

1R - 282

**GENERAL
CORRESPONDENCE**

YEAR(S):

1996 →



448 52

State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

March 28, 1996

Santa Fe Energy Operating Partners, L.P.
500 W. Illinois
Midland, Texas 79701

Re: Improper Pit Closure - Joannie-Shell Well No. 1
NW/4NW/4, Section 16, Township 18 South, Range 34 East
State of New Mexico Oil & Gas Lease No. K04735-5

Gentlemen:

Enclosed is correspondence between this office and Ray Westall Co. regarding closure of an unlined pit located at the above well site. As co-lessee of record for Lease No. K04735-5, you are hereby notified of your shared responsibility for proper closure of lease impoundments in a manner acceptable to the State Land Office and the Oil Conservation Division of the Energy, Minerals and Natural Resources Department. Closure of the above specified well site pit was performed in an unauthorized manner, with oil saturated soils and non-exempt materials buried without approval.

As co-lessee of record, you have incurred certain obligations which include operating in a prudent manner. In addition, it requires protection of the surface estate, including livestock, soil, vegetation, and surface improvements.

Santa Fe Energy Operating Partners, L.P.

March 28, 1996

Page Two

You are requested to inspect your lease acreage and to enforce remedial action within thirty days from the date of this letter. Please coordinate with our Land Use Specialist, Eric Nelson. His phone number in Hobbs is (505) 392-8736. Failure to address this deficiency and to perform closure of the pit in an approved manner may jeopardize this lease. If you have any questions, please feel free to contact me.

Sincerely,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Larry Kehoe, Assistant Commissioner
Mineral Resources

RP/LK/JB/mt

Enclosures

xc: Eric Nelson-SLO LUS
OCD Environmental Bureau-Roger Anderson
Ray Westall (Co-lessee & Operator)

CC: ROGER ANDERSON
PMOCD

CC: JERRY SEYTON
SL NMA LAND OF
HOBBS - ERIC NELSON

NEW MEXICO OIL CONSERVATION COMMISSION
FIELD TRIP REPORT

INSPECTION	CLASSIFICATION	FACILITY	HOURS	QUARTER	HOURS
------------	----------------	----------	-------	---------	-------

Name WAYNE PRICE Date 1/23/96 Miles _____ District I
 Time of Departure 7 AM Time of Return 4 PM Car No. G 047

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

Signature [Signature]

WESTALL LOCATION WITH ERIC NELSON NM ST LAND OFFICE
 NW/4 NW/4 SEC 16 - T5 1B5 - R34E OLD BS&W PIT HAS
 BEEN COVERED. TOOK SAMPLE ~ 6" BELOW SURFACE
 FOUND HEAVY OILY SLUDGE -
 NELSON TOOK PICTURES -

PIT NOT CLOSED PER PMOCD GUIDELINES

WESTALL LOCATN - JOANNIE #1 T-8-1B5-34E - FOUND ACTIVE OIL
 PIT UNLINED - NETTED; PIT LOCATED IN DRAW TO LARGE
 PLAYA (BUFFALO WALLOW) HAS WATER IN IT. ALSO ONLY
 300 YARDS FROM WINDMILL STOCK POND -
 NELSON TOOK PICTURES -

RECOMMEND WE ASK OPERATOR TO CLOSE PIT
 PER PMOCD GUIDELINES.

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. (SND, Indry 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 (also immediately below the letter: O, R, U, P, C, F, M, W, H)

NATURE OF SPECIFIC WELL OR FACILITY INSPECTED

- Dr - Drilling
- P - Production
- I = Injection
- C = Combined prod. inj. operations
- S = SND
- U = Underground Storage
- G = General Operation
- F = Facility or location
- M - Mishap
- W - Water
- O = Other



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

MEMORANDUM

TO: Larry Kehoe, Director
Oil, Gas and Minerals Division

FROM: Bill LeMay, Director *Bill LeMay*
Oil Conservation Division

SUBJECT: Pit Closures, Ray Westall Co.
Joannie-Shell #1 NW/4 NW/4, Sec 16, 18 South, 34 East
Joannie #1 NE/4 NW/4, Sec 8, 8 South, 34 East

DATE: March 18, 1996

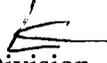
I have received your memorandum dated February 26, 1996 concerning the proper closure of the above referenced pit. On February 17, 1996 the OCD inspected the sites in question. The Joannie-Shell #1 pit had already been covered and the Joannie #1 pit was still open. Since the inspection, the Jeannie a#1 pit has been covered. The OCD did not receive a closure plan and has not received a closure report. It appears that these pits were not closed pursuant to the OCD Pit Closure Guidelines and the closures have not been approved.

There are no rules at this time that require pit closure at producing sites. The Pit Closure Guidelines were published as an aid for operators to close pits in an environmentally sound manner but closures are only required at the time wells are plugged and abandoned and as a condition for release of the operator's plugging bond. When an operator closes a pit, he retains liability for operations which have impacted ground water. Our rules and regulations only pertain to protection of fresh water and public health and do not relieve operators of liability associated with ground water contamination. Messy operations, although unsightly and a possible cause of contamination are not covered by our rules (unless covered under "leaks and spills") and would be an issue your office would deal with on state lands.

OIL, GAS & MINERALS DIVISION

MEMORANDUM

To: Bill LeMay, Director
Oil Conservation Division

From: Larry Kehoe, Director 
Oil, Gas & Minerals Division

Date: February 26, 1996

Subject: Pit Closure - Ray Westall Co.

*Roger - Give
me your ideas on
this - Ben*

Our meeting on February 22nd at your offices was very beneficial -- thanks for your help in arranging the meeting and having the appropriate staff present! Our personnel found it very informative to hear and understand the legal and regulatory requirements guiding the Oil Conservation Division's (OCD's) programs.

When I returned to my office after our meeting, I found the enclosed reports on problems with pit closures by the Ray Westall Co. I could use your help and guidance on this issue. For your background information, I also have enclosed all the materials in our files on this incident with Ray Westall Co. and Lease No. K-4735-5.

In your opinion, is this a proper pit closure from the perspective of the OCD, and can you take any action, or is this strictly a State Land Office "landowner" problem? Our field staff is concerned that similar types of actions may have occurred in the past, and could present problems on state trust lands in the future.

I would appreciate any guidance you could provide on this subject.

LK/mt

Enclosures



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

February 19, 1996

EN-SA-14

TO: Larry Kehoe, Assistant Commissioner-Oil, Gas
and Minerals Division

THRU: Dennis Garcia, Director-Field Operations

FROM: Erik Nelson, Land Use Specialist
Hobbs District *Erik R. Nelson*

REFERENCE: Ray Westall Company: K-4735-5

SYNOPSIS

On September 6, 1995 I and fellow Land Use Specialist, Leon Anderson, responded to a complaint by Ricki Pearce, the grazing lessee, about environmental problems caused by oil and gas operations on state trust land. One of these problems was an oil waste drain pit located at the Joannie-Shell Well #1 operated by the Ray Westall Company. Pits of this nature are illegal so I contacted the New Mexico Oil Conservation Division (OCD) to report the problem. I reinspected the area on September 21, 1995 and no action had taken place. I continued monitoring the area until November 14, 1995, at which time I submitted a special assignment (EN-SA-12) describing the situation and recommending that the State Land Office require proper closure of this pit.

On November 28, 1995 the Oil, Gas & Minerals Division sent Ray Westall a Certified letter requesting that he submit a closure plan to the State Land Office within 30 days. On December 27, 1995 I received a phone call from Mr. Westall. He asked me what the problem was at this location. I told him that the pit was illegal and needed to be closed. I told him to coordinate with the OCD and close the pit by the OCD guidelines. Immediately after speaking with Mr. Westall I phoned Wayne Price, Environmental Engineer with the OCD and asked him to assist Mr. Westall in formulating a closure plan. He agreed and sent Mr. Westall the enclosed letter and proper forms.

No closure plan was received by the State Land Office, so a follow-up letter dated January 16, 1996 was sent by the Oil, Gas and Minerals Division restating that a closure plan needed to be submitted to the State Land Office within 30 days from the date of that letter.

On January 23, 1996 I reinspected the site with Wayne Price from the OCD. We discovered that the pit had been covered up. Mr. Price took samples from approximately 6" below the surface and discovered heavy oil

sludge. After seeing this, it was apparent to us that no attempt to remove the contamination had been made. The pit was improperly closed with no closure plan having been submitted to the State Land Office or the OCD. Mr. Price's field report is enclosed.

It is my experience that the contamination associated with pits like this one is far more extensive than would appear from the surface and poses a major threat to the value of the trust.

I recommend that Mr. Westall close this pit using OCD guidelines. These guidelines require the operator to determine the vertical and horizontal extent of the contamination using soil borings and ground water monitoring wells. Once the area of contamination is defined then the contamination can physically be removed and replaced with clean fill. If groundwater pollution is discovered, several methods can be employed to remediate the problem such as pump and treat or insitu bioremediation. However, in this case, since saltwater and petroleum were disposed of in this pit, pump and treat may be the only option. The State Land Office environmental staff is familiar with this site and may wish to add further requirements to this operation.

LEGAL DESCRIPTION

T18S, R34E

NMPM

SECTION 16: NW4NW4 Joannie-Shell Well #1

LEA COUNTY

LOCATION

This site is located approximately 5 miles southwest of Buckeye, New Mexico with access via C-51 and ranch/oilfield roads.

Site Description: This area is rural rangeland with light oilfield activity. Soil is a Kimbrough-Lea complex of shallow loam over caliche with 0-3% slopes. Vegetation consists of native grasses and Mesquite. Geology of the area consists of caliche to 20', sand and gravel from 20' to 45', sand from 45' to 110', water sand (ogalalla aquifer) from 111' to 220' and clay from 220' to 230'. Groundwater is at a depth of approximately 115' below land surface as measured February 15, 1996 from a well in the adjoining section 15 to the east.

HIGHEST AND BEST USE

The highest and best use of this land is for oil/gas and livestock production.

ESTIMATE OF VALUE

I estimate the value of this land to be between \$80.00 and \$100.00 per acre as rangeland.

REMARKS

Directly to the north in Section 8 of this same township is a similar oil pit operated by Ray Westall. This pit was recently discovered by

February 19, 1996

- 3 -

EN-SA-14

Leon Anderson and addressed by his report LA-SA-55. This pit has also been inappropriately covered and is being addressed by LA-SA-59. I recommend similar remediation procedures be required at this site.

EN:bw

Attachments



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

Certified Mail
Return Receipt Requested

November 28, 1995

Santa Fe Natural Resources, Inc.
P.O. Box 4
Loco Hills, New Mexico 88255

Re: Oil Field Waste on State Trust Lands:
Portion of New Mexico Oil & Gas Lease No. K-4735-5
NW/4 NW/4, Section 16, Township 18 South, Range 34 East
Lea County, New Mexico

Property: Joannie-Shell Well No. 1

Gentlemen:

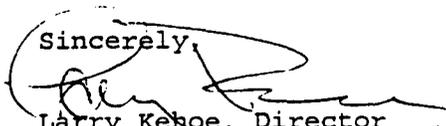
It has been brought to our attention that operating practices regarding the above mentioned wells may not conform to that of a prudent operator. There exists the possibility of permanent surface damage and ground water contamination from the faulty practices regarding oil production and storage, and produced water storage and disposal on this specific State of New Mexico Oil & Gas Lease.

Therefore, you are hereby notified that a surface reclamation plan must be submitted to this office within thirty (30) days of the date of this letter. Please include all starting and completion dates and the time required to accomplish the remediation.

Failure to comply will necessitate further legal action on the part of the Commissioner of Public Lands.

If you have any questions regarding this matter contact Jeff Albers at (505) 827-5759.

Sincerely,


Larry Kehoe, Director
Oil, Gas & Minerals Division
(505) 827-5745
LK/ja

cc: Mr. Eric Nelson - Land Use Specialist, New Mexico State Land Office
Ray Westall (Operator)



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

December 27, 1995

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Ray Westall Co.
P.O. Box 4
Loco Hills, New Mexico 88255-0004
tele: 505-677-2370

Re: Pit Closure Guidelines for pit located in nw/4 nw/4 sec 16-Ts 18-R34e near
Buckeye, NM.

Dear Ray,

Per our telephone conversation with Joe, the State of New Mexico Land Office requested that we assist you by providing you information concerning pit closures. Therefore, please find a copy of our "Unlined Surface Impoundment Closure Guidelines" for your company's use and a C-103 for reporting this remedial activity.

For your information our normal procedure has been for your company to submit the C-103 describing your closure plans. The NMOCD will then review the plan and approve as is or with attached conditions.

Please note that there are many ways to close these type of facilities and the NMOCD Guidelines allows many different techniques, methods and approaches. In order to assist you and your company I have taken the liberty to include our standard OCD APPROVAL CONDITIONS which will help you understand what we normally require on such closures. Also included is various Soil Remediation Methods for reference.

I would like to take this opportunity to congratulate you and your company for taking this pro-environmental approach, if we had more companies like yours we would have a better world to live in.

Once again thank you for your voluntary compliance.

Sincerely yours,

Wayne Price-Environmental Engineer

cc: Jerry Sexton-District I Supervisor
Roger Anderson-Environmental Bureau Chief
Bill Olson-Hydrogeologist
NM St. Land Off.-Hobbs

attachments-2





State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

Certified Mail
Return Receipt Requested

January 16, 1996

Ray Westall
Post Office Box 4
Loco Hills, New Mexico 88255

Attn: Ms. Juanel Harden

Re: Oil Field Waste on State Trust Lands
Portion of New Mexico Oil and Gas Lease No. K-4735-5
NW/4 NW/4, Section 16, Township 18 South, Range 34 East
Property: Joannie-Shell Well No. 1
Lea County, New Mexico

Dear Ms. Harden:

Ray Westall Company received a copy of a certified letter dated November 28, 1995, mailed to Santa Fe Natural Resources, Inc., explaining that a surface damage situation may exist on State Trust lands. The situation was created by your company's failure to operate the referenced well in a prudent manner (see enclosure).

This is the second and final notice that a surface reclamation plan must be submitted to this office within 30 days of the date of this letter. If you fail to notify this office within the time allowed, the Commissioner of Public Lands will refer this matter to the State Land Office Legal Division.

If you have any questions regarding this matter, please contact Jeff Albers at (505) 827-5759.

Sincerely,


LARRY KEHOE, Director
Oil, Gas & Minerals Division

LK/JA/mt

Enclosure

xc: Mr. Eric Nelson, Land Use Specialist, New Mexico State Land Office

CC: JOHN J. ...
 SL NPA LAND
 HOBBS - ERIC NELSON

NEW MEXICO OIL CONSERVATION COMMISSION
 FIELD TRIP REPORT

Name WAYNE PRICE Date 1/23/96 Miles _____ District 3
 Time of Departure 7 AM Time of Return 4 PM Car No. G 0-

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

Signature [Signature]

QUARTER HOURS
 HOURS
 FACILITY
 DISTURBANCE
 NUMBER

WESTALL LOCATION WITH ERIC NELSON NM ST LAND OFFICE
 NW/4 NW/4 SEC 16 - T5 18S - R34E OLD BSW PIT HAS
 BEEN COVERED. TOOK SAMPLE ≈ 6" BELOW SURFACE
 FOUND HEAVY OILY SLUDGE -
 NELSON TOOK PICTURES -
 PIT NOT CLOSED PER NMOCD GUIDELINES

WESTALL LOCATION - JOANNIE #1 T-8-18S-34E - FOUND ACTIVE O.
 PIT UNLINED - NETTED; PIT LOCATED IN DRAW TO LARG.
 PLAYA (BUFFALO WALLOW) HAS WATER IN IT. ALSO ONLY
 300 YARDS FROM WINDMILL STOCK POND -
 NELSON TOOK PICTURES -
 RECOMMEND WE ASK OPERATOR TO CLOSE PIT
 PER NMOCD GUIDELINES.

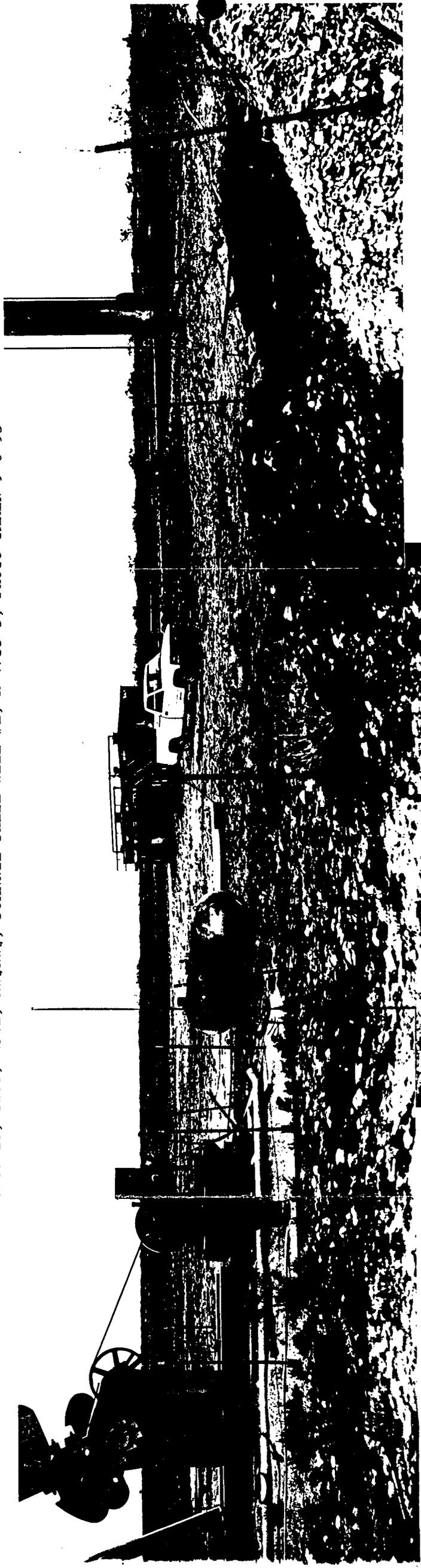
From JS.
 2-8-96 - Ray fixed the lower pit as per
 land office see if Rodgers wants anything
 done - Ray washed pit out & fixed it.

Mileage	Per Diem	Hours
UIC _____	UIC _____	UIC _____
RPA _____	RPA _____	RPA _____
Other _____	Other _____	Other _____

TYPE INSPECTION PERFORMED	INSPECTION CLASSIFICATION	NATURE OF SPECIFIC WELL OR FACILITY INSPECTED
H = Housekeeping P = Plugging C = Plugging Cleanup T = Well Test R = Repair/Workover W = Waterflow M = Mishap or Spill N = Water Contamination O = Other	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 * = Indicates some form of enforcement action taken in the field (show immediately below the letter U, R or O)	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



EN-SA-14
SEC. 16, T18S, R34E, NW $\frac{1}{4}$ NW $\frac{1}{4}$, JOANNIE-SHELL WELL #1, K-4735-5, PHOTO TAKEN 9-6-95

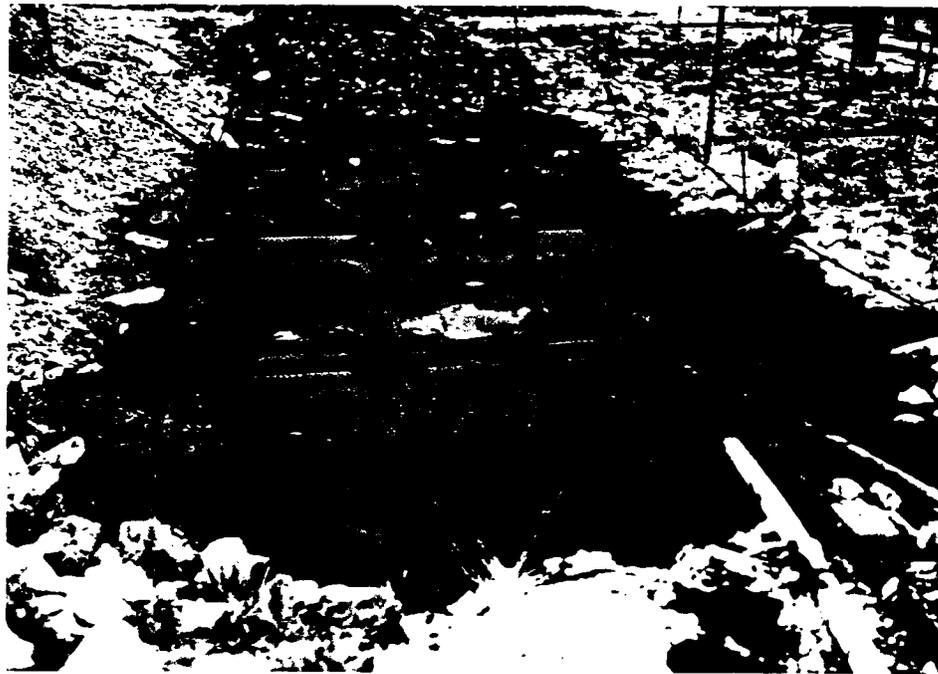


SEC. 16, T18S, R34E, NW $\frac{1}{4}$ NW $\frac{1}{4}$, JOANNIE-SHELL WELL #1, PHOTOS TAKEN 9-21-95



EN-SA-14

SEC. 16, T18S, R34E, NW $\frac{1}{4}$ NW $\frac{1}{4}$, JOANNIE-SHELL WELL #1, PHOTOS TAKEN 9-21-95





JOANNIE-SHELL WELL #1, PHOTO TAKEN 1-23-96, AFTER PIT IS COVERED



HEAVY SLUDGE FOUND AT 6" DEEP

NMOCD INTER-OFFICE CORRESPONDENCE

TO: Roger Anderson-Environmental Bureau Chief
From: Wayne Price-Environmental Engineer *Wayne Price*
Date: Feb. 17, 1996
Reference: Ray Westall Co.
P.O. Box 4
Loco Hills, New Mexico 88255-0004
Subject: Pit Closures
#1 Pit; Location: nw/4 nw/4 sec 16-Ts 18s-R34 e
#2 Pit; Location: Joannie #1 1-c-sec 8-Ts 18s-R 34 e.

Comments:

Dear Roger,

Jerry Sexton has requested that I contact you concerning the two pit closures at the above mentioned locations. Jerry would like for me to coordinate these closures thur your office.

Please note, I sent Mr. Westall a copy of our guidelines on December 27, 1995. As of this date the NMOCD Hobbs office has not received any work plan or closure results.

On Jan. 23, 1996 the State Land Office requested my presence on a field trip in this area. We went to the above two locations. The #1 pit location was already closed and filled in. We took samples just below the surface and found a heavy oily sludge. It appears this pit was just covered. We took pictures which are attached for your review.

Previous pictures taken by the State Land Office before the pit was closed were supplied to me. After observing these pictures it appears that some non-exempt waste might have been disposed of in the pit.

I checked the above sample, which has not been preserved, on Feb. 17, 1996 with our PID, the reading was 440 ppm (BTEX) which is four times our guideline limits and almost a month old.

We went to the #2 Pit and found that this pit was unlined, netted, but contained mostly crude oil. We took a stirring stick and could not find a water layer.

Since this time Jerry Sexton has informed me that Ray washed out and filled in this pit #2.

Please note both pits are located on NM State Land. They both overlie the ogallala water aquifer. The Pit #2 is located in a draw that leads into a nearby large buffalo wallow. This fresh water playa contains water and is presently supporting watering for cattle and wildlife. There is also a windmill and stock tank located in close proximity in this same draw down-dip of the old pit and tank battery. The battery is not bermed.

Jerry has requested I contact you and ask your advice if anything else should be done concerning these pit closures and/or locations.

After your department has had an opportunity to review this information could you please contact our District and advise us on how to proceed on this issue.

Thanks! We anxiously await your reply.

cc: Jerry Sexton-District I Supervisor
Gary Wink-NMOCD Field Rep. II
NM State Land Off.-Hobbs

attachments- Letter to Westall dated Dec. 27, 1995
Pictures
WP field report.

Pictures taken by NM State Land Office.

- #1. Location #1 nw/4 nw/4 sec 16-Ts 18s-R34 e:
Three pictures showing panoramic view of location looking southwest.
- #2. Location #1 Pit. Shows BS&W and misc solid waste debris in pit. Visual observations by State Land office was debris consisted of old oil filters, oil cans, paint bucket, misc buckets, WD-40 can, antifreeze containers, etc.
Looking NW.
- #3. Location #1 Pit. Free oil in pit and discharge lines from heater treater and tank battery leading into pit. Looking East.
- #4. Location #1 Pit. Picture taken by NM St.Land Off. on Jan 23, 1996. Shows Wayne Price NMOCD taking sample using sampling tier in area where pit was located. Looking east.
- #5. Location #1 Pit. Picture taken By NM ST. Land Off. on Jan 23, 1996. Shows Wayne Price NMOCD taking sample on and just under the surface of where the old pit was located.
- #6. Location #2 ,Joannie #1 1-C-sec 8-Ts 18s-R34 e:
Picture of sign found partially buried near the pit.
- #7. Location #2, shows pit. picture taken by NM St. Land Off. on Jan 23, 1996. Background shows draw leading into playa fresh water lake and windmill.
- #8. Location #2 Pit. Show free oil in pit.
- #9. Location #2; Shows windmill, stock tank, cattle and playa in background. Picture taken approx. half way between pit and windmill standing on north side of draw.



A

#1 #

#1 #

#1. Location #1 nw/4 nw/4 sec 16-Ts 18s-R34 e:
Three pictures showing panoramic view of location looking
southwest.



#2. Location #1 Pit. Shows BS&W and misc solid waste debris in pit. Visual observations by State Land office was debris consisted of old oil filters, oil cans, paint bucket, misc buckets, WD-40 can, antifreeze containers, etc.
Looking NW.



#3. Location #1 Pit. Free oil in pit and discharge lines from heater treater and tank battery leading into pit. Looking East.



#4. Location #1 Pit. Picture taken by NM St.Land Off. on Jan 23, 1996. Shows Wayne Price NMOCD taking sample using sampling tier in area where pit was located. Looking east.



#5. Location #1 Pit. Picture taken By NM ST. Land Off. on Jan 23, 1996. Shows Wayne Price NMOCD taking sample on and just under the surface of where the old pit was located.

WESTKEL & WESTALL

JOANNIE

1-6-8-185-572

#6. Location #2 ,Joannie #1 1-C-sec 8-Ts 18s-R34 e:
Picture of sign found partially buried near the pit.



#7. Location #2, shows pit. picture taken by NM St. Land Off. on Jan 23, 1996. Background shows draw leading into playa fresh water lake and windmill.



#8. Location #2 Pit. Show free oil in pit.



#9. Location #2; Shows windmill, stock tank, cattle and playa in background. Picture taken approx. half way between pit and windmill standing on north side of draw.



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

December 27, 1995

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Ray Westall Co.
P.O. Box 4
Loco Hills, New Mexico 88255-0004
tele: 505-677-2370

Re: Pit Closure Guidelines for pit located in nw/4 nw/4 sec 16-Ts 18-R34e near Buckeye, NM.

Dear Ray,

Per our telephone conversation with Joe, the State of New Mexico Land Office requested that we assist you by providing you information concerning pit closures. Therefore, please find a copy of our "Unlined Surface Impoundment Closure Guidelines" for your company's use and a C-103 for reporting this remedial activity.

For your information our normal procedure has been for your company to submit the C-103 describing your closure plans. The NMOCD will then review the plan and approve as is or with attached conditions.

Please note that there are many ways to close these type of facilities and the NMOCD Guidelines allows many different techniques, methods and approaches. In order to assist you and your company I have taken the liberty to include our standard OCD APPROVAL CONDITIONS which will help you understand what we normally require on such closures. Also included is various Soil Remediation Methods for reference.

I would like to take this opportunity to congratulate you and your company for taking this pro-environmental approach, if we had more companies like yours we would have a better world to live in.

Once again thank you for your voluntary compliance.

Sincerely yours,

Wayne Price-Environmental Engineer

cc: Jerry Sexton-District I Supervisor
Roger Anderson-Environmental Bureau Chief
Bill Olson-Hydrogeologist
NM St. Land Off.-Hobbs

attachments-2



CC: JERRY SEYTON
 SL NMA LAND OFF
 HOBBS - ERIC NELLE

NEW MEXICO OIL CONSERVATION COMMISSION
 FIELD TRIP REPORT

QUARTER HOURS
 HOURS
 FACILITY
 CLASSIFICATION
 INSPECTION

Name WAYNE PRICE Date 1/23/96 Miles _____ District I
 Time of Departure 7 AM Time of Return 4 PM Car No. G 047

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

Signature [Signature]

WESTALL LOCATION WITH ERIC NELSON NM ST LAND OFFICER
 NW/4 NW/4 SEC 16 - T5 18S - R34E, OLD BS+W PIT HAS
 BEEN COVERED, TOOK SAMPLE ~ 6" BELOW SURFACE
 FOUND HEAVY OILY SLUDGE -
 NELSON TOOK PICTURES -

PIT NOT CLOSED PER NMOC GUIDELINES

WESTALL LOCATION - JOANNIE #1 HC-8-18S-34E - FOUND ACTIVE OIL
 PIT UNLINED - UNLINED; PIT LOCATED IN DRAW TO LARGE
 PLAYA (BUFFALO WALLOW) HAS WATER IN IT, ALSO ONLY
 300 YARDS FROM WINDMILL STOCK POND -
 NELSON TOOK PICTURES -

RECOMMEND WE ASK OPERATOR TO CLOSE PIT
 PER NMOC GUIDELINES.

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

From JS.
 2-8-96 - Ray filled the lower pit as per
 land office see if Rodgers wants any tanks
 done - Ray washed pit out & filled it.

TYPE INSPECTION PERFORMED

INSPECTION CLASSIFICATION

NATURE OF SPECIFIC WELL OR FACILITY INSPECTED

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

- U = Underground Injection Control - Any inspection of or related to injection project, facility, or well or resulting from injection into any well. (SND, 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

- 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

* = Indicates some form of enforcement action taken in the field (show immediately below the letter U, R or O)



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

(505) 827-5760
FAX (505) 827-5766

SANTA FE, NEW MEXICO 87504-1148

Certified Mail
Return Receipt Requested

January 16, 1996

Ray Westall
Post Office Box 4
Loco Hills, New Mexico 88255

Attn: Ms. Juanel Harden

Re: Oil Field Waste on State Trust Lands
Portion of New Mexico Oil and Gas Lease No. K-4735-5
NW/4 NW/4, Section 16, Township 18 South, Range 34 East
Property: Joannie-Shell Well No. 1
Lea County, New Mexico

Dear Ms. Harden:

Ray Westall Company received a copy of a certified letter dated November 28, 1995, mailed to Santa Fe Natural Resources, Inc., explaining that a surface damage situation may exist on State Trust lands. The situation was created by your company's failure to operate the referenced well in a prudent manner (see enclosure).

This is the second and final notice that a surface reclamation plan must be submitted to this office within 30 days of the date of this letter. If you fail to notify this office within the time allowed, the Commissioner of Public Lands will refer this matter to the State Land Office Legal Division.

If you have any questions regarding this matter, please contact Jeff Albers at (505) 827-5759.

Sincerely,


LARRY KEHOE, Director
Oil, Gas & Minerals Division

LK/JA/mt

Enclosure

xc: Mr. Eric Nelson, Land Use Specialist, New Mexico State Land Office



State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

(505) 827-5760
FAX (505) 827-5766

SANTA FE, NEW MEXICO 87504-1148

Certified Mail
Return Receipt Requested

November 28, 1995

Santa Fe Natural Resources, Inc.
P.O. Box 4
Loco Hills, New Mexico 88255

Re: Oil Field Waste on State Trust Lands:
Portion of New Mexico Oil & Gas Lease No. K-4735-5
NW/4 NW/4, Section 16, Township 18 South, Range 34 East
Lea County, New Mexico

Property: Joannie-Shell Well No. 1

Gentlemen:

It has been brought to our attention that operating practices regarding the above mentioned wells may not conform to that of a prudent operator. There exists the possibility of permanent surface damage and ground water contamination from the faulty practices regarding oil production and storage, and produced water storage and disposal on this specific State of New Mexico Oil & Gas Lease.

Therefore, you are hereby notified that a surface reclamation plan must be submitted to this office within thirty (30) days of the date of this letter. Please include all starting and completion dates and the time required to accomplish the remediation.

Failure to comply will necessitate further legal action on the part of the Commissioner of Public Lands.

If you have any questions regarding this matter contact Jeff Albers at (505) 827-5759.

Sincerely,


Larry Kehoe, Director
Oil, Gas & Minerals Division
(505) 827-5745
LK/ja

cc: Mr. Eric Nelson - Land Use Specialist, New Mexico State Land Office
Ray Westall (Operator)



36 NP 8 52

State of New Mexico
Commissioner of Public Lands

RAY POWELL, M.S., D.V.M.
COMMISSIONER

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

March 28, 1996

Amoco Production Company
Box 3092
Houston, Texas 77253

Re: Improper Pit Closure - Westall Joannie Well No. 1
NE/4NW/4, Section 08, Township 18 South, Range 34 East
State of New Mexico Oil & Gas Lease E07990-2

Gentlemen:

It has been brought to our attention that improper closure of an unlined pit located at the above well site has occurred. There exists the possibility of permanent surface damage and ground water contamination from the unauthorized and unacceptable methods of closure by the operator of the well.

As lessee of record, you have incurred certain obligations which include protection of the surface estate, including livestock, soil, vegetation, and surface improvements. You are requested to inspect your lease acreage and to enforce remedial action within thirty days from the date of this letter.

Amoco Production Company
March 28, 1996
Page Two

This pit must be closed in accordance with guidelines of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department. Please coordinate with our Land Use Specialist, Eric Nelson, whose phone number in Hobbs is (505) 392-8736. If you have any questions, please feel free to contact me.

Sincerely,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS



By: Larry Kehoe, Assistant Commissioner
Mineral Resources

RP/LK/JB/jb

xc: Eric Nelson-SLO LUS
OCD Environmental Bureau-Roger Anderson
Ray Westall (Operator)