1R - 195

GENERAL CORRESPONDENCE

YEAR(S):

3/99

Williams, Donna
To: Price, Wayne
Subject: Letters Mailed

Wayne,

Here are some copies of letters sent out. I know I was waiting for your approval on the PEDCO letter, but after discussion with Chris, we had decided to go ahead and send it out. I hope this is alright with you. I am enclosing copies of the other letters sent out yesterday as well(3-22-99). I will leave today to go to San Francisco, I will talk with you probably on Monday the 29th. Have a good week.

Donna

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT I HOBBS
PO BOX 1980, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720

Jennifer A. Salisbury
CABINET SECRETARY

March 12,1999

Mr. Billy Jenson
Petroleum Development Corporation
9720 B Candelaria, N.E.
Albuquerque, NM 87112

Re: Petroleum Development Corporation (PEDCO) Lease
UL-M, Sec 15, Ts 10s, R 36e
Lea County, NM

Subject: Remediation Plan

Dear Mr. Jenson,

New Mexico Oil Conservation Division (NMOCD) is in receipt of PEDCO's Remediation Plan dated February 23, 1999. **NMOCD hereby denies request for preceding with the Remediation Plan presented.** Resubmit a Remediation Plan with the following information:

1. Site 001: Please submit a time frame with start date and estimated time to completion for remediation of chloride levels to background chloride concentration.
2. Site 002: Please indicate a time frame for which PEDCO will reenter this site and determine vertical extent. NMOCD understands that this may or may not be due to an existing spill, but PEDCO is the lease owner and therefore is responsible for existing contamination.
3. Site 002: Please indicate a time frame for any remediation actions that may be needed for this location, pending the analysis of samples taken when the vertical extent is performed.
4. Site 003: Please indicate a time frame at which the remediation at this location will begin. Include in the plan, the actions that will be performed to lower the TPH levels to meet NMOCD guidelines.

Please submit to NMOCD the requested information by April 30, 1999. If you have any questions or require any further information or assistance please do not hesitate to call (505-393-6161 ext...113) or write this office.

Sincerely,

Donna Williams

Donna Williams-Environmental Engineer

Cc: Chris Williams, Wayne Price

Price, Wayne

From: Williams, Donna
Sent: Friday, March 12, 1999 2:42 PM
To: Price, Wayne
Subject: New versions of PEDCO & GP II

Wayne,

Here are the two letters I have already emailed you on, just an updated version-I let Chris look at them and these changes were the ones he made.


PEDCO_3SITES.doc


GP II 03-12-99.doc

Thanks,
Donna

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
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Sincerely,

Donna Williams-Environmental Engineer

Cc: Chris Williams, Wayne Price

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

TO: Wayne Price

FROM: Donna Williams

DATE: 3-8-99

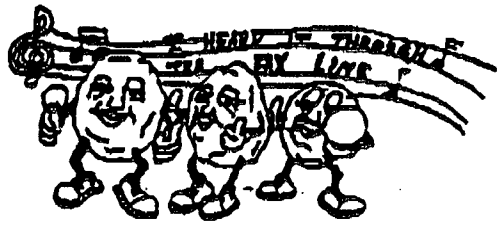
NUMBER OF PAGES: 9
(INCLUDING COVER)

NMOCD FAX NUMBER: (505) 393-0720
IF YOU DO NOT RECEIVE A TRANSMISSION, CALL (505) 393-6161

Wayne,

I am also providing this w/ a copy.

Donna



ill be waiting to hear from you.

District I - (505) 393-6161
P. O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 South First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV - (505) 827-7131

State of New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division

2040 South Pacheco Street 915-358-2714
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-141
Originated 2/13/97

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	Contact
Petroleum Development Corporation	PEDCO Greg Johnson
Address	**Telephone No.**
9720 B CANDELARIA, N.E.	512-358-5371, 505-293-4044
Facility Name	**Facility Type**
Albuquerque, N.M. 87112	Re-entry Oil well

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
M	15	10S	36E	810	South	660	West	Lea

NATURE OF RELEASE

Type of Release	Volume of Release	Volume Recovered
Fresh water & mud	~~300~~ BBL	200 BBL
Source of Release	**Date and Hour of Occurrence**	**Date and Hour of Discovery**
Reserve Pit	11-26-98 @ 12:AM	Same
Was Immediate Notice Given? ☐ Yes ☒ No ☐ Not Required	**If YES, To Whom?**	
	N/A	
By Whom?	**Date and Hour**	
N/A	N/A	
Was a Watercourse Reached? ☐ Yes ☒ No	**If YES, Volume Impacting the Watercourse.**	

If a Watercourse was Impacted, Describe Fully. (Attach Additional Sheets If Necessary) ~~Built temporary dike to contain release. Rebuilt reserve pit dike. Transferred all free standing fluid back into reserve pit. Attempted to restore release~~ N/A

Describe Cause of Problem and Remedial Action Taken. (Attach Additional Sheets If Necessary) Built Temporary dike to contain release. Rebuit reserve pit dike. Transferred all free standing fluid back into reserve pit. Attempted to restore releasearea to previous state.

Describe Area Affected and Cleanup Action Taken. (Attach Additional Sheets If Necessary)

In progress. Checking vertical & horizontal extent of contamination. CMS

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: Billy Jensen	Approved by District Supervisor: Chris Williams
Title: Drlg. Supt.	Approval Date: 1/11/98 Expiration Date:

February 23, 1999

To: Billy Prichard, District I, N.M.O.C.D.
P.O. Box 1980
Hobbs, NM 88241-1283

From: Arthur M. Torrez, Mesa Environmental
403 Northwood
Roswell, NM 88201
(505)627-6393 or cell # (505)626-6398
(505)622-1449

Re: Fluid spill on November 26, 1998. Location: Unit Letter M Sec 15 T 105 R 36E, 810' from the South line, 660' feet from the west line in Lea County.

On November 26, 1998, the reserve pit on the PEDCO T.P. "A" State No.1 failed and 300 barrels of drilling fluid, including drilling rig lubricants spilled onto the ground, North, Northwest of our reentry location. PEDCO immediately built a temporary dike to contain the spill. (See Diagram #1) Approximately 200 barrels were recovered. The New Mexico Oil Conservation Division, (N.M.O.C.D.) office was notified of the spill and Form C-141 was submitted on January 15, 1999.

PEDCO began an immediate investigation into the extent of the contamination of the affected area. On January 6, 1999, I met Myra Meyers of the New Mexico State Land Office and Tom Gainer, property owner, in Tatum and we went to the site. Billy Prichard, N. M. O. C. D., arrived at the location soon after we got there. We discussed what had occurred in regards to the spill. It was decided that the spill area would be divided into three parts. Initially a 0" to 24" composite sample was taken in each area (See Diagram #1). The area of contamination was measured and the impacted area was estimated to be a maximum of 2.7 acres.

Sample procedure for 0" to 24" composite sample:

1. A hole was dug 24" deep in the area that appeared to be the most contaminated.
2. Small portions of equal amounts of sample were taken from the undisturbed side of the hole.
3. Sample was composited on site in a clean plastic bag.
4. Composite was then blended together and placed in a glass container, sealed, and iced down.
5. After all samples were picked up, samples were taken to Hobbs, New Mexico for final analysis.

Sample procedure for grab samples:

1. Went to the most contaminated part of the each site.
2. Bored down to depths where needed.
3. Measured and recorded the depth.
4. Took sample from soil sampler and immediately placed it in a glass container.
5. Container was sealed and iced down.
6. After all samples were picked up, samples were taken to Hobbs, New Mexico for final analysis.

Site 001

Three samples were taken. Analysis revealed two samples had less than 1,000mg/l of Total Petroleum Hydrocarbons (TPH) and BTEX. Sample 001-B had a TPH concentration of 1,230 mg/l. Chlorides were 16,829 mg/l, 1,928 mg/l, and 2,740 mg/l mg/l, respectively.

Site 002

This area is just north of the reserve pit. Analysis revealed that the TPH concentration was 13,600 mg/l. Chlorides were 1,769 mg/l.

Site 003

This site is west of the reserve pit. The TPH concentration was 5,530 mg/l and the chloride concentration was 2,552.

After review of the analyses it was determined to sample again and try to determine the vertical extent of the contamination. On January 13, 1999 I notified the OCD office in Hobbs that we would be sampling again on January 15, 1999. Billy Prichard and Tom Gainer were both present.

Site 001

This sample pick up location was selected because it had the highest amount of chlorides and TPH. I bored down 4'. Chlorides at that level were 264 mg/l and the TPH concentration was 271 mg/l. Vertical extent in this area is less than 4'.

Site 002

TPH of the first sample (0 to 2' composite sample) was 13,600 mg/l. While boring for the second sample, the soil which was first picked up seemed to be normal soil (free of petroleum). I continued boring and I began to notice a strong petroleum aroma in the soil. At that point, I measured the depth and it was 1'10". The petroleum odor increased the further down I bored. At that time I decided to take two samples. The first would be a composite of soil from 0 to 10". The second was taken at 2'. Analysis revealed that sample 002-A-1 had a TPH concentration of 1900 mg/l and chlorides were 136 mg/l. The second sample had a TPH of 4130 mg/l and chlorides were 224. This comparison indicated to me that our spill was over a pre-existing contaminated area with greater amounts of pre-existing pollutants than were spilled by PEDCO. I have determined through soil analysis and discussion with Mr. Gainer that previous oil and gas activities may have been the cause of the contamination.

Site 003

The TPH of the first sample was 5530 mg/l and chlorides were 2552 mg/l. The majority of the TPH theoretically could have come from the 2' level. The color of soil was very consistent and looked normal. As I continued boring past 3' the soil turned a greyish color (the soil resembled drilling clay per Billy Prichard). This grey color persisted for the next 3'. Analysis for this sample which was taken at 6' were 264 mg/l TPH and 248 Chlorides.

Summary

Site 001
The vertical extent of the spill is less than four (4) feet. The disturbed top soil at this site is not indicative of the actual spill area because the drilling foreman used soil adjacent to the spill to control the fluid, which greatly increased the affected site. Averaging the three samples taken on January 6, 1999 would bring this site in compliance with all pollutants except Chlorides. Please advise us of your view or opinion on this situation.

Site 002
This area is the furthest from the reserve pit. The area is littered with old piping and appears to have been the site of petroleum storage tank or something of that nature (Mr. Gainer has more information on the history of activities on this site.) I have determined through soil analysis that contamination from previous activities greatly exceed the levels of contamination caused by our spill. The environmental impact to soils is minimal and pre-existing sub-surface contamination at greater vertical depths justifiably reduces the affect of PEDCO's spill. Please advise us of your view or opinion on this situation.

Site 003
This area is adjacent to the reserve pit. The drilling foreman used the same procedure in controlling the release as he did in site 001. The actual spill area is much less than what the disturbed surface indicates. Due to its close proximity to the well head, I believe that earlier drilling activities could have occurred here in the past. Core samples proved this premise after samples taken on the second sampling contained what appeared to be drilling mud six (6) feet. Please advise us of your view or opinion on this situation.

This area has had drilling activities performed on it since August of 1964. PEDCO was re-entering a pre-existing hole and oil was never produced prior to the spill. PEDCO drilled to 5' above the pay zone and ran 5 ½" production casing. Any oil in the reserve pit was from lubrication systems on the drilling rig itself.

Proposed Remediation

I have enclosed page one(1) of the "Pit Remediation and Closure Report". This information is applicable to all three sites. I certify that according to the Resource Conservation and Recovery Act that this described waste is exempt and that it has been identified as non hazardous by characteristic analysis or by product identification as required.

Site 001:

1. An aqueous solution of gypsum will be used to reduce the chlorides in this area.
2. Chlorides of the soil will be reduced to concentrations set by N.M.O.C.D..
3. The surface will be leveled to minimize any danger to livestock, watercourses or humans utilizing the area.

Site 002:

1. The surface area of this site was not disturbed by PEDCO during spill containment.
2. The TPH concentration of the soil at depths less than 1'10" is less than 5000 mg/l.
3. Chloride concentration is 136 mg/l.
4. Attempts to excavate the surface for remediation purposes may result in increased pollution from contaminants being brought up from below the surface.
5. Remediation is not needed at this site.

Site 003:

1. This site is adjacent to the reserve pit used by PEDCO.
2. PEDCO proposes to take the fluids in the reserve pit to an approved off site facility for final disposal.
3. Two feet of contaminated soils in site 003 will be excavated and placed into the empty reserve pit.
4. The reserve pit would then be closed in accordance to N.M.O.C.D. Unlined Surface Impoundment Closure Guidelines.
5. The surface will be leveled to minimize any danger to livestock, watercourses or humans utilizing the area.

I attest that all information provided in this document is true to the best of my knowledge.

Arthur M. Torrez
Mesa Environmental

Mesa Environmental

PIT REMEDIATION AND CLOSURE REPORT

Operator: PEDCO Address: 9720 B Candelaria, N.E.

Telephone: 512-358-5371

Facility or Well Name: T.P. "A" State No. 1 Well

Location: Unit Letter M Sec 15 T 105 R 36E, 810' from the South line, 660' feet from the west line in Lea County

Pit Type: Separator ___ Dehydrator ___ Other Reserve Pit

Land Type: Extremely sandy soil.

Pit Location: (See enclosed Diagram) Pit dimensions: Length ___ Width ___ Depth ___
Reference wellhead ___, other ___
Footage from reference ___
Direction from reference: ___ Degrees ___ East ___ North ___ of ___ West South ___

Depth to Groundwater: (Vertical distance from contaminants to seasonal high water elevation of groundwater)	Less than 50 ft 20 pts 50 ft to 99 ft 10 pts Greater than 100 ft 0 pts	Total 0
Wellhead Protection Area: (Less than 200 feet from a private domestic water source, or, less than 1000 feet from all other water sources.)	YES 20 pts NO 0 pts	Total 0
Distance to Surface Water: (Horizontal distance to perennial lakes, ponds, rivers, streams, creeks, irrigation canals and ditches.)	Less than 200 ft 20 pts 200 ft to 1000ft 10 pts Greater than 1000 ft 0 pts	Total 0
Ranking Score (Total Points)		**Total 0**

001		TPH		Chlorides		Benzene		Toluene		Ethyl Benzene		Total Xylenes	
	Sample Type	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15
Sample #		mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l
001-A	0'-2' Composite	689		16829		<.002		0.021		0.049		0.208	
001-B	0'-2' Composite	1230		1928		<.002		<.002		<.002		0.01	
001-C	0'-2' Composite	555		2740		<.002		<.002		<.002		<.006	
001-A-1	4' deep grab		271		264		<.010		0.02		<.010		<.030
Background	10" deep grab		57.8		40		<.002		0.002		<.002		<.006

002		TPH		Chlorides		Benzene		Toluene		Ethyl Benzene		Total Xylenes	
	Sample Type	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15
Sample #		mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l
002-A	0'-2' Composite	13600		1769		<.002		0.053		0.135		0.76	
002-A-1	0 to 10" comp		1900		136		<.010		0.014		0.115		2.65
002-A-2	1.75' to 2' deep grab		4130		224		<.002		0.049		0.052		0.192
Background	10" deep grab		57.8		40		<.002		0.002		<.002		<.006

003		TPH		Chlorides		Benzene		Toluene		Ethyl Benzene		Total Xylenes	
	Sample Type	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15	01/06	01/15
Sample #		mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l	mg/l
003-A	0'-2' Composite	5530		2552		0.011		0.204		0.267		0.999	
003-B-1	6' deep grab		264		248		<.010		0.023		0.012		0.056
Background	10" deep grab		57.8		40		<.002		0.002		<.002		<.006

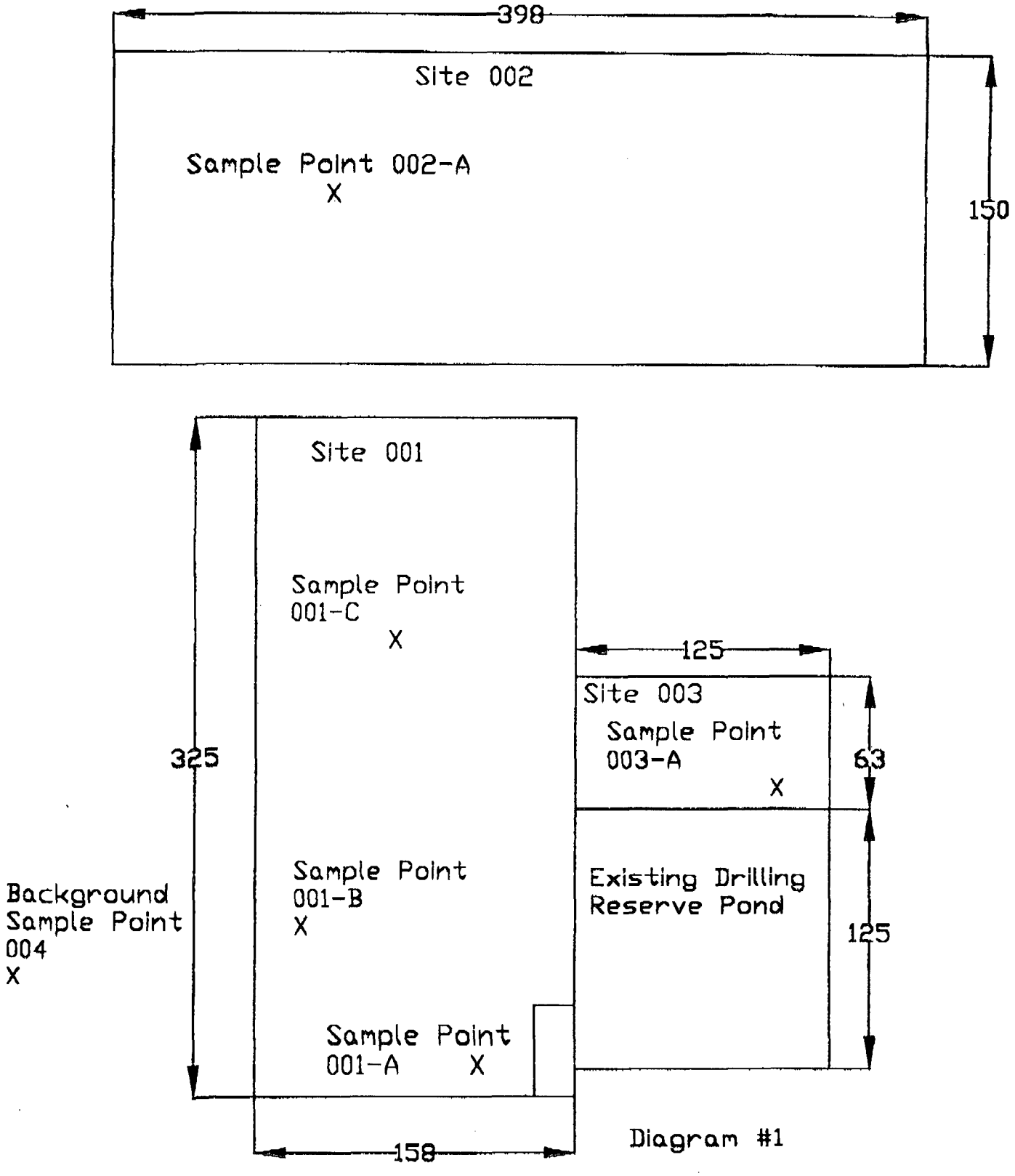

398
Site 002
Sample Point 002-A
X
150
Site 001
Sample Point
001-C
X
125
Site 003
Sample Point
003-A
X
63
325
Sample Point
001-B
X
Existing Drilling
Reserve Pond
125
Background
Sample Point
004
X
Sample Point
001-A X
158

Diagram #1