



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
**Joanna Prukop**  
Cabinet Secretary

**Mark E. Fesmire, P.E.**  
Director  
**Oil Conservation Division**

25-Oct-05

**MERRION OIL AND GAS CORPORATION**

610 Reilly Avenue  
Farmington, NM 87401

Reference: **EDDY BD STATE No. 1**      **P-32-20S-30E**      **30-015-20200-00-00**

Dear Operator:

During a routine inspection of the above well the NMOCD inspector observed a produced water tank being drained into an open, unlined pit. This pit has a second pit down grade which was being drained into by means of a fixed, unobstructed drain pipe allowing free flow of liquids from the upper pit.

On February 26, 2004, Merrion Oil & Gas applied for an exemption for an unlined pit which was denied on April 19, 2004. On August 30, 2004, Merrion Oil & Gas applied for registration of an unlined production pit which was denied on September 3, 2004. No other documentation can be found on file with NMOCD that provides authority for this pit to be used for disposal of produced water or for other production purposes.

The NMOCD District II office does not have on file an approved Form C-144 for the registration or closure of this pit as required by NMAC 19.15.2.50. Please have in this office on or before November 11, 2005, a C-144 detailing your closure plan. This plan must include at a minimum:

1. That all excavations are to be delineated for any constituents of concern. This delineation must determine the vertical and horizontal extent of any impacted areas.
2. The NMOCD District II office is to be notified 24 hours prior to commencement of pit closure activities, delineation work, remediation actions and obtaining samples where analysis of such samples are to be submitted to the NMOCD. Failure to notify may result in a requirement to resample.
3. Delineation operations are to commence no later than November 18, 2005.
4. Manner in which the pit will be closed.
5. Fully completed C-144.

A remediation work plan may be required depending on the results of delineation sampling.

Sincerely,

Chris Beadle  
Artesia OCD District II Office  
(505) 748-1283 ext 107