

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

**NMOCD—06-155**

**IN THE MATTER OF PRIDE ENERGY COMPANY,**

**Respondent.**

**AGREED COMPLIANCE ORDER**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended (hereinafter, "Act"), and the rules promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico (hereinafter, "OCD") issues this Order to PRIDE ENERGY COMPANY. (hereinafter "Pride") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD Rules.

**I. FINDINGS**

- 1) The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
- 2) Pride is a private company, doing business in New Mexico. Its business address is P.O. Box 701602, Tulsa, Oklahoma, 74170-1602. Pride's OGRID is 151323.
- 3) Pride is the operator of the San Isidro 12 #10, well, located in UL J, Sec. 12, T20N, R03W, API # 30-043-20856, Sandoval County, New Mexico.
- 4) On Tuesday, February 7, 2006, while performing routine inspections, OCD Deputy Oil and Gas Inspectors Kelly Roberts and Denny Foust visited the Pride San Isidro 12 #10. Deputy Inspector Foust noted a land farm on location. The production tanks had been overtopped, and there was evidence of oil within the berms. When digging down in the soft soil within the berms, additional evidence of oil contamination was present.
- 5) Deputy Oil and Gas Inspector Monica Kuehling returned to the location February 22, 2006. No steps had been made to address the oil contamination.
- 6) Deputy Inspector Denny Foust made a subsequent inspection on February 26, 2006; he too found Pride had taken no action to remediate the site.
- 7) A subsequent OCD investigation found the following:

- a. No release had been reported from the San Isidro 12 #10.
  - b. The OCD has received no reports of a release at the site. However, Accumulated contamination is deemed to be a danger that may, with reasonable, probability, endanger public health and result in substantial damage to the environment, as well as contaminate ground water.
  - c. OCD Rule 116 [19.15.3.116 NMAC] requires that the OCD “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 ....” The operator must give both immediate oral and timely written notice of a release that “may with reasonable probability endanger public health” or result in damage to the environment or may be detrimental to water.
  - d. Timely written notice is defined to be within fifteen (15) days after the release is discovered. OCD Rule 116.D requires that the operator then submit a remediation plan approved by the division and complete division approved corrective action.
  - e. Rule 116.C defines “immediate verbal notification” of a major spill to be a verbal report within twenty-four (24) hours of discovery of the spill to the OCD District Office for the area within which the release takes place.
  - f. Rule 116.D requires the responsible person to complete division approved corrective action for a major release, in accordance with a remediation plan submitted to and approved by the division, or an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC.
  - g. Pride violate Rule 116 by failing to give timely written notification for an unauthorized release of oil, by failing to submit a remediation plan and failing to complete a division approved corrective action in the remediation of the site
  - h. As a result of its investigation, the OCD issued a Notice of Violation (3-06-13) to Pride, alleging violations of Rule 116B and 116C.
- 8) At the Administrative Conference on this matter, Pride presented the following:
- a. Pride was not aware that OCD required a report or any further action.
  - b. Pride had notified the Bureau of Land Management about the spill and cleaned it up to meet their requirement.
  - c. OCD’s on site instructions to the pumper were not passed on to management.

## **II. CONCLUSION**

- 1) The OCD has jurisdiction over the parties and subject matter in this proceeding.

- 2) Pride is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
- 3) Pride is subject to civil penalties under NMSA 1978, § 70-2-31(A) San Isidro 12 #10 for knowing and willful violation of OCD Rule 116.B and 116.D.

### **III. ORDER AND CIVIL PENALTY**

- 1) Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against Pride totaling **Two Thousand Dollars (\$2,000.00)**. This penalty is based on one (1) violation each of Rule 116.B and 116.C.
- 2) The civil penalty shall be paid at the time Pride executes this Order. Payment shall be made by check payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
- 3) In addition to the civil penalty, Pride shall submit a C-141 release report, Envirotech's site assessment report, and Pride's remediation plan for approval by October 31, 2006.
- 4) Pride shall complete the remediation plan by November 29, 2006; for good cause shown, Pride may request an extension, providing the reasons therefore. The OCD will not unreasonably withhold approval of an extension.
- 5) By signing this Order, Pride expressly:
  - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - b. agrees to comply with Ordering paragraphs two (2), three (3), and four (4).
  - c. waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
  - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.
- 5) Nothing in this Order relieves Pride of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Pride of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico, this 31 day of October 2006.

By: Mark E. Fesmire

Mark Fesmire, P.E.  
Director, Oil Conservation Division

**ACCEPTANCE**

**PRIDE ENERGY COMPANY.** hereby accepts the foregoing Order and  
agrees to all of the terms and provisions set forth in the Order.

**PRIDE ENERGY COMPANY,  
AN OKLAHOMA GENERAL PARTNERSHIP**

X Matthew L. Pride

By: Pride Production Co., Inc.  
Title: General Partner  
By: Matthew L. Pride  
Title: President

P.O. Box 701950  
Tulsa, OK 74170-1950

Date: 10/20/06