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**PERMITS,
RENEWALS, &
MODS**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 7, 2007

Mr. John Volkerding
General Manager
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

**RE: Form C-137 for Basin Disposal, Inc. Minor Modification Request,
Commercial Surface Waste Management Facility Permit NM-1-005
Facility Location: SE/4 NW/4 of Section 3, Township 29 North, Range 11 West
NMPM, San Juan County, New Mexico**

Dear Mr. Volkerding:

The New Mexico Oil Conservation Division (OCD) has received and reviewed the application referenced above. This minor modification request is hereby approved under the following conditions and understandings:

1. Basin Disposal, Inc. will implement the use of the Sludge Sled to remove sludge from the bottom of the evaporation pond during periods of higher evaporation pond levels, in order to control and maintain a thickness no more than 12 inches on the bottom.
2. Basin Disposal, Inc. will retain authorization to use the truck mounted auger system to remove sludge from the bottom of the evaporation pond during periods of lower evaporation pond levels, in order to control and maintain a thickness no more than 12 inches on the bottom.
3. Basin Disposal, Inc. request to rescind the pervious approval to construct a temporary pit to divert water from the evaporation pond in order to remove sludge from the evaporation pond.
4. Basin Disposal, Inc. will operate such modification under all of the terms and conditions placed on the facility by permit number NM-1-005.

OCD approval does not relieve Basin Disposal, Inc. of liability should its operations at this facility prove to have been harmful to fresh water, public health or the environment. Nor does it relieve Basin Disposal, Inc. of its responsibility to comply with the rules and regulations of any other governmental entity.

If you have any questions regarding this matter, please contact Brad A Jones of my staff at (505) 476-3487 or brad.a.jones@state.nm.us.

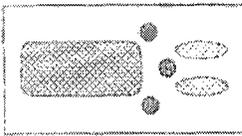
Sincerely,

Wayne Price

Environmental Bureau Chief

LWP/baj

cc: OCD District III Office, Aztec



Basin Disposal, Inc.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

29 November, 2006

Brad Jones
EMNRD/OCD
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RECEIVED

DEC 04 2006

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

RE: Pond Cleaning using Sludge Sled
Rescinding Request for Temporary Pond for Cleaning

Dear Mr. Jones;

On October 11, 2006 the OCD granted approval for Basin Disposal to:

- Implement the use of a truck mounted auger to pull sludge from the bottom of the evaporation pond
- Construct a temporary pit to divert water from the evaporation pond in order to remove sludge from the evaporation pond.

Since that time, the water level in the pond has risen to a level that has made the use of the auger system impractical. Basin proposes the following for cleaning sludge from the evaporation pond:

- Utilize the Sled Sludge system developed by Sediment Control Systems Inc for the Army Corp of Engineers for removing the sludge during periods of higher pond water levels
- Retain authorization to use the truck mounted auger system for removing the sludge during periods of lower pond water levels
- Rescind authorization to use a temporary pit divert water from the evaporation pond in order to remove sludge from the evaporation pond.

The Sled Sludge was developed for the US Army Corp of Engineers to remove sludge from their ponds in conditions where draining or lowering the pond level was impractical. It has been in use by the Army Corp of Engineers since 1998 and was documented in the following publication:

Hardy, Susan E., and C. James Martel (1998) Removing sludge from wastewater lagoons with a sludge sled. FEAP (Facilities Engineering Applications Program) User Guide. U.S. Army Center Public Works, Alexandria, VA, 6 p. (MP 5123)

Basin Disposal selected the Sled Sludge because it can remove sludge while the evaporation pond in operation because it is designed to minimize resuspension of bottom sediment. When the bottom sediment is resuspended it clogs the filtration system. The cleaning can be done such that a steady-state condition can be achieved thus eliminating the need for a complete sludge removal operation. This will eliminate the need to divert water into a temporary pit.

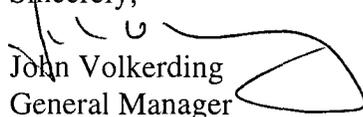
The pump from the Sludge Sled will pull the sludge from the bottom, carry the sludge via a conveyor to a sealed pipe connected to a sealed lay-down tank, a liner will be placed under the course of the sealed pipe and under the sealed lay-down tank to ensure no sludge lands on the soil. We will then use our water hauling trucks to remove the sludge from the lay-down tank to transport the sludge to the Industrial Ecosystem Inc (IEI) facility for disposal.

Like the auger system, our goal and belief is that the Sludge Sled will eliminate the need for additional pits or tanks and will allow for a continual sludge removal process throughout the year. We see this as an improvement with pollution prevention potential over the previous methods. Coupled with the auger system, the Sludge Sled can be used during high pond water levels and the auger during lower pond water levels.

Since the cleaning operation can be achieved while leaving the evaporation pond in operation, there is no need for a temporary pit. Basin Disposal therefore rescinds its request for authorization to use a temporary pit.

If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;


John Volkerding
General Manager

Attach: Sludge Sled Information

Cc: Aztec OCD Office

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 June 10, 2003

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.
Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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.

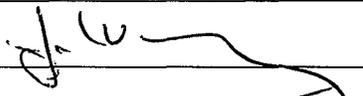
13. Attach a contingency plan in the event of a release of H₂S.

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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature:  Date: 11/29/2006

E-mail Address: BDINC@DIGNET

SEDIMENT CONTROL SYSTEMS INC.

454 SHAKER BLVD. ENFIELD, NH 03748 PHONE: 603-632-7594 E-MAIL: CJAMESMARTEL@VERIZON.NET

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Home

Remove sludge from your lagoon or pond with the patented Sludge Sled, a new and simple sludge removal system. It can remove sludge while a wastewater lagoon remains in operation. No shutdown is necessary because the Sludge Sled is designed to minimize resuspension of bottom sediment. The Sled is positioned over the sediment by a float that also serves as a platform to raise and lower the Sled for maintenance. The Sludge Sled system is light enough to be moved by hand, so it can be operated by in-house personnel. Best of all, it is relatively inexpensive compared to other dredging systems. Dredging is done on an annual basis, a steady-state condition can be achieved thus eliminating the need for a complete sludge removal operation.



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SEDIMENT CONTROL SYSTEMS INC.

454 SHAKER BLVD. ENFIELD, NH 03748 PHONE: 603-632-7594 E-MAIL: CJAMESMARTEL@VERIZON.NET

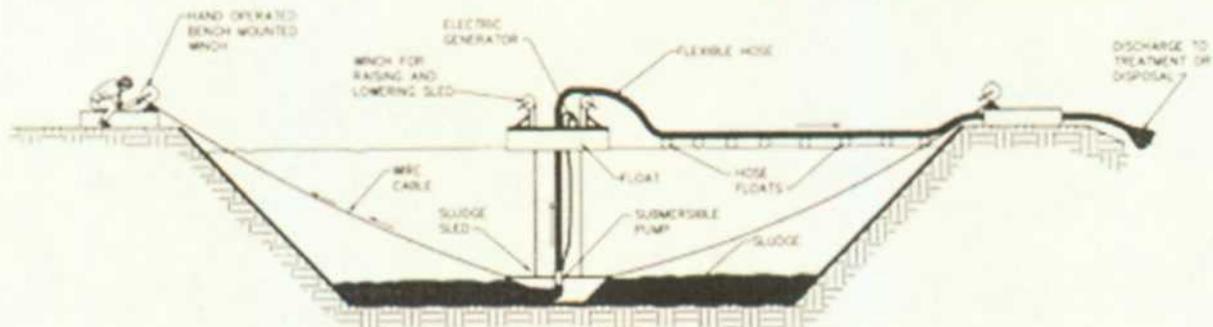
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About Us

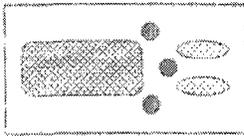


Sediment Control Systems (SCS) Inc. is a new company that makes the "Sludge Sled", a patented (#6,854,709) small dredge that removes sediment from all kinds of liquid impoundments including lagoons, ponds, and settling basins. This technology was developed by Dr. C. James Martel, PE and Mr. Dennis J. Lambert who have over **40 years** of combined experience in sludge removal and waste treatment. **SCS Inc.** will work with you to size and adapt the Sludge Sled system to your unique needs and circumstances. Sludge Sleds have been used to remove sediment from sewage lagoons, a paper mill waste lagoon, a woolen mill lagoon and a trout pond.



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BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD
P.O. BOX 100 · AZTEC, NEW MEXICO 87410 · PHONE: (505) 334-3013

2006 NOV 21 PM 2 00

17 November, 2006

Brad Jones
EMNRD/OCD
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RE: Minor Permit Modificaation
Temporary Frac Tanks
Produced Water Storage

Dear Mr. Jones;

Following up to letter of November 1, 2006, the inspection conducted November 6, 2006, and our telephone conversation on November 15, 2006 this letter updates our request.

In researching the capacity needs for the area, it appears we may need as many as forty-two (42) 400 barrel (BBL) frac tanks. It is our belief that having the water stored at one continuously monitored location, the water disposal location, as opposed to being stored at numerous unmanned pits in the field provides for increased protection of fresh water, public health and the environment by increasing the level of stewardship for that water.

We request authorization for a minor permit modification to set forty-two (42) 400 BBL tanks for the temporary storage of produced water. Twelve (12) of these tanks will be the tanks discussed in my October 18, 2006 letter to the OCD. These 12 tanks will be moved such that all 42 tanks are located in one single bermed and lined area. The tanks will not be connected in any way. We propose to place a few inches of soil on top of the liner prior to placing the tanks in order to protect the liner.

Per permit requirement: "*All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.*" Basin Disposal proposes to place the tanks in a bermed area lined with a 20 mil liner of a size to contain one and one-third the total tank volume.

In evaluating the site, the location that provides the greatest protection of fresh water, public health and the environment is the area where the temporary pond was being constructed. An area 150' by 300' by 5 feet deep has already been constructed. Once lined with a 20 mil liner, the area will contain a volume of 40,076 bbls. One and one-third the volume of the requested 42 tanks is 22,400 bbls. The 42 temporary frac tanks will be inspected daily for tank, piping and berm integrity.

Using this area, instead of constructing another location, will minimize the disturbance of the surface soil. Also, Basin Disposal has been in discussions with the OCD about our plan to request a major modification to the facility to construct a permanent pond in the location the current temporary pond was being excavated. Utilizing that area for tank storage will allow Basin Disposal to use the work that has already been done. If Basin Disposal is not allowed to use that area and required to backfill the area constructed for the temporary pond, and then excavate the exact same area under the permit application for the additional permanent pond, Basin Disposal will be subjected to a considerable financial penalty.

If the area is allowed to be used for the storage of the temporary frac tanks, Basin Disposal will submit a letter rescinding the request to build the temporary pond.

Basin Disposal, Inc. shall ensure all proposed tanks are identified by a sign posted not more than 50 feet from the tanks which is made of durable construction and with lettering large enough to be legible under normal conditions at a distance of 50 feet with: the name of the operator, and the location of the tank(s) by unit letter, section, township, and range.

The tanks will be on site for a period of six months. After which time, the tanks will be cleaned and removed. Samples from the soil above the liner will be taken and analyzed for:

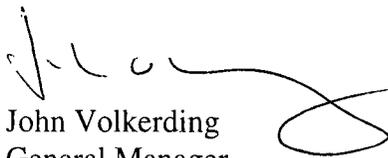
Aromatic Volatiles by GC/PID (SW8021B)

Diesel Range Organics/Gasoline Range Organics (SW8015B)

Basin Disposal, Inc. will submit an additional separate financial assurance in the amount of \$15,000 within 30 days of the Division's approval of this request. Upon OCD-approved closure of the temporary frac tank storage, Basin will request that this separate financial assurance be released. Basin Disposal, Inc. currently has financial assurance in the amount of \$144,155 (OCD Ltr Dated 2/20/06).

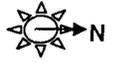
If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;

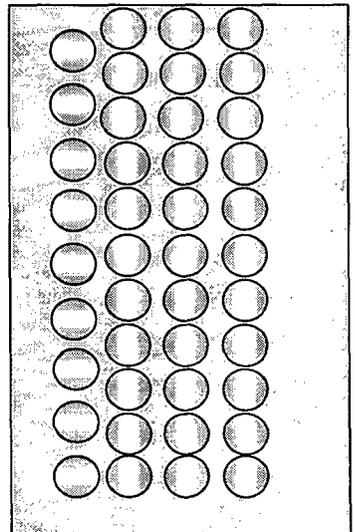
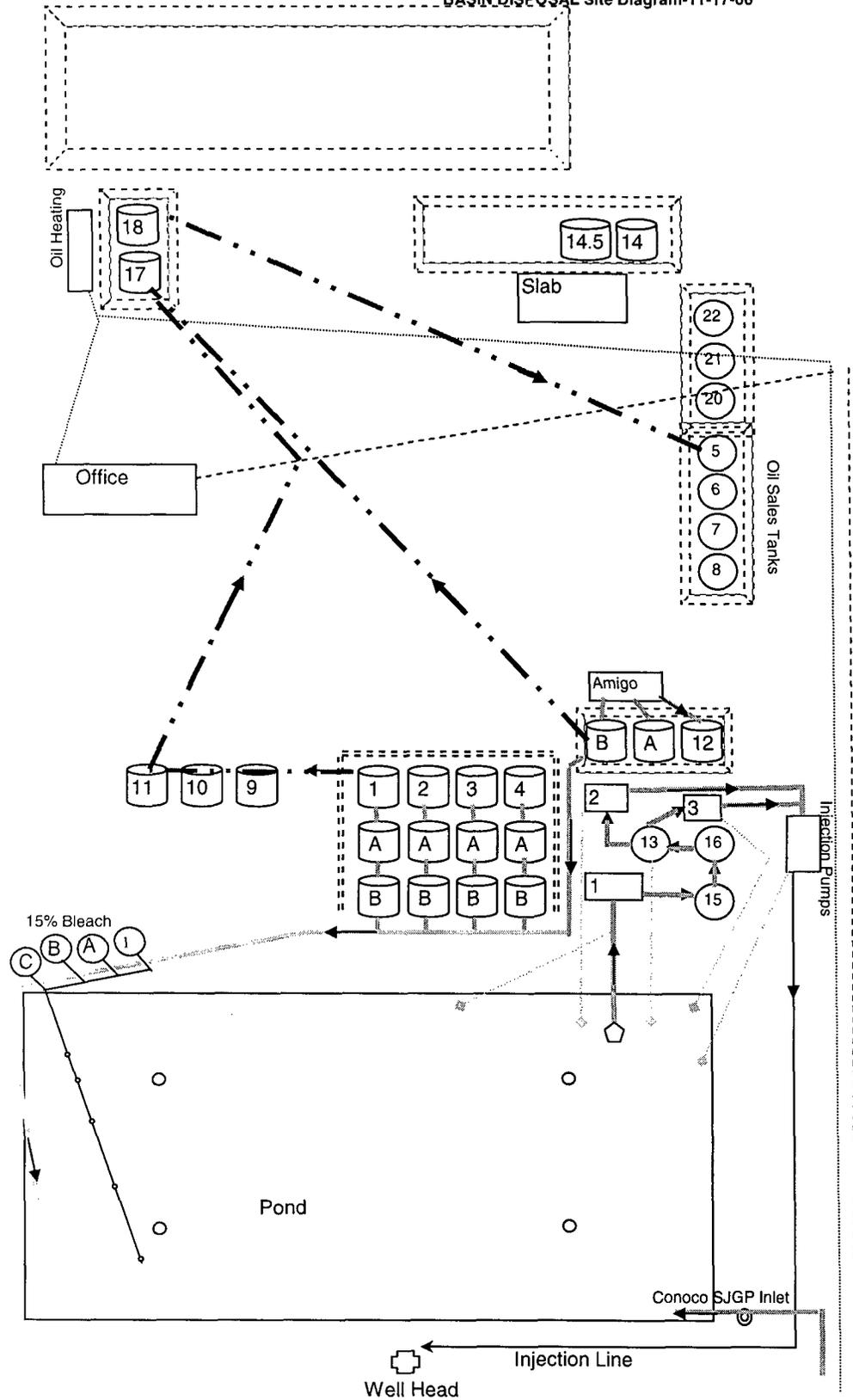

John Volkerding
General Manager

Encl: Site Diagram
OCD Ltr 2/20/06
C-137 (two copies)

Cc: Aztec OCD Office



Montana Street



Legend

- Sewer
- . - . Oil
- ◇ Overflow
- Gas
- Water
- ===== Lined Berms
- Aerator
- ⬠ Pump

Filter House 1: 20um filters
 Filter Houses 2 3: 5um filters



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 20, 2006

Ms. Cathy Messenger
Citizens Bank
P.O. Box 4140
Farmington, NM 87499-4140

RE: \$144,155 Financial Assurance for Commercial Surface
Waste Management Facility Permit NM-01-0005
Basin Disposal, Inc., Principal
Citizens Bank of Farmington, Financial Institution
Irrevocable Letter of Credit #2254

Dear Ms. Messenger:

The New Mexico Oil Conservation Division (NMOCD) hereby approves the above-referenced irrevocable letter of credit.

The NMOCD also approves the release of irrevocable letter of credit #2223, the original of which is enclosed.

Sincerely,

A handwritten signature in cursive script, appearing to read "David K. Brooks".

David K. Brooks
Assistant General Counsel

Copy: NMOCD, Aztec
Mr. Jerry Sandel, Basin Disposal, Inc.

RECEIVED
MAR 03 2006

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 June 10, 2003

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)

Commercial Centralized

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

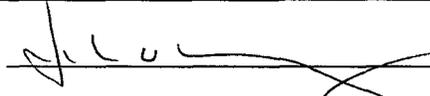
2. Operator: BASIN DISPOSAL, INC.
Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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.
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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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature:  Date: 11/17/2006

E-mail Address: BDINC@DIGI.NET

Price, Wayne, EMNRD

From: Price, Wayne, EMNRD
Sent: Friday, November 17, 2006 1:25 PM
To: 'John Volkerding'; Jones, Brad A., EMNRD; Powell, Brandon, EMNRD
Subject: RE: Request to Set Frac Tanks for Produced Water Storage

Dear Mr. Volkerding:

OCD has reviewed your request for a minor modification to your permit which includes installation of 42 500 bbls water tanks. Due to the size of the expansion and the proximity to the public OCD has determine this will be considered a major modification to your permit. Please modify your permit application to reflect this change and submit the appropriate documentation which includes public notice for OCD approval.

From: John Volkerding [mailto:bdinc@digii.net]
Sent: Friday, November 17, 2006 12:07 PM
To: Price, Wayne, EMNRD; Jones, Brad A., EMNRD; Powell, Brandon, EMNRD
Subject: Request to Set Frac Tanks for Produced Water Storage

Brad;

Following up to letter of November 1, 2006, the inspection conducted November 6, 2006, and our telephone conversation on November 15, 2006 this letter updates our request. I know you are on vacation until November 28, but I wanted to submit this as soon as possible. I will also mail hardcopies to Santa Fe (2) and Aztec.

Have a Happy Thanksgiving!

John



John Volkerding, PhD
General Manager
Basin Disposal Inc
PO Box 100, 906 S Main
Aztec, NM 87410
505-334-3013 (Office), 505-632-8936 (Plant)
505-320-2840 (Cell), 505-334-8729 (Fax)

11/17/2006

Price, Wayne, EMNRD

From: John Volkerding [bdinc@digii.net]
Sent: Friday, November 17, 2006 12:07 PM
To: Price, Wayne, EMNRD; Jones, Brad A., EMNRD; Powell, Brandon, EMNRD
Subject: Request to Set Frac Tanks for Produced Water Storage
Attachments: Temp Water Frac Tanks Ltr 11-17-06.pdf

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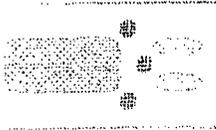
Have a Happy Thanksgiving!

John



John Volkerding, PhD
General Manager
Basin Disposal Inc
PO Box 100, 906 S Main
Aztec, NM 87410
505-334-3013 (Office), 505-632-8936 (Plant)
505-320-2840 (Cell), 505-334-8729 (Fax)

11/17/2006



BASIN DISPOSAL, INC.

SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE (505) 834-0101

17 November, 2006

Brad Jones
EMNRD/OCD
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RE: Minor Permit Modification
Temporary Frac Tanks
Produced Water Storage

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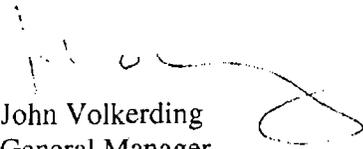
Aromatic Volatiles by GC/PID (SW8021B)

Diesel Range Organics/Gasoline Range Organics (SW8015B)

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If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;


John Volkerding
General Manager

Encl: Site Diagram
OCD Ltr 2/20/06
C-137 (two copies)

Cc: Aztec OCD Office



NEW MEXICO ENERGY, MINERALS and
NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 20, 2006

Ms. Cathy Messenger
Citizens Bank
P.O. Box 4140
Farmington, NM 87499-4140

RE: \$144,155 Financial Assurance for Commercial Surface
Waste Management Facility Permit NM-01-0005
Basin Disposal, Inc., Principal
Citizens Bank of Farmington, Financial Institution
Irrevocable Letter of Credit #2254

Dear Ms. Messenger:

The New Mexico Oil Conservation Division (NMOCD) hereby approves the above-referenced irrevocable letter of credit.

The NMOCD also approves the release of irrevocable letter of credit #2223, the original of which is enclosed.

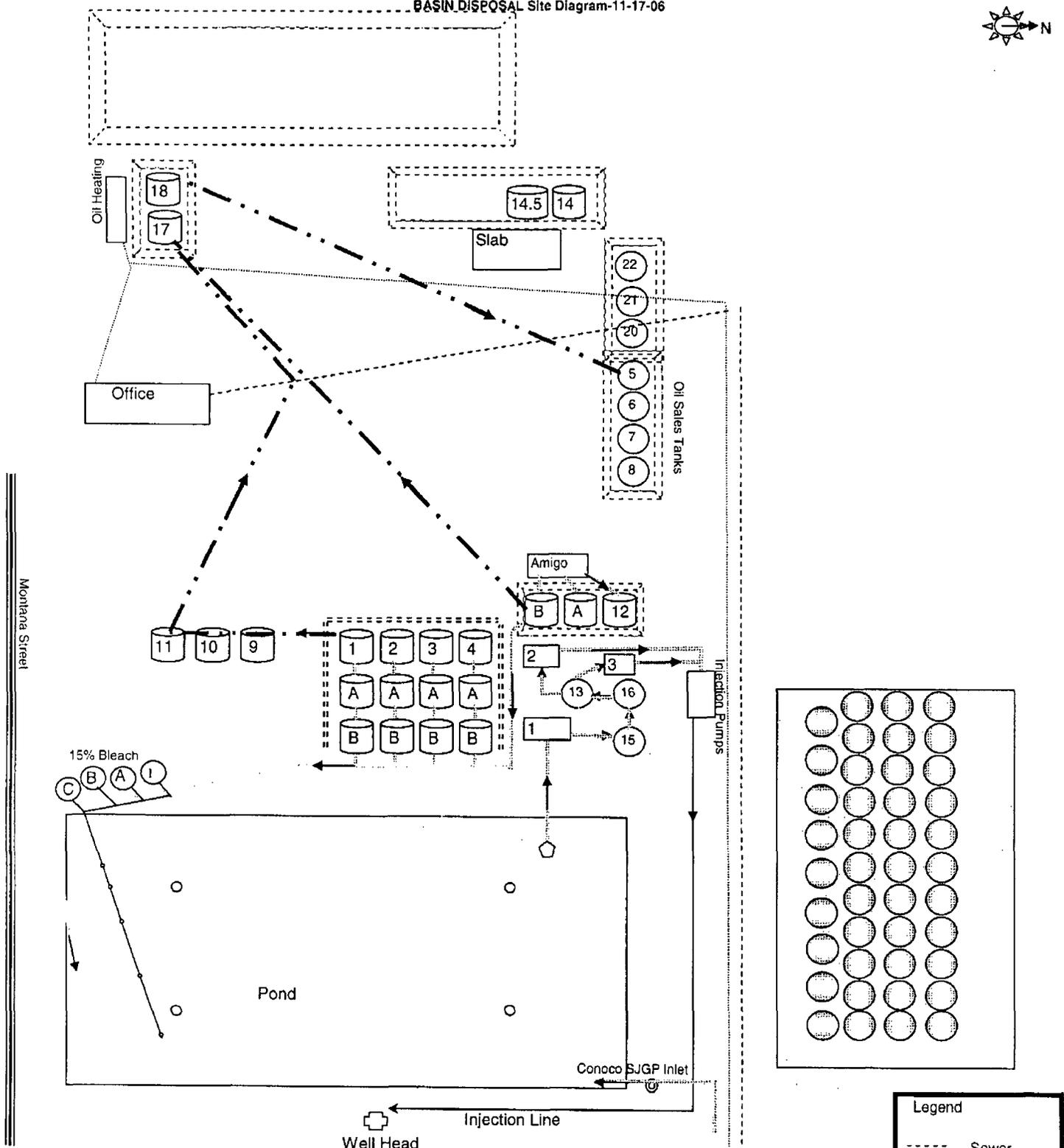
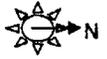
Sincerely,

David K. Brooks
Assistant General Counsel

Copy: NMOCD, Aztec
Mr. Jerry Sandel, Basin Disposal, Inc.

RECEIVED
MAR 03 2006

BASIN DISPOSAL Site Diagram-11-17-06



Filter House 1: 20um filters
 Filter Houses 2 3: 5um filters

Legend

- Sewer
- - - - - Oil
- Overflow
- Gas
- Water
- Lined Berms
- Aerator
- ⬠ Pump

District I
4625 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 June 10, 2003
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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

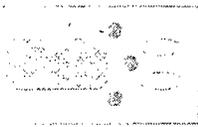
3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
Submit large scale topographic map showing exact location

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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature: [Signature] Date: 11/17/2006

E-mail Address: BDINC@DIGI.NET



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE (505) 334-3013

November 11, 2006

Oil Conservation Division
Attn: Brad Jones
1220 South St. Francis Dr.
Santa Fe, NM 87505
FAX (505) 476-3462

2006 NOV 16 AM 8:55

RE: History of Permitted Temporary Soil Storage Area

Dear Mr. Jones,

During the inspection on November 5, 2006 the OCD personnel expressed concern over the temporary soil storage area. In speaking with Denny Foust, formerly of the District III OCD Office, about the confusion surrounding the soil storage area I learned that it was permitted by the OCD as a permanent unit. During the inspection of November 5, 2006 there was a question whether Basin Disposal had operated the unit in violation of its permit and according to Mr. Foust the answer is that Basin Disposal was authorized to operate the unit on a permanent basis and that the term "temporary" denoted the fact that soil could not remain at that location for more than 30 days.

Attached are copies of documents that illustrate the fact the soil storage area was a permitted unit and allowed to be in permanent operation.

The first mention of a soil storage area was in June 1999 and Attachment A shows that based on a phone conversation of June 4, 1999, Martyne J. Kieling of the OCD required that Basin Disposal cease soil storage until a minor permit modification for a lined and bermed soil storage area be issued. Attachments, B, C, D, E are the submittals by Basin Disposal for this lined and bermed area dated June 1999.

A term that is used consistently throughout the documents is "temporary soil storage area". The OCD today is interpreting that phrase to mean the unit itself was permitted on a temporary basis. Basin Disposal's position is that the unit itself was a permanently permitted area with the requirement that soil could only be stored at the unit temporarily. The documentation supports Basin Disposal's position which is outlined below.

Attachment F is the permit modification approval dated July 6, 1999 authorizing the construction and operation of the "Temporary Soil Storage Area." At no point in the permit is there a condition that the soil storage area shall be closed at some specific time, thereby implying it is a permanent addition to the facility. The only requirement with a time frame is Condition 4 under "Temporary Soil Storage Area Operation" which states "Soil storage may not exceed 30 days."

The permit language implies that the storage area is permanent and could only hold soil for 30 day time periods.

During the inspection of November 5, 2006 the OCD implied that Attachment G was requesting an extension of the use of the soil storage area. That May 5, 2000 letter requests extension for two temporary sludge pits that were located north of the pond. This is evidenced by Attachment H, Page 1 which requests the construction of two sludge pits north of the pond in February 1999 and Attachment H, Page 2 showing the location of those sludge pits. Attachment G also makes a clear distinction between the sludge pits and the soil storage area by stating "We are also using the west pit to hold some of the dirt until it can be moved." Since the soil storage area is located to the west, that reference distinguishes the soil storage area from the sludge pits located to the north.

The OCD inspected Basin Disposal on May 1, 2000 with the results documented in Attachment I dated August 7, 2000. Attachment I, Page 5, Item 19 verifies that Attachment G spoke about granting an extension for Pits 1 & 2 located north of the pond. Attachment I, Page 5, Item 20 shows that the soil storage area was a separate unit and confirms it is a permanent unit with the word "temporary" describing that time period soil may be on site and not that the storage area was temporary by stating "Soil was stored properly on containment area....Soil disposal transfer records showed that the soils were removed in January, April, and May of 2000 to Tierra Environmental." If the 30 days referred to the time period the soil storage area was allowed to operate by having it operating in January 2000 through the inspection date in May 2000, the OCD would have stated the area was in violation. It did not make that statement and instead stated "Soil was stored properly.."

Attachment J dated December 28, 2000 is a permit modification approval that again lists the Temporary Soil Storage Area. If the OCD had intended the area only be allowed temporarily, since it was first approved in June 1999 by December 2000 the OCD would have required its closure. It did not require its closure thereby implying the soil storage was permitted permanently.

In Attachment K, Page 1, on February 26, 2001 Basin Disposal discusses the addition of two (2) temporary pits for the temporary storage of produced water due to the high volumes of water being received and mentions one (1) temporary pit used for cleaning the pond. The pits were situated on the north side of the pond, in the same area as the temporary pond we recently requested, as shown by Attachment K, Page 2.

On March 7, 2001 the OCD granted approval for these pits and required they be closed by May 7, 2001.

Attachment M dated May 17, 2001 shows these pits were emptied and removed.

The OCD inspected Basin Disposal on May 29, 2001 with the results documented in Attachment N dated January 29, 2002. The inspection report noted that "The temporary soil storage area had contaminated soil spilled outside of the lined and bermed area." And quoted the permit which states "Stored soil must be kept three (3) feet from the base of the berm to ensure that the

contaminated soils are located above the lined area.”. By the OCD noting an operational violation of the temporary soil storage area in May 2001, with the area being constructed in 1999, the OCD acknowledges the permanent nature of the soil storage area.

Attachment O dated February 12, 2002 documents the corrections of the deficiencies noted in Attachment N.

The OCD inspected Basin Disposal on March 5, 2002 with the results documented in Attachment P dated April 3, 2002. Page 1 states “Soil and sludge generated at Basin Disposal was managed well within the lined temporary soil storage area”. Page 3 shows a picture of the solidification process. The letter does state that the temporary pit to the north of the pond was $\frac{3}{4}$ closed and it was required to be closed by June 1, 2002. This temporary pit is separate and distinct from the soil storage area since the pit is located to the north and the soil storage area located to the west.

On May 20, 2003 in Attachment Q, Basin Disposal proposed to clean the pond and utilize the soil stabilization/storage area. On May 27, 2003 in Attachment R, the OCD approved the use of the temporary soil storage area. Had the OCD intended for the soil storage area to be constructed on a temporary basis, it would not have again stated it concurred with its use four years after its construction. Again the OCD did not state a requirement for the closure of the temporary soil storage area.

Attachment S, Page 1 from Edwin Martin dated March 5, 2005, approved changes to Basin Disposal and continued to acknowledge the approved existence of the dirt storage area as evidenced by the site diagram, Attachment S, Page 2. Had the OCD intended for the dirt storage area to be temporary, it would have required its removal with the permit modification.

Attachment T, Page 1 from Edwin Martin dated June 5, 2005, approved changes to Basin Disposal and continued to acknowledge the approved existence of the dirt storage area as evidenced by the site diagram, Attachment T, Page 2. Had the OCD intended for the dirt storage area to be temporary, it would have required its removal with the permit modification.

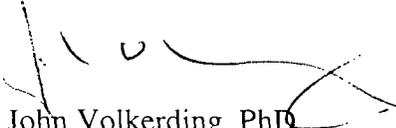
Attachment U, Page 1 from Roger Anderson dated January 16, 2006, approved changes to Basin Disposal and continued to acknowledge the approved existence of the dirt storage area as evidenced by the site diagram, Attachment U, Page 2. Had the OCD intended for the dirt storage area to be temporary, it would have required its removal with the permit modification.

To summarize the findings from these documents:

1. The OCD permitted and approved on a permanent basis the “temporary soil storage area” in 1999.
2. The term “temporary” referred to the length of time soil could be stored and not the length of time the area could be operated.
3. As recent as 2006 the OCD acknowledged the continued existence of the soil storage area.
4. At no time did the OCD require closure of the soil storage area.
5. The continued operation of the soil storage area is not a violation of Basin’s permit.

I appreciate the opportunity to clarify Basin Disposal's understanding and the history of the soil storage area. If you need anything else from me, please feel free to contact me on my cell phone at 505-320-2840 or email at bdcinc@diggii.net .

Sincerely,



John Volkerding, PhD
General Manager

Attachments

<u>Attachment</u>	<u>Date</u>	<u>Document</u>
A	6/7/1999	Letter from Martyne Keiling to Basin concerning soil storage/treatment
B	6/16/1999	Letter from Basin to Martyne Keiling requesting soil storage area
C	6/16/1999	C-137 for soil storage area
D	6/16/1999	Cross Section of storage area
E	6/16/1999	Site Diagram with soil storage area
F (2 pages)	7/6/1999	Permit authorizing the Soil Storage Area
G	5/5/2000	Letter from Basin to Martyne Keiling requesting extension on sludge pits
H (2 Pages)	2/15/1999	Letter and Map for the sludge pits that are subject of Attach G
I (5 Pages)	8/7/2000	Letter from Martyne Keiling to Basin on inspection conducted 5/16/2000
J (2 Pages)	12/28/2000	Permit which continues to allow the Soil Storage Area
K (2 pages)	2/26/2001	Letter from Basin to Martyne requesting 2 pits for temporary water storage and 1 for cleaning the pond
L	3/7/2001	Letter from Martyne Keiling to Basin allowing three pits
M	5/17/2001	Letter from Basin to Martyne Keiling stating all three pits are closed
N (2 Pages)	1/29/2002	Letter from Martyne Keiling to Basin on inspection conducted 5/29//2001
O	2/12/2002	Letter showing closure of the deficiencies from inspection
P (3 pages)	4/3/2002	Letter from Martyne Keiling to Basin on inspection conducted 4/3//2002
Q	5/20/2003	Letter from Basin to Martyne Keiling concerning cleaning the pond and requesting to use the soil storage area
R (2 Pages)	5/27/2003	Letter from Martyne Keiling authorizing the use of the soil storage area
S (2 Pages)	3/2/2005	Letter from Ed Martin permitting oil tank, pump house and moving Tank #19 with site diagram attached showing soil storage area
T (2 Pages)	7/5/2005	Letter from Ed Martin permitting filtration changes with site diagram attached showing soil storage area
U (2 Pages)	1/16/2006	Letter from Roger Anderson permitting lay-down pit with site diagram attached showing soil storage area

<u>Date</u>	<u>Document</u>	<u>Attachement</u>
6/7/1999	Letter from Martyne Keiling to Basin concerning soil storage/treatment	A
6/16/1999	Letter from Basin to Martyne Keiling requesting soil storage area	B
6/16/1999	C-137 for soil storage area	C
6/16/1999	Cross Section of storage area	D
6/16/1999	Site Diagram with soil storage area	E
7/6/1999	Permit authorizing the Soil Storage Area	F (2 pages)
5/5/2000	Letter from Basin to Martyne Keiling requesting extension on sludge pits	G
2/15/1999	Letter and Map for the sludge pits that are subject of Attach G	H (2 Pages)
8/7/2000	Letter from Martyne Keiling to Basin on inspection conducted 5/16/2000	I (5 Pages)
12/28/2000	Permit which continues to allow the Soil Storage Area	J (2 Pages)
2/26/2001	Letter from Basin to Martyne requesting 2 pits for temporary water storage and 1 for cleaning the pond	K (2 pages)
3/7/2001	Letter from Martyne Keiling to Basin allowing three pits	L
5/17/2001	Letter from Basin to Martyne Keiling stating all three pits are closed	M
1/29/2002	Letter from Martyne Keiling to Basin on inspection conducted 5/29//2001	N (2 Pages)
2/12/2002	Letter showing closure of the deficiencies from inspection	O
4/3/2002	Letter from Martyne Keiling to Basin on inspection conducted 4/3//2002	P (3 pages)
5/20/2003	Letter from Basin to Martyne Keiling concerning cleaning the pond and requesting to use the soil storage area	Q
5/27/2003	Letter from Martyne Keiling authorizing the use of the soil storage area	R (2 Pages)
3/2/2005	Letter from Ed Martin permitting oil tank, pump house and moving Tank #19 with site diagram attached showing soil storage area	S (2 Pages)
7/5/2005	Letter from Ed Martin permitting filtration changes with site diagram attached showing soil storage area	T (2 Pages)
1/16/2006	Letter from Roger Anderson permitting lay-down pit with site diagram attached showing soil storage area	U (2 Pages)



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87506
(505) 827-7131

June 7, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-542

JUN 9 1999

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

RE: Follow up to Telephone Conversation 6-4-99
Basin Disposal, Inc. Permit NO. NM-01-0005
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico

Dear Mr. Sandel:

It has come to the attention of the New Mexico Oil Conservation Division (OCD) that waste sludge/oily water from the treatment of produced water is being mixed with soil and stock-piled for drying directly on the land surface at Basin Disposal, Inc. (Basin). In addition, the contaminated soil has contained free water. Permit No. NM-01-0005 does not include storage or treatment of wastes *ie., solid or liquid* directly on the ground surface nor does it include treatment of contaminated soils onsite *ie., landfarming or composting*.

Basin shall stop at once all storage or treatment of soils directly on the ground surface. Contaminated soils presently stockpiled at the facility will be removed by June 14, 1999 to an OCD-approved facility for remediation/disposal.

If Basin wishes to continue this waste handling process a permit modification must be applied for. Basin may request a minor permit modification for a temporary contaminated soils storage area that is lined and bermed or a major permit modification to treat contaminated soils on site through landfarming or composting. Enclosed is Form C-137 to be used for any permit modifications.

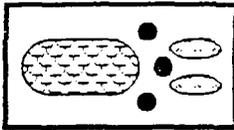
If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 827-7153.

Sincerely,

Martyne J. Kieling
Environmental Geologist

xc: Aztec District office

- Attachment A -



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

June 16, 1999

Martyne Kieling
NMOCD
2040 S. Pacheco
Santa Fe, NM 87505

RE: Temporary lined storage area

Dear Martyne,

Basin Disposal would like to request a minor permit modification for a temporary contaminated soils storage area. We would like to propose that an area at the west end of our boundary have a 20 mil liner placed on the ground with 3 feet of soil placed on top, which will be packed down, this area will also have a 2 foot berm placed around it. The size of this area will be approximately 300 feet by 300 feet. As needed soil will be taken to a OCD approved facility. Thank you for your consideration of this manner.

Sincerely,

Keith Johnson
General Manager

NEW MEXICO OIL CONSERVATION DIVISION APPROVED DISPOSAL SITE
LOCATED 3 MILES NORTH OF BLOOMFIELD, NM ON WEST SIDE OF NM HWY 44

- Attachment B -

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

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

Form C-1
Originated 8/8
Revised 6/2
Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to appropriate
District Office

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

Commercial Centralized

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

2. Operator: Basin Disposal

Address: P.O. Box 100 Aztec NM or 6 CR5046 Bloomfield

Contact Person: Keith Johnson Phone: 632-8936

3. Location: A /4 Section _____ Township _____ Range _____
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

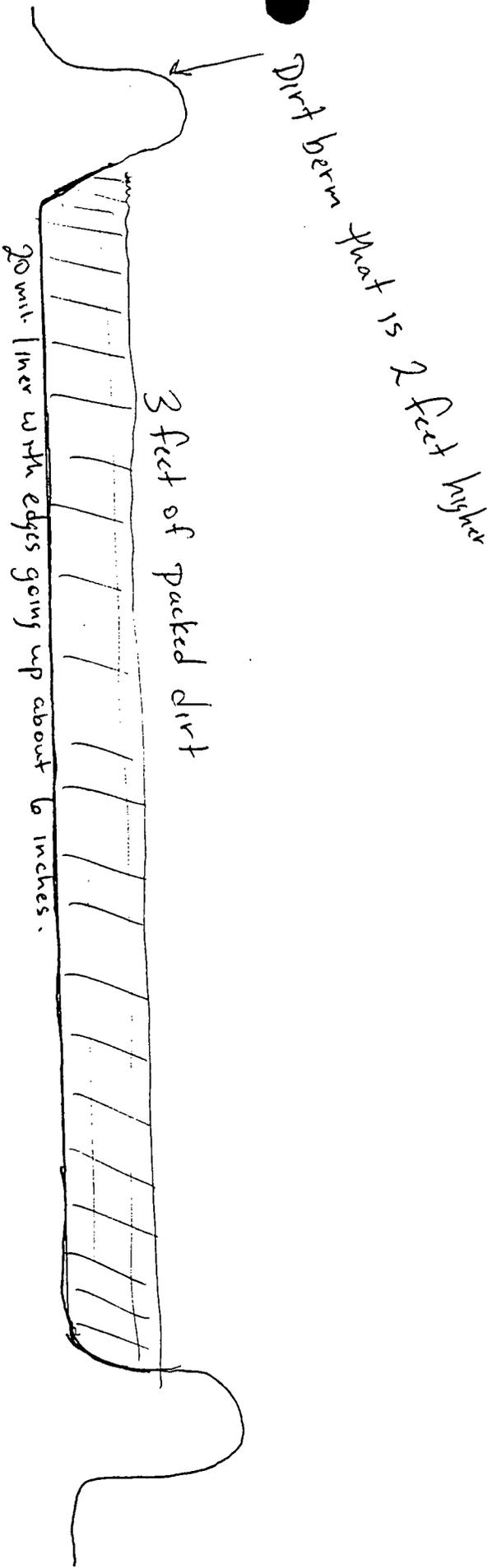
I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Keith Johnson Title: General Manager

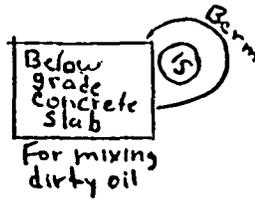
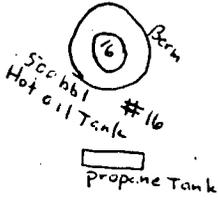
Signature: [Signature] Date: 6-17-99

Attachment C

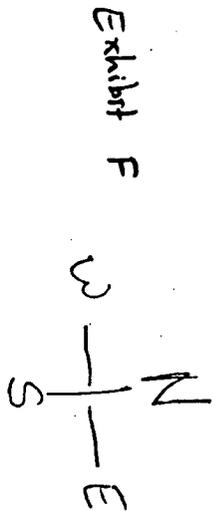
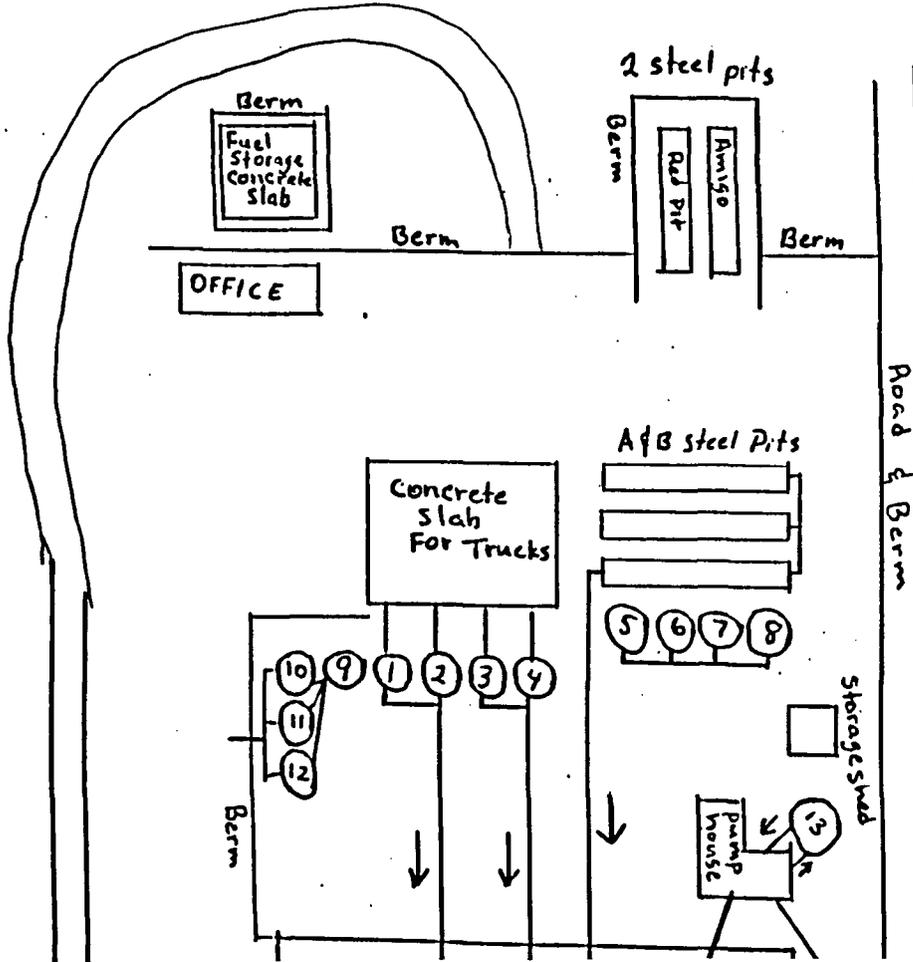
Basin Disposal -
Cross section of temporary storage area
for soil



Approximately 300' x 300'
Temporary Storage Area



Tank #16 is New Hot Oil Tank Fence



S

ATTACHMENT TO OCD 711 PERMIT MODIFICATION APPROVAL
PERMIT NM-01-0005
BASIN DISPOSAL, INC.
WASTE MANAGEMENT FACILITY
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(July 6, 1999)

TEMPORARY SOIL STORAGE AREA CONSTRUCTION

1. Construction must commence on the temporary soil storage area within one (1) year of the permit modification approval date.
2. The temporary soil storage area will be approximately 300 x 300 feet. The ground surface must be excavated to approximately one (1) foot below grade and must be cleared of all rocks, sticks and other hard objects that could puncture the plastic liner.
3. A 20 mm plastic liner must be placed in the bottom of the excavated area with the edges of the liner turned up at least one (1) foot to contain any vertical or horizontal contaminant migration.
4. Compacted soil not less than three (3) feet deep must be placed on top of the liner to protect it from heavy equipment.
5. A berm must be constructed surrounding the storage area. The berm will be two (2) feet above the interior grade and four (4) feet above the exterior grade (See diagram).
6. A ramped entrance for equipment must be constructed and maintained to preserve the berm height and integrity.

TEMPORARY SOIL STORAGE AREA OPERATION

1. The temporary soil storage area is authorized to accept only contaminated soils generated at Basin Disposal, Inc.
2. Contaminated soils created during the solidification of tank bottoms must be stored in the temporary soil storage area prior to transfer to an OCD-permitted landfarm facility.
3. Stored soil must be kept three (3) feet from the base of the berm to ensure that the contaminated soils are located above the lined area (See diagram).
4. Soil storage may not exceed 30 days. Soil volume, destination and date of removal must be

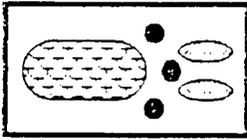
Attachment F, Page 1

recorded and maintained for OCD review.

5. The soil storage area must be inspected daily. Results of inspections must be recorded and maintained for OCD review.
6. There will be no ponding or pooling or run-off of free liquids including precipitation within the temporary storage area. Any ponding of precipitation must be removed within 24 hours of discovery.
7. Upon any odor generation the facility must notify the OCD Santa Fe and Aztec offices and begin an investigation to determine the appropriate remedial actions. Actions may include the immediate removal of contaminated soils to an OCD-approved landfarm. A report regarding the odor generation and remedial actions taken must be filed with the OCD Santa Fe and Aztec offices.
8. The berm height and integrity along with the liner integrity must be maintained.
9. The temporary contaminated soil storage area must be inspected daily. Results of the daily visual inspection and any maintenance and upkeep must be recorded and maintained for OCD review.

FACILITY AND EVAPORATION POND OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. 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.
4. All produced water must be unloaded into tanks. The produced water must reside in the tank system long enough to allow for oil and sediment separation. Oil recovered must be stored in above ground storage tanks. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.
5. 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



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 334-3013

May 5, 2000

Oil Conservation Division
Martyne Kieling
2040 S. Pacheco
Santa Fe, NM 87505

re: Temporary pits

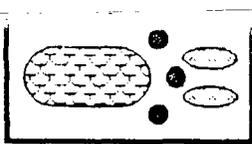
Dear Martyne,

I would like to request an extension of our permit for the temporary sludge pits. We had hoped to have finished by now but we still have more to haul off. Could we extend it for another 180 days. We have no more liquids left, it has all been mixed with dirt. We are also using the west pit to hold some of this dirt until we can get it moved. If you have any questions please call me at 325-6336 or 320-2840. Thank you and we look forward to your visit on the 16th.

Sincerely,

Keith Johnson
General Manager

- Attachment G -



Basin Disposal, Inc.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

February, 15, 1999

Martyne Kieling
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

RE: Cleaning Basin's Pond

Dear Martyne,

We would like to request a portion of the land north of us to be included in our permit so that we can use it on a temporary basis, see exhibit A, we would fence this area and use it to help facilitate the cleaning of the pond. What we would like to propose is that we build two temporary pits approximately 150' x 300' x 4' each. We would use at least a 20 ml liner. The pond would be pumped down to about 2' and the remaining water would then be pumped over to pit #1. As new trucks come in their water would be pumped to pit #1 and then back to the injection pump. When the sludge is exposed we would bring in large pumps and pump all the sludge to pit #2. We will totally clean the pond so that a repair crew can come in and inspect the liner and make any necessary repairs. Once that is completed then the water in pit #1 will then be pumped back to the main pond and that liner will be immediately disposed of. We anticipate that this part of the process will take from 10 to 14 days. Pit #2 will probable take most of the summer to finish drying but should be dry enough to remove before the summer is over. We would like to begin putting this together by the middle of April to the 1st of May. Please call me if you need any further detail or have any suggestions.

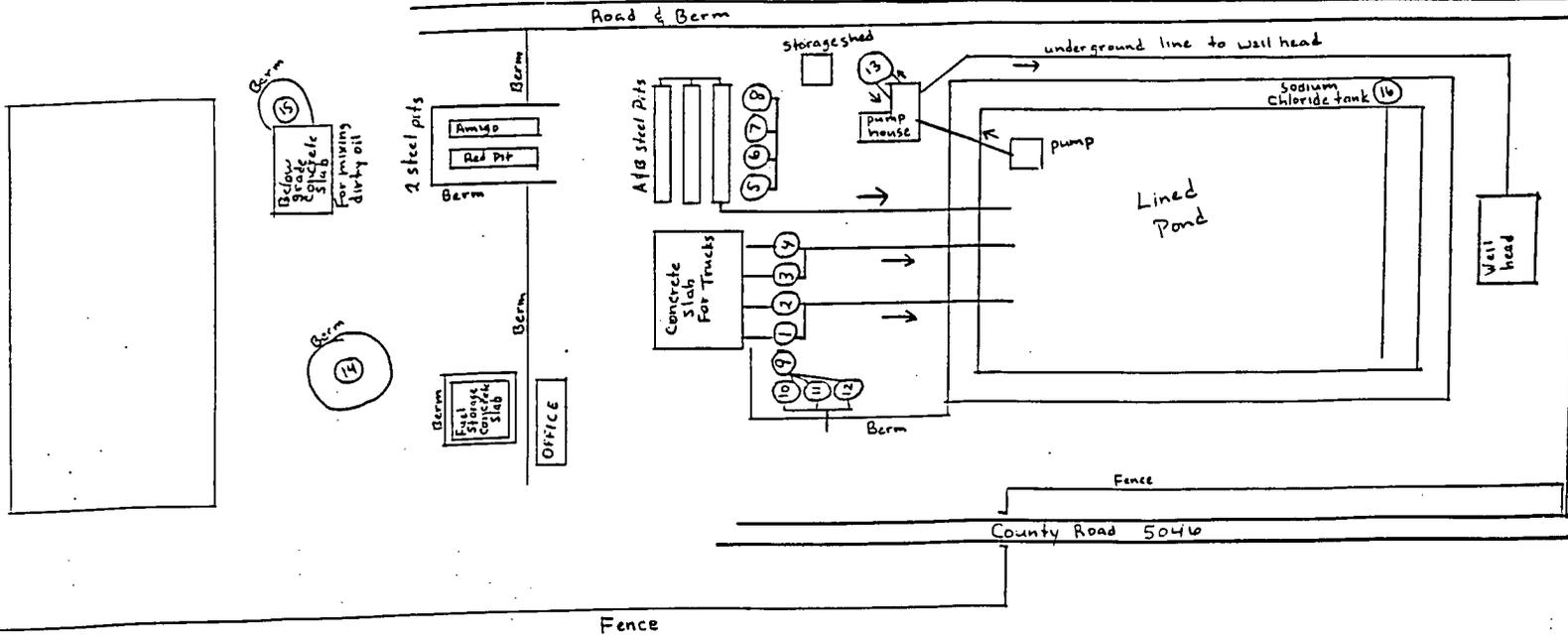
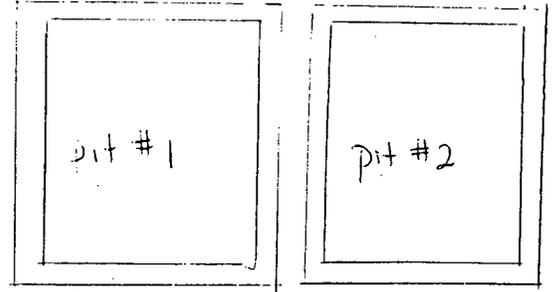
Sincerely,

Keith W. Johnson
General Manager

cc: Denny Foust

Attachment #1, Page 1

Approximately 10 acres



Attachment H, Page 2



AUG 08 2000

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

August 7, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-982

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

response on back

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0005
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) inspected the Basin Disposal, Inc. (Basin) commercial surface waste management facility at the above location on May 16, 2000.

The OCD inspection and file review of Basin indicates that Basin is deficient in several permit conditions. Attachment 1 lists the permit deficiencies during the inspection and file review. Attachment 2 contains photographs taken during the inspection. (Basin shall provide OCD with a detailed description of how the corrections will be made and a timetable of when each of the corrections will be completed. Basin must respond to the permit deficiencies Notice of Violation by September 7, 2000.)

A review of Basin's financial assurance finds that Basin's \$140,000 Letter of Credit No. 2216 is current and active.

If you have any questions please contact me at (505) 827-7153.

*make sure Denny gets
Cemco modification for tank*

Sincerely,

Martyne J. Kieling
Martyne J. Kieling
Environmental Geologist

Attachments
xc: Aztec OCD Office

ATTACHMENT 1
INSPECTION REPORT
PERMIT NM-01-0005
BASIN DISPOAL, INC.

SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(August 7, 2000)

1. Fencing and Signs: The facility will be fenced and have a sign at the entrance. The sign shall be maintained in good condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by section, township and range, and c) emergency phone number.

Facility is secured with fence and locking gate and has a sign at the entrance.

2. Berming: An adequate berm will be constructed and maintained to prevent runoff and runon for that portion of the facility containing contaminated soils.

Berms are in good condition.

3. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

The facility was tidy there was no trash or debris present (see photos 1, 2, 3, 4, 5, 6, 7, and 8).

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

The above ground tanks located at the facility are bermed. The tanks surrounding the evaporation pond and solidification pit are bermed to direct spills toward the evaporation pond or into the solidification pit (see photo 1, 5 and 8).

5. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and to prevent overflow onto the ground. All pre-existing below grade sumps or catchments must demonstrate integrity on an annual basis. Integrity tests must include visual inspections of cleaned out sumps or catchments.

Truck unloading sump was empty.

6. Equipment Maintenance: Equipment, tanks, pipe valves and connections must be inspected on a regular basis and repairs made as needed.

The operator performs and records facility inspections twice daily. No leaks or spills were observed during this inspection.

7. Evaporation Pond Inspection and Maintenance: The pond must be inspected on a daily basis or immediately following any consequential rainstorm or windstorm. If any defects are noted repairs must be made as soon as possible .

The evaporation pond spray system was running, the pumps were working two feet off the bottom of the pond and no overspray was observed.

Some oil and/or floating coal dust was observed. Material was being skimmed (see photo 4). Booms across the pond were keeping oil from spreading across the pond and to minimize the skimming work.

8. Pond Freeboard: The pond shall have a minimum freeboard of 1½ feet. A device shall be installed or a marker painted on the pond liners to accurately measure freeboard.

Free board marking was visible.

9. Pond Sludge Thickness: Sludge thickness in the base of the pond will be measured annually. Any build-up in excess of 12 inches will be removed and landfarmed.

Pond was drained and sludge was removed in 1999.

10. Leak Detection System Inspection: The leak detection system must be inspected daily and if fluid is present samples of the fluid will be compared with the fluids in the pond. Results must be recorded and maintained for OCD review.

A record inspection shows that the leak detection system has been monitored daily and that the monitor well has been pumped dry monthly. Water within the leak detection system rises to no more than 2.5 feet and appears to be condensate from moisture trapped within the layers from a past leak.

Get in ASHP
*
According to Permit NM-01-0005 an annual report of these test must be sent to the Santa Fe office for annual review by May 17th of each year. The report has not been received.

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

No Drums were present.

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

N/A

12. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

Saddle tanks were had containment and were labeled.

13. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

Tanks were numbered and were clearly labeled to identify their contents and hazards.

14. Migratory Bird Protection: All tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered not hazardous to migratory birds.

Open top steel pits were not netted, screened or covered. Basin must screen, net, or cover these exposed pits.

15. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 to the appropriate OCD District Office.

At the time of inspection, there were no spills evident at this facility.

16. Regular Facility Inspections: Facility inspections and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm.

The current permit NM-01-0005 requires these inspections be recorded. Facility inspections have been performed twice daily and records have been kept.

17. H₂S Screening: H₂S screening must be recorded and maintained.

The current permit NM-01-0005 requires H₂S screening and record keeping to be performed twice per day at 4 points around the pond. Facility H₂S screening has been performed and records maintained. Currently chemical treatment occurs four times a day with approximately 25 gallons of chemical.

18. Waste Acceptance and Disposal Documentation: Comprehensive records of all material disposed of at the facility must be maintained for each load. Documentation may include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of treatment chemicals.

Records of waste received indicate waste acceptance and disposal records are being kept and maintained as required.

19. Temporary Evaporation Pits: Two temporary pits may be constructed and used only for temporary storage of produced water from the produced water treatment and evaporation system. Sludge within the pits must be removed and disposed of at an OCD-approved facility will be dried and removed and the pits will be removed and sludge.

Pit #1 is closed (see photo 3). Pit #2 is full of solidified sludge and is being held prior to disposal (see photos 6 and 7). Pit # 2 was originally permitted for 180 days. Basin in a letter dated May 5, 2000, has requested that the time be extended for an additional 180 days to allow for the removal of the solids. The OCD is currently processing this permit modification.

20. Temporary Soil Storage Area: Soil storage may not exceed 30 days. Soil volume, destination and date of removal must be recorded and maintained for OCD review.

Soil was stored properly on containment area and there was no ponding of liquids present. Soil disposal transfer records showed that soils were removed in January, April and May of 2000 to Tierra Environmental Inc. Soil storage may not exceed 30 days.

21. New Construction: Any design changes to the produced water receiving, treatment and evaporation area must be submitted to the OCD Santa Fe office for approval.

An additional tank has been installed: Tank 18, a 500 bbls tank, is used to heat oil. Basin notified OCD of these changes in a letter dated November 2, 1999. This was a volume change to the current system not a process change.

ATTACHMENT TO OCD 711 PERMIT MODIFICATION APPROVAL
PERMIT NM-01-0005
BASIN DISPOSAL, INC.
WASTE MANAGEMENT FACILITY
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(December 28, 2000)

TEMPORARY SOIL STORAGE AREA CONSTRUCTION

1. Construction must commence on the temporary soil storage area within one (1) year of the permit modification approval date.
2. The temporary soil storage area will be approximately 300 x 300 feet. The ground surface must be excavated to approximately one (1) foot below grade and must be cleared of all rocks, sticks and other hard objects that could puncture the plastic liner.
3. A 20 mm plastic liner must be placed in the bottom of the excavated area with the edges of the liner turned up at least one (1) foot to contain any vertical or horizontal contaminant migration.
4. Compacted soil not less than three (3) feet deep must be placed on top of the liner to protect it from heavy equipment.
5. A berm must be constructed surrounding the storage area. The berm will be two (2) feet above the interior grade and four (4) feet above the exterior grade.
6. A ramped entrance for equipment must be constructed and maintained to preserve the berm height and integrity.

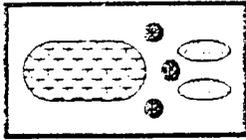
TEMPORARY SOIL STORAGE AREA OPERATION

1. The temporary soil storage area is authorized to accept only contaminated soils generated at Basin Disposal, Inc.
2. Contaminated soils created during the solidification of tank bottoms must be stored in the temporary soil storage area prior to transfer to an OCD-permitted landfarm facility.
3. Stored soil must be kept three (3) feet from the base of the berm to ensure that the contaminated soils are located above the lined area.
4. Soil storage may not exceed 30 days. Soil volume, destination and date of removal must be recorded and maintained for OCD review.

5. The soil storage area must be inspected daily. Results of inspections must be recorded and maintained for OCD review.
6. There will be no ponding or pooling or run-off of free liquids including precipitation within the temporary storage area. Any ponding of precipitation must be removed within 24 hours of discovery.
7. Upon any odor generation the facility must notify the OCD Santa Fe and Aztec offices and begin an investigation to determine the appropriate remedial actions. Actions may include the immediate removal of contaminated soils to an OCD-approved landfarm. A report regarding the odor generation and remedial actions taken must be filed with the OCD Santa Fe and Aztec offices.
8. The berm height and integrity along with the liner integrity must be maintained.
9. The temporary contaminated soil storage area must be inspected daily. Results of the daily visual inspection and any maintenance and upkeep must be recorded and maintained for OCD review.

FACILITY AND EVAPORATION POND OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. 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.
4. All produced water must be unloaded into tanks. The produced water must reside in the tank system long enough to allow for oil and sediment separation. Oil recovered must be stored in above ground storage tanks. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.
5. 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.



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 334-3013

February 26, 2001

Martyne Kieling
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87504

RE: Modification Request for temporary pits

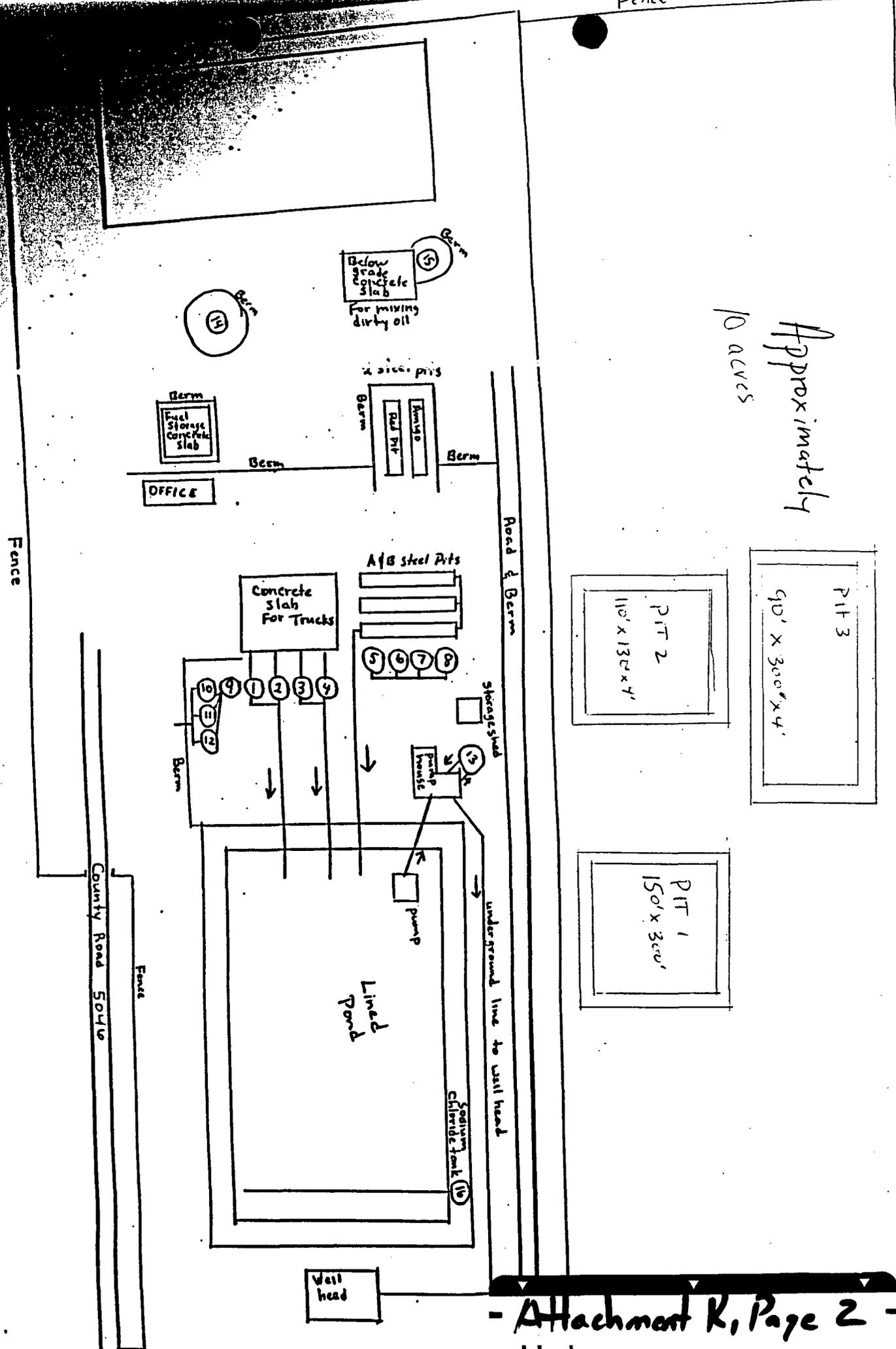
Dear Martyne,

Due to the amount of produced water that has been coming into our facility we need to ask for approval of the use of three temporary pits. Over the past 3 years we have seen a steady increase of water that has been coming to our facility; the past 3 months the increase has been quite dramatic and our pond has risen to nearly its freeboard limit. We had anticipated the loss of some business due to customer changes and some companies drilling injection wells but that loss never materialized and instead even more came in. A week or so ago we began to put together a plan to increase again the amount that we are injecting by putting two pumps in tandem. But we started too late and we have received more water than we can deal with. Key Energy has agreed to allow some of our loads to come to their facility but they are limited to only a few loads a day and we are already going over what they originally wanted to accept. So any day that could stop. We already have the one temporary pit that is to be used to clean the pond this summer and we would like to construct two more that would only hold water and once we get our pumps all online we will begin to immediately pump that water to our main pond for injection and as soon as it is dry we will pull out those liners and dispose of them and break down the berms. We anticipate the use of these pits to last no longer than 30 days. Altogether we would like to have 60 days to get them empty and cleaned up. I am also including a drawing of our facility and where these pits will be placed. The dilemma that we face is that there is no other place that we can send this water. So we need to see if we can get this approved as soon as possible. Thank you for your consideration of this matter. If you have any questions please call me at 320-2840 or 325-6336.

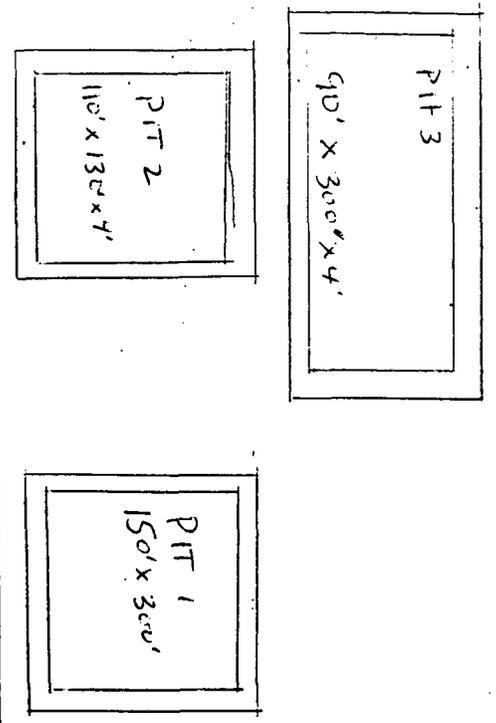
Sincerely,

Keith Johnson
General Manager

- Attachment K, Page 1 -



Approximately
10 acres



Fence Exhibit A



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

March 7, 2001

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-2139

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Temporary Produced Water Storage
Basin Disposal, Inc.
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The application to construct and use two temporary, single-lined, produced water storage pits at Basin Disposal, Inc.'s (Basin) commercial surface waste management facility is **hereby approved**. The request for temporary storage consists of the application Form C-137 dated February 26, 2001.

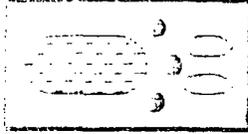
This approval is conditional upon the receipt and approval by the Director of an additional separate financial assurance in the amount of \$10,000, which may be canceled upon OCD-approved closure. Currently Basin has financial assurance in the amount of \$144,155.

In addition, the temporary pits 2 and 3 are authorized to receive produced water only until April 7, 2001; those pits must be emptied, cleaned and closed by May 7, 2001. If similar authorization is requested in the future, please be advised that OCD may require a double-lined, leachate collection system and public notice and opportunity for hearing.

The construction, operation, monitoring and reporting shall be pursuant to Basin's permit dated December 28, 2000. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised OCD approval here in shall not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval shall not relieve Basin Disposal, Inc. of

- Attachment 2 -



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

May 17, 2001

Oil Conservation Division
Martyne Kieling
PO Box 6429
Santa Fe, NM 87504-6429

Dear Martyne,

This letter is to inform you that the two temporary pits have been emptied and removed and that the other pit that will be used for cleaning the pond has also been emptied. With your approval we would like to cancel the bond that we have for closing those pits. There are two other items I wanted to let you know about; first we are moving one of our oil tanks out of the system, it is tank #12. It will most likely be used in our KCL plant. Second, we are looking at a different system to treat our pond instead of the sodium chlorite. There is a company called MIOX Systems and they use rock salt to produce a low grade chlorine. It is generally used in city water systems but this would allow us to constantly treat the water that is going into the pond, and it doesn't evaporate as quickly and it doesn't have as much chlorine odor as the sodium chlorite, plus it will cost a lot less each year. If you have any questions please call me.

Sincerely,

Keith Johnson
General Manager

- Attach most M -



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

FEB 4 2002

GARY E. JOHNSON
Governor
Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 29, 2002

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-2894

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0005
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) inspected Basin Disposal, Inc. (Basin) on May 29, 2001. The OCD found the facility to be well maintained and have good security. A records check was performed and all documentation was in order. A review of Basin's financial assurance finds that Basin's \$140,000 Letter of Credit No. 2216 is current and active. An additional \$10,000 surety bond for the temporary produced water storage pits is also on file.

At the time of the inspection The OCD found the temporary produced water storage pits 2 and 3 to be closed in accordance with the OCD approval letter dated March 7 2001 and Basin's letter dated May 17, 2001. The OCD hereby approves the closure of the temporary produced water storage pits 2 and 3.

In addition the OCD identified the following permit deficiencies during the inspection that require attention:

1. Berming around the oil storage tanks and along the southern edge of the produced water tanks was missing, eroded or had been removed and not replaced.

Permit NM-01-0005, Page 2, Facility and Evaporation Pond Operation,

5. 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.

- Attachment N, Page 1 -

Permit NM-01-0005, Page 3, Facility and Evaporation Pond Operation,

6. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.
2. The sump on the north side of the pump house is new from the last inspection performed in May 2000 and did not have a secondary liner or leak detection. This sump should be checked often and emptied, especially after rainstorms because it is located below the eve of the pump house and can potentially catch large volumes of rainwater from the roof of the building.

Permit NM-01-0005, Page 3, Facility and Evaporation Pond Operation,

7. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and contaminated soil must be removed and disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. Basin Disposal must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
8. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection monitoring system. Monitoring of the secondary containment system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be checked and the analyses must be furnished to the OCD Santa Fe and appropriate District offices.
3. The temporary soil storage area had contaminated soil spilled outside of the lined and bermed area.

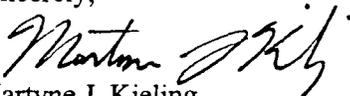
Permit NM-01-0005, Page 1, Temporary Soil Storage Area Operation,

3. Stored soil must be kept three (3) feet from the base of the berm to ensure that the contaminated soils are located above the lined area.

Basin shall provide OCD with a detailed description of how the corrections will be made and a timetable of when each of the corrections will be completed. Basin must respond to the permit deficiencies by March 4, 2002.

If you have any questions please contact me at (505) 476-3488

Sincerely,


Martyne J. Kieling
Environmental Geologist

xc with Attachments: Aztec OCD Office

- Attachment N, Page 2 -

February 12 , 2002

Martyne Kieling
NMOCD
PO Box 6429
Santa Fe, NM 87504

RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0005

Dear Martyne,

Thank you for the follow up letter regarding our permit deficiencies during your last inspection. Shortly after your visit we had these areas all taken care of. Item # 1 - we have replaced the berming which had been removed while we were moving out one of those tanks. Item #2 - we have placed a liner underneath the sump and leak detection has also been installed. Item #3 -Any soil that had spilled over the berm has been cleaned up and the piles were moved at least 3 feet away from the berm. We look forward to your next visit this coming summer. If there is any other information that you need please call me.

Sincerely,

Keith Johnson
General Manager

cc: Denny Foust

- Attachment 0 -



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

April 3, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 7001-1940-0004-7923-4030



Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0005
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) inspected Basin Disposal, Inc. (Basin) on March 5, 2002. A records check was performed and all documentation was in order. A review of Basin's financial assurance finds that Basin's \$140,000 Letter of Credit No. 2216 is current and active.

Basin has implemented new measures of checking waste delivered to prevent oil, excess sludge, and H₂S from entering their disposal system (Photo 1). The Evaporation pond was oil free and well below freeboard (Photos 4 and 7). Most of the process tanks at the facility have been raised and placed on concrete containment with poly liners and concrete beams (Photo 3). The OCD found that the closure of the lined temporary pit north of the facility is three-quarters closed (Photo 6). Please note that according to Permit NM-01-0005 this pit must be closed by June 1, 2002. Soil and sludge generated at Basin Disposal was managed well within the lined temporary soil storage area. Sludge was being solidified during the inspection and there was no free liquid present (Photo 8). Over all the OCD found the facility to be well maintained and have good security.

The OCD identified the following permit deficiencies during the inspection that require attention:

1. There was no berm or impermeable pad or containment around a small poly storage tank said to hold bleach/Clorox and the tank was not visibly labeled.

Basin must place the chemical tank on an impermeable containment pad with berm and label the tank as to contents and hazards.

Permit NM-01-0005, Facility and Evaporation Pond Operation, Item 5: 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.

Permit NM-01-0005, Facility and Evaporation Pond Operation, Item 6: All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks which ever is greater.

Basin shall provide OCD with a detailed description of how the corrections will be made and a timetable of when each of the corrections will be completed. Basin must respond to the permit deficiencies by April 19, 2002.

If you have any questions please contact me at (505) 476-3488

Sincerely,



Martyne J. Kieling
Environmental Geologist

xc with Attachments: Aztec OCD Office

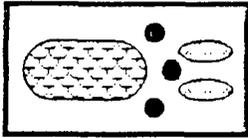
Basin Disposal, Inc. Permit NM-02-0005
March 5, 2002



Photo 7: Evaporation pond is oil free and well below freeboard. Sprayers were actively circulating water. View of east end of pond.



Photo 8: Mixer is solidifying sludge from the closure of the temporary pit. Material is then shipped to Tierra Environmental for landfarming.



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

May 20, 2003

Martyne Kieling
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

re: Pond cleaning

Dear Ms. Kieling,

It is that time again to clean our pond and we would like to propose a different method than what we have used in the past. It will allow us to clean out the sludge quickly and efficiently plus not leave any on site when we are done. What we are proposing would be to use the soil stabilization area that is already lined and bermed. We would place an additional bermed area within the larger berm that would allow Riley Industrial to dump the sludge into. We would use at least two excavators to mix the sludge with dirt and to load the dump trucks. We will then be sending them to the landfarm(s). The dump trucks will be bringing back previously remediated soil that we can use to mix with the sludge. Each day we will ensure that no liquids will be left overnight. While the pond is being cleaned we will be using 39 frac tanks to take the place of the pond, we will also berm them so that any overflows will be run into the pond. We would like to begin cleaning the pond on June 2, 2003 with a completion time of June 30. Once we are done we will begin releasing the frac tanks. If you have any questions please call me at (505) 320-2840.

Sincerely,

Keith Johnson
General Manager

- Attachment Q -



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

May 27, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

RECEIVED

MAY 30 2003

**RE: Pond Cleaning
Basin Disposal, Inc.
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) has received Basin Disposal, Inc. (Basin) proposal dated May 20, 2003 regarding pond cleaning. The proposal describes how Basin will use a portion of the lined and bermed soil storage area to mix and solidify sludge from the pond area and the installation of 39 frac tanks beside the pond to take the place of the pond fluid capacity during the cleaning procedures. This proposal has been reviewed and is hereby approved with the following conditions.

1. Sludge from Basin's pond will be mixed and stabilized within the temporary soil storage area.
2. Liquids and sludge with free liquids will not be stored in the temporary soil storage containment area overnight.
3. Stabilized sludge will be removed to an OCD permitted landfarm.
4. Clean soil or OCD approved remediated soil may be backhauled from an OCD permitted landfarm to Basin for stabilization purposes.
5. Temporary tanks will be used for temporary storage while the pond is cleaned.
6. The tanks will be placed next to the evaporation pond and will be bermed so that any accidental release or overflow will run into the pond.
7. The evaporation pond clean out project will be completed and the facility restored to normal operations by June 30, 2003.
8. Basin will submit a final report that documents the volume of sludge removed from the evaporation pond and the volume of stabilized material that was hauled to the landfarm(s) for remediation by July 31, 2003.

To better understand the process changes that have been incorporated over the last few years at Basin, the OCD would appreciate any comparison information with regards to the previous pond cleanouts. This information may include the length of time since the

Mr. Jerry Sandel
May 27, 2003
Page 2

last pond clean out, how long the new V bottom tanks have been in service and how Basin would compare this cleanout process to the last two cleanouts with regards to time, sludge volume and the variation in cost associated with the methods that have been used.

Construction, operation, monitoring and reporting shall be pursuant to Basin's permit dated December 28, 2000. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised OCD approval here in shall not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval shall not relieve Basin Disposal, Inc. of responsibility for compliance with all applicable federal, state or local laws and/or regulations.

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

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc: Aztec OCD Office



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 2, 2005

Mr. Keith Johnson
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

Dear Mr. Johnson:

The New Mexico Oil Conservation Division (NMOCD) has received your C-137 requesting a modification to NMOCD permit number NM-1-0005 for the surface waste management facility operated by Basin Disposal, Inc. (Basin).

This modification contains three parts:

1. The addition of one (1) 500-bbl tank to the oil sales tanks
2. The addition of a new pump house
3. The movement of tank #19 from the southwest corner of the pond and placement of tank #19 next to tank #15

These modifications are shown on the diagrams attached to your modification request.

This request is hereby approved with the understanding that Basin will perform the modifications according to the narrative and the diagrams attached to Form C-137.

NMOCD approval of this request does not relieve Basin of responsibility should its operations cause contamination of surface water, groundwater, or the environment. Nor does it relieve Basin of its responsibility to comply with any other federal, state or local laws and regulations.

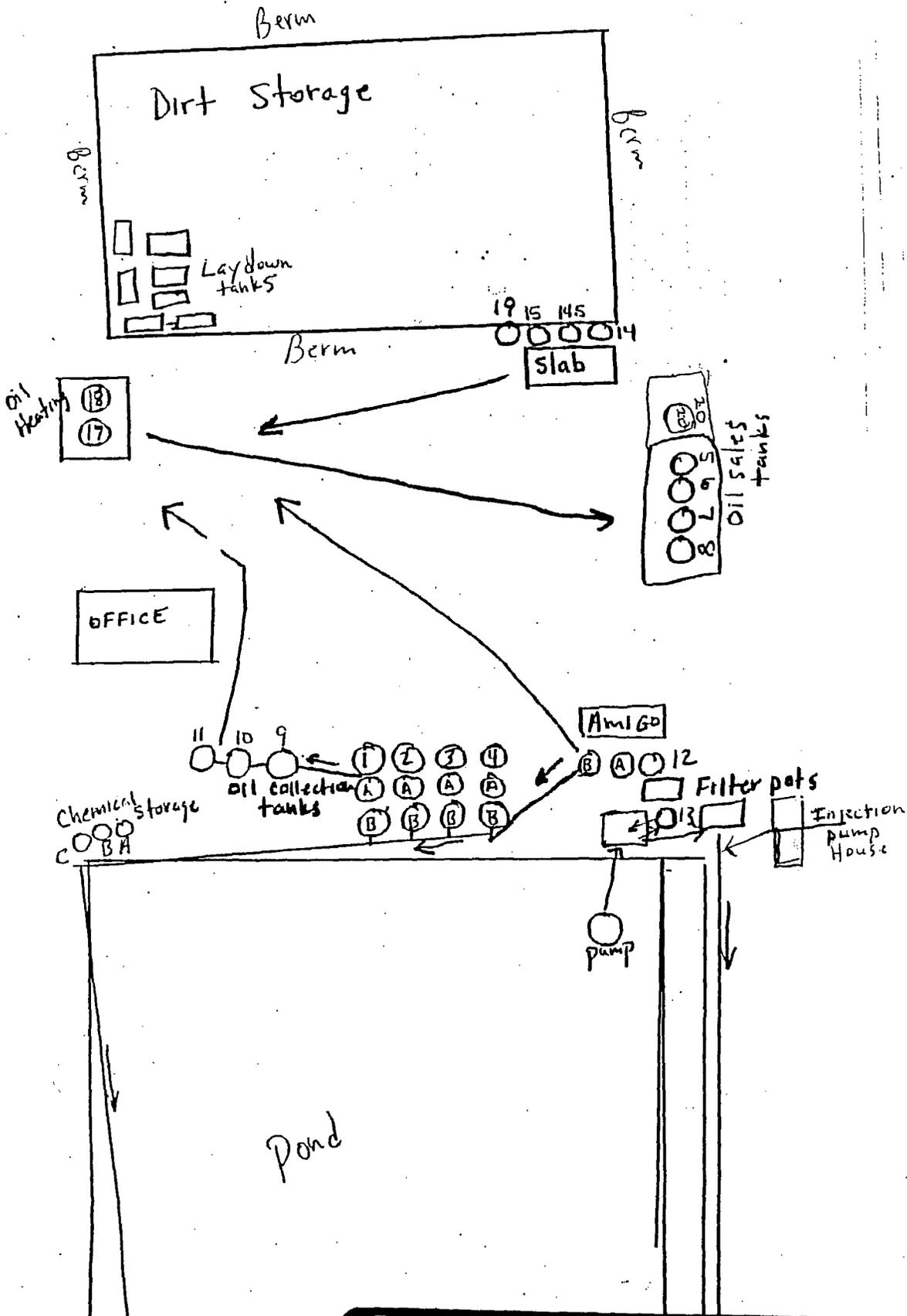
NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Engineer

Cc: Denny Foust, NMOCD,

- Attachment 5, Page 1 -

Facility Diagram
Exhibit E





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

July 5, 2005

JUL - 7 2005

Mr. Keith Johnson
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

Re: Form C-137, Dated June 22, 2005 Requesting a
Minor Modification to the Waste Management Facility
Permitted by the New Mexico Oil Conservation Division
Permit Number NM-1-005

Dear Mr. Johnson:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed the application described above. In summary, this application is a modification to the form C-137 dated February 18, 2005 as follows:

1. To improve the filter system, Basin Disposal, Inc. (Basin) wishes to move tanks #15 and #20 and tie them in with tank #13.
2. Basin also wishes to change tank #20 to tank #16.

This minor modification is hereby approved with the understanding that Basin will perform the modifications according to the narrative and the diagrams attached to the above-referenced application.

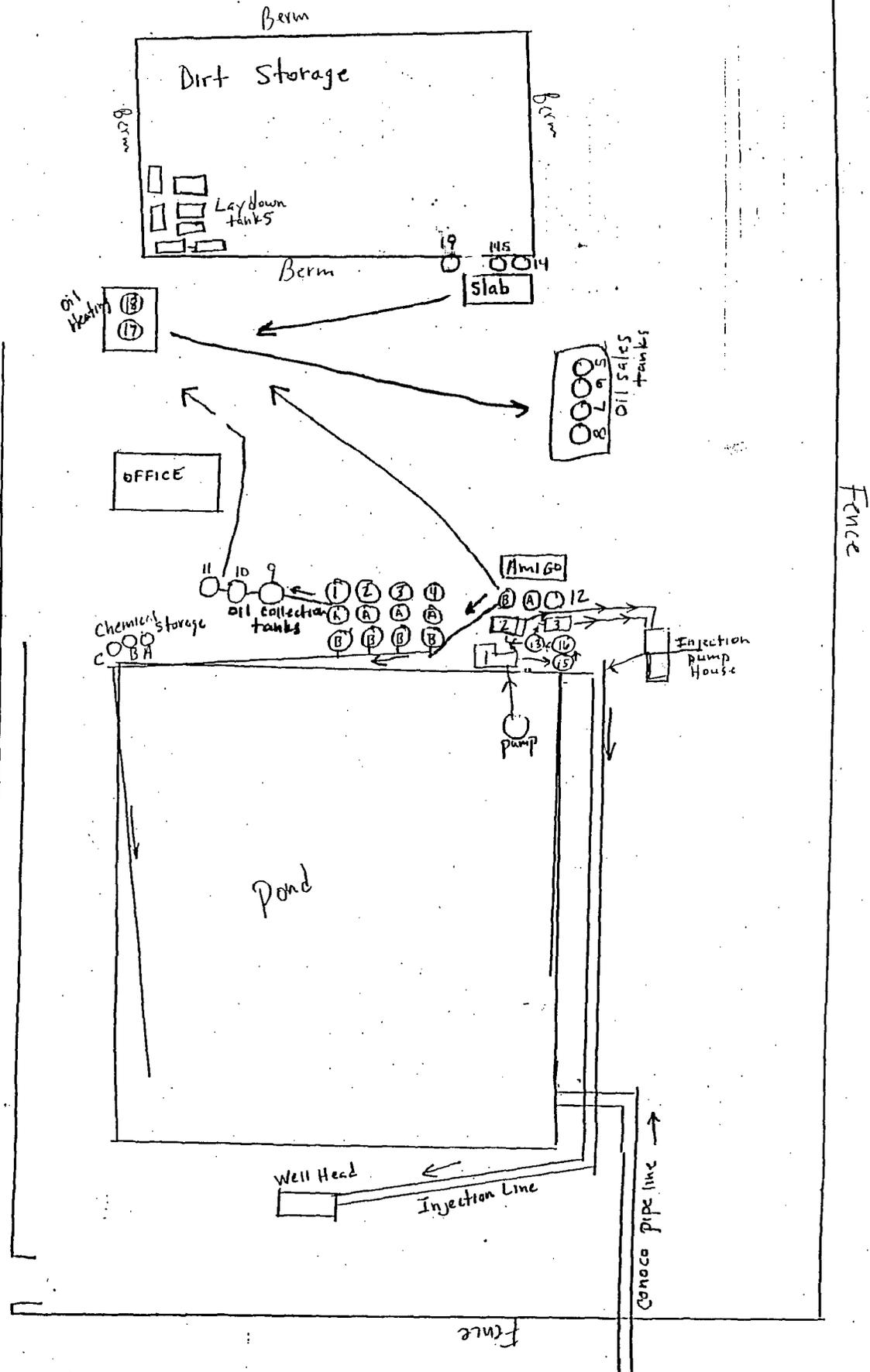
NMOCD approval does not relieve Basin of responsibility should its operations cause contamination of surface water, groundwater, or the environment. Nor does it relieve Basin of its responsibility to comply with the rules and regulations of any other federal, state, or local governmental entity.

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Bureau

Cc: NMOCD, Aztec

- Attachment T, Page 1 -





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 19, 2006

Mr. Keith Johnson
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

RE: Form C-137 for Basin Disposal, Inc. to Modify
Their Commercial Surface Waste Management Facility Permit
Number NM-1-005 for the Facility Located in the
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West
NMPM, San Juan County, New Mexico

Dear Mr. Johnson:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed the application referenced above. This minor modification request is hereby approved under the following conditions and understandings:

1. Basin will modify the lay-down pit as shown in the attachment to the application
2. Basin intends to install a burner tube in one end of the pit to recover more oil and break out more water from the sludge.
3. Basin will operate such modification under all of the terms and conditions placed on the facility by permit number NM-1-005.

NMOCD approval does not relieve Basin Disposal, Inc. (Basin) of liability should its operations at this facility prove to have been harmful to fresh water, public health or the environment. Nor does it relieve Basin of its responsibility to comply with the rules and regulations of any other governmental entity.

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

NEW MEXICO OIL CONSERVATION DIVISION

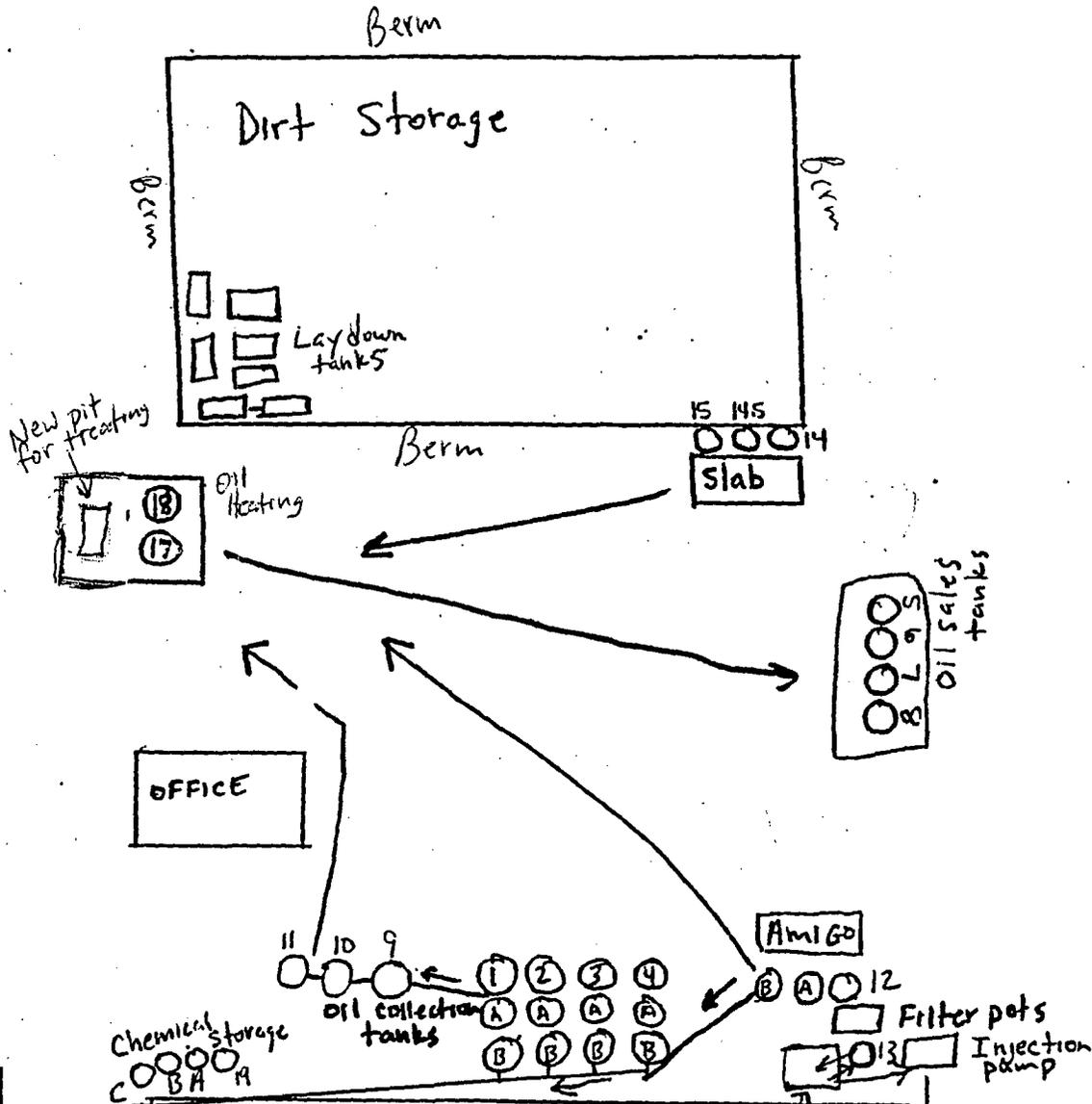
Roger C. Anderson
Environmental Bureau Chief

Copy: NMOCD, Aztec

- Attachment U, Page 1 -

Fence

Facility Diagram Exhibit E



Fence



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3015

31 October, 2006

Brad Jones
EMNRD/OCD
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RE: Minor Permit Modification
Temporary Frac Tanks
Produced Water Storage

Dear Mr. Jones;

In speaking with many of the major production companies, to include Williams, XTO, BP, Conoco, and Energen, each is needing to immediately reduce the level of the water in their reserve pits in the field in order to comply with the BLM and Forest Service requirements to close their pits for the winter. This has, and will continue to, cause a tremendous increase in the amount of water coming to Basin Disposal.

In researching the capacity needs for the area, it appears we may need as many as forty-two (42) 400 barrel (BBL) frac tanks.

We request authorization to set 42 400 BBL tanks for the temporary storage of produced water. The tanks will not be connected in any way.

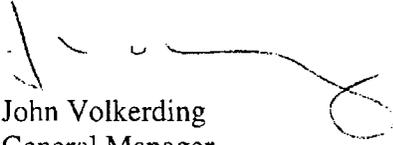
Having the water stored at one continuously monitored location at the disposal location, as opposed to being stored at numerous unmanned pits in the field provides for increased environmental protection by increasing the level stewardship for that water and minimizing the transportation of that water.

In evaluating NMAC 19.15.5.310.A and the permit conditions, the tanks will be set in a bermed area to the west of the temporary pond. The berm will be an earthen berm with approximate dimensions of 155 feet x 155 feet x 4 feet. The facility is manned 24 hours per day 7 days per week and any leak or release would be immediately noticed and remedied.

In evaluating the requirements of NMAC 19.15.5.310.B we shall ensure all proposed tanks are identified by a sign posted not more than 50 feet from the tanks which is made of durable construction and with lettering large enough to be legible under normal conditions at a distance of 50 feet with: the name of the operator, and the location of the tank(s) by unit letter, section, township, and range.

If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;

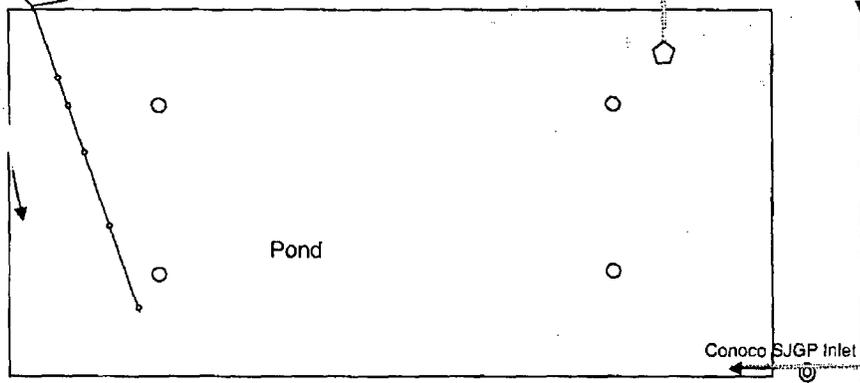
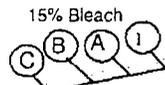
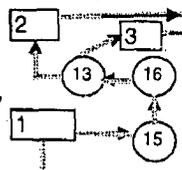
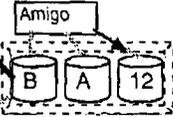
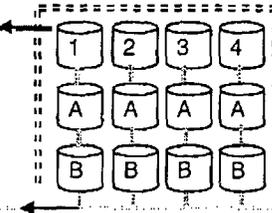
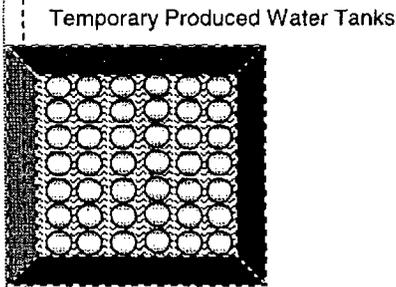
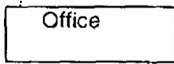
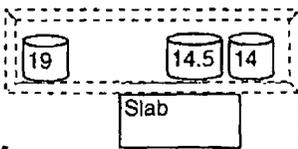
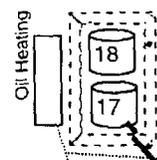
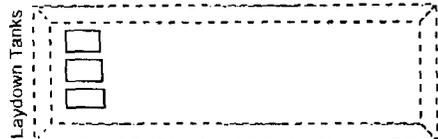
A handwritten signature in black ink, appearing to read "John Volkerding", with a long horizontal flourish extending to the right.

John Volkerding
General Manager

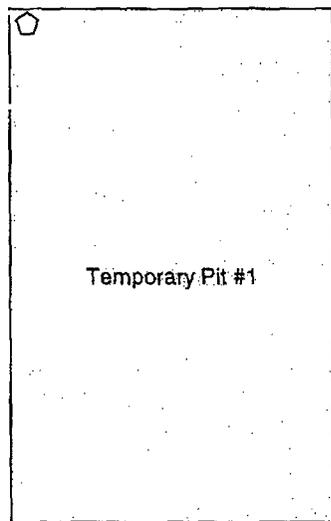
Attach: Site Diagram
C-137

Cc: Aztec OCD Office

BASIN DISPOSAL Site Diagram-10-31-06



Injection Pumps



Montana Street

Legend	
----	Sewer
- - - -	Oil
.....	Overflow
.....	Gas
.....	Water
=====	Lined Berms
○	Aerator
◊	Pump

Filter House 1: 20um filters
 Filter Houses 2 3: 5um filters

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 June 10, 2003

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature: [Signature] Date: 10/31/2006

E-mail Address: BDINC@DIGII.NET

Jones, Brad A., EMNRD

From: John Volkerding [bdinc@digii.net]
Sent: Friday, October 27, 2006 2:48 PM
To: Jones, Brad A., EMNRD
Subject: A few questions

Brad;

I have a few questions that may be stupid – if so, I apologize. I am working on a permit application for an additional permanent pond. Wayne and you mentioned some of the requirements and I have found those but needed some additional info. The reg does not seem to define what thickness liners are required for the primary and secondary liners. I have learned that it will take at least 6 months to get such a liner (and probably at least that long to get the permit) and I wanted to make sure I ordered the right thickness. I also wanted to make sure my submittal to you contained the required info the first time so I am not having to do multiple submittals like last time – I know that was annoying and I apologize. We will use whatever thickness liner OCD requires.

19.15.2.50 PITS AND BELOW-GRADE TANKS:

(ii) Disposal or storage pits. Each disposal pit (including, but not limited to, any separator pit, tank drain pit, evaporation pit, blowdown pit used in production activities, pipeline drip

pit, or production pit) and each storage pit (including any brine pit, salt water pit, fluid storage pit for an LPG system, or production pit) shall contain, at a minimum, a primary and a secondary liner appropriate to the conditions at the site. Liners shall be designed, constructed, and maintained so as to prevent the contamination of fresh water, and protect public health and the environment.

(c) Leak detection. A leak detection system shall be installed between the primary and secondary liner in each disposal or storage pit. The leak detection system shall be designed, installed,

and operated so as to prevent the contamination of fresh water, and protect public health and the environment. The operator shall notify the division at least twenty-four hours prior to installation of the primary liner so a division representative may inspect the leak detection system before it is covered.

I have been bombarded with requests from companies on their reserve pits that need to close for the winter. I also heard from TNT Disposal who said they are closing their gates for awhile because they have too much water – that only means more needs to go elsewhere. My management wants to set additional frac tanks for produced water. They said they have done it every year before so that is what they want to do again. I wanted to give you a heads up I will be submitting an application for 30 additional tanks all of which will be inside a bermed area or adequate size. We won't set those tanks until we have permission. I have made that real clear to everyone. I wanted OCD to know that we actually lose money when we set frac tanks to store water so the motive to do this is not to make money. Our mgt believes that since Basin is the largest of the commercial disposal facilities it has an obligation to take the water even it means losing money in order to provide a place for the water to go for the good of the whole basin. Just FYI.

Just wanted to keep the lines of communication open. Hope you have a good weekend and Happy Halloween. If you all have any suggestions on ways for us to do things better I am always open to them

Thanks, john



John Volkerding, PhD
General Manager
Basin Disposal Inc
PO Box 100, 906 S Main

10/30/2006

Aztec, NM 87410
505-334-3013 (Office), 505-632-8936 (Plant)
505-320-2840 (Cell), 505-334-8729 (Fax)



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

October 10, 2006

Mr. John Volkerding
General Manager
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

RE: Form C-137 for Basin Disposal, Inc. Minor Modification Request
Commercial Surface Waste Management Facility Permit NM-1-005
Facility Location: SE/4 NW/4 of Section 3, Township 29 North, Range 11 West
NMPM, San Juan County, New Mexico

Dear Mr. Volkerding:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed the application referenced above. This minor modification request is hereby approved under the following conditions and understandings:

1. Basin will replace Oil Tank 5 with an identical (500 barrel) new tank and refit tanks 5, 6, 7, and 8 so that they are not interconnected.
2. Basin will construct a new lined berm to hold three additional 400-barrel tanks (20 through 22) to the west of tank 5. Tanks 20 through 22 will not be interconnected and will be placed within a lined berm with the appropriate capacity of at least 1 and 1/3 volume of the largest tank.
3. Basin will implement the use of a truck mounted auger to pull sludge from the bottom of the evaporation pond, in order to control and maintain a thickness no more than 12 inches on the bottom. The auger system will carry the sludge via a conveyor to a sealed pipe connected to a sealed lay-down tank. Water hauling trucks will be utilized to remove the sludge from the lay-down tanks and transport the sludge to the Industrial Ecosystem Inc. facility.
4. If the proposed auger system does not effectively remove the sludge, Basin will construct a temporary pit to divert water from the evaporation pond in order to remove sludge from the evaporation pond. The temporary pit will be decommissioned within 360 day of installation. The liner of the temporary pit will be removed and disposed of at a NMOCD approved facility. The NMOCD Santa Fe and District office will be notified in writing of the pit closure.

5. Basin will operate such modification under all of the terms and conditions placed on the facility by permit number NM-1-005.

NMOCD approval does not relieve Basin Disposal, Inc. (Basin) of liability should its operations at this facility prove to have been harmful to fresh water, public health or the environment. Nor does it relieve Basin of its responsibility to comply with the rules and regulations of any other governmental entity.

If you have any questions regarding this matter, please contact Brad A Jones of my staff at (505) 476-3487 or brad.a.jones@state.nm.us.

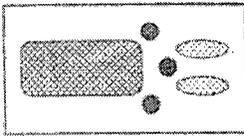
Sincerely,



Wayne Price
Environmental Bureau Chief

LWP/baj

xc: NMOCD, Aztec



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

21 September, 2006

Brad Jones
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RE: Revision to Letter Dated 8/31/06
Form C-137, Minor Modification
Permit NM-1-005

Dear Mr. Jones;

Thank you for the feedback on the previous submissions. This letter should incorporate and answer all the questions and concerns raised by OCD during its review of the August 31, 2006 letter.

If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;
John Volkerding
General Manager

Encl: Form C-137
Auger Photos
Site Diagram, as proposed above

Cc: Aztec OCD Office
Santa Fe, OCD Office

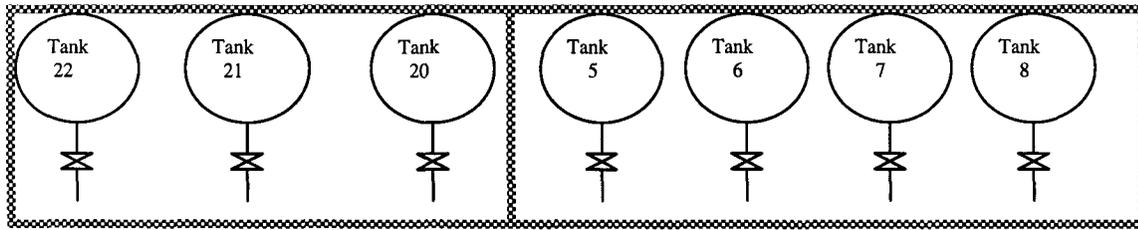
Modification 1, Oil Tank Replacements

We propose to replace Tank 5 with an identical new tank and to add three additional 500 barrel tanks (#20-#22) to the west of Tank 5. We propose to relocate the current Tank 5 to our KCl plant to store water and relabel it KCL #10.

There have been no leaks or releases from Tank 5. We plan to replace it since having 4 new tanks, we would prefer the new tanks be used to store oil and the older tank be used to store water. Prior to storing water, KCl #10 will be cleaned.

In evaluating NMAC 19.15.5.310.A and the permit conditions, Tanks 5-8 currently are placed within a lined berm with the dimensions of 74' x 22' x 2.5' for a lined bermed reserve capacity of 724 barrels. The tanks will not be connected together in anyway.

Tanks 20-22 will not be connected and will be placed within a lined berm with approximate dimensions of 66' x 22' x 2.5' to ensure we have at least 1 and 1/3 volume of each individual tank.



The facility is manned 24 hours per day 7 days per week and any leak or release would be immediately noticed and remedied.

In evaluating the requirements of NMAC 19.15.5.310.B we shall ensure all proposed tanks are identified by a sign posted not more than 50 feet from the tanks which is made of durable construction and with lettering large enough to be legible under normal conditions at a distance of 50 feet with: the name of the operator, and the location of the tank(s) by unit letter, section, township, and range.

*Provide construction details of berm
liner - LDPE/PVC
berm - concrete*

*Design for berm
(Tanks 20-22)
66' x 22' x 2.5'*

Modification 2, Auger Pond Cleaning System

Under the facility's permit, sludge is required to be maintained at a thickness of no more than 12 inches. As such, periodic cleaning of the pond is required. During Basin Disposal's past pond cleaning efforts several different methods have been used requiring the installation of additional tanks and/or temporary pits. The permit section entitled "Temporary Pit Construction and Closure" was placed in the permit to accommodate those cleaning efforts.

Basin proposes to implement the use of a truck mounted auger to pull the sludge from the bottom, carry the sludge via a conveyor to a sealed pipe connected to a sealed lay-down tank, then use our water hauling trucks to remove the sludge from the lay-down tank to transport the sludge to the Industrial Ecosystem Inc (IEI) facility.

The pond is constructed such that it slopes from west to east. This design causes the sludge to accumulate on the eastern side of the pond. The auger system would be used along the east side of the pond to remove the sludge. The auger and conveyor process will be conducted within the boundaries of the lined pond so any water or sludge that may leak from that portion of system will be returned immediately to the pond. The truck, sealed pipe, and lay-down tank will all be installed on a covered liner such as to collect any water or sludge in the unlikely event of a leak. The equipment will be manned at all times the cleaning is in progress and any unlikely releases will be immediately cleaned up.

The pond liner was replaced in 2003 and is a 42 mil thickness. Underneath that liner is the previous liner which also has a 42 mil thickness. Underneath the pond is a leak detection system constructed of a gridwork of perforated pipes. In the unlikely event a leak were to occur, water would be detected in the leak detection system which per the permit is checked daily.

Our goal and belief is that the auger system will eliminate the need for additional pits or tanks and will allow for a continual sludge removal process throughout the year. We see this as an improvement with pollution prevention potential over the previous methods.

Modification 2A, Temporary Pit Contingency Plan

If for one reason or another the proposed auger system does not effectively remove the sludge because of the water level in the pond (i.e. more water than sludge is conveyed through the system), Basin Disposal, Inc. would like to request as a contingency plan that we be allowed to construct a temporary pit north of the evaporation pond.

The permit section entitled "Temporary Pit Construction and Closure" outlines the construction of a temporary pit that was authorized by the OCD for previous pond cleaning events.

While that section of the permit authorized the construction of two temporary pits, we are only requesting that Pit #1 be authorized for the temporary storage of produced water from the produced water treatment system. This temporary pit will allow the water level in the main pond to decrease to a level that the auger system can be effectively utilized. Pit #1 will be less than or equal to the originally authorized dimensions of 150 feet by 300 feet by 4 feet deep and will be operated such as to constantly maintain a freeboard of 1½ feet.

The bed of the temporary pit will be smooth and compacted, free of holes, rocks, stumps, cluds and any other debris which could rupture the liner. A trench with a minimum depth of 12 inches and located a minimum of 9 inches from the slope break will be constructed to anchor the liner.

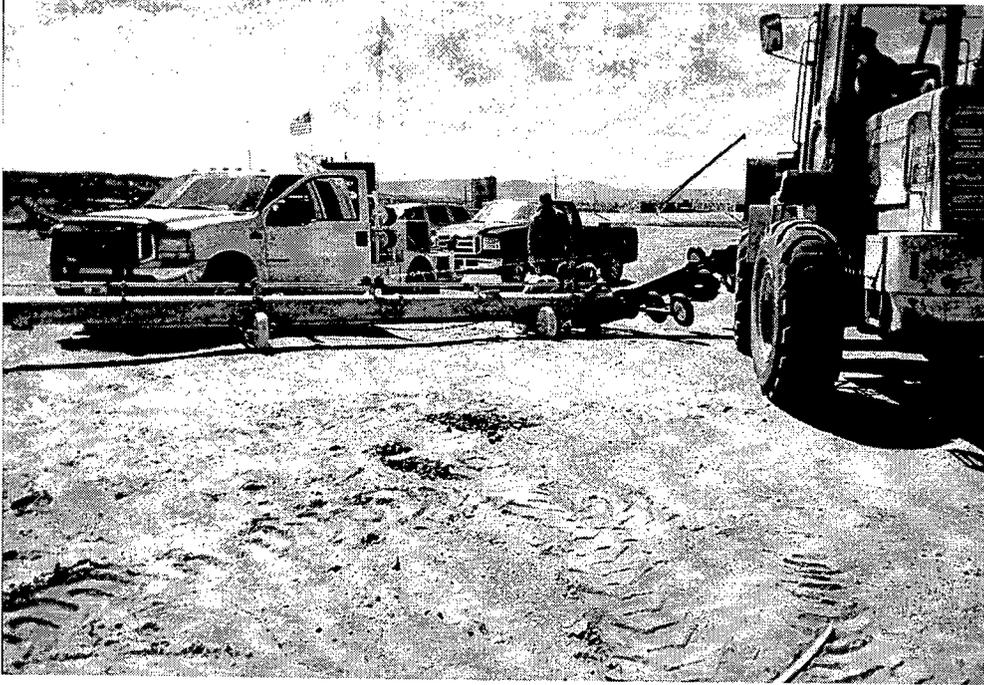
Pit inspection and maintenance will be conducted daily and immediately following a consequential rainstorm or windstorm. Any defect will be repaired as soon as possible and OCD notified within 24 hours.

The temporary pit will be decommissioned within 360 days of installation. The liner will be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and District office will be notified in writing of pit closure.

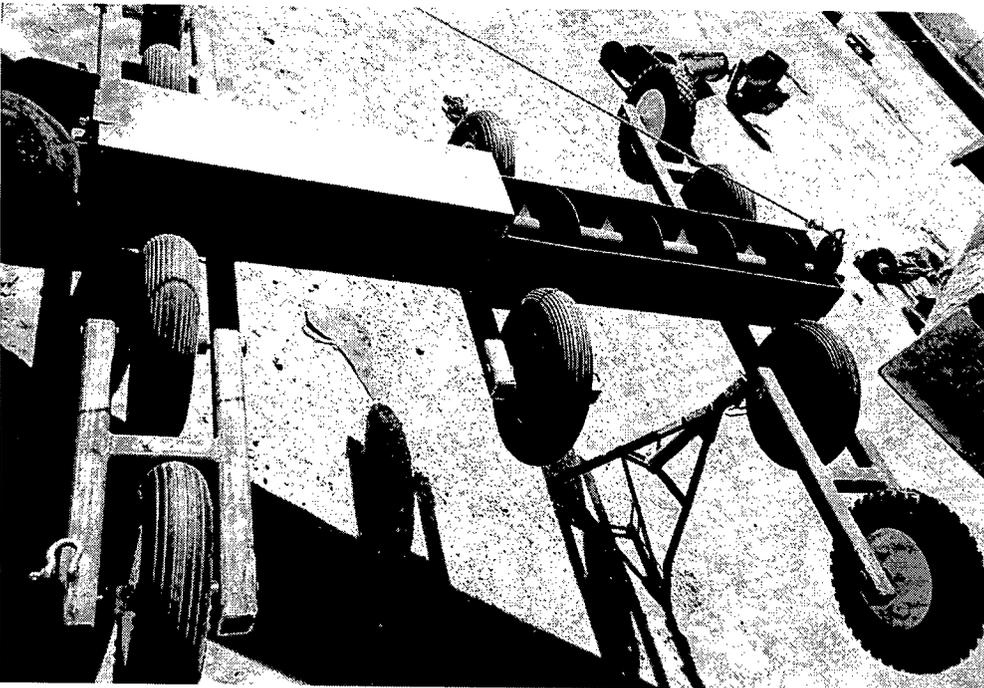
This option is requested only as a contingency if the auger system will not work with the evaporation pond full of water. The OCD will be notified in advance if the contingency plan is to be implemented

Construction details
of the temp pit
- liner material
- subgrade
- anchor trench

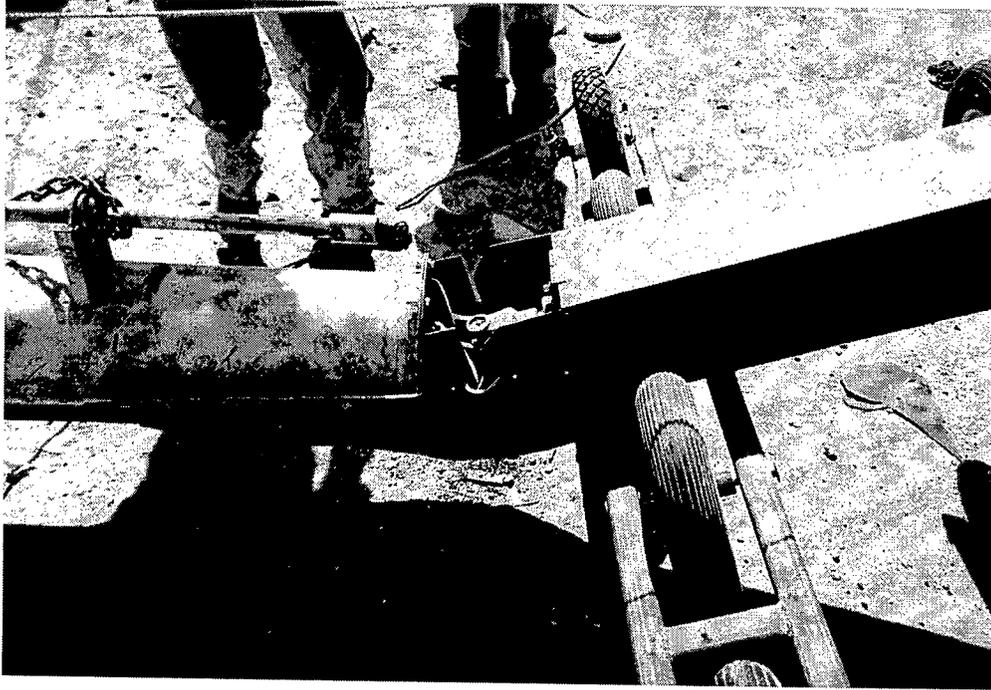
Basin Disposal Auger, 8/15/06



“Full Picture” of Auger. The black end will be in the pond and collect the sludge, which will be conveyed up the yellow pipe. The wheel will distribute the weight to ensure the liner is not subject to too much weight at any one location and will keep the metal components from coming into contact with the liner.

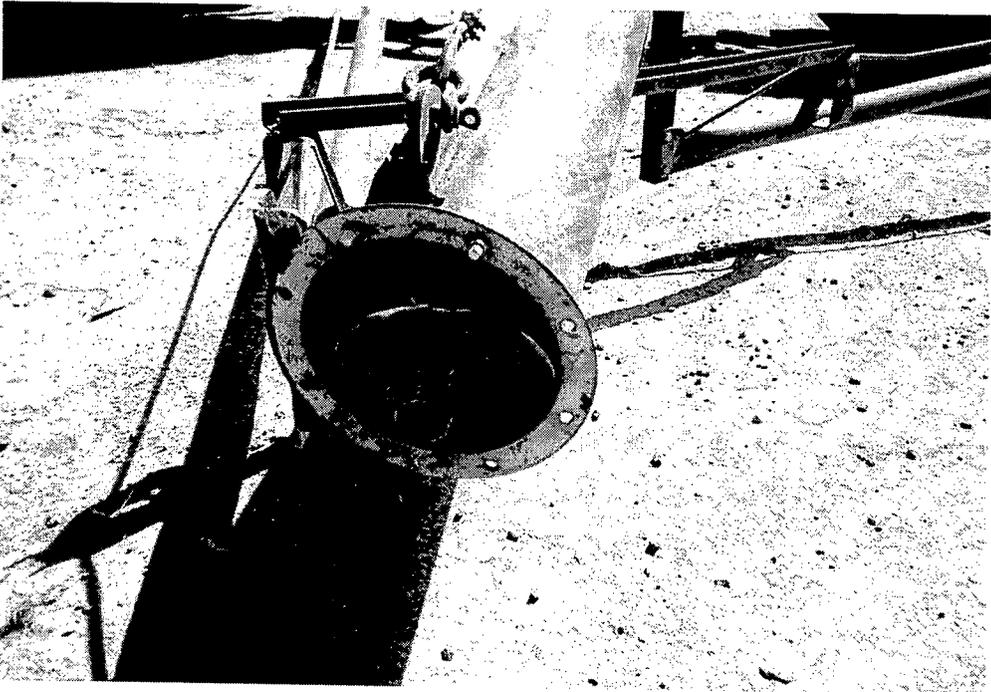


The collection end. There are 10 wheels to ensure the weight is adequately distributed. The top of the collection end is open to trap the sludge which is pulled up the pipe by the auger.

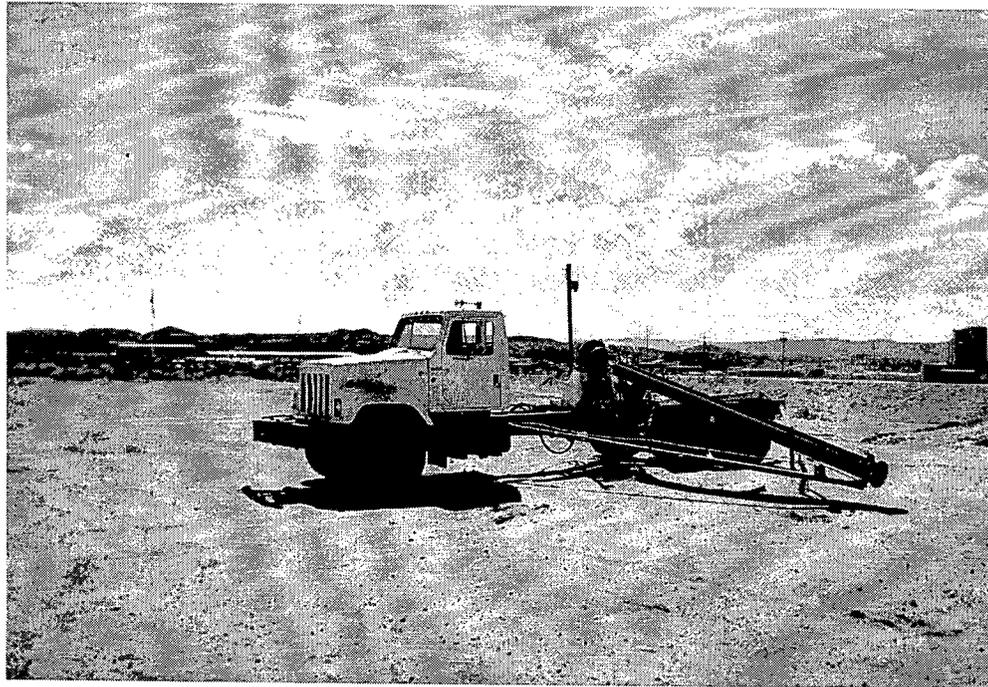


The collection end and first pipe connect. The connection is hinged to allow for flexibility and the change in pitch between the bottom and sides of the pond. . There are 10 wheels to ensure the weight is adequately distributed.

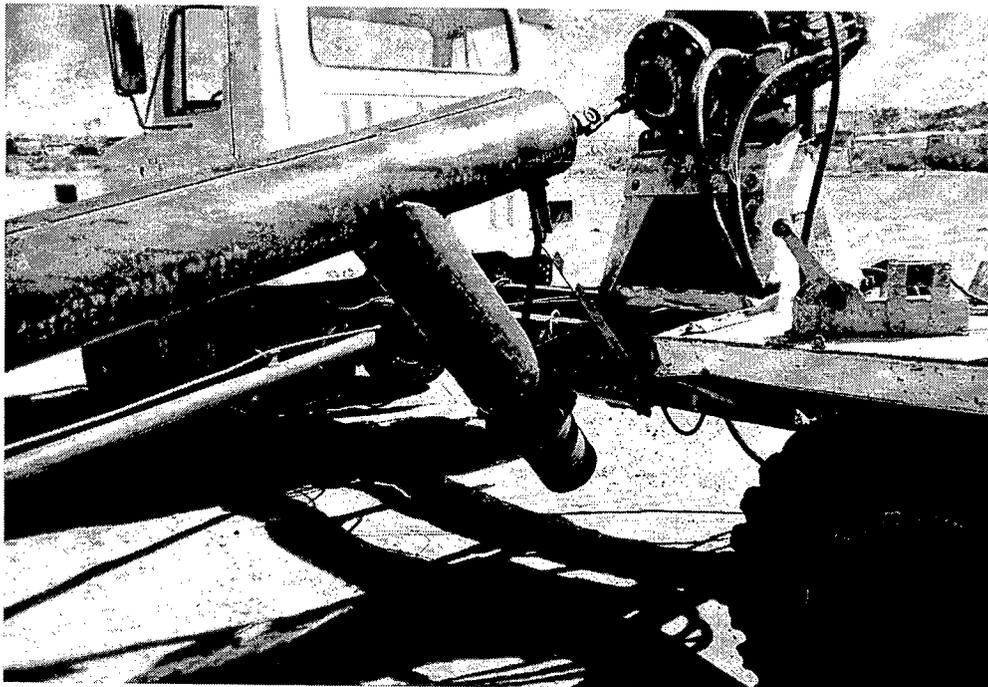
The top of the collection end is open to trap the sludge which is pulled up the pipe by the auger.



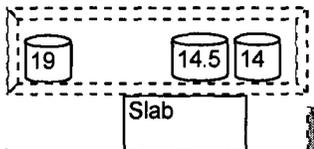
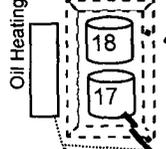
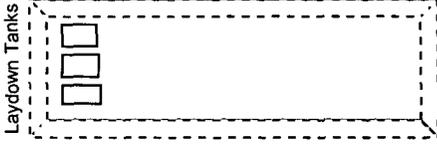
The end of the first pipe showing the auger. At this point the pipe connects to the pipe mounted on the truck.



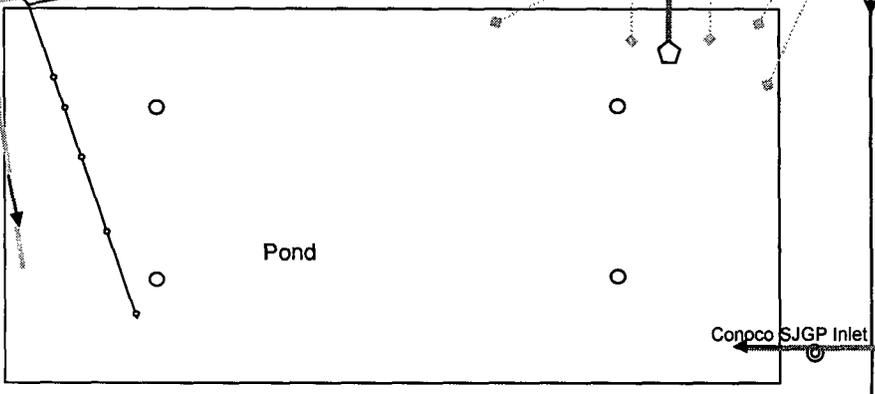
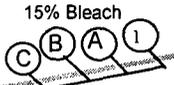
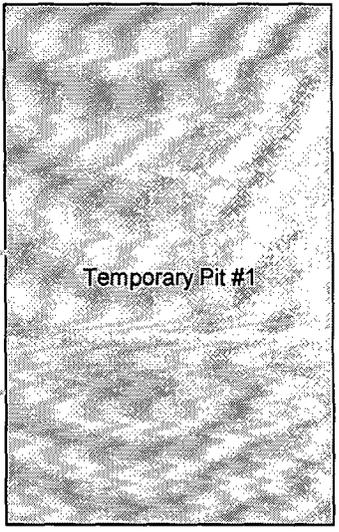
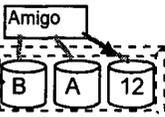
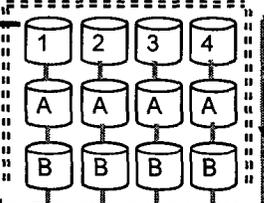
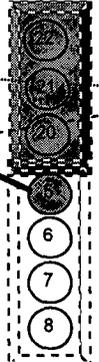
The truck showing the pipe mounted to the truck. The orange arms are for support. There is a motor on the bed of the truck that will engage the auger to turn it..



A closeup of the motor and end of the pipe. The pipe coming off the bottom is where the sludge will drain into a flexible pipe that will be run to a laydown tank with a 160 barrel capacity. The two Basin Disposal water trucks each have a 80 barrel capacity. So sludge can be removed from the pond at 160 barrels per hour and taken to IEI.



Office



Conoco SJGP Inlet



Injection Line

Legend	
--- (dashed line)	Overflow
- - - - (long dashed line)	Sewer
- · - · - (dash-dot line)	Oil
◆ (diamond)	Overflow
⋯ (dotted line)	Gas
— (solid line)	Water
==== (dashed line)	Lined Berms
○ (circle)	Aerator
⬠ (pentagon)	Pump

Montana Street

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 June 10, 2003

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

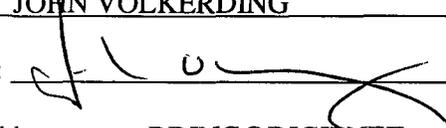
Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

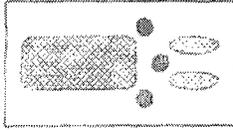
3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
Submit large scale topographic map showing exact location

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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature:  Date: 9/21/06

E-mail Address: BDINC@DIGII.NET



BASIN DISPOSAL, INC.

*SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD
P.O. BOX 100 - AZTEC, NEW MEXICO 87110 PHONE: (505) 334-3013

2006 SEP 8 PM 3 41

31 August, 2006

Brad Jones
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RE: Consolidation of Letters Dated 8/2/06 and 8/23/06
Form C-137, Minor Modification
Permit NM-1-005

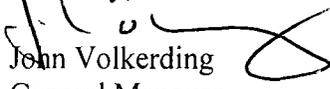
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This letter hopefully clarifies what Basin Disposal is actually intending to do at its facility, addresses the OCD requirements of those changes, and succinctly answers OCD's questions about our plans.

XTO constitutes a significant portion of our incoming produced water. In speaking with their representatives, they are planning a slow down in the next few weeks. As such, Basin Disposal, Inc. respectfully requests that review of this application be made as soon as possible so the cleaning of our pond can coincide with the decreased volume of incoming water.

If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;


John Volkerding
General Manager

Encl: Form C-137
Site Diagram, as proposed above
Auger representation and Phtos

Cc: Aztec OCD Office

Modification 1, OilTank Replacements

We propose to replace Tank 5 with an identical new tank and to add three additional 500 barrel tanks (#20-#22) to the west of Tank 5.

We propose to relocate the current Tank 5 to our KCl plant to store water and relabel it KCL #10. There have been no leaks or releases from Tank 5. We plan to replace it since having 4 new tanks, we would prefer the new tanks be used to store oil and the older tank be used to store water. Prior to storing water, KCl #10 will be cleaned.

In evaluating the requirements of NMAC 19.15.5.310.A it appears the tanks do not require a fire wall at the proposed location since, Tanks 5-8 and 20-22 are not :

- a. within the corporate limits of any city, town or village or,
- b. closer than 150 feet to any producing oil or gas well
- c. closer than 500 feet to any highway or dwelling,
- d. closer than 1000 feet to any school or church.

Below are the GPS coordinates of the current and proposed tanks along with the nearest well and highway. I can locate the nearest dwelling and submit its coordinates, but none are within 500 feet of the tanks. The nearest church or school over a mile away.

	<u>GPS Coordinates</u>				<u>+/- feet</u>	
Tank 8	36°	45.329 N	107°	59.066 W	13	
Tank 7	36°	45.330 N	107°	59.068 W	13	
Tank 6	36°	45.330 N	107°	59.070 W	10	
Tank 5	36°	45.331 N	107°	59.072 W	13	
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Tank 21	36°	45.333 N	107°	59.076 W	13	
Tank 22	36°	45.333 N	107°	59.076 W	16	
						<u>Nearest Tank (feet)</u>
Hwy	36°	45.344	107°	59.142 W	10	Tank 8 (1584')
Well (Conoco Martin 3#1 DK)	36°	45.393	107°	58.737 W	10	Tank 22 (486')

Tanks 5-8 currently are placed within a lined berm with the dimensions of 74' x 22' x 2.5' for a bermed and lined reserve capacity of 724 barrels. Tanks 5-8 each have a volume of 500 barrels and while piping exists to connect them, the valve configurations are maintained such that with the exception of when the tanks are being emptied or filled, the tanks are not interconnected and have historically been considered by OCD as being separate tanks. The lined and bermed reserve capacity is greater than 1 and 1/3 of the volume of each individual tank.

Tanks 20-22 will be placed within a lined berm with a reservoir capacity greater than 650 barrels (1 and 1/3 volume each individual tank) and any piping will have valve configurations such that with the exception of when the tanks are being emptied or filled, the tanks will not be interconnected. The facility is manned 24 hours per day 7 days per week and any leak or release would be immediately noticed and remedied.

In evaluating the requirements of NMAC 19.15.5.310.B we shall ensure all proposed tanks are identified by a sign posted not more than 50 feet from the tanks which is made of durable construction and with lettering large enough to be legible under normal conditions at a distance of 50 feet with: the name of the operator, and the location of the tank(s) by unit letter, section, township, and range.

Modification 2, Auger Pond Cleaning System

Under the facility's permit, sludge is required to be maintained at a thickness of no more than 12 inches. As such, periodic cleaning of the pond is required. During Basin Disposal's past pond cleaning efforts several different methods have been used requiring the installation of additional tanks and/or temporary pits. The permit section entitled "Temporary Pit Construction and Closure" was placed in the permit to accommodate those cleaning efforts.

Basin proposes to implement the use of a truck mounted auger to pull the sludge from the bottom, carry the sludge via a conveyor to a sealed pipe connected to a sealed lay-down tank, then use our water hauling trucks to remove the sludge from the lay-down tank to transport the sludge to the Industrial Ecosystem Inc (IEI) facility.

The pond is constructed such that it slopes from west to east. This design causes the sludge to accumulate on the eastern side of the pond. The auger system would be used along the east side of the pond to remove the sludge. The auger and conveyor process will be conducted within the boundaries of the lined pond so any water or sludge that may leak from that portion of system will be returned immediately to the pond. The truck, sealed pipe, and lay-down tank will all be installed on a covered liner such as to collect any water or sludge in the unlikely event of a leak. The equipment will be manned at all times the cleaning is in progress and any unlikely releases will be immediately cleaned up.

Our goal and belief is that the auger system will eliminate the need for additional pits or tanks and will allow for a continual sludge removal process throughout the year. We see this as an improvement with pollution prevention potential over the previous methods.

Modification 2A, Temporary Pit Contingency Plan

If for one reason or another the proposed auger system does not effectively remove the sludge because of the water level in the pond (i.e. more water than sludge is conveyed through the system), Basin Disposal, Inc. would like to request as a contingency plan that we be allowed to construct a temporary pit north of the evaporation pond.

The permit section entitled "Temporary Pit Construction and Closure" outlines the construction of a temporary pit that was authorized by the OCD for previous pond cleaning events.

While that section of the permit authorized the construction of two temporary pits, we are only requesting that Pit #1 be authorized for the temporary storage of produced water from the produced water treatment system. This temporary pit will allow the water level in the main pond to decrease to a level that the auger system can be effectively utilized.

Pit #1 will be less than or equal to the originally authorized dimensions of 150 feet by 300 feet by 4 feet deep and will be operated such as to constantly maintain a freeboard of 1½ feet.

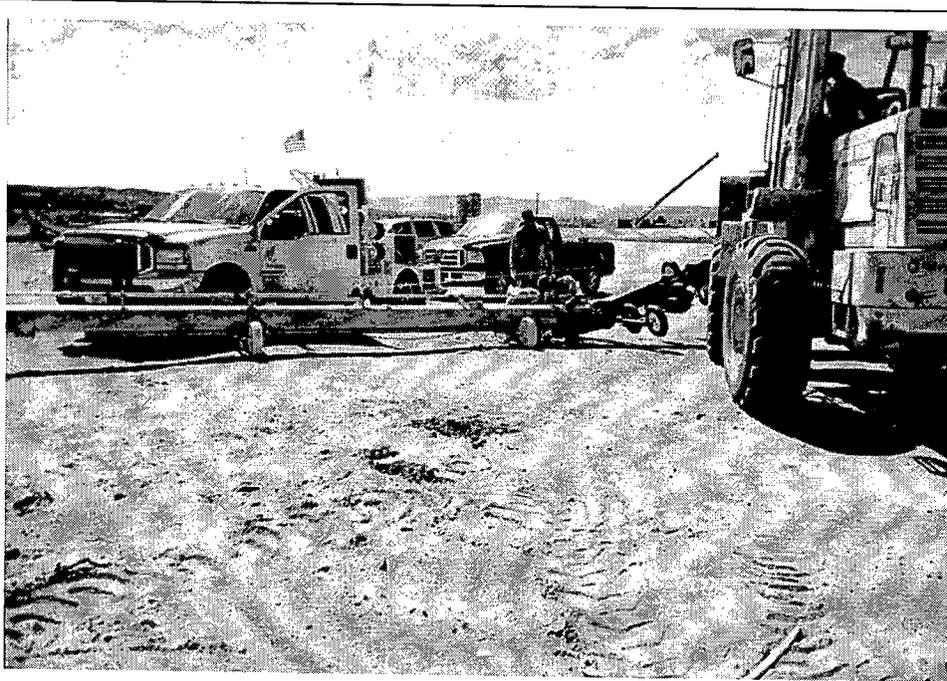
The bed of the temporary pit will be smooth and compacted, free of holes, rocks, stumps, cluds and any other debris which could rupture the liner. A trench with a minimum depth of 12 inches and located a minimum of 9 inches from the slope break will be constructed to anchor the liner.

Pit inspection and maintenance will be conducted daily and immediately following a consequential rainstorm or windstorm. Any defect will be repaired as soon as possible and OCD notified within 24 hours.

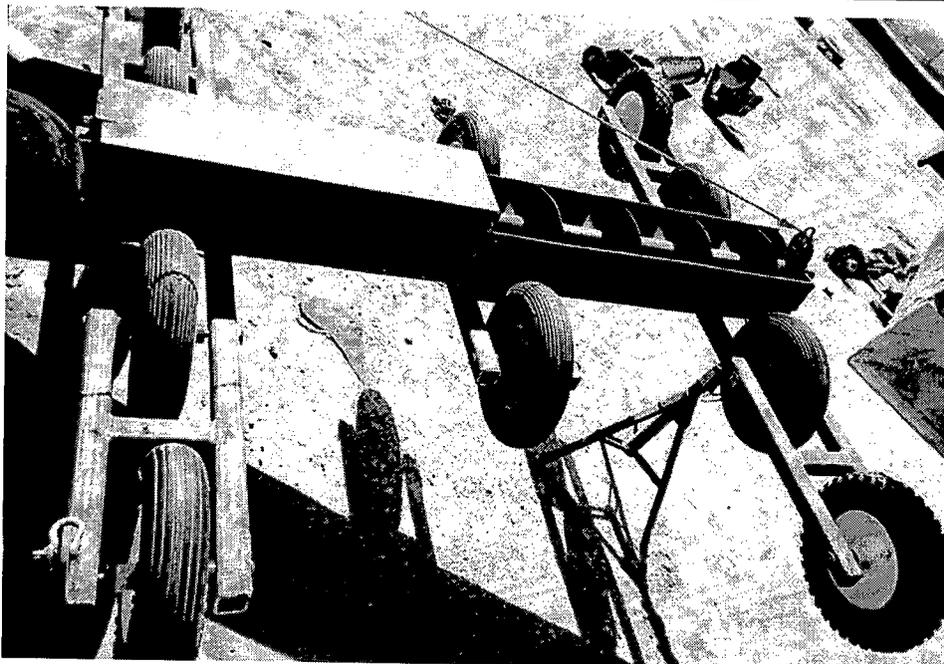
The temporary pit will be decommissioned within 360 days of installation. The liner will be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and District office will be notified in writing of pit closure.

This option is requested only as a contingency if the auger system will not work with the evaporation pond full of water. The OCD will be notified in advance if the contingency plan is to be implemented.

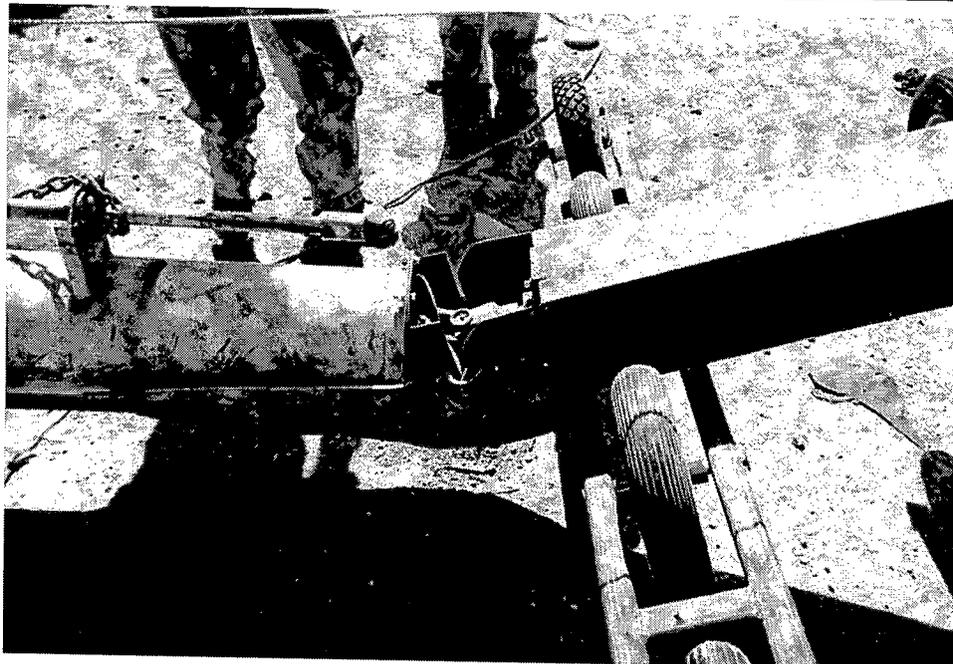
Basin Disposal Auger, 8/15/06



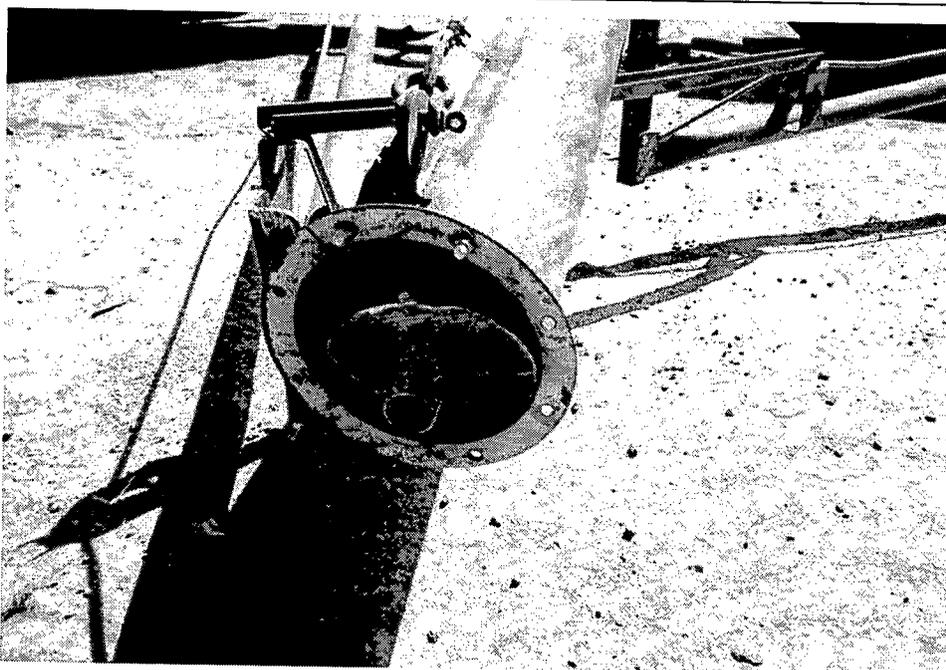
“Full Picture” of Auger. The black end will be in the pond and collect the sludge, which will be conveyed up the yellow pipe. The wheel will distribute the weight to ensure the liner is not subject to too much weight at any one location and will keep the metal components from coming into contact with the liner.



The collection end. There are 10 wheels to ensure the weight is adequately distributed. The top of the collection end is open to trap the sludge which is pulled up the pipe by the auger.



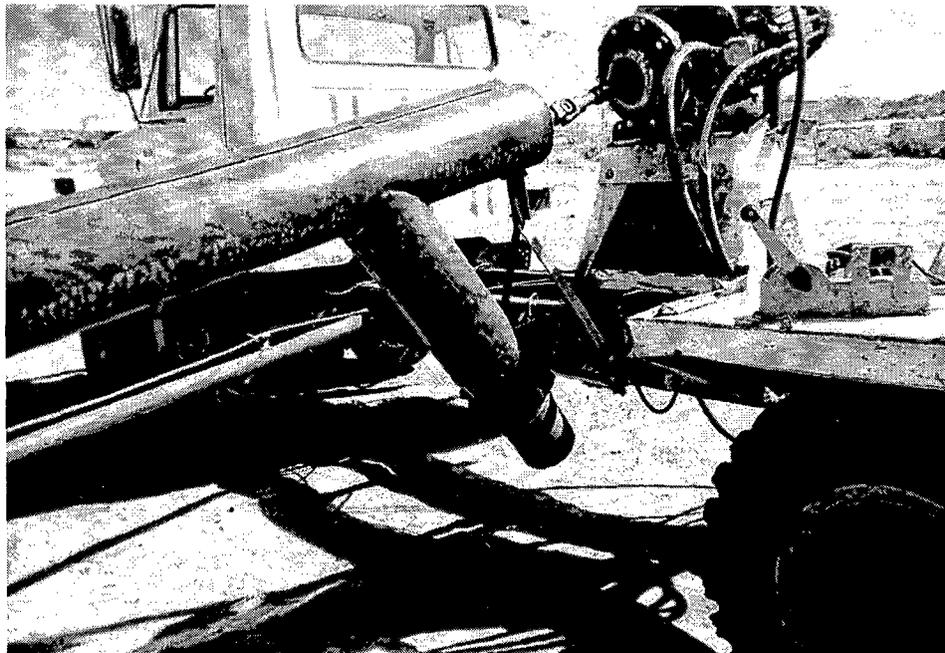
The collection end and first pipe connect. The connection is hinged to allow for flexibility and the change in pitch between the bottom and sides of the pond. . There are 10 wheels to ensure the weight is adequately distributed. The top of the collection end is open to trap the sludge which is pulled up the pipe by the auger.



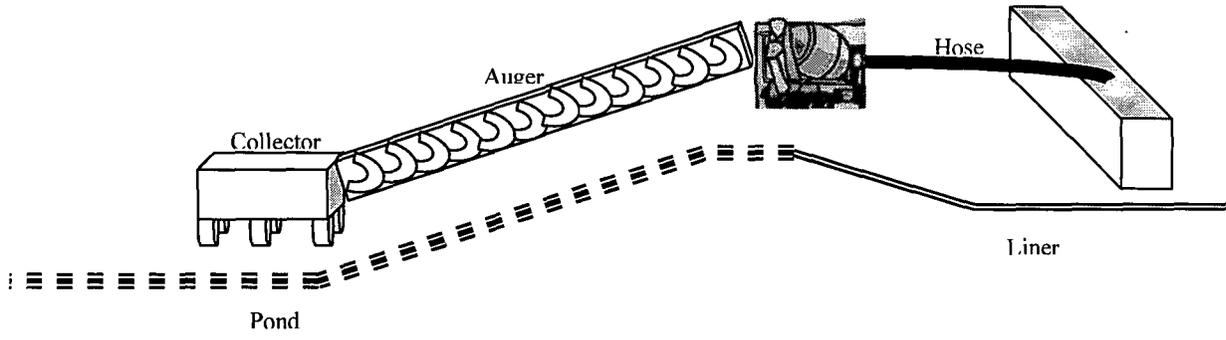
The end of the first pipe showing the auger. At this point the pipe connects to the pipe mounted on the truck.

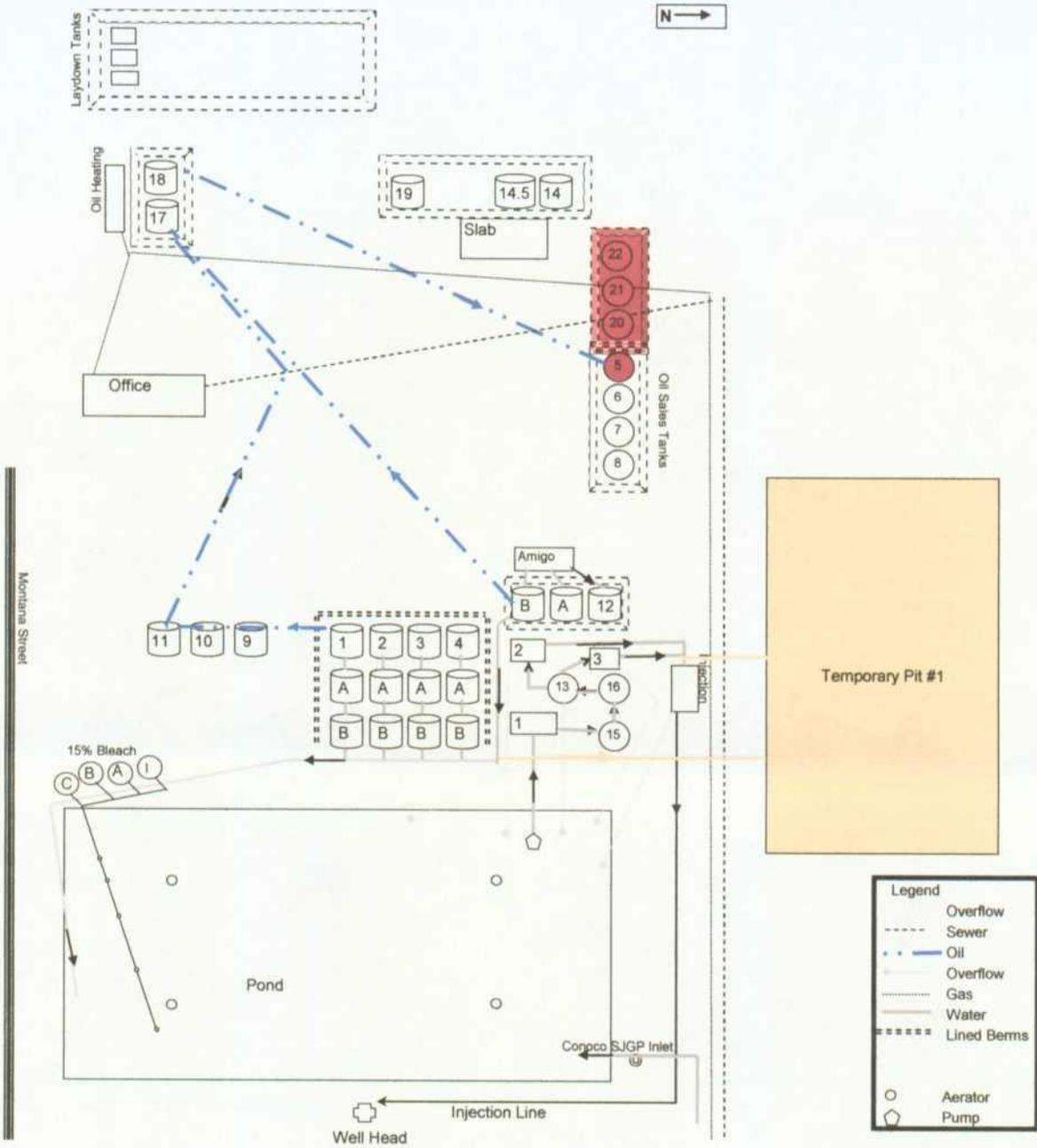


The truck showing the pipe mounted to the truck. The orange arms are for support. There is a motor on the bed of the truck that will engage the auger to turn it..



A closeup of the motor and end of the pipe. The pipe coming off the bottom is where the sludge will drain into a flexible pipe that will be run to a laydown tank with a 160 barrel capacity. The two Basin Disposal water trucks each have a 80 barrel capacity. So sludge can be removed from the pond at 160 barrels per hour and taken to IEI.





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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 June 10, 2003

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

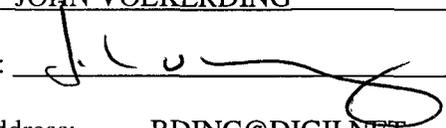
3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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13. Attach a contingency plan in the event of a release of H₂S.
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.

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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature:  Date: 8/31/06

E-mail Address: BDINC@DIGII.NET



BASIN DISPOSAL INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P.O. BOX 100 • AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

FAX NUMBER (505) 334-8729

FAX MESSAGE

DATE: 8/31/2006

TO: Brad Jones

ATTN: 476-3462

TRANSMISSION CONSISTS OF COVER SHEET PLUS 10 PAGES

MESSAGES:

Brad: Thank you for your and Carl's help this morning. Attached is a consolidated letter as you suggested. I think I captured everything we discussed. I can put the original in the mail if this looks like what you need. Thanks and have a good Labor Day weekend. John

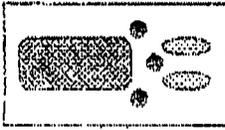
IF THERE IS ANY PROBLEM WITH THE TRANSMISSION PLEASE

CALL (505) 334-3013 or 330-2840 (cell)

bdinc@digii.net

SIGNED:

John Volkerding, General Manager



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

31 August, 2006

Brad Jones
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RE: Consolidation of Letters Dated 8/2/06 and 8/23/06
Form C-137, Minor Modification
Permit NM-1-005

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If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;

Joan Volkerding
General Manager

Encl: Form C-137
Site Diagram, as proposed above
Auger representation and Phtos

Cc: Aztec OCD Office

Modification 1. Oil Tank Replacements

We propose to replace Tank 5 with an identical new tank and to add three additional 500 barrel tanks (#20-#22) to the west of Tank 5.

We propose to relocate the current Tank 5 to our KCI plant to store water and relabel it KCL #10. There have been no leaks or releases from Tank 5. We plan to replace it since having 4 new tanks, we would prefer the new tanks be used to store oil and the older tank be used to store water. Prior to storing water, KCI #10 will be cleaned.

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- a. within the corporate limits of any city, town or village or,
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Below are the GPS coordinates of the current and proposed tanks along with the nearest well and highway. I can locate the nearest dwelling and submit its coordinates, but none are within 500 feet of the tanks. The nearest church or school over a mile away.

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Pit #1 will be less than or equal to the originally authorized dimensions of 150 feet by 300 feet by 4 feet deep and will be operated such as to constantly maintain a freeboard of 1½ feet.

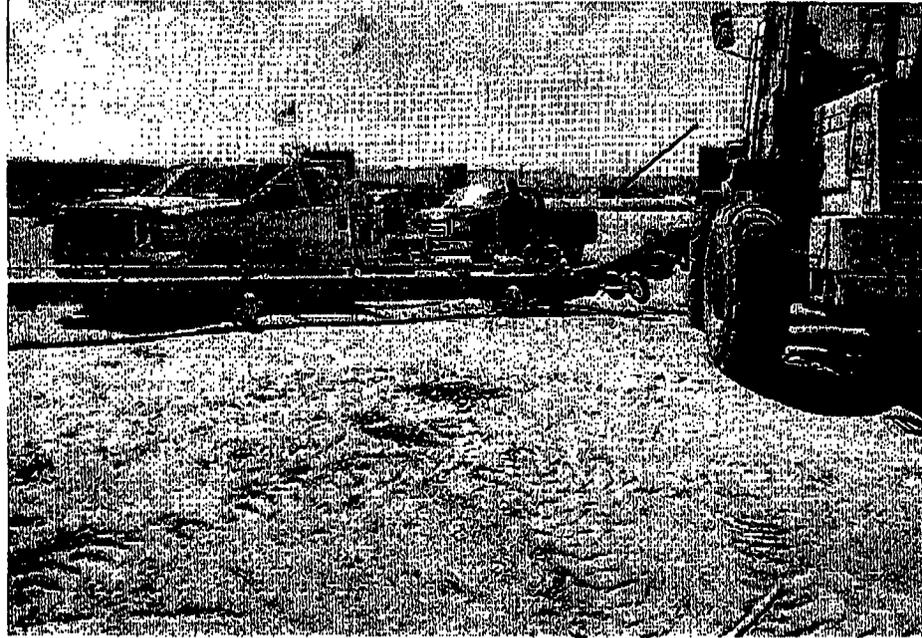
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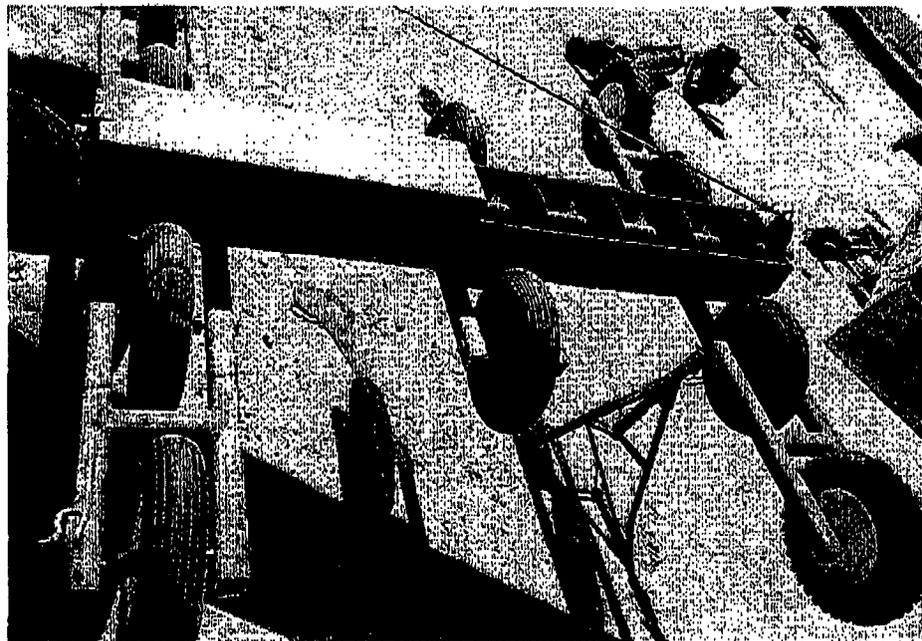
The temporary pit will be decommissioned within 360 days of installation. The liner will be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and District office will be notified in writing of pit closure.

This option is requested only as a contingency if the auger system will not work with the evaporation pond full of water. The OCD will be notified in advance if the contingency plan is to be implemented.

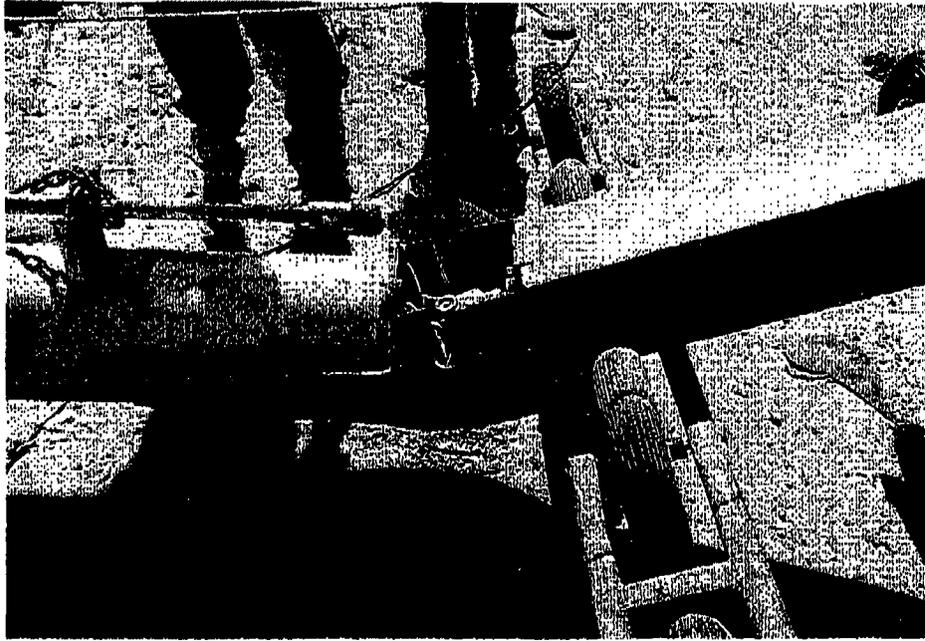
Basin Disposal Auger, 8/15/06



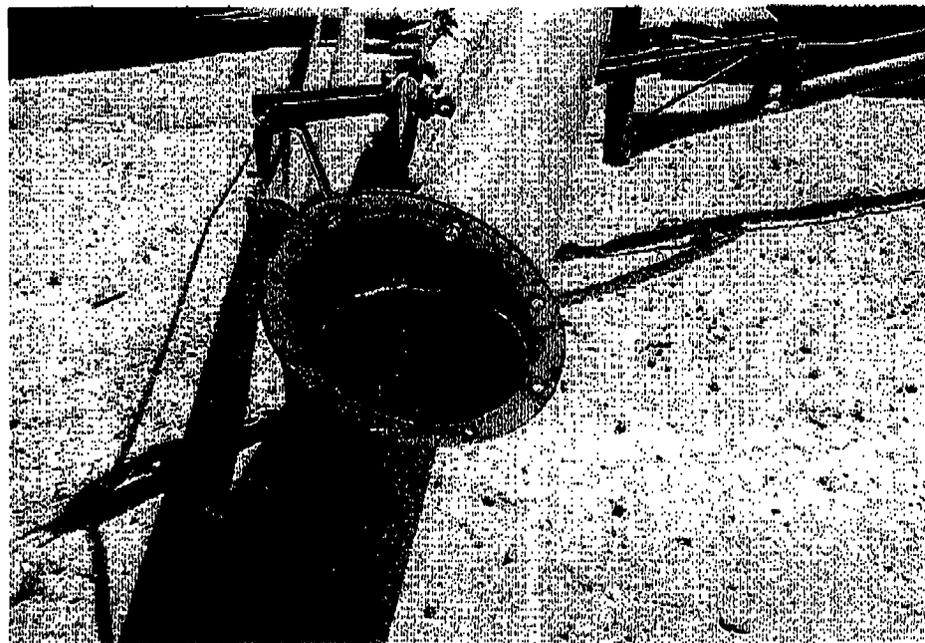
"Full Picture" of Auger. The black end will be in the pond and collect the sludge, which will be conveyed up the yellow pipe. The wheel will distribute the weight to ensure the liner is not subject to too much weight at any one location and will keep the metal components from coming into contact with the liner.



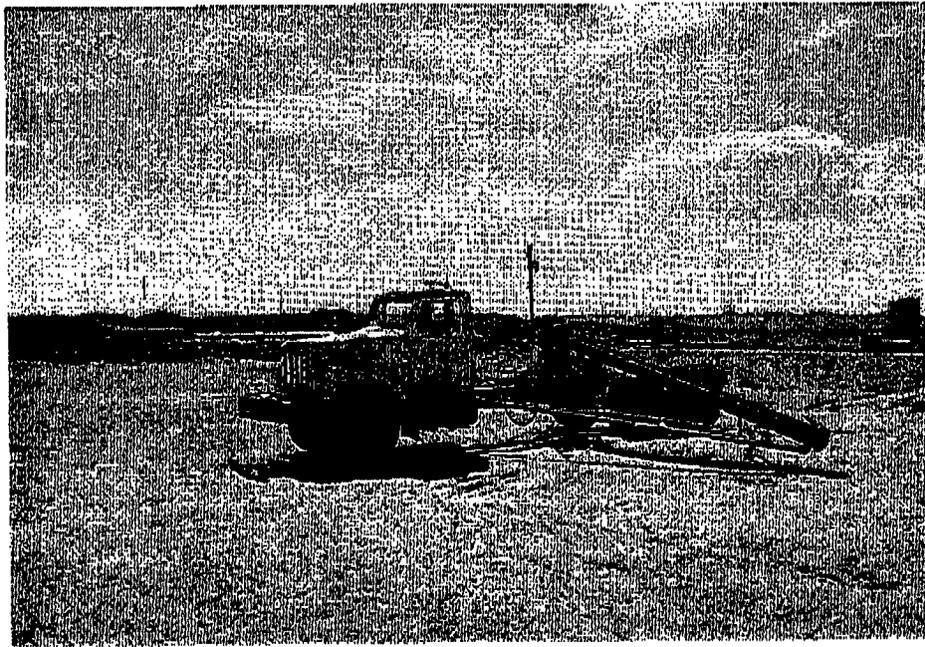
The collection end. There are 10 wheels to ensure the weight is adequately distributed. The top of the collection end is open to trap the sludge which is pulled up the pipe by the auger.



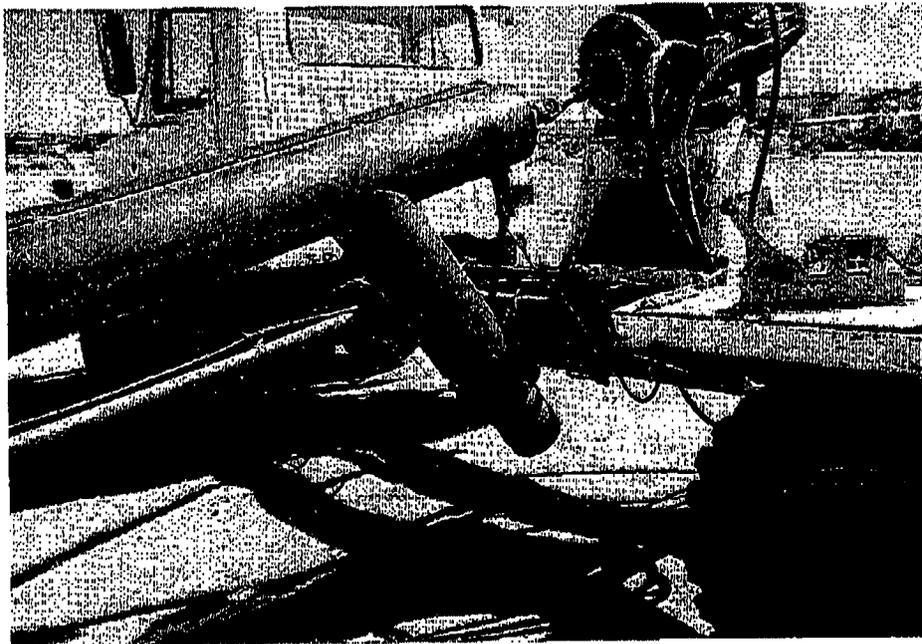
The collection end and first pipe connect. The connection is hinged to allow for flexibility and the change in pitch between the bottom and sides of the pond. There are 10 wheels to ensure the weight is adequately distributed. The top of the collection end is open to trap the sludge which is pulled up the pipe by the auger.



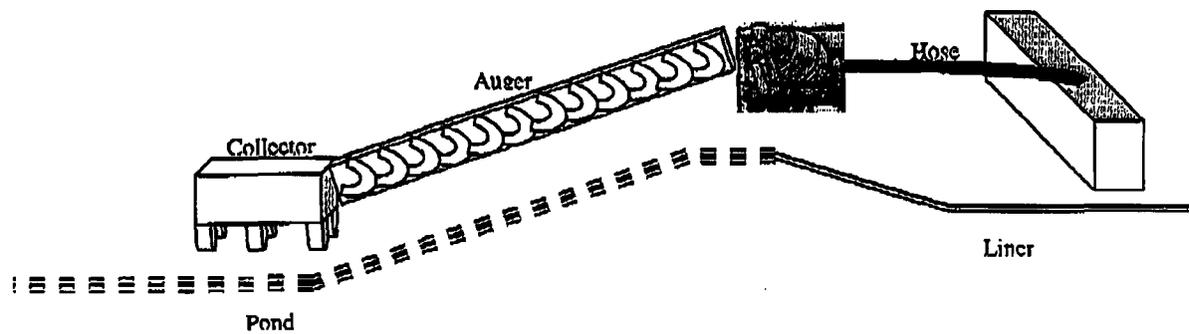
The end of the first pipe showing the auger. At this point the pipe connects to the pipe mounted on the truck.

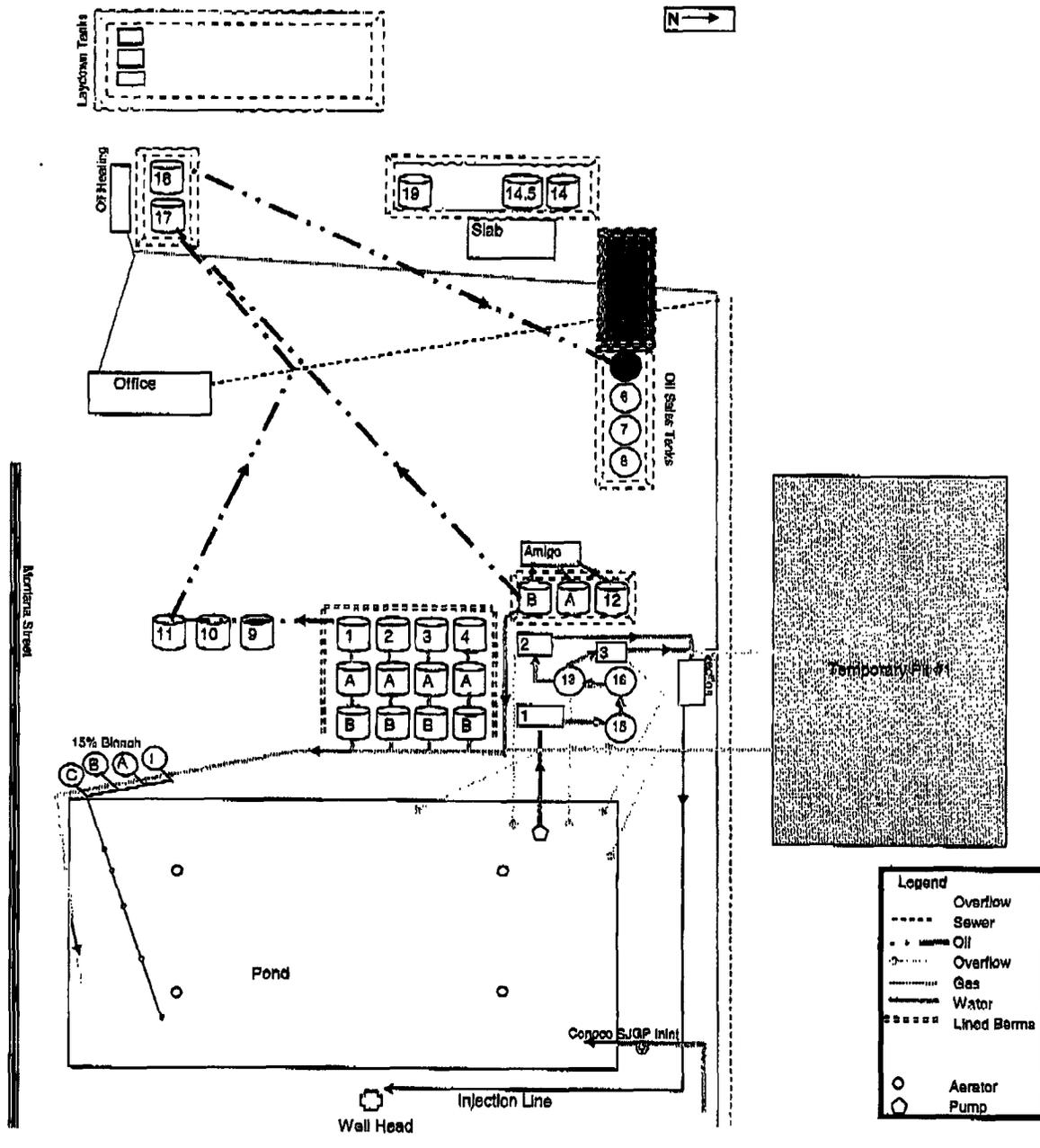


The truck showing the pipe mounted to the truck. The orange arms are for support. There is a motor on the bed of the truck that will engage the auger to turn it..



A closeup of the motor and end of the pipe. The pipe coming off the bottom is where the sludge will drain into a flexible pipe that will be run to a laydown tank with a 160 barrel capacity. The two Basin Disposal water trucks each have a 80 barrel capacity. So sludge can be removed from the pond at 160 barrels per hour and taken to IBI.





Legend	
--- (dashed line)	Overflow
- - - - (long dashed line)	Sewer
- . - . - . (dash-dot line)	Oil
- - - - (short dashed line)	Overflow
- . - . - . (dash-dot line)	Gas
- - - - (short dashed line)	Water
- - - - (short dashed line)	Lined Berms
○ (circle)	Aerator
⊕ (circle with cross)	Pump

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

Form C-137
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature: [Signature] Date: 8/31/06

E-mail Address: BDINC@DIGIL.NET

TRANSACTION REPORT

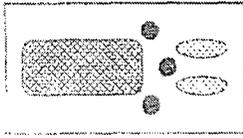
P. 01

AUG-31-2006 THU 05:54 PM

FOR:

RECEIVE

DATE	START	SENDER	RX TIME	PAGES	TYPE	NOTE	M#	DP
AUG-31	05:48 PM		5' 54"	11	RECEIVE	OK		



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

2 August 2006

Carl J. Chávez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505

RE: Form C-137, Minor Modification
Permit NM-1-005

Dear Mr. Chávez:

Attached is a Form C-137 for two modifications at our facility under Permit NM-1-005 located in the SE/4 NW4 of Section 3, Township 29N, Range 11 W.

Modification 1

Currently we have (4) 500 barrel tanks (#5- #8) as our Oil Sales Tanks which store oil awaiting pick up from Giant. As Giant transitions to producing low sulfur diesel, their analytical laboratory has become backlogged in conducting analysis of our oil. Until their laboratory has conducted the analysis, Giant will not pick up the oil. As such, we are finding we need the ability to store a larger quantity of oil on-site at any given time while we wait for the results from Giant's analytical laboratory.

We propose to replace Tank 5 with an identical but new tank and to add three additional 500 barrel tanks (#20-#22) to the west of Tank 5.

These changes are shown in Red in the attached site diagram labeled

Modification 2

In the past, Basin Disposal has had to regularly drain the pond in order to clean pond to remove the sludge. Several different methods have been used. These have required the installation of additional tanks and/or temporary pits.

Instead of attempting to clean the entire pond at once as has been the practice in the past, Basin proposes to implement the use of a truck mounted auger to pull the sludge from the bottom and empty the sludge into a truck for immediate disposal at the Industrial Ecosystems disposal facility.

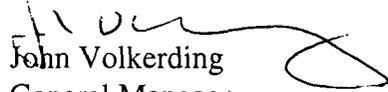
The pond is constructed such that it slopes from west to east. This design causes the sludge to accumulate on the eastern side of the pond. The auger system would be used along the east side of the pond to remove the sludge.

The sludge will be collected in the pond in an open top metal bin. The auger begins in that bin and conveys the sludge and water to the truck positioned on the bank of the pond. From that truck, the sludge will be conveyed via a hose to a waiting water hauling truck, likely one of our own. The sludge and water will be transported to the disposal facility. This will eliminate the need for additional pits or tanks and will allow for a continual sludge removal process throughout the year.

Photos of the equipment as assembled inside our shop can be provided. We also invite OCD to visit our facility and examine the equipment.

If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;


John Volkerding
General Manager

Encl: Form C-137
Site Diagram, as proposed above
Auger representation

Cc: Aztec OCD Office

District I
1625 N. French Dr., Hobbs, NM 88240
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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 June 10, 2003

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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.
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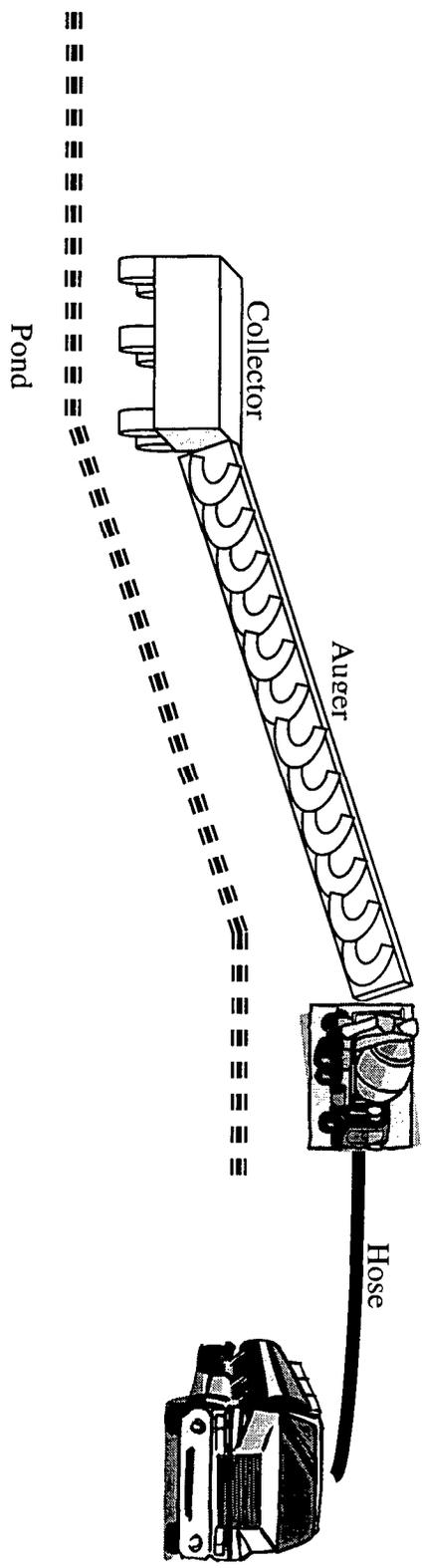
15. CERTIFICATION

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

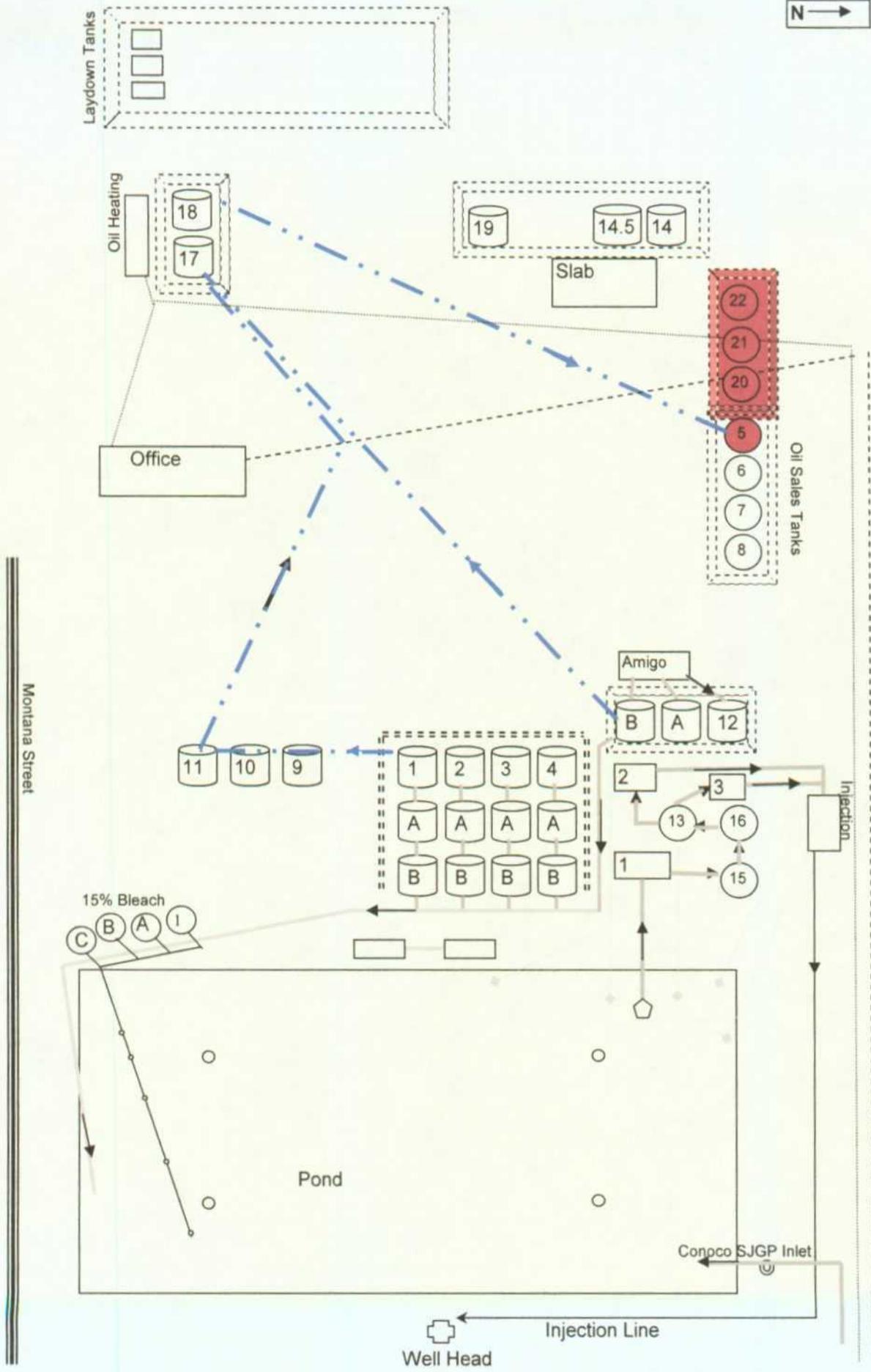
Name: JOHN VOLKERDING Title: GENERAL MANAGER

Signature: [Signature] Date: 8/2/06

E-mail Address: BDINC@DIGII.NET



BASIN DISPOSAL SITE DIAGRAM - AUGUST 2006



Legend

- Overflow
- Sewer
- Oil
- Overflow
- Gas
- Water
- Berms
- Aerator
- Pump

Filter House 1: 20um filters
 Filter Houses 2 3: 5um filters

Montana Street

Well Head

Injection Line

Conoco SJGP Inlet

Pond

15% Bleach

Amigo

Slab

Oil Heating

Office

Oil Sales Tanks

Legend

Overflow

Sewer

Oil

Overflow

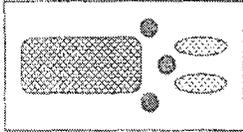
Gas

Water

Berms

Aerator

Pump



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

2006 AUG 4 PM 2 20

2 August 2006

Carl J. Chávez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505

RE: Form C-137, Minor Modification
Permit NM-1-005

Dear Mr. Chávez:

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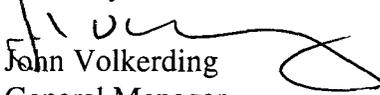
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Sincerely;


John Volkerding
General Manager

Encl: Form C-137
Site Diagram, as proposed above
Auger representation

Cc: Aztec OCD Office

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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 June 10, 2003

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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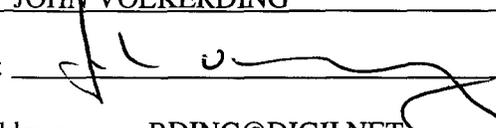
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14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.

15. CERTIFICATION

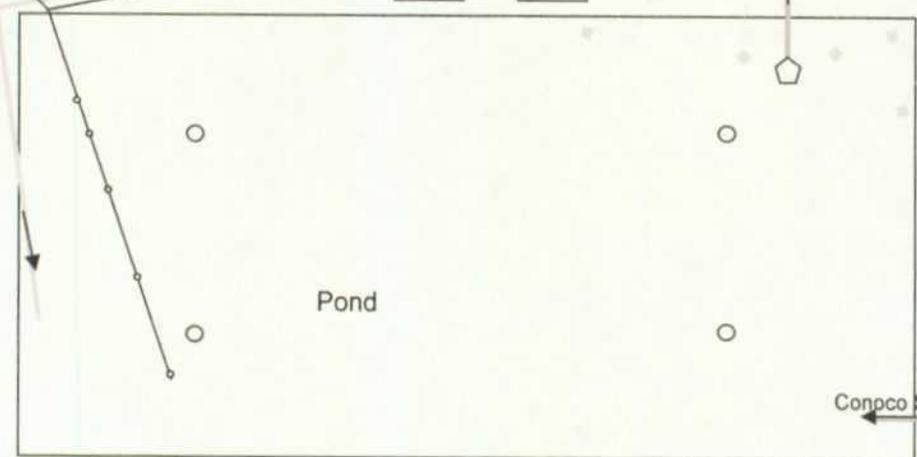
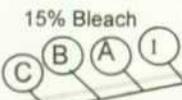
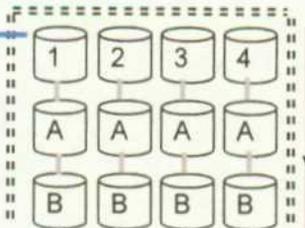
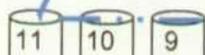
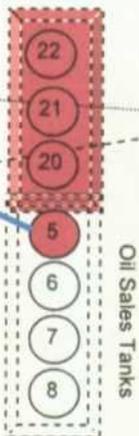
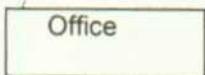
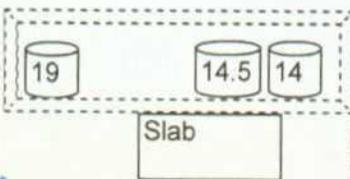
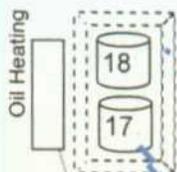
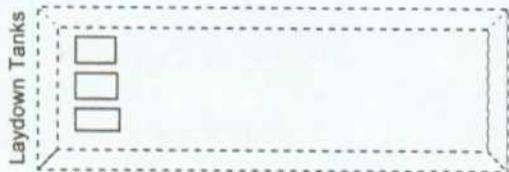
I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: JOHN VOLKERDING Title: GENERAL MANAGER

Signature:  Date: 8/2/06

E-mail Address: BDINC@DIGII.NET

BASIN DISPOSAL SITE DIAGRAM - AUGUST 2006



Conpco SJGP Inlet

Well Head

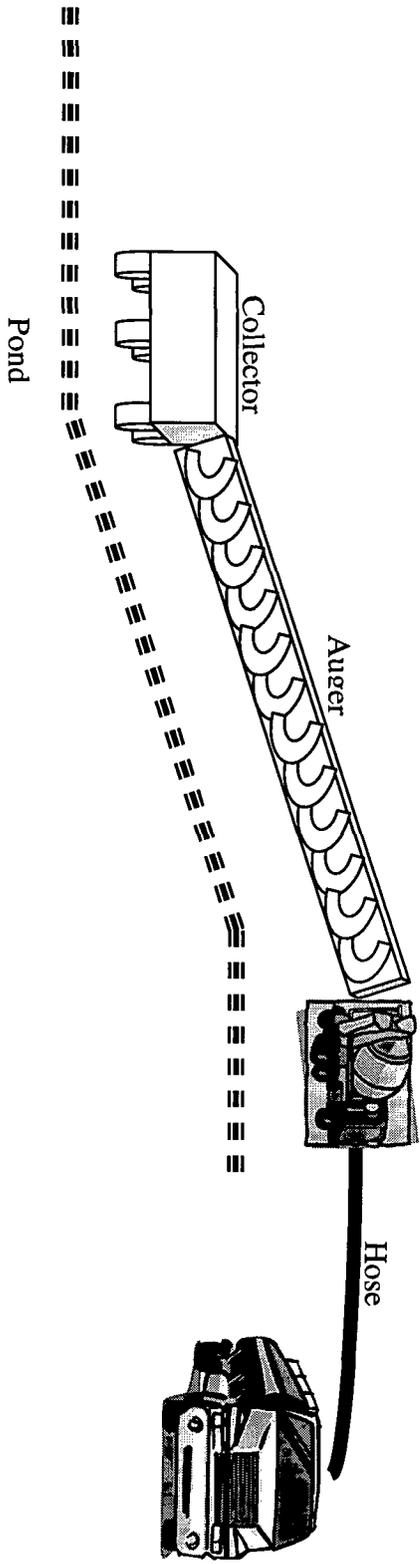
Injection Line

Filter House 1: 20um filters
Filter Houses 2 3: 5um filters

Legend

- Overflow
- Sewer
- Oil
- Overflow
- Gas
- Water
- Berms
- Aerator
- Pump

Montana Street





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

January 19, 2006

Mr. Keith Johnson
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

RE: Form C-137 for Basin Disposal, Inc. to Modify
Their Commercial Surface Waste Management Facility Permit
Number NM-1-005 for the Facility Located in the
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West
NMPM, San Juan County, New Mexico

Dear Mr. Johnson:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed the application referenced above. This minor modification request is hereby approved under the following conditions and understandings:

1. Basin will modify the lay-down pit as shown in the attachment to the application
2. Basin intends to install a burner tube in one end of the pit to recover more oil and break out more water from the sludge.
3. Basin will operate such modification under all of the terms and conditions placed on the facility by permit number NM-1-005.

NMOCD approval does not relieve Basin Disposal, Inc. (Basin) of liability should its operations at this facility prove to have been harmful to fresh water, public health or the environment. Nor does it relieve Basin of its responsibility to comply with the rules and regulations of any other governmental entity.

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

NEW MEXICO OIL CONSERVATION DIVISION

Roger C. Anderson
Environmental Bureau Chief

Copy: NMOCD, Aztec

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
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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 June 10, 2003

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

NM-1-005

APPLICATION FOR WASTE MANAGEMENT FACILITY

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

Commercial Centralized

RECEIVED
DEC 5 - 2005
OIL CONSERVATION
DIVISION

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

2. Operator: Basin Disposal, Inc

Address: P.O. Box 100 Aztec, NM 87410

Contact Person: Keith Johnson Phone: 505-334-3013

3. Location: SE 1/4 NW 1/4 Section 3 Township 29N Range 11W

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.
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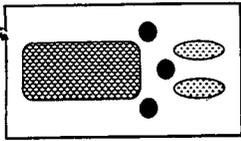
15. CERTIFICATION

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

Name: Keith Johnson Title: General Manager

Signature: [Signature] Date: 11-29-05

E-mail Address: kw-sk.johnson@go.brainstorm.net



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

November 29, 2005

**Oil Conservation Division
Ed Martin
1220 South Saint Francis
Santa Fe, NM 87505**

Re: Minor modification

Dear Mr. Martin,

I am submitting today for your approval a request to modify one or our laydown pits. We dispose of about 2,000 barrels a month of tank bottoms with Industrial Ecosystems. They have not been able to accept as much on a daily basis as they have in the past, so we are looking to improve our system so that we can reduce the amount we send to them. By taking our laydown pit and putting a burner tube in one end we can heat the sludge and hopefully recover more usable oil and break out more water. This will reduce the waste that is disposed of at the land farm. Jimmy and I spoke with Denny today and he gave some suggestions also. This will be placed near heating tanks 17 and 18. We will also berm and line the area around the laydown pit. This pit is approximately 8' x 30' and is one of our existing pits. If you have any questions please call me at 505.334.3013 or 505.793.0347. Thank you for your time.

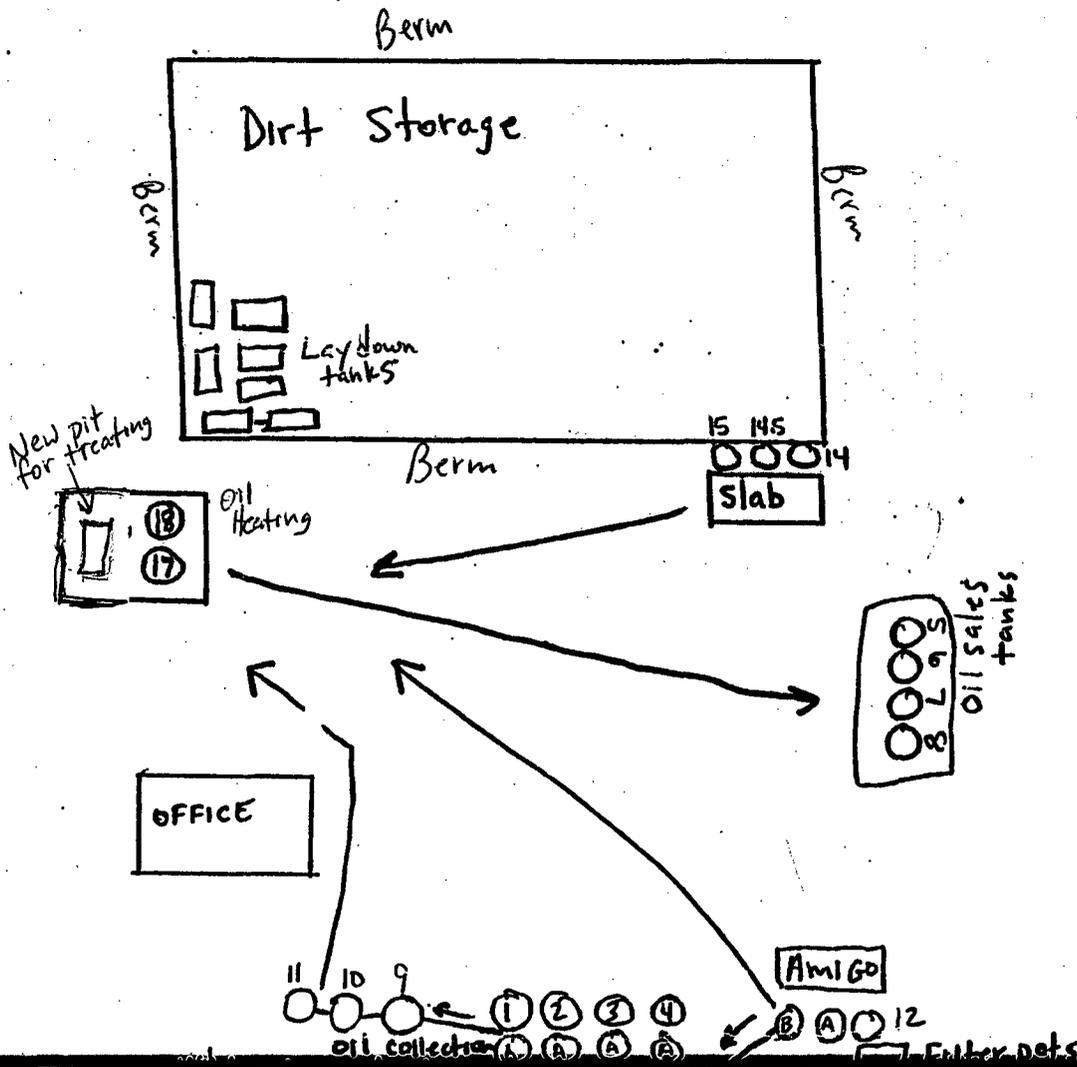
Sincerely,

**Keith Johnson
General Manager Basin Disposal**

Fence

Facility Diagram Exhibit E

Fence



Fence



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

July 5, 2005

Mr. Keith Johnson
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

Re: Form C-137, Dated June 22, 2005 Requesting a
Minor Modification to the Waste Management Facility
Permitted by the New Mexico Oil Conservation Division
Permit Number NM-1-005

Dear Mr. Johnson:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed the application described above. In summary, this application is a modification to the form C-137 dated February 18, 2005 as follows:

1. To improve the filter system, Basin Disposal, Inc. (Basin) wishes to move tanks #15 and #20 and tie them in with tank #13.
2. Basin also wishes to change tank #20 to tank #16.

This minor modification is hereby approved with the understanding that Basin will perform the modifications according to the narrative and the diagrams attached to the above-referenced application.

NMOCD approval does not relieve Basin of responsibility should its operations cause contamination of surface water, groundwater, or the environment. Nor does it relieve Basin of its responsibility to comply with the rules and regulations of any other federal, state, or local governmental entity.

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Bureau

Cc: NMOCD, Aztec

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

Form C-137
Revised June 10, 2003

Submit Original Plus 1
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1 Copy Appropriate
District Office

RECEIVED

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

JUN 28 2005

APPLICATION FOR WASTE MANAGEMENT FACILITY

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

OIL CONSERVATION
DIVISION

Commercial

Centralized

1. Type: Evaporation Injection Other
 Solids/Landfarm Treating Plant
2. Operator: Basin Disposal, Inc. NM-1-005
Address: P.O. Box 100 Aztec, NM 87505
Contact Person: Keith Johnson Phone: 505-334-3013
3. Location: SE 14 NW 14 Section 3 Township 29N Range 11 West
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.

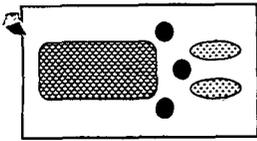
Name: Keith Johnson

Title: General Manager

Signature: *Keith Johnson*

Date: 6-22-05

E-mail Address: _____



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

June 22, 2005

**Oil Conservation Division
Attn.: Ed Martin
1220 South St. Francis Dr.
Santa Fe, NM 87505**

RE: Minor modification

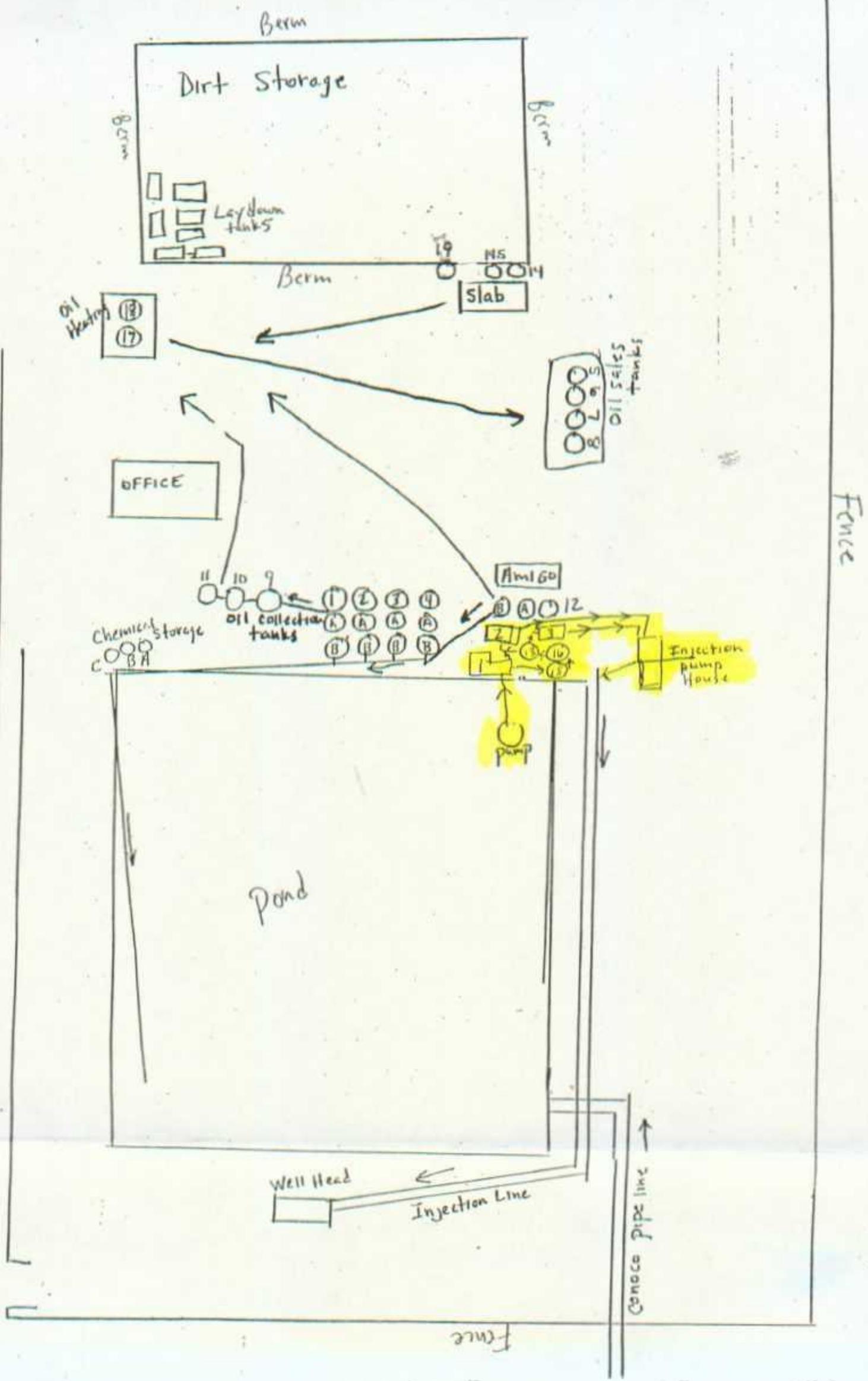
Dear Mr. Martin,

I am writing today to request a minor modification to our facility. Previously we had received approval to hook up tank # 20 to our oil sales tank battery. That approval was dated March 2, 2005. After we finished setting up our new pump house we realized that we needed to improve our filter system. At this time we are requesting approval to move tanks #15 and #20 and tie them in with tank #13. We would also like to change #20 to #16. By putting these tanks together we will be able to improve our settling time prior to running the water through the filters. This will also allow us to keep the pumps running while the filters are being changed. The water will run through the 20 micron filters in building #1 afterwhich it would go into tank #15, then #16 and then #13. From tank #13 it splits between buildings #2 and # 3 where it goes through the 5 micron filters. It then goes underground to the pump house and then to the well. I have included a facility diagram labeled Exhibit E. If you have any questions please call me at 505-334-3013 or 320-2840. I appreciate your consideration of this request.

Sincerely,

**Keith Johnson
General Manager**

Facility Diagram
Exhibit E





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

March 2, 2005

Mr. Keith Johnson
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

Dear Mr. Johnson:

The New Mexico Oil Conservation Division (NMOCD) has received your C-137 requesting a modification to NMOCD permit number NM-1-0005 for the surface waste management facility operated by Basin Disposal, Inc. (Basin).

This modification contains three parts:

1. The addition of one (1) 500-bbl tank to the oil sales tanks
2. The addition of a new pump house
3. The movement of tank #19 from the southwest corner of the pond and placement of tank #19 next to tank #15

These modifications are shown on the diagrams attached to your modification request.

This request is hereby approved with the understanding that Basin will perform the modifications according to the narrative and the diagrams attached to Form C-137.

NMOCD approval of this request does not relieve Basin of responsibility should its operations cause contamination of surface water, groundwater, or the environment. Nor does it relieve Basin of its responsibility to comply with any other federal, state or local laws and regulations.

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Engineer

Cc: Denny Foust, NMOCD, Aztec

RECEIVED

FEB 22 2005 State of New Mexico
Energy Minerals and Natural Resources

Form C-137
Revised June 10, 2003

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

OIL CONSERVATION
DIVISION Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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)

Commercial Centralized

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

2. Operator: Basin Disposal Inc

Address: P.O. Box 100 Aztec, nm 87400

Contact Person: Keith Johnson Phone: 505-334-3013

3. Location: SE 14 NW 14 Section 3 Township 29N Range 11 West
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.

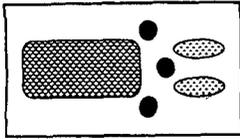
Name: Keith Johnson

Title: General Manager

Signature: *Keith Johnson*

Date: 2-18-05

E-mail Address: kw-skjohnson@gobrainstorm.net



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

February 18, 2005

**Mr. Ed Martin
1220 South St. Francis Dr.
Santa Fe, NM 87505**

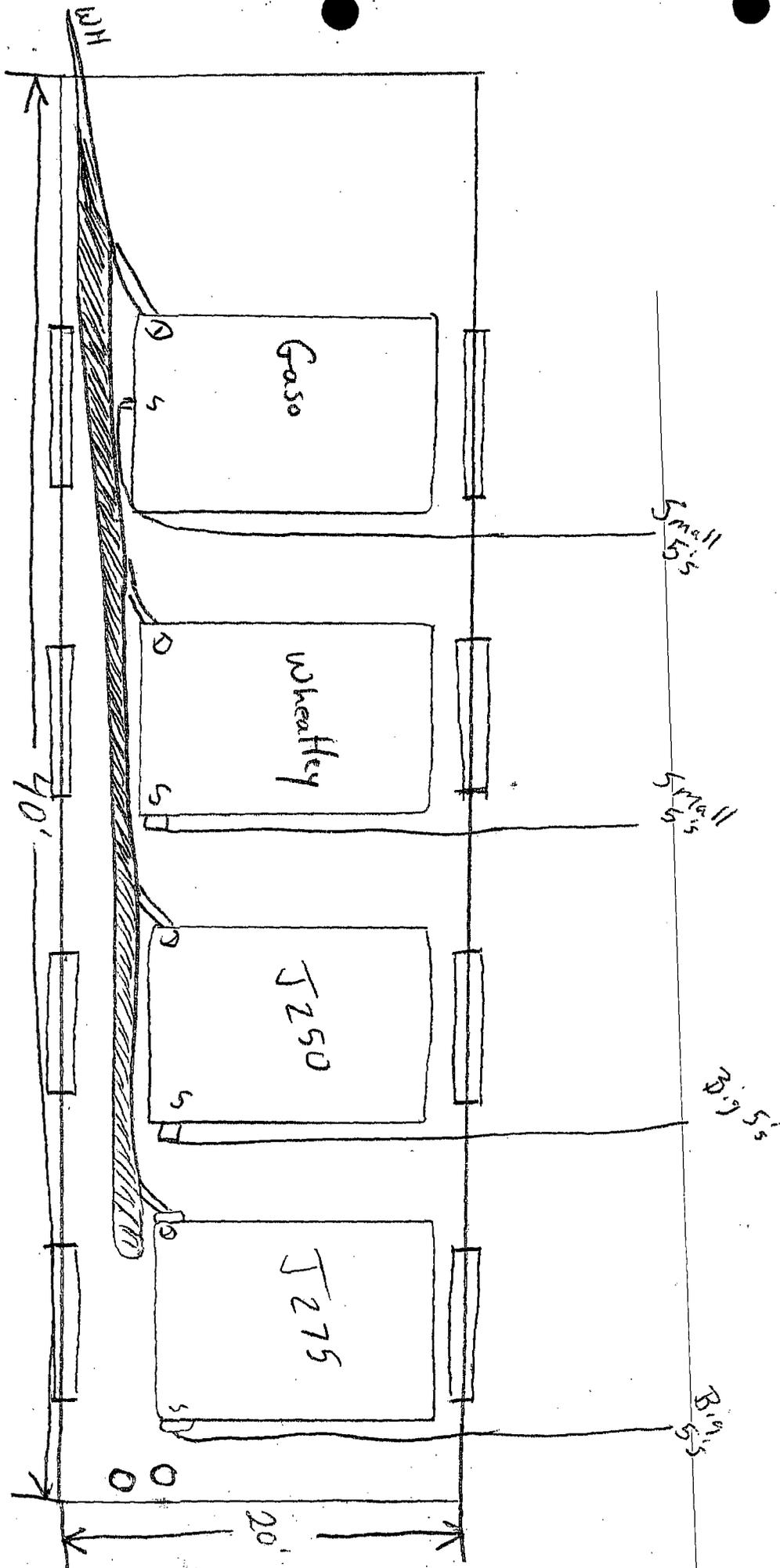
RE: Three minor modifications.

Dear Mr. Martin,

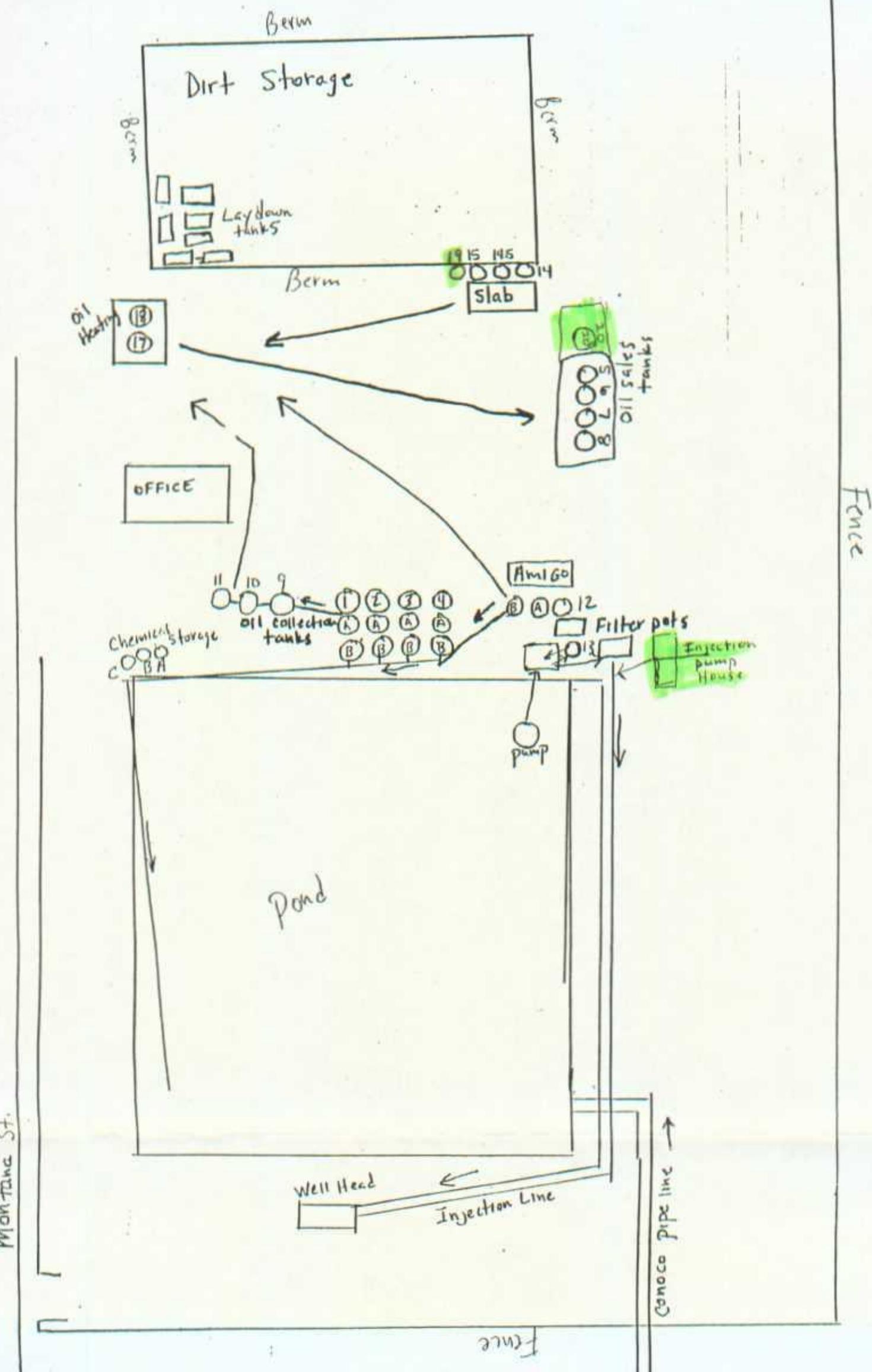
I am writing today to request the approval of three minor modifications to our plants operations. First we would like to add one more 500 barrel tank to our oil sales tanks, currently we have four of them. They are numbered 5 - 8 on the site diagram and this new one will be # 20. It will be bermed with a liner and gravel underneath the tank. The tank will also sit on concrete seals so that it is raised above any moisture. Second, we are requesting approval to add a new pump house. It will be a 20' x 40' structure with a concrete slab. We will place four pumps in there, one of which will be a back up pump. This will allow us to continue pumping while the other pumps are being serviced. I have included a diagram of this building and a new site map detailing its location and where the new tank will be set. The existing pump house will be moved about 10 feet and we will place additional filter housings in it. The third modification is to move tank # 19 from the southwest corner of the pond and place it next to tank #15 which is next to the concrete slab. It will have a liner and gravel underneath it. It will be bermed on three sides and drain into the concrete slab. This is not a metal tank but rather a 200 barrel fiberglass tank. If you have any questions you can call me at 505.334.3013 or 505.320.2840. Thank you for your help.

Sincerely,

**Keith Johnson
General Manager**



Facility Diagram
Exhibit E





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

June 14, 2004

Mr. Keith Johnson
Basin Disposal, Inc.
P.O. Box 100
Aztec, NM 87410

NM-1-0005

Dear Mr. Johnson:

OCD has received your letter, dated May 13, 2004, explaining the installation of the replacement liner in your pond.

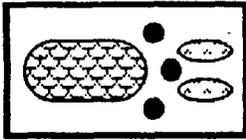
This installation is hereby approved.

This OCD approval does not relieve Basin of responsibility if its operations cause contamination of surface water, groundwater, or the environment. This approval also does not relieve Basin of its responsibility for compliance with any other federal, state, or local laws and regulations.

NEW MEXICO OIL CONSERVATION DIVISION

Edwin E. Martin
Environmental Engineer

cc: Denny Foust, NMOCD, Aztec



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

RECEIVED

May 13, 2004

MAY 19 2004

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

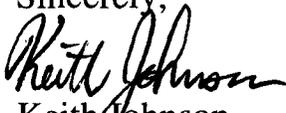
OIL CONSERVATION
DIVISION

RE: INSTALLING A NEW LINER IN POND

Dear Martyne,

Our company has decided that it is time to replace the liner in our pond. We have contracted with the same company that produced our current liner, Midessa Industrial Vinyl Company in Odessa Texas. It is being made to the same specs as the current liner such as being 36 mil with a 10 year unconditional warranty and 20 year conditional warranty. The brand name is Shelterright XR-5-8130 which is an extremely tough woven fabric of Dupont Dacron polyester fibers. After we have emptied the pond we will steam clean it and prepare for the installation. We will not be pulling out the old liner but will leave it in to help increase the integrity of the liners. We plan on beginning installation about June 18, 2004, but this depends on if we are able to get the cleaning completed by then. The installation should only take about 3 days. All of the berms in the bottom will be left in and covered over by the new liner. If you have any questions please call me at 505.320.2840 or 325.6336.

Sincerely,


Keith Johnson
General Manager



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 14, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Pond Cleaning
Basin Disposal, Inc.
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) has received Basin Disposal, Inc. (Basin) proposal dated March 12, 2003 regarding pond cleaning. The proposal describes how Basin will install a separator and three laydown tanks to separate solids and oil and the installation of 20 frac tanks beside the pond in a bermed enclosure to take the place of the pond fluid capacity during the cleaning procedures. This proposal has been reviewed and is hereby approved with the following conditions.

1. Sludge from Basin's pond will be transported directly to an OCD permitted landfarm for stabilization prior to landfarming or composting.
2. Temporary tanks will be used for temporary storage while the pond is cleaned.
3. The tanks including separator tanks will be will be bermed so that any accidental release or overflow will either be contained with in the berm or will run into the pond.
4. The evaporation pond clean out project will be completed and the facility restored to normal operations by June 30, 2004.
5. Basin will submit a final report that documents the volume of sludge removed from the evaporation pond and the volume of separated sludge that was hauled to the landfarm from the separator tanks by July 31, 2004.

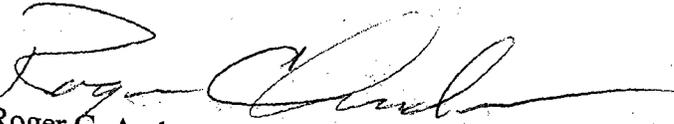
Construction, operation, monitoring and reporting shall be pursuant to Basin's permit dated December 28, 2000. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised OCD approval here in shall not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval shall not relieve Basin Disposal, Inc. of

responsibility for compliance with all applicable federal, state or local laws and/or regulations.

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

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc: Aztec OCD Office

RECEIVED

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

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

Form C-137
Revised March 17, 1999
Submit Original Plus 1
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District Office

APPLICATION FOR WASTE MANAGEMENT FACILITY

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

Commercial Centralized

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

2. Operator: Basin Disposal Inc

Address: P.O. Box 100 Aztec, NM 87410

Contact Person: Kerth Johnson Phone: 505-320-2840

3. Location: SE 1/4 NW 1/4 Section 3 Township 29N Range 11

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

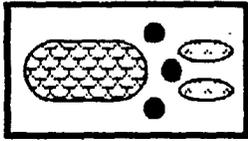
I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Kerth Johnson

Title: General Manager

Signature: Kerth Johnson

Date: 3-12-04



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

March 12, 2004

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

re: Pond Cleaning

Dear Ms. Kieling,

I am writing today to let you know that we will be cleaning our pond again this year and would like to do it a little different than last time. It will allow us to clean it quickly and efficiently but this time we will not do any soil stabilization but instead will haul all of the sludge directly to Industrial Ecosystems Landfarm. I have included a drawing of what we are planning on doing. We would like to use 20 frac tanks to take the place of the pond which will be bermed so that any overflows will run into the pond. The trucks will continue to unload into tanks 1-4 after which the flow will be diverted through a separator to pull out the solids. That flow will continue through 3 laydown tanks that are currently used to store sludge that is hauled up to the landfarm. These tanks will be used to separate the oil from the water. Then it will flow into the frac tanks and from there it will go to the injection pumps. Once the pond is low enough we will use vacuum trucks and trash pumps to pull the sludge from the pond and then haul it to the landfarm. We would like to begin on Monday May 3, 2004 before it gets too hot. Since we won't be using Riley Industrial to help pull the sludge we aren't sure how long it will take to complete. We would like to ask for 2 months to complete the cleaning and removal of the frac tanks, which would be about June 30, 2004. If you have any questions please call me at (505) 320-2840.

Sincerely,

Keith Johnson
General Manager

cc: Denny Foust



Oil & Gas Well Service

AZTEC, NEW MEXICO

PHONE (505) 334-6191

JERRY SANDEL, PRES.

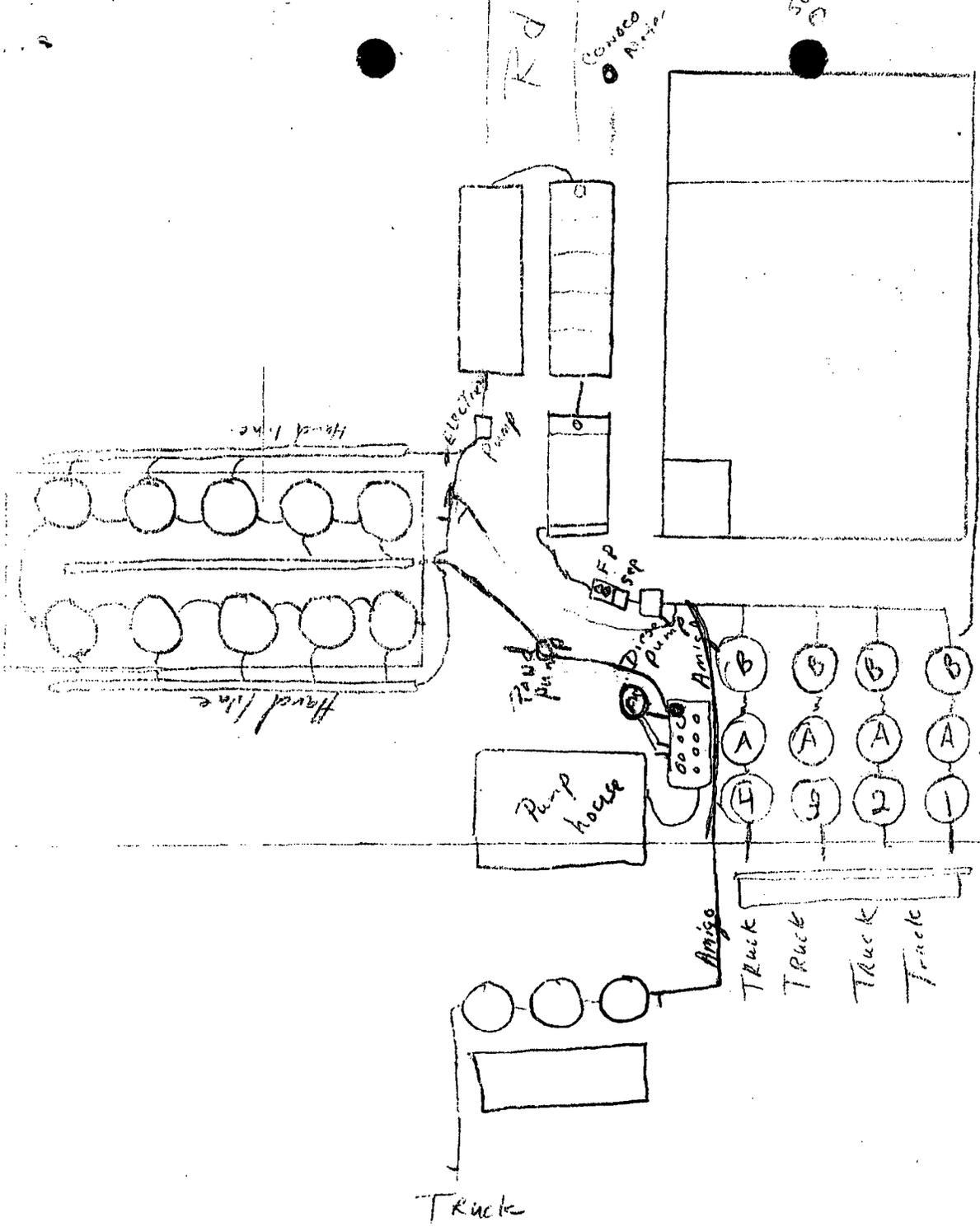


Oil & Gas Well Service

AZTEC, NEW MEXICO

PHONE (505) 334-6191

JERRY SANDEL, PRES.



NEED:
1-6" Kc. nipple

6-4" Flanges

Kieling, Martyne

From: Foust, Denny
Sent: Friday, April 23, 2004 11:10 AM
To: Kieling, Martyne; Anderson, Roger
Subject: Basin Disposal

I gave Keith Johnson permission to have loads of clean water dump directly into the pond until April 26, 2004. Two of the receiving stations at the facility are plugged off with drilling mud. They hope to be back operational today but who knows. They had a back log of over twenty trucks with only one station open.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

July 29, 2003

Lori Wrotenbery
Director
Oil Conservation Division

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Minor pond modification
Basin Disposal, Inc.
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) has received Basin Disposal, Inc. (Basin) proposal dated June 10, 2003 regarding a minor modification to the pond. The proposal describes how Basin will install a sand bag berm approximately 25 feet from the northern side of the pond and three feet high to help reduce the pond volume, aid in chemical treatment, and help trap sediments. This proposal has been reviewed and was approved verbally on June 11, 2003. This letter is to serve as a written conformation of that verbal approval.

Construction, operation, monitoring and reporting shall be pursuant to Basin's permit dated December 28, 2000. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

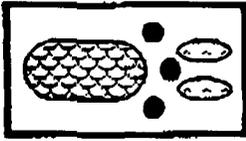
Please be advised OCD approval here in shall not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval shall not relieve Basin Disposal, Inc. of responsibility for compliance with all applicable federal, state or local laws and/or regulations.

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

Sincerely,

Martyne J. Kieling
Environmental Geologist

xc: Aztec OCD Office



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

June 10, 2003

Martyne Kieling
Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505

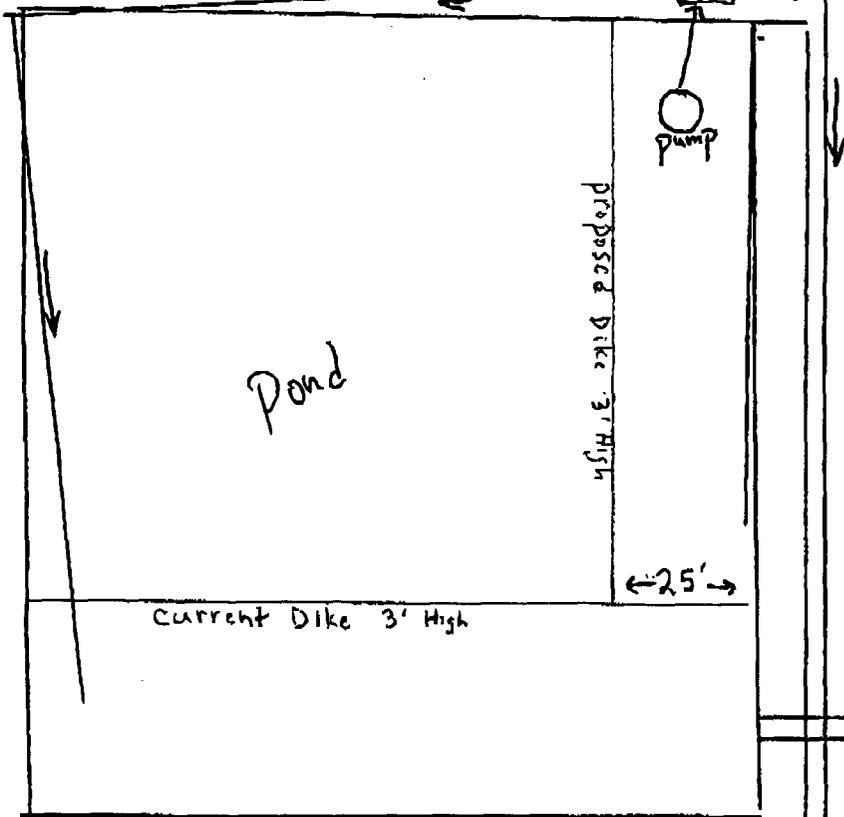
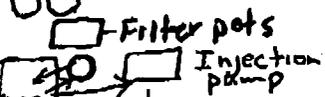
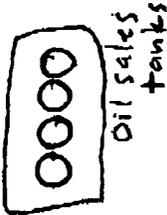
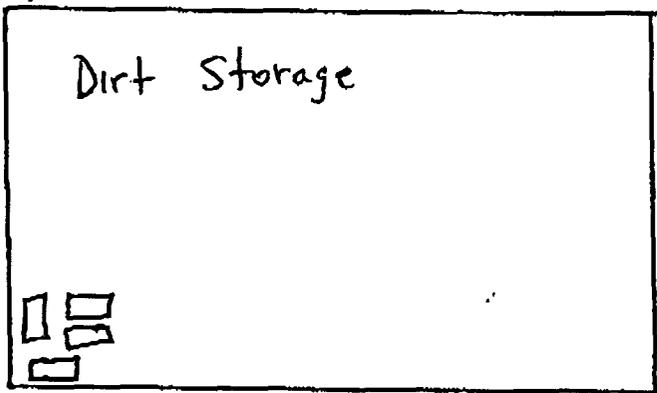
Re: minor pond modification

Dear Ms. Kieling,

We would like to propose a minor modification to the way we store water in the pond. We already have a dike or berm on the east end of the pond, our proposal is to add another dike that will run along the Northern side of the pond. The dimensions are as per the diagram. By doing this we expect to have less water to treat, and a smaller area to clean. The unused portion would be used when we are cleaning the pond or for overflow if we can't keep up with the injection well. The dike will be built with sandbags and will be about three feet high. Do we need approval to do this? If so we would like to start as soon as we get the pond cleaned out, which should be some time next week. If you have any questions please call me at 325-6336 or 320-2840. Thank you for your help.

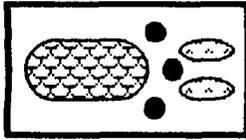
Sincerely,

Keith Johnson
General Manager



Conoco pipe line

Montana



Basin Disposal, Inc.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

RECEIVED

July 24, 2003

JUL 30 2003

**OIL CONSERVATION
DIVISION**

Roger Anderson
Environmental Bureau Chief
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

RE: Pond Cleaning
Basin Disposal, Inc.
SE /4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico

Dear Mr. Anderson,

We have accomplished the cleaning of our pond and we were able to complete it by June 30, 2003. Everything was returned to normal operation by then including the removal of the frac tanks and eliminating the berm that was placed around them. You asked me to include in this letter the amount of soil and liquid that was hauled to the landfarm. The liquid was 11,968 barrels and the stabilized material was 11,950 yards. It took approximately two weeks to get the pond emptied, and we did follow all of the stipulations outlined in your approval letter.

In response to your question regarding past pond cleanings I have prepared a chart (Exhibit A) that details the expenses of each year. This year was the only year that I could accurately show how much material was hauled away from cleaning the pond. In 1999 my guess would be that there was nearly as much material in the pond then as there was this year, and we did clean it completely. In 2001 we only cleaned the east side where the large berm is and the end of the pond where the pond pump is. This years method was by far more costly but it eliminated leaving it on site while it dried. There was still a lot of water in the material. It would definitely help to save money in the future if a process was used that would allow us to remove more of the water. We put the V bottom tanks in service in the year 2000. If you have any further questions please feel free to contact me at (505) 325-6336 or 320-2840. Thanks for your help.

Sincerely,

Keith Johnson
General Manager

Exhibit A

POND CLEANING EXPENSE COMPARISON

POND CLEANING 2003

<u>COMPANY</u>	<u>COST</u>
RED TOP TANK	\$ 45,397.00
RILEY INDUSTRIAL	\$ 49,000.00
FOUTZ & BURSOM	\$ 71,000.00
HAULING	\$ 72,344.00
TRIPLE S	\$ 16,600.00
EPC	\$ <u>271,878.00</u>
TOTAL	\$ 526,219.00

POND CLEANING 2001

<u>COMPANY</u>	<u>COST</u>
RILEY INDUSTRIAL	\$ 33,452.00
FOUTZ & BURSOM	\$ 2,500.00
HAULING	\$ 10,234.00
TIERRA LANDFARM	\$ <u>123,725.00</u>
TOTAL	\$ 169,911.00

POND CLEANING 1999

<u>COMPANY</u>	<u>COST</u>
TIERRA LANDFARM	\$ 112,000.00
HAULING	\$ 29,500.00
LINER	\$ 10,000.00
FOUTZ & BURSOM	\$ 57,000.00
RILEY INDUSTRIAL	\$ <u>74,300.00</u>
TOTAL	\$ 282,800.00



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

May 27, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Pond Cleaning
Basin Disposal, Inc.
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) has received Basin Disposal, Inc. (Basin) proposal dated May 20, 2003 regarding pond cleaning. The proposal describes how Basin will use a portion of the lined and bermed soil storage area to mix and solidify sludge from the pond area and the installation of 39 frac tanks beside the pond to take the place of the pond fluid capacity during the cleaning procedures. This proposal has been reviewed and is hereby approved with the following conditions.

1. Sludge from Basin's pond will be mixed and stabilized within the temporary soil storage area.
2. Liquids and sludge with free liquids will not be stored in the temporary soil storage containment area overnight.
3. Stabilized sludge will be removed to an OCD permitted landfarm.
4. Clean soil or OCD approved remediated soil may be backhauled from an OCD permitted landfarm to Basin for stabilization purposes.
5. Temporary tanks will be used for temporary storage while the pond is cleaned.
6. The tanks will be placed next to the evaporation pond and will be bermed so that any accidental release or overflow will run into the pond.
7. The evaporation pond clean out project will be completed and the facility restored to normal operations by June 30, 2003.
8. Basin will submit a final report that documents the volume of sludge removed from the evaporation pond and the volume of stabilized material that was hauled to the landfarm(s) for remediation by July 31, 2003.

To better understand the process changes that have been incorporated over the last few years at Basin, the OCD would appreciate any comparison information with regards to the previous pond cleanouts. This information may include the length of time since the

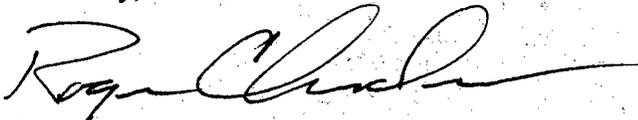
last pond clean out, how long the new V bottom tanks have been in service and how Basin would compare this cleanout process to the last two cleanouts with regards to time, sludge volume and the variation in cost associated with the methods that have been used.

Construction, operation, monitoring and reporting shall be pursuant to Basin's permit dated December 28, 2000. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised OCD approval here in shall not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval shall not relieve Basin Disposal, Inc. of responsibility for compliance with all applicable federal, state or local laws and/or regulations.

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

Sincerely,



Roger C. Anderson
Environmental Bureau Chief

RCA/mjk

xc: Aztec OCD Office



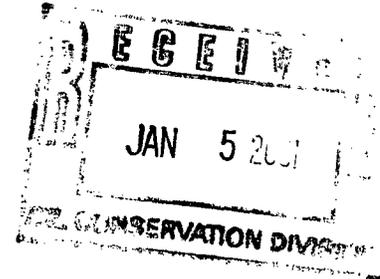
NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

December 28, 2000

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-1859



Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

RE: Modification to 711 Permit (NM-01-0005)
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico

Dear Mr. Sandel:

The application to modify permit NM-01-0005 for the Basin Disposal, Inc. (Basin) commercial surface waste management facility is **hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit modification approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$144,155.** Currently Basin has financial assurance in the amount of \$139,155. The modification will add 11 tanks to the facility thus the financial assurance must be increased to \$144,155 to cover this addition. The additional financial assurance is required within thirty (30) days of the date of this letter. The application consists of the permit application Form C-137 dated June 17, 1999, September 27, 2000 and October 10, 2000. This modification supercedes Permit NM-01-0005 approved June 6, 1999.

The construction, operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treatment and evaporation methods must receive prior OCD approval. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit modification does not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Basin

Disposal, Inc. of responsibility for compliance with other federal, state or local laws and/or regulations.

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

The Basin Disposal, Inc. Commercial Surface Waste Management Facility Permit NM-01-0005 will be reviewed at least once every five (5) years. The facility is subject to periodic inspections by the OCD.

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

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

Sincerely,



Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Aztec OCD Office

**ATTACHMENT TO OCD 711 PERMIT MODIFICATION APPROVAL
PERMIT NM-01-0005
BASIN DISPOSAL, INC.
WASTE MANAGEMENT FACILITY
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(December 28, 2000)**

TEMPORARY SOIL STORAGE AREA CONSTRUCTION

1. Construction must commence on the temporary soil storage area within one (1) year of the permit modification approval date.
2. The temporary soil storage area will be approximately 300 x 300 feet. The ground surface must be excavated to approximately one (1) foot below grade and must be cleared of all rocks, sticks and other hard objects that could puncture the plastic liner.
3. A 20 mm plastic liner must be placed in the bottom of the excavated area with the edges of the liner turned up at least one (1) foot to contain any vertical or horizontal contaminant migration.
4. Compacted soil not less than three (3) feet deep must be placed on top of the liner to protect it from heavy equipment.
5. A berm must be constructed surrounding the storage area. The berm will be two (2) feet above the interior grade and four (4) feet above the exterior grade.
6. A ramped entrance for equipment must be constructed and maintained to preserve the berm height and integrity.

TEMPORARY SOIL STORAGE AREA OPERATION

1. The temporary soil storage area is authorized to accept only contaminated soils generated at Basin Disposal, Inc.
2. Contaminated soils created during the solidification of tank bottoms must be stored in the temporary soil storage area prior to transfer to an OCD-permitted landfarm facility.
3. Stored soil must be kept three (3) feet from the base of the berm to ensure that the contaminated soils are located above the lined area.
4. Soil storage may not exceed 30 days. Soil volume, destination and date of removal must be recorded and maintained for OCD review.

5. The soil storage area must be inspected daily. Results of inspections must be recorded and maintained for OCD review.
6. There will be no ponding or pooling or run-off of free liquids including precipitation within the temporary storage area. Any ponding of precipitation must be removed within 24 hours of discovery.
7. Upon any odor generation the facility must notify the OCD Santa Fe and Aztec offices and begin an investigation to determine the appropriate remedial actions. Actions may include the immediate removal of contaminated soils to an OCD-approved landfarm. A report regarding the odor generation and remedial actions taken must be filed with the OCD Santa Fe and Aztec offices.
8. The berm height and integrity along with the liner integrity must be maintained.
9. The temporary contaminated soil storage area must be inspected daily. Results of the daily visual inspection and any maintenance and upkeep must be recorded and maintained for OCD review.

FACILITY AND EVAPORATION POND OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. 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.
4. All produced water must be unloaded into tanks. The produced water must reside in the tank system long enough to allow for oil and sediment separation. Oil recovered must be stored in above ground storage tanks. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.
5. 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.

6. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.
7. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and contaminated soil must be removed and disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. Basin Disposal must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
8. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection monitoring system. Monitoring of the secondary containment system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be checked and the analyses must be furnished to the OCD Santa Fe and appropriate District offices.
9. The produced water receiving and treatment area must be inspected daily for tank, piping and berm integrity.
9. Any design changes to the produced water receiving, treatment and evaporation area must be submitted to the OCD Santa Fe office for approval.
10. The pond must have a minimum freeboard of two (2) feet. A device must be installed in the pond to accurately measure freeboard.
11. The pond may not contain any free oil.
12. Pond inspection and maintenance must be conducted on a daily basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes must not be placed into the pond until repairs have been completed.
13. The leak detection system must be inspected daily and if fluid is present samples of the fluid must be compared with the fluids in the pond. Results must be recorded and maintained for OCD review. If pond and leak detection fluids are similar the OCD Santa Fe and appropriate District offices must be notified within 48 hours. Within 72 hours of discovery, the Basin Disposal must submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair the leak. Upon discovery all fluids must be removed from the leak detection system. The system must be kept free of fluids.

14. Sludge thickness in the base of the pond must be measured annually. Any sludge build-up in the bottom of the pond in excess of twelve (12) inches must be removed and disposed of at an OCD-approved facility.
15. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered non-hazardous to migratory birds.
16. Liquid reduction technologies that may be used to eliminate pond waters include evaporation, enhanced evaporation and injection at the facility Class II disposal well.
17. At such time that the spray system is utilized to enhance evaporation the following requirements will apply:
 - a. The spray system must be operated such that all spray remains within the confines of the lined portion of the pond; and
 - b. The spray system must be operated only when an attendant is on duty and during daylight hours.
18. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached; and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

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

TEMPORARY PIT CONSTRUCTION AND CLOSURE

1. One temporary pit may be constructed to the north of the evaporation pond facility and must be contained within the facility fence. The temporary pit may be used only for temporary storage of produced water from the produced water treatment system and from the evaporation pond while sludge is removed and the pond liner is inspected and any repairs are made. Produced water may be transferred from the pit to the Class II injection

well. The pit may be used only for temporary storage and drying of sludge removed from the evaporation pond.

2. The temporary pit will be approximately 150 feet by 300 feet by 4 feet deep and must be lined with a 20 ml or greater liner.
3. The bed of the temporary pit and inside grade of the levee must be smooth and compacted, free of holes, rocks, stumps, clods or any other debris which may rupture the liner.
4. A trench must be excavated on the top of the levee the entire perimeter of the pit for the purpose of anchoring the liner. This trench must be located a minimum of nine (9) inches from the slope break and must be a minimum of twelve (12) inches deep.
5. The pit must have a minimum freeboard of one and a half (1½) feet. A device must be installed in the pond to accurately measure freeboard.
6. Pit inspection and maintenance must be conducted on a daily basis or immediately following a consequential rainstorm or windstorm. If any defect is noted the OCD Santa Fe and appropriate District offices must be notified within 24 hours. Within 48 hours of discovery, the Basin Disposal must submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair any defect. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pit additional wastes may not be placed into the temporary pit and existing waste may need to be removed from the pit until repairs have been completed.
7. The pit is permitted for 365 days for use beginning on June 1, 2001 and ending on July 1, 2002. Upon closure the sludge must be disposed of at an OCD-approved facility and the liner must be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and appropriate District offices must be notified in writing of final pit closure.
8. The facility may request in writing to the OCD Santa Fe office that the authorization for the temporary pits be reactivated for future evaporation pond cleaning and repairs.

H₂S PREVENTION & CONTINGENCY PLAN

1. In order to prevent development of harmful concentrations of H₂S, the following procedures must be followed:
 - a. All incoming loads of produced water must be tested for hydrogen sulfide (H₂S) concentrations. Any loads with measurable H₂S concentrations will be treated in a

closed system. The treatment reaction must be driven to completion to eliminate all measurable H₂S prior to disposal of the water into the pond.

- b. The aeration system must be operated to provide sufficient oxygen to the pond to maintain a residual oxygen concentration of 0.5 ppm one foot off the bottom of the pond. Tests must be conducted and records made and maintained of the dissolved oxygen levels in the pond according to the following procedures:
 - i. Tests must be conducted daily.
 - ii. The sample for each test must be taken one foot from the bottom of the pond.
 - iii. The location of tests must vary around the pond.
 - iv. If any test shows a dissolved residual oxygen level of less than 0.5 ppm, immediate steps will be undertaken to oxygenate the pond and create a residual oxygen level of at least 0.5 ppm. Remedial measures may include adding chemicals or increasing aeration.
 - c. Daily tests must be conducted and records made and maintained of the pH levels in the pond, and if the pH falls below 8.0 remedial steps must be taken immediately to raise the pH.
 - d. Weekly tests must be conducted and records made and retained at the facility of the dissolved sulfide concentrations in the pond.
 - e. At least 1000 gallons of a H₂S treatment chemical must be stored on-site and must not be retained for a period in excess of the manufacturer's stated shelf life. Expired H₂S treatment chemicals may be disposed of in the pond.
2. Tests of ambient H₂S levels must be conducted twice per day. Test results must be recorded and retained. The tests must be conducted at four (4) locations around the pond at the top of the berm. The wind speed and direction must be recorded in conjunction with each test.
- a. If an H₂S reading of 1.0 ppm or greater is obtained:
 - i. a second reading must be taken on the downwind berm within one hour;
 - ii. the dissolved oxygen and dissolved sulfide levels of the pond must be tested immediately and the need for immediate treatment determined; and

- iii. tests for H₂S levels must be made at the fence line down wind from the problem pond.
- b. If two (2) consecutive H₂S readings of 1.0 ppm or greater are obtained:
 - i. the operator must notify the Aztec office of the OCD immediately;
 - ii. the operator must commence hourly monitoring on a 24-hour basis;
 - iii. the operator must lower the pond level so that the aeration system will circulate the entire pond; and
 - iv. the operator must obtain daily analyses of dissolved sulfides in the pond.
- c. If an H₂S reading of 10.0 ppm or greater at the facility fence line is obtained:
 - i. the operator must immediately notify the Aztec office of the OCD and the following public safety agencies:

New Mexico State Police
San Juan County Sheriff
San Juan County Fire Marshall; and
 - ii. the operator must notify all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403. All loads of these wastes received at the facility must be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are determined to be RCRA Subtitle C hazardous wastes 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 produced water may be received at the facility from motor vehicles unless the transporter has a valid Form C-133, "Authorization to Move Produced Water" on file with the Division.
5. Comprehensive records of all material disposed of at the surface waste management facility must be maintained by the Basin Disposal, Inc.

REPORTING AND RECORD KEEPING

1. Results of the daily inspection/testing of the leak detection system must be recorded and an annual report must be submitted to the OCD Santa Fe office for review **by May 17 of each year.**
2. Results of the daily visual inspection of the facility must be recorded and maintained for OCD review.
3. Results of the testing at the evaporation pond for H₂S, pH, dissolved sulfides, and dissolved oxygen must be recorded and maintained for OCD review.
4. Results of the weekly inspections of the below-grade tank and sump secondary containment systems must be recorded and maintained for OCD review.
5. Results of annual inspection and maintenance on below-grade sumps and annual measurements of sludge thickness in the pond must be recorded and maintained for OCD review.
6. The applicant must notify the **OCD Aztec District office within 24 hours** of any fire, break, leak, spill, blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
7. All records of testing and monitoring must be retained for a period of five (5) years.
8. The OCD must be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.
9. Comprehensive records of all material disposed of at the facility must be maintained at the facility. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; and 5) transporter.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$144,155** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Basin Disposal, Inc. by January 29, 2000 for the commercial surface waste management facility.
2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed by the OCD 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 Aztec offices must be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Upon cessation of operations for six (6) consecutive months, the operator must complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.
2. A closure plan to include the following closure procedures must be submitted to the OCD for approval:
 - a. When the facility is to be closed no new material will be accepted.
 - b. The evaporation pond will be allowed to evaporate. Any water not evaporated will be hauled to an OCD-approved facility. The pond will be surveyed for NORM.
 - c. The pond evaporation equipment, liners and leak detection system will be removed.
 - d. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be removed.
 - e. The soils beneath the evaporation pond and liquids receiving and treatment area will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.

- f. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.
- g. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be remove.
- h. The area will be contoured, seeded with native seed mix and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, and fences for future alternative uses the structures may be left in place.
- i. Closure will be pursuant to all OCD requirements in effect at the time of closure and any other applicable local, state and/or federal regulations.

CERTIFICATION

Basin Disposal, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Basin Disposal, 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 ground water, surface water, human health and the environment.

Accepted:

BASIN DISPOSAL, INC.

Signature Jerry Sandel Title President Date 1-02-01



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
July 6, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-547

JUL 19 1999

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Modification to 711 Permit (NM-01-0005)
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The application to modify permit NM-01-0005 for the Basin Disposal, Inc. (Basin) commercial surface waste management facility is **hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit modification approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$139,155.** According to the schedule outlined in the financial assurance section of the enclosed attachment, 25% of the \$139,155 financial assurance (\$34,788) is required within thirty (30) days of the date of this letter. The application consists of the permit application Form C-137 dated June 17, 1999. This modification supercedes Permit NM-01-0005 approved May 17, 1999.

The construction, operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treatment and evaporation methods must receive prior OCD approval. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit modification does not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Basin Disposal, Inc. of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons

Mr. Jerry Sandel
July 6, 1999
Page 2

must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The Basin Disposal, Inc. Commercial Surface Waste Management Facility Permit NM-01-0005 will be reviewed at least once every five (5) years. The facility is subject to periodic inspections by the OCD.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery". The signature is written in black ink and is positioned above the typed name and title.

Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Aztec OCD Office

**ATTACHMENT TO OCD 711 PERMIT MODIFICATION APPROVAL
PERMIT NM-01-0005
BASIN DISPOSAL, INC.
WASTE MANAGEMENT FACILITY
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(July 6, 1999)**

TEMPORARY SOIL STORAGE AREA CONSTRUCTION

1. Construction must commence on the temporary soil storage area within one (1) year of the permit modification approval date.
2. The temporary soil storage area will be approximately 300 x 300 feet. The ground surface must be excavated to approximately one (1) foot below grade and must be cleared of all rocks, sticks and other hard objects that could puncture the plastic liner.
3. A 20 mm plastic liner must be placed in the bottom of the excavated area with the edges of the liner turned up at least one (1) foot to contain any vertical or horizontal contaminant migration.
4. Compacted soil not less than three (3) feet deep must be placed on top of the liner to protect it from heavy equipment.
5. A berm must be constructed surrounding the storage area. The berm will be two (2) feet above the interior grade and four (4) feet above the exterior grade (See diagram).
6. A ramped entrance for equipment must be constructed and maintained to preserve the berm height and integrity.

TEMPORARY SOIL STORAGE AREA OPERATION

1. The temporary soil storage area is authorized to accept only contaminated soils generated at Basin Disposal, Inc.
2. Contaminated soils created during the solidification of tank bottoms must be stored in the temporary soil storage area prior to transfer to an OCD-permitted landfarm facility.
3. Stored soil must be kept three (3) feet from the base of the berm to ensure that the contaminated soils are located above the lined area (See diagram).
4. Soil storage may not exceed 30 days. Soil volume, destination and date of removal must be

recorded and maintained for OCD review.

5. The soil storage area must be inspected daily. Results of inspections must be recorded and maintained for OCD review.
6. There will be no ponding or pooling or run-off of free liquids including precipitation within the temporary storage area. Any ponding of precipitation must be removed within 24 hours of discovery.
7. Upon any odor generation the facility must notify the OCD Santa Fe and Aztec offices and begin an investigation to determine the appropriate remedial actions. Actions may include the immediate removal of contaminated soils to an OCD-approved landfarm. A report regarding the odor generation and remedial actions taken must be filed with the OCD Santa Fe and Aztec offices.
8. The berm height and integrity along with the liner integrity must be maintained.
9. The temporary contaminated soil storage area must be inspected daily. Results of the daily visual inspection and any maintenance and upkeep must be recorded and maintained for OCD review.

FACILITY AND EVAPORATION POND OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. 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.
4. All produced water must be unloaded into tanks. The produced water must reside in the tank system long enough to allow for oil and sediment separation. Oil recovered must be stored in above ground storage tanks. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.
5. 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.

6. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.
7. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and 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. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection monitoring system. Monitoring of the secondary containment system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be checked and the analyses must be furnished to the OCD Santa Fe and appropriate District offices.
9. The produced water receiving and treatment area must be inspected daily for tank, piping and berm integrity.
10. Any design changes to the produced water receiving, treatment and evaporation area must be submitted to the OCD Santa Fe office for approval.
11. The pond must have a minimum freeboard of two (2) feet. A device must be installed in the pond to accurately measure freeboard.
12. The pond may not contain any free oil.
13. Pond inspection and maintenance must be conducted on a daily basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes must not be placed into the pond until repairs have been completed.
14. The leak detection system must be inspected daily and if fluid is present samples of the fluid must be compared with the fluids in the pond. Results must be recorded and maintained for OCD review. If pond and leak detection fluids are similar the OCD Santa Fe and appropriate District offices must be notified within 48 hours. Within 72 hours of discovery, the permittee must submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair the leak. Upon discovery all fluids must

- be removed from the leak detection system. The system must be kept free of fluids.
15. Sludge thickness in the base of the pond must be measured annually. Any sludge build-up in the bottom of the pond in excess of twelve (12) inches must be removed and disposed of at an OCD-approved facility.
 16. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.
 17. Liquid reduction technologies that may be used to eliminate pond waters include evaporation, enhanced evaporation and injection at the facility Class II disposal well.
 18. At such time that the spray system is utilized to enhance evaporation the following requirements will apply:
 - a. The spray system must be operated such that all spray remains within the confines of the lined portion of the pond; and
 - b. The spray system must be operated only when an attendant is on duty and during daylight hours.

TEMPORARY PIT CONSTRUCTION AND CLOSURE

1. Two temporary pits may be constructed to the north of the evaporation pond facility and must be contained within the facility fence. Pit #1 may be used only for temporary storage of produced water from the produced water treatment system and from the evaporation pond while sludge is removed and the pond liner is inspected and any repairs are made. Produced water may be transferred from Pit #1 to the Class II injection well. Pit # 2 may be used only for temporary storage and drying of sludge removed from the evaporation pond and pit #1.
2. The temporary pits will be approximately 150 feet by 300 feet by 4 feet deep and must be lined with a 20 ml or greater liner.
3. The bed of the temporary pit and inside grade of the levee must be smooth and compacted, free of holes, rocks, stumps, clods or any other debris which may rupture the liner.
4. A trench must be excavated on the top of the levee the entire perimeter of the pit for the purpose of anchoring the liner. This trench must be located a minimum of nine (9) inches from the slope break and must be a minimum of twelve (12) inches deep.

5. Pit # 1 must have a minimum freeboard of one and a half (1½) feet. A device must be installed in the pond to accurately measure freeboard.
6. Pit inspection and maintenance must be conducted on a daily basis or immediately following a consequential rainstorm or windstorm. If any defect is noted the OCD Santa Fe and appropriate District offices must be notified within 24 hours. Within 48 hours of discovery, the permittee must submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair any defect. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pit additional wastes may not be placed into the temporary pit and existing waste may need to be removed from the pit until repairs have been completed.
7. Pit #1 is permitted for 90 days from construction completion. Upon closure, pit #1 must be completely emptied of produced water, all sludge must be transferred to pit #2, and the liner must be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and appropriate District offices must be notified in writing of final pit closure.
8. Pit #2 is permitted for 180 days from construction completion. Upon closure the sludge must be disposed of at an OCD-approved facility and the liner must be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and appropriate District offices must be notified in writing of final pit closure.
9. The facility may request in writing to the OCD Santa Fe office that the authorization for the temporary pits be reactivated for future evaporation pond cleaning and repairs.

H₂S PREVENTION & CONTINGENCY PLAN

1. In order to prevent development of harmful concentrations of H₂S, the following procedures must be followed:
 - a. All incoming loads of produced water must be tested for hydrogen sulfide (H₂S) concentrations. Any loads with measurable H₂S concentrations will be treated in a closed system. The treatment reaction must be driven to completion to eliminate all measurable H₂S prior to disposal of the water into the pond.
 - b. The aeration system must be operated to provide sufficient oxygen to the pond to maintain a residual oxygen concentration of 0.5 ppm one foot off the bottom of the pond. Tests must be conducted and records made and maintained of the dissolved oxygen levels in the pond according to the following procedures:

- i. Tests must be conducted daily.
 - ii. The sample for each test must be taken one foot from the bottom of the pond.
 - iii. The location of tests must vary around the pond.
 - iv. If any test shows a dissolved residual oxygen level of less than 0.5 ppm, immediate steps will be undertaken to oxygenate the pond and create a residual oxygen level of at least 0.5 ppm. Remedial measures may include adding chemicals or increasing aeration.
 - c. Daily tests must be conducted and records made and maintained of the pH levels in the pond, and if the pH falls below 8.0 remedial steps must be taken immediately to raise the pH.
 - d. Weekly tests must be conducted and records made and retained at the facility of the dissolved sulfide concentrations in the pond.
 - e. At least 1000 gallons of a H₂S treatment chemical must be stored on-site and must not be retained for a period in excess of the manufacturer's stated shelf life. Expired H₂S treatment chemicals may be disposed of in the pond.
2. Tests of ambient H₂S levels must be conducted twice per day. Test results must be recorded and retained. The tests must be conducted at four (4) locations around the pond at the top of the berm. The wind speed and direction must be recorded in conjunction with each test.
 - a. If an H₂S reading of 1.0 ppm or greater is obtained:
 - i. a second reading must be taken on the downwind berm within one hour;
 - ii. the dissolved oxygen and dissolved sulfide levels of the pond must be tested immediately and the need for immediate treatment determined; and
 - iii. tests for H₂S levels must be made at the fence line down wind from the problem pond.
 - b. If two (2) consecutive H₂S readings of 1.0 ppm or greater are obtained:
 - i. the operator must notify the Aztec office of the OCD immediately;
 - ii. the operator must commence hourly monitoring on a 24-hour basis;
 - iii. the operator must lower the pond level so that the aeration system will

- circulate the entire pond; and
- iv. the operator must obtain daily analyses of dissolved sulfides in the pond.
- c. If an H₂S reading of 10.0 ppm or greater at the facility fence line is obtained:
- i. the operator must immediately notify the Aztec office of the OCD and the following public safety agencies:
- New Mexico State Police
San Juan County Sheriff
San Juan County Fire Marshall; and
- ii. the operator must notify all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403. All loads of these wastes received at the facility must be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are determined to be RCRA Subtitle C hazardous wastes 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 produced water may be received at the facility from motor vehicles unless the transporter has a valid Form C-133, "Authorization to Move Produced Water" on file with the Division.
5. Comprehensive records of all material disposed of at the surface waste management facility must be maintained by the Basin Disposal, Inc.

REPORTING AND RECORD KEEPING

1. Results of the daily inspection/testing of the leak detection system must be recorded and an annual report must be submitted to the OCD Santa Fe office for review **by May 17 of each year.**
2. Results of the daily visual inspection of the facility must be recorded and maintained for OCD review.
3. Results of the testing at the evaporation pond for H₂S, pH, dissolved sulfides, and dissolved oxygen must be recorded and maintained for OCD review.
4. Results of the weekly inspections of the below-grade tank and sump secondary containment systems must be recorded and maintained for OCD review.
5. Results of annual inspection and maintenance on below-grade sumps and annual measurements of sludge thickness in the pond must be recorded and maintained for OCD review.
6. The applicant must notify the **OCD Aztec District office within 24 hours** of any fire, break, leak, spill, blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
7. All records of testing and monitoring must be retained for a period of five (5) years.
8. The OCD must be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.
9. Comprehensive records of all material disposed of at the facility must be maintained at the facility. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; and 5) transporter.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$139,155** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Basin Disposal, Inc. for the commercial surface waste management facility.

By July 20, 1999 Basin Disposal, Inc. must submit 25% of the financial assurance in the amount of **\$34,788.**

By July 20, 2000 Basin Disposal, Inc. must submit 50% of the financial assurance in the amount of **\$69,576**.

By July 20, 2001 Basin Disposal, Inc. must submit 75% of the financial assurance in the amount of **\$104,364**.

By July 20, 2002 Basin Disposal, Inc. must submit 100% of the financial assurance in the amount of **\$139,155**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed by the OCD 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 Aztec offices must be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Upon cessation of operations for six (6) consecutive months, the operator must complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.
2. A closure plan to include the following closure procedures must be submitted to the OCD for approval:
 - a. When the facility is to be closed no new material will be accepted.
 - b. The evaporation pond will be allowed to evaporate. Any water not evaporated will be hauled to an OCD-approved facility. The pond will be surveyed for NORM.
 - c. The pond evaporation equipment, liners and leak detection system will be removed.
 - d. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be removed.
 - e. The soils beneath the evaporation pond and liquids receiving and treatment area will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.
 - f. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.

- g. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be removed
- h. The area will be contoured, seeded with native seed mix and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, and fences for future alternative uses the structures may be left in place.
- i. Closure will be pursuant to all OCD requirements in effect at the time of closure and any other applicable local, state and/or federal regulations.

CERTIFICATION

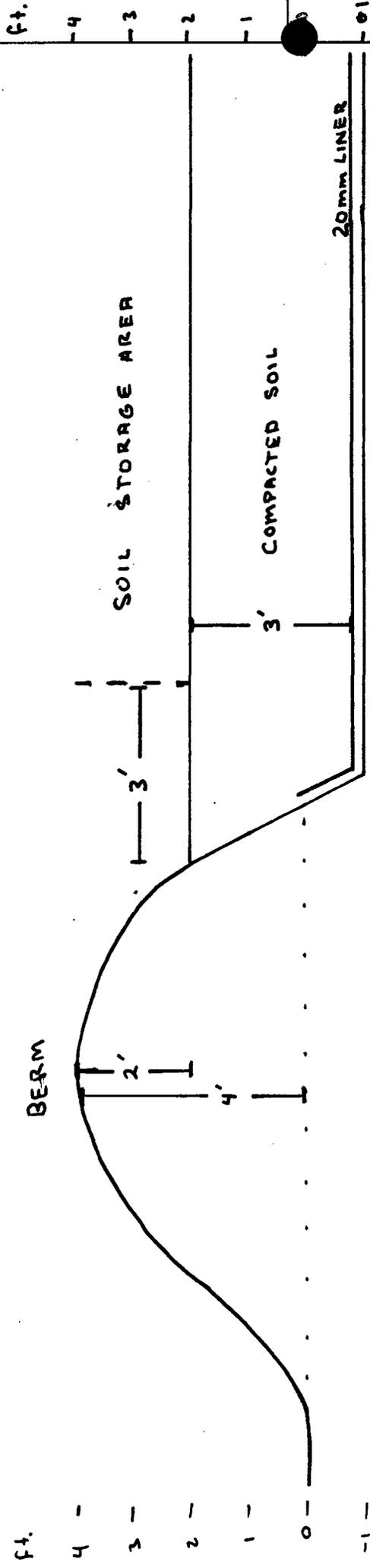
Basin Disposal, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Basin Disposal, Inc. further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect ground water, surface water, human health and the environment.

Accepted:

BASIN DISPOSAL, INC.

Signature *Jerry Sandel* Title *President* Date *July 15, 1999*

22-141 50 SHEETS
22-142 100 SHEETS
22-144 200 SHEETS





STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505

July 26, 1999

CERTIFIED MAIL

RETURN RECEIPT NO. P-326-936-547

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Modification to 711 Permit (NM-01-0005)
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The application to modify permit NM-01-0005 for the Basin Disposal, Inc. (Basin) commercial surface waste management facility **is hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit modification approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$139,155.** According to the schedule outlined in the financial assurance section of the enclosed attachment, 25% of the \$139,155 financial assurance (\$34,788) is required within thirty (30) days of the date of this letter. The application consists of the permit application Form C-137 dated June 17, 1999. This modification supercedes Permit NM-01-0005 approved May 17, 1999.

The construction, operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treatment and evaporation methods must receive prior OCD approval. Basin is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit modification does not relieve Basin Disposal, Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Basin Disposal, Inc. of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons

Mr. Jerry Sandel
July 6, 1999
Page 2

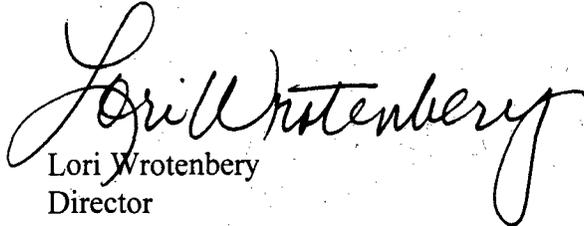
must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The Basin Disposal, Inc. Commercial Surface Waste Management Facility Permit NM-01-0005 will be reviewed at least once every five (5) years. The facility is subject to periodic inspections by the OCD.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Lori Wrotenbery". The signature is written in dark ink and is positioned above the printed name and title.

Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Aztec OCD Office

**ATTACHMENT TO OCD 711 PERMIT MODIFICATION APPROVAL
PERMIT NM-01-0005
BASIN DISPOSAL, INC.
WASTE MANAGEMENT FACILITY
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(July 6, 1999)**

TEMPORARY SOIL STORAGE AREA CONSTRUCTION

1. Construction must commence on the temporary soil storage area within one (1) year of the permit modification approval date.
2. The temporary soil storage area will be approximately 300 x 300 feet. The ground surface must be excavated to approximately one (1) foot below grade and must be cleared of all rocks, sticks and other hard objects that could puncture the plastic liner.
3. A 20 mm plastic liner must be placed in the bottom of the excavated area with the edges of the liner turned up at least one (1) foot to contain any vertical or horizontal contaminant migration.
4. Compacted soil not less than three (3) feet deep must be placed on top of the liner to protect it from heavy equipment.
5. A berm must be constructed surrounding the storage area. The berm will be two (2) feet above the interior grade and four (4) feet above the exterior grade (See diagram).
6. A ramped entrance for equipment must be constructed and maintained to preserve the berm height and integrity.

TEMPORARY SOIL STORAGE AREA OPERATION

1. The temporary soil storage area is authorized to accept only contaminated soils generated at Basin Disposal, Inc.
2. Contaminated soils created during the solidification of tank bottoms must be stored in the temporary soil storage area prior to transfer to an OCD-permitted landfarm facility.
3. Stored soil must be kept three (3) feet from the base of the berm to ensure that the contaminated soils are located above the lined area (See diagram).
4. Soil storage may not exceed 30 days. Soil volume, destination and date of removal must be

recorded and maintained for OCD review.

5. The soil storage area must be inspected daily. Results of inspections must be recorded and maintained for OCD review.
6. There will be no ponding or pooling or run-off of free liquids including precipitation within the temporary storage area. Any ponding of precipitation must be removed within 24 hours of discovery.
7. Upon any odor generation the facility must notify the OCD Santa Fe and Aztec offices and begin an investigation to determine the appropriate remedial actions. Actions may include the immediate removal of contaminated soils to an OCD-approved landfarm. A report regarding the odor generation and remedial actions taken must be filed with the OCD Santa Fe and Aztec offices.
8. The berm height and integrity along with the liner integrity must be maintained.
9. The temporary contaminated soil storage area must be inspected daily. Results of the daily visual inspection and any maintenance and upkeep must be recorded and maintained for OCD review.

FACILITY AND EVAPORATION POND OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. 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.
4. All produced water must be unloaded into tanks. The produced water must reside in the tank system long enough to allow for oil and sediment separation. Oil recovered must be stored in above ground storage tanks. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.
5. 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.

6. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.
7. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and 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. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection monitoring system. Monitoring of the secondary containment system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be checked and the analyses must be furnished to the OCD Santa Fe and appropriate District offices.
9. The produced water receiving and treatment area must be inspected daily for tank, piping and berm integrity.
10. Any design changes to the produced water receiving, treatment and evaporation area must be submitted to the OCD Santa Fe office for approval.
11. The pond must have a minimum freeboard of two (2) feet. A device must be installed in the pond to accurately measure freeboard.
12. The pond may not contain any free oil.
13. Pond inspection and maintenance must be conducted on a daily basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes must not be placed into the pond until repairs have been completed.
14. The leak detection system must be inspected daily and if fluid is present samples of the fluid must be compared with the fluids in the pond. Results must be recorded and maintained for OCD review. If pond and leak detection fluids are similar the OCD Santa Fe and appropriate District offices must be notified within 48 hours. Within 72 hours of discovery, the permittee must submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair the leak. Upon discovery all fluids must

be removed from the leak detection system. The system must be kept free of fluids.

15. Sludge thickness in the base of the pond must be measured annually. Any sludge build-up in the bottom of the pond in excess of twelve (12) inches must be removed and disposed of at an OCD-approved facility.
16. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.
17. Liquid reduction technologies that may be used to eliminate pond waters include evaporation, enhanced evaporation and injection at the facility Class II disposal well.
18. At such time that the spray system is utilized to enhance evaporation the following requirements will apply:
 - a. The spray system must be operated such that all spray remains within the confines of the lined portion of the pond; and
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1. Two temporary pits may be constructed to the north of the evaporation pond facility and must be contained within the facility fence. Pit #1 may be used only for temporary storage of produced water from the produced water treatment system and from the evaporation pond while sludge is removed and the pond liner is inspected and any repairs are made. Produced water may be transferred from Pit #1 to the Class II injection well. Pit #2 may be used only for temporary storage and drying of sludge removed from the evaporation pond and pit #1.
2. The temporary pits will be approximately 150 feet by 300 feet by 4 feet deep and must be lined with a 20 ml or greater liner.
3. The bed of the temporary pit and inside grade of the levee must be smooth and compacted, free of holes, rocks, stumps, clods or any other debris which may rupture the liner.
4. A trench must be excavated on the top of the levee the entire perimeter of the pit for the purpose of anchoring the liner. This trench must be located a minimum of nine (9) inches from the slope break and must be a minimum of twelve (12) inches deep.

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8. Pit #2 is permitted for 180 days from construction completion. Upon closure the sludge must be disposed of at an OCD-approved facility and the liner must be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and appropriate District offices must be notified in writing of final pit closure.
9. The facility may request in writing to the OCD Santa Fe office that the authorization for the temporary pits be reactivated for future evaporation pond cleaning and repairs.

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 - a. All incoming loads of produced water must be tested for hydrogen sulfide (H₂S) concentrations. Any loads with measurable H₂S concentrations will be treated in a closed system. The treatment reaction must be driven to completion to eliminate all measurable H₂S prior to disposal of the water into the pond.
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- i. Tests must be conducted daily.
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 - c. Daily tests must be conducted and records made and maintained of the pH levels in the pond, and if the pH falls below 8.0 remedial steps must be taken immediately to raise the pH.
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 - iii. tests for H₂S levels must be made at the fence line down wind from the problem pond.
 - b. If two (2) consecutive H₂S readings of 1.0 ppm or greater are obtained:
 - i. the operator must notify the Aztec office of the OCD immediately;
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- circulate the entire pond; and
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By July 20, 2000 Basin Disposal, Inc. must submit 50% of the financial assurance in the amount of **\$69,576**.

By July 20, 2001 Basin Disposal, Inc. must submit 75% of the financial assurance in the amount of **\$104,364**.

By July 20, 2002 Basin Disposal, Inc. must submit 100% of the financial assurance in the amount of **\$139,155**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed by the OCD 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 Aztec offices must be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Upon cessation of operations for six (6) consecutive months, the operator must complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.
2. A closure plan to include the following closure procedures must be submitted to the OCD for approval:
 - a. When the facility is to be closed no new material will be accepted.
 - b. The evaporation pond will be allowed to evaporate. Any water not evaporated will be hauled to an OCD-approved facility. The pond will be surveyed for NORM.
 - c. The pond evaporation equipment, liners and leak detection system will be removed.
 - d. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be removed.
 - e. The soils beneath the evaporation pond and liquids receiving and treatment area will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.
 - f. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.

- g. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be removed
- h. The area will be contoured, seeded with native seed mix and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, and fences for future alternative uses the structures may be left in place.
- i. Closure will be pursuant to all OCD requirements in effect at the time of closure and any other applicable local, state and/or federal regulations.

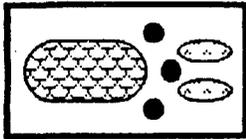
CERTIFICATION

Basin Disposal, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Basin Disposal, 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 ground water, surface water, human health and the environment.

Accepted:

BASIN DISPOSAL, INC.

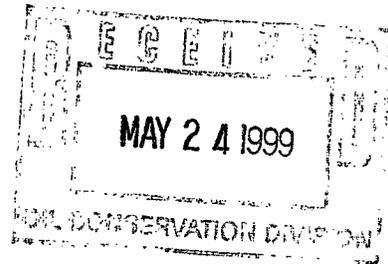
Signature _____ Title _____ Date _____



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013



May 21, 1999

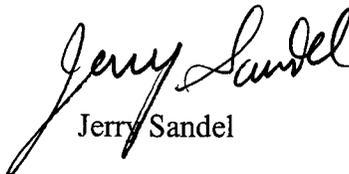
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 S. Pacheco
Santa Fe, N.M. 87505

Dear Ms. Wrotenbery:

We are enclosing the signed OCD 711 Permit Approval. We will follow the guidelines set forth in the permit and the financial assurance guidelines.

Thank you.

Sincerely,


Jerry Sandel

**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-01-0005
BASIN DISPOSAL, INC.
WASTE MANAGEMENT FACILITY
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(May 17, 1999)**

FACILITY AND EVAPORATION POND OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. 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.
4. All produced water must be unloaded into tanks. The produced water must reside in the tank system long enough to allow for oil and sediment separation. Oil recovered must be stored in above ground storage tanks. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.
5. 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.
6. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.
7. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and 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. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection monitoring system. Monitoring of the secondary containment system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be checked and the analyses must be furnished to the OCD Santa Fe and appropriate District offices.
9. The produced water receiving and treatment area must be inspected daily for tank, piping and berm integrity.
10. Any design changes to the produced water receiving, treatment and evaporation area must be submitted to the OCD Santa Fe office for approval.
11. The pond must have a minimum freeboard of two (2) feet. A device must be installed in the pond to accurately measure freeboard.
12. The pond may not contain any free oil.
13. Pond inspection and maintenance must be conducted on a daily basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes must not be placed into the pond until repairs have been completed.
14. The leak detection system must be inspected daily and if fluid is present samples of the fluid must be compared with the fluids in the pond. Results must be recorded and maintained for OCD review. If pond and leak detection fluids are similar the OCD Santa Fe and appropriate District offices must be notified within 48 hours. Within 72 hours of discovery, the permittee must submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair the leak. Upon discovery all fluids must be removed from the leak detection system. The system must be kept free of fluids.
15. Sludge thickness in the base of the pond must be measured annually. Any sludge build-up in the bottom of the pond in excess of twelve (12) inches must be removed and disposed of at an OCD-approved facility.
16. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.
17. Liquid reduction technologies that may be used to eliminate pond waters include evaporation, enhanced evaporation and injection at the facility Class II disposal well.
18. At such time that the spray system is utilized to enhance evaporation the following

18. At such time that the spray system is utilized to enhance evaporation the following requirements will apply:
- a. The spray system must be operated such that all spray remains within the confines of the lined portion of the pond; and
 - b. The spray system must be operated only when an attendant is on duty and during daylight hours.

TEMPORARY PIT CONSTRUCTION AND CLOSURE

1. Two temporary pits may be constructed to the north of the evaporation pond facility and must be contained within the facility fence. Pit #1 may be used only for temporary storage of produced water from the produced water treatment system and from the evaporation pond while sludge is removed and the pond liner is inspected and any repairs are made. Produced water may be transferred from Pit #1 to the Class II injection well. Pit #2 may be used only for temporary storage and drying of sludge removed from the evaporation pond and pit #1.
2. The temporary pits will be approximately 150 feet by 300 feet by 4 feet deep and must be lined with a 20 ml or greater liner.
3. The bed of the temporary pit and inside grade of the levee must be smooth and compacted, free of holes, rocks, stumps, clods or any other debris which may rupture the liner.
4. A trench must be excavated on the top of the levee the entire perimeter of the pit for the purpose of anchoring the liner. This trench must be located a minimum of nine (9) inches from the slope break and must be a minimum of twelve (12) inches deep.
5. Pit #1 must have a minimum freeboard of one and a half (1½) feet. A device must be installed in the pond to accurately measure freeboard.
6. Pit inspection and maintenance must be conducted on a daily basis or immediately following a consequential rainstorm or windstorm. If any defect is noted the OCD Santa Fe and appropriate District offices must be notified within 24 hours. Within 48 hours of discovery, the permittee must submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair any defect. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pit additional wastes may not be placed into the temporary pit and existing waste may need to be removed from the pit until repairs have been completed.

completely emptied of produced water, all sludge must be transferred to pit #2, and the liner must be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and appropriate District offices must be notified in writing of final pit closure.

8. Pit #2 is permitted for 180 days from construction completion. Upon closure the sludge must be disposed of at an OCD-approved facility and the liner must be removed and disposed of at an OCD-approved facility. The OCD Santa Fe and appropriate District offices must be notified in writing of final pit closure.
9. The facility may request in writing to the OCD Santa Fe office that the authorization for the temporary pits be reactivated for future evaporation pond cleaning and repairs.

H₂S PREVENTION & CONTINGENCY PLAN

1. In order to prevent development of harmful concentrations of H₂S, the following procedures must be followed:
 - a. All incoming loads of produced water must be tested for hydrogen sulfide (H₂S) concentrations. Any loads with measurable H₂S concentrations will be treated in a closed system. The treatment reaction must be driven to completion to eliminate all measurable H₂S prior to disposal of the water into the pond.
 - b. The aeration system must be operated to provide sufficient oxygen to the pond to maintain a residual oxygen concentration of 0.5 ppm one foot off the bottom of the pond. Tests must be conducted and records made and maintained of the dissolved oxygen levels in the pond according to the following procedures:
 - i. Tests must be conducted daily.
 - ii. The sample for each test must be taken one foot from the bottom of the pond.
 - iii. The location of tests must vary around the pond.
 - iv. If any test shows a dissolved residual oxygen level of less than 0.5 ppm, immediate steps will be undertaken to oxygenate the pond and create a residual oxygen level of at least 0.5 ppm. Remedial measures may include adding chemicals or increasing aeration.
 - c. Daily tests must be conducted and records made and maintained of the pH levels in the pond, and if the pH falls below 8.0 remedial steps must be taken immediately to raise the pH.

raise the pH.

- d. Weekly tests must be conducted and records made and retained at the facility of the dissolved sulfide concentrations in the pond.
 - e. At least 1000 gallons of a H₂S treatment chemical must be stored on-site and must not be retained for a period in excess of the manufacturer's stated shelf life. Expired H₂S treatment chemicals may be disposed of in the pond.
2. Tests of ambient H₂S levels must be conducted twice per day. Test results must be recorded and retained. The tests must be conducted at four (4) locations around the pond at the top of the berm. The wind speed and direction must be recorded in conjunction with each test.
- a. If an H₂S reading of 1.0 ppm or greater is obtained:
 - i. a second reading must be taken on the downwind berm within one hour;
 - ii. the dissolved oxygen and dissolved sulfide levels of the pond must be tested immediately and the need for immediate treatment determined; and
 - iii. tests for H₂S levels must be made at the fence line down wind from the problem pond.
 - b. If two (2) consecutive H₂S readings of 1.0 ppm or greater are obtained:
 - i. the operator must notify the Aztec office of the OCD immediately;
 - ii. the operator must commence hourly monitoring on a 24-hour basis;
 - iii. the operator must lower the pond level so that the aeration system will circulate the entire pond; and
 - iv. the operator must obtain daily analyses of dissolved sulfides in the pond.
 - c. If an H₂S reading of 10.0 ppm or greater at the facility fence line is obtained:
 - i. the operator must immediately notify the Aztec office of the OCD and the following public safety agencies:

New Mexico State Police
San Juan County Sheriff
San Juan County Fire Marshall; and

- ii. the operator must notify all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403. All loads of these wastes received at the facility must be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are determined to be RCRA Subtitle C hazardous wastes 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 produced water may be received at the facility from motor vehicles unless the transporter has a valid Form C-133, "Authorization to Move Produced Water" on file with the Division.
5. Comprehensive records of all material disposed of at the surface waste management facility must be maintained by the Basin Disposal, Inc.

REPORTING AND RECORD KEEPING

1. Results of the daily inspection/testing of the leak detection system must be recorded and an annual report must be submitted to the OCD Santa Fe office for review by May 17 of each year.
2. Results of the daily visual inspection of the facility must be recorded and maintained for OCD review.
3. Results of the testing at the evaporation pond for H₂S, pH, dissolved sulfides, and dissolved oxygen must be recorded and maintained for OCD review.
4. Results of the weekly inspections of the below-grade tank and sump secondary containment systems must be recorded and maintained for OCD review.

5. Results of annual inspection and maintenance on below-grade sumps and annual measurements of sludge thickness in the pond must be recorded and maintained for OCD review.
6. The applicant must notify the **OCD Aztec District office within 24 hours** of any fire, break, leak, spill, blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
7. All records of testing and monitoring must be retained for a period of five (5) years.
8. The OCD must be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.
9. Comprehensive records of all material disposed of at the facility must be maintained at the facility. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; and 5) transporter.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$120,000** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Basin Disposal, Inc. for the commercial surface waste management facility.

By June 17, 1999 Basin Disposal, Inc. must submit 25% of the financial assurance in the amount of **\$30,000**.

By June 17, 2000 Basin Disposal, Inc. must submit 50% of the financial assurance in the amount of **\$60,000**.

By June 17, 2001 Basin Disposal, Inc. must submit 75% of the financial assurance in the amount of **\$90,000**.

By June 17, 2002 Basin Disposal, Inc. must submit 100% of the financial assurance in the amount of **\$120,000**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed by the OCD 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 Aztec offices must be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Upon cessation of operations for six (6) consecutive months, the operator must complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.
2. A closure plan to include the following closure procedures must be submitted to the OCD for approval:
 - a. When the facility is to be closed no new material will be accepted.
 - b. The evaporation pond will be allowed to evaporate. Any water not evaporated will be hauled to an OCD-approved facility. The pond will be surveyed for NORM.
 - c. The pond evaporation equipment, liners and leak detection system will be removed.
 - d. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be removed.
 - e. The soils beneath the evaporation pond and liquids receiving and treatment area will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.
 - f. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.
 - g. All above-grade tanks will be emptied and any waste will be hauled to an OCD-approved facility. The empty tanks will be removed.
 - h. The area will be contoured, seeded with native seed mix and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, and fences for future alternative uses the structures may be left in place.
 - i. Closure will be pursuant to all OCD requirements in effect at the time of closure and any other applicable local, state and/or federal regulations.

Basin Disposal, Inc.
711 Permit NM-01-0005
May 17, 1999
Page 9

CERTIFICATION

Basin Disposal, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Basin Disposal, 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 ground water, surface water, human health and the environment.

Accepted:

BASIN DISPOSAL, INC.

Signature Jerry Sembel Title President Date May 20, 1999

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

September 3, 1992

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

CERTIFIED MAIL
RETURN RECEIPT NO. P-670-683-662

Mr. Paul C. Thompson, President
Walsh Engineering & Production Corp.
204 N. Auburn
Farmington, New Mexico 87401

RE: **OCD Rule 711 Permit Modification**
Basin Disposal, Inc.
San Juan County, New Mexico

Dear Mr. Thompson:

The permit modification for the Basin Disposal, Inc. Commercial Surface Disposal Facility located in the SE/4 NW/4, Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, is hereby approved in accordance with the Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. The modification consists of the application dated May 21, 1992, and based on current facility requirements and on additional requirements which have evolved through the formal hearing process for other OCD regulated disposal facilities.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. The requirements contained in this approval will preempt all prior conditions and requirements. All modifications and alternatives to the approved disposal methods must receive prior OCD approval. You are required to notify the Director of any additional facility expansion or process modification and to file the appropriate materials with the Division.

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

Mr. Paul C. Thompson
September 3, 1992
Page 2

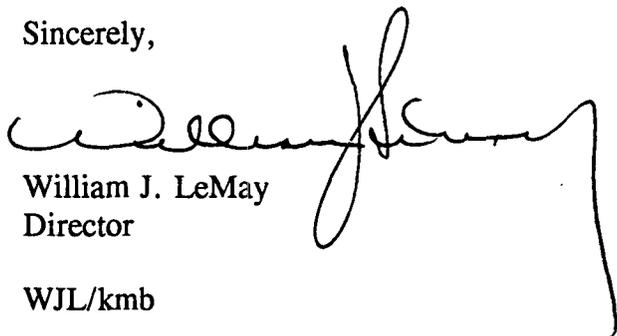
The Division shall have the authority to administratively change this permit to protect fresh water, human health and the environment.

This permit modification and approval is for a period of five years. This approval will expire on September 3, 1997 and you should submit an application for renewal in ample time before that date.

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

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during the permit modification. If you have any questions, please do not hesitate to contact Kathy Brown at (505) 827-5884.

Sincerely,

A handwritten signature in black ink, appearing to read 'William J. LeMay', with a long, sweeping tail extending to the right.

William J. LeMay
Director

WJL/kmb

Attachment

xc: Denny Foust, OCD Aztec Office

**ATTACHMENT TO OCD 711 PERMIT MODIFICATION
BASIN DISPOSAL, INC.
COMMERCIAL SURFACE DISPOSAL FACILITY
(September 3, 1992)**

MUD PITS

The 18 mud pits located at the Basin Disposal Commercial Surface Disposal Facility are now included under the OCD Rule 711 permit. The following requirements must be met in order to bring the mud pits under the current OCD Rule 711 permit:

1. All liquids (water, oil, etc.) must be removed from the mud pits and disposed of at an OCD authorized disposal facility within 30 days from receipt of this approval. All solids must be either remediated on site or excavated and either disposed of at an OCD authorized disposal facility or used to reinforce the berms surrounding the mud pits. The pits must then be relined with a minimum 20 millimeter liner which is resistant to ultraviolet light, the fluids contained within, and tears and punctures. The mud pits will be cleaned up and relined by April 1, 1993.
2. No oil will be allowed in the mud pits. All loads will be inspected prior to unloading and any oil will be separated out prior to disposal into the mud pits. Any incidental oil which accidentally gets into the mud pits will be removed within 24 hours of discovery.
3. All free liquids will be removed from the mud pits daily.
4. The mud pits are only permitted to receive drilling fluids. Gelled workover fluids, paraffins, and any other type of fluids must receive OCD approval prior to disposal into the mud pits.
5. Mud pit number 1 (and all other mud pits) will no longer be used to unload oily loads of produced water. All loads of produced water will be unloaded directly into the tanks and the oil separated off prior to disposal into the pond. If additional water storage is needed then more tanks and/or steel pits must be utilized rather than unloading water into the mud pits.
6. If Basin Disposal chooses not to reline the mud pits or when they discontinue use for a period in excess of six months then the mud pits will be closed according to OCD requirements in effect at the time of closure. A closure plan must be submitted for OCD approval within sixty (60) days from the date that it is determined the mud pits will be closed.

POND OPERATIONS

1. Disposal will only occur when an attendant is on duty . The facility will be secured when no attendant is present.
2. No produced water will be received at the facility unless the transporter has a valid Form C-133 (Authorization to Move Produced Water) on file with the Division.
3. All produced water will be unloaded into tanks and the oil removed prior to disposal into the pond. Oil recovered will be stored in above ground storage tanks and then either processed through Basin Disposal's oil reclamation system or sold to an OCD approved oil reclamation facility. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.
4. The pond will have a minimum freeboard of two (2) feet. If two consecutive readings of 0.1 ppm of H₂S are obtained the pond will be lowered to the level where the aeration system will circulate the entire pond (ie. all fluids from the bottom of the pond). If overtopping occurs at any time, the freeboard will be lowered to prevent a reoccurrence.
5. At such time that the spray system is utilized the following requirements will apply:
 - a. The spray system will be operated such that all spray remains within the confines of the lined portion of the pond.
 - b. The spray system will be operated only when an attendant is on duty and during daylight hours.
 - c. The spray system will not be operated when the wind direction is towards the Southeast, South, or Southwest.
 - d. An anemometer with automatic shutdown will be installed and utilized. The spray system will not operate when winds, sustained or in gusts, are in excess of 15 mph.
6. Any sludge build-up in the bottom of the pond in excess of twelve (12) inches will be removed and disposed of at an OCD approved disposal facility.
7. The leak detection monitor well will be inspected daily and records of such inspections will be made and kept on file at the facility for two (2) years from the date of record. If fluids are found in the sump the operator shall notify the Division Aztec District Office within twenty-four (24) hours of discovery.

H2S PREVENTION & CONTINGENCY PLAN

1. All incoming loads of produced water will be tested for hydrogen sulfide (H₂S) concentrations. Any loads with measurable H₂S concentrations will be treated in a closed system. The treatment reaction will be driven to completion to eliminate all measurable H₂S prior to disposal into the pond.
2. Daily tests will be conducted and records made of the pH in the pond. If the pH falls below 8.0 (more acidic), remedial steps will be taken immediately to raise the pH to 8.0.
3. Weekly tests will be conducted and records made of the dissolved sulfide concentration in the pond.
4. The aeration system will be operated to provide sufficient oxygen to the pond to maintain a residual oxygen concentration of 0.5 ppm one foot off the bottom of the pond. Tests will be conducted and records made to determine the dissolved oxygen levels in the pond according to the following procedure:
 - a. Tests will be conducted at the beginning and end of each day, or a least twice per 24-hour period.
 - b. The sample for each test will be taken one foot from the bottom of the pond.
 - c. The location of each test will vary around the pond.
 - d. If any test shows a dissolved residual oxygen level of less than 0.5 ppm, immediate steps will be undertaken to oxygenate the pond and create a residual oxygen level to at least 0.5 ppm. Remedial measures may include adding chemicals or increased aeration.
5. Tests of ambient H₂S levels will be conducted and records made. Such tests will be made at varying locations around the berm of the pond and around the perimeter of the mud pit area. Tests will be conducted twice per day. The wind speed and direction will be recorded in conjunction with each test.
6. If an H₂S reading of 0.1 ppm or greater is obtained:
 - a. A second reading will be taken on the down wind berm within one hour;
 - b. The dissolved oxygen and dissolved sulfide levels of the pond shall be tested immediately and the need for immediate treatment determined;
 - c. Tests for H₂S levels will be made at the fence line, downwind from the pond and/or mud pits.

7. If two consecutive H₂S readings of 0.1 ppm or greater are obtained:
 - a. The operator will notify the OCD Aztec Office immediately;
 - b. The operator will commence hourly monitoring on a 24-hour basis;
 - c. The operator will obtain daily analysis of dissolved sulfides in the pond.

8. If an H₂S reading of 10.0 ppm or greater at the facility fence line is obtained:
 - a. The operator will immediately notify the OCD and the following public safety agencies.

State Police
County Sheriff
County
 - b. The operator will initiate notification of all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested.

9. At least 1000 gallons of a treatment chemical will be stored on-site and will not be retained for a period in excess of the manufacturer's stated shelf life. Expired chemicals may be disposed of in the pond.

DISPOSAL WELL

1. Class II injection wells as defined by the 40 CFR 146.5 (b) can only inject fluids "which are brought to the surface in connection with conventional oil or natural gas production and may be commingled with waste waters from gas plants which are an integral part of production operations, unless those waters are classified as a hazardous waste at the time of injection". Since all of the fluids disposed of into the pond are injected down a Class II disposal well, only those fluids which meet the above EPA Class II definition may be accepted at the facility and disposed of into the pond. Non-exempt fluids including oilfield service company and oil refinery waste water cannot be injected down the Class II Well. **Under no circumstance will listed or characteristicly hazardous wastes be accepted at the facility.**

2. All well operations (mechanical integrity testing, acidizing, workovers, etc.) must receive prior approval through the OCD Aztec Office.

RECORDS & REPORTING

1. The operator will keep and make available for inspection all H₂S monitoring and treatment records. Such records will be maintained for a period of two years from the date of reading.
2. Zero H₂S readings do not need to be reported to the OCD. If H₂S is observed at any time, the OCD may require submittal of all subsequent H₂S readings.
3. The operator will keep and make available for inspection records for each calendar month on the source, location, volume and type of waste, date of disposal, and hauling company that disposes of fluids or material in the facility. Such records will be maintained for a period of two (2) years from the date of disposal.
4. The operator will file forms C-117-A, C-118, and C-120-A with the Aztec District Office as required by OCD Rules 1118 and 1120.
5. The OCD will be notified of any break, spill, blow out, or fire or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.

CLOSURE

1. The OCD will be notified when operation of the facility is discontinued for a period in excess of six months or when the facility is to be dismantled.
2. When the facility is to be closed, no new material will be accepted. The operator will provide for removal of all fluids and/or wastes, closure of all pits and ponds, and cleanup of any contaminated soils and/or waters pursuant to OCD approval. The area will be reseeded with natural grasses and allowed to return to its natural state. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

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

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

CASE NO. 9220
Order No. R-8524

APPLICATION OF BASIN DISPOSAL,
INC. FOR SALT WATER DISPOSAL,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 23, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of October, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Basin Disposal, Inc., seeks authority to dispose of produced salt water into the Point Lookout member of the Mesaverde formation in a perforated interval to be determined after drilling and running logs in its proposed disposal well to be located 2207 feet from the North line and 1870 feet from the West line (Unit F) of Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) Meridian Oil, Inc. (Meridian), the leasehold operator of the acreage upon which the disposal well is to be located, entered an appearance in this case at the time of the hearing.

(4) At the time of the hearing the applicant agreed to abide by a request from Meridian to confine injection in the proposed disposal well to the Cliff House member of the Mesaverde formation located at a depth of approximately 3800

feet and to limit the total depth of the proposed well to 3900 feet.

(5) An appearance was also made at the hearing by Mr. Joseph Goldberg on behalf of a number of residents who reside in close proximity to the proposed disposal well site whose concern centers around the open air pits the applicant is currently utilizing at the site to dispose of produced water.

(6) By letter to the Division dated September 9, 1987, which has been entered as part of the record in this case, the applicant has stated that the proposed injection well will be utilized as the primary method of water disposal at the disposal site.

(7) Evidence presented at the hearing indicates that the Beta Development Company Martin 3 Well No. 1, located 1611 feet from the North line and 790 feet from the West line of Section 3, Township 29 North, Range 11 West, NMPM, which is currently a producing gas well in the Dakota formation, may not be cemented adequately to confine the injection fluid to the proposed injection formation.

(8) Prior to initiating injection operations into the proposed well, the applicant should be required to perform remedial cement operations on the Martin 3 Well No. 1, or to demonstrate to the supervisor of the Division's Aztec district office that said Martin 3 Well No. 1 is adequately constructed so as to confine the injection fluid to the proposed injection formation.

(9) Injection should be accomplished through 2 7/8-inch lined tubing installed in a packer set within 100 feet of the uppermost perforation; the casing-tubing annulus should be filled with an inert fluid; and a pressure gauge or approved leak-detection device should be attached to the annulus in order to determine leakage in the casing, tubing, or packer.

(10) Prior to commencing injection operations, the casing in the subject well should be pressure-tested throughout the interval from the surface to the proposed packer-setting depth to assure the integrity of such casing.

(11) The injection well or system should be equipped with a pressure-limiting switch or other acceptable device which will limit the wellhead pressure on the injection well

to no more than .2 psi per foot of depth to the uppermost perforation.

(12) The Director of the Division should be authorized to administratively approve an increase in the injection pressure upon a proper showing by the operator that such higher pressure will not result in migration of the injected waters from the Mesaverde formation.

(13) The operator should give advance notification to the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

(14) The operator should take all steps necessary to ensure the injected water enters only the proposed injection interval and is not permitted to escape to other formations.

(15) Approval of the subject application will prevent the drilling of unnecessary wells and otherwise prevent waste due to premature abandonment of existing producing wells.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Basin Disposal, Inc., is hereby authorized to utilize a well to be drilled at a location 2207 feet from the North line and 1870 feet from the West line (Unit F) of Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, to dispose of produced salt water into the Cliff House member of the Mesaverde formation, injection to be accomplished through 2 7/8-inch tubing installed in a packer to be set within 100 feet of the uppermost perforation.

PROVIDED HOWEVER THAT, injection shall be limited to the Cliff House member of the Mesaverde formation; the tubing shall be lined; the casing-tubing annulus shall be filled with an inert fluid; and a pressure gauge shall be attached to the annulus or the annulus shall be equipped with an approved leak-detection device in order to determine leakage in the casing, tubing, or packer.

PROVIDED FURTHER THAT, prior to commencing injection operations, the casing in the subject well shall be pressure-tested to assure the integrity of such casing in a manner

that is satisfactory to the supervisor of the Division's district office at Aztec.

PROVIDED FURTHER THAT, prior to commencing injection operations into the well, the applicant shall cement the production string in the Martin 3 Well No. 1, described in Finding No. (8) above, across, above, and below the injection zone or shall demonstrate to the supervisor of the Division's Aztec district office that said Martin 3 Well No. 1 is adequately constructed so as to confine the injection fluid to the proposed injection formation.

(2) The applicant shall be required to furnish the Santa Fe office of the Division a copy of the log run on the well and detailed information on the location and extent of perforations in the well.

(3) The injection well or system shall be equipped with a pressure-limiting switch or other acceptable device that will limit the wellhead pressure on the injection well to no more than .2 psi per foot of depth to the uppermost perforation.

(4) The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injection fluid from the Cliff House member of the Mesaverde formation.

(5) The operator shall notify the supervisor of the Aztec district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

(6) The operator shall immediately notify the supervisor of the Division's Aztec district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

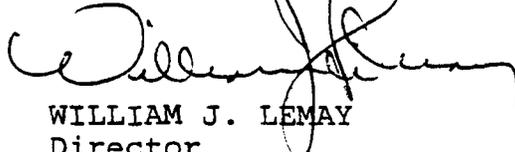
(7) The applicant shall conduct disposal operations and submit monthly reports in accordance with Rules 702, 703, 704, 705, 708, and 1120 of the Division Rules and Regulations.

(8) The applicant shall, insofar as is practical, utilize the disposal well as the primary means of disposing produced salt water at the site.

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

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

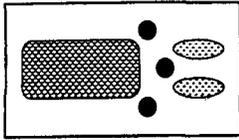
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

fd/



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

2006 NOV 3 PM 1 23

1 November, 2006

Brad Jones
EMNRD/OCD
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RE: Minor Permit Modification
Temporary Frac Tanks
Produced Water Storage

Dear Mr. Jones;

In speaking with many of the major production companies, to include Williams, XTO, BP, Conoco, and Energen, each is needing to immediately reduce the level of the water in their reserve pits in the field in order to comply with the BLM and Forest Service requirements to close their pits for the winter. This has, and will continue to, cause a tremendous increase in the amount of water coming to Basin Disposal.

In researching the capacity needs for the area, it appears we may need as many as forty-two (42) 400 barrel (BBL) frac tanks. It is our belief that having the water stored at one continuously monitored location at the disposal location, as opposed to being stored at numerous unmanned pits in the field provides for increased environmental protection by increasing the level stewardship for that water and minimizing the transportation of that water.

We request authorization for a minor permit modification to set forty-two (42) 400 BBL tanks for the temporary storage of produced water. Twelve (12) of these tanks will be the tanks discussed in my October 18, 2006 letter to the OCD. These 12 tanks will be moved such that all 42 tanks are located in one single bermed area. The tanks will not be connected in any way.

Per permit requirement: "*All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.*" The tanks will be located in the lined and bermed soil storage area to the west of the oil treating tanks. The dimensions of this lined and bermed area are 300 feet x 300 feet x 2 feet (180,000 ft², 32,000 bbls). The area has a 20 mil liner which is covered with 3 feet of soil for protection of the liner.

The 42 temporary frac tanks will be inspected daily for tank, piping and berm integrity.

Basin Disposal, Inc. shall ensure all proposed tanks are identified by a sign posted not more than 50 feet from the tanks which is made of durable construction and with lettering large enough to be legible under normal conditions at a distance of 50 feet with: the name of the operator, and the location of the tank(s) by unit letter, section, township, and range.

**NEW MEXICO OIL CONSERVATION DIVISION APPROVED DISPOSAL SITE
LOCATED 3 MILES NORTH OF BLOOMFIELD, NM ON WEST SIDE OF NM HWY 44**

The tanks will be on site for a period of six months. After which time, the tanks will be cleaned and removed. Samples from the soil above the liner will be taken and analyzed for:

Aromatic Volatiles by GC/PID (SW8021B)

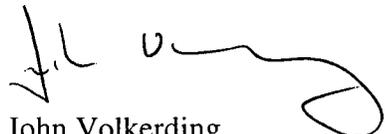
Diesel Range Organics/Gasoline Range Organics (SW8015B)

If necessary, the soil will be remediated based on the analytical results.

Basin Disposal, Inc. will submit an additional separate financial assurance in the amount of \$15,000 (\$3,000 for environmental sampling, \$12,000 for soil disposal) within 30 days of the Division's approval of this request. Upon OCD-approved closure of the temporary frac tank storage, Basin will request that this separate financial assurance be released. Basin Disposal, Inc. currently has financial assurance in the amount of \$144,155 (OCD Ltr Dated 2/20/06).

If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;

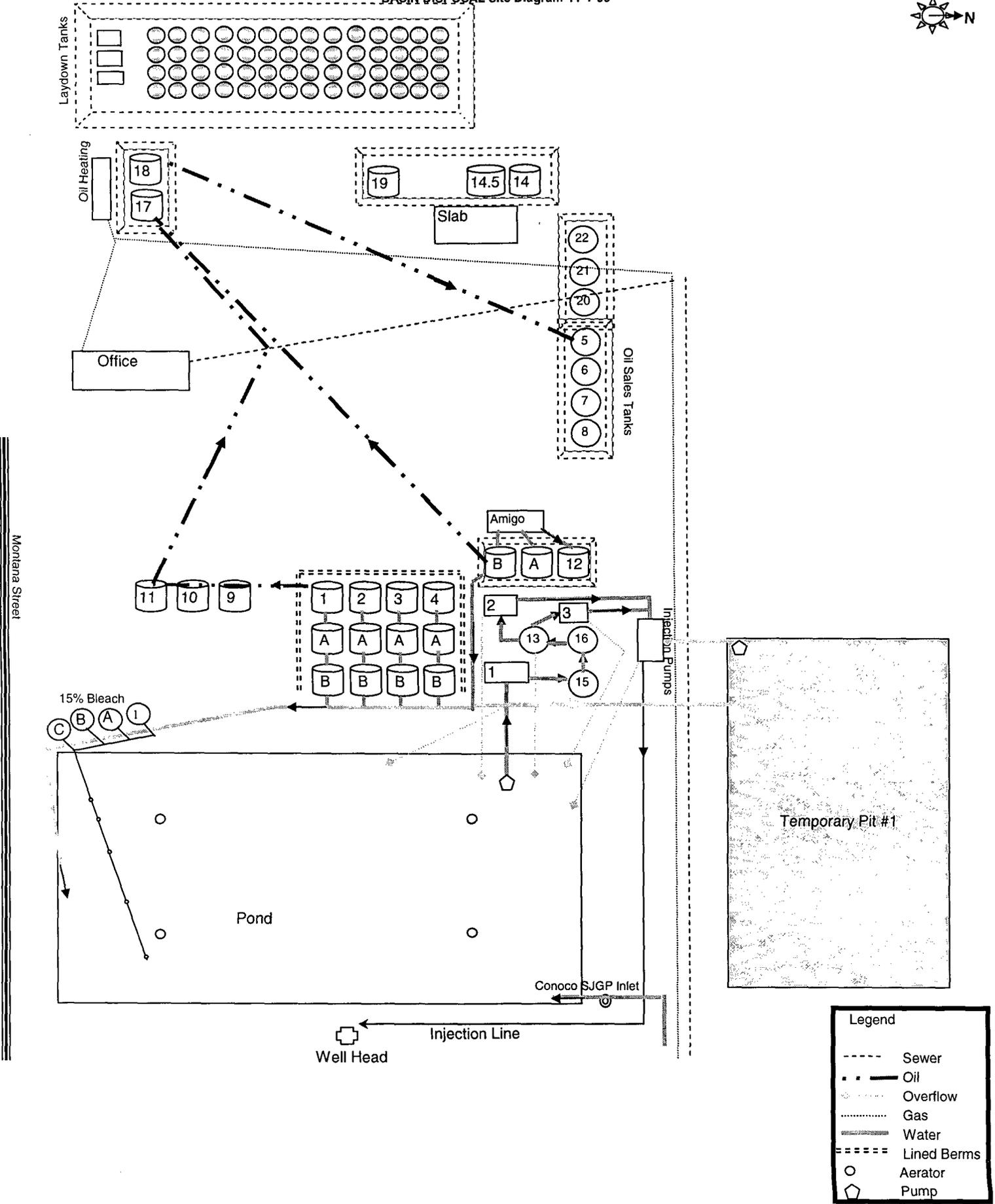
A handwritten signature in black ink, appearing to read 'J. Volkerding', with a large, stylized flourish at the end.

John Volkerding
General Manager

Encl: Site Diagram
OCD Ltr 2/20/06
C-137

Cc: Aztec OCD Office

BASIN DISPOSAL Site Diagram-11-1-06



Filter House 1: 20um filters
 Filter Houses 2 3: 5um filters



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 20, 2006

Ms. Cathy Messenger
Citizens Bank
P.O. Box 4140
Farmington, NM 87499-4140

RE: \$144,155 Financial Assurance for Commercial Surface
Waste Management Facility Permit NM-01-0005
Basin Disposal, Inc., Principal
Citizens Bank of Farmington, Financial Institution
Irrevocable Letter of Credit #2254

Dear Ms. Messenger:

The New Mexico Oil Conservation Division (NMOCD) hereby approves the above-referenced irrevocable letter of credit.

The NMOCD also approves the release of irrevocable letter of credit #2223, the original of which is enclosed.

Sincerely,

David K. Brooks
Assistant General Counsel

Copy: NMOCD, Aztec
Mr. Jerry Sandel, Basin Disposal, Inc.

RECEIVED
MAR 03 2006

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

Form C-137
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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)

Commercial Centralized

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

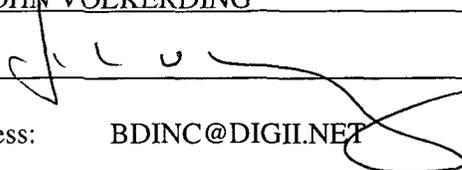
2. Operator: BASIN DISPOSAL, INC.
Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

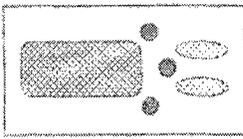
3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
Submit large scale topographic map showing exact location

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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature:  Date: 11/1/2006

E-mail Address: BDINC@DIGIL.NET



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD
P.O. BOX 100 - AZTEC, NEW MEXICO 87410 - PHONE: (505) 334-3013

31 October, 2006

Brad Jones
EMNRD/OCD
Environmental Bureau
1220 South St. Francis Dr.,
Santa Fe, New Mexico 87505

RECEIVED

NOV 02 2006

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

RE: Minor Permit Modification
Temporary Frac Tanks
Produced Water Storage

Dear Mr. Jones;

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In researching the capacity needs for the area, it appears we may need as many as forty-two (42) 400 barrel (BBL) frac tanks.

We request authorization to set 42 400 BBL tanks for the temporary storage of produced water. The tanks will not be connected in any way.

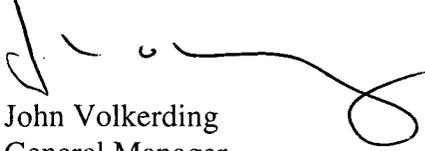
Having the water stored at one continuously monitored location at the disposal location, as opposed to being stored at numerous unmanned pits in the field provides for increased environmental protection by increasing the level stewardship for that water and minimizing the transportation of that water.

In evaluating NMAC 19.15.5.310.A and the permit conditions, the tanks will be set in a bermed area to the west of the temporary pond. The berm will be an earthen berm with approximate dimensions of 155 feet x 155 feet x 4 feet. The facility is manned 24 hours per day 7 days per week and any leak or release would be immediately noticed and remedied.

In evaluating the requirements of NMAC 19.15.5.310.B we shall ensure all proposed tanks are identified by a sign posted not more than 50 feet from the tanks which is made of durable construction and with lettering large enough to be legible under normal conditions at a distance of 50 feet with: the name of the operator, and the location of the tank(s) by unit letter, section, township, and range.

If you have any questions, please feel free to phone me at 334-3013 or 320-2840 or via email at bdinc@digii.net.

Sincerely;

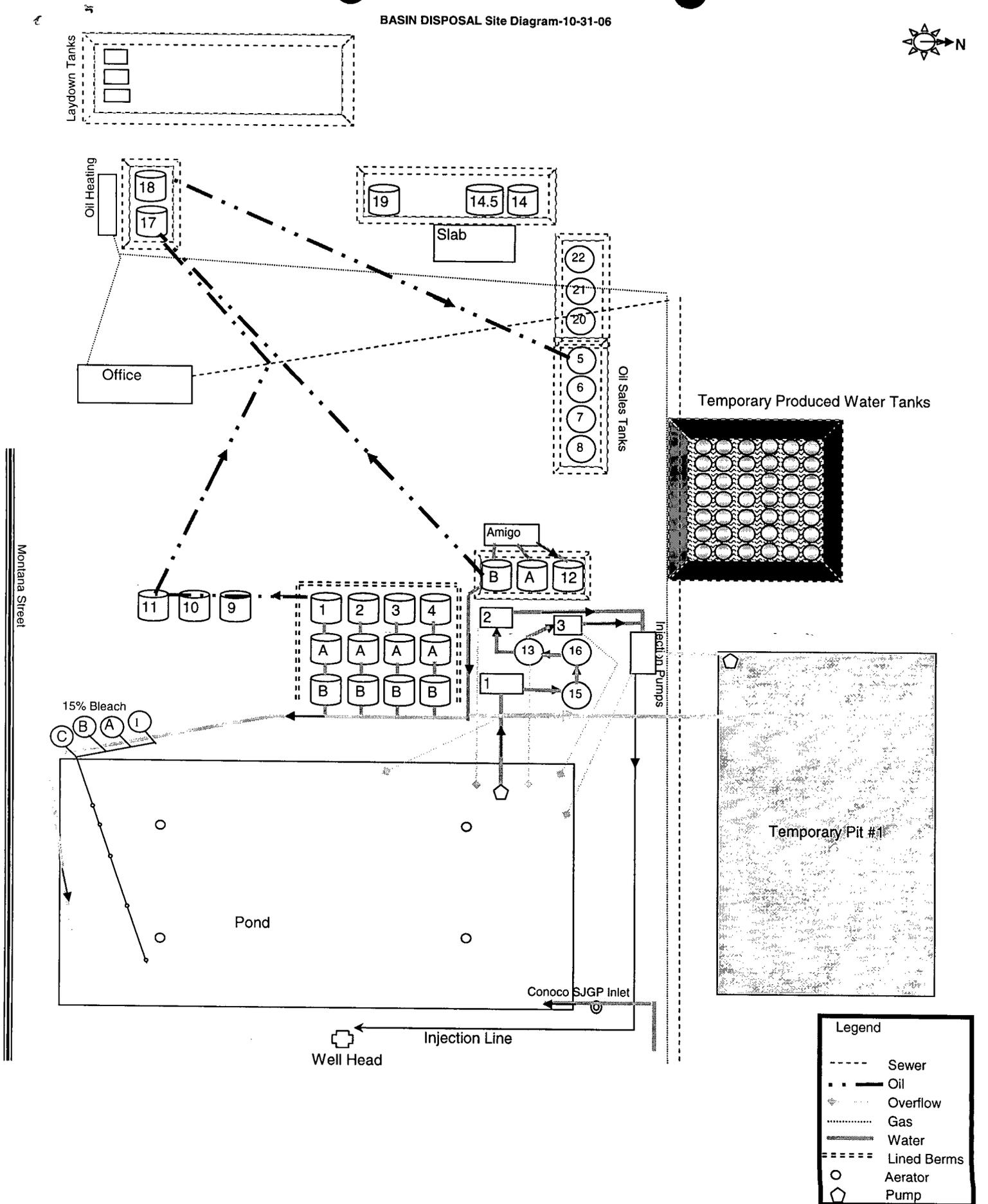
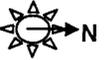
A handwritten signature in black ink, appearing to read 'John Volkerding', with a large, stylized flourish at the end.

John Volkerding
General Manager

Attach: Site Diagram
C-137

Cc: Aztec OCD Office

BASIN DISPOSAL Site Diagram-10-31-06



Legend	
---	Sewer
- - -	Oil
~ ~ ~	Overflow
.....	Gas
— — —	Water
- - - - -	Lined Berms
○	Aerator
◻	Pump

Filter House 1: 20um filters
 Filter Houses 2 3: 5um filters

District I
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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 June 10, 2003

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)

Commercial Centralized

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

2. Operator: BASIN DISPOSAL, INC.

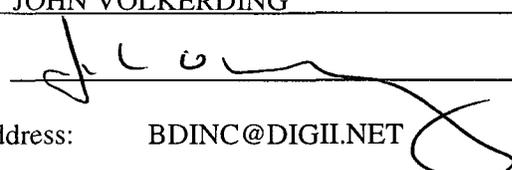
Address: PO BOX 100, AZTEC, NM 87410 (MAILING)
100 MONTANA AVE., BLOOMFIELD, NM (PHYSICAL)

Contact Person: JOHN VOLKERDING Phone: 505-334-3013

3. Location: SE /4 NW /4 Section 3 Township 29N Range 11W
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: JOHN VOLKERDING Title: GENERAL MANAGER

Signature:  Date: 10/31/2006

E-mail Address: BDINC@DIGIL.NET

FEB-26-01 MON 11:57 AM
District I - (505) 393-6161
P.O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

BASIN DISPOSAL, INC. FAX NO. 5053256567
New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

P. 1
Originated 8/8
Revised 6/25
Submit Orig
Plus 1 C
to Santa
1 Copy to appropriate
District Of

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

- Commercial Centralized
1. Type: Evaporation Injection Other _____
 Solids/Landfarm Treating Plant

2. Operator: Basin Disposal
Address: 5 CR 5046
Contact Person: Kerth Johnson Phone: 325-6336

3. Location: SE 1/4 NW 3 Township 29 Range 11 West
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.
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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: Kerth Johnson Title: General Manager
Signature: [Signature] Date: 2-26-01

**BASIN DISPOSAL, INC.**

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

February 26, 2001

Martyne Kieling
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87504

RE: Modification Request for temporary pits

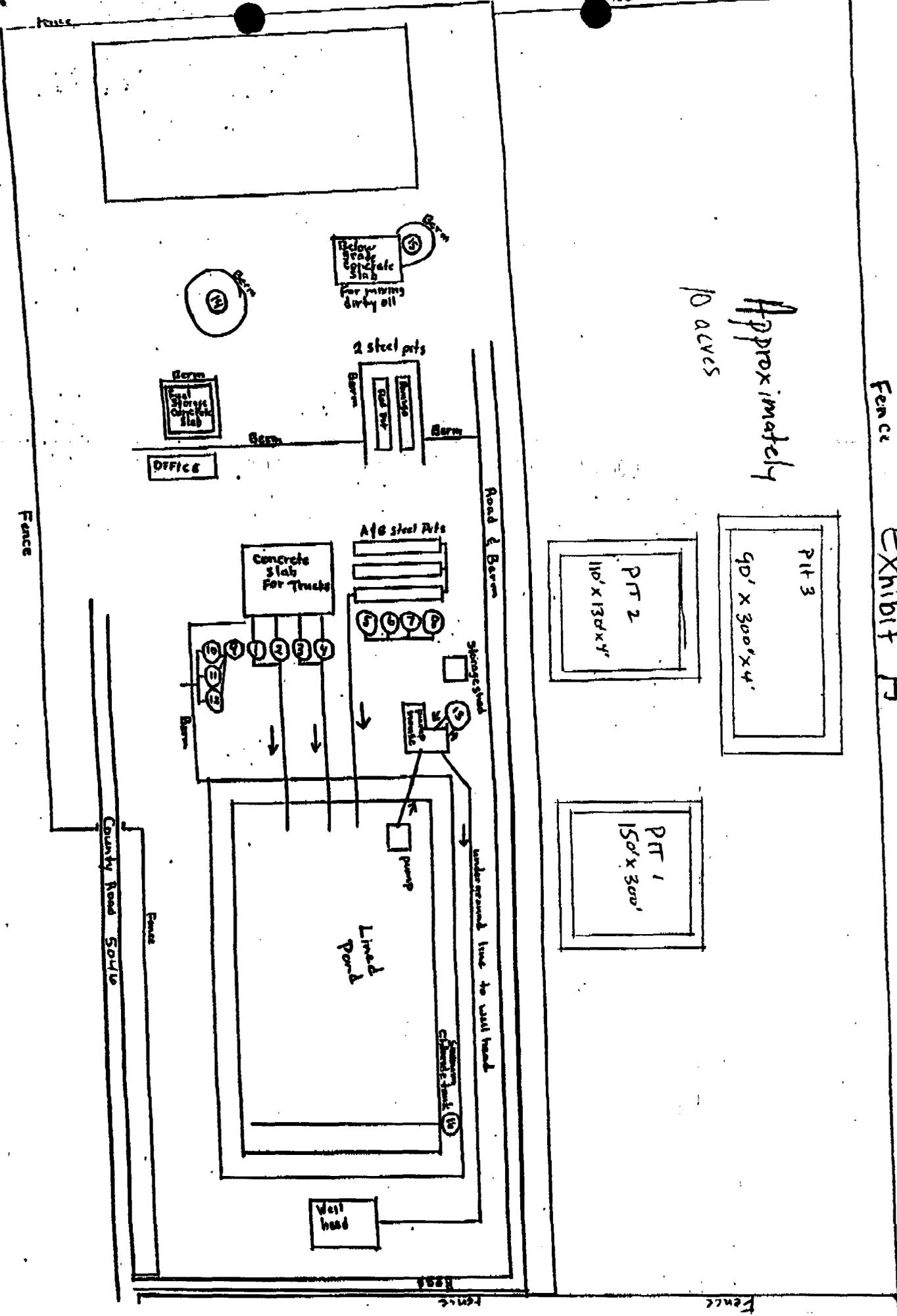
Dear Martyne,

Due to the amount of produced water that has been coming into our facility we need to ask for approval of the use of three temporary pits. Over the past 3 years we have seen a steady increase of water that has been coming to our facility; the past 3 months the increase has been quite dramatic and our pond has risen to nearly its freeboard limit. We had anticipated the loss of some business due to customer changes and some companies drilling injection wells but that loss never materialized and instead even more came in. A week or so ago we began to put together a plan to increase again the amount that we are injecting by putting two pumps in tandem. But we started too late and we have received more water than we can deal with. Key Energy has agreed to allow some of our loads to come to their facility but they are limited to only a few loads a day and we are already going over what they originally wanted to accept. So any day that could stop. We already have the one temporary pit that is to be used to clean the pond this summer and we would like to construct two more that would only hold water and once we get our pumps all online we will begin to immediately pump that water to our main pond for injection and as soon as it is dry we will pull out those liners and dispose of them and break down the berms. We anticipate the use of these pits to last no longer than 30 days. Altogether we would like to have 60 days to get them empty and cleaned up. I am also including a drawing of our facility and where these pits will be placed. The dilemma that we face is that there is no other place that we can send this water. So we need to see if we can get this approved as soon as possible. Thank you for your consideration of this matter. If you have any questions please call me at 320-2840 or 325-6336.

Sincerely,

Keith Johnson
General Manager

Fence Exhibit A



Approximately 10 acres

PIT 3
90' x 300' x 4'

PIT 2
110' x 130' x 4'

PIT 1
150' x 300'

OFFICE

Below grade concrete slab for parking dirty oil

2 steel pits

Concrete Slab For Trucks

A/B steel pits

Lined pond

Well head

Road & Barren

Fence

County Road 50410

Fence

Fence

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

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

Form C-13
Originated 8/8/9
Revised 6/25/9
Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to appropriate
District Office

SEP 29 2000

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

Commercial Centralized

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

2. Operator: Basin Disposal

Address: P.O. Box 100 Aztec, NM 87410

Contact Person: Kerth Johnson Phone: _____

3. Location: SE A NW /4 Section 3 Township 29 N Range 11 West
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.

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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.

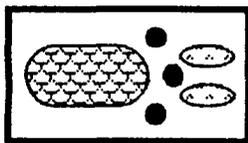
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.

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: Kerth Johnson Title: General Manager

Signature: [Signature] Date: 9-27-00



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

September 27, 2000

NMOCD
Martyne Kieling
2040 S. Pacheco
Santa Fe, NM 87505

RE: Temporary pit

Dear Martyne,

We would like to request an extension on the removal of the temporary pit on the north side of our property, the sludge and dirt from the last pond cleaning have been removed and we would like to reline it with a new liner so that it can be used next year when we clean the pond again. We anticipate that the pond will be cleaned at the first of June, 2001 and we would like to request at least a year to dry and dispose of the sludge and temporary pit. If you have any questions please call me at 325-6336 or 320-2840.

Sincerely,

Keith W. Johnson
General Manager



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

August 7, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-982

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0005
Basin Disposal, Inc.
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico**

Dear Mr. Sandel:

The New Mexico Oil Conservation Division (OCD) inspected the Basin Disposal, Inc. (Basin) commercial surface waste management facility at the above location on May 16, 2000.

The OCD inspection and file review of Basin indicates that Basin is deficient in several permit conditions. Attachment 1 lists the permit deficiencies during the inspection and file review. Attachment 2 contains photographs taken during the inspection. Basin shall provide OCD with a detailed description of how the corrections will be made and a timetable of when each of the corrections will be completed. Basin must respond to the permit deficiencies Notice of Violation by September 7, 2000.

A review of Basin's financial assurance finds that Basin's \$140,000 Letter of Credit No. 2216 is current and active.

If you have any questions please contact me at (505) 827-7153.

Sincerely,


Martyne J. Kieling
Environmental Geologist

Attachments

xc: Aztec OCD Office

ATTACHMENT 1
INSPECTION REPORT
PERMIT NM-01-0005
BASIN DISPOAL, INC.

SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico
(August 7, 2000)

1. Fencing and Signs: The facility will be fenced and have a sign at the entrance. The sign shall be maintained in good condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by section, township and range, and c) emergency phone number.

Facility is secured with fence and locking gate and has a sign at the entrance.

2. Berming: An adequate berm will be constructed and maintained to prevent runoff and runoff for that portion of the facility containing contaminated soils.

Berms are in good condition.

3. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

The facility was tidy there was no trash or debris present (see photos 1, 2, 3, 4, 5, 6, 7, and 8).

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

The above ground tanks located at the facility are bermed. The tanks surrounding the evaporation pond and solidification pit are bermed to direct spills toward the evaporation pond or into the solidification pit (see photo 1, 5 and 8).

5. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and to prevent overflow onto the ground. All pre-existing below grade sumps or catchments must demonstrate integrity on an annual basis. Integrity tests must include visual inspections of cleaned out sumps or catchments.

Truck unloading sump was empty.

6. Equipment Maintenance: Equipment, tanks, pipe valves and connections must be inspected on a regular basis and repairs made as needed.

The operator performs and records facility inspections twice daily. No leaks or spills were observed during this inspection.

7. Evaporation Pond Inspection and Maintenance: The pond must be inspected on a daily basis or immediately following any consequential rainstorm or windstorm. If any defects are noted repairs must be made as soon as possible .

The evaporation pond spray system was running, the pumps were working two feet off the bottom of the pond and no overspray was observed.

Some oil and/or floating coal dust was observed. Material was being skimmed (see photo 4). Booms across the pond were keeping oil from spreading across the pond and to minimize the skimming work.

8. Pond Freeboard: The pond shall have a minimum freeboard of 1½ feet. A device shall be installed or a marker painted on the pond liners to accurately measure freeboard.

Free board marking was visible.

9. Pond Sludge Thickness: Sludge thickness in the base of the pond will be measured annually. Any build-up in excess of 12 inches will be removed and landfarmed.

Pond was drained and sludge was removed in 1999.

10. Leak Detection System Inspection: The leak detection system must be inspected daily and if fluid is present samples of the fluid will be compared with the fluids in the pond. Results must be recorded and maintained for OCD review.

A record inspection shows that the leak detection system has been monitored daily and that the monitor well has been pumped dry monthly. Water within the leak detection system rises to no more than 2.5 feet and appears to be condensate from moisture trapped within the layers from a past leak.

According to Permit NM-01-0005 an annual report of these test must be sent to the Santa Fe office for annual review by May 17th of each year. The report has not been received.

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

No Drums were present.

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

N/A

12. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

Saddle tanks were had containment and were labeled.

13. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

Tanks were numbered and were clearly labeled to identify their contents and hazards.

14. Migratory Bird Protection: All tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered not hazardous to migratory birds.

Open top steel pits were not netted, screened or covered. Basin must screen, net, or cover these exposed pits.

15. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 to the appropriate OCD District Office.

At the time of inspection, there were no spills evident at this facility.

16. Regular Facility Inspections: Facility inspections and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm.

The current permit NM-01-0005 requires these inspections be recorded. Facility inspections have been performed twice daily and records have been kept.

17. H₂S Screening: H₂S screening must be recorded and maintained.

The current permit NM-01-0005 requires H₂S screening and record keeping to be performed twice per day at 4 points around the pond. Facility H₂S screening has been performed and records maintained. Currently chemical treatment occurs four times a day with approximately 25 gallons of chemical.

18. Waste Acceptance and Disposal Documentation: Comprehensive records of all material disposed of at the facility must be maintained for each load. Documentation may include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of treatment chemicals.

Records of waste received indicate waste acceptance and disposal records are being kept and maintained as required.

19. Temporary Evaporation Pits: Two temporary pits may be constructed and used only for temporary storage of produced water from the produced water treatment and evaporation system. Sludge within the pits must be removed and disposed of at an OCD-approved facility will be dried and removed and the pits will be removed and sludge.

Pit #1 is closed (see photo 3). Pit #2 is full of solidified sludge and is being held prior to disposal (see photos 6 and 7). Pit # 2 was originally permitted for 180 days. Basin in a letter dated May 5, 2000, has requested that the time be extended for an additional 180 days to allow for the removal of the solids. The OCD is currently processing this permit modification.

20. Temporary Soil Storage Area: Soil storage may not exceed 30 days. Soil volume, destination and date of removal must be recorded and maintained for OCD review.

Soil was stored properly on containment area and there was no ponding of liquids present. Soil disposal transfer records showed that soils were removed in January, April and May of 2000 to Tierra Environmental Inc. Soil storage may not exceed 30 days.

21. New Construction: Any design changes to the produced water receiving, treatment and evaporation area must be submitted to the OCD Santa Fe office for approval.

An additional tank has been installed: Tank 18, a 500 bbls tank, is used to heat oil. Basin notified OCD of these changes in a letter dated November 2, 1999. This was a volume change to the current system not a process change.



Photo 1 05-16-00 Looking south
Tank valves and piping



Photo 4 05-16-00 Looking southeast
Evaporation pond skimming.



Photo 2 05-16-00 Looking southeast
Evaporation pond at 3'9".

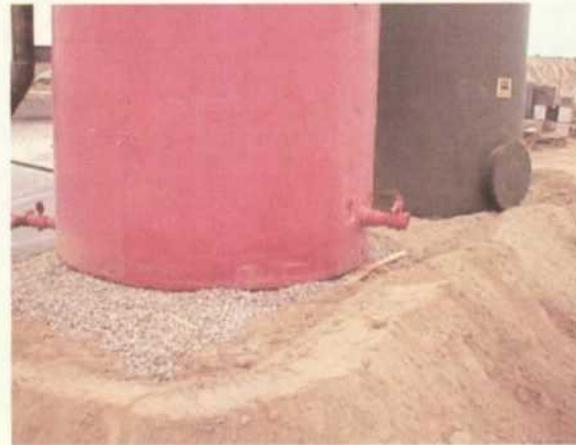


Photo 5 05-16-00 Looking southwest
Chemical tanks at evaporation pond with berms



Photo 3 05-16-00 Looking north
Location of former temporary drying pit.



Photo ~~6~~ 05-16-00 Looking north
Temporary drying pit with solids.

Attachment 3:
Basin Disposal, Inc. Permit NM-01-0005

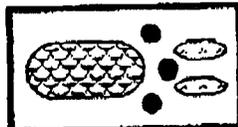


Page 2

Photo 7 05-16-00 Looking west
Temporary drying pit with solids.



Photo 8 05-16-00 Looking north
Solidification pit.



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"
P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

P.O. Box 100
Aztec, NM 87410

PHONE: (505) 325-6336
FAX: (505) 325-6567

FAX MESSAGE COVER SHEET

DATE: 5-5-00
TO: Martynne
ATTENTION: _____

TRANSMISSION CONSISTS OF COVER SHEET PLUS 2 PAGES.

MESSAGES:

IF THERE IS ANY PROBLEM WITH THIS TRANSMISSION, PLEASE CALL (505) 325-6336

FROM: KEITH JOHNSON
GENERAL MANAGER

District I - (505) 393-6101
P.O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Artesia, NM 87410
District IV - (505) 827-7131

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

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

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

Commercial Centralized

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

2. Operator: Basin Disposal
Address: 6 CR 5046
Contact Person: Keith Johnson Phone: 325-6336

3. Location: SE 1/4 NW 3 Township 29 North Range 11 West
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.

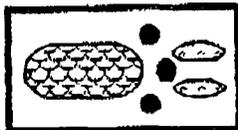
13. Attach a contingency plan in the event of a release of H₂S.

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: Keith Johnson Title: General Manager
Signature: [Signature] Date: 5-3-2000

**BASIN DISPOSAL, INC.***"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"*

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

May 5, 2000

Oil Conservation Division
Martyne Kieling
2040 S. Pacheco
Santa Fe, NM 87505

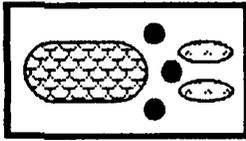
re: Temporary pits

Dear Martyne,

I would like to request an extension of our permit for the temporary sludge pits. We had hoped to have finished by now but we still have more to haul off. Could we extend it for another 180 days. We have no more liquids left, it has all been mixed with dirt. We are also using the west pit to hold some of this dirt until we can get it moved. If you have any questions please call me at 325-6336 or 320-2840. Thank you and we look forward to your visit on the 16th.

Sincerely,

Keith Johnson
General Manager



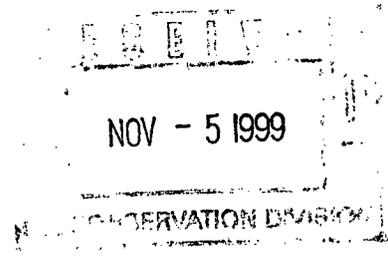
BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

November 2, 1999

Ms. Martyne Kieling
New Mexico Oil Conservation Division
Environmental Bureau
2040 S. Pacheco St.
Santa Fe, NM 87505-5472



RE: Adding a second hot oil tank.

Dear Ms. Kieling:

Basin Disposal requests approval to build a 500 bbl. tank for heating oil. This tank will be the same as the tank that we are currently using, but has a sloped bottom that we hope will reduce some of our waste and make cleaning easier. It will be placed next to the other tank and will have a liner and gravel with a dirt berm. See enclosed map.

If you have any questions, please call me at 325-6336. Written comments can be faxed at 325-6567.

Sincerely,

Keith Johnson
General Manager

Ask Royer Add one 500 bbl tank
Not a new process Just capacity
11-23-99 mjz

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

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

Originated 8/8
Revised 6/25

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

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

Commercial

Centralized

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

2. Operator: Basin Disposal

Address: P.O. Box 100 Aztec Nm or 6 CR5046 Bloomfield

Contact Person: Keith Johnson Phone: 632-8936

3. Location: 4 /4 Section _____ Township _____ Range _____
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.

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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.

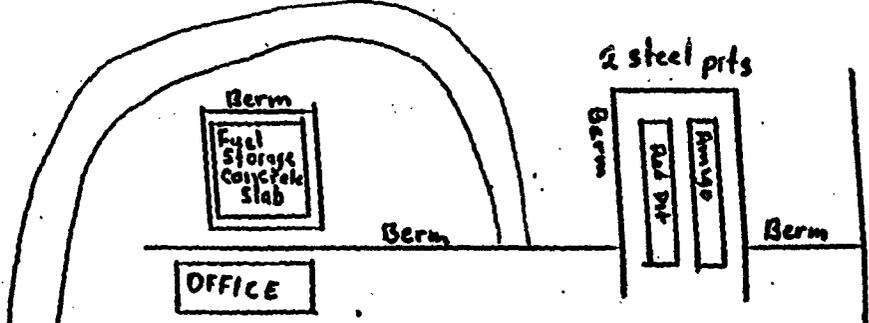
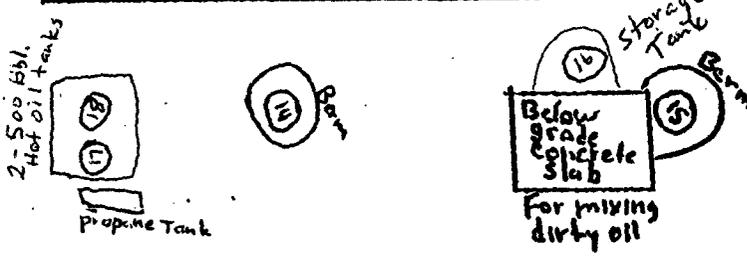
Name: Keith Johnson

Title: General Manager

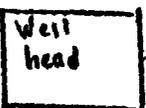
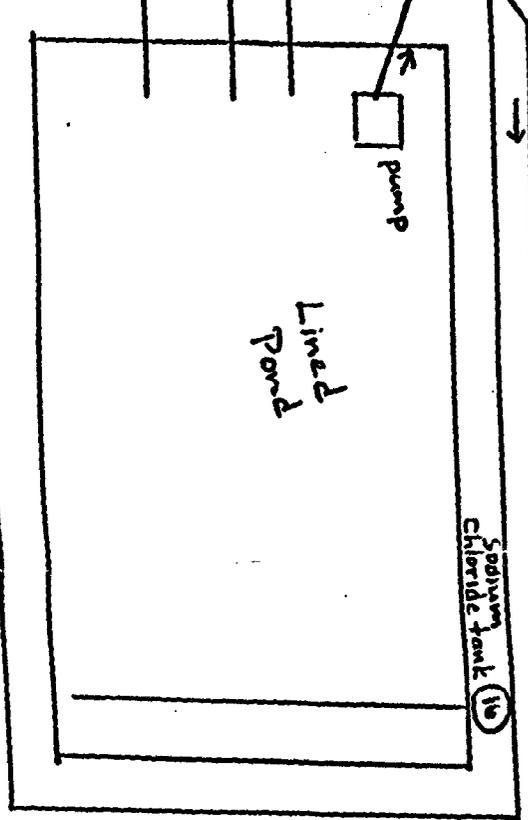
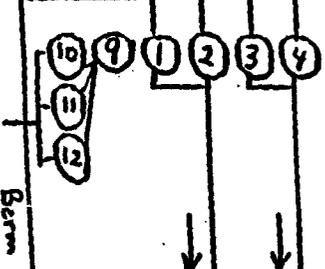
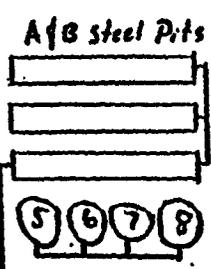
Signature: [Signature]

Date: 11-2-99

● Approximately 300' x 300'
Temporary Storage Area



Concrete Slab For Trucks



Sodium Chloride tank (19)

Tank # 16 is New Hot Oil Tank Fence

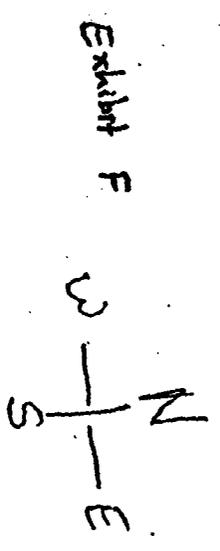
S

County Road 5046

Fence

Road & Berm

Fence



Road

MEMORANDUM OF MEETING OR CONVERSATION

<input checked="" type="checkbox"/> Telephone <input type="checkbox"/> Personal	Time 11:20	Date 7-30-99
<u>Originating Party</u> Denny		<u>Other Parties</u>
<u>Subject</u> Basin Emptying Pit.		
<u>Discussion</u> BS-90 Loads a day still coming in 2ft Foid /solids left. will be able to suck a little more out. 12 inch Average \approx 210 X 125 over Bottom of Pond. Temporary pits have quite abit of oil on them from the sucking of Big Pit water/sludge		
<u>Conclusions or Agreements</u>		
<u>Distribution</u>	Signed Martyn J. Kubi	



A Division of Vulcan Materials Company
 P O Box 530390
 Birmingham, AL 35253-0390

MATERIAL SAFETY DATA SHEET

24 Hour Emergency Phone 316/524-5751

SECTION 1 PRODUCT IDENTIFICATION

CHEMICAL NAME
 Sodium Chlorite Solution

CHEMICAL FORMULA
NaClO2

MOLECULAR WEIGHT
 90.45

PRODUCT NAME
 Technical Sodium Chlorite Solution 31.25, 31% Active Sodium Chlorite, Textone® L, Textone® XL

NOTE: This Material Safety Data Sheet is also valid for technical sodium chlorite solutions weaker than 31.25% (25% Active). Physical data, such as specific gravity will be different from the values listed.

SYNONYMS
 25% Min Active Sodium Chlorite and 38.75% Technical Sodium Chlorite

DOT IDENTIFICATION NO.
 UN 1908

SECTION 2 COMPONENT DATA

CHEMICAL NAME	CAS NUMBER	% RANGE	EXPOSURE STANDARDS
Sodium chlorite	7758-19-2	25-34%	None Established
Sodium chloride	4647-14-5	1-6%	None Established
Sodium sulfate	7757-82-6	0-2%	None Established
Sodium chlorate	7775-09-9	0-3%	None Established
Water	7732-18-5	59-74%	None Established

SECTION 3 PHYSICAL DATA

APPEARANCE AND ODOR
 Clear, water white to slightly yellow liquid, slight chlorine odor

SPECIFIC GRAVITY
 1.23-1.30 at 25/25°C

DECOMPOSITION TEMPERATURE
 175°C (347°F) (Dry material)

BULK DENSITY
 10.4-10.7 lbs./gal. at 25°C

pH @ 25°C
 > 12

VAPOR PRESSURE @ 25°C
 No Data

SOLUBILITY IN WATER
 100%

VOLATILES, PERCENT BY VOLUME
 59-74%

SECTION 4 REACTIVITY INFORMATION

SUMMARY OF REACTIVITY
 Oxidizer

CONDITIONS TO AVOID:
 Temperatures above 175°C (347°F) (dry material)
 Evaporation to dryness; dried material can ignite upon contact with combustibles.
 Exposure to sunlight or ultraviolet light can reduce product strength.

INCOMPATIBLE MATERIALS

Acids, reducing agents, combustible materials, oxidizers (such as hypochlorites), sulfur-containing rubber, dirt, soap, solvents, paints.

OTHER CONDITIONS TO AVOID

Contamination with acids, chlorine or organic materials. Avoid contact with heat or flame source.

HAZARDOUS DECOMPOSITION PRODUCTS

Explosive and toxic chlorine dioxide gas will be generated on contact with acids or chlorine

HAZARDOUS POLYMERIZATION

Will not occur

SECTION 5 FIRE AND EXPLOSION HAZARD INFORMATION**FLASH POINT**

Not Applicable

AUTOIGNITION TEMPERATURE

Not Applicable

FLAMMABLE LIMITS IN AIR (PERCENT BY VOLUME)

Not Applicable

NFPA RATINGS

Not Established for solution

EXTINGUISHING MEDIA

Not Applicable—Choose extinguishing media suitable for surrounding materials.

FIRE FIGHTING TECHNIQUES AND COMMENTS

Approach fire from upwind to avoid hazardous vapors and toxic decomposition products. Use flooding quantities of water as fog or spray. This product becomes a fire or explosion hazard if allowed to dry, so use water spray to keep fire-exposed containers cool. Extinguish fire using agent suitable for surrounding fire. See Section 7 for protective equipment for fire fighting.

SECTION 6 TOXICOLOGY AND HEALTH INFORMATION**EXPOSURE STANDARDS**

None Established

IMMEDIATELY DANGEROUS TO LIFE OR HEALTH:

There is no level established for this chemical.

ODOR THRESHOLD

There is no data available on the odor threshold of sodium chlorite.

MEDICAL CONDITIONS AGGRAVATED BY EXPOSURE

Deficiency in G6PD enzyme and other red blood cell diseases

INTERACTIONS WITH OTHER CHEMICALS WHICH ENHANCE TOXICITY

None known or reported

ACUTE TOXICITY**ROUTES OF EXPOSURE**

Oral, dermal, inhalation and eye contact

INHALATION

Inhalation may cause irritation of the mucous membranes and respiratory tract. Symptoms may include coughing, bloody nose, and sneezing. Severe overexposures may cause lung damage.

SKIN

Direct contact may cause severe irritation and/or burns with symptoms of redness, itching, swelling and possible destruction of tissue.

EYE

Mist or direct contact may cause severe irritation and possibly burns. Symptoms may include tearing, redness and in severe cases, eye damage due to burns.

INGESTION

Gastroenteritis with any or all of the following symptoms: nausea, vomiting, lethargy, diarrhea, bleeding or ulceration. Acute ingestion of large quantities may also cause anemia due to the oxidizing effects of the chemical.

ANIMAL TOXICOLOGY

Inhalation LC₅₀: No available data
Dermal LD₅₀: > 2 g/kg (rabbit)
Oral LD₅₀: Approximately 350 mg/kg (rat)
Irritation: Severe irritant with corrosive action to skin (of rabbit)
Severe irritant to eyes (of rabbit)

FIRST AID

EYES

Immediately flush eyes with large amounts of water for at least 15 minutes while frequently lifting the upper and lower eyelids. Consult a physician immediately.

SKIN

Remove contaminated clothing. Immediately flush exposed skin areas with large amounts of water for at least 15 minutes. Consult a physician if burning or irritation of the skin persists. Contaminated clothing must be laundered before re-use.

INGESTION

DO NOT induce vomiting. Drink large quantities of water. Consult a physician immediately. DO NOT give anything by mouth if the person is unconscious or having seizures.

INHALATION

Move patient to fresh air and monitor for respiratory distress. If cough or difficulty in breathing develops, administer oxygen, and consult a physician immediately. In the event that breathing stops, administer artificial respiration and obtain emergency medical assistance immediately.

NOTES TO PHYSICIAN

Chlorine dioxide vapors are emitted when this product contacts acids or chlorine. If these vapors are inhaled, monitor patient closely for delayed development of pulmonary edema which may occur up to 48-72 hours post-inhalation.

Following ingestion, neutralization and use of activated charcoal is not indicated.

CHRONIC TOXICITY

INHALATION

There is no data available on the chronic effects of inhaling sodium chlorite.

SKIN

There are no studies or reports on the repeated effects of dermal exposure to sodium chlorite. Because of the acute effects, repeated direct contact may be unlikely.

INGESTION

The chronic ingestion of low concentrations of this product has been studied in laboratory animals. Concentrations in the drinking water of 100 ppm and higher have been shown to cause mild anemia and a minor suppression of thyroid functions in laboratory animals. All effects were reversible after cessation of treatment.

Clinical studies of communities using sodium chlorite as a disinfectant found no adverse effects in the human population studied. However, other studies have suggested that those individuals deficient in an enzyme (G6PD) utilized in hemoglobin synthesis might be susceptible to the development of anemia if exposed repeatedly.

CHRONIC TARGET ORGAN TOXICITY

Repeated exposures to solutions of chlorine dioxide at concentrations of 10-100 ppm have produced slight effects upon the thyroid in young animals and the hematologic system. Exposures to these concentrations can reduce the cellular and blood levels of glutathione, an agent which is protective against the oxidizing effect of this chemical. Exposure of laboratory animals above 100 ppm in the drinking water have shown a decrease in blood cell glutathione, red blood cell count and hemoglobin. In some studies these levels also caused a slight decrease in thyroid hormones, especially in younger animals.

CARCINOGENICITY

Sodium chlorite is not listed by NTP, IARC, OSHA, EPA, or any other authority as a carcinogen. Carcinogenicity studies conducted in mice and rats did not show an increase in tumors in animals exposed to sodium chlorite in their drinking water.

MUTAGENICITY

Sodium chlorite has been evaluated for possible mutagenic effects in several laboratory tests. Sodium chlorite tested positive in the Ames Salmonella reverse mutation assay without metabolic activators and caused chromosomal aberrations in an in vitro Chinese hamster fibroblast cell line without metabolic activators. Sodium chlorite also tested positive in the mouse micronucleus assay when administered intraperitoneally (directly into the body cavity), but was not mutagenic when administered orally. The significance of these test results for human health is unclear because the oxidizing effects of the chlorite or salting effects of sodium may significantly affect the ability of the tests to accurately detect mutagens.

REPRODUCTIVE TOXICITY

Sodium chlorite has not been found to be teratogenic in studies in which animals have been exposed up to 100 ppm in the drinking water. Male rats repeatedly exposed to concentrations of 100 ppm or greater in the drinking water have shown slight effects on sperm motility. No effects were observed at 10 ppm and no effects were observed on fertility rate, histology of the male reproductive system or conception rate of animals exposed at 10 ppm or higher.

AQUATIC TOXICITY

Sodium chlorite is slightly toxic to fish and other aquatic organisms.

For bluegill (*Lepomis macrochirus*), aquatic toxicity studies have shown a TL_{50} of 208 mg/l and LC_{50} values of 265-310 mg/l. Rainbow trout (*Salmo gairdneri*) have been tested and shown acute toxicity values of 50.6 mg/l (TL_{50}) and 290 mg/l (LC_{50}). Of the aquatic species tested, Daphnia have been the most sensitive species tested with an LC_{50} of 0.29 mg/l.

Sodium chlorite is acutely toxic to birds when administered by gavage. The acute oral LD_{50} in mallard ducks is 0.49-1.00 g/kg. In bobwhite quail the LD_{50} is 0.66 g/kg.

Sodium chlorite in the diet of birds was not acutely toxic. Eight day dietary LC_{50} 's in mallard ducks and bobwhite quail were both greater than 10,000 ppm in the diet.

SECTION 7. PERSONAL PROTECTIVE EQUIPMENT REQUIREMENTS

PERSONAL PROTECTION FOR ROUTINE USE OF PRODUCT

RESPIRATORY PROTECTION

Wear a NIOSH/MSHA approved acid gas respirator plus dust/mist pre-filters if any exposure to dust or mist is possible.

VENTILATION

Local exhaust ventilation is recommended if vapors, mists or aerosols are generated. Otherwise, use general exhaust ventilation.

SKIN AND EYE PROTECTIVE EQUIPMENT

Wear Neoprene gloves, boots, apron, chemical goggles and a face shield.

OTHER

Emergency eye wash and safety showers must be provided in the immediate work area. Thoroughly wash all contaminated clothing.

PERSONAL PROTECTION FOR EMERGENCY SPILL AND FIRE-FIGHTING SITUATIONS

Wear full protective clothing (chemically impermeable, full encapsulated suit) and positive pressure self-contained breathing apparatus. This product becomes a fire or explosive hazard if allowed to dry; see Section 5.

SECTION 8 PRECAUTIONS FOR SAFE HANDLING AND STORAGE

WARNING STATEMENTS AND WARNING PROPERTIES

**HARMFUL IF SWALLOWED. MAY CAUSE IRRITATION OR BURNS TO SKIN AND EYES.
HARMFUL TO BREATHE.**

**DO NOT TAKE SWALLOW OR BREATHE. AVOID CONTACT WITH SKIN, EYES AND CLOTHING.
UPON CONTACT WITH SKIN OR EYES, WASH OFF WITH WATER.**

STORAGE CONDITIONS

Do not store at temperatures above 100°C (212°F)
Do not expose to direct sunlight or ultraviolet light.

SHELF LIFE LIMITATIONS

2 years

INCOMPATIBLE MATERIALS FOR PACKAGING

Combustible or readily oxidizable materials; sulfur-containing rubber

INCOMPATIBLE MATERIALS FOR STORAGE OR TRANSPORT

Acids, reducing agents, combustible material, oxidizers (such as hypochlorites), paints, sulfur, solvents.

SECTION 9 SPILL AND LEAKAGE PROCEDURES

**FOR ALL TRANSPORTATION ACCIDENTS, CALL CHEMTREC AT 800-424-9300.
ALL SPILLS OR LEAKS OF THIS MATERIAL MUST BE HANDLED AND DISPOSED OF IN ACCORDANCE WITH
LOCAL, STATE AND FEDERAL REGULATIONS**

REPORTABLE QUANTITY

None listed for Sodium Chlorite Solution in 49.CFR 172.101, Appendix.

SPILL MITIGATION PROCEDURES

Evacuation procedures must be placed into effect. Evacuate all non-essential personnel. Hazardous concentrations in air may be found in local spill area and immediately downwind. Utilize emergency response personal protective equipment prior to the start of any response. This product may represent an explosion hazard, in the form of explosive chlorine dioxide gas if it contacts acids or chlorine. Remove all sources of ignition, such as flames, hot glowing surfaces or electric arcs. Stop source of spill as soon as possible and notify appropriate personnel.

AIR RELEASE

Vapors may be suppressed by the use of water fog or spray. Contain all liquids for treatment and/or disposal as a (potential) hazardous waste.

WATER RELEASE

Notify all downstream water users of possible contamination. Continue to handle as described in LAND SPILL below.

LAND SPILL

Create a dike or trench to contain all liquid material. Spill materials may be absorbed using clay, soil or non-flammable commercial absorbents. Continue to keep damp. If allowed to dry, dried material can ignite in contact with combustible materials. Do not place spill materials back in their original container. Containerize and label all spill materials properly. Decontaminate all clothing and, if permitted, the spill area using strong detergent and flush with large amounts of water.

SPILL RESIDUES

If this product becomes a waste, it meets the criteria of a hazardous waste as defined under 40 CFR 261 and would have the following EPA hazardous waste designation: D002. Also, it will be subject to the Land Disposal Restrictions under 40 CFR 268 and must be managed accordingly.

As a hazardous liquid waste, it must be disposed of in accordance with local, state and federal regulations in a permitted hazardous waste treatment, storage and disposal facility.

SECTION 10 TRANSPORTATION INFORMATION

This material is regulated as a DOT hazardous material.

DOT SHIPPING DESCRIPTION (49 CFR 172.101)
CHLORITE SOLUTION, 8, UN 1908, II

PLACARD REQUIRED
Corrosive, 1908, Class 8

The applicable packaging sections in 49 CFR are 173.202 and 173.242.

SECTION 11 ADDITIONAL REGULATORY STATUS INFORMATION

TOXIC SUBSTANCES CONTROL ACT

The components of this product are listed on the Toxic Substance Control Act inventory.

SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT (SARA) TITLE III HAZARD CATEGORIES (40 CFR 370.2)

HEALTH: Immediate (Acute), Delayed (Chronic)

PHYSICAL: Fire

EMERGENCY PLANNING AND COMMUNITY RIGHT TO KNOW (40 CFR 355, APP.A)

E H S-THRESHOLD PLANNING QUANTITY
None Established

SUPPLIER NOTIFICATION REQUIREMENTS, PER 40 CFR 372.45:
None Established

Medical Emergencies:

Call collect 24 hours a day
for emergency toxicological
information 415/821-3182

Other Emergency information:

Call 316/524-5751 (24 Hours)

For any other information contact:

Vulcan Chemicals
Technical and Environmental Services
P.O. Box 530390
Birmingham, AL 35253-0390
800/873-4898
8:AM - 5 PM, Central Time
Monday through Friday

NOTICE: Vulcan Chemicals believes that the information contained on this material safety data sheet is accurate. The suggested procedures are based on experience as of the date of publication. They are not necessarily all-inclusive nor fully adequate in every circumstance. Also, the suggestions should not be confused with nor followed in violation of applicable laws, regulation, rules or insurance requirements.

NO WARRANTY IS MADE, EXPRESS OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE.

Date of Preparation: June 1, 1995

FORM 3239-640

OFF: (505) 325-5667



LAB: (505) 325-1556

July 09, 1999

Jimmy Barnes
Basin Disposal Inc.
1003 Cypress
Bloomfield, NM 87413
TEL: (505) 632-8936
FAX (505) 325-6567

RE: Disposal Pond

Order No.: 9907017

Dear Jimmy Barnes,

On Site Technologies, LTD. received 1 sample on 7/8/99 for the analyses presented in the following report.

The Samples were analyzed for the following tests:

- Alkalinity, Total (M2320 B)
- Calcium, Dissolved (E215.1)
- Chloride (E325.3)
- Hardness, Total (M2340 B)
- Iron, Dissolved (E236.1)
- Magnesium, Dissolved (E242.1)
- pH (E150.1)
- Potassium, Dissolved (E258.1)
- Resistivity (@ 25 deg. C) (M2510 C)
- Sodium, Dissolved (E273.1)
- Specific Gravity (M2710 F)
- Sulfate (M4500-SO4 D)
- Total Dissolved Solids (CALC)
- Total Dissolved Solids (E160.1)

There were no problems with the analyses and all data for associated QC met EPA or laboratory specifications except where noted in the Case Narrative.

If you have any questions regarding these tests results, please feel free to call.

Sincerely,

A handwritten signature in black ink, appearing to be "J. Barnes", written over a horizontal line.

P.O. BOX 2606 • FARMINGTON, NM 87499

- TECHNOLOGY BLENDING INDUSTRY WITH THE ENVIRONMENT -



OFF: (505) 325-5667

LAB: (505) 325-1556

On Site Technologies, LTD.

Date: 09-Jul-99

CLIENT: Basin Disposal Inc.**Project:** Disposal Pond**Lab Order:** 9907017**CASE NARRATIVE**

Samples were analyzed using the methods outlined in the following references:

Standard Methods for the Examination of Water and Wastewater, 18th Edition, 1992.

Methods for Chemical Analysis of Water and Wastes, EPA-600/4-79-020, March 1983.

All method blanks, laboratory spikes, and/or matrix spikes met quality assurance objectives.

Cation-Anion Balance 9907017-01A; Basin Disposal Pond

Total Cation-Anion = 493.71 meq/L

Difference Cation-Anion = 5.49 meq/L

% Difference = 1.1 %

1 of 1

P.O. BOX 2606 • FARMINGTON, NM 87499

- TECHNOLOGY BLENDING INDUSTRY WITH THE ENVIRONMENT -

Basin Disposal, Inc.

DAILY SITE TEST READINGS FOR THE MONTH OF July 1999

DATE	5	6	7	8	9	10	11
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A.M. TEST

Ambient H2S (air)	0.0	0.0	0.0	0.0	0.0		
Wind Speed	0/5	0/5	0/1	0	0		
Direction	N/E	N/E	N/E	S/W	West		

P.M. TEST

Ambient H2S (air)	0.0	0.0	0.0	0.0			
Wind Speed	0/5	10/15	0	10			
Direction	S/E	S/E	SW	S/W			

Chemical Name	AM 8:00	AM 9:00	AM 10:00	AM 11:00	AM 12:00
Water/Gallons Used	40/30	40/30	40/30	40/30	40/30
Holding Pond Sump	1'23/4"	1'31/4"	1'31/4"	1'31/4"	1'41/2"
Cement Slab Sump	0	0	0	0	0
Pond Level	4'11"	4'10"	4'11"	5'0"	4'16"
Well Head Pressure	1520	1510	1510	1570	1510
Injection Pressure	1250	1250	1250	1250	1250
Water Temperature	70	70	70	71°	70
pH	7	7	7	6	8
Dissolved Oxygen	1.4	1.4	1.4	1.4	1.4
Dissolved H2S	0	0	0	0	0
Total Chlorine	.3	.3	.3	.3	.3
Appearance of Pond	clear	clear	clear	clear	clear

COMMENTS

Basin Disposal, Inc.

DAILY SITE TEST READINGS FOR THE MONTH OF July 1999

DATE				1	2	3	4
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A.M. TEST

Ambient H2S (air)				0.0	0.0	0.0
Wind Speed				0	0	5/10
Direction				N/W	EAST	N/E

P.M. TEST

Ambient H2S (air)				0.0	0.0	0.0
Wind Speed				0/5	0/5	5/10
Direction				South	S/E	South

Chemical Name				Am/pm	Am/pm	Am/pm
BASE /Gallons Used				30/30	30/30	30/30
Holding Pond Sump				1' 1"	1' 1"	1' 1/2"
Cement Slab Sump				0	0	0
Pond Level				5' 0"	5' 3"	5' 1"
Well Head Pressure				1510	1520	1520
Injection Pressure				1250	1250	1250
Water Temperature				70	68	66
pH				6	7	7
Dissolved Oxygen				1.4	1.4	1.4
Dissolved H2S				0	0	0
Total Chlorine				.3	.3	.3
Appearance of Pond				Clear	Clear	Clear

COMMENTS

Basin Disposal, Inc.

DAILY SITE TEST READINGS FOR THE MONTH OF June 1999

July

DATE	28	29	30	1			
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A.M. TEST

Ambient H2S (air)	0.0	0.0	0.0	0.0	0.0		
Wind Speed	0	0	0	0	0		
Direction	North	N/W	N/W	SW	N/W		

P.M. TEST

Ambient H2S (air)	0.0	0.0	X	X			
Wind Speed	0	10/15	X	X			
Direction	N/E	N/W	X	X			

Chemical Name	7PM/PM	7PM/PM	AM/PM	9PM	AM		
Water /Gallons Used	100/140	100/80	240/	30/	30/		
Holding Pond Sump	1'8 1/2"	1'8 3/4"	1'9 1/2"	1'9 1/2"			
Cement Slab Sump	0	0	0	0	0		
Pond Level	5'3"	5'1"	4'11"	4'11"			
Well Head Pressure	1540	1530	1525	1520			
Injection Pressure	1230	1220	1220	1220			
Water Temperature	70	66	62	69			
pH	6	7	7	6			
Dissolved Oxygen	1.1	1.1	1.1	1.1			
Dissolved H2S	0	0	0	0.0			
Total Chlorine	.3	.3	.3	.3			
Appearance of Pond	Clear	Clear	Clear	Clear			

COMMENTS

Basin Disposal, Inc.

DAILY SITE TEST READINGS FOR THE MONTH OF JUNE 1999

DATE	21	22	23	24	25	26	27
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A.M. TEST

Ambient H2S (air)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wind Speed	0	4/5	4	0	0	0	0
Direction	NE	North	NE	NE	N/W	West	N/E

P.M. TEST

Ambient H2S (air)	0.0	0.0	0	0	0.0	0.0	0.0
Wind Speed	0/5	5/10	0	8	5/10	0/5	5/10
Direction	S/W	West	NE	SW	S/W	West	West

Chemical Name	AM/PM	Am/PM	Am	Am PM	PM/PM	Am/PM	Am/PM
WBS/Gallons Used	100/100	80/100	80/80	130/404	100/	100/50-	80/50-
Holding Pond Sump	1'7"	1'7 1/4"	1'7"	1'7"	1'7"	1'7 1/2"	1'8 1/4"
Cement Slab Sump	0	0	0	0	0	0	0
Pond Level	5'11"	5'10"	5'10"	5'10"	5'9"	5'8"	5'7"
Well Head Pressure	1510	1520	1520	1520	1510	1520	1530
Injection Pressure	1200	1200	1150	1200	1210	1210	1230
Water Temperature	66	69	68	69	70	70	70
pH	7	7	7	7	7	6	7
Dissolved Oxygen	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Dissolved H2S	0	0	0	0	0	0	0
Total Chlorine	.6	.3	.3	.3	.3	.3	.3
Appearance of Pond	Clear	Clear	Clear	Clear	Clear	Clear	Clear

COMMENTS

Basin Disposal, Inc.

DAILY SITE TEST READINGS FOR THE MONTH OF JUNE 1999

DATE	14	15	16	17	18	19	20
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A.M. TEST

Ambient H2S (air)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wind Speed	0	0	0	0	0	0	5/10
Direction	N/E	N/E	N/E	N/E	N/E	N/E	NE

P.M. TEST

Ambient H2S (air)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wind Speed	0/5	15/20	14	2	10/15	0/5	10/15
Direction	S/E	N/E	N	E	S/W	S/W	North

Chemical Name	AM/AM	AM/PM	A.M./PM	AM PM	AM/PM	AM/PM	AM/PM
Water /Gallons Used	150/30	100/50	100/50	100/60	100/50	100/80	100/50
Holding Pond Sump	1'5 1/2"	1'5 1/2"	1'6 1/2"	1'6 1/2"	1'6"	1'6 1/2"	1'6 1/2"
Cement Slab Sump	0	0	0	0	0	0	0
Pond Level	6'10"	6'10"	6'6"	6'7"	6'7"	6'6"	6'4"
Well Head Pressure	1510	1500	1450	1500	1510	1510	1510
Injection Pressure	1200	1200	1200	1200	1200	1200	1200
Water Temperature	66	66	68	66	64	66	66
pH	7	7	6	6	7	7	7
Dissolved Oxygen	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Dissolved H2S	0	0	0	0	0	0	0
Total Chlorine	.3	.3	.3	.3	.3	.3	.3
Appearance of Pond	clear	clear	clear	clear	clear	clear	clear

80 at 21:00

COMMENTS

Basin Disposal, Inc.

DAILY SITE TEST READINGS FOR THE MONTH OF JUNE 1999

113

DATE	7	8	9	10	11	12	13
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A.M. TEST

Ambient H ₂ S (air)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wind Speed	0	0	0	0	0	0	0
Direction	North	SW	SW	SW	SW	North	NE

P.M. TEST

Ambient H ₂ S (air)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wind Speed	5/10	15/20	0	5/10	0/3	5/10	5/10
Direction	SW	SW	N/E	South	N/E	N/E	South

Chemical Name	Am/PM	Am	PM	Am/PM	Am/PM	Am/PM	Am/PM
Water/Gallons (lead)	80	100	50	56	50	50	100
Holding Pond Sump	1'3 1/2"	1'3 1/2"	1'4 1/2"	1'5"	1'5 1/4"	1'5 1/2"	1'5 1/2"
Cement Slab Sump	0	0	0	0	0	0	0
Pond Level	7'3"	7'4"	7'2"	7'3"	7'4"	7'4"	7'2"
Well Head Pressure	1500	1510	1520	1510	1520	1520	1525
Injection Pressure	1200	1200	1210	1250	1200	1220	1230
Water Temperature	67	67	64	64	65	65	64
pH	6	7	7	7	7	7	7
Dissolved Oxygen	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Dissolved H ₂ S	0	0	0	0	0	0	0
Total Chlorine	.3	.3	.3	.3	.3	.3	.3
Appearance of Pond	Clear	Clear	Clear	Clear	Clear	Clear	Clear

COMMENTS

Basin Disposal, Inc.

DAILY SITE TEST READINGS FOR THE MONTH OF JUNE 1999

114

DATE	X	1	2	3	4	5	6
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A.M. TEST

Ambient H2S (air)		00	00	00	0.0	0.0	0.0
Wind Speed		0	0	0	0	0	0
Direction		S/W	N/E	S/L	S/W	West	N/W

P.M. TEST

Ambient H2S (air)		00	00	00	0.0	0.0	0.0
Wind Speed		0	25/30	12	10/15	0/5	10
Direction		S/W	S/W	S/W	S/W	N/W	N/W

100

Chemical Name		A.M./AM	AM/P.M.	A.M. PM	AM/PM	AM/PM	AM/PM
Bags/Gallons Used		60/100	50/50	50/50	100/100	50/100	50/100
Holding Pond Sump		1'6"	1'7"	1'7"	1'2"	1'2 1/2"	1'3 1/2"
Cement Slab Sump		0	0	0	0	0	0
Pond Level		7'1"	7'7"	7'6"	7'7"	7'9"	7'6"
Well Head Pressure		—	1500	1500	—	1500	1510
Injection Pressure		1150	1200	1175	—	1200	1200
Water Temperature		62	62	63	60	56	58
pH		6	6	6	6	6	7
Dissolved Oxygen		1.4	1.4	1.4	1.4	1.4	1.4
Dissolved H2S		0	0	0	0	0	0
Total Chlorine		.3	.3	.3	.3	.3	.3
Appearance of Pond		clear	clear	clear	clear	clear	clear

COMMENTS

22-141 50 SHEETS
22-142 100 SHEETS
22-144 200 SHEETS

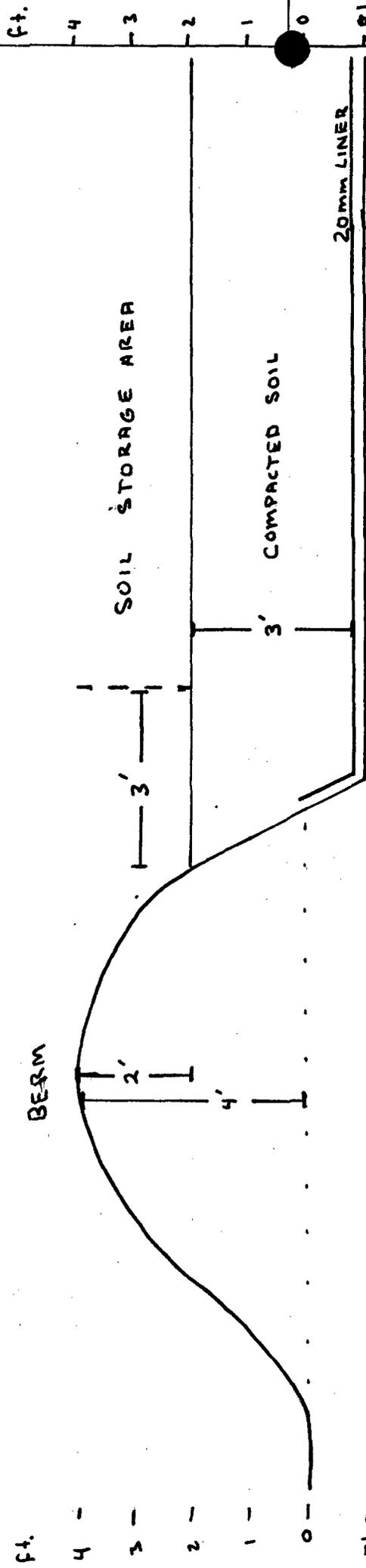
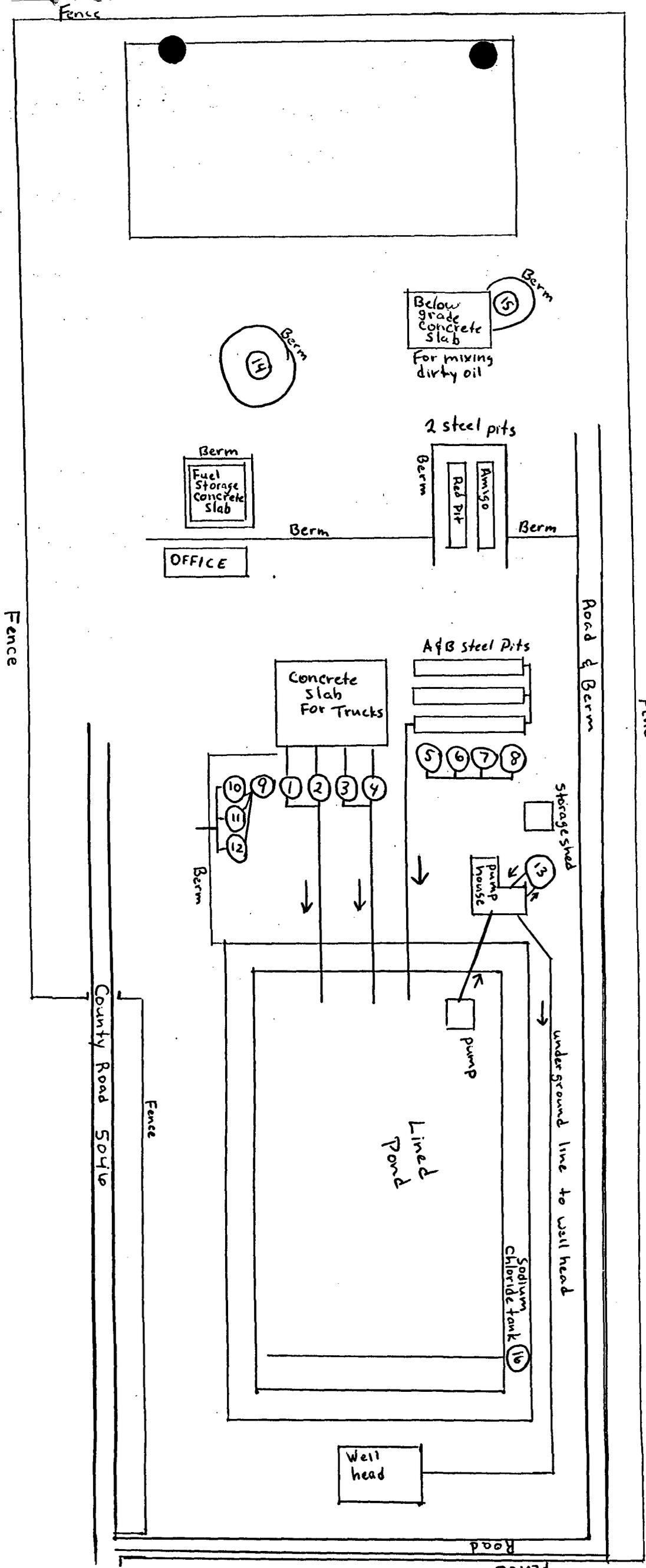
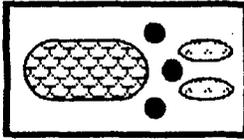


Exhibit F
Basin Disposal



Road
Fence



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

EXHIBIT G

WASTE MANAGEMENT SYSTEM AT BASIN DISPOSAL

1. Basin Disposal is a Class II Disposal and is allowed to accept only exempt waste. When trucks enter our facility they stop at our office where we check the load to check that it is an exempt load. Also we make sure that a certificate of waste status form is in our file for the operator. They are then instructed where to unload. While the truck is unloading we fill out a load ticket and record the load in our log book.
2. Clean produced water is unloaded into tanks # 1 - 4 where any crude oil is allowed to separate from the water. The water is then drained into the pond where solids, such as coal dust separate out. The water in the pond then is pumped into the pumphouse where it passes through a set of 25 micron filters it then is pumped into tank # 13 and back into the pump house where it passes through a set of 5 micron filters then it goes to the injection pump and last of all pumped to the wellhead.
3. If a load is very dirty it is placed in one of our 4 steel pits where it has a longer opportunity to settle the water out. As it settles the water is drawn off the bottom. Any recoverable oil is then pulled off the top and anything that is not salvageable is put into tank # 14 or # 15 so that it can settle even more. Any solids that are left are then placed in the concrete slab where it is mixed with soil and hauled off to Tierra Environmental Land Farm.
4. When the oil on tanks # 1 - 4 builds up to about a foot or more it is skimmed off to tank # 9. if there is still water mixed in with this oil it is allowed to settle again, afterwards the water is drained off the bottom. The oil is then placed in tanks # 10 - 12 or # 5 - 8 where it has another chance to separate. Once again the bottoms are pulled and the oil that is left is ready to hot oil so that any impurities that are left can be broken out. It will then sit for a couple of days and once again the bottoms are drained again and the remaining oil is sold to Giant Oil Refinery.

SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN
PART I
GENERAL INFORMATION

- 1. Name of Facility: Basin Disposal
- 2. Type of Facility: Produced Water Disposal Facility
- 3. Location of Facility: N W/4 Section 3, T29N, R11W
San Juan County

4. Name and address of owner or operator:

Name: Basin Disposal
 Address: 900 South Main
 Aztec, New Mexico 87410

5. Designated person accountable for oil spill prevention at facility:

Name and Title: Colin Hart, Manager

6. Facility experienced a reportable oil spill event during the twelve months prior to Jan. 10, 1974 (effective date of 40 DFR, Part 112). (If yes, complete Attachment #1.) NO

MANAGEMENT APPROVAL

This SPCC Plan will be implemented as herein described:

Signature: *Jerry Sandel*
 Name: Jerry Sandel
 Title: President

CERTIFICATION

I hereby certify that I am familiar with the facility, and being familiar with the provisions of 40 CFR, Part 112, attest that this SPCC Plan has been prepared in accordance with good engineering practices.



Paul C. Thompson
 Printed Name of Registered Professional Engineer

Paul C. Thompson
 Signature of Registered Professional Engineer

Registered Professional Engineer

Date: October 20, 1995

Registration No: 8748
State: New Mexico

Part I
General Information

7. Potential Spills:

<u>SOURCE</u>	<u>MAJOR TYPE OF FAILURE</u>	<u>TOTAL QUANT. BBLs.</u>	<u>DIRECTION OF FLOW</u>	<u>SECONDARY CONTAINMENT</u>
4 - 400 BBL Waste oil tanks	Rupture	1600	E	Dike/Pond
3 - 400 bbl Produced water tanks	Rupture	1200	E	Dike/Pond
1 - 300 bbl Produced water tanks	Rupture	300	S	Pond
1 - 400 bbl Gel water tank	Rupture	400	E	Dike/Pond
5 - 400 bbl oil/water emulsion tanks	Rupture	2000	E	Dike/Pond
1 - 300 bbl oil/water emulsion tanks	Rupture	300	E	Dike
1 - 400 bbl Filtered water tank	Rupture	400	E	Dike/Pond
6 - Mud settling pit	Rupture	1200	E	Dike/Pond
1 - Sodium Chlorite tank	Rupture	210	S	Pond

All tanks and berms are inspected daily by Basin Disposal Personnel. More detailed inspections of the facilities are on a quarterly basis.

SEE ATTACHED FACILITY DIAGRAM.

Name of Facility: Basin Disposal

Owner or Operator: Basin Disposal, Inc.

PART I
GENERAL INFORMATION

8. Containment or diversionary structures or equipment to prevent oil from reaching navigable waters are practicable (See Part II) (Also see Attachment #2) Yes
9. Inspection and records: Yes
- A. The required inspections follow written procedures. Yes
- B. The written procedures and a record of inspections, signed by the appropriate supervisor or inspector are attached as attachment #3. Yes
10. Personnel, Training, and Spill Prevention Procedures:
- A. Personnel are properly instructed in the following:
- (1) Operation and maintenance of equipment to prevent oil discharges, and Yes
- (2) Applicable pollution control laws, rules, and regulations:
- Describe procedures employed for instruction:
- Operating personnel are instructed during daily safety meetings.
- B. Scheduled prevention briefings for the operating personnel are conducted frequently enough to assure adequate understanding of the SPCC Plan. Yes
- Describe briefing schedule:
- Briefings for the operating personnel are conducted during daily safety meetings.

Name of Facility: Basin Disposal

Operator: Basin Disposal, Inc.

ATTACHMENT #2

OIL SPILL CONTINGENCY PLAN IN THE EVENT OF:

1. Depending on location secondary containment impracticable, or:
2. Abnormal or accidental spill may be greater than secondary containment is:

Any spills or leaks that breach the primary dike should flow into the main evaporation pond. Basin Disposal personnel will use every means available to construct secondary dikes or pits to prevent the spilled oil or produced water from reaching any navigable water. Basin Disposal will provide all equipment necessary to contain the spill.

COMMENTS ON MANPOWER:

Basin Disposal will put men and equipment at disposal of supervisor or authorized representative until spill is contained and men and equipment are released by authorized representative.

Written commitment of Manpower is attached. SEE ABOVE

Name of Facility: Basin Disposal

Owner or Operator: Basin Disposal, Inc.

Z →

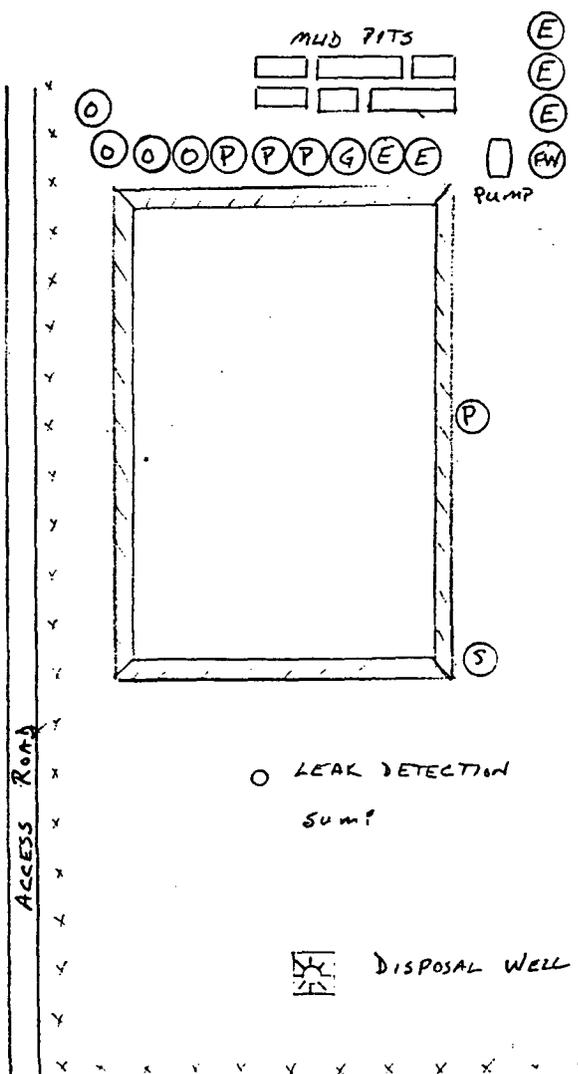
- O - OIL TANKS
- P - PRODUCED WATER
- E - EMULSION
- G - GEL WATER
- FW - FILTERED WATER
- S - SODIUM CHLORIDE

See Exhibit F
for a current map

BOUNDARY FENCE →

BASIN DISPOSAL

FACILITY DIAGRAM



ATTACHMENT #3

The outside of the tanks have been visually inspected for deterioration and leaks and the berms have been inspected for height and compactness and both are considered to be in proper working condition.

Signed: _____

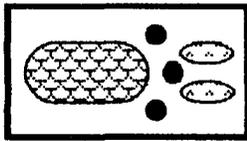
Date: _____

TWICE DAILY ROUTINE INSPECTION OF BASIN DISPOSAL
EXHIBIT I

TWO EMPLOYEES SHALL PERFORM A ROUTINE INSPECTION TWICE DAILY OF BASIN DISPOSAL. EACH OF THE PRODUCTION TANKS, VALVES, HOSES AND PUMPS SHALL BE INSPECTED FOR LEAKS. ALL FUEL TANKS, AND CHEMICAL STORAGE TANKS WILL BE INSPECTED FOR LEAKS. AS THIS TOUR IS CONDUCTED ALSO LOOK FOR ANY SPILLS THAT NEED TO BE CLEANED UP. IF ANY ARE FOUND ASSIGN SOMEONE TO CLEAN IMMEDIATELY. IF ANY LEAKS ARE DISCOVERED NOTIFY SUPERVISOR IMMEDIATELY. ALL PUMPS ARE TO BE SERVICED ON A DAILY BASIS, OIL CHECKED AND GREASED. CONCRETE SLAB TO BE CLEANED DAILY. ALL ELECTRICAL CORDS SHOULD BE CHECKED PERIODICALLY FOR FRAYING. FIRST AID KIT SHOULD BE CHECKED WEEKLY FOR LOW SUPPLIES. SUPPLY LIST SHOULD BE GIVEN TO SUPERVISOR.

THIS INSPECTION SHALL BE CONDUCTED AT THE BEGINNING AND END OF EACH SHIFT.

	INITIAL AM SHIFT	INITIAL PM SHIFT			
1-Oct-97					
2-Oct-97					
3-Oct-97					
4-Oct-97					
5-Oct-97					
6-Oct-97					
7-Oct-97					
8-Oct-97					
9-Oct-97					
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26-Oct-97					
27-Oct-97					
28-Oct-97					
29-Oct-97					
30-Oct-97					
31-Oct-97					



Basin Disposal, Inc.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

EXHIBIT J

H2S CONTINGENCY PLAN

1. All incoming loads will be tested for hydrogen sulfide concentrations.
2. Dissolved oxygen in the pond should be at least 0.5 ppm. Aeration should be used to maintain this level of oxygen. Should any test indicate levels lower than 0.5 ppm, immediate steps will be taken to raise the level to at least 0.5 ppm. These steps may include increasing aeration or using chemicals. Testing the pond for dissolved oxygen should follow these steps:
 - a. Testing will be done at the beginning of each day.
 - b. Sample will be taken one foot from bottom of pond.
 - c. Location of each test will vary around the pond.
3. Tests of ambient H2S reading of 0.1 ppm or greater is obtained:
 - a. A second reading will be taken on the down wind berm within one hour.
 - b. Dissolved oxygen and dissolved sulfide level will be tested immediately and the need for immediate treatment determined.
 - c. Tests for H2S will be make at the fence line down wind from pond.

If two consecutive H2S readings of 0.1 ppm or greater are obtained:

 - a. Notify OCD Aztec office immediately;
 - b. Commence hourly monitoring on a 24 hour basis;
 - c. Monitor dissolved sulfides closely on a daily basis.

If an H2S reading of 10.0 ppm or greater is obtained at the fence line:

 - a. Notify OCD Aztec Office and the following public safety agencies

Bloomfield Police	911
County Sheriff	911
Fire Department	911
 - b. Initiate notification of all persons residing within 1/2 mile of the fence line and assist public safety official with evacuation as requested.
4. At least 1000 gallons of treatment chemical will be stored on-site and will not be retained for a period in excess of the manufacturer's stated shelf life. Expired chemical may be disposed of in the pond.

Exhibit K

**Basin Disposal, Inc.
Basin Disposal Facility**

Introduction:

This closure plan is for Basin Disposal Inc. facility located at 6 Road 5046, Bloomfield, New Mexico 87410. The facility is 53 fenced acres and contains 16 storage tanks, 6 steel pits, 5 metal buildings, an office trailer, pumps, aerators, a lined pit, and a disposal well. The disposal well is defined as:

**Basin Disposal Inc.
Disposal No. 1
2207' FNL & 1870' FWL
Unit: F, Section 3, Township 29 North, Range 11 West
San Juan County, New Mexico**

Several assumptions are made applying to the closure plan and are listed in Appendix A. Cost estimates of the closure plans are provided in Appendix B and were determined utilizing the assumptions listed in Appendix A.

Closure Plan :

Pit Closure :

- 1) The lined pit is approximately 150' x 300' x 13.5' (avg) in depth with a capacity of approximately 108,207 bbls. At a pumping rate of 4800 bbls/day, the lined pit shall be pumped down in approximately 22.5 days. Capacity of the tanks and pits is estimated at 7100 bbls and using the 4800 bbls/day rate will be pumped down in approximately 2 days.
- 2) Once liquids are pumped into the disposal wells, the pit will be allowed to dry, the disposal well will be plugged (see well plugging and abandonment), and all equipment and buildings will be removed from the site. If residual soils are present above the liner then, the residual soil will be analyzed for total petroleum hydrocarbons (TPH) and total volatile organic vapor or BTEX. "Clean Soils" are defined as having the following characteristics as detailed in the March 15, 1993 BLM Unlined Surface Impoundment Closure Guidelines.
 - a) TPH level less than the limit based upon the total ranking score as indicated in Section II.A.2 of the Closure Guidelines'
 - b) Either a field soil vapor headspace measurement less than 100 ppm or BTEX levels of less than 50 ppm for total BTEX and 10 ppm for Benzene.
- 3) If the residual soils test clean, the pit can be closed in place. Upon OCD approval, the pit will then be closed by backfilling (with liner in place), removing all piping, pumps, buildings, tanks. etc., contouring to provide drainage away from the site and reseeded. Backfill dirt will be obtained from the location, or obtained with OCD approval.
- 4) The residual soils that are removed from the pit will be landfarmed on location by spreading the soil in approximate six to ten inch lifts within a bermed area. The soils will be disced as needed to enhance biodegradation of the contaminants. If necessary, fresh water and nutrients (fertilizer) will be added to the soil to enhance aerobic degradation. Only soils which do not contain free liquids will be landfarmed.
- 5) Once the landfarmed material has been remediated, the soils will be tested to ensure contaminant levels are below the limits set in Section II.A.2.b. The soils will then be used on location to backfill the excavation. The pit will be closed by contouring to provide drainage away from site and reseeded.

Appendix A

Basin Disposal, Inc.
Basin Disposal Facility

Assumptions:

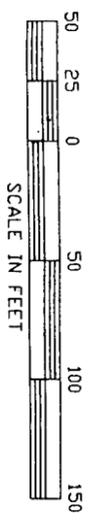
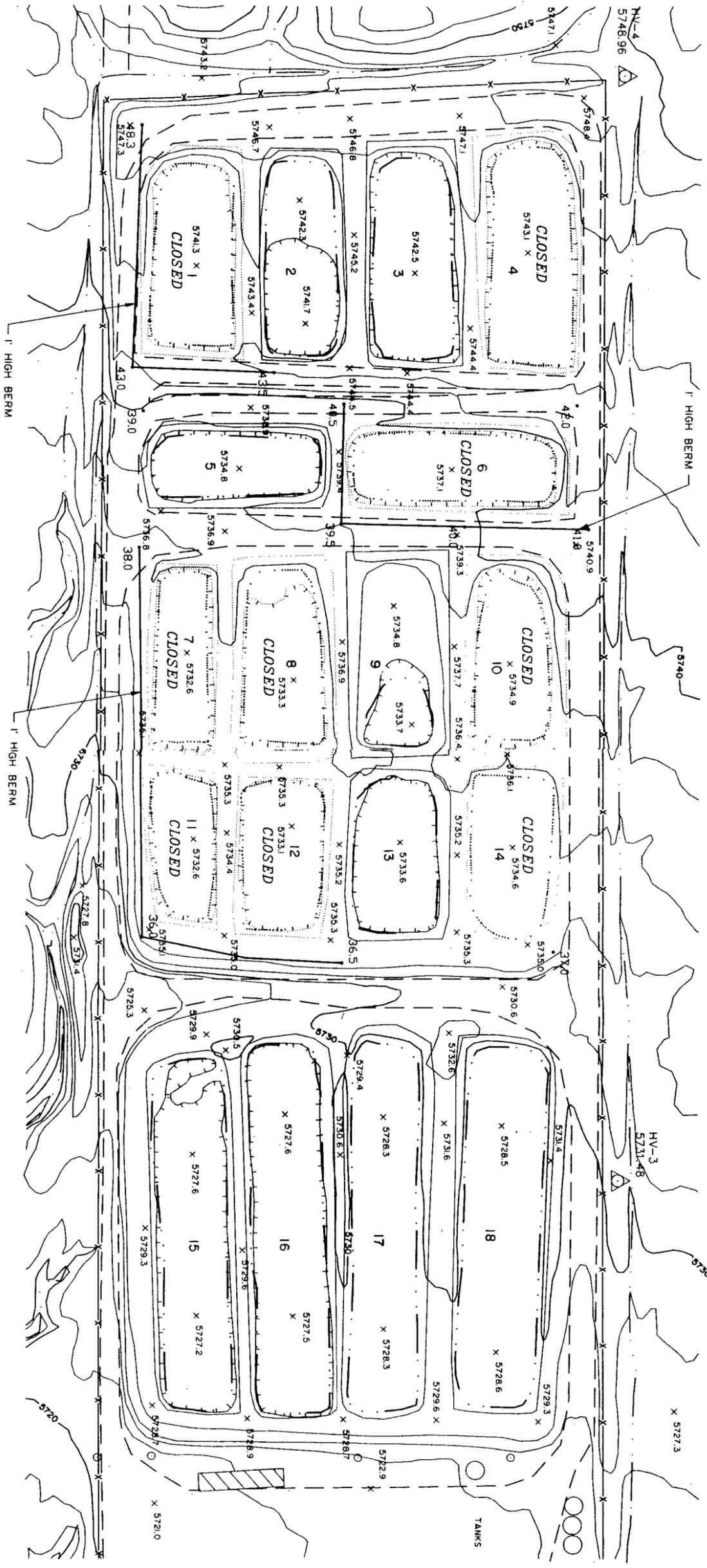
- 1) Disposal Well is operational and all water @ site may be disposed of in well.
- 2) All tanks, steel pits, and buildings will be removed from area.
- 3) Surface area will be recontoured and reseeded.
- 4) All liquids disposed of will be OCD approved.
- 5) Because prices may change considerably with time due to changes in economic conditions, closure costs have been determined utilizing rates applied to January 1997.
- 6) This closure plan and closure costs does not apply to any future modifications or expansions.
- 7) Closure plan does not reflect an increase in current population within the area.
- 8) Basin Disposal Pit and Tanks are at capacity.
- 9) Flow rate of well will be 4800 bbls/day.
- 10) Filter requirement will be set at 36 filters/day.
- 11) Residual soils are within RCRA exempt status.
- 12) Liner within pit is sound with no seepage, thereby no contamination migration past liner.
- 13) drilling Mud Pits are closed.
- 14) If residual soils are contaminated, cubic yardage is no greater than 500 cubic yards.

Appendix B

Basin Disposal, Inc.
Basin Disposal Facility

Estimated Costs Associated with Closure:

Electricity Required for One Month of Operations:	\$7,000
Personnel (24 hr./day @ \$10.00/hr.)	\$14,400
Filters (36 Filters/day)	\$3,000
Recontouring of Pit and Removal of Tanks and Pits	\$25,000
Removal of Piping & Roustabout Costs Associated with Closure	\$15,000
Environmental Management (No Residual Soils)	\$10,000
Environmental Testing and Landfarm Management (Contaminated Soils)	\$45,000
Plug & Abandonment of Disposal Well (Bond of \$25,000 already in place)	\$0
Reseeding of Site (53 acres)	\$600
TOTAL	\$120,000



X mmm.n = ORIGINAL ELEVATIONS
 = APPROXIMATE NEW ELEVATIONS OR
 TOP OF PROPOSED BERM
 NNN =

MAR 24 1993

**COST ESTIMATE
BASIN DISPOSAL, INC.
PERMIT MODIFICATION (NM-01-0005)
Contaminated Soil Temporary Holding Area
June 28, 1999**

Remove and Dispose of Stockpile of Contaminated Soil (100 cy)

100 cubic yd accumulated each month
10 cubic yd truck & driver \$45.00/hour
1 hour per trip
\$12.00/cubic yd disposal
loader & driver \$45.00/hour

100 cubic yd * 1 hours * \$45.00/hour = \$450.00 transport cost
10 cubic yd

5 hours * \$45.00/hour = \$225.00 loading cost

100 cubic yd * \$12/cubic yd = \$1,200.00 disposal cost

\$1,875.00 One Months Stockpile Disposal

Remove Contaminated Protective Soil Covering 294' x 294' x 0.25'

21,609cubic feet = 800 cubic yd
10 cubic yd truck & driver \$45.00/hour
1 hour per trip
\$12.00/cubic yd disposal
loader & driver \$45.00/hour

800 cubic yd * 1 hours * \$45.00/hour = \$3,600.00 transport cost
10 cubic yd

40 hours * \$45.00/hour = \$1,800.00 loading cost

800 cubic yd * \$12/cubic yd = \$9,600.00 disposal cost

\$15,000.00 contaminated protective soil

Analytical Analysis for Site characterization

One composite samples taken from the protective soil covering and one below the liner.

State Contract Laboratory Prices per analysis:

BTEX	\$ 40.00	*	2 samples	=	\$80.00
TPH	\$ 50.00	*	2 samples	=	\$100.00
Metals	\$200.00	*	2 samples	=	<u>\$ 400.00</u>
					\$ 580.00 Analytical

Confirmatory Sampling Time and Labor for 2 samples

Labor 2 personnel \$55.00/hour
Sample 30 min per sample
Travel 1 hour
Delivery & Paperwork 2 hours

Total Time = (30 min/sample * 2 samples) + 1 hour + 2 hours = 4 hours

4 hours * \$55.00/hour * 2 persons = **\$440.00 Sampling Event**

Level the Contaminated Soil Temporary Holding Area and Dispose of Liner

\$45.00/hour dozer
4 hours

4 hr * \$45.00/hour = \$180.00 leveling cost

liner transport and disposal = \$60.00 liner disposal cost

= **\$240.00 Level and Liner Disposal**

\$18,135.00	Total
<u>\$ 1,020.00</u>	NMGRT 0.05625
\$19,155.00	Permit Modification

\$ 120,000.00 Original Financial Assurance
+ \$19,155.00 Permit Modification
\$ 139,155.00 New Financial Assurance

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

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

Form C-137
Originated 8/8/95
Revised 6/25/97
Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to appropriate
District Office

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

Commercial Centralized

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

2. Operator: Basin Disposal

Address: P.O. Box 100 Aztec NM or 6 CR5046 Bloomfield

Contact Person: Keith Johnson Phone: 632-8936

3. Location: SE A NW /4 Section 3 Township 29 North Range 11 West
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

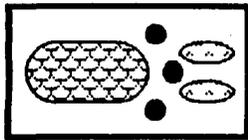
I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Keith Johnson

Title: General Manager

Signature: [Signature]

Date: 6-17-99



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

June 16, 1999

Martyne Kieling
NMOCD
2040 S. Pacheco
Santa Fe, NM 87505

RE: Temporary lined storage area

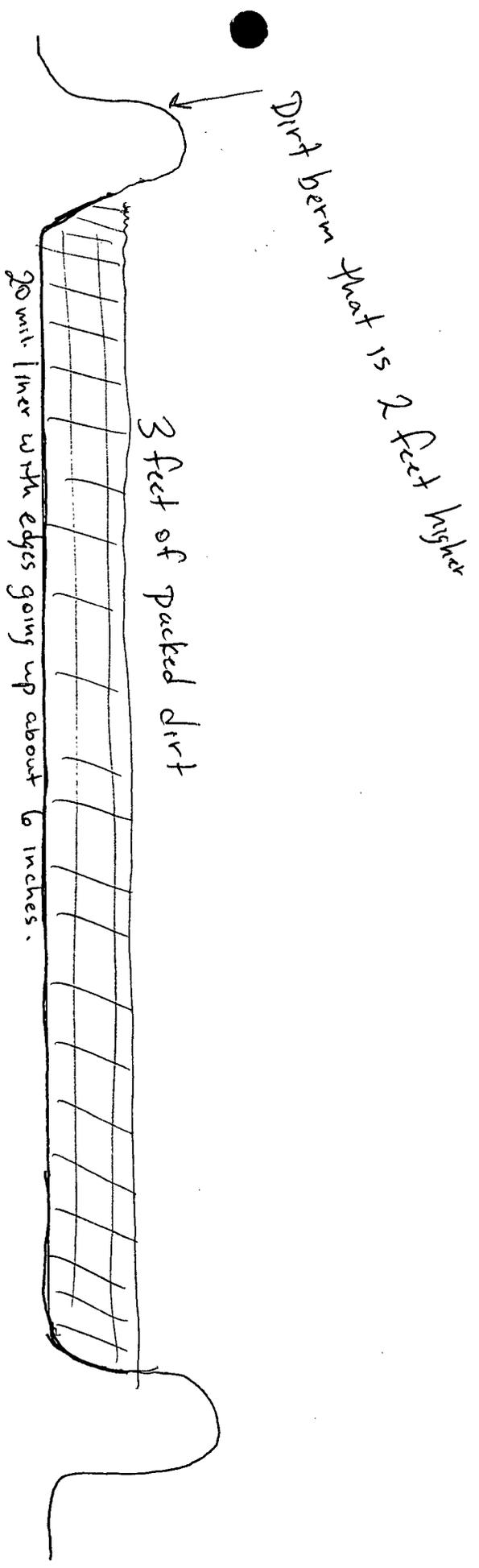
Dear Martyne,

Basin Disposal would like to request a minor permit modification for a temporary contaminated soils storage area. We would like to propose that an area at the west end of our boundary have a 20 mil liner placed on the ground with 3 feet of soil placed on top, which will be packed down, this area will also have a 2 foot berm placed around it. The size of this area will be approximately 300 feet x 300 feet. As needed soil will be taken to a OCD approved facility. Thank you for your consideration of this manner.

Sincerely,

Keith Johnson
General Manager

Basin Disposal -
Cross section of temporary storage area
for soil



Approximately 30' x 30'
Temporary Storage Area

500 gal Hot Oil Tank
Propane Tank

Berm

Below grade Concrete Slab
For mixing dirty oil

Tank #16 is New Hot Oil Tank Fence

Berm
Fuel Storage Concrete Slab

2 steel pits
Berm
Rid Pit
Berm

OFFICE

Road & Berm

Concrete Slab For Trucks

A/B steel Pits

5 6 7 8

1 2 3 4
5 6 7 8 9 10

Storage shed

pump house

County Road 504W
Fence

Lined Pond

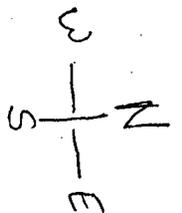
underground line to well head

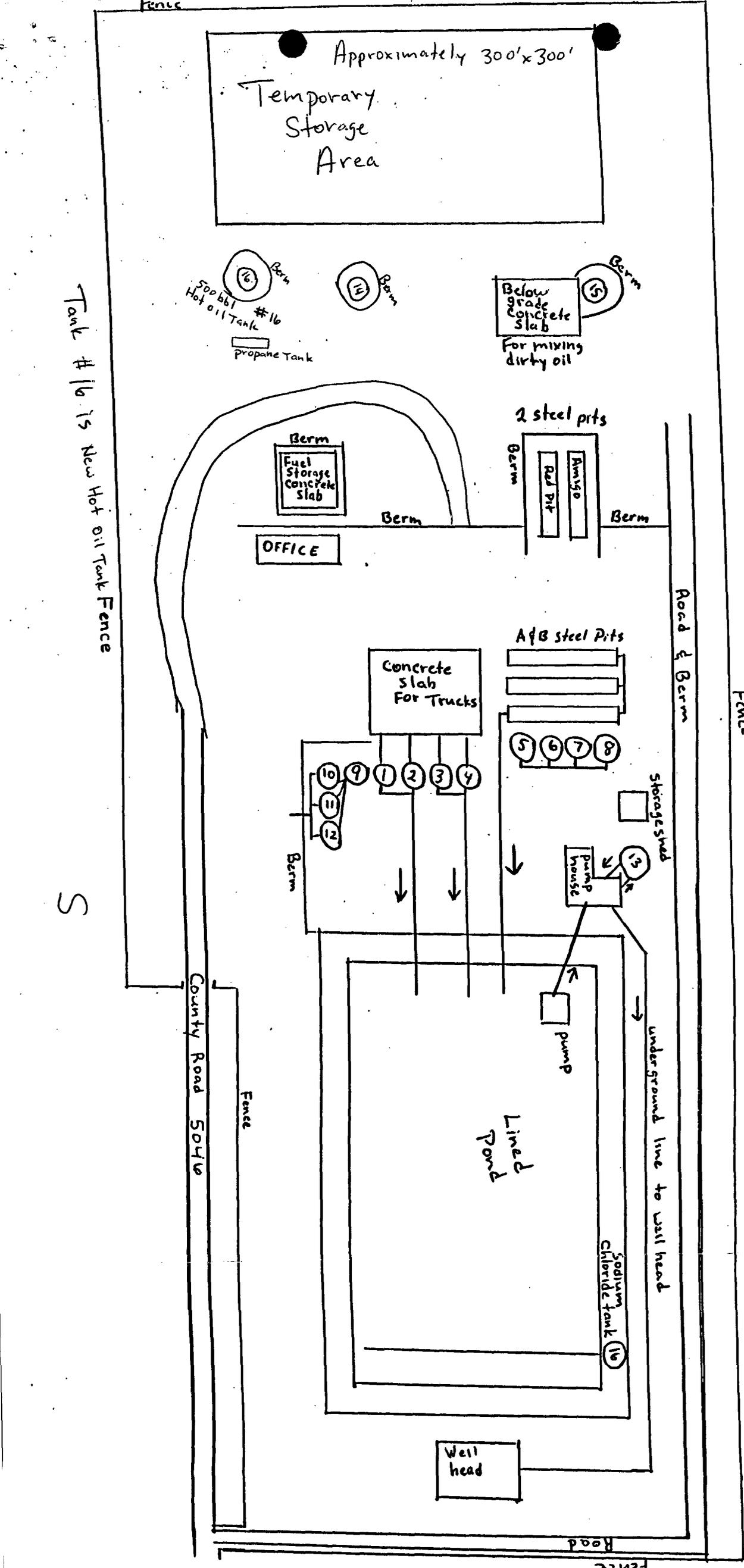
Sodium Chloride tank (16)

Well head

Fence

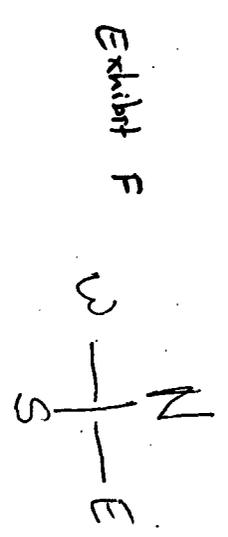
Exhibit F





Tank #16 is New Hot oil Tank Fence

S



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

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

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

RECEIVED

NOV 12 1997

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

Environmental Bureau
Oil Conservation Division
APPLICATION FOR WASTE MANAGEMENT FACILITY
(Refer to the OCD Guidelines for assistance in completing the application)

Commercial

Centralized

1. Type: Evaporation Injection Other EVAPORATION POND WITH
 Solids/Landfarm Treating Plant CLASS II INJECTION
WELL

2. Operator: BASIN DISPOSAL

Address: 6 COUNTY ROAD 5046, BLOOMFIELD, N.M. 87413

Contact Person: KEITH JOHNSON Phone: 632-8936 ^{Farmingington # 325-6336} _{per-d}

3. Location: SE 4 NW /4 Section 3 Township 29 NORTH Range 11 WEST ^{Page... 3242358}
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: Jerry Sandel Title: President

Signature: Jerry Sandel Date: 11-5-97

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

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____.

My commission expires:

Date

Notary Public

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

STATE OF _____)
)SS.
COUNTY OF _____)

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

My commission expires:

Date

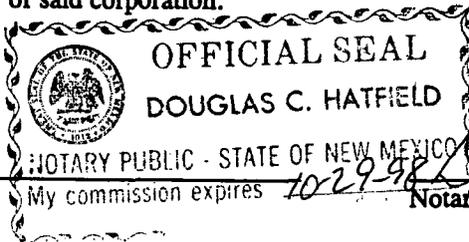
Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 5th day of November, 1997,
by Jerry Sandel
a corporation, on behalf of said corporation.

My commission expires:

10-29-98
Date

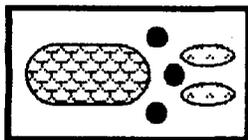


Douglas C Hatfield
Notary Public

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

APPROVED BY:
OIL CONSERVATION DIVISION

By: _____



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

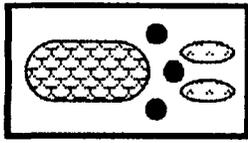
P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

November 4, 1997

Oil Conservation Division
2040 S. Pacheo St.
Santa Fe, NM 87505-5472

RE: Attachment 1 of the Inspection Report dated June 10, 1997 of Basin Disposal

1. Pond Freeboard: We have placed red tape at each corner of the pond to measure the freeboard height of the pond. In addition, at the southwest corner we have placed liner markings for each foot so that we can measure the pond depth each day.
2. Pond Levee: No change required.
3. Leak Detection System: We have prepared a form to ensure that this is done on a bi-monthly basis. See Exhibit A.
4. Sludge Build-up: We have prepared a form to ensure that this is done on a quarterly basis. See Exhibit B.
5. Security: No change required.
6. Signs: No change required.
7. Drum Storage: We have placed all of our drums on a concrete pad with a berm around it.
8. Process Area: No change required.
9. Above Ground Tanks: The berms around the tanks by the evaporation pond have been increased in height. The road that runs on the north side of the evaporation pond has been increased in height to serve as a berm and a berm was placed around the two above ground pits in such a manner that would allow any fluids to flow to the evaporation pond. Berms were also placed around tanks # 14 and # 15.
10. Open Top tanks and Pits: Each day the evaporation pond is checked for oil and if any is found then it is removed immediately.
11. Above Ground Saddle Tanks: All above ground saddle tanks have been placed on a concrete slab with a berm around it.
12. Tank Labeling: All above ground steel pits, tanks, saddle tanks, and containers have hazard placards placed on them.



Basin Disposal, Inc.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

13. Below Grade Tanks/Sumps: We have prepared a form to ensure that these will be checked on an annual basis. See Exhibit C.

14. Underground Process/Wastewater Lines: We don't have any underground lines that need to be checked.

15. Housekeeping: No change required.

16. Trash and Potentially Hazardous Materials: All unmarked buckets have been removed.

17. Spill Reporting: A contingency plan for reporting and cleaning up any spills has been attached. See Exhibit D.

18. Lined Drying Pit: This has been removed and the contents have been disposed of.

19. Naturally Occurring Radioactive Material: No change required at this time.

20. Application Requirements for Permit Under the New Rule 711:

- a. Name of applicant and names and addresses of principal officers. See Exhibit E.
- b. Plat and topographic map. Already on file with the OCD.
- c. Names and addresses of surface owners. Already on file with the OCD.
- d. A description of the facility. See Exhibit F.
- e. A management of approved wastes. See Exhibit G.
- f. Spill Reporting and Cleanup. See Exhibit D and also SPCC Plan that was certified October 20, 1995. See Exhibit H.
- g. Inspection and maintenance plan. See Exhibit I.
- h. Hydrogen Sulfide Prevention and Contingency Plan. See Exhibit J.
- i. Closure Plan with cost estimate. See Exhibit K.
- j. Geological/hydrological evidence. Already on file with the OCD.
- k. Certification by authorized representative. See Exhibit L.

BASIN DISPOSAL
POND AND SUMP INSPECTION AND TESTING

EXHIBIT A.

EVERY 2 WEEKS CLEAN OUT LEAK DETECTION AND TEST FLUID TO SEE IF IT IS COMPARABLE TO THE POND. IF IT IS THEN NOTIFY SUPERVISOR. PLEASE INITIAL AFTER TEST. CHECK LEAK DETECTION ON CONCRETE SLAB.

	POND	SLAB		
1-Oct-97				
15-Oct-97				
29-Oct-97				
12-Nov-97				
26-Nov-97				
10-Dec-97				
24-Dec-97				
7-Jan-98				
21-Jan-98				
4-Feb-98				
18-Feb-98				
4-Mar-98				
18-Mar-98				
1-Apr-98				
15-Apr-98				
29-Apr-98				
13-May-98				
27-May-98				
10-Jun-98				
24-Jun-98				
8-Jul-98				
22-Jul-98				
5-Aug-98				
19-Aug-98				
2-Sep-98				
16-Sep-98				
30-Sep-98				
14-Oct-98				
28-Oct-98				
11-Nov-98				
25-Nov-98				
9-Dec-98				
23-Dec-98				
6-Jan-99				
20-Jan-99				
3-Feb-99				
17-Feb-99				
3-Mar-99				
17-Mar-99				
31-Mar-99				
14-Apr-99				

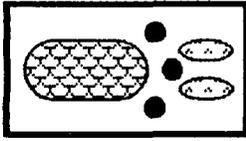
Basin Disposal

QUARTERLY MEASUREMENT OF THE POND SLUDGE
EXHIBIT B

EVERY THREE MONTHS THE POND SLUDGE SHOULD BE MEASURED AND RECORDED				
	QTR 1	QTR 2	QTR 3	QTR 4
Jan-98				
Jan-99				
Jan-00				
Jan-01				
Jan-02				
Jan-03				
Jan-04				
Jan-05				
Jan-06				
Jan-07				
Jan-08				
Jan-09				
Jan-10				
Jan-11				
Jan-12				
Jan-13				
Jan-14				
Jan-15				
Jan-16				
Jan-17				
Jan-18				
Jan-19				
Jan-20				
Jan-21				
Jan-22				
Jan-23				
Jan-24				
Jan-25				
Jan-26				
Jan-27				
Jan-28				
Jan-29				
Jan-30				
Jan-31				
Jan-32				
Jan-33				
Jan-34				
Jan-35				
Jan-36				
Jan-37				

Basin Disposal
ANNUAL INSPECTION OF BELOW GRADE SUMPS
EXHIBIT C

ANNUAL INSPECTION OF BELOW GRADE SUMPS	
	STEAM CLEAN THE 2 SUMPS AND VISUALLY INSPECT
	INITIAL OF SUPERVISER
Dec-97	
Dec-98	
Dec-99	
Dec-00	
Dec-01	
Dec-02	
Dec-03	
Dec-04	
Dec-05	
Dec-06	
Dec-07	
Dec-08	
Dec-09	
Dec-10	
Dec-11	
Dec-12	
Dec-13	
Dec-14	
Dec-15	
Dec-16	
Dec-17	
Dec-18	
Dec-19	
Dec-20	
Dec-21	
Dec-22	



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

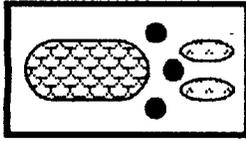
EXHIBIT D

CONTINGENCY PLAN FOR REPORTING

CLEANUP OF SPILLS

In the event of a spill or rupture of a tank or release of produced water whether from tanks, pits or pond please follow these steps after first ensuring your own personal safety:

1. If spill originates from open valve, close immediately.
2. For major spills that are over 25 bbls or if the spill:
 - a. results in a fire
 - b. will reach a watercourse, outside of our fence
 - c. endanger public health
 - d. results in substantial damage to environment or propertyImmediately notify Fire and or Police Department if necessary.
Immediately notify supervisor.
Supervisor will then immediately notify OCD representative Denny Faust.
3. A minor spill, 5-25 bbls, requires that form C-141 be filed in a timely manner with the local and state OCD office.
4. When any spill occurs we must dig up the soil so that it can be disposed of in the proper manner. Clean soil should then be brought in to replace the soil that was removed. Any spill over 5 gallons should be reported to supervisor.



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

EXHIBIT E

November 4, 1997

Oil Conservation Division
2040 S. Pacheo St.
Santa Fe, NM 87505-5472

RE: Basin Disposal Principal Officers

Applicant: Basin Disposal, Inc., 6 CR 5046 Bloomfield, NM 87413

Principal Officers:

President, Jerry Sandel, PO Box 100, Aztec, NM 87410

Vice President, D.C. Turner, PO Box 358, Farmington, NM 87499

Secretary - Treasurer, David Turner, PO Box 358, Farmington, NM 87499

COST ESTIMATE
BASIN DISPOSAL, INC.
PERMIT MODIFICATION (NM-01-0005)
Contaminated Soil Temporary Holding Area
June 28, 1999

Remove and Dispose of Stockpile of Contaminated Soil (100 cy)

100 cubic yd accumulated each month
10 cubic yd truck & driver \$45.00/hour
1 hour per trip
\$12.00/cubic yd disposal
loader & driver \$45.00/hour

100 cubic yd * 1 hours * \$45.00/hour = \$450.00 transport cost
10 cubic yd

5 hours * \$45.00/hour = \$225.00 loading cost

100 cubic yd * \$12/cubic yd = \$1,200.00 disposal cost

\$1,875.00 One Months Stockpile Disposal

Remove Contaminated Protective Soil Covering 294' x 294' x 0.25'

21,609cubic feet = 800 cubic yd
10 cubic yd truck & driver \$45.00/hour
1 hour per trip
\$12.00/cubic yd disposal
loader & driver \$45.00/hour

800 cubic yd * 1 hours * \$45.00/hour = \$3,600.00 transport cost
10 cubic yd

40 hours * \$45.00/hour = \$1,800.00 loading cost

800 cubic yd * \$12/cubic yd = \$9,600.00 disposal cost

\$15,000.00 contaminated protective soil

Analytical Analysis for Site characterization

One composite samples taken from the protective soil covering and one below the liner.

State Contract Laboratory Prices per analysis:

BTEX	\$ 40.00	*	2 samples	=	\$80.00
TPH	\$ 50.00	*	2 samples	=	\$100.00
Metals	\$200.00	*	2 samples	=	<u>\$ 400.00</u>
					\$ 580.00 Analytical

Confirmatory Sampling Time and Labor for 2 samples

Labor 2 personnel \$55.00/hour
Sample 30 min per sample
Travel 1 hour
Delivery & Paperwork 2 hours

Total Time = (30 min/sample * 2 samples) + 1 hour + 2 hours = 4 hours

4 hours * \$55.00/hour * 2 persons = **\$440.00 Sampling Event**

Level the Contaminated Soil Temporary Holding Area and Dispose of Liner

\$45.00/hour dozer
4 hours

4 hr * \$45.00/hour = \$180.00 leveling cost

liner transport and disposal = \$60.00 liner disposal cost

= **\$240.00 Level and Liner Disposal**

\$18,135.00	Total
<u>\$ 1,020.00</u>	NMGRT 0.05625
\$19,155.00	Permit Modification

\$ 120,000.00 Original Financial Assurance
+ \$19,155.00 Permit Modification
\$ 139,155.00 New Financial Assurance

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

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

Form C-13

Originated 8/8/95
Revised 6/25/95

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

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

Commercial

Centralized

1. Type: Evaporation Injection Other _____

Solids/Landfarm Treating Plant

2. Operator: Basin Disposal

Address: P.O. Box 100 Aztec Nm or 6 CR5046 Bloomfield

Contact Person: Keith Johnson Phone: 632-8936

3. Location: SE A NW /4 Section 3 Township 29 North Range 11 West
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: Keith Johnson

Title: General Manager

Signature: [Signature]

Date: 6-17-99

Basin Disposal, Inc.



"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

June 16, 1999

Martyne Kieling
NMOCD
2040 S. Pacheco
Santa Fe, NM 87505

RE: Temporary lined storage area

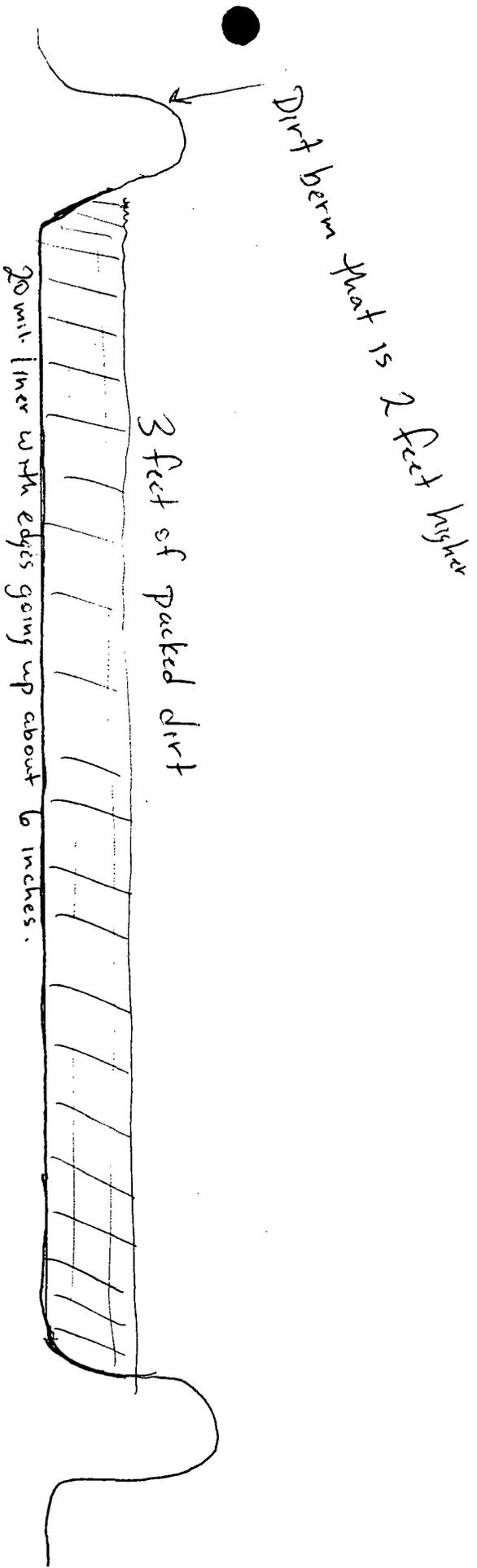
Dear Martyne,

Basin Disposal would like to request a minor permit modification for a temporary contaminated soils storage area. We would like to propose that an area at the west end of our boundary have a 20 mil liner placed on the ground with 3 feet of soil placed on top, which will be packed down, this area will also have a 2 foot berm placed around it. The size of this area will be approximately 300 feet x 300 feet. As needed soil will be taken to a OCD approved facility. Thank you for your consideration of this manner.

Sincerely,

Keith Johnson
General Manager

Basin Disposal -
Cross section of temporary storage area
for soil





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

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

June 7, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-542

Mr. Jerry Sandel
Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87401

RE: Follow up to Telephone Conversation 6-4-99
Basin Disposal, Inc. Permit NO. NM-01-0005
Commercial Surface Waste Management Facility
SE/4 NW/4 of Section 3, Township 29 North, Range 11 West, NMPM,
San Juan County, New Mexico

Dear Mr. Sandel:

It has come to the attention of the New Mexico Oil Conservation Division (OCD) that waste sludge/oily water from the treatment of produced water is being mixed with soil and stock-piled for drying directly on the land surface at Basin Disposal, Inc. (Basin). In addition, the contaminated soil has contained free water. Permit No. NM-01-0005 does not include storage or treatment of wastes *ie., solid or liquid* directly on the ground surface nor does it include treatment of contaminated soils onsite *ie., landfarming or composting*.

Basin shall stop at once all storage or treatment of soils directly on the ground surface. Contaminated soils presently stockpiled at the facility will be removed by June 14, 1999 to an OCD-approved facility for remediation/disposal.

If Basin wishes to continue this waste handling process a permit modification must be applied for. Basin may request a minor permit modification for a temporary contaminated soils storage area that is lined and bermed or a major permit modification to treat contaminated soils on site through landfarming or composting. Enclosed is Form C-137 to be used for any permit modifications.

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

Sincerely,

Martyne J. Kieling
Environmental Geologist

xc: Aztec District office



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



GARY E. JOHNSON
GOVERNOR

JENNIFER A. SALISBURY
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178 FAX: (505) 334-6179

FAX TRANSMITTAL SHEET

DATE: 5/28/99

TO: Martine Kieling FROM: Denny Foust

COMMENTS: Review This for Keith. Note term of
letter of credit is not acceptable

NUMBER OF PAGES INCLUDING COVER: 2

LETTER OF CREDIT

Date

Dear _____:

We hereby authorize you to draw on the Citizens Bank, Farmington, New Mexico, for the account of _____ up to an amount not to exceed \$_____ available by your drafts at site.

Each draft must show that it is drawn under Citizens Bank Letter of Credit #_____.

Each draft must be accompanied by [statement] [affidavit] [promissory note] [etc.].

We will have at least ten (10) days to examine documents and to honor or give notice of dishonor.

This letter of credit expires on _____ or one year from date hereof and may be extended for an additional period of one year by mutual agreement of the parties as shown by an instrument in writing executed by both parties and furnished to you prior to the expiration date.

We hereby agree with the drawee, endorser and bona fide holders of all such drafts drawn under and in compliance with the terms of this letter of credit that such drafts will be honored upon presentation to the drawee accompanied by the required documents.

Except to the extent otherwise expressly provided herein, this letter of credit is subject to the provisions of the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500, which is incorporated into the text of this Letter of Credit by this reference, and to the extent not inconsistent therewith, to the Law of the State of New Mexico, including Article 5 of the New Mexico Uniform Commercial Code.

Sincerely yours,

CITIZENS BANK

By _____

Denny -

Could you check w/ Martyne & see if this form is acceptable.

Also I wanted to check back with you about the dirt. We did clean that stuff up if you would like to come out & see it

Thx Keith.

Keith Johnson

325-6336

Cell

320-2840

MEMORANDUM OF MEETING OR CONVERSATION

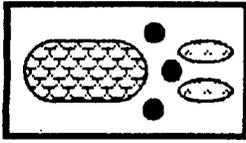
<input checked="" type="checkbox"/> Telephone	<input type="checkbox"/> Personal	Time 11:30	Date 5-21-99
<u>Originating Party</u>		<u>Other Parties</u>	
Denny Touts		Martyne Kielin Roger Anderson	
<u>Subject</u> Sludges Removed From Water Separation System Prior to Disposal into Field. Land spreading No liner No Land Farm Permit			
<u>Discussion</u> Denny will call Kielin tell them to Stop			
<u>Conclusions or Agreements</u>			
<u>Distribution</u>		Signed	

10/11/96

Non-UIC Inspection Results:

TIERRA DROP OFF PAPERWORK, WALK THROUGH REVEALS NEED TO PICK UP PLASTIC AND WORK ON THICKNESS OF LIFTS, SPREADING CONTINUES TO LAG USUALLY DUE TO WET STABILIZED SLUDGES. DROPPED OFF PAPERWORK AT ENVIROTECH. BASIN DISPOSAL HAS ANOTHER 200 CY STABILIZED SLUDGES TO MOVE MEANING THEY HAD 400 CY ONSITE. THE NEW STABILIZED MATERIAL IS VERY WET. RECEIPT BOOK FOR 10/8/96 SHOWS A LOAD WENT TO THE CONCRETE PIT AS APPROVED BY TOM FISH. THE LEAK DEFLECTION HAS BEEN AS HIGH AS 3', I AM CONCERNED ABOUT THE POSSIBILITY OF A LEAK. PUMPED OUT 10/10/96, ONLY SHOWS 3" TODAY, NEED TO CHECK ON THIS FURTHER.

Santa Fe 10/17/96



BASIN DISPOSAL, INC.

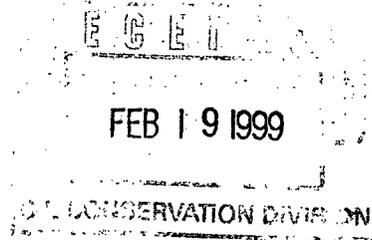
"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

(505) 325-6336

February, 15, 1999

Martyne Kieling
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505



RE: Cleaning Basin's Pond

Dear Martyne,

We would like to request a portion of the land north of us to be included in our permit so that we can use it on a temporary basis, see exhibit A, we would fence this area and use it to help facilitate the cleaning of the pond. What we would like to propose is that we build two temporary pits approximately 150' x 300' x 4' each. We would use at least a 20 ml liner. The pond would be pumped down to about 2' and the remaining water would then be pumped over to pit #1. As new trucks come in their water would be pumped to pit #1 and then back to the injection pump. When the sludge is exposed we would bring in large pumps and pump all the sludge to pit #2. We will totally clean the pond so that a repair crew can come in and inspect the liner and make any necessary repairs. Once that is completed then the water in pit #1 will then be pumped back to the main pond and that liner will be immediately disposed of. We anticipate that this part of the process will take from 10 to 14 days. Pit #2 will probable take most of the summer to finish drying but should be dry enough to remove before the summer is over. We would like to begin putting this together by the middle of April to the 1st of May. Please call me if you need any further detail or have any suggestions.

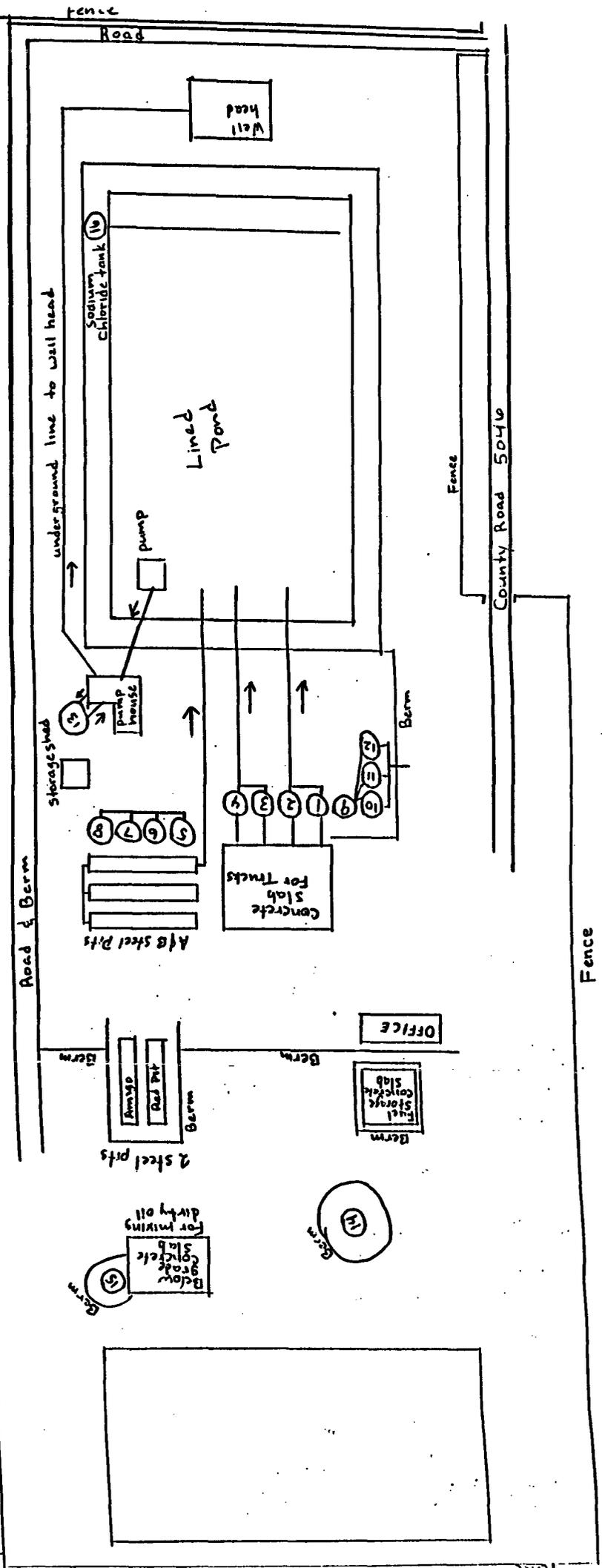
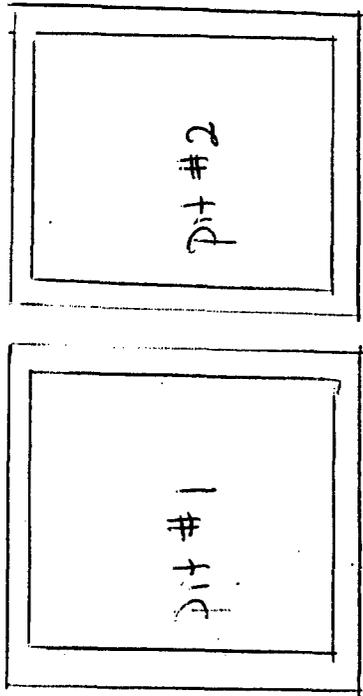
Sincerely,

Keith W. Johnson
General Manager

cc: Denny Foust

Fence Exhibit A

Approximately 10 acres

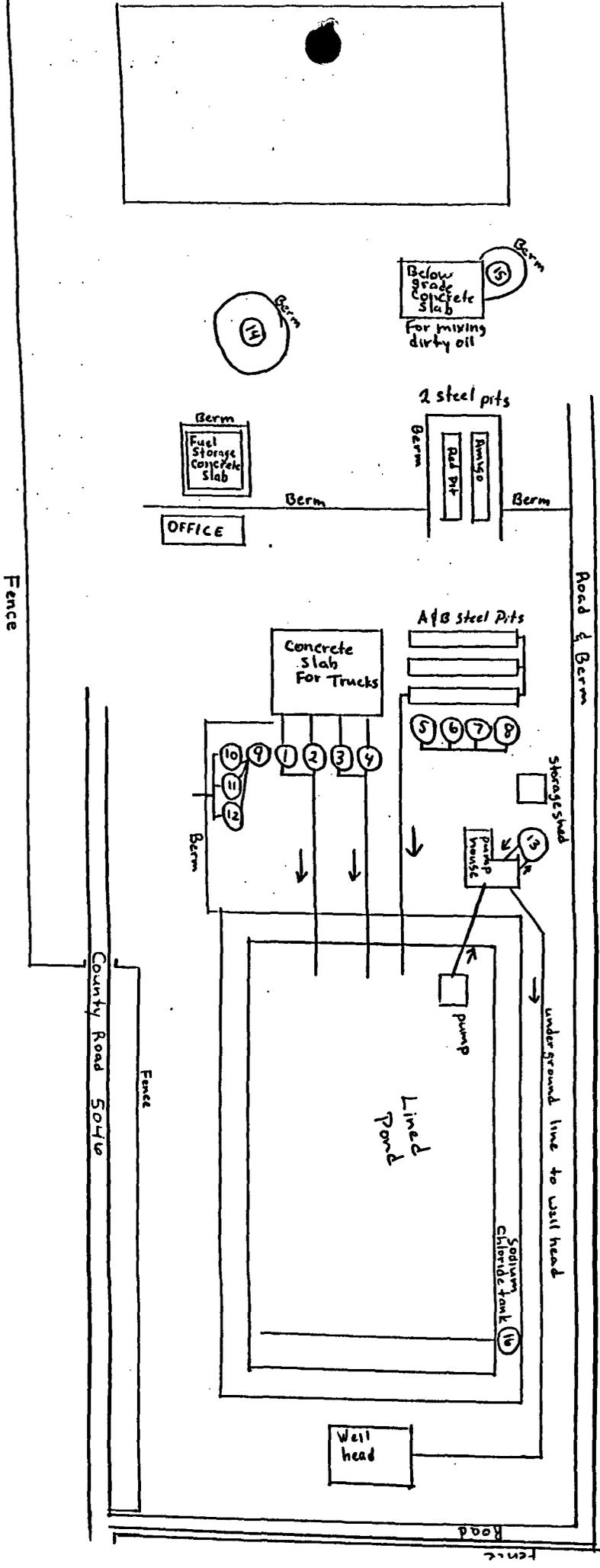


Approximately 10 acres

RECEIVED

JAN 19 1999

Environmental Bureau
Oil Conservation Division

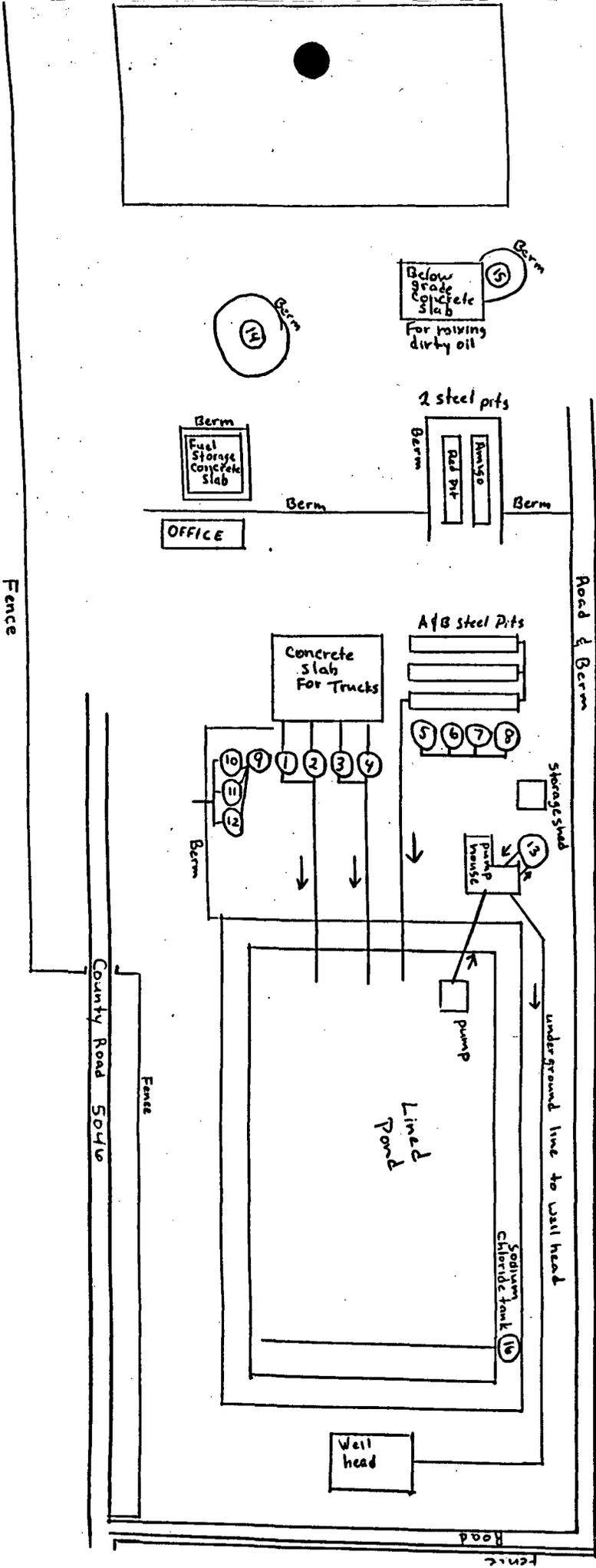


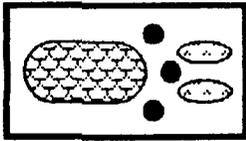
Approximately 10 acres

RECEIVED

JAN 19 1999

Environmental Bureau
Oil Conservation Division





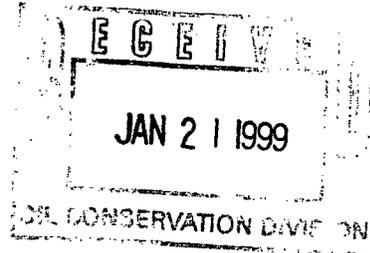
BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

January 15, 1999

Oil Conservation Division
Martyne Kieling
2040 S. Pacheco
Santa Fe, NM 87505



RE: Basin Disposals Permit Renewal

Dear Martyne,

I spoke to Denny Foust and he asked me to redo my cover letter and better explain what it is that I am sending you. As per Attachment 1 Request for Additional Information dated April 24, 1998 item #4, I have enclosed a new copy of our H2S prevention and contingency plan. This includes changes in wording and putting them in bold lettering. Item #5; I have provided a copy of the lab tests for the 18 mud pits. Aqua Labs was contracted by CDS Labs to do the analytical tests. Then CDS put it into their own format. Blagg Engineering was contracted to drill further into pit #3 and I have submitted their report also. They took their samples to O-Site Technologies for further testing. On-sites report is attached to Blagg Engineering's report. If there is any other information that you need please call me. My number is 325-6336. Thank you very much.

Sincerely,

Keith Johnson
General Manager

JAN 19 1999

*EMERGENCY TREATMENT*Environmental Bureau
Oil Conservation Division

1. Remove victim to an area of fresh air. Observe flags or wind socks. Always go into the wind to a relief area, leaving the accident site downwind.
2. Immediately restore normal breathing by artificial respiration or use of a resuscitator if available. Even though breathing is paralyzed, the heart may continue beating for 10 minutes after the attack. (Time is of the essence in an H₂S attack).
3. Keep victim warm and calm.
4. Take victim to an emergency room as soon as possible.
 - a. Call ahead to the emergency room to alert the ER staff
 - b. There is no known antidote for H₂S poisoning.

H₂S CONTINGENCY PLAN

1. All incoming loads will be tested for hydrogen sulfide concentrations. **Any loads with measurable H₂S concentrations will be treated in a closed system. The treatment reaction will be driven to completion to eliminate all measurable H₂S prior to disposal into the pond.**
2. **Daily tests will be conducted and records made of the pH in the pond. If the pH falls below 8.0, remedial steps will be taken immediately to raise the pH to 8.0.**
3. **Weekly tests will be conducted and records made of the dissolved sulfide concentrations in the pond.**
4. The aeration system will be operated to provide sufficient oxygen to the pond to maintain a residual oxygen concentration of 0.5 ppm one foot off the bottom of the pond. Tests will be conducted and records made to determine the dissolved oxygen levels in the pond according to the following procedure:
 - a. Tests will be conducted at the beginning of each day, or at least once per 24 hour period;
 - b. The sample for each test will be taken one foot from the bottom of the pond;
 - c. The location of each test will vary around the pond;

- d. If any test shows a dissolved residual oxygen level of less than 0.5 ppm, immediate steps will be undertaken to oxygenate the pond and create a residual oxygen level to at least 0.5 ppm. Remedial measures may include adding chemicals or increased aeration.
- 5. **Test of ambient H2S levels will be conducted and records made. Such tests will be made at varying locations around the berm of the pond. Tests will be conducted twice per day. The wind speed and direction will be recorded in conjunction with each test.**
- 6. If an H2S reading of 10 ppm or greater is obtained:
 - a. A second reading will be taken on the down wind berm within one hour;
 - b. The dissolved oxygen and dissolved sulfide levels of the pond shall be tested immediately and the need for immediate treatment determined;
 - c. Tests for H2S levels will be made at the fence line, downwind from the pond.
- 7. If two consecutive H2S readings of 10 ppm or greater are obtained:
 - a. The operator will notify the OCD Aztec Office immediately;
 - b. The operator will commence hourly monitoring on a 24 hour basis;
 - c. **The operator will obtain daily analysis of dissolved sulfides in the pond.**
- 8. If an H2S reading of 20.0 ppm or greater at the facility fence line is obtained:
 - a. The operator will immediately notify the OCD Aztec office and the following public safety agencies.

DENNY FOUST	334-6178 EXT. 15
HOME	632-2131
STATE POLICE	911
BLOOMFIELD POLICE	911
COUNTY SHERIFF	911
FIRE DEPARTMENT	911

- b. The operator will initiate notification of all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested.
9. At least 1000 gallons of a treatment chemical will be stored on-site and will not be retained for a period in excess of the manufacturer's stated shelf life. Expired chemicals may be disposed of in the pond.

GOOD HOUSEKEEPING

Good housekeeping is essential to the work place. This applies to all facilities of the company. Common sense is the best ally that employees have in maintaining a safe work environment. Safety programs are not successful unless all concerned are involved. When you find an unsafe practice or condition, report it immediately to your supervisor. Never lift or climb without the proper equipment. If you need assistance, ask for it. Keep the work place clean by putting trash in the proper place. Observe and follow safety directions. Take pride in your work place.

Offices, too, represent a place of potential hazards. Every year statistics show that accidents can and do happen in this environment. Items to be concerned about include electrical overloads, faulty extension cords, improper storage compartments, and use of ladders.

**NO JOB IS SO IMPORTANT THAT WE CANNOT TAKE THE
TIME TO DO IT SAFELY!!**

- Keep first aid kits stocked and visibly accessible

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

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

Form C-137
Originated 8/8/9
Revised 6/25/9

RECEIVED

NOV 12 1997

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

Environmental Bureau

Oil Conservation Division

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

Commercial

Centralized

1. Type: Evaporation Injection Other EVAPORATION POND WITH
 Solids/Landfarm Treating Plant CLASS II INJECTION
WELL

2. Operator: BASIN DISPOSAL

Address: 6 COUNTY ROAD 5046, BLOOMFIELD, N.M. 87413

Contact Person: KEITH JOHNSON Phone: 632-8936 / Farming Coll. 320 2840

3. Location: SE 4 NW /4 Section 3 Township 29 NORTH Range 11 WEST
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: Jerry Sandel

Title: President

Signature: Jerry Sandel

Date: 11-5-97

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

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____,
by _____.

My commission expires:

Date Notary Public

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

STATE OF _____)
)SS.
COUNTY OF _____)

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

My commission expires:

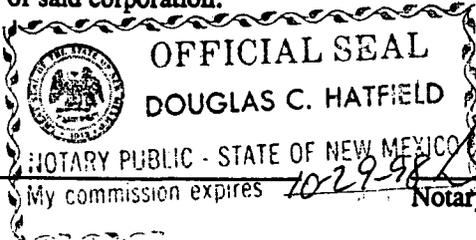
Date Notary Public

3. (For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 5th day of November, 1997,
by Jerry Sande,
a-corporation, on behalf of said corporation.

My commission expires:

10-29-98
Date _____
My commission expires 10-29-98 Notary Public _____

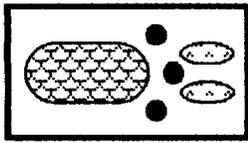


Douglas C Hatfield

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

APPROVED BY:
OIL CONSERVATION DIVISION

By: _____



Basin Disposal, Inc.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

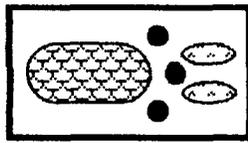
P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

November 4, 1997

Oil Conservation Division
2040 S. Pacheo St.
Santa Fe, NM 87505-5472

RE: Attachment 1 of the Inspection Report dated June 10, 1997 of Basin Disposal

1. Pond Freeboard: We have placed red tape at each corner of the pond to measure the freeboard height of the pond. In addition, at the southwest corner we have placed liner markings for each foot so that we can measure the pond depth each day.
2. Pond Levee: No change required.
3. Leak Detection System: We have prepared a form to ensure that this is done on a bi-monthly basis. See Exhibit A.
4. Sludge Build-up: We have prepared a form to ensure that this is done on a quarterly basis. See Exhibit B.
5. Security: No change required.
6. Signs: No change required.
7. Drum Storage: We have placed all of our drums on a concrete pad with a berm around it.
8. Process Area: No change required.
9. Above Ground Tanks: The berms around the tanks by the evaporation pond have been increased in height. The road that runs on the north side of the evaporation pond has been increased in height to serve as a berm and a berm was placed around the two above ground pits in such a manner that would allow any fluids to flow to the evaporation pond. Berms were also placed around tanks # 14 and # 15.
10. Open Top tanks and Pits: Each day the evaporation pond is checked for oil and if any is found then it is removed immediately.
11. Above Ground Saddle Tanks: All above ground saddle tanks have been placed on a concrete slab with a berm around it.
12. Tank Labeling: All above ground steel pits, tanks, saddle tanks, and containers have hazard placards placed on them.



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

13. Below Grade Tanks/Sumps: We have prepared a form to ensure that these will be checked on an annual basis. See Exhibit C.
14. Underground Process/Wastewater Lines: We don't have any underground lines that need to be checked.
15. Housekeeping: No change required.
16. Trash and Potentially Hazardous Materials: All unmarked buckets have been removed.
17. Spill Reporting: A contingency plan for reporting and cleaning up any spills has been attached. See Exhibit D.
18. Lined Drying Pit: This has been removed and the contents have been disposed of.
19. Naturally Occurring Radioactive Material: No change required at this time.
20. Application Requirements for Permit Under the New Rule 711:
 - a. Name of applicant and names and addresses of principal officers. See Exhibit E.
 - b. Plat and topographic map. Already on file with the OCD.
 - c. Names and addresses of surface owners. Already on file with the OCD.
 - d. A description of the facility. See Exhibit F.
 - e. A management of approved wastes. See Exhibit G.
 - f. Spill Reporting and Cleanup. See Exhibit D and also SPCC Plan that was certified October 20, 1995. See Exhibit H.
 - g. Inspection and maintenance plan. See Exhibit I.
 - h. Hydrogen Sulfide Prevention and Contingency Plan. See Exhibit J.
 - i. Closure Plan with cost estimate. See Exhibit K.
 - j. Geological/hydrological evidence. Already on file with the OCD.
 - k. Certification by authorized representative. See Exhibit L.

BASIN DISPOSAL
POND AND SUMP INSPECTION AND TESTING
EXHIBIT A

EVERY 2 WEEKS CLEAN OUT LEAK DETECTION AND TEST FLUID TO SEE IF IT IS COMPARABLE TO THE POND. IF IT IS THEN NOTIFY SUPERVISOR. PLEASE INITIAL AFTER TEST. CHECK LEAK DETECTION ON CONCRETE SLAB.				
	POND	SLAB		
1-Oct-97				
15-Oct-97				
29-Oct-97				
12-Nov-97				
26-Nov-97				
10-Dec-97				
24-Dec-97				
7-Jan-98				
21-Jan-98				
4-Feb-98				
18-Feb-98				
4-Mar-98				
18-Mar-98				
1-Apr-98				
15-Apr-98				
29-Apr-98				
13-May-98				
27-May-98				
10-Jun-98				
24-Jun-98				
8-Jul-98				
22-Jul-98				
5-Aug-98				
19-Aug-98				
2-Sep-98				
16-Sep-98				
30-Sep-98				
14-Oct-98				
28-Oct-98				
11-Nov-98				
25-Nov-98				
9-Dec-98				
23-Dec-98				
6-Jan-99				
20-Jan-99				
3-Feb-99				
17-Feb-99				
3-Mar-99				
17-Mar-99				
31-Mar-99				
14-Apr-99				

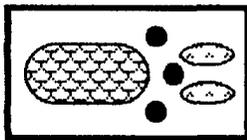
Basin Disposal

QUARTERLY MEASUREMENT OF THE POND SLUDGE
EXHIBIT B

EVERY THREE MONTHS THE POND SLUDGE SHOULD BE MEASURED AND RECORDED				
	QTR 1	QTR 2	QTR 3	QTR 4
Jan-98				
Jan-99				
Jan-00				
Jan-01				
Jan-02				
Jan-03				
Jan-04				
Jan-05				
Jan-06				
Jan-07				
Jan-08				
Jan-09				
Jan-10				
Jan-11				
Jan-12				
Jan-13				
Jan-14				
Jan-15				
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Jan-27				
Jan-28				
Jan-29				
Jan-30				
Jan-31				
Jan-32				
Jan-33				
Jan-34				
Jan-35				
Jan-36				
Jan-37				

Basin Disposal
ANNUAL INSPECTION OF BELOW GRADE SUMPS
EXHIBIT C

	ANNUAL INSPECTION OF BELOW GRADE SUMPS
	STEAM CLEAN THE 2 SUMPS AND VISUALLY INSPECT
	INITIAL OF SUPERVISER
Dec-97	
Dec-98	
Dec-99	
Dec-00	
Dec-01	
Dec-02	
Dec-03	
Dec-04	
Dec-05	
Dec-06	
Dec-07	
Dec-08	
Dec-09	
Dec-10	
Dec-11	
Dec-12	
Dec-13	
Dec-14	
Dec-15	
Dec-16	
Dec-17	
Dec-18	
Dec-19	
Dec-20	
Dec-21	
Dec-22	



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

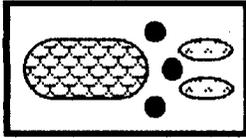
EXHIBIT D

CONTINGENCY PLAN FOR REPORTING

CLEANUP OF SPILLS

In the event of a spill or rupture of a tank or release of produced water whether from tanks, pits or pond please follow these steps after first ensuring your own personal safety:

1. If spill originates from open valve, close immediately.
2. For major spills that are over 25 bbls or if the spill:
 - a. results in a fire
 - b. will reach a watercourse, outside of our fence
 - c. endanger public health
 - d. results in substantial damage to environment or propertyImmediately notify Fire and or Police Department if necessary.
Immediately notify supervisor.
Supervisor will then immediately notify OCD representative Denny Faust.
3. A minor spill, 5-25 bbls, requires that form C-141 be filed in a timely manner with the local and state OCD office.
4. When any spill occurs we must dig up the soil so that it can be disposed of in the proper manner. Clean soil should then be brought in to replace the soil that was removed. Any spill over 5 gallons should be reported to supervisor.



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

EXHIBIT E

November 4, 1997

Oil Conservation Division
2040 S. Pacheo St.
Santa Fe, NM 87505-5472

RE: Basin Disposal Principal Officers

Applicant: Basin Disposal, Inc., 6 CR 5046 Bloomfield, NM 87413

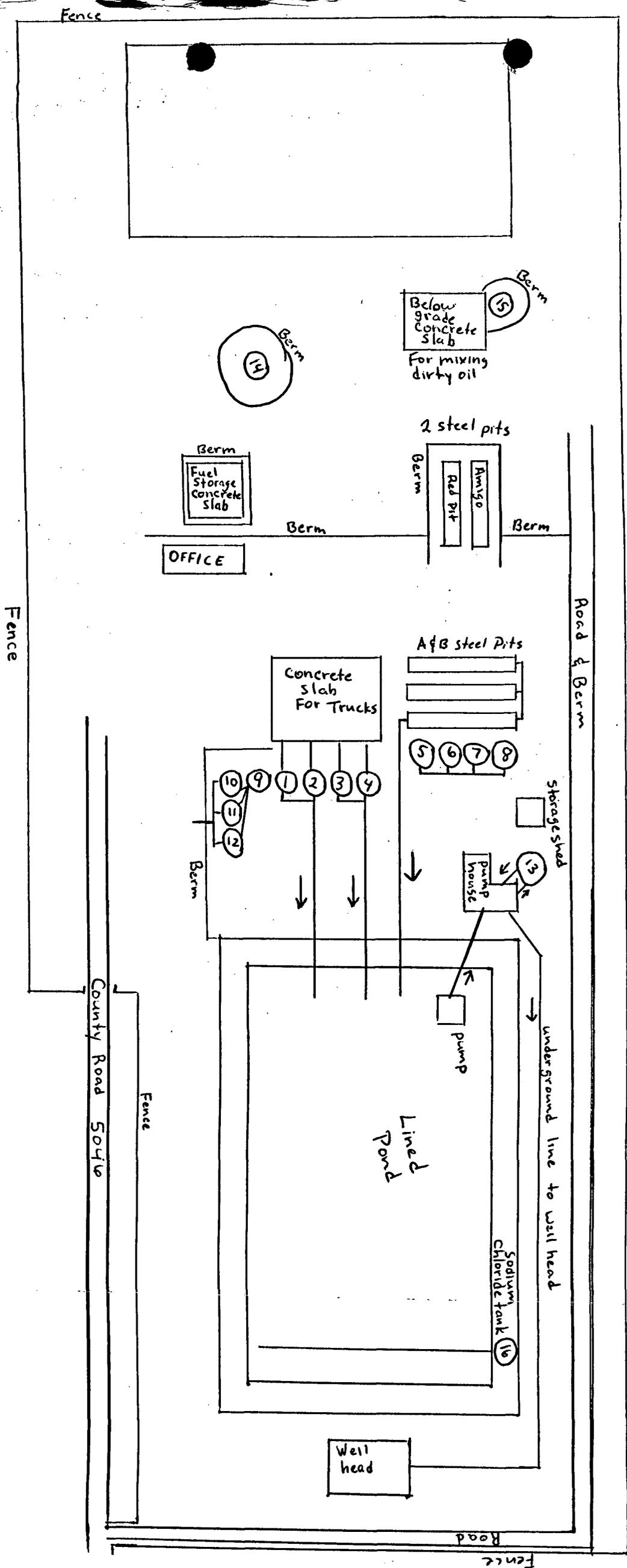
Principal Officers:

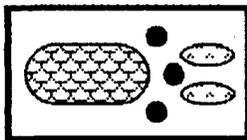
President, Jerry Sandel, PO Box 100, Aztec, NM 87410

Vice President, D.C. Turner, PO Box 358, Farmington, NM 87499

Secretary - Treasurer, David Turner, PO Box 358, Farmington, NM 87499

Basin Disposal
Exhibit F





BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

EXHIBIT G

WASTE MANAGEMENT SYSTEM AT BASIN DISPOSAL

1. Basin Disposal is a Class II Disposal and is allowed to accept only exempt waste. When trucks enter our facility they stop at our office where we check the load to check that it is an exempt load. Also we make sure that a certificate of waste status form is in our file for the operator. They are then instructed where to unload. While the truck is unloading we fill out a load ticket and record the load in our log book.
2. Clean produced water is unloaded into tanks # 1 - 4 where any crude oil is allowed to separate from the water. The water is then drained into the pond where solids, such as coal dust separate out. The water in the pond then is pumped into the pumphouse where it passes through a set of 25 micron filters it then is pumped into tank # 13 and back into the pump house where it passes through a set of 5 micron filters then it goes to the injection pump and last of all pumped to the wellhead.
3. If a load is very dirty it is placed in one of our 4 steel pits where it has a longer opportunity to settle the water out. As it settles the water is drawn off the bottom. Any recoverable oil is then pulled off the top and anything that is not salvageable is put into tank # 14 or # 15 so that it can settle even more. Any solids that are left are then placed in the concrete slab where it is mixed with soil and hauled off to Tierra Environmental Land Farm.
4. When the oil on tanks # 1 - 4 builds up to about a foot or more it is skimmed off to tank # 9. if there is still water mixed in with this oil it is allowed to settle again, afterwards the water is drained off the bottom. The oil is then placed in tanks # 10 - 12 or # 5 - 8 where it has another chance to separate. Once again the bottoms are pulled and the oil that is left is ready to hot oil so that any impurities that are left can be broken out. It will then sit for a couple of days and once again the bottoms are drained again and the remaining oil is sold to Giant Oil Refinery.

SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN
PART I
GENERAL INFORMATION

- 1. Name of Facility: Basin Disposal
- 2. Type of Facility: Produced Water Disposal Facility
- 3. Location of Facility: N W/4 Section 3, T29N, R11W
San Juan County

4. Name and address of owner or operator:

Name: Basin Disposal
 Address: 900 South Main
 Aztec, New Mexico 87410

5. Designated person accountable for oil spill prevention at facility:

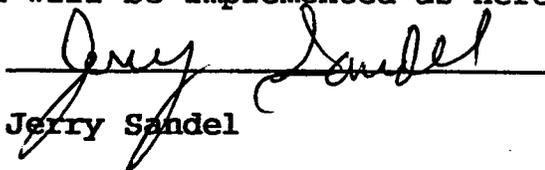
Name and Title: Colin Hart, Manager

6. Facility experienced a reportable oil spill event during the twelve months prior to Jan. 10, 1974 (effective date of 40 DFR, Part 112). (If yes, complete Attachment #1.) NO

MANAGEMENT APPROVAL

This SPCC Plan will be implemented as herein described:

Signature:



Name:

Jerry Sandel

Title:

President

CERTIFICATION

I hereby certify that I am familiar with the facility, and being familiar with the provisions of 40 CFR, Part 112, attest that this SPCC Plan has been prepared in accordance with good engineering practices.



Registered Professional Engineer

Paul C. Thompson
 Printed Name of Registered Professional Engineer



Signature of Registered Professional Engineer

Date: October 20, 1995

Registration No: 8748
State: New Mexico

Part I
General Information

7. Potential Spills:

<u>SOURCE</u>	<u>MAJOR TYPE OF FAILURE</u>	<u>TOTAL QUANT. BBLs.</u>	<u>DIRECTION OF FLOW</u>	<u>SECONDARY CONTAINMENT</u>
4 - 400 BBL Waste oil tanks	Rupture	1600	E	Dike/Pond
3 - 400 bbl Produced water tanks	Rupture	1200	E	Dike/Pond
1 - 300 bbl Produced water tanks	Rupture	300	S	Pond
1 - 400 bbl Gel water tank	Rupture	400	E	Dike/Pond
5 - 400 bbl oil/water emulsion tanks	Rupture	2000	E	Dike/Pond
1 - 300 bbl oil/water emulsion tanks	Rupture	300	E	Dike
1 - 400 bbl Filtered water tank	Rupture	400	E	Dike/Pond
6 - Mud settling pit	Rupture	1200	E	Dike/Pond
1 - Sodium Chlorite tank	Rupture	210	S	Pond

All tanks and berms are inspected daily by Basin Disposal Personnel. More detailed inspections of the facilities are on a quarterly basis.

SEE ATTACHED FACILITY DIAGRAM.

Name of Facility: Basin Disposal

Owner or Operator: Basin Disposal, Inc.

PART I
GENERAL INFORMATION

8. Containment or diversionary structures or equipment to prevent oil from reaching navigable waters are practicable (See Part II) (Also see Attachment #2) Yes
9. Inspection and records: Yes
- A. The required inspections follow written procedures. Yes
- B. The written procedures and a record of inspections, signed by the appropriate supervisor or inspector are attached as attachment #3. Yes
10. Personnel, Training, and Spill Prevention Procedures:
- A. Personnel are properly instructed in the following:
- (1) Operation and maintenance of equipment to prevent oil discharges, and Yes
- (2) Applicable pollution control laws, rules, and regulations:
- Describe procedures employed for instruction:
- Operating personnel are instructed during daily safety meetings.
- B. Scheduled prevention briefings for the operating personnel are conducted frequently enough to assure adequate understanding of the SPCC Plan. Yes
- Describe briefing schedule:
- Briefings for the operating personnel are conducted during daily safety meetings.

Name of Facility: Basin Disposal

Operator: Basin Disposal, Inc.

ATTACHMENT #2

OIL SPILL CONTINGENCY PLAN IN THE EVENT OF:

1. Depending on location secondary containment impracticable, or:
2. Abnormal or accidental spill may be greater than secondary containment is:

Any spills or leaks that breach the primary dike should flow into the main evaporation pond. Basin Disposal personnel will use every means available to construct secondary dikes or pits to prevent the spilled oil or produced water from reaching any navigable water. Basin Disposal will provide all equipment necessary to contain the spill.

COMMENTS ON MANPOWER:

Basin Disposal will put men and equipment at disposal of supervisor or authorized representative until spill is contained and men and equipment are released by authorized representative.

Written commitment of Manpower is attached. SEE ABOVE

Name of Facility: Basin Disposal

Owner or Operator: Basin Disposal, Inc.

Z →

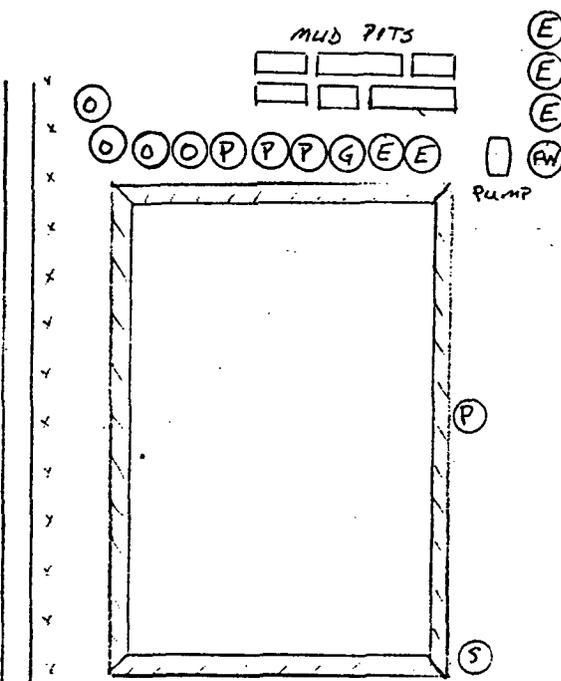
- O - OIL TANKS
- P - PRODUCED WATER
- E - EMULSION
- G - GEL WATER
- FW - FILTERED WATER
- S - SODIUM CHLORITE

See Exhibit F
for current map

BOUNDARY FENCE →

BASIN DISPOSAL

FACILITY DIAGRAM



○ LEAK DETECTION
Sump

☒ DISPOSAL WELL

ATTACHMENT #3

The outside of the tanks have been visually inspected for deterioration and leaks and the berms have been inspected for height and compactness and both are considered to be in proper working condition.

Signed: _____

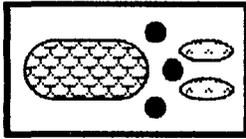
Date: _____

TWICE DAILY ROUTINE INSPECTION OF BASIN DISPOSAL
EXHIBIT I

TWO EMPLOYEES SHALL PERFORM A ROUTINE INSPECTION TWICE DAILY OF BASIN DISPOSAL. EACH OF THE PRODUCTION TANKS, VALVES, HOSES AND PUMPS SHALL BE INSPECTED FOR LEAKS. ALL FUEL TANKS, AND CHEMICAL STORAGE TANKS WILL BE INSPECTED FOR LEAKS. AS THIS TOUR IS CONDUCTED ALSO LOOK FOR ANY SPILLS THAT NEED TO BE CLEANED UP. IF ANY ARE FOUND ASSIGN SOMEONE TO CLEAN IMMEDIATELY. IF ANY LEAKS ARE DISCOVERED NOTIFY SUPERVISOR IMMEDIATELY. ALL PUMPS ARE TO BE SERVICED ON A DAILY BASIS, OIL CHECKED AND GREASED. CONCRETE SLAB TO BE CLEANED DAILY. ALL ELECTRICAL CORDS SHOULD BE CHECKED PERIODICALLY FOR FRAYING. FIRST AID KIT SHOULD BE CHECKED WEEKLY FOR LOW SUPPLIES. SUPPLY LIST SHOULD BE GIVEN TO SUPERVISOR.

THIS INSPECTION SHALL BE CONDUCTED AT THE BEGINNING AND END OF EACH SHIFT.

	INITIAL AM SHIFT	INITIAL PM SHIFT			
1-Oct-97					
2-Oct-97					
3-Oct-97					
4-Oct-97					
5-Oct-97					
6-Oct-97					
7-Oct-97					
8-Oct-97					
9-Oct-97					
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30-Oct-97					
31-Oct-97					



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

EXHIBIT J

H2S CONTINGENCY PLAN

1. All incoming loads will be tested for hydrogen sulfide concentrations.
2. Dissolved oxygen in the pond should be at least 0.5 ppm. Aeration should be used to maintain this level of oxygen. Should any test indicate levels lower than 0.5 ppm, immediate steps will be taken to raise the level to at least 0.5 ppm. These steps may include increasing aeration or using chemicals. Testing the pond for dissolved oxygen should follow these steps:
 - a. Testing will be done at the beginning of each day.
 - b. Sample will be taken one foot from bottom of pond.
 - c. Location of each test will vary around the pond.
3. Tests of ambient H2S reading of 0.1 ppm or greater is obtained:

- a. A second reading will be taken on the down wind berm within one hour.
- b. Dissolved oxygen and dissolved sulfide level will be tested immediately and the need for immediate treatment determined.
- c. Tests for H2S will be made at the fence line down wind from pond.

If two consecutive H2S readings of 0.1 ppm or greater are obtained:

- a. Notify OCD Aztec office immediately;
- b. Commence hourly monitoring on a 24 hour basis;
- c. Monitor dissolved sulfides closely on a daily basis.

If an H2S reading of 10.0 ppm or greater is obtained at the fence line:

- a. Notify OCD Aztec Office and the following public safety agencies

Bloomfield Police	911
County Sheriff	911
Fire Department	911

- b. Initiate notification of all persons residing within 1/2 mile of the fence line and assist public safety official with evacuation as requested.

4. At least 1000 gallons of treatment chemical will be stored on-site and will not be retained for a period in excess of the manufacturer's stated shelf life. Expired chemical may be disposed of in the pond.

Exhibit K

**Basin Disposal, Inc.
Basin Disposal Facility**

Introduction:

This closure plan is for Basin Disposal Inc. facility located at 6 Road 5046, Bloomfield, New Mexico 87410. The facility is 53 fenced acres and contains 16 storage tanks, 6 steel pits, 5 metal buildings, an office trailer, pumps, aerators, a lined pit, and a disposal well. The disposal well is defined as:

**Basin Disposal Inc.
Disposal No. 1
2207 FNL & 1870' FWL
Unit: F, Section 3, Township 29 North, Range 11 West
San Juan County, New Mexico**

Several assumptions are made applying to the closure plan and are listed in Appendix A. Cost estimates of the closure plans are provided in Appendix B and were determined utilizing the assumptions listed in Appendix A.

Closure Plan :

Pit Closure :

- 1) The lined pit is approximately 150' x 300' x 13.5' (avg) in depth with a capacity of approximately 108,207 bbls. At a pumping rate of 4800 bbls/day, the lined pit shall be pumped down in approximately 22.5 days. Capacity of the tanks and pits is estimated at 7100 bbls and using the 4800 bbls/day rate will be pumped down in approximately 2 days.
- 2) Once liquids are pumped into the disposal wells, the pit will be allowed to dry, the disposal well will be plugged (see well plugging and abandonment), and all equipment and buildings will be removed from the site. If residual soils are present above the liner then, the residual soil will be analyzed for total petroleum hydrocarbons (TPH) and total volatile organic vapor or BTEX. "Clean Soils" are defined as having the following characteristics as detailed in the March 15, 1993 BLM Unlined Surface Impoundment Closure Guidelines.
 - a) TPH level less than the limit based upon the total ranking score as indicated in Section II.A.2 of the Closure Guidelines'
 - b) Either a field soil vapor headspace measurement less than 100 ppm or BTEX levels of less than 50 ppm for total BTEX and 10 ppm for Benzene.
- 3) If the residual soils test clean, the pit can be closed in place. Upon OCD approval, the pit will then be closed by backfilling (with liner in place), removing all piping, pumps, buildings, tanks, etc., contouring to provide drainage away from the site and reseeded. Backfill dirt will be obtained from the location, or obtained with OCD approval.
- 4) The residual soils that are removed from the pit will be landfarmed on location by spreading the soil in approximate six to ten inch lifts within a bermed area. The soils will be disced as needed to enhance biodegradation of the contaminants. If necessary, fresh water and nutrients (fertilizer) will be added to the soil to enhance aerobic degradation. Only soils which do not contain free liquids will be landfarmed.
- 5) Once the landfarmed material has been remediated, the soils will be tested to ensure contaminant levels are below the limits set in Section II.A.2.b. The soils will then be used on location to backfill the excavation. The pit will be closed by contouring to provide drainage away from site and reseeded.

Appendix A

Basin Disposal, Inc.
Basin Disposal Facility

Assumptions:

- 1) Disposal Well is operational and all water @ site may be disposed of in well.
- 2) All tanks, steel pits, and buildings will be removed from area.
- 3) Surface area will be recontoured and reseeded.
- 4) All liquids disposed of will be OCD approved.
- 5) Because prices may change considerably with time due to changes in economic conditions, closure costs have been determined utilizing rates applied to January 1997.
- 6) This closure plan and closure costs does not apply to any future modifications or expansions.
- 7) Closure plan does not reflect an increase in current population within the area.
- 8) Basin Disposal Pit and Tanks are at capacity.
- 9) Flow rate of well will be 4800 bbls/day.
- 10) Filter requirement will be set at 36 filters/day.
- 11) Residual soils are within RCRA exempt status.
- 12) Liner within pit is sound with no seepage, thereby no contamination migration past liner.
- 13) drilling Mud Pits are closed. *Covered & the pits.*
- 14) If residual soils are contaminated, cubic yardage is no greater than 500 cubic yards.

Appendix B

Basin Disposal, Inc.
Basin Disposal Facility

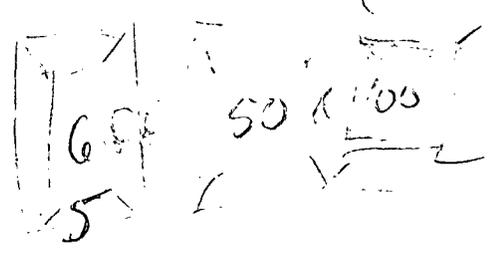
Estimated Costs Associated with Closure:

Electricity Required for One Month of Operations:	✓ \$7,000 ✓
Personnel (24 hr./day @ \$10.00/hr.) <i>2 people</i>	✓ \$14,400 ✓
Filters (36 Filters/day)	✓ \$3,000 ✓
Recontouring of Pit and Removal of Tanks and Pits	✓ \$25,000 ✓
Removal of Piping & Roustabout Costs Associated with Closure	✓ \$15,000 ✓
Environmental Management (No Residual Soils)	\$10,000
Environmental Testing and Landfarm Management (Contaminated Soils)	\$45,000 ✓ <i>Base Price</i>
Plug & Abandonment of Disposal Well (Bond of \$25,000 already in place)	0 \$0 <i>Sample & Test</i>
Reseeding of Site (53 acres)	↑ \$600 ✓
TOTAL	\$120,000

Disposal.

*Cal. Denny Gen #
From Ticker...*

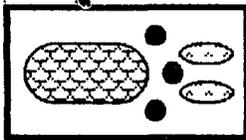
7000
14400
3000
15,000
11,000
2640.
?
?
?
34115.



82,085

120,00
- 82,085

37,915



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

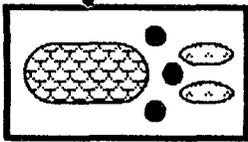
P.O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

OIL CONSERVATION DIVISION
RECEIVED

'91 JUN 19 AM 9 00

**APPLICATION FOR LAND MANAGEMENT PROGRAM
FOR SOLIDS FROM DRILLING MUD PITS**

JUNE 14, 1991



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

June 14, 1991

Mr. William J. LeMay
Director, Oil Conservation Commission
State of New Mexico
Energy, Minerals and Natural Resources Department
Post Office Box 2088
State Land Office Building
Santa Fe, NM 87504

Dear Mr. LeMay:

Ref: Basin Disposal, Inc.

The enclosed application is to allow the utilization of solids from drilling mud pits in a land application.

In addition to the application this is a notification to amend the original application for a Lined Evaporation Pit which was approved in a letter dated August 29, 1985.

Approval of this application and amendment will enable Basin Disposal, Inc. to continue to provide a necessary service to the oil/gas industry in the Four Corners area.

Thank you for your cooperation and consideration of this application.

Sincerely,


D.C. Birdsong - Agent

DCB / ch
CC: Frank Chavez

BASIN DISPOSAL, INC.

PROPOSED

It is proposed to remove the solids from the current mud pits at the facility and utilize the solids in a land management program within the expanded area of the facility. The proposed procedure will enable Basin Disposal, Inc. to remove solids from drilling mud pits, use the solids in land management area and to reuse the mud pits for continual operation in the future.

AREA TO BE UTILIZED

1. The area to be utilized is as indicated in exhibit No. 1-A.
2. The area is located in Unit K & L, Section 3-T29N-R11W, N.M.P.M. consisting of 20 acres.
3. The surface of the area is owned by Basin Disposal, Inc.
4. The initial area to be utilized is located in Unit L, Sec. 3-T29N-R11W and will consist of approximately 6 acres.
 - A. Area is located immediately south of the area of the current drilling mud pits. Exhibit No. 2-A indicates the initial area to be utilized. The area will be approximately 1300 to 1400 feet from State Highway No. 44.
5. The soil in the area consists of:
 - A. Silty Sand - tan color, fine to medium grain. Some silt.
 - B. Clayey Sand - red to tan color, fine to medium grain.

Note: The above analysis is from the soil property test conducted prior to construction of evaporation pond.
6. The initial surface area has a gentle slope to the east-southeast. A dry wash crosses the area from northwest to southeast.
7. The results of geological studies conducted for construction of the evaporation pond indicated a 250 foot vertical interval of gray, sandy, clayey shale containing thin, scattered, discontinuous sand and silt lenses. The 250 foot interval is considered to be a vadose zone between the surface and any possible water bearing interval.
8. No successful water wells have been drilled within a three mile radius. The area has been approved for septic systems.

PREPARATION OF LAND MANAGEMENT AREA

1. Clear land of brush, trees and rock.
2. Soil will be ripped or broken with a ripper to allow efficient mixing of solids and soil.
3. Level area to allow spreading of solids, discing, harrowing or other necessary methods to mix solids with soil in the most efficient manner.

BASIN DISPOSAL, INC. -- CONTINUED

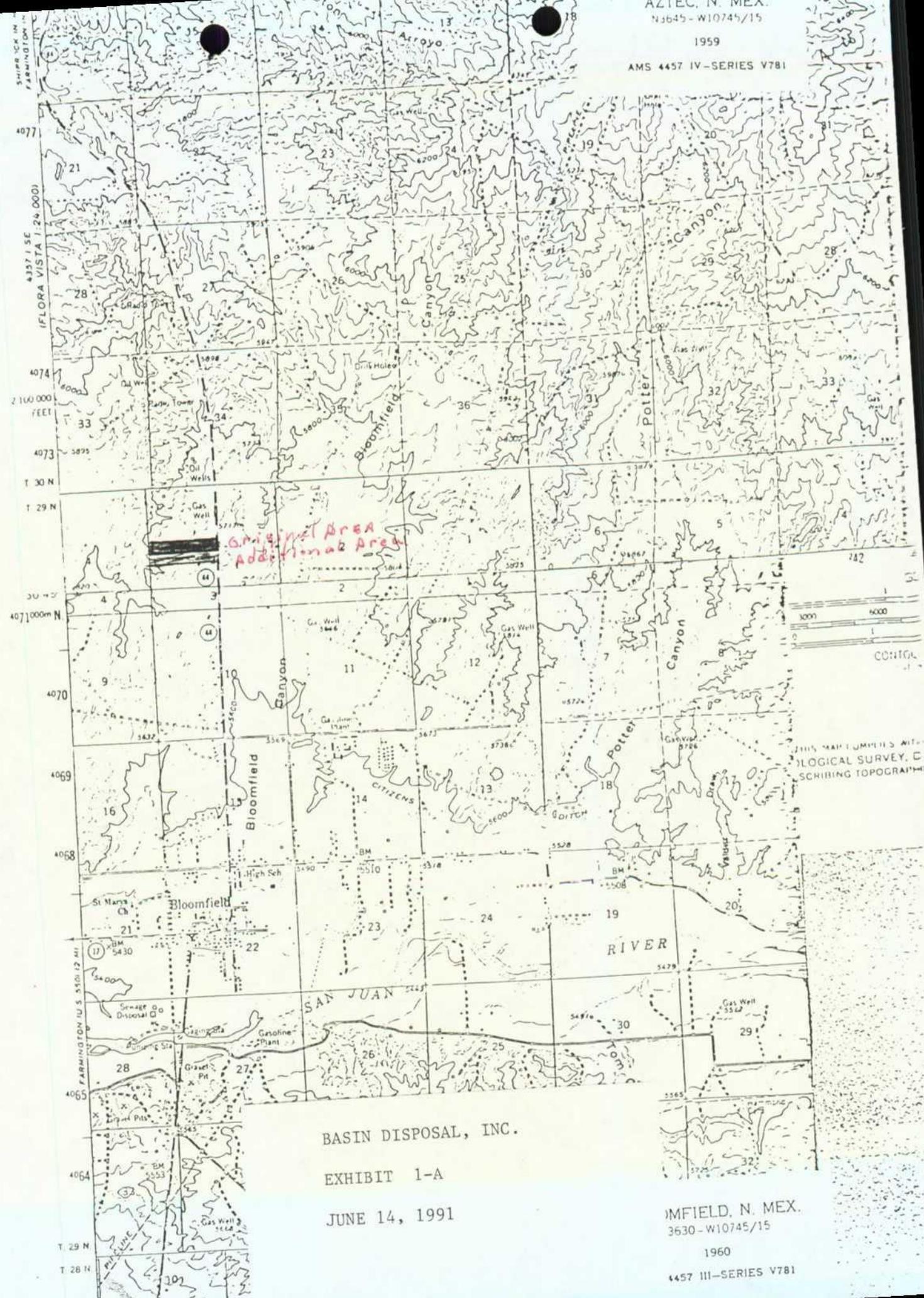
4. The initial land management area will be bermed to prevent surface runoff of rain water.
5. A runoff or drainage system will be constructed to divert and keep rainwater outside of land management area.
6. The initial land management area will be fenced with chain link fence 5 to 6 feet in height to prevent access by animals or unauthorized persons.

PROCEDURE TO REMOVE SOLIDS FROM DRILLING MUD PITS

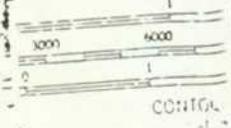
1. Solids will be removed from drilling mud pits and dispersed in area of land management by one of the following methods for which pilot tests will be conducted to determine the most efficient and economical methods.
 - A. De-watering by some method of separation.
 - B. Dehydration by mixing of flyash or other suitable materials.

UTILIZATION OF MUD PITS AFTER SOLIDS REMOVAL

1. Damaged plastic liner material will be removed and disposed of in an acceptable trash pit within the facility or an approved land fill dump site.
2. Pit walls will be rebuilt, as necessary, and pit will be lined with previously approved lining.
3. One of the above procedures will be utilized each time the solids are removed from the pits to allow reuse of the pits for disposal of drilling muds.



Original Area
Additional Area



THIS MAP COMPLETES WITH THE GEOLOGICAL SURVEY, DESCRIBING TOPOGRAPHY

BASIN DISPOSAL, INC.

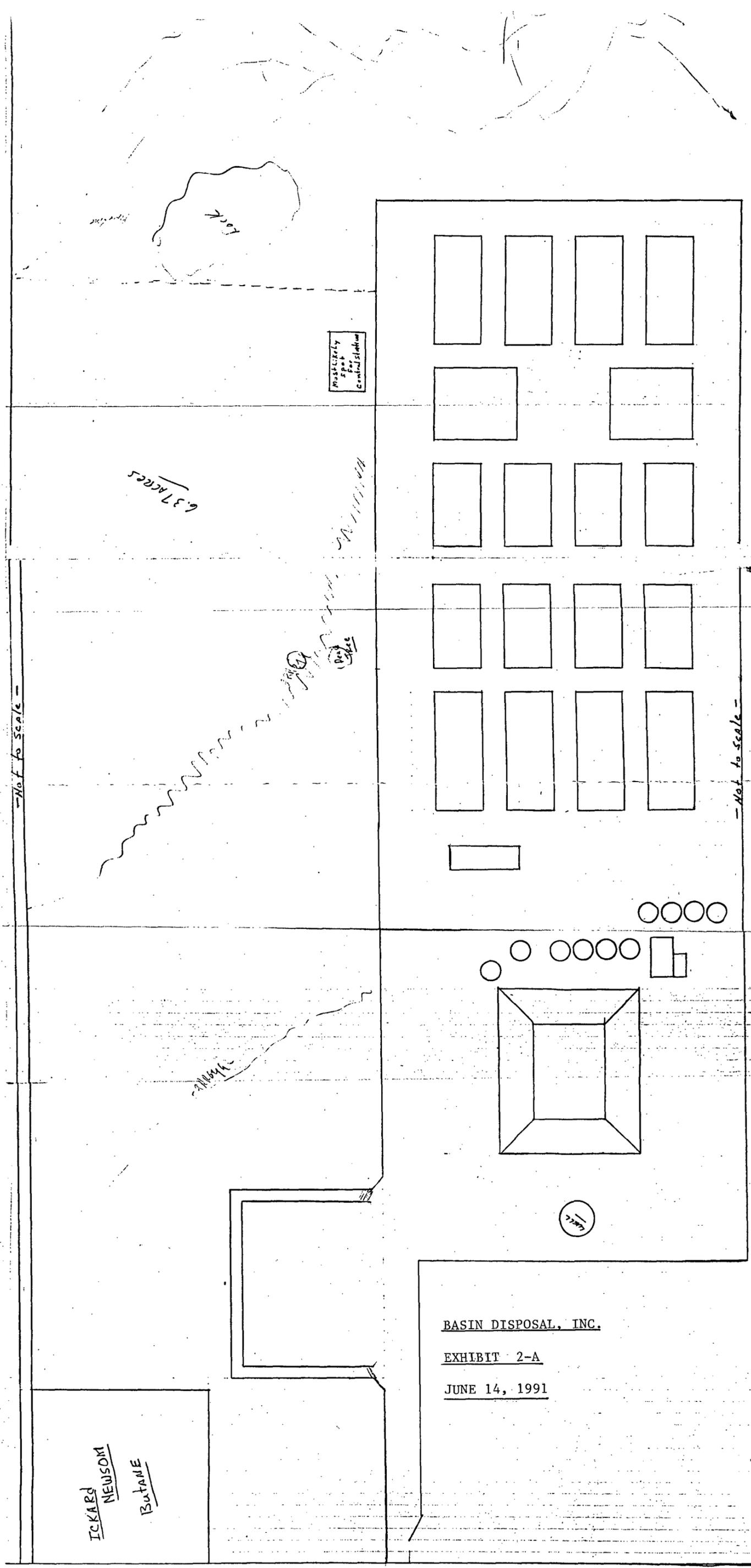
EXHIBIT 1-A

JUNE 14, 1991

BLOOMFIELD, N. MEX.
3630-W10745/15

1960

4457 III-SERIES V781



Most likely space for condensation

6.37 ACRES

Not to scale

Not to scale



ICKARD
NEWSOM
BUTANE

BASIN DISPOSAL, INC.

EXHIBIT 2-A

JUNE 14, 1991

May 599



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

December 26, 1990

CERTIFIED MAIL
RETURN RECEIPT NO. P-327-278-028

Mr. Richard P. Cheney
Brewer and Associates, Inc.
P. O. Box 2079
Farmington, New Mexico 87499

RE: Basin Disposal Facility
San Juan County, New Mexico

Dear Mr. Cheney:

The Oil Conservation Division (OCD) has received your request to increase the authorized fluid level in the Basin Disposal double-lined pond to ten (10 feet).

Based on the information provided in your request, an increase of the authorized fluid level in the pond to ten (10) feet is hereby approved with the following conditions:

1. The fluid level will not be raised until the proposed chlorine dioxide system is in place and operating.
2. If hydrogen sulfide is detected the pond will be immediately lowered to the previously authorized six (6) feet.

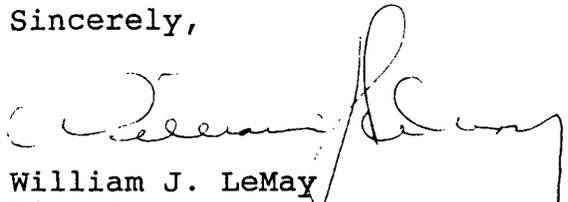
All other conditions previously placed on the facility remain in effect.

Please be advised that the approval does not relieve Basin Disposal of liability should your operation result in actual pollution of ground or surface waters or the environment actionable under other laws and/or regulations. In addition, this approval does not relieve Basin Disposal from compliance of other local, state and/or federal laws and/or regulations.

Mr. Richard P. Cheney
December 26, 1990
Page -2-

If there are any questions, please call Roger Anderson at (505)
827-5884.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. LeMay". The signature is written in dark ink and is positioned above the typed name and title.

William J. LeMay
Director

WJL/RCA/sl

cc: Aztec OCD Office
John Dean

CURTIS & DEAN OIL CONSERVATION DIVISION

ATTORNEYS AT LAW

RECEIVED

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

90 DEC 4 AM 9 09

PHONE: 327-6031
AREA CODE 505

SCOTT M. CURTIS
JOHN A. DEAN, JR.

November 28, 1990

Mr. Roger C. Anderson
Environmental Engineer
Post Office Box 2088
Santa Fe, NM 87504

Re: Basin Disposal Pond

Dear Roger:

Thank you for taking the time to talk to Richard Cheney and myself about the modification of Basin Disposal's operating permit. It is my understanding that you, and other members of the Oil Conservation Commission staff, will review the materials prepared by Brewer and Associates Inc. After this review you will write a letter to Basin Disposal advising us of your decision. You thought that this procedure would take less than two weeks.

Once again, Roger, thanks for your help and consideration.

Sincerely:



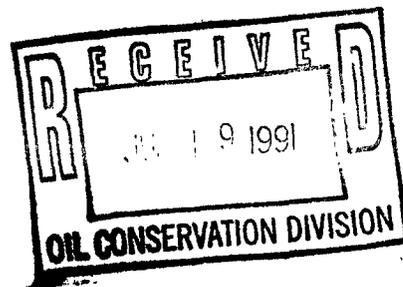
John A Dean Jr

JAD/lg

cc: Jerry Sandel

July 18, 1991

Director Oil Conservation Division
State Land Office Building
PO Box 2088
Santa Fe, New Mexico 87504-2088



ATTN: MR. WILLIAM J. LAMAY

Dear Sir,

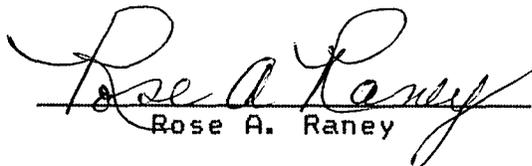
We believe the application of Basin Disposal in Bloomfield New Mexico should be deemed, because the owner of this facility does not have any respect for the families living around them. Please refer to the Court case of Payne vs. Basin Disposal, which we are sure you are familiar with.

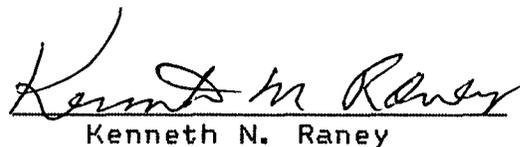
Also, the surface water from Basin Disposal land runs across our land going to the main wash.

We would like to think there is someone in Santa Fe who could be fair and just instead of ignoring hard working and tax paying citizens, who just want to live in peace.

Thank you for at least notifying us.

Respectfully,


Rose A. Raney


Kenneth N. Raney

SOIL CONSERVATION DIVISION
RECEIVED

'91 JUL 29 AM 9 30

July 24, 1991

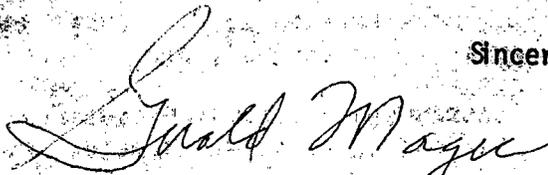
To Whom it may concern:

We are writing in reference to the letter we received dated July 12, 1991. We do have an objection concerning the modification of the Basin Disposal Plant. Several of the reasons are as follows:

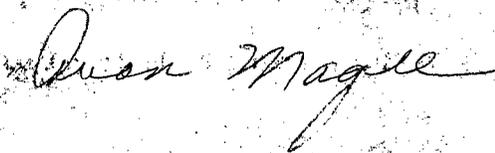
- 1) They have proven to be untrustworthy in the past.
- 2) They have total disregard for other people's welfare.
- 3) Their soul interest seems to be profit, in spite of the environmental destruction it causes.
- 4) Trucks turning into the facility will create a hazardous situation for passing motorists.

We hope in your decision, you will deeply consider the welfare of the residents around the plant facility.

Sincerely,



Gerald and Avon Magee



MEMORANDUM OF MEETING OR CONVERSATION

Telephone Personal

Time
10 AM

Date
2/23/91

Originating Party

Other Parties

Red Walsh, Walsh Engr

Dave Boyer, OCB

Subject Basin Disposal - Main Pond

Discussion Red called to bring us up to date on actions taken regarding main pond leak.

- ① Pulling 60 bbls/day from sump
- ② Pond and sump fluids to FRAC Tanks
- ③ Fluids for injection to FRAC Tanks
- ④ Midland pond installer to repair when pond lowered.

No plans to clean sludge out at this time.

Conclusions or Agreements Notify OCB/Sonlase when repairs ready
Notify OCB if sludge is to be removed

Distribution

Basin File
OCB - Aztec

Signed

AS Boyer

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

BRUCE KING
GOVERNOR

July 22, 1991

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

CERTIFIED MAIL
RETURN RECEIPT NO. P-757-737-755

Mr. Ewell N. Walsh
Walsh Engineering & Production Company
P. O. Drawer 419
Farmington, New Mexico 87499

RE: H₂S Monitoring Readings
Basin Disposal, Inc.

Dear Mr. Walsh:

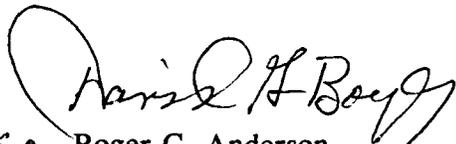
The Oil Conservation Division (OCD) has received your request dated July 11, 1991, to discontinue the reporting of zero H₂S readings to the OCD.

Your request is approved with the following conditions:

1. All previously required monitoring will continue with records of all readings maintained in the Basin Disposal files accessible to OCD inspection.
2. If H₂S is observed at any time, submission of all subsequent readings will be initiated.

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

Sincerely,



RCA
Roger C. Anderson
Environmental Engineer

RCA/sl

cc: Aztec OCD Office

AFFIDAVIT OF PUBLICATION

COPY OF PUBLICATI

No. 27983

STATE OF NEW MEXICO,
County of San Juan:

CHRISTINE HILL being duly sworn, says: "That she is the NATIONAL AD MANAGER of The Farmington Daily Times, a daily newspaper of general circulation published in English in Farmington, said county and state, and that the hereto attached LEGAL NOTICE

was published in a regular and entire issue of the said Farmington Daily Times, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for ONE consecutive (days) (//////) on the same day as follows:

First Publication WEDNESDAY, JULY 3, 1991

Second Publication _____

Third Publication _____

Fourth Publication _____

and that payment therefore in the amount of \$ 31.41 has been made.

Christine Hill

Subscribed and sworn to before me this 16th day of JULY, 1991.

Connie Andrae

Notary Public, San Juan County,
New Mexico

My Comm expires: JULY 3, 1993

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

Notice is hereby given that pursuant to New Mexico Oil Conservation Division Regulations, that following application to modify a commercial solid waste disposal facility has been submitted for approval to the Director of the Oil Conservation Division, State Land Office Building, P. O. Box 2088, Santa Fe, New Mexico 87504-2088. Telephone (505) 827-5800.

Basin Disposal Inc., D. C. Birdsong Agent, P. O. Box 100, Aztec, New Mexico 87410 has submitted for approval an application to modify their previously approved surface waste disposal permit for their facility located in the SW/4NW/4 and the SE/4NW/4, Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico. The modification will consist of the addition of a land management area where non-hazardous clay based drilling solids will be mixed with natural soils or other suitable inert materials and disked into the land surface. The mixture will be disked periodically to enhance biodegradation of organic matter. The application addresses methods for total containment of the mixture from surrounding surface area, and replacement of liners in the existing mud storage pits. There is no known shallow ground water in the vicinity of the facility. Deep ground water is at a depth of 180 feet or greater.

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 between 8:00 a.m. and 5:00 p.m. Monday through Friday. Prior to filing on any proposed permit or its modification, 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 to him.

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 19th day of June, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
WILLIAM J. LEMAY
Director

SEAL
Legal No. 27983 published in the Farmington Daily Times, Farmington, New Mexico on Wednesday, July 3, 1991.

NOTICE OF PUBLICATION

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

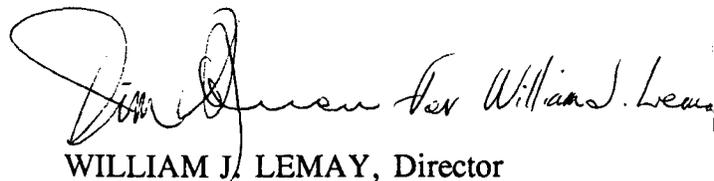
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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 19th day of June, 1991. To be published on or before June 28, 1991.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY, Director

S E A L



OIL CONSERVATION DIVISION
WALSH RECEIVED
ENGINEERING & PRODUCTION CORP.
'91 JUL 12 AM 8 57

Petroleum Engineering Consulting
Lease Management
Contract Pumping

204 N. Auburn
P. O. Drawer 419
Farmington, New Mexico 87499
(505) 327-4892

July 11, 1991

Mr. Roger Anderson
Energy & Minerals Department
N.M. Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

REF: Basin Disposal, Inc.
Monitor Readings

Dear Roger:

This is a request for approval to discontinue sending a copy of the above-referred-to readings to you.

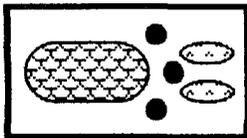
A copy will be kept in the Basin Disposal files.

Very truly yours,

Ewell N. Walsh, P.E.
President

ENW:rr

cc: Basin Disposal, Inc.



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE (505) 334-3013

'91 JUL 11 AM 8 54

July 10, 1991

632-8936

Mr. David G. Boyer, Environmental Bureau Chief
State of New Mexico Oil Conservation Division
Energy, Minerals and Natural Resources Department
State Land Office Building
Post Office Box 2088
Santa Fe, NM 87504-2088

Dear Mr. Boyer:

Enclosed is a copy of the letter sent to each name and address of owners within one-half mile of Basin Disposal, Inc's property, a copy of the notice of publication, and the New Mexico Title Company's list of names and tax-roll addresses.

The letters were sent certified mail, return receipts requested. I will communicate the return verification as soon as possible.

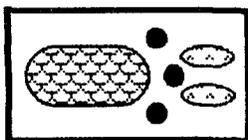
Sincerely

D.C. Birdsong
D.C. Birdsong Agent

325-1846

DCB/tjl

Enclosures



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

(Name & Address)

July 5, 1991

To whom it may concern:

Enclosed is a notice of Publication by the State of New Mexico Energy, Minerals and Natural Resources Department, Oil Conservation Division which details our application to modify the Basin Disposal facility located in the SW/4 NW/4 and the SE/4 NW/4, Section 3, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

If you do not have an objection to the application please advise--by letter--the Director of the Oil Conservation Division at the following address:

Director, Oil Conservation Division
State Land Office Building
P.O. Box 2088
Santa Fe, NM 87504-2088

Thank you,


D.C. Birdsong - Agent

DCB/jva

certified/file

NEW MEXICO TITLE COMPANY

555 EAST MAIN
P.O. BOX 1997
FARMINGTON, NM 87499

Phone: (505) 325-1818
Fax: (505) 327-6920

JAMIE L. BOND, JOYCE BOND
OWNERS

July 5, 1991

Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410

NAMES AND TAX-ROLL ADDRESSES OF OWNERS WITHIN ONE-HALF MILE OF THE FOLLOWING DESCRIBED PROPERTY:

The South 330 feet of the Northwest Quarter (NW $\frac{1}{4}$) and the North One-half of the North One-half of the North One-half of the Southwest Quarter (N $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$) of Section Three (3), Township Twenty-nine (29) North of Range Eleven (11) West, San Juan County, New Mexico.

OWNER: Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410

N $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ Section 3,
T29N, R11W
1130/492

Gordon N. & Dorcas A. Crane
LaVel & Shirley Baird
c/o Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410

South 330 feet of the
NW $\frac{1}{4}$ Section 3,
T29N, R11W
1022/598

OWNERS WITHIN ONE-HALF MILE:

1. Lou Ellen Wernert
5212 Wyoming N.E., #G-26
Albuquerque, New Mexico 87111

S $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
941/349

2. Marilyn Ann White
1853 Mike Hill
El Paso, Texas 79936

N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
941/354

3. Colleen Miszkiel
2109 E. 16th. Street
Farmington, New Mexico 87401

S $\frac{1}{2}$ S $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
941/351

4. Byron Martin
P.O. Box 342
Bloomfield, New Mexico 87413

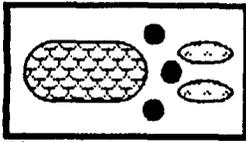
N $\frac{1}{2}$ S $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
941/352

- | | |
|---|--|
| 5. Wayne A. & Donna L. Hare, Trustees
P.O. Box 352
Bloomfield, New Mexico 87413 | S $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
1103/747 |
| 6. Sidney A. & Phyllis Salz Martin, Trustees
P.O. Box 1620
Pagosa Springs, Colorado 81147 | Pt. N $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
1108/609 |
| 7. Sidney A. & Phyllis Salz Martin, Trustees
c/o Gordon N. & Dorcas A. Crane
P.O. Drawer 190
Aztec, New Mexico 87410 | Pt. N $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
1125/859 |
| 8. Sidney A. & Phyllis Salz Martin, Trustees
c/o Gordon, Jr. & Diane Crane
P.O. Drawer 190
Aztec, New Mexico 87410 | Pt. N $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
1125/860 |
| 9. Sidney A. & Phyllis Salz Martin, Trustees
c/o Matthew W. Crane
P.O. Drawer 190
Aztec, New Mexico 87410 | Pt. N $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N, R11W
1125/861 |
| 10. Sidney A. & Phyllis Salz Martin, Trustees
c/o Robert O., Jr. & Candice J. Stanfield
P.O. Drawer 190
Aztec, New Mexico 87410 | Pt. N $\frac{1}{2}$ NW $\frac{1}{4}$, Section 3
T29N R11W
1125/862 |
| 11. Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410 | N $\frac{1}{2}$ N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1130/492 |
| 12. Mack & Crystal Mantle
1213 Camino Monte
Farmington, New Mexico 87401 | Pt. NW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1101/73 |
| 13. LaVal & Shirley Baird
c/o Donald C. & Archie Lou Adams
3807 Sunset
Farmington, New Mexico 87401 | Pt. N $\frac{1}{2}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1119/289 |
| 14. Gordon N. & Dorcas Crane
c/o John T. Alafonso
c/o Douglas Wayne Holloway
c/o Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410 | Pt. NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1129/950 |
| 15. Gordon N. & Dorcas Crane
P.O. Drawer 190
Aztec, New Mexico 87410 | Pt. NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
968/493 |
| 16. Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410 | Pt. NE $\frac{1}{4}$ SW $\frac{1}{4}$
T29N, R11W
1124/957 |

17. Tim L. & Terri Payne
P.O. Box 305
Bloomfield, New Mexico 87413
Pt. NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1014/207
18. LaVal & Shirley Baird, et al
c/o Linn R. & Trecia Faye Blancett, Trustees
P.O. Box 55
Aztec, New Mexico 87410
N $\frac{1}{2}$ S $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1122/72
19. Bruce D. & Rebecca A. Smith
Jimmie W. & Carolyn A. Brockwell
Attn: MBN Enterprises
217 N. Swartz
Farmington, New Mexico 87401
Pt. S $\frac{1}{2}$ S $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1116/485
20. David E. Douglas, et al
c/o LaVal & Shirley Baird, et al
c/o Odeco, Inc.
P.O. Box 1058
Bloomfield, New Mexico 87413
Pt. SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 3
T29N, R11W
1020/187
21. David E. Douglas, et al
c/o LaVal & Shirley Baird
Gordon N. & Dorcas A. Crane
P.O. Box 190
Aztec, New Mexico 87410
Pt. SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 3
T29N, R11W
892/4 thru 7
22. LaVal & Shirley Baird
Gordon N. & Dorcas A. Crane
P.O. Box 190
Aztec, New Mexico 87410
Pt. SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 3
T29N, R11W
987/141
23. Kenneth N. & Rose A. Raney
P.O. Box 2122
Bloomfield, New Mexico 87413
Pt. NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 3
T29N, R11W
1126/153
24. LaVal & Shirley Baird
c/o Gary C. & T. Joy McDaniel
P.O. Box 2176
Bloomfield, New Mexico 87413
Pt. NW $\frac{1}{4}$ SE $\frac{1}{4}$
T29N, R11W
921/188
25. W.W. Windham
78 County Road 5500
Farmington, New Mexico 87401
Pt. NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 3
T29N R11W
1131/326
26. Jimmy M. & Carolyn A. Brockwell
MBN Enterprises
217 N. Swartz
Farmington, New Mexico 87401
Pt. NW $\frac{1}{4}$ SW $\frac{1}{4}$, Section 3
T29N R11W
1129/925
27. Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410
Pt. S $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1124/936, Subject to
Real Estate Contract 987/460

- | | |
|--|---|
| 28. Basin Disposal, Inc.
P.O. Box 100
Aztec, New Mexico 87410 | Pt. NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1124/938, Subject to
Real Estate Contract 985/154 |
| 29. Jimmy M. & Carolyn Brockwell, et al
c/o Danny Harrison
P.O. Box 295
Bloomfield, New Mexico 87413 | Pt. NE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 3
T29N, R11W
1008/205 |
| 30. United States of America | S $\frac{1}{2}$ SW $\frac{1}{4}$, Section 3
T29N, R11W |
| 31. United States of America | NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, Section 3
T29N, R11W |
| 32. LaVal & Shirley Baird, et al
c/o Charles & Joan E. Eavenson
P.O. Box 507
Bloomfield, New Mexico 87413 | Pt. SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 3
T29N, R11W
1113/757 |
| 33. LaVal & Shirley Baird, et al
c/o Phillip L. & Shirley M. Dix
P.O. Box 796
Bloomfield, New Mexico 87413 | Pt. SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 3
T29N, R11W
1120/849 |
| 34. Adobe Contractors, Inc.
P.O. Box 970
Aztec, New Mexico 87410 | Pt. SW $\frac{1}{4}$ NE $\frac{1}{4}$, Section 3
T29N, R11W |
| 35. Irvin L. & Doris L. Litke
P.O. Box 518
Bloomfield, New Mexico 87410 | Pt. NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 3
T29N, R11W
1103/118 |
| 36. LaVal & Shirley Baird, et al
c/o Douglas & Waunita Murray
c/o Andrew Waddoups
P.O. Box 1603
Bloomfield, New Mexico 87413 | Pt. NW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 3
T29N, R11W
972/509 |
| 37. First Interstate Bank of Farmington
Trustee for Hattie McClure
P.O. Box 4140
Farmington, New Mexico 87499 | SW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 3
T29N, R11W
720/470 & 471 |
| 38. United States of America | E $\frac{1}{2}$ SE $\frac{1}{4}$, Section 3
T29N, R11W |
| 39. James A. & Barbara L. Schaffer
P.O. Box 588
Fort Defiance, Arizona 86504 | Pt. SW $\frac{1}{4}$ SE $\frac{1}{4}$, Section 34
T30N, R11W
1074/635 |
| 40. Raymond Barnes
Phil Wiseman
400 N. Newby Lane
Bloomfield, New Mexico 87413 | Pt. SW $\frac{1}{4}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, Section 34
T30N, R11W
1125/58 |

- | | |
|---|---|
| <p>41. Samuel C. & Betty J. Hollar
 P.O. Box 2016
 Bloomfield, New Mexico 87413</p> | <p>Pt. SW$\frac{1}{2}$SE$\frac{1}{2}$, SE$\frac{1}{2}$SW$\frac{1}{2}$, Section 34
 T30N, R11W
 1099/431</p> |
| <p>42. United States of America</p> | <p>SE$\frac{1}{2}$SE$\frac{1}{2}$, Section 34
 T30N, R11W</p> |
| <p>43. Magee Transportation, Ltd.
 P.O. Box 627
 Bloomfield, New Mexico 87413</p> | <p>Pt. SE$\frac{1}{2}$SW$\frac{1}{2}$, Section 34
 T30N, R11W
 993/500</p> |
| <p>44. Lee M. Crane
 313 So. Mesa Verde
 Aztec, New Mexico 87410</p> | <p>Pt. SE$\frac{1}{2}$SW$\frac{1}{2}$, Section 34
 T30N, R11W
 494/225, 669/544</p> |
| <p>45. First Interstate Bank of Farmington
 Trustee for Hattie McClure
 P.O. Box 4140
 Farmington, New Mexico 87499</p> | <p>Pt. N$\frac{1}{2}$NE$\frac{1}{2}$, Section 10
 T29N, R11W
 720/470 & 471</p> |
| <p>46. United States of America</p> | <p>Pt. N$\frac{1}{2}$NW$\frac{1}{2}$, Section 10
 T29N, R11W</p> |



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

August 25, 2000

AUG 29 2000

NMOCD
Martyne Kieling
2040 S. Pacheco
Santa Fe, NM 87505

Dear Martyne,

I spoke with Denny this morning and he asked me to write you and let you know what we found out about the odors we've been having and where the problem was originating from. This past Monday the 21st Jimmy Barnes noticed an odor coming from the tank where Conoco Gas Plants water empties. It was tested and we found that it had H₂S in it, it showed 5 ppm. On Tuesday the 22nd I went over to test their tank and found it to be contaminated, they treated their water in that tank and on Wednesday the 23rd I went back with Jimmy and we tested it again and found it better but not all gone. On Thursday the 24th I went back and it was almost completely eliminated, they had cleaned the tank, I told them that they needed to treat it some more before they sent anymore water to us. We talked about more frequent tests to ensure that it will not happen again, so I will test it every 2 weeks and they will test it each week and we will test it at our plant each morning when we run our other tests. Hopefully this will eliminate the problems we have been experiencing. If you have any questions please call me at 320-2840.

Sincerely,

Keith Johnson
General Manager

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

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

Form C-13
Originated 8/8/95
Revised 6/25/95
Submit Origin
Plus 1 Copy
to Santa Fe
1 Copy to appropriate
District Office

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

Commercial Centralized

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

2. Operator: Basin Disposal

Address: P.O. Box 100 Aztec, NM 87410

Contact Person: Kerth Johnson Phone: _____

3. Location: SE A NW /4 Section 3 Township 29 N Range 11 West
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.

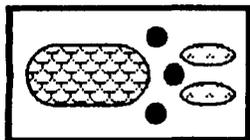
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.

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: Kerth Johnson Title: General Manager

Signature: [Signature] Date: 10-10-00



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

October 10, 2000

NMOCD
Martyne Kieling
2040 S. Pacheco
Santa Fe, NM 87505

RE: Oil and sediment separators

Dear Martyne,

We would like to propose a modification to our facility, it would involve adding 11 production tanks that will serve as separators for oil and sediments. These tanks are shown in exhibit F and are labeled as tanks #21-31, eight of these tanks will be placed in front of tanks #1-4 so that in each line we would have a total of 3 tanks which we feel will increase the residence time of the water before it gets to the pond. Tanks 29-31 will replace the old A and B pits. The water will pass through each tank and the amount of oil will lessen in each tank. The last tank will still have the automatic valves that we are using at this time, they are supposed to turn off when oil begins to pass through them. I have included additional exhibits to show how this will fit together. Exhibit G gives a rough sketch of the profile of the tanks, including how we will set them up. First we will line the bottom with a 20 mil liner after which we will put 6-12 inches of dirt that will be tamped down, cement seals will next be placed on the dirt so that the tanks won't be sitting in the dirt and be subject to rust and also so that any leaks can be more easily spotted. Also please notice that each of the new tanks have a sloped bottom and will also include jets that will allow us to clean the sediments out. Exhibit H gives a closer overview of the area where the tanks will be set. We anticipate that the tanks will be ready to be delivered in about two and a half months so we would like to get this approved as soon as possible and we will begin preparing the area for these tanks next week so if there are any changes that you would like to recommend please give me a call. My number is 320-2840 or 325-6336.

Sincerely,

Keith Johnson
General Manager

cc: Denny Foust

N
1

Exhibit G

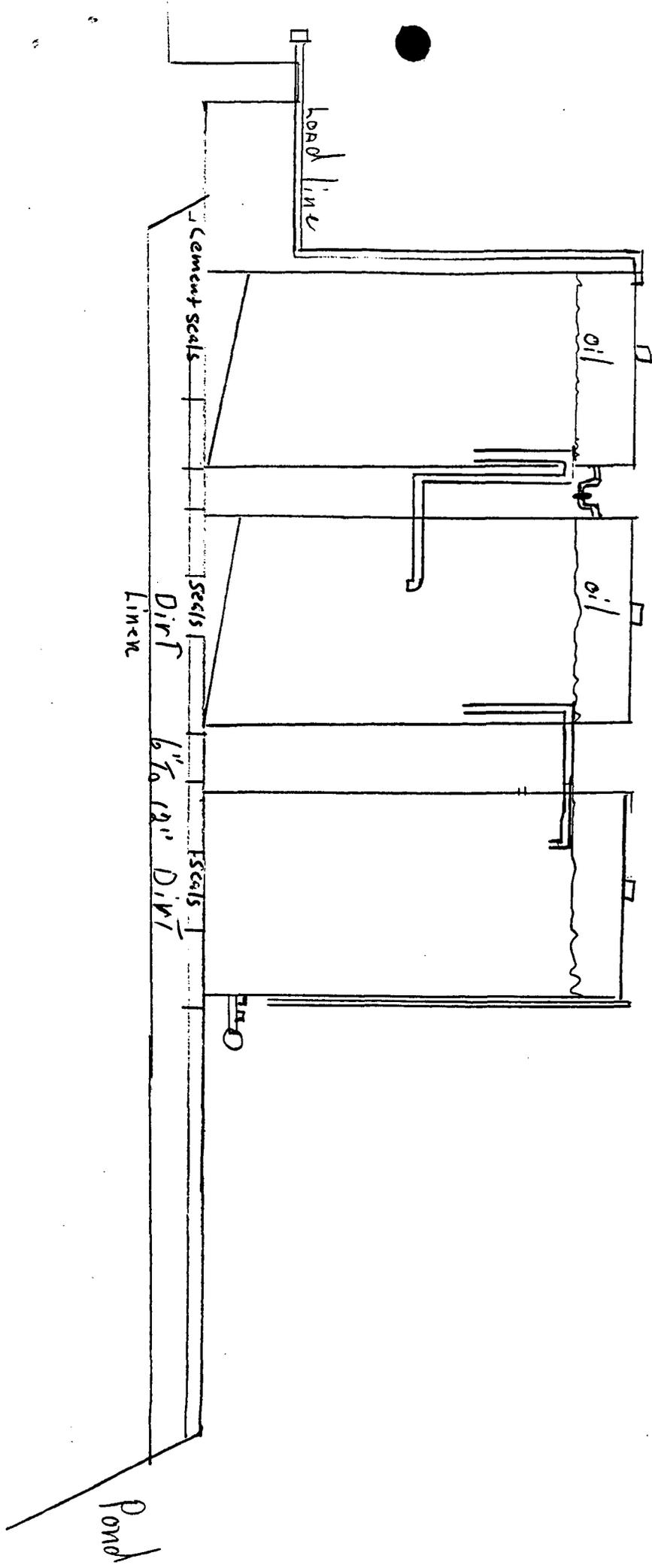


Exhibit H

pond



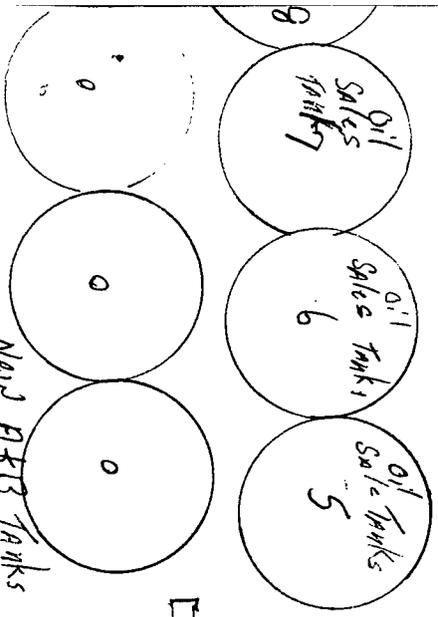
Pond Pump

Filter Water House

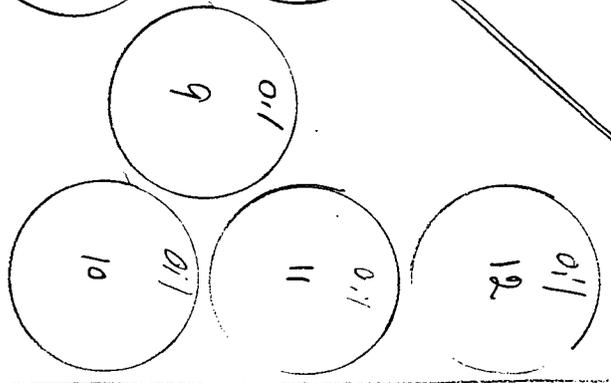
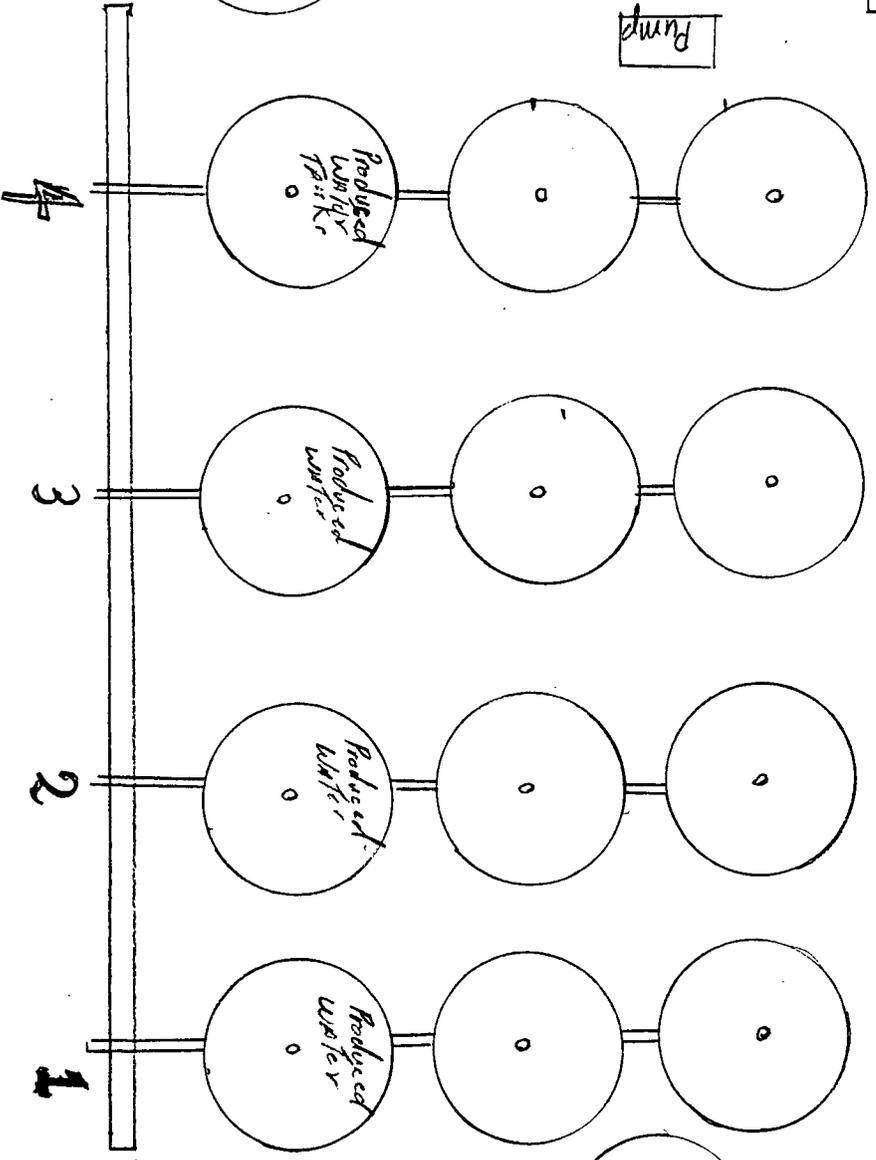
Injection Pump House

Filter Water Tank

Pump



New Oil Tanks



Berm

Berm

Temporary Soil Containment

Hot oil Tanks
(17) (18)

Berm
(E)

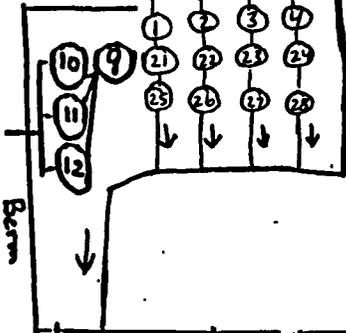
(5) (16)
Below grade concrete slab
For mixing dirty oil

Berm
Fuel Storage
Concrete Slab

2 steel pits
Berm
Berm
Berm

OFFICE

Concrete Slab For Trucks



Storage shed
pump house

pump

Lined Pond

underground line to well head

Sodium Chloride tank (19) (20)

Well head

Conoco Water line

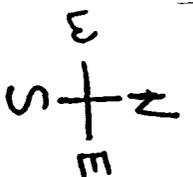
County Road 5046

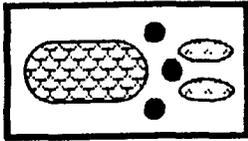
Fence

Road & Berm

Fence

Exhibit F





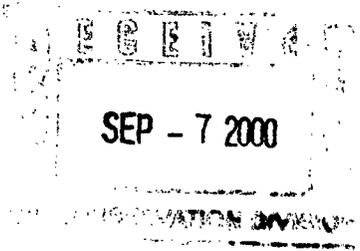
BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

August 31, 2000

NMOCD
Martyne Kieling
2040 S. Pacheco
Santa Fe, NM 87505

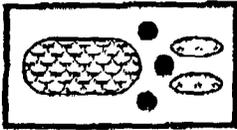


Dear Martyne,

I spoke with Denny and he asked me to rewrite the previous letter dated August 25th that I had sent to you and to make it a little more clear. As you know we have had some complaints lately about odors from our pond even though we have been treating it pretty aggressively. On August the 21st Jimmy Barnes noticed an odor coming from tank #20 which is the tank that we hooked up to the pipeline from the Conoco Gas Plant. We tested the water and we found that it had 5 ppm of H₂S in it. On Tuesday the 22nd I went over to test the holding tank at the Gas Plant and found it to be contaminated, I told them not to send any more water to us until it was treated. On Wednesday the 23rd Jimmy and I went back to the Gas Plant and tested this tank again, it was much better, but we asked them to clean the tank out completely before sending us any more water. I went back to the Conoco Gas Plant on the 24th and tested the tank again and found that it was just about completely eliminated. We also tested the various sources that they have for water at their plant and found them to be OK. It would seem that their holding tank needed to be cleaned so at least for now the problem is under control. They will now test their holding tank weekly and I will test it for them once every two weeks and we are also testing tank #20 at our facility every day to ensure that it is OK. If you have any questions please call me at 320-2840 or 325-6336.

Sincerely,

Keith Johnson



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

P.O. Box 100
Aztec, NM 87410

PHONE: (505) 325-6336

FAX: (505) 325-6567

FAX MESSAGE COVER SHEET

DATE: 12-20-00

TO: Martyne

ATTENTION: _____

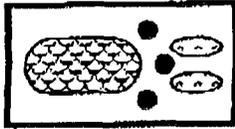
TRANSMISSION CONSISTS OF COVER SHEET PLUS 1 PAGES.

MESSAGES:

IF THERE IS ANY PROBLEM WITH THIS TRANSMISSION, PLEASE CALL (505) 325-6336

FROM: KEITH JOHNSON
GENERAL MANAGER

NEW MEXICO OIL CONSERVATION DIVISION APPROVED DISPOSAL SITE
LOCATED 3 MILES NORTH OF BLOOMFIELD, NM ON WEST SIDE OF NM HWY 44



BASIN DISPOSAL, INC.

"SPECIALIZING IN DISPOSAL OF PRODUCED WATER AND DRILLING MUD"

P. O. BOX 100 • AZTEC, NEW MEXICO 87410 • PHONE: (505) 334-3013

December 20,2000

Martyne Kieling
OCD
2040 S. Pacheco
Santa Fe, NM 87505

RE: Modification request

Dear Martyne,

We would like to add to our request for a permit modification to add a separation system to our facility, that our letter of credit will be increased \$5000 to cover the removal of these tanks as outlined in our closure plan. It will be in place within 30 days of approval of this request. If I can be of any further assistance please call me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Johnson', with a horizontal line extending to the right from the end of the signature.

Keith Johnson
General Manager

*NEW MEXICO OIL CONSERVATION DIVISION APPROVED DISPOSAL SITE
LOCATED 3 MILES NORTH OF BLOOMFIELD, NM ON WEST SIDE OF NM HWY 44*