



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200
DALLAS, TEXAS 75202 - 2733

October 17, 2016

Mr. Bruce Baizel
Mr. Aaron Mintzes
Earthworks
1612 K Street N.W., Suite 808
Washington, DC 20006

Re: Siana Operating, LLC, Lea County, New Mexico

Dear Mssrs. Baizel and Mintzes:

Your letter of September 28, 2016, to Administrator Gina McCarthy has been referred to my office for a response. Thank you for your interest in protecting the environment and drinking water resources of the State of New Mexico, and contacting us about your concerns regarding Siana Operating, LLC (Siana). As part of our Underground Injection Control (UIC) program oversight activities in New Mexico, Environmental Protection Agency (EPA) Region 6 has been coordinating with the Oil Conservation Division (OCD) of New Mexico Department of Energy, Minerals and Natural Resources about this situation since last spring. You may find the following information helpful.

As you indicated, Siana operates eleven wells in New Mexico, but only two of these are regulated under the federally authorized UIC program as Class II disposal wells. The other nine are identified as production wells, the normal operation of which is not regulated by EPA's UIC program. Problems on well sites operated by Siana on both federal and state owned lands prompted the OCD and the New Mexico State Land Office to inspect all eleven Siana wells, and six (including both disposal wells) were identified as having likely releases to the environment. The State required Siana to enter into an agreed compliance order to investigate all six of these wells. The negotiations for this agreement were just recently completed and the order signed.

The order requires Siana to provide a work plan for this investigation to OCD for their approval, and then to complete the field work by December 2, 2016. The report documenting these results will then be due to OCD by January 2, 2017. Regarding the two UIC Class II disposal wells specifically (APD Federal No. 1 and Curry Federal No. 2), OCD has stated they believe neither has been a threat to cause contamination from the injection activities that occurred at depth, but that surface activities that are suspected to have resulted in the releases which are the subject of the investigation.

Both of the two UIC wells ceased operation in the spring and are currently not injecting. The OCD expects APD Federal No. 1 to be permanently plugged and abandoned. The Curry Federal No. 2 well, which was found to have been injecting into non-permitted intervals below the permitted zone, is in the process of applying to OCD for an amended permit to operate.

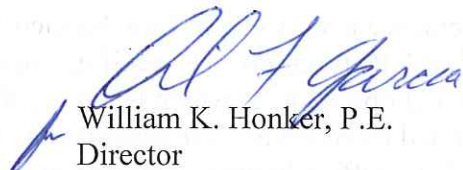
My staff have spoken with representatives of our enforcement program, and they are in agreement that the steps that OCD is taking appear reasonable and sufficient to address the concerns at these wells. Therefore, our enforcement program does not intend to take further action at this time.

Regarding your request that we review New Mexico's primacy over their entire UIC program and in particular, their aquifer exemptions, the injection into a non-authorized interval in the Curry Federal No. 2 well was below both the authorized injection interval and the USDW. Therefore, there is no indication this well would have required an aquifer exemption. The releases which may threaten the USDW at these wells are due to surface activities, which are not regulated under the UIC program. In our current oversight of the OCD UIC program, we are currently unaware of any issues which would cause us to believe there is a need for a primacy withdrawal.

Should you have questions about New Mexico's oversight of the investigation of the Siana wells, you may contact them directly to get the most current information. The OCD point of contact for your questions would be Mr. Jim Griswold, Hydrologist, who can be reached by telephone at (505) 476-3465, or by email at jim.griswold@nm.state.us. Alternatively, you may direct your enforcement related oversight questions for EPA to Mr. Willie Lane, Chief, Water Resources Enforcement Section, at (214) 665-8460, or by email at lane.willie@epa.gov. If you wish to discuss other oversight aspects of the New Mexico UIC program, you may contact Mr. Philip Dellinger, Chief, Ground Water/UIC Section, of my staff by telephone at (214) 665-8324, or by email at dellinger.philip@epa.gov.

Thank you for your interest in protecting the environment in New Mexico.

Sincerely,


William K. Honker, P.E.
Director
Water Division

cc: Jim Griswold, NM OCD