

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

JAN 13 2017

Form C-141
Revised August 8, 2011

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

Submit to appropriate District Office in
accordance with 19.15.29 NMAC.

PAB1701754450

Release Notification and Corrective Action

OPERATOR

X Initial Report Final Report

Name of Company	Lucid Energy Delaware 147831	Contact	Kerry Egan
Address	326 West Quay Artesia, NM 88210	Telephone No.	575 513-8988
Facility Name:	Coyote Compressor Station	Facility Type:	Compressor Station

Surface Owner: State of NM	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
	9	25S	27E					EDDY

Latitude 32.150244 Longitude -104.197976

NATURE OF RELEASE

Type of Release: Natural gas condensate	Volume of Release: Unknown, suspected > 5 bbls	Volume Recovered: None
Source of Release: Buried dump line	Date and Hour of Occurrence: 1/4/17	Date and Hour of Discovery: 1/4/17 5:00PM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input 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.*

A leak developed on the low-pressure dump line from Unit 250. This unit was replaced in December 2016 and it is possible that the line was damaged during this process that lead to the development of the leak.

Upon discovery of the leak, compressor unit was shut down to prevent further release. Using shovels and a hydro-vac truck, Lucid personnel identified the leaking line. Once identified, the line was replaced and put back into temporary service. Once the remediation work is completed the line will be replaced or repaired to be returned for permanent service.

Describe Area Affected and Cleanup Action Taken.* The contamination appears to be localized to the North and east corners of the compressor skid. The contamination apparently followed the pipe ditchline for 15' to 18' to the north, and moved laterally up to 30' to the east. Lucid has begun to remove contaminated soil from this area and stockpiling it on plastic lining. At this point we plan to dispose of this contaminated soil and bring fresh pad material to backfill. The area of contamination is located around numerous pipes and in between two compressors. The station is located on the top of a small hill and was built on top of a layer of solid rock (the ditch line in which the pipe was laid had to be cut using rock saws) which has prevented the contamination from traveling deeper than 4-5' at the deepest points. There is no indication, at this time, that any contamination has migrated beyond Lucid's station boundaries.

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>[Signature]</i>	
Title: Environmental Tech	Approval Date: 1/17/17	Expiration Date: N/A
E-mail Address: KEgan@agaveenergy.com	Conditions of Approval: <i>See attached</i>	Attached <input type="checkbox"/>
Date: 1/13/17 Phone: 575 810-6021		

* Attach Additional Sheets If Necessary

2RP-4078

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 1/13/17 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 200-4078 has been assigned. **Please refer to this case number in all future correspondence.**

It is the Division's obligation under both the Oil & Gas Act and Water Quality Act to provide for the protection of public health and the environment. Our regulations (19.15.29.11 NMAC) state the following,

The responsible person shall complete division-approved corrective action for releases that endanger public health or the environment. The responsible person shall address releases in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with 19.15.30 NMAC. [emphasis added]

Release characterization is the first phase of corrective action unless the release is ongoing or is of limited volume and all impacts can be immediately addressed. Proper and cost-effective remediation typically cannot occur without adequate characterization of the impacts of any release. Furthermore, the Division has the ability to impose reasonable conditions upon the efforts it oversees. **As such, the Division is requiring a workplan for the characterization of impacts associated with this release be submitted to the OCD District 2 office in ARIZONA on or before 2/13/17. If and when the release characterization workplan is approved, there will be an associated deadline for submittal of the resultant investigation report. Modest extensions of time to these deadlines may be granted, but only with acceptable justification.**

The goals of a characterization effort are: 1) determination of the lateral and vertical extents along with the magnitude of soil contamination. 2) determine if groundwater or surface waters have been impacted. 3) If groundwater or surface waters have been impacted, what are the extents and magnitude of that impact. 4) The characterization of any other adverse impacts that may have occurred (examples: impacts on vegetation, impacts on wildlife, air quality, loss of use of property, etc.). To meet these goals as quickly as possible, the following items must, at a minimum, be addressed in the release characterization workplan and subsequent reporting:

- Horizontal delineation of soil impacts in each of the four cardinal compass directions. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C₆ thru C₃₆), and for chloride by Method 300. This is not an exclusive list of potential contaminants. Analyzed parameters should be modified based on the nature of the released substance(s). Soil sampling must be both within the impacted area and beyond.

- Vertical delineation of soil impacts. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C₆ thru C₃₆), and for chloride by Method 300. As above, this is not an exclusive list of potential contaminants and can be modified. Vertical characterization samples should be taken at depth intervals no greater than five feet apart. Lithologic description of encountered soils must also be provided. At least ten vertical feet of soils with contaminant concentrations at or below these values must be demonstrated as existing above the water table.

- Nominal detection limits for field and laboratory analyses must be provided.

- Composite sampling is not generally allowed.

- Field screening and assessment techniques are acceptable (headspace, titration, EC [include algorithm for validation purposes], EM, etc.), but the sampling and assay procedures must be clearly defined. Copies of field notes are highly desirable. A statistically significant set of split samples must be submitted for confirmatory laboratory analysis, including the laterally farthest and vertically deepest sets of soil samples. Make sure there are at least two soil samples submitted

for laboratory analysis from each borehole or test pit (highest observed contamination and deepest depth investigated). Copies of the actual laboratory results must be provided including chain of custody documentation.

- Probable depth to shallowest protectable groundwater and lateral distance to nearest surface water. If there is an estimate of groundwater depth, the information used to arrive at that estimate must be provided. If there is a reasonable assumption that the depth to protectable water is 50 feet or less, the responsible party should anticipate the need for at least one groundwater monitoring well to be installed in the area of likely maximum contamination.

- If groundwater contamination is encountered, an additional investigation workplan may be required to determine the extents of that contamination. Groundwater and/or surface water samples, if any, must be analyzed by a competent laboratory for volatile organic hydrocarbons (typically Method 8260 full list), total dissolved solids, pH, major anions and cations including chloride and sulfate, dissolved iron, and dissolved manganese. The investigation workplan must provide the groundwater sampling method(s) and sample handling protocols. To the fullest extent possible, aqueous analyses must be undertaken using nominal method detection limits. As with the soil analyses, copies of the actual laboratory results must be provided including chain of custody documentation.

- Accurately scaled and well-drafted site maps must be provided providing the location of borings, test pits, monitoring wells, potentially impacted areas, and significant surface features including roads and site infrastructure that might limit either the release characterization or remedial efforts. Field sketches may be included in subsequent reporting, but should not be considered stand-alone documentation of the site's layout. Digital photographic documentation of the location and fieldwork is recommended, especially if unusual circumstances are encountered.

Nothing herein should be interpreted to preclude emergency response actions or to imply immediate remediation by removal cannot proceed as warranted. Nonetheless, characterization of impacts and confirmation of the effectiveness of remedial efforts must still be provided to the OCD before any release incident will be closed.

Jim Griswold

OCD Environmental Bureau Chief

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

505-476-3465

jim.griswold@state.nm.us

Bratcher, Mike, EMNRD

From: Kerry Egan <KEgan@agaveenergy.com>
Sent: Friday, January 13, 2017 2:01 PM
To: Bratcher, Mike, EMNRD
Cc: Grant McAfee - Lucid
Subject: Lucid Energy Delaware: Coyote Compressor Station Release Notification
Attachments: 2017Jan13_Coyote CS_C141(Initial).pdf; 2017Jan12_CoyoteCS_Remediation Plan.pdf; 2017Jan13_COYOTE Plot Plan.pdf; T25SR26E.pdf; T25SR28E.pdf

Mike,

I'm writing to notify NMOCD District II of a release at a Lucid Energy Delaware location, the Coyote Compressor Station. I had tried to catch you in the office earlier, but was unsuccessful so I've attached the digital copies of all the relevant notification documentation. Please review these documents at your convenience and let me know if you have any questions or concerns.

I know that with Heather leaving you guys are shorthanded right now and you're pretty busy, but I'll stop by the office again next week and try to go over the documentation and our plans for remediation briefly.

Thanks,
Kerry Egan
EH&S Department



LUCID
energy group



Lucid Energy Delaware/Agave Energy Company
326 W. Quay Ave.
Artesia, NM 88210
O: (575) 810-6021
C: (575) 513-8988
kegan@agaveenergy.com | www.agaveenergy.com

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