

# New Mexico Energy, Minerals and Natural Resources Department

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Oil Conservation Division



**JULY 2, 2010**

Mr. Randall Hicks  
R.T. Hicks Consulting  
901 Rio Grande NW  
Suite F-142  
Albuquerque, New Mexico 87104

**RE: Read & Stevens, Inc., OGRID - 18917  
OCD Review of June 14, 2010 Permit Application  
Read & Stevens - Full Moon 29 No. 1  
Unit Letter H, Section 29, Township 8 South, Range 29 East, NMPM  
Chaves County, New Mexico**

Mr. Hicks:

The Oil Conservation Division (OCD) has reviewed Read & Stevens C-144 Permit Application, submitted on June 14, 2010, for a drilling pit at its Full Moon 29 No. 1, located in Unit Letter H, Section 29, Township 8 South, Range 29 East, Chaves County, New Mexico. After review, OCD hereby denies the C-144 permit application because it is inadequate; the permit application contains several errors or inconsistencies as discussed below.

## **FORM C-141**

In Box 1 of the form C-144, Read & Stevens indicates that the proposed drilling pit is located in Eddy County. The location is east of Roswell, in Chaves County.

In Box 10 of the form C-144 and the Hydrogeologic section of the Attachment, Read & Stevens indicates that depth to water is greater than 100' BGS. Figures 11 and 14 in the *Collection of Hydrologic Data - Eastside Roswell Range EIS Area - New Mexico* (Geohydrology Associates, Inc., 1978) depict the depth to water to be less than 50' BGS. Given that the proposed location is in close proximity to Red Lake, a large playa, OCD must assume that the depth to water is relatively shallow, much less than 100' BGS. The Pit Rule (19.15.17.10A NMAC) prohibits operators from locating a temporary pit where ground water is less than 50 feet below the bottom of the temporary pit. Read & Stevens may wish to install a monitor well or piezometer at its proposed location to determine the depth to water; otherwise, Read & Stevens cannot use a temporary pit at this location.



In Box 14 of the form C-144, both the “In-Place Burial” and the “On-Site Burial” proposed closure methods are checked. However, nowhere in the permit application, including the attached explanation, does Read & Stevens discuss “In-place Burial.” Please note that “In-Place Burial” and “On-Site Burial” are two different types of closure methods with different standards.

Box 18 of the form C-144 addresses the *Construction/Design Plan of Burial Trench*. Read & Stevens did not provide a plan or diagram of the proposed on-site burial trench. Figure 9 appears to depict a drilling/reserve pit, not a burial trench.

### **C-144 Modification Supplemental Documentation**

Read & Stevens states on page 1 that it is requesting “administrative approval” for an alternative design for the side slope criteria, but provides no demonstration that the alternative is needed in the first place. On page 4, Read & Stevens states “*The operator will construct a temporary pit so that the end slopes are no steeper than two horizontal feet to one vertical foot (2H:1V) as shown in Figure 9.*” Read & Stevens continues by stating “*This application requests that the division district office approve an alternative to the slope requirement. The side slopes of the pit and any interior pit divider will be 1.5H: 1V. NMOCD’s approval of similar requests provides the demonstration that the operator can construct and operate the temporary pit in a safe manner to prevent contamination of fresh water and protect public health and the environment.*”

The Pit Rule (19.15.17.11F(2) NMAC) allows OCD to approve an alternative to the construction requirements if the “*...operator demonstrates that it can construct and operate the temporary pit in a safe manner to prevent contamination of fresh water and protect public health and the environment.*” Please note that the Pit Rule allows OCD the discretion to approve alternatives for good cause, but OCD is not required to approve alternatives where the Operator merely wishes to use a less protective design. Operators should not presume that because another operator was able to demonstrate to OCD’s satisfaction that an alternative design was acceptable at a specific site that OCD would automatically allow operators to routinely skirt the Pit Rule’s pit design criteria. If Read & Stevens wishes OCD to administratively approve an alternative design, then it must justify its need and document that the alternative design is as effective as what is specified in the Pit Rule. OCD notes that Read & Stevens did not even attempt to document why the alternative design is appropriate itself, but did try to make it seem that OCD had already documented that the alternative design is protective of fresh water, human health, and the environment. The Pit Rule specifies the appropriate design criteria and operators must meet that criteria.

On pages 1-2, Read & Stevens specifies in its *Hydrogeologic Data* section that the depth to water is GREATER than 100’ BGS. As noted above, OCD has additional information that indicates that the depth to water at the proposed location is less than 50’ BGS. As noted above, OCD will not approve a temporary pit at this location without Read & Stevens documenting that the vertical separation between the bottom of the temporary pit and ground water is at least 50 feet.

On page 6, Read & Stevens indicates that it would use a steel pit and a lined “outer horse shoe reserve pit”. However, Read & Stevens’ form C-144 does not indicate that it will use a closed-

loop system (see Box 3). In addition, none of the figures attached to the form C-144 depict a horseshoe pit. Figure 9 depicts a simple rectangular pit.

On Page 9, Read & Stevens states "*The operator will file a notice with the BLM identifying the exact location of the on-site burial as there is no deed associated with this location.*" On Box 1 of form C-141, Read & Stevens indicates that the surface owner is "Private" and provided a letter to the surface owner in Appendix B.

On Page 10, Read & Stevens indicates that it has provided notice to the surface owner (see Appendix B), but does not address the requirement that it must also provide a second notice to the surface owner prior to closure, pursuant to 19.15.17.13J(1)NMAC.

On Page 10 (Revegetation Plan), Read & Stevens states that "The operator will accomplish seeding by a division-approved method" but does not specify that it will seed "by drilling on the contour," as required by 19.15.17.13I(2) NMAC

On Page 12 (Alternative Closure Plan), Read & Stevens commits to excavating all contents and, if applicable, synthetic pit liners and transferring those materials to a division-approved facility. However, Read & Stevens does not commit to complying with all of 19.15.17.13.B(1)(b) - (d) NMAC. These other provisions require the operator to test under the temporary pit to determine if a release has occurred, to report any releases that it discovers, to backfill the temporary pit, to construct a division-prescribed soil cover, and to recontour and re-vegetate the site.

On Page 12 (Closure Notice), Read & Stevens fails to commit to notifying the surface owner, as required by 19.15.17.13J(1) NMAC.

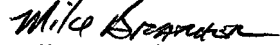
## **Appendix B**

Read & Stevens has included a copy of its notice to Mr. Kent Gabel, the surface owner. Read & Stevens indicates in this letter that it plans on dumping oil field waste from additional wells on Mr. Gabel's property. OCD has not and will not authorize operators to commingle oil field wastes in a single burial trench, nor will OCD allow operators to bury oil field wastes from one well at another location. The Pit Rule (19.15.17.13B NMAC) specifies two closure methods for temporary pits: (1) waste excavation and removal, and (2) on-site burial. Operators may also apply for alternative closure methods to the Environmental Bureau; however, off-site disposal of oil field waste is only permitted at a division-approved facility. Mr. Gabel is not permitted to operate a Part 36 Surface Waste Management Facility. Please be advised that if Read & Stevens were to send any oil field waste from another location to be disposed of on Mr. Gabel's property, then Read & Stevens would be in violation of the Pit Rule and Mr. Gabel would be in violation of the Surface Waste Management Facility Rule (19.15.36 NMAC).

Mr. Hicks  
July 2, 2010  
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If there are any questions regarding OCD's denial of Read & Stevens permit application, please do not hesitate to contact me at (575) 748-1283.

Sincerely,



Mike Bratcher  
Environmental Specialist

cc: Daniel Sanchez  
Glenn von Gonten  
Brad Jones  
David Luna, Read & Stevens  
Kent Gabel, Ganada, Inc.