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December 15, 1997

Martyne J. Kieling New Mexico Oil Conservation Division Environmental Bureau 2040 S. Pacheco St. Santa Fe, NM 87505



RE: Mrs. Corinne B. Grace Salty Bill SWD Facility

Dear Ms. Kieling,

I am in receipt of your letter dated Dec. 12, 1997 giving approval of the pit closure and soil remediation plan. You approved the plan I submitted with some conditions, of which I have some concern.

In item #1, you reference close proximity of populations and a school training center. The school training center is operated for the training of personnel to dangers more contaminating than the Salty Bill SWD facility, ie, radioactive materials. We cannot agree to conditions which are more restrictive than is allowed by the OCD and ED in other areas. The City of Carlsbad had zoned the area around Salty Bill SWD as industrial when the surface area and permit was issued to Mrs. Grace. The requirements placed on Mrs. Grace should not be allowed to be more restrictive, especially retroactive, as the industrial park area is developed.

Item #5 also causes problems again due to the apparent more stringent levels being applied to Salty Bill SWD because of proximity of populations, and possible future use of the surface. Salty Bill SWD was approved by the City of Carlsbad prior to the lands being annexed into the city limits and prior to becoming an industrial park. Mrs. Grace is prepared to stay within the normal required compliance levels of VOC, BTEX & TPH published to all persons operating an authorized commercial oil field produced water disposal facility in the State of New Mexico but does not agree to any more stringent regulations than the published standards applicable to disposal facilities. Salty Bill SWD does plan to fully stay within compliance levels published by the OCD and ED.