

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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04-Jan-05

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LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection indicates that the well, equipment, location or operational status of the well failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date indicated

INSPECTION DETAIL SECTION

MYRTLE MYRA SWD No.001

C-21-21S-27E

30-015-21515-00-00

Inspection *Significant Corrective Date Type Inspection Inspector Violation? Non-Compliance? Action Due By: Inspection No. 01/04/2006 Chris Beadle Routine/Periodic Yes No 1/20/2006 iCLB0600439853

Violations: Surface Leaks/Spills

Comments on Inspection: Tank battery has had a release of oil and produced water inside the berm. Work crews are on location. Standing fluids inside the berm on the west side. A bulldozer is working soils inside the berm on the east side. Based on standing fluids and impacted soils observed this release is estimated at more than 25 barrels volume of produced fluids. Depth to ground water at this location is reportedly 210 feet. Active water well south of this location measured by GPS to be 2449 feet.

Submit C-141 (Release Notification and Corrective Action). OCD Rule 19.15.3.116.A and B [NMAC] requires that the OCD be notified by the responsible person (i.e. operator) of any unauthorized release and that immediate verbal notification be provided for a major release which is defined as a an unauthorized release of a volume, excluding natural gases, in excess of 25 barrels.

Remediation is required. Submit a remediation work plan to OCD District 2 Office. OCD Rule 19.15.3.116.D [NMAC] requires that the responsible person for a release must complete division approved corrective action and that releases will be addressed in accordance with a remediation work plan submitted to and approved by the division. To provide you with approval for corrective actions the OCD District 2 Office must first receive a remediation work plan that addresses, at a minimum, the following:

- 1. Site characterization including site ranking, layout and remediation action levels;
- 2. Release characterization including source, cause, area and volumetric estimations of impacted area(s) and contaminant specific concerns;
- 3. On site method of remediation including specific procedures you will follow for moisture/nutrients/additives to enhance biodegradation of the contaminants (or other specific procedures for other remediation technologies). Please ensure that the remediation technology you propose for this release is applicable to Highly Contaminated/Saturated Soils and Unsaturated Contaminated Soils and appropriate for the contaminant (for instance, MicroBlaze® is not proven to be appropriate for chloride remediation);
- 4. Off site remediation including sampling procedures for removed material, disposition of materials and documentation required;
- 5. Notification to NMOCD of work/sampling and sampling procedures (for TPH, B-TEX, Chlorides or any other contaminants of

concern and as applicable) to be used for site characterization (vertical and horizontal delineation) and final closure;

- 6. General schedule of work to be performed including periodicity of repeated work such as tilling/moisture, etc; and,
- 7. Site closure procedures (closure of excavations, reseeding, grading, etc, as applicable).

Provide NMOCD District 2 Office with the remediation work plan prior to January 20, 2006. Please use the "Guidelines For Remediation of Leaks, Spills, and Releases" as your guide. This document may be found on the NMOCD web site: www.emnrd.state.nm.us/ocd, under Publications> Environmental Handbook> Miscellaneous Guidelines> Remediation of Leaks, Spills and Releases.

Since work crews are already conducting some remediation for this release, please ensure that the remediation work plan submitted includes all work conducted at this location, including date and time of work, volume(s) of liquids recovered and disposition of those liquids, volumes of soils removed or hauled into the location (if any) and disposition of any soils hauled off the location (if any). Until a remediation work plan is received, the NMOCD District 2 Office must be notified 48 hours prior to taking samples where results of the samples may be submitted to the OCD.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely

Artesia OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.