

RECEIVED

MAY 13 2010

NMOCD ARTESIA

May 7, 2010

Mr. Mike Bratcher
Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1301 W. Grand Avenue
Artesia, New Mexico 88210

**Re: Spill Remediation Report, Skelly #963
Unit Letter O (SW/4, SE/4), Section 15, Township 17 South, Range 31 East,
Eddy County, New Mexico
(Latitude: N 32.82832° / Longitude: W 103.85645°)**

Dear Mr. Bratcher:

Chevron MidContinent, L.P. (Chevron) has retained Ocotillo Environmental, LLC (Ocotillo) to remediate impacts to soil from a leak at the Skelly #963 flow line. The well is located in the southwest quarter (SW/4) of the southeast quarter (SE/4), Section 15, Township 17 South, Range 31 East, Eddy County, New Mexico (Site). On November 8, 2009, 5.4 barrels of produced water was released from the flow line, with no fluids recovered from the spill. A C-141 was submitted to the New Mexico Oil Conservation Division (NMOCD) on November 9, 2009. Figure 1 shows the site location. Appendix A provides a copy of the Initial C141 document and the Final C141 document for closure approval.

On February 15, 2010, Ocotillo excavated soil from the spill area, measuring approximately 60 feet x 15 feet, to a depth of one (1) foot below ground surface (bgs). Soil samples (SS-1, SS-2 and SS-3) were collected at three locations of the spill area (at a depth of 1' bgs) and submitted to Cardinal Laboratories (Cardinal) in Hobbs, New Mexico for chloride and TPH analysis. Figure 2 shows the sample point locations. Appendix B provides laboratory and chain of custody documentation.

At sample point SS-1, the laboratory reported a chloride concentration of 368 mg/kg and a TPH concentration less than the test method detection limit. At sample point SS-2, the chloride concentration was reported at 3,480 mg/kg and TPH was reported at 78.4 mg/kg. At sample point SS-3, the chloride concentration was reported at 192 mg/kg and TPH was reported at 882 mg/kg.

On April 13, 2010, additional soil was excavated from the sample point SS-2 area to a depth of two (2) feet bgs. A soil sample was collected from the SS-2 location at a depth of approximately two (2) feet bgs and submitted to Cardinal for TPH and chloride analysis. The SS-2 sample, collected at 2' bgs reported a TPH concentration less than the test method detection limit and a chloride concentration of 32 mg/kg. Appendix B provides laboratory and chain of custody documentation. All excavated soil was hauled to Controlled Recovery Inc. (CRI) for disposal.

Mr. Mike Bratcher
Page 2
May 7, 2010

Based on published literature (1961), well records of the New Mexico State Engineer, and well records of the United States Geological Survey, groundwater occurs at approximately 300 feet bgs in the well located nearest the Site. No domestic water wells are located within 1,000 feet of the site. The NMOCD has established recommended remediation action levels (RRALs) for benzene, total BTEX and TPH resulting from spills of natural gas liquids ("Guidelines for Remediation of Leaks, Spills and Releases, August 13, 1993"). Remediation levels for benzene, total BTEX and TPH were calculated using the following NMOCD criteria:

Criteria	Result	Ranking Score
Depth-to-Groundwater	>100 Feet	0
Wellhead Protection Area	No	0
Distance to Surface Water Body	>1000 Horizontal Feet	0
		Total: 0

The following RRALs have been assigned based on NMOCD criteria:

Benzene **10 mg/kg**
Total BTEX **50 mg/kg**
TPH **5,000 mg/kg**

As all sample points reported TPH and chloride concentrations below the NMOCD remediation levels, the excavation was backfilled with clean soil. This site is considered remediated to NMOCD standards, and thereby requires no further action.

If you have any questions or need additional information, please call me at (575) 441-7244 or Kim Klahsen at (575) 396-4414 X128. We may also be reached by email at Cindy.Crain@gmail.com or KDKL@chevron.com.

Sincerely,
Ocotillo Environmental, LLC



Cindy K. Crain, P.G.
Environmental Manager

FIGURES

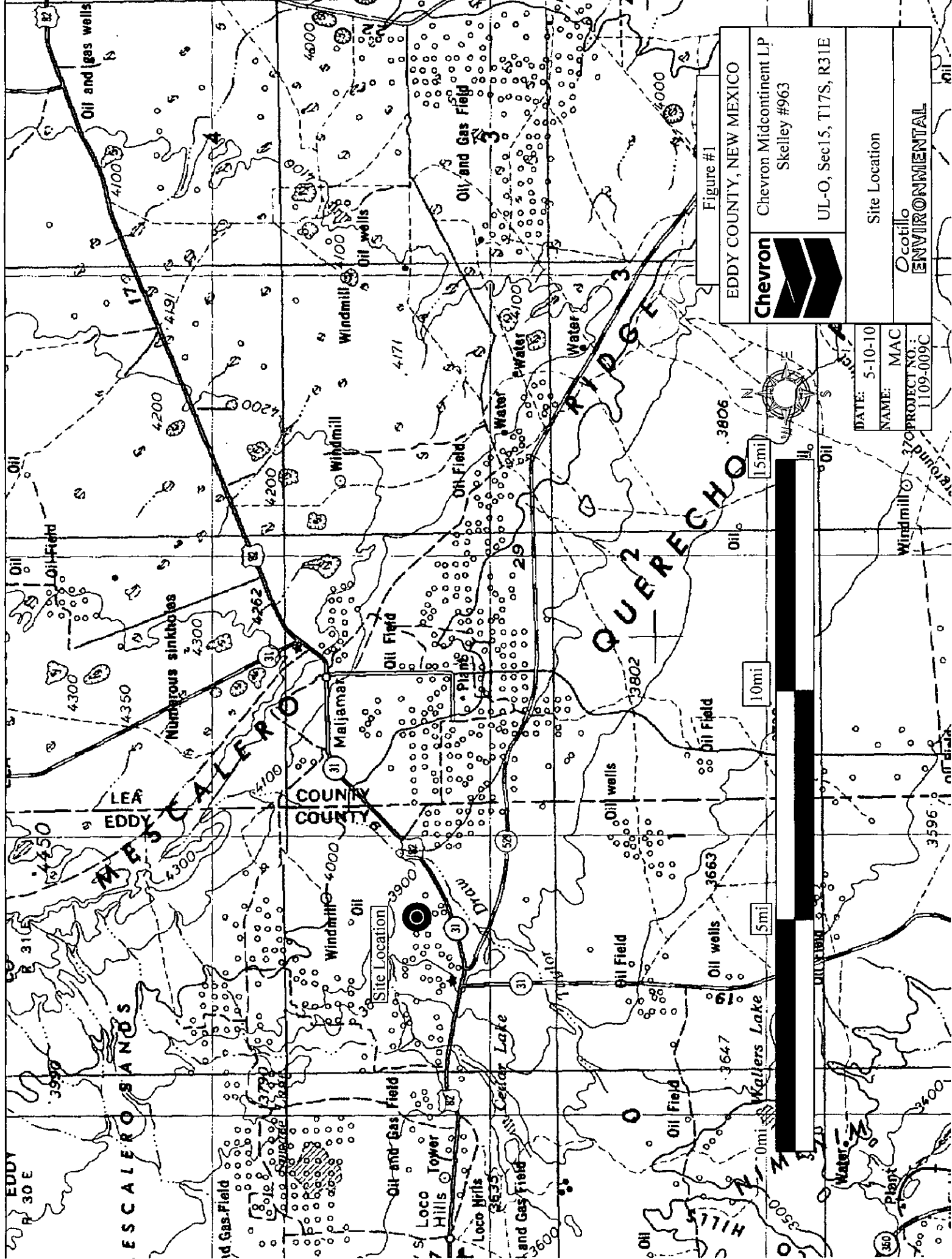


Figure #1

EDDY COUNTY, NEW MEXICO

Chevron



Chevron Midcontinent LP
Skelley #963

UL-O, Sec 15, T17S, R31E

Site Location

Ocotillo
ENVIRONMENTAL

DATE: 5-10-10
NAME: MAC
PROJECT NO.: 1109-009C

15mi

10mi

5mi

0mi

5mi

10mi

15mi

20mi

25mi

30mi

35mi

40mi

45mi

50mi

55mi

60mi

65mi

70mi

75mi

80mi

85mi

90mi

95mi

100mi

105mi

110mi

115mi

120mi

125mi

130mi

135mi

140mi

145mi

150mi

155mi

160mi

165mi

170mi

175mi

180mi

185mi

190mi

195mi

200mi

205mi

210mi

215mi

220mi

225mi

230mi

235mi

240mi

245mi

250mi

255mi

260mi

265mi

270mi

275mi

280mi

285mi

290mi

295mi

300mi

305mi

310mi

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320mi

325mi

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335mi

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365mi

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390mi

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410mi

415mi

420mi

425mi

430mi

435mi

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445mi

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465mi

470mi

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490mi

495mi

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670mi

675mi

680mi

685mi

690mi

695mi

700mi

705mi

710mi

715mi

720mi

725mi

730mi

735mi

740mi

745mi

750mi

755mi

760mi

765mi

770mi

775mi

780mi

785mi

790mi

795mi

800mi

805mi

810mi

815mi

820mi

825mi

830mi

835mi

840mi

845mi

850mi

855mi

860mi

865mi

870mi

875mi

880mi

885mi

890mi

895mi

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905mi

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1080mi

1085mi

1090mi

1095mi

1100mi

1105mi

1110mi

1115mi

1120mi

1125mi

1130mi

1135mi

1140mi

1145mi

1150mi

1155mi

1160mi

1165mi

1170mi

1175mi

1180mi

1185mi

1190mi

1195mi

1200mi

1205mi

1210mi

1215mi

1220mi

1225mi

1230mi

1235mi

1240mi

1245mi

1250mi

1255mi

1260mi

1265mi

1270mi

1275mi

1280mi

1285mi

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1345mi

1350mi

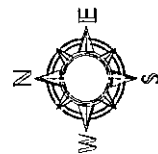

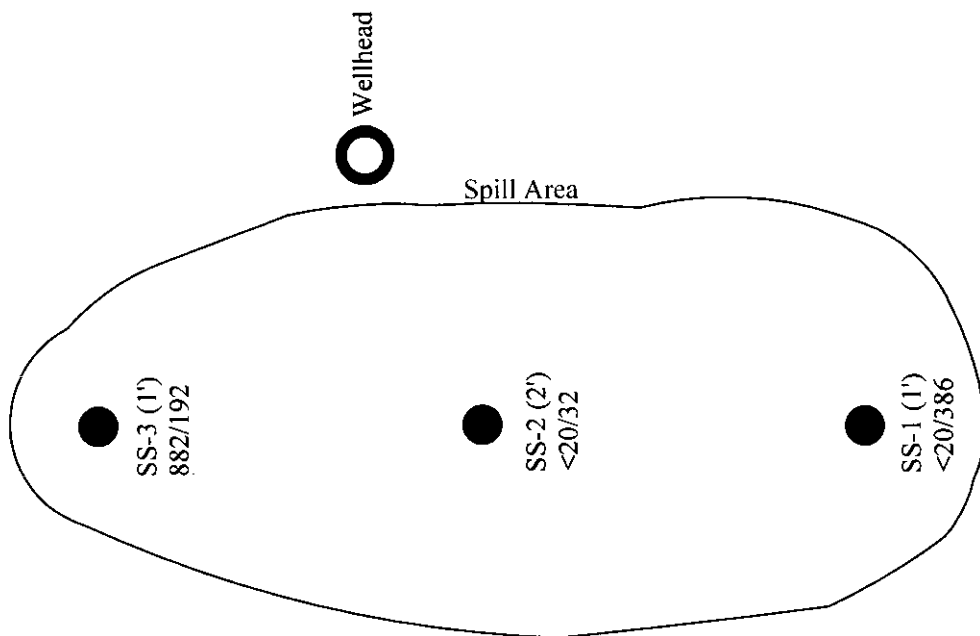


Figure #2

EDDY COUNTY, NEW MEXICO	
Chevron 	Chevron Midcontinent LP Skelley #963 UL-O, Sec 15, T17S, R31E
Site Drawing With Soil Sample Locations	
Ocotillo ENVIRONMENTAL	
DATE: 5-10-10	NAME: MAC
PROJECT NO.: 1109-009C	



Legend

● Soil Sample Location With Depth (Feet/bgs), TPH and Chloride (TPH/CI) Concentrations (mg/Kg)

SS-3 (1')
882/192

GPS Coordinates

SS-1 N32.82823° W 103.85643°
SS-2 N32.82832° W103.85645°
SS-3 N32.82839° W103.85645

APPENDIX A
INITIAL C141 DOCUMENTATION
And
FINAL C141 FORM

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

X Initial Report Final Report

Name of Company Chevron USA	Contact Kim Klahsen
Address HCR 60 Box 423 Lovington, N.M. 88260	Telephone No. 505-396-4414 X 128
Facility Name Skelly 963	Facility Type Production Well

Surface Owner	Mineral Owner	Lease No.
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LOCATION OF RELEASE

Unit Letter O	Section 15	Township 17	Range 31	Feet from the 330	South Line	Feet from the 2310	East Line	County Eddy
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Latitude 32.8282493881 Longitude 103.856496754

NATURE OF RELEASE

API # 3001534646

Type of Release Produced water	Volume of Release Oil 0 Barrels Water 5.4 Barrels	Volume Recovered 0 Oil 0 BW
Source of Release Flow line	Date and Hour of Occurrence 11/08/09 12:00 PM	Date and Hour of Discovery 11/08/09 14:00 PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Artesia office NM OCD	
By Whom? Larry Ridenour	Date and Hour 11/08/09 PM	
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.*

A flowline burst causing a release of 5.4 bbls of produced water. The well was shut in to prevent additional release and the extent of the spill was determined on the ground surface. The site will be sampled to determine the extent of the contamination and a remediation plan will be developed to reduce contaminants to below threshold levels.

Chlorides

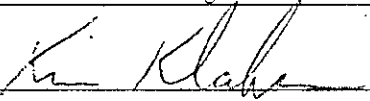
Describe Area Affected and Cleanup Action Taken.

Land surface affected is approximately 200 feet * 30 feet. There were no liquids recovered so the soil will be sampled to delineate the contamination and the soil will either be removed or remediated after we determine the extent of contamination.

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.

OIL CONSERVATION DIVISION

Signature:



Printed Name: Kim Klahsen

Approved by District Supervisor:

Title: HES Specialist

Approval Date:

Expiration Date:

E-mail Address kdkl@chevron.com

Conditions of Approval:

Attached ☐

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company	Chevron USA	Contact	Kim Klahsen
Address	HCR 60 Box 423 Lovington, NM 88260	Telephone No.	(575) 396-4414 x 128 or (432) 894-3298 (cell)
Facility Name	Skelly #963	Facility Type	Production Well

Surface Owner:	State	Mineral Owner:	State	API # 30-015-34646
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
O	15	17S	31E	330	South	2310	East	Eddy

Latitude N 32.82832° Longitude W 103.85645°

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release 0 bbl oil / 5.4 bbl water	Volume Recovered	0 bbl fluids
Source of Release	Flow line	Date and Hour of Occurrence 11/08/09 12:00 PM	Date and Hour of Discovery 11/08/09 14:00 PM	
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? Artesia Office, NMOCD		
By Whom?	Larry Ridenour	Date and Hour 11/08/09 PM		
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.*

A flowline burst causing a release of 5.4 bbls of produced water. The well was shut in to prevent additional release and the extent of the spill was determined on the ground surface.

Describe Area Affected and Cleanup Action Taken.*

Visibly impacted soil was removed from an area measuring approximately 60' x 15' and disposed at an NMOCD approved facility. Soil samples were collected on 2/15/10. Additional soil was excavated and removed from the site, until further sampling confirmed that chloride concentrations were below 1,000 mg/kg and TPH concentrations were below 5,000 mg/kg at the site. Figures are attached that show the site location (Fig #1) and the soil sample locations (Fig #2). Laboratory data and chain of custody documentation is also 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:	<u>OIL CONSERVATION DIVISION</u>		
Printed Name: Kim Klahsen	Approved by District Supervisor:		
Title: HES Specialist	Approval Date:	Expiration Date:	
E-mail Address: KDKL@chevron.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 5/10/10	Phone: (575) 396-4414 x 128		

* Attach Additional Sheets If Necessary

APPENDIX B

ANALYTICAL DATA AND CHAIN OF CUSTODY DOCUMENTATION



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

February 17, 2010

Cindy Crain
Ocotillo Environmental, LLC
P.O. Box 1816
Hobbs, NM 88241

Re: Chevron Skelly 963

Enclosed are the results of analyses for sample number H19274, received by the laboratory on 02/16/10 at 1:10 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited 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 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

ANALYTICAL RESULTS FOR
 OCOTILLO ENVIRONMENTAL
 ATTN: CINDY CRAIN
 P.O. BOX 1816
 HOBBS, NM 88241
 FAX TO: (432) 272-0304

 Receiving Date: 02/16/10
 Reporting Date: 02/17/10
 Project Owner: CHEVRON (1109-009C)
 Project Name: SKELY 963
 Project Location: SE. 15 T17S R31E
 EDDY COUNTY, NM

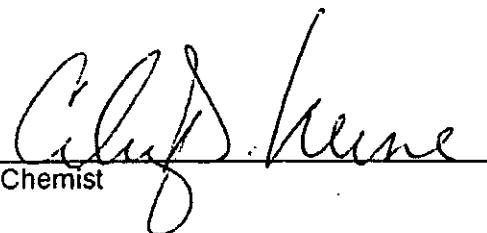
 Sampling Date: 02/15/10
 Sample Type: SOIL
 Sample Condition: COOL & INTACT @ 0°C
 Sample Received By: JH
 Analyzed By: AB/HM

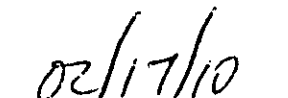
LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	*Cl ⁻ (mg/kg)
ANALYSIS DATE		02/16/10	02/16/10	02/17/10
H19274-1**	SS#1	<10.0	<10.0	368
H19274-2	SS#2	<10.0	78.4	3,480
H19274-3	SS#3	<10.0	882	192
Quality Control		591	503	510
True Value QC		500	500	500
% Recovery		118	101	102
Relative Percent Difference		1.0	14.8	< 0.1

 METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Cl⁻: Std. Methods 4500-Cl⁻B

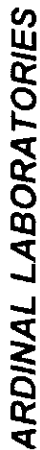
*Analyses performed on 1:4 w:v aqueous extracts. Reported on wet weight.

**TPH second surrogate outside historical limits due to matrix interference.


 Chemist


 Date

H19274 TCL OCO

Page of

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

#210



CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

April 19, 2010

Cindy Crain
Ocotillo Environmental
P.O. Box 1816
Hobbs, NM 88241

Re: Skelly 963 (1109-009C)

Enclosed are the results of analyses for sample number H19666, received by the laboratory on 04/13/10 at 1:50 pm.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

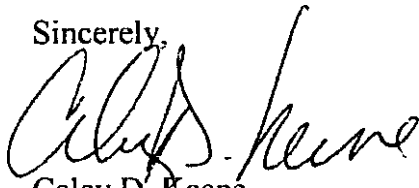
Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

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

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 3 (includes Chain of Custody)

Sincerely,



Celey D. Keene
Laboratory Director



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
OCOTILLO ENVIRONMENTAL
ATTN: CINDY CRAIN
P.O. BOX 1816
HOBBS, NM 88241
FAX TO: (432) 272-0304

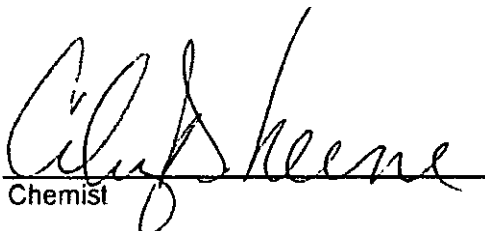
Receiving Date: 04/13/10
Reporting Date: 04/19/10
Project Owner: CHEVRON (1109-009C)
Project Name: SKELLY 963
Project Location: SE 15 T17S R31E
EDDY COUNTY, NM

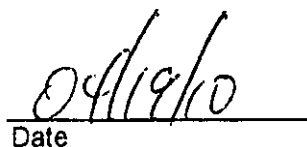
Sampling Date: 04/13/10
Sample Type: SOIL
Sample Condition: INTACT @ 13°C
Sample Received By: JH
Analyzed By: AB/HM

LAB NUMBER	SAMPLE ID	GRO	DRO	*CI
		(C ₆ -C ₁₀) (mg/kg)	(>C ₁₀ -C ₂₈) (mg/kg)	(mg/kg)
ANALYSIS DATE		04/15/10	04/15/10	04/14/10
H19666-1	SS-#2 2' DEPTH	<10.0	<10.0	32
Quality Control		485	564	500
True Value QC		500	500	500
% Recovery		97.0	113	100
Relative Percent Difference		0.1	0.4	<0.1

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; CI: Std. Methods 4500-CI'B

*Analysis performed on a 1:4 w:v aqueous extract. Reported on wet weight.


Chemist


Date

H19666 TCL OCO

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 whatsoever 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 services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.

