

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

HOBBS OCD
JUN 24 2015
RECEIVED

Form C-141
Revised August 8, 2011

Submit Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

X ☐ Initial Report ☐ Final Report

Name of Company JAY MANAGEMENT CO. LLC	Contact Ronnie Rogers
Address 2425 West Loop South Ste 810 Houston, TX 77027	Telephone No. 575 369-8375
Facility Name Satellite #1	Facility Type Water Gathering System

Surface Owner Ricky Pierce	Mineral Owner State Of New Mexico	API No. 30-025-31381-00 (see violation letter attached)
----------------------------	-----------------------------------	--

LOCATION OF RELEASE

Unit Letter K	Section 22	Township 11S	Range 33E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea
------------------	---------------	-----------------	--------------	---------------	------------------	---------------	----------------	------------

(location of satellite 1)

Latitude 33 degrees N; 20 minutes 59.04 seconds Longitude 103 degrees W; 36 minutes 23.78 seconds

NATURE OF RELEASE

Type of Release Oil	Volume of Release 4 bbls oil	Volume Recovered 4 Oil 4.5 water
Source of Release Tanks overfilled Due to Electricity Loss	Date and Hour of Occurrence 5/24/15	Date and Hour of Discovery 5/24/15 7Am
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" 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.	

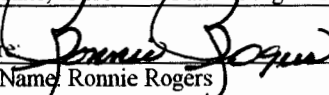

If a Watercourse was Impacted, Describe Fully. * No Area Lined & Firewall around Satellite Tanks

Describe Cause of Problem and Remedial Action Taken. * Loss power to transfer pumps due to storms. Pick-up 4 Bbls oil & 4 1/2 Bbls Rain Water. Removed 55 bbl drum. Prepared to clean area.

Describe Area Affected and Cleanup Action Taken. *

A 10'x20' Area East of East tanks will need to be cleaned out to Liner and contaminated soil hauled off to an approved OCD Facility. Liner to be inspected. Steam clean storage tanks. Install net on N.E. tank. Replace soil on liner with sand to hold liner down. Replace firewall. Clean Location to OCD Rules and Regulations.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC 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 NMOC 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, NMOC 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: 	OIL CONSERVATION DIVISION	
Printed Name: Ronnie Rogers	Approved by Environmental Specialist: 	
Title: Field Foreman	Approval Date: 06/24/2015	Expiration Date: 09/24/2015
E-mail Address: ron2004@earthlink.net	Conditions of Approval: Site samples required. Delineate and remediate as per MNOC guides. Geotag photographs of remediation required.	Attached <input type="checkbox"/>
Date: 05/23/15 Phone: 575-369-8375		

* Attach Additional Sheets If Necessary

IRP-3691
nKJ1517626295
pKJ1517626482

REC'D JUN 01 2015

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David Catanach, Director
Oil Conservation Division



Response Required - Deadline Enclosed

26-May-15

JAY MANAGEMENT COMPANY, LLC
2425 WEST LOOP SOUTH STE 810
HOUSTON TX 77027

7014 1200 0002 1826 6165



LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

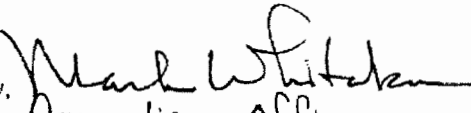
Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

STATE OG SWD No.002		L-9-11S-33E		30-025-31381-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By: Inspection No.
05/26/2015	Routine/Periodic	Mark Whitaker	Yes	No	6/26/2015 iMAW1514655367
	Violations				
	Surface Leaks/Spills				
Comments on Inspection:		Inspect odor coming from Satellite 1. Northeast tank had run over and several inches of oil were in the dike. No plastic lining visible. Also noted an empty drum floating in oil, oil and chloride staining around dikes, and no netting on southeast tank. NEED TO INSTALL NETTING ON SOUTHEAST TANK. NEED TO REMOVE FREE STANDING FLUIDS FROM DIKE AREA IMMEDIATELY. NEED TO FILE C141 AND PLAN OF REMEDIATION WITH KELLIE JONES IN THE HOBBS DISTRICT OFFICE.			

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,


Compliance Officer

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.
* Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.