

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David Catanach
Director, Oil Conservation Division



March 31, 2017

Joshua Ruth, President
Ruthco Oil Co., LLC
PO Box 1212
Eunice, New Mexico 88231

CERTIFIED MAIL RECEIPT #7009 0960 0001 0919 5952

Also transmitted by email: druth@zngc.com

RE: Unauthorized Release of Oil and Produced Water Associated with the Hobbs East S A #104 (API# 30-025-07950) Located in Unit F of Section 30, Township 18 South, Range 39 East NMPM, Lea County, New Mexico. OCD Case # 1R-4572

Mr. Ruth,

On November 6, 2016 lightning apparently struck the tank battery associated with the above referenced salt water disposal well. As a result, a fire started wherein a mixture of produced water and crude oil was released onto the ground surface. Under regulations of the Oil Conservation Division (OCD) any release which results in a fire is considered a major release. All releases must be reported by the responsible party to the OCD in writing no later than 15 days after any release is discovered. Major releases, such as this, must also be reported by giving immediate verbal notice.

No verbal notification to the OCD regarding this release was received. It was not until 86 days after the release on February 1, 2017 that a written report regarding this incident from Ruthco Oil Co., LLC (Ruthco) was received by the OCD. Furthermore, the OCD Form C-141 provided was only partially completed.

On February 2, 2017 after the OCD processed the Form C-141, a response was provided to Ruthco via email which provided the case number for the incident along with a requirement that a workplan be submitted for characterization of the impacts of the release. The following day, on February 3rd, OCD received a report prepared by Safety & Environmental Solutions, Inc. (SESI) dated December 28, 2016 providing limited data which appear to indicate contamination did not infiltrate to any significant depth. However, the report did not provide information regarding the surficial soils (i.e. depths less than one foot) nor the disposition of any impacted soils.

On March 23, 2017 the OCD received a second report, also prepared by SESI dated that same day. This report is a duplicate of the December 28, 2016 report with the addition of a brief action plan describing excavation of all impacted soils, a non-descript process for soil treatment, replacement of the soils once treated, along with confirmatory sampling.

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OCD staff have visited the site on multiple occasions wherein it appears that significant amounts of contaminated soils remain with some stockpiled on bare ground rather than upon an impermeable liner thus posing a continuing risk to the environment.

Ruthco must either remediate or properly dispose of all contaminated soils associated with the incident and provide sufficient information to the OCD demonstrating proper site closure no later than April 28, 2017. If this deadline is not met, Ruthco's injection authority for the Hobbs East S A #104 is suspended as of that date.

If you have any questions, please contact me at (505) 476-3465 or by email at jim.griswold@state.nm.us.

Respectfully,

A handwritten signature in blue ink, appearing to read "J. Griswold", with a stylized flourish at the end.

Jim Griswold
Environmental Bureau Chief