

GW - 389

**GENERAL
CORRESPONDENCE**

2008 - Present

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, December 09, 2008 9:51 AM
To: Chavez, Carl J, EMNRD
Subject: Majority Services (GW-389) Note to File

Voice mail msg. from Norma received in office today. Norma was calling for Mary (Lino Chacon's Wife).

The OCD had received a check for \$100 filing fee from company, but without an application. After calling last Friday and talking to Lino, he said his wife would contact me this week. Majority had informed me they were obtaining an environmental consultant to submit their application. Today, however, it appears that they will be attempting to complete the application.

I asked Norma when the OCD could expect to receive the application? She didn't know and I said I would call Mary tomorrow morning at 575-397-0608 to obtain a submittal date for the new discharge permit application for an oil service company. I also showed Norma on-line where to find the application and guidance to assist in the completion of the discharge permit application.

End: 9:47

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Wednesday, October 22, 2008 4:19 PM
To: Chavez, Carl J, EMNRD
Cc: Macquesten, Gail, EMNRD
Subject: RE: Majority Services (Hobbs) Update Note to File

Carl was the last correspondence by certified mail?

From: Chavez, Carl J, EMNRD
Sent: Wednesday, October 22, 2008 11:38 AM
To: Chavez, Carl J, EMNRD
Cc: Price, Wayne, EMNRD; Macquesten, Gail, EMNRD
Subject: RE: Majority Services (Hobbs) Update Note to File

Wayne and Gail:

Mr. Chacon did not respond by October 17, 2008. I recommend for starters delisting Majority from the OCD C-133 Transporter List, but perhaps we need a final letter with the OCD's disposition of the situation. Let me know. Gail, to look through the file to understand the nature of Majority and OCD efforts, please go to: <L:\HOBBS\Targa\Inspections\Majority\DP> , <L:\HOBBS\Targa\Inspections\NOV\C-E\Majority> , <L:\HOBBS\Targa\Inspections\Photos\Majority>, and <L:\HOBBS\Targa\Inspections\Analytical Data Results\Majority Trucking> This should bring you up to speed on OCD District and Santa Fe efforts in this possible case.

Please contact me if you have questions. Thanks.

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From: Chavez, Carl J, EMNRD
Sent: Thursday, October 02, 2008 9:12 AM
To: Chavez, Carl J, EMNRD
Cc: Price, Wayne, EMNRD; Macquesten, Gail, EMNRD; Johnson, Larry, EMNRD
Subject: Majority Services (Hobbs) Update Note to File

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He didn't feel he was doing oil field service work anymore; however, based on his description of work, the OCD requested the application again. He appeared to be considering the option to go back into the oil field business in the future and is aware that he may continue to use his C-133 listing if he decides to continue providing oil field services. In order to help him respond to the OCD letter, Mr. Chacon requested a fax of the previous OCD letter dated July 31, 2008 letter and prior e-mail dated July 16, 2008, sent to him (linochacon@valornet.com) by Carl Chavez with links to information on the discharge permit process, regulations, etc. requesting an application. Carl Chavez agreed to fax the information today.

10/31/2008

Mr. Chacon was given 2-weeks to respond to the OCD letter or by Friday, October 17, 2008. He verbally stated that he would respond on/or before this date. Ok.

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From: Macquesten, Gail, EMNRD
Sent: Thursday, October 02, 2008 9:44 AM
To: Chavez, Carl J, EMNRD
Subject: RE: Majority Services (Hobbs) Update Note to File

Thanks, Carl.

From: Chavez, Carl J, EMNRD
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Attachments: Rqst for DP 7-31-08.tif

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, October 02, 2008 7:52 AM
To: Price, Wayne, EMNRD
Subject: Majority Services Call Today

Wayne:

Lino Chacon's phone number is 575-390-8449. Can we call this a.m..?

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Chavez, Carl J, EMNRD

Subject: Majority Services
Location: Wayne's Office

Start: Wed 10/1/2008 12:00 AM
End: Thu 10/2/2008 12:00 AM
Show Time As: Free

Recurrence: (none)

Meeting Status: Meeting organizer

Required Attendees: Price, Wayne, EMNRD; Macquesten, Gail, EMNRD

Did Lino Chacon did not submit discharge permit application for oil service company. What do we want to do next?

Letter of Violation to further document non-compliance with OCD DP requirement and/or delist Majority from C-133 List?
Let me know. Thnx.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, September 16, 2008 8:09 AM
To: Macquesten, Gail, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Price, Wayne, EMNRD; VonGonten, Glenn, EMNRD
Subject: FW: Majority Services Discharge Plan Application Deadline Missed

Gail:

One recommendation that I have is to revoke Majority Service's OCD C-133 Authorization and send a letter informing Majority that it is not allowed to perform oil service work in New Mexico until they apply for an OCD Oil Service Company discharge permit.

Ancillary issues: Class V well on leased property; neighbor issues (could OCD request permission to access property to sample for chlorides to substantiate neighbor concerns?), etc. Thanks.

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Sent: Tuesday, September 02, 2008 4:30 PM
To: Price, Wayne, EMNRD
Cc: Macquesten, Gail, EMNRD
Subject: Majority Services Discharge Plan Application Deadline Missed

Wayne:

FYI, the Discharge Plan Application that was requested from Majority a month ago did not arrive. You may recall that we were working with Larry Johnson to resolve an NOV that he felt was a priority in District 1 about 1.5 years back.

Gail wants to meet to discuss possible future OCD actions based on the operator's inaction stemming from the OCD's inspection of June 17, 2008. Thanks.

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, August 19, 2008 10:13 AM
To: 'linochacon@valornet.com'
Subject: Majority Services Discharge Permit Application 9/2/2008

Lino:

Good morning. I hope you are working the discharge permit application that we have spoken about. Please submit your application by September 2, 2008 so we may issue a draft permit for the facility that will address recent complaints. Thanks.

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, August 19, 2008 9:50 AM
To: Johnson, Larry, EMNRD; Lowe, Leonard, EMNRD
Subject: RE: GW-372, Eunice facility

Larry:

I think you have the latest on the Arrowhead complaint. They will need to berm the west side of their property to prevent runoff. I was going to have Majority Service's sample for chlorides, but Wayne wanted to proceed in a fashion described previously. Sorry. Thanks.

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From: Johnson, Larry, EMNRD
Sent: Tuesday, August 19, 2008 8:19 AM
To: Lowe, Leonard, EMNRD
Cc: Chavez, Carl J, EMNRD
Subject: RE: GW-372, Eunice facility

Leonard/Carl,

Is there a permit for the Majority Trucking on Broadway Street in Hobbs? This is the place where the contamination ran off the truck yard onto the adjacent facility to the west. Rains over the last few days have repeated the same spill pattern. Arrowhead is up in arms. I have no info as it was all on the L drive that Proudly demanded we delete.

Larry

From: Lowe, Leonard, EMNRD
Sent: Monday, August 18, 2008 3:12 PM
To: Philley, Ted
Cc: Johnson, Larry, EMNRD
Subject: GW-372, Eunice facility

Mr. Ted Philley,

Here is the inspection letter for the Eunice facility.

I have received your previous e-mail on the sump dimensions.

Leonard,

The wash rack sumps at the Key Eunice truck yard are 240 gallons each.

- 1 2' x 4' x 4' = 32 cubic feet
- 1 32 cubic feet x 7.48051945 US gallons / cubic foot = 240 gallons

10/31/2008

These sumps are identified as "small" sumps and are covered by the permit conditions. Ensure that they are tested and inspected annually. See permit conditions.

The Eunice facility is in good standing.

llowe

Leonard Lowe

Environmental Engineer

Oil Conservation Division/EMNRD

1220 S. St. Francis Drive

Santa Fe, N.M. 87505

Office: 505-476-3492

Fax: 505-476-3462

E-mail: leonard.lowe@state.nm.us

Website: <http://www.emnrd.state.nm.us/ocd/>

Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Tuesday, August 19, 2008 9:24 AM
To: Macquesten, Gail, EMNRD; Chavez, Carl J, EMNRD
Cc: Sanchez, Daniel J., EMNRD
Subject: RE: Majority Trucking

Carl, Call Larry and let him know our intentions.

From: Macquesten, Gail, EMNRD
Sent: Monday, August 18, 2008 3:52 PM
To: Chavez, Carl J, EMNRD; Price, Wayne, EMNRD
Cc: Sanchez, Daniel J., EMNRD
Subject: Majority Trucking

Hi – Is the EB working on a case involving a release at the Majority Trucking yard? This matter originated as a possible NOV out of the Hobbs district back when Cheryl was working here. She drafted the NOV, but it doesn't appear that the Hobbs office ever sent it out. My notes say that the EB was going to look at the situation and maybe get a discharge plan in place, and deal with the release as part of that. Is that what is going on?

Larry Johnson called this morning and said that the situation down there is getting worse.

Let me know if EB isn't working on this, I can ask Hobbs to start the NOV process again.

Thanks- Gail

10/31/2008

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, August 19, 2008 9:00 AM
To: Johnson, Larry, EMNRD
Subject: RE: Majority Services & Discharge Permit

We're expecting a discharge permit by 9/2/2008. Thanks.

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From: Johnson, Larry, EMNRD
Sent: Tuesday, August 19, 2008 8:18 AM
To: Chavez, Carl J, EMNRD
Subject: RE: Majority Services & Discharge Permit

Carl,
Has this been completed yet? Please advise.
Larry

From: Chavez, Carl J, EMNRD
Sent: Wednesday, July 16, 2008 3:00 PM
To: linochacon@valornet.com
Subject: Majority Services & Discharge Permit

Mr. Chacon:

Good afternoon. I am writing to follow-up with you on the discharge permit for the above subject oil service company. As we had discussed on June 17, 2008 and on the telephone the other day when I told you that the OCD is requiring a discharge permit at your facility, there is educational material available to oil service companies and I want to utilize the Internet to provide you with some preliminary links to help you understand the regulations, forms, guidance, etc. that the New Mexico Oil Conservation Division (OCD) makes available to oil service companies. Please find some educational links below to begin understanding the process.

OCD Regulations (you may be interested in "pit closure" or "evaporation ponds" ... "transporters" ...):
http://www.emnrd.state.nm.us/ocd/documents/RULEBOOK2008-06-16_002.pdf (note: click on the binocular on the left to search for "Oil field Service" or other key words of interest to your operations)

OCD Forms
<http://www.emnrd.state.nm.us/ocd/Forms.htm>
(you would be interested in the unnumbered form, "Discharge Plan Application for Service Companies,.....")
Often times, an oil service company will hire a consultant to address the questions on the form.

Discharge Permit Guidance (Guidelines for the Preparation of Discharge Plans at Oil Service Facilities)
<http://www.emnrd.state.nm.us/ocd/documents/6Bofsguid.pdf>

10/31/2008

Guidelines for Remediation of Leaks, Spills and Releases
http://www.emnrd.state.nm.us/oed/documents/7C_spill1.pdf

Sample Discharge Permit w/ Public Notice Information

In addition, there may be certain information, i.e., depth to the water table that needs to be included in a public notice, signage, etc. I have attached a sample discharge permit and a couple of pdf files for a new application that you will want to read and become familiar with. From the time the OCD receives your permit application, we have 15 days to deem it administratively complete. This date marks the beginning of the public notice process for a new application. In the draft discharge permit attached to this e-mail, you will notice a section on OCD Inspections. You may recall some of the inspection items that I discussed with you on June 17, 2008. Inspection items that the OCD feels Majority needs to address will be placed in that section. You will be given the opportunity to review the specified inspection items in the OCD draft completed at the time of declaring your application "Administratively Complete" and may contact me to discuss or request any changes.

The fee required with a new application is a \$100 check made payable to the "Water Quality Management Fund" sent to me (see address below). At the completion of the 30-day public comment period, the OCD will finalize the discharge permit and send 2 signed copies and one of them will be signed by you and mailed back with the final fee of \$1700. The permit is good for 5 years and must be renewed thereafter. For information on fees, please go to <http://www.nmcpr.state.nm.us/nmac/parts/title20/20.006.0002.htm> (see section 20.6.2.3114 NMAC Table 1).

I hope you will take the time to visit the above Internet links to see if it makes sense to you. Please contact me if you have questions or I can assist you with any questions you may have on the discharge permit process and the above information. Remember, you don't have to wait for a letter from me to begin the completion of the discharge permit application with a submittal. Thank you for your cooperation.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oed/index.htm>
(Pollution Prevention Guidance is under "Publications")

10/31/2008

Chavez, Carl J, EMNRD

From: Macquesten, Gail, EMNRD
Sent: Tuesday, August 19, 2008 8:58 AM
To: Chavez, Carl J, EMNRD
Subject: RE: Majority Trucking

Thanks, Carl.

From: Chavez, Carl J, EMNRD
Sent: Tuesday, August 19, 2008 8:57 AM
To: Macquesten, Gail, EMNRD; Price, Wayne, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Johnson, Larry, EMNRD; Lowe, Leonard, EMNRD
Subject: RE: Majority Trucking

Gail:

Based on recent developments with Majority and Larry Johnson, Wayne decided to pursue a discharge permit for the Oil Service Facility. The OCD conducted an inspection of the facility on 6/17/2008 and is currently working with Mr. Lino Chacon of Majority Services in Hobbs to receive a discharge permit application. I am giving Majority until Sept. 2, 2008 to submit the application. If we do not receive an application, then I think we need to reassess the situation.

When developing the letter to Mr. Chacon, Wayne wanted to use the identification of a Class V Well (sump- see attached inspection items) as the primary basis for the discharge permit requirement. The OCD plans to receive the application and draft up a permit that requires additional action items to address the permit and the alleged chloride problem on the adjacent property to the west. Sampling was never conducted on Majority's property to verify that contaminated chloride migrated via overland flow onto the neighboring property. Therefore, it is still questionable whether the chloride contamination is coming from the Majority property at this time or whether it was already on the adjacent property, the origin of the complaint. Also, Majority is leasing the facility and is claiming based on its operations that it was not responsible for pre-existing contamination. However, Majority expressed during the inspection that it is willing to sample on its land east of the area of concern, take steps to prevent runoff onto the adjacent property, and corrective action if needed, including replacing of the dead trees.

Please contact me if you have questions. Thanks.

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From: Macquesten, Gail, EMNRD
Sent: Monday, August 18, 2008 3:52 PM
To: Chavez, Carl J, EMNRD; Price, Wayne, EMNRD
Cc: Sanchez, Daniel J., EMNRD
Subject: Majority Trucking

Hi – Is the EB working on a case involving a release at the Majority Trucking yard? This matter originated as a possible NOV out of the Hobbs district back when Cheryl was working here. She drafted the NOV, but it doesn't

10/31/2008

appear that the Hobbs office ever sent it out. My notes say that the EB was going to look at the situation and maybe get a discharge plan in place, and deal with the release as part of that. Is that what is going on?

Larry Johnson called this morning and said that the situation down there is getting worse.

Let me know if EB isn't working on this, I can ask Hobbs to start the NOV process again.

Thanks- Gail

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Thanks- Gail

10/31/2008

Chavez, Carl J, EMNRD

From: Johnson, Larry, EMNRD
Sent: Thursday, July 31, 2008 2:51 PM
To: Chavez, Carl J, EMNRD
Subject: RE: Majority Services

Following is C-141 for spill in Targa SE plant (where the water runs).

From: Chavez, Carl J, EMNRD
Sent: Thursday, July 31, 2008 1:56 PM
To: Johnson, Larry, EMNRD
Subject: Majority Services

Larry:

FYI, here's the letter from NMOCD requesting a DP application in 30 days. Files are located at <L:\HOBBS\Targa\Inspections\Majority>

Please contact me if you have questions. Thanks.

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10/31/2008

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To: Macquesten, Gail, EMNRD; Price, Wayne, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Johnson, Larry, EMNRD; Lowe, Leonard, EMNRD
Subject: RE: Majority Trucking
Attachments: Majority Services Inspection 6-17-08.doc

Gail:

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Let me know if EB isn't working on this, I can ask Hobbs to start the NOV process again.

Thanks- Gail

10/31/2008

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, July 14, 2008 5:00 PM
To: Johnson, Larry, EMNRD
Subject: FW: Majority Trucking & Path Forward

FYI. I think McCasland is next. I'll keep you in the loop. Just contacted Majority. Will send application and information w/ date for sending application for oil service company and results of inspection w/ followup. Will probably include inspection items in letter or e-mail. Mr. Chacon told me that his neighbor is threatening legal action. OCD is going to bring Majority into compliance through the permit process. Some action items include: berming the west side of the property to prevent runoff onto neighbors property, sampling for chlorides on Majority property east of tree kill, and sump in mechanic shop. Stay tuned...

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From: Price, Wayne, EMNRD
Sent: Monday, July 14, 2008 2:34 PM
To: Chavez, Carl J, EMNRD
Subject: RE: Majority Trucking & Path Forward

Require a DP per our conversation with Larry.

From: Chavez, Carl J, EMNRD
Sent: Friday, June 27, 2008 8:59 AM
To: Price, Wayne, EMNRD
Cc: Johnson, Larry, EMNRD
Subject: Majority Trucking & Path Forward

Wayne:

Per your request, I visited the Majority Trucking Facility in Hobbs, NM on Tuesday, June 17, 2008 from 14:15 to

10/31/2008

15:30. I spoke to Mr. Lino Chacon (President) of Majority Trucking. I discussed the alleged salt water migration off property problem, illegal disposal problem, the OCD discharge permit process with sample discharge permit for an oil service company, and OCD form or application to submit with fees, etc. However, based on my site visit and inspection of the Majority Facility, there is a question of whether the facility needs to submit an application for a discharge permit or whether they may perform certain corrective actions to address the neighbor's complaint about salt migration? Mr. Chacon was very cooperative throughout the meeting and indicated that "Freedom" is the name of his business that works on diesel engines on the property and several saddle tanks and drums are stored without secondary containment at the facility for truck fill-ups. They have a closed cement vault sump at the back of the property where trucks fill-up and they evacuate fluids as needed with their vacuum truck and deliver it to an approved OCD Facility for disposal.

Regarding the salt migration off-property and neighbor complaint to the west, Mr. Chacon indicated that Majority has leased the property for about the last 5 years. Majority performs minimal oil service work as most of its oil related work involves tank restorations for reuse with welding services and uses fresh water to hydro test tanks. There are a couple of low spots along the adjacent neighboring fence line between the complainant and Majority property where the alleged tree kill and puddles of runoff from Majority occurred. Although Mr. Chacon observed the OCD sampling on the complainants property (puddles and soil near tree kill) west of Majority, he said he was never confronted about the problem. He was sent a letter from the District Office related to the illegal dumping problem. He is amenable to berming the western fence line to prevent runoff onto the complainants property and replacing the dead trees, but is not sure whether the contamination is residual contamination on the complainants property itself or from the previous leasee of the Majority Facility, since he claims all his trucks are washed off-site and they hydro test and perform minor welding on tanks that are sand blasted and recoated at another location, before fresh water is used for hydro testing on Majority property? He would have liked to be given the opportunity to split samples with the OCD on his property and across the property on the complainants property, since the complainant uses chemicals (observed across fence line) in the sanitary effluent business.

Regarding the alleged illegal disposal, Mr. Chacon was shown the sworn statement by an Arena employee witnessing the disposal of produced water into Arena Pits (7 pits in the closure process) and he explained that Majority was hired by Arena to decommission the pits and as part of their agreed process, they were to remove produced water from the pit to be closed and move it back into another pit(s). He indicated that there was an inappropriate suggestion by the Arena employee and when Majority refused, the Arena employee turned them in. Mr. Chacon indicated that the Arena employee responsible for the statement was later fired over the inappropriate incident. Since then, Majority has scaled back its oil field trucking business to one vacuum truck to pull produced water. They have one pump truck, back hoe, and seven belly dump trucks for construction work. Most of its work is construction related (belly dump trucks) delivering caliche and fill to construction sites.

Field Inspection Items:

- * Several saddle tanks and barrels without secondary containment, which contain diesel are stored at the facility and used to fill-up truck tanks.
- * The fence line on the west side of the Majority property could be bermed to prevent drainage onto the complainants property.
- * There is a floor pump connected to a leach field on the side of Freedom mechanic work shop where oil spills drain and mechanics wash their hands over. The Ogallala drinking water supply is within 50 feet of surface. Mr. Chacon agreed to immediately block it off from the potential for oil spill drainage in the interim of getting back to him after the inspection.
- * Sump area where trucks fill up on top of is a concrete closed sump between 2 saddle tanks without secondary containment on the sides. Majority evacuates fluids w/ vac truck as needed and properly disposes of fluids.
- * Several drums (empty and full) were observed stored on the ground. One appeared to be leaking and Majority was requested to address the problem and reinforced the DP requirement for storage in appropriate areas..
- * There was significant junk (i.e., tires, empty drums, etc.) throughout the back of the facility property. Mr. Chacon indicated that he sells tire and junk to scrap metal yards.

As you requested, we need to discuss the path forward with Larry Johnson. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.

10/31/2008

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, July 14, 2008 3:52 PM
To: Chavez, Carl J, EMNRD
Subject: Majority Services Reminder on DP Application Submittal

Majority Services
Lino Chacon
1416 W. Broadway
Hobbs, NM 88240

Send letter w/ inspection items and recommend chloride sample east of fenceline where tree died. Send application, information on the permit process with date for receipt.

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, July 14, 2008 4:56 PM
To: Macquesten, Gail, EMNRD
Subject: FW: Majority Trucking & Path Forward

FYI. I will stop copying you now, but see me if you have ?s about this facility in the future. Thx.

Carl J. Chavez, CHMM
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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, July 14, 2008 2:38 PM
To: Price, Wayne, EMNRD
Cc: Johnson, Larry, EMNRD; Williams, Chris, EMNRD
Subject: RE: Majority Trucking & Path Forward

Ok. I'll get with Mr. Chacon to verbally discuss our plans and followup w/ an e-mail or letter confirming inspection items that he needs to be addressing with the oil service company form or application that he needs to send in. Thx.

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Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, July 01, 2008 5:06 PM
To: Macquesten, Gail, EMNRD
Subject: FW: Majority Trucking & Path Forward

FYI.

Carl J. Chavez, CHMM
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From: Chavez, Carl J, EMNRD
Sent: Friday, June 27, 2008 9:59 AM
To: Williams, Chris, EMNRD
Subject: FW: Majority Trucking & Path Forward

Chris:

Could you please share this w/ Larry Johnson? His inbox is full. Thanks.

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Cc: Johnson, Larry, EMNRD
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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, June 19, 2008 2:05 PM
To: Price, Wayne, EMNRD
Subject: Majority Trucking Inspection 6-17-08 & Path Forward

Wayne:

Please find the link to photos associated with my recent visit to the Majority Trucking Facility in Hobbs. Let me know when you have time to discuss a path forward.

Photos:

<L:\Hobbs\Targa\Inspections\NOV\C-E\Majority\Majority Inspection 6-17-08>

Thanks.

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Chavez, Carl J, EMNRD

From: Price, Wayne, EMNRD
Sent: Thursday, June 19, 2008 2:26 PM
To: Chavez, Carl J, EMNRD
Subject: RE: Majority Trucking Inspection 6-17-08 & Path Forward

What type or class of oilfield facility id this?

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<L:\Hobbs\Targa\Inspections\NOV\C-E\Majority\Majority Inspection 6-17-08>

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, June 16, 2008 10:14 AM
To: Johnson, Larry, EMNRD
Cc: Williams, Chris, EMNRD; Price, Wayne, EMNRD
Subject: FW: 6/18/08 Majority Trucking Site Visit (1416 W. Broadway, Hobbs 88240)

Inspection has been changed from 2 – 3 p.m. tomorrow 6/17/08. An MIT was just confirmed for BW-2 Basic Energy in Eunice for 1 p.m. Hope to see you there. If not, please coordinate with me on any past spill location areas on or near the Arrowhead Property and I will write them into the permit. Thnx.

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From: Chavez, Carl J, EMNRD
Sent: Monday, June 16, 2008 9:46 AM
To: Johnson, Larry, EMNRD
Cc: Price, Wayne, EMNRD; Macquesten, Gail, EMNRD; Williams, Chris, EMNRD; Sanchez, Daniel J., EMNRD
Subject: 6/18/08 Majority Trucking Site Visit (1416 W. Broadway, Hobbs 88240)

Larry:

I'll be out in your area on 6/18. In the afternoon, I was planning to conduct a facility inspection of Majority Trucking. Wayne does not wish to pursue an NOV at this facility at this time, but does want to require the facility to submit an application for a discharge permit and work to address the Hobbs District Office's concerns with releases at the facility. Would you like to conduct a joint afternoon inspection at about 3 p.m.? Your presence would be beneficial in outlining the spill locations so I can write them into the permit under "Additional Requirements." Thnx.

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Chavez, Carl J, EMNRD

From: Macquesten, Gail, EMNRD
Sent: Friday, June 13, 2008 10:22 AM
To: Chavez, Carl J, EMNRD
Subject: RE: Majority Trucking Yard

Thanks, Carl. Gail

From: Chavez, Carl J, EMNRD
Sent: Friday, June 13, 2008 10:21 AM
To: Macquesten, Gail, EMNRD; Johnson, Larry, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Price, Wayne, EMNRD; Altomare, Mikal, EMNRD
Subject: RE: Majority Trucking Yard

Gail:

Status is as follows:

The NOV was never issued due to Cheryl's priority and time constraints. Yes, a discharge permit needs to be developed for the site and I can work on that if Wayne decides we need to do it. More recently, we have been discussing the site with Mikal and Daniel. Mikal's concern(s) is that we may not have enough documentation of non-compliance to pursue an NOV and we are in the process of checking with Larry who would like to see enforcement action brought against Majority.

Larry, I sent you an e-mail with Mikal's question of whether there is enough documentation of non-compliance at the facility, but we have not received a reply to the msg. Please respond now if you wish to present a case for OCD Attorney's to prioritize. I have no records other than the draft NOV, analytical data and notes that we worked on with Cheryl and folders created for Majority Trucking at L:\Hobbs\Targa\Inspections (see "Majority"). Thanks.

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From: Macquesten, Gail, EMNRD
Sent: Friday, June 13, 2008 9:47 AM
To: Chavez, Carl J, EMNRD; Johnson, Larry, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Price, Wayne, EMNRD
Subject: Majority Trucking Yard

Hi Carl and Larry – I'm trying to close out old cases, and I'm hoping you can help me on this one.

Cheryl O'Connor was working with Larry on a case involving a release at the Majority Trucking Yard. From the file it looks like she drafted an NOV back in 2006. It circulated to the Environmental Bureau for comment, and in the meantime, a new release occurred.

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It's not clear whether an NOV was ever sent to the company. Looks like Cheryl asked the district to send out the NOV in Jan of 2007, but I don't know if it ever went out.

I think we talked about this at one of our visits to Hobbs, and Chris said he believed the release issue was resolved, and that the company may be out of business.

I have some notes in my file saying that the Environmental Bureau thought that Majority should have a discharge plan.

Does anyone know what the situation is? Are we still working with them on anything, or may I close the file.

If I don't hear anything by June 20, I will close the legal file.

Thanks- Gail

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It's not clear whether an NOV was ever sent to the company. Looks like Cheryl asked the district to send out the NOV in Jan of 2007, but I don't know if it ever went out.

I think we talked about this at one of our visits to Hobbs, and Chris said he believed the release issue was resolved, and that the company may be out of business.

I have some notes in my file saying that the Environmental Bureau thought that Majority should have a discharge plan.

Does anyone know what the situation is? Are we still working with them on anything, or may I close the file.

If I don't hear anything by June 20, I will close the legal file.

Thanks- Gail

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, June 13, 2008 10:21 AM
To: Macquesten, Gail, EMNRD; Johnson, Larry, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Price, Wayne, EMNRD; Altomare, Mikal, EMNRD
Subject: RE: Majority Trucking Yard

Gail:

Status is as follows:

The NOV was never issued due to Cheryl's priority and time constraints. Yes, a discharge permit needs to be developed for the site and I can work on that if Wayne decides we need to do it. More recently, we have been discussing the site with Mikal and Daniel. Mikal's concern(s) is that we may not have enough documentation of non-compliance to pursue an NOV and we are in the process of checking with Larry who would like to see enforcement action brought against Majority.

Larry, I sent you an e-mail with Mikal's question of whether there is enough documentation of non-compliance at the facility, but we have not received a reply to the msg. Please respond now if you wish to present a case for OCD Attorney's to prioritize. I have no records other than the draft NOV, analytical data and notes that we worked on with Cheryl and folders created for Majority Trucking at L:\Hobbs\Targa\Inspections (see "Majority"). Thanks.

Carl J. Chavez, CHMM
 New Mexico Energy, Minerals & Natural Resources Dept.
 Oil Conservation Division, Environmental Bureau
 1220 South St. Francis Dr., Santa Fe, New Mexico 87505
 Office: (505) 476-3491
 Fax: (505) 476-3462
 E-mail: CarlJ.Chavez@state.nm.us
 Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
 (Pollution Prevention Guidance is under "Publications")

From: Macquesten, Gail, EMNRD
Sent: Friday, June 13, 2008 9:47 AM
To: Chavez, Carl J, EMNRD; Johnson, Larry, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Price, Wayne, EMNRD
Subject: Majority Trucking Yard

Hi Carl and Larry – I'm trying to close out old cases, and I'm hoping you can help me on this one.

Cheryl O'Connor was working with Larry on a case involving a release at the Majority Trucking Yard. From the file it looks like she drafted an NOV back in 2006. It circulated to the Environmental Bureau for comment, and in the meantime, a new release occurred.

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Thanks- Gail

10/31/2008



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 31, 2008

Mr. Lino Chacon
Majority Services
1416 W. Broadway
Hobbs, New Mexico 88240

Re: Discharge Plan Permit Application
Majority Services- Oil Service Company
N 32.69786 W 103.15353
Lea County, New Mexico

Dear Mr. Chacon:

The New Mexico Oil Conservation Division (NMOCD) completed an inspection of the Majority Services Facility (oil service company) located in Hobbs, New Mexico on June 17, 2008. The NMOCD identified some corrective action items that were discussed with you that day (see attachment). Most significant, an Underground Injection Control (UIC) Class V Injection Well (well) was identified in your mechanic shop. The NMOCD is tasked with closing Class V wells that discharge or have the potential to discharge chemicals into a drinking water aquifer and/or pose a public health threat. The NMOCD hereby requires the well to be properly plugged and abandoned within 30 days of receipt of this letter. The NMOCD was delegated authority over its UIC Program for Class I, III, IV and V UIC Wells on July 11, 1983 under §1422 48FR31640. The NMOCD was delegated authority by the Water Quality Control Commission (WQCC) over its State UIC Program (20.6.2.5000-5299 NMAC) on July 21, 1989.

On July 16, 2008, the NMOCD sent you an e-mail with Internet links to more information related to the inspection with a draft discharge permit (see attachment) and discharge permit information to allow you to preview the type of inspection items that are included in a NMOCD discharge permit. In the e-mail, the NMOCD determined that your facility requires a discharge permit under the Water Quality Control Commission (WQCC) 20.6.2 NMAC.

The NMOCD hereby requires Majority Services to conduct corrective actions identified from the inspection of your facility within 90 days (exception the Class V Well discussed above) and to submit a discharge permit application with \$100 filing fee made out to the "Water Quality Management Fund" within 30 days of receipt of this letter. The NMOCD recommends that you contact an environmental consultant familiar with the NMOCD discharge permit process to assist you with the discharge permit application. Please submit documentation of compliance with the above within the specified timeframes.



Mr. Lino Chacon
Majority Services
October 31, 2008
Page 2

If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3491 or carlj.chavez@state.nm.us. On behalf of the staff of the NMOCD, I wish to thank you and your staff for your cooperation during the inspection.

Sincerely,

Wayne Price
Environmental Bureau Chief

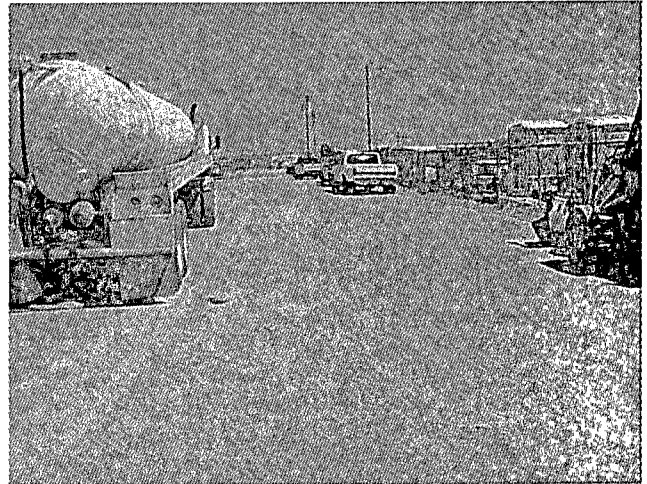
WP/cjc

xc: OCD District Office

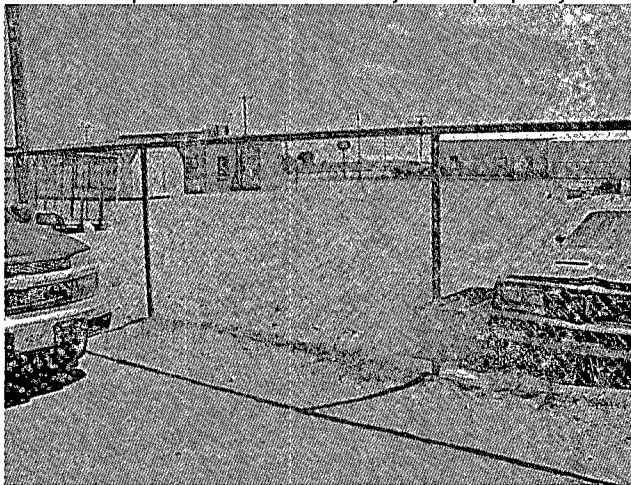
Majority Services OCD Inspection
June 17, 2008



Looking SW along W. fence line. Needs to be bermed to prevent runoff onto adjacent property.



Looking S-SW along western fence line.



Looking SW Low spot along west fence line.

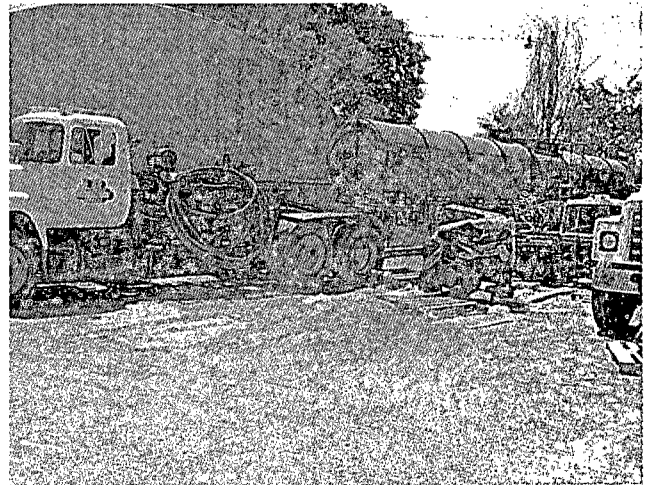
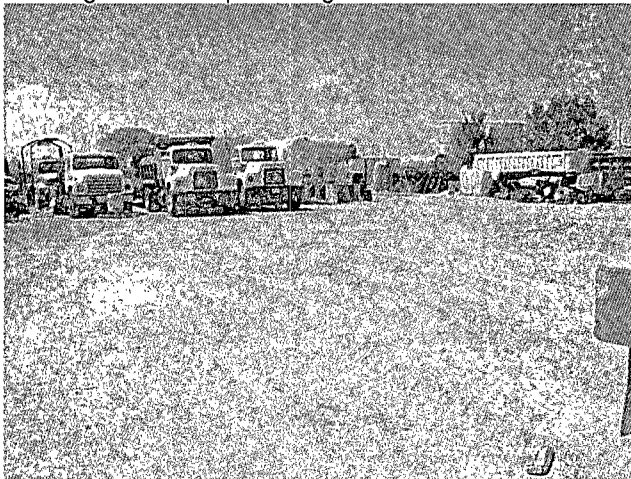
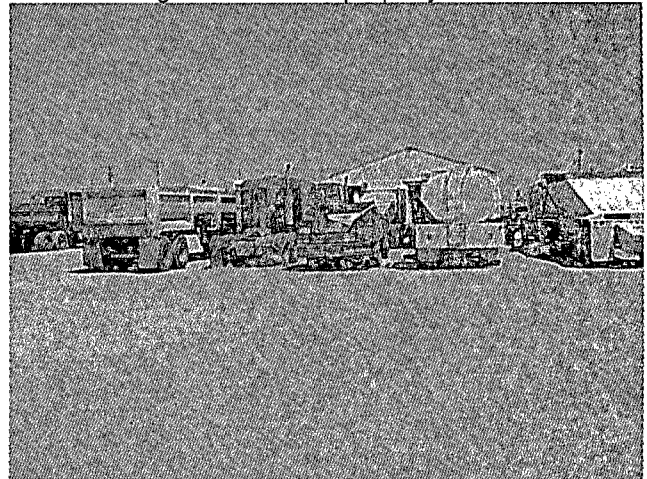


Photo looking NW corner of property. Ok.



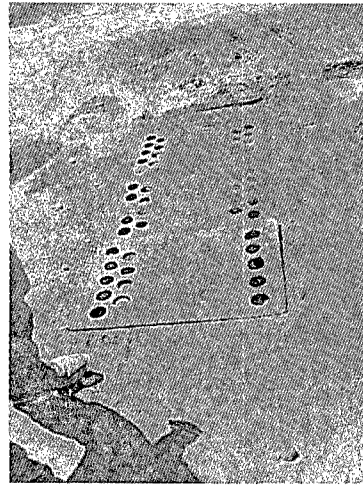
Looking N at trucks in yard. Ok.



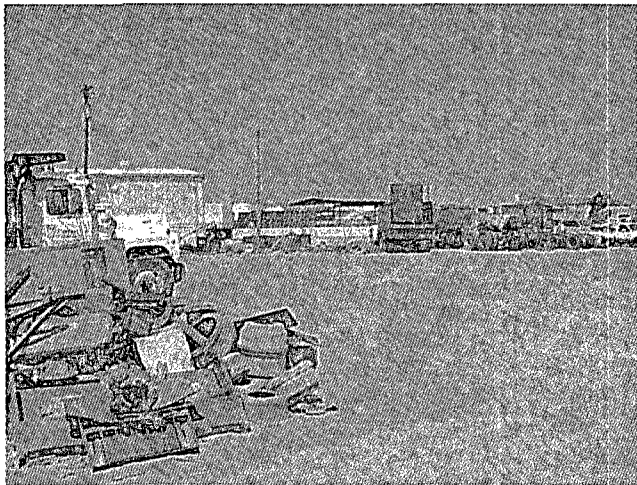
Looking N at mechanic shop from S end of truck yard.



Centralized drum storage area w/ sump or secondary containment required to store empty and full drum w/ chemicals.



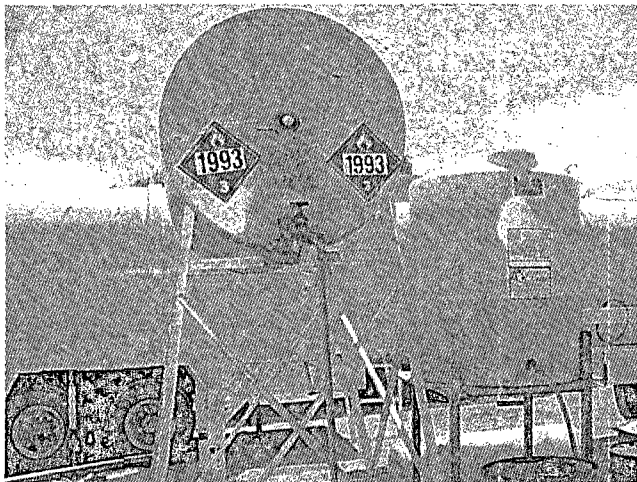
Closed cement sump system at diesel refueling area. Evacuate to prevent overflow & release.



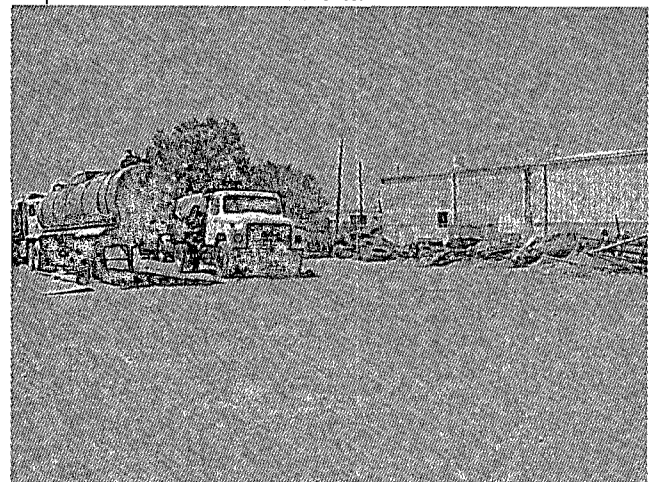
Looking NW across truck yard. Debris (junk, tires, etc.) removal needed- housekeeping.



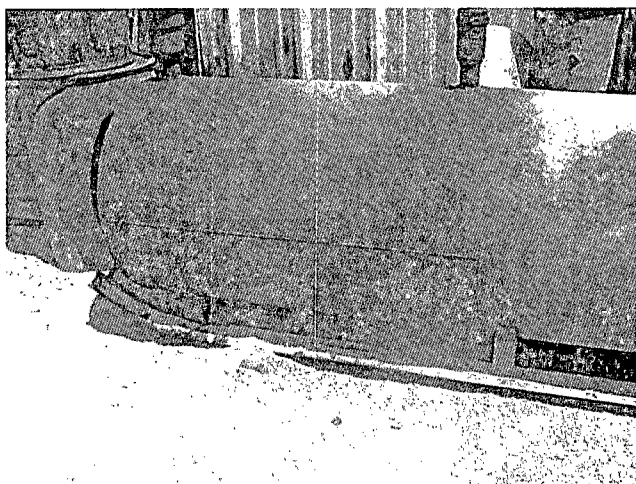
Looking E from N end of property. Water puddle in background. Identify & remove stained soils in yard- housekeeping. Secondary containment required beneath all saddle tanks.



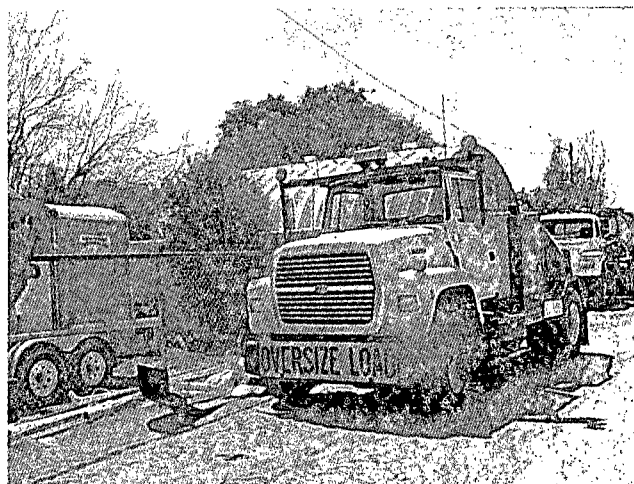
Secondary containment required beneath all saddle tanks containing chemicals.



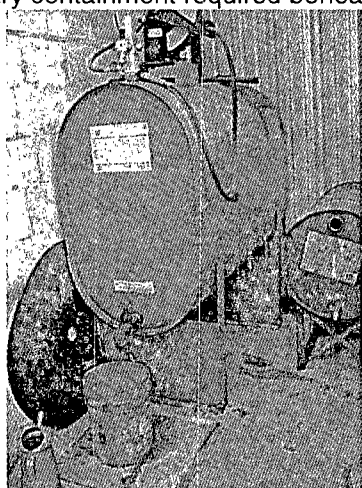
Looking N-NE across truck yard. Ok.



Secondary containment required beneath tank.



Looking NW at tree kill area from distance.



Secondary containment required beneath all tanks containing chemicals.



Looking SW into adjacent property owner's yard.



Underground Injection Control (UIC) EPA Class V Well where chemicals may leach into the Ogallala drinking water aquifer beneath the facility.



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



October 23, 2008

**Re: Discharge Plan Permit Application
Majority Services- Oil Service Company
N 32.69786 W 103.15353
Lea County, New Mexico**

Registered Mail: 7001 1940 0004 7923 1039

Dear Mr. Chacon:

The New Mexico Oil Conservation Division (NMOCD) completed an inspection of the Majority Services Facility (oil service company) located in Hobbs, New Mexico on June 17, 2008. During the inspection, the NMOCD identified an Underground Injection Control (UIC) Class V Well in your mechanic shop.

Based on the above, the NMOCD has determined that your facility requires a discharge permit under the Water Quality Control Commission (WQCC) 20.6.2 NMAC. The NMOCD hereby requires Majority Services to submit a discharge permit application with \$100 filing fee (check made out to the "Water Quality Management Fund") within 30 days of receipt of this letter. The NMOCD recommends that you contact an environmental consultant familiar with the NMOCD discharge permit process to assist you with the discharge permit application.

If there are any questions regarding this matter, please do not hesitate to contact Carl J. Chavez at (505) 476-3491 or carlj.chavez@state.nm.us. The deadline for submittal is November 24, 2008.

Sincerely,

Wayne Price
Environmental Bureau Chief

WP/cjc

xc: OCD District Office





New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



July 31, 2008

Mr. Lino Chacon
Majority Services
1416 W. Broadway
Hobbs, New Mexico 88240

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If there are any questions regarding this matter, please do not hesitate to contact Carl J. Chavez at (505) 476-3491 or carlj.chavez@state.nm.us. On behalf of the staff of the NMOCD, I wish to thank you and your staff for your cooperation.

Sincerely,

Wayne Price
Environmental Bureau Chief

WP/cjc

xc: OCD District Office



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July 31, 2008

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Sincerely,

Wayne Price
Environmental Bureau Chief

WP/cjc

xc: OCD District Office

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

* Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>



Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, October 22, 2008 4:52 PM
To: Price, Wayne, EMNRD
Cc: Macquesten, Gail, EMNRD
Subject: RE: Majority Services (Hobbs) Update Note to File
Attachments: Applic Letter 10-23-2008.tif

Wayne:

Please find registered letter to be mailed out tomorrow morning. A signature is required. New deadline November 24, 2008.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/oed/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Price, Wayne, EMNRD
Sent: Wednesday, October 22, 2008 4:19 PM
To: Chavez, Carl J, EMNRD
Cc: Macquesten, Gail, EMNRD
Subject: RE: Majority Services (Hobbs) Update Note to File

Carl was the last correspondence by certified mail?

From: Chavez, Carl J, EMNRD
Sent: Wednesday, October 22, 2008 11:38 AM
To: Chavez, Carl J, EMNRD
Cc: Price, Wayne, EMNRD; Macquesten, Gail, EMNRD
Subject: RE: Majority Services (Hobbs) Update Note to File

Wayne and Gail:

Mr. Chacon did not respond by October 17, 2008. I recommend for starters delisting Majority from the OCD C-133 Transporter List, but perhaps we need a final letter with the OCD's disposition of the situation. Let me know. Gail, to look through the file to understand the nature of Majority and OCD efforts, please go to: <L:\HOBBS\Targa\Inspections\Majority\DP>, <L:\HOBBS\Targa\Inspections\NOV\C-E\Majority>, <L:\HOBBS\Targa\Inspections\Photos\Majority>, and <L:\HOBBS\Targa\Inspections\Analytical Data Results\Majority Trucking>. This should bring you up to speed on OCD District and Santa Fe efforts in this possible case.

Please contact me if you have questions. Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.

10/31/2008

Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Thursday, October 02, 2008 9:12 AM
To: Chavez, Carl J, EMNRD
Cc: Price, Wayne, EMNRD; Macquesten, Gail, EMNRD; Johnson, Larry, EMNRD
Subject: Majority Services (Hobbs) Update Note to File

Mr. Lino Chacon was contacted by Wayne Price and Carl Chavez this morning at around 8:35 a.m. to inquire about the status of his oil service discharge permit application (application) based on the recent OCD letter dated July 31, 2008 (letter).

He didn't feel he was doing oil field service work anymore; however, based on his description of work, the OCD requested the application again. He appeared to be considering the option to go back into the oil field business in the future and is aware that he may continue to use his C-133 listing if he decides to continue providing oil field services. In order to help him respond to the OCD letter, Mr. Chacon requested a fax of the previous OCD letter dated July 31, 2008 letter and prior e-mail dated July 16, 2008, sent to him (linochacon@valornet.com) by Carl Chavez with links to information on the discharge permit process, regulations, etc. requesting an application. Carl Chavez agreed to fax the information today.

Mr. Chacon was given 2-weeks to respond to the OCD letter or by Friday, October 17, 2008. He verbally stated that he would respond on/or before this date. Ok.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

COVER LETTER

Wednesday, September 20, 200

Carl Chavez
New Mexico Oil Conservation Division
1625 N. French Dr
Hobbs, NM 88240

TEL: (505) 393-6161

FAX (505) 393-0720

RE: Majority Trucking

Order No.: 0609075

Dear Carl Chavez:

Hall Environmental Analysis Laboratory, Inc. received 2 sample(s) on 9/8/2006 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent.

Reporting limits are determined by EPA methodology. No determination of compounds below these (denoted by the ND or < sign) has been made.

Please don't hesitate to contact HEAL for any additional information or clarifications.

Sincerely,



Andy Freeman, Business Manager
Nancy McDuffie, Laboratory Manager

AZ license # AZ0682
ORELAP Lab # NM100001



Hall Environmental Analysis Laboratory, Inc.

Date: 20-Sep-06

CLIENT: New Mexico Oil Conservation Division
Lab Order: 0609075
Project: Majority Trucking
Lab ID: 0609075-01

Client Sample ID: MT 06-08-29-001
Collection Date: 8/29/2006 9:34:00 AM
Date Received: 9/8/2006
Matrix: SOIL

| Analyses | Result | PQL | Qual | Units | DF | Date Analyzed |
|--------------------------------------|--------|-------|------|-------|-----|-----------------------|
| EPA METHOD 9056A: ANIONS | | | | | | Analyst: TES |
| Chloride | 22000 | 60 | | mg/Kg | 200 | 9/14/2006 8:04:56 PM |
| EPA METHOD 7471: MERCURY | | | | | | Analyst: MAP |
| Mercury | ND | 0.033 | | mg/Kg | 1 | 9/12/2006 |
| EPA METHOD 6010B: SOIL METALS | | | | | | Analyst: NMO |
| Arsenic | 11 | 2.5 | | mg/Kg | 1 | 9/14/2006 10:06:32 AM |
| Barium | 720 | 10 | | mg/Kg | 100 | 9/14/2006 9:59:21 AM |
| Cadmium | 1.1 | 0.10 | | mg/Kg | 1 | 9/14/2006 10:06:32 AM |
| Chromium | 16 | 0.30 | | mg/Kg | 1 | 9/14/2006 10:06:32 AM |
| Lead | 99 | 2.5 | | mg/Kg | 10 | 9/14/2006 10:01:21 AM |
| Selenium | ND | 25 | | mg/Kg | 10 | 9/14/2006 10:01:21 AM |
| Silver | ND | 0.25 | | mg/Kg | 1 | 9/19/2006 9:54:36 AM |

Qualifiers:

- * Value exceeds Maximum Contaminant Level
- E Value above quantitation range
- J Analyte detected below quantitation limits
- S Spike Recovery outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit

Hall Environmental Analysis Laboratory, Inc.

Date: 20-Sep-06

CLIENT: New Mexico Oil Conservation Division
Lab Order: 0609075
Project: Majority Trucking
Lab ID: 0609075-02

Client Sample ID: MT 06-08-29-002
Collection Date: 8/29/2006 9:35:00 AM
Date Received: 9/8/2006
Matrix: SOIL

| Analyses | Result | PQL | Qual | Units | DF | Date Analyzed |
|--------------------------------------|--------|-------|------|-------|-----|---------------------------------------|
| EPA METHOD 9056A: ANIONS | | | | | | |
| Chloride | 7600 | 60 | | mg/Kg | 200 | Analyst: TES 9/14/2006 8:39:45 PM |
| EPA METHOD 7471: MERCURY | | | | | | |
| Mercury | 0.071 | 0.033 | | mg/Kg | 1 | Analyst: MAP 9/12/2006 |
| EPA METHOD 6010B: SOIL METALS | | | | | | |
| Arsenic | 15 | 2.5 | | mg/Kg | 1 | Analyst: NMO 9/14/2006 10:08:08 AM |
| Barium | 700 | 10 | | mg/Kg | 100 | 9/14/2006 10:03:12 AM |
| Cadmium | 0.51 | 0.10 | | mg/Kg | 1 | 9/14/2006 10:08:08 AM |
| Chromium | 14 | 0.30 | | mg/Kg | 1 | 9/14/2006 10:08:08 AM |
| Lead | 130 | 2.5 | | mg/Kg | 10 | 9/14/2006 10:04:49 AM |
| Selenium | ND | 25 | | mg/Kg | 10 | 9/14/2006 10:04:49 AM |
| Silver | ND | 0.25 | | mg/Kg | 1 | 9/19/2006 9:57:03 AM |

Qualifiers:

- * Value exceeds Maximum Contaminant Level
- E Value above quantitation range
- J Analyte detected below quantitation limits
- S Spike Recovery outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit

QA/QC SUMMARY REPORT

Client: New Mexico Oil Conservation Division
 Project: Majority Trucking

Work Order: 0609075

| Analyte | Result | Units | PQL | %Rec | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
|----------------------------|--------|-------|-------|------|-----------------|-----------|--------------------------------------|----------|------|
| Method: SW9056A | | | | | | | | | |
| Sample ID: MB-11264 | | MBLK | | | Batch ID: 11264 | | Analysis Date: 9/14/2006 8:00:51 AM | | |
| Chloride | ND | mg/Kg | 0.30 | | | | | | |
| Sample ID: LCS-11264 | | LCS | | | Batch ID: 11264 | | Analysis Date: 9/14/2006 8:18:15 AM | | |
| Chloride | 14.67 | mg/Kg | 0.30 | 97.8 | 90 | 110 | | | |
| Method: SW7471 | | | | | | | | | |
| Sample ID: MB-11248 | | MBLK | | | Batch ID: 11248 | | Analysis Date: 9/12/2006 | | |
| Mercury | ND | mg/Kg | 0.033 | | | | | | |
| Sample ID: LCS-11248 | | LCS | | | Batch ID: 11248 | | Analysis Date: 9/12/2006 | | |
| Mercury | 0.1573 | mg/Kg | 0.033 | 94.4 | 80 | 120 | | | |
| Method: SW6010A | | | | | | | | | |
| Sample ID: 0609075-02A MSD | | MSD | | | Batch ID: 11236 | | Analysis Date: 9/14/2006 9:44:01 AM | | |
| Arsenic | 40.43 | mg/Kg | 2.5 | 103 | 75 | 125 | 1.85 | 30 | |
| Cadmium | 26.03 | mg/Kg | 0.10 | 103 | 75 | 125 | 0.501 | 30 | |
| Chromium | 33.22 | mg/Kg | 0.30 | 76.2 | 75 | 125 | 6.86 | 30 | |
| Sample ID: 0609075-02A MSD | | MSD | | | Batch ID: 11236 | | Analysis Date: 9/19/2006 10:02:02 AM | | |
| Silver | 27.11 | mg/Kg | 0.25 | 109 | 75 | 125 | 1.86 | 30 | |
| Sample ID: MB-11236 | | MBLK | | | Batch ID: 11236 | | Analysis Date: 9/14/2006 9:06:12 AM | | |
| Arsenic | ND | mg/Kg | 2.5 | | | | | | |
| Barium | ND | mg/Kg | 0.10 | | | | | | |
| Cadmium | ND | mg/Kg | 0.10 | | | | | | |
| Chromium | ND | mg/Kg | 0.30 | | | | | | |
| Lead | ND | mg/Kg | 0.25 | | | | | | |
| Selenium | ND | mg/Kg | 2.5 | | | | | | |
| Sample ID: MB-11236 | | MBLK | | | Batch ID: 11236 | | Analysis Date: 9/19/2006 9:27:30 AM | | |
| Silver | ND | mg/Kg | 0.25 | | | | | | |
| Sample ID: LCS-11236 | | LCS | | | Batch ID: 11236 | | Analysis Date: 9/14/2006 9:08:42 AM | | |
| Arsenic | 25.90 | mg/Kg | 2.5 | 104 | 80 | 120 | | | |
| Barium | 24.49 | mg/Kg | 0.10 | 98.0 | 80 | 120 | | | |
| Cadmium | 25.23 | mg/Kg | 0.10 | 101 | 80 | 120 | | | |
| Chromium | 25.46 | mg/Kg | 0.30 | 102 | 80 | 120 | | | |
| Lead | 24.90 | mg/Kg | 0.25 | 99.6 | 80 | 120 | | | |
| Selenium | 22.55 | mg/Kg | 2.5 | 90.2 | 80 | 120 | | | |
| Sample ID: LCS-11236 | | LCS | | | Batch ID: 11236 | | Analysis Date: 9/19/2006 9:29:16 AM | | |
| Silver | 26.34 | mg/Kg | 0.25 | 105 | 80 | 120 | | | |
| Sample ID: 0609075-02A MS | | MS | | | Batch ID: 11236 | | Analysis Date: 9/14/2006 9:31:41 AM | | |
| Arsenic | 41.19 | mg/Kg | 2.5 | 106 | 75 | 125 | | | |
| Cadmium | 25.90 | mg/Kg | 0.10 | 102 | 75 | 125 | | | |
| Chromium | 35.58 | mg/Kg | 0.30 | 85.7 | 75 | 125 | | | |
| Sample ID: 0609075-02A MS | | MS | | | Batch ID: 11236 | | Analysis Date: 9/19/2006 9:59:32 AM | | |
| Silver | 26.61 | mg/Kg | 0.25 | 107 | 75 | 125 | | | |

Qualifiers:

E Value above quantitation range
 J Analyte detected below quantitation limits
 R RPD outside accepted recovery limits
 H Holding times for preparation or analysis exceeded
 ND Not Detected at the Reporting Limit
 S Spike Recovery outside accepted recovery limits

Hall Environmental Analysis Laboratory, Inc.

Sample Receipt Checklist

Client Name NMOCD HOBBS

Date and Time Received:

9/8/2006

Work Order Number 0609075

Received by AT

Checklist completed by

Signature

Date

9/8/06

Matrix

Carrier name Greyhound

Shipping container/cooler in good condition?

Yes ☒

No ☐

Not Present ☐

Custody seals intact on shipping container/cooler?

Yes ☒

No ☐

Not Present ☐

Not Shipped ☐

Custody seals intact on sample bottles?

Yes ☒

No ☐

N/A ☐

Chain of custody present?

Yes ☒

No ☐

Chain of custody signed when relinquished and received?

Yes ☒

No ☐

Chain of custody agrees with sample labels?

Yes ☒

No ☐

Samples in proper container/bottle?

Yes ☒

No ☐

Sample containers intact?

Yes ☒

No ☐

Sufficient sample volume for indicated test?

Yes ☒

No ☐

All samples received within holding time?

Yes ☒

No ☐

Water - VOA vials have zero headspace?

No VOA vials submitted ☒

Yes ☐

No ☐

Water - pH acceptable upon receipt?

Yes ☐

No ☐

N/A ☒

Container/Temp Blank temperature?

7°

4° C ± 2 Acceptable

If given sufficient time to cool.

COMMENTS:

Client contacted

Date contacted:

Person contacted

Contacted by:

Regarding

Comments:

Corrective Action



COVER LETTER

Monday, February 19, 2007

Carl Chavez
New Mexico Oil Conservation Division
1625 N. French Dr
Hobbs, NM 88240

TEL: (505) 393-6161

FAX (505) 393-0720

RE: Majority Trucking

Order No.: 0702029

Dear Carl Chavez:

Hall Environmental Analysis Laboratory, Inc. received 2 sample(s) on 2/2/2007 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent.

Reporting limits are determined by EPA methodology. No determination of compounds below these (denoted by the ND or < sign) has been made.

Please don't hesitate to contact HEAL for any additional information or clarifications.

Sincerely,

Andy Freeman, Business Manager
Nancy McDuffie, Laboratory Manager

NM Lab # NM9425
AZ license # AZ0682
ORELAP Lab # NM100001



Hall Environmental Analysis Laboratory, Inc.

Date: 19-Feb-07

CLIENT: New Mexico Oil Conservation Division
Project: Majority Trucking**Lab Order:** 0702029**Lab ID:** 0702029-01**Collection Date:** 1/8/2007 2:00:00 PM**Client Sample ID:** AE 01-08-07-1400**Matrix:** AQUEOUS

| Analyses | Result | PQL | Qual | Units | DF | Date Analyzed |
|----------|--------|-----|------|-------|----|---------------|
|----------|--------|-----|------|-------|----|---------------|

EPA METHOD 300.0: ANIONS

Analyst: TES

| | | | | | | |
|----------|-----|-----|--|------|----|----------------------|
| Chloride | 320 | 2.0 | | mg/L | 20 | 2/5/2007 11:56:16 AM |
|----------|-----|-----|--|------|----|----------------------|

Lab ID: 0702029-02**Collection Date:** 1/8/2007 2:15:00 PM**Client Sample ID:** SP 01-08-07-1415**Matrix:** AQUEOUS

| Analyses | Result | PQL | Qual | Units | DF | Date Analyzed |
|----------|--------|-----|------|-------|----|---------------|
|----------|--------|-----|------|-------|----|---------------|

EPA METHOD 300.0: ANIONS

Analyst: TES

| | | | | | | |
|----------|-------|-----|--|------|------|---------------------|
| Chloride | 89000 | 500 | | mg/L | 5000 | 2/5/2007 1:58:09 PM |
|----------|-------|-----|--|------|------|---------------------|

Qualifiers:

- * Value exceeds Maximum Contaminant Level
- E Value above quantitation range
- J Analyte detected below quantitation limits
- ND Not Detected at the Reporting Limit
- S Spike recovery outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- MCL Maximum Contaminant Level
- RL Reporting Limit

QA/QC SUMMARY REPORT

Client: New Mexico Oil Conservation Division
Project: Majority Trucking

Work Order: 0702029

| Analyte | Result | Units | PQL | %Rec | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
|----------------------------|--------|-------|------|------|----------|-----------|------|----------|------|
| Method: E300 | | | | | | | | | |
| Sample ID: MBLK | | MBLK | | | | | | | |
| Chloride | ND | mg/L | 0.10 | | | | | | |
| Sample ID: MBLK | | MBLK | | | | | | | |
| Chloride | ND | mg/L | 0.10 | | | | | | |
| Sample ID: MBLK | | MBLK | | | | | | | |
| Chloride | ND | mg/L | 0.10 | | | | | | |
| Sample ID: LCS ST300-06026 | | LCS | | | | | | | |
| Chloride | 4.844 | mg/L | 0.10 | 96.9 | 90 | 110 | | | |
| Sample ID: LCS ST300-06026 | | LCS | | | | | | | |
| Chloride | 5.025 | mg/L | 0.10 | 100 | 90 | 110 | | | |
| Sample ID: LCS ST300-06026 | | LCS | | | | | | | |
| Chloride | 4.840 | mg/L | 0.10 | 96.8 | 90 | 110 | | | |

Qualifiers:

E Value above quantitation range
J Analyte detected below quantitation limits
R RPD outside accepted recovery limits
H Holding times for preparation or analysis exceeded
ND Not Detected at the Reporting Limit
S 2/3 recovery outside accepted recovery limits

Hall Environmental Analysis Laboratory, Inc.

Sample Receipt Checklist

Client Name NMOCD HOBBS

Date and Time Received:

2/2/2007

Work Order Number 0702029

Received by

TLS

Checklist completed by

Signature

Date

Matrix

Carrier name Greyhound

Shipping container/cooler in good condition?

Yes ☒

No ☐

Not Present ☐

Custody seals intact on shipping container/cooler?

Yes ☒

No ☐

Not Present ☐

Not Shipped ☐

Custody seals intact on sample bottles?

Yes ☒

No ☐

N/A ☐

Chain of custody present?

Yes ☒

No ☐

Chain of custody signed when relinquished and received?

Yes ☒

No ☐

Chain of custody agrees with sample labels?

Yes ☒

No ☐

Samples in proper container/bottle?

Yes ☒

No ☐

Sample containers intact?

Yes ☒

No ☐

Sufficient sample volume for indicated test?

Yes ☒

No ☐

All samples received within holding time?

Yes ☒

No ☐

Water - VOA vials have zero headspace?

No VOA vials submitted ☒

Yes ☐

No ☐

Water - Preservation labels on bottle and cap match?

Yes ☐

No ☐

N/A ☒

Water - pH acceptable upon receipt?

Yes ☐

No ☐

N/A ☒

Container/Temp Blank temperature?

2°

4° C ± 2 Acceptable

If given sufficient time to cool.

COMMENTS:

Client contacted

Date contacted:

Person contacted

Contacted by:

Regarding

Comments:

Corrective Action



1416 W Broadway St, Hobbs, NM 88240

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USGS





P1X

8290060 - From Arrowhead E fence, looking NNE
into Masterton yard North fence line

8290065 - From Arrowhead E fence, looking NE across
front of Franc Thomas w/ ground stains

66 - From Arrowhead E fence - looking N where
spill crossed into Arrowhead (Dead weets)

69 - Plastic Bag Mares Sample Point #1
18" inside Arrowhead E fence

70 - Plastic Bag Mares Sample #2 @ base of dining tree



ARROWHEAD
PORTABLES, LLC
HOBBS, N.M.
(505) 393-6150 (505) 381-1059

COMET

103015

1800T

JIM SPENCE
HOBBS, NM
YUKON









ARENA
resources inc.

East Hobbs San Andres Unit

API #30-025-36833

Well #310, Unit I

2340' FSL & 120' FEL

Sec 30-T18S-R39E, Lea Co., NM

2006 10 23



