

GW - 104

**PERMITS,
RENEWALS,
& MODS**

**ATTACHMENT TO THE DISCHARGE PERMIT
YATES PETROLEUM CORPORATION, FOSTER RANCH COMPRESSOR STATION
(GW-104)
DISCHARGE PERMIT APPROVAL CONDITIONS
June 13, 2007**

Please remit a check for \$1700.00 made payable to Water Quality Management Fund:

**Water Quality Management Fund
C/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505**

- 1. Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of \$100.00, plus a renewal flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division (“OCD”) has received the required \$100.00 filing fee. However, the owner/operator still owes the required \$1700.00 renewal permit fee for a gas compressor station greater than 1001 horsepower.
- 2. Permit Expiration, Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on June 24, 2012** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. *Expired permits are a violation of the Water Quality Act {Chapter 74, Article 6, NMSA1978} and civil penalties may be assessed accordingly.*
- 3. Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
- 4. Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its January 12, 2007 discharge plan renewal application and March 21, 2007 addendum, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. Modifications: WQCC Regulation 20.6.2.3107.C and 20.6.2.3109 NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and

pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any stormwater run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

20. Additional Site Specific Conditions: N/A

21. Transfer of Discharge Permit (WQCC 20.6.2.3111) Prior to any transfer of ownership, control, or possession (whether by lease, conveyance or otherwise) of a facility with a discharge permit, the transferor shall notify the transferee in writing of the existence of the discharge permit, and shall deliver or send by certified mail to the department a copy of such written notification, together with a certification or other proof that such notification has in fact been received by the transferee.

Upon receipt of such notification, the transferee shall have the duty to inquire into all of the provisions and requirements contained in such discharge permit, and the transferee shall be charged with notice of all such provisions and requirements as they appear of record in the department's file or files concerning such discharge permit. The transferee (new owner/operator) shall sign and return an original copy of these permit conditions and provide a written commitment to comply with the terms and conditions of the previously approved discharge permit.

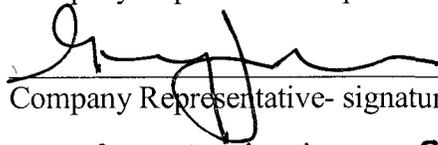
22. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit a closure plan for approval. Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

23. Certification: Yates Petroleum Corporation, (Owner/Operator), by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained here. **Owner/Operator** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by: "I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment."

Yates Petroleum Corporation
Company Name-print name above

GREG JOKELA
Company Representative- print name


Company Representative- signature

Title President, Agave Energy Company

Date: June 25, 2007

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-104
YATES PETROLEUM CORP.
ALEGRITA COMPRESSOR STATION
DISCHARGE PLAN APPROVAL CONDITIONS
September 4, 2002

1. Payment of Discharge Plan Fees: The \$100.00 filing fee and the \$1,700.00 flat fee have been received by the OCD.
2. Commitments: Yates Petroleum Corp. will abide by all commitments submitted in the discharge plan renewal application letter dated February 22, 2002 and these conditions for approval.
3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis. Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is permitted at solid waste facilities permitted by the New Mexico Environment Department as long as:
 1. the waste stream is identified, and authorized, as such in the discharge plan, and;
 2. existing process knowledge of such waste streams does not change without notification to the Oil Conservation Division.
4. Drum Storage: All drums containing material other than fresh water must be stored on an impermeable pad with curbing. All empty drums will 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 will also be stored on an impermeable pad and curb type containment.
5. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
6. 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 tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

7. 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.
8. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.
9. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All below grade tanks and sumps must be tested annually. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.
10. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
11. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
12. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
13. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Artesia District Office.

14. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

15. Storm Water Plan: Yates Petroleum Corp. shall maintain storm water runoff controls. As a result of operations, if any water contaminant that exceeds the WQCC standards listed in 20 NMAC 6.2.3101 is discharged in any storm water run-off, then Yates Petroleum Corp. shall take immediate actions to mitigate the effects of the run-off, notify the OCD within 24 hours, and modify the discharge plan to include a formal storm water run-off containment plan and submit for OCD approval within 15 days.

16. Closure: The OCD will be notified when operations of the Alegrita Compressor Station are discontinued for a period in excess of six months. Prior to closure of the facility, the company will submit a closure plan for approval. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

17. Conditions accepted by: Yates Petroleum Corp., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Yates Petroleum Corp. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health and the environment may change the conditions and requirements of this permit administratively.

Yates Petroleum Corp.

Print Name: Paul Ragsdale

Signature: Paul Ragsdale

Title: Vice President - Agave Energy

Date: 9/10/02



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera
Cabinet Secretary

September 4, 2002

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 3929-9666

Ms. Lisa Norton
Yates Petroleum Corp.
105 South Fourth Street
Artesia, NM 88210-2118

RE: Discharge Plan Renewal GW-104
Yates Petroleum Corp.
Alegrita Compressor Station
Eddy County, New Mexico

Dear Ms. Norton:

The ground water discharge plan renewal GW-104 for the Yates Petroleum Corp. Alegrita Compressor Station located in the SE/4 NE/4 of Section 18, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe office within thirty (30) days of receipt of this letter.** New mailing address appears below.

The discharge plan renewal application letter, dated February 22, 2002, submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission (WQCC) Regulations includes all earlier applications and approvals and all conditions later placed on those approvals. The discharge plan is renewed pursuant to Section 3109.C. Note Section 3109.G, which provides for possible future amendment of the plan. Be advised that approval of this plan does not relieve Yates Petroleum Corp. of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does it relieve Yates Petroleum Corp. of its responsibility to comply with any other governmental authority's rules and regulations.

Also be advised that all exposed pits, including lined pits and open tanks (exceeding 16 feet in diameter) shall be screened, netted or otherwise rendered nonhazardous to wildlife including migratory birds.

Section 3104 of the regulations provides: "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C, Yates Petroleum Corp. is required to notify the Director of any facility

Ms. Lisa Norton
GW- 104
September 4, 2002
Page 2

expansion, production increase or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4, this renewal plan is for a period of five years. This renewal will expire on June 24, 2007, and Yates Petroleum Corp. should submit an application in ample time before this date. Section 3106.F of the regulations states that if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan renewal application for the Yates Petroleum Corp. Alegrita Compressor Station is subject to WQCC Regulation 3114. Every facility submitting a discharge plan application is assessed a filing fee of \$100.00. There is a renewal flat fee assessed for gas compressor station facilities with a rating of greater than 1,000 horsepower of \$1,700.00.

On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



Roger C. Anderson
Chief, Environmental Bureau
Oil Conservation Division

RCA/eem
Attachment

Xc: OCD Artesia Office

U.S. Postal Service CERTIFIED MAIL RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
O F F I C I A L U S E	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
Sent To: LISA NORTON / YATES PETR.	
Street, Apt. No.; or PO Box No. 105 SOUTH 4TH ST.	
City, State, ZIP+4 ARTESIA, NM 87210-2118	

9666
6264
3929
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0440
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7001

ED
GW104

PS Form 3800, January 2001 See Reverse for Instructions

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-104
YATES PETROLEUM CORP.
ALEGRITA COMPRESSOR STATION
DISCHARGE PLAN APPROVAL CONDITIONS
September 4, 2002

1. Payment of Discharge Plan Fees: The \$100.00 filing fee and the \$1,700.00 flat fee have been received by the OCD.
2. Commitments: Yates Petroleum Corp. will abide by all commitments submitted in the discharge plan renewal application letter dated February 22, 2002 and these conditions for approval.
3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis. Rule 712 Waste: Pursuant to Rule 712, disposal of certain non-domestic waste is permitted at solid waste facilities permitted by the New Mexico Environment Department as long as:
 1. the waste stream is identified, and authorized, as such in the discharge plan, and;
 2. existing process knowledge of such waste streams does not change without notification to the Oil Conservation Division.
4. Drum Storage: All drums containing material other than fresh water must be stored on an impermeable pad with curbing. All empty drums will 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 will also be stored on an impermeable pad and curb type containment.
5. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
6. 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 tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

7. 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.
8. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.
9. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All below grade tanks and sumps must be tested annually. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.
10. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.
11. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be approved for construction and/or operation unless it can be demonstrated that groundwater will be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.
12. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
13. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Artesia District Office.

14. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

15. Storm Water Plan: Yates Petroleum Corp. shall maintain storm water runoff controls. As a result of operations, if any water contaminant that exceeds the WQCC standards listed in 20 NMAC 6.2.3101 is discharged in any storm water run-off, then Yates Petroleum Corp. shall take immediate actions to mitigate the effects of the run-off, notify the OCD within 24 hours, and modify the discharge plan to include a formal storm water run-off containment plan and submit for OCD approval within 15 days.

16. Closure: The OCD will be notified when operations of the Alegrita Compressor Station are discontinued for a period in excess of six months. Prior to closure of the facility, the company will submit a closure plan for approval. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

17. Conditions accepted by: Yates Petroleum Corp., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Yates Petroleum Corp. further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health and the environment may change the conditions and requirements of this permit administratively.

Yates Petroleum Corp.

Print Name: _____

Signature: _____

Title: _____

Date: _____

Mr. John F. Brown
Yates Petroleum Corporation
"Algerita" GW-104
May 5, 1997
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ATTACHMENT TO DISCHARGE PLAN GW-104
Yates Petroleum Corporation Algerita Compressor Station
DISCHARGE PLAN REQUIREMENTS
(May 5, 1997)

1. **Payment of Discharge Plan Fees:** The \$345 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments of \$69 per installment over the duration of the plan, with the first payment due upon receipt of this approval.
2. **Yates Petroleum Corporation Commitments:** Yates Petroleum Corporation will abide by all commitments submitted in the application dated February 19, 1997 from Yates Petroleum Corporation, the approval letter from OCD dated June 22, 1992, and this approval letter with conditions of approval from OCD dated May 5, 1997.
3. **Waste Disposal:** All wastes shall be disposed of at an NMOCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous by characteristics may be disposed of at an NMOCD approved facility upon proper waste characterization per 40 CFR Part 261.
4. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad and curb type containment. All empty drums should be stored on their sides with the bungs in place 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.
5. **Process Areas:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
6. **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad.
7. **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.
8. **Tank Labeling:** All tanks should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.

Mr. John F. Brown
Yates Petroleum Corporation
"Algerita" GW-104
May 5, 1997
Page 4

9. **Below Grade Tanks/Sumps:** All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks that do not have secondary containment and leak detection must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks /or sumps.

10. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present, and then every 5 years there after. Companies may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD.

11. **Housekeeping:** All systems designed for spill collection/prevention should be inspected to ensure proper operation and to prevent overtopping or system failure.

Any soils contaminated with a non-exempt waste at the facility will be tested for hazardous constituents, and after receiving OCD approval, will be disposed of at an OCD approved site.

12. **Spill Reporting:** All spills/releases shall be reported pursuant to OCD Rule 116 and WQCC 1203 to the Artesia OCD District Office at (505)-748-1283.

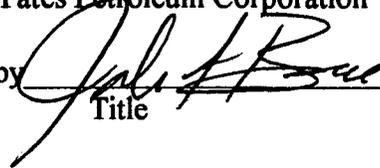
13. **Transfer of Discharge Plan:** The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

14. **Closure:** The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

15. **Certification:** Yates Petroleum Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Yates Petroleum Corporation, 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 groundwater, human health and the environment.

Accepted:
Yates Petroleum Corporation

by


Title



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 5, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-258-808

Mr. John F. Brown
Yates Petroleum Corporation
105 South 4th Street
Artesia, NM 88210

**RE: Approval of Discharge Plan GW-104
"Algerita" Compressor Station
Eddy County, New Mexico**

Dear Mr. Brown:

The discharge plan renewal GW-104 for the Yates Petroleum Corporation Algerita Compressor Station located in SE/4 NE/4, Section 16, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The discharge plan renewal consists of the application dated February 19, 1997 from Yates Petroleum Corporation, the approval letter from OCD dated June 22, 1992, and this approval letter with conditions of approval from OCD dated May 5, 1997. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within ten (10) working days of receipt of this letter.**

The discharge plan renewal application was submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission Regulations. Please note Sections 3109.E and 3109.F which provide for possible future amendments or modifications of the plan. Please be advised that the approval of this plan does not relieve Yates Petroleum Corporation of liability should the operations associated with this facility result in pollution of surface water, ground water, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (tanks exceeding 16 feet in diameter), shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Mr. John F. Brown
 Yates Petroleum Corporation
 "Algerita" GW-104
 May 5, 1997
 Page 2

Please note that Section 3104 of the regulations requires that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C Yates Petroleum Corporation is required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

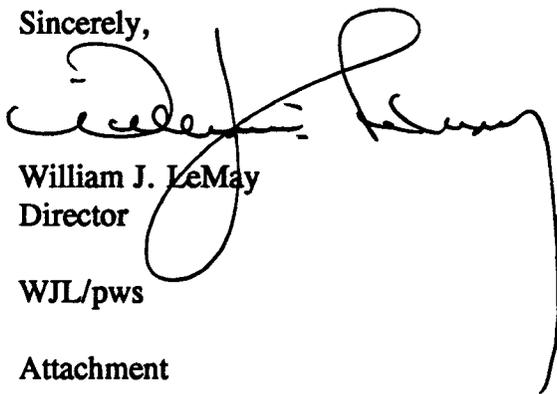
Pursuant to Section 3109.G.4, this plan is for a period of five (5) years. This approval will expire June 22, 2002, and an application for renewal should be submitted in ample time before that date. It should be noted that all discharge plan facilities will be required to submit plans for, or the results of, an underground drainage testing program as a requirement for discharge plan approval.

The discharge plan for the Yates Petroleum Corporation Algerita Compressor Station GW-104 is subject to the WQCC Regulation 3114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty dollars (\$50) plus a flat fee in the amount of three-hundred and forty-five dollars (\$345) for compressor stations between 1,001 and 3,000 horsepower.

The \$50 filing fee has been received by the OCD. **The \$345 flat fee has not been received by the OCD and is due upon receipt of this approval letter.** The flat fee may be paid in one lump sum in the amount of \$345, or five equal annual installments of \$69 per installment, with the first installment due upon receipt of this approval letter. **All checks shall be made payable to NMED-Water Quality Management, and sent to OCD Santa Fe Division office.**

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



William J. LeMay
 Director

WJL/pws

Attachment

c: Artesia OCD District Office.

P 288 258 808

PS Form 3800, April 1995

US Postal Service Receipt for Certified Mail No Insurance Coverage Provided. Do not use for International Mail (See reverse)	
Sent to	Yates - Mr. Brown.
Street & Number	GW-104 - Ren. Approval
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date	

Mr. John F. Brown
Yates Petroleum Corporation
"Algerita" GW-104
May 5, 1997
Page 3

ATTACHMENT TO DISCHARGE PLAN GW-104
Yates Petroleum Corporation Algerita Compressor Station
DISCHARGE PLAN REQUIREMENTS
(May 5, 1997)

1. **Payment of Discharge Plan Fees:** The \$345 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments of \$69 per installment over the duration of the plan, with the first payment due upon receipt of this approval.
2. **Yates Petroleum Corporation Commitments:** Yates Petroleum Corporation will abide by all commitments submitted in the application dated February 19, 1997 from Yates Petroleum Corporation, the approval letter from OCD dated June 22, 1992, and this approval letter with conditions of approval from OCD dated May 5, 1997.
3. **Waste Disposal:** All wastes shall be disposed of at an NMOCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous by characteristics may be disposed of at an NMOCD approved facility upon proper waste characterization per 40 CFR Part 261.
4. **Drum Storage:** All drums containing materials other than fresh water must be stored on an impermeable pad and curb type containment. All empty drums should be stored on their sides with the bungs in place 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.
5. **Process Areas:** All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
6. **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad.
7. **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.
8. **Tank Labeling:** All tanks should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.

Mr. John F. Brown
Yates Petroleum Corporation
"Algerita" GW-104
May 5, 1997
Page 4

9. **Below Grade Tanks/Sumps:** All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks that do not have secondary containment and leak detection must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks /or sumps.

10. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present, and then every 5 years there after. Companies may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD.

11. **Housekeeping:** All systems designed for spill collection/prevention should be inspected to ensure proper operation and to prevent overtopping or system failure.

Any soils contaminated with a non-exempt waste at the facility will be tested for hazardous constituents, and after receiving OCD approval, will be disposed of at an OCD approved site.

12. **Spill Reporting:** All spills/releases shall be reported pursuant to OCD Rule 116 and WQCC 1203 to the Artesia OCD District Office at (505)-748-1283.

13. **Transfer of Discharge Plan:** The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

14. **Closure:** The OCD will be notified when operations of the facility are discontinued for a period in excess of six months. Prior to closure of the facility a closure plan will be submitted for approval by the director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

15. **Certification:** Yates Petroleum Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Yates Petroleum Corporation, 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 groundwater, human health and the environment.

Accepted:
Yates Petroleum Corporation

by _____
Title



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



June 22, 1992

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

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

CERTIFIED MAIL
RETURN RECEIPT NO. P-670-683-603

Mr. Chuck Morgan
Yates Petroleum Corporation
104 S 4th Street
Artesia, New Mexico 88210

RE: Discharge Plan GW-104
Algerita Compressor Station
Eddy County, New Mexico

Dear Mr. Morgan:

The groundwater discharge plan GW-104 for the Yates Petroleum Algerita Compressor Station located in the SE/4 NE/4, Section 16, Township 20 South, Range 24 East, NMPM, Eddy County, New Mexico is **hereby approved** under the conditions contained in the enclosed attachment. The discharge plan consists of the application dated April 7, 1992.

The discharge plan was submitted pursuant to Section 3-106 of the Water Quality Control Commission Regulations. It is approved pursuant to section 3-109.A. Please note Section 3-109.F., which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment which may be actionable under other laws and/or regulations.

Please be advised that all exposed pits, including lined pits and open top tanks (tanks exceeding 16 feet in diameter) shall be screened, netted or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that section 3-104 of the regulations requires that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan". Pursuant to Section 3-107.c. you are required to notify the Director of any facility

Mr. Chuck Morgan
June 22, 1992
Page -2-

expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.g.4., this plan approval is for a period of five years. This approval will expire June 22, 1997 and you should submit an application for renewal in ample time before that date.

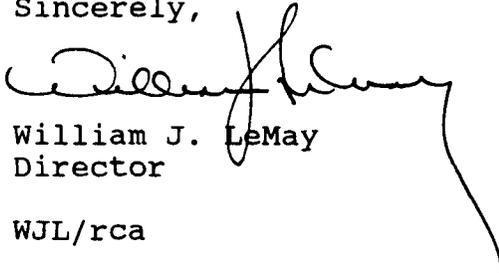
The discharge plan application for the Yates Petroleum Algerita Compressor Station is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty (50) dollars plus the flat rate of six-hundred and ninety (690) dollars for compressor stations with between 1000 and 3000 Horsepower.

The OCD has received your \$50 filing fee. The flat fee for an approved discharge plan may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.

Please make all checks payable to: **NMED-Water Quality Management** and addressed to the OCD Santa Fe Office.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,



William J. LeMay
Director

WJL/rca

xc: OCD Artesia Office

**ATTACHMENT TO DISCHARGE PLAN GW-104 APPROVAL
YATES PETROLEUM ALGERITA COMPRESSOR STATION
DISCHARGE PLAN REQUIREMENTS
(June 22, 1992)**

1. Payment of Discharge Plan Fees: The \$690 flat fee (either total payment or installment) will be paid upon receipt of this approval.
2. Drum Storage: All drums will be stored on pad and curb type containment.
3. Sump Inspection: All pre-existing sumps at this facility will be cleaned and visually inspected on an annual basis. Any new sumps or below-grade will be approved by the OCD prior to installation and will incorporate leak detection in their designs.
4. Leak Detection Inspection: All leak detection sumps will be inspected on a monthly basis.