

INFORMATION ONLY

Penroc Oil Corporation
Langlie Jal Unit #032
Producing Well - Flowline Failure

Submission of Delineation/Remediation Workplan Remediation Case Number: 1R-4617

Section 06, T25S, R37E
Detailed coordinates in report.

Date of Incident
02/15/2017

Respectfully requesting the approval of this workplan report to begin remediation work, allowing for a proper case closure report and documentation to be submitted upon completion of remediation.

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I Company Contacts

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II Background

Per the C-141, the failure of the well’s buried flowline caused an unauthorized release of oil, produced water, and gas. This caused the liquids to surface and created a pool of fluid near the failure point, with runoff in an eastern direction. Ranch Supervisor for Woolworth Trust, Bob Haddox, discovered the release and contacted the proper field personnel. Field personnel responded immediately by shutting in all five wells that have flowlines in that portion of the field. This stopped the release and it was discovered that the Langlie Jal #032 flowline was the issue. The area impacted was approximately 2,050 square feet. The NMOCD was notified on 2/15/2017 and the C-141 was filed 2/16/2017. NMOCD filed remediation case number 1R-4617 to this event. NMOCD correspondence up to this point have been with Ms. Olivia Yu in Hobbs, New Mexico.

III Delineation/Remediation Workplan

- a) Upon approval of this workplan, a third-party service will be contracted out to perform remediation work. Soil samples from a depth of one foot from each corner of the release area will be retrieved, packaged, and transported to Cardinal Labs for analysis. Chloride levels will be recorded.
- b) After these baseline chloride levels are established, the third-party service will perform excavation to remove the contaminated soil, which will be properly handled and delivered to a NMOCD approved disposal site. Penroc Oil Corporation will have a representative on location during all excavation activities.
- c) Once a depth of two feet is reached, a second round of samples will be retrieved, packaged, and transported to Cardinal Labs for analysis. Chloride levels will be recorded and tabulated in a future closure report.
- d) Once the two-foot chloride results are received, a conference telephone conversation will need to take place with a representative from the NMOCD to conclude whether the current chloride levels are acceptable.

- e) After acceptable chloride levels are achieved, the remaining contaminated soil will again be properly handled and delivered to NMOCD approved disposal site.
- f) The excavated area will be back-filled with clean dirt and returned to grade by third party services. Penroc Oil Corporation will have a representative on site during the backfill process.

IV Mapping/Coordinates of Release

The information in this section provides detail as to where the leak is location. Icon “32” represents the API location of the wellbore that acted as the source of the release. Icon “Satellite” represents the intended facility for produced fluids and gas from Langlie Jal Unit #032.

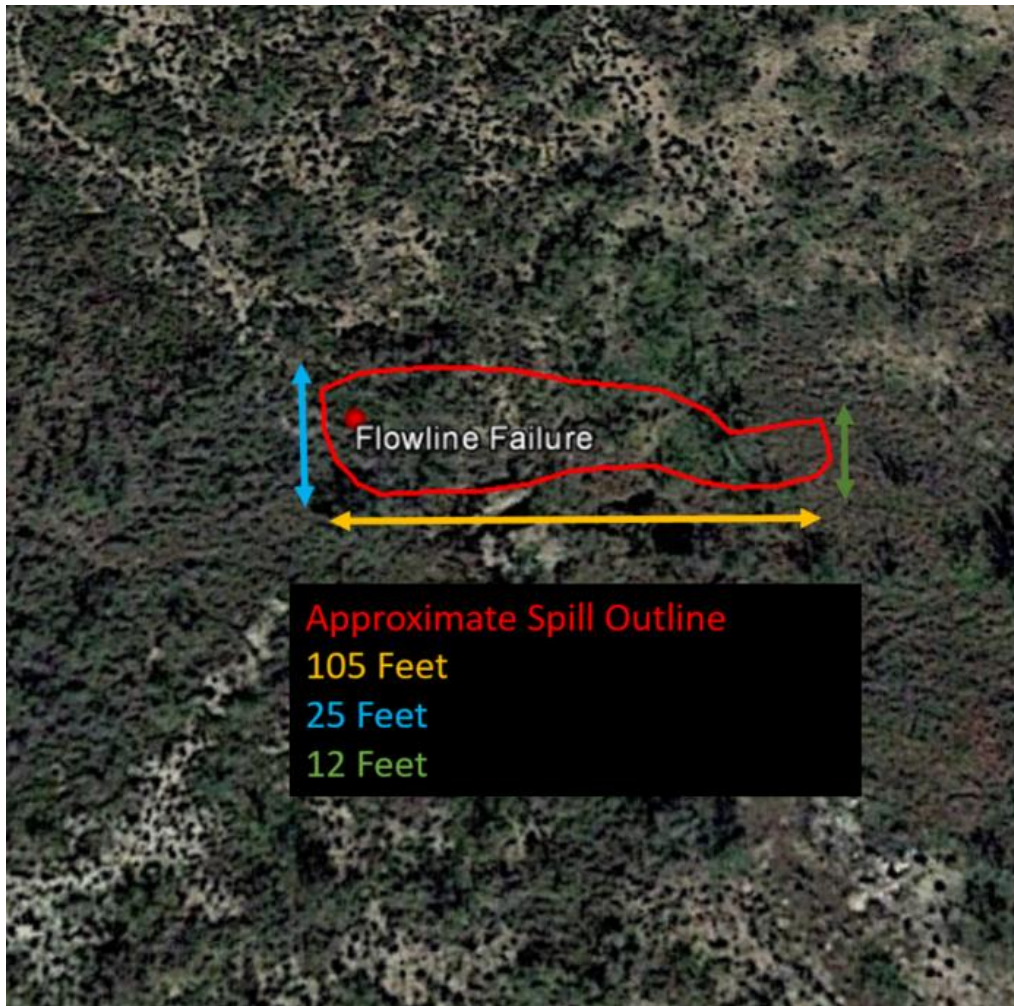
Location of Flowline Failure:

Latitude: 32.163470

Longitude: -103.202511

Google Earth Imagery Date: 11/22/2016





V Conclusion

Based on the C-141 documentation along with the delineation/remediation workplan provided above, Penroc Oil Corporation respectfully request the NMOCD's approval to begin enacting the plan that has been established in order to reach a point of satisfaction where a closure report can be submitted, resulting in the closure of the regulatory file for this incident.

VI Appendix

The following are photos taken immediately after the unauthorized release occurred and the wells in the area were shut in to prevent any further release of oil, produced water, or gas.



