

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brmos 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

NM OIL CONSERVATION
ARTESIA DISTRICT Form C-141
Revised August 8, 2011

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

RECEIVED

FAB1606954699 Release Notification and Corrective Action

NAB1606954822

OPERATOR

X Initial Report

Final Report

Name of Company: AGAVE ENERGY 147831	Contact
Address	Telephone No.
Facility Name: Dark Canyon	Facility Type: Gas Gathering System
Surface Owner: State of NM	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
K	32	23S	24E					EDDY

Latitude 32.258381 Longitude -104.524055

NATURE OF RELEASE

Type of Release: Produced water, a minimal amount of oil, and an unknown amount of natural gas.	Volume of Release: 135-140 bbls produced water	Volume Recovered: 130
Source of Release: Tank Overflow	Date and Hour of Occurrence: The morning of 2/12/16.	Date and Hour of Discovery: 2/12/16 12:30PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Left voicemail for Mike Bratcher (NMOCD)	
By Whom? Kerry Egan, Agave Energy Co.	Date and Hour: 2/12/16 3:10 PM	
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.* **Agave believes that one of the producers in the area had a mechanical failure that resulted in excess of 250 bbl of water being sent directly to our compressor station. This large slug of liquid overwhelmed the inlet separator, whose dump valve got hung open and salted over by the produced water. The water overflowed the tank, releasing approximately 135 bbls of total liquids into the containment. A vac truck was dispatched immediately upon discovery, and was able to recover 130 bbls; the remaining liquid saturated the dirt berm.**

Describe Area Affected and Cleanup Action Taken.*

The release was contained by the earthen containment. The total area of the containment, and affected by the release is approximately 50' x 40', the depth of contamination is unknown at this point.

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: <i>Kerry Egan</i>	OIL CONSERVATION DIVISION	
Printed Name: Kerry Egan	Signed By: <i>[Signature]</i> Approved by Environmental Specialist:	
Title: Engineering Tech	Approval Date: 3/19/16	Expiration Date: NIA
E-mail Address: KEgan@agaveenergy.com	Conditions of Approval: Remediation per O.C.D. Rules & Guidelines <input type="checkbox"/> Checked <input type="checkbox"/>	
Date: 2/24/16 Phone: 575 748-4555	SUBMIT REMEDIATION PROPOSAL NO	

* Attach Additional Sheets If Necessary

LATER THAN: 4/10/16

2RA-3605

Bratcher, Mike, EMNRD

From: Kerry Egan <kegan@agaveenergy.com>
Sent: Thursday, February 25, 2016 10:53 AM
To: Bratcher, Mike, EMNRD
Subject: Dark Canyon Documentation
Attachments: 2016Feb24_DarkCanyon_C141(signed).pdf; 2016Feb24_RemediationPlan.docx; WaterColumn23S24E.pdf; WaterRightSummary.pdf; Affected Area.jpg

Mike,

Here is the documentation for the Dark Canyon release that we discussed yesterday. Please review and let me know if you have any questions.

As soon as I have the sampling results I will pass them along to you.

Thanks,
Kerry Egan
Environmental, Health and Safety Department
Agave Energy Company
Office: (575) 748-4469
Cell: (575) 513-8988
KEgan@agaveenergy.com



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