

Bratcher, Mike, EMNRD

From: Duran-Saenz, Theresa, EMNRD
Sent: Monday, August 23, 2010 3:49 PM
To: Kodiak.sonia@yahoo.com
Cc: VonGonten, Glenn, EMNRD; Macquesten, Gail, EMNRD; Dade, Randy, EMNRD; Bratcher, Mike, EMNRD; Sanchez, Daniel J., EMNRD
Subject: Kodiak Oilfield Services, LLC --- Denial of Application for Authorization to Move Produced Water, Request for Records, Delineation and Remediation Plan Required
Attachments: 2010 8-23 Sample Remediation Proposal Attachment.pdf; 2010 8-23 LT re delineation and remediation plan.pdf

Original letter without attachments to follow via U.S. Mail.
The message is ready to be sent with the following file or link attachments:

2010 8-23 Sample Remediation Proposal Attachment 2010 8-23 LT re delineation and remediation plan

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New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 23, 2010

Ms. Sonia Braddock
Kodiak Oilfield Services LLC
P.O. Box 1741
Carlsbad, NM 88220

e-mail: Kodiak.sonia@yahoo.com

Certified mail: 7008 3230 0000 2318 8496

Via fax and certified mail

Re: Kodiak Oilfield Service LLC

- o Denial of Application for Authorization to Move Produced Water
- o Request for Records
- o Delineation and Remediation Plan Required

Dear Ms. Braddock:

I want to thank you and Denisse for meeting with me, Oil Conservation Division (OCD) Attorney Gail MacQuesten and OCD Environmental Bureau Acting Bureau Chief Glenn von Gonten on July 23, 2010, with Artesia District Supervisor Randy Dade joining us by telephone. I also want to thank you for faxing copies of Kodiak's water tickets. We are currently reviewing the information you provided.

During our July 23, 2010 meeting we discussed the compliance issues that led to the OCD's denial of Kodiak's application for a C-133 permit to move produced water and other liquid oil field wastes. We explained that until Kodiak has an approved C-133 it may not move produced water and other liquid oil field wastes. We also discussed what Kodiak needs to do to come into compliance with OCD rules, so that it can obtain a C-133 permit.

As set out in my letter of May 19, 2010, and as discussed at our July 23, 2010 meeting, Kodiak must address contamination issues at its Old Cavern Road location. The OCD will not issue a



C-133 permit until Kodiak has a delineation and remediation plan in place and is actively working to clean up the site.

Delineation Plan

The first step is for Kodiak to propose and obtain OCD approval for a plan to test for contamination at the site and delineate the horizontal and vertical extent of that contamination. It is important to know what contamination exists, and the extent of that contamination, in order to develop an appropriate cleanup plan.

As Mr. von Gonten explained at our July 23, 2010 meeting, at a minimum the OCD would need a sketch of the area showing the possible areas of contamination, and a plan for taking samples from the possible areas of contamination to test for BTEX and chlorides. Mr. Dade stated that he would meet you at the site and help you with preparing the sketch of the area.

After our July 23, 2010 meeting, Kodiak submitted a remediation plan that described Kodiak's removal of contaminated soil from the site of a produced water release from a truck, and Kodiak's efforts to remove trash, debris, an old battery, used oil and oil filters from the site. Kodiak's plan does not, however, set out a plan to test for further soil contamination at the site of the produced water release from the truck, and does not set out a plan to test for possible soil contamination at other areas of the site. As we discussed at the July 23, 2010 meeting, photographs of the site show other areas of potential contamination and Kodiak's plan must include soil sampling in those areas.

The OCD cannot approve Kodiak's plan as submitted. Please submit a plan to delineate the contamination at the site.

Remediation Plan

After the OCD has approved a delineation plan for Kodiak, and Kodiak has implemented that plan and has delineated the contamination, Kodiak will need to submit a remediation plan to address the contamination that is found. For your convenience, I have attached a sample work plan to the electronic version of this letter.

Assistance

A publication is available to you on the OCD website: <http://www.emnrd.state.nm.us/ocd>. Click on each of the following items as they appear: "Publications;" "Environmental Handbook;" "Miscellaneous Guidelines;" and "Remediation of Leaks, Spills and Releases." You may also contact OCD environmental personnel if you have questions. Mr. von Gonten is the acting Bureau Chief for the OCD's Environmental Bureau in Santa Fe. His number is (505) 476-3488. Mr. Mike Bratcher is an environmental specialist in the Artesia District Office. His number is (575) 748-1283, Ext. 108.

Many operators employ environmental consultants to assist them in preparing delineation and remediation plans, and contractors to conduct the approved cleanup operations. While the OCD cannot make recommendations regarding environmental consultants or contractors, Mr. Bratcher will be able to provide you with names of consultants and contractors who work in your area.

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The C-133

Kodiak has not yet demonstrated that it is in compliance with OCD rules. Until Kodiak is in compliance, the OCD will not approve a C-133 for Kodiak. Until Kodiak has an approved C-133 it may not transport produced water or other liquid oil field waste.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel Sanchez', with a long horizontal flourish extending to the right.

Daniel Sanchez,
OCD Compliance and Enforcement Manager

Ec: Glenn von Gonten, Acting Environmental Bureau Chief
Gail MacQuesten, OCD Attorney
Randy Dade, Supervisor, OCD Artesia District Office
Mike Bratcher, Environmental Specialist, OCD Artesia District Office