

NM OIL CONSERVATION
ARTESIA DISTRICT

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 06 2017

Form C-141
Revised August 8, 2011

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

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

PAB1702554957 **Release Notification and Corrective Action**

NAB1702454837 **OPERATOR** X Initial Report Final Report

Name of Company: Lucid Energy Delaware	14783	Contact Kerry Egan
Address 326 West Quay Artesia, NM 88210		Telephone No. 575 513-8988
Facility Name: Martha AIK Lateral		Facility Type: Natural Gas Gathering Pipeline
Surface Owner:	Mineral Owner	API No.

LOCATION OF RELEASE

Unit Letter	Section 11	Township 22S	Range 31E	Feet from the: 155	North/South Line: South	Feet from the: 255	East/West Line: East	County EDDY
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Latitude 32.399176 Longitude -103.74083

NATURE OF RELEASE

Type of Release: Natural Gas	Volume of Release: (1,000) Approximately 1MMSCF MCF	Volume Recovered: None
Source of Release: Leak on the poly side of a transition at an aboveground riser.	Date and Hour of Occurrence: 1/4/17	Date and Hour of Discovery: 8:00AM
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 poly side of a transition at an aboveground riser. Lucid personnel believe the leak was caused by a weakness in the pipe wall due to the use of a crimper/viser used when installing the riser. Upon discovery the lateral was shut in and blowdown.

Describe Area Affected and Cleanup Action Taken.* There was only natural gas released to the atmosphere, no hydrocarbon liquids or produced water released from the line to the soil. No detectable soil contamination (no free-standing liquids, no staining, no odor detectable). The upstream side of the riser has been excavated to replace a segment of line and no subsurface contamination was observed during the line excavation.

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 Bernice</i>	
Title: Environmental Tech	Approval Date: 1/24/17	Expiration Date: N/A
E-mail Address: KEgan@agaveenergy.com	Conditions of Approval: <i>See attached</i>	Attached <input type="checkbox"/>
Date: 1/6/17 Phone: 575 810-6021		

* Attach Additional Sheets If Necessary

2RP-4090

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Initial Report X Final Report

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Address 326 West Quay Artesia, NM 88210	Telephone No. 575 513-8988
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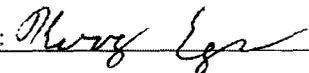
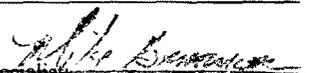
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Given that there was no resulting soil contamination to be remediated, Lucid is requesting closure of this release.

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Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Kerry Egan	Approved by Environmental Specialist: 	
Title: Environmental Tech	Approval Date: 1/24/17	Expiration Date: N/A
E-mail Address: KEgan@agaveenergy.com	Conditions of Approval: <i>Final</i>	Attached <input type="checkbox"/>
Date: 1/6/17 Phone: 575 810-6021		

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APP 4040

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 1/4/2017 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 2RP-4090 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 Artesia, NM on or before 2/24/2017. 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 to the following concentrations: benzene 10 mg/kg, total BTEX 50 mg/kg, TPH (GRO+DRO+MRO; C₆ thru C₃₆) 100 mg/kg, chloride 600 mg/kg. 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 to the following concentrations: benzene 10 mg/kg, total BTEX 50 mg/kg, TPH (GRO+DRO+MRO; C₆ thru C₃₆) 100 mg/kg, chloride 250 mg/kg. 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.
- No inference should be made concerning the minimum characterization concentrations expressed above as to the ultimate remediation levels which might be approved. 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 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 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 6, 2017 1:59 PM
To: Bratcher, Mike, EMNRD; Patterson, Heather, EMNRD
Subject: Lucid Energy Delaware: Martha AIK Lateral Release Notification
Attachments: 2017Jan6_Martha AIK Lateral_C141.pdf

Mike and Heather,

I wanted to submit the notification for a gas release on a Lucid Energy Delaware gathering pipeline. The release occurred on 1/4/2017 and I was made aware yesterday. The release occurred at an aboveground riser along an 8" Poly gas line in Sec 11, T22S, R31E, Eddy County. An estimated 1MMSCF of natural gas was released to the atmosphere from the riser, no hydrocarbon liquids or produced water was released. Upon inspection of the leak, we determined that there was no detectable (i.e. no free-standing liquids, no soil staining, no hydrocarbon odor in the soil) soil contamination resulting from the release. A portion of the lateral on the upstream side of the riser has been excavated to replace and repair the poly line. I've witnessed the excavation and there is no evidence of any subsurface contamination either.

Given that this release was to the atmosphere, and there is no remediation necessary or achievable, I am requesting closure of the file.

I've included an initial and final C141 form for this release. Please review and let me know if you have any other questions.

Thanks,
Kerry Egan
EH&S Department



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Artesia, NM 88210
O: (575) 810-6021
C: (575) 513-8988
kegan@agaveenergy.com | www.agaveenergy.com

This email and its attachments may contain information which is confidential and/or legally privileged. If you are not the intended recipient of this e-mail please notify the sender immediately by e-mail and delete this e-mail and its attachments from your computer and IT systems. You must not copy, re-transmit, use or disclose (other than to the sender) the existence or contents of this e-mail or its attachments or permit anyone else to do so.