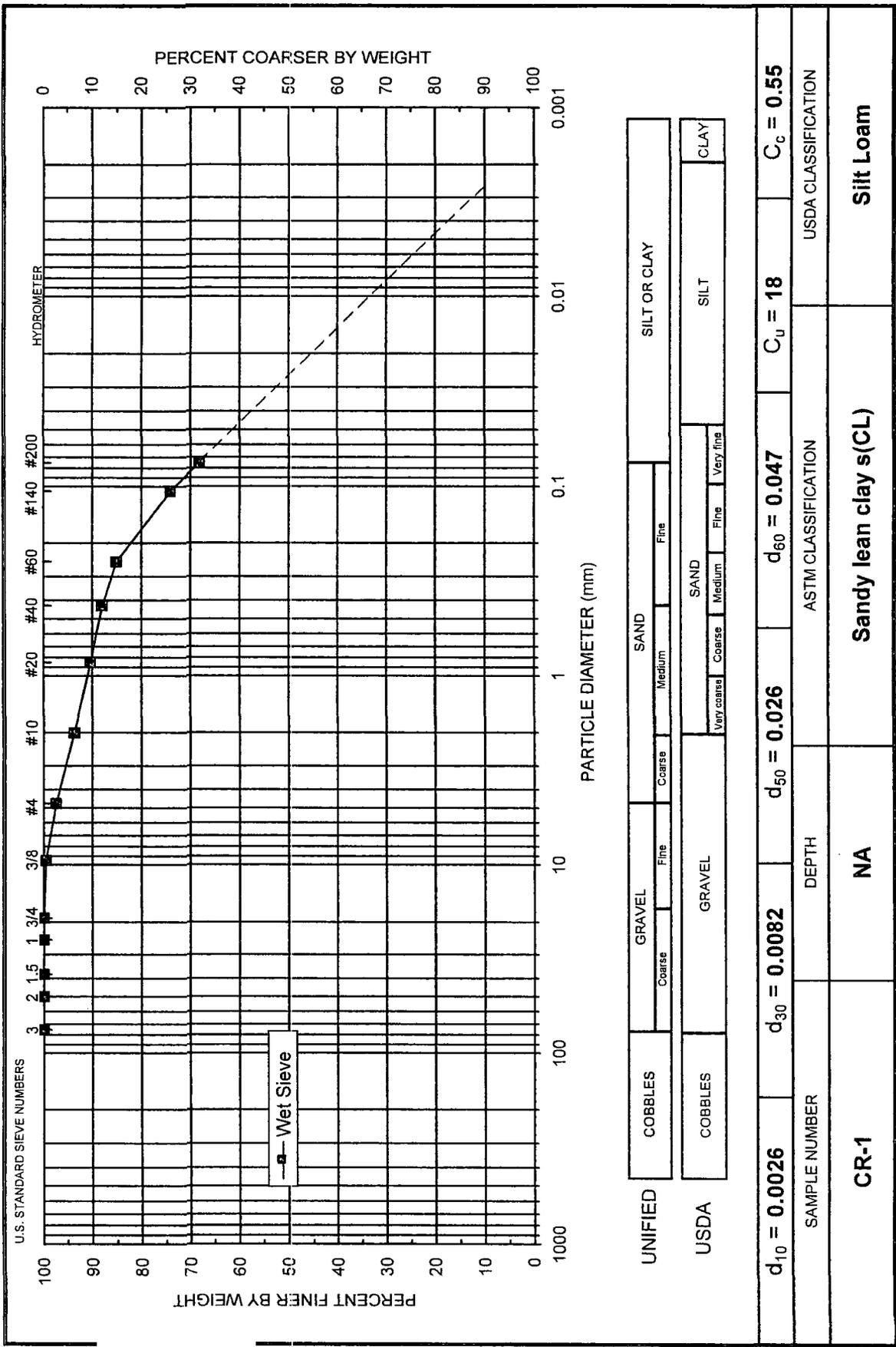
Median Particle Diameter--d₅₀ (mm): 0.026
 Uniformity Coefficient, C_u--[d₆₀/d₁₀] (mm): 18
 Coefficient of Curvature, C_c--[(d₃₀)²/(d₁₀*d₆₀)] (mm): 0.55
 Mean Particle Diameter--[(d₁₆+d₅₀+d₈₄)/3] (mm): 0.087

Note: Reported values for d₁₀, C_u, C_c, and soil classification are estimates, since extrapolation was required to obtain the d₁₀ diameter

Classification of fines: CL

ASTM Soil Classification: Sandy lean clay s(CL)
 USDA Soil Classification: Silt Loam

Laboratory analysis by: K. Wright
 Data entered by: R. Marshall
 Checked by: J. Hines



Note: Reported values for d_{10} , C_u , C_c , and ASTM classification are estimates, since extrapolation was required to obtain the d_{10} diameter

Daniel B. Stephens & Associates, Inc.





Daniel B. Stephens & Associates, Inc.

Atterberg Limits

Job Name: Lawrence Earth Engineering
Job Number: LB09.0046.00
Sample Number: CR-1
Project Name: Control Recovery
Depth: NA
Test Date: 10-Mar-09

Liquid Limit

	Trial 1	Trial 2	Trial 3
Number of drops:	36	27	18
Pan number:	LL1	LL2	LL3
Weight of pan plus moist soil (g):	125.63	125.47	133.15
Weight of pan plus dry soil (g)	123.59	123.45	130.75
Weight of pan (g):	117.17	117.46	124.13
Gravimetric moisture content (% g/g):	31.84	33.72	36.25
Liquid Limit:	34		

Plastic Limit

	Trial 1	Trial 2
Pan number:	PL1	PL2
Weight of pan plus moist soil (g):	121.08	115.83
Weight of pan plus dry soil (g)	120.58	115.33
Weight of pan (g):	117.17	112.11
Gravimetric moisture content (% g/g):	14.80	15.38
Plastic Limit:	15	

Results

Percent of Sample Retained on #40 Sieve: See Sieve

Liquid Limit: 34
Plastic Limit: 15
Plasticity Index: 19
Classification: CL

Comments:

--- = Soil requires visual-manual classification due to non-plasticity

Laboratory analysis by: D. O'Dowd
Data entered by: R. Marshall
Checked by: J. Hines



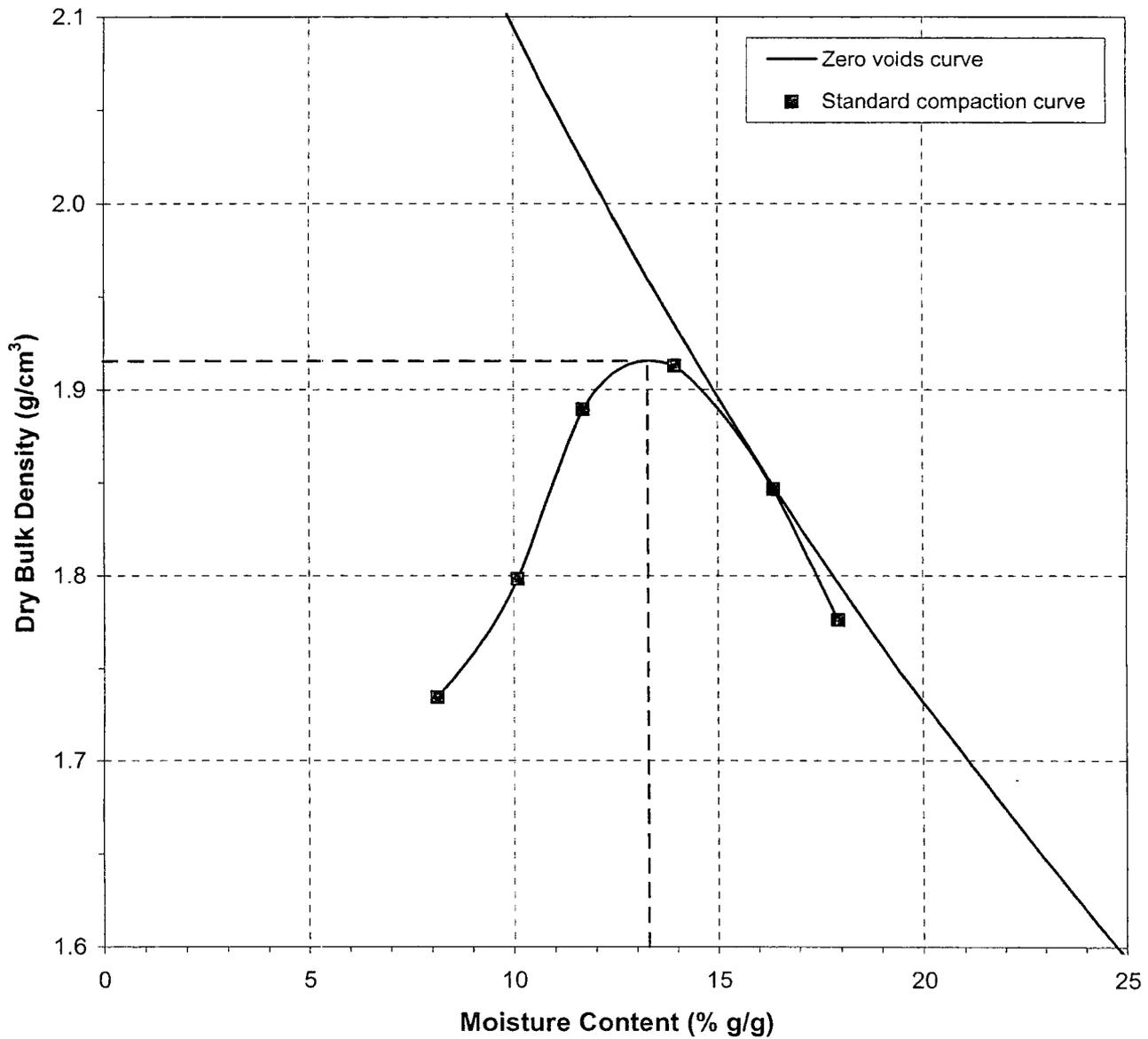
Daniel B. Stephens & Associates, Inc.

Proctor Compaction Data Points with Fitted Curve

Sample Number: CR-1

	Measured	Corrected
Optimum Moisture Content (% g/g):	13.3	---
Maximum Dry Bulk Density (g/cm ³):	1.92	---

Test Date: 3-Mar-09



--- = Oversize correction is unnecessary since coarse fraction < 5% of composite mass

NA = Not analyzed

Laboratory analysis by: D. O'Dowd/ R. Marshall

Data entered by: D. O'Dowd

Checked by: J. Hines

CRI
CONTROLLED RECOVERY INC.

4507 W. CARLSBAD HWY. • HOBBS, NM 88240
P.O. BOX 388, HOBBS, NM 88241
(575) 393-1079 • FAX (575) 393-3615

March 12, 2009

Mr. Edward J. Hansen
Senior Hydrologist
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

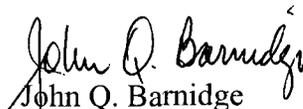
Re: Schematic of Treating Plant

Dear Edward:

I am enclosing an engineering schematic of the CRI Treating Plant (a/k/a Reclaiming Plant) located at our Halfway Disposal Facility for your information and convenience. This functional design and diagram has not changed since the OCD approved improvements and construction in 1993.

CRI does perform periodic maintenance and safety over hauls to the Plant, especially as it relates to the boiler and centrifuge operations.

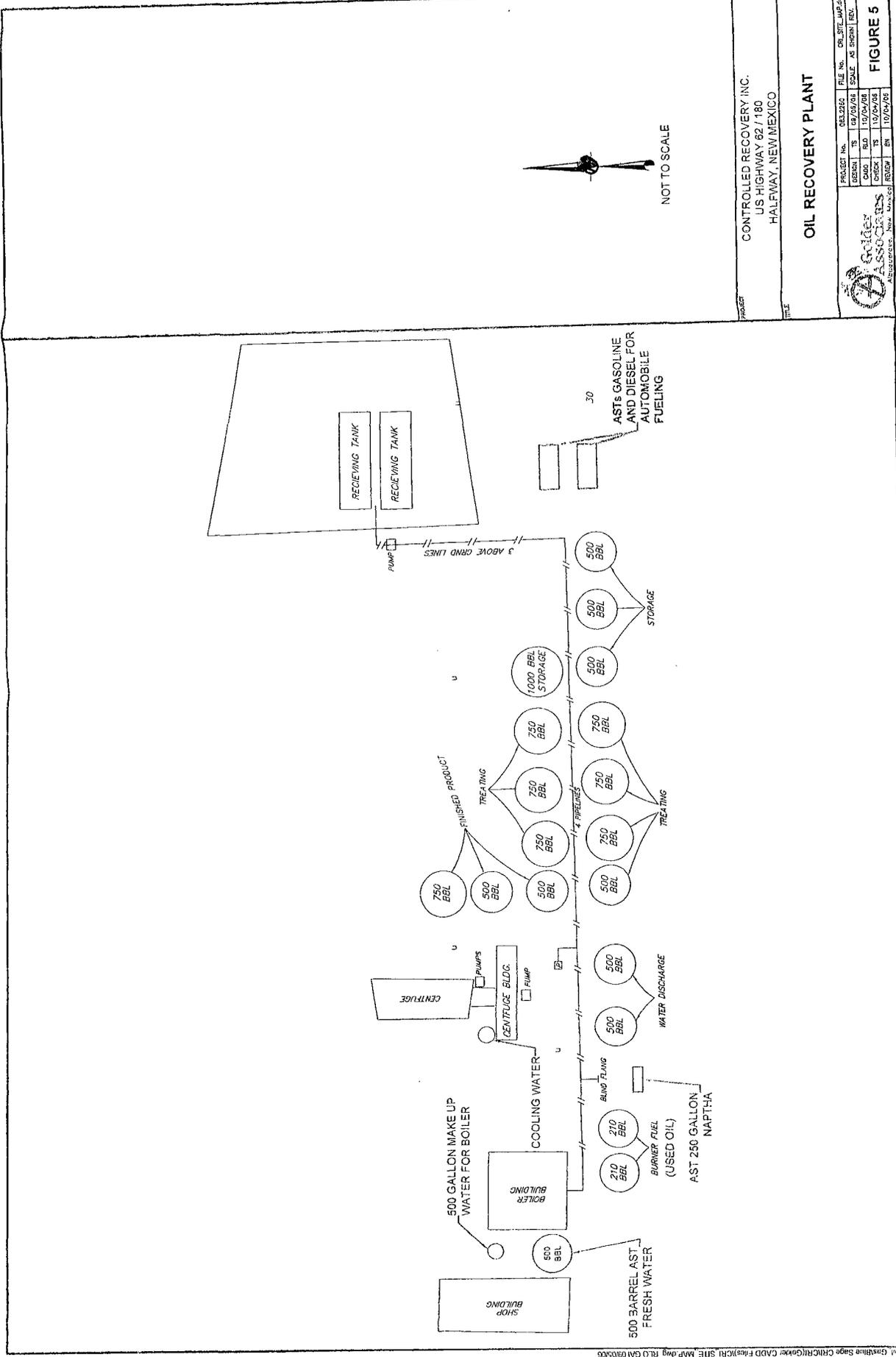
Please feel free to contact me with any questions regarding this matter


John Q. Barnidge
CEO

Enclosures

CONTROLLED RECOVERY INC
RECLAIMING PLANT

Tank Number	Capacity BBLs	Type of Tank
1	750	Treating
2	750	Treating
3	750	Treating
4	750	Treating
5	750	Treating
6	750	Treating
7	500	Water for Centrifuge
8	500	Finished Product
9	500	Finished Product
10	750	Finished Product
11	500	Water Tank
12	500	Water Tank
16	210	Burner Fuel
17	210	Burner Fuel
18	500	Storage
19	500	Storage
20	500	Storage
21	1,000	Storage



NOT TO SCALE

CONTROLLED RECOVERY INC.
 US HIGHWAY 62 / 180
 HALFWAY, NEW MEXICO

OIL RECOVERY PLANT

PROJECT No.	083269	FILE No.	CR SITE MAP
DESIGN 'S'	CR/03/91	SCALE	AS SHOWN (ECL)
CADD	RD	10/24/91	
CHECK	TS	10/24/91	
APPROVED	RD	10/24/91	

FIGURE 5

Associates, Inc. 10/24/91

SOURCE: Gordon Environmental, Inc.

CRI
CONTROLLED RECOVERY INC.

RECEIVED
2009 MAR 16 PM 12 52

4507 W. CARLSBAD HWY. • HOBBS, NM 88240
P.O. BOX 388, HOBBS, NM 88241
(575) 393-1079 • FAX (575) 393-3615

March 12, 2009

Mr. Edward J. Hansen
Senior Hydrologist
N.M. Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Re: Updated map of Halfway
Planned cell expansion

Dear Mr. Hansen:

Enclosed please find two updated (as of October 1, 2008) maps of Controlled Recovery, Inc's ("CRI") Halfway Disposal Facility ("Halfway"). One is a clean copy and the second has been labeled to describe specific functional areas at the plant.

Due to the increased waste volumes at Halfway, CRI is planning to construct additional OCD cells in the area highlighted in orange on the enclosed labeled map. Similarly, CRI proposes to construct an additional evaporation pond, the location of which is indicated in yellow on the enclosed labeled map.

Please feel free to contact me with any questions regarding this matter.

Very truly yours,


John Q. Barnidge
Chief Executive Officer

Enclosures

⊗ - approximate corner boundaries

US Hwy
62/180

Full cells
(closed)

Entry /
Exit
Check-in
Station

Mixing / solidification
pits

Temporarily
Sub-leased to
Asphalt Plant
(3rd Party)

Proposed OGD
Cell Expansion

Oil Reclaiming
Plant

Break
Room,
Emergency
Shower +
EYE Wash

Proposed
Evaporation
Pond

8-Bay
Jet Wash

Evaporation
Ponds

Emergency
Heli-pad



DRAFT

10-01-2008 AERIAL PHOTO

CRI
LEA COUNTY, NEW MEXICO

Gordon Environmental, Inc.
213 S. Camino del Pueblo
Bernalillo, New Mexico, USA
Phone: 505-867-6990
Fax: 505-867-6991
Consulting Engineers

DATE: 10/29/08
DRAWN BY: MLH
APPROVED BY: JKG
CAD CRI 2008 TOPO.GEI.dwg
REVIEWED BY: DRT
PROJECT # 139.02.02
FIGURE X

NOTE: SURVEY PERFORMED BY THOMAS R. MANN AND ASSOCIATES
AERIAL PHOTO TAKEN BY MANN AND ASSOCIATES
5112 COPPER NE ALBUQUERQUE, NM 87108
DATE OF SURVEY: 10-01-08

Drawing P: used 2003:139.02.02:CRI: 2008 TOPO-AERIAL.GEI.dwg
Date/Time: Dec: 02: 2008 13:50:39
Copyright: All Rights Reserved, Gordon Environmental, Inc. 2007

CRI
CONTROLLED RECOVERY INC.

4507 W. CARLSBAD HWY. • HOBBS, NM 88240
P.O. BOX 388, HOBBS, NM 88241
(575) 393-1079 • FAX (575) 393-3615

RECEIVED
2009 MAR 16 PM 12 53

March 12, 2009

Mr. Edward J. Hansen
Senior Hydrologist
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

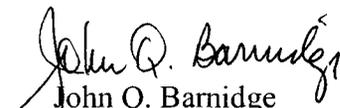
Re: Future Disposal Cell Construction

Dear Edward:

Controlled Recovery, Inc. ("CRI") requests your assistance and guidance in developing a master plan utilizing landfill industry standards and best practices for the construction of future disposal cells.

As you know, we have engaged Gordon Environmental, Inc. to assist us in this effort. Your participation and input would be most beneficial. I would like to set up a meeting in the next couple of weeks with you, Keith Gordon, and myself to perform a preliminary review and discuss this project further. I will coordinate setting up such a meeting in Santa Fe, hopefully before month's end.

I am enclosing a recent letter date December 23, 2008 that was sent to Wayne Price, along with an attached letter dated November 6, 2008 from Gordon Environmental, Inc., for your convenience.


John Q. Barnidge
CEO

Attachments

CRI
CONTROLLED RECOVERY INC.

4507 W. CARLSBAD HWY. • HOBBS, NM 88240
P.O. BOX 388, HOBBS, NM 88241
(575) 393-1079 • FAX (575) 393-3615

December 23, 2008

Mr. Wayne Price
Environmental Bureau Chief
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Price:

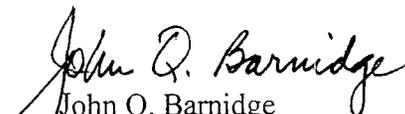
As we have discussed recently, the volume of activity at our Halfway Disposal facility has increased significantly. This increase in waste disposal has forced us to re-evaluate our site development to assure continued economical services for the industry.

We have engaged Gordon & Associates to assist us in developing a revised master plan utilizing best practices standards for future disposal cell construction. The standards will include, among others, specific construction techniques and slope requirements designed to increase safety and cell stability.

We would appreciate your clarification that OCD has no height restrictions applicable to our disposal areas. This will enable CRI to properly plan for continuing operations.

CRI welcomes your advice and counsel as we progress through this project.

Very truly yours,


John Q. Barnidge
Chief Executive Officer



November 6, 2008

Mr. John Barnidge, CEO
Controlled Recovery, Inc.
4507 W. Carlsbad Hwy.
P. O. Box 388
Hobbs, NM 88241

Re: Landfill Masterplanning [139.02.02/04]
Engineering Evaluation and Recommendations

Dear Mr. Barnidge:

As requested, Gordon Environmental, Inc. (GEI) has performed an engineering evaluation of existing and future landfill capacity at the Controlled Recovery, Inc. (CRI) facility in Halfway, New Mexico. This evaluation is based on our understanding of operations at CRI; our knowledge of the applicable Oil Conservation Division (OCD) requirements; and current landfill industry standards. To refine the site-specific database, we have conducted field and aerial topographs on May 3, 2007 and October 1, 2008 in order to monitor the fill progression and site infrastructure upgrades. This evaluation addresses the following applicable criteria:

- 1.0 Regulatory Requirements
- 2.0 Operating Logistics
- 3.0 Landfill Industry Standards

1.0 Regulatory Requirements

The OCD requirements applicable to operations at CRI are effectively established in the 2004 Settlement Agreement. There are no elevation restrictions specified; although CRI has routinely updated OCD on its fill progression status and future plans. There is no apparent authority granted to OCD in the regulations to limit fill elevations or corresponding landfill capacity. The 70± acre tract to the north is also eligible as OCD Landfill Capacity, in addition to its approval by NMED (Groundwater Quality Bureau) as a landfarm.

2.0 Operating Logistics

Limiting the fill elevation for specific areas at CRI would have negative consequences on many of the operating principles that are routinely being updated:

- Vertical limits would necessarily involve expanding the horizontal landfill footprint to accommodate the same waste volume.
- Current practices include dedicating specific Units or Cells to a single waste generator; or to specific waste types; which would not be possible without a vertical extension of the landfill profile.
- Logistically, the waste management industry attempts to limit disturbed areas and the waste footprint to the minimum practical dimensions.
- Recent and planned upgrades to the site infrastructure (i.e., waste receiving, processing, access routes, etc.) would be compromised by extending the landfill footprint laterally.

3.0 Landfill Industry Standards

GEI has designed most of the regional municipal solid waste landfills in New Mexico. The objectives of state-of-practice design and operation include:

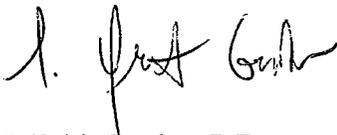
- Minimizing the waste footprint.
- Maximizing waste capacity/density in each unit.
- Segregating waste types.
- Establishing suitable cover slopes to promote stormwater run-off and control.
- Deploying engineered environmental control systems for effective management during operations.

Recent testimony at permit hearings for the Rio Rancho Landfill vertical expansion confirm that the height above-grade for the modern landfills in New Mexico ranges from 90' to over 400'. Engineered designs are deployed that address final cover alternatives, slopes, drainage, erosion control, etc.

In summary, the vertical extension of landfill operations at CRI is a natural progression of current practices. Limits on final elevations would have a negative impact on environmental protection objectives, operating practices, overall system capacity, and closure of the site to meet drainage requirements. GEI could not identify limitations in the CRI compliance record with OCD that would preclude properly engineered designs for additional vertical filling.

Please contact us with your questions and comments. We appreciate the opportunity of working with CRI on the Engineering and Compliance Project.

Very truly yours,
Gordon Environmental, Inc.



I. Keith Gordon, P.E.
Principal

cc: Mr. Ken Marsh
Mr. Wayne Price, OCD



NOTE: SURVEY PERFORMED BY THOMAS R. MANN AND ASSOCIATES
AERIAL MAPPING SERVICES
5112 COPPER NE ALBUQUERQUE, NM 87108
DATE OF SURVEY 10-01-08



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



February 17, 2009

John Barnidge, CEO
Controlled Recovery, Inc.
4507 W. Carlsbad Hwy.
P.O. Box 388
Hobbs, NM 88241

Re: OCD Permit # NM1-06 and R-9166 Landfill Master Planning [139.02.02/04]
Engineering Evaluation and Recommendations

Dear Mr. Barnidge:

OCD is in receipt of your inquiry letter dated December 23, 2008, and Gordon Environmental's, letter dated December 29, 2008, with attached report dated November 06, 2008 (Landfill Master planning [139.02.02/04] Engineering Evaluation and Recommendations. OCD also has received clarification from Mr. Ken Marsh concerning the original Application of Controlled Recovery Inc. Order No. R-9166 (Case No. 9882) located in Lea County NM.

OCD researched the files and used Google Earth showing an aerial photo of the site layout which confirmed that the original area, i.e.; site footprint, does indeed include the areas north and south of Highway US 62-180. OCD also understands that part of the area north of the highway has been utilized as a landfarm permitted by the New Mexico Environment Department (DP-818). The public notice for this area indicated that the groundwater was at a depth of 35 feet below ground level but no TDS concentration was given.

OCD hereby acknowledges that the original application and resultant order issued was for the area described as S/2 N/2 and the N/2 S/2 of Section 27, Township 20 south, Range 32 East, NMPM, Lea County, New Mexico which included areas north and south of the highway.

Mr. Barnidge's letter dated December 23, 2008, requested clarification concerning height restrictions applicable to the landfill disposal areas. OCD researched the original order, subsequent permits, documents, reports and a settlement agreement contained in the NM1-06 permit file and has determined that no general restrictions were placed on design capacity (i.e.; number of, size of, height of, or depth of the landfill pits or cells) inside of the original footprint. The original order authorized the Division Director to administratively grant approval for the expansion or modification of the proposed treating plant and to be able to place additional conditions and requirements for the entire site.



One of the original conditions in the order at that time required that the two pits permitted have a maximum fill level to be limited to a plane below the crest of the dikes surrounding the pits to prevent over topping. There appeared to be no limit on how high the dikes could have been constructed or whether the dike(s) were for the water and/or solid pit. Also, there was no mention of any limiting requirement for future pits. Permit #NM-01-0006 dated July 06, 2001 (filed as NM1-06) issued to CRI pursuant to amended Rule 711 did contain a condition that restricted the amount of material that could be placed in the disposal pits with reference to the rim of the pit. However, this condition was not part of the January 23, 2004, settlement agreement. On June 12, 2006, CRI was granted a request to increase the landfill elevation by an additional 10 feet to promote proper drainage after closure. The request and the approval did not give enough details to determine how this would be managed, constructed or closed. This request did not detail where in the facility this change would be made.

So, in answering the clarification for the height restriction it appears that OCD does not have a specific quantitative depth or height restriction concerning this facility. However, it should be pointed out that OCD does have general authority to suspend or rescind operations where necessary, to protect human health, or property, to protect fresh water supplies from contamination, to prevent waste, or for non-compliance with the terms and conditions of an order, division rules, regulations, and any applicable permit conditions. In addition, it appears from the original order and settlement agreement that any proposed major design change must be approved by OCD.

The Transitional Provisions of 19.15.36 NMAC clearly allows existing permitted facilities, such as CRI, to continue to operate in accordance with such permits or orders subject to certain conditions. OCD is concerned that if CRI contends that the new rule does not apply, then OCD would have to address the issue on how the newly promulgated pit rule would apply. The new pit rule (19.15.17 NMAC) has no exemption for unlined pits unless the pits are permitted pursuant to a surface waste management facility permit (19.15.36 NMAC).

In addition, the new pit rule 19.15.17 NMAC issued pursuant to Order R-12939 repealed the old pit rule 50 issued pursuant to Order R-12969 which repealed the R-3221 order that allowed and/or prevented unlined pits in certain areas in southeast New Mexico. CRI's original order R-9166 was based upon an exception to R-3221. Thus since R-3221 has been appealed, unlined pits are prohibited unless associated with a permitted surface waste management facility or WQCC permitted facility.

OCD feels it's important to discuss the aspects of the new surface waste management rule (Part 36) that may apply to your current facility. Starting with 19.15.36.20.B. (Major Modification). "Major modification" means a modification of a surface waste management facility that involves an increase in the land area that the permitted surface waste management facility occupies; a change in the design capacity or nature of the permitted oil field waste stream; addition of a new treatment process; an exception to, waiver of or change to a numerical standard provided in 19.15.36 NMAC; or other modification that the division determines is sufficiently substantial that public notice and public participation in the application process are appropriate.

As pointed out above, if CRI's original footprint remains the same then any addition of new operations, if inheritably the same, would not meet the definition of a major modification. As for a change in design capacity the rule does not specify types of design, numeric quantities or percentages. The intent was to capture an un-foreseen major change that would have a

reasonable probability of impacting the public, environment or fresh water. For example, if CRI decided to deepen the pits to a point that the underlying clay layer would be undermined, then the design capacity may be an issue, thus requiring a major modification. So depending upon site specific conditions, previous permit conditions, and other factors, a "major design change" may or may not constitute a major modification.

The advent of properly increasing the height of a landfill using current sound engineering standards with a proper closure cap would probably not constitute a major modification as it will be more protective than the original closure plan. Since the landfill has been in operation for many years with no known sustained detriment to the public or the environment, and the fact that the existing order and settlement agreement allowed major design changes with proper notification, thus a major modification would not be required for elevating the site to a safe standard with a proper closure cap.

OCD feels it will behoove both parties to take this opportunity to open a dialog on the issue of the new surface waste management facility rule part 19.15.36 NMAC which was effective on 2/14/2007 and how it relates to the existing CRI facility. In the near future OCD would like to negotiate a new permit that complies with the new rule and any past agreements.

In you have any questions or comments please contact me 505-795-1222 or E-mail wayne.price@state.nm.us.

Sincerely,



Wayne Price
Environment Bureau Chief

Cc: Mark Fesmire-Director
Daniel Sanchez- Compliance and Enforcement Manager
Glenn von Gonten- OCD Team Leader
Ed Hansen- OCD Envr. Engr.
Ken Marsh- Consultant CRI

RECEIVED

2009 FEB 13 PM 12 43

CRI

CONTROLLED RECOVERY INC.

4507 W. CARLSBAD HWY. • HOBBS, NM 88240
P.O. BOX 388, HOBBS, NM 88241
(575) 393-1079 • FAX (575) 393-3615

December 23, 2008

Mr. Wayne Price
Environmental Bureau Chief
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Dear Mr. Price:

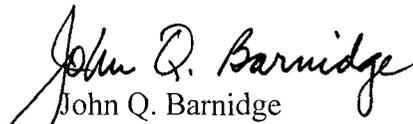
As we have discussed recently, the volume of activity at our Halfway Disposal facility has increased significantly. This increase in waste disposal has forced us to re-evaluate our site development to assure continued economical services for the industry.

We have engaged Gordon & Associates to assist us in developing a revised master plan utilizing best practices standards for future disposal cell construction. The standards will include, among others, specific construction techniques and slope requirements designed to increase safety and cell stability.

We would appreciate your clarification that OCD has no height restrictions applicable to our disposal areas. This will enable CRI to properly plan for continuing operations.

CRI welcomes your advice and counsel as we progress through this project.

Very truly yours,


John Q. Barnidge
Chief Executive Officer



RECEIVED

2009 FEB 13 PM 12 42

November 6, 2008

Mr. John Barnidge, CEO
Controlled Recovery, Inc.
4507 W. Carlsbad Hwy.
P. O. Box 388
Hobbs, NM 88241

Re: Landfill Masterplanning [139.02.02/04]
Engineering Evaluation and Recommendations

Dear Mr. Barnidge:

As requested, Gordon Environmental, Inc. (GEI) has performed an engineering evaluation of existing and future landfill capacity at the Controlled Recovery, Inc. (CRI) facility in Halfway, New Mexico. This evaluation is based on our understanding of operations at CRI; our knowledge of the applicable Oil Conservation Division (OCD) requirements; and current landfill industry standards. To refine the site-specific database, we have conducted field and aerial topographs on May 3, 2007 and October 1, 2008 in order to monitor the fill progression and site infrastructure upgrades. This evaluation addresses the following applicable criteria:

- 1.0 Regulatory Requirements
- 2.0 Operating Logistics
- 3.0 Landfill Industry Standards

1.0 Regulatory Requirements

The OCD requirements applicable to operations at CRI are effectively established in the 2004 Settlement Agreement. There are no elevation restrictions specified; although CRI has routinely updated OCD on its fill progression status and future plans. There is no apparent authority granted to OCD in the regulations to limit fill elevations or corresponding landfill capacity. The 70± acre tract to the north is also eligible as OCD Landfill Capacity, in addition to its approval by NMED (Groundwater Quality Bureau) as a landfarm.

2.0 Operating Logistics

Limiting the fill elevation for specific areas at CRI would have negative consequences on many of the operating principles that are routinely being updated:

- Vertical limits would necessarily involve expanding the horizontal landfill footprint to accommodate the same waste volume.
- Current practices include dedicating specific Units or Cells to a single waste generator; or to specific waste types; which would not be possible without a vertical extension of the landfill profile.
- Logistically, the waste management industry attempts to limit disturbed areas and the waste footprint to the minimum practical dimensions.
- Recent and planned upgrades to the site infrastructure (i.e., waste receiving, processing, access routes, etc.) would be compromised by extending the landfill footprint laterally.

3.0 Landfill Industry Standards

GEI has designed most of the regional municipal solid waste landfills in New Mexico. The objectives of state-of-practice design and operation include:

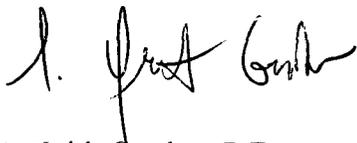
- Minimizing the waste footprint.
- Maximizing waste capacity/density in each unit.
- Segregating waste types.
- Establishing suitable cover slopes to promote stormwater run-off and control.
- Deploying engineered environmental control systems for effective management during operations.

Recent testimony at permit hearings for the Rio Rancho Landfill vertical expansion confirm that the height above-grade for the modern landfills in New Mexico ranges from 90' to over 400'. Engineered designs are deployed that address final cover alternatives, slopes, drainage, erosion control, etc.

In summary, the vertical extension of landfill operations at CRI is a natural progression of current practices. Limits on final elevations would have a negative impact on environmental protection objectives, operating practices, overall system capacity, and closure of the site to meet drainage requirements. GEI could not identify limitations in the CRI compliance record with OCD that would preclude properly engineered designs for additional vertical filling.

Please contact us with your questions and comments. We appreciate the opportunity of working with CRI on the Engineering and Compliance Project.

Very truly yours,
Gordon Environmental, Inc.



I. Keith Gordon, P.E.
Principal

cc: Mr. Ken Marsh
Mr. Wayne Price, OCD