



**NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION  
AZTEC DISTRICT OFFICE  
AZTEC NM 87410  
(505) 334-6178 FAX: (505) 334-6178  
[http://nemnr.d.state.nm.us/ocd/District NM3distr.htm](http://nemnr.d.state.nm.us/ocd/District%20NM3distr.htm)

GARY E. JOHNSON  
GOVERNOR

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CABINET SECRETARY

Certified Receipt #P-471-215-197

December 5, 1997

SG Interests I Ltd  
Attn Bob Sagle  
PO Box 2677  
Durango CO 81302

RE: SG Interests I, Ltd., Santa Rosa 7 #1, API#30-045-27795, H-7-29N-09W

Dear Mr. Sagle:

During a visit to the Santa Rosa 7 #1 well site on November 21, 1997, some environmental and safety problems were discovered. The currently operating well site compressor is leaking crankcase oil and lube oil to the ground. The out-of-service compressor, which is still in place, has had a similar history as indicated by oil stains surrounding the unit. Due to the shallow groundwater at this site, SG Interests I Ltd. is directed to remove both units and excavate the non-exempt oil field contamination. If groundwater is encountered, it will be sampled for BTEX and ICAP metals with mercury and selenium by AA.

Final disposition of contaminated materials will be based on volumes and impact on the groundwater. Smaller volumes lend themselves to on-site remediation. The well site compressor may continue to operate with some type of containment for leaking oils and wash down water. Something as simple as rails and a catchment, which will be periodically emptied, may suffice.

SG Interests I Ltd. will notify Denny Foust or Johnny Robinson of the Aztec District Office a minimum of 24 hours before initiating excavation so the operation may be witnessed. SG Interests I Ltd. will submit a written plan and drawings for containment on the compressor installation.

The production tank has a profusion of weeds growing next to it which constitutes a fire hazard. SG Interests I Ltd. will remove the weeds.

SG Interests I Ltd. has until January 15, 1998, to initiate these operations and have them completed by January 31, 1997.

Please contact me at 505-334-6178 if you have questions.

Yours truly,

Denny G. Foust  
Environmental Geologist

XC. Santa Fe Environmental Bureau      Johnny Robinson      DGF File      Well File

