

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

AUG 01 2016

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: BP America Production Company | Contact: Steve Moskal |
| Address: 200 Energy Court, Farmington, NM 87401 | Telephone No.: 505-326-9497 |
| Facility Name: Gallegos Canyon Unit 170 | Facility Type: Natural Gas Well |
| Surface Owner: Fee | Mineral Owner: Fee |
| API No. 30-045-07658 | |

LOCATION OF RELEASE

| | | | | | | | | |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|--------------------|
| Unit Letter K | Section 35 | Township 29N | Range 12W | Feet from the 1705 | North/South Line South | Feet from the 1777 | East/West Line West | County San Juan |
|------------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|--------------------|

Latitude: 36.68015 Longitude: -108.07149

NATURE OF RELEASE


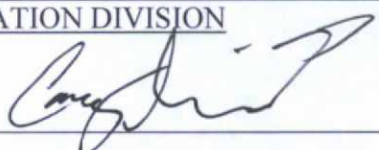
| | | |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------|
| Type of Release: Produced water and condensate spill | Volume of Release 253 bbl | Volume Recovered 71.1 |
| Source of Release: Suspected Internal corrosion of 4" steel water gathering line | Date and Hour of Occurrence: July 21, 2016; 2:15 PM | Date and Hour of Discovery: July 22, 2016; 8:30 AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Contacted Brandon Powell - NMOCD | |
| By Whom? Jesus Villalobos - Landowner | Date and Hour 7/22/2016 Phone 8:30 AM | Email- 5:30 PM |
| 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.* A significant increase in water production of the well is suspected to be associated with a breach in the downhole casing. The produced water triggered an alarm, closing the automated choke valve. The water then filled the separator, above ground tank (pit) and production tank which subsequently became overfilled. The well was shut in and the freestanding liquids were recovered via vac-truck.

Describe Area Affected and Cleanup Action Taken* The area of impacted included the secondary containment of the above ground tank, the secondary containment of the production tank and the area immediately surrounding the containments. No material was discharged from the site. Free standing liquid was recovered via vac-truck. The site will be assessed at a later date. Remedial activity will follow shortly.

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.

OIL CONSERVATION DIVISION

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|------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------|
| Signature:  | Approved by Environmental Specialist:  | |
| Printed Name: Steve Moskal | Approval Date: 8/22/16 | Expiration Date: |
| Title: Field Environmental Coordinator | Conditions of Approval: Test Soils for TPH, BTEX, Chlorides If water is Encountered test water | |
| E-mail Address: steven.moskal@bp.com | Attached <input type="checkbox"/> | |
| Date: July 22, 2016 | Phone: (505) 326-9497 | |

* Attach Additional Sheets If Necessary

#NCS 16216 56998 For natural Areas And
8/16/16