17 January 2017

Ms. Kristen Lynch Environmental Specialist NMOCD 1625 N. French Drive Hobbs, New Mexico 88240

RE: Remediation Progress Report and Proposal of No Further Action Vanguard Operating, LLC – Hill Tank Battery UL-B, Section 4, Township 21 South, Range 37 East Lea County, New Mexico NMOCD Reference # 1RP 4450

Ms. Lynch:

INFORMATION ONLY

The following *Remediation Progress Report and Proposal of No Further Action* serves as a condensed update on remedial activities undertaken and closure proposal for the above referenced Site.

Remediation Progress:

EPI personnel mobilized on the site on October 7, 2016 to collect soil samples to determine the vertical extent of contamination. A total of twelve (12) soil samples were collected from four (4) sample locations; SP1 – SP4. Four (4) representative samples, one (1) from each sample point, were jarred, chilled, and sent to Cardinal Labs for chloride testing. Laboratory analytical results indicate the release area is void of Chloride concentrations in excess of NMOCD Recommended Remedial Action Levels (NMOCD RRALs) of 250 mg/Kg (reference *Figure 3* and *Table 2*).

Field testing of the surface sample from SP4 indicated elevated chlorides above NMOCD RRALs. In lieu of excavation the area was dug up, blended, resampled, and backfilled. The composite sample collected was sent to Cardinal Labs for chloride testing. Laboratory analytical results indicate the area to be void of Chloride concentrations in excess of NMOCD Recommended Remedial Action Levels (NMOCD RRALs) of 250 mg/Kg (reference *Figure 3* and *Table 2*).

Closure Proposal:

Having received laboratory analysis confirming the area is below NMOCD RRALs, EPI and Vanguard request the site be considered closed and no further action be required.

Vanguard and EPI personnel would welcome an opportunity to briefly discuss the *Proposal of No Further Action* at your earliest convenience. However, should you have any questions or concerns please feel free to contact me at (575) 394-3481 or via e-mail at ddominguezepi@gmail.com or Mr. Chuck Johnston at (432) 202-4771 or via e-mail at cjohnston@vnrllc.com.



All official communication should be addressed to:

Mr. Chuck Johnston Vanguard Operating, LLC 4001 Penbrook, Suite 201 Odessa, TX 79762

Sincerely,

ENVIRONMENTAL PLUS, INC.

Daniel Dominguez Environmental Consultant

cc: Chuck Johnston – Vanguard Operating

File

Encl.: Figure 1 – Area Map

Figure 2 – Site Location Map Figure 3 – Sample/Site Map

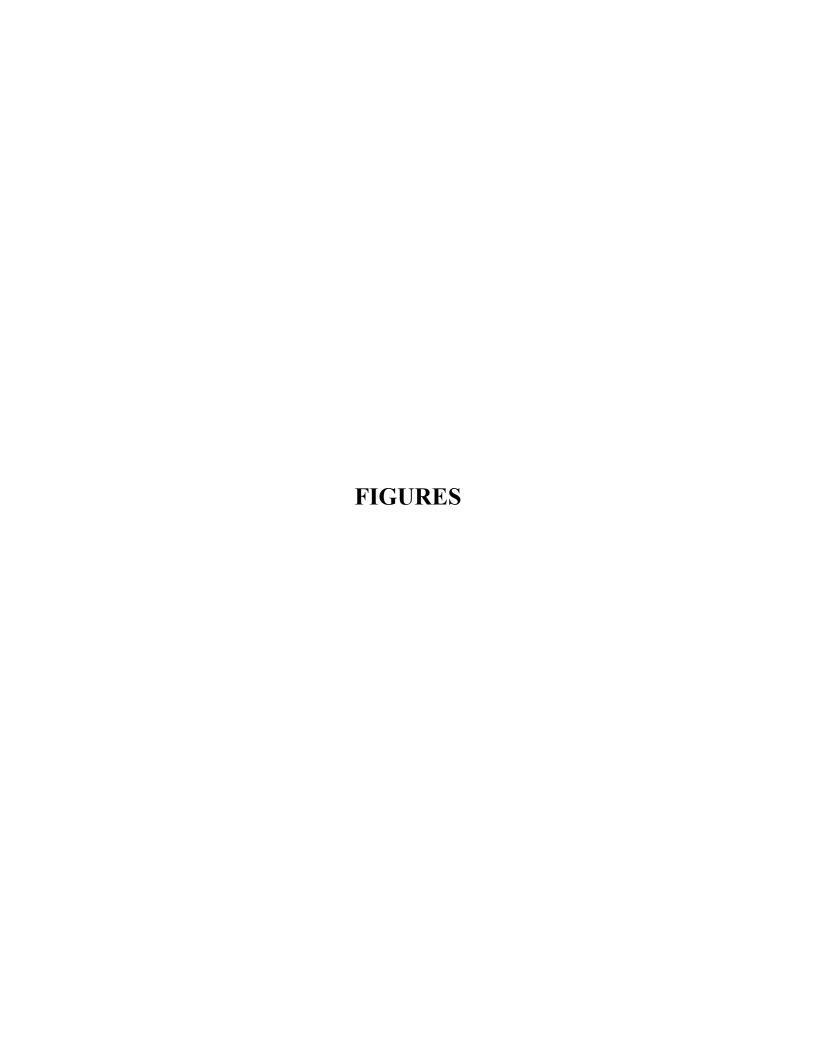
Table 1 – Well Data

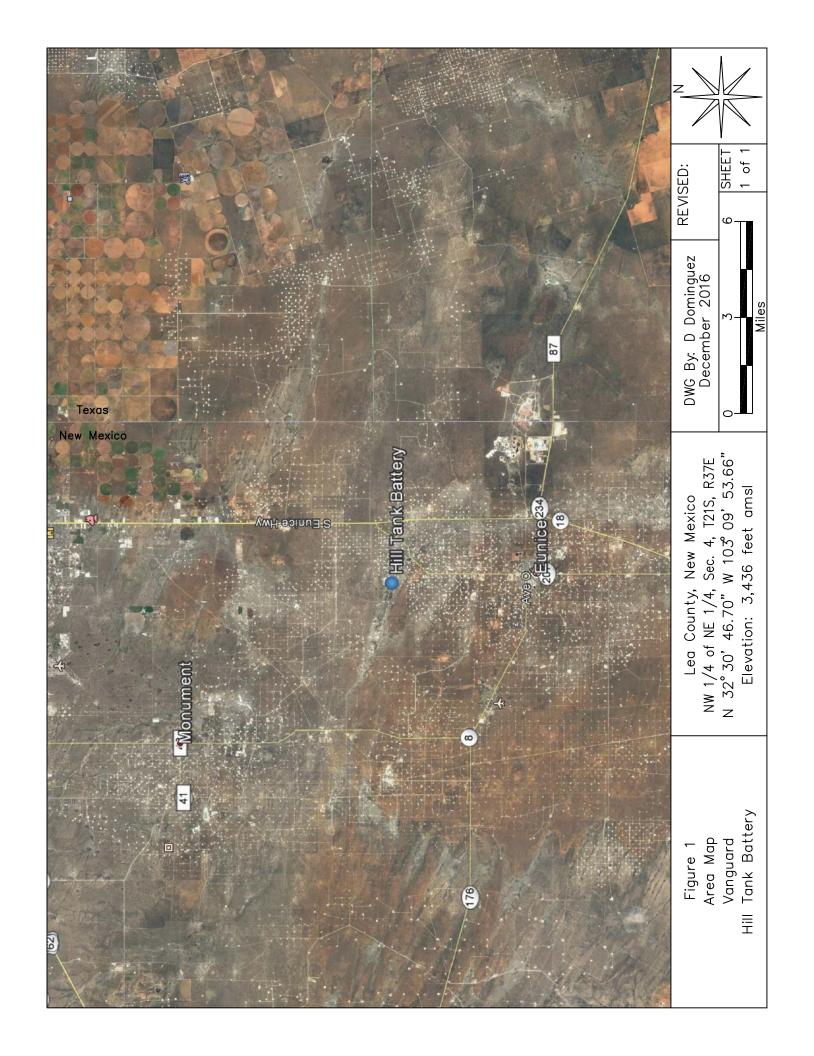
Table 2 – Summary of Soil Sample Field Testing and Laboratory Analytical Results

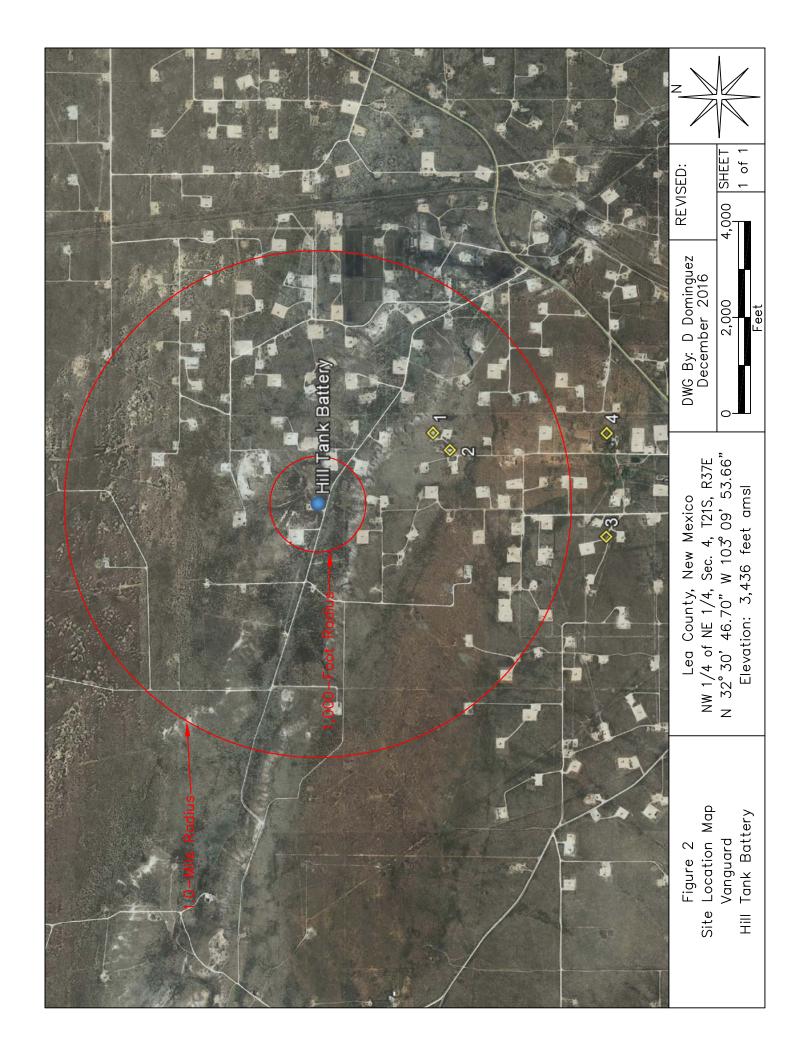
Attachment I – Photographs

Attachment II – Laboratory Analytical Results

Attachment III - Copy of Initial NMOCD Form C-141, Final C-141







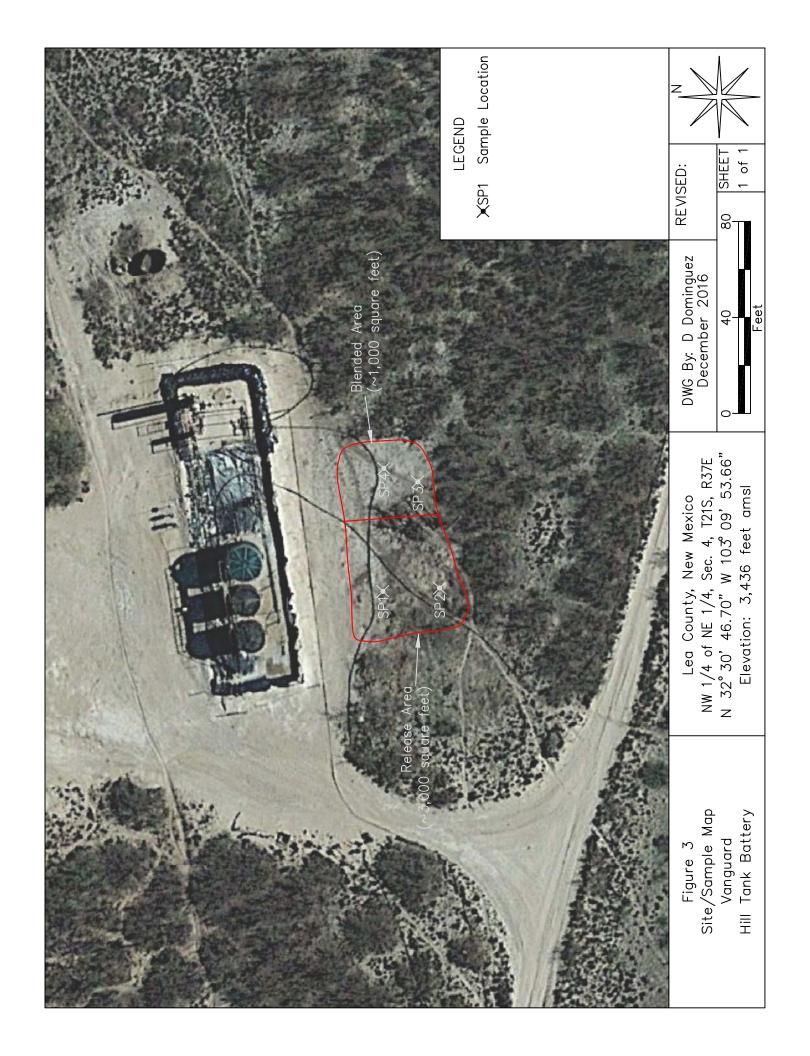




TABLE 1

Well Data

Vanguard - Hill Tank Battery

Well Number	Use	Use Diversion ^A	Owner	d64	q16	4	Sec T	wsp	Ang F	Sasting	q64 q16 q4 Sec Twsp Rng Easting Northing Distance	Distance ^B	Date Measured	Date Surface Measured Elevation ^C	Depth to Water
															(ft bgs)
	IRR	3	INTERFIRST BANK FORT WORTH, NA 2 2 4 4 21S 37E 672799 3598121	2	2	4	4	21S	37E (572799	3598121	784	1	3,474	:
	STK	3	MILLARD DECK		2	4	4	21S	37E (572700	21S 37E 672700 3598022		825 31-Jul-76 3,477	3,477	75
	IRR	3	INTERFIRST BANK FORT WORTH, NA 3 1 2 9 21S 37E 672212 3597110	3		2	6	21S	37E (572212	3597110	1,678		3,481	-
	IRR	3	INTERFIRST BANK FORT WORTH, NA	4	2	2	6	21S	37E (572814	4 2 2 9 21S 37E 672814 3597117	1,720		3,472	

* = Data obtained from the New Mexico Office of the State Engineer Website (http://iwaters.ose.state.nm.us:7001/iWATERS/wr_RegisServlet1)

 $^{\mathrm{C}}=\mathrm{Elevation}$ interpolated from USGS topographical map based on referenced location. $^{\mathrm{B}}$ = In meters A = In acre feet per annum

IRR = Irrigation

STK = 72-12-1 Livestock watering

quarters are 1=NW, 2=NE, 3=SW, 4=SE; quarters are smallest to biggest -- = Data not provided on the NM iwaters website

Summary of Soil Sample Field Testing and Laboratory Analytical Results
Vanguard
Hill Tank Battery TABLE 2

Lab Sample ID	Depth (feet)	Soil Status	Sample Date	PID Reading (ppm)	Field Chloride (mg/Kg)	Benzene (mg/Kg)	ene Toluene Eth	Ethylbenzene (mg/Kg)	Total Xylenes (mg/Kg)	Total BTEX (mg/Kg)	GRO C6-C10 (mg/Kg)	DRO C10-C28 (mg/Kg)	Total TPH (mg/Kg)	Chloride (mg/Kg)
	Surface	In-Situ	07-Oct-16	15.0	160							1		1
SP1	1	In-Situ	07-Oct-16	0.0	240	-				-		1	-	192
	2	In-Situ	07-Oct-16	0.0	80					-	-	ŀ	-	ł
	Surface	In-Situ	07-Oct-16	0.0	08				-			:	-	ł
SP2	1	In-Situ	07-Oct-16	0.0	80							ŀ		32
	2	In-Situ	07-Oct-16	0.0	80	-	-			-		ŀ	-	ł
	Surface	In-Situ	07-Oct-16	0.0	80							1		ł
SP3	1	In-Situ	07-Oct-16	0.0	80						-	ŀ	-	80
	2	In-Situ	07-Oct-16	0.0	80	1	1	1	1	!	1	ŀ	1	ł
	Surface	In-Situ	07-Oct-16	0.0	360	-	-		-	-	-	1	I	ŀ
VD7	1	In-Situ	07-Oct-16	0.0	80	-	-	-	-	-	1	1	-	64
10	2	In-Situ	07-Oct-16	0.0	80	1	1	1	1	1	1	ł	1	ŀ
	Comp	In-Situ	12-Dec-16		160					-		ŀ	1	64
NMOCD	Recomm I	NMOCD Recommended Remedial Action Levels	edial Action	100		10				50			100	250
NT . 4 T.	,													

-- = Not Analyzed **Bold** values are in excess of NMOCD Recommended Remedial Action Levels

Shaded values indicates soil has been excavated



ATTACHMENT I Photographs





Photograph #2 – Tank battery struck by lightning



Photograph #3 – Tank battery struck by lightning



Photograph #4 – Looking across release area





Photograph #6 – Blending the soil around SP4



Photograph #7 – Blended soil backfilled



Photograph #8 – Blended soil backfilled

ATTACHMENT II Laboratory Analytical Results



October 25, 2016

Daniel Dominguez

Environmental Plus, Inc.

P.O. Box 1558

Eunice, NM 88231

RE: HILL TANK BATTERY

Enclosed are the results of analyses for samples received by the laboratory on 10/20/16 15:26.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-16-8. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/ga/lab accred certif.html.

Cardinal Laboratories is accreditated through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2 Haloacetic Acids (HAA-5)
Method EPA 524.2 Total Trihalomethanes (TTHM)
Method EPA 524.4 Regulated VOCs (V1, V2, V3)

Celey D. Keine

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Lab Director/Quality Manager



Analytical Results For:

Environmental Plus, Inc.
Daniel Dominguez
P.O. Box 1558
Eunice NM, 88231

Fax To: (505) 394-2601

Received: 10/20/2016 Sampling Date: 10/07/2016

Reported: 10/25/2016 Sampling Type: Soil

Project Name: HILL TANK BATTERY Sampling Condition: Cool & Intact
Project Number: NONE GIVEN Sample Received By: Jodi Henson

Project Location: UL- SEC. 4, T21S, R37E

Sample ID: SP 1 (1') (H602357-01)

Chloride, SM4500Cl-B	mg	/kg	Analyze	d By: AC					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	192	16.0	10/24/2016	ND	400	100	400	3.92	
Sample ID: SP 2 (1') (H6	02357-02)								
Chloride, SM4500CI-B	mg	/kg	Analyze	d By: AC					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	32.0	16.0	10/24/2016	ND	400	100	400	3.92	
Sample ID: SP 3 (1') (H6	02357-03)								
Sample ID: SP 3 (1') (H6	02357-03) mg	/kg	Analyze	d By: AC					
	=	/kg Reporting Limit	Analyze Analyzed	d By: AC Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride, SM4500CI-B	mg	-		•	BS 400	% Recovery	True Value QC 400	RPD 3.92	Qualifier
Chloride, SM4500CI-B Analyte	Result	Reporting Limit	Analyzed	Method Blank		,	•		Qualifier
Chloride, SM4500CI-B Analyte Chloride	Result	Reporting Limit	Analyzed 10/24/2016	Method Blank		,	•		Qualifier
Chloride, SM4500CI-B Analyte Chloride Sample ID: SP 4 (1') (H6	Result 80.0 02357-04)	Reporting Limit	Analyzed 10/24/2016	Method Blank ND		,	•		Qualifier

Cardinal Laboratories *=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whistoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results related only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

Celey D. Kreine



Notes and Definitions

ND Analyte NOT DETECTED at or above the reporting limit

RPD Relative Percent Difference

** Samples not received at proper temperature of 6°C or below.

*** Insufficient time to reach temperature.

- Chloride by SM4500Cl-B does not require samples be received at or below 6°C

Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories *=Accredited Analyte

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Celeg D. Freene

Environmental Plus, Inc.

2100 Avenue O, Eunice, NM 88231 (575) 394-3481 FAX: (575) 394-2601

P.O. Box 1558, Eunice, NM 88231

Delivered by:	3	Sample Remodeller	Sampler Relinquished:	10	9	8	7	6	5	4 SP4 (1')	3 SP3 (1')	2 SP2 (1")	1 SP1 (1')	LAB I.D.		EPI Sampler Name	Project Reference	Location	Facility Name	Client Company	EPI Phone#/Fax#	City, State, Zip	Mailing Address	EPI Project Manager	Company Name
Sappole Cod & Intact	Mach i date	Time 6:00 am	nate 10-10-16 Received 8))))	SAMPLE I.D.		David Robinson		UL- Sec. 4, T21S, R37E	Hill Tank Battery	Vanguard	575-394-3481 / 575-394-2601	Eunice New Mexico 88231	P.O. BOX 1558	Daniel Dominguez	Environmental Plus, Inc.
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#15

Chain of Custody Form

LAB

Cardinal



December 16, 2016

Daniel Dominguez

Environmental Plus, Inc.

P.O. Box 1558

Eunice, NM 88231

RE: HILL TANK BATTERY

Enclosed are the results of analyses for samples received by the laboratory on 12/12/16 15:35.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-16-8. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/ga/lab accred certif.html.

Cardinal Laboratories is accreditated through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2 Haloacetic Acids (HAA-5)
Method EPA 524.2 Total Trihalomethanes (TTHM)
Method EPA 524.4 Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

Celey D. Keine

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Lab Director/Quality Manager



Analytical Results For:

Environmental Plus, Inc.
Daniel Dominguez
P.O. Box 1558
Eunice NM, 88231
Fax To: (505) 394-2601

Received: 12/12/2016 Sampling Date: 12/12/2016
Reported: 12/16/2016 Sampling Type: Soil

Project Name: HILL TANK BATTERY Sampling Condition: Cool & Intact
Project Number: NONE GIVEN Sample Received By: Jodi Henson

Project Location: UL- SEC. 4, T21S, R37E

Sample ID: SP 4 (H602782-01)

Chloride, SM4500CI-B	mg,	/kg	Analyze	d By: AC					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	64.0	16.0	12/14/2016	ND	416	104	400	3.77	

Cardinal Laboratories *=Accredited Analyte

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Celey D. Keine



Notes and Definitions

QM-07 The spike recovery was outside acceptance limits for the MS and/or MSD. The batch was accepted based on acceptable LCS

recovery.

ND Analyte NOT DETECTED at or above the reporting limit

RPD Relative Percent Difference

** Samples not received at proper temperature of 6°C or below.

*** Insufficient time to reach temperature.

- Chloride by SM4500Cl-B does not require samples be received at or below 6°C

Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories *=Accredited Analyte

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Celey D. Keine

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Date 12-12-18 Time 2:00 pm Date 11-12-18 Time 2:00 pm Date 11-12-18 Sapple Vee	•										SP4		SAMPLE I.D.		Kirby Bingham		UL- Sec. 4, T21S, R	Hill Tank Battery	Vanguard	575-394-3481 / 575-394-2601	Eunice New Mexico 88231			Environmental Plus,	FAX: (575) 394-2601	Cilcal I lus, Inc.	Environmental Plus Inc
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E-mail results to: ddominguezepi@gmail.com & bboone.epi@gmail.com NOTES:												12-Dec-16	DATE	SAMPLING	200	P.O. Box 1558	Attn: Daniel Dominguez	•						0			
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ATTACHMENT III Copy of Initial NMOCD Form C-141 Final C-141

REVIEWED

By Kristen Lynch at 8:58 am, Sep 27, 2016

District I 1625 N. French Dr., Hobbs, NM 88240 State of New Mexico Energy Minerals and Natural Resources

Form C-141 Revised August 8, 2011

Oil Conservation Division 1220 South St. Francis Dr. Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

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 Santa Fe, NM 87505

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Surface Own	ner			Mineral O	wner				API No	. 30-025-0	5394	
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Describe Cau Lightning stru in until weath	ick tank ca	using a fire wl		n Taken.* ged all the tanks o	n site. P	roduced wate	er and oil remained	d inside	of the line	d containme	nt. We	lls were shut
Describe Area Damage was and the liner	to tank and	equipment in		en.* ntainment. Tanks	will be t	removed and	replaced. Any co	ntamin	ated soil ab	ove the line	will be	e remediated
regulations al public health should their o	l operators or the envir perations h ment. In a	are required to ronment. The ave failed to a ddition, NMO	report ar acceptance dequately CD accep	is true and compled/or file certain re- te of a C-141 reporting the investigate and re- tance of a C-141 re-	clease no rt by the emediate	tifications ar NMOCD ma contamination	nd perform correct arked as "Final Re on that pose a thre	ive acti port" de at to gr	ons for rele oes not reli ound water	eases which over the operation of the contract was a surface was	may en ator of er, hun	danger liability nan health
	101		11				OIL CONS	SERV	ATION	<u>DIVISIO</u>	N	
Signature:	ht	pl	4	-	Н,	negued by	Environmental Sp	acialist	tuo	ten Lynch		
Printed Name	: Chuck Jo	hnston			F	approved by	Environmental Sp	retaiist		Ü		
Title: EHS		,			A	approval Date	9/27/2016	E	Expiration I	Date: N/A	12.	
E-mail Addre	ss: cjohnsto	on@vnrllc.com		75. 000 115-	c	Conditions of	Approval: N/A			Attached		
Date: 9-19-2	Charles and the Control of the Contr	ate If Neges		35\202-477 Phone:	1				-	1RP	4450	

<u>District I</u> 1625 N. French Dr., Hobbs, NM 88240 District II
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**

Form C-141 Revised August 8, 2011

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

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

			Relea	ise Notifica	ation	and Cor	rrective Ac	tion					
						OPERAT	OR		Initial	Report	\boxtimes	Final Report	
Name of Co				-			uck Johnston						
Facility Nar				a Texas 79762	_		No. 432-202-477 e: Tank Battery			_			
		I Jank Dan	ery, TKF		!	racinty Typ	e. Talik Dallery	<u></u>					
Surface Ow	ner:			Mineral C)wner:				API No	. 30-025-	06394		
				LOCA	TION	OF REL	EASE						
Unit Letter B	Section 4	Township 21S	Range 37E	Feet from the 3300	North	/South Line North	Feet from the 1700		Vest Line East		Cou: Le		
		- '	Lati	tude: <u>N 32.513</u>	1683°	Longitude	: W 103.165092	25°					
				NATU	JRE (OF RELE							
Type of Rele	ase: Oil and	d Produced W	ater			Volume of Water and	Release: 100 bbls	s		tecovered: bbls oil an		ls produced water	
Source of Re	lease: Ligh	tning struck to	nk causin	g fire and spill		Date and H 9-16-2016	lour of Occurrenc	e:	Date and	Hour of Di	scover		
Was Immedia	ite Notice C					If YES, To			7-10-2010	7 (H; Z.50 L	141		
			Yes L	No Not Ro	equired		h OCD Hobbs						
By Whom? J Was a Water		had?					lour: 9-16-2016 (lume Impacting t			<u> </u>			
was a water	ourse Reac		Yes 🗵	No		Not Applic		ne wate	reourse.				
If a Watercou	rse was Im	pacted, Descri	ibe Fully.	Not Applicable									
	•		•	• • • • • • • • • • • • • • • • • • • •									
											_		
Describe Cau Lightning str were shut in	uck tank ca	ausing a fire	which dar		ks on s	ite. Produced	water and oil re	mained	inside of t	he lined co	ntainn	nent. Wells	
Describe Are	a Affected a	and Cleanup A	Action Tak	en.*									
Damage was	to tank and	equipment in:	side of co	itainment. Tanks	will be	removed and	replaced. Any cor	ntaminat	ed soil abo	ve the line	r will b	e remediated	
further action	replaced if of required at	this site.	iples were	collected and ser	it to the	lab for testing	. Based on labora	atory ana	alytical data	a, NMOCL) has ap	proved no	
I harahu sarti	fu that the i	nformation ai	van zhova	ir true and come	lata to t	ha hact of my	linguiladaa aad ii	n donata a	d that words	t to MR	(OCD	wilse and	
regulations al	l operators :	are required to	o report an	d/or file certain re	elease r	e to the best of my knowledge and understand that pursuant to NMOCD rules and ase notifications and perform corrective actions for releases which may endanger							
public health	or the envir	onment. The	acceptanc	e of a C-141 repo	rt by th	ase notifications and perform corrective actions for releases which may endanger by the NMOCD marked as "Final Report" does not relieve the operator of liability ediate contamination that pose a threat to ground water, surface water, human health							
or the enviror	perations ha iment. In a	ave tailed to a ddition, NMO	dequatery CD accen	investigate and retained of a C-141	emedial report d	e contamination	on that pose a thre e the operator of r	eat to gn responsi	ound water hility for co	, surface w probliance :	ater, hi with an	iman health	
federal, state,					, c port c							y onter	
	/1/	/ ,	11				OIL CONS	SERV.	<u>ATION</u>	<u>DIVISI</u>	<u>NC</u>		
Signature: (M	bh	18										
Printed Name	Chuck Joh	nnston				Approved by	Environmental Sp	pecialist	:				
Title: EHS						Approval Date	e:	E	Expiration I	Date:			
	ss: ciohnsto	on@vnrlle.com	n					1					
		1301		422-202-4771		Conditions of	· Marorus			Attached	1 🗆		
E-mail Addre	ss: cjohnsto 23- / 7	1301		432-202-4771		Conditions of	Approval:			Attached	i 🗆		

^{*} Attach Additional Sheets If Necessary