

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

JUL 24 2015

Form C-141
Revised August 8, 2011

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

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company : Synergy Operating, LLC	Contact: Thomas E. Mullins
Address: PO Box 5513, Farmington, NM 87499	Telephone No.: (505) 325-5449
Facility Name: Tayler 29-13	Facility Type: Well Location
Surface Owner: BLM	Mineral Owner
API No.: 30-043-20569	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	29	21N	3W	990'	FSL	990'	FEL	Sandoval

Latitude 36.01618 N Longitude -107.18478 W

NATURE OF RELEASE

Type of Release: Oil and Water Spill	Volume of Release: 45 bbls +/-	Volume Recovered: 17.5 bbls +/-
Source of Release: Wellhead / Stuffing Box Leak	Date and Hour of Occurrence	Date and Hour of Discovery:
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Cory Smith (NMOCD) & Lucas Vargo (BLM) @ 2:35 pm on 7/13/2015	
By Whom? : Justin Ingram & Tom Mullins	Date and Hour	
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.*

Describe Cause of Problem and Remedial Action Taken.*

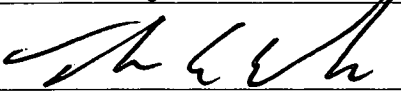
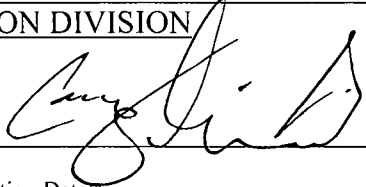
Stuffing Box leaked and spilled oil and produced water on the well location. Two larger pools, one East of wellhead and one West of the wellhead. The fluids traveled in a narrow channel downslope to a second tier of the permitted well location. We immediately notified BLM and NMOCD personnel. We mobilized a water truck to collect 17.5 bbls of fluid and placed it into the water tank on location to separate and be collected. We mobilized a back hoe and roustabout crew with shovels to collect the impacted soils and stockpile them on the location to prevent further impacts. Concern was of possible severe rain event, which could negatively impact the site.

Describe Area Affected and Cleanup Action Taken.*

The Areas around the wellhead were excavated and the narrow path of fluid traveling downslope were excavated and stockpiled on the well location. A berm was placed around the stockpiled soils. Lucas Vargo (BLM) and Jonathan Kelly (NMOCD) visited the well location on 7/14/2015 and inspected the activities. 27.5 barrels of remaining fluids (45 bbls total) were saturated into the soils. Estimated that 13.75 bbls was crude oil and 13.75 bbls was produced water.

Remedial Plan, summarized on an e-mail is attached.

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: Thomas E. Mullins	Approved by Environmental Specialist: 	
Title: Engineering Manager	Approval Date: 8/3/15	Expiration Date:
E-mail Address: tom.mullins@synergyoperating.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 07/20/2015 Phone: (505) 320-1751		

* Attach Additional Sheets If Necessary

#NCS 1519452678

Tom Mullins

From: Tom Mullins <tom.mullins@synergyoperating.com>
Sent: Tuesday, July 14, 2015 9:41 PM
To: Lucas Vargo (lvargo@blm.gov); Jonathan EMNRD Kelly (Jonathan.Kelly@state.nm.us)
Cc: Justin Ingram (nevertoslow1247@gmail.com)
Subject: Tayler 29-13 - Site Visit Today
Attachments: 2015.07.14 - Scan of location plat - Tayler 29-13 from APD.pdf

Lucas & Jonathan,

My apologies for the delay in e-mailing this.

Thank you for meeting with me on the Tayler 29-13 Well location this morning. I am glad we were able to get to the wellsite given the rain and road conditions. I wanted to briefly summarize what was discussed for a remediation plan based upon our visit today.

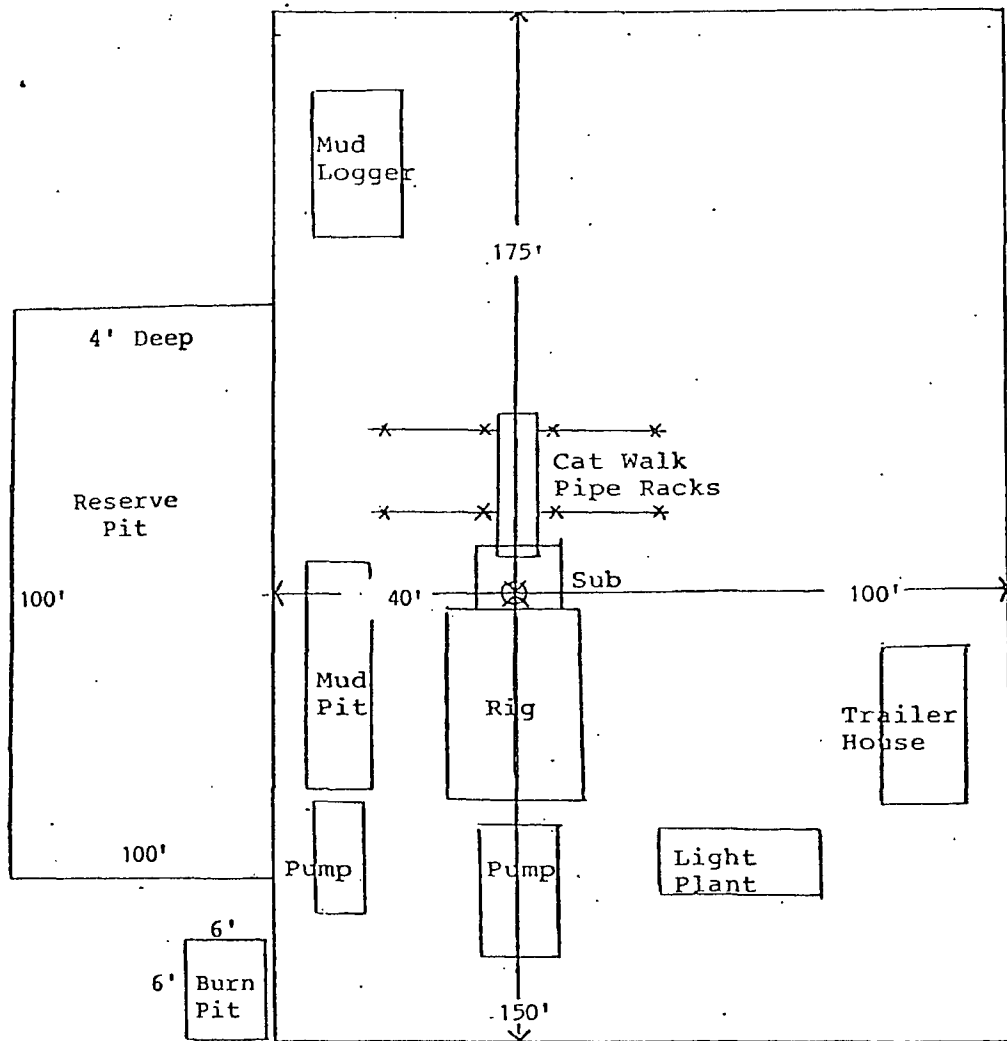
- a) Attached is the well location plat that detailed the initial well location disturbance for the Tayler 29-13. As we recognized on the well location, the lower tier to the Southeast was part of the original permitted location disturbance.
- b) Plan to mark off the distance (measure bee line) to the end of the spill, on the lower tier, and represent on a modified version of the attached plat. This will confirm the impacted area is on the original permitted disturbance/pad.
- c) Will reseed the disturbed areas, with surface broadcast seeding.
- d) Will haul in new dirt with the trucks when they come to collect the soil stockpiled for removal on the wellpad area. Soil sufficient to support the weight of a workover rig near the wellhead.
- e) Plan to take three (3) samples, East of wellhead composite, West of Wellhead composite, composite of the narrow trench to the lower tier. Will notify both Jonathan and Lucas ahead of time and coordinate the sampling, likely later this week (Friday or next Monday).
- f) Will fill out C-138 and be hauling to Envirotech the soils, after it dries out.
- g) Will check the area for any additional stained soils once it dries out and add to the bermed material, with shovel work.
- h) Will make note to check on the status for final reclamation to address this.
- i) Spill size is estimated as 45 bbls total. 17.5 bbls recovered with vaccum truck, leaving 27.5 saturated in the soils (13.75 bbls oil and 13.75 bbls produced water).
- j) Will repair road and condition to allow trucks to access location more easily after it dries out.
- k) Will file C-141 report with this additional information and to determine the remediation level thresholds.
- l) I will include a better representation of the various pictures that were taken of the spill (before/after) in the submittal. Justin will forward to me for write up.
- m) Changing packing in stuffing box to more advanced type and will monitor more closely, as we move forward.
- n) Will only proceed forward with written approval by both Lucas and Jonathan.
- o) We bermed the stockpiled soil in case of a rain event while things dry out.
- p) We bermed the Western edge of the well pad to prevent water flow and drainage.

I believe these are the items we discussed for the effective remediation plan at present. Please confirm or let me know if I have missed anything.

Thank you.

- Tom

Thomas E. Mullins



SCHEMATIC
LOCATION LAYOUT PLAN

Tom Mullins

From: Tom Mullins <tom.mullins@synergyoperating.com>
Sent: Tuesday, July 14, 2015 7:57 AM
To: 'sketcham@blm.gov'; 'mkelly@blm.gov'
Cc: Lucas Vargo (lvargo@blm.gov)
Subject: Undesirable Event Notification - Synergy - Tayler 29-13 Well

This e-mail is to serve as the official 24 notification of an Undesirable Event. Synergy previously notified Lucas Vargo (Inspector) upon initial identification of this event. The NMOCD has also been notified.

Operator: Synergy Operating, LLC
Date & Time: Identified 2:35 pm+/- on Monday July 13, 2015
Nature of Event: Stuffing Box Leak on the wellhead. Spilling oil and water.
Well Name & Number: Tayler 29-13
Location: T21N-R3W-Section 29, Unit Letter M
API #: 30-043-20569
Lease #: NMNM-29168
Contact Name & Phone Number: Tom Mullins (505.320.1751)

Synergy will be following up with a Sundry Notice submittal within five (5) days, and the appropriate NMOCD paperwork.

- Tom

Thomas E. Mullins
Engineering Manager
Synergy Operating, LLC
505-320-1751 – Cell
505-599-4905 – Office

Tom Mullins

From: Tom Mullins <tom.mullins@synergyoperating.com>
Sent: Monday, July 13, 2015 7:21 PM
To: 'cory.smith@state.nm.us'
Cc: Lucas Vargo (lvargo@blm.gov); Justin Ingram (nevertoslow1247@gmail.com)
Subject: Tayler 29-13 - Stuffing Box Oil-Water Spill

Cory and Lucas,

To follow-up from my initial phone call today (7/13/2015) around 2:35 pm+/-, Justin Ingram (505.659.8597), Synergy's contract lease operator arrived on location today and identified a stuffing box leak on the Tayler 29-13 well. He shut the pump off and immediately contacted me. I had Justin initially call Lucas, while I contacted Cory (after getting your number from Brandon).

The well produces oil and water, so the estimate of the amount of fluid spilled and its specific makeup is unknown at present. Some fluid (oil and water) does appear that it has left the main location pad area, but this does not appear to be a large volume. The majority of the spill is on the location, east of the wellhead. The weather down that direction (Rio Puerco/Cuba) has had some significant rain events, and since Justin and I are concerned about potential rain causing drainage and/or spreading of the fluid/spill, I have had a water truck vacuum up the fluids that can be recovered on the surface to be placed into the water tank for recovery/measurement. I will know better the estimated volume of the spill based upon the fluid we recover and soil volume we stockpile.

The main road from the Cuba direction was blocked (mud and a vehicle stuck in the wash), causing water trucks and equipment to travel an additional 20 miles+ towards Ojo Encino area to arrive at the location through passable roads. We have a backhoe and shovel work to immediately move the contaminated soils back up onto the well pad location, where we can inventory them before removal/remediation is worked out. That will prevent any additional soils being impacted.

I am having Justin Ingram take pictures during all activity. We can discuss soil testing and any other actions before hauling off the contaminated soil to an approved facility. I want to ensure that this leak does not contaminate any larger area because of a potential rain event. We have a backhoe on the way to the location (which should be arriving as I write this e-mail) to assist in containing the spill and stockpiling the saturated soil.

Preliminarily, the cause appears to be an overpressure on the tubing side after we installed a Wellmark backpressure regulator to hold back pressure on the tubing to improve pump efficiency and minimize gas-locking. This was a fairly recent installation, and although we were holding very little pressure (less than 100#), apparently the stuffing/packing failed. We will remove this back pressure regulator (going forward) and further investigate the stuffing box controls and spill control box (which we have been proactively installing on all of our stuffing boxes) to protect from just such types of a leak/spill at the wellhead.

Phone reception down that direction is rather poor, but I will be following up with everyone and filing the necessary paperwork once I know better the size of the spill. My current estimate is 25 bbls+/-, so will know more soon on the volume size.

Lucas, you indicated that you had notified Sherrie Ketchum (FFO-BLM).

I want to make sure that Synergy follows the proper protocols and approvals. We will timely address this spill and will seek approval of a final remediation plan as is required. We are acting in this manner as a prudent operator to contain

and stabilize the situation, before taking future action(s). I will be following up with everyone, but wanted to get this in writing as soon as I got back to Farmington from Santa Fe.

- Tom (505.320.1751-Cell Number)

Thomas E. Mullins
Engineering Manager
Synergy Operating, LLC
505-320-1751 – Cell
505-599-4905 – Office

Tom Mullins

From: Tom Mullins <tom.mullins@synergyoperating.com>
Sent: Tuesday, July 14, 2015 7:01 AM
To: cory.smith@state.nm.us
Cc: Lucas Vargo (lvargo@blm.gov); Justin Ingram (nevertoslow1247@gmail.com)
Subject: Synergy - Tayler 29-13
Attachments: IMG_0343.JPG; IMG_0346.JPG; IMG_0347.JPG; IMG_0351.JPG

Cory,

Tayler 29-13
API # 30-043-20569

Attached are the pictures from the fluids that left the location area and a rough job summary of the immediate efforts to address the spill.

I estimate the total spill volume at 45 barrels total. We recovered 17.5 bbls of fluid (half oil/half water) with the water truck.

I will be sending you a picture of the spill on the location shortly. As I previously stated, I was concerned with the various heavy rain events that we have been having that if we did not immediately address this matter, the impacted could have expanded.

I would like to visit with you on the well location site to confirm the next steps that we need to perform for the remediation. Please give me a call at your convenience on my cell phone.

- Tom

Thomas E. Mullins
Engineering Manager
Synergy Operating, LLC
505-320-1751 – Cell
505-599-4905 – Office

From: justin ingram [<mailto:nevertoslow1247@gmail.com>]
Sent: Monday, July 13, 2015 11:17 PM
To: Tom Mullins
Subject:

5:00 pm: B&B water truck arrived. Began sucking up oil.
5:15 pm: roustabout crew arrived start cleaning up contaminated dirt from oil that ran off location.
7:30 pm: B&B finished cleaning spilled oil. Unloaded oil into water tank.
7:40 pm: backhoe arrived on location. Start cleaning contaminated dirt from below location.
8:00pm water truck left
9:00 pm Jethro left location
9:30: lee Ingram Justin Ingram left location
10:30 pm Justin Ingram in Cuba called tom