

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 April 3, 2017

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 Vanguard Operating LLC	Contact John Terry
Address 4001 Penbrook Suite 201 Odessa, TX 79762	Telephone No. 575-631-6933
Facility Name CS Caylor Estate #3	Facility Type Battery

Surface Owner	Mineral Owner	API No. 30-025-05430
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LOCATION OF RELEASE

Unit Letter D	Section 6	Township 17S	Range 37E	Feet from the 660	North/South Line North	Feet from the 665	East/West Line West	County Lea
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Latitude 32.869503 Longitude -103.297226 NAD83

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release Approx 100	Volume Recovered 90
Source of Release Hole in Water Tank	Date and Hour of Occurrence 10/23/17 10:00am	Date and Hour of Discovery 10/23/17 1:00pm
Was Immediate Notice Given? x Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Maxey Brown	
By Whom? John Terry	Date and Hour 10/23/17 2:00pm	
Was a Watercourse Reached? <input type="checkbox"/> Yes x No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

APPROVED

By Olivia Yu at 1:35 pm, Feb 02, 2018

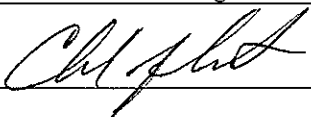

Describe Cause of Problem and Remedial Action Taken.*

Hole in bottom of water tank caused release that was fully contained in plastic lined battery. Vacuum truck immediately notified upon discovery.

Describe Area Affected and Cleanup Action Taken.*

A vacuum truck removed the standing fluid. The liner and equipment were pressure washed and the fluid hauled to disposal. The foreman inspected the liner and verified the integrity. Pictures and email were sent to Olivia Yu.

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: 	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: Chuck Johnston	Approved by Environmental Specialist: 	
Title: EHS Specialist	Approval Date: 2/2/2018	Expiration Date: xx/xx/xxxx
E-mail Address: cjohnston@vnrenergy.com	Conditions of Approval:	
Date: 2-2-2018 Phone: 432-202-4771	Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

nOY1730055065

nOY1730055065

From: [Yu, Olivia, EMNRD](#)
To: ["Chuck Johnston"](#)
Subject: RE: nOY1730055065
Date: Friday, February 2, 2018 1:38:00 PM
Attachments: approved_2Feb2018_Caylor Estates Final C-141 nOY1730055065.pdf
image001.png

Dear Mr. Johnston:

The available information indicates **OPERATOR** has met the requirements of 19.15.29 NMAC and no further corrective action is required. NMOCD considers **nOY1730055065** closed. This determination by the Oil Conservation Division does not relieve Operator of responsibility should future information indicate a threat to ground water, surface water, human health, or the environment. Furthermore, it does not relieve Operator of responsibility for compliance with any federal, state, or local laws and/or regulations.

Thanks,

Olivia Yu
Environmental Specialist
NMOCD, District I
Olivia.yu@state.nm.us
575-393-6161 x113

OCD approval does not relieve the operator of liability should their operations fail to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

From: Chuck Johnston [mailto:cjohnston@vnrenergy.com]
Sent: Friday, February 2, 2018 8:20 AM
To: Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: RE: nOY1730055065

Olivia, please find the final C-141 for the Caylor Estates attached. I have asked the foreman to verify the windsock as we just covered this last month in our H2S training.

Thanks,

Chuck Johnston
EHS / Operations Specialist
432-202-4771 Cell
432-248-8154 Office



From: Yu, Olivia, EMNRD [<mailto:Olivia.Yu@state.nm.us>]
Sent: Friday, February 02, 2018 8:29 AM
To: Chuck Johnston
Subject: RE: nOY1730055065

EXTERNAL - This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.

Chuck:

Interesting. I do not recall if there was a windsock. If not, please remember to have one on location. Please submit a final C-141 to close this incident.

Thanks,
Olivia

From: Chuck Johnston [<mailto:cjohnston@vnrenergy.com>]
Sent: Friday, February 2, 2018 7:25 AM
To: Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: FW: nOY1730055065

Olivia, please see the email below from our foreman. He said the liner was there whenever Vanguard bought the properties. Someone had told him they sprayed the liner to add a texture so it would not be so slippery when it rained but doesn't remember who told him or if it's true. He also said the well makes H₂S but they do not have any leaks and never had a monitor go off.

Let me know if you need anything else,

Chuck Johnston
EHS / Operations Specialist
432-202-4771 Cell
432-248-8154 Office



From: John Terry
Sent: Friday, February 02, 2018 8:09 AM
To: Chuck Johnston
Subject: Re: nOY1730055065

The liner has always been coated and yellow for the five yrs I have been here. The well does make H2S so that's the source it coming from. That's why we don't go up and gauge it. There are no gas leaks that's just the smell it produces

Sent from my iPhone

On Feb 2, 2018, at 6:34 AM, Chuck Johnston <cjohnston@vnrenergy.com> wrote:

JT, please see below, Olivia inspected the site yesterday and has a question about the layer on the liner and wants to know the source of the H2S smell? Need this as soon as you can get me the info.

Thanks,

Chuck Johnston
EHS / Operations Specialist
432-202-4771 Cell
432-248-8154 Office

<image004.png>

From: Yu, Olivia, EMNRD [<mailto:Olivia.Yu@state.nm.us>]
Sent: Thursday, February 01, 2018 4:53 PM
To: Chuck Johnston
Subject: RE: nOY1730055065

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Chuck:

I visited the site today because I was confused about the yellow color of the liner. Is there a reason for the apparent layer of coating on the liner? Also, please be advised that there is an extremely strong odor of H2S at the location. Please inspect the source of H2S.

Thanks,
Olivia

From: Chuck Johnston [<mailto:cjohnston@vnrenergy.com>]

Sent: Monday, January 8, 2018 5:00 PM
To: Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: RE: nOY1730055065

Olivia, these are the pictures after they cleaned.

Chuck Johnston
EHS / Operations Specialist
432-202-4771 Cell
432-248-8154 Office

<image001.png>

From: Chuck Johnston
Sent: Monday, January 08, 2018 4:43 PM
To: 'Yu, Olivia, EMNRD'
Subject: nOY1730055065

Olivia, please find attached two pictures of the Caylor Estates and an email statement from the foreman about the liner integrity. Please let me know if you need anything else.

Chuck Johnston
EHS / Operations Specialist
432-202-4771 Cell
432-248-8154 Office

<image001.png>

From: Yu, Olivia, EMNRD [<mailto:Olivia.Yu@state.nm.us>]
Sent: Monday, October 30, 2017 3:34 PM
To: Chuck Johnston
Subject: RE: C-1414-3-17

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Chuck:

Thanks for your prompt response. No, a third-party is not required. A statement that the liner has been inspected and representative dated photos demonstrating the liner is clean and intact would be sufficient to close the incident.

Thanks,

Olivia

From: Chuck Johnston [<mailto:cjohnston@vnrenergy.com>]
Sent: Monday, October 30, 2017 2:11 PM
To: Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: RE: C-1414-3-17

Olivia, JT will provide the information you are requesting. Just so I am clear, does a visual inspection and pictures suffice for the liner integrity or are you asking for some kind of a third party inspection?

Chuck Johnston
EHS / Operations Specialist
432-202-4771 Cell
432-248-8154 Office

<image001.png>

From: Yu, Olivia, EMNRD [<mailto:Olivia.Yu@state.nm.us>]
Sent: Friday, October 27, 2017 4:30 PM
To: John Terry; Chuck Johnston
Cc: Kyle Zimmerman
Subject: RE: C-1414-3-17

EXTERNAL - This is an EXTERNAL email. Exercise caution. DO NOT open attachments or click links from unknown senders or unexpected email.

Dear Mr. Terry:

Please see the attachment for your records.

Please inspect the liner in question. It is NMOCD's understanding that all impacted material in the containment has been removed and the liner inspected for integrity. Provide NMOCD with a concise report of the inspection with affirmation the liner has and will continue to contain liquids. Pictures and a record of the removal of contaminated fill or proper disposal of liquids are strongly encouraged to accompany submission of initial C-141s.

Thanks,

Olivia Yu
Environmental Specialist
NMOCD, District I
Olivia.yu@state.nm.us

575-393-6161 x113

OCD approval does not relieve the operator of liability should their operations fail to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

From: John Terry [<mailto:jterry@vnreenergy.com>]

Sent: Monday, October 23, 2017 3:05 PM

To: Brown, Maxey G, EMNRD <MaxeyG.Brown@state.nm.us>; Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>

Cc: Kyle Zimmerman <kzimmerman@vnreenergy.com>

Subject: FW: C-1414-3-17

From: John Terry
To: [Chuck Johnston](#)
Subject: Liner inside battery
Date: Monday, January 8, 2018 3:25:42 PM

I have visually looked and walked around the Caylor Estate battery and the liner there is in good shape with no rips or tears. The liner did hold fluid without leaking and is in good shape. We have steamed liner off and the liner held up good.

THANK YOU,

JOHN TERRY

VANGUARD OPERATING, LLC
WORK OVER & COMPLETION FOREMAN
(575) 631-6399
JTERRY@VNRLLC.COM





