

NM - 74

ENFORCEMENT

DATE:

1997



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 20, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-367

Mr. M.Y. Merchant
Penroc Oil Corporation
P.O. Box 5970
Hobbs, NM 88241

RE: NOTICE OF VIOLATION dated October 16, 1997
Unauthorized Waste Disposal Pits
NW/4, Section 5, Township 17 South, Range 33 East, NMPM
Lea County, New Mexico

Dear Mr. Merchant:

The New Mexico Oil Conservation Division (OCD) received Penroc Oil Corporation's (Penroc) letter dated November 14, 1997, responding to the October 30, 1997 OCD letter to you clarifying the October 16, 1997 OCD Notice of Violation sent to you.

Your response is deficient for two reasons. First, your response did not include a commitment to test for RCRA Hazardous Characteristics. On September 22, 1997 the OCD identified two unauthorized, unlined waste disposal pits located in NW/4, Section 5, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico. The presence of the buckets and cans within the pits causes the OCD to determine that the waste is **non-exempt** and thus must be tested for RCRA Hazardous Characteristics. Analysis of the waste shall include corrosivity, reactivity, ignitability, TCLP metals, TCLP semivolatiles and TCLP volatiles. The OCD Hobbs District office shall be notified 24 hours prior to sampling of the waste material to allow an OCD representative the opportunity to witness the sampling. All closure activities and correspondence regarding this facility shall be coordinated directly through the OCD Environmental Bureau in Santa Fe. In addition, Penroc Oil Corporation shall copy the Hobbs District office on all correspondence.

Second, your response did not include a closure plan with more detailed information than that submitted to the Hobbs District office on the C-103 Form. Required in addition is a plan for determining the nature and extent of contamination that has left the pits (both vertically and horizontally), how far the contamination has migrated and whether the lake has been impacted.

Penroc Oil Corporation is hereby required to perform the Hazardous Characteristics testing and submit the more detailed pit closure plan no later than **5:00 p.m. Santa Fe time on December 1,**

Mr. M.Y. Merchant

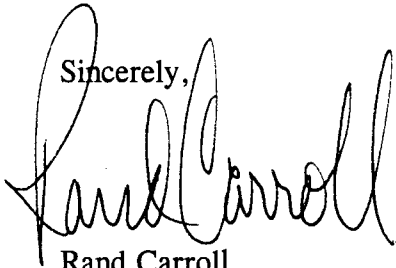
November 20, 1997

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1997 and copy the Hobbs District office. Failure to perform these two actions by December 1, 1997 will result in a show cause hearing called by the OCD against Penroc requiring Penroc to appear and show cause why it should not be ordered to close these pits and why it should not also be assessed civil penalties.

If you have any questions or desire any further information, please feel free to contact me at (505) 827-8156.

Sincerely,

A handwritten signature in cursive script, appearing to read "Rand Carroll". The signature is written in dark ink and is positioned above the printed name and title.

Rand Carroll
Legal Counsel

xc: Hobbs OCD Office
Jami Bailey, State Land Office



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 30, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-326-936-358

Mr. M.Y. Merchant
Penroc Oil Corporation
P.O. Box 5970
Hobbs, NM 88241

RE: NOTICE OF VIOLATION Clarification
Unauthorized Waste Disposal Pits
NW/4, Section 5, Township 17 South, Range 33 East, NMPM
Lea County, New Mexico

Dear Mr. Merchant:

The New Mexico Oil Conservation Division (OCD) would like to clarify a few things that were written in the October 16, 1997 letter to Penroc Oil Corporation. In the October 16, 1997 letter the OCD stated in point three (3) that **"these pits were observed to have trash including buckets, cans and crude oil contained within the berms"**.

The presence of the buckets and cans within the pits is cause for the OCD to determine that the waste is non-exempt. Penroc Oil Corporation is instructed not to remove any additional waste from the unlined pits identified in the Notice Of Violation letter dated October 16, 1997, until the waste has been tested for RCRA Hazardous Characteristic according to 40 CFR 261. Analysis of the waste shall include corrosivity, reactivity, ignitability, TCLP metals, TCLP semivolatiles and TCLP volatiles. The OCD Hobbs District office shall be notified 24 hours prior to sampling of the waste material to allow a representative the opportunity to witness the sampling. All closure activities and correspondence regarding this facility shall be coordinated directly through the NMOCD Environmental Bureau in Santa Fe. In addition, Penroc Oil Corporation shall copy the Hobbs District office on all correspondence.

A response by Penroc Oil Corporation to the deficiencies noted in the October 16, 1997 letter was received by the October 29, 1997 deadline. However, OCD requires Penroc Oil Corporation to submit a closure plan to include more detailed information than that submitted to the Hobbs District office on the C-103 Form. The additional information in the closure plan shall include a plan for determining the nature and extent of contamination that has left the pits (both vertically and horizontally), how far the contamination has migrated and whether the lake has been impacted.

Mr. M. Y. Merchant
October 30, 1997
Page 2

Penroc Oil Corporation shall submit this detailed pit closure plan no later than **5:00 pm Santa Fe time on November 14, 1997** and copy the Hobbs District office.

Failure to respond to this notice of violation by November 14, 1997 may result in a show cause hearing against Penroc, requiring Penroc to appear and show cause why it should not be ordered to close these pits and why it should not also be assessed civil penalties.

If you require any further information concerning permitting/closure procedures please contact me at (505) 827-7153.

Sincerely,

A handwritten signature in cursive script, appearing to read "Martyne J. Kieling".

Martyne J. Kieling
Environmental Geologist

xc: Hobbs OCD Office
Jami Bailey, State Land Office



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

October 16, 1997

CERTIFIED MAIL

RETURN RECEIPT NO. P-326-936-349

Mr. M.Y. Merchant
Penroc Oil Corporation
P.O. Box 5970
Hobbs, NM 88241

**RE: NOTICE OF VIOLATION
Unauthorized Waste Disposal Pit
NW/4, Section 5, Township 17 South, Range 33 East, NMPM
Lea County, New Mexico**

Dear Mr. Merchant:

On September 22, 1997 the New Mexico Oil Conservation Division (OCD), identified two unauthorized, unlined waste disposal pits located approximately 5 miles east of Maljamar, NM in NW/4, Section 5, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico (see attached map). These pits are owned by Penroc Oil Corporation (Penroc).

OCD personnel performed an onsite inspection of the facility on September 22, 1997 and noted the following:

- 1) These pits owned by Penroc are being utilized on land that according to county records is New Mexico State Trust Land.
- 2) These pits are accepting oilfield waste;
- 3) These pits were observed to have trash including buckets, cans and crude oil contained within the berms (see pictures 1, 2, 3, 4, 7 and 8);
- 4) These pits were not screened or netted (see pictures, 2, 3 and 8);
- 5) An open discharge pipe was found extending from one of the pits (see picture 1);
- 6) Evidence of surface discharges from the pits extended east northeast and southeast from the pits toward the lake (see pictures 2, 3, 4, 5, and 6);
- 7) The pit area is lacking a sign that identifies the legal location and owner of the facility.

Surface waste management facilities must be permitted pursuant to Rule 711 (as amended 1-1-96). In addition, pursuant to the OCD Order R-8952, all tanks exceeding 16 feet in diameter and all

Mr. M.Y. Merchant
October 16, 1997
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exposed pits and ponds shall be screened, netted or covered unless rendered non-hazardous to migratory birds. Order R-3221, as amended, prohibits the disposal of water produced in conjunction with the production of oil and gas in unlined pits or ponds where such disposal may impact fresh water supplies of the state of New Mexico. Therefor, all discharges into the unauthorized, unlined pits must cease.

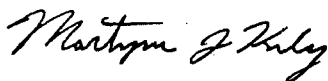
The OCD hereby requires Penroc Oil Corporation to submit the following information: 1) the names and addresses of all waste generators who are utilizing the pits; 2) the names and addresses of all waste transporters; 3) the location of all waste generation (exact well locations); and 4) the total volume of waste from each location that has gone into the unauthorized pits.

In addition, Penroc Oil Corporation must either permit the facility as a waste management facility or close the pits. Regardless of whether the facility is to be permitted or closed, Penroc must submit a closure plan to the Santa Fe OCD office and a copy to the Hobbs District office. Included in the closure plan must be a plan for determining the nature and extent of contamination that has left the pits, how far the contamination has migrated and whether the lake has been impacted. For your use please find enclosed a copy of the Order amending Rule 711, a form C-137 and OCD's pit closure guidelines. **A response is required by Penroc Oil Corporation to these deficiencies by October 29, 1997.**

Failure to respond to this notice of violation by October 29, 1997 may result in a show cause hearing against Penroc, requiring Penroc to appear and show cause why it should not be ordered to close these pits and why it should not also be assessed civil penalties.

If you require any further information concerning permitting/closure procedures please contact me at (505) 827-7153.

Sincerely,



Martyne J. Kielling
Environmental Geologist

Attachments- location map, pictures, Order R-10411-B (Rule 711), Form C-137, and pit closure guidelines.

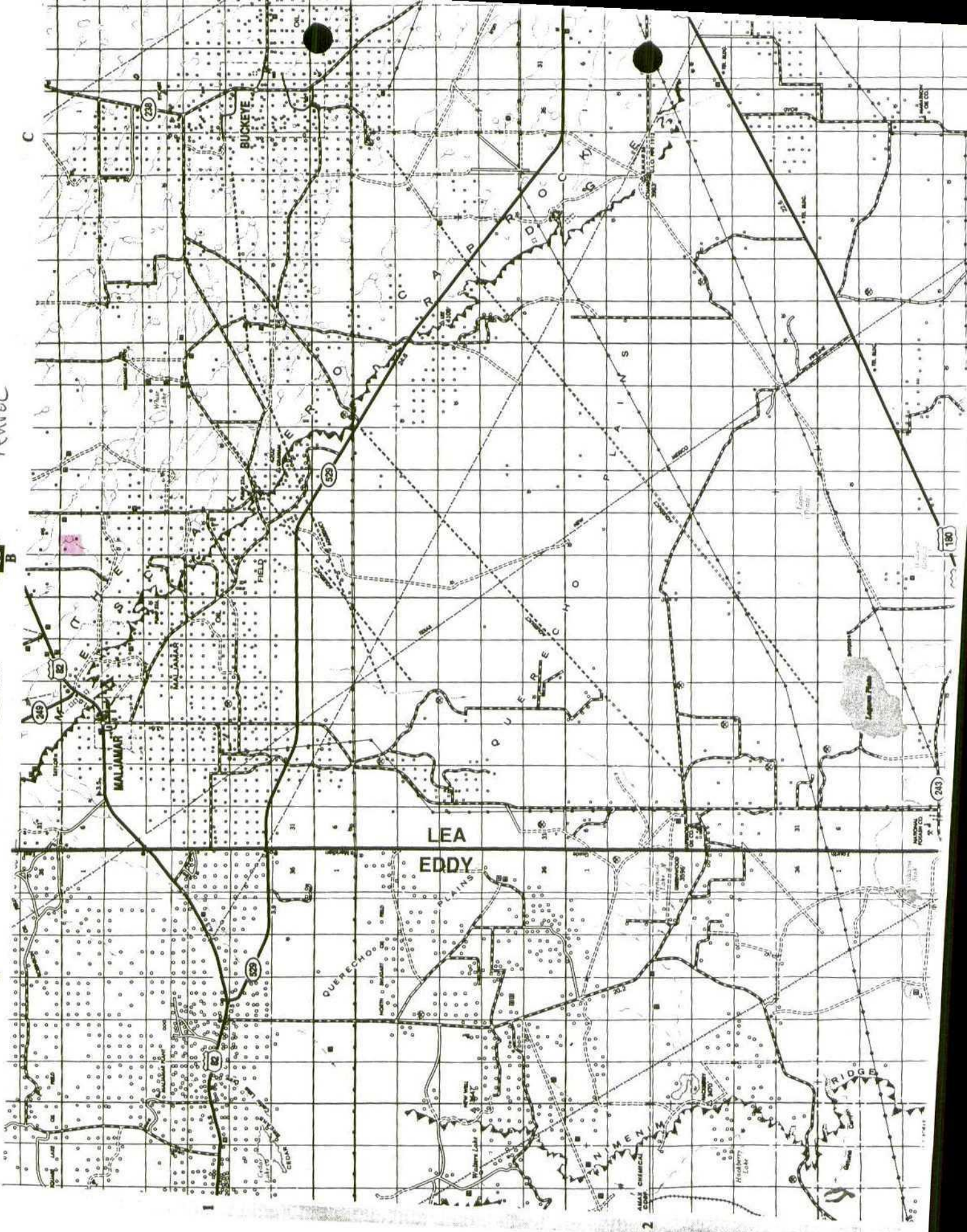
xc: Hobbs OCD Office
Jami Bailey, State Land Office



SCALE - ONE INCH EQUALS 2.9 MILES

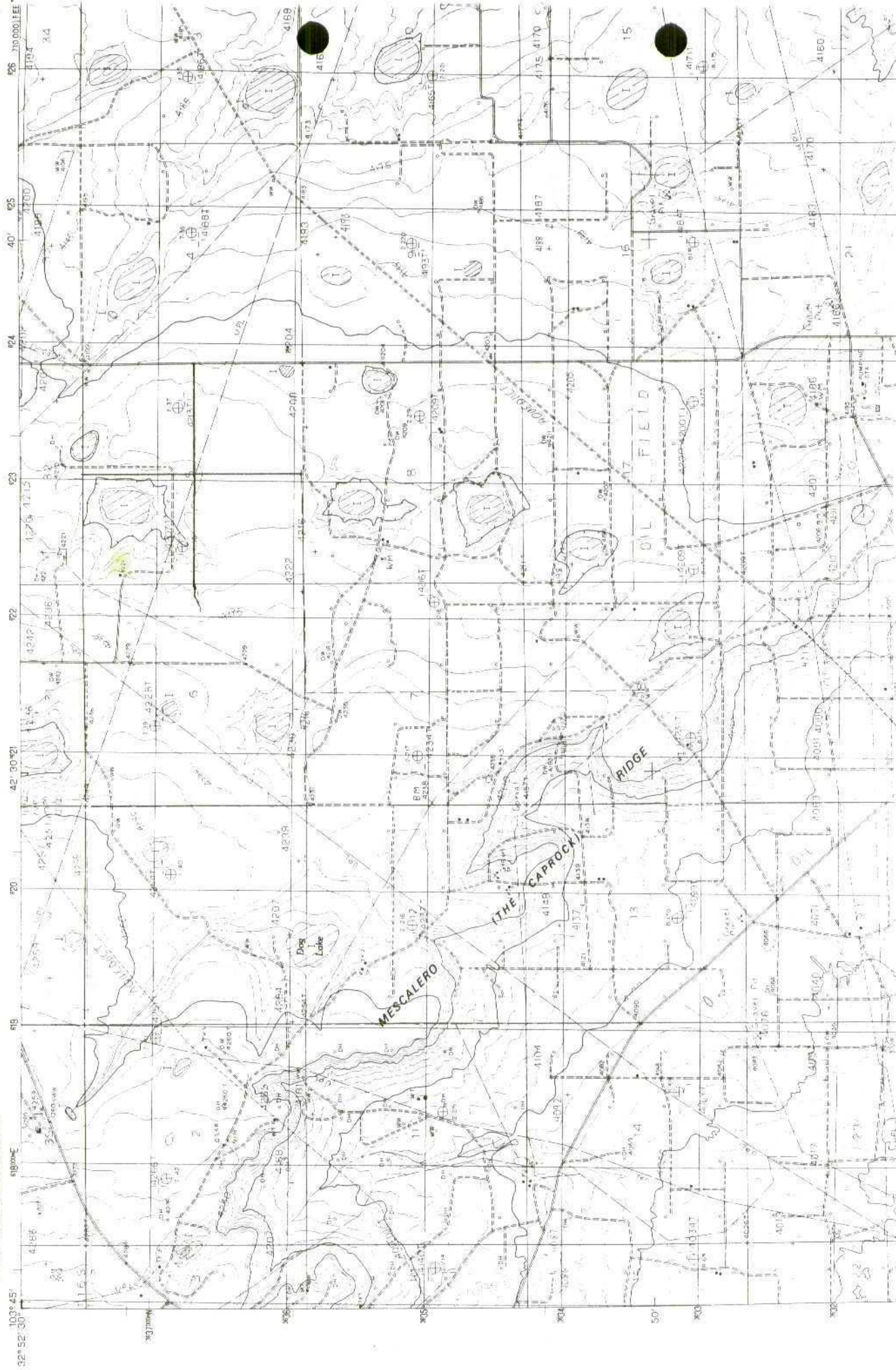
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Penroc



UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

DOG LAKE, NEW MEXICO 7.5 MIN MAP



PENRGC PIT INSPECTION (PHOTOS BY OCD)
NW/4, SEC 5, T 17 S, R 33 E



PHOTO NO. 1 DATE: 09/22/97



PHOTO NO. 2 DATE: 09/22/97

PENROC PIT INSPECTION (PHOTOS BY OCD)
NW/4, SEC 5, T 17 S, R 33 E



PHOTO NO. 3

DATE:09/22/97



PHOTO NO. 4

DATE:09/22/97

PENROC PIT INSPECTION (PHOTOS BY OCD)
NW/4, SEC 5, T 17 S, R 33 E



PHOTO NO. 5

DATE:09/22/97



PHOTO NO. 6

DATE:09/22/97

PENROC PIT INSPECTION (PHOTOS BY OCD)
NW/4, SEC 5, T 17 S, R 33 E



PHOTO NO. 7

DATE:09/22/97



PHOTO NO. 8

DATE:09/22/97