

NM1 - 26

**GENERAL  
CORRESPONDENCE**

**YEAR(S):**

2006-1990



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

August 3, 2006

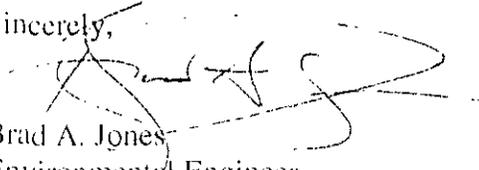
Mr. Gerald L. Jensen  
Jenex Operating Company  
621 17<sup>th</sup> Street, Suite 830  
Denver, Colorado 80293

RE: Change of Ownership and Financial Assurance Responsibility Request  
Commercial Surface Waste Management Facility  
Jenex Operating Company, Principal  
Section 14, Township 20 South, Range 38 East, NMPM  
Lea County, New Mexico

Dear Mr. Jensen:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed your request to modify the ownership and financial assurance responsibility to one of your affiliated companies. The NMOCD requires the submittal of an updated Commercial Surface Waste Management Facility Surety Bond (No. 04127088) rider demonstrating Toro Operating Company, Inc. as the responsible party. The submittal of the rider should be accompanied with the attached Change of Ownership Certification document and appropriate signatures. Please provide the attached copy of the permit to Toro Operating Company, Inc. for their records. If you have any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487.

Sincerely,

  
Brad A. Jones  
Environmental Engineer  
Environmental Bureau

BAJ:baj

Enclosure: Change of Ownership Certification  
Copy of Permit NM 1026

xc with attachments:  
Hobbs OCD Office

**CHANGE OF OWNERSHIP**

**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 17<sup>th</sup> 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: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Contact Telephone Number: \_\_\_\_\_

Date: \_\_\_\_\_

Permit #:     NM 1026



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

March 3, 2005

Mr. Gerald L. Jensen  
Jenex Operating Co.  
621 17<sup>th</sup> Street, Suite 830  
Denver, CO 80293

RE: Jenex Oil Treating Plant and Landfarm, NMOCD permit NM-1-029

Dear Mr. Jensen:

The New Mexico Oil Conservation Division (NMOCD) inspected the above facility on February 9, 2005. The site looked very good in almost all respects. However, the sign at the facility should be refurbished. It has become weathered and is now not as legible as it should be. Otherwise, this site appeared to be well maintained.

I would like to take this opportunity to thank Mr. Gary Guttridge for his help during my time at your facility.

If you have any questions, contact me at (505) 476-3492 or [emartin@state.nm.us](mailto:emartin@state.nm.us)

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin  
Environmental Bureau

Cc: NMOCD, Hobbs



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

September 17, 2004

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

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

*NM-1-0026*

Dear Mr. Jensen:

Since the New Mexico Oil Conservation Division (NMOCD) promulgated Rule 50 covering pits and below-grade tanks, there has arisen a need, in certain circumstances, for operators to transport their drill cuttings off-site and dispose of them.

NMOCD Rule 711, as it pertains to landfarms, does not specifically address the issue of exempt oilfield wastes that may be contaminated with salts. Your landfarm application and permit were written with only hydrocarbon-contaminated soils in mind. Salt-contaminated wastes cause the following problems:

1. Lessening the effectiveness of the biodegradation capacity of your landfarm
2. Rapid leachability causing adverse effects on groundwater

If you want to accept salt-contaminated cuttings or any other salt-contaminated wastes, your 711 permit must be modified to ensure that your acceptance of those wastes will not adversely affect public health or the environment.

Please check one of the following:

I have accepted or intend to accept salt-contaminated wastes in my landfarm. An OCD form C-137, applying for a modification to my 711 permit is attached. Included, as an attachment, is a demonstration that the accepted salt-contaminated soils will not adversely affect groundwater in the foreseeable future. (Closure requirements will also require modification to ensure the protection of groundwater. Should your acceptance of salt-contaminated wastes prove detrimental to groundwater, future liability for such damage rests with the landfarm operator).

I do not intend to accept salt-contaminated wastes in my landfarm. Should this condition change, I will submit an OCD Form C-137 for a modification to my 711 permit at that time.

New Mexico Oil Conservation Division  
Attn: Ed Martin  
1220 S. St. Francis  
Santa Fe, NM 87505

This letter must be returned to the above address no later than October 31, 2004. An extension of time may be granted if you contact this office no later than that date.

If you have any questions, contact Ed Martin (505) 476-3492 or emartin@state.nm.us

*Jenex Operating Company*  
*Gerald L. Jensen, Pres*  
Signed \_\_\_\_\_

*Sept 20, 2004*  
Date \_\_\_\_\_



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor

September 17, 2004

**Mark E. Fesmire, P.E.**  
Director  
Oil Conservation Division

**Joanna Prukop**  
Cabinet Secretary

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

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Signed \_\_\_\_\_

Date \_\_\_\_\_

JENEX OPERATING COMPANY  
621 17<sup>th</sup> Street, Suite 830  
Denver, Colorado 80293  
PHONE 303-456-4159 FAX 303-456-1598

RECEIVED

JUL 14 2004

OIL CONSERVATION DIVISION

July 9, 2004

RECEIVED

JUL 15 2004

Per *dl*

New Mexico Energy, Minerals and  
Natural Resources Department  
Oil and Gas Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Environmental Department

*Nr 10026*

RE: 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 Martyne J. Kieling,

Enclosed please find soil samples analysis of cells 1 and 2 of the land farm at the above facility. These are the only two cells that have been used.

If there are any questions or concerns regarding this matter, please contact me at the above telephone number.

Sincerely,

*Beverly*  
Beverly Lieboldt  
Accountant



PHONE (325) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603  
PHONE (505) 383-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
JENEX OPERATING CO.  
ATTN: GARY  
P.O. BOX 308  
HOBBS, NM 88241  
FAX TO: (505) 397-2876

Receiving Date: 06/17/04  
Reporting Date: 06/18/04  
Project Owner: JENEX  
Project Name: LAND FARM  
Project Location: 11100 S. EUNICE HWY. 18, HOBBS, NM

Sampling Date: 08/16/04  
Sample Type: SOIL  
Sample Condition: COOL & INTACT  
Sample Received By: HM  
Analyzed By: BC

LAB NUMBER	SAMPLE ID	GRO (C <sub>8</sub> -C <sub>10</sub> ) (mg/Kg)	DRO (>C <sub>10</sub> -C <sub>28</sub> ) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE:		06/17/04	06/17/04	06/17/04	06/17/04	06/17/04	06/17/04
H8829-1	CELL #1	<10.0	<10.0	<0.005	<0.005	<0.005	<0.015
H8829-2	CELL #2	<10.0	<10.0	<0.005	<0.005	<0.005	<0.015
Quality Control		804	793	0.102	0.098	0.093	0.273
True Value QC		800	800	0.100	0.100	0.100	0.300
% Recovery		101	99.2	102	98.4	93.4	90.9
Relative Percent Difference		1.6	1.1	5.6	3.1	1.2	0.8

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8260.

Burgess A. Cooke, Ph. D.

6/18/04  
Date

H8829A.XLS

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



PHONE (325) 873-7001 • 2111 BEECHWOOD • ABILENE, TX 79603  
 PHONE (505) 393-2328 • 101 E MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
 JENEX OPERATING  
 ATTN: GARY  
 P.O. BOX 308  
 HOBBS, NM 88241  
 FAX TO: (505) 397-2876

Receiving Date: 06/17/04  
 Reporting Date: 06/18/04  
 Project Number: NOT GIVEN  
 Project Name: LANDFARM  
 Project Location: 11100 S. EUNICE HWY 18, HOBBS, NM

Sampling Date: 06/16/04  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT  
 Sample Received By: HM  
 Analyzed By: AH

RCRA METALS

LAB NUMBER	SAMPLE ID	As ppm	Ag ppm	Ba ppm	Cd ppm	Cr ppm	Pb ppm	Hg ppm	Se ppm
ANALYSIS DATE:		06/18/04	06/18/04	06/18/04	06/18/04	06/18/04	06/18/04	06/18/04	06/18/04
H8829-1	CELL #1	3.22	4.10	<1	3.70	5.30	37.6	<0.1	1.07
H8829-2	CELL #2	3.59	2.80	<1	3.90	4.25	33.9	<0.1	2.18
Quality Control		0.049	5.003	22.60	0.537	4.861	4.755	0.0101	0.053
True Value QC		0.050	5.000	25.00	0.500	5.000	5.000	0.0100	0.050
% Recovery		98.0	100	90.4	107	97.2	95.5	101	106
Relative Percent Difference		2.6	0.2	2.8	0.2	0.3	0.1	1.3	2.6
METHODS: EPA 600/4-79-020		206.2	272.1	208.1	213.1	218.1	239.1	245.1	270.2
METHODS: SW-846		7060A	7760A	7080A	7130	7190	7420	7470A	7740

*Amy Hill*  
 Chemist

06/18/04  
 Date

H8829m

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ANALYTICAL RESULTS FOR  
 JENEX OPERATING  
 ATTN: GARY  
 P.O. BOX 308  
 HOBBS, NM 88241  
 FAX TO: (505) 397-2876

Receiving Date: 06/17/04  
 Reporting Date: 06/18/04  
 Project Number: NOT GIVEN  
 Project Name: LANDFARM  
 Project Location: 11100 S. EUNICE HWY 18, HOBBS, NM

Sampling Date: 06/16/04  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT  
 Sample Received By: HM  
 Analyzed By: AH

TOTAL METALS

LAB NUMBER	SAMPLE ID	Al (ppm)	Co (ppm)	Cu (ppm)	Fe (ppm)
ANALYSIS DATE:		06/18/04	06/18/04	06/18/04	06/18/04
H8829-1	CELL #1	2077	11.1	5.95	1302
H8829-2	CELL #2	2222	7.70	5.35	1493
Quality Control		5.000	5.014	0.976	5.252
True Value QC		5.000	5.000	1.000	5.000
% Recovery		100	100	97.6	105
Relative Percent Difference		6.8	0.3	0.2	0.2
METHODS: EPA 600/04-79-020		202.1	219.1	220.1	236.1

		Mn (ppm)	Mo (ppm)	Ni (ppm)	Zn (ppm)
ANALYSIS DATE:		06/18/04	06/18/04	06/18/04	06/18/04
H8829-1	CELL #1	19.6	50.8	16.0	8.60
H8829-2	CELL #2	20.7	22.7	11.5	19.2
Quality Control		0.985	5.218	5.024	0.509
True Value QC		1.000	5.000	5.000	0.500
% Recovery		98.5	104	100	102
Relative Percent Difference		0.4	7.5	0.3	0.5
METHODS: EPA 600/04-79-020		243.1	246.1	249.1	289.1

*Amey Hill*  
 H8829m2

*6/18/04*

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ANALYTICAL RESULTS FOR  
 JENEX OPERATING  
 ATTN: GARY  
 P.O. BOX 308  
 HOBBS, NM 88241  
 FAX TO: (505) 397-2876

Receiving Date: 06/17/04  
 Reporting Date: 06/18/04  
 Project Number: NOT GIVEN  
 Project Name: LANDFARM  
 Project Location: 11100 S. EUNICE HWY 18, HOBBS, NM

Sampling Date: 06/16/04  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT  
 Sample Received By: HM  
 Analyzed By: HM

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (uS/cm)	T-Alkalinity (mgCaCO <sub>3</sub> /L)
ANALYSIS DATE:		06/17/04	06/17/04	06/17/04	06/17/04	06/17/04	06/17/04
H8829-1	CELL #1	185	43	19	11	1405	208
H8829-2	CELL #2	1130	29	29	28	6012	144
Quality Control		NR	50	55	4.58	1322	NR
True Value QC		NR	50	50	5.00	1413	NR
% Recovery		NR	100	110	91.6	93.6	NR
Relative Percent Difference		NR	0	0	7.2	0.7	NR
METHODS:		SM3500-Ca-D3500-Mg E			8049	120.1	310.1

		Cl (mg/L)	SO <sub>4</sub> (mg/L)	CO <sub>3</sub> (mg/L)	HCO <sub>3</sub> (mg/L)	pH (s.u.)
ANALYSIS DATE:		06/17/04	06/17/04	06/17/04	06/17/04	06/17/04
H8829-1	CELL #1	240	54	19	215	8.36
H8829-2	CELL #2	1711	124	0	176	8.10
Quality Control		1020	48.21	NR	1007	7.08
True Value QC		1000	50.00	NR	1000	7.00
% Recovery		102	96.4	NR	101	101
Relative Percent Difference		1.0	6.2	NR	1.1	0.3
METHODS:		SM4500-Cl-B		375.4	310.1	150.1

*Amy Hill*  
 Chemist

6/18/04  
 Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All other claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



CARDINAL LABORATORIES, INC.

2111 Beechwood, Alabama, TX 79603 (915) 873-7001 Fax (915) 873-7000 (800) 393-2228 Fax (800) 393-2478

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page 5 of 5

Company Name: Genet Operating  
 Project Manager: Genet  
 Address: P.O. Box 388  
 City: Hobbs NM State: NM Zip: 88241  
 Phone #: 397 3560 Fax #: 397-2876  
 Project #: Landfarm Project Owner: Genet  
 Project Name: 1100 S Eunice Hwy 18 Hobbs  
 Project Location: 1100 S Eunice Hwy 18 Hobbs  
 Sampler Name: Genet Phone #: \_\_\_\_\_  
 FOR LAB USE ONLY

Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	MATRIX										DATE	TIME	ANALYSIS REQUEST
			# CONTAINERS	GROUNDWATER	WASTEWATER	BOIL	OIL	SLUDGE	OTHER:	ACID/BASE:	ICE / COOL	OTHER:			
1100-1	Cell #1												6-16-04	9:00	BTX
	Cell #2												6-16-04	9:00	8015
															catims / anions
															WQCC metals

Must Note: (Under and Over) Cardinal Laboratory and Client's exclusive remedy for any claim arising out of or from the use of the services provided by Cardinal Laboratory shall be limited to the amount paid by the client for the analysis. All other remedies, including but not limited to, consequential damages, including indirect, special, punitive, or exemplary damages, are hereby disclaimed. The client shall be responsible for the collection, handling, and storage of samples. The client shall be responsible for the collection, handling, and storage of samples. The client shall be responsible for the collection, handling, and storage of samples. The client shall be responsible for the collection, handling, and storage of samples.

Sampled/Reanalyzed By: Genet Date: 6-17-04  
 Received By: Genet Date: 6-17-04  
 Delivered By: (Client Only) Genet Date: 6-17-04  
 Sampler: UPS - Bus - Other: \_\_\_\_\_

Received By: (Lab Staff) Genet Date: 6-17-04  
 Checked By: Genet Date: 6-17-04  
 Remarks: \_\_\_\_\_

\* Cardinal cannot accept verbal changes. Please fax written changes to: (915) 873-7020.

621 17TH STREET, SUITE 830  
DENVER, COLORADO 80293  
Phone: 303-456-4159  
Fax: 303-456-1598

Mail to: P O Box 1045  
Wheat Ridge Co 80034



# Fax

**To:** Martyne Kieling **From:** Beverly Licholat

---

**Fax:** **Date:** 08/08/03

---

**Phone:** **Pages:** 1

---

**Re:** **CC:**

---

**Urgent**     **For Review**     **Please Comment**     **Please Reply**     **Please Recycle**

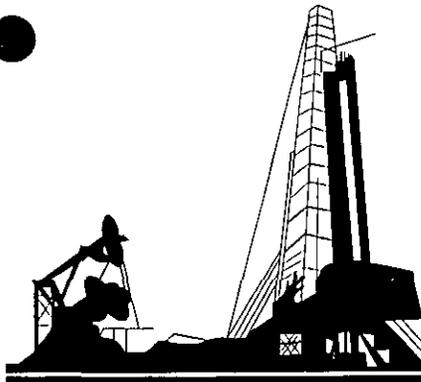
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**•Comments**

**Item #6. The language is quite clear and seems to cover all instructions needed.**

**Thank you for time for doing this.**

**Bev**



TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION  
1220 S. ST. FRANCIS DRIVE  
SANTA FE, NM 87505  
(505) 476-3440  
(505)476-3462 (Fax)

PLEASE DELIVER THIS FAX:

TO: Beverly Licholt 303-456-~~4~~5198

FROM: Martynne Kicling

DATE: \_\_\_\_\_

PAGES: 1 of 2

SUBJECT: Please Review Item # 6

regarding Fertilizer Application. Please

Let me know if the language is acceptable. If not  
Please provide additional information.

IF YOU HAVE TROUBLE RECEIVING THIS FAX, PLEASE CALL THE OFFICE  
NUMBER ABOVE.

*Martynne*

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.

621 17TH STREET, SUITE 830  
DENVER, COLORADO 80293  
Phone: 303-456-4189  
Fax: 303-456-1598

Mail to: P O Box 1045  
Wheat Ridge Co 80034



# Fax

**To:** Martyne Kieling **From:** Beverly Licholat

**Fax:** 505-476-3462 **Date:** 08/07/03

**Phone:** **Pages:** 1

**Re:** **CC:**

- Urgent     For Review     Please Comment     Please Reply     Please Recycle

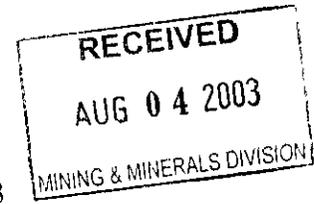
**•Comments**

Regarding the request for fertilizer to be added to the land farm area.  
 It has been determined that Jenox would need 300 pounds of fertilizer for each cell. Each  
 is 125' x 300'. I believe that works out at 300 pounds per .86 acre.  
 If you have any questions or need more information please contact.

*Application Rate would be  
 Twice a year, Dec & Spring with Spreader.....*

*8-8-03  
 Per conversation with  
 Beverly. Will Fax  
 Draft Language For Review.*

JENEX OPERATING COMPANY  
621 17<sup>TH</sup> STREET, SUITE 830  
DENVER, COLORADO 80293  
(303) 456-4159 FAX (303) 456-1598



July 31, 2003

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

**RE: Surface Waste Management Facility Permit NM 01-0026  
Jenex Operating Company  
SW/4 NE/4 NW/4 and the S/2 NW/4NW/4 of Section 14  
Township 20 South, Range 38 East, NMP  
Lea County, New Mexico**

Dear Ms. Kieling:

This letter is to make a final report on conditions for permit NW-01-0026 from April 13, 2001, and your inspection letter of April 30, 2003.

1. The facility must be fenced and have a sign at the entrance.  
**As noted the facility does have a sign at the entrance. The facility is now completely fenced and has a locked gate.**
2. The disposal facility must have a locked gate so it is secured when there is no attendant on duty.  
**See photo # 1 of the fenced facility and locking gate.**
3. The facility must be maintained where there will no storm water runoff beyond the boundaries.  
**As noted there are adequate berms around the facility.**
4. Design changes to the facility must be submitted to the OCD Santa Fe office for approval and a copy to the Hobbs District office for approval.  
**As noted there are no requests for facility design change pending.**

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5. Facility inspections and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm. Noted defects must be reported to the Hobbs offices within 24 hours. Repairs must be made as soon as possible.

**The facility is inspected daily and notes are made of the items needing maintenance or repair. The tank has been repaired and is not leaking. The soil has been replaced.**

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 connected tanks. The tanks and containers must be labeled as to content and hazards.

**The remaining tanks and drums are all labeled and on a pad with curb containment.**

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

**As noted all existing above-ground tanks located at the facility are bermed. The berms are in good condition. See photo #2. The small portion of the berm behind the boiler room building has been repaired. See photo #3.**

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 bermed so that the area will contain one and one-third the volume of the largest tank or all connected tanks.

**There are no new tanks or replacement tanks, and the bermed area meets these requirements.**

9. Below-grade sumps and below grade tanks must be inspected on a daily basis and fluid must be removed to prevent overflow.

**As noted all below-grade sumps and tanks have been emptied.**

**Note-Tank is removed as requested.**

**See photos # 4& 5.**

10. Below-grade sumps and below-grade tanks must be cleaned and visually inspected. Results must be recorded and maintained at the facility for OCD review.

**As noted there are no below grade sumps, catchments or tanks at the facility.**

**See photo # 5 & 6.**

11. All new or replacement below-grade sumps and 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 primary containment checked for leaks and repaired or replaced. Records of inspection and repairs must be made available to the OCD upon request.

**As noted the OCD did not observe any new below-grade sumps or tanks.  
See Photo # 7.**

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, the OCD must be notified.

**We have instituted a test program of pressure testing ground lines. The results are at the plant and all pipelines are in compliance.**

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 land farmed on site or be disposed at an OCD approved disposal site.

**As noted Jenex disposes waste water generated at the facility at Sundance Services, Inc. Jenex does land farm the solids generated on site  
Also see photo# 8 of the Southeast corner of the facility just outside of the land farm area. Note that the items are gone.**

14. Open tanks and exposed pits must be netted, screened or covered.

**As noted Jenex does not have open tanks or exposed pits or ponds.**

15. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected, the facility must take steps to record, investigate the cause and alleviate the odor.

**As noted no reports about objectionable odors have been reported.**

### **H2s Prevention & Contingency Plan.**

1. Jenex must develop a prevention plan for ambient H2s levels. The plan was submitted September 10, 2002.

**As noted the plan was developed. The facility is checked daily. There has been no detected H2S readings. There are two windsocks at the facility. See photo # 9. Also there are signs posted at all the ladders and at the entrance to the plant warning of H2S. See photos # 10 & 11.**

#### Land Farm Construction

1. Construction must commence on the landform area within one year of the permit  
**Jenex has constructed a land farm directly east of the treating plant.**
2. Contaminated soils may not be placed within one hundred feet of the boundary of the facility.  
**Jenex has complied.**
3. Contaminated soils may not be placed within twenty feet of any pipeline crossing the land farm.  
**There are no pipelines within 20 feet of the land farm facility.**
4. The portion of the land farm containing contaminated soils must be bermed to prevent runoff and run-on.  
**The land farm is bermed and the berms are in good condition.**

#### Land Farm Operations

1. Only soils generated exclusively from cleanup of leaks and spills at the Jenex Operating Company surface waste facility may be land farmed at this land farm.  
**Jenex has installed a fence and a locking gate to secure the facility to prevent a possible dumping by third parties at the Jenex facility.**
2. Contaminated soil must be spread on the surface in lifts of six inches or less.  
**The contaminated soil has been spread at the surface to less than six inches. See photos # 12 & 13.**
3. Soils must be disked a minimum of one time every two weeks to enhance biodegradation of contaminants.  
**Tilling records were not kept until April 2003 notification. Records of disking are now available at the facility.**
4. Moisture may be added as necessary to enhance bioremediation and to control blowing dust.  
**As noted there was no standing water in the land farm but moisture is occasionally added.**

5. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lifts 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 laboratory analyses and 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.

**Attached are laboratory samples taken at the facility.**

6. Enhanced bioremediation through the application of microbes (bugs) and fertilizers requires prior approval from the OCD.

**No microbes have been added but we do request the use of commercial fertilizers or manure.**

7. Any design changes must be submitted to the OCD for approval.

**No requests for design changes have been made.**

8. Land farm inspection and maintenance must be conducted on at least a biweekly and immediately following each consequential rainstorm or windstorm.

**Land farm inspections and maintenance is conducted weekly.**

#### Treatment Zone Monitoring

1. Prior to waste acceptance one background soil sample must be taken from the Center portion of the land farm two feet below the native ground surface. The sample must be analyzed for total hydrocarbons (TPH), volatile aromatic organics (BTEX), major cations/anions and Water Quality Control Commission (WQCC) metals.

**Jenex did provide the background analytical results collected Dec 1, 2001. The results were below the detection limits of the laboratory equipment.**

2. A treatment zone not to exceed three feet beneath the land farm 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 acres. The sample must be taken at two to three feet below the native ground surface.

**Soil test samples are included with this report. There is solid caliche at 8 inches through 20+ feet below surface.**

3. The soil samples must be analyzed using EPSW approved methods.  
**Soil samples are included.**
4. The soil sample must be analyzed using EPA approved methods.  
**Soil samples are included.**
5. After soil samples are obtained, the boreholes must be filled with an impermeable material such as cement or bentonite.  
**Bore holes are filled with caliche down to solid rock base.**

#### Waste Acceptance Criteria

1. This facility is authorized to accept only certain material.  
**Jenex only puts into the land farm solids from its own operation.**
2. At no time may any OCD-permitted surface waste management facility that is hazardous by listing or characteristic testing.  
**Jenex only puts material from its own operations into the land farm.**
3. The transporter of any waste to the facility must supply a certification that  
  
The material received from the generator and that no additional materials have been added.  
**Jenex does not accept wastes or material from outside sources. Any requests for such would be certified through the C-117 process.**
4. No waste will accepted at the treating plant unless it is accompanied by an approved Form C-117A.  
**Jenex does not accept waste from outside sources.**
5. No produced water may be received at the facility unless the transporter has a Valid C-133, Authorization to Move Produced Water, on file with the Division.  
**Jenex does not receive produced water into the facility.**

#### Reporting

1. The treating plant Operator's Monthly Report (Form C-118 sheet a and 1A), which details the oil recovered and sold during the preceding month, must be submitted to the OCDHobbs according to form directions.  
**Form C-118 is filed each month.**

JENEX OPERATING COMPANY  
621 17<sup>TH</sup> STREET, SUITE 830  
DENVER, COLORADO 80293  
(303) 456-4159 FAX (303) 456-1598

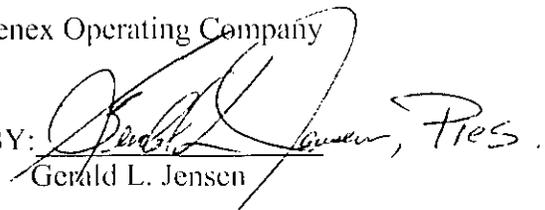
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (From C-117) must be submitted to the OCD Hobbs office according to form directions.
3. Records of treating plant and land farm inspections and maintenance and of pipeline testing and maintenance must be kept and maintained for OCD review.  
**Jenex does keep inspection reports**
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.  
**Jenex will comply with this regulation.**
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.  
**This information is recorded on the C-118 and C117.**
6. Analytical results from the background sampling and treatment zone monitoring must be submitted to the OCD Santa Fe office within (30) days of receipt from the laboratory.  
**Analysis for the background sampling and zone monitoring were sent to the OCD, Santa Fe, May 29, 2002.**
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.  
**Jenex has no plans to do any construction at this time.**

**Financial Assurance**

1. Jenex has submitted and the OCD has approved a bond increase to \$120,000.

Very Truly Yours,

Jenex Operating Company

BY:  , Pres.  
Gerald L. Jensen



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603  
PHONE (505) 393-2328 • 101 E. MARLAND • HOBBS, NM 88240

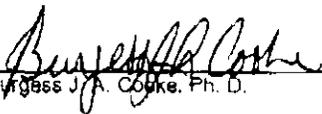
ANALYTICAL RESULTS FOR  
JENEX OPERATING  
ATTN: GARY  
P.O. BOX 308  
HOBBS, NM 88241  
FAX TO: (505) 397-2876

Receiving Date: 05/29/03  
Reporting Date: 06/03/03  
Project Number: NOT GIVEN  
Project Name: LANDFARM  
Project Location: 11100 S. EUNICE HWY 18, HOBBS, NM

Sampling Date: 05/29/03  
Sample Type: SOIL  
Sample Condition: COOL & INTACT  
Sample Received By: HM  
Analyzed By: BC

LAB NO.	SAMPLE ID	GRO (C <sub>8</sub> -C <sub>10</sub> ) (mg/Kg)	DRO (>C <sub>10</sub> -C <sub>20</sub> ) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE:		06/02/03	06/02/03	05/29/03	05/29/03	05/29/03	05/29/03
H7691-1	CELL #1	<10.0	<10.0	<0.005	<0.005	<0.005	<0.015
H7691-2	CELL #2	<10.0	<10.0	<0.005	<0.005	<0.005	<0.015
Quality Control		746	794	0.092	0.098	0.091	0.268
True Value QC		800	800	0.100	0.100	0.100	0.300
% Recovery		93.2	99.3	91.9	97.9	90.8	89.3
Relative Percent Difference		0.6	2.8	1.9	5.1	1.8	2.1

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8260.

  
Burgess J. A. Cooke, Ph. D.

6/03/03  
Date

H7691A.XLS

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether noted in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



**ARDINAL  
LABORATORIES**

PHONE (815) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2328 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
JENEX OPERATING  
ATTN: GARY  
P.O. BOX 308  
HOBBS, NM 88241  
FAX TO: (505) 397-2876

Receiving Date: 05/29/03  
Reporting Date: 06/04/03  
Project Number: NOT GIVEN  
Project Name: LANDFARM  
Project Location: 11100 S. EUNICE HWY 18, HOBBS, NM

Sampling Date: 05/29/03  
Sample Type: SOIL  
Sample Condition: COOL & INTACT  
Sample Received By: HM  
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Na (mg/Kg)	Ca (mg/Kg)	Mg (mg/Kg)	K (mg/Kg)	Conductivity ( $\mu$ S/cm)	T-Alkalinity (mgCaCO <sub>3</sub> /Kg)
ANALYSIS DATE:		05/30/03	05/30/03	05/30/03	05/30/03	05/30/03	05/30/03
H7691-1	CELL #1	92	56	37	0	684	368
H7691-2	CELL #2	93	84	20	1.12	1073	184
Quality Control		NR	56	59	5.17	1322	NR
True Value QC		NR	50	50	5.00	1413	NR
% Recovery		NR	112	118	103	93.6	NR
Relative Percent Difference		NR	0	0	1.0	0.7	NR

METHODS: SM3500-Ca-D3500-Mg E 8049 120.1 310.1

	Cl <sup>-</sup> (mg/Kg)	SO <sub>4</sub> (mg/Kg)	CO <sub>3</sub> (mg/Kg)	HCO <sub>3</sub> (mg/Kg)	pH (s.u.)	
ANALYSIS DATE:		05/30/03	05/30/03	05/30/03	05/30/03	
H7691-1	CELL #1	80	10.7	0	449	8.02
H7691-2	CELL #2	144	105	0	224	8.09
Quality Control		1050	53.65	NR	996	7.01
True Value QC		1000	50.00	NR	1000	7.00
% Recovery		105	107	NR	99.6	100
Relative Percent Difference		0	1.5	NR	0	0.1

METHODS: SM4500-Cl-B 375.4 310.1 310.1 150.1

Note: Analyses performed on 1:4 w/v aqueous extracts.

*Amy Hill*  
Chemist

6/4/03  
Date

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 PHONE (505) 393-2326 • 101 E. MARIANO • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
 JENEX OPERATING  
 ATTN: GARY  
 P.O. BOX 308  
 HOBBS, NM 88241  
 FAX TO: (505) 397-2876

Receiving Date: 05/29/03  
 Reporting Date: 06/04/03  
 Project Number: NOT GIVEN  
 Project Name: LANDFARM  
 Project Location: 11100 S. EUNICE HWY 18, HOBBS, NM

Sampling Date: 05/29/03  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT  
 Sample Received By: HM  
 Analyzed By: AH

RCRA METALS

LAB NUMBER	SAMPLE ID	As ppm	Ag ppm	Ba ppm	Cd ppm	Cr ppm	Pb ppm	Hg ppm	Se ppm
ANALYSIS DATE:		06/04/03	06/04/03	06/04/03	06/04/03	06/04/03	06/04/03	06/02/03	06/04/03
H7691-1	CELL #1	5.00	9.45	<1	2.60	12.0	78.2	<0.2	0.477
H7691-2	CELL #2	4.29	9.15	<1	3.30	9.20	75.1	<0.2	0.870
Quality Control		0.149	4.931	22.65	0.484	4.849	5.606	0.00980	0.054
True Value QC		0.150	5.000	25.00	0.500	5.000	5.000	0.01000	0.050
% Recovery		99.3	98.7	90.6	96.8	97.0	112	98.0	108
Relative Percent Difference		1.3	1.4	9.2	1.0	0.3	1.2	2.0	5.6
METHODS: EPA 600/4-79-020		206.2	272.1	208.1	213.1	218.1	239.1	245.1	270.2

*Amy Hill*  
 Chemist

6/4/03  
 Date

H7691m

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## ANALYTICAL RESULTS FOR

JENEX OPERATING

ATTN: GARY

P.O. BOX 308

HOBBS, NM 88241

Receiving Date: 05/29/03

Reporting Date: 06/04/03

Project Number: NOT GIVEN

Project Name: LANDFARM

Project Location: 11100 S. EUNICE HWY 18, HOBBS, NM

FAX TO: (505) 397-2876

Sampling Date: 05/29/03

Sample Type: SOIL

Sample Condition: COOL &amp; INTACT

Sample Received By: HM

Analyzed By: AH

## TOTAL METALS

LAB NUMBER	SAMPLE ID	Al (ppm)	Co (ppm)	Cu (ppm)	Fe (ppm)
ANALYSIS DATE:		06/04/03	06/04/03	06/04/03	06/04/03
H7691-1	CELL #1	4411	13.0	13.8	6576
H7691-2	CELL #2	4135	14.4	10.8	2086
Quality Control		5.341	5.015	1.050	5.390
True Value QC		5.000	5.000	1.000	5.000
% Recovery		107	100.0	105	108
Relative Percent Difference		3.5	0.4	0.3	0.4
METHODS: EPA 600/04-79-020		202.1	219.1	220.1	236.1

		Mn (ppm)	Mo (ppm)	Ni (ppm)	Zn (ppm)
ANALYSIS DATE:		06/04/03	06/04/03	06/04/03	06/04/03
H7691-1	CELL #1	31.2	<1	10.5	12.5
H7691-2	CELL #2	21.5	<1	15.5	7.05
Quality Control		5.152	0.969	5.176	0.500
True Value QC		5.000	1.000	5.000	0.500
% Recovery		103.0	96.9	104.0	100
Relative Percent Difference		0.3	6.2	0.8	0.2
METHODS: EPA 600/04-79-020		243.1	246.1	249.1	289.1

*Amy Hill*  
Chemist

6/4/03  
Date

H7691m2

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**PHOTO 1: Item # 2: Fenced facility and locking gate.**



**PHOTO 2: Item #7: The above-ground tanks located at the facility are bermed and the berms are in good condition.**



**PHOTO 3: Item # 7: Repaired portion of the berm behind the boiler room.**



**PHOTO 4: Item #9: Emptied grade sumps and tanks and removed tank.**



**PHOTO 5: Item # 9 & 10: Emptied grade sumps and tanks and removed tank. There are no below grade sumps, catchments or tanks at the facility.**



**PHOTO 6: Item #10: There are no below grade sumps, catchments or tanks at the facility.**



**PHOTO 7: Item # 11: All new or replacement below-grade sumps and tanks at the facility must have secondary impermeable containment with a leak detection system**



**PHOTO 8: Item #13: Southeast corner of the facility just outside of the land farm area. Note that the items are gone.**



**PHOTO 9: Item # 1 (H<sub>2</sub>s Prevention & Contingency Plan): Two wind socks at the facility.**



**PHOTO 10: Item #1 (H<sub>2</sub>s Prevention & Contingency Plan): There are signs posted at all the ladders and at the entrance to the plant warning of H<sub>2</sub>S.**



**PHOTO 11: Item # 1 (H<sub>2</sub>s Prevention & Contingency Plan):** There are signs posted at all the ladders and at the entrance to the plant warning of H<sub>2</sub>S.



**PHOTO 12: Item #2 (Land Farms Operations):** The contaminated soil has been spread at the surface to less than six inches



**PHOTO 13: Item #2 (Land Farms Operations):** The contaminated soil has been spread at the surface to less than six inches.

**Jenex Operating Company**  
**621 17<sup>th</sup> Street, Suite 830**  
**Denver, CO 80293**  
**Phone 303-383-1515 Fax 303-383-5018**

**RECEIVED**

**MAY 15 2003**  
Environmental Bureau  
Oil Conservation Division

May 12, 2003

Martyne Kieling  
Environmental Geologist  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0026**  
**Jenex Operating Company**  
**SW/4 NE/4 NW/4 and the S/2 NW/4 NW/4 of Section 14,**  
**Township 20 South, Range 38 East, NMP**  
**Lea County, New Mexico**

Dear Ms. Kieling,

We are in receipt of your notice of April 30, 2003. We are in the process of responding to the various items in your proposal. As I had written to you earlier, we would respond by the next installment date on the bond, with a revised closure plan, which we are enclosing.

We now have had extensive experience in closure operations for a plant of this type, having closed the plant in Pearsall, Texas, emptied and cleaned up the plant in Lyons, Texas prior to sale, and completed the clean up of the abandoned portion of the plant in Odessa, Texas. We also submitted the closure plan for the facility in Odessa, Texas, which was approved by the Railroad Commission of Texas, and which we used as a model for the enclosed plan.

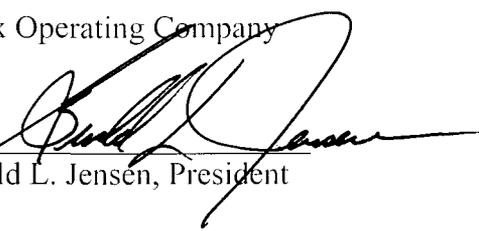
We are enclosing this closure plan for your review. A major change of condition was our discovery that our entire site is solid caliche with only 6" to 10" of soil covering it. There is no underground water. We feel it is a complete and reasonable closure plan for this facility. Based on this closure plan, we would propose increasing our bond amount from, \$100,000 to \$120,000 at the renewal date. This would then remain the bond amount for the future unless we expand or conditions change.

We have instituted a new program of testing all of our sales loads of crude oil which we sell from this facility. This has been a substantial addition to our costs, but provides a major service to the industry in handling much of the off-spec (slop) oil in this region. It is important that we maintain high standards for our product, as well as the maintenance of the plant, equipment, and the environment. I think that we have demonstrated a continued effort to do this. However, we are a small company, and the bond requirements are a big burden. We feel that the amounts set out in the attached closure cost estimate provides a realistic plan that protects the State of New Mexico, and is a bond amount which we can obtain.

We will look forward to answering any questions and discussing this with you. We will respond to the rest of the notice shortly.

Very Truly Yours,

Jenex Operating Company

BY: 

Gerald L. Jensen, President

RECEIVED

MAY 15 2003  
 Environmental Bureau  
 Oil Conservation Division

CLOSURE PLAN  
 FOR  
 JENEX OPERATING COMPANY  
 OIL TREATMENT FACILITY  
 HOBBS, NEW MEXICO  
 5/1/2003

DRAFT

Property located 13 miles South of Hobbs, New Mexico on Company owned land. Closing Costs for oil treatment facility including removal of fluids, tanks, and contaminated soil, for continued use as an industrial yard or a caliche pit. Please see pages 2 and 4 for volume calculations. Land farm soils are remediated & land farm restored to native vegetation in budget but actual use will be caliche quarry.

Fluid Disposal:

	BBLS	Cost/BBL*	Disposal costs
BSW Tanks	4000	\$2.00	\$8,000
Treatment tanks	4000	\$2.00	\$8,000
Oil sales Tanks	3000	\$0.25	\$750
<b>Total costs</b>			<b>\$16,750</b>

\* Disposal price per barrel at Sundance site in Eunice, New Mexico  
 (actual volumes will be lower since salt water will compose 1/3 or more of total and will be disposed of at Wilson Systems, Inc. for contract price of \$.35 per barrel.

Fluid & tank Material Loading, Handling & Transportation:

	salt water	other liquids	sludge	BS&W	solids	Total Costs
Distance to disposal site (miles)	5	0	0	5	5	
Round trip time per load (hours)	2	0	0	2	2	
No. trips to disposal	0	0	0	20	54	
Total transportation time-hours				40	108	
Transport cost per hour				\$60	\$65	
Total transport cost				\$2,400	\$7,020	\$9,420
Loading time per load				0	0.33	
Total Loading time **				0	11	
Loading cost per hour ***				\$0	\$130	
Total loading cost				\$0	\$1,430	\$1,430
<b>Total Costs/all wastes:</b>				<b>\$9,480</b>	<b>\$3,445</b>	<b>\$10,850</b>

\*\* Loading time of BS&W included in round trip time

\*\*\* Loading cost per hour for solids includes front end loader plus dump truck

Dike Demolition & Soil Excavation

	Equip. Time	Hourly cost	Dike length & cross section	dike volume	Total
Dike demolition dozer	8	\$65.00	4030' total linear feet 3' high, 9" base	2060	\$520
Excavate contaminated					
Soils trackhoe	70	\$85.00			\$5,950
<b>Total Costs</b>					<b>\$6,470.00</b>

**FACILITY CLOSURE COST CALCULATIONS**

**Tank Inventory & Volumes**

Tank #	Description	Size (BBL)	Volume of salt water (BBL)	Volume of Other liquid (BBL)	Volume of Sludge	Volume of BS&W (BBL) *	Volume of Solids (yd3)
1	Treatment tank	1000				800	30
2	Treatment tank	1000				800	30
3	Treatment tank	1000				800	30
4	Treatment tank	1000				800	30
5	BSW	500				500	15
6	BSW	500				500	15
7	BSW	500				500	15
8	BSW	500				500	15
9	BSW	500				500	15
11	BSW	1000				1000	30
12	BSW	1000				1000	30
14	Oil sales	1000				200	10
16	Oil sales	1000				200	10
17	BSW	235				235	12
18	Oil sales	500				100	10
19	Oil sales	500				100	10
<b>TOTAL VOLUMES</b>		<b>13597</b>				<b>5800</b>	<b>240</b>
<b>Total BS&amp;W Tanks</b>						<b>5800</b>	<b>60</b>
<b>Total Treatment Tanks</b>						<b>3200</b>	<b>120</b>
<b>Total Oil Tanks</b>						<b>600</b>	<b>40</b>
<b>Volume per load</b>						<b>150</b>	<b>18</b>
<b>Number of loads</b>		<b>Calculated</b>				<b>20</b>	<b>54</b>
		<b>Total</b>				<b>3000</b>	<b>31</b>

Assumptions:

- \* Assumed BS&W tanks contain 100% BS&W & solids
- Assumed treatment tanks (80% capacity) 100% BS&W
- Assumed oil tanks to contain 20% BS&W & solids

## FACILITY CLOSURE COST CALCULATIONS

### Tank Cleaning & Dismantling

Tank #	Welder, Hrs	Labor, Hrs	Steam Clean Hrs	Cost
1	12	10	5	\$1,315
2	12	10	5	\$1,315
3	12	10	5	\$1,315
4	12	10	5	\$1,315
5	8	7	3	\$845
6	8	7	3	\$845
7	8	7	3	\$845
8	8	7	3	\$845
9	8	7	3	\$845
11	12	10	5	\$1,315
12	12	10	5	\$1,315
14	12	10	5	\$1,315
16	12	11	5	\$1,315
17				\$845
18	8	7	3	\$845
19	8	7	3	\$845
<b>Total Costs</b>				<b>\$17,280</b>

\*\*Solids volume shown in this section is tanks cut in large pieces, used to estimate truckloads, metal volume actually less.

**FACILITY CLOSURE COST CALCULATIONS**

**Contaminated Soils Within Bermed Areas**

**Tank Pad & Storage Pad Volumes (remove contaminated soil under tank & storage areas):**

Description	Dimensions	Thickness	Total pad Volume-YD	Volume of Sludge	Volume of BS&W (BBI)	Volume of Solids (yd3)
Bermed area	90x35	12	117			117
	30x30	12	34			34
	20x30	12	22			22
Berm (dike material)	460	30	43			43
<b>Total Volume</b>			<b>301</b>			<b>216</b>

**Solid Waste Disposal Cost**

	Salt Water	Other liquid	Sludge	BS&W	Solids
Disposal cost per unit					\$12
Disposal cost total					\$2,592
<b>Total costs, all soil wastes</b>					<b>\$2,592</b>

**Soil Waste Loading, Handling & Transportation**

	Salt Water	Other liquid	Sludge	BS&W	Solids
Distance to disposal site (miles)					12
Round trip time per load (hours)					2
Volume per load					18
No. trips to disposal					17
<b>Total transportation time (hours)</b>					<b>34</b>
Transport cost per hour					\$65
<b>Total transport cost</b>					<b>\$2,210</b>
Loading time per load					0.33
<b>Total Loading time</b>					<b>6</b>
Loading cost per hour *					\$130
<b>Total loading cost</b>					<b>\$780</b>
<b>Total Costs/all wastes:</b>					<b>\$2,290</b>

\* Loading cost assumes hourly rates for front-end loader & dump truck

**Backfill & Leveling Cost**

	Volume yd 3	Cost \$/yd3	Time, Hrs	Cost \$/Hr	Total Cost
Fill Dirt	220	10			\$2,200
Bulldozer			2	\$65	\$130
Maintainer			2	\$65	\$130
<b>Total Costs</b>					<b>\$2,460</b>

<b>TOTAL</b>	<b>\$7,342</b>
--------------	----------------

## FACILITY CLOSURE COST CALCULATIONS

### Land Farm Remediation Costs on Closure

Based on final remediation of soils tilled to 6"-8" on total 8" soil on top of solid caliche base.

#### Monthly costs X 30 months

1. Tilling every 2 weeks at \$150 per time	=	\$300
2. Fertilize 6 times per year at \$200 monthly	=	\$100
3. Water at time of tilling 2 loads at \$130 every other tilling	=	\$260
4. Supervision & inspection	=	\$250

**Total Monthly costs** = **\$910**

**X 30 months**

**Total** = **\$27,300**

#### Final Leveling & Seeding

1. Tractor 6 hours at \$65	=	\$390
2. Fertilize & seed native plants *	=	\$1,000

**Total** = **\$1,390**

**TOTAL OVERALL** = **\$28,690**

\* actual use will be for extension of caliche pit and crushing operation.

**FACILITY CLOSURE COST CALCULATIONS**

**Confirmation testing**

Task	Description	# of samples	Cost
1	TPH @ \$100	20	\$2,000
2	EC @\$30	20	\$600
3	TOX @ \$100	20	\$2,000
4	BTEX @ \$50	20	\$1,000
5	RCRA METALS @ \$100	20	\$2,000
6			
Total			\$7,600
<b>Total Testing &amp; Monitoring</b>			<b>\$7,600</b>

**General & Mobilization Costs**

Task	Description	Materials & labor costs	Total Cost
1	Heavy equipment delivery/pick up	\$500	\$0
2	Roustabout Crew w/ trucks & tools (40hrs @\$120/hr)	\$4,800	\$0
3	Bulldozer w/ winch (20hrs)	\$1,300	\$0
4	TOX tests on waste to be disposed ( 1 each 50 yds)	\$1,700	\$0
5	Gin pole truck (40hrs @\$70/hr)	\$2,800	\$0
6	Vacuum truck, clean lines (30hrs@ \$60/hr)	\$1,800	\$0
Total		\$12,900	\$0
<b>Total Misc. Labor Cost</b>			<b>\$12,900</b>

**FACILITY CLOSURE COST CALCULATIONS**

Test	Cost
TCLP (As, Ag, Ba, Cd, Cr, Hg, Pb, Se)	100
PH	9
Chlorides	15
Electrical Conductivity	30
Total Petroleum Hydrocarbon	100
BTEX	50
RCRA 8 metals	100
TOX	100
SAR	100

	General Costs	
	Size	Cost/Hr
Vacuum truck	130	\$60
Dump Truck	18	\$65
Front end loader		\$65
Bulldozer		\$65
Maintainer		\$65
Back fill dirt (yd 3)		\$10
Labor cost man-hour		\$20
Trackhoe		\$85
Welder		\$60
Steam Clean		\$75

**Total Estimated Costs**

	Cost
Fluid disposal	\$16,750
Fluid & tank material loading & transportation	\$10,850
Dike demolition & soil excavation	\$6,470
Tank cleaning & dismantling	\$17,280
Soil waste disposal, loading, transportation	\$7,342
Land farm Remediation	\$28,690
Testing	\$7,600
General & mobilization	\$12,900
Oversight & contingency	\$10,000
<b>Total</b>	<b>\$116,882</b>

## Kieling, Martyne

---

**From:** Johnson, Larry  
**Sent:** Monday, June 23, 2003 9:03 AM  
**To:** Kieling, Martyne  
**Subject:** Jenex Treating

Martyne,

Pix attached of Jenex - Refer to letter from Jenex to you dated June 13, 2003:

Item 2 - Land farm is fenced and has 2 locked entry/exit gates (Pix)

Item 3 - Trash is gone - hoses are in process of being prepped for disposal (Pix of plow is where trash was)

Item 4 - Dike is replaced behind boiler (No Pix)

Item 4 - Tilling is in process (Pix)

Item 5 - Tank is still in place (Pix)

What Else?



BadTank.JPG



Cell 1 W.JPG



Cell2.JPG



Cell3.JPG



Cell4 E.JPG



E View  
Landfarm.JPG



Jenex  
Entrance.JPG



Plow.JPG



West Gate.JPG

RECEIVED

JUN 18 2003

**Jenex Operating Company**  
621 17<sup>th</sup> Street, Suite 830  
Denver, CO 80293  
Phone 303-383-1515 Fax 303-383-5018

June 13, 2003

Martyne Kieling  
Environmental Geologist  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

**RE: Jenex Operating Company  
Hobbs New Mexico Plant Update**

Dear Ms. Kieling,

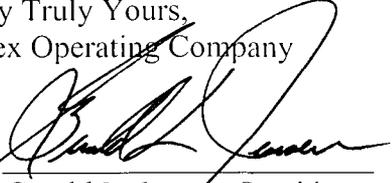
This letter will be an interim report on several of the other matters in your earlier notice of April 30, 2003. We will send a final reply after we have completed all of the work. At this time we wish to report the following:

1. The bond application has been filed and the increased bond for \$120,000 was issued and sent to the OCD on 6/10/03.
2. The land farm has been fenced and gated and is now kept locked.
3. The trash piles noted by your photographs have been cleaned up and are gone.
4. We have rebuilt the dike behind the boiler room.
5. The records on the land farm are being kept and tilling is now proceeding.
6. The number 13 damaged tank is in the process of being removed.

7. The soil samples of the land farm have been completed. These results will be sent with the final report.

We will work on getting the other items taken care of soon. I will be at the plant on July 1, 2003, to review the remaining items. We plan to get a final report to you by the end of July 2003. Please call me if you have any questions.

Very Truly Yours,  
Jenex Operating Company

BY:   
Gerald L. Jensen, President

cc: Beverly Licholat  
James Jensen  
Gary Guttridge

JENEX OPERATING COMPANY  
621 17<sup>TH</sup> STREET, SUITE 830  
DENVER, COLORADO 80293  
(303) 456-4159 FAX (303) 456-1598

RECEIVED  
SEP 23 2002  
Environmental Bureau  
Oil Conservation Division

September 20, 2002

State of New Mexico  
Energy Minerals and Natural Resources  
1220 South St. Francis Dr.  
Santa Fe NM 87505  
Attn. Ms. Martyne Keiling

RE: Surface Waste Management Facility Permit NM 01-0026  
SW/4 NE/4 NW4 and the S/2 NW/4 NW/4 of Section 14  
Township 20 south, Range 38 East, NMPM  
Lea County, New Mexico

Dear Ms. Kieling:

I am writing to give you an update on the progress of the permit deficiencies noted in your letter of April 10, 2002. Jenex has completed most of requested items that had not been completed at your last inspection of the above facility.

4. The tank that is corroded in the southeast is still there. We are currently working on a plan to remove the corroded tank and bring in another tank. This should be completed by the end of the year.
5. At the of inspection there was a large trash pile. The trash has been removed. The old tires and batteries were picked up and removed to an authorized site. A metal recycling company removed the pipe.
6. The H2S Prevention and Contingency Plan is attached. A copy of the same plan has been sent to the OCD office in Hobbs.
7. Construction of the Land farm is complete. Jenex began to use the land farm July 2002 for its own solid waste disposal. Only one cell so far is being used. The first quarterly soil sample test will be done in the fourth quarter of 2002.
8. Jenex is using the facility for its own use at this time. In the future, a request will be made to accept solid waste from another Jenex company. At that time we will prepare and ask for approval using Forms C-117A. Jenex is not accepting solid waste at the treating plant.
9. The Form C-118 sheets 1 and 2 are prepared monthly and two copies are sent to the Hobbs Office of the OCD. The reports that were not received by the Santa Fe Office were mailed to Martyne Kieling May 29, 2002.
10. The bond was increased to \$100,000 June 24, 2002 and approved July 27, 2002.

JENEX OPERATING COMPANY  
621 17<sup>TH</sup> STREET, SUITE 830  
DENVER, COLORADO 80293  
(303) 456-4159 FAX (303) 456-1598

11. Soil samples were sent to the Santa Fe Office May 29, 2002.

If I may be of any further help or you have a question or concerns regarding this matter, please contact me at (303) 456-4159.

Sincerely,



Beverly Licholat

cc: OCD Hobbs

**PREVENTION & CONTINGENCY PLAN  
SURFACE WASTE MANGEMENT FACILITY  
PERMIT NM 01-0026**

Item #6 from the letter dated April 10, 2002  
September 10, 2002

1. Jenex Operating Company has developed a prevention and contingency plan for ambient H<sub>2</sub>S levels to protect both employees and the public health. Employees must be alert at all times. H<sub>2</sub>S will be present at the facility in the form of residue gas at the tops of tanks housing any crude oil or feedstock tanks. Any employee who observes a person suffering from the effects of H<sub>2</sub>S must notify the designated personnel and take immediate action to minimize injuries and damages. In order for employees to monitor and reduce the possibility of injuries or release of H<sub>2</sub>S:
  - a. Each employee has on his person a H<sub>2</sub>S monitor.
  - b. Each day readings are taken along the fence line.
  - c. Daily readings are recorded in a logbook.
  - d. The windsocks can be seen from any location in the yard.
  
2. If a reading of H<sub>2</sub>S of 1.0 PPM or greater is leaving the property:
  - a. The plant manager will notify the Hobbs office of the OCD(505-393-6161) immediately.
  - b. Plant employees must locate the source of the H<sub>2</sub>S.
  - c. The employees will mitigate the source.
  - d. Another H<sub>2</sub>S reading will be taken to be sure the source has been located.
  - e. The plant manager will notify the Hobbs Office of the OCD when the situation is mitigated.
  
3. If a H<sub>2</sub>S of 10.0 PPM or greater is leaving the property:
  - a. Call the Hobbs Office of OCD (505-393-6161) immediately.
  - b. Breathing apparatus is located outside of the office front door.
  - c. All employees must be located.
  - d. No attempt to rescue anyone should be attempted without the breathing apparatus in place.
  - e. With all employees in a safe place, the problem should be discussed to determine the source of the H<sub>2</sub>S.
  - f. With the breathing apparatus in place, close the hatch or shut down operations in progress to prevent further release of H<sub>2</sub>S.
  - g. Employees calling officials must be prepared to give an assessment of the situation, the number of injuries, and if ambulances are needed.

New Mexico State Police: 505-392-5588

Lea County Sheriff: 505-396-3611

Lea County Fire Marshall: 1-800-244-6702

- h. There are no people living within ½ mile of the plant. Employees should assist public officials as requested.
  - i. Follow up actions will include having the H<sub>2</sub>S leak repaired and training personnel to handle tanks properly.
- 4. No natural gas is used nor are there any natural gas line at the Hobbs Plant, the only source of H<sub>2</sub>S is from vapor at the tops of crude oil or crude oil products. Employees are trained to assume all oil contains H<sub>2</sub>S until a tank is ventilated and determined to be safe.

RECEIVED

JUN 04 2002

Environmental Bureau  
Oil Conservation Division

**JENEX OPERATING COMPANY**  
621 17<sup>TH</sup> STREET, SUITE 830  
DENVER, COLORADO 80293  
PHONE 303-456-4159 FAX 303-456-1598

May 29, 2002

Martyne Kieling  
Environmental Geologist  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Dear Ms. Kieling,

This letter will address a small portion of the items that were brought to our attention and addressed in part with the letter April 10, 2002.

I have enclosed the results of soil samples taken in December 2001. I have noted on the results of the Dec 5, 2001 results the locations of the tests. These cover the initial tests due on the three cells of the land farm.

I have also enclosed a final report form C-141 for the spills and leaks brought to our attention in your letter August 2000. The soil that had been piled in the yard was moved and looks as if the work is complete.

Please call me if you need more information on these items. We are continuing to work on the other items that were not complete on your last visit.

Sincerely,



Beverly Lichelat  
Jenex Operating Company

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

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-141  
Revised March 17, 1999

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

**Release Notification and Corrective Action**

**OPERATOR**

Initial Report  Final Report

Name of Company <i>JENEX OPERATING CO</i>	Contact <i>GARY GUTTRIDGE</i>
Address <i>621 17th St. #830, Denver CO 80293</i>	Telephone No. <i>305-397-3360 / 303-383-1515 / 303-456-4159</i>
Facility Name <i>Surface Waste Management Facility</i>	Facility Type <i>SURFACE WASTE</i>

Surface Owner <i>Jenex operating Co.</i>	Mineral Owner <i>Same</i>	Lease No. <i>NM01-0026</i>
---	------------------------------	-------------------------------

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	<i>SW4 NE/4</i>	<i>205</i>	<i>38E</i>					<i>LEA</i>

**NATURE OF RELEASE**

Type of Release <i>Misc SPILL</i>	Volume of Release <i>unknown</i>	Volume Recovered <i>unknown</i>
Source of Release <i>tanks, leaks</i>	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.\*

Describe Cause of Problem and Remedial Action Taken.\* *In 2000, O.C.D. noticed during a visit that there must have been spills because of the condition of the yard. Remedial action taken was to change management, train staff, fix valves, holes, fixing leaks.*

Describe Area Affected and Cleanup Action Taken.\* *The area affected most likely could be addressed by looking at the photos taken July 7, 2000. Cleanup action was extensive by removing soil affected to land farm, fixing leaks, and training, training.*

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

Signature: <i>Beverly Licholat</i>	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: <i>BEVERLY LICHOLAT</i>	Approved by District Supervisor:	
Title: <i>Accountant</i>	Approval Date:	Expiration Date:
Date: <i>5/29/02</i> Phone: <i>303-456-4159</i>	Conditions of Approval:	Attached <input type="checkbox"/>

\* Attach Additional Sheets If Necessary



PHONE (915) 873-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
 JENEX OPERATING  
 ATTN: GARY  
 P.O. BOX 308  
 HOBBS, NM 88241  
 FAX TO: (505) 397-2876

Receiving Date: 12/17/01  
 Reporting Date: 12/18/01  
 Project Number: 1  
 Project Name: PLANT  
 Project Location: 11100 S. EUNICE HIGHWAY 18

Sampling Date: NOT GIVEN  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT  
 Sample Received By: HM  
 Analyzed By: BC

LAB NO.	SAMPLE ID	GRO (C <sub>8</sub> -C <sub>10</sub> ) (mg/Kg)	DRO (>C <sub>10</sub> -C <sub>28</sub> ) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE:		12/17/01	12/17/01	12/17/01	12/17/01	12/17/01	12/17/01
H6352-1	BEHIND #17	<50	229	<0.005	<0.005	<0.005	<0.015
H6352-2	BETWEEN 8 & 7	<50	292	<0.005	<0.005	<0.005	<0.015
H6352-3	BETWEEN 500 & 1000 COOK TANKS	<50	68.6	<0.005	<0.005	<0.005	<0.015
Quality Control		873	748	0.098	0.095	0.100	0.291
True Value QC		800	800	0.100	0.100	0.100	0.300
% Recovery		109	93.5	98.0	95.2	100	97.0
Relative Percent Difference		2.8	5.5	1.0	3.8	3.3	3.8

METHODS: TPH GRO & DRO - EPASW-846 8015 M; BTEX - SW-846 8260.

  
 Burgess J. A. Cooke, Ph. D.

12/14/01  
 Date

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.



PHONE (915) 873-7001 • 2111 BEECHWOOD • ABILENE, TX 79603  
 PHONE (505) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
 JENEX OPERATING  
 ATTN: GARY  
 P.O. BOX 308  
 HOBBS, NM 88241  
 FAX TO: (505) 397-2876

Receiving Date: 12/03/01  
 Reporting Date: 12/05/01  
 Project Number: 1,2,3 YARD  
 Project Name: LAND FARM (1,2,3) YARD  
 Project Location: 11100 S. EUNICE HIGHWAY 16, HOBBS, NM

Sampling Date: 12/01/01  
 Sample Type: SOIL  
 Sample Condition: COOL & INTACT  
 Sample Received By: GP  
 Analyzed By: BC

LAB NUMBER	SAMPLE ID	GRO (C <sub>6</sub> -C <sub>10</sub> ) (mg/Kg)	DRO (>C <sub>10</sub> -C <sub>28</sub> ) (mg/Kg)	BENZENE (mg/Kg)	TOLUENE (mg/Kg)	ETHYL BENZENE (mg/Kg)	TOTAL XYLENES (mg/Kg)
ANALYSIS DATE:		12/05/01	12/05/01	12/03/01	12/03/01	12/03/01	12/03/01
H6315-1	#1	<50	<50	<0.005	<0.005	<0.005	<0.015
H6315-2	#2	<50	<50	<0.005	<0.005	<0.005	<0.015
H6315-3	#3	<50	<50	<0.005	<0.005	<0.005	<0.015
H6315-4	YARD	<50	<50	<0.005	<0.005	<0.005	<0.015
	Cook tank 100 + 500						
Quality Control		792	821	0.108	0.104	0.112	0.324
True Value QC		800	800	0.100	0.100	0.100	0.300
% Recovery		99	103	108	104	112	108
Relative Percent Difference		11.5	2.7	5.6	4.7	8.4	7.6

METHODS: TPH GRO & DRO - EPA SW-846 8015 M; BTEX - SW-846 8260.

*Burgess J.A. Cooke*  
 Burgess J.A. Cooke, Ph. D.

12/5/01  
 Date

H6315 XL 8  
 PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profit incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise.

RECEIVED

MAY 06 2002

Environmental Bureau  
Oil Conservation Division

Jenex Operating Company  
621 17<sup>th</sup> Street, Suite 830  
Denver, CO 80293  
Phone 303-383-1515 Fax 303-383-5018

May 1, 2002

Martyne Kieling  
Environmental Geologist  
New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Dear Ms. Kieling,

This letter will acknowledge receipt of your letter from April 10, 2002. I wish to acknowledge a few preliminary items in this letter, to be followed by a more complete response with respect to the cleanup costs and the amount of the bond. In general, we do not dispute that a \$100,000 bond will be required and we will begin the application for that bond at this time. However, we do not think that we will be able to obtain a bond over \$100,000, so we are carefully reviewing our estimates and those from your office. We have gained considerable experience with respect to this property from our soil work this last year. We also learned about the costs of cleaning up tanks and soil, this last year, due to cleanup operations we have conducted in Texas. Accordingly, we are quite confident that we can demonstrate a much lower cost of cleanup than in your estimates of one year ago.

In this letter, I simply wish to quickly respond to the numbered items in your letter as follows:

1. The new sign as been erected, and new information will be painted on it on or before May 13, 2002.
- 2.& 3. We are completing re-berming work around the tanks at this time in order to meet your requirements.
4. All of our tanks in use are properly labeled, not leaking, and within the bermed area. We are replacing one 1000-barrel tank and we will place an impermeable pad underneath the new tank. The other 1000-barrel tank will be removed, but not replaced. These operations should be completed by June 30, 2002.

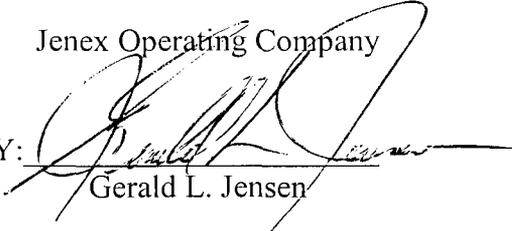
5. We will respond to this in our next letter outlining our response to the bond requirements. All junk at the plant has now been cleaned up and removed by a solid waste disposal company.
6. We note your requirements for the H2S plan, and will be in touch with you on reviewing our plan, and the implementation this last year.
7. We have constructed the land farm area, but have not yet commenced using it. We will address the use and cleanup costs in our next letter.
8. It appears we are in compliance with this item.
9. Apparently, the OCD office in Hobbs and/or Santa Fe have misplaced our forms, all of which have been filed timely, including the period from October 2001 through March 2002. Beverly Licholat will be contacting you directly to confirm that all reports have been filed.
10. This will be discussed in our next letter with regard to our estimated closing expenses.
11. We took the soil sampling from the oil spill between the tanks and notified the district office to be there for the sampling, and provided the district office with the results of such sampling. Since the sampling showed that the excavation had cleared out all contaminated soil, we have refilled the excavation from the spill with clean soil and resurfaced it with caliche. I will have Gary Guttridge or Beverly Licholat submit by separate letter the copies of the soil samples, previously submitted to the OCD. Apparently, the Hobbs district Office was on some other emergencies at the time they were notified of the sampling. As you will note, when you do review the samples that we had submitted, the soils below the oil spills show no levels of contamination below the excavated levels.

It is clear that the work we have done in building the land farm units, our caliche pit, and our excavation at the site, that the entire site below two to three feet is underlain with solid caliche rock. We will discuss this in our next letter with regard to cleanup costs. Please call us with any further questions.

Very Truly Yours,

Jenex Operating Company

BY:

  
Gerald L. Jensen

# JENEX PETROLEUM CORPORATION

621-17<sup>th</sup> St., Suite 830

Denver, Colorado 80293

(303) 383-1515 Phone

(303) 383-5018 Fax

## FAX TRANSMISSION

DATE: May 1, 2002

TO: Martynne Kieling  
Environmental Geologist

FAX #: 505-476-3462

FROM: Serry Jensen

Number of pages being transmitted (including this page): 3

Please contact us at (303) 383-1515 if you do not receive all pages.

### COMMENTS:

Hello,  
This is in regards to your letter dated 4/10/02.  
The original is in the mail & we will follow up with  
you soon.  
Thank you.

Jenex Operating Company  
621 17<sup>th</sup> Street, Suite 830  
Denver, CO 80293  
Phone 303-383-1515 Fax 303-383-5018

May 1, 2002

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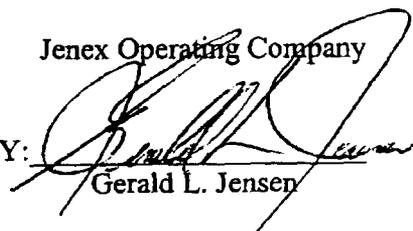
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Very Truly Yours,

Jenex Operating Company

BY:

  
Gerald L. Jensen

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

April 20, 2001

RECEIVED  
APR 23 2001

State of New Mexico  
Energy Minerals and Natural Resources  
1220 South St. Francis Dr.  
Santa Fe NM 87505  
Mr. Roger C. Anderson

Dear Mr. Anderson:

Jenex Operating Company has received your letter dated April 9, 2001, regarding the facility 8 miles south of Hobbs NM off Highway #18. Please note the attached summary of the 16 items listed and action taken by Jenex.

Jenex is committed to eliminating the problems listed in the inspection report and has made long strides in the process to do so. The new manager and staff have totally changed the way Jenex does business.

Please note that some of the work is in progress and the work should be completed soon.

Jenex would like to have more information on the required soil samples and would like to make arrangements for the Division to explain this process and witness the soil sampling to complete the immediate work.

Please contact me directly at the number under my name if you have questions or concerns that haven't been addressed in this letter or summary.

Sincerely,



Beverly Lickolat  
Controller  
303-456-4159

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

RESPONSE TO INSPECTION REPORTS  
OF July 7/7/00 and 9/25/00 by the  
State of New Mexico  
Energy Minerals and Natural Resources

Surface Waste Management Facility: Permit NM-01-0026  
SW/4 NE/4 NW/4 and S/2 NW/4NW/4 of Section 14  
Township 20 South, Range 38, East, NMPM  
Lea County, New Mexico  
April 19, 2001

1. Fencing and Signs: Fence has been replaced. A new sign has been made and will be installed at the entrance. Shortly after installing the sign it will be primed, painted and then the required identification numbers will be painted on the sign.
2. Berming: Work is being done to prepare berms around all the tanks in addition to the facility berm. This work is not completed but is in process.
3. Trash and Potentially Hazardous Materials: a. All trash is disposed and hauled away by a commercial trash removal company. b. The large pile of contaminated soil that is stockpiled for the Jenex land farm. The permit was approved recently and the soil will be removed as soon as the land farm can be built. c. The laboratory chemical has been labeled and Jenex has formed a Hazardous communication policy to inform employees of the chemicals used in the laboratory. Material Data Safety sheets are available for the chemicals. All chemicals that were in the boiler room have been removed.
4. Above Ground Tanks: The above ground tanks that contain fluid are being bermed so contain one-third more volume than the total volume of the largest tank. Jenex is training personnel on the safe handling of fluids so that the history of spills, leaks and tank overflows are eliminated. Drivers are being taught to stay with the truck, plant personnel are trained to be aware of any possible leaking valve and to take preventive measures immediately by tightening bolts, valves and to be on alert of the possibility of a leak. A new manager and staff have been hired. A complete review of the plant has resulted in building the four heater tanks and repair of leaks.  
Since the company has invested in repairing the equipment to prevent the leaks and spills it now has an equipment replacement program. However, most equipment in the yard now is updated and has an increased life. One sales tank remains to be replaced and a replacement tank is being found.
5. Sumps and Valve Catchments: All sumps and other catchments have been

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

emptied. All pipes have a sump. These sumps are emptied on a regular schedule.

6. The leaking pipes, valves and tanks that were observed in the inspection have been repaired. At the time of the inspection the new management had just taken over and were in the process of making the necessary changes. The plant management and personnel are taking the necessary steps to keep the plant in good repair.
7. Drum Storage: The drums that are still on site are empty. The management is in the process of having the empty drums hauled away.
8. Above Ground Saddle Tanks: Saddle tanks are properly contained.
9. Tank Labeling: Tanks, drums and containers are clearly labeled with numbers and have placards.
10. Migratory Bird Protection: There in only, which is netted.
11. Spill Reporting: The New Mexico Oil Conservation Divisions' policy for a timely and a proper notification will be followed exactly as directed. In the event, of a minor spill of 5 barrels to 25 barrels the manager will send to the Division Form C-141 in a timely manner, which is 15 days from the discovery of a spill. In the event of a major spill the manager will notify the Division verbally within twenty-four hours of discovery of the spill and follow-up with Form C-141 in a timely manner.
12. Regular Facility Inspections: The Division has requested that regular inspections are made at the facility, therefore, the company Management also requested that records are kept on the inspections of the facility.
13. H2S Screening: Plant personnel are each wearing H2S monitors.
14. Waste Acceptance and Disposal Documentation: Records are kept on the material accepted for the location. There is a run ticket of each load of material, which includes where it was loaded and what was loaded into the trailer. All permits are requested and filed in a timely manner. State form C-118 is filed monthly reporting the oil picked up and the permit number that authorized the load of oil to be moved to the Jenex facility.
15. Land farming of contaminated soils on site: Jenex had requested a permit for a land farm to build a facility on the Jenex land. The permit had not been approved

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

until April 10, 2001. The previous photos of the land contamination adjacent to the facility occurred prior to the purchase by Jenex. This contamination occurred in the 1980's before Jenex purchased the land. Jenex will remediate this soil in the future.

16. Soil Samples: Jenex will contact the Oil Conservation Division to witness soil sampling. This is to be sure the areas of the yard that have been remediated meet the standards required for remediation.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

April 13, 2001

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. 7099-3220-0000-5051-2115**

Mr. Gerald L. Jensen  
Jenex Operating Company  
621 17<sup>th</sup> 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.

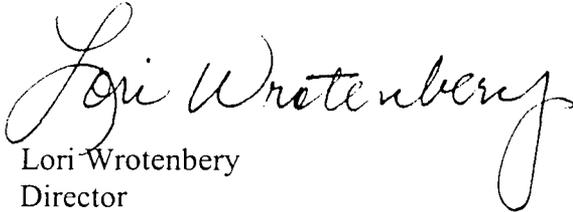
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

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.

### H<sub>2</sub>S PREVENTION & CONTINGENCY PLAN

1. Jenex must develop a prevention and contingency plan for ambient H<sub>2</sub>S levels to protect public health. **The H<sub>2</sub>S 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 H<sub>2</sub>S to ensure the following:
  - a. If H<sub>2</sub>S 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 H<sub>2</sub>S 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.

## **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 - <u>1000 bbl</u> waste tank
Tank 19 - 500 bbl oil storage tank	Tank 3 - 1000 bbl working tanks	2000 bbls
<u>2000 bbls</u>	Tank 4 - <u>1000 bbl</u> 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 - <u>500 bbl</u> 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
	<u>\$ 8,101.00 Tank Cleaning</u>

---

### 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
	<u>\$11,600.00 Tank and Equipment Disposal</u>

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
	<u>\$4,224.00 Analytical</u>

---

### **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
		<b>\$24,294.00 Total remediation</b>
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
					<b>\$9,570.00 Analytical</b>

**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**

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

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

**OIL CONSERVATION DIVISION**

**2040 South Pacheco  
Santa Fe, NM 87505  
(505) 827-7133  
Fax: (505) 827-8177**



**(PLEASE DELIVER THIS FAX)**

To: Donna Williams

From: Martyn Keeling

Date: 8-17-00

Number of Pages (Includes Cover Sheet) 1 of 3

Message: FYI Letter From Tenex; When  
you get a Chance Call Me! I have  
been redirected as to How to Proceed with  
this One.

Martyn ☺

**If you have any trouble receiving this, please call:  
(505) 827-7133**



## JENEX PETROLEUM CORPORATION

August 16, 2000

Roger C. Anderson  
Environmental Bureau Chief  
New Mexico Energy, Minerals  
& Natural Resources Dept.

Attn: Martyne Kieling

RE: Notice of Violation  
Surface Waste Management Facility  
Inspection Report: Permit NM-01-0026  
Jenex Operating Company  
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

Dear Mr. Anderson,

We are in receipt of your letter of May 9, 2000, and have discussed it with Mrs. Kieling by telephone. As we reported to Mrs. Kieling, we embarked on corrective action with respect to the plant immediately on receipt of the May 9, 2000 letter, but had not formally replied in writing. Pursuant to her notification that a written response was necessary, we are at this time providing a written response. As noted, this written response follows much of the actual action in cleaning up the plant.

At this time in response to your letter please be notified as follows:

1. We have removed the chemical drums as stated.
2. A portion of the leaking pipes have been corrected and we are in the process of fixing the additional leaking pipes.
3. A large amount of contaminated soil in the amount of over \$18,000 dollars in removal costs for over 1,000 yards have been dug out and sent to a remedial facility.
4. New caliche has been purchased and berms will be rebuilt following the balance of the removal of the contaminated soil.



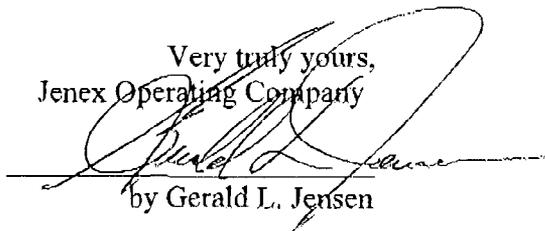
## JENEX PETROLEUM CORPORATION

The most important item was the series of leaks or release of oil into the ground which forced the expensive cleanup. After 60 days of discussion and work on the clean up we had determined that these violations of company policy were due to improper supervision. We have now replaced the manager of the facility after several failed attempts to institute proper procedures. Our new manager Ken Dolloff is also the manager of our facility at Odessa Texas .

Mr. Dolloff has been given full authority to replace any and all personnel and to complete the clean up of the remaining portions of the facility including installing the new sumps, replacing any remaining contaminated soil and building new berms. We would like to submit an additional report after approximately 30 days of the final cleanup operations. With this letter I am providing the new manager, Ken Dolloff, with a copy of your complete report and instructions to reinspect and recomplete any deficiencies as shown.

We apologize for this delay. If you have any further questions we will be pleased to answer them. Mr. Ken Dolloff can be reached at 915-522-7414. We may be reached at Denver 303-383-1515.

Very truly yours,  
Jenex Operating Company

  
by Gerald L. Jensen

cc: James Jensen  
cc: Ken Dolloff

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

MEMORANDUM OF MEETING OR CONVERSATION

Telephone  Personal Time 10:40 Am Date 6-26-00

Originating Party

Marilyn Kieling

Other Parties

Terrell Jensen

303-383-1515

Subject Return Receipt Anna Carpenter May 22, 2000  
Received by

Discussion

Voice Mail  
Left Phone Message to please call concerning  
NOV + Response - Not yet Received Anything

Conclusions or Agreements

Distribution

Signed

Marilyn Kieling

## Kieling, Martyne

**From:** Williams, Chris  
**Sent:** Thursday, July 06, 2000 3:08 PM  
**To:** Kieling, Martyne  
**Subject:** FW: reclamation plant

Martyne, just in case you haven't seen this. Chris

-----  
**From:** Davidson, Florene  
**Sent:** Thursday, July 06, 2000 1:29 PM  
**To:** Williams, Chris; Wrotenbery, Lori  
**Subject:** FW: reclamation plant

-----  
**From:** GUTTRIDGEG@aol.com[SMTP:GUTTRIDGEG@aol.com]  
**Sent:** Thursday, July 06, 2000 1:19 PM  
**To:** OCD Web Mailbox  
**Subject:** reclamation plant

i would like to address a problem in lea county it is the jenex operating reclamation plant half way between hobbs and eunice first i was employed as a driver at the hobbs plant i am no longer as of the end of june i was employed with jenex for over three years first in pearsal texas we closed that plant down at the end of 1998 and i came to hobbs to stay with the company the plant in hobbs has very poor management they have numeralous times opened valves on tanks and drained brine water on the ground flooding the whole yard so they would have to pay to dispose of it when i say they that means the plant treater and the manager has been there watching him do it there has been lots of oil spills over the past year that was never reported the last one just last week and it was not no little spill either then it rained and the oil went everywhere even started to go out the gate of the yard i finally had enough of working in the mess plus worked the legal limit by the federal dot regulations and they let me go because i would not keep on working. they say there is no water under the property there but thats beside the point its illegal to do what they are doing its a very danerous work place for employees to be employed at the management in denver co {the owners} will not do anything about the place i have always believed it could be a good place for people in lea county to work if it just had better management the place is a danger to people and the enviroment as it is right now i hope maybe you can do something about the situation there thank you

**Kieling, Martyne**

**From:** Kieling, Martyne  
**Sent:** Monday, July 10, 2000 11:02 AM  
**To:** 'GUTTRIDGE@aol.com'  
**Cc:** Wrotenbery, Lori; Williams, Chris; Williams, Donna; Anderson, Roger  
**Subject:** Jenex Reclamation Plant

Dear Sir,

The New Mexico Oil Conservation Division (OCD) has received your comment/concerns on the Hobbs Jenex Reclamation Plant. The OCD would like to take this opportunity to thank you for your comments/concerns and to let you know that we are currently investigating the Jenex facility.

Sincerely

Martyne Kieling  
Environmental Geologist

**Kieling, Martyne**

---

**From:** Kieling, Martyne  
**Sent:** Friday, January 08, 1999 2:22 PM  
**To:** Williams, Chris  
**Subject:** Jadco

Chris,

I just happened to talk to Eddie Seay today

This is the history of Jadco as Eddie rememebers it.

Jadco - Rhema August 28, 1981, SW/4 NE/4 NW/4 of Section 14, Township 20 South, Range 38 East. Jenex is south of Hobbs.

I have Rhema and Jenex on file but no Jadco as of yet

Jenex legal on the new permit application is S/2 N/2 NW/4 of Section 14, Township 20 South, Range 37 East.

Martyne



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

October 23, 1998

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-469**

Ms. Melissa Smith  
6EN-HS  
U.S. EPA Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202

**RE: Information Requested Regarding Pit Surface Inspections.**

Dear Ms. Smith:

I have enclosed the requested information on Controlled Recovery Inc., Gandy Corporation, Jenex Operation Company, and Sundance Services, Inc. Parabo facility. Please be advised that the information varies with the age of the facility.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Martyne J. Kieling".

Martyne J. Kieling  
Environmental Geologist

Enclosure (s)

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 10:06	Date 8-20-97
<u>Originating Party</u> Speedy Hill    Jenex 505-397-3360	<u>Other Parties</u> Marilyn Kieling	

Subject

Discussion

- 1) Plackard signs  Diamond Plus H<sub>2</sub>S warnings  
And Stashed water tanks - H<sub>2</sub>O or Water
- 2) Bought a Rototiller to work the soil around the tanks...
- 3) ~~He is~~ Speedy<sup>H.</sup> is also going to cap a Burried  
line it will not be used - This was OK by  
me. *ls*
- 4) The Report Back on the inspection Report will state that  
There is No Water in the Area He will send info along with  
and statement by a (Ken Fresquer?) State Eng? office?

Conclusions or Agreements

Distribution

Signed

*Marilyn*

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 8:52	Date 8/6/97
---	--------------	----------------

<u>Originating Party</u> Speedy Hill Jenex	<u>Other Parties</u> Martyr Kishig
---	---------------------------------------

Subject  
Berming Facility

Discussion  
one foot Berm around Propertyline Fence will be  
suficent - to hold the volume of the tanks

Conclusions or Agreements  
one foot Berm ~~at~~ ~~to~~ Volume Approval

Distribution

Signed *Martyr Kishig*

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 10:50	Date 7/17/97
<u>Originating Party</u> Jerry (Gerald) Jenson    Jenex		<u>Other Parties</u> Marilyn Kieling
Subject call with answer ←		(303) 623-1515
Jenex T-Plant / Add Landform		colline Jerry Jenson... ↳ IC Not Here - -    ↳ Attorney By Training ↳ is Jerry's wife
<u>Discussion</u> Jenex is wanting to Begin Land Farming their own Tank Bottoms Do they need public notice or just propose it in combo with The New Treating plant Permit		
7/25/97 Left Return Message with - Beverly - Secretary?		Must Issue Public Notice at location & wording of OLD choosing - Rule A.2.abcd
<u>Conclusions or Agreements</u> Call on Marilyn with answer ↳ Friday Got through		
<u>Distribution</u>		Signed Marilyn Kieling



# FAX SHEET

*This fax comes from the  
Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505  
(505) 827-7133*

*Please Deliver To: Gerald Jensen  
(303)-623-2385*

*Date: 10-28-97*

*From: Martynne Kieling*

*Message: Attached Please find an example of  
a landfarm Permit. The Jenex landfarm  
Permit may have additional requirements or some  
requirements may be changed or Deleted. I Hope  
this will give you some information about the  
LandFarm requirements. When you get a chance  
Please Call I need to speak to you about  
two Particular Requirements Before you Begin  
Construction.*  
*Martynne*

*If you have any problems receiving this fax, please call  
the telephone number above.*

EXHIBIT A  
CASE NO. 11518  
ORDER NO. R-10756

LANDFARM OPERATION

1. Only soils generated exclusively from operations at the ~~Site~~ disposal facility will be allowed for landfarming.
2. All contaminated soils received at the landfarm will be spread and disked within 72 hours of receipt.
3. <sup>Contaminated</sup> A Soils will be spread on the surface in six inch lifts or less. *And tank bottoms in 3 inch lifts or less.*
4. Soils will be tilled a minimum of one time every two weeks (bi-weekly) to enhance biodegradation of contaminants. Methods suggested by the U.S. Soil Conservation Service should be utilized in the tilling of the soils which will reduce to the most possible degree the occurrence of natural wind erosion.
5. Moisture shall be added to all contaminated soils received at the facility. The soils within each individual cell will be characterized using the Soil Survey of San Juan County, New Mexico, prepared by the United States Department of Agriculture, Soil Conservation Service, for the purpose of pre-determining amounts of moisture to be added to those particular soils, to (1) prevent emissions from volatile organic compounds, (2) enhance natural and artificial biodegradation, and (3) suppress erosion of contaminated soils from natural wind action.
6. There will be no ponding, pooling or run-off of water allowed. Any ponding of precipitation will be removed within seventy-two (72) hours of discovery.
7. Successive lifts of contaminated soils will not be spread until a laboratory measurement of Total Petroleum Hydrocarbons (TPH) in the previous lift is less than 100 parts per million (ppm), and the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations will be maintained at the facility. Authorization from the OCD will be obtained prior to application of successive lifts.
8. Only solids which are non-hazardous by RCRA Subtitle C exemption or by characteristic testing will be accepted at the landfarm. Solids from operations not currently exempt under RCRA Subtitle C or mixed exempt/non-exempt solids will be tested for appropriate hazardous constituents. Test results must be submitted to the OCD along with a request to receive the non-exempt solids, and a written OCD approval (case specific) must be obtained prior to disposal. Any non-oilfield wastes which are RCRA Subtitle C exempt or are non-hazardous by characteristic testing will only be accepted on a case-by-case basis and with prior OCD approval.

9. Comprehensive records of all material disposed of at the landfarm will be maintained at the facility. The records for each load will include: 1) the origin, 2) analysis for hazardous constituents if required, 3) transporter, and 4) exact cell location and method of remediation.
10. Bio-remediation through the application of microbes will only be permitted in the designated 5-acre area. The microbes will be mixed with water and applied to the contaminated soils. There will be no ponding, pooling or run-off of water allowed during the application phase or afterwards. Any change in the composition (i.e. chemical additives), process or location of the bio-remediation program must receive prior OCD approval.
11. No free liquids or soils with free liquids will be accepted at the landfarm.
12. Disposal will only occur when an attendant is on duty. The facility will be secured when no attendant is present.
13. The facility will have a sign at the entrance. The sign will be legible from at least fifty (50) feet and contain the following information: (a) name of the facility, (b) location by section, township and range, and (c) emergency phone number.
14. An adequate berm will be constructed and maintained to prevent run-off and run-on for that portion of the facility containing contaminated soils.

#### **TREATMENT ZONE MONITORING**

1. A treatment zone not to exceed three (3) feet beneath the landfarm will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received and quarterly thereafter. The sample will be taken at two (2) or three (3) feet below the native ground surface.
2. The soil samples will be analyzed for total petroleum hydrocarbons (TPH) using an OCD-approved field method. If TPH is detected, then a laboratory analysis will be conducted for Volatile Aromatic Organics (BTEX) using approved EPA methods. Immediate remedial measures will be taken and no additional contaminated soils will be placed in the cell until testing indicates that the TPH is below 100 ppm, BTEX is below 50 ppm and benzene, if any, is below 10 ppm.
3. After obtaining the soil samples the boreholes will be filled with an impermeable material such as bentonite cement.

4. Any cells that have moisture added to them will be analyzed on a quarterly basis following the requirements above.
5. Annually, samples obtained from the treatment zones will be collected and a laboratory analysis conducted using approved EPA methods in accordance with the procedures outlined in item 1. The samples will be analyzed for TPH, BTEX, general chemistry, and heavy metals.
6. One (1) background soil sample will be taken from the center portion of the landfarm two (2) feet below the native ground surface prior to operation. The sample will be analyzed for TPH, BTEX, general chemistry and heavy metals using approved EPA methods and for TPH using an OCD-approved field method.

#### **OTHER MONITORING**

1. An OCD-approved device capable of measuring emissions of volatile organic compounds (VOC) will be kept at the facility at all times. A measurement of VOCs will be taken a minimum of four (4) times per working day, which will include one measurement upon opening and one measurement upon closing of the facility. Monitoring of VOCs will be recorded and include the date, time, location, and level measured. Records will be retained at the facility and made available for OCD inspection.
2. A particulate collector or similar device shall be kept in place and operational at the prevailing downwind side of the landfarm. The collector shall be examined daily and records will include time, date, location and level of particulate measured. Records will be maintained at the facility and made available for OCD inspection.

#### **REPORTING**

1. Analytical results from the treatment zone monitoring will be submitted to the OCD in Santa Fe within thirty (30) days in written form from ~~3:00~~ with appropriate laboratory analysis included as may be required. Reports will be filed for both the field and laboratory analyses.
2. The OCD will be notified of any break, spill, blow out, or fire or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.

**TRANSFERABILITY**

1. Authority for operation of the landfarm facility shall be transferable only upon written application and approval by the Division Director.

**CLOSURE**

1. When the landfarm is to be closed no new material will be accepted. Existing soils will be remediated until they meet the OCD standards in effect at the time of closure. 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 in effect at the time of closure.



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

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

October 22, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-353**

Mr. Gerald L. Jensen  
Jenex Operation Company  
1675 Broadway  
Suite 1030  
Denver, Colorado 80202

Re: \$50,000 Waste Management Facility Bond  
Jenex Operating Company, Principal  
Continental Casualty, Surety  
Section 14, Township 20 South, Range 38 East, NMPM  
Lea County, New Mexico  
Bond # 12047699

Dear Mr. Jensen:

The Oil Conservation Division hereby approves the above-referenced Waste Management Facility Bond with Rider.

Sincerely,

*William J. LeMay*  
by *WJL*  
William J. LeMay,  
Director

WJL:mk

Enclosure: 2 copies of the Rider

xc: Hobbs OCD Office

*Original Certified Copy  
in Bond File  
WJL*



*JENEX PETROLEUM CORPORATION*

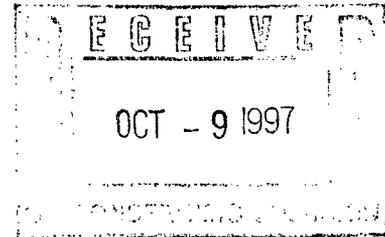
**RECEIVED**

OCT 9 1997

Environmental Bureau  
Oil Conservation Division

October 8, 1997

Martyne Keiling  
New Mexico Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505



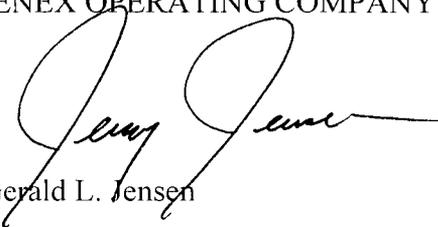
RE: Form C-137

Dear Martyne,

Enclosed are two original form C-137's for your review. Another copy was sent to District 1. If you have any questions, please let me know.

Very truly yours,

JENEX OPERATING COMPANY



Gerald L. Jensen

GLJ:jg

Enclosures

cc: District 1, Hobbs, New Mexico

C:\WORD\PLANTS\HOBBS\PERMITLT.DOC

**Public Regulation Commission**

3/6/2000

**JENEX OPERATING COMPANY (COLORADO Corporation)****MAILING ADDRESS****1675 BROADWAY STE 1030 DENVER COLORADO 80202**

---

**SCC Number: 1636075****Tax & Revenue Number:****QUALIFIED ON OCTOBER20, 1993 , IN NEW MEXICO.****CORPORATION IS A FOREIGN PROFIT****CORPORATION IS ACTIVE  
GOOD STANDING THROUGH: 6/15/2001****PURPOSE OF THE CORPORATION  
OIL RECLAMATION****CORPORATION DATES****Taxable Year End Date: 03/31/99      Filing Date: 05/18/99  
Corporate Existence Expiration Date:****SUPPLEMENTAL POST MARK DATES****Supplemental:      Name Change:      Purpose Change:****PRINCIPAL ADDRESS****11,100 S HWY 18 HOBBS NEW MEXICO 88240****PRINCIPAL ADDRESS(Outside New Mexico)****1675 BROADWAY STE 1030 DENVER COLORADO 80202**

---

**REGISTERED AGENT****KEITH GROGAN****7 1/2 MI S OF HOBBS-HWY 18 S HOBBS NEW MEXICO 88241****Designation date: 05/18/99      Agent Post Mark Date:      Resignation date:****COOP LICENSE INFORMATION****Number:      Type:      Expiration Year:****JENSEN, JAMES L *President*****NONE LISTED *Vice President***

**JENSEN, GERALD L** *Secretary*  
**JENSEN, GERALD L** *Treasurer*

---

***DIRECTORS***

*Date Election of Directors: 07/01/99*

**JENSEN , LARRY**

1675 BROADWAY, STE. 1030 DENVER , CO 80202

**New Search Inquiry Page**

District I - (505) 393-6161  
P. O. Box 1980  
Hobbs, NM 88241-1980  
District II - (505) 748-1283  
811 S. First  
Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Road  
Aztec, NM 87410  
District IV - (505) 827-7131

New Mexico  
Energy Minerals and Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

**RECEIVED**  
OCT 9 1997  
Environmental Bureau  
Oil Conservation Division

Form C-137  
Originated 8/8/95  
Revised 6/25/97

Submit Original  
Plus 1 Copy  
to Santa Fe  
1 Copy to appropriate  
District Office

**APPLICATION FOR WASTE MANAGEMENT FACILITY**  
(Refer to the OCD Guidelines for assistance in completing the application)

Commercial -Treating Plant       Centralized -Landfarm Facility

1. Type:     Evaporation       Injection       Other \_\_\_\_\_  
              Solids/Landfarm       Treating Plant

2. Operator: Jenex Operating Company

Address: 1675 Broadway, Suite 1030, Denver, Colorado 80202

Contact Person: Gerald L. Jensen      Phone: (303) 623-1515

3. Location: S/2 N/2    NW /4 Section 14 Township 20 S Range 38 E  
             Submit large scale topographic map showing exact location

4. Is this a modification of an existing facility?     Yes       No

5. Attach the name and address of the landowner of the facility site and landowners of record within one mile of the site.

6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.

7. Attach designs prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations systems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities.

8. Attach a contingency plan for reporting and clean-up for spills or releases.

9. Attach a routine inspection and maintenance plan to ensure permit compliance.

10. Attach a closure plan.

11. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact groundwater. Depth to and quality of ground water must be included.

12. Attach proof that the notice requirements of OCD Rule 711 have been met.

13. Attach a contingency plan in the event of a release of H<sub>2</sub>S.

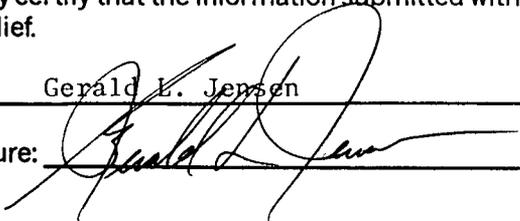
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.

15. **CERTIFICATION**

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Gerald L. Jensen

Title: Secretary/Treasurer

Signature: 

Date: October 3, 1997

**Item 5**  
**Landowner of Facility Site**

Jenex Operating Company  
1675 Broadway, Suite 1030  
Denver, Colorado 80202

Land owners within one mile of facility  
ITEM 5

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 38 EAST  
N.M.P.M., LEA COUNTY, NEW MEXICO

TRACT #1 (Purple):

N2 NW/4 NW/4, NW/4 NE/4 NW/4, NW/4 NW/4 NE/4 14-20-38

A. C. SCHRADER, JR.

C/O RHINO TANK & LINE TESTING, INC.

P.O. BOX 2337

HOBBS, N.M. 88241

TRACT #2 (Red):

SW/4 NE/4 NW/4, SE/4 NW/4 NW/4, SW/4 NW/4 NW/4 14-20-38

PETROLEUM PROCESSING INC.

P.O. BOX 5296

HOBBS, N.M. 88240

TRACT #3 (Yellow):

NE/4 NE/4 NW/4 14-20-38

STEVEN M. DYER

P.O. BOX 2327

HOBBS, N.M. 88241

TRACT #4 (Blue):

SW/4 NW/4 NE/4, SE/4 NE/4 NW/4 14-20-38

WALTON CONSTRUCTION COMPANY INC.

P.O. BOX 459

HOBBS, N.M. 88241

TRACT #5 (Brown):

Tract in the Northwest Quarter (NW/4) 14-20-38

Beginning W 1319.2 feet from the Northeast Corner of Section 14,  
thence S 0°01' E 720 feet, W 330 feet, S 0°01' E 600 feet, W  
329.6 feet, N 0°1' W 1320 feet, E 659.6 feet to beginning.

DONALD M. CALDWELL, JEWELL B. CALDWELL

2215 N. ADOBE

HOBBS, N.M. 88240

TRACT #6 (White):

Tract in the Northwest Quarter of the Northeast Quarter (NW/4  
NE/4) 14-20-38

Beginning at a point S 0°1' E 720 feet and W 1319.2 feet from the  
Northeast Corner of Section 14, thence S 0°1' E 600 feet, W 330  
feet, N 0°1' W 600 feet, E 330 feet to the point of beginning.

LEA COUNTY SEPTICE TANK SERVICE

P.O. BOX 703

HOBBS, N.M. 88240

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 36 EAST

PAGE NO. 2

TRACT #7 (Orange):

NE/4 NE/4 14-20-38

BILL R. MELOT

C/O ERNEST L. DICKERSON

P.O. BOX 5153

HOBBS, N.M. 88241

TRACT #8 (Green):

S2, S2N2 14-20-38

ROBERT A. MCCASLAND AND DALLAS MCCASLAND

P.O. BOX 205

EUNICE, N.M. 88231

**Item 6**  
**Description of Facility**

Per Letter of July 3, 1997, from Martyne Kieling, a copy of which is attached hereto, this information is on file with the OCD. The diagram of the modification for the landfarm facility is included under Item 7.



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

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

July 3, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-302**

Mr. Gerald Jensen  
Jenex Operating Company  
1675 Broadway, Suite 1030  
Denver, CO 80202

**RE: Treating Plant Inspection  
Jenex Operating Company  
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**

Dear Mr. Jensen:

The New Mexico Oil Conservation Division (OCD), inspected Jenex Operating Company (Jenex) 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, on April 2, 1997.

The OCD inspection and current file review of Jenex indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Jenex during the inspection and the new Rule 711 requirements that are not on file. Attachment 2 contains photographs taken during the inspection. Jenex shall provide the OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. A response is required by Jenex to these deficiencies by September 3, 1997.

Pursuant to Order R-10411-B the OCD General Rule 711 has been revised. The OCD is currently in the process of re-permitting all surface waste management facilities under the new Rule 711. Jenex treating plant is included under the new Rule 711. A copy of Order R-10411-B along with the new bond forms were given to Mr. Speedy Hill during the OCD inspection on April 2, 1997. An additional set of these forms and the Order is included with this report. A permit application, Form C-137 (attachment 3), shall be filed with the OCD according to the instructions in Attachment 1, Section 14.

Please be advised that the bonding requirements have changed under the new Rule 711. Jenex's current cash bond (Bond No. 124047699) for \$25,000 will need to be replaced. The new bonded

Mr. Gerald Jensen

July 3, 1997

Page 2

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 Rule 711.B.1.i). Jenex must have a new bond in place for the approved estimated closure amount prior to receiving a new waste management facility permit.

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

Sincerely,



Martyne J. Kieling  
Environmental Geologist

Attachments

xc: Hobbs OCD Office

ATTACHMENT 1  
INSPECTION REPORT  
APRIL 2, 1997  
JENEX OPERATING COMPANY.  
(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

1. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

**Impermeable pad and curb containment needs to be repaired and all drums with waste or product should be stored within the containment (see pictures 1 and 5). Empty drums should be stored in the proper position, recycled or returned to the supplier.**

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

**Drums were not clearly labeled as to their contents and hazards (see pictures 1 and 5).**

2. **Process Area:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

**The tank piping, valve, transfer hose, and the oil storage tank areas show evidence of past leaks and or spills reaching the ground surface (see pictures 3, 4, and 9). Spill collection barrels below tank valves need to be kept empty and/or drained and checked for leaks (see picture 3, 4, and 9).**

- 3: **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm so that leaks can be identified.

**The above ground tank berms at this facility are not adequate to contain a volume of one-third more than the total volume of all interconnected tanks(see pictures 2, 3,**

- (b) A plat and topographic map showing the location of the facility in relation to governmental surveys (1/4 1/4 section , township, and range), highways or roads giving access to the facility site, watercourses, water sources, and dwellings within one (1) mile of the site;

**This is already on file with the OCD.**

- (c) The names and addresses of the surface owners of the real property on which the management facility is sited and surface owners of the real property of record within one mile of the site;

**This is already on file with the OCD.**

- (d) A description of the facility with a diagram indicating location of fences and cattle guards, and detailed construction/installation diagrams of any pits, liner, dikes, piping, sprayers, and tanks on the facility;

**This is already on file with the OCD.**

- (e) A plan for management of approved wastes;

**Please submit with C-137 application.**

- (f) A contingency plan for reporting a cleanup of spills or releases;

**Please submit with C-137 application.**

- (g) A routine inspection and maintenance plan to ensure permit compliance;

**Please submit with C-137 application.**

- (h) A Hydrogen Sulfide (H<sub>2</sub>S) Prevention and Contingency Plan to protect public health;

**Please submit with C-137 application.**

- (i) A closure Plan including a cost estimate sufficient to close the facility to protect public health and the environment; said estimate to be based upon the use of equipment normally available to a third party contractor;

**Please submit with C-137 application.**

## **Item 7**

### **Design of Landfarm Facility**

Jenex Operating Company desires to build a landfarm facility for its own use (centralized) for the disposal of solids from its oil treatment plant. The solids produced are generally sediment, from which the oil has been skimmed, along with iron sulfides, which have fallen out of the oil, and settled in the bottom of the salt water disposal tanks. The salt water is taken from the tops of these tanks and disposed of at commercial salt water disposal facilities. The remaining wet solids, will then to be trucked to this landfarm which will adjoin the treatment facility. The previous operator had handled solids at this location in a smaller landfarm, but Jenex has not continued this practice for the last five years.

Jenex estimates that there will be approximately 80-120 cubic yards of wet solids a month which can be trucked approximately 300 feet from the plant to the landfarm, which will operate as shown in the attached diagram. The landfarm will be operated by the same personnel which operates the treatment plant. The Company will purchase a tractor which will be used to mix and till the soil mixed with the wet solids and conduct the remediation process. This treatment will expand the operations at the existing facility. This waste management application is for a centralized facility, as far as the landfarm goes, handling only Jenex wastes..

The treatment process will include the use of fertilizer and water mixed with the solid wastes which will be tilled and rowed until remediated. The proposed structure would include shallow pits of approximately 18 inches depth with side berms of approximately 24 inches above ground level. The location is on impervious clays on a portion of which landfarming has previously been conducted. The adjoining portion of the NW corner of Section 14, is the location of a commercial landfarm. It is anticipated that all tilling will be of less than 12 inches of loose soil with tilling being required approximately every third day, along with the use of commercial fertilizer and water to remediate.

Rainfall is extremely sparse and on the rare occasion when there is over one inch of rain, tilling and additional soils will be used to maintain the landfarm in a solid state.

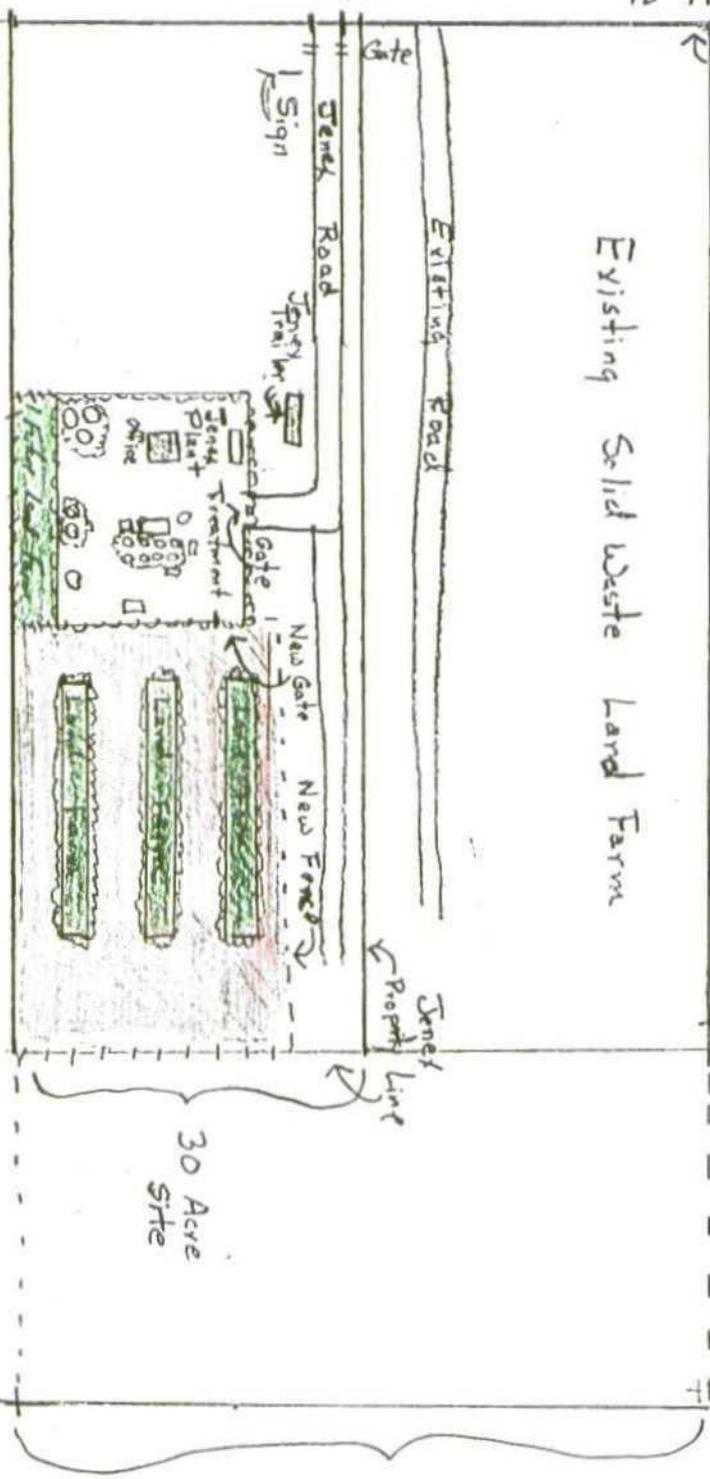
All salt water will continue to be trucked away from the treatment plant. The fence around the existing treatment plant will be extended with a gate from the treatment plant to the landfarm facility. A second sign will be posted at the landfarm, in addition to the sign at Highway 18. Jenex's plant is maintained on a 24 hour basis to protect against any unauthorized use of the facility. The closure plan is included under Item 10. Notice having already been given, the Oil Conservation Division has notified us that any further notice provisions are not applicable (see Item 5).

To Emice ← State Highway #18

To Hobbs → 9 Miles

NW 1/4 Sec. 14

Existing Solid Waste Land Farm



N 1/2 NW 1/4 Sec. 14

Proposed Jernex Operating Company Land Farm Modification

Jernex Operating Company Land Farm Modification

Land Farm modification shown

Land Farm enclosed in berms To be built as needed

Location S 1/4 NW 1/4 Sec. 14 T. 20 S. R. 38 E. Lea County

Center Sec. 14

## **Item 8**

### **Contingency Plan for Reporting and Clean-up for Spills or Releases**

The first containment for a spill from a tank is the dike which surrounds each tank facility. The second containment dike surrounds the entire treatment facility which would contain all spills within the facility. Thus, any spill would be contained within the diked area. In the event of a spill, the clean-up procedure includes the following:

If the spill is small, the contaminated soil is dug up and placed in the back of a pickup, by shovel or backhoe. The soil is then replaced and caliche then placed over the top of the new soil. If there is less than five cubic yards of contaminated soil, it will be disposed of approximately 300 feet away at the Jenex landfarm, adjoining this site. If it is over five cubic yards of contaminated soil, it will be taken to a commercial waste management facility.

#### **Reporting Requirements:**

1. In the event of a spill of less than five cubic yards, the spill is cleaned up and disposed of at the adjoining yard with a ticket for the land disposal being maintained by Jenex. In the event of a larger spill, the spill would be contained, and then the Oil Conservation Division would be notified in Santa Fe, New Mexico, as well as District 1 in Hobbs, New Mexico. After such notification, the clean up and remediation would continue promptly as described above. In the event of any special directions from the representative from the Oil Conservation Division, these would be posted on the bulletin board in the office and followed during subsequent clean-up. The contaminated soils in excess of five cubic yards would be trucked to a commercial waste disposal facility.
  
2. The list of personnel to be notified are as follows:
  - a. Plant Manager:  
A.A. Hill: (505)397-3360
  - b. Assistant plant manager:  
Keith Grogan: (505)370-4700
  - c. Denver office: (303) 623-1515  
Gerald L. Jensen: (303)377-1681  
Beverly Licholat: (303)423-1286
  - d. District Office in Hobbs, New Mexico  
Oil Conservation Commission: (505)393-6161
  - e. Oil Conservation Division, Santa Fe: (505)827-7131

**Item 9**  
**Inspection and Maintenance Plan**

Routine Daily Inspection:

The first inspection plan is daily. Each day, the plant manager and/or the plant treater makes an inspection of all tanks, lines, and berms, to determine any leak or breach. In addition, the air-breathing apparatus, first aid kits, and steam boiler are checked for operating conditions. In the event of any break, it is reported and fixed immediately. In the event any additional equipment is needed, it would be handled by draining the leaking tank or vacuum pumping the berm facility using the stationary pumps or the Roper pumps on the Jenex trucks, until the fluid line is below the leak. In the event of a line leak, fluid would be immediately stopped by the cut-off valve which connects all flow lines with the various tanks. The spill would then be remediated as provided under Item 8.

Routine Monthly Inspection:

On a monthly basis, a written inspection plan for the facility is to be completed and signed by the Plant Manager. A copy of such inspection and maintenance plan is attached hereto as Exhibit "A".

**EXHIBIT "A"**  
**Inspection and Maintenance Check List**

The following Inspection and Maintenance Check List is to be completed on the 15th of each month by the plant manager, signed and a copy maintained within the Hobbs, New Mexico office, and a copy sent to the Denver, Colorado office.

**Sales Tanks**

The following sales tanks, 14, 15, 16, 18, and 19, were inspected and any leaks or damage reported as below:

---

---

---

**Feedstock Tanks**

The following feedstock tanks, 5, 6, 7, 8, 9, 10, and 12, were inspected and any damage reported below:

---

---

---

**Boiler and Flow Lines**

The boiler was inspected along with the flow lines between each of the tanks and any damage or leaks reported below:

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---

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**Plant Site**

All dikes, gates, required signage, and lighting were inspected and any breaks or deficiencies reported below:

---

---

---

**Trucks and Trailers**

The trailers for each rig were inspected and any leaks or damage to any trucks or trailers are reported below:

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---

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**Land Farm**

The berms, dikes, and land farm were inspected and any conditions not acceptable are reported below:

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**Item 10**  
**JENEX OPERATING COMPANY**  
**Hobbs Oil Treatment Plant**  
**Plan for Closure**

The following Plan for Closure, includes the Hobbs Oil Treatment Plant, wherein off-spec crude oil with BS&W content higher than accepted for pipeline standards is processed to bring it to pipeline standard crude oil. The by-products of this treatment are pipeline oil, sediments in salt water, and salt water. Closure plan includes the closure of the treatment plant and the associated landfarm facility for processing the sediments which are produced as a by-product of this treatment. Thus this Closure Plan will consist of four parts, Part One will be the removal of all existing improvements, Part Two will be the removal of all salable oil, Part Three will be the moving of all waste water and solids in the treatment tanks, and Part Four will be the dirt work restoration of the solid waste disposal site, removal of any contaminated soils at the treatment plant site, and leveling and replanting of the site.

**Part One-Improvements On Site**

The treatment site, approximately nine miles south of Hobbs, New Mexico is owned by Jenex Operating Company and Jenex Acquisition Corporation, free of any mortgage or lien, and without any encumbrance. The property consists of an improved office building with two offices, a bathroom and a lab facility. This is a fully furnished office with standard office improvements and laboratory equipment for testing oil, including a centrifuge, test tubes and other lab facilities. The boiler is housed in a separate building which includes the boiler, water softening equipment, and numerous tools. In addition is a free-standing water treatment tower, transformer, and tool shed. The entire site is surrounded by an improved fence and steel gate and sign, road and berm with a \$12,000 vapor lighting facility set at 15 feet. These improvements, along with the four insulated tanks and the remaining steel tanks are listed on Exhibit "A" along with the value of such fixed property. The cost of a third party in disconnecting and moving all empty tanks in the yard and selling such tanks for steel scrap value including cutting and transportation of the tanks from the yard is estimated at \$6000. The costs of leveling all berms and caliche at the yard is estimated at \$2000. The costs of moving all connecting pipe and buildings is \$4000. These costs are offset by the value of the existing improvements which are listed for sale at liquidation value, to be moved by the buyer. As can be seen from the improvements on the site, which are free and clear, the net cost of removing all equipment and leveling the treatment site after the removal of fluids would be a considerable profit. The present

paid for investment is over three times the cost of disconnecting and moving all improvements and leveling the site.

Removal of all Improvements	\$12,000
Liquidation Value	\$63,800

#### **Part Two-Disposing of Salt Water**

Jenex Operating Company of Texas can dispose of the salt water at any number of sites, including the Sundance disposal in Eunice, New Mexico. The salt water disposal will be hauled by a third party and disposed of at a cost of \$.70 per barrel. At capacity, the plant has 3000 barrels of salt water. Assuming the plant was full to capacity of salt water, the disposal and trucking fees would be as follows:

3000 Barrels @ \$.70	\$ 2,100
----------------------	----------

#### **Part Three-Basic Sediments Contained in Black Water**

The black water cannot be disposed of at salt water disposal facilities, but must be disposed of at a site which can dispose of solids suspended in salt water. There are two sites which have agreed to accept the solid disposal on any closure of the Jenex plant. One site is the Jimmy Cooper Solid Waste Disposal which does not accept liquids, and the other site which accepts liquids is the Sundance Disposal near Eunice, New Mexico. The maximum number of solids in solution at the treatment plant is 2000 barrels at any time. These are contained in two 1000 barrel containers, which have a combination of salt water and solids. Thus the solids cannot exceed 1500 barrels. The cost of disposing of these barrels is set out below:

Solid Disposal Fees-1500 barrels at \$6.00 per barrel	\$ 9,000
---	----------

#### **Part Four-Dirt Work Restoration**

The dirt work to restore the site would include the solid/waste disposal closure as well as the contaminated soils at the treatment site. After examination of the current treatment site by Jenex, the maximum estimate of possible contaminated soils is 700 cubic yards. This can be disposed of at \$14 per cubic yard, for a total of \$9800. The cost of closure of the solid wastes at the landfarm site, based upon completion of the land farm and closure and reclamation of the top to require the land farm work would be the use of a tractor and cultivator for 66 hours over a three month period, then a dozer for 14 hours and top soil, seed, and cultivation. The third party expenses are \$1980 for a cultivator and tractor, \$700 for grader, \$1200 for labor and \$600 for seed and planting for a total of \$4480.

Total costs of Part Four	\$14,280
--------------------------	----------

The total costs of reclaiming the Hobbs, New Mexico, Treatment Plant site and centralized landfarm treatment are summarized as follows:

**COSTS**

Part One	\$12,000
Part Two	\$ 2,100
Part Three	\$ 9,000
Part Four	\$14,280
<hr/> TOTAL	\$37,380

**VALUES**

Value of Plant at Salvage Value	\$63,800
Value of Bond	\$50,000
<hr/> TOTAL	\$113,900

**Property Value  
Hobbs, New Mexico**

<u>Property Improvements</u>	<u>Liquidation Value</u>	
Sales Tanks	4 @ \$1000	\$ 4,000
Working Tanks	4 @ \$2,000	\$ 8,000
Feedstock Tanks	8 @ \$ 500	\$ 4,000
Waste Tanks	2 @ \$1,000	\$ 2,000
Office Building		\$15,000
Machines		\$ 200
Furniture		\$ 800
Lab Equipment		\$ 1,800
Boiler Building and Boiler		\$15,000
Water Tanks		\$ 2,000
Living Trailer		\$ 6,000
Lighting		\$ 3,000
Fences and Gates	Remain	\$ 0
Tools and Hand Equipment		<u>\$ 2,000</u>
<b>TOTAL</b>		<b>\$63,800</b>

**Item 11**  
**Geological/Hydrological Evidence Demonstrating Disposal of Oil Field  
Wastes Will Not Adversely Impact Groundwater**

New Mexico State Engineer's Report  
Kenneth Fresques  
District Two  
1900 West Second Street  
Roswell, New Mexico 88201  
(505) 622-6521

Attached State Engineer's representative reports there is no ground water at this site. It and the adjoining 40 acre site have previously been approved for land farming of solid wastes. No fluid pits are to be built.

GEO. UNIT: 1210GLL

## ITEM 11

## WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS
FEB 03, 1981	37.84	JAN 16, 1991	28.51	MAR 14, 1996	25.90 S

HIGHEST 25.90 MAR 14, 1996  
 LOWEST 37.84 FEB 03, 1981

DATE: 03/04/97

PROVISIONAL GROUNDWATER DATA LEA COUNTY, NM.

PAGE 966

SITE ID: 323443103065601  
 LOC: 205.38E.11.414441  
 DTID 10465  
 ELEV: 3565.00  
 USE: U  
 DEPTH:  
 GEO. UNIT: 1210GLL

## WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS
FEB 23, 1961	35.60	APR 01, 1968	35.99	FEB 11, 1976	38.33 S		
MAR 07, 1966	34.32	JAN 20, 1971	38.51 R				

HIGHEST 34.32 MAR 07, 1966  
 LOWEST 35.99 APR 01, 1968

SITE ID: 323445103065301  
 LOC: 205.38E.11.425323  
 DTID 13034  
 ELEV: 3563.30  
 USE: I  
 DEPTH:  
 GEO. UNIT: 1210GLL

## WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS
DEC 09, 1953	30.74	FEB 03, 1981	36.01	FEB 06, 1986	30.37

HIGHEST 30.37 FEB 06, 1986  
 LOWEST 36.01 FEB 03, 1981

SITE ID: 323360103062501  
 LOC: 205.38E.12.J14112  
 DTID 05050  
 ELEV: 3560.00  
 USE: U  
 DEPTH:  
 GEO. UNIT: 1210GLL

## WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

LOC: 205.38E.08.232411  
 OTID 10463  
 ELEV: 3568.40  
 USE: P  
 DEPTH: 196  
 GEO. UNIT: 1210GL1

WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS
FEB 24, 1961	73.80	JAN 25, 1971	54.33	FEB 07, 1966	53.57		
MAR 08, 1966	60.94	JAN 28, 1973	58.83	JAN 16, 1991	47.54		
APR 09, 1965	55.33	FEB 06, 1981	57.51	JAN 11, 1996	42.77		
	HIGHEST	42.77	JAN 11, 1996				
	LOWEST	73.80	FEB 24, 1961				

DATE: 03/04/97

PROVISIONAL GROUNDWATER DATA LEA COUNTY, NM.

PAGE 995

SITE ID: 323442103103401  
 LOC: 205.38E.08.33212  
 OTID 13033  
 ELEV: 3565.00  
 USE: U  
 DEPTH: 125  
 GEO. UNIT: 110AVMB

WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS
APR 02, 1954	64.11

SITE ID: 323515103091401  
 LOC: 205.38E.09.124223  
 OTID 10484  
 ELEV: 3569.20  
 USE: U  
 DEPTH:  
 GEO. UNIT: 110AVMB

WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS	DATE	WATER LEVEL MS
APR 02, 1954	35.21	FEB 24, 1961	69.64
	HIGHEST	35.21	APR 02, 1954
	LOWEST	69.64	FEB 24, 1961

SITE ID: 323454103065001  
 LOC: 205.38E.11.41440  
 OTID 13283  
 ELEV: 3567.00  
 USE: U  
 DEPTH: 43

DATE WATER  
LEVEL MS

FEB 06, 1986 22.93

13DATE: 03/04/97

PROVISIONAL GROUNDWATER DATA LEA COUNTY, NM.

PAGE 987

SITE ID: 323455103054001  
 LOC: 20S.38E.12.42222  
 OTID 13035  
 ELEV: 3564.50  
 USE: U  
 DEPTH:  
 GEO. UNIT: 1210GLL

WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS
DEC 07, 1953	43.65	APR 01, 1968	46.44	FEB 05, 1986	41.60		
DCT 19, 1967	46.07	FEB 03, 1981	44.88				
	HIGHEST	41.60	FEB 05, 1986				
	LOWEST	46.44	APR 01, 1968				

SITE ID: 323442103054001  
 LOC: 20S.38E.12.44232  
 OTID 13036  
 ELEV: 3566.00  
 USE: U  
 DEPTH: 90  
 GEO. UNIT: 110AVMB

WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS						
JAN 22, 1971	52.15	FEB 05, 1976	49.66	FEB 04, 1981	50.65	FEB 06, 1986	48.42
	HIGHEST	48.42	FEB 06, 1986				
	LOWEST	52.15	JAN 22, 1971				

SITE ID: 323415103061801  
 LOC: 20S.38E.13.141224  
 OTID 10466  
 ELEV: 3559.70  
 USE: S  
 DEPTH:  
 GEO. UNIT: 110AVMB

WATER LEVELS IN FEET BELOW LAND SURFACE DATUM

DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS	DATE	WATER LEVEL MS
FEB 23, 1961	31.08	JAN 19, 1971	43.78 R	FEB 10, 1986	37.73		
MAR 07, 1966	40.96 R	FEB 05, 1976	35.95	JAN 16, 1991	35.25		
APR 01, 1968	41.95 R	FEB 04, 1981	38.97 R	JAN 31, 1996	33.97 S		

**Item 12**  
**Proof of Notice Requirements**

Per our telephone conversation with Martyne Kieling, Environmental Geologist for the New Mexico Energy, Minerals & Natural Resources Department in Santa Fe, New Mexico, Jenex is not required to provide notice to the landowners within one mile of the site, as this was previously done and this only a modification of an existing facility.

**Item 13**  
**Contingency Plan**  
**In the Event of A Release of H<sub>2</sub>S**

This alert procedure becomes effective immediately upon the observance or smell of a possible release of H<sub>2</sub>S. Any employee smelling or observing a person suffering from the effects of H<sub>2</sub>S must take immediate action to minimize injuries and damage as well as notify the designated personnel. H<sub>2</sub>S will be present at the facility only in the form of residue gas at the top of tanks housing sour oil or sour oil feedstock. There is no H<sub>2</sub>S gas being used at the facility. Slight traces of H<sub>2</sub>S may be detected at the landfarm. In the event of a release of H<sub>2</sub>S gas, the following steps should be taken:

1. Evaluate situation for personnel safety hazards. Breathing apparatus is located next to the front door of the office. Please put on breathing apparatus before attempting rescue.
2. With breathing apparatus in place, and following directions at breathing apparatus location, proceed to rescue personnel overcome by H<sub>2</sub>S.
3. Apply first aid as required.
4. Close hatch or shut down operations in progress to prevent further release of H<sub>2</sub>S gas.
5. Contact plant manager and advise all personnel to avoid point of the discharge.
6. Keep all personnel upwind of discharge point.
7. Activate facility response plan.
8. Conduct investigation to determine the source. Utilize appropriate techniques with breathing apparatus to transfer and close the source of H<sub>2</sub>S. Contact the Oil Conservation Division to determine if reporting is required.

Follow-up actions will include having the person discovering the H<sub>2</sub>S leak and the plant manager fill out a report as to any damages or injuries, the action taken to contain the release of H<sub>2</sub>S, and the source of oil whose vapors caused the release.

Since no natural gas containing H<sub>2</sub>S is continuously used at the site, the only source of H<sub>2</sub>S is from vapors at the tops of tanks of crude oil or crude oil products. The danger of H<sub>2</sub>S will be avoided if persons accessing the tank will not put their head inside the tank or enter any tank, for cleaning or any other purpose, without breathing apparatus. Assume all oil contains H<sub>2</sub>S until a tank is ventilated and determined to be safe.

Any person overcome by H<sub>2</sub>S must be taken to a hospital or other emergency facility to determine that breathing is properly restored. All incidences of breathing of H<sub>2</sub>S gas will be reported to the plant manager. No employee or third party should enter any tank for cleaning or any other purpose until it has been fully ventilated and determined to be free of H<sub>2</sub>S gas. Any violations of this procedure should be reported to the plant manager and must be reported directly to the Denver, Colorado, office.

Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
Surety Bond For Waste Management Facilities  
(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

BOND NO. \_\_\_\_\_  
(For Surety Company Use)

KNOW ALL MEN BY THESE PRESENTS:

That Jenex Operating Company, (an individual, partnership, or a corporation organized in the State of Colorado, with its principal office in the City of Denver, State of Colorado, and authorized to do business in the State of New Mexico), as PRINCIPAL, and Continental Casualty a corporation organized and existing under the laws of the State of Illinois, and authorized to do business in the State of New Mexico with duly appointed resident agent in the State of New Mexico to execute this bond on behalf of the surety company, as SURETY, are held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (the "Division") pursuant to Section 70-2-12 NMSA, 1978, (1995 Relp.) as amended in the sum of fifty-thousand (\$ 50,000.00) Dollars for the payment of which PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally.

The conditions of this obligation are such that:

WHEREAS, the above principal has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 14, Township 20S, Range 38E, NMPM, Lea County, New Mexico.

NOW, THEREFORE, this \$ 50,000.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Oil Conservation Commission, the Division, and upon clean-up of the facility site to standards of the Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

Signed and sealed this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

Jenex Operating Company  
Principal  
1675 Broadway, #1030, Denver, CO 80202  
Mailing Address

Continental Casualty Company  
Surety  
CNA Plaza, Chicago, IL 60685  
Mailing Address

By \_\_\_\_\_  
Signature Title  
Gerald L. Jensen Secretary/Treasurer

By \_\_\_\_\_  
Attorney-in-Fact

Note: If Principal is a corporation, affix corporate seal here.

Note: If corporate surety, affix corporate seal here.

Note: If corporate surety executes this bond by an attorney-in-fact not in New Mexico, the resident New Mexico agent shall countersign here below.

Countersigned by: \_\_\_\_\_  
New Mexico Resident Agent

\_\_\_\_\_  
Address

1. (For a natural person acting in his own right:)

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_.

My commission expires:

\_\_\_\_\_  
Date Notary Public

2. (For a partnership acting by one or more partners)

STATE OF \_\_\_\_\_ )  
 )SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_,  
\_\_\_\_\_, partner(s) on behalf of  
\_\_\_\_\_, a partnership.

My commission expires:

\_\_\_\_\_  
Date Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 3rd day of October, 19 97,  
by Jenex Operating Company  
a corporation, on behalf of said corporation.

My commission expires:

\_\_\_\_\_  
Date Notary Public

NOTE: When Lessor is a partnership, corporation or association, list all partners, officers and directors as may be applicable. This information may be provided below.

**APPROVED BY:**  
**OIL CONSERVATION DIVISION**

By: \_\_\_\_\_



## JENEX PETROLEUM CORPORATION

August 25, 1997

Martyne J. Kieling, Environmental Geologist  
New Mexico Energy, Minerals & Natural Resources Department  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

AUG 27 1997

RE: Treating Plant Inspection  
Jenex Operating Company  
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

Dear Ms. Kieling,

I am writing in reply to your letter of July 3, 1997. In that letter, you requested a response by us by September 3, 1997. With respect to the items in your letter, please be informed that Speedy Hill, at the plant in Hobbs, is currently handling most of these items and any specific questions should be addressed to him. We will answer this in the order of the items in Attachment 1 to your letter.

1. A new concrete pad and curb are being poured and should be completed by September 30, 1997. All drums, including empties, will be stored in this containment or returned to supplier. All drums will be marked or removed by such date.
2. All evidence of prior spills will have been removed by September 30, 1997, and collection barrels installed under tank valves.
3. During August, 1997, a complete berm will be completed around the facility adequate to contain  $\frac{1}{3}$  more than all volumes. In addition, the berms around the tanks within the facility will be repaired. We are packing new caliche on the berms.
4. Not applicable.
5. The supplier of above ground saddle tanks is replacing the pad to meet this requirement.
6. All tanks will have the labeling completed, included a new painted number and content on the tank by September 30, 1997.

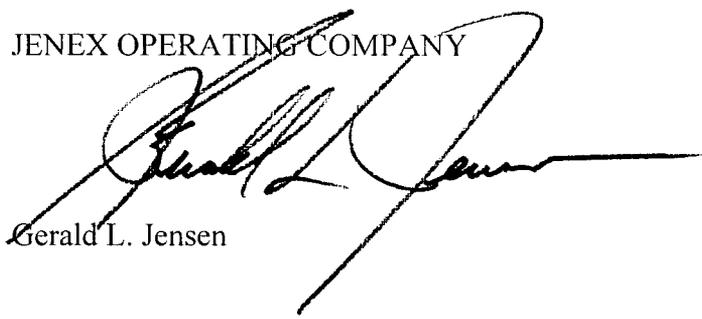
7. The sumps below the tank outlet valves have been cleaned and are being emptied daily.
8. Waste water and process lines are above ground.
9. The ground is being scraped and new caliche installed on top of the newly built berms. All items of number 9 will have been taken care of by September 30, 1997.
10. All trash has been disposed of and a system of disposing of any subsequent trash is in place.
13. The sign for the facility is being re-painted and will be in place by September 30, 1997.

All other items in the inspection are either in compliance or are required to be supplied with the C137 Application. We are currently preparing the C137 Application, including the hydrological evidence and the Application will be submitted on or before September 30, 1997. We have had a preliminary discussion with our bonding company and will be prepared to issue a new bond at the time of the approval of the C137 Application.

Please call us if you have any further questions with respect to the inspection or the C137 application.

Very truly yours,

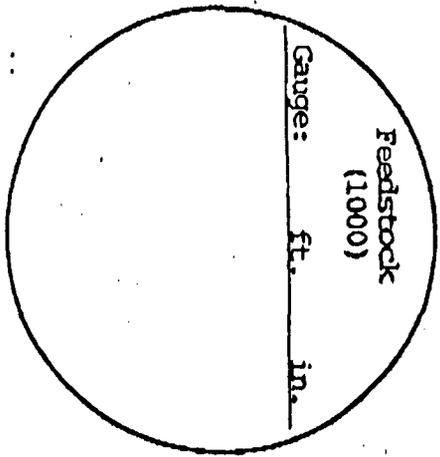
JENEX OPERATING COMPANY



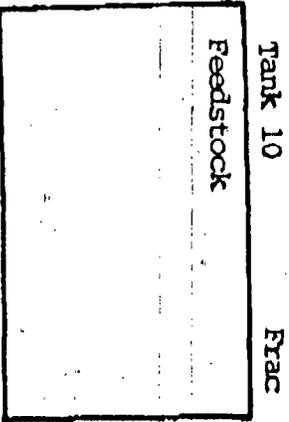
Gerald L. Jensen

GLJ:jg

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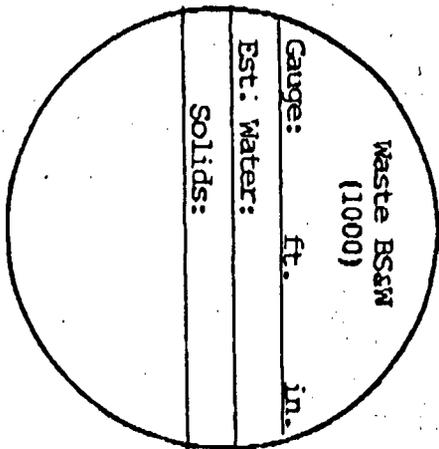
Tank 12



Tank 10

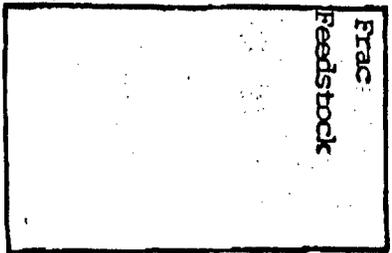
Frac

Waste →

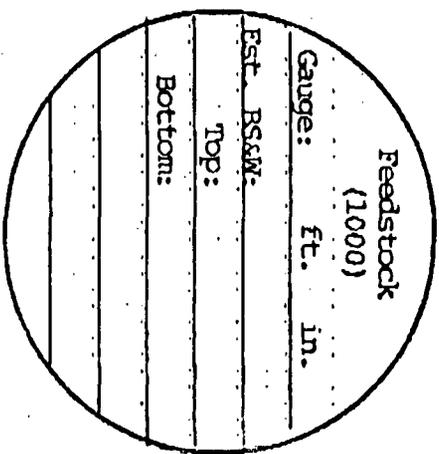


Tank 13

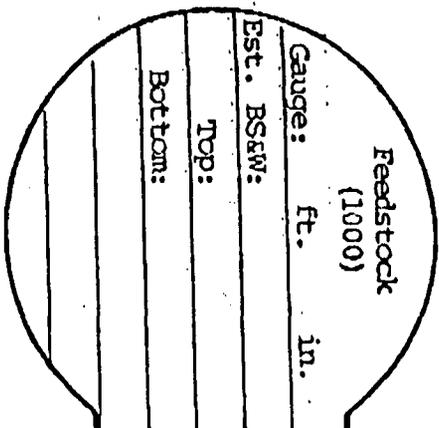
DATE: \_\_\_\_\_



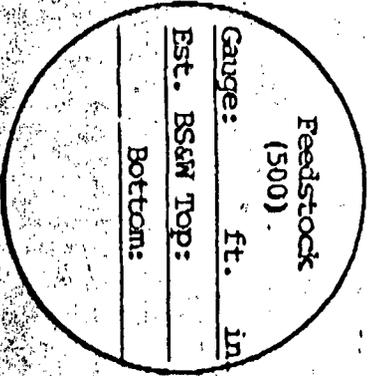
Tank 11



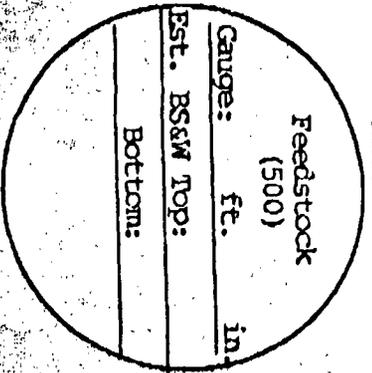
Tank 14



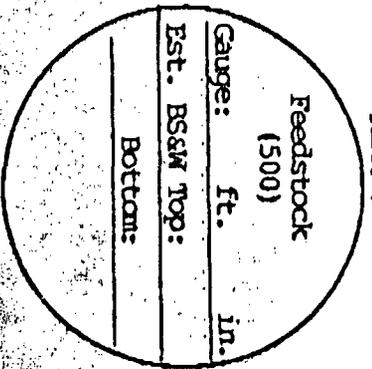
Tank 15



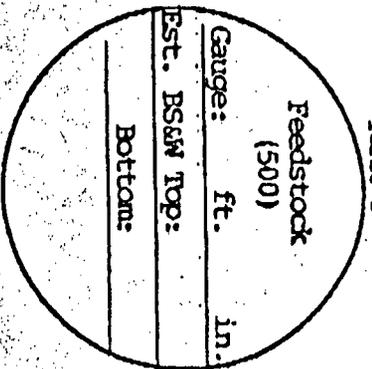
Tank 5



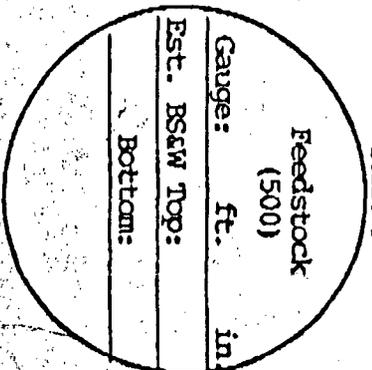
Tank 6



Tank 7



Tank 8



Tank 9



STATE OF NEW MEXICO  
NMOCD District I

INTER-OFFICE MEMO

To file: Jenex Operating Treating Plant

Date: August 10, 1994

Time: 2:00 pm

Telephone call:  Meeting:  Other:

Person called or attending:

Wayne Price - NMOCD  
Carroll Porter-Jenex

REFERENCE: Jenex Treating Plant  
5 mi. S. of Hobbs NM HWY 18 s  
sec 14-Ts20s-R 38e

Subject: Site visit by Wayne Price

Comments:

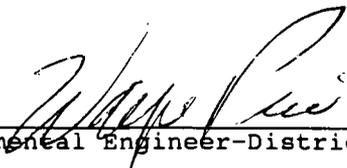
Mr. Carroll Porter gave me a tour of the facility. He pointed out that when they purchased this facility from the bank the previous owner had left quite a mess. They are slowly cleaning up the oil contaminated soil. He indicated that the contamination goes down about 18".

I informed him I had noticed a large pile of oily dirt that had been piled up but is gone now. He showed me an area just south of the plant. It was where there had been some old pits. He indicated that the NMOCD District Supervisor Jerry Sexton had been on site and gave him permission to close these pits.

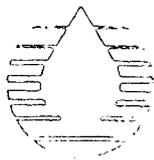
Mr. Porter indicated that they dug the pits out and piled up the material to let it air and to make sure it was free of any liquid. They then mixed sand with it and covered the pits.

The area within and around the treating plant shows signs of gross staining of oil and produced water. The access road going into the facility also shows signs of the same, however the source of this contamination was not discussed at this time.

Mr. Porter indicated that they are going to began using a bioremediation product in order to aid them in the clean-up around the treating plant.

Wayne Price   
NMOCD Environmental Engineer-District I

cc: Jerry Sexton-District I Supervisor  
Roger Anderson-Environmental Bureau Chief  
Bill Olson-NMOCD Hydrogeologist



*JENEX PETROLEUM CORPORATION*

September 21, 1993

Mr. Chris Eustice  
New Mexico Oil Conservation Division  
State Land Office Building  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Re: Permit for Treating  
Facility

Dear Mr. Eustice:

Enclosed please find the Affidavit of Publication covering Jenex Operating Company's request for a permit. If you need additional information for this permit, please contact me.

Very truly yours,

JENEX OPERATING COMPANY

  
Carol Myers

cm

Enclosure

AFFIDAVIT OF PUBLICATION

State of New Mexico,  
County of Lea.

I, Kathi Bearden

General Manager

of the Hobbs Daily News-Sun, a daily newspaper published at Hobbs, New Mexico, do solemnly swear that the clipping attached hereto was published once a week in the regular and entire issue of said paper, and not a supplement thereof for a period.

of \_\_\_\_\_

one weeks.

Beginning with the issue dated

September 12, 1993

and ending with the issue dated

September 12, 1993

Kathi Bearden

General Manager

Sworn and subscribed to before

me this 13 day of

September, 1993

Charlene Perrin

Notary Public.

My Commission expires

March 15, 1997

(Seal)

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937, and payment of fees for said publication has been made.

**LEGAL NOTICE  
September 12, 1993  
PUBLIC NOTICE  
TREATING  
FACILITY  
JENEX OPERATING  
COMPANY**

Jenex Operating Company, 1433 17th St, Suite 220, Denver, CO. 80202, James Jensen, President, is proposing to build an oil treating facility that will recover oil from feedstock crudes with sediment and water content and other hydrocarbons obtained from salt water disposal plants, oil field pits and tank bottoms. The proposed facility will have an above ground tank holding capacity to approximately 12,300 barrels and processing capability for up to approximately 12,000 barrels a month. The location of the proposed facility is the SW/4 NE/4 NW/4, and S/2 NW/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico. Groundwater most likely to be affected by an accidental discharge is at a depth ranging from 29 to 44 feet with a total dissolved solids concentration ranging from 474 mg/1 to 1405 mg/1. The Plant will include re-conditioning and overhauling a major portion of the former Petroleum Processing, Inc. crude oil treatment facility on the site which is no longer operating. All waste water and solids will be hauled to an approved disposal site away from the proposed facility. Any interested person may obtain further information from the Oil Conservation Division and the application may be viewed at 310 Old Santa Fe Trail, Santa Fe, New Mexico, 87501, between 8:00 a.m. and 5:00 p.m., Monday through Friday. Any objection to the permitting of the treating facility must be filed within 20 days of notice.

- (f) a demonstration that the notice requirements of Paragraph ???  
(2) of this rule have been met.

The notice, set out below, was published in the Hobbs Daily News-Sun, Hobbs, New Mexico, on September 12, 1993. The notice was also sent to the list of owners, being all owners of the surface within one-half (1/2) mile of the Plant by certified mail on September 10, 1993. A copy of the owners with addresses and certified mail notices is attached hereto. This notification complies with Rule 312 A (2).

#### LEGAL

**LEGAL NOTICE**  
September 12, 1993  
**PUBLIC NOTICE**  
**TREATING**  
**FACILITY**  
**JENEX OPERATING**  
**COMPANY**

Jenex Operating Company, 1433 17th St, Suite 220, Denver, CO. 80202, James Janson, President, is proposing to build an oil treating facility that will recover oil from foodstock crudes with sediment and water content and other hydrocarbons obtained from salt water disposal plants, oil field pits and tank bottoms. The proposed facility will have an above ground tank holding capacity to approximately 12,300 barrels and processing capability for up to approximately 12,000 barrels a month. The location of the proposed facility is the SW/4 NE/4 NW/4, and S/2 NW/4 NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico. Groundwater most likely to be affected by an accidental discharge is at a depth ranging from 29 to 44 feet with a total dissolved solids concentration ranging from 474 mg/l to 1416 mg/l. The Plant will include re-conditioning and overhauling a major portion of the former Petroleum Processing, Inc. crude oil treatment facility on the site which is no longer operating. All waste water and solids will be hauled to an approved disposal site away from the proposed facility. Any interested person may obtain further information from the Oil Conservation Division and the application may be viewed at 310 Old Santa Fe Trail, Santa Fe, New Mexico, 87501, between 8:00 a.m. and 5:00 p.m., Monday through Friday. Any objection to the permitting of the treating facility must be filed within 20 days of notice.

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 38 EAST  
N.M.P.M., LEA COUNTY, NEW MEXICO

TRACT #1 (Purple):

N2 NW/4 NW/4, NW/4 NE/4 NW/4, NW/4 NW/4 NE/4 14-20-38  
A. C. SCHRADER, JR.  
C/O RHINO TANK & LINE TESTING, INC.  
P.O. BOX 2337  
HOBBS, N.M. 88241

TRACT #2 (Red):

SW/4 NE/4 NW/4, SE/4 NW/4 NW/4, SW/4 NW/4 NW/4 14-20-38  
PETROLEUM PROCESSING INC.  
P.O. BOX 5296  
HOBBS, N.M. 88240

TRACT #3 (Yellow):

NE/4 NE/4 NW/4 14-20-38  
STEVEN M. DYER  
P.O. BOX 2327  
HOBBS, N.M. 88241

TRACT #4 (Blue):

SW/4 NW/4 NE/4, SE/4 NE/4 NW/4 14-20-38  
WALTON CONSTRUCTION COMPANY INC.  
P.O. BOX 459  
HOBBS, N.M. 88241

TRACT #5 (Brown):

Tract in the Northwest Quarter (NW/4) 14-20-38  
Beginning W 1319.2 feet from the Northeast Corner of Section 14,  
thence S 0°01' E 720 feet, W 330 feet, S 0°01' E 600 feet, W  
329.6 feet, N 0°1' W 1320 feet, E 659.6 feet to beginning.  
DONALD M. CALDWELL, JEWELL B. CALDWELL.  
2215 N. ADOBE  
HOBBS, N.M. 88240

TRACT #6 (White):

Tract in the Northwest Quarter of the Northeast Quarter (NW/4  
NE/4) 14-20-38  
Beginning at a point S 0°1' E 720 feet and W 1319.2 feet from the  
Northeast Corner of Section 14, thence S 0°1' E 600 feet, W 330  
feet, N 0°1' W 600 feet, E 330 feet to the point of beginning.  
LEA COUNTY SEPTICE TANK SERVICE  
P.O. BOX 703  
HOBBS, N.M. 88240

SECTION 14, TOWNSHIP 20 SOUTH, RANGE 38 EAST

PAGE NO. 2

TRACT #7 (Orange):

NE/4 NE/4 14-20-38

BILL R. MELOT

C/O ERNEST L. DICKERSON

P.O. BOX 5153

HOBBS, N.M. 88241

TRACT #8 (Green):

S2, S2N2 14-20-38

ROBERT A. MCCASLAND AND DALLAS MCCASLAND

P.O. BOX 206

EUNICE, N.M. 88231

SECTION 10, TOWNSHIP 20 SOUTH, RANGE 30 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO

TRACT #1 (Blue):

NE/4 SW/4, NW/4 SE/4 of 10-20-38

80% ROBERT A. MCCASLAND  
P.O. BOX 206  
EUNICE, N.M. 88231

1/35 THE ELDRIDGE L. (BUZZY) BLAIR FAMILY TRUST DATED 10-30-92  
2/175 ELDRIDGE L. BLAIR (INDIVIDUALLY)  
1/25 CARL V. BLAIR  
1/25 HAROLD E. BLAIR  
2/25 DARLENE DWIGGINS  
c/o DARLENE DWIGGINS  
ST RT, BOX 15  
PEACH SPRINGS, AZ. 86434

TRACT #2 (Red):

E/2 SE/4 of 10-20-38

ROBERT A. MCCASLAND & DALLAS MCCASLAND  
P.O. BOX 206  
EUNICE, N.M. 88231

TRACT #3 (Green):

SW/4 SE/4, SE/4 SW/4 of 10-20-38

1/5 MRS. EUGENE C. ROGERS  
1/5 KIRBY FOARD  
1/5 VIRGINIA N. RAINBOLT  
1/5 JAMES R. BROWN  
1/10 NELL ROBERTS  
1/10 ROBERT J. MOORE  
c/o JAMES BROWN & TERRY BROWN  
909 MC DONALD  
GARLAND, TEXAS 75041

TRACT #4 (Yellow):

A tract in the NE/4 SW/4 of Section 11, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, being further described as follows:

Beginning N0°1'W 1322.86 feet, and N 89°58'54"E 1978.22 feet from the SW corner of Section 11, thence N 0°1'25"E 1322.42 feet, N 89°59'40"E 659.49 feet, S 0°1'25"W 1322.27 feet, S 89°58'54"W 659.49 feet to the point of beginning.

R. E. HUDSON  
C/O JOHN E. TAWNEY  
P.O. BOX 641  
JAL, NEW MEXICO 88252

TRACT #5 (Brown):

The E/2 NW/4 SE/4 of Section 11, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico.

BILL R. MELOT  
C/O TROY GIBSON  
BOX 5235  
HOBBS, NEW MEXICO 88241

TRACT #7 (Purple):

A tract in the S/2 of Section 11, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, being further described as follows:

Beginning at the SW Corner of Section 11, thence N 0°01'W 1322.86 feet, N 89°58'54"E 3958.02 feet, S 0°00'05"E 1321.64 feet, S 89°57'44" W 3957.68 feet to the point of beginning.

DORSE S. CARSON  
c/o RHINO TANK & LINE TESTING, INC.  
P.O. BOX 3337  
HOBBS, NEW MEXICO 88241

SECTION 11, TOWNSHIP 20 SOUTH, RANGE 38 EAST.  
N.M.P.M., LEA COUNTY, NEW MEXICO

TRACT #2 (Blue):

A tract in the NW/4 SW/4 of Section 11, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, being further described as follows:

Beginning N 0°1'W 1322.86 feet and N 89°58'54"E 659.72 feet from the SW Corner of Section 11, thence N 0°4"E 1322.71 feet, N 89°59'40"E 659.34 feet, S 0°4"W 1322.56 feet, S 89°58'54"W 659.34 feet to the point of beginning.

R. E. HUDSON  
P.O. BOX 1572  
EDGEWOOD, N.M. 87015

TRACT #3 (Red):

A tract in the NE/4 SW/4 of Section 11, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, being further described as follows:

Beginning N 0°1'W 1322.86 feet and N 89°58'54"E 1319.06 feet from the SW Corner of Section 11, thence N 0°4"E 1322.56 feet, N 89°59'40"E 659.68 feet, S 0°1'25"W 1322.42 feet, S 89°58'54"W 659.16 feet to point of beginning.

and

A tract in the NW/4 SE/4 of Section 11, Township 20 South, Range 38 East, N.M.P.M., Lea County, New Mexico, being further described as follows:

Beginning N 0°1'W 1322.86 feet and N 89°58'54"E 2637.71 feet from the SW Corner of Section 11, thence N 0°1'25"E 1322.27 feet, N 89°59'35"E 660.01 feet, S 0°50"E 1322.14 feet, S 89°58'54"W 660.88 feet to the point of beginning.

R. E. HUDSON  
P.O. BOX 1572  
EDGEWOOD, N.M. 87015

SECTION 15, TOWNSHIP 20 SOUTH, RANGE 38 EAST.  
N.M.P.M., LEA COUNTY, NEW MEXICO

TRACT #1 (Red):

W/2 NE/4, NW/4SE/4 of 15-20-38

1/5 MRS. EUGENE C. ROGERS  
1/5 KIRBY FOARD  
1/5 VIRGINIA N. RAINBOLT  
1/5 JAMES R. BROWN  
1/10 NELL ROBERTS  
1/10 ROBERT J. MOORE  
909 MC DONALD  
GARLAND, TEXAS 75041

TRACT #2 (Blue):

NE/4 NE/4 of 15-20-38

SUNWEST BANK OF ALBUQUERQUE, N.A. SUCCESSOR TRUSTEE OF SAID  
TRUST, UNDER THE LAST WILL AND TESTAMENT OF M. H. MCGRILL,  
DEC.  
P.O. BOX 266900  
ALBUQUERQUE, N.M. 87125

TRACT #3 (Green):

SW/4 SE/4, E2 SE/4, SE/4 NE/4 of 15-20-38

ROBERT A. MCCASLAND AND DALLAS MCCASLAND  
P.O. BOX 206  
EUNICE, N.M. 88231

P 569 559 445

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to	<i>Stevan Dyer</i>
Street and No.	<i>P.O. Box 2327</i>
P.O., State and ZIP Code	<i>Hobbs, NM 88241</i>
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	<i>9-10-93</i>

P 569 559 444

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

Sent to	<i>Petroleum Pro. Inc.</i>
Street and No.	<i>P.O. Box 5296</i>
P.O., State and ZIP Code	<i>Hobbs, NM 88240</i>
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	<i>9-10-93</i>

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to	<i>Jac County Septic Tank</i>
Street and No.	<i>denue</i>
P.O. State and ZIP Code	<i>P.O. Box 703, Hobbs, NM 88240</i>
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	<i>9-10-93</i>

P 569 559 448

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to	<i>Donald Caldwell</i>
Street and No.	<i>Stuwell Caldwell</i>
P.O. State and ZIP Code	<i>3715 N. Ridge, Hobbs, NM 88240</i>
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	<i>9-10-93</i>

P 569 559 447

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

Sent to	<i>Melvin Lind. Co. Inc.</i>
Street and No.	<i>P.O. Box 459</i>
P.O. State and ZIP Code	<i>Hobbs, NM 88241</i>
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	<i>9-10-93</i>

P 569 559 446

P 569 559 443

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

U.S.G.P.O. 1989-234-555

Sent to	Bull Meloe
Street and No	410 Ernest Dickerson
P.O., State and ZIP Code	P.O. Box 5153, Albbs, NM 88241
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

PS Form 3800, June 1985

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

Sent to	R.E. Wilson
Street and No	P.O. Box 1572
P.O., State and ZIP Code	Edgewood, NM 87015
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

P 569 559 452

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

Sent to	Bill Meloe
Street and No	P.O. Box 5235
P.O., State and ZIP Code	Albbs, NM 88241
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

P 569 559 453

P 569 559 450

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

U.S.G.P.O. 1989-234-555

Sent to	Robert E. Dallas McCasland
Street and No	P.O. Box 206
P.O., State and ZIP Code	Elunice, NM 88231
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return receipt showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

PS Form 3800, June 1985

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

Sent to	Clematis de Chegaran
Street and No	1241 San Andres
P.O., State and ZIP Code	Albbs, NM 88241
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

P 569 559 451

P 569 559 458

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

Sent to	Sun west bank of Albuquerque, Trustco of
Street and No.	M.H. McGrail, Dec.
P.O., State and ZIP Code	P.O. Box 266900, Albuqui, NM 87125
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

RECEIPT FOR CERTIFIED MAIL

Sent to	R.E. Hedges c/o John Jurney
Street and No.	P.O. Box 641
P.O., State and ZIP Code	JAL, NM 88252
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

P 569 559 455

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

RECEIPT FOR CERTIFIED MAIL

Sent to	Mrs E.C. Rogers, Kirby Ford Virginia Rainbolt
Street and No.	James Breun
P.O., State and ZIP Code	Well Roberts, Robert
Postage	J Breun, J Terry 909 Mc Donald C/O James & Terry
Certified Fee	\$
Special Delivery Fee	TX 75011
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

P 569 559 456

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

P 569 559 454

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

Sent to	Dorise Larson c/o Rhine Bank & Linc. Serv.
Street and No.	P.O. Box 3537
P.O., State and ZIP Code	Hobbs, NM 88241
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

PS Form 3800, June 1985

U.S.G.P.O. 1989-234-555

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

RECEIPT FOR CERTIFIED MAIL

Sent to	Elizabeth (Betty) Blair Amy Trust, Carole Harold Duggins
Street and No.	St. Rt. 2, Arlene Duggins
P.O., State and ZIP Code	St. Rt. Aris Buck Springs, AZ 86434
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	9-10-93

P 569 559 457

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL  
(See Reverse)

P 569 559 443

**RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

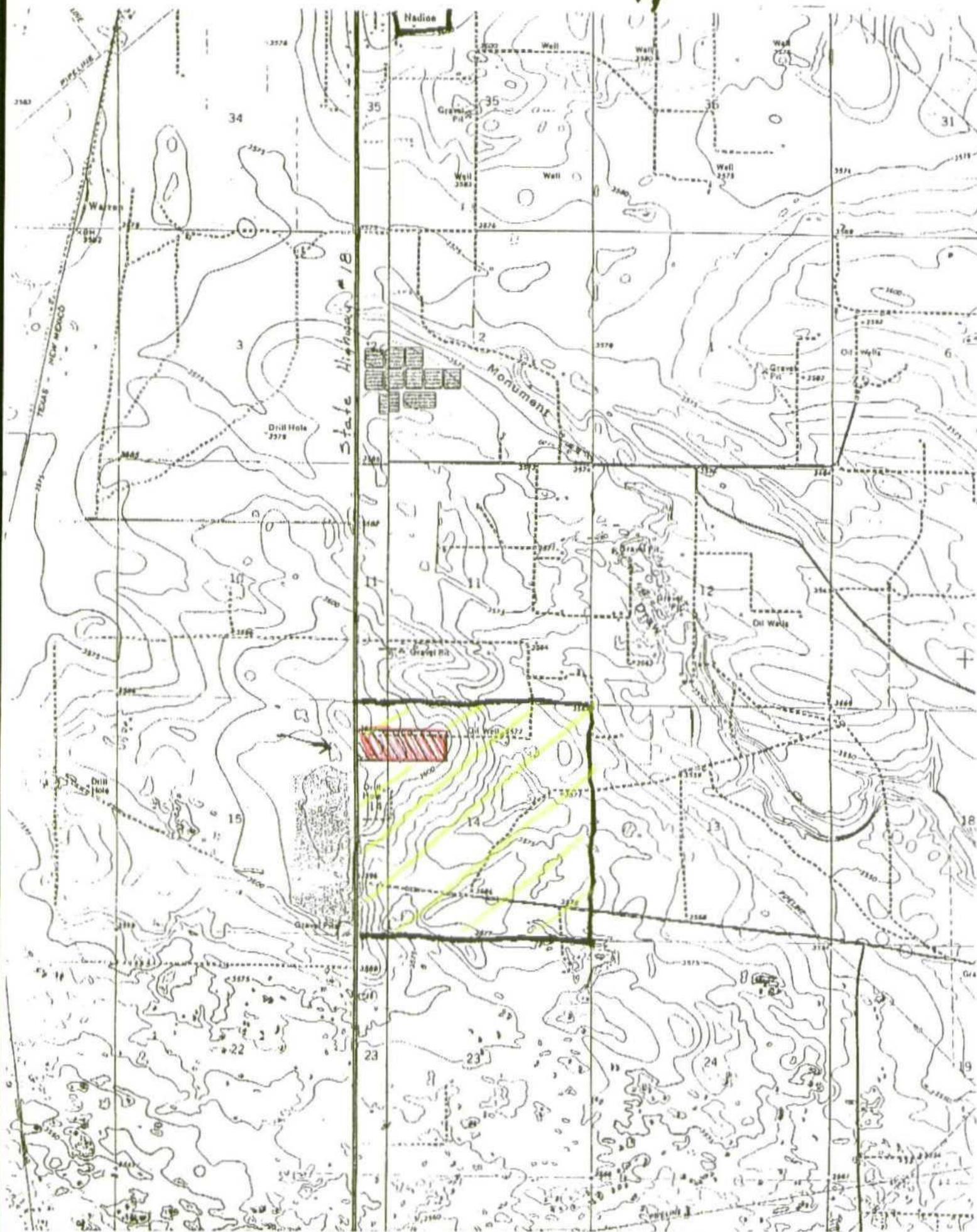
(See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

Sent to	A.C. Schrader, Jr
Street and No.	270 Rhino Tank & Line
P.O., State and ZIP Code	P.O. Box 2337
Postage	Hobbs, NM 88241 5
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	5
Postmark or Date	9-10-93





(a) a plat showing the location of the plant in relation to governmental surveys (section, township and range) and to highways or roads giving access to the plant site

Location: SW/4NE/4NW/4, S/2NW/4NW/4 of Section 14, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico



(b) a description of the plant, type and process of treatment and design capacity;

The Plant will consist of a series of connected storage tanks connected with insulated tanks with heated coils for heating and settling. The Plant will use heat as the primary source of separating oil from water and sediment. Oil will be dropped off at initial frac type tanks where the oil and water will begin its initial separation. These tanks will be easily cleanable as debris and sediment will initially be taken out at this stage. An oil/water mixture will be skimmed from these tanks into heated 1,000 bbl tanks which will be heated from a steam boiler using a coil system in each tank. A horizontal fire tube insulated tank may be added at a later date. Oil will be skimmed from the primary heated and insulated treatment tank into the primary sales tanks consisting of two 500 bbl oil tanks with a third planned as a later addition. The Plant will utilize a continuous process of skimming oil and retreating feedstock from the treating tanks until marketable oil is obtained at the top and disposable clear saltwater is drained off at the bottom of the treatment tanks.

The primary source of the heat will be propane which will be used to fire the existing boiler. Water from the treatment tanks will flow from the bottom of these tanks into the water storage tanks located behind the oil treatment tanks where the water will be stored until it is hauled away to an approved saltwater disposal well. Applicant plans on utilizing commercial saltwater disposal wells to dispose of the saltwater. Disposals of solids and water are discussed in subparagraph (e). Design capacity of the Plant will be to treat up to 20,000 bbls of sediment oil or other hydrocarbons and water per month with a capability of selling 12,000 bbl of net oil recovered from such process.

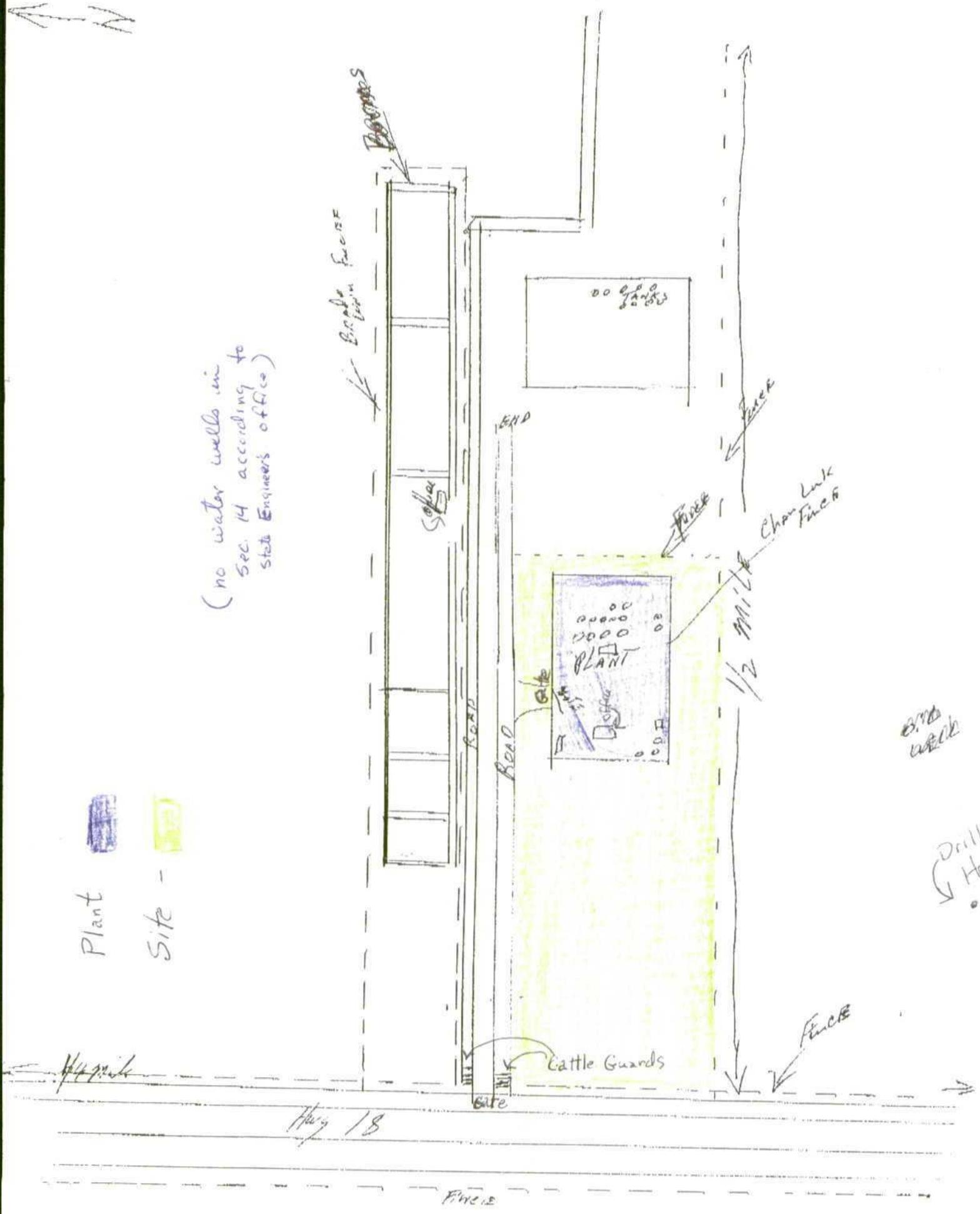
Oil Well

(c) a diagrammatic plan of plant layout including location of water wells, pits, dikes, dwellings, fences and cattle-guards within 1/4 mile of the site;



Plant  
Site -

(no water wells in  
Sec. 14 according to  
State Engineer's office)



END  
well

Drill  
Hole

Highway 18

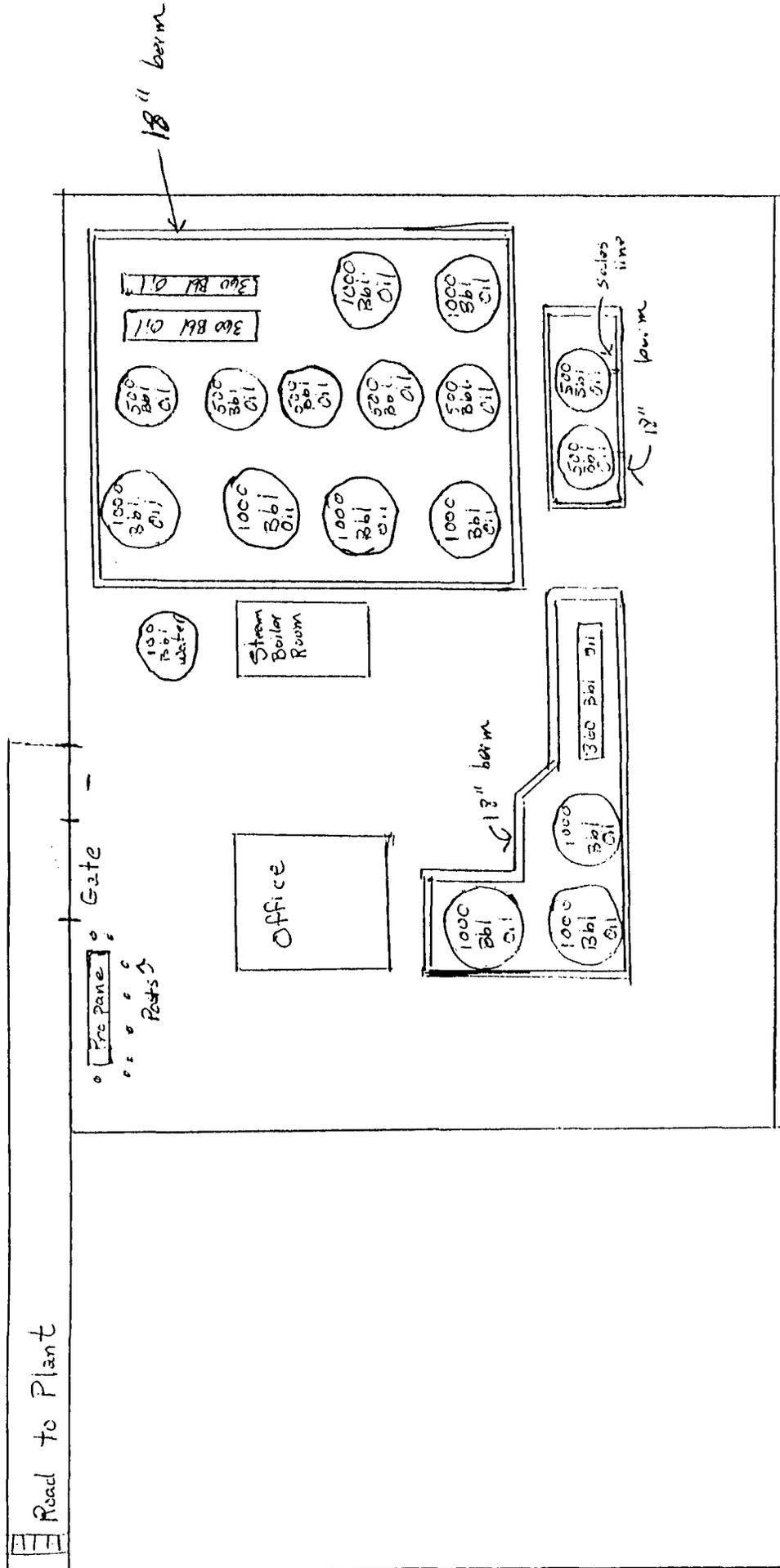
Fence

(d) a description of containment dikes and pits, if any, with detailed information on construction and lining

N  
↑

Each tank group will be surrounded by an 18" berm of compacted soil. The dikes are clay and will be sufficient to hold twice the capacity of the largest tank in that contained area.

Plant layout  
Showing Berms, Dikes, Pits



- (e) a demonstration that any unmerchantable solids or liquids resulting from operation of the facility will be disposed of at a Division approved site;

Most saltwater from the treatment at the Plant will be cleaned until acceptable at a commercial saltwater disposal well. Unacceptable solids and liquids with iron sulfide will be disposed of at the Parabo SWD, Inc., three miles east of Eunice, New Mexico, Permit Number R5516.



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

GARREY CARRUTHERS  
GOVERNOR

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

September 19, 1990

CERTIFIED MAIL  
RETURN RECEIPT NO. P-918-402-427

Rhema Oil, Inc.  
P. O. Box 215  
Hobbs, New Mexico 88240

RE: Regulatory Notification, New Federal Requirements for Oil Reclamation Facilities

Dear Sir:

This letter is to advise you of a forthcoming federal requirement that may affect operation of your facility.

As you know, only the New Mexico Oil Conservation Division (OCD) currently regulates your facility. However, on September 25, 1990, a US Environmental Protection Agency (EPA) regulation directing use of the Toxicity Characteristic Leaching Procedure (TCLP) and adding toxicity constituent regulatory levels becomes effective. On that date waste material containing benzene, a natural component of crude oil, will be regulated as federal "hazardous waste" if benzene levels exceed the promulgated level of 500 parts per billion (ppb). Certain waste materials are excluded from this regulation including wastes from crude oil and natural gas exploration and production activities. However, liquid and solid wastes and sludges generated by crude oil and tank bottom reclaimers may not be exempted. Permitting under OCD rules does not necessarily mean your facility is EPA exempt.

If the waste stream from treating crude oil and tank bottoms by your facility contains benzene concentrations of greater than 500 ppb and if that waste is not exempted under EPA interpretation of the oil and gas exclusion, EPA will require that the waste stream be permitted and handled as hazardous waste. Additionally, if any portion of a common facility handling exempt exploration and production wastes is also considered to be treating, storing, or disposing of hazardous waste, then the entire common facility may be subject to EPA regulations which include provisions for substantial hydrogeologic investigations, corrective actions, and post-closure monitoring. There are civil and criminal penalties for failure to comply with "hazardous waste" regulations.

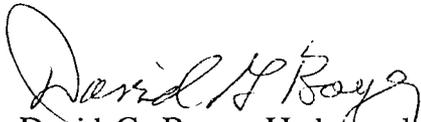
Rhema Oil, Inc.  
September 19, 1990  
Page -2-

Therefore the OCD strongly recommends that you contact and review your operations with a private consultant or attorney familiar with this new federal rule prior to September 25 to determine the impact of the new regulation at your facility, and for advice as to technical permitting requirements and your potential liability.

Currently, the State of New Mexico is taking action to notify President Bush, the USEPA, and the Department of Energy of the impact of this new rule, and is requesting implementation be delayed for at least six months while the issue is reexamined. However, the outcome of this appeal is far from certain. Enclosed with this letter is a copy of the letter to President Bush. You may also wish to contact members of the New Mexico Congressional delegation regarding this important matter.

If you have any questions you are urged to contact either myself at (505) 827-5812 or Roger Anderson of this office at 827-5884.

Sincerely,



David G. Boyer, Hydrogeologist  
Environmental Bureau Chief

DGB/sl

Enclosure

cc: NMOCD District Office

**ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT**

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

Fold at line over top of envelope to the right  
of the return address

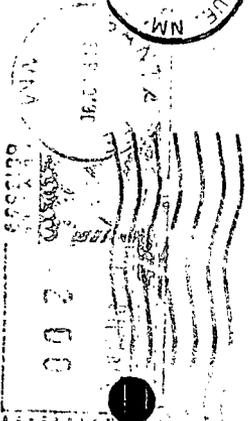
**CERTIFIED**

P 918 402 427

**MAIL**

SEP 21 1990  
SEP 26 1990

OCT 25 1990 RHEMA OIL, INC.  
P.O. Box 215  
Hobbs, NM 88240



GARREY CARRUTHERS  
Governor



OFFICE of the GOVERNOR  
State of New Mexico  
Santa Fe 87503

September 14, 1990

President George Bush  
Executive Office of the President  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20460

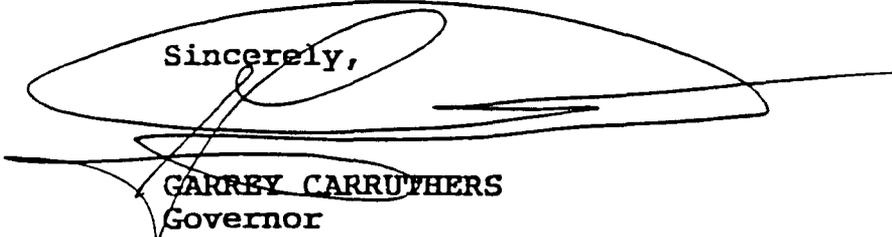
Dear Mr. President:

We in New Mexico have been working to increase domestic crude oil production in order to help meet the short fall of approximately 4.3 million barrels from Kuwait and Iraq. We are deeply concerned about a new Environmental Protection Agency (EPA) rule that will decrease the amount of crude oil and refined petroleum products available domestically. This rule is commonly referred to as the "benzene standard" and is scheduled to be implemented on September 25, 1990. Our concerns were discussed with Admiral Watkins at the September 7 meeting in Washington where oil producing states were called to address the need to increase domestic oil supply.

In New Mexico alone, we anticipate a loss in excess of 10,000 barrels of oil per month. The new EPA rule is a regulatory burden which will shut down facilities which treat and reclaim crude oil from tank bottoms without providing any environmental benefits. It will also jeopardize hydrocarbon clean up programs currently operating at refinery sites.

We recommend implementation of this rule be delayed for at least six months pending a reexamination of its impact and effectiveness. I solicit your personal attention to this important matter and pledge the cooperation of myself and my staff should you or federal agencies need additional information or questions answered concerning this issue.

Sincerely,



GARREY CARRUTHERS  
Governor

cc: William J. Riley, EPA Administrator  
James D. Watkins, Secretary of Energy  
N.M. Congressional Delegation