

ENTERED

DOLAN & DOMENICI, P.C.
ATTORNEYS AT LAW
6100 Seagull NE, Suite 205
Albuquerque, New Mexico 87109
(505) 883-6250

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PETER V. DOMENICI, JR.²
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CHRISTOPHER D. SHAW²
MICHAEL J. DOYLE²
LORRAINE HOLLINGSWORTH² of Counsel
Licensed in ¹ KY; ² NM; ³ TX.

Fax: (505) 884-3424
E-mail: doldom@lobo.net

October 24, 2001

HAND DELIVERED



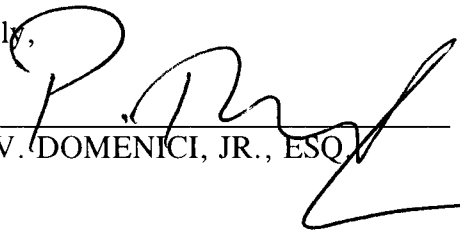
Steve Pullen
c/o Susan McMichael
New Mexico Environment Department
P.O. Box 26110
Santa Fe, New Mexico 87502

RE: Gandy Marley, Inc.

Dear Mr. Pullen:

Enclosed are updated disclosure forms for Gandy Marley, Inc. I request you review the confidentiality language on the disclosure forms. In the event the identified confidential parts of the disclosures are not required to be public, we request they remain confidential. Thank you for your attention.

Sincerely,



PETE V. DOMENICI, JR., ESQ.

PVD|css; 1352

cc: Dale Gandy
Ken Schultz

COPY

STATE OF NEW MEXICO
ENVIRONMENT DEPARTMENT
BEFORE HEARING OFFICER FELICIA ORTH

IN THE MATTER OF THE DRAFT
FINAL PERMIT FOR THE TRIASSIC
PARK WASTE DISPOSAL FACILITY
U.S. EPA NO. NM0001002484

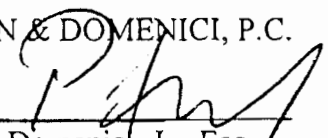
No. HRM 01-02(P)

NOTICE OF FILING

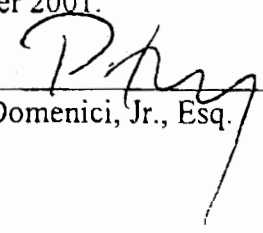
COMES NOW the applicant Triassic Park, by and through its counsel of record, Dolan & Domenici, P.C. (Pete V. Domenici, Jr., Esq.), and provides disclosure forms on behalf of Gandy Marley, Inc., and individual members of the Gandy and Marley family.

Information for questions 11a and 8 has been disclosed to the Department but it is under a confidentiality request pursuant to 40 CFR 270.12 . The information in these categories has been withheld from the copies mailed to parties as part of this Notice of Filing.

This filing is made as a written comment to the record and also made directly to the Department, care of Steve Pullen.

DOLAN & DOMENICI, P.C.

Pete V. Domenici, Jr., Esq.
6100 Seagull St. N.E., Suite 205
Albuquerque, New Mexico 87109
(505) 883-6250

I hereby certify that I mailed a true and correct copy of the foregoing pleading to all counsel of record this 24 day of October 2001.


Pete V. Domenici, Jr., Esq.

COPY

STATE OF NEW MEXICO
BEFORE THE SECRETARY OF ENVIRONMENT

IN THE MATTER OF THE DRAFT
FINAL PERMIT FOR THE TRIASSIC
PARK WASTE DISPOSAL FACILITY
U.S. EPA NO. NM0001002484

No. HRM 01-02(P)

CERTIFICATE OF SERVICE

I hereby certify that a copy of Triassic Park's Notice of Filing was mailed first class mail to the following on October 24, 2001:

Clay Clarke, Esq.
New Mexico Environment Department
Office of General Counsel
1190 St. Francis Dr.
Santa Fe, New Mexico 87502

John Horning
Nicole Rosmarino
Forest Guardians
31 Montezuma, Ste. A
Santa Fe, NM 87501

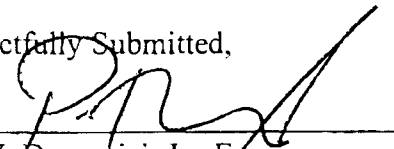
Heather Green
Douglas Meiklejohn
New Mexico Environmental Law Center
Attorneys for Cure
1405 Luisa St., Suite 5
Santa Fe, New Mexico 87505

Kevin J. Hanratty, Esq.
P.O. Box 1330
Artesia, NM 88211-1330
(505) 748-1329

Steve Pullen
New Mexico Environment Dept.
P.O. Box 26110
Santa Fe, New Mexico 87504

Deborah Reade
Citizens for Alternatives to
Radioactive Dumping
144 Harvard SE
Albuquerque, NM 87106

Respectfully Submitted,


Pete V. Domenici, Jr., Esq.
Michael J. Doyle, Esq.
Attorneys for Triassic Park
6100 Seagull St. NE, Suite 205
Albuquerque, New Mexico 87109
(505) 883-6250





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Jennifer A. Salisbury
Cabinet Secretary

April 11, 2001

Lori Wrotenbery
Director

Oil Conservation Division

CERTIFIED MAIL

RETURN RECEIPT NO. 7099-3220-0000-5051-2122

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

**RE: OCD Rule 711 Permit Approval WM-1-025
Gandy Corporation
Commercial Surface Waste Management Facility
SE/4 of Section 11, Township 10 South, Range 35 East, NMPM
Lea County, New Mexico**

Dear Mr. Gandy:

The permit application for the Gandy Corporation (Gandy) commercial surface waste management facility located in SE/4 of Section 11, Township 10 South, Range 35 East, NMPM, Lea County, New Mexico is hereby approved in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the ~~enclosed attachment. This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$98,855.~~ According to the schedule outlined in the financial assurance section of the enclosed attachment, a portion of the \$98,855 financial assurance (\$49,427) is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated March 6, 2001.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Gandy is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Gandy of liability should your operation result in pollution of surface water, ground water, or the environment. In addition, OCD approval does not relieve Gandy of responsibility for compliance with other federal, state or local laws and/or regulations.

EXHIBIT

tabbies

A

Mr. Gandy
Page 2
April 11, 2001

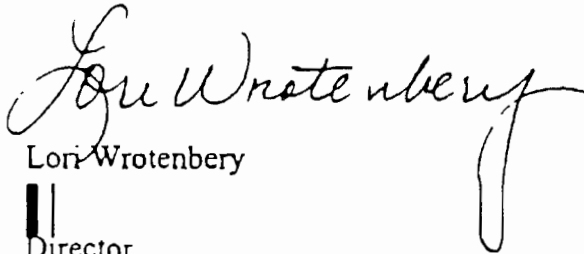
Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered non-hazardous to migratory birds. In addition, OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,



Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

13. Liquid and solid waste generated at the treating plant must be disposed of at an OCD-approved disposal facility.
14. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits and ponds shall be screened, netted or covered.
15. Within 24 hours of receiving notification from the OCD that an objectionable odor has been detected or reported, the facility must implement the following response procedure:
 - a. log date and approximate time of notice that an odor exists;
 - b. log investigative steps taken, including date and time, and conclusions reached, and
 - c. log actions taken to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, landfarming, or other similar responses.

A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

fresh water must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.

8. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will contain one and one-third the volume of the largest tank or all



Gandy Corporation
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Page 2

interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.

9. Below-grade sumps and below-grade tanks must be inspected on a regular basis and fluid must be removed to prevent overflow.
10. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.
11. All new or replacement below-grade sumps and below-grade tanks at the facility must have secondary impermeable containment with a leak detection system. The leak detection system must be inspected for fluids weekly. Results must be recorded and maintained at the facility for OCD review. If fluids are present they must be removed and properly disposed of or recycled and the primary containment checked for leaks and repaired or replaced. Records of inspections and repairs must be made available to the OCD upon request.
12. Below-grade pipelines associated with the treating plant must be pressure tested annually. Results must be recorded and maintained at the facility for OCD review. If pipeline integrity has failed the OCD must be notified within 48 hours of discovery and the line must be repaired or replaced. Contaminated soil must be removed and disposed of at an OCD-approved facility. Soil remediation must follow OCD surface impoundment closure guidelines. The permittee must submit a report to the OCD Santa Fe and appropriate District offices that describes the investigation and remedial actions taken.

13. All solid waste generated at the treating plant must be disposed of at an OCD-

**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT WM-1-025**

**GANDY CORPORATION
SE/4 of Section 11, Township 10 South, Range 35 East, NMPM,
Lea County, New Mexico
(April 11, 2001)**

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. The facility must be maintained such that there will be no storm water runoff beyond the boundaries of the facility.
4. Any major design changes to the surface waste management facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
5. Facility inspection and maintenance must be conducted on at least a weekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the tank(s), additional wastes may not be placed into the affected tank(s) until repairs have been completed.
6. All saddle tanks or drums located at the facility and containing materials other than fresh water must be placed on an impermeable pad with curb containment. The pad and curb containment must be able to hold one and one-third the volume of the largest tank or all interconnected tanks. The tanks and containers must be labeled as to contents and hazards.
7. All existing above-ground tanks located at the facility and containing materials other than fresh water must be bermed to contain one and one-third the volume of the largest tank or

Gandy Corporation
711 permit WM-1-025
Page 3

H₂S PREVENTION & CONTINGENCY PLAN

1. Gandy must develop a prevention and contingency plan for ambient H₂S levels to protect public health. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by June 11, 2001.** The plan must address how Gandy will monitor for H₂S to ensure the following:
 - a. If H₂S of 1.0 ppm or greater leaves the property:
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.
 - b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
 - ii. the operator must notify all persons residing within one-half (1/2) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must begin operations or treatment that will mitigate the source.

LANDFARM OPERATION

1. Only soils generated exclusively from pit closure operations at the Gandy Corporation surface waste management facility may be landfarmed at the Gandy Corporation facility landfarm.
2. Contaminated soil must be spread on the surface in lifts of six inches or less.
3. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
4. Moisture may 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.

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5. Authorization from the OCD must be obtained prior to removal of the remediated soils.
6. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers requires prior approval from the OCD. Requests for application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
7. Any design changes to the landfarm facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
8. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible.

TREATMENT ZONE MONITORING

1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface must be monitored. A minimum of one random soil sample must be taken from each individual cell quarterly, with no cell being larger than five (5) acres. The sample must be taken at two (2) to three (3) feet below the native ground surface.
2. The soil samples must be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
3. After soil samples are obtained, the boreholes must be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations such as produced water and spent treating fluids received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.

Gandy Corporation
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- b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:
- i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
- c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
 3. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
 4. No waste will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
 5. No produced water may be received at the facility unless the transporter has a valid Form C-133, Authorization to Move Produced Water, on file with the Division.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs office monthly.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs office according to form directions.

Gandy Corporation
711 permit WM-1-025
Page 6

3. Records of treating plant and landfarm inspections and maintenance and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Gandy must notify the OCD Santa Fe and Hobbs offices within 24 hours of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt; 6) NORM status declaration; and 7) transporter.
6. Analytical results from the treatment zone monitoring must be submitted to the OCD Santa Fe office within thirty (30) days of receipt from the laboratory.
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of \$98,855 in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Gandy Corporation for the commercial surface waste management facility. A bond in the amount of \$25,000 is already on file with the Division.

By May 11, 2001 Gandy Corporation must submit 50% of the financial assurance
in the amount of \$49,427.

By May 11, 2002 Gandy Corporation must submit 75% of the financial assurance
in the amount of \$74,140.

By May 11, 2003 Gandy Corporation must submit 100% of the financial
assurance in the amount of \$98,855.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

Gandy Corporation
711 permit WM-1-025
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CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.

2. The closure plan to be submitted must include the following procedures:

- a. When the facility is to be closed no new material may be accepted.
- b. All tanks must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
- c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
- d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
- e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Gandy Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein Gandy Corporation 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, public

health and the environment.

Accepted:

GANDY CORPORATION

Signature Kary Gandy Title V-P Date 4-21-01



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennifer A. Salisbury
Cabinet Secretary

April 11, 2001

Lori Wrotenberg
Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7099-3220-0000-5051-2122

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

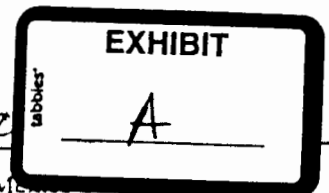
**RE: OCD Rule 711 Permit Approval WM-1-025
 Gandy Corporation
 Commercial Surface Waste Management Facility
 SE/4 of Section 11, Township 10 South, Range 35 East, NMPM
 Lea County, New Mexico**

Dear Mr. Gandy:

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The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved treating plant methods must receive prior OCD approval. Gandy is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

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10-22-01 10:55 FAX 1 505-353-6557
Mr. Gandy
Page 2
April 11, 2001

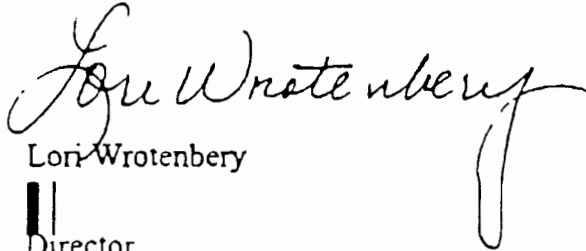
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Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

If you have any questions please do not hesitate to contact Martyne J. Kieling at (505) 476-3488.

Sincerely,


Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

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A copy of the log, signed and dated by the facility manager, must be maintained for OCD review.

fresh water must be deemed to contain one and one-third the volume of the largest tank or all interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.

8. All new or replacement above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad and be bermed so that the area will contain one and one-third the volume of the largest tank or all



Gandy Corporation
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Page 2

interconnected tanks, whichever is greater. All above-ground tanks must be labeled as to contents and hazards.

9. Below-grade sumps and below-grade tanks must be inspected on a regular basis and fluid must be removed to prevent overflow.
10. Below-grade sumps and below-grade tanks must be cleaned and visually inspected annually. Results must be recorded and maintained at the facility for OCD review. If sump/tank integrity has failed the OCD must be notified within 48 hours of discovery and the sump/tank must be replaced.
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13. Liquid and solid waste generated at the treating plant must be disposed of at an OCD-



**ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT WM-1-025**

**GANDY CORPORATION
SE/4 of Section 11, Township 10 South, Range 35 East, NMPM,
Lea County, New Mexico
(April 11, 2001)**

TREATING PLANT OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) permit number; c) location by section, township and range; and d) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
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H₂S PREVENTION & CONTINGENCY PLAN

1. Gandy must develop a prevention and contingency plan for ambient H₂S levels to protect public health. **The H₂S prevention and contingency plan must be submitted to the OCD Santa Fe and Hobbs offices for approval by June 11, 2001. The plan must address how Gandy will monitor for H₂S to ensure the following:**
 - a. If H₂S of 1.0 ppm or greater leaves the property:
 - i. the operator must notify the Hobbs office of the OCD immediately; and
 - ii. the operator must begin operations or treatment that will mitigate the source.
 - b. If H₂S of 10.0 ppm or greater leaves the property:
 - i. the operator must immediately notify the Hobbs office of the OCD and the following public safety agencies:

New Mexico State Police;
Lea County Sheriff; and
Lea County Fire Marshall;
 - ii. the operator must notify all persons residing within one-half (½) mile of the fence line and assist public safety officials with evacuation as requested; and
 - iii. the operator must begin operations or treatment that will mitigate the source.

LANDFARM OPERATION

1. Only soils generated exclusively from pit closure operations at the Gandy Corporation surface waste management facility may be landfarmed at the Gandy Corporation facility landfarm.
2. Contaminated soil must be spread on the surface in lifts of six inches or less.
3. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
4. Moisture may 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.

5. Authorization from the OCD must be obtained prior to removal of the remediated soils.
6. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers requires prior approval from the OCD. Requests for application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
7. Any design changes to the landfarm facility must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
8. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs offices must be notified within 24 hours if any defect is noted. Repairs must be made as soon as possible.

TREATMENT ZONE MONITORING

1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface must be monitored. A minimum of one random soil sample must be taken from each individual cell quarterly, with no cell being larger than five (5) acres. The sample must be taken at two (2) to three (3) feet below the native ground surface.
2. The soil samples must be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major ~~anions/cations~~ and Water Quality Control Commission (WQCC) metals annually.
3. After soil samples are obtained, the boreholes must be filled with an impermeable material such as cement or bentonite.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes other than wastes returned from the well bore in the normal course of well operations such as produced water and spent treating fluids received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.

Gandy Corporation
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Page 5

- b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility must be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.
 - iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and
| | | |
demonstrating the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
 3. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.
 4. No waste will be accepted at the treating plant unless it is accompanied by an approved Form C-117-A.
 5. No produced water may be received at the facility unless the transporter has a valid Form
| |
C-133, Authorization to Move Produced Water, on file with the Division.

REPORTING

1. The Treating Plant Operator's Monthly Report (Form C-118 sheet 1 and 1-A), which details the oil recovered and sold during the preceding month, must be submitted to the OCD Hobbs office monthly.
2. The Tank Cleaning, Sediment Oil Removal, Transportation of Miscellaneous Hydrocarbons and Disposal Permit (Form C-117) must be submitted to the OCD Hobbs office according to form directions.

3. Records of treating plant and landfarm inspections and maintenance and of pipeline testing and maintenance must be kept and maintained for OCD review.
4. Gandy must notify the OCD Santa Fe and Hobbs offices within 24 hours of any fire, break, leak, spill, blow out or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
5. Comprehensive records of all material disposed of at the facility must be maintained. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt; 6) NORM status declaration; and 7) transporter.
6. Analytical results from the treatment zone monitoring must be submitted to the OCD Santa Fe office within thirty (30) days of receipt from the laboratory.
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of \$98,855 in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Gandy Corporation for the commercial surface waste management facility. A bond in the amount of \$25,000 is already on file with the Division.

By May 11, 2001 Gandy Corporation must submit 50% of the financial assurance
in the amount of \$49,427.

By May 11, 2002 Gandy Corporation must submit 75% of the financial assurance
in the amount of \$74,140.

By May 11, 2003 Gandy Corporation must submit 100% of the financial
assurance in the amount of \$98,855.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs offices must be notified when operation of the facility is to be discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Within six (6) months after discontinuing use or within 30 days of deciding to dismantle the facility a closure plan must be submitted to the OCD Santa Fe office for approval. The operator must complete cleanup of constructed facilities and restoration of the facility site within six (6) months of receiving the closure plan approval, unless an extension of time is granted by the Director.

2. The closure plan to be submitted must include the following procedures:

- a. When the facility is to be closed no new material may be accepted.
- b. All tanks must be emptied and any waste and recyclable material must be hauled to an OCD-approved facility. The empty tanks and equipment must be removed.
- c. Contaminated soils exceeding OCD closure standards for the site must be removed or remediated.
- d. The area must be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses, the structures, berms, or fences may be left in place.
- e. Closure must be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

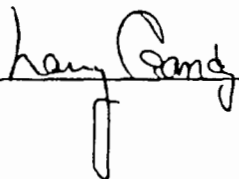
Gandy Corporation, by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein Gandy Corporation further acknowledges that these conditions and requirements of this permit may be changed administratively by the Division for good cause shown as necessary to protect fresh water, public

health and the environment.

Accepted:

GANDY CORPORATION

Signature



Title

V-D

Date

4-21-01



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

October 22, 1999

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-649

Mr. Larry Gandy
Gandy Marley, Inc.
P.O. Box 1658
Roswell, NM 88202

RE: OCD Rule 711 Permit Approval NM-01-0020
Gandy Marley, Inc.
Commercial Landfarm
Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM,
Chaves County, New Mexico

Dear Mr. Gandy:

The permit application for the Gandy Marley, Inc. (Gandy Marley) commercial surface waste management facility located in Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM, Chaves County, New Mexico, **is hereby approved** in accordance with New Mexico Oil Conservation Division (OCD) Rule 711 under the conditions contained in the enclosed attachment. **This permit approval is conditional upon the receipt and approval by the Director of financial assurance in the amount of \$82,917.** According to the schedule outlined in the financial assurance section of the enclosed attachment, a portion of the \$82,917 financial assurance (\$25,000) is required within thirty (30) days of the date of this permit approval letter. The application consists of the permit application Form C-137 dated December 9, 1997, supplemental information dated September 10, 1999, the inspection report response letter dated September 10, 1997, the original permit application dated October 6, 1994, the original permit approval dated January 27, 1995, the application for permit modification dated April 4, 1996 and the permit modification dated June 14, 1996.

The operation, monitoring and reporting shall be as specified in the enclosed attachment. All modifications and alternatives to the approved landfarming methods must receive prior OCD approval. Gandy Marley is required to notify the Director of any facility expansion or process modification and to file the appropriate materials with the Division.

Please be advised approval of this facility permit does not relieve Gandy Marley of liability should your operation result in pollution of surface water, ground water, or the environment. In

Mr. Larry Gandy
October 22, 1999
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addition, OCD approval does not relieve Gandy Marley of responsibility for compliance with other federal, state or local laws and/or regulations.

Please be advised that all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted or otherwise rendered nonhazardous to migratory birds. In addition OCD Rule 310 prohibits oil from being stored or retained in earthen reservoirs or open receptacles.

The facility is subject to periodic inspections by the OCD. The conditions of this permit will be reviewed by the OCD no later than five (5) years from the date of this approval and the facility will be inspected at least once a year. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of the five (5) year review. The financial assurance may be adjusted to incorporate any closure cost changes.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the OCD Santa Fe Office within five working days of receipt of this letter.**

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

Sincerely,



Lori Wrotenbery
Director

LW/mjk

xc with attachments:
Hobbs OCD Office

ATTACHMENT TO OCD 711 PERMIT APPROVAL
PERMIT NM-01-0020
GANDY MARLEY, INC.
Sections 4, 5, 8, and 9, Township 11 South, Range 31 East, NMPM,
Chaves County, New Mexico
(October 22, 1999)

LANDFARM OPERATION

1. The facility must be fenced and have a sign at the entrance. The sign must be legible from at least fifty (50) feet and contain the following information: a) name of the facility; b) location by section, township and range; and c) emergency phone number.
2. Disposal may occur only when an attendant is on duty. The facility must be secured when no attendant is present.
3. All contaminated soils received at the facility must be spread and disked within 72 hours of receipt.
4. Soils must be spread on the surface in lifts of six inches or less.
5. Soils must be disked a minimum of one time every two weeks (biweekly) to enhance biodegradation of contaminants.
6. Moisture may be added as necessary to enhance bioremediation and to control blowing dust.
7. There may be no ponding, pooling or run-off of water allowed. Any ponding of precipitation will be removed within twenty-four (24) hours of discovery.
8. The portion of the facility containing contaminated soils must be bermed to prevent run-off and run-on. A perimeter berm must be constructed and maintained such that it is capable of containing precipitation from a one-hundred year flood for the specific region.
9. Contaminated soils may not be placed within one hundred (100) feet of the boundary of the facility.
10. Contaminated soils may not be placed within twenty (20) feet of any pipelines crossing the landfarm. In addition, no equipment may be operated within ten (10) feet of a pipeline. All pipelines crossing the facility must have surface markers identifying the location of the pipelines.

11. All above-ground tanks located at the facility and containing materials other than fresh water must be placed on an impermeable pad. The tanks must be labeled as to contents and hazards and must be bermed to contain one and one-third the volume of the largest tank or all interconnected tanks
12. The OCD Santa Fe and Hobbs District offices must be notified within 24 hours of discovery of a spill or leak.
13. Successive lifts of contaminated soils may not be spread until a laboratory measurement of total petroleum hydrocarbons (TPH) in the previous lift is less than 2500 parts per million (ppm), the sum of all aromatic hydrocarbons (BTEX) is less than 50 ppm, and benzene is less than 10 ppm. Comprehensive records of the laboratory analyses and the sampling locations must be maintained at the facility. Authorization from the OCD must be obtained prior to application of successive lifts and/or removal of the remediated soils.
14. Enhanced bio-remediation through the application of microbes (bugs) and/or fertilizers is permitted only with prior approval from the OCD Santa Fe office. Requests for approval of the application of microbes or fertilizers must include the location of the area designated for the program, the composition of additives, and the method, amount and frequency of application.
15. Any design changes to the landfarm and tank bottom holding and treatment area must be submitted to the OCD Santa Fe office for approval and a copy must be sent to the Hobbs District office.
16. Landfarm inspection and maintenance must be conducted on at least a biweekly basis and immediately following each consequential rainstorm or windstorm. The OCD Santa Fe and Hobbs District offices must be notified within 48 hours if any defect is noted. Repairs must be made as soon as possible. If the defect will jeopardize the integrity of the landfarm additional wastes may not be placed into the landfarm until repairs have been completed.
17. To protect migratory birds, all tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered nonhazardous to migratory birds.

TANK BOTTOM ACCEPTANCE

1. For worker protection all loads of tank bottoms must be pre-screened for H₂S before they are un-loaded from the truck. Records of H₂S screening must be maintained for OCD review.

2. All tank bottoms must be accepted into the receiving tank for settling prior to solidification and landfarm application.
3. The concrete mixing impoundment may be used for the solidification of tank bottoms received by the landfarm facility. Adequate freeboard must be maintained to prevent any overtopping or slop over of material. OCD-approved remediated soil may be mixed with the tank bottoms to stabilize the material. Material received at the impoundment must be mixed and stabilized immediately.
4. The concrete mixing impoundment must be inspected inside and outside every two weeks (biweekly) for overall integrity. Records of such inspections must be made available to the OCD upon request.
5. Loads of tank bottoms that contain miscellaneous hydrocarbons exceeding 2/10 of 1% of the total volume of the tank bottoms must be accompanied by an OCD-approved Form C-117A from the well operator. Accumulations of miscellaneous hydrocarbons must be reported monthly on Form C-118.

WASTE ACCEPTANCE CRITERIA

1. The facility is authorized to accept only:
 - a. Oilfield wastes that are exempt from RCRA Subtitle C regulations and that do not contain Naturally Occurring Radioactive Material regulated pursuant to 20 NMAC 3.1 Subpart 1403 (NORM). All loads of these wastes received at the facility shall be accompanied by a "Generator Certificate of Waste Status" signed by the generator.
 - b. "Non-hazardous" non-exempt oilfield wastes that do not contain NORM. These wastes may be accepted on a case-by-case basis after a hazardous waste determination is made. Samples, if required, must be obtained from the wastes prior to removal from the generator's facility and without dilution in accordance with EPA SW-846 sampling procedures. All "non-hazardous" non-exempt wastes received at the facility shall be accompanied by:
 - i. An approved OCD Form C-138 "Request For Approval To Accept Solid Waste."
 - ii. A "Generator Certificate of Waste Status" signed by the generator.

- iii. A verification of waste status issued by the appropriate agency, for wastes generated outside OCD jurisdiction. The agency verification is based on specific information on the subject waste submitted by the generator and demonstrating the exempt or non-hazardous classification of the waste.
 - c. Non-oilfield wastes that are non-hazardous if ordered by the Department of Public Safety in a public health emergency. OCD approval must be obtained prior to accepting the wastes.
2. At no time may any OCD-permitted surface waste management facility accept wastes that are hazardous by either listing or characteristic testing.
3. No free liquids or soils with free liquids may be accepted into the landfarm facility.
4. The transporter of any wastes to the facility must supply a certification that wastes delivered are those wastes received from the generator and that no additional materials have been added.

TREATMENT ZONE MONITORING

1. A treatment zone not to exceed three (3) feet beneath the landfarm native ground surface will be monitored. A minimum of one random soil sample will be taken from each individual cell, with no cell being larger than five (5) acres, six (6) months after the first contaminated soils are received in the cell and then quarterly thereafter. The sample will be taken at two (2) to three (3) feet below the native ground surface.
2. The soil samples will be analyzed using EPA-approved methods for total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) quarterly and for major cations/anions and Water Quality Control Commission (WQCC) metals annually.
3. After the soil samples are obtained, the boreholes will be filled with an impermeable material such as cement or bentonite.

REPORTING

1. Results of the biweekly facility inspection and maintenance, including inspection of the concrete mixing impoundment, must be recorded and maintained for OCD review. The OCD Santa Fe and Hobbs District office must be notified **within 48 hours** if any defect is noted.

2. Results of the worker safety H₂S screening must be recorded and maintained for OCD review.
3. Analytical results from the treatment zone monitoring will be submitted to the OCD Santa Fe office **within thirty (30) days** of receipt from the laboratory.
4. Analytical results regarding remediated soil must be submitted to the OCD Santa Fe office with a copy to the Hobbs District office, along with any request to close the cell, apply successive lifts or remove the remediated material.
5. Gandy Marley Inc. must notify the **OCD Santa Fe and Hobbs District office within 24 hours** of any fire, break, leak, spill, or blowout or any other circumstance that could constitute a hazard or contamination in accordance with OCD Rule 116.
6. Comprehensive records of all material disposed of at the facility must be maintained at the facility. The records for each load must include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification of waste status as exempt or non-exempt with any necessary supporting documentation to certify non-hazardous status for non-exempt waste; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of microbes, moisture, fertilizers, *etc.*
7. The OCD must be notified prior to the installation of any pipelines or wells or other construction within the boundaries of the facility.
8. All records of testing and monitoring must be retained for a period of five (5) years.

FINANCIAL ASSURANCE

1. Financial assurance in the amount of **\$82,917** (the estimated cost of closure) in the form of a surety or cash bond or a letter of credit, which is approved by the Division, is required from Gandy Marley, Inc. for the commercial surface waste management facility.

By November 22, 1999 Gandy Marley, Inc must submit financial assurance in the amount of **\$25,000**.

By November 22, 2000 or when the facility is filled to 50% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$41,458**.

By November 22, 2001 or when the facility is filled to 75% of the permitted capacity, whichever comes first, Gandy Marley, Inc must submit financial assurance in the amount of **\$62,187**

By November 22, 2002 or when the facility is filled to 100% of the permitted capacity, whichever comes first. Gandy Marley, Inc must submit financial assurance in the amount of **\$82,917**.

2. The facility is subject to periodic inspections by the OCD. The conditions of this permit and the facility will be reviewed no later than five (5) years from the date of this approval. In addition, the closure cost estimate will be reviewed according to prices and remedial work estimates at the time of review. The financial assurance may be adjusted to incorporate any closure cost changes.

CLOSURE

1. The OCD Santa Fe and Hobbs District offices must be notified when operation of the facility is discontinued for a period in excess of six (6) months or when the facility is to be dismantled. Upon cessation of landfarming operations for six (6) consecutive months, the operator shall complete cleanup of constructed facilities and restoration of the facility site within the following six (6) months, unless an extension of time is granted by the Director.
2. A closure plan to include the following procedures must be submitted to the OCD Santa Fe office for approval:
 - a. When the facility is to be closed no new material will be accepted.
 - b. Existing landfarm soils will be remediated until they meet the OCD standards in effect at the time of closure.
 - c. The soils beneath the landfarm cells will be characterized as to the total petroleum hydrocarbons (TPH) and volatile aromatic organics (BTEX) content in order to determine potential migration of contamination beneath the facility.
 - d. Contaminated soils exceeding OCD closure standards for the site will be removed or remediated.
 - e. The area will be contoured, seeded with native grasses and allowed to return to its natural state. If the landowner desires to keep existing structures, berms, or fences for future alternative uses the structures, berms, or fences may be left in place.
 - f. Closure will be pursuant to all OCD requirements in effect at the time of closure, and any other applicable local, state and/or federal regulations.

CERTIFICATION

Gandy Marley, Inc., by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Gandy Marley, Inc., 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.

Accepted:

GANDY MARLEY, INC.

Signature *D. G. Marley* Title *VP* Date *11/2/99*