

August 22, 2023

Franklin Mountain Energy 3, LLC
44 Cook Street, Suite 1000
Denver, CO 80206

RE: Initial Release Notification - Incident Number nAPP2323430246

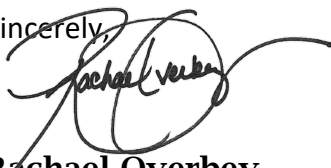
Dear Sir or Madam,

As previously communicated through online notification, the release of an estimated volume of 25 barrels of produced water and oil was discovered by operations personnel on August 21, 2023 at the State JR #1 wellsite in Lea County, NM. The entire volume of the produced fluid was contained within the secondary containment structure. The well was immediately shut-in, and 10 barrels of the produced fluid were recovered. Upon further review, it was determined that the leak was caused by corrosion of the fire tube of a heater treater.

As indicated by the included pictures, the State JR #1 is an active producing well, and the release occurred within the immediate proximity of site production equipment, including vessels and flowlines. As such, Franklin Mountain Energy 3, LLC proposes to delineate the extent of the release and, based on the results, request deferral of remediation.

Should there be questions concerning this submittal or if additional information is required, please advise.

Sincerely,



Rachael Overbey

Director - Operations Planning & Regulatory

Franklin Mountain Energy 3 LLC

44 Cook Street, Suite 1000

Denver, CO 80206

Main: 720.414.7868

Mobile: 303.570.4057

roverbey@fmellc.com

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 Department

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

Form C-141
Revised August 24, 2018
Submit to appropriate OCD District office

Incident ID	NAPP2323430246
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party: Franklin Mountain Energy 3, LLC	OGRID: 331595
Contact Name: Rachael Overbey	Contact Telephone: 720-414-7868
Contact email: roverbey@fmellc.com	Incident # nAPP2323430246
Contact mailing address: 44 Cook Street, Suite 1000; Denver, CO 80206	

Location of Release Source

Latitude **32.755764°** Longitude **-103.4209747°**

(NAD 83 in decimal degrees to 5 decimal places)

Site Name: State JR #1	Site Type: Production Well Site
Date Release Discovered: 08/21/2023	API# (if applicable): 30-025-29348

Unit Letter	Section	Township	Range	County
P	11	18S	35E	Lea

Surface Owner: ☒ State ☐ Federal ☐ Tribal ☐ Private (Name: _____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

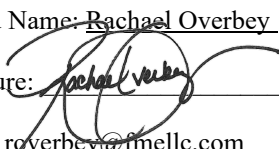
<input type="checkbox"/> Crude Oil	Volume Released (bbls)	Volume Recovered (bbls)
<input type="checkbox"/> Produced Water	Volume Released (bbls)	Volume Recovered (bbls)
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Condensate	Volume Released (bbls)	Volume Recovered (bbls)
<input type="checkbox"/> Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
<input checked="" type="checkbox"/> Other (describe) Crude Oil/Produced Water Mixture	Volume/Weight Released (provide units): 25 barrels (inside secondary containment)	Volume/Weight Recovered (provide units): 10 barrels (from secondary containment)

Cause of Release: **A leak, caused by corrosion, developed in the fire tube of a heater treater, allowing for the release of approximately 25 barrels of produced fluid inside of secondary containment. Ten barrels of the produced fluid were recovered and disposed of properly.**

Was this a major release as defined by 19.15.29.7(A) NMAC? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, for what reason(s) does the responsible party consider this a major release? The estimated volume of the release meets the threshold criteria for being considered a major release as defined under 19.15.29(A) NMAC.
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)? Immediate notification was provided by Rachael Overbey of FME3 on 08/22/2023 through NMOCD's online system.	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury

<input checked="" type="checkbox"/> The source of the release has been stopped. <input checked="" type="checkbox"/> The impacted area has been secured to protect human health and the environment. <input checked="" type="checkbox"/> Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices. <input checked="" type="checkbox"/> All free liquids and recoverable materials have been removed and managed appropriately.
If all the actions described above have <u>not</u> been undertaken, explain why:
Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation.
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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. Printed Name: <u>Rachael Overbey</u> Title: <u>Director – Operations Planning and Regulatory</u> Signature:  Date: _____ email: <u>roverbey@fmellc.com</u> Telephone: <u>720-414-7868</u>
<u>OCD Only</u> Received by: <u>Shelly Wells</u> Date: <u>8/22/2023</u>

NAPP2323430246



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District I
1625 N. French Dr., Hobbs, NM 88240
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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 255580

CONDITIONS

Operator: Franklin Mountain Energy 3, LLC 44 Cook Street Denver, CO 80206	OGRID: 331595
	Action Number: 255580
	Action Type: [C-141] Release Corrective Action (C-141)

CONDITIONS

Created By	Condition	Condition Date
scwells	None	8/22/2023