

ANNUAL GROUNDWATER MONITORING REPORT

State of New Mexico
Oil Conservation Division
Energy, Minerals and Natural Resources Department

Reporting Period – Calendar Year 2024



Site Location:

DKL Field Services, LLC
Libby Gas Plant
674 Marathon Road
Hobbs, New Mexico 88240
Groundwater Discharge Permit No. GW-410

Prepared By:

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August 28, 2025

Project No. 240501.0136



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1. INTRODUCTION

On behalf of DKL Field Services, Trinity Consultants, Inc. ("Trinity") has prepared this Annual Groundwater Monitoring Report ("Report") for the Libby Natural Gas Plant located in Lea County within the state of New Mexico (hereinafter, the "Facility"). This Report is prepared pursuant to the Groundwater Discharge Permit No. GW-410 ("Permit") issued by the New Mexico Oil Conservation Division ("OCD") relating to ground and surface water protections. This Report is due August 30, 2025, which covers the previous Calendar Year 2024 ("Reporting Year").

Within the state of New Mexico, the OCD regulates the disposition of non-domestic, non-hazardous wastes from facilities for the production, refinement, pipeline transmission of oil and gas or products thereof. In addition, the OCD has authority to regulate the oil field service industry as related to oil and gas production activities, oil field brine production wells, and carbon dioxide facilities. The OCD has combined these requirements into a single Groundwater Discharge Permit which is intended to protect ground water and surface water through regulation of the transfer and storage of fluids, and disposal of waste liquids and solids.

The Permit addresses surface facility operations including all areas of containerized materials, storage pits, tankage, product storage areas, loading areas, effluent/waste treatment, stormwater management, known ongoing groundwater impacts and related concerns. The Permit also considers intentional discharges as well as potential discharges from a facility. Any inadvertent discharges of liquids (i.e., leaks and spills, or any type of accidental discharge of contaminants) or improper disposal of waste solids also have a potential to cause groundwater contamination or threaten public health and the environment.

Pursuant to Section K of the Permit, the OCD also requires the submittal of an Annual Groundwater Monitoring Report on or before August 30th of each year for the previous calendar year. This Report shall include a summary description which demonstrates compliance with the Permit, which includes the following:

- ▶ A summary of all major Facility activities or events;
- ▶ A summary of all leaks, spills, and releases and corrective actions taken;
- ▶ A summary of any new discoveries of groundwater and/or vadose zone contamination. Include recommendations for further investigation and/or abatement.
- ▶ A summary of any WQCC constituents found to exceed the groundwater standards.
- ▶ A summary of all waste and wastewater disposed of, sold, or treated on-site;
- ▶ A summary of fluids detected in any leak detection system;
- ▶ Closure of any UIC Class V wells;
- ▶ Conclusions and recommendations; and
- ▶ The Facility shall submit this report via OCD's E-Permitting System for OCD review.

2. FACILITY INFORMATION

2.1 Location

The physical location of the Facility is about 25 miles southwest of Hobbs, New Mexico, on the western side of County Road 27A (aka Marathon Road) (refer to Figure 1). The Facility is a natural gas processing plant (referred to as "Libby Gas Plant") located in Lea County on an approximate 60-acre tract of land in the east half of Section (S) 26, Township 20 South (T20S), Range 34 East (R34E). As shown by Figure 3, the natural gas plant is part of a larger complex referred to as the Libby Complex, which includes the following major operating assets referenced as follows:

- ▶ Libby Gas Plant
- ▶ Libby Crude Oil Terminal
- ▶ Libby Berry Fee Salt Water Disposal (SWD) Well #1
- ▶ Libby Recycling and Containment Facility (aka Libby Water Treatment and Impound)

The Libby Complex operates on private land formerly owned by 3Bear Energy, LLC (OGRID# 372603). Due to a corporate acquisition which was completed in 2022, the current owner and operator of the Libby Complex is DKL Field Services, LLC. While the other assets operate within close proximity to the Libby Gas Plant, the crude oil terminal, SWD, and recycling and containment facilities referenced above are not part of this Facility and are not covered by the Permit. For reference, site maps and figures for the Libby Complex are provided in Appendix A.

2.2 Operator and Owner

Facility Owner:	DKL Field Services, LLC 310 Seven Springs Way, Suite 500 Brentwood, TN 37027
Facility Operator:	DKL Field Services, LLC 310 Seven Springs Way, Suite 500 Brentwood, TN 37027
Facility Name:	Libby Gas Plant (physical address) 674 Marathon Road (aka County Road 27A) Hobbs, New Mexico 88240
Operator OGRID:	372603 (formerly 3Bear Energy, LLC)
Legal Description:	Lea County, New Mexico Section 26, Township 20 South, Range 34 East
Latitude/Longitude:	32.543858° N, -103.525344° W
Key Contact:	Jason Boothe, DKL Field Services, LLC 361-788-3307

2.3 Facility Description

Originally constructed in 2018, the Facility receives and processes up to 85 MMscf/day of field gas from offsite compressor stations owned and operated by DKL Field Services, LLC. The primary facility operations include the separation of natural gas liquids (NGLs) from field gas, which produces a residue gas product and NGL product. The Facility utilizes a cryogenic gas separation process for NGL extraction, which the residue gas and NGLs are then piped to respective nearby interconnect metering stations that are owned by other 3rd parties. The Facility operates continuously 24 hours per day, 7 days per week and 52 weeks per year. Facility personnel are typically onsite for 24 hours per day and 7 days per week.

2.3.1 Operational Equipment

For reference, Table 1 (Appendix B) identifies the major equipment that are related to the gas plant operations as operated in 2024. As shown, the Facility has a 3-phase separator (V-2010, Stabilizer Feed Separator) with a capacity of 1700 bbl. Gas condensate from plant operations is stored within four (4) 400 BBL aboveground storage tanks (TK-7100, TK-7101, TK-7102 and TK-7103). NGL extraction utilizes a cryogenic separation process and refrigeration, which resulting NGL and residue gas are transferred via pipeline to nearby interconnect metering stations that are owned by 3rd parties. No trucking of NGL products is conducted.

TK-7551 is a 500 BBL API 12F gun barrel style tank where oily water mixtures are separated. The separated water and oil are stored in TK-7501 and TK-7601, which are each 400 BBL aboveground storage tanks, respectively. The Facility operates multiple residue gas compressors, which are each driven by natural gas fired internal combustion engines with capacities from 1,380 hp to 1,680 hp (refer to Table 1). Located next to each residue gas compressor are 500-gallon aboveground stock tanks for engine lube oil and compressor oil, respectively. In addition, the Facility operates process flares with capacities up to 220 MMscf/day, and process heaters with capacities up to 49 MMBtu/hr (refer to Table 1).

The Facility operates an amine sweetening unit which treats sour gas for the removal of H₂S and CO₂. Located near the amine sweetening unit is a single 200 BBL storage tank for amine makeup water. Amine solution is stored in one (1) 550-gallon tote. Additional chemicals used onsite include methanol that is stored in portable totes. Frick oil is also stored in 55-gallon drums, which approximately 10 drums are typically kept onsite. In addition, used oil is stored in 55-gallon drums, which approximately 20 drums are typically kept onsite. 3rd party contract services using conventional transport trucks deliver lube oil, compressor oil, and Frick oil. Used oil is sent to the Libby Oil Terminal with condensate.

2.3.2 Regulatory Permits and Programs

The Facility operates pursuant to several environmental, health and safety regulatory permits and programs required by applicable state, local and federal agencies, which include the following:

- ▶ **Air Quality** - The Facility is a major source of air pollution that operates under a New Source Review Permit No. 7482M3 for the 3Bear Libby Gas Plant, which was issued by New Mexico Environmental Department, Air Quality Bureau.
- ▶ **Groundwater** - The Facility operates pursuant to Groundwater Discharge Permit GW-410 issued by the New Mexico Oil Conservation Division.
- ▶ **Class II Injection Wells** – The Facility is permitted to inject treated acid gas consisting of carbon dioxide (CO₂) and hydrogen sulfide (H₂S), which are referenced as Libby Acid Gas Injection (AGI) No. 1 Well and Libby Acid Gas Injection (AGI) No. 2 Well. Construction of these wells have not been initiated to date.

- ▶ **Oil Spill Prevention (40 CFR Part 112)** – Based on the volume of aboveground oil storage, the Facility is subject to 40 CFR Part 112, which requires the preparation and implementation of a Spill Prevention Control and Countermeasure (SPCC) Plan to prevent the discharge of oil.
- ▶ **OSHA Process Safety Management Standard (29 CFR 1910.119)** – Based on the type and quantity of highly hazardous chemicals onsite, the Facility is required to meet process safety management (PSM) standards to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable, or explosive chemicals.
- ▶ **EPA Risk Management Program (40 CFR Part 68)** - Based on the quantity of listed regulated substances used onsite, the Facility is required to develop a Risk Management Plan (RMP) per U.S. EPA requirements, which evaluates and prevents accidental releases.
- ▶ **OSHA Emergency Action Plan (29 CFR 1910.38)** - For employee safety, the Facility is required to develop an Emergency Action Plan which address procedures in case of spills, fire or emergency, including, alarms, evacuations, response, agency notification, training, and other elements.

3. SITE CHARACTERISTICS

The Facility is located near the northern end of the Delaware Basin, which is a geologic basin stretching across west Texas and southeastern New Mexico that contains substantial oil and gas fields. The Delaware Basin is part of and located on the west side of the much larger Permian Basin, which covers an area of 115,000 square miles in west Texas and southeast New Mexico. Per applicable OCD requirements, additional site characteristics relating to hydrologic and geologic information are described further below.

3.1 Site Geology

Surface elevations in the immediate vicinity of the Facility range from approximately 3,550 to 3,900 feet above mean sea level (AMSL). Based on USGS topographic maps, the elevation of the Facility is approximately 3,750 feet AMSL (refer to Figure 5).¹ The Facility is located within an area that is sparsely vegetated with scrub brush. The soil at the facility is comprised primarily of Pyote and Maljamar fine sand and Berino-Cacique fine sandy loams to loamy fine sands. The Pyote-Maljamar fine sands are sandy eolian deposits derived from sedimentary rocks which are well drained. The Pyote component has high transmissivity (Ksat) while the Maljamar component is very low to moderately low Ksat. The Berino-Cacique fine sandy loams to fine loamy sands are derived from sandy eolian deposits derived from sedimentary rocks over calcareous sandy alluvium derived from sedimentary rocks that are well drained. The Berino component has a moderately high to high Ksat while the Cacique component has a very low to moderately low Ksat.

3.2 Surface Water

The Lea County Regional Water Plan indicates there are no major surface waters nearby, rather primarily intermittent streams. The nearest major surface waters appear to be ephemeral lakes of Laguna Gatuna, Laguna Plata, and Laguna Tonto, which are 10 to 13 miles west-northwest from the Facility. Monument Draw is approximately 25 miles toward the southeast, which there are two streams that are intermittent. Monument Draw leads to the Pecos River, which is approximately 42 miles away.

3.3 Groundwater

There are no ground water discharge sites (seeps, springs, marshes, swamps) within one mile of the facility. There is one pending monitoring well on the property (CP-01691) that was proposed in 2017. There are no water wells within one-quarter mile of the outside perimeter of the facility. There is a directional, saltwater disposal well nearby on northern portion of Libby Complex, as part of the Libby SWD facility, which is referenced as API: 30-025-44288 and well number 320495. Refer to Figure 4 for location of nearby drinking and other wells.

Based on information provided by the New Mexico Bureau of Geology and Mineral Resources (NMBGMR), it appears the site is above the High Plains Aquifer and is composed of Tertiary-age alluvial fan, lacustrine and eolian deposits derived from erosion of the Rocky Mountains. The only information on the lithological type of rock below the Facility is from the directional logs for the saltwater disposal well, which indicate disposal into the Devonian/Silurian. The depth to these formations is listed as it is a directional depth and not vertical depth. The directional depth for the top of the Devonian is 14,780 ft. The Devonian is described as green shale, tan dense limestone, and brown dense dolomite, totaling 140 feet in thickness.

¹ United State Geological Survey, 7.5 minute series map, Lea Quadrangle, Lea County, New Mexico, 2020

There are no groundwater monitoring wells within one mile of the Facility (refer to Figure 4). The closest groundwater monitoring well is NM-28402, which is approximately 2.2 miles to the southwest of the site and had a groundwater depth of 113.35 feet below ground surface (bgs) as recorded in 2014. Based on best available data, the groundwater depth in Lea County may range up to 270 feet bgs.² Note the state databases include a permit issued by the New Mexico Office of the State Engineer (CP-01691-POD1) on September 19, 2017 for a temporary groundwater monitoring well up to 100 feet bgs, which was to be closed by September 30, 2018 (refer to Appendix D). However, this temporary monitoring well was not installed. Subsequent to permit issuance, a geotechnical investigation was completed on the north side of the Libby Complex to gather information on subsurface conditions for the construction of a proposed water storage pond, which exploratory soil borings were drilled to depths up to 100 feet bgs.³ Per the results of this geotechnical study, groundwater was not encountered in the exploratory borings during or immediately after drilling at these depths on the Libby Complex.⁴

For reference, two United States Geologic Survey (USGS) wells (323130103324101 and 323022103321001) had total dissolved solids (TDS) concentrations of 297 to 341 mg/l, which were collected in 1972. High Plains Aquifer chemistry based on the NMBGMR study indicate a mean median concentration of 436 mg/l and a mean of 995.9 mg/l. The Facility doesn't discharge to ground surface, and therefore the likelihood of groundwater being impacted from operations is negligible. The disposal of salt water into the Devonian/Silurian is below the aquifer systems in the area and is generally associated with oil and gas production.

3.4 Stormwater

According to FEMA maps, the Facility is within an area that is categorized as Flood Zone D, which are areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted for this area.⁵ Average monthly rainfall for the Hobbs, New Mexico area typically ranges from 0.84 to 2.72 inches.⁶ Based on NOAA data, a 25-year, 24-hour rain event can yield approximately 4.78 inches of rainfall.⁷ Facility drainage is expected to flow generally toward the northeast corner of the Libby Complex, and into a constructed riprap basin prior to discharge from the property.⁸ Based on review of USGS topographic maps, drainage continues offsite in a northeasterly direction for approximately 0.5 miles to a dry drainage area, and then southeast to an unnamed playa feature approximately 2 miles southeast of the Facility. Although unlikely to reach such waters given the local geographic and climatic conditions, the receiving water is estimated to be Monument Draw, which is located over 25 miles to the southeast from the Facility.⁹

² New Mexico Office of the State Engineer, New Mexico Water Rights Reporting System, Lea County, S24, T20S, R34E

³ Report of Geotechnical Study – Libby Site Impoundment, Tetrattech, November 2017

⁴ Id. at Page 10.

⁵ Federal Emergency Management Agency (FEMA) National Flood Maps, Lea County, New Mexico

⁶ U.S. Climate Data, www.usclimatedata.com

⁷ NOAA Atlas 14 Point Precipitation Frequency Server, Hobbs, New Mexico

⁸ SPCC Plan, 3Bear Libby Gas Plant, Marquez Environmental Services, Inc., June 2018, Site Plan, Figure 2

⁹ SPCC Plan, 3Bear Libby Gas Plant, Marquez Environmental Services, Inc., June 2018, Page 5

4. POTENTIAL AND INTENTIONAL DISCHARGES

Based on review, there are no intentional discharges from the Facility to surface waters or groundwater. Any discharge from the Facility would be the result of an unintentional discharge that was the result of a spill or other accidental release, which there are existing prevention, controls, containment, diversionary and other measures currently in place.

4.1 Materials Stored or Used

As applicable, OCD guidance requires the identification of key materials that are stored or used in these facility operations, such as process chemicals, acids, caustics, detergents, soaps, solvents, degreasers, paraffin treatment, emulsion breakers, biocides or other materials. As described in Section 2.3, the primary facility operations include the separation of NGLs from oil field gas, which produces a residue gas product and NGL product. These operations primarily generate condensate, produced water and used oil, which are stored within aboveground storage tanks resting on concrete pads inside of secondary containment dikes (refer to Table 1). In addition, the Facility stores and uses lube oil, compressor oil, Frick oil, amine solution, refrigerant and methanol, which are stored in portable totes and 55-gallon drums within containment areas. Locations of these materials are provided in the Site Maps within Appendix A.

4.2 Effluent and Waste Streams

For each potential or intentional source, OCD guidance requires a description of major effluent or waste streams (e.g., produced water, spent gas treating fluids, heat media, hydrocarbons, sewage, etc.). As noted above, there are no intentional discharges from the Facility to surface waters or groundwater. The following processes, systems and equipment are potential sources of effluent or wastes generated at the Facility.

4.2.1 Potential Sources from Facility Operations

Storage Tanks – Produced Water and Condensate

There is no underground storage nor below grade tanks at the Facility. As noted in Table 1, there are several aboveground storage tanks used to store produced water and condensate generated from facility equipment and processes, which range in shell capacities from 200 to 500 bbl. As shown on the site maps, these storage tanks are located near the southeast corner of the Libby Complex within a concrete containment dike(s). These are non-hazardous streams, which are not treated nor disposed onsite. Rather, all condensate and produced water from facility operations are routinely sent offsite for disposal or treatment.

Equipment Maintenance – Used Oil

Most plant equipment is repaired or otherwise maintained onsite, including primarily the residue gas compressors, internal combustion engines, and other equipment. Used compressor, lube and other oils from plant equipment are routinely collected in 55-gallon drums, which are kept within containment dikes and routinely hauled offsite by 3rd party contractors for recycling. These used oils are not considered hazardous waste under applicable RCRA Subtitle C.

Storage Tank Cleaning - Bottom Sludge

Sludge accumulates at the bottom of the aboveground storage tanks, which may be required to be periodically cleaned out by 3rd party contractors. At such times, individual tanks may be taken out of service whereby the

sludge is removed, containerized, and shipped off-site for oil recovery, treatment or disposal. Since the Facility was constructed, tank bottoms have not been required to be cleaned out.

Amine Sweetening Unit - Treated Acid Gas (TAG)

The Facility produces treated acid gas (H₂S and CO₂) from the amine sweetening unit, where these emissions are vented to an onsite thermal oxidation control device, and an upset flare (serving as back up).¹⁰ Thermal oxidization typically provides at least 95% destruction of air pollutants. Note that groundwater quality is not anticipated to be impacted by these air pollutants, nor operation of these control devices.

Air Emission Sources – Criteria Air Pollutants

As stated by the Title V Permit, the Facility operates numerous equipment and sources which emit pollutants (NO_x, VOC, CO, PM, and CH₂O) into the atmosphere, including primarily several reciprocating internal combustion engines (RICE) and aboveground storage tanks.¹¹ To control or reduce air pollutants, the exhaust gases from this equipment are vented to different air pollution control devices, which are located onsite. Emissions from the RICE units (NO_x, VOC, CO and CH₂O) are vented through a catalytic oxidation and non-selective catalytic reduction devices, which are equipped with the RICE units. VOC emissions from the aboveground storage tanks are vented to a standalone process flare. Note that groundwater quality is not anticipated to be impacted by these air pollutants, nor operation of these control devices.

4.2.2 Other Potential Sources

On-Site Disposal

The Facility does not discharge or dispose of any wastewater effluent onsite, nor any waste products. The Facility does operate several onsite air pollution control devices for the treatment and destruction of air pollutants generated from operational equipment, which do not impact groundwater quality.

Off-Site Disposal

As noted above, these off-site disposal methods and locations for existing waste streams are described above in Section 4.2.1.

Ground Water Contamination

Based on knowledge of facility employees and review of available public sources, there are no sources of existing groundwater contamination at the Facility. In addition, there are no historical remediation activities nor active monitoring of groundwater wells occurring at the Facility. As noted in Section 3.3, groundwater depth at the Facility likely exceeds 100 feet bgs based on the available data from a 2017 geotechnical investigation that was conducted at the Libby Complex.¹²

Stormwater Management

In general, the vast majority of stormwater at the Facility would be considered non-contact. Due to the arid climatic conditions present in this portion of New Mexico, rainwater typically does not accumulate onsite nor within secondary containment areas for long periods of time. Note that some stormwater may be captured within secondary containment or diked areas, such as the aboveground storage tank area. However, any rainwater that accumulates within secondary containment areas are generally allowed to evaporate, or alternatively, can be removed by a vacuum truck on an as-needed basis. If the rainwater accumulation has a

¹⁰ New Source Review Permit, 3Bear Libby Gas Plant, New Mexico Air Quality Bureau, October 25, 2021, Page A10

¹¹ Id.

¹² Report of Geotechnical Study – Libby Site Impoundment, Tetrattech, November 2017, Page 10

visible sheen based upon inspection, it is removed by vacuum truck and disposed offsite by 3rd party contractor. Any uncontained stormwater is expected to flow generally toward the northeast corner of the Libby Complex into a constructed riprap basin, which is the primary stormwater discharge location.¹³ Existing site grading and drainage prevents stormwater runoff or discharge through other locations along the property boundary. The Facility does not employ any advanced treatment, capture nor retention systems for stormwater. Further, the SPCC Plan for the Facility indicates there are no plant effluents discharged to navigable waters of the United States.

4.3 Collection and Storage Systems

Tanks and Chemical Storage Areas

As noted, there are no underground storage tanks nor below grade tanks at the Facility. The aboveground storage tanks are constructed of steel in accordance with API standards. The tank(s) are specifically designed to hold oil and/or water and the materials of construction are compatible with the contents. Each tank has a concrete ring below as foundation and an impermeable liner to enable leaks from the bottom to be detected quickly. As noted by the SPCC Plan, the aboveground tanks and chemical storage have adequate secondary containment per applicable federal requirements with passive and/or active control measures. 55-gallon drums and totes with used oils or chemicals are similarly maintained with diked secondary containment areas or containment pallets.

Buried Piping

The Facility was constructed and commissioned in CY 2018, which all buried piping was constructed in accordance with ASME Standards B31.3 or B31.8 for process piping. Pipe grade follows API 5L PSL 2 Grade B with a yield stress of 35,000 psi. For the main buried segment coming into the plant, the pipe is 8" diameter, Schedule XH (0.5 inch thickness) and Grade B. The coating is fusion bond epoxy (FBE) and the soil to air transitions have additional coating protection in the critical zone (12" below grade and 6" above grade), which satisfy code requirements. Further, all piping is covered under the Facility's mechanical integrity program, which follows the guidelines of API 570 for inspections and maintenance. Below is a summary of the inspection program for the facility piping:

- ▶ Formal visual inspection interval is 10 year in accordance to API 570
- ▶ Ultrasonic thickness (UT) measurement interval is 10 years in accordance to API 570
- ▶ Soil to air transitions are visually inspected on a 5 year interval
- ▶ Above grade pipe visually inspected on a 5-10 year interval dependent on API 570 guidance

Note that buried piping has individual inspection circuits, which the entire pipe is not exposed during inspection per API 570 guidance. Designated piping areas may be exposed based on engineering analysis and risk assessment. Once exposed, visual inspection and UT measurement is conducted for designated areas. Guided wave ultrasonics testing is also implemented to survey the line in both directions, as required. Inspection is progressive and additional lines may be exposed when conditions arise.

¹³ SPCC Plan, 3Bear Libby Gas Plant, Marquez Environmental Services, Inc., June 2018, Site Plan, Figure 2

5. INSPECTION, MAINTENANCE, AND REPORTING

During workdays, facility personnel conduct regular maintenance and visual observations of operating equipment during normal job duties. Operations personnel also routinely conduct visual surveillance of process areas and monitor the integrity of equipment, containment areas, concrete paving, curbing, catch basins, and trenches. Any problems are reported to the site manager for repair.

In addition, formal inspections and recordkeeping are also maintained as part of SPCC Plan requirements, which are described as follows. Facility personnel view and informally inspect aboveground storage tanks several times per week as part of their routine maintenance schedule. Aboveground storage tanks, secondary containment and associated equipment are formally inspected on a quarterly basis. During these inspections, the outside of each tank is observed for evidence of deterioration, leaks which might cause a spill, or accumulation of oil inside diked areas. This formal visual inspection of the aboveground tanks is performed quarterly as part of the facility and tank inspection, which are documented. In addition, formal testing and inspections on steel aboveground storage tanks and piping are conducted in accordance with Steel Tank Institute (STI) guidelines, API 570 or other appropriate industry standards. Additional inspections, maintenance and recordkeeping requirements are also maintained as part of other regulatory permits and programs at the Facility, including primarily:

- ▶ Air Quality / Title V Permit and applicable air quality rules
- ▶ OSHA Process Safety Management Standard (29 CFR 1910.119)
- ▶ EPA Risk Management Program (40 CFR Part 68)

With respect to stormwater inspections, some rainfall may be captured within secondary containment or diked areas of the Facility, which are readily observable. Given the arid climatic conditions present in this portion of New Mexico, rainwater typically does not accumulate onsite nor within secondary containment areas for long periods of time. Note the SPCC Plan specifies that any rainwater that accumulates within secondary containment areas are generally allowed to evaporate, or alternatively, can be removed by a vacuum truck on an as-needed basis. If the rainwater accumulation has a visible sheen based upon inspection, it is removed by vacuum truck and disposed offsite by 3rd party contractor.

6. GENERAL FACILITY OPERATIONS

Section 2 of the Permit specifies operating requirements for the Facility, including monitoring, recordkeeping, maintenance and other requirements. The following descriptions summarize the compliance status of applicable permit requirements for the reporting period.

6.1 Contingency Plan

The Permit requires a contingency plan to cope with failure of the Permit or system. As required, the Facility maintained a contingency plan during the applicable reporting period for this Report.

6.2 Inspection and Maintenance Plan

The Permit requires an inspection and maintenance plan to prevent a failure of the Permit or system as outlined in Section 5 above. As applicable, the Facility has implemented its inspection and maintenance plan according to the Permit during the applicable reporting period for this Report.

6.3 Operational Monitoring

As applicable, the Facility has complied with its approved monitoring programs pursuant to 20.6.2.3107 NMAC during the applicable reporting period for this Report.

6.4 Recordkeeping

The Permit requires the monitoring and reporting records to be maintained at the Facility office for a minimum of five years and made available for inspection by OCD. The Facility kept their records according to the Permit during the applicable reporting period for this Report.

6.5 Post-Closure Monitoring

These requirements do not apply since the Facility has not closed any of its major operations. Consequently, there are no post-closure monitoring requirements pursuant to 20.6.2.3107 NMAC which apply during the applicable reporting period for this Report.

6.6 Closure

After completing abatement of groundwater and contamination under Permit Condition 2.H, the Facility is required to perform the following:

- ▶ Remove or plug all lines leading to and from the extraction wells so that a discharge can no longer occur.
- ▶ Remove all remediation system components from the site, if applicable.
- ▶ After receiving notification from the OCD that post-closure may cease, the permittee shall plug and abandon any monitoring well(s).
- ▶ Restore the associated land surface.

These closure requirements do not apply since the Facility has not closed any of its major operations during the Reporting Year.

6.7 Release Reporting

The Facility is required to report any release event, regardless of the amount, that meets the criteria of 20.6.2.1203.A NMAC within 24-hours of discovery either by verbal or written communication. The Facility must also report unauthorized releases in accordance with any other regulation, such as 19.15.29 NMAC. The Facility shall undertake corrective actions as necessary to mitigate the damage caused by the release along with the notification of subsequent correction action reports to OCD. Since there were no accidental releases that occurred which required reporting, these requirements do not apply to the Facility for the Reporting Year.

6.8 Abatement

Pursuant to 20.6.2.4105(A)(6) NMAC, the Facility is exempt from the requirement to obtain and implement an Abatement Plan if abatement is conducted under the authority of an approved groundwater discharge plan. These requirements do not apply to the Facility for the Reporting Year.

6.9 Completion and Termination

Pursuant to 20.6.2.4112 NMAC, abatement shall be considered complete when the standards and requirements set forth in Section 20.6.2.4103 NMAC are met. At that time, the Facility is required to submit an abatement completion report, documenting compliance with the standards and requirements set forth in Section 20.6.2.4103 NMAC, to OCD for approval. The abatement completion report proposes any changes to long term monitoring and site maintenance activities, if needed, to be performed after termination of abatement activities. As noted above, the Facility has not closed any major operations, therefore, these requirements do not apply to the Facility for the Reporting Year.

6.10 Inspection and Entry

The Facility is required to allow any authorized representative of the OCD, upon the presentation of proper credentials, to:

- a. Enter the Facility at reasonable times;
- b. Inspect and copy records required by this Permit;
- c. Inspect any treatment works, monitoring, and analytical equipment;
- d. Sample any wastes, groundwater, surface water, stream sediment, plants, animals, or vadose zone material including vadose zone vapors;
- e. Use the Facility's monitoring systems and wells to collect samples; and,
- f. Gain access to off-site property not owned or controlled by the Facility, but accessible to the Facility through a third-party access agreement, provided it is allowed by the agreement.

The Facility has complied with the inspection and entry requirements under the Permit during the applicable reporting period for this Report.

6.11 Advance Notice

The Facility is required to provide OCD with at least four (4) working days advanced notice of any sampling to be performed pursuant to this Permit, or any well plugging, and abandonment at the Facility. Since

sampling, well plugging or abandonment has not occurred nor was required to be conducted at the Facility, these requirements do not apply for the Reporting Year.

6.12 Plugging and Abandonment

The Facility is required to propose to plug and abandon a monitor well by email or mail to OCD for approval, along with approval from the State Engineer. Since well plugging or abandonment has not occurred nor was required to be conducted at the Facility, these requirements do not apply for the Reporting Year.

6.13 Underground Process/Wastewater Lines

The Facility is required to maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. The Facility shall notify OCD by email or mail prior to the construction and/or modification of underground process and wastewater pipelines that would result in any significant modification in the discharge of water contaminants (See 20.6.2.3107.C NMAC). The Facility has complied with these requirements under the Permit during the Reporting Year.

7. ANNUAL REPORT REQUIREMENTS

On or before August 30th of each year, the Facility is required to submit a report for the previous year to the OCD. The Annual Report includes all of the components of an Annual Groundwater Monitoring Report, if applicable, and a summary section demonstrating compliance with the Permit. The following descriptions summarize the compliance status of the Facility for the reporting period.

7.1 Summary of Major Facility Activities

A summary description of the major facility activities can be found in Section 4 and appendices. As summarized, the primary facility operations include the separation of natural gas liquids (NGLs) from field gas, which produces a residue gas product and NGL product. The Facility utilizes a cryogenic gas separation process for NGL extraction, which the residue gas and NGLs are then piped to respective nearby interconnect metering stations that are owned by other 3rd parties. Table 1 (Appendix B) provides a list of the existing major equipment that are related to the gas plant operations, which include aboveground tanks, internal combustion engines, compressors, process heaters and chemical storage areas. The Facility operates continuously 24 hours per day, 7 days per week and 52 weeks per year. Facility personnel are typically onsite for 24 hours per day and 7 days per week. There were no new major facility activities or other significant changes to operations during this Reporting Year.

7.2 Summary of Leaks and Spills

There were no reportable spills or leaks during this Reporting Year.

7.3 Summary of New Contamination

The Facility did not discover any new contamination of soil or groundwater during this Reporting Year. Since groundwater sampling or monitoring was not required nor conducted at the Facility, there were no reportable groundwater exceedances during the Reporting Year.

7.4 Summary of Waste Disposal

The Permit requires a summary of all wastes and wastewater disposed of, sold, or treated on-site. A summary description of these waste activities can be found in Section 4. As noted, the Facility does not treat nor dispose any waste onsite. However, the Facility has several non-hazardous streams, which are were disposed or sold to offsite sources during the Reporting Year, as follows:

- ▶ Condensate – 6,677,376 gallons were piped to the Libby Oil Terminal (approximately 500 feet away).
- ▶ Produced Water – 367,920 gallons were trucked for disposal at the Libby SWD facility
- ▶ Used Oil – 1,031,782 gallons were piped to the Libby Oil Terminal (approximately 500 feet away).

7.5 Summary of Leak Detection System

As described in Section 5, the Facility implements a comprehensive inspection and maintenance program during the Reporting Year. Leaks, spills and other accidental releases may be readily detected from the following measures, as described below.

- ▶ Daily Visual Inspections - Employees routinely conduct visual surveillance of process areas and monitor the integrity of equipment, containment areas, concrete paving, curbing, catch basins, and trenches.
- ▶ Formal Inspections - Formal inspections are also maintained as part of SPCC Plan requirements, including, aboveground storage tanks, secondary containment, piping and ancillary equipment pursuant Steel Tank Institute (STI) guidelines, API 570 or other standards.
- ▶ OSHA Process Safety Management Standard (29 CFR 1910.119)
- ▶ EPA Risk Management Program (40 CFR Part 68)
- ▶ Air Quality / Title V Permits

Based on the above referenced facility inspection and detection systems, there were four (4) leaks or spills which were detected and contained:

- ▶ March 21, 2024 – A crude oil release of 1 bbl was discovered from a 6" pipe no longer in service at the Facility. The spill was contained and cleaned up.
- ▶ May 13, 2024 – A temporary repair from a produced water leak began leaking into containment. Repairs were completed.
- ▶ August 28, 2024 – A contractor vehicle backed into an oil line behind the Gas Plant, releasing approximately 1 barrel of crude oil. The spill was contained and cleaned up, and repairs were completed.
- ▶ November 19, 2024 – A small oil release (<1 gal) occurred at pump 2350 due to mechanical seal failure. The spill was contained and cleaned up, and repairs were completed.

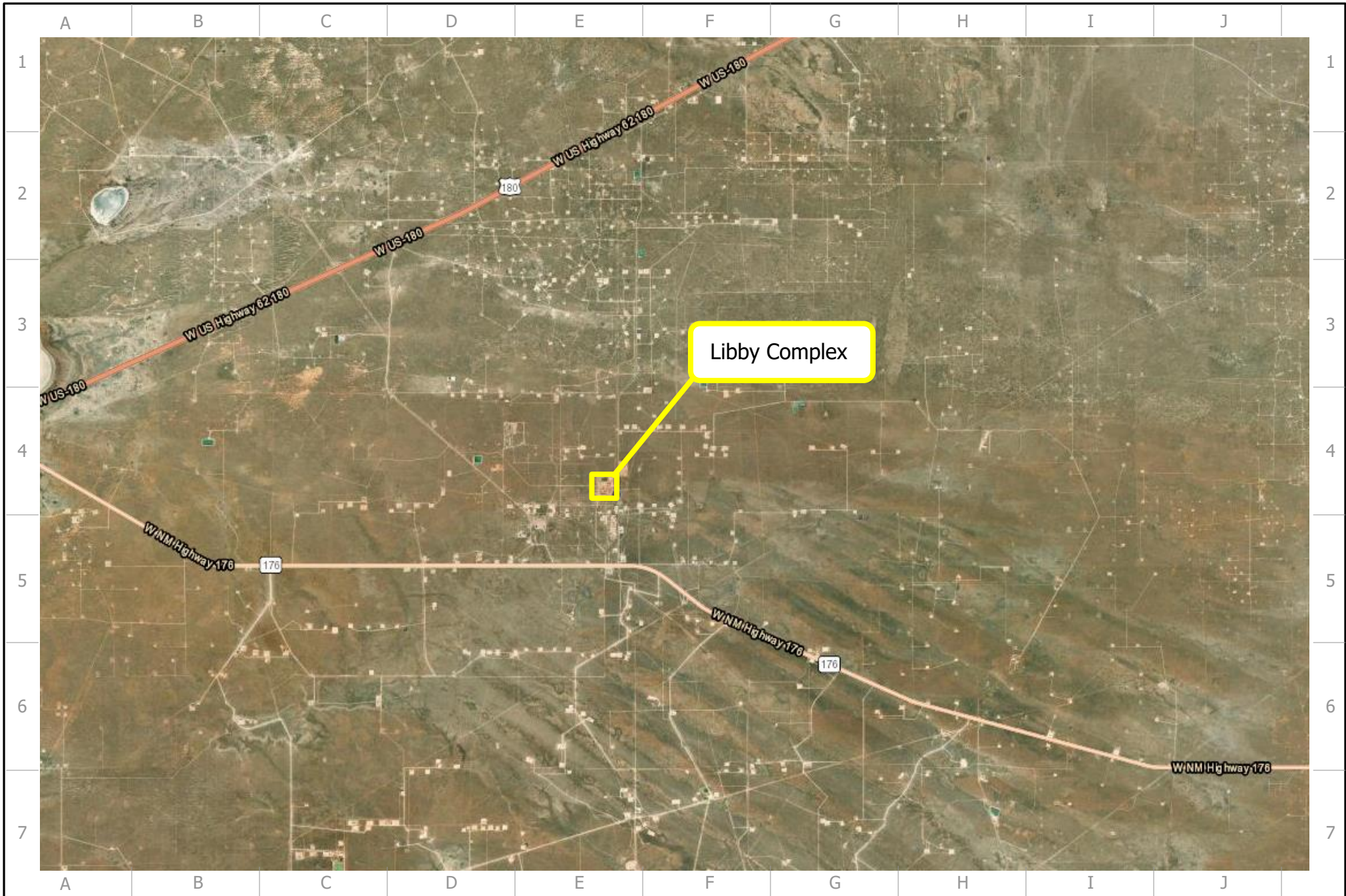
7.6 Summary of UIC Class V Well Closure

The Facility has not closed any Class V underground injection wells during the Reporting Year. As noted in Section 2, the Facility previously permitted two (2) Class II Underground Injection wells for treated acid gas consisting of carbon dioxide (CO₂) and hydrogen sulfide (H₂S). These Class II wells are referenced as Libby Acid Gas Injection (AGI) No. 1 Well and Libby Acid Gas Injection (AGI) No. 2 Well. Permits were issued by State of New Mexico Oil Conservation Commission, which are due to expire in Calendar Year 2025. However, construction of these wells has not been initiated to date.

7.7 Conclusions and Recommendations

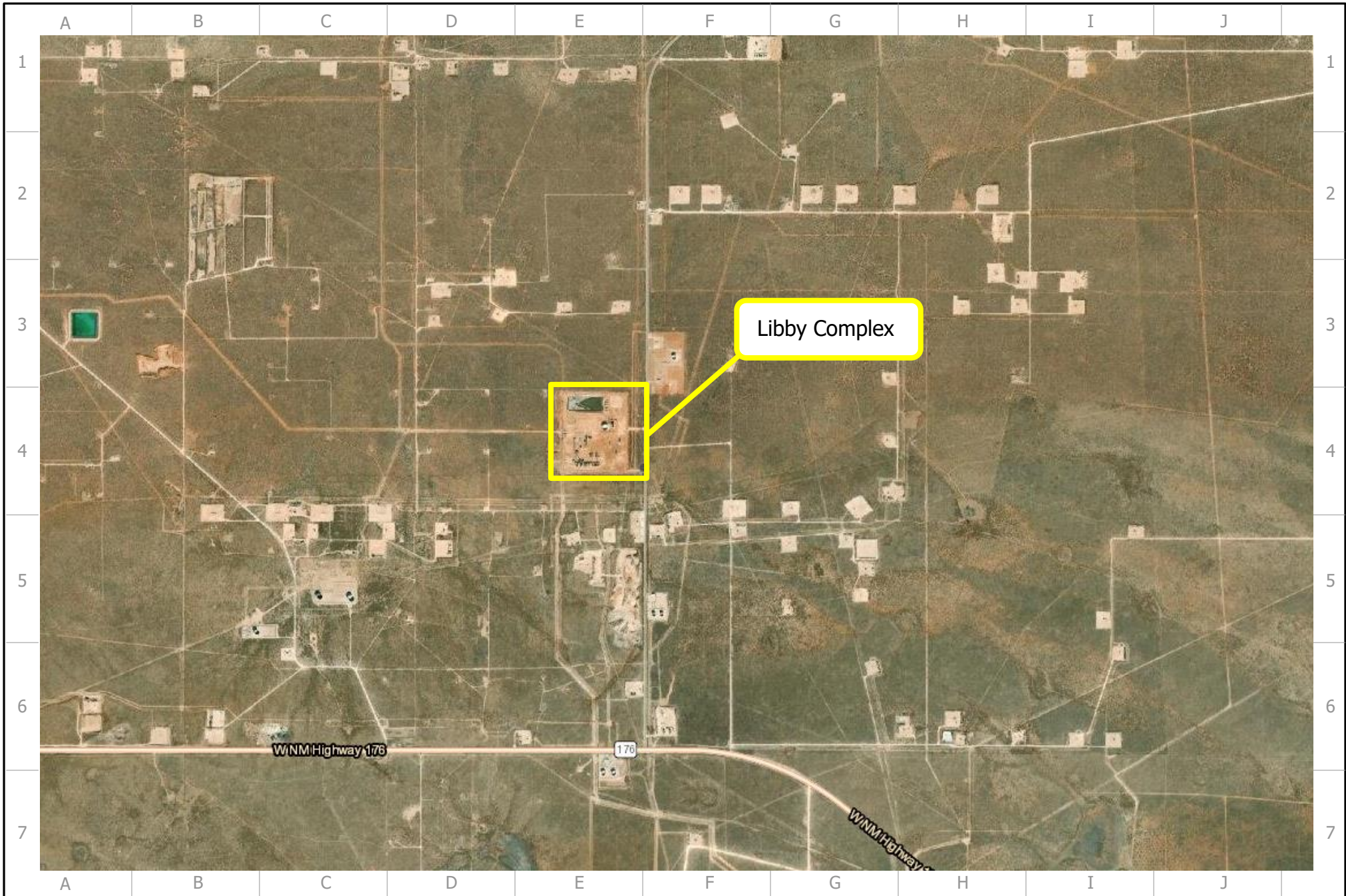
As summarized in this report, the major facility operations have not significantly changed in the Reporting Year, and there were no reportable leaks, spills, or other releases at the Facility. In addition, there have not been any closures of major equipment or operations. All existing inspection and maintenance programs are being adequately maintained. There are no further recommendations for the Facility.

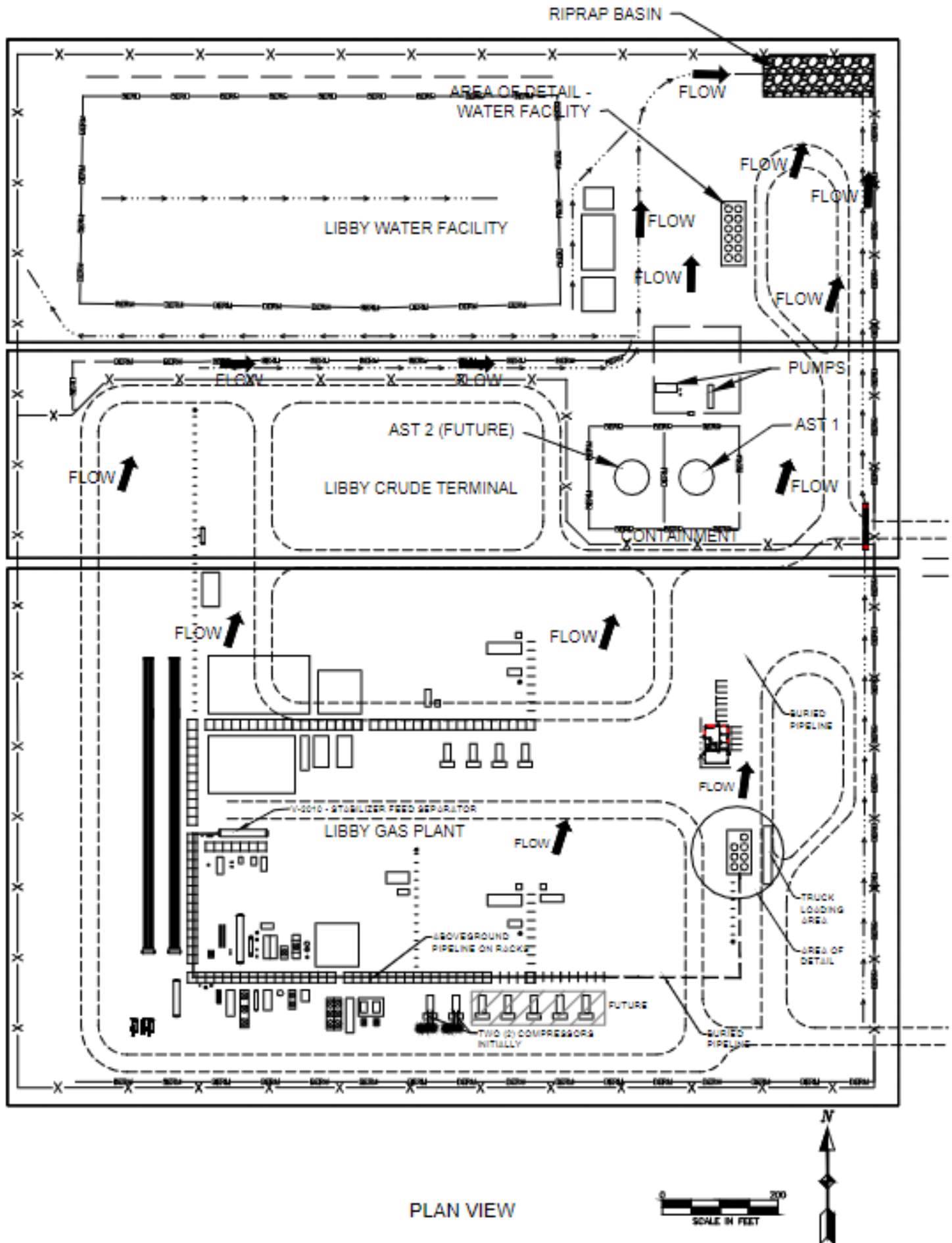
APPENDIX A. FIGURES



Libby Gas Plant
674 Marathon Road (aka County Road 27A)
Hobbs, New Mexico 88240

Description Location Map		
Scale N/A	Date February 2023	Figure 1





Prepared By:

Trinity
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Prepared For:



Libby Gas Plant
 674 Marathon Road (aka County Road 27A)
 Hobbs, New Mexico 88240

Description:

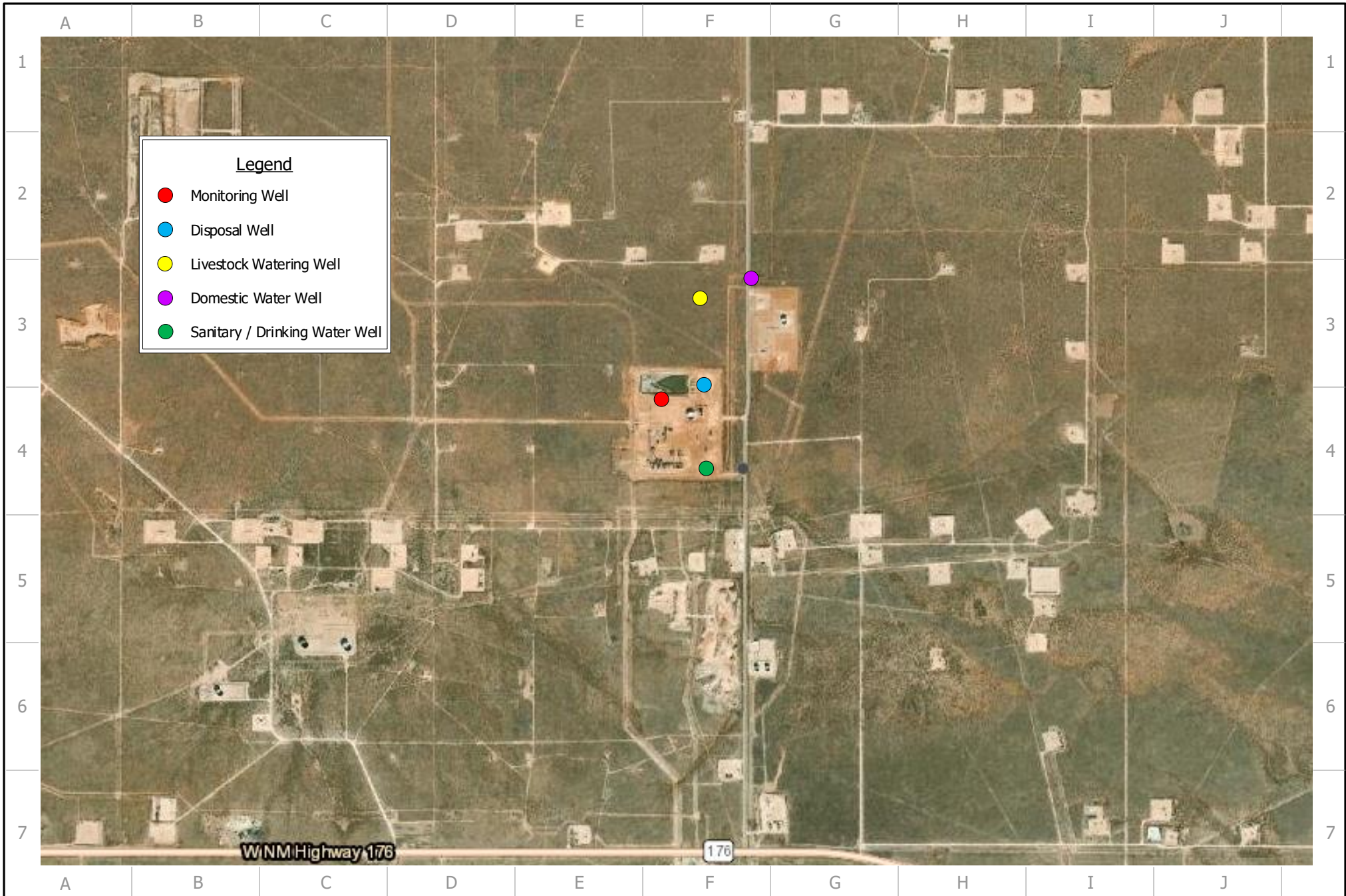
Site Map

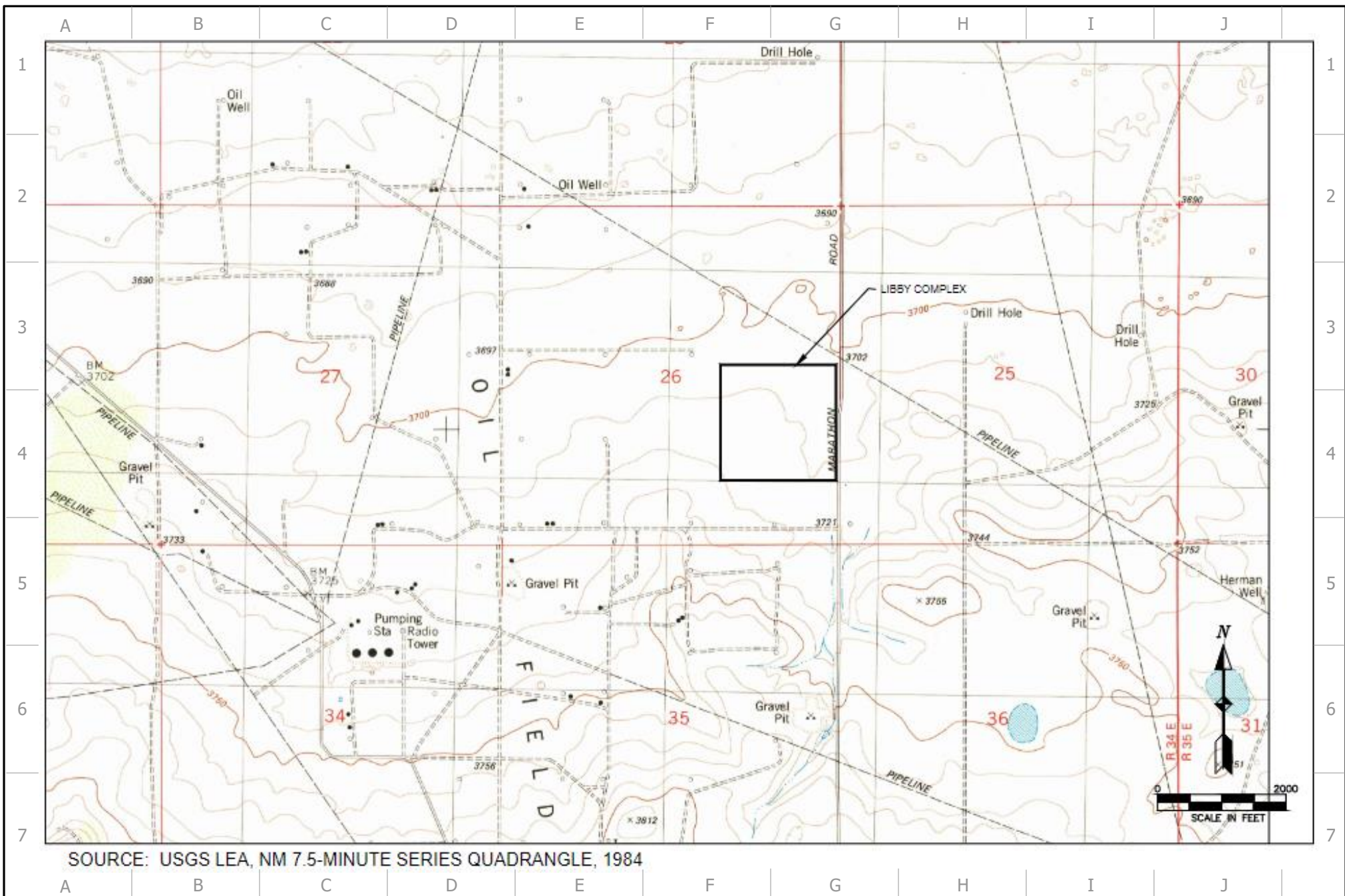
Figure:

3

Date:

February 2023





SOURCE: USGS LEA, NM 7.5-MINUTE SERIES QUADRANGLE, 1984



Libby Gas Plant
674 Marathon Road (aka County Road 27A)
Hobbs, New Mexico 88240

Description

Topographic Map

Scale

N/A

Date

February 2023

Figure

5

APPENDIX B. TABLES



GROUNDWATER DISCHARGE PERMIT APPLICATION

TABLE 1 - LIST OF MAJOR EQUIPMENT AND MATERIALS

Facility: Libby Gas Plant
Address: 674 Marathon Road
City, State: Hobbs, NM 88280

Map ID	Equipment ID	Description	Make	Model	Contents / Materials	Capacity	Containment Measures
56	TK-1 (TK-7551)	Gun Barrel Oil Tank (API 12F)	Permian Tank Company	4-1590	Condensate, Water	500 bbl	Tank shell, Concrete secondary containment dike 74'L x 68'W x 2'H
59	TK-2 (TK-7100)	Condensate Storage Tank (API 12F)	TOK Tank Manufacturing	-	Condensate	400 bbl	
60	TK-3 (TK-7101)	Condensate Storage Tank (API 12F)	TOK Tank Manufacturing	-	Condensate	400 bbl	
61	TK-4 (TK-7102)	Condensate Storage Tank (API 12F)	TOK Tank Manufacturing	-	Condensate	400 bbl	
62	TK-5 (TK-7103)	Condensate Storage Tank (API 12F)	TOK Tank Manufacturing	-	Condensate	400 bbl	
102	TK-6 (TK-7104)	Condensate Storage Tank (API 12F)	TOK Tank Manufacturing	-	Condensate	400 bbl	
103	TK-7 (TK-7105)	Condensate Storage Tank (API 12F)	TOK Tank Manufacturing	-	Condensate	400 bbl	
55	TK-8 (TK-7601)	Slop Oil Tank (API 12F)	TOK Tank Manufacturing	-	Slop Oil	400 bbl	
58	PWTK-1 (TK-7501)	Produced Water Tank (API 12F)	TOK Tank Manufacturing	-	Water	400 bbl	
68		Amine Makeup Water Tank (API 12F)		-	Water	200 bbl	Tank shell, Spill kits, Inspections
1	ENG-1 (C-6470)	Residue Gas Compressor, IC Engine, Natural Gas Fired	Caterpillar	G3516	Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
2	ENG-2 (C-1125)	Inlet Gas Compressor, IC Engine, Natural Gas Fired	Caterpillar	G3516	Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
3	ENG-3 (C-1225)	Inlet Gas Compressor, IC Engine, Natural Gas Fired	Waukesa	7044 GSI S4	Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections

Facility: Libby Gas Plant
Address: 674 Marathon Road
City, State: Hobbs, NM 88280

Map ID	Equipment ID	Description	Make	Model	Contents / Materials	Capacity	Containment Measures
4	ENG-4 (C-6070)	Residue Gas Compressor, IC Engine, Natural Gas Fired	Waukesa	7044 GSI S4	Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
5	ENG-5 (C-6170)	Residue Gas Compressor, IC Engine, Natural Gas Fired	Caterpillar	G3516	Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
6	ENG-6 (C-6270)	Residue Gas Compressor, IC Engine, Natural Gas Fired	Caterpillar	G3516	Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
7	ENG-7 (C-6370)	Residue Gas Compressor, IC Engine, Natural Gas Fired	Caterpillar	G3516	Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
29	AC-140	Refrigerant Compressor, Lube Oil Cooler	Caterpillar		Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
30	C-140	Refrigerant Compressor, Frick Oil	Caterpillar		Lube Oil, Frick Oil	100 gallons	Tank shell, Spill kits, Inspections
31	C-141	Refrigerant Compressor, Frick Oil	Caterpillar		Lube Oil, Frick Oil	100 gallons	Tank shell, Spill kits, Inspections
32	AC-141	Refrigerant Compressor, Lube Oil Cooler	Caterpillar		Lube Oil, Compressor Oil	100 gallons	Tank shell, Spill kits, Inspections
65	HTR-1 (H-5000)	Hot Oil Heater	Tulsa Heaters	H-101	Natural Gas	49.42 mmbtu/hr	Tank shell, Spill kits, Inspections
66	HTR-2 (H-711)	Regen Gas Heater	Tulsa Heaters	H-711	Natural Gas	11 mmbtu/hr	Tank shell, Spill kits, Inspections
41	V-2010	Stabilizer Feed Separator (12' X 86')	-	-	Condensate, Water, Gas	1,700 bbl	Tank shell, Spill kits, Inspections
68	AMINE-1	Amine Sweetening Unit	-	-	-	85 mmscf/day	Tank shell, Spill kits, Inspections
49	TO-1	Thermal Oxidizer	John Zink	ZCS-0.75	Natural Gas	3.3 mmscf/day	Tank shell, Spill kits, Inspections
64	FL-1	Process Flare	Tornado	-	Natural Gas	60 mmsf/day	Tank shell, Spill kits, Inspections
82	FL-2	Tank Flare	Tornado	-	Natural Gas	220 mmsf/day	Tank shell, Spill kits, Inspections
1, 2	ENG 1, ENG 2	Catalytic Oxidation Unit	Caterpillar	-	-	-	Tank shell, Spill kits, Inspections
3, 4	ENG 3, ENG 4	Non-Selective Catalytic Reduction Unit	Waukesa	-	-	-	Tank shell, Spill kits, Inspections
1 - 7		Lube Oil Tank (7 units)	-	-	Lube Oil	500-gallon per tank	Tank shell, Spill kits, Inspections

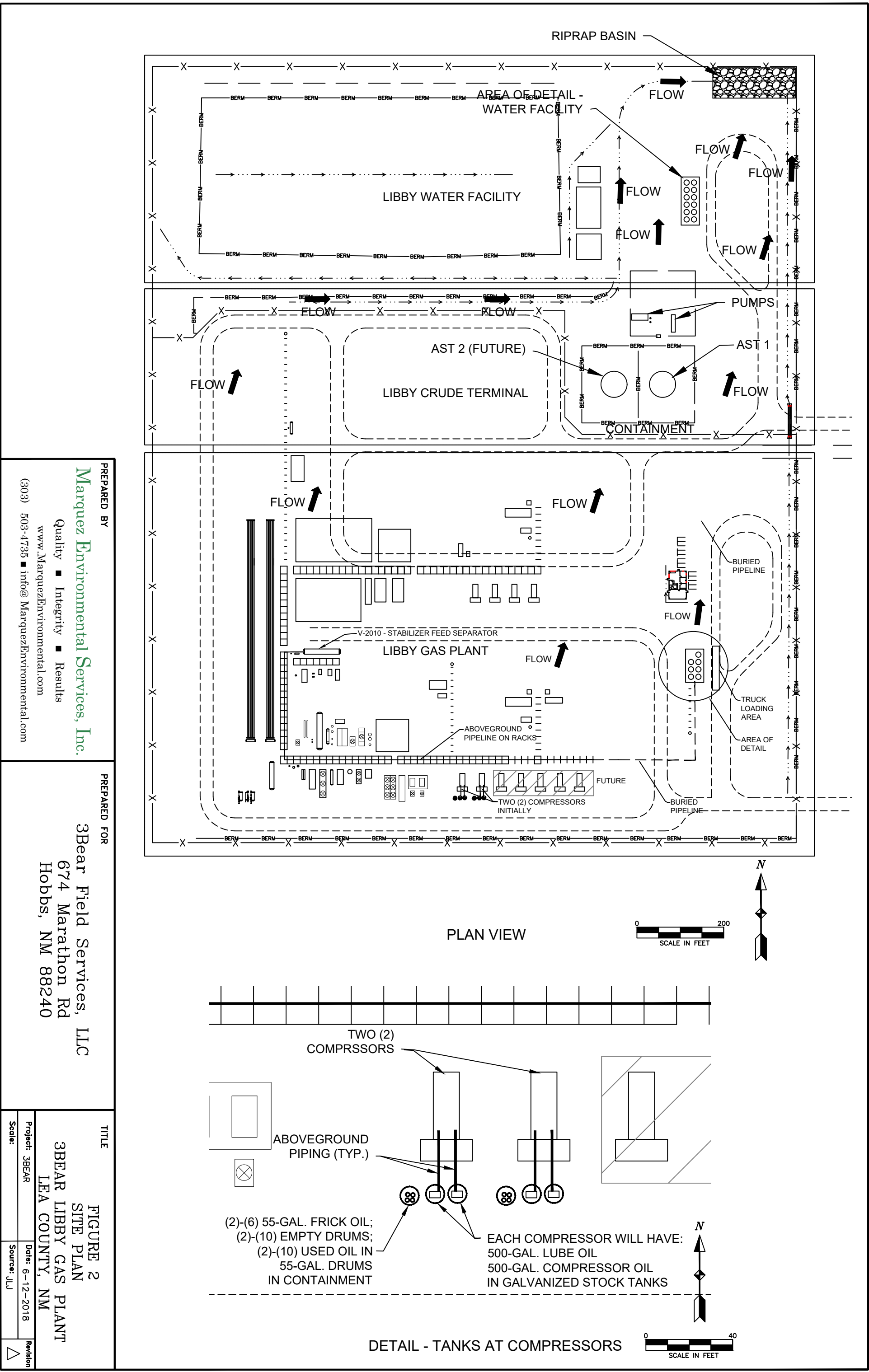
Facility: Libby Gas Plant
Address: 674 Marathon Road
City, State: Hobbs, NM 88280

Map ID	Equipment ID	Description	Make	Model	Contents / Materials	Capacity	Containment Measures
1 - 7		Compressor Oil Tank (7 units)	-	-	Compressor Oil	500-gallon per tank	Tank shell, Spill kits, Inspections
30, 31		Frick Oil Drums (10 drums)	-	-	Frick Oil	55 gallons each	Drum shell, Containment pallet
29, 32		Used Oil Drums (20 drums)	-	-	Used Oil	55 gallons each	Drum shell, Containment pallet
Refer to site map		Amine Storage Tote	-	-	Amine solution	550-gallon	Tank shell, Spill kits, Inspections
Refer to site map		Methanol Storage Totes	-	-	Methanol	550-gallon	Tank shell, Spill kits, Inspections

Notes:

1. Source for major equipment list taken from New Source Review Air Permit and SPCC Plan.
2. Other ancillary and support equipment may not be shown.
3. Amine storage and methanol storage totes are marked on site map (Appendices A and C)
4. Amine system has several equipment marked on the site map with ID Nos. 68, 69, 77, 76, 75, 70, 89, 88, 87, 71, 72, 46, 94, 74, 57, 73
5. Near compressor stations include Frick oil drums, used oil drums, compressor oil tank and lube oil tank.

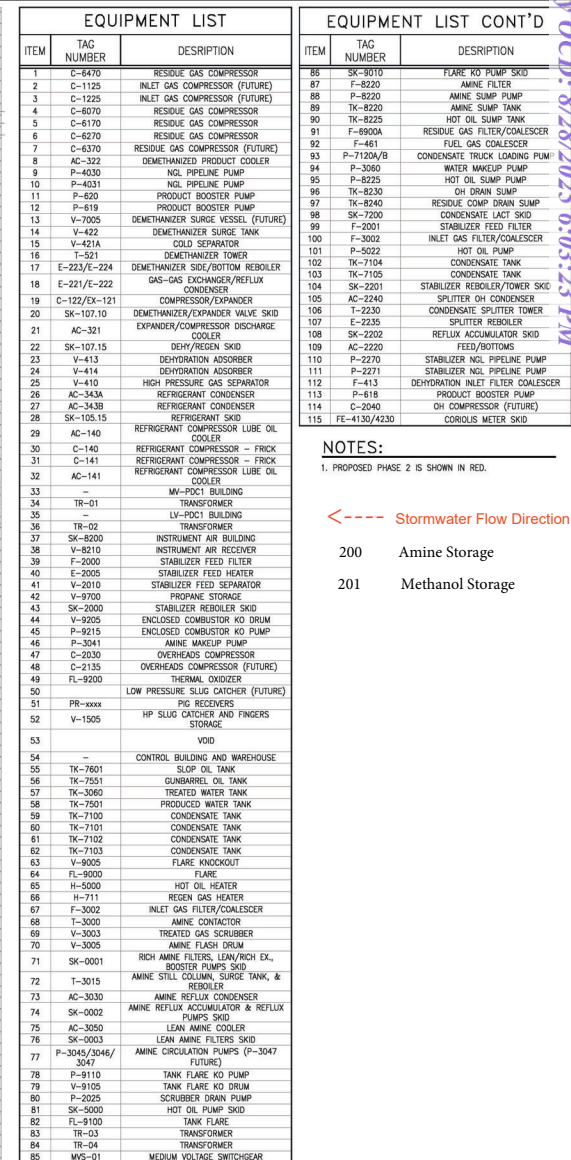
APPENDIX C. SUPPLEMENTAL MAPS





PREPARED BY
Marquez Environmental Services, Inc.
Quality ■ Integrity ■ Results
www.MarquezEnvironmental.com
(303) 503-4735 ■ info@MarquezEnvironmental.com

PREPARED FOR
3Bear Field Services, LLC
674 Marathon Rd
Hobbs, NM 88240

TITLE		
FIGURE 2 SITE PLAN 3BEAR LIBBY GAS PLANT LEA COUNTY, NM		
Project: 3BEAR	Date: 6-12-2018	Revision
Scale:	Source: JLU	



THIS DRAWING HAS NOT BEEN PUBLISHED BUT RATHER HAS BEEN PREPARED BY ZAP ENGINEERING & CONSTRUCTION SERVICES, INC. FOR USE BY THE CLIENT NAMED IN THE TITLE BLOCK SOLELY IN RESPECT OF THE CONSTRUCTION, OPERATION AND MAINTENANCE OF THE FACILITY NAMED IN THE TITLE BLOCK AND SHALL NOT BE USED FOR ANY OTHER PURPOSE OR FURNISHED TO ANY OTHER PARTY WITHOUT THE EXPRESS CONSENT OF ZAP ENGINEERING & CONSTRUCTION SERVICES, INC.	0-000 REFERENCED DRAWINGS		DRAWING REVISIONS							 ENGINEERING & CONSTRUCTION SERVICES, INC.	 3Bear Energy	3BEAR ENERGY LIBBY GAS PLANT PLOT PLAN		JOB NO: 21203 DRAWING NO: 3BLIB-G01-1001 PLOT SIZE: ANSI D SCALE: AS NOTED	REV: 21
	DRAWING NUMBER	TITLE	REV	DESCRIPTION	BY	CHK	APVD	DATE							
	—	—	0	ISSUED FOR CONSTRUCTION	DJA	RGJ	RGJ	02/16/18							
			1	REVISED FOR NGL STORAGE ADDITION	WBH	RGJ	RGJ	01/17/19							
			2	REVISED FOR NGL STORAGE ADDITION	WBH	RGJ	RGJ	02/07/19							
			3	REVISED FOR CONDENSATE LACT SKID	GRT	HRW	RGJ	04/09/20							
			4	REVISED ISSUED FOR CONSTRUCTION	ELH	JRP	RM	02/25/22							
		5	REVISED ISSUED FOR CONSTRUCTION	JRP	ADK	RM	04/07/22								

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 500413

CONDITIONS

Operator: DKL Field Services, LLC 310 Seven Springs Way Brentwood, TN 37027	OGRID: 372603
	Action Number: 500413
	Action Type: [UF-DP] Discharge Permit (DISCHARGE PERMIT)

CONDITIONS

Created By	Condition	Condition Date
joel.stone	None	9/12/2025