GW - 53

PERMITS, RENEWALS, & MODS

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. _____ dated 4/27/10

or cash received on _____ in the amount of $ 100 00

from Agave Energy Co.

for GW-53

Submitted by: Lawrence Romero Date: 6/14/10

Submitted to ASD by: [signature] Date: 6/14/10

Received in ASD by: _____ Date: _____

Filing Fee _____ New Facility _____ Renewal ✓

Modification _____ Other _____

Organization Code 521.07 Applicable FY 2010

To be deposited in the Water Quality Management Fund.

Full Payment _____ or Annual Increment _____

AGAVE ENERGY COMPANY
105 South Fourth Street Artesia, New Mexico 88210

46270

CODE	INVOICE NUMBER	INVOICE DATE	INVOICE AMOUNT	DISCOUNT	NET AMOUNT PAYABLE
1	PERMIT 2/10 GW-053 Howe	04/10	100.00	.00	100.00
			TOTAL FOR CHECK		100.00

CODES
1 - YOUR INVOICE
2 - YOUR CREDIT MEMO

THE ATTACHED CHECK IS IN FULL SETTLEMENT OF INVOICES LISTED ABOVE.
PLEASE DETACH THIS VOUCHER BEFORE DEPOSITING CHECK. NO RECEIPT NECESSARY.

AGAVE ENERGY COMPANY

105 South Fourth Street | Artesia, New Mexico 88210 | (575) 748-4555 | Fax (575) 748-4275

Via Certified Mail 7008 3230 0001 9451 9334

June 10, 2010

Leonard Lowe
New Mexico OCD
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Agave Dagger Draw Gas Processing Plant
Discharge Permit GW-053 Renewal

Dear Leonard:

As per our conversation on November 10, 2009, Agave Energy Company submitted an application to modify the discharge permit for the Agave Dagger Draw Gas Processing Plant. However, because the OCD has taken no action on this application, Agave is forced to submit a renewal application for the same discharge permit. GW-053 expires on November 10, 2010.

If you have any questions regarding this application, please do not hesitate to contact me at 575-748-4471 or email me at jknowlton@yatespetroleum.com.

Sincerely,

Jennifer Knowlton

Jennifer Knowlton
Environmental Engineer

Cc: Mike Bratcher, District II

(corres 061010.doc)

OIL CONSERVATION DIVISION
DISCHARGE PLAN GW-053 MODIFICATION
AGAVE ENERGY COMPANY
AGAVE DAGGER DRAW GAS PLANT

June 10, 2010

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS, REFINERIES, COMPRESSOR, GEOTHERMAL FACILITES AND CRUDE OIL PUMP STATIONS

(Refer to the OCD Guidelines for assistance in completing the application)

☐ New ☒ Renewal ☒ Modification

1. Type: Gas Processing Plant

2. Operator: Agave Energy Company

   Address: 105 South Fourth Street Artesia NM 88210

   Contact Person: Jennifer Knowlton Phone: 575-748-4471

3. Location: SE/4 SE/4 Section 25 Township 18S Range 25E
   Submit large scale topographic map showing exact location.

4. Attach the name, telephone number and address of the landowner of the facility site.

5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.

6. Attach a description of all materials stored or used at the facility.

7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.

8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.

9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.

10. Attach a routine inspection and maintenance plan to ensure permit compliance.

11. Attach a contingency plan for reporting and clean-up of spills or releases.

12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.

13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATION: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Jennifer Knowlton Title: Environmental Engineer

Signature: Jennifer Knowlton Date: 6/10/2010

E-mail Address: jknowlton@yatespetrolem.com

1. Type: Gas Processing Plant

2. Operator: Agave Energy Company
   Address: 105 South Fourth Street Artesia NM 88210
   Contact Person: Jennifer Knowlton
   Phone: 575-748-4471

3. Location: SE/4 SE/4
   Section 25
   Township 18S
   Range 25E

4. Landowner: Yates Petroleum Corporation
   105 South Fourth Street
   Artesia, New Mexico 88210

5. The Agave Gas Plant was issued Discharge Permit GW-053. The current permit expires November 10, 2010.

The Duke Dagger Draw Gas Plant was issued discharge permit GW-185. To the best of our knowledge, this facility has not fully operated since August 2003. In April 2005, Agave Energy Company purchased the neighboring Duke Dagger Draw Gas Plant. These two facilities are neighboring and contiguous, sharing a common fence line.

Agave made significant improvements to the Agave Dagger Draw Gas Plant as part of the refurbishment process. Agave modified and consolidated the two facilities and refers to the entire facility as the Agave Dagger Draw Gas Plant. This project included the installation of an acid gas injection system in lieu of a flare or SRU to manage the acid gas stream from the amine system. Agave refurbished the cryogenic skids, removed two large gas fired compressor engines, and installed a new control system. The bulk of this work was done on the old "Duke side" of the operations. Agave started moving gas through the Agave Dagger Draw Gas Processing Plant on February 26, 2006.

The primary function of the plant is to remove H_2S and CO_2 from sour field gas so that the gas can meet pipeline specifications. The plant has been designated a primary Standard Industrial Classification (SIC) Code of 1311. The operation of the Agave Dagger Draw Gas Plant is intended to process 40 MMscfd of gas. The facility is authorized to operate continuously (8,760 hr/yr) at design maximum capacity processing rates. The gas will be treated to remove acid gas components, dehydrated to remove water and processed to remove heavy (liquid) hydrocarbons from the gas stream. Several plant systems will be involved to perform these functions.

The amine unit is designed to remove acid gas components (carbon dioxide, hydrogen sulfide and mercaptans) from the natural gas stream. These components are removed from the natural gas because they are corrosive, hazardous to health, and reduce the heating value of the natural gas stream. In addition, the carbon dioxide can freeze in the cryogenic unit forming dry ice and forcing the shut down of the facility. This is known as the gas sweetening process. The acid gas removed by the amine unit will be handled by either acid gas injection into a disposal well or by incinerating in a flare. The preferred method of disposal will be to compress the gas and inject it into the well. Under emergency situations, the gas will be flared to prevent the emission of lethal hydrogen sulfide to atmosphere.

The glycol dehydration unit will receive approximately 40.0 MMSCFD of treated gas (sweet) from the amine unit and reduce the water content of the gas by circulating approximately 6.5 gallons per minute of triethylene glycol (TEG). Molecular sieve dehydration is used upstream of the cryogenic processes to achieve a -150°F dew point. The process uses two molecular sieve vessels with one vessel in service absorbing moisture from the gas stream and the other vessel in the regeneration mode.

The cryogenic unit is designed to liquefy natural gas components from the sweet, dehydrated inlet gas by removing work (heat) from the gas be means of the turbo expander. The cryogenic unit recovers natural gas liquids (NGL) by cooling the gas stream to extremely cold temperatures (-150°F) and condensing components such as ethane, propane, butanes and heavier. Once the sweet, dry gas exits the cryogenic unit, it needs to be recompressed to approximately 800 to 1200 psi before the gas is sent to the main transportation pipeline. This is accomplished with two 2500 horsepower electric drive compressors.

The hot oil system in the plant is used to provide heat to certain processes within the facility. The system will circulate approximately 600 GPM of hot oil and deliver 15.5 MMBTU/hr to other processes.

Agave is currently developing a plan to refurbish the old "Agave side" to treat a side stream of gas. The Selexol treatment will remove residual mercaptans from the mol sieve regenerative gas. This modification also addresses this aspect of the facility. However, Agave has only completed the engineering design for this project. At this time, this project completion date has been extended indefinitely.

None of the above processes are intended to discharge.

Agave applied for a modification to GW-053 in July 2006. This modification was to combine both discharge permits (GW-053 and GW-185) as well as to close the land farm that was permitted under GW-053. To date, no action has been taken on the July 2006 application.

6. Materials Stored and/or Used at Facility:
    1. Amine System – 8000 gallons of amine
    2. Glycol System – 4000 gallons of glycol
    3. Hot Oil System – 1200 gallons of oil
    4. Activated Carbon Filters – 880 pounds
    5. Molecular Sieve Material – 60,000 pounds
    6. Coolant – 1000 gallon tank, 500 gallon tank
    7. Lubricating Oil – 75 barrel tank, 500 gallon tank
    8. Acid Gas Compressor Lube Oil Tank – 750 gallon tank
    9. Methanol – 1000 gallon tank, 750 gallon tank
    10. Slop Tank – 100 barrel
    11. Selexol – 9,000 gallons (when applicable)

    All of the referenced storage tanks are above ground tanks.

7. Present Sources of Effluent and Waste Solids:
    1. Inlet separator – 5 to 50 BPD of produced water and condensate, RCRA exempt
    2. Inlet filter – <12 per year, RCRA exempt

3. Amine contactor/system – 4800 gallons of amine, RCRA exempt
4. Amine filters – <12 per year, RCRA exempt
5. Triethylene glycol – 1452 gallons of glycol, RCRA exempt
6. Glycol Filters – <12 per year, RCRA exempt
7. Oil – 1000 gallons, RCRA non-exempt
8. Cryogenic skid filters – <25 per year, RCRA exempt
9. Molecular sieves – 60,000 pounds, RCRA exempt
10. Leach and septic system for office building
11. Selexol contactor/system – 9,000 gallons, RCRA exempt (when applicable)
12. Selexol filters– <12 per year, RCRA exempt (when applicable)

8. Current Liquid and Solid Waste Collection, Treatment and Disposal Procedures:

Waste packing fluids that may leak from the compressors is caught in an above ground cement lined containment system. From this system the waste packing fluids are transferred to the slop tank. The amine, glycol, hot oil, and cryogenic plant systems are skid mounted as is the Selexol skid. All of these skids have concrete containment areas that prevent any contaminate from discharging onto the ground. All wash water, along with any RCRA exempt material that may have leaked or spilled, is drained through a PVC drain system to the slop tank. The slop tank is emptied via a tanker truck as necessary or transported via a pipeline to one of two disposal wells identified below. The slop tank is in a concrete containment.

A copy of the procedures for pressure testing the drains inside the Dagger Draw Gas Plant has been forwarded to the OCD and a copy is attached to this plan. This SOP will be modified to include the Selexol skid once operations of the Selexol system are brought online.

In the event of a spill within a containment not connected to the drain system, the spill is pumped out of the containment with a sump pump and disposed of according to the type of liquid. If the spill occurs on the ground and is of a "reportable quantity" and/or has the potential to impact human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of the property, the soil will be removed from site with the proper excavation equipment.

There is an earthen diked area which contains three small fiberglass storage tanks for oil and coolant. There is a second earthen diked area which contains a second lube oil tank. The amine storage tank and the glycol storage tank have concrete lined berms. The slop oil tank is contained in a concrete berm. All of the tank containment systems are designed to contain at least 133% of the volume of the tanks stored within the berm. There are two water tanks on site that are not bermed. These tanks contain freshwater for various activities including cleanup. If a spill were to occur from these tanks, there would be no adverse impact to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of the property.

All filters and activated carbon are placed into containers onsite and transferred by Controlled Recovery, Inc to CRI's landfill in Halfway, New Mexico. If the amine, Selexol, glycol, hot oil, or molecular sieve material needs to be replaced in whole, the material is disposed of properly via a specialty chemical company such as Coastal Chemicals.

Disposal Wells:

Compromise SWD
Administrative Order No. SWD-400
Issued September 19, 1990
Unit H of Section 30, Township 18 South , Range 27 East
Eddy County, New Mexico

Santa Fe Land Improvement SWD
Administrative Order No. SWD-295
Issued March 17, 1986
Unit I of Section 17, Township 19 South, Range 26 East
Eddy County, New Mexico

Contact information for third party contractors is as follows:

American Production Services, Inc
2800 W Marland
Hobbs, New Mexico 88240

Controlled Recovery, Inc.
PO Box 388
Hobbs, NM 88241

Thermo Fluids, Inc
2800 North US Hwy 62
Brownfield, Texas
TXD 982 756 868

9. Proposed Modifications to existing Collection, Treatment and Disposal Systems:

In May 2005, Agave Energy Company purchased the Duke Dagger Draw Gas Plant. This modification application will combine the Discharge Permit for the Agave Gas Plant (GW-053) and the Discharge Permit for the Duke Dagger Draw Gas Plant (GW-185) into a new Discharge Permit for the Agave Dagger Draw Gas Plant. Agave made significant changes to the operational of the gas plant; we did not modify the waste collection system that previously existed in the plant other than to replace the lines and sump pumps if necessary.

During the most recent pressure test of the sump lines, block valves were installed to isolate specific skids for ease of testing and leak detection.

Agave made no changes to the leach field and septic systems currently in operation at the facility other than to replace the septic tanks with properly permitted tanks as necessary.

Agave removed the existing sump pump and replaced it with an above ground separator and small storage tank. In most situations the waste stream will enter the separator directly. From the separator, the waste will move right to the disposal line as described above. Agave placed a small fiberglass tank within the

containment in the event that the diaphragm pump is not operating properly or if something occurs to shutdown the disposal well.

10. Inspection and Maintenance Plan:
    a. Company personnel make daily inspections of the site. Malfunctions or breakdowns are noted and repaired.
    b. Any repair work that is needed is performed as required.
    c. A regular maintenance program is diligently carried out on all on-site equipment.
    d. All underground process lines are pressure tested annually.

11. Plan for reporting and Cleanup of Spills or Releases:
    a. Standard company policy is to immediately secure the area to insure the safety of personnel and the public.

    b. Employees and contract personnel are dispatched to the spill area with necessary equipment and materials necessary to control and contain the spill and initiate the clean-up program, if necessary, as soon as practicable.

    For purposes of spill or discharge response and corrective action, *de minimis* spills or discharges may not require immediate corrective action after containment. The shift manager shall determine whether a spill is a *de minimis* spill. *De minimis* spills will be removed and cleanup materials will be appropriately managed at regular intervals during the year.

    For purposes of this Contingency Plan, a *de minimis* spill is defined as a spill or discharge that has not occurred in such quantity as may with reasonable probability injure or be detrimental to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of the property. *De minimis* spills are discharges for which there is not a reasonable probability that the discharged material will reach a surface or subsurface water.

    A release that does not rise to the level of a "major release", a "minor release" or that does not endanger public health or the environment (as those terms are set forth at 19.15.29 NMAC) is a *de minimis* spill. In evaluating whether a release of oil poses a hazard to public health, the facility will evaluate whether a water into which a release has occurred is used or is reasonably expected to be used in the future as a human drinking water source and whether the release will cause an exceedance of any numerical standards of Subsection A of 20.6.2.3103 NMAC or if the release contains a toxic pollutant as defined in Subsection WW of 20.6.2.7 NMAC.

    c. Notification and any necessary follow-up reports will be made to the appropriate agencies (OCD, WQCC, BLM etc.) pursuant to 19.15.29 NMAC and 20.6.2.1203 NMAC.

12. Geologic and Hydrological Information:

There are two fresh water wells at the Penasco Compressor Station located across the street, one owned by Yates Petroleum Corporation (RA 05344) and one owned by Agave Energy Company (RA 05233). Estimated depth to groundwater is 200 feet. The approximate total dissolved solids content in the groundwater is 1500 mg/L. The surrounding terrain consists of gentle rolling hills marked with outcrops of caliche. The soils consist of silty clay loams and silt loams. The present surface is subject to colluvial processes and drainage to the northeast. The area is primarily rangeland consisting of creosote bush,

yucca, broom snakeweed, dogweed, fluff grass and burrograss. The site is not located in a floodplain and no danger of flooding exists.

13. Facility Closure Plan:

The some equipment has been decommissioned during the refurbishment process. For example, the old MEP compressor engines were replaced with electric driven motors. The blocks from the old engines were stored onsite until a recycler removed the blocks. Similarly, some small equipment might undergo the same procedure. Some equipment, such as the SRU has been decommissioned in place until it can be sold for scrap. When equipment is decommissioned, part of the process is draining all fluids from the equipment prior to removing the equipment from the skid.

When final closure of the facility is imminent, notice will be submitted to the Oil Conservation Division and a final closure plan will be submitted at that time.

Agave Energy Company is in the process of closing the land farm located near the Artesia Field Office. No waste has been accepted at the facility since 2003. Initial composite samples were obtained for the west cell and the east cell. Soil samples were analyzed as appropriate.

A physical cleanup of the Agave Landfarm began in July 2007. This ensured that all concrete, trash, dead weeds, and any other non-landfarm items were removed from the site.

In March 2009, composite soil samples were analyzed. The BTEX, TPH, and heavy metals were all below limits as compared to the "Technical Background Document for Development of Soil Screening Levels" provided by the New Mexico Department Hazardous Waste Bureau.

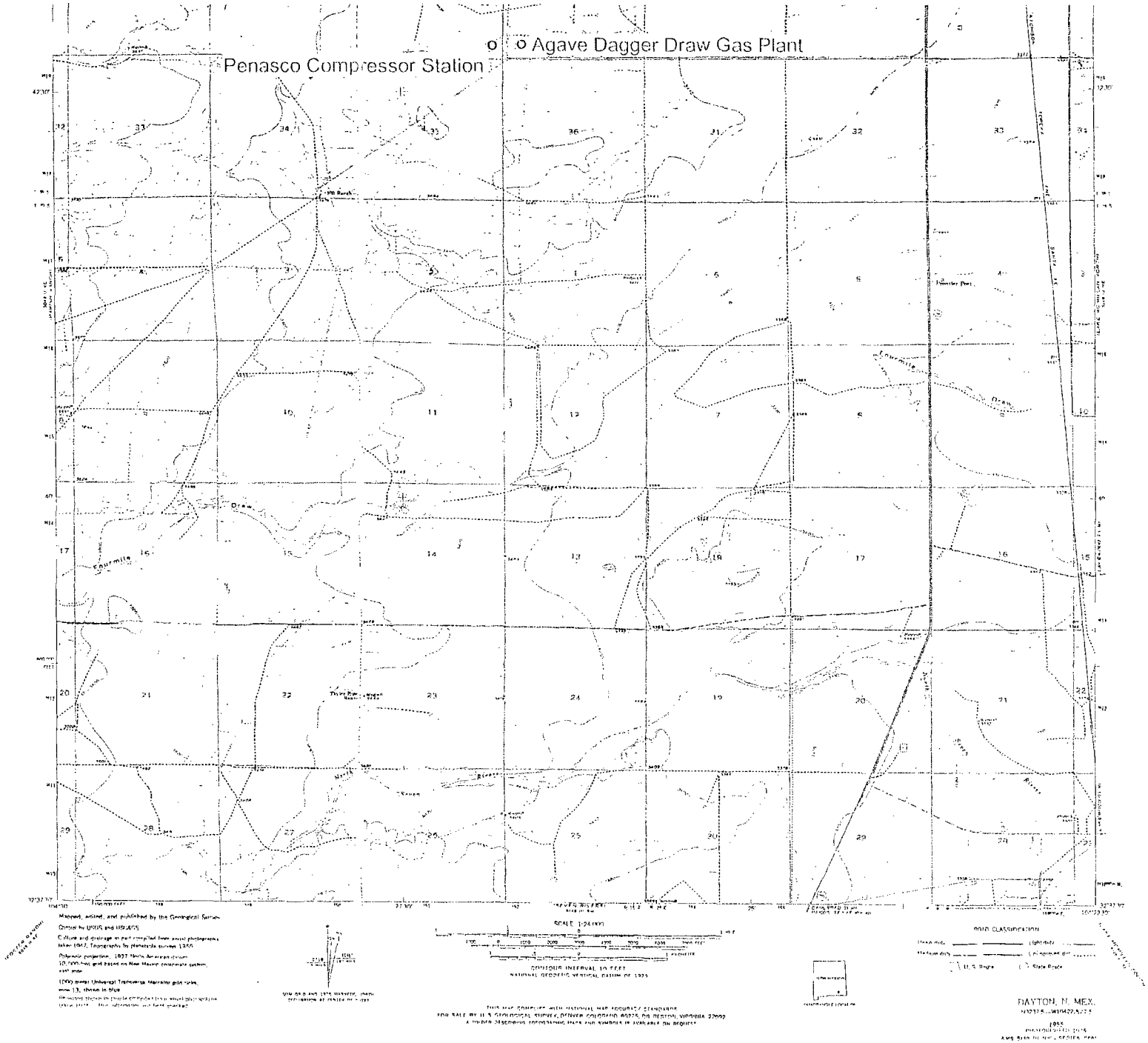
Chlorides in the west cell analyzed at approximately 2000 mg/kg. The landfarm is located within the fencelines of the Agave facility. The surrounding area is currently used to store equipment. The soil will be heavily compacted thereby reducing the threat to groundwater. According to the New Mexico Office of the State Engineer, groundwater has a depth of approximately 200 feet. Using API's AMIGO Risk Assessment program, it was determined that the potential timeline at which chlorides could reach groundwater was 150 years and the concentration at that time was less than 500 mg/L. This calculation is based on surface soil type, subsurface soil profile, annual rainfall, depth to groundwater as well as several other factors. These figures are very conservative and base calculations on 100 foot depth to groundwater.

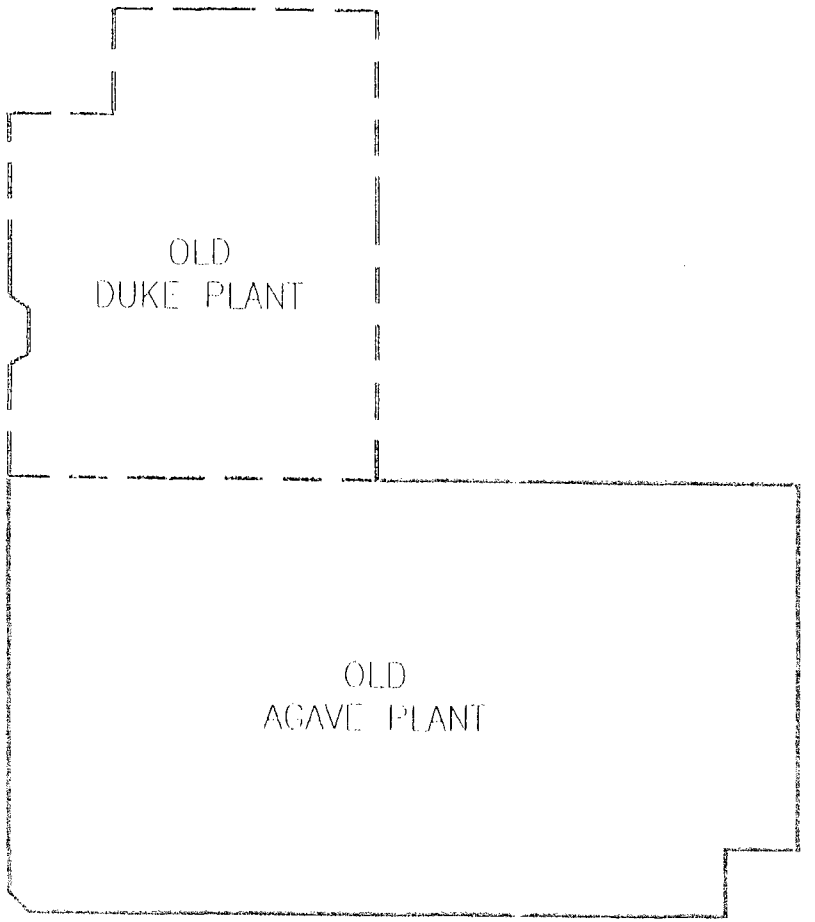
Given this information, Agave requests permission to close the landfarm. This will entail knocking the berms down and leveling and compacting the soil.

Most Recent Soil Sample Results: February 2, 2009

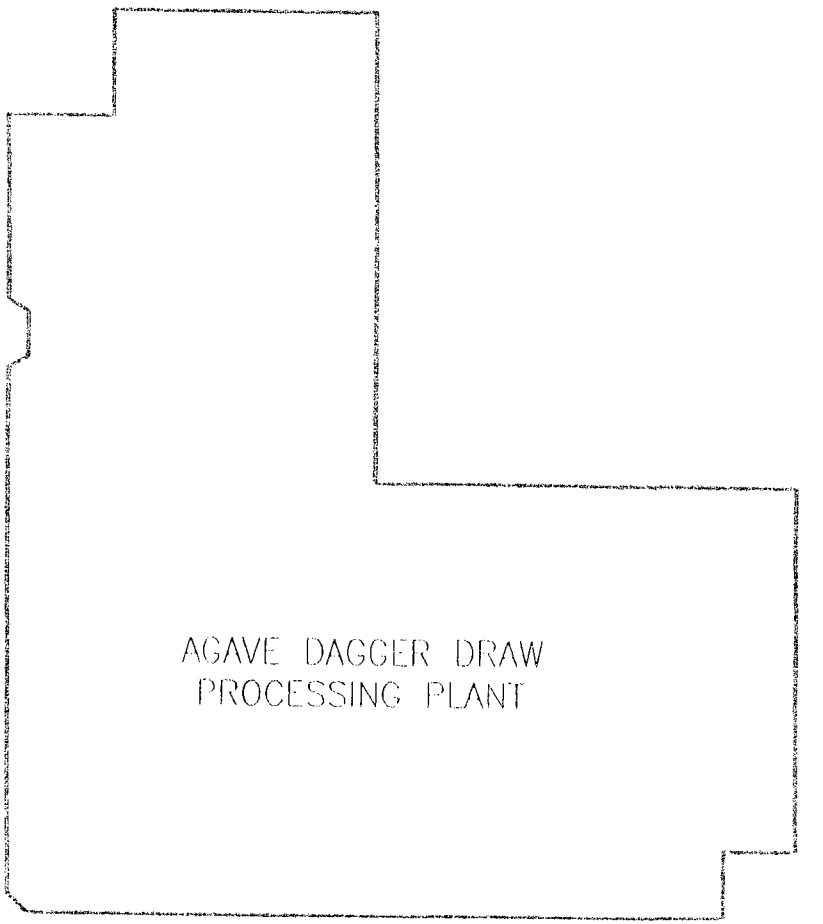
	West Cell		East Cell		NMED Soil Screening Levels	
	Sample 1	Sample 2	Sample 1	Sample 2		
Ag, Total	<0.250	<0.250	<0.250	<0.250	5680	
Alkalinity	152	36	292	960	No limit	
As, Total	2.47	3.03	2.99	2.89	17.70	
Ba, Total	238	230	128	118	100000.00	
BTEX	<0.0200	<0.0200	<0.0200	<0.0200	50	OCD Req
Ca, Extractable	8820	9530	8470	10100	No limit	
Cd, Total	0.272	<0.200	<0.200	<0.200	564.00	
Chloride (IC)	2030	2380	135	132	1000	
Cr, Total	12.1	11.3	8.56	8.69	103,400	
Fluoride (IC)	<5.00	<5.00	<5.00	<5.00	41000.00	
Hg, Total	<0.040	0.0429	<0.040	<0.040	100,068.40	
K, Extractable	213	254	275	372	No limit	
Mg, Extractable	450	512	439	534	No limit	
Na, Extractable	1350	1550	220	302	No limit	
NO3 (nitrate) (IC)	8.86	10.6	<2.00	<2.00	100,000	
Pb, Total	4.98	4.66	6.17	5.23	800.00	
Se, Total	<2.00	<2.00	<2.00	<2.00	5680.00	
SO4 (IC)	3010	3070	4810	5200	No soil limit	
TPH DRO	<250	<250	521	566		
TPH GRO	<1.00	<1.00	<1.00	<1.00	5000	OCD Req
SAR	19.8294	21.8744	3.29627	4.14165	No limit	

Attachment 1:
Maps and Drawings


Penasco Compressor Station
Agave Dagger Draw Gas Plant
Mapped, edited, and published by the Geological Survey
Control by USGS and USC&GS
Culture and drainage in part compiled from aerial photographs taken 1947. Topography by planetable surveys 1955
Polyconic projection. 1927 North American datum
10,000-foot grid based on New Mexico coordinate system, east zone
1000-meter Universal Transverse Mercator grid ticks, zone 13, shown in blue
SCALE 1:24 000
CONTOUR INTERVAL 10 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929
ROAD CLASSIFICATION
DAYTON, N. MEX.
1955



OLD



NEW

AGAVE ENERGY COMPANY

105 South Fourth Street, Artesia, New Mexico 88210

AGAVE DAGGER DRAW
PROCESSING PLANT

Attachment 2:
Procedures for Pressure Testing Drains

PROCEDURES FOR PRESSURE TESTING DRAINS INSIDE DAGGER DRAW GAS PLANT

The drain system at the dagger draw plant is broken down into 5 separate sections

1. Amine Skid, Glycol Skid, and Hot Oil Skid
2. Main drain line into the slop settling tank including the Glycol Storage Skid and the #1 Product Pump Skid
3. Acid Gas Compressor drain lines
4. Residue Compressor building drain lines
5. Cryo #1 and Cryo #2 skid drains

Testing of the drain sections can be done in any order.

Procedures for the Amine Skid, the Glycol Skid, and the Hot Oil Skid are as followed:

1. Shut the drain valve beside the Glycol Skid isolating this section of drain lines
2. Install 4" stopples in each of the three skids including one stopple with an air supply and one stopple with a pressure gauge
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove the three stopples and open the valve closed in step #1

Procedures for the main drain line into the slop settling tank including the Glycol Storage Skid and the #1 Product Pump Skid

1. Shut the valve inside the slop settling tank
2. Shut the Acid Gas Compressor skid drain line
3. Shut the three valves isolating this section of pipe from the other three sections (Amine, Glycol, and Hot Oil Skids) (Cryo Skids) (Residue Compressor Building)
4. Install a 4" stopple with a gauge in the Glycol Storage Skid, and a 4" stopple with an air supply in the #1 Product Pump Skid
5. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
6. Remove the stopples and open the valve closed in step #1 and the valves closed in step #3

Procedures for the Acid Gas Compressor drain lines

1. Shut the valve next to the slop settling tank isolating the Acid Gas Compressor drain lines
2. Install a 3" stopple on the North side of the Acid Gas Compressor Skid, and a 3" stopple with a gauge on the south side of the skid
3. Connect an air supply into the 1" valve connected to the drain lines beside the Condensing Skid
4. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
5. Remove the stopples and the air supply; Open the valve closed in step #1

Procedures for the Residue Compressor Building drain lines

1. Shut the valve beside the Glycol Skid isolating the Compressor Building drain lines
2. Install 4" stopples in the two drains on the South end of the building and the two drains on the North end of the building, including one stopple with a gauge, and one stopple with an air supply.
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove all four stopples and open the valve closed in step #1

Procedures for Cryo #1 and Cryo #2 skid drains

1. Shut the valve beside the Glycol Skid isolating Cryo #1 and Cryo #2 skid drain lines
2. Install a 4" stopple with an air supply in Cryo #1 skid and a 4" stopple with a gauge in Cryo #2 skid
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove the two stopples and open the valve closed in step #1

Attachment 3:
Septic Tank Permits

PAID
CK. NO. 243940
DATE 9/30/09

APPLICATION FOR A LIQUID WASTE PERMIT OR REGISTRATION

Date NMED Received: 7/30/09

NMED Permit Number: CA090166

NMED Use Only:
Call _____ to schedule an inspection a minimum of 2 working days prior to the inspection. Permit Fee: 150.00
Permit Approved for (circle one): 1 2 3 4 5 6 Bedrooms ___ Multiple dwellings ___ Other:

SYSTEM OWNER'S NAME: Last, First, MI | Home Phone: | Business Phone:

Yates Petroleum Corporation | | 575-748-1471

MAILING ADDRESS: Street/PO Box, | City | State | Zip Code

105 South Fourth Street | Artesia | NM | 88210

SYSTEM LOCATION: Address, City, ZIP, County - (if needed, attach directions)

288 Kincaid Ranch Road - Agave Field Office

SUBDIVISION | UNIT/PHASE | BLOCK | LOT/TRACT

UNIFORM PROPERTY CODE:

TOWNSHIP	RANGE	SECTION	QTR	QTR	QTR	LATITUDE	LONGITUDE	ELEV
18S	25E	25	SE	SW	SW	32.71204	104.44160	3472

INSTALLER'S NAME & FIRM: | PHONE:

MAILING ADDRESS: Street/PO Box | City | State | ZIP

CID License No./Class No.: ___ MM-1 ___ MM-98 ___ MS-1 ___ MS-3 ___ Homeowner

I. PERMIT APPLICATION (instructions available on request)

Application is for: ___ New Permit X Registration - existing unpermitted system
___ Modification of an existing system ___ ATS ownership transfer
Existing Permit No.(if applicable): _____

II. WASTEWATER SOURCES & DESIGN FLOWS IN GALLONS PER DAY (gpd)

A. Proposed liquid waste system use and design flow:
___ Single family residence ___ no. of bedrooms _____ gpd
___ Multiple family units ___ no. of units: ___ no. bedrooms per unit _____ gpd
___ Seasonal residence
X Commercial/Institutional (type): Office _____ gpd
___ Other (type): _____ Fixture units: ___ ___ gpd
B. Are there other sewage sources on this property? ___ Yes ___ No _____ gpd
TOTAL WASTEWATER FLOW ON PROPERTY - _____ gpd

III. SITE INFORMATION

A. Lot Size: _____ Acres (nearest 0.01 acre) Date of Record: _____ (Plat Date or Subdivision Date)
Ownership and lot size documentation attached: ___ Warranty deed X Property tax receipt
___ Recorded survey ___ Recorded plat ___ Other, specify: _____

B. Depth from Ground Surface to:
Seasonal High Water Table _____ feet
Bedrock, Caliche, Tight Clay _____ feet
Gravel, Cobbles, Highly permeable soil _____ feet

C. Soil Description:
USDA Soil Class Methodology & Verification Submitted? ___ Yes ___ No
___ Type Ia=1.25 sf/gal/day ___ Type Ib=2 sf/gal/day ___ Type II= 2 sf/gal/day
___ Type III=2 sf/gal/day ___ Type IV=5 sf/gal/day

D. Domestic Water Source:
___ On-site X Off-site X Private ___ Public ___ Shared
Irrigation well, or flood irrigated area on lot? ___ Yes X No
State Engineer Well Permit #: RA 05233/RA 07952
Name of Public Water System: _____

IV. SYSTEM DESIGN

___ Experimental System

A. Treatment Unit:
X Septic tank Manufacturer: _____ Capacity _____
Certification No: _____
___ ATS (Advanced Treatment System) ___ Secondary ___ Tertiary ___ Sand filter
___ Disinfection ___ Other (specify): _____
Manufacturer: _____ Model: _____
___ Voluntary ATS

B. Disposal System: ___ Trench ___ Leaching Bed ___ Seepage Pit
___ Privy ___ Holding tank ___ Elevated Bed ___ Wisconsin Mound
___ Vault ___ Lined Evapotranspiration (ET) Bed ___ Unlined ET Bed
___ Irrigation ___ Low pressure dosed ___ Drip ___ Gray water
___ Other (specify): _____
Materials: ___ Pipe & Gravel ___ Gravelless (type): _____
Distribution box: ___ Yes ___ No

C. Minimum required absorption area:
AR _____ x Q _____ = _____ SQ FT
(AR - Application Rate) (Q - Design Flow)
Trench or Bed width = _____ ft.
Gravel depth below pipe = _____ ft.
Total Trench or Bed Length = _____
Length of Trenches = (1) _____ ; (2) _____ , (3) _____ ; (4) _____
Number of Gravelless Units = _____
Proposed Absorption Area of System = _____ SQFT

D. Depth from ground surface to bottom of absorption area = _____ ft.

Agave Field Office

State of New Mexico
ENVIRONMENT DEPARTMENT
Environmental Health Division
Liquid Waste Program

UNPERMITTED ONSITE WASTEWATER SYSTEM INSPECTION & EVALUATION FORM
For Use by NMED in Issuing a Certificate of Registration or Permit for Unpermitted Systems

If installed before February 1, 2002, the entire top of the septic tank and inlet and outlet connection points must be adequately exposed for inspection.

If installed on, or after, February 1, 2002, the entire system must be adequately exposed for inspection and determined to meet all requirements of 20.7.3 NMAC.

GENERAL INFORMATION (To be completed by Owner or Owner's Representative) Please print:

Owner Yates Petroleum Corporation Phone 575-748-4555

Mailing Address 105 South Fourth Street City Artesia State NM Zip 88210

Site Address 288 Kincaid Ranch Road City Artesia Zip 88210

Lot Size _____ Is dwelling unoccupied (yes or no - For how long?): NA

Number of bedrooms in dwelling: _____ Date of system installation _____

Business or other (describe) Gas Plant / Compressor Station X No dwelling present at time of inspection

Has there ever been a backup in the house? Yes _____ Date(s) _____ No _____ Don't know _____

Describe any known modifications made to the system _____

_____

Date(s) of modifications _____

Describe other wastewater sources on this property: _____

Other relevant information _____

Water: On site ____ Off site X Private ____ Shared ____ Community water system _____

Location of well (address) 294 Pipeline Rd Artesia NM 88210

NM State Engineer's Well Permit # RA 05233 / RA 11952

Name of Realtor (if applicable) _____ Phone _____

The above information is true to the best of my knowledge.

Owner name GREG JOKELA (Print) Date 7-29-09

Signature _____

Agave Field Office

PAID

ENTERED

APPLICATION FOR A LIQUID WASTE PERMIT OR REGISTRATION

NEW MEXICO ENVIRONMENT DEPARTMENT

DATE 10 20 8/20/08

Date NMED Received: 8/18/08 NMED Permit Number: CA801360

NMED Use:
NMED Inspection Required: __ No __ Yes, Call _____ to schedule an inspection a minimum of 2 working days prior to the inspection.
Permit Approved for (circle one): 1 2 3 4 5 6 Bedrooms Multiple dwellings Other:

SYSTEM OWNER'S NAME: Last, First, MI — Home Phone: — Business Phone:

AGAVE ENERGY COMPANY — (575) 748-4555

MAILING ADDRESS: Street/PO Box, — City — State — Zip Code
105 South 4th Street — Artesia — NM — 88210

SYSTEM LOCATION: Address, City, ZIP, County - (if needed, attach directions)

294 Pipeline Road - Dagger Draw Chemical Lab - office

SUBDIVISION / MEPT & BOUNDS / TRACT	UNIT	BLOCK	LOT
MEPT & BOUNDS (*see attachment*)	n/a	n/a	n/a

TOWNSHIP	RANGE	SECTION	QTR	QTR	QTR	LATITUDE	LONGITUDE	ELEV
18S	25E	25	NW	SW		W104° 44.577	N32° 71.471	3742

UNIFORM PROPERTY CODE: 4 150 107 132 396

INSTALLER'S NAME & FIRM: — PHONE:
Carlo Industrial Maintenance, LLC — 746-8774 / 748-7158

MAILING ADDRESS: Street/PO Box — City — State — ZIP
6483 Seven Rivers Hwy — Artesia — NM — 88210

WID License No./Class __ MM-1 __ MM-98 __ MS-1 √ MS-3 __ Homeowner
No.: 87390

I. PERMIT APPLICATION (instructions available on request)

Application is for: ____ New Permit ____ Registration - unpermitted system
__√__ Modification to an existing system (existing permit no., if any): _____
____ ATS ownership transfer

II. WASTEWATER SOURCES & DESIGN FLOWS IN GALLONS PER DAY (gpd)

A. Proposed liquid waste system use and design flow:

__ Single family residence _____ no. of bedrooms	_____	gpd
__ Multiple family units _____ no. of units; __ no. bedrooms per unit	_____	gpd
__ Seasonal residence		
√ Commercial (type): 4 employees / 4 fixtures * 31.1 = 124.4	124.4	gpd
__ Other (type): _____ Fixture units: ____	_____	gpd
B. Are there other sewage sources on this property? __ Yes √ No	0	gpd
TOTAL WASTEWATER FLOW ON PROPERTY -	124.4	gpd

III. SITE INFORMATION

A. Lot Size: 14.46 Acres (nearest 0.01 acre) — Date of Record: _____ (Plat Date or Subdivision Date)
Ownership and lot size documentation attached: √ Warranty deed __ Recorded plat
__ Recorded survey _____ Property tax receipt __ Other, specify: _____

B. Depth from Ground Surface to:

Seasonal High Water Table	>150 feet
Bedrock, Caliche, Tight Clay	>20 feet
Gravel, Cobbles, Highly permeable soil	>20 feet

C. Soil Description:
USDA Soil Class Methodology & Verification Submitted? __ Yes √ No
__ Type Ia=1.25 sf/gal/day __ Type Ib=2 sf/gal/day __ Type II= 2 sf/gal/day
√ Type IIi=2 sf/gal/day __ Type IV=5 sf/gal/day

D. Domestic Water Source: √ On-site __ Off-site
√ Private __ Public __ Shared
State Engineer Well Permit #: RA 0523 / RA 07952
Name of Public Water System: n/a
Irrigation well, or flood irrigated area on lot? __ Yes √ No

IV. SYSTEM DESIGN

A. Treatment Unit:
√ Septic tank Manufacturer: (Johnson) Fabco Gallons: 100
Certification No: NM 07-10-100A
__ ATS Manufacturer: _____ Model: _____
(ATS - Advanced Treatment System) __ Sand filter __ Voluntary ATS
Treatment: __ Secondary __ Tertiary __ Disinfection
Other (specify): _____

B. Disposal System: √ Trench __ Leaching Bed __ Seepage Pit
__ Privy __ Holding tank or vault __ Gray water
__ Mound __ Lined Evapotranspiration (ET) Bed __ Unlined ET Bed
__ Elevated Bed __ Drip __ Low pressure dosed
__ Other (specify): _____
Materials: √ Pipe and Gravel __ Gravelless (specify): _____
__ Distribution box required

C. Minimum required absorption area:
AR 2.0 x Q 124.4 = 248.8 SQ FT
(AR - Application Rate) (Q - Design Flow)
Trench or Bed width = 21" ft.
Gravel depth below pipe = 3 ft.
Length of Trenches = (1) 60 ; (2) _____ ; (3) _____ ; (4) _____
Total Trench or Bed Length = 60
Number of Gravelless Units = n/a
Proposed Absorption Area of System = 405 SQFT

D. Depth from ground surface to bottom of absorption area = 6 ft.

NMED Permit Number: CAC901326

V. **SITE PLAN: Attach plat, diagram or picture file of the lot and liquid waste system. Show setback distances from both the tank and disposal field to property lines, buildings, structures, wells, water lines, irrigation ditches, arroyos and surface waters within 200 feet of the system, and the direction of groundwater flow.**

NMED Use:	A plat, drawing or picture, including setback distances, in accordance with 20.7.3.302: __ IS attached

VI. The foregoing information is correct and true to the best of my knowledge. I understand the issuing of this permit does not relieve me from the responsibility of complying with all applicable provisions of the New Mexico Plumbing Code and the New Mexico Liquid Waste Disposal and Treatment Regulations. Obtaining this permit does not relieve me from the responsibility of obtaining any permit required by state, city or county regulation or ordinance or other requirements of state or federal law.

Carrie D Noble — 08-17-09
Signature — Date

__ Owner X Contractor __ Other, specify: _____

VII. **NMED PERMIT TO CONSTRUCT (For Registrations, ATS Ownership Transfer, or Permitting of Existing Unpermitted Systems installed after February 1, 2002 skip this section and go to Section VIII):**

A permit for construction of the liquid waste disposal system described herein is hereby:
__ **Granted** ✓ **Granted subject to conditions** __ **Denied**

Permit Conditions or Reasons for Denial: 1. Inspection of System prior covering 2 April 2007 regulations Apply

[signature] — 8/20/09
NMED Representative — **Date**

NOTE: This permit may be canceled for failure to meet any condition specified; failure to complete the system within one year; for providing inaccurate or incomplete information; or for failure to notify NMED to schedule an inspection, a minimum of 2 working days prior to the inspection.
If you have questions call: _____

VIII. **NMED FINAL APPROVAL TO OPERATE LIQUID WASTE SYSTEM:**
The system described above: X **was inspected by NMED** __ **Contractor photo inspection authorized**

NMED Inspection History	NMED Representative	Date
Septic Tank Appears OK	[signature]	9/2/09
Leach Line Appears OK	[signature]	9/3/09

A permit for operation of the liquid waste disposal system described herein is hereby:
__ **Granted** X **Granted subject to conditions** __ **Denied**

Conditions of Approval: 1. NMED must be Notified prior any Modifications 2. System must be Maintained

[signature] — 9/3/09
NMED Representative — **Date**

PAID

CK NO. 1619
DATE 8/20/09

APPLICATION FOR A LIQUID WASTE PERMIT OR REGISTRATION

ENTERED

Date NMED Received: 8/18/09

NMED Permit Number: CA090135

NMED Use:
NMED Inspection Required: __ No, ✓ Yes, Call _____ to schedule an inspection a minimum of 2 working days prior to the inspection.
Permit Approved for (circle one): 1 2 3 4 5 6 Bedrooms Multiple dwellings Other: Shops

SYSTEM OWNER'S NAME: Last, First, MI | Home Phone: | Business Phone:

AGAVE ENERGY COMPANY (575) 748-4555

MAILING ADDRESS: Street/PO Box, | City | State | Zip Code
105 South 4th Street | Artesia | NM | 88210

SYSTEM LOCATION: Address, City, ZIP, County - (if needed, attach directions)

294 Pipeline Road - Dagger Draw Chemical Lab - Office

SUBDIVISION / MEPT & BOUNDS / TRACT	UNIT	BLOCK	LOT
MEPT & BOUNDS (*see attachment*)	*n/a*	*n/a*	*n/a*

TOWNSHIP	RANGE	SECTION	QTR QTR QTR	LATITUDE	LONGITUDE	ELEV
18S	25E	25	NW SW	W104° 44.537	N32° 71.566	3472

UNIFORM PROPERTY CODE: 4 150 107 132 396

INSTALLER'S NAME & FIRM: Carlo Industrial Maintenance, LLC | PHONE: 746-8774 / 748-7158

MAILING ADDRESS: Street/PO Box | City | State | ZIP
6483 Seven Rivers Hwy | Artesia | NM | 88210

CID License No./Class No.: 87390 __ MM-1 __ MM-98 __ MS-1 ✓ MS-3 __ Homeowner

I. PERMIT APPLICATION (instructions available on request)

Application is for: _____ New Permit _____ Registration - unpermitted system
✓ Modification to an existing system (existing permit no., if any): _____
_____ ATS ownership transfer

II. WASTEWATER SOURCES & DESIGN FLOWS IN GALLONS PER DAY (gpd)

A. Proposed liquid waste system use and design flow:

__ Single family residence _____ no. of bedrooms	_____	gpd
__ Multiple family units _____ no. of units; __ no. bedrooms per unit	_____	gpd
__ Seasonal residence		
✓ Commercial (type): 4 employees / 4 fixtures * 31.1 = 124.4	124.4	gpd
__ Other (type): _____ Fixture units: _____	_____	gpd
B. Are there other sewage sources on this property? __ Yes ✓ No	0	gpd
TOTAL WASTEWATER FLOW ON PROPERTY -	124.4	gpd

III. SITE INFORMATION

A. Lot Size: 14.46 Acres (nearest 0.01 acre) Date of Record: _____ (Plat Date or Subdivision Date)
Ownership and lot size documentation attached: ✓ Warranty deed __ Recorded plat __ Recorded survey _____ Property tax receipt __ Other, specify: _____

B. Depth from Ground Surface to:

Seasonal High Water Table	>150 feet
Bedrock, Caliche, Tight Clay	>20 feet
Gravel, Cobbles, Highly permeable soil	>20 feet

C. Soil Description:
USDA Soil Class Methodology & Verification Submitted? __ Yes ✓ No
__ Type Ia=1.25 sf/gal/day __ Type Ib=2 sf/gal/day __ Type II= 2 sf/gal/day
✓ Type III=2 sf/gal/day __ Type IV=5 sf/gal/day

D. Domestic Water Source: ✓ On-site __ Off-site ✓ Private __ Public __ Shared
State Engineer Well Permit #: RA 0523 / RA 07952
Name of Public Water System: *n/a*
Irrigation well, or flood irrigated area on lot? __ Yes ✓ No

IV. SYSTEM DESIGN

A. Treatment Unit:
✓ Septic tank Manufacturer: (Johnson) Ebaka Gallons: 1000
Certification No: NM 07-10-100A
__ ATS Manufacturer: _____ Model: _____
(ATS - Advanced Treatment System) __ Sand filter __ Voluntary ATS
Treatment: __ Secondary __ Tertiary __ Disinfection
__ Other (specify): _____

B. Disposal System: ✓ Trench __ Leaching Bed __ Seepage Pit
__ Privy __ Holding tank or vault __ Gray water
__ Mound __ Lined Evapotranspiration (ET) Bed __ Unlined ET Bed
__ Elevated Bed __ Drip __ Low pressure dosed
__ Other (specify): _____
Materials: ✓ Pipe and Gravel __ Gravelless (specify): _____
__ Distribution box required

C. Minimum required absorption area:
AR 2.0 x Q 124.4 = 248.8 SQ FT
(AR - Application Rate) (Q - Design Flow)
Trench or Bed width = 21" ft.
Gravel depth below pipe = 3 ft.
Length of Trenches = (1) 60 ; (2) _____ ; (3) _____ ; (4) _____
Total Trench or Bed Length = 60
Number of Gravelless Units = *n/a*
Proposed Absorption Area of System = 405 SQFT

D. Depth from ground surface to bottom of absorption area = 6 ft.

Revised 10-07

NMED Permit Number: CAG90135

V. **SITE PLAN: Attach plat, diagram or picture file of the lot and liquid waste system. Show setback distances from both the tank and disposal field to property lines, buildings, structures, wells, water lines, irrigation ditches, arroyos and surface waters within 200 feet of the system, and the direction of groundwater flow.**

NMED Use:	A plat, drawing or picture, including setback distances, in accordance with 20.7.3.302: ✓ IS attached

VI. The foregoing information is correct and true to the best of my knowledge. I understand the issuing of this permit does not relieve me from the responsibility of complying with all applicable provisions of the New Mexico Plumbing Code and the New Mexico Liquid Waste Disposal and Treatment Regulations. Obtaining this permit does not relieve me from the responsibility of obtaining any permit required by state, city or county regulation or ordinance or other requirements of state or federal law.

Carl W Noble — 08-18-09
Signature — Date

__ Owner X Contractor __ Other, specify: _____

VII. **NMED PERMIT TO CONSTRUCT (For Registrations, ATS Ownership Transfer, or Permitting of Existing Unpermitted Systems installed after February 1, 2002 skip this section and go to Section VIII):**

A permit for construction of the liquid waste disposal system described herein is hereby:
__ **Granted** ✓ **Granted subject to conditions** __ **Denied**

Permit Conditions or Reasons for Denial: 1. Inspection of System prior Covering 2. April 2002 regulations Apply

Chavarria — 8/20/09
NMED Representative — **Date**

NOTE: This permit may be canceled for failure to meet any condition specified; failure to complete the system within one year; for providing inaccurate or incomplete information, or for failure to notify NMED to schedule an inspection, a minimum of 2 working days prior to the inspection.
If you have questions call: _____

VIII. NMED FINAL APPROVAL TO OPERATE LIQUID WASTE SYSTEM:
The system described above: X **was inspected by NMED** __ **Contractor photo inspection authorized**

NMED Inspection History	NMED Representative	Date
Septic Tank Covered OK	E	9/3/09
Leach Line Covered OK	E	9/30/09

A permit for operation of the liquid waste disposal system described herein is hereby:
__ **Granted** X **Granted subject to conditions** __ **Denied**

Conditions of Approval: 1. NMED Must be Notified prior any Modifications 2. System must be Maintained

Chavarria — 9/3/09
NMED Representative — **Date**

Attachment 4:
SWD Permits and C-133 Transporters

OrderNum	CoName	Addr1	Addr2	City	State	Zip1	Zip2	Phone
C133-1	A Plus Well Service	P.O. Box 1979		Farmington	NM	87499	0000	5053252627
C133-204	ACD OILFIELD SERVICES, LLC	PO BOX 553		LOVINGTON	NM	88260		5053967264
C133-140	Ace Services Inc	P.O. Box 551		Aztec	NM		0000	5053347274
C133-199	ACE TRUCKING, LLC	2001 N. ACOMA DRIVE		HOBBS	NM	88240		5053938131
C133-2	ADA CRUDE OIL COMPANY	P.O. BOX 844		HOUSTON	TX	77001		7137939234
C133-209	ALEJO & REBECCA MADRID DBA MADRIDS TRUCKING	709 WEST HARRISON		LOVINGTON	NM	88260		5053967529
C133-55	AMERICAN PRODUCTION SERVICES	2800 W MERLAND		HOBBS	NM	88240		5053938830
C133-153	AMERICAN PRODUCTION SERVICES	2800 W MERLAND		HOBBS	NM	88240		5053938830
C133-3	Andres Juarez	P.O. Box 155		Jal	NM	88252	0000	5053950460
C133-4	Angel Peak Trucking Co	P.O. Box 185		Bloomfield	NM	87413	0000	5056340460
C133-217	ANGELINA WELL SERVICE, INC	HCR 79 BOX 5003		CUBA	NM	87013		5052873949
C133-5	APACHE CORPORATION	2000 POST OAK BLVD STE 100		HOUSTON	TX	77056		0
C133-183	ARAPAHOE OILFIELD SERVICES, LLC	2125 NORTH FRENCH DRIVE		HOBBS	NM	88241		5053938685
C133-6	ARCO PERMIAN	200 WESTLAKE PARK BLVD, RM 266		HOUSTON	TX	77079		2813667685
C133-249	ASTOCO OILFIELD SERVICES, LLC	2120 E. STARLIGHT RD		HOBBS	NM	88240		5753906858
C133-253	ATG ENTERPRISES, INC	1923 HOLLYHOCK CIRCLE		FARMINGTON	NM	87401		3082895220
C133-221	Avalon Trucking LLC	3176 Pipe Court		Grand Junction	CO	81504	0000	9702160093
C133-9	B & E INC	PO BOX 2292		HOBBS	NM	88240		0
C133-181	B & R Trucking, Inc.	4311 Monica Lane		Carlsbad	NM	88220	0000	5052366012
C133-179	B J Pipe & Supply	1722 S. Main		Lovington	NM	88260	0000	5053966406
C133-7	B&A Trucking	705 N Auburn		Farmington	NM	87401	0000	5053264524
C133-8	B&B Vac	10/2 Hwy 96		Regina	NM	87046	0000	5052894048
C133-10	B&M Service Co Inc	2625 W. Marland		Hobbs	NM	88240	0000	5053939171
C133-11	B&N Water Truck Service	P.O. Box920		Ignacio	CO	81137	0000	3035634672
C133-12	BABER WELL SERVICING CO	PO BOX 1772		HOBBS	NM	88241		5053925516
C133-248	BAILEY'S WELDING SERVICE, INC	5861 HWY 64		FARMINGTON	NM	87401		5056323739
C133-197	BANDERA PETROLEUM INC	PO BOX 430		HOBBS	NM	88240		5053926456
C133-13	BARBER OIL INC	PO BOX 1658		CARLSBAD	NM	88220		0
C133-14	BASIC ENERGY SERVICES INC	PO BOX 10460		MIDLAND	TX	79702	0460	9155700829
C133-15	BASIN DISPOSAL INC	PO BOX 100		AZTEC	NM	87410		0
C133-16	BC & D OPERATING INC.	PO BOX 302		HOBBS	NM	88241		5053922887
C133-17	Benjamine S Monsalve	P.O. Box 236		Eunice	NM	88231	0236	5053942727
C133-18	BENSON-MONTIN GREER DRILLING CORP	4900 COLLEGE BLVD.		FARMINGTON	NM	87402		5053258874
C133-155	BIG TEX CRUDE OIL COMPANY	PO BOX 5722	5809 SANTA FE	ABILENE	TX	79608		9156929230
C133-213	BLOOMFIELD CONSTRUCTION COMPANY, INC.	500 MISSOURI STREET		BLOOMFIELD	NM	87413		5056328220
C133-191	BOBBY SIKES DBA B&L SATELLITE RENTALS	2502 AVENUE O		EUNICE	NM	88231		5053940886
C133-198	BRYAN'S OILFIELD SERVICE, INC.	PO BOX 759		EUNICE	NM	88231		5053940606
C133-192	BULL HORN INC	PO BOX 2232		HOBBS	NM	88241	2232	5053977606
C133-19	C&R Oilfield Services, L.L.C	P.O. Box 160		Carlsbad	NM	88220	0000	5058872527
C133-20	CENTRAL RESOURCES INC	1775 SHERMAN ST STE 600		DENVER	CO	80203		0
C133-21	CFM Trucking Inc	1206 E. Murray Dr.		Farmington	NM	87401	0000	5053275448
C133-22	CHAPARRAL SERVICES INC	PO BOX 1769		EUNICE	NM	88231		5053942545
C133-23	Cimarron Services	P.O. Box 24		Hobbs	NM	88240	0000	5053923571
C133-222	CH FARMS & TRUCKING	5 1/2 SUNRISE ROAD	PO BOX 21	MALAGA	NM	88263		5757453638
C133-24	COLLIER ENERGY INC	PO BOX 798		ARTESIA	NM	88210		0
C133-25	CONOCO INC	1001 N TURNER BX 400		HOBBS	NM	88240		0
C133-26	CONOCO INC	555 17TH ST		DENVER	CO	80202		0
C133-27	CONTROLLED RECOVERY INC	PO BOX 388		HOBBS	NM	88241	0369	5058850388
C133-28	CORINNE GRACE	P. O. BOX 1418		CARLSBAD	NM	88220		0
C133-149	CRAIN HOT OIL SERVICE	P O BOX 613	2239 S. MAIN	LOVINGTON	NM	88260		5753966543
C133-206	CROSSFIRE SEEDING, LLC	PO BOX 1056		BAYFIELD	CO	81122		9708844869
C133-29	Cuatro Transportation Inc	P.O. Box 1231		Jal	NM	88252	0000	5053953504
C133-30	D&S Trucking	201 Summit Dr		Farmington	NM	87401	0000	5053277007
C133-238	DANIEL MARQUEZ DBA DAN'S TRUCKING	806 WEST AVENUE E		LOVINGTON	NM	88260		5753962066
C133-215	DARREN WITTMAN DBA TUFFDAWG SERVICES	1705 WITTMAN DRIVE		HOBBS	NM	88241		5053919353
C133-31	DAWN TRUCKING CO	PO BOX 1498		FARMINGTON	NM	87499		5053276314
C133-32	DDH MRK, Inc.	P.O. Box 1246		Farmington	NM	87499	0000	5053257770
C133-143	De La Sierra Trucking, LLC	3116 Rose Road		Hobbs	NM	88242	0000	5057380972
C133-226	DELONG, LC	911 W. CASTLEBERRY RR		ARTESIA	NM	88210		5057464716
C133-240	DEPENDABLE TRUCKING, LLC	214 N MAIN		CARLSBAD	NM	88220		5752342028
C133-33	Desert Sol Transport LLC	1300-G El Paso #121		Las Cruces	NM	88001	0000	5055237397
C133-176	DIRT WORKS SERVICES, INC.	PO BOX 195		HOBBS	NM	88241	0000	5053926456
C133-146	DOS AMIGOS TRANSPORT LLC	P.O. BOX 1491		CARLSBAD	NM	88221	0000	5058852066
C133-34	Double Dog Water	2100 Joy Lynn St.		Bloomfield	NM	87413	0000	5056325983

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

ADMINISTRATIVE ORDER NO. SWD-400

APPLICATION OF YATES PETROLEUM CORPORATION

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Yates Petroleum Corporation made application to the New Mexico Oil Conservation Division on July 20, 1990, for approval to complete for salt water disposal its Compromise AEJ Federal Com No. 1, located in Unit H of Section 30, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations.

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified; and

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.

(4) The only objection received within the waiting period prescribed by said rule has been withdrawn.

IT IS THEREFORE ORDERED THAT:

(1) The applicant herein, Yates Petroleum Corporation is hereby authorized to complete its Compromise AEJ Federal Com No. 1 located in Unit H of Section 30, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Canyon formation at approximately 8054 feet to approximately 8154 feet through 2 7/8-inch plastic lined tubing set in a packer located at approximately 7950 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1610 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Canyon formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 11th day of September, 1990.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

50 YEARS

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

1935 - 1985

ORDER SWD-295

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

THE APPLICATION OF H & S OIL COMPANY

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), H & S Oil Company made application to the New Mexico Oil Conservation Division on January 27, 1986, for permission to complete for salt water disposal the Mountain States Petroleum Corporation Santa Fe Land Improvement Company Well No. 1 located in Unit I of Section 17, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico.

The Division Director finds:

(1) That application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) That satisfactory information has been provided that all offset operators and surface owners have been duly notified; and

(3) That the applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.

(4) That no objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, H & S Oil Company is hereby authorized to complete the Mountain States Petroleum Company Santa Fe Land Improvement Company Well No. 1, located in Unit I of Section 17, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Canyon formation at approximately 8060 feet to approximately 8100 feet through 2 7/8 inch plastic lined tubing set in a packer located at approximately 7980 feet.

IT IS FURTHER ORDERED:

That the operator shall take all steps necessary to ensure that the injected water enters only the proposed

injection interval and is not permitted to escape to other formations or onto the surface.

That the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

That the injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1600 psi.

That the Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Canyon formation. That such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

That the operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

That the operator shall immediately notify the supervisor of the Division's Artesia district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER, That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 17th day of March, 1986.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director

S E A L

Attachment 5:
Landfarm Soil Sample Results 02/10/2009

Summary Report

Amanda Trujillo
Yates Petroleum Corp
105 South 4th South
Artesia, NM 88210

Report Date: March 3, 2009

Work Order: 9021213

Project Location: Agave Plant
Project Name: Agave Land Farm

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
187290	Sample 1 (West)	soil	2009-02-10	00:00	2009-02-12
187291	Sample 2 (West)	soil	2009-02-10	00:00	2009-02-12
187292	Sample 1 (East)	soil	2009-02-10	00:00	2009-02-12
187293	Sample 2 (East)	soil	2009-02-10	00:00	2009-02-12

	BTEX				MTBE	TPH DRO	TPH GRO
Sample - Field Code	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
187290 - Sample 1 (West)	<0.0200	<0.0200	<0.0200	<0.0200		<250	<1.00
187291 - Sample 2 (West)	<0.0200	<0.0200	<0.0200	<0.0200		<250	<1.00
187292 - Sample 1 (East)	<0.0200	<0.0200	<0.0200	<0.0200		521	<1.00
187293 - Sample 2 (East)	<0.0200	<0.0200	<0.0200	<0.0200		566	<1.00

Sample: 187290 - Sample 1 (West)

Param	Flag	Result	Units	R.L.
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		152	mg/Kg as CaCo3	4.00
Total Alkalinity		152	mg/Kg as CaCo3	4.00
Extractable Calcium		8820	mg/Kg	1.00
Chloride		2030	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.300
Sulfate		3010	mg/Kg	2.00
Extractable Potassium		213	mg/Kg	1.00
Extractable Magnesium		450	mg/Kg	1.00
Extractable Sodium		1350	mg/Kg	1.00
Nitrate-N		8.86	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250

continued ...

sample 187290 continued

Param	Flag	Result	Units	RL
Total Arsenic		2.47	mg/Kg	2.00
Total Barium		238	mg/Kg	1.00
Total Cadmium		0.272	mg/Kg	0.200
Total Chromium		12.1	mg/Kg	0.500
Total Mercury		<0.0400	mg/kg	0.0400
Total Lead		4.98	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00

Sample: 187291 - Sample 2 (West)

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		36.0	mg/Kg as CaCo3	4.00
Total Alkalinity		36.0	mg/Kg as CaCo3	4.00
Extractable Calcium		9530	mg/Kg	1.00
Chloride		2380	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.500
Sulfate		3070	mg/Kg	2.00
Extractable Potassium		254	mg/Kg	1.00
Extractable Magnesium		512	mg/Kg	1.00
Extractable Sodium		1550	mg/Kg	1.00
Nitrate-N		10.6	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250
Total Arsenic		3.03	mg/Kg	2.00
Total Barium		230	mg/Kg	1.00
Total Cadmium		<0.200	mg/Kg	0.200
Total Chromium		11.3	mg/Kg	0.500
Total Mercury		0.0429	mg/Kg	0.0400
Total Lead		4.66	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00

Sample: 187292 - Sample 1 (East)

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		292	mg/Kg as CaCo3	4.00
Total Alkalinity		292	mg/Kg as CaCo3	4.00
Extractable Calcium		8470	mg/Kg	1.00
Chloride		135	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.500
Sulfate		4810	mg/Kg	2.50
Extractable Potassium		275	mg/Kg	1.00

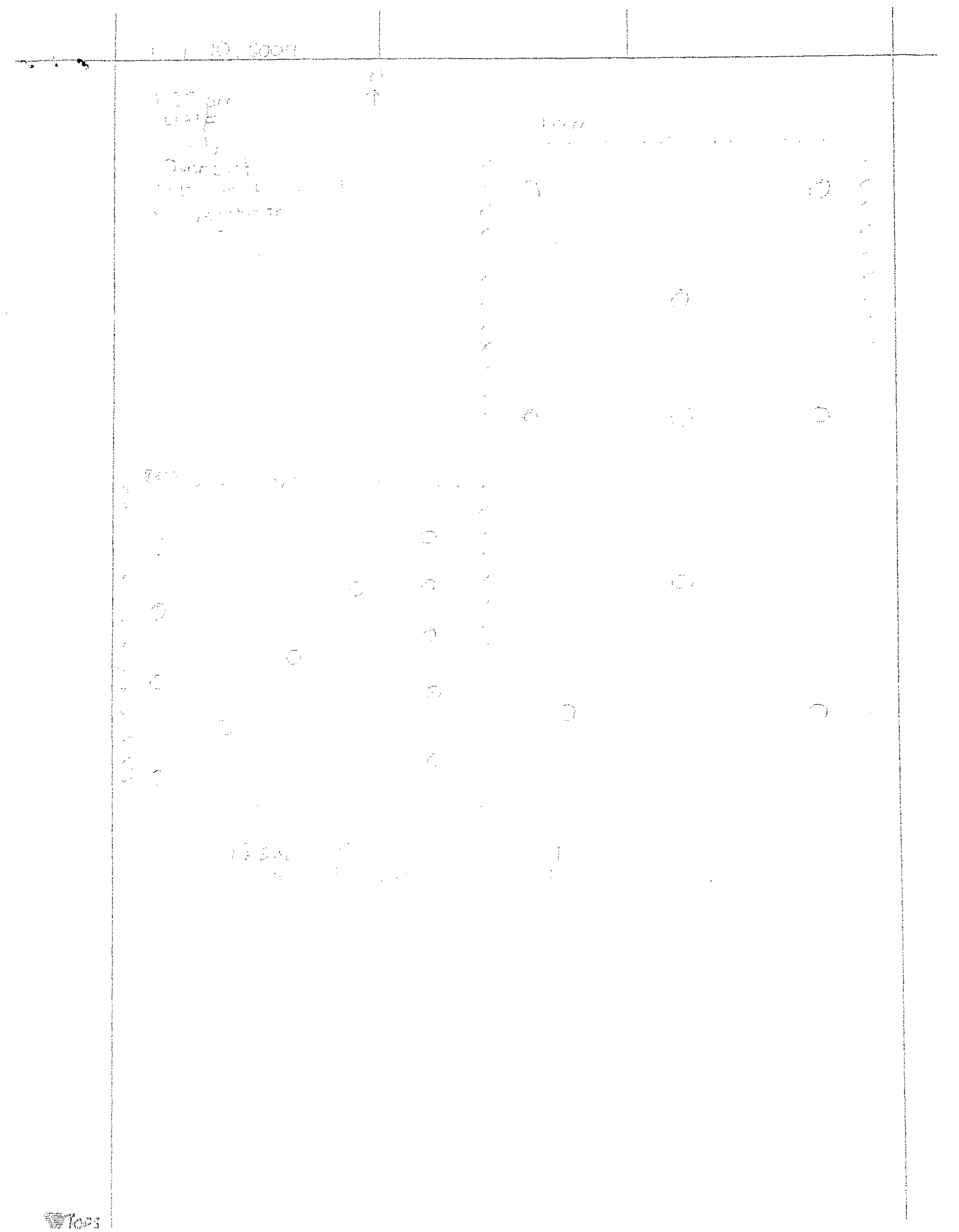
continued

sample 187292 continued ...

Param	Flag	Result	Units	RL
Extractable Magnesium		439	mg/Kg	1.00
Extractable Sodium		220	mg/Kg	1.00
Nitrate-N		<2.00	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250
Total Arsenic		2.90	mg/Kg	2.00
Total Barium		128	mg/Kg	1.00
Total Cadmium		<0.200	mg/Kg	0.200
Total Chromium		8.56	mg/Kg	0.500
Total Mercury		<0.0400	mg/Kg	0.0400
Total Lead		6.17	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00

Sample: 187293 - Sample 2 (East)

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		960	mg/Kg as CaCo3	4.00
Total Alkalinity		960	mg/Kg as CaCo3	4.00
Extractable Calcium		10100	mg/Kg	1.00
Chloride		132	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.500
Sulfate		5200	mg/Kg	2.00
Extractable Potassium		372	mg/Kg	1.00
Extractable Magnesium		534	mg/Kg	1.00
Extractable Sodium		302	mg/Kg	1.00
Nitrate-N		<2.00	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250
Total Arsenic		2.89	mg/Kg	2.00
Total Barium		118	mg/Kg	1.00
Total Cadmium		<0.200	mg/Kg	0.200
Total Chromium		8.69	mg/Kg	0.500
Total Mercury		<0.0400	mg/Kg	0.0400
Total Lead		5.23	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (in feet)

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Twp	Rng	X	Y	Depth Well	Depth Water	Water Column
RA 03976		DOM	ED	3	1	3	36	18S	25E	551942	3618353*	430	270	160

Average Depth to Water: 270 feet
Minimum Depth: 270 feet
Maximum Depth: 270 feet

Record Count: 1

PLSS Search:

Section(s): 36 Township: 18S Range: 25E

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Twp	Rng	X	Y	Depth Well	Depth Water	Water Column
RA 05620		PRO	ED	3	2	4	24	18S	25E	553142	3621575*	204	158	46

Average Depth to Water: 158 feet
Minimum Depth: 158 feet
Maximum Depth: 158 feet

Record Count: 1

PLSS Search:

Section(s): 24 Township: 18S Range: 25E

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Twp	Rng	X	Y	Depth Well	Depth Water	Water Column
RA 05044		PRO	ED	4	4	26	18S	25E		551637	3619659*	456	200	256

Average Depth to Water: 200 feet
Minimum Depth: 200 feet
Maximum Depth: 200 feet

Record Count: 1

PLSS Search:

Section(s): 26 Township: 18S Range: 25E

*UTM location was derived from PLSS - see Help

AMIGO

New File | Browse... | Save | Quick Start | Manual | AMIGO

Units

○ Metric (m) ◉ English (inches)

Climate

Arid Hot (NM/W.Texas, Hobbs)

Input for a Distant Well

Distance to Well	5280	[ft]
Source Width	3.28	[ft]
Longitudinal Dispersivity	10	[-]
Transverse Dispersivity	1	[-]

Groundwater Characteristics

Background Cl Concentration in Aquifer	cGW =	50	[mg/L]
Aquifer porosity	n =	0.3	[-]
Groundwater Table Depth	D =	100	[ft]
Aquifer Thickness	H =	9.84	[ft]
Slope of Water Table	i =	0.05	[-]
Hydraulic Conductivity	Ks =	3.28	[ft/d]
Groundwater Flux	Q =		[ft2/d]

Source Characteristics

Chloride Load:

M = 2000 [kg/m2]

Max. length of the spill in direction of GW flow:

L = 200 [ft]

Plant Uptake Trigger

◉ 1% Input Concentration

○ 10% Input Concentration

Soil Profiles

Surface Layer

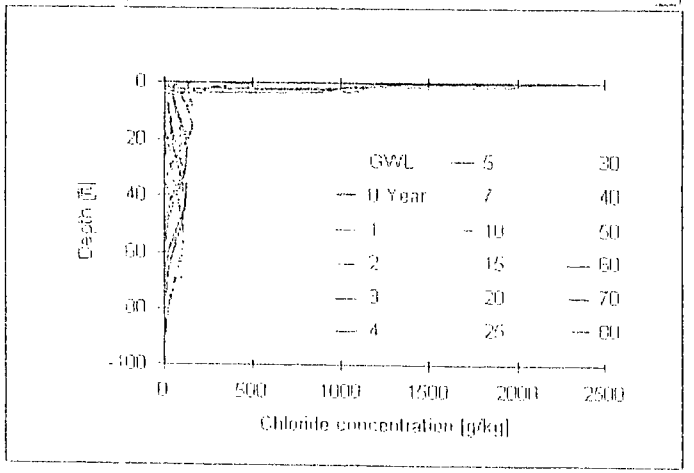
Loam

Soil Profile

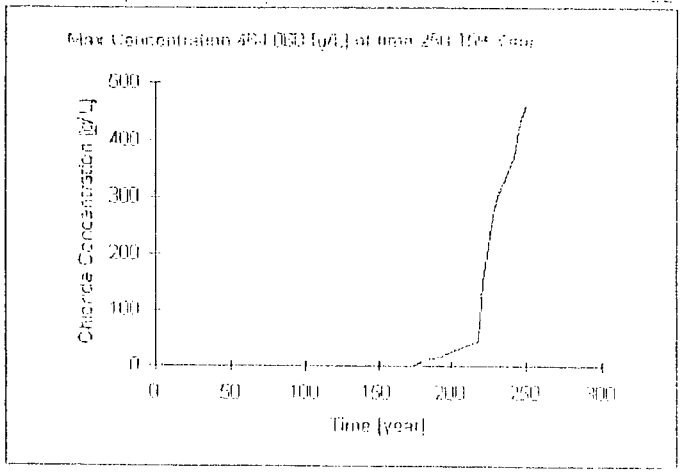
P1 - Medium Sand (30m)

Output Charts

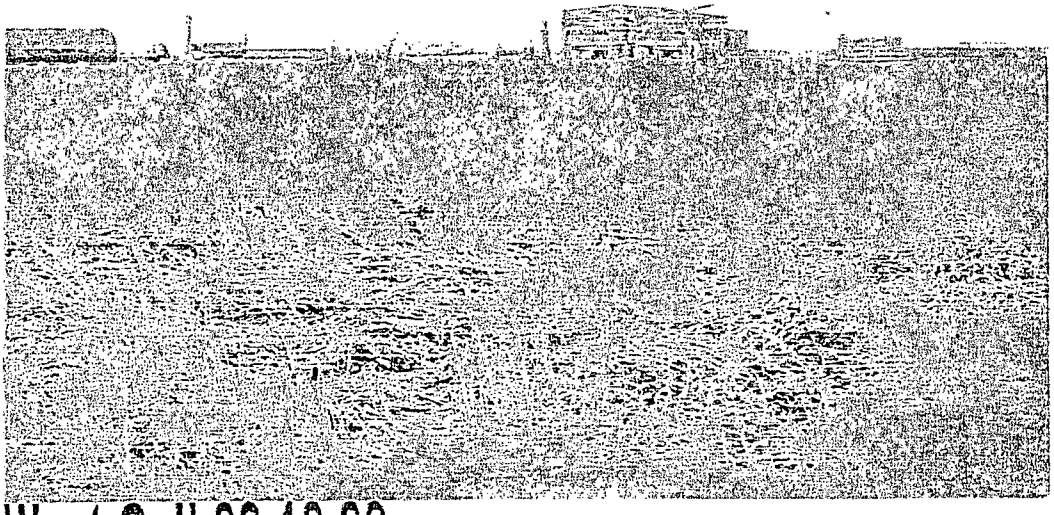
Quantity 1: Chloride concentration [g/kg]



Quantity 2: Chloride Concentration [g/L]



North Cell 02-10-09



West Cell 02-10-09

LAB Order ID # 9021213 Page ____ of ____

TraceAnalysis, Inc.

email: lab@traceanalysis.com
5002 Basin Street, Suite E Midland, Texas 79703
Tel (432) 689-6301 Fax (432) 689-6313

Company Name	Phone #
Yates Petroleum Corporation	575-748-4310
Address: (Street, City, Zip)	**Fax #**
105 South Fourth Street, Artesia, NM 88210	
Contact Person	**E-mail**
Amanda Trujillo	atrujillo@yatespetroleum.com
Invoice to	
PO#12693	
Project #	**Project Name**
	Agave Land Farm
Project Location	**Sampler Signature**
Agave Plant	

LAB #	FIELD CODE	# CONTAINERS	Volume/Amount	MATRIX: WATER	SOIL	AIR	SLUDGE	PRESERVATIVE METHOD: HCL	HNO3	NaHSO4	H2SO4	ICE	NONE	SAMPLING: DATE	TIME	ANALYSIS REQUEST: MTBE 8021B/8260	BTEX 8021B/8260	TPH 418.1/TX1005/TX1005 Extended (C35)	TPH 8015 GRO/DRO	Paint 8270C	Total Metals Ag As Ba Cd Cr Pb Se Hg 6010B/6020	TCLP Metals Ag As Ba Cd Cr Pb Se Hg	TCLP Volatiles	TCLP Semi Volatiles	TCLP Pesticides	RCI	GCMS Vol. 8260B/624	GCMS Semi Vol. 8270C/625	PCB's 8082/608	Pesticides 8081A/608	8310 PAH's	Chlorides			Turn Around Time if different from standard	Hold
189,290	Sample 1 (West)	1	4oz.		X							X		2/10/09			X		X												X	X	X		
291	Sample 2 (West)	1	4oz.		X							X		2/10/09			X		X												X	X	X		
292	Sample 1 (East)	1	4oz.		X							X		2/10/09			X		X												X	X	X		
293	Sample 2 (East)	1	4oz.		X							X		2/10/09			X		X												X	X	X		

Relinquished by:	Company:	Date:	Time:	Received by:	Company:	Date:	Time:	Temp°C
		2/11/2009	3:42 PM					
				Brandon Allred	Trace	2/11/09	10:15	4.9/5.4

Submittal of Samples constitutes agreement to Terms and Conditions listed on reverse side of COC ORIGINAL COPY

LAB USE ONLY
Intact: (Y) N:
Headspace: Y (N)
Log-In Review:

REMARKS:
TPH, 8015 GRO/DRO, BTX8021B & Chlorides Please show results as mg/kg
Thank you
☐ Check If Special Reporting Limits Are Needed

Carrier # Fedex 7950 8495 2503
$135

AGAVE ENERGY COMPANY

105 South Fourth Street Artesia, New Mexico 88210 (575) 748-4555 Fax (575) 748-4275

Via Certified Mail 7006 2150 0000 3855 3708

January 4, 2010

Leonard Lowe
New Mexico OCD
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Agave Dagger Draw Gas Processing Plant
Discharge Permit GW-053 Modification

Dear Leonard:

As per our conversation on November 10, 2009, Agave Energy Company is submitting an application to modify the discharge permit for the Agave Dagger Draw Gas Processing Plant. If you have any questions regarding this application, please do not hesitate to contact me at 575-748-4471 or email me at jknowlton@yatespetroleum.com.

Sincerely,

Jennifer Knowlton

Jennifer Knowlton
Environmental Engineer

Cc: Mike Bratcher, District II

(corres 010410.doc)

OIL CONSERVATION DIVISION
DISCHARGE PLAN GW-053 MODIFICATION
AGAVE ENERGY COMPANY
AGAVE DAGGER DRAW GAS PLANT

January 4, 2010

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS, REFINERIES, COMPRESSOR, GEOTHERMAL FACILITES AND CRUDE OIL PUMP STATIONS

(Refer to the OCD Guidelines for assistance in completing the application)

☐ New ☐ Renewal ☒ Modification

1. Type: Gas Processing Plant
2. Operator: Agave Energy Company

   Address: 105 South Fourth Street Artesia NM 88210

   Contact Person: Jennifer Knowlton Phone: 575-748-4471

3. Location: SE/4 SE/4 Section 25 Township 18S Range 25E
   Submit large scale topographic map showing exact location.
4. Attach the name, telephone number and address of the landowner of the facility site.
5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.
6. Attach a description of all materials stored or used at the facility.
7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.
8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.
9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.
10. Attach a routine inspection and maintenance plan to ensure permit compliance.
11. Attach a contingency plan for reporting and clean-up of spills or releases.
12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.
13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATION: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Jennifer Knowlton Title: Environmental Engineer

Signature: Jennifer Knowlton Date: 1/4/2010

E-mail Address: jknowlton@yatespetrolem.com

1. Type: Gas Processing Plant

2. Operator: Agave Energy Company
   Address: 105 South Fourth Street Artesia NM 88210
   Contact Person: Jennifer Knowlton
   Phone: 575-748-4471

3. Location: SE/4 SE/4
   Section 25
   Township 18S
   Range 25E

4. Landowner: Yates Petroleum Corporation
   105 South Fourth Street
   Artesia, New Mexico 88210

5. The Agave Gas Plant was issued Discharge Permit GW-053. The current permit expires November 10, 2010.

The Duke Dagger Draw Gas Plant was issued discharge permit GW-185. To the best of our knowledge, this facility has not fully operated since August 2003. In April 2005, Agave Energy Company purchased the neighboring Duke Dagger Draw Gas Plant. These two facilities are neighboring and contiguous, sharing a common fence line.

Agave made significant improvements to the Agave Dagger Draw Gas Plant as part of the refurbishment process. Agave modified and consolidated the two facilities and refers to the entire facility as the Agave Dagger Draw Gas Plant. This project included the installation of an acid gas injection system in lieu of a flare or SRU to manage the acid gas stream from the amine system. Agave refurbished the cryogenic skids, removed two large gas fired compressor engines, and installed a new control system. The bulk of this work was done on the old "Duke side" of the operations. Agave started moving gas through the Agave Dagger Draw Gas Processing Plant on February 26, 2006.

The primary function of the plant is to remove H_2S and CO_2 from sour field gas so that the gas can meet pipeline specifications. The plant has been designated a primary Standard Industrial Classification (SIC) Code of 1311. The operation of the Agave Dagger Draw Gas Plant is intended to process 40 MMscfd of gas. The facility is authorized to operate continuously (8,760 hr/yr) at design maximum capacity processing rates. The gas will be treated to remove acid gas components, dehydrated to remove water and processed to remove heavy (liquid) hydrocarbons from the gas stream. Several plant systems will be involved to perform these functions.

The amine unit is designed to remove acid gas components (carbon dioxide, hydrogen sulfide and mercaptans) from the natural gas stream. These components are removed from the natural gas because they are corrosive, hazardous to health, and reduce the heating value of the natural gas stream. In addition, the carbon dioxide can freeze in the cryogenic unit forming dry ice and forcing the shut down of the facility. This is known as the gas sweetening process. The acid gas removed by the amine unit will be handled by either acid gas injection into a disposal well or by incinerating in a flare. The preferred method of disposal will be to compress the gas and inject it into the well. Under emergency situations, the gas will be flared to prevent the emission of lethal hydrogen sulfide to atmosphere.

The glycol dehydration unit will receive approximately 40.0 MMSCFD of treated gas (sweet) from the amine unit and reduce the water content of the gas by circulating approximately 6.5 gallons per minute of triethylene glycol (TEG). Molecular sieve dehydration is used upstream of the cryogenic processes to achieve a -150°F dew point. The process uses two molecular sieve vessels with one vessel in service absorbing moisture from the gas stream and the other vessel in the regeneration mode.

The cryogenic unit is designed to liquefy natural gas components from the sweet, dehydrated inlet gas by removing work (heat) from the gas be means of the turbo expander. The cryogenic unit recovers natural gas liquids (NGL) by cooling the gas stream to extremely cold temperatures (-150°F) and condensing components such as ethane, propane, butanes and heavier. Once the sweet, dry gas exits the cryogenic unit, it needs to be recompressed to approximately 800 to 1200 psi before the gas is sent to the main transportation pipeline. This is accomplished with two 2500 horsepower electric drive compressors.

The hot oil system in the plant is used to provide heat to certain processes within the facility. The system will circulate approximately 600 GPM of hot oil and deliver 15.5 MMBTU/hr to other processes.

Agave is currently developing a plan to refurbish the old "Agave side" to treat a side stream of gas. The Selexol treatment will remove residual mercaptans from the mol sieve regenerative gas. This modification also addresses this aspect of the facility. However, Agave has only completed the engineering design for this project. At this time, this project completion date has been extended indefinitely.

None of the above processes are intended to discharge.

Agave applied for a modification to GW-053 in July 2006. This modification was to combine both discharge permits (GW-053 and GW-185) as well as to close the land farm that was permitted under GW-053. To date, no action has been taken on the July 2006 application.

6. Materials Stored and/or Used at Facility:
    1. Amine System – 8000 gallons of amine
    2. Glycol System – 4000 gallons of glycol
    3. Hot Oil System – 1200 gallons of oil
    4. Activated Carbon Filters – 880 pounds
    5. Molecular Sieve Material – 60,000 pounds
    6. Coolant – 1000 gallon tank, 500 gallon tank
    7. Lubricating Oil – 75 barrel tank, 500 gallon tank
    8. Acid Gas Compressor Lube Oil Tank – 750 gallon tank
    9. Methanol – 1000 gallon tank, 750 gallon tank
    10. Slop Tank – 100 barrel
    11. Selexol – 9,000 gallons (when applicable)

    All of the referenced storage tanks are above ground tanks.

7. Present Sources of Effluent and Waste Solids:
    1. Inlet separator – 5 to 50 BPD of produced water and condensate, RCRA exempt
    2. Inlet filter – <12 per year, RCRA exempt

3. Amine contactor/system – 4800 gallons of amine, RCRA exempt
4. Amine filters – <12 per year, RCRA exempt
5. Triethylene glycol – 1452 gallons of glycol, RCRA exempt
6. Glycol Filters – <12 per year, RCRA exempt
7. Oil – 1000 gallons, RCRA non-exempt
8. Cryogenic skid filters – <25 per year, RCRA exempt
9. Molecular sieves – 60,000 pounds, RCRA exempt
10. Leach and septic system for office building
11. Selexol contactor/system – 9,000 gallons, RCRA exempt (when applicable)
12. Selexol filters– <12 per year, RCRA exempt (when applicable)

8. Current Liquid and Solid Waste Collection, Treatment and Disposal Procedures:

Waste packing fluids that may leak from the compressors is caught in an above ground cement lined containment system. From this system the waste packing fluids are transferred to the slop tank. The amine, glycol, hot oil, and cryogenic plant systems are skid mounted as is the Selexol skid. All of these skids have concrete containment areas that prevent any contaminate from discharging onto the ground. All wash water, along with any RCRA exempt material that may have leaked or spilled, is drained through a PVC drain system to the slop tank. The slop tank is emptied via a tanker truck as necessary or transported via a pipeline to one of two disposal wells identified below. The slop tank is in a concrete containment.

A copy of the procedures for pressure testing the drains inside the Dagger Draw Gas Plant has been forwarded to the OCD and a copy is attached to this plan. This SOP will be modified to include the Selexol skid once operations of the Selexol system are brought online.

In the event of a spill within a containment not connected to the drain system, the spill is pumped out of the containment with a sump pump and disposed of according to the type of liquid. If the spill occurs on the ground and is of a "reportable quantity" and/or has the potential to impact human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of the property, the soil will be removed from site with the proper excavation equipment.

There is an earthen diked area which contains three small fiberglass storage tanks for oil and coolant. There is a second earthen diked area which contains a second lube oil tank. The amine storage tank and the glycol storage tank have concrete lined berms. The slop oil tank is contained in a concrete berm. All of the tank containment systems are designed to contain at least 133% of the volume of the tanks stored within the berm. There are two water tanks on site that are not bermed. These tanks contain freshwater for various activities including cleanup. If a spill were to occur from these tanks, there would be no adverse impact to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of the property.

All filters and activated carbon are placed into containers onsite and transferred by Controlled Recovery, Inc to CRI's landfill in Halfway, New Mexico. If the amine, Selexol, glycol, hot oil, or molecular sieve material needs to be replaced in whole, the material is disposed of properly via a specialty chemical company such as Coastal Chemicals.

Disposal Wells:

Compromise SWD
Administrative Order No. SWD-400
Issued September 19, 1990
Unit H of Section 30, Township 18 South , Range 27 East
Eddy County, New Mexico

Santa Fe Land Improvement SWD
Administrative Order No. SWD-295
Issued March 17, 1986
Unit I of Section 17, Township 19 South, Range 26 East
Eddy County, New Mexico

Contact information for third party contractors is as follows:

American Production Services, Inc
2800 W Marland
Hobbs, New Mexico 88240

Controlled Recovery, Inc.
PO Box 388
Hobbs, NM 88241

Thermo Fluids, Inc
2800 North US Hwy 62
Brownfield, Texas
TXD 982 756 868

9. Proposed Modifications to existing Collection, Treatment and Disposal Systems:

In May 2005, Agave Energy Company purchased the Duke Dagger Draw Gas Plant. This modification application will combine the Discharge Permit for the Agave Gas Plant (GW-053) and the Discharge Permit for the Duke Dagger Draw Gas Plant (GW-185) into a new Discharge Permit for the Agave Dagger Draw Gas Plant. Agave made significant changes to the operational of the gas plant; we did not modify the waste collection system that previously existed in the plant other than to replace the lines and sump pumps if necessary.

During the most recent pressure test of the sump lines, block valves were installed to isolate specific skids for ease of testing and leak detection.

Agave made no changes to the leach field and septic systems currently in operation at the facility other than to replace the septic tanks with properly permitted tanks as necessary.

Agave removed the existing sump pump and replaced it with an above ground separator and small storage tank. In most situations the waste stream will enter the separator directly. From the separator, the waste will move right to the disposal line as described above. Agave placed a small fiberglass tank within the

containment in the event that the diaphragm pump is not operating properly or if something occurs to shutdown the disposal well.

10. Inspection and Maintenance Plan:
    a. Company personnel make daily inspections of the site. Malfunctions or breakdowns are noted and repaired.
    b. Any repair work that is needed is performed as required.
    c. A regular maintenance program is diligently carried out on all on-site equipment.
    d. All underground process lines are pressure tested annually.

11. Plan for reporting and Cleanup of Spills or Releases:
    a. Standard company policy is to immediately secure the area to insure the safety of personnel and the public.

    b. Employees and contract personnel are dispatched to the spill area with necessary equipment and materials necessary to control and contain the spill and initiate the clean-up program, if necessary, as soon as practicable.

    For purposes of spill or discharge response and corrective action, *de minimis* spills or discharges may not require immediate corrective action after containment. The shift manager shall determine whether a spill is a *de minimis* spill. *De minimis* spills will be removed and cleanup materials will be appropriately managed at regular intervals during the year.

    For purposes of this Contingency Plan, a *de minimis* spill is defined as a spill or discharge that has not occurred in such quantity as may with reasonable probability injure or be detrimental to human health, animal or plant life, or property, or unreasonably interfere with the public welfare or the use of the property. *De minimis* spills are discharges for which there is not a reasonable probability that the discharged material will reach a surface or subsurface water.

    A release that does not rise to the level of a "major release", a "minor release" or that does not endanger public health or the environment (as those terms are set forth at 19.15.29 NMAC) is a *de minimis* spill. In evaluating whether a release of oil poses a hazard to public health, the facility will evaluate whether a water into which a release has occurred is used or is reasonably expected to be used in the future as a human drinking water source and whether the release will cause an exceedance of any numerical standards of Subsection A of 20.6.2.3103 NMAC or if the release contains a toxic pollutant as defined in Subsection WW of 20.6.2.7 NMAC.

    c. Notification and any necessary follow-up reports will be made to the appropriate agencies (OCD, WQCC, BLM etc.) pursuant to 19.15.29 NMAC and 20.6.2.1203 NMAC.

12. Geologic and Hydrological Information:

There are two fresh water wells at the Penasco Compressor Station located across the street, one owned by Yates Petroleum Corporation (RA 05344) and one owned by Agave Energy Company (RA 05233). Estimated depth to groundwater is 200 feet. The approximate total dissolved solids content in the groundwater is 1500 mg/L. The surrounding terrain consists of gentle rolling hills marked with outcrops of caliche. The soils consist of silty clay loams and silt loams. The present surface is subject to colluvial processes and drainage to the northeast. The area is primarily rangeland consisting of creosote bush,

yucca, broom snakeweed, dogweed, fluff grass and burrograss. The site is not located in a floodplain and no danger of flooding exists.

13. Facility Closure Plan:

The some equipment has been decommissioned during the refurbishment process. For example, the old MEP compressor engines were replaced with electric driven motors. The blocks from the old engines were stored onsite until a recycler removed the blocks. Similarly, some small equipment might undergo the same procedure. Some equipment, such as the SRU has been decommissioned in place until it can be sold for scrap. When equipment is decommissioned, part of the process is draining all fluids from the equipment prior to removing the equipment from the skid.

When final closure of the facility is imminent, notice will be submitted to the Oil Conservation Division and a final closure plan will be submitted at that time.

Agave Energy Company is in the process of closing the land farm located near the Artesia Field Office. No waste has been accepted at the facility since 2003. Initial composite samples were obtained for the west cell and the east cell. Soil samples were analyzed as appropriate.

A physical cleanup of the Agave Landfarm began in July 2007. This ensured that all concrete, trash, dead weeds, and any other non-landfarm items were removed from the site.

In March 2009, composite soil samples were analyzed. The BTEX, TPH, and heavy metals were all below limits as compared to the "Technical Background Document for Development of Soil Screening Levels" provided by the New Mexico Department Hazardous Waste Bureau.

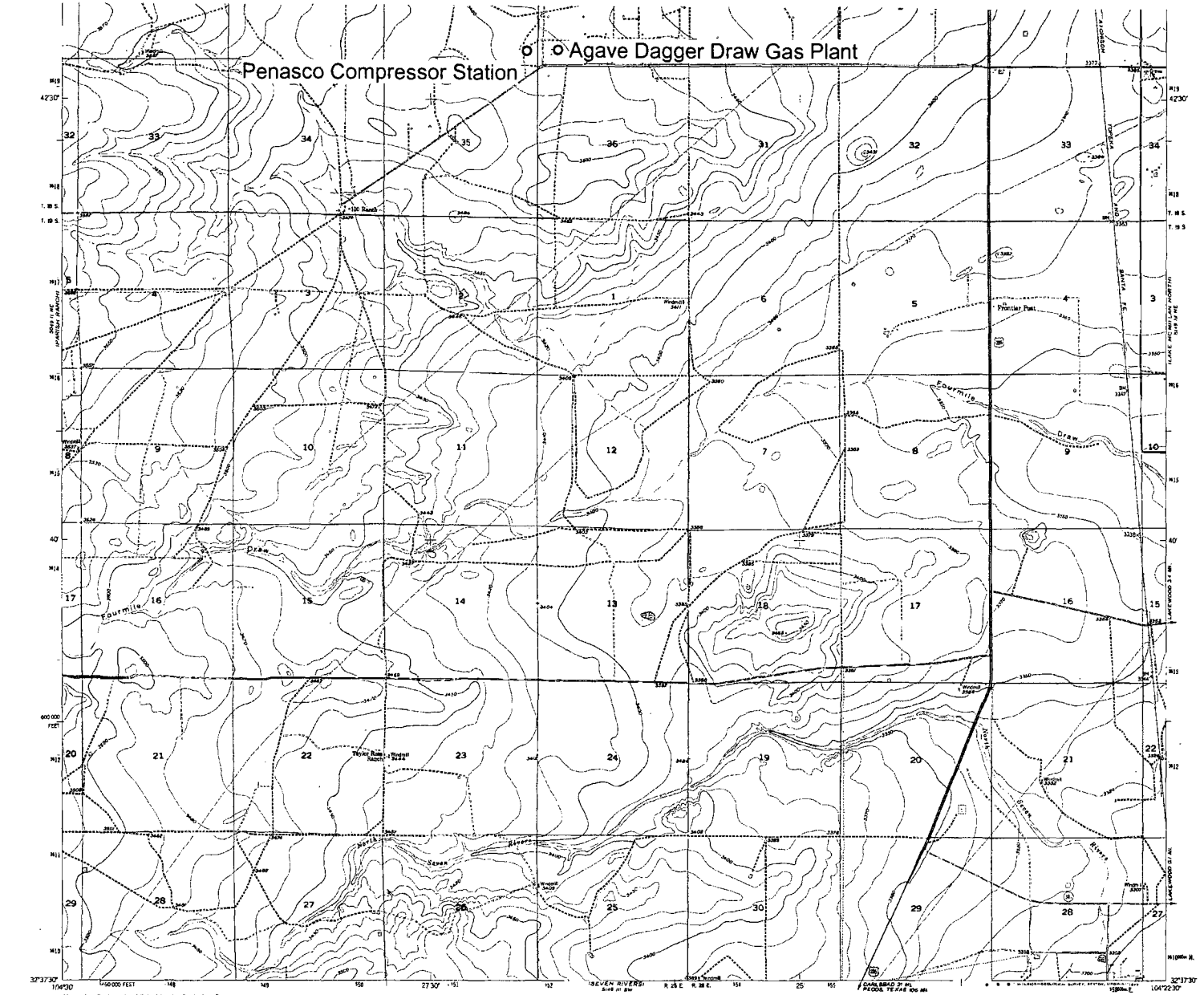
Chlorides in the west cell analyzed at approximately 2000 mg/kg. The landfarm is located within the fencelines of the Agave facility. The surrounding area is currently used to store equipment. The soil will be heavily compacted thereby reducing the threat to groundwater. According to the New Mexico Office of the State Engineer, groundwater has a depth of approximately 200 feet. Using API's AMIGO Risk Assessment program, it was determined that the potential timeline at which chlorides could reach groundwater was 150 years and the concentration at that time was less than 500 mg/L. This calculation is based on surface soil type, subsurface soil profile, annual rainfall, depth to groundwater as well as several other factors. These figures are very conservative and base calculations on 100 foot depth to groundwater.

Given this information, Agave requests permission to close the landfarm. This will entail knocking the berms down and leveling and compacting the soil.

Most Recent Soil Sample Results: February 2, 2009

	West Cell		East Cell		NMED Soil Screening Levels	
	Sample 1	Sample 2	Sample 1	Sample 2		
Ag, Total	<0.250	<0.250	<0.250	<0.250	5680	
Alkalinity	152	36	292	960	No limit	
As, Total	2.47	3.03	2.99	2.89	17.70	
Ba, Total	238	230	128	118	100000.00	
BTEX	<0.0200	<0.0200	<0.0200	<0.0200	50	OCD Req
Ca, Extractable	8820	9530	8470	10100	No limit	
Cd, Total	0.272	<0.200	<0.200	<0.200	564.00	
Chloride (IC)	2030	2380	135	132	1000	
Cr, Total	12.1	11.3	8.56	8.69	103,400	
Fluoride (IC)	<5.00	<5.00	<5.00	<5.00	41000.00	
Hg, Total	<0.040	0.0429	<0.040	<0.040	100,068.40	
K, Extractable	213	254	275	372	No limit	
Mg, Extractable	450	512	439	534	No limit	
Na, Extractable	1350	1550	220	302	No limit	
NO3 (nitrate) (IC)	8.86	10.6	<2.00	<2.00	100,000	
Pb, Total	4.98	4.66	6.17	5.23	800.00	
Se, Total	<2.00	<2.00	<2.00	<2.00	5680.00	
SO4 (IC)	3010	3070	4810	5200	No soil limit	
TPH DRO	<250	<250	521	566		
TPH GRO	<1.00	<1.00	<1.00	<1.00	5000	OCD Req
SAR	19.8294	21.8744	3.29627	4.14165	No limit	

Attachment 1:
Maps and Drawings



Mapped, edited, and published by the Geological Survey

Control by USGS and USC&GS

Culture and drainage in part compiled from aerial photographs taken 1947. Topography by planetable surveys 1955

Polyconic projection. 1927 North American datum

10,000-foot grid based on New Mexico coordinate system, east zone

1000-meter Universal Transverse Mercator grid ticks, zone 13, shown in blue

Revisions shown in purple compiled from aerial photographs taken 1975. This information not field checked

UTM GRID AND 1975 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET

SCALE 1:24 000

CONTOUR INTERVAL 10 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS
FOR SALE BY U. S. GEOLOGICAL SURVEY, DENVER, COLORADO 80225, OR RESTON, VIRGINIA 22092
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

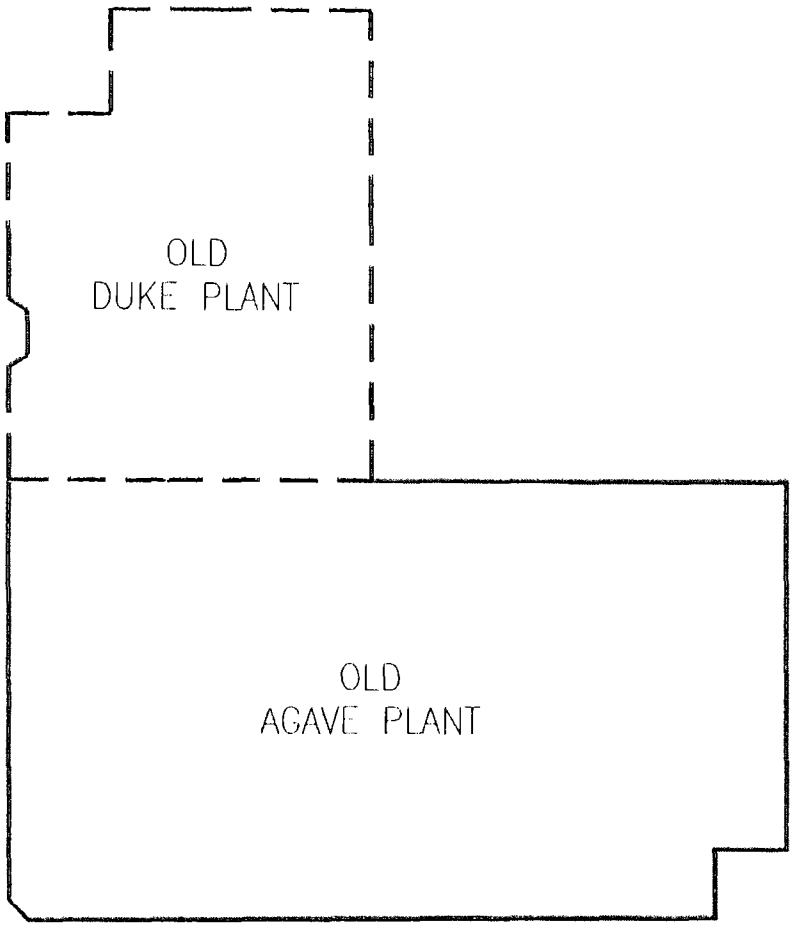
QUADRANGLE LOCATION

ROAD CLASSIFICATION

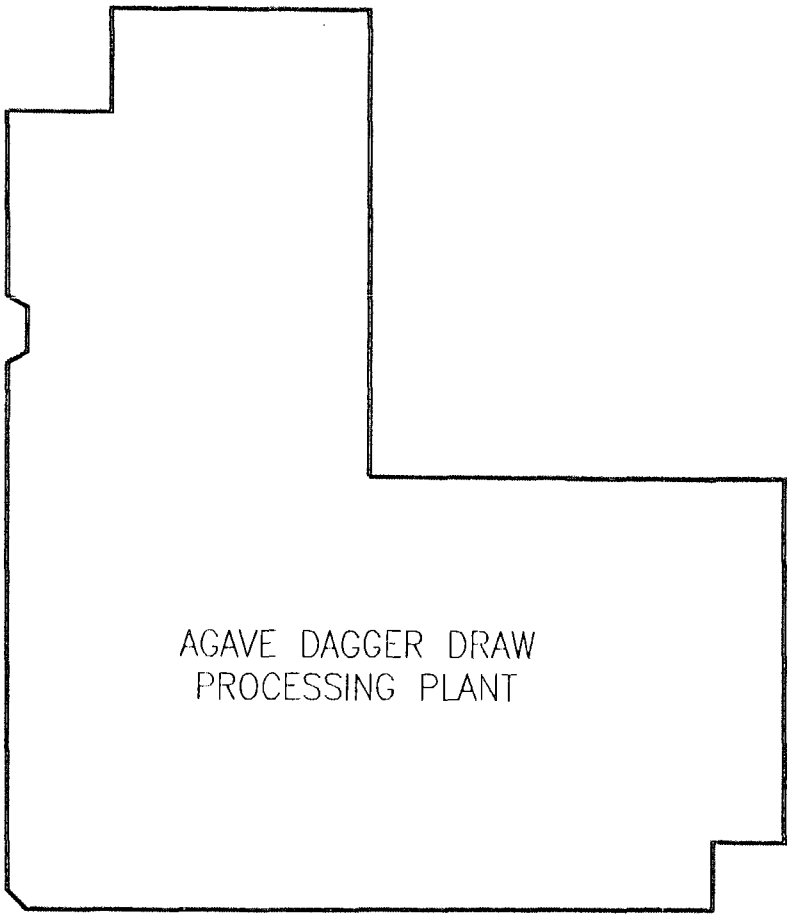
Heavy-duty ——— Light-duty ———
Medium-duty ——— Unimproved dirt - - - -
U. S. Route ○ State Route

DAYTON, N. MEX.
N3237.5—W10422.5/7.5

1955
PHOTOREVISED 1975
AMS 5149 III NW - SERIES V881



OLD



NEW

AGAVE ENERGY COMPANY
105 South Fourth Street, Artesia, New Mexico 88210

AGAVE DAGGER DRAW
PROCESSING PLANT

CHK. BY:		COUNTY EDDY	REV
DRAFTING: TWH			
APPROVED	DATE	SIZE ANSI A	
AGAVE MANAGEMENT		SCALE NA	PRINTED: 2/01/07 SHEET 1 OF 1

Attachment 2:
Procedures for Pressure Testing Drains

PROCEDURES FOR PRESSURE TESTING DRAINS INSIDE DAGGER DRAW GAS PLANT

The drain system at the dagger draw plant is broken down into 5 separate sections

1. Amine Skid, Glycol Skid, and Hot Oil Skid
2. Main drain line into the slop settling tank including the Glycol Storage Skid and the #1 Product Pump Skid
3. Acid Gas Compressor drain lines
4. Residue Compressor building drain lines
5. Cryo #1 and Cryo #2 skid drains

Testing of the drain sections can be done in any order.

Procedures for the Amine Skid, the Glycol Skid, and the Hot Oil Skid are as followed:

1. Shut the drain valve beside the Glycol Skid isolating this section of drain lines
2. Install 4" stopples in each of the three skids including one stopple with an air supply and one stopple with a pressure gauge
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove the three stopples and open the valve closed in step #1

Procedures for the main drain line into the slop settling tank including the Glycol Storage Skid and the #1 Product Pump Skid

1. Shut the valve inside the slop settling tank
2. Shut the Acid Gas Compressor skid drain line
3. Shut the three valves isolating this section of pipe from the other three sections (Amine, Glycol, and Hot Oil Skids) (Cryo Skids) (Residue Compressor Building)
4. Install a 4" stopple with a gauge in the Glycol Storage Skid, and a 4" stopple with an air supply in the #1 Product Pump Skid
5. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
6. Remove the stopples and open the valve closed in step #1 and the valves closed in step #3

Procedures for the Acid Gas Compressor drain lines

1. Shut the valve next to the slop settling tank isolating the Acid Gas Compressor drain lines
2. Install a 3" stopple on the North side of the Acid Gas Compressor Skid, and a 3" stopple with a gauge on the south side of the skid
3. Connect an air supply into the 1" valve connected to the drain lines beside the Condensing Skid
4. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
5. Remove the stopples and the air supply; Open the valve closed in step #1

Procedures for the Residue Compressor Building drain lines

1. Shut the valve beside the Glycol Skid isolating the Compressor Building drain lines
2. Install 4" stopples in the two drains on the South end of the building and the two drains on the North end of the building, including one stopple with a gauge, and one stopple with an air supply.
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove all four stopples and open the valve closed in step #1

Procedures for Cryo #1 and Cryo #2 skid drains

1. Shut the valve beside the Glycol Skid isolating Cryo #1 and Cryo #2 skid drain lines
2. Install a 4" stopple with an air supply in Cryo #1 skid and a 4" stopple with a gauge in Cryo #2 skid
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove the two stopples and open the valve closed in step #1

Attachment 3:
Septic Tank Permits

PAID
243940
9/30/09

APPLICATION FOR A LIQUID WASTE PERMIT OR REGISTRATION

Date NMED Received: 7/30/09 NMED Permit Number: CA090166

NMED Use Only:
Call _____ to schedule an inspection a minimum of 2 working days prior to the inspection. Permit Fee: 150.00
Permit Approved for (circle one): 1 2 3 4 5 6 Bedrooms ___ Multiple dwellings ___ Other:

SYSTEM OWNER'S NAME: Last, First, MI | Home Phone: | Business Phone:

Yates Petroleum Corporation | | 575-748-1471

MAILING ADDRESS: Street/PO Box, | City | State | Zip Code

105 South Fourth Street | Artesia | NM | 88210

SYSTEM LOCATION: Address, City, ZIP, County - (if needed, attach directions)

288 Kincaid Ranch Road - Agave Field Office

SUBDIVISION | UNIT/PHASE | BLOCK | LOT/TRACT

UNIFORM PROPERTY CODE:

TOWNSHIP	RANGE	SECTION	QTR	QTR	QTR	LATITUDE	LONGITUDE	ELEV
18S	25E	25	SE	SW	SW	32.71204	104.44160	3472

INSTALLER'S NAME & FIRM: PHONE:

MAILING ADDRESS: Street/PO Box City State ZIP

CID License No./Class No.: ___ MM-1 ___ MM-98 ___ MS-1 ___ MS-3 ___ Homeowner

I. PERMIT APPLICATION (instructions available on request)

Application is for: ___ New Permit X Registration - existing unpermitted system
___ Modification of an existing system ___ ATS ownership transfer
Existing Permit No.(if applicable): _____

II. WASTEWATER SOURCES & DESIGN FLOWS IN GALLONS PER DAY (gpd)

A. Proposed liquid waste system use and design flow:
___ Single family residence ___ no. of bedrooms _____ gpd
___ Multiple family units ___ no. of units: ___ no. bedrooms per unit _____ gpd
___ Seasonal residence
X Commercial/Institutional (type): Office _____ gpd
___ Other (type): _____ Fixture units: ___ ___ _____ gpd
B. Are there other sewage sources on this property? ___ Yes ___ No _____ gpd
TOTAL WASTEWATER FLOW ON PROPERTY - _____ gpd

III. SITE INFORMATION

A. Lot Size: _____ Acres Date of Record: _____
(nearest 0.01 acre) (Plat Date or Subdivision Date)
Ownership and lot size documentation attached: ___ Warranty deed X Property tax receipt
___ Recorded survey ___ Recorded plat ___ Other, specify: _____

B. Depth from Ground Surface to:
Seasonal High Water Table _____ feet
Bedrock, Caliche, Tight Clay _____ feet
Gravel, Cobbles, Highly permeable soil _____ feet
C. Soil Description:
USDA Soil Class Methodology & Verification Submitted? ___ Yes ___ No
___ Type Ia=1.25 sf/gal/day ___ Type Ib=2 sf/gal/day ___ Type II= 2 sf/gal/day
___ Type III=2 sf/gal/day ___ Type IV=5 sf/gal/day
D. Domestic Water Source:
___ On-site X Off-site X Private ___ Public ___ Shared
Irrigation well, or flood irrigated area on lot? ___ Yes X No
State Engineer Well Permit #: RA 05233/RA 07952
Name of Public Water System: _____

IV. SYSTEM DESIGN ___ Experimental System

A. Treatment Unit:
X Septic tank Manufacturer: _____ Capacity _____
Certification No: _____
___ ATS (Advanced Treatment System) ___ Secondary ___ Tertiary ___ Sand filter
___ Disinfection ___ Other (specify): _____
Manufacturer: _____ Model: _____
___ Voluntary ATS
B. Disposal System: ___ Trench ___ Leaching Bed ___ Seepage Pit
___ Privy ___ Holding tank ___ Elevated Bed ___ Wisconsin Mound
___ Vault ___ Lined Evapotranspiration (ET) Bed ___ Unlined ET Bed
___ Irrigation ___ Low pressure dosed ___ Drip ___ Gray water
___ Other (specify): _____
Materials: ___ Pipe & Gravel ___ Gravelless (type): _____
Distribution box: ___ Yes ___ No
C. Minimum required absorption area:
AR _____ x Q _____ = _____ SQ FT
(AR - Application Rate) (Q - Design Flow)
Trench or Bed width = _____ ft.
Gravel depth below pipe = _____ ft.
Total Trench or Bed Length = _____
Length of Trenches = (1)_____ ; (2)_____ ; (3)_____ ; (4)_____
Number of Gravelless Units = _____
Proposed Absorption Area of System = _____ SQFT
D. Depth from ground surface to bottom of absorption area = _____ ft.

Agave Field Office

State of New Mexico
ENVIRONMENT DEPARTMENT
Environmental Health Division
Liquid Waste Program

UNPERMITTED ONSITE WASTEWATER SYSTEM INSPECTION & EVALUATION FORM

For Use by NMED in Issuing a Certificate of Registration or Permit for Unpermitted Systems

If installed before February 1, 2002, the entire top of the septic tank and inlet and outlet connection points must be adequately exposed for inspection.

If installed on, or after, February 1, 2002, the entire system must be adequately exposed for inspection and determined to meet all requirements of 20.7.3 NMAC.

GENERAL INFORMATION (To be completed by Owner or Owner's Representative) Please print:

Owner Yates Petroleum Corporation Phone 575-748-4555

Mailing Address 105 South Fourth Street City Artesia State NM Zip 88210

Site Address 288 Lincoln Ranch Road City Artesia Zip 88210

Lot Size _____ Is dwelling unoccupied (yes or no - For how long?): NA

Number of bedrooms in dwelling: _____ Date of system installation _____

Business or other (describe) Gas Plant / Compressor Station X No dwelling present at time of inspection

Has there ever been a backup in the house? Yes _____ Date(s) _____ No _____ Don't know _____

Describe any known modifications made to the system _____

_____

Date(s) of modifications _____

Describe other wastewater sources on this property: _____

Other relevant information _____

Water: On site _____ Off site X Private _____ Shared _____ Community water system _____

Location of well (address) 294 Pipeline Rd Artesia NM 88210

NM State Engineer's Well Permit # RA 05233 / RA 08952

Name of Realtor (if applicable) _____ Phone _____

The above information is true to the best of my knowledge.

Owner name GREG JOKELA (Print) Date 7-29-09

Signature _____

Agave Field Office

PAID

16 20
8/20/09

ENTERED

APPLICATION FOR A LIQUID WASTE PERMIT OR REGISTRATION

Date NMED Received: 8/18/09

NMED Permit Number: CA0901360

NMED Use:
NMED Inspection Required: __ No __ Yes, Call _____ to schedule an inspection a minimum of 2 working days prior to the inspection.
Permit Approved for (circle one): 1 2 3 4 5 6 Bedrooms Multiple dwellings Other:

SYSTEM OWNER'S NAME: Last, First, MI — Home Phone: — Business Phone:

AGAVE ENERGY COMPANY — (575) 748-4555

MAILING ADDRESS: Street/PO Box, — City — State — Zip Code
105 South 4th Street — Artesia — NM — 88210

SYSTEM LOCATION: Address, City, ZIP, County - (if needed, attach directions)

294 Pipeline Road - Dagger Draw Chemical Lab - office

SUBDIVISION / MEPT & BOUNDS / TRACT	UNIT	BLOCK	LOT
MEPT & BOUNDS (*see attachment*)	*n/a*	*n/a*	*n/a*

TOWNSHIP	RANGE	SECTION	QTR QTR QTR	LATITUDE	LONGITUDE	ELEV
18S	25E	25	NW SW	W104° 44.577	N32° 71.471	3742

UNIFORM PROPERTY CODE: 4 150 107 132 396

INSTALLER'S NAME & FIRM: — PHONE:
Carlo Industrial Maintenance, LLC — 746-8774 / 748-7158

MAILING ADDRESS: Street/PO Box — City — State — ZIP
6483 Seven Rivers Hwy — Artesia — NM — 88210

WID License No./Class __ MM-1 __ MM-98 __ MS-1 √ MS-3 __ Homeowner
No.: 87390

. PERMIT APPLICATION (instructions available on request)

Application is for: _____ New Permit _____ Registration - unpermitted system
√ Modification to an existing system (existing permit no., if any): _____
_____ ATS ownership transfer

I. WASTEWATER SOURCES & DESIGN FLOWS IN GALLONS PER DAY (gpd)

A. Proposed liquid waste system use and design flow:

__ Single family residence _____ no. of bedrooms	_____	gpd
__ Multiple family units _____ no. of units; __ no. bedrooms per unit	_____	gpd
__ Seasonal residence		
√ Commercial (type): 4 employees / 4 fixtures * 31.1 = 124.4	124.4	gpd
__ Other (type): _____ Fixture units: _____	_____	gpd
B. Are there other sewage sources on this property? __ Yes √ No	0	gpd
TOTAL WASTEWATER FLOW ON PROPERTY -	124.4	gpd

II. SITE INFORMATION

A. Lot Size: 14.46 Acres — Date of Record: _____
(nearest 0.01 acre) — (Plat Date or Subdivision Date)
Ownership and lot size documentation attached: √ Warranty deed __ Recorded plat
__ Recorded survey _____ Property tax receipt __ Other, specify: _____

B. Depth from Ground Surface to:
Seasonal High Water Table >150 feet
Bedrock, Caliche, Tight Clay >20 feet
Gravel, Cobbles, Highly permeable soil >20 feet

C. Soil Description:
USDA Soil Class Methodology & Verification Submitted? __ Yes √ No
__ Type Ia=1.25 sf/gal/day __ Type Ib=2 sf/gal/day __ Type II= 2 sf/gal/day
√ Type III=2 sf/gal/day __ Type IV=5 sf/gal/day

D. Domestic Water Source: √ On-site __ Off-site
√ Private __ Public __ Shared
State Engineer Well Permit #: RA 0523 / RA 07952
Name of Public Water System: *n/a*
Irrigation well, or flood irrigated area on lot? __ Yes √ No

IV. SYSTEM DESIGN

A. Treatment Unit:
√ Septic tank Manufacturer: (Johnson) Fralo Gallons: 100
Certification No: NM 07-10-100A
__ ATS Manufacturer: _____ Model: _____
(ATS - Advanced Treatment System) __ Sand filter __ Voluntary ATS
Treatment: __ Secondary __ Tertiary __ Disinfection
__ Other (specify): _____

B. Disposal System: √ Trench __ Leaching Bed __ Seepage Pit
__ Privy __ Holding tank or vault __ Gray water
__ Mound __ Lined Evapotranspiration (ET) Bed __ Unlined ET Bed
__ Elevated Bed __ Drip __ Low pressure dosed
__ Other (specify): _____
Materials: √ Pipe and Gravel __ Gravelless (specify): _____
__ Distribution box required

C. Minimum required absorption area:
AR 2.0 x Q 124.4 = 248.8 SQ FT
(AR - Application Rate) (Q - Design Flow)
Trench or Bed width = 21" ft.
Gravel depth below pipe = 3 ft.
Length of Trenches = (1) 60 ; (2) _____ ; (3) _____ ; (4) _____
Total Trench or Bed Length = 60
Number of Gravelless Units = *n/a*
Proposed Absorption Area of System = 405 SQFT

D. Depth from ground surface to bottom of absorption area = 6 ft.

NMED Permit Number: CAO90136

V. **SITE PLAN: Attach plat, diagram or picture file of the lot and liquid waste system. Show setback distances from both the tank and disposal field to property lines, buildings, structures, wells, water lines, irrigation ditches, arroyos and surface waters within 200 feet of the system, and the direction of groundwater flow.**

NMED Use:	A plat, drawing or picture, including setback distances, in accordance with 20.7.3.302: __ IS attached

VI. The foregoing information is correct and true to the best of my knowledge. I understand the issuing of this permit does not relieve me from the responsibility of complying with all applicable provisions of the New Mexico Plumbing Code and the New Mexico Liquid Waste Disposal and Treatment Regulations. Obtaining this permit does not relieve me from the responsibility of obtaining any permit required by state, city or county regulation or ordinance or other requirements of state or federal law.

Carrie Noble — Signature — 08-17-09 — Date

__ Owner X Contractor __ Other, specify: _____

VII. **NMED PERMIT TO CONSTRUCT (For Registrations, ATS Ownership Transfer, or Permitting of Existing Unpermitted Systems installed after February 1, 2002 skip this section and go to Section VIII):**

A permit for construction of the liquid waste disposal system described herein is hereby:

__ **Granted** ✓ **Granted subject to conditions** __ **Denied**

Permit Conditions or Reasons for Denial: 1. Inspection of System prior covering 2. April 2007 regulations Apply

[signature] — NMED Representative — 8/20/09 — Date

NOTE: This permit may be canceled for failure to meet any condition specified; failure to complete the system within one year; for providing inaccurate or incomplete information; or for failure to notify NMED to schedule an inspection, a minimum of 2 working days prior to the inspection.
If you have questions call: _____

VIII. **NMED FINAL APPROVAL TO OPERATE LIQUID WASTE SYSTEM:**

The system described above: X **was inspected by NMED** __ **Contractor photo inspection authorized**

NMED Inspection History		NMED Representative	Date
Septic Tank	Appears OK	[signature]	9/3/09
Leach Line	Appears OK	[signature]	9/3/09

A permit for operation of the liquid waste disposal system described herein is hereby:

__ **Granted** X **Granted subject to conditions** __ **Denied**

Conditions of Approval: 1. NMED must be Notified prior any Modifications 2. System must be Maintained

[signature] — NMED Representative — 9/3/09 — Date

PAID

CK NO. 1619
DATE 8/20/09

ENTERED

APPLICATION FOR A LIQUID WASTE PERMIT OR REGISTRATION

Date NMED Received: 8/18/09

NMED Permit Number: CA090135

NMED Use:
NMED Inspection Required: __ No, √ Yes, Call _____ to schedule an inspection a minimum of 2 working days prior to the inspection.
Permit Approved for (circle one): 1 2 3 4 5 6 Bedrooms Multiple dwellings Other: Shops

SYSTEM OWNER'S NAME: Last, First, MI | Home Phone: | Business Phone:

AGAVE ENERGY COMPANY (575) 748-4555

MAILING ADDRESS: Street/PO Box, | City | State | Zip Code
105 South 4th Street | Artesia | NM | 88210

SYSTEM LOCATION: Address, City, ZIP, County - (if needed, attach directions)

294 Pipeline Road - Dagger Draw Chemical Lab - Office

SUBDIVISION / MEPT & BOUNDS / TRACT	UNIT	BLOCK	LOT
MEPT & BOUNDS (*see attachment*)	*n/a*	*n/a*	*n/a*

TOWNSHIP	RANGE	SECTION	QTR QTR QTR	LATITUDE	LONGITUDE	ELEV
18S	25E	25	NW SW	W104° 44.537	N32° 71.566	3472

UNIFORM PROPERTY CODE: 4 150 107 132 396

INSTALLER'S NAME & FIRM: *Carlo Industrial Maintenance, LLC* | PHONE: 746-8774 / 748-7158

MAILING ADDRESS: Street/PO Box: 6483 Seven Rivers Hwy | City: Artesia | State: NM | ZIP: 88210

CID License No./Class No.: 87390 | __ MM-1 | __ MM-98 | __ MS-1 | √ MS-3 | __ Homeowner

I. PERMIT APPLICATION (instructions available on request)

Application is for: ____ New Permit ____ Registration - unpermitted system
__√__ Modification to an existing system (existing permit no., if any): _____
____ ATS ownership transfer

II. WASTEWATER SOURCES & DESIGN FLOWS IN GALLONS PER DAY (gpd)

A. Proposed liquid waste system use and design flow:

__ Single family residence _____ no. of bedrooms	_____	gpd
__ Multiple family units _____ no. of units; __ no. bedrooms per unit	_____	gpd
__ Seasonal residence		
√ Commercial (type): 4 employees / 4 fixtures * 31.1 = 124.4	124.4	gpd
__ Other (type): _____ Fixture units: _____	_____	gpd
B. Are there other sewage sources on this property? __ Yes √ No	0	gpd
TOTAL WASTEWATER FLOW ON PROPERTY -	124.4	gpd

III. SITE INFORMATION

A. Lot Size: 14.46 Acres (nearest 0.01 acre) Date of Record: _____ (Plat Date or Subdivision Date)
Ownership and lot size documentation attached: √ Warranty deed __ Recorded plat
__ Recorded survey _____ Property tax receipt __ Other, specify: _____

B. Depth from Ground Surface to:
Seasonal High Water Table >150 feet
Bedrock, Caliche, Tight Clay >20 feet
Gravel, Cobbles, Highly permeable soil >20 feet

C. Soil Description:
USDA Soil Class Methodology & Verification Submitted? __ Yes √ No
__ Type Ia=1.25 sf/gal/day __ Type Ib=2 sf/gal/day __ Type II= 2 sf/gal/day
√ Type III=2 sf/gal/day __ Type IV=5 sf/gal/day

D. Domestic Water Source: √ On-site __ Off-site
√ Private __ Public __ Shared
State Engineer Well Permit #: RA 0523 / RA 07952
Name of Public Water System *n/a*
Irrigation well, or flood irrigated area on lot? __ Yes √ No

IV. SYSTEM DESIGN

A. Treatment Unit:
√ Septic tank Manufacturer: (Johnson) Fralo Gallons: 100
Certification No: NM 07-10-100A
__ ATS Manufacturer: _____ Model: _____
(ATS - Advanced Treatment System) __ Sand filter __ Voluntary ATS
Treatment: __ Secondary __ Tertiary __ Disinfection
__ Other (specify): _____

B. Disposal System: √ Trench __ Leaching Bed __ Seepage Pit
__ Privy __ Holding tank or vault __ Gray water
__ Mound __ Lined Evapotranspiration (ET) Bed __ Unlined ET Bed
__ Elevated Bed __ Drip __ Low pressure dosed
__ Other (specify): _____
Materials: √ Pipe and Gravel __ Gravelless (specify): _____
__ Distribution box required

C. Minimum required absorption area:
AR 2.0 (AR - Application Rate) x Q 124.4 (Q - Design Flow) = 248.8 SQ FT
Trench or Bed width = 21" ft.
Gravel depth below pipe = 3 ft.
Length of Trenches = (1) 60 ; (2) _____ ; (3) _____ ; (4) _____
Total Trench or Bed Length = 60
Number of Gravelless Units = *n/a*
Proposed Absorption Area of System = 405 SQFT

D. Depth from ground surface to bottom of absorption area = 6 ft.

NMED Permit Number: CA090135

V. SITE PLAN: Attach plat, diagram or picture file of the lot and liquid waste system. Show setback distances from both the tank and disposal field to property lines, buildings, structures, wells, water lines, irrigation ditches, arroyos and surface waters within 200 feet of the system, and the direction of groundwater flow.

NMED Use:	A plat, drawing or picture, including setback distances, in accordance with 20.7.3.302: ✓ IS attached

VI. The foregoing information is correct and true to the best of my knowledge. I understand the issuing of this permit does not relieve me from the responsibility of complying with all applicable provisions of the New Mexico Plumbing Code and the New Mexico Liquid Waste Disposal and Treatment Regulations. Obtaining this permit does not relieve me from the responsibility of obtaining any permit required by state, city or county regulation or ordinance or other requirements of state or federal law.

Carrie J Noble — **Signature** — 08-18-09 — **Date**

__ Owner X Contractor __ Other, specify: _____

VII. NMED PERMIT TO CONSTRUCT (For Registrations, ATS Ownership Transfer, or Permitting of Existing Unpermitted Systems installed after February 1, 2002 skip this section and go to Section VIII):

A permit for construction of the liquid waste disposal system described herein is hereby:
__ **Granted** ✓ **Granted subject to conditions** __ **Denied**

Permit Conditions or Reasons for Denial: 1. Inspection of System prior Covering 2. April 2007 regulations Apply

NMED Representative — 8/20/09 — **Date**

NOTE: This permit may be canceled for failure to meet any condition specified; failure to complete the system within one year; for providing inaccurate or incomplete information; or for failure to notify NMED to schedule an inspection, a minimum of 2 working days prior to the inspection.
If you have questions call: _____

VIII. NMED FINAL APPROVAL TO OPERATE LIQUID WASTE SYSTEM:
The system described above: X **was inspected by NMED** __ **Contractor photo inspection authorized**

NMED Inspection History	NMED Representative	Date
Septic Tank Appears OK	E	9/3/09
Leach Line Appears OK	E	9/30/09

A permit for operation of the liquid waste disposal system described herein is hereby:
__ **Granted** X **Granted subject to conditions** __ **Denied**

Conditions of Approval: 1. NMED Must be Notified prior any Modifications 2. System must be Maintained

NMED Representative — 9/3/09 — **Date**

Attachment 4:
SWD Permits and C-133 Transporters

OrderNum	CoName	Addr1	Addr2	City	State	Zip1	Zip2	Phone
C133-1	A Plus Well Service	P.O. Box 1979		Farmington	NM	87499	0000	5053252627
C133-204	ACD OILFIELD SERVICES, LLC	PO BOX 553		LOVINGTON	NM	88260		5053967264
C133-140	Ace Services Inc	P.O. Box 551		Aztec	NM		0000	5053347274
C133-199	ACE TRUCKING, LLC	2001 N. ACOMA DRIVE		HOBBS	NM	88240		5053938131
C133-2	ADA CRUDE OIL COMPANY	P.O. BOX 844		HOUSTON	TX	77001		7137939234
C133-209	ALEJO & REBECCA MADRID DBA MADRIDS TRUCKING	709 WEST HARRISON		LOVINGTON	NM	88260		5053967529
C133-55	AMERICAN PRODUCTION SERVICES	2800 W MERLAND		HOBBS	NM	88240		5053938830
C133-153	AMERICAN PRODUCTION SERVICES	2800 W MERLAND		HOBBS	NM	88240		5053938830
C133-3	Andres Juarez	P.O. Box 155		Jal	NM	88252	0000	5053950460
C133-4	Angel Peak Trucking Co	P.O. Box 185		Bloomfield	NM	87413	0000	5056340460
C133-217	ANGELINA WELL SERVICE, INC.	HCR 79 BOX 5003		CUBA	NM	87013		5052873949
C133-5	APACHE CORPORATION	2000 POST OAK BLVD STE 100		HOUSTON	TX	77056		0
C133-183	ARAPAHOE OILFIELD SERVICES, LLC	2125 NORTH FRENCH DRIVE		HOBBS	NM	88241		5053938685
C133-6	ARCO PERMIAN	200 WESTLAKE PARK BLVD, RM 266		HOUSTON	TX	77079		2813667655
C133-249	ASTOCO OILFIELD SERVICES, LLC	2120 E. STARLIGHT RD		HOBBS	NM	88240		5753906858
C133-253	ATG ENTERPRISES, INC.	1923 HOLLYHOCK CIRCLE		FARMINGTON	NM	87401		3082895220
C133-221	Avalon Trucking LLC	3176 Pipe Court		Grand Junction	CO	81504	0000	9702160093
C133-9	B & E INC	PO BOX 2292		HOBBS	NM	88240		0
C133-181	B & R Trucking, Inc.	4311 Monica Lane		Carlsbad	NM	88220	0000	5052366012
C133-179	B J Pipe & Supply	1722 S. Main		Lovington	NM	88260	0000	5053966406
C133-7	B&A Trucking	705 N Auburn		Farmington	NM	87401	0000	5053264524
C133-8	B&B Vac	1072 Hwy 96		Regina	NM	87046	0000	5052894048
C133-10	B&M Service Co. Inc.	2625 W. Marland		Hobbs	NM	88240	0000	5053939171
C133-11	B&N Water Truck Service	P.O. Box520		Ignacio	CO	81137	0000	3035634672
C133-12	BABER WELL SERVICING CO	PO BOX 1772		HOBBS	NM	88241		5053925516
C133-248	BAILEY'S WELDING SERVICE, INC.	5861 HWY 64		FARMINGTON	NM	87401		5056323739
C133-197	BANDERA PETROLEUM INC	PO BOX 430		HOBBS	NM	88240		5053926456
C133-13	BARBER OIL INC	PO BOX 1658		CARLSBAD	NM	88220		0
C133-14	BASIC ENERGY SERVICES INC	PO BOX 10460		MIDLAND	TX	79702	0460	9155700829
C133-15	BASIN DISPOSAL INC	PO BOX 100		AZTEC	NM	87410		0
C133-16	BC & D OPERATING INC.	PO BOX 302		HOBBS	NM	88241		5053922887
C133-17	Benjamine S Monsalve	P.O. Box 236		Eunice	NM	88231	0236	5053942727
C133-18	BENSON-MONTIN-GREER DRILLING CORP	4900 COLLEGE BLVD.		FARMINGTON	NM	87402		5053258874
C133-155	BIG TEX CRUDE OIL COMPANY	PO BOX 5722	5809 SANTA FE	ABILENE	TX	79608		9156929230
C133-213	BLOOMFIELD CONSTRUCTION COMPANY, INC.	500 MISSOURI STREET		BLOOMFIELD	NM	87413		5056328220
C133-191	BOBBY SIKES DBA B&L SATELLITE RENTALS	2502 AVENUE O		EUNICE	NM	88231		5053940886
C133-198	BRYAN'S OILFIELD SERVICE, INC.	PO BOX 759		EUNICE	NM	88231		5053940608
C133-192	BULL HORN INC	PO BOX 2232		HOBBS	NM	88241	2232	5053977606
C133-19	C&R Oilfield Services, L.L.C.	P.O. Box 160		Carlsbad	NM	88220	0000	5058872527
C133-20	CENTRAL RESOURCES INC	1775 SHERMAN ST STE 600		DENVER	CO	80203		0
C133-21	CFM Trucking inc.	1206 E. Murray Dr.		Farmington	NM	87401	0000	5053275448
C133-22	CHAPARRAL SERVICES INC	PO BOX 1769		EUNICE	NM	88231		5053942545
C133-23	Cimarron Services	P.O. Box 24		Hobbs	NM	88240	0000	5053923571
C133-222	CN FARMS & TRUCKING	5 1/2 SUNRISE ROAD	PO BOX 21	MALAGA	NM	88263		5757453638
C133-24	COLLIER ENERGY INC	PO BOX 798		ARTESIA	NM	88210		0
C133-25	CONOCO INC	1001 N TURNER BX 400		HOBBS	NM	88240		0
C133-26	CONOCO INC	555 17TH ST		DENVER	CO	80202		0
C133-27	CONTROLLED RECOVERY INC	PO BOX 388		HOBBS	NM	88241	0369	5058850388
C133-28	CORINNE GRACE	P. O. BOX 1418		CARLSBAD	NM	88220		0
C133-149	CRAIN HOT OIL SERVICE	P O BOX 613	2239 S. MAIN	LOVINGTON	NM	88260		5753966543
C133-206	CROSSFIRE SEEDING, LLC	PO BOX 1056		BAYFIELD	CO	81122		9708844869
C133-29	Cuatro Transportation Inc.	P.O. Box 1231		Jal	NM	88252	0000	5053953504
C133-30	D&S Trucking	201 Summit Dr		Farmington	NM	87401	0000	5053277007
C133-238	DANIEL MARQUEZ DBA DAN'S TRUCKING	806 WEST AVENUE E		LOVINGTON	NM	88260		5753962066
C133-215	DARREN WITTMAN DBA TUFFDAWG SERVICES	1708 WITTMAN DRIVE		HOBBS	NM	88241		5053919353
C133-31	DAWN TRUCKING CO	PO BOX 1498		FARMINGTON	NM	87499		5053276314
C133-32	DDH MRK, Inc.	P.O. Box 1246		Farmington	NM	87499	0000	5053257770
C133-143	De La Sierra Trucking, LLC	3116 Rose Road		Hobbs	NM	88242	0000	5057380972
C133-228	DELONG, LC	911 W. CASTLEBERRY RR		ARTESIA	NM	88210		5057464716
C133-240	DEPENDABLE TRUCKING, LLC	214 N MAIN		CARLSBAD	NM	88220		5752342028
C133-33	Desert Sol Transport, LLC	1300-G El Paso #121		Las Cruces	NM	88001	0000	5055237397
C133-176	DIRT WORKS SERVICES, INC.	PO BOX 195		HOBBS	NM	88241	0000	5053926456
C133-148	DOS AMIGOS TRANSPORT LLC	P.O. BOX 1491		CARLSBAD	NM	88221	0000	5058852066
C133-34	Double Dog Water	2100 Joy Lynn St.		Bloomfield	NM	87413	0000	5056325983

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

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

ADMINISTRATIVE ORDER NO. SWD-400

APPLICATION OF YATES PETROLEUM CORPORATION

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), Yates Petroleum Corporation made application to the New Mexico Oil Conservation Division on July 20, 1990, for approval to complete for salt water disposal its Compromise AEJ Federal Com No. 1, located in Unit H of Section 30, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

(1) The application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations.

(2) Satisfactory information has been provided that all offset operators and surface owners have been duly notified; and

(3) The applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.

(4) The only objection received within the waiting period prescribed by said rule has been withdrawn.

IT IS THEREFORE ORDERED THAT:

(1) The applicant herein, Yates Petroleum Corporation is hereby authorized to complete its Compromise AEJ Federal Com No. 1 located in Unit H of Section 30, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Canyon formation at approximately 8054 feet to approximately 8154 feet through 2 7/8-inch plastic lined tubing set in a packer located at approximately 7950 feet.

IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into the well, the casing shall be pressure tested from the surface to the packer setting depth to assure the integrity of said casing.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1610 psi.

The Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Canyon formation. Such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment and of the mechanical integrity test so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the Artesia district office of the Division of the failure of the tubing, casing or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER THAT, jurisdiction of this cause is hereby retained by the Division for such further order or orders as may be deemed necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of the operator to conduct operations in a manner which will ensure the protection of fresh water or in a manner inconsistent with the requirements set forth in this order, the Division may, after notice and hearing, terminate the injection authority granted herein.

The operator shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 11th day of September, 1990.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

50 YEARS

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

1935 - 1985

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

ORDER SWD-295

THE APPLICATION OF H & S OIL COMPANY

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION DIVISION

Under the provisions of Rule 701(B), H & S Oil Company made application to the New Mexico Oil Conservation Division on January 27, 1986, for permission to complete for salt water disposal the Mountain States Petroleum Corporation Santa Fe Land Improvement Company Well No. 1 located in Unit I of Section 17, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico.

The Division Director finds:

(1) That application has been duly filed under the provisions of Rule 701(B) of the Division Rules and Regulations;

(2) That satisfactory information has been provided that all offset operators and surface owners have been duly notified; and

(3) That the applicant has presented satisfactory evidence that all requirements prescribed in Rule 701 will be met.

(4) That no objections have been received within the waiting period prescribed by said rule.

IT IS THEREFORE ORDERED:

That the applicant herein, H & S Oil Company is hereby authorized to complete the Mountain States Petroleum Company Santa Fe Land Improvement Company Well No. 1, located in Unit I of Section 17, Township 19 South, Range 26 East, NMPM, Eddy County, New Mexico, in such a manner as to permit the injection of salt water for disposal purposes into the Canyon formation at approximately 8060 feet to approximately 8100 feet through 2 7/8 inch plastic lined tubing set in a packer located at approximately 7980 feet.

IT IS FURTHER ORDERED:

That the operator shall take all steps necessary to ensure that the injected water enters only the proposed

injection interval and is not permitted to escape to other formations or onto the surface.

That the casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing, or packer.

That the injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1600 psi.

That the Director of the Division may authorize an increase in injection pressure upon a proper showing by the operator of said well that such higher pressure will not result in migration of the injected fluid from the Canyon formation. That such proper showing shall consist of a valid step-rate test run in accordance with and acceptable to this office.

That the operator shall notify the supervisor of the Artesia district office of the Division of the date and time of the installation of disposal equipment so that the same may be inspected.

That the operator shall immediately notify the supervisor of the Division's Artesia district office of the failure of the tubing, casing, or packer, in said well or the leakage of water from or around said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

PROVIDED FURTHER, That jurisdiction of this cause is hereby retained by the Division for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after notice and hearing, the Division may terminate the authority hereby granted in the interest of conservation. That applicant shall submit monthly reports of the disposal operations in accordance with Rule 706 and 1120 of the Division Rules and Regulations.

Approved at Santa Fe, New Mexico, on this 17th day of March, 1986.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. STAMETS,
Director

S E A L

Attachment 5:
Landfarm Soil Sample Results 02/10/2009

Summary Report

Amanda Trujillo
Yates Petroleum Corp.
105 South 4th South
Artesia, NM 88210

Report Date: March 3, 2009

Work Order: 9021213

Project Location: Agave Plant
Project Name: Agave Land Farm

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
187290	Sample 1 (West)	soil	2009-02-10	00:00	2009-02-12
187291	Sample 2 (West)	soil	2009-02-10	00:00	2009-02-12
187292	Sample 1 (East)	soil	2009-02-10	00:00	2009-02-12
187293	Sample 2 (East)	soil	2009-02-10	00:00	2009-02-12

	BTEX				MTBE	TPH DRO	TPH GRO
Sample - Field Code	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
187290 - Sample 1 (West)	<0.0200	<0.0200	<0.0200	<0.0200		<250	<1.00
187291 - Sample 2 (West)	<0.0200	<0.0200	<0.0200	<0.0200		<250	<1.00
187292 - Sample 1 (East)	<0.0200	<0.0200	<0.0200	<0.0200		**521**	<1.00
187293 - Sample 2 (East)	<0.0200	<0.0200	<0.0200	<0.0200		**566**	<1.00

Sample: 187290 - Sample 1 (West)

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		**152**	mg/Kg as CaCo3	4.00
Total Alkalinity		**152**	mg/Kg as CaCo3	4.00
Extractable Calcium		**8820**	mg/Kg	1.00
Chloride		**2030**	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.500
Sulfate		**3010**	mg/Kg	2.00
Extractable Potassium		**213**	mg/Kg	1.00
Extractable Magnesium		**450**	mg/Kg	1.00
Extractable Sodium		**1350**	mg/Kg	1.00
Nitrate-N		**8.86**	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250

continued ...

sample 187290 continued . . .

Param	Flag	Result	Units	RL
Total Arsenic		2.47	mg/Kg	2.00
Total Barium		238	mg/Kg	1.00
Total Cadmium		0.272	mg/Kg	0.200
Total Chromium		12.1	mg/Kg	0.500
Total Mercury		<0.0400	mg/Kg	0.0400
Total Lead		4.98	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00

Sample: 187291 - Sample 2 (West)

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		36.0	mg/Kg as CaCo3	4.00
Total Alkalinity		36.0	mg/Kg as CaCo3	4.00
Extractable Calcium		9530	mg/Kg	1.00
Chloride		2380	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.500
Sulfate		3070	mg/Kg	2.00
Extractable Potassium		254	mg/Kg	1.00
Extractable Magnesium		512	mg/Kg	1.00
Extractable Sodium		1550	mg/Kg	1.00
Nitrate-N		10.6	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250
Total Arsenic		3.03	mg/Kg	2.00
Total Barium		230	mg/Kg	1.00
Total Cadmium		<0.200	mg/Kg	0.200
Total Chromium		11.3	mg/Kg	0.500
Total Mercury		0.0429	mg/Kg	0.0400
Total Lead		4.66	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00

Sample: 187292 - Sample 1 (East)

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		292	mg/Kg as CaCo3	4.00
Total Alkalinity		292	mg/Kg as CaCo3	4.00
Extractable Calcium		8470	mg/Kg	1.00
Chloride		135	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.500
Sulfate		4810	mg/Kg	2.00
Extractable Potassium		275	mg/Kg	1.00

continued . . .

sample 187292 continued ...

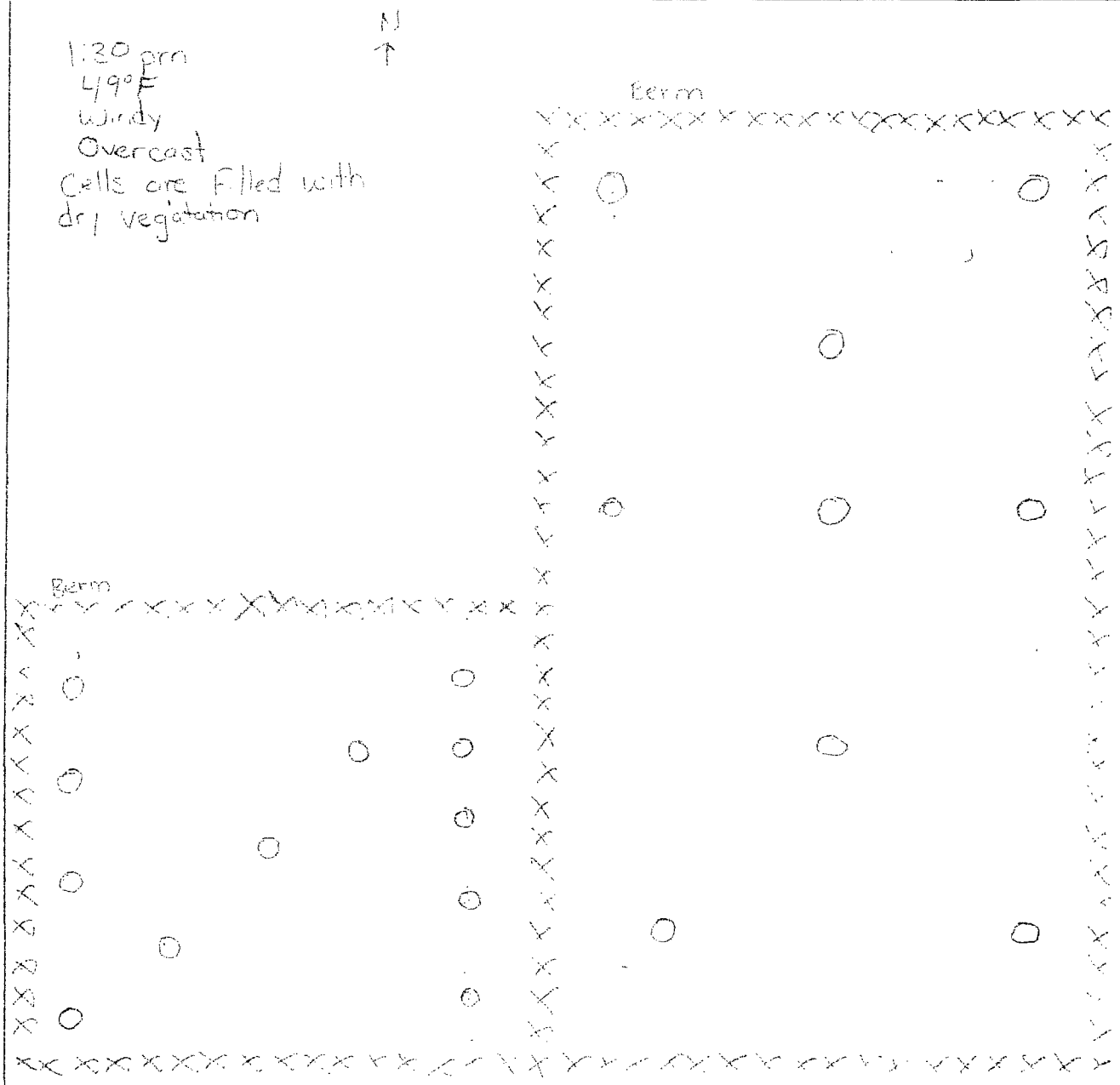
Param	Flag	Result	Units	RL
Extractable Magnesium		**439**	mg/Kg	1.00
Extractable Sodium		**220**	mg/Kg	1.00
Nitrate-N		<2.00	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250
Total Arsenic		**2.99**	mg/Kg	2.00
Total Barium		**128**	mg/Kg	1.00
Total Cadmium		<0.200	mg/Kg	0.200
Total Chromium		**8.56**	mg/Kg	0.500
Total Mercury		<0.0400	mg/Kg	0.0400
Total Lead		**6.17**	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00

Sample: 187293 - Sample 2 (East)

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/Kg as CaCo3	1.00
Bicarbonate Alkalinity		**960**	mg/Kg as CaCo3	4.00
Total Alkalinity		**960**	mg/Kg as CaCo3	4.00
Extractable Calcium		**10100**	mg/Kg	1.00
Chloride		**132**	mg/Kg	1.00
Fluoride		<5.00	mg/Kg	0.500
Sulfate		**5200**	mg/Kg	2.00
Extractable Potassium		**372**	mg/Kg	1.00
Extractable Magnesium		**534**	mg/Kg	1.00
Extractable Sodium		**302**	mg/Kg	1.00
Nitrate-N		<2.00	mg/Kg	0.200
Total Silver		<0.250	mg/Kg	0.250
Total Arsenic		**2.89**	mg/Kg	2.00
Total Barium		**118**	mg/Kg	1.00
Total Cadmium		<0.200	mg/Kg	0.200
Total Chromium		**8.69**	mg/Kg	0.500
Total Mercury		<0.0400	mg/Kg	0.0400
Total Lead		**5.23**	mg/Kg	1.00
Total Selenium		<2.00	mg/Kg	2.00

Feb 10, 2009

1:30 pm
49°F
Windy
Overcast
Cells are filled with dry vegetation



12 subsamples
3 composite samples

9 subsamples
3 composite samples

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
RA 03975		DOM	ED	3	1	3	36	18S	25E	551942	3618353*	430	270	160

Average Depth to Water: 270 feet
Minimum Depth: 270 feet
Maximum Depth: 270 feet

Record Count: 1

PLSS Search:
Section(s): 36 Township: 18S Range: 25E

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
RA 05620		PRO	ED	3	2	4	24	18S	25E	553142	3621575*	204	158	46

Average Depth to Water: 158 feet
Minimum Depth: 158 feet
Maximum Depth: 158 feet

Record Count: 1

PLSS Search:
Section(s): 24 Township: 18S Range: 25E

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
RA 05344		PRO	ED		4	4	26	18S	25E	551637	3619659*	455	200	255

Average Depth to Water: 200 feet
Minimum Depth: 200 feet
Maximum Depth: 200 feet

Record Count: 1

PLSS Search:
Section(s): 26 Township: 18S Range: 25E

*UTM location was derived from PLSS - see Help

AMIGO

New File | Browse... | Save | Quick Start | Manual | AMIGO

Units

○ Metric (m) ● English (inches)

Climate

Arid Hot (NM/W.Texas, Hobbs)

Input for a Distant Well

Distance to Well	5280	[ft]
Source Width	3.28	[ft]
Longitudinal Dispersivity	10	[-]
Transverse Dispersivity	1	[-]

Groundwater Characterictics

Background Cl Concentration in Aquifer	cGW =	50	[mg/L]
Aquifer porosity	n =	0.3	[-]
Groundwater Table Depth	D =	100	[ft]
Aquifer Thickness	H =	9.84	[ft]
Slope of Water Table	i =	0.05	[-]
Hydraulic Conductivity	Ks =	3.28	[ft/d]
Groundwater Flux	Q =		[ft2/d]

Source Characteristics

Chloride Load: M = 2000 [kg/m2]

Max. length of the spill in direction of GW flow: L = 200 [ft]

Plant Uptake Trigger

● 1% Input Concentration

○ 10% Input Concentration

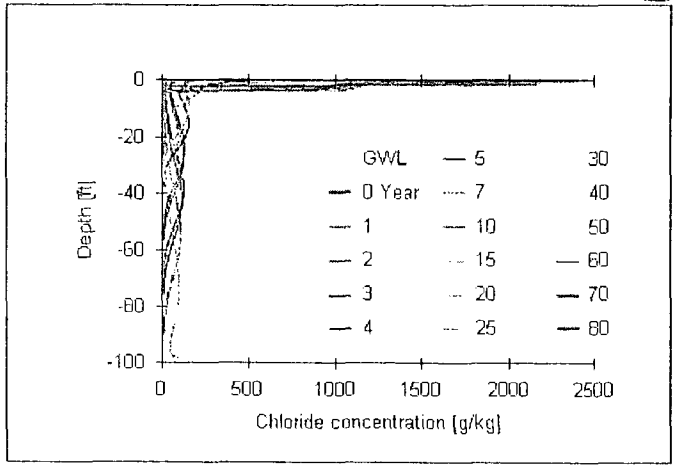
Soil Profiles

Surface Layer: Loam

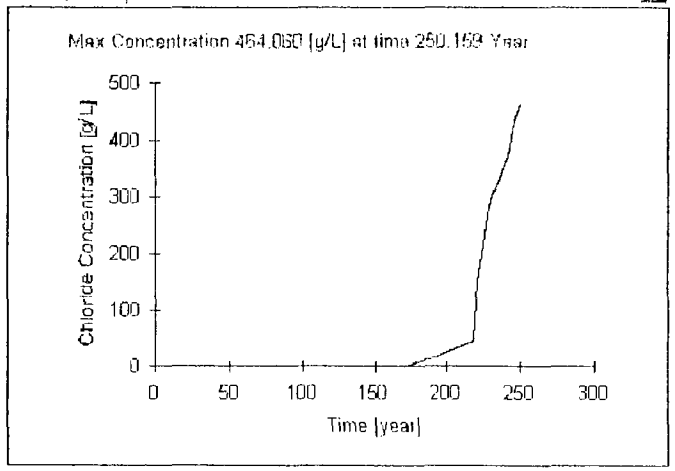
Soil Profile: P1 - Medium Sand (30m)

Output Charts

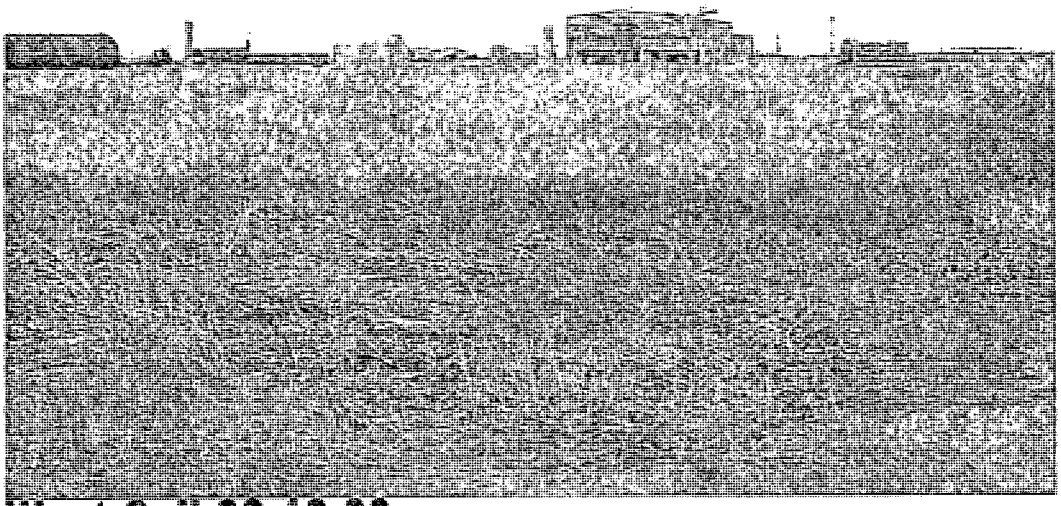
Quantity 1: Chloride concentration [g/kg]



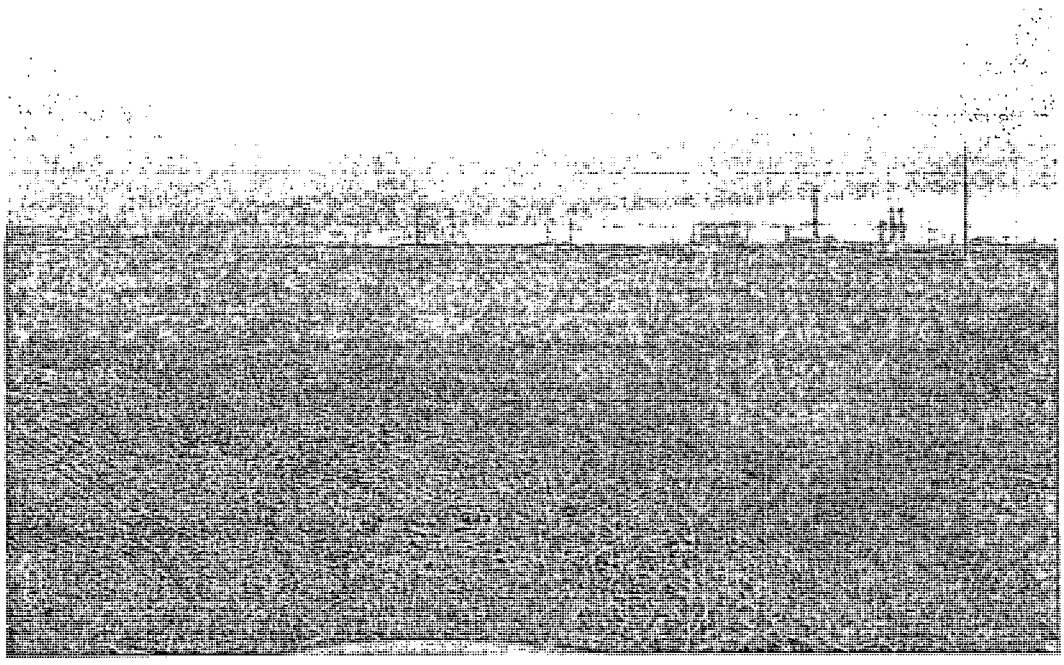
Quantity 2: Chloride Concentration [g/L]



North Cell 02-10-09



West Cell 02-10-09



LAB Order ID # 9021213 Page____of____

TraceAnalysis, Inc.

email: lab@traceanalysis.com
5002 Basin Street, Suite E Midland, Texas 79703
Tel (432) 689-6301 Fax (432) 689-6313

Company Name: Yates Petroleum Corporation
Phone #: 575-748-4310
Address: (Street, City, Zip) 105 South Fourth Street, Artesia, NM 88210
Fax #:
Contact Person: Amanda Trujillo
E-mail: atrujillo@yatespetroleum.com
Invoice to: PO#12693
Project #:
Project Name: Agave Land Farm
Project Location: Agave Plant
Sampler Signature:

LAB #	FIELD CODE	# CONTAINERS	Volume/Amount	MATRIX: WATER	SOIL	AIR	SLUDGE		PRESERVATIVE METHOD: HCL	HNO_3	$NaHSO_4$	H_2SO_4	ICE	NONE	SAMPLING: DATE	TIME
187290	Sample 1 (West)	1	4oz.		X								X		2/10/09	
291	Sample 2 (West)	1	4oz.		X								X		2/10/09	
292	Sample 1 (East)	1	4oz.		X								X		2/10/09	
293	Sample 2 (East)	1	4oz.		X								X		2/10/09	

ANALYSIS REQUEST

LAB #	MTBE 8021B/602	BTEX 8021B/602	TPH 418.1/TX1005 / TX1005 Extended (C35)	TPH [illegible] TVHC	PAH 8270C	Total Metals Ag As Ba Cd Cr Pb Se Hg 6010B/200.7	TCLP Metals Ag As Ba Cd Cr Pb Se Hg	TCLP Volatiles	TCLP Semi Volatiles	TCLP Pesticides	RCI	GC/MS Vol. 8260B/624	GC/MS Semi. Vol. 8270C/625	PCB's 8082/608	Pesticides 8081A/608	BOD, TSS, pH					Turn Around Time if different from standard	Hold
187290		X		X													X	X	X			
291		X		X													X	X	X			
292		X		X													X	X	X			
293		X		X													X	X	X			

Relinquished by:	Company:	Date:	Time:	Received by:	Company:	Date:	Time:	Temp°c:
		2/11/2009	3:42 PM					
[illegible]		2/10/09						
				Brandallard	Trace Analysis	2/11/09	1015	4.9/5.4

LAB USE ONLY
Intact (Y) N
Headspace Y N (NA)
Log-in Review

REMARKS:
TPH: 8015 GRO/DRO, BTX8021B & Chlorides. Please show results as mg/kg.
Thank you.

☐ Check If Special Reporting Limits Are Needed

Carrier # FedEx 7980 8455 4503 8435

Submittal of samples constitutes agreement to Terms and Conditions listed on reverse side of COC

ORIGINAL COPY

OIL CONSERVATION DIVISION
DISCHARGE PLAN GW-053 MODIFICATION
AGAVE ENERGY COMPANY
AGAVE DAGGER DRAW GAS PLANT

April 9, 2008

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Revised June 10, 2003

Submit Original
Plus 1 Copy
to Santa Fe
1 Copy to Appropriate
District Office

DISCHARGE PLAN APPLICATION FOR SERVICE COMPANIES, GAS PLANTS, REFINERIES, COMPRESSOR, GEOTHERMAL FACILITES AND CRUDE OIL PUMP STATIONS

(Refer to the OCD Guidelines for assistance in completing the application)

☐ New ☐ Renewal ☒ Modification

1. Type: Gas Processing Plant

2. Operator: Agave Energy Company

   Address: 105 South Fourth Street Artesia NM 88210

   Contact Person: Jennifer Knowlton Phone: 505-748-4471

3. Location: SE/4 SE/4 Section 25 Township 18S Range 25E
   Submit large scale topographic map showing exact location.

4. Attach the name, telephone number and address of the landowner of the facility site.

5. Attach the description of the facility with a diagram indicating location of fences, pits, dikes and tanks on the facility.

6. Attach a description of all materials stored or used at the facility.

7. Attach a description of present sources of effluent and waste solids. Average quality and daily volume of waste water must be included.

8. Attach a description of current liquid and solid waste collection/treatment/disposal procedures.

9. Attach a description of proposed modifications to existing collection/treatment/disposal systems.

10. Attach a routine inspection and maintenance plan to ensure permit compliance.

11. Attach a contingency plan for reporting and clean-up of spills or releases.

12. Attach geological/hydrological information for the facility. Depth to and quality of ground water must be included.

13. Attach a facility closure plan, and other information as is necessary to demonstrate compliance with any other OCD rules, regulations and/or orders.

14. CERTIFICATION: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Name: Jennifer Knowlton Title: Environmental Engineer

Signature: Jennifer Knowlton Date: 4/9/2008

E-mail Address: jknowlton@ypcnm.com

1. Type: Gas Processing Plant

2. Operator: Agave Energy Company
   Address: 105 South Fourth Street Artesia NM 88210
   Contact Person: Jennifer Knowlton
   Phone: 505-748-4471

3. Location: SE/4 SE/4
   Section 25
   Township 18S
   Range 25E

4. Landowner: Yates Petroleum Corporation
   105 South Fourth Street
   Artesia, New Mexico 88210

5. The Duke Dagger Draw Gas Plant was issued discharge permit GW-185. To the best of our knowledge, this facility has not operated since August 2003. As of May 2005, Agave Energy Company purchased the neighboring Duke Dagger Draw Gas Plant. These two facilities are neighboring and contiguous, sharing a common fenceline. Agave made significant improvements to the Agave Dagger Draw Gas Plant as part of the refurbishment process. Agave modified and consolidated the two facilities. This project included the installation of an acid gas injection system in lieu of a flare or SRU to dispose of the acid gas stream from the amine system. Agave refurbished the cryogenic skids, removed two large gas fired compressor engines, and installed a new control system. The bulk of this work was done on the old "Duke side" of the operations. Agave started moving gas through the Agave Dagger Draw Gas Processing Plant in April 2006. The gas is treated to remove acid gas components, dehydrated to remove water, and processed to remove heavy (liquid) hydrocarbons from the gas stream. Plant systems include amine units, glycol dehydration units, a hot oil system, a cryogenic system followed by recompression of the residue gas, and the acid gas injection system. A flare is necessary in the event that the acid gas system fails. A diagram of the facility is attached. Agave is currently developing a plan to refurbish the old "Agave side" to treat a side stream of gas. The Selexol treatment will remove residual mercaptans from the mol sieve regenerative gas.

6. Materials Stored or Used at Facility:
   1. Amine System – 4800 gallons of amine
   2. Glycol System – 1452 gallons of glycol
   3. Hot Oil System – 1000 gallons of oil
   4. Activated Carbon Filters – 880 pounds
   5. Molecular Sieve Material – 30,000 pounds
   6. Coolant – 1000 gallon tank, 500 gallon tank
   7. Lubricating Oil – 75 barrel tank, 500 gallon tank
   8. Methanol – 100 gallon horizontal tank
   9. Slop Tank – 150 barrel
   10. Selexol – 9,000 gallons of Selexol

7. Present Sources of Effluent and Waste Solids:
   1. Inlet separator – 5 to 50 BPD of produced water and condensate, RCRA exempt

2. Inlet filter – <12 per year, RCRA exempt
3. Amine contactor/system – 4800 gallons of amine, RCRA exempt
4. Amine filters – <12 per year, RCRA exempt
5. Triethylene glycol – 1452 gallons of glycol, RCRA exempt
6. Glycol Filters – <12 per year, RCRA exempt
7. Oil – 1000 gallons, RCRA non-exempt
8. Cryogenic skid filters – <25 per year, RCRA exempt
9. Molecular sieves – 30,000 pounds, RCRA exempt
10. Leach and septic system for office building
11. Selexol contactor/system – 9,000 gallons of Selexol, RCRA exempt
12. Selexol filters– <12 per year, RCRA exempt

8. Current Liquid and Solid Waste Collection, Treatment and Disposal Procedures:

Waste packing fluids that may leak from the compressors is caught in an above ground cement lined containment system. From this system the waste packing fluids are transferred to the sumps and to the slop tank. The amine, glycol, hot oil, and cryogenic plant systems are skid mounted as is the Selexol skid. All of these skids have concrete containment areas that prevent any contaminate from discharging onto the ground. All wash water, along with any RCRA exempt material that may have leaked or spilled, is drained through a PVC drain system to the sump system. This sump system collects and pumps this material to the slop tank. The slop tank is emptied via a tanker truck as necessary or transported via a pipeline to one of tow disposal wells identified below. A copy of the procedures for pressure testing the drains inside the Dagger Draw Gas Plant has been forwarded to the OCD and a copy is attached to this plan. This SOP will be modified to include the Selexol skid once operations of the Selexol system are brought online.

In the event of a spill within a containment not connected to the sump system, the spill is pumped out of the containment with a sump pump and disposed of according to the type of liquid. If the spill occurs on the ground, the soil is removed from site with the proper excavation equipment.

There is an earthen diked area which contains three small fiberglass storage tanks for oil and coolant. There is a second earthen diked area which contains a second lube oil tank. The amine storage tank and the glycol storage tank have concrete lined berms. The slop oil tank is contained in an earthen dike. All of the tank containment systems are designed to contain at least 133% of the volume of the tanks stored within the berm. There are two water tanks on site that are not bermed. These tanks contain freshwater for various activities including cleanup. If a spill were to occur from these tanks, there would be no adverse impact to the environment.

All filters and activated carbon are placed into containers onsite and transferred by Controlled Recovery, Inc to CRI's landfill in Halfway, New Mexico. If the amine, Selexol, glycol, hot oil, or molecular sieve material needs to be replaced in whole, the material is disposed of properly via a specialty chemical company such as Coastal Chemicals.

Disposal Wells:

Compromise SWD
Administrative Order No. SWD-400

Issued September 19, 1990
Unit H of Section 30, Township 18 South , Range 27 East
Eddy County, New Mexico

Santa Fe Land Improvement SWD
Administrative Order No. SWD-295
Issued March 17, 1986
Unit I of Section 17, Township 19 South, Range 26 East
Eddy County, New Mexico

Contact information for third part contractors is as follows:

American Production Services, Inc
2800 W Marland
Hobbs, New Mexico 88240

Controlled Recovery, Inc.
PO Box 388
Hobbs, NM 88241

Thermo Fluids, Inc
2800 North US Hwy 62
Brownfield, Texas
TXD 982 756 868

9. Proposed Modifications to existing Collection, Treatment and Disposal Systems:

In May 2005, Agave Energy Company purchased the Duke Dagger Draw Gas Plant. This modification application will combine the Discharge Permit for the Agave Gas Plant (GW-053) and the Discharge Permit for the Duke Dagger Draw Gas Plant (GW-185) into a new Discharge Permit for the Agave Dagger Draw Gas Plant. Agave made significant changes to the operational of the gas plant; we did not modify the sump system or collection system that previously existed in the plant other than to replace the lines and sump pumps if necessary. During the most recent pressure test of the sump lines, block valves were installed to isolate specific skids for ease of testing and leak detection.

Agave made no changes to the leach field and septic systems currently in operation at the facility.

Agave is in the process of a plan to remove the existing sump pump and replace it with an above ground separator and small storage tank. The plan currently in progress will relocate the existing slop tank more to the east with new concrete containment and a separator. From the separator, the waste will move right to the disposal line as described above. Agave will place a small fiberglass tank within the containment in the event that the diaphragm pump is not operating properly or if something occurs to shutdown the disposal well. These plans are in the initial phase and no construction has been initiated as of the date of this submittal.

10. Inspection and Maintenance Plan:
    a. Company personnel make daily inspections of the site. Malfunctions or breakdowns are noted and repaired.

b. Any repair work that is needed is performed as required.
c. A regular maintenance program is diligently carried out on all on-site equipment.
d. All underground process lines are pressure tested annually.

11. Plan for reporting and Cleanup of Spills or Releases:
    a. Standard company policy is to immediately secure the area to insure the safety of personnel and the public.
    b. Employees and contract personnel are dispatched to the spill area with necessary equipment and materials necessary to control and contain the spill and initiate clean-up program.
    c. Notification and any necessary follow-up reports will be made to the appropriate agencies (BLM, OCD, etc) pursuant to regulations.
    d. The site operates under a Spill Prevention and Counter Containment (SPCC) Plan.

12. Geologic and Hydrological Information:

There are two fresh water wells at the Penasco Compressor Station located across the street, one owned by Yates Petroleum Corporation (RA 05344) and one owned by Agave Energy Company (RA 05233). Estimated depth to groundwater is 200 feet. The approximate total dissolved solids content in the groundwater is 1500 mg/L. The surrounding terrain consists of gentle rolling hills marked with outcrops of caliche. The soils consist of silty clay loams and silt loams. The present surface is subject to colluvial processes and drainage to the northeast. The area is primarily rangeland consisting of creosote bush, yucca, broom snakeweed, dogweed, fluff grass and burrograss. The site is not located in a floodplain and no danger of flooding exists.

13. Facility Closure Plan:

The some equipment has been decommissioned during the refurbishment process. For example, the old MEP compressor engines were replaced with electric driven motors. The blocks from the old engines were stored onsite until a recycler removed the blocks. Similarly, some small equipment might undergo the same procedure. Some equipment, such as the SRU has been decommissioned in place until it can be sold for scrap.

Agave Energy Company is in the process of closing the land farm located near the Artesia Field Office. No waste has been accepted at the facility in over two years. Initial composite samples were obtained for the west cell and the east cell. As per "Recommended Practice for Landfarms Treating Hydrocarbons" (Sublette, 2006), three representative composites samples were tested. A physical cleanup of the Agave Landfarm began in July 2007. This ensured that all concrete, trash, dead weeds, and any other non-landfarm items were removed from the site.

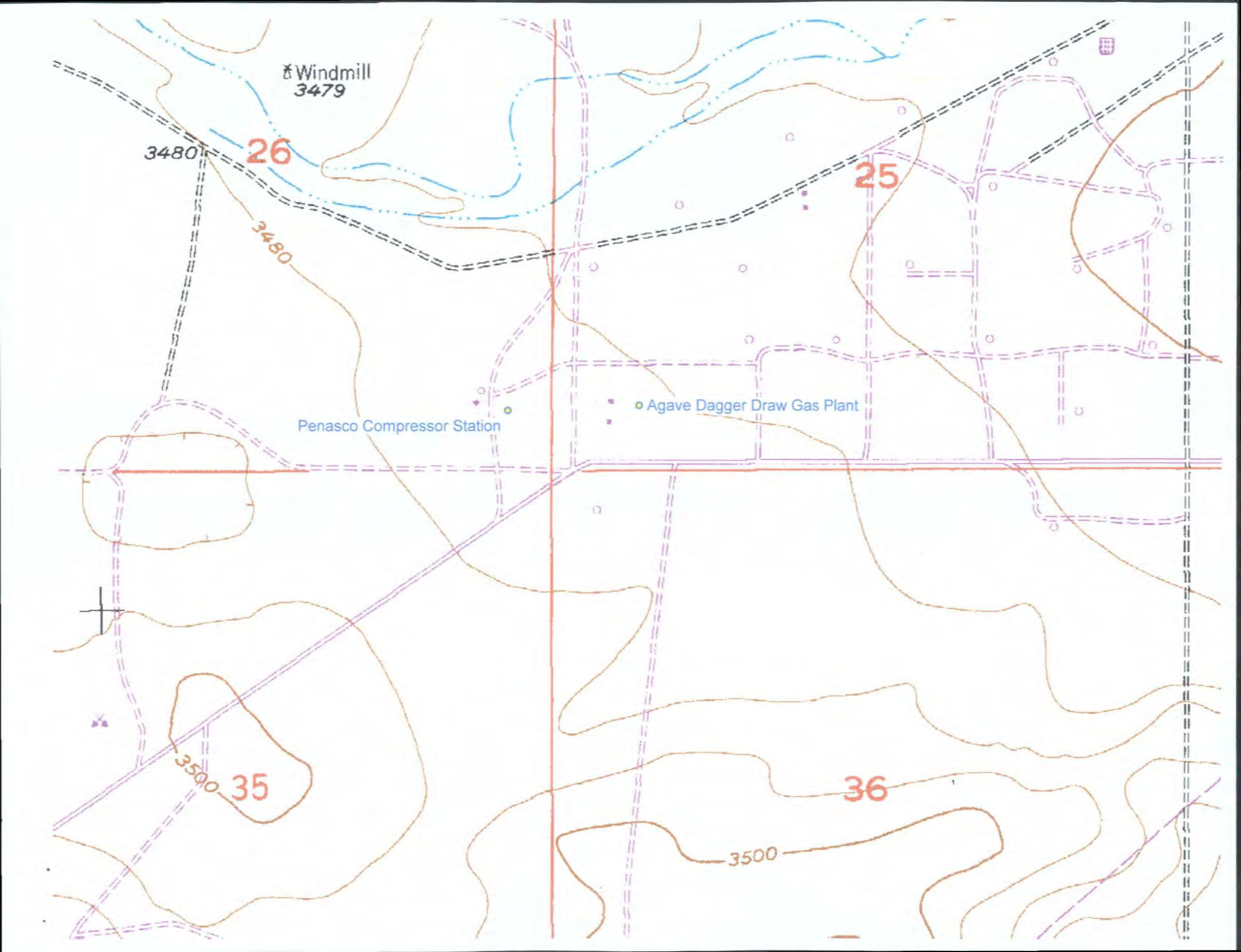
The two cells were ripped to a depth of approximately 8-12". This ensured that non-contaminated soil was mixed in with the contaminated soil. This also prepared the soil for microbial action. After ripping both cells, both areas were disked/tilled. This provides an optimum environment for microbial action.

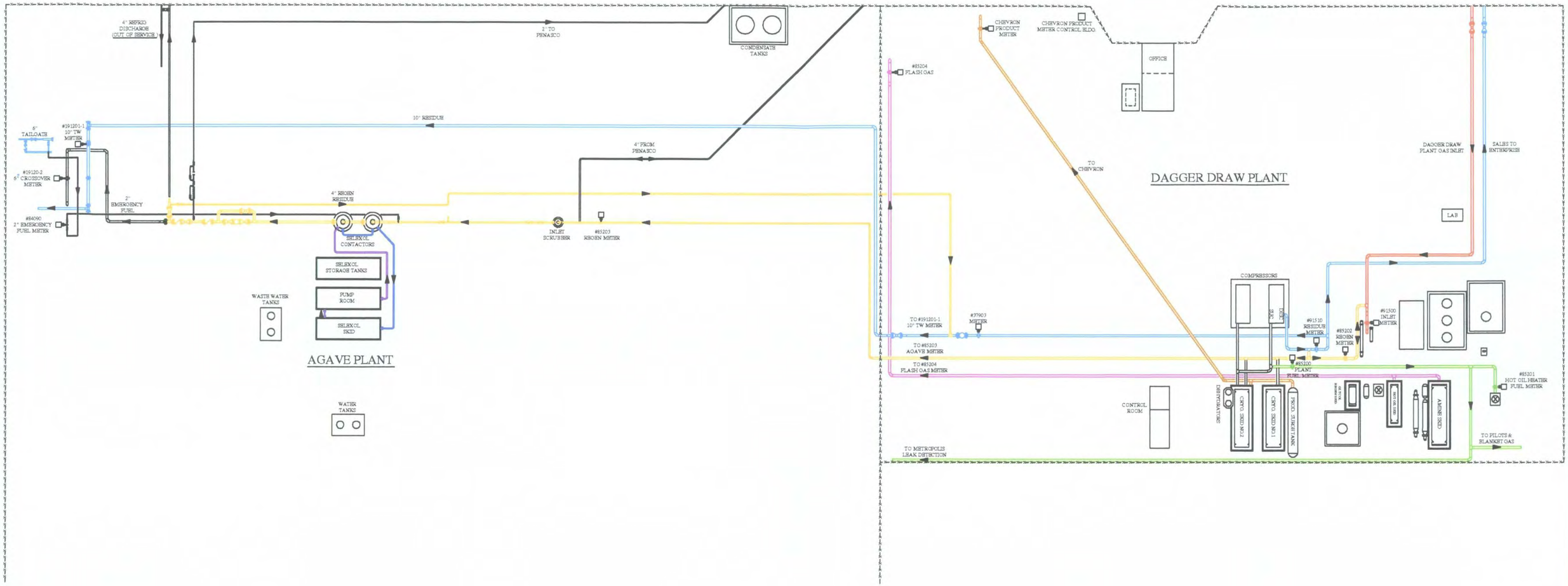
After the initial dirt work period, the landfarm was disked approximately every two weeks, weather permitting. Watering occured after tilling. This practice continued through October. Due to colder weather and limited microbial activity, the practice was suspended until spring.

In May 2008, composite soil samples will be analyzed. If the DRO levels have not noticeably dropped, the landfarm will require additional steps to promote microbial action.

Fertilizer and organic matter will be added to both cells. The fertilizer and organic matter should be tilled into the soil to a depth of 6-8 inches. Regular watering and tilling will continue for another two to three months. Additional composite soil samples will be taken 30-60 days after the initial application of fertilizer. At that time a determination will be made whether to reapply the fertilizer or to continue with the regular watering and tilling.

Once composite sample readings have reached acceptable limits that information will be made available to the OCD and the berms will be knocked down.


Windmill
3479
3480
26
25
3480
Penasco Compressor Station
Agave Dagger Draw Gas Plant
3500
35
36
3500



AGAVE ENERGY COMPANY

105 South Fourth Street, Artesia New Mexico 88210

DAGGER DRAW PLANT
AGAVE PLANT

DRAFTING: TWH		COUNTY: EDDY	SECTION: 25,26
CHECK: JK	REV:	STATE: NEW MEXICO	TOWNSHIP: 18S
SIZE: 11X17	SCALE: NA	NAD 83 US STATE PLANES	RANGE: 25E
PRINTED: 2.07.08		EAST ZONE, US FOOT	SHEET: 1 of 1

PROCEDURES FOR PRESSURE TESTING DRAINS INSIDE DAGGER DRAW GAS PLANT

The drain system at the dagger draw plant is broken down into 5 separate sections

1. Amine Skid, Glycol Skid, and Hot Oil Skid
2. Main drain line into the slop settling tank including the Glycol Storage Skid and the #1 Product Pump Skid
3. Acid Gas Compressor drain lines
4. Residue Compressor building drain lines
5. Cryo #1 and Cryo #2 skid drains

Testing of the drain sections can be done in any order.

Procedures for the Amine Skid, the Glycol Skid, and the Hot Oil Skid are as followed:

1. Shut the drain valve beside the Glycol Skid isolating this section of drain lines
2. Install 4" stopples in each of the three skids including one stopple with an air supply and one stopple with a pressure gauge
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove the three stopples and open the valve closed in step #1

Procedures for the main drain line into the slop settling tank including the Glycol Storage Skid and the #1 Product Pump Skid

1. Shut the valve inside the slop settling tank
2. Shut the Acid Gas Compressor skid drain line
3. Shut the three valves isolating this section of pipe from the other three sections (Amine, Glycol, and Hot Oil Skids) (Cryo Skids) (Residue Compressor Building)
4. Install a 4" stopple with a gauge in the Glycol Storage Skid, and a 4" stopple with an air supply in the #1 Product Pump Skid
5. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
6. Remove the stopples and open the valve closed in step #1 and the valves closed in step #3

Procedures for the Acid Gas Compressor drain lines

1. Shut the valve next to the slop settling tank isolating the Acid Gas Compressor drain lines
2. Install a 3" stopple on the North side of the Acid Gas Compressor Skid, and a 3" stopple with a gauge on the south side of the skid
3. Connect an air supply into the 1" valve connected to the drain lines beside the Condensing Skid
4. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
5. Remove the stopples and the air supply; Open the valve closed in step #1

Procedures for the Residue Compressor Building drain lines

1. Shut the valve beside the Glycol Skid isolating the Compressor Building drain lines
2. Install 4" stopples in the two drains on the South end of the building and the two drains on the North end of the building, including one stopple with a gauge, and one stopple with an air supply.
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove all four stopples and open the valve closed in step #1

Procedures for Cryo #1 and Cryo #2 skid drains

1. Shut the valve beside the Glycol Skid isolating Cryo #1 and Cryo #2 skid drain lines
2. Install a 4" stopple with an air supply in Cryo #1 skid and a 4" stopple with a gauge in Cryo #2 skid
3. Pressure the section of lines up to 3psi and monitor it for 30 minutes; If the pressure does not drop more than three tenths, the test is considered a success
4. Remove the two stopples and open the valve closed in step #1

2006 APR 20 PM 12 24

ATTACHMENT TO THE DISCHARGE PERMIT
AGAVE ENERGY CO., AGAVE GAS PLANT (GW-053)
DISCHARGE PERMIT APPROVAL CONDITIONS
March 30, 2006

Please remit a check for $4,100 made payable to Water Quality Management Fund:

Water Quality Management Fund
c/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

1. **Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of $100. There is also a renewal flat fee of $4,000 for gas processing plants (*see* WQCC Regulation 20.6.2.3114 NMAC).
2. **Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **This permit will expire on November 10, 2010** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if an owner/operator submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.
3. **Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
4. **Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its January 19, 2006 discharge permit renewal application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.
5. **Modifications:** WQCC Regulation 20.6.2.3109.G NMAC addresses possible future modifications of a permit. Pursuant to WQCC Regulation 20.6.2.3107.C NMAC, the owner/operator shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. Pursuant to WQCC Regulation 20.6.2.3109.E NMAC, the Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED-permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area. Waste generated during emergency response operations may be stored for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all above ground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water,

public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any storm water run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, or abatement and submit subsequent reports will be a violation of the permit.

20. Landfarm Operations:

A. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.

B. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.

C. Soils must be spread on the surface in twelve inch or less lifts.

D. Moisture must be added as necessary to enhance bioremediation and to control blowing dust.

E. There may be no ponding, pooling, or run-off of water. Any ponding of precipitation must be removed within twenty-four hours of discovery.

F. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.

G. The facility is authorized to accept only exempt and "non-hazardous", non-exempt oilfield wastes that are generated in the state of New Mexico by Agave Energy Co. or Yates Petroleum Co.

H. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.

I. No free liquids or soils with free liquids may be accepted at the facility.

J. Soils must be disked a minimum of once every two weeks to enhance biodegradation of contaminants.

K. Records of all material disposed of at the facility must be maintained by the discharge permit holder.

L. The OCD offices in Santa Fe and Artesia must be notified when operation of the landfarm is discontinued for a period in excess of six months or if there is a change in the configuration of the landfarm within the property covered by the discharge permit.

21. Transfer of Discharge Permit: The owner/operator shall notify the OCD prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. The purchaser shall submit a written commitment to comply with the terms and conditions of the previously approved discharge permit and shall seek OCD approval prior to transfer.

22. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit a closure plan for approval. Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

23. Certification: Certification: Agave Energy Co., by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained herein. **Agave Energy Co.** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by:

AGAVE ENERGY, CO.

Paul Ragsdale
Company Representative- print name

Company Representative- signature

President
Title

4-10-2006
Date

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 30, 2006

Ms. Jennifer Knowlton
Agave Energy Co.
105 South Fourth Street
Artesia, NM 88210

Re: Discharge Permit GW-053
Agave Gas Plant

Dear Ms. Knowlton:

Pursuant to Water Quality Control Commission (WQCC) Regulations 20.6.2.3104 - 20.6.2.3114 NMAC, the Oil Conservation Division (OCD) hereby approves the discharge permit for the Agave Energy Co. (owner/operator) Agave Gas Plant GW-053 located in the SE/4 SE/4 of Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, under the conditions specified in the enclosed **Attachment To The Discharge Permit**. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 working days of receipt of this letter including permit fees.**

Please be advised that approval of this permit does not relieve the owner/operator of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve the owner/operator of its responsibility to comply with any other applicable governmental authority's rules and regulations.

If you have any questions, please contact Ed Martin of my staff at (505-476-3492) or ed.martin@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Wayne Price
Environmental Bureau Chief

Copy: OCD, Artesia District Office

ATTACHMENT TO THE DISCHARGE PERMIT
AGAVE ENERGY CO., AGAVE GAS PLANT (GW-053)
DISCHARGE PERMIT APPROVAL CONDITIONS
March 30, 2006

Please remit a check for $4,100 made payable to Water Quality Management Fund:

Water Quality Management Fund
c/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

1. **Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of $100. There is also a renewal flat fee of $4,000 for gas processing plants (*see* WQCC Regulation 20.6.2.3114 NMAC).
2. **Permit Expiration and Renewal:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **This permit will expire on November 10, 2010** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if an owner/operator submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.
3. **Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the owner/operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38.
4. **Owner/Operator Commitments:** The owner/operator shall abide by all commitments submitted in its January 19, 2006 discharge permit renewal application, including attachments and subsequent amendments and these conditions for approval. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.
5. **Modifications:** WQCC Regulation 20.6.2.3109.G NMAC addresses possible future modifications of a permit. Pursuant to WQCC Regulation 20.6.2.3107.C NMAC, the owner/operator shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. Pursuant to WQCC Regulation 20.6.2.3109.E NMAC, the Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is being or will be exceeded, or if a toxic pollutant as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. Waste Disposal and Storage: The owner/operator shall dispose of all wastes at an OCD-approved facility. Only oil field RCRA-exempt wastes may be disposed of by injection in a Class II well. RCRA non-hazardous, non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. OCD Rule 712 Waste: Pursuant to OCD Rule 712 (19.15.9.712 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED-permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. Waste Storage: The owner/operator shall store all waste in an impermeable bermed area. Waste generated during emergency response operations may be stored for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. Drum Storage: The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. Process, Maintenance and Yard Areas: The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance, and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all above ground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water,

public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery. The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only, must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Rule 116 (19.15.3.116 NMAC). The owner/operator shall notify both the OCD District Office and the Santa Fe Office within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on OCD inspections.

17. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any storm water run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

18. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application and approved herein. **An unauthorized discharge is a violation of this permit.**

19. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, or abatement and submit subsequent reports will be a violation of the permit.

20. Landfarm Operations:

A. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.

B. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.

C. Soils must be spread on the surface in twelve inch or less lifts.

D. Moisture must be added as necessary to enhance bioremediation and to control blowing dust.

E. There may be no ponding, pooling, or run-off of water. Any ponding of precipitation must be removed within twenty-four hours of discovery.

F. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.

G. The facility is authorized to accept only exempt and "non-hazardous", non-exempt oilfield wastes that are generated in the state of New Mexico by Agave Energy Co. or Yates Petroleum Co.

H. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.

I. No free liquids or soils with free liquids may be accepted at the facility.

J. Soils must be disked a minimum of once every two weeks to enhance biodegradation of contaminants.

K. Records of all material disposed of at the facility must be maintained by the discharge permit holder.

L. The OCD offices in Santa Fe and Artesia must be notified when operation of the landfarm is discontinued for a period in excess of six months or if there is a change in the configuration of the landfarm within the property covered by the discharge permit.

21. Transfer of Discharge Permit: The owner/operator shall notify the OCD prior to any transfer of ownership, control or possession of a facility with an approved discharge permit. The purchaser shall submit a written commitment to comply with the terms and conditions of the previously approved discharge permit and shall seek OCD approval prior to transfer.

22. Closure: The owner/operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit a closure plan for approval. Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

23. Certification: Certification: Agave Energy Co., by the officer whose signature appears below, accepts this permit and agrees to comply with all submitted commitments, including these terms and conditions contained herein. **Agave Energy Co.** further acknowledges that the OCD may, for good cause shown, as necessary to protect fresh water, public health, safety, and the environment, change the conditions and requirements of this permit administratively.

Conditions accepted by:

AGAVE ENERGY, CO.

_____

Company Representative- print name

_____

Company Representative- signature

_____

Title

_____

Date

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

November 20, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. 5051-6045

Mr. Paul Ragsdale
Agave Energy Company
105 South Fourth Street
Artesia, New Mexico 88210

RE: Discharge Plan Renewal GW-053
Agave Energy Company
Agave Gas Plant
Eddy County, New Mexico

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

Article Sent To:

Postage $ 0.60
Certified Fee
Return Receipt Fee (Endorsement Required)
Restricted Delivery Fee (Endorsement Required)
Total Postage & Fees $

Postmark Here

7099 3220 0000 5051 6045

GW-053 EM

Name (Please Print Clearly) (To be completed by mailer)
PAUL RAGSDALE c/o AGAVE
Street, Apt. No.; or PO Box No.
105 S. 4TH ST.
City, State, ZIP+4
ARTESIA, NM 88210

PS Form 3800, July 1999 See Reverse for Instructions

Dear Mr. Ragsdale:

The ground water discharge plan renewal **GW-053** for the **Agave Energy Company Agave Gas Plant** located in the SE/4 SE/4 of Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe office within 10 working days of receipt of this letter.**

The original discharge plan application was submitted on December 8, 1989 and approved November 9, 1990. The discharge plan renewal application letter, dated June 19, 2000, submitted pursuant to Section 3106 of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge plan is renewed pursuant to Section 3109.C. Please note Section 3109.G, which provides for possible future amendment of the plan. Please be advised that approval of this plan does not relieve **Agave Energy Company** of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does it relieve Agave Energy Co. of responsibility to comply with any other government authority's rules and regulations.

Please be advised that all exposed pits, including lined pits and open tanks (exceeding 16 feet in diameter) shall be screened, netted or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104 of the regulations provides: "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3107.C, **Agave Energy Company** is required to notify the Director of any facility expansion, production increase or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4, this renewal plan is for a period of five years. This renewal will expire on **November 9, 2005**, and **Agave Energy Company** should submit an application in ample time before this date. Note that under Section 3106.F of the regulations, if a discharger submits a discharge plan renewal application at least 120 days before the discharge plan expires and is in compliance with the approved plan, then the existing discharge plan will not expire until the application for renewal has been approved or disapproved. It should be noted that all discharge plan facilities will be required to submit the results of an underground drainage testing program as a requirement for discharge plan.

The discharge plan renewal application for the **Agave Energy Company Agave Gas Plant** is subject to WQCC Regulation 3114. Every billable facility submitting a discharge plan application will be assessed a fee equal to the filing fee of $50.00. There is a renewal flat fee assessed for gas processing plants of one-half of the original flat fee or $1,667.50. The OCD has received the filing fee.

On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

Roger C. Anderson
Chief, Environmental Bureau
Oil Conservation Division

RCA/eem
Attachment

cc: OCD Artesia Office
Mr. David Haggith

ATTACHMENT TO THE DISCHARGE PLAN RENEWAL GW-053
AGAVE ENERGY COMPANY
AGAVE GAS PLANT
DISCHARGE PLAN APPROVAL CONDITIONS
November 20, 2000

1. Payment of Discharge Plan Fees: The $50.00 filing fee has been received by the OCD. There is a required flat fee equal to one-half of the original flat fee for natural gas processing plants. The renewal flat fee required for this facility is $$1,667.50 which may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the discharge plan, with the first payment due upon receipt of this approval. The filing fee is payable at the time of application and is due upon receipt of this approval. Please make all checks payable to:

   Water Quality Management Fund
   c/o Oil Conservation Division
   2040 South Pacheco
   Santa Fe, New Mexico 87505

2. Commitments: **Agave Energy Company** will abide by all commitments submitted in the discharge plan renewal application letter dated June 19, 2000 and these conditions for approval.

3. Waste Disposal: All wastes will be disposed of at an OCD approved facility. Only oilfield exempt wastes shall be disposed of down Class II injection wells. Non-exempt oilfield wastes that are non-hazardous may be disposed of at an OCD approved facility upon proper waste determination per 40 CFR Part 261. Any waste stream that is not listed in the discharge plan will be approved by OCD on a case-by-case basis.

4. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will 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 will also be stored on an impermeable pad and curb type containment.

5. Process Areas: 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.

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 tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

7. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

8. Labeling: All tanks, drums and containers will be clearly labeled to identify their contents and other emergency notification information.

9. 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 annually. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

10. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be tested to demonstrate their mechanical integrity no later than November 30, 2000 and every five (5) years thereafter. Permittees may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing. The test results will be submitted to OCD by January 31, 2001.

11. Class V Wells: No Class V wells that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes will be closed unless it can be demonstrated that groundwater will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD regulated facilities which inject non-hazardous fluid into or above an underground source of drinking water are considered Class V injection wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department.

12. Landfarm Operations:

a. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.

b. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.

c. Soils must be spread on the surface in twelve (12) inch lifts or less.

d. Moisture must be added as necessary to enhance bioremediation and to control blowing dust. There may be no ponding pooling or run-off of water allowed. Any ponding of precipitation must be removed within twenty-four (24) hours of discovery.

e. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.

f. The facility is authorized to accept only exempt and "non-hazardous" non-exempt oilfield wastes that are generated in the state of New Mexico by Agave Energy Co. or Yates Petroleum Co.

g. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.

h. No free liquids or soils with free liquids may be accepted at the facility.

i. Soils must be disked a minimum of once every two weeks (biweekly) to enhance biodegradation of contaminants.

j. Landfarm inspection and maintenance must be conducted on a weekly basis or immediately following a consequential rainstorm or windstorm.

k. Records of all material disposed of at the facility must be maintained by the discharge plan holder.

l. The OCD offices in Santa Fe and Artesia must be notified when operation of the landfarm is discontinued for a period in excess of six (6) months or if there is a change in the configuration of the landfarm within the property covered by the discharge plan.

13. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.

14. Spill Reporting: All spills/releases will be reported pursuant to OCD Rule 116 and WQCC 1203 to the OCD Artesia District Office.

15. Transfer of Discharge Plan: The OCD will be notified prior to any transfer of ownership, control, or possession of a facility with an approved discharge plan. A written commitment to comply with the terms and conditions of the previously approved discharge plan must be submitted by the purchaser and approved by the OCD prior to transfer.

16. Storm Water Plan: The facility will have an approved storm water run-off plan by January 31, 2001.

17. Closure: The OCD will be notified when operations of the **Agave Gas Plant** are discontinued for a period in excess of six months. Prior to closure of the **Agave Gas Plant**, the Director will submit a closure plan for approval. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

18. Conditions accepted by: **Agave Energy Company**, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. **Agave Energy Company** further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Agave Energy Company

Print Name: _____

Signature: _____

Title: _____

Date: _____

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

February 28, 1996

CERTIFIED MAIL
RETURN RECEIPT NO.Z-765-963-015

Mr. Paul Ragsdale
Agave Energy Company
105 South Fourth Street
Artesia, NM 88210

RE: Yates Plant GW- 053
Discharge Plan Permit Conditions

Dear Mr. Ragsdale:

The New Mexico Oil Conservation Division (OCD) has received the letter dated February 13, 1996, which notified the OCD of the transfer of GW-053, located in the SW/4, Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, from Transwestern Pipeline Company to Agave Energy Company.

The information was submitted pursuant to WQCC regulation 3111 "Transfer of Discharge Plan," and **is hereby approved.**The discharge plan approval will expire on November 9, 2000. Two original copies of the discharge plan approval conditions are enclosed along with a copy of the discharge plan approval letter dated September 26, 1995. **Please sign and return one original to the OCD Santa Fe office, within 5 working days of receipt of this letter.**

Please note that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan". Pursuant to Section 3107.C you are required to notify the Director of any facility expansion, production increase or process modification that would result in a significant modification in the discharge of potential ground water contaminants.

Note, that OCD approval does not relieve Agave Energy Company of liability should operations at the Yates Plant Discharge Plan facility GW-053 result in contamination of surface waters, ground waters or the environment. In addition, OCD approval does not relieve Agave Energy Company of responsibility for compliance with any other Federal, State, or local laws and/or regulations.

If you have any questions please feel free to call Roger Anderson at (505)-827-7152 or Patricio Sanchez at (505)-827-7156.

Sincerely,

William J. LeMay
Director

WJL/pws

Enclosure

xc: OCD Artesia District Office

ATTACHMENT TO DISCHARGE PLAN GW-53 RENEWAL
Agave Energy Company - Yates Natural Gas Plant
DISCHARGE PLAN REQUIREMENTS
(February 28, 1996)

1. **Tank Berming**: All tanks that contain materials other than fresh water that, if released, could contaminate surface or ground water or the environment will be bermed to contain 1 1/3 times the capacity of the tank or 1 1/3 times the volume of all interconnected tanks.

2. **Drum Storage**: All drums will be stored on pad and curb type containment.

3. **Spills**: All spills and/or leaks will be reported to the OCD district office pursuant to WQCC Rule 1203 and OCD Rule 116.

4. **Modifications**: All proposed modifications that include the construction of any below grade facilities or the excavation and disposal of wastes or contaminated soils will have OCD approval prior to excavation, construction or disposal.

5.

_____ _____
Company Representative **Date**

_____
Title

Z 765 963 015

Receipt for Certified Mail
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to GW-53 Transfer	
Street and No. Mr. Paul Ragsdale.	
P.O., State and ZIP Code	
Postage	$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, and Addressee's Address	
TOTAL Postage & Fees	$
Postmark or Date	

PS Form 3800, March 1993

ACKNOWLEDGEMENT OF RECEIPT OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 10/2/95,
or cash received on 10/12/95 in the amount of $ 1667.50
from ENRON
for Yates Gas Plant (Facility Name) GW053 (DP No.)
Submitted by: _____ Date: _____
Submitted to ASD by: [signature] Date: 10/13/95
Received in ASD by: [signature] Date: 10/13/96
Filing Fee ___ New Facility ___ Renewal X
Modification ___ Other _____ (specify)

Organization Code 52107 Applicable FY 96

To be deposited in the Water Quality Management Fund.
Full Payment X or Annual Increment ___

ENRON CORP
P. O. Box 1188
Houston, TX 77251-1188

62-20
311

CHECK NO. [redacted]

CHECK DATE 10-02-95

PAY EXACTLY One Thousand Six Hundred Sixty-Seven 50/100 DOLLARS
THIS CHECK IS VOID UNLESS PRINTED ON BLUE BACKGROUND

$1,667.50

NOT VALID AFTER 90 DAYS

PAY TO THE ORDER OF NMED-WATER QUALITY MANAGEMENT

NOT VALID OVER $5000.00 UNLESS COUNTERSIGNED

FIELD DISBURSEMENT ACCOUNT

CITIBANK DELAWARE

[redacted]

FAX (505) 625-8060

Phone (505) 623-2761

Transwestern Pipeline Company
TECHNICAL OPERATIONS
6381 North Main • Roswell, New Mexico 88201

October 5, 1995

Mr. Roger Anderson
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Site Inspection Yates Plant

Dear Mr. Anderson:

As a result of the Oil Conservation Division's (OCD) September 13, 1995 inspection of Transwestern Pipeline Company's Yates Plant, presented below are responses to address concerns brought about by Pat Sanchez and Mark Ashley of your staff:

1. **Unmarked drums in the concrete secondary containment area**
   Refer to the attached photograph depicting the proper chemical marking on the drums at the facility.

2. **Drums not being stored in secondary containment**
   Refer to the attached photograph depicting proper storage of the drums in secondary containment.

3. **Tabulated list of the chemicals used at the Yates Plant**
   Presented with the photographs addressing the above concerns, employees at the Yates Plant have prepared a list of the chemicals which were/are used for facility operating determinations. A review of this list will confirm that all reagents presented are not regulated under Subtitle C as a hazardous waste and can be disposed of by normal methods.

Should you require additional information concerning the above responses, contact our Roswell Technical Operations at (505) 625-8022.

Sincerely,

Larry Campbell

Larry Campbell
Division Environmental Specialist

xc: Dave Owen
Joe Hulscher
Arnie Bailey
Artesia Team

Enron Corp.
P. O. Box 1188
Houston, TX 77251-1188

ENRON CORP

CHECK NO. [redacted]

CHECK DATE 10-02-95

PAGE 1 OF 1

RECEIVED
OCT 12 1995
Environmental Bureau
Oil Conservation Division

VENDOR NO:
REMITTANCE STATEMENT

VOUCHER NO.	INVOICE DATE	INVOICE NO.	PURCHASE ORDER	AMOUNT		
				GROSS	DISCOUNT	NET
	10/2/95	MISC2100295 GW-53		$1,667.50		
					TOTAL	

SPECIAL INSTRUCTIONS:

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.

OIL CONSERVATION DIVISION

September 26, 1995

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-963-063

Mr. Larry Campbell
Division Environmental Specialist
Transwestern Pipeline Company
6381 North Main
Roswell, NM 88201

RE: Approval of Discharge Plan GW-53
Renewal
Yates Gas Plant
Eddy County, New Mexico

Dear Mr. Campbell:

The **discharge plan renewal GW-53 for the Transwestern Pipeline Company Yates gas plant** located in SW/4, Section 25, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico, **is hereby approved** under the conditions contained in the enclosed attachment. The discharge plan renewal consists of the application and its contents dated May 8, 1995 and subsequent additional information dated September 21, 1995 as signed and submitted by Mr. Larry Campbell with Transwestern Pipeline Company .

The discharge plan renewal application was submitted pursuant to Section 3-106 of the New Mexico Water Quality Control Commission Regulations. Please note Sections 3-109.E and 3-109.F which provide for possible future amendments or modifications of the plan. Please be advised that the approval of this plan does not relieve Transwestern Pipeline Company of liability should the operations associated with this facility result in pollution of surface water, ground water, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (tanks exceeding 16 feet in diameter), shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3-104 of the regulations requires that "When a plan has been approved, discharges must be consistent with the terms and conditions of the plan." Pursuant to Section 3-107.C you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3-109.G.4, this plan is for a period of five (5) years. This approval will expire November 9, 2000, and you should submit an application for renewal six (6) months before this date.

The discharge plan renewal for the Yates Natural Gas Plant GW-53 is subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan will be assessed a fee equal to the filing fee of fifty dollars ($50) plus the flat fee of one-thousand, six-hundred and sixty seven dollars and fifty cents ($1667.50) for Gas Plants filing for renewal of existing discharge plans..

The $50 filing fee has been received by the OCD. The flat fee for an approved discharge plan has not been received by the OCD. The flat fee check should be submitted to the **NMED - Water Quality Management** through the NMOCD office in Santa Fe, New Mexico.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

William J. LeMay
Director

WJL/pws
Attachment

xc: District II Environmental Representative

ATTACHMENT TO DISCHARGE PLAN GW-53 RENEWAL
Transwestern Pipeline Company - Yates Natural Gas Plant
DISCHARGE PLAN REQUIREMENTS
(September 26, 1995)

1. Tank Berming: All tanks that contain materials other than fresh water that, if released, could contaminate surface or ground water or the environment will be bermed to contain 1 1/3 times the capacity of the tank or 1 1/3 times the volume of all interconnected tanks.

2. Drum Storage: All drums will be stored on pad and curb type containment.

3. Spills: All spills and/or leaks will be reported to the OCD district office pursuant to WQCC Rule 1-203 and OCD Rule 116.

4. Modifications: All proposed modifications that include the construction of any below grade facilities or the excavation and disposal of wastes or contaminated soils will have OCD approval prior to excavation, construction or disposal.

5. Payment of Discharge Plan Fees: The one-thousand six-hundred and sixty seven dollar and fifty cent dollar ($1,667.50) flat fee shall be submitted upon receipt of this approval. The flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the five (5) year duration of the plan, with the first payment due upon receipt of this approval.

FAX (505) 625-8060

Phone (505) 623-2761

Transwestern Pipeline Company
TECHNICAL OPERATIONS
6381 North Main • Roswell, New Mexico 88201

September 21, 1995

Mr. Patricio Sanchez
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Discharge Plan Renewal Yates Plant, GW-53

Dear Mr. Sanchez:

In response to the Oil conservation Division's (OCD) August 3, 1995 letter, informing Transwestern Pipeline Company (Transwestern), of additional information to be included with the discharge plan renewal application for the Yates Plant, presented below are responses to those concerns. Each response follows the sequence of the items addressed in your letter:

I. Transwestern requests that the October 31, 1990 supplement to the OCD be included in the 1995 permit application.

II. Transwestern does not dispose of any liquid waste streams at the Yates Plant. All liquid streams are either recycled, recovered or collected at the facility and transferred to the owner of the liquids. This last process is directed under contract obligations with a local producer. Presented below are the liquid waste stream and volumes which are generated at the facility, and the vendor and process which is used for each stream:

used engine oil	90 gallons/month	recycling
oily waste water	143 gallons/month	recovery
pipeline liquids	17,850 gallons/month	transferred to Yates Petroleum

III. Transwestern is in compliance with the OCD's disposal regulations for exempt and non exempt wastes.

IV. The reclassification of the Yates facility as a gasoline plant is acceptable to Transwestern.

Should you require any additional information concerning approval of the submitted discharge application, contact our Roswell Technical Operations at (505) 625-8022.

Sincerely,

Larry Campbell

Larry Campbell
Division Environmental Specialist

xc: Dave Owen
Joe Hulscher
Arnie Bailey
Artesia Team
Butch Russell
file

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 12/5/91,

or cash received on 12/10/91 in the amount of $ 50.00

from TRANSWESTERN PIPELINE CO

for YATES COMPRESSOR STATION GW-53
(Facility Name) (DP No.)

Submitted by: Roger C Anderson Date: 12/11/91

Submitted to ASD by: Dorothy Montoy Date: 12/12/91

Received in ASD by: _____ Date: _____

Filing Fee X New Facility ____ Renewal ____

Modification ____ Other _____
(specify)

Organization Code 521.07 Applicable FY 80

To be deposited in the Water Quality Management Fund.

Full Payment ____ or Annual Increment ____

CHECK NO. [redacted]

DATE OF CHECK
December 05, 1991

TRANSWESTERN PIPELINE COMPANY
P.O. BOX 1188
HOUSTON, TEXAS 77251-1188

ENRON CORP

PAY EXACTLY FIFTY DOLLARS AND NO/100 ---------- DOLLARS $50.00

This check is VOID unless printed on BLUE background

PAY TO THE ORDER OF
NMED-WATER QUALITY MANAGEMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO 87505

NOT VALID OVER $5,000 UNLESS COUNTERSIGNED

UNITED BANK OF GRAND JUNCTION

[redacted]

CHECK NO. [redacted]

REMITTANCE STATEMENT

DECEMBER 5, 1991

VOUCHER NO.	INVOICE DATE	INVOICE NUMBER	PURCHASE ORDER	AMOUNT		
				GROSS	DISCOUNT	NET
						$50.00

FILING FEE FOR NEW DISCHARCH PLAN APPLICATION FOR
TRANSWESTERN PIPELINE CO. YATES COMPRESSOR STATION.
WQCC REGULATION 3-114

RECEIVED
DEC 10 1991
OIL CONSERVATION DIV.
SANTA FE

Special Instructions

P. O. BOX 1188, HOUSTON, TEXAS 77251-1188

DETACH STATEMENT BEFORE DEPOSITING. ENDORSEMENT OF CHECK ATTACHED ACKNOWLEDGES PAYMENT IN FULL OF ALL ITEMS SHOWN ABOVE. IN CASE OF ERROR OR OMISSION RETURN BOTH CHECK AND STATEMENT

011-E1151 12/88

ACKNOWLEDGEMENT OF RECEIPT
OF CHECK/CASH

I hereby acknowledge receipt of check No. [redacted] dated 12/5/91,

or cash received on 12/10/91 in the amount of $ 50.00

from TRANSWESTERN PIPELINE CO

for YATES COMPRESSOR STATION GW-53
(Facility Name) (DP No.)

Submitted by: Roger C Anderson Date: 12/11/91

Submitted to ASD by: _____ Date: _____

Received in ASD by: _____ Date: _____

Filing Fee X New Facility ____ Renewal ____

Modification ____ Other _____
(specify)

Organization Code 521.07 Applicable FY 80

To be deposited in the Water Quality Management Fund.

Full Payment ____ or Annual Increment ____

Copy
Bill
OM2R
File

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505

OIL CONSERVATION DIVISION

New Mexico DRUG FREE It's a State of Mind!

November 20, 1991

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

MATTHEW BACA
DEPUTY SECRETARY

CERTIFIED MAIL
RETURN RECEIPT NO. P-756-903-910

Mr. Larry T. Campbell
Transwestern Pipeline Company
P.O. Box 1717
Roswell, New Mexico 88202-1717

RE: Fee for Discharge Plan GW-53 Modification
Yates Compressor Station
Eddy County, New Mexico

Dear Mr. Campbell:

Pursuant to the New Mexico Water Quality Control Commission (WQCC) Regulation 3-114 "every billable facility submitting a discharge plan for approval, modification or renewal shall pay the fees specified in this section to the Water Quality Management Fund." Enclosed is a copy of WQCC Rule 3-114 effective as of August 18, 1991.

The Oil Conservation Division (OCD) received your discharge plan modification modification for the Transwestern Pipeline Co. Yates Compressor Station on October 31, 1991, which is after the effective date of the WQCC Regulation 3-114. The discharge plan modification application for the Yates Compressor Station is therefore subject to the WQCC Regulation 3-114 discharge plan fee. Every billable facility submitting a discharge plan modification will be assessed a fee equal to the filing fee plus one-half of either a flat fee or discharge fee. The director may waive the flat fee or discharge fee for discharge plan modifications which require little or no cost for investigation or issuance.

The filing fee is fifty (50) dollars for each new discharge plan application. The $50 filing fee is due immediately and is nonrefundable.

The remainder of the "total fee" for gas compressor stations falls under the "flat fee" category. The Director has waived the flat fee for the discharge plan modification for the Transwestern Pipeline Co. Yates Compressor Station.

Please make all checks out to the **NMED - Water Quality Management** and send to the OCD Santa Fe Office. If you have any questions, please do not hesitate to contact me at (505) 827-5884.

Sincerely,

Roger C. Anderson
Environmental Engineer

Enclosure

xc: OCD Artesia District Office

Payment Approval

CO	MAJOR	SUB	DETAIL	RC
060	8530	999	161	5149

SUBLEDGER/WAREHOUSE #

VEHICLE#/STOCK SYMBOL

WORK ORDER

PROPERTY UNIT

COST CATEGORY

DESCRIPTION: Filing Fee Discharge Plan Fee - Yates Plant

SIGNATURE

DATE 12-05-91

B. If the director determines that a discharger is not exempt from filing a discharge plan, or that the material to be discharged contains any toxic pollutant as defined in Section 1-101.UU., which is not included in the numerical standards of Section 3-103, then the discharger may appeal such determination by filing with the commission's secretary a notice of appeal to the commission within thirty days after receiving the director's written determination, and the appeal therefrom and any action of the commission thereon shall be in accordance with the provisions of Subsections 74-6-5 (K), (L), (M)and (N) NMSA 1978.

3-113. APPEALS FROM COMMISSION DECISIONS--A discharger may appeal the decision of the commission in accordance with the provisions of Section 74-6-5 (N), NMSA 1978.

3-114. FEES.

A. DEFINITIONS. - As used in this section:

1. "average discharge" means the average daily flow rate of effluent discharge as measured or estimated over the period of one year;

2. "billable facility" means any facility or portion of a facility required to have a discharge plan.

3. "discharge plan modification" means a change in requirements of a discharge plan as requested by the discharger as a result of past, present or anticipated changes in the quality or quantity of effluent or the location of the discharge; or as required by the director.

B. FEE AMOUNT AND SCHEDULE OF PAYMENT - Every billable facility submitting a discharge plan for approval, modification or renewal shall pay the fees specified in this subsection to the Water Quality Management Fund.

1. The amount of the fee payment for a new discharge plan shall be calculated using the following formula:

TOTAL FEE = FILING FEE + FLAT FEE or DISCHARGE FEE

(a) The filing fee is fifty (50) dollars for each new discharge plan application.

(b) Billable facilities in the following categories applying for a new discharge plan will pay a flat fee as indicated:

4. If the director requires a discharge plan modification as a component of an enforcement action, the facility shall pay the applicable discharge plan modification fee. If the director requires a discharge plan modification outside the context of an enforcement action, the facility shall not be assessed a fee.

5. The director may waive flat fees or discharge fees for discharge plan modifications which require little or no cost for investigation or issuance.

6. Billable facilities shall pay the filing fee at the time of discharge plan application. The filing fee is nonrefundable. The required flat fees or discharge fees may be paid in a single payment or in equal installments over the expected duration of the discharge plan. Installment payments shall be remitted yearly, with the first installment due on the date of discharge plan approval. The discharge plan or discharge plan application review of any facility shall be suspended or terminated if the facility fails to submit an installment payment by its due date.

3-115. SEVERABILITY.--If any section, subsection, individual standard or application of these standards or regulations is held invalid, the remainder shall not be affected.

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505

OIL CONSERVATION DIVISION

November 20, 1991

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

MATTHEW BACA
DEPUTY SECRETARY

CERTIFIED MAIL
RETURN RECEIPT NO. P-327-278-278

Mr. Larry Campbell
Transwestern Pipeline Company
P.O. Box 1717
Roswell, New Mexico 88202-1717

RE: Discharge Plan GW-53 Modification
Yates Compressor Station
Eddy County, New Mexico

Dear Mr. Campbell

The groundwater discharge plan modification for the Transwestern Pipeline Co. Yates Compressor Station located in the SW/4, Section 35, Township 18 South, Range 25 East, NMPM, Eddy County, New Mexico is hereby approved. The modification consists of the discharge plan as approved on November 9, 1990 and modified on March 21, 1991 and the modification application dated October 31, 1991.

The modification application was submitted pursuant to Section 3-109.F of the Water Quality Control Commission Regulations. It is approved pursuant to Section 3-109.A. The modification is a minor modification that does not alter the quantity or quality of discharges from the compressor station, therefore public notice is not required.

Please be advised that approval of this plan does not relieve you of liability should your operation result in actual pollution of surface or ground waters or the environment which may be actionable under other laws and/or regulations.

Please be advised that all exposed pits, including lined pits and open top tanks (tanks exceeding 16 feet in diameter) shall be screened, netted or otherwise rendered nonhazardous to wildlife including migratory birds.

VILLAGRA BUILDING - 408 Galisteo
Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830
Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco
Office of the Secretary
827-5950
Administrative Services
827-5925
Energy Conservation & Management
827-5900
Mining and Minerals
827-5970

LAND OFFICE BUILDING - 310 Old Santa Fe Trail
Oil Conservation Division
P.O. Box 2088 87504-2088
827-5800

Please note that Section 3-104 of the regulations requires that "When a plan has been approved,discharges must be consistent with the terms and conditions of the plan". Pursuant to Section 3-107.C you are required to notify the Director of any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

On behalf of the staff of the Oil Conservation Division, I wish to thank you and your staff for your cooperation during this discharge plan review.

Sincerely,

William J. LeMay
Director

WJL/rca

xc: OCD Artesia Office
Chris Eustice- OCD Hobbs