NM2 - 18

PERMITS, RENEWALS, & MODS

State of New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez

Governor

David Martin Cabinet Secretary

Tony Delfin Deputy Cabinet Secretary David R. Catanach, Division Director Oil Conservation Division



March 21, 2016

Ms. Marie Durham Vintage Drilling, LLC PO Box 248 Artesia, New Mexico 88211-0248

Re: Request For Permit Transfer

Principal: Vintage Drilling, LLC

Permit NM2-018

Location: Unit J of Section 34, Township 18 South, Range 26 East, NMPM,

Eddy County, New Mexico

Dear Ms. Durham:

The Oil Conservation Division (OCD) has reviewed Vintage Drilling, LLC's revised request to transfer a permit, dated February 26, 2016, to demonstrate compliance to Subsection E of 19.15.36.12 NMAC. OCD hereby approves the transfer of the surface waste management facility permit NM2-018 to Vintage Drilling, LLC.

Please be advised that approval of this request does not relieve Vintage Drilling, LLC of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve Vintage Drilling, LLC of its responsibility to comply with any other applicable governmental authority's rules and regulations.

Sincerely

Brad A. Jones

Environmental Engineer

BAJ/baj

Cc: OCD District I Office, Hobbs

Vintage Drilling, LLC P.O. Box 248 Artesia, NM 88211-0248

Phone 575-365-8886 Fax 575-748-1253

Email: vintage@plateautel.net

February 26, 2016

EMNRD Oil Conservation Division 1220 S. Saint Francis Drive Santa Fe, NM 87505

ATTN: Brad A Jones

Environmental Engineer

RE: Meri Pit Evacuation Pit
Transfer of Permit
Memorial Production Operating LLC to Vintage Drilling LLC

Vintage Drilling LLC hereby submits the enclosed transfer permit for the Meri Pit located in the NW/4 SE/4 Unit J, Section 34, T 18S, R26E, NMPM Eddy County, New Mexico.

The owners/officers of Vintage Drilling LLC are:

Clyde E. (C.E.) Hope, Managing Member 50% ownership Jo Lynn Hope, Member 50% ownership

Bond No. 1088753 in the amount of \$25,000.00 is attached to comply with NMOCD financial assurance regulations.

If you have any questions, please contact the undersigned at (575) 365-8886 or by email at vintage@plateautel.net

Sincerely,

Vintage Drilling LLC

Marie Durham Secretary

TRANSFER OF PERMIT

Pursuant to 19.15.36.12.E NMAC, "Transfer of a permit. The operator shall not transfer a permit without the division's prior written approval. A request for transfer of a permit shall identify officers, directors and owners of 25 percent or greater in the transferee. Unless the director otherwise orders, public notice or hearing are not required for the transfer request's approval. If the division denies the transfer request, it shall notify the operator and the proposed transferee of the denial by certified mail, return receipt requested, and either the operator or the proposed transferee may request a hearing with 10 days after receipt of the notice. Until the division approves the transfer and the required financial assurance is in place, the division shall not release the transferor's financial assurance."

FACILITY INFORMATION:

Surface Waste Management Facility Permit: NM-02-00018

Facility Name: Meri Evaporation Pit

Legal Description: NW/4 SE/4 Unit J, Section 34, T 18S, R26E, NMPM

Location: Eddy County, New Mexico

From: Company Name: Memorial Production Operating LLC.

Company Address: 500 Dallas St, Suite 1800

Houston, TX 77002

To: Company Name: Vintage Drilling LLC.

Company Address: P.O. Box 248

Artesia, New Mexico 88211

CERTIFICATION:

Vintage Drilling LLC, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Vintage Drilling LLC further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.5.11 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

Vintage Drilling, LLC

Print Name: Clyde E. Hope C. E. Hope" Permit #: NM-02-00018

Signature: 25 Hgg Date: 2/11/16

Title: Managing Member

Mailing Address: P.O. Box 248, Artesia, NM 88211-0248

Contact Telephone Number: 575-365-8886

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 David R. Catanach, Division Director Oil Conservation Division



May 18, 2015

Heather Dolphin Memorial Production Operating LLC 500 Dallas Street, Suite 1800 Houston, Texas 77002

Re: Request For Permit Transfer and Financial Assurance Approval

New Operator: Memorial Production Operating LLC

Permit: NM2 - 018

Facility Location: NW/4 SE/4 of Section 34, Township 18 South, Range 26 East,

NMPM, Lea County, New Mexico Surety: Argonaut Insurance Company

Bond No: SUR0028122

Dear Ms. Dolphin:

The Oil Conservation Division (OCD) has reviewed Memorial Production Operating LLC's request to transfer a permit, dated May 13, 2015, and the replacement financial assurance, dated February 10, 2015 to demonstrate compliance to Subsection E of 19.15.36.12 NMAC. OCD hereby approves the above-referenced financial assurance and transfer of the surface waste management facility permit NM2-018 to Memorial Production Operating LLC.

Please be advised that approval of this request does not relieve Memorial Production Operating LLC of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve Memorial Production Operating LLC of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,

Brad A. Jones
Environmental Engineer

BAJ/baj

Enclosure: Copy of Surety Bond # SUR0028122 (total amount \$25,000.00)

cc: OCD District I Office, Hobbs



RECEIVED OCD

2015 MAY 15 P 2: 13

May 13, 2015

SENT VIA FEDEX 7736 0541 7742

EMNRD Oil Conservation Division 1220 S. Saint Francis Drive Santa Fe, NM 87505

Attn: Brad A. Jones

Environmental Engineer

Re: Meri Pit Evacuation Pit

Transfer of Permit

Standolind Operating LLC to Memorial Production Operating LLC

Memorial Production Operating LLC (MPO) hereby submits the corrected transfer permit for the Meri Pit located in the NW/4 SE/4 Unit J, Section 34, T 18S, R26E, NMPM Eddy County, New Mexico.

A listing of the officer's directors and owners of 25 percent or greater in the transferee are identified on a separate page attached to the submittal.

Corrected Bond No. SUR0028122 in the amount of \$25,000 is attached to comply with NMOCD financial assurance regulations. Please return the previous Bond submitted with the incorrect state of incorporation listed.

If you have any questions, please contact the undersigned at (832) 797-1334 or by e-mail at heather.dolphin@memorialrd.com

Sincerely,

Memorial Production Operating LLC

Heather Dolphin

Sr. Regulatory Specialist

TRANSFER OF PERMIT

Pursuant to 19.15.36.12.E NMAC, "Transfer of a permit. The operator shall not transfer a permit without the division's prior written approval. A request for transfer of a permit shall identify officers, directors and owners of 25 percent or greater in the transferee. Unless the director otherwise orders, public notice or hearing are not required for the transfer request's approval. If the division denies the transfer request, it shall notify the operator and the proposed transferee of the denial by certified mail, return receipt requested, and either the operator or the proposed transferee may request a hearing with 10 days after receipt of the notice. Until the division approves the transfer and the required financial assurance is in place, the division shall not release the transferor's financial assurance."

FACILITY INFORMATION:

Surface Waste Management Facility Permit: NM-02-00018

Facility Name: Meri Evaporation Pit

Legal Description: NW/4 SE/4 Unit J, Section 34, T 18S, R26E, NMPM

Location: Eddy County, New Mexico

From: Company Name: Stanolind Operating LLC dba Stanolind NM LLC

Company Address: 310 West Wall Street, Suite 1000

Midland, Texas 79701

To: Company Name: Memorial Production Operating LLC

Company Address: 500 Dallas St, Suite 1800

Houston, TX 77002

CERTIFICATION:

Memorial Production Operating LLC, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Memorial Production Operating LLC further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.5.11 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

Memorial Production Operating LLC

By: Memorial Production Partners LP, its sole member

By: Memorial Production Partners GP LLC, its general partner

Print Name: Christopher S. Cooper Permit #: NM-02-00018

Signature: Date: \$/11/15.

Title: Senior Vice President and Chief Operating Officer

Mailing Address: 500 Dallas Street, Suite 1800, Houston, TX 77002

Contact Telephone Number: 713-588-8317



Officers and Directors

As of March 1, 2015

MEMP

MEMORIAL PRODUCTION PARTNERS GP LLC		
Name	Tifle 1.	
John A. Weinzierl	Chief Executive Officer (director title: Chairman)	
William J. Scarff	President	
Robert L. Stillwell, Jr.	Vice President & Chief Financial Officer	
Patrick T. Nguyen	Vice President & Chief Accounting Officer	
Gregory M. Robbins	Senior Vice President, Corporate Development	
Christopher S. Cooper	Senior Vice President and Chief Operating Officer	
Kyle N. Roane	Senior Vice President, General Counsel and Corporate Secretary	
Jason M. Childress	Assistant Secretary	
Board of Directors: John A. Weinzierl, Jon Clarkson, Mike Highum, Don Brunson, Kenneth A. Hersh, Tony		
Weber, Scott Gieselman	•	

MEMORIAL PRODUCTION PARTNERS LP			
No officers	THE RESERVE OF THE PROPERTY OF		
Signature Line:	Memorial Production Partners LP		
	By: Memorial Production Partners GP LLC, its general partner		

MEMORIAL PRODUCTION OPERATING LLC		
No officers		
Signature Line:	Memorial Production Operating LLC	
	By: Memorial Production Partners LP, its sole member	
	By: Memorial Production Partners GP LLC, its general partner	

New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez Governor

John Bemis
Cabinet Secretary

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

Jami Bailey
Division Director
Oil Conservation Division



February 14, 2012

Randy Stevens Stanolind Operating LLC dba Stanolind NM LLC 310 West Wall Street, Suite 1000 Midland, TX 79701

Re:

Transfer of Permit and Financial Assurance

New Operator: Stanolind Operating LLC dba Stanolind NM LLC

Permit: NM-02-0018

Lexon Insurance Company Bond No. 1062207

Facility Location: NW/4 SE/4 Section 34, Township 18 South, Range 26 East, NMPM

Dear Mr. Stevens,

The Oil Conservation Division (OCD) has reviewed Stanolind Operating LLC dba Stanolind NM LLC's (Stanolind) transfer of permit and the financial assurance, both dated February 2, 2012, to demonstrate compliance with Subsection E of 19.15.36.12 NMAC. OCD hereby approves the above-referenced transfer of permit NM-02-0018 from Premier Natural Resources, LLC to Stanolind and the associated financial assurance.

Please be advised that should operation result in pollution of surface water, ground water or the environment, approval of this request does not relieve Stanolind of liability. In addition, approval of this request requires Stanolind 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,

Gabrielle A. Gerholt

Assistant General Counsel

GG/baj

Enclosure: Copy of Surety Bond No. 1062207

Cc: OCD District II Office, Artesia

Premier Natural Resources, LLC, 5727 S. Lewis Ave Suite 200, Tulsa, OK 74105

TRANSFER OF PERMIT

Pursuant to 19.15.36.12E NMAC, "Transfer of a permit. The operator shall not transfer a permit without the division's prior written approval. A request for transfer of a permit shall identify officers, directors and owners of 25 percent or greater in the transferee. Unless the director otherwise orders, public notice or hearing are not required for the transfer request's approval. If the division denies the transfer request, it shall notify the operator and the proposed transferee of the denial by certified mail, return receipt requested, and either the operator or the proposed transferee may request a hearing with 10 days after receipt of the notice. Until the division approves the transfer and the required financial assurance is in place, the division shall not release the transferor's financial assurance."

FACILITY INFORMATION:

Surface Waste Management Facility Permit(s): NM-02-0018

Legal Description: NW/4 SE/4 Section 34, Township 18S, Range 26E, NMPM

Location: Eddy County, New Mexico

From: Premier Natural Resources, LLC

5727 S. Lewis Ave. Suite 200

Tulsa, OK 74105

To: Stanolind Operating LLC dba Stanolind NM LLC

310 West Wall Street, Suite 1000

Midland, TX 79701

CERTIFICATION:

Stanolind Operating LLC dba Stanolind NM LLC by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Stanolind Operating LLC dba Stanolind NM LLC further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.5.11 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:

Stanolind Operating LLC dba Stanolind NM LLC

Print Name: Marshall J Eves Permit #: NM-02-0018

Signature: Date: 02/02/2012

Title: Vice President

Mailing Address: 310 West Wall Street, Suite 1000

Midland, TX 79701

Contact Telephone Number: 432-640-0020

Stanolind Operating LLC dba Stanolind NM LLC

Current Officers/Owners

Randy Steven: Owner, President & CEO

Don Davis: Chief Operating Officer

Marshall J Eves: Owner, Vice President

Billy Priebe: Owner, Vice President -Operations

Shelly Chapple: Vice President-Controller

TRANSFER OF PERMIT

FACILITY INFORMATION:

Surface Waste Management Facility Permit(s): NM-02-0018

Legal Description: Section 34, Township 18 South, Range 26 East, NMPM,

Location: Eddy County, New Mexico

From: Company Name: Hillside Oil & Gas, LLC

Company Address: P.O. Box 8911

Midland, TX 79708

To:

Company Name:

Permit #: <u>NM</u>-02-0018

Premier Natural Resources, LLC

Company Address: 5727 South Lewis Avenue

Tulsa, OK 74105

CERTIFICATION:

Premier Natural Resources, LLC, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Premier Natural Resources, LLC further acknowledges that the Division for good cause shown as necessary to protect fresh water, human health, and the environment may change such terms and conditions administratively. The undersigned also attests to the fact that he or she understands 19.15.5.11 NMAC which states "Any person who conducts any activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of such permit, administrative order, authorization or approval."

Accepted:	
Premier Natural Resources, LLC	
Print Name: J. Chris Jacobsen	
Signature: A. Oris acobsen Title: Manager	
Mailing Address: 5727 South Lewis Avenue, Suite 200	
Contact Telephone Number: (918) 392-3232	
Date: 4/16/2009	

PREMIER NATURAL RESOURCES, LLC

2009 APR 21 PM 1 19

April 16, 2009

Mr. Carl Chavez New Mexico Energy, Minerals & Natural Resources Oil Conservation District 1220 South St. Francis Drive Santa Fe, New Mexico 87505

Subject:

Transfer of Permit

Waste Management Pit - Atoka Field, Eddy County Premier Natural Resources, LLC OGRID: 243261

Dear Carl:

Attached is our "Permit to Transfer" covering the transfer of permit NM2-18 from Hillside Oil and Gas of Midland, Texas to Premier Natural Resources, LLC.

When Premier Natural Resources purchased the Atoka Field leases from Hillside, the waste management pit was not transferred. This omission was called to our attention and we are now remedying the situation.

Our letter of credit for \$25,000.00 will be sent to your office from the Bank of Oklahoma under separate cover.

Thank you for your help in getting this matter resolved.

Cordially,

Mogan T. Wondaal Regulatory Specialist

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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

April 18, 2002

Lori Wrotenbery
Director
Oil Conservation Division

<u>CERTIFIED MAIL</u> RETURN RECEIPT NO. 7001-1940-0004-7923-3958

Mr. M.R. "Billy" Tripp, Jr. Hillside Oil and Gas, LLC. 510 North Big Spring Midland, TX 79701

RE: OCD Rule 711 Permit Approval NM-02-0018

Hillside Oil and Gas, LLC

Centralized Surface Waste Management Facility

NW/4 SE/4 Section 34, Township 18 South, Range 26 East, NMPM

Eddie County, New Mexico.

Dear Mr. Tripp:

The permit application for the Hillside Oil and Gas, LLC (Hillside) centralized surface waste management facility located in NW/4 SE/4 Section 34, Township 18 South, Range 26 East, NMPM, Eddie County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. A \$25,000 blanket surety bond #UIB0008191 has been submitted by Hillside and approved by the Director. The application consists of the permit application Form C-137 dated June 30, 1994 and supplemental information dated May 25, 2000.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved evaporation methods must receive prior OCD approval. Hillside is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Hillside of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Hillside of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year.

Enclosed are two copies of the conditions of approval. Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,

Josi Wrotenbery

Lori Wrotenbery

Director

LW/mjk

xc with attachments:

Artesia OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL PERMIT NM-02-0018

HILLSIDE OIL AND GAS, LLC

CENTRALIZED WASTE MANAGEMENT FACILITY NW/4 SE/4 Section 34, Township 18 South, Range 26 East, NMPM Eddie County, New Mexico.

(April 18, 2002)

EVAPORATION POND OPERATION

- 1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least 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. The ponds must have a minimum freeboard of two (2) feet. A liner marking or other device must be installed in each pond to accurately measure freeboard.
- 3. All produced water must enter holding Pond A through the trunk line entering on the north side of the pond as indicated on the application facility diagram. Per division Rule 310, oil must not be stored or retained in earthen reservoirs or in open receptacles. Any oil that is accidentally discharged into the ponds must be removed within 24 hours. Oil recovered must be stored in closed above-ground storage tanks and then transferred to an OCD-approved reclamation facility.
- 4. Pond inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes may not be placed into the pond until repairs have been completed. Records of such inspections must be made available to the OCD upon request.
- 5. The outside walls of all levees must be maintained in such a manner to prevent erosion. Inspection of the outside walls of the levees must be made weekly.
- 6. The pond leak detection system sumps must be inspected weekly. Results must be recorded and maintained for OCD review. If fluids are found in the sump, the following steps must be undertaken:
 - a. the operator must notify the Artesia office within 24 hours;
 - b. the fluids must be sampled and analyzed and a comparison made to the fluids in the pond to determine the source; and
 - c. the fluids must be immediately and continuously removed from the sump. Such fluids may be returned to the pond.

- 7. If a leak is determined to exist in the primary liner, the operator will immediately undertake the following measures under the direction of the OCD:
 - a. introduction of fluids into the pond must cease;
 - b. fluids must be removed from the pond using injection or transportation to another authorized facility until the fluid level is below the location of the leak in the liner; and
 - c. the liner must be repaired and tested and the leak detection system must be completely drained before introduction of fluids into the pond resumes.
- 8. Sludge thickness in the base of the pond must be measured annually. Any sludge build-up in the bottom of the pond in excess of 12 inches must be removed and disposed of at an OCD-approved waste management facility.
- 9. Below grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump and contaminated soils must be removed and disposed of at an OCD-approved waste management facility. Soil remediation must follow OCD surface impoundment closure guidelines. Hillside must submit a report to the OCD Santa Fe and Artesia District offices that describes the investigation and remedial actions taken.
- 10. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered non-hazardous to migratory birds.
- 11. Liquid reduction technologies that may be used to eliminate pond waters include evaporation and injection at the Class II disposal well, Ann #1, located in SW/4 NE/4 Section 18, Township 19 S, Range 26 E, NMPM, Eddy County, New Mexico.
- 12. Tests to determine dissolved oxygen levels in the ponds must be conducted on a weekly basis. Test results must be recorded and retained. The sample for each test must be taken one foot from the bottom of each pond and the location of the tests must vary around each pond from week to week. The OCD Artesia Office will be notified immediately if any test shows a dissolved residual oxygen level of less than 0.5 ppm.
- 13. Tests of ambient H₂S levels must be conducted on a weekly basis. Test results must be recorded and retained. The tests must be conducted at four (4) locations around the ponds at the top of the berm. The wind speed and direction must be recorded in conjunction with each test.
 - a. If an H₂S reading of 1.0 ppm or greater is obtained:

- i. a second reading must be taken on the downwind berm within one hour;
- ii. the dissolved oxygen and dissolved sulfide levels of the pond must be tested immediately and the need for immediate treatment determined; and
- iii. tests for H₂S levels must be made at the fence line down wind from the problem pond.
- b. If two (2) consecutive H₂S readings of 1.0 ppm or greater are obtained:
 - i. the operator must notify the Artesia office of the OCD immediately;
 - ii. the operator must commence hourly monitoring on a 24-hour basis; and
 - iii. the operator must obtain a daily analysis of dissolved sulfides in the pond.
- c. If an H_2S reading of 10.0 ppm or greater at the facility fence line is obtained:
 - i. the operator must immediately notify the Artesia office of the OCD and the following public safety agencies:

New Mexico State Police Eddy County Sheriff Eddy County Fire Marshall; and

ii. the operator must initiate notification of all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only produced waters that are generated in the State of New Mexico by Hillside Oil and Gas, LLC from the following wells:

Merri #1, #2, #3 Merrill #1, #2, #3, #4 Kelly #1, #2 Dorothy #1 Fox #1, #2 Sherri #1 Fikes #1 Goodrich #1 Hillside Oil and Gas, LLC Rule 711 Permit NM-02-0018 April 18, 2002 Page 4

> Fedell #1, #2, #3, #4 Melaine #1, #2 Chad #1, #2 Lynn #1

Water from any other Hillside Oil and Gas, LLC wells may only be accepted after prior OCD approval.

- 2. The facility is authorized to accept only produced waters that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403.
- 3. At no time may any OCD-permitted surface waste management facility accept wastes that are determined to be RCRA Subtitle C hazardous wastes by either listing or characteristic testing.
- 4. Comprehensive records of all material disposed of at the surface waste management facility must be maintained by the permit holder.

REPORTING AND RECORD KEEPING

- 1. Results of weekly inspections of the leak detection system must be recorded and must be submitted to the OCD Santa Fe and Artesia office for annual review by April 18 of each year.
- 2. Results of testing of the evaporation pond for H₂S, and dissolved oxygen must be recorded and must be submitted to the OCD Santa Fe and Artesia office for annual review by April 18 of each year.
- 3. Results of annual maintenance on below grade sumps and annual measurements of sludge thickness in the pond must be recorded and must be submitted to the OCD Santa Fe and Artesia office for annual review by April 18 of each year.
- 4. The applicant must notify the **OCD Artesia office within 24 hours** of any fire, break, leak, spill, blow out, or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
- 5. The applicant must file forms C-117 and C-120 with the appropriate OCD office.
- 6. All records of testing and monitoring must be retained for a period of five (5) years.
- 7. The OCD must be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.

Hillside Oil and Gas, LLC. 711 Permit NM-02-0018 April 18, 2002 Page 5

FINANCIAL ASSURANCE

- 1. Pursuant to OCD Rule 711.B.3.a., financial assurance in a form approved by the Director is required from Hillside Oil and Gas, LLC in the amount of \$25,000 for this facility.
- 2. Financial assurance must be submitted within 30 days of this permit approval or on **May** 18, 2002.
- 3. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility may be reviewed by the OCD no later than five (5) years from the date of this approval.

CLOSURE

- 1. The OCD Santa Fe and Artesia offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.
- 2. The closure plan to be submitted must include the following procedures:
 - a. When the facility is to be closed no new material will be accepted.
 - b. The evaporation pond must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The pond liners, pipe and equipment must be removed.
 - c. Contaminated soils exceeding OCD closure guidelines for the site must be removed or remediated unless it can be demonstrated that levels exceeding the guidelines are protective of public health and the environment.
 - d. The soils beneath the evaporation pond will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.
 - e. The area will be contoured, seeded with native grasses and allowed to return to its natural state. At the request of the landowner and with approval of the OCD,

Hillside Oil and Gas, LLC. 711 Permit NM-02-0018 April 18, 2002 Page 6

existing structures, berms, or fences may be left in place for future alternative uses.

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

CERTIFICATION

Hillside Oil and Gas, LLC by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Hillside Oil and Gas, LLC further acknowledges that the conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect ground water, surface water, human health and the environment.

Accepted:		
HILLSIDE OIL AND GAS, LLC		
Signature	Title	Date

ATTACHMENT TO OCD 711 PERMIT APPROVAL PERMIT NM-02-0018 HILLSIDE OIL AND GAS, LLC

CENTRALIZED WASTE MANAGEMENT FACILITY

NW/4 SE/4 Section 34, Township 18 South, Range 26 East, NMPM Eddie County, New Mexico. (April 18, 2002)

EVAPORATION POND OPERATION

- 1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least 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. The ponds must have a minimum freeboard of two (2) feet. A liner marking or other device must be installed in each pond to accurately measure freeboard.
- 3. All produced water must enter holding Pond A through the trunk line entering on the north side of the pond as indicated on the application facility diagram. Per division Rule 310, oil must not be stored or retained in earthen reservoirs or in open receptacles. Any oil that is accidentally discharged into the ponds must be removed within 24 hours. Oil recovered must be stored in closed above-ground storage tanks and then transferred to an OCD-approved reclamation facility.
- 4. Pond inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs must be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes may not be placed into the pond until repairs have been completed. Records of such inspections must be made available to the OCD upon request.
- 5. The outside walls of all levees must be maintained in such a manner to prevent erosion. Inspection of the outside walls of the levees must be made weekly.
- 6. The pond leak detection system sumps must be inspected weekly. Results must be recorded and maintained for OCD review. If fluids are found in the sump, the following steps must be undertaken:
 - a. the operator must notify the Artesia office within 24 hours;
 - b. the fluids must be sampled and analyzed and a comparison made to the fluids in the pond to determine the source; and
 - c. the fluids must be immediately and continuously removed from the sump. Such fluids may be returned to the pond.

- 7. If a leak is determined to exist in the primary liner, the operator will immediately undertake the following measures under the direction of the OCD:
 - a. introduction of fluids into the pond must cease;
 - b. fluids must be removed from the pond using injection or transportation to another authorized facility until the fluid level is below the location of the leak in the liner; and
 - c. the liner must be repaired and tested and the leak detection system must be completely drained before introduction of fluids into the pond resumes.
- 8. Sludge thickness in the base of the pond must be measured annually. Any sludge build-up in the bottom of the pond in excess of 12 inches must be removed and disposed of at an OCD-approved waste management facility.
- 9. Below grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump and contaminated soils must be removed and disposed of at an OCD-approved waste management facility. Soil remediation must follow OCD surface impoundment closure guidelines. Hillside must submit a report to the OCD Santa Fe and Artesia District offices that describes the investigation and remedial actions taken.
- 10. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered non-hazardous to migratory birds.
- 11. Liquid reduction technologies that may be used to eliminate pond waters include evaporation and injection at the Class II disposal well, Ann #1, located in SW/4 NE/4 Section 18, Township 19 S, Range 26 E, NMPM, Eddy County, New Mexico.
- 12. Tests to determine dissolved oxygen levels in the ponds must be conducted on a weekly basis. Test results must be recorded and retained. The sample for each test must be taken one foot from the bottom of each pond and the location of the tests must vary around each pond from week to week. The OCD Artesia Office will be notified immediately if any test shows a dissolved residual oxygen level of less than 0.5 ppm.
- 13. Tests of ambient H₂S levels must be conducted on a weekly basis. Test results must be recorded and retained. The tests must be conducted at four (4) locations around the ponds at the top of the berm. The wind speed and direction must be recorded in conjunction with each test.
 - a. If an H_2S reading of 1.0 ppm or greater is obtained:

- i. a second reading must be taken on the downwind berm within one hour;
- ii. the dissolved oxygen and dissolved sulfide levels of the pond must be tested immediately and the need for immediate treatment determined; and
- iii. tests for H₂S levels must be made at the fence line down wind from the problem pond.
- b. If two (2) consecutive H₂S readings of 1.0 ppm or greater are obtained:
 - i. the operator must notify the Artesia office of the OCD immediately;
 - ii. the operator must commence hourly monitoring on a 24-hour basis; and
 - iii. the operator must obtain a daily analysis of dissolved sulfides in the pond.
- c. If an H₂S reading of 10.0 ppm or greater at the facility fence line is obtained:
 - i. the operator must immediately notify the Artesia office of the OCD and the following public safety agencies:

New Mexico State Police Eddy County Sheriff Eddy County Fire Marshall; and

ii. the operator must initiate notification of all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only produced waters that are generated in the State of New Mexico by Hillside Oil and Gas, LLC from the following wells:

Merri #1, #2, #3 Merrill #1, #2, #3, #4 Kelly #1, #2 Dorothy #1 Fox #1, #2 Sherri #1 Fikes #1 Goodrich #1 Hillside Oil and Gas, LLC Rule 711 Permit NM-02-0018 April 18, 2002 Page 4

> Fedell #1, #2, #3, #4 Melaine #1, #2 Chad #1, #2 Lynn #1

Water from any other Hillside Oil and Gas, LLC wells may only be accepted after prior OCD approval.

- 2. The facility is authorized to accept only produced waters that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403.
- 3. At no time may any OCD-permitted surface waste management facility accept wastes that are determined to be RCRA Subtitle C hazardous wastes by either listing or characteristic testing.
- 4. Comprehensive records of all material disposed of at the surface waste management facility must be maintained by the permit holder.

REPORTING AND RECORD KEEPING

- 1. Results of weekly inspections of the leak detection system must be recorded and must be submitted to the OCD Santa Fe and Artesia office for annual review by April 18 of each year.
- 2. Results of testing of the evaporation pond for H_2S , and dissolved oxygen must be recorded and must be submitted to the OCD Santa Fe and Artesia office for annual review by April 18 of each year.
- 3. Results of annual maintenance on below grade sumps and annual measurements of sludge thickness in the pond must be recorded and must be submitted to the OCD Santa Fe and Artesia office for annual review by April 18 of each year.
- 4. The applicant must notify the **OCD Artesia office within 24 hours** of any fire, break, leak, spill, blow out, or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
- 5. The applicant must file forms C-117 and C-120 with the appropriate OCD office.
- 6. All records of testing and monitoring must be retained for a period of five (5) years.
- 7. The OCD must be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.

Hillside Oil and Gas, LLC. 711 Permit NM-02-0018 April 18, 2002 Page 5

FINANCIAL ASSURANCE

- 1. Pursuant to OCD Rule 711.B.3.a., financial assurance in a form approved by the Director is required from Hillside Oil and Gas, LLC in the amount of \$25,000 for this facility.
- 2. Financial assurance must be submitted within 30 days of this permit approval or on **May** 18, 2002.
- 3. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility may be reviewed by the OCD no later than five (5) years from the date of this approval.

CLOSURE

- 1. The OCD Santa Fe and Artesia offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.
- 2. The closure plan to be submitted must include the following procedures:
 - a. When the facility is to be closed no new material will be accepted.
 - b. The evaporation pond must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The pond liners, pipe and equipment must be removed.
 - c. Contaminated soils exceeding OCD closure guidelines for the site must be removed or remediated unless it can be demonstrated that levels exceeding the guidelines are protective of public health and the environment.
 - d. The soils beneath the evaporation pond will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.
 - e. The area will be contoured, seeded with native grasses and allowed to return to its natural state. At the request of the landowner and with approval of the OCD,

Hillside Oil and Gas, LLC. 711 Permit NM-02-0018 April 18, 2002 Page 6

> existing structures, berms, or fences may be left in place for future alternative uses.

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

CERTIFICATION

Hillside Oil and Gas, LLC by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Hillside Oil and Gas, LLC further acknowledges that the conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect ground water, surface water, human health and the environment.

Accepted:

HILLSIDE OIL AND GAS, LLC

Title Sec / hear Date 4-22-02





January 12, 1995

CERTIFIED MAIL RETURN RECEIPT NO. P-176-012-283

Mr. Doug Keathley Southwest Royalties, Inc. P.O. Box 11390 Midland, Texas 79702

Re: OCD 711 PERMIT APPROVAL CENTRALIZED HOLDING POND EDDY COUNTY, NEW MEXICO

Dear Mr. Keathley:

The permit application for the Southwest Royalties, Inc., Centralized Holding Pond located in the NW/4 SE/4 of Section 34, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, is hereby approved in accordance with the Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. The application consists of the original application dated June 30, 1994.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved disposal methods must receive prior OCD approval. You are required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility does not relieve you of liability should your operation result in actual pollution of surface water, ground waters or the environment actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with any other laws and/or regulations.

Please be advised all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds.

VILLAGRA BUILDING - 408 Galisteo

Forestry and Resources Conservation Division P.O. Box 1948 87504-1948 827-5830

> Park and Recreation Division P.O. Box 1147 87504-1147 827-7465

2040 South Pacheco

Office of the Secretary 827-5950

Administrative Services 827-5925

Energy Conservation & Management 827-5900

Mining and Minerals 827-5970

> Oil Conservation 827-7131

Mr. Doug Keathley January 12, 1995 Page 2

This permit approval is for a period of five (5) years. This approval will expire on January 12, 2000 and you should submit an application for renewal in ample time before that date. The Division shall have authority to administratively change this permit to protect fresh water, human health and the environment.

If you have any questions, please do not hesitate to call Chris Eustice at (505) 827-7153.

Sincerely,

William J. LeMay

Director

WJL/cee

Attachment

xc: OCD Artesia Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL SOUTHWEST ROYALTIES, INC. CENTRALIZED HOLDING POND (December 5, 1994)

FACILITY OPERATIONS

- 1. The facility will be inspected a minimum of one time per week. and secured when no attendant is present.
- 2. Only produced water from the following wells will be disposed of at the facility:

Merri #1, #2, #3
Merrill #1, #2, #3, #4
Kelly #1, #2
Dorothy #1
Fox #1, #2
Sherri #1
Fikes #1
Goodrich #1
Fedell #1, #2, #3, #4
Melaine #1, #2
Chad #1, #2
Lynn #1

Water from any other Southwest Royalties, Inc. wells may only be accepted after prior OCD approval.

- 3. All produced water will enter the holding pond through the trunk line entering on the north side of the pond as indicated on the application facility diagram. Per Division Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles. Any oil which is accidently discharged into the pond will be removed within twenty-four (24) hours. Oil recovered will be stored in closed storage tanks or drums and then transferred to an OCD approved oil reclamation facility.
- 4. The pond will have a minimum freeboard of two (2) feet. If overtopping occurs at any time, the freeboard will be increased to prevent reoccurrence.
- 5. Any sludge build-up in the bottom of the pond in excess of twelve (12") inches will be removed and disposed of at an OCD approved disposal facility.
- 6. The leak detection system for the pond will be inspected a minimum of once a week or when an attendant inspects the facility. Records of such inspections will be made and kept on file for two (2) years from the date of record. If fluids are found in the sump the following steps will be taken:

- a. The operator will notify the OCD Artesia Office within twenty-four (24) hours of discovery.
- b. The fluids will be sampled and analyzed to determine the source.
- c. Fluids will be removed from the immediately and continuously from the monitor sump.
- 7. If a leak is determined to exist in the liner, the operator will immediately undertake the following contingency measures under the direction of the OCD:
 - a. Introduction of fluids into the pond will cease.
 - b. Fluids will be removed from the pond by continuous injection into the Ann #1 SWD and transporting the contents of the pond to another authorized facility, until the level of the pond is below the location of the leak in the liner.
 - c. The liner will be repaired and tested and the leak detection system will be completely drained before resuming introduction of fluids into the pond.
- 8. The outside walls of the levees will be maintained in such a manner to prevent erosion. Inspection of the outside walls of the levees will be made weekly and after any rainfall of consequence.

H2S PREVENTION AND CONTINGENCY PLAN

- 1. Tests will be conducted and reports made to determine the dissolved oxygen levels in the pond. The sample for each test will be taken one foot from the bottom of the pond and the location of the tests will vary around the pond. Tests will be conducted monthly. The OCD Artesia Office will be notified immediately if any test shows a dissolved residual oxygen level of less than 0.5 parts per million (ppm).
- 2. Tests of the ambient H2S levels will be conducted and records made. Such tests will be made at varying locations around the pond levee. Tests will be conducted a minimum of one time per week or when an attendant inspects the facility. Wind speed and direction will be recorded in conjunction with each test.
- 3. If an H2S reading of 0.1 ppm or greater is obtained:
 - a. A second reading will be taken on the down wind berm within one hour.
 - b. The dissolved oxygen and dissolved sulfide levels of the pond will be tested immediately and the need for immediate treatment will be determined.
 - c. Tests for H2S levels will be made at the fence line, downwind from the pond.

- 4. If two (2) consecutive H2S readings of 0.1 ppm or greater are obtained:
 - a. The operator will immediately notify the OCD Artesia Office.
 - b. The operator will determine the source of the H2S.
- 5. If an H2S reading of 1.0 ppm is obtained:
 - a. The operator will commence hourly monitoring on a twenty-four (24) hour basis.
 - a. The operator will obtain daily analysis of the dissolved sulfide levels of the pond.
 - b. The operator will implement the approved contingency plan so as to reduce the dissolved sulfides in the pond and eliminate H2S emissions.
- 6. If an H2S reading of 10.0 ppm or greater at the facility fence line is obtained:
 - a. The operator will immediately notify the following public safety agencies:

State Police County Sheriff County Fire Marshall

b. The operator will initiate notification of all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested.

NOTE* Requirements for H2S monitoring and treatment may be administratively modified by the OCD based upon actual operating experiences.

RECORDS & REPORTING

- 1. The operator will keep and make available for inspection all H2S monitoring and treatment records. Such records will be maintained for a period of two years from the date of reading. Zero H2S readings do not need to be reported to the OCD. If H2S is observed at any time, the OCD may require submittal of all subsequent H2S readings.
- 2. The operator will keep and make available for inspection all leak detection monitoring records. Such records will be maintained for a period of two years from the date of reading.
- 3. The operator will file forms C-117-A, C-118, and C-120-A with the Santa Fe Office as required by OCD Rules 1118 and 1120.

4. The OCD will be notified of any break, spill, blow out, fire or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.

CLOSURE

- 1. The OCD will be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled.
- 2. When the facility is to be closed, no new material will be accepted. The operator will provide for removal of all fluids and/or wastes, closure of all pits and ponds, and cleanup of any contaminated soils and/or waters pursuant to OCD approval. The area will be reseeded with natural grasses and allowed to return to its natural state.
- 3. Closure and waste disposal will be in accordance with the statues, rules and regulations in effect at the time of closure.



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION ARTESIA DISTRICT OFFICE

TONEY ANAYA GOVERNOR

April 3, 1984

P.O. DRAWER DD ARTESIA, NEW MEXICO 8821D (505) 748-1283

Arthur R. Brown 101 E. Marland, Suite 105 Hobbs, New Mex, 88240

> Re: District Approval of Lined Overflow Pit

> > Approval Number A-LP-1

Dear Mr. Brown:

Under provisions of Division Order No. R-3221-C, approval is hereby granted for use of a lined Salt-Water pit to be located in the NE/4 NW/4 of Section 33, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico,

Approval of this application is conditioned upon the following:

- (1) pit construction and operation in accordance with the application;
- (2) notice to the Artesia District Office of the Division in time to permit inspection of the leak detection system prior to liner installation, fabrication of the liner, and inspection of the completed system prior to use; and
- (3) compliance with the terms and provisions of Division Order No. R-3221-C not inconsistent with this order,

Authorization for this lined pit may be recinded if there is evidence that the pit is leaking or if the pit is permitted to overflow.

Sincerely,

Leslie A, Clements Supervisor, District II

LC/br

cc: Santa Fe

RECEIVED BY

FEB 13 1984

				PERMIT	
ILIZE	A	LINED	EV.	APORATION	Pli

PERMIT	NO.	A-LP-
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PERMIT	NO.	A-1.P
-		

O. C. D. New Mexico Oil Conservation Commission	RECEIVED BY
New Mexico Oil Conservation Commission Name of Operator BBC, INC.	
	CO 99 40 ARTESIA OFFICE
Name of lease upon which evap-	CU BOSTELL CITICE
oration pit will be located ROSS DRAW FEDERAL	1. 26 6 b 20 F
Location of evaporation pit: Unit Letter C Section 33 Towns	
Lease(s) which will be producing into pitSEE ATTACHED DATA S	
Pool(s) which will be producing into pitSEE ATTACHED DATA S	
Analysis of disposal water: Chlorides - ppm. Total dissolved If more than one pool will be producing into pit, give water analysis.	ed solids - ppm. ysis for each pool.)
Quantity of water to be disposed of into this pit NA	barrels per day.
Water production from these same wells six months ago NA bpd. (If more than one pool will be producing into pit, give water producing	Three months ago NA bpd duction data for each)
Method of hydrocarbon entrapment to be employed: Settling tank Y	ES Header pit NO
If settling tank is to be used, give size and number of barrels TW	0 750-BBL.& TWO 500-BBL.
If header pit is to be used, give dimensions and depth	
Header pit lining material Thickness	· 5
Dimensions of Evaporation Pit ("A" and "B" on diagram) 142' x	142" DECHE (V/)
Number of square feet contained in above 20,164	3AN 5 0 1984
Depth (Top of levee to floor of pit"D" on diagram)	AR 1211 N 11304
Material to be used as liner REINFORCED HYPALON 30HP6 Thicks	ness 30 MIGANTA FE
Does manufacturer recommend protection of material from direct sur	nlight? YesNoXX_
If yes, what means will be provided to so protect the material?	
Is material resistant to hydrocarbons? Yes XX	No
Is material resistant to acids and alkalis? Yes XX	No
Is material resistant to salts? Yes XX No	
Is material resistant to fungus? Yes XX No	
Is material rot-resistant? Yes XX No	
Will joints in material be fabricated in the field? Yes	No XX
If yes, describe method to be used in . ning material	
Attach manufacturer's brochure describing the qualities of the lir	ning material.
Describe the leakage detection system to be used DRAINAGE-AND	- SUMP

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and further, that the subject evaporation pit and appurtenances, when installed, will be kept in good repair, and that all due diligence will be exercised in keeping the surface of the water free of oil and other debris.

Date_Jan. 13, 1984 Agent

SUPERVISOR, DISTRICT II

APPLICATION FOR PERMIT TO UTILIZE A LINED PIT

SUPPLEMENTAL DATA

1. LOCATION: ,

- A. The proposed lined pit will be located, as shown on Exhibit "A", in the NE½NW½ of Section 33, T.26 S., R.30 E., Eddy County, New Mexico, adjacent on the west to BBC, Inc.'s existing Salt Water Disposal Facility.
- B. The proposed pit will not be located in a watercourse, lake bed, or other depression.

2. PURPOSE OF PIT:

- A. The proposed lined pit will be used both for an emergency pit, in the event of a malfunction in the salt water disposal facility, and for a salt water holding pit.
- B. BBC's existing salt water disposal facility disposes of produced water, gathered from wells in the Brushy Draw Delaware and Ross Draw Wolfcamp Pools, in the subsurface by injection into well No. 1 Ross Draw Federal located 660 feet from the north line and 1980 feet from the west line of Section 33.

3. QUALITY OF PRODUCED WATER:

A. Analyses of produced water from the two pools show the following;

ZONE	CHLORIDES - PPM	TOTAL DISSOLVED SOLIDS - PPM
Bell Canyon	76,000	125.407
Cherry Canyon	169,000	270,095
Brushy Canyon	197,000	315,282
Wolfcamp	48,000	78,717

4. PIT DESIGN AND CONSTRUCTION:

A. The pit will be square, as shown on Exhibit "B", and will be constructed by excavating to an approximate depth of 4 feet and using the excavated material to form levees around the pit.

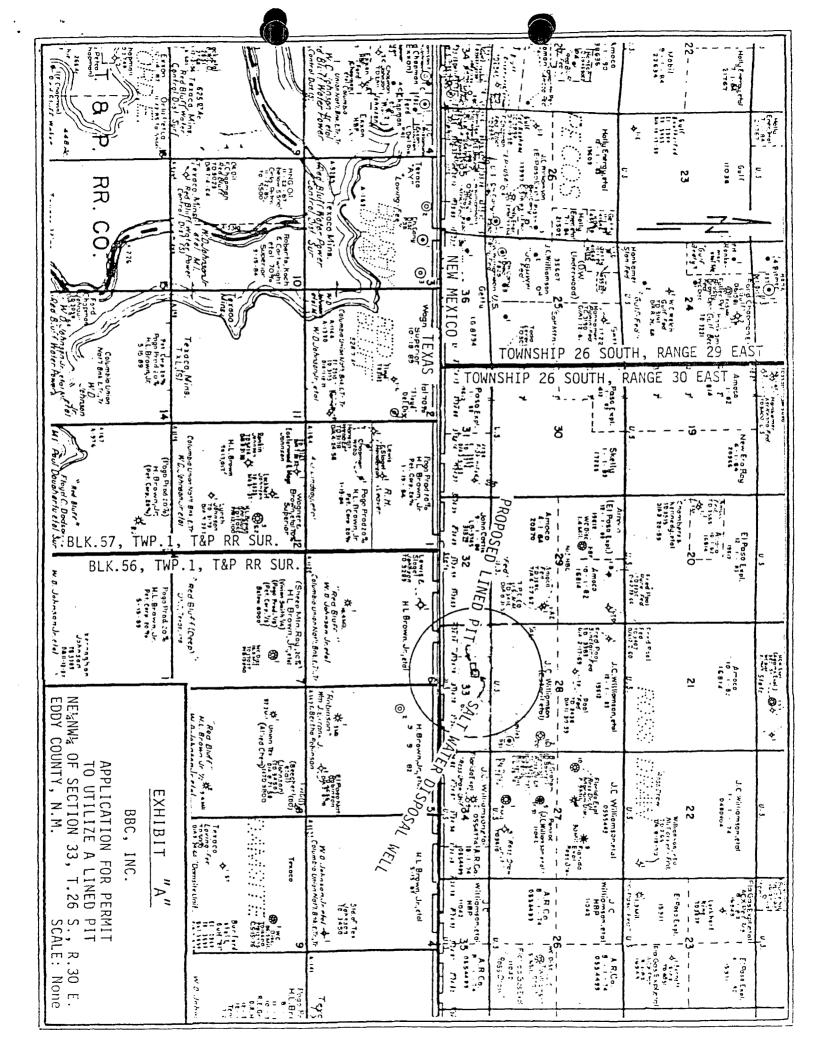
- B. The levees will rise approximately 3 feet above ground level. The top of the levees will be flat and level and will be 4 feet wide. Inside and outside slope of the levees will be 1:3. (See Exhibit "C").
- C. The pit will be lined with a flexible plastic liner. The pit liner will be anchored on top of the levee in an anchor trench extending the entire perimeter of the pit. The anchor trench, as shown in Detail #2, Exhibit "C", will be 6" wide and 12" deep and will be 1'-9" back from the inside edge of the pit. After placing the liner, the anchor trench will be backfilled with excavated material.
- D. No header pit will be needed. The two 750-barrel and two 500-barrel settling tanks serving the salt water disposal facility should be adequate to entrap any oil reaching the facility with the produced water.

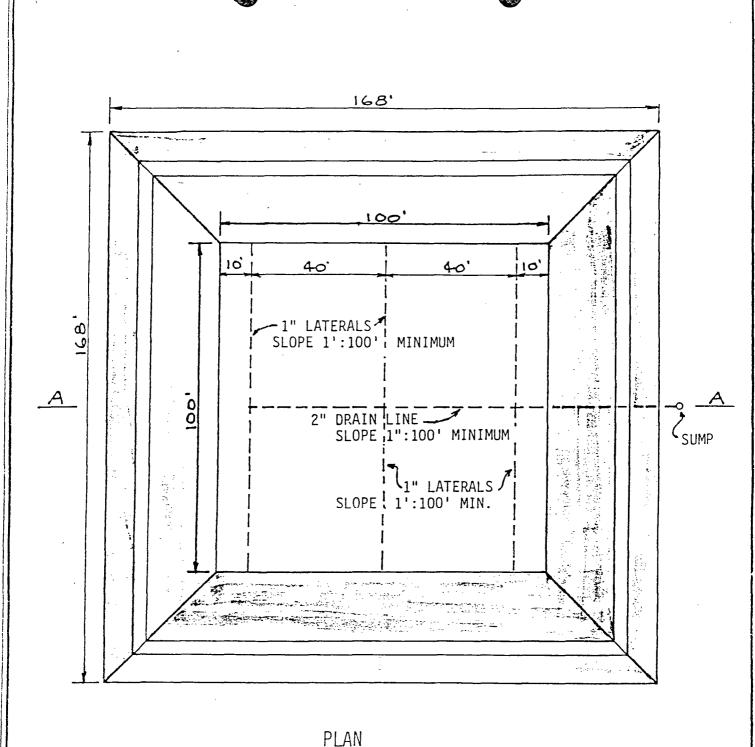
5. LEAKAGE DETECTION SYSTEM:

- A. The leakage detection system will be the drainage-and-sump method with the drain line and laterals arranged as shown on Exhibit "B". The drain line will be perforated, 2" PVC pipe in a 6" wide, gravel filled ditch, as shown in Detail #1, Exhibit "C", and will drain into a sump outside the pit.
- B. The laterals will be perforated, 1" PVC pipe in gravel filled ditches. To facilitate drainage, the drain line and all laterals will be constructed with a minimum slope in the direction of drainage of 1':100'.
- C. The sump, as shown on Exhibits "B" and "C", will be constructed of 6" PVC pipe with the bottom sealed and the top closed to prevent the entrance of rain water or ground water.

6. PIT LINER MATERIAL:

A. The pit lining will be 30 mil thick, reinforced Hypalon. An information bulletin is attached.





"B" EXHIBIT

BBC, INC.

APPLICATION FOR PERMIT TO UTILIZE A LINED PIT $NE_{1}^{1}NW_{2}^{1}$ OF SECTION 33, T.26 S., R.30 E. EDDY COUNTY, N.M. SCALE: None

BFGoodrich

Product Bulletin

The BFGoodrich Company
Fabricated Polymers Division

Environmental Products

Dept. 1914

500 South Main Street Akron, Ohio 44318 (216) 379-3115

1. Scope

This specification describes BFGoodrich FlexsealTM 30HP6, polyester reinforced lining of a nominal 30 mil Hypalon* thickness.

- 2. Liner Requirements:
- 2.1 Material Description:
- 2.1.1 The liner shall be a three ply construction. Two of the plies being Flexseal sheeting having Hypaion: as its principle polymer and compounded to meet the requirements of this specification.
- 2.1.2 The third ply shall be scrim fabric totally encapsulated between the Flexseal sheets with 1/8" to 3/4" of the unsupported sheet extending beyond the fabric.
- 2.1.3 The liner shall be so produced so as to be free of holes, undispersed raw materials, blisters or any sign of delamination. Any such defect shall be repaired using the elastomer sheeting and the manufacturer's approved adhesive.
- 2.2 Factory Fabrication of Blankets:
- 2.2.1 The finished roll goods shall be factory fabricated into panels up to 20,000 sq. ft. in size in order to reduce the amount of field seaming required. All seams shall be heat welded and provide a film tearing bond.

2.3 Field Seaming:

- 2.3.1 All field seaming will be performed using only the manufacturer's approved adhesives and application directions. The minimum width of field seams shall be 4" seal.
- 2.3.2 All field seams upon completion shall be visually inspected and any loose or questionable area repaired.

2.4 Physical Properties:

The Flexseal liner shall conform to the requirements outlined below.

3. Guarantee of Materials:

The liner purchaser shall be provided with a guarantee in writing from the manufacturer as to weathering. The degree and limitations of the guarantee shall be described within this guarantee.

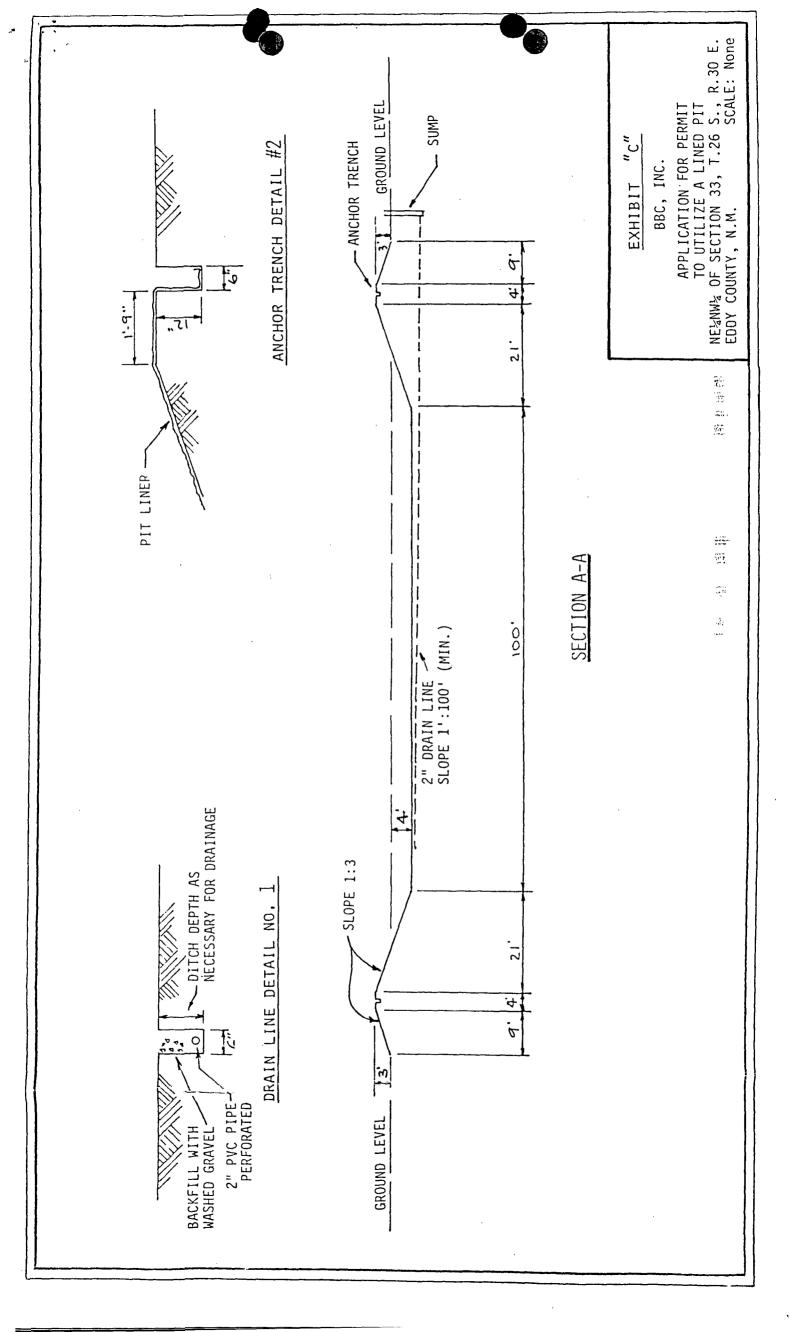
Flexseal[™] reinforced lining material

30HP6 specification

PROPERTY	TEST METHOD	REQUIREMENTS
Tensile Strength	ASTM D 412	1,000 psi, minimum
Elongation at break	ASTM D 412	250 percent, minimum
Water absorption (7 days at 70 F)	ASTM D 471	5 percent max by weight
Cold bend test	ASTM D 2136 (1/8 inch mandrel)	-30 F, no cracks
Brittleness point	ASTM D 746 (Procedure "B")	- 45°F, no failures
Ozone Resistance 7 days @ 300 pphm @ 104°F with 20 percent strain	ASTM D 1149	No cracks visible under 7 times magnification
*Breaking strength	ASTM D 751	120 lb., minimum
*Tear strength Tongue Tear	ASTM D751	20 lb., minimum
*Puncture resistance	FTMS 101 B (Method 2031)	100 lb., minimum
*Factory and field seam strength	ASTM D 816 (Method B)	Parent material breaks prior to seam separation

^{*}Tests performed on the reinforced sheets. All others on the material in its non-reinforced state.

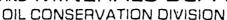
These data are based on tests believed to be reliable. However, these are laboratory tests that may not simulate actual use conditions. They are given only for your information and no warranty, express or implied, is made as we cannot guarantee the results of operations not under our direct control. The information in this publication is not intended as permission or recommendation to practice a potented invention without permission of the potent owner.







ENERGY AND MINERALS DEPARTMENT



TONEY ANAYA

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501 (505) 827-5600

March 3, 1983

RECEIVED

MAR 07 1983

Ralph Nix 101 South Seventh Artesia, New Mexico 88210

O. C. D. ARTESIA, OFFICE

Attention: Bill McCaw

Re: Administrative Order No. LP-104

Dear Mr. McCaw:

Under provisions of Division Order No. R-3221-C, approval is hereby granted for use of a lined Salt-Water pit to be located in the NW/4 SE/4 of Section 34, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico.

Approval of this application is conditioned upon the following:

- pit construction and operation in accordance with the application;
- (2) notice to the Artesia district office of the Division in time to permit inspection of the leak detection system prior to liner installation, fabrication of the liner, and inspection of the completed system prior to use; and
- (3) compliance with the terms and provisions of Division Order No. R-3221-C not inconsistent with this order.

Authorization for this lined pit may be rescinded if there is evidence that the pit is leaking or if the pit is permitted to overflow.

Sincerely,

JOE D. RAMEY Director

JDR/jc

cc: Artesia District Office

OPERATOR:

Ralph Nix

ADDRESS:

P.O. Box 617, Artesia, New Mexico 88210

LOCATION OF PIT:

The pit will be on the Ralph Nix Merri #1 lease. The surface is owned by Ralph Nix, et al, in unit letter J, Section 34, Township 18 South, Range 26 East, Eddy County, New Mexico. The surface is in a relatively flat area with no water course through the pit area.

SOURCE OF WATER:

Water will be gathered from Ralph Nix wells in the Dayton Area which are being produced from the Atoka Yeso pool, which has approximately 46,300 mg/l of chlorides and 85,128.3 mg/l of dissolved solids. This water will be run through heater treaters to breakout and separate the oil and water. The water is flowed to the fiberglass tank. The water will be pumped from each fiberglass tank to the lined storage pit.

QUANTITY OF WATER AND DISPOSITION:

These wells are presently producing 1500 bbls water per day. This storage tank will hold 14,248 bbls. The purposed water line will be a 6" line with a capacity of 6000 bfpd. It will also be designed for trucks to be able to remove water. The water level shall never be more than one foot from top.

TYPE OF LINER:

Material to be used as liner is Polyethyline with a thickness of 40 mil. The manufacturer does not recommend protection from direct sunlight. The material is resistant to the following: hydrocarbon, acids, alkalis, salts, fungus, and rot-resistant. Joints in material will be fabricated in the field and will use heat fusion for joining material.

LEAKAGE DETECTION SYSTEM:

The drainage and sump method of leakage detection system will be used. A network of perforated drainage PVC pipes shall be installed. They will be placed with sufficient density that no point in the pit-bed shall be more than 20 feet from a drainage pipe. Slope for all drainage lines shall be at least six inches per 50 feet. All drainage shall be to the outer perimeter of the pit and shall gather into an errosion proof dump.

DESIGN AND CONSTRUCTION:

Pit shall be two pit with a common side. This is a built in safety factor in case one pit is leaking the water can be transferred to the other. The pits will be connected with a equalizer pipe with a shut-off valve. Both pits will be built exactly the same size and design. Dimensions of the pit ("A" and "B" Exhibit A) are 250' x 40'. There are 10,000 square feet. Depth (top of level to floor of pit "D" on Exhibit A) is 5 feet. It shall be constructed by excavating and levelling a maximum of six inches below ground level. Excavation material shall be used to form the levels around the pit. Levels shall be so constructed as to have an inside grade no flatter than 1:2. Levels shall have an outside grade no steeper than 1:3.

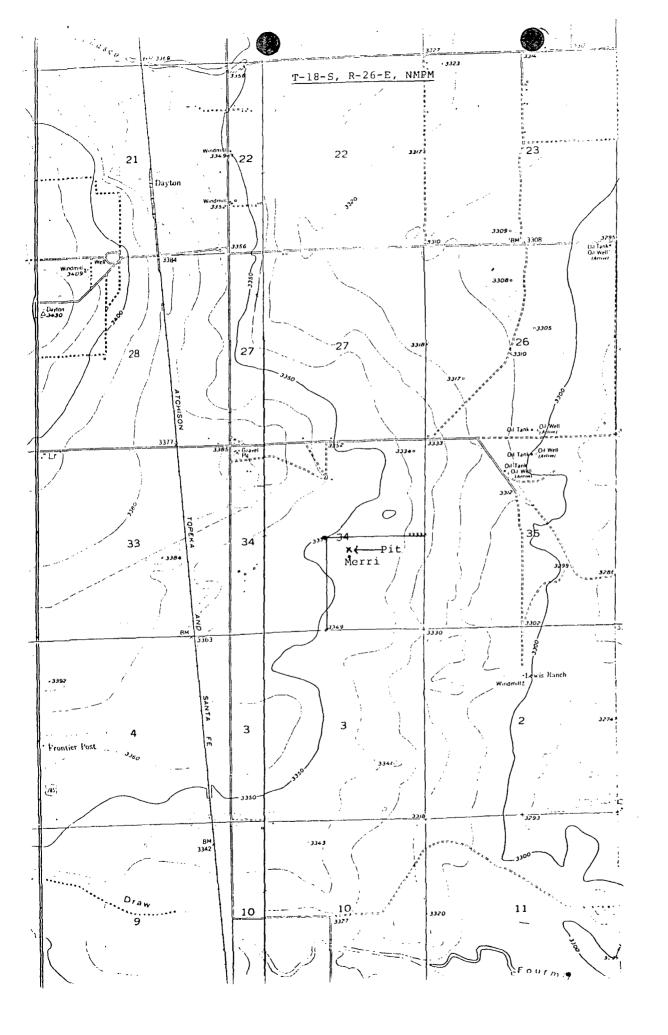
The top of levels shall be flat and level and shall be at least 18 inches wide.

PREPARATION OF PIT BED FOR INSTALLATION OF LINER:

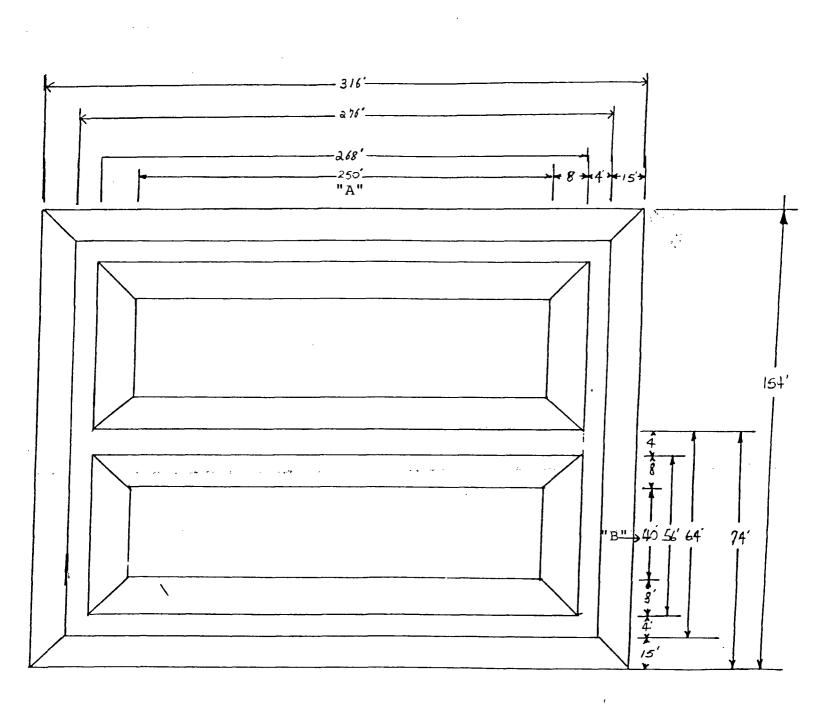
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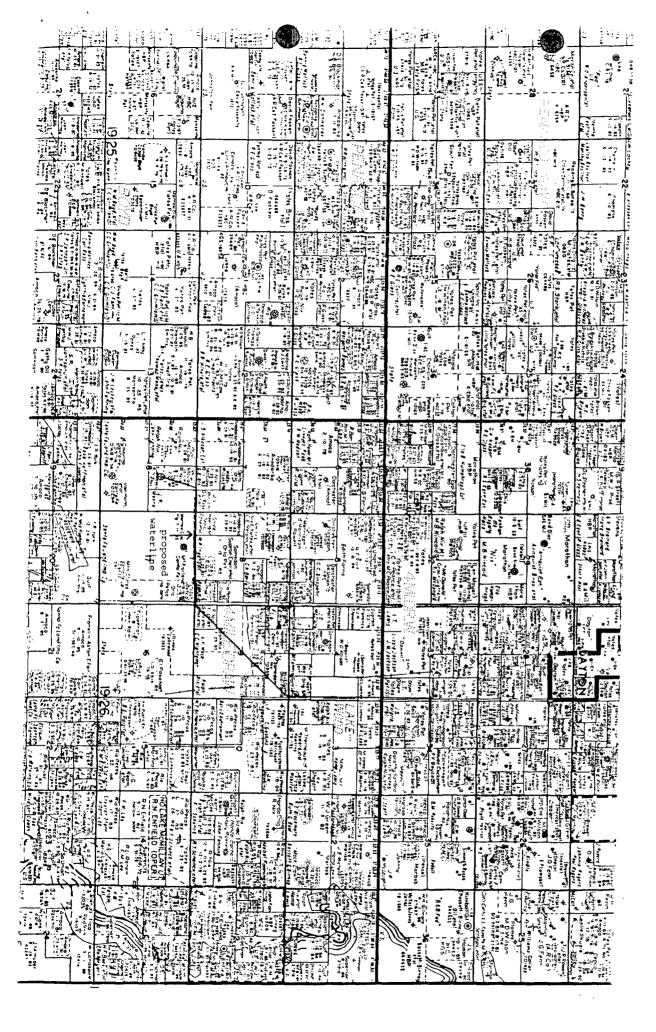
INSTALLATION OF FLEXIBLE MEMBRANE LINERS:

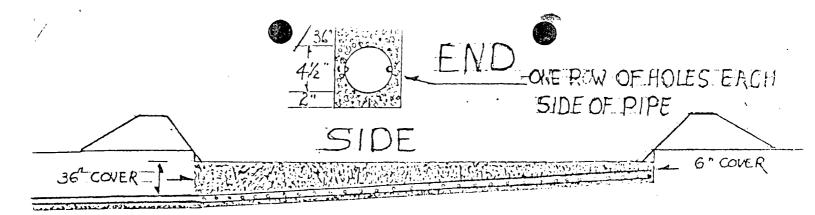
The liner shall be put in place only after the pit-bed, leakage detection system, and levee walls have been inspected and approved by a Commission representative. The pit liner shall be installed and joints sealed according to manufacturer's specifications and with approval of the Commission representative. The liner shall be laid as evenly and wrinkle-free as possible and shall rest smoothly on the pit-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 to come back out and a minimum of two inches beyond. An anchor of used pipe, old sucker-rods, or other similar material shall be placed over the liner in the anchor trench and said trench backfilled. The anchor shall extend the entire perimeter of the pit.



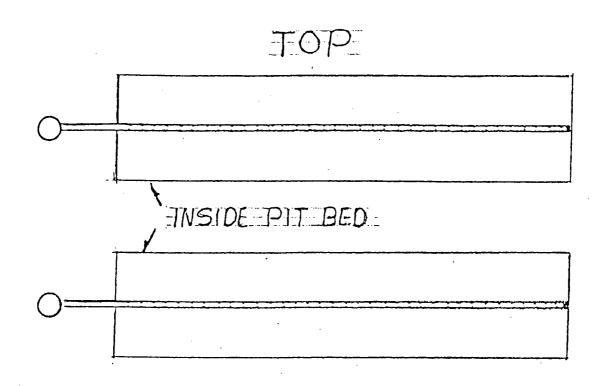








5 PVC PIPE & CAP



-LEAK DETECTION SYSTEM UNDER PITS





P. O. BOX 617 ARTESIA, NEW MEXICO 88210 February 11, 1983

State Land Office Building P.O. Box 2088 Attention: R. L. Stamets (5-827)

Dear Mr. Stamets:

This is a letter asking for approval from the State for a lined water disposal storage surface pit. This lined storage pit will be used in conjunction with our water disposal well five miles away. This pit will be used as a central gathering point from our wells in the Dayton area. The water will then be pumped through our purposed water line to the water disposal well. attached plat will show the location of the purposed storage surface pit, pipeline and water disposal well that is in operation.

We have acquired the Right-of-Way for the pipeline and are waiting on permits from the State highway and railroad for approval to cross them. Enclosed is a data sheet on the lined storage pit, manufactures lining material brochure, plat showing location of pit and water disposal line to water disposal well and exhibit "A" showing the design and dimensions of the pit.

If you have any questions or suggestions, please let me know.

Yours truly,

William J. McCaw

WJM/lr enclosures OPERATOR:

Ralph Nix

ADDRESS:

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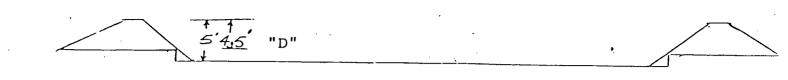
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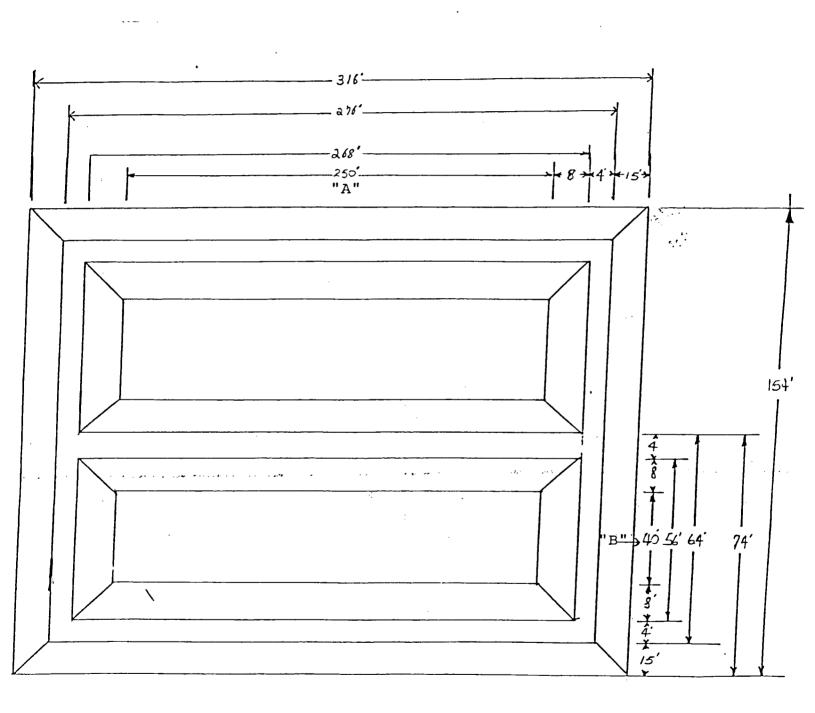
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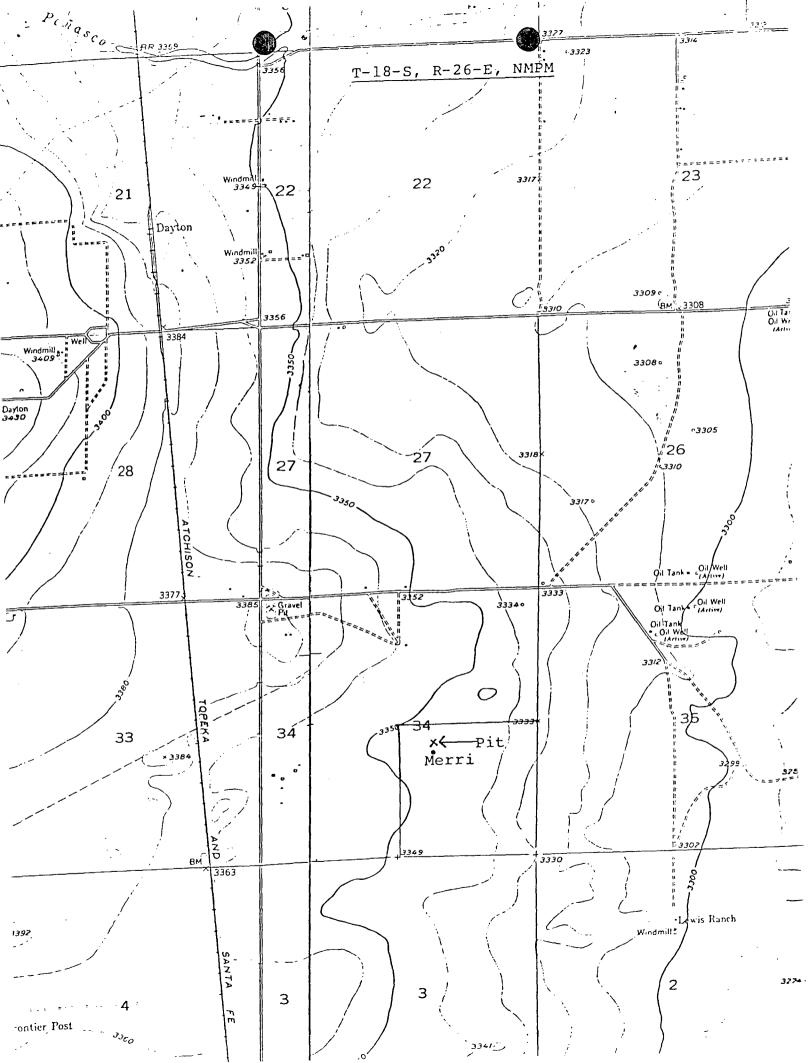
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