



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

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Reese Fullerton
Deputy Cabinet Secretary

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Division Director
Oil Conservation Division



NOTICE OF VIOLATION

NOV No. 02-08-23

Response Required-Deadline Enclosed

November 17, 2008

Unit Petroleum Company
P. O. Box 702500
Tulsa, OK 74170-2500

CERTIFIED MAIL: 7002 0510 0003 5125 2584

Re: Operator: Unit Petroleum Company
OGRID: 115970
Facility: Gourley Federal 003Q, API No. 30-015-34152
Violation: OCD Rule 19.15.2.50 NMAC

Dear Operator:

On March 7, 2007, Oil Conservation Division ("OCD") Deputy Oil & Gas Inspector Ron Harvey inspected the above identified well. OCD records show Unit Petroleum Company ("Unit") as the operator of record of the well. During his inspection Inspector Harvey observed an unauthorized pit.

Under OCD Rule 19.15.2.50(F)(1) NMAC ("Rule 50"), pits are required to be closed within six months of cessation of use.

According to OCD records, the Pit was required to have been closed by April 2006.

On March 7 2007, Inspector Harvey sent Unit a Letter of Violation (LOV No. 026607) informing Unit of the OCD Rule 50 violation and requiring Unit to take corrective action by April 9, 2007.

On March 22, 2007, Calvin Brown from Roadrunner Environmental contacted OCD District II Field Supervisor Mike Bratcher and told him that Unit had hired Roadrunner



Environmental to close the Pit. Mr. Brown said he would submit a C-144 pit closure plan and commence pit closure operations as soon as possible.

Unit's C-144 pit closure plan was approved by OCD District II Supervisor Tim Gum on April 24, 2007.

On July 3, 2007, Inspector Harvey re-inspected the well. A track hoe was on location. A Roadrunner Environmental employee who was also on location told Inspector Harvey that he was preparing to remove the pit fence so pit closure operations could be started.

On October 5, 2008, Don Peterson from the Bureau of Land Management's Carlsbad Field Office called Mr. Bratcher and told him that the pit was still open and what appeared to be drill cuttings were stockpiled in the middle of the pit.

On October 6, 2008, Inspector Harvey re-inspected the well. The Pit was still open. The bottom of the Pit had been delineated in several locations and what appeared to be drill cuttings and delineated soil was stockpiled in the middle of the Pit. The pit fence was also up.

Unit knowingly and willfully violated OCD Rule 50 by not closing the Pit.

Unit's misconduct warrants issuance of this Notice of Violation and assessment of civil penalties pursuant to NMSA 1978, §70-2-31(A) for violations of the OCD rules described above. Section 70-2-31(A) authorizes penalties of up to **One Thousand Dollars (\$1,000.00)** per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant to the Act.

Because the rule violations at issue are serious and occurred over a period of time, the OCD believes at this time a Fifteen Thousand Dollar (\$15,000.00) civil penalty and a definite commitment to future corrective action are essential. The \$15,000.00 civil penalty is based on each month that Unit continued to violate OCD Rule 50 from July 2007 to October 2008.

Please contact me within ten (10) days of the date of this letter at (505) 476-3493, to schedule an administrative conference to discuss this matter. OCD legal counsel may be present by telephone for this conference, and you may bring legal counsel if you wish. The purpose of the administrative conference is to discuss the facts surrounding this notice of violation, and to determine if the matter can be resolved administratively through an agreed compliance order.

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.

Thank you for your prompt attention to this matter.

Sincerely yours,

Daniel Sanchez
OCD Enforcement and Compliance Manager

cc: Tim Gum, OCD District II Supervisor
Gerry Guye, OCD District II Inspector
Ron Harvey, OCD District II Compliance Officer
Sonny Swazo, Assistant General Counsel
John Bramhall, BLM