

NM1 - ____59____

**GENERAL
CORRESPONDENCE**

YEAR(S):

2014

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



February 12, 2014

Mr. Mike Miller
Sludge Treating, LLC
4212 N. Grimes Street
Hobbs, New Mexico 88240

RE: Proposed Treating Plant Facility Operations
Company: Sludge Treating, LLC
Physical Address: 9621 S. Eunice Hwy, Hobbs, New Mexico 88240
Location: Unit D of Section 1, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico

Dear Mr. Miller:

The Oil Conservation Division (OCD) has reviewed Sludge Treating, LLC's (Sludge Treating) treating plant proposal that utilizes two above-grade tanks, no chemical additives for treatment (only brine), proposes off-site disposal of generated waste streams at OCD approved disposal facilities and does not propose to manage any oil field waste on the surface. OCD has determined that a permit pursuant to 19.15.36 NMAC, Surface Waste Management Facilities regulations, is not required at this time.

Please be advised that should operations result in pollution of surface water, ground water or the environment, approval of this request does not relieve Sludge Treating of liability. In addition, Sludge Treating is required to comply with all applicable governmental authority's rules and regulations.

If there are any questions regarding this matter, please do not hesitate to contact Mr. Brad A. Jones of the OCD staff at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,

Scott Dawson
Deputy Director

SD/baj

Cc: OCD District I Office, Hobbs

Jones, Brad A., EMNRD

From: mike.tff@windstream.net
Sent: Thursday, January 16, 2014 11:24 AM
To: Jones, Brad A., EMNRD
Subject: RE:
Attachments: Sludge OCD memo 011514.docx

Hi Brad,

I have made an attempt to incorporate our discussed changes, I hope I was successful in getting them right. Please let me know if I need to change anything else.

Thanks

Mike

---- "Jones wrote:

>
>
> Brad A. Jones
> Environmental Engineer
> Environmental Bureau
> NM Oil Conservation Division
> 1220 S. St. Francis Drive
> Santa Fe, New Mexico 87505
> E-mail: brad.a.jones@state.nm.us
> Office: (505) 476-3487
> Fax: (505) 476-3462
>

> -----Original Message-----

> From: mike.tff@windstream.net [<mailto:mike.tff@windstream.net>]
> Sent: Monday, January 06, 2014 3:24 PM
> To: Jones, Brad A., EMNRD
> Subject:

>

> Hi Brad,

>

> Here is our attempt to explain our operations to you. I hope this explains what you need, but if no, please call me at 575-390-7564.

>

> Thank you for your attention to this matter.

>

> Mike Miller

> Sludge Treating, LLC

SLUDGE TREATING, LLC

We are proposing to operate an above ground treatment facility that would recover usable oil from tank bottoms. Third party tank cleaning companies would clean tanks and transport tank bottoms to this facility. Sludge Treating is proposing to operate a 2 tank battery located at 9621 S Eunice Hwy, Hobbs NM 88240. (We have attached a google map to show the proposed location of the tank battery) **This facility would only receive RCRA exempt oil field waste. NO waste from refineries or midstream operators (RCRA non-exempt waste) will be accepted at this facility.**

Construction of the tank battery:

The proposed tank battery will have a 500 bbl receiving tank made of steel, completely enclosed and coated with a 3" steel load line. This tank will contain approximately 100 bbls of brine to brine wash sludge and allow clean oil to rise to the top of the tank and spill over thru a connected steel pipe into another 500 bbl tank also made of steel and coated. This second tank will be used for collection of oil and would further be the sales tank. It will also have a 3 inch steel unload line for the oil marketer to attach to. Both the load line and unload line will have Pollution Control catch barrels attached to the lines to prevent spillage. The Brine used in the receiving tank will be purchased from one of two locations: ETZ Brine station at Nadine NM or Salty Dog Brine station on the Highway 62/180 between Hobbs and Carlsbad.

The battery will operate with the process known as gun-barreling. We have attached an illustration of the proposed tank battery. Both tanks will be enclosed. There will be no open top tanks on the location that would present bird / wildlife hazards.

Further, there will be a berm constructed to create a secondary containment if the tanks should leak or run over for any unforeseen reason. The berm will be lined with 30 mil plastic and will be constructed to hold at least 1 1/3 the capacity of both 500 bbl tanks. (1333 bbls).

When we receive tank bottoms:

Both tanks as well as load lines to the tanks will be locked and this facility will not be open to the general public. When a vacuum/transport truck arrives at our facility, If we are a Part 36 Facility, we will accept and examine both a C-117A Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit, a C-133 Authorization to Move Produced Water, and a C-138 Request for Approval to Accept Solid Waste. If not a Part 36 Facility, we will accept and examine a C-117A Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit and a C-133 Authorization to Move Produced Water. Upon determining these are properly filled out, the vacuum/transport truck will be allowed to park adjacent to our unload line and hook up his 3 inch pressure tested (150 lb psi minimum) oilfield suction hoses. We will examine the sight glass on the vacuum/transport truck to determine that the reported quantities are correct. All valves

on our tank and unload line are then opened. Utilizing the vacuum/transport trucks pump, the tank bottoms will be unloaded off the truck through the hoses into a 3 inch steel line that is connected to our facilities tank. See schematic provided. When the vacuum/transport truck is finished unloading, they will turn off their pump, close all valves to the tanks and the unload line, and remove their hose from the unload line. Any excess fluids still in the hose must be sucked back up into the vacuum/transport truck or dumped into the PCI catch barrel. We will then re-examine the sight glass to determine the approximate number of barrels unloaded into our facility. At this point the vacuum/transport truck will depart our facility.

When we dispose of wet solids/sludge:

If we are a Part 36 facility, the vacuum truck company will fill out a C-117A Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit, and receive approval from the local OCD office, and we will fill out a C-138 Request for Approval to Accept Solid Waste.

If not a Part 36 Facility, the vacuum truck company will fill out the form C-117A Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit.

Either way, approval of these forms will be obtained before any waste is transported. We will take these forms to the local OCD office and/or the receiving treatment facility for pre-approval. Upon being approved, we will request a vacuum truck to come to our facility. We will give the driver of this truck the above forms.

The vacuum truck will be allowed to park adjacent to our load line and hook up his 3 inch pressure tested (150 lb psi minimum) oilfield suction hoses. To first suck out the liquids/used brine water/ produced water, all valves on our tank's load line are then opened. Utilizing the vacuum trucks pump, the excess fluid will be loaded onto the truck through the hoses into a 3 inch steel line that is connected to our facilities tank. See schematic provided. When the vacuum truck is finished loading, they will turn off their pump, close all valves to the tanks and the load line, and remove their hose from the load line. Any excess fluids still in the hose must be sucked back up into the vacuum truck or dumped into the PCI catch barrel.

Then to suck out the wet solids/sludge, the vacuum truck will then place a 2 inch hose into our tank by placing the hose through the top hatch, dropping the end down to the bottom of our tank.

Utilizing the vacuum trucks pump, the tank bottoms will be loaded onto the truck. See schematic provided. When the vacuum truck is finished loading, they will remove their 2 inch hose from our tank, turn off their pump, close our tanks' hatch to the tanks, and all valves on the truck will then be closed. Any excess fluids still in the hose must be sucked back up into the vacuum truck or dumped into the PCI catch barrel.

At this point the vacuum truck will depart our facility, and drive to the designated surface waste management facility.

The approval process for tank cleaning / transport companies will be as follows:

***Transporters must provide an OCD approved C-133, Authorization to Move Produced Water.

We will further check at least monthly to insure that these transporters are still in good standing with the state by checking the New Mexico OCD website.

***All transporters will be required to inquire about the age of the tank bottoms and will inquire about possible high level NORMS in the tank bottoms being delivered and that the bottoms conform to the requirements set forth in Section 19.15.36.13.f NMAC. No loads will be accepted that may possibly contain high level NORMS as set forth in 20.3.14.1403 NMAC.

In choosing the location for this facility, the location was chosen for its rural location. It is understood that this facility might generate unpleasant odors for neighbors and therefore, it was chosen because there are no neighbors within close proximity of the tank battery. It might be noted that the general area proposed has existing oil wells and tank batteries owned and operated by Apache Oil and Gas.

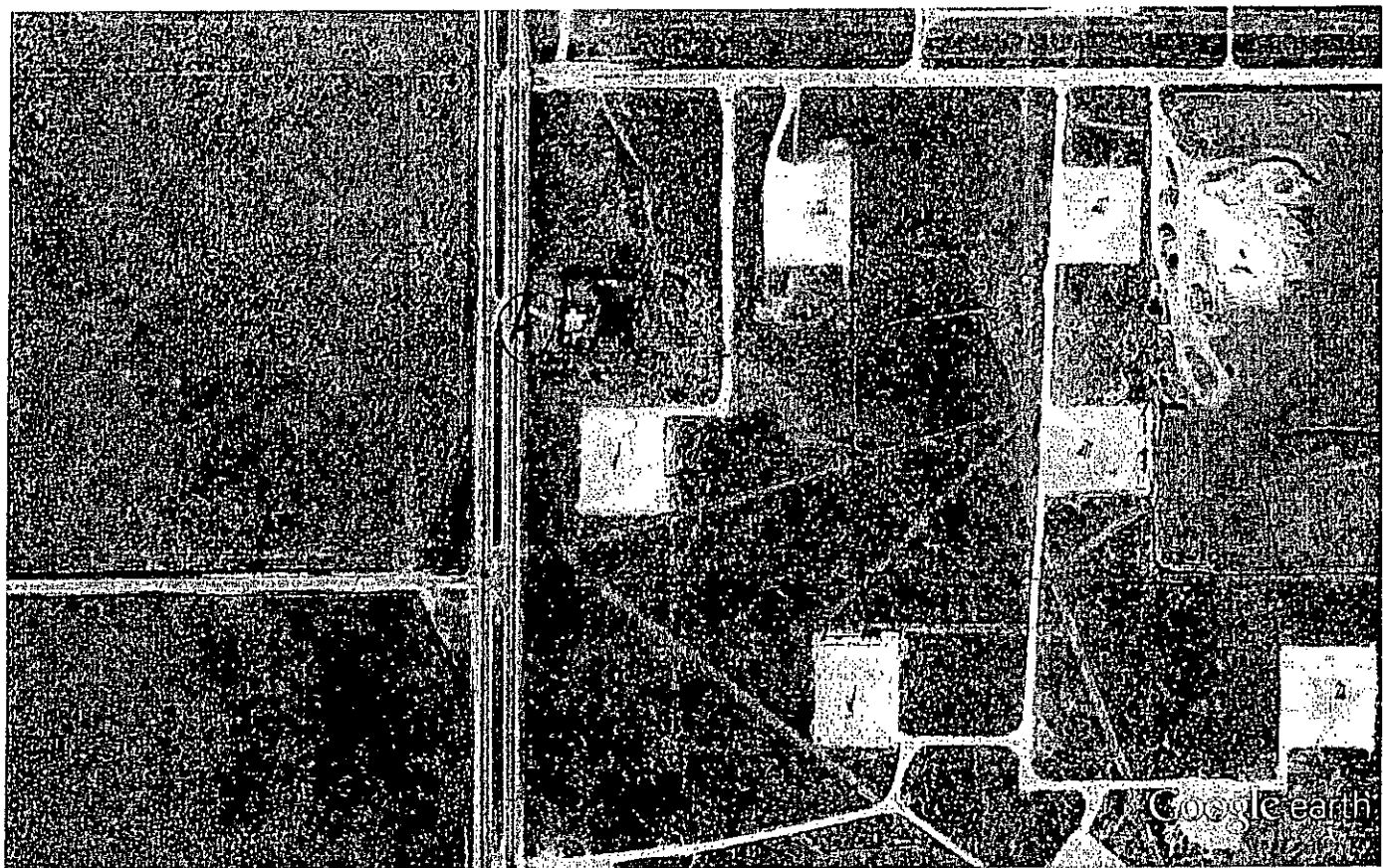
For safety consideration, all personnel will be issued and required to wear appropriate Personal Protective equipment that will include H2S monitors, Hard Hats, Fire resistant clothing, steel toe boots and safety glasses. The stairway to the tank battery will be chained with warning signs for H2S, No smoking or open flames, and fall hazards. **This facility will operate in accordance with all Air Quality Bureau Regulations as well as Radiation Control Bureau regulations.**

There will be no down hole disposal of any fluids or solids on our premises. Also, there will be no evaporation, injection, land farm, or land fill operations of any kind at our facility.

A typical tank cleaning would produce approximately 60-80 bbls of solids consisting of crude oil mixed with water, sand, paraffin, rust, dirt, rocks, and iron sulfide. Out of this 60-80 bbls of solids, it is anticipated that 15-30 bbls of usable crude oil may be cultivated by brine washing. It is anticipated that this facility will recover approximately 300-400 bbls of crude oil per month.

If the facility reaches full capacity, operations will be temporarily closed. We will attempt to contact all current customers at that point to alert them of this closure. All load and unload lines will be kept locked at all times to alleviate dumping without our knowledge.

The facility will complete and turn in Form C-118 and C-112 on a monthly basis to report deliveries of oil and volumes.



Google earth

feet
meters

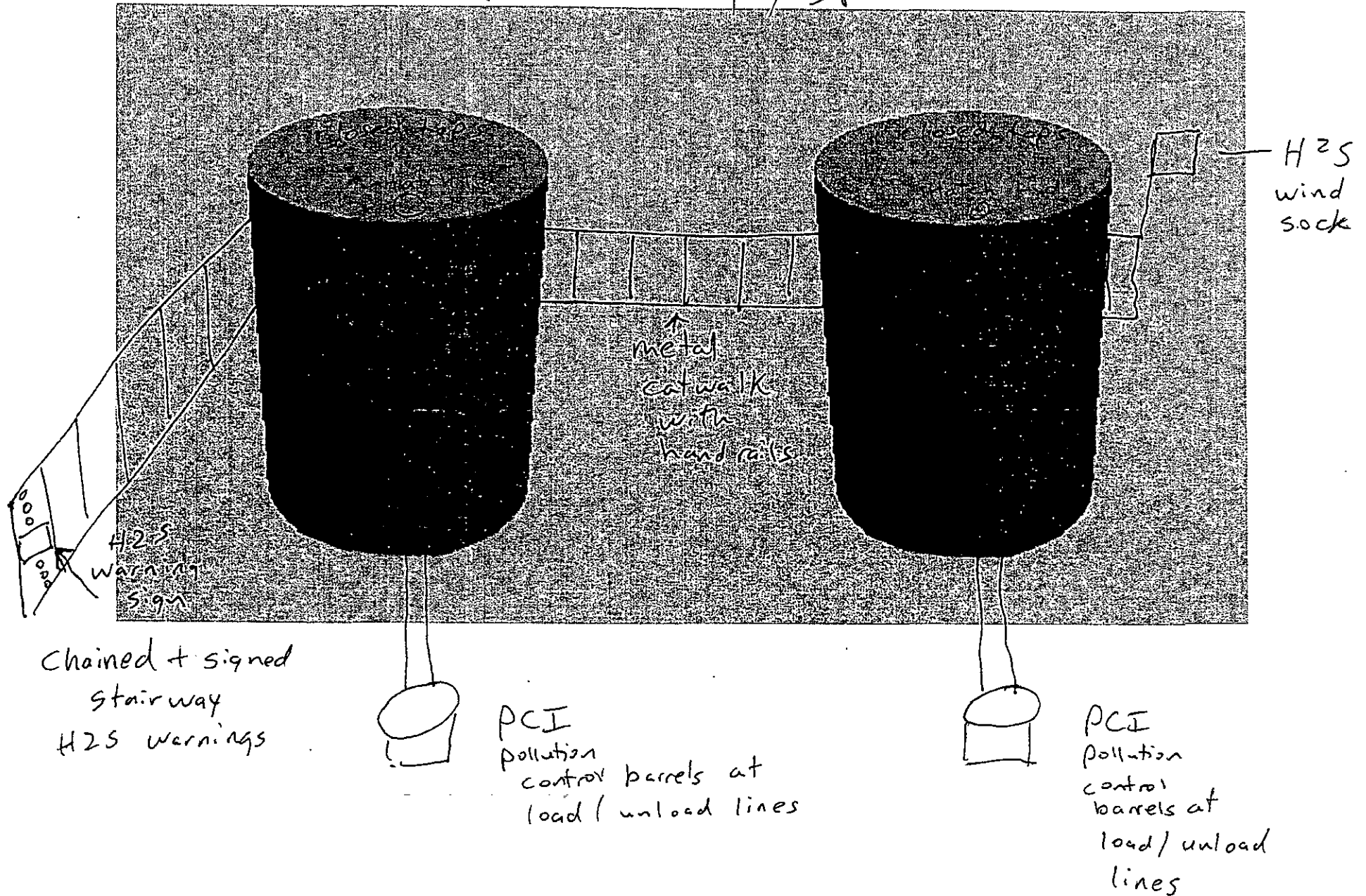
1000

500

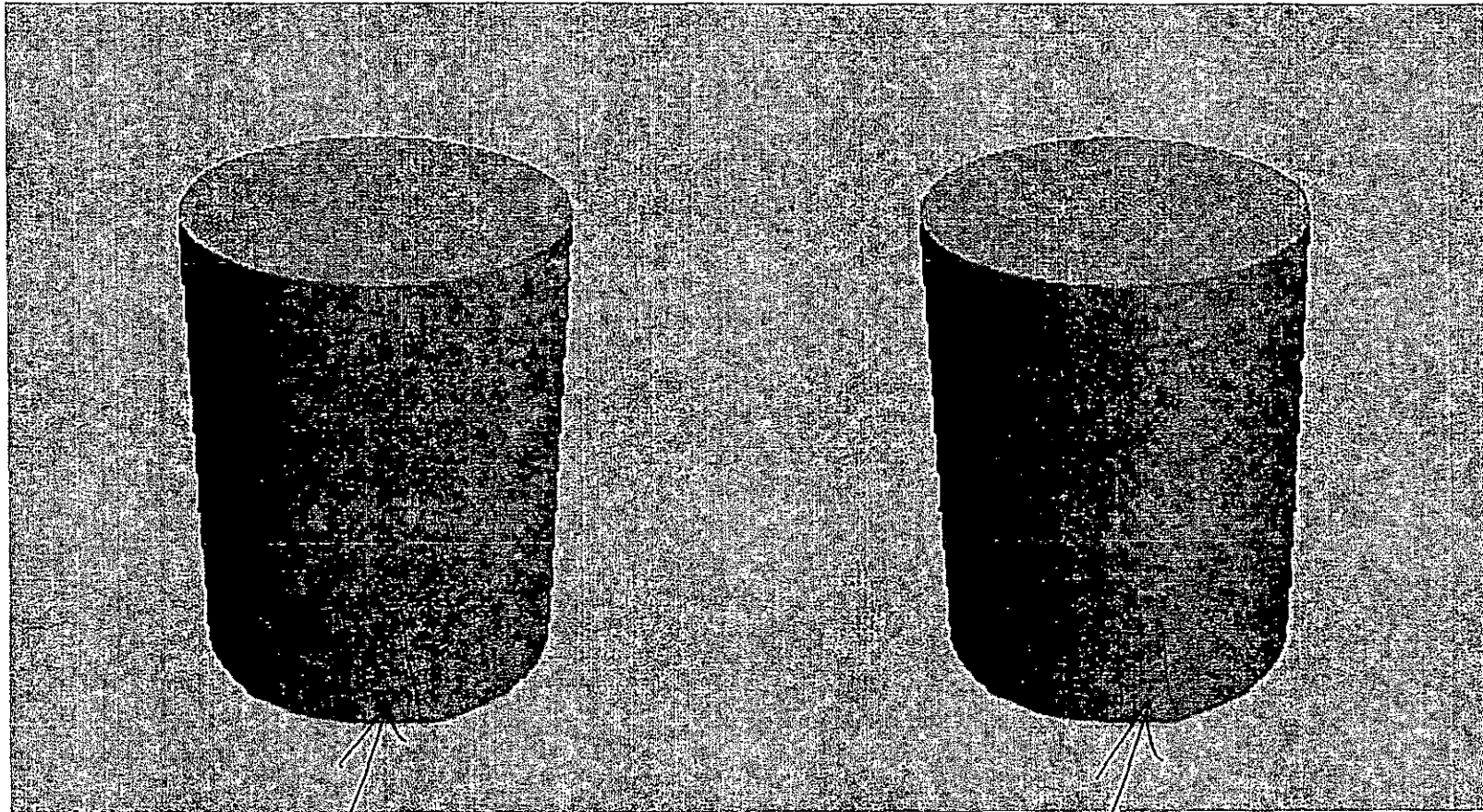


- (A) 9621 S Eunice Hwy, Hobbs Nm
- (B) SLUDGE TANK BATTERY LOCATION

H2S Safety / Spill Protection



Back of tanks



Sealed removable
hatches for cleanout
of tanks

sealed removable
hatches for
cleanout of
tanks

Flow of Fluids

