

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

2007 OCT 4 PM 12 37 ACO No. 200

IN THE MATTER OF ROBINSON OIL, INC.,

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 ("Act"), and the regulations 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 **Robinson Oil, Inc.** (hereinafter, "Operator"), directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Operator is a domestic for profit corporation doing business in New Mexico (SCC No. 1644624) under OGRID 37636. Operator's principal address is 700 Avenue P; Eunice, NM 88231. Operator's mailing address is P.O. Box 1829; Eunice, NM 88231.
3. Operator is the operator of record for the State HL 2 No. 002 well, API No. 30-015-25070, Unit Letter E, Section 2, Township 19S, Range 29E, located in Eddy County, New Mexico.
4. On August 3, 2006, OCD Deputy Oil and Gas Inspector Richard Inge inspected the State HL 2 No. 002 well and observed oil actively spilling from the casing head. The oil had traveled 50 feet from the well-head down the pad site. Two workers were shoveling up the oil soaked soil into a wheelbarrow and hauling it to the edge of the location where they dumped the contaminated soil into a pile on uncontaminated soil. During the inspection a foreman drove up and spoke with Inspector Inge. The foreman told Inspector Inge that the spill had just happened that morning and that they were cleaning up the site asap. Inspector Inge told the foreman that they should be dumping the contaminated soil onto a plastic sheet and not onto uncontaminated soil. The foreman said a backhoe would be there shortly to clean up the site and also to remove the pile. Inspector Inge told the foreman to file a C-141 Release Notification and Corrective Action form to the OCD reporting the spill and subsequent cleanup.
5. When Inspector Inge re-inspected the site on April 23, 2007, the site was in the same condition as it was when he inspected it on August 3, 2006. The area of contamination was still visible. The contaminated soil had not been cleaned up and was still on the ground in

its original location. The pile of contaminated soil was still on the pad site where it had been dumped and was the same size as it was when Inspector Inge saw it on August 3. The soil around the well-head was still heavily contaminated. It appears that when Inspector Inge left the site on August 3, so did the clean up crew.

6. On May 10, 2007, Inspector Inge sent Operator a letter of violation based on his re-inspection of the site. Inspector Inge described how he had observed oil flowing from the casing head and area contamination during his inspection of the site on August 3, 2006. Inspector Inge described how he had told the foreman how it was good that the spill was being addressed quickly. Inspector Inge stated that he had told the foremen that the contaminated soil should have been placed on a plastic sheet and not on uncontaminated soil. Inspector Inge described how the foreman had told him that they were cleaning up the site asap. Inspector Inge explained that he had told the foreman to file a C-141 form to the OCD reporting the spill and subsequent cleanup. Inspector Inge described how the area was still contaminated when he re-inspected the site on May 10, and how none of the required paperwork has been filed with the OCD. The letter gave Operator until May 25, 2007 to take corrective action.
7. Operator did not take corrective action by May 25, 2007, thereby resulting in the OCD issuing Notice of Violation 02-07-15 against Operator on August 7, 2007, for Operator's alleged failure to file a C-141 form in violation of OCD Rule 19.15.3.116 NMAC (hereinafter, "Rule 116").
8. Rule 116 states in part: "[T]he division 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 including Regulated NORM, or other oil field related chemicals, contaminants or mixture thereof, in the State of New Mexico in accordance with the requirements of Section 116 of 19.15.3 NMAC."
9. On August 28, 2007, an administrative conference was held at OCD's Artesia District Office. Ross Robinson appeared in person for Operator. Daniel Sanchez, Tim Gum, Gerry Guye, Mike Bratcher, and Richard Inge appeared in person for OCD. Sonny Swazo appeared telephonically for OCD.
10. At the conference Mr. Robinson said he received the letter of violation but forgot to file the C-141 form by the May 25, 2007 deadline. Mr. Robinson submitted a completed C-141 during the conference. Mr. Robinson said he had a crew cleaning up the spill at the well when Inspector Inge visited the site on August 3, 2006. Mr. Robinson said that one of the crew, Albert Sanchez, of Big Time Roustabouts Service, told him that OCD had been at the site and told him how proud OCD was of him cleaning up the spill. Mr. Robinson said that Mr. Sanchez never told him anything about filing any forms. Mr. Robinson said the well site is cleaned up and ready for OCD inspection.
11. Operator knowingly and willfully violated Rule 116 by failing to file a C-141 form as directed by OCD.

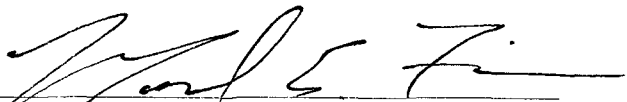
II. CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Operator is a "person" as defined by NMSA 1978, § 70-2-33(A) (defining "person" to include a "corporation") that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
3. Operator is subject to civil penalties under NMSA 1978, § 70-2-31(A) for a knowing and willful violation of OCD Rule 116.

III. ORDER AND CIVIL PENALTY

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty totaling **One Thousand Dollars (\$1,000.00)** against Operator for one violation of OCD Rule 116.
2. The assessed **One Thousand Dollars (\$1,000.00)** civil penalty shall be paid upon execution of this Order. Payment shall be made by certified or cashier's check made 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. Operator needs to have the well site inspected by OCD to determine if the well site has been cleaned up in accordance with OCD Rules. Operator shall immediately contact OCD's Artesia District Office to have the well site inspected by OCD.
4. In the future Operator shall notify the OCD of any unauthorized release in accordance with OCD Rules. Operator shall clean up any unauthorized release in accordance with OCD Rules.
5. By signing this Order, Operator expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with the Order;
 - 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; and
 - 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 (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).

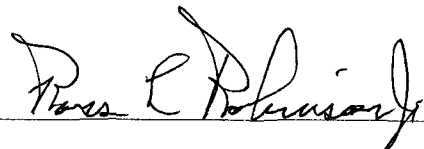
Done at Santa Fe, New Mexico this 4th day of Oct 2007.

By: 
Mark Fesmire, PE, Director
Oil Conservation Division

ACCEPTANCE

Robinson Oil, Inc., hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth therein.

ROBINSON OIL, INC.

By: 

Title: President

Date October 1, 2007