

1R - 392

APPROVALS

YEAR(S):

2005-2003

Price, Wayne

From: Price, Wayne
Sent: Thursday, June 02, 2005 10:37 AM
To: 'khuckaba@sagapetroleum.com'; Pat Wise (E-mail); Patrick B. McMahon (E-mail); Bob Allen (E-mail)
Cc: Johnson, Larry
Subject: FW: Saga Petroleum Lovington Well Field Apollo SWD OCD Case # 1R0393 State AE OCD Case #1R0392

Dear Mr. Huckaba:

On January 26, 2004 and February 02, 2004 the OCD approved works plans for the two subject sites. As of this date we have not received closure plans for these sites. Please provide the status of these two sites within 10 days.

[Price, Wayne]

[Price, Wayne]

-----Original Message-----

From: Price, Wayne
Sent: Thursday, June 02, 2005 10:17 AM
To: 'bhusband@latigopetro.com'
Cc: Johnson, Larry; Bob Allen (E-mail); Pat Wise (E-mail); Patrick B. McMahon (E-mail)
Subject: Saga Petroleum Lovington Well Field Apollo SWD OCD Case # 1R0393 State AE OCD Case #1R0392

Dear Bonnie:

On January 26, 2004 and February 02, 2004 the OCD approved works plans for the two subject sites. As of this date we have not received closure plans for these sites. Please provide the status of these two sites within 10 days.

Sincerely:

Wayne Price
New Mexico Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Price, Wayne

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Cc: Johnson, Larry; Bob Allen (E-mail); Pat Wise (E-mail); Patrick B. McMahon (E-mail)
Subject: Saga Petroleum Lovington Well Field Apollo SWD OCD Case # 1R0393 State AE OCD Case #1R0392

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Santa Fe, NM 87505
505-476-3487
fax: 505-476-3462
E-mail: WPRICE@state.nm.us

Bob Allen

From: Price, Wayne [WPrice@state.nm.us]
Sent: Monday, February 02, 2004 1:33 PM
To: 'Bob Allen'; Price, Wayne
Cc: B. Husband; Bruce Woodard; Williams, Chris; Johnson, Larry; Pat Wise
Subject: RE: Saga State AE Battery

Dr. Mr. Allen: Representative for Saga Petroleum.

The Saga AE Battery is located within the City of Lovington's fresh water well field and located approximately 400-500 feet from one of the city wells. The OCD will require that Saga clean-up to the most stringent clean-up standards due to the location of this site. The attached clean-up plan is hereby approved subject to the following additional conditions:

1. The City of Lovington must be notified before activities start and have ample opportunity to review and comment on the plan including witnessing all significant activities. Saga shall provide proof that the City of Lovington agrees with the plan.
2. All soils exceeding 100 ppm TPH and 250 ppm chlorides shall be excavated and removed. If the contamination exceeds 15 feet in depth, then Saga may propose an alternate closure plan subject to OCD approval.
3. All waste shall be disposed of off-site at an OCD approved site.
4. All back fill shall be clean soil and properly compacted. The surface shall be restored for native plant growth.

Saga shall provide a closure report by February 20, 2004 for OCD approval. The report shall contain the results of the bottom hole and sidewall analytical results photos etc. Soil samples shall be collected for TPH, BTEX and Chlorides.

Please be advised that NMOCD approval of this plan does not relieve Saga Petroleum of liability should their operations fail to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve Sage Petroleum of responsibility for compliance with any other federal, state, or local laws and/or regulations.

-----Original Message-----

From: Bob Allen [mailto:ballen@sesi-nm.com]
Sent: Monday, February 02, 2004 9:14 AM
To: 'Bob Allen'; Wayne Price
Cc: B. Husband; Bruce Woodard; Chris Williams; Larry Johnson; Pat Wise
Subject: RE: Saga State AE Battery

Wayne...please accept this amended copy of the Site Investigation for your review. Please note the addition of the language regarding the excavation of the horizontal extent to 100 ppm to insure no migration to the City of Lovington water well.

Bob Allen

2/3/2004

Safety & Environmental Solutions, Inc.
505-397-0510
505-390-7063 Cell

2/3/2004



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Lori Wrotenberg

Director

Oil Conservation Division

November 21, 2003

Mr. Chuck Farmer
Saga Petroleum
415 W. Wall Suite 1900
Midland Texas 79701

Subject: **Contamination from Oil Field Operations**

The New Mexico Oil Conservation Division (OCD) recently received a complaint from the City of Lovington New Mexico concerning surface contamination at two Saga Petroleum (Saga) facilities, the Apollo Salt Water Disposal (SWD) system and the State AE abandoned (old Penroc) tank battery site located in Sec 1-Ts 17s-R 36e and Sec 36-Ts 16s-R 36e, respectively. The city owns approximately 1800 acres of land in this area where its fresh water wells are located.

At the request of the City, the OCD conducted a joint inspection with City of Lovington officials and noted several deficiencies (see attached inspection report). Based on the following findings, OCD requires Saga to perform corrective actions as listed below.

A. State AE abandoned (old Penroc) tank battery site located in Sec 36-Ts 16s-R 36e:

Finding:

Visual contamination that exhibited gross staining was noted on the ground surface and around the abandoned tanks.

Corrective Action Required:

Saga shall submit an action plan for OCD approval by December 15, 2003. The plan shall describe how Saga plans to correct the problems OCD found, including plans to remove sources of contamination, determine the extent of contamination, and clean up and remediate the site.

B. Apollo Salt Water Disposal (SWD) system site located in Sec 1-Ts 17s-R 36e.

Findings:

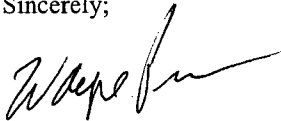
1. Visual contamination that exhibited gross oil and salt staining was noted on the ground surface.
2. Water from pumps was being discharged to the ground surface at time of visit.
3. The sign did not identify the legal location.
4. Part of the location has been abandoned.
5. There is an old pit located on-site that requires proper closure.

Corrective Action Required:

1. Saga shall make notification and perform corrective actions on all future leaks and spills pursuant to 19.15.C.116 NMAC and abide by all OCD rules and regulations.
2. Saga shall immediately stop all releases of oilfield products or waste, make repairs to equipment to prevent future releases, and install best management practices where feasible.
3. Saga shall submit an action plan for OCD approval by December 15, 2003. The plan shall describe how Saga plans to correct the problems OCD found, including a clean up and remediation plan, and a plan to determine the extent of contamination at the site.
4. Saga shall submit evidence that OCD Rule 118 (Hydrogen Sulfide) H₂S is being complied with.

If you have any questions please do not hesitate to contact me at 505-476-3487 or WPRICE@state.nm.us.

Sincerely;



Wayne Price-Pet. Engineer

cc: OCD Hobbs Office

Attachments-2



Picture # 1474- Abandoned battery from south looking north.



Picture # 1477- Inside battery fence. Picture taken from southwest side looking NE.



Picture # 1475- Facility sign.



Picture # 1478- Inside battery fence. Picture taken from South West corner looking North East.



Picture # 1476- Stain area inside battery fence. Picture taken from west side looking SE.

ENTERED IN
RBDMS

November 18, 2003

Mr. Chuck Farmer
Saga Petroleum
415 W. Wall Suite 1900
Midland Texas 79701

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1R0392

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1R0393

Findings:

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LOV 394
WELL FIELD

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