

NM1 - 22

**PERMITS,
RENEWALS, &
MODS**

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



September 29, 2015

Mr. Damian Rockett
C&J Well Services, Inc.
3990 Rogerdale Road
Houston, Texas 77042

**RE: Change of Operator Name from Nabors Completion & Production Services Co. to
C&J Well Services, Inc.
Permit NM1-022
Commercial Surface Waste Management Facility
Section 3, Township 19 South, Range 37 East, NMPM
Lea County, New Mexico**

Dear Mr. Rockett,

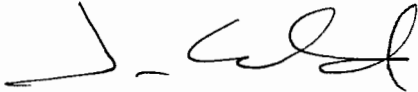
The Oil Conservation Division (OCD) has received a request from C&J Energy Services to change the name of the operator of the Commercial Surface Waste Management Facility Treating Plant, Permit NM1-022, from Nabors Completion & Production Services Co. to C&J Well Services, Inc. The facility is located in Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. The OCD has also received the replacement financial assurance mechanism in which Ms. Denise Gallegos, OCD's Bond Administrator, will respond to in a separate correspondence. The request for name change is hereby approved in accordance with the 19.15.36 NMAC.

All modifications and alternatives to the existing permit must be submitted to OCD for review and receive OCD approval prior to implementation. Also, in accordance with the transitional provisions of Section 20 of 19.15.36 NMAC, "existing surface waste management facilities shall comply with the operational, waste acceptance and closure requirements provided in 19.15.36 NMAC, except as otherwise specifically provided in the applicable permit or order, or in a specific waiver, exception or agreement that the division has granted in writing to the particular surface waste management facility."

Please be advised that approval of this request does not relieve the C&J Well Services, Inc. of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve C&J Well Services, Inc. of its responsibility to comply with any other applicable governmental authority's rules and regulations.

Enclosed is a copy of the conditions of approval of Permit NM1-022 and a copy of 19.15.36 NMAC. If there are any questions regarding this matter, please do not hesitate to contact Brad Jones of my staff at (505) 476-3487 or brad.a.jones@state.nm.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Griswold', with a stylized flourish at the end.

Jim Griswold
Environmental Bureau Chief

JG/baj

Attachment: Copy of Conditions regarding Permit NM1-022
Copy of 19.15.36 NMAC Surface Waste Management Facilities Regulations

cc: OCD District I Office, Hobbs (w/o attach)
Austin Berliner, C&J Energy Services, Legal Department, Houston, TX 77042



C&J ENERGY SERVICES

LEGAL DEPARTMENT

3990 Rogerdale Rd. • Houston, TX 77042

Phone: 713-325-6000 • Fax: 713-325-5933

C&J Energy Services

September 17, 2015

Via CMRRR #70141200000025264163

Oil Conservation Division

Energy, Minerals & Natural Resources Department

Attn: Brad Jones

1220 South St. Francis Drive

Santa Fe, NM 87505

Re: Company name change
Waste Management Facility Permit NM 1-022

Dear Mr. Jones,

On March 24, 2015, C&J Energy Services, Inc. ("C&J") and Nabors Industries Ltd. ("Nabors") completed the merger of C&J with Nabors' completion and production services business, including Nabors Completion & Production Services Co. ("NCPS"). The resulting combined company, which has been renamed C&J Energy Services Ltd. ("New C&J"), is now the parent to its wholly owned subsidiary, NCPS which has since been renamed C&J Well Services, Inc. ("Well Services")

Per the August 14, 2015 email from Ms. Denise Gallegos to Kyle Combest (with copies to Brad Jones and Allison Marks) the following information was requested:

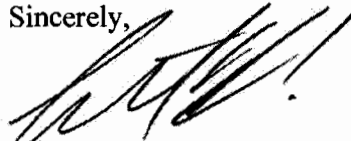
1. As a result of mergers and/or buyouts, previous operators at this facility were AA Oilfield Services, Pool Company, and, the most recent operator NCPS. The mailing address for NCPS is 515 W. Greens Road; Houston, Texas 77067.
2. In response to the merger described in the 1st paragraph above, we would like to change the operator from NCPS to C&J Well Services, Inc. The mailing address for C&J Well Services, Inc. is 3990 Rogerdale Road, Houston, Texas 77042.
3. The new company contact for C&J Well Services, Inc. is Damian Rockett. Damian's title is Project Manager and he can be contacted at 713-325-6000, or by mail at C&J Well Services, Inc., 3990 Rogerdale Road, Houston, Texas 77042.

4. Officers, directors, and owners of 25% or greater of C&J Well Services are as follows:

- Owners
 - C&J Well Services, Inc. is a wholly owned subsidiary of CJ Holding Co.
- Directors
 - Randall C. McMullen, Jr.
 - Donald J. Gawick
- Officers
 - Joshua E. Comstock, Chief Executive Officer
 - Randall C. McMullen, Jr., President and Chief Financial Officer
 - Donald J. Gawick, Chief Operating Officer
 - Theodore R. Moore, Executive Vice President and General Counsel
 - Mark C. Cashiola, Vice President-Controller, Chief Accounting Officer
 - Dean Castleberry, Treasurer
 - Danielle Foley, Corporate Secretary
 - Mike Hobbs, President – Production Services
 - Ed Keppler, President – Drilling & Completion Services

Should you have any questions regarding this request or the merger, or should you require additional documentation, please do not hesitate to contact me directly.

Sincerely,



Austin Berliner
Counsel, Risk Manager



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

February 2, 2001

Lori Wrotenbery

Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-1866

Mr. Benny Baldwin
Pool Company Texas Ltd.
P.O. Box 5208
Hobbs, NM 88241

**RE: OCD Rule 711 Permit Approval WM-1-022
Pool Company Texas Ltd.
Commercial Surface Waste Management Facility
Section 3, Township 19 South, Range 37 East, NMPM
Lea County, New Mexico**

Dear Mr. Baldwin

The permit application for the Pool Company Texas Ltd. (Pool) commercial surface waste management facility located in Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. In addition, a \$25,000 surety bond (#355510) has been submitted by Pool and approved by the Director. The application consists of the permit application Form C-137 dated October 9, 1997.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Pool is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Pool of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Pool of responsibility for compliance with other federal, state or local laws and/or regulations.

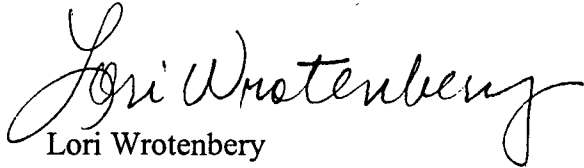
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

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.**

If you have any questions please do not hesitate to contact Martyne J. Kielling at (505) 827-7153.

Sincerely,



Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

ATTACHMENT TO OCD PERMIT APPROVAL
PERMIT WM-1-022
POOL COMPANY TEXAS LTD.
Section 3, Township 19 South, Range 37 East, NMPM,
Lea County, New Mexico
(February 2, 2001)

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any design changes to the treating plant must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s) additional wastes may not be placed into the affected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
8. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.

9. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and contaminated soil must be removed and disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
10. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request.
11. Liquid and solid waste generated at the treating plant must be disposed of at an OCD approved disposal facility.
12. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered. \
13. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached; and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

H₂S PREVENTION & CONTINGENCY PLAN

1. Pool must develop a prevention and contingency plan for ambient H₂S levels to protect public health. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by April 2, 2000.** The plan must address how Pool will monitor for H₂S to ensure the following:

- a. If H_2S of 1.0 ppm or greater leaves the property;
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.
- b. If H_2S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
 - ii. the operator must notify all persons residing within one-half ($\frac{1}{2}$) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must and begin operations or treatment that will mitigate the source.

WASTE ACCEPTANCE CRITERIA

- 1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes received at the facility other than wastes returned from the well bore in the normal course of well operations, such as produced water and spent treating fluids, shall be accompanied by a "A Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:

- i. An approved OCD Form C-138, A Request For Approval To Accept Solid Waste.
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
 3. No wastes will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A
 4. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.
 5. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the net oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs Office according to the form directions.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs Office according to the form directions.
3. Records of treating plant inspections and maintenance must be kept and maintained for OCD review.

4. Pool must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt or non-exempt; 6) NORM status declaration; and 7) transporter.
6. The OCD must be notified prior to any design changes to the treating plant facility. The facility must submit for approval any design changes to the facility to the OCD Santa Fe office and Hobbs District office.
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$25,000** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Pool Company Texas Ltd. for the commercial surface waste management facility.
2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility, a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.

2. The closure plan to be submitted must include the following procedures:
- a. When the facility is to be closed no new material may be accepted.
 - b. All tanks must be emptied and any recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
 - c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
 - d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
 - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Pool Company Texas Ltd., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Pool Company Texas Ltd. further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

POOL COMPANY TEXAS LTD.

Signature _____ Title _____ Date _____



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

February 2, 2001

Lori Wrotenberg

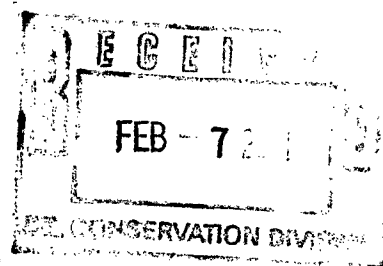
Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-1866

Mr. Benny Baldwin
Pool Company Texas Ltd.
P.O. Box 5208
Hobbs, NM 88241



**RE: OCD Rule 711 Permit Approval WM-1-022
Pool Company Texas Ltd.
Commercial Surface Waste Management Facility
Section 3, Township 19 South, Range 37 East, NMPM
Lea County, New Mexico**

Dear Mr. Baldwin

The permit application for the Pool Company Texas Ltd. (Pool) commercial surface waste management facility located in Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. In addition, a \$25,000 surety bond (#355510) has been submitted by Pool and approved by the Director. The application consists of the permit application Form C-137 dated October 9, 1997.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Pool is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Pool of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Pool of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

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.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 827-7153.

Sincerely,



Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

ATTACHMENT TO OCD PERMIT APPROVAL
PERMIT WM-1-022
POOL COMPANY TEXAS LTD.
Section 3, Township 19 South, Range 37 East, NMPM,
Lea County, New Mexico
(February 2, 2001)

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any design changes to the treating plant must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s) additional wastes may not be placed into the affected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.
8. All new or replacement above-ground tanks containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will hold one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater.

9. Below-grade sumps must be cleaned and visually inspected annually. Results must be recorded and maintained for OCD review. If sump integrity has failed the OCD must be notified within 48 hours of discovery and the sump contents and contaminated soil must be removed and disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.
10. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request.
11. Liquid and solid waste generated at the treating plant must be disposed of at an OCD approved disposal facility.
12. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered. \
13. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached; and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

H₂S PREVENTION & CONTINGENCY PLAN

1. Pool must develop a prevention and contingency plan for ambient H₂S levels to protect public health. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by April 2, 2000.** The plan must address how Pool will monitor for H₂S to ensure the following:

- a. If H₂S of 1.0 ppm or greater leaves the property;
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.
- b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
 - ii. the operator must notify all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must and begin operations or treatment that will mitigate the source.

WASTE ACCEPTANCE CRITERIA

- 1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes received at the facility other than wastes returned from the well bore in the normal course of well operations, such as produced water and spent treating fluids, shall be accompanied by a "A Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:

- i. An approved OCD Form C-138, A Request For Approval To Accept Solid Waste.
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
 3. No wastes will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A
 4. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.
 5. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the net oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs Office according to the form directions.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs Office according to the form directions.
3. Records of treating plant inspections and maintenance must be kept and maintained for OCD review.

4. Pool must notify the **OCD Santa Fe and Hobbs offices within 24 hours** of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt or non-exempt; 6) NORM status declaration; and 7) transporter.
6. The OCD must be notified prior to any design changes to the treating plant facility. The facility must submit for approval any design changes to the facility to the OCD Santa Fe office and Hobbs District office.
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$25,000** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Pool Company Texas Ltd. for the commercial surface waste management facility.
2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility, a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.

2. The closure plan to be submitted must include the following procedures:
- a. When the facility is to be closed no new material may be accepted.
 - b. All tanks must be emptied and any recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
 - c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
 - d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
 - e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Pool Company Texas Ltd., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Pool Company Texas Ltd. further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public health and the environment.

Accepted:

POOL COMPANY TEXAS LTD.

Signature D. Petrosino Title PRESIDENT Date 2/5/01



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

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

June 18, 1998

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-452

Mr. Randall Stafford
Pool Company Texas Ltd.
P.O. Box 4271
Houston, TX 77210

**RE: Transfer of A.A. Oilfield Service, Inc.
Commercial Surface Waste Management Facility Permit # NM-01-0022
to Pool Company Texas Ltd.
Sec 3, T 19 S, R 37 E, NMPM, Lea County, New Mexico
Seaboard Surety Co., Surety Bond No. 355510**

Dear Mr. Stafford:

The New Mexico Oil Conservation Division (OCD) received the letter from A.A. Oilfield Services, Inc. dated December 10, 1997 regarding the sale of A. A. Oilfield Services to Pool Company Texas, Ltd and requesting a transfer of the surface waste management facility located in Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico. In addition to the above-referenced letter the OCD has received a replacement surety bond No. 355510, a list of all principle officers and the address of Pool Company Texas, Ltd. **The request to transfer the above-referenced surface waste management facility permit # NM-01-0022 is hereby approved in accordance with OCD Rule 711.**

Please be advised that OCD Rule 711 has been revised by Order R-10411-B. The current \$25,000 financial assurance will have to be replaced by Pool Company Texas, Ltd with financial assurance in an amount equal to the estimated closure cost of the facility. This facility will be subject to this modification upon notification and Pool Company Texas, Ltd will be required to conform to the new bonding requirement.

All modifications and alternatives to the approved disposal methods must receive prior OCD approval. Pool Company Texas, Ltd is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this transfer does not relieve Pool Company Texas, Ltd. of liability

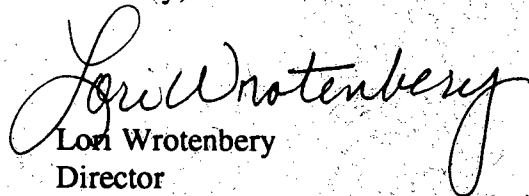
Mr. Randall Stafford
June 18, 1998
Page 2

should their operation result in pollution of surface waters, ground water or the environment.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoir, or in open receptacles.

If there are any questions, please contact Martyne Kieling at (505) 827-7153.

Sincerely,


Lon Wrotenbery
Director

LW/mjk

xc: Hobbs OCD Office
Mr. Barry A. Peters

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 7910
Order No. R-7333

APPLICATION OF A. A. PETERS dba
ALPHA PHI CRUDE OF HOBBS, NEW
MEXICO FOR AN OIL TREATING PLANT
PERMIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on July 6, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of August, 1983, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, A. A. Peters dba Alpha Phi Crude of Hobbs, New Mexico, seeks authority to construct and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the NW/4 of Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the proposed facility will be of less than 300 barrels capacity and will be for the processing of raw material from tank bottoms, disposal water, and waste pits.

(4) That dikes, dams and/or emergency pits should be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location in order that sediment oil, reclaimed oil, or waste oil cannot escape from the immediate vicinity of such plant.

-2-

Case No. 7910

Order No. R-7333

(5) That the applicant should dispose of any solid waste that might possibly accumulate in connection with the proposed oil treatment plant at a disposal site which has been approved by the appropriate regulatory body for the disposal of such materials.

(6) That the proposed plant and method of processing will efficiently process, treat, and reclaim the aforementioned waste oil, thereby salvaging oil which would otherwise be wasted.

(7) That the Director of the Division should be authorized to administratively grant approval for the expansion or modification of said plant.

(8) That the subject application should be approved as being in the best interests of conservation.

IT IS THEREFORE ORDERED:

(1) That the applicant, A. A. Peters dba Alpha Phi Crude of Hobbs, New Mexico, is hereby authorized to install and operate a chemical and heat-treatment type oil treating plant at its salt water disposal site in the NW/4 of Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms, waste pits and disposal water.

PROVIDED HOWEVER, that the continuation of the authorization granted by this order shall be conditioned upon compliance with the laws of the State of New Mexico and the rules and regulations of the New Mexico Oil Conservation Division;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of \$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

(2) That the operator of the above-described oil treating plant shall clear and maintain in a condition clear of all debris and vegetation a fireline at least 15 feet in width and encircling the site upon which the plant is located.

(3) That dikes, dams and/or emergency pits shall be constructed around the plant capable of holding the entire

-3-

Case No. 7910
Order No. R-7333

capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

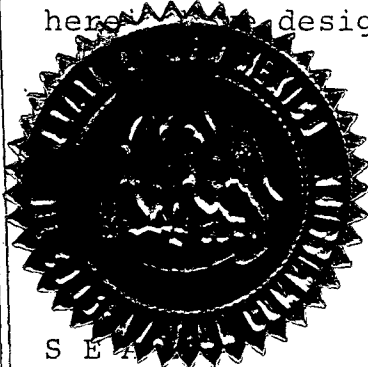
(4) That the disposal of waste water accumulated in conjunction with the operation of the above-described plant on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies is hereby prohibited.

(5) That the operator of the above-described oil treating plant shall dispose of any solid waste that might possibly accumulate in connection with said plant at a disposal site which has been approved by the appropriate regulatory body for disposal of such materials.

(6) That the Director of the Division may administratively grant authority for the expansion or modification of said plant upon request and a demonstration that such expansion or modification is upon contiguous acreage and is otherwise consistent with this order and Division Rules and Regulations.

(7) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinafter designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

S E