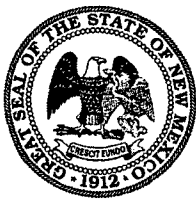


NM2 - 13

**PERMITS,
RENEWALS,
& MODS**



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

April 1, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

Mr. Rodney Bailey
ChevronTexaco Exploration & Production Co.
15 Smith Road
Midland, TX, 79705

**RE: Chevron USA Inc.,
Surface Waste Management Facility Permits NM-02-0012 and NM-02-0013
W/2 of Section 17, Township 24 South, Range 36 East, NMPM, and the
NE/4 of Section 3, Township 24 South, Range 36 East, NMPM
Lea County, New Mexico**

Dear Mr. Bailey:

The New Mexico Oil Conservation Division (OCD) has reviewed Chevron USA Inc's request of name change for the above referenced permits from Texaco Exploration and Production Inc. to Chevron USA Inc. Chevron USA Inc has updated the financial assurance for the surface waste management facilities and the company is authorized to do business in the state of New Mexico. The OCD hereby approves the name change to Chevron USA Inc.

If you have any questions please contact Martyne Kieling at (505) 476-3488.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger C. Anderson".

Roger C. Anderson
Environmental Bureau Chief

xc: OCD Hobbs Office
Dustin M. Ammons, Chevron USA Inc., 15 Smith Road, Midland, TX 79705



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

July 27, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-546

Mr. Rodney Bailey
Texaco E&P Inc.
205 East Bender
Hobbs, NM 88240

RE: Texaco E & P Inc.
OCD Rule 711 Permit Approval NM-02-0013
NE/4 of Section 3, Township 24 South, Range 36 East, NMPM,
Lea County, New Mexico

Dear Mr. Bailey:

The permit application for the Texaco E&P Inc. (Texaco) centralized surface waste management landfarm facility located in the NE/4 of Section 3, Township 24 South, Range 36 East, NMPM, Lea County, New Mexico, **is hereby approved** in accordance with the New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$25,000 for this facility or a \$50,000 blanket financial assurance for all of Texaco's centralized surface waste management facilities.** Construction of the facility and/or receipt of contaminated soil shall not commence until the financial assurance has been approved by the Director. The application consists of the original application dated March 19, 1999, and the materials dated October 1, 1998, January 12, 1999 and June 4, 1999 submitted as supplements to the application.

The construction, operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved landfarming methods must receive prior OCD approval. Texaco 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 does not relieve Texaco E&P Inc. of liability should your operation result in actual pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Texaco E&P Inc. of responsibility for compliance with

Mr. Rodney Bailey
July 27, 1999
Page 2

other federal, state or local laws and/or regulations.

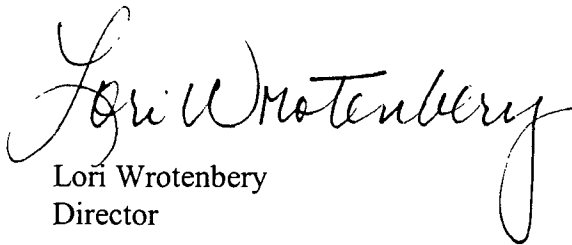
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

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

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,

A handwritten signature in cursive script, reading "Lori Wrotenbery". The signature is written in dark ink and is positioned above the printed name and title.

Lori Wrotenbery
Director

LR/mjk

xc with attachments:
Hobbs OCD Office

**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-02-0013
TEXACO E&P, INC.
SURFACE WASTE MANAGEMENT FACILITY
NE/4 of Section 3, Township 24 South, Range 36 East, NMPM,
Lea County, New Mexico
(July 27, 1999)**

LANDFARM CONSTRUCTION

1. Construction must be commenced within one (1) year of the permit approval date or the permit will be canceled.
2. The facility must be fenced and have a sign at the entrance. The sign must 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.
3. Contaminated soils may not be placed within one hundred (100) feet of the neighboring property boundary or within twenty-five (25) feet of the facility boundary.
4. Contaminated soils may not be placed within twenty (20) feet of any pipeline or well pad and equipment including existing or former pit locations. In addition, no equipment may be operated within ten (10) feet of a pipeline. All pipelines crossing the facility must have surface markers identifying the location of the pipelines.
5. The portion of the facility containing contaminated soils must be bermed to prevent runoff and runoff. A perimeter berm and individual cell berms no less than one and a half (1½) feet above grade must be constructed and maintained such that they are capable of containing precipitation from a one-hundred year flood for the specific region.

LANDFARM OPERATION

1. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
2. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.
3. Soils must be spread on the surface in twelve (12) inch lifts or less.
4. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance

biodegradation of contaminants.

5. Exempt contaminated soils must be placed in the landfarm so that they are physically separate (*i.e.*, bermed) from non-exempt contaminated soils. There may be no mixing of exempt and non-exempt soils.
6. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 100 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations must be maintained at the facility. Authorization from the OCD must be obtained prior to application of successive lifts and/or removal of the remediated soils.
7. Moisture must be added as necessary to enhance bioremediation and to control blowing dust. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation must be removed within twenty-four (24) hours of discovery.
8. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizer requires prior approval from the OCD. Requests for application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
9. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.

TREATMENT ZONE MONITORING

1. One (1) background soil sample must be taken from the center portion of the landfarm two (2) feet below the native ground surface prior to operation. The sample must be analyzed for total petroleum hydrocarbons (TPH), major cations/anions, volatile aromatic organics (BTEX), and eight (8) RCRA heavy metals using EPA-approved methods.
2. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface must be monitored. A minimum of one random soil sample must 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 must be taken at two (2) to three (3) feet below the native ground surface.
3. The soil samples must be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major

cations/anions and eight (8) RCRA heavy metals annually.

4. After obtaining the soil samples the boreholes must 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 Texaco E&P, Inc.
2. The facility is authorized to accept only:
 - a. Oilfield wastes 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 wastes on a case-by-case basis after conducting a hazardous waste characterization including corrosivity, reactivity, ignitability, and toxic constituents. The samples for these analyses must be obtained from the wastes prior to removal from the point of origin and without dilution in accordance with EPA SW-846 sampling procedures. 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 may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing
4. No free liquids or soils with free liquids may be accepted at the facility.
5. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
6. Comprehensive records of all material disposed of at the surface waste management facility must be maintained by the permit holder.

REPORTING AND RECORD KEEPING

1. Analytical results from the treatment zone monitoring including a sample location map will be submitted to the OCD Santa Fe office **by July 27 of each year.**
2. Background sample analytical results must be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.
3. The applicant must notify the **OCD Hobbs 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.
4. All records of testing and monitoring must be retained for a period of five (5) years.
5. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Pursuant to OCD Rule 711.B.3.a., financial assurance in a form approved by the Director is required from Texaco E&P, Inc. in the amount of **\$25,000** for this facility or **\$50,000** for all of Texaco E&P, Inc.'s centralized surface waste management facilities in the state
2. Financial assurance must be submitted within thirty (30) days of this permit approval or on **August 27, 1999.**
3. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must 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 landfarming operations for six (6) consecutive months, the operator must 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 to include the following procedures must be submitted to the OCD Santa Fe office for approval:

- a. When the facility is to be closed no new material will be accepted.
- b. Existing landfarm soils will be remediated until they meet the OCD standards in effect at the time of closure.
- c. The treatment zone soils beneath the landfarm cells will be characterized as to the total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content in order to determine potential migration of contamination beneath the facility.
- d. 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, or fences for future alternative uses the structures, berms, or fences may be left in place.
- e. 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

Texaco E&P, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Texaco E&P, Inc. 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 fresh water, human health and the environment.

Accepted:

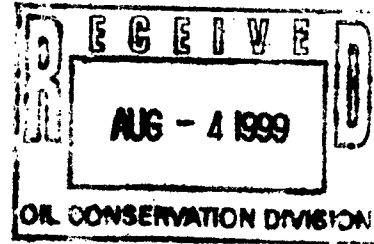
TEXACO E&P, INC.

Signature _____ Title _____ Date _____



Texaco E & P

205 E. Bender Blvd.
Hobbs NM 88240
505 393 7191



August 2, 1999

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

Re: OCD Rule 711 Permit Approval NM-02-0012 & NM-02-0013

Dear Ms. Wrotenbery:

Please find enclosed subject accepted permit approvals. Please advise if I may be of further assistance.

Sincerely,

Rodney G. Bailey
EH&S Coordinator

RB/pdh

Enclosures

**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-02-0013
TEXACO E&P, INC.
SURFACE WASTE MANAGEMENT FACILITY
NE/4 of Section 3, Township 24 South, Range 36 East, NMPM,
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- e. 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

Texaco E&P, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Texaco E&P, Inc. 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 fresh water, human health and the environment.

Accepted:

TEXACO E&P, INC.

Signature Rodney Bailey Title EHS Coord. Date 8-2-99