

1R - 198

**GENERAL
CORRESPONDENCE**

YEAR(S):

2/97

February 11, 1997

Mr. Eric Nelson
NM State Land Office (NMSLO)
Suite C
3830 N. Grimes
Hobbs, NM 88240

Re: Inspection report of field trip on January 21, 1997.

Dear Mr. Nelson,

On January 21, 1997 you had requested I accompany you to inspect certain NM State land Oil & Gas leases in the east caprock maljamar area more or less Township 16-17 and Range 32-33.

The NMOCD understands that the NMSLO is the trustee for these lands in this area and that you requested the NMOCD to make an environmental inspection concerning possible contamination on these properties as a result of present and past Oil & Gas activities.

Per your request please find enclosed copies of my recent field report during our trip on January 21, 1997 and my summation.

The Wiser Company has requested pit closure information from me and their plans according to Mr. Mike Jones of Wiser is to obtain bids on all of their pits in the Caprock Maljamar Unit and to close these pits per NMOCD Guidelines.

The Penroc Oil Corp. sites that we toured are as follows:

Mal-Mar unit Water Flood Plant 0-sec 12-Ts17s-R32e: There was an existing pit just east of the building, this pit has been closed. I do not have any information in my environmental files on this closure. I do have pictures available in the file before the pit was closed.

Penroc Aztec State E-sec 8-Ts17s-R33e battery: This location revealed unsaturated contaminated soils and historical crude oil contamination in an area where the old drilling pit was covered. Drilling pits are normally not included in the pit closure guidelines. However, per rule 105 these pits are required to be closed in a manner to prevent contamination to surface or subsurface waters.

The magnitude or the extent of this contamination is not know by the NMOCD at this time. I do not have any information on the closure of this pit at this time. There is a windmill in close proximity to the site.

Penroc Mal-Mar unit Tr. #3 Batt. I-sec 12-Ts17s-R32e; The tank battery has historical crude oil contamination in the form of solidified asphaltines. There is an old line running from the bottom of the tanks on the east side out to an area where there is evidence of contaminated soils with a fresh mound of calichie.

The NMOCD does not have any information on this site in the environmental files in Hobbs and at this time does not know what this area was used for.

There were a few miscellaneous well sites that still have unlined pits. One of these had an old drum in it. These pits appear to be work over or emergency blow down, etc. They did not have visual contamination of any significant magnitude.

Penroc NE Maljamar Unit nw/4 sec 5-Ts17s-R33e; See field report. Old BS&W pit.

Chaveroo Operating Co. Inc. st. of NM "O" (NCT-3) se/4 nw/4 sec 12-Ts17s-R32e.; Found BS&W unlined netted pit. Pit has old drum in it and free oil floating on top. It appears that the tank bottoms are being discharged into this pit.

I will be making the following recommendations to the NMOCD District I Supervisor and the NMOCD Environmental Bureau Chief.

Wiser Pits: NMOCD should follow up on and coordinate the approval of these pit closures.

Penroc: The NMOCD should request that Penroc provide closure information on any pits it has closed.

Penroc should complete closure of the NE Maljamar Unit #1 pit and remove old tank and junk.

Penroc should perform a site assessment and determine the vertical and horizontal extent of any contamination on site at these above locations and provide closure reports as per the NMOCD guidelines or another method approved by the NMOCD.

Chaveroo Pit: The NMOCD should require Chaveroo to stop discharging into this pit and require closure plans.

If you require any further assistance concerning this matter please do not hesitate to call (505-393-6161) or write.

Sincerely yours,

Wayne Price-Environmental Engineer

cc: Jerry Sexton-NMOCD District I Supervisor
Roger Anderson-Environmental Bureau Chief
NMOCD files: This correspondence, field reports and pictures:

attachments: Wiser field report
Penroc field report
Chaveroo field report

cc: JERRY SEXTON
ROGER ANDERSON
BILL OLSON
ST LAND OFF - HABS

NEW MEXICO OIL CONSERVATION COMMISSION
FIELD TRIP REPORT

97 JUL 21 10 08 52
Name WAYNE PRICE Date 7/21/97 Miles _____ District I
Time of Departure 7 AM Time of Return 4 PM Car No. G 0472

In the space below indicate the purpose of the trip and the duties performed, listing wells or leases visited and any action taken.

Signature [Signature]

WAYNE PRICE - NMOC ERIC NELSON - NM ST LAND OFF.

PENROC OIL CORP. - MAL-MAR UNIT

0-12-17-32

TOOK PICTURES - FILM RUINED

OLD PIT HAS BEEN COVERED! (NMOC DID NOT RECEIVE CLOSURE REPORTS)

PENROC AZTEC STATE - OLD PIT COVERED!

PENROC NE MALJAMAN UNIT #1

NW/4 5-17-33

2- PRODUCTION TANKS REMOVED, 1- OLD JUNK
TANK ON SITE, OLD BS&W PIT STILL
ON SITE WITH HEAVY BS&W - NO NET
IS FENCED - HERD OF ANTELOPE ON LOCATION!

Mileage

UIC _____

RFA _____

Other _____

Per Diem

UIC _____

RFA _____

Other _____

Hours

UIC _____

RFA _____

Other _____

TYPE INSPECTION PERFORMED

H = Housekeeping
P = Plugging
C = Plugging Cleanup
T = Well Test
R = Repair/Workover
F = Waterflow
M = Mishap or Spill
W = Water Contamination
O = Other

INSPECTION CLASSIFICATION

U = Underground Injection Control - Any inspection of or related to injection project, facility, or well or resulting from injection into any well. (SWD, 2ndry injection and production wells, water flows or pressure tests, surface injection equipment, plugging, etc.)
R = Inspections relating to Reclamation Fund Activity
O = Other - Inspections not related to injection or The Reclamation Fund
E = Indicates some form of enforcement action taken in the field (show immediately below the letter U, R or O)

NATURE OF SPECIFIC WELL OR FACILITY INSPECTED

D = Drilling
P = Production
I = Injection
C = Combined prod. inj. operations
S = SWD
U = Underground Storage
G = General Operation
F = Facility or location
M = Meeting
O = Other



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

OIL CONSERVATION DIVISION
RECEIVED
'94 JUN 20 AM 8 50

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

NMOCD Inter-Correspondence

To: Jerry Sexton-District I Supervisor

From: Wayne Price-Environmental Engineer District I

Date: June 15, 1994

Reference: Request to review Penroc pit closure letter dated June 2, 1994-(attached)

Subject: Recommendations for proper pit closure

Comments: There is three important aspects that should be addressed when closing pits which conforms to the NMOCD guidelines.

These are:

1. Define the exact location of the pit.
2. Define procedures that will address soil and ground water assessments.
3. Define procedures on how to manage, remediate, or dispose of the contaminated soil.
4. Provide final closure notice subject to District Approval.

Summary:

Since the remainder of the material as noted by Penroc's letter is not consistent with findings of my recent field inspection (see attached site inspection report), I would like to make the following recommendations to enhance this plan.

1. In order to satisfy items #1 and #4, I recommend we have Penroc supply this office a completed "PIT REMEDIATION AND CLOSURE REPORT" form for approval rather than a C-103 subsequent report. I have attached one of these forms for your review and recommend that we supply them one.



2. Penroc's letter of June 2, 1994 will satisfy the requirements of item #3, except Penroc needs to address the issue of storm water runoff from the site and site security.
3. Item #2 should be addressed by providing the NMOCD the vertical extent of the contamination. This can be performed before or during the work phase.

At a minimum it should include one sample taken below the bottom of the pits in order to determine the levels of contamination.

NMOCD shall be notified before this sampling takes place to allow sufficient time for NMOCD personnel to witness this event. The sampling and analytical work shall conform to the NMOCD guidelines or approved by the District office.

Recommendations:

Have Penroc submit a Notice of Intent on a C-103 form which shall include the following:

1. Penroc letter dated June 2, 1994.
2. Address the issue of storm water run off and site security.
3. Commit to sampling and performing analytical work to delineate the vertical extent of the contamination.
4. Commit to providing the Closure report form.

Provide Penroc the necessary forms and guidelines (see attachments).

cc: Roger Anderson-NMOCD Environmental Bureau Chief

file: wp51\lwppen1

PENROC

June 2, 1994

MR. JERRY SEXTON
NEW MEXICO OIL CONSERVATION DIVISION
P. O. BOX 1980
HOBBS, NEW MEXICO 88240-1980

RE: ABANDONED PIT
N.E. MALJAMAR UNIT WELL NO. 1
NW/4 SECTION 5, T-17-S, R-33-E
LEA COUNTY, NEW MEXICO

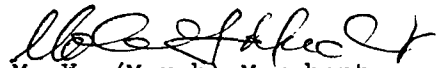
Dear Mr. Sexton:

This letter is a follow-up to my letter of April 11, 1994 and various discussions regarding the captioned. As you know, I had Sonny's Oil Field Services vacuum truck at the pit on May 23, 1994. It was able to pick up 120 barrels of water. The remainder of the material in part of the pit is a film of oil and in the other part is heavy tank bottom no more than 3" deep.

Penroc plans to dig the pit two feet down and use cow manure to mix with the dirt. It will be monitored for next six months and will be returned to better than it ever was.

I appreciate your cooperation in the above matter and am confident with cooperation between industry and regulators, any problem of any size can be handled to the satisfaction of all. Thank you.

Sincerely,



M. Y. (Merch) Merchant
President & Chief Executive Officer

MYM/lm

MAILING ADDRESS:
PO Box 5970
Hobbs, NM
88241-5970

DELIVERY ADDRESS:
5014 Carlsbad Hwy.
Hobbs, NM
88240-1118

(505) 397-3596 Phone
(505) 393-7051 FAX

NMOCD District I file

INTER-OFFICE MEMO

To file: Penroc pit closure

Date: June 6, 1994

Time: 12:20 pm

Telephone call: _____ Meeting: _____ Other: XX Site Visit

Person called or attending:

Wayne Price

REFERENCE: Request by District supervisor to respond to pit closure letter submitted by Penroc.

Subject: Site Visit

Comments:

Re-visited pit on this date. This pit looks very much the same as on other previous inspections. Noted tire tracks where truck had been on location.

The playa that is just east of pit is now full on water due to recent rains. There was waterfowl on this lake.

Sampled the east pit using a 3 ft long sampling trier. Noted that the heavy BS&W is still quit deep. Sample trier went all the way in, indicating that the pit still contains a sizable amount of BS&W. This material has been sampled by CRI personnel and results indicated that is was 50% recoverable oil. This information is not in a formal report.

The location still has an old collapsed tank and debris on site. Took pictures of site.

Wayne Price 
NMOCD Environmental Engineer-District I

Penroc pictures:

Taken: June 6, 1994
12:20 pm

Location: sec 5, Ts 17s, R33e

- #7 Looking east, foreground shows two the two Penroc pits. The background show fresh water playa.
- #10 Shows sample being taken using 3' long SS trier from east side of east pit.
- #12 Shows BS&W taken from pit. This pit is even deeper than length of sampling trier.

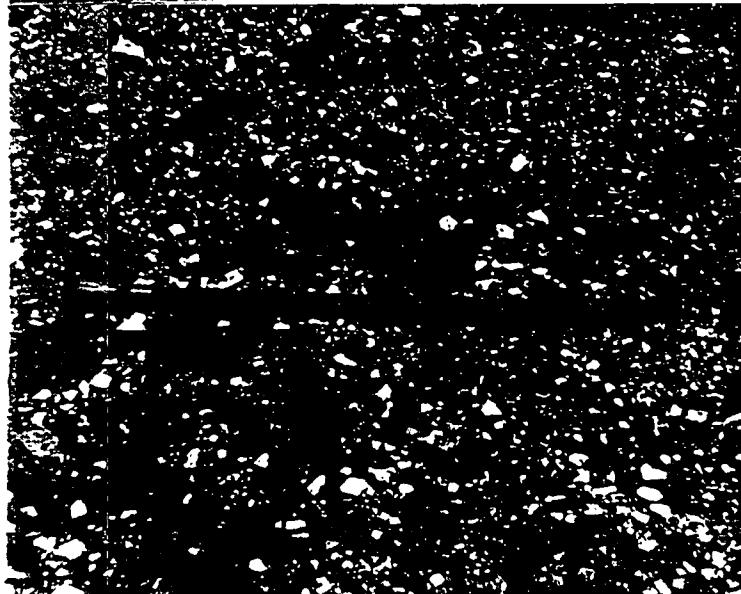
copy of pictures



#7



#10



#12