

From: [Yu, Olivia, EMNRD](#)
To: [Price, Henryetta](#); [Pat Merritt](#)
Cc: stucker@blm.gov
Subject: RE: [EXTERNAL] Chestnut D&E No 1
Date: Thursday, May 3, 2018 10:18:00 AM
Attachments: 1RP5040.pdf

Dear Mr. Merritt:

The 1RP for this incident is

5040	5/3/2018	A	Chestnut Petroleum	R&B Federal #1	30-025-02449	20S-34E-220	winter 2017- 2018
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Please remember to include this 1RP identifier to all communications. Also, please be advised that a release characterization/delineation workplan as detailed in the attachment must be approved by NMOCD BEFORE any remediation work.

As mentioned below, the release at the tank battery occurred sometime after November 2, 2017 (aerial imagery) and NMOCD site visit on April 25, 2018.

Thanks,

Olivia Yu
Environmental Specialist
NMOCD, District I
Olivia.yu@state.nm.us
575-393-6161 x113

OCD approval does not relieve the operator of liability should their operations fail to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

From: Price, Henryetta <hprice@blm.gov>
Sent: Wednesday, May 2, 2018 5:02 PM
To: Pat Merritt <pmerritt@traton.org>
Cc: stucker@blm.gov; Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: Re: [EXTERNAL] Chestnut D&E No 1

The BLM nor the state has a fund to clean up an operator's area of responsibility while operating on that lease.

I would recommend to do what you can immediately, when you reached that point of making your assessment to determine the extent of the impact, then we can sit down and discuss what to do from there. This will buy some time, but clean up will still need to be completed. If no work is done within a reasonable amount of time, we will then send the assessments and civil penalties. Best thing to do now is pick up those standing fluids and get the site assessed. I know the remediation action/ work isn't always cheap but it has to start. We can talk more about it as we move along, but the fact the company is bankrupt does not relieve the operator from any responsibilities. Consistent communication and efforts to address this spill will be taken into consideration during the remediation process.

I will be out to the location on Friday.

I hope this helps and that this spill is resolved within a few months. Thank you for your time.

Henryetta Price

Environmental Protection Specialist
Bureau Of Land Management
Hprice@blm.gov
Phone 575-234-5951
Cell 575-706-2780
Fax 575-234-5927

*** Lesser Prairie Chicken (LPC) timing stipulations are in effect 1 Mar- 15 June annually.

*** Tis the season for African Rue. Please do a 360 scan around your well locations and lease roads.

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On Wed, May 2, 2018 at 3:06 PM, Pat Merritt <pmerritt@traton.org> wrote:

Is there a fund at the state or federal level that can handle this work? The situation I have here is a little unusual I think. Would it help if we got on the phone to talk about this?

I guess after this long the environmental damage has been done and is probably not getting worse but these problems still need to be handled expeditiously.

Should I submit a plan for remediation even though I cannot perform the remediation? I think I know what needs to be done so I could prepare a plan. I just can't execute.



Patrick W. Merritt

[1415 N. Loop W., Suite 1250](#) | [Houston, TX 77008](#)

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p 281.540.0028 | f 713-520-7005

www.TRATON.org

From: Price, Henryetta <hprice@blm.gov>

Sent: Wednesday, May 2, 2018 3:50 PM

To: Pat Merritt <pmerritt@traton.org>

Cc: stucker@blm.gov; Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>

Subject: Re: [EXTERNAL] Chestnut D&E No 1

Good Afternoon Pat,

So, I did talk with my supervisor to see how we would handle this situation with the repeated response that the operator does not have any money to remediate, unfortunately, there is no leeway. Especially with the fact that the spill has gone unreported for over a year, and now that there are TWO unreported spills, clean up action will have to occur.

I am going to send out a Written Order today to have all standing fluids picked up within 48 hours. If standing fluids are not picked by 3pm MST on Friday May 04, 2018, we will have our Law Enforcement involved. Fish and Wildlife will also be contacted if any other issues or affected wildlife is observed.

Another Written Order will be sent to submit a remediation plan within 30 days.

Again, failure to comply will result in an INC and assessments as necessary to ensure that work is addressed as soon as possible. Due to the length of time this spill has not been addressed and standing fluids on location, remediation will take place as soon as possible.

Henryetta Price

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On Wed, May 2, 2018 at 2:37 PM, Pat Merritt <pmerritt@traton.org> wrote:

After our conversation yesterday I was bothered by the comment you made about free standing oil so I followed up with the gauger for Chestnut. Attached is a C-141 reporting a second spill that I learned about today. This spill was due to a leaking load line valve and dumped both produced water and oil inside the firewall for the D&E wells. I am told this one just happened this past winter. I am reporting it under the API for well number 1.

This company is bankrupt and does not have any money to pay the fines being levied or make any cleanup of these problems. The Trustee is actively seeking a viable operator that can take these properties and bring them into compliance. Please let me know if I can provide anything else that would help you.



Patrick W. Merritt

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From: Price, Henryetta <hprice@blm.gov>

Sent: Tuesday, May 1, 2018 3:23 PM

To: Pat Merritt <pmerritt@traton.org>

Cc: stucker@blm.gov; Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: Re: Reportable release at R&B Federal #1- API 30-025-02449

C141 should be submitted to both agencies no later than 05 May 18.

Henryetta Price

Environmental Protection Specialist
Bureau Of Land Management

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On Tue, May 1, 2018 at 2:18 PM, Price, Henryetta <hprice@blm.gov> wrote:

Good Afternoon Pat,

Can you give me an update on the above location? My Certified mail receipt shows that the Incidents of Non Compliance (INC) was received on 4/25/18. Abatement date for the INC is 4/12/18. The Initial Written Order requested a submission of the NMOCD form C141 to NMOCD AND BLM with in 10 Days of receipt of the notice. Although the abatement date shows 4/12/18, the 10 day request needs to be met.

Also, understand that Chestnut Petroleum has been assessed for failure to comply with the first Written Order. Failure to comply with the recently issued INC will result in additional penalties and assessments from the date the INC was issued.

If you have any questions or issues, please do not hesitate to reply to this email so that we are all on the same page.

Henryetta Price

Environmental Protection Specialist
Bureau Of Land Management

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