

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

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HOLLAND & MART LLP

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST BTA OIL PRODUCERS LLC, FINDING THE OPERATOR IN VIOLATION OF ORDER NO. R-9147-C, 19.15.26.10.B NMAC, 19.15.34 NMAC, 19.15.17 NMAC AND 19.15.29 NMAC AS TO A SALT WATER DISPOSAL FACILITY; REQUIRING OPERATOR TO SUBMIT A DELINEATION REPORT AND REMEDIATE THE FACILITY SITE; IN THE EVENT OF NON-COMPLIANCE REQUIRING THE OPERATOR TO PLUG AND ABANDON THE DISPOSAL WELL AND REMEDIATE THE ASSOCIATED FACILITY BY A DATE CERTAIN AND AUTHORIZE THE DIVISION TO TAKE THOSE ACTIONS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE; AND HOLD OPERATOR IN VIOLATION OF 19.15.5.9 NMAC UNTIL OPERATOR COMPLETES ALL ORDERED CORRECTIVE ACTION, EDDY COUNTY, NEW MEXICO.

CASE 14413

Order No. R-13218-C

THIRD AMENDMENT TO THE  
STIPULATED ORDER & SETTLEMENT AGREEMENT

The Oil Conservation Division (“OCD”) and BTA Oil Producers LLC (“BTA”) entered into Order No. R-13218 to resolve the civil compliance issues asserted in Case 14413 regarding BTA’s disposal of produced water from the tank battery at the site of the Pardue C 8808 JVP #001 well, API 30-015-26341, onto the surface of the ground at an unpermitted, unlined pit. The OCD alleged in Case 14413 that BTA’s conduct violated Order No. R-9147-C, 19.15.26.10.B NMAC, 19.15.34 NMAC, 19.15.17 NMAC, and 19.15.29 NMAC.

In Order No. R-13218, the OCD and BTA agreed that BTA would submit a plan to investigate vadose zone and ground water contamination at the site of the pit and tank battery at the Pardue C 8808 JV-P #001, and remediate the contamination in accordance with an OCD-approved plan. Order No. R-13218 further provided that BTA “shall be in violation of 19.15.5.9 NMAC until it has submitted an acceptable delineation plan, received OCD approval of a remediation plan, completed soil remediation and begun remediation of water contamination.” Order No. R-13218 began the process by setting a deadline for BTA to submit a plan to delineate the horizontal and vertical extent of contamination at the site of the pit and tank battery, and characterize the impact of the produced water releases to the vadose zone, shallow perched aquifer, and the deeper regional aquifer.

BTA submitted a timely delineation plan, which the OCD approved.

Order No. R-13218-A, the first amendment to Order No. R-13218, set a deadline for BTA to file a delineation report as described in its approved plan and propose a remediation approach based on its findings.

BTA submitted a timely delineation report and proposed remediation approach, and the OCD approved the report and the proposed remediation approach.

Order No. R-13218-B, the second amendment to Order No. R-13218, set a deadline for BTA to file with the OCD’s Environmental Bureau a remediation plan addressing water contamination, based on BTA’s proposed remediation approach.

On November 10, 2010, BTA submitted its Soil Remediation and Pumping Test Report and Ground Water Remediation Plan.

The parties agree to a third amendment to Order No. R-13218, to add the following provisions:

1. BTA has conducted the soil remediation at the site of the unlined, unpermitted pit at the Pardue C 8808 JVP #001 well.

2. BTA submitted a remediation plan addressing water contamination at the site, which the OCD has approved.

3. BTA has begun remediation of water contamination in accordance with its approved remediation plan.

4. Because BTA has submitted an acceptable delineation plan, received OCD approval of a remediation plan, conducted the soil remediation and has begun remediation of water contamination, the provision in Paragraph 11(d) of Order R-13218 placing BTA in violation of 19.15.5.9 NMAC shall no longer be in effect.

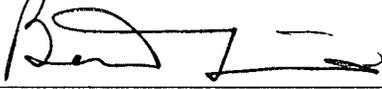
5. BTA shall continue to remediate water contamination at the site under the terms of its OCD-approved plan until the water is remediated in accordance with applicable statutes and rules. As required by its OCD-approved plan, BTA shall submit an annual report to the OCD to present the groundwater samples results from the recovery well and monitoring wells, and the volume of water produced and disposed. BTA shall submit the report to the Environmental Bureau of the OCD.

6. If BTA stops its remediation efforts before the water is remediated in accordance with applicable statutes and rules, or deviates from its OCD-approved remediation plan, it shall immediately notify the Environmental Bureau of the OCD.

7. Jurisdiction is retained by the OCD for the entry of such further orders as may be necessary to ensure that the water contamination at the site is remediated in accordance with applicable standards and rules.

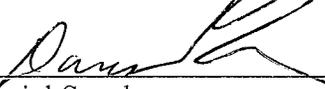
8. The remaining provisions of Order R-13218, as amended, remain in full force and effect.

**BTA Oil Producers LLC**

  
\_\_\_\_\_  
BTA Oil Producers LLC

3/24/2011  
Date

**Oil Conservation Division**

  
\_\_\_\_\_  
Daniel Sanchez,  
Compliance and Enforcement Manager  
Oil Conservation Division

3/28/11  
Date

**APPROVED BY:**

  
\_\_\_\_\_  
Daniel Sanchez,  
Acting Director, Oil Conservation Division

3/28/11  
Date