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

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NMOCD ARTESIA

Form C-141
October 10, 2003

30-015-38567

Release Notification and Corrective Action

nMLB 1122254373 155615 **OPERATOR** X **Initial Report** X **Final Report**

Name of Company: Nadel & Gussman Permian, LLC	Contact: Zac Hernandez
Address: 600 N. Marienfeld St. Suite 508, Midland, TX 79701	Telephone No.: 432-682-4429
Facility Name: Carrington State No. 3	Facility Type: Oil

Surface Owner: State	Mineral Owner:	Lease No.:

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
N	12	17S	28E	330	S	2310	W	Eddy

Latitude_____ **Longitude**_____ **API No.: 30-015-38567/ 2RP No.:**

NATURE OF RELEASE

Type of Release: Acid, during a frac job.	Volume of Release: Approximately 200 bbls.	Volume Recovered: 0 bbls.
Source of Release: Coupling failure on frac tank. 5/11/11	Date and Hour of Occurrence ~~11/5/11~~ approximately 1200	Date and Hour of Discovery: Immediately
Was Immediate Notice Given? ☐ Yes ☐ No X Not Required	If YES, To Whom? Discussed with Mike Bratcher.	
By Whom? Cheryl Winkler	Date and Hour:	
Was a Watercourse Reached? ☐ Yes X No	If YES, Volume Impacting the Watercourse. NA	

If a Watercourse was Impacted, Describe Fully.*

NA

Describe Cause of Problem and Remedial Action Taken.*

EOS Rental Company's frac tank that had a coupling connected to the drain valve failed causing the leak. The discharged acid neutralized when it ran across the caliche pad.

Describe Area Affected and Cleanup Action Taken.*

Due to the type and nature of the discharge, NGP checked to see if the impacted area had experienced a change in the soil pH. None was found due to the neutralization of the acid by the calcium carbonate found in the caliche.

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.

Signature:

Printed Name: Zac Hernandez

Title: Operations Engineer

E-mail Address: zhernandez@naguss.com

Date: 17 June 2011 **Phone: 432-682-4429**

OIL CONSERVATION DIVISION

Approved by District Supervisor: Signed By Mike Bratcher

Approval Date: 6/20/2011 Expiration Date: N/A

Conditions of Approval: N/A - Final

Attached ☐

* Attach Additional Sheets If Necessary

2RP-825

Mr. Zac Hernandez
Operations Engineer
NADEL AND GUSSMAN PERMIAN, LLC
601 N. Marienfeld
Suite 508
Midland, TX 79701

17 June 2011

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Carrington State No. 3 Acid Discharge *Corrective Action Plan/Final Remediation Report*
U/L N S12 T17S R28E 330 FSL 2310 FWL **API NO.: 30-015-38567**
NMOCD 2RP No.: 825

Dear Mr. Bratcher:

Pursuant to the State of New Mexico regulatory requirements and guidelines for *Remediation of Leaks, Spills and Releases*, please be advised that on 11 May 2011 Nadel & Gussman Permain, LLC (NGP) was subject to an unauthorized discharge originating from EOS Rental Company's frac tank which had a coupling connected to the drain valve fail causing the leak. The tank was 2 months old at the time of rental to NGP. The acid discharge flowed across the caliche pad, then offsite for approximately 500 feet on a flat terrain.

Due to the type and nature of the discharge, although the New Mexico Oil Conservation Division (NMOCD) was notified, no regulatory mandates were effectuated. NGP, however, proceeded to check the pH of the impacted areas both on and offsite to ascertain the presence of the acid. Since the drilling pad was constructed of caliche, its calcium carbonate composition apparently neutralized the acidic discharge as it flowed slowly across it. Analytical results confirmed those areas affected by the discharge to have a pH factor commensurate with ambient soil conditions. Following this part of the investigation, the area was then treated with clean water to ensure no unidentified residual areas potentially having an elevated pH were untreated.

Should you have questions, please call 432-682-4429 (office).

Sincerely,

Zac Hernandez
Operations Engineer

Enclosures: C-141 Initial/Final, CAP/FRR