NM1 - 25

INSPECTIONS & DATA

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

March 10, 2005

Mr. Larry Gandy
Gandy Corporation
P.O. Box 827
Tatum, NM 88267

Re: Gandy Corp. Treating Plant
NMOCD Permit NM-1-0025

Dear Mr. Gandy:

The New Mexico Oil Conservation Division inspected the above facility on February 14, 2005 and found it to be a very well managed and maintained treating plant. No problems with the facility were found. Overall, this site is in very good condition.

If you have any questions, contact me at (505) 476-3492 or emartin@state.nm.us

NEW MEXICO OIL CONSERVATION DIVISION

Ed Martin

Edwin E. Martin
Environmental Engineer

cc: NMOCD, Hobbs


42
2. 14. 2005


2. 14. 2005

An antique piece of equipment which I could not pass up.

Old pit area at Gandy Treating Plant. Now cleaned up.

Same as above, different view.

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Betty Rivera
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

December 10, 2002

Mr. Larry Gandy
Gandy Corporation
P.O. Box 827
Tatum, NM 88267

RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0025
Gandy Corporation
SE/4 of Section 11, Township 10 South, Range 35 East, NMPM
Lea County, New Mexico

Dear Mr. Gandy:

The New Mexico Oil Conservation Division (OCD) inspected the Gandy Corporation (Gandy) commercial surface waste management facility at the above location on November 19, 2002. Overall the OCD found Gandy to have a well maintained treating plant with good security. The OCD inspection and file review of Gandy indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Gandy during the inspection and file review. Attachment 2 contains photographs taken during the inspection. Gandy shall provide OCD with a detailed description of how the corrections will be made and a timetable of when each of the corrections will be completed. Gandy must respond to the permit deficiencies by January 21, 2003.

A review Gandy's financial assurance finds that the $74,150 letter of credit number NZS405558 is current and active. Please be advised that according to the schedule in the permit $98,855 will be due by May 11, 2003. 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) 476-3488.

Sincerely,

Martyne J. Kieling
Environmental Geologist

xc with Attachments: Hobbs OCD Office

ATTACHMENT 1
INSPECTION REPORT
PERMIT NM-01-0025
GANDY CORPORATION
SE/4 of Section 11, Township 10 South, Range 35 East, NMPM
Lea County, New Mexico
(December 10, 2002)

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 50 feet and contain the following information: a) name of facility, b) permit number; c) location by section, township and range, and d) emergency phone number.

   Facility has a sign and is secured with fence and locking gate. However, the facility sign does not contain the NMOCD permit number NM-01-0025 (see photo 1).

2. Berming: An adequate berm will be constructed and maintained to prevent runoff and runon for that portion of the facility containing contaminated soils.

   Facility is bermed at the fence line and the berm is in good shape.

3. 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 (see photos 4, 5, 13, 14 and 18).

4. 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.

   Above ground tanks are not individually bermed. However, the facility fence line is bermed and would contain the necessary volume.

5. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and 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.

   Valve catchments were all empty (see photos 4, 12, 13, 14 and 21).

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

One leaking valve without a catchment was observed (see photo 6). A containment devise may be needed at some additional valves. Two tanks had hatchways that showed evidence of leaking (Photos 7 and 8). Maintenance and repairs must be made and contaminated soils must be cleaned up by either off site landfarming or on site remediation.

All tanks were excavated around the base allowing the bottom edge to show. This appears to be a good way to detect leaks early and to prevent corrosion of the tank exterior (see photo 20).

7. 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.

8. 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.

One saddle tank containing diesel fuel located near the entrance did not have secondary containment. Saddle tanks must be placed on impermeable pad and curb type containment.

9. 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.

Most of the tanks were numbered but not all were clearly labeled to identify their contents and hazards. Placards or stencils were on all nine of the tanks in Photo 4. However, the oil sales tanks did not contain any placards nor were they labeled as to the contents (see Photos 14 and 15). The 7 green storage tanks were not labeled nor were the two insulated junk oil tanks (see photos 5 and 22)

10. 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.

11. 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. However there were some minor leaks or spills that require some on site remediation (see Photo 2, 6, 7, 8, 9, 19).

12. 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 NMOCD did not review the inspection logs at this time.

13. H_2S Screening: H_2S screening must be recorded and maintained.

The NMOCD did not review the H_2S logs at this time. Signs warning for H_2S were posted at three stairways and two windsocks were present (see photos 11 and 4). The NMOCD has not received an H_2S prevention and contingency plan as required in the Permit. Please review the following permit condition and respond accordingly.

1. Gandy must develop a prevention and contingency plan for ambient H_2S levels to protect public health. **The H_2S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by June 11, 2001**. The plan must address how Gandy will monitor for H_2S 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 (½) mile of the fence line and assist public safety officials with evacuation as requested; and

iii. the operator must begin operations or treatment that will mitigate the source.

14. Waste Acceptance and Disposal Documentation: Documentation required by forms C-117 and C-118. These records must be maintained for each load may include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of treatment chemicals.

A file review shows that Forms C-117 and C-118 have been submitted the file is up to date.

Gandy Corporation
OCD Inspection November 19, 2002
NMOCD Permit NM-01-0025

Date in camera was incorrect.

Photo 1. Sign at highway entrance does not have NMOCD Permit Number NM-01-0019.

Photo 2. Heating unit pump leaking.

Photo 3. Labeled diesel saddle tank.

Photo 4. Nine receiving and processing tanks. Valve catchments in place and empty. Hazard decals all in place. Tall green tank has one of two facility windsocks.

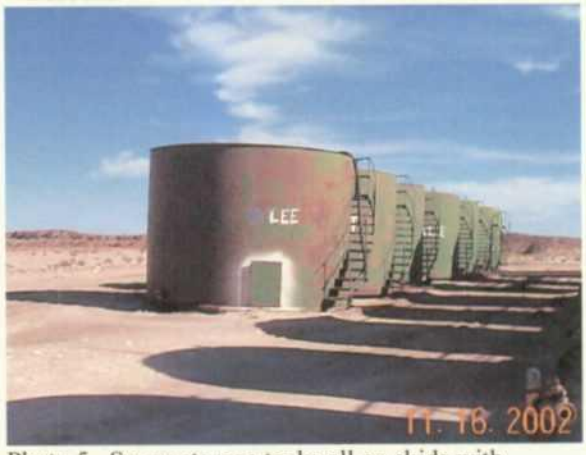


Photo 5. Seven storage tanks all on skids with bottoms above ground.

Photo 6. One of the storage tanks had a leaking valve without catch barrel.

Date in camera was incorrect.

Photo 7. Hatchway shows evidence of leaking.

Photo 10. Tanks on skids with bottoms above the ground surface.

Photo 8. Another hatchway shows evidence of leaking.

Photo 11. One of three H2S warning signs located near tanks.

Photo 9. Pump.

Photo 12. Empty valve catchment.

Photo 13. Seven tanks with valve catchments all in place and all empty.

Photo 14. Five oil sales tanks, four 300bbl and one 1000bbl. Catchments were in place and empty.

Photo 15. Oil sales tank with Section, Township and Range noted on the side along with the volume.

Date in camera was incorrect.

Photo 16. Former pit area looking south.

Photo 17. Former pit area looking southwest.

Photo 18. Tank with bottom edge exposed.

Photo 19. Soil stained with from leaks and spills.

Photo 20. Tank with bottom edge exposed.

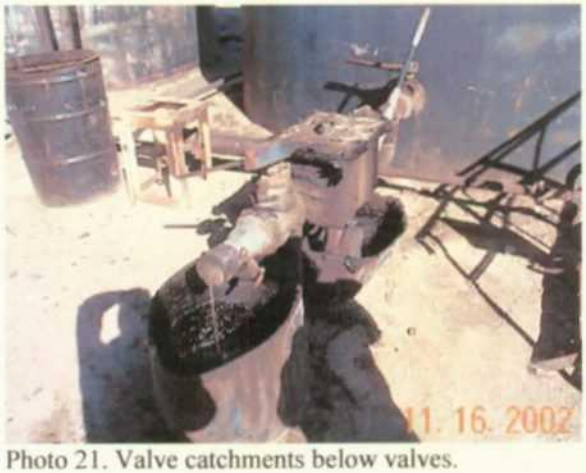


Photo 21. Valve catchments below valves.

Date in camera was incorrect.

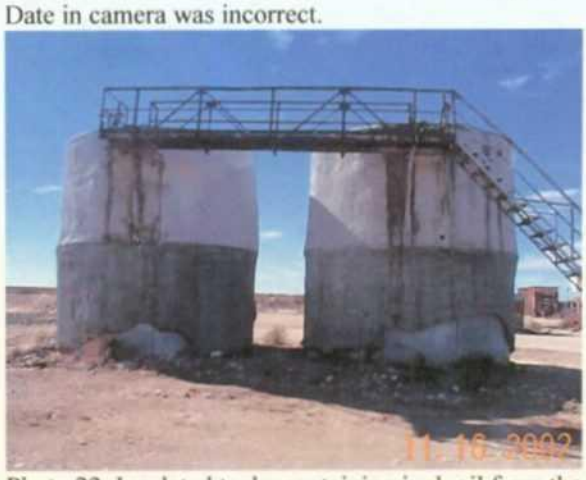


Photo 22. Insulated tanks containing junk oil from the initial pit remediation and recycling project.

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

April 27, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-309

Mr. Larry Gandy
Gandy Corporation
P.O. Box 827
Tatum, NM 88267

RE: Surface Waste Management Facility Inspection Report: Permit NM-01-0025
Gandy Corporation
SE/4 of Section 11, Township 10 South, Range 35 East, NMPM
Lea County, New Mexico

Dear Mr. Gandy:

The New Mexico Oil Conservation Division (OCD) inspected the Gandy Corporation (Gandy) commercial surface waste management facility at the above location on April 11, 2000.

Overall the OCD found Gandy to have a well maintained treating plant with good security. The OCD inspection and file review of Gandy indicates some permit deficiencies. Attachment 1 lists the permit deficiencies found at Gandy during the inspection and file review. Attachment 2 contains photographs taken during the inspection. Gandy 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. Gandy must respond to the permit deficiencies by May 29, 2000.

A review Gandy's financial assurance finds that the $25,000 surety bond No. U684263 is current and active. Please be advised that the facility is scheduled to be re-permitted this year and additional financial assurance will 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,

Martyne J. Kieling
Environmental Geologist

Attachments
xc: Hobbs OCD Office

ATTACHMENT 1
INSPECTION REPORT
PERMIT NM-01-0025
GANDY CORPORATION
SE/4 of Section 11, Township 10 South, Range 35 East, NMPM
Lea County, New Mexico
(April 27, 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. Berming: An adequate berm will be constructed and maintained to prevent runoff and runon for that portion of the facility containing contaminated soils.

   Facility is bermed at the fence line and is in good shape.

4. Soil Spreading, Disking and Lift Thickness: All contaminated soils received at the facility will be spread and disked within 72 hours of receipt. Soils will be spread on the surface in six inch lifts or less. Soils will be disked to enhance biodegradation of contaminants.

   At the time of inspection, soils had been spread and disked accordingly.

5. 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 (see photos 1, 2, 3, 4, 7, 8 and 13).

6. 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.

   Above ground tanks are not bermed. However, the facility fence line is bermed and would contain the necessary volume.

7. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and 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.

Valve catchments and buried sumps contained oil and fluid (see photo 11). The catchments must be emptied each time a truck unloads. Facility inspections must be conducted on at least a biweekly basis and sumps and catchments emptied. Sumps and catchments should be cleaned and inspected for integrity on an annual basis. Soil contaminated by over flow or leaking sumps and catchments must be cleaned up by either off site landfarming or on site remediation.

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

Several leaking pipes, valves and tanks were observed (see photo 5, 11, 12 and 14). Secondary containment may be needed at some valves. All leaks must be repaired. Contaminated soils must be cleaned up by either off site landfarming or on site remediation.

9. 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.

10. 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.

One saddle tank containing fuel located near the entrance did not have secondary containment. Saddle tanks must be placed on impermeable pad and curb type containment.

11. 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 tanks were numbered but not all were clearly labeled to identify their contents and hazards (see photos 1, 2, 3, 4, 9, 10 and 13). Placards or stencils must be placed on all tanks.

12. 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.

13. 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.

14. Regular Facility Inspections: Facility inspections and maintenance must be conducted on at least a biweekly basis (of one time every two weeks) and immediately following each consequential rainstorm or windstorm.

The current permit Order R-4594 has not required these inspections.

15. H_2S Screening: H_2S screening must be recorded and maintained.

H_2S screening has not been performed. The current permit Order R-4594 has not required H_2S screening and record keeping.

16. Waste Acceptance and Disposal Documentation: Documentation required by forms C-117 and C-118. These records must be maintained for each load may include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of treatment chemicals.

Records including C-117 and C-118 were reviewed. Records of waste received indicate waste acceptance and disposal records are being kept and maintained as required.

17. Remediation of Evaporation/BS&W Pits: Evaporation and BS&W pits will be emptied and contaminated soils excavated and the materials landfarmed on site. Upon completion of remediation phase Gandy may request to use the remediated soil as pit fill material. The excavated pits must be filled, compacted and domed to prevent ponding or pooling of precipitation.

At the time of the inspection all former pits have been emptied and all visually contaminated soils excavated and the materials landfarmed for two to three years. Upon receipt of a request from Gandy, which must include bottom hole sample analysis from the pits and landfarm soil analysis, the OCD can make a determination on the former pits and weather they may be back filled with remediated soils.

Photo 1 04-11-00
Process area, boiler, fuel oil and propane tanks.

Photo 2 04-11-00
Sale oil and process tanks.

Photo 3 04-11-00
Sale oil tanks.

Photo 4 04-11-00
Process area and storage shed.

Photo 5 04-11-00
Leaking tank to be cleaned and removed.

Photo 6 04-11-00
Bolted tank to be cleaned and removed.

Photo 7 04-11-00
Bolted tank to be cleaned and removed

Photo 8 04-11-00
Bolted tanks to be cleaned and removed

Photo 9 04-11-00
Temporary oil storage tanks

Photo 10 04-11-00
Process tanks.

Photo 11 04-11-00
Leaking valve and sumps with oil and water.

Photo 12 04-11-00
Leaking valve or pipe.

Photo 13 04-11-00
Sale oil.

Photo 14 04-11-00
Leaking valve or pipe

Inspection Report
Gandy Corporation
Lea County, NM

Inspection Date: November 5, 1998

EPA ID Number: none

Facility Name: Gandy Corporation

Physical Location: Highway 206 North of Tatum, near Crossroads
N 33° 27.525', W 103° 18.969'

Mailing Address: 1109 East Broadway, P.O. Box 827, Tatum, NM 88267

Type of Ownership: private

Inspection Participants:

Lead EPA Inspector: Melissa Smith (214) 665-7357 **Initials:** MLS

Other Participants:

Roger Anderson	New Mexico Oil Conservation Division	(505) 827-7152
Doug McKenna	U.S. Fish and Wildlife Service	(505) 589-2823
Greg Stover	U.S. Fish and Wildlife Service	(505) 883-7828
Wesley Ganter	Science Applications International Corporation (SAIC)	(303) 382-6717
Tim Reeves	SAIC	(303) 382-6730

Facility Owner: Dale Gandy

Facility Representatives: Dale Gandy, Owner (505) 398-4960
Lewis Walker, Plant Foreman (505) 398-4960

Facility Description: Commercial facility for oil field waste disposal.

Generator Status: non-generator

Inspection Type: Compliance evaluation inspection with sampling

Reason for Evaluation: General inspection with sampling

Summary of Inspection: see narrative

Checklists Completed: none

Peer Reviewed by: Linda Gilbertson **Date:** 7/9/99

Compliance Evaluation Inspection Narrative
Gandy Corporation
Lea County, NM

On November 5, 1998, a compliance evaluation inspection was conducted at Gandy Corporation Treating Plant located off of Highway 206, north of Tatum, near Crossroads, New Mexico. The purpose of the inspection was to determine if any pits or structures at the facility pose a threat to human health or the environment (including wildlife), and to determine if the facility handles any waste which may be subject to the Resource Conservation Recovery Act ("RCRA") regulations regarding hazardous waste. The inspection team arrived at the facility at approximately 1:00 pm. The team was met by Mr. Lewis Walker, Plant Foreman, and was joined shortly by the facility owner, Mr. Dale Gandy. The inspectors explained the purpose of the inspection.

The facility was permitted in 1973 by the New Mexico Oil Conservation Division ("NMOCD") under Order No. R-4594 for the purpose of treating and reclaiming sediment oil obtained from tank bottoms and waste pits (see Attachment A). The permit was modified in 1993 to reclaim and close the unlined oilfield service pits that had previously been used at the facility (see Attachment B). The facility currently receives and treats oilfield waste in tanks. According to facility representatives, only waste that meets the RCRA exemption for oilfield waste is accepted (waste that is exempt from the hazardous waste regulations).

At the time of the inspection the facility was in the final stages of closing the 3 pits that had been used in the past for storing and treating oilfield waste. The contents of the pits had been removed and were being remediated and landfarmed on-site (see Attachment C, photo #1). Oilfield waste is now brought into the facility and placed into tanks rather than pits. The waste is off-loaded into several horizontal 500-barrel tanks (see photo #3). After some initial separation occurs, oil is skimmed from the receiving tanks and placed in treatment tanks (see photo #4). Recovered product oil is placed in sales tanks and stored until sold (see photo #2). Due to the low cost of oil at the time of the inspection, the majority of the facility's tanks were full of product oil being stored until prices begin to rise. Waste water and bottom solids from the treatment process are placed in storage tanks and shipped off-site to a commercial oilfield waste disposal facility (see photo #'s 5 & 6). No waste disposal occurs on-site.

Representative samples were collected from the one of the receiving tanks and from one of the bottom solids storage tanks. The following samples were collected:

- Receiving Tank #36: A representative liquid sample was collected of the water which had separated in the tank. The sample was collected at the outflow of the pipe leading from the tank (sample # G-1). A duplicate sample was collected for quality control purposes (G-2).

- Bottom Solids Tank #32: A representative sample was collected of the contents of the tank. Due to the sludge-like consistency of the material, the sample was collected in sediment jars. The sample was collected at the outflow of the pipe leading from the tank (sample # G-3).

Appropriate quality assurance and quality control (QA/QC) samples were collected for the site. The samples were sent via Federal Express to Core Lab-Gulf States Analytical in Houston, Texas, for analysis (see Attachment D, chain of custody for samples). The samples were analyzed for volatile organic compounds, semi-volatile organic compounds, organochlorine pesticides, organophosphorus pesticides, chlorophenoxy herbicides, polychlorinated biphenols (PCBs), and HSL metals (Aluminum, Antimony, Arsenic, Barium, Beryllium, Cadmium, Calcium, Chromium, Cobalt, Copper, Iron, Lead, Magnesium, Manganese, Mercury, Nickel, Potassium, Selenium, Silver, Sodium, Thallium, Vanadium, and Zinc). A summary of the analytical

results is included as Attachment E.

No areas of concern were identified during the inspection. No wildlife mortality was observed at the site at the time of the inspection.

Attachments

A Permit issued by NMOCD

B Permit modification

C Photograph log

D Chain of Custody for samples

E Analytical Data Summary

ATTACHMENT A

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5012
Order No. R-4594

APPLICATION OF GANDY CONSTRUCTION
FOR AN OIL TREATING PLANT PERMIT,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 27, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 23rd day of July, 1973, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Gandy Construction, seeks authority to install and operate an oil treating plant, utilizing heat, solvents, and chemicals, in the SE/4 of Section 11, Township 10 South, Range 35 East, NMPM, Lea County, New Mexico, for the reclamation of sediment oil to be obtained from tank bottoms and waste pits.

(3) 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.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Gandy Construction, is hereby authorized to install and operate an oil treating plant, utilizing heat, solvents, and chemicals, in the SE/4 of Section 11, Township 10 South, Range 35 East, NMPM, Lea County, New Mexico, for the purpose of treating and reclaiming sediment oil to be obtained from tank bottoms and waste pits;

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 Commission;

PROVIDED FURTHER, that prior to commencing operation of said plant, the applicant shall file with the Commission 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 Commission.

(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 tract upon which the plant is located.

(3) 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.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

ATTACHMENT B

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

DRUG FREE

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

July 22, 1993

CERTIFIED MAIL
RETURN RECEIPT NO. P-667-242-001

Mr. Dale Gandy, President
dy Corporation
P.O. Box 827
Tatum, New Mexico 88267

RE: **APPROVAL OF OCD RULE 312 PERMIT MODIFICATION**
GANDY CORPORATION TREATING PLANT
LEA COUNTY, NEW MEXICO

Dear Mr. Gandy:

The New Mexico Oil Conservation Division (OCD) has received your June 25, 1993, request for a permit modification to reclaim and close the unlined oilfield service pits at the Gandy Corporation Treating Plant located in SE/4 of Section 11, Township 10 South, Range 35 East, NMPM, Lea County, New Mexico. The facility was permitted by the Oil Conservation Commission under Order No. R-4594 on July 23, 1973 for the purpose of treating and reclaiming sediment oil obtained from tank bottoms and waste pits.
Based on the information supplied in the proposal dated June 25, 1993, and the supplemental materials dated June 18, 1993, the request to reclaim and close the unlined pits at the Gandy Treating Plant is hereby approved under the following conditions:

1. Water recovered from the reclamation operation will be stored in a lined evaporation pond. Any excess water will be hauled to and disposed of down an OCD approved disposal well (UIC Class II).

2. The solids and sludges generated as by-products in the reclamation process may either be remediated onsite or transported offsite for disposal/remediation at an OCD approved facility. Onsite treatment of solids and sludges must receive OCD approval prior to conducting operations.

3. After the reclamation process is finished, Gandy will conduct cleanup of the location which may include, but is not limited to, closure of the lined evaporation pond(s), backfilling the pits, and restoration of the closed portion of the facility.

Please be advised that approval of this operation does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment actionable under other laws and/or regulations. In addition, the OCD approval does not relieve you of liability for compliance with any other 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 nonhazardous to migratory birds.

If you have any questions, please feel free to contact Kathy Brown at (505) 827-5884.

Sincerely,

William J. LeMay
Director

WJL/kmb

xc: Jerry Sexton, OCI

Is your RETURN ADDRESS completed on the reverse side?

SENDER:
- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered

I also wish to receive the following services (for an extra fee):
1. ☐ Addressee's Address
2. ☐ Restricted Delivery
Consult postmaster for fee.

3. Article Addressed to:
Mr Dale Gandy
Gandy Corporation
P.O Box 937
Tatum, New Mexico
88267

4a. Article Number
P-667-242-001

4b. Service Type
☐ Registered ☐ Insured
☑ Certified ☐ COD
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)

8. Addressee's Address (Only if requested and fee is paid)

6. Signature (Agent)

PS Form 3811, December 1991 ☆U.S. GPO: 1992—323-402 DOMESTIC RETURN RECEIPT

Thank you for using Return Receipt Service.

ATTACHMENT C

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 3 Photographer: T. Reeves, SAIC
Location: Gandy Corporation
Subject: Tanks used for unloading.
City/County: Lea County State: NM
Date: 11/05/98 Time: pm Weather: cloudy, cold

Photo Number: 4 Photographer: T. Reeves, SAIC
Location: Gandy Corporation
Subject: Tanks used for treating.
City/County: Lea County State: NM
Date: 11/05/98 Time: pm Weather: cloudy, cold

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 1 Photographer: T. Reeves, SAIC
Location: Gandy Corporation
Subject: Land farming operation of former pits.
City/County: Lea County State: NM
Date: 11/05/98 Time: pm Weather: cloudy

Photo Number: 2 Photographer: T. Reeves, SAIC
Location: Gandy Corporation
Subject: Produced oil tank battery.
City/County: Lea County State: NM
Date: 11/05/98 Time: pm Weather: cloudy, cold

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 5 Photographer: T. Reeves, SAIC
Location: Gandy Corporation
Subject: Tanks used for storage of tank bottoms.
City/County: Lea County State: NM
Date: 11/05/98 Time: pm Weather: cloudy, cold

Photo Number: 6 Photographer: T. Reeves, SAIC
Location: Gandy Corporation
Subject: Tanks used for storage of produced water.
City/County: Lea County State: NM
Date: 11/05/98 Time: pm Weather: cloudy, cold

ATTACHMENT D

GULF STATES ANALYTICAL

CORE LAB

6310 Rothway, Houston, Texas 77040
(713) 690-4444, Fax (713) 690-5646

Company: ❶ SAIC
Address: 2232 Gallows Rd. Ste 300 Dunn Loring, VA 22027
Tele #: 703-645-6973
Fax #:
Reports Sent To:
P O #:
Project #:
Project Name: NM Oil Pits
Project Location: Hobbs
Sampler(s) Name: (Signature) [signature]
Courier: FedEx

❷ Field Sample ID	❸ Sampling Date	Time	❹ Matrix: Water	Soil	Sludge	Oil	Other	# of Containers	Haz. Sample (Y/N)	❺ Request for Analysis: VOC	SVOC	Pesticides	Herbicides	PCBs	Metals	Oil + Grease	Cl SO4 TDS
1. Janex-FB	11/5/98	0820	X					8		X	X	X	X	X	X		
2. Janex-3	↓	1000	X					8		↓	↓	↓	↓	↓	↓		
3. Janex-2	↓	0930	X					6		↓	↓	↓	↓	↓	↓		
4. Janex-QC1	↓	0900	X					8		↓	↓	↓	↓	↓	↓		
5. Janex-1	↓	0910	X					8		↓	↓	↓	↓	↓	↓		
6. G-FB	↓	1400	X					8		↓	↓	↓	↓	↓	↓		
7. G-1	↓	1430	X					8		↓	↓	↓	↓	↓	↓		
8. G-2	↓	1500	X					8		↓	↓	↓	↓	↓	↓		
9. G-3	↓	1500			X			2		↓	↓	↓	↓	↓	↓		
10. G-3QC	↓	1500			X			2		↓	↓	↓	↓	↓	↓		
11. WP55	11/4/98	1550	X					2								X	X
12.																	
13.																	

See below — Do Lab QC (samples 3–4)
Do Lab QC (sample 10)

Relinquished by Sampler: (Signature)	Date	Time:	Received by: (Signature)	Date	Time:
❼ [signature]	11/6/98	0700			
Relinquished by: (Signature)	**Date**	**Time:**	**Received by: (Signature)**	**Date**	**Time:**
Relinquished by: (Signature)	**Date**	**Time:**	**Received by Laboratory: (Signature)**	**Date**	**Time:**

❻ **Remarks:** Note: Janex-2 pesticide and one semi-vols volume were not collected. Please use other volumes for those analyses at that site.

Requested Turnaround

GSAI Group:

Special Detection Limits

QC Package: (check one)
☐ CLP ☐ Site Specific
☐ Tier 1 ☐ Tier 2 ☐ QC Summary

ATTACHMENT E

Garnet

TABLE 5-1

SUMMARY OF DETECTED CONSTITUENTS FOR SLUDGE SAMPLE LOCATION 5, CARLSBAD, NEW MEXICO

Constituent	G-3
HSL Metals (SW-846 Methods 3051/6010B/7470A)	
Aluminum	393
Antimony	9.7 T
Arsenic	12.1
Barium	214
Cadmium	0.14 T
Calcium	8,300
Chromium	22.5
Cobalt	4.9 T
Copper	159
Iron	41,200
Lead	257
Magnesium	1,680
Manganese	133
Mercury	0.27
Nickel	34.1
Potassium	740 T
Sodium	7,510
Zinc	445
Total VOCs (SW-846 Method 8260B)	
Benzene	6,400
Ethylbenzene	5,200
Methylene chloride	240 VB
Toluene	11,000
Xylene (total)	4,900
Total SVOCs (SW-846 Method 8270C)	
Anthracene	16.0 VD
Carbazole	15.0 VD
Chrysene	34.0 D
Dibenzofuran	170 D
Fluoranthene	43.0 VD
Fluorene	120 VD
2-Methylnapthalene	1,100 D
Naphthalene	600 D
Phenanthrene	220 D
Pyrene	51.0 VD

TABLE 5-1 (Continued)

SUMMARY OF DETECTED CONSTITUENTS FOR SLUDGE SAMPLES LOCATION 5, CARLSBAD, NEW MEXICO

Constituent	G-3
Pesticides (SW-846 Methods 8081A/8141)	
None Detected	
Polychlorinated Biphenyls (SW-846 Method 8082)	
None Detected	
Herbicides (SW-846 Method 8151)	
None Detected	

Notes:

All concentrations are reported in units of milligrams per kilogram (mg/kg).

Constituents reported in this table include those detected in at least one sample at a concentration greater than the reporting limit.

B	This flag is used when the analyte is found in the associated blank as well as in the sample
D	This flag identifies all compounds indentified in an analysis at a secondary dilution factor
HSL	Hazardous Substance List
SW-846	U.S. EPA (1996), Test Methods for Evaluating Solid Waste: Update III, third edition, Washington, D.C.
SVOC	Semivolatile organic compound
T	The reported value is less than the contract required detection limit but greater than the instrument detection limit
V	Result is less than the contract required quantitation limit but greater than zero
VOC	Volatile organic compound

TABLE 5-2

SUMMARY OF DETECTED CONSTITUENTS FOR WATER SAMPLES LOCATION 6, CARLSBAD, NEW MEXICO

Detected Constituent	G-FB	G-1	G-2
HSL Metals (SW-846 Methods 3051/6010B/7470A)			
Aluminum	0.0471 T	0.273	0.19 T
Antimony	< 0.0057	0.0138 T	0.0087 T
Arsenic	< 0.0037	0.232	0.234
Barium	0.0015 T	1.12	1.13
Beryllium	< 0.00022	0.00022 T	0.00039 T
Calcium	1.21 T	4,610	4,710
Copper	< 0.003	0.0457	0.0443
Iron	< 0.0544	28.3	23.6
Magnesium	0.482 T	1,810	1,830
Manganese	0.0018 T	7.64	7.65
Potassium	< 0.08	1,020	1,010
Selenium	< 0..0091	0.0202	0.0307
Silver	< 0.0014	0.0239	0.0235
Sodium	0.211 T	55,900	47,600
Zinc	0.0018 T	0.147	0.106
Total VOCs (SW-846 Method 8260B)			
Benzene	< 0.005	13.0 D	13.0 D
Ethylbenzene	< 0.005	0.32	0.31
Methylene Chloride	0.002 VB	< 0.05	< 0.05
Toluene	< 0.005	2.7 D	2.7 D
Xylene (total)	< 0.015	0.38	0.37
Total SVOCs (SW-846 Method 8270C)			
2-Methylphenol	< 0.01	0.16	0.19
4-Methylphenol	< 0.01	0.073	0.085
Dimethylphthalate	< 0.01	< 0.01	0.01
2,4-Dimethylphenol	< 0.01	0.051	0.06
Fluorene	< 0.01	< 0.01	0.0023 V
2-Methylnapthalene	< 0.01	0.01	0.022
Naphthalene	< 0.01	0.02	0.027
Phenanthrene	< 0.01	< 0.01	0.0038 V
Phenol	< 0.01	0.12	0.11
Pesticides (SW-846 Methods 8081A/8141)			
delta-BHC	< 0.00012	0.016	0.007
Polychlorinated Biphenyls (SW-846 Method 8082)			
None Detected			
Herbicides (SW-846 Method 8151)			
None Detected			

TABLE 5-2 (Continued)

SUMMARY OF DETECTED CONSTITUENTS FOR WATER SAMPLES LOCATION 6, CARLSBAD, NEW MEXICO

Notes:

All concentrations are reported in units of milligrams per liter (mg/L).

Constituents reported in this table include those detected in at least one sample at a concentration greater than the reporting limit.

B	This flag is used when the analyte is found in the associated blank as well as in the sample
D	This flag identifies all compounds indentified in an analysis at a secondary dilution factor
HSL	Hazardous Substance List
SW-846	U.S. EPA (1996), Test Methods for Evaluating Solid Waste: Update III, third edition, Washington, D.C.
SVOC	Semivolatile organic compound
T	The reported value is less than the contract required detection limit but greater than the instrument detection limit
V	Result is less than the contract required quantitation limit but greater than zero
VOC	Volatile organic compound

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

NMOCD INTER-OFFICE CORRESPONDENCE

TO: Martyne Kieling-Environmental Bureau

From: Wayne Price-Environmental Engineer

Date: May 19, 1997

Reference: Gandy Treating Plant

Subject: Inspection report.

Comments:

Dear Martyne,

The facility was toured with Gandy's treating plant operator Louis Walker. Also I have had a brief discussion with Larry Gandy on the re-permitting process and bonding requirements.

Please find enclosed pictures and a plot plan sketch for the above referenced facility.

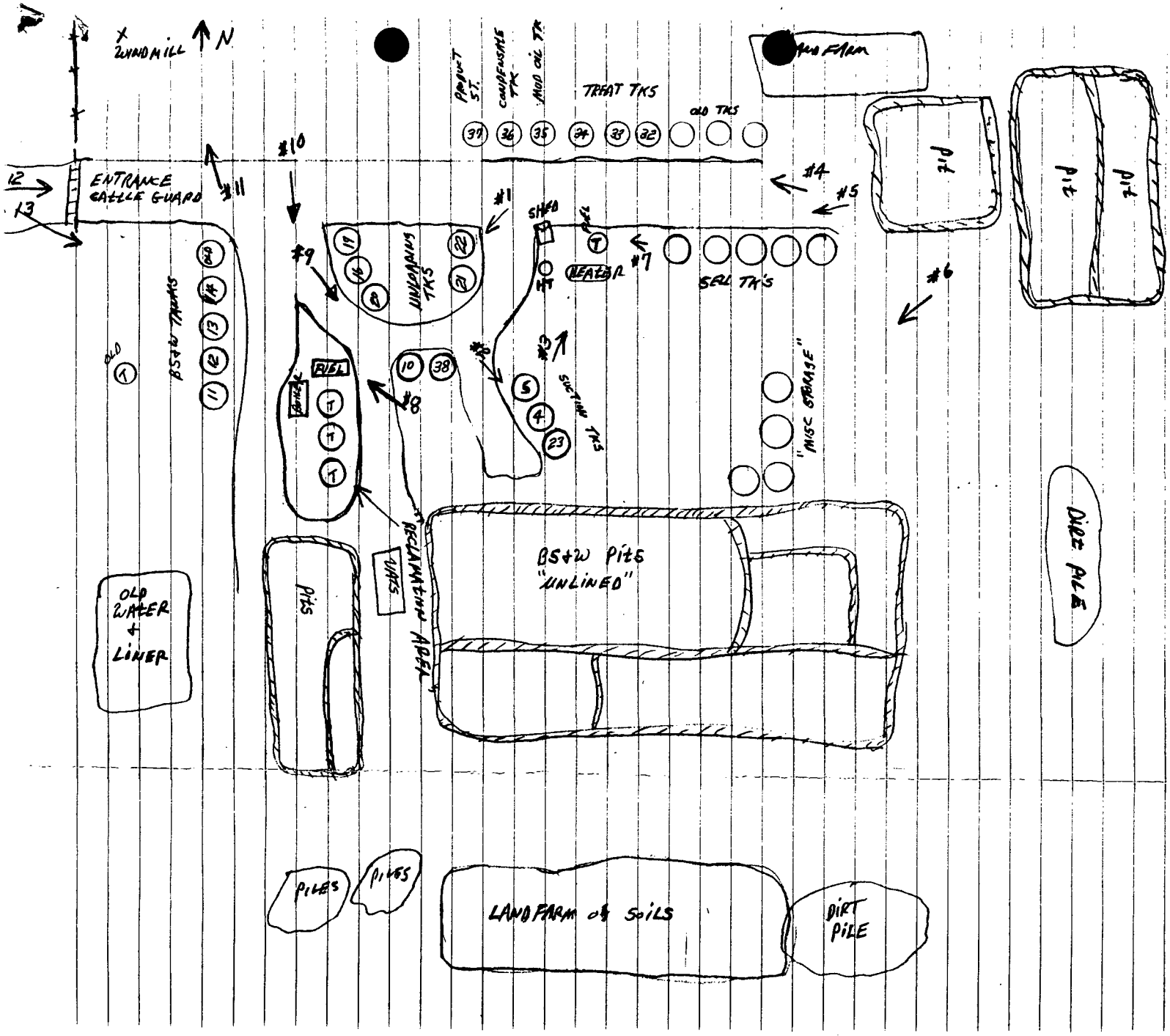
Please note Gandy is in the process of reclaiming the oily BS&W in the old pits. They have contracted Sundance Inc. to perform this work. The material that cannot be reclaimed is presently being stored on-site.

This is still an active treating plant which takes BS&W from various sources for reclamation.

The water is presently being disposed of at various SWD's nearby. The BS (basic sediments) is being stored in various tanks. They do on occasions dispose of the BS on lease and county roads.

cc: Chris Williams-District I Supervisor

attachments-2
1. Pictures & Comments.
2. Plot Plan Sketch.



GANDY TREATING PLANT SE/4 SEC 11-T6S-R35E
PLOT PLAN SKETCH - No SCALE
DATE: 4/30/97 BY: D. PRICE - NMOCD

← LOCATION & PICTURE #'S

4/3/97 Gandy Company Photo 1

4/3/97

Photo 2

4/3/97 Gandy Co. Photo 3

4/3/97 Gandy Co. Photo 4

4/3/97 Gandy Co Photo 5

4/5/97 Gandy Co Photo 6


4/3/97
Gandy Co.

4/3/97 Gandy Co Photo 8

4/3/97 Gandy Co. Photo 9

4/3/97 Gandy Co. Photo 10

4/3/97 Gandy Co. Photo 11

4/8/97 Gandy Co Photo 12

4/3/97 Gandy Co. Photo 13

4/3/97 Gandy Co. Photo 14

4/3/97 Gandy Co. Photo 15

4/30/97 Gandy Co. Photo 16

4/30/97 Gandy Co. Photo 17

4/30/97 GANDY CO. Photo 18.

4/30/97 GANDY CO. Photo 19

4/30/97 GANDY CO. Photo 20

4/30/97 GANDY CO. Photo 21

4/30/97 GANDY CO. Photo 22

4/30/97 CANDY CO. Photo 23

4/30/97 Gandy Co. Photo 24

4/30/97 Gamedy Co Photo 25

4/30/97 GANDY CO. Photo 26

4/30/92 GANDY CO. Photo 27

4/30/97 Gandy Co Photo 28