

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

HOBBS OCD

Form C-141
Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submitted 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	Resolute Natural Resources Co., LLC	Contact	Mike McKee, EH&S Coordinator
Address	1700 Lincoln Street, Suite 2850 Denver, CO 80203	Telephone No.	303 573 4886 x 1625
Facility Name	ARCO Tank Battery	Facility Type	Oil Production Tank Battery
Surface Owner	State of NM/Leased by: Mr. Tarbot	Mineral Owner	API No. 30-025-05209

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
N	18	17S	39E					Lea

Latitude 32.83594 Longitude 103.08475

NATURE OF RELEASE

Depth to g H₂O 7100'

Type of Release	~Produced water tank overflow	Volume of Release	~90 bbl produced water outside firewall	Volume Recovered	50 bbls produced water
Source of Release	Telemetry system failure. Could not pump produced water to SWD facility and water tank overran.	Date and Hour of Occurrence	7/11/14 ~8:00 am	Date and Hour of Discovery	7/11/14 ~8:30 am
Was Immediate Notice Given? (Not within 24 hours)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Mr. Tomas Oberding - District I		
By Whom?	Mike McKee	Date and Hour	7/11/14 10:40 am mountain time		
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.*

Resolute personnel discovered the water tank overrunning at the ARCO tank battery. Manually shut-in the producing wells and determined that a telemetry failure prevented the ARCO tank battery's transfer pump from being able to send produced water to the Holloway SWD facility. Resolute will troubleshoot the telemetry system to prevent any future occurrences.

Describe Area Affected and Cleanup Action Taken.*

The tank overflowed into the battery's plastic-lined earthen-berm containment and completely filled the containment area. Produced water then overflowed the berm wall and flowed over the pad, down the lease road, and into adjacent peanut farmland. Vacuum trucks were utilized to recover free-standing fluid outside of the containment and then inside the containment area. Additional cleanup of this affected area will include utilizing a backhoe to scrape surficial caliche from the pad and lease road and replace with clean caliche. Farmland affected soils will be completely excavated and confirmation soil samples will be collected from excavation sidewalls and floor. These samples will be submitted for laboratory analysis of benzene, toluene, ethylbenzene, and total xylenes (BTEX), total petroleum hydrocarbons (TPH), and chlorides. Following confirmation that affected farmland soils have been adequately removed, clean material will be brought in and the stockpile of impacted soil will be transported to Gandy-Marley for treatment.

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:		OIL CONSERVATION DIVISION	
Printed Name:	Mike McKee	Approved by Environmental Specialist:	
Title:	Environmental, Health & Safety Coordinator	Approval Date:	7-15-14
E-mail Address:	mckee@resoluteenergy.com	Expiration Date:	9-19-14
Date:	7/15/14	Conditions of Approval:	Site Samples required.
Phone:	303 573 4886 x 1625	Attached	<input type="checkbox"/>

7-14-3179

Delimitate remediate area as per NMOCD guides. Submit final C-141 by 9-19-14

sgria 295770
A-10 14 19 728469
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JUL 16 2014