

NM -

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**GENERAL
CORRESPONDENCE**

YEAR(S):

2001



RECEIVED
FEB 26
OIL CONSERVATION DIVISION

New Mexico Energy, Minerals, & Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, NM 87505

Re: Restoration and remediation of abandoned well sites (18)

Dear Sir or Madam;

This letter is in regard to contracting work you had arranged with Envirotech, Inc., in 1999. Please complete and return the following status form at your earliest convenience. If you have any questions or comments, please contact me. We need this information so we can complete and close this bond file. Your assistance is greatly appreciated.

Thanks,

Michelle Fuentez
United Commercial Program Managers

United Commercial Program Managers
2222 S. Dobson Road, Suite 700
Mesa, Arizona 85202
Phone: (480) 777-8911 Fax: (480) 777-8917
www.unitedcommercial.com

UNITED COMMERCIAL INSURANCE AGENCY, INC.

2222 South Dobson Road Suite 700

Mesa, AZ 85202

Phone: (602)777-8911

Fax: (602)777-8917

CONTRACTOR: YOUNG ENVIRONMENTAL SERVICES, INC. DBA: ENVIROTECH, INC.

JOB DESCRIPTION: RESTORATION AND REMEDIATION OF ABANDONED WELL SITES (18)

To: NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

SANTA FE, NM 87505

Bond # AF6127014

Effective Date 1/29/1999

Bond Amount \$ 73,710.00

Contract Amount \$ 73,710.00

Contract # IFB# 90-521-25-03121

AS AGENT FOR SURETY, WE NEED A STATUS REPORT ON THE PROGRESS OF THE JOB DESCRIBED. YOUR COMPLETION AND PROMPT RETURN OF THIS BRIEF INQUIRY WOULD BE APPRECIATED.

If the contract has been completed:

Date of Completion October 30, 2000

Date of Final Payment _____

Final Contract Amount _____

If the contract has not been completed:

Percentage of Completion _____

Amount of payment to date _____

Contract amount to date _____

COMMENTS _____

Please sign, date and return this inquiry to:

Signature *J. Montoya*

Title Environmental Remediation Project Manager

Date 3-1-01

Phone () 505 476-3488

Fax () 505 476-3462

UNITED COMMERCIAL INSURANCE AGENCY
2222 S. DOBSON ROAD, SUITE 700
MESA, AZ 85202

It is understood that the information contained herein is furnished as a matter of courtesy for the confidential use of the surety and is merely an expression of opinion. It is also agreed that in furnishing this information no guaranty or warranty of accuracy or correctness is made and no responsibility is assumed as a result of reliance by the surety whether such information is furnished by the owner or by an architect or engineer as the agent of the owner.

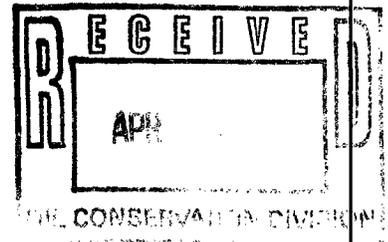
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)

APPLICATION OF THE OIL CONSERVATION)
DIVISION FOR A SHOW CAUSE HEARING)
REQUIRING SOUTHWEST WATER DISPOSAL,)
INC., TO APPEAR AND SHOW CAUSE WHY IT)
SHOULD NOT BE ORDERED TO COMPLY WITH ITS)
PERMIT REQUIREMENTS AND CLOSE ITS)
COMMERCIAL CLAY-LINED SURFACE)
EVAPORATION POND LOCATED IN THE)
SOUTHEAST QUARTER, SOUTHWEST QUARTER,)
SECTION 32, TOWNSHIP 30 NORTH, RANGE 9)
WEST, SAN JUAN COUNTY, NEW MEXICO)
_____)

CASE NO. 11,467

ORIGINAL



REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

March 21st, 1996
Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, March 21st, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

March 21st, 1996
Examiner Hearing
CASE NO. 11,467

PAGE

REPORTER'S CERTIFICATE

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

FOR SOUTHWEST WATER DISPOSAL, INC.:

MILLER, STRATVERT, TORGERSON & SCHLENKER, P.A.
125 Lincoln Avenue
Suite 303
Santa Fe, New Mexico 87501
By: J. SCOTT HALL

* * *

1 WHEREUPON, the following proceedings were had at
2 3:13 p.m.:

3 EXAMINER CATANACH: At this time i'll Call Case
4 11,467, the Application of the Oil Conservation Division
5 for a show-cause hearing requiring Southwest Water
6 Disposal, Inc., to appear and show cause why it should not
7 be ordered to comply with its permit requirements and close
8 its commercial clay-lined surface evaporation pond located
9 in the southeast quarter of the southwest quarter of
10 Section 32, Township 30 North, Range 9 West, San Juan
11 County, New Mexico.

12 Are there appearances in this case?

13 MR. CARROLL: May it please the Examiner, my name
14 is Rand Carroll, appearing on behalf of the New Mexico Oil
15 Conservation Division.

16 EXAMINER CATANACH: Any additional appearances?

17 MR. CARROLL: Mr. Examiner, I would like to enter
18 the appearance of Scott Hall on behalf of Southwest Water
19 Disposal, Inc.

20 EXAMINER CATANACH: Okay.

21 MR. CARROLL: There will be no witnesses today.

22 EXAMINER CATANACH: Okay. Mr. Carroll?

23 MR. CARROLL: Mr. Examiner, as in the previous
24 case, I have been working with the operator of this
25 facility through its attorney, Mr. Scott Hall.

1 Southwest Water Disposal and Mr. Hall both
2 received notices of this hearing. They agree pretty much
3 with what is requested by the Division.

4 I have been working with Mr. Hall to draft an
5 order to submit to you. We finalized the revisions to that
6 order this morning. Mr. Hall is typing up the finished
7 version, which I expect to have today.

8 And what the order does is require Southwest
9 Water Disposal within 30 days of the order to submit a plan
10 for the final closure and reclamation of the facility,
11 including removing all vessels containing liquids and
12 accumulated solids on the property, all surface equipment,
13 including pipe pumps, compressors, tanks, et cetera, all
14 contaminated soils, and then requiring them to recontour
15 and reseed the disturbed surface area.

16 This order also does not limit any other remedies
17 the Division may have against Southwest pertaining to the
18 facility, including but not limited to fines for
19 noncompliance with this order and actions for reimbursement
20 for costs incurred by the Division in operating and/or
21 closing the facility.

22 Southwest Water Disposal is given 60 days after
23 submittal of the plan in order to complete closure and
24 cleanup operations. That was acceptable to Southwest, and
25 we anticipate submitting the stipulated order to the

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Examiner today and, at the latest, tomorrow.

And that's all I have in this case.

EXAMINER CATANACH: Okay. All right, there being nothing further in this case, Case 11,467 will be taken under advisement.

(Thereupon, these proceedings were concluded at 3:15 p.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 11467, heard by me on March 21 1986.

David R. Catnach, Examiner
Oil Conservation Division

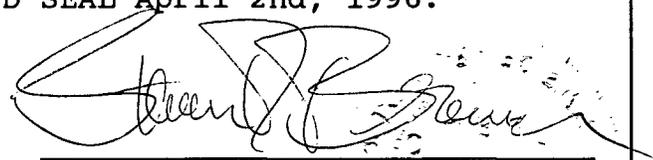
CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL April 2nd, 1996.



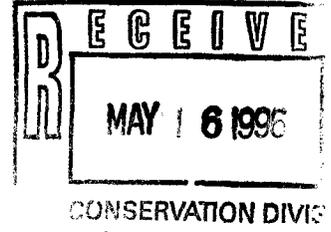
STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998

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

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
APPLICATION OF THE OIL CONSERVATION)
DIVISION FOR A SHOW CAUSE HEARING)
REQUIRING SOUTHWEST WATER DISPOSAL,)
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SHOULD NOT BE ORDERED TO COMPLY WITH ITS)
PERMIT REQUIREMENTS AND CLOSE ITS)
COMMERCIAL CLAY LINED SURFACE)
EVAPORATION POND LOCATED IN THE SE/4)
SW/4, SECTION 32, TOWNSHIP 30 NORTH,)
RANGE 9 WEST, SAN JUAN COUNTY,)
NEW MEXICO)

CASE NO. 11,467



REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

May 3rd, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Friday, May 3rd, 1996, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

May 3rd, 1996
Examiner Hearing
CASE NO. 11,467

PAGE

DIVISION WITNESS:

ROGER C. ANDERSON
(Environmental Bureau Chief, NMOCD)
Direct Examination by Mr. Carroll

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REPORTER'S CERTIFICATE

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* * *

E X H I B I T S

Division

Identified

Admitted

Exhibit 1
Exhibit 2

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5
5

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
Attorney at Law
Legal Counsel to the Division
2040 South Pacheco
Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 12:42 p.m.:

3 EXAMINER STOGNER: Call at this time Case Number
4 11,467, which is the Application of the Oil Conservation
5 Division for a hearing requiring Southwest Water Disposal,
6 Inc., to appear and show cause why it should not be ordered
7 to comply with its permit requirements to close its
8 commercial clay-lined surface evaporation pond in San Juan
9 County, New Mexico.

10 At this time I'll call for appearances.

11 MR. CARROLL: May it please the Examiner, my name
12 is Rand Carroll, appearing on behalf of the Oil
13 Conservation Division. I have one witness to be sworn.

14 EXAMINER STOGNER: There appears to be nobody
15 else in the room.

16 Will the witness please stand to be sworn?

17 (Thereupon, the witness was sworn.)

18 EXAMINER STOGNER: Mr. Carroll?

19 ROGER C. ANDERSON,

20 the witness herein, after having been first duly sworn upon
21 his oath, was examined and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. CARROLL:

24 Q. Mr. Anderson, will you please state your name and
25 address for the record?

1 A. Home address?

2 Q. Just say Santa Fe, New Mexico.

3 A. Roger Anderson, Santa Fe, New Mexico.

4 Q. Who are you employed by and what is your position
5 with that employer?

6 A. I'm the Environmental Bureau Chief for the Oil
7 Conservation Division.

8 Q. And do your duties as Environmental Bureau Chief
9 include the permitting and the regulation of surface water
10 disposal facilities?

11 A. They do.

12 Q. Are you familiar with the facility that's the
13 subject matter of this case?

14 A. Yes.

15 Q. Will you please give the Examiner a little
16 background on the facility that is involved that is
17 operated by Southwest Water Disposal?

18 A. The facility is a clay-lined 400,000-barrel-
19 capacity disposal pond that was permitted in the late
20 1980s. Approximately two years ago it was full and we were
21 notified that the operator could not continue to operate
22 the facility in a safe manner. That was in July of 1994.

23 Q. And when the operator couldn't operate the
24 facility any longer, what action did the Division take?

25 A. The Division at that time entered into an

1 agreement that we could enter their facility. We took over
2 the evaporation of the water at that time. We did not
3 operate the facility; we operated the safety equipment to
4 prevent hydrogen sulfide gas from being emitted, causing a
5 public health concern. And we finished evaporating and
6 construction work to remove the berms of the pond in
7 December of 1995.

8 Q. And was this facility permitted pursuant to an
9 order letter dated May 17th, 1988, as amended by a letter
10 dated July 15th, 1993?

11 A. That's correct.

12 MR. CARROLL: Mr. Examiner, the OCD has marked
13 those letters approving the permit for this site as OCD
14 Exhibits Numbers 1 and 2.

15 EXAMINER STOGNER: Do you wish to admit those at
16 this time?

17 MR. CARROLL: I will move them into the record at
18 this time, yes.

19 EXAMINER STOGNER: Exhibits 1 and 2 will be
20 admitted into the record.

21 Q. (By Mr. Carroll) So Mr. Anderson, the actions
22 taken by the OCD back in 1994, did that result in the
23 closure of the facility?

24 A. It resulted in the closure of the evaporation
25 pond, but not the facility.

1 Q. What do you mean by that?

2 A. The evaporation -- The water was removed from the
3 evaporation pond and the berms were removed so that no
4 other water could be put into that pond. However, there
5 still remains the old skimmer pit which has oil in it, and
6 there are tanks, buildings, pumps and piping still at the
7 facility.

8 Q. Why doesn't the OCD perform the rest of the work,
9 since it performed the work up to now?

10 A. The work that we performed was done because there
11 was an imminent public health threat to the water -- from
12 the water in the pond and from the creation of hydrogen
13 sulfide gas. We had to remove the public health threat.
14 The remaining work that needs to be done does not pose a
15 public health threat at this time.

16 Q. Did the OCD do the work, or did they contract
17 with a contractor to do that?

18 A. The OCD contracted with Tierra Environmental
19 Corporation to do the work for us.

20 Q. Now that the imminent public health threat is
21 gone, the OCD is now seeking an order ordering Southwest
22 Water Disposal to perform the rest of the closure
23 facilities to get it into the condition where we will pass
24 or approve the final closure?

25 A. That's correct.

1 Q. The operator of this facility is Southwest Water
2 Disposal, Inc.; is that correct?

3 A. Yes, sir, that's correct.

4 Q. Is the President's name David Swezey?

5 A. That's correct.

6 Q. Is there some confusion as to whether -- as to
7 who actually operates, due to the fact that Southwest Water
8 Disposal, Inc., was in suspension at that time as to its
9 corporate status?

10 A. In July of 1994, when we entered the facility to
11 operate the safety equipment, it was discovered through --
12 Southwest Water Disposal is a Colorado company,
13 incorporated in Colorado, and a check with Colorado showed
14 that their company was in suspension for failure to file
15 their annual reports.

16 MR. CARROLL: Mr. Examiner, I am going to offer
17 to submit a draft proposed order in this case for your
18 review.

19 In that order we are asking that the Division
20 just set -- preserve its rights against all parties
21 regarding seeking reimbursement of costs for closure of
22 this facility, and not just the operator of record for this
23 facility, which is Southwest Water Disposal, Inc. This is
24 due to the fact that the status of that corporation is in
25 doubt, and we want to reserve our rights to pursue whoever

1 may be responsible if that corporation was not in existence
2 at that time.

3 EXAMINER STOGNER: Are you talking -- I'm sorry.
4 Mr. Anderson, are you proposing partners with -- of the
5 corporation or users of the facility?

6 THE WITNESS: No, I don't believe we're proposing
7 users of the facility, but they're the entities of the
8 corporation --

9 EXAMINER STOGNER: Okay, that what I was --

10 THE WITNESS: -- as part of the corporation, yes.

11 MR. CARROLL: Actually, Mr. Examiner, the order
12 states that, this order shall not limit any other remedies
13 the Division may have against Southwest, David Swezey, or
14 any other party pertaining to the facility.

15 EXAMINER STOGNER: Would this include operators?
16 I mean -- I'm sorry, let me rephrase that. Would that
17 include the users of the facility?

18 MR. CARROLL: Well, the order as written would
19 include users of the facility. If the Examiner wishes to
20 alter the order to exclude users of the facility, that is
21 out of our control.

22 EXAMINER STOGNER: I'll take that under
23 consideration.

24 Anything else?

25 Q. (By Mr. Carroll) Do you have anything else to

1 add, Mr. Anderson?

2 A. No.

3 MR. CARROLL: That's all I have in this case.

4 EXAMINER STOGNER: Does anybody else have
5 anything in Case Number 11,467?

6 MR. CARROLL: Mr. Examiner, would you like me to
7 enter this as an exhibit or just submit a draft order?

8 EXAMINER STOGNER: Just submit a draft order, if
9 you would, Mr. Carroll.

10 MR. CARROLL: Okay.

11 EXAMINER STOGNER: With that, I'll take Case
12 Number 11,467 under advisement.

13 (Thereupon, these proceedings were concluded at
14 12:50 p.m.)

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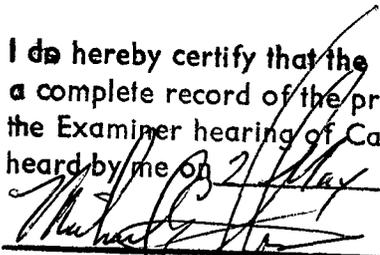
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 11467
heard by me on 21 May 1986.

_____, Examiner
Oil Conservation Division

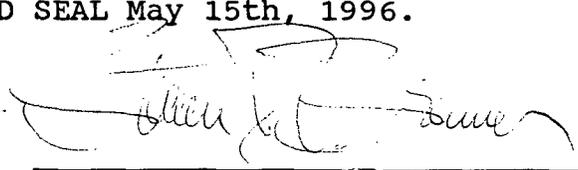
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) SS.
 COUNTY OF SANTA FE)

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I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL May 15th, 1996.


 STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998