

3R - 274

**GENERAL
CORRESPONDENCE**

YEAR(S):

1992-1986



































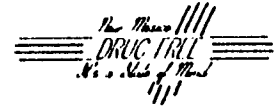








STATE OF NEW MEXICO



ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

AZTEC DISTRICT OFFICE

RECEIVED

92 JUL 24 AM 9 24

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

CERTIFIED MAIL
RETURN RECEIPT NO. P 843 754 790

July 21, 1992

Mallon Oil Company
Attn. Charles M. Oleson
P. O. Box 55
Lindrith, NM 87029

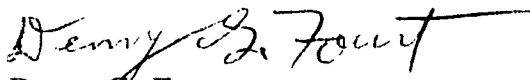
RE: Remediating Contaminated Soil on Well Pads

Dear Mr. Oleson:

I have reviewed Mallon Oil Company's proposal to remediate contaminated soils on seven well pads located in T25N-R02W, Rio Arriba County, New Mexico. It is my understanding all well pads are located on fee land. Runoff is to be contained on the well pad. Contaminated material is to spread no more than six inches thick. OCD regulations require discing of contaminated material every fourteen days. A minimum of three discing treatments is recommended for this case. Additional discing may be required as needed to promote oxidation of hydrocarbons.

Please be advised that OCD approval does not relieve you of responsibility for compliance with other state and federal laws and/or regulations. If you have questions please contact me at 505-334-6178.

Yours truly,


Denny G. Foust
Environmental Geologist

XC: Operator File
Environmental File
DGF File
OCD Environmental Bureau-Santa Fe

NA - District
10/27/92
md

OIL CONSERVATION DIVISION
RECEIVED

July 6, 1992

'92 JUL 13 AM 9 33

RECEIVED

JUL - 3 1992

OIL CON. DIV.]
DIST. 3

Charles M. Oleson
Mallon Oil Company
PO Box 55
Lindrith, NM 87029

Mr. Denny G. Foust
Deputy Oil & Gas Inspector
1000 Rio Brazos Road
Aztec, NM 87410

Dear Mr. Foust

All contaminated soil has been removed from the following pit sites. I would like permission to remediate the soil on each location. We plan to spread contaminated soil to a depth of from 4 to 6" across the location in a manner that water runoff would be contained on the location. We would also plow the soil every 30 days until remediation is complete.

2-16 Ribeyowids Fed. NM 40645, SE4, SEC.2, T25N, R2W
Rio Arriba County, NM. Well location is on Fee land.

↳ surface

1-11 Howard Fed. NM 40644, Com.# NM 015P35-86C-505, NW 4,
SW 4, SEC. 1, T2SN, R2W, Rio Arriba County, NM. Well location
is on Fee land.

↳ surface

1-8 Howard Fee/Com # NM-015P35-511 SE 4, NE 4, SEC. 1,
T25N, R2W, Rio Arriba County, NM. Well location is on Fee land.

2-1 Fisher Fed. NM 40646, NE/NE SEC. 2, T2SN, R2W,
Rio Arriba, County, NM. Well location is on Fee land.

↳ surface

13-6 Post Fed. NM 43753-NM 015P35-86C-517, SE 4, NW4, SEC. 13,
T25N, R2W, Rio Arriba County, NM. Well location is on Fee land.

↳ surface

Johnson Fed. 12-5 LS NM 43752, SW/NW, SEC. 12, T2SN, R2W,
Rio Arriba County, NM. Well location is on Fee land.

↳ surface

Davis Fed. Com. 3-15, NM 04077 795 FSL & 2145 FEL, SEC. 3,
T25N, R2W, Rio Arriba County, NM. Well location is on Fee land.

↳ surface

Sincerely

Charles M. Oleson
Charles M. Oleson

co

cc Joe Cox

NA - District
10/27/92
me

Memo

From

DAVID G. BOYER

Hydrogeologist

To

~~7 Filed~~
~~of~~
~~for~~
Cedron Creek

Cedron Creek Camp
77-1-6612

Visit Maden-Davis
Federal Com 3 #15
Oil well

2 1/2 N, 10 E, Sec 15, T10C
Range 1 N, of Lincoln P.L.

Locate Gas well,
Separator, & gas plant
on map. For gas plant, name
location, pits,

IMPORTANT MESSAGEFOR Patty GoldDATE _____ TIME _____ A.M.
P.M.

M. _____

OF _____

PHONE _____

AREA CODE

NUMBER

EXTENSION

TELEPHONED

PLEASE CALL

CAME TO SEE YOU

WILL CALL AGAIN

WANTS TO SEE YOU

RUSH

RETURNED YOUR CALL

SPECIAL ATTENTION

MESSAGE

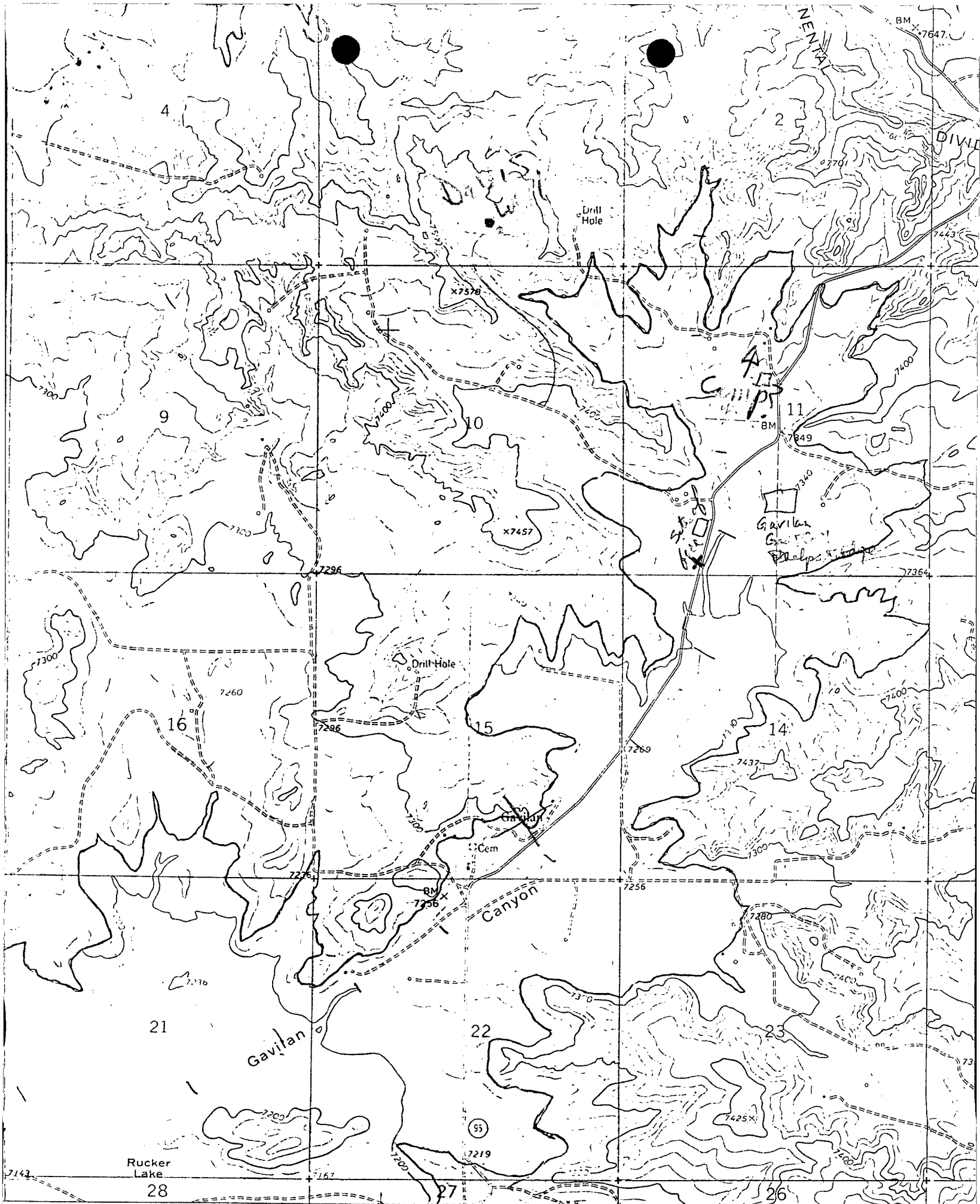
Cedar Mountain Camp
Private Residence
1/4 mile
1/2 Half - Hour
Wants shut-down

SIGNED _____

LITHO IN U.S.A.

Mallon
~~595~~ 595
8 miles N. of
Lindrith
Cuba

Davis Federal Comm
#15 well
(Separators) 0-3 25N 2W



Wednesday, July 19

on site:

Patty Gold (Cedar Mountain Camp)

BLM x Mark Keenan

BLM x Belva Christensen

x Chris (Cedar Mtn Camp)

CCD x Dave Engler

x Bobby Tunnell

on site at Mallon-Davis 10:45

Federal Camp #15

(Gas) well

25N, 2W, Sec 3, T10S, R10E

Originally Mancos oil production

oil well recompleted into Mesa Verde

for gas.

forested area, cedar/juniper

contractors working on well, tubing & pipe

on ground, pump jack at location,

horse head at ground.

oil on ground 75'-100' N & E of

location.

75' x 75' pit to E, with water and

oil on water.

Four dead trees and junk rolled into pit

(Repaired)

- dike on S side of pit recently breached
barrels laying around on site

- Chad Bridge called fire dept. locals would

Gary Nelson shut well in

Gary Duwayne - call in Rappahannock

x Bobby Tunnell - pumpjack on location

tubing press 300

casing press 500

11:15

Shut in tubing press dropping 250

& casing pressure increasing 800

T-1 graft people on site

T-2 looking SE across pit

T-3 NE cor. of pit - only scrub & trees

T-4 looking SW across pit including production loc.

T-5 S of pit looking N within spill area of "breached"

pit note dead trees sterile ground

sterilized area

ridge

ridge

T-6 NW across site / oil stained grad & collar, junk

on site

T7 - SW across pit/city of picture dike breach
(oil on water probably not evident from photos)
due to reflection - covers approx 1/2 of water
on pit

T8 - junk at pit NE corner - note rust stain
spreading dirt on gravel stain

T9 & 10 SE across location from ridge

2 water wells at CMC 420-360'
deep. - Ground water at 40-60' water
column.

either non potable or low yield.
Not produced, noted marshy
areas around camp. cat tails & narrow
although drying up. very dry
conditions.

Grass well location description

Ant O Sec 3, 25N 2W
spot for distance on sign indiscernible
(rusty, beat up)

OIL SPILL / Different location

LJ Engram (Owner / Rancher)

NW 1/4 SE 1/4 26 - 25N 2W
NW 1/4 SE 1/4 Garden # 2 Federal Site 0812916
oil spill over 2 acres
in place 774-6656

Mesa Grande (operator)

NM EO prod. Tolson OK
E. Alex Phillips

No info on completion - gone
Flint Workover / during workover unsaturated
parker oil blew over 250' x 150' area
down into draw

Down gradient 900' stock pond &
windmill (depth 300' 50' water column)

T-11 looking W over spill area to well
T-12 looking E over site

area has been fenced - product has
soaked in; partially covered by blowing
soil - vegetation (grass, trees dead & dying)

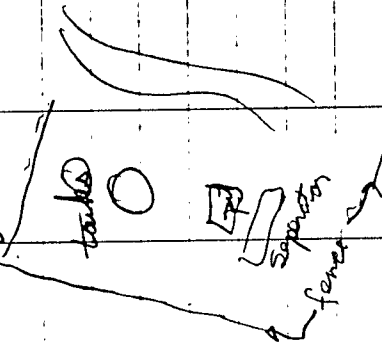
Mr Engram expressed concerns over
rain washing product into stock ponds
- area didn't look all that bad

GAVILAN Gas Plant

Back to separator that burned
burn seen under separator,
in pit.

little evidence of damage
tested separator to 250 psi.
although being removed and
tested by P.M. in Farmington

Tanks 30' to NE



range area sage brush, forested
to N

fire description of pit - 30' flames in pit
start of fire undetermined, close
sky (no lightning), separator looked
OK, some burn under tank but doesn't
look like cause of fire - grass & weeds
had grown up around separator

Center of S half Sect 11

- All units on sleds,
- Tank, recovers drip gas, some paraffin from treatment process.
- Pit at S.E. cor of site, little water in pit - presently building beam around tank & pit. (pit unlined)
- Glycol tanks & chemical barrels free standing
- Charles Oleson, plant supervisor. (visited for awhile)

Charles Oleson
Box 55
Lindville N.M. 87029

1235 La Plazita Hwy
CATER-SERVWGE-4104
FARMINGTON, NM 87401
387-5344
16061-226-4522
(FIS) 572-8228

Marko Keckman
Petroleum Engineering Technician



Grove T. Burnett

ENVIRONMENTAL ATTORNEYS

Steven Sugarman

ASSOCIATE

Glorieta Baldy-La Cueva Road
Route 1, Box 9-A
Glorieta, New Mexico 87535
(505) 757-8408

October 9, 1989

Mr. Frank Chavez
District Supervisor
Oil Conservation Division
1000 Rio Brazo
Aztec, NM 87410

RECEIVED
OCT 11 1989
OIL CON. D
DIST. 3

Dear Mr. Chavez:

Thank you very much for taking the time to meet with us regarding the heater-treater fire at the Mallon Davis Federal well in Lindrith, New Mexico. After meeting with you and Gholson, as well as with B.L.M. personnel in the Farmington office, we remain extremely concerned about Mallon's operations in the Lindrith area. Specifically, we are concerned that the Mallon wells which are on or adjacent to the property of the State and Patty Gold in Lindrith are operated in a manner which presents real dangers to the environment and to public health and safety.

O.C.D. and B.L.M. both acknowledge that Mallon's operations in Lindrith are not operated up to regulatory standards. Indeed, the staff of both agencies have told us that Mallon's operations are not in compliance with applicable regulations. While both O.C.D. and B.L.M. attribute the fault for the regulatory violations to Mallon's field representative, Bobby Tennel, it must be remembered that Mr. Tennel is an agent of Mallon. Accordingly, Mallon must be held responsible for Mr. Tennel's cavalier attitude towards his important responsibilities.

We request that you notify Mallon of your dissatisfaction with the state of its operations in the Lindrith area. It is now no secret that Mallon has violated regulations in many instances, and has attempted to cover-up those violations and/or to downplay their significance. O.C.D. and B.L.M. should not countenance such disregard for the law and for public health and safety. Indeed, as regulatory authorities, O.C.D. and B.L.M. have an affirmative duty to ensure that Mallon brings its operations into compliance, or to close those operations down.

Mr. Frank Chavez
October 9, 1989
Page 2

Mallon's Davis Federal Well, where the July heater-treater fire occurred, provides a good example of the ways in which Mallon flaunts regulatory authority. First, as you are by now well aware, the pit at this well has been in existence for three years. The pit is covered with an indeterminate amount of oily goo, presumably petroleum waste products, and it appears likely that there are other hazardous and/or toxic substances in the pit. Moreover, the area surrounding the pit appears to be used as a dump site by Mallon personnel. While both O.C.D. and B.L.M. have policies against the maintenance of such open pits, nothing has been done by either agency to compel Mallon to clean up this site.

We feel constrained, at this late date, to insist that you take immediate enforcement action against Mallon with regard to the open pit. The three year old pit site must be reclaimed immediately and Mallon should be so ordered. We further request that you monitor Mallon's method of site clean-up. Certainly, the pit should be emptied and cleaned before it is filled and the fill material should not be contaminated with toxic substances. Mallon's past efforts at site clean-up and restoration have been largely inadequate and we expect that you will finally compel Mallon to abide by all of your pertinent regulations and policies. Indeed, allowing Mallon to continue to backslide on the reclamation of this site would be tantamount to condoning producer practices which are impermissible under your standards. Mallon must now be sent a firm message that it is time to follow the letter of the law.

Second, the July heater-treater fire at this well highlights some very significant problems with Mallon operations. At the time the heater-treater fire occurred, the perimeter of the heater-treater was covered with dry grasses, weeds, and sagebrush. Of course, the maintenance of such a fire hazard is in violation of your regulations and, in this particular case, the violation was especially egregious. As you know, the Phelps-Dodge gas plant is less than a half-mile from the Davis Federal Well. You must not permit Mallon to maintain such a dangerous fire hazard so close to a highly combustible gas plant. We are sure you can appreciate the fact that this fire had the potential to do significant harm. Although the ground cover was extremely dry and the conditions had been very windy, Mallon did nothing to ensure that the fire danger presented by the heater-treater was in any way minimized. It should be emphasized that this heater-treater is not an isolated facility. The heater-treater is adjacent to a children's camp where thirty children were living at the time the fire occurred. Thus, it is extremely important that you compel Mallon to keep this site particularly clean.

Mr. Frank Chavez
October 9, 1989
Page 3

Once the fire was extinguished, Mr. Tennel began to operate the heater-treater almost immediately. This incident clearly portrays Mr. Tennel's, and Mallon's, disregard for public safety, as well as their unwillingness to voluntarily comply with administrative regulations. Indeed, the heater-treater was properly tested for mechanical integrity only after B.L.M. compelled such procedures. This incident certainly shows that Mallon will act responsibly only if forced to do so by regulatory authorities.

Furthermore, we have never received an adequate explanation as to how the fire at the heater-treater commenced. While Mr. Tennel has stated that the fire was commenced by lightening, our discussions with people who were in Lindrith on the day of the fire indicate that the sky was clear when the fire occurred. We find it disturbing that you have not attempted to ascertain the cause of this fire, especially in light of Mallon's poor record in maintaining its equipment. If Mallon was responsible for the conflagration, then this fact should certainly be brought to light and measures should be taken to ensure that Mallon does not create such a public danger in the future.

Finally, we wish to reiterate that Lindrith does not have any fire protection services and that because of this lack, it is imperative that Mallon have personnel in Lindrith who can be contacted immediately in the event of an emergency. On the day of the fire at the Davis Federal Well, Patty Gold attempted to contact Mr. Tennel, even going so far as to contact the local sheriff to locate him. Unfortunately, Mr. Tennel could not be found. We are informed that this is not unusual and that Mr. Tennel is frequently out of the Lindrith area.

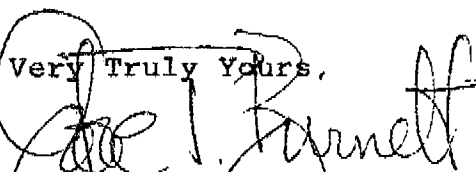
If Mallon wishes to continue its operations in the Lindrith area, it is reasonable to compel the company to put some procedure in place whereby Mr. Tennel or some other designated agent of Mallon can be contacted and respond in the case of an emergency. It should not be incumbent upon the citizens of Lindrith to search for some Mallon employee to take care of emergency situations, such as heater-treater fires. In this technological age, it certainly is not unreasonable to require that Mallon's field personnel wear some sort of communication beepers so that they may be reached in the event of an emergency.

We left our meeting with you a sense that you are also concerned about Mallon's ongoing violations of regulatory and industry standards. In fact, you informed us that you intended to issue a formal written warning to Mallon. Unfortunately, however, no action has been taken to remedy the above mentioned problems since our meeting. If you have corresponded with

Mr. Frank Chavez
October 9, 1989
Page 4

Mallon in this regard, we would appreciate receipt of a copy of the correspondence. Furthermore, we request that action consistent with the requests in this letter will be forthcoming in the near future.

Very Truly Yours,



Grove T. Burnett
Steven Sugarman
Attorneys at Law

GTB/SS/lmv

FAX TRANSMITTAL SHEET

Date: _____

Time: _____

TO: _____

Dave Boyer

FROM: _____

Frank Chavez (505) 334-6170

Oil Conservation Division

1000 Rio Brazos Rd., Aztec, NM 87410

COPIES: _____

TOTAL NUMBER OF PAGES INCLUDING COVER SHEET

5

Memo

From

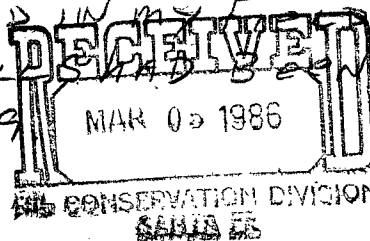
To
Dave

CHARLES GHOLSON
Deputy Inspector

These wells are on private surface w/ BLM minerals. I informed the BLM of the complaint. They said they would investigate. I have not contacted them since. Ernie made an inspection on Nov. 12, 1985 + I made a follow up inspection on Feb. 19, 1986.

Enclosed are copies of Ernie's findings + follow up action.

As stated in my Feb. 1986 trip rept. spill had been cleaned up on 2-19-86



Oil Conservation

Santa Fe, New Mexico

NEW MEXICO OIL CONSERVATION DIVISION
FIELD TRIP REPORT

INSPECTION	CLASSIFICATION	FACTOR	HOURS	QUARTER	HOURS
------------	----------------	--------	-------	---------	-------

Name CHARLES CHOLSON Date 2-19-86 Miles 272 District 3
Time of Departure 8AM Time of Return 4PM Car No. 8776

In the space below indicate the purpose of the trip and the duties performed, listing wells or leases visited and any action taken.

Signature Charles Cholson

HOP 8

3WELLS - 25N - 2W - NORTH OF LINDRITH TO INVESTIGATE A COMPLAINT OF A SPILL AT 2 MALCOLM OIL CO. WELLS. IF THERE HAVE BEEN ANY SERIOUS SPILLS THEY HAVE BEEN CLEANED UP & ARE NO LONGER EVIDENT. THREE TANKS HAVE RAN OVER AT SOME TIME, BUT THERE IS NO OIL WITHIN THE FIRE WALLS OR ON THE GROUND.
THERE ARE NO VIOLATIONS OF DCD RULES & REGS.

<u>Mileage</u>	<u>Per Diem</u>	<u>Hours</u>
UIC _____	UIC _____	UIC _____
RFA _____	RFA _____	RFA _____
Other <u>272</u>	Other <u>6.00</u>	Other <u>8</u>

TYPE INSPECTION REQUIRED

INSPECTION CLASSIFICATION

ISSUE OF SPECIFIC OR FACILITY DIS

- R - Remedial
- P - Plugging
- C - Plugging Cleanup
- T - Well Test
- E - Equipment/Structure
- F - Waterflow
- N - Noise or Spill
- K - Water Contamination
- O - Other

- U - Underground Injection Control - any inspection of or related to injection project, facility, or well or resulting from injection into any well. (S.O.D. dry injection and production wells, water flows, or pressure tests, surface injection equipment, plugging, etc.)
- R - Inspections relating to Reclamation Fund Activity
- O - Other - Inspections not related to injection or UIC reclamation fund

- D - Drilling
- P - Production
- I - Injection
- C - Control prod injection op
- S - S.O.
- U - Underground
- G - General Ops
- F - Facility or
- N - Noise
- O - Other

JOURNAL NORTH / FRIDAY / APRIL 10, 1987

Camp Operators File Suit Against Phelps Dodge

By Kathy Haq

JOURNAL STAFF WRITER

Operators of a children's camp and their neighbors outside Lindrith, N.M., claim continuous noise from a nearby Phelps Dodge Refining Co. propane processing plant is public nuisance.

They want a judge to close the plant, order it moved or limit operation to daytime hours.

In a suit filed this week in Santa Fe District Court, Michael and Patricia Gold claim noise from the seven-day-a-week operation has deprived them of "the quiet and peaceful enjoyment and use of their property" near the small farming and ranching community in Rio Arriba County about 20 miles north of Cuba.

Pat Scanlon, a vice president for Phelps Dodge in Phoenix, Ariz., said Thursday he was aware the lawsuit had been filed but hadn't seen a copy.

He said the plant's previous owners had conducted a study and were satisfied that the noise from the plant wasn't excessive. However, he said, his company would evalu-

ate the situation "in light of the lawsuit."

"We certainly don't want to be a nuisance to our neighbors," he said. The Golds own an 800-acre ranch outside of Lindrith, part of which they lease to Cedar Mountain Camp Wanagi and part of which they retain as a private residence. The plant is slightly less than half a mile from camp headquarters and the Golds' part-time residence, the suit states.

The couple, who are residents of California, claim in the suit that their property "has been rendered unfit for use as a children's wilderness camp." They also claim that they have suffered "serious sleep deprivation, emotional distress, mental anguish and annoyance."

The Golds and the camp operators seek \$1.5 million in damages from Phelps Dodge and the Gavilan Field Joint Venture, which sold the plant to Phelps Dodge in December 1986 after it was a year old.

The suit lists Gavilan partners as Cedar Mountain Petroleum Corp. and Kodiak Petroleum Inc., both of Colorado; American Penn Energy Inc. of Alberta, Canada; R.L. Bayless of Farmington; K.M. Produc-

tion Co. of New Mexico; Roger R. Mitchell of Elkhart, Ind.; and James Wallis and Colton Exploration Co., both of Oklahoma.

The Golds are joined in their suit by area property owners, each of whom seeks \$750,000 in damages. The plaintiffs include Loyd Ingram,

Todd Columbo, Georgi and Freeman Davis, Patricia Donovan Greene, Barbara Wolver, Patricia A. Gnass, Jesse Hammonds, Gary L. Grumney and Samuel F. Glaze.

The lawsuit was prepared by Grove T. Burnett of Glorieta and Robert R. Rothstein of Santa Fe.

Memo

From

DAVID G. BOYER

Hydrogeologist

To Frank

*Would you please report
back to me on what the
situation is, and what
action we may need
to take*. Let me know
if this is BLM related. I'm
sure EID will look. Thy
D.*

** or have taken.*

MEMORANDUM

DATE: February 17, 1986

TO: Neil S. Weber, Deputy Director

FROM: *Richard Mitzelfelt*
Richard Mitzelfelt, District I Environmental Manager

SUBJECT: COMPLAINT AGAINST MALLON OIL COMPANY'S OPERATIONAL PRACTICES IN LINDRITH, NEW MEXICO AREA.

District I staff has fully investigated this complaint registered through you on January 23, 1986. We have notified both the SWQB and GW/HWB on our findings for further investigation or direction (see attached memos and nuisance complaint investigation report). According to the EID/OCD Agreement, these problems are clearly matters to be handled by OCD. OCD has been informed of the problems.

Please let me know if you have any further questions or direction concerning this matter.

ap

cc: Ernest Rebuck, Chief, GW/HWB
Kathleen Sisneros, Chief, SWQB
Price Rogers, Field Program Manager
Chuck S. Morgan, Environmentalist

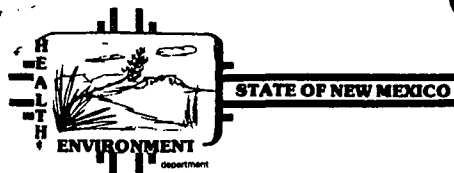
RECEIVED

FEB 18 1986

GROUND WATER/HAZARDOUS WASTE
BUREAU

*2/18 notified Boyer
Park*

*2/19 Chuck Morgan
on Contaminated Divide
will call if more over 800
Chuck will get sample
in week or two
no new complaint
since 1-22-86
Davis calls OCD in
Artec frequently
Park*



MEMORANDUM

DATE: February 11, 1986

TO: Ernest Rebuck, Chief, Ground Water/Hazardous Waste Bureau
THRU: Price Rogers, Health Program Manager
FROM: Chuck S. Morgan, Environmentalist, Bernalillo Field Office
SUBJECT: OIL SPILL RIO ARRIBA COUNTY

The Bernalillo Field Office responded to an anonymous complaint concerning overflowing oil storage tanks 8.9 miles north of the Lindrith Post Office on January 28, 1986 (see attached nuisance complaint). Two storage tanks (approximately 15,000 gallons each) were observed to continuously overflow. I met with Mrs. F. Davis, who lives less than $\frac{1}{4}$ miles south of the overflowing tanks. Mrs. Davis stated that the tanks are allowed to overflow almost daily. She voiced concerns about the oil seeping into the ground and alleged overflow of an oil/sludge pond located 1.2 miles north of the overflowing storage tanks. According to Mrs. Davis a release of approximately 400 barrels of oil at the second site had resulted in the alleged overflow of the oil/sludge pond. Mrs. Davis went on to say that the Mallon Oil Company had covered the spilled oil without contacting O.C.D. to report the accident.

Although the oil industry activities are overseen by the O.C.D., the EID should be aware of the potential surface and ground water pollution arising from oil spills in this area. The two overflowing oil tanks are located 300 - 350 yards from the Davis' drinking water well. Their well is 529 feet deep and appears to be in the path of the ground water flow.

The alleged overflow of the oil/sludge pond (1.2 miles north of the overflowing tanks) would have allowed oil to enter the road ditches and conceivably intermittent water ways.

ap

Attachment

RECEIVED

FEB 17 1986

GROUND WATER/HAZARDOUS WASTE
BUREAU

MEMORANDUM

DATE: February 11, 1986

TO: Ernest Rebuck, Chief, Ground Water/Hazarous Waste Bureau
THRU: Price Rogers, Health Program Manager
FROM: Chuck S. Morgan, Environmentalist, Bernalillo Field Office
SUBJECT: OIL SPILL RIO ARRIBA COUNTY

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ap

Attachment

MEMORANDUM OF NUISANCE COMPLAINT

Environmental Improvement Division

Rio Arriba

County

Complainant

Name ANONYMOUS

Phone

Address

Source (Responsible Party): Name Mallon Oil Company

Address Not Available

Nature and Location of Complaint: 8.9 miles north of the Lindrith Post Office west side of highway; an additional 1.2 miles north - east side of highway oil storage tanks are overflowing.

Complaint Taken by: Chuck S. Morgan, Environmentalist Date 01-22-86

Investigation Report: Two storage tanks (approximately 15,000 gallons each) were overflowing; sign at location was provided with the following: Mallon Oil Co. #2-16 Ribeyowids Fed NM 40645 SE4 SE4 Sec. 2 T25 NR2W Rio Arriba County. NM location is 8.9 miles north of the Lindrith Post Office west side of highway. Second site is an additional 1.2 miles north; sign at this location contained the following information: Mallon Oil Company #2 1 Fisher Federal NM 40646 NE/NE Section 2 T25NW Rio Arriba Co. NM.

By: Chuck S. Morgan, Environmentalist Date 01-22-86

Action Taken: Spoke with an area resident who stated that the two storage tanks at location #2-16 Ribeyowids Fed continuously overflows. Resident stated that the sludge pond at site #2-1 Fisher Federal had overflowed its banks allowing sludge oil to run down the road ditches. Inspection of site #2-1 Fisher Federal revealed excessive amounts of solid waste has been thrown in the pond. Chuck S. Morgan, Environmentalist Date 01-28-86

Follow up: 01-29-86 contacted O.C.D. Aztec Field Office and spoke with Mr. Charlie Gholsen. Mr. Gholsen stated that overflowing tanks are a violation and is not an accepted practice. The oil/sludge pond is allowable provided it is fenced. Concerning the pond overflow, he said he would look into it. The overflowing storage tanks would most likely be referred to BLM due to the lease rights.

*Referred to Surface Water-K. Sisneros and Ground Water/Hazardous Waste - E. Rebuck 2-11-86
See attached memo - Chuck S. Morgan 2-11-86

Satisfactory Correction of Problem Verified by:

Date:



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

TONY ANAYA
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

November 12, 1985

Mr. Kevin Fitzgerald
Mallon Oil Co.
2750 Security Life Bldg.
Denver, CO 80202

Re: Howard Fed. 11 #1 K-01-25N-2W

Dear Mr. Fitzgerald:

On Wednesday October 30th, 1985, Carolyn Taplin and I, of this office, followed up on a complaint from a Mrs. Georgia Davis concerning the referenced well. We inspected the well site and found it in violation of State Statute Article 2,70-2-3. The inspection revealed a condition of waste and endangering live stock. On Thursday October 31st, I contacted Karen McClintock and she assured me that she would contact your consultant, Kevin McCord in Farmington and have him get in touch with me. He never did. I called Mr. McCord and we discussed the situation, where upon he said he would contact you. To date I have heard nothing positive from your office as to the acknowledgment of the communications I have made. Ignoring my phone calls will not remedy the situation.

You will not receive an allowable until we receive a letter saying the location is cleaned up and is ready for inspection.

Yours truly,

Ernie Busch
Geologist III/Oil & Gas Inspector

EB/dj

xc: E. Busch ✓
Jeff Taylor
Jim Lobato - BLM
Well File
Operator File