NM2 - 4

GENERAL CORRESPONDENCE YEAR(S):

2004-1993

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

RECEIVED
SEP 28 2004
OIL CONSERVATION DIVISION

September 20, 2004

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
4900 College Blvd.
Farmington, NM 87402

NM-2-4

Dear Mr. Greer:

Since the New Mexico Oil Conservation Division (NMOCD) promulgated Rule 50 covering pits and below-grade tanks, there has arisen a need, in certain circumstances, for operators to transport their drill cuttings off-site and dispose of them.

NMOCD Rule 711, as it pertains to landfarms, does not specifically address the issue of exempt oilfield wastes that may be contaminated with salts. Your landfarm application and permit were written with only hydrocarbon-contaminated soils in mind. Salt-contaminated wastes cause the following problems:

1. Lessening the effectiveness of the biodegradation capacity of your landfarm
2. Rapid leachability causing adverse effects on groundwater

If you want to accept salt-contaminated cuttings or any other salt-contaminated wastes, your 711 permit must be modified to ensure that your acceptance of those wastes will not adversely affect public health or the environment.

Please check one of the following:

☐ I have accepted or intend to accept salt-contaminated wastes in my landfarm. An OCD form C-137, applying for a modification to my 711 permit is attached. Included, as an attachment, is a demonstration that the accepted salt-contaminated soils will not adversely affect groundwater in the foreseeable future. (Closure requirements will also require modification to ensure the protection of groundwater. Should your acceptance of salt-contaminated wastes prove detrimental to groundwater, future liability for such damage rests with the landfarm operator).

☒ I do not intend to accept salt-contaminated wastes in my landfarm. Should this condition change, I will submit an OCD Form C-137 for a modification to my 711 permit at that time.

Take to TNT

New Mexico Oil Conservation Division
Attn: Ed Martin
1220 S. St. Francis
Santa Fe, NM 87505

This letter must be returned to the above address no later than October 31, 2004. An extension of time may be granted if you contact this office no later than that date.

If you have any questions, contact Ed Martin (505) 476-3492 or emartin@state.nm.us

Signed

9-27-2004
Date

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

September 20, 2004

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
4900 College Blvd.
Farmington, NM 87402

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New Mexico Oil Conservation Division
Attn: Ed Martin
1220 S. St. Francis
Santa Fe, NM 87505

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If you have any questions, contact Ed Martin (505) 476-3492 or emartin@state.nm.us

Signed _____ Date _____

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

February 27, 2002

CERTIFIED MAIL
RETURN RECEIPT NO. 7001-1940-0004-7923-3811

Mr. Albert Greer
Benson-Montin-Greer Drilling Corporation
4900 College Boulevard
Farmington, NM 87402

RE: Benson-Montin-Greer Drilling Corporation: Permit NM-02-0004
NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM
Rio Arriba County, New Mexico

Dear Mr. Greer:

The New Mexico Oil Conservation Division (OCD) received the Benson-Montin-Greer Drilling Corporation (BMG) annual reports dated May 29, 2001 and February 21, 2002. The OCD has reviewed the reports and Permit NM-02-0004. The OCD finds that BMG is in compliance with the Permit.

In response to a conversation held on February 27, 2002 with Mr. Patricio Sanchez the OCD has confirmed that the permit application dated September 29, 1997 stipulates that the landfarm cells will be within the fenced airstrip. BMG does not need to notify the OCD when moving contaminated material from one cell location to another within the landfarm. However if BMG wishes to use amendments to enhance bio-remediation please see Permit NM-02-0004, Landfarm operation on Page 4, Item 8.

A review BMG's financial assurance finds that the $25,000 cash bond and assignment of cash collateral deposit for bond No. 01-082086-27 is current and active. If you have any questions please do not hesitate to contact me at (505) 476-3488.

Sincerely,

Martyne J. Kieling
Environmental Geologist

Attachments
xc: Aztec OCD Office

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 12, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-1187

Mr. Albert Greer
Benson-Montin-Greer Drilling Corporation
4900 College Boulevard
Farmington, NM 87402

RE: **Permit NM-02-0004 Modification Request**
Benson-Montin-Greer Drilling Corporation
NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM
Rio Arriba County, New Mexico

Dear Mr. Greer:

The New Mexico Oil Conservation Division (OCD) has received the Benson-Montin-Greer Drilling Corporation's (BMG) request for a permit modification dated May 10, 2000 and June 19, 2000. In order to complete the review process regarding the modification of treatment zone monitoring schedule the OCD requires additional information. BMG must present technical evidence regarding the depth to ground water at the facility and the potential for contamination to reach the groundwater. This additional information will allow us to proceed with the review and modification process.

If you have any questions please do not hesitate to contact me at (505) 827-7153.

Sincerely,

Martyne J. Kieling
Environmental Geologist

Attachments
xc: Aztec OCD Office

(2) to three (3) feet below the native ground surface.

2. **The treatment zone soil samples will be analyzed using EPA approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) (annualy? Or 6 months?) quarterly and major cations/anions and eight (8) RCRA heavy metals every (2 years?)annually**.

3. After obtaining the soil samples the boreholes will be filled with an impermeable material such as cement or bentonite.

1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken between two

RECEIVED

Depth to water is
West 90 - 50 Feet
East Air-strip

BMG

BENSON-MONTIN

Wednesday, May 10, 2000

Martyne Kieling

Energy, Minerals and Natural Resources Department
Oil Conservation Division
Ms. Lori Wrotenbery, Director
2040 S. Pacheco
Santa Fe, NM 87505

RE: NMOCD Rule 711 Permit NM-02-0004 for Benson-Centralized Surface Waste Management Facility. NW N' NMPM, Rio Arriba County, New Mexico.

Dear Director Wrotenbery,

The above listed permit was issued by your agency on February 2, 1999 under your signature. The attached conditions differ from the regulations in effect when the application was made. Because of this, I did not sign and return the permit conditions pages. Rather I set it aside to look into further. Then somehow the permit got filed in our office and – "out of sight out of mind"- and I forgot about it. When we were advised that Ms. Kieling proposed an inspection, I was reminded of my earlier concerns. These concerns regard the permit's attached conditions under the "Treatment Zone Monitoring of Land farm Area" on pages 4 and 5 of the conditions of approval.

For our little facility I believe that the quarterly monitoring of the treatment zone for TPH and BTEX is excessive and would like to see our conditions changed to annual Treatment Zone Monitoring for these compounds if contaminated soil is brought into the facility during the year. If over a year then conduct the monitoring at the first next load. Further – there is very little RCRA metals in the land under the farm – nor in material brought to it. Once every five years should be adequate to test for major cations/anions and 8 RCRA metals.

The reasons why we propose these changes are:

1. This is not a commercial facility near a populated area – it is centralized and in a remote area on property we own.

2. We do not use the facility with a great frequency – i.e. we only use it for spill soils from our company operated locations.

3. We place only approximately 100 cubic yards of material on the land farm per year.

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

4. The cost of sampling as often as the permit calls for such a small amount of soil is wasteful and costly, and I feel that monitoring as we propose of the treatment zone is sufficient to be protective of human health and the environment.

To achieve these changes do we need to apply for a hearing with the OCC or can we submit a modification to the existing permit on a form C-137 for administrative approval under your signature?

Further we have in the last several months had our new engineer and compliance man Pat Sanchez working on Air Quality issues and other engineering tasks. Pat will be taking the lead now on this permit and he can be contacted at 505-325-8874, via e-mail at pwsanchez@acrnet.com , or at the address on this letterhead.

Sincerely,

Albert R. Greer
President
Benson-Montin-Greer Drilling Corp.

C: Mr. Roger Anderson – NMOCD, Ms. Martyne Kieling – NMOCD, Mr. Denny Foust- NMOCD, File – BMG 711 permit, Mr. Patricio W. Sanchez – BMG, Mr. Mike Dimond - BMG.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

DEC 12 1994

BRUCE KING
GOVERNOR

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

December 7, 1994

Mr. Albert R. Greer
President
Benson-Montin-Greer Drilling Corp.
501 Airport Drive, Suite 221
Farmington, New Mexico 87401

Dear Mr. Greer:

Enclosed is an approved copy of your Form C-133 which you submitted on December 2, 1994.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/fd
enc.

Submit in triplicate to
Santa Fe Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-133
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AUTHORIZATION TO MOVE PRODUCED WATER

Transporter Name Benson-Montin-Greer Drilling Corp.

Address

501 Airport Drive, Suite 221

Farmington, New Mexico 87401

Office Location (If different)

Same

Phone Number (s) 505-325-8874

State Corporation Commission Permit No. 0293571

NOTE: It is the responsibility of each holder of an approved Form C-133 to familiarize its personnel with the content of Division Rules 709 and 710 and to assure operations in compliance therewith. Failure to move and dispose of produced water in accordance with Division Rules 709 and 710 are cause for cancellation of Form C-133 and the authority to move produced water.

I hereby certify that the information above is true and complete to the best of my knowledge and belief

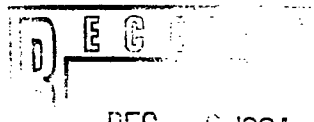
Signature Albert R. Greer Date December 2, 1994

Printed Name Albert R. Greer Title President

(This space for State Use)

Approved by [signature] Title Division Director

Date December 8, 1994



Division.

[1-1-50...2-1-96]

706.B. The operator of a liquefied petroleum gas storage project shall report annually on Form C-131-B, Annual LPG Storage Report. [7-1-81...2-1-96]

707 RECLASSIFICATION OF WELLS

The Division Director shall have authority to reclassify an injection well from any category defined in Rule 701-B to any other category without notice and hearing upon request and proper showing by the operator thereof. [7-1-81...2-1-96]

708 TRANSFER OF AUTHORITY TO INJECT

708.A. Authority to inject granted under any order of the Division is not transferable except upon approval of the Division. Approval of transfer of authority to inject may be obtained by filing Form C-104 in accordance with Rule 1104 E. [7-1-81...2-1-96]

708.B. The Division may require a demonstration of mechanical integrity prior to approving transfer of authority to inject. [7-1-81...2-1-96]

709 REMOVAL OF PRODUCED WATER FROM LEASES AND FIELD FACILITIES

709.A. Transportation of any produced water by motor vehicle from any lease, central tank battery, or other facility, without an approved Form C-133 (Authorization to Move Produced Water) is prohibited. [2-1-82...2-1-96]

709.B. Authorization to transport produced water may be obtained by filing three copies of Form C-133 with the Director of the Division in Santa Fe. [2-1-82...2-1-96]

709.C. No owner or operator shall permit produced water to be removed from its leases or field facilities by motor vehicle except by a person possessing an approved Form C-133. [2-1-82...2-1-96]

710 DISPOSITION OF TRANSPORTED PRODUCED WATER

710.A. No person, including any transporter, may dispose of produced water on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies. [2-1-82...
2-1-96]

710.B. Delivery of produced water to approved salt water disposal facilities, secondary recovery or pressure maintenance injection facilities, or to a drill site for use in drilling fluid will not be construed as constituting a hazard to fresh water supplies provided the produced waters are placed in tanks or other impermeable storage at such facilities. [2-1-82...2-1-96]

710.C. The supervisor of the appropriate district office of the Division may grant temporary exceptions to Paragraph A. above for emergency situations, for use of produced water in road construction or maintenance, or for use of produced waters for other construction purposes upon request and a proper showing by a holder of an approved Form C-133 (Authorization to Move Produced Water). [2-1-82...2-1-96]

710.D. Vehicular movement or disposition of produced water in any manner contrary to these rules shall be considered cause, after notice and hearing, for cancellation of Form C-133. [2-1-82...2-1-96]

RULE 711 - APPLICABLE TO SURFACE WASTE MANAGEMENT FACILITIES ONLY

711.A. A surface waste management facility is defined as any facility that receives for collection, disposal, evaporation, remediation, reclamation, treatment or storage any produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, bottom sediment and water (BS&W), tank bottoms, waste oil or, upon written approval by the Division, other oilfield related waste. Provided, however, if (a) a facility performing these functions utilizes underground injection wells subject to regulation by the Division pursuant to the federal Safe Drinking Water Act, and does not manage oilfield wastes on the ground in pits, ponds, below grade tanks or land application units, (b) if a facility, such as a tank only facility, does not manage oilfield wastes on the ground in pits, ponds below grade tanks or land application units or (c) if a facility performing these functions is subject to Water Quality Control Commission Regulations, then the facility shall not be subject to this rule. [6-6-88...2-1-96]

(1) A commercial facility is defined as any surface waste management facility that does not meet the definition of centralized facility. [7-26-95, 2-1-96]

(2) A centralized facility is defined as a surface waste management facility that accepts only waste generated in New Mexico and that:

(a) does not receive compensation for waste management;

(b) is used exclusively by one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended; or

(c) is used by more than one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended under an operating agreement and which receives wastes that are generated from two or more production units or areas or from a set of jointly owned or operated leases.

[7-26-95, 2-1-96]

RECEIVED

JUN 3 0 2000

Environmental Bureau
Oil Conservation Division

BMG

BENSON-MONTIN-GREER DRILLING CORP.

Monday, June 19, 2000

Certified Mail No. P-017-191-459

Ms. Martyne Kieling
New Mexico Oil Conservation Division
Environmental Bureau
2040 South Pacheco
Santa Fe, NM 87505

COPY

RE: Modification of Benson-Montin-Greer Drilling Corp. (BMG) NMOCD Rule 711 Centralized Surface Waste Management Facility (NM-02-0004)

Dear Ms. Kieling,

BMG submits the following request for "Minor Modification" of our Llaves, New Mexico facility located in NW/4 Section 20, T25N, R1E, NMPM, Rio Arriba County, New Mexico.

The application includes the following:

1. OCD form C-137.

   (We want to permit the entire NW/4 of section 20 rather than just the NW/4, NW/4 of section 20.)

2. Topographic Map Showing location of two proposed 5 Acre landfarm cells.

   (See also attached diagrams of cells)

3. Letter Dated May 10, 2000 from Albert R. Greer to Director Wrontenberry regarding treatment zone monitoring:

   Please note point three of the above referenced letter from BMG – In the past year we have had an increase in the amount of soil needing remediation at the land farm due to some production line leaks that were larger than our past needs (thus the reason for this minor modification request) - but we feel that points 1, 2, and 4 provide sufficient justification for allowing the proposed minor modification to the permit.

Talk to Roger
Write Request for
Technical Info.
Property Boundy & water
Depth

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

4. A copy of the current NMOCD Rule 711 Permit (NM-02-0004) and 12/7/94 NMOCD approved C-133.

5. RCRA 8 Metals background samples.

If you have any questions regarding this minor modification request contact me at (505)-325-8874, at the letterhead address, or via e-mail at pwsanchez@acrnet.com.

Sincerely,

Patricio W. Sanchez
BMG Drilling Corp.

C: Mr. Denny Foust – NMOCD Aztec District, Mr. Albert R. Greer – President BMG Drilling Corp., File 616-EE.2

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-137
Revised March 17, 1999

Submit Original Plus 1
Copy to Santa Fe
1 Copy Appropriate
District Office

COPY

APPLICATION FOR WASTE MANAGEMENT FACILITY

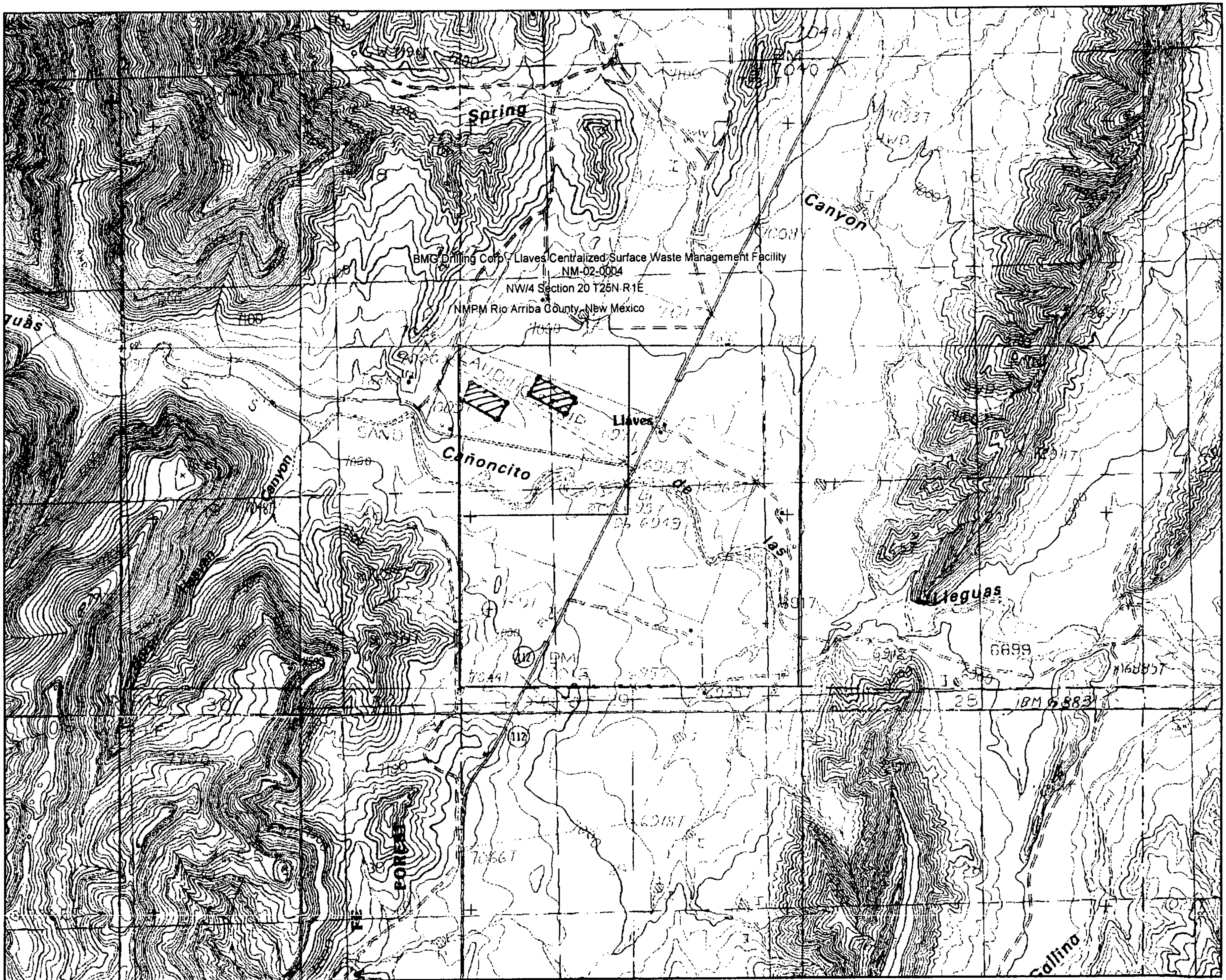
(Refer to the OCD Guidelines for assistance in completing the application)

☐ Commercial ☒ Centralized

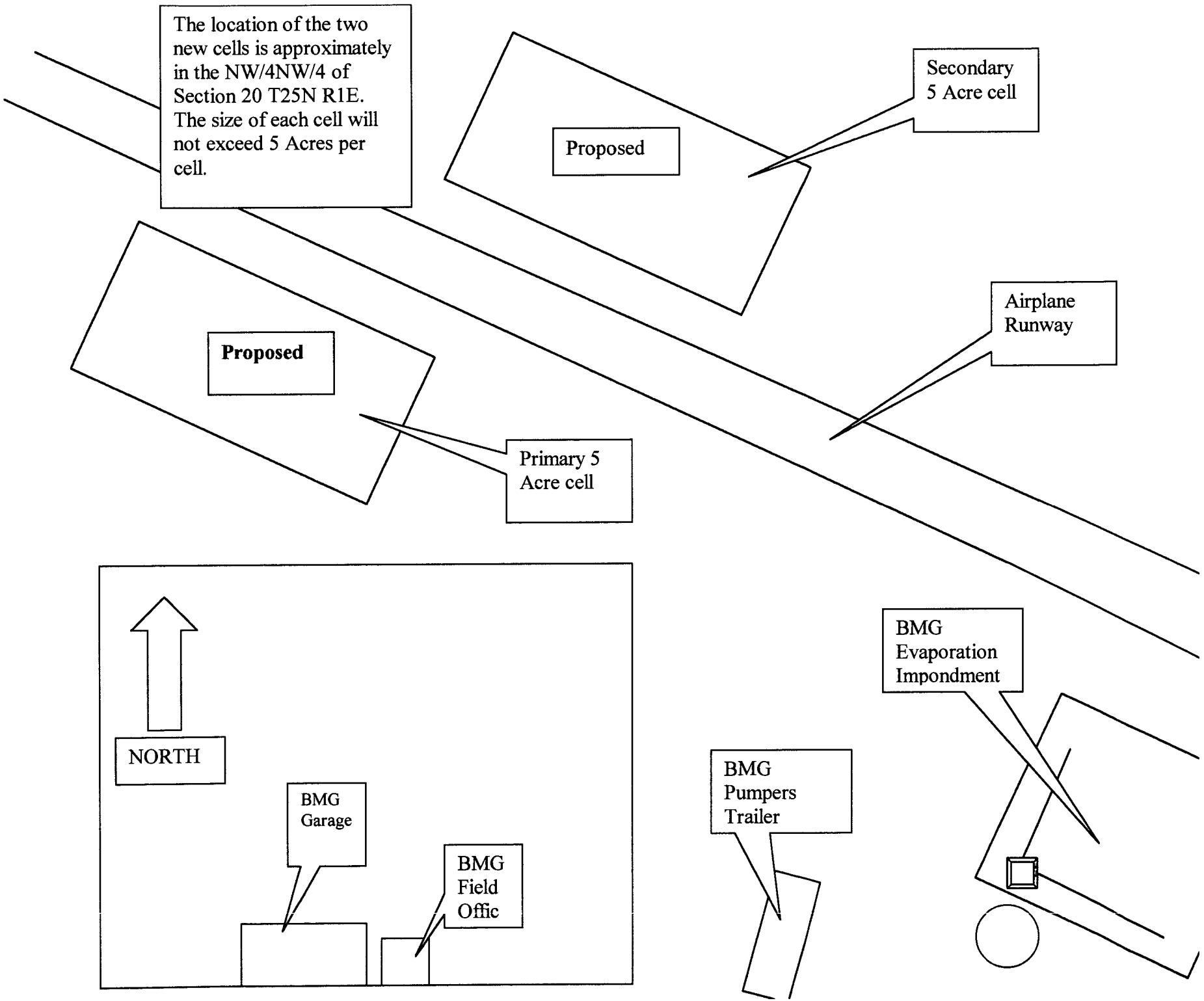
1. Type: ☒ Evaporation ☐ Injection ☐ Other
   ☒ Solids/Landfarm ☐ Treating Plant
2. Operator: BENSON -MONTIN-GREER DRILLING CORP.
   Address: 4900 College Blvd Farmington, NM 87402
   Contact Person: Patricio W. Sanchez Phone: 505-325-8874
3. Location: ____/4 NW /4 Section 20 Township 25N Range 1E
   Submit large scale topographic map showing exact location (See Attached Topo.)
4. Is this a modification of an existing facility? ☒ Yes ☐ No
5. Attach the name and address of the landowner of the facility site and landowners of record within one mile of the site.
   (Submitted as part of original application)
6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
   (see enclosed diagrams)
7. Attach designs prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations systems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities.
   (see enclosed diagrams and prior permit)
8. Attach a contingency plan for reporting and clean-up for spills or releases.
   (see prior permit)
9. Attach a routine inspection and maintenance plan to ensure permit compliance.
   (see prior permit and request for permit condition change dated 5/10/2000)
10. Attach a closure plan.
    (see prior permit)
11. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact groundwater. Depth to and quality of ground water must be included.
    (see prior permit)
12. Attach proof that the notice requirements of OCD Rule 711 have been met.
    (not a major modification - notification part of prior permit)
13. Attach a contingency plan in the event of a release of H_2S.
    (see prior permit)
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.
    (attached is permit NM-02-0004 and 12/7/94 C-133 approval.)
15. CERTIFICATION
    I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Albert R. Greer Title: President

Signature: Albert R. Greer Date: 6-14-00



3-D TopoQuads Copyright © 1999 DeLorme Yarmouth, ME 04096 Source Data: USGS 950 ft Scale: 1 : 24,000 Detail: 13-1 Datum: WGS84


The location of the two new cells is approximately in the NW/4NW/4 of Section 20 T25N R1E. The size of each cell will not exceed 5 Acres per cell.
Proposed
Secondary 5 Acre cell
Proposed
Airplane Runway
Primary 5 Acre cell
NORTH
BMG Garage
BMG Field Offic
BMG Pumpers Trailer
BMG Evaporation Impondment

BMG

BENSON-MONTIN-GREER DRILLING CORP.

August 2, 2000

Certified Mail No. P-058-345-474

Ms. Martyne J. Kieling
NMOCD
2040 S. Pacheco
Santa Fe, NM 87505

RE: Inspection report from NMOCD dated July 3, 2000 referring to Benson-Montin-Greer Drilling Corp. (BMG) Rule 711 Surface Waste Management Facility (Permit NM-02-0004) located in the NW/4 of Section 20, T25N, R1E, NMPM, Rio Arriba County, New Mexico.

Dear Ms. Kieling:

BMG is submitting this response as directed by the above referenced letter – we will outline timelines and plans for satisfying the NMOCD's request.

(Refer to NMOCD Attachment 1 dated July 3, 2000 – BMG's response in bold italics.)

1. Fencing and Signs: The facility will be fenced and have a sign at the entrance. The sign shall be maintained in good condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by section, township and range, and c) emergency phone number.

   Facility is secured with fence and locking gate and has a sign at the entrance (see photo 1).

   (No response from BMG needed)

2. Berming: An adequate berm will be constructed and maintained to prevent runoff and runon for that portion of the facility containing contaminated soils.

   The landfarm facility is bermed, however the berms on the east and north sides are low and need to be rebuilt (see photos 4 and 5). Headward erosion at the east edge of the landfarm has created a deep trench that if not repaired may breach the landfarm berm (see photo 3). Runoff in this area should be diverted, the trench filled and the berm increased. The landfarm and produced water facility are fenced.

   (Refer to the modification request from BMG dated June 19, 2000 from BMG – all berms on the new cells will be sufficient – Our plan is to close the cell at the eastern end of the run-way upon the soil showing sufficient remediation.)

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

4. Soil Spreading, Disking and Lift Thickness: All contaminated soils received at the facility will be spread and disked within 72 hours of receipt. Soils will be spread on the surface in six inch lifts or less. Soils will be disked to enhance biodegradation of contaminants.

   At the time of inspection, soils had been spread and disked accordingly (see photo 2).

   (No response from BMG needed)

5. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

   Trash and plastic within the landfarm must be removed.

   (The new cells are currently being filled with soil from a recent oil line leak and does not contain any waste other than hydrocarbon contaminated soil – the eastern cell will be closed and field operations have been instructed by the office to remove all misc. waste such as trash and plastic – However , BMG office personnel will be conducting quarterly audits to insure such waste is not mixed with oilfield waste.)

6. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable pad within the berm so that leaks can be identified.

   The above ground tank was surrounded by a very erroded berm that is not capable of holing the required volume (see photo 9).

   (BMG field personnel are aware of the lack of berming and will have this problem corrected with-in 30 days.)

7. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and to prevent overflow onto the ground. All pre-existing below grade sumps or catchments must demonstrate integrity on an annual basis. Integrity tests must include visual inspections of cleaned out sumps or catchments. All new below grade sumps or catchments must have secondary containment .

   The hose at the produced water tank has been draining directly onto the ground. Valve and/or hose catchments should be installed to catch drips and leaks from hoses and valve. Soil contaminated by drips and overflows must be cleaned up by either off site landfarming or on site remediation. Facility inspections must be conducted on at least a weekly basis and sumps and

catchments emptied. Sumps and catchments should be cleaned and inspected for integrity on an annual basis.

(BMG field personnel will log all inspections as listed above and keep records at the facility in Llaves – all minor leaks and spills will be cleaned up insitu as they occur.)

8. Equipment Maintenance: Equipment, tanks, pipe valves and connections must be inspected on a regular basis and repairs made as needed.

Tank and pipeing were in good repair.

(No response needed from BMG.)

9. Evaporation Pond Inspection and Maintanece: The pond must be inspected on a weekly basis or immediately following any consequential rainstrom or windstorm. If any defects are noted repairs must be made as soon as possible .

The evaporation pond spray system must be inspected and modified to assure that it is working correctly. The sprayers have been releasing spray to the exterior berms around the pond (see photo 7). Evaporation and enhanced evaporation must be confined within the lined berm area.

BMG must propose a modification to their current design to avoid overspray of produced water.

(BMG field personnel have modified the spray system bars such that over spray can be avoided – already in place.)

10. Pond Freeboard: The pond shall have a minimum freeboard of two feet. A device shall be installed or a marker painted on the pond liner to accurately measure freeboard.

Free board marking was not visible (see photos 6, 7 and 8).

BMG must mark the liner or install some devise to note the two foot freeboard.

(BMG has an orange marker painted on the pond liner – all four corners will be marked with-in 30 days.)

11. Pond Sludge Thickness: Sludge thickness in the base of the pond will be measured annually. Any build-up in excess of 12 inches will be removed and landfarmed.

No records existed as to the last time sludge was measured or removed.

BMG must measure and remove sludge if in excess of 12 inches.

(BMG has evaporated sufficient water since the inspection that it appears there may be some sludge present – less than 12 inches – however it is probably best to suction out the sludge that is present, before it gets 12 inches deep – we will address this within 60 days.)

12. Leak Detection System Inspection: The leak detection system must be inspected monthly and if fluid is present samples of the fluid will be compared with the fluids in the pond. Results must be recorded and maintained for OCD review.

A record inspection shows that the leak detection system has been monitored monthly. Water has been pumped out of the system and the level has steadily increased. The water should be compared to the pond water and the monitoring tube pumped dry on a regular basis.

BMG must determine the source of this water weather it is condensation of fresh water, the accumulation of produced water from over spray, or a leak in the liner.

(BMG has sampled the pond and the monitor tube – see enclosed copy of analysis, The two waters are of different quality TDS and pH – so we feel the liner is not leaking - the monitor tube was pumped dry on July 27, 2000 - the source is probably due to over spray.)

13. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

There were no drums or other chemicals stored at the evaporation pond or landfarm. However the yard storage area has a surplus of empty and/or unmarked drums some of which are improperly stored.

(BMG has asked an environmental consulting firm to submit a bid to address the empty drums – we have yet to receive their quotation – we do expect to hear from them in a couple of weeks – and with-in 60 days have this addressed. BMG personnel will address proper storage and labeling with-in 60 days.)

14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

There were no saddle tanks at the landfarm or evaporation facility.

(No response needed from BMG.)

15. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

The produced water tank was not labeled to identify the contents and hazards (see photos 9). Placards or stencils must be placed on all tanks.

(The tank will be labeled by BMG personnel with-in 30 days.)

16. Migratory Bird Protection: All tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered not hazardous to migratory birds.

The pond contained very little oil mostly a foam or algae. The pond must be kept free of oil or other material that may harm migratory birds.

BMB must remove the floating oil, foam, and algae and monitor and prevent its return.

(BMG agrees with this statement – no time line needed.)

17. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 to the appropriate OCD District Office.

At the time of inspection, there were no spills evident at this facility.

(No response needed from BMG.)

18. Regular Facility Inspections: Facility inspections and maintenance must be conducted on at least a weekly basis and immediately following each consequential rainstorm or windstorm.

Inspections including any maintenance work performed should be recorded.

(BMG will develop forms for field personnel to fill out and log such events and actions taken of situations call for action . These records will be filled out and kept at the field office in Llaves.)

19. H_2S Screeening: If H_2S is ever detected at the BMG facility, H_2S testing must be conducted on a weekly basis and resluts recorded and maintained.

To date H_2S has not been detected and screening or testing has not been required or performed.

(BMG has an H2S portable H2S monitor and the berms will be walked weekly by BMG field personnel – and logged with records kept at the field office in Llaves.)

20. Waste Acceptance and Disposal Documentation: Comprehensive records of all material disposed of at the surface waste management facility must be maintained for each load. Records may include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of treatment chemicals.

Records were not Reviewed at this time.

(No response from BMG needed – However BMG will develop new forms for in-house use addressing the above – and all records will be kept at the field office in Llaves.)

21. Documentation Review: Form C-133 "Authorization to Move Produced Water"

BMG filed a Form C-133 with the Division and it was approved on December 7, 1994.

(No response from BMG needed.)

This should address all of NMOCD's concerns – we would like to know the status of the our minor modification submitted on June 19, 2000. If you have any further questions please contact me at (505)-325-8874, at the letterhead address, or via e-mail at pwsanchez@acrnet.com.

Sincerely,

Patricio W. Sanchez
BMG Drilling Corp.

C: Mr. Denny Foust – NMOCD, Aztec; Mr. Albert Greer – BMG; Mr. Ben Gonzales – BMG; Mr. Royce Meeks – BMG; File 616-EE.2

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

AUG 01 2000

July 31, 2000

Mr. Ben Gonzalas
Benson Montin Greer
4900 College Blvd.
Farmington, NM 87401

Phone (505) 325-8874

Client No.: 99074-03
Job No.: 907403

Dear Mr. Gonzalas,

Enclosed are the analytical results for the samples collected from the location designated as "BMG Evap. Pond". Two water samples were collected by Benson Montin Greer personnel on 7/27/00, and received by the Envirotech laboratory on 7/27/00 for Major Cation / Anion analysis.

The samples were documented on Envirotech Chain of Custody No.7894 and assigned Laboratory Nos. H825 (Monitor Tube) and H826 (Evap. Pond) for tracking purposes.

The samples were analyzed on 7/28/00 using USEPA or equivalent methods.

Should you have any questions or require additional information, please do not hesitate to contact us at (505) 632-0615.

Respectfully submitted,
Envirotech, Inc.

Christine M. Walters

Christine M. Walters
Laboratory Coordinator / Environmental Scientist

enc.

CMW/cmw

C:/files/labreports/benson.wpd

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

CATION / ANION ANALYSIS

Client:	Benson Montin Greer	Project #:	907403
Sample ID:	Evap. Pond	Date Reported:	07-28-00
Laboratory Number:	H826	Date Sampled:	07-27-00
Chain of Custody:	7894	Date Received:	07-27-00
Sample Matrix:	Water	Date Extracted:	N/A
Preservative:	Cool	Date Analyzed:	07-28-00
Condition:	Cool & Intact		

Parameter	Analytical Result	Units		Units
pH	**4.85**	s.u.		
Conductivity @ 25° C	**172,000**	umhos/cm		
Total Dissolved Solids @ 180C	**85,000**	mg/L		
Total Dissolved Solids (Calc)	**83,800**	mg/L		
SAR	**125**	ratio		
Total Alkalinity as CaCO3	**27.6**	mg/L		
Total Hardness as CaCO3	**9,900**	mg/L		
Bicarbonate as HCO3	**27.6**	mg/L	0.45	meq/L
Carbonate as CO3	**<0.1**	mg/L	0.00	meq/L
Hydroxide as OH	**<0.1**	mg/L	0.00	meq/L
Nitrate Nitrogen	**2.1**	mg/L	0.03	meq/L
Nitrite Nitrogen	**<0.001**	mg/L	0.00	meq/L
Chloride	**51,290**	mg/L	1446.89	meq/L
Fluoride	**0.67**	mg/L	0.04	meq/L
Phosphate	**8.7**	mg/L	0.27	meq/L
Sulfate	**9.2**	mg/L	0.19	meq/L
Iron	**298**	mg/L		
Calcium	**3,230**	mg/L	161.18	meq/L
Magnesium	**444**	mg/L	36.54	meq/L
Potassium	**198**	mg/L	5.06	meq/L
Sodium	**28,600**	mg/L	1244.10	meq/L
Cations			1446.88	meq/L
Anions			1447.88	meq/L
Cation/Anion Difference			**0.07%**	

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983. Water And Waste Water", 18th ed., 1992.

Comments: **BMG - Evap. Pond.**

Analyst

Review

5796 U.S. Highway 64 • Farmington, NM 87401 • Tel 505 • 632 • 0615 • Fax 505 • 632 • 1865

ENVIROTECH LABS

PRACTICAL SOLUTIONS FOR A BETTER TOMORROW

CATION / ANION ANALYSIS

Client:	Benson Montin Greer	Project #:	907403
Sample ID:	Monitor Tube	Date Reported:	07-28-00
Laboratory Number:	H825	Date Sampled:	07-27-00
Chain of Custody:	7894	Date Received:	07-27-00
Sample Matrix:	Water	Date Extracted:	N/A
Preservative:	Cool	Date Analyzed:	07-28-00
Condition:	Cool & Intact		

Parameter	Analytical Result	Units		Units
pH	**5.95**	s.u.		
Conductivity @ 25° C	**66,800**	umhos/cm		
Total Dissolved Solids @ 180C	**33,000**	mg/L		
Total Dissolved Solids (Calc)	**32,980**	mg/L		
SAR	**69.1**	ratio		
Total Alkalinity as CaCO3	**464**	mg/L		
Total Hardness as CaCO3	**4,700**	mg/L		
Bicarbonate as HCO3	**464**	mg/L	7.60	meq/L
Carbonate as CO3	**<0.1**	mg/L	0.00	meq/L
Hydroxide as OH	**<0.1**	mg/L	0.00	meq/L
Nitrate Nitrogen	**2.1**	mg/L	0.03	meq/L
Nitrite Nitrogen	**<0.001**	mg/L	0.00	meq/L
Chloride	**19,870**	mg/L	560.53	meq/L
Fluoride	**1.81**	mg/L	0.10	meq/L
Phosphate	**23.5**	mg/L	0.74	meq/L
Sulfate	**31.0**	mg/L	0.65	meq/L
Iron	**169**	mg/L		
Calcium	**1,690**	mg/L	84.33	meq/L
Magnesium	**117**	mg/L	9.63	meq/L
Potassium	**70.0**	mg/L	1.79	meq/L
Sodium	**10,890**	mg/L	473.72	meq/L
Cations			569.46	meq/L
Anions			569.65	meq/L
Cation/Anion Difference			**0.03%**	

Reference: U.S.E.P.A., 600/4-79-020, "Methods for Chemical Analysis of Water and Wastes", 1983. Water And Waste Water", 18th ed., 1992.

Comments: **BMG - Evap. Pond.**

Analyst

Review

5796 U.S. Highway 64 • Farmington, NM 87401 • Tel 505 • 632 • 0615 • Fax 505 • 632 • 1865

CHAIN OF CUSTODY RECORD

7894

Farmington Martin-Gnear

Client / Project Name	Project Location	ANALYSIS / PARAMETERS
BMG (EVAP. Pond / Monitor Tube)	BMG - EVAP. Pond.	

Sampler:	Client No.
Ben Gonzales	

Sample No./ Identification	Sample Date	Sample Time	Lab Number	Sample Matrix	No. of Containers	General Water Quality					Remarks
Monitor Tube	7/27/00	6:30 AM		water	1	✓					
EVAP. Pond	7/27/00	6:34 AM		water	1	✓					

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Ben Gonzales	7/27/00	10:00	Patricia M. Gnear	7/27/00	10:00 AM
Patricia M. Gnear	7/27/00	10:18 AM	Glenn F. Spencer	7.27.00	10:18 AM
Relinquished by: (Signature)			Received by: (Signature)		

ENVIROTECH INC.

5796 U.S. Highway 64
Farmington, New Mexico 87401
(505) 632-0615

Sample Receipt	Y	N	N/A
Received Intact	✓		
Cool - Ice/Blue Ice	✓		

BMG

BENSON-MONTIN-GREER DRILLING CORP.

Wednesday, May 10, 2000

Energy, Minerals and Natural Resources Department
Oil Conservation Division
Ms. Lori Wrotenbery, Director
2040 S. Pacheco
Santa Fe, NM 87505

RE: NMOCD Rule 711 Permit NM-02-0004 for Benson-Montin-Greer Drilling Corp. Centralized Surface Waste Management Facility. NW NW Section 20, T25N, R1E, NMPM, Rio Arriba County, New Mexico.

Dear Director Wrotenbery,

The above listed permit was issued by your agency on February 2, 1999 under your signature. The attached conditions differ from the regulations in effect when the application was made. Because of this, I did not sign and return the permit conditions pages. Rather I set it aside to look into further. Then somehow the permit got filed in our office and – "out of sight out of mind"- and I forgot about it. When we were advised that Ms. Kieling proposed an inspection, I was reminded of my earlier concerns. These concerns regard the permit's attached conditions under the "Treatment Zone Monitoring of Land farm Area" on pages 4 and 5 of the conditions of approval.

For our little facility I believe that the quarterly monitoring of the treatment zone for TPH and BTEX is excessive and would like to see our conditions changed to annual Treatment Zone Monitoring for these compounds if contaminated soil is brought into the facility during the year. If over a year then conduct the monitoring at the first next load. Further – there is very little RCRA metals in the land under the farm – nor in material brought to it. Once every five years should be adequate to test for major cations/anions and 8 RCRA metals.

The reasons why we propose these changes are:

1. This is not a commercial facility near a populated area – it is centralized and in a remote area on property we own.

2. We do not use the facility with a great frequency – i.e. we only use it for spill soils from our company operated locations.

3. We place only approximately 100 cubic yards of material on the land farm per year.

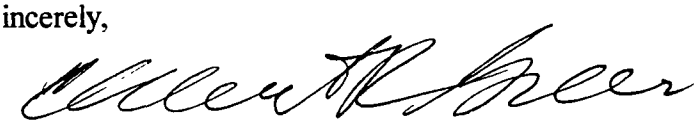
4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

4. The cost of sampling as often as the permit calls for such a small amount of soil is wasteful and costly, and I feel that monitoring as we propose of the treatment zone is sufficient to be protective of human health and the environment.

To achieve these changes do we need to apply for a hearing with the OCC or can we submit a modification to the existing permit on a form C-137 for administrative approval under your signature?

Further we have in the last several months had our new engineer and compliance man Pat Sanchez working on Air Quality issues and other engineering tasks. Pat will be taking the lead now on this permit and he can be contacted at 505-325-8874, via e-mail at pwsanchez@acrnet.com , or at the address on this letterhead.

Sincerely,



Albert R. Greer
President
Benson-Montin-Greer Drilling Corp.

C: Mr. Roger Anderson – NMOCD, Ms. Martyne Kieling – NMOCD, Mr. Denny Foust- NMOCD, File – BMG 711 permit, Mr. Patricio W. Sanchez – BMG, Mr. Mike Dimond - BMG.

Kieling, Martyne

From: Kieling, Martyne
Sent: Tuesday, August 08, 2000 8:35 AM
To: 'pwsanchez@acrnet.com'
Subject: Permit mod

Pat,

In response to your inquire about BMG's Permit Modification. I have received it and will be processing it in the order it came in. My best estimate at this time is for early October. Unfortunately I am running behind with every permit that has come in.

Please feel free to call me (or E-mail) if you have any questions or concerns.

Martyne Kieling

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 2, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-502

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
4900 College Boulevard
Farmington, NM 87402

RE: OCD Rule 711 Permit Approval NM-02-0004
Benson-Montin-Greer Drilling Corp.
Centralized Surface Waste Management Facility
NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM,
Rio Arriba County, New Mexico

Dear Mr. Greer:

The permit application for the Benson-Montin-Greer Drilling Corp. (BMG) centralized surface waste management facility located in NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM, Rio Arriba 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. In addition, a $25,000 cash collateral deposit for bond account No. 01-082086-27 has been submitted by BMG and approved by the Director. The application consists of the permit application Form C-137 dated September 29, 1997, inspection report response letter dated September 29, 1997, and ground water analysis dated November 4, 1997.

The construction, operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treatment, evaporation and landfarm methods must receive prior OCD approval. BMG 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 Benson-Montin-Greer Drilling Corp. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Benson-Montin-Greer Drilling Corp. 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 Benson-Montin-Greer Drilling Corp. Centralized Surface Waste Management Facility Permit NM-02-0004 will be reviewed at least once every five (5) years from the date of this approval letter. The facility is subject to periodic inspections by the OCD.

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) 827-7153.

Sincerely,

Lori Wrotenbery

Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Aztec OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-02-0004
BENSON-MONTIN-GREER DRILLING CORP.
SURFACE WASTE MANAGEMENT FACILITY
NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM,
Rio Arriba County, New Mexico
(February 2, 1999)

EVAPORATION POND OPERATION

1. The facility will be fenced and have a sign at the entrance. The sign will be legible from at least fifty (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 pond shall have a minimum freeboard of two feet (2'). A device shall be installed in the pond to accurately measure freeboard.

3. Pond inspection and maintenance will be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs will be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes will not be placed into the pond until repairs have been completed.

4. The leak detection system will be inspected monthly and if fluid is present samples of the fluid will be compared with the fluids in the pond. Results will be recorded and maintained for OCD review. If analysis of pond and leak detection fluids are similar the OCD Santa Fe office will be notified within 48 hours. Within 72 hours of discovery, the permittee will submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair the leak.

5. Sludge thickness in the base of the pond will be measured annually. Any sludge build-up in the bottom of the pond in excess of twelve inches (12") will be removed and landfarmed on site at the air strip landfarm.

6. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks. All existing tanks will be labeled as to contents and hazards and will be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks.

7. Below grade sumps will be cleaned and visually inspected annually. Results will be recorded and maintained for OCD review. If sump integrity has failed the OCD will be notified within

48 hours of discovery and the sump and contaminated soils will be removed and disposed of at an OCD-approved waste management facility. Soil remediation will follow OCD surface impoundment closure guidelines. The permittee will submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.

8. The produced water receiving and treatment area will be inspected weekly for tank, piping and berm integrity.

9. 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 nonhazardous to migratory birds.

10. Liquid reduction technologies that may be used to eliminate pond waters include evaporation.

11. These conditions will be implemented if H_2S is ever detected at the evaporation pond:

Tests of ambient H_2S levels shall be conducted on a weekly basis. Test results will be recorded and retained. The tests will be conducted at four (4) locations around the pond at the top of the berm. The wind speed and direction shall 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 shall be taken on the downwind berm within one hour;

   ii. the dissolved oxygen and dissolved sulfide levels of the pond shall be tested immediately and the need for immediate treatment determined; and

   iii. tests for H_2S levels shall be made at the fence line down wind from the problem pond.

b. If two (2) consecutive H_2S readings of 1.0 ppm or greater are obtained:

   i. the operator shall notify the Aztec office of the OCD immediately;

   ii. the operator shall commence hourly monitoring on a 24-hour basis; and

   iii. the operator will obtain 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 will immediately notify the Aztec office of the OCD and the following public safety agencies:

New Mexico State Police
San Juan County Sheriff
San Juan County Fire Marshall; and

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

12. In order to prevent development of harmful concentrations of H_2S, the following procedures shall be followed:

a. The facility will not accept produced water with possible H_2S content. Water with H_2S will be transported to an alternate approved OCD facility with the capacity to accept and treat H_2S contaminated water.

LANDFARM CONSTRUCTION

1. The facility will be fenced and have a sign at the entrance. The sign will be legible from at least fifty (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. Contaminated soils will not be placed within twenty (20) feet of any pipelines crossing the landfarm facility. In addition, no equipment will be operated within ten (10) feet of a pipeline. All pipelines crossing the facility will have surface markers identifying the location of the pipelines.

3. The portion of the facility containing contaminated soils will be bermed to prevent runoff and runon. A berm no less than one (1) feet above grade will be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for that specific region.

LANDFARM OPERATION

1. All contaminated soils to be landfarmed will be spread and disked within 72 hours of receipt.

2. Soils to be landfarmed will be spread on the surface in six-inch lifts or less.

3. Soils to be landfarmed will be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.

4. Exempt contaminated soils will be placed in the landfarm so that they are physically separate (*i.e.*, bermed) from non-exempt contaminated soils. There will be no mixing of exempt and non-exempt soils.

5. Successive lifts of contaminated soils will not be spread on the landfarm until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 100 ppm and the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations will be maintained at the facility for OCD review.

6. Prior to removal of remediated soils from the facility the soils will be tested for TPH, BTEX and benzene content. The remediated soils may only be moved to a location when the level of TPH in the remediated soil is less than 100 ppm, BTEX is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses, destination and volume of remediated soils removed from the facility will be maintained at the facility for OCD review. Authorization from the OCD Santa Fe office will be obtained prior to removal of the remediated soils to sensitive areas.

7. Moisture will be added as necessary to enhance bioremediation and to control blowing dust. There will be no ponding, pooling or run-off of water allowed. Any ponding of precipitation will be removed within twenty-four (24) hours of discovery.

8. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers will only be permitted after prior approval from the OCD. Request for application of microbes will include the location of the area designated for the bio-remediation program, the composition of additives, and the method, amount and frequency of application.

TREATMENT ZONE MONITORING OF LANDFARM AREA

1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken between two (2) to three (3) feet below the native ground surface.

2. The treatment zone soil samples will be analyzed using EPA approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and major cations/anions and eight (8) RCRA heavy metals annually.

3. After obtaining the soil samples the boreholes will be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only exempt and "non-hazardous" non-exempt oilfield wastes that are generated in the State of New Mexico by Benson-Montin-Greer Drilling Corp.

2. The facility is authorized to accept only:

   a. Oilfield waste 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.

   b. "Non-hazardous" non-exempt oilfield waste on a case-by-case basis after conducting a hazardous waste characterization including corrosivity, reactivity, ignitability, and toxic constituents and receiving OCD approval. The test for hazardous characteristics for a particular waste may be effective for an extended period of time from the date of analysis if approved by the OCD. In addition, the generator must certify that this waste does not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403.

3. At no time will 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. The transporter of any wastes to the facility will supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

5. No free liquids or soils with free liquids will be accepted at the landfarm portion of the facility.

6. No produced water shall be received at the facility from motor vehicles unless the transporter has a valid Form C-133, "Authorization to Move Produced Water" on file with the Division.

7. Comprehensive records of all material disposed of at the surface waste management facility will be maintained by the Permit holder.

REPORTING AND RECORD KEEPING

1. Analytical results from the treatment zone monitoring will be submitted to the OCD Santa Fe office for annual review **by March 1 of each year**.

2. Results of the monthly testing of the leak detection system will be recorded and will be submitted to the OCD Santa Fe office for annual review **by March 1 of each year**.

3. Results of the annual maintenance on below grade sumps, and annual measurements of sludge thickness in the pond will be recorded and maintained for OCD review.

4. The applicant will notify the **OCD Aztec District office within 24 hours** of any fire, break, leak, spill, blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.

5. All records of testing and monitoring will be retained for a period of five (5) years.

6. The OCD will be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.

7. The OCD Santa Fe and Aztec offices 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. A closure plan for the facility will be provided.

FINANCIAL ASSURANCE

1. Pursuant to OCD Rule 711.B.3.a., financial assurance in a form approved by the Director is required from Benson-Montin-Greer Drilling Corp. in the amount of **$25,000** for this facility.

2. Financial assurance must be submitted within thirty (30) days of this permit approval or on **March 3, 1999**.

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

CLOSURE

1. The OCD Santa Fe and Aztec offices 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. Upon cessation of operations for six (6) consecutive months, the operator shall complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.

2. A closure plan for the facility will be provided including the following OCD closure procedures:

   a. When the facility is to be closed no new material will be accepted.

   b. Any water not evaporated will be hauled to a commercial disposal facility.

   c. All liners will be removed.

   d. Tanks at the location will be emptied and any waste will be hauled to a commercial disposal facility. The empty tanks will be removed.

   e. Existing landfarm soils will be remediated until they meet the OCD standards in effect at the time of closure.

   f. The soils beneath the landfarm will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.

   g. The soils beneath the evaporation pond and produced water receiving and treatment area will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.

   h. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated

   i. The area will be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, and fences for future alternative uses the structures may be left in place.

   j. 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

Benson-Montin-Greer Drilling Corp, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Benson-Montin-Greer Drilling Corp further acknowledges that these 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:

BENSON-MONTIN-GREER DRILLING CORP

Signature _____ Title_____ Date _____

iml

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

May 17, 1999

Albert Greer
Benson-Montin-Greer Drilling Company
4900 College Blvd.
Farmington , NM 87402

Mr. Greer:

Enclosed, please find the reports for the samples received by our laboratory for analysis on May 4, 1999.

If you have any questions about the results of these analyses, please don't hesitate to call me at your convenience.

Thanks for using IML for your analytical needs!

Sincerely,

Sharon Williams
Organics Lab Supervisor

Enclosure

xc: File

jml

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

BENSON, MONTIN- GREER DRILLING COMPANY

Case Narrative

On May 4, 1999, three soil samples were submitted to Inter-Mountain Laboratories - Farmington for analysis. The samples were received cool and intact. The samples were identified by project "Llaves Land Farm". Analysis for Toxicity Characteristic Leaching Procedure (TCLP) were performed on the samples as per the accompanying Chain of Custody document.

Extractions were performed on the samples by "Toxicity Characteristic Leaching Procedure", Method 1311, SW-846, Rev. 0, July 1992. Digestion of the extracted samples were performed by "Acid Digestion of Aqueous Samples and Extracts for Total Metals", Method 3010, SW-846, Rev. 1, July 1992.

Trace metal analysis were performed on the samples by"Test Methods for Evaluating Solid Waste: Physical/Chemical Methods" , SW-846, United States Environmental Protection Agency, November, 1986.

It is the policy of this laboratory to employ, whenever possible, preparatory and analytical methods which have been approved by regulatory agencies.

Quality control reports may appear at the end of the analytical package and may be identified by title. If there are any questions regarding the information presented in this package, please feel free to call at your convenience.

Sincerely,

Sharon Williams

Sharon Williams
Organic Analyst

imL

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Client: Benson-Montin-Greer Drilling Co.
Project: Llaves Land Farm
Sample ID: South Outside
Lab ID: 0399W02248
Matrix: Soil
Condition: Cool/Intact

Date Reported: 05/17/99
Date Sampled: 05/03/99
Date Received: 05/04/99
Date Analyzed: 05/12/99

Parameter	Analytical Result	PQL	MCL	Units
TCLP METALS - Method 1311				
Arsenic	<3	3	5.0	mg/L
Barium	2	0.5	100.0	mg/L
Cadmium	<0.2	0.2	1.0	mg/L
Chromium	<0.5	0.5	5.0	mg/L
Lead	<2.5	2.5	5.0	mg/L
Mercury	<0.001	0.001	0.2	mg/L
Selenium	<0.25	0.25	1.0	mg/L
Silver	<0.5	0.5	5.0	mg/L

Reference: SW-846 - "Test Methods for Evaluating Solid Waste: Physical/Chemical Methods", United States Environmental Protection Agency, November, 1986.

Reviewed By: Sharon Williams

Sharon Willams, Organic Lab Supervisor

jml

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Client: Benson-Montin-Greer Drilling Co.
Project: Llaves Land Farm
Sample ID: North Outside
Lab ID: 0399W02249
Matrix: Soil
Condition: Cool/Intact

Date Reported: 05/17/99
Date Sampled: 05/03/99
Date Received: 05/04/99
Date Analyzed: 05/12/99

Parameter	Analytical Result	PQL	MCL	Units
TCLP METALS - Method 1311				
Arsenic	<3	3	5.0	mg/L
Barium	2	0.5	100.0	mg/L
Cadmium	<0.2	0.2	1.0	mg/L
Chromium	<0.5	0.5	5.0	mg/L
Lead	<2.5	2.5	5.0	mg/L
Mercury	<0.001	0.001	0.2	mg/L
Selenium	<0.25	0.25	1.0	mg/L
Silver	<0.5	0.5	5.0	mg/L

Reference: SW-846 - "Test Methods for Evaluating Solid Waste: Physical/Chemical Methods", United States Environmental Protection Agency, November, 1986.

Reviewed By: Sharon Williams

Sharon Willams, Organic Lab Supervisor

imL

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Client: Benson-Montin-Greer Drilling Co.
Project: Llaves Land Farm
Sample ID: Inside
Lab ID: 0399W02250
Matrix: Soil
Condition: Cool/Intact

Date Reported: 05/17/99
Date Sampled: 05/03/99
Date Received: 05/04/99
Date Analyzed: 05/12/99

Parameter	Analytical Result	PQL	MCL	Units
TCLP METALS - Method 1311				
Arsenic	<3	3	5.0	mg/L
Barium	2	0.5	100.0	mg/L
Cadmium	<0.2	0.2	1.0	mg/L
Chromium	<0.5	0.5	5.0	mg/L
Lead	<2.5	2.5	5.0	mg/L
Mercury	<0.001	0.001	0.2	mg/L
Selenium	<0.25	0.25	1.0	mg/L
Silver	<0.5	0.5	5.0	mg/L

Reference: SW-846 - "Test Methods for Evaluating Solid Waste: Physical/Chemical Methods", United States Environmental Protection Agency, November, 1986.

Reviewed By: Sharon Williams

Sharon Willams, Organic Lab Supervisor

imi
Inter-Mountain Laboratories, Inc.
Phone (505) 326-4737 Fax (505) 325-4182
2506 West Main Street, Farmington, NM 87401

QUALITY CONTROL / QUALITY ASSURANCE

imL
Inter-Mountain Laboratories, Inc.
Phone (505) 326-4737 Fax (505) 325-4182
2506 West Main Street, Farmington, NM 87401

Quality Control / Quality Assurance

Spike Analysis / Blank Analysis

TOXICITY CHARACTERISTIC LEACHING PROCEDURE

Client:	**Benson-Montin-Greer Drilling Company**	Date Reported:	05/17/99
Project:	Llaves Land Farm	Date Analyzed:	05/13/99
Sample Matrix:	Soil	Date Received:	05/04/99

Spike Analysis

Parameter	Spike Result (mg/L)	Sample Result (mg/L)	Spike Added (mg/L)	Percent Recovery
Arsenic	0.94	<0.005	1.00	**94%**
Barium	3.27	2.47	1.00	**80%***
Cadmium	0.95	<0.004	1.00	**95%**
Chromium	0.86	<0.01	1.00	**86%**
Lead	0.94	<0.05	1.00	**94%**
Mercury	0.005	<0.001	0.005	**96%**
Selenium	0.92	<0.005	1.00	**92%**
Silver	0.83	<0.01	1.00	**83%***

Method Blank Analysis

Parameter	Result	Detection Limit	Units
Arsenic	**ND**	0.005	mg/L
Barium	**ND**	0.01	mg/L
Cadmium	**ND**	0.004	mg/L
Chromium	**ND**	0.01	mg/L
Lead	**ND**	0.05	mg/L
Mercury	**ND**	0.001	mg/L
Selenium	**ND**	0.005	mg/L
Silver	**ND**	0.01	mg/L

References: Method 1311: Toxicity Characteristic Leaching Procedure, SW-846, Rev. 0, July 1992.

Method 3010A: Acid Digestion of Aqueous Samples and Extracts for Total Metals, SW-846, Rev. 1, July 1992.

Comments: * Matrix spike recovery failed to meet established QC limits due to matrix interferences.

Reported by _____

Reviewed by _____

Inter-Mountain Laboratories, Inc.
Phone (505) 326-4737 Fax (505) 325-4182
2506 West Main Street, Farmington, NM 87401

Quality Control / Quality Assurance

Known Analysis

TOXICITY CHARACTERISTIC LEACHING PROCEDURE

Client:	**Benson-Montin-Greer Drilling Company**	Date Reported:	05/17/99
Project:	Llaves Land Farm	Date Analyzed:	05/13/99
Sample Matrix:	Soil	Date Received:	05/04/99

Known Analysis

Parameter	Found Result	Known Result	Percent Recovery	Units
Arsenic	0.93	1.00	**93%**	mg/L
Barium	1.89	2.00	**95%**	mg/L
Cadmium	1.890	2.000	**95%**	mg/L
Chromium	0.93	1.00	**93%**	mg/L
Lead	1.89	2.00	**95%**	mg/L
Mercury	0.004	0.004	**93%**	mg/L
Selenium	1.840	2.000	**92%**	mg/L
Silver	0.25	0.25	**101%**	mg/L

References:

Method 1311: Toxicity Characteristic Leaching Procedure, SW-846, Rev. 0, July 1992.

Method 3010A: Acid Digestion of Aqueous Samples and Extracts for Total Metals, SW-846, Rev. 1, July 1992.

Comments:

Reported by _____

Reviewed by _____

CHAIN OF CUSTODY RECORD

Inter- Mountain Laboratories, Inc.

Client/Project Name	Project Location	ANALYSES / PARAMETERS
Benson Montin Greer Drilling Co	Llaves Land Farm	
Sampler: (Signature)	Chain of Custody Tape No.	

Sample No./ Identification	Date	Time	Lab Number	Matrix	No. of Containers	TCLP MT	Remarks
South Outside	5-3-99	1200		Soil	1	✓	Cool & Intact
NORTH Outside	5-3-99	1200			1	✓	
Inside	5-3-99	1200			1	✓	Hand Delivered

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Roger Mench	5-4-99	819			
Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Relinquished by: (Signature)	Date	Time	Received by laboratory: (Signature)	Date	Time
			Shawn Williams	5/4/99	819

Inter-Mountain Laboratories, Inc.

1633 Terra Avenue
Sheridan, Wyoming 82801
Telephone (307) 672-8945

1701 Phillips Circle
Gillette, Wyoming 82718
Telephone (307) 682-8945

2506 West Main Street
Farmington, NM 87401
Telephone (505) 326-4737

1160 Research Drive
Bozeman, Montana 59718
Telephone (406) 586-8450

11183 State Hwy. 30
College Station, TX 77845
Telephone (409) 776-8945

59654

RECEIVED

JUN 30 2000

Environmental Bureau
Oil Conservation Division

BMG

BENSON-MONTIN-GREER DRILLING CORP.

Monday, June 19, 2000

Certified Mail No. P-017-191-459

Ms. Martyne Kieling
New Mexico Oil Conservation Division
Environmental Bureau
2040 South Pacheco
Santa Fe, NM 87505

ORIGINAL

RE: Modification of Benson-Montin-Greer Drilling Corp. (BMG) NMOCD Rule 711 Centralized Surface Waste Management Facility (NM-02-0004)

Dear Ms. Kieling,

BMG submits the following request for "Minor Modification" of our Llaves, New Mexico facility located in NW/4 Section 20, T25N, R1E, NMPM, Rio Arriba County, New Mexico.

The application includes the following:

1. OCD form C-137.

   (We want to permit the entire NW/4 of section 20 rather than just the NW/4, NW/4 of section 20.)

2. Topographic Map Showing location of two proposed 5 Acre landfarm cells.

   (See also attached diagrams of cells)

3. Letter Dated May 10, 2000 from Albert R. Greer to Director Wrontenberry regarding treatment zone monitoring:

   Please note point three of the above referenced letter from BMG – In the past year we have had an increase in the amount of soil needing remediation at the land farm due to some production line leaks that were larger than our past needs (thus the reason for this minor modification request) - but we feel that points 1, 2, and 4 provide sufficient justification for allowing the proposed minor modification to the permit.

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

4. A copy of the current NMOCD Rule 711 Permit (NM-02-0004) and 12/7/94 NMOCD approved C-133.

5. RCRA 8 Metals background samples.

If you have any questions regarding this minor modification request contact me at (505)-325-8874, at the letterhead address, or via e-mail at pwsanchez@acrnet.com.

Sincerely,

Patricio W. Sanchez
BMG Drilling Corp.

C: Mr. Denny Foust – NMOCD Aztec District, Mr. Albert R. Greer – President BMG Drilling Corp., File 616-EE.2

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-137
Revised March 17, 1999

Submit Original Plus 1
Copy to Santa Fe
1 Copy to Appropriate
District Office

ORIGINAL

APPLICATION FOR WASTE MANAGEMENT FACILITY

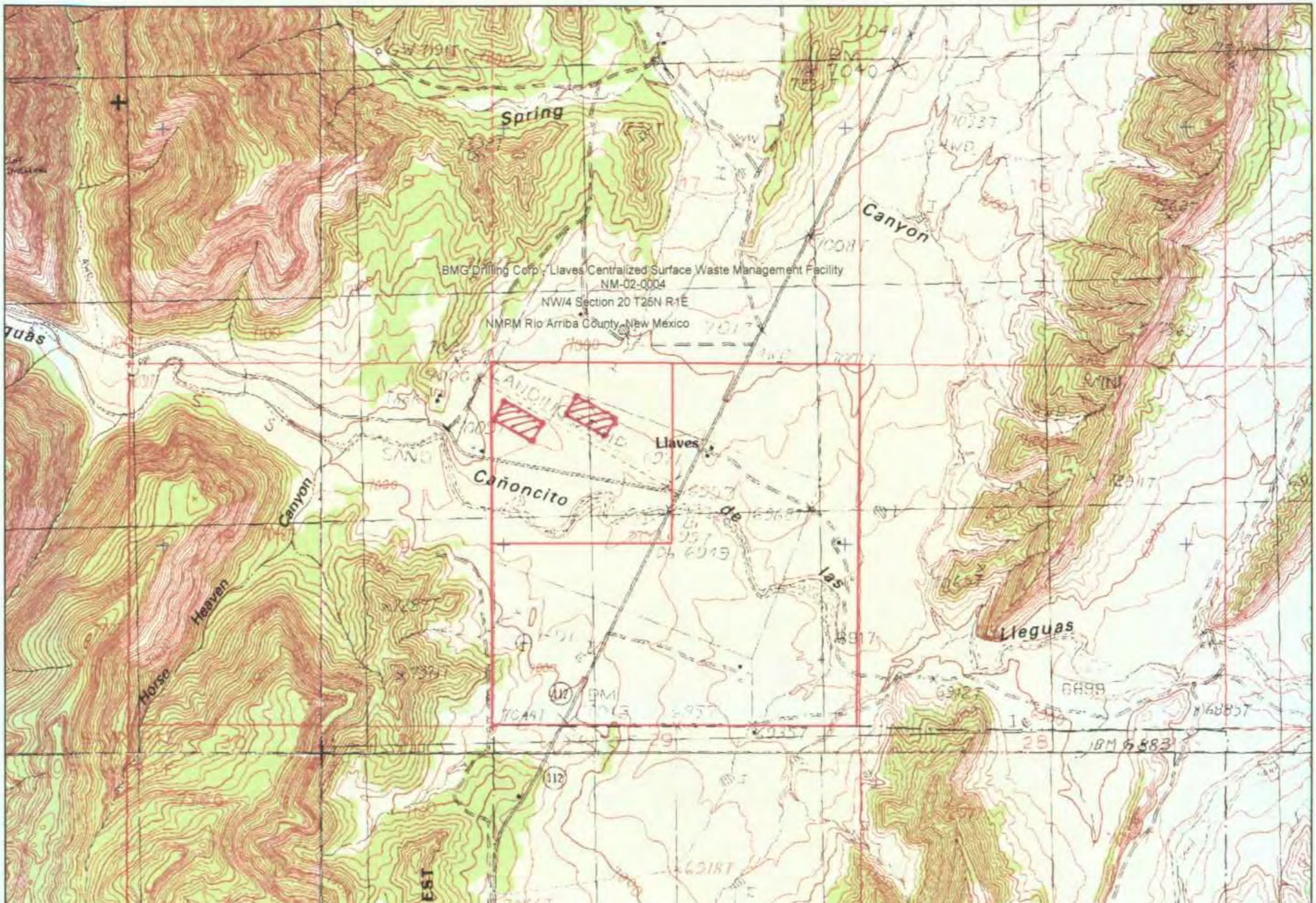
(Refer to the OCD Guidelines for assistance in completing the application)

☐ Commercial ☒ Centralized

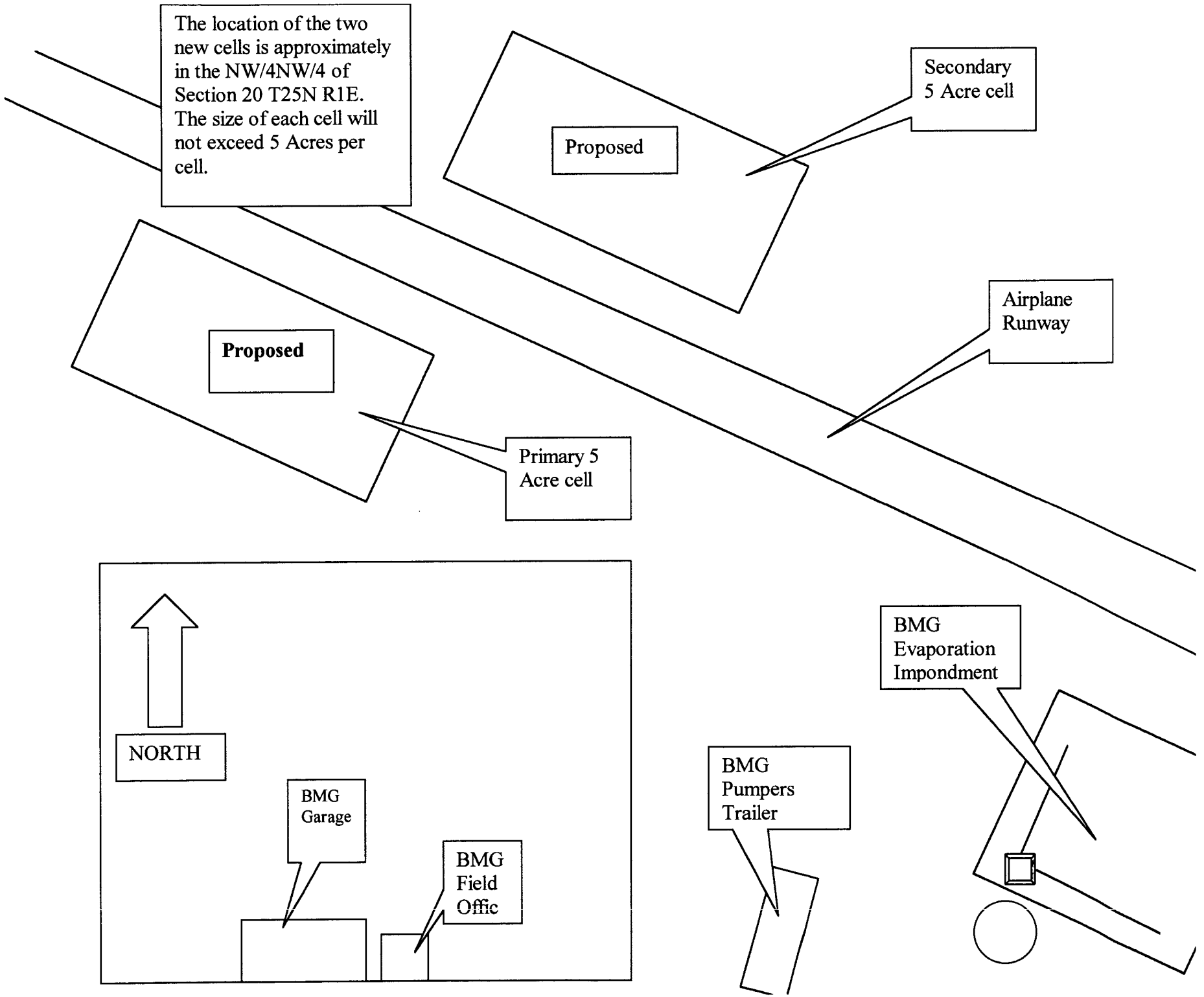
1. Type: ☒ Evaporation ☐ Injection ☐ Other
   ☒ Solids/Landfarm ☐ Treating Plant
2. Operator: BENSON -MONTIN-GREER DRILLING CORP.
   Address: 4900 College Blvd Farmington, NM 87402
   Contact Person: Patricio W. Sanchez Phone: 505-325-8874
3. Location: /4 NW /4 Section 20 Township 25N Range 1E
   Submit large scale topographic map showing exact location (See Attached Topo.)
4. Is this a modification of an existing facility? ☒ Yes ☐ No
5. Attach the name and address of the landowner of the facility site and landowners of record within one mile of the site.
   (Submitted as part of original application)
6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
   (see enclosed diagrams)
7. Attach designs prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations systems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities.
   (see enclosed diagrams and prior permit)
8. Attach a contingency plan for reporting and clean-up for spills or releases.
   (see prior permit)
9. Attach a routine inspection and maintenance plan to ensure permit compliance.
   (see prior permit and request for permit condition change dated 5/10/2000)
10. Attach a closure plan.
    (see prior permit)
11. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact groundwater. Depth to and quality of ground water must be included.
    (see prior permit)
12. Attach proof that the notice requirements of OCD Rule 711 have been met.
    (not a major modification - notification part of prior permit)
13. Attach a contingency plan in the event of a release of H_2S.
    (see prior permit)
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders.
    (attached is permit NM-02-0004 and 12/7/94 C-133 approval.)
15. CERTIFICATION
    I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Albert R. Greer Title: President

Signature: Albert R. Greer Date: 6-19-00



 950 ft Scale: 1 : 24,000 Detail: 13-1 Datum: WGS84


The location of the two new cells is approximately in the NW/4NW/4 of Section 20 T25N R1E. The size of each cell will not exceed 5 Acres per cell.
Proposed
Secondary 5 Acre cell
Proposed
Airplane Runway
Primary 5 Acre cell
NORTH
BMG Garage
BMG Field Offic
BMG Pumpers Trailer
BMG Evaporation Impondment

BMG

BENSON-MONTIN-GREER DRILLING CORP.

Wednesday, May 10, 2000

Energy, Minerals and Natural Resources Department
Oil Conservation Division
Ms. Lori Wrotenbery, Director
2040 S. Pacheco
Santa Fe, NM 87505

RE: NMOCD Rule 711 Permit NM-02-0004 for Benson-Montin-Greer Drilling Corp. Centralized Surface Waste Management Facility. NW NW Section 20, T25N, R1E, NMPM, Rio Arriba County, New Mexico.

Dear Director Wrotenbery,

The above listed permit was issued by your agency on February 2, 1999 under your signature. The attached conditions differ from the regulations in effect when the application was made. Because of this, I did not sign and return the permit conditions pages. Rather I set it aside to look into further. Then somehow the permit got filed in our office and – "out of sight out of mind"- and I forgot about it. When we were advised that Ms. Kieling proposed an inspection, I was reminded of my earlier concerns. These concerns regard the permit's attached conditions under the "Treatment Zone Monitoring of Land farm Area" on pages 4 and 5 of the conditions of approval.

For our little facility I believe that the quarterly monitoring of the treatment zone for TPH and BTEX is excessive and would like to see our conditions changed to annual Treatment Zone Monitoring for these compounds if contaminated soil is brought into the facility during the year. If over a year then conduct the monitoring at the first next load. Further – there is very little RCRA metals in the land under the farm – nor in material brought to it. Once every five years should be adequate to test for major cations/anions and 8 RCRA metals.

The reasons why we propose these changes are:

1. This is not a commercial facility near a populated area – it is centralized and in a remote area on property we own.

2. We do not use the facility with a great frequency – i.e. we only use it for spill soils from our company operated locations.

3. We place only approximately 100 cubic yards of material on the land farm per year.

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

4. The cost of sampling as often as the permit calls for such a small amount of soil is wasteful and costly, and I feel that monitoring as we propose of the treatment zone is sufficient to be protective of human health and the environment.

To achieve these changes do we need to apply for a hearing with the OCC or can we submit a modification to the existing permit on a form C-137 for administrative approval under your signature?

Further we have in the last several months had our new engineer and compliance man Pat Sanchez working on Air Quality issues and other engineering tasks. Pat will be taking the lead now on this permit and he can be contacted at 505-325-8874, via e-mail at pwsanchez@acrnet.com , or at the address on this letterhead.

Sincerely,

Albert R. Greer
President
Benson-Montin-Greer Drilling Corp.

C: Mr. Roger Anderson – NMOCD, Ms. Martyne Kieling – NMOCD, Mr. Denny Foust- NMOCD, File – BMG 711 permit, Mr. Patricio W. Sanchez – BMG, Mr. Mike Dimond - BMG.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

DEC 12 1994

BRUCE KING
GOVERNOR

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

December 7, 1994

Mr. Albert R. Greer
President
Benson-Montin-Greer Drilling Corp.
501 Airport Drive, Suite 221
Farmington, New Mexico 87401

Dear Mr. Greer:

Enclosed is an approved copy of your Form C-133 which you submitted on December 2, 1994.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/fd
enc.

Submit in triplicate to
Santa Fe Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-133
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AUTHORIZATION TO MOVE PRODUCED WATER

Transporter Name Benson-Montin-Greer Drilling Corp.

Address

501 Airport Drive, Suite 221

Farmington, New Mexico 87401

Office Location (If different)

Same

Phone Number (s) 505-325-8874

State Corporation Commission Permit No. 0293571

NOTE: It is the responsibility of each holder of an approved Form C-133 to familiarize its personnel with the content of Division Rules 709 and 710 and to assure operations in compliance therewith. Failure to move and dispose of produced water in accordance with Division Rules 709 and 710 are cause for cancellation of Form C-133 and the authority to move produced water.

I hereby certify that the information above is true and complete to the best of my knowledge and belief

Signature Albert R. Greer Date December 2, 1994

Printed Name Albert R. Greer Title President

(This space for State Use)

Approved by Title Division Director

Date December 8, 1994

RECEIVED
DEC 9 1994

Division.

[1-1-50...2-1-96]

706.B. The operator of a liquefied petroleum gas storage project shall report annually on Form C-131-B, Annual LPG Storage Report. [7-1-81...2-1-96]

707 RECLASSIFICATION OF WELLS

The Division Director shall have authority to reclassify an injection well from any category defined in Rule 701-B to any other category without notice and hearing upon request and proper showing by the operator thereof. [7-1-81... 2-1-96]

708 TRANSFER OF AUTHORITY TO INJECT

708.A. Authority to inject granted under any order of the Division is not transferable except upon approval of the Division. Approval of transfer of authority to inject may be obtained by filing Form C-104 in accordance with Rule 1104 E. [7-1-81...2-1-96]

708.B. The Division may require a demonstration of mechanical integrity prior to approving transfer of authority to inject. [7-1-81...2-1-96]

709 REMOVAL OF PRODUCED WATER FROM LEASES AND FIELD FACILITIES

709.A. Transportation of any produced water by motor vehicle from any lease, central tank battery, or other facility, without an approved Form C-133 (Authorization to Move Produced Water) is prohibited. [2-1-82...2-1-96]

709.B. Authorization to transport produced water may be obtained by filing three copies of Form C-133 with the Director of the Division in Santa Fe. [2-1-82...2-1-96]

709.C. No owner or operator shall permit produced water to be removed from its leases or field facilities by motor vehicle except by a person possessing an approved Form C-133. [2-1-82...2-1-96]

710 DISPOSITION OF TRANSPORTED PRODUCED WATER

710.A. No person, including any transporter, may dispose of produced water on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies. [2-1-82... 2-1-96]

710.B. Delivery of produced water to approved salt water disposal facilities, secondary recovery or pressure maintenance injection facilities, or to a drill site for use in drilling fluid will not be construed as constituting a hazard to fresh water supplies provided the produced waters are placed in tanks or other impermeable storage at such facilities. [2-1-82...2-1-96]

710.C. The supervisor of the appropriate district office of the Division may grant temporary exceptions to Paragraph A. above for emergency situations, for use of produced water in road construction or maintenance, or for use of produced waters for other construction purposes upon request and a proper showing by a holder of an approved Form C-133 (Authorization to Move Produced Water). [2-1-82...2-1-96]

710.D. Vehicular movement or disposition of produced water in any manner contrary to these rules shall be considered cause, after notice and hearing, for cancellation of Form C-133. [2-1-82...2-1-96]

RULE 711 - APPLICABLE TO SURFACE WASTE MANAGEMENT FACILITIES ONLY

711.A. A surface waste management facility is defined as any facility that receives for collection, disposal, evaporation, remediation, reclamation, treatment or storage any produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, bottom sediment and water (BS&W), tank bottoms, waste oil or, upon written approval by the Division, other oilfield related waste. Provided, however, if (a) a facility performing these functions utilizes underground injection wells subject to regulation by the Division pursuant to the federal Safe Drinking Water Act, and does not manage oilfield wastes on the ground in pits, ponds, below grade tanks or land application units, (b) if a facility, such as a tank only facility, does not manage oilfield wastes on the ground in pits, ponds below grade tanks or land application units or (c) if a facility performing these functions is subject to Water Quality Control Commission Regulations, then the facility shall not be subject to this rule. [6-6-88...2-1-96]

(1) A commercial facility is defined as any surface waste management facility that does not meet the definition of centralized facility. [7-26-95, 2-1-96]

(2) A centralized facility is defined as a surface waste management facility that accepts only waste generated in New Mexico and that:

(a) does not receive compensation for waste management;

(b) is used exclusively by one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended; or

(c) is used by more than one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended under an operating agreement and which receives wastes that are generated from two or more production units or areas or from a set of jointly owned or operated leases.

[7-26-95, 2-1-96]

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 2, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-502

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
4900 College Boulevard
Farmington, NM 87402

RE: OCD Rule 711 Permit Approval NM-02-0004
Benson-Montin-Greer Drilling Corp.
Centralized Surface Waste Management Facility
NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM,
Rio Arriba County, New Mexico

Dear Mr. Greer:

The permit application for the Benson-Montin-Greer Drilling Corp. (BMG) centralized surface waste management facility located in NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM, Rio Arriba 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. In addition, a $25,000 cash collateral deposit for bond account No. 01-082086-27 has been submitted by BMG and approved by the Director. The application consists of the permit application Form C-137 dated September 29, 1997, inspection report response letter dated September 29, 1997, and ground water analysis dated November 4, 1997.

The construction, operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treatment, evaporation and landfarm methods must receive prior OCD approval. BMG 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 Benson-Montin-Greer Drilling Corp. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Benson-Montin-Greer Drilling Corp. 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 Benson-Montin-Greer Drilling Corp. Centralized Surface Waste Management Facility Permit NM-02-0004 will be reviewed at least once every five (5) years from the date of this approval letter. The facility is subject to periodic inspections by the OCD.

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) 827-7153.

Sincerely,

Lori Wrotenbery

Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Aztec OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-02-0004
BENSON-MONTIN-GREER DRILLING CORP.
SURFACE WASTE MANAGEMENT FACILITY
NW/4 NW/4 Section 20, Township 25 North, Range 1 East, NMPM,
Rio Arriba County, New Mexico
(February 2, 1999)

EVAPORATION POND OPERATION

1. The facility will be fenced and have a sign at the entrance. The sign will be legible from at least fifty (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 pond shall have a minimum freeboard of two feet (2'). A device shall be installed in the pond to accurately measure freeboard.

3. Pond inspection and maintenance will be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm. If any defect is noted repairs will be made as soon as possible. If the defect will jeopardize the integrity of the pond additional wastes will not be placed into the pond until repairs have been completed.

4. The leak detection system will be inspected monthly and if fluid is present samples of the fluid will be compared with the fluids in the pond. Results will be recorded and maintained for OCD review. If analysis of pond and leak detection fluids are similar the OCD Santa Fe office will be notified within 48 hours. Within 72 hours of discovery, the permittee will submit a plan to the OCD Santa Fe and appropriate District offices that describes what procedures will be taken to investigate and repair the leak.

5. Sludge thickness in the base of the pond will be measured annually. Any sludge build-up in the bottom of the pond in excess of twelve inches (12") will be removed and landfarmed on site at the air strip landfarm.

6. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks. All existing tanks will be labeled as to contents and hazards and will be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks.

7. Below grade sumps will be cleaned and visually inspected annually. Results will be recorded and maintained for OCD review. If sump integrity has failed the OCD will be notified within

48 hours of discovery and the sump and contaminated soils will be removed and disposed of at an OCD-approved waste management facility. Soil remediation will follow OCD surface impoundment closure guidelines. The permittee will submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.

8. The produced water receiving and treatment area will be inspected weekly for tank, piping and berm integrity.

9. 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 nonhazardous to migratory birds.

10. Liquid reduction technologies that may be used to eliminate pond waters include evaporation.

11. These conditions will be implemented if H_2S is ever detected at the evaporation pond:

Tests of ambient H_2S levels shall be conducted on a weekly basis. Test results will be recorded and retained. The tests will be conducted at four (4) locations around the pond at the top of the berm. The wind speed and direction shall 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 shall be taken on the downwind berm within one hour;

   ii. the dissolved oxygen and dissolved sulfide levels of the pond shall be tested immediately and the need for immediate treatment determined; and

   iii. tests for H_2S levels shall be made at the fence line down wind from the problem pond.

b. If two (2) consecutive H_2S readings of 1.0 ppm or greater are obtained:

   i. the operator shall notify the Aztec office of the OCD immediately;

   ii. the operator shall commence hourly monitoring on a 24-hour basis; and

   iii. the operator will obtain 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 will immediately notify the Aztec office of the OCD and the following public safety agencies:

New Mexico State Police
San Juan County Sheriff
San Juan County Fire Marshall; and

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

12. In order to prevent development of harmful concentrations of H_2S, the following procedures shall be followed:

a. The facility will not accept produced water with possible H_2S content. Water with H_2S will be transported to an alternate approved OCD facility with the capacity to accept and treat H_2S contaminated water.

LANDFARM CONSTRUCTION

1. The facility will be fenced and have a sign at the entrance. The sign will be legible from at least fifty (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. Contaminated soils will not be placed within twenty (20) feet of any pipelines crossing the landfarm facility. In addition, no equipment will be operated within ten (10) feet of a pipeline. All pipelines crossing the facility will have surface markers identifying the location of the pipelines.

3. The portion of the facility containing contaminated soils will be bermed to prevent runoff and runon. A berm no less than one (1) feet above grade will be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for that specific region.

LANDFARM OPERATION

1. All contaminated soils to be landfarmed will be spread and disked within 72 hours of receipt.

2. Soils to be landfarmed will be spread on the surface in six-inch lifts or less.

3. Soils to be landfarmed will be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.

4. Exempt contaminated soils will be placed in the landfarm so that they are physically separate (*i.e.*, bermed) from non-exempt contaminated soils. There will be no mixing of exempt and non-exempt soils.

5. Successive lifts of contaminated soils will not be spread on the landfarm until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 100 ppm and the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations will be maintained at the facility for OCD review.

6. Prior to removal of remediated soils from the facility the soils will be tested for TPH, BTEX and benzene content. The remediated soils may only be moved to a location when the level of TPH in the remediated soil is less than 100 ppm, BTEX is less than 50 ppm, and the benzene is less than 10 ppm. Comprehensive records of the laboratory analyses, destination and volume of remediated soils removed from the facility will be maintained at the facility for OCD review. Authorization from the OCD Santa Fe office will be obtained prior to removal of the remediated soils to sensitive areas.

7. Moisture will be added as necessary to enhance bioremediation and to control blowing dust. There will be no ponding, pooling or run-off of water allowed. Any ponding of precipitation will be removed within twenty-four (24) hours of discovery.

8. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers will only be permitted after prior approval from the OCD. Request for application of microbes will include the location of the area designated for the bio-remediation program, the composition of additives, and the method, amount and frequency of application.

TREATMENT ZONE MONITORING OF LANDFARM AREA

1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken between two (2) to three (3) feet below the native ground surface.

2. The treatment zone soil samples will be analyzed using EPA approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and major cations/anions and eight (8) RCRA heavy metals annually.

3. After obtaining the soil samples the boreholes will be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only exempt and "non-hazardous" non-exempt oilfield wastes that are generated in the State of New Mexico by Benson-Montin-Greer Drilling Corp.

2. The facility is authorized to accept only:

   a. Oilfield waste 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.

   b. "Non-hazardous" non-exempt oilfield waste on a case-by-case basis after conducting a hazardous waste characterization including corrosivity, reactivity, ignitability, and toxic constituents and receiving OCD approval. The test for hazardous characteristics for a particular waste may be effective for an extended period of time from the date of analysis if approved by the OCD. In addition, the generator must certify that this waste does not contain Naturally Occurring Radioactive Material (NORM) regulated pursuant to 20 NMAC 3.1 Subpart 1403.

3. At no time will 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. The transporter of any wastes to the facility will supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

5. No free liquids or soils with free liquids will be accepted at the landfarm portion of the facility.

6. No produced water shall be received at the facility from motor vehicles unless the transporter has a valid Form C-133, "Authorization to Move Produced Water" on file with the Division.

7. Comprehensive records of all material disposed of at the surface waste management facility will be maintained by the Permit holder.

REPORTING AND RECORD KEEPING

1. Analytical results from the treatment zone monitoring will be submitted to the OCD Santa Fe office for annual review **by March 1 of each year**.

2. Results of the monthly testing of the leak detection system will be recorded and will be submitted to the OCD Santa Fe office for annual review **by March 1 of each year**.

3. Results of the annual maintenance on below grade sumps, and annual measurements of sludge thickness in the pond will be recorded and maintained for OCD review.

4. The applicant will notify the **OCD Aztec District office within 24 hours** of any fire, break, leak, spill, blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.

5. All records of testing and monitoring will be retained for a period of five (5) years.

6. The OCD will be notified prior to the installation of any pipelines or wells or other structures within the boundaries of the facility.

7. The OCD Santa Fe and Aztec offices 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. A closure plan for the facility will be provided.

FINANCIAL ASSURANCE

1. Pursuant to OCD Rule 711.B.3.a., financial assurance in a form approved by the Director is required from Benson-Montin-Greer Drilling Corp. in the amount of **$25,000** for this facility.

2. Financial assurance must be submitted within thirty (30) days of this permit approval or on **March 3, 1999**.

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

CLOSURE

1. The OCD Santa Fe and Aztec offices 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. Upon cessation of operations for six (6) consecutive months, the operator shall complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.

2. A closure plan for the facility will be provided including the following OCD closure procedures:

   a. When the facility is to be closed no new material will be accepted.

   b. Any water not evaporated will be hauled to a commercial disposal facility.

   c. All liners will be removed.

   d. Tanks at the location will be emptied and any waste will be hauled to a commercial disposal facility. The empty tanks will be removed.

   e. Existing landfarm soils will be remediated until they meet the OCD standards in effect at the time of closure.

   f. The soils beneath the landfarm will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.

   g. The soils beneath the evaporation pond and produced water receiving and treatment area will be characterized as to total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content to determine potential migration of contamination.

   h. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated

   i. The area will be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, and fences for future alternative uses the structures may be left in place.

   j. 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

Benson-Montin-Greer Drilling Corp, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Benson-Montin-Greer Drilling Corp further acknowledges that these 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:

BENSON-MONTIN-GREER DRILLING CORP

Signature _____ Title _____ Date _____

iml

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

MAY 21 1999

Albert Greer
Benson-Montin-Greer Drilling Company
4900 College Blvd.
Farmington , NM 87402

May 17, 1999

Mr. Greer:

Enclosed, please find the reports for the samples received by our laboratory for analysis on May 4, 1999.

If you have any questions about the results of these analyses, please don't hesitate to call me at your convenience.

Thanks for using IML for your analytical needs!

Sincerely,

Sharon Williams
Organics Lab Supervisor

Enclosure

xc: File

imL Inter-Mountain Laboratories, Inc.
Phone (505) 326-4737 Fax (505) 325-4182
2506 West Main Street, Farmington, NM 87401

BENSON, MONTIN- GREER DRILLING COMPANY

Case Narrative

On May 4, 1999, three soil samples were submitted to Inter-Mountain Laboratories - Farmington for analysis. The samples were received cool and intact. The samples were identified by project "Llaves Land Farm". Analysis for Toxicity Characteristic Leaching Procedure (TCLP) were performed on the samples as per the accompanying Chain of Custody document.

Extractions were performed on the samples by "Toxicity Characteristic Leaching Procedure", Method 1311, SW-846, Rev. 0, July 1992. Digestion of the extracted samples were performed by "Acid Digestion of Aqueous Samples and Extracts for Total Metals", Method 3010, SW-846, Rev. 1, July 1992.

Trace metal analysis were performed on the samples by"Test Methods for Evaluating Solid Waste: Physical/Chemical Methods" , SW-846, United States Environmental Protection Agency, November, 1986.

It is the policy of this laboratory to employ, whenever possible, preparatory and analytical methods which have been approved by regulatory agencies.

Quality control reports may appear at the end of the analytical package and may be identified by title. If there are any questions regarding the information presented in this package, please feel free to call at your convenience.

Sincerely,

Sharon Williams
Organic Analyst

imL

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Client:	**Benson-Montin-Greer Drilling Co.**		
Project:	**Llaves Land Farm**	**Date Reported:**	05/17/99
Sample ID:	South Outside	**Date Sampled:**	05/03/99
Lab ID:	0399W02248	**Date Received:**	05/04/99
Matrix:	Soil		
Condition:	Cool/Intact	**Date Analyzed:**	05/12/99

Parameter	Analytical Result	PQL	MCL	Units
TCLP METALS - Method 1311				
Arsenic	<3	3	5.0	mg/L
Barium	2	0.5	100.0	mg/L
Cadmium	<0.2	0.2	1.0	mg/L
Chromium	<0.5	0.5	5.0	mg/L
Lead	<2.5	2.5	5.0	mg/L
Mercury	<0.001	0.001	0.2	mg/L
Selenium	<0.25	0.25	1.0	mg/L
Silver	<0.5	0.5	5.0	mg/L

Reference: SW-846 - "Test Methods for Evaluating Solid Waste: Physical/Chemical Methods", United States Environmental Protection Agency, November, 1986.

Reviewed By: Sharon Williams

Sharon Willams, Organic Lab Supervisor

jml

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Client: Benson-Montin-Greer Drilling Co.
Project: Llaves Land Farm
Sample ID: North Outside
Lab ID: 0399W02249
Matrix: Soil
Condition: Cool/Intact

Date Reported: 05/17/99
Date Sampled: 05/03/99
Date Received: 05/04/99
Date Analyzed: 05/12/99

Parameter	Analytical Result	PQL	MCL	Units
TCLP METALS - Method 1311				
Arsenic	<3	3	5.0	mg/L
Barium	2	0.5	100.0	mg/L
Cadmium	<0.2	0.2	1.0	mg/L
Chromium	<0.5	0.5	5.0	mg/L
Lead	<2.5	2.5	5.0	mg/L
Mercury	<0.001	0.001	0.2	mg/L
Selenium	<0.25	0.25	1.0	mg/L
Silver	<0.5	0.5	5.0	mg/L

Reference: SW-846 - "Test Methods for Evaluating Solid Waste: Physical/Chemical Methods", United States Environmental Protection Agency, November, 1986.

Reviewed By: Sharon Williams

Sharon Williams, Organic Lab Supervisor

jml

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Client: Benson-Montin-Greer Drilling Co.
Project: Llaves Land Farm
Sample ID: Inside
Lab ID: 0399W02250
Matrix: Soil
Condition: Cool/Intact

Date Reported: 05/17/99
Date Sampled: 05/03/99
Date Received: 05/04/99
Date Analyzed: 05/12/99

Parameter	Analytical Result	PQL	MCL	Units
TCLP METALS - Method 1311				
Arsenic	<3	3	5.0	mg/L
Barium	2	0.5	100.0	mg/L
Cadmium	<0.2	0.2	1.0	mg/L
Chromium	<0.5	0.5	5.0	mg/L
Lead	<2.5	2.5	5.0	mg/L
Mercury	<0.001	0.001	0.2	mg/L
Selenium	<0.25	0.25	1.0	mg/L
Silver	<0.5	0.5	5.0	mg/L

Reference: SW-846 - "Test Methods for Evaluating Solid Waste: Physical/Chemical Methods", United States Environmental Protection Agency, November, 1986.

Reviewed By: Sharon Williams

Sharon Willams, Organic Lab Supervisor

imL

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

QUALITY CONTROL / QUALITY ASSURANCE

imL

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Quality Control / Quality Assurance

Spike Analysis / Blank Analysis

TOXICITY CHARACTERISTIC LEACHING PROCEDURE

Client:	**Benson-Montin-Greer Drilling Company**	Date Reported:	05/17/99
Project:	Llaves Land Farm	Date Analyzed:	05/13/99
Sample Matrix:	Soil	Date Received:	05/04/99

Spike Analysis

Parameter	Spike Result (mg/L)	Sample Result (mg/L)	Spike Added (mg/L)	Percent Recovery
Arsenic	0.94	<0.005	1.00	**94%**
Barium	3.27	2.47	1.00	**80%***
Cadmium	0.95	<0.004	1.00	**95%**
Chromium	0.86	<0.01	1.00	**86%**
Lead	0.94	<0.05	1.00	**94%**
Mercury	0.005	<0.001	0.005	**96%**
Selenium	0.92	<0.005	1.00	**92%**
Silver	0.83	<0.01	1.00	**83%***

Method Blank Analysis

Parameter	Result	Detection Limit	Units
Arsenic	**ND**	0.005	mg/L
Barium	**ND**	0.01	mg/L
Cadmium	**ND**	0.004	mg/L
Chromium	**ND**	0.01	mg/L
Lead	**ND**	0.05	mg/L
Mercury	**ND**	0.001	mg/L
Selenium	**ND**	0.005	mg/L
Silver	**ND**	0.01	mg/L

References: Method 1311: Toxicity Characteristic Leaching Procedure, SW-846, Rev. 0, July 1992.

Method 3010A: Acid Digestion of Aqueous Samples and Extracts for Total Metals, SW-846, Rev. 1, July 1992.

Comments: * Matrix spike recovery failed to meet established QC limits due to matrix interferences.

Reported by _____

Reviewed by _____

imL

Inter-Mountain Laboratories, Inc.

Phone (505) 326-4737 Fax (505) 325-4182

2506 West Main Street, Farmington, NM 87401

Quality Control / Quality Assurance

Known Analysis

TOXICITY CHARACTERISTIC LEACHING PROCEDURE

Client:	**Benson-Montin-Greer Drilling Company**	Date Reported:	05/17/99
Project:	Llaves Land Farm	Date Analyzed:	05/13/99
Sample Matrix:	Soil	Date Received:	05/04/99

Known Analysis

Parameter	Found Result	Known Result	Percent Recovery	Units
Arsenic	0.93	1.00	**93%**	mg/L
Barium	1.89	2.00	**95%**	mg/L
Cadmium	1.890	2.000	**95%**	mg/L
Chromium	0.93	1.00	**93%**	mg/L
Lead	1.89	2.00	**95%**	mg/L
Mercury	0.004	0.004	**93%**	mg/L
Selenium	1.840	2.000	**92%**	mg/L
Silver	0.25	0.25	**101%**	mg/L

References:

Method 1311: Toxicity Characteristic Leaching Procedure, SW-846, Rev. 0, July 1992.

Method 3010A: Acid Digestion of Aqueous Samples and Extracts for Total Metals, SW-846, Rev. 1, July 1992.

Comments:

Reported by _____

Reviewed by _____

inl
Inter- Mountain
Laboratories, Inc.

CHAIN OF CUSTODY RECORD

Client/Project Name	Project Location	ANALYSES / PARAMETERS
Benson - Montin - Greer Drilling Co	Llaves Land Farm	
Sampler: (Signature)	Chain of Custody Tape No.	

Sample No./ Identification	Date	Time	Lab Number	Matrix	No. of Containers	TCLP MT				Remarks
South Outside	5-3-99	1200		Soil	1	✓				
NORTH Outside	5-3-99	1200		"	1	✓				Cool + Intact
Inside	5-3-99	1200		"	1	✓				Hand Delivered

Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
	5-4-99	819			
Relinquished by: (Signature)	Date	Time	Received by: (Signature)	Date	Time
Relinquished by: (Signature)	Date	Time	Received by laboratory: (Signature)	Date	Time
			Karen Williams	5/4/99	819

Inter-Mountain Laboratories, Inc.

1633 Terra Avenue
Sheridan, Wyoming 82801
Telephone (307) 672-8945

1701 Phillips Circle
Gillette, Wyoming 82718
Telephone (307) 682-8945

2506 West Main Street
Farmington, NM 87401
Telephone (505) 326-4737

1160 Research Drive
Bozeman, Montana 59718
Telephone (406) 586-8450

11183 State Hwy. 30
College Station, TX 77845
Telephone (409) 776-8945

59654

Kieling, Martyne

From: Patricio Sanchez[SMTP:pwsanchez@acrnet.com]
Reply To: Patricio Sanchez
Sent: Monday, July 10, 2000 9:20 AM
To: Kieling, Martyne
Subject: Inspection Report from NMOCD dated July 3, 2000 - Regrading Permit NM-02-0004 (BMG Drilling Corp.)
Importance: High

Ms. Kieling,

I have received the above mentioned inspection report regarding BMG's NMOCD permitted Rule 711 facility. I would like a copy of the inspection report sent to my e-mail as a "word" attachment so I can save on some typing in responding. Thanks in advance for your help in the matter.

PWS
505-325-8874
e-mail: pwsanchez@acrnet.com

BMG

STATE OF NEW MEXICO
ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

MEMORANDUM OF MEETING OR CONVERSATION

✓ Telephone ____ Personal Time 10:10 Date 3/6-5-00

Originating Party: Pat Sanchez, BMG

Other Parties: Marlyn Kielin

Subject: 2000 yd Exempt of Soil to add to Land Farm Will Be for Constructing a New Cell outside of Runway Area will Berm & Fence

Discussion: Will Send Rep Schematic on Construction

Pond Has Clean up Sediment on Bottom only 1/4 inch thick

BMG - Will write a Formal Reply to Inspect Rep't Letter

Conclusions or Agreements

Distribution

Signed Marlyn

Evap. Pond Monitoring Tube Inspections

9/1/99	2'-4" water	pumped water out of monitoring Tube
9/2/99	6" water	pumped water out of monitoring Tube
10/1/99	8" water	
10/18/99	8 water	
11/1/99	9" water	
12/3/99	9" water	
1/3/00	9" water	
2/2/00	9" water	
3/3/00	9" water	
4/1/00	1'-1' water	
5/1/00	1'-0 water	

RECEIVED
MAY 1 2 2000
Environmental Bureau
Oil Conservation Division

BMG

BENSON-MONTIN-GREER DRILLING CORP.

Wednesday, May 10, 2000

Energy, Minerals and Natural Resources Department
Oil Conservation Division
Ms. Lori Wrotenbery, Director
2040 S. Pacheco
Santa Fe, NM 87505

RE: NMOCD Rule 711 Permit NM-02-0004 for Benson-Montin-Greer Drilling Corp. Centralized Surface Waste Management Facility. NW NW Section 20, T25N, R1E, NMPM, Rio Arriba County, New Mexico.

Dear Director Wrotenbery,

The above listed permit was issued by your agency on February 2, 1999 under your signature. The attached conditions differ from the regulations in effect when the application was made. Because of this, I did not sign and return the permit conditions pages. Rather I set it aside to look into further. Then somehow the permit got filed in our office and – "out of sight out of mind"- and I forgot about it. When we were advised that Ms. Kieling proposed an inspection, I was reminded of my earlier concerns. These concerns regard the permit's attached conditions under the "Treatment Zone Monitoring of Land farm Area" on pages 4 and 5 of the conditions of approval.

For our little facility I believe that the quarterly monitoring of the treatment zone for TPH and BTEX is excessive and would like to see our conditions changed to annual Treatment Zone Monitoring for these compounds if contaminated soil is brought into the facility during the year. If over a year then conduct the monitoring at the first next load. Further – there is very little RCRA metals in the land under the farm – nor in material brought to it. Once every five years should be adequate to test for major cations/anions and 8 RCRA metals.

The reasons why we propose these changes are:

1. This is not a commercial facility near a populated area – it is centralized and in a remote area on property we own.

2. We do not use the facility with a great frequency – i.e. we only use it for spill soils from our company operated locations.

3. We place only approximately 100 cubic yards of material on the land farm per year.

2000cy

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

4. The cost of sampling as often as the permit calls for such a small amount of soil is wasteful and costly, and I feel that monitoring as we propose of the treatment zone is sufficient to be protective of human health and the environment.

To achieve these changes do we need to apply for a hearing with the OCC or can we submit a modification to the existing permit on a form C-137 for administrative approval under your signature?

Further we have in the last several months had our new engineer and compliance man Pat Sanchez working on Air Quality issues and other engineering tasks. Pat will be taking the lead now on this permit and he can be contacted at 505-325-8874, via e-mail at pwsanchez@acrnet.com , or at the address on this letterhead.

Sincerely,

Albert R. Greer
President
Benson-Montin-Greer Drilling Corp.

C: Mr. Roger Anderson – NMOCD, Ms. Martyne Kieling – NMOCD, Mr. Denny Foust- NMOCD, File – BMG 711 permit, Mr. Patricio W. Sanchez – BMG, Mr. Mike Dimond - BMG.

CHECKLIST FOR RULE 711 PERMIT APPLICATION COMPLETENESS

1. OK FACILITY TYPE

2. OK OPERATOR NAME, ADDRESS, CONTACT PERSON AND PHONE# Al Greer 505-325-8874 Pat Sanchez Env.

3. OK LEGAL LOCATION

4. OK MODIFICATION OR NEW FACILITY /

5. OK NAME AND ADDRESS OF THE FACILITY SITE LANDOWNER

6. OK NAME AND ADDRESS OF ALL LANDOWNERS OF RECORD WITHIN ONE MILE OF FACILITY SITE.

7. NA NOTIFICATION OF ALL LANDOWNERS OF RECORD WITHIN ONE MILE OF FACILITY SITE RETURN RECEIPT SUBMITTED

8. NA PUBLIC NOTICE IN TWO NEWSPAPERS ORIGINAL AFFIDAVIT OF PUBLICATION SUBMITTED.

9. OK FACILITY DESCRIPTION WITH DIAGRAMS INDICATING ALL PERTINENT FEATURES (FENCES, BERM, ROADS, PITS, DIKES, TANKS, MONITORING WELLS ....)

10. OK CONSTRUCTION INSTILLATION DESIGNS FOR PITS, PONDS, LEAK-DETECTION SYSTEMS, AERATION SYSTEMS, ENHANCED EVAPORATION SYSTEMS, WASTE TREATING SYSTEMS, SOLIDIFICATION SYSTEMS, SECURITY SYSTEMS, AND LANDFARM FACILITIES.

11. OK GEOLOGICAL/HYDROLOGICAL EVIDENCE THAT FACILITY WILL NOT IMPACT GROUNDWATER. DEPTH TO AND QUALITY OF GROUNDWATER INCLUDED. 90-50' to GW Analysis Supplied

12. OK CONTINGENCY PLAN FOR REPORTING AND CLEAN-UP OF SPILLS OR RELEASES.

* 13. NA H2S CONTINGENCY PLAN

* 14. OK ROUTINE INSPECTION AND MAINTENANCE PLAN TO ENSURE PERMIT COMPLIANCE

15. OK CLOSURE PLAN

16. NA CLOSURE COST ESTIMATE $25,000

17. BONDING AMOUNT 25,000 #01-082086 -27 TYPE Cash Collateral DATE APPROVED Jun 11, 1999

18. ANY OTHER INFORMATION AS NECESSARY TO DEMONSTRATE COMPLIANCE WITH ANY OTHER OCD RULES REGULATIONS AND ORDERS.

19. CERTIFICATION SIGNATURE AND DATE ON PERMIT

BMG

BENSON-MONTIN-GREER DRILLING CORP.

January 14, 1999

RECEIVED

JAN 18 1999

OIL CONSERVATION DIVISION

New Mexico Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

Attention: Martyne Kieling
Environmental Bureau

Re: $25,000 ASSIGNMENT OF CASH COLLATERAL DEPOSIT FOR BOND FOR CENTRALIZED WASTE MANAGEMENT FACILITY

Dear Ms. Kieling:

Enclosed is Cash Bond Form in the amount of $25,000 for our evaporation pond and landfarm in Section 20, Township 25 North, Range 1 East, Rio Arriba County, New Mexico.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

By: Albert R. Greer, Jr.
Albert R. Greer, President

ARG/tlp

Enclosure

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

Energy, Minerals and Natural Resources Department
Oil Conservation Division

Cash Bond For Waste Management Facilities

(File with Oil Conservation Division, 2040 South Pacheco Street, Santa Fe, New Mexico 87505)

KNOW ALL MEN BY THESE PRESENTS:

That Benson-Montin-Greer Drilling Corp., (an individual, partnership, or a corporation organized in the State of Delaware, with its principal office in the City of Farmington State of New Mexico, and authorized to do business in the State of New Mexico), is held firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (the "Division") in the sum of Twenty Five Thousand Dollars ($ 25,000.00) Dollars.

The conditions of this obligation are such that:

The above principal has heretofore or may hereafter enter into the collection, disposal, evaporation, remediation, reclamation, treatment or storage of produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, BS&W, tank bottoms, waste oil and/or other oil field related waste in Section 20, Township 25N, Range 1E, NMPM, Rio Arriba County, New Mexico.

NOW, THEREFORE, this $ 25,000.00 performance bond is conditioned upon substantial compliance with all applicable statutes of the State of New Mexico and all rules and orders of the Division and the Oil Conservation Commission, and upon clean-up of the facility site to standards of the Division; otherwise the principal amount of the bond to be forfeited to the State of New Mexico.

The applicant has deposited on behalf of the Division $ 25,000.00 (Twenty Five Thousand dollars) in the manner indicated on the attachment to this bond (Assignment of Cash Collateral Deposit), being the principal sum intended to be secured. Applicant pledges the sum as a guarantee that its executors, assigns, heirs and administrators will abide by the Laws of the State of New Mexico and the rules and orders of the Division in operating the waste management facility described herein, and that it will properly reclaim the facility site upon cessation of operations. If the applicant does not properly reclaim and restore the facility site, and otherwise abide by the rules and orders of the Division, this bond shall be forfeited in full and such funds as necessary applied to the cost of reclaiming the facility site. If the principal sum of the bond is less than the actual cost incurred by the Division in reclaiming the facility site, the Division may institute legal action to recover any amounts expended over and above the principal sum of the bond.

NOW THEREFORE, if the above applicant or its successors, assigns, heirs, or administrators or any of them shall properly reclaim and restore the above-described facility site upon cessation of operations, and otherwise abide by the rules and orders of the Division, then therefore, this obligation shall be null and void and the principal sum hereof shall be paid to the applicant, or its successors, heirs, or administrator, otherwise it shall remain in full force and effect.

Signed and sealed this 13th day of January, 1999.

4900 College Boulevard, Farmington, NM 87402
Mailing Address

By _____ President
Signature Albert R. Greer Title

(Note: If Principal is corporation, affix corporate seal here.)

1. (For a natural person acting in his own right:)

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 9___, by _ _____.

My commission expires:

_____ _____
Date Notary Public

2. (For a partnership acting by one or more partners)

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by_____, _____, partner(s) on behalf of _____, a partnership.

My commission expires:

_____ _____
Date Notary Public

3. For a corporation or incorporated association)

The foregoing instrument was acknowledged before me this 13th day of January, 19 99, by Albert R. Greer, President of Benson-Montin-Greer Drilling Corp., a corporation , on behalf of said corporation.

My commission expires:

7-24-2000 Carol L. Williams
Date Notary Public

NOTE: When Lessor is a partnership, corporation of association, list all partners, officers and directors as may be applicable. This information may be provided below.

Albert R. Greer, President
Michael R. Dimond, Vice-President
Theresa L. Pacheco, Secretary

APPROVED BY:
OIL CONSERVATION DIVISION

By: David Carroll

Energy Minerals and Natural Resources Department
Oil Conservation Division

Assignment of Cash Collateral Deposit For Bond for Waste Management Facility

(Must be a federally-insured bank or saving institution within the State of New Mexico.)

Date September 30, 1997

Pursuant to Rule 711 of the Rules of the Oil Conservation Division, or successor provisions, Benson-Montin-Greer Drilling Corp (hereinafter referred to as owner) of 4900 College Blvd, Farmington, New Mexico 87402 (address) has deposited with the The Citizens Bank (name of state or national bank or savings association) of P.O. Box 4140, 500 W. Broadway, Farmington, New Mexico 87499 (address) (herein termed financial institution), the sum of Twenty Five Thousand ($ 25,000.00) dollars in Certificate of Deposit or savings account No. [redacted]. Owner hereby assigns and conveys all right, title and interest in the deposited sum to the financial institution in trust for the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (the "Division") or successor agency of the State of New Mexico. Owner and the financial institution agree that as to the deposited sum or fund:

a. The funds deposited pursuant to the terms of this Agreement are to serve as a cash bond covering a waste management facility operated by owner.

b. The Division acquires by this assignment the entire beneficial interest in the fund, with the right to order the trustee in writing to distribute the fund to persons determined by the Division to be entitled thereto, including the Division itself, in amounts determined by the Division, or to the operator upon sale of the facility covered by this agreement provided all applicable Division orders and rules have been complied with.

c. Owner retains no legal or beneficial interest in the fund and has only the right to interest, if any, thereon, and to return of the fund upon written order of the Division.

d. The financial institution agrees that the fund may not be assigned, transferred pledged or distributed except upon written order of the Division or a court of competent jurisdiction made in a proceeding in which the Division is a party. The financial institution waives all statutory or common law liens or rights of set-off against the fund.

Owner agrees that the financial institution may deduct from interest due owner any attorney fees incurred by the financial institution if claim or demand via writ, summons or other process arising from owner's business is made upon the financial institution.

Signature of Owner, Personally or by Authorized Officer

Signature of Authorized Officer of Financial Institution

Agent

Title

Assistant Cashier

Title

1. **(For a natural person acting in his own right:)**

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____.

My commission expires:

_____ _____
Date Notary Public

2. **(For a partnership acting by one or more partners)**

STATE OF _____)
)SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____, by _____, _____, partner(s) on behalf of _____, a partnership.

My commission expires:

_____ _____
Date Notary Public

3. **(For a corporation or incorporated association)**

The foregoing instrument was acknowledged before me this 30 day of September, 1997, by Albert R. Greer, President of Benson-Montin-Greer Drilling Corp. a corporation, on behalf of said corporation.

My commission expires:

6/20/98 Theresa L. Pacheco
Date Notary Public

NOTE: When Lessor is a partnership,corporation of association, list all partners, officers and directors as may be applicable. This information may be provided below.

Albert R. Greer, President
Michael Dimond, Vice-President
Theresa L. Pacheco, Secretary

APPROVED BY:
OIL CONSERVATION DIVISION

By: Paul Carroll

CONFIRMATION OF TIME DEPOSIT

Financial Institution: Citizens Bank, Main Office
P O Box 4140, Farmington, NM 87499

Number:

Account Name: BENSON MONTIN GREER DRLG CORP				**SSN/TIN:**
Account Number [redacted]	**Issue Date** September 30, 1997	**Deposit Amount** $25,000.00	**Term** 12 Months	**Maturity Date** September 30, 1998

Rate Information: This account is an interest bearing account. The interest rate on the account is 5.00% with an annual percentage yield of 5.00%.

The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect until September 30, 1998. Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks). **Interest will be credited to you by mailing a check at maturity to 4900 COLLEGE BLVD, FARMINGTON, NM 87402.**

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. We will use an interest accrual basis of 365 (or 366 in leap year) for each day in the year.

Limitations: You must deposit $1,000.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature on September 30, 1998. If you withdraw any of the principal before the maturity date we may impose a penalty of thirty (30) days interest for Certificate from ninety (90) days through one (1) year and a ninety (90) day interest penalty for Certificates greater than one (1) year. This account will automatically renew. You will have 10 days grace period after the maturity date to withdraw funds without penalty.

Account Fees: The following fees apply to this account: RESEARCH: Per hour.....$25.00; TRANSACTION PRINT FEE: Per statement....$4.00; and MICROFILM COPIES: Per page.....$0.50.

NON TRANSFERABLE – NON NEGOTIABLE	Member **FDIC**	Signature and Title of Authorized Financial Institution Signer: Shelby Motley

TIME CERTIFICATE OF DEPOSIT – 12 MONTH FIXED RATE CERTIFICATE

We appreciate your decision to open a time certificate of deposit account with us. This Agreement sets forth certain conditions, rates, and rules that are specific to your Account. Each signer acknowledges that the Account Holder named has placed on deposit with the Financial Institution the Deposit Amount indicated, and has agreed to keep the funds on deposit until the Maturity Date. As used in this Agreement, the words "you", "your" or "yours" mean the Account Holder(s), the word "Account" means this Time Deposit Agreement Account and the word "Agreement" means this Time Certificate of Deposit Agreement, and the words "we", "us" and "our" mean the Financial Institution. This Account is effective as of the Issue Date and is valid as of the date we receive credit for noncash items (such as checks drawn on other financial institutions) deposited to open the Account. Deposits of foreign currency will be converted to U.S. funds as of the date of deposit and will be reflected as such on our records.

INTEREST RATE. The interest rate is the annual rate of interest paid on the Account which does not reflect compounding ("Interest Rate"), and is based upon the interest accrual basis described above.

AUTOMATIC RENEWAL POLICY. If the Account will automatically renew as described above, the principal amount and all paid earned interest that has not been withdrawn will automatically renew on each Maturity Date for an identical period of time as the original deposit term. Interest on renewed accounts will be calculated at the interest rate then in effect for time deposits of that Deposit Amount and term. If you wish to withdraw funds from your Account, you must notify us during the grace period after the Maturity Date.

EARLY WITHDRAWAL PENALTY. You have agreed to keep the funds on deposit until the Maturity Date of your Account. Any withdrawal of all or part of the funds from your Account prior to maturity may result in an early withdrawal penalty. We will consider requests for early withdrawal and, if granted, the penalty as specified above will apply.

Minimum Required Penalty. The Minimum Required Penalty is equal to seven (7) days' simple interest. If an amount in excess of the Minimum Required Penalty is specified, the early withdrawal penalty will be calculated as a forfeiture of part of the accrued interest that has or would be earned on the Account. If your Account has not yet earned enough interest so that the penalty can be deducted from earned interest, or if the interest already has been paid, the difference will be deducted from the principal amount of your Account.

Exceptions. We may allow the withdrawal of all or part of your Account before the Maturity Date without imposing an early withdrawal penalty in the following circumstances: (1) one or more of you dies or is determined legally incompetent by a court or other administrative body of competent jurisdiction; (2) where the Account is an Individual Retirement Account (IRA) and any portion is paid within seven (7) days after establishment; or where the Account is a Keogh Plan (Keogh), provided that you forfeit an amount at least equal to the interest earned on the amount withdrawn; or where the Account is an IRA or Keogh and you attain age 59 1/2 or become disabled; or (3) within an applicable grace period (if any).

RIGHT OF SETOFF. Subject to applicable law, we may exercise our right of setoff or security interest against any and all of your Accounts (except IRA, Keogh plan and Trust Accounts) without notice, for any liability or debt of any of you, whether joint or individual, whether direct or contingent, whether now or hereafter existing, and whether arising from overdrafts, endorsements, guarantees, loans, attachments, garnishments, levies, attorneys' fees, or other obligations. If the account is a joint account, each joint account holder authorizes us to exercise our right of setoff against any and all Accounts of each account holder.

OTHER ACCOUNT RULES. The following rules also apply to the Account.

Surrender of Instrument. We may require you to endorse and surrender this Agreement to us when you withdraw funds, transfer or close your Account. If you lose this Agreement, you agree to sign any affidavit of lost instrument, or other Agreement we may require, and agree to hold us harmless from liability, prior to our honoring your withdrawal or request.

Death of Account Holder. Each Account Holder agrees to notify us immediately upon the death of any other Account Holder. You agree that we may hold the funds in your Account until we have received all required documentation and instructions.

TO:
BENSON MONTIN GREER DRLG CORP
4900 COLLEGE BLVD
FARMINGTON, NM 87402

DATE: September 30, 1997

Indemnity. If you ask us to follow instructions that we believe might expose us to any claim, liability or damages, we may refuse to follow your instructions or may require a bond or other protection, including your agreement to indemnify us.

Pledge. You agree not to pledge your Account without our prior consent. You may not withdraw funds from your Account until all obligations secured by your Account are satisfied.

REGULATION CC FUNDS AVAILABILITY DISCLOSURE

Account Holder:	**BENSON MONTIN GREER DRLG CORP** **4900 COLLEGE BLVD** **FARMINGTON, NM 87402**	**Financial Institution:**	**Citizens Bank** **Main Office** **P O Box 4140** **Farmington, NM 87499**

YOUR ABILITY TO WITHDRAW FUNDS AT CITIZENS BANK. Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. However, funds from electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and/or we will use them to pay checks that you have written. For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. We have different deposit cut–off hours for different locations. Our cut–off hours are as follows:

1:00 pm Deposits made at any of our Automated Teller Machines (ATM) or Quick Drop locations.
3:00 pm Deposits made at any of our branches MONDAY THROUGH FRIDAY not to include ATM's or Quick Drop locations.

If you make a deposit before our cut–off hour on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after our cut–off hour or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

Reservation of Right to Hold. In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the fifth business day after the day of your deposit. The first $100 of your deposit, however, may be available on the first business day after the day of your deposit. If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the business day after we receive your deposit. If you need the funds from a deposit right away, you should ask us when the funds will be available.

Longer Delays May Apply. We may delay your ability to withdraw funds deposited by check into your account an additional number of days for these reasons:

- You deposit checks totaling more than $5,000 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- We believe a check you deposit will not be paid.
- There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the eleventh business day after the day of your deposit.

Holds On Other Funds. If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it. If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

Special Rules For New Accounts. If you are a new customer, the following special rules will apply during the first 30 days your account is open:

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first $5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over $5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first $5,000 will not be available until the second business day after the day of your deposit.

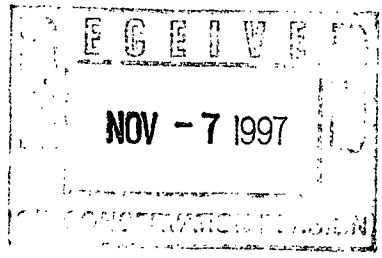
Funds from deposits of checks drawn on Citizens Bank will be available on the same business day as the day of your deposit.

Funds from all other check deposits will be available not later than the 9th business day after the day of your deposit.

BMG

BENSON-MONTIN-GREER DRILLING CORP.

November 4, 1997



New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

Attention: Martyne J. Kieling
Environmental Geologist

Re: EVAPORATION POND
AND LANDFARM

Dear Ms. Kieling:

Referring to our submittal of September 29, we did not have a water analysis at that time.. Enclosed is water analysis from the nearest well to the pond. The well is located near B-M-G's garage in the same section as the pond, but southwest of it.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

By: _____
Albert R. Greer, President

ARG/tlp

Enclosures

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

Inter-Mountain Laboratories, Inc.

2506 W. Main Street
Farmington, New Mexico 87401

CASE NARRATIVE

NOV - 1997

Date: November 1, 1997

Client: Benson-Montin-Greer Drilling Co.

Project: Potable Water Sample No. 0397W02373 # Samples: 1

Dear Client:

The sample or samples were received for analysis at Inter-Mountain Laboratories (IML), Farmington, New Mexico. Enclosed are the results of these analyses.

Analytical results were obtained by approved methods. Practical quantitation limits (PQL) were determined for each parameter for various matrices, and standard preparation dilutions. Quantitative results are reported on an "as received" basis for non-aqueous matrices.

If you have any question, please call me at our toll free number 1 (800) 828-1409.

John Green
Water Lab Supervisor
IML-Farmington, NM

Inter-Mountain Laboratories, Inc.

2506 W. Main Street
Farmington, New Mexico 87401

Client: Benson-Montin-Greer Drilling Co.
Project: Potable Water
Sample ID: Pumpers' Well
Lab ID: 0397W02373
Matrix: Water
Condition: Intact

Date Received: 10/10/97
Date Reported: 11/01/97
Date Sampled: 10/09/97
Time Sampled: 1500

Parameter	Analytical Result	Units	Units	PQL	Method	Analysis Date	Time	Init.
GENERAL PARAMETERS								
pH	7.4	s.u.		0.1	EPA 150.1	10/10/97	1630	AP
Electrical Conductivity	1,320	µmhos/cm		10	EPA 120.1	10/10/97	1630	AP
Solids - Total Dissolved	580	mg/L		10	EPA 160.1	10/17/97	0930	LJ
Hardness (CaCO3)	541	mg/L		1	Calculation	11/01/97	0800	JG
Sulfate	133	mg/L		5	EPA 300.0	10/27/97	1030	AP
Nitrogen - Nitrate	13.1	mg/L		0.05	EPA 353.2	10/21/97	1205	SH
Calcium	129	mg/L		0.2	EPA 200.7	10/30/97	1357	ST
Magnesium	53.4	mg/L		0.2	EPA 200.7	10/30/97	1357	ST
Potassium	3.3	mg/L		0.2	EPA 200.7	10/30/97	1357	ST
Sodium	12.9	mg/L		0.2	EPA 200.7	10/30/97	1357	ST

Reference: EPA - "Methods for Chemical Analysis of Water and Wastes", United States Environmental Protection Agency, EPA 600/4-79-020, Revised March, 1983.

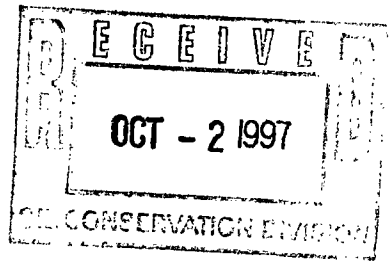
Reviewed By: John Green

John Green, Water Lab Supervisor

BMG

BENSON-MONTIN-GREER DRILLING CORP.

September 29, 1997



New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, NM 87505

Attention: Martyne J. Kieling
Environmental Geologist

Dear Ms. Kieling:

This is in response to your letter of August 13 regarding evaporation pond and landfarm inspection of B-M-G's Llaves facilities as inspected on June 9, 1997.

We are enclosing material described in your August 13 letter, along with evidence of Certificate of Deposit for cash collateral.

We presume everything is now in order.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

By: _____
Albert R. Greer, President

ARG/tlp

Enclosures

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

PROPOSED ACTION WITH RESPECT TO DEFICIENCIES
SET OUT IN ATTACHMENT 1 OF INSPECTION REPORT
OF JUNE 9, 1997
AS TO B-M-G'S CANADA OJITOS UNIT EVAPORATION POND
AND LANDFARM

1. The 2 foot freeboard will be marked with paint.
2. NA.
3. Whenever additional fluids appear, they will be sampled and comparison analysis made to the contents of the pond.
4. Sludge thickness will be measured.
5. NA.
6. NA.
7. Drums will be removed.
8. NA.
9. NA.
10. NA.
11. NA.
12. Tanks will be labeled.
13. NA.
14. NA.
15. NA.
16. NA (see item 12).
17. NA. Any spills will be reported.
18. NA.
19. Our foreman operates a farm just across the highway and has disking equipment available; and will periodically disk the material on the runway.
20. NA.
21. Application form C-137 is enclosed in duplicate, with one copy being sent to the Aztec OCD office as well.

District I - (505) 393-6161
P. O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-137
Originated 8/8/95
Revised 6/25/97

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to appropriate
District Office

APPLICATION FOR WASTE MANAGEMENT FACILITY

(Refer to the OCD Guidelines for assistance in completing the application)

RECEIVED
OCT 6 1997
Environmental Bureau
Oil Conservation Division

☐ Commercial ☒ Centralized

1. Type: ☒ Evaporation ☐ Injection ☐ Other _____
   ☒ Solids/Landfarm ☐ Treating Plant
2. Operator: Benson-Montin-Greer Drilling Corp.
   Address: 4900 College Boulevard, Farmington, NM 87402
   Contact Person: Albert R. Greer Phone: 505-325-8874
3. Location: NW /4 NW /4 Section 20 Township 25N Range 1E
   Submit large scale topographic map showing exact location
4. Is this a modification of an existing facility? ☐ Yes ☒ No
5. Attach the name and address of the landowner of the facility site and landowners of record within one mile of the site. See attachment.
6. Attach description of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility. See attachment.
7. Attach designs prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations systems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities. See attachment.
8. Attach a contingency plan for reporting and clean-up for spills or releases. See attachment.
9. Attach a routine inspection and maintenance plan to ensure permit compliance. See attachment.
10. Attach a closure plan. See attachment.
11. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact groundwater. Depth to and quality of ground water must be included. See attachment.
12. NM Attach proof that the notice requirements of OCD Rule 711 have been met.
13. Attach a contingency plan in the event of a release of H_2S. See attachment.
14. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and orders. N/A
15. CERTIFICATION

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Albert R. Greer Title: President

Signature: Albert R. Greer Date: 9-29-97

ATTACHMENT TO APPLICATION FOR WASTE DISPOSAL FACILITY

5. Names and addresses of landowners within one mile of proposed landfarm and evaporation pit.

Averill Family Ranch
P.O. Box 35065, Station D
Albuquerque, NM 87110

Royce and Nancy Meeks
HC 78, Box 9
Llaves, NM 87030-9701

Pablo & Helen Casados
General Delivery
Llaves, NM 87030

Gordon Davis
P.O. Box 151
Gallina, NM 87017

6. The facility comprises a landfarm on an airstrip and an evaporation pit. The airstrip is shown on the topographic maps, item 3 attached. The evaporation pit is shown on the expanded scale of the topographic map.

Also enclosed is a sketch marked "Diagram Item 6" which shows fences, pits, dikes and tanks for the evaporation pit.

The landing strip is fenced with fences on each side approximately 75 feet from centerline. There are shallow borrow depressions on the sides of the landing strip.

8. Contingency plan for reporting and clean up of spills and releases.

1. Any spills or releases will be reported to the New Mexico Oil Conservation Division Aztec office.

2. Absent specific instructions from the Aztec Oil Conservation Division office, any contaminated dirt caused by a spill or release of oil or water will be excavated and moved to the landfarm on the airstrip.

9. Inspection and maintenance plan.

A. Landfarm: As long as there is material on the airstrip requiring landfarm methods, the material will occasionally be bladed with a maintainer to insure adequate exposure to air and sun. Inspection will be made at times of routine maintenance of the airstrip or treating the landfarm material. The amounts of contaminated soil to be added will normally be very small volumes and will be blended in with the existing soil, maximum average depth of unremediated soil is expected not to exceed 4 inches at any one point. Overall average depth of unremediated soil at any one time is expected not to exceed one inch.

B. Evaporation pit: The evaporation pit will be inspected by B-M-G personnel

whenever a load of water is brought to the pit, anticipated to be not less than twice a month. In event a spray system is installed, it will be inspected daily to assure that all water and spray is contained within the pit.

10. Closure plan.

A. Landfarm facility: There will be no need for a closure plan if landfarming is ceased. The airstrip can continue to be operated and maintained (periodically blading with a maintainer) so there is no need for "closure" of the landfarm/airstrip.

B. Evaporation pit:

1. Any water not evaporated, and presumably there will be water with a high concentration of salts, will be hauled to a commercial disposal facility.

2. Any steel tank still on location will be removed.

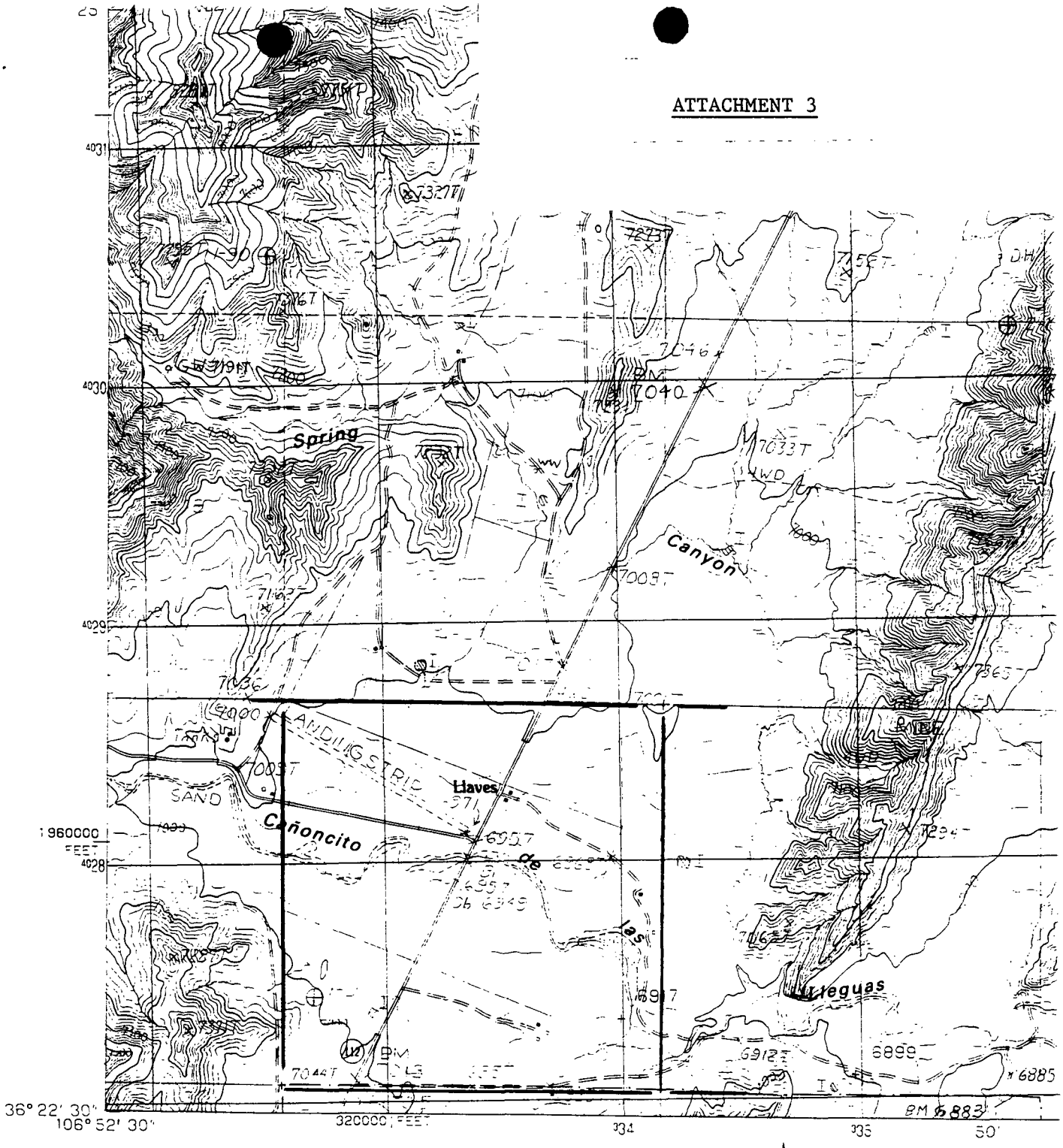
3. Plastic liners will be removed and the ground restored to its initial topographic form.

11. From existing water wells, depth to ground water 1/4 mile north of the facility is 106 feet and 1/2 mile southeast is 32 feet. Estimated depth to ground water along the facility is 50 feet on the east end of the airstrip and 90 feet on the west end. Saturation of the contaminated soil when mixed by maintainer with the existing soil will be relatively "dry", and will not be flushed from the area by rains. Rather we anticipate onsite remediation with no adverse impact on fresh water. A water sample is being submitted for analylsis. When it is available, we will forward it to you.

13. Contingency plan in event of release of hydrogen sulfide:

NA. We will not be accepting water with any hydrogen sulfide in it.

ATTACHMENT 3



PRODUCED BY THE UNITED STATES GEOLOGICAL SURVEY
CONTROL BY . . . . . USGS, NOS/NOAA
COMPILED FROM AERIAL PHOTOGRAPHS TAKEN 1976
FIELD CHECKED . . . . . 1978 MAP EDITED 1983
PROJECTION. . . . . TRANSVERSE MERCATOR
GRID: 1000-METER UNIVERSAL TRANSVERSE MERCATOR . . . . . ZONE 13
10,000-FOOT STATE GRID TICKS . . . . NEW MEXICO, CENTRAL ZONE
UTM GRID DECLINATION . . . . . 1°05' WEST
1983 MAGNETIC NORTH DECLINATION . . . . . 12° EAST
VERTICAL DATUM . . . . . NATIONAL GEODETIC VERTICAL DATUM OF 1929
HORIZONTAL DATUM . . . . . 1927 NORTH AMERICAN DATUM

To place on the predicted North American Datum of 1983, move the projection lines as shown by dashed corner ticks (1 meter north and 53 meters east)

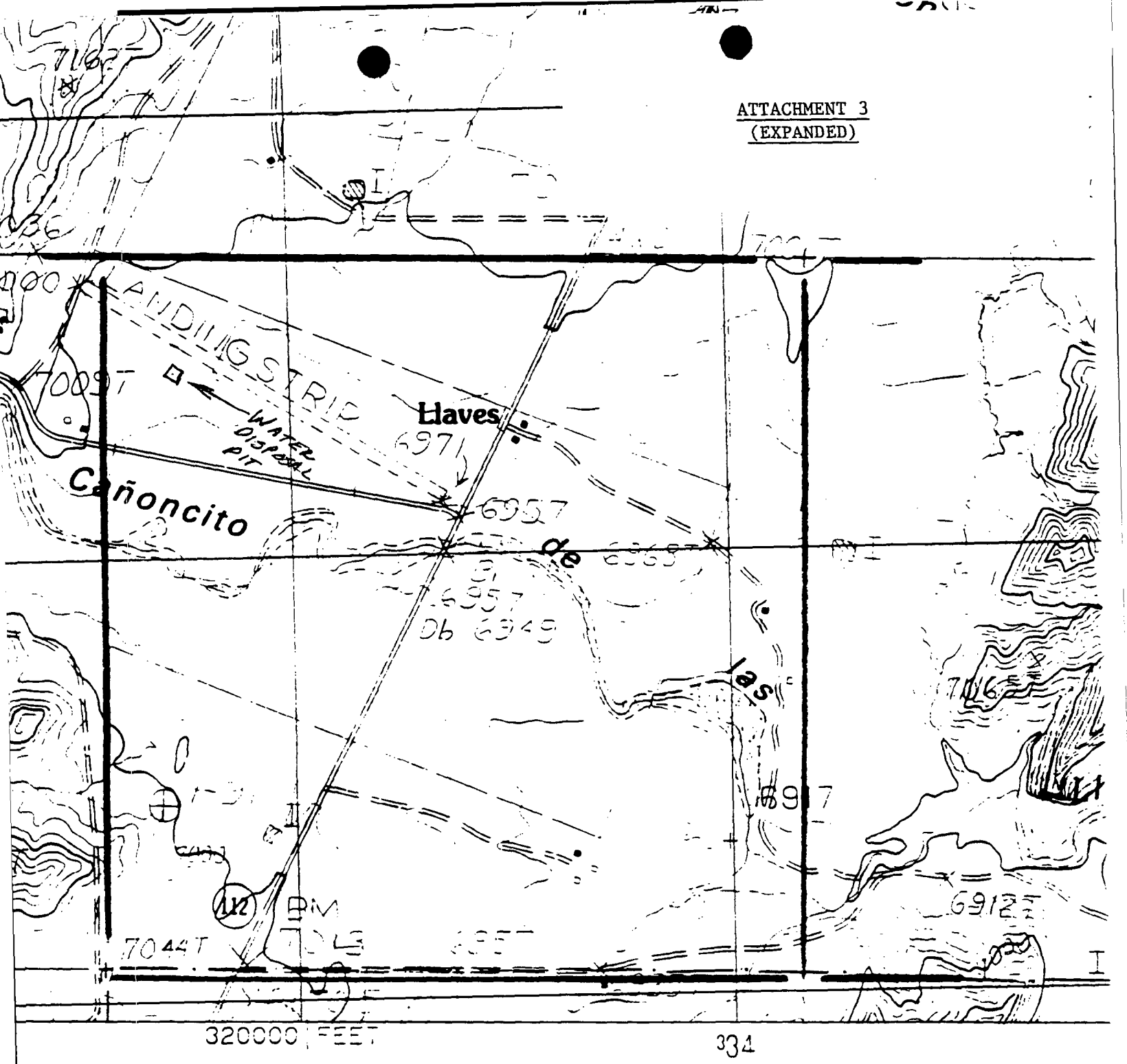
There may by private inholdings within the boundaries of any Federal and State Reservations shown on this map

Where omitted, land lines have not been established

All marginal data and lettering generated and positioned by automated type placement procedures

PROVISIONAL MAP
Produced from original manuscript drawings. Information shown as of date of field check.

ATTACHMENT 3
(EXPANDED)



ITED STATES GEOLOGICAL SURVEY
. . . . . USGS, NOS/NOAA
TOGRAPHS TAKEN 1976
8 MAP EDITED 1983
. . . . . TRANSVERSE MERCATOR
TRANSVERSE MERCATOR . . . . . ZONE 13
TICKS . . . . NEW MEXICO, CENTRAL ZONE
. . . . . 1°05' WEST
LINATION . . . . . 12° EAST
NATIONAL GEODETIC VERTICAL DATUM OF 1929
. . . . . 1927 NORTH AMERICAN DATUM
d North American Datum of 1983,

NORTH

PROVISIONAL

DIAGRAM ITEM 6

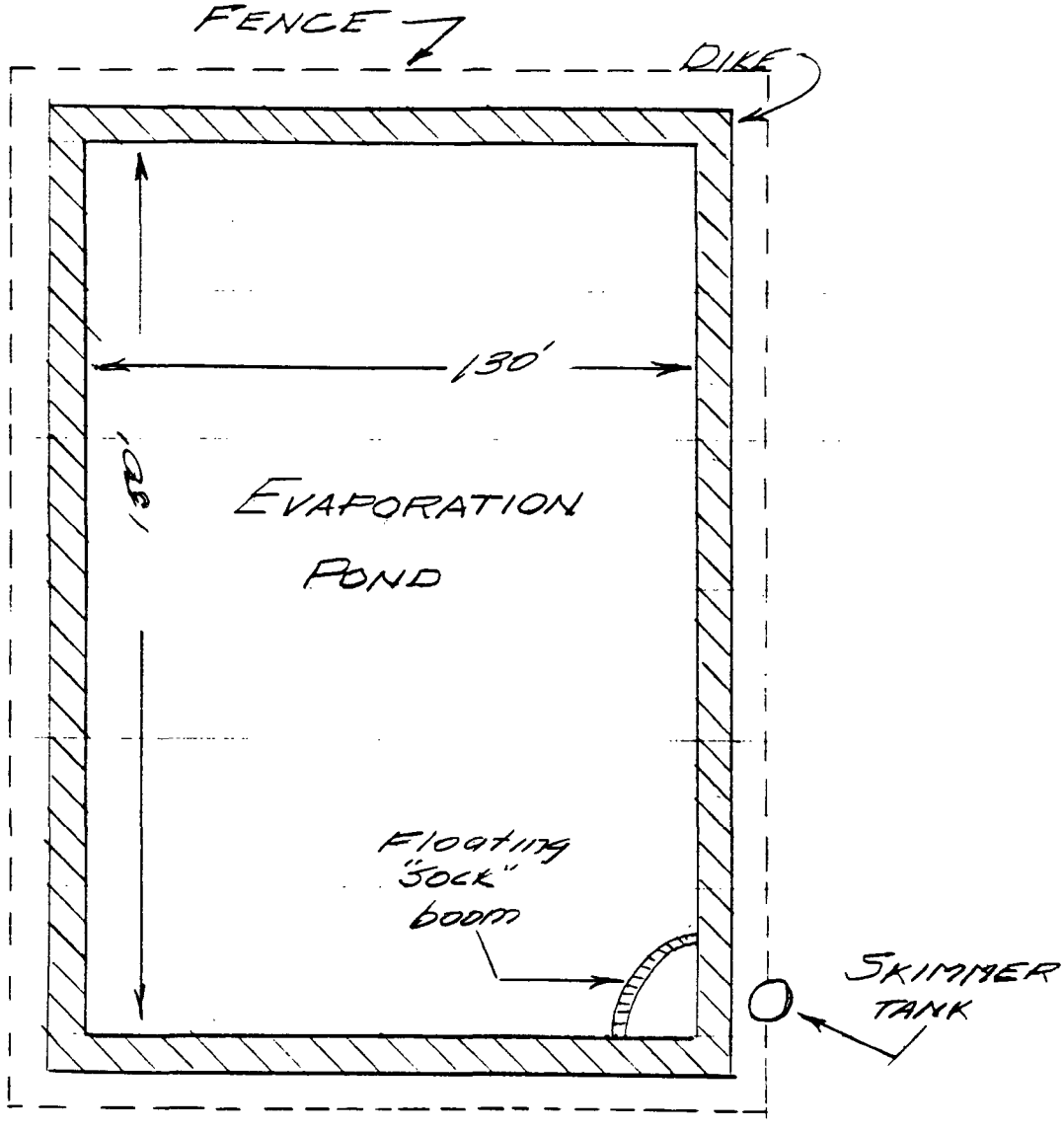
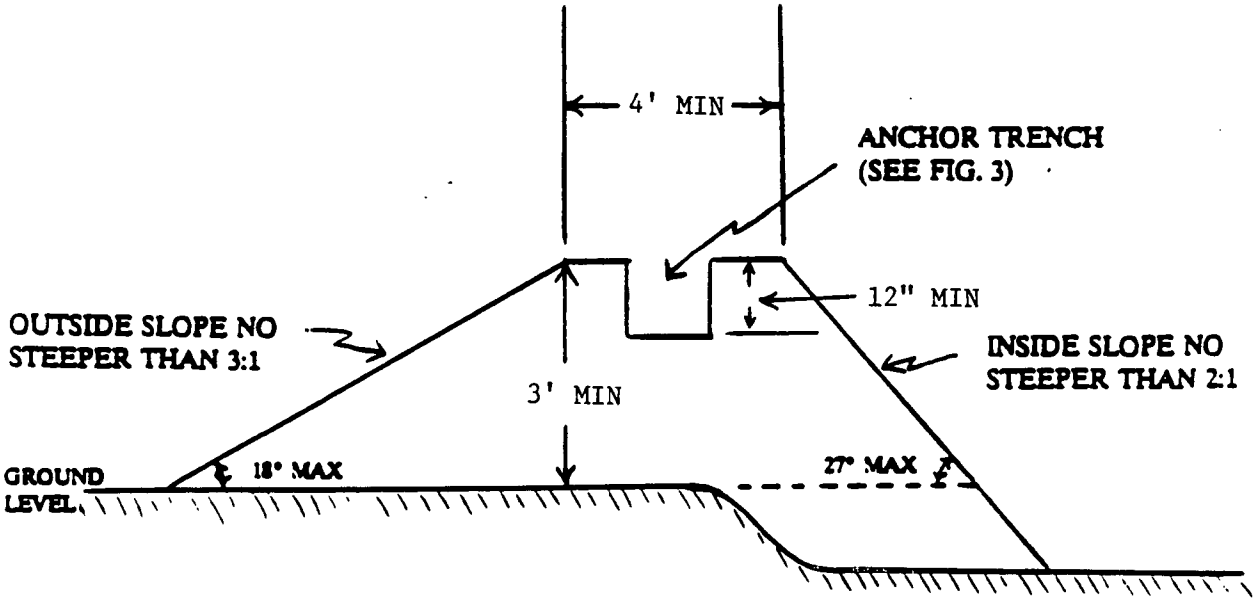
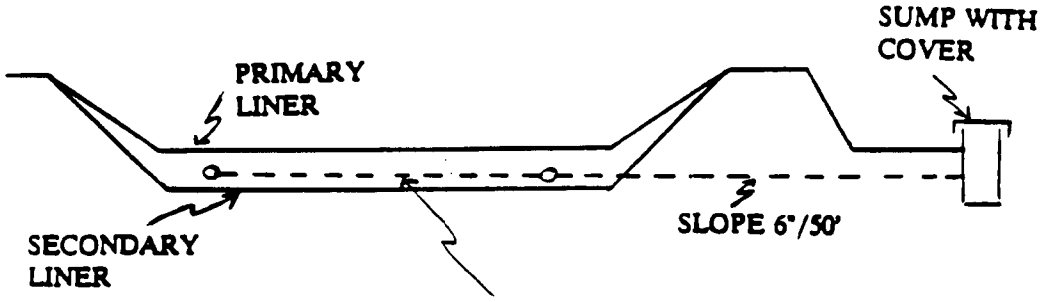


FIGURE 1: PIT CONSTRUCTION



NOTE: LEVEE TO BE CONSTRUCTED IN A MANNER SUCH THAT DESIGN COMPACTION AND DIMENSIONS PROVIDE FOR A MINIMUM SAFETY FACTOR OF TWO FOR FORCES ACTING AGAINST THE LEVEE.

FIGURE 2 - LEAK DETECTION SYSTEM



SAND ON BOTTOM OF PIT,
GEOTEXTILE ON THE SIDES

FIGURE 3 - ANCHOR TRENCH

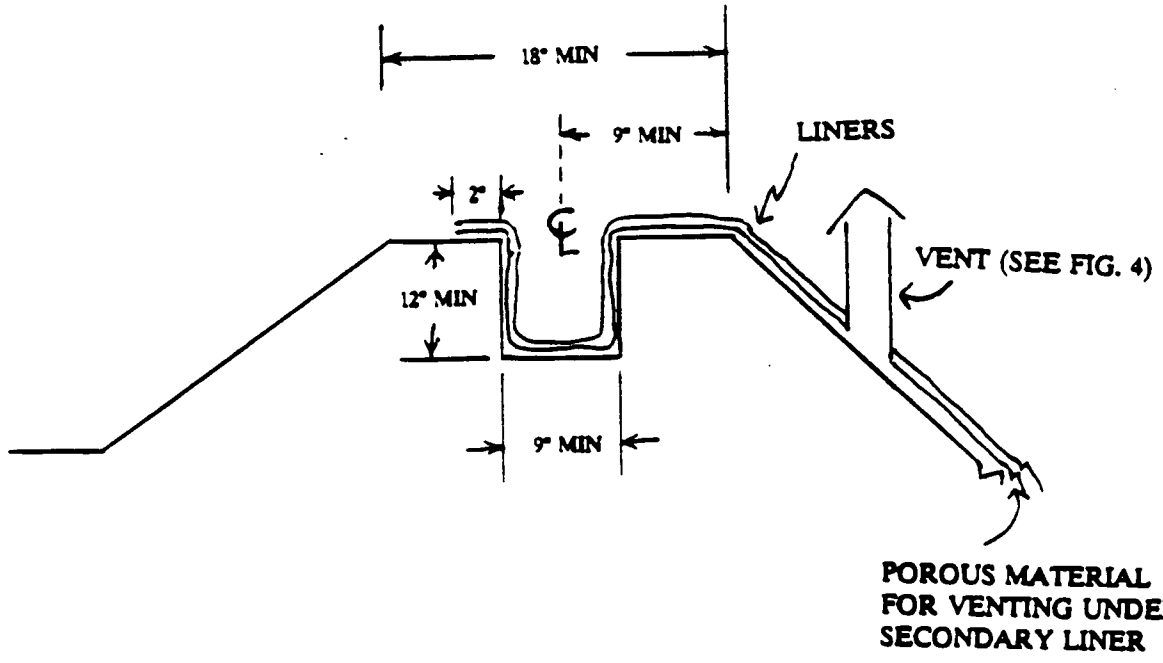
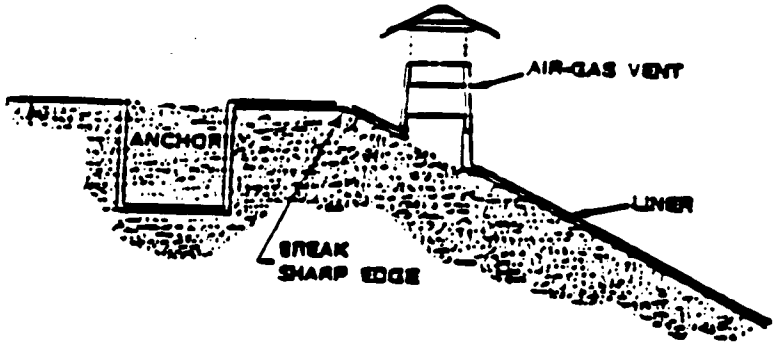
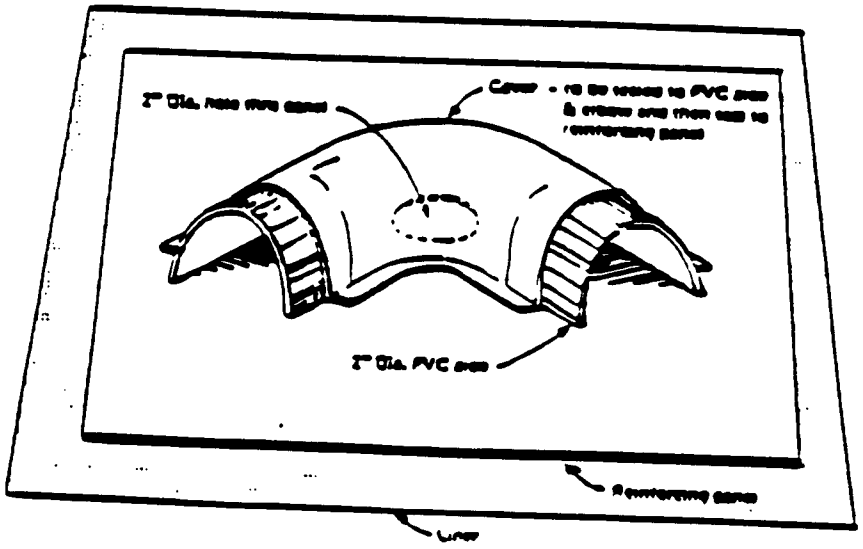


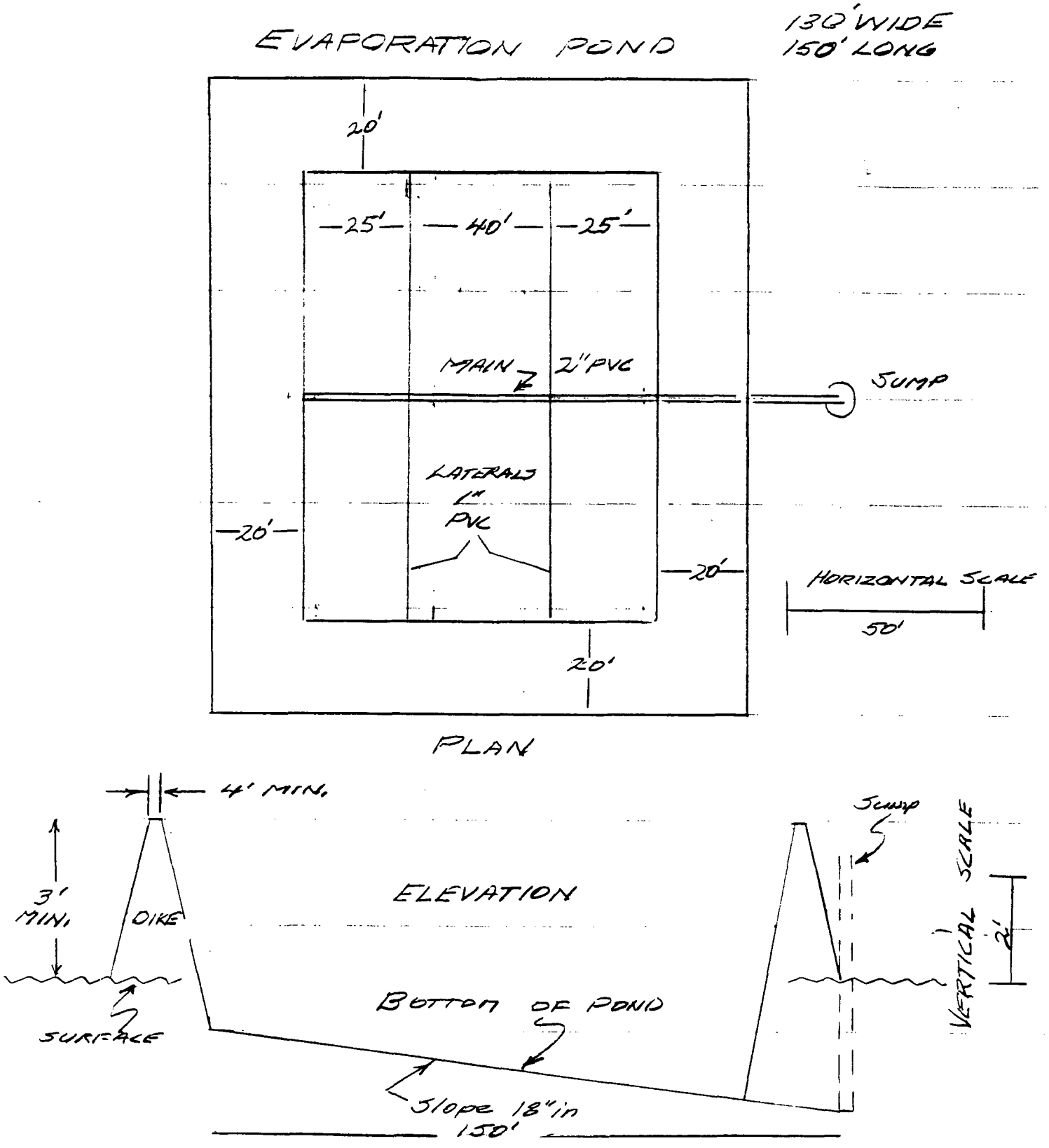
FIGURE 4 - VENT DESIGNS

SOURCE: EPA REPORT #SW-870, "LINING OF WASTE IMPOUNDMENT FACILITIES", PG. 260

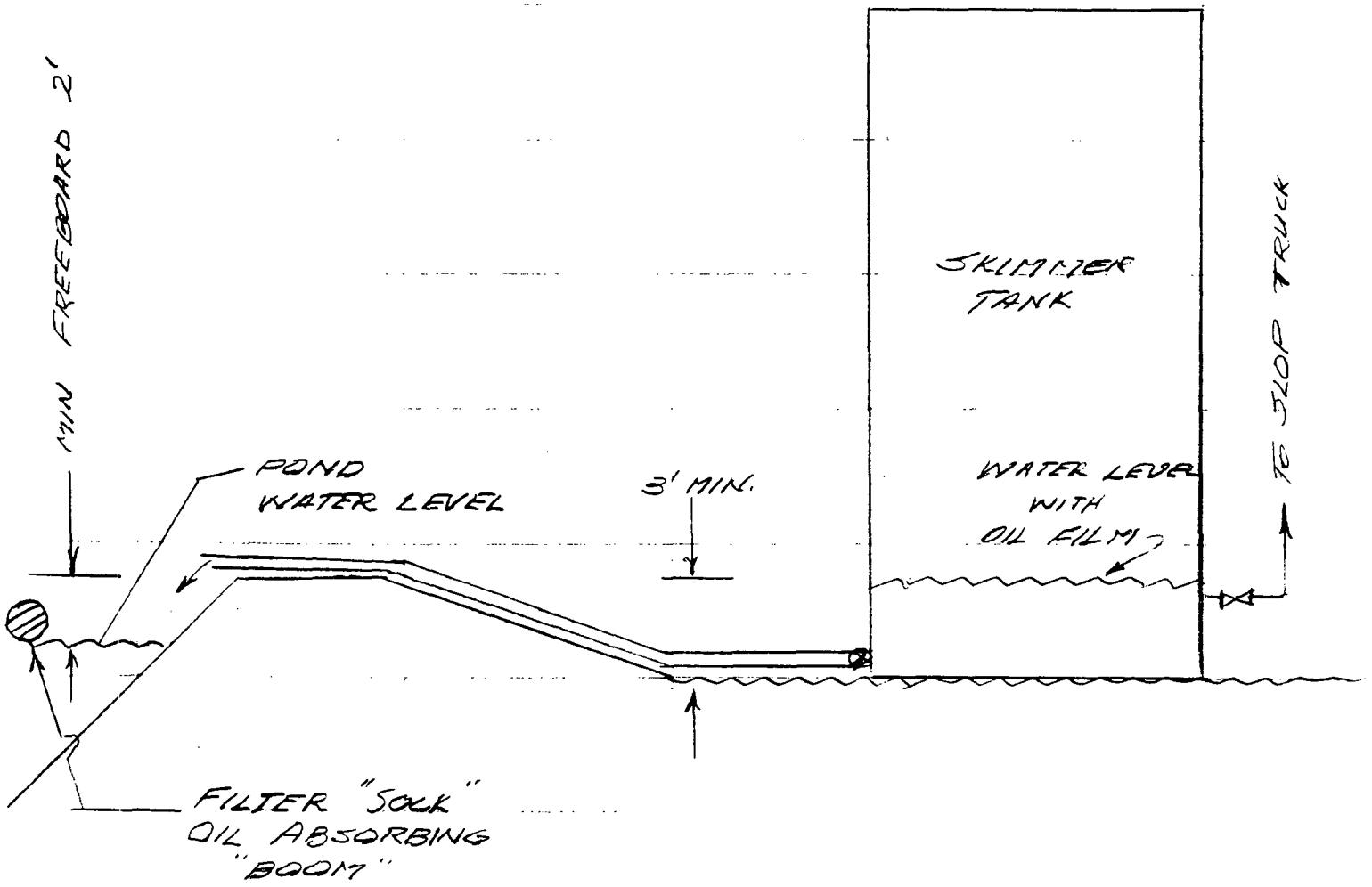




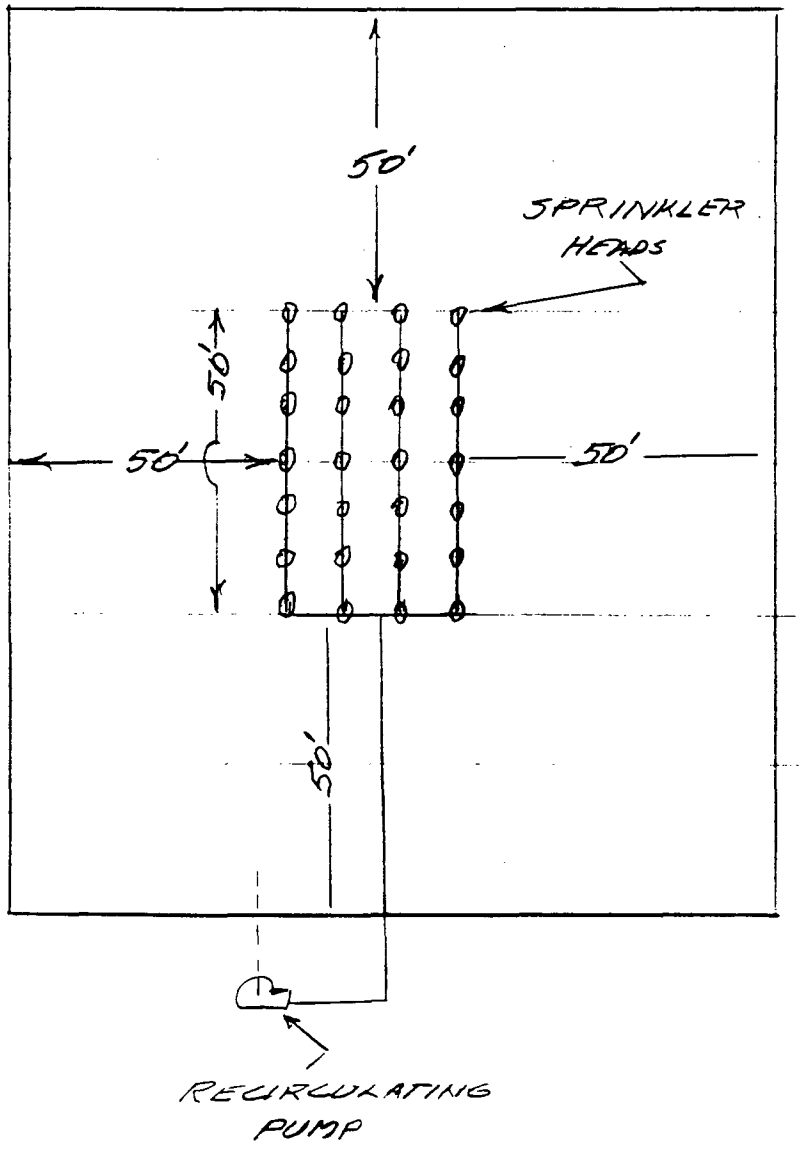
DETAILS OF LEAK DETECTION SYSTEM



PART OF ATTACHMENT 7



Note: Operator intends initially to utilize the evaporation pond without sprinklers. If sprinklers are installed, they will be as shown below such that there will be a minimum of 50 feet from any sprinkler head to the edge of the pond (to avoid overspray).



FAX SHEET

This fax comes from the
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505
(505) 827-7133

Please Deliver To: Jack Little Schrimm Insurance
(505) 326-5825 For B.M.G.

Date: 9/18/97

From: Marilyn Kieling

Message: ORDER R-10411-B And EXHIBIT "A"

If you have any problems receiving this fax, please call the telephone number above.

BMG

MEMORANDUM OF CONVERSATION

✓ TELEPHONE ____ PERSONAL TIME 9:40 3:45 DATE 6/20/97 6/23/97

ORIGINATING PARTY Martyne Kieling

OTHER PARTIES AL Greer BMG

DISCUSSION Left Message with Secretary For Al to Call me Back Regarding AL Greer letter conserning Bank letter of Credit. Al Greer Returned The Phone Call on 6/23/97 I informed Him that He could use His Banks Form For Letter of Credit. As long as the Form did Not stipulate an Expiration Date and could only be cancled by The State of New Mexico OCD.

CONCLUSIONS File

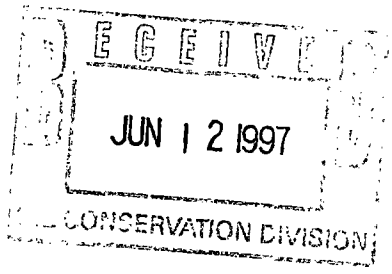
MARTYNE KIELING Martyne J Kieling

C: FILE
DISTRICT OFFICE

BMG

BENSON-MONTIN-GREER DRILLING CORP.

June 10, 1997



Mr. Roger Anderson
New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, NM 87505

Dear Roger:

We are thinking about a Letter of Credit for the state's financial assurance covering B-M-G's Canada Ojitos Unit evaporation pond. Would you send us some of the forms for Letter of Credit?

Regards,

ARG/tlp

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

TO: Denny Foust, Geologist, OCD Aztec,
correspondence file
FROM: Martyne Kieling, Environmental Geologist, OCD Santa Fe
DATE: April 24, 1997
SUBJECT: BMG's Evaporation Pond at Llaves:
Letter dated April 8,1997

This note is in regards to the letter that you forwarded to the Santa Fe office from BMG dated April 8, 1997 concerning the leak detection tube that contained 4 to 5 gallons of fluid. According to BMG's permit under facility operations Section 8b **"... If fluids are found in the sump the following steps will be immediately undertaken: ... b. The fluids will be sampled and analyzed to determine the source"** The Facility should sample this liquid if it is still on hand.

Please let me know if this is possible or not.

4-24-97

Phone Conversation with Denny Foust, Aztec OCD

Fluid has Seeped into Leek detection Before. Cause: Probably From heavy Rain or Snow Pack. Denny Advises Site owner to ~~Sam~~ Check water for Conductivity and compair it to the Pond Conductivity. We Should Request a copy of the Condoctivity Analysis. -- To verify that the water was Snow Melt Source..

Martyne Kieling

Roger Anderson
711 Facility

BMG

BENSON-MONTIN-GREER DRILLING CORP.

April 8, 1997

RECEIVED
APR - 9 1997
OIL CON. DIV.
DIST. 3

Mr. Denny Foust
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Re: B-M-G'S EVAPORATION POND
AT LLAVES: LEAK DETECTION

Dear Denny:

As discussed with you last week, our people observed water in the leak detection tube. We followed your advice and pumped the water out - 4 or 5 gallons. After several days no water has returned, so apparently it was only some kind of seepage.

Regards,

ARG/tlp

4900 College Boulevard, Farmington, NM 87402 (505) 325-8874 Fax (505) 327-9207

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505

February 3, 1995

CERTIFIED MAIL
RETURN RECEIPT NO. P-176-012-103

Mr. Albert R. Greer, President
Benson-Montin-Greer Drilling Corp.
501 Airport Dr., Suite 221
Farmington, New Mexico 87401

Re: Llaves Centralized Pond
Rio Arriba County, New Mexico

Dear Mr. Greer:

The Oil Conservation Division (OCD) has received your November 29, 1994 as-built diagrams for the Llaves Evaporation Pond. In addition, your requests for approval to minor modifications to the final construction and design of the pond. The Benson-Montin-Greer Drilling Corporation Llaves Centralized Evaporation Pond was approved on January 4, 1994 by the Director of the OCD pursuant to OCD Rule 711. The Centralized Disposal Facility is located in the NW/4 of Section 20, Township 25 North, Range 1 East, NMPM, Rio Arriba County, New Mexico. The minor modifications to the final design and construction of the pond are as outlined below:

1. The length and width of the inside top of the liner is six feet (6') shorter in each direction than was previously approved.

2. The inside grade of the levee is actually 3 to 1 as opposed to the proposed 2 to 1.

3. The XR-5 primary liner has been anchored according to the as-built drawings rather than using a hold-down pipe.

4. The air vents are protected with a "shirt-pocket" type flap.

5. Operation will be initiated without a spray system.

6. The tops of the levees were constructed thirteen feet (13') wide allowing movement of maintenance vehicles around the pond.

7. The fencing around the facility was constructed at the base of the levees.

Based on the information supplied in the November 29, 1994 request, the OCD hereby approves the minor modifications to the proposed plan and hereby approves the as-built diagrams.

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface water, ground water or the environment actionable under other laws and/or regulations.

If you have any questions, please feel free to call me at (505) 827-7153.

Sincerely,

Chris E. Eustice
Environmental Geologist

xc: Denny Foust, OCD Aztec Office

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

March 1, 1994

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-056

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

RE: **APPROVAL OF POND LINERS AND MINOR MODIFICATIONS**
LLAVES CENTRALIZED EVAPORATION POND
RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Greer:

The New Mexico Oil Conservation Division (OCD) has received the February 2, 1994 request for approval of the liners to be used at the Benson-Montin-Greer (BMG) Llaves Evaporation Pond. In addition, BMG requests approval for minor modifications to the construction and design of the pond. The BMG LLaves Evaporation Pond was approved on January 14, 1994 by the Director of the Division pursuant to OCD Rule 711. The minor modifications to the construction and design of the pond are as outlined below:

1. The use of geotextile under the bottom liner and between the two liners in place of sand.

2. Pond dimensions changed from 130 x 150 feet to 120 x 140 feet (inside top of the liner).

3. Moving the location of the recirculating pump to the low side of the pit.

Based on the information supplied in the February 2, 1994 request, the OCD hereby approves the composition and type of liners proposed and the above minor modifications of the BMG LLaves Evaporation Pond.

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

DEC 12 1994

BRUCE KING
GOVERNOR

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

December 7, 1994

Mr. Albert R. Greer
President
Benson-Montin-Greer Drilling Corp.
501 Airport Drive, Suite 221
Farmington, New Mexico 87401

Dear Mr. Greer:

Enclosed is an approved copy of your Form C-133 which you submitted on December 2, 1994.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/fd
enc.

Submit in triplicate to
Santa Fe Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-133
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AUTHORIZATION TO MOVE PRODUCED WATER

Transporter Name Benson-Montin-Greer Drilling Corp.

Address

501 Airport Drive, Suite 221

Farmington, New Mexico 87401

Office Location (If different)

Same

Phone Number (s) 505-325-8874

State Corporation Commission Permit No. 0293571

NOTE: It is the responsibility of each holder of an approved Form C-133 to familiarize its personnel with the content of Division Rules 709 and 710 and to assure operations in compliance therewith. Failure to move and dispose of produced water in accordance with Division Rules 709 and 710 are cause for cancellation of Form C-133 and the authority to move produced water.

I hereby certify that the information above is true and complete to the best of my knowledge and belief

Signature Albert R. Greer Date December 2, 1994

Printed Name Albert R. Greer Title President

(This space for State Use)

Approved by [signature] Title Division Director

Date December 8, 1994

RECEIVED
DEC 9 1994

Division.

[1-1-50...2-1-96]

706.B. The operator of a liquefied petroleum gas storage project shall report annually on Form C-131-B, Annual LPG Storage Report. [7-1-81...2-1-96]

707 RECLASSIFICATION OF WELLS

The Division Director shall have authority to reclassify an injection well from any category defined in Rule 701-B to any other category without notice and hearing upon request and proper showing by the operator thereof. [7-1-81...2-1-96]

708 TRANSFER OF AUTHORITY TO INJECT

708.A. Authority to inject granted under any order of the Division is not transferable except upon approval of the Division. Approval of transfer of authority to inject may be obtained by filing Form C-104 in accordance with Rule 1104 E. [7-1-81...2-1-96]

708.B. The Division may require a demonstration of mechanical integrity prior to approving transfer of authority to inject. [7-1-81...2-1-96]

709 REMOVAL OF PRODUCED WATER FROM LEASES AND FIELD FACILITIES

709.A. Transportation of any produced water by motor vehicle from any lease, central tank battery, or other facility, without an approved Form C-133 (Authorization to Move Produced Water) is prohibited. [2-1-82...2-1-96]

709.B. Authorization to transport produced water may be obtained by filing three copies of Form C-133 with the Director of the Division in Santa Fe. [2-1-82...2-1-96]

709.C. No owner or operator shall permit produced water to be removed from its leases or field facilities by motor vehicle except by a person possessing an approved Form C-133. [2-1-82...2-1-96]

710 DISPOSITION OF TRANSPORTED PRODUCED WATER

710.A. No person, including any transporter, may dispose of produced water on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies. [2-1-82...
2-1-96]

710.B. Delivery of produced water to approved salt water disposal facilities, secondary recovery or pressure maintenance injection facilities, or to a drill site for use in drilling fluid will not be construed as constituting a hazard to fresh water supplies provided the produced waters are placed in tanks or other impermeable storage at such facilities. [2-1-82...2-1-96]

710.C. The supervisor of the appropriate district office of the Division may grant temporary exceptions to Paragraph A. above for emergency situations, for use of produced water in road construction or maintenance, or for use of produced waters for other construction purposes upon request and a proper showing by a holder of an approved Form C-133 (Authorization to Move Produced Water). [2-1-82...2-1-96]

710.D. Vehicular movement or disposition of produced water in any manner contrary to these rules shall be considered cause, after notice and hearing, for cancellation of Form C-133. [2-1-82...2-1-96]

RULE 711 - APPLICABLE TO SURFACE WASTE MANAGEMENT FACILITIES ONLY

711.A. A surface waste management facility is defined as any facility that receives for collection, disposal, evaporation, remediation, reclamation, treatment or storage any produced water, drilling fluids, drill cuttings, completion fluids, contaminated soils, bottom sediment and water (BS&W), tank bottoms, waste oil or, upon written approval by the Division, other oilfield related waste. Provided, however, if (a) a facility performing these functions utilizes underground injection wells subject to regulation by the Division pursuant to the federal Safe Drinking Water Act, and does not manage oilfield wastes on the ground in pits, ponds, below grade tanks or land application units, (b) if a facility, such as a tank only facility, does not manage oilfield wastes on the ground in pits, ponds below grade tanks or land application units or (c) if a facility performing these functions is subject to Water Quality Control Commission Regulations, then the facility shall not be subject to this rule. [6-6-88...2-1-96]

(1) A commercial facility is defined as any surface waste management facility that does not meet the definition of centralized facility. [7-26-95, 2-1-96]

(2) A centralized facility is defined as a surface waste management facility that accepts only waste generated in New Mexico and that:

(a) does not receive compensation for waste management;

(b) is used exclusively by one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended; or

(c) is used by more than one generator subject to New Mexico's "Oil and Gas Conservation Tax Act" Section 7-30-1 NMSA-1978 as amended under an operating agreement and which receives wastes that are generated from two or more production units or areas or from a set of jointly owned or operated leases.

[7-26-95, 2-1-96]

12-7-94 9:10 AM
Verbal granted to commence operation and accept "as-built" diagrams and approve the "as built"
CE

BENSON-MONTIN-GREER DRILLING CORP.

501 AIRPORT DRIVE, SUITE 221, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

November 29, 1994

New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87504

Attention: Mr. Chris Eustice

Re: B-M-G CENTRALIZED EVAPORATION POND: CANADA OJITOS UNIT POND AT LLAVES, NEW MEXICO
SECTION 20, T-25N, R-1E:
SUBMISSION OF AS-BUILT DRAWINGS

Dear Mr. Eustice:

We are sending with this letter as-built completion diagrams. We note the following differences in construction, as shown by the as-built drawings from the originally approved plans:

1. There is approximately 6 feet difference in the length and width of the inside top of the liner. It was apparent during construction that it would be more expensive than warranted to adhere to both the horizontal dimensions and the slope. It seemed more appropriate to adhere to the slope and let the horizontal dimensions divert somewhat.

2. Although the corners of the inside of the pond are shown square, they were rounded to accommodate placement of the liner.

3. The plan calls for inside grade of the levee to be no steeper than 2 to 1. We elected to go to 3 to 1.

4. Since we elected to use XR-5 primary liner, we understood that it could be anchored as shown on the as-built drawings rather than using a hold-down pipe.

5. The air vents are protected with a "shirt-pocket"

type flap.

6. We propose to initiate operation without a spray. In event the water volume becomes large enough that spraying will be required, we will submit final plans of the spraying operation for your approval prior to operation.

7. We have not yet received as-built drawings from the manufacturer on the skimmer tank. When they are available, we will provide you with a copy. We have elected to add heat to the skimmer tank as a further precaution against a film of oil escaping to the pond. Some modifications have been added for improvement in oil and water separation. The final tank will be more efficient than the simpler plan as originally submitted.

8. It was elected to construct the top of the levee of adequate width (13 feet) to allow movement of maintenance vehicles; so space is not needed between the fence and the outside slope for passage of maintenance vehicles. Accordingly the fence is constructed about 2 to 3 feet from the bottom of the outside slope.

For your records as to evidence of the liner material used, we are sending you a copy of the invoice from Frank Liner Fabrications dated October 25, 1994.

If you need anything further, please advise us at 1-800-821-0902.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

By: _____
Albert R. Greer, President

ARG/tlp

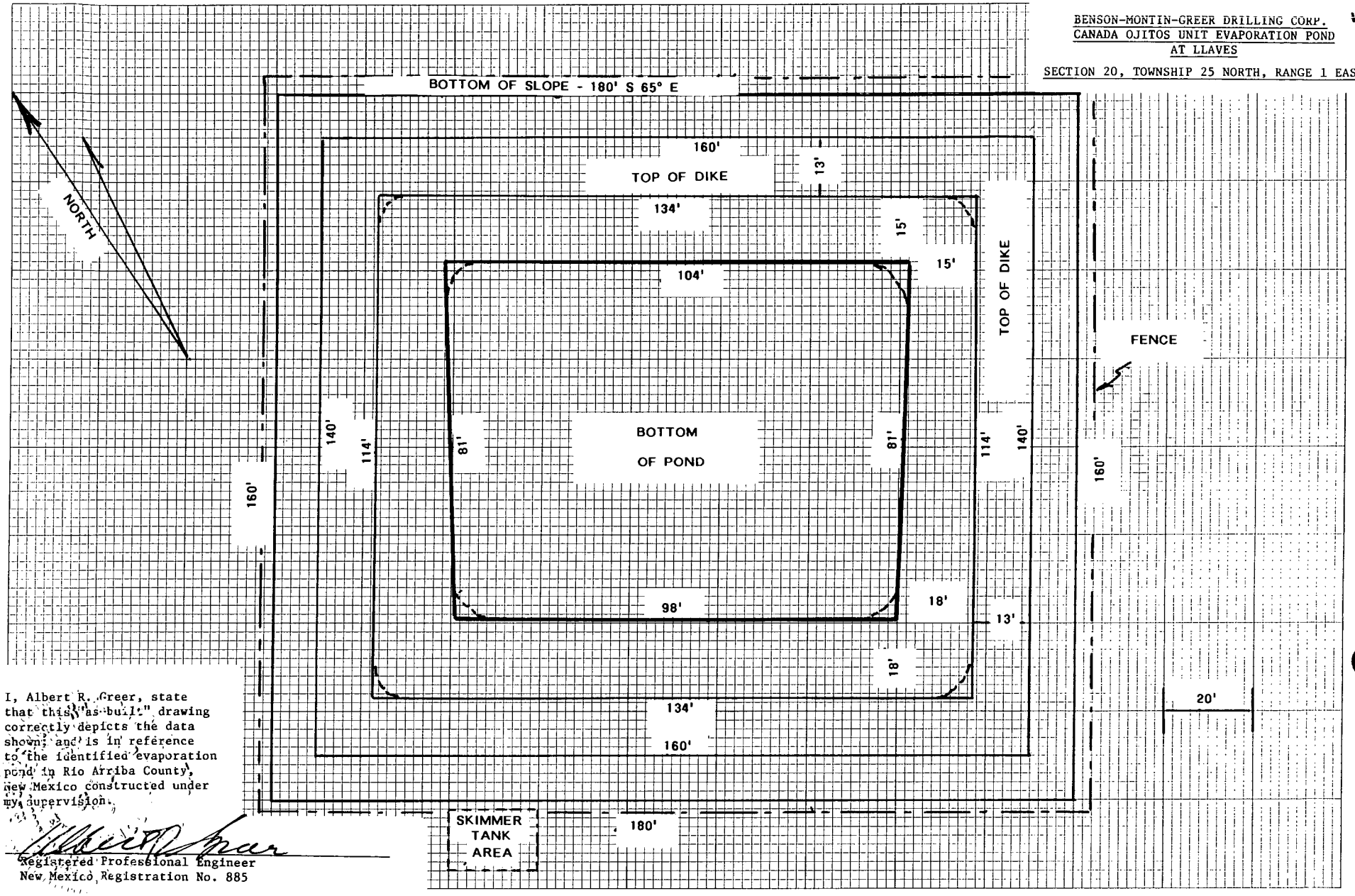
Enclosures

cc: Mr. Denny Foust, OCD, Aztec

PLAN VIEW

BENSON-MONTIN-GREER DRILLING CORP.
CANADA OJITOS UNIT EVAPORATION POND
AT LLAVES

SECTION 20, TOWNSHIP 25 NORTH, RANGE 1 EAST



I, Albert R. Greer, state that this "as built" drawing correctly depicts the data shown, and is in reference to the identified evaporation pond in Rio Arriba County, New Mexico constructed under my supervision.

Albert R. Greer

Registered Professional Engineer
New Mexico Registration No. 885

47 0700

K+E 10 X 10 TO THE INCH • 10 X 15 INCHES
KEUFFEL & ESSER CO. MADE IN U.S.A.

I, Albert R. Greer, state that this "as-built" drawing correctly depicts the data shown; and is in reference to the identified evaporation pond in Rio Arriba County, New Mexico constructed under my supervision.

Albert R. Greer

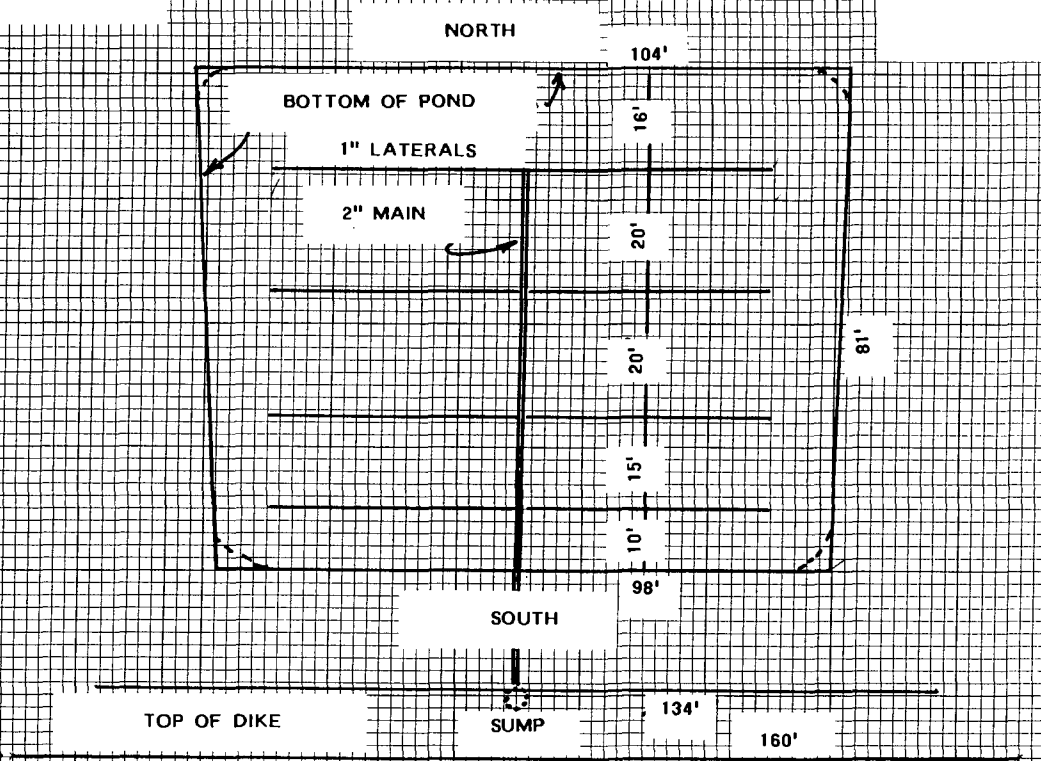
Registered Professional Engineer
New Mexico Registration No. 885

PLAN VIEW

BENSON-MONTIN-GREER DRILLING CORP.
CANADA OJITOS UNIT EVAPORATION POND
AT LLAVES

SECTION 20, TOWNSHIP 25 NORTH, RANGE 1 EAST

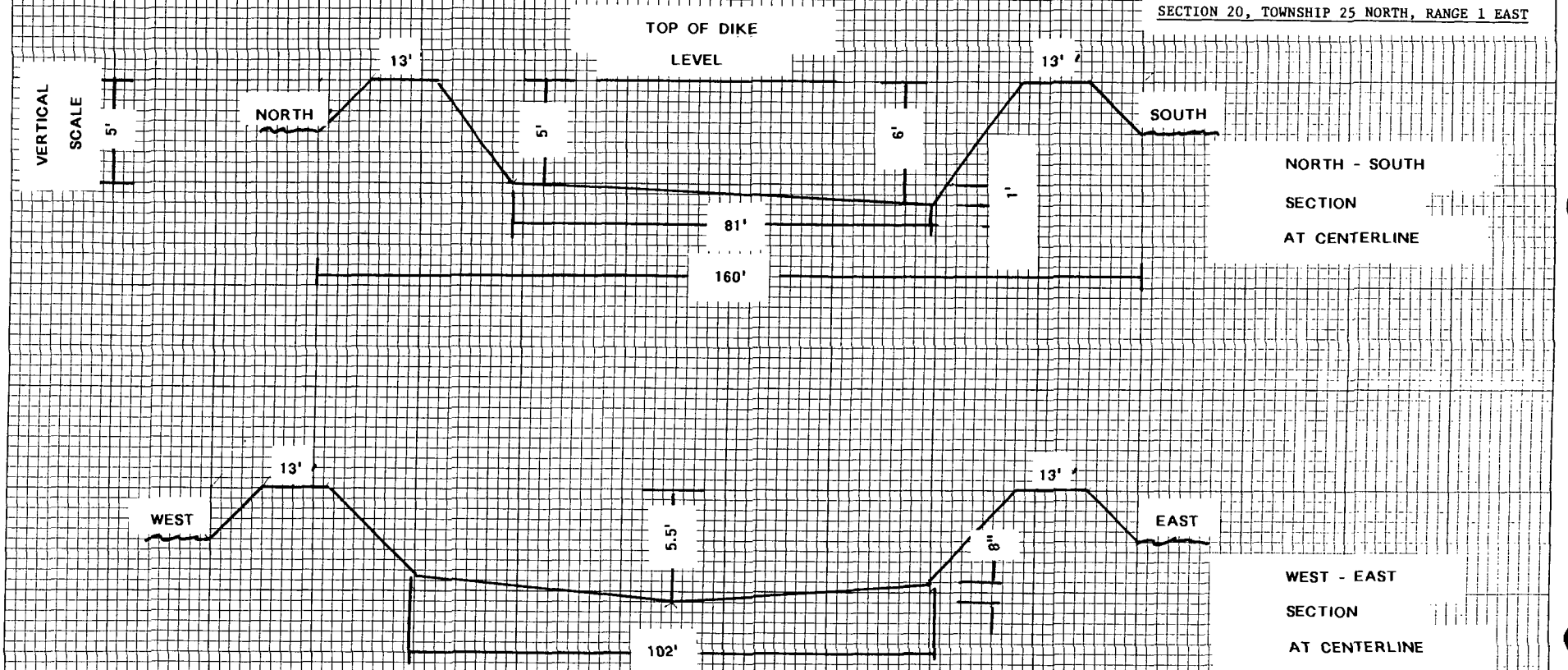
SHOWING BOTTOM OF POND
WITH LEAK DETECTION PIPING (PVC)



CROSS-SECTIONS

BENSON-MONTIN-GREER DRILLING CORP.
CANADA OJITOS UNIT EVAPORATION POND
AT LLAVES

SECTION 20, TOWNSHIP 25 NORTH, RANGE 1 EAST



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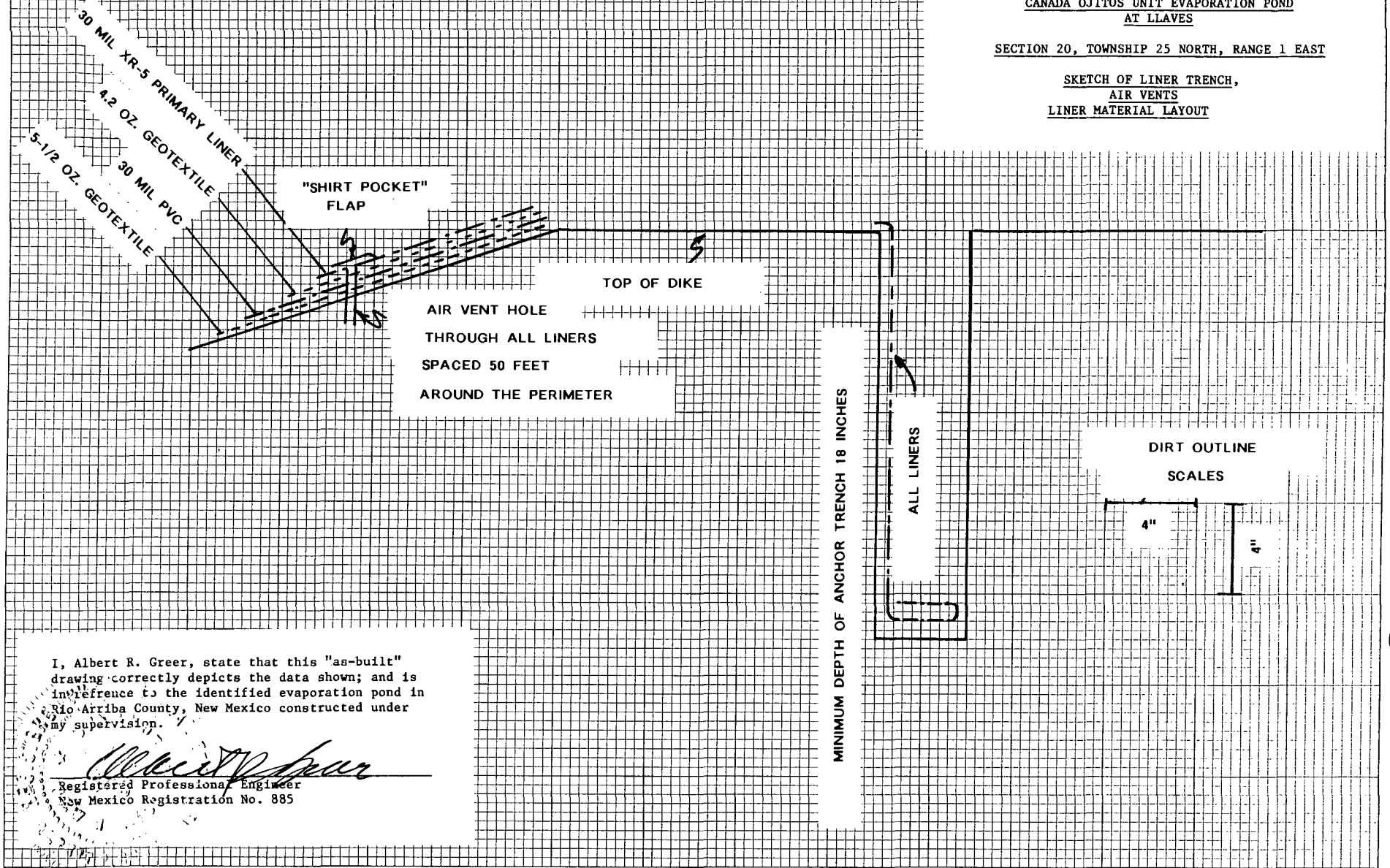
Albert R Greer

Registered Professional Engineer
New Mexico Registration No. 885

BENSON-MONTIN-GREER DRILLING CORP.
CANADA OJITOS UNIT EVAPORATION POND
AT LLAVES

SECTION 20, TOWNSHIP 25 NORTH, RANGE 1 EAST

SKETCH OF LINER TRENCH,
AIR VENTS
LINER MATERIAL LAYOUT



I, Albert R. Greer, state that this "as-built" drawing correctly depicts the data shown; and is in reference to the identified evaporation pond in Rio Arriba County, New Mexico constructed under my supervision.

Registered Professional Engineer
New Mexico Registration No. 885

FRANK LINER FABRICATIONS, INC.

P.O. Box 308 • Farmington, NM 87499 • (505) 327-7660

Pond Lining
& Roofing

INVOICE DATE: October 25, 1994

INVOICE

94-120

BILL TO: BENSON-MONTIN-GREER DRILLING CORP.
212 PETROLEUM CENTER BLDG
501 AIRPORT DRIVE
FARMINGTON, NM 87401

ATTN: MR. AL GREER / ACCOUNTS PAYABLE

Please remit to Frank Liner Fabrications, Inc.
Fed Tax ID No.: 85-0391816
Payment Terms: Total Due on Receipt
Past Due After 30 days
Unpaid balance subject to 1.5% / month finance charge

QTY	DESCRIPTION	PRICE	AMOUNT
		PER QUOTE	
1	DOUBLE-WALLED LINER SYSTEM - 30 MIL XR-5 PRIMARY LINER - 30 MIL PVC SECONDARY LINER - TS-550 & TS-500 GEOTEXTILE	$29,694.72	$29,694.72
	INSTALLATION & MILEAGE	$1,880.00	$1,880.00
	PVC PIPING	$426.43	$426.43
	DEDUCT TRENCHER RENTAL	($130.00)	($130.00)
	LOCATION: EVAPORATION POND NEAR LLAVES, NM		

	Sub total:	$31,871.15
Tax rate: 5.375	*Tax:*	$1,713.07
	Shipping & handling:	
	Credit:	
	You pay this amount:	$33,584.22

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment actionable under other laws and/or regulations.

If you have any questions, please feel free to contact me at (505) 827-5884.

Sincerely,

Kathy M. Brown

Kathy M. Brown
Geologist

xc: Denny Foust, OCD Aztec Office

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

February 2, 1994

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Attention: Ms. Kathy M. Brown
Geologist

Re: OCD RULE 711 PERMIT
B-M-G CENTRALIZED POND
AT LLAVES
RIO ARRIBA COUNTY, NEW MEXICO:
SUPPLEMENTAL INFORMATION

Dear Ms. Brown:

The attachment to the captioned approval as to facility design and construction, item 3, states that the composition and type of liners will be approved by the Division prior to installation. We hereby submit for your approval the type of liners we propose. Bottom liner is proposed to be 30 mil PVC. The upper liner is proposed to be Seaman Corp.'s 30 mil XR-5. Specifications for this upper liner as to physical properties are enclosed on a sheet marked "Section A - Physical Properties" and the chemical/environmental resistance is shown on the page titled "Section B - Chemical/Environmental Resistance".

Further the attachments to this approval state that any changes from the initial application must receive prior OCD approval. We hereby submit the following proposed modifications:

1. Rather than using sand between the two liners, we have elected to use geotextile both on the bottom and on the sides. Also we are proposing to use geotextile under the bottom liner. The bottom geotextile will be 6 oz/yard and the intermediate will be 7-1/2 oz/yard.

2. We are changing the dimensions of the pit from 130 x 150 to 120 x 140 (inside top of the liner). Enclosed are plats showing these changes.

3. We are changing the location of the recirculating pump to the low side of the pit as shown on the sprinkler arrangement plat.

We request your approval of the liner material and the above identified modifications.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

By: Albert R. Greer
Albert R. Greer, President

ARG/tlp

Enclosures

cc: Mr. Denny Foust, OCD, Aztec

SECTION A - PHYSICAL PROPERTIES

PART A-1: MATERIAL SPECIFICATIONS

8130 XR-5 : Property	Test Method	Requirement
1. Thickness	ASTM 751	30±2 mill (8130) 0.030 to 0.034 in. 40± 2 mill (8138)
2. Weight	ASTM D-751	30.0± 2 oz./sq. yd. (8130) 38.0± 2 oz./sq. yd. (8138)
3. Tear Strength	ASTM D-751	125 lbs./125 lbs.
4. Breaking Yield Strength	ASTM-D-751 Grab Tensile	475 lbs./425 lbs.
5. Low Temperature	ASTM-D-2136 4 hrs. — 1/8" mandrel	−30°F. No cracking
6. Dimensional Stability (each direction)	ASTM-D-1204 212°F.−1 hr.	2% max.
7. Hydrostatic Resistance	ASTM-D-751 Method A	500 psi (min.)
8. Blocking Resistance 180°F.	Method 5872 Fed. Std. 191a	#2 Rating Max.
9. Adhesion—Ply. lbs./in. of width	ASTM-D-413 2" per min.	9 lbs./in. (min.) or film tearing bond
10. Adhesion—heat sealed seam lbs./in. of width	ASTM-D-751	10 lbs./in. (min.)
11. Dead Load Seam shear strength	(Mil-T-52983E Para. 4.5.2.19 2" overlap seam	Must withstand 210 lbs./in. @ 70°F. 105 lbs./in. @ 160°F.
12. Abrasion Resistance (Taber Method)	Method 5306 Fed. Std. 191a H-18 Wheel 1000 gm. load	2000 cycles before fabric exposure 50 mg./100 cycles max. wt. loss
13. Weathering Resistance	Carbon-Arc Atlas Weather-o-meter	2,000 hrs. No appreciable changes or stiffening or cracking of coating
14. Water Absorption	ASTM-D-471 7 days	5% max. @ 70°F. 12% max. @ 212°F.
15. Wicking	Shelter-Rite procedure	1/8" max.
16. Puncture Resistance	FTMS 101B Method 2031	350 lbs.

SECTION B — CHEMICAL/ENVIRONMENTAL RESISTANCE

PART B-1: XR-5® FLUID RESISTANCE GUIDELINES

The data below is the result of laboratory tests and is intended to serve only as a guide. No performance warranty is intended or implied. The degree of chemical attack on any material is governed by the conditions under which it is exposed. Exposure time, temperature, and size of the area of exposure usually varies considerably in application, therefore, this table is given and accepted at the user's risk. Confirmation of the validity and suitability in specific cases should be obtained.

When considering XR-5 for specific applications, it is suggested that a sample be tested in actual service before specification. Where impractical, tests should be devised which simulate actual service conditions as closely as possible.

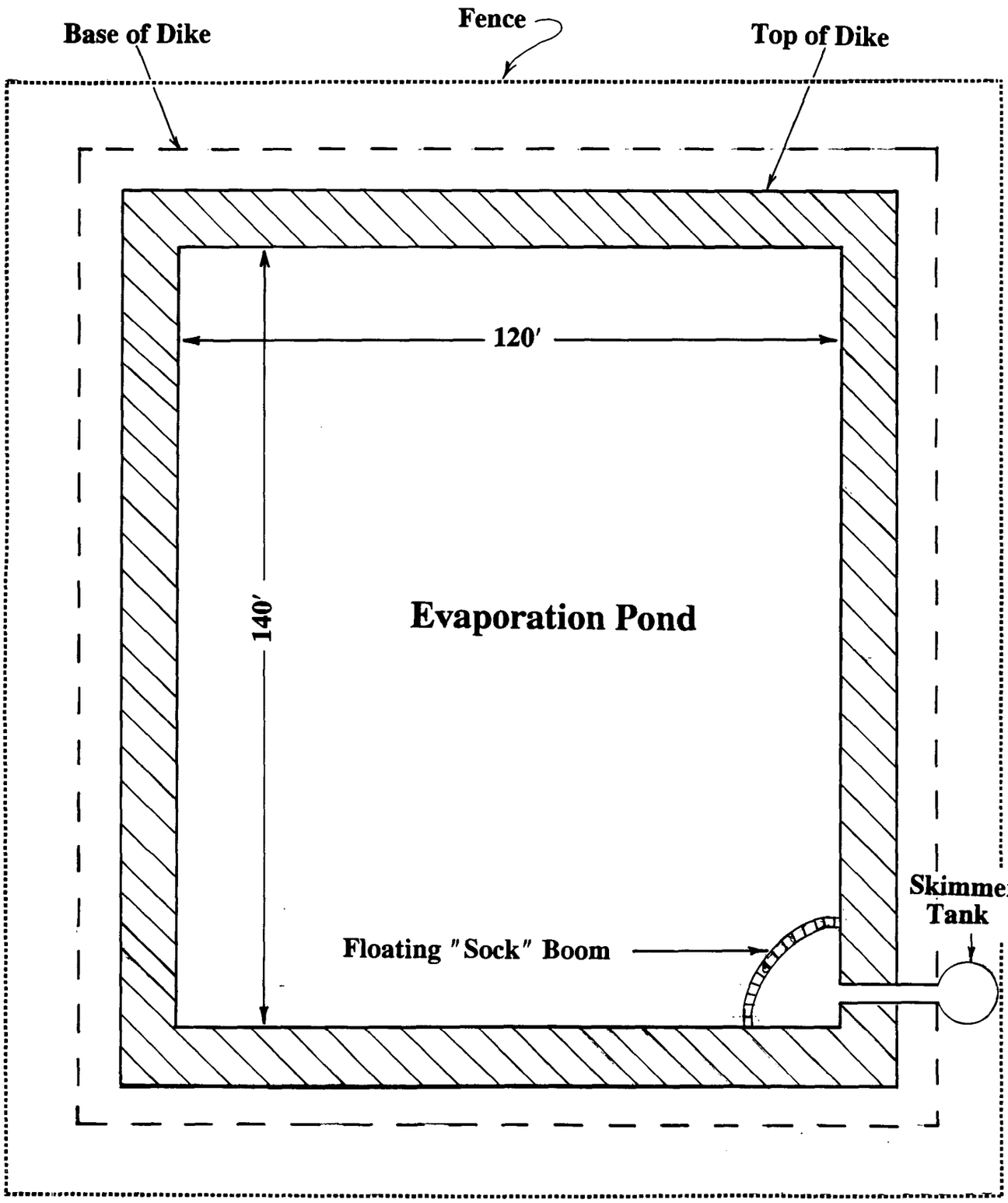
EXPOSURE	RATING
Acetic Acid (5%)	B
Acetic Acid (50%)	C
Ammonium Phosphate	T
Ammonium Sulfate	T
Antifreeze (ethylene glycol)	A
Animal Oil	A
Aqua Regia	X
ASTM Fuel A (100% Iso-octane)	A
ASTM Oil #2 (Flash pt. 240°C)	A
ASTM Oil #3	A
Benzene	X
Calcium Chloride Solutions	T
Calcium Hydroxide	T
20% Chlorine Solution	A
Clorox	A
Conc. Ammonium Hydroxide	A
Corn Oil	A
Crude Oil	A
Diesel Fuel	A
Ethanol	A
Ethyl Acetate	C
Ethyl Alcohol	A
Fertilizer Solution	A
#2 Fuel Oil	A
#6 Fuel Oil	A
Furfural	X
Gasoline	B
Glycerin	A
Hydraulic Fluid	A
Hydrocarbon Type II (40% Aromatic)	C
Hydrochloric Acid (50%)	A
Hydrofluoric Acid (5%)	A
Hydrofluoric Acid (50%)	A
Hydrofluosilicic Acid (30%)	A
Isopropyl Alcohol	T
Ivory Soap	A
Jet A	A
JP-4 Jet Fuel	A

EXPOSURE	RATING
JP-5 Jet Fuel	A
JP-8 Jet Fuel	A
Kerosene	A
Magnesium Chloride	T
Magnesium Hydroxide	T
Methanol	A
Methyl Alcohol	A
Methyl Ethyl Ketone	X
Mineral Spirits	A
Naptha	A
Nitric Acid (5%)	B
Nitric Acid (50%)	C
Perchloroethylene	C
Phenol	X
Phenol Formaldehyde	B
Phosphoric Acid (50%)	A
Phosphoric Acid (100%)	C
Phthalate Plasticizer	C
Potassium Chloride	T
Potassium Sulphate	T
Raw Linseed Oil	A
SAE-30 Oil	A
Salt Water (25%)	B
Sea Water	A
Sodium Acetate Solutions	T
Sodium Bisulfite Solution	T
Sodium Hydroxide (60%)	A
Sodium Phosphate	T
Sulphuric Acid (50%)	A
50% Tanic Acid	A
Toluene	C
Transformer Oil	A
Turpentine	A
Urea Formaldehyde	A
UAN	A
Vegetable Oil	A
Water (200°F.)	A
Xylene	X
Zinc Chloride	T

Ratings are based on visual and physical examination of samples after removal from the test chemical after the samples of Black XR-5 were immersed for 28 days at room temperature. Results represent ability of material to retain its performance properties when in contact with the indicated chemical.

RATING KEY:
A—Fluid has little or no effect
B—Fluid has minor to moderate effect
C—Fuild has severe effect
T—No data-likely to be acceptable
X—No data-not likely to be acceptable

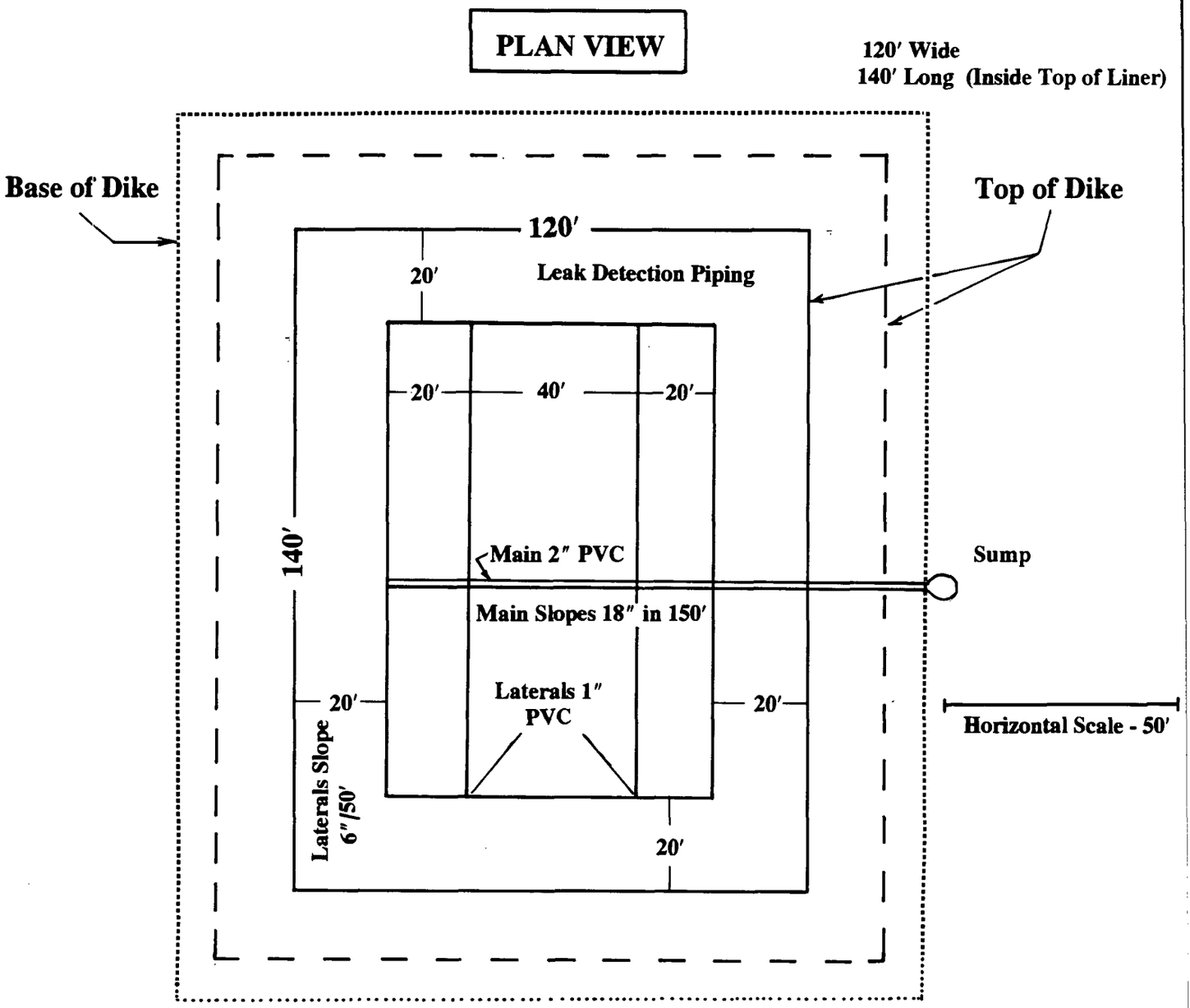
Benson-Montin-Greer Drilling Corp.
Proposed
Llaves Evaporation Pond

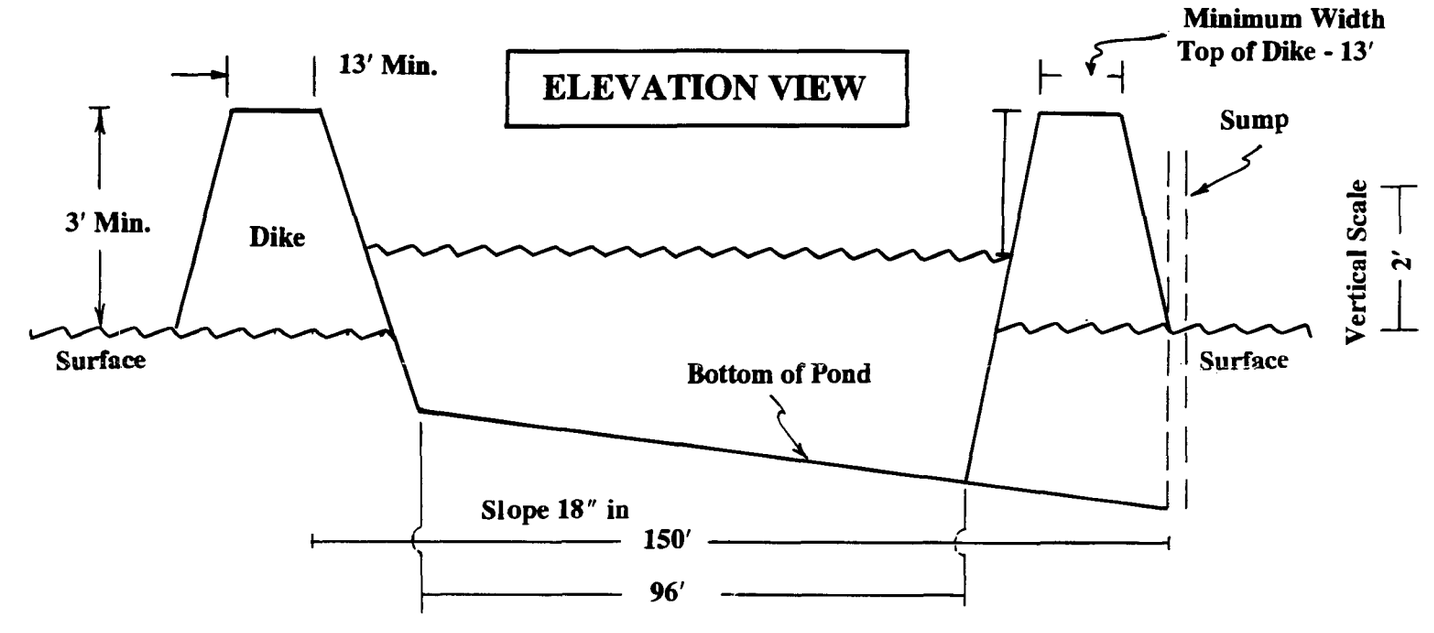


Scale = 20′

Date: 2/94

Benson-Montin-Greer Drilling Corp.
Proposed
Llaves Evaporation Pond

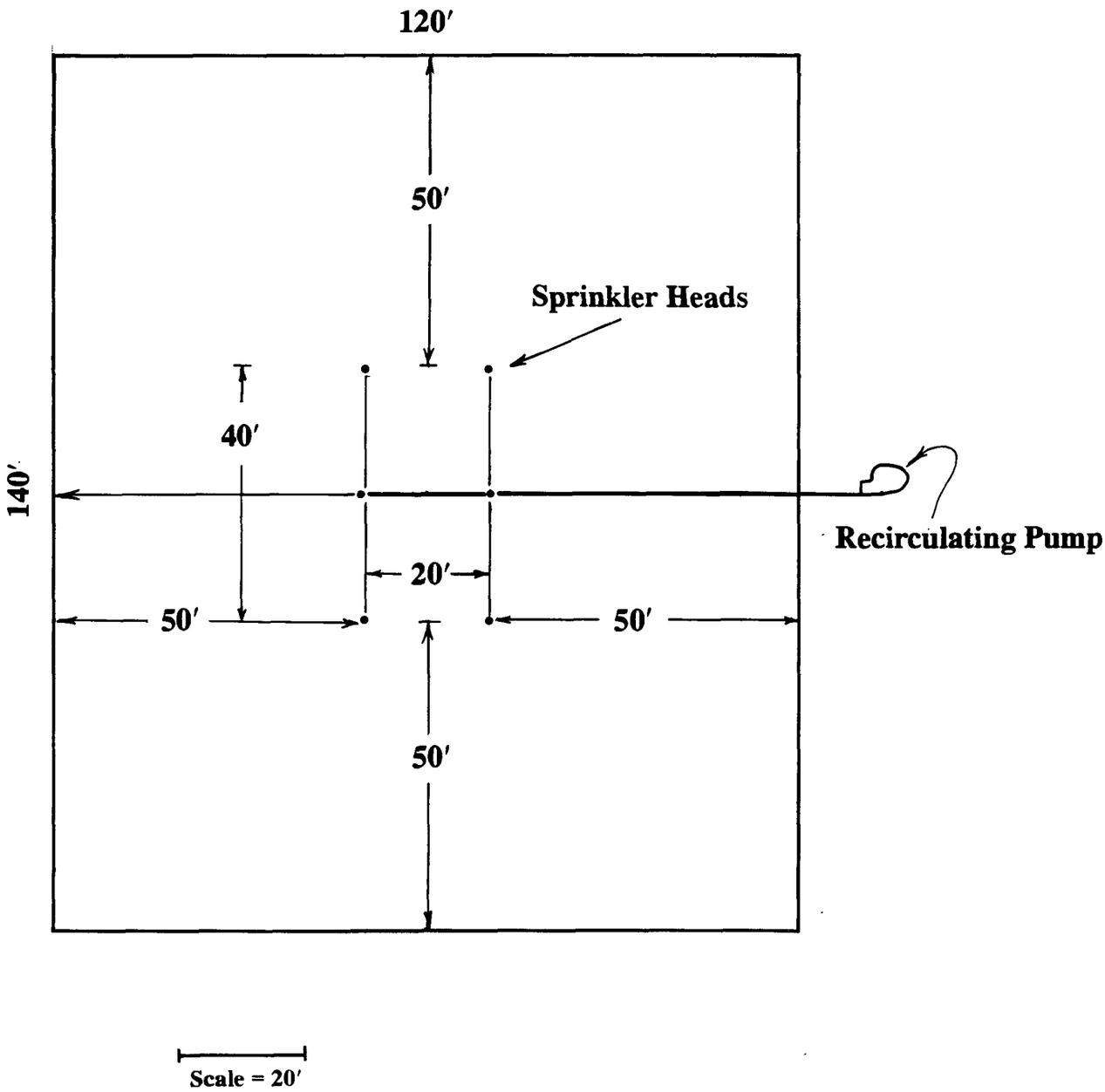




Date: 2/94

Benson-Montin-Greer Drilling Corp.
Proposed
Llaves Evaporation Pond

SPRINKLER ARRANGEMENT



Date: 2/94

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

January 14, 1994

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-065

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

RE: **OCD RULE 711 PERMIT APPROVAL**
BENSON-MONTIN-GREER CENTRALIZED POND
RIO ARRIBA COUNTY, NEW MEXICO

T 25 N

Dear Mr. Greer:

The **permit application for the Benson-Montin-Greer Drilling Corporation, Centralized Evaporation Pond** located in the NW/4 of Section 20, Township 32 North, Range 1 East, NMPM, Rio Arriba 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 September 27, 1993, and the additional materials dated December 13, 1993, and January 10, 1994, submitted as supplements to the application.

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

This permit approval is for a period of five (5) years. This approval will expire on January 14, 1999 and you should submit an application for renewal in ample time before that date. The Division shall have the 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 contact Kathy Brown at (505) 827-5884.

Sincerely,

William J. LeMay
Director

WJL/kmb

Attachment

xc: Denny Foust, OCD Aztec Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
BENSON-MONTIN-GREER DRILLING CORPORATION
CENTRALIZED EVAPORATION POND
(January 14, 1994)

FACILITY DESIGN & CONSTRUCTION

1. The pond will be constructed so that the inside grade of the levee is no steeper than 2:1 and the outside grade of the levee is no steeper than 3:1. The top of the levee will be at least eighteen inches (18") wide.

2. Liner markings or some other device will be installed to accurately measure freeboard.

3. The evaporation pond will be lined with synthetic materials consisting of an impermeable membrane for the primary and secondary liner. Thickness, composition and type of liners will be approved by the Division prior to installation.

4. Leak Detection:

   a. A leak detection system of an approved design will be installed between the primary and secondary liner. The OCD will be notified at least 48 hours in advance of the scheduled installation of the primary liner to afford the opportunity for a Division representative to inspect the leak detection system.

   b. A network of slotted or perforated drainage pipes will be installed between the primary and secondary liners. The main collector pipes will be not less than two inch (2") diameter and the laterals will be not less than one inch (1") diameter pipe. The network will be of sufficient density so that no point in the pond bed is more than twenty feet (20') from such drainage pipe or lateral thereof.

   c. The material placed between the pipes and laterals will be sufficiently permeable to allow transport of the fluids to the drainage pipe. The slope for all drainage lines and laterals will be at least six inches (6") per fifty feet (50'). The slope of the pond bed will also conform to these values to assure fluid flow towards the leak detection system. The drainage pipe will convey any fluids to a corrosion-proof sump located outside the perimeter of the pond.

5. Preparation of Pond Bed for Installation of Liners:

   a. The bed of the pond and inside grade of the levee will be smooth and compacted, free of holes, rocks, stumps, clods, or any other debris which may rupture the liner. If necessary to prevent rocks from damaging the liner, the pond bed will be covered with a compacted layer of sand or other suitable materials.

b. A trench will be excavated on the top of the levee the entire perimeter of the pond for the purpose of anchoring flexible liners. This trench will be located a minimum of nine inches (9") from the slope break and will be a minimum of twelve inches (12") deep.

c. The liner will rest smoothly on the pond bed and the inner face of the levees, and will be of sufficient size to extend down to the bottom of the anchor trench and come back out a minimum of two inches (2") from the trench on the side furthest from the pond. Wrinkles or folds will be placed at each corner of the pond in accordance with manufacturer's specifications to allow for contraction and expansion of the membrane due to temperature variations. The liner will be properly vented.

d. An anchor of used pipe or other similar material will be placed over the liner in the anchor trench and the trench back-filled. The anchor trench will extend the entire perimeter of the pond.

e. The geotextile membrane layers placed on top of the secondary liner will be done in such a manner that the risk of tearing the liner is minimized.

f. Fluid discharge points into the pond will be constructed so that no fluid force is directed toward the liner.

6. Upon completion of construction of the pond, "as-built" completion diagrams certified by a registered engineer will be submitted and approved by the Division prior to commencement of operations.

7. A fence will be constructed and maintained around the perimeter of the facility so as to prevent livestock and people from entering the facility area. The fence will not be constructed on the levee and adequate space will be provided between the fence and levee for passage of maintenance vehicles.

8. A sign will be posted on the fence at the entrance to the facility. The sign will be legible from at least fifty (50) feet and contain the following information: a) name of the facility, b) location by quarter-quarter section, township and range, and c) emergency phone numbers.

9. Above ground tanks which contain materials other than fresh water will be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks.

10. All below grade tanks and sumps will be constructed with secondary containment and leak detection.

FACILITY OPERATIONS

1. The facility will be inspected a minimum of two times per month. The facility will be secured when no attendant is present.

2. Only produced water from Benson-Montin-Greer (BMG) owned wells will be disposed of at the facility.

3. No produced water will be received at the facility unless the transporter has a valid Form C-133 (Authorization to Move Produced Water) on file with the Division.

4. All produced water will be unloaded (piped or trucked) into tanks and the oil removed prior to disposal into the pond. Oil recovered will be stored in closed storage tanks or drums and then transferred to an OCD approved oil reclamation facility. Per Division General Rule 310, oil shall not be stored or retained in earthen reservoirs or in open receptacles. Any oil which is accidentally discharged into the pond will be removed within twenty-four (24) hours.

5. The pond will have a minimum freeboard of two (2) feet. If overtopping occurs at any time, the freeboard will be increased to prevent a reoccurrence.

6. If a spray evaporation system is to be installed then detailed engineering designs will be submitted to and approved by the OCD prior to installation. All spray evaporation systems must be operated such that all spray remains within the confines of the lined portion of the pond.

7. Any sludge build-up in the bottom of the pond in excess of twelve inches (12") will be removed and disposed of at an OCD approved disposal facility.

8. The leak detection monitor well for the evaporation pond will be inspected a minimum of two times per month 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 immediately undertaken:

   a. The operator will notify the OCD Aztec Office within twenty-four (24) hours of discovery.

   b. The fluids will be sampled and analyzed to determine the source.

   c. The fluids will be immediately and continuously removed from the sump. Such fluids may be returned to the pond.

9. If a leak is determined to exist in the primary 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. Enhanced evaporation will commence, provided atmosphere conditions are such that the spray systems can be operated in accordance with the provisions of this permit.

   c. Fluids will be removed from the pond utilizing evaporation and transportation to another authorized facility, until the fluid level is below the location of the leak in the liner.

   d. The liner will be repaired and tested and the leak detection system will be completely drained before resuming introduction of fluids into the pond.

10. The outside walls of all levees will be maintained is such a manner to prevent erosion. Inspections of the outside walls of the levees will be made monthly and after any rainfall of consequence.

H2S PREVENTION & CONTINGENCY PLAN

NOTE* If hydrogen sulfide (H2S) is detected at the evaporation pond BMG will initiate an H2S monitoring and contingency plan. Please note that requirements for H2S monitoring and treatment may be administratively added and/or modified by the OCD based upon actual operating experiences.

RECORDS & REPORTING

1. 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.

2. The operator will file forms C-117-A, C-118, and C-120-A with the Santa Fe District Office as required by OCD Rules 1118 and 1120.

3. The OCD will be notified of any break, spill, blow out, or 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.

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

January 10, 1994

New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Attention: Ms. Kathy M. Brown
Geologist

Dear Ms. Brown:

In response to your letter of January 4, this is to advise that we are assembling the information with respect to the landfarm and will be submitting supplemental information in the next couple of weeks. In the meantime as to the evaporation poind, and as discussed with you, we will not be accepting water with any H_2S in it.

Accordingly we request your approval now of the evaporation pond so that we may commence work on it while we are still working on the landfarm application.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

By: _____
Albert R. Greer, President

ARG/tlp

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

January 4, 1994

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

CERTIFIED MAIL
RETURN RECEIPT NO. P-111-334-069

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

RE: **REQUEST FOR CENTRALIZED DISPOSAL FACILITY**
BENSON-MONTIN-GREER DRILLING CORP.
RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Greer:

The New Mexico Oil Conservation Division (OCD) has received your December 13, 1993 revised application for an oilfield related, centralized surface disposal facility located in the NW/4 of Section 20, Township 25 North, Range 1 East, NMPM, Rio Arriba County, New Mexico. The revised application was submitted in response to the OCD's November 10, 1993 request for additional information on Benson-Montin-Greer's (BMG) initial September 27, 1993 disposal application.

In addition to the initial request for a landfarm permit, the revised application now includes a proposed double-lined evaporation pond. After review of the application the OCD still does not have the information required to approve a centralized landfarm or evaporation pond.

The following comments and requests for additional information are based on review of the revised application. In addition, the OCD has repeated several requests for additional information which was originally requested November 10, 1993, but BMG has failed to respond to. In order for the review process to continue the OCD requires the following information:

1. Groundwater Protection: As previously stated, the close proximity of groundwater beneath the landfarm (50 feet) requires that BMG submit a detailed facility construction and operation plan to ensure contaminants do not leach downward. The plan must include detailed engineering and monitoring designs, specific operational procedures

sampling schedules and analyses. Enclosed are the OCD "Guidelines for Permit Application, Design, and Operation of Centralized & Commercial Landfarms" (July 1993), which includes recommendations for ensuring groundwater protection.

2. Waste Characterization: As previously requested, please supply the following information for the wastes which have been previously disposed of at your disposal facility: origin, source of contamination, date of disposal, and generator of the waste. In addition, please specify what type of wastes you would like to be permitted to accept at your disposal facility including origin, sources of contamination and generator.

4. Closure Schedule: Pursuant to OCD Rule 711, a closure plan and schedule is required for surface disposal facilities. BMG's application has a closure plan and schedule for the evaporation pond, but not for the landfarm. Please note that a commitment to closure of the landfarm in accordance with all OCD requirements in effect at the time of closure is sufficient. In addition, a commitment to the following OCD Rule 711 closure requirements is necessary: "upon cessation of disposal operations for six (6) consecutive months, the operator will complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension is granted by the Director. The operator will notify the Division of cessation of operations for six (6) consecutive months". Please submit commitments to the above items.

5. Evaporation Pond: The double-lined evaporation pond for the proposed facility is approvable with the exception of a hydrogen sulfide (H2S) monitoring plan. Because of the close proximity of the proposed facility to the highway and the National Forest, the OCD requires that BMG submit an H2S monitoring and contingency plan, unless you can justify why it is not required. Enclosed is an example the H2S plan proposed and approved by the OCD for another centralized evaporation pond.

Submission of the above requested information will allow the review process to continue. If you have any questions please do not hesitate to contact me at (505) 827-5884.

Sincerely,

Kathy Brown

Kathy M. Brown
Geologist

xc: Denny Foust, OCD Aztec Office

CENTRALIZED DISPOSAL FACILITY
H2S PREVENTION & CONTINGENCY PLAN

1. Tests will be conducted and records 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 each test will vary around the pond. Tests will be conducted monthly. The OCD Aztec Office will be notified immediately if any test shows a dissolved residual oxygen level of less than 0.5 ppm.

2. Tests of 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. The 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 determined.

   c. Tests for H2S levels will be made at the fence line, downwind from the pond.

4. If two consecutive H2S readings of 0.1 ppm or greater are obtained:

   a. The operator will notify the OCD Aztec Office immediately.

   b. The operator will commence hourly monitoring on a 24-hour basis.

   c. The operator will obtain daily analysis of dissolved sulfides in the pond.

   d. The operator will implement the approved treatment plan so as to reduce dissolved sulfides in the pond and eliminate H2S emissions.

5. If an H2S reading of 10.0 ppm or greater at the facility fence line is obtained:

   a. The operator will immediately notify the OCD Aztec and Santa Fe Offices and 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 reading 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.

Revised 5/93

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87501

OIL CONSERVATION DIVISION
RECEIVED
93 DEC 14 AM 8 38

APPLICATION FOR SURFACE WASTE DISPOSAL FACILITY

(Refer to OCD Guidelines for assistance in completing the application)

☐ Commercial ☒ Centralized

I. Type: ☒ Produced Water ☐ Drilling Muds ☐ Other _____
☒ Solids/Landfarm ☐ Treating Fluids

II. OPERATOR: Benson-Montin-Greer Drilling Corp.

ADDRESS: 221 Petroleum Center Building, Farmington, New Mexico 87401

CONTACT PERSON: Albert R. Greer PHONE: 505-325-8874

III. LOCATION: _____/4 NW /4 Section 20 Township 25 North Range 1 East
Submit large scale topographic map showing exact location.

IV. IS THIS AN EXPANSION OF AN EXISTING FACILITY? ☐ Yes ☒ No

V. Attach the name and address of the landowner of the disposal facility site and landowners of record within one-half mile o the site. See attachment.

VI. Attach discription of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility. See attachment.

VII. Attach detailed engineering designs with diagrams prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations sytems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities. See attachment.

VIII. Attach a contingency plan for reporting and clean-up of spills or releases. See attachment.

IX. Attach a routine inspection and maintenance plan to ensure permit compliance. See attachment.

X. Attach a closure plan. See attachment.

XI. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact fresh water. Depth to and quality of ground water must be included. See attachment.

XII. Attach proof that the notice requirements of OCD Rule 711 have been met (Commercial facilities only). N/A

XIII. Attach a contingency plan in the event of a release of H_2S. N/A

XIV. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.
N/A

XV. CERTIFICATION

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Albert R. Greer Title: President

Signature: Albert R. Greer Date: December 13, 1993

DISTRIBUTION: Original and one copy to Santa Fe with one copy to appropriate Division District Office.

ATTACHMENT TO APPLICATION FOR SURFACE WASTE DISPOSAL FACILITY

V. Names and addresses of landowners within one-half mile of proposed landfarm and evaporation pit.

Averill Family Ranch
P.O. Box 35065, Station D
Albuquerque, NM 87110

Royce and Nancy Meeks
HC 78, Box 9
Llaves, NM 87030-9701

Pablo & Helen Casados
General Delivery
Llaves, NM 87030

Gordon Davis
P.O. Box 151
Gallina, NM 87017

VI. The facility comprises a landfarm on an airstrip and an evaporation pit. The airstrip is shown on the topographic maps, item 3 attached. The evaporation pit is shown on the expanded scale of the topographic map.

Also enclosed is a sketch marked "Diagram Item VI" which shows fences, pits, dikes and tanks for the evaporation pit.

The landing strip is fenced with fences on each side approximately 75 feet from centerline. There are shallow borrow depressions on the sides of the landing strip.

VIII. Contingency plan for reporting and clean up of spills and releases.

1. Any spills or releases will be reported to the New Mexico Oil Conservation Division Aztec office.

2. Absent specific instructions from the Aztec Oil Conservation Division office, any contaminated dirt caused by a spill or release of oil or water will be excavated and moved to the landfarm on the airstrip.

IX. Inspection and maintenance plan.

A. Landfarm: As long as there is material on the airstrip requiring landfarm methods, the material will occasionally be bladed with a maintainer to insure adequate exposure to air and sun. Inspection will be made at times of routine maintenance of the airstrip or treating the landfarm material. The amounts of contaminated soil to be added will normally be very small volumes and will be blended in with the existing soil, maximum average depth of unremediated soil is expected not to exceed 4 inches at any one point. Overall average depth of unremediated soil at any one time is expected not to exceed one inch.

B. Evaporation pit: The evaporation pit will be inspected

by B-M-G personnel whenever a load of water is brought to the pit, anticipated to be not less than twice a month. In event a spray system is installed, it will be inspected daily to assure that all water and spray is contained within the pit.

X. Closure plan.

A. Landfarm facility: There will be no need for a closure plan if landfarming is ceased. The airstrip can continue to be operated and maintained (periodically blading with a maintainer) so there is no need for "closure" of the landfarm/airstrip.

B. Evaporation pit:

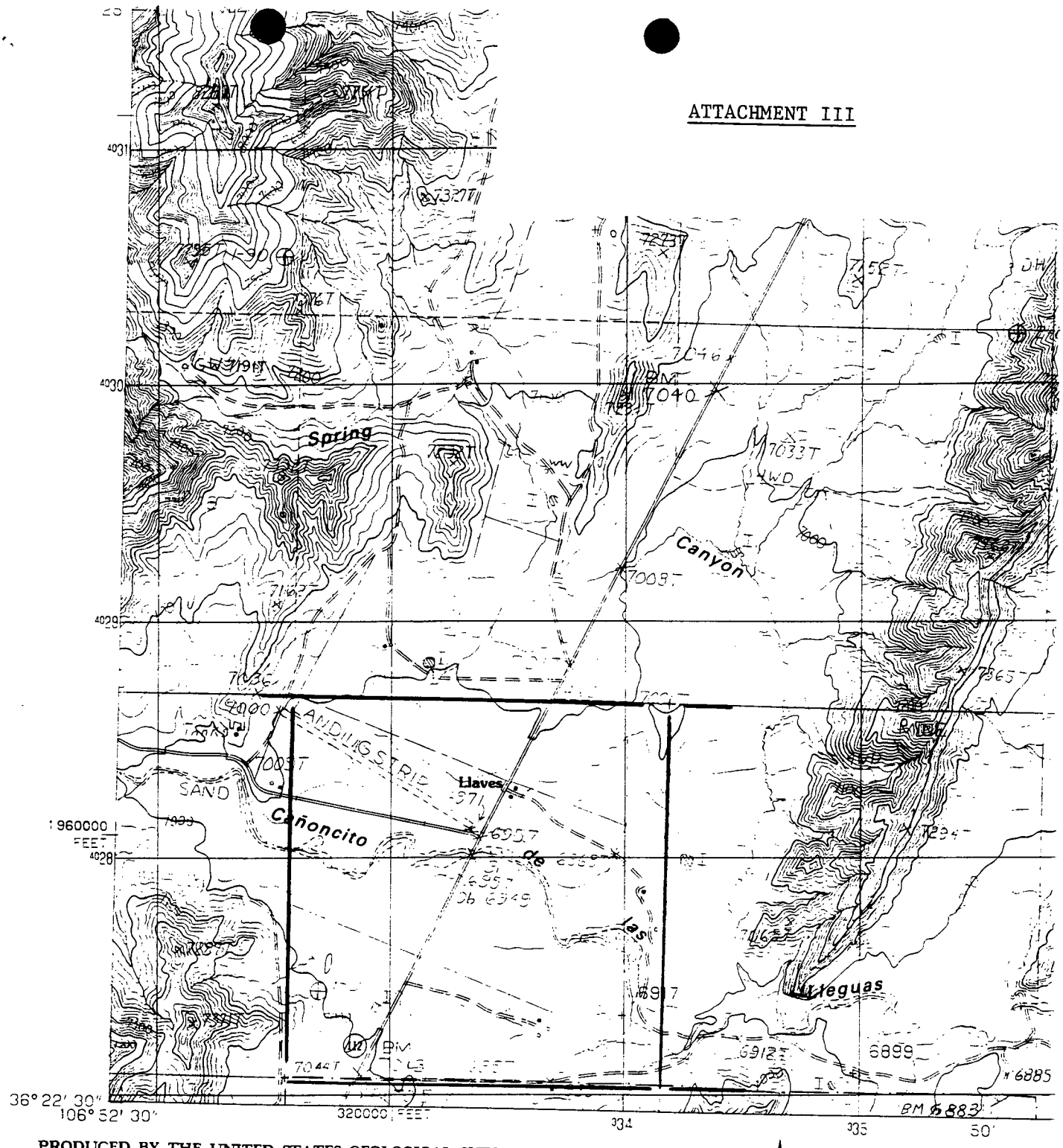
1. Any water not evaporated, and presumably there will be water with a high concentration of salts, will be hauled to a commercial disposal facility.

2. Any steel tank still on location will be removed.

3. Plastic liners will be removed and the ground restored to its initial topographic form.

XI. From existing water wells, depth to ground water 1/4 mile north of the facility is 106 feet and 1/2 mile southeast is 32 feet. Estimated depth to ground water along the facility is 50 feet on the east end of the airstrip and 90 feet on the west end. Landfarming will commence no closer than 500 feet from the east end of the airstrip where estimated depth to ground water exceeds 52 feet. Saturation of the contaminated soil when mixed by maintainer with the existing soil will be relatively "dry", and will not be flushed from the area by rains. Rather we anticipate onsite remediation with no adverse impact on fresh water.

ATTACHMENT III



PRODUCED BY THE UNITED STATES GEOLOGICAL SURVEY
CONTROL BY . . . . . USGS, NOS/NOAA
COMPILED FROM AERIAL PHOTOGRAPHS TAKEN 1976
FIELD CHECKED . . . . . 1978 MAP EDITED 1983
PROJECTION. . . . . TRANSVERSE MERCATOR
GRID: 1000-METER UNIVERSAL TRANSVERSE MERCATOR . . . . . ZONE 13
10,000-FOOT STATE GRID TICKS . . . . NEW MEXICO, CENTRAL ZONE
UTM GRID DECLINATION . . . . . 1°05' WEST
1983 MAGNETIC NORTH DECLINATION . . . . . 12° EAST
VERTICAL DATUM . . . . . NATIONAL GEODETIC VERTICAL DATUM OF 1929
HORIZONTAL DATUM . . . . . 1927 NORTH AMERICAN DATUM

To place on the predicted North American Datum of 1983, move the projection lines as shown by dashed corner ticks (1 meter north and 53 meters east)

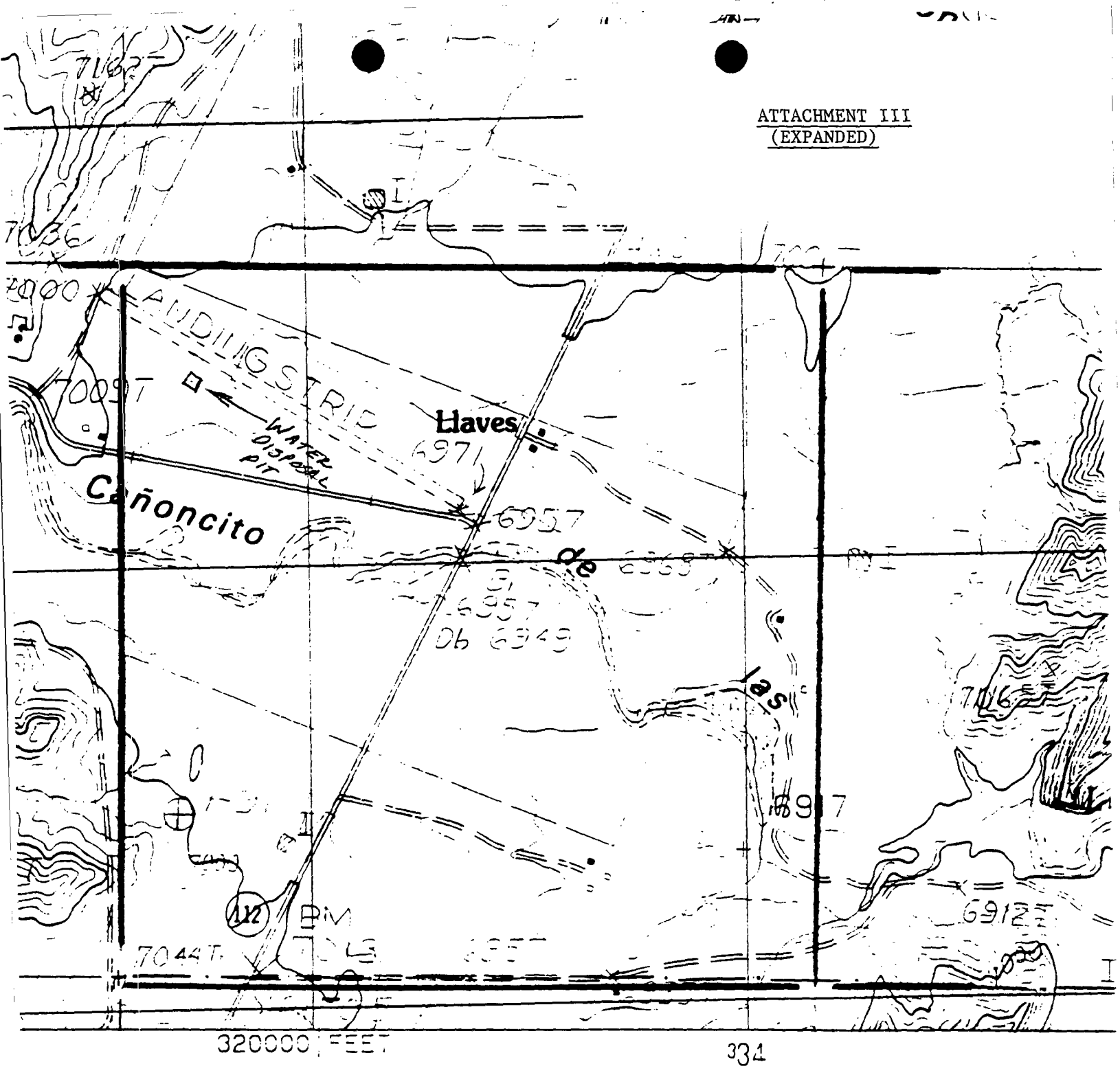
There may be private inholdings within the boundaries of any Federal and State Reservations shown on this map

Where omitted, land lines have not been established

All marginal data and lettering generated and positioned by automated type placement procedures

PROVISIONAL MAP
Produced from original manuscript drawings. Information shown as of date of field check.

ATTACHMENT III
(EXPANDED)



NORTH

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78 MAP EDITED 1983
. . . . . TRANSVERSE MERCATOR
TRANSVERSE MERCATOR . . . . . ZONE 13
TICKS . . . . NEW MEXICO, CENTRAL ZONE
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LINATION . . . . . 12° EAST
NATIONAL GEODETIC VERTICAL DATUM OF 1929
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PROVISIONAL

DIAGRAM ITEM VI

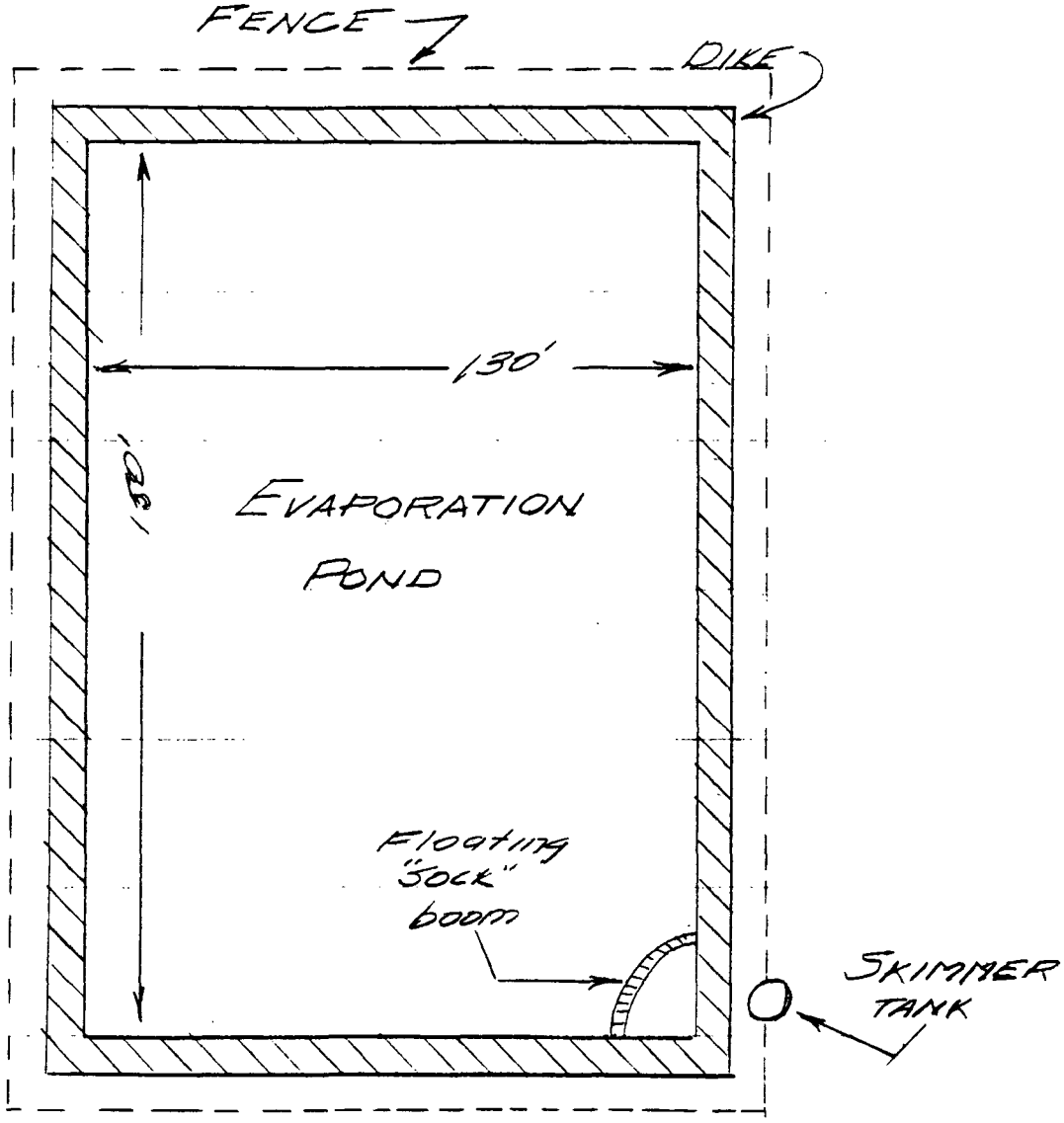
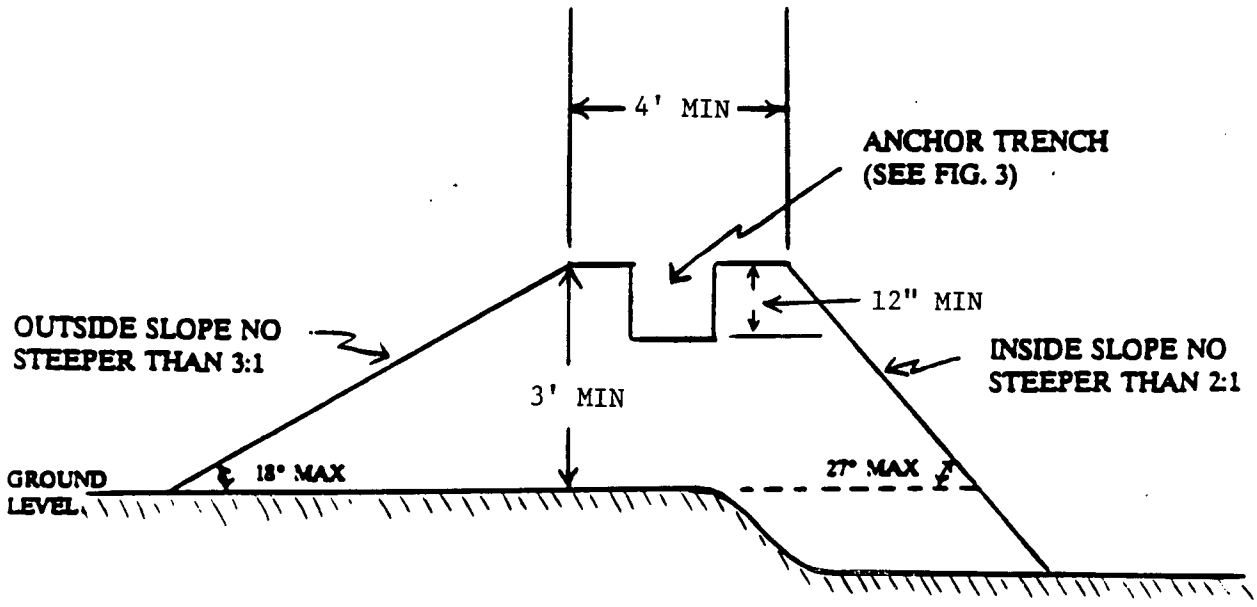


FIGURE 1: PIT CONSTRUCTION



NOTE: LEVEE TO BE CONSTRUCTED IN A MANNER SUCH THAT DESIGN COMPACTION AND DIMENSIONS PROVIDE FOR A MINIMUM SAFETY FACTOR OF TWO FOR FORCES ACTING AGAINST THE LEVEE.

FIGURE 2 - LEAK DETECTION SYSTEM

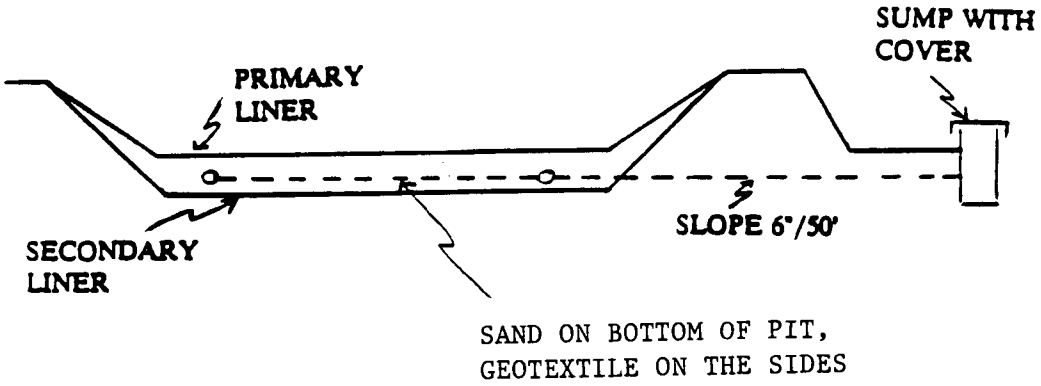


FIGURE 3 - ANCHOR TRENCH

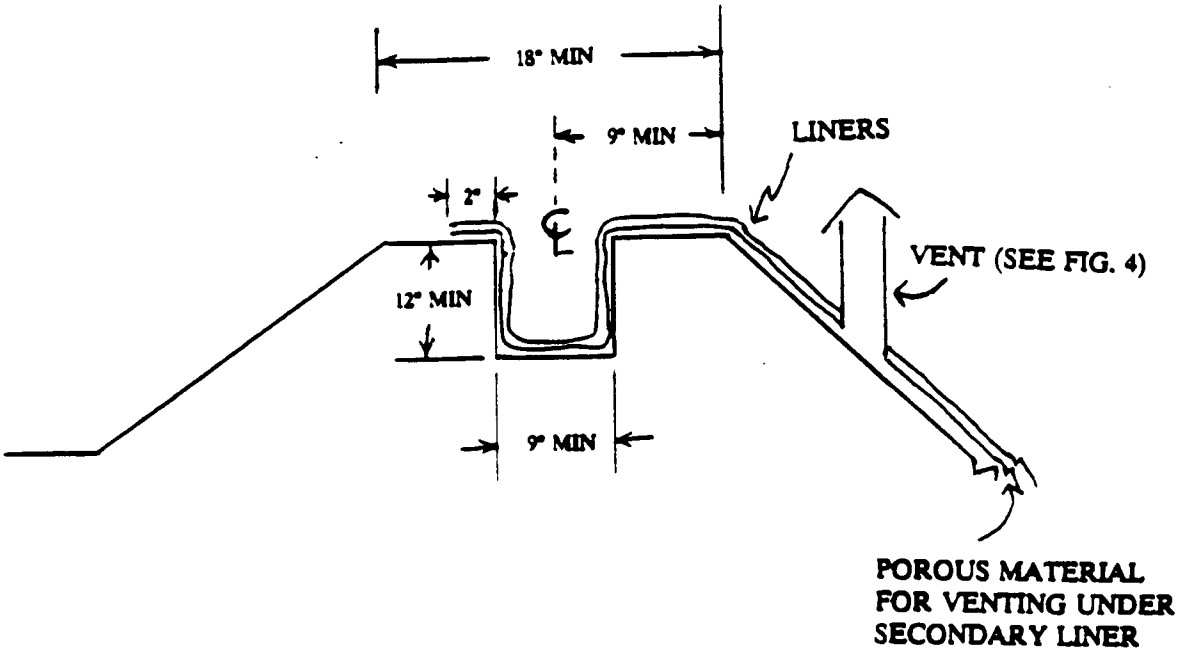
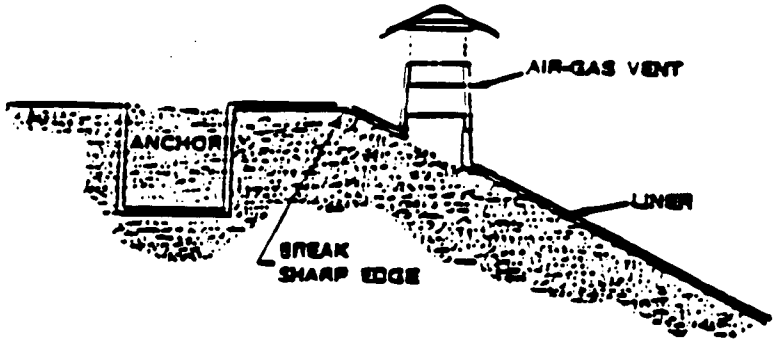
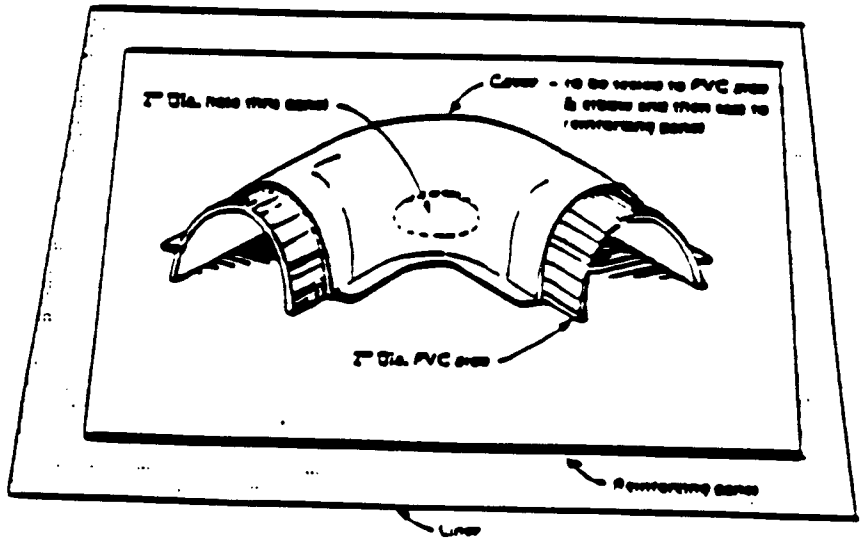


FIGURE 4 - VENT DESIGNS

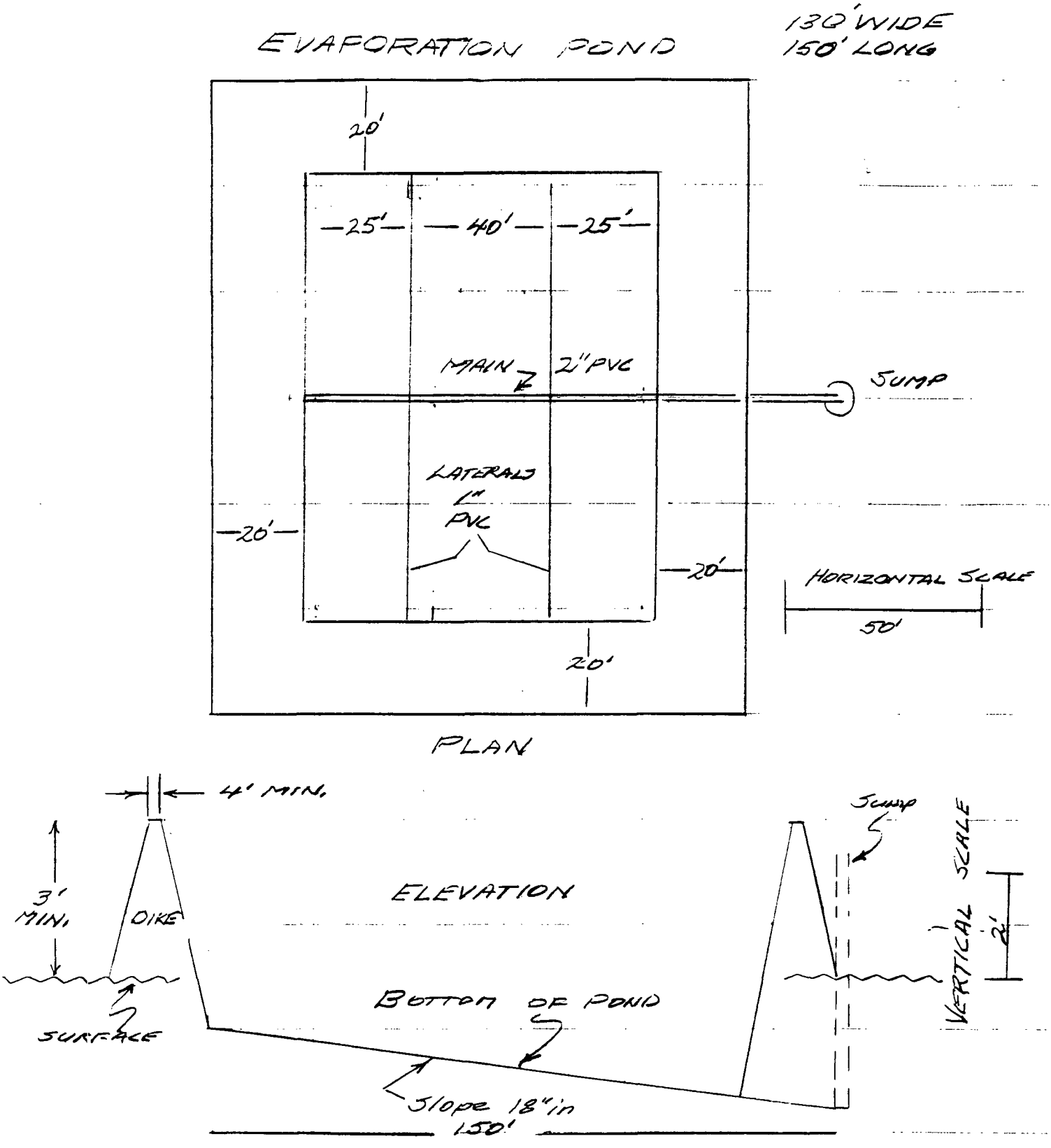
SOURCE: EPA REPORT #SW-870, "LINING OF WASTE IMPOUNDMENT FACILITIES", PG. 260



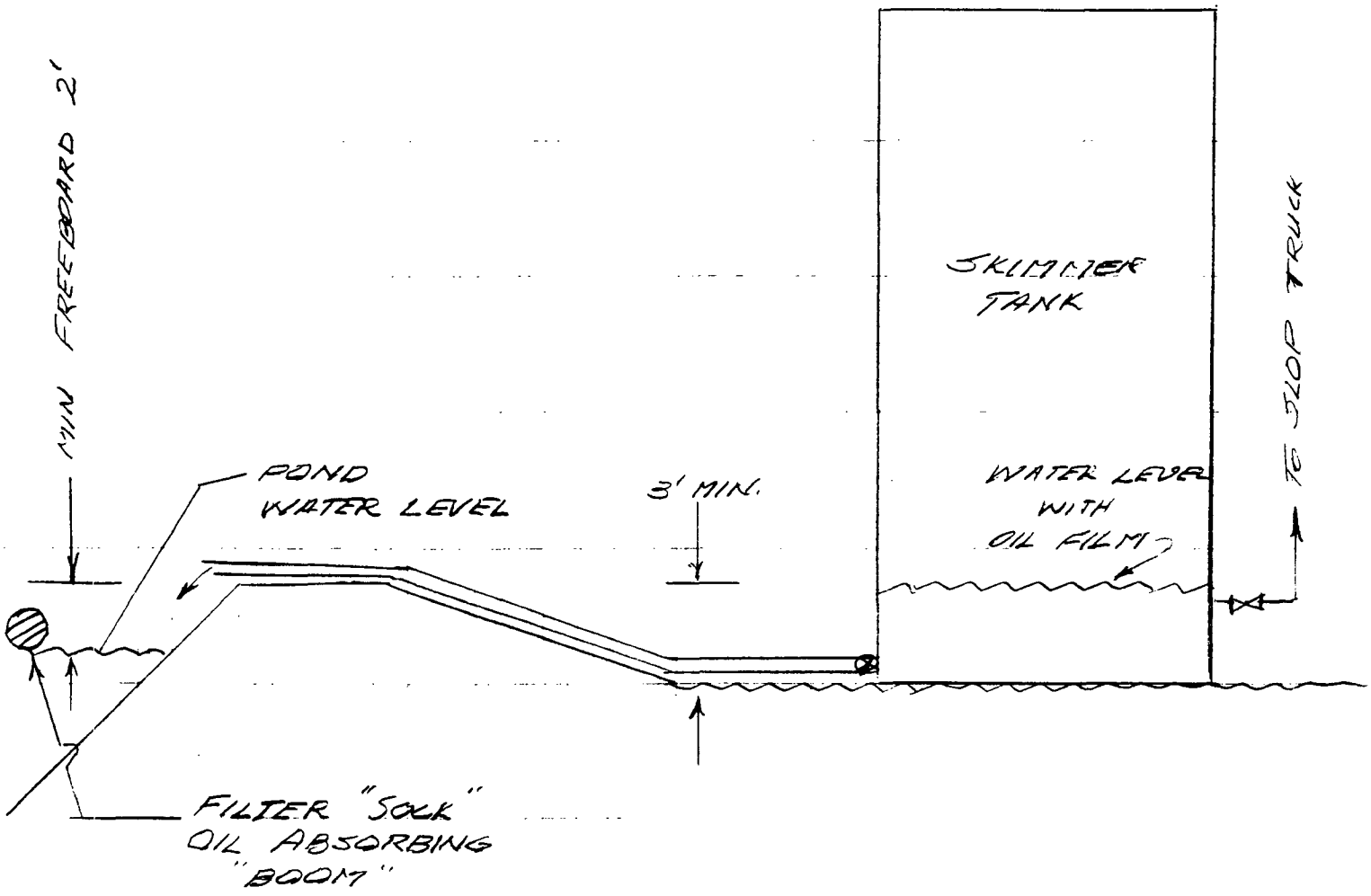


PART OF ATTACHMENT VII

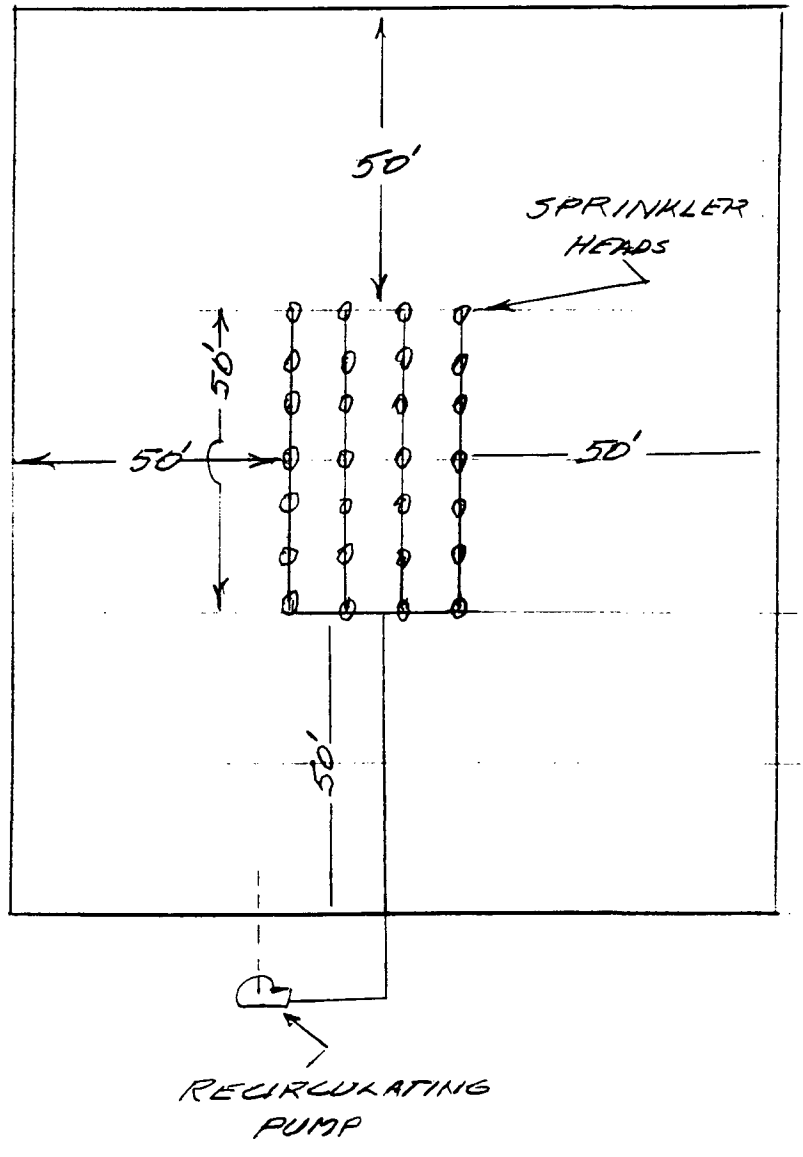
DETAILS OF LEAK DETECTION SYSTEM



PART OF ATTACHMENT VII



Note: Operator intends initially to utilize the evaporation pond without sprinklers. If sprinklers are installed, they will be as shown below such that there will be a minimum of 50 feet from any sprinkler head to the edge of the pond (to avoid overspray).



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

November 10, 1993

CERTIFIED MAIL
RETURN RECEIPT NO. P-667-241-146

Mr. Albert R. Greer
Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

RE: **REQUEST FOR CENTRALIZED DISPOSAL FACILITY**
BENSON-MONTIN-GREER DRILLING CORP.
RIO ARRIBA COUNTY, NEW MEXICO

Dear Mr. Greer:

The New Mexico Oil Conservation Division (OCD) has received the above referenced application for an oilfield related solids disposal facility located in the NW/4 of Section 20, Township 25 North, Range 1 East, NMPM, Rio Arriba County, New Mexico. The OCD permits centralized disposal facilities pursuant to OCD Rule 711.
The application indicates that Benson-Montin-Greer (BMG) has been disposing of contaminated oilfield solids for several years at this site. The OCD requires that BMG cease disposal at this location until the facility is properly permitted and under compliance.

The following comments and requests for additional information are based on review of the application, dated September 27, 1993. In order for the review process to continue the OCD requires the following information:

1. Groundwater Protection: Because of the close proximity to groundwater (50 feet), the OCD requires BMG to provide a mechanism to afford maximum protection of groundwater. The OCD will not permit a surface disposal facility when there is shallow groundwater beneath the site unless the facility is designed with safeguards to ensure contaminants do not leach downward. Please submit a detailed plan to afford maximum protection of groundwater. Include appropriate facility diagrams, engineering designs, monitoring specifications, and sampling and testing schedules.

2. OCD Rule 116 Notification: BMG has proposed that the facility will be inspected infrequently. The OCD requires surface disposal facilities to adhere to a specific inspection schedule as proposed by the facility. In addition, the OCD requires all surface disposal facilities to notify the Division of any fire, break, spill, or blowout in accordance with the provisions set forth in OCD Rule 116.C. Please submit an inspection schedule which includes a commitment to spill notification pursuant to OCD Rule 116.

3. Waste Characterization: The OCD permits surface disposal facilities to accept oilfield wastes which are either exempt from RCRA Subtitle C Hazardous Waste Regulations **or** oilfield wastes which are shown to be nonhazardous by testing as defined by the U.S. EPA. Please submit the following information for the wastes which have been previously disposed of at your disposal facility: origin, source of contamination, date of disposal, and generator of the waste. Please specify what type of wastes you would like to be permitted to accept at your disposal facility including origin, sources of contamination and generator. Please note that if a disposal facility accepts wastes from outside-owned operations then it is considered a **commercial** disposal facility and will meet additional OCD requirements prior to permitting including a $25,000 bond.

4. Closure Schedule: The OCD requires a closure plan and schedule for surface disposal facilities. BMG's application lacks a closure plan and schedule. Please note that pursuant to OCD Rule 711, upon cessation of disposal operations for six (6) consecutive months, the operator will complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension is granted by the Director. The operator will notify the Division of cessation of operations for six (6) consecutive months. Please submit a closure plan and schedule.

Submission of the above requested information will allow the review process to continue. If you have any questions please do not hesitate to contact me at (505) 827-5884.

Sincerely,

Kathy M. Brown

Kathy M. Brown
Geologist

xc: Denny Foust, OCD Aztec Office

Revised 5/93

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87501

OIL CONSERVATION DIVISION
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APPLICATION FOR SURFACE WASTE DISPOSAL FACILITY

(Refer to OCD Guidelines for assistance in completing the application)

☐ Commercial ☐ Centralized

I. Type: ☐ Produced Water ☐ Drilling Muds ☒ Other Surfacing of airstrip with oil contaminated soil
☐ Solids/Landfarm ☐ Treating Fluids

II. OPERATOR: Benson-Montin-Greer Drilling Corp.

ADDRESS: 221 Petroleum Center Building, Farmington, NM 87401

CONTACT PERSON: Albert R. Greer PHONE: 505-325-8874

III. LOCATION: _____/4 NW /4 Section 20 Township 25 North Range 1 East
Submit large scale topographic map showing exact location.

IV. IS THIS AN EXPANSION OF AN EXISTING FACILITY? ☐ Yes ☒ No

V. Attach the name and address of the landowner of the disposal facility site and landowners of record within one-half mile o the site.

VI. Attach discription of the facility with a diagram indicating location of fences, pits, dikes, and tanks on the facility.
See attachment.

VII. Attach detailed engineering designs with diagrams prepared in accordance with Division guidelines for the construction/installation of the following: pits or ponds, leak-detection systems, aerations sytems, enhanced evaporation (spray) systems, waste treating systems, security systems, and landfarm facilities. N/A

VIII. Attach a contingency plan for reporting and clean-up of spills or releases. N/A

IX. Attach a routine inspection and maintenance plan to ensure permit compliance. See attachment.

X. Attach a closure plan. See attachment.

XI. Attach geological/hydrological evidence demonstrating that disposal of oil field wastes will not adversely impact fresh water. Depth to and quality of ground water must be included. See attachment.

XII. Attach proof that the notice requirements of OCD Rule 711 have been met (Commercial facilities only). N/A

XIII. Attach a contingency plan in the event of a release of H_2S. N/A

XIV. Attach such other information as necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.
N/A

XV. CERTIFICATION

I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Albert R. Greer Title: President

Signature: Albert R. Greer Date: September 27, 1993

DISTRIBUTION: Original and one copy to Santa Fe with one copy to appropriate Division District Office.

ATTACHMENT TO APPLICATION FOR SURFACE WASTE DISPOSAL FACILITY

V. Names and addresses of landowners within one-half mile of proposed disposal facility site.

Averill Family Ranch
P.O. Box 35065, Station D
Albuquerque, NM 87110

Royce and Nancy Meeks
HC 78, Box 9
Llaves, NM 87030-9701

Pablo & Helen Casados
General Delivery
Llaves, NM 87030

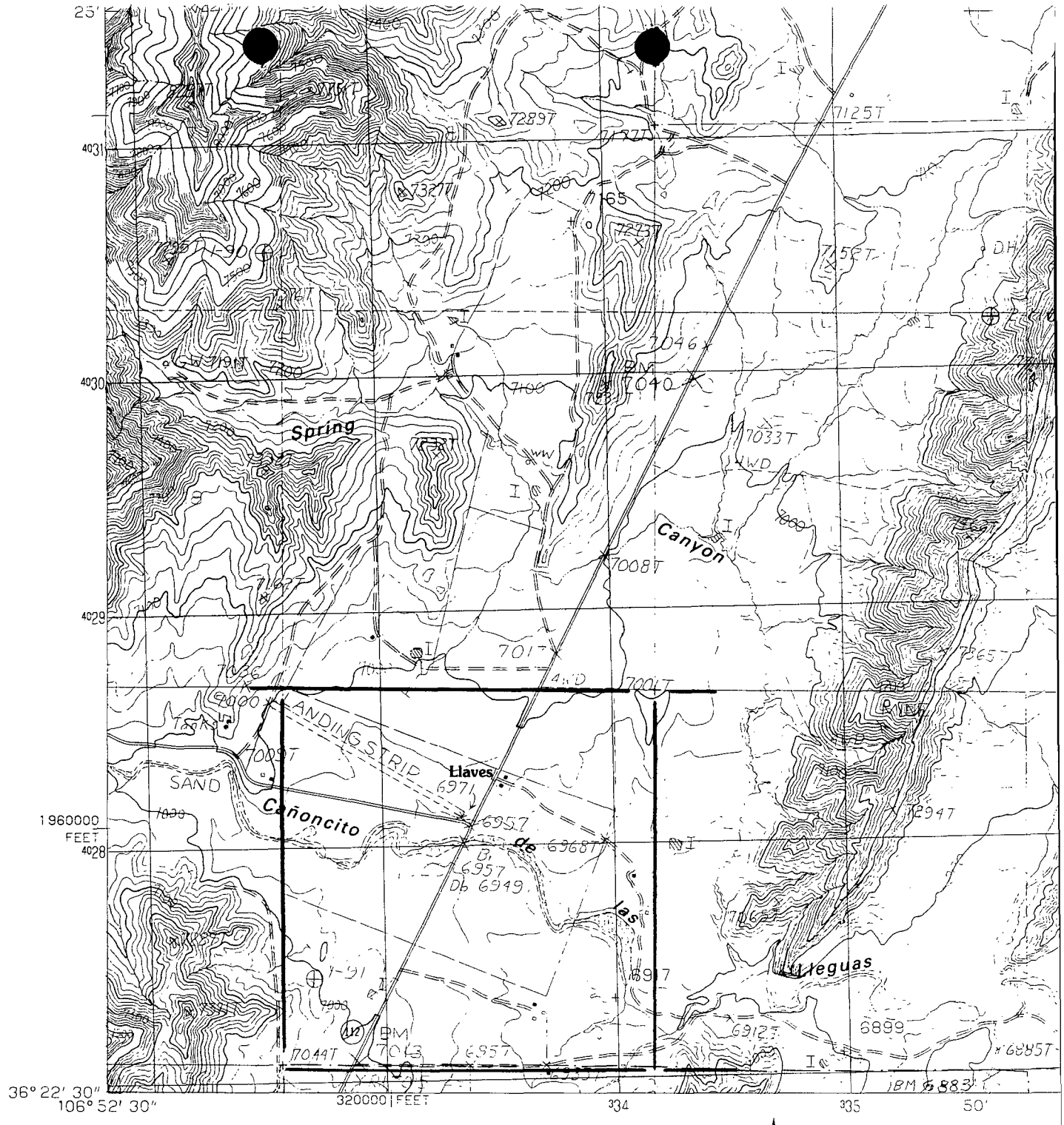
Gordon Davis
P.O. Box 151
Gallina, NM 87017

VI. For diagram of airstrip, see the area outlined on the attached topographic map. The landing strip is fenced with fences on each side approximately 75 feet from centerline. There are shallow borrow depressions on the sides of the landing strip. There are no pits, dikes or tanks.

IX. Inspection and maintenance plan: The airstrip will be inspected infrequently when maintenance takes place or when oil contaminated soil may be added to the airstrip. The amounts to be added will normally be very small volumes and will be blended in with the existing soil, maximum average depth of unremediated soil is expected not to exceed 2 inches at any one point. Overall average depth of unremediated soil at any one time is expected not to exceed 1/2 inch.

X. Closure plan: There will be no closure plan.

XI. From existing water wells, depth to ground water 1/4 mile north of the facility is 106 feet and 1/2 mile southeast is 32 feet. Estimated depth to ground water along the facility is 50 feet on the east end of the airstrip and 90 feet on the west end. Saturation of the contaminated soil when mixed by maintainer with the existing soil will be relatively "dry", and will not be flushed from the area by rains. Rather we anticipate onsite remediation with no adverse impact on fresh water.



PRODUCED BY THE UNITED STATES GEOLOGICAL SURVEY
CONTROL BY . . . . . USGS, NOS/NOAA
COMPILED FROM AERIAL PHOTOGRAPHS TAKEN 1976
FIELD CHECKED . . . . . 1978 MAP EDITED 1983
PROJECTION. . . . . TRANSVERSE MERCATOR
GRID: 1000-METER UNIVERSAL TRANSVERSE MERCATOR . . . . . ZONE 13
10,000-FOOT STATE GRID TICKS . . . . NEW MEXICO, CENTRAL ZONE
UTM GRID DECLINATION . . . . . 1°05' WEST
1983 MAGNETIC NORTH DECLINATION . . . . . 12° EAST
VERTICAL DATUM . . . . . NATIONAL GEODETIC VERTICAL DATUM OF 1929
HORIZONTAL DATUM . . . . . 1927 NORTH AMERICAN DATUM

To place on the predicted North American Datum of 1983, move the projection lines as shown by dashed corner ticks (1 meter north and 53 meters east)

There may be private inholdings within the boundaries of any Federal and State Reservations shown on this map

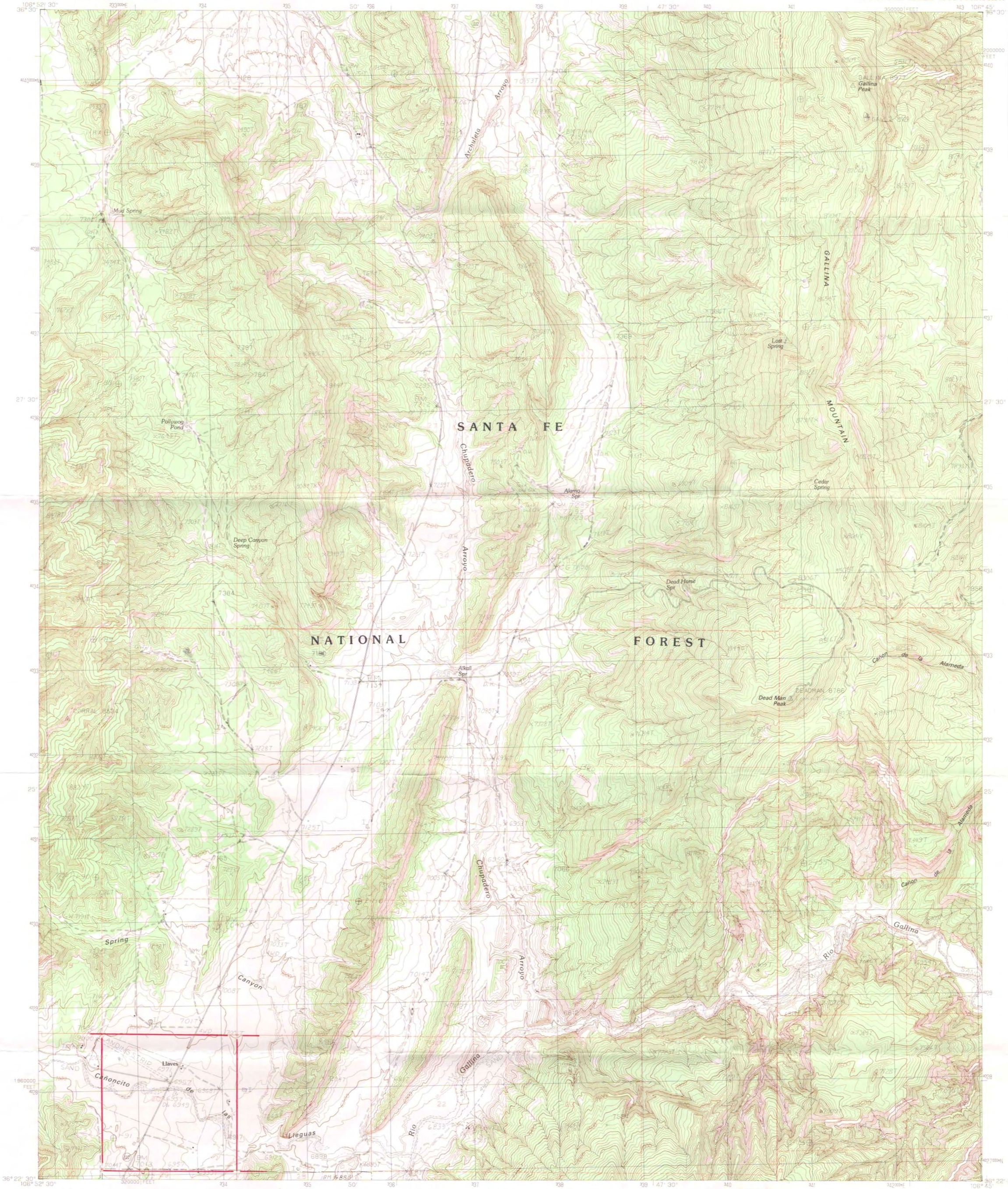
Where omitted, land lines have not been established

All marginal data and lettering generated and positioned by automated type placement procedures

PROVISIONAL MAP
Produced from original manuscript drawings. Information shown as of date of field check.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

LLAVES QUADRANGLE
NEW MEXICO-RIO ARRIBA CO.
7.5 MINUTE SERIES (TOPOGRAPHIC)



PRODUCED BY THE UNITED STATES GEOLOGICAL SURVEY
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NORTH

PROVISIONAL MAP
Produced from original manuscript drawings. Information shown as of date of field check. 3

SCALE 1:24 000

1 0 1 MILES
1000 0 1000 2000 3000 4000 5000 6000 7000 8000 9000 10 000 FEET
1 0 1 2 KILOMETERS
1000 0 1000 2000 METERS

CONTOUR INTERVAL 20 FEET

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER COLORADO 80225
OR RESTON, VIRGINIA 22092

NEW MEXICO
QUADRANGLE LOCATION

1	2	3	1 Los Indios Canyon 2 Pounds Mesa 3 El Vado
4		5	4 Cañada Ojitos 5 Navajo Peak
6	7	8	6 Laguna Gurule 7 French Mesa 8 Laguna Peak

ADJOINING 7.5' QUADRANGLE NAMES

INTERIOR-GEOLOGICAL SURVEY, RESTON, VIRGINIA—1987

ROAD LEGEND

Improved Road . . . . . ———
Unimproved Road . . . . . - - - - -
Trail . . . . . · · · · · ·

Interstate Route U.S. Route State Route

LLAVES, NEW MEXICO
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