

NM1 - 30

**GENERAL
CORRESPONDENCE**

YEAR(S):

2007 - 1999



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

September 8, 2005

CERTIFIED MAIL RETURN RECEIPT NO. 7001-1940-0004-7920-7737

Mr. Jim Wilson
Artesia Aeration, LLC
P.O. Box 310
Hobbs, NM 88241

Re: Application For Waste Management Facility, Dated July 15, 2005
Major Modification to NMOCD Permit No. NM-1-0030
For the Artesia Aeration, LLC Facility Located In
Section 7, Township 17 South, Range 32 East
Lea County, New Mexico

Dear Mr. Wilson:

The New Mexico Oil Conservation Division (NMOCD) has received and reviewed the application shown above. This will be considered a major modification of your existing permit. As such, the modification request is subject to the notice requirements contained in 19.15.9.711 NMAC. The NMOCD has received U.S. Postal Service receipts showing that Artesia Aeration, LLC (Artesia Aeration) has notified the surface owners of record within one mile of the facility, and the county commission where the facility is located. **Artesia Aeration must submit the signed "Domestic Return Receipts" showing the signatures of the receiving parties before the NMOCD takes further action on the application.** Artesia Aeration is also required to issue public notice in a form approved by the division in a newspaper of general circulation in the county in which the facility is to be located. Such newspaper publication shall now be made according to the format shown on attachment A. **Artesia Aeration must submit an affidavit of publication of such public notice to the NMOCD Santa Fe office after publication.**

Comments or requests for a public hearing on this application must be received by the division within 30 days of the date of the public notice. A public hearing will be held if the director determines there is significant public interest.

The NMOCD will not act further on the application until the end of the thirty-day period referred to above.

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

NEW MEXICO OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Roger C. Anderson".

Roger C. Anderson
Environmental Bureau Chief



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

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

May 27, 2007

Mr. Jim Wilson
Artesia Aeration, LLC
PO Box 310
Hobbs, New Mexico 88240

**RE: Quarterly Treatment Zone Monitoring Results
Artesia Aeration Landfarm: Permit NM-01-0030**

Dear Mr. Wilson:

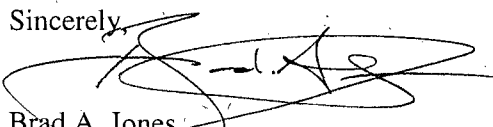
The New Mexico Oil Conservation Division (OCD) has recently reviewed our faxed quarterly treatment zone monitoring results for the period of June 2005 through January 2007. The treatment zone monitoring program is incorporated into the facility design and permit to ensure contaminants are not leaching into the underlying native soil. The laboratory analytical results indicate a history of contaminants transferring into the underlying native soil.

The September 6, 2005 quarterly treatment zone monitoring event demonstrated elevated Diesel Range Organics (DRO) levels beneath Cell #3 of 310 parts per million (ppm). The January 16, 2006 quarterly treatment zone monitoring event demonstrated elevated DRO levels beneath Cell #3 of 530 ppm. The April 11, 2006 quarterly treatment zone monitoring event demonstrated elevated DRO levels beneath Cells #1 and #3 of 950 ppm and 610 ppm respectively. The October 13, 2006 quarterly treatment zone monitoring event demonstrated elevated DRO and Chloride levels beneath Cell #3 of 350 ppm and 1950 ppm respectively. The recent January 30, 2007 quarterly treatment zone monitoring event demonstrated elevated DRO and Chloride levels of 13000 ppm and 3150 ppm respectively, beneath Cell #1; elevated Chloride levels of 1840 ppm beneath Cell #3; elevated DRO levels of 700 ppm beneath Cell #5; and elevated DRO levels of 14000 ppm beneath Cell #6.

The OCD requests that a remediation plan be submitted immediately to address the cleanup and remediation of the contaminated native soil. The OCD also requests an amended operational plan be submitted to address the prevention of future contamination of the treatment/vadose zone soil.

If you have any questions regarding this matter, please contact me at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,


Brad A. Jones
Environmental Engineer

BAJ/baj
cc: OCD District II Office, Artesia

DOMENICI LAW FIRM, P.C.

ATTORNEYS AT LAW

320 Gold Ave SW Suite 1000
Albuquerque, New Mexico 87102

Pete V. Domenici, Jr.
pdomenici@domicilaw.com

Charles N. Lakins
clakins@domicilaw.com

Jeanne Cameron Washburn
jwashburn@domicilaw.com

(505) 883-6250 Telephone
(505) 884-3424 Facsimile

Lorraine Hollingsworth
lhollingsworth@domicilaw.com

October 25, 2005

VIA EMAIL

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

Re: Artesia Aeration, LLC: Application for Modification to Waste Management Facility, NMOCD
Permit No. NM-1-0030

Dear Mr. Martin:

This letter is on behalf of GMI in regards to Artesia Aeration's application for a major permit modification related to the above permit. The Division's Decision and Order following the GMI permit hearing of May 23-24, 2005, Division Order R-12306-B, includes a discussion of technical issues that the OCD indicated could be applicable and appropriate to surface waste management landfills. GMI requests that the OCD consider these technical suggestions in regards to the Artesia Aeration application to the extent they are applicable.

Sincerely,

DOMENICI LAW FIRM, P.C.

Pete V. Domenici, Jr., Esq.

PVD/srr/1548

cc: client



2005 OCT 7 PM 1 20

October 5, 2005

Mark E. Fesmire, P.E.
N. M. Energy, Minerals & Natural
Resources Department
Oil Conservation Division
1 220 South St. Francis Drive
Santa Fe, NM 87504

Re: Application of Artesia Aeration, dated July 15, 2005, to modify commercial surface waste management facility, Lea County, New Mexico

Dear Mr. Fesmire:

Controlled Recovery Inc. ("CRI") has recently received a copy of the above referenced application and notes that it seeks to convert the Artesia Aeration landfarm into a landfill for non-remediable oilfield wastes. Since 1990, CRI has operated a commercial surface waste management facility in Lea County, New Mexico, under the authority of Division Order R-9166. Accordingly, CRI has particular expertise in this area and would like to bring that expertise to bear on the pending application. A preliminary review of Artesia Aeration's application raises questions and concerns about the design of the proposed facility, the types of wastes it proposes to accept, the management plan for those wastes, the proposed closure plan, and other technical issues.

The New Mexico Supreme Court has recently expressed the necessity of meaningful public participation in these permitting matters. *Colonias Development Council v. Rhino Environmental*, 138 N.M. 133, 117 P.3d 939 at ¶41 (2005). In order to allow meaningful public participation, and to allow CRI to question the applicant's representatives and present evidence on technical aspects of the proposed facility, CRI respectfully requests that a public hearing be held once Artesia Aeration's application is deemed administratively complete and all proper notices have been given.

Thank you for your careful oversight of these oilfield waste disposal issues in Southeast New Mexico.

Sincerely,

Michael H. Feldewert

cc: Roger Anderson, OCD Environmental Bureau Chief ✓
Ken Marsh, president of CRI ✓

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☺

DOMENICI LAW FIRM, P.C.

ATTORNEYS AT LAW

320 Gold Ave SW Suite 1000
Albuquerque, New Mexico 87102

Pete V. Domenici, Jr.
pdomenici@domicilaw.com

Charles N. Lakin
clakins@domicilaw.com

Jeanne Cameron Washburn
jwashburn@domicilaw.com

(505) 883-6250 Telephone
(505) 884-3424 Facsimile

Lorraine Hollingsworth
lhollingsworth@domicilaw.com

October 25, 2005

VIA EMAIL

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

Re: Artesia Aeration, LLC: Application for Modification to Waste Management Facility, NMOCD
Permit No. NM-1-0030

Dear Mr. Martin:

This letter is on behalf of GMI in regards to Artesia Aeration's application for a major permit modification related to the above permit. The Division's Decision and Order following the GMI permit hearing of May 23-24, 2005, Division Order R-12306-B, includes a discussion of technical issues that the OCD indicated could be applicable and appropriate to surface waste management landfills. GMI requests that the OCD consider these technical suggestions in regards to the Artesia Aeration application to the extent they are applicable.

Sincerely,

DOMENICI LAW FIRM, P.C.

Pete V. Domenici, Jr., Esq.

PVD/srr/1548

cc: client



Michael H. Feldewert
mfeldewert@hollandhart.com PM 1 20
Recognized Specialist in the Area of
Natural Resources - oil and gas law -
New Mexico Board of Legal
Specialization

2005 OCT 7 PM 1 20

October 5, 2005

Mark E. Fesmire, P.E.
N. M. Energy, Minerals & Natural
Resources Department
Oil Conservation Division
1 220 South St. Francis Drive
Santa Fe, NM 87504

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Thank you for your careful oversight of these oilfield waste disposal issues in Southeast New Mexico.

Sincerely,

Michael H. Feldewert

cc: Roger Anderson, OCD Environmental Bureau Chief ✓
Ken Marsh, president of CRI ✓

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, NM 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Billings Boise Boulder Cheyenne Colorado Springs Denver Denver Tech Center Jackson Hole Salt Lake City Santa Fe Washington, D.C. ☺

Jim Wilson Construction Co. LLC

P.O. Box 310
5614 N. Lovington Hwy.
Hobbs, NM 88241
505-392-9575 Office
505-392-3085 Fax

Send to: OCD	From: Jim Wilson Construction Maulaona
Attention: Ed Marten	Date: 9.13.05
Office Location: Santa Fe	Office Location: Hobbs, NM
Fax Number: 505.476.3462	Phone Number: 505-392-9575

- Urgent
- Reply ASAP
- Please comment
- Please Review
- For your information

Total pages, including cover: 2

Comments:

Return Receipt

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Mrs. + Mrs. Caswell
 1702 Gillham Dr.
 Braumfield, TX
 79316

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 x *Clare Caswell* Agent Addressee

B. Received by (Printed Name)
Clare Caswell

C. Date of Delivery
7/16/05

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

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

4. Restricted Delivery? (Extra Fee) Yes

7003 1010 0005 2181 3172

PS Form 3811, February 2004

Domestic Return Receipt

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Lea County Commissioners
 100 N. Main, Ste. 11
 Lovington, NM
 88260

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 x *[Signature]* Agent Addressee

B. Received by (Printed Name)
RB [Signature]

C. Date of Delivery
7/18/05

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

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

4. Restricted Delivery? (Extra Fee) Yes

7003 1010 0005 2181 3189

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-14-1540

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

State of New Mexico
 Hwy. Trans. Dept.
 4505 W. 2nd St.
 P.O. Box 1457
 Roswell, NM 88205-1457

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 x *Michael Cabos* Agent Addressee

B. Received by (Printed Name)
Michael Cabos

C. Date of Delivery

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

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

4. Restricted Delivery? (Extra Fee) Yes

7003 1010 0005 2181 3202

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-14-1540

Attachment A
Artesia Aeration Major Modification
Dated July 15, 2005

NOTICE OF PUBLICATION

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

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

Artesia Aeration LLC, Jim Wilson, Owner, P.O. Box 310, Hobbs, New Mexico, has submitted for approval an application to modify their Rule 711 commercial surface waste management facility located in Section 7, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. Non-hazardous, solid waste, exempt from RCRA subtitle C, associated with oil and gas industry operations will be disposed of by burial in a lined landfill. No shallow alluvial water has been documented at the site.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday thru Friday, and on the New Mexico Oil Conservation Division website: www.emnrd.state.nm.us/ocd. Prior to ruling on this proposed permit 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 and public hearing may be requested by any interested person. Request for public hearing shall set forth the reasons why a hearing shall be held. A hearing will be held if the director determines that there is significant public interest.

If no hearing is held, the Director will approve or disapprove the permit based on the information available. If a public hearing is held, the Director will approve the permit based on the information in the permit and information presented at the hearing.

GIVEN under the Seal of New Mexico Conservation Commission at Santa Fe, New Mexico, on this 8th day of September 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

SEAL

MARK FESMIRE, P.E., Director

7/15/2005

Oil Conservation Division
Attention: Ed Martin
1220 So. St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

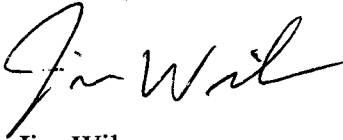
JUL 20 2005

Per. *Ed*.....

Dear Mr. Martin,

Artesia Aeration is applying for a permit to modify its current permit in order to accept all RCRA exempt waste, including reserve pit cuttings. Due to increased activity in reserve pit remediations and pit closures, we feel there is a need for this type of facility to service central Lea County, Northern Eddy County, and Southern Chavez County. Due to high transportation costs, a facility closer to some of these pit sites would reduce the overall remediation costs, which in turn could increase pit remediation activity for oil and gas operators in the area. Enclosed, find C137 and all other material required for this modification.

Sincerely,



Jim Wilson

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1600 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

RECEIVED
JUL 20 2005
Per. *ll*

2. Operator: ARTESIA Aeration

Address: P.O. Box 310 Hobbs, NM 88241

Contact Person: Jim Wilson Phone: 392-9575

3. Location: /4 /4 Section 7 Township 17S Range 32E
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.
Section 1
6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
Section 2
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.
Section 3
8. Attach a contingency plan for reporting and clean-up for spills or releases.
Section 4
9. Attach a routine inspection and maintenance plan to ensure permit compliance.
Section 5
10. Attach a closure plan.
Section 6
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.
Section 7
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.
Section 8
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.
Section 9

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: Jim Wilson

Title: Manager

Signature: *Jim Wilson*

Date: 7/15/2005

E-mail Address: _____

Property Owners

1. Land Owner of the Facility Site:

Artesia Aeration
P.O. Box 310
Hobbs, New Mexico 88241

2. Land Owners of Record Within One Mile of the Site

Olane and LaDoyce Caswell
Caswell Ranch
Maljamar, New Mexico 88264

State of New Mexico
State Highway and Transportation Department
District II Headquarters
4505 W. Second Street
P.O. Box 1457
Roswell, N. M. 88201-1457

7/15/2005

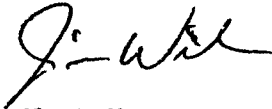
State of New Mexico
Highway Transportation Dpmt.
District II Headquarters
4505 W. 2nd St.
P.O. Box 1457
Roswell, NM 88201-1457

Re: Notification Letter

To Whom It May Concern:

Artesia Aeration, a state permitted land farm, one mile West of Maljamar, N.M., has filed an application with the OCD to modify its permit, #NM-01-0030. If approved, the facility would be able to accept all RCRA approved waste, and waste would be buried in 40 mil plastic lined pits instead of left on top of the ground and farmed. This facility would not accept free liquid, but would accept all other oilfield waste approved by the OCD. If further information is required, please contact me, Jim Wilson, at (505) 631-2442.

Sincerely,



Jim Wilson

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

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

OFFICIAL USE

ROSWELL, NM 88201-1457

Postage	0.37	UNIT ID: 0640
Certified Fee	2.30	Postmark Here
Return Receipt Fee (Endorsement Required)	1.75	Clerk: KHGCBP
Restricted Delivery Fee (Endorsement Required)		07/15/05
Total Postage & Fees	\$ 4.42	

Sent To: State N.M. Highway Trans.
Street, Apt. No. or PO Box No.: PO Box 1457
City, State, ZIP+4: Roswell, NM 88201 1457

7/15/2005

Mr. & Mrs. Caswell
1702 Gillham Drive
Brownfield, TX 79316

Re: Notification Letter

Dear Mr. & Mrs. Caswell,

Artesia Aeration, a state permitted land farm, one mile West of Maljamar, N.M., has filed an application with the OCD to modify its permit, #NM-01-0030. If approved, the facility would be able to accept all RCRA approved waste, and all waste would be buried in 40 mil plastic lined pits instead of left on top of the ground and farmed. This facility would not accept free liquid, but would accept all other oilfield waste approved by the OCD. If further information is required, please contact me, Jim Wilson, at (505) 631-2442.

Sincerely,



Jim Wilson

7 1010 0005 2181 3172

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

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

OFFICIAL USE

BROWNFIELD, TX 79316

Postage	0.37	UNIT ID: 0640
Certified Fee	2.30	Postmark Here
Return Receipt Fee (Endorsement Required)	1.75	Clerk: KHGCBP
Registered Delivery Fee (Endorsement Required)		07/15/05
Total Postage & Fees	\$ 4.42	

7
Send To
Mr & Mrs. Caswell
Street, Apt. No. or PO Box No. 1702 Gillham Dr.
City, State, ZIP+4 Brownfield, TX 79316

PS Form 3800, June 2002 See Reverse for Instructions

7/15/2005

Lea County Commissioners
100 N. Main, Ste. 11
Lovington, NM 88260

Re: Notification Letter

To Whom It May Concern:

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Sincerely,



Jim Wilson

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

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

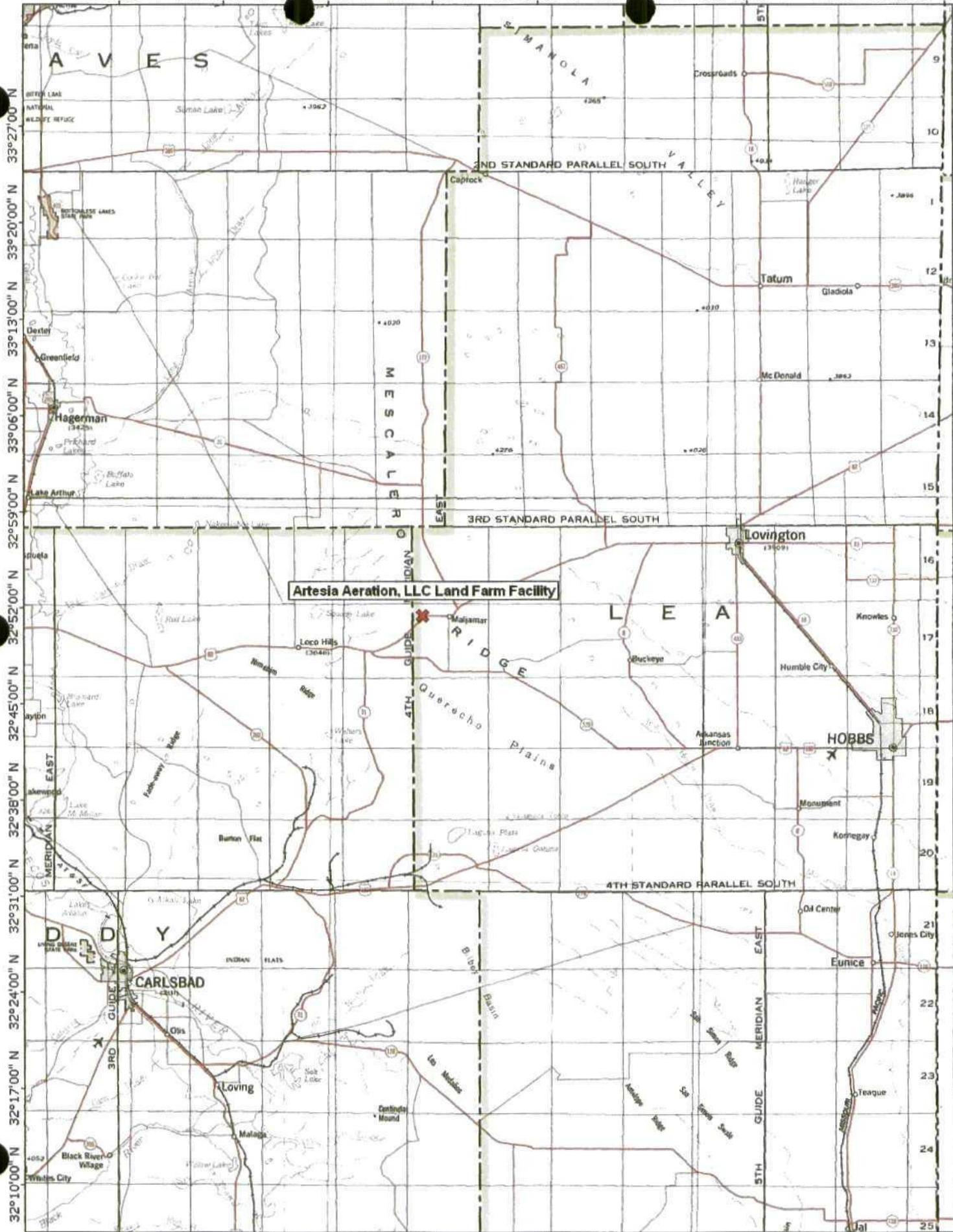
OFFICIAL USE

LOVINGTON, NM 88260

Postage	0.37	UNIT ID: 0640
Certified Fee	2.30	Postmark Here
Return Receipt Fee (Endorsement Required)	1.75	Clerk: KHGCBP
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 4.42	07/15/05

Sent To: Lea County Commissioners
Street, Apt. No., or PO Box No. 100 N. Main, Ste. 11
City/State ZIP+4

104°14'00" W 104°05'00" W 103°56'00" W 103°47'00" W 103°38'00" W 103°29'00" W 103°20'00" W WGS84 103°03'00" W



Artesia Aeration, LLC Land Farm Facility

TN 8 1/4"

T. 17 S.

12 6

13 7

6 : S 89°56' E

N30°00'00" E
396.97

S89°48'20" E
763.73

S15°06'17" E
133.43

EDDIE CO
ROAD C-124

SET #4 REBAR
V/CAP MK'D
"LS-8118" (TYP)

FENCE

S 88°51'48" E 3181.75

LAND FARM CELLS

OWELL

N89°55'100" E
659.52

PROPOSED AREA
FOR PITS

ROAD

#6

#5

#4

#3

#2

#1

*

OFFICE

CURVE DATA

DELTA = 194° LEFT
RADIUS = 3362.00
LENGTH = 1308.93

CHORD BEARING = S 26°40'19" W
CHORD LENGTH = 1932.61

167.856 ACRES

FENCE S 47°10'19"W 1679.48
US HIGHWAY 82

NOT TO SCALE

13 7 FENCE N 87°43'22" W 2312.70

R R
31 32
E E

ROW FENCE



OWNERS AFFIDAVIT
WE, THE UNDERSIGNED OWNERS AND PROPRIETORS OF THE ABOVE LANDS AS RECORDED IN BOOK 440 PAGES 936 THROUGH 944, HAVE CAUSED THE SAME TO BE PARTITIONED AS DESCRIBED BELOW ON OUR FREE WILL, ACT AND DEED; AND STATE THE SAME TO BE NOT AN ACT OF SUBDIVISION AS DEFINED AND SPECIFICALLY EXEMPTED UNDER NM STATUE

DATE: _____

ARTESIA AERATION LLC

*New Monitor Well drilled 5-14-05

GPS #
32°-51'-17.1"N
103°-47'-56.9"W
ELEVATION: 4039

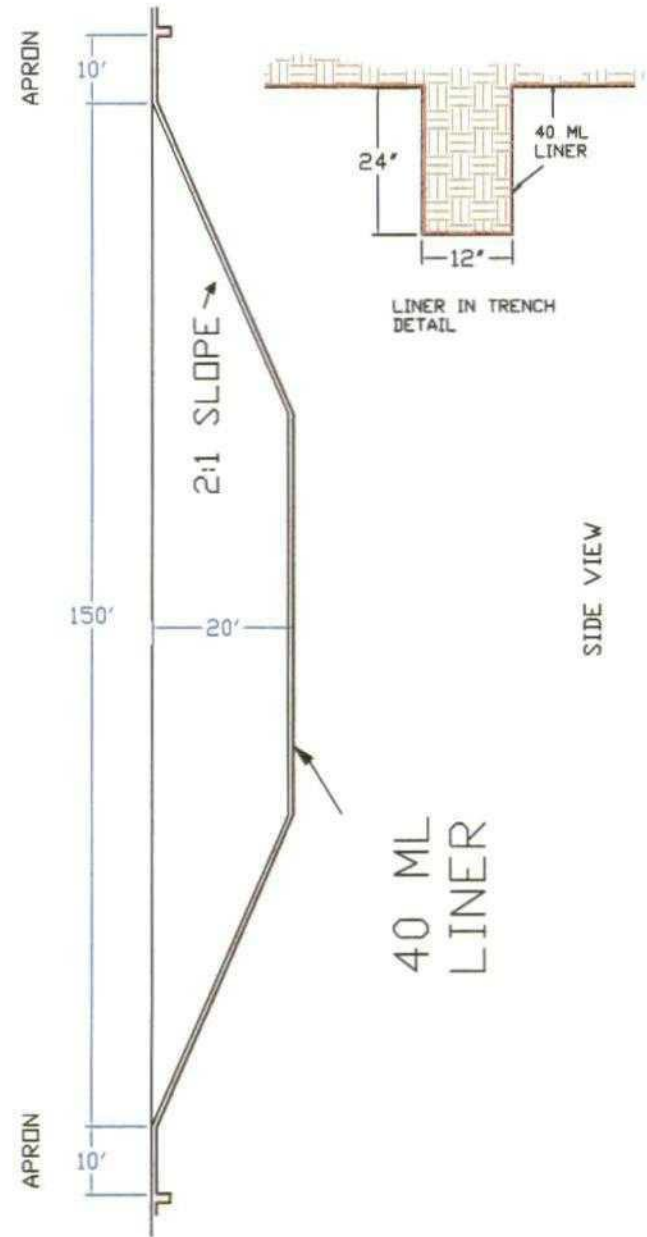
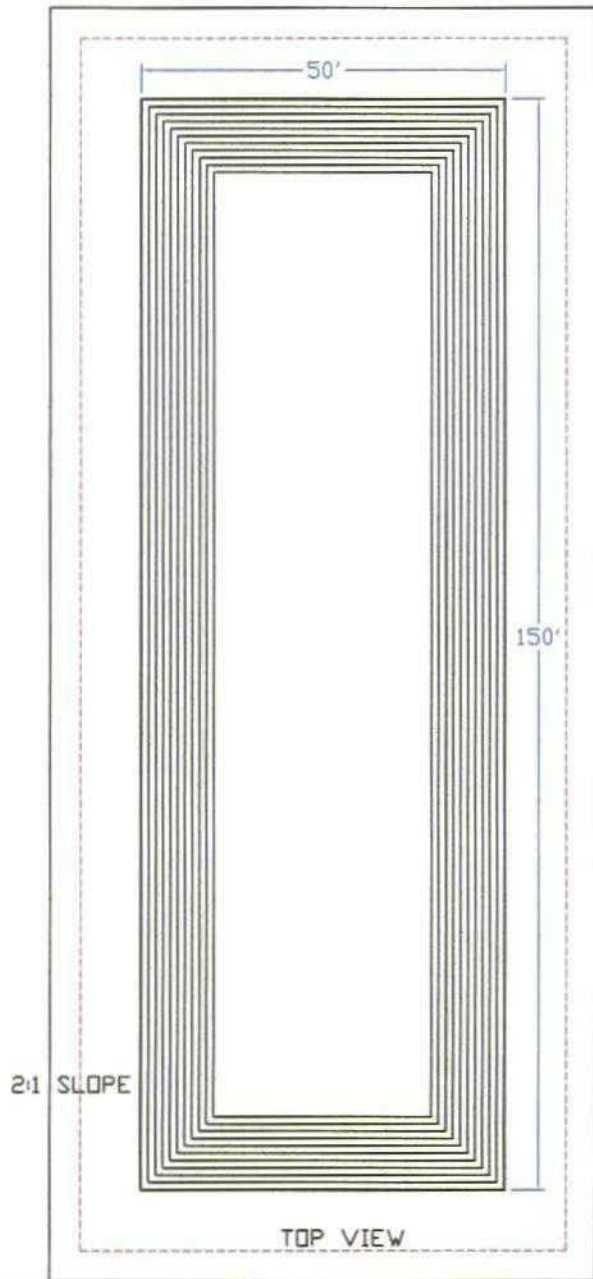
ARTESIA AERATION LLC LAND FARM

SECTIONS 5, 6 AND 7
TOWNSHIP 17 SOUTH, RANGE 32 EAST
N.M.P.M., LEA COUNTY, NEW MEXICO

MEDIA DIVISION

CONSTRUCTION OF DISPOSAL PITS

Pits will be 150' long, 50' wide at the top, with a 2:1 slope, approximately 20' deep. Pits will be lined with a 40 mil plastic liner as recommended by OCD, including a 10' apron on each side for dumping of material into pit. 10' apron will also have a 24" X 12" trench to anchor plastic liner. Excavated material will be stock piled on backside of pit to be used for reclamation of pit.



GPS #
 32°-51'-17.1"N
 103°-47'-56.9"W
 ELEVATION 4039

ARTESIA AERATION LLC LAND FARM

NEW PIT DETAILS

PROJECT DIVISION

Contingency Plan

1. **This facility will accept for disposal, only wastes approved by the Oil Conservation Division.**
2. **All material will be dumped on 10' Apron and immediately pushed into pit. There will be a 40 mil liner underneath Apron to prevent contaminating area around pits.**
3. **All pits will be enclosed by 6' high berms made of existing top soil, including natural vegetation. This will prevent any runoff into pits and provide soil with natural vegetation for closure.**
4. **Any premature spills of contaminated soils will immediately be picked up and moved to the pit. The area where spill occurred will be cleaned up properly. Spill will be documented and the OCD will be notified.**

The applicant commits to notify the OCD of any break, spill, blow out, or fire or any other circumstances that could constitute a hazard or contamination in accordance with OCD rule 116.

Inspection & Maintenance

- 1. Facility attendant will make daily inspections of all roads and cells in Artesia Aeration for any spills or unauthorized dumping of material.**
- 2. Inspections of all berms will be made by attendant weekly and immediately after any heavy rains or high winds. Any damage to berms will be repaired as soon as possible with natural vegetation.**
- 3. All fences around landfill will be inspected monthly to insure livestock cannot enter landfill area.**
- 4. All spills, unauthorized dumping, berm erosion, or fence repair will be documented and kept on file and the OCD will be notified.**

Closure Plan

1. When each pit is filled to height of 4' from ground level, closure will begin.
2. 10' Aprons will be pushed into pit.
3. A 40 mil liner will be placed over the top of pit.
4. 4' of natural topsoil will be pushed over the 40 mil liner and compacted. Pit area will then be reseeded with designated seed mixture.
5. Each pit will be clearly marked and numbered.
6. Each pit will be monitored for any settling of backfill material.
7. OCD will be notified when closure is complete on each pit.
8. By closing each pit as it fills with the natural terrain that was removed to build the pit there should not be any additional bond needed for the closure plan. When the land farm has reached its capacity, the only work needed to obtain final closure will be to spread the berms, which are made of the natural topsoil across the land farm.

RECEIVED
SEP 09 2005
Per *ll*.....

~~RECEIVED
SEP 06 2005
Per.....~~

STATE ENGINEER OFFICE
WELL RECORD

Section 1. GENERAL INFORMATION

(A) Owner of well Artesia Aeration LLC Owner's Well No. _____
 Street or Post Office Address .O. Box 248
 City and State Artesia N.M. 88210

Well was drilled under Permit No. _____ and is located in the:

- a. _____ ¼ _____ ¼ _____ ¼ _____ ¼ of Section _____ Township _____ Range _____ N.M.P.M.
- b. Tract No. _____ of Map No. _____ of the _____
- c. Lot No. _____ of Block No. _____ of the _____
 Subdivision, recorded in Lea County.
- d. X= _____ feet, Y= _____ feet, N.M. Coordinate System _____ Zone in the _____ Grant.

(B) Drilling Contractor C&R DRILLING License No. 763

Address 7217 POSWELL HWY. ARTESIA N.M. 88210

Drilling Began 5-12-99 Completed 5-13-99 Type tools Rotary Size of hole 7½ in.

Elevation of land surface or _____ at well is _____ ft. Total depth of well 120. ft.

Completed well is shallow artesian. Depth to water upon completion of well 0 ft.

Section 2. PRINCIPAL WATER-BEARING STRATA

Depth in Feet		Thickness in Feet	Description of Water-Bearing Formation	Estimated Yield (gallons per minute)
From	To			

Section 3. RECORD OF CASING

Diameter (inches)	Pounds per foot	Threads per in.	Depth in Feet		Length (feet)	Type of Shoe	Perforations	
			Top	Bottom			From	To

Section 4. RECORD OF MUDDING AND CEMENTING

Depth in Feet		Hole Diameter	Sacks of Mud	Cubic Feet of Cement	Method of Placement
From	To				
<u>0</u>	<u>20</u>	<u>7½"</u>	<u>1gel</u>		<u>By hand</u>

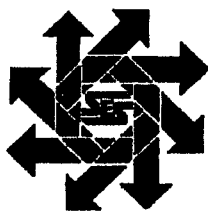
Section 5. PLUGGING RECORD

Plugging Contractor _____
Address _____
Plugging Method _____
Date Well Plugged _____
Plugging approved by: _____
State Engineer Representative

No.	Depth in Feet		Cubic Feet of Cement
	Top	Bottom	
1			
2			
3			
4			

FOR USE OF STATE ENGINEER ONLY

Date Received _____ Quad _____ FWL _____ FSL _____
File No. _____ Use _____ Location No. _____



P.O. Box 1613
703 E. Clinton Suite 102
Hobbs, New Mexico 88240
505/397-0510
FAX 505/393-4388
www.sesi-nm.com

Safety & Environmental Solutions, Inc.

May 16, 2005

Mr. Jim Wilson
Artesia Aeration
P.O. Box 310
Hobbs, NM 88241

Subject: Monitor Well Installation, Artesia Aeration Landfarm

Dear Mr. Wilson:

At your request, Safety and Environmental Solutions, Inc., drilled and completed a groundwater monitor well at your facility located approximately two miles west of Maljamar in the North ½ of Section 7, T17S, R32E.

I arrived on-site at 8:30 a.m. on May 14, 2005 and met the driller, Eco/Enviro Drilling of Lovington. Following a safety meeting, we commenced to drill at a location approximately 15 ft. north of the service road between the entrance and Cell 1. Drilling was performed using a Mobile B-57 hollow-stem auger rig using a core-barrel sampler.

We drilled to a depth of 35 ft. The first 23 ft. consisted of fine grained sand with some silt and caliche. This zone was dry. At 23 ft. we encountered clay which continued to the total depth of 35 ft. The clay was brown and green, dry and very hard. The hole was backfilled with native clay to 25 ft. where we set a 10 ft. PVC screen and a sand pack. The well was completed to the surface with a 17.5 ft. PVC riser and sealed with a hydrated bentonite seal and a cement cap. A locking steel protection casing was installed approximately 3 ft. above ground. We completed the well and left the site at approximately 2:30 p.m. A copy of the well completion log is attached to this letter.

No water was encountered during the drilling of the well. The material was very dry (both sand and clay) with no evidence of moisture. This was not unexpected as no shallow alluvial water has been documented in the area and an earlier exploratory well drilled to a depth of 120 ft. in the clay redbeds also did not encounter water and remains dry. A search of NM State Engineer Office records did not show any water wells in the vicinity. No wells are known to exist west of Maljamar (which is at the base of the Ogallala caprock).

Based on review of the earlier drilling work and the results of the current drilling, I can conclude that there is no groundwater in the shallow subsurface beneath the facility in the vicinity of these two wells. However, there may be brine water associated with the deeper oil producing zones.

If you have any questions, please contact me at (505) 397-0510.

Sincerely,

David G. Boyer, P.G.

Cc. Bruce Garber, Garber and Hallmark, PC

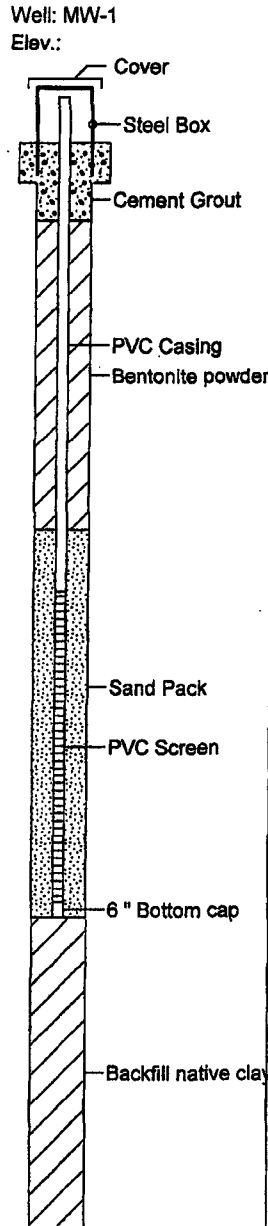


Groundwater Investigation
 Artesia Aeration
 Maljamar, New Mexico
 N1/2, Section 7, T17S, R32E
 May 14, 2005

Date, Time Started: : 05/14/05; 0800
 Date, Time Completed : 05/14/05; 1430
 Hole Diameter: : 8 1/4"
 Drilling Method: : Hollow Stem Auger
 Drilling Equipment: : Foremost-Mobile B-57

Drilled By: : Eco/Enviro Drilling
 Logged By: : D.G. Boyer
 Northing Coordinate :
 Easting Coordinate :
 Survey By :

Depth in Feet	Sample Type	USCS	GRAPHIC	DESCRIPTION
				Sample Type: SS Split Spoon (18" or 24") CB Core Barrel (2' or 5') CT Auger Cuttings NR No recovery
0	CT	SP	[Stippled pattern]	0-4 ft. SAND, poorly graded (uniform), light brown, fine grained, dry
5	CT	CA	[Cross-hatched pattern]	4-6 ft. CALICHE, white (chalk color), dry
8	CT	SP	[Stippled pattern]	8-10 ft. SAND, poorly graded (uniform), light brown, fine grained, frequent small caliche gravels/fragments to 1/4", dry
10	CT	ML	[Vertical line pattern]	9-10 ft. Increasing caliche gravels and silt 10-15 ft. SANDY SILT, very light brown, with occasional caliche gravel, very dry
15	CT	SP	[Stippled pattern]	15-20 ft. SILTY SAND, light reddish brown, very fine grained, dry
20	CB	SP	[Stippled pattern]	20-23 ft. SAND, reddish-brown, very fine grained, dry
23	CB	CL	[Diagonal line pattern]	23-25 ft. CLAY, brown, very stiff, dry, very plastic when wetted
25	CB	CL	[Diagonal line pattern]	25-27 ft. CLAY, brown, very stiff, dry
27	CB	CL	[Diagonal line pattern]	27-30 ft. CLAY, green, some platy structure (claystone or mudstone), very fine crystals (calcite?), dry
30	CB	CL/MS	[Diagonal line pattern]	30-33 ft. CLAY, brown and yellow, dry, crumbly 33-34 ft. CLAY and claystone (mudstone), greenish gray, platy, crumbly, dry 34-35 ft. CLAY, grayish grading to brown at base, crumbly, dry
35				



Well Construction Information

COMPLETION DATA

Hole Depth : 35 ft. Below LS
 TD inside casing : 27.5 ft. Below TOC

CASING, SCREEN & CAP

Material, joints : PVC, threaded
 Diameter : 2 in. ID
 Manufacturer : LAIBE
 Screen type : Slotted
 Screen length : 10 ft.
 Screen opening : 0.020 slot
 Scrn. placement : 15-25 ft. BLS
 Sump : None
 Bottom Cap : 0.5 ft PVC
 Protector Casing : Steel box
 Lock Key # : --

SEALS & SAND PACK

Cement seal type : QuikCrete
 Cem't placement : 0 - ~2.5 ft. BLS
 Grout placement : --
 Annular seal type : Aquagel bentonite
 Seal volume : 4 bags powder, hydrated
 Seal placement : 2.5-12.5 ft. BLS
 Sand pack type : 8/16 Oglebay silica
 Sand volume : 6 bags
 Sand placement : 12.5-25 ft. BLS
 Lower Annular seal : Native clay (backfill)
 Seal placement : 25-35 BLS

ELEVATIONS

Ground elevation : Approx. 4035 ft.
 Inner casing, top : --

WELL INSTALLATION:

Drilled to 35 feet with 8 1/4" auger to determine lithology. Backfilled to 25 ft. and installed well with 10 ft. screen. 8 bags 8/16 Oglebay-Norton sand to 12.5 ft., 4 bags Aquagel bentonite powder to 2.5 ft., hydrated. QuikCrete cement mix to surface. Installed locking steel protection casing, stick-up approximatel 2.5 ft.

WELL DEVELOPMENT:

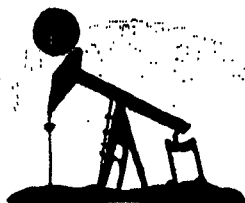
None - well dry, 6/14/05

Notes:

Monitor well dry upon completion.
 Location approximately 15 ft. north of service road between entrance and landfarm Cell 1.

Contingency Plan for H2S

1. In the event that H2S gas is detected at the landfill, all operations would immediately cease.
2. All personnel would be moved to a safe area.
3. Local and state authorities would be notified.
4. Area would be sealed off until qualified personnel could pronounce the contaminated area as safe.
5. The incident would be documented and the OCD would be notified.



marbob
energy corporation

July 18, 2005

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark Fesmire

**RE: Artesia Aeration
Permit Modification/Amendment**

Dear Mark:

Marbob Energy Corporation would request that you approve the permit modification for the Artesia Aeration land farm which would allow it to take oilfield waste with a high salt character. We operate wells in Eddy, Lea and Chaves County. With the increased focus on spill cleanup, remediation, and pit closures, it is important to have multiple disposal sites available across Southeast New Mexico. We have previously disposed material into this facility and found it to be well run. With recent Department of Transportation restrictions on the number of hours that drivers can work, the longer the disposal haul the more likely that multiple hauls in the same day will violate the rules. This would then result in more days being required to finish the disposal work. Likewise, if there are not multiple disposal locations with different ownership then oligopoly or monopoly pricing will result.

Your decision should be based strictly on the facts of the suitability of the disposal location to successfully manage this waste which will protect the environment. We believe this location is suitable for disposal of highly salty waste in an environmentally safe manner. We hope this permit modification will be approved.

Sincerely,

Johnny C. Gray
President

JCG/mm

P.O. Box 227 • Artesia, New Mexico 88211-0227 • (505) 748-3303 • Fax (505) 746-2523



PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856

2113 French Dr.

Hobbs, NM 88241-1856

Office 505-391-9685

Fax 505-391-9687

May 11, 2005

Artesia Aeration, LLC
P.O. Box 310
Hobbs, New Mexico 88240

Attn: Mr. Jim Wilson

RE: Artesia Aeration, LLC, Permit for Accepting Chloride Impacted soils

Dear Mr. Wilson:

Phoenix has talked with their clients and customers in regards to the issue of chloride impacted soils. We strongly feel that it would hurt by driving up the cost of closing drilling pits, (Due to the additional fuel, time and labor) if Artesia Aeration does not get its new permit. Phoenix's clients feel that your Artesia Aeration facility is located in a very good spot both environmentally and logistically and should be allowed to except chloride impacted soils.

If you have any questions call at any time.

Sincerely,

Allen Hodge, REM
Sr. Project Manager
Phoenix Environmental LLC





PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856

2113 French Dr.

Hobbs, NM 88241-1856

Office 505-391-9685

Fax 505-391-9687

May 11, 2005

Artesia Aeration, LLC
P.O. Box 310
Hobbs, New Mexico 88240

Attn: Mr. Jim Wilson

RE: Artesia Aeration, LLC, Monitor Well Check

Dear Mr. Wilson:

Phoenix was at your facility today to check your monitor well depth and to see if there was any water in the well bore. An interface probe was used to check the depth and it had a total depth of 124' BGS and there was no water found. The Well had a GPS reading of 32° 51' 17.1" North and 103° 47' 56.9" West with an elevation of 4,039' ASL.

If you have any questions call at any time.

Sincerely,

Allen Hodge, REM
Sr. Project Manager
Phoenix Environmental LLC



19.15.9.711 APPLICABLE TO SURFACE WASTE MANAGEMENT FACILITIES ONLY:

A. A surface waste management facility is defined as any facility that receives for collection, disposal, evaporation, remediation, reclamation, treatment or storage any produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, bottom sediment and water (BS&W), tank bottoms, waste oil or, upon written approval by the Division, other oilfield related waste. Provided, however, if (a) a facility performing these functions utilizes underground injection wells subject to regulation by the Division pursuant to the federal Safe Drinking Water Act, and does not manage oilfield wastes on the ground in pits, ponds, below grade tanks or land application units, (b) if a facility, such as a tank only facility, does not manage oilfield wastes on the ground in pits, ponds below grade tanks or land application units or (c) if a facility performing these functions is subject to Water Quality Control Commission Regulations, then the facility shall not be subject to this rule.

(1) A commercial facility is defined as any surface waste management facility that does not meet the definition of centralized facility.

(2) A centralized facility is defined as a surface waste management facility that accepts only waste generated in New Mexico and that:

(a) does not receive compensation for waste management;

(b) is used exclusively by one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended; or

(c) is used by more than one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended under an operating agreement and which receives wastes that are generated from two or more production units or areas or from a set of jointly owned or operated leases.

(3) Centralized facilities exempt from permitting requirements are:

(a) facilities that receive wastes from a single well;

(b) facilities that receive less than 50 barrels of RCRA exempt liquid waste per day and have a capacity to hold 500 barrels of liquids or less or 1400 cubic yards of solids or less and when a showing can be made to the satisfaction of the Division that the facility will not harm fresh water, public health or the environment;

(c) emergency pits that are designed to capture fluids during an emergency upset period only and provided such fluids will be removed from the pit within twenty-four (24) hours from introduction;

(d) facilities that do not meet the requirements of the foregoing exemptions in Subsection A, Paragraph (3) of 19.15.9.711 NMAC, but that are shown by the facility operator to the satisfaction of the Division to not present a risk to public health and the environment.

B. Unless exempt from Section 19.15.9.711 NMAC, all commercial and centralized facilities including facilities in operation on the effective date of Section 19.15.9.711 NMAC, new facilities prior to construction and all existing facilities prior to major modification or major expansion shall be permitted by the Division in accordance with the following requirements:

(1) Application Requirements - An application, Form C-137, for a permit for a new facility or to modify an existing facility shall be filed in DUPLICATE with the Santa Fe Office of the Division and ONE COPY with the appropriate Division district office. The application shall comply with Division guidelines and shall include:

(a) The names and addresses of the applicant and all principal officers of the business if different from the applicant;

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

(c) The names and addresses of the surface owners of the real property on which the management facility is sited and surface owners of the real property of record within one (1) mile of the site;

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

(e) A plan for management of approved wastes.

- ✓(f) A contingency plan for reporting and cleanup of spills or releases;
- ✓(g) A routine inspection and maintenance plan to ensure permit compliance;
- ✓(h) A Hydrogen Sulfide Prevention and Contingency Plan to protect public health;
- ✓(i) A closure plan including a cost estimate sufficient to close the facility to protect public health and the environment; said estimate to be based upon the use of equipment normally available to a third party contractor;
- ✓(j) Geological/hydrological evidence, including depth to and quality of groundwater beneath the site, demonstrating that disposal of oilfield wastes will not adversely impact fresh water;
- ✓(k) Proof that the notice requirements of Section 19.15.9.711 NMAC have been met;
- ✓(l) Certification by an authorized representative of the applicant that information submitted in the application is true, accurate, and complete to the best of the applicant's knowledge.
- ✓(m) Such other information as is necessary to demonstrate that the operation of the facility will not adversely impact public health or the environment and that the facility will be in compliance with OCD rules and orders.

(2) Notice Requirements:

✓(a) Prior to public notice, the applicant shall give written notice of application to the surface owners of record within one (1) mile of the facility, the county commission where the facility is located or is proposed to be located, and the appropriate city official(s) if the facility is located or proposed to be located within city limits or within one (1) mile of the city limits. The distance requirements for notice may be extended by the Director if the Director determines the proposed facility has the potential to adversely impact public health or the environment at a distance greater than one (1) mile. The Director may require additional notice as needed. A copy and proof of such notice will be furnished to the Division.

(b) The applicant will issue public notice in a form approved by the Division in a newspaper of general circulation in the county in which the facility is to be located. For permit modifications, the Division may require the applicant to issue public notice and give written notice as above.

(c) Any person seeking to comment or request a public hearing on such application must file comments or hearing requests with the Division within 30 days of the date of public notice. Requests for a public hearing must be in writing to the Director and shall set forth the reasons why a hearing should be held. A public hearing shall be held if the Director determines there is significant public interest.

(d) The Division will distribute notice of the filing of an application for a new facility or major modifications with the next OCD and OCC hearing docket following receipt of the application.

(3) Financial Assurance Requirements:

(a) Centralized Facilities: Upon determination by the Director that the permit can be approved, any applicant of a centralized facility shall submit acceptable financial assurance in the amount of \$25,000 per facility or a statewide "blanket" financial assurance in the amount of \$50,000 to cover all of that applicant's facilities in a form approved by the Director.

(b) New Commercial Facilities or major expansions or major modification of Existing Facilities: Upon determination by the Director that a permit for a commercial facility to commence operation after the effective date of this rule can be approved, or upon determination by the Director that a major modification or major expansion of an existing facility can be approved, any applicant of such a commercial facility shall submit acceptable financial assurance in the amount of the closure cost estimated in Subsection B, Paragraph (1), Subparagraph (i) above of 19.15.9.711 NMAC in a form approved by the Director according to the following schedule:

(i) within one (1) year of commencing operations or when the facility is filled to 25% of the permitted capacity, whichever comes first, the financial assurance must be increased to 25% of the estimated closure cost;

(ii) within two (2) years of commencing operations or when the facility is filled to 50% of the permitted capacity, whichever comes first, the financial assurance must be increased to 50% of the estimated closure cost;

(iii) within three (3) years of commencing operations or when the facility is filled to 75% of the permitted capacity, whichever comes first, the financial assurance must be increased to 75% of the estimated closure cost;

*Artesia Aeration
P.O. Box 310
Hobbs, NM 88240
505-392-9575*

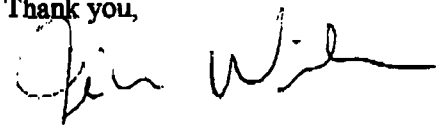
9/17/04

Attn: Ed Martin
Oil Conservation Division
505-476-9462

Reference: Accepting drilling cuttings into Artesia Aeration Landfarm.

As per our conversation in regards to accepting drilling cuttings into our landfarm, we propose to open a 5-acre cell strictly for drilling cuttings. We propose to keep cuttings spread thin and we would use the cell for only one layer of drilling cuttings to minimize sodium content into the treatment zone. With our test well, at a depth of 120', with no ground water showing, we feel this should be an acceptable method of farming reserve pit cuttings. We, of course, would test this cell quarterly as we do all cells, and also test for chlorides. We realize that our permit allows us to accept cuttings as exempt oil field material, but we would certainly like to have the Oil Conservation Division's approval and input as on how to handle this type of material.

Thank you,



Jim Wilson
Manager

LOVINGTON ADV. 3/15
ROSWELL "

E MAILED - Yes

4/26
ADV 5/19

NOTICE OF PUBLICATION

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following meeting and public hearing to be held at ~~10:00 A.M. on March 25, 2005~~ ^{8:15} in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Division Administrator Florene Davidson at 505-476-3458 or through the New Mexico Relay Network (1-800-659-1779) as soon as possible. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
Having any right, title, interest
Or claim in the following cases
And notice to the public.

Case

Application of Artesia Aeration, LLC to modify their NMOCD Rule 711 Permit so that they would be allowed to accept drill cuttings and salt water-contaminated oilfield waste at their landfarm. Artesia Aeration, LLC seeks a modification to their NMOCD Permit Number NM-1-0030 to allow Artesia Aeration, LLC's landfarm located in the N/2 of Section 7, Township 17 South, Range 32 East, in Lea County, New Mexico, to accept drill cuttings and salt water-contaminated oilfield waste. On September 17, 2004, Artesia Aeration, LLC applied for a modification to its permit allowing it to accept drill cuttings and salt water-contaminated oilfield waste and provided support for its request. Oil Conservation Division staff has determined that conditions at the site of the landfarm are such that the landfarm may accept drill cuttings and salt water-contaminated oilfield wastes without posing a hazard to groundwater and has confirmed that the operator will keep salt-contaminated oilfield waste separate from hydrocarbon-contaminated oilfield waste.

Case

Application of Gandy Marley, Inc. to modify their NMOCD Rule 711 Permit so that they would be allowed to accept drill cuttings and salt water-contaminated oilfield waste at their landfarm. Gandy Marley, Inc. seeks a modification to their NMOCD Permit Number NM-1-0019 to allow Gandy Marley, Inc.'s landfarm located in Sections

4,5,8, and 9 of Township 11 South, Range 31 East, in Chaves County, New Mexico to accept drill cuttings and salt water-contaminated oilfield waste. On ~~March 10, 2005~~ ^{OK}, Gandy Marley, Inc. applied for a modification to its permit allowing it to accept drill cuttings and salt water-contaminated oilfield waste and provided support for its request. Oil Conservation Division staff has determined that conditions at the site of the landfarm are such that the landfarm may accept salt-contaminated oilfield wastes without posing a hazard to groundwater and has confirmed that the operator will keep salt-contaminated oilfield waste separate from hydrocarbon-contaminated oilfield waste.

Given under the Seal of the State of New Mexico Oil Conservation Division at Santa Fe, New Mexico on this ~~14, day of March 2005.~~

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

**Mark E. Fesmire
Division Director**

S E A L

Request for a temporary emergency order allowing a landfarm to accept salt-contaminated oilfield waste.

Name of Facility Artesia Aeration

Address P.O. Box 310

City, State, Zip Hobbs, NM 88241

Location of landfarm

Qtr/Qtr, Section, Township, Range N/2 Section 7, Township 17S, Range 32E 32E
Lea County NMPM

Depth to groundwater at landfarm No water at 120' deep

Fresh water wells within 1,000 feet? Yes No

Watercourses (wet or dry) within 1,000 feet? Yes No

Conditions at the landfarm site which would make it acceptable for the disposal of salt-contaminated oilfield waste. Such conditions could include an impermeable barrier such as clay (red bed) between the landfarm and the groundwater, lack of groundwater at the site, etc.

Monitor well is 120' deep with no water

Reserve pit cuttings will be kept in a seperate cell, away from other materials.

Why do you consider this an emergency? With only one site in Southern Lea

County, to haul reserve pit cuttings to, our location would

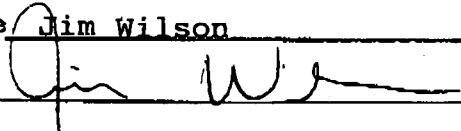
make it more feesable and less expensive for the oil companies to haul their reserve pit cuttings to from Northern Lea County.

Check one: I have already submitted an application to accept salt-contaminated waste

I will submit an application for modification in the next two weeks

Signed by:

Printed Name Jim Wilson

Signature 

Title Manager

Date 3/11/2005



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

7001 1940 0004 7920 7553

March 4, 2005

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

Artesia Aeration, LLC
P.O. Box 310
Hobbs, NM 88240

Permit Number: NM-1-0030

Re: Administrative Modification of Landfarm Permits

The Oil Conservation Division (OCD) issued the landfarm permit identified above under OCD Rule 711. As explained in the public notice given prior to the issuance of the permit, the permit was for landfarming to remediate hydrocarbon-contaminated soils. The language of the permit, however, is broader, allowing the facility to accept oilfield contaminated solids which are either exempt from the Federal RCRA Subtitle C (hazardous waste) regulations or are "nonhazardous" by characteristic testing. If this language were interpreted to allow the landfarm to accept oilfield waste contaminated with salts, the salts could compromise the biodegradation capacity of the landfarm. And because salts leach more easily than hydrocarbons, the landfarm may pose a greater threat to groundwater.

According to the terms of the permit identified above, the OCD may change the permit conditions administratively for good cause shown as necessary to protect fresh water, human health and the environment. The OCD has determined that it is necessary to protect fresh water, human health and the environment to modify the permit as follows:

Effective immediately, the NMOCD permitted landfarm identified above is prohibited from accepting oilfield waste contaminated with salts.

If the landfarm identified above wishes to accept oilfield waste contaminated with salts, you will need to file an application to modify the permit pursuant to OCD Rule 711.B(1) and follow the notice requirements of OCD Rule 711.B(2). If you have already filed a complete application for permit modification with this office and complied with the notice requirements, the OCD will process the application promptly.

Landfarms that wish to accept oilfield wastes contaminated with salts while their application for permit modification is pending may apply to the Division Director for an emergency order under OCD Rule 1202. Applications for emergency orders will be considered on a case-by-case basis.

This notice is being sent to all entities operating landfarm facilities in New Mexico permitted pursuant to OCD Rule 711, as shown on the attached list.

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

Very truly yours,

Mark E. Fesmire, P.E.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

September 17, 2004

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mr. Bob Mathews
Artesia Aeration LLC
P.O. Box 248
Artesia, NM 88210

Dear Mr. Mathews:

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

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

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

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

Please check one of the following:

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

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

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

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

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

Signed _____

Date _____

T.17S.

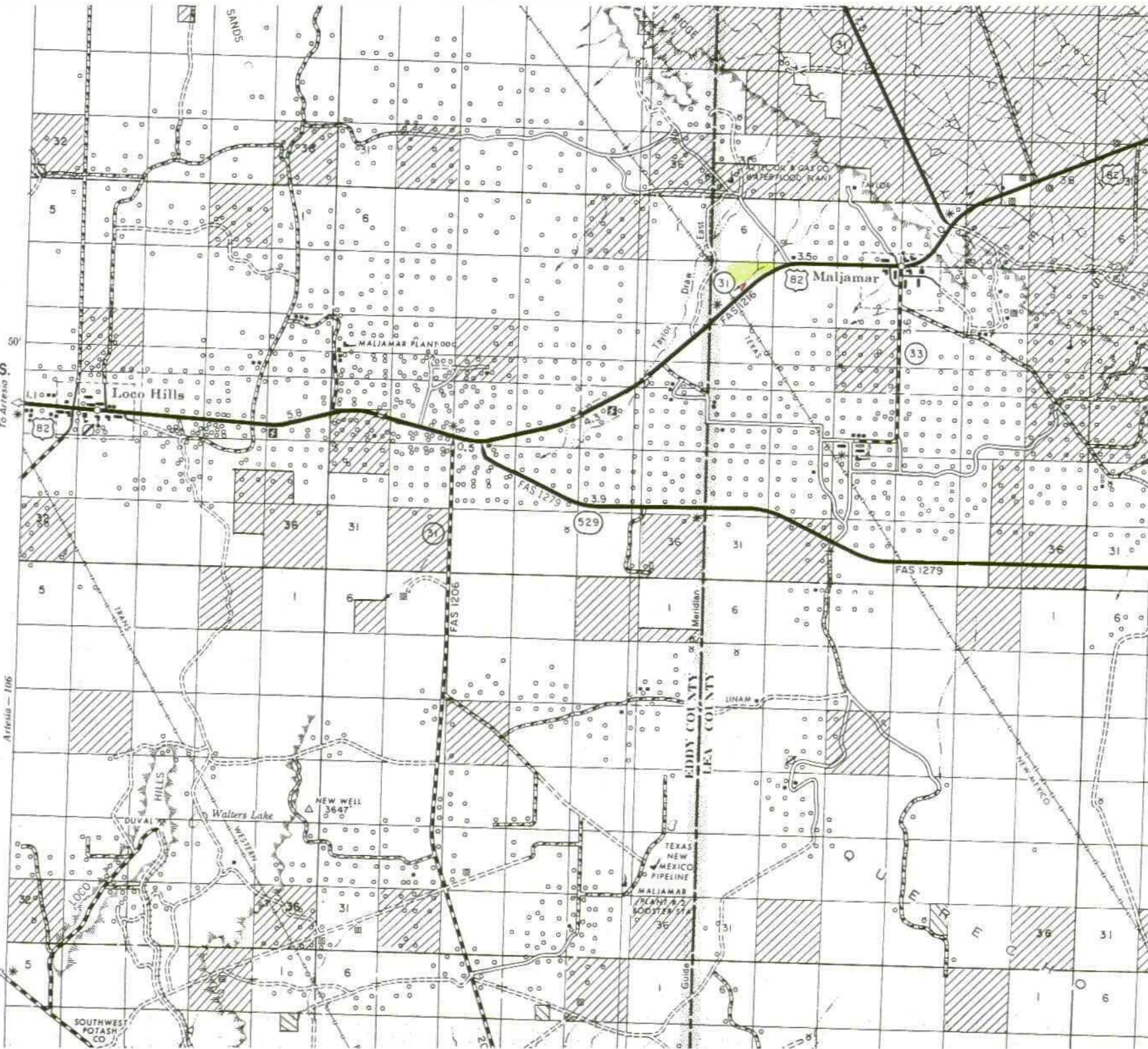
50'

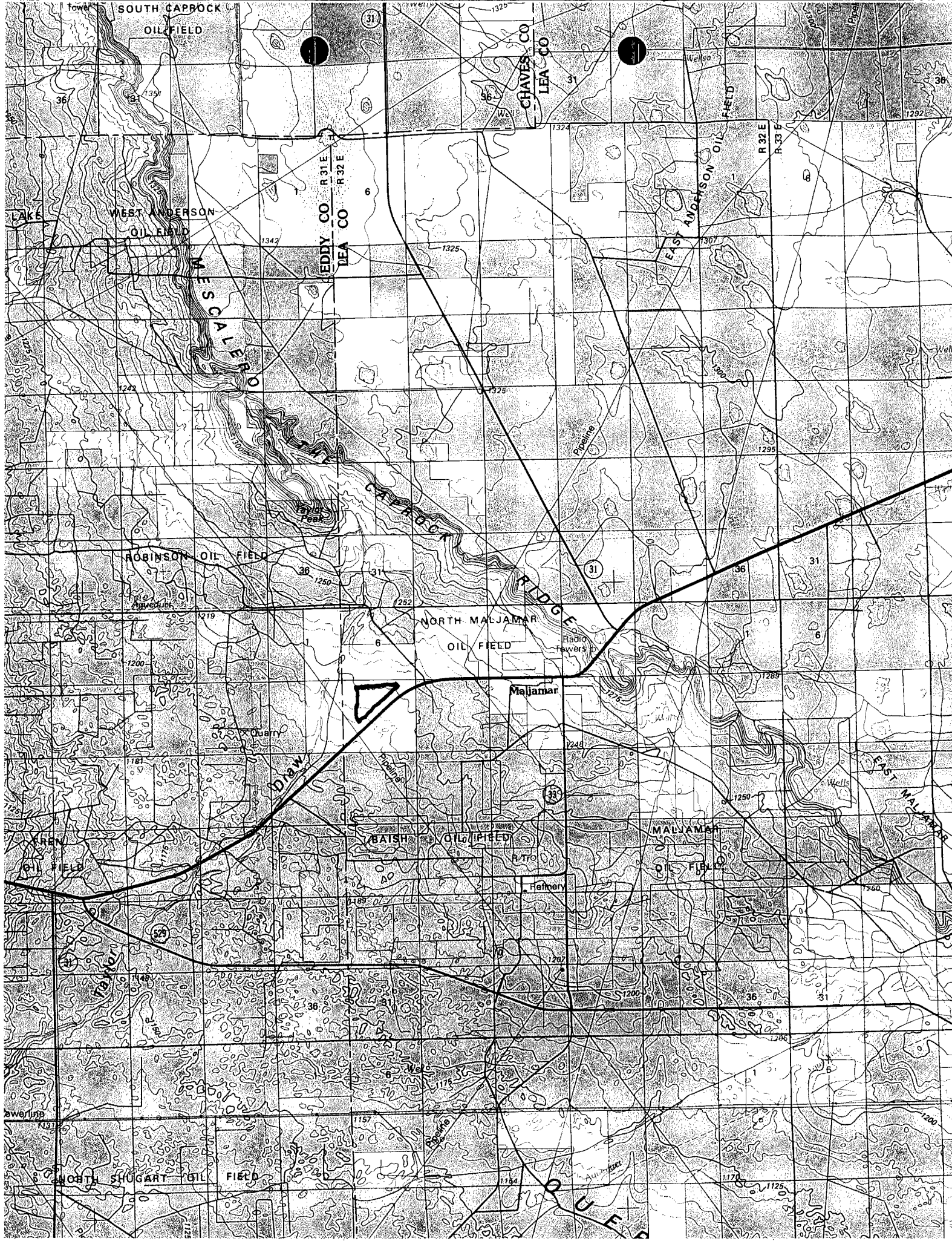
To Artesia

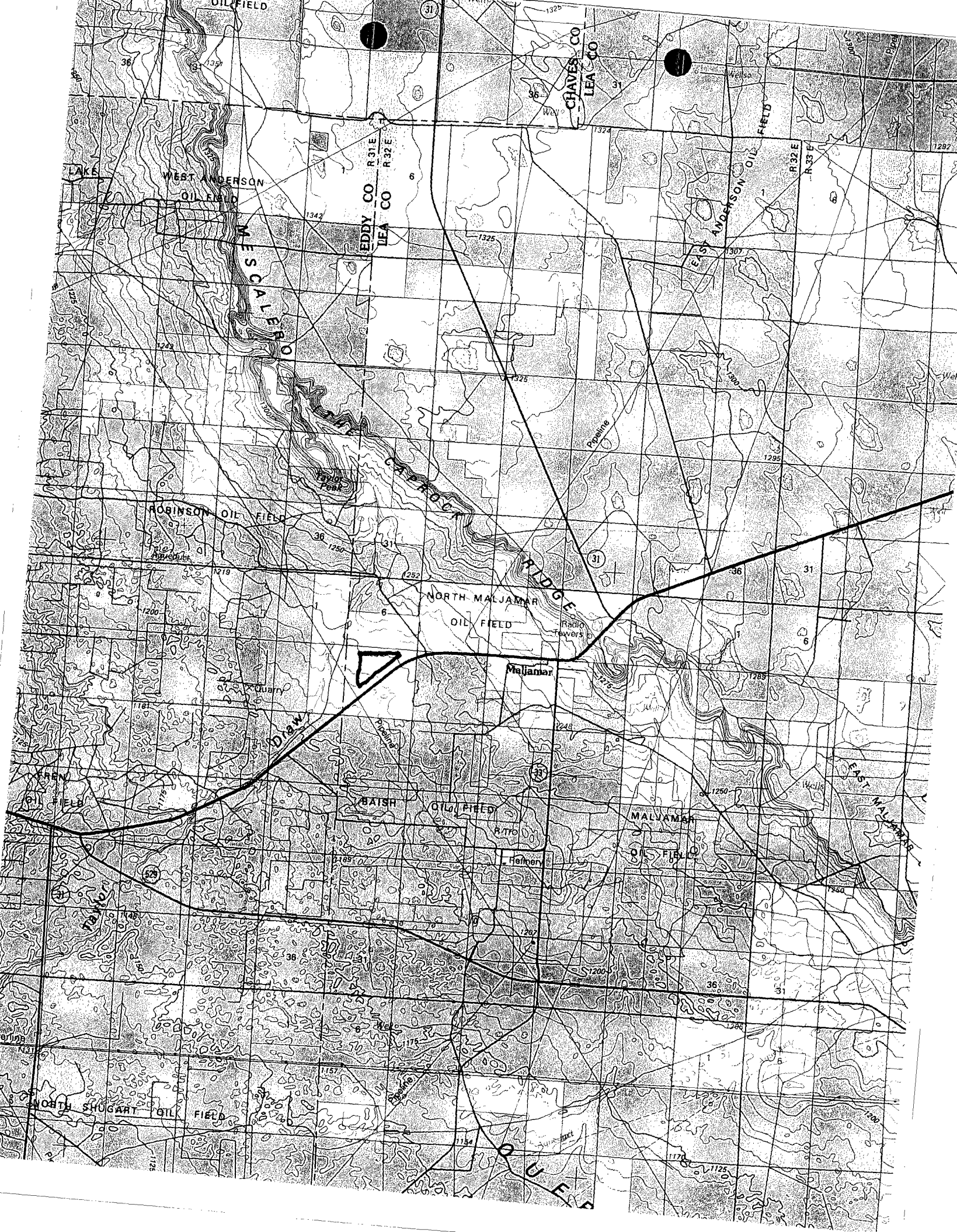
T.18S.

Artesia - 106

To UCI, N.M. B3

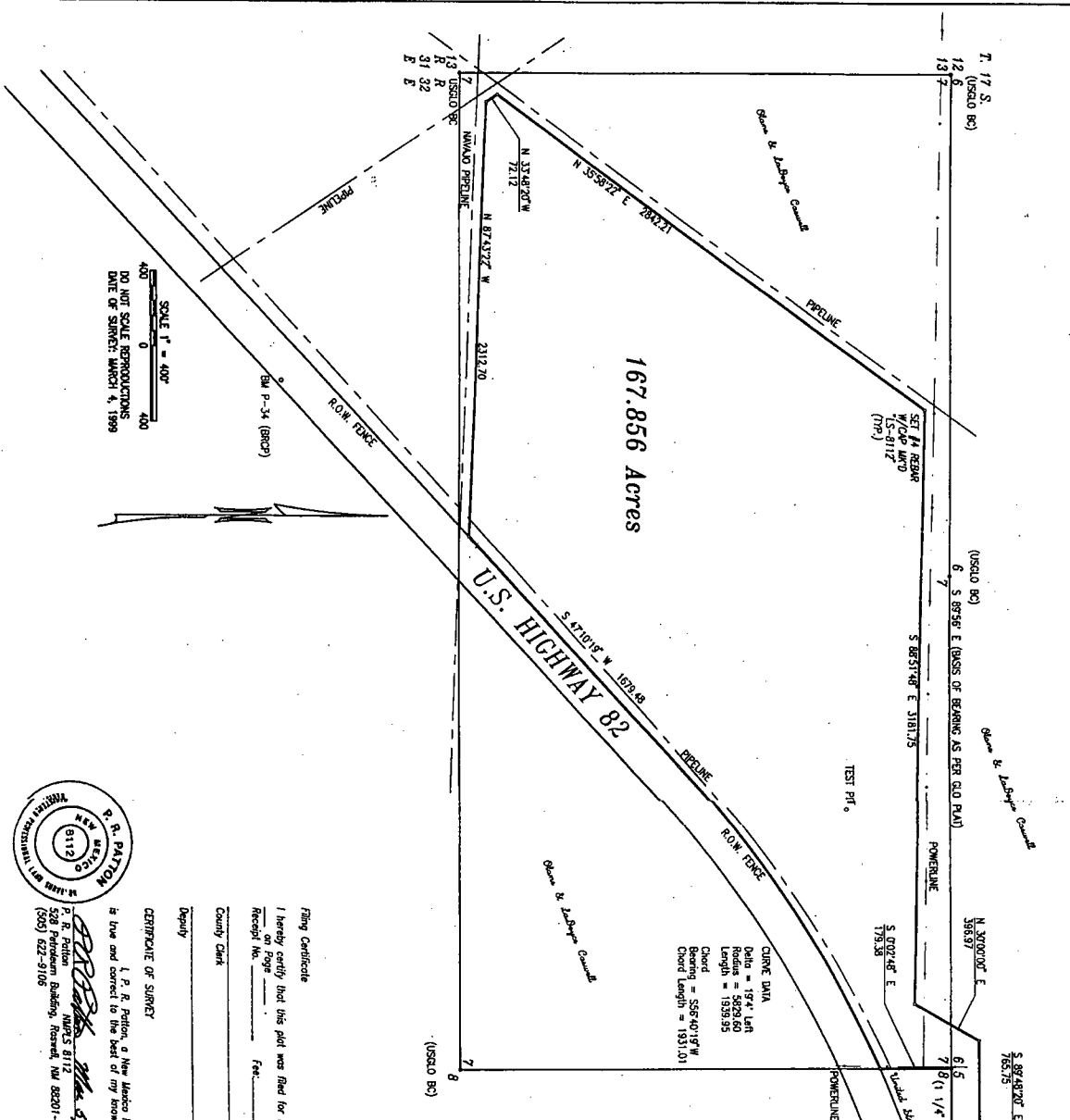








SURVEY OF ARTESIA AERATION COMPANY SITE IN SECTIONS 5, 6 AND 7, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO



167,856 Acres

CURVE DATA
 Delta = 194° Left
 Radius = 3629.60
 Length = 1939.35
 Chord = 1311.01
 Chord Bearing = S56°40'19\"/>

LEGAL DESCRIPTION OF LANDS SURVEYED
 A part of the SW/4SW/4 Section 5, SE/4SE/4 Section 6, and N/2 Section 7, all in Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico beginning at the Northwest Corner of said Section 7, Thence S 07°02'49\"/>

OWNER'S AFFIDAVIT
 I, the undersigned owner and proprietor of the above lands as recorded in Book 440 pages 336 through 344, have caused the same to be partitioned as described above on our free will, act and deed, and state the same to be not an act of subdivision as defined and specifically exempted under NM Statute 47-4-22.111

Oliver C. ...
 Oliver C. ...
 Deputy

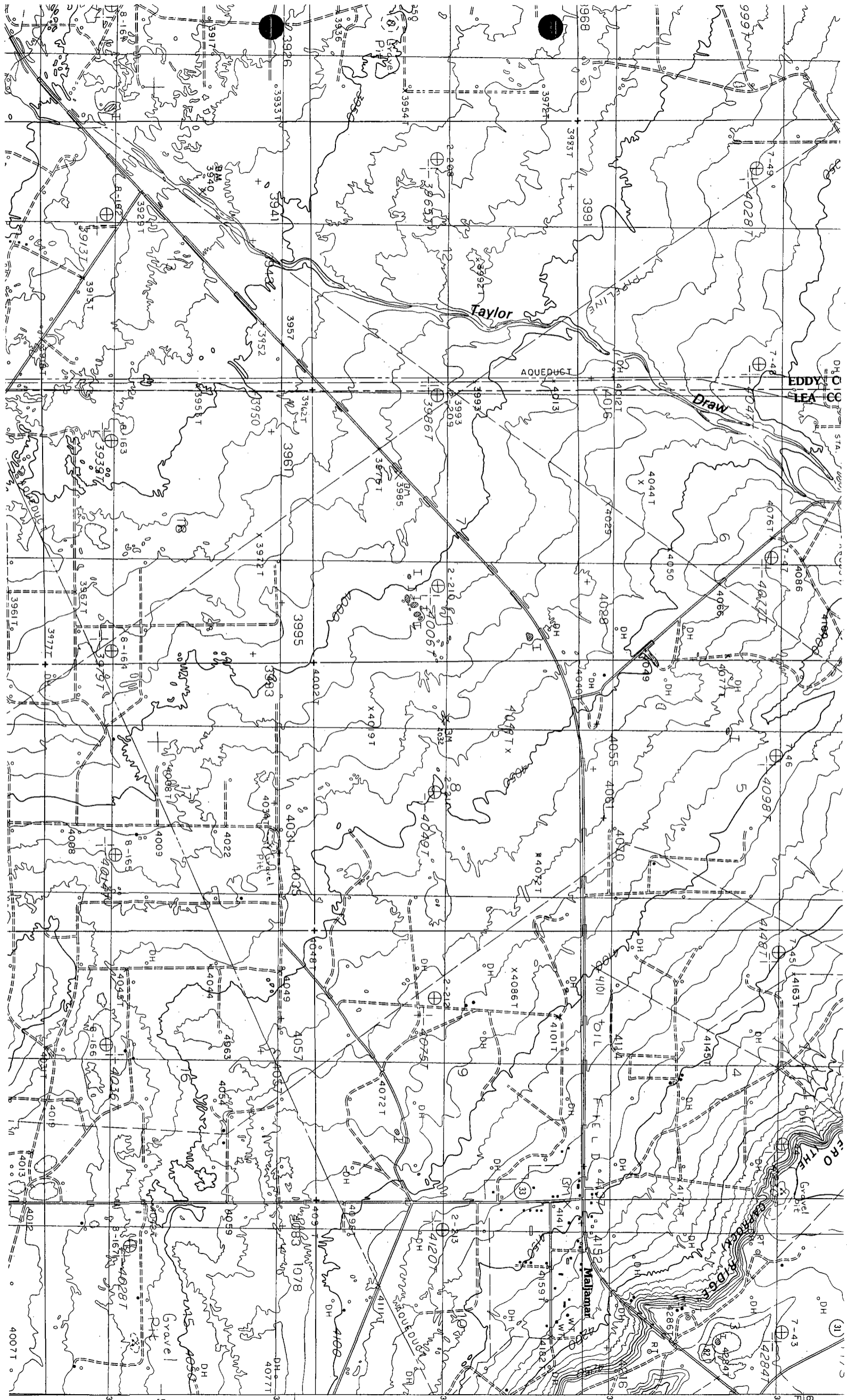
SCALE 1" = 400'
 400 0 400
 DO NOT SCALE REPRODUCTIONS
 DATE OF SURVEY: MARCH 4, 1999

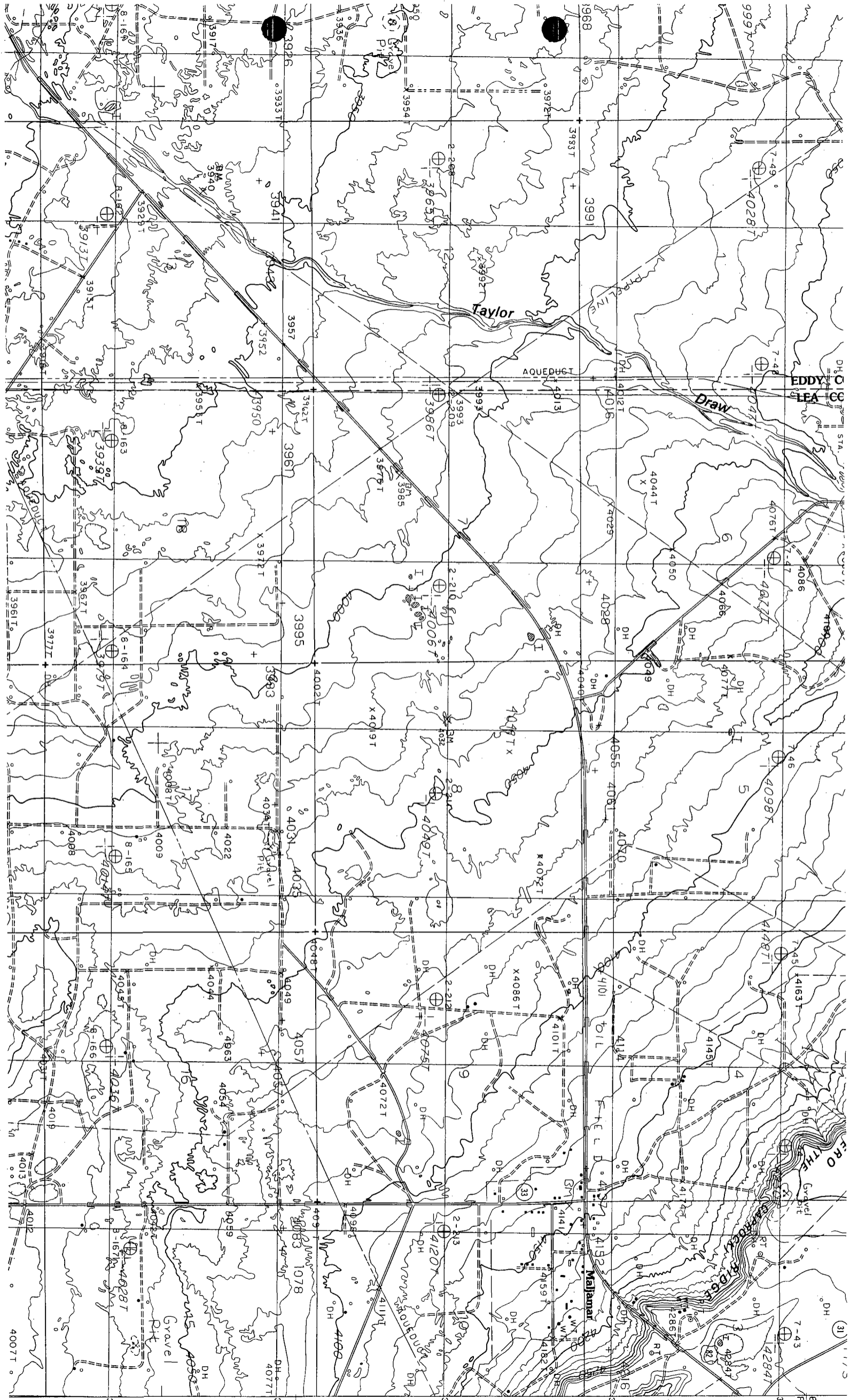


CERTIFICATE OF SURVEY
 I, P. R. Patton, a New Mexico Registered Professional Surveyor, certify that I conducted and am responsible for this survey, that this survey is true and correct to the best of my knowledge and skill, and that the survey and plat meet the Minimum Standards for Surveying in New Mexico.

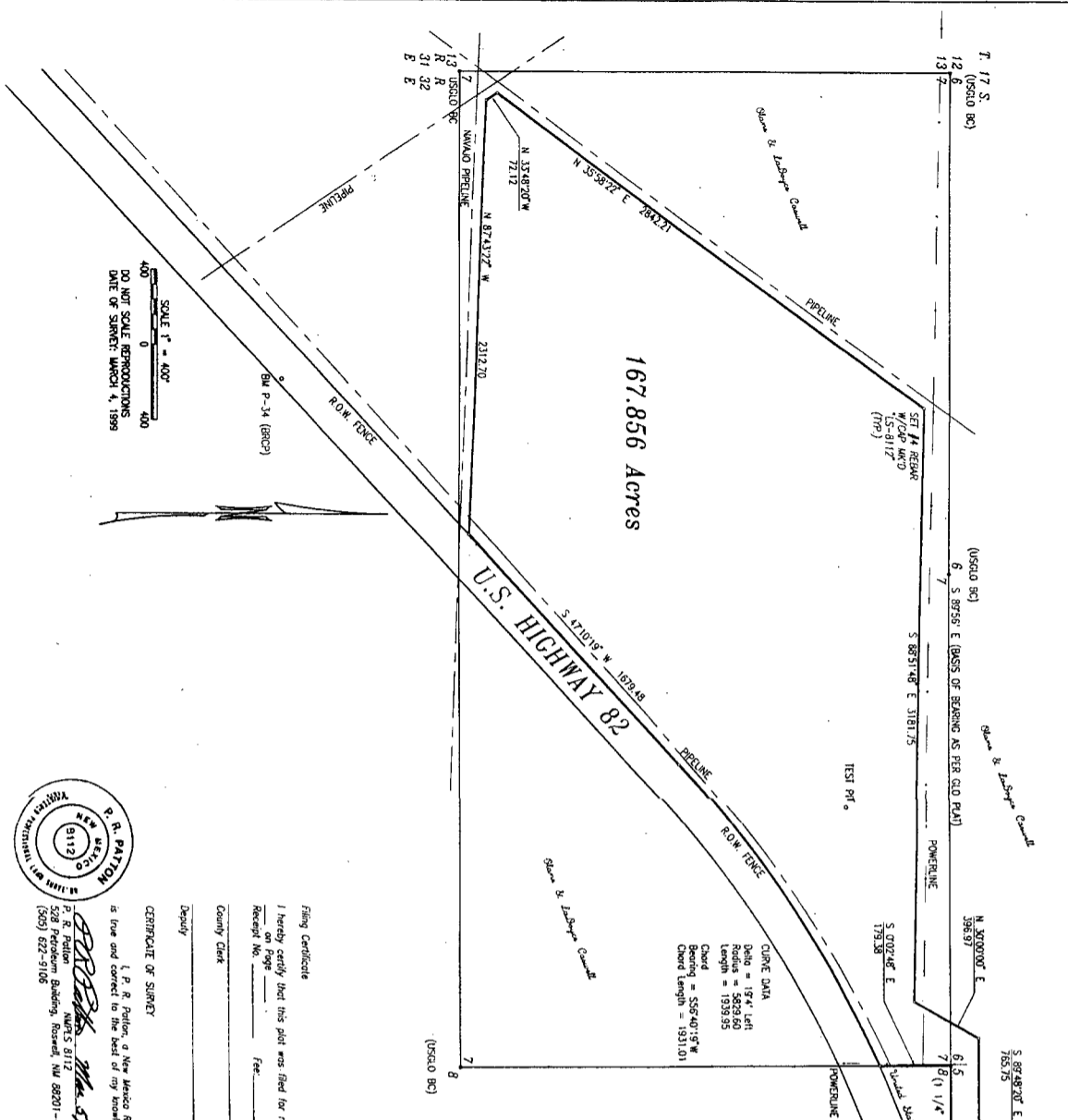
P. R. Patton
 P. R. Patton
 526 Parkersburg Building, Roswell, NM 88201-6719
 (505) 822-9108

INDEXING INFORMATION FOR LEA COUNTY CLERK
 OWNER/S: OLIVE & LADOTICE COUNSEL (BK 440 / PGS 336-344)





SURVEY OF ARTESIA AERATION COMPANY SITE IN SECTIONS 5, 6 AND 7, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO



CURVE DATA
 Delta = 18°4' Left
 Radius = 3825.80
 Length = 1353.53
 Chord Bearing = S55°40'15" W
 Chord Length = 1931.10

LEGAL DESCRIPTION OF LANDS SURVEYED
 A part of the SW/4SW/4 Section 5, SE/4SE/4 Section 6, and N/2 Section 7, all in Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico, and the NW/4SW/4 Section 5, SE/4SE/4 Section 6, and N/2 Section 7, all in Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico, beginning at the Northwest Corner of said Section 7, Thence S 07°24'47" E along the east line of Section 7 a distance of 379.81 feet to the north right-of-way of U.S. Highway 82 as constructed; Thence along a curve to the left of radius 3825.80 feet a distance of 1353.53 feet (Chord bearing S 55°40'15" W along the highway) to a point of tangency; Thence S 47°10'17" W along the highway to a point of beginning; Thence N 87°43'27" W a distance of 2312.70 feet; Thence N 35°48'20" W a distance of 7212 feet; Thence N 35°59'27" E a distance of 2842.21 feet; Thence N 87°43'27" W a distance of 2312.70 feet; Thence N 35°48'20" E a distance of 3825.76 feet; Thence S 07°24'47" E a distance of 379.81 feet to the NW/4SW/4 corner of Section 5, Thence N 87°43'27" W a distance of 659.52 feet to the Point of Beginning; and containing 167.856 acres.

OWNER'S AFFIDAVIT
 We, the undersigned owners and proprietors of the above lands as recorded in Book 440 pages 556 through 944, have caused the same to be partitioned as described above as our free will, act and deed, and said the same to be not an act of subdivision as defined and specifically exempted under NM Statute 47-6-2111.

Blaine C. ... Date: 4-2-99
Edna ... Date: 4-2-99
 Leona ...
 Owners

SCALE 1" = 400'
 400 0 400
 DO NOT SCALE REPRODUCTIONS
 DATE OF SURVEY: MARCH 4, 1999



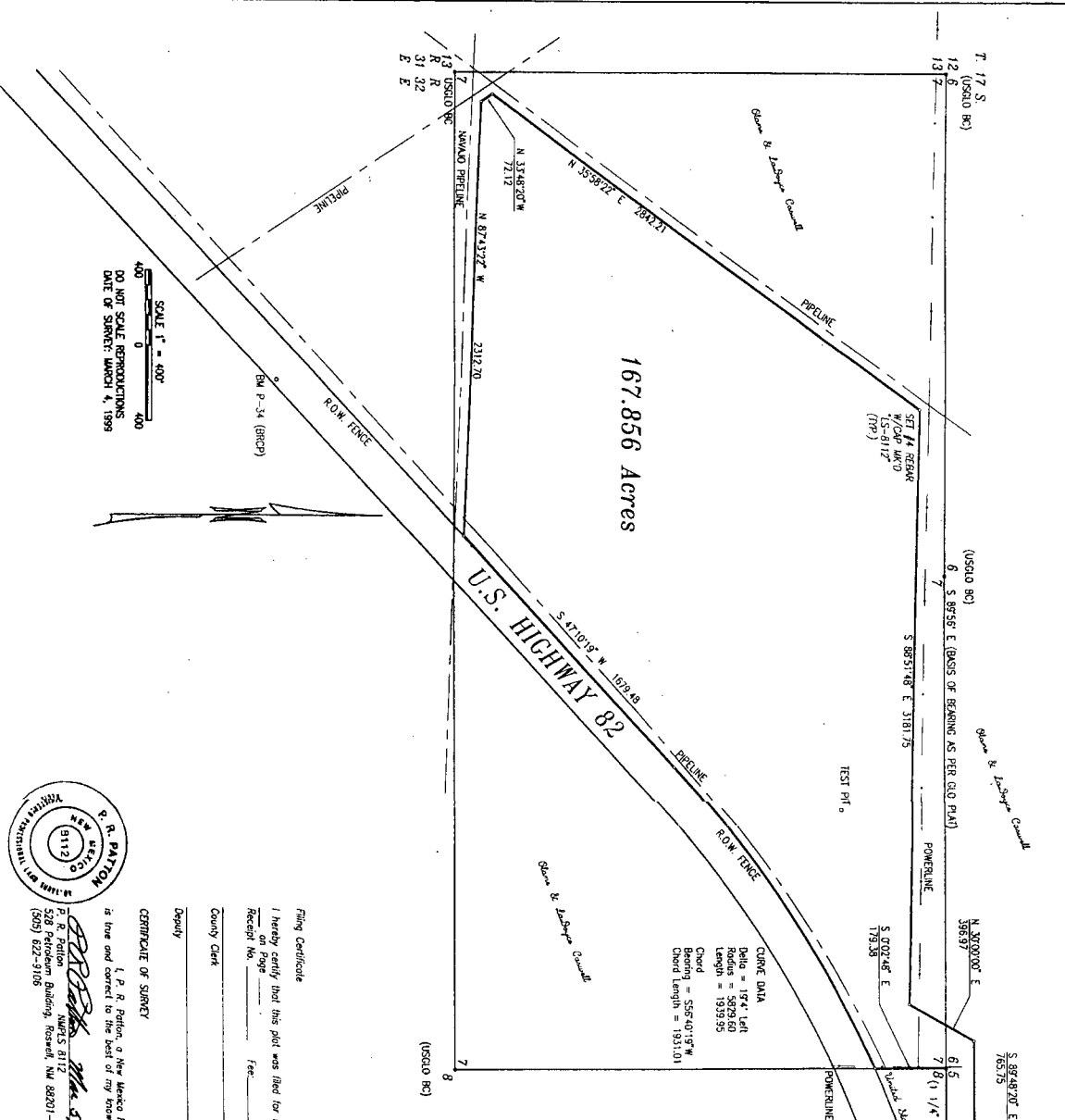
CERTIFICATE OF SURVEY
 I, P. R. Patton, a New Mexico Registered Professional Engineer, certify that I conducted and am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, and that this survey and plat meet the minimum standards for surveying in New Mexico.

P. R. Patton, License No. 9112, Date: 4-2-1999
 P. R. Patton, Blaine, New Mexico, NM 88301-4675
 (505) 622-5106

INDEXING INFORMATION FOR LEA COUNTY CLERK
 OWNERS: OLANE & LADDOCE CASWELL (BK 440 / PGS 936-944)

Filing Certificate
 I hereby certify that this plat was filed for record on this the _____ day of _____, 1999, at _____ o'clock _____ M., and recorded in Survey Book _____ on Page _____ Fee: _____
 Receipt No. _____
 County Clerk _____
 Deputy _____

SURVEY OF ARTESIA AERATION COMPANY SITE IN SECTIONS 5, 6 AND 7, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO



LEGAL DESCRIPTION OF LANDS SURVEYED
 A part of the SW/4SW/4 Section 5, SE/4SE/4 Section 6, and N/2 Section 7, all in Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico, beginning at the Northwest Corner of said Section 7, Thence S 00°24'47"E along the east line of Section 7 a distance of 379.81 feet to the north right-of-way of U.S. Highway 83 as constructed; Thence along a curve left of radius 5829.60 feet a distance of 1939.95 feet (Chord bearing S 29°07'12" W, length 1931.01 feet) to a point of tangency; Thence S 89°51'48" E a distance of 3181.75 feet; Thence N 31°42'20" W a distance of 2312.20 feet; Thence N 35°58'22" E a distance of 2842.21 feet; Thence N 89°51'48" E a distance of 3181.75 feet; Thence N 30°00'07" E a distance of 396.97 feet; Thence S 89°48'20" E a distance of 765.75 feet to the east right-of-way of U.S. Highway 82; Thence S 89°51'48" E a distance of 659.52 feet to the Point of Beginning; and containing 167,856 acres.

OWNER'S AFFIDAVIT
 The undersigned owners and proprietors of the above lands as recorded in Book 440 pages 536 through 544, have caused the same to be partitioned as described above on our free will, act and deed, and state the same to be not an act of subdivision as defined and specifically exempted under NM Statute 47-6-22.111

Oliver C. ... Date: 4-2-99
... .. Date: 4-2-99
 (Witness Names)

Filing Certificate
 I hereby certify that this plat was filed for record on this the _____ day of _____, 1999, at _____ o'clock _____ M., and recorded in Survey Book _____ on Page _____ Fee: _____
 Receipt No. _____
 County Clerk _____
 Deputy _____

CERTIFICATE OF SURVEY
 I, P. R. Patton, of New Mexico Registered Professional Surveyor, certify that I conducted and am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, and that this survey and plat meet the Minimum Standards for Surveying in New Mexico.

P. R. Patton Date: 4-5-1999
 P. R. Patton, Surveyor
 526 Perdomo Building, Roswell, NM 88201-4678
 (505) 822-5188

RECEIVING INFORMATION FOR LEA COUNTY CLERK
 DANNY/S. GANE & LODGE COUNSEL (BX 440 / PG 936-944)



SCALE 1" = 400'
 400 0 400
 DO NOT SCALE REPRODUCTIONS
 DATE OF SURVEY: MARCH 4, 1999



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

MEMORANDUM

TO: Paul Sheeley, OCD, Hobbs
FROM: *myk* Martyne Kieling, OCD, Environmental Bureau
DATE: December 11, 2002
SUBJECT: Spill/Leak possibly from a pipeline source onto Artesia Aeration L.L.C. landfarm.

I spoke to Roger regarding this matter. Please see the attached memo to Roger from Martyne. Based on the information thus far Roger believes the most likely source to be the Navajo pipeline.

The next step would be for the District to require Navajo Refining Company to investigate the extent and concentration of the contamination, determine if the leak is still active in the subsurface, determine the potential impact to ground water and to propose a cleanup action. I would suggest that the OCD meet with someone from Navajo at the spill site and walk it out to make sure that everyone is on the same page.

I have attached the test hole record performed at Artesia Aeration. This test hole was located in the NE/4 of Section 7, Township 17 South, Range 32 East, NMPM, Lea County, NM. The test hole was drilled to 120 feet and ground water was not encountered. This information will be valuable to the investigation and cleanup effort.

xc: Larry Johnson, OCD Hobbs



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

MEMORANDUM

TO: Roger Anderson, OCD, Environmental Bureau Chief
FROM: Martyne Kieling, OCD, Environmental Bureau *mk*
DATE: December 11, 2002
SUBJECT: Spill/Leak possibly from a pipeline source onto Artesia Aeration L.L.C. landfarm.

According to the facility survey map for the Artesia Aeration L.L.C. landfarm there are pipelines bordering the facility on three sides. On November 19, 2002 I inspected the facility and walked out the leak/spill along the south boundary of the facility. Artesia Aeration personnel originally found the spill while fencing the facility. The spill extends from the currently owned Navajo Pipeline to the north and south extending onto the landfarm property. The spill also in some places wraps up on top of the dunes some 2 to 2.5 feet above the base of the dunes where the flow tracked. According to the topographic map the gradient is to the south-southwest with a slope of approximately 50 feet to the mile (1'/105') (see photos 5, 6, 7, 8, 9, 10, 11 and 12).

The portion of the landfarm containing the contaminated soil is currently not constructed. When the cells are to be constructed in this portion of the landfarm I have instructed the facility in writing that it must have at a minimum a 20-foot set back from the existing contaminated soil. If any additional contaminated soil is found during the construction of cells Artesia Aeration must notify the OCD Santa Fe and Hobbs District office in writing.

I have included the correspondence from Paul Sheeley to Navajo Refining Company and their response along with a letter from the operator regarding this matter. Please advise as to the next step that should be taken in this matter.

xc: Paul Sheeley, OCD Hobbs
Larry Johnson, OCD Hobbs

Date in camera was incorrect.



Photo 1. Sign at entrance with name and permit number but missing legal description and emergency phone number.



Photo 4. Cell tilled.



Photo 2. Cell 1 contaminated soils are tilled. Cell has one piece of trash (squashed container).



Photo 5. Pipeline ride-of-way west of the landfarm facility. Contaminated soil found in the pipeline ride-of-way.



Photo 3. Cell construction. Pile in the back right corner is clean fill.



Photo 6. Contaminated soil near the pipeline ride-of-way was in the bottom of the dune field and on the sides of the sand dunes.



Photo 7. Contaminated soil follows pathway through the dunes.



Photo 8. Contaminated soil tracked on the surface from the pipeline right-of-way across the Artesia Aeration fence line.



Photo 9. Hydrocarbon contaminated soils extend from the pipeline area to the Artesia Aeration south fence line approximately 300+ feet. Photo was taken from outside the Artesia Aeration fence line.

Date in camera was incorrect



Photo 10. Release of hydrocarbons followed a depression between the dunes 40 to 50 feet west of the pipeline.



Photo 11. Hydrocarbon contaminated soils tracked to the east. Photo taken to the southwest.



Photo 12. Hydrocarbon contaminated soils extend from the pipeline to the Artesia Aeration south fence line. Photo was taken from inside Artesia Aeration fence line.

RECEIVED

FFR 2 5 2002

Environmental Bureau
Oil Conservation Division

ARTESIA AERATION, L.L.C.

LAND FARM

P.O. Box 310 - Hobbs, New Mexico 88240

(505) 631-2442

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

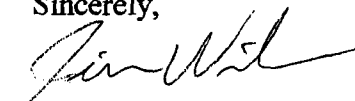
February 4, 2002

Dear Martyne;

On or about November 9, 2001 I met with Paul Sheely with the Hobbs Oil & Conservation Division Office to look at an oil pipeline leak west of Maljamar, N.M. This leak ran approximately one-half mile on what is now Artesia Aeration Landfarm. Also present was a representative of Navajo Refining, who owns the pipeline that the spill came from. After walking the site out, Paul Sheely said the spill was Historic. I guess that means that nobody has to clean it up because it is old. I later called Paul to check on the status of the spill. He told me he had written a letter to Navajo Refining about the spill. Navajo reported to him they have not had a spill on that line since they bought the line from Southern Union Refining.

The spill covers approximately 500' X 200' of property in the landfarm. Artesia Aeration will not open a cell in that part of the landfarm as long as the area is contaminated as per your request.

Sincerely,



Jim Wilson

Artesia Acquisition
NM-01-0030



REFINING COMPANY

FAX
(505) 746-5283 DIV. ORDERS
(505) 746-5481 TRUCKING
(505) 746-5458 PERSONNEL

501 EAST MAIN STREET • P. O. BOX 159
ARTESIA, NEW MEXICO 88211-0159
TELEPHONE (505) 748-3311

FAX
(505) 746-5419 ACCOUNTING
(505) 746-5451 EXECUTIVE
(505) 746-5421 ENGINEERING
(505) 748-5480 P/L

January 14, 2002

Mr. Paul Sheeley
New Mexico Energy, Minerals
and Natural Resources Department
1625 French Drive
Hobbs, New Mexico 88240

RE: Spill Records and Reports
Site Location: UL, Sec. 7-T17S-R32E

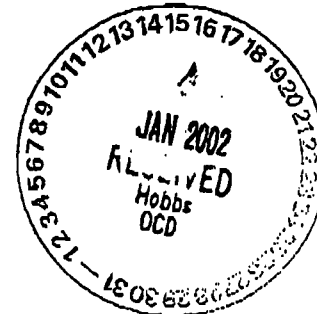
Dear Mr. Sheeley:

Per your request in the letter dated January 8, 2002, Navajo Refining Company has researched records of all areas in the vicinity of the spill location mentioned above. There have been no releases in this section caused by Navajo Refining Company.

If you have any further questions, please feel free to contact me at 505-748-6712.

Sincerely,

Lori G. Clowe
Regulatory Coordinator
Navajo Refining Company
Pipeline Division



An Independent Refinery Serving . . .
NEW MEXICO • ARIZONA • WEST TEXAS • NORTHERN MEXICO

771 2524 2524 2524
NM-01-6030
Inside Landform



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

January 8, 2001

Navajo Refining Company
Attn: Jim Townsend
POB 159
Arteaia, NM 88211-0159

Re: Spill Records and Reports
Site Location: UL , Sec 7-T17S-R32E

There is evidence of a major spill on the north side of the highway at the above referenced location. The New Mexico Oil Conservation Division (OCD) requires Navajo Refining Company to submit a copy of the all spill reports from section 7-T17S-R32E within the last five years.

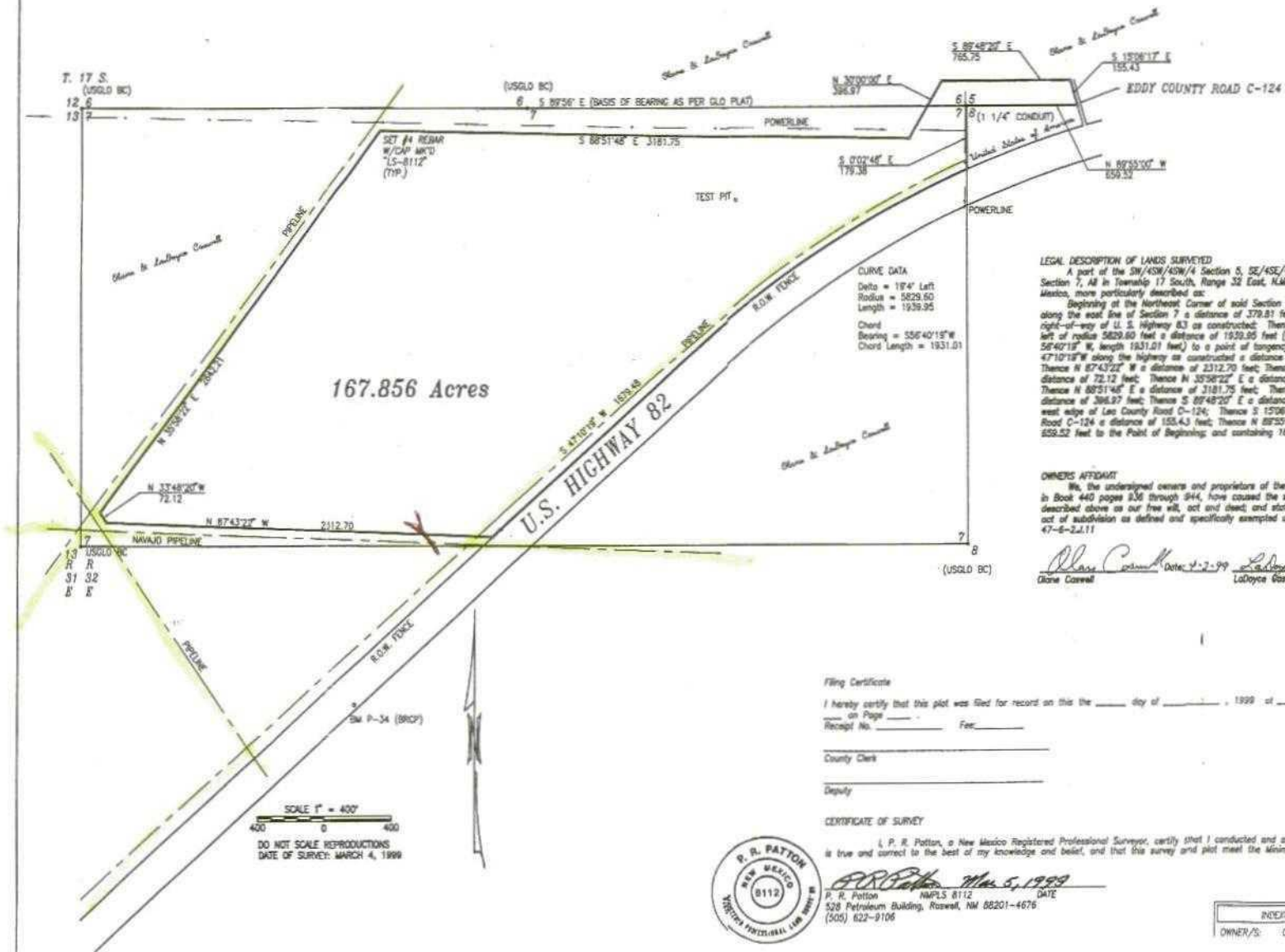
If you have any questions or need assistance please feel free to write or call me at (505) 393-6161, x113 or email psheeley@state.nm.us

Sincerely,

Paul Sheeley - Environmental Engineer
cc: Roger Anderson - Environmental Bureau Chief
Chris Williams - District I Supervisor
Bill Olson - OCD Hydrologist

Oil Conservation Division * 1625 French Drive * Hobbs, New Mexico 88240
Phone: (505) 393-6161 * Fax (505) 393-0720 * <http://www.emnrd.state.nm.us>

SURVEY OF ARTESIA AERATION COMPANY SITE IN SECTIONS 5, 6 AND 7, TOWNSHIP 17 SOUTH, RANGE 32 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO



LEGAL DESCRIPTION OF LANDS SURVEYED
 A part of the SW/4SW/4SW/4 Section 5, SE/4SE/4SE/4 Section 6, and N/2 Section 7, All in Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico, more particularly described as:
 Beginning at the Northeast Corner of said Section 7, Thence S 0°02'49"E along the east line of Section 7 a distance of 379.81 feet to the north right-of-way of U. S. Highway 83 as constructed; Thence along a curve to the left of radius 5829.60 feet a distance of 1929.95 feet (chord bearing S 56°40'18" W, length 1931.01 feet) to a point of tangency; Thence S 47°10'18" W along the highway as constructed a distance of 1672.45 feet; Thence N 87°43'22" W a distance of 2312.70 feet; Thence N 33°48'22" W a distance of 72.12 feet; Thence N 35°58'22" E a distance of 2942.21 feet; Thence N 88°51'46" E a distance of 3181.75 feet; Thence N 30°00'00" E a distance of 386.87 feet; Thence S 89°48'20" E a distance of 765.75 feet to the west edge of Lea County Road C-124; Thence S 15°06'17" E along Lea County Road C-124 a distance of 153.43 feet; Thence N 89°50'00" W a distance of 659.52 feet to the Point of Beginning; and containing 167.856 acres

OWNERS AFFIDAVIT
 We, the undersigned owners and proprietors of the above lands as recorded in Book 440 pages 256 through 944, have caused the same to be partitioned as described above as our free will, act and deed; and state the same to be not an act of subdivision as defined and specifically exempted under NM Statute 47-6-2.1.11

Olave Caswell Date 4-2-99 *LoDoyce Caswell* Date 4-2-99
 Olave Caswell LoDoyce Caswell

Filing Certificate
 I hereby certify that this plot was filed for record on this the _____ day of _____, 1999 at _____ o'clock _____ M. and recorded in Survey Book _____ on Page _____
 Receipt No. _____ Fee: _____
 County Clerk _____
 Deputy _____

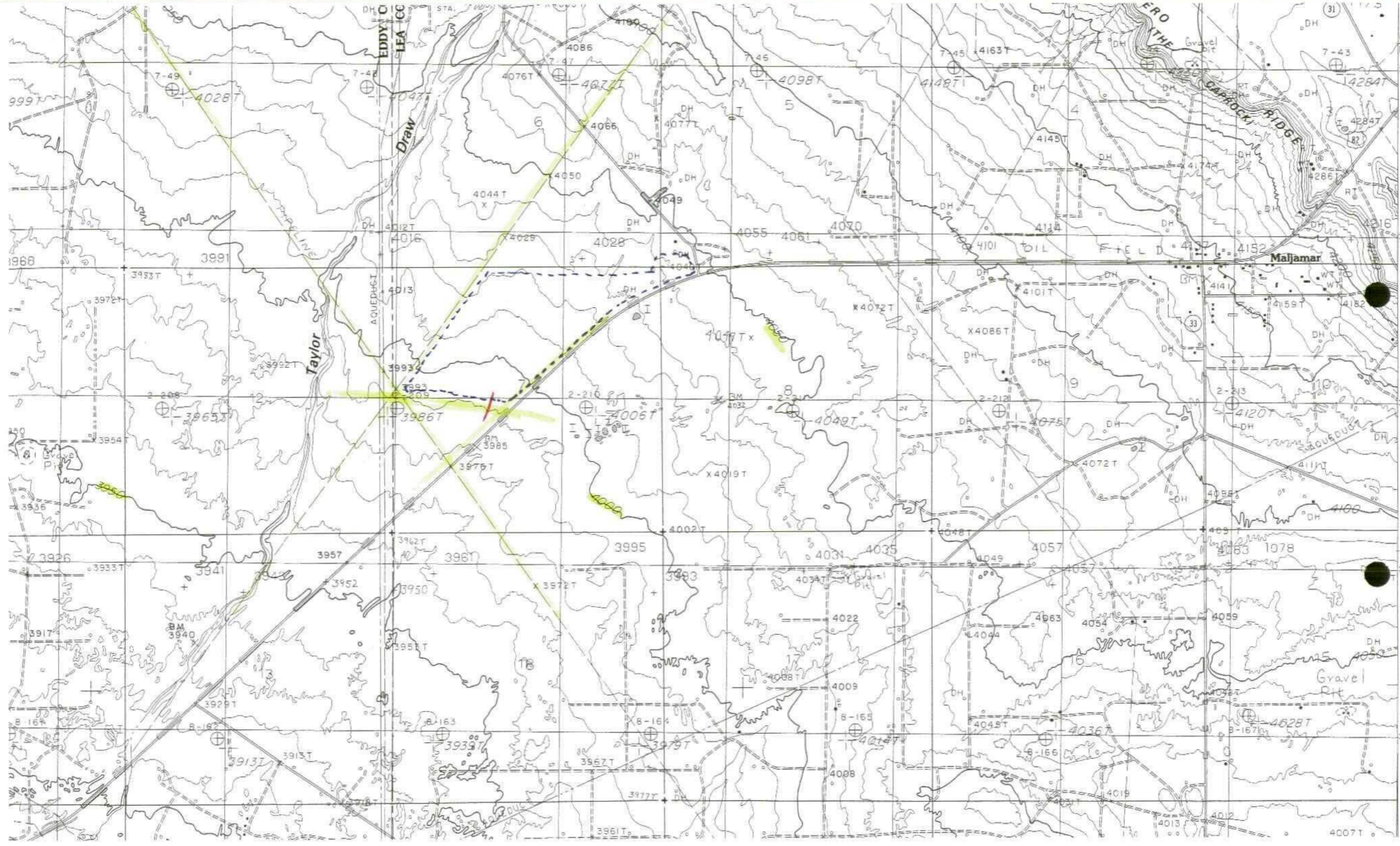
CERTIFICATE OF SURVEY
 I, P. R. Patton, a New Mexico Registered Professional Surveyor, certify that I conducted and am responsible for this survey, that this survey is true and correct to the best of my knowledge and belief, and that this survey and plot meet the Minimum Standards for Surveying in New Mexico.

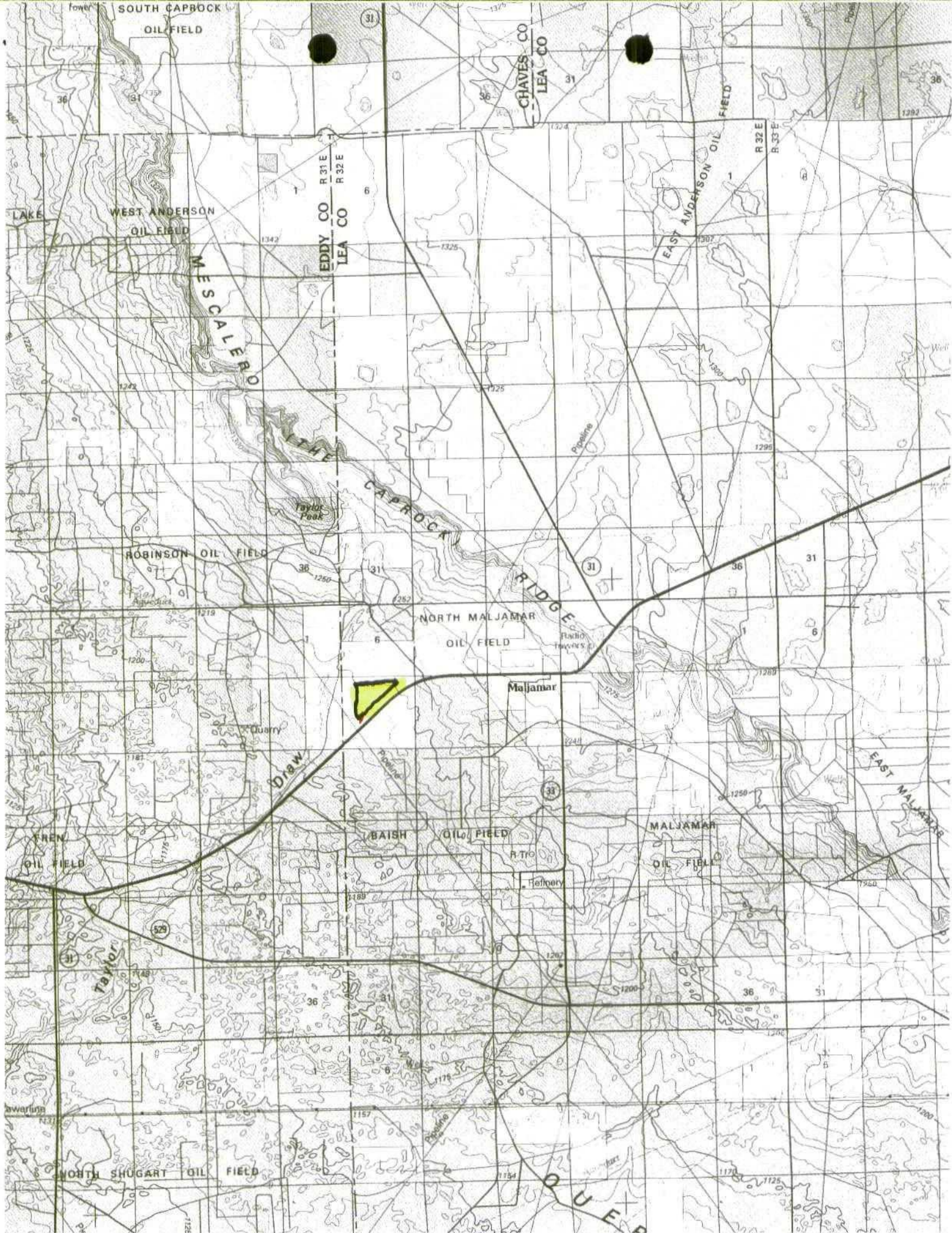
P. R. Patton DATE *Mar 5, 1999*
 P. R. Patton NMPLS 8112
 528 Petroleum Building, Roswell, NM 88201-4676
 (505) 622-9106



RECORDING INFORMATION FOR LEA COUNTY CLERK
 OWNER/S: OLAVE & LODOYCE CASWELL (BK 440 / PGS 936-944)

SCALE 1" = 400'
 DO NOT SCALE REPRODUCTIONS
 DATE OF SURVEY: MARCH 4, 1999





RECEIVED

FFR 2 5 2002

Environmental Bureau
Oil Conservation Division

ARTESIA AERATION, L.L.C.
LAND FARM

P.O. Box 310 - Hobbs, New Mexico 88240
(505) 631-2442

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

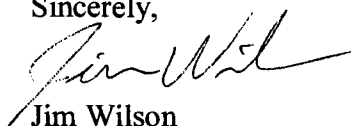
February 4, 2002

Dear Martyne;

On or about November 9, 2001 I met with Paul Sheely with the Hobbs Oil & Conservation Division Office to look at an oil pipeline leak west of Maljamar, N.M. This leak ran approximately one-half mile on what is now Artesia Aeration Landfarm. Also present was a representative of Navajo Refining, who owns the pipeline that the spill came from. After walking the site out, Paul Sheely said the spill was Historic. I guess that means that nobody has to clean it up because it is old. I later called Paul to check on the status of the spill. He told me he had written a letter to Navajo Refining about the spill. Navajo reported to him they have not had a spill on that line since they bought the line from Southern Union Refining.

The spill covers approximately 500' X 200' of property in the landfarm. Artesia Aeration will not open a cell in that part of the landfarm as long as the area is contaminated as per your request.

Sincerely,



Jim Wilson

Artesia Refining
NM-01-0030



REFINING COMPANY

FAX
(505) 746-5283 DIV. ORDERS
(505) 746-5481 TRUCKING
(505) 746-5458 PERSONNEL

501 EAST MAIN STREET • P. O. BOX 159
ARTESIA, NEW MEXICO 88211-0159
TELEPHONE (505) 748-3311

FAX
(505) 746-5419 ACCOUNTING
(505) 746-5451 EXECUTIVE
(505) 746-5421 ENGINEERING
(505) 746-5480 P/L

January 14, 2002

Mr. Paul Sheeley
New Mexico Energy, Minerals
and Natural Resources Department
1625 French Drive
Hobbs, New Mexico 88240

RE: Spill Records and Reports
Site Location: UL, Sec. 7-T17S-R32E

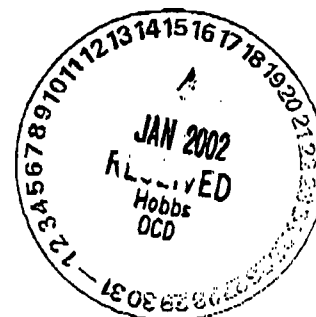
Dear Mr. Sheeley:

Per your request in the letter dated January 8, 2002, Navajo Refining Company has researched records of all areas in the vicinity of the spill location mentioned above. There have been no releases in this section caused by Navajo Refining Company.

If you have any further questions, please feel free to contact me at 505-748-6712.

Sincerely,

Lori G. Clowe
Regulatory Coordinator
Navajo Refining Company
Pipeline Division



Artesia Revision
NM-01-0030
Inside Landform



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenberg
Director
Oil Conservation Division

January 8, 2001

Navajo Refining Company
Attn: Jim Townsend
POB 159
Arteaia, NM 88211-0159

Re: Spill Records and Reports
Site Location: UL , Sec 7-T17S-R32E

There is evidence of a major spill on the north side of the highway at the above referenced location. The New Mexico Oil Conservation Division (OCD) requires Navajo Refining Company to submit a copy of the all spill reports from section 7-T17S-R32E within the last five years.

If you have any questions or need assistance please feel free to write or call me at (505) 393-6161, x113 or email psheeley@state.nm.us

Sincerely,

Paul Sheeley - Environmental Engineer
cc: Roger Anderson - Environmental Bureau Chief
Chris Williams - District I Supervisor
Bill Olson - OCD Hydrologist

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

MEMORANDUM OF MEETING OR CONVERSATION

Telephone Personal Time 12:45 Date 5-23-00

Originating Party

Other Parties

Marilyn Kielin

Subject

Address verification

Box 248 is correct.

Discussion

Letter 2-559-573-308

Returned to this office 5-22-00 However Return Receipt
Card Signed on 5-5-00 and Returned Prior.

Resent in Plain Envelope on 5-23-00
After this phone call

Conclusions or Agreements

Distribution

Signed

Marilyn J. Kielin

RECEIVED
FEB - 7 2000
OIL CONSERVATION DIVISION

Artesia Aeration
P.O. Box 248
Artesia, NM 88210

February 2, 2000

Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87504

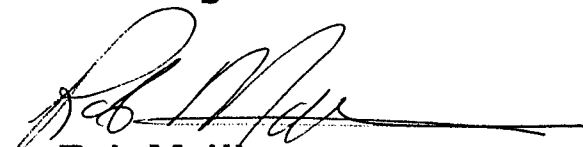
Attention: Ms. Martine Keiling

Dear Ms. Keiling:

We at Artesia Aeration have not started any work at our permitted site. We fully understand that we must have our financial assurance in place prior to any operations. We will have our financial assurance to you as soon as possible.

Thank you for your understanding and patience.

Sincerely,



Rob Matthews
President

RM/rc

CHECKLIST FOR RULE 711 PERMIT APPLICATION COMPLETENESS

- 1. FACILITY TYPE *Land Farm/Solids*
- 2. OPERATOR NAME, ADDRESS, CONTACT PERSON AND PHONE# *P.O. Box 238
Artesia N.M. 88210
Rob Matthews (505) 746-7037*
- 3. LEGAL LOCATION *N/2, S7, T17S, R32E, NMPM, LEACO, NM*
- 4. MODIFICATION OR NEW FACILITY

- 5. ✓ NAME AND ADDRESS OF THE FACILITY SITE LANDOWNER
- 6. ✓ NAME AND ADDRESS OF ALL LANDOWNERS OF RECORD WITHIN ONE MILE OF FACILITY SITE. *LESCO STATE Highway Dept.
BLM*
- 7. ✓ NOTIFICATION OF ALL LANDOWNERS OF RECORD WITHIN ONE MILE OF FACILITY SITE RETURN RECEIPT SUBMITTED

- 8. ✓ PUBLIC NOTICE IN TWO NEWSPAPERS ORIGINAL AFFIDAVIT OF PUBLICATION SUBMITTED.
- 9. ✓ FACILITY DESCRIPTION WITH DIAGRAMS INDICATING ALL PERTINENT FEATURES (FENCES, BERM, ROADS, PITS, DIKES, TANKS, MONITORING WELLS)

Prior to Acceptance Pass Point Filter test.

- 10. CONSTRUCTION INSTILLATION DESIGNS FOR PITS, PONDS, LEAK-DETECTION SYSTEMS, AERATION SYSTEMS, ENHANCED EVAPORATION SYSTEMS, WASTE TREATING SYSTEMS, SOLIDIFICATION SYSTEMS, SECURITY SYSTEMS, AND LANDFARM FACILITIES.
- 11. ✓ GEOLOGICAL/HYDROLOGICAL EVIDENCE THAT FACILITY WILL NOT IMPACT GROUNDWATER. DEPTH TO AND QUALITY OF GROUNDWATER INCLUDED.

- 12. ✓ CONTINGENCY PLAN FOR REPORTING AND CLEAN-UP OF SPILLS OR RELEASES.
- 13. *NA* H2S CONTINGENCY PLAN
- 14. ✓ ROUTINE INSPECTION AND MAINTENANCE PLAN TO ENSURE PERMIT COMPLIANCE
- 15. ✓ CLOSURE PLAN

- 16. CLOSURE COST ESTIMATE *Not Included*
- 17. BONDING AMOUNT *93,420* # TYPE DATE APPROVED

- 18. ANY OTHER INFORMATION AS NECESSARY TO DEMONSTRATE COMPLIANCE WITH ANY OTHER OCD RULES REGULATIONS AND ORDERS.

- 19. CERTIFICATION SIGNATURE AND DATE ON PERMIT

Matthew J. Matthews



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT



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

September 14, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-643

Mr. Rob Mathews
Artesia Aeration L.L.C.
P.O. Box 238
Artesia, NM 88210

RE: OCD Rule 711 Draft Permit
Artesia Aeration L.L.C.
Commercial Landfarm
N/2 of Section 7, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico

Dear Mr. Mathews:

The New Mexico Oil Conservation Division (OCD) is in the process of reviewing the Artesia Aeration L.L.C. application for a Rule 711 commercial surface waste management facility. The OCD has prepared a closure cost estimate for the above referenced facility (see attachment).

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

Sincerely,

Martyne J. Kieling
Environmental Geologist

ATTACHMENT 1
OCD Environmental Bureau Closure Cost Estimate
For
Artesia Aeration L.L.C., 168 acres
September 14, 1999

Quarterly Analytical Analysis for two yearw on twenty-one (21) five (5) acre cells

State Contract Laboratory Prices per analysis:

BTEX \$ 40.00	x 8 quarters	x 21 cells	= \$6,720.00
TPH \$ 50.00	x 8 quarters	x 21 cells	= \$8,400.00
Metals \$200.00	x 2 years	x 21 cells	= <u>\$8,400.00</u>
			\$23,520.00 Analytical

Quarterly Sampling Time and Labor for 21 Cells

Labor \$55.00/hour
 Sample 30 min per cell
 Travel 2 hour
 Delivery & Paperwork 1 hour

Total Time = (30min/cell x 21 cells) + 2 hours + 1 hours = 13.5 hours

13.5 hours x \$55.00/hour = \$743.00/sampling event

\$743.00/sampling event x 8 quarters = **\$5,940.00 Labor**

Disking/Tilling for two Years Every Two Weeks for 105 acres
Price and Time Quotes from Equipment Operators and Landfarm Operators:

Small Tractor and Operator \$30.00 /hour
 5 acres per hour = 12 min per acre
 105 acres at 21 hours x 52 weeks = 1092 hours
 1092 hours x \$30.00/hour = **\$ 32,760.00 Disking/Tilling**

Water for Bioremediation

Price Quotes from Equipment Operators

Water Truck \$120.00/load

\$120.00/load x 10 loads x 12 Events in two Years = **\$14,400.00 Water**

Level and Contour Landfarm

Price and Time Quotes from and Equipment Operators

D-6 Dozer and Operator \$85.00/hour

\$85.00/hour x 30 min/acre x 168 acres = **\$7,140.00 Level Landfarm**

Revegetation for 168 Acres

Equipment an labor cost

Tractor and seed drill \$30.00/hour @ 15 min/acre for 168 acres = \$1,260.00

Materials Cost

Seed \$10.00/lb @ 5 lb/acre for 168 acres = \$8,400.00

\$1,260.00 + \$8,400.00 = **\$9,660 Revegetation**

Total Closure and Revegetation Cost of an 168 acre Landfarm = \$93,420.00



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 20, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-641

Mr. Rob Mathews
Artesia Aeration L.L.C.
P.O. Box 248
Artesia, NM 88210

**RE: Public Notice for Artesia Aeration L.L.C.
Commercial Landfarm Permit Application
N/2 Section 7, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico**

Dear Mr. Mathews:

The New Mexico Oil Conservation Division (OCD), has received Artesia Aeration L.L.C.'s application for a commercial waste management facility dated June 29, 1998 and supplemental information. The application proposes the construction of a landfarm soil remediation 711 facility. The facility is located in the N/2 Section 7, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico.

Based on the information provided with the application Form C-137 the OCD has prepared a public notice statement that Artesia Aeration L.L.C. must published in the Lovington Daily Record and in the Santa Fe New Mexican newspapers. In addition, a notice shall be sent certified mail to all landowners within one mile of the proposed expansion area and to the Lea County Commission.

Artesia Aeration L.L.C. must send the original certified affidavit of publication from both the Lovington Daily Record and the Santa Fe New Mexican to the OCD Santa Fe office and a copy to the appropriate District office. In addition, J Artesia Aeration L.L.C. must send copies of the postal receipt and signed certified return receipt from each of the landowners and the Lea County Commission to both the OCD Santa Fe office and appropriate District office.

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

Sincerely,

Martyne J. Kieling
Environmental Geologist

attachments
xc with attachments: Hobbs OCD Office

NOTICE OF PUBLICATION

Notice is hereby given that pursuant to the New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

Artesia Aeration Landfarm, Artesia Aeration L.L.C., Operator and Land Lessee, Rob Mathews, P.O. Box 248, Artesia, New Mexico, 88210, has submitted for approval an application to construct and operate a Rule 711 commercial solids landfarm remediation facility located in the N/2 Section 7, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. Hydrocarbon contaminated soils associated with oil and gas production will be remediated by spreading them on the ground surface in 6 inch lifts or less and periodically disking them to enhance biodegradation of contaminants. One Test hole was drilled to a depth of 120 feet, no water or saturated zones were encountered. Ground water most likely to be affected by any accidental discharges at the surface is greater than 120 feet. The facility is underlain by Quaternary sands and Triassic shale and siltstone. The permit application addresses the construction, operations, spill/leak prevention contingency plan, monitoring procedures, and closure plan to be incorporated at the proposed site.

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

If no hearing is held, the Director will approve or disapprove the application based on the information available. If a public hearing is held, the Director will approve the application based on the information in the application and information presented at the hearing.

The Santa Fe New Mexican

Since 1849 We Read You

OCT 28 1999

ARTESIA AERATION, LLC
ATTN: ROB MATHEWS
PO BOX 248
ARTESIA, NM 88210

CONSERVATION DIVISION

AD NUMBER: 112582 ACCOUNT: 01001
LEGAL NO: 66230 P.O.#:
155 LINES 1 time(s) at \$ 100.81
AFFIDAVITS: 5.25
TAX: 6.63
TOTAL: 112.69

AFFIDAVIT OF PUBLICATION

NOTICE OF PUBLICATION

Notice is hereby given that pursuant to the New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

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If no hearing is held, the Director will approve or disapprove the application based on the information available. If a public hearing is held, the Director will approve the application based on the information in the application and information presented at the hearing.
Legal #66230
Pub. October 11, 1999

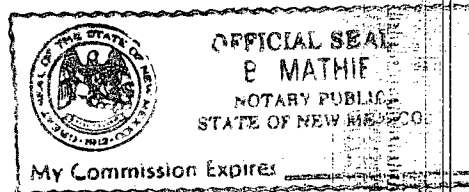
STATE OF NEW MEXICO
COUNTY OF SANTA FE

I, Betty Ruener being first duly sworn declare and say that I am Legal Advertising Representative of THE SANTA FE NEW MEXICAN, a daily newspaper published in the English language, and having a general circulation in the Counties of Santa Fe and Los Alamos, State of New Mexico and being a Newspaper duly qualified to publish legal notices and advertisements under the provisions of Chapter 167 on Session Laws of 1937; that the publication #66230 a copy of which is hereto attached was published in said newspaper 1 day(s) between 10/11/1999 and 10/11/1999 and that the notice was published in the newspaper proper and not in any supplement; the first publication being on the 11 day of October, 1999 and that the undersigned has personal knowledge of the matter and things set forth in this affidavit.

/s/ Betty Ruener
LEGAL ADVERTISEMENT REPRESENTATIVE

Subscribed and sworn to before me on this 11 day of October A.D., 1999

Notary Rob Mathews
Commission Expires 3-13-2001



Affidavit of Publication

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

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

That the notice which is hereto attached, entitled
Legal Notice
Notice Of Publication

was published in a regular and entire issue of **THE LOVINGTON DAILY LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of September 23, 1999 and ending with the issue of September 23, 1999.

And that the cost of publishing said notice is the sum of \$ 49.03 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 28th day of September, 1999.

Debbie Schilling
Debbie Schilling

Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2002

LEGAL NOTICE NOTICE OF PUBLICATION

Notice is hereby given that pursuant to New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505, Telephone (505) 827-7131:

Artesia Aeration Landfarm, Artesia Aeration L.L.C., Operator and Land Lessee, Rob Mathews, P.O. Box 248, Artesia, New Mexico, 88210, has submitted for approval an application to construct and operate a Rule 7.11 commercial solids landfarm remediation facility located in the N/2 Section 7, Township 17 South, Range 32 East, NMPM, Lea County, New Mexico. Hydrocarbon contaminated soils associated with oil and gas production will be remediated by spreading them on the ground surface in 6 inch lifts or less and periodically disking them to enhance biodegradation of contaminants. One Test hole was drilled to a depth of 120 feet, no water or saturated zones were encountered. Ground water most likely to be affected by any accidental discharges at the surface

is greater than 120 feet. The facility is underlain by Quaternary sands and Triassic shale and siltstone. The permit application addresses the construction, operations, spill/leak prevention contingency plan, monitoring procedures, and closure plan to be incorporated at the proposed site.

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

If no public hearing is held, the Director will approve or disapprove the

application based on information available. If a public hearing is held, the Director will approve the application based on the information in the application and information presented at the hearing. Published in the Lovington Daily Leader September 23, 1999.

UNITED STATES POSTAL SERVICE



• Print your name, address, and ZIP Code in this box •

ARTESIA Aeration L.L.C.
P.O. Box 248
ARTESIA, N.M.
88210

58211



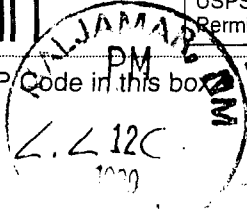
UNITED STATES POSTAL SERVICE



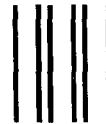
First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

ARTESIA Aeration L.L.C.
P.O. Box 248
ARTESIA, N.M.
88210



UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

ARTESIA Aeration L.L.C.
P.O. Box 248
ARTESIA, N.M.
88210

Mrs. Kieling,

This is the receipt for
the notification, sent
to Sec Co. Commissioner 3.

Thank you,
Rob Mathews

APPLICATION TO CONSTRUCT AND OPERATE
A RULE 711
COMMERCIAL SOLIDS LANDFARM REMEDIATION
FACILITY

Artesia Aeration Landfarm

ARTESIA AERATION L. L. C., OWNER

PREPARED BY: PROGRESSIVE ENVIROMENTAL SYSTEMS
INC.

P.O. BOX 1467 SANTA TERESA, NEW MEXICO, 88008
505-589-9378

Index of Sections

Section Number 1. Permit Application Form

- 2. Guidelines for permit application with responses**
- 3. List of Landowners**
- 4. Contingency Plan**
Closure Plan
Operations, Inspection, and Maintenance Plan
- 5. Financial Assurance**

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-137
Revised March 17, 1999
Submit Original Plus 1
Copy to Santa Fe
1 Copy Appropriate
District Office

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

Commercial Centralized

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

2. Operator: Artesia Aeration L. L. C.

Address: P. O. Box ²⁴⁸ 238, Artesia New Mexico, 88210

Contact Person: Rob Mathews Phone: 505-746-9037

3. Location: N/2 Section 7 Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico
Submit large scale topographic map showing exact location See attachments # 1,2,3,4.

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.
See section # 3
6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
See attachment # 5
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.
See attachment #5
8. Attach a contingency plan for reporting and clean-up for spills or releases.
See Section # 4
9. Attach a routine inspection and maintenance plan to ensure permit compliance.
See Section # 4
10. Attach a closure plan.
See Section # 4
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.
No evidence of ground water diversions could be found at the O.S.E. or from physical searches of the surrounding area. A test hole was drilled to determine if groundwater was present within 100 feet of the surface. The hole was drilled to a depth of 120 feet. No groundwater was encountered. See well log attachment # 7
12. Attach proof that the notice requirements of OCD Rule 711 have been met.
See attachment #8
13. Attach a contingency plan in the event of a release of H₂S.
N/A

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

See Section #2

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:

Rob Matthews

Title:

Pres.

Signature:

Rob Matthews

Date:

6-29-99

**GUIDELINES FOR PERMIT APPLICATION,
DESIGN, AND CONSTRUCTION
OF SURFACE WASTE MANAGEMENT FACILITIES**

(Revised 7-97)

**NEW MEXICO OIL CONSERVATION DIVISION
2040 SOUTH PACHECO STREET
SANTA FE, NEW MEXICO 87505**

PREFACE

The following specifications shall be used as a guide to the preparation of a permit application for commercial or centralized surface waste management facilities to be used to treat oilfield wastes classified as 1) nonexempt from Federal Resource Conservation and Recovery Act (RCRA) Subtitle C Regulations, or 2) nonhazardous by characteristic testing. Surface waste management facility permits are reviewed and approved pursuant to the New Mexico Oil Conservation Division (OCD) Rule 711.

The applicant shall submit an "Application for Surface Waste Management Facility" accompanied by the information necessary to evaluate the application. All plans and specifications shall be submitted to and approved by the Oil Conservation Division prior to construction. Designs for construction and operation may deviate from the following specifications if it can be shown that the design integrity and operation of the facility will not effect any present or foreseeable beneficial uses of protectable ground water, and the facility is protective of public health and the environment.

The following landfarm procedures shall also be used as a guide for the treatment of contaminated solids at locations where a permit is not required such as a production site or leak/spill location where the contaminated materials are solely from that individual site. OCD approval from the appropriate district office must be obtained prior to conducting onsite landfarm operations at individual well site locations.

An OCD Rule 711 permit does not relieve the applicant of liability should the operation result in pollution of surface or ground waters or the environment actionable under other laws and/or regulations. In addition, an OCD Rule 711 permit does not relieve the applicant of liability to comply with all other federal, state or rules and/or regulations.

If any levee to be constructed is more than ten feet (10') in height from ground level, or if a pit volume is more than 10 acre-feet, the State Engineer Office must also review and issue a permit for construction of the pit.

SURFACE WASTE MANAGEMENT FACILITY PERMITS

1. Type of Operation

Indicate the major purpose(s) of the facility (e.g., produced water evaporation pit, remediation of oil field solids, etc.) and briefly describe the processes occurring at the facility.

1.A. Remediation of oil field solids is the major purpose of the facility.

Material accepted at the site will be land farmed. It will be spread in thin lifts and disked within 72 hours of receipt. This material will continue to be disked until TPH is reduced to less than 100 PPM. Successive lifts will be handled in the same manner until the cells are filled to desired levels. When desired elevation is attained, the cell will be seeded in native vegetation.

2. Operator

Name of owner or legally responsible party, include address and telephone number.

- 2.A. Artesia Aeration, L. L. C.
P.O. Box 238
Artesia, N. M. 88210
505- 746-9037
Mr. Rob Mathews

3. Location of Disposal Pit

Give a legal description of the location (i.e., 1/4 1/4 Section, Township, Range, and County). Use state coordinates or latitude/longitude on unsurveyed land. Submit a large scale topographic map, site plan, or detailed aerial photograph for use in conjunction with the written material. It should depict highways or roads giving access to the facility site.

- 3.A. Section 7, Township 16 South, Range 32 East. For detailed legal description see attachment number 1.

4. Expansion Request

If the application is for an expansion of an existing facility, include the original OCD order or approval authorization for the facility.

5. Land Ownership

Include a topographic map, plot map or aerial photograph delineating land ownership boundaries. Include the name and address of the landowner of the facility site and landowners of record within one mile of the site.

- 5.A. See attachment number 1. Plot map /Boundary survey
2. Lease agreement
 3. B L M Surface Management Status Map, Hobbs
 4. U S G S, 7.5 minute topographic map, Maljamar Quadrangle
- B. Land owners within one mile of the site include
1. Lessor
 2. N. M. State Highway Department
 3. United States Department of the Interior

5. B. See Section 3

6. Facilities Description

A. Describe what types of liquids, solids, and/or soils are proposed to be accepted for management (e.g. produced water, drilling muds, completion fluids, tank bottoms, hydrocarbon contaminated solids, etc.)

6.A Drilling muds, tank bottoms, evaporation pond residues, hydrocarbon contaminated Soils. All accepted materials will be subject to passage of the paint filter test for classification as solids.

B. Describe proposed on-site facilities to be used for effluent management of process/produced water, drilling mud, sludges, waste oils, etc., including surface impoundments, disposal pits, below grade tanks, landfarm cells etc. Locate the various management areas on the facility site plan or topographic map. If materials or effluent other than produced water are proposed to be discharged at the site, describe in detail and provide expected volumes.

6.B. All material accepted will be processed in land farm cells in strict accord with O.C.D. guidelines. For cell lay out and other details see attachment number 5.

Volumes of incoming material are unknown at this time. The applicant will base the initial site construction and equipment selection on response to marketing efforts that are ongoing at this time, and commitments secured after the site is permitted. The applicant has the financial capability to expedite cell construction and acquire additional equipment as demand increases and will do so.

C. Attach a description of the facility with a diagram indicating the location of the following:

1. Roads, fences, gates, berms, ditches, and proposed cells.

6.C.1. See attachment number 5.

2. All pipelines crossing the facility, including owner, contents, depth and size of the pipeline(s).

6.C.2. No pipelines cross the facility. See attachment number 1.

3. Actual or proposed offices and/or storage buildings.

6.C.3. A small office trailer that will serve as a gatehouse and shelter for employees will be placed in the access area east of the cells.

4. Chemical storage areas indicating the type of storage containers (ie. drums, sacks, tanks, etc.).

6.C.4. None

5. All tanks indicating whether they are above ground or below ground and saddle or vertical.

6.C.5. An above ground, skid mounted diesel storage tank for the purpose of equipment

refueling will be located in close proximity to the trailer. Oil and grease drums will also be in the same area.

6. Any on-site storage/disposal facilities for wastes other than contaminated soils to be landfarmed (ie. waste oil, washbay sumps, etc.).

6.C.6. None at the present time, however, a concrete pit for the solidification of some wastestreams may be added in the future.

7. Engineering Design

- A. Provide technical data on the design elements of each disposal method. Engineering designs must be submitted to OCD for approval prior to construction.

1. Surface impoundments - Type and volume of effluent stored, area, volume, depth, slope of pond sides, sub-grade description, liner type and thickness, compatibility of liner and effluent, installation methods, leak detection methods, freeboard, runoff/runon protection.

7.A.1. N / A

2. Solids and semi-solids treatment and disposal - Describe in detail how petroleum waste solids, semi-solids or sludges will be handled including proposals for recycling, reclaiming and/or disposal. Provide disposal pit(s) location, size, volume, liner, and type of solids. Facilities reclaiming oil are subject to OCD Rule 711.

7.A.2. N / A

3. Landfarming - Describe how contaminated solids (including soils and/or tank bottoms) will be landfarmed. Include information on proposed spreading rates, lift thickness, discing frequency, use of nutrients or chemicals to enhance degradation and proposed testing to monitor effectiveness.

7.A.3 The facility will follow the operating procedures set forth in the O C D guidelines as a minimum or base line. Specifically:

1. Waste will not be allowed past the gatehouse until the attendant has reviewed all documentation, and the waste has been deemed acceptable. The facility will be secured when attendant is not on duty or is predisposed with other tasks at the site.
2. All material received at the site will be spread and disked within 72 hours of

receipt. Most wastes will be spread and disked in a much shorter time frame in order to expedite biodegradation of the hydrocarbons.

3. Material will be spread in lifts no greater than six inches. However, highly contaminated soils or other material will be spread in thinner lifts for more thorough aeration.
4. Soils will be disked biweekly as a minimum procedure. In actuality, disking will be done on a much more frequent timetable to accelerate the remediation process.
5. Exempt and non-exempt soils will be placed and processed in separate cells in order to prevent the mixing of the wastestreams.
6. Successive lifts shall not be initiated until laboratory analysis has been performed on the previous lift and the results demonstrate that the TPH is less than 100 PPM, BTEX is less than 50 PPM, and benzene is less than 10 PPM. Comprehensive records of the laboratory analysis and the sampling locations will be maintained at the facility. Authorization from the OCD will be attained prior to the application of successive lifts.
7. Moisture will be added as necessary to enhance bio-remediation and to control blowing dust. This will not create any runoff of water. If any ponding or pooling of water occurs, it will be remedied immediately. Any ponding caused by natural precipitation will be removed within 72 hours of discovery.
8. No enhanced bio-remediation will be done at the site without prior approval from the OCD.
9. No material that does not pass the paint filter test will be accepted for disposal at the site.
10. Comprehensive records of all material disposed of at the facility will be maintained at the facility. A record keeping form has been developed and submitted as attachment number 6 in this application for OCD approval.

All requirements set forth in section D. Characterization & Tracking of Waste will be addressed on the form, and be complied with during operation.

Equipment that will be utilized at the site initially includes;

1. Farm tractor, 60 hp or greater
2. 18 inch disk
3. rubber tired front-end loader, 1.5 cubic yard or greater
4. D-5 tractor dozer or greater
5. Water truck, 1000 gallon or greater

C. General Pit/Pond Construction Requirements

N/A

1. Location

Liquid and solids disposal pits and ponds shall not be located in any watercourse, lakebed, sink-hole, or other depression. Pits and ponds adjacent to any such watercourse or depression shall be located safely above the high-water level of such watercourse or depression.

2. Design and Construction

- a. Evaporation ponds shall be designed and constructed to provide the minimum evaporative surface area needed for the maximum yearly volume of liquid to be discharged to the pond. This design parameter shall be based upon local climatological data. Such data and calculations used for the pond design shall be submitted with any proposed plans and specifications. Special care should be taken when calculating the pond volume to account for the decrease in the evaporation rate during the winter months.
- b. The design freeboard allowance shall take wave action into account to prevent overtopping due to wave action. A determination of the wave type (breaking or non-breaking) shall be made to determine the forces acting upon the levee. Such calculations shall be submitted with the details for pond construction. Liner markings or some other device shall be installed to accurately measure freeboard.
- c. The pond is to be constructed so that the inside grade of the levee is no steeper than 2:1. Levees shall have an outside grade no steeper than 3:1 (see Figure 1).
- d. The top of the levees shall be level and shall be at least eighteen inches (18") wide.
- e. An aeration system may be required to be constructed to prevent anaerobic conditions from forming in a pond. The necessity for this requirement will be determined individually based on pond design specifications submitted.
- f. Upon completion of construction "as-built" completion diagrams certified by a registered professional engineer shall be submitted including locations and top-of-pipe elevation of monitor wells, if required.

3. Synthetically Lined Evaporation Ponds

a. Materials

- (1) Synthetic materials used for lining evaporation ponds shall be impermeable and may be rigid, semi-rigid, or flexible.
- (2) If rigid or semi-rigid materials are used, leak proof expansion joints shall be provided, or the material shall be of sufficient thickness and strength to withstand (without cracking) expansion, contraction, and settling movements in the underlying earth.
- (3) If flexible membrane materials are used, they shall be of at least 30 mil thickness and shall have good resistance to tears or punctures.
- (4) All materials used for lining evaporation ponds shall be resistant to hydrocarbons, salts, and acidic and alkaline solutions. The liners shall also be resistant to ultraviolet light or provision made to protect the material from the sun, as specified in Section c.(6).
- (5) Synthetically lined pits shall incorporate a double liner system with a leak detection system installed between the primary (top) and secondary (bottom) liner.

b. Leak Detection System

- (1) A leak detection system of an approved design shall be installed between the primary and secondary liner. The appropriate OCD district office should be notified at least 24 hours in advance of the scheduled installation of the primary liner to afford the opportunity for a Division representative to inspect the leak detection system.
- (2) Leak detection systems may consist of, but are not necessarily limited to, approved fail-safe electric detection system or drainage and sump systems.
- (3) If an electric grid detection system is used, provision must be made for adequately testing all components to ensure the system remains functional.

- (4) If the drainage and sump system is to be used, a network of slotted or perforated drainage pipes shall be installed between the primary and secondary liners. 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 (see Figure 2).

c. Preparation of Pond Bed for Installation of Liners

- (1) The bed of the pond and inside grade of the levee shall be smooth and compacted, free of holes, rocks, stumps, clods, or any other debris which may rupture the liner. In extremely rocky areas, it will probably be necessary to cover the pond bed with a compacted layer of sand or other suitable materials.
- (2) A trench shall be excavated on the top of the levee the entire perimeter of the pond for the purpose of anchoring flexible liners. This trench shall be located a minimum of nine inches (9") from the slope break and shall be a minimum of twelve inches (12") deep. (See Figure 3).
- (3) The liner shall rest smoothly on the pond bed and the inner face of the levees, and shall be of sufficient size to extend down to the bottom of the anchor trench and come back out a minimum of two inches (2") from the trench on the side furthest from the pond. (See Figure 3). In locations where temperature variations are significant, wrinkles or folds shall be placed at each corner of the pond to allow for the contraction and expansion of the membrane due to temperature variations. The membrane manufacturer should be consulted on this matter.
- (4) Certain conditions require the venting of gas that may accumulate beneath a liner. If organic matter exists in the

soils under the liner, or if natural gas is present in the region, gas production is likely. When a fluctuating water table is present immediately below the pond bottom, pockets of are may also accumulate below the liner. The net result of gas or air accumulation below the liner may be the "floating" of the liner to the pond surface. Two possible vent designs are illustrated in Figure 4. The need to vent this accumulated gas can be accomplished by providing a uniform layer of sand (which less than 5% will pass the 200 sieve) or a geotextile beneath the liners. To achieve the best results from either of these media, the slope from the lowest point of the pond to the toe of the dike must be at least 2%. The venting medium is carried across the entire bottom and up the side slopes. Vents should be located approximately one foot (1') down from the crown of the dike. (See Figure 3)

- (5) An anchor of used pipe or other similar material shall be placed over the liner in the anchor trench and the trench back-filled. The anchor trench shall extend the entire perimeter of the pond.
- (6) If the lining material used for the primary liner is not sun-resistant, at least one inch (1") of sand or other suitable material shall be spread uniformly to cover the liner over the floor of the pit. Gravel or other wave-resistant material with sufficient angle of repose to remain in place shall be used to cover the sloping inner wall of the levee. A geotextile liner shall be placed beneath any gravel layer to provide protection for the membranae liner. Any gravel or sand layers used to protect the membranae liner from the sun shall extend to the anchor trench.
- (7) Any sand or gravel layers placed on top of a membranae liner shall be done in such a manner that the risk of tearing the liner is minimized.
- (8) At any point of discharge into the pond, no fluid force shall be directed toward the liner.

5. Unlined Evaporation Ponds

- a. Unlined disposal ponds will not be approved in areas where fresh

water (as defined by OCD rules) underlies the site unless the constituent quality of the produced water is better than then underlying ground water.

- b. Sufficient geologic and hydrologic information will be required to be provided to demonstrate that water disposal in unlined evaporation ponds will not migrate to areas of protectable fresh water.

6. Spray Evaporation Systems

- a. Sprayer systems may be approved to enhance natural evaporation.
- b. Engineering designs for the sprayer system must be submitted for approval prior to installation.
- c. Spray systems shall be operated such that spray-borne salt does not leave the bermed area.

7. Skimmer Ponds/Tanks

a. Required Use

A skimmer pond or tank shall be used to separate any oil from the water prior to allowing the water to discharge into the evaporation pond, except for the following cases:

- (1) It can be shown that the water being discharged into the pond contains no oil or grease.
- (2) The discharge into the pond is from an oil or natural gas processing facility where the discharge has already clarifier passed through a skimmer basin, skimmer tank, decanter, or API Separator.

b. Design Criteria

The skimmer pond shall be designed to allow or oil/water separation only; oil shall be removed in a timely manner and stored in tanks. Per OCD Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles.

- (1) If a skimmer pond is to be used, the pond shall conform to the same design criteria as the evaporation pond.

- (2) If a skimmer tank is to be used, the material of construction and/or design shall provide for corrosion resistance.
- (3) If a skimmer pond is to be used, siphons or other suitable means shall be employed to draw water from oil/water interface for transfer to the evaporation pond. The siphon shall be located as far as possible from the inlet to the skimmer pond.
- (4) The skimmer pond/tank shall at all times be kept free of appreciable oil buildup to prevent oil flow into the evaporation pond.
- (5) Figures 5 - a and b illustrate general design criteria for skimmer ponds and tanks, respectively. All skimmer pond shall be lined unless specifically exempted.

8. Fences, Signs and Netting

- a. Unless otherwise permitted by the OCD, a fence shall be constructed and maintained in good condition around the facility perimeter. Adequate space will be provided between the fence and levees for passage of maintenance vehicles. The fences shall be constructed so as to prevent livestock from entering the facility area. Fences shall not be constructed on levees.
- b. A sign not less than 12" x 24" with lettering of not less than two inches (2") shall be posted in a conspicuous place on the fence surrounding the facility. The sign shall be maintained in legible condition and shall identify the operator of the disposal system, the location of the facility by quarter-quarter section, township, and range; and emergency telephone numbers.
- c. To protect migratory birds, all tanks exceeding 16 feet in diameter, and exposed pits and ponds shall be screened, netted or covered. Upon written application by the operator, an exception to screening, netting or covering of a facility may be granted by the district supervisor upon a showing that an alternative method will protect migratory birds or that the facility is not hazardous to migratory birds.

C. General Landfarm Construction Requirements

1. Location: A landfarm facility shall not be located in any watercourse,

lakebed, sink-hole, or other depression. Facilities located adjacent to any such watercourses or depression shall be located safely above the high water level of such watercourse or depression. In addition, facilities located adjacent to any watercourses shall include a storm water runoff plan.

1.A. Site is in compliance with all requirements and is not adjacent to any watercourses. See attachment number 4.

2. Fences & Signs: The facility shall be fenced and have a sign at the entrance. The sign shall 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.A. Signage will comply with requirements.

3. Facility Buffer Zone: No contaminated soils should be placed within one hundred (100) feet of the boundary of the facility unless it can be demonstrated that a smaller buffer zone will not adversely impact the adjacent properties.

3.A. In compliance, see attachment number 5.

4. Pipeline Buffer Zone: No contaminated soils should be placed within twenty (20) feet of any pipelines crossing the landfarm. In addition, no equipment should be operated within ten (10) feet of a pipeline. All pipelines crossing the facility should have surface markers identifying the location of the pipelines.

4.A. In compliance, see attachment number 5.

5. Facility Berming: The portion of the facility containing contaminated soils shall be bermed to prevent runoff and runoff. A berm should be constructed and maintained such that it capable of containing precipitation from a one-hundred year flood for that specific region.

5.A. In compliance, see attachment number 5.

6. Treatment Zone Monitoring: Because a landfarm is designed to remediate contaminated soils and not transfer contaminants into the underlying native soil and/or groundwater, the applicant shall submit a plan to detect leaching of contaminants. If the native ground surface has a minimum of three feet of uncemented material (ie. soil) then a treatment zone monitoring program may be incorporated into the facility design to ensure contaminants are not

leaching into the native soil/groundwater. The following procedures should be used to monitor a treatment zone not to exceed three (3) feet beneath the landfarm:

- a. One (1) background soil sample should be taken from the center portion of the landfarm two (2) feet below the native ground surface prior to operation. The sample should be analyzed for total petroleum hydrocarbons (TPH), major cations/anions, volatile aromatic organics (BTEX), and heavy metals using approved EPA methods.
 - b. A treatment zone not to exceed three (3) feet beneath the land farm should be monitored. A minimum of one random soil sample should 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 should be taken at two to three (2-3) feet below the native ground surface.
 - c. The soil samples should be analyzed using approved EPA methods for TPH and BTEX quarterly, and for major cations/anions and heavy metals annually.
 - d. After obtaining the soil samples the boreholes should be filled with an impermeable material such as cement.
 - e. Analytical results from the treatment zone monitoring should be submitted to the OCD Santa Fe Office for review on a regular schedule to be proposed by the applicant.
7. Double-Lined System: If the native ground surface is composed of resistant cemented materials which make it infeasible to sample a treatment zone then another method shall be proposed to guarantee that contaminants do not leach into the underlying soils and/or groundwater. This may be accomplished by installing a double-lined system with leak detection in accordance with the OCD "Engineering Design Guidelines for Construction of Waste Storage/Disposal Ponds (10/90). In addition, the facility shall be constructed so that the primary liner will not be ripped or punctured when the contaminated soils are disked.
- C. Landfarm Facility Operation - The Director shall consider, but is not limited to, the following operating procedures for commercial and centralized landfarms. The purpose of specific operating requirements is so that operation of a landfarm will not adversely impact ground water, surface water, public health or the environment.

1. Disposal shall only occur when an attendant is on duty. The facility shall be secured when no attendant is present.
2. All contaminated soils received at the facility should be spread and disked within 72 hours of receipt.
3. Soils should be spread on the surface in six inch lifts or less unless the applicant can demonstrate that the equipment will adequately disk a thicker lift.
4. Soils should be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
5. Exempt contaminated soils should be placed in the landfarm so that they are physically separate (ie. bermed) from nonexempt contaminated soils. There should be no mixing of exempt and nonexempt soils.
6. Successive lifts of contaminated soils should not be spread until a laboratory measurement of Total Petroleum Hydrocarbons (TPH) in the previous lift is less than 100 parts per million (ppm), and the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations shall be maintained at the facility. Authorization from the OCD shall be obtained prior to application of successive lifts.
7. Moisture should be added as necessary to enhance bioremediation and to control blowing dust. There shall be no ponding, pooling or run-off of water allowed. Any ponding of precipitation should be removed within seventy-two (72) hours of discovery.
8. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers shall only be permitted after prior approval from the OCD. Request for application of microbes should include the location of the area designated for the bio-remediation program, composition of additives, and the method, amount and frequency of application.
9. No free liquids or soils with free liquids shall be accepted at the facility.
10. Comprehensive records of all material disposed of at the facility shall be maintained at the facility. The records for each load will include: 1) the generator, 2) the origin, 3) date received, 4) quantity, 5) Certification of exempt status or analysis for hazardous constituents if non-exempt, 6) transporter, and 7) exact cell location and any addition of microbes,

moisture, fertilizers, etc.

- D. Characterization & Tracking of Wastes - The operator of a landfarm must be able to distinguish between those oilfield contaminated solids which are exempt from RCRA Subtitle C (hazardous waste) regulations and those which are subject to the RCRA Subtitle C regulations. To aid the landfarm applicant in making those determinations and therefore prohibiting hazardous waste from entering the facility, all OCD permitted landfarms should operate under the following conditions:
1. The facility should be authorized to accept only:
 - a. Oilfield contaminated solids which are exempt from RCRA Subtitle C regulations. These wastes should be accompanied by a "Certification of Waste Status" from the generator.
 - b. "Non-hazardous" non-exempt oilfield contaminated solids from OCD permitted facilities on a case-by-case basis after conducting an analysis for hazardous characteristics and receiving OCD approval. The test for hazardous characteristics for a particular waste may be effective for one year from the date of analysis, if, the subsequent wastes from the same waste stream are accompanied by a statement from the generator that there has been no change in the processes employed or the chemicals stored/used at the facility generating the waste.
 - c. Other non-oilfield contaminated solids which are RCRA Subtitle C exempt or non-hazardous by characteristic testing, if ordered by the Department of Public Safety on an emergency basis as the waste poses an eminent danger to public health. The wastes should be accompanied by a "Verification of Waste Status" demonstrating the exempt or non-hazardous classification of the solids and signed by the appropriate regulatory agency. OCD approval shall be obtained prior to accepting the wastes.
 2. At no time will any OCD permitted landfarms accept wastes which are hazardous by either testing or listing.
 3. All loads received at the facility will be accompanied by the following:
 - a. A "Certification of Waste Status" signed by the waste generator or "Verification of Waste Status" issued by the New Mexico Environment Department (NMED) or the appropriate agency from another state for wastes regulated by that agency. The state agency verification is based on specific information on the subject waste

submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.

- b. The analytical results of Hazardous Waste Characterization for non-exempt waste including corrosivity, reactivity, ignitability, and toxic constituents and a certification that no listed hazardous wastes are contained within the wastes. The samples for these analyses and results will be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures.

4. The transporter of all 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.

D. A. The applicant will adhere to all provisions of this section.

8. Spill/Leak Prevention and Reporting Procedures (Contingency Plans)

It is necessary to include in the discharge plan submittal a contingency plan that anticipates where any leaks or spills might occur. It must describe how the discharger proposes to guard against such accidents and detect them when they have occurred. The contingency plan also must describe the steps proposed to contain and remove the spilled substance or mitigate the damage caused by the discharge such that ground water is protected, or movement into surface waters is prevented. The applicant shall commit to notify the OCD 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. This commitment and proposed notification threshold levels must be included in the contingency plan.

- A. Describe measures to be taken in the event of pond or pit failure as determined by the leak detection sumps or by ground water monitoring. Outline a procedure for analyses of fluids found, proposed schedule for OCD notification, removal of fluids from the leak detection system, repairs to the pond, and cleanup of contaminated water.
- B. Describe proposed procedures addressing containment, cleanup and reporting in case of major and minor spills at the facility. Include information as to whether areas are curbed, paved and drained to sumps; final disposition of spill material; proposed schedule for OCD notification of spills; etc.
- C. If an injection well is used for on-site effluent disposal, describe the procedures to be followed to prevent unauthorized discharges to the surface or subsurface in the event the disposal well or disposal line is shut-in for workover or repairs (e.g. extra storage tanks, emergency pond, shipment offsite, etc.). Address actions to be taken

in the event of disposal pipeline failure, extended disposal well downtime, etc.

- D. The application shall contain a contingency plan that anticipates where any leaks/spill might occur. It should describe how the applicant proposes to guard against such accidents and detect them when they have occurred.
- E. The contingency plan shall describe the steps proposed to contain and remove the spilled substance or mitigate the damage caused by the discharge such that ground water is protected, or movement into surface waters is prevented.
- F. The application shall describe how any ponding, pooling or runoff of precipitation will be removed from the landfarm and where its final disposition will be.
- G. The application shall contain a contingency plan that describes what procedures will be taken to contain and mitigate any contaminants which are leached beneath the native surface of the landfarm. The precise method will depend upon the engineering design of the facility and the method used to detect leaching of contaminants (ie. monitoring a two foot treatment zone, installing a double-lined system with leak detection, etc.)
- H. The applicant shall commit to notify the OCD 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.

8. A. See contingency plan section 4

9. Operation and Maintenance

- A. Leak detection sumps shall be inspected for fluids at least weekly; monitor wells, if required, shall be checked at least monthly and sampled if fluids are present. Analyses will be furnished to the OCD. Records of dates, inspector and status of the leak detection system or ground water monitoring wells shall be maintained.
- B. Landfarm facilities should be maintained to keep soils from blowing and to minimize odors from leaving the facility boundary. Discuss how this will be accomplished. Berms should be maintained in such a manner to prevent erosion. Inspections of the berms should be made after any rainfall or wind storms of consequence.
- C. Outside walls of all levees shall be maintained in such a manner to prevent erosion. Inspections of the outside walls of the levees shall be made after any rainfall of consequence.

- D. Pond freeboard levels shall not be less than approved by OCD.
 - E. All surface waste disposal facility operators shall file forms C-117-A, C-118, and C-120-A as required by OCD rules.
 - F. 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.
 - G. Only liquids and solids that are non-hazardous by RCRA Subtitle C exemption or by characteristic testing will be accepted at the facility. Liquids and solids from operations not currently exempt under RCRA Subtitle C will be tested for appropriate hazardous constituents prior to disposal.
 - H. Each operator of a commercial surface waste management facility shall keep and make available for inspection records for each calendar month on the source, location, volume and type of waste (produced water, acids, completion fluids, drilling mud, etc.), analysis for hazardous constituents (if required), date of disposal, and hauling company that disposes of fluids or material in their facility. Such records shall be maintained for a period of two (2) years from the date of disposal.
 - I. Disposal at a surface facility shall occur only when an attendant is on duty. The facility shall be secured when no attendant is present. When loads can be monitored or otherwise isolated for inspection before disposal, no attendant is required.
 - I. The applicant should commit to submitting all required analytical results, OCD forms and other specified reports referenced in the guidelines.
9. A. See Operation and maintenance plan, section 4

10. Closure Plan

- A. OCD shall 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. A closure plan for the facility will be provided including the following OCD closure procedures:
 - 1. When the facility is to be closed no new material should be accepted.
 - 2. Existing landfarm soils should be remediated until they meet the OCD standards in effect at the time of closure;
 - 3. Provide a facility closure plan detailing plans as necessary for removal of all fluids and/or wastes, back-filling, grading and mounding of pits, cleanup of

- contaminated soils, and if necessary, aquifer restoration
4. The area should be reseeded with natural grasses and allowed to return to its natural state;
 6. Closure shall be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

A.1-6. A. All requirements will be met by applicant.

- B. A closure plan shall contain a commitment from the applicant that he shall notify the Division of cessation of operations. Upon cessation of disposal 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.

10. A. See Closure Plan Section 4

11. Site Characteristics - Fresh Water Protection Demonstration

- A. The following hydrologic/geologic information is required to be submitted with all applications. Some information already may be on file with OCD and can be provided to the applicant on request.

1. Hydrologic Features

- a. Provide the name, description, and location of any bodies of water, streams (indicate perennial or intermittent), or other watercourses (arroyos, canals, drains, etc.); and ground water discharge sites (water wells, seeps, springs, marshes, swamps) within one (1) mile of the outside perimeter of the facility. For water wells, specify use of water (e.g., public supply, domestic, stock, etc.)
- b. Provide the total dissolved (TDS) concentration (in mg/l) of the ground water most likely to be affected by any discharge. Include the source of the information and how it was determined.
- c. Provide the flow direction of the ground water most likely to be affected by any leaks. Include the source of the information and how it was determined.
- d. It is suggested that you provide a recent water quality analysis of the ground water, if available, including the name of the analyzing laboratory, sample location, and data the sample was taken. This

suggestion is made so that background information is available in case of leaks or charges of neighboring groundwater contamination. There are no surface water impoundments, bodies of water, or ground water discharge sites within 1 mile of the site. There is one watercourse approximately ½ mile west of the facility identified as Taylor Draw. There will be no impact to the facility or the watercourse. As no wells could be located through document research or physical examination efforts, a test hole was drilled on the site. The hole was drilled to a depth of 120 feet. No water was encountered. See attachment number 7 Well Log, Test Hole

2. Geologic Description of Facility Site

Provide the following information and attach or reference source information, as available, (e.g., driller's logs):

- a. Soil type(s) -sand, clay caliche, bedrock. Include a lithologic description of all soil and rock members from ground surface down to the shallowest fresh water aquifer;
- b. Depth to, name of, and thickness of the shallowest fresh water aquifer(s);
- c. Composition of aquifer material - alluvium, sandstone, basalt, etc.;
- d. Depth to bedrock at base of alluvium.

See attachment number 7 Well Log Test Hole

3. Flood Protection

Provide information on:

- a. The flooding potential at the facility with respect to major precipitation and/or runoff events; and
- b. Flood protection measures (berms, drainage channels, etc.), if applicable, for at least a 100-year flood.
- b. Proposed schedule for OCD notification in case of flooding or washout.

The location of the site away from any watercourses, the topographical features of the site, and the berms that will surround the remediation cells will prevent any water run-on to the areas of the site that contain contaminated material. The berms are designed and will be constructed to prevent any run-off from areas containing contaminated materials. A 100 year flood event [approximately 6 inches of rainfall in a 24-hour period] will not create a run-on or a run-off problem. The largest problem involved with that type of event would be to dry out the material within the confines of the

cells. In case of that occurrence the O C D would be notified within 24 hours, and no additional material would be accepted until permission was received from the Division.

B. Provide any additional information necessary to demonstrate that approval of the application will not result adversely affect fresh water protected for present or reasonably foreseeable future use. Depending on the method and location of discharge, detailed technical information on site hydrologic and geologic conditions may be required to be submitted for discharge plan evaluation. This material is most likely to be required for unlined surface impoundments and pits, and leach fields. Check with OCD before providing this information. However, if required it could include but not be limited to:

1. Stratigraphic information including formation and member names, thickness, lithologies, lateral extent, etc.
2. Generalized maps and cross-sections;
3. Potentiometric maps for aquifers potentially affected;
4. Porosity, hydraulic conductivity, storativity and other hydrologic parameters of the aquifer;
5. Specific information on the water quality of the receiving aquifer; and
6. Information on expected alteration of contaminants due to sorption, precipitation or chemical reaction in the unsaturated zone, and expected reactions and/or dilution in the aquifer.
7. Porosity, permeability, conductivity, cation exchange rates, compaction ratios and swelling characteristics for the sediments on which the contaminated soils will be directly placed upon.

12. Proof of Notice

Attach proof that the notice requirements of OCD Rule 711 have been met. For commercial and centralized waste management facilities the applicant must give written notice of application to the owners of surface lands and occupants within one (1) mile of the proposed facility boundary. For permit modifications, the Division may require the applicant to give written notice as above.

13. H₂S Contingency Plan

A contingency plan in the event of a release of H₂S shall be submitted for approval along with the details for pit construction. The contingency plan will outline a procedure for monitoring for H₂S, notifying the OCD, aeration or treatment of pit fluids for H₂S generation, H₂S monitoring and notification of appropriate authorities. H₂S contingency plans are not applicable for land farm facilities unless the landfarm is designed to generate H₂S.

14. Additional Information

Provide any additional information necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

15. Certification

Include the signature information required on the application form. The form must be signed by an authorized representative of the applicant.

Property Owners

1. Land Owner of the Facility Site:

**Olane and LaDoyce Caswell
Caswell Ranch
Maljamar, New Mexico 88264**

2. Land Owners of Record Within One Mile of the Site

**Olane and LaDoyce Caswell
Caswell Ranch
Maljamar, New Mexico 88264**

**U. S. Department of Interior
Bureau of Land Management
Carlsbad Field Office
Attention: Bobbe Young
P. O. Box 1778
620 E. Greene Street
Carlsbad, N. M. 88220-6292**

**State of New Mexico
State Highway and Transportation Department
District II Headquarters
4505 W. Second Street
P. O. Box 1457
Roswell, N. M. 88201-1457**

CONTINGENCY PLAN

This facility will accept for disposal, only wastes classified as solids. Any material spilled outside of a bermed disposal cell will be placed into the designated cell immediately. The area where the spill occurred will be inspected by the applicant's supervisory personnel to insure that all spilled material has been removed. The time, date, and other details of the spill and subsequent clean-up, will be documented and OCD will be notified.

Should any ponding, pooling, or run-on of precipitation occur, personnel at the facility will utilize native (non-contaminated) soils to contain the water and apply a sufficient amount of native soils to absorb the free liquid. That material will then be spread and disked to dry it out.

If laboratory analysis detects any contamination in the two-foot treatment zone, the applicant will:

1. Notify the OCD,
2. Verify the results by testing the split sample.
3. Stop the process if the analysis shows no contamination.
4. Pull and analyze sufficient samples to evaluate the levels and limits of the contamination if the analysis is positive.
5. Submit the results to OCD with a corrective action plan for approval by the Division.

The applicant commits to notify the OCD of any break, spill, blow out, or fire or any other circumstances that could constitute a hazard or contamination in accordance with OCD rule 116.

OPERATION, INSPECTION, AND MAINTENANCE

7.A.3 The facility will follow the operating procedures set forth in the O C D guidelines as a minimum or base line. Specifically:

1. Waste will not be allowed past the gatehouse until the attendant has reviewed all documentation, and the waste has been deemed acceptable. The facility will be secured when attendant is not on duty or is predisposed with other tasks at the site.
2. All material received at the site will be spread and disked within 72 hours of receipt. Most wastes will be spread and disked in a much shorter time frame in order to expedite biodegradation of the hydrocarbons.
3. Material will be spread in lifts no greater than six inches. However, highly contaminated soils or other material will be spread in thinner lifts for more thorough aeration.
4. Soils will be disked biweekly as a minimum procedure. In actuality, disking will be done on a much more frequent timetable to accelerate the remediation process.
5. Exempt and non-exempt soils will be placed and processed in separate cells in order to prevent the mixing of the wastestreams.
6. Successive lifts shall not be initiated until laboratory analysis has been performed on the previous lift and the results demonstrate that the TPH is less than 100 PPM, BTEX is less than 50 PPM, and benzene is less than 10 PPM. Comprehensive records of the laboratory analysis and the sampling locations will be maintained at the facility. Authorization from the OCD will be attained prior to the application of successive lifts.
7. Moisture will be added as necessary to enhance bio-remediation and to control blowing dust. This will not create any runoff of water. If any ponding or pooling of water occurs, it will be remedied immediately. Any ponding caused by natural precipitation will be removed within 72 hours of discovery.
8. Berms will be maintained on a regular basis to prevent erosion. Regular inspections will be made on a monthly basis. Special inspections will be made after any rainfall or windstorm of consequence.
9. No enhanced bio-remediation will be done at the site without prior approval from the OCD.
10. No material that does not pass the paint filter test will be accepted for disposal at the site.
11. Comprehensive records of all material disposed of at the facility will be maintained at the facility. A record keeping form has been developed and submitted as attachment number 6 in this application for OCD approval. All requirements set forth in section D.

Characterization & Tracking of Waste will be addressed on the form,
and be complied with during operation.

CLOSURE PLAN

The Artesia Aeration L. L. C. Landfarm will be closed in accordance with all OCD requirements. This site will be closed on an incremental basis as desired elevation is attained in the cells. A plan is also included for final site closure.

Ongoing or incremental closure:

When desired elevation in the cells is attained (level to top of berm), the final lift will be remediated until OCD standards are met. At that time, area will be graded uniformly to prevent ponding and the area will be re-seeded so that it may return to its original site. If the remediated soil is not conducive to plant growth, six inches of native soils will be used for vegetative cover. No additional waste will be placed in those cells. The department will be notified when individual cells are closed.

Final Closure Plan

Artesia Aeration L. L. C. will notify the OCD when operation of the facility is to be discontinued or is discontinued for a period in excess of six months or when the facility is to be dismantled. When the facility is closed, no new material will be accepted. Existing landfarm soils will be remediated until they meet OCD standards in effect at the time of closure. Grading of the area will be dependent upon the level of materials within the existing cells. If cells are full they will be graded to avoid ponding at the top of berm elevation. If closure takes place before the maximum desired elevation is attained, the berms will be brought down to the level of the remediated material and the area leveled to prevent ponding. Areas that remain in their natural condition within the site will not be disturbed as part of closure.

If the remediated soils are not conducive to re-vegetation, six inches of native soil will be used for vegetative cover. The area will be re-seeded with native grasses per NMSHD specifications for that region.

Closure will be pursuant to all OCD regulations in effect at the time of closure and any other applicable local, state, and/or federal regulations.

Artesia Aeration L. L. C. does hereby commit to notify the Division of cessation of operations. Upon cessation of disposal operations for six consecutive months, Artesia Aeration L. L. C. shall complete clean up of constructed facilities and restoration of the facility site within the following six months, unless an extension of time is granted by the Director.

Energy, Minerals and Natural Resources Department
Oil Conservation Division

Cash Bond For Waste Management Facilities

(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

KNOW ALL MEN BY THESE PRESENTS:

That _____, (an individual, partnership, or a corporation organized in the State of _____, with its principal office in the City of _____, State of _____, and authorized to do business in the State of New Mexico), is held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (the "Division") in the sum of _____ (\$ _____) Dollars.

The conditions of this obligation are such that:

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

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

The applicant has deposited on behalf of the Division \$ _____ (_____ dollars) in the manner indicated on the attachment to this bond (Assignment of Cash Collateral Deposit), being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the rules and orders of the Division in operating the waste management facility described herein, and that it will properly reclaim the facility site upon cessation of operations. If the applicant does not properly reclaim and restore the facility site, and otherwise abide by the rules and orders of the Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the facility site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the facility site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described facility site upon cessation of operations, and otherwise abide by the rules and orders of the Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this _____ day of _____, 19 ____.

Mailing Address

By _____
Signature

Title

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

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 _____, 9____,
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 ____ day of _____,
19____,
by _____,
a corporation , on behalf of said corporation.

My commission expires:

Date 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: _____

**Energy Minerals and Natural Resources Department
Oil Conservation Division**

Assignment of Cash Collateral Deposit For Bond for Waste Management Facility

(Must be a federally-insured bank or saving institution within the State of New Mexico.)

Date _____

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions,

_____ (hereinafter referred to as owner) of _____
(address) has deposited with the _____
(name of state or national bank or savings association) of _____ (address)

(herein termed financial institution), the sum of _____ (\$ _____) dollars in Certificate of Deposit or savings account No. _____. Owner hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (the "Division") or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

- a. The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a waste management facility operated by owner.
- b. The Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the Division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale of the facility covered by this agreement provided all applicable Division orders and rules have been complied with.
- c. Owner retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.
- d. The financial institution agrees that the fund may not be assigned, transferred pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from owner's business is made upon the financial institution.

**Signature of Owner, Personally or by
Authorized Officer**

**Signature of Authorized Officer of Financial
Institution**

Title

Title

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 _____ day of _____, 19____,
by _____,
a corporation , on behalf of said corporation.

My commission expires:

Date Notary Public

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

**APPROVED BY:
OIL CONSERVATION DIVISION**

By: _____

Index of Attachments

1. Site Survey, Legal Description, Owners Affidavit
2. Lease Agreement
3. B.L.M. Surface Management Status Map
4. U.S.G.S. 7.5 Minute Topographic Map [Maljamar Quadrangle]
5. Site Plan, Cell Detail
6. Record Keeping Form
7. Well Log Test Hole
8. Proof of Notice to Adjacent Land Owners [within one mile],and Lea County Board of Commisioners
9. Certificate of Organization and Articles of Organization

LEASE AGREEMENT

THIS LEASE is entered into this 12th day of June, 1999,
between

O'LANE CASWELL and L'DOYCE CASWELL, hereinafter called Lessor,
and

ARTESIA AERATION, LLC, hereinafter called Lessee.

WHEREAS, Lessor desires to lease Subject Property to the Lessee,
and Lessee desires to lease that property from Lessor
as hereinafter stated

and

WHEREAS, the parties desire to set forth mutually their
agreement in writing.

NOW THEREFORE, the parties agree as follows.

WITNESSETH

1. RECITAL INCORPORATED

The recitals herein stated are incorporated as a part of
this Lease.

2. INITIAL TERM

The term of this Lease is five (5) years from the date of
signing, ending on the same calendar day of the month 60
months following the date of this Lease.

3. RENEWAL TERMS

So long as Lessee is not in default under this Lease, Lessee
is granted the right to renew this Lease for successive five
(5) year terms, upon the same terms and conditions, except
the amount of rental to be paid for each successive rental
term. This Lease shall automatically renew unless Lessee
gives written notice to Lessor not less than thirty (30)
days prior to the expiration of the Initial Term or any
renewal term or unless parties fail to mutually agree on the
rental to be paid by Lessee for the next five (5) year
renewal term. If the parties are unable to mutually agree
upon the rental to be paid by Lessee for the next renewal
term not less than thirty (30) days prior to the expiration
of the initial term or any renewal term, this Lease

Agreement shall terminate subject to Lessee's obligations as hereinafter provided. The maximum number of automatic renewal terms is ten (10) or fifty (50) years.

4. **RENTAL**

The rent due for the initial term of this Lease will be due on the 15th day of _____, _____, in the amount of \$_____. Rent due from Lessee to Lessor for any renewal term shall be mutually agreed upon as hereinabove provided and shall be paid by Lessee to Lessor on the anniversary date of each year of any renewal term.

In addition to the rental to be paid by Lessee to Lessor as herein provided and as additional consideration for this Lease, any waste dirt removed from any oilfield location on any of Lessor's real property (removed because of being contaminated by oil and other contaminants associated with oil and gas production and permitted to be disposed of as oilfield waste) shall be replaced with fresh uncontaminated dirt from lessor's lands selected by Lessor, and Lessee shall pay Lessor the market price for such fresh uncontaminated dirt from Lessor's land. Further, when Lessee removes oilfield waste dirt from an oilfield location on land not owned by lessor and places such waste dirt in Lessee's land farm on the subject property, Lessee shall purchase from Lessor, at market price, fresh uncontaminated dirt necessary to replace the oilfield waste dirt, if Lessee, as a part of such clean-up job, has agreed to furnish fresh uncontaminated dirt to replace the oilfield waste dirt removed.

5. **SUBJECT PROPERTY**

The property which is covered by this Lease is more particularly described as:

SURFACE ESTATE ONLY

A part of the SW/4SW/4SW/4 Section 5, SE/4SE/4SE/4 Section 6, and N/2 Section 7, All in Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico, more particularly described as:

Beginning at the Northeast Corner of said Section 7, Thence S 0 degrees 02'49" E along the east line of Section 7 a distance of 379.81 feet to the north right-of-way of U.S. Highway 83 as constructed; Thence along a curve to the left of radius 5829.60 feet a distance of 1939.95 feet (chord bearing S 56 degrees 40'19" W, length 1931.01 feet) to a point of tangency; Thence S 47 degrees 10'19" W along the highway as constructed a distance of 1679.48 feet; Thence N 87 degrees 43'22" W a distance of 2312.70 feet; Thence N 33 degrees 48'20" W a distance of 72.12 feet; Thence N 35 degrees 58'22" E a distance

of 2842.21 feet; Thence N 88 degrees 51'48" E a distance of 3181.75 feet; Thence N 30 degrees 00'00" E a distance of 396.97 feet; Thence S 89 degrees 48'20" E a distance of 765.75 feet to the west edge of Lea County Road C-124; Thence S 15 degrees 06'17" E along Lea County Road C-124 a distance of 155.43 feet; thence N 89 degrees 55'00" W a distance of 659.52 feet to the Point of Beginning; and containing 167.856 acres MOL.

6. **PURPOSE**

This Lease is made for the purpose of conducting a Land Farm operation on the **Subject Property** for the disposal of oil field waste, together with related activities.

7. **INDEMNIFICATION**

Lessee agrees to indemnify and hold harmless **Lessor** for all losses and damages incurred by **Lessee** in the course of this Lease and any holdover thereof, including the **Lessor's** reasonable costs and attorney's fees incurred in the reobtainment thereof.

Further, **Lessee** covenants and agrees to save, indemnify, and hold **Lessor** harmless from any and all claims or damages to persons and property occasioned by any act, or omission to act, on the part of **Lessee**, **Lessee's** servants, employees, and agents, in connection with **Lessee's** conduct of a land farm operation for disposal of oilfield waste, including **Lessor's** reasonable costs, expenses, and attorney fees. In addition, **Lessee** agrees to save, indemnify, and hold **Lessor** harmless from any and all claims, demands, damages, penalties, or fines which may be imposed by any state or federal agency having jurisdiction, or by a court having jurisdiction, arising out of, either directly or indirectly, the conduct by **Lessee** of a land farm operation for disposal of solid oilfield waste involving environmental contamination or pollution, or involving any violation of restrictions or requirements which may be contained in the New Mexico Oil Conservation Division permit to be obtained by **lessee**, or violation of any applicable state or federal law, rule, or regulation.

8. **LESSOR'S MAINTENANCE OBLIGATIONS**

Lessor has no maintenance obligation on the **Subject Property**.

9. **LESSEE'S OBLIGATIONS**

Lessee shall operate the oil field waste disposal facility on the **Subject Property** in accordance with the terms of **Lessee's** permit and the laws and statutes regulating such activities.

Lessee covenants and warrants to Lessor that Lessee will accept only solid oilfield wastes, with no free liquids which are exempt from the Resource and Conservation Act Substitute C regulations, and Lessee will not accept hazardous materials in its land farm operation on the subject property, nor will Lessee accept substances containing naturally occurring radioactive materials.

Upon the termination of this Lease, Lessee shall return the surface to its original condition and contour, to the extent such may be reasonably done. Lessor understands the nature and purpose of this Lease and further understands that contamination associated with the purpose of this Lease will remain in, on or under the Subject Property at termination. Lessee shall remove any contamination or materials disposed of on the Subject Property which were disposed of in violation of the permit to be issued by the New Mexico Oil Conservation Division or in violation, at the time of disposal, of any then applicable state or federal law, rule or regulation.

10. REMEDIES OF LESSOR

It is agreed between the parties that in case at any time default shall be made by the Lessee in the payment of any rent upon the day when the same shall become due or payable, and such default shall continue for ten (10) days, or in case default shall be made by the Lessee in the performance of any of the other terms, conditions or covenants of said Lease by said Lessee to be performed, other than the covenant for the payment of rent, and said default shall continue for a period of thirty (30) days after the service of written notice of such default by the Lessor on the Lessee (no notice of default in the payment of rent being necessary), then the Lessor may enter into and upon the demised premises or any part thereof and repossess the same, with or without terminating this Lease, and without prejudice to any of Lessor's remedies for rent or breach of covenant, and in any such event may, at its option, terminate said Lease by giving written notice of its election so to do, or may, at its option, let the premises or any part thereof as the agent of the Lessee, or otherwise. The foregoing rights and remedies given to the Lessor are, and shall be deemed to be, cumulative, and the exercise of one shall not be deemed to be an election, excluding the exercise by the Lessor at any other or different time of a different or inconsistent remedy, and shall be deemed to be given to said Lessor in addition to any other and further rights granted to said Lessor by the Lease, or by law, and the failure upon the part of the Lessor at any time to exercise any right or remedy hereby given to it shall not be deemed to operate as a waiver by it of its right to exercise such right or remedy at any other or future time. In the event of Lessor's exercise of any of the rights or remedies hereunder, Lessor shall be entitled to reasonable attorney's fees.

In addition, it is agreed between the parties that a violation by Lessee, Lessee's servants, employees, and agents, of the restrictions or requirements contained in a permit issued by the New Mexico Oil Conservation Division authorizing conduct of a land farm operation for disposal of solid oilfield waste upon the Subject Property, or violation of applicable state and federal laws, rules or regulations, constitutes a default under the terms and provisions of this Lease Agreement.

11. CONDEMNATION

If the whole or any part of the premises hereby leased shall be taken by any public authority under the power of eminent domain, then and in that event, upon the taking of the same for such public use, the term of this Lease shall cease upon the date when the same shall have been taken and the full rent shall be paid up to that date; if only a portion of the **Subject Property** is taken, and of the **Lessee** so desires, it shall have the right to continue in the possession of the remainder of the same under the terms provided herein, except that the annual rent shall be reduced in the proportion that the amount of premises taken bears to the amount of the premises demised.

12. LAWFUL USE

Lessee agrees and covenants to use **Subject Property** only for lawful disposal of oil field waste, and to prohibit entry and access to any others, including trespassers, which might result in any unlawful purpose.

13. ADDITIONAL IMPROVEMENTS

Lessee agrees that improvements, modification or alteration, including but not limited to the following may be performed or done without advance written consent of **Lessor**:

- (a) The erecting or the permitting of erections of any non-removable structures or buildings.
- (b) Adding electrical wiring, plumbing or heating to building. **Lessee** agrees that such additions meet standards and requirements of power and insurance companies, and of applicable codes, standards and requirements of the State of New Mexico and its political subdivisions.
- (c) Moving or erecting permanent fences; and,
- (d) Conducting excavations, construction and any other operations needed for the proper disposal of oil field waste.

Lessee agrees any permanent or non-removable improvements made by him becomes the property of **Lessor** and will remain on **Subject Property** upon termination of this Lease, and **Lessor** will not be responsible for any expense incurred for such.

Upon written consent **Lessor** agrees **Lessee** may erect, move in, or provide for use in operation of **Subject Property** any removable structure as needed; (i.e. mobile homes, metal storage, electric fencing, water tanks) at **Lessee's** expense and same shall remain the property of **Lessee** and may be moved off **Subject Property** upon termination of this Lease, provided that **Lessee** is not then in default under the terms and provisions of this Lease.

14. DEBTS AND ACCIDENTS

Each party agrees that the other party shall in no way be responsible for the debts of, or the liabilities for accidents or damage caused by the other.

15. UTILITIES

Lessee agrees all utilities pertaining to **Subject Property** will be in **Lessee's** name and that **Lessee** will be responsible for all payments of same.

16. NO LIENS OR ENCUMBRANCES

Lessee specifically covenants to maintain the **Subject Property** during the course of this Lease in such a manner as to prevent any lien from applying to the **Subject Property**, whether directly or indirectly, by or any act or omission by **Lessee**.

If **Lessee** fails to prevent any such lien from applying to the **Subject Property** and a lien is filed against same, **Lessee** shall discharge same from the record within ten (10) days from the later of the filing of such lien, or notice by **Lessor** to remove any such lien, and the failure to do so constitutes a default, and **Lessee** is subject to the remedies of **Lessor** as set forth in paragraph 10 above.

17. SUB-LEASING

Lessee may sub-lease the **Subject Property**, or any portions thereof, with written consent from **Lessor**, which consent shall not be unreasonably withheld. **Lessor** understands that **Lessee** may be interested in subleasing.

18. EASEMENTS

(a) **Lessor** retains easement rights in and through the **Subject Property**, except which would interfere with the purposes of the Lease.

(b) Lessee is granted reasonable easement rights through Lessor's property to allow ingress and egress from and to the Subject Property.

19. INSURANCE

Lessee agrees to furnish all insurance needed for his protection, and protection of Lessor. Copies of all insurance will be delivered to Lessor. During the term of this Lease, or any renewal thereof, Lessee shall maintain in force and effect liability insurance coverage with an insurance company or insurance companies acceptable to Lessor, with insurance coverage to be in an amount acceptable to Lessor, wherein Lessee is the named insured in connection with its conduct of a land farm operation for disposal of solid oilfield waste on the Subject Property. In addition, Lessee shall cause Lessor to also be named as an insured on such liability insurance coverage. Specifically, Lessee agrees that such liability insurance coverage shall contain environmental pollution, spills, hazardous materials, toxins, and environmental contamination damage. If any charge is made by an insurance carrier for naming Lessor as an insured on Lessee's policy, Lessee shall bear the cost of such charge.

20. RIGHT OF ENTRY

Lessor retains the right for Lessor, Lessor's agents, employees, or assigns to enter Subject Property at any time for the purpose of consulting with Lessee and inspections.

21. SURRENDER OF POSSESSION

Lessee agrees to surrender possession and occupancy of the premises of Subject Property peacefully at the end of the initial term or any renewal of this Lease, subject to the requirement of paragraph 9, or in the event of default, or the exercise by Lessor of the remedies available under Paragraph 10.

22. AMENDMENT

This Lease may be amended at any time if agreed in writing by Lessee and Lessor.

23. BINDING

The terms of this Lease shall be binding upon heirs, executors, administrators and successors of Lessee and Lessor.

24. NO PARTNERSHIP CREATED

This Lease shall not be deemed to give rise to a partnership relationship between the parties and neither party shall have authority to obligate the other without written consent of the parties, Lessee and Lessor.

25. ARBITRATION OF DIFFERENCES

Any differences between the parties as to their several rights or obligations under the terms of this Lease that are not settled by mutual agreement after thorough discussion shall be submitted for arbitration to a committee of three disinterested persons, one selected by each party thereto and the third by the two persons thus selected, and the committee's decision shall be accepted and be final by and between both parties.

26. NOTICES

All notices required or permitted herein must be in writing and shall be sufficient as delivered personally or mailed by certified or registered mail-return receipt requested, postage and charges prepaid, to the other party at the addresses set forth elsewhere in this Lease, or to such other addresses as any party to this Lease may designate to the other party from time to time in accordance with this paragraph.

All notices shall be deemed received when delivered personally or on the third day following the date of mailing (excluding Sundays or legal Holidays).

27. NEW MEXICO LAW

The parties agree that New Mexico law shall apply to the construction and interpretation of this document and to the acts of the parties, and that the proper situs for all litigation or arbitration with respect to the **Subject Property** is in Eddy County, New Mexico.

28. MISCELLANEOUS

- (a) Lessee shall not commence operation of a land farm for disposal of solid oilfield waste until such time as it has been issued a valid permit for conducting such operation on the subject property, issued by the Oil Conservation Division of the State of New Mexico to Lessee.
- (b) Lessee agrees that possession of the Subject Property will not be delivered to Lessee until satisfactory security is given by Lessee to Lessor.

DATED this 16 day of June, 1999.

LESSOR:

O' Lane Caswell
O'LANE CASWELL

L' Doyce Caswell
L' DOYCE CASWELL

(ADDRESS)

LESSEE: ARTESIA AERATION, LLC

By: Rob Matthews
Rob Matthews, Managing Member

(ADDRESS)

STATE OF NEW MEXICO)
COUNTY OF Lea) ss.

This instrument was acknowledged before me this 16 day of June, 1999, by O' Lane Caswell.

My Commission Expires:
1-29-2003

Dracy Lawson
Notary Public

STATE OF NEW MEXICO)
COUNTY OF Lea) ss.

This instrument was acknowledged before me this 16 day of June, 1999, by L' Doyce Caswell.

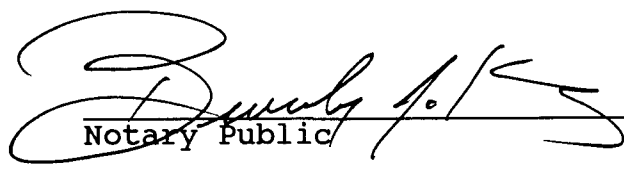
My Commission Expires:
1-29-2003

Dracy Lawson
Notary Public

STATE OF NEW MEXICO)
COUNTY OF Eddy) ss.

This instrument was acknowledged before me this 11th day of June, 1999, by ROB MATTHEWS, Managing Member of ARTESIA AERATION, LLC.

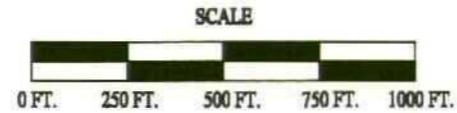
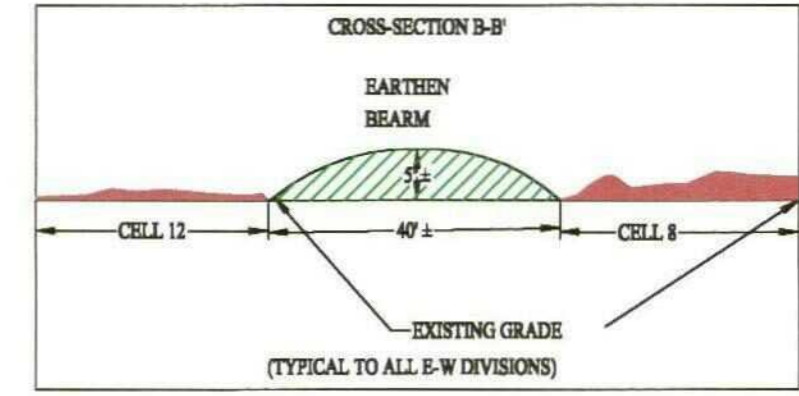
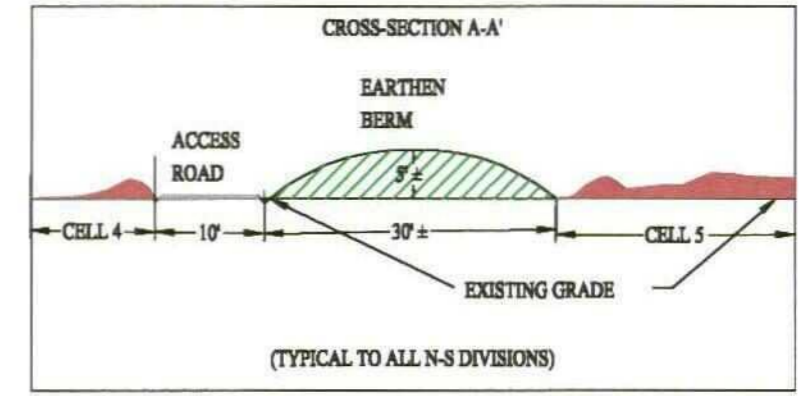
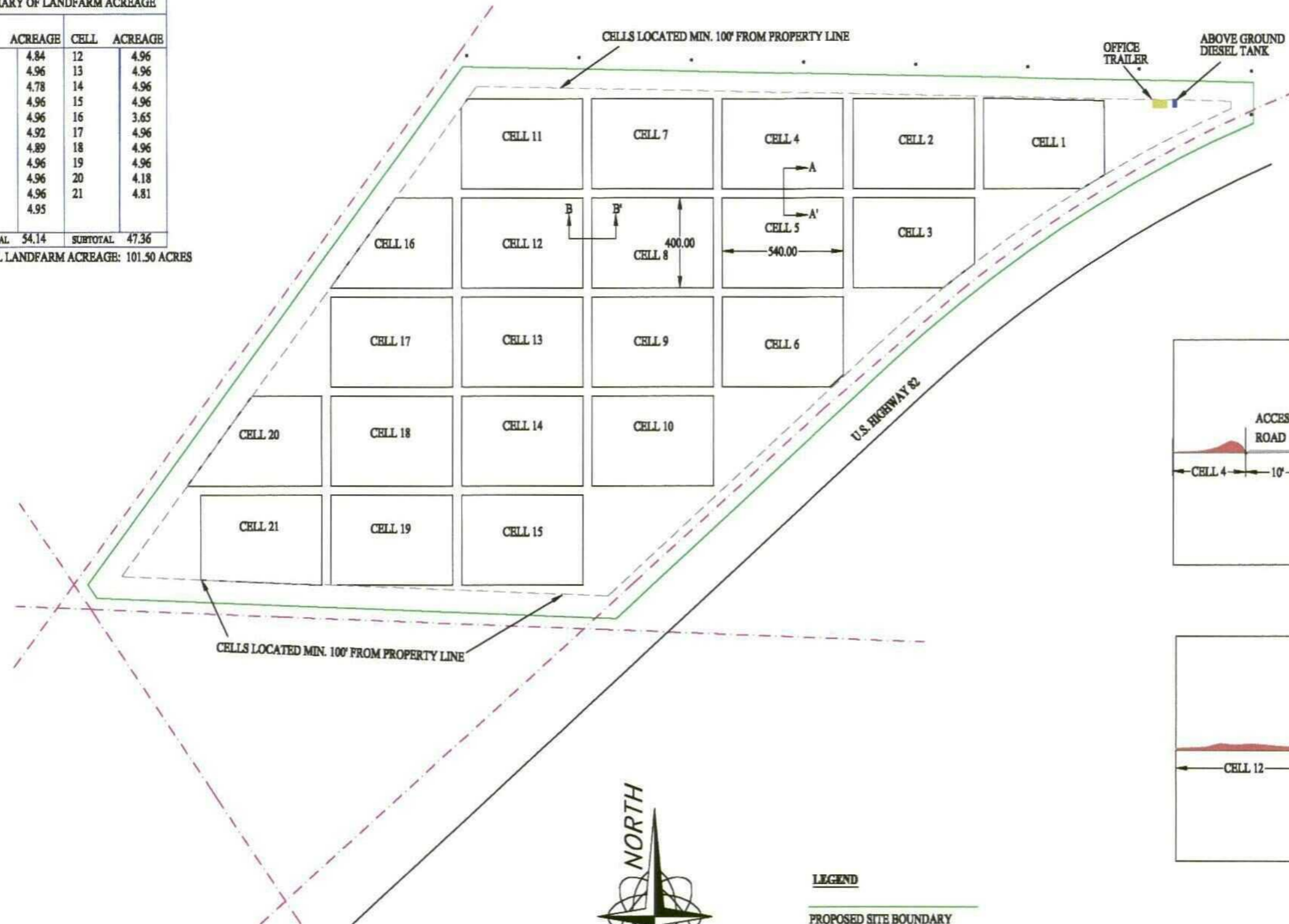
My Commission Expires:
10-18-2002


Notary Public

SUMMARY OF LANDFARM ACREAGE

CELL	ACREAGE	CELL	ACREAGE
1	4.84	12	4.96
2	4.96	13	4.96
3	4.78	14	4.96
4	4.96	15	4.96
5	4.96	16	3.65
6	4.92	17	4.96
7	4.89	18	4.96
8	4.96	19	4.96
9	4.96	20	4.18
10	4.96	21	4.81
11	4.95		
SUBTOTAL	54.14	SUBTOTAL	47.36

TOTAL LANDFARM ACREAGE: 101.50 ACRES



LEGEND

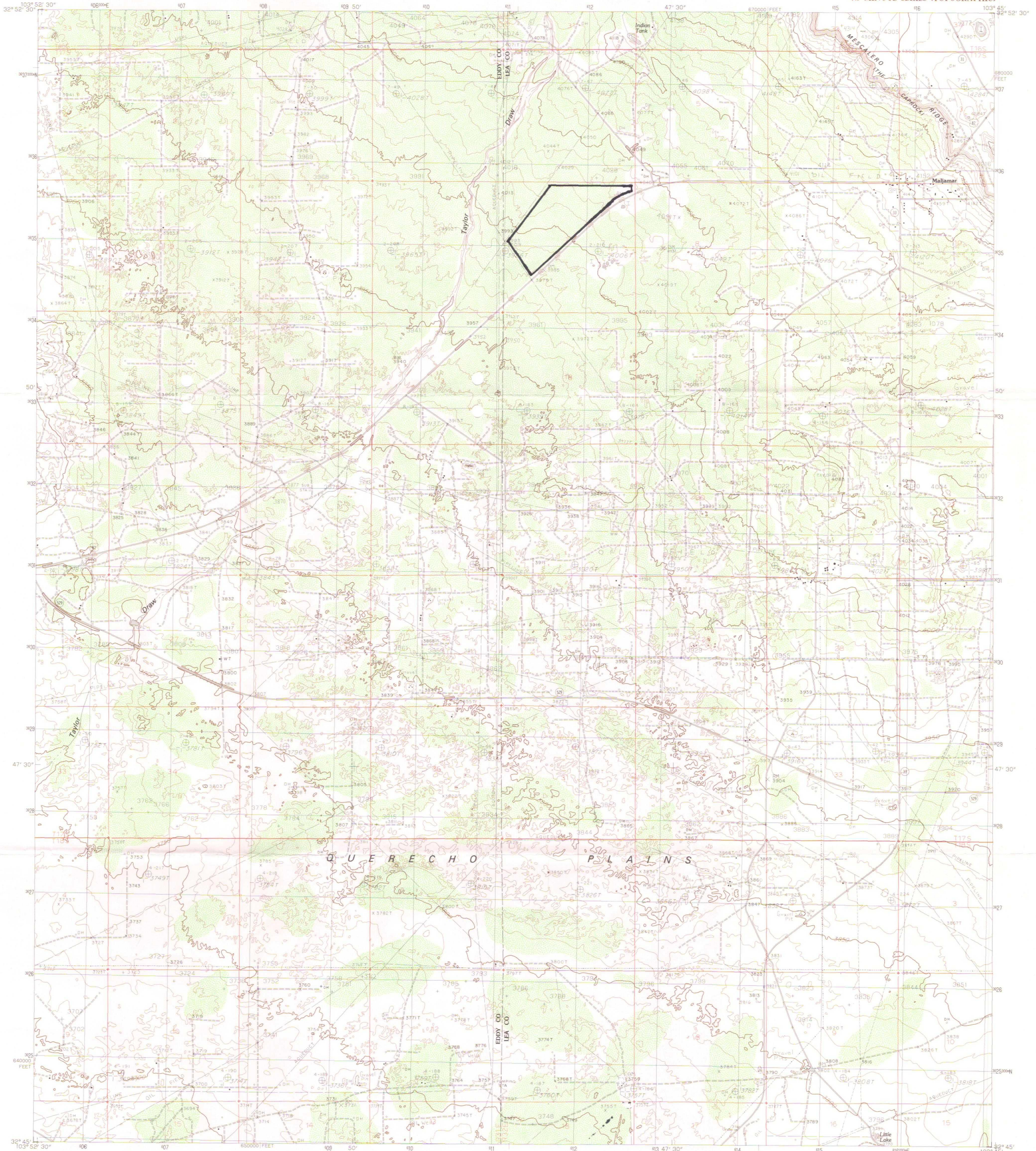
- PROPOSED SITE BOUNDARY
- PIPELINE
- 100 FT. SETBACK FROM SITE BOUNDARY

NOTE: PROPERTY BOUNDARY AND PIPELINE LOCATIONS ADAPTED FROM P.R. PATTON & ASSOCIATES, ROSWELL, NM.
 COPYRIGHT © 1999 WEAVER BOOS & GORDON, INC. ALL RIGHTS RESERVED.

**CELL LAYOUT
SOIL LANDFARM
MALJAMAR, NEW MEXICO**

WEAVER BOOS & GORDON, INC.
 ALBUQUERQUE, NM GRIFFITH, IN CHICAGO, IL
 (505) 867-6990 (317) 933-9889 (312) 832-1030

DRAWN BY: SDW	DATE: 04/23/99	FILE: 0301-01-10
REVIEWED BY: JLK	CAD: MALSITE.dwg	FIGURE 1



PRODUCED BY THE UNITED STATES GEOLOGICAL SURVEY
CONTROL BY USGS NOS/NOAA
COMPILED FROM AERIAL PHOTOGRAPHS TAKEN 1958
FIELD CHECKED 1979 MAP EDITED 1985
PROJECTION TRANSVERSE MERCATOR
GRID INCREMENT UNIVERSAL TRANSVERSE MERCATOR ZONE 13
UTM GRID DECLINATION NEW MEXICO, EAST ZONE
100000-FOOT STATE GRID TICKS
1986 MAGNETIC NORTH DECLINATION 9°30' EAST
VERTICAL DATUM NATIONAL GEODETIC VERTICAL DATUM OF 1959
HORIZONTAL DATUM 1927 NORTH AMERICAN DATUM
To place on the predicted North American Datum of 1983,
move the projection lines as shown by dashed corner ticks
(8 meters south and 46 meters east).
There may be private inholdings within the boundaries of any
Federal and State Reservations shown on this map.
All marginal data and lettering generated and positioned by
automated type placement procedures.

PROVISIONAL MAP
Produced from original
manuscript drawings. Infor-
mation shown as of date of
field check. 3



QUADRANGLE LOCATION

1	2	3	4
5	6	7	8

ADJOINING 7.5' QUADRANGLE NAMES

1. Indian Tank
2. Majamar NE
3. Madras NW
4. Lone Hill
5. Dry Lake
6. Haskins Lake
7. Greenwood Lake
8. Laguna Canas NW

ROAD LEGEND

Improved Road
Unimproved Road
Trail
Interstate Route
U.S. Route
State Route

MAJAMAR, NEW MEXICO
PROVISIONAL EDITION 1985

32103G7-TF-024

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225
OR RESTON, VIRGINIA 22092

Waste Disposal Recordkeeping Form

- 1). Date of waste receipt: _____

- 2). Origin of waste (project name or location): _____

- 3). Generator: _____

- 4). Transporter: _____

- 5). Quantity: _____ (tons or cubic yards [circle one])

- 6). Disposal cell location: _____

- 7). Were any microbes, moisture, fertilizer, etc. added to the waste?
Yes___ No___

- 8). Was waste accompanied by:
 - a). CERTIFICATION OF WASTE STATUS signed by the Generator?
Yes___ No___

 - b). VERIFICATION OF WASTE STATUS issued and signed by NMED?
Yes___ No___

- 9). Did the Transporter supply certification that the wastes delivered are those wastes received from the Generator and that no additional materials have been added?
Yes___ No___

- 10). Comments/Observations: _____

Waste Recordkeeping Form Completed by: _____ (Print)

Date Form completed: _____

STATE ENGINEER OFFICE
WELL RECORD

Section 1. GENERAL INFORMATION

(A) Owner of well Artesia Aeration LLC Owner's Well No. _____
 Street or Post Office Address .O. Box 248
 City and State Artesia N.M. 88210

Well was drilled under Permit No. _____ and is located in the:

- a. _____ ¼ _____ ¼ _____ ¼ _____ ¼ of Section _____ Township _____ Range _____ N.M.P.M.
- b. Tract No. _____ of Map No. _____ of the _____
- c. Lot No. _____ of Block No. _____ of the _____
 Subdivision, recorded in Lea County.
- d. X= _____ feet, Y= _____ feet, N.M. Coordinate System _____ Zone in the _____ Grant.

(B) Drilling Contractor C&R DRILLING License No. 763

Address 7217 ROSWELL HWY. ARTESIA N.M. 88210

Drilling Began 5-12-99 Completed 5-13-99 Type tools Rotary Size of hole 7½ in.

Elevation of land surface or _____ at well is _____ ft. Total depth of well 120 ft.

Completed well is shallow artesian. Depth to water upon completion of well 0 ft.

Section 2. PRINCIPAL WATER-BEARING STRATA

Depth in Feet		Thickness in Feet	Description of Water-Bearing Formation	Estimated Yield (gallons per minute)
From	To			

Section 3. RECORD OF CASING

Diameter (inches)	Pounds per foot	Threads per in.	Depth in Feet		Length (feet)	Type of Shoe	Perforations	
			Top	Bottom			From	To

Section 4. RECORD OF MUDDING AND CEMENTING

Depth in Feet		Hole Diameter	Sacks of Mud	Cubic Feet of Cement	Method of Placement
From	To				
<u>0</u>	<u>20</u>	<u>7½"</u>	<u>1gel</u>		<u>By hand</u>

Section 5. PLUGGING RECORD

Plugging Contractor _____
 Address _____
 Plugging Method _____
 Date Well Plugged _____
 Plugging approved by: _____

 State Engineer Representative

No.	Depth in Feet		Cubic Feet of Cement
	Top	Bottom	
1			
2			
3			
4			

FOR USE OF STATE ENGINEER ONLY

Date Received _____ Quad _____ FWL _____ FSL _____
 File No. _____ Use _____ Location No. _____

Letter of Notification

To Landowners located one mile or less from the facility boundary and the Lea County Commission:

Notice is hereby given that pursuant to the New Mexico Oil Conservation Division Regulations, the following application has been submitted to the Director of the Oil Conservation Division, 2040 S. Pacheco, Santa Fe, New Mexico 87505, Telephone [505] 827-7131:

Artesia Aeration Landfarm, Artesia Aeration L. L. C., Operator and Land Lessee, has submitted for approval, an application to construct and operate a Rule 711 Commercial Solids Landfarm Remediation Facility located in the N ½ Section 7, Township 17 South, Range 32 East, N.M.P.M., Lea County, New Mexico. Hydrocarbon contaminated soils associated with oil and gas production will be remediated by spreading them on the ground in 6-inch lifts or less, and periodically disking them to enhance the biodegradation of contaminants. There is no evidence of groundwater under the site. A test hole was drilled to a depth of 120 feet, and no water or saturated zones were encountered. The site is underlain by clay and caliche as recorded in the driller's log. The permit addresses the construction, operations, spill/leak prevention, contingency plan, monitoring procedures, and closure plan to be incorporated at the site.

Any interested person may obtain further information from the Oil Conservation Division and may submit written comments to the Director of the Oil Conservation Division at the address given above. The point of contact is Ms. Martine Kieling. The application may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday. Prior to ruling on any proposed application, the Director of the Oil Conservation Division shall allow at least thirty [30] days after the date of publication of this notice, during which comments may be submitted to the Director, and a public hearing may be requested by any interested person. Request for hearing shall set forth the reasons why a hearing shall be held. A hearing shall be held if the Director determines that there is significant public interest.

If no hearing is held, the Director will approve or disapprove the application based on the information available. If a public hearing is held, the Director will approve the application based on the information in the application and information presented at the hearing.



OFFICE OF THE
PUBLIC REGULATION COMMISSION

CERTIFICATE OF ORGANIZATION

OF

ARTESIA AERATION, L.L.C.

2000289

The Public Regulation Commission certifies that the Articles of Organization, duly signed and verified pursuant to the provisions of the

LIMITED LIABILITY COMPANY ACT
(53-19-1 TO 53-19-74 NMSA 1978)

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

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

Dated: APRIL 23, 1999

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

Lynnda M. Louie
Chairman

Merlin Calder

Bureau Chief

ARTICLES OF ORGANIZATION

OF

ARTESIA AERATION, L.L.C.

APR 23

The undersigned organizer, desiring to form a limited liability company pursuant to the New Mexico Limited Liability Company Act, hereby submits the following Articles of Organization.

I

Name

The name of the limited liability company is ARTESIA AERATION, L.L.C.

II

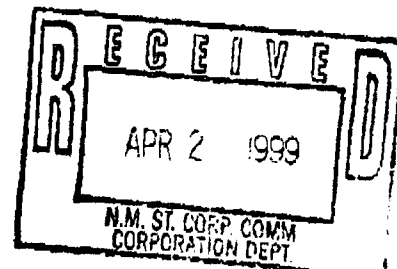
Address

The address of the limited liability company's initial registered office shall be 1108 West Hermosa, Artesia, New Mexico 88210, and the name of the company's initial registered agent at that address is Rob Matthews. The limited liability company's current principal place of business is 1108 West Hermosa, Artesia, New Mexico 88210.

III

Period of Existence

The limited liability company shall begin its existence upon the filing of these Articles of Organization. The limited liability company shall dissolve upon the occurrence of an event specified in NMSA 1978, Section 53-19-39 (1993 Repl. Pamp.), as



filing of these Articles of Organization, which ever this
occurs.

IV

Management

The limited liability company shall be managed by a manager in accordance with an Operating Agreement to be adopted by the members, whereby the ordinary and day-to-day business of the company shall be managed by the members.

V

Operating Agreement


The limited liability company shall adopt an Operating Agreement, which may be amended from time to time. The Operating Agreement may restrict the transfer of membership interests.

VI

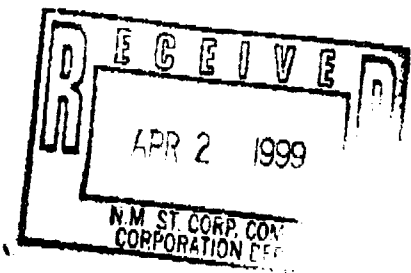
Organizer

The name and address of the organizer of this limited liability company is Rob Matthews, P.O. Box 248, Artesia, New Mexico 88210.

IN WITNESS WHEREOF, I have executed these Articles of Organization on the 21 day of April, 1999.



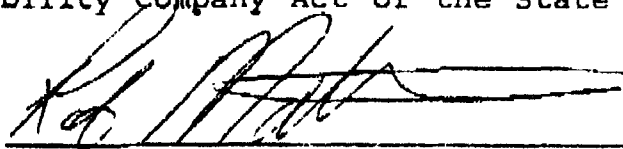
ROB MATTHEWS, Organizer



APR 23

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

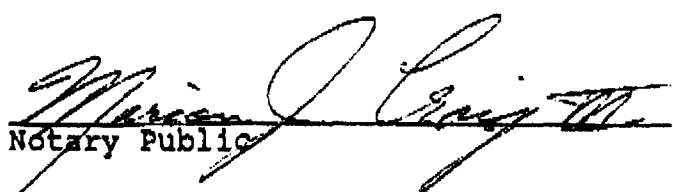
On this 21 day of April, 1999, before me a Notary Public in and for the State and County aforesaid, personally appeared **ROB MATTHEWS**, who is known to me to be the person who, being by me first duly sworn, acknowledged to me that he does hereby accept his appointment as the initial registered agent of **ARTESIA AERATION, L.L.C.**, the limited liability company which is named in the annexed **ARTICLES of ORGANIZATION**, and which is applying for a Certificate of Incorporation pursuant to the provisions of the Limited Liability Company Act of the State of New Mexico.



ROB MATTHEWS,
Registered Agent
1108 West Hermosa
Artesia, NM 88210

SUBSCRIBED AND SWORN TO before me on the day, month and year first above set forth.

My Commission Expires:
9-15-99


Notary Public

RECEIVED
APR 2 1999
N.M. ST. CORP. COM.
CORPORATION