NM2 - 11

PERMITS, RENEWALS, & MODS

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

March 27, 2002

Lori Wrotenbery
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7001-1940-0004-7923-3927

Mr. Buddy Shaw
BP America Production Company
200 Amoco Court
Farmington, NM 87401

RE: Transfer of Centralized Surface Waste Management Facility Permits NM-02-0002, NM-02-0003, NM-02-0007, and NM-02-0011 from Amoco Production Company to BP America Production Company
SW/4, Section 28, Township 32 North, Range 10 West, NMPM,
SW/4 SE/4 of Section 2, Township 29 North, Range 12 West, NMPM,
NW/4 of Section 33, Township 32 North, Range 10 West, NMPM, and
E/2 NW/4 of Section 4, Township 29 North, Range 8 West, NMPM,
San Juan County, New Mexico

Dear Mr. Shaw:

The New Mexico Oil Conservation Division (OCD) has received a request from BP America Production Company dated December 31, 2001 to transfer ownership of the Amoco Production Company surface waste management facilities referenced above to BP America Production Company. The request **is hereby approved** in accordance with OCD Rule 711.

Please note that the OCD has received and approved the replacement financial assurance from BP America Production Company. Please refer to the OCD letter to BP America Production Company dated February 20, 2002 regarding financial assurance.

All modifications and alternatives to the approved disposal methods must receive prior OCD approval. BP America Production Company is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this transfer does not relieve BP America Production Company of liability should their operation result in pollution of surface waters, ground water or the environment. In addition, OCD approval does not relieve BP America Production Company of responsibility for compliance with other federal, state or local laws and/or regulations.

If there are any questions, please contact Martyne Kieling at (505) 476-3488.

Sincerely,

Lori Wrotenbery

Lori Wrotenbery
Director

LW/mjk

xc: Aztec OCD Office

RECEIVED
JUL 0 8 1998
Environmental Bureau
Oil Conservation Division

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-02-0011
AMOCO PRODUCTION COMPANY
E/2 NW/4 of Section 4, Township 29 North, Range 8 West, NMPM,
San Juan County, New Mexico
(June 26, 1998)

EVAPORATION POND DESIGN AND CONSTRUCTION

1. The evaporation pond and moisture sensor grid shall be constructed in accordance with the engineering designs submitted as part of the application. The permit application consists of Form C-137 dated July 8, 1997, the public notice dated September 3, 1997, and supplemental materials dated November 14, 1997, and February 25, 1998.

2 This approval is for the specific site and location identified, E/2 NW/4 of Section 4, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico. The location of the pond shall not be changed from the submitted site plan without specific authorization from the OCD Santa Fe office.

3. The pond shall have a minimum freeboard of two feet (2'). A device shall be installed in the pond to accurately measure freeboard.

4. If the drainage and sump system is to be used, a network of slotted or perforated drainage pipes shall be constructed in accordance with the engineering designs submitted as part of the application with the following modifications. The network shall be of sufficient density so that no point in the pond bed is more than twenty feet (20') from such drainage pipe or lateral thereof. The material placed between the pipes and laterals shall be sufficiently permeable to allow transport of the fluids to the drainage pipe. The slope for all drainage lines and laterals shall be at least six inches (6") per fifty feet (50'). The slope of the pond bed shall also conform to these values to assure fluid flow towards the leak detection system. The drainage pipe shall convey any fluids to a corrosion-proof sump located outside the perimeter of the pond.

5. The Aztec district office shall be notified at least 24 hours in advance of the scheduled installation of the moisture sensor grid and the seepage collection system to afford the opportunity for a Division representative to inspect the leak detection system.

6. A continuously operating aeration system will be installed in the evaporation pond to minimize the possibility of H_2S development. Such a system shall be able to provide sufficient oxygen in the pond to maintain a residual oxygen concentration of 0.5 ppm at one foot off the bottom of the pit. The system shall be designed to permit expansion if

actual oxygen demand exceeds the oxygen demand used in design calculations.

7. Upon completion of construction "as built" completion diagrams of the pond and all pond systems including the aeration system shall be submitted and approved by the Director prior to commencement of operations.

EVAPORATION POND OPERATION

1. A skimmer tank with impermeable secondary containment shall be used to separate any oil from the water prior to allowing the water to discharge into the evaporation pond. The skimmer tank shall be designed to allow for oil/water separation. Oil shall be removed in a timely manner and stored in tanks as per Division General Rule 310. Oil shall not be stored or retained in earthen reservoirs or in open receptacles.

    a. The material of construction shall provide for corrosion resistance.

    b. Siphons or other suitable means shall be employed to draw water from below the oil/water interface for transfer to the evaporation pond. The siphon shall be located as far as possible from the inlet to the skimmer tank.

    c. The skimmer tank shall at all times be kept free of appreciable oil buildup to prevent oil flow into the evaporation pond.

2. 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.

3. Liquid reduction technologies that may be used to eliminate pond waters include evaporation, enhanced evaporation, and freeze thaw.

4. Use of water from the pond on the landfarm or compost areas or for any other beneficial purpose shall be subject to approval on a case-by-case basis. Requests shall be submitted to the Santa Fe OCD office for review. The water to be used is subject to analytical testing. The type of analysis will be dependant upon the request.

5. Weekly testing of all components of the moisture sensor grid and leak detection system will be performed. Results will be recorded and maintained for OCD review.

6. Tests of ambient H_2S levels shall be conducted on a weekly basis. Test results will be

recorded and retained. The tests will be conducted at four (4) locations around the pond at the top of the berm. The wind speed and direction shall be recorded in conjunction with each test.

a. If an H_2S reading of 1.0 ppm or greater is obtained:

   i. a second reading shall be taken on the downwind berm within one hour;

   ii. the dissolved oxygen and dissolved sulfide levels of the pond shall be tested immediately and the need for immediate treatment determined; and

   iii. tests for H_2S levels shall be made at the fence line down wind from the problem pond.

b. If two (2) consecutive H_2S readings of 1.0 ppm or greater are obtained:

   i. the operator shall notify the Aztec office of the OCD immediately;

   ii. the operator shall commence hourly monitoring on a 24-hour basis; and

   iii. the operator will obtain daily analysis of dissolved sulfides in the pond.

c. If an H_2S reading of 10.0 ppm or greater at the facility fence line is obtained:

   i. the operator will 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 will initiate notification of all persons residing with in one-half (½) mile of the fence line and assist public safety officials with evacuation as requested.

7. In order to prevent development of harmful concentrations of H_2S, the following procedures shall be followed:

   a. Water hauler drivers will be instructed to not transport water with possible H_2S content to the facility, and such water is to be transported to an alternate licensed facility with the capacity to accept and treat H_2S contaminated water.

   b. A continuously operating aeration system will be installed in the evaporation pond to minimize the possibility of H_2S development.

   c. Weekly tests shall be conducted and records made and maintained of the pH levels in each pond, and if the pH falls below 7.0 remedial steps shall be taken immediately to raise the pH.

   d. Weekly tests shall be conducted and records made and retained at the facility of the dissolved sulfide concentrations in the pond.

   e. Weekly tests shall be conducted and records made and retained at the facility of the dissolved oxygen levels in the pond. The sample for each test shall be taken one (1) foot from the bottom of the pond. The location of each test shall vary around the pond. If any test shows a dissolved residual oxygen level of less than 0.5 ppm, immediate steps shall be taken to raise the oxygen level to at least 0.5 ppm. The steps may include adding chemicals or increasing aeration.

LANDFARM AND COMPOST CONSTRUCTION

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

2. Contaminated soils will not be placed within one hundred (100) feet of the boundary of the facility.

3. Contaminated soils will not be placed within twenty (20) feet of any pipelines crossing the landfarm/compost facility. In addition, no equipment will be operated within ten (10) feet of a pipeline. All pipelines crossing the facility will have surface markers identifying the location of the pipelines.

4. The portion of the facility containing contaminated soils will be bermed to prevent runoff and runon. A berm no less than three (3) feet above grade will be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for that specific region.

5. All above ground tanks located at the facility and containing materials other than fresh water will be placed on an impermeable pad or surface and be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks.

LANDFARM AND COMPOST OPERATION

1. Disposal will only occur when an attendant is on duty. The facility will be secured when no attendant is present.

2. All contaminated soils received at the facility for land farming will be spread and disked within 72 hours of receipt.

3. Soils to be landfarmed will be spread on the surface in six inch lifts or less.

4. Soils to be landfarmed will be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.

5. All contaminated soils received at the facility for composting will be placed into compost piles or cells within 72 hours of receipt. Weekly temperature measurements will be kept on each compost cell, recorded, and maintained for OCD review. Compost piles will be turned as necessary to enhance biodegradation.

6. Exempt contaminated soils will be placed in the landfarm and compost facility so that they are physically separate (ie. bermed) from non-exempt contaminated soils. There will be no mixing of exempt and non-exempt soils.

7. Successive lifts of contaminated soils will not be spread on the landfarm or compost facility until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 100 ppm and the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations will be maintained at the facility for OCD review.

8. Prior to removal of remediated soils from the facility the soils will be tested for TPH, BTEX and benzene content. The remediated soils may only be moved to a location when the level of TPH in the remediated soil is less than 100 ppm, BTEX is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses, destination and volume of remediated soils removed from the facility will be maintained at the facility for OCD review. Amoco may request alternate remediation levels for soils to be used or deposited at a location where remediation standards are consistent with those described in the OCD surface impoundment closure guidelines. Alternate remediation levels shall be subject to approval on a case-by-case basis.

Requests shall be submitted to the Santa Fe OCD office for review.

9. Moisture will be added as necessary to enhance bioremediation and to control blowing dust. There will be no ponding, pooling or run-off of water allowed. Any ponding of precipitation will be removed within twenty-four (24) hours of discovery.

10. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers (manure) will only be permitted after prior approval from the OCD. Request for application of microbes will include the location of the area designated for the bio-remediation program, the composition of additives, and the method, amount and frequency of application.

TREATMENT ZONE MONITORING OF LANDFARM AND COMPOSTING AREA

1. One (1) background soil sample will be taken from the center portion of the landfarm and compost area two (2) feet below the native ground surface prior to operation. The sample will be analyzed for total petroleum hydrocarbons (TPH), major cations/anions, volatile aromatic organics (BTEX), and heavy metals using approved EPA methods.

2. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken at two (2) to three (3) feet below the native ground surface.

3. A treatment zone not to exceed three (3) feet beneath the composting area native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual compost cell six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken at two (2) to three (3) feet below the native ground surface.

4. The soil samples will be analyzed using approved EPA methods for TPH and BTEX quarterly, and for major cations/anions and heavy metals annually.

5. After obtaining the soil samples the boreholes will be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only exempt and "non-hazardous" non-exempt oilfield wastes that are generated in the State of New Mexico by Amoco Production

Company.

2. The facility is authorized to accept only:

   a. Oilfield waste 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.

   b. "Non-hazardous" non-exempt oilfield waste on a case-by-case basis after conducting a hazardous waste characterization including corrosivity, reactivity, ignitability, and toxic constituents and receiving OCD approval. The test for hazardous characteristics for a particular waste may be effective for an extended period of time from the date of analysis if approved by the OCD. In addition, the generator must certify that this waste does not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403.

3. At no time will 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.

4. The transporter of any wastes to the facility will supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

5. No free liquids or soils with free liquids will be accepted at the landfarm and compost portion of the facility.

6. No produced water shall 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.

7. Comprehensive records of all material disposed of at the surface waste management facility will be maintained by the Permit holder.

REPORTING AND RECORD KEEPING

1. Analytical results from the treatment zone monitoring will be submitted to the OCD Santa Fe office for annual review **by June 26, of each year**.

2. Weekly testing of all components of the moisture sensor grid and leak detection system will be performed. Results will be recorded and will be submitted to the OCD Santa Fe

office for annual review **by June 26 of each year**.

3. Weekly testing on the evaporation pond for H_2S, pH, dissolved sulfides, and dissolved oxygen will be performed. Results will be submitted to the OCD Santa Fe Office for annual review **by June 26 of each year.**

4. The applicant will notify the **OCD Aztec District office within 24 hours** 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.

5. Authorization from the OCD Santa Fe office will be obtained prior to removal of the remediated soils to sensitive areas.

6. All records of testing and monitoring will be retained for a period of two (2) years.

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

8. The OCD Santa Fe and Aztec District offices will 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. A closure plan for the facility will be provided.

FINANCIAL ASSURANCE

1. Pursuant to OCD Rule 711.B.3.a., financial assurance in a form approved by the Director is required from Amoco Production Company in the amount of **$25,000** for this facility or in the amount of **$50,000** to cover all of Amoco Production Company's surface waste management facilities.

2. Financial assurance must be submitted within thirty (30) days of this permit approval or on July 31, 1998.

3. 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 two (2) years from the date of this approval.

CLOSURE

1. The OCD Santa Fe and Aztec District offices will 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 shall 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 for the facility will be provided including the following OCD closure procedures:

   a. When the facility is to be closed no new material will be accepted.

   b. Existing landfarm and compost soils will be remediated until they meet the OCD standards in effect at the time of closure.

   c. The soils beneath the evaporation pond and liquids receiving area will be characterized as to any potential migration of contamination.

   d. Contaminated soils will be removed for remediation.

   e. The area will be contoured, reseeded with natural grasses and allowed to return to its natural state.

   f. 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

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

Accepted:

AMOCO PRODUCTION COMPANY

by B S Shaw title Enviro. Coordinator