

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST BTA OIL PRODUCERS LLC, FINDING THE OPERATOR IN VIOLATION OF ORDER NO. R-9147-C, 19.15.26.10.B NMAC, 19.15.34 NMAC, 19.15.17 NMAC AND 19.15.29 NMAC AS TO A SALT WATER DISPOSAL FACILITY; REQUIRING OPERATOR TO SUBMIT A DELINEATION REPORT AND REMEDIATE THE FACILITY SITE; IN THE EVENT OF NON-COMPLIANCE REQUIRING THE OPERATOR TO PLUG AND ABANDON THE DISPOSAL WELL AND REMEDIATE THE ASSOCIATED FACILITY BY A DATE CERTAIN AND AUTHORIZE THE DIVISION TO TAKE THOSE ACTIONS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE; AND HOLD OPERATOR IN VIOLATION OF 19.15.5.9 NMAC UNTIL OPERATOR COMPLETES ALL ORDERED CORRECTIVE ACTION, EDDY COUNTY, NEW MEXICO.

CASE 14413

Order No. R-13218-B

**SECOND AMENDMENT TO THE
STIPULATED ORDER & SETTLEMENT AGREEMENT**

The Oil Conservation Division (“OCD”) and BTA Oil Producers LLC (“BTA”) entered into Order No. R-13218 to resolve the civil compliance issues asserted in Case 14413 regarding an unpermitted, unlined pit at the site of the Pardue C 8808 JVP well, API 30-015-26341. In Order No. R-13218, BTA agreed to submit a remediation plan to investigate vadose zone and ground water contamination at the site, and to remediate the contamination in accordance with an OCD-approved plan.

Order No. R-13218 began the process by setting a deadline for BTA to submit a plan to delineate the horizontal and vertical extent of contamination at the site of the pit and tank battery, and characterize the impact of the produced water releases to the vadose zone, shallow perched aquifer, and the deeper regional aquifer.

Case No. 14413
Second Amendment to Stipulated Order

BTA submitted a timely delineation plan, which the OCD approved. Order No. R-13218-A, the first amendment to Order No. R-13218, set a deadline for BTA to file a delineation report as described in its approved plan and propose a remediation approach based on its findings.

BTA submitted a timely delineation report and proposed remediation approach. The parties agree to a second amendment to Order No. R-13218, to add the following provisions:

1. BTA timely filed a delineation report, and the OCD has approved BTA's delineation report.

2. BTA timely submitted a proposed remediation approach, and the OCD approves BTA's proposed remediation approach.

3. BTA's proposed remediation approach addressing soil contamination is sufficiently detailed that it satisfies the OCD's requirements for a final plan for soil remediation. The OCD approves BTA's plan for soil remediation with one condition: that the plan include final re-grading and re-contouring to eliminate the local depression and not allow water to pond on the surface.

4. By November 1, 2010, BTA shall file with the OCD's Environmental Bureau a final remediation plan addressing water contamination, based on BTA's proposed remediation plan for addressing water contamination.

5. BTA shall e-mail Acting Environmental Bureau Chief Glenn von Gonten at least every two weeks to provide an update on BTA's progress.

6. BTA is seeking an injection permit for the Owl 2054 JV-P #005 (30-015-35435). Currently, the OCD cannot issue an injection permit to BTA because Order R-13218 places BTA in violation of 19.15.5.9 NMAC until BTA completes certain corrective actions required under the order. BTA has worked to return the Owl 2054 JV-P #5 to compliance by filing C-115s for

Case No. 14413

Second Amendment to Stipulated Order

the well and filing completion reports for the well, and has taken the actions required to date under Order R-13218. Because of BTA's compliance efforts, the OCD shall not consider BTA in violation of 19.15.5.9 NMAC for purposes of determining whether BTA may apply for an injection permit for the Owl 2054 JV-P #005 (30-015-35435). BTA shall remain in violation of 19.15.5.9 NMAC for all other purposes until it has received OCD approval of a remediation plan for water contamination, completed soil remediation and begun remediation of water contamination.

7. This case shall be continued until the November 18, 2010 docket. At that time the issue to be determined will be the sufficiency of BTA's final remediation plan addressing water contamination, and the next step to be taken in the remediation process. If the parties are able to enter into an amendment to this stipulated order specifying the next step(s), they may request that the case be continued until a future docket.

8. The remaining provisions of Order R-13218, as amended, remain in full force and effect.

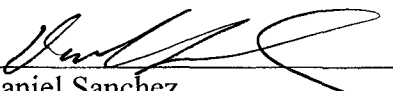
BTA Oil Producers LLC



BTA Oil Producers LLC

8-31-2010
Date

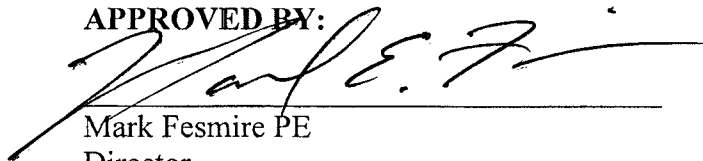
Oil Conservation Division



Daniel Sanchez,
Compliance and Enforcement Manager
Oil Conservation Division

8-31-10
Date

APPROVED BY:

A handwritten signature in black ink, appearing to read 'Mark Fesmire', is written over a horizontal line.

Mark Fesmire PE
Director
Oil Conservation Division

9/1/2010
Date