

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

RECEIVED

AUG 12 2009

HOBBSOCD

State of New Mexico
Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-138
Revised March 12, 2007

*Surface Waste Management Facility Operator
and Generator shall maintain and make this
documentation available for Division inspection

REQUEST FOR APPROVAL TO ACCEPT SOLID WASTE

1. Generator Name and Address:

Chemical Service Company, P.O. Box 1149, Andrews, TX 79714

2. Originating Site:

Chevron WDDU #45

(IRP # 2191)

3. Location of Material (Street Address, City, State or ULSTR):

NW/4, NW/4, Sec. 32, T24S, R38E, Lea County, NM

4. Source and Description of Waste:

Soil with minor amount of chloride and TPH concentrations. Laboratory analyses of chloride, BTEX and TPH attached.

Estimated Volume 48 yd³ / bbls Known Volume (to be entered by the operator at the end of the haul) 48 yd³ / bbls

5. GENERATOR CERTIFICATION STATEMENT OF WASTE STATUS

I, David Scoggins, representative or authorized agent for Chemical Service Company do hereby certify that according to the Resource Conservation and Recovery Act (RCRA) and the US Environmental Protection Agency's July 1988 regulatory determination, the above described waste is: (Check the appropriate classification)

☐ RCRA Exempt: Oil field wastes generated from oil and gas exploration and production operations and are not mixed with non-exempt waste. Operator Use Only: Waste Acceptance Frequency ☒ Monthly ☐ Weekly ☐ Per Load

☒ RCRA Non-Exempt: Oil field waste which is non-hazardous that does not exceed the minimum standards for waste hazardous by characteristics established in RCRA regulations, 40 CFR 261.21-261.24, or listed hazardous waste as defined in 40 CFR, part 261, subpart D, as amended. The following documentation is attached to demonstrate the above-described waste is non-hazardous. (Check the appropriate items)

☐ MSDS Information ☐ RCRA Hazardous Waste Analysis ☐ Process Knowledge ☒ Other (Provide description in Box 4)

GENERATOR 19.15.36.15 WASTE TESTING CERTIFICATION STATEMENT FOR LANDFARMS

I, David Scoggins, representative for Chemical Service Company do hereby certify that representative samples of the oil field waste have been subjected to the paint filter test and tested for chloride content and that the samples have been found to conform to the specific requirements applicable to landfarms pursuant to Section 15 of 19.15.36 NMAC. The results of the representative samples are attached to demonstrate the above-described waste conform to the requirements of Section 15 of 19.15.36 NMAC.

5. Transporter:

Ocotillo Environmental, LLC

OCD Permitted Surface Waste Management Facility

Name and Facility Permit #: 600 YEA South Commercial Landfarm NM-01-0021

Address of Facility: 8 miles south of Hobbs on Hwy 18 - S/2 SW/4 & SW/4 SE/4 of S-11, T-20S, R-38E
LEA County, N.M.

Method of Treatment and/or Disposal:

☐ Evaporation ☐ Injection ☐ Treating Plant ☒ Landfarm ☐ Landfill ☐ Other

Waste Acceptance Status:

☒ APPROVED

☐ DENIED (Must Be Maintained As Permanent Record)

PRINT NAME: Justin Roberts

TITLE: President

DATE: 6-16-09

SIGNATURE: Justin Roberts

TELEPHONE NO.: 575-342-9996

Surface Waste Management Facility Authorized Agent

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
James Noel
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 29, 2009

Mr. Joe Dan Barnes
Owner / Manager
Chemical Services Company
P.O. Box 1149
Andrews, TX 79714

Email: chemical_serv@yahoo.com

Re: Agreed Compliance Order 260
Notice of Violation 01-09-02

Dear Mr. Barnes:

Thank you for returning your signed Agreed Compliance Order (ACO). An executed copy is enclosed.

As per the ACO's terms, Chemical Services Company must remediate the release by **Monday August 3, 2009**.

As we explained to you at the June 3, 2009 administrative conference, **Chemical Services Company cannot transport within New Mexico unless and until it has obtained a valid form C-133 Authorization to Move Produced Water permit from the Oil Conservation Division**. At the administrative conference we explained to you the process for obtaining a C-133 permit. Information on obtaining a C-133 permit can also be found at our website: www.emnrd.state.nm.us/oecd/index.htm.

Please contact me at (505) 476-3463 or sonny.swazo@state.nm.us if you have any questions.

Sincerely,

Sonny Swazo
Assistant General Counsel, OCD

cc: Daniel Sanchez, OCD Compliance Director
Larry "Buddy" Hill, OCD District I Supervisor
Carl Chavez, OCD Environmental Engineer
Geoff Leking, OCD District I Environmental Engineer



**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

ACO No. 260

IN THE MATTER OF CHEMICAL SERVICES COMPANY,

Respondent.

AGREED ORDER RESOLVING COMPLIANCE ACTION

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the rules promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") and Chemical Services Company (hereinafter, "Respondent") hereby enter into this Agreed Order (hereinafter, "Order") to resolve the violations asserted in Notice of Violation (hereinafter, "NOV") 01-09-02.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and the rules promulgated under the Act.
2. Respondent is a company that operates out of Andrews, Texas. The New Mexico Public Regulation Commission's Corporation Information Inquiry database does not show Respondent as being registered to do business in New Mexico.
3. Respondent's mailing address is P.O. Box 1149, Andrews, TX 79714. Respondent's business address is 401 NE 3100, Andrews, TX 79714-9239.
4. Respondent does not have a form C-133 Authorization to Move Produced Water permit.
5. From between 5 to 6 pm on Friday, March 6, 2009, witnesses observed a water transporter truck (130 barrel capacity) demarcated with "Chemical Services Co." on the side and rear of vehicle releasing its contents at a site approximately 8 miles northeast of Jal, New Mexico, in Unit Letter D, Section 32, Township 24 South, Range 38 East, Lea County, New Mexico. The truck had a Texas license plate with a possible Texas waste hauler permit number "382."
6. Photographs taken immediately after the release show puddles with a greenish-oily hydrocarbon sheen. Photographs taken a few days later show salt-like deposits where the puddles were.
7. Soil and water samples from the release were analyzed. The results indicate the water and soils were contaminated with salts and petroleum hydrocarbons.

8. On May 18, 2009, OCD issued NOV 01-09-02 to Respondent.
9. On June 3, 2009, an administrative conference was held on the NOV at OCD's Hobbs District Office. Respondent's Owner/Manager Joe Dan Barnes and Supervisor Dave Scoggins appeared for Respondent. Daniel Sanchez, Larry Hill, Carl Chavez, Geoff Leking, and Sonny Swazo appeared for OCD.
10. At the conference Respondent presented the following facts:
 - Respondent has a Texas water hauler permit. Respondent does not have a New Mexico water hauler permit.
 - Chevron is the only operator that Respondent transports for in New Mexico.
 - Respondent transports to and from Chevron's leases in New Mexico and Texas.
 - Respondent only transports fresh water, brine water and produced water. Respondent does not have trucks used exclusively for fresh water.
 - Respondent normally cleans out its trucks by going to a public disposal and rinsing them out. However, this procedure was not followed in this case.
 - Chevron had installed a culvert and covered it with caliche. Winds were blowing the caliche. Chevron asked Respondent to wet down the caliche with fresh water from Chevron's fresh water station. Respondent filled up its truck containing brine residue with fresh water from Chevron's fresh water station and dumped it on the caliche only one time.
 - Respondent has submitted a form C-141 Release Notification and Corrective Action.
11. OCD Rule 19.15.34.8 NMAC states:

TRANSPORTATION OF PRODUCED WATER, DRILLING FLUIDS AND OTHER LIQUID OIL FIELD WASTE:

A. A person shall not transport produced water, drilling fluids or other liquid oil field waste, including drilling fluids and residual liquids in oil field equipment, except for small samples removed for analysis, by motor vehicle from a lease, central tank battery or other facility without an approved form C-133, authorization to move liquid waste. The transporter shall maintain a photocopy of the approved form C-133 in the transporting vehicle.

B. A person may apply for authorization to move produced water, drilling fluids or other liquid oil field waste by filing a complete form C-133 with the division's Santa Fe office. Authorization is granted upon the division's approval of form C-133.

C. An owner or operator shall not permit produced water, drilling fluids or other liquid oil field waste to be removed from its leases or field facilities, except for small samples removed for analysis, by motor vehicle except by a person possessing an approved form C-133. The division shall post a list of currently approved form C-133s, authorization to move liquid waste, on its website. The list of form C-133s posted on the division's website on the first business day of each month shall be deemed notice of valid

form C-133s for the remainder of that month.

12. OCD Rule 19.15.34.11 NMAC states:

DISPOSITION OF PRODUCED WATER AND OTHER OIL FIELD WASTE: Except as authorized by 19.15.30 NMAC, 19.15.17 NMAC, 19.15.36 NMAC, 19.15.29 NMAC or 19.15.26.8 NMAC, persons, including transporters, shall not dispose of produced water or other oil field waste:

- (1) on or below the surface of the ground; in a pit; or in a pond, lake, depression or watercourse;
- (2) in another place or in a manner that may constitute a hazard to fresh water, public health, safety or the environment; or
- (3) in a permitted pit or registered or permitted surface waste management facility without the permission of the owner or operator of the pit or facility.

13. OCD Rule 19.15.34.12 NMAC states:

METHODS FOR DISPOSAL OF PRODUCED WATER: Persons disposing of produced water shall use one of the following disposition methods:

- A. disposition in a manner that does not constitute a hazard to fresh water, public health, safety or the environment; delivery to a permitted salt water disposal well or facility, secondary recovery or pressure maintenance injection facility, surface waste management facility or permanent pit permitted pursuant to 19.15.17 NMAC; or to a drill site for use in drilling fluid; or
- B. use in accordance with a division-issued use permit or other division authorization.

14. OCD Rule 19.15.19 NMAC requires OCD to be notified of any unauthorized release involving produced water or oil field wastes. The person operating or controlling the release or location of the release is required to give notice to OCD of the release. At a minimum the person operating or controlling a release must provide timely written notification within 15 days to the OCD district office for the area within which the release occurs by completing and filing form C-141 Release Notification and Corrective Action. The responsible person must complete OCD approved corrective action for releases which endanger public health or the environment.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.

ORDER

1. Respondent shall remediate the release by Monday August 3, 2009.

2. **Respondent shall not transport in New Mexico unless and until it has a valid form C-133 Authorization to Move Produced Water permit.** Transporting without an approved C-133 will result in additional enforcement action.
3. By signing this Order, Respondent expressly:
- a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with the Order;
 - c. waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
 - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a Final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act;
4. Nothing in this Order relieves Respondent of its liability should its operators fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Respondent of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico this ____ day of _____ 2009.

By: _____

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

Chemical Services Company hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

CHEMICAL SERVICES COMPANY

By: _____

Title: _____

Date: _____

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

ACO No. 260

IN THE MATTER OF CHEMICAL SERVICES COMPANY,

Respondent.

AGREED ORDER RESOLVING COMPLIANCE ACTION

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the rules promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") and Chemical Services Company (hereinafter, "Respondent") hereby enter into this Agreed Order (hereinafter, "Order") to resolve the violations asserted in Notice of Violation (hereinafter, "NOV") 01-09-02.

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B. A person may apply for authorization to move produced water, drilling fluids or other liquid oil field waste by filing a complete form C-133 with the division's Santa Fe office. Authorization is granted upon the division's approval of form C-133.

C. An owner or operator shall not permit produced water, drilling fluids or other liquid oil field waste to be removed from its leases or field facilities, except for small samples removed for analysis, by motor vehicle except by a person possessing an approved form C-133. The division shall post a list of currently approved form C-133s, authorization to move liquid waste, on its website. The list of form C-133s posted on the division's website on the first business day of each month shall be deemed notice of valid

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(3) in a permitted pit or registered or permitted surface waste management facility without the permission of the owner or operator of the pit or facility.

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METHODS FOR DISPOSAL OF PRODUCED WATER: Persons disposing of produced water shall use one of the following disposition methods:

A. disposition in a manner that does not constitute a hazard to fresh water, public health, safety or the environment; delivery to a permitted salt water disposal well or facility, secondary recovery or pressure maintenance injection facility, surface waste management facility or permanent pit permitted pursuant to 19.15.17 NMAC; or to a drill site for use in drilling fluid; or

B. use in accordance with a division-issued use permit or other division authorization.

14. OCD Rule 19.15.19 NMAC requires OCD to be notified of any unauthorized release involving produced water or oil field wastes. The person operating or controlling the release or location of the release is required to give notice to OCD of the release. At a minimum the person operating or controlling a release must provide timely written notification within 15 days to the OCD district office for the area within which the release occurs by completing and filing form C-141 Release Notification and Corrective Action. The responsible person must complete OCD approved corrective action for releases which endanger public health or the environment.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.

ORDER

1. Respondent shall remediate the release by **Monday August 3, 2009.**

2. **Respondent shall not transport in New Mexico unless and until it has a valid form C-133 Authorization to Move Produced Water permit.** Transporting without an approved C-133 will result in additional enforcement action.
3. By signing this Order, Respondent expressly:
- a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with the Order;
 - c. waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
 - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a Final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act;
4. Nothing in this Order relieves Respondent of its liability should its operators fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Respondent of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico this ____ day of _____ 2009.

By: _____

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

Chemical Services Company hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

CHEMICAL SERVICES COMPANY

By: _____

Title: _____

Date: _____

Leking, Geoffrey R, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Wednesday, August 12, 2009 9:45 AM
To: Chavez, Carl J, EMNRD; Leking, Geoffrey R, EMNRD; Swazo, Sonny, EMNRD
Subject: RE: C-138 for Chemical Services Completed

Oops! Also, Sonny wants a letter with the attached OCD signed and dated C-141 to be sent to the operator with our generic disclaimer language. We think the District has a standard format. Let us know if you need help with this. And this also needs to be scanned in to document closure with the operator. Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/o cd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Wednesday, August 12, 2009 9:43 AM
To: Leking, Geoffrey R, EMNRD; Swazo, Sonny, EMNRD
Subject: RE: C-138 for Chemical Services Completed

Geoff:

I talked with Sonny this morning. Santa Fe does not need the original as long as documents are scanned into OCD's electronic system.

If you believe the case can be closed out, you need to sign and date the final C-141 approving the work. This final OCD signed document with attached report, C-138, etc. should be attached the final approve C-141 and scanned into the system.

That's it. Please contact us if you have questions. Thanks! ☺

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/o cd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Leking, Geoffrey R, EMNRD
Sent: Wednesday, August 12, 2009 9:19 AM
To: Chavez, Carl J, EMNRD; Swazo, Sonny, EMNRD
Subject: C-138 for Chemical Services Completed

Hi

The land farm adequately completed the C-138. I will scan it in. Does Santa Fe want the original? Thank you.

Geoff