NM1 - 26

ENFORCEMENT

DATE:

May 9, 2000

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

May 9, 2000

CERTIFIED MAIL
RETURN RECEIPT NO. Z-559-573-311

Mr. Gerald Jensen
Jenex Operating Company
1675 Broadway
Suite 3010
Denver, CO 80202

RE: NOTICE OF VIOLATION
Surface Waste Management Facility Inspection Report: Permit NM-01-0026
Jenex Operation Company
SW/4 NE/4 NW/4 and the S/2 NW/4 NW/4 of Section 14,
Township 20 South, Range 38 East, NMPM
Lea County, New Mexico

Dear Mr. Jensen:

The New Mexico Oil Conservation Division (OCD) inspected the Jenex Operating Company (Jenex) commercial surface waste management facility at the above location on January 20, 2000 and April 12, 2000.

The OCD inspection and file review of Jenex indicates several permit deficiencies and violation of Rule 116, failure to report a release. Attachment 1 lists the permit deficiencies and rule violation found at Jenex during the inspection and file review. Attachment 2 and 3 contains photographs taken during the inspection. Attachment 4 is a copy of the OCD District field trip report for January 20, 2000. Jenex shall provide the OCD with a detailed description of how the corrections will be made and a time table of when each of the corrections will be completed. Jenex must respond to the permit deficiencies and Notice of Violation by June 9, 2000.

Failure to submit the requested information and respond to the permit deficiencies by June 9, 2000 will result in the issuance of a compliance order which may include civil penalties pursuant to 70-2-31 NMSA 1978 as amended.

A review Jenex's financial assurance finds that the $50,000 surety bond No. 124047699 is current and active. Please be advised that the facility is scheduled to be re-permitted this year and additional financial assurance will be required. If you do not have a copy of the OCD surface waste management facility financial assurance forms you may obtain them from the OCD web site http://www.emnrd.state.nm.us/ocd/.

If you have any questions please contact Martyne Kieling at (505) 827-7153.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

Attachments
xc: Hobbs OCD Office

ATTACHMENT 1
INSPECTION REPORT
PERMIT NM-01-0026
JENEX OPERATION COMPANY
SW/4 NE/4 NW/4 and the S/2 NW/4 NW/4 of Section 14,
Township 20 South, Range 38 East, NMPM,
Lea County, New Mexico
(May 9, 2000)

1. Fencing and Signs: The facility will be fenced and have a sign at the entrance. The sign shall be maintained in good condition and shall be legible from at least fifty (50) feet and contain the following information : a) name of facility, b) location by section, township and range, and c) emergency phone number.

   Facility is secured with fence and locking gate and has a sign at the entrance.

2. Berming: An adequate berm will be constructed and maintained to prevent runoff and runon for that portion of the facility containing contaminated soils.

   Facility is bermed at the fence line.

3. Trash and Potentially Hazardous Materials: All trash and potentially hazardous materials should be properly disposed of.

   There was no trash present. There was one pile of oil contaminated soil that was stockpiled for off-site disposal/remediation (see attachment 3 photo 12). Contaminated soils should be removed as soon as possible to an OCD approved facility. There was one bucket of oily sludge that should be recycled or properly disposed of (see attachment 2 photo 25).

4. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new facilities or **modifications to existing facilities** must place the tank on an impermeable pad within the berm so that leaks can be identified.

   Above ground tanks are not bermed and the facility has had a history of spills, leaks and tank overflows (see attachment 2 photos 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 21 and attachment 3 photos 2, 6, 7, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, and 25).

   Two tanks were receintly removed and some contaminated soil was excavated (see attachment 3 Photos 17, 19, and 21). All replacement tanks must be placed on an impermeable pad within a berm so that leaks can be identified quickly, contained to a small area and easily picked up.

Oil from paraffin tank has soaked the ground along the south and east side of the tanks (see attachment 3 photo 7). The contaminated soil has not been removed only covered up with gravel.

Oil must be contained and not allowed to run down the drive portion of the facility (see attachment 2 photo 8, 11, 12, 13, 16, 19 and 28. All above ground tanks at Jenex which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. This will require some modification of the current facility. Jenex may extend their concrete retaining walls, enlarge the earthen berms or propose another alternative to contain spills.

All spills should be cleaned up and or remediated in a timely manner. Covering spills and leaks with fresh soil/caliche is not an acceptable manner of remediation.

5. Sumps and Valve Catchments: All sumps and catchments must be kept empty so that leaks can be identified and to prevent overflow onto the ground. All pre-existing below grade sumps or catchments must demonstrate integrity on an annual basis. Integrity tests must include visual inspections of cleaned out sumps or catchments.

The current practice of connecting and disconnecting and moving hoses to move tank fluids and then allowing hoses to drain onto the ground surface must stop (see attachment 2 Photo 5 and 26 and attachment 3 photo 13, 14, 16 and 18). Tanks must have a dedicated pipe or hose for fluid transfer and a sump at each to catch drips.

Some pipes do not have a sump to catch drips (see attachment 2 photo 18 and attachment 3 photo 11) other sumps have not been kept empty to reduce the chance of overflow (see attachment 2 photos 4, 15, 25, 26, 27 and attachment 3 photos 6, 8 and 9).

The laboratory sink drain catchment should be inspected daily and liquids removed frequently to prevent over-topping and over-spray (see attachment 3 photo 1).

Secondary containment must be installed at those fluid transfer points that have a history of spills and leaks. Facility inspections must be conducted on a daily basis and sumps and catchments emptied. Sumps and catchments should be cleaned and inspected for integrity on an annual basis. Soil contaminated by overflow or leaking sumps and catchments must be cleaned up. Jenex may propose some onsite remediation or send the contaminated soils to an OCD approved facility for off-site remediation.

6. Equipment Maintenance: Equipment, tanks, pipe valves and connections must be inspected on a regular basis and repairs made as needed.

Several tank overflows were observed (see attachment 2 photos 2, 3, 5, 7 and 10 and attachment 3 photos 2, 7, 15, 19 and 21). Leaking pipes, valves and tanks were

observed (see attachment 2 photos 13, 15, 17, 18, 23, 25, 26 and 27 and attachment 3 photos 7, 22, 24 and 25).

All leaking pipes, valves and tanks must be repaired. Tank systems prone to overflow must be modified to prevent over-topping. Damaged tanks must be repaired or replaced. Contaminated soils must be cleaned up. Jenex may some onsite remediation or send the contaminated soils to an OCD approved facility for off-site remediation.

7. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums should be stored on their sides with the bungs in and lined up on a horizontal plane. Chemicals in other containers such as sacks or buckets should also be stored on an impermeable pad and curb type containment.

Drums are not properly stored (See attachment 2 photos 2, 7, 16). By the second inspection on 4-13-00 the drums had been picked up and chemicals were being stored properly (see attachment 3 photos 3, 4 and 26)

All drums and chemical containers should be clearly labeled to identify their contents and other emergency information necessary if they were to rupture, spill or ignite.

Labels were faded and hard to read or were not present (see attachment 2 photos 2, 7, and 22 and attachment 3 photos 3 and 4). New labels should be requested from the manufacture and old ones replaced.

8. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

Saddle tanks were all properly contained (see attachment 2 photo 20 and attachment 3 photos 3, 4 and 20).

9. Tank Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency information necessary if the tank were to rupture, spill or ignite.

Tanks are not numbered and were not clearly labeled to identify their contents and hazards. Placards or stencils must be placed on all tanks.

10. Migratory Bird Protection: All tanks exceeding 16 feet in diameter and exposed pits, ponds or lagoons must be screened, netted, covered or otherwise rendered not hazardous to migratory birds.

NA There are no open top tanks, pits or ponds.

11. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116 to the appropriate OCD District Office.

Three days prior to the OCD 1-20-00 inspection there had been a 40 Barrels (bbl) release at Jenex. This spill was not reported pursuant to Rule 116 (See enclosed Rule 116 and Form C-141).

12. Regular Facility Inspections: Facility inspections and maintenance must be conducted on at least a daily basis and immediately following each consequential rainstorm or windstorm.

The current permit issued on October 8, 1993 has not required these inspections.

13. H_2S Screening: H_2S screening must be recorded and maintained.

The current permit issued on October 8, 1993 has not required H_2S screening and record keeping.

14. Waste Acceptance and Disposal Documentation: Documentation required by forms C-117 and C-118. These records must be maintained for each load may include: 1) generator; 2) origin; 3) date received; 4) quantity; 5) certification; 6) NORM status declaration; 7) transporter; 8) exact cell location; and 9) any addition of treatment chemicals.

Records including C-117 and C-118 were not reviewed on this inspection.

ATTACHMENT 2:
Jenex Operating Co. NM-01-0026

Photo 1 01-20-00 facing south
Spills and leaks between tanks.

Photo 2 01-20-00 facing east
Tank overflow.

Photo 3 01-20-00 facing east
Oil soaked ground covered by fresh caliche.

Photo 4 01-20-00 facing southwest
Spills and leaks southwest corner of facility.

Photo 5 01-20-00 facing north
Spills and leaks along back of tanks.

Photo 8 01-20-00 facing north
Oil spill covered by fresh caliche front of tanks.

Photo 6 01-20-00 facing north
Standing oil between tanks.

Photo 9 01-20-00 facing east
Standing oil between tanks.

Photo 7 01-20-00 facing north
Spills, leaks and standing oil along front of tanks.

Photo 10 01-20-00 facing north
Standing oil front of tanks.

Photo 11 01-20-00 facing east
Spills, leaks and standing oil south side of facility.

Photo 14 01-20-00
Spills, leaks and standing oil between tanks

Photo 12 01-20-00 facing west
Standing oil along drive.

Photo 15 01-20-00
Spills, leaks and standing oil from pipeing and tanks.

Photo 13 01-20-00 facing south
Oil soaked ground from leaks near paraffin tank.

Photo 16 01-20-00 facing northeast
Drums and saddle tank storage.

Photo 17 01-20-00 facing south
Spills and leaks southwest corner of facility.

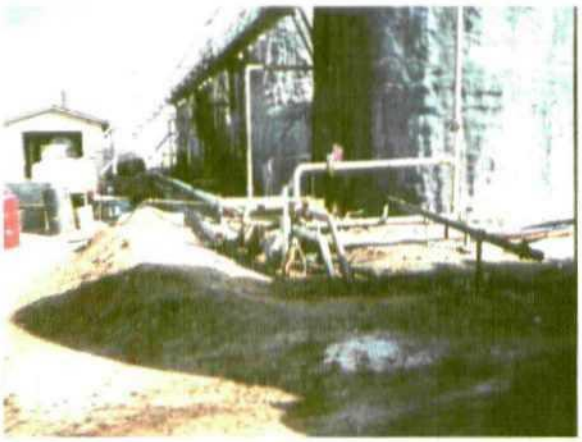


Photo 18 01-20-00 facing north
Spills, leaks standing oil along front of tanks.

Photo 19 01-20-00 facing northwest
Facility entrance where oil ran down road way covered by fresh caliche.

Photo 20 01-20-00 facing east
Diesel tank along east fence line.

Photo 21 01-20-00 facing west
Standing oil back of tanks

Photo 22 01-20-00 facing east
Chemical tanks next to boiler building.

Photo 23 01-20-00
Leaking tank, spills covered with clean soil.

Photo 24 01-20-00 facing south
Standing oil between tanks.

Photo 25 01-20-00 facing west
Leaks, spills and full sump.

Photo 26 01-20-00 facing west
Full sumps and oil contaminated soils from spills.

Photo 27 01-20-00
Leaking pipe, contaminated soil and full sump.

Photo 28 01-20-00 facing west
Oil spill that ran down road covered with fresh caliche.

Photo 1 04-13-00 facing south
Laboratory sink drain.

Photo 4 04-13-00 facing east
Secondary containment for saddle tanks.

Photo 2 04-13-00 facing east
Oil soaked soil coverd over and bleeding through.

Photo 5 04-13-00 facing north
Boiler house and yard.

Photo 3 04-13-00 facing east
Secondary containment for saddle tanks.

Photo 6 04-13-00 facing south
Oil soaked soil covered over and full sump.

Photo 7 04-13-00 facing west
Oil saturated soil from paraffin tank spills and line leak.

Photo 10 04-13-00 facing north
Oil soaked soil covered over and bleeding through.

Photo 8 04-13-00 facing west
Oil saturated soils from spills and leaks.

Photo 11 04-13-00 facing north
Valves without catchments and oil stained soils.

Photo 9 04-13-00 facing southeast
Oil sale tanks.

Photo 12 04-13-00 facing east
Pile of oil contaminated soil.

Photo 13 04-13-00 facing north
Hose draining directly to ground.

Photo 16 04-13-00 facing north
Hose draining directly to ground.

Photo 14 04-13-00 facing north
Hose draining directly to ground.

Photo 17 04-13-00 facing north
Tank removal.

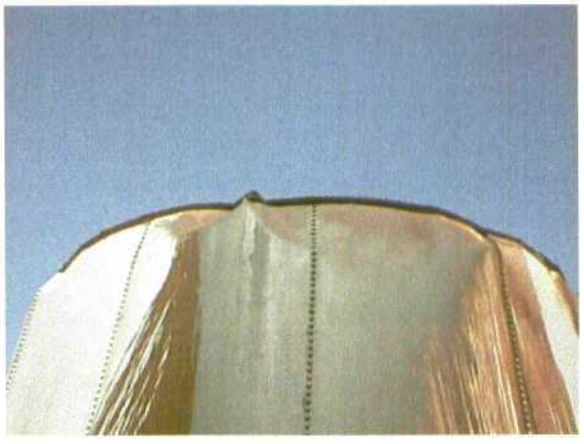


Photo 15 04-13-00
Overflow of damaged tank.

Photo 18 04-13-00
Hose draining directly to ground.

Photo 19 04-13-00 facing west
Tank removal area and Tank overflow.

Photo 22 04-13-00 facing south
Oil stained soil from leaks and spills.

Photo 20 04-13-00 facing east
Fuel tank lined containment.

Photo 23 04-13-00 facing east
Leaking tank.

Photo 21 04-13-00 facing south
Tank removal area.

Photo 24 04-13-00 facing west
Leaking pipe.

Photo 25 04-13-00 facing west
Leaking tank, oil soaked ground covered by clean soil

Photo 26 04-13-00 facing south
Chemical storage.

Photo 27 04-13-00
Laboratory.

ATTACHMENT 4

NEW MEXICO OIL CONSERVATION COMMISSION
FIELD TRIP REPORT

Name Donna Williams Date 01-20-00 Miles _____ District I

Time of Departure 7 AM Time of Return 4 PM Car No. G-04721

In the space below indicate the purpose of the trip and the duties performed, listing wells or leases visited and any action taken.

Signature Donna Williams

INSPECTION	CLASSIFICATION	FACILITY	HOURS	QUARTER HOURS
D	O	F		

(A Follow up inspection)

≈10:00 A.m. on 01-20-00 performed An inspection Personnel on Inspection: Donna Williams; Buddy Hill; Steve Lynch - Plant Operator joined the inspection. Steve stated they had A leak on Night of 01-17-00. Started clean-up on 01-18-00. Estimated a 40 bbl Release. Said they was going to get a crew out there today to start the clean-up of Location.

Site Looked very messy - Appeared as though they brought in dirt / gravel to soak up standing oil, and haven't attempted any other remediation / corrective action procedures. Appears has had Leaks previously and no remediation performed. Oil thick Sludge standing on ground - inside dike As well As outside of Dike Area.

Mileage		Per Diem		Hours	
UIC		UIC		UIC	
RFA		RFA		RFA	
Other		Other		Other	

TYPE INSPECTION PERFORMED

H = Housekeeping
P = Plugging
C = Plugging Cleanup
T = Well Test
R = Repair/Workover
F = Waterflow
M = Mishap or Spill
W = Water Contamination
O = Other

INSPECTION CLASSIFICATION

U = Underground Injection Control - Any inspection of or related to injection project, facility, or well or resulting from injection into any well. (SWD, 2ndry injection and production wells, water flows or pressure tests, surface injection equipment, plugging, etc.)
R = Inspections relating to Reclamation Fund Activity
O = Other - Inspections not related to injection or The Reclamation Fund
E = Indicates some form of enforcement action taken in the field (show immediately below the letter U, R or O)

NATURE OF SPECIFIC WELL OR FACILITY INSPECTED

D = Drilling
P = Production
I = Injection
C = Combined prod. inj. operations
S = SWD
U = Underground Storage
G = General Operation
F = Facility or location
M = Meeting
O = Other

NEW MEXICO OIL CONSERVATION COMMISSION
FIELD TRIP REPORT

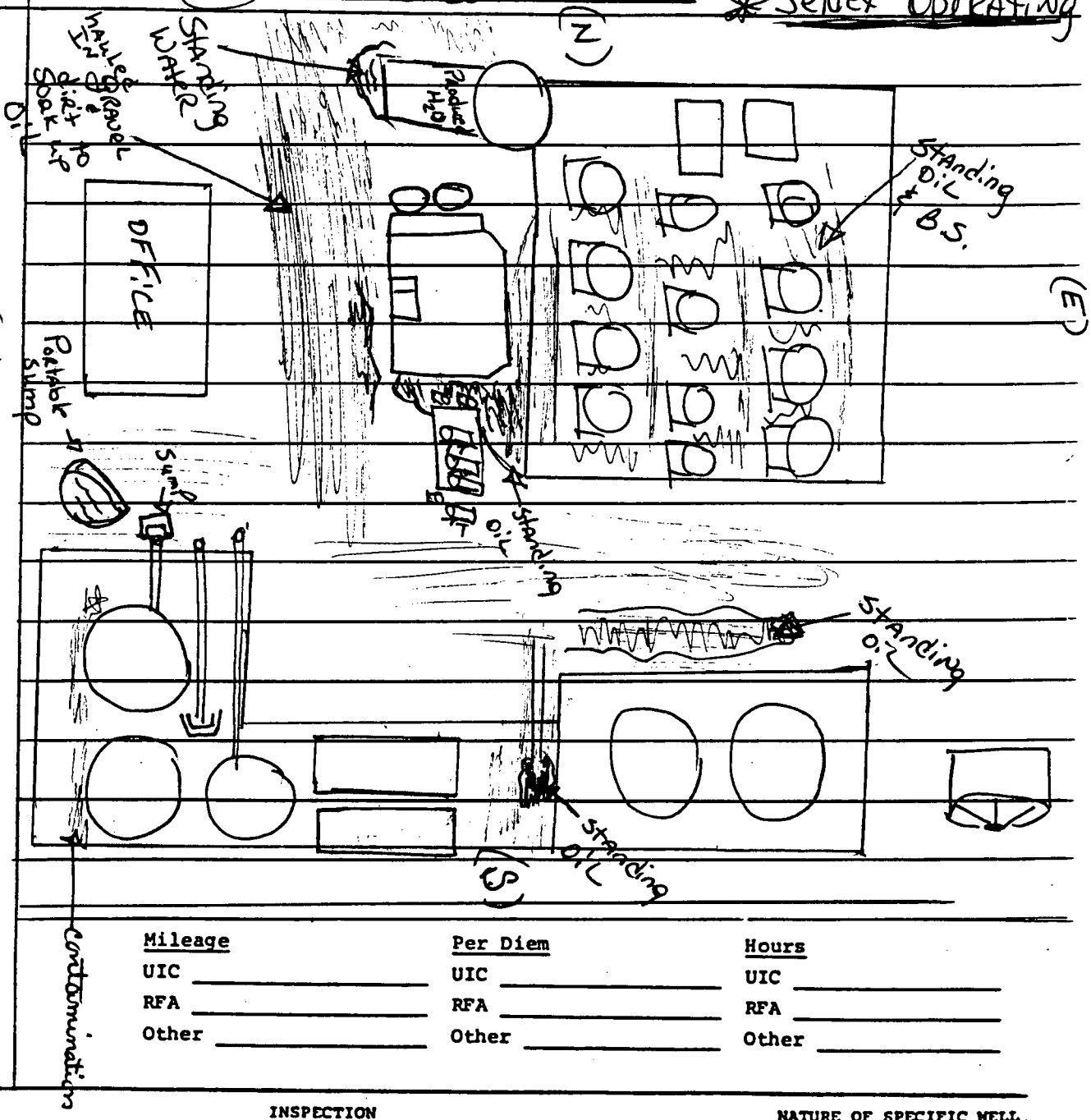
Name Donna Williams Date 01-20-00 Miles _____ District I

Time of Departure 7 AM Time of Return 4 PM Car No. G-04721

In the space below indicate the purpose of the trip and the duties performed, ~~listing~~ wells or leases visited and any action taken.

Signature Donna Williams *Jenex Operating

INSPECTION	CLASSIFICATION	FACILITY	HOURS	QUARTER HOURS
O	O	f		



Mileage	Per Diem	Hours
UIC _____	UIC _____	UIC _____
RFA _____	RFA _____	RFA _____
Other _____	Other _____	Other _____

TYPE INSPECTION PERFORMED

H = Housekeeping
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NATURE OF SPECIFIC WELL OR FACILITY INSPECTED

D = Drilling
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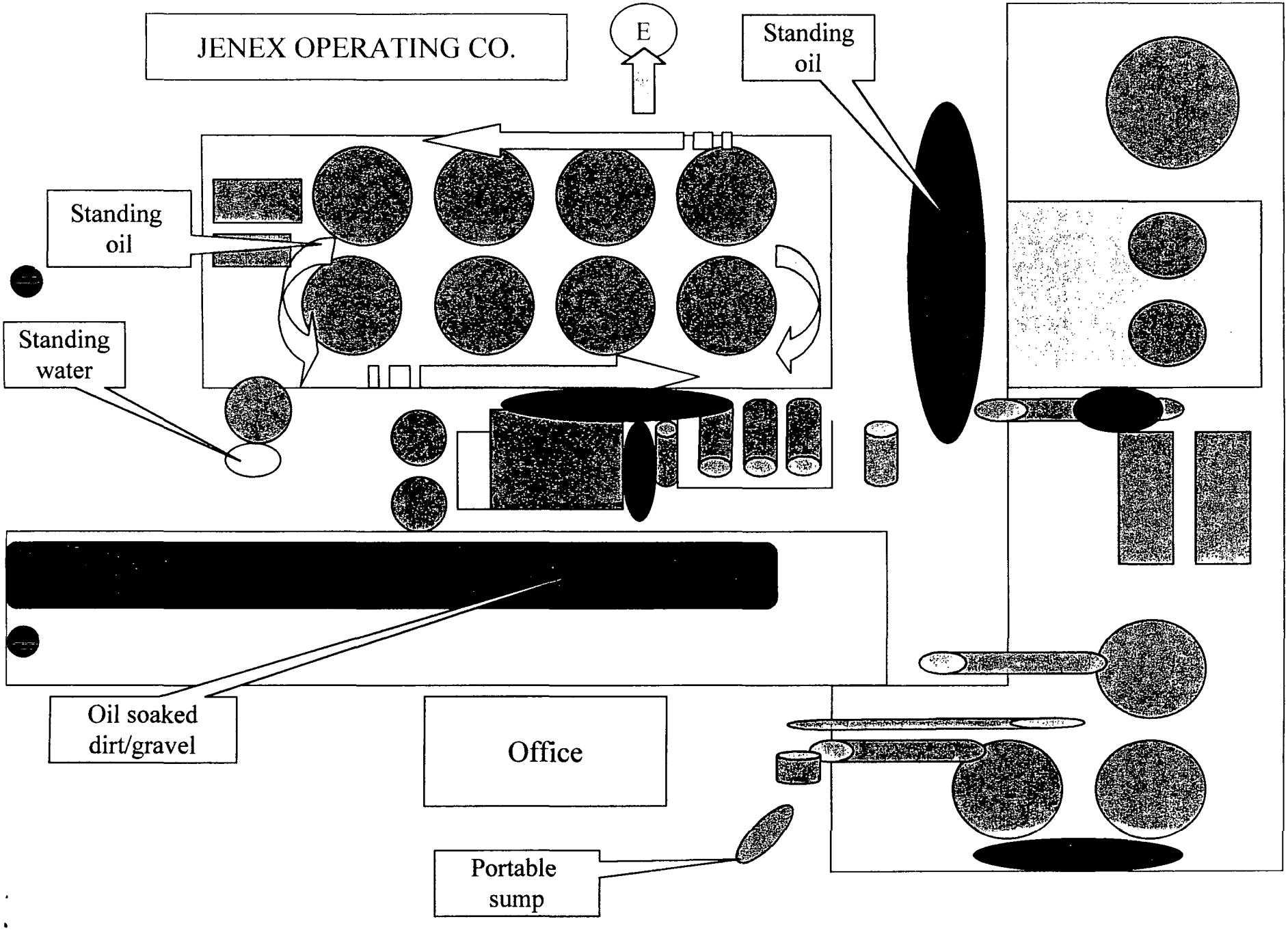
JENEX OPERATING CO.
E
Standing oil
Standing oil
Standing water
Oil soaked dirt/gravel
Office
Portable sump

116 RELEASE NOTIFICATION AND CORRECTIVE ACTION [1-1-50...2-1-96; A, 3-15-97]

116.A. NOTIFICATION

(1) 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 including Regulated NORM, or other oil field related chemicals, contaminants or mixture thereof, in the State of New Mexico in accordance with the requirements of this Rule. [1-1-50...2-1-96; A, 3-15-97]

(2) The Division shall be notified in accordance with this Rule with respect to any release from any facility of oil or other water contaminant, in such quantity as may with reasonable probability be detrimental to water or cause an exceedance of the standards in 19 NMAC 15.A.19. B(1), B(2) or B(3). [3-15-97]

116.B. REPORTING REQUIREMENTS: Notification of the above releases shall be made by the person operating or controlling either the release or the location of the release in accordance with the following requirements: [5-22-73...2-1-96; A, 3-15-97]

(1) A **Major Release** shall be reported by giving **both** immediate verbal notice and timely written notice pursuant to Paragraphs C(1) and C(2) of this Rule. A Major Release is:

(a) an unauthorized release of a volume, excluding natural gases, in excess of 25 barrels;

(b) an unauthorized release of any volume which:

(i) results in a fire;

(ii) will reach a water course;

(iii) may with reasonable probability endanger public health; or

(iv) results in substantial damage to property or the environment;

(c) an unauthorized release of natural gases in excess of 500 mcf; or

(d) a release of any volume which may with reasonable probability be detrimental to water or cause an exceedance of the standards in 19 NMAC 15.A.19. B(1), B(2) or B(3). [3/15/97]

(2) A **Minor Release** shall be reported by giving timely written notice pursuant to Paragraph C(2) of this Rule. A Minor Release is an unauthorized release of a volume, greater than 5 barrels but not more than 25 barrels; or greater than 50 mcf but less than 500 mcf of natural gases. [3-15-97]

116.C. CONTENTS OF NOTIFICATION

(1) **Immediate verbal notification** required pursuant to Paragraph B shall be reported within twenty-four (24) hours of discovery to the Division District Office for the area within which the release takes place. In addition, immediate verbal notification pursuant to Subparagraph B.(1).(d). shall be reported to the Division's Environmental Bureau Chief. This notification shall provide the information required on Division Form C-141. [5-22-73 . 2-1-96; A, 3-15-97]

(2) **Timely written notification** is required to be reported pursuant to Paragraph B within fifteen (15) days to the Division District Office for the area within which the release takes place by completing and filing Division Form C-141. In addition, timely written notification required pursuant to Subparagraph B.(1).(d). shall also be reported to the Division's Environmental Bureau Chief within fifteen (15) days after the release is discovered. The written notification shall verify the prior verbal notification and provide any appropriate additions or corrections to the information contained in the prior verbal notification. [5-22-73...2-1-96; A, 3-15-97]

116.D. CORRECTIVE ACTION: 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 remediation plan submitted to and approved by the Division or with an abatement plan submitted in accordance with Rule 19 (19 NMAC 15.A. 19). [3-15-97]

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-141
Revised March 17, 1999

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	Contact
Address	Telephone No.
Facility Name	Facility Type

Surface Owner	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

NATURE OF RELEASE

Type of Release	Volume of Release	Volume Recovered
Source of Release	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? ☐ Yes ☐ No ☐ Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☐ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

Describe Area Affected and Cleanup Action Taken.*

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:	OIL CONSERVATION DIVISION	
Printed Name:	Approved by District Supervisor:	
Title:	Approval Date:	Expiration Date:
Date: Phone:	Conditions of Approval:	Attached ☐

* Attach Additional Sheets If Necessary