

NM1 - 26

**PERMITS,
RENEWALS, &
MODS**

RECEIVED

AUG 29 2006

CHANGE OF OWNERSHIP

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

FACILITY INFORMATION:

Surface Waste Management Facility Permit: NM 1026

Legal Description: S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East,
NMPM

Location: Lea County, New Mexico

From: Jenex Operating Company
621 17th Street, Suite 830
Denver, Colorado 80293

To: Toro Operating Company, Inc.

CERTIFICATION:

Toro Operating Company, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Toro Operating Company, Inc. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.1.41 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

TORO OPERATING COMPANY, INC.

Signature: 

Title: PRESIDENT

Mailing Address: 3773 Cherry Creek Dr. N #1025 Denver, CO 80209

Contact Telephone Number: 303 383 1515

Date: 8/25/06

Permit #: NM 1026



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

RECEIVED

AUG 29 2006

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

October 28, 2003

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
Lori W. Fennell
Director
Oil Conservation Division

Mr. Gerald L. Jensen
Jenex Operating Company
621 17th Street, Suite 830
Denver, CO 80293

**RE: OCD Rule 711 Permit Modification Approval NM-01-0026
Jenex Operating Company
Commercial Surface Waste Management Facility
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico**

Dear Mr. Jensen:

The permit modification application for the Jenex Operating Company (Jenex) commercial surface waste management facility located in S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit modification approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$120,000.** An OCD records check shows that Jenex has \$120,000 currently on file with the Division. The application for permit modification consists of the modification request dated May 12, 2003, additional information dated July 31, 2003, and August 8, 2003, the original permit application Form C-137 dated October 3, 1997, supplemental information dated August 25, 1997, and the permit application dated September 21, 1993.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Jenex 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 facility permit does not relieve Jenex of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Jenex of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition,

Mr. Jensen
Page 2
October 28, 2003

OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger C. Anderson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc with attachments:
Hobbs OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT WM-1-026
JENEX OPERATING COMPANY
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico
(October 28, 2003)

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least 50 feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any major design changes to the surface waste management facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s), additional material may not be placed into the affected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
8. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to

contents and hazards.

9. Below-grade sumps and below-grade tanks must be inspected on a daily basis and fluid must be removed to prevent overflow.
10. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.
11. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained at the facility for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request.
12. Below-grade pipelines associated with the treating plant must be pressure tested annually. Results must be recorded and maintained at the facility for OCD review. If pipeline integrity has failed the OCD must be notified within 48 hours of discovery and the line must be repaired or replaced. Contaminated soil must be removed and disposed of at an OCD-approved facility, or landfarmed on site. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
13. Liquid waste generated at the treating plant must be disposed of at an OCD-approved disposal facility. Solid waste generated from cleanup of leaks and spills must be landfarmed on site or be disposed of at an OCD-approved disposal facility.
14. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered.
15. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached; and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

H₂S PREVENTION & CONTINGENCY PLAN

1. Jenex has develop an H₂S prevention and contingency plan dated September 10, 2002 for ambient H₂S levels to protect public health. The plan submitted addresses how Jenex will monitor for H₂S to ensure the following:
 - a. If H₂S of 1.0 ppm or greater leaves the property:
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.
 - b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
 - ii. the operator must notify all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must begin operations or treatment that will mitigate the source.

LANDFARM CONSTRUCTION

1. Construction must commence on the landfarm area within one (1) year of the permit approval date. If construction of the landfarm does not commence within one (1) year of the permit approval date, the provisions of this permit authorizing landfarm construction and operation will be of no effect.
2. Contaminated soils may not be placed within one hundred (100) feet of the boundary of the facility.
3. Contaminated soils may not be placed within twenty (20) feet of any pipeline crossing the landfarm. In addition, no equipment will be operated within ten (10) feet of a pipeline.

All pipelines crossing the facility must have surface markers identifying the location of the pipelines.

4. The portion of the landfarm containing contaminated soils must be bermed to prevent runoff and runoff. A perimeter berm no less than two (2) feet above grade with a base of at least three (3) feet must be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for the specific region. Individual cells must be contained with a berm no less than two (2) feet above grade with a base of at least three (3) feet.

LANDFARM OPERATION

1. Only soils generated exclusively from cleanup of leaks and spills at the Jenex Operating Company surface waste management facility may be landfarmed at the Jenex Operating Company facility landfarm.
2. Contaminated soil must be spread on the surface in lifts of six inches or less.
3. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
4. Moisture may be added as necessary to enhance bioremediation and to control blowing dust. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation must be removed within twenty-four (24) hours of discovery.
5. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 100 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations must be maintained at the facility. Authorization from the OCD must be obtained prior to application of successive lifts and/or removal of the remediated soils.
6. Fertilizer may be added to the landfarm at a rate of 300 pounds per 0.86 acres. Fertilizer will be applied to a cell no more than twice a year and there will be a minimum of four (4) months between applications. The fertilizer will be spread with a spreader, water will be added to activate the fertilizer and the landfarm will be tilled to provide air/oxygen.
7. Any design changes to the landfarm facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
8. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible.

TREATMENT ZONE MONITORING

1. Prior to waste acceptance, one (1) background soil sample must be taken from the center portion of the landfarm two (2) feet below the native ground surface. The sample must be analyzed for total petroleum hydrocarbons (TPH), volatile aromatic organics (BTEX), major cations/anions and Water Quality Control Commission (WQCC) metals.
2. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface must be monitored. A minimum of one random soil sample must be taken from each individual cell quarterly, with no cell being larger than five (5) acres. The sample must be taken at two (2) to three (3) feet below the native ground surface.
3. The soil samples must be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
4. After soil samples are obtained, the boreholes must be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations such as produced water and spent treating fluids received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on

specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.

- c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
3. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
4. No waste will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
5. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs according to form directions.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs office according to form directions.
3. Records of treating plant and landfarm inspections, maintenance, fertilizer application, and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Jenex must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt; 6) NORM status declaration if applicable; and 7) transporter.
6. Analytical results from the background sampling and treatment zone monitoring must be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.

7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$120,000** in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Jenex Operating Company for the commercial surface waste management facility.
2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

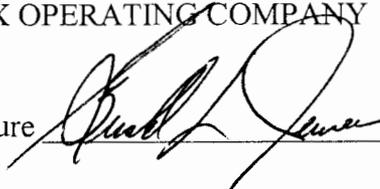
1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.
2. The closure plan to be submitted must include the following procedures:
 - a. When the facility is to be closed no new material may be accepted.
 - b. All tanks must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
 - c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
 - d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
 - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Jenex Operating Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein Jenex Operating Company further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

JENEX OPERATING COMPANY

Signature  Title Pres. Date 8/25/00



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

October 28, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Mr. Gerald L. Jensen
Jenex Operating Company
621 17th Street, Suite 830
Denver, CO 80293

**RE: OCD Rule 711 Permit Modification Approval NM-01-0026
Jenex Operating Company
Commercial Surface Waste Management Facility
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico**

Dear Mr. Jensen:

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Mr. Jensen
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October 28, 2003

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Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc with attachments:
Hobbs OCD Office

**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT WM-1-026
JENEX OPERATING COMPANY
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico
(October 28, 2003)**

TREATING PLANT OPERATION

- 1 The facility must be fenced and have a sign at the entrance. The sign must be legible from at least 50 feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any major design changes to the surface waste management facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
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A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

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New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
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LANDFARM CONSTRUCTION

1. Construction must commence on the landfarm area within one (1) year of the permit approval date. If construction of the landfarm does not commence within one (1) year of the permit approval date, the provisions of this permit authorizing landfarm construction and operation will be of no effect.
2. Contaminated soils may not be placed within one hundred (100) feet of the boundary of the facility.
3. Contaminated soils may not be placed within twenty (20) feet of any pipeline crossing the landfarm. In addition, no equipment will be operated within ten (10) feet of a pipeline.

All pipelines crossing the facility must have surface markers identifying the location of the pipelines.

4. The portion of the landfarm containing contaminated soils must be bermed to prevent runoff and runoff. A perimeter berm no less than two (2) feet above grade with a base of at least three (3) feet must be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for the specific region. Individual cells must be contained with a berm no less than two (2) feet above grade with a base of at least three (3) feet.

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4. After soil samples are obtained, the boreholes must be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations such as produced water and spent treating fluids received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on

specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.

- c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
3. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
4. No waste will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
5. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs according to form directions.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs office according to form directions.
3. Records of treating plant and landfarm inspections, maintenance, fertilizer application, and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Jenex must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt; 6) NORM status declaration if applicable; and 7) transporter.
6. Analytical results from the background sampling and treatment zone monitoring must be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.

7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$120,000** in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Jenex Operating Company for the commercial surface waste management facility.
2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and *remedial work estimates at the time of review*. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.
2. The closure plan to be submitted must include the following procedures:
 - a. When the facility is to be closed no new material may be accepted.
 - b. All tanks must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
 - c. *Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.*
 - d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
 - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Jenex Operating Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein Jenex Operating Company further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

JENEX OPERATING COMPANY

Signature _____ Title _____ Date _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

October 28, 2003

Lori Wrotenberg

Director

Oil Conservation Division

Mr. Gerald L. Jensen
Jenex Operating Company
621 17th Street, Suite 830
Denver, CO 80293

**RE: OCD Rule 711 Permit Modification Approval NM-01-0026
Jenex Operating Company
Commercial Surface Waste Management Facility
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico**

Dear Mr. Jensen:

The permit modification application for the Jenex Operating Company (Jenex) commercial surface waste management facility located in S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit modification approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$120,000.** An OCD records check shows that Jenex has \$120,000 currently on file with the Division. The application for permit modification consists of the modification request dated May 12, 2003, additional information dated July 31, 2003, and August 8, 2003, the original permit application Form C-137 dated October 3, 1997, supplemental information dated August 25, 1997, and the permit application dated September 21, 1993.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Jenex 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 facility permit does not relieve Jenex of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Jenex of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition,

OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc with attachments:
Hobbs OCD Office

RECEIVED

NOV 03 2003
OIL CONSERVATION
DIVISION

JENEX OPERATING COMPANY
621 17TH STREET, SUITE 830
DENVER, COLORADO 80293
(303) 383-1515 FAX (303) 383-5018

October 30, 2003

State of New Mexico
Energy Minerals and Natural Resources
1220 South St. Francis Dr.
Santa Fe NM 87505
Ms. Martyne Kieling, Environmental Geologist

Dear Ms. Kieling,

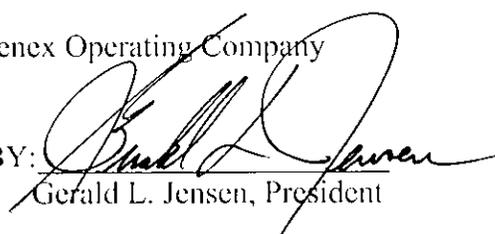
Enclosed is a signed copy of the Permit Approval of Permit WM-1-026 for Jenex Operating Company. We are also in receipt of your letter of October 27, 2003, and will repair or empty the paraffin tank referred to as item 3. We will confirm that tilling records are up to date. A timetable on repair to the tank will be sent before December 1, 2003.

Please call the undersigned at 303-383-1515 or Beverly Licholat at 303-456-4159 if you have any questions.

Very Truly Yours,

Jenex Operating Company

BY:


Gerald L. Jensen, President

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT WM-1-026
JENEX OPERATING COMPANY
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico
(October 28, 2003)

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least 50 feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any major design changes to the surface waste management facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s), additional material may not be placed into the affected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
8. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to

contents and hazards.

9. Below-grade sumps and below-grade tanks must be inspected on a daily basis and fluid must be removed to prevent overflow.
10. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.
11. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained at the facility for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request.
12. Below-grade pipelines associated with the treating plant must be pressure tested annually. Results must be recorded and maintained at the facility for OCD review. If pipeline integrity has failed the OCD must be notified within 48 hours of discovery and the line must be repaired or replaced. Contaminated soil must be removed and disposed of at an OCD-approved facility, or landfarmed on site. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
13. Liquid waste generated at the treating plant must be disposed of at an OCD-approved disposal facility. Solid waste generated from cleanup of leaks and spills must be landfarmed on site or be disposed of at an OCD-approved disposal facility.
14. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered.
15. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached; and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

H₂S PREVENTION & CONTINGENCY PLAN

1. Jenex has develop an H₂S prevention and contingency plan dated September 10, 2002 for ambient H₂S levels to protect public health. The plan submitted addresses how Jenex will monitor for H₂S to ensure the following:
 - a. If H₂S of 1.0 ppm or greater leaves the property:
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.
 - b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
 - ii. the operator must notify all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must begin operations or treatment that will mitigate the source.

LANDFARM CONSTRUCTION

1. Construction must commence on the landfarm area within one (1) year of the permit approval date. If construction of the landfarm does not commence within one (1) year of the permit approval date, the provisions of this permit authorizing landfarm construction and operation will be of no effect.
2. Contaminated soils may not be placed within one hundred (100) feet of the boundary of the facility.
3. Contaminated soils may not be placed within twenty (20) feet of any pipeline crossing the landfarm. In addition, no equipment will be operated within ten (10) feet of a pipeline.

All pipelines crossing the facility must have surface markers identifying the location of the pipelines.

4. The portion of the landfarm containing contaminated soils must be bermed to prevent runoff and runoff. A perimeter berm no less than two (2) feet above grade with a base of at least three (3) feet must be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for the specific region. Individual cells must be contained with a berm no less than two (2) feet above grade with a base of at least three (3) feet.

LANDFARM OPERATION

1. Only soils generated exclusively from cleanup of leaks and spills at the Jenex Operating Company surface waste management facility may be landfarmed at the Jenex Operating Company facility landfarm.
2. Contaminated soil must be spread on the surface in lifts of six inches or less.
3. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
4. Moisture may be added as necessary to enhance bioremediation and to control blowing dust. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation must be removed within twenty-four (24) hours of discovery.
5. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 100 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations must be maintained at the facility. Authorization from the OCD must be obtained prior to application of successive lifts and/or removal of the remediated soils.
6. Fertilizer may be added to the landfarm at a rate of 300 pounds per 0.86 acres. Fertilizer will be applied to a cell no more than twice a year and there will be a minimum of four (4) months between applications. The fertilizer will be spread with a spreader, water will be added to activate the fertilizer and the landfarm will be tilled to provide air/oxygen.
7. Any design changes to the landfarm facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
8. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible.

TREATMENT ZONE MONITORING

1. Prior to waste acceptance, one (1) background soil sample must be taken from the center portion of the landfarm two (2) feet below the native ground surface. The sample must be analyzed for total petroleum hydrocarbons (TPH), volatile aromatic organics (BTEX), major cations/anions and Water Quality Control Commission (WQCC) metals.
2. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface must be monitored. A minimum of one random soil sample must be taken from each individual cell quarterly, with no cell being larger than five (5) acres. The sample must be taken at two (2) to three (3) feet below the native ground surface.
3. The soil samples must be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
4. After soil samples are obtained, the borcholes must be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations such as produced water and spent treating fluids received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on

specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.

- c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
3. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
4. No waste will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
5. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs according to form directions.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs office according to form directions.
3. Records of treating plant and landfarm inspections, maintenance, fertilizer application, and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Jenex must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt; 6) NORM status declaration if applicable; and 7) transporter.
6. Analytical results from the background sampling and treatment zone monitoring must be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.

7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$120,000** in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Jenex Operating Company for the commercial surface waste management facility.
2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.
2. The closure plan to be submitted must include the following procedures:
 - a. When the facility is to be closed no new material may be accepted.
 - b. All tanks must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
 - c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
 - d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
 - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Jenex Operating Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein Jenex Operating Company further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

JENEX OPERATING COMPANY

Signature



Title

Pres.

Date

10/30/03



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

April 13, 2001

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-2115

Mr. Gerald L. Jensen
Jenex Operating Company
621 17th Street, Suite 830
Denver, CO 80293

**RE: OCD Rule 711 Permit Approval WM-1-026
Jenex Operating Company
Commercial Surface Waste Management Facility
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM
Lea County, New Mexico**

Dear Mr. Jensen:

The permit application for the Jenex Operating Company (Jenex) commercial surface waste management facility located in S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$207,440.** According to the schedule outlined in the financial assurance section of the enclosed attachment, a portion of the \$207,440 financial assurance (\$51,860) is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated October 3, 1997, supplemental information dated August 25, 1997, and the permit application dated September 21, 1993.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Jenex 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 facility permit does not relieve Jenex of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Jenex of responsibility for compliance with other federal, state or local laws and/or regulations.

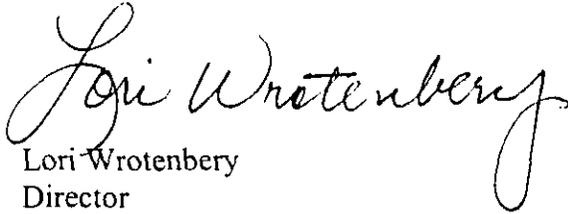
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,



Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT WM-1-026
JENEX OPERATING COMPANY
S/2 N/2 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico
(April 13, 2001)

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any major design changes to the surface waste management facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s), additional material may not be placed into the affected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
8. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will contain one and one-third the volume of the largest tank or all

interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.

9. Below-grade sumps and below-grade tanks must be inspected on a daily basis and fluid must be removed to prevent overflow.
10. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.
11. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained at the facility for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request.
12. Below-grade pipelines associated with the treating plant must be pressure tested annually. Results must be recorded and maintained at the facility for OCD review. If pipeline integrity has failed the OCD must be notified within 48 hours of discovery and the line must be repaired or replaced. Contaminated soil must be removed and disposed of at an OCD-approved facility, or landfarmed on site. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
13. Liquid waste generated at the treating plant must be disposed of at an OCD-approved disposal facility. Solid waste generated from cleanup of leaks and spills must be landfarmed on site or be disposed of at an OCD-approved disposal facility.
14. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered.
15. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached; and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

H₂S PREVENTION & CONTINGENCY PLAN

1. Jenex must develop a prevention and contingency plan for ambient H₂S levels to protect public health. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by June 13, 2001.** The plan must address how Jenex will monitor for H₂S to ensure the following:
 - a. If H₂S of 1.0 ppm or greater leaves the property:
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.
 - b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
 - ii. the operator must notify all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must begin operations or treatment that will mitigate the source.

LANDFARM CONSTRUCTION

1. Construction must commence on the landfarm area within one (1) year of the permit approval date. If construction of the landfarm does not commence within one (1) year of the permit approval date, the provisions of this permit authorizing landfarm construction and operation will be of no effect.
2. Contaminated soils may not be placed within one hundred (100) feet of the boundary of the facility.
3. Contaminated soils may not be placed within twenty (20) feet of any pipeline crossing the landfarm. In addition, no equipment will be operated within ten (10) feet of a pipeline.

All pipelines crossing the facility must have surface markers identifying the location of the pipelines.

4. The portion of the landfarm containing contaminated soils must be bermed to prevent runoff and runoff. A perimeter berm no less than two (2) feet above grade with a base of at least three (3) feet must be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for the specific region. Individual cells must be contained with a berm no less than two (2) feet above grade with a base of at least three (3) feet.

LANDFARM OPERATION

1. Only soils generated exclusively from cleanup of leaks and spills at the Jenex Operating Company surface waste management facility may be landfarmed at the Jenex Operating Company facility landfarm.
2. Contaminated soil must be spread on the surface in lifts of six inches or less.
3. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
4. Moisture may be added as necessary to enhance bioremediation and to control blowing dust. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation must be removed within twenty-four (24) hours of discovery.
5. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 100 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations must be maintained at the facility. Authorization from the OCD must be obtained prior to application of successive lifts and/or removal of the remediated soils.
6. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers requires prior approval from the OCD. Requests for application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
7. Any design changes to the landfarm facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
8. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible.

TREATMENT ZONE MONITORING

1. Prior to waste acceptance, one (1) background soil sample must be taken from the center portion of the landfarm two (2) feet below the native ground surface. The sample must be analyzed for total petroleum hydrocarbons (TPH), volatile aromatic organics (BTEX), major cations/anions and Water Quality Control Commission (WQCC) metals.
2. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface must be monitored. A minimum of one random soil sample must be taken from each individual cell quarterly, with no cell being larger than five (5) acres. The sample must be taken at two (2) to three (3) feet below the native ground surface.
3. The soil samples must be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
4. After soil samples are obtained, the boreholes must be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations such as produced water and spent treating fluids received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on

specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.

- c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
3. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
4. No waste will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
5. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs according to form directions.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs office according to form directions.
3. Records of treating plant and landfarm inspections and maintenance and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Jenex must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt; 6) NORM status declaration if applicable; and 7) transporter.
6. Analytical results from the background sampling and treatment zone monitoring must be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.

7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$207,440** in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Jenex Operating Company for the commercial surface waste management facility.

By May 13, 2001 Jenex Operating Company must submit 25% of the financial assurance in the amount of **\$ 51,860**.

By May 13, 2002 Jenex Operating Company must submit 50% of the financial assurance in the amount of **\$103,720**.

By May 13, 2003 Jenex Operating Company must submit 75% of the financial assurance in the amount of **\$155,580**.

By May 13, 2004 Jenex Operating Company must submit 100% of the financial assurance in the amount of **\$207,440**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.
2. The closure plan to be submitted must include the following procedures:
 - a. When the facility is to be closed no new material may be accepted.
 - b. All tanks must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.

- c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
- d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
- e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Jenex Operating Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Jenex Operating Company further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

JENEX OPERATING COMPANY

Signature _____ Title _____ Date _____

**OCD Environmental Bureau Closure Cost Estimate
For
Jenex Operating Company
40 acre surface waste management facility
April 4, 2001**

Items and rates taken from cost estimates submitted August 8, 1997 October 3, 1997 and March 2001.

Known: 19 tanks located at the facility map provided in 1997.

Tank 16- 1000 bbl oil storage tanks	Tank 1 - 1000 bbl working tanks	Tank 13 - 1000 bbl waste tank
Tank 18 - 500 bbl oil storage tanks	Tank 2 - 1000 bbl working tanks	Tank 11 - 1000 bbl waste tank
Tank 19 - 500 bbl oil storage tank 2000 bbls	Tank 3 - 1000 bbl working tanks	2000 bbls
	Tank 4 - 1000 bbl working tanks 4000 bbls	
Tank 5 - 500 bbl feedstock tank		
Tank 6 - 500 bbl feedstock tank		
Tank 7 - 500 bbl feedstock tank		
Tank 8 - 500 bbl feedstock tank		
Tank 9 - 500 bbl feedstock tank		
Tank 10 - 500 bbl frac feedstock		
Tank 12 - 1000 bbl feedstock tank		
Tank 14 - 1000 bbl feedstock tank		
Tank 15 - 1000 bbl feedstock tank		
Tank 17 - 500 bbl frac feedstock 6500 bbls		

Job Foreman/Coordinator:

30days @ \$250 per day **\$7,500.00 Total**

NORM Survey

Certified NORM tech. \$55.00 hr 24 hours **\$1320.00 Total**

Remove Fluids From All Tanks.

Vacuum truck W/130 bbl tank & driver \$70.00/hour
 1 hour per trip
 \$0.35 bbl produced water disposal cost (quotes from other 711 facilities)
 \$3.75 bbl non-exempt waste disposal cost (quotes from other 711 facilities)
 \$3.25 bbl tank bottom BS&W (quotes from other 711 facilities)

Oil sale tanks removed any oil for sale = Total 2000 bbls
 Feedstock & working tanks dispose of fluid as BS&W = Total 10500 bbls
 Waste tanks dispose of waste as produced water = Total 2000 bbls

Waste water 2000 bbl * \$0.35 bbl = \$ 700.00
BS&W 10500 bbl * \$3.25 bbl = \$ 34,125.00

Transport of 2000 bbls
16 trips, 1 hour round trip = 16 hours * \$70.00/hour \$ 1,120.00

Transport of 10500 bbls to treating plant
81 trips, 1 hour round trip = 81 hours * \$70.00/hour \$ 5,670.00

= \$ 41,615 total tank fluid transport and disposal

Tank Cleaning

Tank Cleaning: Jet truck, vacuum truck	\$ 4560.00
Jet water: 800 bbl fresh water	\$ 200.00
Jet water disposal: 880 bbl \$3.25 /bbl	\$ 2,886.00
Hauling 130 bbl per load * 1 hour round trip * \$65.00 hr	\$ 455.00
	\$ 8,101.00 Tank Cleaning

Remove Tanks, Piping and Equipment:

Removal of tanks and residual equipment:

Roustabout crew/truck \$60 hr * 80 hr	\$ 4,800.00
Operator tandem winch/trailer \$85 hr * 80 hr	\$ 6,800.00
	\$11,600.00 Tank and Equipment Disposal

To include trucking, disposal, heavy equipment and operators
Estimate from other 711 facility closure costs

Quarterly Analytical Analysis for 20 acres two years on four (4), cells

State Contract Laboratory Prices per analysis:

BTEX \$ 40.00 x 8 quarters x 4 cells	= \$1,024.00
TPH \$ 50.00 x 8 quarters x 4 cells	= \$1,600.00
Metals \$200.00 x 2 years x 4 cells	= \$1,600.00
	\$4,224.00 Analytical

Quarterly Sampling Time and Labor for 4 Cells

Labor \$55.00/hour
Sample 30 min per cell
Travel 1 hour
Delivery & Paperwork 1 hour

Total Time = (30min/cell * 4 cells) + 1 hour + 1 hour = 4 hours

4 hours * \$55.00/hour = \$220.00/sampling event

\$220.00/sampling event * 8 quarters = **\$ 1,760.00 Labor**

Disking/Tilling for Two Years Every Two Weeks for 20 acres Price and Time Quotes from Equipment Operators and Landfarm Operators:

Tractor and Operator \$50.00 /hour
5 acres per hour = 12 min per acre

20 acres * 12 min * 52 weeks = 208 hours
208 hours * \$50.00/hour = **\$ 10,400.00 Disking/Tilling**

Water for Bioremediation Price Quotes from Equipment Operators

Water Truck \$120.00/load

\$120.00/load * 4 loads * 12 Events in Two Years = **\$5,760.00 Water**

Level Landfarm Price and Time Quotes from Equipment Operators

D-6 Dozer and Operator \$90.00/hour

\$90.00/hour * 30 min/acre * 20 acres = **\$900.00 Level Landfarm**

Re-vegetation for 20 acre site

Equipment and labor cost

Tractor and seed drill \$50.00/hour @ 15 min/acre for 20 acres = \$ 250.00

Materials Cost

Native Seed mix \$10.00/lb @ 5 lb/acre for 20 acres = \$1,000.00
\$1,250.00 Re-vegetation

Excavation and removal of 2 acres of contaminated soils to a depth of 5 beneath and around the treating plant tanks. Remediation on site of those soils

1 acre ft = 43,560 cubic ft = 1613 cubic yd
1613 cubic yd * 10 acre ft = 16,130 cubic yds

Backhoe & operator \$60.00/hr
front end loader & operator \$60.00/hr
12 yd dump truck with operator \$55.00/hr
10 min a load turn around time
tractor w/disc & operator \$50.00

Backhoe excavation = 134 hours * \$60.00 = \$8,040.00
Front end loader = 224 hours * \$60.00/hr \$13,440.00

Transport = 16,130 cy / 12yd = 1344 truck loads @10min turnaround = 224 hours
224 hours * \$55.00/hr = \$12,320.00

Tilling & spreading = 2 hours/acre * 20 acres = 40 hours
40 hr * \$50.00 = \$2,000.00

= \$35,800 Total Excavation and removal

Fill in excavation with remediated soils from onsite and re-vegetation.

D-6 caterpillar bulldozer w/operator \$90.00
16,130 cubic yds @ 134 hours * \$90.00 = \$12,060.00 Fill

Haul remediated soil from onsite to fill excavation =
Re-vegetation for 10 acre site = \$ 625.00 Re-vegetation
= \$ 12,685.00 Total Fill & Re-seed

**Onsite Remediation of contaminated soils around and beneath tanks.
16,130 cubic yds requires an additional 20 acres to landfarm at a depth of 6 inches.**

Quarterly Analytical Analysis for 20 acres for two years on four (4), cells	=	\$ 4,224.00 Analytical
Quarterly Sampling Time and Labor for 4 Cells	=	\$ 1,760.00 Labor
Disking/Tilling for Two Years Every Two Weeks for 20 acres	=	\$10,400.00 Disking/Tilling
Water for Bioremediation	=	\$ 5,760.00 Water
Level Landfarm	=	\$ 900.00 Level Landfarm
Revegetation for 20 acre site	=	\$1,250.00 Revegetation
		\$24,294.00 Total remediation
Disposal off site at \$ 26.00 cubic yard including transport \$419,466 Price quote from current third party contract in place with the NMOCD.		

Analytical Analysis for site characterization

NORM Survey 16 hours at \$55.00 hr
19 confirmatory samples taken beneath tanks.
State Contract Laboratory Prices per analysis:

BTEX	\$ 40.00	*	19 samples	=	\$ 760.00
TPH	\$ 50.00	*	19 samples	=	\$ 950.00
Metals	\$200.00	*	19 samples	=	\$ 3,800.00
Radium 226	\$110.00	*	19 samples	=	\$ 2,090.00
					\$9,570.00 Analytical

Confirmatory Soil Sampling Time and Labor for 19 samples

Labor 2 personnel \$55.00/hour
Sample 40 min per sample
Travel 1 hour
Delivery & Paperwork 2 hours

Total Time = (40 min/sample * 19 samples) + 1 hour + 2 hours = 16 hours

16 hours * \$55.00/hour * 2 persons = **\$1,760.00 Sampling Event**

%10 contingency = \$17,854.00

Total Closure and Vegetation Cost for Treating Plant and Landfarm facility

\$196,393.00	Subtotal
\$ 11,047.00	NMGRT .05625
\$ 207,440.00	Total Financial Assurance

Existing Commercial Facilities financial assurance may be no less than \$25,000 no more than \$250,000.



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

October 8, 1993

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

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-267

Mr. Gerald Jensen
Jenex Operating Company
1433 17th Street, Suite 220
Denver, Colorado 80202

**Re: Jenex Operating Company
Treating Plant Application
OCD Rule 312 Permit Approval**

Dear Mr. Jensen:

The permit application for the Jensen Operating Company Treating Plant located in the SW/4 NE/4 NW/4, and the S/2 NW/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, is hereby approved in accordance with Oil Conservation Division (OCD) Rule 312 under the conditions contained in the enclosed attachment. The application consists of the original application dated September 13, 1993 and the material received by the OCD on September 21, 1993, submitted as a supplement to the application.

The operating, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved waste oil processing methods must receive prior OCD approval. You are required to notify the Director of the OCD of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility 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.

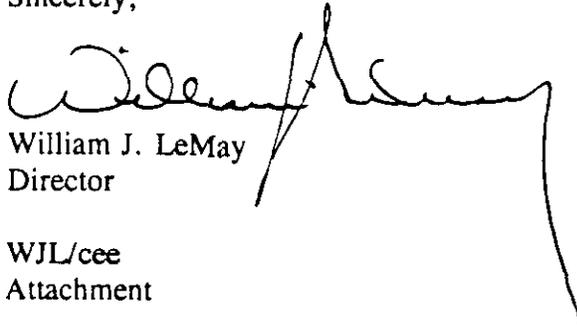
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds.

Mr. Jensen
October 8, 1993
Page 2

Please note that OCD rule 312 requires that before commencing construction all treating plants shall have a surety or cash bond in the amount of \$25,000, in a form approved by the Division. Enclosed are the appropriate bond forms and copies of Forms C-117-A and C-118 referenced in the approval conditions.

If you have any questions, please do not hesitate to call Chris Eustice at (505) 827-5824.

Sincerely,



William J. LeMay
Director

WJL/cee
Attachment

xc: OCD Hobbs Office

ATTACHMENT TO OCD RULE 312 PERMIT APPROVAL
JENSEN OPERATING COMPANY
TREATING PLANT
(October 8, 1993)

WASTE OIL PROCESSING OPERATIONS

1. No chemicals (ie. chlorinated solvents) will be used in the waste oil processing operation without obtaining prior OCD approval. At no time will the OCD approve the use of chemicals which are a listed hazardous waste or chemicals which result in the creation of a hazardous waste as listed in the 40 Code of Federal Regulations, Part 261, Subparts C and D.
2. Only oil field wastes which are exempt from RCRA Subtitle C (Hazardous Waste) regulations or are non-hazardous by characteristic testing analysis will be accepted at the treating plant. To accept oil field waste not exempt under RCRA Subtitle C or mixed exempt/non-exempt wastes, test results must be submitted to the OCD along with a request to receive the waste, and a written OCD approval must be obtained prior to disposal.
3. No wastes will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
4. Unmerchantable solids and liquids will be disposed of at an OCD approved disposal facility. Waste will be disposed of on a case by case basis after receiving OCD approval.
5. All drips, leaks and spills will be contained within sumps or drip pans and disposed of periodically to prevent overflow. Additional containment will be installed in areas where repeated spills, leaks, drips and overflows are reaching the ground surface.
6. All sumps and below grade tanks will incorporate secondary containment and leak detection in their designs. The leak detection system will be inspected quarterly, at a minimum. If fluids are detected in the leak detection system the conductivity of the fluids will be measured and the OCD will be notified upon discovery.
7. All tanks that contain materials other than fresh water that, if released, could contaminate surface or ground water or the environment will be bermed to contain one and one-third the capacity of the tank.
8. All drums will be stored on pad and curb type containment.

REPORTING

1. The OCD will be notified of any leak, break, spill, blow out, fire or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
2. A monthly report (C-118) will be filed in duplicate with the OCD Hobbs District Office which details the net oil recovered and sold the preceding month.

CLOSURE

1. Upon cessation of treating plant operations for six (6) consecutive months, the operator will clean up and restore the facility site within six (6) months. A closure plan will be submitted to the OCD for approval prior to closure operations. Prior to release of the bond covering the plant, a division representative will inspect the site to determine that restoration is adequate.
2. When the facility is to be closed no new material will be accepted. All tanks will be opened and cleaned out. All wastes (tank cleaning waste, plastic lining, any contaminated soils, etc.) will be disposed of at an OCD approved disposal facility or remediated to OCD standards in affect at the time of closure. The berms will be leveled and the location backdragged to its original state. The area will then be reseeded with natural grasses and allowed to return to its natural state. Closure will be pursuant to all OCD requirements and standards in affect at the time of closure.

(5) That the Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

(6) That the subject application should be approved as being in the best interests of conservation.

IT IS THEREFORE ORDERED:

(1) That the applicant, Rhema Oil Processing, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant in the SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms, waste pits and disposal water.

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

(2) That the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the site upon which the plant is located.

(3) That dikes, dams and/or emergency pits shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

(4) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

Rhema Oil Processing
≈ 8 mi S of Hobbs

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7315
Order No. R-6766

APPLICATION OF RHEMA OIL PROCESSING
FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 26, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of August, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

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

(2) That the applicant, Rhema Oil Processing, seeks authority to construct and operate a chemical and heat-treatment type oil treating plant in the SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico, for the processing of approximately 1,000 barrels per day of raw material from tank bottoms, disposal water, and waste pits.

(3) That dikes, dams and/or emergency pits should be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location in order that sediment oil, reclaimed oil, or waste oil cannot escape from the immediate vicinity of such plant.

(4) That the proposed plant and method of processing will efficiently process, treat, and reclaim the aforementioned waste oil, thereby salvaging oil which would otherwise be wasted.

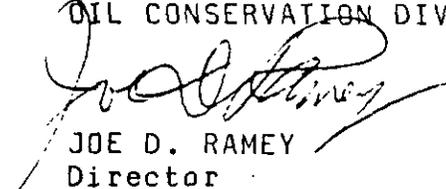
-3-
Case No. 7315
Order No. R-6766

(5) That the Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

(6) That 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 herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

S E A L

fd/