

Received 5/12/16

NMOCD Dist 2

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised August 8, 2011

Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

fMLB1433052774

Release Notification and Corrective Action

nMLB1433052969

OPERATOR

Initial Report

X Final Report

Name of Company: Agave Energy Company	Contact Mr. Kerry Egan
Address 326 West Quay Artesia, NM 88210	Telephone No. 575 513-8988
Facility Name: Dagger Draw Gas System	Facility Type: Pipeline ROW

Surface Owner: Howell Ranch	Mineral Owner	API No.
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LOCATION OF RELEASE

Unit Letter	Section 12	Township 19S	Range 24E	Feet from the	North/South Line	Feet from the	East/West Line	County EDDY
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Latitude 32.672680N Longitude -104.542442W

NATURE OF RELEASE

Type of Release: Natural Gas and Pipeline Liquids	Volume of Release: N/A	Volume Recovered: N/A
Source of Release: N/A	Date and Hour of Occurrence: N/A	Date and Hour of Discovery: 10:00AM 11/14/14
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Notification was provided to Justin C. Riggs, Regulatory Project Manager, Army Corps of Engineers	
By Whom? K. Egan (Agave Energy), Lucas Midleton (Souder, Miller, and Associates)	Date and Hour? First attempt made Friday 11/14/14. Confirmation of notification, Monday 11/17/14 10:40AM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.* Immediately north of where the pipeline Right of Way crosses Four Mile Draw on the north bank, pipeline failure caused the release of gas, along with an unknown amount of pipeline liquids. Heavy rains in the area over the past several years, may have increased the migration of residual contamination through the soil profile and into the draw.

Describe Cause of Problem and Remedial Action Taken.*

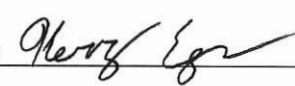
Exact manner of pipeline failure remains unknown at this point. The pipeline has been blown-down and will remain out of service.

Describe Area Affected and Cleanup Action Taken.*

An area approximately 45 yards by 25 yards, on the north side of Four Mile Draw, along the right of way exhibits sparse and dying vegetation. At this point, the extent of subsurface contamination has yet to be determined. Agave Energy Company is currently coordinating with the Army Corps of Engineers, contractors, and the land owner to develop a plan for site cleanup. The gas lines are out of service and will remain so indefinitely. Initial samples have been collected and sent for analysis. Clean up at the site has yet to begin.

Addendum: After further investigation of the location, Agave has determined that there is no sufficient evidence to indicate the lack of vegetation was caused by a pipeline release. Agave has provided sampling data in the site closure packet, to support this conclusion. As such Agave has not undertaken any remedial activity, nor is Agave proposing any future remedial work unless sufficient evidence is found to suggest a pipeline release.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: 		OIL CONSERVATION DIVISION	
Printed Name: Kerry Egan		Approved by Environmental Specialist: <i>MBratcher</i>	
Title: Engineering Tech		Approval Date: 5/12/16	Expiration Date: N/A
E-mail Address: KEgan@agaveenergy.com		Conditions of Approval: N/A Final	Attached <input type="checkbox"/>
Date: 5/12/16	Phone: 575 748-4555		

* Attach Additional Sheets If Necessary

2RP-2632