GW - 386

INSPECTION

(Drain-lines, Sump, BGT, Site, etc.)

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Monday, November 30, 2009 4:04 PM
To: 'Cory Smith'
Subject: GW-386, Bisti CS compliance letter response

Mr. Cory Smith,

OCD has received a November 25, 2009 letter stating compliance issues pertaining to this facility.

1. Photo 1, "No action required at this time", is a false statement. The AST needs to be lined and properly bermed in accordance with Condition 9 of the permit.
2. Photo 2 – 4, BGT needs to be properly labeled and its secondary containment must be kept clean/dry at all times.
3. Photo 5, Ensure that the secondary containers are 133% of total capacity.
4. Photo 6, remediate contamination and instill measures to prevent it from reoccurring.
5. Photo 7, remediate contamination and instill measures to prevent it from reoccurring.
6. Photo 8, place all barrels in accordance with Condition 7 of the permit.
7. Photo 9, remediate contamination and instill measures to prevent it from reoccurring.

A discharge permit is not a permit to ENCOURAGE a discharge, but to instill measures to PREVENT discharges on to the ground, thus reducing the variables for overall groundwater contamination.

SMALL SPILL PLAN:

Owner/Operator shall categorize what types of spills to occur and where they intend to dispose/treat the soil.

Example: hydrocarbon contaminated soil may be remediated at a land farm if the BTEX is above standard. If soil is contaminated with Glycol the soil cannot be taken to a land farm. A landfarm is not meant for disposal of contaminated soil, it is a place for remediating soil. Hydrocarbon contaminated soil ONLY. OCD would like to know where the Owner/Operator intends to dispose of ALL contaminated soils, within . OCD Rule Part 35 indicate different dispose methods of Discharge plan permitted facilities. OCD must approve all WASTE going to a municipal land fill (Waste Management) prior to disposal, Part 35 will indicate what tests need to be conducted prior to disposal. Failure to do so will result the Owner/Operator being out of compliance.

The WORKPLAN shall note all work needed to be in compliance with the permit conditions.

llowe

Leonard Lowe
Environmental Engineer
Oil Conservation Division/EMNRD
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Elm Ridge Exploration Co., LLC d.b.a.

Beeline Gas Systems

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PO Box 1290
Bloomfield, NM 87413
(505) 634-1144

November 25, 2009

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505
Attn: Leonard Lowe

Subject: Discharge Permit Number GW- 386

Dear Mr. Lowe,

Please see the attached plans developed by Beeline Gas Systems to comply with Paragraphs 16 and 19 of the above referenced discharge permit. Paragraph 16 lists several deviations that must be corrected. Our proposed corrective actions are shown as the captions to your photos in Attachment 1. The plan to address small spills, as required in Paragraph 19, is show as Attachment 2. Please note that this facility meets the H_2S requirements of NMAC PART 11(19.15.11, HYDROGEN SULFIDE GAS). A copy of our H_2S Inspection Report for this facility is shown as Attachment 3.

The deviations listed in Paragraphs 16 and 19 will be corrected and a report of our corrective actions will be submitted to NMOCD by January 29, 2010 per the requirements of Paragraph 16. Major projects to correct deviations such as non-compliant underground or above ground tanks will be completed in a reasonable time giving consideration to potential for discharge, availability of materials, availability of crews for installation, and weather conditions.

If you have any questions or comments please contact me at the above number or by email at csmith@elmridge.net.

Sincerely,

Cory Smith
Regulatory Compliance
Beeline Gas Systems

Cc: Neil Rensvold – Houston

Attachments: Attachment 1: GW-386 Work Plan Attachment 2: Small Spill Plan Attachment 3: H_2S Inspection 10/9/09

Beeline Gas Systems
Bisti Compressor Station GW-386
NMOCD Photo Concerns

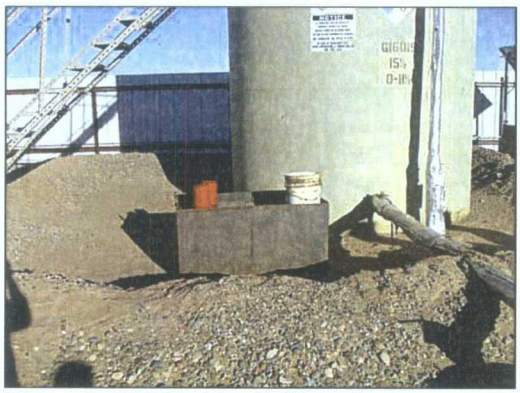

Photo 1: AST with oil filter drain in bermed area. No Action required at this time.

Photo 2: Insure all tanks are labeled.

Photo 3: Same as photo 2.

Photo 4: Repair Secondary Containment.

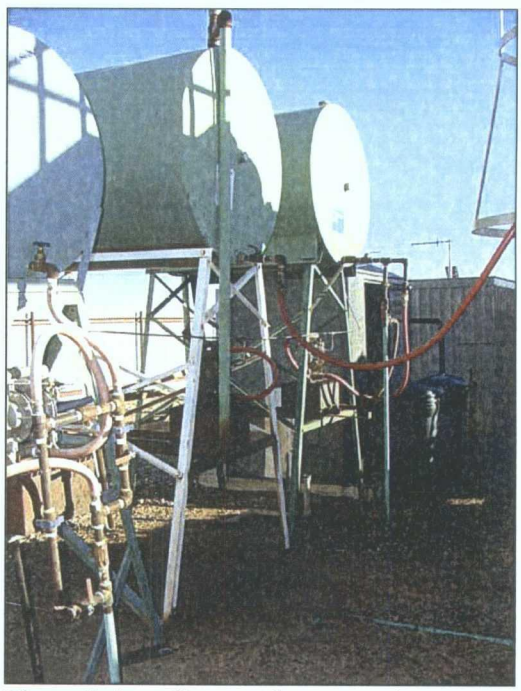

Photo 5: Install secondary containment underneath saddle tanks

Beeline Gas Systems
Bisti Compressor Station GW-386
NMOCD Photo Concerns

Photo 6: Remediate spill

Photo 8: Remove empty barrels.

Photo 7: Remediate spills around saddle tanks and compressor area.

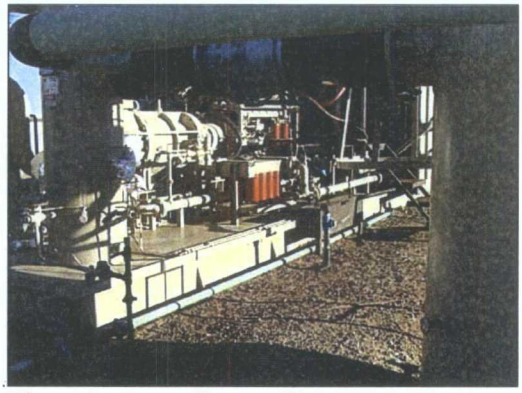

Photo 9: Remediate spill

Attachment #2

Beeline Gas Systems

Small Spill Plan

Beeline Gas Systems plan to address small spills located in and around the facilities in an efficient and cost effective manner is to:

- Identify the source of the spill and stop it.
- Excavate saturated soils and remediate the site with bioremediation.
- Take precautionary measures to prevent a reoccurrence.

Beeline Gas Systems will store contaminated soils in containers onsite within secondary containment until enough soil is collected (~55gal drum). We will transport it to an OCD approved land farm for all required testing and disposal. Precautionary measures to prevent reoccurrence may include equipment repair, additional equipment, and personnel training.

Attachment #3

COPY

Bee Line Gas Systems H2S Inspection

Inspector: Tony Ferrari

Date of Inspection: 10/9/09

Site

- [ ] HMGP
- [ ] Otero
- [ ] Marcus
- [ ] Kenny
- [ ] S. Lybrook
- [ ] Other
- [x] Bisti
- [ ] Buena Suerte

H2S Inspection

- [x] H2S Present if so How Much PPM 0.2 ppm
- [ ] No H2S Present

Equipment Used

- [ ] Hand Held Gas Monitoring Device
- [x] Draeger Tube Range .1 to 4 ppm

Comments

H_2O

x [signature]
Signature