

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

NM OIL CONSERVATION
ARTESIA DISTRICT

JUL 20 2016

Form C-141
Revised August 8, 2011

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

RECEIVED

FAB 16207 28083 Release Notification and Corrective Action

NAB 16207 28253 OPERATOR X Initial Report Final Report

Name of Company Agave Energy Company 147831	Contact Kerry Egan
Address 326 West Quay Artesia, NM 88210	Telephone No. 575 513-8988
Facility Name: Grace Well 8" Poly Line	Facility Type: Gas Gathering Line

Surface Owner: BLM	Mineral Owner	API No.
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LOCATION OF RELEASE

Unit Letter	Section SW/NE 20	Township 22S	Range 32E	Feet from the	North/South Line	Feet from the	East/West Line	County EDDY
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Latitude 32.379139 Longitude -103.696727

NATURE OF RELEASE

Type of Release: Pipeline liquids, natural gas	Volume of Release: unknown volume of gas; 5-10 bbls of condensate	Volume Recovered: None
Source of Release: Pipeline rupture.	Date and Hour of Occurrence: 7/16/16 10:00AM	Date and Hour of Discovery: 7/16/16 12:00PM
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.* Agave believes a gouge in the poly line, in combination with being exposed by the shifting sand dunes, and high line pressure caused the line to rupture. When the line is repaired it will be buried.
Describe Area Affected and Cleanup Action Taken.*
The affected area is approximately 450' x 200' at its largest extent. The contamination for a majority of this area is only on the surface, no evidence that the condensate penetrated more than 1" into the ground. In the area immediately surrounding the point of rupture, liquids appeared to have penetrated 6"-12" into the soil. Sampling has been conducted to confirm the extent of contamination.
No cleanup action has been taken as of yet. Agave is proposing that the NMOCD approve a plan to remediate in place. This will be done by tilling the soil affected by surface contamination in an attempt to encourage volatilization and attenuation of the hydrocarbons. If it is shown that contamination has reached greater depths, the soil will be excavated and turned over as necessary on location to encourage aeration and volatilization.

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	Approved by Environmental Specialist: <i>Mike Brandon</i>	
Title: Eng Tech	Approval Date: 7/21/16	Expiration Date: N/A
E-mail Address: KEgan@agaveenergy.com	Conditions of Approval: Remediation per O.C.D. Rules & Guidelines <input checked="" type="checkbox"/> SUBMIT REMEDIATION PROPOSAL NO LATER THAN: 7/26/16	
Date: 7/20/16 Phone: 575 748-4555	RECEIVED 2RP-3797	

* Attach Additional Sheets If Necessary

JUL 20 2016
ARTESIA DISTRICT
NM OIL CONSERVATION