

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST BTA OIL PRODUCERS LLC, FINDING THE OPERATOR IN VIOLATION OF ORDER NO. R-9147-C, 19.15.26.10.B NMAC, 19.15.34 NMAC, 19.15.17 NMAC AND 19.15.29 NMAC AS TO A SALT WATER DISPOSAL FACILITY; REQUIRING OPERATOR TO SUBMIT A DELINEATION REPORT AND REMEDIATE THE FACILITY SITE; IN THE EVENT OF NON-COMPLIANCE REQUIRING THE OPERATOR TO PLUG AND ABANDON THE DISPOSAL WELL AND REMEDIATE THE ASSOCIATED FACILITY BY A DATE CERTAIN AND AUTHORIZE THE DIVISION TO TAKE THOSE ACTIONS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE; AND HOLD OPERATOR IN VIOLATION OF 19.15.5.9 NMAC UNTIL OPERATOR COMPLETES ALL ORDERED CORRECTIVE ACTION, EDDY COUNTY, NEW MEXICO.

CASE 14413

**PRE-HEARING STATEMENT OF THE OIL CONSERVATION DIVISION
FOR THE 12-16-10 HEARING**

The Oil Conservation Division (OCD) submits this pre-hearing statement for the hearing in this matter scheduled for 12-16-10, pursuant to 19.15.4.13(B) NMAC.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
FAX: 476-3462
E-mail: gail.macquesten@state.nm.us

RESPONDENT

BTA Oil Producers LLC

RESPONDENT'S ATTORNEY

William F. Carr
Holland & Hart LLP
P.O. Box 2208
Santa Fe, NM 87504-2208
(505) 988-4421
FAX: 983-6043
Wcarr@hollandhart.com

2010 DEC -8 A 8:47

RECEIVED OCD

Travelers Indemnity Company
1 Tower Square
Hartford, CT 06183

No entry of appearance has been filed.

STATEMENT OF CASE

Case 14413 is a compliance action brought by the Oil Conservation Division (OCD) against BTA Oil Producers LLC (BTA) regarding an unpermitted, unlined pit at the site of the Pardue C 8808 JVP well, API 30-015-26341. The OCD and BTA have entered into a series of stipulated orders and settlement agreements to resolve the issues in Case 14413.

The most recent stipulated order, R-13218-B, provides in relevant part that by November 1, 2010 BTA shall file with the OCD's Environmental Bureau a final remediation plan addressing water contamination. The order continued the case until November 18, 2010: "At that time the issue to be determined will be the sufficiency of BTA's final remediation plan addressing water contamination, and the next step to be taken in the remediation process." R-13218-B, paragraph 7.

BTA failed to file a final remediation plan addressing water contamination by the November 1, 2010 deadline. It indicated that it intended to file a plan "prior to the [November 18, 2010] hearing." Because that would not give the OCD sufficient time to review the plan prior to the hearing, the OCD moved to continue the hearing until December 16, 2010. On November 10, 2010, BTA submitted its plan.

The OCD has reviewed BTA's plan, and is not able to approve it at this time. BTA proposes to pump the contaminated water at the rate of 2 gallons per minute and haul it to BTA's Pardue "D" Well #2 for disposal. BTA has not explained how it arrived at the 2 gallons per minute flow rate. Further, the Pardue "D" Well #2 is itself the subject of a remediation file. The district office issued a letter of violation to BTA on April 4, 2006 regarding a release of oil and

produced water at the site. OCD records show no response, and no remediation action, from BTA.

The OCD intends to proceed to hearing on December 16, 2010 and obtain a hearing order as requested in the original application.

OCD'S PROPOSED EVIDENCE

WITNESS: Glenn von Gonten, OCD, Acting Bureau Chief for the Environmental Bureau
And/or Jim Griswold, OCD Senior Hydrologist

ESTIMATED TIME: 2 hours.
The OCD intends to offer Mr. VonGonten and/or Jim Griswold as an expert witness to testify on the subjects of delineation and remediation/abatement.


WITNESS: Daniel Sanchez, OCD Compliance and Enforcement Manager

ESTIMATED TIME: 1 hour

PROCEDURAL MATTERS

None at this time.

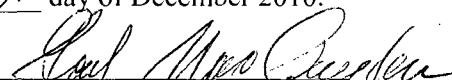
Respectfully submitted
this 5th day of December 2010 by


Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the Oil Conservation Division

Certificate of Service

I certify that I e-mailed a copy of this pleading to Mr. William Carr at Wcarr@hollandhart.com, and mailed a copy of this pleading to Travelers Indemnity Company at the addresses shown above this 5th day of December 2010.


Gail MacQuesten