



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 05, 2005

CERTIFIED MAIL

RETURN RECEIPT NO: 7923 4412

Mr. Mitch Johnson
Loco Hills GSF
158 Deer Creek Drive
Aledo, TX 76008

RE: Loco Hills GSF's "Best Management Practices Plan Stage I & II Abatement Plan," dated 11-10-2004

Dear Mr. Johnson:

The New Mexico Oil Conservation Division (OCD) has reviewed Loco Hills GSF's (Loco Hills) November 10, 2004 "Best Management Practices Plan Stage I & II Abatement Plan." This document includes Loco Hill's proposed Stage 1 and Stage 2 abatement plans for investigation and remediation of contamination related to the Loco Hills Gas Storage Facility located in NW SW Section 22 Township 17S Range 29 E near Loco Hills, Eddy County, New Mexico.

The OCD has determined that the above referenced Stage 1 and Stage 2 Abatement Plan Proposals are administratively complete. Before the OCD can complete a review of the Stage 1 and Stage 2 proposals, the OCD requires that Loco Hills:

1. send the enclosed OCD-approved notice to those persons requiring written notice pursuant to OCD Rule 19.G(1). "Those persons, as identified by the Director, who have requested notification" pursuant to OCD Rule 19.G(1)(d) may be found on the OCD Web Site at <http://www.emnrd.state.nm.us/ocd/> under the Environmental Bureau section.
2. publish the enclosed OCD-approved notice in a newspaper of general circulation in Eddy County, and in a newspaper of general circulation in the state, as required by OCD Rule 19.G(2).
3. provide the OCD with proof of publication and proof of written notice as required by OCD Rule 19.G(1)(g). Proof of notice shall include a map of the surface owners of record within one (1) mile of the perimeter of the site and shall identify compliance with each of the provisions of Rule 19.G.

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The Division Director has set the consolidated application for hearing before the Oil Conservation Commission on March 8, 2005 at 9:00 a.m. in Porter Hall, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. Please be advised that Loco Hills GSF must be represented by licensed legal counsel at the hearing.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger C. Anderson", with a long horizontal flourish extending to the right.

Roger C. Anderson
Environmental Bureau Chief,
Oil Conservation Division

Cc: Sonya Carrasco-Trujillo
Tim Gum- OCD Artesia District

Enclosures-1

NOTICE OF PUBLICATION

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

Loco Hills GSF has submitted a Stage 1 and Stage 2 abatement plan to restore groundwater quality at the site of its liquid petroleum gas (LPG) storage facility as part of a consolidated application that also seeks an exemption to the liner and leak detection requirements of 19.15.2.50.C NMAC (the pit rule) and provisional alternate abatement standards.

Responsible person: Loco Hills GSF, Mr. Mitch Johnson, 158 Deer Creek Drive, Aledo, Texas, 76008, (817) 441-6568.

Location of proposed abatement: Section 22, T17S, R29E, NMPM, Eddy County, New Mexico. The site is on the south side of New Mexico State Highway 82 between Loco Hills and Artesia, immediately to the west of where Bear Grass Draw crosses the highway.

Contamination: Elevated total dissolved solids (TDS) of 100,000 mg/l are found directly below the site and TDS concentrations of approximately 40,000 mg/l are found in Bear Grass Draw. Site evidence suggests the source of the contamination is past operations at the site. The applicant estimates that the clay-lined pit proposed in the consolidated application will allow 115 gallons of seepage per day. Ground water most likely to be affected is located in Bear Grass Draw at a depth of approximately 90 feet with a TDS concentration of approximately 2,500 mg/l.

Abatement plan: Applicant proposes to investigate the extent of existing contamination in Bear Grass Draw and restore ground water quality under the site to background concentrations or an alternate groundwater abatement standard of 5000 mg/l TDS through a pump-and-use strategy. The water will be evaporated, sold, or used in Loco Hills' LPG facility where the saturated brine will be stored in a 9,000,000-gallon clay-lined pit, and periodically injected into subsurface storage caverns to cause stored LPG to rise to the surface for distribution. The applicant proposes to allow natural attenuation for the off-site contamination in Bear Grass Draw and proposes to obtain agreements with the New Mexico State Land Office and the Bureau of Land Management (BLM) to restrict the drilling of any water wells in Bear Grass Draw. The consolidated application also addresses the request for exceptions to the liner and leak detection requirements of 19.15.2.50.C NMAC for the brine storage pit, and a provisional request for an alternate abatement standard.

Copies of plan: Copies of the consolidated application, including the Stage 1 and Stage 2 abatement plan, may be viewed at the Santa Fe offices of the Oil Conservation between 8:00 a.m. and 4:00 p.m., Monday through Friday, or on the Division's web site:

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

Comments: Any interested person may submit written comments or request a public hearing on the abatement plan. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines there is significant public interest. Comments and requests for hearing should be mailed to: Director of the Oil Conservation Division, 1220 S. St. Francis Drive, Santa Fe, New

Mexico, 87505, and must be received by the Division no more than thirty days after the publication date of this notice.

Determination Procedure: The Director will approve or deny the consolidated application based on information in the application, public comments and, if a hearing is conducted, evidence and testimony submitted at the hearing.

Hearing: The Director has made a preliminary determination that there is significant public interest in the consolidated application, and has scheduled a hearing for 9:00 am Tuesday, March 08, 2005, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Division Administrator Florene Davidson at 505-476-3458 or through the New Mexico Relay Network (1-800-659-1779) by March 01, 2005. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed.

13402

Case ~~13401~~ : Consolidated Application of Loco Hills GSF for an Exemption to the Liner and Leak Detection Requirements of 19.15.2.50.C NMAC and Approval of Stage 1 and Stage 2 Abatement Plans, with Provisional Alternate Abatement Standards, Eddy County, New Mexico. Application seeks an order granting an exemption to the liner and leak detection requirements of 19.15.2.50.C NMAC to allow a clay-lined storage pond for saturated brine, with monitoring devices to detect designed leakage, at the Loco Hills LPG storage facility located in Section 22, T17S, R29E, NMPM, Eddy County, New Mexico. Applicant also seeks approval of its proposed Stage 1 and Stage 2 abatement plans to restore groundwater quality at the site to background concentrations or to an alternate abatement standard of 5000/mg/l TDS through a pump-and use strategy. The site is located on the south side of New Mexico State Highway 82 between Loco Hills and Artesia, just west of where Bear Grass Draw crosses the highway.