

NM1 - 9

**GENERAL  
CORRESPONDENCE**

**YEAR(S):**  
1997-1993

**CURTIS & DEAN**

ATTORNEYS AT LAW

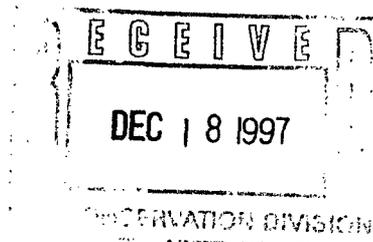
506 WEST ARRINGTON • P. O. DRAWER 1259  
FARMINGTON, NEW MEXICO 87499

SCOTT M. CURTIS  
JOHN A. DEAN, JR.

OFF.: (505) 327-6031  
FAX: (505) 327-6034

December 15, 1997

Roger Anderson  
Environmental Bureau Chief  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



RE: Sunco and Order R-10738

Dear Mr. Anderson:

I am in receipt of a letter from William J. LeMay dated December 12, 1997 which extends the time limits in the above referenced order until June 1, 1998. My client will be looking at some dates early next year and we will let you know of possible dates to make sure the division is able to send representatives.

I also received a letter from you dated December 12, 1997 with regard to the requirement in the above order for presentations within the local public school system. You and I also discussed this requirement late last week. My client proposes to invite the public schools to tour the facility. Explanations of the purpose of the facility and its workings will be given to the touring students. If this meets with your approval please advise.

Sincerely:

A handwritten signature in cursive script, appearing to read "John A. Dean, Jr.".

John A. Dean, Jr.

JADjv

xc: Hal Stone-Sunco Trucking

***Please Deliver This Fax To:***

Mr. John Dean

(505) 327-6034

***From:***

Martynne Kieling

Original to Follow

***Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, NM 87505  
(505) 827-7131 Office  
(505) 827-8177 Fax***

***Date:*** 12/12/97

***Pages:*** 1 of 2

***Subject:*** Sunco

*(If you have trouble receiving this fax, please call the phone number above.)*



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

December 12, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-374**

Mr. John A. Dean  
Curtis & Dean Attorneys at Law  
506 West Arrington  
P.O. Drawer 1259  
Farmington, NM 87499

**RE: Supplemental Environmental Program  
Sunco Water Disposal Company  
Unit E, Section 2, Township 29 North, Range 12 West, NMPM,  
San Juan County, New Mexico**

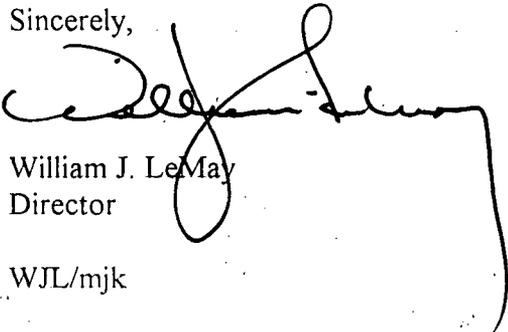
Dear Mr Dean:

The New Mexico Oil Conservation Division Environmental Bureau has requested an extension of Sunco's supplemental environmental program deadline. The extension request is based on the need for additional time due to the lengthy sale process that occurred in 1997 of Sunco Trucking Water Disposal Company to Key Four Corners, Inc.

The deadline of December 31, 1997 for the implementation of the supplemental environmental program set in Order R-10738 is hereby extended to June 1, 1998.

If you have any questions, please contact Roger Anderson at (505) 827-7152.

Sincerely,

  
William J. LeMay  
Director

WJL/mjk

xc: OCD Aztec Office  
Ron Fellabaum, Sunco Water Disposal Company



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

December 12, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-375**

Mr. John A. Dean  
Curtis & Dean Attorneys at Law  
506 West Arrington  
P.O. Drawer 1259  
Farmington, NM 87499

**RE: Supplemental Environmental Program Order R-10738**  
**Sunco Water Disposal Company**  
**Unit E, Section 2, Township 29 North, Range 12 West, NMPM,**  
**San Juan County, New Mexico**

Dear Mr Dean:

The New Mexico Oil Conservation (OCD) has reviewed the supplemental environmental program (SEP) proposal dated December 2, 1997 submitted by Curtis & Dean Attorneys at Law for Sunco Water Disposal Company (Sunco). According to the Oil Conservation Commission Order R-10738 and the OCD letter dated March 19, 1997, the proposed SEP only covers half of what is required.

The above referenced SEP proposal addresses the Order R-10738, part (a) requirement. However, the SEP proposal does not address the part (b) requirement of Order R-10738. The above referenced SEP proposal is approved with the following conditions:

1. Sunco shall provide an additional proposal that covers part (b) of Order R-10738:
  - b. "Sponsoring or conducting a waste education program in the appropriate classes within the local public school system." The waste education program will include types and classifications of all wastes generated in the oil and gas industry, proper disposal methods, actual or potential damage to human health caused by improper handling, pollution prevention, and waste minimization techniques.

If you have any questions, please contact me at (505) 827-7152.

Sincerely,

Roger Anderson  
Environmental Bureau Chief

RA/mjk

xc: OCD Aztec Office  
Ron Fellabaum, Sunco Water Disposal Company

**CURTIS & DEAN**

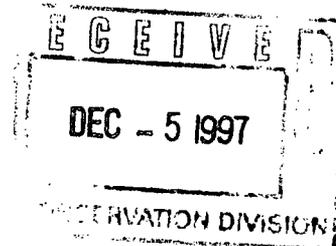
ATTORNEYS AT LAW

506 WEST ARRINGTON • P. O. DRAWER 1259  
FARMINGTON, NEW MEXICO 87499

SCOTT M. CURTIS  
JOHN A. DEAN, JR.

OFF: (505) 327-6031  
FAX: (505) 327-6034

December 2, 1997



Roger Anderson  
Environmental Bureau Chief  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87505

Via telefax

RE: Sunco Disposal, Case Number 11604, Order No. R-10738  
Supplemental Environmental Program

Dear Mr. Anderson:

The purpose of this letter is to seek approval of the Supplemental Environmental Program required by the Order entered in the above referenced matter.

Toward that end enclosed please find the proposed agenda for Sunco's proposed supplemental environmental program. Sunco proposes to present the program on December 17, 1997 in the morning at San Juan College. Sunco will invite the general public and individuals involved in the oil and gas industry. Sunco will produce and distribute a reference book which will include all pertinent regulations and other relevant information. I have also enclosed the resume of R. T. Hicks who will primarily be in charge of the presentation.

The cost of this program is expected to exceed five thousand dollars.

Sunco believes that the proposed seminar will meet the requirements of the order entered in the above referenced matter on the 17<sup>th</sup> of January, 1997. If this proposal meets with your approval please let me know. Additionally if you have any questions, comments, or suggestions, or require more information, please give me a call.

Sincerely:

A handwritten signature in cursive script that reads "John A. Dean, Jr."

John A. Dean, Jr.

JAD\jv

enclosure as noted

xc: Hal Stone

## Improving Profit and Company Value Through Environmental Stewardship

### A Workshop Focusing on Waste Management, Spill Response and Environmental Permitting

#### Waste Management

- What is waste?
- Solid Waste
- Resource Conservation and Recovery Act Wastes
- Exploration and Production Wastes
- Other wastes
- Exempt vs. non-exempt wastes
- Accepted waste management methods
- Permitting issues

#### Spill Response

- Pre-spill planning
- Spill recognition
- What to do, who to call
- SPCC Plans

#### Closures

- Well plugging
- Pit closure
- Tank closure
- Yard closure
- Regulatory and Landowner issues

#### Construction

- Air permits
- Right of Way
- Archeological surveys
- Environmental Assessments
- Stormwater permits/plans

#### Permits and Registrations

- Tanks and equipment
- Waste generation
- Waste storage
- Waste disposal
- NMED Air permits
- NPDES Stormwater permits/plans
- NMOCD Discharge Plans
- NMOCD Abatement Plans
- Federal and Tribal permits

#### Adding Value to Existing Operations

- Compliance audits
- Management plans
- Documenting Environmental Stewardship
- Preparing properties for sale or closure

#### Purchasing "Handyman Specials" for Profit

- Looking for environmental liabilities
- Quantifying costs of compliance
- Managing the liabilities/costs
- Selling restored properties

#### Fines, Penalties and Cost Avoidance

- Typical fines for non-compliance
- Landowner lawsuits

**Pre-Acquisition Environmental Due Diligence**  
**Post-Acquisition Rehabilitation/Remediation**  
**Permitting and Regulatory Compliance**  
**Soil and Groundwater Investigations**  
**Remedial Action Management**  
**Litigation Support**

The Internal Revenue Service classifies Hicks Consulting as a *Personal Services Firm*. For once, we fully agree with IRS. We offer personal service with the necessary infrastructure to perform large, complex projects. We offer personal service with the low overhead to perform small projects. We offer personal service with the trained staff to respond quickly to your needs.

This October, we are working on projects in New Mexico, Colorado, California and North Carolina. We have established relationships with numerous firms that permit cost-effective service throughout the US. We look forward to returning to Texas, Oklahoma and Wyoming for future assignments. Think of us for solving your problems, not for a specific geography.

We have developed a Corporate Health and Safety Program that meets or exceeds requirements of major oil companies. We maintain all required insurance, including errors and omission coverage. Our staff are trained for work at hazardous waste sites (OSHA 1910.120), work in the oil patch (H<sub>2</sub>S training, NORM and CPR) and work with sensitive transactions. Think of us when you need the services of a small, responsive environmental firm. Think of us when you need a large, nation-wide firm.

Mr. Hicks plays a major role in all projects. This package includes his resume. Please call our clients and discover how we do business. Project summaries and client references are attached. If our qualifications meet your needs, think of us for your next project.

Let **ESI** address your environmental needs in air quality, audits, permitting and other projects "above the ground surface". Think of us if you need assistance with soil and/or groundwater issues. We develop satisfactory solutions.

## Descriptions of 1997 Projects

### Oil Field Closure and Site Restoration

After 55 years of pumping, an oil field in Colorado reached the end of its productive life. The property owner, who also owned and operated the oil field, desired restoration to the original condition. Because the field was located on a private "game reserve", at 8000 feet ASL, between a National Wilderness Area and a pristine trout stream, the task was challenging. To complicate matters, the property sold to a new owner who, understandably, wanted oversight of closure operations. All work followed the rules of the Colorado Oil and Gas Commission. Our client chooses to remain confidential.

#### Key Work Elements

- Oil Well Plugging
- Soil Treatment
- Groundwater Monitoring
- Intrinsic Remediation
- Radiation Surveys
- Surface Reclamation
- Colorado Oil and Gas Conservation Commission Regulations

### Manufacturing Plant Transaction

A large, international corporation purchased a roofing paper manufacturing facility that employed asphalt as a principal raw material. To no one's surprise, the purchaser's Phase II Environmental Site found polynuclear aromatic hydrocarbons (PAHs) in soil and to a lesser degree in groundwater. Initial estimates by the purchaser suggested a total environmental liability of more than \$3 M. After evaluating the initial data for the seller, Hicks Consulting placed the total cost of site closure between \$80,000 and \$500,000. We designed a second phase of investigation and submitted a report to the State Regulatory Agency. The revised estimate of environmental liability is \$150,000. **Mr. Robert Ableidinger (813-265-1882)** will be pleased to discuss the project.

#### Relevant Work Elements

- Site Investigation
- Regulatory Interpretation
- PAH Mobility
- Intrinsic Remediation
- Regulatory File Closure
- New Mexico Water Quality Control Commission Regulations

### Storage Tank Demolition and NORM Waste Management

As part of an oil field closure program, we removed eleven crude and produced water storage tanks from the site. Seven tanks required cleaning, demolition and sale as scrap. Six tanks were sold "as is, where is", avoiding the cost of cleaning and demolition. Because the sludge in most of the seven tanks contained Naturally Occurring Radioactive Materials (NORM), the typically straightforward task became more complex. The initial cost estimate to dispose of the NORM sludge exceeded \$175,000 and required transport from Colorado to Texas. Sound technical arguments showed that on-site disposal was not only less expensive but also exposed the environment to less risk. Our client chooses to remain confidential.

#### Key Work Elements

- Health and Safety Protocol
- Radiation Dose Calculations
- Rocky Mountain Low Level Compact
- Colorado Oil and Gas Conservation Commission
- Waste Minimization
- Understanding Regulatory Exemptions

### Warehouse Transaction/UST Closure

- We advised our client that foreclosure on a warehouse complex would require resolving several environmental issues. Immediately after foreclosure, a buyer came forward, making resolution of the outstanding issues time sensitive. The previous owner had submitted several documents required for an Underground Storage Tank (UST) release. Our evaluation suggested that a release to groundwater had not occurred and we might close the regulatory file without moving through the entire UST reporting process. Please contact Mr. Mike Kelly at 415-331-2130 for more information on this rapid turn-around project.

#### Key Work Elements

- Geoprobe Sampling
- Monitor Well Installation
- Motor Oil and Diesel Releases
- North Carolina Department of Health and Natural Resources
- Regulatory Interpretation

### Salt Water Disposal System Acquisition Audit

An independent oil company contracted to purchase a salt water disposal well and associated pipelines. Hicks Consulting evaluated the status of all environmental permits, field checked restoration efforts at spill sites and sampled an overflow pond that exhibited regulated concentrations of Naturally Occurring Radioactive Materials (NORM). We issued a report for this fast turn-around project in ample time for the sale to proceed. Our client chooses to remain confidential.

#### Key Work Elements

- New Mexico NORM Regulations
- BLM Right of Way and Environmental Rules
- Class II Well Permits
- NM Oil Conservation Commission Rules

### Natural Gas Processing Plant Permitting

Within the oil fields of southeast New Mexico, groundwater supplies are scarce and in certain areas, groundwater itself may be non-existent. Site evidence suggested that the observed groundwater in monitor wells originated from plant leakage. We found that the groundwater mound beneath the plant did not threaten any useable groundwater supplies. We submitted a document to the State Regulatory Agency arguing that renewal of the existing permit was not necessary and that hydrocarbon recovery efforts could cease. The submission also requested permission to use gas plant discharges for irrigation of nearby rangeland. Our client chooses to remain confidential.

#### Relevant Work Elements

- Hydrologic Evaluation
- Understanding Gas Plant Processes
- Regulatory Interpretation
- Land application of Wastewater
- Sampling
- New Mexico Water Quality Control Commission Regulations

### Phase I Environmental Site Assessments

Hicks Consulting routinely prepares ASTM Phase I Environmental Site Assessments and often "repairs" previous ESAs performed previously by the lowest bidder. We try to confine our practice to commercial real estate where the buyers or sellers suspect some environmental issue may be present on site. We have worked for national companies, such as Cargill Financial, real estate developers, such as Ellis Partners of San Francisco and individuals. **James Ellis (415-391-9800)** will gladly discuss our capabilities in this area.

#### Key Work Elements

- ASTM Protocol
- Records Search
- Understanding a Transaction
- State Regulations

### Additional Client References

Oil Field Environmental Due Diligence	Dan Girand	505-748-1288
Oil Field Environmental Due Diligence	Rudolph Sacks	505-988-8801
Oil and Gas Facility Permitting	Margaret Lowe	915-688-5620
Oil and Gas Facility Permitting	Vince Bernard	214-868-0416
Underground Storage Tanks	Paul Menzies	510-937-4111
Litigation Support/Foreclosure	Lisa Forbes	415-398-4700
Litigation Support/Property Damage	Chares Sullivan	505-265-7597

# R. T. HICKS CONSULTING, LTD.

Randall T. Hicks  
Principal  
Page 1

Mr. Hicks is a nationally certified professional geologist with over 22 years of experience in hydrogeology, geochemistry, remedial actions, and site characterization. He implements projects throughout North America, and is a registered geologist in four states. He has served as an expert witness and project manager in numerous environmental matters, ranging from cost allocation issues on Superfund sites to due diligence for the oil and gas industries. He specializes in working with the legal, real estate and oil and gas industry to acquire, insure, finance, and obtain permits for environmentally impaired sites.

He previously served as a supervising hydrogeologist in the permitting section of the New Mexico Environment Department where he co-authored the Underground Injection Control Regulations. For BDM Environmental, he managed Environmental Protection Agency (EPA) enforcement support projects. He employs his knowledge and experience in regulatory matters to assist private and public sector clients develop strategies consistent with the risks at a site, the budget of the client, and the mandates of the regulations and laws. Mr. Hicks has written a number of professional papers and presented seminars on oil field produced water management, waste management, phased remedial actions, geochemistry, and groundwater contamination. Some of Mr. Hicks' accomplishments are:

- Performed an environmental audit and then developed cost estimates for remediation/restoration of petroleum hydrocarbons and other constituents at a gasoline plant in New Mexico and an oil field in Colorado. The estimates provided were used to create a "fair market value" for these environmentally impaired sites and incorporated into the sales documents.
- For three refineries, three natural gas processing plants and one pipeline, Mr. Hicks developed regulatory permits and performed environmental site investigations. All sites required interaction with state regulatory agencies. One abandoned refinery was nominated for the National Priorities List; therefore knowledge of CERCLA was critical for the successful withdrawal of the nomination. Three other sites required actions under RCRA.
- As part of a pre-sale audit for a major oil company, Mr. Hicks performed an audit of the environmental liabilities associated with a waterflood oil field in Utah. This project, on the Navajo Nation, required evaluation of the potential impacts of injection wells on water-quality aquifers as well as the impacts to the ground surface associated with spilled crude. A no-action alternative was selected as the best approach for the soil impacts while mechanical integrity testing was proposed for specific injection wells.
- As the Expert Witness for the Four Corners Gas Producers Association, he presented testimony before the New Mexico Oil Conservation Commission hearing on produced water disposal. The project involved field testing that demonstrated a lack of impact due to produced water disposal in unlined pits.

## Education:

M.S., Geology, University of New Mexico, 1981

B.S., Geology, Beloit College, 1975

## Registrations and Certifications:

AIPG Certified Professional Geological Scientist, No. 5777

Arizona Professional Geologist, No. 19483

California Registered Geologist, No. 4468

Virginia Professional Geologist, No. 2801 001024

Wyoming Professional Geologist, No. PG-2147

New Mexico Certified Scientist (Underground Storage Tank Bureau)

New Mexico Certified Radiation Safety Consultant, No. 411-6

**R.T. HICKS CONSULTING, LTD.**

Randall T. Hicks  
Principal  
Page 2

- Implemented a remedial action and closure of an oil field in Colorado. This project involved the characterization of soil and groundwater impacts associated with a 50-year old field. Groundwater was addressed through intrinsic remediation (natural attenuation). Because the soil contained Naturally Occurring Radioactive Materials (NORM), special treatment and regulatory permitting was required.
- After performing a pre-purchase audit, Mr Hicks developed cost estimates for remediation of petroleum hydrocarbons, Naturally Occurring Radioactive Materials (NORM) and other constituents at a salt-water disposal system in New Mexico. The estimate was used to create a "fair market value" and incorporated into the sales document.
- Served as a technical member of Sandia National Laboratories' Independent Review Team (Red Team) for a complete audit of DOE's UMTRA and the Lawrence Livermore Laboratory's groundwater restoration programs. The team members recommended significant re-engineering of both programs, resulting in projected savings of more than \$400M.
- Acted as quality assurance officer for more than 25 environmental restoration projects in the past three years. He focuses his effort on ensuring that the proposed technology addresses the risks posed by the contamination while not creating an unnecessary economic burden. Wherever "intrinsic remediation" (no action) may be appropriate, Mr Hicks challenges the engineers to be certain that nature is not a better remedial technology.
- The buyer of an active New Mexico manufacturing plant believed an environmental escrow account of \$3,000,000 would be sufficient to address all outstanding issues at the site. The seller retained Mr Hicks to develop a plan to address the concerns of the buyer. His initial assessment indicated that a careful investigative program could remedy the matters. If necessary, a risk-based "intrinsic remediation" approach would follow the investigation. Mr Hicks not only assisted in reducing the escrow amount but also worked toward regulatory closure for a total cost of \$150,000.
- He provided expert witness testimony in a case involving the release of petroleum hydrocarbons from an Underground Storage Tank in New Mexico. At this site, decades of releases resulted in the abandonment of two municipal supply wells of a small community. Mr Hicks directed the investigation and developed a remedial response that included drilling an alternative water supply well to reduce the owner's liability. Significant litigation support was required to obtain appropriate insurance coverage for environmental costs.

Most Recent Publications:

Do Nothing Clean-ups  
Randall T. Hicks and  
Rais Rizvi,  
Civil Engineering, September,  
1996

Brownfields to Greenfields,  
Randall Hicks,  
Insights Magazine,  
Fall, 1996

Relevant Experience:

Exploration geologist and  
University research assistance  
for uranium ore deposits, 1975-  
1980

State environmental regulator,  
1980-1983

Founder and Vice President of  
Geoscience Consultants (later  
BDM Environmental), 1983-  
1996

**Non-UIC Inspection Results:**

BASIN DISPOSAL TESTED LEAK DETECTION SUMP FLUID WITH CONDUCTIVITY METER, MEASUREMENTS ARE TEMP 17 DEGREES C, SALINITY 3%, CONDUCTIVITY 500 MICRO UHOS. PND WATER 20 DEGREES C, SALINITY 12%, CONDUCTIVITY 2,000 MICRO UHOS. KEITH JOHNSON IS FOLLOWING UP ON 20 CERTIFICATE OF WASTE STATUS FOR OCTOBER. TIERRA IS STORING SOME NON-OILFIELD WASTE FROM AN EMERGENCY IN BARRELS WAITING ON ANALYSIS FOR PROPER DISPOSAL. AN EMERGENCY WAS DECLARED BY DPS. SUNCO LACKS APPROX 8 CERTIFICATES OF WASTE STATUS FOR OCTOBER. LEAK DETECTION WATER IS 20 DEGREES C, SALINITY 9%, CONDUCTIVITY IS 14,700 MICRO UHOS. POND WATER IS 11.5 DEGEES C, 12.5% SALINITY AND CONDUCTIVITY 15.500 MICR UHOS. SIMILARITY OF THESE WATERS IS RELATED TO SEVERAL LEAKS WHICH WERE REPAIRED IN 1996.

**CURTIS & DEAN**

ATTORNEYS AT LAW

506 WEST ARRINGTON • P. O. DRAWER 1259  
FARMINGTON, NEW MEXICO 87499

SCOTT M. CURTIS  
JOHN A. DEAN, JR.

OFF: (505) 327-6031  
FAX: (505) 327-6034

August 19, 1997

Roger Anderson  
Environmental Bureau Chief  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87505

AUG 21 1997

RE: Sunco Disposal

Dear Mr. Anderson:

This letter is to advise you that we are working on the details of the supplemental environmental program that was provided for in Case No. 11604. You should have those details within the next several weeks.

Sincerely:



John A. Dean, Jr.

JAD\jv

xc: Hal Stone Sunco Trucking



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

September 5, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-332**

Mr. Kenneth V. Huseman  
Key Energy Group, Inc.  
6010 Hwy. 191, Suite 212  
Odessa, TX 79762

**RE: Transfer of Sunco Trucking Water Disposal Co., Waste Management Facility  
to Key Four Corners, Inc.  
SW/4 NW/4 of Section 2, Township 29 North, Range 12 West, NMPM  
San Juan County, New Mexico  
Permit No. NM-01-0009**

Dear Mr. Huseman:

The New Mexico Oil Conservation Division (OCD) has received the request from Key Four Corners, Inc. (dated August 25, 1997) for the transfer of ownership of the Sunco Water Disposal Company Waste Management Facility, Permit No. NM-01-0009, located in SW/4 NW/4 of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, to Key Four Corners, Inc. The request is hereby approved in accordance with OCD Rule 711.

Key Four Corners, Inc. must obtain the required financial assurance of twenty five thousand dollars (\$25,000). Until such financial assurance is in place, the transferor's (Sunco Water Disposal Company) financial assurance will not be released.

Please be advised, pursuant to Order R-10411-B the OCD General Rule 711 has been revised. The current \$25,000 bonded amount will have to be replaced by Key Four Corners, Inc. to equal the estimated closure cost of the facility. This facility will be subject to this modification upon notification and Key Four Corners, Inc will be required to conform to the new bonding requirement.

All modifications and alternatives to the approved disposal methods must receive prior OCD approval. Key Four Corners, Inc. is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised, approval of this transfer does not relieve Key Four Corners, Inc. of liability

Mr. Kenneth V. Huseman

September 5, 1997

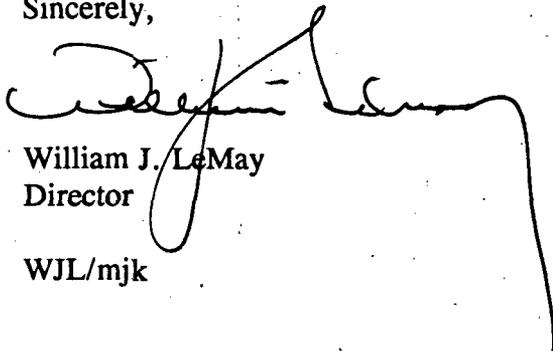
Page 2

should their operation result in pollution of surface waters, ground water or the environment.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. Upon written application by the permittee, an exception to screening, netting, or covering may be granted by the district supervisor upon a showing that an alternative method will protect migratory birds or that the facility is not hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoir, or in open receptacles.

If there are any questions, please contact Martyne Kieling at (505) 827-7153.

Sincerely,



William J. LeMay  
Director

WJL/mjk

xc: Aztec OCD Office

Mr. George E. Colman, Sunco Trucking Co.

CERTIFIED MAIL RETURN RECEIPT NO. P-326-936-333

Mr. Ron Fellabaum, Sunco Trucking Co./Key Four Corners, Inc.

CERTIFIED MAIL RETURN RECEIPT NO. P-326-936-334



P.O. Drawer 3337, 700 S. Tucker, Farmington, New Mexico 87499  
(505) 327-4961 • 24-Hour Dispatch (505) 325-6892 • (505) 327-0416

August 25, 1997

**RECEIVED**

SEP 01 1997

Environmental Bureau  
Oil Conservation Division

Mr. William LeMay  
Oil and Gas Conservation Director  
2040 S. Pacheco Street  
Santa Fe, N. M. 87505

RE: Sale of Sunco Trucking Water Disposal Facility

Dear Mr. LeMay:

This letter is to notify the State of New Mexico Oil Conservation Division of the upcoming sale of Sunco Trucking Company, which includes the O.C.D. approved facility known as Sunco Water Disposal. The sale includes the disposal pond, landfarm, and Class one Non-Hazardous disposal well. (Sunco Salt Water Disposal No. 1) The purchaser is Key Four Corners, Inc.

At this time Mr. George E. Coleman, Chairman of Sunco Trucking Company, and Mr. Kenneth V. Huseman Vice President of Key Four Corners Inc., would request that the permit for the landfarm, disposal pond, and class one well be transferred to Key Four Corners, Inc. At closing, which should be in the near future, Key Four Corners, Inc. will assume responsibility for the operations of the disposal facility and insure compliance with all regulatory rules and regulations. Please advise as to what steps need to be taken by us to accomplish a transfer to Key.

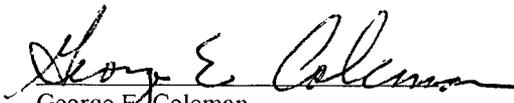
The personnel presently responsible for the day to day and normal routine operations of Sunco Water Disposal will remain the same after the sale.

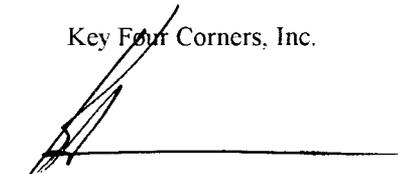
I enclosure for your information a list of Key Four Corners, Inc. officers and Directors, addresses and telephone numbers.

Sincerely,

Coleman Oil & Gas/Sunco Trucking Co.

Key Four Corners, Inc.

  
George E. Coleman  
Chairman

  
Kenneth V. Huseman  
Vice President

attachments



## AGA Lauds Lott's One-Call Bill; Cites Need for National Program

ARLINGTON, Va. — A bill introduced last week by Senate Majority Leader Trent Lott (R-Miss) will establish national standards for "one-call" safety programs, without a new federal bureaucracy, according to the American Gas Association (AGA).

"The leading cause of disruptions to underground facilities, such as natural gas lines, is excavation," said Douglas Freberg, director of government relations for AGA. "The best way to prevent and reduce these incidents is with effective one-call programs in every state....the Comprehensive One-Call Notification Act of 1997, will achieve that goal by setting minimum standards for one-call programs, with efficient and flexible enforcement."

One-call programs provide a single source of information for excavators on where underground facilities are buried, Freberg said. Having the lines accurately marked before excavation begins can reduce unintentional damage and enhance public safety, he said.

## YPF Licenses Syntroleum Process

TULSA, Okla. — Argentina's YPF International and Syntroleum Corp. last week announced approval of a nonexclusive license agreement for the Syntroleum Process, under which YPF and its affiliates would be allowed the rights to use the process outside of North America for the production of gasoline.

Tulsa-based Syntroleum Corp. licenses its proprietary process for converting natural gas into synthetic crude oil and gasoline. The process is designed to be applied in plants with production capacity ranging from 2,000 b/d to 50,000 b/d. In addition to YPF, other companies that license the Syntroleum Process include Texaco Natural Gas, Atlantic Richfield Co. and Marathon Oil Co.

## SCC OKs Rate Hike for Commonwealth

RICHMOND, Va. — The State Corporation Commission has authorized Commonwealth Gas Services to implement an interim rate increase of \$8.54 million. The rate hike would take effect on Oct. 18.

The interim increase will not reflect the potential rate impact of the company's performance-based ratemaking.

The company's average residential customer using 7 Mcf of natural gas per month will see an increase of \$3.61, to \$65.40 from \$61.79 for service after Oct. 18.

## Key Energy Locks up Service Firms

NEW BRUNSWICK, N.J. — Through deals totaling \$35 million, Key Energy Group Inc. is making two more acquisitions that will give it the biggest U.S. land fleet of workover and well servicing rigs.

The company has signed a definitive agreement to acquire fourth-ranked J.W. Gibson Well Service Co. from Nabors Industries Inc. for about \$25 million in a combination of cash, 100,000 shares of Key Energy's common stock and 265,000 seven-year warrants priced at \$18 each.

Key Energy officials said last week they also signed a letter of intent to buy privately held Dunbar Well Services Inc. for \$11.8 million cash. But the actual cost will be reduced by about \$1.8 million in working capital held by Dunbar Well Services.

The acquisitions will push Key Energy ahead of venerable Pool Energy Services Co. as the biggest domestic land well service contractor with a fleet of 752 rigs and 603 fluid-hauling trucks, officials said. It also will complete the first phase of Key Energy's domestic consolidation strategy, which targeted several regions and a "wish list" of specific companies.

## Tejas Announces Earnings Gain

HOUSTON — Tejas Gas Corp. last week announced that net earnings to common were \$7.3 million for the second quarter of 1997, up 23% from \$5.9 million in the second quarter of 1996. Net earnings to common for the first half of 1997 increased 25% to \$18.5 million from \$14.8 million in 1996.

Revenues increased 4% during the second quarter of 1997, compared with the same period in 1996. This small revenue increase is a result of a significantly lower average sales price for natural gas due to a substantially decreased weather-related demand. The second quarter was one of the coolest on record in Tejas's market area resulting in a dampening effect on utility load to meet air conditioning demand.

## Apache, Western Announce Alliance

HOUSTON — Apache Corp. and Western Geophysical announced last week that they have entered into a technology alliance to jointly design, conduct and process seismic surveys on Apache acreage around the world, while applying Western's research and development (R&D) capabilities to seismic problem-solving.

"This goes much deeper than simply hiring a contractor to do a job for us," said Apache President and COO G. Steven Farris. "Under the alliance, we're forming Apache-Western employee teams to work on all aspects of a seismic operation, and through Western's \$50 million R&D program, we'll have direct access to new technology and geoscience expertise heretofore available only to the majors through their-in-house operations."

The first project to be undertaken by the alliance is a comprehensive analysis of acquisition and processing parameters in Egypt's Western Desert, where Apache has extensive operations and is the largest leaseholder in the country, with interests in 28 million acres.

Apache also announced last week that it has more than doubled its leasehold position in Poland, to 5.5 million acres, through an agreement with FX Energy Inc.

Under the agreement, Apache added 16 new concession blocks encompassing 3.5 million acres adjacent to its existing 2 million acres in the Lublin Basin, southeast of Warsaw.

Apache will operate all of the acreage, with a 50% interest. FX holds the remaining 50%. The Polish Oil and Gas Co. has the option of joining in the new blocks as a one-third interest owner.

## Personnel...

William E. Warnock Jr. said he will resign as president of  
(continued on page 23)



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

August 18, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-326**

Ms. Connie Reynolds  
Inwest Group  
110 N. Marienfeld  
Suite 330  
Midland, Texas 79701

**RE: Financial Assurance Requirements for 711 Waste Management Facilities  
SW/4 NW/4 of Section 2, Township 29 North, Range 12 West,  
NMPM, San Juan County, New Mexico.  
Permit NM-01-0009**

Dear Ms. Reynolds:

In regards to the sale of Sunco Trucking Water Disposal Company's commercial surface waste management facility, the purchaser must have in place with the New Mexico Oil Conservation Division (OCD) a bond for the estimated closure cost amount before the OCD can release the \$25,000.00 bond that is currently in place on Sunco Trucking Water Disposal Company. The bonded amount will be based upon the estimated closure costs that the State of New Mexico would incur if a third party contractor were to remediate the facility (see enclosed Rule 711.B.1.i. and 711.B.3).

As per your request August 18, 1997, I am inclosing a copy of the Order amending Rule 711, and 3 (three) types of bond forms. A fourth type of bond that can be applied for is a bank letter of credit. Until that time the current Sunco Trucking Water Disposal Company Bond is in full force and effect.

The New Mexico Oil Conservation Division (OCD), inspected Sunco Trucking Water Disposal Company's (Sunco) commercial surface waste management facility on June 10, 1997. The Sunco facility is located in the SW/4 NW/4 of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico. An inspection report will follow with additional requirements for the purchaser.

If you have any questions please do not hesitate to contact me at (505) 827-7153.

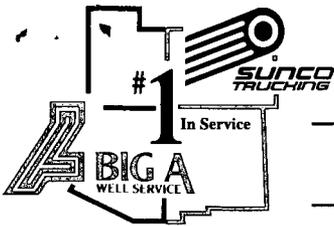
Ms. Connie Reynolds  
August 18, 1997  
Page 2

Sincerely,

*Martyne J. Kieling*

Martyne J. Kieling  
Environmental Geologist

xc: Aztec OCD Office



P.O. Drawer 3337, 700 S. Tucker, Farmington, New Mexico 87499  
(505) 327-4961 • 24-Hour Dispatch (505) 325-6892 • (505) 327-0416

RECEIVED

JUL 30 1997

Environmental Bureau  
Oil Conservation Division

JUL 30 1997

July 28, 1997

Martyne J. Kieling  
Environmental Geologist  
New Mexico OCD  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RECEIVED

MAY 20 1997

Environmental Bureau  
Oil Conservation Division

Dear Martyne,

On June 10, 1997 we discussed the addition of a storage tank for oxidizer chemical at the Sunco Facility. Since then, we built the compound and installed the tank and are now operational. The following is a brief description of what we did:

1. Leveled and compacted the area, sloping it toward the pond side of the square.
2. Installed a liner and set the tank.
3. Bermed the 3 sides of the square and made sure the north side overlapped the pond liner.

Attached is a drawing of the referenced installation. Please contact me if you have any questions concerning the tank and/or design.

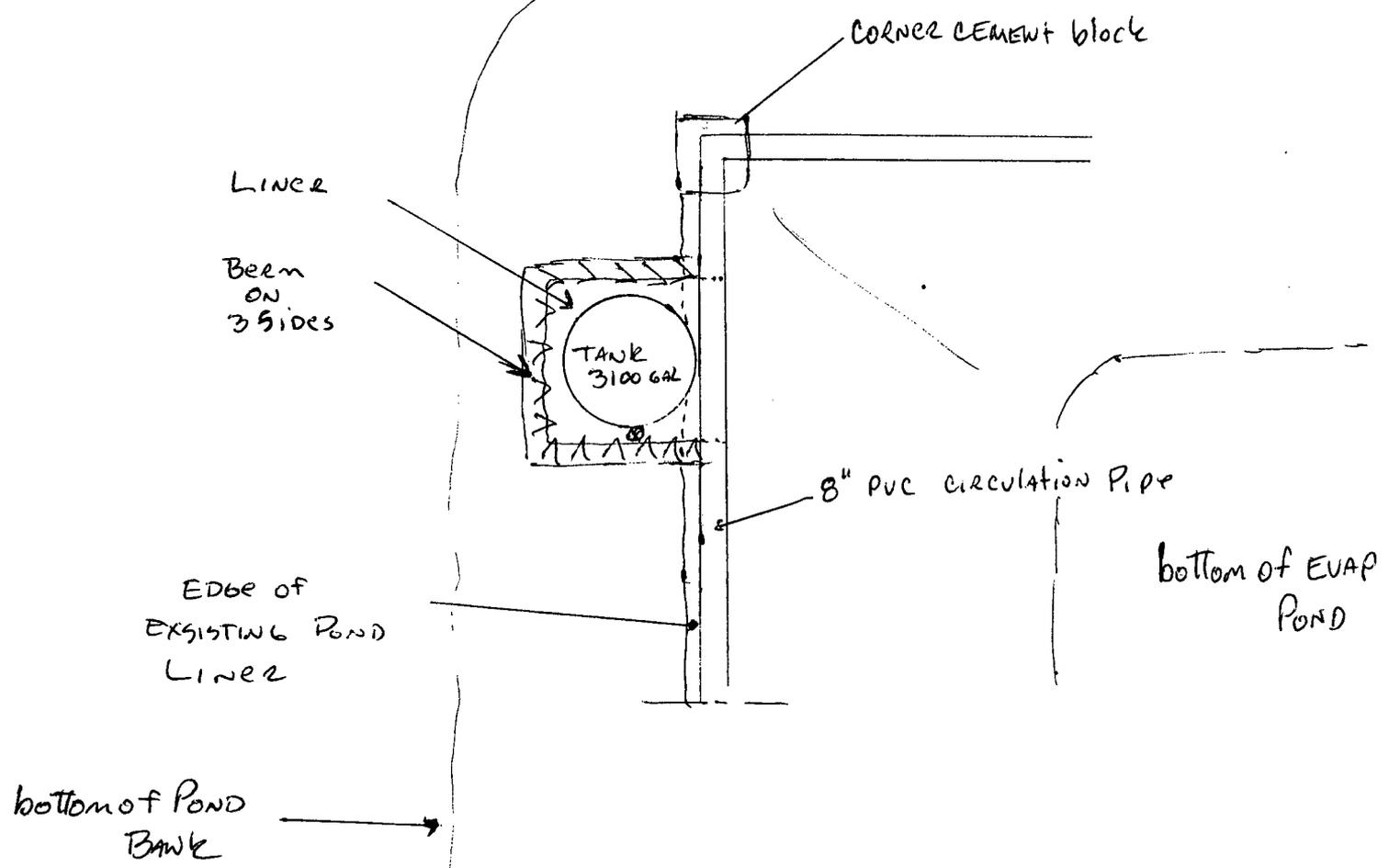
Best Regards

Michael Talovich  
Sunco Waste Water Facility Manager

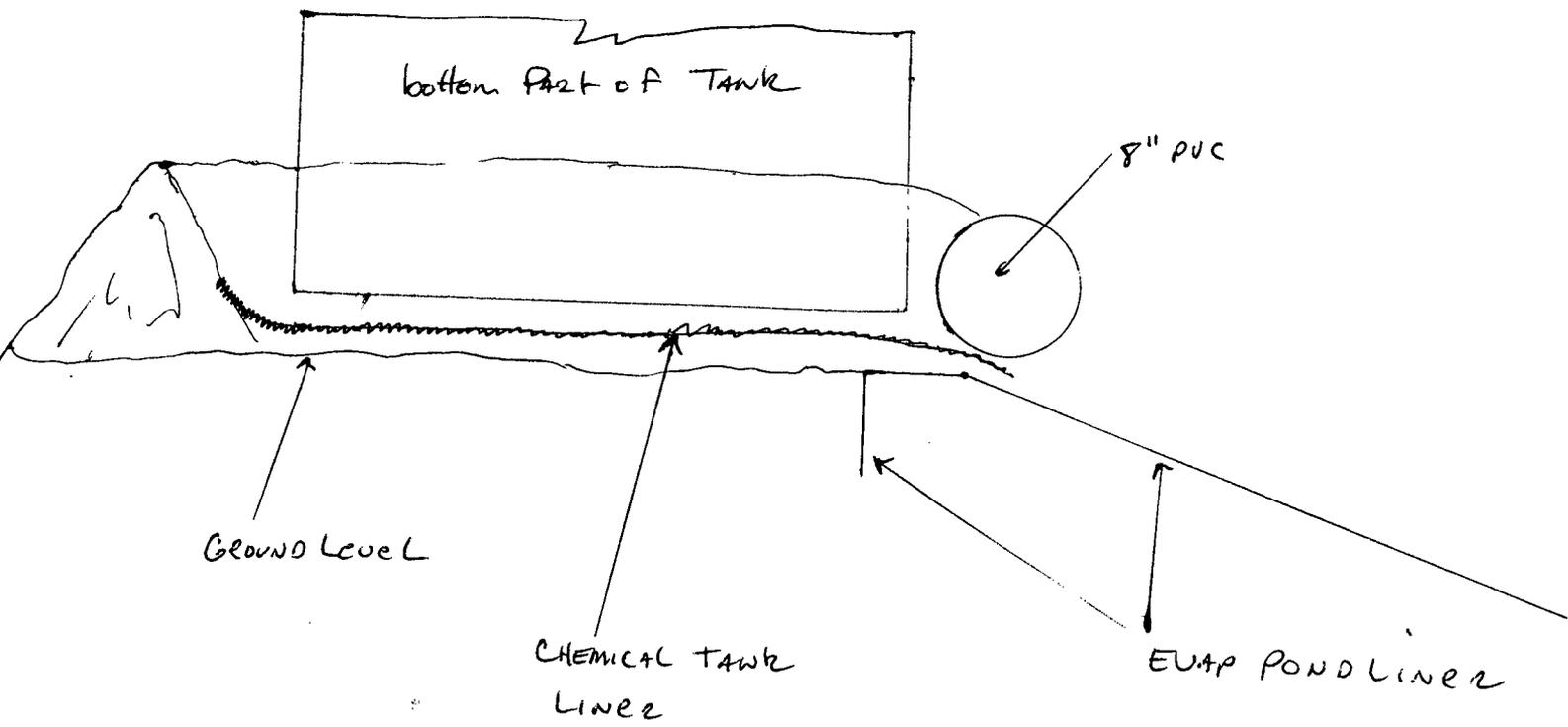
CC: was sent to District Denny F.

7-28-97

# TOP VIEW



# SIDE VIEW



MEMORANDUM OF CONVERSATION

✓ TELEPHONE \_\_\_\_\_ PERSONAL \_\_\_\_\_ TIME 3:20 DATE 6/20/97

ORIGINATING PARTY Mike Talovitch Sunco

OTHER PARTIES Martayne Kieling

DISCUSSION 1) question about exempt / non exempt Mixture Status?

Southtex Treeters out of Colorado Have wash water  
with cleaning which contains Oil, Diesel, water, & cleaning  
fluids? From washout of Treating Plant Tank Bottoms

is this exempt or non exempt. NON Exempt waste status Colorado

2) Question concerning changing Permit to be able to accept  
Tank Bottom Bottom Sediment From owners Field Services

Companies (George Coleman sunco + BIA) No! Must be a Re Hearing  
Permit by order

3) Also Check File For Background Soil Samples From  
Land Farm Background samples OK.

CONCLUSIONS Read Permit & Check with Roger For Clarification

on 1 + 2 . 3) call Mike Talovitch Back if Lab Reports are  
not in File // Lab Report is In File Received 5/7/97 Background

Samples are OK - call Mike T. 334-6186 Treating Plant.

11:00 6/23/97 Returned call with Answers. 327-0416 office BIA  
Sunco

MARTYNE KIELING Martayne Kieling

C: FILE \_\_\_\_\_  
DISTRICT OFFICE \_\_\_\_\_



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

March 19, 1997.

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-288-258-905**

Mr. George Coleman  
Sunco Trucking Water Disposal Company  
P.O. Box 443  
Farmington, New Mexico 87499

**RE: Supplemental Environmental Program  
Sunco Trucking Water Disposal Company  
Unit E, Sec. 2, Twn. 29N, Rng. 12W  
San Juan County, New Mexico**

Dear Mr. Coleman:

The outline Supplemental Environmental Program (SEP) application submitted on October 11, 1996 by Sunco Trucking Water Disposal Company (Sunco) for the surface waste management facility located in Unit Letter E, Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, has been received and approved. The outline SEP is being submitted to the New Mexico Oil Conservation Division (OCD) pursuant to OCD Order R-10738 and OCD Rule 711. Sunco will submit a more detailed SEP, which will, at a minimum, consist of the following conditions:

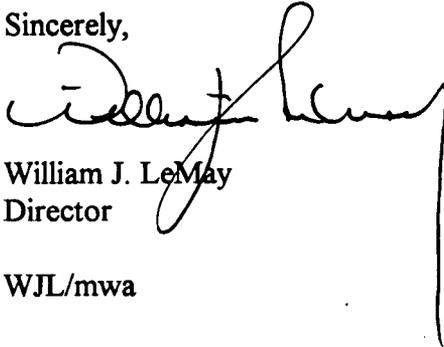
1. Sponsoring or conducting a waste education program for the oil and gas industry operators identifying the types and classifications of all wastes generated in the oil and gas industry, proper disposal methods, authorized disposal locations, compliance with applicable statutory and regulatory requirements, and waste minimization techniques.
2. Sponsoring or conducting a waste education program in the appropriate classes within the local public school system. The waste education program will include types and classifications of all wastes generated in the oil and gas industry, proper disposal methods, actual or potential damage to human health caused by improper handling, pollution prevention, and waste minimization techniques.
3. It will describe the specific actions to be performed by Sunco. It will also include a time line for performing the program.

Mr. George Coleman  
March 19, 1997  
Page 2

4. A final report will be submitted by Sunco and submitted to the OCD Santa Fe Office within 30 days of completion of the SEP.

If you have any questions, please contact Roger Anderson at (505) 827-7152.

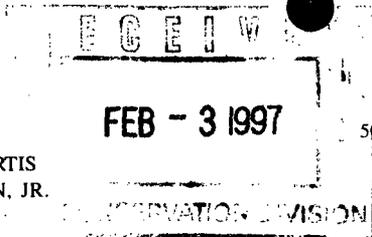
Sincerely,



William J. LeMay  
Director

WJL/mwa

xc: OCD Aztec Office



SCOTT M. CURTIS  
JOHN A. DEAN, JR.

**CURTIS & DEAN**

ATTORNEYS AT LAW

506 WEST ARRINGTON • P. O. DRAWER 1259  
FARMINGTON, NEW MEXICO 87499

OFF: (505) 327-6031  
FAX: (505) 327-6034

January 31, 1997

Roger Anderson  
Environmental Bureau Chief  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87505

**VIA TELEFAX**  
**505-827-8177**

RE: Sunco Environmental Program

Dear Roger:

Order NO. R-10738 provided that the supplemental environmental program to be carried out by Sunco would be approved by today, January 31, 1997. During our conversation of last week you indicated to me that my letter of October 11, 1996, which I faxed to you at your request on January 23, 1997, would serve as our agreement as to the outline of the SEP.

I have not heard from you since that conversation and am writing this letter to confirm my understanding and our agreement. I would like to have written confirmation of your acceptance of the outline contained in my October 11, 1996 letter as meeting the requirements of the Order. Could you please provide this to me at your earliest convenience?

Sincerely:

John A. Dean, Jr.

JAD/jv

xc: client

**CURTIS & DEAN**

ATTORNEYS AT LAW

506 WEST ARRINGTON • P. O. DRAWER 1259  
FARMINGTON, NEW MEXICO 87499

SCOTT M. CURTIS  
JOHN A. DEAN, JR.

OFF: (505) 327-6031  
FAX: (505) 327-6034

January 14, 1997

Roger Anderson  
Environmental Bureau Chief  
2040 South Pacheco  
Santa Fe, New Mexico 87505

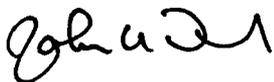
RE: Sunco Trucking SEP

Dear Roger:

The Stipulated Order agreed to by Sunco and the OCD provides that the supplemental environmental program to be performed by Sunco must be approved by January 15, 1997. I wrote a letter to you on October 11, 1996 which contained a rough outline of what Sunco would include in it's SEP. Since that letter we have discussed that OCD would not be an actual part of the program but would help with the gathering of some of the information. Do you have any specific suggestions to make? Is the plan as set out in my letter acceptable? I am assuming that our rough outline is an acceptable one and that the fine details will be added later.

Please let me know your thoughts about the SEP as soon as possible.

Sincerely:



John A. Dean, Jr.

JADjv

xc: Rand Carroll esq and client



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

December 5, 1996

John A. Dean, Jr., Esq.  
Curtis & Dean  
P.O. Drawer 1259  
Farmington, NM 87499

RE: OCD Cases 11604--Stipulated Order

Dear Mr. Dean:

Enclosed is the Order we intend to enter in Case 11604 concerning the fine that was imposed on Sunco for violations of Rule 711 and its permit issued thereunder. Please have the order signed on behalf of Sunco and return it to me to be entered at the December 19, 1996, OCD hearing, which is the next scheduled hearing date for this case.

As we discussed in Farmington on November 19, 1996, Sunco may submit a letter of explanation along with the stipulated order which I will enter into the record at the same time as the order.

If you have any questions, please call me at 505/827-8156.

Sincerely,

Rand Carroll  
Legal Counsel

c: Roger Anderson, OCD

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

**APPLICATION OF THE NEW MEXICO OIL  
CONSERVATION DIVISION (OCD) FOR A  
SHOW CAUSE HEARING REQUIRING SUNCO  
TRUCKING WATER DISPOSAL COMPANY  
APPEAR AND SHOW CAUSE WHY IT SHOULD  
NOT BE FINED FOR VIOLATIONS OF OCD  
RULE 711, SAN JUAN COUNTY NEW MEXICO**

**CASE NO. 11604  
ORDER NO. R-**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on November 21, 1996, at Santa Fe, New Mexico, before Examiner David H. Catanach.

NOW, on this \_\_\_\_\_ day of November, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises.

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Sunco Trucking Water Disposal Company ("Sunco") is the operator of the Sunco Trucking Commercial Surface Disposal Facility (the "Facility") located in the SW/4 NW/4, Section 2, Township 29 North, Range 12 West, San Juan County, New Mexico.

(3) The Facility was permitted by Oil Conservation Commission under Division Rule 711 by Order No. R-9485-A.

(4) On March 3, 1993, Sunco was issued a Notice of Violation (NOV) from the Division for the disposal of oil in the area authorized for disposal of shale solids only under its Rule permit, a violation of Division Rule 711 and Sunco's Rule 711 permit.

(5) On February 2, 1996, Sunco was issued a second NOV for accepting non-exempt waste for disposal, again a violation of Rule 711 and Sunco's permit. Sunco was informed in that NOV that future violations would subject Sunco to the penalties provided in the New Mexico Oil and Gas Act (Section 70-2-31) of \$1,000 per day.

(6) On May 1, 1996, Sunco was issued a third NOV for failure to take Hydrogen Sulfide measurements for the three years preceding April 10, 1996, as required by Sunco's permit. In that NOV, the Division assessed a fine of \$5,000.

(7) On May 20, 1996, Sunco requested a hearing on the NOV and the imposition of a fine. The hearing has been continued a number of times since then by Sunco..

(8) Sunco admits that the violations occurred resulting in all three NOV's. Sunco requests that, in lieu of the \$5,000 fine, it be allowed to perform an environmental education program which Sunco estimates will cost Sunco in excess of \$5,000.

IT IS THEREFORE ORDERED THAT:

(1) Sunco violated Rule 711 and its Rule 711 permit conditions on the three occasions giving rise to the March 3, 1993; February 2, 1996; and May 1, 1996 NOV's and should be assessed a fine of \$5,000.

(2) In lieu of the \$5,000 fine, Sunco may perform a supplemental environmental program (SEP) approved by the Division which will cost Sunco in excess of \$5,000, exclusive of any financial benefit to Sunco, and will, at a minimum, consist of the following:

- a. Sponsoring or conducting a waste education program for the oil and gas industry operators identifying the types and classifications of all wastes generated in the oil and gas industry, proper disposal methods, authorized disposal locations, and waste minimization techniques.
- b. Sponsoring or conducting a waste education program in the appropriate classes within the local public school systems.

(3) If Sunco fails to obtain Division approval of its proposed SEP by December 31, 1996, or fails to perform the program by December 31, 1997, Sunco shall pay the \$5,000 by December 31, 1997.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY  
Director

SEAL

ACCEPTED BY:

SUNCO TRUCKING WATER DISPOSAL COMPANY

\_\_\_\_\_

Title: \_\_\_\_\_



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

M E M O R A N D U M

TO: Rand Carroll, OCD Legal Counsel

FROM: ROGER C. ANDERSON, Bureau Chief   
Environmental Bureau

SUBJECT: Case No. 11518, Sunco Trucking Water Disposal  
Landfarm Application

DATE: October 16, 1996

---

The OCD Environmental Bureau requests a continuance of the above referenced case. The case is scheduled to be heard on October 17, 1996. A continuance is requested to a convenient date that the hearing can be held in the Farmington area. The application has been protested by residents adjacent to the proposed landfarm and a hearing in Santa Fe may discourage protestor testimony due to time and distance and would not be in the best interest of the public or the applicant.

---

**CURTIS & DEAN**

ATTORNEYS AT LAW

506 WEST ARRINGTON • P. O. DRAWER 1259  
FARMINGTON, NEW MEXICO 87499SCOTT M. CURTIS  
JOHN A. DEAN, JR.OFF: (505) 327-6031  
FAX: (505) 327-6034

October 11, 1996

Rand Carroll  
Attorney at Law  
Roger Anderson  
Environmental Bureau Chief  
2040 South Pacheco  
Santa Fe, New Mexico 87505

RECEIVED  
10-11-96

RE: Case 11604 Application of Sunco Trucking

Dear Rand and Roger:

Sunco Trucking Water Disposal received a Notice of Violation and Civil Penalty dated May 1, 1996. On behalf of Sunco, by letter dated May 20, 1996, I requested a hearing on the Notice of Violation and Civil Penalty. That hearing has been scheduled on several occasions and is now scheduled for October 17, 1996.

Sunco proposes to enter into an agreement with the division whereby Sunco will perform an environmental education program. The terms of the program will be subject to the approval of the division. The performance of this program would be in lieu of any action by the division on the notice of violation.

We foresee that the environmental program would involve a presentation to the oil and gas industry and other sources of waste that are required to be disposed of at an approved waste facility. We would anticipate that this program would be given at local schools perhaps as part of their science curriculums. Sunco would want to have as part of the program a speaker from the Oil Conservation Division to present the regulatory and enforcement aspect of waste disposal and other topics as may be agreed upon. The technical assistance of the Division is also requested by Sunco.

The program would cover the types and sources of wastes that are regulated, the handling of the waste, and the proper disposal of the waste. Sunco anticipates developing a pictorial aspect of the program to illustrate the subject matter. A hard copy of the subject matter is another component that Sunco is willing to develop which attendees would be provided to use as a reference. This handout is where Sunco would particularly see the need for the technical assistance of the division. Other parts may be added as the plan for the program is fully developed and agreed to.

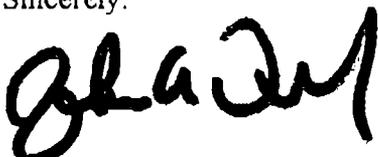
Sunco would anticipate that the effort, in terms of time, materials, and money, it will put into the presentation of such a program will exceed the proposed fine.

Sunco may also wish to put of record in this cause of action a written account of the violation from it's perspective prior to the time that an agreement incorporating the proposed environmental program is approved by the division. This written response would be a narrative of the evidence that we would present at a hearing and would serve to memorialize our position in this case.

If such a proposal is of interest to you, Sunco proposes that Case Number 11604, the notice of violation, be continued for a period of one hundred and twenty days while the program is agreed to.

I would appreciate your input on this proposal at your earliest convenience.

Sincerely:



John A. Dean, Jr.

JAD\jv

xc: client

Roger Anderson

for D. Foust

11 8 52  
Sanco Pond  
TO: G. COLEMAN AND H. STONE  
FROM: M. TALOVICH  
DATE: 9-26-96  
SUBJECT: EVAPORATION POND LEAK

**RECEIVED**  
SEP 27 1996

**OIL CON. DIV.**  
BTL 3

**RECEIVED**

SEP 30 1996

Environmental Bureau  
Oil Conservation Division

ON 9-16-96 A LEAK WAS NOTED IN THE LARGE POND. THE LEAK  
DETECTOR GUAGE ROSE TO 1' 4" AT A POND DEPTH OF 27".  
THE FLUID WAS PUMPED MEASURING 35 GALLONS, PREVIOUSLY  
THE POND WAS AT 26" AND L.D. GUAGE AT 9" WITH .5 GALLONS  
BEING REMOVED DAILY SINCE 8-14-96. AFTER DISCOVERING THE  
LEAK THE POND LEVEL WAS MARKED AND LOWERED AS SOON  
AS POSSIBLE . AFTER LOWERING POND LEVEL SEVERAL INCHES  
CLOSE INSPECTION OF LINER INDICATED A POSSIBLE LEAK IN THE  
NW CORNER AT A PLACE WHERE A OLD PATCH HAD BEEN INSTALLED.  
ON 9-20-96 O.R.E. SYSTEMS CAME OUT AND USED A VACUMN  
TESTER TO CHECK THE OLD PATCH , IT SHOWED SEVERAL AREAS  
THAT APPEARED TO HAVE BEEN LEAKING. ON 9-23-96 ORE SYSTEMS  
REMOVED THE OLD PATCH AND INSTALLED A NEW PATCH AND  
TESTED IT. THE POND LEVEL WAS THEN ALLOWED TO RISE UP TO  
OVER 28" , CLOSE MONITERING INDICATES THAT THE OLD PATCH  
HAD BEEN LEAKING. PRESENTLY THE L. D. LEVEL IS STAYING

AROUND 9"-10" AND WE ARE REMOVING 2 TO 3 GALS A DAY.  
I BELIEVE IT WILL BE A WHILE BEFORE WE SEE THE L. D. FLUID  
DECREASE DOWN TO THE 2 QTS /DAY VOLUME LIKE BEFORE  
THE LEAK.

OCD NOTES : DENNY FOUST W/OCD WAS NOTIFIED 9-17-96  
AT 9:18AM OF THE LEAK AND CONTACTED AFTER THE  
REPAIR WAS MADE . ON 9-26-96 PHONE CONVERSATION WITH  
D. FOUST WE DISCUSSED STOPPING THE DAILY SUMP PUMPING  
FOR A FEW DAYS TO MAKE SURE THE POND LEVEL AND L. D.  
LEVELS ARE NOT THE SAME. HE SAID HE WOULD LIKE TO TRY  
THIS TILL MONDAY 9-30-96 .



M. TALOVICH

**RECEIVED**  
SEP 27 1996

**OIL CON. DIV.**  
DIST. 3

*CC. D. FOUST*



WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499 (505) 327-0416

DATE: JANUARY 29, 1996		TIME:
TO:	COMPANY: O C D	
	ATTN: CHRIS EUSTICE	
	PHONE:	FAX: 505-827-8177
FROM:	COMPANY: SUNCO TRUCKING COMPANY	
	ATTN: CHUCK BADSGARD	
	PHONE: (505) 327-0416	FAX: (505) 327-4962
MESSAGE		
PAGES:	4	TOTAL (including this page)



WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499 (505) 327-0416

January 26, 1996

Roger Anderson  
 Environmental Bureau Chief  
 New Mexico Oil Conservation Division  
 2040 South Pacheco  
 Santa Fe, NM 87505

Dear Mr. Anderson,

Sunco Trucking is submitting information you requested in your letter dated January 25, 1996.

1. Generators Certificate of Waste Status indicating the status of the waste Relative to the Resource Recovery And Conservation Act (RACA).

There was no certificate of Waste Status provided for this project.

2. OCD Request For Approval to Accept Solid Waste (Form C-138). No request for approval to accept solid waste Form C-138 was made. Sunco Trucking's assumption was water related to this project was produced water, a Gas Well or Gas well Sites.

3. Analytical Results and/or any test results Associated with the Giant Waste.

See attached water analysis report.

4. Volumes that were Disposed of From This particular job.

Jan 19	1440 Barrels
Jan 20	3600 Barrels
Jan 21	3240 Barrels
Jan 22	4200 Barrels
Jan 23	6360 Barrels
Jan 24	1560 Barrels

Total Barrels Hauled 20,400

Also 465 Barrels were Hauled from a frac tank on site.

Grand Total of 20,865.

5. Volumes of water injected down the Class II Disposal Well since Arrival of First load of Giant Waste.

01/19/96	3924 Barrels
01/20/96	2672 Barrels
01/21/96	2721 Barrels
01/22/96	3702 Barrels
01/23/96	2760 Barrels
01/24/96	2710 Barrels
01/25/96	2501 Barrels

Total to date of 17,066 Barrels injected since 01/19/96.

6. Any job order forms associated with this particular job.

None. Giant representative Mike Belt called Sunco Trucking by phone requesting the hauling and disposing of water for this project on January 19, 1996.

7. Volume capacity of Holding Pond and How Much Capacity is unoccupied.

Pond Capacity	155,000 Barrels
Unoccupied Capacity	85,000 Barrels

8. Manifest, And/or Run Tickets Associated with this particular job.

Sunco Trucking And Sunco Disposal tickets for this job are on file, and will be submitted to the OCD at their request.

Sincerely,



Chuck Badsgard  
Vice President



P.O. BOX 2187  
HOBBS, NEW MEXICO 88240

Telephone (505) 393-7726

## WATER ANALYSIS REPORT

### SUNCO DISPOSAL POND

DATE: 1-26-96

LAST REPORT: 1-12-96

TIME: 2:20 PM

SAMPLE POINT: Pond Bottom

#### ANALYSIS (PPM)

TEMPERATURE: 45.1

SPECIFIC GRAVITY: 1.010

PH: 8.75

DISSOLVED OXYGEN: 1.0

H<sub>2</sub>S: 0.68

SULFIDES: 0

CARBONATE : 840

CHLORIDES: 9,500

BICARBONATE: 2,196

MAGNESIUM: Lab

CALCIUM: Lab

TOTAL HARDNESS: Lab

APPEARANCE: Clr/Med

DISSOLVED SOLIDS: Lab

SULFATES: Lab

CIRCULATION SYSTEM: Op

#### ANALYSIS CONDUCTED BY:

CHAMPION TECHNOLOGIES INC.  
P.O. BOX 2936  
FARMINGTON, NM. 87499

PHONE: (505) 324-0040

THANK YOU FOR YOUR BUSINESS!

SINCERELY,  
RICHARD D. STEPH ( SALES ENGINEER )



WATER AND OILFIELD HEAVY HAULING

P.O. BOX 443, FARMINGTON, NM 87499

(505) 327-0416

RECEIVED ENVIRONMENTAL DIVISION

1986 JAN 26 PM 8 52

January 26, 1996

Roger Anderson  
Environmental Bureau Chief  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Dear Mr. Anderson,

Sunco Trucking is submitting information you requested in your letter dated January 25, 1996.

1. Generators Certificate of Waste Status indicating the status of the waste Relative to the Resource Recovery And Conservation Act (RACA).

There was no certificate of Waste Status provided for this project.

2. OCD Request For Approval to Accept Solid Waste (Form C-138). No request for approval to accept solid waste Form C-138 was made. Sunco Trucking's assumption was water related to this project was produced water, a Gas Well or Gas Well Sites.

3. Analytical Results and/or any test results Associated with the Giant Waste.

See attached water analysis report.

4. Volumes that were Disposed of From This particular job.

Jan 19	1440 Barrels
Jan 20	3600 Barrels
Jan 21	3240 Barrels
Jan 22	4200 Barrels
Jan 23	6360 Barrels
Jan 24	1560 Barrels

Total Barrels Hauled 20,400

Also 465 Barrels were Hauled from a frac tank on site.

Grand Total of 20,865.

5. Volumes of water injected down the Class II Disposal Well since Arrival of First load of Giant Waste.

01/19/96	3924 Barrels
01/20/96	2672 Barrels
01/21/96	2721 Barrels
01/22/96	3702 Barrels
01/23/96	2760 Barrels
01/24/96	2710 Barrels
01/25/96	2501 Barrels

Total to date of 17,066 Barrels injected since 01/19/96.

6. Any job order forms associated with this particular job.

None. Giant representative Mike Belt called Sunco Trucking by phone requesting the hauling and disposing of water for this project on January 19, 1996.

7. Volume capacity of Holding Pond and How Much Capacity is unoccupied.

Pond Capacity	155,000 Barrels
Unoccupied Capacity	85,000 Barrels

8. Manifest, And/or Run Tickets Associated with this particular job.

Sunco Trucking And Sunco Disposal tickets for this job are on file, and will be submitted to the OCD at their request.

Sincerely,



Chuck Badsgard  
Vice President



P.O. BOX 2187  
HOBBS, NEW MEXICO 88240

Telephone (505) 393-7726

## WATER ANALYSIS REPORT

### SUNCO DISPOSAL POND

DATE: 1-26-96

LAST REPORT: 1-12-96

TIME: 2:20 PM

SAMPLE POINT: Pond Bottom

#### ANALYSIS (PPM)

TEMPERATURE: 45.1

SPECIFIC GRAVITY: 1.010

PH: 8.75

DISSOLVED OXYGEN: 1.0

H<sub>2</sub>S: 0.68

SULFIDES: 0

CARBONATE : 840

CHLORIDES: 9,500

BICARBONATE: 2,196

MAGNESIUM: Lab

CALCIUM: Lab

TOTAL HARDNESS: Lab

APPEARANCE: Clr/Med

DISSOLVED SOLIDS: Lab

SULFATES: Lab

CIRCULATION SYSTEM: Op

#### ANALYSIS CONDUCTED BY:

CHAMPION TECHNOLOGIES INC.  
P.O. BOX 2936  
FARMINGTON, NM. 87499

PHONE: (505) 324-0040

THANK YOU FOR YOUR BUSINESS!

SINCERELY,  
RICHARD D. STEPH ( SALES ENGINEER )

## OIL CONSERVATION DIVISION

2040 S. Pacheco  
Santa Fe, New Mexico 87505

January 25, 1996

**FEDERAL EXPRESS - OVERNIGHT**

Mr. Chuck Badsgard  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

Re: Giant Refining Waste  
Sunco Water Disposal Facility  
San Juan County, New Mexico

Dear Mr. Badsgard:

On January 24, 1996 the Oil Conservation Division (OCD) was notified that the Giant Refining Company (Giant) had contracted Sunco Trucking to haul water from Giant's Class I Disposal Facility to the Class II injection well located at the Sunco Disposal Facility for disposal.

Please provide the following information to the OCD by 4:00 PM on January 26, 1996:

1. Generators Certificate of Waste Status indicating the status of the waste relative to the Resource Recovery and Conservation Act (RCRA).
2. OCD Request For Approval To Accept Solid Waste (Form C-138)
3. Analytical results and/or any test results associated with the Giant waste.
4. Volumes that were disposed of from this particular job.
5. Volumes of water injected down the Class II disposal well since the arrival of the first load of Giant waste.
6. Any Job Order forms associated with this particular job.
7. Volume capacity of the holding pond and how much capacity is unoccupied.
8. Manifests and/or run tickets associated with this particular job.

If you have any questions, please call Chris Eustice at (505) 827-7153.

Sincerely,

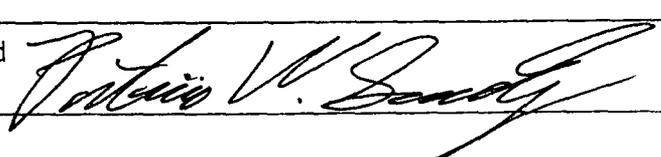


Roger C. Anderson  
Environmental Bureau Chief

xc: OCD Aztec Office

OFFICE OF THE SECRETARY - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5950  
ADMINISTRATIVE SERVICES DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5925  
ENERGY CONSERVATION AND MANAGEMENT DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5900  
FORESTRY AND RESOURCES CONSERVATION DIVISION - P. O. BOX 1948 - SANTA FE, NM 87504-1948 - (505) 827-5930  
MINING AND MINERALS DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5970  
OIL CONSERVATION DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-7131  
PARK AND RECREATION DIVISION - P. O. BOX 1147 - SANTA FE, NM 87504-1147 - (505) 827-7465

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone	<input type="checkbox"/> Personal	Time 3:30 PM	Date 1-24-96
<u>Originating Party</u>		<u>Other Parties</u>	
Mr. Shelton - Giant		Pat Sanchez - OLD	
<u>Subject</u> Giant Class I well workover - Backflow water.			
<u>Discussion</u> Mr. Shelton called to inform OLD Santa Fe that Giant had shipped Class I backflow water to Sunco Disposal - A Class II facility. At the time of the workover and shipment Mr. Shelton and his consultant Mr. Paul Thompson did not know that Sunco could not take Non-exempt class I fluids. Mr. Shelton does not want to involve Sunco since they thought they were taking wastes from an ordinary well workover/produced water.			
<u>Conclusions or Agreements</u>			
Mr. Shelton will be in touch with Roger Anderson in the morning.			
<u>Distribution</u> Giant, RCA, MA, CE, File.		<u>Signed</u> 	

MEMORANDUM OF MEETING OR CONVERSATION

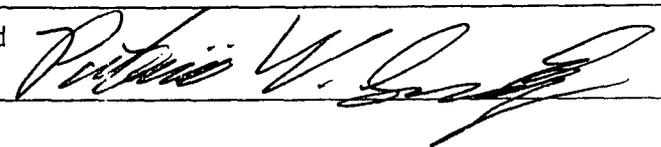
<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 4:25 pm	Date 1-24-96
---	--------------	--------------

<u>Originating Party</u>	<u>Other Parties</u>
Pat Sanchez - OCD	Chuck Badsgard - Sunco

Subject Water hauled from Giant Class I well to Sunco Class II well.

Discussion Talked to Mr. Badsgard about the water hauled from the Giant Class I well to Sunco Class II well - I explained per Federal UIC / SDWA regulations a Class II well can only take "Exempt" oil field wastes and cannot accept Class I "Non-Exempt" wastes. He thought the "water" was just ordinary produced water/workover flowback. He asked who is the contact at Giant and I told him Mr. Lynn Shelton.

Conclusions or Agreements  
Mr. Chuck Badsgard will call Roger Anderson in the morning.

Distribution RCA, CE, MA, File.      Signed 

OIL CONSERVATION DIVISION

2040 S. Pacheco  
Santa Fe, New Mexico 87505

November 27, 1995

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. Z-765-962-594**

Mr. Michael J. Leonard  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

Re: Request for Approval of Additional Skimmer Tanks  
Sunco Water Disposal Facility  
San Juan County, New Mexico

Dear Mr. Leonard:

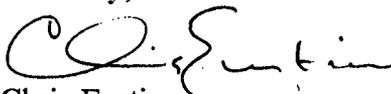
The New Mexico Oil Conservation Division (OCD) has received Sunco Trucking Company's (Sunco) November 1, 1995 request to construct a ten foot by forty foot (10' x 40') steel rig pit to the east side of Sunco's existing skimmer tanks at the Sunco Water Disposal Facility.

Based on the information provided the OCD hereby approves the request under the following conditions:

1. Any solids and sludges generated at the Sunco facility will be disposed of at an OCD approved facility.
2. OCD approval will be obtained prior to the removal of these solids from the property boundary.

Please be advised that approval of this operation does not relieve Sunco of liability should thier operation result in pollution of surface waters, ground waters or the environment. In addition, the OCD approval does not relieve Sunco of liability for compliance with other laws and/or regulations.

Sincerely,

  
Chris Eustice  
Environmental Geologist

xc: Denny Foust, OCD Aztec Office

OFFICE OF THE SECRETARY - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5950  
ADMINISTRATIVE SERVICES DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5925  
ENERGY CONSERVATION AND MANAGEMENT DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5900  
FORESTRY AND RESOURCES CONSERVATION DIVISION - P. O. BOX 1948 - SANTA FE, NM 87504-1948 - (505) 827-5830  
MINING AND MINERALS DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5970  
OIL CONSERVATION DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-7131  
PARK AND RECREATION DIVISION - P. O. BOX 1147 - SANTA FE, NM 87504-1147 - (505) 827-7465



WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499 (505) 327-0416

**RECEIVED**  
NOV 1 1995  
Environmental Bureau  
Oil Conservation Division

NEW MEXICO OIL CONSERVATION DIVISION  
P O BOX 2088  
SANTA FE, NM 87504-2088

ATTN: MR ROGER ANDERSON

SUBJECT: PROPOSED ADDITION TO SKIMMER TANKS AT DISPOSAL FACILITY

DEAR MR. ANDERSON.

WE WISH TO SOLICIT THE DIVISION'S APPROVAL TO ADD A 10' X 40' STEEL RIG PIT TO THE EAST SIDE OF OUR EXISTING SKIMMER TANKS IN AN EFFORT TO FURTHER REDUCE THE POSSIBILITY OF SOLIDS MAKING IT THROUGH THE SYSTEM. AND ENDING UP IN OUR EVAPORATION POND. THIS OPEN TOP RIG PIT WOULD HAVE 4 COMPARTMENTS AND A DEPTH OF 6 FEET WITH A TOTAL CAPICITY OF 427 BARRELS. WE FEEL THIS WOULD GREATLY ENHANCE OUR ORIGINAL SYSTEM BY ALLOWING MORE SETTLING TIME FOR SUSPENDED SOLIDS, AND THEREFORE KEEP THEM OUT OF THE INITIAL SKIMMER POND AND THE LARGE EVAPORATION POND.

THANKS FOR YOUR CONSIDERATION OF THIS MATTER. AND IF I CAN ANSWER ANY FURTHER QUESTIONS PLEASE CALL ME AT 505-327-0416.

MY BFST REGARDS.

MIKE LEONARD  
SUNCO TRUCKING AND DISPOSAL  
1-505-327-0416

C: D. FOUST



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

August 8, 1994

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-176-012-243**

Mr. Michael J. Leonard  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

Re: Approval of Concrete Holding & Treating Trough  
Sunco Water Disposal Facility  
San Juan County, New Mexico

Dear Mr. Leonard:

The New Mexico Oil Conservation Division (OCD) has received your July 1, 1994 request to construct a holding and treating trough at the Sunco Water Disposal Facility (Sunco). The area will be utilized for the stabilization and absorption of liquids and sludges generated at the Sunco facility. The trough will be constructed of cement with secondary containment and leak detection.

Based on the information supplied in the application dated July 1, 1994, the OCD hereby approves the holding and treating trough under the following conditions:

1. Only solids and sludges generated at the Sunco facility will be allowed in the trough.
2. OCD approval will be obtained prior to the removal of these solids from the property boundary.
3. The solids will be taken to an OCD approved facility for remediation.
4. No free oil or liquids will be allowed in the trough. Any incidental oil that accumulates in the trough will be removed within 24 hours.

5. The leak detection will be inspected weekly and records of such inspections shall be made and retained for OCD inspection for 2 years from the date recorded. The OCD Santa Fe Office and Aztec Office will be notified within 24 hours of discovery of fluids in the leak detection.

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface waters, ground waters or the environment actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with other laws and/or regulations.

Sincerely,



Chris Eustice  
Environmental Geologist

xc: Denny Foust, OCD Aztec Office



WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499

327-0416  
(505) OIL CONSERVATION DIVISION  
RECEIVED

'94 JUL 17 AM 8 50

July 1, 1994

Mr. Chris Eustice  
c/o Energy Minerals and Natural  
Resources Department  
Oil Conservation Division  
P.O. Box 2088 S.L.B.  
Santa Fe, N.M. 87504

RE: Concrete Holding and Treating Trough  
Sunco Water Disposal Facility

Dear Mr. Eustice:

We at Sunco Disposal seek the Divisions approval to construct and utilize a 50' X 60' concrete drying trough. This would be an addition to the existing area we have already at our facility. RE: P-667-241-975.

All construction, wall, floor, (secondary liner) and leak detection system would be the same at the existing trough, only the size would change. Two (2') feet at the deep end instead of four (4') feet. We have found more surface area and less depth more desirable for handling solids.

Thank you for your attention in this matter. If I can answer any further questions, please don't hesitate to call me at 327-0416.

Sincerely,

Mike Leonard  
Sunco Disposal

cc: Denny Foust-OCD, Aztec Office



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



BRUCE KING  
GOVERNOR

March 2, 1994

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

ANITA LOCKWOOD  
CABINET SECRETARY

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-111-334-055**

Mr. Mike Leonard  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

RE: **RULE 711 MODIFICATION**  
**SUNCO COMMERCIAL DISPOSAL FACILITY**  
**SAN JUAN COUNTY, NEW MEXICO**

Dear Mr. Leonard:

The New Mexico Oil Conservation Division (OCD) has received your February 10, 1994 request to landfarm the solids from the shale shaker in a designated, bermed area at the above referenced disposal facility. The OCD has been notified that Sunco is currently disposing of these solids onsite at the disposal facility without OCD approval. The OCD requires that Sunco cease disposal of solids at this location until this operation is properly permitted and under compliance.

The following comments and requests for additional information are based on review of the request, dated February 10, 1994. Enclosed are the OCD's "Guidelines for Permit Application Design, and Operation of Centralized and Commercial Landfarms" to assist you in submitting the required information. In order for the review process to continue the OCD requires the following information:

1. **Facility Description:** Submit a detailed site plan showing where the landfarm will be located within the present disposal facility boundary. Include all associated roads, gates, berms, tanks and pipelines crossing the facility. For any pipelines include the owner, contents, depth and size of the line(s). In addition, submit calculations and volumes for the holding capacity of the berm around the proposed landfarm.

Mr. Mike Leonard  
March 2, 1994  
Page 2

2. Environmental Protection: Because a landfarm is designed to remediate contaminated soils and not transfer contaminants to the underlying native soil and/or groundwater, the OCD requires a plan to detect leaching of contaminants. Submit a detailed plan to detect leaching of contaminants including engineering designs, monitoring specifications, sampling schedules and a contingency plan if contaminants are detected.
3. Facility Operation: Submit a detailed facility plan of operation. Include frequency of spreading and disking, lift thickness, moisture and microbe addition, waste characterization, inspection and housekeeping procedures, and records retention.
4. Public Notification: Because the addition of a landfarm is a major modification of the facility the OCD requires Sunco to notify the owners of surface lands and occupants within one-half (1/2) mile of the proposed facility boundary. Submit proof that the notice requirements (pursuant to OCD Rule 711) have been met.
5. Closure Schedule: The OCD requires a closure plan and schedule for surface disposal facilities. Sunco's disposal facility has a closure plan for the evaporation pond but lacks a closure plan and schedule for the proposed landfarm. Please note that pursuant to OCD Rule 711, upon cessation of disposal operations for six (6) consecutive months, the operator will complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension is granted by the Director. The operator will notify the Division of cessation of operations for six (6) consecutive months. Please submit a closure plan and schedule.

Submission of the above requested information will allow the review process to continue. If you have any questions please do not hesitate to contact me at (505) 827-5884.

Sincerely,



Kathy M. Brown  
Geologist

Enclosure

xc: Denny Foust, OCD Aztec Office



OIL CONSERVATION DIVISION  
RECEIVED

94 FEB 14 AM 8 35

WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499 (505) 327-0416

FEBRUARY 10, 1994

MS KATHY M. BROWN  
N.M. ENERGY, MINERALS AND NATURAL  
RESOURCES DEPT.  
OIL CONSERVATION DIVN.  
P.O. BOX 2088  
SANTA FE, N.M. 87504

DEAR MS BROWN:

IN REFERENCE TO P-667-241-943, DATED FEBRUARY 16, 1993,  
ARTICLE FOUR REFERS TO THE TRANSFER AND DISPOSAL OF SHALE  
SHAKER SOLIDS, TO AN APPROVED OCD FACILITY.

WE WOULD LIKE TO ASK THE STATES APPROVAL TO REMEDIATE,  
STABILIZE AND LAND FARM THESE SOLIDS IN A DESIGNATED, BURMED  
AREA ON OUR PROPERTY, AT THE DISPOSAL SITE ON CROUCH MESA.

HANDLING, LIABILITY AND EXPENSE ARE A FEW OF THE FACTORS  
THAT ARE INFLUENCING THIS REQUEST. WE FEEL OUR OWN PERSONNEL  
CAN HANDLE THESE SOLIDS, IN A MORE CONTROLLED AND EFFICIENT  
MANNER, CUTTING COSTS AND LIABILITY.

THANK YOU FOR YOUR CONSIDERATION IN THIS MATTER.

IF YOU HAVE ANY QUESTIONS, PLEASE FEEL FREE TO CONTACT ME  
AT (505) 327-0416.

SINCERELY,

MIKE LEONARD  
SUNCO DISPOSAL

cc: DENNY FOUST, OCD, AZTEC OFFICE



STATE OF NEW MEXICO  
ENERGY, MINERALS and NATURAL RESOURCES DIVISION  
OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

*The Place* ///  
**DRUG FREE** ///  
*It's a State of Mind* ///

BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

Certified Mail Receipt #P 987 892 063

April 29, 1993

Sunco Trucking Co  
Attn: Michael J. Leonard  
PO Box 443  
Farmington, NM 87499

RE: Commercial Water Disposal Facilities Annual Laboratory Analysis of Leak Detection System Fluids and Comparison to Pond Fluids

Dear Mr. Leonard:

You are hereby directed to initiate an annual laboratory analysis of leak detection system fluids. The annual testing shall consist of sampling any fluids contained in the leak detection system of any commercial disposal pond to analyze for volatile aromatic hydrocarbons utilizing EPA method 602 and analyze for major cations/anions. A sample of pond water will also be analyzed for comparison. The Oil Conservation Division will split samples with the operators on this initial testing. Operators will furnish a satisfactory method for obtaining an uncontaminated water sample. Sampling should be completed by May 17, 1993.

Please contact Denny Foust at 505-334-6178 to schedule sampling and for any further information.

Yours truly,

Denny G. Foust  
Environmental Geologist

XC: -OCD-Environmental Bureau  
DGF File  
Environmental File

Roger Anderson

OIL CONSERVATION DIVISION  
RECEIVED

'93 APR 19 AM 9 12

**B4**

Thursday, April 15, 1993

## Region

The Daily Times Farmington, New Mexico

# County discusses landfill improvements

MARK LEWIS  
STAFF WRITER

**AZTEC** — The placement of retention and remediation pits near the Crouch Mesa Landfill is not a problem, the County Commission decided Tuesday.

L.J. Santucci, division president and landfill general manager for

Waste Management of New Mexico Landfills Inc., stated in a letter dated March 1 that he was concerned about two oil and gas-related operations located southwest of the landfill.

(Sunco Inc. installed lined pits in 1992 to accept waters associated with drilling and Tierra Environmental is constructing pits to

accept contaminated soils, Santucci county and the landfill to require groundwater monitoring and that the soil pits be lined, Santucci believe either perform any groundwater monitoring.

Because of groundwater regulations and the difficulty in pinpointing actual sources of pollution, it would be in the best interests of the

county and the landfill to require groundwater monitoring and that the soil pits be lined, Santucci believe either perform any groundwater monitoring.

Commission Chairman John Dean Jr. said he was present when Sunco went through several days of licensing hearings.

Information he gained from the hearings indicates neither Sunco nor

Tierra's operations pose any threat to groundwater, he said.

Because of the type of soil that exists in that area, even if the pits holding the liquids were unlined or if the linings should breach, it would take years before the contamination could travel a short distance, Dean said.





State of New Mexico  
**ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT**  
 Santa Fe, New Mexico 87505

STATE OF  
 NEW MEXICO  
 OIL  
 CONSERVATION  
 DIVISION

MEMORANDUM OF MEETING OR CONVERSATION

Telephone     Personal

Time 1530 hrs.

Date 4/14/93

Originating Party

Denny Faust - OCP Aztec

Other Parties

Bill Olson - Environmental Bureau

Subject

Sanco pond

Discussion

Leak detection suggests by both main pond and skimmer pond  
 have 1-2 foot of fluid  
 He is working with Synco to pump out sumps and  
 determine origin of fluids, then repair ponds

Conclusions or Agreements

Distribution

Signed

Bill Olson



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

April 12, 1993

CERTIFIED MAIL  
RETURN RECEIPT NO. P-667-241-975

Mr. Michael J. Leonard  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

**RE: Approval of Concrete Holding & Treating Trough  
Sunco Water Disposal Facility  
San Juan County, New Mexico**

Dear Mr. Leonard:

The New Mexico Oil Conservation Division (OCD) has received your March 23, 1993 request to construct a holding and treating trough at the Sunco Water Disposal Facility. The area will be utilized for the drying and remediation of solids collected from the shale shaker and from the bottom of the metal tanks when they are cleaned out. The trough will be constructed of cement with secondary containment and leak detection.

Based on the information supplied in the application dated March 23, 1993, the OCD hereby approves the holding and treating trough under the following conditions:

1. The leak detection will be inspected weekly and records of such inspections shall be made and retained for OCD inspection for 2 years from the date recorded. The OCD Aztec District Office will be notified within 24 hours of discovery of fluids in the leak detection.
2. No solids will be removed from the concrete trough until the total petroleum hydrocarbon (TPH) level is below 100 ppm by laboratory testing using EPA Modified Method 8015.

Mr. Michael J. Leonard  
April 12, 1993  
Page 2

The initial analysis will also include total metals using the ICAP scan and volatile aromatic organics (BTEX) using EPA Method 8020. OCD approval will be obtained prior to placing any remediated solids within the property boundaries.

3. No free oil will be allowed in the trough area. Any incidental oil which accumulates will be removed within 24 hours.

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with any other laws and/or regulations.

If you have any questions, please feel free to contact me at (505) 827-5884.

Sincerely,

A handwritten signature in cursive script that reads "Kathy M. Brown". The signature is written in black ink and has a long, sweeping tail that extends to the right.

Kathy M. Brown  
Geologist

xc: Denny Foust, OCD Aztec Office



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



MEMORANDUM

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

TO: ALL COMMERCIAL SURFACE DISPOSAL FACILITIES

FROM: WILLIAM J. LEMAY, Director *WJL*  
Oil Conservation Division

SUBJECT: DOCUMENTATION REQUIRED FOR ACCEPTANCE OF WASTE

DATE: APRIL 2, 1993

---

The Oil Conservation Division (OCD) has issued a number of Rule 711 permits for commercial surface disposal facilities which allow the facilities to accept certain types of wastes. The OCD has not previously listed the documentation that should accompany all waste accepted at these facilities. Attached is a list of the documentation to accompany any waste accepted by an OCD-permitted commercial disposal facility. Listed are the certifications and tests required for the various classifications of waste. Also attached is a list of the oil and gas wastes exempted from EPA "hazardous waste" classification.

This documentation provides protection from hazardous waste regulations for the waste generator, transporter and disposal facility and facilitates OCD oversight. Please note that certain types of non-oilfield wastes can also be accepted by a disposal facility under its OCD Rule 711 permit. The OCD is currently in the process of developing an information form to accompany each load of waste received at a disposal facility. Until that form is finalized, each facility may develop and use its own forms and shall retain these records at the facility.

If you have any questions regarding the technical aspects of the documentation needed, please call **Roger Anderson** at **505/827-5812**.

**DOCUMENTATION REQUIRED TO ACCEPT WASTES  
COMMERCIAL SURFACE DISPOSAL FACILITIES**

(April 1, 1993)

1. Exempt Oilfield Waste: A "Certification of Waste Status" signed by a corporate official of the waste generator certifying that the wastes are generated from oil and gas exploration and production operations and are exempt from Resource Conservation and Recovery Act (RCRA) Subtitle C regulations.
  
2. Exempt, Non-Oilfield Waste: A "Certification of Waste Status" signed by the New Mexico Environment Department (NMED) or the appropriate regulatory agency for non-oilfield wastes which are exempt from RCRA Subtitle C regulations. Acceptance is on a case-by-case basis only after OCD approval from both Santa Fe and the appropriate district office.
  
3. Non-exempt, Non-hazardous Waste from OCD Permitted Facilities: The analytical results of \*Hazardous Waste Characterization. The test for hazardous characteristics for a particular waste may be effective for one year from the date of analysis, if, the subsequent wastes from the same waste stream are accompanied by a statement from a corporate official that there has been no change in the processes employed or the chemicals stored/used at the facility generating the waste. Acceptance is on a case-by-case basis only after OCD approval from both Santa Fe and the appropriate district office.
  
4. Non-Exempt, Non-hazardous, Non-Oilfield Waste: The analytical results of \*Hazardous Waste Characterization and a "Certification of Waste Status" certifying the non-hazardous classification of the wastes signed by the NMED or appropriate regulatory agency. Acceptance of waste is on a case-by-case basis only after OCD approval from both Santa Fe and the appropriate district.
  
5. Hazardous Waste: At no time will wastes which are hazardous by either listing or testing be accepted at an OCD permitted disposal facility.

\* Includes corrosivity, reactivity, ignitability, and toxic constituents and a certification that no listed hazardous wastes are contained within the wastes. The samples for these analyses and results will be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures.

## EPA WASTE CLASSIFICATION O & G EXPLORATION AND PRODUCTION WASTES\*

Oil and Natural Gas Exploration and Production Materials and Wastes Exempted by EPA from Consideration as "Hazardous Wastes" (provided non-exempt waste which is or may be "hazardous" has not been added):

- . Produced water;
- . Drilling fluids;
- . Drill cuttings;
- . Rigwash;
- . Drilling fluids and cuttings from offshore operations disposed of onshore;
- . Geothermal production fluids;
- . Hydrogen sulfide abatement wastes from geothermal energy production;
- . Well completion, treatment, and stimulation fluids;
- . Basic sediment and water and other tank bottoms from storage facilities that hold product and exempt waste;
- . Accumulated materials such as hydrocarbons, solids, sand, and emulsion from production separators, fluid treating vessels, and production impoundments;
- . Pit sludges and contaminated bottoms from storage or disposal of exempt wastes;
- . Workover wastes;
- . Gas plant dehydration wastes, including glycol-based compounds, glycol filters, filter media, backwash, and molecular sieves;
- . Gas plant sweetening wastes for sulfur removal, including amines, amine filters, amine filter media, backwash, precipitated amine sludge, iron sponge, and hydrogen sulfide scrubber liquid and sludge;
- . Cooling tower blowdown;
- . Spent filters, filter media, and backwash (assuming the filter itself is not hazardous and the residue in it is from an exempt waste steam);
- . Packing fluids;
- . Produced sand;
- . Pipe scale, hydrocarbon solids, hydrates, and other deposits removed from piping and equipment prior to transportation;
- . Hydrocarbon-bearing soil;
- . Pigging wastes from gathering lines;
- . Wastes from subsurface gas storage and retrieval, except for nonexempt wastes listed below;
- . Constituents removed from produced water before it is injected or otherwise disposed of;
- . Liquid hydrocarbons removed from the production stream but not from oil refining;
- . Gases from the production stream, such as hydrogen sulfide and carbon dioxide, and volatilized hydrocarbons;
- . Materials ejected from a producing well during the process known as blowdown;
- . Waste crude oil from primary field operations and production;
- . Light organics volatilized from exempt wastes in reserve pits or impoundments or production equipment;
- . *Liquid and solid wastes generated by crude oil and crude tank bottom reclaimers\*\*\*.*

Materials and Wastes Not Exempted (may be a "hazardous waste" if tests or EPA listing define as "hazardous") \*\*::

- . Unused fracturing fluids or acids;
- . Gas plant cooling tower cleaning wastes;
- . Painting wastes;
- . Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids;
- . Vacuum truck and drum rinsate from trucks and drums transporting or containing non-exempt waste;
- . Refinery wastes;
- . *Liquid and solid wastes generated by refined oil and product tank bottom reclaimers\*\*\*;*
- . Used equipment lubrication oils;
- . Waste compressor oil, filters, and blowdown;
- . Used hydraulic fluids;
- . Waste solvents;
- . Waste in transportation pipeline-related pits;
- . Caustic or acid cleaners;
- . Boiler cleaning wastes;
- . Boiler refractory bricks;
- . Boiler scrubber fluids, sludges, and ash;
- . Incinerator ash;
- . Laboratory wastes;
- . Sanitary wastes;
- . Pesticide wastes;
- . Radioactive tracer wastes;
- . Drums, insulation, and miscellaneous solids.

\* Source: Federal Register, Wednesday, July 6, 1988, p.25,446 - 25,459.

\*\* See important note on 1990 disposal restrictions for non-exempt waste on reverse.

\*\*\* See reverse side for explanation of oil and tank bottom reclaimer listings.

**NOTES:**

1. As of September 25, 1990, any facility disposing of 1.1 tons or more of non-exempt waste per month with benzene as a constituent (e.g. oily liquid or solids, or aromatic wastes) is disposing of hazardous waste if, after testing, benzene levels of liquids, and of liquid leachate from solids are above 0.5 milligrams per liter (equivalent to 500 parts per billion). Benzene is a naturally occurring constituent of crude oil and refined product (especially gasoline), and is also used as a cleaning solvent. (Other types of solvents and chemicals have been subject to hazardous waste rules for several years.)

As of March 29, 1991, facilities disposing of between 0.11 and 1.1 tons of non-exempt waste per month became subject to the same rules. Regulation of such facilities is the responsibility of either the US Environmental Protection Agency or the New Mexico Environment Department (dependent on jurisdiction transfer from USEPA).

The following OCD regulated facilities, especially, may be subject to hazardous waste rules for disposal of wastes and contaminated soils containing benzene:

- Oil and gas service companies having wastes such as vacuum truck, tank, and drum rinseate from trucks, tanks and drums transporting or containing non-exempt waste.
- Crude oil treating plants and crude tank bottom reclaimers using benzene solvent, or liquids containing benzene as cleaning solutions.
- Transportation pipelines and mainline compressor stations generating waste, including waste deposited in transportation pipeline-related pits.

Source: Federal Register, Thursday, March 29, 1990, p.11,798 - 11,877.

2. In April, 1991, EPA clarified the status of oil and tank bottom reclamation facilities:
  - A. Those wastes that are derived from the processing by reclaimers of only exempt wastes from primary oil and gas field operations are also exempt from the hazardous waste requirements. For example, wastes generated from the process of recovering crude oil from tank bottoms are exempt because the crude storage tanks are exempt.
  - B. Those reclaimer wastes derived from non-exempt wastes (eg. reclamation of used motor oil, refined product tank bottoms), or that otherwise contain material which are not uniquely associated with or intrinsic to primary exploration and production field operations would not be exempt. An example of such non-exempt wastes would be waste solvent generated from the solvent cleaning of tank trucks that are used to transport oil field tank bottoms. The use of solvent is neither unique nor intrinsic to the production of crude oil.

Source: EPA Office of Solid Waste and Emergency Response letter opinion dated April 2, 1991, signed by Don R. Clay, Assistant Administrator.



OIL CONSERVATION DIVISION

RECEIVED

'93 APR 1 AM 9.09

(505) 327-0416

WATER AND OILFIELD HEAVY HAULING P.O. BOX 443, FARMINGTON, NM 87499

Kathy M. Brown  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, N.M. 87504

March 23, 1993

RE: Concrete drying and Remediation Trough for collected solids.

Dear Ms. Brown:

Please find attached the drawing for a proposed Holding and Treating Trough for our collected solids at Sunco Disposal. This area would be used to hold solids collected from the shale shaker, and from the bottom of our metal tanks at the Disposal sight when we clean them.

This material would be spread out to evaporate free liquids. We would remediate the solids within the confines of this Trough to 100 PPM TPH by lab testing. If a satisfactory test is obtained the solids would be removed with a front end loader and hauled to an area within our property borders, to be spread out and worked into the soil.

Please review this and let us know if this is a satisfactory proposal.

We would like to schedule construction of this Trough at the earliest possible date.

If you have any question feel free to contact me at (505-327-0416).

Sincerely,

Mike Leonard  
Sunco Disposal

XC: Denny Foust OCD Aztec, Office



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

March 22, 1993

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-667-241-953**

Mr. George E. Coleman, President  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

**RE: Approval of Automated Spray System  
Sunco Water Disposal Facility  
San Juan County, New Mexico**

Dear Mr. Coleman:

The New Mexico Oil Conservation Division (OCD) has received the February 20, 1993, request from Mr. Robert C. Frank, on behalf of Sunco Trucking Company, for authorization to install and operate an automated spray system at the Sunco Trucking Crouch Mesa Facility. The system will consist of two basic components, side sprayers and floating islands. Both components will be subject to an anemometer controller with two or more variable control points which will be seasonally adjusted to compensate for such variables as water temperature, air temperature and wind velocity. The system will be equipped with a 6" x 6" centrifugal pump and designed with a maximum operating pressure of 100 psi.

Based on the information supplied in the proposal dated February 20, 1993, and the Oil Conservation Commission Order No. R-9485-A, the request to install and operate an automated spray system is hereby approved under the following conditions:

1. The spray system shall be operated such that all spray remains within the confines of the lined portion of the pond(s). The spray system shall be operated only when an attendant is on duty at the facility.

Mr. George E. Coleman  
March 22, 1993  
Page 2

2. The spray system will be equipped with an automatic anemometer. The anemometer will automatically deactivate the spray systems when winds, sustained or in gusts, are such that spray is carried outside the confines of the lined portion of the pond(s).

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with any other laws and/or regulations.

If you have any questions, please feel free to contact me at (505) 827-5884.

Sincerely,

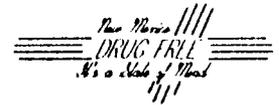


Kathy M. Brown  
Geologist

xc: Denny Foust, OCD Aztec Office  
Robert C. Frank, Frank Consulting, Inc.



STATE OF NEW MEXICO



ENERGY, MINERALS and NATURAL RESOURCES DIVISION

OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE

BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

RECEIVED  
MARCH 15 1993  
AM 8 48

1000 RIO BRAZOS ROAD  
AZTEC, NEW MEXICO 87410  
(505) 334-6178

Certified Mail Receipt #P 987 892 058

March 15, 1993

Sunco Trucking Company  
Attn. Mike Leonard  
P. O. Box 443  
Farmington, NM 87499

RE: Aeration System Sunco Trucking Water Disposal, E-2-29N-12W, San Juan County, New Mexico

Dear Mr. Leonard:

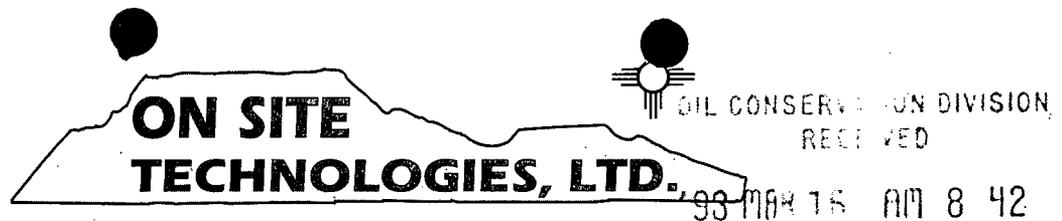
During each of my last three visits to Sunco Trucking Water Disposal Facilities, E-2-29N-12W, I have encountered strong odors being emitted from the evaporation pond. We have discussed increasing the number of hours the aeration system is in operation. As a precaution against establishing reducing conditions, which allow the generation of hydrogen sulfide gas, the Oil Conservation Division directs Sunco Trucking Water Disposal to utilize their pond aeration system 24 hours a day. After the odors have abated, OCD will review any good chemical or engineering data available showing that continuous operation of the aeration system is not necessary.

If you have questions regarding this requirement please feel free to contact this office.

Yours truly,

Denny G. Foust  
Environmental Geologist

XC: (OCD-Environmental Bureau  
Environmental File  
DGF File



To : William J. LeMay  
Director  
State of New Mexico  
Energy , Minerals and Natural Resources Department  
OIL Conservation Division

Dear Mr. LeMay:

The Commercial Surface Disposal Facility operated by Sunco Trucking located in the SW/4 NW/4 ,Section 2 , Township 29 North Range 12 West , NMPM , San Juan County New Mexico is in the process of correcting all violations of the Order No . R-9485 -A . These violations are the result of liquids including oil that were inadvertently placed into solids storage area . Sunco has and is in the process of removing all of the solids located in drying area.. All surface oil has been removed from the surface of containment area. The liquid phase has been solidified and is in the process of being transferred to a final remediation area.

Sunco has ceased all disposal of materials into bermed area and is in the process of securing other types of storage for any solids that may have to be disposed of resulting from the Double / Double Shale Shaker .

As directed by Kathy M. Brown ,Sunco is placing a monitoring system into operation . This program was started March 10 ,1993 and all perimeters will be monitored as outlined by directive. The results of this analysis will be submitted to you as requested.

Sincerely,

Gary K. Lee  
On Site Technologies Limited  
657 West Maple  
Farmington , N M. 87401

xc: Kathy M. Brown, NMOCD Santa Fe Office  
xc: Denny Foust, NMOCD Aztec Office

(sun-ocd doc)



OIL CONSERVATION DIVISION  
RECEIVED

'93 MAR 16 AM 8 42

To : William J. LeMay  
Director  
State of New Mexico  
Energy , Minerals and Natural Resources Department  
OIL Conservation Division

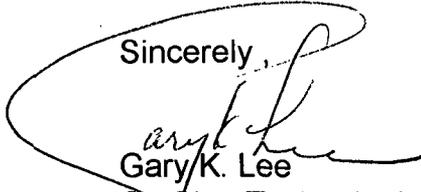
Dear Mr. LeMay:

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Sincerely,



Gary K. Lee

On Site Technologies Limited  
657 West Maple  
Farmington , N M. 87401

xc: Kathy M. Brown, NMOCD Santa Fe Office

xc: Denny Foust, NMOCD Aztec Office

{sun-ocd doc}

FAX: (505) 325-6256 ▪ SALES: (505) 325-2432 ▪ LAB: (505) 325-5667

657 WEST MAPLE ▪ P. O. BOX 2606 ▪ FARMINGTON, NEW MEXICO 87499



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



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

March 5, 1993

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-667-241-948**

Mr. George E. Coleman, President  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

**RE: Notification of Non-Compliance with OCD Rule 711  
Sunco Water Disposal Facility  
San Juan County, New Mexico**

Dear Mr. Coleman:

On July 19, 1991 the New Mexico Oil Conservation Commission issued Order No. R-9485-A for the Sunco Trucking Commercial Surface Disposal Facility located in the SW/4 NW/4, Section 2, Township 29 North, Range 12 West, NMPM, San Juan County New Mexico. The permit was submitted and approved pursuant to the Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed Order R-9485-A.

As an amendment to the above permit the OCD approved the request by Sunco Trucking Company to dispose of solids from the newly installed Double/Double Shale Shaker. Disposal of the solids is subject to the conditions contained in the attached OCD approval dated February 16, 1993.

Based on the recent site inspection and the conditions of approval in Order R-9485-A and the February 16, 1993 solids disposal approval, you are operating your facility in violation of the following permit conditions:

1. Order R-9485-A, Exhibit A, Part VI.B., states that oil will be skimmed off of the open skim tank and placed in the closed storage tanks until sold. Oil skimmed off of the open skim tank has been placed inside of the area permitted for the disposal of shale solids.

Mr. George E. Coleman

March 5, 1993

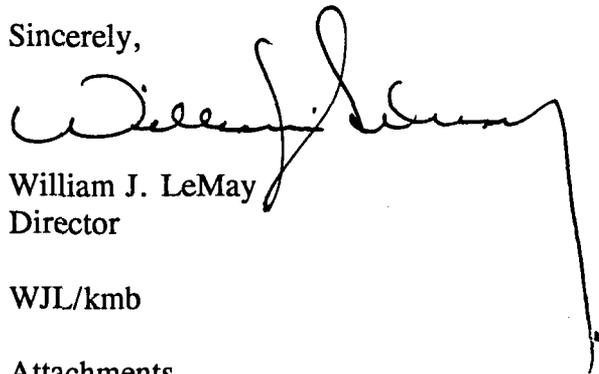
Page 2

2. Order R-9485-A, Exhibit A, Part VII.B.5.b., states that per Division General Rule 310, no oil shall be stored or retained in earthen reservoirs or in open receptacles. There are excessive amounts of oil inside the bermed area which was designated for the disposal of shale solids.
3. Order R-9485-A, Exhibit A, Part VII.6.c., states that all exposed pits and ponds will be screened, netted or covered unless an exception is obtained from the district supervisor. There is no screening, netting or covering over the bermed area containing oil and water, and there is no record on the OCD file that an exemption was obtained.
4. The February 16, 1993 approval states that solids from the shale shaker will be placed in the previously constructed area designated for drying such solids. This area has been significantly enlarged in size without authorization.
5. The February 16, 1993 approval states that no liquids or solids with free liquids will be placed in the bermed drying area. The drying area contains solids, sludges and liquids (water and oil).

You are hereby directed to cease disposal of all materials into the bermed area designated for drying shale solids. You are further directed to remove all liquids from the referenced area within twenty-four (24) hours of receipt of this letter. Written approval from the OCD must be obtained prior to utilizing this area for any type of storage, disposal or drying operations.

If you have any questions, please contact Roger C. Anderson at (505) 827-5812.

Sincerely,



William J. LeMay  
Director

WJL/kmb

Attachments

xc: Denny Foust, OCD Aztec Office  
Ed Horst, NMED Hazardous & Radioactive Materials Bureau



MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone	<input type="checkbox"/> Personal	Time 4:00 P.m	Date 3/4/93
---	-----------------------------------	------------------	----------------

<u>Originating Party</u> Denny Forst OCD Aztec	<u>Other Parties</u> Kathy Brown OCD Santa Fe
--	---

Subject  
Sunco Commercial Disposal Facility  
Non-compliance with OCD Rule 711 Permit

Discussion  
Denny went out and checked the site today to investigate the 2 bermed areas designated for shale shaker solids. I had ~~been~~ visited the site on Wednesday (3/3) and observed excessive oil in one of the bermed areas. The liquids in ~~the~~ question are from the skimming pond used prior to the main pond. ~~There is~~ The fluid is an emulsion with about 20% oil. Also have put solids + sludges from one of the <sup>metal</sup> mud pit compartments when it was cleaned out + these wastes had oil in them. In addition have a third bermed area which hasn't been used yet.

Conclusions or Agreements  
Need a non-compliance order.

Description  
Signed  
Kathy Brown



FRANK CONSULTING, INC.

OIL CONSERVATION DIVISION  
RECEIVED

4705 Caspian St., Farmington, NM 87402 • 505/326-2162

February 20, 1993

Roger Anderson  
New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87504-2088

Subject: Sunco Trucking Water Disposal  
Automated Spray System  
NW/4 Section 2-T29N-R12W  
San Juan County, NM

On behalf of Sunco Trucking Water Disposal, I request administrative approval to install and operate an automated spray system at the Crouch Mesa Facility. Mr. Roy Waters, Professional Engineer, has reviewed and approved my design of this spray system.

The system consists of two basic components, side sprayers and floating islands. The side sprayers will be segmented into 20 separate zones. Each zone will represent 18 degrees of the 360 degree compass. At any one time there will be 5 zones operating. As the wind direction changes a zone on the leading direction will be turned on and a zone on the following direction will be turned off. By opening one zone before closing another, the hammer effect on the pump and plumbing will be minimized.

Each segment will control 4 to 5 nozzles. The nozzles will be supplied by 2" PVC piping. The segments will be operated in the manner described above by utilizing 2" electric, Omni ball valves. The valves use unidirectional, 1/4 turn motors. The motors have a five second cycle time. The types of nozzles and placement are indicated on the drawings sheet. The technical data for the nozzles are attached.

The other component of the system are the floating islands. Each island will be supplied by a separate 2" line. This will enable the islands to be controlled independent of each other and the side sprayers. Each island will represent 60 degrees of the 360 degree compass. At any one time, 3 - 6 of the islands will be operational. The sequencing of the islands will be the same as the side, i.e. one will open before the other closes.



---

The islands will be stabilized by installing deadmen on the bank sides and anchoring the islands to the deadmen. The supply lines will be kept off the pond bottom by suspending them from 4", segmented pipe. The flotation and the supply lines will be banded together with 1" stainless steel straps. By banding the pipes together and utilizing sleepers for additional support, the supply lines will be flexible, yet strong.

Both components of the system will be subject to an anemometer controller as well. The anemometer has two or more variable control points. The control points will open pressure bypass valves at various thresholds. By opening pressure bypasses, the entire systems effective operating pressure is reduced. In reducing the pressure, the droplet size produced by the nozzle will become larger and therefore will not travel as far. The control points will be seasonally adjusted to compensate for such variables as water temperature, air temperature and wind velocity.

The piping was sized to minimize friction loss. The pump is a 6" X 6" centrifugal pump that produces 1600 gpm at 100 psi. The system is designed to a maximum operating pressure of 100 psi. The spray system, when utilized 24 hours per day, will turn the pond over approximately every 3 days. The spray system will provide excellent mixing and oxygenation of the pond water. The spray system will become a backup to the aeration system for introduction of oxygen to the pond.

The spray system will cover from 0.522 - 0.713 acres (depending on wind velocity and number of zones utilized) of the pond surface. Historical data at Southwest Water Disposal, Inc. indicates that 1818 BWPD will be evaporated for each acre of sprayer system. The spray system designed for this pond will evaporate approximately 949 - 1296 BWPD.

If I may be of any further assistance, please contact me at your convenience. I may be reached at 327-7660 or 326-1962.

Very truly yours,

Robert C. Frank  
President

cc: NMOCD, Aztec  
Gary Horner

INSIDE TOP OF DIKE AND LINER  
ALL SPRAYER NOZZLES TO EXTEND  
1' MIN. BEYOND POND LINER W/30 MIL.  
XR-5 WEAR PAD UNDER EACH NOZZLE

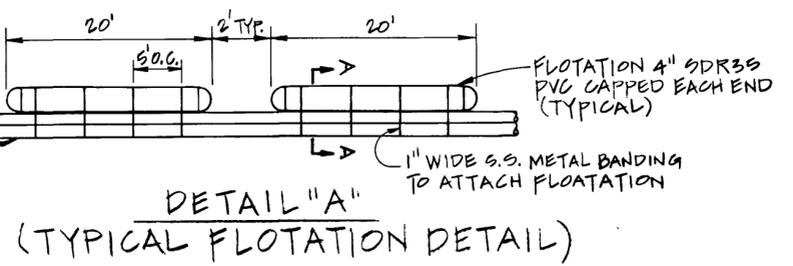
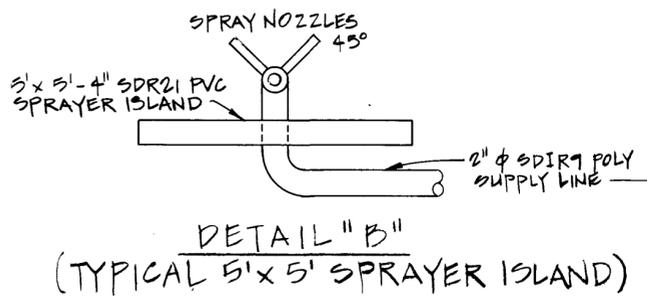
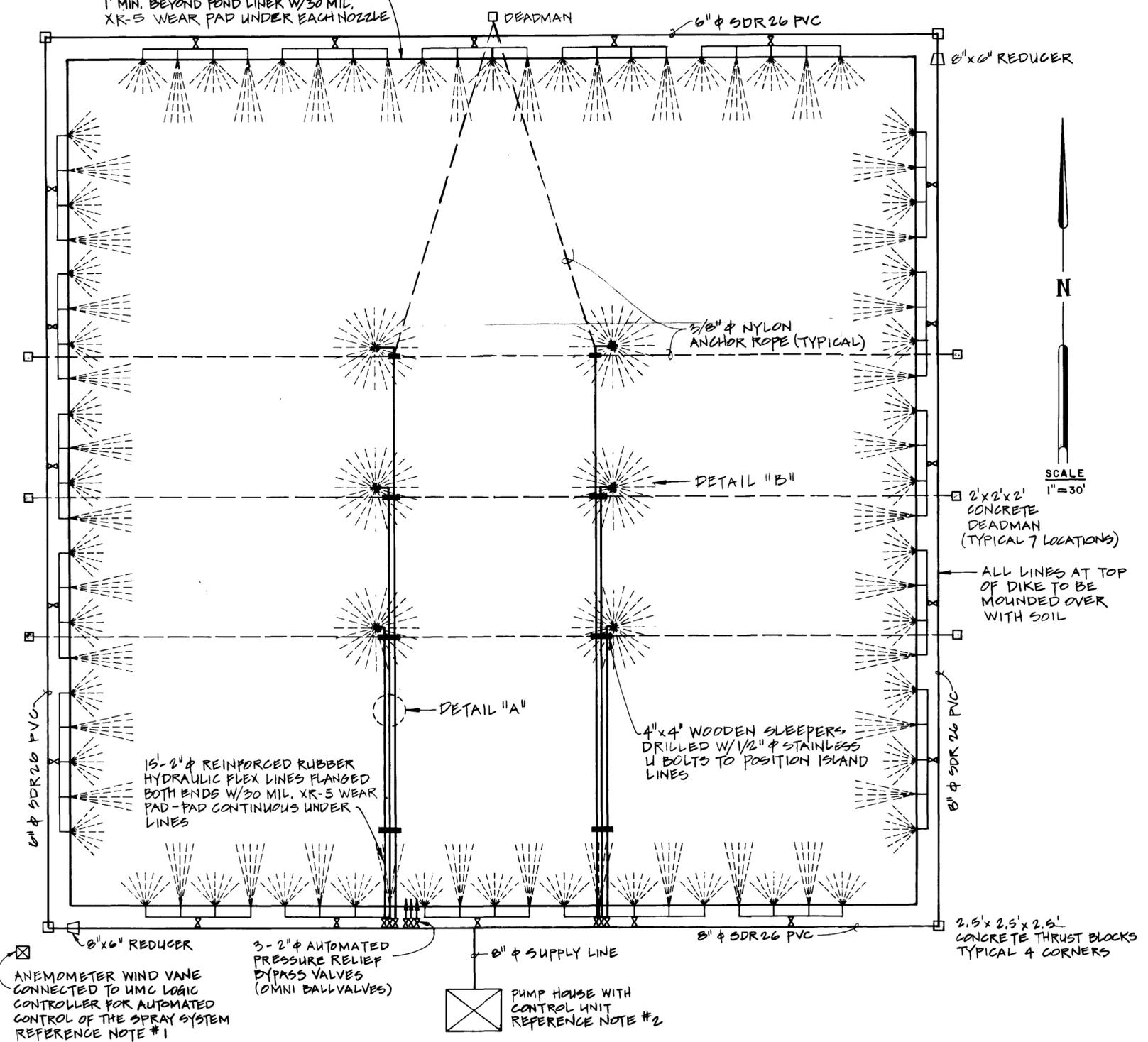
**LEGEND**

-  2" ELECTRIC OMNI BALLVALVE WITH UNIDIRECTIONAL 1/4 TURN MOTOR
-  1/2" BJS 50-164 SPIRALJET NOZZLE
-  1" CIS WHIRLJET NOZZLE
-  3/8" BJS 90-53 SPIRALJET NOZZLE (4 EACH)



**NOTES:**

- (1) UMC LOGIC CONTROLLER FOR POND AUTOMATION SHALL CONSIST OF THE FOLLOWING:  
 1 EA. DATA LYNX THRESHOLD WIND VANE, .2 MPH TO 100 MPH WITH ANAMOMETER AND SIGNAL CONDITIONER WITH 5 CHANNEL ANALOG OUTPUT.  
 1 EA. UMC MODEL 330 PROGRAMMABLE LOGIC CONTROLLER MOUNTED IN NEMA 4 WEATHER-PROOF ENCLOSURE WITH THE FOLLOWING CAPABILITIES:  
 ANALOG INPUT - FROM DATA LYNX TRANSMITTERS (4 CHANNELS)  
 RELAY OUTPUT - TO CONTROL VALVES AND PUMPS (EXPANDABLE UP TO 80 OUTPUTS)
- (2) PUMP SHALL BE A 6x6 CENTRIFUGAL PUMP THAT PRODUCES 1600 GPM AT 100 PSI



**SECTION A-A**

REVISION #1

<b>SECCO</b>	<b>P. O. BOX 235 FARMINGTON, N. M.</b>		
<b>SUNCO TRUCKING CO. FARMINGTON, N. M.</b>			
<b>DISPOSAL SPRAY SYSTEM</b>			
DATE 2/15/93	SCALE AS SHOWN	DRAWN BY G. T.	SHEET NO.



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR

ANITA LOCKWOOD  
CABINET SECRETARY

February 16, 1993

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87504  
(505) 827-5800

**CERTIFIED MAIL**

**RETURN RECEIPT NO. P-667-241-943**

Mr. Michael J. Leonard  
Sunco Trucking Company  
P.O. Box 443  
Farmington, New Mexico 87499

**RE: Approval of Disposal of Shale Shaker Solids  
Sunco Water Disposal Facility  
San Juan County, New Mexico**

Dear Mr. Leonard:

The New Mexico Oil Conservation Division (OCD) has received your December 28, 1992 response to the OCD's correspondence dated December 4, 1992, requesting additional information on disposal of the solids collecting in your newly installed Double/Double Shale Shaker. The shale shaker removes the solids from the water received at your OCD Rule 711 permitted surface disposal facility.

Based on the information supplied in the original application dated November 3, 1992; the supplemental materials dated December 28, 1992; and a site inspection by OCD staff, the disposal of solids from the shale shaker is approved under the following conditions:

1. All solids from the shale shaker will be placed in the previously constructed area designated for drying such solids.
2. A berm will be maintained around the designated solids drying area. A one foot free board between the top of the berm and the top surface of the solids being dried will be maintained at all times.
3. No liquids or solids with free liquids will be placed in the bermed drying area. There will be no ponding, pooling or runoff of water allowed.

Mr. Michael J. Leonard  
February 16, 1993  
Page 2

4. The solids will be transferred to an approved OCD disposal facility upon reaching a moisture content adequate for transfer and acceptance at the disposal facility.
5. A treatment zone not to exceed three (3) feet beneath the native ground surface within the bermed drying area will be monitored according to the following procedures:
  - a. Within thirty (30) days of receipt of this letter and annually thereafter, a sample will be taken within the bermed drying area at a depth two to three (2-3) feet beneath the native ground surface.
  - b. The soil sample will be analyzed for total petroleum hydrocarbons, volatile aromatic organics (BTEX), heavy metals and general chemistry using approved EPA methods.
  - c. After obtaining the soil sample the borehole will be filled with an impermeable material such as bentonite cement.
  - d. The analytical results will be submitted to the OCD Santa Fe Office within thirty (30) days of receipt from the laboratory.

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment actionable under other laws and/or regulations.

If you have any questions, please feel free to contact me at (505) 827-5884.

Sincerely,



Kathy M. Brown  
Geologist

xc: Denny Foust, OCD Aztec Office