



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor

**Joanna Prukop**

Cabinet Secretary

**Mark E. Fesmire, P.E.**

Director

**Oil Conservation Division**

September 18, 2006

## LETTER OF VIOLATION (02-06-31)

Mr. Ray Westall  
P. O. Box 4  
Loco Hills, New Mexico 88255

Re: *Facility:* Belco No. 1, API No. 30-015-25141  
*Violations:* OCD Rule 50 [19.15.2.50 NMAC]  
OCD Rule 116 [19.15.3.116 NMAC]  
OCD Rule 12 [19.15.1.12 NMAC]  
SWD-116

Dear Operator:

On August 1, 2006, OCD Deputy Oil and Gas Inspector Gerry Guye inspected the Ray Westall ("Westall") well identified above. This well failed to meet the standards of the State of New Mexico Oil Conservation Division, as described below.

OCD Rule 50 states in part "Discharge into, or construction of, any pit or below-grade tank is prohibited absent possession of a permit issued by the division, unless otherwise herein provided or unless the division grants an exemption pursuant to Subsection G of 19.15.2.50 NMAC." The inspection disclosed a lined workover pit constructed in violation of this rule.

SWD-666, which was approved in July 1997 states in relevant part ..." The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1145 psi." The inspection revealed no device had been installed.

In addition, the inspection revealed an unauthorized release of hydrocarbons in the tank battery area of an estimated amount that would require written notification to OCD under Rule 116, for which no notification is on file. Rule 116.A (1) states in part "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 Section 116 of 19.15.3 NMAC."

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OCD Rule 116 also states in part, "...The responsible person must complete division approved corrective action for releases which endanger public health or the environment." No corrective action has been taken to remediate the area.

OCD Rule 12 states, "The division is charged with the duty and obligation of enforcing all rules and statutes of the state of New Mexico relating to the conservation of oil and gas including the protection of public health and the environment. However, it shall be the responsibility of all the owners or operators to obtain information pertaining to the regulation of oil and gas before operations begin."

To comply with Rule 12 it is recommended that all leases be scrutinized for possible further violations of Rule 116 and this office be notified of all discrepancies.

Westall is required to take corrective action in accordance with Rule 116.D, by submitting a remediation plan for approval by this office.

In addition, action must be taken to obtain an approved closure plan for the open workover pit currently on location.

Actions required by this letter of violation must be accomplished on or before **October 11, 2006.**

If this matter cannot be resolved administratively, the OCD may take further enforcement action, which may include an enforcement hearing before an OCD hearing examiner seeking an Order requiring that the wells be plugged and abandoned pursuant to NMSA 1978, § 70-2-14(B). That statute provides:

**"If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited."**

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Thank you for your assistance in this matter. If you have any questions please do not hesitate to call.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gerry Guye", with a long horizontal flourish extending to the right.

Gerry Guye  
Deputy Field Inspector  
District II - Artesia

ec: Daniel Sanchez, OCD Compliance Manager  
Gail MacQuesten, OCD Assistant General Counsel  
Cheryl O'Connor, OCD Assistant General Counsel