RECEIVED
By OCD Dr Oberding at 1:12 pm, Oct 13, 2016

October 11, 2016

APPROVED
By OCD Dr Oberding at 1:13 pm, Oct 13, 2016

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: Dr. Tomas Oberding
P: (505) 476-3487
E: tomas.oberding@state.nm.us

Re: Energy Transfer Company's Jal #3 Gas Plant – Classifier Tanks
Amended Proposed Closure of Subgrade (Classifier) Tanks at ETC's Jal #3 Gas Plant
Section 33, Township 24 South, Range 37 East
Terracon Project No. AR167205

Dr. Oberding:

Terracon Consultants, Inc. (Terracon) has prepared the following *Amended Proposed Closure of Subgrade (Classifier) Tanks at Energy Transfer Company's (Energy Transfer's) Jal #3 Gas Plant* in regard to the closure of the two below grade classifier tanks at Energy Transfer's Jal #3 Gas Plant. The Jal #3 Gas Plant is located in Unit Letter "E" of Section 33, Township 24 South, Range 37 East in Lea County, New Mexico. The classifier tanks are located in the north eastern portion of the Jal #3 Plant at 32.176126° North latitude, 103.172868° West longitude. Review of the New Mexico Water Rights Reporting System (NMWRRS) online database indicated depth to groundwater information is not available for Section 33, Township 24 South, Range 37 East. Review of a depth to groundwater gradient map utilized by the NMOCD indicates groundwater is estimated to be encountered at approximately 220 feet below grade surface (bgs). A "Site Location Map" is provided as Attachment #1.

Introduction

On March 24, 2011, GEOLEX, Inc., submitted a *Proposed Retrofitting and Closure of Subgrade Tanks at Southern Union Gas Services Jal #3 Gas Plant (Proposal)* to the New Mexico Oil Conservation Division's (NMOCD) Santa Fe Office, on behalf of Southern Union Gas Services (Energy Transfer), detailing plans for the closure of an on-site contingency tank, two classifier tanks and three miscellaneous wastewater collection sumps at the Jal #3 Gas Plant. The *Proposed Retrofitting and Closure of Subgrade Tanks at Southern Union Gas Services Jal #3 Gas Plant* was subsequently approved. A "Site Diagram" is provided as Attachment #2.

Background Information

The *Proposed Retrofitting and Closure of Subgrade Tanks at Southern Union Gas Services Jal #3 Gas Plant* proposed closing the contingency tank by removing all of its contents and disposing of them at an NMOCD-approved facility, followed by a thorough cleaning and detailed inspection of the tank. In the event no evidences of a release were discovered, the top of the below-grade tank (BGT) would be cut below the existing grade. Upon cutting the top of the BGT to below the existing grade, the tank would be backfilled and compacted to meet the specifications of the plant. Upon backfilling the BGT, a permanent steel marker will be placed to indicate location of the closed tank.

The *Proposal* indicated that the existing classifier tanks, formerly used to separate oily wastewater, would be removed and replaced with above-grade separation tanks placed within a secondary containment. Upon removing the classifier tanks, soils would be visually inspected for stains or excessive moisture, and potential releases would be investigated and reported as necessary. The above-grade separation tanks and associated containments have since been installed and the classifier tanks are no longer in use. A “Photographic Log” is provided as Attachment #3.

Upon further inspection of the classifier tanks and the surrounding area, numerous previously unidentified buried pipelines and electrical utilities were identified that would complicate the safe removal of the below-grade classifier tanks, particularly an 8-inch PVC pipeline transporting cooling tower blowdown water to the Jal #3 AGI #1 injection well (API No. 3002538822). ETC maintains that the pipeline’s proximity to the below grade classifier tanks inhibits appropriate benching and that potential sluffing upon removal of the BGTs could compromise the pipeline’s integrity.

Proposed Closure Strategy

ETC proposes the following amendments to the approved *Proposed Retrofitting and Closure of Subgrade Tanks at Southern Union Gas Services Jal #3 Gas Plant* related to the closure of the existing below-classifier tanks:

- Removal and disposal of the classifier tanks’ contents at an NMOCD-approved facility, followed by a thorough cleaning to allow for hydrostatic tests and/or appropriate inspection.
- Conducting hydrostatic tests and/or detailed inspections of the floor and sidewalls of the BGTs to determine if evidences of a release are present. In the event inspections are required, they will include checking for holes in the floor and sidewalls of the BGTs.
- In the event evidences of potential releases are discovered during the hydrostatic tests and/or inspections, the NMOCD will be notified on Form C-141 and a *Work-Plan* will be prepared detailing proposed sampling and/or remediation activities, as necessary.

- In the event no evidences of releases are discovered during the hydrostatic tests and/or inspections, and upon receiving NMOCD permission, the tops of the tanks will be cut below the existing grade at approximately four feet bgs.
- Upon cutting the tops of the tanks to four feet bgs, the tanks will be backfilled to approximately four feet bgs with excess on-site soil. Backfill material will be sampled for concentrations of BTEX, TPH and chloride to ensure that it is suitable for on-site re-use.
- Upon backfilling the tanks and surrounding area to four feet bgs, as per the NMOCD, a 20-millimeter polyurethane liner will be installed over both of the tanks. An approximate six-inch layer of pad sand will be installed below and above the liner to maintain its integrity during backfilling activities.
- Upon installing the liner and associated pad sand, the remaining excavation will be backfilled with excess on-site soil exhibiting BTEX, TPH and chloride concentrations that is below NMOCD Recommended Remediation Action Levels. The final soil cover will consist of engineered fill used throughout the plant.
- Permanent steel markers will be placed to document the location of the closed BGTs.

Upon receiving NMOCD permission and completion of the above-mentioned field activities, ETC will prepare and submit a Final C-144 and *Closure Report* detailing the results of the hydrostatic tests and/or inspections, along with a description of field activities conducted to date.

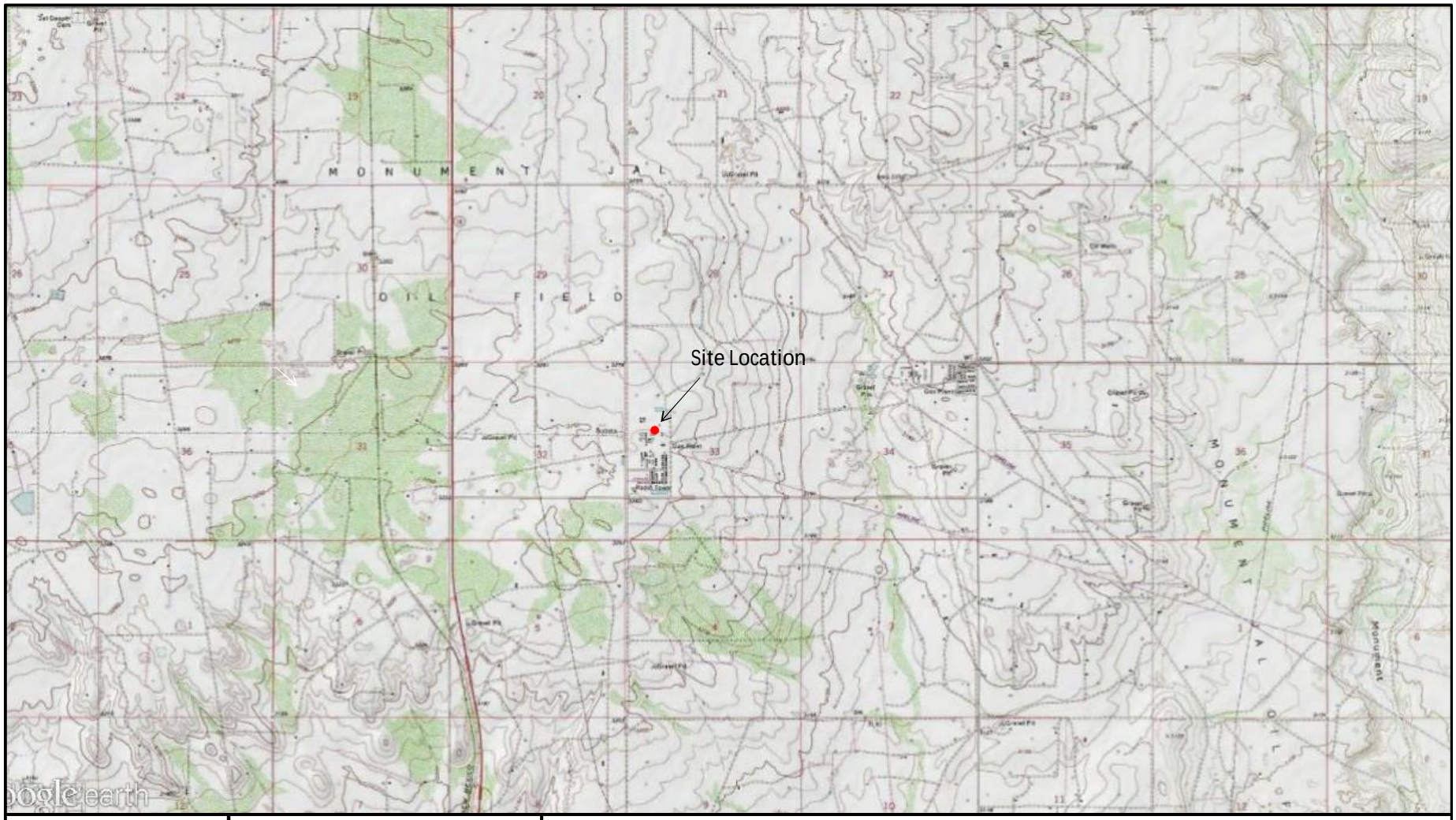
Should you have any questions or require additional information, please do not hesitate to contact our office.

Sincerely,
Terracon Consultants, Inc.

Joel Lowry
Project Geologist

Erin Loyd, P.G.
Senior Associate
Office Manager

Attachments:
Attachment #1 – Topographic Map
Attachment #2 – Site Diagram
Attachment #3 – Photographic Log



Project No.	AR167210
Scale:	1" = ~1 Mile
Source:	Google Earth
Date:	2014

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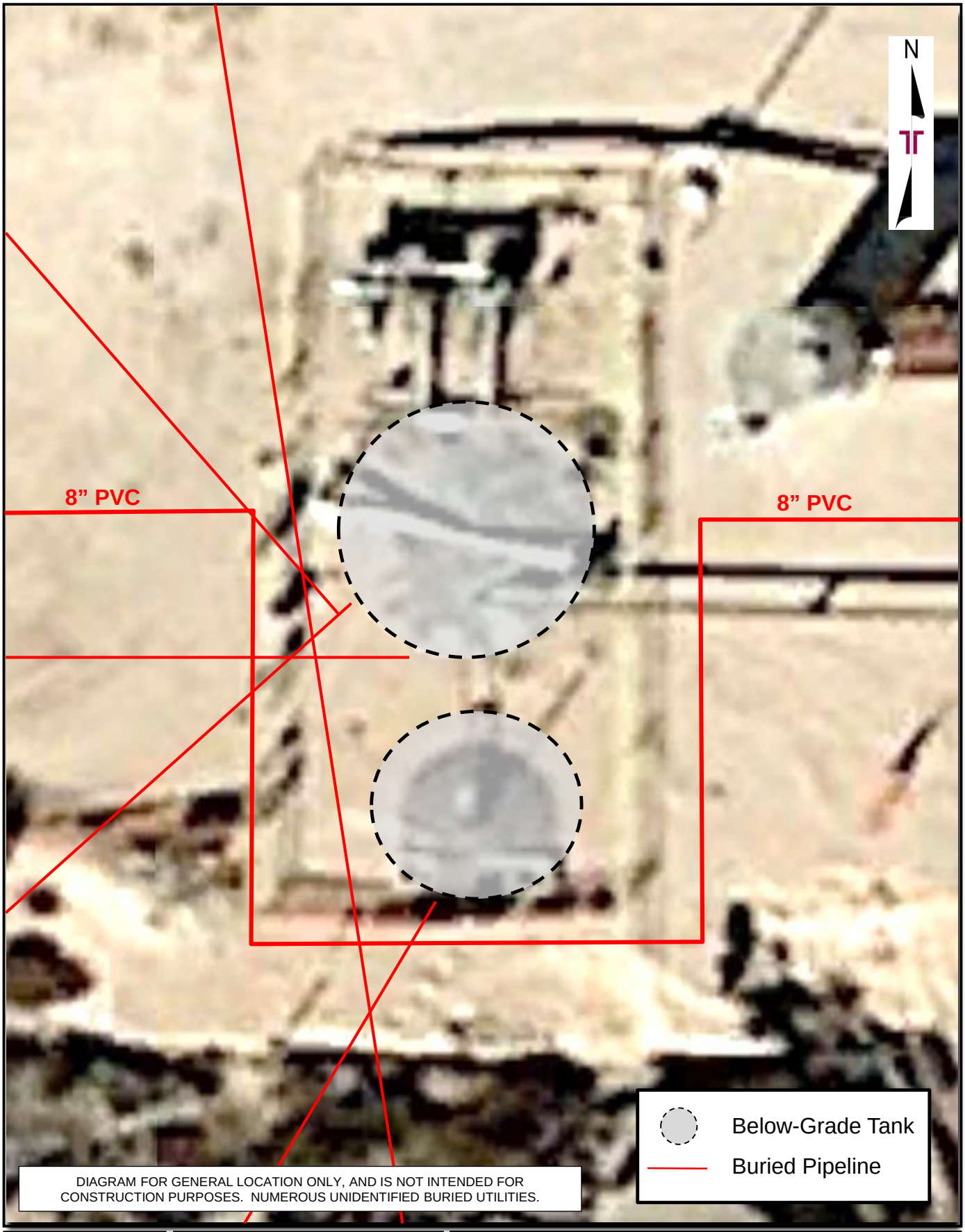
Attachment #1 – Topographic Map

Energy Transfer Company
Jal #3 Plant – Classifier Tanks
32.17614°, -103.17286°
Lea County, New Mexico



Project No.	AR167210
Scale:	1”=10’
Source:	GoogleEarth
Date:	2014

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Attachment 2 – Site Diagram

Energy Transfer Company
Jal #3 Plant – Classifier Tanks
32.176147°, , -103.17286°
Lea County, New Mexico

Photographic Log

PHOTO 1: View of Classifier tanks prior to de-piping, facing northeast.

PHOTO 2: View of Classifier tanks prior to de-piping, facing north.

PHOTO 3: View of above ground storage tanks and associated containment built to replace Classifier Tanks, facing southeast.

PHOTO 4: View of Classifier Tanks after de-piping, facing north.

PHOTO 5: View of southwestern exterior portion of northern Classifier Tank, facing east.

PHOTO 6: View of southern exterior portion of southern Classifier Tank, facing northwest.

PHOTO 7: View of western exterior portion of southern Classifier Tank, facing north.

PHOTO 8: View of interior portion of northern Classifier Tank.