

PERMIT

UICCL1-008-3

WDW-3

6/23/04



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

June 23, 2004

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

CERTIFIED MAIL
RETURN RECEIPT NO. 3929 8379

Mr. Darrell Moore
Navajo Refining Company
P.O. Box 159
Artesia, New Mexico 88211

**RE: Approval of Discharge Permit UIC-CLI-008-3
Class I Non-Hazardous Oil Field Waste Disposal Well
WDW-3, API No. 30-015-26575
Navajo Chalk Bluff Federal Com. No.1
790 FSL and 2250 FWL Section 1, TS 18 S, Rg 27 E
Eddy County, New Mexico**

Dear Mr. Moore:

The discharge permit UIC-CLI-008-3 for the Navajo Refining Company (Navajo) Class I non-hazardous oil field waste disposal well the Navajo Chalk Bluff Federal Com. No.1 located 790 FSL and 2250 FWL Section 1, Township 18 South, Range 27 East NMPM, Eddy County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. This permit authorizes construction, injection and operation. The discharge permit consists of the original "Application for permit to drill" and Modification to Discharge Plan Application and Application for Authorization to Inject" dated September 17, 2003 and February 27, 2004 letter "Response to Questions". Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 days of receipt of this letter.**

The discharge permit was submitted pursuant to Section 5101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5101.A and 3109. Please note Sections 3109.E and 3109.G which provide for possible future amendments or modifications of the permit. Please be advised that approval of this permit does not relieve Navajo of liability should operations result in pollution of surface or ground waters, or the environment.

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

The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3104 of the regulations requires that when a permit has been approved, discharges must be consistent with the terms and conditions of the permit. Pursuant to Section 3107.C

Navajo is required to notify the Director of any facility expansion, production increase, pressure increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4, this permit is for a period of five (5) years. This approval will expire June 23, 2009 and Navajo should submit an application for renewal in ample time before this date. Note that under Section 5101.F of the regulations, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.

The discharge permit application for the Navajo Refining Company Class I (Non-Hazardous) Disposal Well is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge permit will be assessed a fee equal to the filing fee of \$100 plus a renewal fee of \$4500.00 for class I wells. The OCD has not received the \$4500.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge permit approval or in five equal installments over the expected duration of the discharge permit. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge permit approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.

Mr. Darrell Moore
June 23, 2004
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If you have any questions, please contact Wayne Price of my staff at (505-476-3487) or E-mail wprice@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,



Roger Anderson
Environmental Bureau Chief
RCA/lwp

Attachment-1

xc: OCD Artesia Office
William Jones, UIC Director, OCD Santa Fe
Mr. EZEANYIM-Engr. Bureau Chief

**ATTACHMENT TO DISCHARGE PERMIT UIC-CLI-008-3 APPROVAL
NAVAJO REFINING COMPANY, CLASS I WELL
WDW-3, API No. 30-015-26575
790 FSL and 2250 FWL Sec 1, Ts 18 S, Rg 27 E
EDDY COUNTY, NEW MEXICO
DISCHARGE PERMIT APPROVAL CONDITIONS
June 23, 2004**

1. Payment of Discharge Permit Fees: The \$100.00 filing fee has been received by OCD. The \$4500.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the permit, with the first payment due upon receipt of this approval.
2. Navajo Commitments: Navajo will abide by all commitments submitted in the discharge permit application.
3. Authorization to Construct, Inject and Maximum Injection Pressure: Navajo is authorized to Construct and inject subject to the discharge plan commitments and conditions contained within. The maximum operating injection pressure at the wellhead will be 1550 psi. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1,550 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

Navajo shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface. In addition, the top of the injection interval must be below 7750 feet level.
4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually in the month of July, and any time the tubing is pulled or the packer is resealed. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Artesia District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Navajo for the life of the well.
5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.

6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Navajo for the life of the well.
7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Navajo for the life of the well.
8. Wastes Permitted for Injection: Injection will be limited to exempt and non-exempt non-hazardous oilfield wastes generated exclusively by Navajo Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.
9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis and records will be maintained at Navajo for the life of the well:
 - a. Aromatic and halogenated volatile hydrocarbon scan by EPA method 8260C GC/MS including MTBE. Semi-Volatile Organics GC/MS EPA method 8270B including 1 and 2-methylnaphthalene.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Heavy metals using the ICAP scan (EPA method 6010) and Arsenic and Mercury using atomic absorption (EPA methods 7060 and 7470).
 - d. EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity.
10. Quarterly Reporting: The following reports will be signed and certified in accordance with WQCC section 5101.G. and submitted quarterly to both the OCD Santa Fe and Artesia Offices:
 - a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected fluids.

11. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.
12. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
13. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.
14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.
15. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.
16. Below Grade Tanks/Sumps: All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps. The results of all testing and monitoring will be recorded and maintained at Navajo for the life of the well. Any failure shall be reported to the OCD pursuant to condition #20.
17. Underground Process/Wastewater Lines: All underground process/wastewater pipelines including the main wastewater pipeline from the refinery to the wells must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter, or prior to discharge permit renewal. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The results of all testing and monitoring will be recorded and maintained at Navajo for the life of the well. Any failure shall be reported to the OCD pursuant to condition #20.

18. Well Workover Operations: OCD approval will be obtained prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Local District Office.
19. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.
20. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Artesia District Office.

Navajo shall immediately notify the Supervisor of the Artesia District Office and the Environmental Bureau of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

21. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge permit and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
22. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure permit will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
23. Plugging Bond and /or Letter of Credit: Navajo shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure permit and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge permit renewal.
24. Training: All personnel associated with operations at the Navajo Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Navajo for the life of the well.
25. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

26. Certification: Navajo Refining Company, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Navajo Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.
27. Conditions accepted by: NAVAJO REFINING COMPANY

Company Representative- print name

Date _____
Company Representative- Sign

Title _____