

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
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Deputy Cabinet Secretary

Adrienne Sandoval
Director, Oil Conservation Division



March 6, 2019

Steve Bills
Milestone Environmental Services, LLC
15721 Park Row, Suite 150
Houston, Texas 77084
stevebills@milestone-es.com

RE: Commercial Surface Waste Management Facility Permit NM1-64. Unit H of Section 25, Township 24 South, Range 34 East NMPM, Lea County, New Mexico

Mr. Bills,

Pursuant to applicable parts of the Oil Conservation Commission regulations 19.15.36 NMAC, the Oil Conservation Division (OCD) has completed its review of your application for a commercial waste management facility at the location described above. OCD hereby approves permit NM1-64 with conditions. Attached are the general and specific conditions.

If you have any questions, please contact Jim Griswold of my staff at (505) 476-3465 or by email at jim.griswold@state.nm.us. On behalf of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this permit review.

Respectfully,

Adrienne Sandoval
Director

AS/jg

Attachment – NM1-64 Permit Conditions

SURFACE WASTE MANAGEMENT FACILITY PERMIT CONDITIONS
NM1-64
Milestone Environmental Services, LLC
Unit H of Section 25, Township 24 South, Range 34 East NMPM

March 6, 2020

Milestone Environmental Services, LLC of 15721 Park Row, Suite 150 in Houston, Texas 77084 (the operator) is permitted to construct and operate a surface waste management facility as described in the Application filed by the operator and in accordance with (a) the terms of this Permit, (b) the rules governing solid waste management facilities 19.15.36 NMAC, and (c) all other applicable provisions of the Oil and Gas Act and the rules promulgated under the Act. The operator is responsible for insuring any oil and gas operations located within the overall facility area do not interfere with the proper operation of the facility as described in the Application and authorized by this Permit. Any change to the operations proposed or any change to the area covered will require a modification to the Permit including any necessary changes to the amount of financial assurance. The Oil Conservation Division (OCD) of the Energy, Minerals, and Natural Resources Department will determine if any Permit changes constitute a "major modification" under 19.15.36 NMAC.

1. GENERAL PROVISIONS

A. Permittee and Permitted Facility. OCD issues surface oil field waste management permit NM1-64 to Milestone Environmental Services, LLC for the construction, operation, and eventual closure of a commercial facility to be located upon a 10 acre tract in an unincorporated portion of Lea County, New Mexico approximately 14 miles west of Jal on the north side of NM 128.

The waste management facility is intended for the permanent disposal of exempt and non-exempt/non-hazardous oil field waste, specifically, operation of a properly permitted Underground Injection Control (UIC) Class II disposal well for the injection of slurry into the subsurface. An associated surface facility will be used for the processing of the waste before injection. Residual waste materials not injected will be transported for proper disposal elsewhere and not permanently stored at the facility.

B. Scope of Permit. OCD regulates the disposition of water produced or used in connection with the exploration and production of oil and gas and to direct disposal of that water in a manner which will afford reasonable protection against contamination of fresh water supplies pursuant to authority granted in the Oil & Gas Act (Chapter 70, Article 2 NMSA 1978). Under that Act, OCD also regulates the disposition of nondomestic wastes resulting from exploration, production, or storage of crude oil and natural gas to protect public health and the environment. Similarly, OCD regulates the disposition of nondomestic wastes resulting from the oil field service industry, the transportation of crude oil and natural gas, the treatment of natural gas, and the refinement of crude oil to protect public health and the environment pursuant to jurisdiction and authority granted by the same Act.

This permit does not convey any property rights of any sort or any exclusive privilege to the operator and does not authorize any injury to property or persons, any invasion of other private rights, or any infringement of state, federal, or local laws, rules, or regulations.

C. Owner/Operator Commitments. The operator must ensure all operations are consistent with the terms and conditions of this permit and in conformance with all pertinent rules and regulations under the Oil & Gas Act. Furthermore, the operator shall abide by the approval conditions contained herein, along with all commitments submitted in its permit application received by the OCD on June 25, 2019 and dated June 13, 2019 including any attachments and/or amendments all of which are incorporated into this Permit by reference.

D. Modifications. The operator must notify the OCD in advance of any increase in the land area the facility occupies, any change in the design capacity, any change in the nature of the oil field waste streams, or addition of a new treatment process. As a result, the OCD Director may require a modification in the permit conditions.

E. Definitions. Terms not specifically defined in the permit shall have the same meanings as those in the Oil & Gas Act or the rules adopted pursuant to the Act, as the context requires.

F. General Performance Standards. The operator must operate in accordance with the permit conditions, comply with the Oil & Gas Act and rules issued pursuant to the Act, protect public health and the environment, prevent the waste of oil and gas, and prevent the contamination of fresh waters.

G. Effective Date, Expiration, Renewal, and Penalties for Operating Without a Permit. This permit is effective as of March 6, 2020 and will expire ten years hereafter on March 6, 2025. If it so desires, the owner/operator may submit an application for renewal to OCD no later than 120 calendar days before the expiration date. If the operator submits such a renewal application before the required date and is in compliance with the existing permit, then that existing permit will not expire until the OCD approves or denies the renewal application. Operating with an expired permit will subject the owner/operator to civil and/or criminal penalties (see Section 70-2-31 NMSA 1978).

H. Financial Assurance. Closure of the facility as described by the application will be complete demolition and/or removal of all surface equipment along with proper plugging and abandonment of the injection well. The operator must immediately provide financial assurance in a form acceptable to OCD for the waste management facility's estimated closure and post-closure cost with the exception of the plugging and abandonment of the injection well. The estimated amount currently required is \$375,260.00 which includes the cost of closure and post-closure efforts described in the application. On an annual basis, or should unforeseen conditions arise, the operator will update the closure/post-closure estimate and thus the amount of financial assurance.

2. GENERAL FACILITY OPERATIONS

A. Labeling. The operator must clearly label all tanks, drums, and other containers to identify the contents along with other emergency notification information. The operator may use a tank coding system if it is incorporated into their emergency response planning.

B. Inspections and Maintenance of Secondary Containment Systems. The operator must inspect all secondary containment systems and sumps at least monthly to ensure proper operation and to prevent over filling or system failure. The operator must empty all secondary containment systems of any fluids within 48 hours of discovery, notify the OCD, and initiate corrective actions. The operator must keep written records of its inspections and of any fluid analyses. The operator shall maintain and make the documentation available for OCD inspection.

C. Release Reporting and Corrective Action for Releases. The operator must comply with the spill reporting and corrective action provisions of the Oil & Gas Regulations (19.15.29 and 19.15.30 NMAC) as may be amended from time to time.

D. Annual Report. The operator must submit an annual report to the OCD by September 1st of each year providing the following information for the preceding year: 1) all inspection forms including those for leak detection systems along with analytical results, 2) hydrogen sulfide monitoring results, 3) process piping integrity test results, 4) training records, 5) complaint logs and resolutions, and 6) a summary of the nature and amount of any reportable releases.

3. MATERIAL STORAGE

A. Process, Maintenance, and Material Storage Areas. The operator must pave and curb all process, maintenance, and material storage areas at the facility excluding evaporation ponds, below-grade tanks, and sumps, or incorporate another appropriate spill collection device for these areas approved by the OCD.

B. Above Ground Tanks. The operator must place above ground tanks on impermeable pads and surround the tanks with lined berms or other impermeable secondary containment system having a capacity of at least one and one-third times the capacity of the largest tank, or the combined volume of any interconnected tanks. This does not apply to tanks containing fresh water.

4. WASTE MANAGEMENT

A. Waste Streams. This permit authorizes the operator to handle the RCRA exempt streams. OCD approval must be obtained to receive any waste stream not specified in its application prior to collection, storage, treatment, or disposal.

B. Waste Storage. The operator must store wastes at the facility only in clearly marked storage areas that have been specified in the application except any waste that may be generated during emergency response operations. However, such emergency waste may be stored elsewhere for no more than 72 hours. OCD may approve additional storage on a case-by-case basis.

The operator must not store non-oil field waste generated at the facility by the operator for more than 180 calendar days from the date any container is filled without OCD approval.

C. Class V Wells. Leach fields and other wastewater disposal systems at OCD-regulated facilities which inject non-hazardous fluids into or above an underground source of drinking water are Underground Injection Control Class V wells pursuant to 20.6.2.5002 NMAC. This permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the facility. Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

5. BELOW GRADE TANKS AND SUMPS

Below grade tanks and sumps must have secondary containment systems with leak detection and meet construction and operating requirements of 19.15.17 NMAC.

6. ADDITIONAL FACILITY-SPECIFIC CONDITIONS

A. Prior to construction activities within the facility, the operator shall determine that all abandoned oil wells within the tract are properly plugged in accordance with OCD regulations. If any wells are found to be unplugged or improperly plugged, the operator shall take the appropriate corrective actions.

B. Naturally Occurring Radioactive Material (NORM) waste cannot be accepted at the facility unless in compliance with 19.15.35 NMAC.

C. At least 30 days prior to the start of construction of the facility the operator shall furnish OCD with a complete set of construction drawings including specific stormwater control and a major milestone schedule for construction. These construction drawings must substantially comply with the engineering design provided with the application. The major milestone schedule shall be updated throughout construction activities.

D. As a UIC Class II disposal well is integral to the facility's operation, that well(s) must be separately permitted under provisions of the New Mexico Underground Injection Control program.

E. The operator in its application has stated there is no process at the facility which would create a potentially hazardous volume of hydrogen sulfide. However, continuous hydrogen sulfide monitors must be carried by employees and visitors at all times. If OCD determines gases are problematic, the operator will be required to develop hydrogen sulfide prevention and contingency plans for OCD approval in accordance with 19.15.11 NMAC.

F. Stormwater controls must prevent flow into the facility's below grade mud collecting structure and onto the drying slab. The overall control plan must have the capacity to properly manage the peak discharge from a 25-year storm event.

G. The below grade collecting structure must be built and operated in a manner that prevents overtopping due to wave action or rainfall and maintain adequate freeboard. The operator also must install a high level cutoff switch with alarm.

H. Leak detection for the below grade collecting structure, drying slab and unloading trench shall consist of a series of vadose zone monitoring wells. These wells will be gauged for the presence of liquids on at least a monthly basis. If liquid is detected in any well it shall be immediately sampled with the sample(s) submitted for appropriate laboratory analysis in consultation with the OCD. The operator has agreed to coating the inside of the collecting structure. This coating must be compatible with the contained materials and resistant to ultraviolet light.

I. In lieu of netting over the below grade collecting structure and in addition to placement of flagging, reflectors, and artificial birds; the operator shall on a monthly basis inspect for, and within 30 days of discovery, report discovery of dead migratory birds or other wildlife to the appropriate wildlife agency and to the OCD Environmental Bureau in Santa Fe in order to facilitate assessment and implementation of measures to prevent incidents from reoccurring (19.15.17.11 E NMAC).

J. The operator must provide annual training for key personnel which includes general operations, permit conditions, emergencies, sampling methods, and identification of hazardous, exempt, and non-exempt waste. The operator must also maintain records of this training for five years and are subject to OCD inspection.

K. Upon facility closure after demolition but before backfilling and leveling, the operator must sample soil across the site in accordance with 19.15.36.18 D (4) NMAC and 19.15.17.13 C NMAC.