

Toro Operating Company Inc.
16 Water Way Court, The Woodlands, TX. 77019

HOBBS OCD

APR 22 2014

RECEIVED

Glenn VonGonten
State of New Mexico ENMRD
1220 South St. Francis Drive,
Santa Fe, N.M. 87505

Jim Griswold
State of New Mexico ENMRD
1220 South St. Francis Drive,
Santa Fe, N.M. 87505

"Notice of Impact to Ground Water"

Gentlemen,

I am writing to inform as instructed by Geoffery Leking to inform you of activities at the Hobbs, N.M. Crude oil battery for Toro Operating Company Inc. The battery is located at 95 Highway 18, Hobbs, N.M. 88240. Starting in July of 2013 we have been working on soil remediation and environmental cleanup with Hungry Horse L.L.C. also in Hobbs, N.M., and their representative Vernon Black. We began by testing to find all of the contaminated areas within our facility, then we put together a remediation plan and obtained a C-141 to begin work. After we had done all of our soil removal, remediation and treatment we needed approval from the State of New Mexico to begin back filling.

In order to get approval we were asked to drill monitoring wells in two locations at the "Hobbs" facility. The first well had groundwater at 60' below the surface and a monitoring well was installed in this location. The second well was dug on the Southeast side of the facility and there was no

JUN 09 2014

groundwater down to 131' below the surface. The soil at this location had been tested and proven to be below the contamination threshold. The first well was sampled a few days later, and the results showed some contamination to the ground water (this well is listed as Center Monitor well in the attached results). The results of these two wells demonstrated conflicting results so we were instructed to drill two more monitoring wells to get more information. The two new wells were drilled on the Northwest side of the location (Shown as the NW monitor well in the results), and on the Southeast Corner of the location (shown as SE Monitor well in results). After these wells were drilled we sampled the water a few days later and sent it to Cardinal Laboratories in Hobbs, N.M. We found that the Northwest monitor well had minor contamination and the Southeast well had contamination similar to that of the Center monitor well. We currently have an open C-141 (also attached) that we would like to have closed out so that we can finish the soil remediation. As for the current monitoring wells, we will continue to sample and test the water on a regular basis, and we are happy to comply with further instructions from the State of New Mexico.

Sincerely,

Chris Jensen

Vice President

Toro Operating Company Inc.

303-829-5219

Chris.jensen@jenex.us

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

APR 22 2014

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Form C-141
Revised August 8, 2011

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Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Toro Operating	Contact Chris Jensen	
Address 1001 Almont Place, Midland, TX, 79705	Telephone No. 432-425-1773 or 303-829-5219	
Facility Name Hobbs Battery	Facility Type Tank Battery	
Surface Owner	Mineral Owner	API No.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	14	20S	38E					Lea

Latitude 32.57725 Longitude -103.12399

NATURE OF RELEASE

Type of Release Hydrocarbons and Chlorides	Volume of Release Unknown	Volume Recovered None
Source of Release Loading Stations and Tanks	Date and Hour of Occurrence Unknown	Date and Hour of Discovery May 2013
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? N/A	
By Whom? N/A	Date and Hour N/A	
Was a Watercourse Reached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse. Unknown	
If a Watercourse was Impacted, Describe Fully.* Three monitor wells were installed and lab analysis of the water samples indicate elevated levels of chlorides at MW-1 and the SE-MW.		
Describe Cause of Problem and Remedial Action Taken.*		

Describe Area Affected and Cleanup Action Taken.*
The impacted areas in and around the Main Battery, Southwest Battery, and Southeast Battery were remediated as per the proposed work plan with supporting lab analysis attached. Verbal approval to backfill all excavated areas was given by NM OCD's Geoff Leking with approval for placement of a 20-mil synthetic liner at the Main Battery and the Southwest Battery. During the delineation (soil boring) at the Main Battery, groundwater was encountered at approximately 65' BGS. A monitor well, MW-1, was completed. Based upon lab results of the soil boring and water sample from MW-1, Geoff Leking directed to conduct additional ground water investigation by installing two additional Monitor Wells, one to the NW and one to the SE of MW-1. These two Monitor Wells were installed and water samples collected and analyzed. Lab analysis indicated elevated levels of chlorides at MW-1 and the SE-MW. As per instructions from Geoff Leking, NMOCD, a "Notice of Impact to Groundwater" will be sent to EMNRD. We are requesting to close the soil remediation portion of the site.

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: 	Approved by Environmental Specialist:	
Printed Name: Vernon-K. Black-Agent for Toro Operating	Approval Date:	Expiration Date:
Title: HSE	Conditions of Approval:	
E-mail Address: chris.jensen@jenex.us vblack@hungry-horse.com	Attached <input type="checkbox"/> IRP-7-13-2933	
Date: 7Feb14 Phone: 303-829-5219		

* Attach Additional Sheets If Necessary



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

January 29, 2014

OSCAR FRAYRE

Hungry Horse Environmental

P.O. Box 1058

Hobbs, NM 88240

HOBBS OCD

APR 22 2014

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RE: TORRO OPERATING HOBBS BATTERY

Enclosed are the results of analyses for samples received by the laboratory on 01/28/14 12:45.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-13-5. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accréd_certif.html.

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 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Caley D. Keene

Lab Director/Quality Manager

Analytical Results For:

 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	01/28/2014	Sampling Date:	01/28/2014
Reported:	01/29/2014	Sampling Type:	Water
Project Name:	TORRO OPERATING HOBBS BATTERY	Sampling Condition:	** (See Notes)
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: NW MONITOR WELL @ 65' (H400266-01)

BTEX 80218		mg/L		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.001	0.001	01/29/2014	ND	0.021	106	0.0200	2.01		
Toluene*	<0.001	0.001	01/29/2014	ND	0.022	108	0.0200	1.61		
Ethylbenzene*	<0.001	0.001	01/29/2014	ND	0.022	110	0.0200	0.563		
Total Xylenes*	<0.003	0.003	01/29/2014	ND	0.065	109	0.0600	1.07		
Total BTEX	<0.006	0.006	01/29/2014	ND						

Surrogate: 4-Bromofluorobenzene (PIE) 109 % 89.5-126

Chloride, SM4500Cl-B		mg/L		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride*	204	4.00	01/28/2014	ND	104	104	100	3.92		

TPH 8015M		mg/L		Analyzed By: ms						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C5-C10	<1.00	1.00	01/28/2014	ND	49.6	99.3	50.0	0.0222		
DRO >C10-C28	<1.00	1.00	01/28/2014	ND	45.8	91.6	50.0	3.33		
EXT DRO >C28-C35	<1.00	1.00	01/28/2014	ND						

Surrogate: 1-Chlorooctane 85.9 % 48.7-164

Surrogate: 1-Chlorooctadecane 89.0 % 54.8-165

Cardinal Laboratories

* = Accredited Analyte

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 analysis. 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 the 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.



Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	01/28/2014	Sampling Date:	01/28/2014
Reported:	01/29/2014	Sampling Type:	Water
Project Name:	TORRO OPERATING HOBBS BATTERY	Sampling Condition:	** (See Notes)
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: CENTER MONITOR WELL @ 65' (H400266-02)

BTEX 8021B	mg/L	Analyzed By: MS								
Analyte	Result.	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Quali	
Benzene*	0.021	0.001	01/29/2014	ND	0.021	106	0.0200	2.01		
Toluene*	0.020	0.001	01/29/2014	ND	0.022	108	0.0200	1.61		
Ethylbenzene*	0.002	0.001	01/29/2014	ND	0.022	110	0.0200	0.563		
Total Xylenes*	0.006	0.003	01/29/2014	ND	0.065	109	0.0600	1.07		
Total BTEX	0.048	0.006	01/29/2014	ND						

Surrogate: 4-Bromofluorobenzene (PIC) 108 % 89.5-126

Chloride, SM4500Cl-B	mg/L	Analyzed By: AP								
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Quali	
Chloride*	6200	4.00	01/28/2014	ND	104	104	100	3.92		

TPH 8015M	mg/L	Analyzed By: ms								
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Quali	
GRO C6-C10	<2.00	2.00	01/28/2014	ND	49.6	99.3	50.0	0.0222		
DRO >C10-C28	2.25	2.00	01/28/2014	ND	45.8	91.6	50.0	3.33		
EXT DRO >C28-C35	<2.00	2.00	01/28/2014	ND						

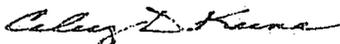
Surrogate: 1-Chlorooctane 84.0 % 48.7-164

Surrogate: 1-Chlorooctadecane 88.4 % 54.8-165

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* = Accredited Ana

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 or 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 the services hereunder by Cardinal, regardless of whether 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.



Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 Hungry Horse Environmental
 OSCAR FRAYRE
 P.O. Box 1058
 Hobbs NM, 88240
 Fax To: (505) 391-4585

Received:	01/28/2014	Sampling Date:	01/28/2014
Reported:	01/29/2014	Sampling Type:	Water
Project Name:	TORRO OPERATING HOBBS BATTERY	Sampling Condition:	** (See Notes)
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: SE MONITOR WELL @ 65' (M400266-03)

BTEX 8021B		mg/L		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifie	
Benzene*	<0.001	0.001	01/29/2014	ND	0.021	106	0.0200	2.01		
Toluene*	<0.001	0.001	01/29/2014	ND	0.022	108	0.0200	1.61		
Ethylbenzene*	<0.001	0.001	01/29/2014	ND	0.022	110	0.0200	0.563		
Total Xylenes*	<0.003	0.003	01/29/2014	ND	0.065	109	0.0600	1.07		
Total BTEX	<0.006	0.006	01/29/2014	ND						

Surrogate: 4-Bromofluorobenzene (PIL) 112 % 89.5-126

Chloride, SM4300Cl-B		mg/L		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifie	
Chloride*	6400	4.00	01/28/2014	ND	104	104	400	3.92		

TPH 8015M		mg/L		Analyzed By: ms						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifie	
GRO C6-C10	<2.00	2.00	01/28/2014	ND	49.6	99.3	50.0	0.0222		
DRO >C10-C28	<2.00	2.00	01/28/2014	ND	45.8	91.6	50.0	3.33		
EXT DRO >C28-C35	<2.00	2.00	01/28/2014	ND						

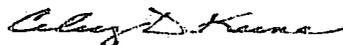
Surrogate: 1-Chlorooctane 109 % 48.7-164

Surrogate: 1-Chlorooctadecane 108 % 54.8-165

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* = Accredited Analyt

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Celey D. Keene, Lab Director/Quality Manager

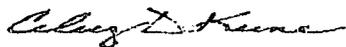
Notes and Definitions

ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C Samples reported on an as received basis (wet) unless otherwise noted on report

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Celey D. Keene, Lab Director/Quality Manager



CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

Company Name: <u>Henry Horse LLC</u>		P.O. #:		ANALYSIS REQUEST												
Project Manager: <u>Oscar Puyal</u>		Company:														
Address: <u>1325 S. Lewis Way</u>		Attn:														
City: <u>Hobbs</u> State: <u>NM</u> Zip: <u>88240</u>		Address:														
Phone #: <u>(575) 631-0583</u> Fax #:		City:														
Project #: _____ Project Owner: <u>Terra Op.</u>		State: _____ Zip: _____														
Project Name: _____		Phone #:														
Project Location: <u>Hobbs Batten</u>		Fax #:														
Sampler Name: <u>Oscar Puyal</u>																
FOR LAB USE ONLY																
Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	SLUDGE	OTHER	ACID/BASE	ICE/COOL	OTHER	DATE	TIME	CC	BTEX	TPH
H400267																
	1 N-W M/W @ 65'	6				X						12-28	11:52	X	X	X
	2 Center M/W @ 65'	6						X				12-28	12:05	X	X	X
	3 S-E M/W @ 65'	8						X				12-24	12:30	X	X	X

PLEASE NOTE: Liability and Damages. Cardinal liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analysis. All claims, including those for negligence and any other cause whatsoever, shall be deemed waived unless made in writing and received by Cardinal within 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 unless such claim is reported to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated parties or otherwise.

Relinquished By: <u>[Signature]</u>	Date: <u>1-28-14</u>	Received By: <u>Wali Merson</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Phone #:
	Time: <u>12:45</u>		Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Add'l Fax #:
Relinquished By: _____	Date: _____	Received By: _____	REMARKS: <u>O'Puyal > @Henry-Horse-0.own</u> <u>T-Salinas</u>	
Delivered By: (Circle One) Sampler - UPS - Bus - Other:	18.2°	Sample Condition Cool Intact <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	CHECKED BY: <u>[Signature]</u> RUSH!!	

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

FEB 11 2014

Form C-141
Revised August 8, 2011

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

RECEIVED

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Toro Operating	Contact Chris Jensen
Address 1001 Almont Place, Midland, TX, 79705	Telephone No. 432-425-1773 or 303-829-5219
Facility Name Hobbs Battery	Facility Type Tank Battery

Surface Owner	Mineral Owner	API No.
---------------	---------------	---------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	14	20S	38E					Lea

Latitude 32.57725 Longitude -103.12399

NATURE OF RELEASE

Type of Release Hydrocarbons and Chlorides	Volume of Release Unknown	Volume Recovered None
Source of Release Loading Stations and Tanks	Date and Hour of Occurrence Unknown	Date and Hour of Discovery May2013
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? N/A	
By Whom? N/A	Date and Hour N/A	
Was a Watercourse Reached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse. Unknown	

If a Watercourse was Impacted, Describe Fully.*
Three monitor wells were installed and lab analysis of the water samples indicate elevated levels of chlorides at MW-1 and the SE-MW.

Describe Cause of Problem and Remedial Action Taken.*

Describe Area Affected and Cleanup Action Taken.* The impacted areas in and around the Main Battery, Southwest Battery, and Southeast Battery were remediated as per the proposed work plan with supporting lab analysis attached. Verbal approval to backfill all excavated areas was given by NM OCD's Geoff Leking with approval for placement of a 20-mil synthetic liner at the Main Battery and the Southwest Battery. During the delineation (soil boring) at the Main Battery, groundwater was encountered at approximately 65' BGS. A monitor well, MW-1, was completed. Based upon lab results of the soil boring and water sample from MW-1, Geoff Leking directed to conduct additional ground water investigation by installing two additional Monitor Wells, one to the NW and one to the SE of MW-1. These two Monitor Wells were installed and water samples collected and analyzed. Lab analysis indicated elevated levels of chlorides at MW-1 and the SE-MW.

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Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Vernon K. Black-Agent for Toro Operating	Approved by Environmental Specialist:	
Title: HSE	Approval Date:	Expiration Date:
E-mail Address: chris@pecos.hostpilot.com vblack@hungry-horse.com	Conditions of Approval:	Attached <input type="checkbox"/> IRP-7-13-2933
Date: 7Feb14 Phone: 303-829-5219		

* Attach Additional Sheets If Necessary