

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
**District II**  
1301 W. Grand Avenue, Artesia, NM 88210  
**District III**  
1000 Rio Brazos Road, Aztec, NM 87410  
**District IV**  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-141  
Revised October 10, 2003

Submit 2 Copies to appropriate  
District Office in accordance  
with Rule 116 on back  
side of form

**Release Notification and Corrective Action**

**OPERATOR**

Initial Report  Final Report

Name of Company	MARJO OPERATING Co, INC	Contact	ERIN TINDELL
Address	PO BOX 729, TULSA, OK 74101	Telephone No.	918-583-0241
Facility Name	SUNRAY STATE #1 AND #2 TANK BATTERY	Facility Type	TANK BATTERY
Surface Owner	CARL JENKINSON	Mineral Owner	
		Lease No.	

**STATE LAND**

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
UL-L	11	10S	32E	UNK	UNK	UNK	UNK	LEA

~ 53' Latitude N 33° 27.529' Longitude W 103° 38.955'

**NATURE OF RELEASE**

Type of Release	OIL	Volume of Release	18 GALS	Volume Recovered	18 GALS
Source of Release	TANK BATTERY	Date and Hour of Occurrence	3-7-07	Date and Hour of Discovery	3-7-07
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	NA		
By Whom?	NA (NOTIFICATION WAS MADE BY A 3 <sup>RD</sup> PARTY)	Date and Hour	NA		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	NA		

If a Watercourse was Impacted, Describe Fully.\*

NA

Describe Cause of Problem and Remedial Action Taken.\*

WATER DUMPED INTO OIL TANK, AND FLOATED OIL OUT OF THE TANK. WE REPLACED THE BACK PRESSURE VALVE TO PREVENT THIS FROM HAPPENING AGAIN.

Describe Area Affected and Cleanup Action Taken.\*

AREA AROUND TANK BATTERY AND ROAD BY TANK BATTERY. CLEANED UP OIL WITH VACUUM TRUCK AND PUT BACK IN TANK. WASHED TANKS, AND PUT KALICHE ON GROUND.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

**OIL CONSERVATION DIVISION**

Signature:	<i>[Signature]</i>		
Printed Name:	ERIN TINDELL	Approved by District Supervisor:	<i>[Signature]</i>
Title:	OPERATIONS MANAGER	Approval Date:	6-5-07
E-mail Address:	ERIN@MARJOP.COM	Expiration Date:	8-5-07
Date:	3-8-07	Phone:	918-583-0241
Conditions of Approval: *		Attached <input type="checkbox"/>	
FINAL REPORT DUE BY			

\* Attach Additional Sheets If Necessary

facility # PAC0716433712  
 incident - # PAC0716433908  
 application - # PAC0716434003

\* NOTE ATTACHED AMENDED REPORT THAT UPDATES AMOUNT OF SPILL

RP#1356

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Revised October 10, 2003

Submit 2 Copies to appropriate  
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side of form

**Release Notification and Corrective Action**

AMENDED

**OPERATOR**

Initial Report  Final Report

Name of Company	MARJO OPERATING Co, Inc.	Contact	ERIN TINDELL
Address	PO BOX 729, TULSA, OK 74101	Telephone No.	918-583-0241
Facility Name	SUNRAY STATE #1 AND #2 TANK BATTERY	Facility Type	TANK BATTERY
Surface Owner	CARL L. JOHNSON	Mineral Owner	
		Lease No.	

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
UL-L	11	10 S	32 E	UNK	UNK	UNK	UNK	LEA

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release	OIL	Volume of Release	40 BBLs	Volume Recovered	40 BBLs
Source of Release	TANK BATTERY	Date and Hour of Occurrence	3-7-07	Date and Hour of Discovery	3-7-07
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	NA		
By Whom?	NA (NOTIFICATION MADE BY A 3 <sup>RD</sup> PARTY)	Date and Hour	NA		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	NA		

If a Watercourse was Impacted, Describe Fully.\*

NA

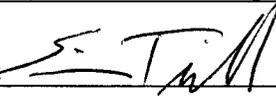
Describe Cause of Problem and Remedial Action Taken.\*

SEE ATTACHED LETTER DATED MAY 11, 2007.

Describe Area Affected and Cleanup Action Taken.\*

SEE ATTACHED LETTER DATED MAY 11, 2007.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: ERIN TINDELL	Approved by District Supervisor:	
Title: OPERATIONS MANAGER	Approval Date:	Expiration Date:
E-mail Address: ERIN@MARJOOP.COM	Conditions of Approval:	
Date: 5-11-07 Phone: 918-583-0241	Attached <input type="checkbox"/>	

\* Attach Additional Sheets If Necessary

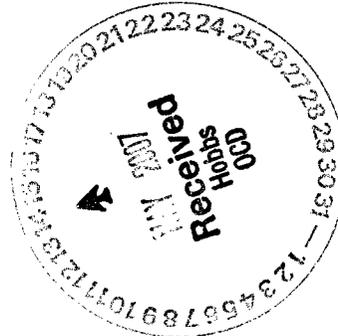
# MARJO OPERATING CO., INC.

P.O. Box 729  
TULSA, OKLAHOMA 74101-0729  
(918) 583-0241  
Fax (918) 582-8159  
E-MAIL: MARJOOP@SWBELL.NET

May 11, 2007

## Certified Mail

Mr. Larry Johnson  
New Mexico Energy, Minerals, and Natural Resources Department  
1625 N. French Drive  
Hobbs, New Mexico 88240



RE: Letters of Violation  
March 9, 2007, Rule 114 (General Housekeeping)  
April 3, 2007  
Sunray State 1 and 2 tank battery,  
Sec 11 T10S-R32E  
Lea County, NM

Dear Mr. Johnson:

The above referenced Letter(s) of Violation are associated with a tank overflow associated with the above referenced tank battery, which was discovered on March 7, 2007. Marjo has received two (2) letters from the Oil Conservation Division (OCD) regarding overlapping issues with this site. The first received, was dated March 9, 2007 and the second April 3, 2007 (received on the 9<sup>th</sup>). In addition, Marjo received a subsequent email communication regarding Rule 19. This correspondence is submitted to respond to each of these communciations

Marjo's immediate response to the overflow included conducting vacuum services to pick up the recoverable standing oil. We also applied a fresh layer of caliche to the road surface to adsorb and minimize potential tracking of the residual oil beyond the affected area. However, field reports indicated that this was inadequate and Marjo subsequently authorized our field services to conduct additional cleanup activity. This additional activity included removal of impacted soil beyond the lease road. The lease road was not included in the soil removal as the road is compacted and coated by earlier road applications of oil. As a result, the road is generally impervious to additional oil infiltration, which is the principle reason the overflow traveled approximately 165 feet along the road and into an adjacent pasture area. In our follow up response, the impacted soil in the pasture area was removed and replaced. The specific area of the pasture remediated was about 20 feet long by about 20 feet width. Our field services reported no visual evidence of impact deeper than one-half (1/2) foot and terminated the removal at that depth. A total of 8 cubic yards of impacted soil was removed and disposed of in Gandy Marley landfill near Tatum, New Mexico. Fresh top soil was obtained from the same source to replace the impacted soil. To our current knowledge, no additional free oil or moveable residual oil remains from this overflow.

*Need ROAD  
CLEANED UP.*

The OCD letter of March 9 directed Marjo to submit a cleanup plan for this issue prior to commencing work. However, Marjo felt it prudent to conduct the cleanup efforts immediately to minimize and contain the actual and potential impact. We believe the response conducted to date has effectively delineated (by excavation) and remediated the impact of the overflow.

The April 3 LOV from the OCD referenced a March 26 inspection observing a skim of oil along the road and an overflowing drip pot and associated impacted soil. We believe the skim of oil issue was addressed with our subsequent response and remediation. The drip pot has been emptied but some heavy oil residue remains and will be cleaned thoroughly with warmer weather. We will remain vigilant on this matter.

*WARMER  
NOW.*

Mr. Larry Johnson  
Marjo Operating Co. Inc.  
Page 2 of 2

A follow up email on April 9<sup>th</sup> between your office and Erin Tindell, Marjo Operations Manager, indicated that the "site would require a complete horizontal and vertical delineation of the spill, a correction of the original C-141 report, a work plan for remediation of the spill site to meet Rule 19...". Marjo had submitted the original C141 to your office on March 8, with the best information available to us at the time, including an estimate of 18 barrels of oil. We subsequently learned from different field sources of an apparent volume discrepancy and we are resubmitting the C141 to report about 40 barrels. We have attached the amended C-141 with this letter.

Our cleanup activity established the depth of oil seepage to no more than one-half (1/2) a foot which posed no risk to the groundwater, and no surface water is known to have been impacted. Therefore Rule 19, "Prevention and Abatement Of Water Pollution" does not appear to be applicable to this site

We have been in phone communication with Mr. Carl Johnson during this activity and he has advised us that he is generally satisfied with the cleanup. He did request additional top soil be placed into the pasture area that was remediated. He also agreed our response to the impacted portion of the road was satisfactory. He has expressed additional request regarding some surplus equipment and/or debris that we are in the process of dealing with. Mr. Johnson has our new pumper's contact information and has been encouraged to discuss any issues regarding the site.

In summary, we believe the response conducted to date has effectively accomplished all OCD requirements, specifically:

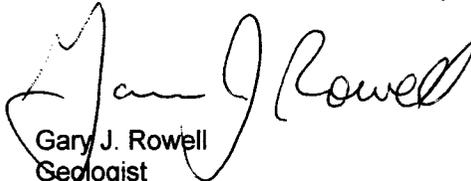
1. The required horizontal and lateral delineation (by excavation),
2. The effected portion of the site has been remediated by removing and replacing the impacted soil in the pasture,
3. Based upon the delineation efforts, we do not believe Rule 19 is applicable.
4. The drip pot has been cleaned and the underlying impacted soil removed and replaced.

We therefore request that our efforts conducted to this date be approved as satisfying the Clean Up Plan and Corrective Action schedule requirements established in the March 9<sup>th</sup>, April 3<sup>rd</sup> and subsequent email communication of April 9<sup>th</sup>.

We have provided copies of OCD correspondences referenced in this letter. Please let us know if you require additional information or coordination.

We thank you for your cooperation and consideration.

Sincerely,  
**MARJO OPERATING COMPANY, INC**



Gary J. Rowell  
Geologist

GJR/gjr

Attachments Amended Form C-141  
March 9 OCD Letter  
April 3 OCD Letter  
April 9 email.

cc.

Claremont Energy  
Kaiser Francis

MAR 16 2007



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

09-Mar-07

**MARJO OPERATING CO., INC.**

PO BOX 729

TULSA OK 74101

## LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

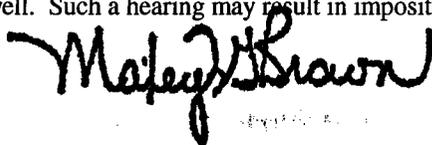
Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

### INSPECTION DETAIL SECTION

SUNRAY STATE No.001		M-11-10S-32E	30-025-20220-00-00			
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
03/07/2007	Routine/Periodic	Maxey Brown	Yes	No	6/10/2007	iMGB0706650063
<b>Violations</b> Surface Leaks/Spills General Housekeeping (Rule 114)						

**Comments on Inspection:** Photos taken of Area. T/B--TANKS HAVE RUN OVER, DIKE LEAKED SPILLING OIL ONTO GROUND, RUNNING EAST FROM T/B DOWN LEASE ROAD. STONE OILFIELD SERVICE VAC TRUCK HAS RECOVERED 40 BBLs AND CONTINUING TO PICKUP OIL FROM GROUND. VIOLATION OF RULE 116. SUBMIT C-141 AND CLEAN UP PLAN FOR APPROVAL TO LARRY JOHNSON HOBBS (OCD 505-393-6161 EXT 111), PRIOR TO COMMENCING WORK. THIS IS 1ST LETTER OF NON-COMPLIANCE.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.



Sincerely,

**COMPLIANCE OFFICER**

Hobbs OCD District Office

**Note:** Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.  
\*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.



NEW MEXICO ENERGY, MINERALS and **APR 09 2007**  
 NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
 Governor  
**Joanna Prukop**  
 Cabinet Secretary

**Mark E. Fesmire, P.E.**  
 Director  
 Oil Conservation Division

*Field Inspection Program*  
*"Preserving the Integrity of Our Environment"*

03-Apr-07

**MARJO OPERATING CO., INC.**  
 PO BOX 729  
 TULSA OK 74101

**LETTER OF VIOLATION - Inspection**

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

**INSPECTION DETAIL SECTION**

<b>SUNRAY STATE No.001</b>		<b>M-11-10S-32E</b>		<b>30-025-20220-00-00</b>		
<b>Inspection Date</b>	<b>Type Inspection</b>	<b>Inspector</b>	<b>Violation?</b>	<b>*Significant Non-Compliance?</b>	<b>Corrective Action Due By:</b>	<b>Inspection No.</b>
03/26/2007	Routine/Periodic	Buddy Hill	Yes	No	6/29/2007	iLWH0708539725
<b>Violations</b>						
Surface Leaks/Spills						
<b>Comments on Inspection:</b> PER GWW..OIL SKIM STANDING ON TOP OF WATER IN ROAD..DRIP POT UNDER OIL LOAD LINE VALVE @ BATTERY IS FULL AND RUNNING OVER..NEED TO EMPTY DRIP POT AND CLEAN UP CONTAMINATED SOIL..FIRST NOTICE						

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,



COMPLIANCE OFFICER

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

\*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

Erin,  
This site will require a complete horizontal and vertical delineation of the spill, a correction of the original C-141 report, a work plan for remediation of the spill site to meet Rule 19 and submitted to OCD for approval. This needs to be accomplished by May 15, 2007 so you can comply with the June 10, 2007 deadline set in the LOV.  
Thanks,  
Larry

---

**From:** Erin Tindell [mailto:Erin@marjoop.com]  
**Sent:** Mon 4/9/2007 2:14 PM  
**To:** Johnson, Larry, EMNRD  
**Subject:** Sunray State letters

Hi Larry,

The file "Sunray State Letter #1" attached is a copy of the letter I spoke to you about earlier today. As I mentioned to you, I filed a C-141 when the spill first occurred. Also attached, "Sunray State Letter #2" is a copy of the letter I just received this morning after we spoke on the phone. I have asked our pumper to empty the drip pot and to remove the kaliche and a portion of the soil beneath it, and replace it with new dirt. Please let me know if there is anything else I need to do regarding either letter.

Thank you,  
Erin

Erin Tindell  
Operations Manager  
Marjo Operating Co., Inc  
918-583-0241 x212  
Fax: 918-582-8159

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This inbound email has been scanned by the MessageLabs Email Security System.

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4/13/2007