

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.

## Release Notification and Corrective Action

### OPERATOR

x ☐ Initial Report ☐ Final Report

Name of Company McElvain Energy Inc.	Contact Tony Cooper
Address 1050 17 <sup>th</sup> Street Denver Colorado 80265	Telephone No. 303-501-0004
Facility Name McElvain #2	Facility Type- Oil well pad

Surface Owner BLM	Mineral Owner BLM	API No. 025-27543
-------------------	-------------------	-------------------

### LOCATION OF RELEASE

Unit Letter L	Section 29	Township 18S	Range 34E	Feet from the 2310	North/South Line S	Feet from the 660	East/West Line W	County Lea
------------------	---------------	-----------------	--------------	-----------------------	-----------------------	----------------------	---------------------	---------------

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

### NATURE OF RELEASE

Type of Release – Oil and Produced Water	Volume of Release 187 BO & > 268 BPW (PW vol is best est.)	Volume Recovered 78 bbls of water oil emulsion
Source of Release – McElvain #2 well	Date and Hour of Occurrence During the night of 10-18-2016	Date and Hour of Discovery -10-19-2016 5:30 am
Was Immediate Notice Given? Required x <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not	If YES, To Whom? Shelly Tucker BLM & Kristen Lynch NMOCD	
By Whom? Tony Cooper	Date and Hour.... 10-19-2016.... 8:21am	
Was a Watercourse Reached? <input type="checkbox"/> Yes x <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse. NA	

If a Watercourse was Impacted, Describe Fully.\*  
NA

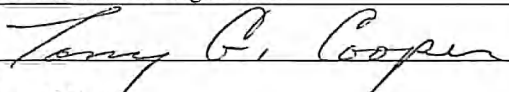

Describe Cause of Problem and Remedial Action Taken.\*

The separator for the McElvain #2 well was overloaded with produced water sending the water through the separator to the crude oil (500 bbl) & produced water (210 bbl) tanks displacing all of the fluid in the tanks. The displaced fluid from the tanks breached the secondary containment around the tanks eventually releasing the fluid off of the well pad. The stuffing box on the well head also released some fluid. However, the majority of the fluid that was released came through the separator and out the top of the tanks breaching the tank berms. The volume of fluid released by the McElvain #2 well, was due to a treatment that was being performed on another McElvain well in close proximity to the McElvain #2 well at the time.

Describe Area Affected and Cleanup Action Taken.\*

All free standing fluid (oil and water) was vacuumed up. Hot water was then flushed down a ditch that carried much of the released fluid to an abandoned caliche pit. All fluid from the flushing operation was then vacuumed up. Crews then used absorbents and hand tools to clean up any residual oil that remained onsite and on the edges of the ditch. Sampling for site characterization will begin on Tuesday 10-25 and will be performed by RT Hicks Consulting.

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: 	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Tony G Cooper	Approved by Environmental Specialist: 	
Title: Sr. EHS Specialist	Approval Date: 11/7/2016	Expiration Date: 1/7/2017
E-mail Address: tony.cooper@mcelvain.com	Conditions of Approval: See attached Directive	Attached <input type="checkbox"/> 1RP 4496
Date: 10-20-2016	Phone: 303-501-0004	

\* Attach Additional Sheets If Necessary

nKL1631248077  
pKL1631248934

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 10/20/2016 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 1RP 4496 has been assigned. **Please refer to this case number in all future correspondence.**

It is the Division's obligation under both the Oil & Gas Act and Water Quality Act to provide for the protection of public health and the environment. Our regulations (19.15.29.11 NMAC) state the following,

*The responsible person shall complete division-approved corrective action for releases that endanger public health or the environment. The responsible person shall address releases in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with 19.15.30 NMAC. [emphasis added]*

Release characterization is the first phase of corrective action unless the release is ongoing or is of limited volume and all impacts can be immediately addressed. Proper and cost-effective remediation typically cannot occur without adequate characterization of the impacts of any release. Furthermore, the Division has the ability to impose reasonable conditions upon the efforts it oversees. **As such, the Division is requiring a workplan for the characterization of impacts associated with this release be submitted to the OCD District 1 office in Hobbs on or before 12/7/2016. If and when the release characterization workplan is approved, there will be an associated deadline for submittal of the resultant investigation report. Modest extensions of time to these deadlines may be granted, but only with acceptable justification.**

The goals of a characterization effort are: 1) determination of the lateral and vertical extents along with the magnitude of soil contamination. 2) determine if groundwater or surface waters have been impacted. 3) If groundwater or surface waters have been impacted, what are the extents and magnitude of that impact. 4) The characterization of any other adverse impacts that may have occurred (examples: impacts on vegetation, impacts on wildlife, air quality, loss of use of property, etc.). To meet these goals as quickly as possible, the following items must, at a minimum, be addressed in the release characterization workplan and subsequent reporting:

- Horizontal delineation of soil impacts in each of the four cardinal compass directions. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C<sub>6</sub> thru C<sub>36</sub>), and for chloride by Method 300. This is not an exclusive list of potential contaminants. Analyzed parameters should be modified based on the nature of the released substance(s). Soil sampling must be both within the impacted area and beyond.
- Vertical delineation of soil impacts. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C<sub>6</sub> thru C<sub>36</sub>), and for chloride by Method 300. As above, this is not an exclusive list of potential contaminants and can be modified. Vertical characterization samples should be taken at depth intervals no greater than five feet apart. Lithologic description of encountered soils must also be provided. At least ten vertical feet of soils with contaminant concentrations at or below these values must be demonstrated as existing above the water table.
- Nominal detection limits for field and laboratory analyses must be provided.
- Composite sampling is not generally allowed.
- Field screening and assessment techniques are acceptable (headspace, titration, EC [include algorithm for validation purposes], EM, etc.), but the sampling and assay procedures must be clearly defined. Copies of field notes are highly desirable. A statistically significant set of split samples must be submitted for confirmatory laboratory analysis, including the laterally farthest and vertically deepest sets of soil samples. Make sure there are at least two soil samples submitted

for laboratory analysis from each borehole or test pit (highest observed contamination and deepest depth investigated). Copies of the actual laboratory results must be provided including chain of custody documentation.

- Probable depth to shallowest protectable groundwater and lateral distance to nearest surface water. If there is an estimate of groundwater depth, the information used to arrive at that estimate must be provided. If there is a reasonable assumption that the depth to protectable water is 50 feet or less, the responsible party should anticipate the need for at least one groundwater monitoring well to be installed in the area of likely maximum contamination.

- If groundwater contamination is encountered, an additional investigation workplan may be required to determine the extents of that contamination. Groundwater and/or surface water samples, if any, must be analyzed by a competent laboratory for volatile organic hydrocarbons (typically Method 8260 full list), total dissolved solids, pH, major anions and cations including chloride and sulfate, dissolved iron, and dissolved manganese. The investigation workplan must provide the groundwater sampling method(s) and sample handling protocols. To the fullest extent possible, aqueous analyses must be undertaken using nominal method detection limits. As with the soil analyses, copies of the actual laboratory results must be provided including chain of custody documentation.

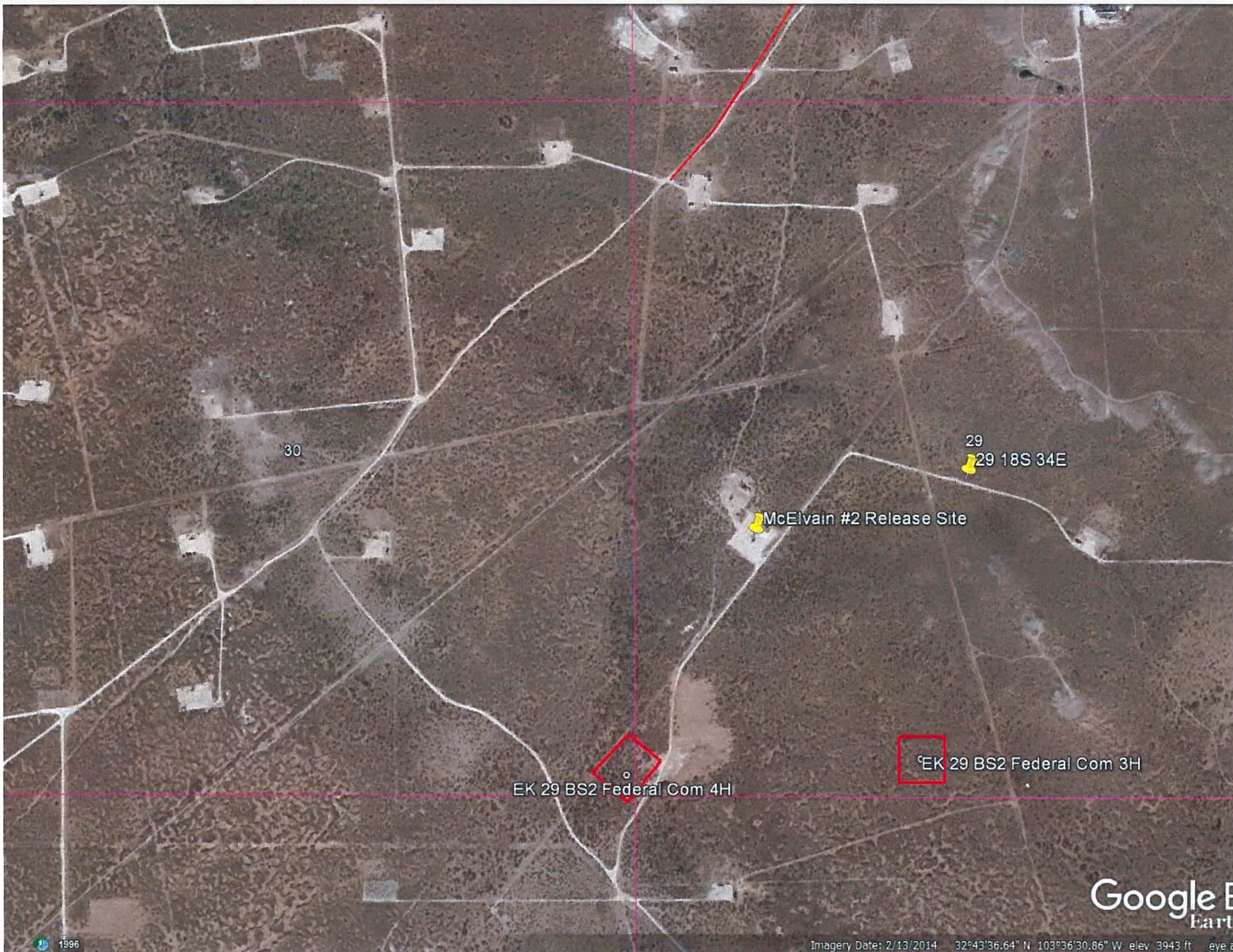
- Accurately scaled and well-drafted site maps must be provided providing the location of borings, test pits, monitoring wells, potentially impacted areas, and significant surface features including roads and site infrastructure that might limit either the release characterization or remedial efforts. Field sketches may be included in subsequent reporting, but should not be considered stand-alone documentation of the site's layout. Digital photographic documentation of the location and fieldwork is recommended, especially if unusual circumstances are encountered.

**Nothing herein should be interpreted to preclude emergency response actions or to imply immediate remediation by removal cannot proceed as warranted. Nonetheless, characterization of impacts and confirmation of the effectiveness of remedial efforts must still be provided to the OCD before any release incident will be closed.**

**Jim Griswold**

OCD Environmental Bureau Chief  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
505-476-3465  
jim.griswold@state.nm.us





EK 29 BS2 Federal Com 4H

EK 29 BS2 Federal Com 3H

29  
29 18S 34E

McElvain #2 Release Site

30

Google Earth

Imagery Date: 2/13/2014 32°43'36.64" N 103°36'30.86" W elev. 3943 ft eye at

1996