



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

May 1, 1996

CERTIFIED MAIL

RETURN RECEIPT NO. P-594-835-144

Mr. Chuck Badsgard, V.P.
Sunco Trucking Water Disposal Company
P.O. Box 443
Farmington, New Mexico 87499

RE: NOTICE OF VIOLATION AND CIVIL PENALTY
Sunco Water Disposal Facility

Dear Mr. Badsgard:

On March 3, 1993, Sunco Trucking Water Disposal Company (Sunco) was issued a Notice of Violation (NOV) from the Oil Conservation Division (OCD) for disposal of oil in the area authorized for disposal of shale solids only, a violation of OCD Rule 711 and Sunco's permit conditions.

On February 2, 1996, Sunco was issued a second NOV from the OCD for accepting non-exempt waste for disposal, a violation of OCD Rule 711 and Sunco's permit conditions. Sunco was informed in the NOV that future violations will subject Sunco to the penalties provided in the New Mexico Oil and Gas Act (Section 70-2-31 NMSA 1978 as amended).

On April 10, 1996, the OCD audited the monitoring records submitted by Sunco. Absent from the records were Hydrogen Sulfide (H₂S) measurements taken around the berm of the disposal pond as required by the permit. The OCD was informed by Sunco that these measurements were not taken during the past three years as required by the permit.

H₂S is a toxic material that can result in a serious public health threat. Monitoring for H₂S is required at waste management facilities for early detection and treatment for source elimination for the protection of public health.

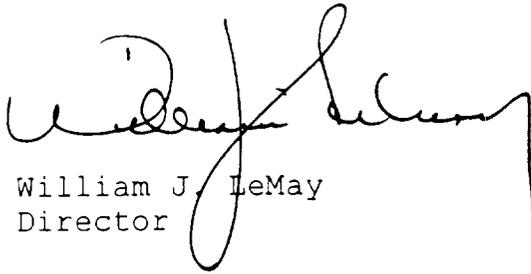
OCD Ex. 1
Case 11604
1/9/96

Mr. Chuck Badsgard
 May 1, 1996
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Section 70-2-31 of the Oil and Gas Act provides for penalties of not more than one thousand dollars (\$1,000) for each violation of the N.M. Oil and Gas Act or any provision of any rule or order issued pursuant to that Act. Each day of violation constitutes a separate violation. Sunco has violated the conditions of its rule 711 permit for the past three (3) years (1095 days). For this continuing violation, the (OCD) is hereby assessing a civil penalty of five thousand dollars (\$5,000) against Sunco Trucking Water Disposal. Payment shall be made to the "State of New Mexico" by certified check, bank draft, or other guaranteed negotiable instrument, and mailed or hand delivered to Mr. Rand Carroll, Legal Counsel, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico 87505.

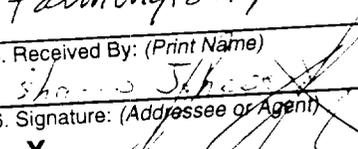
Sunco has a right to request a hearing before the Division. A request for hearing should be filed with the Division within thirty (30) days after receipt of this notice.

Sincerely,



William J. LeMay
 Director

xc: OCD Aztec

your RETURN ADDRESS completed on the reverse side?	SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
	3. Article Addressed to: <i>Mr. Chuck Badsgard</i> <i>SUNCO</i> <i>P.O. Box 443</i> <i>Farmington, NM 87499</i>		4a. Article Number <i>P 594 835 144</i>	
	5. Received By: (Print Name) <i>Sharon Johnson</i>		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> COD	
	6. Signature: (Addressee or Agent) 		7. Date of Delivery <i>5/6/96</i> 8. Addressee's Address (Only if requested and fee is paid)	

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