

**NM1 - 22**

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# **INSPECTIONS & DATA**



123 S. Washington Street • San Angelo, Texas 76901

6 July 2004

New Mexico Oil Conservation Division (NMOCD)  
1220 St Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Mr. Ed Martin

Subject: Pool Company Texas LTD.  
Saltwater Disposal Facility (State AB Well #1; SWD 223)- Hobbs, New Mexico  
Monitoring Well 3<sup>rd</sup> Annual Ground Water Monitoring Results

Dear Mr. Martin:

The 3<sup>rd</sup> annual ground-water monitoring event has recently been completed at the referenced facility (Figures 1-2). The ground-water depth was 34.55-ft and the chloride concentration was 666 mg/L (Attachments A-B). For comparison, ground-water depths for the 1<sup>st</sup> and 2<sup>nd</sup> monitoring events were 34.79-ft and 34.60-ft and chloride concentrations were 850 mg/L and 660 mg/L, respectively. These results demonstrate that ground water has not been impacted.

This activity completes the requirements in the work plan dated 01 August 2001. Unless we hear otherwise from the NMOCD, we plan to plug the monitoring well according to state drilling requirements in October 2004.

If you have any questions, please call us at (325) 655-4302. Thank You.

Sincerely,

A handwritten signature in black ink that reads "Kyle B. Combest".

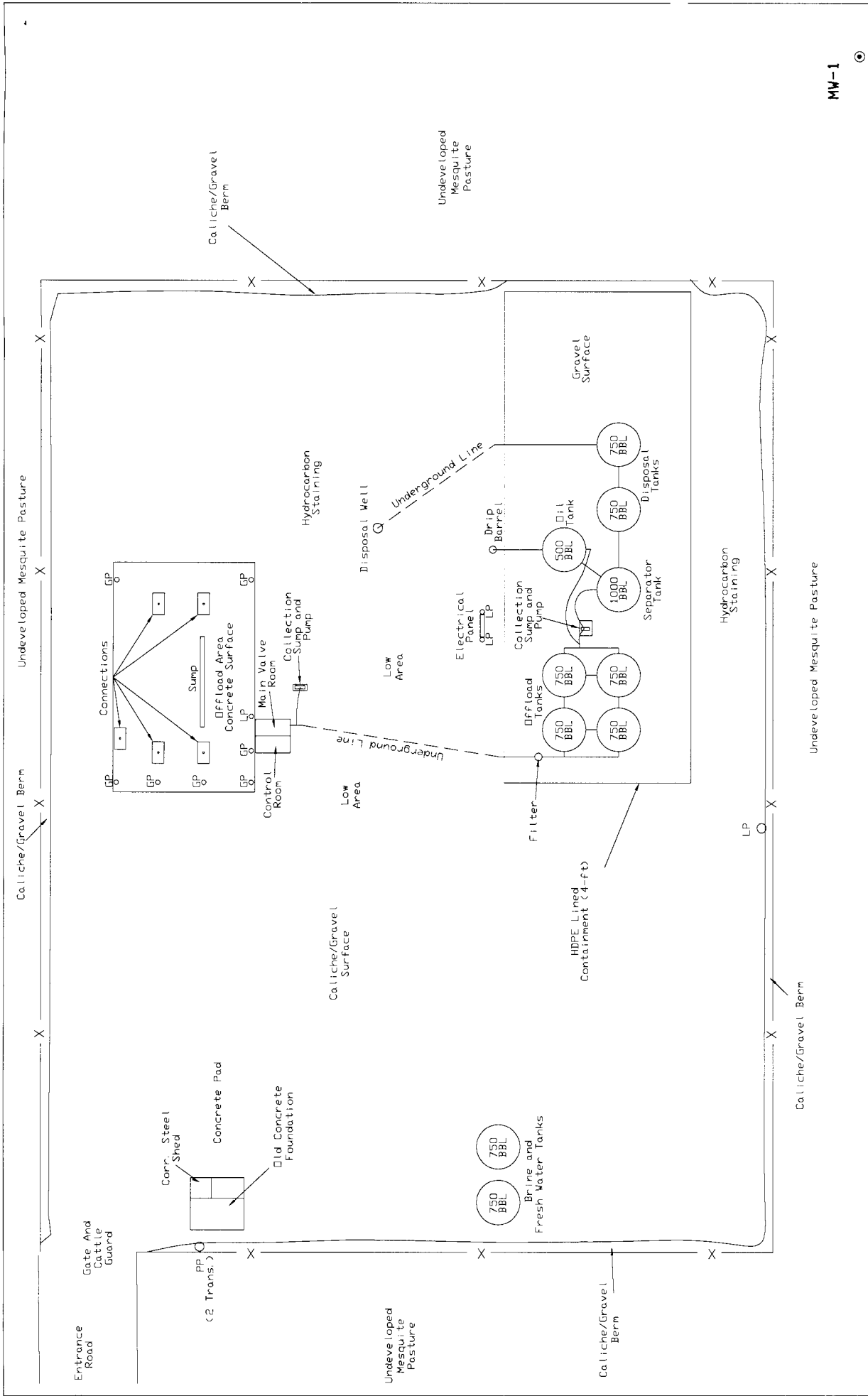
Kyle B. Combest, P.G.  
Environmental Geologist

xc w/attachments

Trip Ellison - Pool Company Texas LTD; Houston, Texas

Benny Baldwin - Pool Company Texas LTD; Hobbs, New Mexico

## Figures



MW-1

Combest Geoscience  
San Angelo, Texas  
Date: 27 November 2001

EXPLANATION

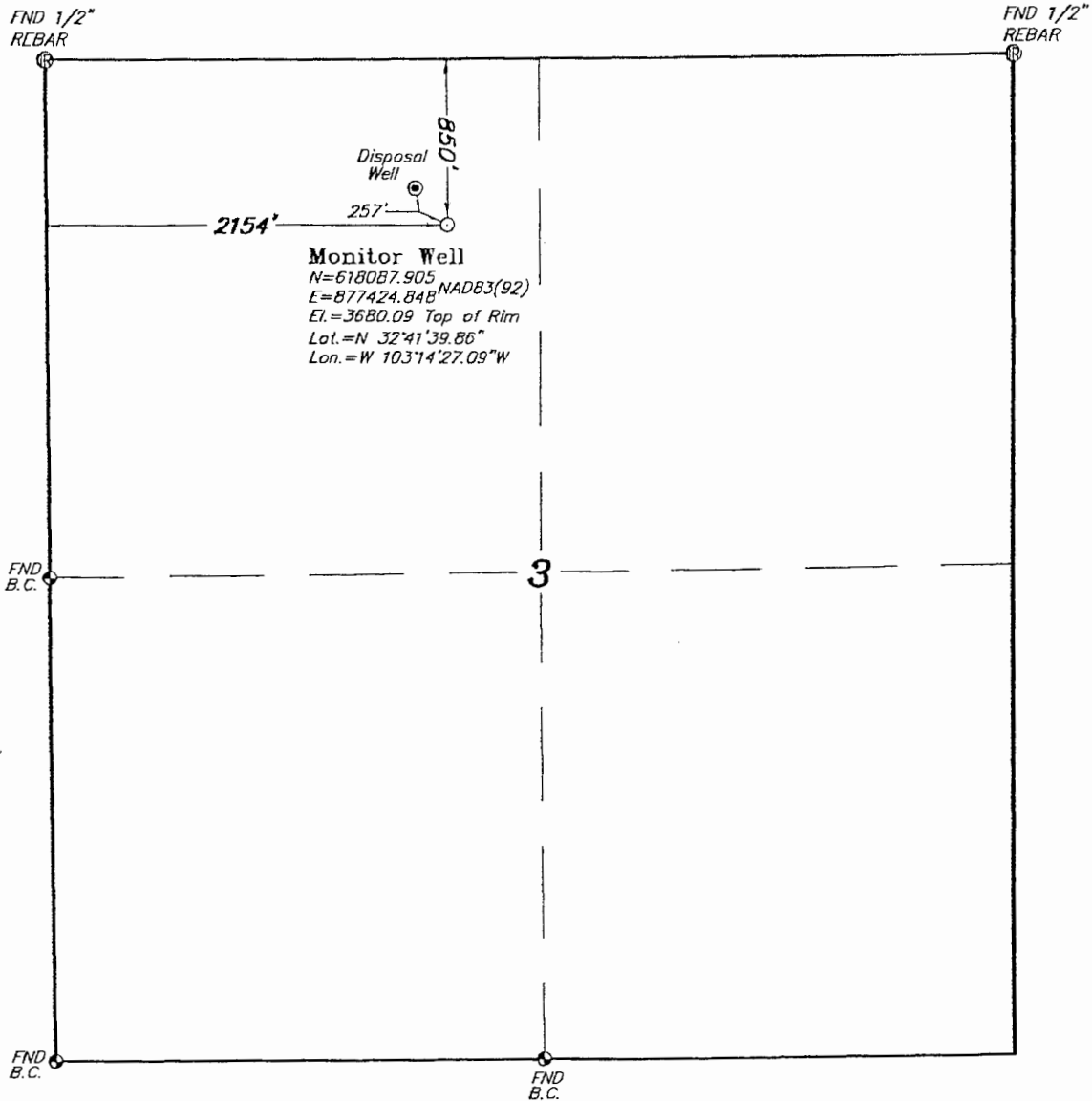
X = Fence  
GP = Guard Post  
LP = Light Pole  
PP = Power Pole

LOCATION

N 32 41.702  
W 103 14.507

POOL COMPANY TEXAS LTD.  
HOBBS SWD  
HOBBS, NEW MEXICO  
FIGURE 1. SITE MAP

SECTION 3, TOWNSHIP 19 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.



I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED  
FROM FIELD NOTES OF AN ACTUAL SURVEY AND  
MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND  
SURVEYS AS SPECIFIED BY THIS STATE.

GARY L. JONES N.M. P.S.  
TEXAS P.L.S.

ASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

1000 0 1000 2000 FEET


**POOL COMPANY TEXAS, LTD.**

REF: MONITOR WELL

MONITOR WELL LOCATED IN  
SECTION 3, TOWNSHIP 19 SOUTH, RANGE 37 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

2 Number: POOL Drawn By: K. GOAD

**Attachment A**  
**Field Data Sheet**

|  |     |   |                  |
|--|-----|---|------------------|
| Ground-water Sampling Record<br>Field Data         |     |  |                  |
| <b>General Data</b>                                |     |   |                  |
| Project Description: PCTL Hobbs SWD                |     | Measuring date: 30 June 2004  |                  |
| Well Identification: MW-1                          |     | Measuring time: 7:05 am   |                  |
| Measuring Point: Top of PVC                        |     | Measured by: KC   |                  |
| Measuring Point Elevation: 3680.09 ft              |     | Total well depth (ft below MP): 40  |                  |
| Casing Diameter (in): 2                            |     | Depth to water (ft below MP): 34.55   |                  |
| <b>Purging Data</b>                                |     |   |                  |
| Purging Date: 30 June 2004                         |     | Vol of 3 wtr columns (gal): 2.66  |                  |
| Purging time: 7:08 am                              |     | Purge rate: 0.27 gal / Bailer   |                  |
| Purged by: KC                                      |     | No. bailers to purge 1 vol: 3.3   |                  |
| Water Column (ft): 5.45                            |     | No. bailers to purge 3 vol: 9.8   |                  |
| Casing vol per ft (gal): 0.163                     |     | Well pumped dry: No   |                  |
| Vol of 1 wtr column (gal): 0.88                    |     |   |                  |
| <b>Sampling Data</b>                               |     |   |                  |
| Sample Date: 30 June 2004                          |     | Water level (ft below MP): 34.70  |                  |
| Sample Time: 7:38 am                               |     | Temp (C / F) Not Measured   |                  |
| Sampled By: KC                                     |     | Spec. conductivity: Not Measured  |                  |
| Sampling Method: Bailer                            |     | pH: Not Measured  |                  |
| <b>Field Equipment</b>                             |     |   |                  |
| Pump:  |     | Purging bailer: Aqua Bailer 1.5" disposable   |                  |
| Water level meter: Solinst Model 101               |     | Sampling bailer: Aqua Bailer 1.5" disposable  |                  |
| pH meter:  |     | Thermometer:  |                  |
| Equipment cleaning method: Neutrad Soap / DI Water |     | Conductivity meter:   |                  |
|  |     |   |                  |
|  |     |   |                  |
| Notes:   |     | Well casing volume per linear ft  |                  |
|  |     | Casing dia (in)   | Vol per ft (gal) |
|  |     | 0.5   | 0.010            |
|  |     | 1.0   | 0.041            |
|  |     | 1.5   | 0.092            |
|  |     | 2.0   | 0.163            |
|  |     | 4.0   | 0.653            |
|  |     | 5.0   | 1.020            |
|  | 6.0 | 1.469   |                  |

**Attachment B**  
**Laboratory Data**



# Enviro-Tech *Laboratories, Inc.*

117 South A&M Avenue  
San Angelo, Texas 76901

Phone: (325) 944-1302  
Fax: (325) 942-9693  
Email: combest@gte.net

REPORT TO: COMBEST GEOscience  
123 S. Washington  
San Angelo, TX 76901  
Mr Kyle Combest

RECEIVED: 30 June 2004  
REPORTED: 30 June 2004

REPORT NUMBER  
04-7722 -01

PROJECT ID: PCTL State AB Well #1  
SAMPLE ID: State AB Well #1  
MATRIX: Liquid  
COLLECTED: 30 June 2004

| Requested Analyses | Reference Method | Date Prepared | Prep. By | Date Tested | Tested By | Det. Limits | Test Result | Units |
|--------------------|------------------|---------------|----------|-------------|-----------|-------------|-------------|-------|
| Chloride           | SM 4500-Cl-B     | 06-30-04      | DW       | 06-30-04    | DW        | 4           | 666         | mg/L  |

Reviewed by: \_\_\_\_\_

  
Enviro-Tech *Laboratories, Inc.*

Quality Assurance / Quality Control Report

For Batch Number: 04-7722 -01

| Analyte  | Quality Control Number | Units | Method Blank | LCS Lot Number | LCS % Rec. | MS % Rec. | MSD % Rec. | MS/MSD RPD % | BS % Rec. | BSD % Rec. | BS/BSD RPD % | Dupe RPD % | Spike IC   | Duplicate ID |
|----------|------------------------|-------|--------------|----------------|------------|-----------|------------|--------------|-----------|------------|--------------|------------|------------|--------------|
| Chloride | CHL063004A             | mg/L  | < 4          | 04-S552        | 100.0      | 92.5      | 92.50      | 0.0          | 0.0       | N/A        | N/A          | 0.6        | 04-7722-01 | 04-7722-01   |

- LCS
- MS
- MSD
- BS
- BSD
- RPD
- DUP
- Laboratory Control Sample
- Matrix Spike
- Matrix Spike Duplicate
- Blank Spike
- Blank Spike Duplicate
- Relative Percent Difference
- Duplicate Analyses

Enviro-Tech Laboratories, Inc.

117 S. A&M Ave., San Angelo, Texas /6901  
Phone: (915) 944-1302 / Fax: (915) 942-9693

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
| Submitted By                               |  |  |  | Bill To                                    |  |  |  |
| Company: COMBEST GEOSCIENCE                |  |  |  | Company: SAME                              |  |  |  |
| Address: 123 S. WASHINGTON                 |  |  |  | Address:                                   |  |  |  |
| San Antonio, TX 76901                      |  |  |  | Contact:                                   |  |  |  |
| Contact: KYLE COMBEST                      |  |  |  | Phone:                                     |  |  |  |
| Phone: 325-1655-4302                       |  |  |  | Fax:                                       |  |  |  |
| Fax: 4301                                  |  |  |  | Collected By (signature): Kyle B. Canfield |  |  |  |
| Project Description: PCTL STATE AB WELL #1 |  |  |  | Number of Containers: 1                    |  |  |  |
| Sample Identification: STATE AB WELL #1    |  |  |  | Sample Matrix: L                           |  |  |  |
| COLLECTED                                  |  |  |  | TYPE                                       |  |  |  |
| Date                                       |  |  |  | Time                                       |  |  |  |
| 04/11/22-01 30 June 7:38A                  |  |  |  | Grab Comp                                  |  |  |  |
| Preservatives added:                       |  |  |  |  |  |  |  |
| RECEIVED                                   |  |  |  | ANALYSIS                                   |  |  |  |
| CHLORIDE                                   |  |  |  |  |  |  |  |
| Page 1 of 1                                |  |  |  | Comment:                                   |  |  |  |

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
| REQUESTED TURNAROUND TIME:                             |  |  |  | For Laboratory Use Only                                    |  |  |  |
| [X] Standard [ ] 50% Rush [ ] 100% Emergency [ ] Other |  |  |  | Sample Temp. On Receipt: [ ] Cool < 4° C [X] Other ambient |  |  |  |
| Relinquished By (signature): Kyle B. Canfield          |  |  |  | Preservative Added By Lab: [X] None [ ] Acceptable         |  |  |  |
| Date: 30 June 1:38P                                    |  |  |  | Sample Container Condition: [X] Acceptable [ ] Other       |  |  |  |
| Time: 1:38P  |  |  |  | Sample Holding Times: [X] Acceptable [ ] Other             |  |  |  |
| Relinquished By (signature):                           |  |  |  | Comments:  |  |  |  |
| Date:  |  |  |  | Date:  |  |  |  |
| Time:  |  |  |  | Time:  |  |  |  |
| Relinquished By (signature):                           |  |  |  | Date:  |  |  |  |
| Date:  |  |  |  | Time:  |  |  |  |
| Relinquished By (signature):                           |  |  |  | Date:  |  |  |  |
| Date:  |  |  |  | Time:  |  |  |  |



123 S. Washington Street • San Angelo, Texas 76901

11 November 2002

New Mexico Oil Conservation Division (NMOCD)  
1220 St Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Mr. Ed Martin

GW-214

Subject: Pool Company Texas LTD.  
Saltwater Disposal Facility (State AB Well #1; SWD 223)- Hobbs, New Mexico  
Monitoring Well 2<sup>nd</sup> Annual Ground Water Monitoring Results

Dear Mr. Martin:

The 2<sup>nd</sup> annual monitoring event has recently been completed at the referenced facility (Figures 1-2). The ground-water level was 34.60-ft (Attachment A) compared to 34.79-ft during the 1<sup>st</sup> sampling event on 19 November 2001. The chloride concentration was 660 mg/L (Attachment B) compared to 850 mg/L on 19 November 2001. These results indicate no ground water impacts.

The 3<sup>rd</sup> annual sampling event will be conducted during November 2003 and results will be sent to your office. If you have any questions, please call us at (915) 655-4302. Thank You.

Sincerely,

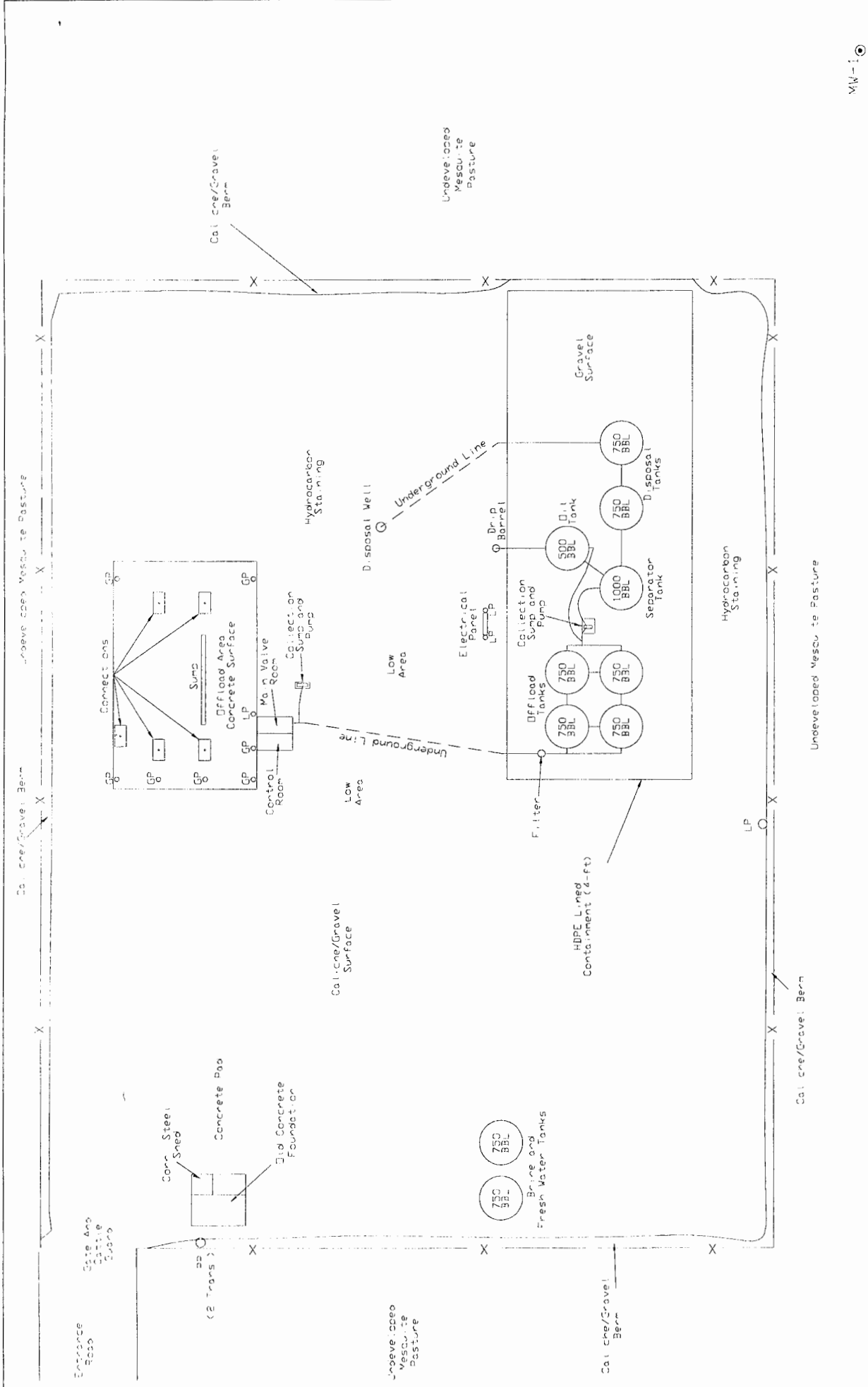
Kyle B. Combest  
Environmental Geologist

xc w/attachments

Trip Ellison - Pool Company Texas LTD; Houston, Texas

Benny Baldwin - Pool Company Texas LTD; Hobbs, New Mexico

## Figures



Conquest Geoscience  
San Angelo, Texas  
Date 27 November 2000

0 25 50  
(Feet)

**EXPLANATION**

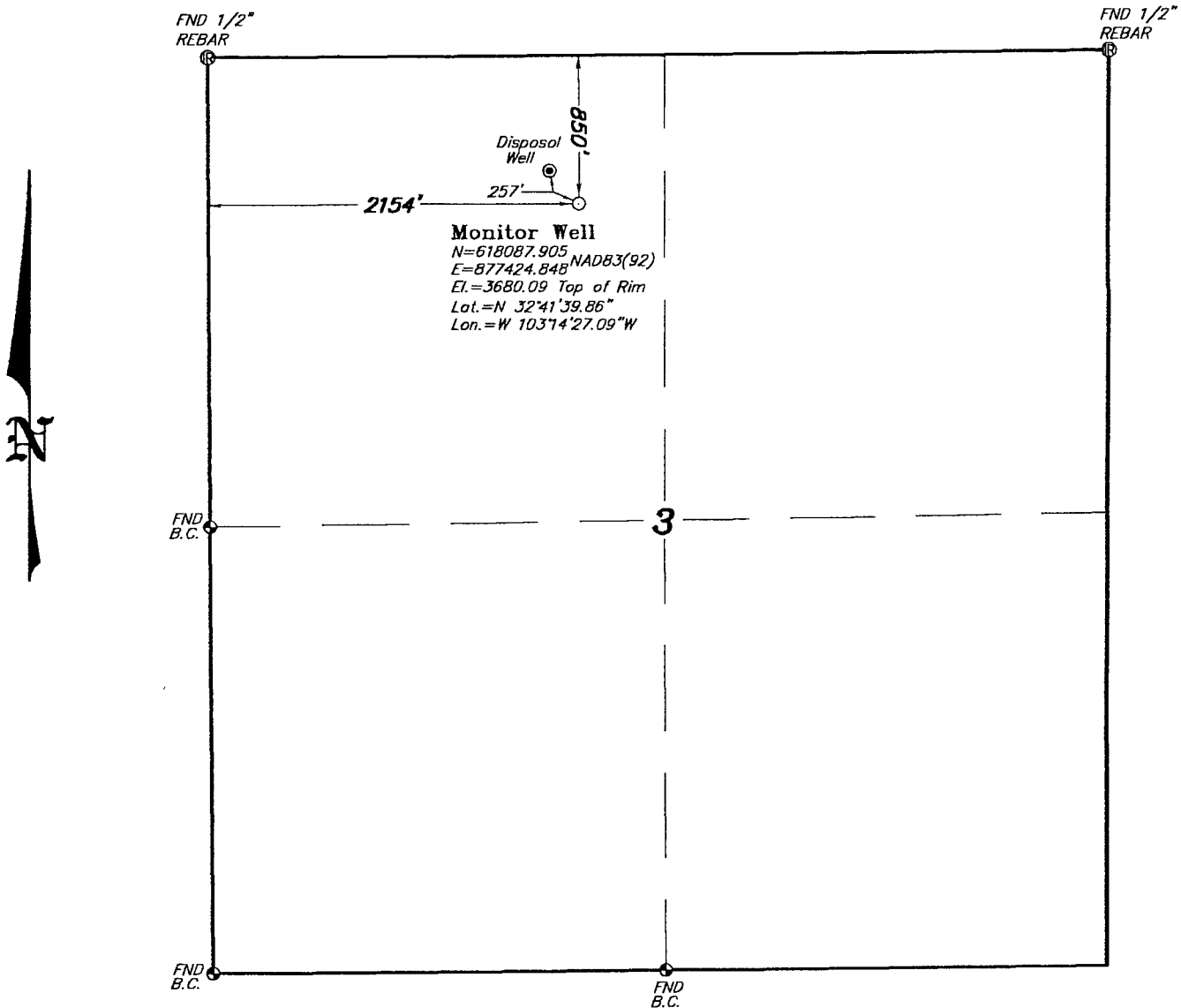
X = Fence  
GP = Guard Post  
LP = Light Pole  
SS = Power Pole

POOL COMPANY TEXAS LTD.  
HEBBS SWD  
HEBBS, NEW MEXICO  
FIGURE 1 SITE MAP

DATE 27 NOVEMBER 2000

MW-10

**SECTION 3, TOWNSHIP 19 SOUTH, RANGE 37 EAST, N.M.P.M.,  
LEA COUNTY, NEW MEXICO.**



I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.

1000 0 1000 2000 FEET

**POOL COMPANY TEXAS, LTD.**

REF: MONITOR WELL

MONITOR WELL LOCATED IN

SECTION 3, TOWNSHIP 19 SOUTH, RANGE 37 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

**BASIN SURVEYS** P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: POOL Drawn By: **K. GOAD**

Date: 12-06-2001 Disk: KJG CD#6 - POOL.DWG

Survey Date: 12-05-2001 Sheet 1 of 1 Sheets

**Attachment A**  
**Field Data Sheet**



# Ground-water Sampling Record Field Data



## General Data

|                                       |                                     |
|---------------------------------------|-------------------------------------|
| Project Description: PCTL Hobbs SWD   | Measuring date: 31 October 2002     |
| Well Identification: MW-1             | Measuring time: 1:55 pm             |
| Measuring Point: Top of PVC           | Measured by: KC                     |
| Measuring Point Elevation: 3680.09 ft | Total well depth (ft below MP): 40  |
| Casing Diameter (in): 2               | Depth to water (ft below MP): 34.60 |

## Purging Data

|                                 |                                  |
|---------------------------------|----------------------------------|
| Purging Date: 31 October 2002   | Vol of 3 wtr columns (gal): 2.64 |
| Purging time: 1:57 pm           | Purge rate: 0.27 gal / Bailer    |
| Purged by: KC                   | No. bailers to purge 1 vol: 3.2  |
| Water Column (ft): 5.40         | No. bailers to purge 3 vol: 9.7  |
| Casing vol per ft (gal): 0.163  | Well pumped dry: No              |
| Vol of 1 wtr column (gal): 0.88 |                                  |

## Sampling Data

|                              |                                  |
|------------------------------|----------------------------------|
| Sample Date: 31 October 2002 | Water level (ft below MP): 34.90 |
| Sample Time: 2:11 pm         | Temp (C / F) Not Measured        |
| Sampled By: KC               | Spec. conductivity: Not Measured |
| Sampling Method: Bailer      | pH: Not Measured                 |

## Field Equipment

|   |  |
|---|--|
| Pump:   | Purging bailer: Aqua Bailer 1.5" disposable  |
| Water level meter: Solinst Model 101                | Sampling bailer: Aqua Bailer 1.5" disposable |
| pH meter:   | Thermometer:                                 |
| Equipment cleaning method: Neutrad Soap / D I Water | Conductivity meter:                          |

Notes:

Well casing volume per linear ft

| Casing dia (in) | Vol per ft (gal) |
|-----------------|------------------|
| 0.5             | 0.010            |
| 1.0             | 0.041            |
| 1.5             | 0.092            |
| 2.0             | 0.163            |
| 4.0             | 0.653            |
| 5.0             | 1.020            |
| 6.0             | 1.469            |

**Attachment B**  
**Laboratory Data**

# Enviro-Tech *Laboratories, Inc.*

117 South A&M Avenue  
San Angelo, Texas 76901

Phone: (915) 944-1302  
Fax: (915) 942-9693  
Email: [enviro-tech@combest.net](mailto:enviro-tech@combest.net)

REPORT TO: COMBEST GEOscience  
123 S. Washington  
San Angelo, TX 76901  
Mr Kyle Combest

RECEIVED: 31 October 2002  
REPORTED: 1 November 2002

REPORT NUMBER  
02-5245 -01

PROJECT ID: PCTL 1-AB SWD  
SAMPLE ID: PCTL 1 State AB SWD  
MATRIX: Liquid  
COLLECTED: 31 October 2002

| Requested Analyses | Reference Method | Date Prepared | Prep. By | Date Tested | Tested By | Det. Limits | Test Result | Units |
|--------------------|------------------|---------------|----------|-------------|-----------|-------------|-------------|-------|
| Chloride           | SM 4500-Cl-B     | 11-01-02      | DW       | 11-01-02    | DW        | 4           | 660         | mg/L  |

Reviewed by:



Enviro-Tech *Laboratories, Inc.*

# Quality Assurance / Quality Control Report

For Batch Number: 02-5245 -01

| Analyte  | Quality Control Number | Units | Method Blank | LCS Lot Number | LCS % Rec. | MS % Rec. | MSD % Rec. | MS/MSD RPD % | BS % Rec. | BSD % Rec. | BS/MSD RPD % | Dupe RPD % | Spike ID   | Duplicate ID |
|----------|------------------------|-------|--------------|----------------|------------|-----------|------------|--------------|-----------|------------|--------------|------------|------------|--------------|
| Chloride | CHL110102A             | mg/L  | < 4          | 02-S388        | 102.0      | 105.0     | 105.00     | 0.0          | 0.0       | N/A        | N/A          | 3.0        | 02-5245-01 | 02-5245-01   |

- LCS
- MS
- MSD
- BS
- BSD
- RPD
- DUP
- Laboratory Control Sample
- Matrix Spike
- Matrix Spike Duplicate
- Blank Spike
- Blank Spike Duplicate
- Relative Percent Difference
- Duplicate Analyses

|  |  |           |  |      |  |                       |  |      |  |                     |  |                      |  |               |  |   |  |   |  |
|--|--|-----------|--|------|--|-----------------------|--|------|--|---------------------|--|----------------------|--|---------------|--|---|--|---|--|
| Submitted By                           |  |           |  |      |  |                       |  |      |  | Bill To             |  |                      |  |               |  |   |  |   |  |
| Company: COMBEST GEOSCIENCE            |  |           |  |      |  |                       |  |      |  | Company: SAA        |  |                      |  |               |  |   |  |   |  |
| Address: 123 S. WASHINGTON ST.         |  |           |  |      |  |                       |  |      |  | Address:            |  |                      |  |               |  |   |  |   |  |
| Contact: SAN ANGELO, TX 76901          |  |           |  |      |  |                       |  |      |  | Contact:            |  |                      |  |               |  |   |  |   |  |
| Phone: KYLE COMBEST                    |  |           |  |      |  |                       |  |      |  | Phone:              |  |                      |  |               |  |   |  |   |  |
| Fax: 915/655-4302                      |  |           |  |      |  |                       |  |      |  | Fax:                |  |                      |  |               |  |   |  |   |  |
| Collected By (signature): Kyle Combett |  |           |  |      |  |                       |  |      |  |                     |  |                      |  |               |  |   |  |   |  |
| Project Description: PCTL 1-A8 SWD     |  |           |  |      |  |                       |  |      |  |                     |  |                      |  |               |  |   |  |   |  |
| Laboratory Number (Lab Use Only)       |  | COLLECTED |  | TYPE |  | Sample Identification |  |      |  |                     |  | Number of Containers |  | Sample Matrix |  |   |  |   |  |
| 08-5245-01310502                       |  | Date      |  | Time |  | Grab                  |  | Comp |  | PCTL 1 STATE A8 SWD |  |                      |  |               |  | 1 |  | W |  |
|  |  |           |  |      |  |                       |  |      |  |                     |  |                      |  |               |  |   |  |   |  |
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|  |  |           |  |      |  |                       |  |      |  |                     |  |                      |  |               |  |   |  |   |  |
|  |  |           |  |      |  |                       |  |      |  |                     |  |                      |  |               |  |   |  |   |  |
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# Enviro-Tech Laboratories, Inc.

117 South A&M Avenue  
San Angelo, Texas 76901

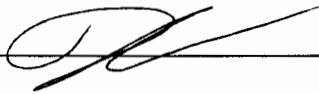
Phone: (915) 944-1302  
Fax: (915) 942-9693  
Email: [enviro-tech@combest.net](mailto:enviro-tech@combest.net)

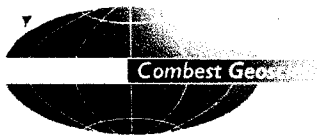
## Sample Receipt Checklist

Lab Number: \_\_\_\_\_  
Date.....: 10/31/02

| Questions?  |     | YES | NO |
|---|-----|-----|----|
| Chain of Custody present?                         |     | ✓   |    |
| Custody seal on shipping container?               |     | NA  |    |
| If "yes", custody seal intact?                    |     | NA  |    |
| Samples chilled?                                  |     | ✓   |    |
| Temperature blank in cooler?                      |     | ✓   |    |
| Temperature of cooler acceptable (4 deg C +/- 2)? | 4°C | ✓   |    |
| Samples received intact (good condition)?         |     | ✓   |    |
| Volatile samples acceptable? (no headspace)       |     | NA  |    |
| Correct containers used?                          |     | ✓   |    |
| Adequate sample volume provided?                  |     | ✓   |    |
| Samples preserved correctly?                      |     | NA  |    |
| Samples received within holding-time?             |     | ✓   |    |
| Agreement between COC and sample labels?          |     | ✓   |    |

Comments:

Sample Custodian Signature: 



*[Handwritten signature]*  
214

123 S. Washington Street • San Angelo, Texas 76901

10 December 2001

New Mexico Oil Conservation Division (NMOCD)  
1220 St Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Mr. Ed Martin

Subject: Pool Company Texas LTD. (PCTL)  
Saltwater Disposal Facility (State AB Well #1; SWD 223) - Hobbs, New Mexico  
Monitoring Well Installation and 1st Annual Ground-Water Monitoring Results

Dear Mr. Martin:

On 01 August 2001, a work plan was submitted to the NMOCD for the installation of a monitoring well and ground-water monitoring at the PCTL Hobbs SWD. The work plan was approved by the NMOCD on 21 August 2001 (Attachment B). The following work plan activities have been conducted:

- An application for a water development easement was submitted to the New Mexico State Land Office. Approval was granted on 25 October 2001 (Attachment C);
- On 19 November 2001, a monitoring well (MW-1) was installed approximately 78-ft southeast of the PCTL Hobbs SWD (Figure 1; Attachment A - Photos). The 40-ft well was installed by Eades Drilling of Hobbs, NM. The driller's log and well completion details are in Attachment D; and
- The 1st of 3 annual ground-water sampling events was conducted on 19 November 2001. The ground-water level in MW-1 was measured and 3 well volumes were purged from the well using a poly disposable bailer (Attachment E). Samples were then collected and laboratory analyzed for BTEX, TPH, and chlorides (Attachment F). No BTEX or TPH was detected. The chloride concentration was 850 mg/l.

The next ground-water sampling event is scheduled for November 2002. Laboratory results will be submitted to the NMOCD following sampling activities. If you have any questions, please call us at 915/655-4302. Thank you.

Sincerely,

Don L. Baeza  
Environmental Scientist

xc w/attachment

Trip Ellison - POOL Company Texas LTD; Houston, Texas  
Benny Baldwin - POOL Company Texas LTD; Hobbs, New Mexico  
Paul Sheeley - New Mexico OCD; Hobbs, New Mexico

## Figures





**Attachment A**  
**Photographs**



Photo 1. View of drilling rig at MW-1. PCTL Hobbs SWD in background. Date: 19 November 2001.



Photo 2. View of PVC used for MW-1.  
Date: 19 November 2001.

**Attachment B**  
**Work Plan Approval Notification**

**Subject: Pool Company Texas LTD SWD Facility Work Plan**

**Date:** Tue, 21 Aug 2001 15:57:10 -0600

**From:** "Martin, Ed" <EMARTIN@state.nm.us>

**To:** "Don L. Baeza (E-mail)" <dbaeza@combestgeoscience.com>

Don,

I have reviewed your request of August 1, 2001 to install a monitor well at the above site near Hobbs, New Mexico.

This request is hereby approved under the conditions stated in paragraphs 3 and 4 of your letter of August 1, 2001. This states that OCD will be provided with 1) water easement letter copy, 2) driller's log, 3) well completion details, 4) groundwater sample laboratory results.

Please be advised that this approval does not relieve Combest Geoscience from adhering to rules and regulations of any other governmental authority.

If you have any questions, please e-mail me or phone (505) 476-3492.

**Attachment C**  
**Water Development Easement**

SENT BY:

2817754864  
29- 1 ; 11:27 ; POOL WELL SERVICES-

915 6554302;# 1/ 5

COMMISSIONER'S OFFICE  
Phone (505) 827-5760  
Fax (505) 827-5766

ADMINISTRATION  
Phone (505) 827-5700  
Fax (505) 827-5853

GENERAL COUNSEL  
Phone (505) 827-5713  
Fax (505) 827-4262

PUBLIC AFFAIRS  
Phone (505) 827-1245  
Fax (505) 827-5766



**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

COMMERCIAL RESOURCES  
Phone (505) 827-5724  
Fax (505) 827-6157

MINERAL RESOURCES  
Phone (505) 827-5744  
Fax (505) 827-4739

ROYALTY MANAGEMENT  
Phone (505) 827-5772  
Fax (505) 827-4739

SURFACE RESOURCES  
Phone (505) 827-5793  
Fax (505) 827-5711

October 26, 2001

Trip Nelson  
Pool Company Texas Ltd.  
515 W. Greens  
Houston, TX 77067

Re: Water Development Easement No. WD-107

Dear Mr. Nelson:

Enclosed is an approved copy of the captioned water development easement. If any corrections are necessary, please let us know and we will retype or amend this easement as necessary.

If you have any questions, please feel free to contact this office at the above address or at (505) 827-5728 or 5729.

Sincerely,

Lorrie Gasca, Management Analyst  
Surface Resources Division

|  |                  |                |
|--|------------------|----------------|
| Post-It™ brand fax transmittal memo 7671 |                  | # of pages > 5 |
| To <i>Don</i>                            | From <i>TRIP</i> |                |
| Co.                                      | Co.              |                |
| Dept.                                    | Phone #          |                |
| Fax # <i>915 655 4304</i>                | Fax #            |                |

**NEW MEXICO STATE LAND OFFICE  
WATER DEVELOPMENT APPLICATION/EASEMENT**

**Water Development Easement No. WD-107**

THIS AGREEMENT, dated this 25th day of October, 2001, made and entered into between the State of New Mexico, acting by and through the undersigned, its Commissioner of Public Lands, hereinafter called the Commissioner, and Pool Company Texas Ltd. of (address) 515 W. Greens, Houston, TX 77067, hereinafter called the Grantee.

The Grantee has filed in the Land Office an application for a Water Development Easement and has tendered the sum of \$330.00 which sum includes the \$30.00 application fee and the first year's annual rental.

In consideration of the foregoing sum, the Commissioner grants to the Grantee a Water Development Easement for the sole purpose of: **evaluating the chloride concentration in ground water** under the following described lands:

**Date Well Completed:** N/A

**State Land Office Well Number:** WD-107

**State Engineer Office Well Number:** N/A

| <u>TOWNSHIP/RANGE</u> | <u>SECTION/SUBDIVISION</u> | <u>ACRES</u> |
|-----------------------|----------------------------|--------------|
| 19S 37E               | 03 NE4NW4                  | 2.5          |

Together with the right to make such reasonable use of the land described for each well site as may be necessary to appropriate and develop the water therefrom. The grant under this easement is subject to all the terms all conditions set fourth herein:

1. The grant of this Water Development Easement is for a term of **three (3)** years, commencing October 25 2001, and ending October 25, 2004, unless terminated earlier as provided herein.

2. Additional well sites may be added to this easement by amendment. The term of the easement shall be unaffected by such amendments. Each amendment shall be accompanied by an amendment filing fee of \$30.00 and an annual fee of \$300.00 per well.

3. The parties agree that the intention and purpose of this agreement is for the purpose of **a monitoring well**.

4. Grantee shall pay to the Commissioner as consideration \$300.00 per well per year.



5. Grantee shall act prudently in drilling, developing, appropriating, transporting and using water and water rights from state trust lands. "Prudent" within the context of this provision means that standard of care, operation and action of reasonable water user acting pursuant to provisions of New Mexico Water Law.

6. Grantee shall not impair existing appropriations of water on state trust lands within the easement or on state trust lands in adjacent areas.

7. Grantee shall not be required to obtain separate right of way grant from the Commissioner for pipelines and other facilities within the limited boundaries of the Water Development Easement. Right of Way outside the boundaries of this easement must be obtained from the Commissioner where other state lands are crossed.

8. With the consent of the Commissioner and payment of a fee of \$50.00, the Grantee may surrender or relinquish this Water Development Easement, in whole or in part, to the Commissioner; provided, however, that this surrender clause shall become absolutely inoperative immediately and concurrently with the filing of any suit in any court of law or equity by the Commissioner or Grantee or any assignee to enforce any of the terms of this Water Development Easement.

9. Grantee, with the consent of the Commissioner, may assign this Water Development Easement, in whole or in part; provided, however, that no assignment of any undivided interest in the Water Development Easement or any part thereof, or any assignment of less than a legal subdivision, shall be recognized or approved by the Commissioner. Upon approval of the assignment, in writing, by the Commissioner, Grantee shall stand relieved from all obligations to the Commissioner with respect to the lands embraced in the assignment, and the Commissioner shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the Commissioner as to such tracts.

10. The Commissioner may cancel this Water Development Easement for nonpayment of the annual consideration or for violation of any of the terms and covenants, herein; provided, however that before any such cancellation shall be made, the Commissioner must mail to the Grantee, by certified mail, addressed to the post office address of Grantee, shown by the records, a thirty day notice of intention to cancel said water easement, specifying the default for which the Water Development Easement is subject to cancellation. No proof of receipt of notice shall be necessary and thirty days after such mailing the Commissioner may enter cancellation unless Grantee shall have sooner remedied the default.

11. Grantee shall furnish copies of records and such reports and plats of his operation, including but not limited to well logs, drill cores, and other data relating to hydrology and geological formations as the Commissioner may reasonably deem necessary to his administration of the lands.

12. Grantee may make or place such improvements and equipment upon the granted land as may reasonably be necessary to appropriate the water, and upon termination of this Water Development Easement for any reason, Grantee may remove such improvements and equipment as can be removed without material injury to the premises; provided, however that all sums due the Commissioner have been paid and that such removal is accomplished within (60) days of the termination date or before such

earlier date as the Commissioner may set upon thirty (30) days written notice to the Grantee. All improvements and equipment remaining upon the premises after the removal date, as set forth in accordance with this paragraph, shall be forfeited to the Commissioner without compensation. It is expressly understood and agreed that water rights are not improvements of the Grantee. All pipelines constructed hereunder shall be buried below plow depth on tillable soils and no well shall be drilled within one-fourth miles of any existing well without the prior written permission of the Commissioner.

13. Well sites shall be limited to 2 1/2 acre tracts, unless unusual circumstances are present which require a larger area in which case the Grantee and Commissioner will agree on appropriate sizes for such well sites. Each well site shall be in a square shape with each border of the square equidistant from the location of the well. Upon a showing by Grantee of the necessity for an irregularly-shaped well site, the Commissioner may authorize a variation from a square-shaped well site. Grantee shall survey each well site and submit a copy of the survey plat to the Commissioner. Grantee shall post on each well a sign with the Grantee's name, Water Development Easement number, State Land Office well number, State Engineer Office permit number and locations by legal description. Grantee may fence only that portion of each 2 1/2 acre well site located which is reasonably required to be fenced.

14. This Water development Easement is made subject to all the provisions and requirements applicable thereto which are to be found in various acts of the legislature of New Mexico and the rules of the Commissioner of Public Lands of the State of New Mexico, the same as though they were fully set forth herein, and said laws and rules, so far as applicable to this Water Development Easement, are to be taken as a part hereof.

15. All the obligations, covenants, agreements, rights and privileges of this Water Development Easement shall extend to and be binding and inure to the benefit of the lawful and recognized assigns or successors in interest of the parties hereto.

16. Nothing contained herein shall be constructed as depriving the lawful holder, present or future of any geothermal resources, oil and gas, grazing, mineral, or business lease, or the holder of any water easement or Water Development Easement, present or future, upon the same lands herein embraced of their right to develop water or to use the land to develop and use the water thereupon or therein in accordance with their leases or easements. That is to say, the doctrine of prior appropriation for beneficial use shall prevail and Grantee shall comply with all laws pertaining to, and with all rules and regulations and procedures of, the State Engineer where the State Engineer has assumed jurisdiction over the water.

17. Payment of all sums due hereunder shall be made at the office of the Commissioner of Public Lands, 310 Santa Fe Trail, P.O. Box 1148, Santa Fe, New Mexico 87504-1148.

18. Grantee, including its heirs, assigns, agents and contractors shall at their own expense fully comply with all laws, regulations, rules, ordinances, and requirements of city, county, regional, state and federal authorities and agencies, in all matter and things affecting the premises and operations thereon which may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conversation, sanitation, aesthetics, pollution, cultural properties, fire, and environment. Such agencies are not to be deemed third party beneficiaries hereunder; however, this clause is enforceable by the Commissioner as herein provided or as otherwise permitted by law.

19. Grantee shall save and hold harmless, indemnify and defend the State of New Mexico, the Commissioner of Public Lands, and their agents, employees and officers, in their official and individual capacities, from any and all liability claims, losses, or damages arising out of or alleged to arise out of or indirectly connected with the operations of lessee hereunder, off or on the hereinabove described lands, or the presence on said lands of any agent, contractor or subcontractor of Grantee.

20. Prior to commencement of operations under this Water Development Easement, Grantee shall file a good and sufficient bond with the Commissioner in the amount of \$500.00 to secure the payment of such damage as may occur to livestock, range, water, crops or tangible improvements on the subject lands as may be suffered by the Commissioner, a lessee or other person utilizing such lands under an agreement with the Commissioner, by reason of the developments use and occupation of such lands by Grantee. Such bond may be utilized for reclamation of disturbed lands following the operations of Grantee under this easement.

IN WITNESS WHEREOF, the State of New Mexico has hereunto signed and caused its name to be signed by its Commissioner of Public Lands, thereunto duly authorized with the seal of this office affixed, and Grantee has signed this agreement to be effective the day and year above written.

(SEAL)

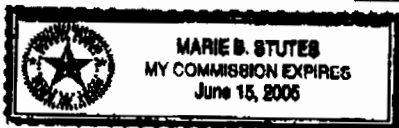
STATE OF NEW MEXICO

Ray Powell  
COMMISSIONER OF PUBLIC LANDS  
T. M. R.  
GRANTEE

BY: TRIP CLAYSON

TITLE: DIRECTOR, TECH & ENV AFFAIRS

Subscribed and sworn to before me this 11<sup>th</sup> day of October 2001.



6-15-2005  
MY COMMISSION EXPIRES

Marie B. Stutes  
NOTARY PUBLIC

**Attachment D**  
**Driller's Log and**  
**Well Completion Details**

Driller Frederick D. Root - WD1332

COMBEST GEOSCIENCE, INC.  
San Angelo, Texas  
915/655-4302

# LOG OF MW-1

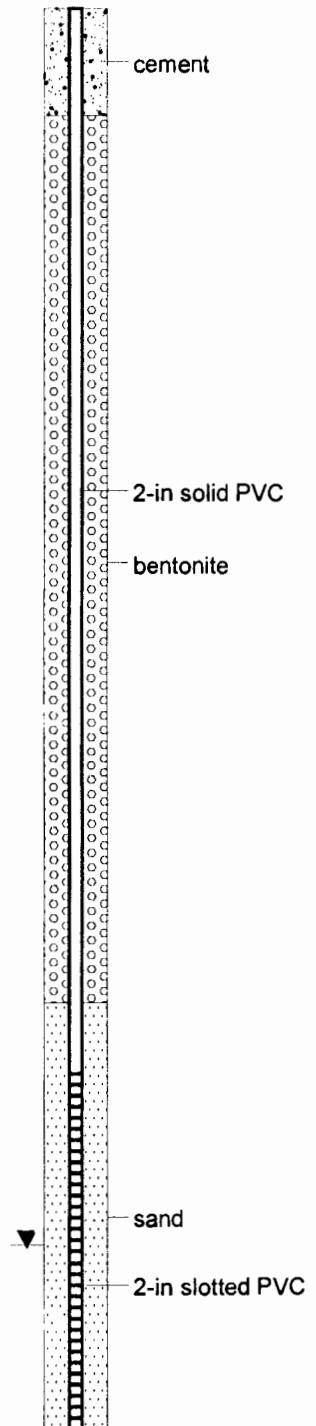
(Page 1 of 1)

Project:  
Pool Company Texas Ltd.  
Hobbs SWD  
Hobbs, NM

Date Started : 19 Nov 2001  
Time Started : 11:05 am  
Date Completed : 19 Nov 2001  
Time Completed : 12:02 pm  
Hole Diameter : 6.25-in.

Drilling Method : Rotary Air  
Sampling Method : Drill Cuttings  
Company Rep. : K. Combest  
Logged By : K. Combest

| Depth<br>in<br>Feet | Surf.<br>Elev. | USCS | GRAPHIC | DESCRIPTION   | WELL COMPLETION |
|---------------------|----------------|------|---------|---|-----------------|
| 0                   |                | LS   |         | Limestone w/ caliche, buff, dry                       |                 |
| 5                   |                | SW   |         | Sand, buff, fine, dry                                 |                 |
| 10                  |                | SW   |         | Sand w/ gravel and chert, brown, fine, dry            |                 |
| 15                  |                | SW   |         |   |                 |
| 20                  |                | SP   |         | Sand w/ occasional gravel and chert, brown, hard, dry |                 |
| 25                  |                |      |         |   |                 |
| 30                  |                |      |         |   |                 |
| 35                  |                | SW   |         | Sand, brown, soft, wet                                |                 |
| 40                  |                |      |         |   |                 |



**Attachment E**  
**Field Data Sheet**

# Ground-water Sampling Record Field Data



## General Data

|   |                                     |
|---|-------------------------------------|
| Project Description: PCTL Hobbs SWD     | Measuring date: 19 November 2001    |
| Well Identification: MW-1               | Measuring time: 2:09 pm             |
| Measuring Point: Top of PVC             | Measured by: KC                     |
| Measuring Point Elevation: Not Measured | Total well depth (ft below MP): 40  |
| Casing Diameter (in): 2                 | Depth to water (ft below MP): 34.79 |

## Purging Data

|                                 |                                  |
|---------------------------------|----------------------------------|
| Purging Date: 19 November 2001  | Vol of 3 wtr columns (gal): 2.55 |
| Purging time: 2:11 pm           | Purge rate: 0.27 gal / Bailer    |
| Purged by: KC                   | No. bailers to purge 1 vol: 3.15 |
| Water Column (ft): 5.21         | No. bailers to purge 3 vol: 9.45 |
| Casing vol per ft (gal): 0.163  | Well pumped dry: No              |
| Vol of 1 wtr column (gal): 0.85 |                                  |

## Sampling Data

|                               |                                  |
|-------------------------------|----------------------------------|
| Sample Date: 19 November 2001 | Water level (ft below MP): 34.93 |
| Sample Time: 2:22 pm          | Temp (C / F) Not Measured        |
| Sampled By: KC                | Spec. conductivity: Not Measured |
| Sampling Method: Bailer       | pH: Not Measured                 |

## Field Equipment

|   |  |
|---|--|
| Pump:   | Purging bailer: Aqua Bailer 1.5" disposable  |
| Water level meter: Solinst Model 101                | Sampling bailer: Aqua Bailer 1.5" disposable |
| pH meter:   | Thermometer:                                 |
| Equipment cleaning method: Neutrad Soap / D I Water | Conductivity meter:                          |

Notes:

Well casing volume per linear ft

| Casing dia (in) | Vol per ft (gal) |
|-----------------|------------------|
| 0.5             | 0.010            |
| 1.0             | 0.041            |
| 1.5             | 0.092            |
| 2.0             | 0.163            |
| 4.0             | 0.653            |
| 5.0             | 1.020            |
| 6.0             | 1.469            |



**Attachment F**  
**Laboratory Data Sheets**

# Enviro-Tech *Laboratories, Inc.*

117 South A&M Avenue  
San Angelo, Texas 76901

Phone: (915) 944-1302  
Fax: (915) 942-9693  
Email: enviro-tech@combest.net

REPORT TO: COMBEST GEOscience  
123 S. Washington  
San Angelo, TX 76901  
Mr Kyle Combest

RECEIVED: 20 November 2001  
REPORTED: 21 November 2001

REPORT NUMBER  
01-4041 -01

PROJECT ID: Pool Company Texas Ltd. - Hobbs SWD  
SAMPLE ID: MW-1  
MATRIX: Liquid  
COLLECTED: 19 November 2001

| Requested Analyses              | Reference Method | Date Prepared | Prep. By | Date Tested | Tested By | Det. Limits | Test Result | Units  |
|---------------------------------|------------------|---------------|----------|-------------|-----------|-------------|-------------|--------|
| Chloride                        | SM 4500-Cl-B     | 11-20-01      | SS       | 11-20-01    | SS        | 4           | 850         | mg/L   |
| TPH C6 - C12                    | TX1005           | 11-20-01      | DJB      | 11-20-01    | DJB       | 5.0         | < 5.0       | mg/L   |
| TPH > C12 - C28                 | TX1005           | 11-20-01      | DJB      | 11-20-01    | DJB       | 5.0         | < 5.0       | mg/L   |
| TPH > C28 - C35                 | TX1005           | 11-20-01      | DJB      | 11-20-01    | DJB       | 5.0         | < 5.0       | mg/L   |
| TPH C6 - C35                    | TX1005           | 11-20-01      | DJB      | 11-20-01    | DJB       | 5.0         | < 5.0       | mg/L   |
| Total BTEX                      | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        |             | < 0.005     | mg/L   |
| Benzene                         | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        | 0.005       | < 0.005     | mg/L   |
| Toluene                         | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        | 0.005       | < 0.005     | mg/L   |
| Ethylbenzene                    | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        | 0.005       | < 0.005     | mg/L   |
| Xylenes - meta & para           | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        | 0.010       | < 0.010     | mg/L   |
| Xylene - ortho                  | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        | 0.005       | < 0.005     | mg/L   |
| QC Spike a,a,a-trifluorotoluene | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        |             | 98.3        | % Rec. |
| QC Spike tetrachloroethylene    | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        |             | 95.8        | % Rec. |
| QC Spike isopropylbenzene       | EPA 8021B        | 11-20-01      | DW       | 11-20-01    | DW        |             | 102.0       | % Rec. |

Reviewed by:

  
Enviro-Tech *Laboratories, Inc.*

**BTEX Analyses - Quality Control Data**

Reference: 11/20/01


Project Number:

4029.01-03,06, 4031, 4041


| Laboratory Data |                         |   |  |                           |                         |                                       |                                    |                                    |  |
|-----------------|-------------------------|---|--|---------------------------|-------------------------|---------------------------------------|------------------------------------|------------------------------------|--|
|                 | Method<br>Blank<br>(MB) | Initial<br>Calibration<br>Verification<br>Standard<br>(ICV) | Laboratory<br>Control<br>Standard<br>(LCS) | Spike<br>Sample<br>Result | Matrix<br>Spike<br>(MS) | Matrix<br>Spike<br>Duplicate<br>(MSD) | Lower<br>Control<br>Limit<br>(LCL) | Upper<br>Control<br>Limit<br>(UCL) | Continuing<br>Calibration<br>Verification<br>Standard<br>(CCV) |
| Benzene         | < 0.005                 | 10.84   | 9.66                                       | 0.00                      | 10.45                   | 10.25                                 | N/A                                | N/A                                | 9.65   |
| Toluene         | < 0.005                 | 11.03   | 10.10                                      | 0.00                      | 10.33                   | 10.44                                 | N/A                                | N/A                                | 9.95   |
| Ethylbenzene    | < 0.005                 | 11.02   | 9.93                                       | 0.00                      | 10.66                   | 10.45                                 | N/A                                | N/A                                | 9.90   |
| Xylenes, m-p    | < 0.010                 | 21.99   | 19.76                                      | 0.00                      | 21.00                   | 20.42                                 | N/A                                | N/A                                | 19.57  |
| Xylene, o       | < 0.005                 | 10.51   | 9.88                                       | 0.00                      | 10.16                   | 9.99                                  | N/A                                | N/A                                | 9.40   |
| MTBE            | < 0.005                 | 10.70   | 9.22                                       | 0.00                      | 10.88                   | 10.59                                 | N/A                                | N/A                                | 9.10   |

| Quality Control Data                |                           |   |  |                                     |   |                          |                                    |                                    |  |
|-------------------------------------|---------------------------|---|--|-------------------------------------|---|--------------------------|------------------------------------|------------------------------------|--|
|                                     | Method<br>Blank<br>Result | Calibration<br>Verification<br>Standard<br>Recovery | Laboratory<br>Control<br>Standard<br>(LCS)<br>Recovery | Matrix<br>Spike<br>(MS)<br>Recovery | Matrix<br>Spike<br>Duplicate<br>(MSD)<br>Recovery | Matrix<br>Spike<br>% RPD | Lower<br>Control<br>Limit<br>(LCL) | Upper<br>Control<br>Limit<br>(UCL) | Continuing<br>Calibration<br>Verification<br>Standard<br>(CCV) |
| Benzene                             | < 0.005                   | 108.4%  | 96.6%  | 104.5%                              | 102.5%  | 1.9%                     | 76.3                               | 113.3                              | 96.5%  |
| Toluene                             | < 0.005                   | 110.3%  | 101.0%   | 103.3%                              | 104.4%  | 1.1%                     | 73.7                               | 119.3                              | 99.5%  |
| Ethylbenzene                        | < 0.005                   | 110.2%  | 99.3%  | 106.6%                              | 104.5%  | 1.9%                     | 65.5                               | 129.2                              | 99.0%  |
| Xylenes, m-p                        | < 0.010                   | 109.9%  | 98.8%  | 105.0%                              | 102.1%  | 2.8%                     | 63.7                               | 130.7                              | 97.9%  |
| Xylene, o                           | < 0.005                   | 105.1%  | 98.8%  | 101.6%                              | 99.9%   | 1.6%                     | 74.1                               | 121.5                              | 94.0%  |
| MTBE                                | < 0.005                   | 107.0%  | 92.2%  | 108.8%                              | 105.9%  | 2.6%                     | 57.1                               | 146.3                              | 91.0%  |
| Surrogate Spike 1:                  | LCL - 77.7                |   | UCL - 116.4  |                                     |   |                          |                                    |                                    |  |
| Surrogate Spike 2:                  | LCL - 83.0                |   | UCL - 116.2  |                                     |   |                          |                                    |                                    |  |
| Surrogate Spike 3:                  | LCL - 94.9                |   | UCL - 125.9  |                                     |   |                          |                                    |                                    |  |
| MS - Matrix Spike                   |                           |   | MB - Method Blank                                      |                                     |   |                          |                                    |                                    |  |
| MSD - Matrix Spike Duplicate        |                           |   | ICV - Initial Calibration Verification                 |                                     |   |                          |                                    |                                    |  |
| LCS - Laboratory Control Standard   |                           |   | CCV - Continuing Calibration Verification              |                                     |   |                          |                                    |                                    |  |
| % RPD - Relative Percent Difference |                           |   |  |                                     |   |                          |                                    |                                    |  |

Analyst:

 11/21/01

Reviewer:

 11/21/01

# Enviro-Tech

Laboratories, Inc.

## TNRCC Method 1005

### Quality Control Data

QC File Number:

112001

QC Project Number:

01-4029-03...07, 01-4031, 01-4041

|                                   |            |            |            | TPH 3rd Quarter 2001 |
|-----------------------------------|------------|------------|------------|----------------------|
| METHOD BLANK                      | C6-C12     | >C12-C28   | >C28-C35   | Control Limitations  |
| Result:                           | < 5        | < 5        | < 5        |                      |
| LABORATORY CONTROL SAMPLE         | C6-C12     | >C12-C28   | >C28-C35   |                      |
| LCS Concentration Level:          | 333.0      | 333.0      | 333.0      |                      |
| LCS Result:                       | 330.0      | 396.0      | 397.0      |                      |
| LCS Recovery (%):                 | 99.1%      | 118.9%     | 119.2%     | 75% - 125%           |
| LCSD Concentration Level:         | 333.0      | 333.0      | 333.0      |                      |
| LCSD Result:                      | 326.0      | 393.0      | 393.0      |                      |
| LCSD Recovery (%)                 | 97.9%      | 118.0%     | 118.0%     | 75% - 125%           |
| LCS RPD (%)                       | 1.2%       | 0.8%       | 1.0%       | 11%                  |
| MATRIX SPIKE                      | C6-C12     | >C12-C28   | >C28-C35   |                      |
| Spike Sample ID:                  | 01-4029-07 | 01-4029-07 | 01-4029-07 |                      |
| Spike Sample Concentration:       | < 5.0      | < 5.0      | < 5.0      |                      |
| Spike Level:                      | 333.0      | 333.0      | 333.0      |                      |
| Spike Result:                     | 254.0      | 302.0      | 302.0      |                      |
| Spike Recovery (%):               | 76.3%      | 90.7%      | 90.7%      | 75% - 124%           |
| Spike Duplicate Result:           | 288.0      | 339.0      | 339.0      |                      |
| Spike Duplicate Recovery (%):     | 86.5%      | 101.8%     | 101.8%     | 75% - 124%           |
| Relative Percent Diff. (RPD) (%): | 12.5%      | 11.5%      | 11.5%      | 20%                  |
| CALIBRATION VERIFICATION          | C6-C12     | <C12-C28   | >C28-C35   |                      |
| ICV                               | 85.8       | 102.8      | 103.2      |                      |
| ICV Recovery (%)                  | 85.8%      | 102.8%     | 103.2%     | 75% - 125%           |
| CCV #1                            | 88.2       | 100.0      | 100.0      |                      |
| CCV #1 Recovery (%)               | 88.2%      | 100%       | 100%       | 75% - 125%           |
| CCV #1 - RPD (%)                  | 12.5%      | 0.0%       | 0.0%       | < 20%                |
| CCV #2                            | 85.9       | 97.4       | 97.4       |                      |
| CCV #2 Recovery (%)               | 85.9%      | 97.4%      | 97.4%      | 75% - 125%           |
| CCV #2 - RPD (%)                  | 15.2%      | 2.6%       | 2.6%       | < 20%                |

MB - Method Blank

MS - Matrix Spike

MSD - Matrix Spike Duplicate

LCS - Laboratory Control Sample

LCSD - Laboratory Control Sample Duplicate

BS - Blank Spike

ICV - Initial Calibration Verification Standard

CCV #1 - Continuing Calibration Verification Standard

CCV #2 - Continuing Calibration Verification Standard

mg/L - milligrams/Liter

mg/Kg - milligrams/Kilograms

RPD - Relative Percent Difference

Comments:

Matrix Spike Interference

Analyst:

*[Signature]*

Date: 11/21/01

QC Reviewed By:

*[Signature]*

Date: 11/21/01

# Quality Assurance / Quality Control Report

For Batch Number: 01-4041-01

| Analyte                         | Quality Control Number | Units | Method Blank | LCS Lot Number | LCS % Rec. | MS % Rec. | MSD % Rec. | MS/MSD RPD % | BS % Rec. | BSD % Rec. | BS/BSD RPD % | Dupe RPD % | Spike ID   | Duplicate ID |
|---------------------------------|------------------------|-------|--------------|----------------|------------|-----------|------------|--------------|-----------|------------|--------------|------------|------------|--------------|
| Benzene                         |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| Toluene                         |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| Ethylbenzene                    |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| Xylenes - meta & para           |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| Xylene - ortho                  |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| Total BTEX                      |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| QC Spike a,a,a-trifluorotoluene |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| QC Spike tetrachloroethylene    |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| QC Spike isopropylbenzene       |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| Chloride                        | CHL112001A             | mg/L  | < 4          | 01-S356        | 100.0      | 100.0     | 100.00     | 0.0          | 0.0       | N/A        | N/A          | 0.0        | 01-4041-01 | 01-4041-01   |
| TPH C6 - C12                    |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| TPH > C12 - C28                 |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| TPH > C28 - C35                 |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |
| TPH C6 - C35                    |                        | mg/L  |              | N/R            | 0.0        | 0.0       | N/A        | N/A          | 0.0       | N/A        | N/A          | 0.0        |            |              |

LCS - Laboratory Control Sample  
 MS - Matrix Spike  
 MSD - Matrix Spike Duplicate  
 BS - Blank Spike  
 BSD - Blank Spike Duplicate  
 RPD - Relative Percent Difference  
 DUP - Duplicate Analyses

**Enviro-Tech** *Laboratories, Inc.*

1117 S. A&M Ave., San Angelo, Texas 76901  
Phone: (915) 944-1302 / Fax: (915) 942-9693

[illegible]



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

Joanna Prukop  
Cabinet Secretary

February 3, 2003

**Lori Wrotenberg**

Director

Oil Conservation Division

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

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0022  
Pool Company Texas Ltd.  
Commercial Surface Waste Management Facility  
NW/4 Section 3, Township 19 South, Range 37 East, NMPM  
Lea County, New Mexico**

Dear Mr. Baldwin

The New Mexico Oil Conservation Division (OCD) inspected the Pool Company Texas Ltd. (Pool) commercial surface waste management facility at the above location on December 18, 2002. Overall the OCD found Pool to have a well maintained treating plant with good security. During the inspection the OCD understood that Pool is in the process of closing the facility. The treating plant tanks had been emptied and the man-ways had been removed. Pool's Permit WM-1-022 issued on February 2, 2001 lists the Permit conditions regarding closure. They are as follows:

## **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.

Pool must submit a closure plan to the Santa Fe OCD office by March 4, 2003 and copy the Hobbs District office. If you have any questions please do not hesitate to contact me at (505) 476-3488.

Sincerely,



Martyne J. Kieling  
Environmental Geologist

Attachments

xc: Hobbs OCD Office





Photo 1: 60 mil lined tank storage area.  
Berms are 5 feet high.



Photo 4: pump with secondary containment  
inside lined bermed area. Tanks on gravel  
rings.



Photo 2: Saddle tank labeled and contained.



Photo 3: Saddle tanks labeled as to contents  
and warnings. Tanks have secondary  
containment.

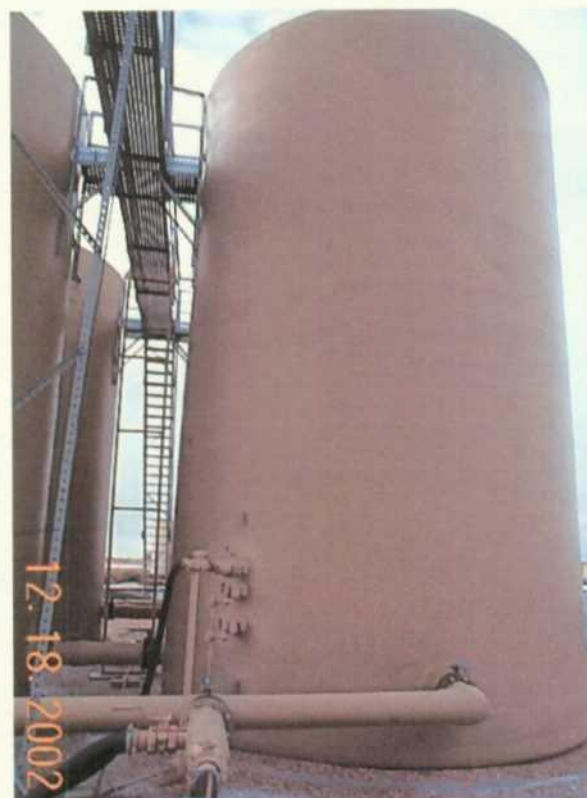


Photo 5: Storage tank with emergency  
shutoff when the tank level reaches 5 feet.



Photo 6: Tanks were labeled as produced water or Oil as appropriate.



Photo7: Confined space entry warnings were on all tanks. All tanks were on gravel rings.



Photo 8: filter trap.



Photo 9: Windsock on tank, lightning rods on two separate poles.



Photo 10: Paved truck-unloading area able to manage 5 trucks at once.



Photo 11: Single walled sump for truck runoff or spills. Automatic sump-pump removes liquids.





Photo 12: Transfer pipe from truck unloading area to tank area is below grade. Below grade portion of the pipe is wrapped and sealed with a 60 mil liner.



Photo 13: Key only unloading system. If the tank levels set at 5 feet go off the unloading system will not allow trucks to unload.



Photo 14: Above-ground poly sumps on concrete pad.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**

Governor

**Betty Rivera**  
Cabinet Secretary

**Lori Wrotenbery**

Director

**Oil Conservation Division**

November 14, 2002

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

**RE: Financial Assurance Letter &  
The Surface Waste Management Facility Permit NM-01-0022**

Dear Mr. Baldwin:

This letter is a follow up to our phone conversation on November 14, 2002. Enclosed is the original letter that was returned to our NMOCD office here in Santa Fe. I look forward to receiving your letter regarding the closure of the above referenced facility. Please call me at 505-476-3488 if you have any questions.

Sincerely

Martyne J. Kielling  
Environmental Geologist

Enclosed: Original letter to Randall Stafford, August 14, 2002.



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

October 11, 2000

**CERTIFIED MAIL**

**RETURN RECEIPT NO. 7099-3220-0000-5051-1255**

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

**RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0022  
Pool Company Texas Ltd.  
Commercial Surface Waste Management Facility  
NW/4 Section 3, Township 19 South, Range 37 East, NMPM  
Lea County, New Mexico**

Dear Mr. Baldwin

The New Mexico Oil Conservation Division (OCD) inspected the Pool Company Texas Ltd. (Pool) commercial surface waste management facility at the above location on May 31, 2000. Overall the OCD found Pool to have a well maintained treating plant with good security. The OCD inspection and file review of Pool indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Pool during the inspection and file review. Pool shall provide OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. Pool must respond to the permit deficiencies **by November 13 2000.**

Pursuant to Order R-10411-B the OCD General Rule 711 has been revised. The OCD is currently in the process of re-permitting all surface waste management facilities under the new Rule 711. The Pool treating plant is included under the new Rule 711. A copy of Order R-10411-B along with the permit application, Form C-137, are enclosed. **Pool must either re-permit the treating plant facility or close the facility.** A response is required by November 13, 2000.

A review of Pool's financial assurance finds that the \$25,000 Surety bond #355510 is current and active. Please be advised that additional financial assurance may be required. If you do not have a copy of the OCD surface waste management facility financial assurance forms you may obtain them from the OCD web site <http://www.emnrd.state.nm.us/ocd/>.

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

Sincerely,

A handwritten signature in cursive script, reading "Martyne J. Kieling".

Martyne J. Kieling  
Environmental Geologist

Attachments

xc: Hobbs OCD Office

ATTACHMENT 1  
INSPECTION REPORT  
PERMIT NM-01-0022  
POOL COMPANY TEXAS LTD.  
NW/4 of Section 13, Township 19 South, Range 37 East, NMPM  
Lea County, New Mexico  
(October 3, 2000)

1. Fencing and Signs: The facility will be fenced and have a sign at the entrance. The sign shall be maintained in good condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by section, township and range, and c) emergency phone number.

**Facility is secured with fence and locking gate and has a sign at the entrance.**

2. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

**The facility was tidy and there was no trash or debris present.**

3. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable pad within the berm so that leaks can be identified.

**The above ground tanks are bermed at the facility fence line. However, the berms are somewhat eroded along the western fence.**

4. Sumps and Valve Catchments: All sumps and catchments must be kept empty to prevent overflow onto the ground. All pre-existing below grade sumps or catchments must demonstrate integrity on an annual basis. Integrity tests must include visual inspections of cleaned out sumps or catchments.

**One valve catchment was approximately 1/2 full another was full and had overflowed onto the ground surface.**

5. Equipment Maintenance: Equipment, tanks, pipe valves and connections must be inspected on a regular basis and repairs made as needed.

**There was evidence of two line leaks and a leaking clamp. One tank (southeast 400bbl) showed evidence that it had been overtopped. The tall western 500bbl tank clean out hatch was leaking at a corroded bolt.**

6. Drum Storage: 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 and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

**N/A There are no drums or other chemicals stored on site.**

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

7. Above Ground Saddle Tanks: 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.

**N/A There are no saddle tanks at the facility.**

8. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

**Some tank labels have faded.**

9. Migratory Bird Protection: All tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered not hazardous to migratory birds.

**NA There are no open top tanks, pits or ponds at the facility.**

10. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 to the appropriate OCD District Office.

**At the time of inspection, there were no spills evident at this facility.**

11. Regular Facility Inspections: Facility inspections and maintenance must be conducted on at least a weekly basis and immediately following each consequential rainstorm or windstorm.

**The current Order R-7333 issued on August 30, 1983 has not required these inspections.**



12. H<sub>2</sub>S Screening: H<sub>2</sub>S Prevention and contingency plan to protect public health.

**H<sub>2</sub>S screening has not been performed. The current Order R-7333 issued on August 30, 1983 does not require H<sub>2</sub>S Prevention and contingency plan.**

13. Waste Acceptance and Disposal Documentation: Documentation required by forms C-117 and C-118 must be filed with the OCD and retained at the facility office.

**Records including C-117 and C-118 were reviewed. The OCD files for 2000 show one C-117, Permit H-22532, was issued on January 27, 2000. Treating Plant Operators Monthly Report (C-118) has been filed by Pool for June through August of 2000. The OCD has not received any C-118 monthly reports for February 1998 through April 2000**

**Pool must submit the Treating Plant Operators Monthly Report (C-118) for February 1998 through April 2000.**



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

June 30, 1997

**CERTIFIED MAIL**  
**RETURN RECEIPT NO. P-326-936-299**

Mr. Barry Peters  
AA Oil Field Service Inc.  
P.O. Box 5208  
Hobbs, NM 88241

**RE: Treating Plant Inspection**  
**AA Oil Field Service Inc.**  
**NW/4 of Section 3, Township 19 South, Range 37 East, NMPM**  
**Lea County, New Mexico**

Dear Mr. Peters:

The New Mexico Oil Conservation Division (OCD), inspected AA Oil Field Service Inc. (AA) treating plant located in the NW/4 of Section 3, Township 19 South, Range 37 East, NMPM, Lea County, New Mexico, on April 1, 1997.

Overall the OCD found AA to have excellent facility and tank safety postings, a well maintained yard, and good security. The OCD inspection and current file review of AA indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at AA during the inspection and the new Rule 711 requirements that are not on file. Attachment 2 contains photographs taken during the inspection. AA shall provide OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. A response is required by AA to these deficiencies by September 1, 1997.

Pursuant to Order R-10411-B the OCD General Rule 711 has been revised. The OCD is currently in the process of re-permitting all surface waste management facilities under the new Rule 711. AA treating plant is included under the new Rule 711. A copy of Order R-10411-B along with the new bond forms were given to you (Barry Peters) during the OCD inspection on April 1, 1997. A permit application, Form C-137 (attachment 3), shall be filed with the OCD according to the instructions in Attachment 1, Section 14.

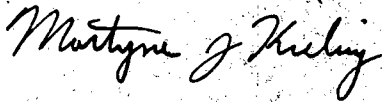
Please be advised that the bonding requirements have changed under the new Rule 711. The bonded amount will be based upon the estimated closure costs that the State of New Mexico would incur if a third party contractor were to remediate the facility (see Rule 711.B.1.(i)). AA must

Mr. Barry Peters  
June 30, 1997  
Page 2

have a new bond in place for the approved estimated closure amount prior to receiving a new waste management facility permit.

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

Sincerely,

A handwritten signature in cursive script, reading "Martyne J. Kielling".

Martyne J. Kielling  
Environmental Geologist

Attachments

xc: Hobbs OCD Office

ATTACHMENT 1  
INSPECTION REPORT  
APRIL 1, 1997  
AA OILFIELD SERVICE INC.  
(NW/4 of Section 3, Township 19 South, Range 37 East, NMPM)  
LEA COUNTY, NEW MEXICO

1. **Drum Storage:** 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 and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

**N/A** There are no drums located at this facility.

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

2. **Process Area:** 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.

**Good yard maintenance practices were evident in the process area (see pictures 1 and 2). Spill collection barrels below tank valves were empty (see picture 2).**

- 3: **Above Ground Tanks:** All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or modifications to existing facilities must place the tank on an impermeable type pad within the berm so that leaks can be identified.

**The above ground tanks are all on a gravel ring pads (see pictures 1 and 2). The entire facility is bermed to contain the volume of all interconnected tanks. However the berm on the south and west side of the facility has eroded and will need to be repaired (see picture 1).**

4. **Open Top Tanks and Pits:** To protect migratory birds, all tanks exceeding 16 feet in diameter, and exposed pits and ponds shall be screened, netted or covered.

**N/A** This facility does not have any open top tanks, pits, or ponds.

5. **Above Ground Saddle Tanks:** 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.

**N/A** There are no saddle tanks located at this facility.

6. **Tank Labeling:** All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

**The above ground tanks and drums are clearly labeled (see pictures 1 and 2).**

7. **Below Grade Tanks/Sumps:** 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 and/or visual inspection of cleaned out tanks or sumps, or other OCD approved methods.

**N/A** There are no below grade tanks/sumps at this facility.

8. **Underground Process/Wastewater Lines:** All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity at present and then every 5 years thereafter. Companies may propose various methods for testing such as pressure testing or other OCD approved methods.

**A mechanical integrity testing proposal for the underground process/wastewater line is required.**

9. **Housekeeping:** All systems designed for spill collection/prevention should be inspected frequently to ensure proper operation and to prevent overtopping or system failure.

**Facility housekeeping, yard maintenance, and spill prevention/cleanup is excellent (see pictures 1 and 2).**

10. **Trash and Potentially Hazardous Materials:** All trash and potentially hazardous materials should be properly disposed of.

**N/A** This facility was free of trash.

11. **Spill Reporting:** All spills/releases shall be reported pursuant to OCD Rule 116 and WQCC 1203 to the appropriate OCD District Office.

**There were no spills evident at this facility.**

12. **Security:** The facility shall be secured when no attendant is present, to prevent any unauthorized dumping. Securing the facility may include locks on tank valves, a perimeter fence and locked gate or other similar security measures.

**Facility has a perimeter fence and locking gate.**

13. **Signs:** The facility shall have a sign in a conspicuous place at the facility. The sign shall be maintained in legible condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by quarter-quarter section, township and range, and c) emergency phone number.

**Facility has a clearly labeled sign posted within view.**

14. **Application Requirements for Permit Under the New Rule 711:** An application, Form C-137, for a permit renewal shall be filed in DUPLICATE with the Santa Fe Office of the Division and ONE COPY with the Hobbs OCD district office. The application shall comply with Division guidelines and shall include:

- (a) The names and addresses of the applicant and all principal officers of the business if different from the applicant;

**Please submit with C-137 application.**

- (b) A plat and topographic map showing the location of the facility in relation to governmental surveys (1/4 1/4 section, township, and range), highways or roads giving access to the facility site, watercourses, water sources, and dwellings within one (1) mile of the site;

**Some of this is already on file with the OCD. Attached is a copy of what we have in the file please submit a larger scale map of the facility that shows the features listed above.**

- (c) The names and addresses of the surface owners of the real property on which the management facility is sited and surface owners of the real property of record within one mile of the site;

**Please submit with C-137 application.**

- (d) A description of the facility with a diagram indicating location of fences and cattle guards, and detailed construction/installation diagrams of any pits, liner, dikes,

pipng, sprayers, and tanks on the facility;

**Attached is a copy of what is currently on file with the OCD. Please submit an updated facility maps that reflects any changes that have been made.**

- (e) A plan for management of approved wastes;

**This is already on file with the OCD.**

- (f) A contingency plan for reporting a cleanup of spills or releases;

**Please submit with C-137 application.**

- (g) A routine inspection and maintenance plan to ensure permit compliance;

**Please submit with C-137 application.**

- (h) A Hydrogen Sulfide (H<sub>2</sub>S) Prevention and Contingency Plan to protect public health;

**Please submit with C-137 application.**

- (i) A closure Plan including a cost estimate sufficient to close the facility to protect public health and the environment; said estimate to be based upon the use of equipment normally available to a third party contractor;

**Please submit with C-137 application.**

- (j) Geological/hydrological evidence, including depth to and quality of groundwater beneath the site, demonstrating that disposal of oil field wastes will not adversely impact fresh water;

**Please submit geological/hydrological evidence, including depth to and quality of groundwater beneath the facility with the C-137 application.**

- (l) Certification by an authorized representative of the applicant that information submitted in the application is true, accurate and complete to the best of the applicant's knowledge.

**Please submit with C-137 application.**

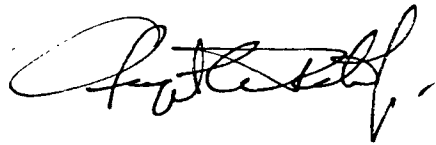
August A. Peters, Jr.  
dba: Alpha Phi Crude

As the principal stock holder in A.A. Oilfield Service, Inc., a New Mexico Corporation, I propose to construct and operate a treating plant adjacent to the A.A. Oilfield Service, Inc. salt water disposal system located in the northwest quarter of Sec. 3, Township 19 South, Range 37 East, NMPM Lea County, New Mexico.

Currently, A.A. Oilfield Service, Inc. operates a fleet of five hot oil trucks and six transports. This facility will provide for the reclamation of merchantable crude oil for sediment oil transported by the above mentioned units. Sediment oil will come from (1) Tank bottoms pulled off after treating tanks, (2) Emptying heater treaters for repairs and (3) Cleaning of crude oil stock tanks.

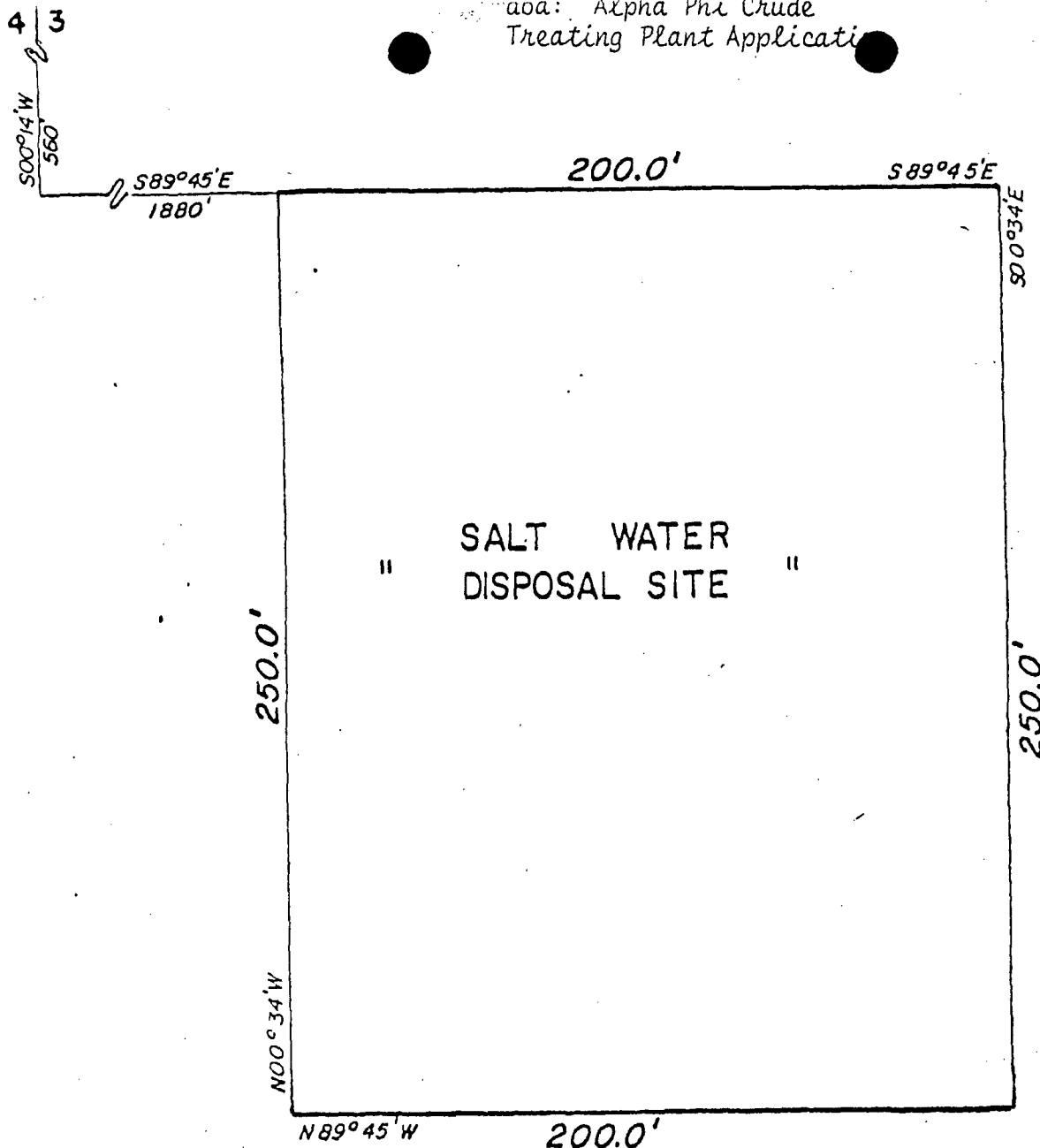
The operation of such a facility has been discussed with Mr. J.T. Sexton, Supervisor Oil Conservation Commission, District I, Hobbs, New Mexico. Mr. Sexton explained the urgency of an orderly operation with all reports to be filed properly and timely with the District office.

Exhibit I - Location Plat  
Exhibit II - Facility Diagram





T-19-S



R-37-

#### LEGAL DESCRIPTION

A tract of land located in the Northwest Quarter of Section 3, Township 19 South, Range 37 East, N.M.P.M., Lea County, New Mexico, and being more particularly described as follows:

Beginning at a point which lies S00°14'W, 560 feet, and S89°45'E, 1880 feet from the Northwest corner of said Section 3; Thence S89°45'E a distance of 200 feet; Thence S00°34'E a distance of 250 feet; Thence N89°45'W a distance of 200 feet; Thence N00°34'W a distance of 250 feet to the point of beginning, containing 1.15 acres, more or less.

August A. Peters, Jr.  
dba: Alpha Phi Crude  
Treating Plant Application

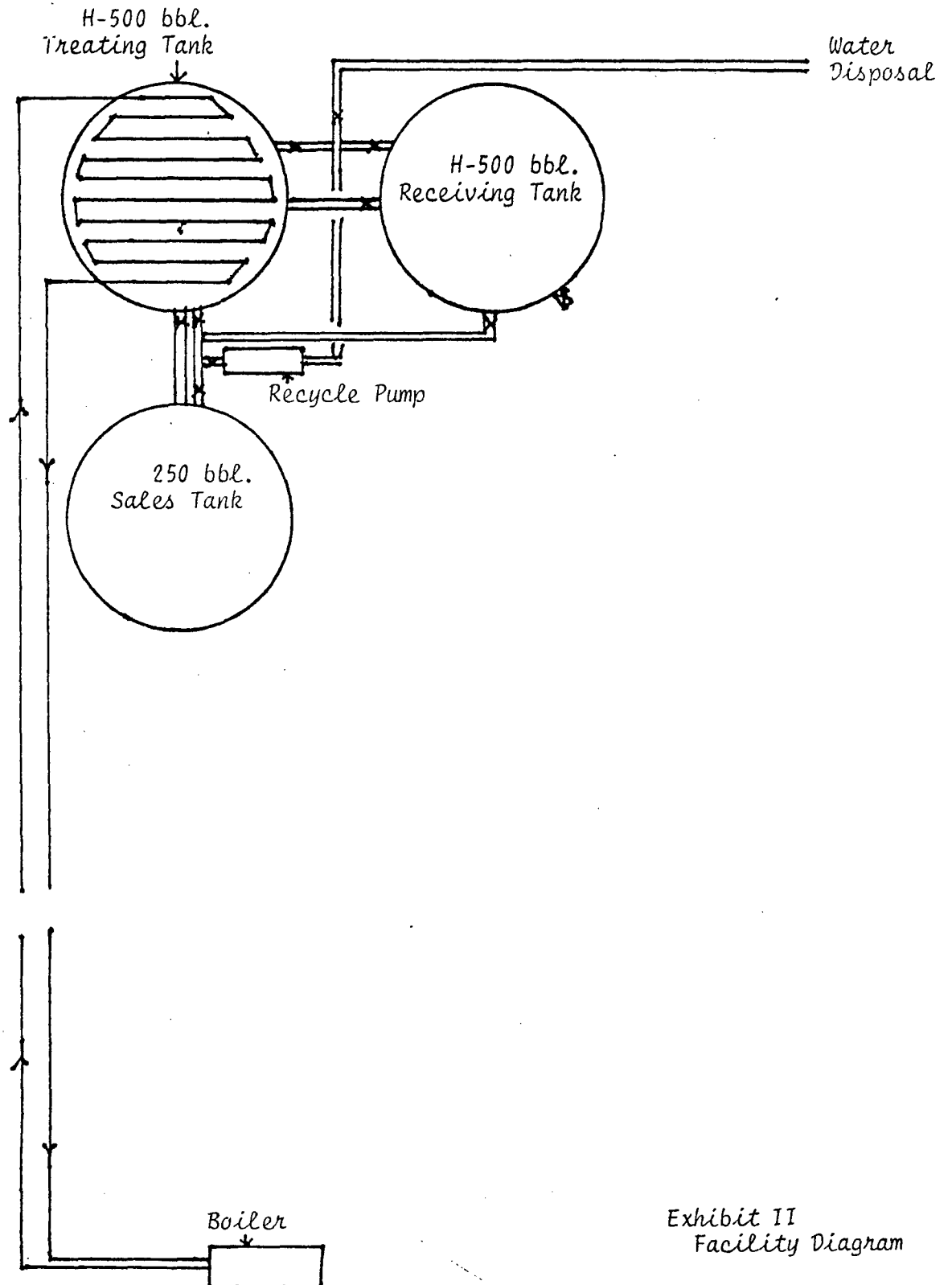
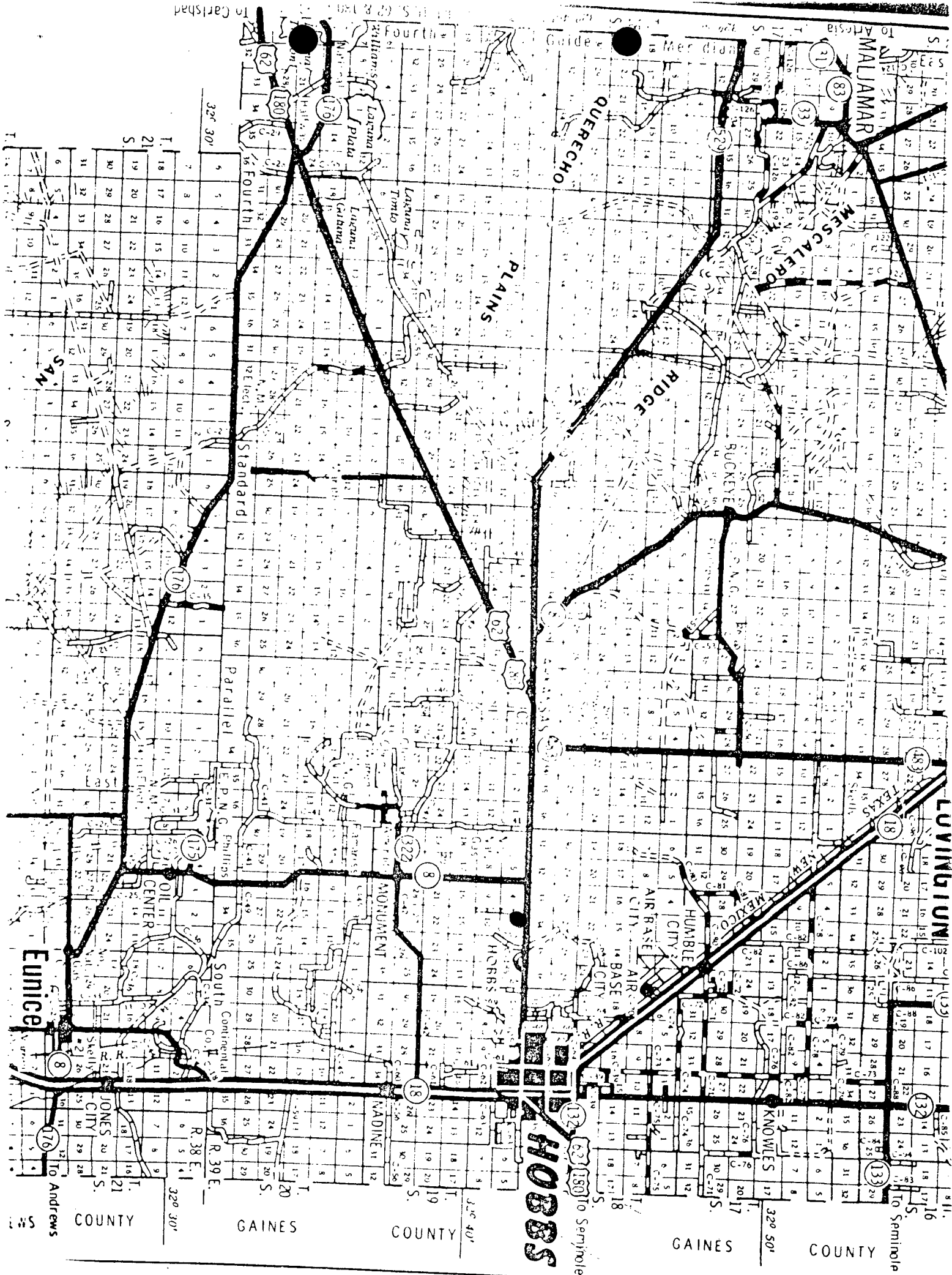
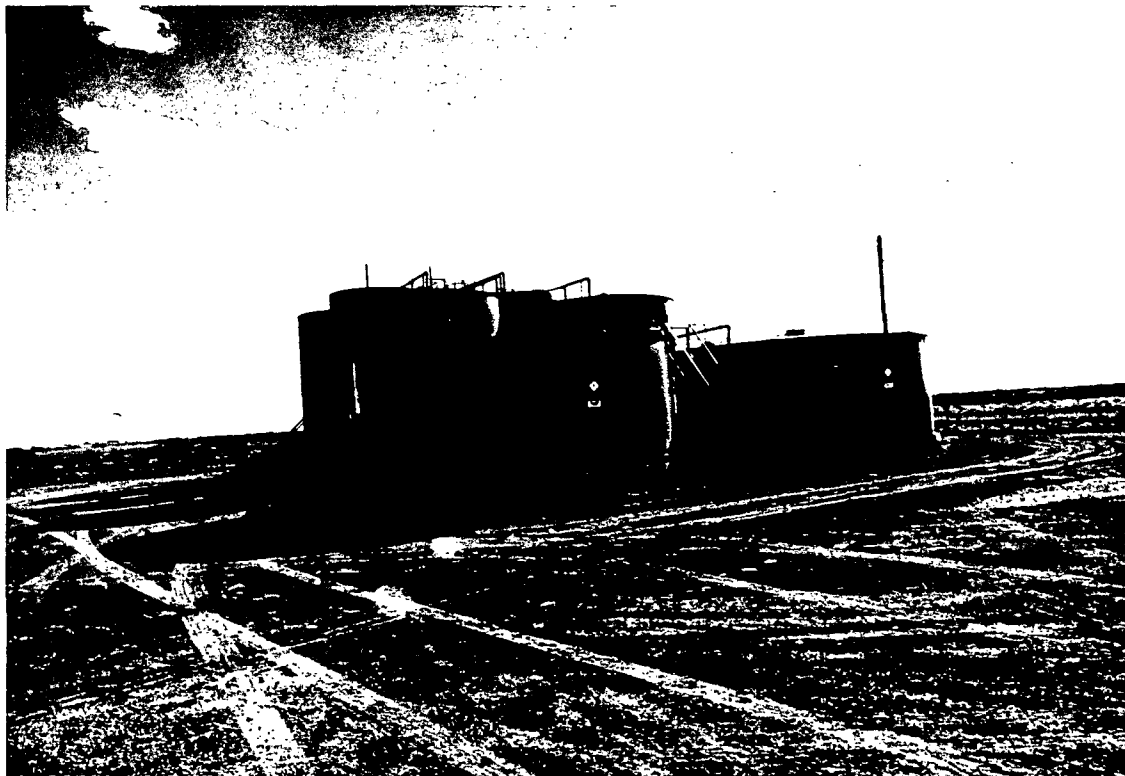


Exhibit II  
Facility Diagram



**AA OILFIELD SERVICES INC. TREATING PLANT INSPECTION (PHOTOS BY OCD)**



**PHOTO NO. 1      DATE: 04/1/97**



**PHOTO NO. 2      DATE: 04/1/97**

**AA OILFIELD SERVICES INC. TREATING PLANT INSPECTION (PHOTOS BY OCD)**



**PHOTO NO. 3**

**DATE: 04/1/97**



AA Treating Plant  
4-1-97





AA treating Plant

41-1-97



A A Treating Plant

4-1-97

**ANA-LAB**  
CORP.

THE COMPLETE SERVICE LAB

OIL CONSERVATION DIVISION  
2600 DUDLEY ROAD — KILGORE, TEXAS 75662 — 214/984-0551

Analytical Chemistry • Waste Treatment & Disposal • Equipment Sales

90 OCT 1 AM 11 14

09/21/90

Environmental Bureau NM Oil D.  
PO Box 2088  
Santa Fe, NM 87504

**Sample Identification:** #9007310800 AA Final Tank

**Collected By:** Anderson/Olson

**Date & Time Taken:** 07/31/90 0800

**Other:**

Water phase from N.E. low 500 BBL Tank

**Lab Sample Number:** 170084

**Received:** 08/03/90

**Client:** SNM1

| PARAMETER                | RESULTS | UNITS | TIME | DATE     | METHOD          | BY |
|--------------------------|---------|-------|------|----------|-----------------|----|
| Acrolein                 | <100    | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Acrylonitrile            | <100    | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Benzene                  | 860     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Bromoform                | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Bromomethane             | <10     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Carbon Tetrachloride     | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Chlorobenzene            | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Chloroethane             | <10     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 2-Chloroethylvinyl ether | <10     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Chloroform               | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Chloromethane            | <10     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Dibromochloromethane     | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Bromodichloromethane     | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,1-Dichloroethane       | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,2-Dichloroethane       | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,1-Dichloroethene       | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |

Continued



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Analytical Chemistry • Waste Treatment & Disposal • Equipment Sales

170084 Continued

Page 2

| PARAMETER                 | RESULTS | UNITS | TIME | DATE     | METHOD          | BY |
|---------------------------|---------|-------|------|----------|-----------------|----|
| trans-1,2-Dichloroethene  | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,2-Dichloropropane       | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| cis-1,3-Dichloropropene   | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Ethyl benzene             | 85      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Methylene Chloride        | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,1,2,2-Tetrachloroethane | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Tetrachloroethene         | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Toluene                   | 805     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,1,1-Trichloroethane     | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,1,2-Trichloroethane     | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Trichloroethene           | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Vinyl Chloride            | <10     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| trans-1,3-Dichloropropene | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| 1,1,2-Trichloro 1,2,2 TFC | <5      | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |
| Xylenes                   | 670     | ug/l  | 1842 | 08/15/90 | EPA Method 8240 | PM |

C. H. Whiteside, Ph.D., President

90 OCT 1 AM 11 14  
RECEIVED  
OIL CONSERVATION DIVISION