

Kaiser-Francis Oil Company

PO BOX 21468
TULSA, OK 74121-1468
(918) 491-4232

November 14, 2022

RE: Containment Liner Inspection
Incident Number nAPP2223257659
Red Hill Facility Pad #2
Lea County, New Mexico

Dear NMOCD designate,

Kaiser Francis Oil Company, hereafter referred to as KFOC, is pleased to present the following letter report summarizing the response efforts and liner inspection associated with a crude oil release at the Red Hills Facility Pad #2 Site. On August 19, 2022, a communication failure caused an alarm system failure resulting in a tank over-fill. Approximately 40 barrels (bbls) of crude oil were released inside the secondary containment and 40 bbls were recovered with a vac truck. KFOC reported the release to the New Mexico Oil Conservation Division (NMOCD) via email on August 20, 2022. NMOCD accepted the submitted notification of release and subsequently assigned Incident Number nAPP2223257659 to this spill.

On August 23, 2022, KFOC personnel, competent in conducting inspections of on-site equipment and facilities, visited the Site to visually inspect the integrity of the liner. Prior to conducting the inspection, the NMOCD was provided with a 48-hour liner inspection notification on August 21, 2022 (Attachment C). During the inspection, KFOC personnel identified two areas of concern. The first area of concern, a bubble that did not affect the integrity of the liner, was located on the north side near tank BS2. The second area of concern, an approximately 1-inch scratch that also did not affect the integrity of the liner was located at the Northeast corner of the containment. The second layer of liner that lies beneath the containment liner could be seen underneath the second area of concern.

There was no visible evidence that fluid inside the containment had breached the second layer of liner and the rest of the liner was found to remain intact and had the ability to contain the leak in question. The two areas of concern were patched to ensure they would not become

potential points of release in the future. Photographs taken during the liner inspection are included in Attachment B.

If you have any questions or comments, please do not hesitate to contact myself at 918-491-4615 or huttona@fkoc.net.

Sincerely,

Hutton Andrew, EHS Lead, Kaiser Francis Oil Company

REFERENCE MATERIALS

ATTACHMENTS

ATTACHMENT A. Signed C-141

ATTACHMENT B. Site Photos

ATTACHMENT C. 48-Hour Liner Inspection Notification Email

ATTACHMENT A

Signed C-141

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	nAPP2223257659
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party: Kaiser-Francis Oil Company	OGRID 12361
Contact Name: Hutton Andrew	Contact Telephone: 918-491-4615
Contact email: huttona@kfoc.net	Incident # (assigned by OCD) nAPP2223257659
Contact mailing address: 6733 S. Yale, Tulsa, OK 74136	

Location of Release Source

Latitude 32.09377

Longitude -103.610571

(NAD 83 in decimal degrees to 5 decimal places)

Site Name: Red Hills Pad #2	Site Type: Well Pad
Date Release Discovered: 08/19/2022	API# (if applicable) 30-025-47037

Unit Letter	Section	Township	Range	County
D	31	25S	33E	Lea

Surface Owner: State Federal Tribal Private

Nature and Volume of Release

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

<input checked="" type="checkbox"/> Crude Oil	Volume Released (bbls) 40	Volume Recovered (bbls) 40
<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 type="checkbox"/> Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release

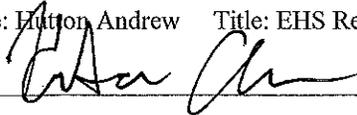
A communication issue caused an alarm failure resulting in a tank over-fill.

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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 release was > 25 bbls.
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)? Yes. Hutton Andrew. NMOCD Portal via NOR on 8/20/22.	

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: Hutton Andrew Title: EHS Rep Signature:  Date: 8/25/22 email: huttona@kfoc.net Telephone: 918-491-4615
<u>OCD Only</u> Received by: _____ Date: _____

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Site Assessment/Characterization

This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

What is the shallowest depth to groundwater beneath the area affected by the release?	<u>280</u> (ft bgs)
Did this release impact groundwater or surface water?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 300 feet of a continuously flowing watercourse or any other significant watercourse?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 300 feet of an occupied permanent residence, school, hospital, institution, or church?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 500 horizontal feet of a spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 1000 feet of any other fresh water well or spring?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within incorporated municipal boundaries or within a defined municipal fresh water well field?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within 300 feet of a wetland?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release overlying a subsurface mine?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release overlying an unstable area such as karst geology?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the lateral extents of the release within a 100-year floodplain?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Did the release impact areas not on an exploration, development, production, or storage site?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Attach a comprehensive report (electronic submittals in .pdf format are preferred) demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined. Refer to 19.15.29.11 NMAC for specifics.

Characterization Report Checklist: *Each of the following items must be included in the report.*

- Scaled site map showing impacted area, surface features, subsurface features, delineation points, and monitoring wells.
- Field data
- Data table of soil contaminant concentration data
- Depth to water determination
- Determination of water sources and significant watercourses within ½-mile of the lateral extents of the release
- Boring or excavation logs
- Photographs including date and GIS information
- Topographic/Aerial maps
- Laboratory data including chain of custody

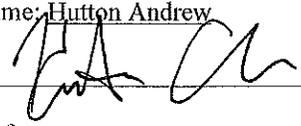
If the site characterization report does not include completed efforts at remediation of the release, the report must include a proposed remediation plan. That plan must include the estimated volume of material to be remediated, the proposed remediation technique, proposed sampling plan and methods, anticipated timelines for beginning and completing the remediation. The closure criteria for a release are contained in Table 1 of 19.15.29.12 NMAC, however, use of the table is modified by site- and release-specific parameters.

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Printed Name: Hutton Andrew

Title: EHS Lead

Signature: 

Date: 11/14/2022

huttona@kfoc.net

Telephone: 918-491-4615

OCD Only

Received by: Jocelyn Harimon

Date: 11/15/2022

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Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

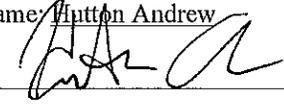
Closure Report Attachment Checklist: *Each of the following items must be included in the closure report.*

- A scaled site and sampling diagram as described in 19.15.29.11 NMAC
- Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)
- Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)
- Description of remediation activities

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. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: Hutton Andrew

Title: EHS Lead

Signature: 

Date: 11/14/2022

huttona@kfoc.net

Telephone: 918-491-4615

OCD Only

Received by: Jocelyn Harimon

Date: 11/15/2022

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

Closure Approved by: Jennifer Nobui

Date: 12/13/2022

Printed Name: Jennifer Nobui

Title: Environmental Specialist A

ATTACHMENT B

Site Photos

Red Hill Facility Pad #2
Incident ID #nAPP2223257659



Figure 1 - Site signage

Red Hill Facility Pad #2
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Figure 2 – Bubble in containment Northeast of tank BS2

Red Hill Facility Pad #2
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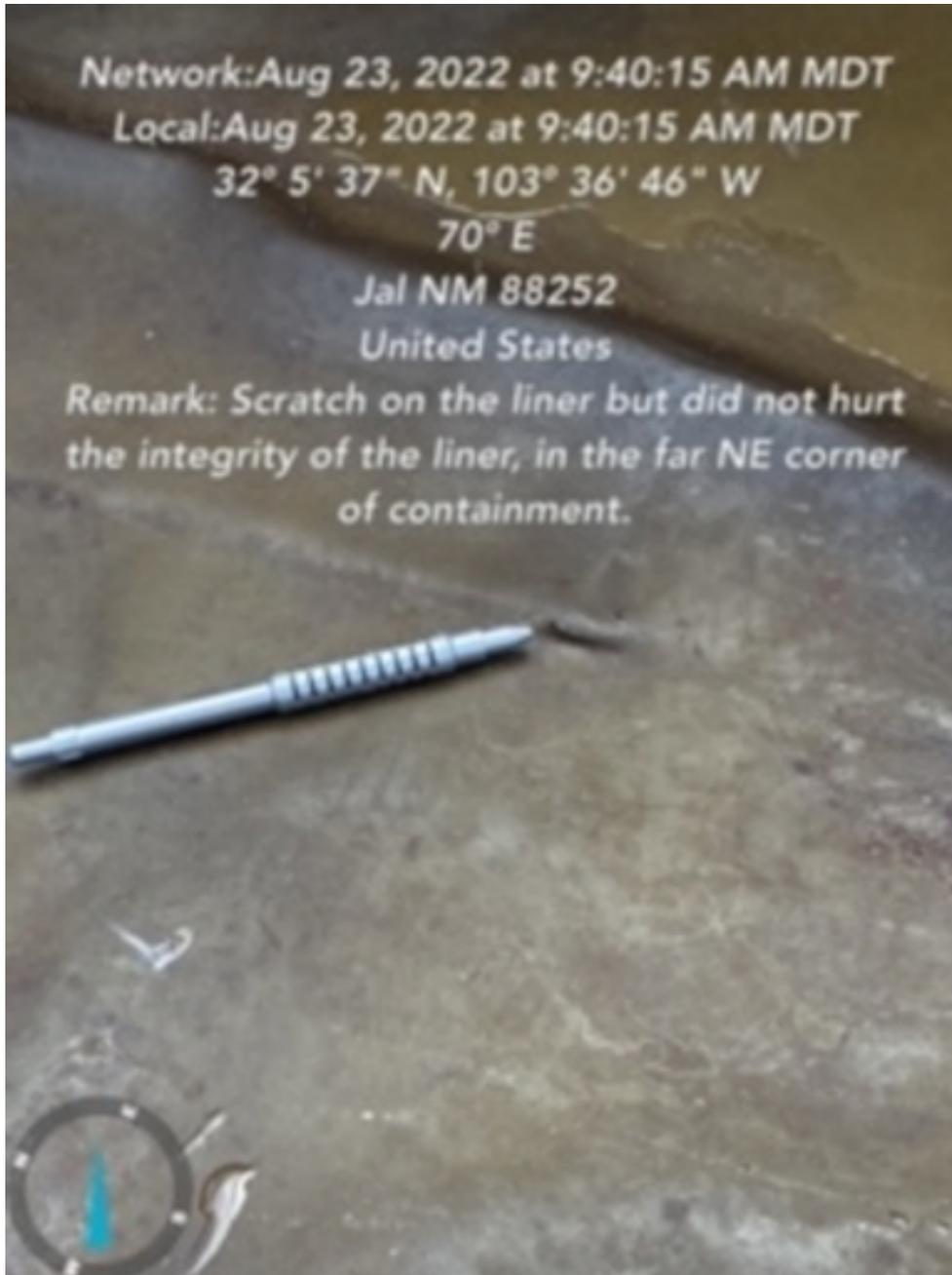


Figure 3 - 1-inch scratch located at the Northeast corner

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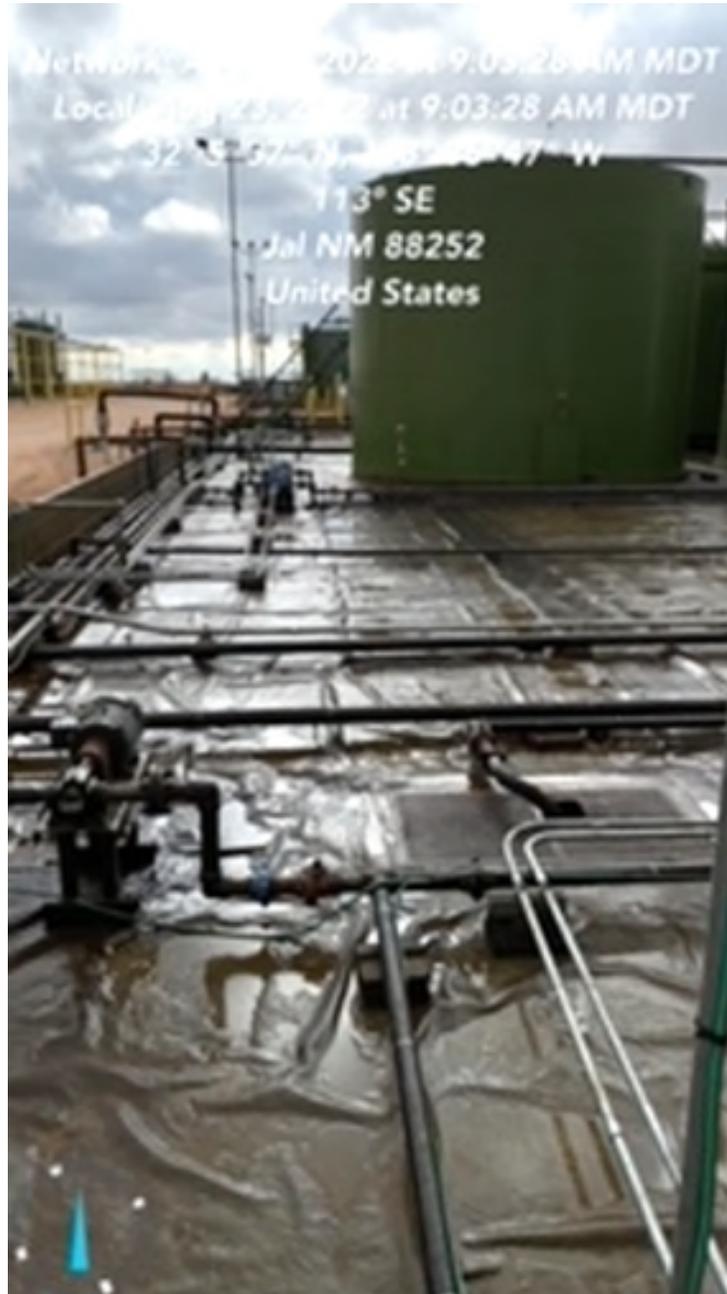


Figure 4 – Northeast side of containment

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Figure 5 – North side of containment

Red Hill Facility Pad #2
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Figure 6 – South side of containment

Red Hill Facility Pad #2
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Figure 7 – West side of containment

Red Hill Facility Pad #2
Incident ID #nAPP2223257659



Figure 8 – Northeast corner of Containment

ATTACHMENT C

48-Hour Liner Inspection Notification Email

Hutton Andrew

From: Hutton Andrew
Sent: Saturday, August 20, 2022 5:06 PM
To: Bratcher, Mike, EMNRD; Hamlet, Robert, EMNRD; Bradford.Billings@state.nm.us; Nobui, Jennifer, EMNRD; Velez, Nelson, EMNRD; Hensley, Chad, EMNRD
Cc: Aaron Daniels
Subject: 48-hour Liner Inspection Notification - Red Hills Facility Pad #2 (nAPP2223257659)

Hello all,

This email is to notify the NMOCD that KFOC will be at the Red Hills Facility Pad #2 (nAPP2223257659) to perform a liner inspection. The inspection will be conducted on Tuesday, August 23, 2022 (08/23/2022) at approximately 0900 hours. Please let me know if you have any questions.

Thank you,

Hutton Andrew
Sr. EHS Rep
Kaiser Francis Oil Company
C: 580.307.7363
O: 918.491.4615

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 158945

CONDITIONS

Operator: KAISER-FRANCIS OIL CO PO Box 21468 Tulsa, OK 74121146	OGRID: 12361
	Action Number: 158945
	Action Type: [C-141] Release Corrective Action (C-141)

CONDITIONS

Created By	Condition	Condition Date
jnobui	Closure Approved.	12/13/2022