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December 23, 1996

Roger Anderson
Environmental Bureau Chief
2040 South Pacheco
Santa Fe, New Mexico 87505

RE: Sunco Trucking Disposal Pond and Injection Well

Dear Roger:

As of now you have received a signed copy of the Class One Permit for the Sunco injection well.

The purpose of this letter is to raise several points for discussion with an eye toward altering the terms of the permits for the pond and the injection well. I will set these by numbered paragraphs for ease of reference.

First the injection well:

1. The August 26, 1996 letter from the Director of the Oil Conservation Division, William J. LeMay, states on page two in the second paragraph that the approval is for five years. If it is allowable we would like to see the approval period extended.

2. In the attachment to the August 26, 1996 letter, at page three number six, it is required that certain monitoring be done. With regard to flow rate and volume Sunco has digital read out devices which do not produce a printed readout. We would like to be able to hand record the readings for flow rate and volume at agreed upon intervals.

3. At page four, number 9 of the attachment; it is required that certain analyses be performed on a quarterly basis. We would like to discuss doing the required analysis on a quarterly basis the first year and then change the requirement to annual testing. The first year would monitor any major changes in the pond fluids due to the introduction of Class One fluids. If there are no major changes in the first year we believe that annual testing would be sufficient thereafter. Obviously if the first year reports cause some concern that would require a continuation of quarterly testing that could be the subject of discussion between OCD staff and Sunco at that time.

4. At page five, number fourteen is the berming requirement. We would like to strike the language ..... **of all interconnected tanks.** The interconnected pits\tanks presently in use by

Sunco as part of it's operation are compartmentalized and can be operated in such a manner that any leak in one pit\tank can be isolated. This would prevent fluid from other tanks being leaked before the leak could be stabilized. Sunco has also discussed this point directly with OCD staff prior to the sending of this letter.

5. At page six, paragraph twenty six, we would like to add language that would provide that input from Sunco would be obtained before any additional requirements are placed on the well and associated facilities.

6. At page three, number 8, Sunco has previously contacted OCD staff directly about their concerns with the requirement of a minimum of one hundreds psi on the wellhead. Staff has informed Sunco that their proposed change is acceptable.

Disposal Pond

7. The August 26, 1996 letter and the attachment from the director of the Oil Conservation Division, William J. LeMay, at page three; paragraph six provides .....**No oil shall be allowed in the pond(s).** Despite Sunco's best efforts it has proven impossible to keep all oil out of the pond. It is impossible to comply with a standard this strict. At almost any time of operation we would be in violation of our permit conditions. We would like to have a standard that would provide that occasional oil is not a violation of the permit conditions.

8. At page three; paragraph nine is a requirement for testing any accumulated sludge generated in the disposal facility. If our land farm application is granted we would ask that the testing requirements be combined and not duplicated in the permits.

9. At page three, paragraph ten is a requirement that if any of the required systems become inoperative we are to notify your Aztec district office. This is a fairly broad requirement. It could be read to require us to notify you any time we have a breakdown of equipment. We would like to have the requirement changed to read that any time we have a system breakdown that affects our ability to comply with the conditions of our permit and which cannot be fixed within ninety six hours. After ninety six hours we would contact the Aztec district office.

10. At page four; paragraph fourteen is the same bermng requirement as in the injection well attachment. See our comment at number four above.

11. At page five; paragraph 22 is the additional requirements after inspection provision that is found in the injection well attachment. See our comment an number five above.

12. At page five; paragraph b and page six; paragraph 2 is the original operating requirement concerning a reading of 1 ppm of H_2S. We continue to believe that this requirement is to stringent given the history of the operation of the pond. Roger, this requirement comes partially from the Basin Disposal case. It was a part of the conditions, set out by the judge, that allowed Basin to continue to operate it's pond. We have found it difficult to find reliable and

monitoring equipment for that level of readings. We also don't believe that a reading at that level is a threat to public health and safety. We believe that the other required testing and monitoring, particularly the fluid oxygen levels, are better indicators of an impending problem than a reading of 1 ppm of H_2S We would like to have you consider raising this reporting\action level.

13. At page seven; paragraph B(1) states that if a leak is determined to exist in the primary line then .....**Introduction of fluids into the pond will cease.** Our experience has been that if fluid is found in the leak detector system. signifying a leak that fluid will remain in the sump detector for some time. We have **some** fluid in the sump almost all of the time. This appears to be a combination of the size of the pond, the evaporation and condensation process and other factors. We monitor the fluid in the sump daily. If an increase in fluid is noted we immediately start to lower the level of the pond. By noting the level of the pond and the amount of the fluid in the sump, on a daily basis, we are able to isolate the location of the suspected leak. During this time we are pumping the sump contents back into the pond daily. If a leak is found it is properly repaired. In any event we are able to manage and control the danger of a massive or contiguous leak by this process.

Given our operational success in this area we would ask that this requirement be changed to read intake of fluid will be suspended if the **overnight amount of fluid in the sump cannot be lowered within fifteen days.**

Your consideration and comments on the points contained in this letter would be appreciated.

Sincerely:

John A. Dean, Jr.

JAD\jv

xc: client