

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 **NM OIL CONSERVATION**
Energy Minerals and Natural Resources
ARTESIA DISTRICT
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised August 8, 2011

NOV 13 2014

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

RECEIVED

FMLB1433052774 Release Notification and Corrective Action

NAB143515425L OPERATOR Initial Report Final Report

Name of Company	AGAVE ENERGY COMPANY	Contact	Kerry Egan
Address	105 SOUTH 4 TH STREET ARTESIA, NM	Telephone No.	575 513-8988
Facility Name:	Dagger Draw Gas System	Facility Type:	Gas Pipeline

Surface Owner: R. Houghtaling	Mineral Owner	API No.
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	24	19 S	25E					EDDY

Latitude 32.6427 Longitude -104.5474

NATURE OF RELEASE

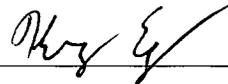
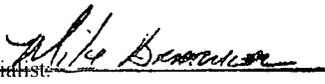
Type of Release	Natural Gas	Volume of Release	Unknown	Volume Recovered	N/A
Source of Release	12" PVC pipeline	Date and Hour of Occurrence:	Unknown	Date and Hour of Discovery	6/19/14 3:00PM
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> 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.*

Describe Cause of Problem and Remedial Action Taken.*
Natural gas escaping from a buried dresser sleeve connecting two joints of pipe, migrated to the surface. Upon discovery, the section of pipe was isolated and blown down to prevent further gas loss. The pipe was excavated, the leaking dresser sleeve removed, and the pipe repaired (to be returned to service).

Describe Area Affected and Cleanup Action Taken.*
The affected area lies within the pipeline ROW, and covers an approximate area of 120' L by 20' W. The affected soil is being remediated on site. Samples were collected showing TPH and BTEX to be below OCD thresholds for a location with a site ranking of 0-9, as per *Guidelines for Remediation of Leaks, Spills, and Releases* (August 13, 1993). Sampling results are included.

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: Kerry Egan	Approved by Environmental Specialist: 	
Title: ENG TECH	Approval Date: 11/13/14	Expiration Date: N/A
E-mail Address: KEgan@yatespetroleum.com	Conditions of Approval: 	Attached <input type="checkbox"/>
Date: 07/21/2014 (Amended 11/13/14) Phone: 575 513-8988		

* Attach Additional Sheets If Necessary

2RP-2668



July 14, 2014

KERRY EGAN

AGAVE ENERGY COMPANY

105 S. 4TH STREET

ARTESIA, NM 88210

RE: SEVEN RIVERS LEAK

Enclosed are the results of analyses for samples received by the laboratory on 07/09/14 11:00.

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/ga/lab_accred_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,

A handwritten signature in black ink that reads "Celey D. Keene". The signature is written in a cursive style with a large, flowing "C" at the beginning.

Celey D. Keene

Lab Director/Quality Manager

Analytical Results For:

 AGAVE ENERGY COMPANY
 KERRY EGAN
 105 S. 4TH STREET
 ARTESIA NM, 88210
 Fax To: (575) 748-4275

Received:	07/09/2014	Sampling Date:	07/08/2014
Reported:	07/14/2014	Sampling Type:	Soil
Project Name:	SEVEN RIVERS LEAK	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	DAGGER DRAW 12" PVC LINE (YPC)		

Sample ID: SEVEN RIVERS #1 (H402086-01)

BTEX 8021B		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.6	
Toluene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.8	
Ethylbenzene*	<0.050	0.050	07/11/2014	ND	1.58	79.1	2.00	18.4	
Total Xylenes*	<0.150	0.150	07/11/2014	ND	4.80	80.0	6.00	18.2	
Total BTEX	<0.300	0.300	07/11/2014	ND					

Surrogate: 4-Bromofluorobenzene (PID) 104 % 89.4-126

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	22.3	10.0	07/11/2014	ND	184	92.0	200	1.00	
DRO >C10-C28	128	10.0	07/11/2014	ND	198	99.0	200	0.155	

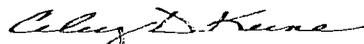
Surrogate: 1-Chlorooctane 83.1 % 65.2-140

Surrogate: 1-Chlorooctadecane 91.8 % 63.6-154

Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 AGAVE ENERGY COMPANY
 KERRY EGAN
 105 S. 4TH STREET
 ARTESIA NM, 88210
 Fax To: (575) 748-4275

Received:	07/09/2014	Sampling Date:	07/08/2014
Reported:	07/14/2014	Sampling Type:	Soil
Project Name:	SEVEN RIVERS LEAK	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	DAGGER DRAW 12" PVC LINE (YPC)		

Sample ID: SEVEN RIVERS #2 (H402086-02)

BTEX 8021B		mg/kg		Analyzed By: CK						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.6		
Toluene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.8		
Ethylbenzene*	<0.050	0.050	07/11/2014	ND	1.58	79.1	2.00	18.4		
Total Xylenes*	<0.150	0.150	07/11/2014	ND	4.80	80.0	6.00	18.2		
Total BTEX	<0.300	0.300	07/11/2014	ND						

Surrogate: 4-Bromofluorobenzene (PID) 101 % 89.4-126

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	07/11/2014	ND	184	92.0	200	1.00		
DRO >C10-C28	13.2	10.0	07/11/2014	ND	198	99.0	200	0.155		

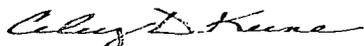
Surrogate: 1-Chlorooctane 92.1 % 65.2-140

Surrogate: 1-Chlorooctadecane 95.9 % 63.6-154

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*=Accredited Analyte

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Analytical Results For:

 AGAVE ENERGY COMPANY
 KERRY EGAN
 105 S. 4TH STREET
 ARTESIA NM, 88210
 Fax To: (575) 748-4275

Received:	07/09/2014	Sampling Date:	07/08/2014
Reported:	07/14/2014	Sampling Type:	Soil
Project Name:	SEVEN RIVERS LEAK	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	DAGGER DRAW 12" PVC LINE (YPC)		

Sample ID: SEVEN RIVERS #3 (H402086-03)

BTEX 8021B		mg/kg		Analyzed By: CK						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.6		
Toluene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.8		
Ethylbenzene*	<0.050	0.050	07/11/2014	ND	1.58	79.1	2.00	18.4		
Total Xylenes*	<0.150	0.150	07/11/2014	ND	4.80	80.0	6.00	18.2		
Total BTEX	<0.300	0.300	07/11/2014	ND						

Surrogate: 4-Bromofluorobenzene (PID) 102 % 89.4-126

TPH 8015M		mg/kg		Analyzed By: MS						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	07/11/2014	ND	184	92.0	200	1.00		
DRO >C10-C28	<10.0	10.0	07/11/2014	ND	198	99.0	200	0.155		

Surrogate: 1-Chlorooctane 96.2 % 65.2-140

Surrogate: 1-Chlorooctadecane 98.3 % 63.6-154

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 KERRY EGAN
 105 S. 4TH STREET
 ARTESIA NM, 88210
 Fax To: (575) 748-4275

Received:	07/09/2014	Sampling Date:	07/08/2014
Reported:	07/14/2014	Sampling Type:	Soil
Project Name:	SEVEN RIVERS LEAK	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	DAGGER DRAW 12" PVC LINE (YPC)		

Sample ID: SEVEN RIVERS #4 (H402086-04)

BTEX 8021B		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.6	
Toluene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.8	
Ethylbenzene*	<0.050	0.050	07/11/2014	ND	1.58	79.1	2.00	18.4	
Total Xylenes*	<0.150	0.150	07/11/2014	ND	4.80	80.0	6.00	18.2	
Total BTEX	<0.300	0.300	07/11/2014	ND					

Surrogate: 4-Bromofluorobenzene (PID) 122 % 89.4-126

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	41.3	10.0	07/11/2014	ND	184	92.0	200	1.00	
DRO >C10-C28	184	10.0	07/11/2014	ND	198	99.0	200	0.155	

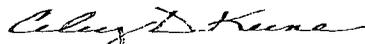
Surrogate: 1-Chlorooctane 89.2 % 65.2-140

Surrogate: 1-Chlorooctadecane 102 % 63.6-154

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Analytical Results For:

 AGAVE ENERGY COMPANY
 KERRY EGAN
 105 S. 4TH STREET
 ARTESIA NM, 88210
 Fax To: (575) 748-4275

Received:	07/09/2014	Sampling Date:	07/08/2014
Reported:	07/14/2014	Sampling Type:	Soil
Project Name:	SEVEN RIVERS LEAK	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	DAGGER DRAW 12" PVC LINE (YPC)		

Sample ID: SEVEN RIVERS #5 (H402086-05)

BTEX 8021B		mg/kg		Analyzed By: CK					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Benzene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.6	
Toluene*	<0.050	0.050	07/11/2014	ND	1.58	79.0	2.00	17.8	
Ethylbenzene*	<0.050	0.050	07/11/2014	ND	1.58	79.1	2.00	18.4	
Total Xylenes*	<0.150	0.150	07/11/2014	ND	4.80	80.0	6.00	18.2	
Total BTEX	<0.300	0.300	07/11/2014	ND					

Surrogate: 4-Bromofluorobenzene (PID) 99.8 % 89.4-126

TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	24.1	10.0	07/11/2014	ND	188	93.9	200	1.94	
DRO >C10-C28	96.2	10.0	07/11/2014	ND	200	100	200	1.88	

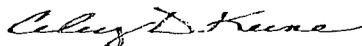
Surrogate: 1-Chlorooctane 87.3 % 65.2-140

Surrogate: 1-Chlorooctadecane 92.9 % 63.6-154

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Celey D. Keene, Lab Director/Quality Manager

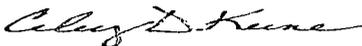
Notes and Definitions

- S-04 The surrogate recovery for this sample is outside of established control limits due to a sample matrix effect.
- 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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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q Q Q			Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column	
				64	16	4									
<u>RA 03959</u>			ED	2	4	12	19S	24E	543589	3615225*		545	265	280	
<u>RA 04727</u>			ED	1	2	26	19S	24E	541594	3611184*		354	322	32	
<u>RA 05576</u>			ED	1	4	21	19S	24E	538353	3611992*		320	307	13	
<u>RA 05676</u>			ED	2	2	3	28	19S	24E	538058	3610471*		600	558	42
<u>RA 05723</u>			ED	3	3	34	19S	24E	539170	3608353*		310	270	40	
<u>RA 06436</u>			ED	3	1	4	12	19S	24E	543083	3615122*			300	

Average Depth to Water: **337 feet**

Minimum Depth: **265 feet**

Maximum Depth: **558 feet**

Record Count: 6

PLSS Search:

Section(s): 12, 21, 26, 28, 34 **Township:** 19S **Range:** 24E

*UTM location was derived from PLSS - see Help

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

Sampling

Analytical Report- H402086	Sample Date	Depth	BTEX	GRO	DRO
Seven Rivers #1	7/8/2014	5 ft	<.300	22.3	128
Note: Sample was collected at the bottom of the trench, where the leaking dresser sleeve had been.					
Seven Rivers #2	7/8/2014	1ft	<.300	<10.0	13.2
Note: sample was collected from the side wall of the trench above where the leaking dresser sleeve had been.					
Seven Rivers #3	7/8/2014	0'-4'	<.300	<10.0	<10.0
Note: Composite sample collected from the South wall of the trench.					
Seven Rivers #4	7/8/2014	0'-4'	<.300	41.3	184
Note: Composite sample collected from the North wall of the trench.					
Seven Rivers #5	7/8/2014	Surface	<.300	24.1	96.2
Note: Composite sample collected from the excavated material.					

Site Ranking is Ten (0). Depth to Ground Water >100' (322' per NMOSE).

All results are ppm.

Released: Unknown; Recovered: N/A. Discovery Date: 06/19/2014