

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

NMOCD-07-189

**IN THE MATTER OF WILLIAMS FIELD SERVICES COMPANY, LLC,
Respondent.**

**AGREED ORDER DIRECTING COMPLIANCE
AND ASSESSING CIVIL PENALTY**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") issues this Order to **WILLIAMS FIELD SERVICES COMPANY, LLC** ("Williams") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

I. FINDINGS & DETERMINATIONS BY OCD

1. The OCD is the State division charged with administration and enforcement of the Act and OCD Rules.
2. Williams is a foreign limited liability corporation doing business in New Mexico, registered with the Public Regulation Commission under SCC # 2152643. Williams is an active entity, with a principal address at One Williams Center, Tulsa, Oklahoma 74172. Williams' assigned OGRID number as an operator is 120782 and as a transporter is 25244.
3. Williams is the operator of record of the pipeline at the Meter Station of the Gallegos #13, Sec 35, T26N, R11W, San Juan County, NM.
4. On February 12, 2007 OCD Deputy Oil and Gas Inspector Brandon Powell conducted a routine inspection at the XTO Gallegos #13 well site. At the site, Williams has a meter house. There was oil on the ground and there were cattle tracks in the area sprayed with oil. The release covered an area approximately 250 feet long by 40 feet wide.
5. On February 12, 2007, Inspector Powell contacted XTO about the spill. XTO stated that the spill occurred on January 24, 2007, and was caused by Williams blowing down the line. XTO alleged that it is Williams' responsibility to clean up the release.

6. The same day, February 12, 2007, Inspector Powell contacted Williams about the spill. Williams thought XTO would clean up the spill, as a XTO mechanic had helped purge the line, and it was he who walked away from the open valve.
7. February 22, 2007, a meeting was held with XTO and Williams; Inspector Powell was in attendance. Each company stated it assumed the other was going to clean up the release. They admitted there had not been enough communication between the companies, with the result the spill hadn't been cleaned. Williams admitted it was ultimately responsible for the release cleanup, as it is their pipeline.
8. OCD Rule 13.B [19.15.1.13.B NMAC] requires that "[a]ll operators, contractors, drillers, carriers, gas distributors, service companies, pipe pulling and salvaging contractors, treating plant operators or other persons shall at all times conduct their operations in or related to the drilling, equipping, operating, producing, plugging and abandonment of oil, gas, injection, disposal, and storage wells or other facilities in a manner that will prevent waste of oil and gas, the contamination of fresh waters and shall not wastefully utilize oil or gas, or allow either to leak or escape from a natural reservoir, or from wells, tanks, containers, pipe or other storage, conduit or operating equipment."
9. Williams knowingly and willfully violated OCD Rule 13.B by operating in a manner that failed to prevent the waste of oil and/or gas, as they failed to vent the oil into proper containment, thus allowing it to escape from the pipeline.
10. OCD Rule 116.D [19 15.3.116.D NMAC] requires that the "responsible person must complete division approved corrective action for releases, which endanger public health or the environment. Releases will be addressed in accordance with a corrective action plan submitted to and approved by the OCD."
11. Williams knowingly and willfully violated OCD Rule 116.D by failing to appropriately clean the site in a timely manner, so that it did not constitute an endangerment to public health or the environment.
12. On March 8, 2007, the OCD issued to Williams a Notice of Violation (3-07-09), alleging that Williams knowingly and willfully violated OCD Rules 13.B and 116.D.

IV. ORDER & CIVIL PENALTY ASSESSMENT

20. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty totaling **Two Thousand Dollars (\$2,000.00)** against Williams for knowingly and willingly violating OCD Rules 13.B by operating in a manner that failed to prevent the waste of oil and/or gas and 116.D by failing to appropriately clean the site in a timely manner, so that it did not constitute an endangerment to public health or the environment.
21. The \$2,000.00 civil penalty shall be paid upon execution of this Order. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.

V. ACKNOWLEDGEMENT BY OPERATOR

22. By signing this Order, Williams expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with the Orders outlined in Paragraphs 20 and 21, above;
 - c. waives any right pursuant to the Oil and Gas Act or otherwise to a hearing either prior or subsequent to the entry of this Order, or to an appeal from this Order; and
 - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).

Nothing in this Order relieves Williams of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Williams of its responsibility for compliance with any other federal, state or local laws and/or regulations.

II. STATEMENTS & ADDITIONAL INFORMATION PROVIDED BY THE OPERATOR, WILLIAMS FIELD SERVICES, LLC.

On April 4, 2007, at the Administrative Conference held at the OCD Aztec District Office, and by letter dated April 10, 2007, Williams provided the following, supplemental information:

13. Williams estimates the total volume of liquid release was between 3 and 4 barrels. The release was not sufficient in volume to meet the OCD regulatory definition of a "minor" incident.
14. Williams took reasonable and prudent precautions to prevent a release. This included asking a production company employee to visually inspect the vent valve and to close the same immediately upon establishment of a gas flow. The producer agreed and Williams justifiably relied on the representation.
15. Following the release, the producer presented to Williams that it would clean the spill and dispatched a crew to the site on or about January 26, 2007. Prior to completing that cleanup, however, the producer concluded its efforts with the clean up. At no time was Williams made aware of this conclusion of efforts.
16. Once it was aware of the producer's failure to complete the clean up, Williams immediately dispatched a third-party contractor to ensure the clean up was continued to completion.

III. CONCLUSIONS OF THE OCD

17. The OCD has jurisdiction over the parties and subject matter in this proceeding.
18. Williams is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
19. Williams is subject to civil penalties of up to one thousand dollars (\$1,000.00) per day, per violation under NMSA 1978, § 70-2-31(A) for knowingly and willfully violating OCD Rule 13.B by operating in a manner that failed to prevent the waste of oil, and under 116.D by failing to appropriately clean the site in a timely manner, so that it did not constitute an endangerment to public health or the environment.

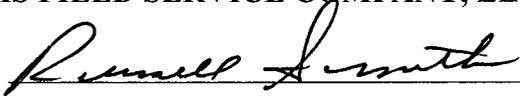
Done at Santa Fe, New Mexico this 22nd day of August 2007.

By: 
Mark Fesmire, PE, Director
Oil Conservation Division

VI. ACCEPTANCE BY OPERATOR

WILLIAMS FIELD SERVICE COMPANY, LLC, Transporter OGRID 25244, Operator OGRID 120782, and operator of record of the pipeline at the Meter Station located at the well site for Gallegos #13, API 30-045-21891, hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth therein.

WILLIAMS FIELD SERVICE COMPANY, LLC

By: 

Title: Team Leader

Date 8-13-07