NM1 - 28

INSPECTIONS & DATA

Inspection Report
Old Loco Treating Plant (Waypoint #17)
Eddy County, NM

Inspection Date: November 2, 1998

EPA ID Number: none

Facility Name: Old Loco Treating Plant (WP #17)

Physical Location: N 32° 48.637', W 104° 06.001'
Highway 82, near Loco Hills, NM
NW 1/4, Section 29, Township 17S, Range 29E

Mailing Address: P.O. Box 116
Loco Hills, NM 88255

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
Vince Balderaz	U.S. Bureau of Land Management	(505) 393-3612
Ed Moriarty	Science Applications International Corporation (SAIC)	(703) 645-6973
Tim Reeves	SAIC	(303) 382-6730

Facility Owner: Old Loco Oil Company

Facility Representative: Tracy Kinnibrugh, Plant Manager, (505) 677-2100

Facility Description: Commercial facility for produced water disposal.

Generator Status: non-generator

Inspection Type: Compliance evaluation inspection without sampling

Reason for Evaluation: General inspection

Summary of Inspection: see narrative

Checklists Completed: Problem Oil Pit Inspection Checklist

Peer Reviewed by: Deena Wooten **Date:** 2-22-99

Compliance Evaluation Inspection Narrative
Old Loco Treating Plant (Waypoint #17)
Eddy County, NM

On September 17, 1998, the Old Loco Treating Plant ("facility") was identified during an aerial survey by the U.S. Fish and Wildlife Service (FWS) as being a potential problem oil pit facility. From the air, it appeared that the facility had oil spilled on the ground around the facility's tank storage battery (see Photo Log "A", photo #'s 1 & 2). A site inspection was conducted on November 2, 1998, as a follow-up to the aerial survey. The inspection team arrived at the facility at approximately 9:30 am. The team was met by Mr. Tracy Kinnibrugh, Plant Manager of the facility. The team explained the purpose of the visit which was to follow-up on the information obtained during the aerial survey, determine if any pits or structures pose a threat to wildlife (and if any mortality is observed on-site), and to determine if the facility handles any waste which may be subject to the Resource Conservation Recovery Act regulations regarding hazardous waste.

The facility is located directly off of Highway 82, on the south side, and consists of an office and tank storage battery located on approximately 10 acres. The tank battery consists of 13 tanks ranging in capacity from 210 to 1000 barrels (see Photo Log "B", photo #1). Old Loco Treating Plant is a commercial oil field waste disposal facility. The facility accepts oil field waste (i.e. produced water) which they process in tanks located on-site. The oil and water are separated in the tanks. Oil is sold as product and water is shipped to Loco Hills Water Disposal Facility. Tank bottoms and bottoms from oil pits are brought here and stored in tanks. The material is then shipped to Jenex Operating, near Hobbs, New Mexico, where it is sampled for sulphur content and heavy metals. If the material is going to a refinery, then it is also tested for chlorinated solvents. The Old Loco facility did not have the analytical results on-site, but explained that it could be obtained from the Jenex facility. The facility does not dispose of any material on-site and does not utilize pits for separation or evaporation.

The facility explained that what FWS viewed from the air on September 17 was a spill that occurred from a valve malfunction on one of the larger tanks. The facility was in the process of cleaning up a spill at the time of the inspection, but it was not clear whether or not this was the same spill that was observed on September 17 (see Photo Log "B", photo #'s 4 & 5). It appeared from the saturated and stained soil that the facility had numerous spills/overflows in the past (see Photo Log "B", photo #'s 2, 3, 6 - 11). There were no berms or containment devices around the tanks. Two of the tanks were open-topped and were not covered or netted. The facility did not have a Spill Prevention, Control and Countermeasures Plan; however, there did not appear to be any surface water located near the facility. The inspectors were told that there were not any drinking water sources nearby.

The facility was inspected in September, 1997, by the New Mexico Oil Conservation Division (OCD). The facility was told to clean up the site and establish secondary containment for the tanks (i.e. berms). The facility decided to close this site and is planning to move to a new location in January or February of 1999. They have a new permit currently under review (see Attachment A, Permit Application). According to the facility representative, the tanks at this site will be emptied and moved, and the contaminated soil around the tanks will be removed. The OCD representative indicated that these conditions will be written into the facility's new permit.

A Problem Oil Pit Inspection Checklist was completed during the inspection (see Attachment B). The FWS did not find any wildlife mortality at the site during the inspection.

Areas of Concern

- Numerous leaks and spills of oil on ground.
- No secondary containment around tanks.
- Open-topped tanks with oily liquid not equipped with netting or other exclusionary devices.

Attachments

Photo Log "A"

Photo Log "B"

A Permit application for relocation

B Problem Oil Pit Inspection Checklist

PHOTO LOG "A"

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

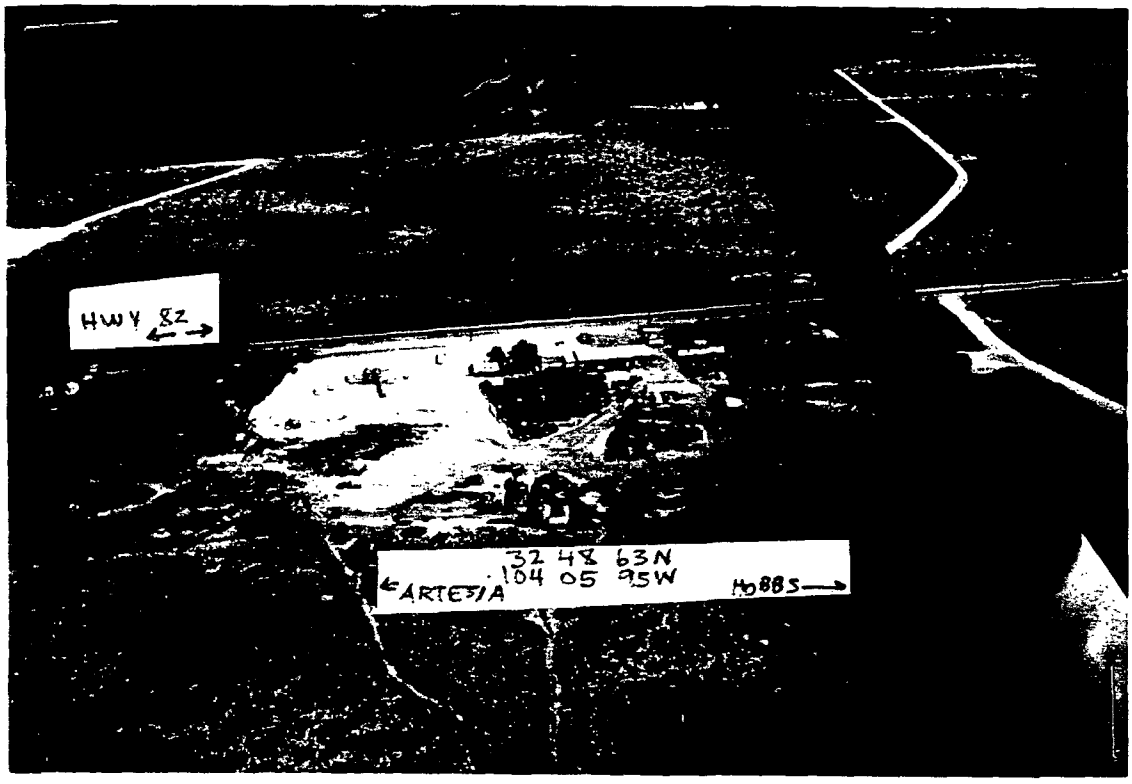


Photo Number: 1 Photographer: Greg Stover, FWS
Location: Old Loco Treating Plant
Subject: Aerial view of facility
City/County: Loco Hills/Eddy County State: NM
Date: 09/17/98 Time: unknown Weather: partly cloudy

Photo Number: 2 Photographer: Greg Stover, FWS
Location: Old Loco Treating Plant
Subject: Aerial view of tank battery
City/County: Loco Hills/Eddy County State: NM
Date: 09/17/98 Time: unknown Weather: partly cloudy

PHOTO LOG "B"

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 1 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Tank battery, looking SE
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

Photo Number: 2 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil spilled from valve on NW tank, looking E
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 3 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: SW tank previously overflowed, looking E
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

Photo Number: 4 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Active cleanup of soil from overflowed tank, looking SE
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 5 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil spilled on ground
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

Photo Number: 6 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil spilled from tank, looking W
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 7 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil spilled below off valves, looking S
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

Photo Number: 8 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil and water on ground. Oil stained soil, looking W
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 9 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil on soil below tank, looking W.
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

Photo Number: 10 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil sitting on water below tank.
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
Official Photograph Log

Photo Number: 11 Photographer: T. Reeves
Location: Old Loco Treating Plant
Subject: Oil stained soil.
City/County: Loco Hills/Eddy County State: NM
Date: 11/02/98 Time: am Weather: partly cloudy

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8618
Order No. R-7970

APPLICATION OF ORTHELL KINNIBRUGH, DBA OLD LOCO OIL, FOR THE RELOCATION OF AN OIL TREATING PLANT AUTHORIZED BY DIVISION ORDER NO. R-7532, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on June 5, 1985, at Santa Fe, New Mexico, before Examiner Gilbert P. Quintana.

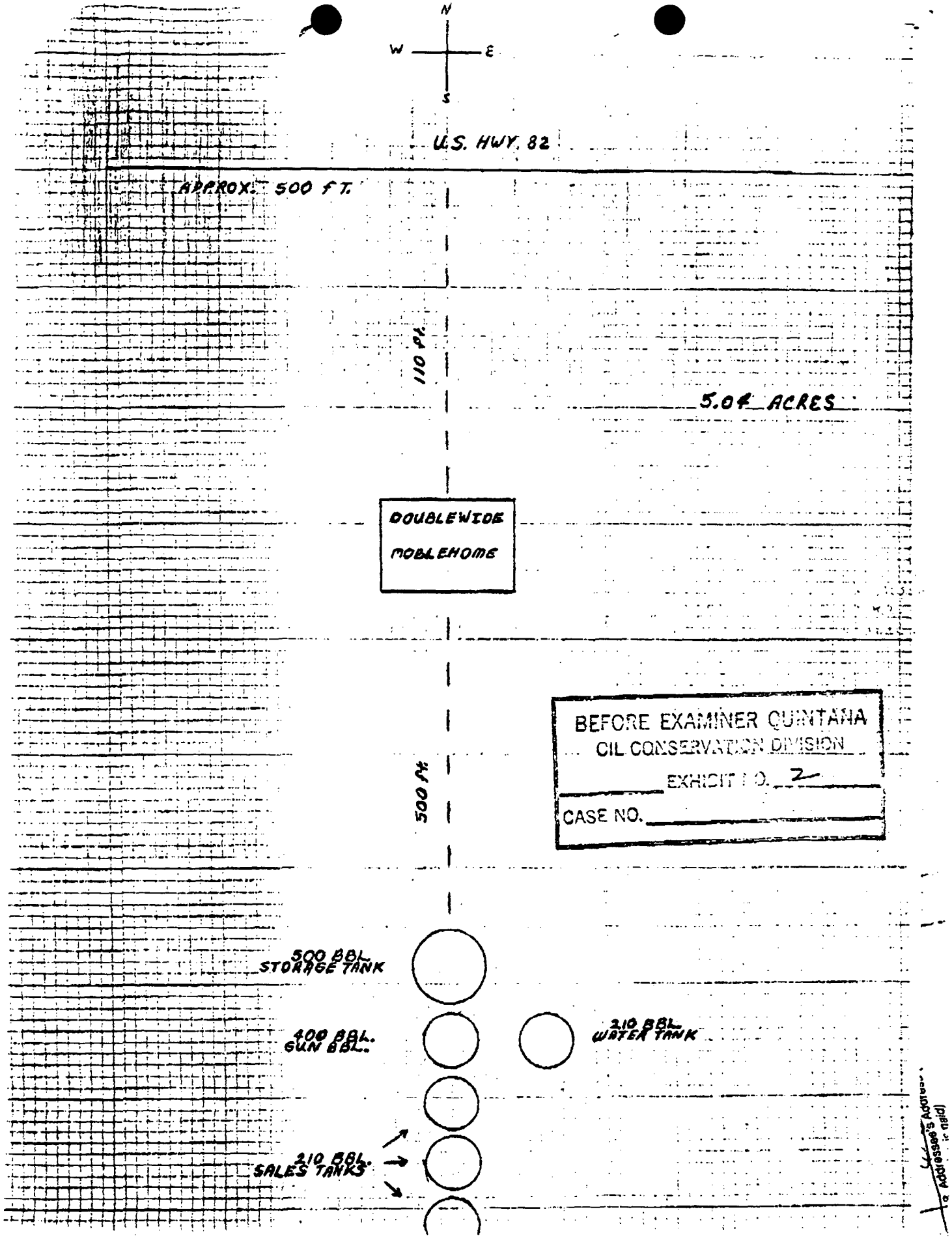
NOW, on this 2nd day of July, 1985, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) Division Order No. R-7532 authorized Bill Scott, dba Cedar Lake Oil, on May 9, 1984, to construct and operate a chemical, catalitic, and heat-treatment type oil treating plant at its treatment facility located in the SW/4 of Section 19, Township 17 South, Range 31 East, NMPM, Eddy County, New Mexico, for the processing of raw material from tank bottoms and waste pits.

(3) The applicant, Orthell Kinnibrugh, dba Old Loco Oil, seeks the relocation of said oil treatment plant to a more central location in the NW/4 of Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico.


N
W
E
S
U.S. HWY. 82
APPROX. 500 FT.
110 Ft.
5.04 ACRES
DOUBLEWIDE
MOBILEHOME
500 Ft.
BEFORE EXAMINER QUINTANA
OIL CONSERVATION DIVISION
EXHIBIT NO. 2
CASE NO.
500 BBL. STORAGE TANK
400 BBL. GUN BBL.
210 BBL. WATER TANK
210 BBL. SALES TANKS

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, NM 87505
(505) 827-7133
Fax: (505) 827-8177

(PLEASE DELIVER THIS FAX)

To: Roger Anderson

From: Martyne Kieling

Date: November 2, 1998

Message: Old Loco Oil OK Hot Oil Serv.

Page 1 of 14

If you have any trouble receiving this, please call:
(505) 827-7133

ATTACHMENT A

(4) The applicant further seeks an order reflecting a change in ownership from Bill Scott, dba Cedar Lake Oil to Orthell Kinnibrugh, dba Old Loco Oil.

(5) The applicant intends to operate said plant utilizing the same processes and equipment authorized in Division Order No. R-7532.

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

(7) A fire wall should be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location in order that sediment oil, reclaimed oil, waste oil, or water cannot escape from the immediate vicinity of such plant.

(8) The applicant should not retain any unprocessed or processed oil, wastes, or water in any earthen pit on the location.

(9) 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.

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

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Orthell Kinnibrugh, dba Old Loco Oil, is hereby authorized to relocate and operate a chemical, catalitic, and heat-treatment type oil treating plant at his treatment facility located in the NW/4 of Section 29, Township 17 South, Range 29 East, NMPM, Eddy 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 Division;

PROVIDED FURTHER THAT, prior to commencing operation of said plant, the applicant shall file with the Division and obtain approval of a performance bond in the amount of

$10,000.00 conditioned upon substantial compliance with applicable statutes of the State of New Mexico and all rules, regulations and orders of the Oil Conservation Division.

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

(3) A fire wall shall be constructed around the plant capable of holding the entire capacity of all tanks and vessels at the plant location and capable of preventing the escape of any sediment oil, reclaimed oil, or waste oil from the immediate vicinity of said plant.

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

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

(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS
Director

S E A L
fd/

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 27, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-277

Mr. Orthell Kinnibrugh
Old Loco Oil
P.O. Box 113
Loco Hills, New Mexico 88255

RE: Treating Plant Inspection
Old Loco Oil
NW 1/4, Sec. 29, Twn. 17S, Rng. 29E
Eddy County, New Mexico

Dear Mr. Kinnibrugh:

The New Mexico Oil Conservation Division (OCD), inspected Old Loco Oil (Old Loco) treating plant located in the NW 1/4, Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, on March 31,1997.

The OCD inspection and current file review of Old Loco indicates several permit deficiencies. Attachment 1 lists the permit deficiencies found at Old Loco during the inspection and the new Rule 711 requirements that are not on file with OCD. Attachment 2 contains photographs taken during the inspection. Old Loco 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 Old Loco Oil to these deficiencies by August 27, 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. Old Loco Oil 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 Mr. Tracy and Mr. Randy Kinniburgh during the OCD inspection on March 31, 1997. A permit application, Form C-137 (Attachment 3), shall be filed with the OCD according to the instructions in Attachment 1, Section 13.

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)). Old Loco

must 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,

Martyne J. Kieling

Martyne J. Kieling
Environmental Geologist

Attachments

xc: Artesia OCD Office

ATTACHMENT I
INSPECTION REPORT
APRIL 31, 1997 -
OLD LOCO OIL TREATING PLANT
(Section 29, Township 17 South, Range 29 East)
LOCO HILLS, 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.

Empty drums and/or drums containing fluids were located at the facility (see pictures 1, and 2).

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.

The tank piping and valve areas, the hot oiler truck and transfer hose area, the oil storage tank area, and the brine tank area show evidence of leaks and or spills reaching the ground surface (see pictures 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11).

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 oil and brine tanks at the facility do not have proper berming (see pictures 1, 2, 5, 7, 9, and 11).

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.

The open top tanks at this facility exceed 16 feet in diameter and are not properly covered (See picture 9).

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.

The unmarked saddle tank does not have the proper pad and curb containment (see picture 12).

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 tanks, saddle tank and drum were not labeled (see pictures 1, 2, 5, 7, 8, 9, 10, 11, 12).

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.

The below grade sumps at the tank outlet valves were full to over flowing and did not have secondary containment (see pictures 6, 8, 10, and 11). The below grade sump under the hot oiler truck contained oil and did not have secondary containment (see picture 3).

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.

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

There were very few spill collection/prevention systems evident at the facility. The facility was not burmed, and did not contain locks on any valves. The tanks have stains and/or heavy oil build up on the exteriors indicating that they have been overtopped (see pictures 1, 2, 5, 6, 8, 9, and 10) and several tanks have holes and/or obvious leaks (see picture 5, 6, and 7).

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

Spills were evident at tank valves, along pipes, at the hot oiler truck, from holes in tanks, and from overtopping of tanks (see pictures 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11).

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

Facility had a perimeter fence but no gate and the tank valves were not locked (see pictures 5, 6, and 11).

12. 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.

The facility sign, located on the stair between tanks, was barley readable, did not have an emergency phone number, and was not visible at 50 feet.

13. 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 Artesia 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;

Please submit with C-137 application.

(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, piping, sprayers, and tanks on the facility;

Attached is a copy of what we have in the file please update the diagram to reflect any changes that have been made to the facility.

(e) A plan for management of approved wastes;

Attached is a copy of what we have in the file please update this plan to reflect any changes that have been made in the waste management operations at Old Loco.

(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_2S) 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 with 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.

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

September 18, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-340

Mr. Orthell Kinnibrugh
Old Loco Oil
P.O. Box 113
Loco Hills, New Mexico 88255

RE: Failure To Respond
Treating Plant Inspection Report
Old Loco Oil
NW 1/4, Section 29, Township. 17 South, Range. 29 East
Eddy County, New Mexico

Dear Mr. Kinnibrugh:

The New Mexico Oil Conservation Division (OCD), inspected Old Loco Oil treating plant located in the NW 1/4, Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, on March 31,1997.

The OCD inspection and current file review of Old Loco Oil was followed by an inspection report dated June 27, 1997 which Old Loco Oil received on the June 30, 1997 (Attachment 1). Old Loco Oil was required to respond to the inspection report and, pursuant to 19 NMAC 15.I.711, submit an application for repermitting by August 27, 1997. Old Loco Oil has failed to comply with either requirement. Included with this letter is a copy of the original inspection report and attachments. Pursuant to 70-2-12.A NMSA 1978 as amended Old Loco Oil is required to respond to the list of permit deficiencies listed in the inspection report (Attachment 2) and submit an application for repermitting no later than September 29,1997.

Failure to respond with the required information by September 29, 1997 may result in the issuance of an administrative order to cease operation and the scheduling of a show cause hearing on why the Old Loco Oil treating plant permit should not be revoked and the facility closed.

If there are any questions please do not hesitate to contact me at (505) 827-7152.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

Attachments

xc: Artesia OCD Office

Orthell Kinnibrugh
Home: (505) 746-3208
Arvin Kinnibrugh
Home: (505) 746-3425
Randy Kinnibrugh
Home: (505) 748-3736
Tracy Kinnibrugh
Home: (505) 677-2100

O K
Hot Oil Service, Inc.

P. O. Box 146
Loco Hills, NM 88255
Office: (505) 677-2262
Artesia Office: (505) 746-6233
Fax: (505) 677-2283
- 24 Hour Call -
Artesia Answering Service
(505) 746-4302

9/25/97

NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

RE: ROGER ANDERSON
ENVIRONMENTAL BUREAU CHIEF

DEAR MR. ANDERSON:

O.K. HOT OIL SERVICE INC., WISHES NOT TO RENEW CURRENT PERMIT FOR TREATING PLANT LOCATED IN THE NW 1/4, SECTION 29, TOWNSHIP 17 SOUTH, RANGE 29E, NMPM, EDDY COUNTY.

OUR PLANS ARE TO CLOSE THIS FACILITY AND RELOCATE TO ANOTHER LOCATION AND TO APPLY FOR ANOTHER PERMIT AT THE NEW LOCATION.

THE CURRENT FACILITY WILL BE COMPLETELY CLOSED AS OF JANUARY 1, 1998. THE CLOSURE PLANS WILL BE FORWARDED AS SOON AS POSSIBLE.

IF THERE ARE ANY QUESTIONS, PLEASE CONTACT ME AT (505) 677-2262.

SINCERELY,

Randy Kinnibrugh

RANDY KINNIBRUGH
O.K. HOT OIL SERVICE, INC.

ATTACHMENT B

PROBLEM OIL PIT INSPECTION CHECKLIST

SECTION ONE: Site Information

Site Name: Old Loco ~~Hills~~ Mills Treating Plant Waypoint: #17

Lease Name: NA / ~~NE~~ commercial site Lease Number: n/a

Site Location:

Section 29 Township 17S Range 29E NW 1/4

GPS Coordinates: Lat 32 48 63N Long 104 05 95W

City/County/State/Reservation: Eddy County near Loco Hills, NM

EPA Facility ID # or Other ID #'s:

Site Type (production, commercial disposal, other): commercial disposal

Corporate Owner/Operator Name and Mailing Address: Old Loco Oil Corporation, P.O. Box 116 Loco Hills, NM 88255

Contact Name/Affiliation/Phone: Tracy Kinnibrugh, Plant Manager (505) 677-2100

List any known federal, state, or tribal regulatory permits applicable to this site. Include all permit number(s) and take photos of any signage which includes permit numbers: permitted by order in lieu, a new permit is being reviewed

SECTION TWO: Inspection Information

Inspection date: ~~11~~ 11/2/98 Start time: 9:30 Finish time: 11:10

Describe weather conditions (including estimated temperature): cool, partly cloudy

Were any samples taken during the inspection? Yes ____ No ✓. If yes, use a Continuation Sheet to thoroughly document the sampling activity. Include the following information: agency taking the sample(s), individual taking the sample(s), whether or not the samples were split (and with whom), sample type, sample purpose, sample location, and parameters to be analyzed for.

Inspection Team:

Inspector 1	Melissa Smith	Agency:	EPA	Phone:	214-665-7357
Inspector 2	Roger Anderson	Agency:	OCD	Phone:	505-827-7152
Inspector 3	Doug McKenna	Agency:	FWS	Phone:	505-589-7823
Inspector 4	Vince Balderaz	Agency:	BLM	Phone:	505-393-3612
Inspector 5	~~Les~~ Tim Reeves	~~Agency:~~	SAIC	Phone:	303-645-6973
Inspector 6	Ed Moriarty	~~Agency:~~	SAIC	Phone:	303-382-6730

PROBLEM OIL PIT INSPECTION CHECKLIST

Site Number (State-Year-Waypoint):

Old Landmills Treating Plant
WP #17

Checklists Completed (circle those that apply):

A (B) (C)

Prepared by the US Environmental Protection Agency Region VIII and US Fish and Wildlife Service Region VI

revised 7/8/98

SECTION FOUR: Ecological Setting

Use the Site Sketch in Section Three to identify significant ecological features (waterbodies, wetlands, vegetation, etc.)

A. GENERAL SETTING

1. Land use surrounding site (e.g. urban, agricultural, rural, residential, industrial) rural, agricultural (rangeland)

2. Describe sensitive environmental areas adjacent to or in proximity to the site (e.g. parks, monuments, wetlands, prairie potholes). none - closest park in Carlsbad

3. Potential routes of off-site migration of contaminants observed at site (e.g. swales, depressions, drainage ditches, runoff, windblown particulates, vehicular traffic) traffic ruts, not likely to go offsite

4. Threatened and/or endangered species (plant or animal) known to inhabit area ? not

5. Drinking water sources on or near the site? Yes ____ No ✓ If yes, explain: off caprock

6. Ground water supply wells or monitoring wells on or near the site? Yes ____ No ✓ If yes, what is the distance from the site? _____ Describe: _____

B. TERRESTRIAL HABITAT

1. Percentage of the site is coverered by: wooded areas 0 %, shrub/scrub vegetation 90 %, open fields 10 %.

2. Presence and/or absence of insects, fish, birds, mammals, etc.? a few insects

C. AQUATIC HABITAT

1. Describe any flowing or non-flowing water systems at or near the site (e.g. river, creek, arroyo, ditch, natural pond or lake, artificial lagoon, reservoir, impoundment, etc.). Include type, size, distance from site, and name, if known. none

2. Is there any aquatic vegetation present? If yes, describe. no

3. What observations, if any, were made at the waterbody regarding the presence and/or absence of insects, fish, birds, mammals, etc.? only standing water puddles from recent rain

D. WETLAND HABITAT

1. Based on observations and/or available information, are designated or known wetlands definitely present at the site? no

2. Based on the location of the site (e.g. along a waterbody, in a floodplain) and site conditions (e.g. standing water, dark/ wet soils, mud cracks, debris line, water marks), are wetland habitats suspected? no

3. What observations, if any, were made at the wetland regarding the presence and/or absence of insects, fish, birds, mammals, etc.? none

SECTION THREE: Sketch of Site/Layout

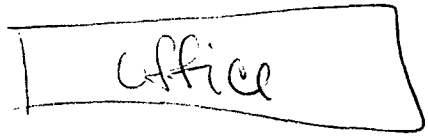
Site Name : Old Coco treating Plant Waypoint: #117

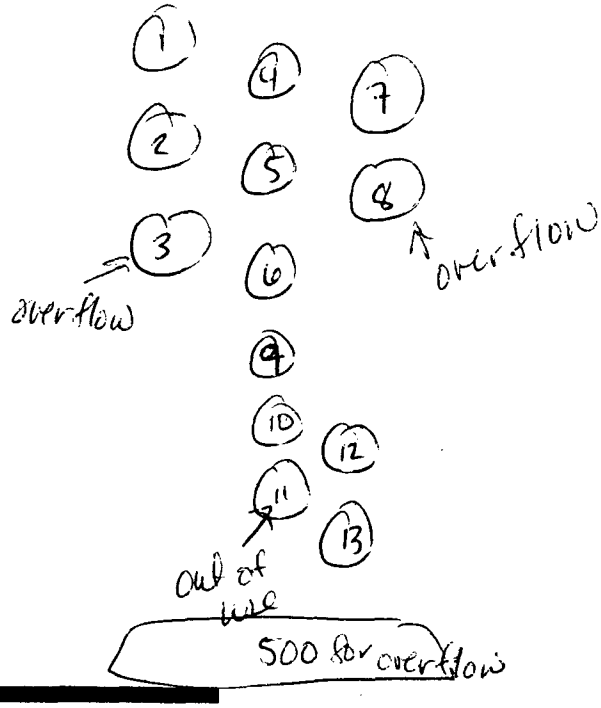
Include the estimated size (including depth, if possible) of any pits and describe site operations on site sketch. Include description of pertinent features such as waters of the US (location of, distance to, description of conduits to, etc.), for example. Include a north arrow on site sketch.

see photo

* Site map? ≈10 acres

Identify north direction using arrow





#17

SECTION FIVE: General Observations

A. *PITS. Complete checklist A if any of the following conditions exist:*

1. Does accumulated oil exist on the surface of any pits, ponds, sumps, or other open-topped storage devices? oil in open topped tanks — Yes ✓ No ___
2. Are pits, ponds, tanks, sumps, or other devices which may accumulate oil covered with netting or are there any other wildlife exclusionary or deterrent devices in use (covers, flagging, etc.)? less than 16ft diameter tanks — Yes ___ No ✓
3. Are there any dead or oiled birds or other wildlife on or near the site or any indication of oiled birds/wildlife previously at or near the site (oily tracks, etc.)? — Yes ___ No ✓

B. *DISCHARGES. Complete checklist B if any of the following conditions exist:*

1. Is there a discharge (either ongoing or one-time) from a pit, pond, tank, or other device at the site? spill — Yes ✓ No ___
2. Is there indication of any past or potential future discharge from a pit, pond, tank, or other device at the site (soil staining, fresh dirt or gravel used as cover, 2 ft or less freeboard maintained, eroded berms, etc.)? currently removing stained soil — Yes ✓ No ___

C. *TANKS AND CONTAINERS [complete this section only if there are tanks or containers with oil on site with a capacity of 660 gallons (16 barrels) in a single tank/container or total capacity of 1,320 gallons (31 barrels) in all tanks/containers on site]. Complete checklist C if any of the following conditions exist:*

1. Is the secondary containment (dikes, berms, weirs) around tanks, containers, and heater-treaters absent? no berms — Yes ✓ No ___
2. Is the secondary containment (dikes, berms, weirs) around tanks, containers, and heater-treaters inadequate (in size, material, eroded or worn down)? n/a — Yes ___ No ___ na
3. Has there been a discharge or spill outside the secondary containment? — Yes ___ No ___ na

D. *OTHER. Complete Supplemental Checklist if any of the following conditions exist:*

1. Do you see or smell any air emissions (smoke, vapors, steam, dust) from any vent, stack, or other site activity or do you have any reason to believe that such an emission might exist? — Yes ___ No ✓
2. Do you see pesticide containers in storage and/or trash areas? — Yes ___ No ✓
3. Is there evidence that dredged or fill material is being or was removed from or discharged in or on the banks of waters of the US (e.g. ponds, streams, rivers, wetlands, dry arroyos, etc.) or that other inappropriate activities are occuring or having occured on waters of the US? — Yes ___ No ✓
4. Do you see or suspect dumping of any solid or liquid materials at the site, including in pit or ponds (other than oil in pits or ponds as described above)? — Yes ___ No ✓
5. Do you see or suspect any kind of below ground or partially buried storage tanks (for fuels, chemicals or waste products such as waste or used oil)? — Yes ___ No ✓
6. Do you see any liquid filled transformers or capacitors? — Yes ___ No ✓
7. Is there any indication that hazardous waste is generated or otherwise managed at the site? — Yes ___ No ✓

PHOTO LOG (See field log book)

#17

Site Number: 17

Film Type/ASA/Size: 35mm color print

Photographer: Tim Reeves

Photo Number	Subject	Direction Photo Taken
1	Tank battery, ~~looking~~ MLS	SE
2	Oil spilled from off valve of NW tank	E
3	Southwest tank previously overflowed	E
4	Active cleanup of soil from recently overflowed tank	SE
5	Oil spilled on ~~grass~~ ground	
6	Oil spilled from Tank	W
7	Oil spilled below off valves	S
8	Oil + water on ground, oil stained soil	W
9	Oil on soil below tank	W
10	Oil sitting on water below tank	
11	oil stained soil	

MLS

PHOTO LOG (CONTINUED)

Photo Number	Subject	Direction Photo Taken

MLS

#17

CHECKLIST "A" - PITS None

1. If accumulated oil exists on the surface of any pits, ponds, sumps, or other open-topped storage devices, describe observed conditions including size of each pit, pond, sump, or device, percentage of area covered, and thickness of oil. Describe any other observations (visual, odor) of the material in each pit, pond, sump, or other device:

2. Describe any netting or other wildlife exclusionary or deterrent devices in use at the site. Include description of condition, coverage, netting mesh size, etc.:

3. Describe any oiled or dead birds or other wildlife found at or near the site. Indicate the number of mortalities and the seizure tag numbers for any birds collected:

4. Describe the construction and operation of any pits or ponds located at the site. Include a description of the pond liner system, if possible. Estimate the freeboard observed at the time of the inspection:

5. Indicate how long any pits or ponds at the site have been in operation:

6. If a pit, pond, sump, or other device is used as a loading/unloading area at a non-production site, describe any secondary containment used:

#17

CHECKLIST "B" - DISCHARGES AND SPILLS

1. Indicate whether or not the site has a NPDES permit and, if so, indicate the permit number and whether or not the number is posted on site:

   NO

2. Describe any **ongoing discharges or one-time spills** from pits, ponds, or other devices at the site. For each discharge, include a description of the source, duration, and rate (gal/min or cfs) of material discharged. For each spill, describe the amount and area of the spilled material. Also describe any observations (oil sheen, odor) regarding the type of material discharged or spilled:

   ———

3. Describe any indications (e.g. soil / vegetation staining on ground or in drainages) of **past discharges or spills** from pits, ponds, tanks, or other devices at the site. Include any indication of the type of material discharged or spilled (e.g. oil stain, salt brine, etc.) and when and for how long the discharge or spill occurred:

   Spills from overfilling tanks - all tanks appear to have ~~been~~ overflowed at some point

4. Identify and describe the **drainage pathway** (dry arroyo, ditch, stream, etc.) of any current or suspected past discharges or spills from the site. Trace the drainage pathway to a flowing waterway, if possible, and describe the extent of any oil staining. Include a description of whether the drainage is dry at the time of the inspection, contains standing water that doesn't appear to be flowing or, if flowing, the estimated flowrate (gal/min or cfs) of water and/or discharged material:

   none

5. Identify and describe any pits, ponds, or other devices in which less than 2 ft of freeboard exists at the time of the inspection. Also describe any indications that less than 2 ft of freeboard has been maintained in the past, such as staining of pond banks or overtopping of berms, etc.:

   n/a

6. If possible, estimate the receipt rate or production rate (gal/day) of oil and/or produced water at the site:

   Unknown

7. If possible, determine whether or not any discharges or spills from the site have been reported and, if so, describe how (letter, phone, etc.), when, and to whom (EPA, BLM, DEQ, OGCC, BIA, etc.) it was reported:

   NO

8. Describe the general housekeeping and maintenance of the facility and any conditions which could result in a discharge or spill (valves which could be opened, poorly supported pipelines, etc.): very bad, lots of oil on sides of tanks + on ground around tanks

#17

CHECKLIST "C" - TANKS AND CONTAINERS

1. Is there a Spill Prevention, Control, and Countermeasure (SPCC) Plan on site? Yes ____ No ✓

   Has it been certified by a registered Professional Engineer? Yes ____ No ____ How confirmed: ____

   If no SPCC Plan on site, is there one elsewhere? Yes ____ No ____ Where? ____

2. Is the facility manned 8 hrs/day or more? yes, live on-site Yes ✓ No ____

3. Are there any flowing, non-flowing, or wetland water systems at or near the site? Yes ____ No ✓. If yes, what is the distance from the site? ____. Describe: ____

4. Describe any threat/potential for spill (e.g. oil soaked containment; containment filled with water, debris, vegetation; leaking valves; overfilling of tanks; corroded tanks; holes in tanks; oil discharge at loading/unloading area; etc.):
   Overfilling of tanks, no containment

5. Is there a method to remove water from secondary containment, such as piping? Yes ____ No ____ Is it closed? ____
   n/a

6. If secondary containment is not adequate (in size, material, eroded or worn down), describe: n/a .

7. Describe all items below. Be sure to include each tank/container and its secondary containment on the site sketch (Section Three). IMPORTANT: Estimate capacity or height and diameter of each tank/container, if not marked or known.

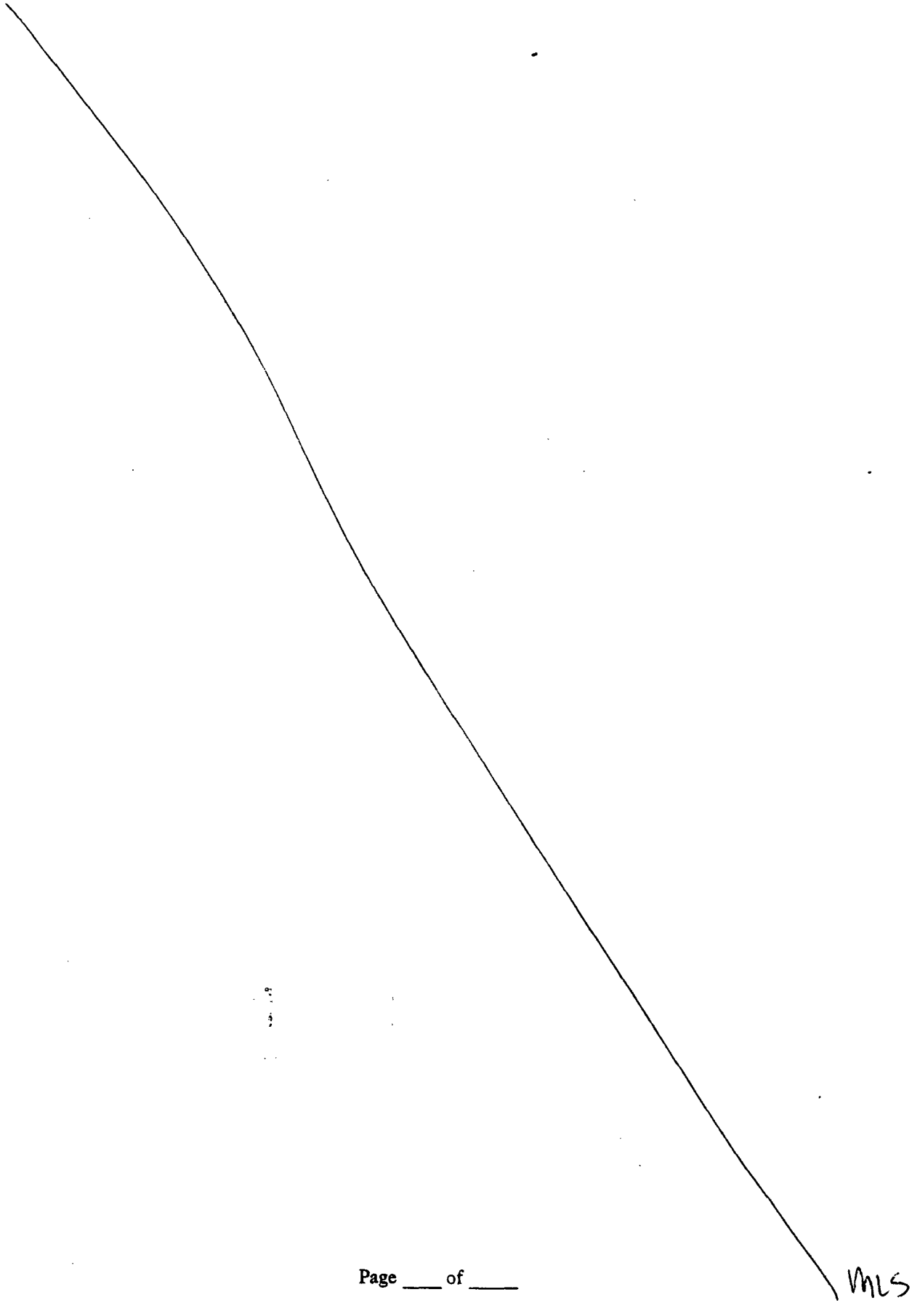
Tank / Container Type and Use	Maximum Capacity	or Height/ Diameter	Markings	Secondary Containment	Condition / Comments (Corrosion, overtopping)
1. fiberglass	1000 barrels		★ none	no	product going to pipeline
2. "	500 "		★ none	no	" " "
3. "	500 "		★ none	no	settling tanks, heavy oil
4. metal	210 (half)		none	"	storage of product
5. "	210 (half)		none	"	"
6. "	210 (half)		none	"	"
7. fiberglass	210 (short)		"	"	waste water taken to Loco Hills for disposal
8. fiberglass	210 (short)		"	"	" " " "
9. metal	400		"	"	separator / treating storage
10-13(4)	500				

★ OCD indicated that since the facility is moving, they don't need berms.

14. horizontal 500 overflow

#17

CONTINUATION SHEET (identify Section and/or Checklist continued)



MLS

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

June 27, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-277

Mr. Orthell Kinnibrugh
Old Loco Oil
P.O. Box 113
Loco Hills, New Mexico 88255

RE: Treating Plant Inspection
Old Loco Oil
NW 1/4, Sec. 29, Twn. 17S, Rng. 29E
Eddy County, New Mexico

Dear Mr. Kinnibrugh:

The New Mexico Oil Conservation Division (OCD), inspected Old Loco Oil (Old Loco) treating plant located in the NW 1/4, Section 29, Township 17 South, Range 29 East, NMPM, Eddy County, New Mexico, on March 31,1997.

The OCD inspection and current file review of Old Loco indicates several permit deficiencies. Attachment 1 lists the permit deficiencies found at Old Loco during the inspection and the new Rule 711 requirements that are not on file with OCD. Attachment 2 contains photographs taken during the inspection. Old Loco 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 Old Loco Oil to these deficiencies by August 27, 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. Old Loco Oil 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 Mr. Tracy and Mr. Randy Kinniburgh during the OCD inspection on March 31, 1997. A permit application, Form C-137 (Attachment 3), shall be filed with the OCD according to the instructions in Attachment 1, Section 13.

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)). Old Loco

must 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,

Martyne J. Kieling
Environmental Geologist

Attachments

xc: Artesia OCD Office

ATTACHMENT I
INSPECTION REPORT
APRIL 31, 1997
OLD LOCO OIL TREATING PLANT
(Section 29, Township 17 South, Range 29 East)
LOCO HILLS, 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.

   Empty drums and/or drums containing fluids were located at the facility (see pictures 1, and 2).

   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.

   The tank piping and valve areas, the hot oiler truck and transfer hose area, the oil storage tank area, and the brine tank area show evidence of leaks and or spills reaching the ground surface (see pictures 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11).

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 oil and brine tanks at the facility do not have proper berming (see pictures 1, 2, 5, 7, 9, and 11).

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.

   The open top tanks at this facility exceed 16 feet in diameter and are not properly covered (See picture 9).

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.

The unmarked saddle tank does not have the proper pad and curb containment (see picture 12).

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 tanks, saddle tank and drum were not labeled (see pictures 1, 2, 5, 7, 8, 9, 10, 11, 12).

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.

The below grade sumps at the tank outlet valves were full to over flowing and did not have secondary containment (see pictures 6, 8, 10, and 11). The below grade sump under the hot oiler truck contained oil and did not have secondary containment (see picture 3).

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.

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

There were very few spill collection/prevention systems evident at the facility. The facility was not burmed, and did not contain locks on any valves. The tanks have stains and/or heavy oil build up on the exteriors indicating that they have been overtopped (see pictures 1, 2, 5, 6, 8, 9, and 10) and several tanks have holes and/or obvious leaks (see picture 5, 6, and 7).

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

Spills were evident at tank valves, along pipes, at the hot oiler truck, from holes in tanks, and from overtopping of tanks (see pictures 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11).

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

Facility had a perimeter fence but no gate and the tank valves were not locked (see pictures 5, 6, and 11).

12. 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.

The facility sign, located on the stair between tanks, was barley readable, did not have an emergency phone number, and was not visible at 50 feet.

13. 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 Artesia 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;

Please submit with C-137 application.

(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, piping, sprayers, and tanks on the facility;

Attached is a copy of what we have in the file please update the diagram to reflect any changes that have been made to the facility.

(e) A plan for management of approved wastes;

Attached is a copy of what we have in the file please update this plan to reflect any changes that have been made in the waste management operations at Old Loco.

(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_2S) 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 with 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.

IN APPLICATION OF PROPOSED WASTE OIL TREATMENT FACILITY IN THE AREA OF LOCO HILLS, NEW MEXICO

OPERATOR: ORTHELL KINNIBREGH d/b/a OLD LOCO OIL

ADDRESS: BOX 113, LOCO HILLS, NEW MEXICO 88255

SITE LOCATION: A Plant, situated on a five acre parcel approximately six miles west of Loco Hills, New Mexico on Highway 82 between Artesia and Lovington. This facility will be constructed for the purpose of reclaiming, treating and processing waste oil taken from pit bottoms which have been abandoned or which have been mandated for clean-up in accordance with environmental regulations. Thereafter the processed waste oil will be marketed.

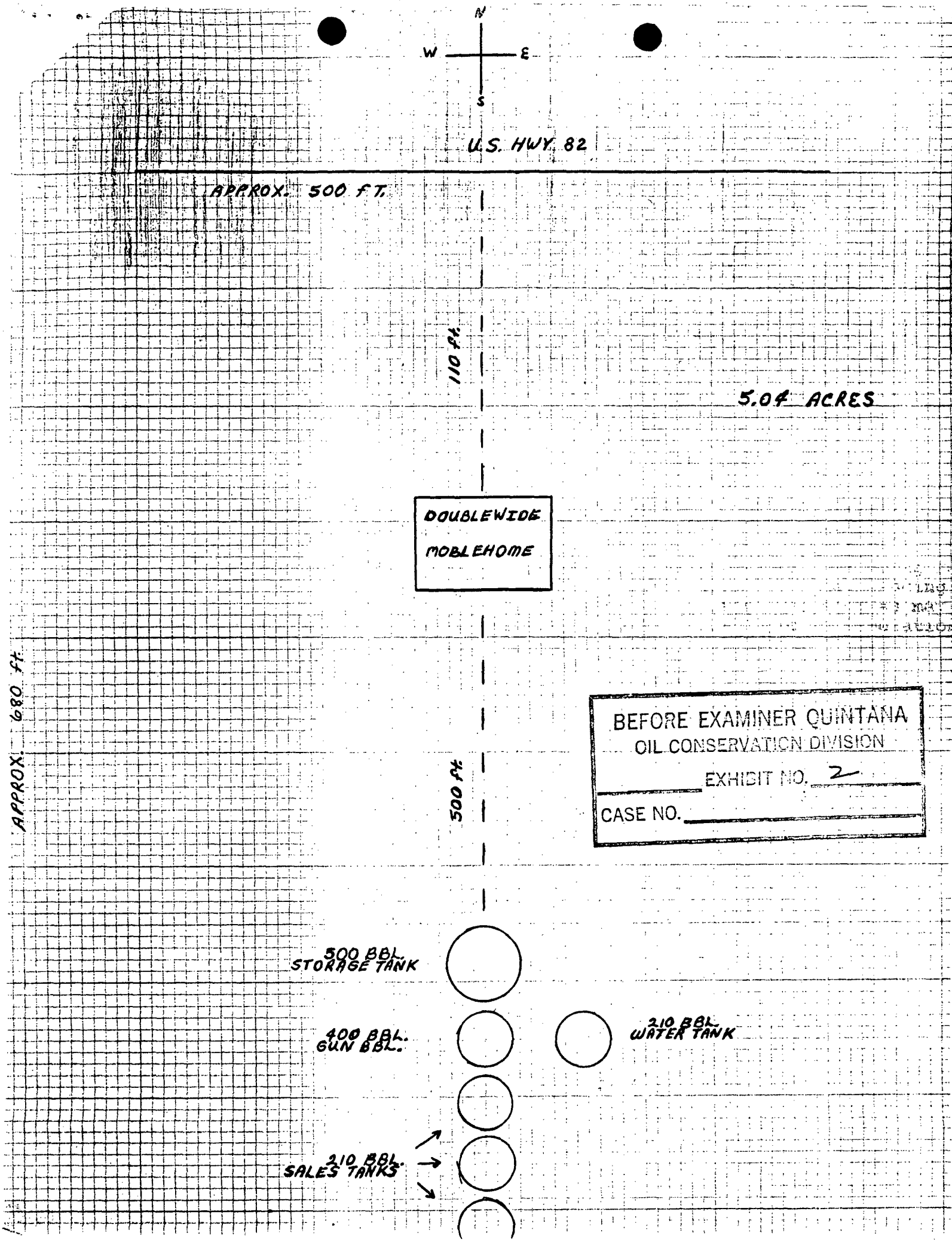
EQUIPMENT: Initially, the physical facility shall contain the following equipment: (1) One 500 Barrel Receiving tank (2) One 400 Barrel Welded Cone Bottom Tank for Processing Waste and Storing Waste Product (3) Three 110 Barrel Tanks for storing Marketable Oil (4) One 210 Waste Water Disposal Tank (5) One Pump for moving fluid in and out of tanks (6) Supporting Facility such as an office, pump house, fencing as necessary, dikes and other structures as may be required for the safe and efficient operation of the Plant.

FUTURE EXPANSION: Economics of production trends may dictate the addition of at least one 1000 Barrel receiving tank, other tanks for receiving and/or processing and storing waste and processed products, and heating facility.

PROPOSED MODE OF OPERATIONS: Pit Bottoms will be transported by truck to the treating plant where the material will be put through the various stages of processing. Depending on the content, grade and impurity of the material, some or all ot the treating processes may be used.

BOND: Applicant has obtained a performance bond as required under Rule 312 of the Rules and Regulations of the Oil Conservation Division.

BEFORE EXAMINER QUINTANA
OIL CONSERVATION DIVISION
EXHIBIT NO. 1
CASE NO. 8618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S
U.S. HWY. 82
APPROX. 500 FT.
110 Ft.
5.04 ACRES
DOUBLEWIDE
MOBLEHOME
APPROX. 680 Ft.
500 Ft.
BEFORE EXAMINER QUINTANA
OIL CONSERVATION DIVISION
EXHIBIT NO. 2
CASE NO.
500 BBL.
STORAGE TANK
400 BBL.
GUN BBL.
210 BBL.
WATER TANK
210 BBL.
SALES TANKS

OLD LOCO OIL TREATING PLANT INSPECTION (PHOTOS BY OCD)

PHOTO NO. 1 **DATE: 04/31/97**

PHOTO NO. 2 **DATE: 04/31/97**

OLD LOCO OIL TREATING PLANT INSPECTION (PHOTOS BY OCD)

PHOTO NO. 3 DATE: 04/31/97

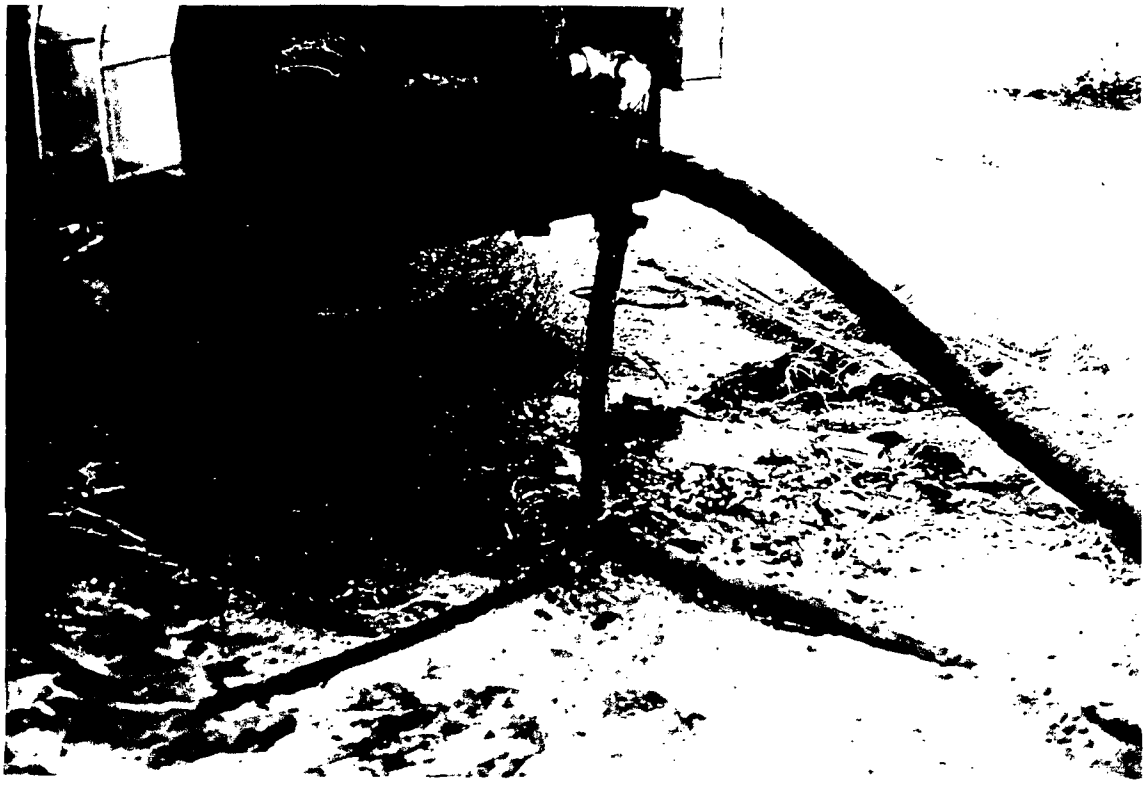


PHOTO NO. 4 DATE: 04/31/97

OLD LOCO OIL TREATING PLANT INSPECTION (PHOTOS BY OCD)

PHOTO NO. 5 DATE: 04/31/97

PHOTO NO. 6 DATE: 04/31/97

OLD LOCO OIL TREATING PLANT INSPECTION (PHOTOS BY OCD)

PHOTO NO. 7 DATE: 04/31/97

PHOTO NO. 8 DATE: 04/31/97

OLD LOCO OIL TREATING PLANT INSPECTION (PHOTOS BY OCD)

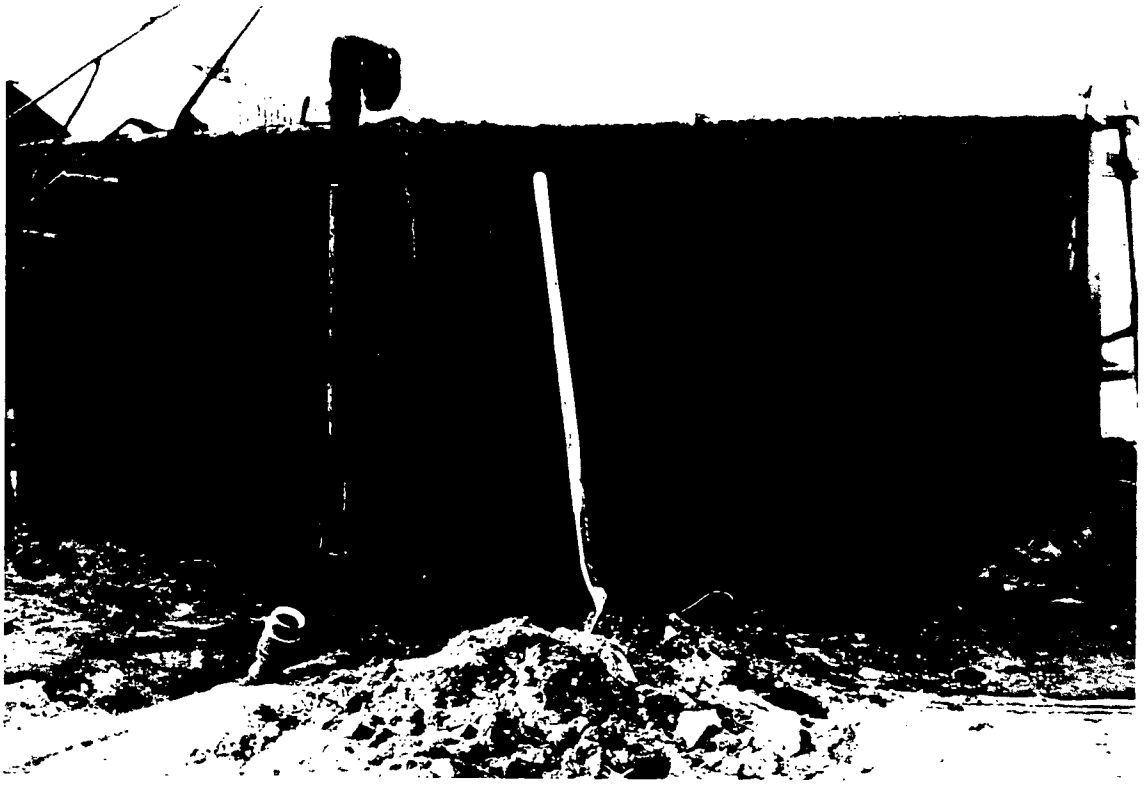


PHOTO NO. 9 **DATE: 04/31/97**

PHOTO NO. 10 **DATE: 04/31/97**

OLD LOCO OIL TREATING PLANT INSPECTION (PHOTOS BY OCD)

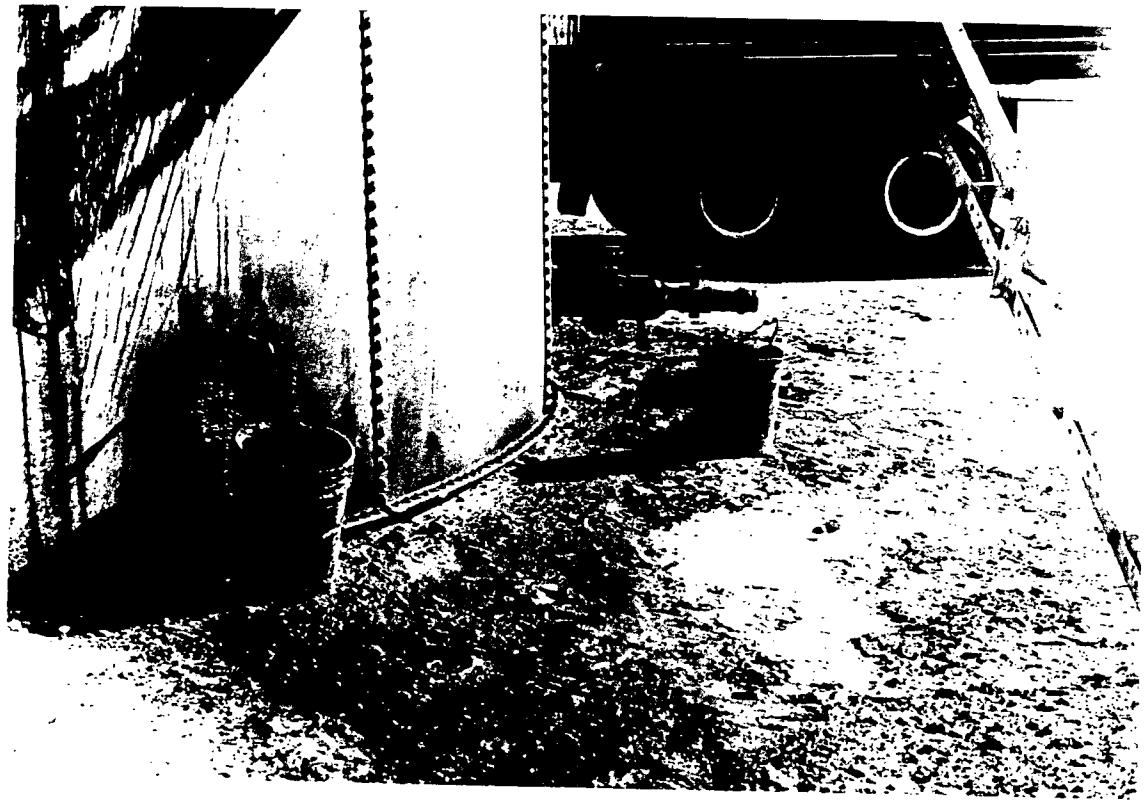


PHOTO NO. 11 **DATE: 04/31/97**

PHOTO NO. 12 **DATE: 04/31/97**

Old Loco Treating Plant

8/1/90

Tank overflow & spill

Old Loco Treating Plant
8/1/90
North Yard Spills Picture 1

Old Loco Treating Plant

8/1/90

North Yard Spills Picture 2

Old Loco Treating Plant

8/1/90

Contaminated Soils


TRACY

3-18-94 OLD LOCO TREATING PLANT

Un-netted tank (20' dia)
contained oil & water

Old Loco Treating Plant

8/1/90

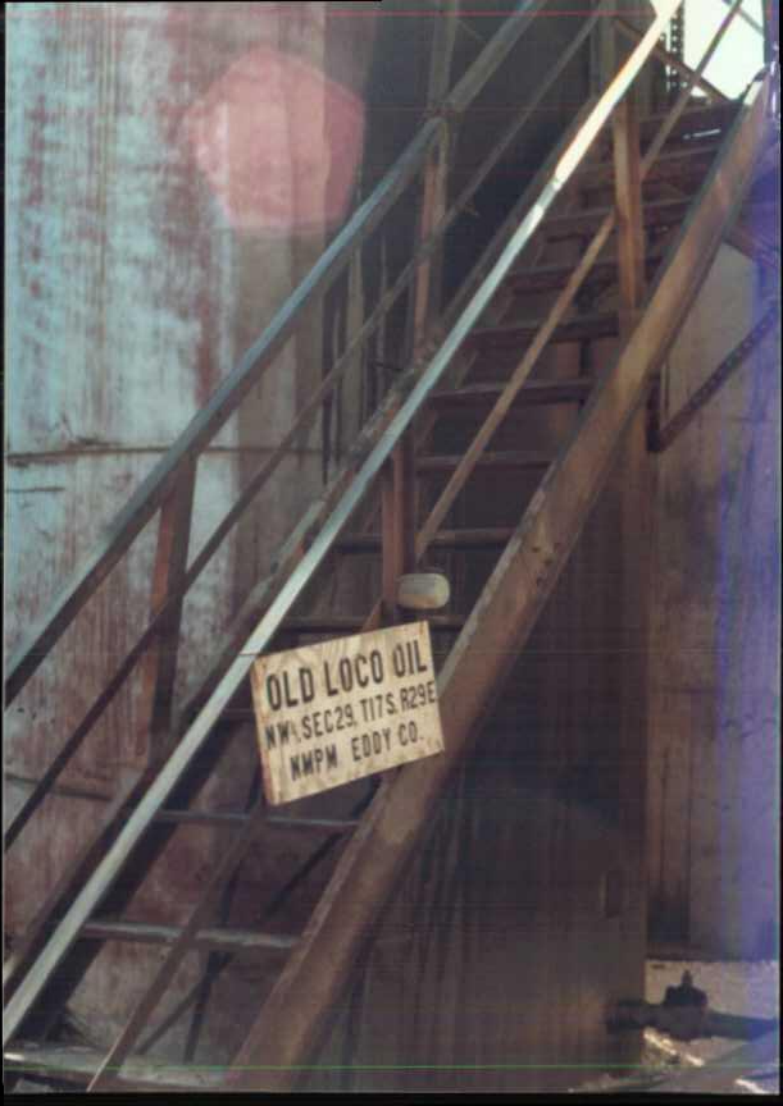
Tank drains

Old Loco Treating Plant

8/1/90

Tank valve leaks, spills

3-18-94 OLD LOCO TP


OLD LOCO OIL
NW¼ SEC 29, T17S, R29E
NMPM EDDY CO.

3-18-94 OLD LOCO TP

OLD LOCO EDDY COUNTY

Old Loco Treating Plant

3-31-97

Old Loco Treating Plant

Old Loco Treating Plant

3-31-97

OLD LOCO Treating Plant

3-31-97

OLD LOCO Treating Plant

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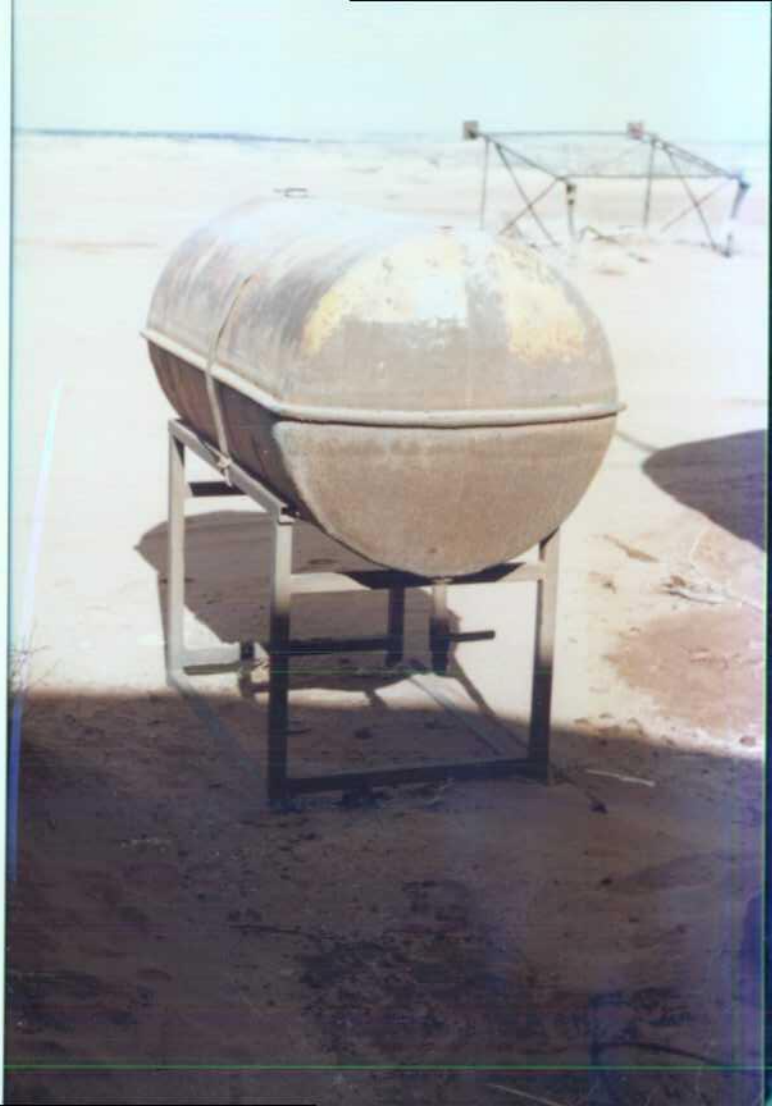
Old Loco Treating Plant

3-31-97



Old Loco Treating Plant

3-81-97