

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

ACO- 185

**IN THE MATTER OF INTEGRA OIL AND GAS CORPORATION,
Respondent.**

**AGREED ORDER DIRECTING COMPLIANCE
AND ASSESSING CIVIL PENALTY**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("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 ("OCD") issues this Order to INTEGRA PETROLEUM INC. ("Integra") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD Rules.

I. FINDINGS & DETERMINATIONS BY THE OCD

- 1) The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
- 2) Integra is a Domestic Profit Corporation doing business in New Mexico, registered with the New Mexico Public Regulatory Commission under SCC number 2462992. Integra is an active entity with a mailing address of P.O.BOX 807 Camas, Washington 87607 with a Principal address of P.O.BOX 1836 Roswell New Mexico 88202; Bruce Ritter is the registered agent with a mailing address at 400 East College, Roswell New Mexico 88201. Integra's OGRID is #204208.
- 3) Integra operates the George #5, Unit Letter K, Section 28, Township18 North, Range 9 West, Sandoval County, New Mexico, API 30-043-21007
- 4) On April 9, 2007 OCD Deputy Oil and Gas Inspector Kelly Roberts performed a routine inspection at the Integra George #5 well. Inspector Roberts found three separate lined pits on location. The pits had fencing in place and the liner was intact. The largest of the three pits had a visible layer of oil on the surface of the fluid in the pit, and the soil that had accumulated inside the pit was heavily stained.
- 5) On April 9, 2007, Inspector Roberts also noted that the well sign for this facility did not include an API number.
- 6) The permit to drill for the George #5 well was approved on February 23, 2006.

- 7) On May 22, 2006, Deputy Oil and Gas Inspector Denny Foust received an application for a pit permit. The OCD denied the permit due to a lack of information.
- 8) OCD Rule 50.A. states that “[d]ischarge into, or construction of, any pit or below-grade tank is prohibited absent possession of a permit issued by the division.”
- 9) Integra violated Rule 50.A. by constructing and utilizing a drilling pit without an approved permit on the George #5 well.
- 10) OCD Rule 50.C. (2)(e) states in relevant part, “[n]o measurable or visible layer of oil may be allowed to accumulate or remain anywhere on the surface of any pit”.
- 11) Integra violated Rule 50.C. (2)(e) by allowing oil to accumulate in the largest of the three pits on the George #5 well.
- 12) On April 2, 2007 the OCD District 3 office received a sundry notice that casing had been set and cemented. The sundry notice was dated June 10, 2006.
- 13) OCD Rule 50.F (1) [19.15.2.50.F (1) NMAC] requires that “a pit or below grade tank be properly closed within six months after cessation of use.”
- 14) Integra violated Rule 50.F (1) by failing to close the pits within the allotted time period on the George #5 well.
- 15) OCD Rule 103.F requires that “[e]ach sign shall show the: (1) number of well; (2) name of property; (3) name of operator; (4) location by footage, quarter-quarter section, township and range (or Unit Letter can be substituted for the quarter-quarter section); and (5) API number.
- 16) Integra violated Rule 103. (F) by failing to include the API number in the well sign on the George # 5 well.
- 17) NMSA 1978, §70-2-31(A) provides that “[a]ny person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars (\$1,000) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation.”
- 18) NMSA 1978, §70-2-33(A) defines person as “any individual estate, trust receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity.”

- 19) As a result of its investigation, the OCD issued Notice of Violation (3-07-14) to Integra, alleging knowing and willful violations of OCD Rules 50.A, 50.C(2)(e), 50.F(1) and 103.(f).

II. STATEMENTS & ADDITIONAL INFORMATION PROVIDED BY THE OPERATOR, INTEGRA

Integra provided the following supplemental information and statements at the May 16, 2007 Administrative Conference and by letter dated May 21, 2007:

- 20) Integra thought BLM's APD approval included approval to build the pits.
- 21) Integra did not know a pit permit was required by OCD
- 22) After contact by OCD, Integra filed a pit application.
- 23) Integra did not know OCD had denied the pit application.
- 24) Integra did not know well file information could be located on the web page imaging system. .
- 25) Integra had completed the pit application and submitted it to OCD
- 26) Integra did not follow up or try to verify approval of the pit permit.
- 27) Integra was not aware of the closure requirements, including requesting an extension for closure time.
- 28) Driller dumped the water tank which must have contained a trace amount of oil.
- 29) Integra does not believe it knowingly and willfully violated OCD Rules 50.A, 50.C(2)(e), 50.F.(1) or 103.(F).

III. CONCLUSIONS OF THE OCD

- 30) The OCD has jurisdiction over the parties and subject matter in this proceeding.
- 31) Integra 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).
- 32) Integra is subject to civil penalties under NMSA 1978, § 70-2-31(A) at the George #5 for one knowing and willful violation of each of OCD Rules 50.A, (constructing a pit without a permit); 50.C.2(e), (no measurable or visible layer of oil on the surface of any pit), and 50.F(1) (Failing to close the pit within the allotted time period).

IV. ORDER & CIVIL PENALTY ASSESSMENT

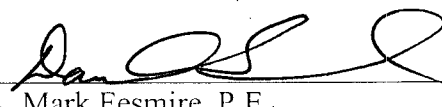
- 33) Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against Integra totaling **Three Thousand Dollars**

(\$3,000.00) for one violation of OCD Rule 50.A, one violation of Rule 50.C(2)(e) and one violation of Rule 50.F(I). No penalty will be issued for Rule 103.(F).

- 34) The civil penalty shall be paid at the time Integra 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.
- 35) Integra will close the pits at the sites known as George #1, API 30-043-21009, and George #5, API 30-043-21007, before September 1, 2007 and will file the corresponding C-144 Closure report(s) by November 1, 2007.
- 36) By signing this Order, Integra expressly:
- a. acknowledges the authority of the OCD to render the above "Findings & Determinations," "Conclusions" and "Order & Civil Penalty Assessment";
 - b. agrees to comply with the Order, specifically as articulated in Section "IV," Paragraphs 33, 34 and 35, above;
 - 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;
- 37) Nothing in this Order relieves Integra 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 Integra of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico this 12th day of July 2007.

By: _____


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

ACCEPTANCE

INTEGRA PETROLEUM INC. (OGRID No. 204208), Operator of George #5 (API 30-043-21007) and George #1 (API 30-043-21009), hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

INTEGRA PETROLEUM INC.

By: 

Title: 

Date: 