

**From:** Groves, Amber  
**To:** [Gregory B. Gregson](#)  
**Cc:** [Yu, Olivia, EMNRD](#)  
**Subject:** RE: State I-30 (30-025-08441) - Update  
**Date:** Wednesday, November 1, 2017 7:29:44 AM  
**Attachments:** image002.png  
image003.png  
image006.png

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Mr. Gregson,

As Mark L. Shider, Inc. is the operator for the Oil and Gas Lessee Occidental Permian, I will refer to the New Mexico State Land Office Oil & Gas Rules to answer your question. The following is an excerpt from NMAC rule 19.2.100.66 referring to Surface Operations on State Oil and Gas Leases.

**(4) Spills:**

**(a)** All new spills shall be treated and cleaned up immediately. All surface affected by such spills and leaks shall be reclaimed. Reclamation of the area involved shall be implemented in consultation with the state land office.

**(b)** All spills shall be reported in accordance with the regulations of the oil conservation division.

As per my previous e-mails, due to the unknown amount that is in the pasture by the old heater treater and the condition of the tank inside the berms, NMSLO is requesting that regardless of reported amount on the C-141 that both of these releases be considered reportable in this case and remediated according to current standards which include full site delineation. Please keep Ms. Yu and myself on the same e-mail chain regarding these releases.

Thank you,

**Amber Groves**

*Remediation Specialist*  
*Field Operations Division*  
(575)392-3697  
(575)263-3209 cell  
New Mexico State Land Office  
2827 N. Dal Paso Suite 117  
Hobbs, NM 88240

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**From:** Gregory B. Gregson [mailto:ggregson@marklshidlerinc.com]

**Sent:** Tuesday, October 31, 2017 7:08 AM  
**To:** Groves, Amber <agroves@slo.state.nm.us>  
**Subject:** RE: State I-30 (30-025-08441) - Update

Dear Ms. Groves:

I have forwarded the C-141 to Ms. Yu's attention. Her office will receive the original C-141 as well. MLSI continues to fully comply with your directives. I do not wish to exacerbate this matter; yet, my reading of 19.15.29 does not address the volume of the release associated with this incident. Are there New Mexico Land Office statutes and/or regulations with which I am unfamiliar regarding this crude oil release?  
I respectfully request your clarification and continued assistance.

Best Regards,

**Gregory B. Gregson**  
Operations Manager



MARK L. SHIDLER, INC.  
Mark L. Shidler, Inc. - Petroleum Exploration & Production  
1313 Campbell Rd., Bldg. D  
Houston, TX 77055  
Direct: (713) 481-6487  
Main: (713) 222-9291  
Fax: (713) 224-5523

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**From:** Groves, Amber [<mailto:agroves@slo.state.nm.us>]  
**Sent:** Monday, October 30, 2017 4:15 PM  
**To:** Gregory B. Gregson  
**Cc:** Yu, Olivia, EMNRD  
**Subject:** RE: State I-30 (30-025-08441) - Update

Mr. Gregson,

As the operator of the lease, the 'thin grayish material' will need to be investigated along with this release. Please include this in your C-141 submittal. There is evidence that the vegetation was impacted as well as visible soil staining underneath the caliche pile. I have also looked at the C-141 that you sent to me, and that you will be sending to Olivia, and I would like to advise you that a full site delineation will be required. Samples will need to be taken before the material is removed as stated in your cleanup action taken as per NMOCD requirements.

Thank you,

**Amber Groves**  
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**From:** Gregory B. Gregson [<mailto:ggregson@marklshidlerinc.com>]  
**Sent:** Friday, October 27, 2017 12:01 PM  
**To:** Groves, Amber <[agroves@slo.state.nm.us](mailto:agroves@slo.state.nm.us)>  
**Subject:** RE: State I-30 (30-025-08441) - Update

Dear Ms. Groves:

Thank you for your most recent reply. I thought Mr. Frier was the landowner and the State of New Mexico owned the minerals, my apologies.

I have attached a photograph of the heater-treater for your inspection (as supplied by Mr. Morehead). When I spoke to Mr. Morehead, he saw no other oil soaked soil in or around the heater-treater. There is a very thin grayish material located under the heater-treated, which I am told existed there before the heater-treater was placed on top of it (Mr. Morehead of Liberty Maintenance placed the equipment at the present location). Mr. Morehead indicated it was not drilling mud or a scale deposit from produced water. The aforementioned material as well as the 3 BO spill inside the berm will be set out on a forthcoming C-141.

Best Regards,

***Gregory B. Gregson***  
Operations Manager



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**From:** Groves, Amber [<mailto:agroves@slo.state.nm.us>]  
**Sent:** Friday, October 27, 2017 11:34 AM  
**To:** Gregory B. Gregson

**Cc:** Yu, Olivia, Emnrd

**Subject:** Re: State I-30 (30-025-08441) - Update

Mr. Frier is not the landowner. The New Mexico State Land Office is the landowner. Any and all remediation activities will need to be approved by NMOCD and SLO once your C-141 is sent in. I understand that the area inside the berm was 3 bbls. However, due to the added amount of the product that was dumped on the ground by the heater treater laying on the ground to the south of the battery, a C-141 will still need to be submitted. All remediation activities will need to be approved before any work is done.

Thank you,

Amber Groves

Sent from my iPhone

On Oct 27, 2017, at 9:54 AM, Gregory B. Gregson <[ggregson@marklshidlerinc.com](mailto:ggregson@marklshidlerinc.com)> wrote:

Dear Ms. Groves:

Mr. Gary Morehead with Liberty Maintenance met w/Mr. Frier (landowner at the above Re well) at the production facility to discuss the cleanup, equipment removal and road repairs. I am told Liberty Maintenance will initiate the aforementioned undertakings next week.

I have attached a photograph Mr. Morehead provided of the release. He stated in a telephone conversation the crude oil release was approx. 3 BO and this same saturated the soil (inside the firewall) between a depth of ½"-1". He has not yet provided the dimension of the spill. However, he tentatively estimated approx. 3 yard of oil saturated oil would require removal to an approved disposal site.

Best Regards,

***Gregory B. Gregson***  
Operations Manager

<image001.jpg>

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**From:** Groves, Amber [<mailto:agroves@slo.state.nm.us>]

**Sent:** Thursday, October 26, 2017 11:37 AM

**To:** Gregory B. Gregson

**Cc:** Yu, Olivia, Emnrd

**Subject:** Re: State I-30 (30-025-08441)

Thank you for taking care of the road situation. Please be advised that as I am requesting a C-141, both release areas will need to be fully delineated per NMOCD standards prior to cleanup commencement. Once your C-141 is sent in, Olivia will respond with a COA

outlining the requirements.

Thank you,  
Amber Groves

Sent from my iPhone

On Oct 26, 2017, at 10:31 AM, Gregory B. Gregson <[ggregson@marklshidlerinc.com](mailto:ggregson@marklshidlerinc.com)> wrote:

Dear Ms. Groves:

In further regard to the notice/violation(s) as set out below, I had a telephone conversation with our contract pumper, Mr. Eddie Jamarillo. He reported the **0.50 BO crude oil release** resulted from a combination of: 1) an (obvious) high liquid level in the open top saltwater tank with unrecovered oil floating on top; and, 2) high winds (occurring earlier in the month of October 2017). I (unfortunately) was not notified of the aforementioned release or other issues.

Hunt Oil Company has completed the repairs to the main road; however, additional repairs will be undertaken by Mark L. Shidler, Inc. from the tank battery to the wellsite. Maintaining a small "footprint" for the landowner has created additional egress/ingress issues, which will be addressed with and corrected to the landowner, Mr. Frier's satisfaction.

I have **stressed** to the contract pumper the necessity of better communication of the current and any future deficiencies (i.e. liquid release, road condition issue, safety issues, etc.) which exist or may exist.

Furthermore, I have contacted a nearby lease crew to schedule the cleanup, equipment removal and road improvement issues.

You and Mr. Frier will be periodically notified of the progress to correct those deficiencies.

As instructed, a C-141 will be prepared/submitted to document the aforementioned release.

Best Regards,

***Gregory B. Gregson***  
Operations Manager

<image002.jpg>

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**From:** Groves, Amber [<mailto:agroves@slo.state.nm.us>]  
**Sent:** Wednesday, October 25, 2017 4:07 PM  
**To:** Gregory B. Gregson  
**Cc:** Yu, Olivia, EMNRD

**Subject:** State I-30 (30-025-08441)

Good Afternoon,

I was in the area of this tank battery yesterday and I have attached two photos to this e-mail for your information. Below are the issues associated with this battery and lease.

- ❖ The lease road needs to be fixed. Not only the caliche road leading to the tank battery, but there is a two track going to the well. There have been several tracks made out in the pasture due to rains. Please remedy this to where there is only one road that is in good condition.
- ❖ The perimeter fencing around the battery needs to be fixed.
- ❖ As you can see from the photos, you have had a release inside the berms. In addition, the heater treater that is laying out in the pasture (which also needs to be disposed of properly), there is evidence that the tank was emptied in the pasture (under the caliche pile). Due to both events, and the condition of the leaking tank in the facility, NMSLO is requesting that a C-141 be filed and all areas be addressed according to OCD standards. I have copied Olivia Yu on this e-mail for your convenience in doing so. Please keep me copied on all correspondence with her regarding the releases as you will need SLO and OCD approval for all activities.

Thank you,

<image001.png>**Amber Groves**

*Remediation Specialist*

*Field Operations Division*

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