

GW - 396

ENFORCEMENT

DATE:

2008-2009

1. Quality employees and job duties

Crawford, Randall – Owner
Crawford, Amy – Owner
Flora, Richard – Sales/Dispatch – Carlsbad Yard
Savala, Vincent – Sales/Dispatch – Jal Yard
Hemmingson, Kacie – Secretary
Peters, Benny – Mechanic
Arnett, William – Driver
Gallegos, Miguel – Driver
Knight, Don – Driver
Lujan, Ezequiel – Driver
Suver, David – Driver
Tiller, Shayne – Driver

2. Copy of company records since 2004, see attached.
3. Name and contact information on driver on November 13, 2008 at the discharge site.

Martin Sandoval
502 Laredo St.
Carlsbad, NM 88220
(575) 628-3752
(575) 885-2619

4. Quality Transport is in the process of locating the name of the operator and lease from which the produced water came from.
5. Corrective action plan to comply with WQCC Rule 20.6.2.1203, see attached.

Quality Transportation Inc.
Hauling or Transporting Fluids

Scope:

Hauling or transporting materials and/or waste materials from any location to an approved disposal system/site.

Persons whose job scope and duties require the transporting and disposal of any waste material shall adhere to the policies and procedures implemented by Quality Transportation Inc. **Under no circumstance** shall any employee dispose of such wastes in a manner that directly violates federal, state, and/or company policies and procedures. Noncompliance of procedures will result in necessary legal action, as well as permanent termination for any such violations.

I have read and fully understand the policies and procedures implemented by Quality Transportation Inc. and I fully understand the ramifications of any such violation.

Printed Name _____

Signature _____

Date _____

Quality Transport response for Item Number 2 is in
Thumbnail Identified as 'Company Records since 2004'.

There are several pages of Company Records.



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



RECEIVED
2008 APR 28 PM 1 04

RECEIVED
NOV 24 2008

HOBBSBURG

19.15.34

NOTICE OF VIOLATION

Response Required-Deadline Enclosed

November 20, 2008

Quality Transport, Inc.
C/O Randy Crawford
7 Crawford Lane
Jal, NM 88252

Certified Mail: 7001 1940 0004 3929 4463

Re: Operator: Quality Transport, Inc.
OGRID: 262232
Location: Crawford Ranch; Unit A, Section 31, T24S, R37E
Violation: WQCC Rule 20.6.2.1201 NMAC
WQCC Rule 20.6.2.1203 NMAC
WQCC Rule 20.6.2.3104 NMAC

Dear Operator:

On November 13, 2008, Oil Conservation Division ("OCD") District I Supervisor, Larry Hill, performed an inspection at the site indicated above. During his inspection District Supervisor Hill observed that there was a produced water truck (tractor #26 with NM license plate IR-G3741, tank trailer with plate 9046?- B) bearing your company logo releasing water on location. Mr. Hill sampled the water discharging from the truck. On November 14, 2008, Larry Johnson, OCD District I Environmental Inspector, sampled the soils at the discharge site and transported the samples to an analytical laboratory. The analytical results indicate the water and soils contained contaminants that exceed the New Mexico Water Quality Groundwater Standards.



Water Quality Control Commission (WQCC) Rule 20.6.2.1201 NMAC requires that any person intending to make a new water contaminant discharge shall file a notice with the OCD. OCD has not received such notice for the discharge at the site indicated above. This is a violation of WQCC Rule 20.6.2.1201 NMAC.

WQCC Rule 20.6.2.1203 NMAC requires that notification of the discharge shall be orally given to the Chief of the Ground Water Quality Bureau or to the Chief of the Environmental Bureau. Since neither Bureau Chief has been notified, this is a violation of WQCC Rule 20.6.2.1203 NMAC.

Also, WQCC Rule 20.6.2.3104 NMAC requires that no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into groundwater unless he is discharging pursuant to a discharge permit. OCD has not issued a permit for the discharge at the site indicated above. Therefore, Quality Transport, Inc. has caused a discharge at the site without having a permit issued for such discharge. This is a violation of WQCC Rule 20.6.2.3104 NMAC.

Quality's misconduct warrants issuance of this Notice of Violation and assessment of civil penalties pursuant to NMSA 1978, §74-6-10.1(B) for violations of the WQCC rules described above. Section 74-6-10.1(B) authorizes penalties of up to **Ten Thousand Dollars (\$10,000.00)** per day per violation of any provision (other than Section 74-6-5 NMSA 1978) of the Water Quality Act or any rule adopted pursuant to the Act. Also, Quality's actions could potentially be subject to criminal penalties pursuant to NMSA 1978, § 74-6-10.2. Therefore, the OCD is providing a copy of this letter to the District Attorney for his deliberation.

Please contact me within ten (10) days of the date of this letter at (505) 476-3490, to schedule an administrative conference to discuss this matter. OCD legal counsel may be present for this conference, and you may bring legal counsel if you wish. The purpose of the administrative conference is to discuss the facts surrounding this notice of violation, and to determine if the matter can be resolved through a settlement agreement and stipulated final order.

A person that is a responsible agent for Quality must attend the conference and bring the following:

1. List of Quality employees and their respective responsibilities.
2. Copy of all company records since 2004 pertaining to the receipt of produced water and the disposal of produced water by Quality.
3. The name and contact information of the driver, who was driving the truck (truck license plate #G3741; trailer license plate #9046?-B) on November 13, 2008 from which the discharge at the site occurred.
4. The name of the operator and lease where the produced waste water was generated and picked up by Quality.

5. A corrective action plan to comply with WQCC Rule 20.6.2.1203.

Send to Santa Fe

cc Larry Johnson
Hobbs

ATT: Daniel Sanchez

If this matter cannot be resolved administratively, the OCD may take further enforcement action, which may include a compliance order requiring the appropriate corrective action pursuant to NMSA 1978, § 74-6-10(F). That statute provides:

If a person fails to take corrective actions within the time specified in a compliance order, the OCD may assess a civil penalty of not more than twenty-five thousand dollars (\$25,000) for each day of continued noncompliance with the compliance order.

Your prompt attention in this matter is warranted.

Sincerely,



Wayne Price
Environmental Bureau Chief

cc: Larry Hill, OCD District I Supervisor, Hobbs
Larry Johnson, OCD District I Environmental Inspector, Hobbs
Gail MacQuesten, Assistant General Counsel, Santa Fe
Sonny Swazo, Assistant General Counsel, Santa Fe
Floyd D. "Terry" Haake, District Attorney, Fifth Judicial District, Carlsbad
Ron Walker, Deputy District Attorney, Fifth Judicial District, Carlsbad
Keith L. Clayton, Senior Patrolman, NM State Police, Hobbs

QA, QC - Something in writing to inform employees that no one, allowed to dump. Termination procedures. Sent to Santa Fe.

*Start dilineation process on spill site
as per Larry Johnson
Buddy Hill
Daniel Sanchez*

GW-396

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Quality Transport, Inc.
c/o Randy Crawford
7 Crawford Lane
Jal, NM 88252

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Kacie Hemming* Agent
 Addressee

B. Received by (Printed Name)
Kacie Hemmingson

C. Date of Delivery
11/24/05

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7001 1940 0004 3929 4463**

PS Form 3811, August 2001 Domestic Return Receipt 102595-01-M-25

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
Randy Crawford
Quality Transport, Inc.
7 Crawford Lane
Jal, NM 88252

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *Randy Crawford* Agent
 Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Transfer from service label) **7001 1940 0004 7923 5310**

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

GW-396

• Sender: Please print your name, address, and ZIP+4 in this box •

Wayne Price
ENVIRONMENTAL BUREAU
OIL CONSERVATION DIVISION
1220 SO. ST. FRANCIS
SANTA FE, NM 87505



UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

OIL CONSERVATION DIVISION
1220 SOUTH ST FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505





New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



NOTICE OF VIOLATION

Response Required-Deadline Enclosed

November 20, 2008

Quality Transport, Inc.
C/O Randy Crawford
7 Crawford Lane
Jal, NM 88252

Certified Mail: 7001 1940 0004 3929 4463

Re: Operator: Quality Transport, Inc.
OGRID: 262232
Location: Crawford Ranch; Unit A, Section 31, T24S, R37E
Violation: WQCC Rule 20.6.2.1201 NMAC
WQCC Rule 20.6.2.1203 NMAC
WQCC Rule 20.6.2.3104 NMAC

Dear Operator:

On November 13, 2008, Oil Conservation Division ("OCD") District I Supervisor, Larry Hill, performed an inspection at the site indicated above. During his inspection District Supervisor Hill observed that there was a produced water truck (tractor #26 with NM license plate IR-G3741, tank trailer with plate 9046?- B) bearing your company logo releasing water on location. Mr. Hill sampled the water discharging from the truck. On November 14, 2008, Larry Johnson, OCD District I Environmental Inspector, sampled the soils at the discharge site and transported the samples to an analytical laboratory. The analytical results indicate the water and soils contained contaminants that exceed the New Mexico Water Quality Groundwater Standards.



Water Quality Control Commission (WQCC) Rule 20.6.2.1201 NMAC requires that any person intending to make a new water contaminant discharge shall file a notice with the OCD. OCD has not received such notice for the discharge at the site indicated above. This is a violation of WQCC Rule 20.6.2.1201 NMAC.

WQCC Rule 20.6.2.1203 NMAC requires that notification of the discharge shall be orally given to the Chief of the Ground Water Quality Bureau or to the Chief of the Environmental Bureau. Since neither Bureau Chief has been notified, this is a violation of WQCC Rule 20.6.2.1203 NMAC.

Also, WQCC Rule 20.6.2.3104 NMAC requires that no person shall cause or allow effluent or leachate to discharge so that it may move directly or indirectly into groundwater unless he is discharging pursuant to a discharge permit. OCD has not issued a permit for the discharge at the site indicated above. Therefore, Quality Transport, Inc. has caused a discharge at the site without having a permit issued for such discharge. This is a violation of WQCC Rule 20.6.2.3104 NMAC.

Quality's misconduct warrants issuance of this Notice of Violation and assessment of civil penalties pursuant to NMSA 1978, §74-6-10.1(B) for violations of the WQCC rules described above. Section 74-6-10.1(B) authorizes penalties of up to **Ten Thousand Dollars (\$10,000.00)** per day per violation of any provision (other than Section 74-6-5 NMSA 1978) of the Water Quality Act or any rule adopted pursuant to the Act. Also, Quality's actions could potentially be subject to criminal penalties pursuant to NMSA 1978, § 74-6-10.2. Therefore, the OCD is providing a copy of this letter to the District Attorney for his deliberation.

Please contact me **within ten (10) days of the date of this letter** at (505) 476-3490, to schedule an administrative conference to discuss this matter. OCD legal counsel may be present for this conference, and you may bring legal counsel if you wish. The purpose of the administrative conference is to discuss the facts surrounding this notice of violation, and to determine if the matter can be resolved through a settlement agreement and stipulated final order.

A person that is a responsible agent for Quality must attend the conference and bring the following:

1. List of Quality employees and their respective responsibilities.
2. Copy of all company records since 2004 pertaining to the receipt of produced water and the disposal of produced water by Quality.
3. The name and contact information of the driver, who was driving the truck (truck license plate #G3741; trailer license plate #9046?-B) on November 13, 2008 from which the discharge at the site occurred.
4. The name of the operator and lease where the produced waste water was generated and picked up by Quality.
5. A corrective action plan to comply with WQCC Rule 20.6.2.1203.

If this matter cannot be resolved administratively, the OCD may take further enforcement action, which may include a compliance order requiring the appropriate corrective action pursuant to NMSA 1978, § 74-6-10(F). That statute provides:

If a person fails to take corrective actions within the time specified in a compliance order, the OCD may assess a civil penalty of not more than twenty-five thousand dollars (\$25,000) for each day of continued noncompliance with the compliance order.

Your prompt attention in this matter is warranted.

Sincerely,



Wayne Price
Environmental Bureau Chief

cc: Larry Hill, OCD District I Supervisor, Hobbs
Larry Johnson, OCD District I Environmental Inspector, Hobbs
Gail MacQuesten, Assistant General Counsel, Santa Fe
Sonny Swazo, Assistant General Counsel, Santa Fe
Floyd D. "Terry" Haake, District Attorney, Fifth Judicial District, Carlsbad
Ron Walker, Deputy District Attorney, Fifth Judicial District, Carlsbad
Keith L. Clayton, Senior Patrolman, NM State Police, Hobbs

Floyd D. "Terry" Haake
District Attorney
Fifth Judicial District
Eddy County Courthouse
102 North Canal, #200
Carlsbad, NM 88220

Ron Walker,
Deputy District Attorney
Fifth Judicial District
Eddy County Courthouse
102 North Canal, #200
Carlsbad, NM 88220

Keith L. Clayton
Senior Patrolman
New Mexico State Police
5100 Jack Gomez Blvd.
Hobbs, NM 88240

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



NOTICE OF VIOLATION
NOV No. 01-08-06

Response Required -- Deadline Enclosed

November 20, 2008

Randy Crawford, President
Quality Transport, Inc.
7 Crawford Lane
Jal, NM 88252

Certified Mail: 7001 1940 0004 7923 5310

Re: Operator: Quality Transport, Inc.
OGRID: 262232
Location: Unit A, Section 31, T24S, R37E
Violations: OCD Rule 19.15.2.51 NMAC
OCD Rule 19.15.2.52 NMAC
OCD Rule 19.15.3.116 NMAC

Mr. Crawford,

On November 13, 2008, Oil Conservation Division (OCD) District I Supervisor, Mr. Larry Hill, performed an inspection of a location (indicated above) north of Jal. Mr. Hill observed a tanker truck bearing your company logo (tractor #26 with NM license plate IR-G3741 and tank trailer with plate 9046?- B) releasing oil field waste water directly onto the ground. This water was draining to a nearby playa. Mr. Hill obtained a sample of water directly from the tanker. There were signs of surface erosion indicating similar events may have occurred in the past. Mr. Hill spoke in person with the driver (your employee) as well as the driver's supervisor by cell phone regarding the situation. On November 14, 2008, the OCD sampled surface soils from the site and submitted all samples to an independent laboratory for analysis. The results indicate the water and soils were contaminated with salts and petroleum hydrocarbons.

The Oil and Gas Act gives the OCD authority over wastes resulting from oil and gas operations. Under 19.15.2.51 NMAC *TRANSPORTATION OF PRODUCED WATER, DRILLING FLUIDS AND OTHER LIQUID OIL FIELD WASTE*, "No person shall transport produced water, drilling



fluids or other liquid oil field waste, including drilling fluids and residual liquids in oil field equipment, except for small samples removed for analysis, by motor vehicle from a lease, central tank battery or other facility without an approved form C-133, authorization to move liquid waste. The transporter shall maintain a photocopy of the approved form C-133 in the transporting vehicle. Quality Transport, Inc. was incorporated in 2004 for the stated purpose of "water transporting". However, a form C-133 was not received by the OCD until August 21, 2008. Your firm was authorized on September 9, 2008 to move produced water, but no copy of the approval was provided by your driver.

Under 19.15.2.52 NMAC *DISPOSITION OF PRODUCED WATER AND OTHER OIL FIELD WASTE*, "Except as authorized by 19.15.1.19 NMAC, 19.15.17 NMAC, 19.15.36 NMAC, 19.15.3.116 NMAC, or 19.15.9.701 NMAC, no person, including a transporter, shall dispose of produced water or other oil field waste: (1) on or below the surface of the ground; in a pit; or in a pond, lake, depression or watercourse; (2) in another place or in a manner that may constitute a hazard to fresh water, public health, safety or the environment; or (3) in a permitted pit or registered or permitted surface waste management facility without the permission of the owner or operator of the pit or facility." The movement or disposition of produced water in a manner contrary to division rules is cause for cancellation or suspension of your firm's authorization to move produced water. (See 19.15.2.51.E NMAC)

Furthermore, under 19.15.3.116 NMAC *RELEASE NOTIFICATION AND CORRECTIVE ACTION*, "The division shall be notified of any unauthorized release occurring during the drilling, producing, storing, disposing, injecting, transporting, servicing or processing of crude oil, natural gases, produced water, condensate or oil field waste...". This situation would be considered a Major Release under the regulations as the unauthorized volume appears to be in excess of 25 barrels as well as reaching a nearby playa, which is a watercourse. As such, this situation should have been "reported by giving both immediate verbal notice and timely written notice...". As the responsible entity associated with the release, Quality Transport, Inc. "must complete division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the division...".

Please contact me **within ten (10) days of the date of this letter** at (505) 476-3493, to schedule an administrative conference. OCD legal counsel may be present for the conference, and you may bring legal counsel if you wish. The purpose of the conference is to discuss the facts surrounding this Notice of Violation, and determine if the matter can be resolved administratively through an agreed compliance order.

A person whom is a responsible agent for Quality Transport, Inc. is required to attend the administrative conference and bring the following:

1. Copies of all company records since 2004 pertaining to the receipt, transport, and disposal of produced water by Quality Transport, Inc.
2. The name and contact information for the driver of the vehicle on November 13, 2008 from which the discharge at the location occurred.
3. The name(s) of the operator(s) and lease(s) where the produced waste water discharged on November 13, 2008 was generated and picked up by Quality Transport, Inc.
4. A corrective action plan for the remediation of the site.

Quality Transport, Inc.'s apparent misconduct warrants issuance of this Notice of Violation and the possible assessment of civil penalties pursuant to NMSA 1978, §70-2-31(A) for violations of the OCD rules associated with the illegal disposal of liquid wastewater (i.e. "produced water") on to the ground and into a nearby playa lake. Section 70-2-31(A) authorizes penalties of up to **One Thousand Dollars (\$1,000.00)** per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant to the Act.

If this matter cannot be resolved administratively, the OCD may take further action, which may include filing an application for hearing seeking penalties, corrective action, and suspension or cancellation of Quality Transport, Inc.'s C-133 authorization.

Respectfully,



Daniel Sanchez
OCD Enforcement and Compliance Manager

cc: Larry Hill, OCD District I Supervisor, Hobbs
Larry Johnson, OCD District I Environmental Inspector, Hobbs
Gail MacQuesten, EMNRD Assistant General Counsel, Santa Fe
Sonny Swazo, EMNRD Assistant General Counsel, Santa Fe
Floyd D. "Terry" Haake, District Attorney, Fifth Judicial District, Carlsbad
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