

GW - 054

Bonds

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Monday, September 08, 2008 9:46 AM
To: 'Cox, Beverly J.'
Cc: Ayers, G. Lane; Price, Wayne, EMNRD
Subject: ConocoPhillips Ground Water Discharge Plan (GW-054) Surety Bond & Evaporation Pond Closure Plan with Cost Estimate

Ms. Cox:

The New Mexico Oil Conservation Division (NMOCD) is in receipt of the ConocoPhillips Surety Bond (letter dated July 21, 2008) and Evaporation Pond Closure Plan (CP) with Cost Estimate (letter dated September 4, 2008).

The NMOCD is currently processing the Surety Bond in the amount of \$100,000.00 for evaporation pond closure. A letter of determination and/or approval shall be forthcoming.

The NMOCD hereby approves the Evaporation Pond CP.

Please contact me if you have questions. Thank you.

Please be advised that NMOCD approval of this plan does not relieve ConocoPhillips of responsibility should their operations fail to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve ConocoPhillips of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

September 9, 2008

Mark Fesmire
Division Director
Oil Conservation Division



Mr. J W Sheets, VP & Treasurer
ConocoPhillips Company
600 N. Dairy Ashford
Houston, TX 77079

Re: \$100,000 Surety Bond for Waste Management Facility
ConocoPhillips, Principal
Safeco Insurance Company of America, Surety
Bond No. 6542683

Dear Sir:

The New Mexico Oil Conservation Division hereby approves the above-captioned surety bond for a waste management facility.

Sincerely,

A handwritten signature in cursive script that reads "David K. Brooks".

DAVID K. BROOKS
Assistant General Counsel

DKB/cc

cc: Safeco Insurance Company of America
c/o Marsh USA Inc.
P.O. Box 36012
Knoxville, TN 37930-6012





RECEIVED

2008 JUL 23 PM 1 38

San Juan Business Unit

Beverly J. Cox
Sr. Environmental Specialist
P.O. Box 4289
Farmington, NM 87499
505-324-6194 Fax 505-599-4005

July 21, 2008

Mr. Carl J. Chavez
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Drive
Santa FE, NM 87505

RE: Ground Water Discharge Plan (GW-054) Surety Bond

Mr. Chavez,

ConocoPhillips (COP) Wingate Fractionator is submitting the Surety Bond as per the agreement of the November 11, 2007 Groundwater Discharge Plan meeting. The bond, as agreed upon, is for the evaporation ponds closure and is in the amount of \$100,000.

Should you have questions please do not hesitate to call me.

Sincerely,

Beverly Cox

cc: Lane Ayers, Manager, SJGP's
Wingate Plant File

Chavez, Carl J, EMNRD

From: Cox, Beverly J. [Beverly.J.Cox@conocophillips.com]
Sent: Wednesday, July 16, 2008 10:40 AM
To: Chavez, Carl J, EMNRD
Cc: Cox, Beverly J.
Subject: RE: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond
Attachments: Wingate Closure Plan.doc

Carl,

When I receive the Bond I will review and send to you via certified mail. Attached is the evaporation pond closure document.

Call if you have questions.

Beverly

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Wednesday, July 16, 2008 8:23 AM
To: Boggins, Pam; Cox, Beverly J.
Cc: Greenhalgh, Wayne C; Price, Wayne, EMNRD
Subject: RE: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

Ok. Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Boggins, Pam [mailto:PAMELA.A.Boggins@conocophillips.com]
Sent: Wednesday, July 16, 2008 7:58 AM
To: Chavez, Carl J, EMNRD; Cox, Beverly J.
Cc: Greenhalgh, Wayne C
Subject: RE: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

Beverly,

I have sent the bond to you via USPS express mail. Hopefully you will receive it today. Please confirm upon receipt.

Pam Boggins

7/16/2008

Corporate Insurance (ML3124)
ConocoPhillips
600 N Dairy Ashford
Houston, TX 77079
281-293-1947
281-293-2941- fax
pamela.a.boggins@conocophillips.com

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Wednesday, July 16, 2008 8:53 AM
To: Cox, Beverly J.
Cc: Greenhalgh, Wayne C; Boggins, Pam
Subject: FW: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

Beverly:

Hi. On July 8, 2008 I sent Mr. Greenhalgh a Surety Bond form to complete. Please let the OCD know when we can expect to receive the closure plan and surety bond. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Tuesday, July 08, 2008 8:46 AM
To: 'Greenhalgh, Wayne C'
Cc: 'pamela.a.boggins@conocoPhillips.com'; Brooks, David K., EMNRD; Price, Wayne, EMNRD; 'Cox, Beverly J.'
Subject: RE: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

Yes, a Surface Waste Management Facility Surety Bond (see attached Word document and pdf link below) will also address the OCD's financial assurance requirement for the facility evaporation pond closure plan. The OCD acceptance, acknowledgement, or approval letter would reference the submitted "Closure Plan" that was requested by the OCD. To date, the OCD has not received the Closure Plan. I believe Ms. Beverly Cox indicated that a Closure Plan has been prepared and will be submitted soon?

<http://www.emnrd.state.nm.us/ocd/documents/WMFSurebond.pdf>

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3491
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us

7/16/2008

Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Greenhalgh, Wayne C [mailto:Wayne.C.Greenhalgh@conocophillips.com]
Sent: Monday, July 07, 2008 2:10 PM
To: Chavez, Carl J, EMNRD
Subject: FW: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

Carl,

We are trying to get some clarity over the permitting issue for the ConocoPhillips Wingate Gas Plant. Beverly Cox is on vacation until July 15th and we are trying to get the issue taken care of. Based on you note to Ms. Cox I am assuming that ConocoPhillips can issue a Surety Bond in the Amount of \$ 100,000 to Satisfy the requirement for the financial assurance. Is this correct or do we need a Letter of Credit?

Thanks

Wayne C. Greenhalgh

Risk Management & Remediation

Financial Analyst

Phone: (918) 661-4319

Wayne.C.Greenhalgh@conocophillips.com

From: Ellison, Stephen G. (LDZX)
Sent: Monday, July 07, 2008 3:02 PM
To: Greenhalgh, Wayne C
Subject: RE: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

I know, but his July 1st email to Beverly required a LOC, but then referenced a surety bond. What do you make of that?

Steve Ellison
Senior Counsel
ConocoPhillips Company
ML 2084
Office - (281) 293-5547, FAX - (281) 293-6998, Cell - (281) 468-0146

From: Greenhalgh, Wayne C
Sent: Monday, July 07, 2008 2:49 PM
To: Ellison, Stephen G. (LDZX); Cox, Beverly J.
Cc: Broussard, Gregory J.; Deese, Mark; Boggins, Pam; Way, Ben D; Chapman, James E.
Subject: RE: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

7/16/2008

Stephen,

A surety bond, Cash Bond or Letter of Credit were the 3 options provided in the email from the Carl Chavez at the New Mexico Energy, Minerals & Natural Resources Dept. See note below

Ms. Cox:

Re: OCD GW-054 DP Meeting held November 11, 2007 in Santa Fe, NM

Good afternoon. the OCD appreciated the opportunity to meet with you and Mr. Larry Anderson in November and wish to apologize for the delay in response to action items agreed to during the meeting.

As agreed to after the meeting, the OCD is writing to follow-up on action items associated with secondary containment around LNG spheres and financial assurance (FA) issues associated with the evaporation ponds and

ground water monitoring at the OCD permitted facility. Regarding the question of two bonds due to the ponds (15.9 & 11.8 Acres) being on Native American Land, and the rest of the facility on New Mexico land, the OCD recommends only one surety bond (see link to applicable form below) for the entire facility. In addition, the OCD has other types of financial assurance (see links below).

The OCD requires a closure plan report (WQCC 20.6.2.3107(A)(11) NMAC)) with FA for the evaporation ponds & ground water contamination at the facility. **The OCD recommends an amount of**

\$100,000.00 (one-hundred

thousand dollars) in a Surety Bond or other FA form (see forms in table above) be submitted to the OCD.

Please note that ConocoPhillips (COP) may also decide instead to estimate an amount based on its closure plan for the decommissioning of evaporation ponds and for ground water monitoring and cleanup. COP may provide an estimated amount for closure to the OCD for consideration and approval. Based on the final approved amount, an original or duplicate original of the surety bond or other FA form will need to be submitted to the OCD.

The secondary containment (LNG Spheres) issues:

1) Place liner underneath LNG Spheres w/ curb or berm directly underneath spheres. COP does not have to remove spheres, just anchor liner over and under an installed curb(s) or berm(s).

2) Inspect sphere pipelines with a PID on a regular basis to detect hydrocarbon vapors or possible leaks in associated pipelines.

7/16/2008

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM

Wayne C. Greenhalgh
Risk Management & Remediation
Financial Analyst
Phone: (918) 661-4319
Wayne.C.Greenhalgh@conocophillips.com

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Wingate Closure Plan Evaporation Ponds

The preliminary closure plan is to flush, drain, and permanently disconnect all supply lines leading to the evaporation ponds. The aired region will help promote natural evaporation until dry.

Suitable native soil will be placed over the evaporation ponds. The cover will be graded to prevent excessive accumulation of precipitation. The topsoil will be seeded. The topsoil will allow for adequate water storage to support the vegetation.

Post-closure monitoring will be conducted in accordance to the final closure plan approval conditions.

This closure plan is preliminary and ConocoPhillips understands that the conditions may change as new regulations develop. ConocoPhillips reserves the right to modify or redesign the closure plan to reflect any new research into cap design or the discovery of any changes in data or conditions that may allow for a more practical or efficacious design. Final assurance has been provided in the form of Surety Bond.

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, June 20, 2008 11:39 AM
To: Cox, Beverly J.
Cc: Price, Wayne, EMNRD
Subject: ConocoPhillips Wingate Gas Plant (GW-054) Status of Bond

Beverly:

Good morning. Could you please give me the status of the bond from our last meeting to discuss facility issues (see meeting notes below). Thank you.

From: Chavez, Carl J, EMNRD
Sent: Wednesday, December 19, 2007 2:08 PM
To: Cox, Beverly J.
Cc: Price, Wayne, EMNRD; Brooks, David K., EMNRD
Subject: GW-054 ConocoPhillips Wingate Gas Plant November 11, 2007 Meeting

Ms. Cox:

Re: OCD GW-054 DP Meeting held November 11, 2007 in Santa Fe, NM

Good afternoon. the OCD appreciated the opportunity to meet with you and Mr. Larry Anderson in November and wish to apologize for the delay in response to action items agreed to during the meeting.

As agreed to after the meeting, the OCD is writing to follow-up on action items associated with secondary containment around LNG spheres and financial assurance (FA) issues associated with the evaporation ponds and ground water monitoring at the OCD permitted facility. Regarding the question of two bonds due to the ponds (15.9 & 11.8 Acres) being on Native American Land, and the rest of the facility on New Mexico land, the OCD recommends only one surety bond (see link to applicable form below) for the entire facility. In addition, the OCD has other types of financial assurance (see links below).

Surface Waste Management Facility - Cash Bond	PDF	DOC
Surface Waste Management Facility - Irrevocable Letter of Credit	PDF	DOC
Surface Waste Management Facility - Surety Bond	PDF	DOC

The OCD requires a closure plan report (WQCC 20.6.2.3107(A)(11) NMAC)) with FA for the evaporation ponds & ground water contamination at the facility. The OCD recommends an amount of \$100,000.00 (one-hundred thousand dollars) in a Surety Bond or other FA form (see forms in table above) be submitted to the OCD.

Please note that ConocoPhillips (COP) may also decide instead to estimate an amount based on its closure plan for the decommissioning of evaporation ponds and for ground water monitoring and cleanup. COP may provide an estimated amount for closure to the OCD for consideration and approval. Based on the final approved amount, an original or duplicate original of the surety bond or other FA form will need to be submitted to the OCD.

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- 1) Place liner underneath LNG Spheres w/ curb or berm directly underneath spheres. COP does not have

6/20/2008

to

remove spheres, just anchor liner over and under an installed curb(s) or berm(s).

2) Inspect sphere pipelines with a PID on a regular basis to detect hydrocarbon vapors or possible leaks in associated pipelines.

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
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Oil Conservation Division, Environmental Bureau
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