



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Oil Conservation Division

ST. MARY LAND AND EXPLORATION CO.

580 Westlake Park Blvd., Suite 600

Houston, TX 77079

February 10, 2006

Reference: **BLACKHAWK FEDERAL NO. 2**

24-18S-31E

30-015-23339

During a routine inspection of the above well the New Mexico Oil Conservation Division (NMOCD) inspector observed an unregistered, open and unlined pit containing fluids, including oil. This pit is reportedly permitted by the BLM for purposes of meeting federal requirements, however, all pits in the State of New Mexico must be registered with the NMOCD.

OCD Rule 19.15.2.50.A [NMAC] states, in relevant part, "Discharge into, or construction of, any pit or below-grade tank is prohibited absent possession of a permit issued by the division."

OCD Rule 19.15.2.50.G.2 (ii) [NMAC] states, in relevant part, "An operator of an unlined pit existing on April 15, 2004 for which a previous exemption was received after hearing... shall not be required to reapply for an exemption... provided the operator notifies the division, no later than April 15, 2004, of the existence of each unlined pit it believes is exempted by order, the location of the pit, and the nature and amount of any discharge into the pit."

OCD Rule 19.15.2.50.F.1 [NMAC] states, in relevant part, "the division may require the operator to file a detailed closure plan before closure may commence" and "Upon completion of closure a closure report (form C- 144), or sundry notices and reports on wells shall be submitted to the division. Where the pit's contents will likely migrate and cause ground water or surface water to exceed water quality control commission standards, the pit's contents and the liner shall be removed and disposed of in a manner approved by the division."

The NMOCD District II office does not have on file an approved Form C-144 for the registration or closure of this pit as required by OCD Rule 19.15.2.50 [NMAC]. **This pit must be closed. Please have in this office on or before March 10, 2006, a fully completed Form C-144 detailing your closure plan.** This plan must include at a minimum:

1. That all excavations are to be delineated for any constituents of concern. This delineation must determine the vertical and horizontal extent of any contaminant impacted areas. **Delineation operations are to commence no later than March 24, 2006.**
2. The NMOCD District II office is to be notified 24 hours prior to commencement of pit closure activities, delineation work, remediation actions and obtaining samples where analysis of such samples are to be submitted to the NMOCD. Failure to notify may result in a requirement to re-sample or re-excavate.
3. Manner in which the pit will be closed and method to address all contaminated materials.

A remediation work plan may be required depending on the results of delineation sampling.

Artesia OCD District II Office