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REPORTS

DATE:

4/13/1992



OIL CONSERVATION DIVISION

Oklahoma City Division

RECEIVED

Conoco Inc.
3817 Northwest Expressway
Oklahoma City, OK 73112-1400
(405) 948-3100

April 13, 1992

'92 APR 20 AM 9 11

Mr. Denny G. Foust
Deputy Oil & Gas Inspector
Oil Conservation Division
1000 Rio Brazos Road
Aztec, New Mexico 87410

REVISED

Dear Mr. Foust:

Attached you will find Conoco's Internal Investigation and Spill Report concerning the Farmington B Com #1 well. As you are now aware there were extenuating circumstances as to why we did not report this incident in our usual prompt manner.

Upon discovering the leak the operator erred greatly in not handling the situation in the prescribed Conoco manner or fashion. In lieu of notifying his supervisor and the state, as it has been drilled to him and everyone countless times, he attempted to clean up the location himself. This grave misconduct on his part and the absence of following Conoco policy has resulted in his termination.

We deeply regret this incident, but most of all the manner in which this former employee elected to handle it. When we are aware of an incident we take immediate and correct steps in notification and clean up. We hope that the state realizes our continuous effort towards being the leader in **Environmental** and **Safety** standards. We are hopeful that this incident has not lessened your perception of our commitment.

It is our intention, of course, to clean up this location to the state's satisfaction as well as the landowner. This process has already begun. In doing so we have discovered a large portion of the contamination on this location was there prior to our ownership of this property.

We are available to provide you with any additional information or assistance.

Carl N. Martin
Production Superintendent
405-948-3230

CNM\156.WPD\mel

Attachment

cc: Mr. William Olson, NMOCD
Mr. Frank Balke, Conoco
Mr. Mike Swenson, Conoco
Mr. Dan McCoy, Conoco



Interoffice Communication

TO: J.R. Hopkins, V.P. and General Manager - Houston
FROM: F.B. Balke, Division Manager - OKC
DATE: April 14, 1992
SUBJECT: Level III Accidental Discharge - Investigation Report

Attached is the incident investigation report related to a Level III oil discharge that occurred on Friday, March 20, 1992. During the investigation it was discovered that the incident occurred one week prior to the date initially reported.

Due to the circumstances surrounding the incident, the Head Production Operator for the lease has been terminated.

A handwritten signature in cursive script, appearing to read "Frank Balke".

Frank Balke
Division Manager



Interoffice Communication

TO: M.T. Swenson and F.B. Balke
FROM: M.A. Phillips and C.N. Martin
DATE: April 14, 1992
SUBJECT: Level III Accidental Discharge - Investigation Report

A level III accidental discharge occurred on Friday, March 20, 1992⁽¹⁾, on the Farmington B Com 1 lease, San Juan County, New Mexico. In excess of 10 barrels of oil was discharged outside of a tank dike and onto the adjacent location after the oil tank overflowed.

The surface has been impacted both inside and outside of the dike, and oil that soaked into the soil beneath the tank may have impacted the underlying groundwater.

BACKGROUND

Farmington B Com 1 is tied to the Pioneer 5 gathering system, and following the recent installation of a compressor on the Pioneer system, the separator pressure had been lowered significantly. As a result of lower pressure, flow from the well has increased. The fluid production was erratic during March and varied from as little as 2 barrels per day to 17 barrels per day according to tank gauges. The oil and gas production had been regularly monitored for a number of days, since the storage was limited to one 210 barrel oil tank. The tank was usually allowed to fill in order to have a "full load" before the tank truck arrived.

On Thursday, March 19, the production rate appeared to be stable and the tank gauge indicated that there was sufficient remaining tank volume (4' = 56 bbls) available to contain the overnight flow, as well as for some additional days, before a tank truck needed to be scheduled. However, the well apparently unloaded and surged, upsetting the separator and allowing the produced water to be dumped with the oil to the oil tank causing the tank to fill and overflow sometime during Friday, March 20.

Unfortunately, there was a serious failure in the proper reporting of this incident and the facts have become obscured; however, the matter has been investigated and appears to have transpired as described in the following paragraphs.

SEQUENCE OF EVENTS

On Friday, March 20, Farmington Electric Utility augered into our Pioneer 5 lateral line, nicking the pipe. They notified Conoco personnel, including the Head Production Operator (HPO), who inspected the damaged line. It was decided to shut-in the line, depressure it, and repair it Saturday. The HPO called the Conoco, Farmington office shortly after 4:00 p.m. to initiate the shut-in of the pipeline. Since the assigned operator of the B Com 1 well was off duty, an operator not assigned to the lease was asked to visit the well, and begin shutting in production from it and all other wells along the Pioneer lateral.

⁽¹⁾ After reviewing contractor invoices and oil run tickets, it is concluded that the incident occurred one week prior to the date initially reported.

Upon arriving at the Farmington B Com 1 well, the operator noticed the oil tank overflowing and he immediately shut-in the well. The HPO arrived on location within a few minutes. The operator reported the overflow to the HPO and the HPO acknowledged that he would take care of the situation. Together they continued to shut-in the other wells on the lateral. The operator went home shortly thereafter. Since the B Com 1 lease was not his assigned area, the operator did not return. Further, since the HPO for the lease had acknowledged the spill, the operator made no further reports.

On Saturday, March 21, the HPO called a vacuum truck to remove approximately 6 to 8 barrels of oil from within the dike and approximately 56 barrels of water from within the oil tank. He also called a tank truck and had a partial load of oil removed from the tank. (The date of these activities fixes the incident date to Friday, March 20.)

On Monday morning, March 23, the HPO called a steam cleaner to clean the outside of the oil tank. Nothing more was done until Thursday, March 26, when a shovel was used to excavate a hole inside the dike to drain oil, and approximately one barrel of oil was removed.

From Thursday, March 26 through Sunday, April 5, nothing more was done. The site was left in this condition and the HPO made no reports of this situation.

On Monday, April 6, the HPO contacted Property Management Service (PMS) and arranged for a backhoe to work at the well site to remove contaminated soil. Three to four yards of oil soaked dirt was loaded on a dump box and transported to PMS's yard, where it remained overnight. On Tuesday, April 7, PMS contacted the HPO and said they needed to move the dirt to some other place, at which time it was moved back to the well site and spread on location.

Also, on the morning of Tuesday, April 7, the Sr. Production Foreman for the area received a phone call from a nearby resident complaining of a "strong oil odor" coming from our well location. The foreman agreed to investigate the site, and upon arrival noticed the strong odor and discovered the source to be the oil contaminated soil that had been spread on the location. It was evident that there had been an oil spill. While at the location, the landowner arrived and they discussed the situation. The Sr. Foreman acknowledged that the situation had not been handled properly, and assured him that it would be reported to State officials and cleanup efforts would be initiated. The Foreman also attempted to contact the local resident, but was unsuccessful.

When the Sr. Foreman called the NMOCD District Inspector, he was informed that the local resident had already reported the incident earlier that morning, and that the Inspector had just returned after visiting the site. After some discussion, the Foreman and Inspector agreed to meet at the site on the following morning.

SITE ASSESSMENT AND CLEAN-UP

On Wednesday, April 8, the NMOCD District Inspector visited the site with the Sr. Foreman to assess the damage and to agree on the method of cleanup. Together they concluded that the volume of oil discharged was likely greater than 10 barrels.

The subsequent cleanup consisted of excavating, removal and disposal of the contaminated soil from within the dike and adjacent location. Under the direction of the State Inspector, three strategically placed holes were dug into the groundwater to sample for contamination. Water samples revealed that some new oil may have entered the groundwater beneath the tank; however, the excavation has also uncovered old contamination that occurred prior to Conoco, and perhaps the original drilling pit. The State Inspector approved the method of extracting and testing the groundwater until oil levels were at a level below 100 ppm.

Water extraction and sampling will continue with the ongoing observation of the state Inspector. We plan to cooperate with the State Officials until cleanup is acceptable to the State and the matter is resolved.

CONCLUSION

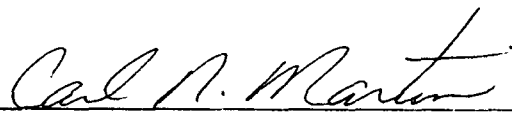
Due to the deliberate improper action, poor judgement, and negligence, the HPO has been terminated.

The results of this incident investigation will be reviewed with all personnel where it will be emphasized that the disciplinary action was not as a result of the spill itself, but rather because of a failure to promptly and accurately report the incident.

The failure to report resulted in a considerably longer response time and likely caused increased environmental damage, more extensive remediation and higher cost. We received an unfavorable response from the landowner and both Conoco and the State received a complaint from a nearby resident. In addition, Conoco's otherwise good environmental reputation was damaged in the eyes of the NMOCD Officials, with whom we are working diligently to promote Conoco's remediation techniques for the San Juan area.



Michael A. Phillips
SHERT Manager



Carl N. Martin
Production Superintendent



Conoco Inc.

Record of Accidental Discharge of
Crude Oil or
Hazardous Substances

1. Department Production		Division OKC		Lease Farmington B Com 1		Field		2. Date and Time Initial Report Received 3/20/92 4:30 pm							
3. Person Reporting Discharge L.C. Bob Williams, Production Operator					Person Receiving Report Randy K. Thille, Head Production Operator										
4. Discharge Discovered By L.C. Bob Williams, Production Operator					Date and Time Discovered 3/20/92 4:30 pm										
Witnesses Randy K. Thille, Head Production Operator															
5. How Did Company Learn of Discharge Employee observation															
6. Date and Time Discharge Began 3/20/92 Unknown				Date and Time Discharge Ended 3/20/92 4:30 pm				7. Person in Charge of Site Lynn Gordon 4/7/92							
8. Discharge Site		Sec. 15		Twtnshp. 29		N S XX <input type="checkbox"/>		Range 13		E W <input type="checkbox"/> <input checked="" type="checkbox"/>		County San Juan		State N.M.	
		N S E W ft. <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		Well No. Farmington B		Tank Battery No. Com 1		Well Type Gas		Indian or Federal Land Name or No. N/A					
9. Type of Equipment or Operation Involved Other 210 bbl oil tank receiving fluid from separator.										Flowline from Well No. _____		Injection Line to Well No. _____			
10. Specific Source of Discharge Pipe _____ in. <input type="checkbox"/> Steel <input type="checkbox"/> Plastic <input type="checkbox"/> Fiberglass <input type="checkbox"/> Buried <input type="checkbox"/> Surface <input type="checkbox"/> Transite <input type="checkbox"/> Coated <input type="checkbox"/> Internal— <input type="checkbox"/> CMT <input type="checkbox"/> PI <input type="checkbox"/> Fbg. <input type="checkbox"/> External _____										Leak <input type="checkbox"/> Body <input type="checkbox"/> Cpling. <input type="checkbox"/> Weld					
11. Names and Volumes of Substances Involved Estimate greater than 10 bbl. Bbbls. Oil _____ Bbbls. Water _____ <input type="checkbox"/> Fresh <input type="checkbox"/> Salt										Volume Entering Water 0					
12. Nature and Extent of Area Affected by Discharge Dirt & gravel within bermed area around tank ~45'x50'.															
13. Water Courses Reached <input checked="" type="checkbox"/> None Name _____										<input type="checkbox"/> River <input type="checkbox"/> Lake <input type="checkbox"/> Dry <input type="checkbox"/> Running <input type="checkbox"/> Creek <input type="checkbox"/> Pond <input type="checkbox"/> Intermittent					
14. How Was Discharge Stopped? Well was shut in.															
15. Possible Reason for Discharge <input type="checkbox"/> Corrosion <input type="checkbox"/> Age <input type="checkbox"/> External <input type="checkbox"/> Fatigue <input type="checkbox"/> Internal <input type="checkbox"/> Mechanical					15a. Action Taken to Prevent Recurrence Operating practices modified.										
16. Operating Conditions at Time of Discharge <input type="checkbox"/> Injection Well <input type="checkbox"/> Pumping Well <input checked="" type="checkbox"/> Flowing Well _____ BWPDP at _____ PSI BOPDP 2 BWPDP 3 Line PSI 120								17. Remedial Action—Picked Up BO 6-8 BW 0 Date Started 3/21/92 Time Completed 10:00 am							
18. General Weather Conditions at Time of Discharge Good					19. Third Parties Involved in Area Before or After Discharge Clean up crews.										
20. Federal, State, and Local Agencies Notified, and/or Agency Person Notified Date/Time Notified NMOCD Charles Gholson 4/7/92 3:00 pm										21. Non-Company On-Site Investigators Method Used Person Notifying					
22. Assistance Required, Contractors Used, Costs Backhoe \$ _____ Welder \$ _____ Vac. Truck \$ _____ Roustabout \$ _____ Tank Truck \$ _____ Company Labor \$ _____ Bulldozer \$ _____ Other \$ _____ Total Cost \$ _____															
Signature and Title Lan McCoy Sr. Foreman										Date and Location 4-7-92 3pm					

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