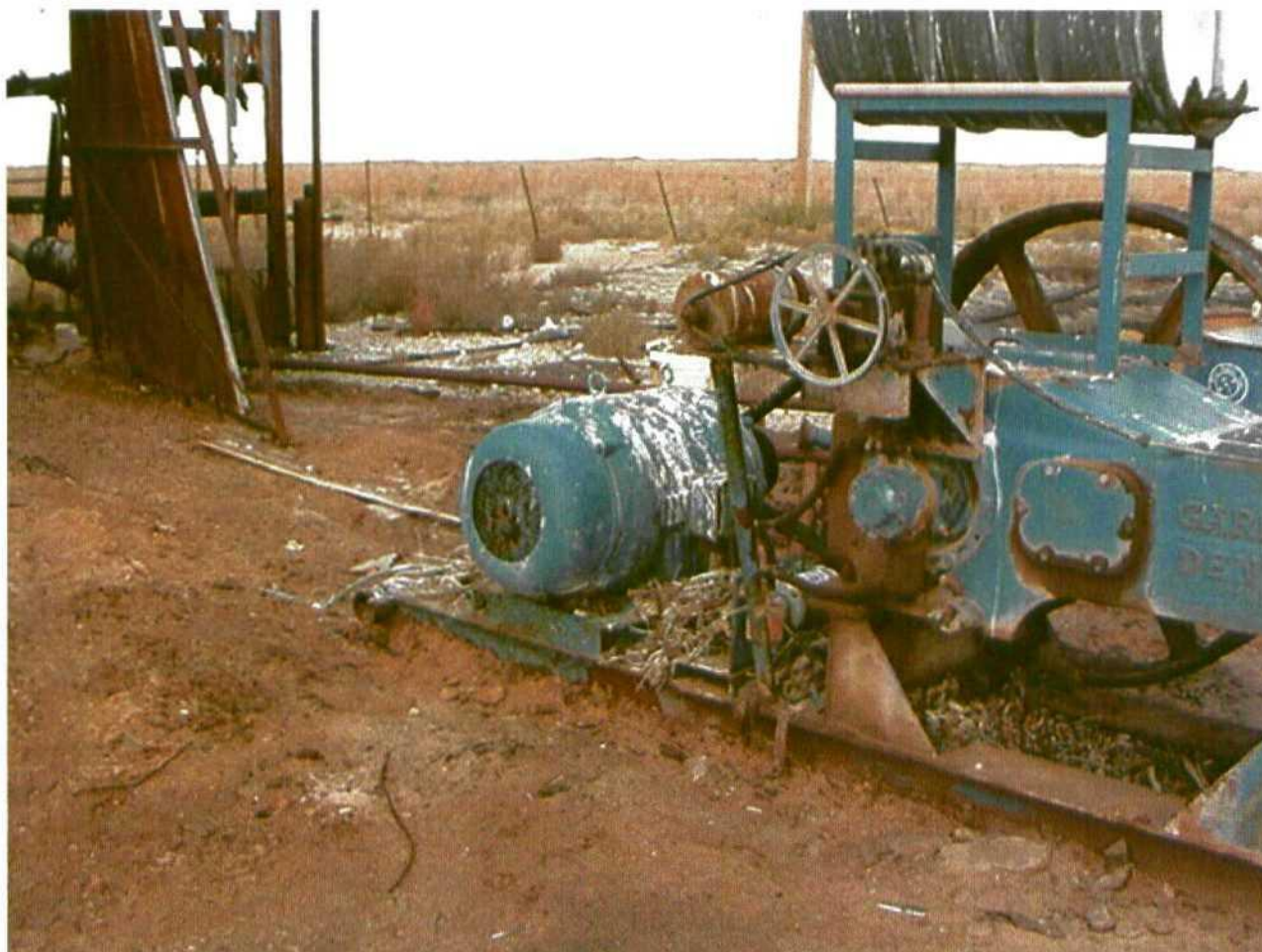


NM - 72

INSPECTIONS & DATA











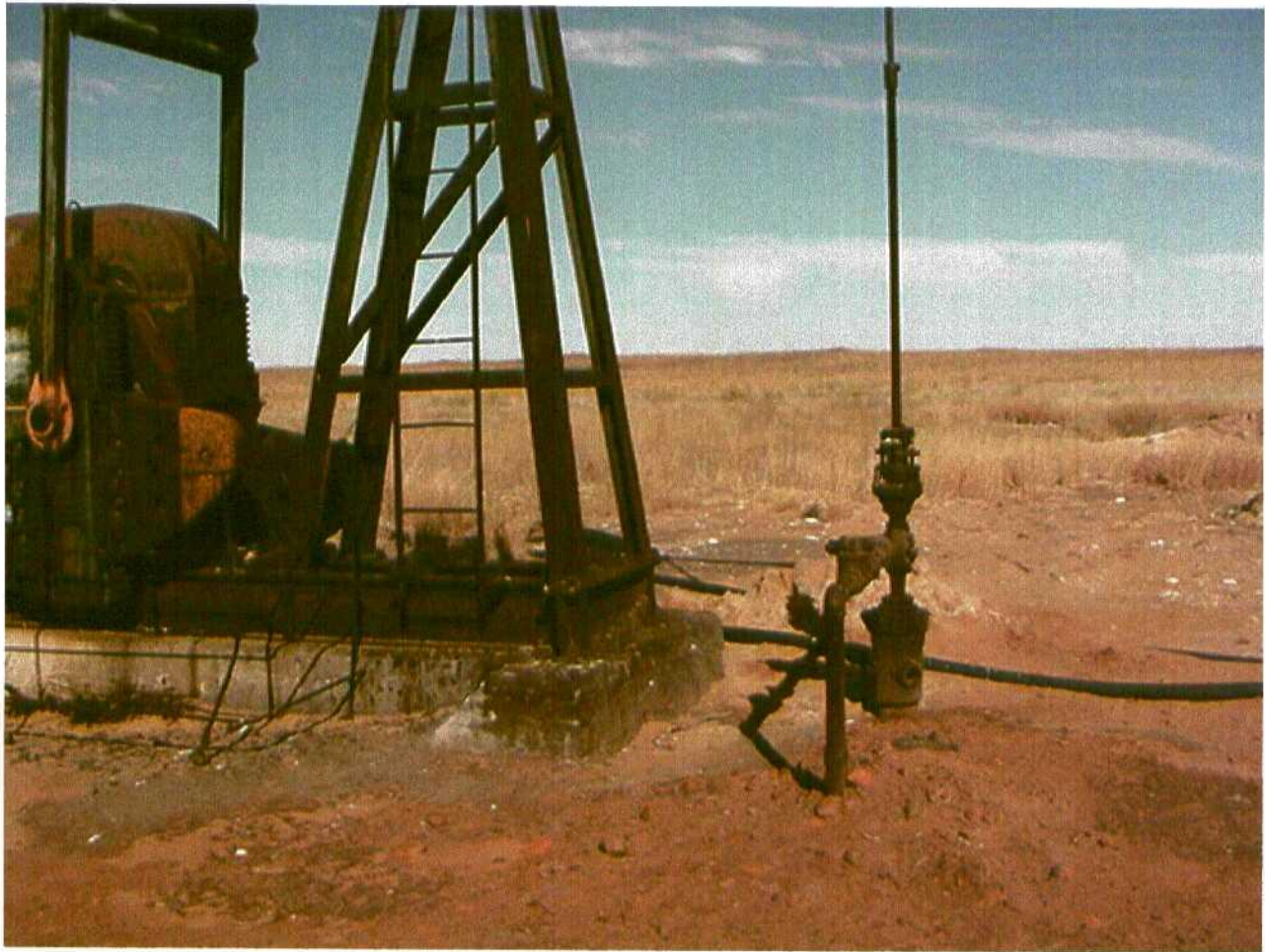


















Orbit Enterprises, Inc. January 7, 2000



Orbit Enterprises, Inc. January 7, 2000





NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

Gary Johnson
GOVERNOR
Jennifer A. Salisbury
CABINET SECRETARY

December 20, 1999

Joe Sanders, President
Orbit Enterprises Inc.
613 W. Ave D
Lovington, NM 88260

Dear Mr. Sanders:

An inspection by the New Mexico Oil Conservation Division (NMOCD), New Mexico Game and Fish Department (NMGF) and Law Enforcement Investigator, and the New Mexico Attorney Generals Office, of the State Game Commission owned Prairie Chicken Area in the Elida area of Roosevelt County. Attached is a copy of the inspection report.

In reviewing our records Orbit has never reported a leak or a spill at any of its locations. The inspection pointed out several inadequacies in Orbits operations.

1. The produced water pit at Gallinas wells #3 needs to be closed according to NMOCD Pit Closure guidelines.
2. Leaks and spills that have not been reported need to be submitted to NMOCD on a C-141 form for review, along with the accompanying risk assessment.
3. Open top tanks or lined pits greater than 16 feet in diameter need to be netted to prevent birds from getting into the produced water or oil. Unlined pits should be closed according to NMOCD guidelines.
4. Areas where flowlines have leaked need to be addressed in accordance with NMOCD rule 116.
5. Spills and leaks are not to be covered with fresh soil. They should be addressed according to NMOCD guidelines. A copy of the guidelines is attached.

Orbit has until January 7, 2000 to submit to the NMOCD a plan for dealing with these inadequacies. A copy of the field inspection report from the Department of Game and Fish is attached.

Sincerely

Chris Williams, District 1 Supervisor
NMOCD-Hobbs

CC:, Roger Anderson-NMOCD, Environmental Bureau Chief, Tess Monahan-AG's Office-
Tod W. Stevenson-Game & Fish, Lori Wrotenbery-NMOCD-Director



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
DISTRICT I HOBBS
1625 N. French Drive, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720

Jennifer A. Salisbury
CABINET SECRETARY

September 1, 1999

Orbit Enterprises Inc.
P O Box 755
Hobbs, NM 88241

RE: State BA # 1
Unit Letter A , Section 34, Township 7 South, Range 35 East
State BA # 2
Unit Letter H, Section 34, Township 7 South, Range 35 East

Gentlemen:

Through routine inspection it has come to our attention that the above referenced well has been shut in for an extended period of time. A review of our records show that this well has not been temporarily abandoned. Producing wells cannot be shut in for longer than one year.

The following options are available regarding the future disposition of this well:

1. Restore the well to production.
2. Set plug, conduct mechanical integrity test, and request temporary abandoned status.
3. Submit a proposal to plug and abandon the well and proceed with plugging on a timely basis subsequent to District 1 approval.

To avoid further action, we request that you exercise one of the above options no later than November 30, 1999.

We request that you notify this office 24 hours prior to commencement of any operation in order to witness the field operations.

Very truly yours
OIL CONSERVATION DIVISION

Billy Prichard
Deputy Inspector, District 1

cc: Chris Williams
Gary Wink
File

Amend NMOCD, Rule-103-All wells and related facilities regulated by the New Mexico Oil Conservation Division (OCD), shall be identified by a sign. The sign will remain until the well is plugged and abandoned and the related facilities are closed. For drilling wells the sign shall be posted on the derrick or not more than 20 feet from the well. Such sign shall be of durable construction and the lettering shall be kept in legible condition. Lettering shall be large enough to be legible under normal conditions at a distance of 50 feet. The wells on each lease or property shall be numbered in non-repetitive, logical and distinctive sequence. When an operator change occurs, the new operator has 90 days to replace the information on the sign.

Each sign shall show:

*TO REPLACE THE INFO ON
THE SIGN*

1. The number of well
2. The name of property
3. The name of the operator
4. The location by footage, quarter-quarter section, township and range (or Unit Letter can be substituted for the quarter-quarter section)
5. The API number

Amendments to Rule 202

Amend 202.B. (2) Plugging -No permanent structures shall be built over a plugged and abandoned well without written approval of the OCD. No plugged and abandonment marker shall be removed without the written permission of the OCD.

Add 202.B. (5) Below ground plugged and abandonment markers:

Below ground plugged and abandonment markers can be used only with written permission of the OCD when the marker interferes with agricultural endeavors. A steel plate may be welded on to the surface or conductor pipe of the abandoned well. The underground marker shall be at least 3 feet below the surface and of sufficient size to where all the information [same as 202.B.(2)] needed may be stenciled into the steel or welded on the surface of the steel plate. The OCD may require a re-survey of the well location.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

Form C-141
Revised March 17, 1999

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☐ Final Report

Name of Company	Contact	
Address	Telephone No.	
Facility Name	Facility Type	
Surface Owner	Mineral Owner	Lease No.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
-------------	---------	----------	-------	---------------	------------------	---------------	----------------	--------

NATURE OF RELEASE

Type of Release	Volume of Release	Volume Recovered
Source of Release	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	
If a Watercourse was Impacted, Describe Fully.*		
Describe Cause of Problem and Remedial Action Taken.*		
Describe Area Affected and Cleanup Action Taken.*		
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.		
Signature:		OIL CONSERVATION DIVISION
Printed Name:		Approved by District Supervisor:
Title:	Approval Date:	Expiration Date:
Date:	Phone:	Conditions of Approval:
		Attached <input type="checkbox"/>

* Attach Additional Sheets If Necessary

116 RELEASE NOTIFICATION AND CORRECTIVE ACTION [1-1-50...2-1-96; A, 3-15-97]

116.A. NOTIFICATION

(1) The 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 this Rule. [1-1-50...2-1-96; A, 3-15-97]

(2) The Division shall be notified in accordance with this Rule with respect to any release from any facility of oil or other water contaminant, in such quantity as may with reasonable probability be detrimental to water or cause an exceedance of the standards in 19 NMAC 15.A.19. B(1), B(2) or B(3). [3-15-97]

116.B. REPORTING REQUIREMENTS: Notification of the above releases shall be made by the person operating or controlling either the release or the location of the release in accordance with the following requirements: [5-22-73...2-1-96; A, 3-15-97]

(1) A **Major Release** shall be reported by giving **both** immediate verbal notice and timely written notice pursuant to Paragraphs C(1) and C(2) of this Rule. A Major Release is:

- (a) an unauthorized release of a volume, excluding natural gases, in excess of 25 barrels;
- (b) an unauthorized release of any volume which:
 - (i) results in a fire;
 - (ii) will reach a water course;
 - (iii) may with reasonable probability endanger public health; or
 - (iv) results in substantial damage to property or the environment;
- (c) an unauthorized release of natural gases in excess of 500 mcf; or
- (d) a release of any volume which may with reasonable probability be detrimental to water or cause an exceedance of the standards in 19 NMAC 15.A.19. B(1), B(2) or B(3). [3-15-97]

(2) A **Minor Release** shall be reported by giving timely written notice pursuant to Paragraph C(2) of this Rule. A Minor Release is an unauthorized release of a volume, greater than 5 barrels but not more than 25 barrels; or greater than 50 mcf but less than 500 mcf of natural gases. [3-15-97]

116.C. CONTENTS OF NOTIFICATION

(1) **Immediate verbal notification** required pursuant to Paragraph B shall be reported within twenty-four (24) hours of discovery to the Division District Office for the area within which the release takes place. In addition, immediate verbal notification pursuant to Subparagraph B.(1).(d). shall be reported to the Division's Environmental Bureau Chief. This notification shall provide the information required on Division Form C-141. [5-22-73 . 2-1-96; A, 3-15-97]

(2) **Timely written notification** is required to be reported pursuant to Paragraph B within fifteen (15) days to the Division District Office for the area within which the release takes place by completing and filing Division Form C-141. In addition, timely written notification required pursuant to Subparagraph B.(1).(d). shall also be reported to the Division's Environmental Bureau Chief within fifteen (15) days after the release is discovered. The written notification shall verify the prior verbal notification and provide any appropriate additions or corrections to the information contained in the prior verbal notification. [5-22-73...2-1-96; A, 3-15-97]

116.D. CORRECTIVE ACTION: The responsible person must complete Division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the Division or with an abatement plan submitted in accordance with Rule 19 (19 NMAC 15.A. 19). [3-15-97]

GOVERNOR
Gary E. Johnson



DIRECTOR AND SECRETARY
TO THE COMMISSION
Gerald A. Maracchini

STATE OF NEW MEXICO

DEPARTMENT OF GAME & FISH

Villagra Building
P.O. Box 25112
Santa Fe, NM 87504

NOV 16 1999

CONSERVATION DIVISION

Visit our Web Site home page at <http://www.gmfsh.state.nm.us>
For basic information or to order free publications: 1-800-862-9310

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Santa Fe, NM

November 9, 1999

Roger Anderson
Environmental Bureau Chief
Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505

RE: Oil Contamination on Department owned Prairie Chicken Areas
NMGF No. 6895

Dear Mr. Anderson:

I wanted to take this opportunity to thank you for meeting with Department of Game and Fish (Department) personnel on 7 October 1999 to inspect the problems associated with oil spills on State Game Commission owned Prairie Chicken Areas (PCA) in the Elida area in Roosevelt County. The specific areas inspected were Gallina Wells #3 and 5. The inspection also was attended by Wayne Price [Environmental Bureau, Oil Conservation Division (OCD)], Gary Wink (Deputy Inspector, OCD), Tess Monahan (Law Enforcement Investigator, Attorney General's Office), and two employees of the Department: Bill Hays (Supervisor Roswell District), and Amy Fisher (Assistant Chief, Conservation Services Division).

A. History of Problem

The participants reviewed the history of the oil spills in Gallinas Wells #3 and 5 and noted the following items:

1. OCD can trace the oil spills to Amoco and Mobil Oil.
2. Chris Williams, the District Supervisor in Hobbs wrote two to three letters to the current operator, Orbit Enterprises, over the last two years. OCD did not know if Orbit responded to these letters.
3. In 1997, the Department conducted a Lands Inventory of Department owned property; Bill Hays became involved and concerned about the extent of the problem on the prairie chicken areas.
4. In summer 1998, Nick Chavez, U. S. Fish and Wildlife Service (USFWS) agent from El Paso, witnessed Orbit Enterprises employees cleaning out a tank onto the ground.

5. In summer 1998, Bill Hays took photos of a dead kestrel covered with oil at Gallinas Well #5.
6. In summer 1998, students from Eastern New Mexico State University observed an Orbit hot oil tanker releasing oil on the main north/south road at Gallinas Wells #3.
7. In summer 1998, Wayne Price took a sample and PID reading of the above referenced spill; Wayne soon left the District to a position in Santa Fe.
8. Jeff Pederson, who oversees Department lands, researched his records within the last few weeks and found that the last written record of the Department granting access to an operator was in 1965.

B. Observations on 7 October 1999 Field Trip

Gallinas Wells #3

1. Numerous spills around tank battery
2. Produced water pit inadequately covered.
3. Two dead birds (identified as a dove and a nighthawk; see Section C below) in produced water pit; both covered with oil.
4. Dead raptor (identified as a barn owl, see Section C below) in shed, covered in oil.
5. Dozens of dead, unidentified frogs around tank battery and produced water pit.
6. Deer tracks by tank battery and produced water pit.
7. Open discharge removal pipe with leaking oil.

Gallinas Wells #5

1. From a pipeline in open field, oil leaked into the ground. When the weather is warm, the oil bubbles up to the surface and creates a wet oil slick. Deer tracks and foraged shinnery oak surrounded this spill.
2. Numerous areas where the operator apparently tried to cover oil spills with soil.
3. Two deep pits were recently excavated; unknown if spilled oil was removed or dirt was used for borrow material.

C. Identification of dead birds by USFWS

On 9 October 1999, USFWS Special Agent Greg Stover from Albuquerque collected the three dead birds we observed on the field trip and shipped them to Lubbock, Texas. Rob Lee, USFWS special agent in Lubbock, Texas (806-472-7273) identified them as migratory birds and raptors. The two birds found in the produced water pit were identified as a dove and a vesper sparrow. The bird found in the shed was identified as a barn owl. USFWS sent a citation dated 18 October 1999 to Orbit Enterprises for violations of the Migratory Bird Treaty Act (MBA).

D. Actions OCD can take

Based on our discussions during this field inspection, our understanding of the actions OCD will or can take are as follows:

1. OCD will check their records in Santa Fe to see if the operator has exemptions and has reported these spills.
2. If the operator has not reported these spills, OCD will write a letter of violation that stipulates that the produced water pit needs to be permitted or cleaned up. Bird deaths qualify the pit as a hazard and are a violation of state and federal laws.
3. The operator will have 15 days to respond with a clean-up plan.
4. OCD can issue a Compliance Order, setting the days to comply. The operator can be fined \$1,000/day for non-compliance.
5. OCD attempts to work with the operators rather than levy fines and has found that this policy generally works. OCD has only issued \$12,000 in fines since 1986.
6. If the operator is uncooperative, OCD can hold a hearing for OCD to plug the wells.
7. OCD can also bid out the clean up.
8. OCD has a reclamation fund financed by taxes on production that could be used to plug the wells and clean up spills such as those observed on this field trip. The fund accrues about \$24,000/month and currently stands at about \$250,000-\$300,000. However, clean up is expensive and could exceed available funds.
9. OCD agreed that the spills observed were "bad" but also acknowledged that many other sites are in much worse condition than we observed.
10. Considering the potential inability and/or unwillingness of the operator to clean up the spills, and the expense for OCD to do the actual clean-up, OCD may unofficially go to Amoco or Mobil to inquire if they are interested in financing the clean-up as a public relations gesture to benefit the recovery of the lesser prairie chicken.

The Department is deeply concerned about the damage oil spills are causing to Department owned PCAs. The PCAs were created for the conservation of the lesser prairie chicken, a species that has suffered significant declines in New Mexico. We are in the process of hiring two personnel to help manage the PCAs to facilitate the recovery of this species. Oil contamination threatens lesser prairie chicken recovery efforts and the welfare of all wildlife and wildlife habitat in these areas. We strongly urge OCD to take the appropriate action to stop further damage and mitigate current damage.

The Department is willing and prepared to work closely with OCD and the current and past operators to ensure that the State's wildlife resources are adequately protected from oil contamination. The Department would like to meet with you or one of your representatives before 15 December to review progress on this issue and to ensure that both of our agencies are taking appropriate actions to address current problems and

prevent future contamination. We also would appreciate a more comprehensive explanation of OCDs protocol to resolve contamination problems. Please contact me at 505-827-7882 or tstevenson@state.nm.us to set this meeting date. Bill Hays is also available at 505-624-6135 <bhays@state.nm.us> to answer questions you may have.

Sincerely,



Tod W. Stevenson, Chief
Conservation Services Division

TWS/AF/af

Xc: ~~Lori Wrotenbery (Chairman OCD Commission and Director OCD)~~
Jami Bailey (OCD Commission and Director Oil and Gas Division, State Land Office)
Dr. Robert Lee (OCD Commission, Petroleum Recovery Research Center, New Mexico Tech)
Scott Brown (Assistant Director, NMGF)
Roy Hayes (Chief, SE Area Division, NMGF)
Barry Hale (Chief, Division of Wildlife, NMGF)
Lisa Fisher (Assistant Chief, Conservation Services Division, NMGF)
Amy Fisher (Assistant Chief, Conservation Services Division, NMGF)
Jeff Pederson (Department Lands Supervisor, NMGF)
Bill Hays (Supervisor Roswell District, NMGF)
Mark Watson (Terrestrial Habitat Specialist, NMGF)
Jim Stuart (Mining Habitat Specialist, NMGF)

10/7/99 ~ 1 PM

PRAIRIE CHICKEN - TRIP G & F

ORBIT ENTERPRISES

HUMBLE P&D WELL #5 B 26-7-92

PICTURES:

Proposed ch.

Pit - with DEAD DUCK:



(SWD well)

GALLINIA
SIFCA

⊕ ⊕ ⊕

Pit.

* * *
no figure
well

pond

no figure
well

WINDMILL
X
POND

SE/9 24-7

"Windmill"

well #2

for
20 - 75 - 33

old table
BSD



ORBIT ENTERPRISES, INC.

HUMBLE FED LSE-NM-0533777A

WELL #5 UNIT B

S26-T7S-R32E

ROOSEVELT CTY.



















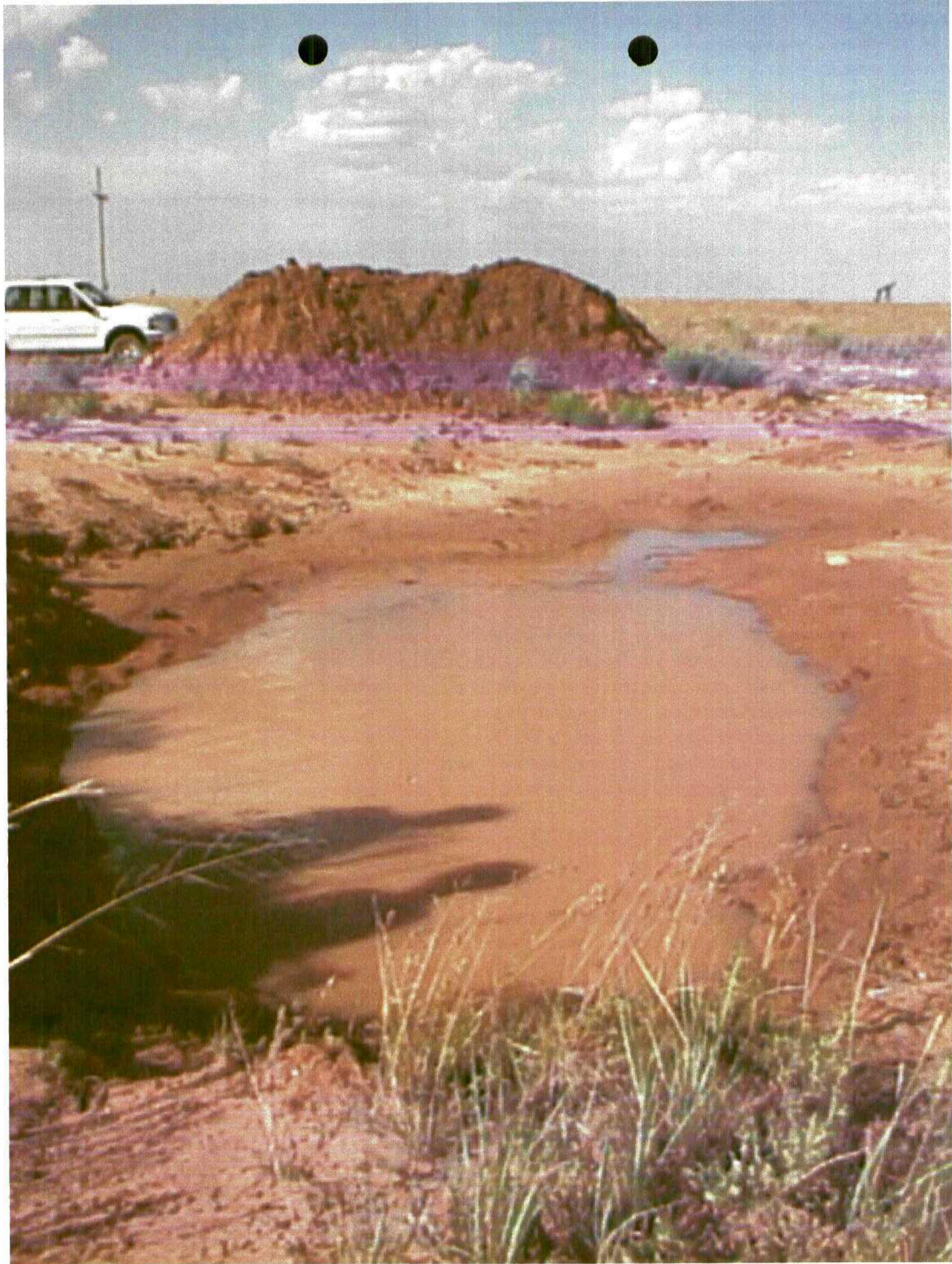








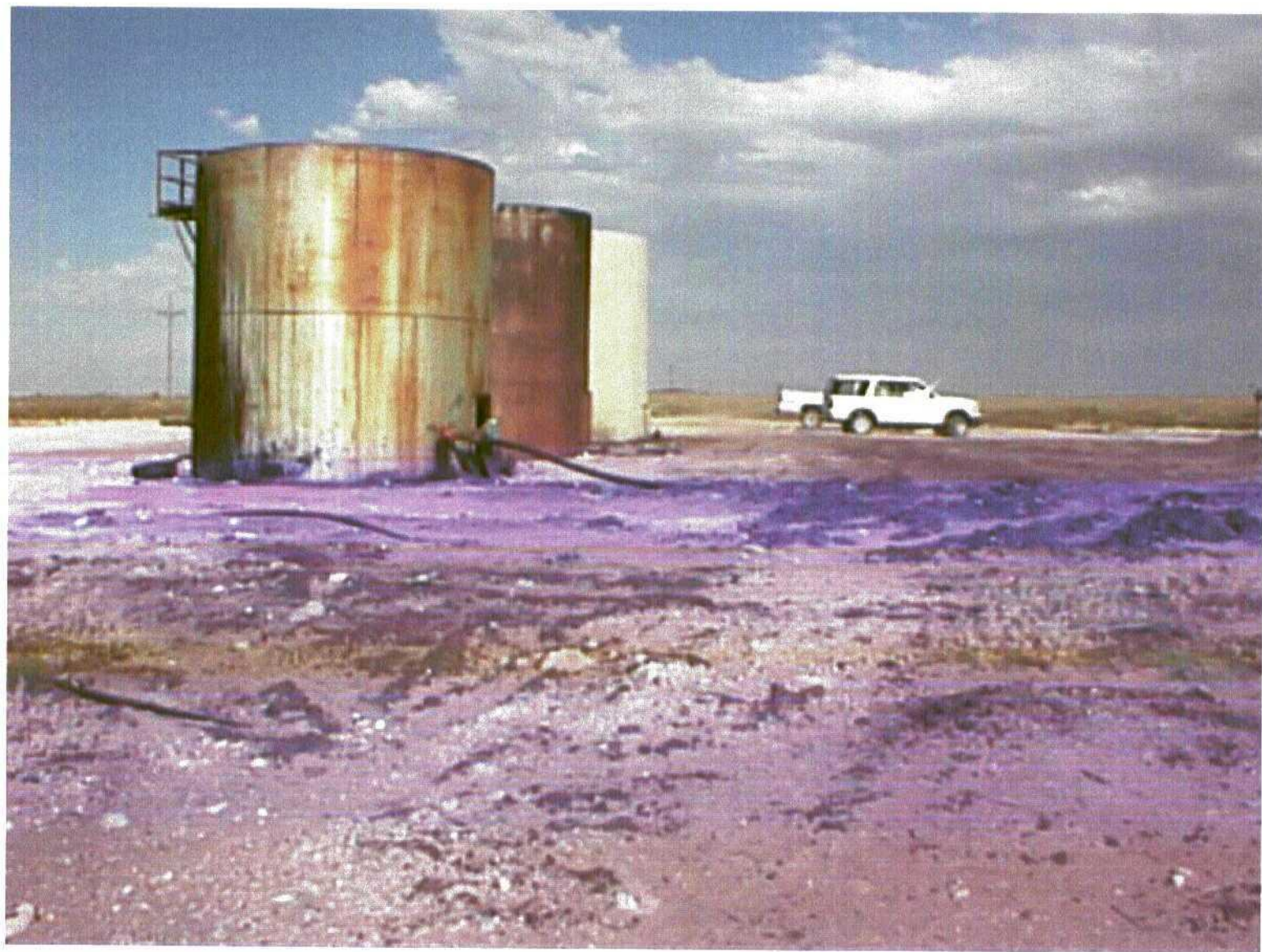




















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State of New Mexico

ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

2040 South Pacheco

P.O. Box 6429

Santa Fe, New Mexico 87505-5472