



November 10, 2018

Attn: Bradford Billings
New Mexico Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico, 87505

201 S. 4th St
Artesia, NM 88210
main 575.748.4555
fax 575.208.7207
www.lucid-energy.com

Re: Agave Energy Company & Lucid Energy Group
2RP-2877 Closure

For US Mail
P.O. Box 158
Artesia, NM 88211-0158

Mr. Billings,

This letter and the accompanying documentation are being submitted in response to the notification I received on 11/5/2018, which indicated that 2RP-2877 was still being shown as Active in the NMOCD records.

The initial C-141 was received by NMOCD's District II office on 2/27/2015 and approved on 3/10/2015. This release was classified as a minor release from an above ground pipeline. The release resulted in an overspray of <2 bbls of liquids. As such no work plan was submitted, the affected top soil (which was primarily on an adjacent well pad) was scrapped up and disposed of. Samples were collected from the most heavily affected area which was approximately 20' by 20' in extents. A five-point composite, collected in accordance with the NRCS sampling guide, was collected at the surface of the scrapped/excavated area. An additional sample was collected at 1' bgs. The results were submitted with a Final C-141 to the District II office on 3/10/2015.

Lucid is resubmitting the original Final C-141, and closure report. Lucid is requesting closure for 2RP-2877.

If you have any questions, please do not hesitate to call me at 575-810-6021.

Sincerely,
Kerry Egan
Environmental Compliance Manager



201 South Fourth St.
Artesia, NM Office: (575) 810-6021 | Cell: (575) 513-8988
Kegan@lucid-energy.com | www.lucid-energy.com

NM OIL CONSERVATION

ARTESIA DISTRICT

State of New Mexico
Energy Minerals and Natural Resources

Form C-141
Revised August 8, 2011

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 87401
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

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.

Release Notification and Corrective Action

OPERATOR

Initial Report

x Final Report

| | | | |
|-----------------|---------------------------------|----------------|----------------------------|
| Name of Company | Agave Energy Company | Contact | Kerry Egan |
| Address | 326 West Quay Artesia, NM 88210 | Telephone No. | 575 513-8988 |
| Facility Name: | Agave 4 inch Poly Line | Facility Type: | Natural Gas Gathering Line |

| | | |
|--------------------------------------|---------------|---------|
| Surface Owner: Yates Petroleum Corp. | Mineral Owner | API No. |
|--------------------------------------|---------------|---------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| Unit Letter | Section 32 | Township 18S | Range 26E | Feet from the 380' | North/South Line South | Feet from the 190' | East/West Line West | County Eddy |
|-------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

Latitude 32.698371N Longitude -104.412037W

NATURE OF RELEASE

| | | |
|--|--|--|
| Type of Release: Natural Gas leak and pipeline liquids | Volume of Release: <200MCF; <2bbls oil | Volume Recovered: None |
| Source of Release: Ruptured 4" poly line | Date and Hour of Occurrence: 2/13/15 2:00PM | Date and Hour of Discovery 2/13/15 2:00PM |

Was Immediate Notice Given?
☐ Yes ☐ No ☐ Not Required

If YES, To Whom?

By Whom?

Date and Hour

Was a Watercourse Reached?

☐ Yes ☒ No

If YES, Volume Impacting the Watercourse.

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* Producer didn't shut-in one well, producing into a shut-in line, causing over-pressurization. The high pressure caused the above ground poly line to rupture, releasing gas. Immediately upon discovery the well was shut-in to prevent further release of gas.

Describe Area Affected and Cleanup Action Taken.*

The release of gas caused a fine spray of pipeline liquids on the adjacent Concho well pad. The pad was scraped to collect any contamination, and the area surrounding the rupture was excavated to ensure removal of contamination. Contaminated soil was disposed of, and clean fill material was brought to the location.

Closure samples were collected and shown to be below NMOCD action levels (results attached).

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: *Kerry Egan*

Printed Name: Kerry Egan

Title: Eng Tech

E-mail Address: KEgan@yatespetroleum.com

Date: 3/10/15

Phone: 575 748-4555

OIL CONSERVATION DIVISION

Approved by Environmental Specialist:

Expiration Date: N/A

Conditions of Approval:

Closed under previous rules

Attached ☐

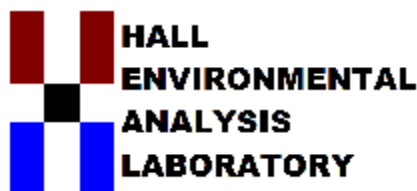
Attach Additional Sheets If Necessary

Sampling Summary for: Paint 32 Spill (COG Well)

| Analytical Report 1502729 | | | | | | |
|------------------------------|-------------|---------------------|------------|-----------|-----------|-----------|
| | Sample Date | Depth | BTEX (ppm) | GRO (ppm) | DRO (ppm) | Cl- (ppm) |
| COG Well #1 | 2/17/2015 | Surface - Composite | 0.64 | 9.2 | 100 | 1600 |
| COG Well #2 | 2/17/2015 | 12" - Composite | ND | ND | ND | 12 |

Site Ranking is zero (0). Average depth to ground water of nearest wells >100' (Approximately 113' per NMOSE)

~200 MCF of gas released, <2bbls of liquids released. Discovered 2/13/15.



Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87109
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

February 25, 2015

Kerry Egan
Agave Energy Company
P.O. Box 158
Artesia, NM 88211
TEL: (575) 513-8988
FAX

RE: COG Well

OrderNo.: 1502729

Dear Kerry Egan:

Hall Environmental Analysis Laboratory received 2 sample(s) on 2/18/2015 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent. To access our accredited tests please go to www.hallenvironmental.com or the state specific web sites. In order to properly interpret your results it is imperative that you review this report in its entirety. See the sample checklist and/or the Chain of Custody for information regarding the sample receipt temperature and preservation. Data qualifiers or a narrative will be provided if the sample analysis or analytical quality control parameters require a flag. When necessary, data qualifiers are provided on both the sample analysis report and the QC summary report, both sections should be reviewed. All samples are reported, as received, unless otherwise indicated. Lab measurement of analytes considered field parameters that require analysis within 15 minutes of sampling such as pH and residual chlorine are qualified as being analyzed outside of the recommended holding time.

Please don't hesitate to contact HEAL for any additional information or clarifications.

ADHS Cert #AZ0682 -- NMED-DWB Cert #NM9425 -- NMED-Micro Cert #NM0190

Sincerely,

A handwritten signature in black ink, appearing to read 'Andy Freeman', is written over a horizontal line.

Andy Freeman
Laboratory Manager
4901 Hawkins NE
Albuquerque, NM 87109

Analytical Report

Lab Order 1502729

Date Reported: 2/25/2015

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Agave Energy Company

Client Sample ID: COG Well #1

Project: COG Well

Collection Date: 2/17/2015 9:00:00 AM

Lab ID: 1502729-001

Matrix: SOIL

Received Date: 2/18/2015 9:10:00 AM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--|--------|----------|------|-------|----|-----------------------|---------------------|
| EPA METHOD 8015D: DIESEL RANGE ORGANICS | | | | | | | Analyst: BCN |
| Diesel Range Organics (DRO) | 100 | 9.9 | | mg/Kg | 1 | 2/19/2015 1:05:56 PM | 17796 |
| Motor Oil Range Organics (MRO) | ND | 49 | | mg/Kg | 1 | 2/19/2015 1:05:56 PM | 17796 |
| Surr: DNOP | 108 | 63.5-128 | | %REC | 1 | 2/19/2015 1:05:56 PM | 17796 |
| EPA METHOD 8015D: GASOLINE RANGE | | | | | | | Analyst: NSB |
| Gasoline Range Organics (GRO) | 9.2 | 5.0 | | mg/Kg | 1 | 2/19/2015 2:12:22 PM | 17797 |
| Surr: BFB | 145 | 80-120 | S | %REC | 1 | 2/19/2015 2:12:22 PM | 17797 |
| EPA METHOD 8021B: VOLATILES | | | | | | | Analyst: NSB |
| Benzene | ND | 0.050 | | mg/Kg | 1 | 2/19/2015 2:12:22 PM | 17797 |
| Toluene | ND | 0.050 | | mg/Kg | 1 | 2/19/2015 2:12:22 PM | 17797 |
| Ethylbenzene | 0.18 | 0.050 | | mg/Kg | 1 | 2/19/2015 2:12:22 PM | 17797 |
| Xylenes, Total | 0.46 | 0.10 | | mg/Kg | 1 | 2/19/2015 2:12:22 PM | 17797 |
| Surr: 4-Bromofluorobenzene | 110 | 80-120 | | %REC | 1 | 2/19/2015 2:12:22 PM | 17797 |
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: LGT |
| Chloride | 1600 | 75 | | mg/Kg | 50 | 2/23/2015 11:42:17 PM | 17827 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

| | | | | |
|--------------------|---|---|----|--|
| Qualifiers: | * | Value exceeds Maximum Contaminant Level. | B | Analyte detected in the associated Method Blank |
| | E | Value above quantitation range | H | Holding times for preparation or analysis exceeded |
| | J | Analyte detected below quantitation limits | ND | Not Detected at the Reporting Limit |
| | O | RSD is greater than RSDlimit | P | Sample pH Not In Range |
| | R | RPD outside accepted recovery limits | RL | Reporting Detection Limit |
| | S | Spike Recovery outside accepted recovery limits | | |

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Analytical Report

Lab Order 1502729

Date Reported: 2/25/2015

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Agave Energy Company

Client Sample ID: COG Well #2

Project: COG Well

Collection Date: 2/17/2015 9:15:00 AM

Lab ID: 1502729-002

Matrix: SOIL

Received Date: 2/18/2015 9:10:00 AM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed | Batch |
|--|--------|----------|------|-------|----|-----------------------|---------------------|
| EPA METHOD 8015D: DIESEL RANGE ORGANICS | | | | | | | Analyst: BCN |
| Diesel Range Organics (DRO) | ND | 9.9 | | mg/Kg | 1 | 2/19/2015 1:27:28 PM | 17796 |
| Motor Oil Range Organics (MRO) | ND | 50 | | mg/Kg | 1 | 2/19/2015 1:27:28 PM | 17796 |
| Surr: DNOP | 107 | 63.5-128 | | %REC | 1 | 2/19/2015 1:27:28 PM | 17796 |
| EPA METHOD 8015D: GASOLINE RANGE | | | | | | | Analyst: NSB |
| Gasoline Range Organics (GRO) | ND | 4.9 | | mg/Kg | 1 | 2/19/2015 3:38:27 PM | 17797 |
| Surr: BFB | 92.3 | 80-120 | | %REC | 1 | 2/19/2015 3:38:27 PM | 17797 |
| EPA METHOD 8021B: VOLATILES | | | | | | | Analyst: NSB |
| Benzene | ND | 0.049 | | mg/Kg | 1 | 2/19/2015 3:38:27 PM | 17797 |
| Toluene | ND | 0.049 | | mg/Kg | 1 | 2/19/2015 3:38:27 PM | 17797 |
| Ethylbenzene | ND | 0.049 | | mg/Kg | 1 | 2/19/2015 3:38:27 PM | 17797 |
| Xylenes, Total | ND | 0.099 | | mg/Kg | 1 | 2/19/2015 3:38:27 PM | 17797 |
| Surr: 4-Bromofluorobenzene | 103 | 80-120 | | %REC | 1 | 2/19/2015 3:38:27 PM | 17797 |
| EPA METHOD 300.0: ANIONS | | | | | | | Analyst: LGT |
| Chloride | 12 | 1.5 | | mg/Kg | 1 | 2/20/2015 12:39:46 PM | 17827 |

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

| | | | | |
|--------------------|---|---|----|--|
| Qualifiers: | * | Value exceeds Maximum Contaminant Level. | B | Analyte detected in the associated Method Blank |
| | E | Value above quantitation range | H | Holding times for preparation or analysis exceeded |
| | J | Analyte detected below quantitation limits | ND | Not Detected at the Reporting Limit |
| | O | RSD is greater than RSDlimit | P | Sample pH Not In Range |
| | R | RPD outside accepted recovery limits | RL | Reporting Detection Limit |
| | S | Spike Recovery outside accepted recovery limits | | |

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QC SUMMARY REPORT
Hall Environmental Analysis Laboratory, Inc.

WO#: 1502729
25-Feb-15

Client: Agave Energy Company
Project: COG Well

| | | | | | | | | | | | |
|------------|-----------|-----|----------------|-------------|------|-----------|--------------------------|------|--------------|------|--|
| Sample ID | MB-17827 | | SampType: | MBLK | | TestCode: | EPA Method 300.0: Anions | | | | |
| Client ID: | PBS | | Batch ID: | 17827 | | RunNo: | 24454 | | | | |
| Prep Date: | 2/20/2015 | | Analysis Date: | 2/20/2015 | | SeqNo: | 720094 | | Units: mg/Kg | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual | |
| Chloride | ND | 1.5 | | | | | | | | | |

| | | | | | | | | | | |
|------------|--------|-----------|-----------|--------------------------|------|------------------------------------|-----------|--------------|----------|------|
| Sample ID | | LCS-17827 | | SampType: LCS | | TestCode: EPA Method 300.0: Anions | | | | |
| Client ID: | | LCSS | | Batch ID: 17827 | | RunNo: 24454 | | | | |
| Prep Date: | | 2/20/2015 | | Analysis Date: 2/20/2015 | | SeqNo: 720095 | | Units: mg/Kg | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Chloride | 14 | 1.5 | 15.00 | 0 | 92.3 | 90 | 110 | | | |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.

E Value above quantitation range

J Analyte detected below quantitation limits

O RSD is greater than RSDlimit

R RPD outside accepted recovery limits

S Spike Recovery outside accepted recovery limits
- B Analyte detected in the associated Method Blank

H Holding times for preparation or analysis exceeded

ND Not Detected at the Reporting Limit

P Sample pH Not In Range

RL Reporting Detection Limit

QC SUMMARY REPORT**Hall Environmental Analysis Laboratory, Inc.**

WO#: 1502729

25-Feb-15

Client: Agave Energy Company**Project:** COG Well

| Sample ID MB-17796 | SampType: MBLK | | TestCode: EPA Method 8015D: Diesel Range Organics | | | | | | | |
|--------------------------------|---------------------------------|-----|--|-------------|---------------------|----------|-----------|------|----------|------|
| Client ID: PBS | Batch ID: 17796 | | RunNo: 24394 | | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | SeqNo: 718832 | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Diesel Range Organics (DRO) | ND | 10 | | | | | | | | |
| Motor Oil Range Organics (MRO) | ND | 50 | | | | | | | | |
| Surr: DNOP | 9.1 | | 10.00 | | 91.3 | 63.5 | 128 | | | |

| Sample ID LCS-17796 | SampType: LCS | | TestCode: EPA Method 8015D: Diesel Range Organics | | | | | | | |
|-----------------------------|---------------------------------|-----|--|-------------|---------------------|----------|-----------|------|----------|------|
| Client ID: LCSS | Batch ID: 17796 | | RunNo: 24394 | | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | SeqNo: 718848 | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Diesel Range Organics (DRO) | 47 | 10 | 50.00 | 0 | 94.7 | 67.8 | 130 | | | |
| Surr: DNOP | 4.4 | | 5.000 | | 87.0 | 63.5 | 128 | | | |

Qualifiers:

* Value exceeds Maximum Contaminant Level.
 E Value above quantitation range
 J Analyte detected below quantitation limits
 O RSD is greater than RSDlimit
 R RPD outside accepted recovery limits
 S Spike Recovery outside accepted recovery limits

B Analyte detected in the associated Method Blank
 H Holding times for preparation or analysis exceeded
 ND Not Detected at the Reporting Limit
 P Sample pH Not In Range
 RL Reporting Detection Limit

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QC SUMMARY REPORT**Hall Environmental Analysis Laboratory, Inc.**

WO#: 1502729

25-Feb-15

Client: Agave Energy Company**Project:** COG Well

| Sample ID MB-17797 | SampType: MBLK | | | TestCode: EPA Method 8015D: Gasoline Range | | | | | | |
|-------------------------------|---------------------------------|-----|-----------|---|------|---------------------|-----------|------|----------|------|
| Client ID: PBS | Batch ID: 17797 | | | RunNo: 24415 | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | | SeqNo: 719115 | | Units: mg/Kg | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Gasoline Range Organics (GRO) | ND | 5.0 | | | | | | | | |
| Surr: BFB | 890 | | 1000 | | 89.3 | 80 | 120 | | | |

| Sample ID LCS-17797 | SampType: LCS | | | TestCode: EPA Method 8015D: Gasoline Range | | | | | | |
|-------------------------------|---------------------------------|-----|-----------|---|------|---------------------|-----------|------|----------|------|
| Client ID: LCSS | Batch ID: 17797 | | | RunNo: 24415 | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | | SeqNo: 719116 | | Units: mg/Kg | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Gasoline Range Organics (GRO) | 26 | 5.0 | 25.00 | 0 | 106 | 64 | 130 | | | |
| Surr: BFB | 1000 | | 1000 | | 102 | 80 | 120 | | | |

Qualifiers:

* Value exceeds Maximum Contaminant Level.
 E Value above quantitation range
 J Analyte detected below quantitation limits
 O RSD is greater than RSDlimit
 R RPD outside accepted recovery limits
 S Spike Recovery outside accepted recovery limits

B Analyte detected in the associated Method Blank
 H Holding times for preparation or analysis exceeded
 ND Not Detected at the Reporting Limit
 P Sample pH Not In Range
 RL Reporting Detection Limit

Page 5 of 6

QC SUMMARY REPORT**Hall Environmental Analysis Laboratory, Inc.**

WO#: 1502729

25-Feb-15

Client: Agave Energy Company**Project:** COG Well

| Sample ID MB-17797 | SampType: MBLK | | TestCode: EPA Method 8021B: Volatiles | | | | | | | |
|-----------------------------|---------------------------------|-------|--|-------------|---------------------|----------|-----------|------|----------|------|
| Client ID: PBS | Batch ID: 17797 | | RunNo: 24415 | | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | SeqNo: 719143 | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Benzene | ND | 0.050 | | | | | | | | |
| Toluene | ND | 0.050 | | | | | | | | |
| Ethylbenzene | ND | 0.050 | | | | | | | | |
| Xylenes, Total | ND | 0.10 | | | | | | | | |
| Surr: 4-Bromofluorobenzene | 0.98 | | 1.000 | | 98.1 | 80 | 120 | | | |

| Sample ID LCS-17797 | SampType: LCS | | TestCode: EPA Method 8021B: Volatiles | | | | | | | |
|-----------------------------|---------------------------------|-------|--|-------------|---------------------|----------|-----------|------|----------|------|
| Client ID: LCSS | Batch ID: 17797 | | RunNo: 24415 | | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | SeqNo: 719144 | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Benzene | 1.1 | 0.050 | 1.000 | 0 | 108 | 80 | 120 | | | |
| Toluene | 1.0 | 0.050 | 1.000 | 0 | 103 | 80 | 120 | | | |
| Ethylbenzene | 1.1 | 0.050 | 1.000 | 0 | 106 | 80 | 120 | | | |
| Xylenes, Total | 3.1 | 0.10 | 3.000 | 0 | 104 | 80 | 120 | | | |
| Surr: 4-Bromofluorobenzene | 1.1 | | 1.000 | | 107 | 80 | 120 | | | |

| Sample ID 1502729-001AMS | SampType: MS | | TestCode: EPA Method 8021B: Volatiles | | | | | | | |
|---------------------------------|---------------------------------|-------|--|-------------|---------------------|----------|-----------|------|----------|------|
| Client ID: COG Well #1 | Batch ID: 17797 | | RunNo: 24415 | | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | SeqNo: 719149 | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Benzene | 1.2 | 0.050 | 0.9970 | 0 | 123 | 69.2 | 126 | | | |
| Toluene | 1.3 | 0.050 | 0.9970 | 0.04604 | 128 | 65.6 | 128 | | | |
| Ethylbenzene | 1.5 | 0.050 | 0.9970 | 0.1810 | 136 | 65.5 | 138 | | | |
| Xylenes, Total | 4.4 | 0.10 | 2.991 | 0.4567 | 132 | 63 | 139 | | | |
| Surr: 4-Bromofluorobenzene | 1.2 | | 0.9970 | | 125 | 80 | 120 | | | S |

| Sample ID 1502729-001AMSD | SampType: MSD | | TestCode: EPA Method 8021B: Volatiles | | | | | | | |
|----------------------------------|---------------------------------|-------|--|-------------|---------------------|----------|-----------|-------|----------|------|
| Client ID: COG Well #1 | Batch ID: 17797 | | RunNo: 24415 | | | | | | | |
| Prep Date: 2/18/2015 | Analysis Date: 2/19/2015 | | SeqNo: 719150 | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Benzene | 1.2 | 0.050 | 1.000 | 0 | 124 | 69.2 | 126 | 0.621 | 18.5 | |
| Toluene | 1.3 | 0.050 | 1.000 | 0.04604 | 123 | 65.6 | 128 | 3.83 | 20.6 | |
| Ethylbenzene | 1.4 | 0.050 | 1.000 | 0.1810 | 121 | 65.5 | 138 | 9.92 | 20.1 | |
| Xylenes, Total | 4.0 | 0.10 | 3.000 | 0.4567 | 119 | 63 | 139 | 9.04 | 21.1 | |
| Surr: 4-Bromofluorobenzene | 1.2 | | 1.000 | | 116 | 80 | 120 | 0 | 0 | |

Qualifiers:

* Value exceeds Maximum Contaminant Level.
 E Value above quantitation range
 J Analyte detected below quantitation limits
 O RSD is greater than RSDlimit
 R RPD outside accepted recovery limits
 S Spike Recovery outside accepted recovery limits

B Analyte detected in the associated Method Blank
 H Holding times for preparation or analysis exceeded
 ND Not Detected at the Reporting Limit
 P Sample pH Not In Range
 RL Reporting Detection Limit

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Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87109
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

Sample Log-In Check List

Client Name: AGAVE ENERGY COMP

Work Order Number: 1502729

RcptNo: 1

Received by/date:

CS 02/18/15

Logged By:

Ashley Gallegos

2/18/2015 9:10:00 AM

Ag

Completed By:

Ashley Gallegos

2/18/2015 9:58:10 AM

Ag

Reviewed By:

CS

02/18/15

Chain of Custody

1. Custody seals intact on sample bottles?

Yes ☐No ☐Not Present ☒

2. Is Chain of Custody complete?

Yes ☒No ☐Not Present ☐

3. How was the sample delivered?

Courier

Log In

4. Was an attempt made to cool the samples?

Yes ☒No ☐NA ☐

5. Were all samples received at a temperature of >0° C to 6.0°C

Yes ☒No ☐NA ☐

6. Sample(s) in proper container(s)?

Yes ☒No ☐

7. Sufficient sample volume for indicated test(s)?

Yes ☒No ☐

8. Are samples (except VOA and ONG) properly preserved?

Yes ☒No ☐

9. Was preservative added to bottles?

Yes ☐No ☒NA ☐

10. VOA vials have zero headspace?

Yes ☐No ☐No VOA Vials ☒

11. Were any sample containers received broken?

Yes ☐No ☒

12. Does paperwork match bottle labels?

Yes ☒No ☐

(Note discrepancies on chain of custody)

13. Are matrices correctly identified on Chain of Custody?

Yes ☒No ☐

14. Is it clear what analyses were requested?

Yes ☒No ☐

15. Were all holding times able to be met?

Yes ☒No ☐

(If no, notify customer for authorization.)

of preserved
bottles checked
for pH.

(<2 or >12 unless noted)

Adjusted? _____

Checked by: _____

Special Handling (if applicable)

16. Was client notified of all discrepancies with this order?

Yes ☐No ☐NA ☒

Person Notified:

Date

By Whom:

Via:

☐ eMail☐ Phone☐ Fax☐ In Person

Regarding:

Client Instructions:

17. Additional remarks:

18. Cooler Information

| Cooler No | Temp °C | Condition | Seal Intact | Seal No | Seal Date | Signed By |
|-----------|---------|-----------|-------------|---------|-----------|-----------|
| 1 | 2.4 | Good | Yes | | | |

Chain-of-Custody Record

Client: Agave Energy Company

Mailing Address: 326 West Quay St.

Artesia, NM 88210

Phone #: (575) 513-8988

Email or Fax#:

QA/QC Package:

☐ Standard
 ☐ Level 4 (Full Validation)

Accreditation:

☐ NELAP
 ☐ Other

☐ EDD (Type)

Turn-Around Time:

☒ Standard
 ☐ Rush

Project Name:

COG Well

Project #:

Project Manager:

Kerry Egan

Sampler:

Kerry Egan

On Ice: ☒ Yes ☐ No

Sample Temperature: 24°C

Date Time Matrix Sample Request ID

2/17/15 9:00AM SOIL COG Well #1

2/17/15 9:15AM SOIL COG Well #2

Container Type and #

4 oz glass

4 oz glass

Preservative Type

Ice/Cool

Ice/Cool

HEAL No.

1502729

-D01

-D02

Date: 2/17/15 3:30PM

Received by: Celine Sams 02/16/15 0910

Date: 2/17/15 3:30PM

Received by: Celine Sams 02/16/15 0910

Analysis Request

BTEX + MTBE + TMBs (8021) ☒
 BTEX + MTBE + TPH (Gas only) ☒
 TPH Method 8015B (Gas/Diesel) ☒
 TPH (Method 418.1) ☐
 EDB (Method 504.1) ☐
 8310 (PNA or PAH) ☐
 RCRA 8 Metals ☐
 Anions (F⁻, Cl⁻, NO₃⁻, NO₂⁻, PO₄³⁻, SO₄²⁻) ☒
 8081 Pesticides / 8082 PCBs ☐
 8260B (VOA) ☐
 8270 (Semi-VOA) ☐
 Air Bubbles (Y or N) ☐

Remarks: Requesting BTEX, TPH, Cl- analyses only

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

NM OIL CONSERVATION
ARTESIA DISTRICT
FEB 27 2015
Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.
RECEIVED

Form C-141
Revised August 8, 2011

FAB1506955093

Release Notification and Corrective Action

NAB1506955408

OPERATOR

X Initial Report

Final Report

| | | | |
|-----------------|---------------------------------|----------------|----------------------------|
| Name of Company | Agave Energy Company | Contact | Kerry Egan |
| Address | 326 West Quay Artesia, NM 88210 | Telephone No. | 575 513-8988 |
| Facility Name: | Agave 4 inch Poly Line | Facility Type: | Natural Gas Gathering Line |

| | | |
|--------------------------------------|---------------|---------|
| Surface Owner: Yates Petroleum Corp. | Mineral Owner | API No. |
|--------------------------------------|---------------|---------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|
| Unit Letter | Section 32 | Township 18S | Range 26E | Feet from the 380' | North/South Line South | Feet from the 190' | East/West Line West | County Eddy |
|-------------|---------------|-----------------|--------------|-----------------------|---------------------------|-----------------------|------------------------|----------------|

Latitude 32.698371N Longitude -104.412037W

NATURE OF RELEASE

| | | |
|---|--|--|
| Type of Release: Natural Gas leak and pipeline liquids | Volume of Release: <200MCF; <2bbls oil | Volume Recovered: None |
| Source of Release: Ruptured 4" poly line | Date and Hour of Occurrence: 2/13/15 2:00PM | Date and Hour of Discovery 2/13/15 2:00PM |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | |
| By Whom? | Date and Hour | |
| 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.* Producer didn't shut-in one well, producing into a shut-in line, causing over-pressurization. The high pressure caused the above ground poly line to rupture, releasing gas. Immediately upon discovery the well was shut-in to prevent further release of gas.

Describe Area Affected and Cleanup Action Taken.*

The release of gas caused a fine spray of pipeline liquids on the adjacent Concho well pad. The pad was scraped to collect any contamination, and the area surrounding the rupture was excavated to ensure removal of contamination. Contaminated soil was disposed of, and clean fill material was brought to the location.

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>Kerry Egan</u> | | OIL CONSERVATION DIVISION | |
| Printed Name: Kerry Egan | | Signed By: <u>M. L. Escamilla</u> Approved by Environmental Specialist: | |
| Title: Eng Tech | Approval Date: <u>3/10/15</u> | Expiration Date: <u>N/A</u> | |
| E-mail Address: KEgan@yatespetroleum.com | Conditions of Approval: | | Attached <input type="checkbox"/> |
| Date: <u>8/27/15</u> | Remediation per O.C.D. Rules & Guidelines SUBMIT REMEDIATION PROPOSAL NO | | |
| Phone: 575 748-4555 | LATER THAN: <u>4/10/15</u> | | |

* Attach Additional Sheets If Necessary

2RP-2877

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 209609

CONDITIONS

| | |
|---|--|
| Operator: Lucid Artesia Company 201 S. Fourth Street Artesia, NM 88210 | OGRID: 147831 |
| | Action Number: 209609 |
| | Action Type: [IM-SD] Incident File Support Doc (ENV) (IM-BNF) |

CONDITIONS

| | | |
|------------|-----------|----------------|
| Created By | Condition | Condition Date |
| bhall | None | 5/8/2023 |