

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Governor

**Melanie A. Kenderdine**  
Cabinet Secretary

**Benjamin Shelton**  
Deputy Secretary (Acting)

**Gerasimos Razatos**, Division Director (Acting)  
Oil Conservation Division



**Certified Mail Receipt # 7019 1640 0000 7986 3663**

April 24, 2025

Mr. Jason Sandel  
Basin Disposal, Inc.  
200 Montana Street  
Bloomfield, New Mexico 87413  
[Jason.Sandel@BasinDisposalinc.com](mailto:Jason.Sandel@BasinDisposalinc.com)

**RE: Tentative Decision Regarding Permit Renewal Application for Surface Waste Management Facility Permit NM1-5, Basin Disposal, Inc.**

Dear Mr. Sandel:

The Oil Conservation Division (OCD) has completed a review of Basin Disposal, Inc.'s (Basin) renewal application for surface waste management facility Permit NM1-5. The OCD has tentatively decided on permit approval with conditions. Attached is the draft permit with general and specific conditions. The OCD has posted this decision, along with the draft permit, on OCD's website.

Given OCD's determination, Basin is now required to issue a division-approved notice of this decision by:

- 1) Publishing notice in a newspaper of general circulation in San Juan County.
- 2) Giving written notice by certified mail, return receipt requested, of the division's proposed decision to surface owners within one-half mile of the facility boundary on or before publication of the newspaper notice;
- 3) Giving notice by first class mail or email to persons identified by the OCD who have requested notification of applications and to affected local, state, and tribal governmental agencies (see attached listing) on or before publication of the newspaper notice.

Note, this notice must include all the information required in 19.15.36.9.D NMAC and Basin must provide proof to the OCD that the public notice requirements of Subsections C and D of 19.15.36.9 NMAC have been met prior to the OCD scheduling a hearing pursuant to 19.15.36.10 NMAC or issuing the permit.

If you have any questions, please do not hesitate to contact me by telephone at (505) 795-1722 or by email at [LeighP.Barr@emnrd.nm.gov](mailto:LeighP.Barr@emnrd.nm.gov). On behalf of the OCD, I wish to thank you and your staff for your cooperation during this process.

Respectfully,

*Leigh Barr*

Leigh Barr  
Administrative Permitting Supervisor

**SURFACE WASTE MANAGEMENT FACILITY PERMIT (NM1-5)  
PERMIT RENEWAL**

**1. GENERAL PROVISIONS.**

- A. PERMITTEE AND PERMITTED FACILITY:** The Oil Conservation Division (Division) of the Energy, Minerals and Natural Resources Department issues this renewal surface waste management facility (SWMF) permit, **NM1-5** (Permit), to Basin Disposal, Inc. (Operator), located at 200 Montana Street, Bloomfield, New Mexico 87413 in San Juan County. The Facility is located approximately 3 miles north of the intersection of Highways 550 and 64.

The existing 28 acres ± commercial SWMF includes the following permitted units: 3 evaporation ponds, 18 receiving tanks, 4 oily water receiving tanks, 3 skimmed oil tanks, 3 oil heating tanks, 3 settling tanks, 9 oil sales tanks, 3 filtered water tanks, 4 bleach tanks, 1 concrete sludge stabilization station, 2 covered below-grade tanks, 2 separation tanks, and various support facilities including an office, a maintenance building, roads, and a storm water detention basin. Also, within the facility boundary, there is one UIC Class II injection well (which is permitted separately by Division order R-8524, API No. 30-045-26862) for the disposal of produced water.

- B. SCOPE OF PERMIT:** The Division regulates the disposition, handling, transport, storage, recycling, treatment and disposal of produced water during, or for reuse in, the exploration, drilling, production, treatment or refinement of oil or gas, including disposal by injection pursuant to authority delegated under the federal Safe Drinking Water Act, in a manner that protects public health, the environment and fresh water resources pursuant to authority granted in the Oil and Gas Act (Chapter 70, Article 2 NMSA 1978) at Section 70-2-12(B)(15) NMSA 1978.

The Division regulates the disposition of nondomestic wastes resulting from the exploration, development, production or storage of crude oil or natural gas to protect the public health and the environment pursuant to authority granted in the Oil and Gas Act (Chapter 70, Article 2 NMSA 1978) at Section 70-2-12(B)(21) NMSA 1978.

The Division regulates disposition of nondomestic wastes resulting from the oil field service industry, the transportation of crude oil or natural gas, the treatment of natural gas or the refinement of crude oil to protect public health and the environment pursuant to authority granted in the Oil and Gas Act (Chapter 70, Article 2 NMSA 1978) at Section 70-2-12(B)(22) NMSA 1978.

This Permit does not convey any property rights of any sort or any exclusive privilege, and does not authorize any injury to persons or property, any invasion of other private rights, or any infringement of state, federal or local laws, rules or regulations.

- C. PERMIT CONDITIONS AND OPERATOR COMMITMENTS:** The Operator must ensure all operations are consistent with the terms and conditions of this Permit and in conformance with all pertinent rules and regulations under the Oil & Gas Act. Furthermore, the Operator shall abide by the approval conditions contained herein, along with all commitments submitted in the March 2025 renewal permit application, including any attachments and/or amendments, all of which are incorporated into this Permit by reference.
- D. MODIFICATIONS:** The Operator must submit an application to the OCD in advance of any major or minor modifications for approval. A major modification means a modification of a SWMF that involves an increase in the land area that the permitted surface waste management facility occupies; a change in the design capacity or nature of the permitted oil field waste stream; addition of a new treatment process; an exception to, waiver of or change to a numerical standard provided in 19.15.36 NMAC; or other modification that the division determines is sufficiently substantial that public notice and public participation in the application process are appropriate. A minor modification means a modification of a SWMF that is not a major modification.
- E. DEFINITIONS:** Terms not specifically defined in this Permit shall have the same meanings as those in the Oil and Gas Act or the rules adopted pursuant to that Act, as the context requires.
- F. GENERAL PERFORMANCE STANDARDS:** The Operator shall operate in a manner as to prevent waste of oil and gas, prevent the contamination of fresh waters and so that oil and gas are not used wastefully or allowed to leak or escape from a natural reservoir or from wells, tanks, containers, pipe or other storage conduit or operating equipment.
- G. EFFECTIVE DATE, EXPIRATION, RENEWAL, AND PENALTIES FOR OPERATING WITHOUT A PERMIT:** This Permit is effective on **MONTH DAY, 2025** and will expire ten years thereafter on **MONTH DAY, 2035**. The Operator may submit an application for renewal to the OCD no later than 120 calendar days before the expiration date. If the operator submits such a renewal application before the required date and is in compliance with the existing permit, then that existing permit will not expire until the OCD approves or denies the renewal application. Operating with an expired permit will subject the Operator to civil and/or criminal penalties (see Section 70-2-31 NMSA 1978).
- H. FINANCIAL ASSURANCE:** The Operator shall provide financial assurance (FA) in a form approved by the Division for the commercial SWMF's estimated closure and post closure cost. The amount of FA required is \$1,123,356.31. The FA must be submitted to the Division within 30-days of permit issuance.

The Operator shall also submit to the Division an updated closure/post-closure plan, including the associated cost estimates, to determine the adequacy of FA during every successive five-year term. The five-year term due date is **MONTH DAY, 2030** (i.e., 5-years from permit issuance).

- I. TRANSFER OF PERMIT:** The Operator shall not transfer this Permit without the Division's prior written approval. A request for transfer of a permit shall identify officers, directors and owners of twenty-five percent or greater in the transferee.

**2. GENERAL FACILITY OPERATIONS.**

- A. LABELING:** The Operator shall clearly label all tanks, drums, and containers to identify the contents and provide other emergency notification information in accordance with the tank numbering system as specified in Attachment III.1.F of Section 1, Volume 3 of the approved Application.

**B. INSPECTIONS AND MAINTENANCE OF SECONDARY CONTAINMENT**

**SYSTEMS:** The Operator shall inspect all secondary containment systems and sumps at least monthly, unless otherwise specified more frequently in the approved Application, to ensure proper operation and to prevent over topping or system failure. The Operator shall empty all secondary containment systems of any fluids within 48 hours of discovery. The Operator shall keep written records of inspections using inspection form(s) as specified in its approved Application and keep written records of any fluid analyses.

- i. **Evaporation Ponds:** If the Operator determines that fluids are present in the leak detection system at a notable level, the Operator shall collect a fluids sample, analyze the sample for TPH, Benzene, BTEX, and Chlorides, and submit a summary of the analytical sampling results, along with lab report, to the OCD within 14-days of laboratory receipt. If fluids are present in the leak detection system at a level of 2 feet or greater, the Operator shall initiate corrective actions as specified in Subsection 6.3 of Section 1, Volume II of the approved Application.
- ii. **Below-grade Tanks, Sumps, and Sludge Stabilization Unit:** If the Operator determines that a secondary containment system has developed a leak, or if any penetration of the below-grade tank, sump or sludge stabilization unit has occurred below the liquid's surface, then the Operator shall remove all liquid above the damage or leak line within 48 hours of discovery, notify the Division, and repair the damage or replace the below-grade tank, sump, or sludge stabilization unit. The Operator shall inspect all secondary containment systems and sumps at least weekly as noted in the approved Application.

- C. RELEASE REPORTING AND CORRECTIVE ACTION FOR RELEASES:** The Operator shall comply with the spill/release reporting and corrective action provisions of 19.15.29 NMAC and 19.15.30 NMAC, as applicable.

- D. ANNUAL REPORT:** The Operator shall submit an annual report to the Division by May 17 of each year. The annual report shall include the following information for the preceding calendar year:

- i. A summary of any noted deficiencies/issues determined from the inspections conducted as part of Table II.1.5 in Section 1, Volume II of the approved

Application. A copy of all inspection forms that indicate an issue with a sump and/or leak detection system, including any analytical results of fluids detected;

- ii. A copy of the annual hydrogen sulfide (H<sub>2</sub>S) monitoring results for tank batteries in accordance with permit condition 9H and the monitoring results for underground process and wastewater pipeline integrity tests in accordance with permit condition 6A;
- iii. A copy of all facility training records;
- iv. A copy of all complaint logs and resolutions;
- v. Any issues/solutions identified relating to migratory birds and pond exposure; and
- vi. A summary report that includes the nature and amount of any reportable releases pursuant to 19.15.29 NMAC, with a description of the disposition of any contaminated soil or water.

### 3. MATERIAL STORAGE.

- A. DRUM AND CONTAINER STORAGE:** The Operator shall store all drums and other containers, including empty drums and containers, on a curbed, impermeable pad. "Containers" include tote tanks, sacks, and buckets. The Operator shall store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The Operator may store fresh water outside the drum and container, process, maintenance, material and waste storage areas without having a curbed, impermeable pad, liner, pavement, or curbing.
- B. PROCESS, MAINTENANCE, AND MATERIAL STORAGE AREAS:** The Operator shall pave and curb all process, maintenance, and material storage areas at the Facility, excluding all evaporation ponds, below-grade tanks, and sumps, or incorporate another appropriate spill collection device for these areas.
- C. ABOVE GROUND TANKS:** The Operator shall place above ground tanks on impermeable pads and surround the tanks with lined berms or other impermeable secondary containment system having a capacity at least equal to one and one-third times the capacity of the largest above ground tank, or, if the above ground tanks are interconnected, of all interconnected above ground tanks. The Operator may store fresh water outside the drum and container, process, maintenance, material and waste storage areas without having a curbed, impermeable pad, liner, pavement, or curbing.

### 4. WASTE MANAGEMENT.

- A. WASTE STREAMS:** This Permit authorizes the Operator to handle the RCRA exempt liquid waste streams as specified in Section 2, Volume II of the approved Application. The Operator must obtain the Division's approval to receive any waste stream not specified in

its approved Application for the collection, disposal, evaporation, remediation, reclamation, treatment, or storage.

- B. **WASTE STORAGE:** The Operator shall store waste at the Facility only in clearly marked waste storage areas that have been specified in the approved Application, except that waste generated during emergency response operations may be stored elsewhere for no more than 72 hours. The Division may approve additional waste storage areas on a case-by-case basis.

The Operator shall not store oil field waste, as defined in 19.15.2.7.O(3) NMAC, generated at the Facility by the Operator on-site for more than 180 calendar days from the date that the container is filled without obtaining approval from the Division.

- C. **CLASS V WELLS:** Leach fields and other wastewater disposal systems at Division-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are UIC Class V injection wells, pursuant to 20.6.2.5002 NMAC. This Permit does not authorize the use of a Class V injection well for the disposal of industrial waste at the Facility. Other Class V wells, including wells used only for the injection of domestic wastes, must be permitted by the New Mexico Environment Department.

## 5. **BELOW-GRADE TANKS AND SUMPS.**

The Operator shall obtain the Division's approval before installing a new below-grade tank or sump. The Operator shall submit a proposed design plan that meets the design and construction specifications for below-grade tanks in 19.15.17.11 NMAC and which meets the definition for sumps specified in 19.15.17.7.Q NMAC to the Division at least 90 calendar days before installation of the new unit. Design plans for below-grade tanks/sumps shall incorporate secondary containment and/or leak detection. The Division will review and approve with or without conditions or deny the Operator's proposed design for a new below-grade tank or sump.

## 6. **UNDERGROUND PROCESS AND WASTEWATER PIPELINES.**

- A. **TESTING:** The 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. The Operator shall test all pressure-rated pipelines to 150% of 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. Due to safety concerns, the Operator may test the piping coming from the injection pumps to the UIC Class II injection well at a pressure of 1,600 psi for a minimum of 30 minutes to demonstrate that the pressure gain/loss is no more than 1%. The Operator may propose other test methods for the Division's review and approval. If the pipeline fails the integrity test, the Operator shall notify the Division within 72 hours and propose methods to either repair or replace the defective pipeline. The Operator shall also submit a Remediation Plan to the Division to

investigate and remediate any contamination pursuant to 19.15.29 NMAC. The Operator shall maintain the test results for inspection by the Division.

- B. SCHEMATIC DIAGRAMS OR PLANS:** The Operator shall maintain at the Facility all underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location.
- C. NEW UNDERGROUND PIPELINES:** The Operator shall notify the Division prior to installing any new underground pipelines. The Operator shall submit a design plan as specified in permit condition 6B to the Division for new underground pipelines at least 90 calendar days before commencement of construction. The Division shall determine whether any modifications to this Permit are necessary and appropriate based on the new underground pipelines.

**7. STORM WATER.**

The Operator shall implement and maintain storm water run-on and run-off plans and controls as specified in Sections 1 and 4 of Volume III of the approved Application, and shall comply with any additional commitments as specified in the Contingency Plan in Section 5 of Volume II of the approved Application. Also, the Operator shall inspect the berms and the outside walls of pond levees quarterly and after a major rainfall or windstorm, and maintain the storm water control features in such a manner as to prevent erosion.

**8. CLOSURE/POST-CLOSURE.**

- A.** In addition to the closure/post-closure plan in Section 4 of Volume II of the approved Application, the Operator shall complete the following action items during closure of the entire Facility:
  - i. The Operator shall close all portions of the Facility including the temporary soil storage area; and,
  - ii. Upon closure of the entire Facility, the Operator shall not accept any material for the collection, disposal, evaporation, remediation, reclamation, treatment, or storage.
- B.** If the Operator chooses to close part of the Facility while continuing to operate the other parts of the Facility, the Operator shall submit a partial closure plan to the Division. The Division will review and approve with or without conditions or deny the Operator's proposed partial closure plan.



**9. ADDITIONAL SITE SPECIFIC CONDITIONS:**

- A. The Operator shall comply with all applicable requirements of the SWMF Rule (19.15.36 NMAC), the Oil and Gas Act (Chapter 70, Article 2 NMSA 1978), all conditions specified in this Permit, and the commitments made in the approved Application.
- B. The Operator shall include the SWMF permit number on the sign pursuant to 19.15.36.13.J NMAC.
- C. At least 30 days prior to the start of pond construction, the Operator shall furnish the Division with a major milestone schedule for pond construction, a complete set of engineered construction drawings that substantially comply with the engineering design provided in the approved Application, and a summary/explanation for any notable design changes.
- D. The Operator shall submit to and obtain approval from the Division a Liner Certification Report prior to use of Pond #2 and any other ponds that may be constructed after the issuance of this Permit.
- E. The Operator shall clearly mark the liner of each existing pond to indicate a 3.5 foot freeboard within the term of this Permit. Also, the Operator shall clearly mark the liner of any newly constructed pond to indicate the required 3.5 foot freeboard prior to use. The Operator shall submit photo-documentation to the Division within 90 days upon completion of marking the liner(s).
- F. The Operator shall within 24 hours of receiving notification from the Division or a concerned party that an objectionable odor has been detected or reported, implement the following response procedures:
  - i. Log date and approximate time of notice that an odor exists, including the name of the complainant and any contact information;
  - ii. Investigate the source of the odor and log steps taken, including date and time, and conclusions reached; and,
  - iii. Take actions to alleviate the odor, which may include adjusting chemical treatment, air sparging, solidification, or similar responses, and log the actions taken.
- G. In addition to the commitments of the Hydrogen Sulfide (H<sub>2</sub>S) Prevention and Contingency Plan in Section 3, Volume II of the approved Application, if a hydrogen sulfide (H<sub>2</sub>S) reading of 10.0 ppm or greater is obtained at the facility boundary, then the Operator shall notify all persons residing within one-half mile of the facility boundary and assist public safety officials with evacuation as requested.
- H. The Operator shall monitor at least once per year for H<sub>2</sub>S at the vent of each covered tank or at the top of each open tank as specified in Attachment II.1.C of Section 1, Volume 2 of the

approved Application. The Operator shall include the results of the annual H<sub>2</sub>S monitoring event in the required Annual Report. The Operator shall also comply with 19.15.11.12.E NMAC as applicable.

- I. The Operator shall obtain Division approval prior to any design changes to the produced water receiving, treatment, and evaporation areas.
- J. The Operator shall obtain Division approval prior to the installation of any wells or other structures within the boundaries of the Facility.
- K. In addition to forms that are currently submitted to the Division, the Operator shall also file to the Division a copy of form C-118, Sheet 1, by the 15<sup>th</sup> of the next succeeding month and a copy of form C-120-A by the 15<sup>th</sup> of the second succeeding month.
- L. In addition to the commitments of the Migratory Bird Protection Plan in Section 6, Volume II of the approved Application, the Operator shall conduct hourly inspections of the ponds noting any migratory bird activity. In the event of any migratory bird rescue, the Operator shall notify the Division within 48 hours of rescue. The Division reserves the right to amend the plan as necessary.

**OCD Identified Entities for Notice by First Class Mail or E-mail in Accordance with  
19.15.36.9.C (3) - (4) NMAC for Surface Waste Management Facilities**

Mayor and City Council  
PO Box 1839  
Bloomfield, NM 87413

San Juan County Manager  
100 South Oliver  
Aztec, NM 87410

Field Supervisor  
US Fish & Wildlife Service  
2105 Osuna Road, Northeast  
Albuquerque, NM 87113-1001

State Historic Preservation Officer  
407 Galisteo, Suite 236  
Santa Fe, NM 87501

Dr. Harry Bishara  
PO Box 748  
Cuba, NM 87013

Commissioner of Public Lands  
New Mexico State Land Office  
PO Box 1148  
Santa Fe, NM 87504

Director  
New Mexico Department of Game & Fish  
1 Wildlife Way  
Santa Fe, NM 87507

Secretary  
Indian Affairs Department  
1220 South Saint Francis Drive  
Santa Fe, NM 87505

Director of Agriculture Programs and Resources Division  
New Mexico Department of Agriculture  
[ddapr@nmda.nmsu.edu](mailto:ddapr@nmda.nmsu.edu)

Farmington District Office  
Bureau of Land Management  
6251 College Blvd., Suite A  
Farmington, NM 87402

Director  
NM State Parks  
1220 South St. Francis Drive  
Santa Fe, NM 87505

State Engineer  
Office of the State Engineer  
PO Box 25102  
Santa Fe, NM 87504-5102

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New Mexico Environment Department  
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Santa Fe, NM 87502-5469

Ground Water Quality Bureau Chief  
New Mexico Environment Department  
PO Box 5469  
Santa Fe, NM 87502-5469

USDA Forest Service  
333 Broadway Blvd. SE  
Albuquerque, NM 87102

Hazardous Waste Bureau Chief  
New Mexico Environment Department  
2905 Rodeo Park Dr. E  
Building 1  
Santa Fe, NM 87505

Solid Waste Bureau Chief  
New Mexico Environment Department  
PO Box 5469  
Santa Fe, NM 87502-5469

Surface Water Quality Bureau Chief  
New Mexico Environment Department  
PO Box 5469  
Santa Fe, NM 87502-5469

Navajo Nation  
PO Box 7440  
Window Rock, AZ 86515

Jicarilla Apache Nation  
PO Box 507  
Dulce, NM 87528

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