

January 26, 1996

Roger Anderson Environmental Bureau Chief New Mexico Oil Conservation Division 2040 South Pacheco Santa Fe, NM 87505

Dear Mr. Anderson,

Sunco Trucking is submitting information you requested in your letter dated January 25, 1996.

1. Generators Certificate of Waste Status indicating the status of the waste Relative to the Resource Recovery And Conservation Act (RACA).

There was no certificate of Waste Status provided for this project.

- 2. OCD Request For Approval to Accept Solid Waste (Form C-138). No request for approval to accept solid waste Form C-138 was made. Sunco Trucking's assumption was water related to this project was produced water, a Gas Well or Gas Well Sites.
- 3. Analytical Results and/or any test results Associated with the Giant Waste.
 See attached water analysis report.
- 4. <u>Volumes that were Disposed of From This particular</u> job.

Jan	19	1440	Barrels
Jan	20	3600	Barrels
Jan	21	3240	Barrels
Jan	22	4200	Barrels
Jan		6360	Barrels
Jan	24	<u> 1560</u>	Barrels
Total	Barrels	Hauled 20	,400

Also 465 Barrels were Hauled from a frac tank on site.

Grand Total of 20,865.

5. <u>Volumes of water injected down the Class II Disposal</u>
Well <u>since Arrival of First load of Giant Waste.</u>

01/19/96	3924	Barrels
01/20/96	2672	Barrels
01/21/96	2721	Barrels
01/22/96	3702	Barrels
01/23/96	2760	Barrels
01/24/96	2710	Barrels
01/25/96	2501	Barrels

Total to date of 17,066 Barrels injected since 01/19/96.

6. Any job order forms associated with this particular job.
None. Giant representative Mike Belt called Sunco Trucking by phone requesting the hauling and disposing of water for this project on January 19, 1996.

7. <u>Volume capacity of Holding Pond and How Much Capacity is unoccupied.</u>

Pond Capacity 155,000 Barrels Unoccupied Capacity 85,000 Barrels

8. Manifest, And/or Run Tickets Associated with this particular job.

Sunco Trucking And Sunco Disposal tickets for this job are on file, and will be submitted to the OCD at their request.

Sincerely,

Chuck Badsgard Vice President

Submit 3 Copies to Appropriate District Office	State of New Mexico Energy, Minerals and Natural Resources Department	Form C-103 Revised 1-1-89
DISTRICT II P.O. Drawer DD, Artesia, NM 88210	JU . 28 AM 8 50	WELL API NO. 5. Indicate Type of Lease STATE FEE X 6. State Oil & Gas Lease No.
(DO NOT USE THIS FORM FOR DIFFERENT R	NOTICES AND REPORTS ON WELLS R PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A ESERVOIR. USE "APPLICATION FOR PERMIT" RM C-101) FOR SUCH PROPOSALS.)	7. Lease Name or Unit Agreement Name SUNCO DISPOSAL
1. Type of Well: Oil. GAS WELL WELL 2. Name of Operator COLEMAN OI		8. Well No. #1
4. Well Location	ER FARMINGTON, NM 87401 1595 Feet From The NORTH Line and	9. Pool name or Wildcat FLORA VISTA MESAVERDE
Section 2 ////////////////////////////////////	Township 29N Range 12W 10. Elevation (Show whether DF, RKB, RT, GR, etc.) 5859 GR eck Appropriate Box to Indicate Nature of Notice,	NMPM SAN JUAN County Report, or Other Data JBSEQUENT REPORT OF:
PERFORM REMEDIAL WORK TEMPORARILY ABANDON PULL OR ALTER CASING OTHER:	PLUG AND ABANDON REMEDIAL WORK CHANGE PLANS COMMENCE DRILL CASING TEST AND OTHER:	
12. Describe Proposed or Completed work) SEE RULE 1103.	Operations (Clearly state all pertinent details, and give pertinent dates, in SEE ATTACHED PROGNOSIS FOR DETAIL WORK EST. TO BEGIN 7/25/94	JUL 2 0 1994 DISTERS
I hereby certify that the information about the first that the fir	We in true and complete to the best of my knowledge and belief. TITLE TITLE	DATE 7-14-94 TELEPHONE NO.
(This space for State Use) APPROVED BY CONDUCTIONS OF APPROVAL FRANCE	The certify oil & O.	AS INSPECTOR, DIST. #3 DATE JUL 2 0 199



P.O. BOX 2187

HOBBS, NEW NEX CA 8821 ER ANALYSIS REPORT

Telephone (505) 393-7726

REPORT

SUNCO DISPOSAL POND

DATE: 1-26-96

LAST REPORT: 1-12-96

TIME: 2:20 PM

SAMPLE POINT: Pond Bottom

ANALYSIS (PPM)

TEMPERATURE: 45.1

SPECIFIC GRAVITY: 1.010

PH: 8.75

DISSOLVED OXYGEN: 1.0

H2S: 0.68

SULFIDES: 0

CARBONATE: 840

CHLORIDES: 9,500

BICARBONATE: 2,196

MAGNESIUM: Lab

CALCIUM: Lab

TOTAL HARDNESS: Lab

APPEARANCE: <u>Clr/Med</u>

DISSOLVED SOLIDS: Lab

SULFATES: Lab ___.

CIRCULATION SYSTEM: Op

ANALYSIS CONDUCTED BY:

CHAMPION TECHNOLOGIES INC.

PHONE: (505) 324-0040

P.O. BOX 2936

FARMINGTON, NM. 87499

THANK YOU FOR YOUR BUSINESS!

SINCERELY,

RICHARD D. STEPH (SALES ENGINEER)

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, 1996

CERTIFIED MAIL RETURN RECEIPT NO. Z-765-962-613

Mr. Chuck Badsgard, V.P. Sunco Trucking Water Disposal Company P.O. Box 443 Farmington, New Mexico 87499

RE:

NOTICE OF VIOLATION

Sunco Water Disposal Facility

Dear Mr. Badsgard:

On January 24, 1996, Giant Refining Company - Bloomfield (Giant) informed the OCD that due to injection problems, non-exempt wastes generated from flowback of the Giant Class I non-hazardous industrial waste disposal well were transported offsite by Sunco Trucking Company (Sunco) to Sunco's waste management facility located in Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico.

On January 25, 1996, the OCD requested information from Sunco regarding the transportation and disposal of the non-exempt waste. Sunco responded on January 29, 1996 with the requested information. Sunco's response did not contain the OCD Form C-138 required by OCD Rule 711 before a commercial disposal facility receives non-exempt wastes.

Wastes generated in the crude oil refining process are not classified as exempt from Resource Conservation and Recovery Act Subtitle III regulations. Sunco's acceptance of non-exempt waste without submission of the required OCD Form C-138 and prior OCD approval is a violation of OCD Rule 711. Future violation(s) will subject Sunco to the penalties provided in Section 70-2-31 NMSA 1978 of the New Mexico Oil and Gas Act and Sunco may be assessed civil penalties up to \$1000 per day.

If you have any questions, please call Chris Eustice at (505) 827-7153.

Sincerely.

William J. Lellay

Director

xc: OCD Aztec Office



March 11, 1996

Mr. Ray Leissner USEPA, Region VI 1445 Ross Avenue Suite 1200 6W-SU Dallas, Texas 75202-2733

Re: Notice of SNC

Coleman Oil & Gas, Inc. OCD Permit No. SWD-457

Dear Mr. Leissner:

This is to advise you of the occurrence of a Significant Non-Compliance (SNC) event. On January 19, 1996, Coleman Oil & Gas Inc. (Coleman), accepted for disposal into its Sunco SWD Well No. 1, located in Unit E of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, approximately 21,000 barrels of Class I Non-hazardous waste from Giant Refining Company-Bloomfield (Giant). The Sunco SWD Well No. 1 is currently permitted for injection of Class II waste only by Division Permit No. SWD-457 dated July 1, 1991. Approximately 17,066 barrels of this waste was injected into the subject well during the period from January 19-25, 1996. On or about January 25, 1996, the OCD became aware of the situation and advised Coleman that the Sunco SWD Well No. 1 should be shut-in.

The Division has subsequently issued Coleman a Notice of Violation of Permit No. SWD-457 and has further advised them that any future permit violations will result in fines and/or the termination of authority to inject. The Division does not recommend any further action on the immediate SNC event for the following reasons:

- 1) the transfer of Class I Non-hazardous fluids from Giant was necessary inasmuch as Giant's Class I disposal well, which normally disposes of this waste, was down. Both Giant and Coleman were apparently unaware that the transfer and disposal of this fluid was not allowed under Permit No. SWD-457;
- 2) the type of fluid transferred appears to be mostly fluids used in treating Giant's Class I disposal well. This fluid, although classified as Class I Non-hazardous fluid, is not necessarily any worse that the Class II fluids currently being injected into the Sunco SWD Well No. 1;

- 3) at no time did the injection of this Class I Nonhazardous fluids pose a threat to any underground sources of drinking water;
- 4) Coleman is currently in the process of obtaining a Class I permit for its Sunco SWD Well No. 1 from the Environmental Bureau of OCD, and, it appears from preliminary review of their application, the well will qualify for such a permit.

If you should need further information regarding this matter, please contact me at (505) 827-8184.

Sincerely

David Catanach UIC Director

xc: Mr. Ben Stone File-SWD-457

March 11, 1996

Mr. George E. Coleman Coleman Oil & Gas, Inc. 708 South Tucker Farmington, New Mexico 87401

RE: NOTICE OF VIOLATION

DIVISION PERMIT SWD-457

Dear Mr. Coleman:

The UIC Section, Engineering Bureau, of the Oil Conservation Division has recently been informed that Coleman Oil & Gas, Inc., (Coleman), being the operator of the Sunco SWD Well No. 1, located in Unit E of Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, has accepted for disposal, Class I non-hazardous industrial waste generated by Giant Refining Company-Bloomfield. It is our understanding that approximately 17,066 barrels of Class I non-hazardous waste were injected into the Sunco SWD Well No. 1 during the period from January 19-25, 1996.

Please be advised that the injection of such Class I waste is a violation of OCD Permit No. SWD-457, and is a Significant Non-Compliance (SNC) event as defined by the United States Environmental Protection Agency (USEPA).

Although the Division has determined that Coleman's actions did not pose a threat to Underground Sources of Drinking Water (USDW's), the violation of Permit No. SWD-457 must be recorded and notification must be provided to USEPA in accordance with CFR Parts 145 & 146.

It is our understanding that emergency authorization to continue injecting Class I non-hazardous industrial.waste, pending the issuance of a Class I injection permit, has been granted by the Environmental Bureau of the Division. It is further our understanding that preliminary review of your permit application indicates that the subject Sunco SWD Well No. 1 should meet all the qualifications necessary for the issuance of a Class I well permit.

Please be advised that any future violations of OCD Permit No. SWD-457 will result in formal enforcement action against Coleman. This action may be in the form of fines and/or a show cause hearing why OCD Permit No. SWD-457 should not be rescinded.

Sincerely,

William J LeMay Division Director

xc: OCD-Aztec-Attn: Frank Chavez

Mr. Ben Stone-UIC Administrator

Mr. David Catanach-UIC Director

Mr. Ray Leissner USEPA, Region VI 1445 Ross Avenue Suite 1200 6W-SU Dallas, Texas 75202-2733

File-SWD-457 ✓

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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

August 26, 1996

CERTIFIED MAIL RETURN RECEIPT NO. Z-765-962-950

Mr. George Coleman Coleman Oil and Gas, Inc. P.O. Box 443 Farmington, New Mexico 87499

RE: Approval of Discharge Plan UIC-CLI-005 (Formerly GW-235)

Class I Non-Hazardous Oil Field Waste Disposal Well

Coleman Oil and Gas, Inc. Sunco Disposal Well No. 1

Unit Letter E, Sec 2, Twn 29 N, Rng 12 W

San Juan County, New Mexico

Dear Mr. Coleman:

The discharge plan UIC-CLI-005 for the Coleman Oil and Gas (Coleman) Class I non-exempt non-hazardous oil field waste disposal well located in unit letter E, Section 2, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico, is hereby approved under the conditions contained in the enclosed attachment. The application consists of the original New Mexico Oil Conservation Division (OCD) Order SWD-457 issued January 13, 1992, the discharge plan application for a Class I disposal well dated May 6, 1996, and supplemental information dated May 13, 1996 and June 21, 1996. 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.

The discharge plan was submitted pursuant to Section 5101.B.3 of the New Mexico Water Quality Control Commission (WQCC) Regulations. It is approved pursuant to Sections 5101.A and 3109.C. Please note Sections 3109.E and 3109.F which provide for possible future amendments or modifications of the plan. Please be advised that approval of this plan does not relieve Coleman of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

The monitoring and reporting shall be as specified in the above referenced materials. Please note that Section 3104 of the regulations requires that when a plan has been approved, discharges must be consistent with the terms and conditions of the plan. Pursuant to Section 3107.C Coleman is required to notify the Director of any facility expansion, production increase, pressure increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.G.4, this plan is for a period of five (5) years. This approval will expire August 26, 2001, and Coleman should submit an application for renewal in ample time before this date. Note that under Section 5101.G of the regulations, if a discharger submits a discharge plan renewal application at least 180 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved.

The discharge plan application for the Coleman Class I non-hazardous oil field waste disposal well is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of \$50 plus a flat fee of \$1,380 for Class I injection wells. The OCD has not received the \$50 filing fee or the \$1,380 flat fee. The \$50 dollar filing fee is due upon receipt of this approval. The flat fee of \$1,380 may be paid in a single payment due on the date of the discharge plan approval or in five equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge plan approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: NMED-Water Quality Management and addressed to the OCD Santa Fe Office.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

William J. LeMay

Director

WJL/mwa Attachment

xc: OCD Aztec Office

David Catanach, UIC Director, OCD Santa Fe

ATTACHMENT TO DISCHARGE PLAN UIC-CLI-005 APPROVAL COLEMAN OIL AND GAS, INC., CLASS I WELL DISCHARGE PLAN REQUIREMENTS

- 1. Payment of Discharge Plan Fees: The \$50 dollar filing fee is due upon receipt of this approval. The \$1,380 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the plan, with the first payment due upon receipt of this approval.
- Coleman Commitments: Coleman will abide by all commitments submitted in the discharge plan application dated May 6, 1996, and supplemental information dated May 13, 1996 and June 21, 1996, and OCD Order SWD-457.
- Maximum Injection Pressure: The maximum operating injection pressure at the wellhead will be 2,850 psi in accordance with OCD Order SWD-457. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 2,850 psi. The pressure limiting device shall annually be demonstrated to operate to the satisfaction of the OCD.
 - Coleman shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface.
- 4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually and any time the tubing is pulled or the packer is reseated. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Aztec District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Coleman for the life of the well
- 5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained.
- 6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, and annular pressure. Mechanical charts are to be maintained at Coleman for the life of the well.

- 7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Coleman for the life of the well.
- Wastes Permitted for Injection: Injection will be limited to fluids as permitted under OCD Order SWD-457, and non-exempt non-hazardous oil field wastes as permitted under the OCD 711 facility for Sunco Trucking Water Disposal Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 8. Under the OCD 711 permit, all non-exempt non-hazardous oil field waste require approval from the OCD prior to acceptance and disposal. OCD Form C-138 shall be used to request prior approval for acceptance and disposal.
- 9. <u>Chemical Analysis of Injection Fluids:</u> The following analyses of injection fluids will be conducted on a quarterly basis:
 - a. Aromatic and halogenated volatile hydrocarbon scan by either EPA method 8010/8020 or EPA method 8240.
 - b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.
 - c. Heavy metals using the ICAP scan (EPA method 6010) and Arsenic and Mercury using atomic absorption (EPA methods 7060 and 7470).

Records of all analyses will be maintained at Coleman for the life of the well.

- 10. <u>Ouarterly Reporting:</u> The following reports will be signed and certified in accordance with WQCC section 5101.H. and submitted quarterly to both the OCD Santa Fe and Aztec Offices:
 - a. Results of the chemical analysis of the injection fluids (number 9).
 - b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
 - c. Monthly volumes of injected Class I non-exempt non-hazardous oil field waste (OCD Form C-138).
- 11. Monthly Reporting: Monthly reporting of the disposal of produced water will be in accordance with OCD Rule 1115 which requires monthly submittal of OCD Form C-115 to the OCD Santa Fe Office.

- 12. <u>Drum Storage</u>: 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 place and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets must also be stored on an impermeable pad with curbing.
- 13. <u>Process Areas:</u> All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.
- 14. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be berned to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities associated with the well or modifications to existing facilities associated with the well must place the tank on an impermeable type pad within the berm.
- 15. <u>Above Ground Saddle Tanks</u>: 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.
- 16. <u>Labeling:</u> All tanks, drum, and other containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill, or ignite.
- 17. <u>Below Grade Tanks/Sumps:</u> All below grade tanks, sumps, and pits must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design. All pre-existing sumps and below-grade tanks must demonstrate integrity on an annual basis. Integrity tests include pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps.
- 18. <u>Underground Process/Wastewater Lines</u>: All underground process/wastewater, and brine transfer pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years there after. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD.
- 19. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Aztec District Office.

- 20. <u>Housekeeping:</u> All systems designed for spill collection/prevention, and leak detection will be inspected daily to ensure proper operation and to prevent overtopping or system failure.
- 21. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Aztec District Office.

Coleman shall immediately notify the Supervisor of the Aztec District Office and the Environmental Bureau of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

- 22. <u>Transfer of Discharge Plan:</u> The OCD will be notified prior to any transfer of ownership, control, or possession of the well. A written commitment to comply with the terms and conditions of the previously approved discharge plan and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.
- 23. <u>Closure:</u> The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well a closure plan will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.
- 24. Plugging Bond and for Letter of Credit: Coleman shall have in effect, for the life of the well, a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure plan and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge plan renewal.
- 25. <u>Training:</u> All personnel associated with operations at the Coleman Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Coleman for the life of the well.
- 26. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

27. Certification: Coleman Oil and Gas, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Coleman Oil and Gas, Inc. further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Accepted:	
COLEMAN OIL AND GAS, INC.	
by	