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**GENERAL
CORRESPONDENCE**

YEAR(S):

2004 - 1988



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

January 12, 2004

Mr. TG Herring
Commercial Exchange, Inc.
P.O. Box 3236
Lubbock, TX 79452

RE: Commercial Exchange, Inc. NM-01-0037
NE/4 of Section 1, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico

1000355

Dear Mr. Herring:

The New Mexico Oil Conservation Division (OCD) received a letter from Controlled Recovery Inc. (CRI) dated November 11, 2003. CRI expressed a concern regarding the exempt/non-exempt status of the solid waste from the Commercial Exchange, Inc. centrifuge. CRI asked for some clarification prior to accepting the waste into their facility. The OCD has reviewed the information that Commercial Exchange, Inc. provided in their November 24, 2003 letter and the OCD has also had discussions with The New Mexico Environment Department Hazardous Waste Bureau regarding the former refinery that was located on site. The refinery closed in the early 1970's and predates the RCRA Hazardous Waste determinations that are now currently in 40 CFR 261.

In addition, the March 22, 1993, Federal Register Volume 58, Pages 15284 to 15287 states that "wastes derived from the treatment of an exempt waste including any recovery of product from an exempt waste generally remains exempt from the requirements of RCRA Subtitle C." If the waste that that was stored onsite from operations beginning in 1986 when Enersouce first began operation of the treating plant are from primary oilfield operations that are exempt then the resulting centrifuge waste would be exempt. If there are any questions or uncertainties regarding the source or exempt status of the waste that was stored on site prior to Commercial Exchange, Inc. beginning operations in 2003 then Commercial Exchange, Inc. should have the centrifuge waste sampled for ignitability and TCLP metals.

Please be advised this clarification on the exempt status of the centrifuge waste does not relieve Commercial Exchange, Inc. of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, this OCD clarification does not relieve Commercial Exchange, Inc. of responsibility for compliance with other federal, state or local laws and/or regulations.

Commercial Exchange, Inc.
P. O. Box 3236
Lubbock, Texas 79452
(806) 795-9908

10 Fax

RECEIVED

DEC 01 2003

OIL CONSERVATION
DIVISION

November 24, 2003

Martyne J. Kiesling
New Mexico Oil Conservation Div.
1220 South St. Frances Drive
Sante Fe, New Mexico 87505

RE: OCD Rule 711 permit # NM-01-0037

Dear Martyne:

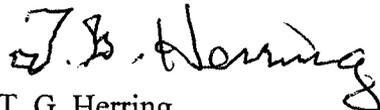
In regard to our phone conversation on November 11, 2003, regarding the contents of the tanks located on our site.

The contents were stored when Enersource, Inc. was operating on New Mexico Solid Waste permit in about 1986.

The old refinery was closed in the early 1970s.

I hope this will help.

Thanks,



T. G. Herring
President

CRI
CONTROLLED RECOVERY INC.

P.O. BOX 388, HOBBS, NM 88241
(505) 393-1079 • FAX (505) 393-3615

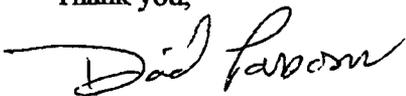
November 11, 2003

Martyne Kieling
State of New Mexico
Oil Conservation Division
1220 South St Francis Drive
Santa Fe, New Mexico 87505

Dear Ms. Kieling,

We have been contacted by Commercial Exchange to accept *Tailings* from their centrifuge operations. We would like clarification on exempt status of this waste stream as we believe what is currently on location came from the adjacent refinery.

Thank you,



David Parsons.

NOV 11 03 02:33p C R I 333333313 p72

CRI
CONTROLLED RECOVERY INC.

P.O. BOX 388, HOBBS, NM 88241
(505) 393-1079 • FAX (505) 393-3615

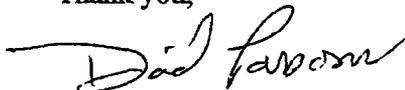
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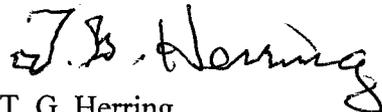
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T. G. Herring
President

*K-1 Co⁹ Add 5 years Ago ~~Per~~
others Dont Apply K-listed
Characteristic waste - metals
~~Listed waste~~*

impact on any small entities affected. Moreover, due to the nature of the federal-state relationship under the CAA, preparation of a regulatory flexibility analysis would constitute Federal inquiry into the economic reasonableness of state action. The CAA forbids EPA to base its actions concerning SIPs on such grounds. *Union Electric Co. v. U.S.E.P.A.*, 427 U.S. 246, 256-66 (S. Ct. 1976); 42 U.S.C. 7410(a)(2).

This action has been classified as a Table 3 action by the Regional Administrator under the procedures published in the *Federal Register* on January 19, 1989 (54 FR 2214-2225). On January 6, 1989, the Office of Management and Budget waived Table 2 and Table 3 SIP revisions (54 FR 2222) from the requirements of section 3 of Executive Order 12291 for a period of two years. EPA has submitted a request for a permanent waiver for Table 2 and Table 3 SIP revisions. OMB has agreed to continue the temporary waiver until such time as it rules on EPA's request.

List of Subjects in 40 CFR Part 52

Air pollution control, Hydrocarbons, Incorporation by reference, Intergovernmental relations, Ozone, Reporting and recordkeeping requirements.

Dated: February 12, 1993.
 John C. Wise,
 Acting Regional Administrator.

Part 52, chapter I, title 40 of the Code of Federal Regulations is amended as follows:

PART 52—[AMENDED]

1. The authority citation for part 52 continues to read as follows:
 Authority: 42 U.S.C. 7401-7671q.

Subpart F—California

2. Section 52.220 is amended by adding paragraph (c)(187)(i)(A)(2) to read as follows:

§ 52.220 Identification of plan.

- • • • •
- (c) • • •
- (187) • • •
- (i) • • •
- (A) • • •
- (2) Rule 460.2, adopted on September 19, 1992.

[FR Doc. 93-6454 Filed 3-19-93; 8:45 am]
 BILLING CODE 6560-50-M

40 CFR Part 261

[FRL-4606-6]

Clarification of the Regulatory Determination for Wastes From the Exploration, Development and Production of Crude Oil, Natural Gas and Geothermal Energy

AGENCY: Environmental Protection Agency.
 ACTION: Clarification.

SUMMARY: This document provides additional clarification of the Resource Conservation and Recovery Act (RCRA) *Regulatory Determination for Oil and Gas and Geothermal Exploration, Development and Production Wastes* dated June 29, 1988 (53 FR 25446; July 6, 1988). This document clarifies the regulatory status of wastes generated by the crude oil reclamation industry, service companies, gas plants and feeder pipelines, and crude oil pipelines. Since this document only further clarifies the status of these wastes under the RCRA Subtitle C hazardous waste exemption discussed in EPA's 1988 *Regulatory Determination*, and does not alter the scope of the current exemption in any way, comments are not being solicited by the Agency on this notice.

FOR FURTHER INFORMATION CONTACT: For general information on the scope of the RCRA Subtitle C exemption for wastes from the exploration, development and production of crude oil, natural gas and geothermal energy, contact the RCRA/Superfund hotline at (800) 424-9346 (toll free) or (703) 412-9810. For technical information, contact Mike Fitzpatrick, U.S. Environmental Protection Agency OS-323W, 401 M Street, SW., Washington, DC 20460; phone (703) 308-8411.

SUPPLEMENTARY INFORMATION:

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- I. Introduction
- II. Clarification of the Scope of the Oil and Gas Exemption
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 - C. Crude Oil Pipelines
 - D. Gas Plants and Feeder Pipelines
- III. Administrative Procedures Act Requirements
- IV. EPA RCRA Docket

I. Introduction

In the Solid Waste Disposal Act Amendments of 1980 (Pub. L. 94-580), Congress amended the Resource Conservation and Recovery Act (RCRA) to add sections 3001 (b)(2)(A), and 8002(m). Section 3001(b)(2)(A) exempted drilling fluids, produced waters, and other wastes associated with

exploration, development, and production of crude oil, natural gas and geothermal energy from regulation as hazardous wastes. Section 8002(m) required the Administrator to complete a Report to Congress on these wastes and provide an opportunity for public comment. The Administrator was also required by section 3001 (b)(2)(A) to make a determination no later than six months after completing the Report to Congress as to whether hazardous waste regulations under RCRA Subtitle C were warranted for these wastes.

EPA's Report to Congress was transmitted to Congress on December 28, 1987. In the process of preparing the Report to Congress, the Agency found it necessary to define the scope of the exemption for the purpose of determining which wastes were considered "wastes from the exploration, development or production of crude oil, natural gas or geothermal energy." Based upon statutory language and legislative history, the Report to Congress identified several criteria used in making such a determination. In particular, for a waste to be exempt from regulation as hazardous waste under RCRA Subtitle C, it must be associated with operations to locate or remove oil or gas from the ground or to remove impurities from such substances and it must be intrinsic to and uniquely associated with oil and gas exploration, development or production operations (commonly referred to simply as exploration and production or E&P); the waste must not be generated by transportation or manufacturing operations.

Transportation of oil and gas can be for short or long distances. For crude oil, "transportation" is defined in the Report to Congress and the subsequent *Regulatory Determination* as beginning after transfer of legal custody of the oil from the producer to a carrier (i.e., pipeline or trucking concern) for transport to a refinery or, in the absence of custody transfer, after the initial separation of the oil and water at the primary field site. For natural gas, "transportation" is defined as beginning after dehydration and purification at a gas plant, but prior to transport to market. To accurately determine the scope of the exemption, the reader is referred to the December 28, 1987, Report to Congress, *Management of Wastes from the Exploration, Development, and Production of Crude Oil, Natural Gas, and Geothermal Energy* (NTIS #PB88-146212) for the specific application of the criteria.

The Agency's *Regulatory Determination* was published in the *Federal Register* on July 6, 1988 (53 FR

25446). The Regulatory Determination included a list of example wastes that generally are exempt and a list of example wastes that generally are not exempt. Neither of these lists was intended to be a complete itemization of all possible exempt or non-exempt wastes. Also, because definitions of the terms used in these lists vary, the criteria identified in the Report to Congress remain the authoritative source for determining the scope of the exemption. The reader is referred to the July 6, 1988, notice for detailed background on all aspects of the Regulatory Determination.

Since 1987, the terms uniquely associated and intrinsic have been used as interchangeable synonyms in various documents in reference to oil and gas wastes qualifying for the exemption from Subtitle C regulation. (For simplicity's sake, when referring to exempt wastes, this notice combines the use of these two terms into the single term uniquely associated.) A simple rule of thumb for determining the scope of the exemption is whether the waste in question has come from down-hole (i.e., brought to the surface during oil and gas E&P operations) or has otherwise been generated by contact with the oil and gas production stream during the removal of produced water or other contaminants from the product (e.g., waste demulsifiers, spent iron sponge). If the answer to either question is yes, the waste is most likely considered exempt.

Since the Agency's Regulatory Determination, numerous requests have been received for determination, on a site-specific basis, of the regulatory status of wastes not itemized in the Regulatory Determination's list of examples. Many of these requests have dealt with broad categories of similar wastes (e.g., crude oil reclaimer wastes, service company wastes, pipeline wastes). Today's notice responds to the many requests for clarification of the scope of the exemption.

II. Clarification of the Scope of the Oil and Gas Exemption

A. Crude Oil Reclamation Industry

The crude oil reclamation industry recovers marketable crude oil and other hydrocarbons from produced water, crude oil tank bottoms and other oily wastes that are generated by the production of crude oil and natural gas. In general, the marketable crude oil is recovered from the waste materials by simple thermal and/or physical processes (e.g., heat and gravity separation). Occasionally, demulsifiers may be added to produced waters from

which crude oil cannot be separated with heat and settling time alone. The typical residual materials left after removal of the crude oil by the reclaimers are also produced water and tank bottom solids. These residuals will often exhibit the same characteristics as the parent waste, although the concentrations of some constituents may vary from those in the parent.

In September 1990, the crude oil reclamation industry requested that the Agency provide an interpretation of the language in the 1988 Regulatory Determination pertaining to RCRA Subtitle C coverage of wastes from crude oil and tank bottom reclaimers. (The list of "non-exempt" wastes in the Regulatory Determination included "liquid and solid wastes generated by crude oil and tank bottom reclaimers.") In particular, they requested that EPA clarify whether any wastes generated by crude oil reclaimers are included within the oil and gas exemption, particularly those originating from the crude oil itself, such as produced water and the other extraneous materials in crude oil, otherwise known as basic sediment and water (BS&W).

In April 1991, the Agency responded to the request with a letter that included broad guidance on the status of wastes from the crude oil reclamation industry. (A copy of the letter is included in the docket to this notice.) EPA explained that the inclusion of "liquid and solid wastes" from crude oil reclamation on the list of non-exempt wastes contained in the Regulatory Determination was intended to refer only to those non-E&P wastes generated by reclaimers (e.g., waste solvents from cleaning reclaimers' equipment) and was not intended to refer to wastes remaining from the treatment of exempt wastes originally generated by the exploration, development or production of crude oil or natural gas.

EPA's basis for this position is several-fold. First, the Agency has consistently taken the position that wastes derived from the treatment of an exempt waste, including any recovery of product from an exempt waste, generally remain exempt from the requirements of RCRA-Subtitle C. Treatment of, or product recovery from, E&P exempt wastes prior to disposal does not negate the exemption. [The same principle applies to exempt mining and mineral processing wastes. See, 54 FR at 36621 (Sept. 1, 1989).] For example, waste residuals (e.g., BS&W) from the on-site or off-site process of recovering crude oil from tank bottoms obtained from crude oil storage facilities at primary field operations (i.e., operations at or near the wellhead) are

exempt from RCRA Subtitle C because the crude oil storage tank bottoms at primary field operations are exempt. In effect, reclaimers are conducting a specialized form of waste treatment in which valuable product is recovered and removed from waste uniquely associated with E&P operations. In addition, in many cases, product recovery or treatment reduces the volume and overall toxicity of the waste and thereby contributes to the Agency's policy and goals for waste minimization and treatment of waste prior to disposal.

EPA further notes that the off-site transport of exempt waste from a primary field site for treatment, reclamation, or disposal does not negate the exemption. The change of custody criterion (which is discussed in the Report to Congress) for the purpose of defining transportation refers to the transport of product (crude oil, natural gas) and does not apply to exempt wastes moving off-site for treatment or disposal since these wastes were generated by the exploration, development or production operations and not by the transportation process. Thus, the off-site transport and/or sale of exempt oil-field wastes to crude oil reclaimers for treatment does not terminate the exempt status either of the wastes or the residuals from a reclamation process applied to these wastes.

However, there are solid and liquid wastes from reclamation operations that are not exempt from RCRA Subtitle C. These are wastes which the Agency intended to refer to in its example within the 1988 Regulatory Determination. Generally, these reclaimer wastes are derived from non-exempt oilfield wastes or otherwise contain materials that are not uniquely associated with exploration, development or production operations. An example would be waste solvents generated from the solvent cleaning of tank trucks that are used to transport oilfield tank bottoms. Such wastes would not be exempt from Subtitle C because the use of cleaning solvents is not uniquely associated with the production of crude oil.

Generally, crude oil reclaimer wastes that are derived from exempt oilfield wastes (e.g., produced water, BS&W) are not subject to the Subtitle C waste management requirements of RCRA. Such wastes, however, remain subject to any applicable state solid waste management requirements. Moreover, this exemption from RCRA Subtitle C requirements may not apply if the crude oil reclaimer wastes are combined with other wastes that are subject to RCRA Subtitle C requirements.

Companies

gas service companies are companies hired by the principal company to, among other things, supply materials for use at a production site or provide a service performed. Some of the types of service companies take place while others may take place off-site are stimulation, transport of laboratory analysis, and waste disposal.

3 Regulatory Determination
"oil and gas service company such as empty drums, drum vacuum truck rinsate, sandblasting wastes, spent solvents, chemicals, and waste acids" are defined by the oil and gas E&P.

The Agency intended this to identify those wastes, unused and discarded materials, generated by service that are not uniquely associated with primary field operations.

(Primary field operations near the wellhead or gas include only those operations to locate and recover oil and gas from the ground and to remove it.) Similar to the reference to stimulation wastes, the Agency does not intend to imply that under certain circumstances will a service company generate a RCRA Subtitle C waste. For example, if a company generates spent acid in a well work-over, the waste since the waste acid in this case is from down-hole and was part of field operations.

Be aware that some confusion exists in various segments of the industry with regard to the scope of the exemption from RCRA Subtitle C for wastes that are not uniquely associated with gas exploration and production. One common belief is that wastes generated by, in support of, or for use by the oil and gas industry (including most service wastes) are exempt. This is not the case. In fact, only wastes generated that are uniquely associated with production, development or stimulation of crude oil or natural gas at field operations (i.e., wastes from down-hole or wastes that have been generated by contact with the production stream during the production of produced water or other fluids from the product) are exempt from regulation under RCRA regardless of whether they are generated on-site by a service company or by the principal operator. In other

words, wastes generated by a service company (e.g., unused frac or stimulation fluids and waste products) that do not meet the basic criteria listed in the Report to Congress (i.e., are not uniquely associated with oil and gas E&P operations) are not exempt from RCRA Subtitle C under the oil and gas exemption, just as wastes generated by a principal operator that do not meet these criteria are not exempt from coverage by RCRA Subtitle C.

The 1988 Regulatory Determination also stated that "vacuum truck and drum rinsate from trucks and drums transporting or containing non-exempt waste" is not included within the exemption (emphasis added). The unstated corollary to this is that vacuum truck and drum rinsate from trucks and drums transporting or containing exempt wastes is exempt, provided that the trucks or drums only contain E&P-related exempt wastes and that the water or fluid used in the rinsing is not subject to RCRA Subtitle C (i.e., is itself non-hazardous). This is consistent with the general policy principle that certain wastes derived exclusively from RCRA Subtitle C-exempt wastes remain exempt from RCRA Subtitle C.

C. Crude Oil Pipelines

Crude oil is produced from the ground through a system of one or more wells in an oilfield. The oil and any related produced water typically is directed to a series of tanks known as a tank battery where the water and oil separate naturally due to gravity; sometimes, separation is enhanced by the use of heat. Most water is separated from the oil at the tank battery. The volume of oil produced is then metered prior to a change in custody or ownership of the oil and/or its transportation off-site.

In the case of crude oil, all production-related activities occur as part of primary field operations at or near the wellhead. Wastes generated as part of the process of transporting products away from primary field operations are not exempt. Generally, for crude oil production, a custody transfer of the oil (i.e., the product) or, in the absence of custody transfer, the end point of initial product separation of the oil and water, will define the end point of primary field operations and the beginning of transportation. Only wastes generated before the end point of primary field operations are exempt. In this context, the term end point of initial product separation means the point at which crude oil leaves the last vessel, including the stock tank, in the tank battery associated with the well or wells. The purpose of the tank battery

is to separate the crude oil from the produced water and/or gas. The movement of crude oil by pipeline or other means after the point of custody transfer or initial product separation is not part of primary field operations.

Therefore, any waste generated by the transportation or handling of the crude oil (product) after custody transfer or, in the absence of custody transfer, after the end point of initial product separation of the oil and water, is not within the scope of the exemption. Examples of non-exempt wastes resulting from transportation include transportation pipeline pigging wastes, contaminated water and snow resulting from spills from transportation pipelines or other forms of transport of the product, and soils contaminated from such spills. It should be noted that the hydrocarbon-bearing soils identified in the 1987 Report to Congress and listed in the 1988 Regulatory Determination as being exempt are limited to those hydrocarbon-bearing soils that occur at oil or gas E&P sites or result from spills of exempt waste. As discussed above, the exempt status of wastes generated by primary field operations and transported off-site for treatment or disposal is not affected by custody transfer.

D. Gas Plants and Feeder Pipelines

Natural gas is produced from the ground through a system of one or more wells in a gas field. Some water may be separated from the gas at the wellhead, but due to economy of scale, the gas from several wells is generally commingled and sent to a central gas plant where additional water and other impurities are removed. The ownership, or custody, of the natural gas commonly changes hands between the wellhead and the gas plant, yet the removal of impurities from the gas at a gas plant is still a necessary part of the production process for natural gas.

For natural gas, primary field operations (as defined in the 1987 Report to Congress) include those production-related activities at or near the wellhead and at the gas plant (regardless of whether or not the gas plant is at or near the wellhead) but prior to transport of the natural gas from the gas plant to market. Because the movement of the natural gas between the wellhead and the gas plant is considered a necessary part of the production operation, uniquely associated wastes derived from the production stream along the gas plant feeder pipelines (e.g., produced water, gas condensate) are considered exempt wastes, even if a change of custody of the natural gas has occurred between

the wellhead and the gas plant. Some wastes generated at this production stage may not be uniquely associated with the natural gas production stream and are, therefore, not exempt (e.g., pump lube oil, waste mercury from meters and gauges). Similarly, soils contaminated by spills of wastes that are not uniquely associated with production operations, such as soils contaminated by mercury from gauges, are not exempt wastes.

Wastes generated at compressor stations and facilities located along the transportation and distribution network downstream from the gas plant or at the market end of the transportation system are not covered by the E&P exemption. These wastes are not uniquely associated with oil or gas exploration and production and are not exempt.

In addition, wastes generated by non-production related activities (i.e., manufacturing) that may occur at a gas plant are not exempt. These non-exempt manufacturing activities include operations that go beyond the removal of impurities from the raw gas and the physical separation of the gas into its component fractions. Manufacturing activities would be those that are similar to petrochemical plant operations, such as the cracking and reforming of the molecular structures of the various gas fractions and the addition of odorants or other substances. The end point of the scope of the exemption for natural gas is in the gas plant once manufacturing begins or, if no manufacturing occurs, at the point at which the natural gas leaves the gas plant for transportation to market.

It should be noted that the production of elemental sulfur from hydrogen sulfide gas at a gas plant is considered treatment of an exempt waste (i.e., the hydrogen sulfide gas is a uniquely associated waste). This waste treatment process reduces the volume and/or toxicity of the exempt waste and produces a saleable product. As such, this process is similar to crude oil reclamation and any residual waste derived from the hydrogen sulfide remains exempt.

Finally, wastes uniquely associated with operations to recover natural gas from underground gas storage fields are covered by the exemption just as if the gas were being produced for the first time. This is because operations to store and retrieve natural gas from natural underground formations, as well as the types of wastes generated, are virtually identical to those involved with the production of natural gas for the first time, although the volume of wastes generated by natural gas storage and retrieval is typically smaller than the

volume generated by the initial production. In effect, in the context of the E&P exemption, the storage of natural gas in natural underground formations returns the gas to the beginning point of the production process.

III. Administrative Procedure Act Requirements

Today's notice is issued without request for public comment since it does not revise, amend, repeal, change, or otherwise alter any EPA regulation, nor constitute a change to EPA's 1988 Regulatory Determination regarding oil and gas exploration and production wastes. This notice merely provides further clarification of EPA's statements regarding the scope of the exemption for oil and gas wastes. Thus, EPA does not believe that today's notice constitutes an action for which notice and comment is required under the Administrative Procedure Act (APA).

To the extent today's notice is covered by APA requirements, EPA believes that it is merely interpreting the scope of the existing RCRA statutory exclusion for oil and gas wastes, for which notice and comment is not ordinarily required. Alternatively, EPA believes it has good cause under Section 553(b) of the APA to publish this notice without opportunity for comment. EPA has already received substantial comment regarding the scope of the oil and gas exemption in response to its 1987 Report to Congress, and further comment on the issue is unnecessary, particularly since EPA is not altering its position from that which the Agency announced in the 1988 Regulatory Determination.

IV. EPA RCRA Docket

The EPA RCRA docket is located at: United States Environmental Protection Agency, RCRA Information Center, room M2427, 401 M Street, SW., Washington, DC 20460.

The RCRA Information Center is open from 9:00 to 4:00 Monday through Friday, except for federal holidays. The public must make an appointment to review docket materials. Call the docket at (202) 260-9327 for appointments. Copies cost \$.15 per page.

The following documents related to the July 6, 1988 regulatory determination are available for inspection in docket number F-88-OGRA-FFFFF.

- Report to Congress on Management of Wastes from the Exploration, Development, and Production of Crude Oil, Natural Gas, and Geothermal Energy;

- All supporting documentation for the regulatory determination, including public comments on the Report to Congress and EPA response to comments, and

- Transcripts from the public hearings on the Report to Congress.

All supporting documentation for this Federal Register Notice are available for inspection in docket number F-93-OGRC-FFFFF.

Dated: March 11, 1993.

Richard J. Guimond,

Assistant Surgeon General, USPHS.

Acting Assistant Administrator.

[FR Doc. 93-6153 Filed 3-19-93; 8:45 am]

BILLING CODE 6560-60-P

40 CFR Part 300

[FRL-4607-2]

National Oil and Hazardous Substances Pollution Contingency Plan; National Priorities List

AGENCY: Environmental Protection Agency.

ACTION: Notice of deletion of the Woodbury Chemical Company Site from the National Priorities List (NPL).

SUMMARY: The Environmental Protection Agency (EPA) announces the deletion of the Woodbury Chemical Company Superfund Site (Site) in Commerce City, Colorado, from the National Priorities List (NPL). The NPL is appendix B of 40 CFR part 300 which is the National Oil and Hazardous Substances Pollution Contingency Plan (NCP), promulgated pursuant to section 105 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended. EPA and the State of Colorado have determined that all appropriate response actions have been implemented at the Site and that no further cleanup by responsible parties is appropriate. Moreover, EPA and the State of Colorado have determined that remedial activities conducted at the Site are protective of public health, welfare, and the environment.

EFFECTIVE DATE: March 22, 1993.

FOR FURTHER INFORMATION CONTACT: Ms. Laura Williams (8HWM-SR), Remedial Project Manager, U.S. EPA, Region VIII, 999 18th Street, suite 500, Denver, Colorado 80202-2466, (303) 293-1531, or Mr. Patrick Bustos (8OEA), Office of External Affairs, U.S. EPA, Region VIII, 999 18th Street, suite 500, Denver, Colorado 80202-2466, (303) 294-1139.

ADDRESSES: Comprehensive information on this Site is available at the following addresses:

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

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

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

- Produced water;
- Drilling fluids;
- Drill cuttings;
- Rigwash;
- Drilling fluids and cuttings from offshore operations disposed of onshore;
- Geothermal production fluids;
- Hydrogen sulfide abatement wastes from geothermal energy production;
- Well completion, treatment, and stimulation fluids;
- Basic sediment and water and other tank bottoms from storage facilities that hold product and exempt waste;
- Accumulated materials such as hydrocarbons, solids, sand, and emulsion from production separators, fluid treating vessels, and production impoundments;
- Pit sludges and contaminated bottoms from storage or disposal of exempt wastes;
- Workover wastes;
- Gas plant dehydration wastes, including glycol-based compounds, glycol filters, filter media, backwash, and molecular sieves;
- Gas plant sweetening wastes for sulfur removal, including amines, amine filters, amine filter media, backwash, precipitated amine sludge, iron sponge, and hydrogen sulfide scrubber liquid and sludge;
- Cooling tower blowdown;
- Spent filters, filter media, and backwash (assuming the filter itself is not hazardous and the residue in it is from an exempt waste steam);
- Packing fluids;
- Produced sand;
- Pipe scale, hydrocarbon solids, hydrates, and other deposits removed from piping and equipment prior to transportation;
- Hydrocarbon-bearing soil;
- Pigging wastes from gathering lines;
- Wastes from subsurface gas storage and retrieval, except for nonexempt wastes listed below;
- Constituents removed from produced water before it is injected or otherwise disposed of;
- Liquid hydrocarbons removed from the production stream but not from oil refining;
- Gases from the production stream, such as hydrogen sulfide and carbon dioxide, and volatilized hydrocarbons;
- Materials ejected from a producing well during the process known as blowdown;
- Waste crude oil from primary field operations and production;
- Light organics volatilized from exempt wastes in reserve pits or impoundments or production equipment;
- Liquid and solid wastes generated by crude oil and crude tank bottom reclaimers***.*
- Unused fracturing fluids or acids;
- Gas plant cooling tower cleaning wastes;
- Painting wastes;
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids;
- Vacuum truck and drum rinsate from trucks and drums transporting or containing non-exempt waste;
- Refinery wastes;
- Liquid and solid wastes generated by refined oil and product tank bottom reclaimers***;*
- Used equipment lubrication oils;
- Waste compressor oil, filters, and blowdown;
- Used hydraulic fluids;
- Waste solvents;
- Waste in transportation pipeline-related pits;
- Caustic or acid cleaners;
- Boiler cleaning wastes;
- Boiler refractory bricks;
- Boiler scrubber fluids, sludges, and ash;
- Incinerator ash;
- Laboratory wastes;
- Sanitary wastes;
- Pesticide wastes;
- Radioactive tracer wastes;
- Drums, insulation, and miscellaneous solids.

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

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

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

NOTES:

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

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

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

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

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

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

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

EPA WASTE CLASSIFICATION O & G EXPLORATION AND PRODUCTION WASTES*

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

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

- Produced water;
- Drilling fluids;
- Drill cuttings;
- Rigwash;
- Drilling fluids and cuttings from offshore operations disposed of onshore;
- Geothermal production fluids;
- Hydrogen sulfide abatement wastes from geothermal energy production;
- Well completion, treatment, and stimulation fluids;
- Basic sediment and water and other tank bottoms from storage facilities that hold product and exempt waste;
- Accumulated materials such as hydrocarbons, solids, sand, and emulsion from production separators, fluid treating vessels, and production impoundments;
- Pit sludges and contaminated bottoms from storage or disposal of exempt wastes;
- Workover wastes;
- Gas plant dehydration wastes, including glycol-based compounds, glycol filters, filter media, backwash, and molecular sieves;
- Gas plant sweetening wastes for sulfur removal, including amines, amine filters, amine filter media, backwash, precipitated amine sludge, iron sponge, and hydrogen sulfide scrubber liquid and sludge;
- Cooling tower blowdown;
- Spent filters, filter media, and backwash (assuming the filter itself is not hazardous and the residue in it is from an exempt waste steam);
- Packing fluids;
- Produced sand;
- Pipe scale, hydrocarbon solids, hydrates, and other deposits removed from piping and equipment prior to transportation;
- Hydrocarbon-bearing soil;
- Pigging wastes from gathering lines;
- Wastes from subsurface gas storage and retrieval, except for nonexempt wastes listed below;
- Constituents removed from produced water before it is injected or otherwise disposed of;
- Liquid hydrocarbons removed from the production stream but not from oil refining;
- Gases from the production stream, such as hydrogen sulfide and carbon dioxide, and volatilized hydrocarbons;
- Materials ejected from a producing well during the process known as blowdown;
- Waste crude oil from primary field operations and production;
- Light organics volatilized from exempt wastes in reserve pits or impoundments or production equipment;
- Liquid and solid wastes generated by crude oil and crude tank bottom reclaimers***.*
- Unused fracturing fluids or acids;
- Gas plant cooling tower cleaning wastes;
- Painting wastes;
- Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids;
- Vacuum truck and drum rinsate from trucks and drums transporting or containing non-exempt waste;
- Refinery wastes;
- Liquid and solid wastes generated by refined oil and product tank bottom reclaimers***;*
- Used equipment lubrication oils;
- Waste compressor oil, filters, and blowdown;
- Used hydraulic fluids;
- Waste solvents;
- Waste in transportation pipeline-related pits;
- Caustic or acid cleaners;
- Boiler cleaning wastes;
- Boiler refractory bricks;
- Boiler scrubber fluids, sludges, and ash;
- Incinerator ash;
- Laboratory wastes;
- Sanitary wastes;
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- Drums, insulation, and miscellaneous solids.

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

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

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

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

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

RCRA Hotline Issues:

1-800-424-9346

September 12, 1994

Reference: Waste determination for exempt gas plant waste commingled with clean rainwater.

Called RCRA hotline at approximately 1:30 pm talked to Chris. He quoted excerpts from the EPA CFR 40 261.4b4, EPA Permit Policy Compendium, and the Federal Register March 22, 1993 E&P determination dated March 22, 1993 vol 58 15285.

It appears that waste that is derived from exempted waste remain exempt. For example, the gas plant blow down of inlet scrubbers consist of produced water, condensate and other debris. If this material is collected in a sump in which only clean rainwater is allowed to mix or commingle, then the resultant mixture is still exempt.

CFR 40 261.4b4 which exempts fly ash, remains exempt when precipitation is mixed with it and thus causes the mixture to become hazardous by corrosivity. This is pointed out in a letter from EPA- Marcia Williams; to Mr. G.N. Weinreich. This document can be found in the EPA headquarters tele# 202-260-9327 filed under/with the Permit Policy Compendium which can be released under the FOIA services. Ask for document # 9441.1986(31) April 26, 1986.

This document does not pertain to oil and gas but does draw the same analogy for exempted waste mixed with water.

The E&P determination which was listed in the Federal Register as mentioned above also determines that waste derived from exempted waste remain exempt. However they give examples where it would not remain exempt if for example a RCRA "listed" solvent were used in the cleaning process or some other non-exempt waste was allowed to be mixed with it.

The RCRA hotline indicated that since no other determination has been stated otherwise, then the mixture of an exempted waste and clean rainwater would remain exempt under the federal RCRA laws in their opinion.

In supporting this argument please find documentation attached, from Geraghty and Miller an environmental consultant company, on behalf of Unichem-Parabo. This is a letter to the New Mexico Environmental Department (Hazardous Waste Div.) which clarifies this issue in a case in New Mexico.

SIGN: _____

[Handwritten Signature]

9/12/94



BRUCE KING
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT
Harold Runnels Building
1190 St. Francis Drive, P.O. Box 26110
Santa Fe, New Mexico 87502
(505) 827-2850

JUDITH M. ESPINOSA
SECRETARY

RON CURRY
DEPUTY SECRETARY

April 19, 1993

Mr. Jim Britton, VP
Unichem International Inc.
P.O. Box 1499
Hobbs, New Mexico 88241

Subject: Regulatory Status of Water Pumped from Pond 4. Parablo
Oil Reclamation and Disposal Facility, Lea County, New
Mexico

Dear Mr. Britton;

In reference to our telephone conversation of April 14, 1993, and the documentation supplied to this agency, it has been determined that the exempt oil and gas waste from those oil and gas exploration and production activities which are now found in Pond 4 at your Parablo facility does fall under the exclusion rule of the Resource Conservation and Recovery Act (RCRA). This should allow you to begin your oil reclaiming operation.

If you have any questions, please feel free in contacting me at 505-827-4308.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward L. Horst".

Edward L. Horst, RCRA Program Manager
Hazardous and Radioactive Materials Bureau

ELH:sl

cc: Roger Anderson, OCD
file

April 12, 1993

Mr. Jim Britton
Unichem International
P.O. Box 1499
Hobbs, NM 88241

RE: Regulatory Status of Water Pumped From Pond 4, Parabo Oil Reclamation and Disposal Facility, Lea County, New Mexico.

Dear Jim:

The following discussion sets forth our understanding of the regulatory status of water to be pumped from Pond 4 at the Parabo facility. This analysis reflects Geraghty & Miller's technical understanding of the regulations and applicable statutes and should not be construed as a legal opinion. If you desire a legal opinion or legal advice, we recommend that you consult with legal counsel.

BACKGROUND

The Parabo oil field waste product disposal and oil reclamation facility located in Lea County, New Mexico receives exempt oil and gas wastes from oil and gas exploration and production locations throughout New Mexico and Texas. All materials received by Parabo are considered wastes "associated with the exploration and production of oil and gas" and are therefore considered exempt from the definition of hazardous waste, 40 Code of Federal Regulations 261.4((b)(5). These wastes consist primarily of bottom sediment and water (BS&W), produced water, and drilling fluids.

Parabo operates both a disposal operation and oil reclamation operation. Waters and fluids that are not amenable to oil recovery are placed into a series of on-site evaporation and disposal ponds. Materials that may have recoverable crude oil are routed through an oil recovery system, with residual materials and sediments being disposed into one of the on-site disposal ponds. Additional contaminant removal and oil separation occurs in the disposal ponds allowing for further periodic oil reclamation. Accumulated waters (both produced waters and rainwater) are periodically pumped from the pond, routed through an oil water separator system and then disposed into one of the evaporation ponds.

One of the two BS&W ponds (Pond 4) has been inactive since September 25, 1990 with no materials being placed into the pond or removed from the pond. Rainwater, however, has fallen into the pond resulting in the pond level rising to its maximum capacity. With the onset of the rainy season approaching, Parabo now wishes to re-commence oil

Mr. Jim Britton
April 12, 1993
Page 2

recovery and disposal operations at pond 4. The next section will evaluate the regulatory issues surrounding the proposed operation of pond 4.

DISCUSSION

The Parabo facility operates pursuant to New Mexico Oil Conservation Division (NMOCD) Order Nos. R-5516, R-5516-A, R-5516 B, and R-5516-C. These division orders stipulate facility operational parameters, monitoring requirements and design specifications. Operation of Pond 4 is authorized and covered by these orders.

As an oilfield waste disposal and processing facility, the only wastes managed at the site consist of materials exempt from regulation under the Resource Conservation and Recovery Act (RCRA). In a March 22, 1993 agency notice, the U.S. Environmental Protection Agency (EPA) made it clear that wastes generated by oil reclamation operations remain exempt from the requirements of RCRA, 58 Fed.Reg. p. 15284. This recent notice elaborates upon the notice of July 6, 1988 (53 Fed.Reg. p. 25446) in which EPA made a Regulatory Determination of the application of RCRA to oil and gas related wastes. With respect to the exempt status of oil reclamation wastes, the recent notice provides the following guidance:

1. Wastes that have come from down-hole (i.e., brought to the surface during oil and gas E&P operations) or have otherwise been generated by contact with the oil and gas production stream during the removal of produced water or other contaminants, are exempt materials.
2. EPA has consistently taken the position that wastes derived from the treatment of an exempt waste remain exempt from the requirements of RCRA Subtitle C.
3. Treatment of, or product recovery from, E&P exempt wastes prior to disposal does not negate the exemption.
4. The off-site transport of exempt waste from a primary field site for treatment, reclamation, or disposal does not negate the exemption.

The evaporation and separation activities occurring within Pond 4 facilitate further oil recovery. The pond uses solar energy (direct sunlight) to reduce the viscosity of pond contents and to evaporate water that in turn allows oil to be skimmed off the surface of the pond. The very size of the pond (4 acres) and the nature of pond operation (open and unenclosed) anticipates that some rainwater will enter the pond. The introduction of this

Mr. Jim Britton

April 12, 1993

Page 3

water and the subsequent removal, treatment and disposal of this water should not negate the application of the oil and gas exemption for the following reasons:

1. Water removed from pond 4 is generated by contact with the oil and gas production stream during the removal of produced water or other contaminants, and therefore remains exempt.
2. The water removed from pond 4 (a combination of produced water and rainwater) is derived (by virtue of facility construction and operating parameters) directly from the treatment of an exempt waste material, and therefore remains exempt.

The suggestion that the introduction of rainwater into pond 4 would somehow negate the application of the oil and gas exemption does not appear to be supported by any agency guidance or policy relative to the oil and gas exemption. In fact, EPA states in the recent Federal Register notice that the exemption as it applies to oil and gas service companies is not negated by the introduction of rinse water when cleaning tanks or trucks containing exempt wastes. The analogy as it applies to rainwater (intrinsically related to the treatment process) coming into contact with exempt wastes during treatment, seems clear.

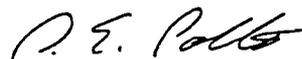
SUMMARY

In summary, water removed from pond 4 in the course of normal pond operations should not be subject to regulation under subtitle C of RCRA. This water is necessarily generated by facility operations and is intrinsically related to oil reclamation and recovery operations. No agency policy, regulations or statutes appear to provide any contrary interpretation.

I hope this discussion is useful. As always, Geraghty & Miller appreciates the opportunity to be of service to Unichem International. If you have any further questions or comments regarding this issue, please call.

Sincerely,

GERAGHTY & MILLER, INC.



David E. Polter
Regional Regulatory Specialist

cc: Steve Reed

CRUDE OIL RECLAMATION

Definition

- There is currently no generally accepted definition of crude oil reclamation. The broadest definition would cover salable crude oil product derived from:
 - reclamation of crude oil from stock crude oil tank bottoms.
 - reclamation of crude oil from produced water and produced water skimmings.
 - reclamation of crude oil from off-spec waste crude oil.
 - blending operations where off-spec crude is blended with higher grade crude.

Background

- The EPA oil and gas regulatory determination published in the Federal Register on July 6, 1988 determined that waste crude oil and related products should not be subject to RCRA Subtitle C where such materials are managed at primary field operations. However, any wastes generated away from the primary field operations by waste crude oil reclaimers were not exempted from Subtitle C. The regulatory determination maintained that the exemption for most exploration and production (E&P) wastes (e.g., produced water, drilling muds and cuttings). EPA uses three criteria to determine whether E&P wastes are exempt:
 - the waste is uniquely associated with exploration and production activities,
 - the waste is intrinsic to E&P activities, and
 - the waste does not result from transportation or manufacturing activities.

However, the EPA regulatory determination included a list of examples of non-exempt wastes including "liquid and solid wastes generated by crude oil and tank bottom reclaimers."

- The EP rule only contained criteria for certain metals and pesticides, which are typically not present in E&P wastes.

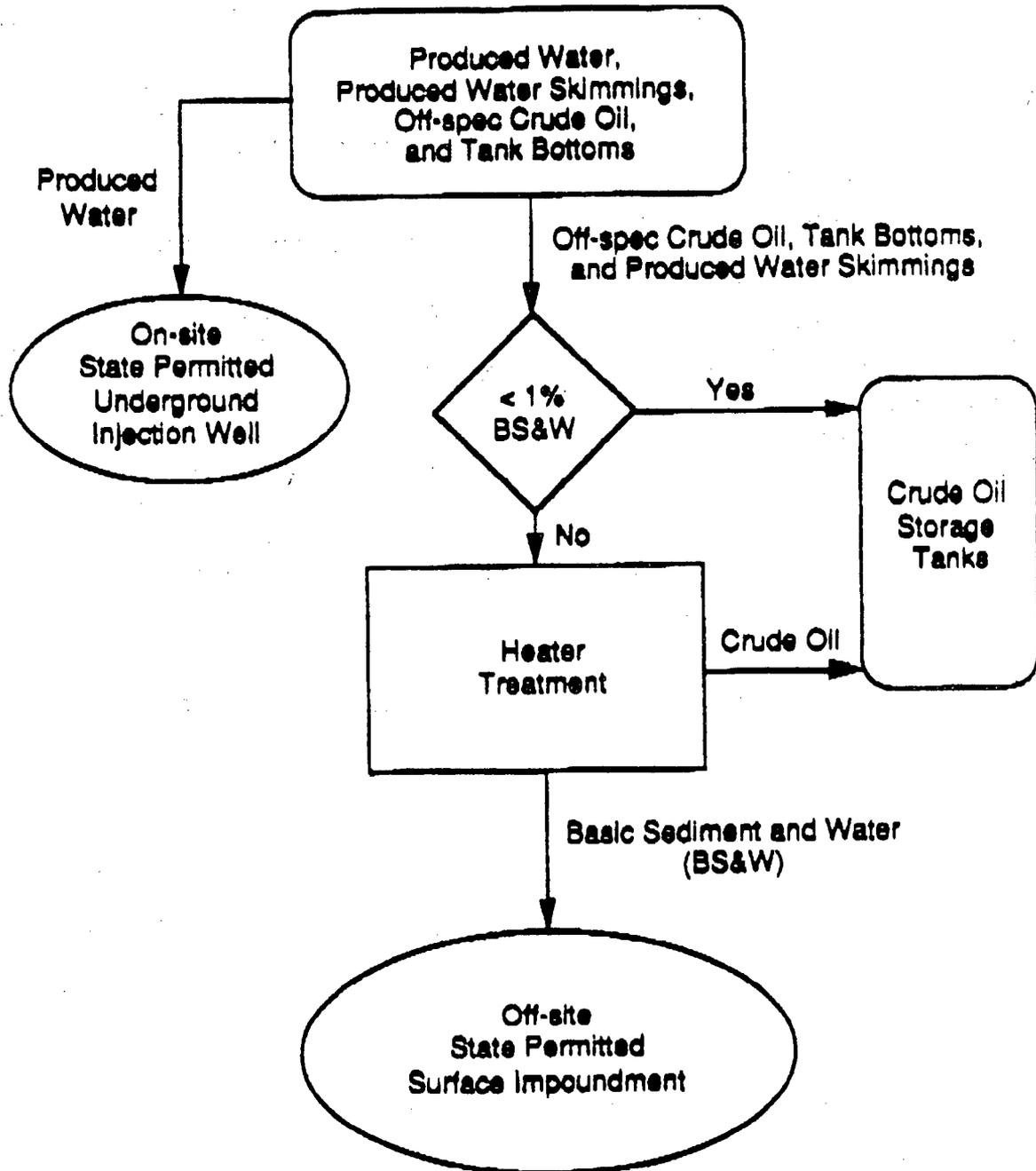
- The March 29, 1990 toxicity characteristic (TC) rule added additional criteria for organic constituents including benzene. The benzene TC limit of 0.5 mg/l is the primary TC characteristic that will be exceeded by such wastes. For example, stock crude tank bottoms typically contain greater than 200 mg/l benzene. The effective date of the March 29, 1990 TC rule is September 25, 1990.
- Several crude oil reclaimers and their representative contacted EPA in early September 1990 to express concern that the crude processor industry would likely shut down if it had to commence Subtitle C waste management practices. The reclaimers and their representative filed written materials (petition) with OSW on September 18, 1990. The written matter included a statement of position, proposed solutions to the "problem", and some technical and cost information.
- At the reclaimers' request, OSW staff met with the reclaimers and their representative on September 20, 1990 to discuss the situation. OSW agreed to evaluate reclaimer information and conduct additional information gathering as necessary to supplement information on hand.

Information Gathering

Since the September 20 meeting with the reclaimers, EPA has conducted an information gathering effort in order to develop a profile of crude oil reclaiming. The following information has been collected:

- IOCC Questionnaire
 - Collected information from 30 states
 - Followup by EPA directly contacting states
- Direct contact of reclaimers by EPA
 - Texas, Oklahoma, New Mexico, North Dakota, Louisiana
- Contact with API, IPAA, and State oil and gas agencies
 - Main state contacts: IOCC, Oklahoma Corporation Commission, Texas Railroad Commission, Louisiana DNR, New Mexico Oil Conservation Div., Kansas Corporation Commission, California Div. of Oil & Gas
- Site visits to 7 reclaimers in Texas and 2 in New Mexico on October 22 & 23, 1990
- Chemical analyses received from New Mexico and expected from API
- Literature search
- Preliminary cost/economic analysis

TYPICAL RECLAIMER FLOW DIAGRAM



Findings to Date

- 250 of the 260 identified crude oil reclaimers are in the five states of Oklahoma (137), Texas (45), Kansas (40), New Mexico (17) and Louisiana (11). However, a significant number of these operations (perhaps 25%) are believed to only be conducting blending operations -- mixing off-spec crude with higher grade crude so the resulting mixture is of acceptable spec for refineries.
- In California, waste crude oil is generally reclaimed on-site by E&P operators as part of their primary field operations. After treatment on-site, wastes are sent to offsite centralized facilities for management.
- There is a large variation in facility size. There are many family-type businesses ("mom and pop") as well as larger operations.
- Crude reclaimers sell nearly 2.5 million barrels per year of reclaimed oil, which is less than 0.1 % of U.S. production.
- 54% of tank bottoms generated in the U.S. are sent to crude oil reclaimers (661,000 bbl/yr). This volume is 5% of total associated wastes generated in the U.S.
- Virtually all reclaimers' wastes would fail the TC test for benzene, resulting in subtitle C management of such wastes.
- According to many of the reclaimers that were contacted directly, they have ceased accepting and processing tank bottoms due to the new TC rule. They generally indicate that the tank bottoms are being disposed on the producers' property (i.e., land disposed).
- Management of reclaimer wastes under Subtitle C would likely cause the shutdown of most of the industry, as it would impose significantly higher waste management expenses (e.g., solids waste disposal costs going from about \$1 per barrel to over \$500 per barrel).
- Crude oil reclaimers may be providing an environmental benefit by reclaiming crude oil from production wastes. Crude oil reclamation results in up to a 70% reduction in the volume of E&P wastes that are managed by reclaimers. (This excludes any crude oil reclamation operations that may be conducted at primary field operations.)

CRUDE OIL RECLAIMING INDUSTRY - SUMMARY

November 20, 1990

ACTIVE RECLAIMERS IN U.S.: 260*

NUMBER OF STATES REPORTING RECLAIMERS: 9*

GEOGRAPHIC DISTRIBUTION: 96% (250 OUT OF 260) IN 5 STATES (OKLAHOMA, TEXAS, KANSAS, NEW MEXICO, LOUISIANA)*

VOLUME OF RECLAIMED CRUDE OIL SOLD: 2,443,772 BARRELS/YEAR* (7 States Reporting) = LESS THAN 0.1% OF TOTAL U.S. CRUDE OIL PRODUCTION**

PERCENT OF CRUDE OIL RECOVERED (NET OIL/TOTAL VOLUME INCOMING):
 IF PRIMARY INCOMING CONSISTS OF: PRODUCED WATER - 1% CRUDE OIL RECOVERED**
 TANK BOTTOMS OR PRODUCED WATER SKIMMINGS - 50% CRUDE OIL RECOVERED**

VOLUME OF WASTE GENERATED: 561,012 BARRELS/YEAR* (6 States Reporting)

CONTENT OF BASIC SEDIMENT & WATER (BS&W): 75-95% WATER; 5-25% SEDIMENT***

PERCENT OF TANK BOTTOMS THAT ARE RECLAIMED: 54% (661,000 BARRELS/YEAR)**** (THIS VOLUME = 5% OF TOTAL ASSOCIATED WASTES)

PERCENT OF TANK BOTTOMS + OILY WASTES THAT ARE RECLAIMED: 29% (827,000 BARRELS/YEAR)**** (THIS VOLUME = 7% OF TOTAL ASSOCIATED WASTES)

GEOGRAPHIC DISTRIBUTION		VOLUME OF CRUDE SOLD	PRODUCTION		VOLUME OF WASTE GENERATED
STATE	TOTAL RECLAIMERS*	BARRELS SOLD PER YEAR*	OIL PRODUCTION ***** (1988)	PERCENT OF TOTAL ** PRODUCTION RECLAIMED	BARRELS PER YEAR*
OKLAHOMA	137 (53%)	1,680,000 (69%)	117,022,000	1.40%	ND
TEXAS	45 (17%)	456,540 (19%)	708,125,000	0.07%	240,000 (43%)
KANSAS	40 (15%)	ND			ND
NEW MEXICO	17 (7%)	132,000 (5%)	67,865,000	0.20%	63,600 (11%)
LOUISIANA	11 (4%)	106,488 (4%)	378,084,000	0.03%	240,000 (43%)
MISSISSIPPI	5 (2%)	51,744 (2%)	26,705,000	0.20%	12,912 (2%)
NEVADA	3 (1%)	ND			ND
NORTH DAKOTA	1 (0.5%)	13,000 (0.5%)	39,340,000	0.03%	2,000 (0.4%)
NEBRASKA	1 (0.5%)	4,000 (0.5%)	5,963,000	0.07%	2,500 (0.5%)
TOTALS	260 (100%)	2,443,772 (100%)	1,343,104,000	(STATE AVERAGE = 0.2%)	561,012 (100%)

* Source: IOCC Questionnaire

** Extrapolated

*** Geraghty & Miller

**** API 1985 Survey

***** Source: IOCC, 1988 Production of Oil and Gas by States

ND = No Data

CRI
CONTROLLED RECOVERY INC.

P.O. BOX 388, HOBBS, NM 88241
(505) 393-1079 • FAX (505) 393-3615

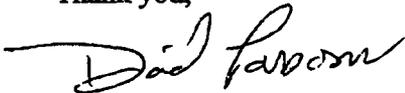
November 11, 2003

Martyne Kieling
State of New Mexico
Oil Conservation Division
1220 South St Francis Drive
Santa Fe, New Mexico 87505

Dear Ms. Kieling,

We have been contacted by Commercial Exchange to accept *Tailings* from their centrifuge operations. We would like clarification on exempt status of this waste stream as we believe what is currently on location came from the adjacent refinery.

Thank you,



David Parsons.

Commercial Exchange, Inc.
P. O. Box 3236
Lubbock, Texas 79452
(806) 795-9908

RECEIVED

DEC 01 2003

OIL CONSERVATION
DIVISION

November 24, 2003

Martyne J. Kiesling
New Mexico Oil Conservation Div.
1220 South St. Frances Drive
Sante Fe, New Mexico 87505

RE: OCD Rule 711 permit # NM-01-0037

Dear Martyne:

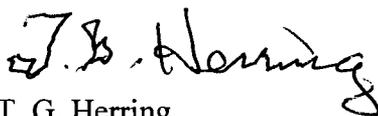
In regard to our phone conversation on November 11, 2003, regarding the contents of the tanks located on our site.

The contents were stored when Enersource, Inc. was operating on New Mexico Solid Waste permit in about 1986.

The old refinery was closed in the early 1970s.

I hope this will help.

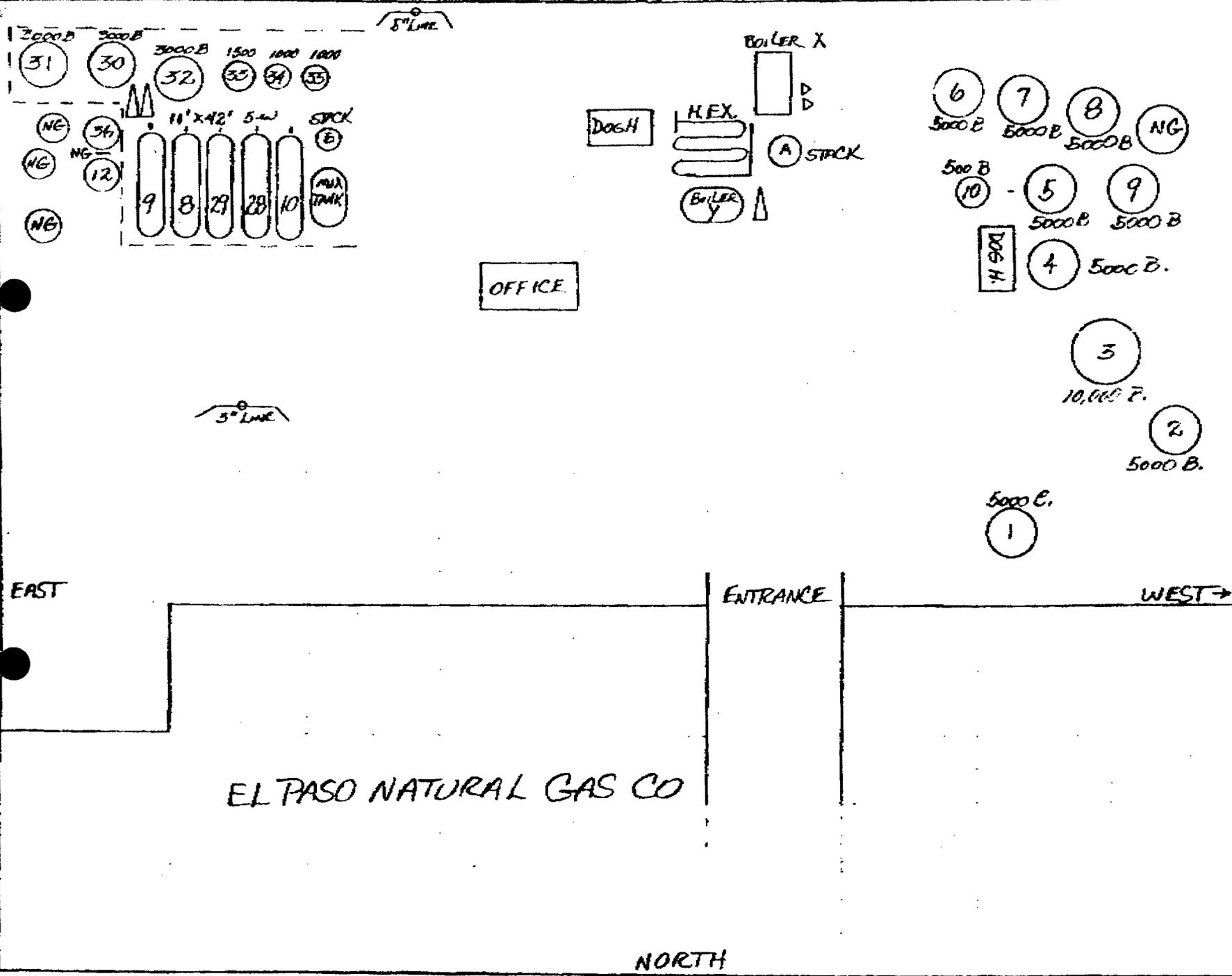
Thanks,



T. G. Herring
President



SOUTH



PREPARED BY
CHECKED BY

GRAHAM INCORPORATED
ENGINEERING CALCULATION FORM
SUBJECT
CILSOURCE

PAGE 1 of 1
PROGRAM & PROJECT NO.

DATE
7-30-91

EL PASO NATURAL GAS CO

NORTH

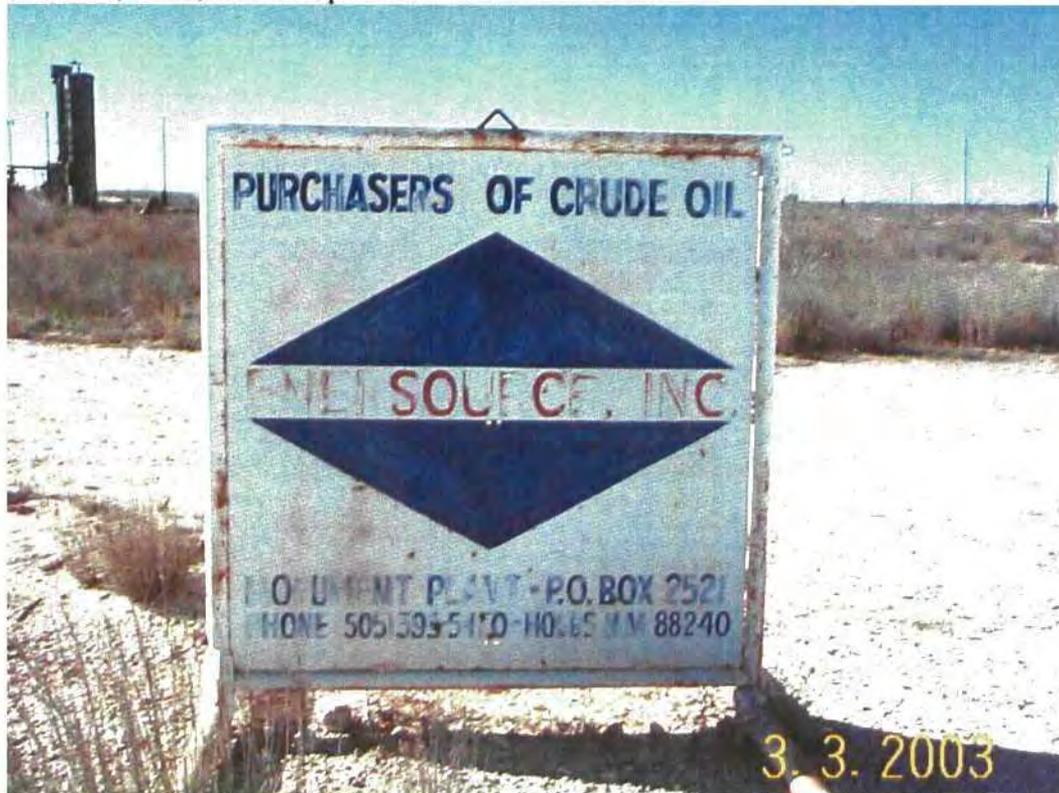


Photo 1: Entrance Sign for Enersource, Inc.

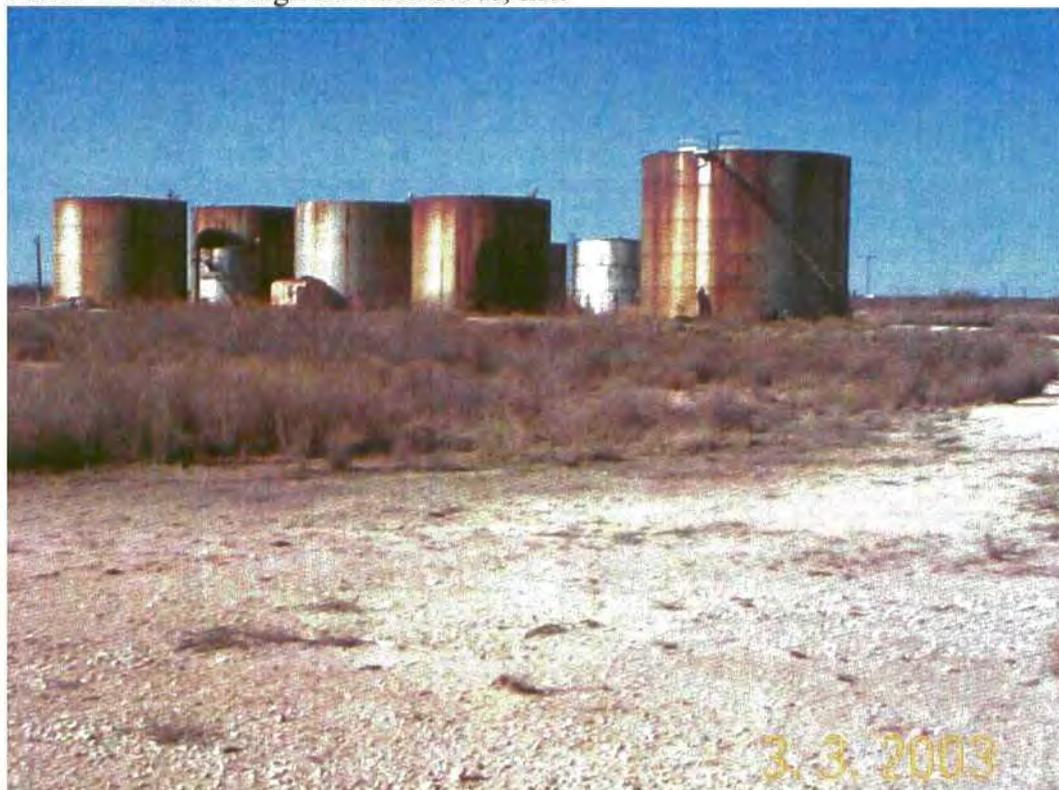


Photo 2: From left to right, 6-500bbl tanks and 1-1000bbl tank. One smaller tank and metal box container in front of 500bbl tanks. Looking southwest



Photo 3: From left to right, horizontal tanks and separator. 3-3000 bbl tanks, 1-1000 bbl tank, 3-1000 bbl tanks and 1-10x16' vessel. Office building in the foreground. Looking east southeast.

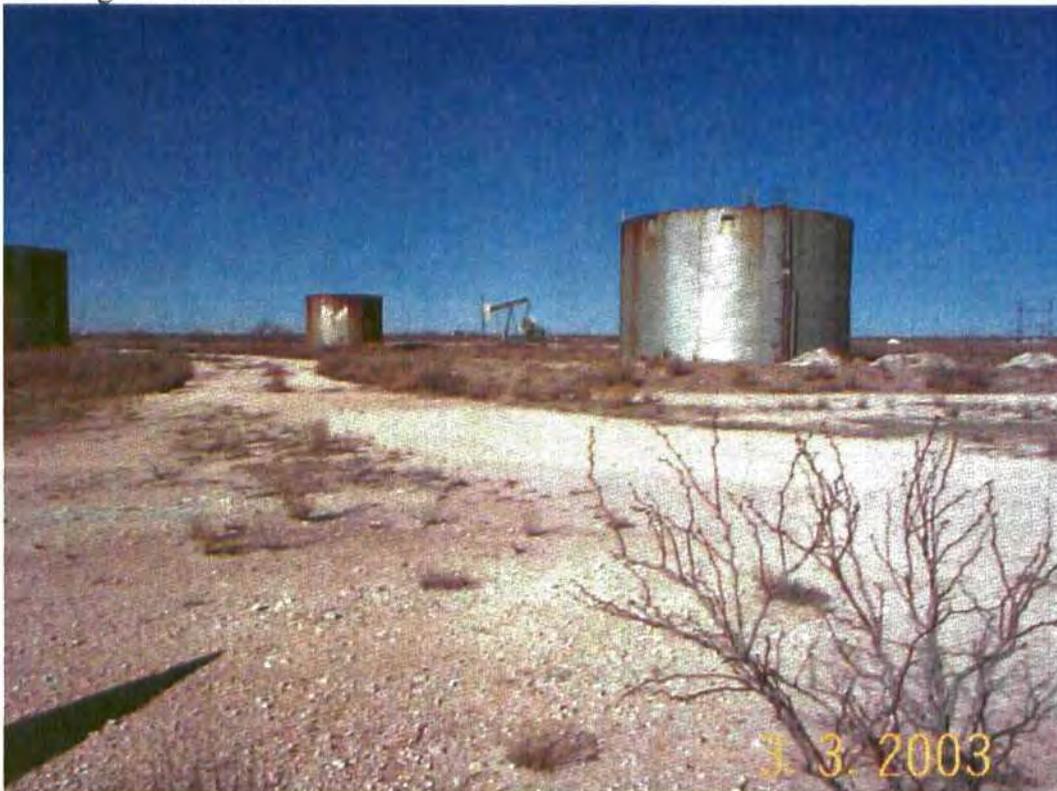


Photo 4: From left to right, 3-1000 bbl tanks. Looking west southwest.

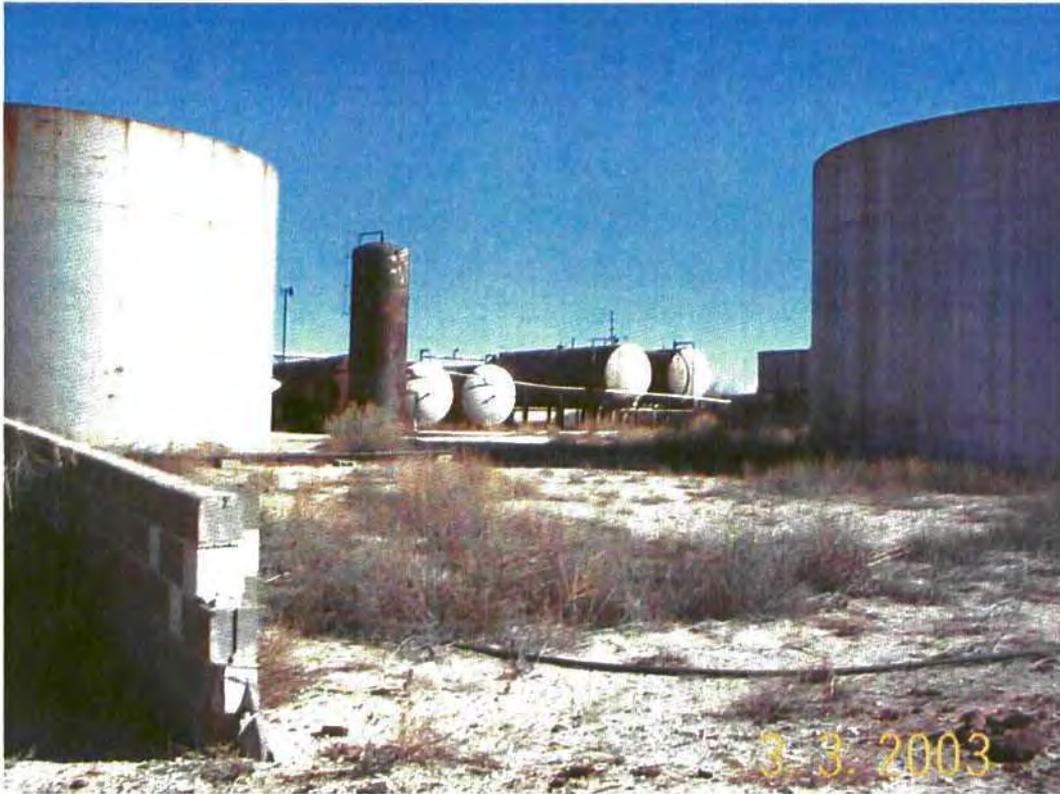


Photo 13: 2-3000 bbl tanks, 5-vertical tanks and 1-vertical tank/separator. Looking southeast inside broken cinder block wall.



Photo 14: From left to right, 5-horizontal tanks, 1-vertical tank/separator, and 3-3000 bbl tanks on the right. Looking east.



Photo 5: Leaking 500bbl tanks and 1000bbl tank. Looking south.

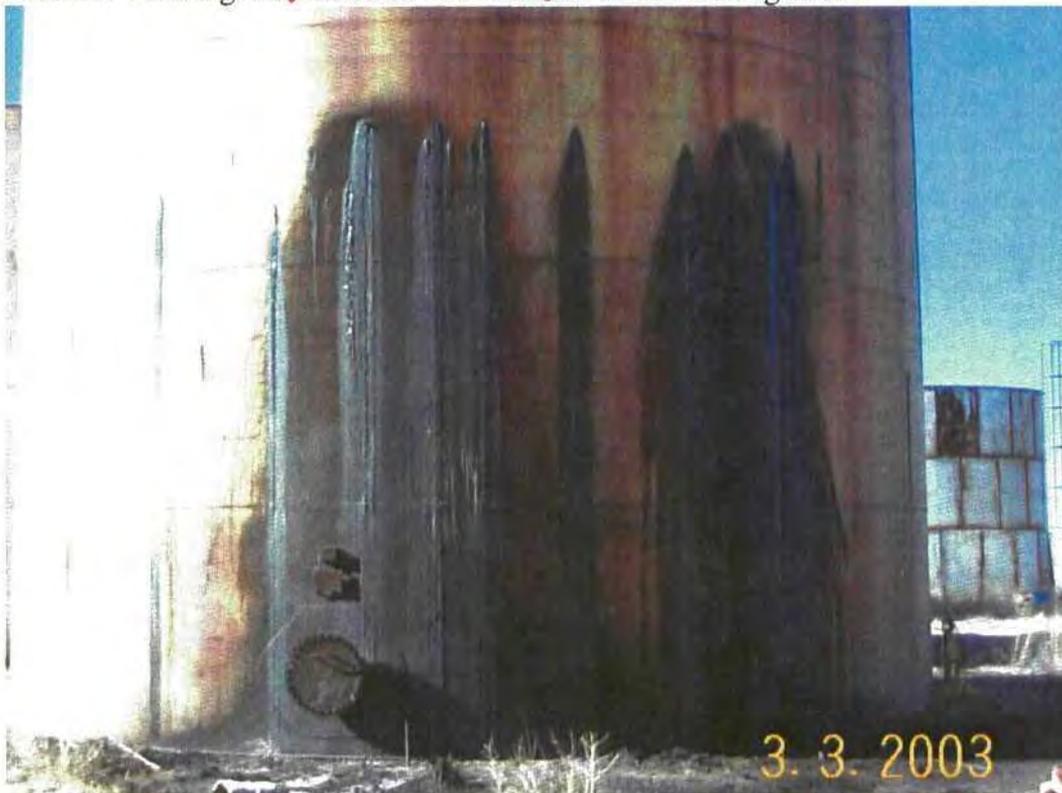


Photo 6: Leaking 500bbl tank and contaminated soil. Looking southwest.



Photo 7: Contaminated soil surrounding the leaking 5000 bbl tank.

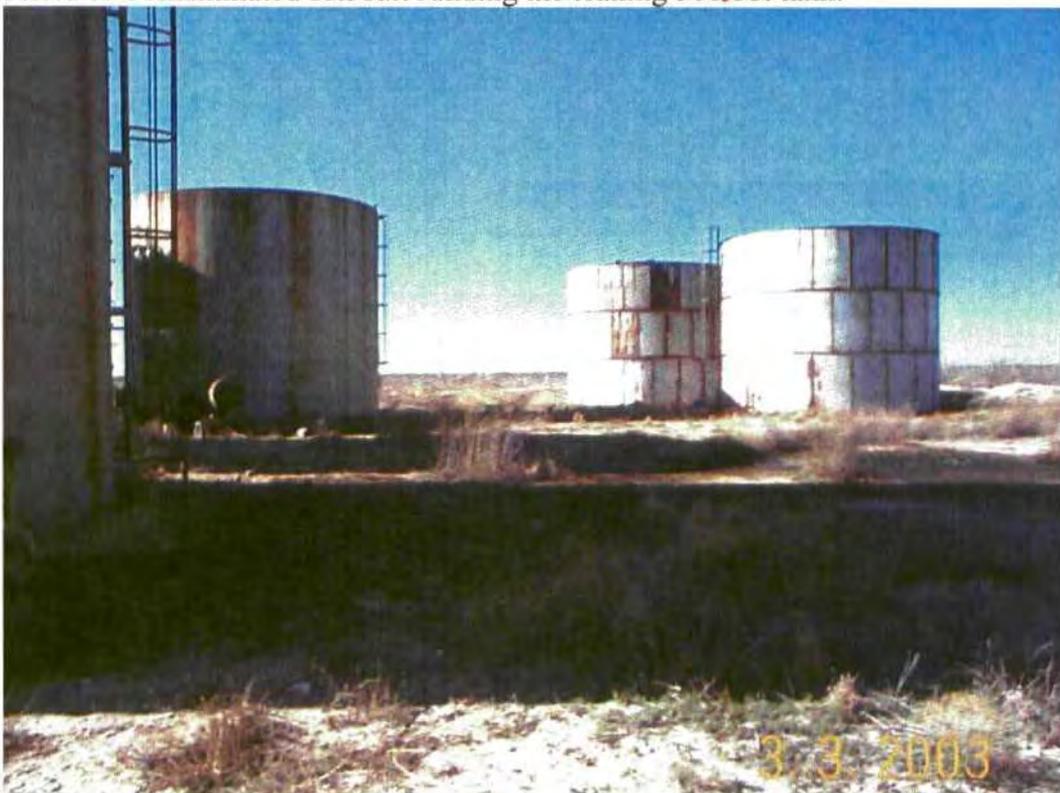


Photo 8: Contaminated soils and 4-5000 bbl tanks. Looking southwest.



Photo 9: Contaminated soil along south side of the row of 500 bbl tanks. Looking west.



Photo 10: Pit/depression containing oil along south side of the row of 500 bbl tanks. Looking west.



Photo 11: Heat exchanger and boiler. Looking northeast.



Photo 12: 10'x16' vessel. Looking south.



Photo 15: From left to right, 5 horizontal tanks, 1 vertical tank/separator, and two 3000 bbl tanks. Looking Southeast.

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

MEMORANDUM OF MEETING OR CONVERSATION

Telephone Personal Time 9:50 Date 8-28-03

Originating Party T.G. Herrington
Commercial Exchange Inc.

Other Parties Martyn Kierling

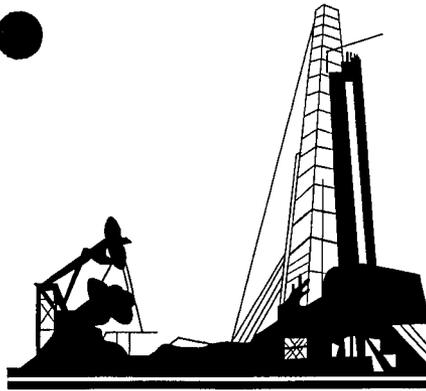
Subject Financial Assurance Deadline They will be needing two more weeks to get the money in place

Discussion Two week extension is not a problem as long as the facility is not operating.
We will work base with each other in two weeks.

Conclusions or Agreements

Distribution

Signed Martyn Kierling



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: TG Herring 806 795 9910

FROM: Martynne Kieling

DATE: 7-24-03

PAGES: 1 of 8

SUBJECT: Draft Permit Conditions

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

**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT WM-1-037
COMMERCIAL EXCHANGE, INC.
NE/4 of Section 1, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico**

DRAFT
(July 29, 2003)

DRAFT

TREATING PLANT OPERATION

- 1 The facility must be fenced to prevent keep cattle from entering the facility. The facility must have a sign at the entrance. The sign must be legible from at least 50 feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
- 2 All existing above-ground tanks must be cleaned, visually inspected and hydrostatically tested prior to the use of the tank(s). All below-grade pipes must be hydrostatically tested prior to beginning operations at the treating plant.
- 3 Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
- 4 The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
- 5 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.
- 6 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.
- 7 All process and maintenance areas that 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.
- 8 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.

- 9 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.
- 10 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.
11. Below-grade sumps and below-grade tanks must be inspected on a daily basis and fluid must be removed to prevent overflow.
12. 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.
13. 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.
14. 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. 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.
15. Liquid and solid waste generated at the treating plant or from cleanup of leaks and spills must be disposed of at an OCD-approved disposal facility.
16. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered.
17. 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, or other similar responses.

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

TANKS AND EQUIPMENT TO BE TAKEN OUT OF SERVICE

1. All existing tanks at Commercial Exchange, Inc. that will not be used must be emptied of all waste and product. The waste removed must be sent to an OCD approved facility. The recoverable hydrocarbons must be processed at the Commercial Exchange, Inc. treating plant or sent to an OCD approved facility.
2. Tanks and equipment at Commercial Exchange, Inc. that will not be used and that are emptied and cleaned must be removed from the facility and either recycled, sold for reuse or disposed of at an OCD approved facility.
3. Contaminated soil must be remediated from around and below the decommissioned tanks and around any of the operational tanks. Soil remediation must follow OCD surface impoundment closure guidelines. Commercial Exchange, Inc must submit a report to the OCD Santa Fe and Hobbs offices that describes the investigation and remedial actions taken.
4. Commercial Exchange Inc. must notify the OCD Santa Fe and Hobbs District office within 36 hours of all soil and groundwater sampling events associated with the tank removal and historical spills and leaks so that the OCD may have the option to witness or split samples.

H₂S PREVENTION & CONTINGENCY PLAN

1. Commercial Exchange, Inc. must develop a prevention and contingency plan for ambient H₂S levels to protect public health. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by September 25, 2003.** The plan must address how Commercial Exchange, Inc. will monitor for H₂S to ensure the following:
 - a. If H₂S of 1.0 ppm or greater leaves the property:
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.

- b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

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

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 district office 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 inspections and maintenance and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Commercial Exchange, Inc. 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. 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 **\$125,737** in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Commercial Exchange, Inc. for the commercial surface waste management facility.

By August 29, 2003 Commercial Exchange, Inc. must submit 25% of the financial assurance in the amount of **\$ 31,435.**

By August 29, 2004 Commercial Exchange, Inc. must submit 50% of the financial assurance in the amount of **\$62,870.**

By August 29, 2005 Commercial Exchange, Inc. must submit 75% of the financial assurance in the amount of **\$94,305.**

By August 29, 2006 Commercial Exchange, Inc. must submit 100% of the financial assurance in the amount of **\$125,737.**

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

DRAFT

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

Commercial Exchange, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein Commercial Exchange, Inc. 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:

COMMERCIAL EXCHANGE, INC.

Signature _____ Title _____ Date _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

July 22, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Mr. TG Herring
Commercial Exchange, Inc.
P.O. Box 3236
Lubbock, TX 79452

**RE: Closure Cost Estimate
Commercial Exchange, Inc.
Commercial Surface Waste Management Facility
NE/4 of Section 1, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico**

Dear Mr. Herring:

The New Mexico Oil Conservation Division has prepared the attached revised closure cost estimate based on the Commercial Exchange Inc. response dated May 18, 2003. Please be advised that this is the estimate that will be recommended for inclusion in the surface waste management facility permit that is currently being written. If you have any questions please call me at 505-476-3488.

Sincerely,

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

Martyne J. Kieling
Environmental Geologist

xc with attachment:
Hobbs OCD Office

OCD Environmental Bureau Closure Cost Estimate
For
Commercial Exchange, Inc
9. 56 acre surface waste management facility
July 22, 2003

Items and rates taken from closure cost estimates, state contract prices, service company prices and disposal company prices submitted at various times between 1997 and 2003.

Based on the information provided in the Commercial Exchange, Inc. response dated May 18, 2003 the OCD has prepared this revised closure cost estimate. This estimate is based on the known equipment presently on site and its total capacity of 59,000 bbl.

The potential total of 59,000 bbls of fluid is figured to be a mixture of oil, water, and tank bottom BS&W. The OCD will estimate that 1/3 of the current potential volume or 19,666 bbls is oil, 1/3 of the volume or 19,666 bbls is water, and 1/3 of the volume or 19,666 bbls is tank bottom BS&W. The volume of contaminated soil currently on site from leaking tanks and opened valves is not calculated in this estimate.

Job Foreman/Coordinator:	
10 days * \$70.00 hour	\$5,600.00 Total

NORM Survey	
Certified NORM tech. \$ 55.00 hr 16 hours	\$880.00 Total

Remove Fluids From All Tanks.

- 130 bbl transport truck & 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)

Based on the Estimate above:

Oil sale tanks removed any oil for sale = Total 19,666 bbl
Waste water tanks dispose of fluid as produced water = Total 19,666 bbl
Waste fluid tanks dispose of waste as exempt tank bottom /BS&W = Total 19,666 bbl

Disposal Waste water 19,666 bbl * \$0.35 bbl	= \$ 6,883.00
Disposal Waste fluid 19,666 bbl * \$3.25 bbl	= \$ 63,915.00

Transport of 19,666 bbls to injection well	
151 trips at 1 hour per round trip = 151 hours * \$70.00/hour	= \$ 10,570.00

Transport of 19,666 bbls to treating plant	
151 trips at 1 hour per round trip = 151 hours * \$70.00/hour	= \$ 10,570.00
	= \$ 91,938 Total tank fluid transport and disposal

Tank Cleaning

Tank Cleaning: Jet truck, vacuum truck	\$ 1,980.00
Jet water: 250 bbl fresh water	\$ 50.00
Jet water disposal: 225 bbl \$3.25 /bbl	\$ 732.00
Hauling 130 bbl per load * 2.5 hours round trip mi. * \$65.00 hr	<u>\$ 325.00</u>
	\$ 3,087.00 Total Tank Cleaning

Remove Tanks, Piping and Equipment:

Removal of tanks and residual equipment:

Roustabout crew/truck \$60 hr * 56 hr	\$ 3,360.00
Operator tandem winch/trailer \$85 hr * 56 hr	\$ 3,760.00
Dirt work/reclamation: \$65 hr * 56 hour days	<u>\$ 3,640.00</u>
	\$10,760.00 Tank and Equipment Disposal

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

Analytical Analysis for site characterization

40 confirmatory samples taken beneath tanks.

State Contract Laboratory Prices per analysis:

BTEX	\$ 40.00 * 30 samples	=	\$ 1,200.00
TPH	\$ 50.00 * 30 samples	=	\$ 1,500.00
chloride	\$ 40.00 * 30 samples	=	\$ 1,200.00
Radium 226	\$110.00 * 15 samples	=	<u>\$ 1,650.00</u>
			\$ 5,550.00 Total Analytical

Confirmatory Soil Sampling Time and Labor for 30 samples

Labor 2 personnel \$55.00/hour

Sample 30 min per sample

Travel 2 hours

Delivery & Paperwork 2 hours

Total Time = (30 min/sample * 30 samples) + 2 hour + 2 hours = 15 hours
15 hours * \$55.00/hour * 2 persons = **\$1,650.00 Sampling Event**

Total Closure Treating Plant Facility

\$119,465.00 Subtotal
\$ 6,272.00 NMGRT .0525
\$125,737.00 Total Financial Assurance

The section in the permit that will cover financial assurance will look something like this.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$125,737** in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Commercial Exchange, Inc. for the commercial surface waste management facility.

By August __, 2003 Jenex Operating Company must submit 25% of the financial assurance in the amount of **\$ 31,435**.

By August __, 2004 Jenex Operating Company must submit 50% of the financial assurance in the amount of **\$62,870**.

By August __, 2005 Jenex Operating Company must submit 75% of the financial assurance in the amount of **\$94,305**.

By August __, 2006 Jenex Operating Company must submit 100% of the financial assurance in the amount of **\$125,737**.

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.

Affidavit of Publication

RECEIVED

JUN 16 2003

Environmental Bureau
Oil Conservation Division

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON DAILY LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of June 5, 2003 and ending with the issue of June 5, 2003.

And that the cost of publishing said notice is the sum of \$46.23 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 11th day of June, 2003

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2006

LEGAL NOTICE NOTICE OF PUBLICATION

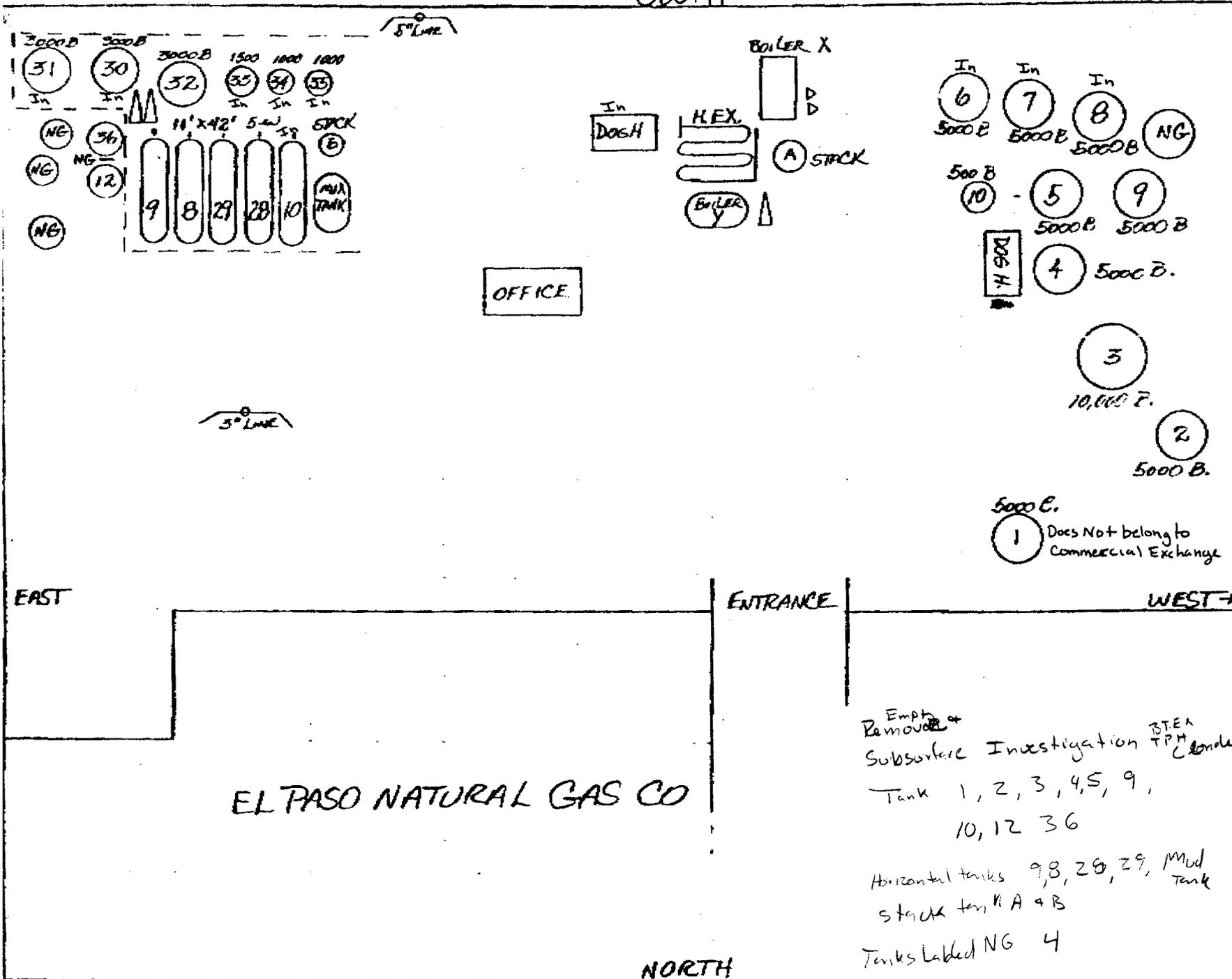
Notice is hereby given that pursuant to New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 1220 South Saint Frances Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

Commercial Exchange, Inc., Operator, TG Herring, P.O. Box 3236, Lubbock, Texas, 79452, has submitted for approval an application to construct and operate a Rule 711 treating plant reclamation facility located in the NE/4 Section 1, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Bottom sediment and water (BS&W) associated with oil and gas production operations will be reclaimed by heat, centrifuge and chemical treatment. Ground water most likely to be affected by any accidental discharges at the surface is at a depth of approximately 40 feet with chloride concentrations that range from approximately 11,600 milligrams per liter to 933 milligrams per liter and total dissolved solids concentrations that range from approximately 18,000 milligrams per liter to 2640 milligrams per liter. The proposed facility location is underlain by Quaternary dune sands and the Ogallala Formation. The permit application addresses the construction, operations, spill/leak prevention, reclamation, and monitoring procedures to be incorporated at the proposed site.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The application may be viewed at the above address or at or at the Hobbs district office at 1625 N. French Dr., Hobbs, New Mexico 88240 between 8:00 a.m. and 4:00 p.m., Monday thru Friday. Prior to ruling on any proposed application, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

Published in the Lovington Daily Leader June 5, 2003.

SOUTH



PREPARED BY
CHECKED BY

GRAHAM INCORPORATED
ENGINEERING CALCULATION FORM
SUBJECT
CILSOURCE

PAGE 1 OF 1
PROGRAM & PROJECT NO.

DATE
7-30-91

Emp. Removal +
Subsurface Investigation ^{BTEA} TPH ^{Clonide}

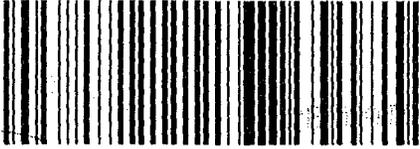
Tank 1, 2, 3, 4, 5, 9,
10, 12, 36

Horizontal tanks 9, 8, 28, 29, Mud Tank
Stack tanks A & B

Tanks Labeled NG 4

NORTH

CERTIFIED MAIL™



7003 0500 0000 9448 7054

T.G. Herring
Commercial Exchange Inc
P.O. Box 3234
Lubbock, Tx 79452

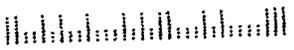


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 RETURN TO ADDRESSEE
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Monument, N.M. 88265

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Environmental Bureau
Oil Conservation Division

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 City, State, ZIP+4 Monument, N.M. 88265

PS Form 3800, June 2002 See Reverse for Instructions

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 Street, Apt. No., or PO Box No. P.O. Box 32
 City, State, ZIP+4 Monument, N.M. 88265

PS Form 3800, June 2002 See Reverse for Instructions

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Sent To Versada Gas Processors LLC
 Street, Apt. No., or PO Box No. Box 870849
 City, State, ZIP+4 Mesquite, Tx. 75187

PS Form 3800, June 2002 See Reverse for Instructions

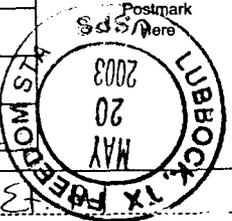
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Sent To Dell Barber
 Street, Apt. No., or PO Box No. P.O. Box 55
 City, State, ZIP+4 Monument, N.M. 88265

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Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.42



Sent To EI Paso Natural Gas Co.
 Street, Apt. No., or PO Box No. P.O. Box 1087
 City, State, ZIP+4 Monument, N.M. 88265

PS Form 3800, June 2002 See Reverse for Instructions

7003 0500 0000 9446 7108
7003 0500 0000 9446 7030
7003 0500 0000 9446 7030
7003 0500 0000 9446 7030

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

HOUSTON, TX 77001

Postage	\$ 0.37	UNIT ID: 0412 Postmark Here Clerk: KF7VKP 05/20/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
Chevron U.S.A. Inc.
Street, Apt. No., or PO Box No. P.O. Box 285
City, State, ZIP+4 Houston, TX 77001

PS Form 3800, June 2002 See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

FORT WORTH, TX 76102

Postage	\$ 0.37	UNIT ID: 0412 Postmark Here Clerk: KF7VKP 05/20/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
Leapartners
Street, Apt. No., or PO Box No. 307 West 7th St Suite 1110
City, State, ZIP+4 Ft. Worth TX 76102

PS Form 3800, June 2002 See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

MONUMENT, NM 88265

Postage	\$ 0.37	UNIT ID: 0412 Postmark Here Clerk: KF7VKP 05/20/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
Kyle Johnston Et. Al.
Street, Apt. No., or PO Box No. P.O. Box 234
City, State, ZIP+4 Monument, N.M. 88265

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

SANTA FE, NM 87505

Postage	\$ 3.95	UNIT ID: 0412 Postmark Here Clerk: KF7VKP 05/20/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 8.00	

Sent To
Oil Conservation Division
Street, Apt. No., or PO Box No. 1220 So. St. Francis
City, State, ZIP+4 Santa Fe, NM 87505

PS Form 3800, June 2002 See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

FORT MILL, SC 29715

Postage	\$ 0.37	UNIT ID: 0412 Postmark Here Clerk: KF7VKP 05/20/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
DLD Corporation
Street, Apt. No., or PO Box No. 3027 Point Clear Dr.
City, State, ZIP+4 Fort Mill S.C. 29715

PS Form 3800, June 2002 See Reverse for Instructions

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

EUNICE, NM 88231

Postage	\$ 0.37	UNIT ID: 0412 Postmark Here Clerk: KF7VKP 05/20/03
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	

Sent To
G.P. Sims
Street, Apt. No., or PO Box No. P.O. Box 1046
City, State, ZIP+4 Eunice, N.M. 88231

RECEIVED
JUN 09 2003
Environmental Bureau
Oil Conservation Division

CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

SENT TO: FORT WORTH, TX 76102

Postage	\$ 0.37	UNIT ID: 0412
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	Postmark Here
Restricted Delivery Fee (Endorsement Required)		Clerk: KF7VKP
Total Postage & Fees	\$ 4.42	05/20/03

Sent To: Amerada Hess Corporation
Street, Apt. No., or PO Box No. 307 West 7th St. Suite 1110
City, State, ZIP+4 Ft. Worth, TX 76102

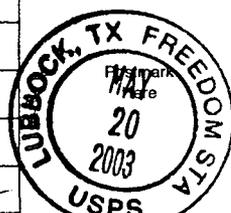
PS Form 3800, June 2002 See Reverse for Instructions

CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	



Sent To: Jimmie T. Cooper
Street, Apt. No., or PO Box No. Star Rt. A Box 55
City, State, ZIP+4 Monument, W.M. 88265

PS Form 3800, June 2002 See Reverse for Instructions

CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	



Sent To: Climax Chemical
Street, Apt. No., or PO Box No. P.O. Drawer A
City, State, ZIP+4 Monument, W.M. 88265

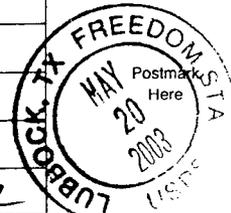
PS Form 3800, June 2002 See Reverse for Instructions

CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	



Sent To: Charles F. Byrd
Street, Apt. No., or PO Box No. PO Box 32
City, State, ZIP+4 Monument, NM 88265

PS Form 3800, June 2002 See Reverse for Instructions

CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

LUBBOCK, TX 79424

Postage	\$ 0.37	UNIT ID: 0412
Certified Fee	2.30	
Return Receipt Fee (Endorsement Required)	1.75	Postmark Here
Restricted Delivery Fee (Endorsement Required)		Clerk: KF7VKP
Total Postage & Fees	\$ 4.42	05/20/03

Sent To: Eldon K. Turner
Street, Apt. No., or PO Box No. 5306 77th
City, State, ZIP+4 Lubbock, TX 79424

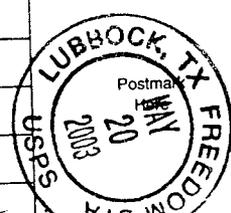
PS Form 3800, June 2002 See Reverse for Instructions

CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	



Sent To: Edward H. Klein Est.
Street, Apt. No., or PO Box No. P.O. Box 1503
City, State, ZIP+4 Hobbs, W.M. 88241

PS Form 3800, June 2002 See Reverse for Instructions

RECEIVED
JUN 09 2003
Environmental Bureau
Oil Conservation Division

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Eldon K. Turner
5306 77th
Lubbock, Tx. 79424

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

RECEIVED

JUN 09 2003

Environmental Bureau
Oil Conservation Division**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Lyle Johnston Et. Al.
P.O. Box 234
Monument, N.M. 88265

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Copy from ser

7003 0500 0000 9448 7108

Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

James R. Byrd
P.O. Box 32
Monument, N.M. 88265

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Copy from s

7003 0500 0000 9448 7016

S Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Amerada Hess Corporation
307 West 7th St. Suite 1110
Ft. Worth, Tx. 76102

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

7003 0500 0000 9448 7061

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

G. P. Sims
P.O. Box 1046
Eunice, N.M. 88231

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service

7003 0500 0000 9448 7023

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

William E. Johnston Et. Al.
P.O. Box 152
Monument, N.M. 88265

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

7003 0500 0000 9448 7092

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

El Paso Natural Gas Co.
P.O. Box 1087
Colorado Springs, CO. 80944

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)

7003 0500 0000 9448 7009

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

DLD Corporation
3027 Point Clear Dr.
Fort Mill, S.C. 29715

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service

7003 0500 0000 9448 7139

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chevron U.S.A Inc.
P.O. Box 285
Houston, Tx. 77001

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery
C. Signature
D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Article Number (Copy from service label)

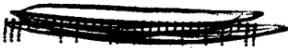
7003 0500 0000 9448 7115

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

RECEIVED

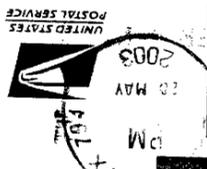


Monument, W.M. 88265
P.O. Box 55
Lyle Baker Et al.



6666

7003 0500 0000 9448 7047



CERTIFIED MAIL
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

T.G. Herring
Commercial Exchange Inc
P.O. Box 3236
Lubbock, TX 79452

RETURN RECEIPT REQUESTED
NO SUCH NUMBER
NO SUCH STREET
UNCLAIMED NOT KNOWN
ATTEMPTED ORDER EXP. 10/10/03
FORWARDING ORDER EXP. 10/10/03
LET NO ADDRESS

RECEIVED
JUN 09 2003
Environmental Bureau
Oil Conservation Division

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Versada Gas Processors LLC
P.O. Box 870 849
Mesquite, Tx. 75187

2. Article Number (Copy from service label) **7003 0500 0000 9448 7078**

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Lyle Baker B. Date of Delivery 5-20-03

C. Signature [Signature] Agent Addressee

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

Stamp: MESQUITE, TX JUN 11 2003

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Partners
West 7th St. Suite 1110
North, Tx. 76102

Number (Copy from service label) **7003 0500 0000 9448 7030**

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Nicole Avarell B. Date of Delivery MAY 22 2003

C. Signature [Signature] Agent Addressee

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Charlie F. Byrd
P.O. Box 32
Monument, W.M. 88265

2. Article Number (Copy from service label) **7003 0500 0000 9448 6989**

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) James B Byrd B. Date of Delivery 5-22-03

C. Signature [Signature] Agent Addressee

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Edward H. Klein Est.
Box 1503
W.M. 88241

Article Number (Copy from service label) **7003 0500 0000 9448 7085**

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Edward H Klein Est B. Date of Delivery 5/23/03

C. Signature [Signature] Agent Addressee

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Jimmie T. Cooper
Star Rt. A Box 55
Monument, W.M. 88265

2. Article Number (Copy from service label) **7003 0500 0000 9448 7146**

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) Jimmie Cooper B. Date of Delivery 5/23/03

C. Signature [Signature] Agent Addressee

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

NMPRC Corporation Information Inquiry

Public Regulation Commission

5/29/2003

- [Follow this link to start a new search.](#)

COMMERCIAL EXCHANGE, INC.

(TEXAS Corporation)

SCC Number: **2340115**
Tax & Revenue Number:
Qualification Date: **APRIL 16, 2003, in NEW MEXICO**
Corporation Type: **IS A FOREIGN PROFIT**
Corporation Status: **IS ACTIVE**
Good Standing: **In GOOD STANDING through 11/15/2005**
Purpose: **PURCHASE AND SALE OF OIL PRODUCTS**

CORPORATION DATES

Taxable Year End Date: 08/31/05
Filing Date: 04/28/03
Expiration Date:

SUPPLEMENTAL POST MARK DATES

Supplemental:
Name Change:
Purpose Change:

MAILING ADDRESS

4612 7TH STREET LUBBOCK , TEXAS 79416

PRINCIPAL ADDRESS

209 W BROADWAY HOBBS NEW MEXICO 88240

PRINCIPAL ADDRESS (Outside New Mexico)

REGISTERED AGENT

SYLVIA PETERSON

209 WEST BROADWAY STE 17 HOBBS NEW MEXICO 88240

COOP LICENSE INFORMATION

Number:

Type:

Expiration Year:

OFFICERS

President *HERRING, TG*

Vice President *GOSS, WARREN*

Secretary *GOSS, MARK*

Treasurer *GOSS, MARK*

DIRECTORS

Date Election of Directors: 01/20/04

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

WELL / SURFACE DATA REPORT 04/16/2003

DB File Nbr	Use	Diversion	Owner	Well Number	Source	Tws	Rng	Sec	q	q	q	X Y are in Zone
L 01253	PRO	3	GULF OIL CORPORATION	L 01253		20S	37E	08	2	3	1	
L 02139	PRO	3	GACKLE DRILLING CO.	A 02139	Shallow	20S	37E	08	2	2	2	
L 02274	PRO	3	SINCLAIR OIL & GAS CO.	L 02274 APPRO	Shallow	20S	37E	08	2	2	2	
L 02274	PRO	3	SINCLAIR OIL & GAS CO.	L 02274	Shallow	20S	37E	08	1	3		
L 02274 (1)	PRO	0	SINCLAIR OIL AND GAS COMPANY	L 02274 APPRO	Shallow	20S	37E	08	1	3		
L 02463	PRO	3	AMERADA PETROLEUM CORPORATION	L 02463	Shallow	20S	37E	08	3	2	1	
L 02483	PRO	3	MORAN DRILLING CO.	L 02463 APPRO	Shallow	20S	37E	08	3	2	1	
L 02483	PRO	3	MORAN DRILLING CO.	L 02483	Shallow	20S	37E	08	1	4	4	
L 02483	PRO	3	MORAN DRILLING CO.	L 02483 APPRO	Shallow	20S	37E	08	1	4	4	
L 09590	DOM	3	JIMMY COOPER	L 09590	Shallow	20S	37E	08	4			
L 09594	DOM		JIMMY COOPER	L 09594 EXP		20S	37E	08	4	2		
L 09890	EXP	0	JIMMY COOPER	L 09890	Shallow	20S	37E	08	4			

Record Count: 13

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: 20S Range: 37E Sections: 8

NAD27 X: Y: Zone: Search Radius:

County: LE Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

Clear Form WATERS Menu Help

AVERAGE DEPTH OF WATER REPORT 04/16/2003

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
A	20S	37E	08				1	38	38	38
L	20S	37E	08				9	30	38	35

Record Count: 10

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

WATER COLUMN REPORT 04/16/2003

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

Well Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column
A 02139	20S	37E	08	2	2	2				80	38	42
L 02274	20S	37E	08	1	3					70	38	32
L 02274 APPRO	20S	37E	08	1	3					70	38	32
L 02483	20S	37E	08	1	4	4				84	34	50
L 02483 APPRO	20S	37E	08	1	4	4				84	34	50
L 02139 APPRO	20S	37E	08	2	2	2				80	38	42
L 02463 APPRO	20S	37E	08	3	2	1				86	30	56
L 02463	20S	37E	08	3	2	1				86	30	56
L 09590	20S	37E	08	4						70	35	35
L 09890	20S	37E	08	4						70	35	35

Record Count: 10

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report	Avg Depth to Water Report	Water Column Report
Clear Form	WATERS Menu	Help

WELL / SURFACE DATA REPORT 04/16/2003

DB File Nbr	Use	Diversion	Owner	Well Number	Source	Tws	Rng	Sec	q	q	q	X Y are in Zone
L 02460	PRO	3	MORAN DRILLING CO.	L 02460	Shallow	20S	37E	07	2	1		
L 02533	PRO	0	MORAN DRILLING CO.	L 02460 APPRO	Shallow	20S	37E	07	2	1		
				L 02533	Shallow	20S	37E	07	2	3		
				L 02533 APPRO	Shallow	20S	37E	07	2	3		

Record Count: 4

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

AVERAGE DEPTH OF WATER REPORT 04/16/2003

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	20S	37E	07				4	34	38	36

Record Count: 4

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report	Avg Depth to Water Report	Water Column Report
Clear Form	WATERS Menu	Help

WATER COLUMN REPORT 04/16/2003

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

Well Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column
L 02460	20S	37E	07	2	1					82	38	44
L 02460 APPRO	20S	37E	07	2	1					82	38	44
L 02533 APPRO	20S	37E	07	2	3					82	34	48
L 02533	20S	37E	07	2	3					82	34	48

Record Count: 4



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: T.G. Herring 806 - 795-9910

FROM: Marlyne Kieling

DATE: State Land Status Map

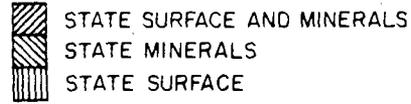
PAGES: 1 of 3

SUBJECT: Note Key on Second Page // // //

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

LAND OFFICE

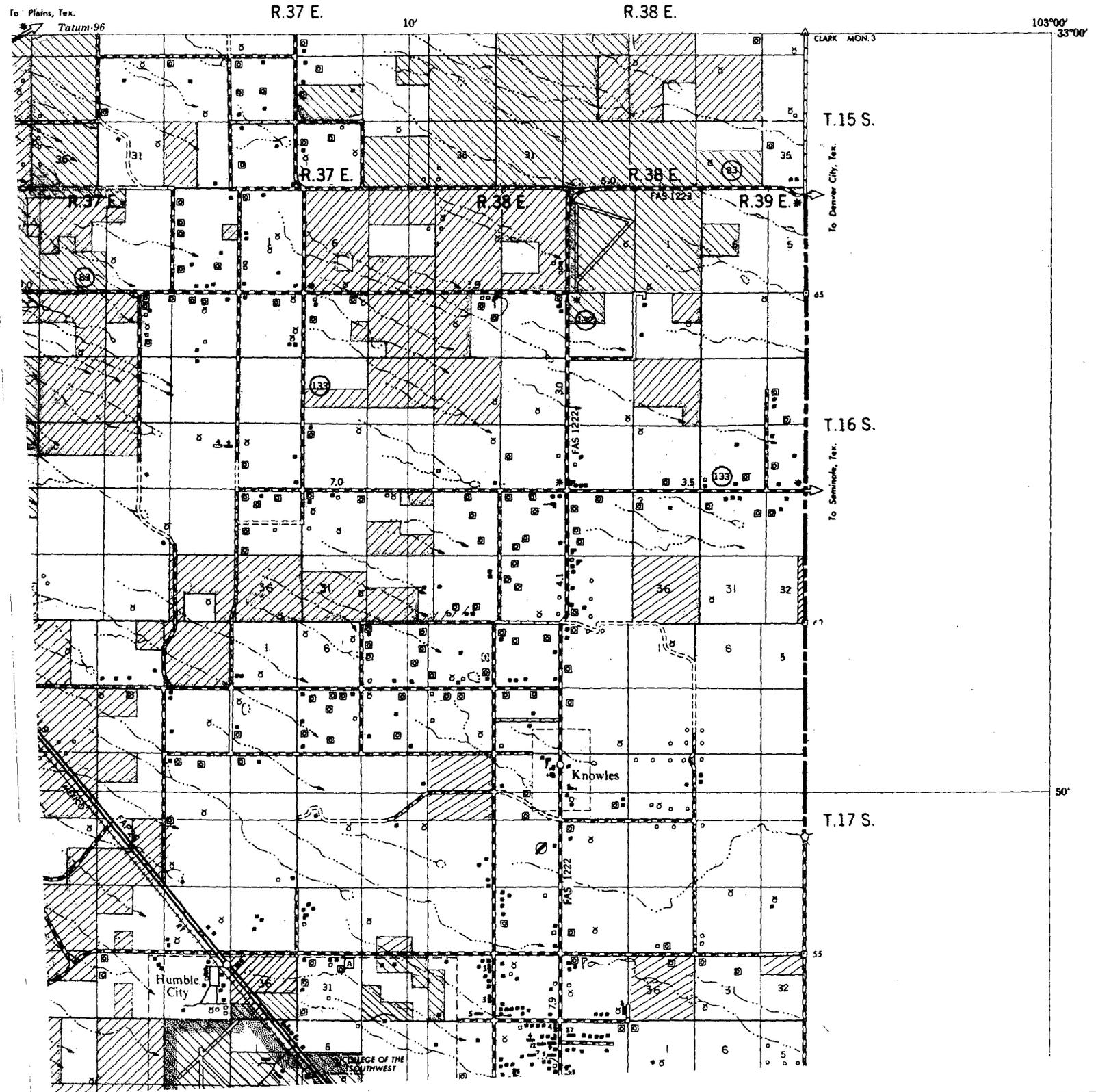
PUBLIC LANDS



STATE LAND STATUS MAP

HOBBS QUADRANGLE-108

LEA COUNTY



1/13/91 C. Shuey

N ↑

near Monument →

ACRA SWMU

HCI

climax plant site

Warren Pet.

runoff pond

Famens - heater treaters; Recovery old tanks

EPNG

mysterious crud/tar discharge in shallow depression

2 semi-buried, rusting lines

State land

GWD (WDA)



6 x Byrd



United States
Environmental Protection
Agency

Environmental Monitoring
Systems Laboratory
P.O. Box 15027
Las Vegas, NV 89114

TS-AMD-83045y
September 1984

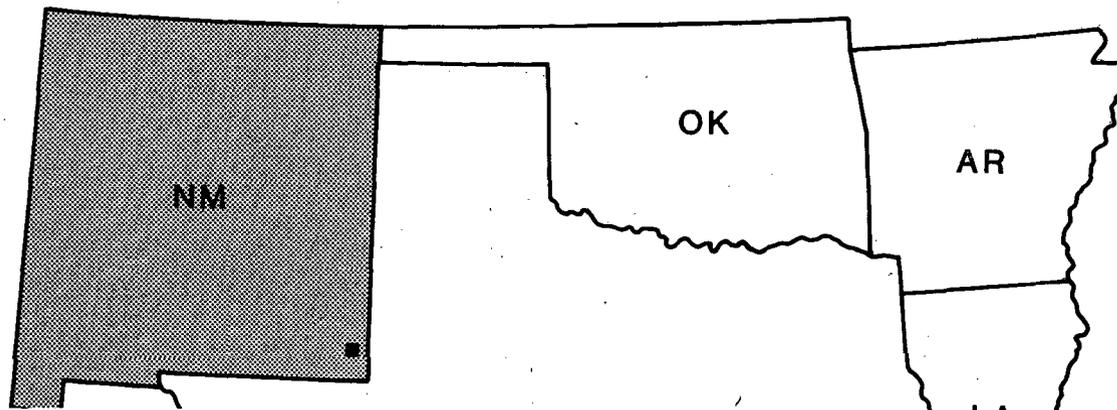
Research and Development



AERIAL PHOTOGRAPHIC ANALYSIS OF A CHEMICAL PRODUCTION FACILITY

Monument, New Mexico

EPA Region 6



CCD

TS-AMD-83045y
September 1984

AERIAL PHOTOGRAPHIC ANALYSIS
OF A CHEMICAL PRODUCTION FACILITY

Monument, New Mexico

by

F. Mynar II
Environmental Programs
Lockheed Engineering and Management Services Company, Inc.
Las Vegas, Nevada 89114

Contract No. 68-03-3049

Project Officer

G. A. Shelton
Advanced Monitoring Systems Division
Environmental Monitoring Systems Laboratory
Las Vegas, Nevada 89114

ENVIRONMENTAL MONITORING SYSTEMS LABORATORY
OFFICE OF RESEARCH AND DEVELOPMENT
U.S. ENVIRONMENTAL PROTECTION AGENCY
LAS VEGAS, NEVADA 89114

NOTICE

This document has not been peer and administratively reviewed within EPA and is for internal Agency use and distribution only.

ABSTRACT

This report presents an analysis of aerial photographs covering the Climax Chemical Company production facility located near Monument, New Mexico. The facility's operations fall under the regulatory authority of the Resource Conservation and Recovery Act and are therefore being monitored by the U.S. Environmental Protection Agency. Color aerial photographs of the site, acquired in August 1983, serve as the basis for the analysis.

Stereoscopic analysis of the aerial photographs indicates that activity at the site, which is approximately 2.6 square kilometers (1.0 square miles) in size, is focused upon the production of chemical compounds and the storage of waste materials generated in the production process. Primary features associated with the waste materials include liquid containment lagoons filled with what are reportedly hydrochloric and sulfuric acids and several mounds of materials that may be sodium sulfate. Other visible features include storage and processing tanks, drums, and stains. No evidence of any materials leaving the facility is seen on the aerial photographs.

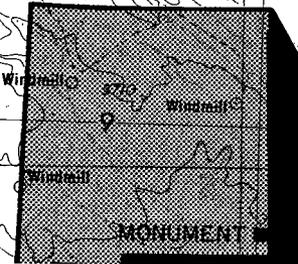
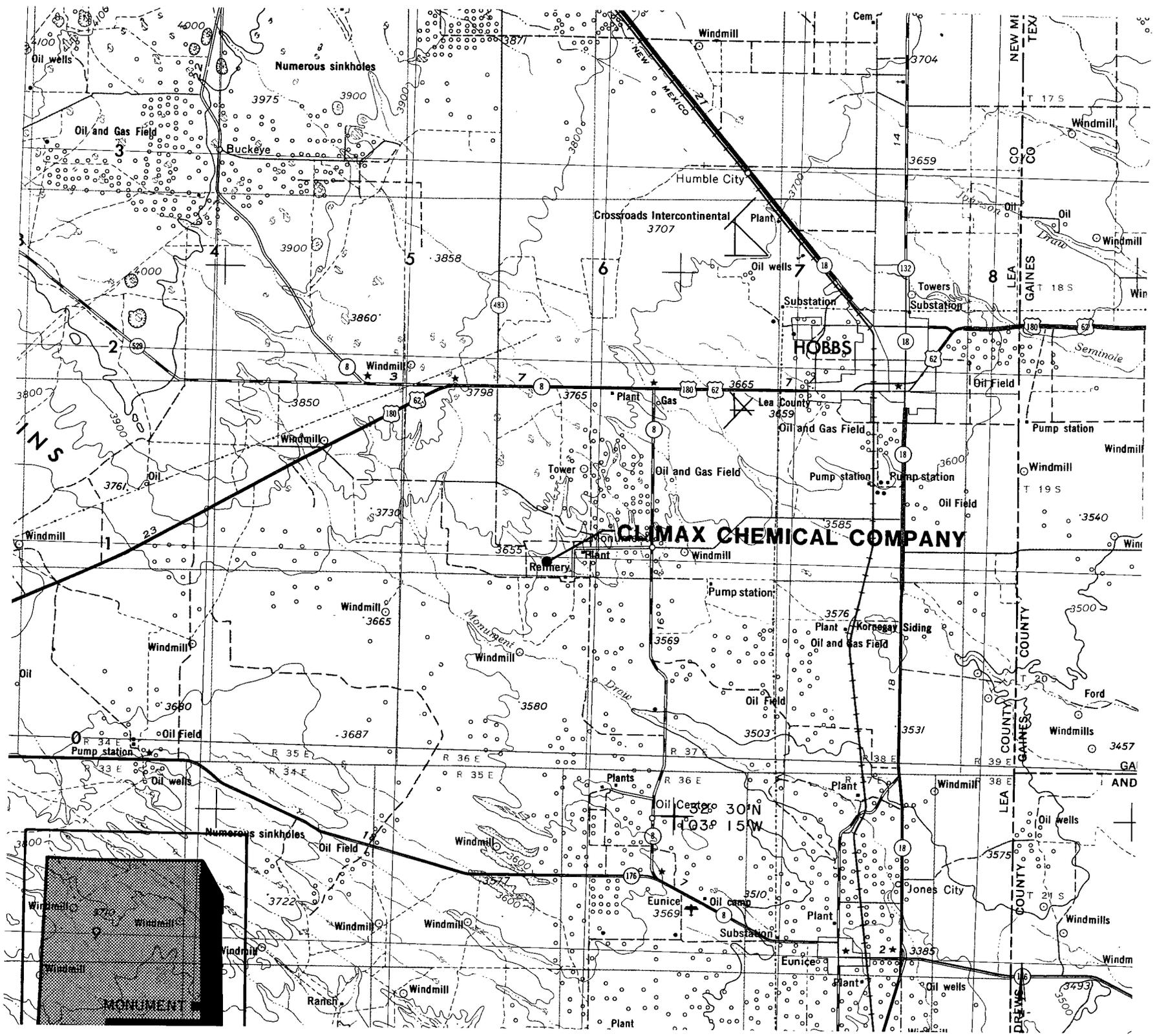
The analysis was conducted by the U.S. Environmental Protection Agency's Environmental Monitoring Systems Laboratory in Las Vegas, Nevada, at the request of the Agency's Environmental Services Division in Region 6. This report is the last in a series of 25 reports dealing with RCRA sites within Region 6.

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Photo Analysis	6

FIGURES

<u>Number</u>		
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2	Site location and photo coverage	5
3	Regional overview	7
4-9	Site analysis: Climax Chemical Company	10-15



INTRODUCTION

An acceleration in the production of hazardous waste materials in the United States has resulted in the passage of the Resource Conservation and Recovery Act of 1976 (RCRA). This act gives the U.S. Environmental Protection Agency (EPA) "cradle-to-grave" regulatory authority in monitoring hazardous waste materials from their initial generation to their ultimate disposal. Under RCRA provisions, all facilities actively involved in the generation, transport, treatment, storage, or disposal of waste materials are subject to EPA regulation.

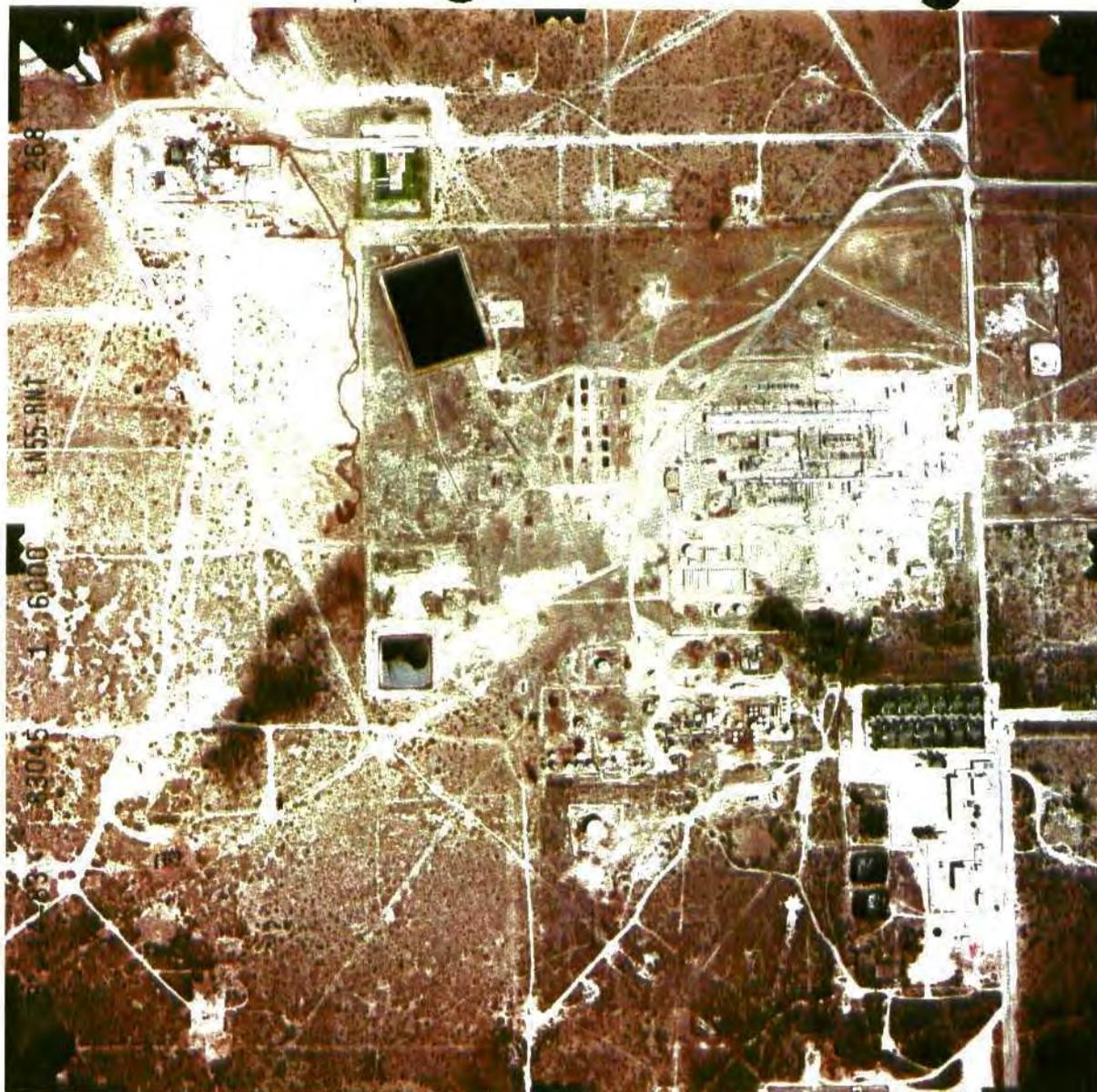
The RCRA program requires reliable and cost-effective information gathering and environmental monitoring techniques. The EPA's Environmental Monitoring Systems Laboratory in Las Vegas, Nevada, is assisting in this endeavor through the acquisition and analysis of aerial photographs taken over selected RCRA-regulated facilities throughout the nation.

This report presents the results of one such aerial photographic analysis of the Climax Chemical Company production facility located near Monument, New Mexico (Figure 1). The report is based upon analysis of color aerial photographs acquired on August 14, 1983, and is the last in a series of 25 reports dealing with individual sites in Oklahoma, Texas, New Mexico, Arkansas, and Louisiana. The present conditions of these facilities are being monitored under the RCRA program to ensure that the sites are in compliance with EPA guidelines.

The EPA's Environmental Services Division in Region 6 requested that the Agency's Environmental Monitoring Systems Laboratory in Las Vegas, Nevada, conduct this analysis.

Analysis of surface drainage is also important because of its role in determining the routes by which potentially hazardous materials may be transported via water. Drainage pathways, lower topographically than surrounding terrain, are identified and delineated through stereoscopic examination of the aerial photographs and are also annotated on the photo overlays. To assist in this task, U.S. Geological Survey 15-minute topographic quadrangles are used in conjunction with the photographs.

The general location of the Climax Chemical Company facility is shown in this report on a 1:250,000 scale topographic map (Figure 1), with a more detailed site location portrayed on a 15-minute (1:62,500 scale) topographic quadrangle (Figure 2). Aerial photographic coverage of the facility is represented here by seven prints. The first (Figure 3) shows the site location within a regional context at a scale of approximately 1:24,000. The remaining six prints (Figures 4-9) show site features at 1:6,000 scale and are accompanied by interpretative overlays displaying the results of the site analysis. Approximate coverage of these prints is plotted in Figure 2.



INTERPRETATION CODE

BOUNDARIES AND LIMITS

- X-X-X-X FENCED SITE BOUNDARY
- UNFENCED SITE BOUNDARY
- XXXXX FENCE
- - - - - PROPERTY LINE
- ⌋ GATE/ACCESS POINT
- + SECTION CORNER

DRAINAGE

- ← - - - - DRAINAGE
- ← FLOW DIRECTION
- ← - - - - INDETERMINATE DRAINAGE

TRANSPORTATION/UTILITY

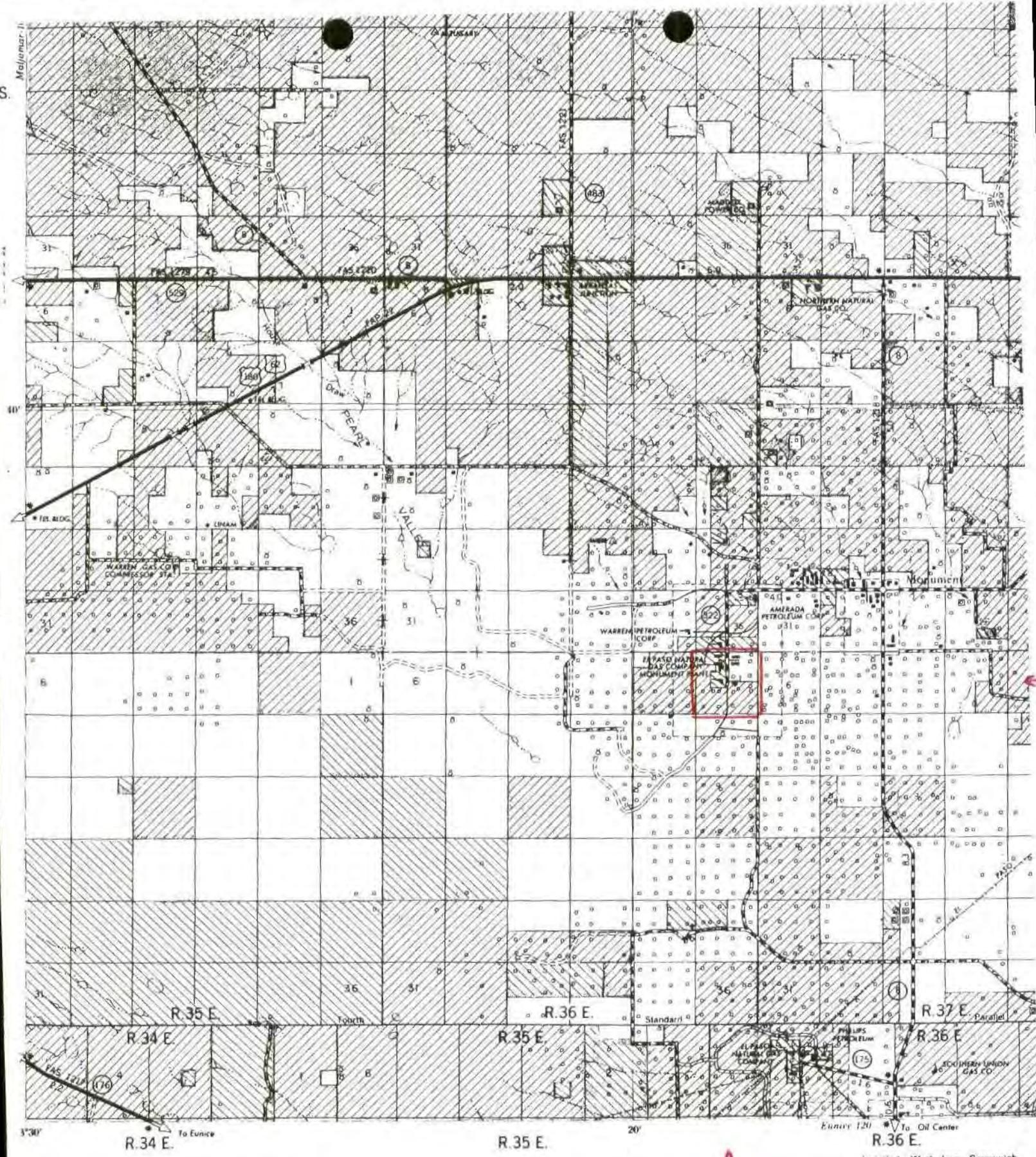
- - - - - VEHICLE ACCESS
- + + + + + RAILWAY
- PIPELINE
- - - - - POWERLINE

SITE FEATURES

- ||||| DIKE
- SL STANDING LIQUID (SMALL)
- EXCAVATION, PIT (EXTENSIVE)
- MM MOUNDED MATERIAL (SMALL)
- CR CRATES/BOXES
- DR DRUMS
- HT HORIZONTAL TANK
- PT PRESSURE TANK
- VT VERTICAL TANK
- CA CLEARED AREA
- DG DISTURBED GROUND
- FL FILL
- IM IMPOUNDMENT
- LG LAGOON
- OD OPEN DUMP
- OF OUTFALL
- SD SLUDGE
- ST STAIN
- SW SOLID WASTE
- TR TRENCH
- WD WASTE DISPOSAL AREA

Figure 9. Site analysis: Climax Chemical Company. August 14, 1983.
Approximate scale 1:6,000.



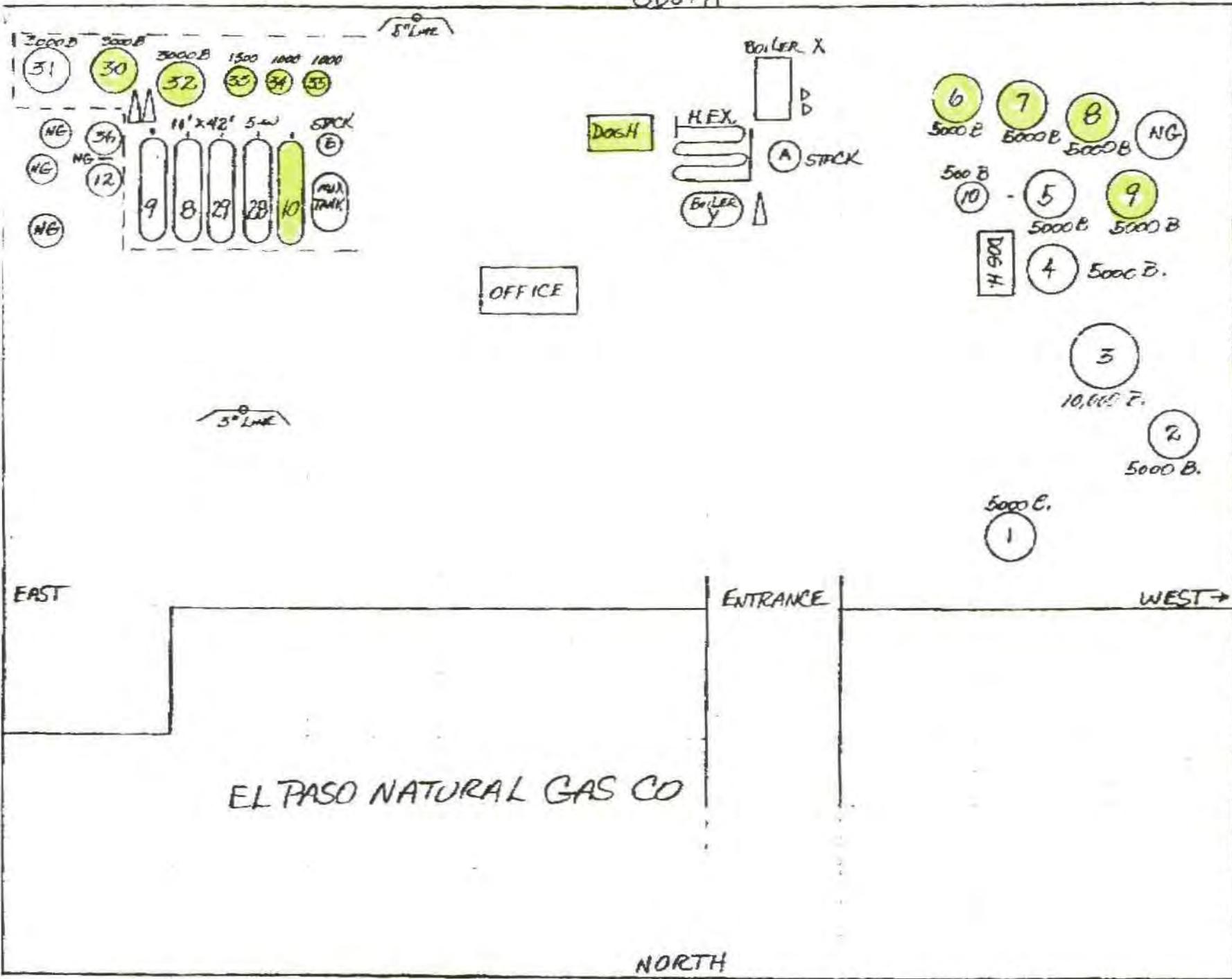


Control by National Geodetic Survey; U.S. Geological Survey;
 U.S. Forest Service; Bureau of Land Management and Planning Division;
 Modified Conic Projection Standard Parallel 34¹/₂° North American Datum

Scale $\frac{1}{126720}$ or 1 Inch = 2 Mi
 1 1/2 0 1 2 3
 STATUTE MILES



SOUTH



PREPARED BY
 CHECKED BY

GRAHAM INCORPORATED
 ENGINEERING CALCULATION FORM
 SUBJECT
 CILSOURCE

DATE
 7-30-91
 PROGRAM & PROJECT NO.
 PAGE 1 OF 1

EL PASO NATURAL GAS CO

NORTH

EAST

ENTRANCE

WEST →

OFFICE

DOG H

HEX

BOILER X

B

A STACK

BOILER Y

DOG H

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36

11' x 42' 5" w

SPCK

E

NG

12

WATER TANK

NG

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8

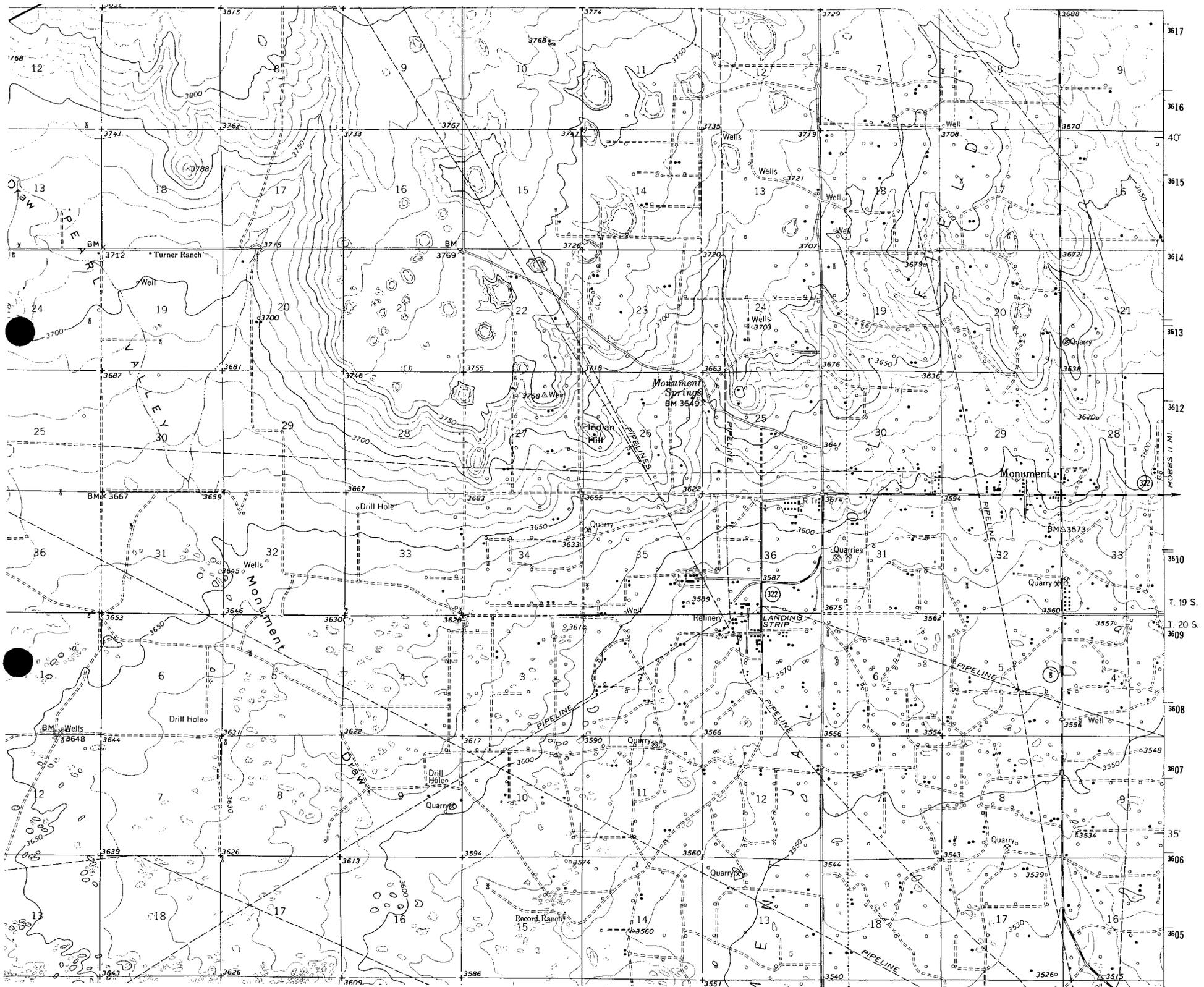
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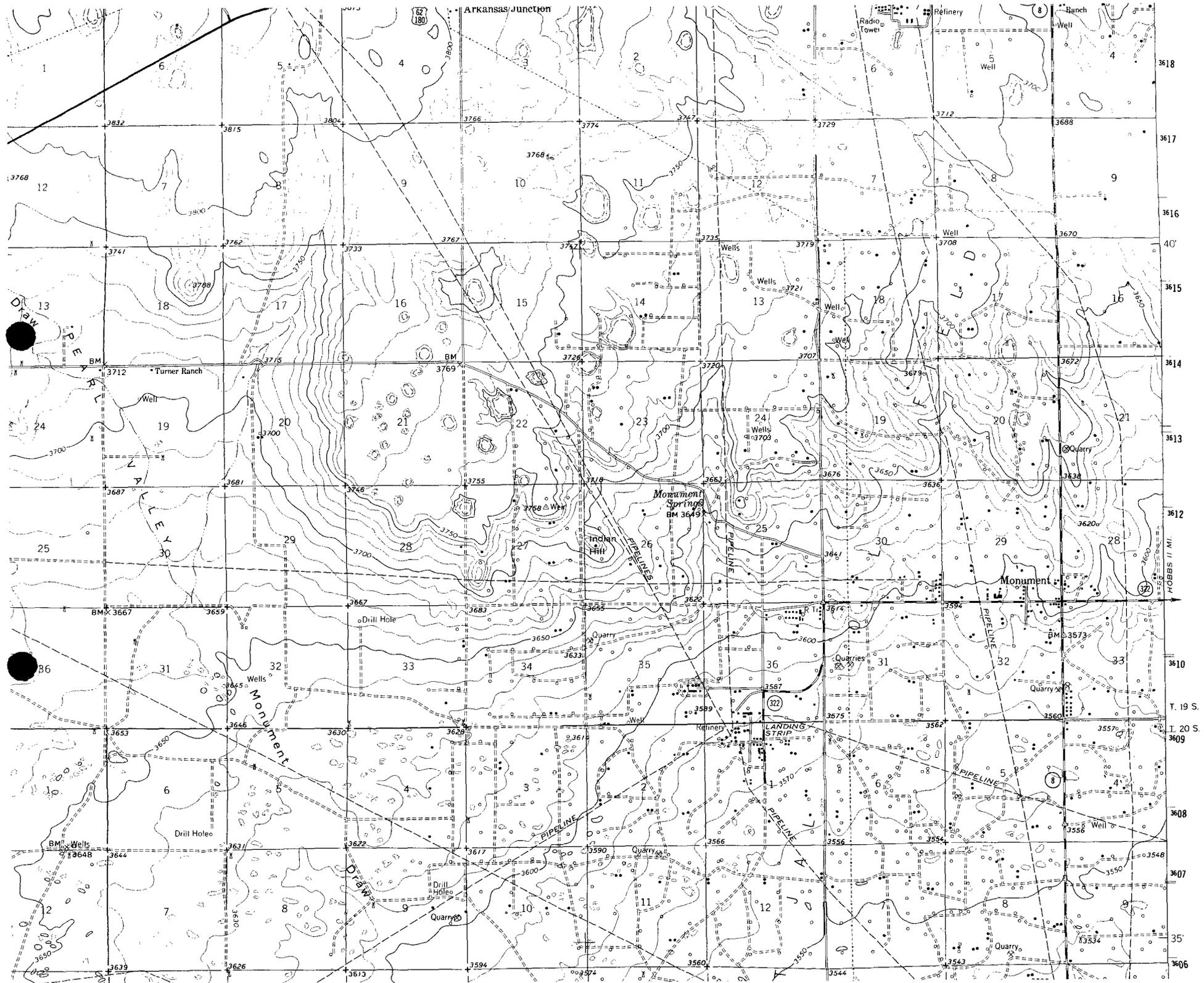
28

10

5" LINE

5" LINE





RECEIVED

MAY 22 2003
Environmental Bureau
Oil Conservation Division

Attachment Index

- 1.....Complete
- 2.....Complete
- 3.....Survey and Property map
- 4.....Complete
- 5.....Names and addresses of landowners
- 6.....Facility diagram
- 7.....see answer number 7
- 8.....see answer number 8
- 9.....see answer number 9
- 10.....Closure Plan (A) Complete- (B) See Attachment of Closure Cost
- 11.....see answer number 11
- 12.....see answer number 12
- 13.....Letters from A.S.I.
- 14.....Certificate of Organization
- 15.....Complete

Application For Waste Management Facility Form C-137

- ✓ 1. Complete
- ✓ 2. Complete
- ✓ 3. Questions ask for large-scale topographic map showing exact location to be submitted. The State has asked for a recent survey map of the Commercial Exchange Inc. property. It is stated that there are some discrepancies regarding the south and west property lines between the Patent land that Commercial Exchange currently holds and the State Trust Land to the south and west. Commercial Exchange Inc. has attached a legal survey and has had the corners marked. Commercial Exchange Inc. is at least 720ft from state land. Commercial Exchange has a Patent Insured Title. Attached you will find a new property map from Midland Map Company.
- ✓ 4. Complete. Question was, "Is this a modification of an existing facility?" Yes/No. We said Yes
- ✓ 5. Attach the name and address of the landowners of record within one mile of the facility boundary. This was obtained from the courthouse in Lovington, New Mexico. See attachment
- ✓ 6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility. A site map with tank numbers and barrels listed has been attached. The fence line is also on the diagram. There is a brick wall around three sides of the tanks on the east side of the property. Commercial Exchange will increase the height to 4ft on the west and south sides of the property.
- 7. Attach designs for the construction/installation of the containment systems. Commercial Exchange provided pictures of the centrifuge that would be used along with a diagram showing some basics of how it works. The state would like to know how leaks and spills from valves and tank drains will be managed or contained. How and where will trucks drain their hoses? Commercial Exchange will put empty

barrels under the valve section of each tank. These will be checked twice daily and emptied back into one of the tanks when getting full. Trucks will be allowed to empty their hoses into a barrel so as no to leak oil on the ground. When barrel is full barrel will be emptied back into one of the tanks. Trucks will only be unloading at the 500bbl tank. There are no below grade sumps or pits on the property. Records of all inspections and repairs will be available to the OCD upon request.

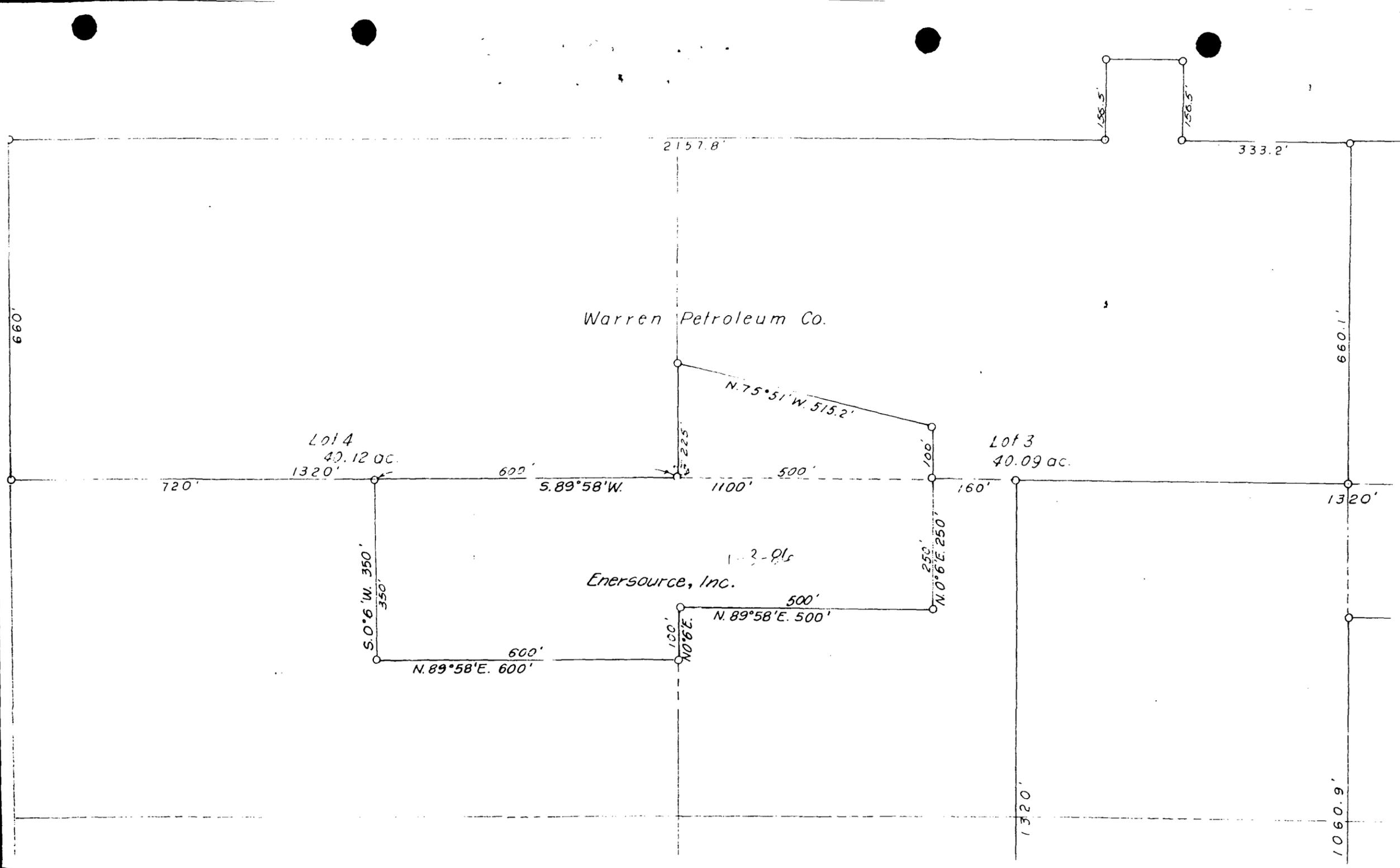
ok ✓ 8. Contingency Plan for reporting and cleanup of spills or releases. All employees will be trained to notify management, New Mexico OCD, and OSHA as needed in the event of small or large leaks, spills, or release. Property along with valves, pumps, and tanks will be checked daily and logged. Commercial Exchange will notify the OCD Santa Fe and Hobbs offices within 24 hours of any fire, break, leak, spill, blowout or any other circumstance that could constitute a hazard or contamination in accordance with Rule 116. Commercial Exchange has already started remediating areas where there has been signs of oil.

ok ✓ 9. Inspection Maintenance Plan: Commercial Exchange will submit a routine inspection and maintenance plan with additional detailed information on the following: Commercial Exchange has committed to daily checks on the facility and systems in Item 8 under contingency plan. Facility inspection and maintenance will be conducted on a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa FE and Hobbs offices will be notified within 24 hours if any defect will jeopardize the integrity of any tank. The berms around the tanks will be built up to a height to hold one and one third the volume of the largest tank. Commercial Exchange agrees to fully utilize the Plant Operator's Monthly Report, which will detail the oil recovered and sold during the preceding month, will be submitted to the OCD along with The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Form C-117 will be submitted to the OCD according to all directions and rules.

10. Closure Plan (A) complete – (B) See attachment of Closure Cost

11. Hydrogeologic Information: Commercial Exchange will supply hydrological information of the well on our property and will be plotted using a USGS quadrangle map 7.5 min series. Ed Seay is working on getting the state of New Mexico OCD the hydrologic information on behalf of Commercial Exchange Inc. Commercial Exchange Inc. will attempt hydrologic data regarding groundwater quality in the well located on our facility.
12. Public Notice: Commercial Exchange has obtained all the names and addresses that are within a one-mile radius of the property. Each one of these will be notified by certified return receipt. Commercial Exchange Inc. is ready to run legal notification in Lea County of our intent to do business.
13. Contingency Plan in the event of a release of H₂S. See attached letter from Terry O'Brain, Operations Manager of American Safety Services Inc.
14. Commercial Exchange will submit a copy of the Certificate of Organization and articles of Organization to the Hobbs District Office. See attached Certificate
15. Complete.

Attachment 3



EY

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H46

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CHILDRESS 36

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MONUMENT

MONUMENT

H42

BILLY WALKER

H45

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Commercial Exchange Finc 1

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MADDOX

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HATCHED

CITY OF H

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HOBBS

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R 35 E
R 36 E

30

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27

TUFFY COOPER

H41

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28

27

S. ARI

R 36 E MADI

R 37 E

PEARL VALLEY

169 ELDRIDGE

ST. 322

Stoffer Rd

Cook

WEIR

H41

H40

ST. 8

H42

H43

H44

H45

H41

H42

H43

H44

H45

Attachment 5

	SECTION 01	TOWNSHIP 20 S	RANGE 36 E	QUARTER
0040292	BYRD, CHARLCIE F		BYRD, JAMES R %	160
	PO BOX 32		MONUMENT, NM	88265-0000
A)M4000402920001	110.01 AC BEING E2SW4NE4, SE4NE4, E2NE4NE4, NW4NE4NE4, N2NW4NE			
0079256	BYRD, JAMES R		ET AL	160
	PO BOX 32		MONUMENT, NM	88265-0000
B)M4000792560001	33.93 AC NE4 & SE4 SW4NE4NE4, SE4NW4NE4, N 259.1' OF SW4 OF LO			
0090407	LEAPARTNERS		KIRKWOOD & DARBY	160
	307 WEST 7TH STREET, SUITE 1110		FORT WORTH, TX	76102-0000
C)M4000904070002	5.00 AC LOC SW4SE4		*1990-EL PASO NATURAL GAS CO PRT 90099*	
0040715	ENERSOURCE INC		COMMERCIAL EXCHANGE INC %	160
	PO BOX 3236		LUBBOCK, TX	79452-0000
D)M4000407150001	9.56 AC LOC NW4		TR BEG N89D58'E 720' AND S0D6'W 660' FROM NW	
0042351	VERSADA GAS PROCESSORS LLC		KEN E ANDREWS & CO %	160
	BOX 870849		MESQUITE, TX	75187-0000
E)M4000423510004	18.13 AC BEING N2NE4NW4		*LESS 1.87 AC OUT OF SW COR OF SAME*	
0090099	EL PASO NATURAL GAS CO		AD VALOREM TAX DEPT	160
	PO BOX 1087		COLORADO SPRINGS, CO	80944-0000
F)M4000900990001	70.00 AC BEING N2NE4SW4, S2SE4NW4, SW4SW4NE4, NE4SE4NW4, SE4NE			

SELECT,Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

SECTION 06

TOWNSHIP 20 S

RANGE 37 E

QUARTER

0042004 SIMS, G P

BOX 1046

EUNIT, NM

160

88231-0000

A)M4000420040003 320.00 AC BEING E2

0040292 BYRD, CHARLCIE F

BYRD, JAMES R %

160

PO BOX 32

MONUMENT, NM

88265-0000

B)M4000402920002 157.77 AC BEING NW4

SELECT, Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

	SECTION 07	TOWNSHIP 20 S	RANGE 37 E	QUARTER	
0040095	BARBER, DELL ET AL		COOPER, JIMMIE T %		160
	PO BOX 55		MONUMENT, NM		88265-0000
A)M4000400950003	480.00 AC BEING E2, E2NW4, E2SW4				
0040482	COOPER, JIMMIE T		COOPER, BETTY B TRUST &		160
	STAR RT A BOX 55		MONUMENT, NM		88265-0000
B)M4000404820012	151.96 AC BEING LOTS 1-3-4 &		PRT-LOT 2	BEG AT SW COR LOT	
0090407	LEAPARTNERS		KIRKWOOD & DARBY		160
	307 WEST 7TH STREET, SUITE 1110		FORT WORTH, TX		76102-0000
C)M4000904070005	5.00 AC LOC IN LOT 2 (SW4NW4)		*1990-EL PASO NATURAL GAS CO		

SELECT,Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

	SECTION 35	TOWNSHIP 19 S	RANGE 36 E	QUARTER
0004421	DLD CORPORATION		MOYLE, LARRY %	160
	3027 POINT	EAR DR	FORT MILL, SC	29715-0000
A)M4000442100001	542.70 AC	M/L W2, W2E2, SE4NE4, NE4SE4	-LESS TRS A & B	TR A-
0040439	CLIMAX CHEMICAL		COMPANY	160
	PO DRAWER A		MONUMENT, NM	88265-0000
B)M4000404390001	21.12 AC	TR BEG NW COR SEC 35, TH S89D 55'E 30', S 851.6', S8		
0001601	COOPER, JIMMIE T		COOPER, BETTY B TRUST &	160
	STAR RT A BOX 55		MONUMENT, NM	88265-0000
C)M4000016010001	40.00 AC	BEING NE4NE4 *1984-COMBINED BAUM #40124-COOPER #42605		

SELECT, Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

	SECTION 36	TOWNSHIP 19 S	RANGE 36 E	QUARTER
0040903	CHEVRON U S A INC			160
	PO BOX 285			77001-0000
A)M4000409030001	40.00 AC LOC SE4SE4	PERS PROP,	LOC WD GRIMES LSE IN	32-18-38 B
0042351	VERSADA GAS PROCESSORS LLC	KEN E ANDREWS & CO %		160
	BOX 870849	MESQUITE, TX		75187-0000
B)M4000423510003	120.00 AC LOC S2SW4 & SW4SE4	*1998-WARREN	PETROLEUM	
0042883	DLD CORPORATION	MOYLE, LARRY %		160
	3027 POINT CLEAR DR	FORT MILL, SC		29715-0000
C)M4000428830001	40.00 AC LOC S2N2SW4	*1978-1ST TIME ON TAX ROLL*	*3/94-CLIMAX	
0040030	AMERADA HESS CORP	KIRKWOOD & DARBY INC %		160
	307 WEST 7TH STREET, SUITE 1110	FT WORTH, TX		76102-0000
D)M4000400300001	80.00 AC LOC N2NE4	FEE #2-E&P IMPR ONLY # 40031	AMERADA *LOC-	

SELECT,Key LINE OR OWNER# , 0000000 Key Enter to see next subdiv/unit/block

SECTION 31

TOWNSHIP 19 S

RANGE 36 E

QUARTER

0042309 TURNER, ELDON K
5306 77TH

LUBBOCK, TX

160
79424-0000

A)M4000423090006 314.80 AC BEING W2 *1991-REDESCRIBED* *7/99-TURNER, F K B-967

0040392 JOHNSTON, WILLIAM E ET AL

PO BOX 152

MONUMENT, NM

160
88265-0000

B)M4000403920001 160.00 AC LOC SE4 LOC-18800 W C-46 *1989-COX, ARNO C* *1991-RE

0040012 JOHNSTON, KYLE ET AL

PO BOX 234

MONUMENT, NM

160
88265-0000

C)M4000400120001 160.00 AC BEING NE4 UNDIVIDED 50% 1/22/01-ADAMS, EDNA MAE ET A

SELECT,Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

SECTION 02 TOWNSHIP 20 S RANGE 36 E QUARTER
0004421 DLD CORPORATION MOYLE, LARRY % 160
3027 POINT EAR DR FORT HILL, SC 29715-0000
A)M4000442100002 40.31 AC NW4NW4 AKA LOT 4 10/96-CLIMAX CHEMICAL CO PRT 40439

SELECT,Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

SECTION 11

TOWNSHIP 20 S

RANGE 36 E

QUARTER

0041252 KLEIN, EDWARD H EST

PO BOX 1503

HOBE NM

160

88241-0000

A)M4000412520001 640.00 AC - ALL

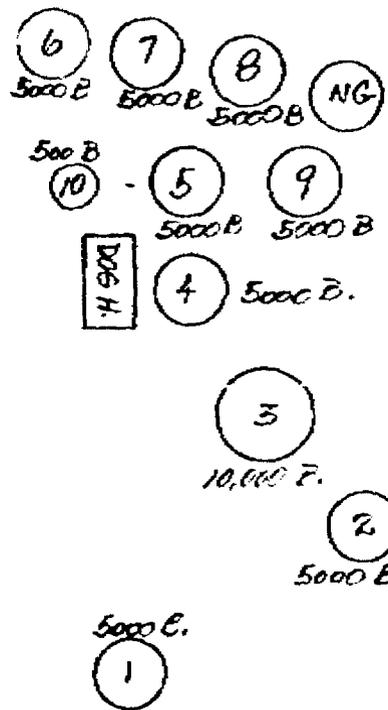
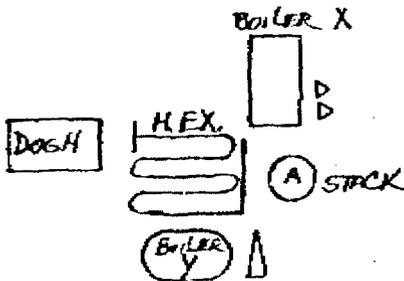
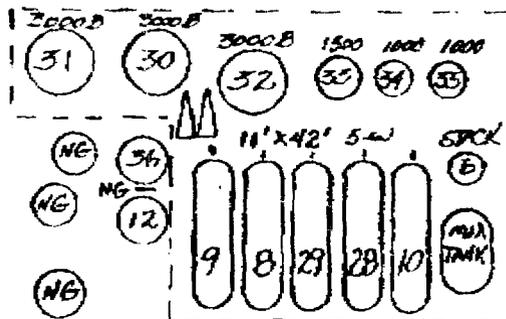
SELECT,Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

	SECTION 12	TOWNSHIP 20 S	RANGE 30 E	QUARTER	
0040292	BYRD, CHARLCIE F		BYRD, JAMES R %		160
	PO BOX 32		MONUMENT, NM		88265-0000
A)M4000402920003	480.00 AC BEING W2, W2E2				
0040482	COOPER, JIMMIE T		COOPER, BETTY B TRUST &		160
	STAR RT A BOX 55		MONUMENT, NM		88265-0000
B)M4000404820011	155.00AC E2SE4, SE4NE4, & LOC NE4 DESCRIBE BELOW				BEG AT TH
0041615	COOPER, JIMMIE T		COOPER, BETTY B TRUST &		160
	BOX 55		MONUMENT, NM		88265-0000
C)M4000416150001	5.00 AC LOC NE4 TR BEG N89D58'W 30' FROM NE COR OF SEC 12,				

SELECT, Key LINE OR OWNER# . . 0000000 Key Enter to see next subdiv/unit/block

Attachment 6

SOUTH



OFFICE

5" LINE

EAST

ENTRANCE

WEST →

EL PASO NATURAL GAS CO

NORTH

PREPARED BY

GRAHAM INCORPORATED
 ENGINEERING CALCULATION FORM

PAGE 1 OF 1
 PROGRAM & PROJECT NO.

CHECKED BY

SUBJECT

CILSOURCE

DATE 7-30-91

Attachment 10 B

Attachment
~~OCD Environmental Bureau Closure Cost estimate~~
For
Commercial Exchange Inc.
9.56-acre surface waste management facility.
May 18, 2003

Known: 20 tanks, boiler and heat exchanger, doghouse, office building
 1- 10,000 bbl tank, 7-5,000 bbl tanks, 3-3,000 bbl tanks, 1-1,500 bbl tank, 2-1000 bbl tanks,
 1-500 bbl tank, 5-200 bbl horizontal tanks. Tank one does not belong to Commercial Exchange
 Inc.

Existing tanks and equipment to be in service: 4 – 5,000 bbl tanks (6,7,8, and 9), 2-3,000 bbl
 tanks (30 & 32), 1-1,500 bbl tank (33), 2-1,000 bbl tanks (34 & 35), 1-500 bbl tank (10), and
 doghouse.

This is a potential total of 30,000 bbls of fluid that would be a mixture of oil, water, and tank
 bottom BS&W. Commercial Exchange will estimate that 1/3 of the current potential volume or
 10,000 bbls is oil, 1/3 of the volume or 10,000 bbls is water, and 1/3 of the volume or 10,000
 bbls is tank bottom BS&W.

Job Foreman/ Coordinator	
10 days * \$70.00 hour	\$5,600.00 Total

NORM Survey	
Certified NORM tech. \$ 55.00hr * 16 hours	\$ 880.00 Total

Remove fluids from All Tanks
 130 bbl transport truck & driver \$ 70.00/hour
 1 hour per trip
 \$0.35 bbl produced water disposal cost
 \$3.75 bbl non-exempt waste disposal cost
 \$3.25 bbl tank bottom BS&W

Based on the Estimate above:

Oil sale tanks removed any oil for sale = Total 10,000 bbl
 Waste water tanks dispose of fluid as produced water = Total 10,000 bbl
 Waste fluid tanks dispose of waste as exempt tank bottom/BS&WS = Total 10,000

Disposal Waste water 10,000 bbl * \$0.35 bbl	= \$ 3,500.00
Disposal Waste fluid 10,000 bbl * \$ 3.25	= \$32,500.00

Transport of 10,000 bbls to injection well
 77 trips at 1 hour per round trip = 77 hours * \$ 70.00/hour = **\$ 5,390.00**

Transport of 10,000 bbls to treating plant

77 trips at 1 hour per round trip = 77 hours * \$ 70.00/hour = \$ 5,390.00

= \$ 10,780 total tank fluid transport and disposal

Tank Cleaning: Jet truck, vacuum truck = \$ 1,980.00
Jet Water: 250 bbl fresh water = \$ 50.00
Jet Water Disposal: 225 bbl \$3.25/bbl = \$ 732.00
Hauling 130 bbl per load * 2.5 hours round trip mi. * \$65.00 hr = \$ 325.00

\$ 3,087.00

Remove Tanks, Piping and Equipment:
Removal of tanks and residual equipment:

Roustabout crew/truck \$60.00 hr * 56 hr \$ 3,360.00
Operator tandem winch/trailer \$ 85 hr * 56 hr \$ 3,760.00
Dirt work/reclamation: 65 hr * 56 hour days \$ 3,640.00

Tank and Equipment Disposal \$10,760.00

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

Analytical Analysis for site characterization

40 confirmatory samples taken beneath tanks.

State Contract Laboratory Prices per analysis:

BTEX \$ 40.00 * 30 samples = \$ 1,200.00
TPH \$ 50.00 * 30 samples = \$ 1,500.00
Chloride \$ 40.00 * 30 samples = \$ 1,200.00
Radium 226 \$ 110.00 * 15 samples = \$ 1,650.00

\$ 5,550.00 Analytical

Confirmatory Soil Sampling Time and Labor for 30 samples

Labor 2 personnel \$ 55.00/hr
Sample 30 min. per sample
Travel 2 hours
Delivery & Paperwork 2 hours

Total Time = (30 min/sample * 30 samples) + 2 hours + 2 hours + 15 hours

15 hours * \$ 55.00/hr * 2 persons = \$ 1650.00 Sample Testing

Total Closure Treating Plant Facility

\$ 74,307.00

\$ 3,902 NMGRT .0525

\$ 78,209.00 Total Financial Assurance

Attachment 13



2300 Ladue Lane
Odessa, TX 79762
Phone 915-552-7625
Toll Free 877-879-8899
Fax 915-363-3911

PO Box 1166
Artesia, NM 88210
Phone 505-746-1096
Toll Free 877-879-8899
Fax 505-746-3530

March 24, 2003

T.G. Herring
806-795-9908
806-795-9910

Mr. Herring;

Per our discussion on March 20, 2003, I made an initial assessment of the facility and offer this plan.

We will install an H2S monitoring warning system at your facility with sensors located at points to protect employees and public and warn of any possible H2S release over OSHA permissible exposure limits.

Once we have established what concentration of the H2S potential detected at your facility, we will develop a contingency plan pursuant to that concentration and the radius of exposure determined by said concentration.

Upon initial assessment, there are no public dwellings or public maintained roads within the immediate vicinity of the facility.

Thank you,

Terry O'Brain
Operations Manager



PO BOX 1166 ARTESIA, NM 88210
 PHONE 505.746.1096
 TOLLFREE 877.879.8899
 FAX 505.746.3530
 EMAIL americansafety@cableone.net

QUOTE

Customer		Date	5/5/2003
Name	MARK GOSS	Order No.	
Address	wargossm@hotmail.com	Rep	
City	State ZIP	FOB	
Phone			

Qty	Description	Unit Price	TOTAL
	H2S MONITORING/WARNING SYSTEM FOR DISPOSAL FACILITY		
	Otis Permian monitor - # O1790AC		
	Otis Sensors - # 604		
1	Monitor and Sensor	\$1,485.00	\$1,485.00
	Cable (per foot)	\$1.10	
3	Labor for 2 people (time approximated per hour)	\$37.50	\$112.50

Thank you for your business.

The source for all of your safety needs.

Question 13



2300 Ladue Lane
Odessa, TX 79762
Phone 915-552-7625
Toll Free 877-879-8899
Fax 915-363-3911

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Upon initial assessment, there are no public dwellings or public maintained roads within the immediate vicinity of the facility.

Thank you,

Terry O'Brain
Operations Manager

PROFIT CORPORATE REPORT

TO THE STATE CORPORATION COMMISSION OF NEW MEXICO

Please type or print legibly
Instructions on next page

PROPOSED TAXABLE YEAR ENDING DATE >>> 8/31/2003

Corporate report due on or before the fifteenth day of the third month following the end of its taxable year except that the First Report shall be filed within thirty days from date of incorporation or qualification in New Mexico.

1. EXACT CORPORATE NAME AND U.S. MAILING ADDRESS
Commercial Exchange Inc.
4612-7th St.
Lubbock, Tx 79416

2. PRINCIPAL PLACE OF BUSINESS IN NEW MEXICO
 STREET 209 West Broadway
 CITY, ZIP Hobbs, New Mexico Suite 17
88240

3. PRINCIPAL OFFICE OUTSIDE NEW MEXICO (if different from registered office in state of incorp)
 STREET _____
 CITY, STATE, ZIP _____

4. NMSCC Certificate of Incorporation / Authority Number
 refer to above number in all correspondence

5. NM Tax & Revenue ID _____

6. FOREIGN CORPORATION - REGISTERED OFFICE IN STATE OF INCORPORATION
 STREET _____
 CITY, STATE, ZIP _____

7. STATE OR COUNTRY OF INCORPORATION _____

8. REGISTERED AGENT AND OFFICE LOCATED WITHIN NEW MEXICO FOR SERVICE OF PROCESS
(filing corporation cannot be its own agent)
 NAME Sylvia Peterson
 STREET 209 West Broadway Suite 17
(post office box unacceptable unless geographical location is given)
 CITY, ZIP Hobbs, New Mexico 88240

9. The names and addresses of ALL the directors and officers (Identify each elected director from an officer's position. A New Mexico Corporation shall have not less than one director. Refer to instruction No. 9) of the Corporation and when the term of office of each expires:

OFFICE/TITLE	NAME AND ADDRESS	DATE WHEN TERM EXPIRES
<u>President</u>	<u>TG Herring 4612 7th St. Lubbock, Tx 79416</u>	<u>1 year</u>
<u>Vice President</u>	<u>Warren Goss 3030 Sterling Circle Boulder, Co 80301</u>	<u>1 year</u>
<u>Director Secretary-Tres.</u>	<u>Mark Goss 6906 Gary Ave. Lubbock, Tx 79413</u>	<u>1 year</u>

(attach schedule if needed)

The character of its business in New Mexico, briefly stated, is Purchase and Sale of Oil Products

The date for the next annual meeting of the stockholders for the election of directors is January 20th, 2004

10. Under penalties of perjury, I declare and affirm that I have examined this report, including the accompanying schedules and statements and that all statements contained therein are true and correct.

_____ Secretary-Tres. 3-23-2003
signature of officer or authorized agent title date

11. PAYMENT OF FILING FEE AND LATE FILING PENALTY:

(a) Filing fee due on Corporate Report.....(a) \$	25.00	NMSCC Office Use Only <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-bottom: 1px solid black;">Amount Remitted</td> <td style="width: 50%; border-bottom: 1px solid black;">Postmark Date</td> </tr> </table>	Amount Remitted	Postmark Date
Amount Remitted	Postmark Date			
(b) \$100.00 Late Filing Fee Penalty.....(b) \$				
(c) TOTAL AMOUNT DUE WITH CORPORATE REPORT (lines a+b)....(c) \$	25.00			

PLEASE DO NOT SUBMIT CASH FOR PAYMENT

APPLICATION FOR CERTIFICATE OF AUTHORITY

The undersigned corporation applies for a Certificate of Authority to transact business in New Mexico under the Business Corporation Act, and for that purpose submits the following statement to the State Corporation Commission:

1. Its corporate name is Commercial Exchange Inc. Charter# 01201362-9

(Corporate name identical to name on attached Certificate of Good Standing and Compliance/Existence) and is incorporated under the laws of Texas

2. If the corporate name does not contain the word "corporation," "company," "incorporated," or "limited," or an abbreviation of one of these words, then its corporate name with the word or abbreviation which it elects to add thereto for use in New Mexico is Commercial Exchange Inc.

3. The date of its incorporation is 7th & 31st of 91 and the period of its duration, as stated in its articles of incorporation, is perpetual.

4. The street address, city and zip code of its registered office in its state or country of incorporation is 4612 7th St. Lubbock, Tx 79416, and the address, city, state and zip code of the principal office, if different from its address in the state or country of incorporation is: _____

5. The **name** of its proposed registered agent and the registered office, street address (**P.O. Box is unacceptable unless geographical location is given**), city and zip code located in New Mexico are Sylvia Peterson at 209 West Broadway Suite 17 Hobbs, NM 88240

6. The purpose or purposes (at least one specific purpose must be stated) which it proposes to pursue in the transaction of business in New Mexico are: (ATTACH SCHEDULE, IF NEEDED)

All commercial activity associated with the purchase and sale of oil products.

7. The names and respective addresses of the officers and directors, who have consented to serve, are:

(ATTACH SCHEDULE, IF NEEDED)

TG Herring-President 4612 7th St. Lubbock, Tx 79416

Warren Goss-Vice President 3030 Sterling Circle Boulder, Co 80301

Mark Goss-Secretary/Tres. 6906 Gary Ave. Lubbock, Tx 79413

8. The aggregate **number** of shares which it had authority to issue, itemized by classes, and series, if any, within a class is: 1,000- one thousand (ATTACH SCHEDULE, IF NEEDED)

9. The aggregate number of its issued shares, itemized by classes and by series, if any, within a class is: (ATTACH SCHEDULE, IF NEEDED)

N/A Common Stock

10. An estimate expressed in dollars of \$50,000.00- \$150,000.00

(a) the gross amount of business which will be transacted by it during its current fiscal year at or from places of business located in New Mexico is:

(b) the gross amount of business which will be transacted by it during such year, wherever transacted, is:

\$50,000.00 - \$150,000.00

(c) the value of all property to be owned by it and located in New Mexico during such year, is:

\$50,000.00

(d) the value of all property to be owned by it during such year, wherever located, is:

\$50,000.00

11. This application is accompanied by the following documents: a) an original Certificate of Good Standing and Compliance, or the equivalent thereof, issued by the appropriate official, who is the custodian of the records in-so-far as they pertain to its incorporation, of the state or country under the laws of which the filing corporation is incorporated; b) and an affidavit executed by the designated registered agent in which the individual agent acknowledges his acceptance of the appointment by the filing corporation, or an affidavit executed by the president or vice-president of a corporation (other than the filing corporation) which is the designated registered agent in which the officer acknowledges the corporation's acceptance of the appointment by the filing corporation as its registered agent, if the agent is a corporation. The Certificate of Good Standing and Compliance, for the filing corporation, is current within thirty days or has not expired upon submission to the Commission.

Date: 3-23-2003

Commercial Exchange Inc.
(Corporate Name)

By _____
Its President/Vice President

and _____
Secretary/Assistant Secretary

Under penalties of perjury, I declare and affirm that I am one of the above corporate officers who signed the foregoing document executed by the corporation, and that the statements contained therein are true and correct to the best of our knowledge.

(One of the above officers signs)

(FILE DUPLICATE ORIGINALS)

FIDAVIT OF ACCEPTANCE OF APPOINTMENT
BY DESIGNATED INITIAL REGISTERED AGENT

STATE OF New Mexico

COUNTY OF LEA

On this 26 day of March, 2003, before me a Notary Public in and for the State and County aforesaid, personally appeared Sylvia Peterson, who is to me known to be the person and who acknowledged to me that the appointment as the Initial Registered Agent is accepted for _____

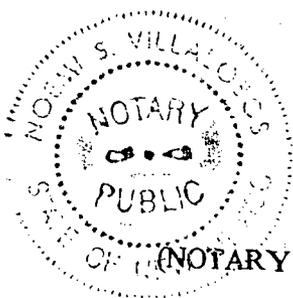
Commerical Exchange, Inc
_____ a Foreign Corporation which is applying for a Certificate of Authority to transact business pursuant to the provisions of the Business Corporation Act of the State of New Mexico.

Sylvia Peterson
Individual Registered Agent's Signature
Book Keeper/Sec.

OR

Registered Agent's Corporate Name

By _____
Signature of Agent's President/Vice President



(NOTARY SEAL)

Noemi S. Villalobos
NOTARY PUBLIC

My Commission Expires: 1/8/06

Attachment 14



OFFICE OF THE
PUBLIC REGULATION COMMISSION

CERTIFICATE OF AUTHORITY

OF

COMMERCIAL EXCHANGE, INC.

2340115

A TEXAS CORPORATION

The Public Regulation Commission certifies that the Application for Certificate of Authority, duly signed and verified, pursuant to the provision of the

BUSINESS CORPORATION ACT

(53-17-1 to 53-17-20 NMSA 1978)

Have been received by it and are found to conform to law.

Accordingly, by virtue of the authority vested in it by law, the Public Regulation Commission issues this Certificate of Authority and attaches hereto a duplicate of the Application for Certificate of Authority.

Dated: APRIL 16, 2003

In testimony whereof, the Public Regulation of the State of New Mexico has caused this certificate to be signed by its Chairman and the seal of said Commission to affixed at the City of Santa Fe.

Linda Loring

Chairwoman

Ann Echols

Bureau Chief

NEW MEXICO PUBLIC REGULATION COMMISSION

COMMISSIONERS

DISTRICT 1 HERB H. HUGHES
DISTRICT 2 DAVID KING
DISTRICT 3 JEROME D. BLOCK
DISTRICT 4 LYNDA M. LOVEJOY
DISTRICT 5 E. SHIRLEY BACA



CORPORATION DEPARTMENT

1120 Paseo de Peralta/P.O. Box 1269
Santa Fe, NM 87504-1269
(505) 827-4508
1-800-947-4722

APRIL 23, 2003

COMMERCIAL EXCHANGE, INC.
P.O. BOX 3236
LUBBOCK, TX 79452

RE: COMMERCIAL EXCHANGE, INC.
SCC#2340115

THIS COMMISSION HAS APPROVED AND FILED THE APPLICATION FOR CERTIFICATE OF AUTHORITY, FOR THE ABOVE REFERENCED CORPORATION, EFFECTIVE APRIL 16, 2003. THE ATTACHED CERTIFICATE OF AUTHORITY SHOULD BECOME A PERMANENT DOCUMENT OF THE CORPORATION'S CORPORATE RECORDS.

THE ATTACHED CERTIFICATE DOES NOT CONSTITUTE AUTHORIZATION FOR THE ABOVE REFERENCED CORPORATION TO TRANSACT ANY BUSINESS WHICH REQUIRES COMPLIANCE WITH OTHER APPLICABLE FEDERAL OR STATE LAWS, INCLUDING, BUT NOT LIMITED TO, STATE LICENSING REQUIREMENTS. IT IS THE CORPORATION'S SOLE RESPONSIBILITY TO OBTAIN SUCH COMPLIANCE WITH ALL LEGAL REQUIREMENTS APPLICABLE THERETO PRIOR TO ENGAGING IN THE BUSINESS FOR WHICH IT HAS OBTAINED THE ATTACHED CERTIFICATE OF AUTHORITY.

REQUIRED FILING INFORMATION, WITH THE COMMISSION, FOLLOWS:

THE ENCLOSED FIRST REPORT IS TO BE COMPLETED AND FILED BY MAY 23, 2003, WITH A FILING FEE OF \$25.00. THE ORIGINAL FIRST REPORT IS TO BE FILED WITH OUR OFFICE, THE COPY IS FOR YOUR CORPORATE RECORDS. THEREAFTER, A CORPORATE REPORT MUST BE FILED BIENNIALY ON OR BEFORE THE FIFTEENTH DAY OF THE THIRD MONTH FOLLOWING THE CORPORATION'S TAXABLE YEAR END. LATE FILING PENALTY OF \$100.00 WILL BE ADDED FOR UNTIMELY FILING OF ANY REPORT. THE FIRST REPORT IS NOT FILED IN LIEU OF ANY REQUIRED CORPORATE REPORT. THE REPORT IS REQUIRED TO BE FILED WHETHER A CORPORATION IS ACTIVE OR INACTIVE OR UNTIL SUCH TIME THAT THE CORPORATION IS RELIEVED FROM FILING THE REPORT AS REQUIRED BY LAW.

A SUPPLEMENTAL REPORT SHALL BE FILED WITHIN THIRTY DAYS IF, AFTER FILING OF THE CORPORATE REPORT, A CHANGE IS MADE AFFECTING THE REPORT. PLEASE CONTACT THIS COMMISSION FOR ADDITIONAL INFORMATION AND SUPPLEMENTAL REPORT FORMS.

YOUR CANCELLED CHECK, AS VALIDATED BY THIS COMMISSION, IS YOUR RECEIPT. IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CHARTERED DOCUMENT DIVISION AT (505) 827-4511 FOR ASSISTANCE.

CHARTERED DOCUMENT DIVISION
RNA

APR 16 2003

APPLICATION FOR CERTIFICATE OF AUTHORITY

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(Corporate name identical to name on attached Certificate of Good Standing and Compliance/Existence) and is incorporated under the laws of Texas

2. If the corporate name does not contain the word "corporation," "company," "incorporated," or "limited," or an abbreviation of one of these words, then its corporate name with the word or abbreviation which it elects to add thereto for use in New Mexico is Commercial Exchange Inc.

3. The date of its incorporation is 7th & 31st of 91 and the period of its duration, as stated in its articles of incorporation, is perpetual.

4. The street address, city and zip code of its registered office in its state or country of incorporation is 4612 7th St. Lubbock, Tx 79416 and the address, city, state and zip code of the principal office, if different from its address in the state or country of incorporation is: _____

5. The name of its proposed registered agent and the registered office, street address (P.O. Box is unacceptable unless geographical location is given), city and zip code located in New Mexico are Sylvia Peterson at 209 West Broadway Suite 17 Hobbs, NM 88240

6. The purpose or purposes (at least one specific purpose must be stated) which it proposes to pursue in the transaction of business in New Mexico are: (ATTACH SCHEDULE, IF NEEDED)

All commercial activity associated with the purchase and sale of oil products.

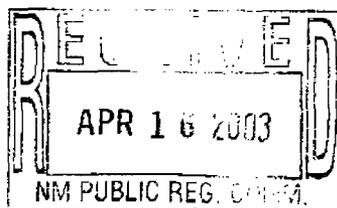
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TG Herring-President 4612 7th St. Lubbock, Tx 79416

Warren Goss-Vice President 3030 Sterling Circle Boulder, Co 80301

Mark Goss-Secretary/Tres. 6906 Gary Ave. Lubbock, Tx 79413

8. The aggregate number of shares which it had authority to issue, itemized by classes, and series, if any, within a class is: 1,000- one thousand (ATTACH SCHEDULE, IF NEEDED)



9. The aggregate **number** of its issued shares, itemized by classes and by series, if any, within a class is: (ATTACH SCHEDULE, IF NEEDED)

N/A Common Stock

10. An estimate expressed in dollars of \$50,000.00- \$150,000.00

(a) the gross amount of business which will be transacted by it during its current fiscal year at or from places of business located in New Mexico is:

(b) the gross amount of business which will be transacted by it during such year, wherever transacted, is:

\$50,000.00 - \$150,000.00

(c) the value of all property to be owned by it and located in New Mexico during such year, is:

\$50,000.00

(d) the value of all property to be owned by it during such year, wherever located, is:

\$50,000.00

11. This application is accompanied by the following documents: a) an original Certificate of Good Standing and Compliance, or the equivalent thereof, issued by the appropriate official, who is the custodian of the records in-so-far as they pertain to its incorporation, of the state or country under the laws of which the filing corporation is incorporated; b) and an affidavit executed by the designated registered agent in which the individual agent acknowledges his acceptance of the appointment by the filing corporation, or an affidavit executed by the president or vice-president of a corporation (other than the filing corporation) which is the designated registered agent in which the officer acknowledges the corporation's acceptance of the appointment by the filing corporation as its registered agent, if the agent is a corporation. The Certificate of Good Standing and Compliance, for the filing corporation, is current within thirty days or has not expired upon submission to the Commission.

Date: 3-23-2003

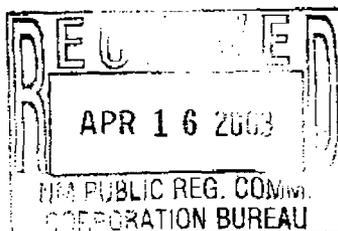
Commercial Exchange Inc.

(Corporate Name)

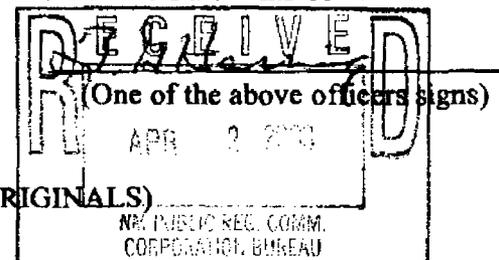
By [Signature]
Its President/Vice President

and [Signature]
Secretary/Assistant Secretary

Under penalties of perjury, I declare and affirm that I am one of the above corporate officers who signed the foregoing document executed by the corporation, and that the statements contained therein are true and correct to the best of our knowledge.



(FILE DUPLICATE ORIGINALS)



AFFIDAVIT OF ACCEPTANCE OF APPOINTMENT
BY DESIGNATED INITIAL REGISTERED AGENT

STATE OF New Mexico
COUNTY OF LEA

FILED IN OFFICE OF
NM PUBLIC REG. COMMISSION
APR 16 2003
CORPORATION BUREAU

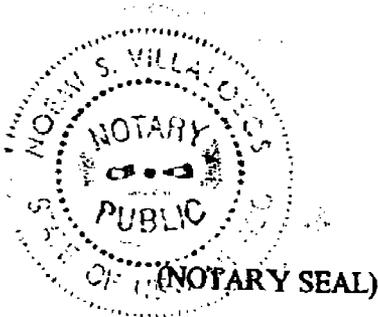
On this 26 day of March, 2003, before me a Notary Public in and for the State and County aforesaid, personally appeared Sylvia Petersen, who is to me known to be the person and who acknowledged to me that the appointment as the Initial Registered Agent is accepted for _____

Commercial Exchange, Inc
_____ a Foreign Corporation which is applying for a Certificate of Authority to transact business pursuant to the provisions of the Business Corporation Act of the State of New Mexico.

Sylvia Petersen
Individual Registered Agent's Signature
Book Keeper/Sec.
OR

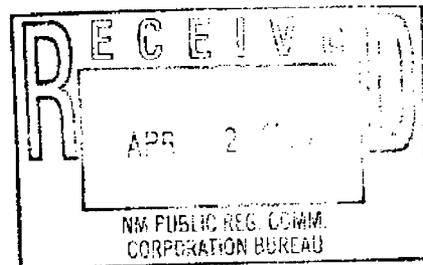
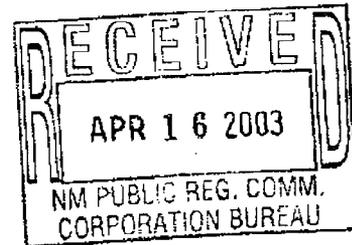
Registered Agent's Corporate Name

By _____
Signature of Agent's President/Vice President



Norm S. Villalobos
NOTARY PUBLIC

My Commission Expires: 1/8/06



STATE OF NEW MEXICO - TAXATION AND REVENUE DEPARTMENT
APPLICATION FOR BUSINESS TAX IDENTIFICATION NUMBER

PLEASE TYPE OR PRINT IN BLACK INK - Please read instructions on reverse

FOR OFFICE USE ONLY

New Mexico Taxation and Revenue Department Identification Number

(NM TRD ID#) 0 - - - - - 00

Date Issued

month day year

Flag "N" No-Mail

Project:

1. Registration Type (choose one) Regular Seasonal Temporary (max 6 months) If checked, item #11 must be completed NITC Only

2. Provide your Federal Employer Identification Number (FEIN) if business entity is required to have an FEIN per IRS guidelines:

3. Business Name Commercial Exchange Inc.

5. Business Telephone (806) 795-9908

4. DBA Commercial Exchange Inc.

Other Telephone (806) 787-4999

(mobile, pager, message, etc.)

6. Mailing Address P.O. Box 3236

City Lubbock

State Tx.

Zip Code 79452

Country U.S.

7. Physical Location Address (not a PO Box) 4612-7th street

City Lubbock

State Tx.

Zip Code 79416

Country U.S.

8a. Select the type of business entity you are registering - (must check one)
 Sole Owner / Proprietorship Federal Agency Indian Tribe / Pueblo
 Limited Liability Co. (LLC) State Agency County Estate
 Partnership Municipality Trust
 Corporation

For Corporations and Pass Through Entities (PTE) Only

9a. Are you registering for Corporate Income Tax or PTE purposes only? Yes No

9b. Provide the address and phone number for income tax purposes same as #6 above

Address: Phone # 806-795-9908

9c. Will the Corporate Income be reported by another Corporate entity? Yes No

If yes, give the following information

NM TRD ID# FEIN

BUSINESS NAME

8b. Income tax treatment of entity - (if applicable, check one)
 Exempt 501(c) PL 86-272 S Corporation
 Proprietorship (LLC only) Partnership (LLC only)
 Limited (Partnership only) Non-Nexus

10. Date business activity started or is anticipated to start in New Mexico. 05 | 31 | 03

11. Date you anticipate business to close (only enter if you have checked "Temporary" above) N/A

12. If you qualify as a Seasonal business, specify the months you are engaging in business. N/A

13. Will business pay wages to employees in New Mexico? Yes No

14. Method of Accounting CASH ACCRUAL

15. Select CRS filing status MONTHLY QUARTERLY SEMIANNUAL

16. Select the type(s) of business you are engaged in.
 Accommodation, Food Services, & Drinking Places
 Agriculture, Forestry, Hunting & Fishing
 Professional, Scientific & Technical Services
 Finance & Insurance
 Information
 Manufacturing
 Mining
 Utilities
 Administrative & Support Services and Waste Management & Remediation Services
 Arts, Entertainment & Recreation
 Real Estate & Rental & Leasing
 Health Care & Social Assistance
 Transportation & Warehousing
 Educational Services
 Wholesale Trade
 Government
 Other Services
 Construction
 Retail Trade

Briefly describe nature of business:

Oil Reclaiming Facility

17. Liquor License Type/No. N/A

18. Public Regulation Commission No. N/A

19. Contractors License No. N/A

20. If applicable, provide former owner's NM TRD ID# N/A Business Name

21. Are you operating or have you operated any other business(es) in New Mexico? Yes No
If Yes, give: NM TRD ID# Business Name (attach additional pages if needed)

22. Will business sell Gasoline? Yes No
23. Will business sell Special Fuels? Yes No
24. Will business sell Cigarettes? Yes No
25. Will business sell Tobacco Products? Yes No
26. Will business engage in Severing Natural Resources? Yes No
27. Will business engage in processing Natural Resources? Yes No
28. Will business be a Water Producer? Yes No

NOTE: If you answered Yes to any of the above, please complete a Special Tax Registration Form.

29. Will business be involved in Gaming Activities? Yes No

30. List Owners, Partners, Corporate Officers, Association Members, or Shareholders. If listing an entity other than an individual, please see instructions. (attach additional pages if necessary)

SSN

NAME & TITLE T.G. Herring President

ADDRESS 4612-7th st. Lubbock, Tx. 79416

PHONE & E-MAIL 806-795-9908

NAME & TITLE Mark Boss Secretary + Treasurer

ADDRESS 6906 Gary Ave. Lubbock, Tx. 79413

PHONE & E-MAIL 806-792-9544 wargassm@hotmail.com

I declare that the information reported on this form and any supplemental page(s) is true and correct.

Mark Boss Sec'd Tres. Print Name & Title

Mark Boss Signature

5-7-03 Date

Application must be complete or processing will be delayed.

Please return both copies to the Taxation and Revenue Department, office locations are on the reverse side.

Commercial Exchange Inc.
P.O. Box 3236
Lubbock, TX. 79453
1-806-795-9908

Application For Business Tax Identification Number
Attachment To Question 30

SSN	
NAME & TITLE	<u>E.W. Goss Vice President</u>
ADDRESS	<u>3030 Sterling Circle Boulder, CO. 80301</u>
PHONE & E-MAIL	<u>1-303-444-5879 ext.38</u>



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

May 29, 2003

Lori Wrotenberg

Director

Oil Conservation Division

Mr. TG Herring
Commercial Exchange Inc.
P.O. Box 3236
Lubbock, TX 79452

**RE: Public Notice for Commercial Exchange Inc.
Commercial Surface Waste Management Facility Application Review
NE/4 of Section 1, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico**

Dear Mr. Herring:

The New Mexico Oil Conservation Division (OCD) has received the Commercial Exchange Inc application for a commercial waste management facility dated March 31, 2003 and supplemental information received May 22, 2003 and May 28, 2003. The application proposes to reactivate the former Enersource Inc. treating plant under OCD Rule 711. The facility is located in NE/4 of Section 1, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico

Based on the information provided the OCD has prepared a public notice statement that Commercial Exchange Inc must published in the Lovington Daily Leader newspaper. Commercial Exchange Inc must send the original certified affidavit of publication from the Lovington Daily Leader to the OCD Santa Fe office and a copy to the appropriate District office.

In addition, Commercial Exchange Inc must give written notice to all surface owners of record within one mile of the proposed facility and to the county commission that the proposed facility is to be located.

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

Sincerely,

Martyne J. Kieling
Environmental Geologist

xc: with attachments: Hobbs OCD Office

NOTICE OF PUBLICATION

Notice is hereby given that pursuant to the New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 1220 South Saint Frances Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

Commercial Exchange, Inc., Operator, TG Herring, P.O. Box 3236, Lubbock, Texas, 79452, has submitted for approval an application to construct and operate a Rule 711 treating plant reclamation facility located in the NE/4 Section 1, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Bottom sediment and water (BS&W) associated with oil and gas production operations will be reclaimed by heat, centrifuge and chemical treatment. Ground water most likely to be affected by any accidental discharges at the surface is at a depth of approximately 40 feet with chloride concentrations that range from approximately 11,600 milligrams per liter to 933 milligrams per liter and total dissolved solids concentrations that range from approximately 18,000 milligrams per liter to 2640 milligrams per liter. The proposed facility location is underlain by Quaternary dune sands and the Ogallala Formation. The permit application addresses the construction, operations, spill/leak prevention, reclamation, and monitoring procedures to be incorporated at the proposed site.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The application may be viewed at the above address or at or at the Hobbs district office at 1625 N. French Dr, Hobbs, New Mexico 88240 between 8:00 a.m. and 4:00 p.m., Monday thru Friday. Prior to ruling on any proposed application, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

Kieling, Martyne

From: Kieling, Martyne
Sent: Wednesday, May 28, 2003 12:30 PM
To: Valdes, Kathy
Subject: Notice for the next docket E-mail

Kathy,

Here is a public notice for the next Docket E-mail that you will be sending out.



PN0503.doc

Thanks,

Martyne J. Kieling
Martyne J. Kieling
Environmental Geologist

RECEIVED

MAY 28 2003

Environmental Bureau
Oil Conservation Division

Martinez

Here is water information for T.G. Herring
Commercial Exchange Inc - Treating Plt.
one of the water test is for monitor wells
adjacent to and north of Herring's site, Warren
Pet. or Dynegy. the other is a analysis of
Groundwater approx. 1 mile South.

Hope this will help.

Thanks

Eddie Sam

PS My computer went down.

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report

Avg Depth to Water Report

Water Column Report

Clear Form

WATERS Menu

Help

AVERAGE DEPTH OF WATER REPORT 05/17/2003

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	20S	36E	01				1	40	40	40

Record Count: 1

New Mexico Office of the State Engineer
Point of Diversion Summary

Back

(quarters are 1=NW 2=NE 3=SW 4=SE)
 (quarters are biggest to smallest)

POD Number	Tws	Rng	Sec	q	q	q	Zone	X	Y
L 03814	20S	36E	01	2	2	2			

Driller Licence: 208 VAN NOY, W.L.

Driller Name: VAN NOY, W.L.

Source: Shallow

Drill Start Date: 09/03/1958

Drill Finish Date: 09/04/1958

Log File Date: 09/15/1958

PCW Received Date:

Pump Type:

Pipe Discharge Size:

Casing Size: 6

Estimated Yield:

Depth Well: 60

Depth Water: 40

Water Bearing Stratifications:	Top	Bottom	Description
	55	60	Sandstone/Gravel/Conglomerate

Casing Perforations:	Top	Bottom
	40	60



Client Sample ID MW-14 A-E Collected: 1/26/01 9:00:00 SPL Sample ID: 01010773-04

Site: Monument, NM 88265

Analyses/Method	Result	Rep.Limit	Dil. Factor	QUAL	Date Analyzed	Analyst	Seq. #
RESISTANCE @ 25 C				MCL	120.1	Units: Mohms/cm	
Resistance	27.1	0.00100	1		02/05/01 12:30	CC	555447
SPECIFIC GRAVITY @ 25 C				MCL	ASTM D-1429	Units: Specific Gravity @	
Specific Gravity	1.025	0	1		01/27/01 13:15	EC	549752
SULFATE, TOTAL				MCL	E375.4	Units: mg/L	
Sulfate	✓ 3950	500	500		01/30/01 13:00	SN	552139
TOTAL DISSOLVED SOLIDS				MCL	E160.1	Units: mg/L	
Total Dissolved Solids (Residue, Filterable)	✓ 18000	200	20		01/30/01 14:40	EC	555353

Warren Pet
 as
 Dynegy
 Monument P/H

Qualifiers: ND/U - Not Detected at the Reporting Limit >MCL - Result Over Maximum Contamination Limit(MCL)
 B - Analyte detected in the associated Method Blank D - Surrogate Recovery Unreportable due to Dilution
 * - Surrogate Recovery Outside Advisable QC Limits MI - Matrix Interference
 J - Estimated Value between MDL and PQL



Client Sample ID MW-14 A-E

Collected: 1/26/01 9:00:00 SPL Sample ID: 01010773-04

Site: Monument, NM 88265

Analyses/Method	Result	Rep.Limit	MCL	Dil. Factor	QUAL	Date Analyzed	Analyst	Seq. #
BICARBONATE, AS CaCO3								
Alkalinity, Bicarbonate	788	2		1		01/30/01 11:30	SN	551629
CARBONATE, AS CaCO3								
Alkalinity, Carbonate	ND	2		1		01/30/01 11:30	SN	551651
CHLORIDE, TOTAL								
Chloride	11600	250		250		02/02/01 10:30	CV	554619
MERCURY, TOTAL								
Mercury	ND	0.0002		1		01/30/01 8:23	DQ	548025

Prep Method	Prep Date	Prep Initials
SW7470A	01/29/2001 11:00	R_T

METALS BY METHOD 6010B, TOTAL	Result	Rep.Limit	MCL	Dil. Factor	QUAL	Date Analyzed	Analyst	Seq. #
Arsenic	0.0164	0.005		1		02/12/01 23:33	NS	564822
Lead	ND	0.005		1		02/09/01 3:55	NS	562270
Selenium	ND	0.005		1		02/09/01 3:55	NS	562270
Barium	0.251	0.005		1		02/07/01 2:05	EG	559620
Cadmium	ND	0.005		1		02/07/01 2:05	EG	559620
Calcium	679	1		10		02/07/01 23:24	EG	560833
Chromium	ND	0.01		1		02/07/01 2:05	EG	559620
Iron	1.53	0.02		1		02/07/01 2:05	EG	559620
Magnesium	322	0.1		1		02/07/01 2:05	EG	559620
Potassium	77.7	2		1		02/07/01 2:05	EG	559620
Silver	ND	0.01		1		02/07/01 2:05	EG	559620
Sodium	7350	10		20		02/07/01 23:29	EG	560834

Prep Method	Prep Date	Prep Initials
SW3010A	02/12/2001 11:00	MW
SW3010A	01/31/2001 20:00	R_T

PH	Result	Rep.Limit	MCL	Dil. Factor	QUAL	Date Analyzed	Analyst	Seq. #
pH	6.9	0.10		1		01/27/01 13:30	EC	549716

PURGEABLE AROMATICS	Result	Rep.Limit	MCL	Dil. Factor	QUAL	Date Analyzed	Analyst	Seq. #
Benzene	18	5		5		02/07/01 15:43	D_R	559905
Ethylbenzene	11	5		5		02/07/01 15:43	D_R	559905
Toluene	ND	5		5		02/07/01 15:43	D_R	559905
m,p-Xylene	14	5		5		02/07/01 15:43	D_R	559905
o-Xylene	ND	5		5		02/07/01 15:43	D_R	559905
Xylenes, Total	14	5		5		02/07/01 15:43	D_R	559905
Surr: 1,4-Difluorobenzene	102 %	72-137		5		02/07/01 15:43	D_R	559905
Surr: 4-Bromofluorobenzene	153 %	48-156		5		02/07/01 15:43	D_R	559905

Qualifiers: ND/U - Not Detected at the Reporting Limit >MCL - Result Over Maximum Contamination Limit(MCL)
 B - Analyte detected in the associated Method Blank D - Surrogate Recovery Unreportable due to Dilution
 * - Surrogate Recovery Outside Advisable QC Limits MI - Matrix Interference
 J - Estimated Value between MDL and PQL



HOUSTON LABORATORY
 6880 INTERCHANGE DRIVE
 HOUSTON, TEXAS 77054
 (713) 660-0901

Client Sample ID MW-5 A-E

Collected: 1/26/01 9:45:00 SPL Sample ID: 01010773-02

Site: Monument, NM 88265

Analyses/Method	Result	Rep.Limit	Dil. Factor	QUAL	Date Analyzed	Analyst	Seq. #
RESISTANCE @ 25 C				MCL	120.1	Units: Mohms/cm	
Resistance	30.8	0.00100	1		02/05/01 12:30	CC	555441
SPECIFIC GRAVITY @ 25 C				MCL	ASTM D-1429	Units: Specific Gravity @	
Specific Gravity	1.027	0	1		01/27/01 13:15	EC	549748
SULFATE, TOTAL				MCL	E375.4	Units: mg/L	
Sulfate	✓ 9400	1000	1000		01/30/01 13:00	SN	552137
TOTAL DISSOLVED SOLIDS				MCL	E160.1	Units: mg/L	
Total Dissolved Solids (Residue, Filterable)	✓ 15700	200	20		01/30/01 14:40	EC	555351

*Water Pet
 on Dynegy
 Monument P/H*

Qualifiers:
 ND/U - Not Detected at the Reporting Limit
 B - Analyte detected in the associated Method Blank
 * - Surrogate Recovery Outside Advisable QC Limits
 J - Estimated Value between MDL and PQL

>MCL - Result Over Maximum Contamination Limit(MCL)
 D - Surrogate Recovery Unreportable due to Dilution
 MI - Matrix Interference



Client Sample ID MW-5 A-E

Collected: 1/26/01 9:45:00

SPL Sample ID: 01010773-02

Site: Monument, NM 88265

Analyses/Method	Result	Rep.Limit	Dil. Factor	QUAL	Date Analyzed	Analyst	Seq. #
BICARBONATE, AS CaCO3				MCL	E310.1	Units: mg/L	
Alkalinity, Bicarbonate	669	2	1		01/30/01 11:30	SN	551627
CARBONATE, AS CaCO3				MCL	E310.1	Units: mg/L	
Alkalinity, Carbonate	ND	2	1		01/30/01 11:30	SN	551649
CHLORIDE, TOTAL				MCL	E325.3	Units: mg/L	
Chloride	8790	100	100		02/02/01 10:30	CV	554617
MERCURY, TOTAL				MCL	SW7470A	Units: mg/L	
Mercury	ND	0.0002	1		01/30/01 8:23	DQ	548021

Prep Method	Prep Date	Prep Initials
SW7470A	01/29/2001 11:00	R_T

METALS BY METHOD 6010B, TOTAL			MCL	SW6010B	Units: mg/L		
Arsenic	0.0071	0.005	1		02/12/01 23:08	NS	564818
Lead	ND	0.005	1		02/09/01 3:28	NS	562266
Selenium	ND	0.005	1		02/09/01 3:28	NS	562266
Arsenic	0.0071	0.005	1		02/12/01 23:08	NS	564818
Lead	ND	0.005	1		02/09/01 3:28	NS	562266
Selenium	ND	0.005	1		02/09/01 3:28	NS	562266
Barium	0.0219	0.005	1		02/07/01 1:56	EG	559618
Cadmium	ND	0.005	1		02/07/01 1:56	EG	559618
Calcium	424	0.1	1		02/07/01 1:56	EG	559618
Chromium	ND	0.01	1		02/07/01 1:56	EG	559618
Iron	0.11	0.02	1		02/07/01 1:56	EG	559618
Magnesium	196	0.1	1		02/07/01 1:56	EG	559618
Potassium	75	2	1		02/07/01 1:56	EG	559618
Silver	ND	0.01	1		02/07/01 1:56	EG	559618
Sodium	7310	10	20		02/07/01 23:04	EG	560829

PH		MCL	E150.1	Units: pH Units		
pH	7	0.10	1		01/27/01 13:30	EC 549713

PURGEABLE AROMATICS			MCL	SW8021B	Units: ug/L		
Benzene	96	1	1		02/01/01 22:19	D_R	553408
Ethylbenzene	ND	1	1		02/01/01 22:19	D_R	553408
Toluene	ND	1	1		02/01/01 22:19	D_R	553408
m,p-Xylene	ND	1	1		02/01/01 22:19	D_R	553408
o-Xylene	ND	1	1		02/01/01 22:19	D_R	553408
Xylenes, Total	ND	1	1		02/01/01 22:19	D_R	553408
Surr. 1,4-Difluorobenzene	111	% 72-137	1		02/01/01 22:19	D_R	553408
Surr. 4-Bromofluorobenzene	114	% 48-156	1		02/01/01 22:19	D_R	553408

Qualifiers:

ND/U - Not Detected at the Reporting Limit
B - Analyte detected in the associated Method Blank
* - Surrogate Recovery Outside Advisable QC Limits
J - Estimated Value between MDL and PQL

>MCL - Result Over Maximum Contamination Limit(MCL)
D - Surrogate Recovery Unreportable due to Dilution
MI - Matrix Interference



PHONE (915) 673-7001 • 2111 BEECHWOOD • ABILENE, TX 79603

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

ANALYTICAL RESULTS FOR
SAFETY & ENVIRONMENTAL SOLUTIONS, INC.

ATTN: DEE WHATLEY

Receiving Date: 09/23/99
Reporting Date: 09/27/99
Project Number: NOT GIVEN
Project Name: CHEVRON / DYNEGY
Project Location: MONUMENT-COOPER

703 E. CLINTON, SUITE 103
HOBBS, NM 88240
FAX TO: (505) 393-4388

Sampling Date: 09/23/99
Sample Type: GROUNDWATER
Sample Condition: COOL & INTACT
Sample Received By: GP
Analyzed By: AH

LAB NUMBER	SAMPLE ID	Na (mg/L)	Ca (mg/L)	Mg (mg/L)	K (mg/L)	Conductivity (μ mhos/cm)	T-Alkalinity (mgCaCO ₃ /L)
ANALYSIS DATE:		09/24/99	09/24/99	09/24/99	09/24/99	09/24/99	09/24/99
H4357-1	MW #1	1767	440	284	17.01	1929	224
H4357-2	MW #2	934	200	160	10.99	1881	508
H4357-3	MW #3	827	96	272	11.85	1850	620
H4357-4	MW #4	1167	176	272	20.83	1812	720
H4357-5	MW #5	1600	336	360	44.35	1760	490
H4357-6	MW #6	578	144	122	6.49	1796	290
Quality Control		NR	48	49	4.96	1443	NR
True Value QC		NR	50	50	5.00	1413	NR
% Accuracy		NR	96	98	99	102	NR
Relative Percent Difference		NR	6.3	5.1	0	0.4	NR
METHODS:		SM3500-Ca-D		3500-Mg E	8049	120.1	310.1

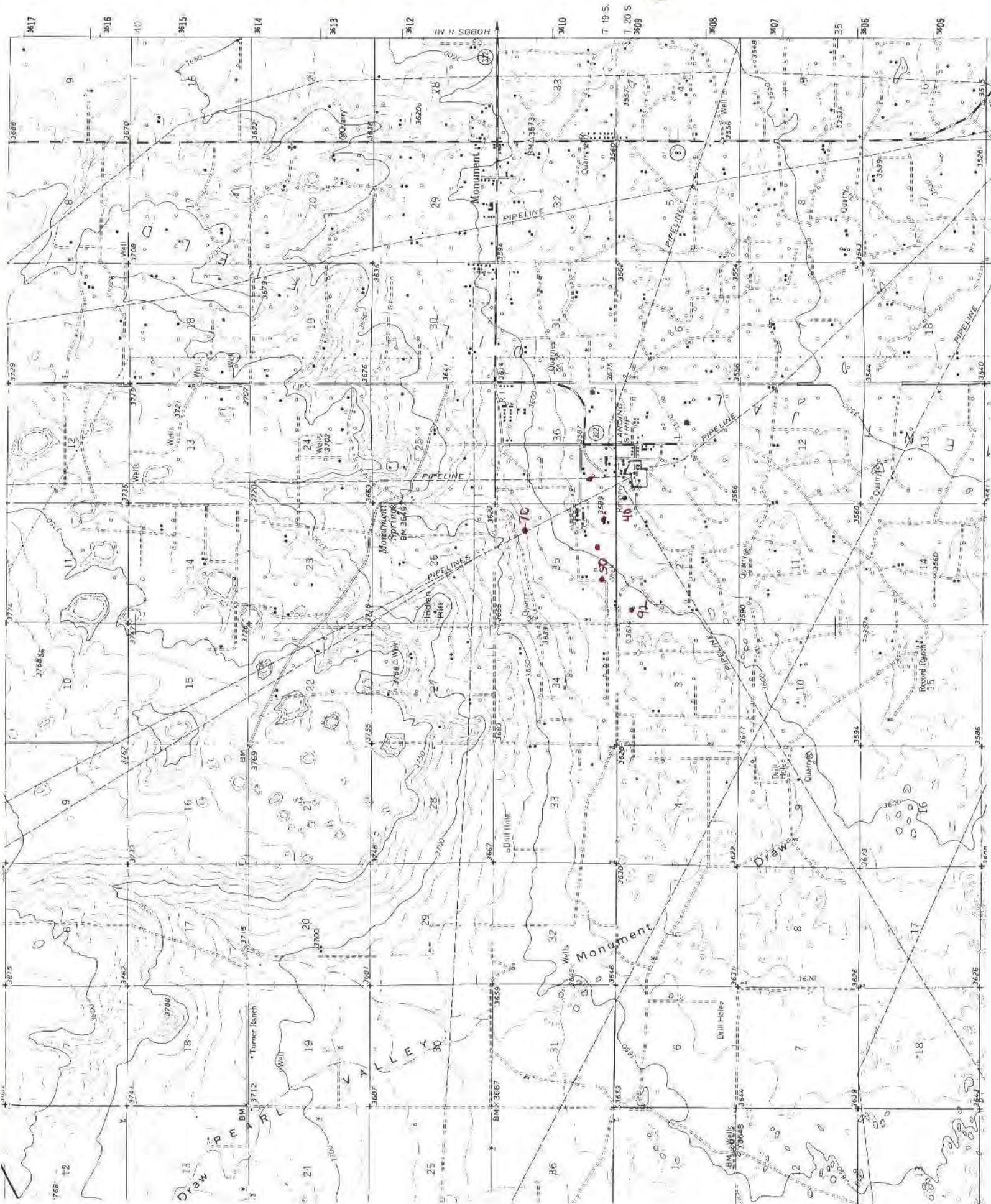
LAB NUMBER	SAMPLE ID	Cl ⁻ (mg/L)	SO ₄ (mg/L)	CO ₃ (mg/L)	HCO ₃ (mg/L)	pH (s.u.)	TDS (mg/L)	
ANALYSIS DATE:		09/24/99	09/24/99	09/24/99	09/24/99	09/24/99	09/25/99	
H4357-1	MW #1	2251	2628	0	273	7.36	7740	
H4357-2	MW #2	1267	874	0	620	7.38	4270	
H4357-3	MW #3	1095	971	0	756	7.23	3930	
H4357-4	MW #4	1612	1088	0	878	7.30	5190	
H4357-5	MW #5	2139	2259	0	598	7.10	8230	
H4357-6	MW #6	933	501	0	354	7.32	2640	
Quality Control		1024	47.47	112	221	7.00	NR	
True Value QC		1000	50.00	124	259	7.00	NR	
% Accuracy		102	94.9	90.3	85.4	100	NR	
Relative Percent Difference		9.8	5.2	-	-	1.4	NR	
METHODS:		SM4500-Cl-B		375.4	310.1	310.1	150.1	160.1

Dee Whatley
Chemist

09/28/99
Date

* Section 11 - Tws-20 Rng 37

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.



Attachment
~~OCD Environmental Bureau Closure Cost estimate~~
For
Commercial Exchange Inc.
9.56-acre surface waste management facility.
May 18, 2003

Known: 20 tanks, boiler and heat exchanger, doghouse, office building
 1- 10,000 bbl tank, 7-5,000 bbl tanks, 3-3,000 bbl tanks, 1-1,500 bbl tank, 2-1000 bbl tanks,
 1-500 bbl tank, 5-200 bbl horizontal tanks. Tank one does not belong to Commercial Exchange
 Inc.

Existing tanks and equipment to be in service: 4 - 5,000 bbl tanks (6,7,8, and 9), 2-3,000 bbl
 tanks (30 & 32), 1-1,500 bbl tank (33), 2-1,000 bbl tanks (34 & 35), 1-500 bbl tank (10), and
 doghouse.
Burdon 59,000 bbls

This is a potential total of 30,000 bbls of fluid that would be a mixture of oil, water, and tank
 bottom BS&W. Commercial Exchange will estimate that 1/3 of the current potential volume or
 10,000 bbls is oil, 1/3 of the volume or 10,000 bbls is water, and 1/3 of the volume or 10,000
 bbls is tank bottom BS&W.

Job Foreman/ Coordinator 10 days * \$70.00 hour	\$5,600.00 Total	✓
NORM Survey Certified NORM tech. \$ 55.00hr * 16 hours	\$ 880.00 Total	✓

Remove fluids from All Tanks
 130 bbl transport truck & driver \$ 70.00/hour
 1 hour per trip
 \$0.35 bbl produced water disposal cost
 \$3.75 bbl non-exempt waste disposal cost
 \$3.25 bbl tank bottom BS&W

59,000 ^{1/3}
19666
19666

Based on the Estimate above:
 Oil sale tanks removed any oil for sale = Total 10,000 bbl
 Waste water tanks dispose of fluid as produced water = Total 10,000 bbl
 Waste fluid tanks dispose of waste as exempt tank bottom/BS&WS = Total 10,000

Disposal Waste water ¹⁹⁶⁶⁶ 10,000 bbl * \$0.35 bbl	= \$ 3,500.00	<i>6883</i>	✓
Disposal Waste fluid ¹⁹⁶⁶⁶ 10,000 bbl * \$ 3.25	= \$32,500.00	<i>63,915</i>	✓
Transport of ¹⁹⁶⁶⁶ 10,000 bbls to injection well 77 trips at 1 hour per round trip = 77 hours * \$ 70.00/hour = \$ 5,390.00		<i>10,570</i>	✓
Transport of ¹⁵¹ 10,000 bbls to treating plant			

77 trips at 1 hour per round trip = 77 hours * \$ 70.00/hour = \$ 5,390.00 ✓ 10,570

= \$ 10,780 total tank fluid transport and disposal \$ 46,780
\$ 91,938

Tank Cleaning: Jet truck, vacuum truck = \$ 1,980.00
Jet Water: 250 bbl fresh water = \$ 50.00
Jet Water Disposal: 225 bbl \$3.25/bbl = \$ 732.00
Hauling 130 bbl per load * 2.5 hours round trip mi. * \$65.00 hr = \$ 325.00

\$ 3,087.00 ✓

Remove Tanks, Piping and Equipment:
Removal of tanks and residual equipment:

Roustabout crew/truck \$60.00 hr * 56 hr \$ 3,360.00
Operator tandem winch/trailer \$ 85 hr * 56 hr \$ 3,760.00
Dirt work/reclamation: 65 hr * 56 hour days \$ 3,640.00

Tank and Equipment Disposal \$10,760.00 ✓

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

Analytical Analysis for site characterization

40 confirmatory samples taken beneath tanks.

State Contract Laboratory Prices per analysis:

BTEX \$ 40.00 * 30 samples = \$ 1,200.00
TPH \$ 50.00 * 30 samples = \$ 1,500.00
Chloride \$ 40.00 * 30 samples = \$ 1,200.00
Radium 226 \$ 110.00 * 15 samples = \$ 1,650.00

\$ 5,550.00 Analytical ✓

Confirmatory Soil Sampling Time and Labor for 30 samples

Labor 2 personnel \$ 55.00/hr
Sample 30 min. per sample
Travel 2 hours
Delivery & Paperwork 2 hours

Total Time = (30 min/sample * 30 samples) + 2 hours + 2 hours + 15 hours

15 hours * \$ 55.00/hr * 2 persons = \$ 1650.00 Sample Testing ✓

Total Closure Treating Plant Facility

\$ 74,307.00

\$ 3,902 NMGRT .0525

\$ 78,209.00 Total Financial Assurance

5,600.
 880.
 46,780.
 3,087.
 10,760.
 5,550.
 1,650.

 \$ 74,307.00
 3,902

 \$ 78,209.00

What will be onsite
 After Remediation

currently on site
 / \$ 138,573

5,600.
 880.
 91,938.
 3,087.
 10,760
 5,550.
 1,650.

 \$ 119,465
 6272 Tax .0525

 725,737
 2003 - \$ 29,866
 2004 - \$ 59,732
 2005 - \$ 89,598
 \$ 119,465

Propose the
 1st 1/4 \$ 31435
 2nd 1/4 \$ 62870
 3rd 1/4 \$ 94305
 4th 1/4 \$ 125,737



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

April 17, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Mr. TG Herring
Commercial Exchange Inc.
P.O. Box 3236
Lubbock, TX 79452

**RE: Commercial Exchange Inc. (formerly Enersource, Inc.)
Commercial Surface Waste Management Facility Application Review
NE/4 of Section 11, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico**

Dear Mr. Herring:

The Oil Conservation Division (OCD) has received and is in the process of reviewing the above referenced application for an oil field related commercial treating plant located in NE/4 of Section 11, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico. The following comments and requests for additional information are based on review of the Commercial Exchange, Inc. application, dated March 31, 2003.

In order for the review process to continue the OCD requires Commercial Exchange, Inc. to submit a copy of the March 31, 2003 submittal to the OCD Hobbs District office at 1625 N. French Dr., Hobbs, NM 88240. In addition the OCD requires Commercial Exchange Inc. to submit a copy of additional information requested in Attachment 1. Submission of one original and one copy to the OCD Santa Fe Office and one copy to the Hobbs District Offices will allow the review process to continue. Please review the closure cost estimate that is attached. The estimate was prepared based on estimated volumes. Please call me so we can discuss and refine these items.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Martyne J. Kieling".

Martyne J. Kieling
Environmental Geologist

xc with attachments:
Hobbs OCD Office

ATTACHMENT 1
REQUEST FOR ADDITIONAL INFORMATION

April 16, 2003

COMMERCIAL EXCHANGE, INC

NE/4 of Section 1, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico

1. Sections one, two, three, four and five (1 and 2) Application Form C-137.
 - A. Commercial Exchange Inc. (Commercial Exchange) has completed sections one and two (1 and 2).

2. Section three (3) Application Form C-137.
 - A. Location Map: Please attach a recent survey map of the Commercial Exchange property. There are some discrepancies regarding the south and west property lines between the Patent land that Commercial Exchange currently holds and the State Trust Lands to the south and west. The surveyor must stake out the property line. When the survey is completed, Commercial Exchange must notify the OCD so that an inspection can be performed to determine if any of the contamination from past leaks and spills are on the adjoining property.

3. Section four (4) Application Form C-137.
 - A. Commercial Exchange has completed sections four (4).

4. Section five (5) Application Form C-137;
 - A. Attach the name and address of the landowners of record within one (1) mile of the facility boundary.

Commercial Exchange must include the address for each of the landowners of record within one mile of the facility boundary. The OCD believes that the landowner to the south and west of the Commercial Exchange property is the State of New Mexico not Red Bird. Please contact Myra Meyers with New Mexico State Land Office at 505-392-8736 for more information. Additional information may be obtained from the Lea County Assessor at 505-396-8629 (maps) and the Lea County Clerk at 505-936-8619 (deeds). Other county offices should be able to give you current landowner addresses from their tax records.

Commercial Exchange must include a landownership map that shows the ownership of all property located within 1. mile of the facility boundary.

5. Section six (6) Application Form C-137;
 - A. Facility Map: The permit application states the location of the proposed treating plant and submits a site diagram with a date of 7-30-91. However, the diagram is

very hard to read and I am unable to identify all of the tank numbers, volume and other notations.

Commercial Exchange shall provide a legible site map or diagram. The diagram/map should include additional information regarding the type of perimeter fence and what type of security will be installed at the entrance. In addition, the map or diagram should include the berms to be constructed or repaired, the height of the berm/wall and volume that will be contained. Also please provide a legend for all numbered items (tanks etc...) and describe their future use or if they are planned to be taken out of service.

6. Section seven (7) Application Form C-137;

- A. Facility Design: Attach designs for the construction/installation of the containment systems. Commercial Exchange included a diagram of a portion of the facility with what look to be flow lines with flow directions.

Please provide information, if it is easier it may be in the form of a legend, regarding all of the numbered items on this diagram.

Commercial Exchange shall provide a construction diagram of the valve containment system that will be used. How will leaks and spills from valves and tank drains be managed or contained. How and where will trucks drain their hoses? No fluids may be drained onto the ground surface.

Above-grade sumps/catchments must be inspected on a regular basis and any fluid must be removed to prevent overflow. The catchments should be inspected for defects on an annual basis and replaced as need.

All below-grade sumps/catchments 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.

- B. Facility Design: Attach a map locating any existing or planned below-grade pipelines.

Commercial Exchange shall provide addition information regarding below-grade pipelines. Below-grade pipelines associated with the treating plant must be pressure tested prior to returning them to use or first use and then annually thereafter. 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 associated with a below grade leak must be removed and disposed of at an OCD-approved facility. 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.

- C. Facility Design: Please describe how wastewater will be managed and where it will be disposed of. In addition, please describe how tank bottoms and centrifuge solid wastes will be managed and disposed of.

7. Section eight (8) Application Form C-137;

- A. Contingency Plan: Attach a contingency plan for reporting and cleanup of spills or releases.

In addition to what is proposed, Commercial Exchange 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.

Contaminated soil must be removed and disposed of at an OCD-approved facility. 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.

8. Section nine (9) Application Form C-137;

- A. Inspection Maintenance Plan: Commercial Exchange shall submit a routine inspection and maintenance plan with additional detailed information on the following:

Commercial Exchange has committed to daily checks of the facility and systems in Item 8 under contingency plan. 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 wastes may not be placed into the affected tank(s) until repairs have been completed. The berm around the tanks must be maintained at a height in order to contain one and one-third the volume of the largest tank or all interconnected tanks.

In addition to the form C-133 for transportation of produced water, "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 along with "The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit" (Form C-117) must be submitted to the OCD according to form directions.

9. Section ten (10) Application Form C-137;

- A. Closure Plan: Commercial Exchange has completed a closure plan.
- B. Closure Cost Estimate: The application submitted by Commercial Exchange included a closure plan cost estimate of \$25,000. The OCD closure cost estimate was based upon a 9.56-acre facility with 3x10,000 bbl tanks, 7x5000 bbl tanks, 3x3000 bbl tanks, 1x1000 bbl tank, 3x500 bbl tanks, and 1x200 bbl tank and 5 horizontal tanks estimated to be 200 bbls each. The OCD cost breakdown is located in Attachment 2.

Commercial Exchange shall submit a detailed cost estimate breakdown that can be compared with the estimate calculated by the OCD.

10. Section eleven (11) Application Form C-137;

- A. Hydrogeologic Information: The hydrogeologic information supplied by Commercial Exchange states that the ground water depth is 30 feet and it is non-potable due to salt content. Additional Hydrogeologic information regarding depth to and quality of ground water is required.

Commercial Exchange shall supply hydrological information including the location of the well(s) near the facility site used to estimate the ground water depth. The well(s) location shall be plotted on a USGS Quadrangle map - 7.5 min series Topographic map. If available hydrologic data regarding ground water quality in the well(s) should be supplied. The following is a web site that you may use to aid in your research <http://www.ose.state.nm.us/misc/links.html>.

11. Section twelve (12) Application Form C-137

- A. Public Notice: Commercial Exchange is required to notify landowners within one mile of the perimeter of the proposed facility. And to publish public notice in the required newspaper and to notify the county commission where the facility is proposed to be located.

The OCD will write a public notice for Commercial Exchange to be published upon receipt of the requested materials and upon review of a complete permit application. **More specifically, before the official public notice can be written I need the depth to ground water from nearby well(s) and the total dissolved solids (TDS) and chloride content of that well water.** This publication will start a 30-day comment period.

- B. Commercial Exchange may draft a notice to send to the landowners within 1 mile of the perimeter of the proposed facility and the county commission. A copy and proof of such notice (certified return receipt) shall be furnished to the OCD. The notice must include the following:

Notice is hereby given that pursuant to the New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 1220 South Saint Frances Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

Commercial Exchange, Inc., Operator, TG Herring, P.O. Box 3236, Lubbock, Texas, 79452, has submitted for approval an application to construct and operate a Rule 711 treating plant reclamation facility located in the NE/4 Section 1, Township 20 South, Range 36 East, N.M.P.M., Lea County, New Mexico. Bottom sediment and water (BS&W) associated with oil and gas production operations will be reclaimed by heat, centrifuge and chemical treatment. The permit application addresses the construction, operations, spill/leak prevention, reclamation, and monitoring procedures to be incorporated at the proposed site.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The application may be viewed at the above address or at or at the Hobbs district office at 1625 N. French Dr, Hobbs, New Mexico 88240 between 8:00 a.m. and 4:00 p.m., Monday thru Friday. Prior to ruling on any proposed application, the Director of the Oil Conservation Division shall allow at least thirty (30) days after the date of publication of this notice during which comments may be submitted and public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

12. Section Thirteen (13) Application Form C-137

A. **H₂S PREVENTION & CONTINGENCY PLAN**

1. Commercial Exchange must develop a prevention and contingency plan for ambient H₂S levels to protect public health. Please explain how the digital sensor data that are proposed will be monitored and recorded. For example will this be done twice daily or daily and at what levels will the sensors be set to give warnings such as lights and alarms. Taking recording readings at some regular interval at the facility helps set a base line for the facility. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval.** The plan must address how Commercial Exchange will monitor for H₂S to ensure the following:
 - a. If H₂S of 1.0 ppm or greater leaves the property;
 - i. the operator must notify the Hobbs office of the OCD immediately; and

- ii. the operator must begin operations or treatment that will mitigate the source.
- b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

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

13. Section fourteen (14) Application Form C-137

- A. Commercial Exchange shall submit a copy of the Public Regulation Commission (formerly Corporation Commission) certificate of organization and articles of organization.
- B. To fulfill the requirements on Form C-137, Commercial Exchange shall submit a copy of the original application dated March 31, 2003 to the OCD Hobbs District office.

14. Section fifteen (15) Application Form C-137

- A. Commercial Exchange has completed section fifteen (15).

ATTACHMENT 2
OCD Environmental Bureau Closure Cost Estimate
For
Commercial Exchange, Inc
9.56 acre surface waste management facility
April 17, 2003

Items and rates taken from closure cost estimates, state contract prices, service company prices and disposal company prices submitted at various times between 1997 and 2003.

Known: 23 tanks, boiler and heat exchanger, doghouse, office building and unknown volume of contaminated soils from leaking tanks and opened valves.

3 - 10,000 bbl tanks, 7 - 5000 bbl tanks, 3 - 3000 bbl tanks, 1 - 1000 bbl tank, 3 - 500 bbl tanks, 1 - 200 bbl tank, and 5 - 200 bbl horizontal tanks.

This is a potential total of 68,700 bbls of fluid that would be a mixture of oil, water, and tank bottom BS&W. The OCD currently does not know what volumes are contained at the site so for this estimate the OCD will estimate that 1/3 of the current potential volume or 22,900 bbls is oil, 1/3 of the volume or 22,900 bbls is water, and 1/3 of the volume or 22,900 bbls is tank bottom BS&W. The volume of contaminated soil currently on site from leaking tanks and opened valves is not calculated in this estimate.

Job Foreman/Coordinator:	
10 days * \$70.00 hour	\$5,600.00 Total

NORM Survey	
Certified NORM tech. \$ 55.00 hr 16 hours	\$880.00 Total

Remove Fluids From All Tanks.

- 130 bbl transport truck & 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)

Based on the Estimate above:

Oil sale tanks removed any oil for sale = Total 22,900 bbl

Waste water tanks dispose of fluid as produced water = Total 22,900 bbl

Waste fluid tanks dispose of waste as exempt tank bottom /BS&W = Total 22,900 bbl

Disposal Waste water 22,900 bbl * \$0.35 bbl = \$ 8,015.00

Disposal Waste fluid 22,900 bbl * \$3.25 bbl = \$ 74,425.00

Transport of 22,900 bbls to injection well
177 trips at 1 hour per round trip = 177 hours * \$70.00/hour = \$ 12,390.00

Transport of 22,900 bbls to treating plant
177 trips at 1 hour per round trip = 177 hours * \$70.00/hour = \$ 12,390.00

= \$ 107,220 total tank fluid transport and disposal

Tank Cleaning

Tank Cleaning: Jet truck, vacuum truck	\$ 1,980.00
Jet water: 250 bbl fresh water	\$ 50.00
Jet water disposal: 225 bbl \$3.25 /bbl	\$ 732.00
Hauling 130 bbl per load * 2.5 hours round trip mi. * \$65.00 hr	<u>\$ 325.00</u>
	\$ 3,087.00 Tank Cleaning

Remove Tanks, Piping and Equipment:

Removal of tanks and residual equipment:

Roustabout crew/truck \$60 hr * 56 hr	\$ 3,360.00
Operator tandem winch/trailer \$85 hr * 56 hr	\$ 3,760.00
Dirt work/reclamation: \$65 hr * 56 hour days	<u>\$ 3,640.00</u>
	\$10,760.00 Tank and Equipment Disposal

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

Analytical Analysis for site characterization

40 confirmatory samples taken beneath tanks.

State Contract Laboratory Prices per analysis:

BTEX	\$ 40.00 * 30 samples	=	\$ 1,200.00
TPH	\$ 50.00 * 30 samples	=	\$ 1,500.00
chloride	\$ 40.00 * 30 samples	=	\$ 1,200.00
Radium 226	\$110.00 * 15 samples	=	<u>\$ 1,650.00</u>
			\$ 5,550.00 Analytical

Confirmatory Soil Sampling Time and Labor for 30 samples

Labor 2 personnel \$55.00/hour
Sample 30 min per sample
Travel 2 hours
Delivery & Paperwork 2 hours

Total Time = (30 min/sample * 30 samples) + 2 hour + 2 hours = 15 hours

15 hours * \$55.00/hour * 2 persons = **\$1,650.00 Sampling Event**

Total Closure Treating Plant Facility

\$131,660.00 Subtotal
\$ 6,913.00 NMGRT .0525
\$138,573.00 Total Financial Assurance

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

WELL / SURFACE DATA REPORT 04/16/2003

DB File Nbr	Use	Diversion	Owner	Well Number	Source	Tw	Rng	Sec	q	q	q	X Y are in Zone
L 03921	STK	3	T. E. MUSICK	L 03921	Shallow	19S	36E	35	3	4		
L 04715	DOM	3	CLIMAX CHEMICAL COMPANY	L 03921 APPRO	Shallow	19S	36E	35	3	4		
L 04755	EXP		CLIMAX CHEMICAL COMPANY	L 04715		19S	36E	35	4	3		
L 04756	EXP	3	CLIMAX CHEMICAL COMPANY	L 04715 APPRO EXP		19S	36E	35	4	3		
				L 04755 EXPL		19S	36E	35	4	4		
				L 04756 EXPL	Shallow	19S	36E	35	2			

Record Count: 6

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

AVERAGE DEPTH OF WATER REPORT 04/16/2003

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	19S	36E	35				3	50	70	57

Record Count: 3

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

Clear Form WATERS Menu Help

WATER COLUMN REPORT 04/16/2003

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

Well Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column
L 04756 EXPL	19S	36E	35	2						250	70	180
L 03921 APPRO	19S	36E	35	3	4					75	50	25
L 03921	19S	36E	35	3	4					75	50	25

Record Count: 3

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

WELL / SURFACE DATA REPORT 04/16/2003

DB File Nbr	Use	Diversion	Owner	Well Number	Source	Tws	Rng	Sec	q	q	q	X Y are in Zone
L 01270	MUL	0	GULF OIL CORPORATION	L 01270		19S	36E	36	4	4	2	
L 04716	DOM	3	CLIMAX CHEMICAL COMPANY	L 04716		19S	36E	36	3			
				L 04716 APPRO EXP		19S	36E	36	3			

Record Count: 3

**New Mexico Office of the State Engineer
Well Reports and Downloads**

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

WELL / SURFACE DATA REPORT 04/16/2003

DB File Nbr	Use	Diversion	Owner	Well Number	Source	Tws	Rng	Sec	q	q	q	(acre ft per annum)	
												Use	Diversion
L 04736	DOM	3	CLIMAX CHEMICAL COMPANY	L 04736	Shallow	20S	36E	02	1	1			
L 04736	APPRO			L 04736 APPRO	Shallow	20S	36E	02	1	1			

Record Count: 2

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report	Avg Depth to Water Report	Water Column Report
Clear Form	WATERS Menu	Help

AVERAGE DEPTH OF WATER REPORT 04/16/2003

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	20S	36E	02				2	92	92	92

Record Count: 2

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report	Avg Depth to Water Report	Water Column Report
Clear Form	WATERS Menu	Help

WATER COLUMN REPORT 04/16/2003

(quarters are 1=NW 2=NE 3=SW 4=SE)
 (quarters are biggest to smallest)

Well Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column
L 04736 APPRO	20S	36E	02	1	1					92	92	0
L 04736	20S	36E	02	1	1					92	92	0

Record Count: 2

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

WELL / SURFACE DATA REPORT 04/16/2003

DB File Nbr	Use	Diversion	Owner	Well Number	Source	Tws	Rng	Sec	q	q	q	X Y are in Zone
L 03188	PRO	3	AMERADA PETROLEUM CORPORATION	L 03188		20S	36E	01	4	1	2	
L 03814	DOM	3	W. C. BYRD	L 03188 APPRO		20S	36E	01	4	1	2	
				L 03814	Shallow	20S	36E	01	2	2	2	

Record Count: 3

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report	Avg Depth to Water Report	Water Column Report
Clear Form	WATERS Menu	Help

AVERAGE DEPTH OF WATER REPORT 04/16/2003

Bsn	Tws	Rng	Sec	Zone	X	Y	Wells	(Depth Water in Feet)		
								Min	Max	Avg
L	20S	36E	01				1	40	40	40

Record Count: 1

New Mexico Office of the State Engineer
Well Reports and Downloads

Township: Range: Sections:

NAD27 X: Y: Zone: Search Radius:

County: Basin: Number: Suffix:

Owner Name: (First) (Last) Non-Domestic Domestic All

Well / Surface Data Report Avg Depth to Water Report Water Column Report

WATER COLUMN REPORT 04/16/2003

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are biggest to smallest)

Well Number	Tws	Rng	Sec	q	q	q	Zone	X	Y	Depth Well	Depth Water	Water Column
L 03814	20S	36E	01	2	2	2				60	40	20
L 03188 APPRO	20S	36E	01	4	1	2						

Record Count: 2

RECEIVED

APR 01 2003

Environmental Bureau
Oil Conservation Division

Martyne J. Kieling
Environmental Geologist
New Mexico Oil Conservation Division

RE: Solutions for Re-permitting on behalf of Commercial Exchange Inc.
Re-permitting under Rule 711.
9.56 acres located in the NE/4 of Section. 1, Township 20 South, Range 36 East,
NMPM, Lea County, New Mexico

Dear Ms. Kieling.

We at Commercial Exchange understand there are some deficiencies in the property and we are more than committed to getting the property at NE/4 of Section 1, Township 20 South, Range 36 East, and NMPM Lea County, New Mexico in operable condition. The following is a list responding to your requirements based off the inspection of March 3, 2003 of the facility.

- 1 The soil will be remediated according to OCD remediation guidelines.
2. There is a brick wall that runs around the tanks on the south east side of the property. The brick wall encompasses three sides of the east tanks. We are only going to use five tanks on the west side. I propose putting a Berm around the Northwest corner and along the West and South sides. This would meet the objective of holding one third more than the total volume of all interconnected tanks. All tanks that are beyond repair will be judged as inoperable and not used. We will need to get fresh BS&W in the tanks so as to get the old BS&W out of the tanks. This should take no more than 90 days after accepting first BS&W.
3. There are no open pits or tanks on the property. There is a low depression on the south side of the property that has had oil spilled on it. We will remediate and land farm immediately.
4. There is about a 4ft brick wall around three sides of the east tanks and saddle tanks. This should meet the requirements of being able to contain a volume of one third more than the total volume of the largest tank or interconnected tanks.
5. We will label all tanks according to guidelines immediately. All tanks that aren't being used will be labeled appropriately as well.
6. There are no below ground tanks or sumps on this property. The oil on the south side depression will be remediated and land farmed.
7. N/A None on property

8. We propose to put Berms on the property in the following locations: Northwest corner, west side fence, and south side fence. Any soil around the base of the tanks that has had spills will be remediated and land farmed. Leaky valves will be replaced before start of business and pumps that are useable will be reworked to an operable condition. Tanks, valves, and motors will be inspected daily plant employees.

9. The leaky tanks are contained to the west side of the property. We will be using 6,7,8,10,5, and 9. The others will not be used unless further notified. Operable tanks will be patched. All future leaks will be reported per OCD regulation.

10. All contaminated soil will be remediated and land farmed immediately

11. There is a brick wall surrounding three sides of the east tanks and saddle tanks. We propose to put an additional berm on the south, west and northwest areas of the property. This would be able to contain contaminated water from moving from the property.

12. We will have 24-hour security on the property.

13. Sign will be redone before the start of business with all required pertinent information.

14. (a) Information contained in application

(b) A plat from a 1991 survey is attached along with a topographical map of area.

(c) Red Bird, Jimmy Cooper, and Dynenergy are the only landowners next to property. Our address is Po Box 3236 Lubbock, TX 79452

(d) See attached survey description

(e) We will be taking waste to Jimmy Cooper located 3 miles south of Monument

(f) OCD will be notified of all spill, leaks, or releases.

(g) Would request 6 months before first inspection to allow time to comply with all rules. We will be training employees how to look for leaks, spills, or releases

(h) Have talked with Terry O'Brain from American Safety Services Inc. He will install an H2S monitoring warning system at our facility with digital sensors to protect employees and public of any possible H2S release over OSHA permissible exposure limits. See attached letter.

(i) \$25,000.00 Irrevocable Letter of Credit

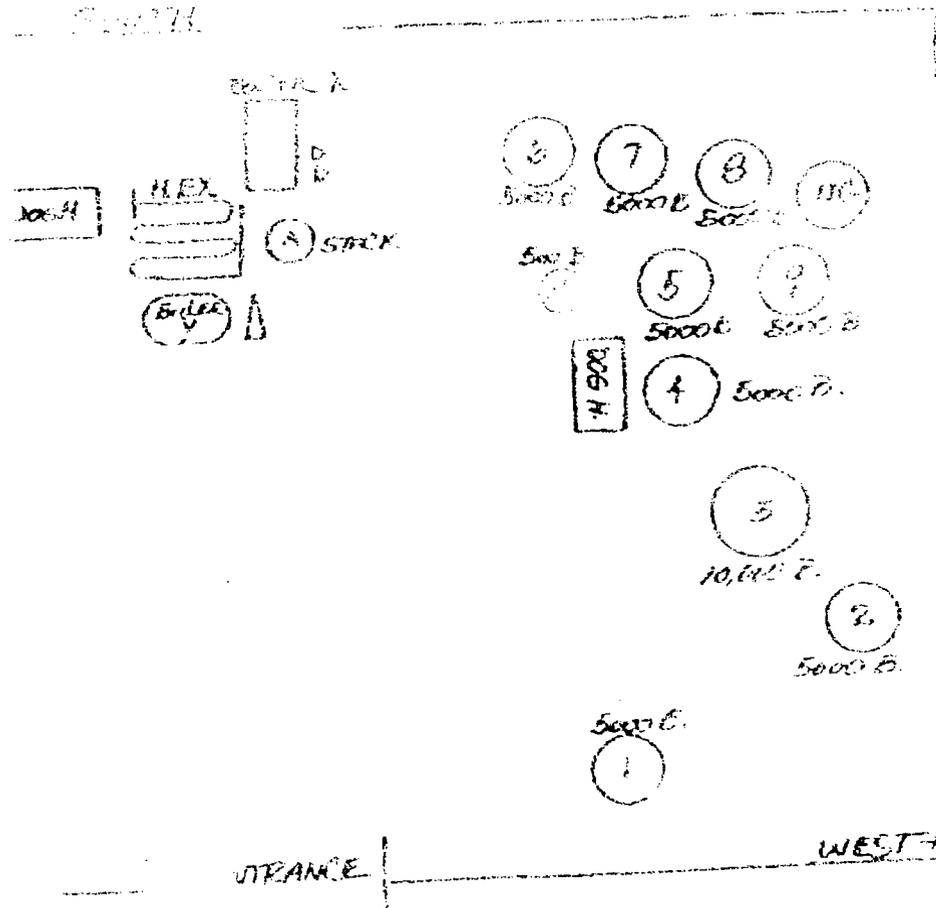
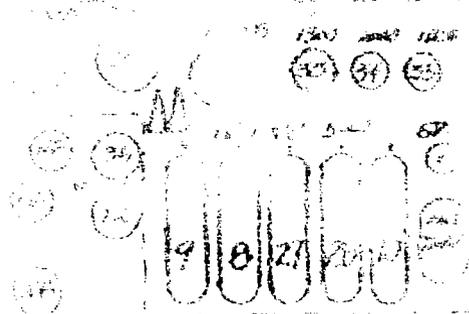
(j) Groundwater is located at 30 feet and is non-drinkable due to salt content.

I, TG Herring, President of Commercial Exchange Inc., do solemnly swear that all information submitted in this application is true, accurate, and complete to the best of my knowledge.

TG Herring
Name Printed
TG Herring
Signature

Pres.
Title
3-31-03
Date

Question 14 b

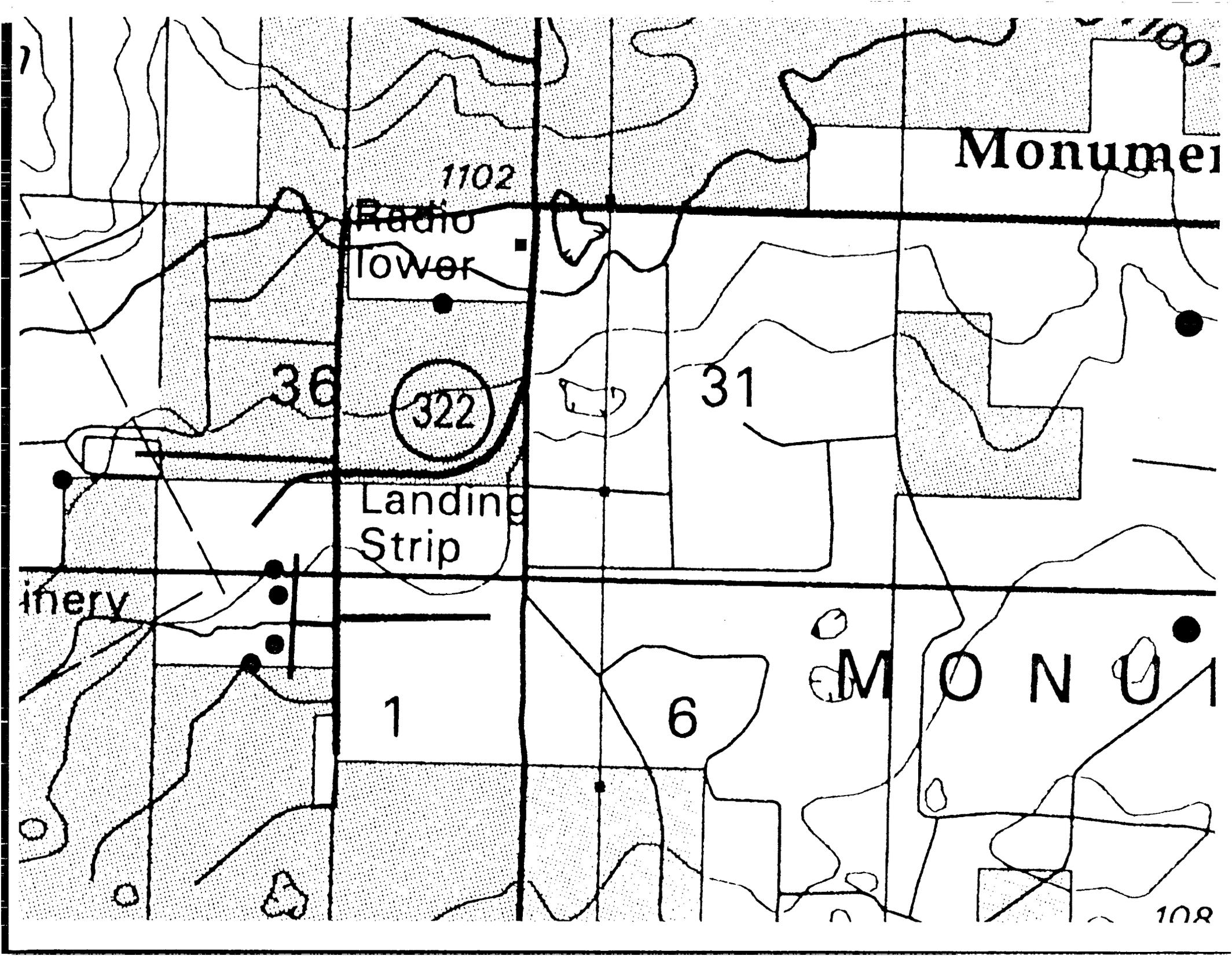


EL PASO NATURAL GAS

CILEBURELL

DATE 9-30-41

ENGINEERING CALCULATION FORM
 DRAWING PROJECT NO. _____
 SHEET NO. _____ OF _____
 CHECKED BY _____
 DESIGNED BY _____



Monument

1102

Radio
Tower

36

322

31

Landing
Strip

inery

1

6

MONUMENT

Question 14 h



**AMERICAN
SAFETY
SERVICES
INC**

2300 Ladue Lane
Odessa, TX 79762
Phone 915-552-7625
Toll Free 877-879-8899
Fax 915-363-3811

PO Box 1166
Artesia, NM 88210
Phone 505-746-1095
Toll Free 877-879-8899
Fax 605-746-3530

March 24, 2003

T.G. Herring
806-795-9908
806-795-9910

Mr. Herring:

Per our discussion on March 20, 2003, I made an initial assessment of the facility and offer this plan.

We will install an H2S monitoring warning system at your facility with sensors located at points to protect employees and public and warn of any possible H2S release over OSHA permissible exposure limits.

Once we have established what concentration of the H2S potential detected at your facility, we will develop a contingency plan pursuant to that concentration and the radius of exposure determined by said concentration.

Upon initial assessment, there are no public dwellings or public maintained roads within the immediate vicinity of the facility.

Thank you,

Terry O'Brain
Operations Manager

Question 14 I

Martyne. J Kieling
Environmental Geologist
New Mexico Oil Conservation Division

RE: Letter of Credit for Commercial Exchange Inc,
9.56 acres located in the NE/4 of Section1, Township 20 South, Range 36 East,
NMPM, Lea County, New Mexico

Dear Ms. Kieling

Commercial Exchange Inc. is currently working on obtaining a \$25,000.00 Irrevocable Letter of Credit For Waste Management facility located in Monument, New Mexico. I will send Letter of Credit to you Priority Mail as soon as I receive notice. Any questions you may have until I obtain Letter of Credit I will be happy to resolve immediately. My phone number is : 806-795-9908. I look forward to working with you in the future.

Sincerely,



TG Herring

President
Commercial Exchange Inc.

NW
Point of
Beginning

660'

2157.8'

333.2'

Warren Petroleum Co.

Lot 4
42.12 ac

Lot 3
40.09 ac

720'

1320'

600'

S. 89° 58' W.

1100'

500'

160'

1320'

S. 0° 6' W. 350'

350'

N. 89° 58' E. 600'

Energource, Inc.

2-96

100'

N 0° 6' E.

N. 89° 58' E. 500'

500'

N 0° 6' E. 250'

250'

N 75° 51' W. 515.2'

223'

100'

156.5'

156.5'

660.1'

1320'

1060.9'

Question 14 d

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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-137
Revised March 17, 1999

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

APPLICATION FOR WASTE MANAGEMENT FACILITY

(Refer to the OCD Guidelines for assistance in completing the application)

RECEIVED

Commercial Centralized

APR 01 2003

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

Environmental Bureau
Oil Conservation Division

2. Operator: Commercial Exchange Inc.

Address: PO Box 3236 Lubbock, Tx 79452

Contact Person: TG Herring Phone: 806-795-9908

3. Location: NE /4 /4 Section 1 Township 20 South Range 36 East
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 H₂S.

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: TG Herring

Title: Pres

Signature: TG Herring

Date: 3-31-03

**Attachment For Waste Management Facility Application
Form C-137
Questions 5-14**

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

Commercial Exchange Inc. PO BOX 3236 Lubbock, TX 79452

Red Bird is south side of property

Jimmy Cooper east side property line

Dyenergy is north side of property line

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

Facility is a Waste Management Treating Facility located at NE/4 of Section 1, Township 20 South, Range 36 East, and NMPM Lea County, New Mexico. See attached diagram of facility.

7. Designs prepared in accordance with Division guidelines for the installation of the following waste treating system.

See attached pictures of Centrifuge treating system to be located on property.

8. Contingency plan for reporting and clean up for spills or releases.

All employees will be trained to notify management, New Mexico OCD, and OSHA as needed in the event of small or large spill, leaks, or releases. Property along with valves, pumps, and tanks will be checked daily and logged.

9. Routine inspection and maintenance plan to ensure permit compliance.

Commercial Exchange Inc. is a Waste Treatment Facility located in Monument, New Mexico. All employees will be trained to look for leaks, spills, or releases. No produced water shall be received at the facility unless the company has the proper C-133 form. All liquids will be tested before being accepted on the facility.

10. Closure Plan

Commercial Exchange Inc. will notify OCD when operation of the facility is discontinued for a period in excess of six months or when the facility is to be dismantled. When Commercial Exchange Inc. discontinues business we will

no longer accept any new material. Any soil that has had a leak or spill will be remediated as to meet OCD standards. Facility will not close until all fluids have been centrifuged and excess waste taken to a waste facility. Closure shall be pursuant to all OCD requirements in effect at the time of closure.

11. Depth and quality of ground water on property.

Groundwater is located at 30 feet and is non-drinkable due to salt content.

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

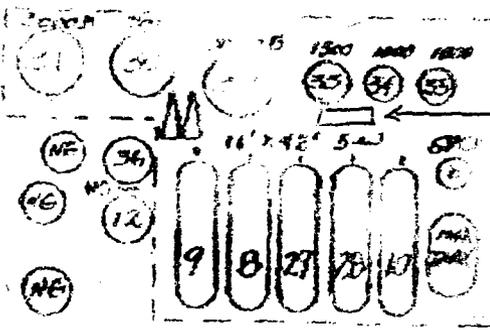
Commercial Exchange Inc. will give written notice of application to the owners of surface lands and occupants within one mile of the monument facility.

13. Contingency plan in the event of a release of H₂S.

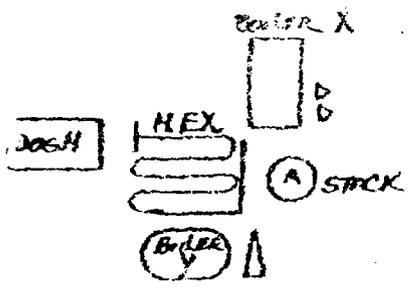
Commercial Exchange Inc. has talked to American Safety Services Inc. out of Artesia, New Mexico in regards to installing an H₂S monitoring system at our facility for the protection of employees and the public. There are no public roads adjacent to the property. See attached letter.

Question 6

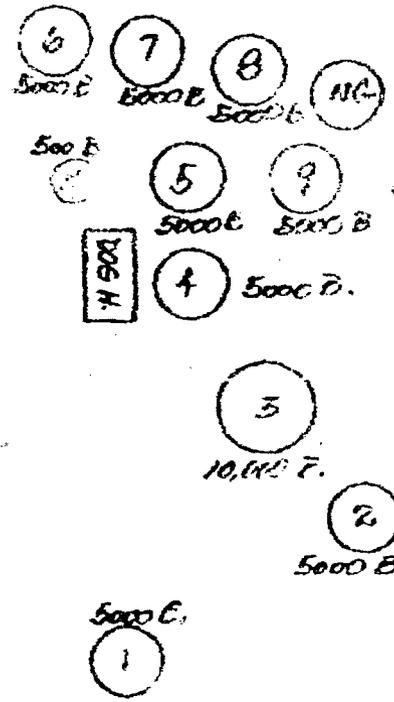
SOUTH



Centrifuge



OFFICE



5" Lmt

EAST

ENTRANCE

WEST

EL PASO NATURAL GAS CO

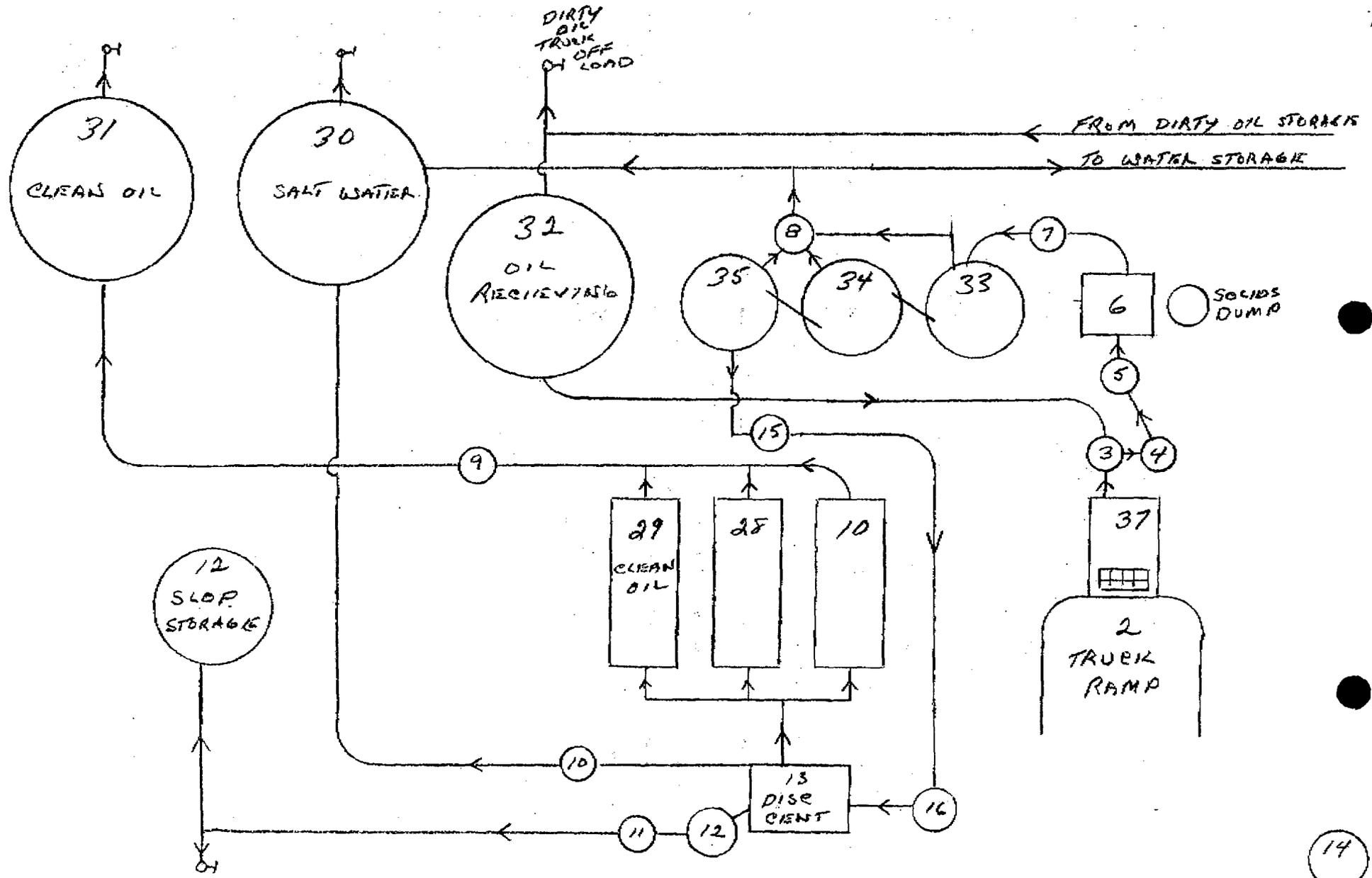
NORTH

PREPARED BY
CHECKED BY

ENGINEERING CORPORATION
ENGINEERING CALCULATION FORM
PROJECT
CILSOURCE

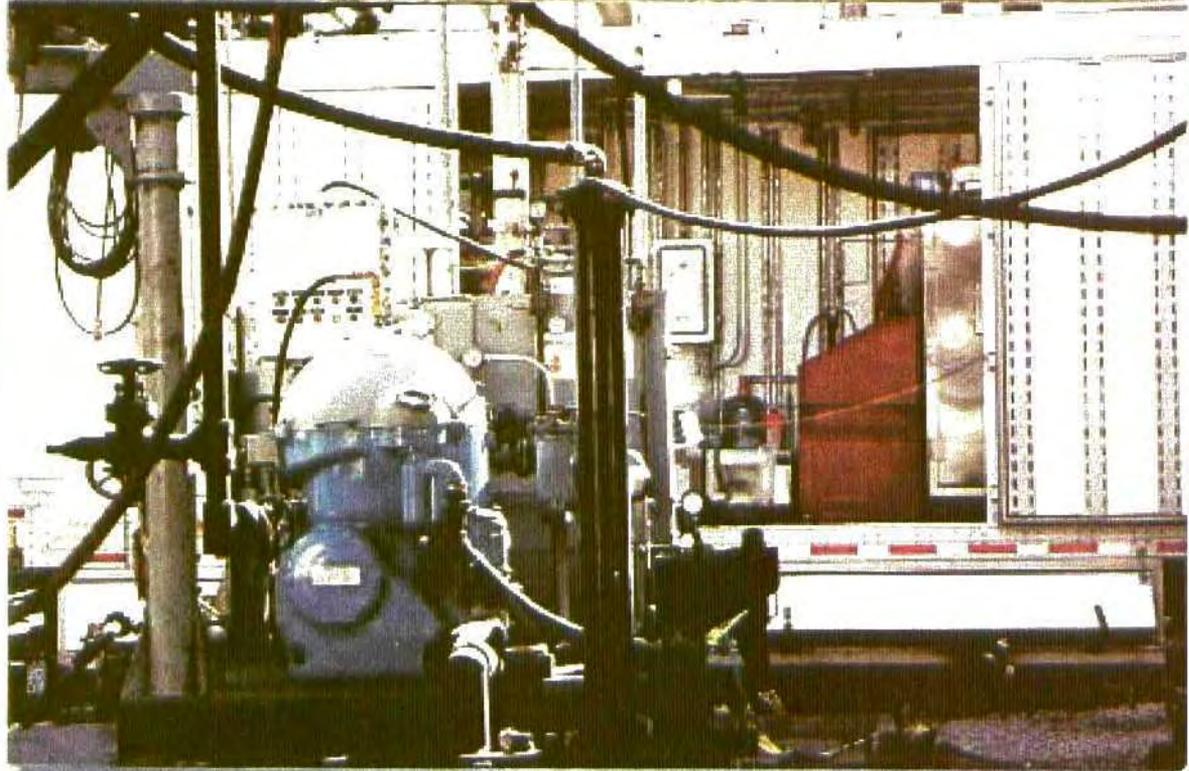
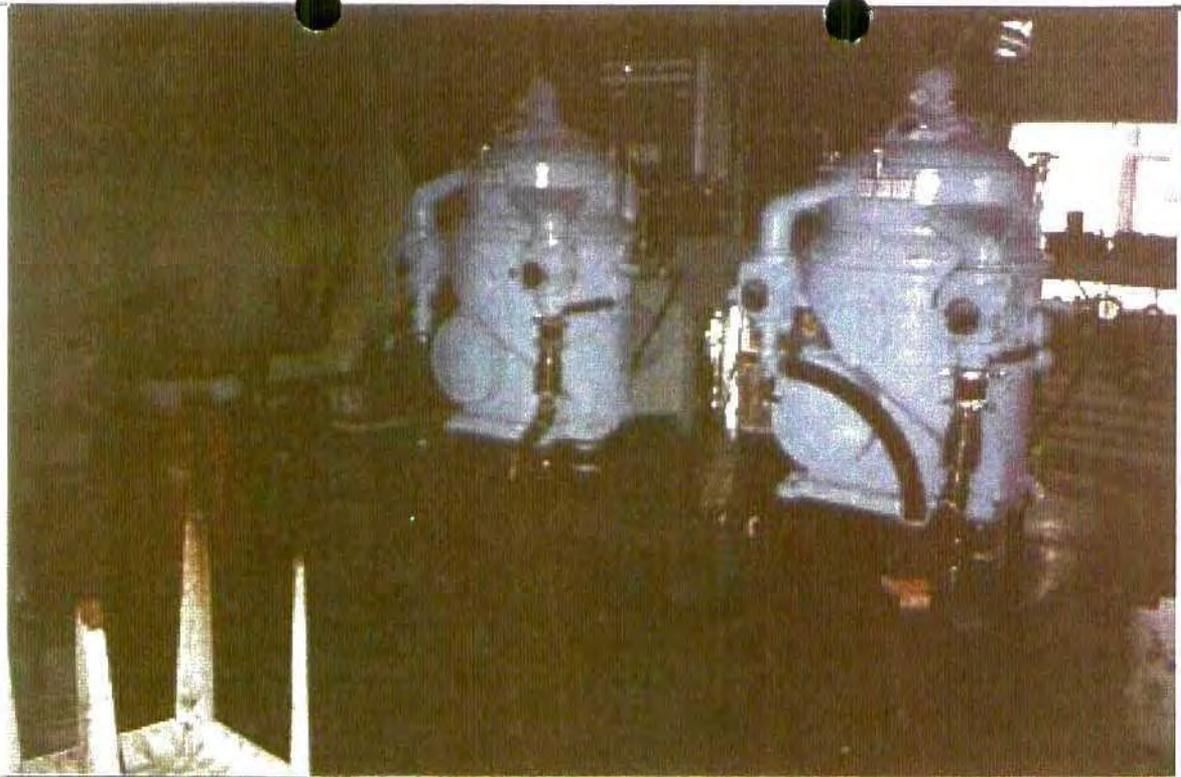
PAGE 1 OF 1
PROGRAM & PROJECT NO.
DATE 7-20-91

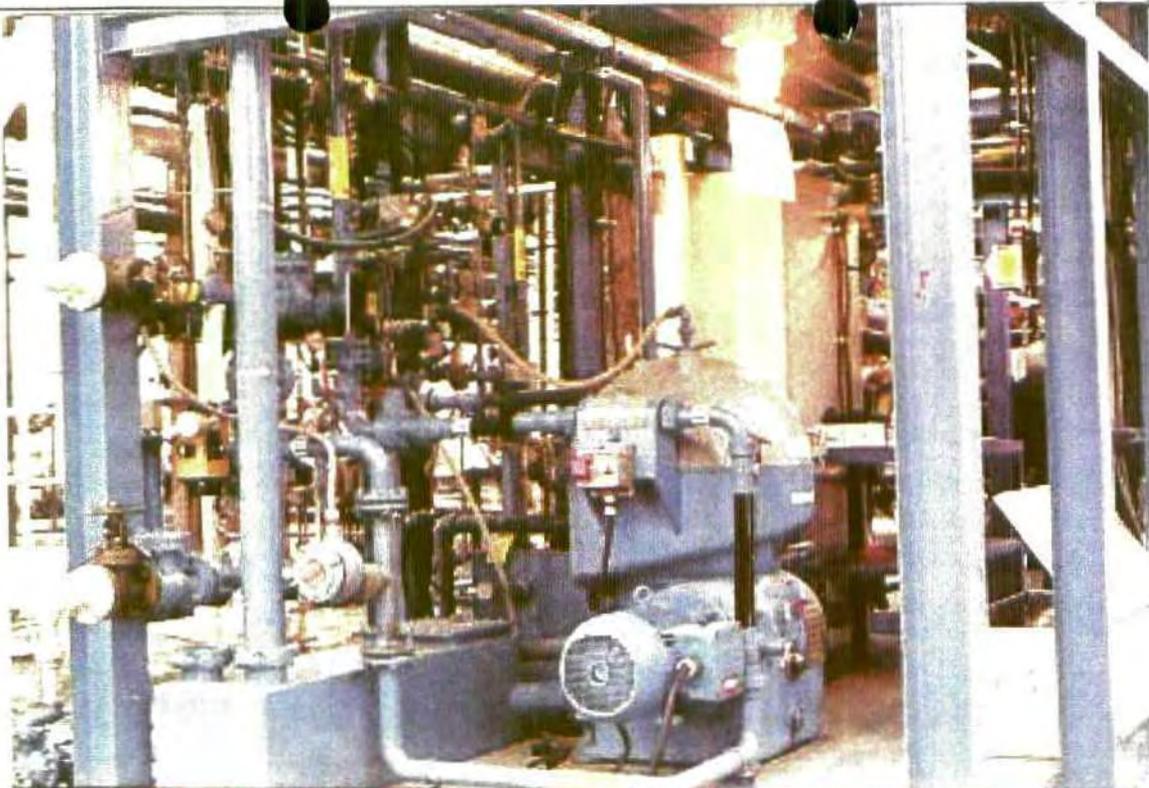
Question 7



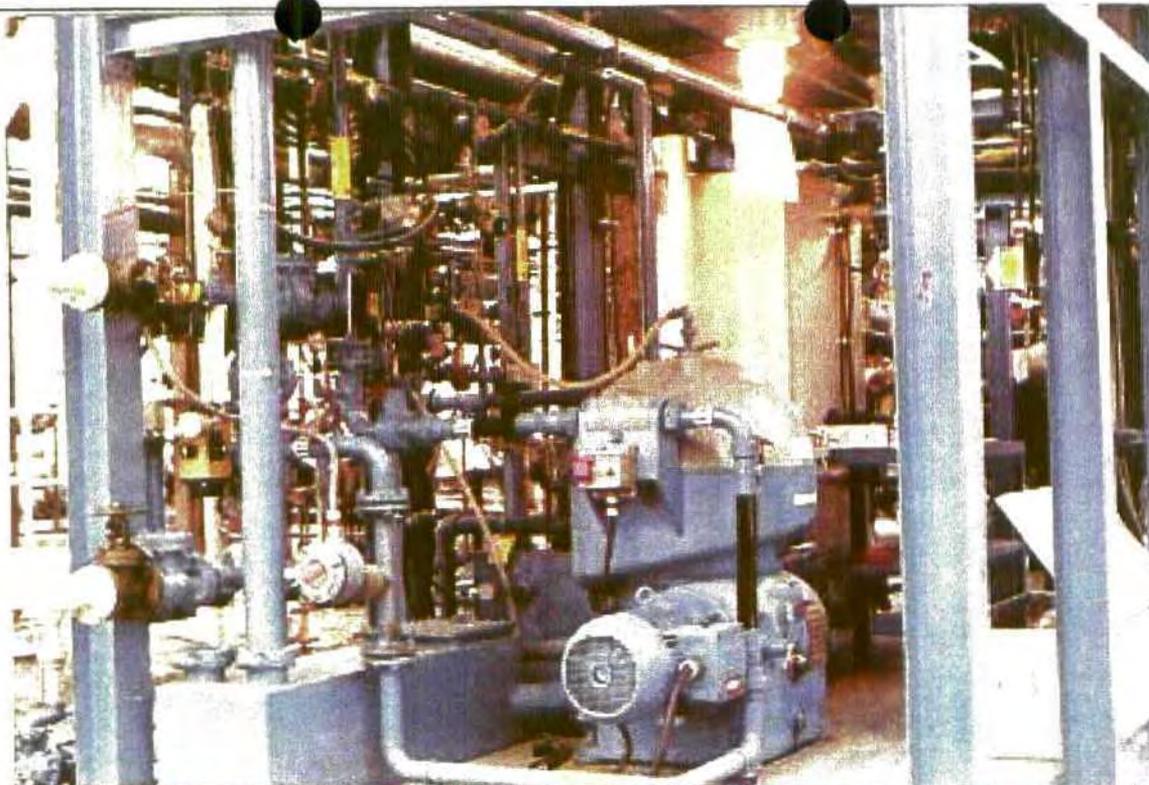
03/24/2003 09:33 CENTRIFUGES UNLIMITED → 18067959910

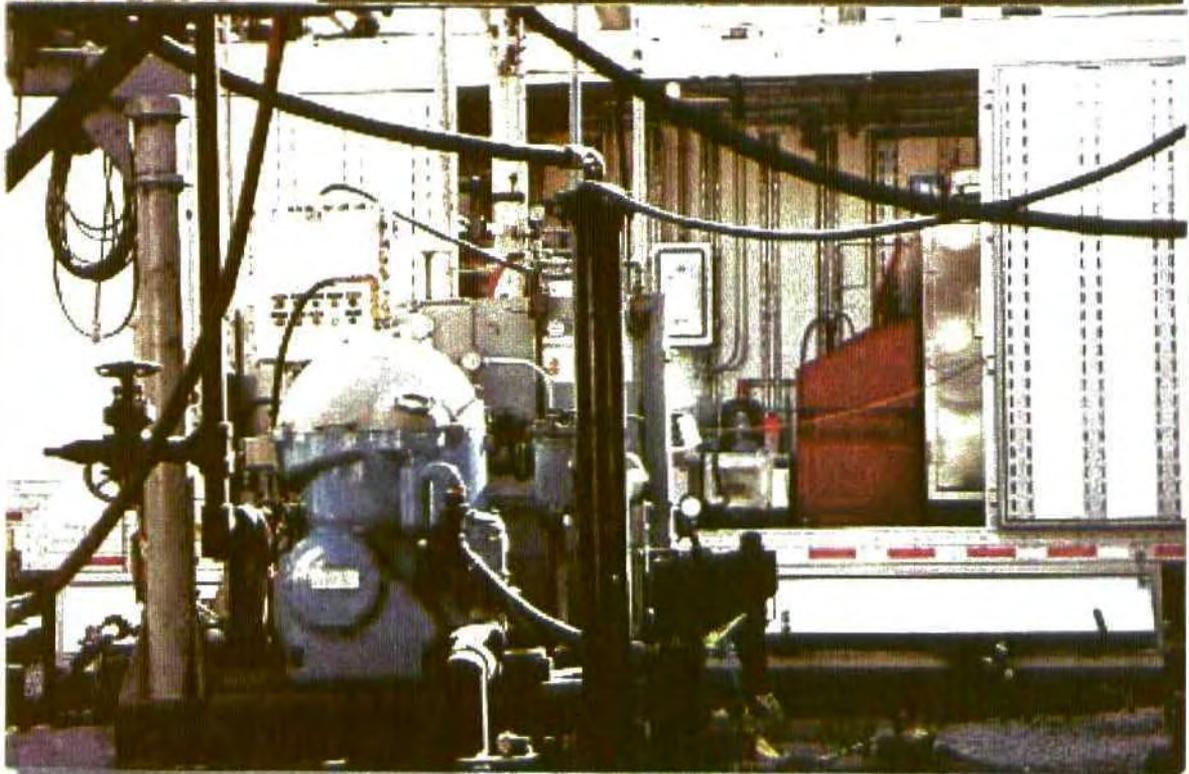
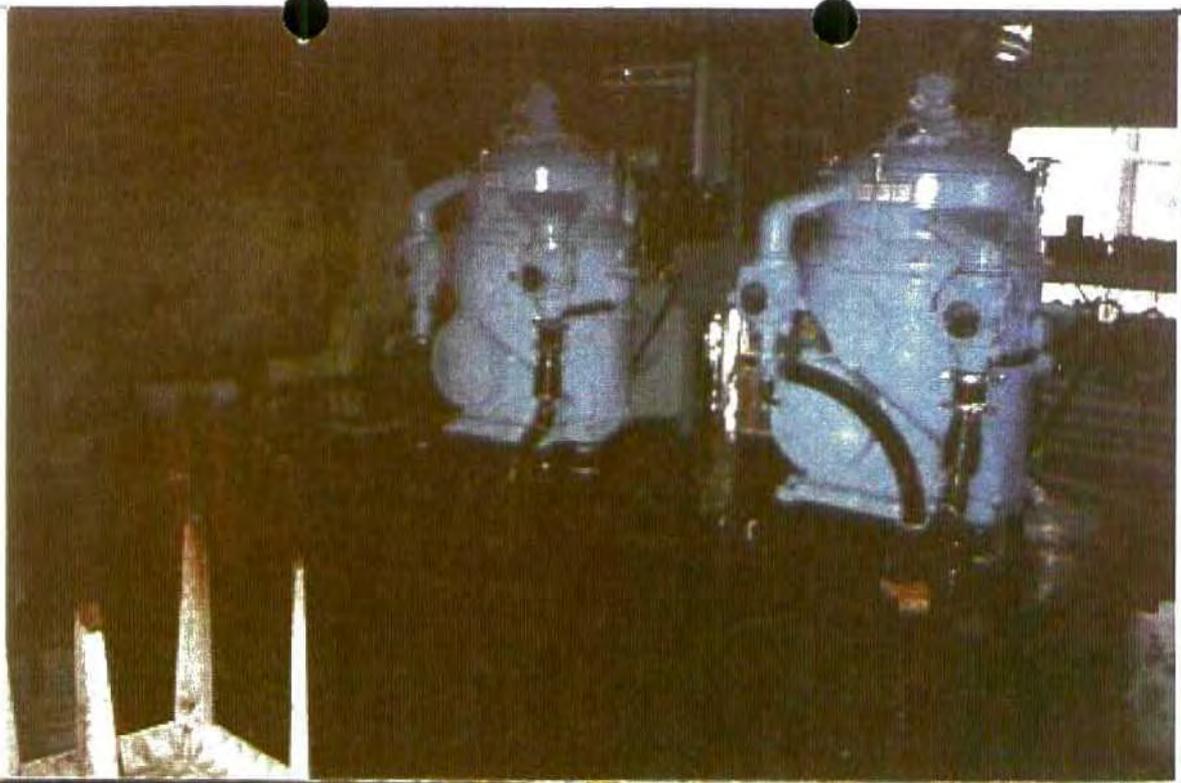
14
 BOILER
 OFF
 MCC
 NO. 631
 0005





Question 13





PROFIT CORPORATE REPORT

TO THE STATE CORPORATION COMMISSION OF NEW MEXICO

Please type or print legibly
Instructions on next page

PROPOSED TAXABLE YEAR ENDING DATE >>> 8/31/2003

Corporate report due on or before the fifteenth day of the third month following the end of its taxable year except that the First Report shall be filed within thirty days from date of incorporation or qualification in New Mexico.

1. EXACT CORPORATE NAME AND U.S. MAILING ADDRESS
Commercial Exchange Inc.
4612-7th St.
Lubbock, Tx 79416

2. PRINCIPAL PLACE OF BUSINESS IN NEW MEXICO
 STREET 209 West Broadway
 CITY, STATE, ZIP Hobbs, New Mexico Suite 17
88240

3. PRINCIPAL OFFICE OUTSIDE NEW MEXICO (if different from registered office in state of incorp)
 STREET _____
 CITY, STATE, ZIP _____

4. NMSCC Certificate of Incorporation / Authority Number
 refer to above number in all correspondence

5. NM Tax & Revenue ID _____

6. FOREIGN CORPORATION - REGISTERED OFFICE IN STATE OF INCORPORATION
 STREET _____
 CITY, STATE, ZIP _____

7. STATE OR COUNTRY OF INCORPORATION _____

8. REGISTERED AGENT AND OFFICE LOCATED WITHIN NEW MEXICO FOR SERVICE OF PROCESS
(filing corporation cannot be its own agent)
 NAME Sylvia Peterson
 STREET 209 West Broadway Suite 17
(post office box unacceptable unless geographical location is given)
 CITY, STATE, ZIP Hobbs, New Mexico 88240

9. The names and addresses of ALL the directors and officers (Identify each elected director from an officer's position. A New Mexico Corporation shall have not less than one director. Refer to instruction No. 9) of the Corporation and when the term of office of each expires:

OFFICE/TITLE	NAME AND ADDRESS	DATE WHEN TERM EXPIRES
<u>President</u>	<u>TG Herring 4612 7th St. Lubbock, Tx 79416</u>	<u>1 year</u>
<u>Vice President</u>	<u>Warren Goss 3030 Sterling Circle Boulder, Co 80301</u>	<u>1 year</u>
<u>Director Secretary-Tres.</u>	<u>Mark Goss 6906 Gary Ave. Lubbock, Tx 79413</u>	<u>1 year</u>

(attach schedule if needed)

The character of its business in New Mexico, briefly stated, is Purchase and Sale of Oil Products

The date for the next annual meeting of the stockholders for the election of directors is January 20th, 2004

10. Under penalties of perjury, I declare and affirm that I have examined this report, including the accompanying schedules and statements and that all statements contained therein are true and correct.

3-23-2003
date

signature of officer or authorized agent Secretary-Tres.
title

11. PAYMENT OF FILING FEE AND LATE FILING PENALTY:

PAYMENT OF FILING FEE AND LATE FILING PENALTY:		NMSCC Office Use Only	
(a) Filing fee due on Corporate Report.....(a)	\$ <u>25.00</u>	Amount Remitted	Postmark Date
(b) \$100.00 Late Filing Fee Penalty.....(b)	\$ _____		
(c) TOTAL AMOUNT DUE WITH CORPORATE REPORT (lines a+b)....(c)	\$ <u>25.00</u>		

PLEASE DO NOT SUBMIT CASH FOR PAYMENT

APPLICATION FOR CERTIFICATE OF AUTHORITY

The undersigned corporation applies for a Certificate of Authority to transact business in New Mexico under the Business Corporation Act, and for that purpose submits the following statement to the State Corporation Commission:

1. Its corporate name is Commercial Exchange Inc. Charter# 01201362-9

(Corporate name identical to name on attached Certificate of Good Standing and Compliance/Existence) and is incorporated under the laws of Texas

2. If the corporate name does not contain the word "corporation," "company," "incorporated," or "limited," or an abbreviation of one of these words, then its corporate name with the word or abbreviation which it elects to add thereto for use in New Mexico is Commercial Exchange Inc.

3. The date of its incorporation is 7th & 31st of 91 and the period of its duration, as stated in its articles of incorporation, is perpetual.

4. The street address, city and zip code of its registered office in its state or country of incorporation is 4612 7th St. Lubbock, Tx 79416, and the address, city, state and zip code of the principal office, if different from its address in the state or country of incorporation is: _____

5. The name of its proposed registered agent and the registered office, street address (P.O. Box is unacceptable unless geographical location is given), city and zip code located in New Mexico are Sylvia Peterson at 209 West Broadway Suite 17 Hobbs, NM 88240

6. The purpose or purposes (at least one specific purpose must be stated) which it proposes to pursue in the transaction of business in New Mexico are: (ATTACH SCHEDULE, IF NEEDED)

All commercial activity associated with the purchase and sale of oil products.

7. The names and respective addresses of the officers and directors, who have consented to serve, are:

(ATTACH SCHEDULE, IF NEEDED)
TG Herring-President 4612 7th St. Lubbock, Tx 79416

Warren Goss-Vice President 3030 Sterling Circle Boulder, Co 80301

Mark Goss-Secretary/Tres. 6906 Gary Ave. Lubbock, Tx 79413

8. The aggregate number of shares which it had authority to issue, itemized by classes, and series, if any, within a class is: 1,000- one thousand (ATTACH SCHEDULE, IF NEEDED)

9. The aggregate number of its issued shares, itemized by classes and by series, if any, within a class is: (ATTACH SCHEDULE, IF NEEDED)

N/A Common Stock

10. An estimate expressed in dollars of \$50,000.00- \$150,000.00

(a) the gross amount of business which will be transacted by it during its current fiscal year at or from places of business located in New Mexico is:

(b) the gross amount of business which will be transacted by it during such year, wherever transacted, is:

\$50,000.00 - \$150,000.00

(c) the value of all property to be owned by it and located in New Mexico during such year, is:

\$50,000.00

(d) the value of all property to be owned by it during such year, wherever located, is:

\$50,000.00

11. This application is accompanied by the following documents: a) an original Certificate of Good Standing and Compliance, or the equivalent thereof, issued by the appropriate official, who is the custodian of the records in-so-far as they pertain to its incorporation, of the state or country under the laws of which the filing corporation is incorporated; b) and an affidavit executed by the designated registered agent in which the individual agent acknowledges his acceptance of the appointment by the filing corporation, or an affidavit executed by the president or vice-president of a corporation (other than the filing corporation) which is the designated registered agent in which the officer acknowledges the corporation's acceptance of the appointment by the filing corporation as its registered agent, if the agent is a corporation. The Certificate of Good Standing and Compliance, for the filing corporation, is current within thirty days or has not expired upon submission to the Commission.

Date: 3-23-2003

Commercial Exchange Inc.

(Corporate Name)

By J. H. Hearing
Its President/Vice President

and Mark D. East
Secretary/Assistant Secretary

Under penalties of perjury, I declare and affirm that I am one of the above corporate officers who signed the foregoing document executed by the corporation, and that the statements contained therein are true and correct to the best of our knowledge.

J. H. Hearing
(One of the above officers signs)

(FILE DUPLICATE ORIGINALS)

FIDAVIT OF ACCEPTANCE OF APPOINTMENT
BY DESIGNATED INITIAL REGISTERED AGENT

STATE OF New Mexico

COUNTY OF Lea

On this 26 day of March, 2003, before me a Notary Public in and for the State and County
aforesaid, personally appeared Sylvia Peterson, who is to me known to be the person
and who acknowledged to me that the appointment as the Initial Registered Agent is accepted for _____

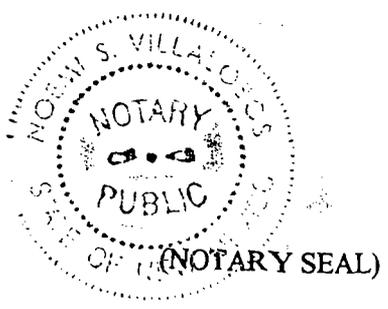
Commercial Exchange, Inc
_____ a Foreign Corporation which
is applying for a Certificate of Authority to transact business pursuant to the provisions of the Business
Corporation Act of the State of New Mexico.

Sylvia Peterson
Individual Registered Agent's Signature
Book Keeper/Sec.

OR

Registered Agent's Corporate Name

By _____
Signature of Agent's President/Vice President



Norman S. Villalobos
NOTARY PUBLIC

My Commission Expires: 1/8/06

Kieling, Martyne

From: Johnson, Larry
Sent: Tuesday, March 04, 2003 3:05 PM
To: Anderson, Roger
Cc: Kieling, Martyne; Bayliss, Randy; Olson, William; Price, Wayne; Williams, Chris; Sheeley, Paul
Subject: Enersource Site

Roger,
Received a call yesterday afternoon from Mr. T.G. Herring requesting information regarding the restarting of the Enersource, Inc. (c/o Commercial Exchange, Inc.) treating plant @ Monument, N.M.. Herring stated that he (as the owner) was negotiating a sale of the facility to Mark Goss but there was a lot of product on site that he may want to treat and sell prior to selling the site. He stated that he had visited w/Jerry Sexton some time back on restarting the operation and Jerry advised him that the bond required an increase from the present 10K to 25K (as he remembered) that needed to be satisfied prior to restart. I advised him that I would have to find who could assist him and would get back with him or have the proper party contact him. His telephone # 806/795-9908, mail PO Box 3236 Lubbock, TX 79452. Site legals: 9.56 acres NE1/4, Sec 1 T-20S R-36E. Attached are some PIX taken this morning. The tanks are numerous sizes from 2-10K, 8-5K, 3-3K I received a phone message from him @ 2pm today requesting a call back. Please advise.
Larry



DCP03456.JPG



DCP03457.JPG



DCP03461.JPG



DCP03463.JPG



DCP03464.JPG



DCP03469.JPG



DCP03470.JPG



DCP03475.JPG

Fax # is 806 - 795-9910

No Dr limited Internet Access

Kieling, Martyne

From: Kieling, Martyne
Sent: Monday, February 10, 2003 9:59 AM
To: 'wargossm@hotmail.com'
Cc: Johnson, Larry; Williams, Chris
Subject: Meeting

Dear Mark,

Regarding our meeting scheduled for Thursday February 27, 2003 at 1:00 pm. I apologize but I will have to cancel. Due to budget constraints all travel has been curtailed. If you wish to meet to discuss your plans with Enersource, Inc. treating plant my schedule is open for a meeting here in Santa Fe. Please call me at (505) 476-3488 or E-mail me. I would still very much like to meet with you.

Sincerely,

Martyne J. Kieling

Martyne J. Kieling
Environmental Geologist

Score: 22

Name: Enersource, Inc. and the Famaris Refinery

File: 711-009

Location: 2½ miles west of Monument, NM and 1 ½ miles south
NW/4 of Section 1, Township 20 South, Range 36 East, NMPM,
Lea County, New Mexico

Status: Enersource, Inc. was permitted by order R-8797 on February 5, 1986. The last owners of record were a Michael Pearson, John Paul Payne, Warren E. Gross and Mary Cocke. The NMOCD has received a phone call from a Mark Goss who says that he has purchased Enersource, Inc.

A bond for Enersource, Inc. in the amount of \$10,000 is on file. The surety is United States Fidelity & Guaranty Co., Bond No. 01-0130-10315-86-5. If this facility were re-permitted it would need a new bond.

Depth to ground water is approximately 35 feet. There are many above ground tanks some still with petroleum wastes. There are numerous below grade sumps, a pit and contaminated soil from leaks and spills.

Plan: The next step is to meet with the new owner of the facility to see what the plan is for re-permitting under Rule 711. The OCD should research the property boundaries between the Famaris Refinery, Enersouce and the Dynagie Gas Plant. If this purchase proves to be false then the OCD will develop a scope of work to begin a phased investigation and cleanup to remove tanks, remediate pit and surface contamination and investigate the groundwater below the site.

Est. Cost: \$2. million

Date: January 8, 2003

Kieling, Martyne

From: Kieling, Martyne
Sent: Wednesday, January 08, 2003 9:07 AM
To: 'wargossm@hotmail.com'
Subject: Enersource, Inc.

Dear Mark,

I wanted to touch base with you. To see if you were open to meet sometime in early February. Please let me know if you are available to meet. I will plan a trip to Hobbs based on your response.

Sincerely

Martyne J. Kieling

Martyne J. Kieling
Environmental Geologist



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 4, 2002

Mr. Mark Goss
Enersource, Inc.
6906 Gary Ave.
Lubbock TX, 79413

Dear Mr. Goss:

Regarding our meeting for Wed November 6th. I am unable to attend due to personal reasons. I have not had any luck reaching you at the number that you supplied (806-792-9544). Do you have an answering service or a cell phone that I could better reach you at? I would like to re-schedule this meeting if possible.

Please call me at (505) 476-348.

Sincerely,


Martyne Kieling
Environmental Geologist

Xc: Hobbs OCD

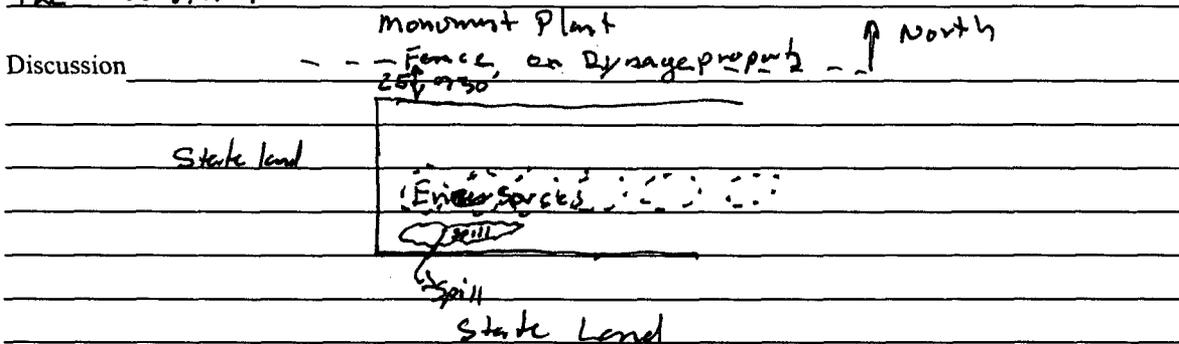
STATE OF NEW MEXICO
ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

MEMORANDUM OF MEETING OR CONVERSATION

Telephone Personal Time 2:50 Date 10-23-02

Originating Party Carl Wrayham Other Parties Marye Kieling
915-688-0542
Cell 915-425-2072

Subject Famoris Refinery / EnerSource, Inc
one tank on Dynage Property Emptied Spill Cleaned up
and Pipe Dog of and Capped in place.
14 monitor wells Around the monument Plant Have Crude oil on
The Water.



Gandy Did an Estimate on Cleaning the place up
Mobile treatment To heat up material it is very thick.
use Class II Disposal well For Disposal.
Estimate bbls of material

Conclusions or Agreements

Distribution

Signed

Marye Kieling

NMPRC Corporation Information Inquiry

Public Regulation Commission

10/9/2002

- [Follow this link to start a new search.](#)

ENERSOURCE, INC.

SCC Number: **1292523**
Tax & Revenue Number:
Incorporation Date: **JANUARY 09, 1986, in NEW MEXICO**
Corporation Type: **IS A DOMESTIC PROFIT**
Corporation Status: **IS INACTIVE DUE TO REVOKED & BEYOND APPEAL PERIOD**
Good Standing:
Purpose: **TO OPERATE & OWN AN OIL TREATMENT FACILITY**

CORPORATION DATES

Taxable Year End Date: 12/31/87
Filing Date: //
Expiration Date:

SUPPLEMENTAL POST MARK DATES

Supplemental: 05/07/87
Name Change:
Purpose Change:

MAILING ADDRESS

13101 CALLE BONITA HOBBS, NEW MEXICO 88240

PRINCIPAL ADDRESS

13101 CALLE BONITA HOBBS NEW MEXICO 88240

PRINCIPAL ADDRESS (Outside New Mexico)

REGISTERED AGENT

KERRY THOMASON

3 MILES W. MONUMENT AT PLANT MONUMENT, NM NEW MEXICO 88265

COOP LICENSE INFORMATION

Number:

Type:

Expiration Year:

INCORPORATORS

PAYNE, JOHN PAUL

GOSS, E. WARREN

COCKE, MARY

GOSS, E. WARREN

DIRECTORS

Date Election of Directors: 03/01/87

COCKE, MARY 4908 16TH LUBBOCK, TX NONE

GROSS, E. WARREN 2017 MAIN LUBBOCK, TX 00000

PAYNE, JOHN PAUL 13101 CALLE BONITA HOBBS, NM 88240

PEARSON, MICHAEL 4908 16TH LUBBOCK, TX NONE

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

MEMORANDUM OF MEETING OR CONVERSATION

Telephone Personal Time 3:00 Date 9-16-02

Originating Party Mark Goff? Goss? Other Parties Martynne Kiebig
New owner of EnerSource Inc
806-792-9544

Subject EnerSource Inc. New owner wants to clean it
Up and Re permit with Addition Financial Assurance

Discussion New Address EnerSource, Inc
6906 Gary AVE
Lubbock TX 79413

Conclusions or Agreements Must meet on site to see what is planned.
Meet November 6, 1:00 at Hobbs District office. Then
Proceed to the site

Distribution

Signed

Martynne Kiebig

NMPRC Corporation Information Inquiry

Public Regulation Commission

9/16/2002

- [Follow this link to start a new search.](#)

ENERSOURCE, INC.

SCC Number: XXXXXXXXXX

Tax & Revenue Number:

Incorporation Date: **JANUARY 09, 1986, in NEW MEXICO**

Corporation Type: **IS A DOMESTIC PROFIT**

Corporation Status: **IS INACTIVE DUE TO REVOKED & BEYOND APPEAL PERIOD**

Good Standing:

Purpose: **TO OPERATE & OWN AN OIL TREATMENT FACILITY**

CORPORATION DATES

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SUPPLEMENTAL POST MARK DATES

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Name Change:

Purpose Change:

MAILING ADDRESS

13101 CALLE BONITA HOBBS, NEW MEXICO 88240

PRINCIPAL ADDRESS

13101 CALLE BONITA HOBBS NEW MEXICO 88240

PRINCIPAL ADDRESS (Outside New Mexico)

REGISTERED AGENT*KERRY THOMASON*3 MILES W. MONUMENT AT PLANT MONUMENT, NM NEW MEXICO 88265

COOP LICENSE INFORMATION

Number:

Type:

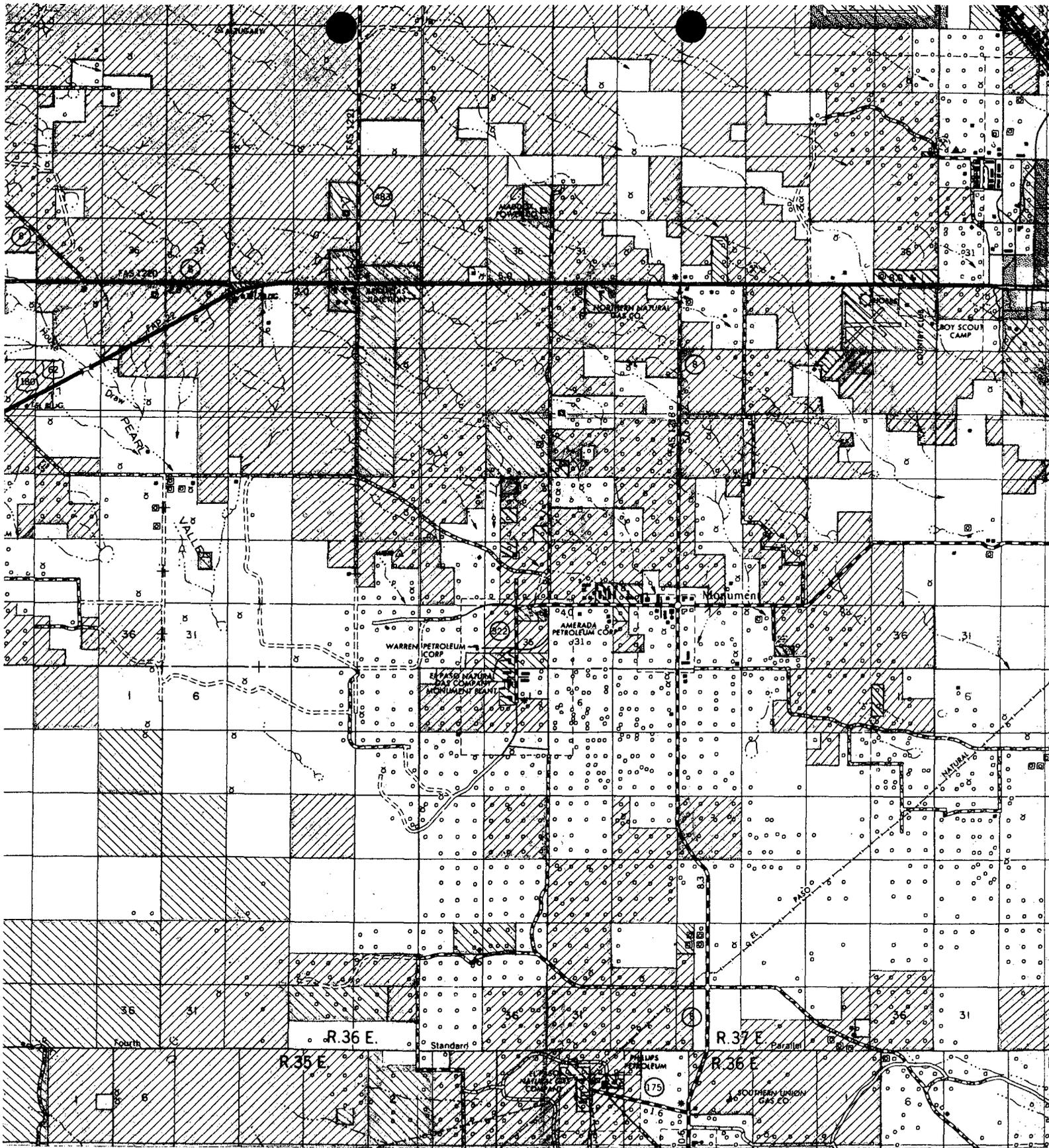
Expiration Year:

INCORPORATORS*PAYNE, JOHN PAUL**GOSS, E. WARREN**COCKE, MARY**GOSS, E. WARREN*

DIRECTORS

Date Election of Directors: 03/01/87

COCKE, MARY 4908 16TH LUBBOCK , TX NONE*GROSS, E. WARREN* 2017 MAIN LUBBOCK , TX 00000*PAYNE, JOHN PAUL* 13101 CALLE BONITA HOBBS , NM 88240*PEARSON, MICHAEL* 4908 16TH LUBBOCK , TX NONE



R. 35 E.

20'

Eunice-120 * To Oil Center

R. 36 E.

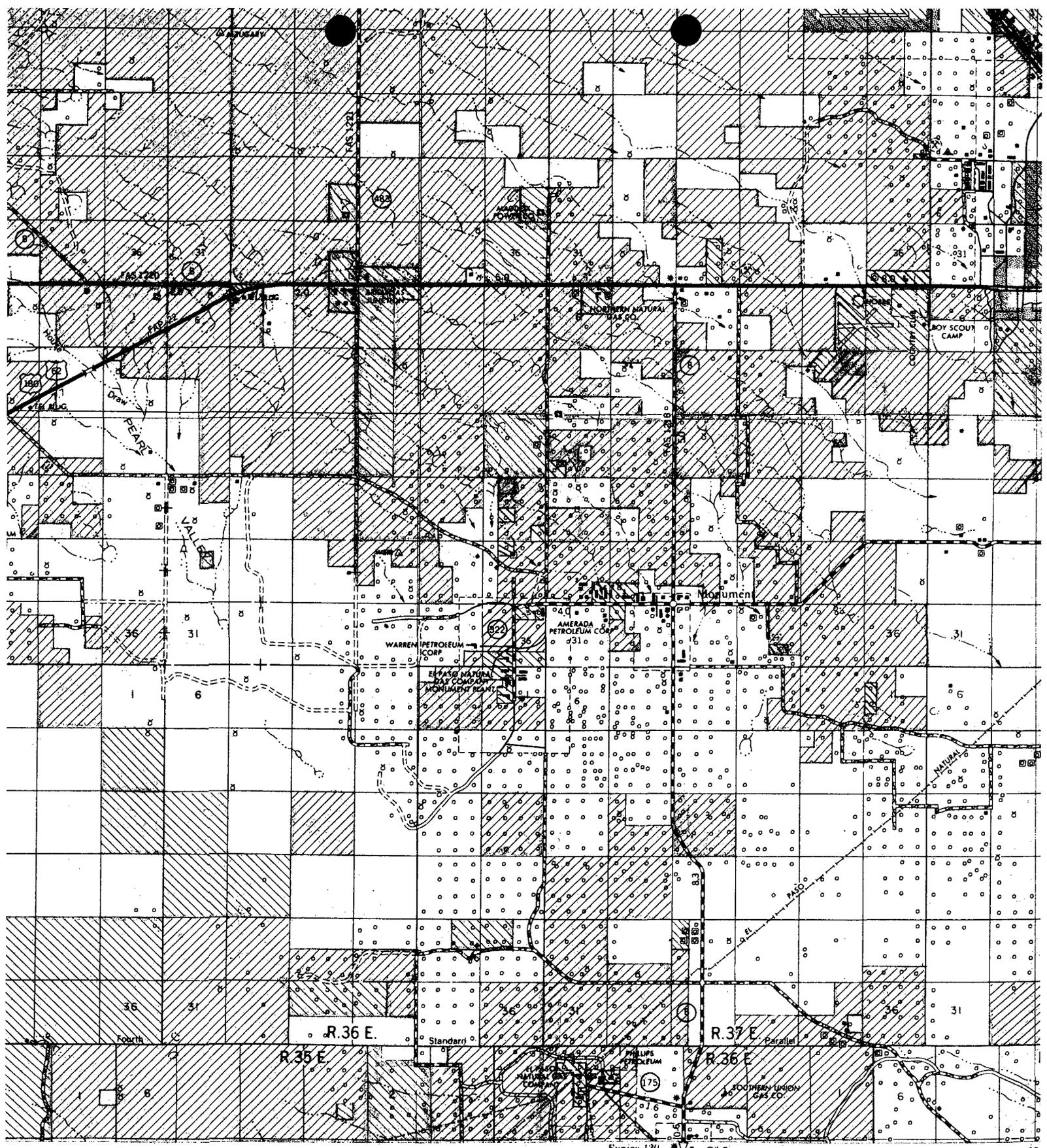
10

Longitude West from Greenwich

ological Survey;
nt and Planning Division.
North American Datum.

Scale $\frac{1}{126720}$ or 1 Inch = 2 Miles





R. 35 E.

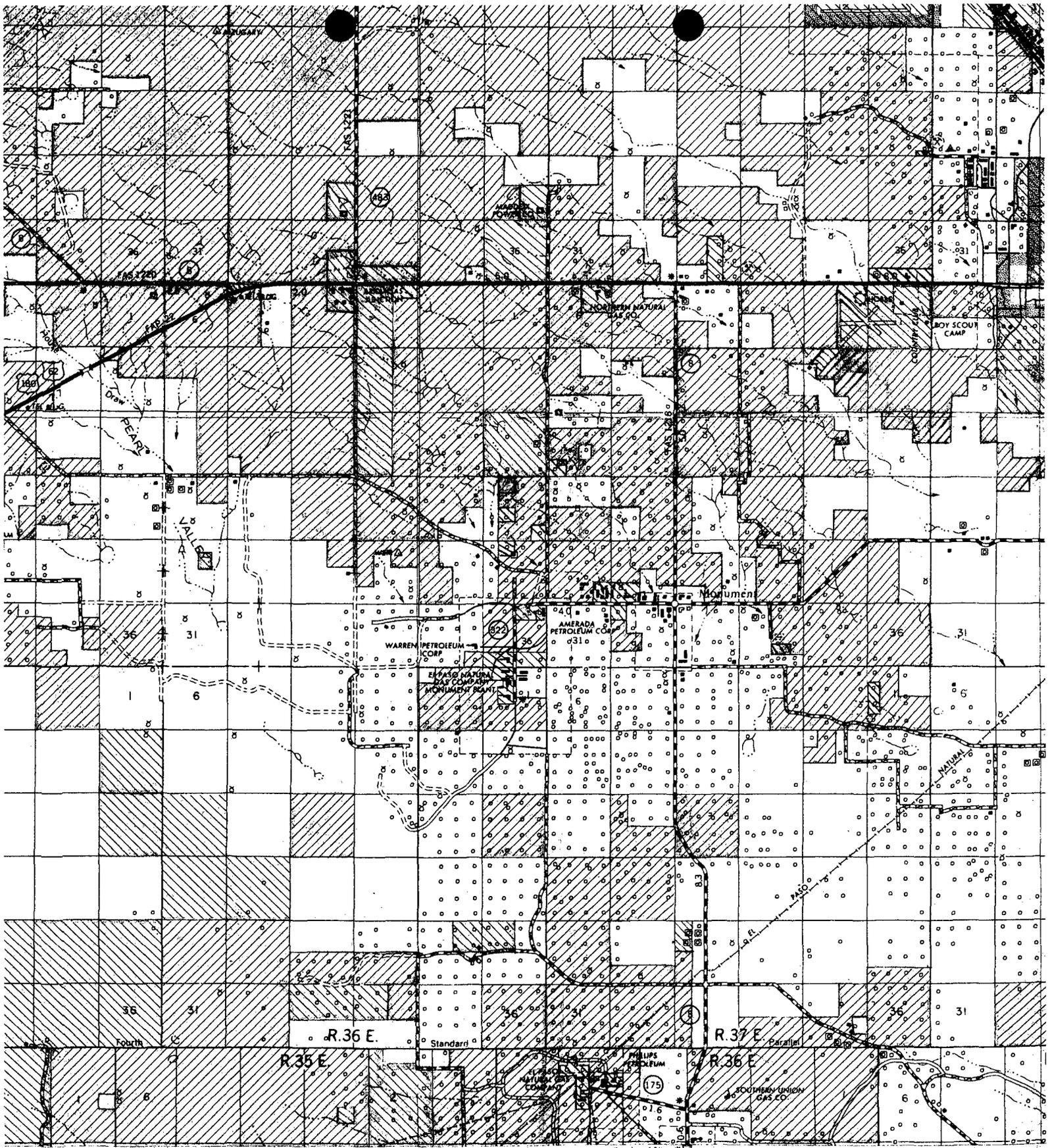
R. 36 E.

Longitude West from Greenwich

Scale $\frac{1}{128720}$ or 1 Inch = 2 Miles



Geological Survey;
 Planning and Planning Division.
 1950 North American Datum.



R.35 E.

20'

Eunice-120 #1 To Oil Center

R.36 E.

10

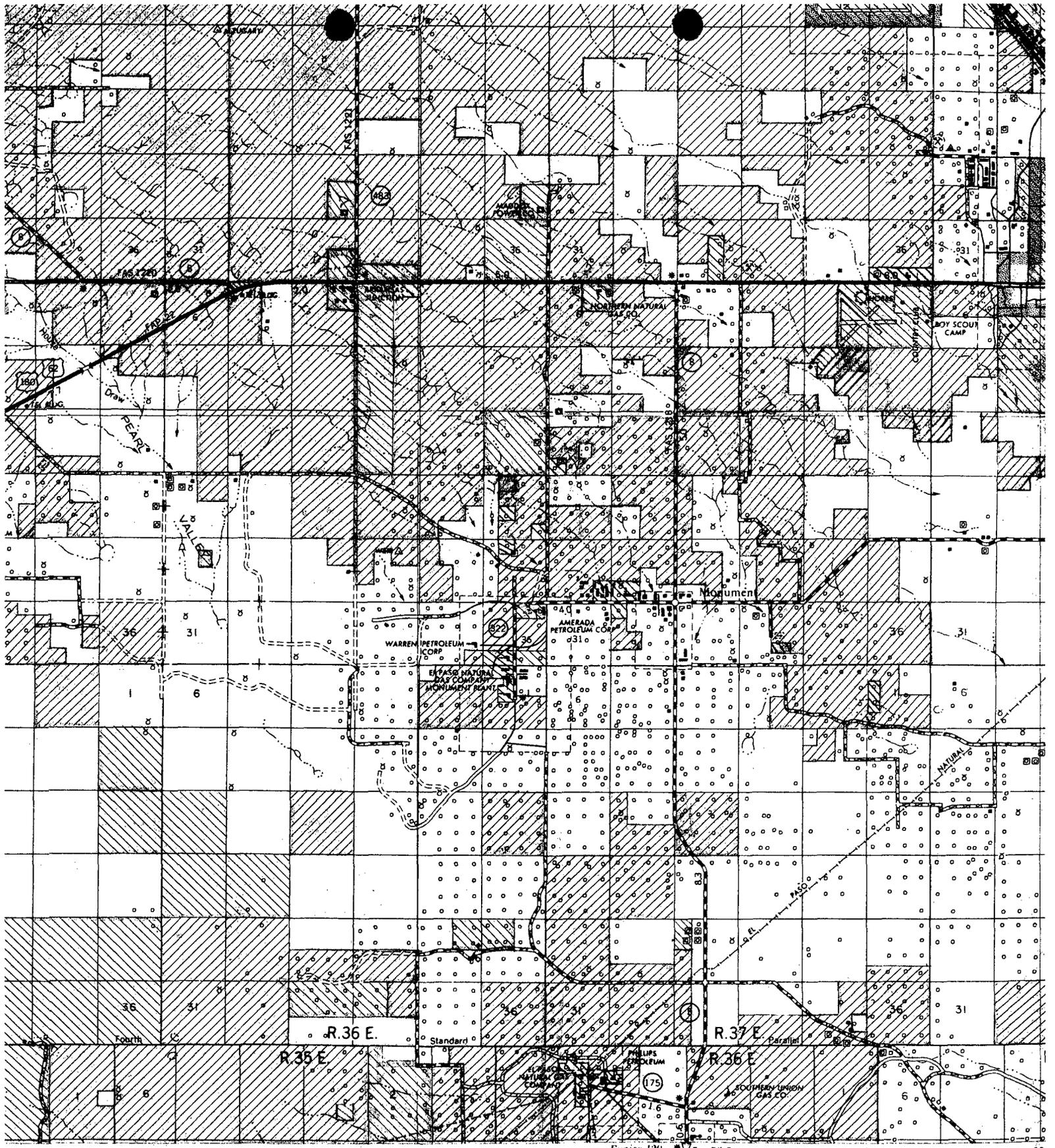
Longitude West from Greenwich

ological Survey;
nt and Planning Division.
5° North American Datum.

Scale $\frac{1}{126720}$ or 1 Inch = 2 Miles



STATUTE MILES



R. 35 E.

20'

Eumec-120

To Oil Center

R. 36 E.

10

Longitude West from Greenwich

Geological Survey;
 Planning Division.
 North American Datum.

Scale $\frac{1}{128720}$ or 1 Inch = 2 Miles



STATUTE MILES

COUNTY OF LEA		STATE OF NEW MEXICO		TOTAL VALUATION					
NOTICE OF VALUATION FOR 19 99				RESIDENTIAL FULL VALUE	NON-RESIDENTIAL TAXABLE VALUE	FULL VALUE	TAXABLE		
NET TAXABLE VALUES WILL BE ALLOCATED TO THE GOVERNMENTAL UNITS IN SCHOOL DISTRICT				160					
OWNER # 0040715 ENERSOURCE INC COMMERCIAL EXCHANGE INC % PO BOX 3236 LUBBOCK, TX				HOBB-001 79452-0000					
PROPERTY DESCRIPTION AND/OR CODE				CODE	VALUE DESCRIPTION	TYPE	QUANTITY	RATE	TAXABLE
PROPERTY CODE # 4-000-407-150-001 SECTION-01, TOWNSHIP-20S RANGE- 36E 9.56 AC LOC NW4 TR BEG N89D58'E 720' AND S0D6'W 660' FROM NW CDR SEC 1, TH S0D6'W 350', N89D58'E 600', N0D6'E 100', N89D58'E 500', N0D6'E 350', N75D51' W 515.2', S0D6'W 225', S89D58'W 600' TO BEG *MONUMENT REFINERY* *1985-SOUTHERN UNION RFG CO*				150	MISCELLANOUS LAND	N/R	1.87		
				150	MISCELLANOUS LAND	N/R	7.69		
				250	MISCELLANOUS IMPS.	N/R			
				360	IND-PLANT	N/R			
VALUE RECAP				RESIDENTIAL FULL VALUE		NON-RESIDENTIAL TAXABLE VALUE		TOTAL VALUATION	
LAND						2150		6450	
PERSONAL						925		2775	
MOBILE HOME									
LIVESTOCK									
IMPROVEMENTS						2935		8805	
TOTAL VALUE						6010		18030	
VETERAN EXEMPTION									
FAMILY EXEMPTION									
OTHER EXEMPTION									
NET TAXABLE VALUE						6010			

State of New Mexico

443

No. 754

PATENT FOR STATE LAND

all to whom these Presents shall come, Greetings:

Wherry, Natural Gasoline Corporation

of Okla State of Oklahoma

has purchased from the

STATE OF NEW MEXICO

according to the provisions of law, the following described tract of land, viz:

8182372, Sec. 36, Twp. 13N, R. 16W

1/2 of Lot 3,

of Section 3 Township 20N Range 36E

New Mexico Principal Meridian, containing 10.045 acres,

more or less, according to the government survey thereof, and

Wherry, the said Natural Gasoline Corporation

has paid to the STATE OF NEW MEXICO, through the State Land Office, the amount of

Two Hundred Forty and 27/100 Dollars (\$ 240.27), the receipt

whereof is hereby acknowledged in full.

Now, therefore, know ye, that the STATE OF NEW MEXICO, by its Commissioner of Public Lands, its duly authorized officers according to law, does hereby

GRANT, BARGAIN, SELL and CONVEY

unto the said Natural Gasoline Corporation

and to its successors and assigns, the said tract of land above described, subject to valid, existing rights, easements, rights of way and reservations, and reserving also to the State of New Mexico all minerals of whatsoever kind, including oil and gas, in the lands so granted, and to it, or persons authorized by it, the right to prospect for, mine, produce and remove the same, and perform any and all acts necessary in connection therewith, upon compliance with the conditions and subject to the limitations of the laws of the State of New Mexico, such tract of land so conveyed being a portion of the lands granted to the State of New Mexico by the United States, pursuant to the Acts of Congress, approved June 21, 1898, and June 20, 1910.

We have and do hold the same, together with all the rights, privileges, immunities and appurtenances of whatsoever nature thereto belonging or in anywise appertaining, unto the said Natural Gasoline Corporation

Successor's

and to its heirs and assigns forever

In Witness Whereof, the Commissioner of Public Lands of the State of

New Mexico, has hereunto set his hand and affixed the official seal of

the State Land Office this Twenty Fifth day of

January A. D. 1936

[Signature]
COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO.

Record of Patents, Vol. 3, Page 422

Receipt # 165392
171073

49.2

C. P. L. FORM 19

State of New Mexico

No. 2989

PATENT FOR STATE LAND

To All to Whom These Presents Shall Come, Greetings:

Whereas, El Paso Natural Gas Company
of El Paso, State of Texas
has purchased from the

STATE OF NEW MEXICO

according to the provisions of law, the following described tract of land, viz:

SE 1/4 of Lot 3
of Section 1 Township 20 North, Range 36 East,
New Mexico Principal Meridian, containing 10.042 acres,
more or less, according to the government survey thereof, and

Whereas, the said El Paso Natural Gas Company
has paid to the STATE OF NEW MEXICO, through the State Land Office, the amount of
One Hundred and 45/100 Dollars (\$100.45), the receipt
whereof is hereby acknowledged in full.

Now, Therefore, Know Ye, that the STATE OF NEW MEXICO, by its Commissioner of Public Lands, its duly
authorized officers according to law, does hereby

GRANT, BARGAIN, SELL and CONVEY

unto the said El Paso Natural Gas Company
and to its successors, heirs and assigns, the said tract of land above described, subject to valid, existing rights, easements, rights of
way and reservations, and reserving also to the State of New Mexico all minerals of whatsoever kind, including oil and gas, in the
lands so granted, and to it, or persons authorized by it, the right to prospect for, mine, produce and remove the same, and perform
any and all acts necessary in connection therewith, upon compliance with the conditions and subject to the limitations of the laws
of the State of New Mexico, such tract of land so conveyed being a portion of the lands granted to the State of New Mexico by
the United States, pursuant to the Acts of Congress, approved June, 21, 1898, and June 20, 1910 and May 28, 1928.

To Have and to Hold, the same, together with all the rights, privileges, immunities and appurtenances of whatsoever
nature thereunto belonging or in anywise appertaining unto the said El Paso Natural Gas Company
and to its successors, heirs and assigns forever

In Witness Whereof, the Commissioner of Public Lands of the State of New
Mexico, has hereunto set his hand and affixed the official seal of the State Land
Office, this 6th day of

March, A. D. 1920

Harry Sherman
COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO.

State Record of Patents, Vol. 15, Page 599

Salv #2841

C. P. L. FORM 22

(Handwritten mark)

State of New Mexico

No. 2180

PATENT FOR STATE LAND

To All to Whom These Presents Shall Come, Greetings:

Whereas, Warren Petroleum Corporation
of Tulsa State of Oklahoma
has purchased from the

STATE OF NEW MEXICO

According to the provisions of law, the following described tract of land, viz:

SE 1/4
of Section 1 Township 20 South Range 36 East
New Mexico Principal Meridian, containing 20.00 acres,
more or less, according to the government survey thereof, and

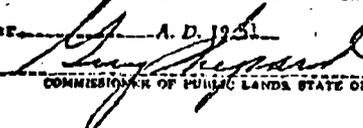
Whereas, the said Warren Petroleum Corporation
has paid to the STATE OF NEW MEXICO, through the State Land Office, the amount of
Two Hundred and No/100 Dollars (\$ 200.00), the receipt
whereof is hereby acknowledged in full.

Now, Therefore, Be it Remembered, that the STATE OF NEW MEXICO, by its Commissioner of Public Lands, its duly
authorized officers according to law, does hereby

GRANT, BARGAIN, SELL and CONVEY

unto the said Warren Petroleum Corporation
and to its successors and assigns, the said tract of land above described, subject to valid, existing rights, easements, rights of
way and reservations, and reserving also to the State of New Mexico all minerals of whatsoever kind, including oil and gas, in the
lands so granted, and to it, or persons authorized by it, the right to prospect for, mine, produce and remove the same, and perform
any and all acts necessary in connection therewith, upon compliance with the conditions and subject to the limitations of the laws
of the State of New Mexico, such tract of land so conveyed being a portion of the lands granted to the State of New Mexico by
the United States, pursuant to the Acts of Congress, approved June, 21, 1898, and June 20, 1910 and May 28, 1928.

To Have and to Hold, the same, together with all the rights, privileges, immunities and appurtenances of whatsoever
nature thereunto belonging or in anywise appertaining unto the said WARREN PETROLEUM CORPORATION
and to its successors and assigns forever

In Witness Whereof, the Commissioner of Public Lands of the State of New
Mexico, has hereunto set his hand and affixed the official seal of the State Land
Office, this 21st day of
September, A. D. 1951

COMMISSIONER OF PUBLIC LANDS STATE OF NEW MEXICO

C. P. L. FORM 22

State of New Mexico

No. 2238

* CORRECTED

PATENT FOR STATE LAND

To All to Whom These Presents Shall Come, Greetings:

Whereas, Walter Famariss, Jr.

of Hobbs, State of New Mex co.,
has purchased from the

STATE OF NEW MEXICO

according to the provisions of law, the following described tract of land, viz:
Commencing at the Northwest corner of Section 1, Township 20 South, Range 36 East,
N.M.P.M., thence North 89° 55' East, 720 feet; thence South 0° 6' West, 660 feet to
the Northwest corner of this tract and true place of beginning; thence South 0° 6'
West, 350 feet; thence North 88° 50' East, 600 feet; thence North 0° 6' East, 100
feet; thence North 87° 00' East, 300 feet; thence North 0° 6' East, 250 feet; thence
South 89° 55' East, 1100 feet to the Northwest corner of this tract and true place
of beginning; and containing 7.29 acres, more or less, according to survey plat dated 8-26-52, filed
in the State Land Office, Santa Fe, New Mexico.

and according to the provisions of law, the following described tract of land, viz:

Whereas, the said Walter Famariss, Jr.

has paid to the STATE OF NEW MEXICO, through the State Land Office, the amount of
One Hundred Fifty Three and 80/100 Dollars (\$ 153.80), the receipt
whereof is hereby acknowledged in full.

Now, Therefore, Knows Ye, that the STATE OF NEW MEXICO, by its Commissioner of Public Lands, its duly
authorized officers according to law, does hereby

GRANT, BARGAIN, SELL and CONVEY

unto the said Walter Famariss, Jr.
and to his heirs and assigns, the said tract of land above described, subject to valid, existing rights, easements, rights of
way and reservations, and reserving also to the State of New Mexico all minerals of whatsoever kind, including oil and gas, in the
lands so granted, and to it, or persons authorized by it, the right to prospect for, mine, produce and remove the same, and perform
any and all acts necessary in connection therewith, upon compliance with the conditions and subject to the limitations of the laws
of the State of New Mexico, such tract of land so conveyed being a portion of the lands granted to the State of New Mexico by
the United States, pursuant to the Acts of Congress, approved June, 21, 1898, and June 20, 1910 and May 28, 1928.

Do Have and to Hold, the same, together with all the rights, privileges, immunities and appurtenances of whatsoever
nature therein belonging or in anywise appertaining unto the said Walter Famariss, Jr.
and to his heirs and assigns forever

In Witness Whereof, the Commissioner of Public Lands of the State of New
Mexico, has hereunto set his hand and affixed the official seal of the State Land
Office, this 25th day of
October, A. D. 1960.
[Signature]
COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO.

State Record of Patents, Vol. 7, Page 138
This Patent is issued to correct Patent No. 2238, dated 8-22-52 and to conform
to official survey plat dated April 26, 1952, by John W. West, Reg. Prof. Eng.
No. 676, filed in the State Land Office.

STATE RECORDS
DEPT. OF LANDS
G. A. WEST
O. & C. 75
Mineral

C. P. L. FORM 22

See Unrecorded Patent 10-20-52

State of New Mexico

No. 2238

PATENT FOR STATE LAND

We All to Whom These Presents Shall Come, Greetings:

Whereas, Walter Famariss, Jr.,

of Hobbs, State of New Mexico

has purchased from the

STATE OF NEW MEXICO

According to the provisions of law, the following described tract of land, viz: Commencing at the Northwest corner of Section 1, Township 20 South, Range 36 East, N.M.P.M. thence North 89° 53' East, 720 feet; thence South 0° 6' West, 600 feet to the Northwest corner of this tract and true place of beginning; thence South 0° 6' West, 350 feet; thence North 89° 58' East, 660 feet; thence North 0° 6' East, 100 feet; thence North 89° 58' East, 500 feet; thence North 0° 6' East, 250 feet; thence South 89° 58' West, 1100 feet to the Northwest corner of this tract and true place of beginning, containing 7.69 acres, more or less, according to survey plat dated April 26, 1952, filed in the State Land Office, Santa Fe, New Mexico.

Whereas, the said Walter Famariss, Jr.,

has paid to the STATE OF NEW MEXICO, through the State Land Office, the amount of

One Hundred Fifty-Three and 80/100 Dollars (\$153.80), the receipt

whereof is hereby acknowledged in full.

Now, Therefore, Know Ye, that the STATE OF NEW MEXICO, by its Commissioner of Public Lands, its duly authorized officers according to law, does hereby

GRANT, BARGAIN, SELL and CONVEY

unto the said Walter Famariss, Jr.,

and to his heirs and assigns, the said tract of land above described, subject to valid, existing rights, easements, rights of way and reservations, and reserving also to the State of New Mexico all minerals of whatsoever kind, including oil and gas, in the lands so granted, and to it, or persons authorized by it, the right to prospect for, mine, produce and remove the same, and perform any and all acts necessary in connection therewith, upon compliance with the conditions and subject to the limitations of the laws of the State of New Mexico, such tract of land so conveyed being a portion of the lands granted to the State of New Mexico by the United States, pursuant to the Acts of Congress, approved June 21, 1898, and June 20, 1910 and May 28, 1928.

He Has and he Hath, the same, together with all the rights, privileges, immunities and appurtenances of whatsoever nature thereunto belonging or in anywise appertaining unto the said Walter Famariss, Jr.,

and to his heirs and assigns forever

In Witness Whereof, the Commissioner of Public Lands of the State of New

Mexico, has hereunto set his hand and affixed the official seal of the State Land

Office, this 22nd day of

AUGUST A. D. 1952

[Signature]
COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO.

S. P. L. FORM 13

82

State of New Mexico

No. 2299

PATENT FOR STATE LAND

To All to Whom These Presents Shall Come, Greetings:

Whereas, El Paso Natural Gas Company
of El Paso, State of Texas
has purchased from the

STATE OF NEW MEXICO

according to the provisions of law, the following described tract of land, viz:

NE 1/4
of Section 2 Township 20 South Range 36 East,
New Mexico Principal Meridian, containing 10.00 acres,
more or less, according to the survey on file in the office of the

Whereas, the said El Paso Natural Gas Company
has paid to the STATE OF NEW MEXICO, through the State Land Office, the amount of
One Hundred and No/100 Dollars (\$100.00), the receipt
whereof is hereby acknowledged in full.

Now, Wherefore, Know Ye, that the STATE OF NEW MEXICO, by its Commissioner of Public Lands, its duly
authorized officers according to law, does hereby

GRANT, BARGAIN, SELL and CONVEY

unto the said El Paso Natural Gas Company
and to its successors heirs and assigns, the said tract of land above described, subject to valid, existing rights, easements, rights of
way and reservations, and reserving also to the State of New Mexico all minerals of whatsoever kind, including oil and gas, in the
lands so granted, and to it, or persons authorized by it, the right to prospect for, mine, produce and remove the same, and perform
any and all acts necessary in connection therewith, upon compliance with the conditions and subject to the limitations of the laws
of the State of New Mexico, such tract of land so conveyed being a portion of the lands granted to the State of New Mexico by
the United States, pursuant to the Acts of Congress, approved June 21, 1898, and June 20, 1910 and May 28, 1928.

To Have and to Hold, the same, together with all the rights, privileges, immunities and appurtenances of whatsoever
nature thereunto belonging or in anywise appertaining unto the said EL PASO NATURAL GAS COMPANY
and to its successors heirs and assigns forever

In Witness Whereof, the Commissioner of Public Lands of the State of New
Mexico, has hereunto set his hand and affixed the official seal of the State Land
Office, this 18th day of
August, A. D. 1953.

E. Walker
COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO.

State Record of Patents, Vol. 7, Page 799

Pat. No. 2960

Kieling, Martyne

From: Price, Wayne
Sent: Monday, August 30, 1999 1:33 PM
To: Kieling, Martyne
Subject: RE: Enersource

Dyengy contact: Cal Wrangham 915-688-0555

They have info concerning a previous spill incident.

Enersource
P.O. 2521
Hobbs, NM 88241

M. Pearson 391-9437
Mike Pearson 393-2946

Commercial Exchange Inc.
P.O. Box 3236
Lubbock, TX 79452

Versada Gas Processors, LLC

42351
4-2-99

Lot 4
40.12 ac.
1320'

Lot 3
40.09 ac.
1320'

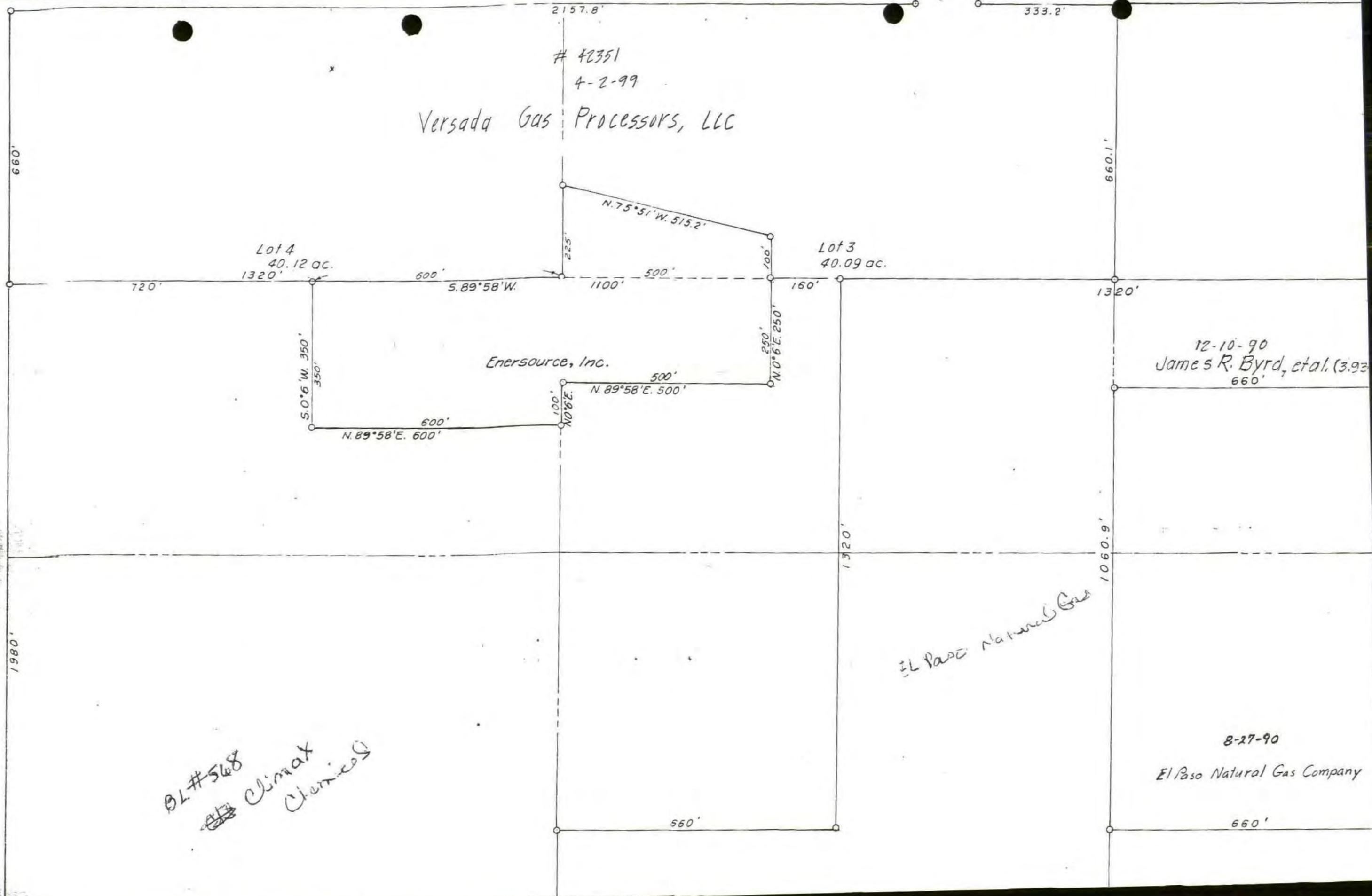
Enersource, Inc.

12-10-90
James R. Byrd, et al. (3.93
660'

El Paso Natural Gas

8-27-90
El Paso Natural Gas Company

BL #568
Climax
Chemicals





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-918-402-404

Enersource, Inc.
P. O. Box 2521
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.

Enersource, 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

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

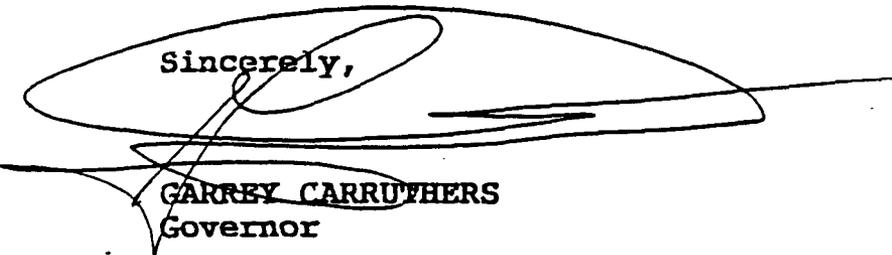
Dear Mr. President:

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



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

GARREY CARRUTHERS
GOVERNOR

January 13, 1988

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

Enersource Inc.
P. O. Box 2521
Hobbs, New Mexico 88240

Re: \$10,000 Treating Plant Bond
United States Fidelity and Guaranty
Company, Surety
Bond No. 01-0130-10315-86-5

Gentlemen:

In checking our records, I note that you have a \$10,000 Treating Plant Bond on file in this office. I am enclosing a copy of our Order No. R-8284 which states that all treating plant bonds must be replaced with \$25,000 bonds by January 1, 1988. To date, we have not received your replacement bond.

Since this is a violation of the Oil Conservation Division Rules and Regulations, we would appreciate your taking care of this matter immediately. Please advise me no later than January 28th as to when I may expect to receive your replacement bond.

Thank you.

Sincerely,

[Handwritten signature]
DIANA RICHARDSON
Administrator
Bonding Department

enclosure

OCD - Hobbs