RECEIVED

APR 23 2018

DISTRICT II-ARTESIA O.C.D.

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

Form C-141
Revised April 3, 2017

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

Release Notification and Corrective Action

nAB1811555350

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company Beach Exploration, Inc. 1903	Contact Jack Rose
Address 800 N. Marienfeld, Suite 200, Midland, Tx 79701	Telephone No. (432) 683-6226
Facility Name Eastland Queen Unit	Facility Type Waterflood Central Battery

Surface Owner State	Mineral Owner State	API No. 30-015-25655 Unit Number: 300337

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	1	19S	29E	990	North	990	West	Eddy

Latitude 32.694057° Longitude -104.033622° NAD83

NATURE OF RELEASE

Type of Release waterflood injection water (fresh & produced)	Volume of Release Est 15 bbl	Volume Recovered (none)
Source of Release injection pump discharge line (metal discharge line before transition to fiberglass on east side of injection plant eroded)	Date and Hour of Occurrence Afternoon Wed 4/18/2018	Date and Hour of Discovery Approx. 4:00pm Wed 4/18/2018 Notified by Greg Chase
Was Immediate Notice Given? ☐ Yes ☒ No ☐ Not Required	If YES, To Whom? Robert Kosuboski with the State Land Office was on site that Wednesday afternoon and took pictures. He sent pictures and inquired about the release on Thursday 4/19/2018. He was e-mailed an explanation 4/19	
By Whom? Jack Rose	Date and Hour Thursday 4/19/2018	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse. NA	

If a Watercourse was Impacted, Describe Fully.*

NA

Describe Cause of Problem and Remedial Action Taken.*

Metal erosion in injection pump discharge line on the east end of the injection plant where the metal discharge transitions to fiberglass. On notification we shut the injection plant down and closed the appropriate valves to stop the leak. A welder is fabricating a new transition

Describe Area Affected and Cleanup Action Taken.*

A combination of fresh and produced water leaked on the caliche pad and had already spread out and soaked in when our personnel arrived, so no free liquid was recovered. An area of about 1200 sq ft on the caliche pad was affected (see attached "Spill Delineation" diagram and associated pictures.

(see attached Remediation Plan dated April 20, 2018)

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: Jack M. Rose	OIL CONSERVATION DIVISION
Printed Name: Jack M. Rose	Approved by Environmental Specialist: Signed By Mike Bratcher
Title: Engineer	Approval Date: 4/24/18 Expiration Date: N/A
E-mail Address: bmartin@beachexp.com	Conditions of Approval: See Attached Attached ☐ 2RP-4719
Date: 4/23/2018 Phone: (432) 683-6226	

* Attach Additional Sheets If Necessary

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 4/23/2018 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 2RP-4719 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 on or before 5/23/2018. 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; C_6 thru C_{36}), 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; C_6 thru C_{36}), 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: Brenda Martin <bmartin@beachexp.com>
Sent: Monday, April 23, 2018 12:33 PM
To: Bratcher, Mike, EMNRD
Cc: 'Kasuboski, Robert'; rmann@slo.state.nm.us
Subject: Eastland Queen Unit #1 API 30-015-25655
Attachments: EQU #1 C-141 Initial 4-23-18.pdf; Spill Plan C141.docx; Avg Depth Water 4-20-18.pdf; Site Diagram.pdf; IMG_0677 (5).jpg; IMG_0696 (4).jpg

Importance: High

To Whom It May Concern:

Please see attached files:

EQU # 1 C-141 Initial 4-23-2018
EQU # 1 C-141 Spill plan
AVG DEPTH WATER
SITE DIAGRAM
PHOTO 0677
PHOTO 0696

Please advise if you need additional information.

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