OIL CONS. DIV DIST. 3

DEC 03 2015

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 August 8, 2011

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

Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☒ Final Report

Name of Company: XTO Energy, Inc.	Contact: Kurt Hoekstra
Address: 382 Road 3100, Aztec, New Mexico 87410	Telephone No.: (505) 333-3100
Facility Name: McCarty Gas Com B # 1F	Facility Type: Gas Well (Basin Dakota, Otero Chacra)

Surface Owner: State	Mineral Owner	API No.: 30-045-34344

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
J	16	29N	11W	1910	FSL	1745	FEL	San Juan

Latitude 36.723784 **Longitude** -107.9943339

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release: 12 BBL's	Volume Recovered: None
Source of Release: Below Grade Tank	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 8-23-2015 11:00 am
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? Cory Smith (NMOCD)	
By Whom? Kurt Hoekstra (EHS Coordinator XTO Energy)	Date and Hour: 8-25-2015 7:35 am	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.* On Sunday, 8-23-2015 an XTO Lease Operator found the steel production pit tank on the McCarty Gas Com B#1F location leaking from the bottom of the pit tank . The Lease Operator estimated 12 barrels of produced water had seeped into the ground. The Lease Operator shut the well in and had a water truck pull the remaining fluid from the production pit. No fluid was recovered from the pit cellar .The site was then ranked according to the NMOCD Guidelines for the Remediation of Leaks, Spills and Releases. The site was ranked a 20 due to an estimated depth to groundwater of 50 to 100 feet, distance to a water well greater than 1000 feet, and distance to surface water 200-1000 feet. This set the closure standard to 100 ppm TPH, 10 ppm benzene, and 50 ppm total BTEX.

Describe Area Affected and Cleanup Action Taken.*Based on the loss of 12 BBL's of produced water , a release has been confirmed at this location. The BGT cellar was excavated approximately 4 feet, to a total depth of 10 feet deep, the total excavation measurements were 10'x6'x 10' deep, a composite sample was collected from the bottom of the excavation and the side walls and returned results below the standards for the NMOCD Guidelines for the Remediation of Leaks, Spills and Releases. No further action is required.

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: Kurt Hoekstra	OIL CONSERVATION DIVISION Approved by Environmental Specialist:	
Printed Name: Kurt Hoekstra		
Title: EHS Coordinator	Approval Date:	Expiration Date:
E-mail Address: Kurt_Hoekstra@xtoenergy.com	Conditions of Approval:	Attached ☐
Date: 12-1-2015 Phone: 505-333-3100		

* Attach Additional Sheets If Necessary

14

XTO Energy Inc.
San Juan Basin
Below Grade Tank
Closure Report

Lease Name: McCarty Gas Com B # 1F
API No.: 30-045-34344
Description: Unit J, Section 16, Township 29N, Range 11W, San Juan County

In accordance with Rule 19.15.17.13 NMAC the following information describes the closure requirements of below-grade tanks on XTO Energy Inc. (XTO) locations. This is XTO's standard procedure for all below-grade tanks. A separate plan will be submitted for any below-grade tank which does not conform to this plan.

General Plan

1. XTO will close below-grade tanks within the time periods provided in 19.15.17.13 NMAC, or by an earlier date that the division requires because of imminent danger to fresh water, public health or the environment.
   Closure Date is September 3rd, 2015

2. XTO will close a below-grade tank that does not meet the requirements of Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC or is not included in Paragraph (5) of Subsection I of 19.15.17.11 NMAC within five years after June 16, 2008, if not retrofitted to comply with Paragraphs (1) through (4) of Subsection I of 19.15.17.11 NMAC.
   Closure Date is September 3rd, 2015

3. XTO will close a permitted below-grade tank within 60 days of cessation of the below-grade tank's operation or as required by the transitional provisions of Subsection B of 19.15.17.17 NMAC in accordance with a closure plan that the appropriate division district office approves. The closure report will be filed on form C-144.
   Required C-144 Form is attached to this document.

4. XTO will remove liquids and sludge from below-grade tanks prior to implementing a closure method and will dispose of the liquids and sludge in a division-approved facility. Approved facilities and waste streams include:
   Envirotech Permit No. NM01-0011 and IEI Permit No. NM 01-0010B
   Soil contaminated by exempt petroleum hydrocarbons
   Produced sand, pit sludge and contaminated bottoms from storage of exempt wastes
   Basin Disposal Permit No. NM01-005
   Produced water
   All liquids and sludge were removed from the tank prior to closure activities.

5. XTO will remove the below-grade tank and dispose of it in a division approved facility or recycle, reuse, or reclaim it in a manner that the appropriate division district office approves.
   XTO has removed the below grade tank, and will dispose of it at a division approved facility, or recycle, reclaim or reuse it in a manner that is approved by the division.

6. XTO will remove any on-site equipment associated with a below-grade tank unless the equipment is required for some other purpose.

The below grade tank has been removed due to an integrity failure of the pit tank. The new pit tank met siting criteria and was installed in a registered upgraded cellar.

7. XTO will test the soils beneath the below-grade tank to determine whether a release has occurred. At a minimum 5 point composite sample will be collected along with individual grab samples from any area that is wet, discolored or showing other evidence of a release. Samples will be analyzed for BTEX, TPH and chlorides to demonstrate that the benzene concentration, as determined by EPA SW-846 methods 8021B or 8260B or EPA method that the division approves, does not exceed 0.2 mg/kg; total BTEX concentration, as determined by EPA SW-846 methods 8021B or 8260B or other EPA method that the division approves, does not exceed 50 mg/kg; the TPH concentration, as determined by EPA method 418.1 or other EPA method that the division approves, does not exceed 100mg/kg; and the chloride concentration, as determined by EPA method 300.1 or other EPA method that the division approves, does not exceed 250 mg/kg, or the background concentration, whichever is greater. XTO will notify the division of its results on form C-141.

A composite sample was taken of the pit using sampling tools and all samples tested per Subsection B of 19.15.17.1 3(B)(1)(b). (Sample results attached).

Components	Test Method	Limit (mg/Kg)	Results (mg/Kg)
Benzene	EPA SW-846 8021B or 8260B	0.2	**17 mg/kg**
BTEX	EPA SW-846 8021B or 8260B	50	**1002 mg/kg**
TPH	EPA 8015	100	**39,800 mg/kg**
Chloride		250	**< 11.0 mg/kg**

8. If XTO or the division determines that a release has occurred, XTO will comply with 19.15.3.116 NMAC and 19.15.1.19NMAC as appropriate.
A release has been confirmed for this location.

9. If the sampling program demonstrates that a release has not occurred or that any release does not exceed the concentrations specified in Paragraph (4) of Subsection E of 19.15.17.13 NMAC, XTO will backfill the excavation with compacted, non-waste containing, earthen material; construct a division prescribed soil cover; recontour and re-vegetate the site.
The pit cellar excavation was backfilled using compacted, non-waste containing earthen material, and a new pit tank was re-installed in the upgraded cellar. .

10. Notice of Closure operations will be given to the Aztec Division District III office between 72 hours and one week prior to the start of closure activities via email or verbally.
The notification will include the following:
    i. Operator's name
    ii. Well Name and API Number
    iii. Location by Unit Letter, Section, Township, and Range

Notification was provided to Mr. Cory Smith with the Aztec office of the OCD via email on August 29th, 2015; see attached email printout.

The surface owner shall be notified of XTO's proposal to close the BGT as per the approved closure plan using certified mail, return receipt requested.
The surface owner was notified on August 29th; Email has been approved as a means of surface owner notification to the State by Brandon Powell, NMOCD Aztec Office.

11. Re-contouring of location will match fit, shape, line, form and texture of the surrounding area. Re-shaping will include drainage control, prevent ponding, and prevent erosion. Natural drainages will be unimpeded and water bars and/or silt traps will be placed in areas where needed to prevent erosion on a large scale. Final re-contour shall have a uniform appearance with smooth surface, fitting the natural landscape.
The location will be recontoured to match the above specifications after the well has been P & A'd.

12. A minimum of 4 feet of cover shall be achieved and the cover shall include 1 foot of suitable material to establish vegetation at the site, or the background thickness of topsoil, whichever is greater.
The site will be backfilled to match these specifications.

13. XTO will seed the disturbed areas the first growing season after the operator closes the pit. Seeding will be accomplished via drilling on the contour whenever practical or by other division-approved methods. BLM or Forest Service stipulated seed mixes will be used on federal lands. Vegetative cover will equal 70% of the native perennial vegetative cover (un-impacted) consisting of at least three native plant species, including at least one grass, but not including noxious weeds, and maintain that cover through two successive growing seasons. Repeat seeding or planting will be continued until successful vegetative growth occurs.
The location will be reclaimed pursuant to OCD specifications

14. All closure activities will include proper documentation and be available for review upon request and will be submitted in closure report form to OCD within 60 days of closure of the below-grade tank. Closure report will be filed on form C-144 and incorporate the following:
    i. Proof of closure notice to division and surface owner; **attached**
    ii. Details on capping and covering, where applicable; **per OCD Specifications**
    iii. Inspection reports; **attached**
    iv. Confirmation sampling analytical results; **attached**
    v. Disposal facility name(s) and permit number(s); **see above**
    vi. Soil backfilling and cover installation; **per OCD Specifications**
    vii. Re-vegetation application rates and seeding techniques, (or approved alternative to re-vegetation requirements if applicable); **per OCD specifications**
    viii. Photo documentation of the site reclamation. **attached**

ESC LAB SCIENCES
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ANALYTICAL REPORT

November 26, 2015

myESC
REAL TIME DATA ACCESS

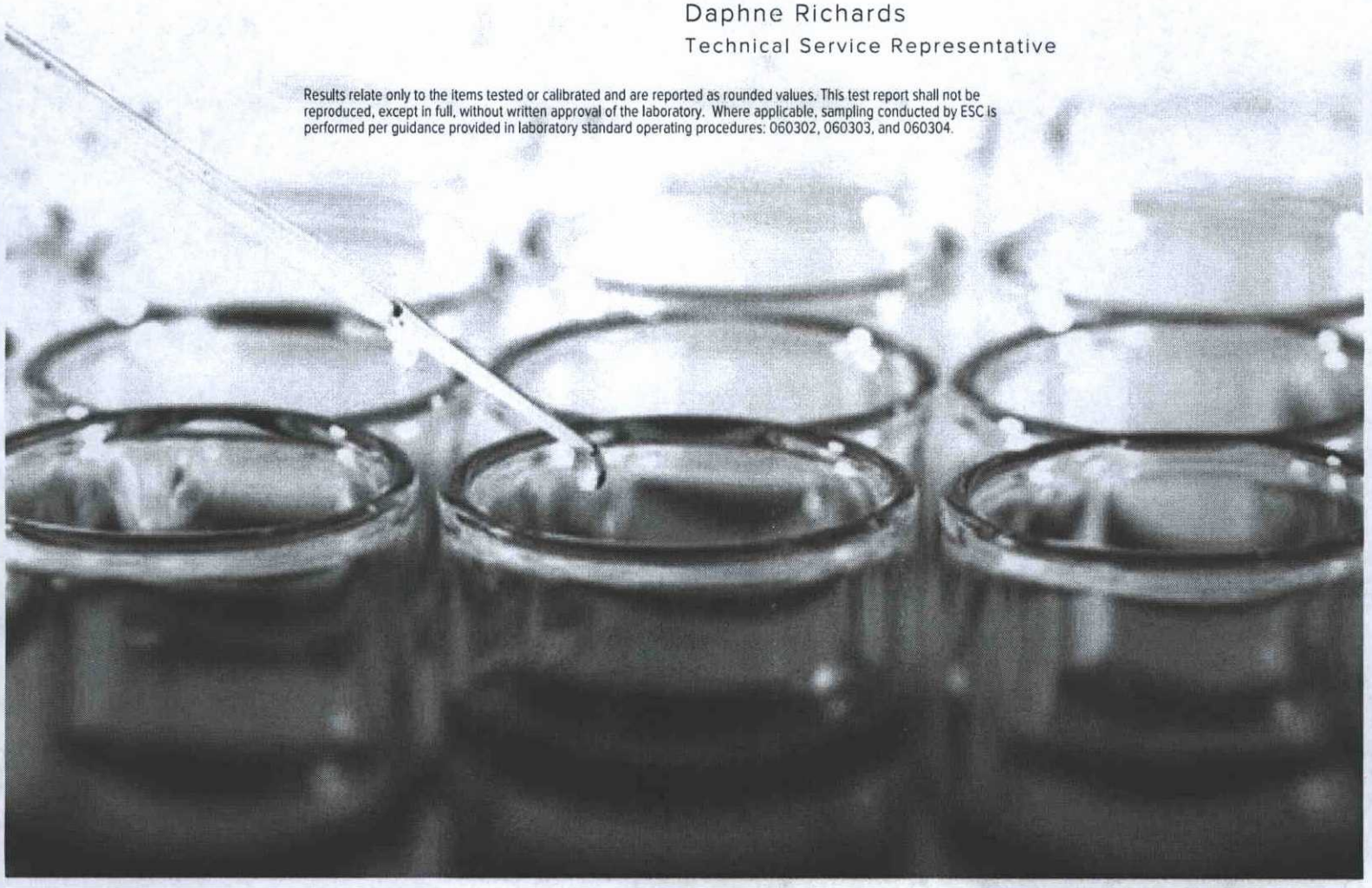
XTO Energy - San Juan Division

Sample Delivery Group:	L802584
Samples Received:	11/20/2015
Project Number:	30-045-34344
Description:	McCarty GC B #1F

Report To: James McDaniel
382 County Road 3100
Aztec, NM 87410

Entire Report Reviewed By: Daphne R Richards

Daphne Richards
Technical Service Representative



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SAMPLE SUMMARY

ONE LAB. NATIONWIDE.

FARKH-111815-0925 L802584-01 Solid

Collected by: Kurt Hoekstra
Collected date/time: 11/18/15 09:25
Received date/time: 11/20/15 09:00

Method	Batch	Dilution	Preparation date/time	Analysis date/time	Analyst
Total Solids by Method 2540 G-2011	WG831098	1	11/23/15 16:12	11/24/15 07:55	MEL
Wet Chemistry by Method 9056MOD	WG830777	1	11/23/15 17:00	11/24/15 12:33	NJM

Cp
2 Tc
3 Ss
4 Cn
5 Sr
6 Qc
7 Gl
8 Al
9 Sc

All sample aliquots were received at the correct temperature, in the proper containers, with the appropriate preservatives, and within method specified holding times. All MDL (LOD) and RDL (LOQ) values reported for environmental samples have been corrected for the dilution factor used in the analysis. All Method and Batch Quality Control are within established criteria except where addressed in this case narrative, a non-conformance form or properly qualified within the sample results. By my digital signature below, I affirm to the best of my knowledge, all problems/anomalies observed by the laboratory as having the potential to affect the quality of the data have been identified by the laboratory, and no information or data have been knowingly withheld that would affect the quality of the data.

Daphne R Richards

Daphne Richards
Technical Service Representative

Total Solids by Method 2540 G-2011

Analyte	Result	Qualifier	Dilution	Analysis	Batch
	%			date / time	
Total Solids	91.1		1	11/24/2015 07:55	WG831098

Wet Chemistry by Method 9056MOD

Analyte	Result (dry)	Qualifier	RDL (dry)	Dilution	Analysis	Batch
	mg/kg		mg/kg		date / time	
Chloride	ND		11.0	1	11/24/2015 12:33	WG830777

WG831098

Total Solids by Method 2540 G-2011

QUALITY CONTROL SUMMARY

L802584-01

Method Blank (MB)

(MB) 11/24/15 07:49

Analyte	MB Result %	MB Qualifier	MB RDL %
Total Solids	0.000600		

L802450-02 Original Sample (OS) • Duplicate (DUP)

(OS) 11/24/15 07:50 • (DUP) 11/24/15 07:50

Analyte	Original Result %	DUP Result %	Dilution	DUP RPD %	DUP Qualifier	DUP RPD Limits %
Total Solids	81.3	81.7	1	0.502		5

Laboratory Control Sample (LCS)

(LCS) 11/24/15 07:49

Analyte	Spike Amount %	LCS Result %	LCS Rec. %	Rec. Limits %	LCS Qualifier
Total Solids	50.0	50.0	100	85.0-115	

WG830777

Wet Chemistry by Method 9056MOD

QUALITY CONTROL SUMMARY

L802584-01

Method Blank (MB)

(MB) 11/24/15 02:45

Analyte	MB Result mg/kg	MB Qualifier	MB RDL mg/kg
Chloride	ND		10.0

L802720-14 Original Sample (OS) • Duplicate (DUP)

(OS) 11/24/15 09:24 • (DUP) 11/24/15 09:47

Analyte	Original Result mg/kg	DUP Result mg/kg	Dilution	DUP RPD %	DUP Qualifier	DUP RPD Limits %
Chloride	76.7	74.7	1	3		20

L802032-01 Original Sample (OS) • Duplicate (DUP)

(OS) 11/24/15 17:31 • (DUP) 11/24/15 17:54

Analyte	Original Result mg/kg	DUP Result mg/kg	Dilution	DUP RPD %	DUP Qualifier	DUP RPD Limits %
Chloride	62.7	70.9	1	12		20

Laboratory Control Sample (LCS) • Laboratory Control Sample Duplicate (LCSD)

(LCS) 11/24/15 03:08 • (LCSD) 11/24/15 03:31

Analyte	Spike Amount mg/kg	LCS Result mg/kg	LCSD Result mg/kg	LCS Rec. %	LCSD Rec. %	Rec. Limits %	LCS Qualifier	LCSD Qualifier	RPD %
Chloride	200	203	203	102	102	80-120			0

Abbreviations and Definitions

SDG	Sample Delivery Group.
MDL	Method Detection Limit.
RDL	Reported Detection Limit.
ND,U	Not detected at the Reporting Limit (or MDL where applicable).
RPD	Relative Percent Difference.
(dry)	Results are reported based on the dry weight of the sample. [this will only be present on a dry report basis for soils].
Original Sample	The non-spiked sample in the prep batch used to determine the Relative Percent Difference (RPD) from a quality control sample. The Original Sample may not be included within the reported SDG.
(S)	Surrogate (Surrogate Standard) - Analytes added to every blank, sample, Laboratory Control Sample/Duplicate and Matrix Spike/Duplicate; used to evaluate analytical efficiency by measuring recovery. Surrogates are not expected to be detected in all environmental media.
Rec.	Recovery.
SDL	Sample Detection Limit.
MQL	Method Quantitation Limit.
Unadj. MQL	Unadjusted Method Quantitation Limit.

Qualifier	Description

The remainder of this page intentionally left blank, there are no qualifiers applied to this SDG.

ACCREDITATIONS & LOCATIONS

ESC Lab Sciences is the only environmental laboratory accredited/certified to support your work nationwide from one location. One phone call, one point of contact, one laboratory. No other lab is as accessible or prepared to handle your needs throughout the country. Our capacity and capability from our single location laboratory is comparable to the collective totals of the network laboratories in our industry. The most significant benefit to our "one location" design is the design of our laboratory campus. The model is conducive to accelerated productivity, decreasing turn-around time, and preventing cross contamination, thus protecting sample integrity. Our focus on premium quality and prompt service allows us to be **YOUR LAB OF CHOICE.**

State Accreditations

Alabama	40660	Nevada	TN-03-2002-34
Alaska	UST-080	New Hampshire	2975
Arizona	AZ0612	New Jersey–NELAP	TN002
Arkansas	88-0469	New Mexico	TN00003
California	01157CA	New York	11742
Colorado	TN00003	North Carolina	Env375
Conneticut	PH-0197	North Carolina [1]	DW21704
Florida	E87487	North Carolina [2]	41
Georgia	NELAP	North Dakota	R-140
Georgia [1]	923	Ohio–VAP	CL0069
Idaho	TN00003	Oklahoma	9915
Illinois	200008	Oregon	TN200002
Indiana	C-TN-01	Pennsylvania	68-02979
Iowa	364	Rhode Island	221
Kansas	E-10277	South Carolina	84004
Kentucky [1]	90010	South Dakota	n/a
Kentucky [2]	16	Tennessee [14]	2006
Louisiana	AI30792	Texas	T 104704245-07-TX
Maine	TN0002	Texas [5]	LAB0152
Maryland	324	Utah	6157585858
Massachusetts	M-TN003	Vermont	VT2006
Michigan	9958	Virginia	109
Minnesota	047-999-395	Washington	C1915
Mississippi	TN00003	West Virginia	233
Missouri	340	Wisconsin	9980939910
Montana	CERT0086	Wyoming	A2LA
Nebraska	NE-OS-15-05		

Third Party & Federal Accreditations

A2LA – ISO 17025	1461.01	AIHA	100789
A2LA – ISO 17025 [5]	1461.02	DOD	1461.01
Canada	1461.01	USDA	S-67674
EPA–Crypto	TN00003		

[1] Drinking Water [2] Underground Storage Tanks [3] Aquatic Toxicity [4] Chemical/Microbiological [5] Mold [n/a] Accreditation not applicable

Our Locations

ESC Lab Sciences has sixty-four client support centers that provide sample pickup and/or the delivery of sampling supplies. If you would like assistance from one of our support offices, please contact our main office. **ESC Lab Sciences performs all testing at our central laboratory.**

XTO ENERGY
Western Division

	Quote Number	Page ___ of ___	Analysis
	XTO Contact: KURT	XTO Contact Phone #: 505-486-9543	
	Email Results to: JAMES, KURT, LOGAN, OTTO, REX		
Well Site/Location: McCARTY GC B #1F	API Number: 30-045-34344	Test Reason: SPILL	
Collected By: KURT	Samples on Ice: (Y) N	Turnaround: X Standard; ___ Next Day; ___ Two Day; ___ Three Day; ___ Std. 5 Bus. Days (by contract)	
Company: XTO	QA/QC Requested: Yes	Date Needed: _____	
Signature: Kurt Hamilton	Gray Areas for Lab Use Only!		

Sample ID	Sample Name	Media	Date	Time	Preservative	No. of Conts.	Chloride
FARKH-111815-0925	AUGER 9' Deep	S	11/18	9:25	ON ICE	(1) 4oz Jar	X

Media: Filter = F, Soil = S, Wastewater = WW, Groundwater = GW, Drinking Water = DW, Sludge = SG, Surface Water = SW, Air = A, Drill Mud

Relinquished By: (Signature) Kurt Hamilton	Date: 19 11-18-15	Time: 8:30	Received By: (Signature)	Nu
Relinquished By: (Signature)	Date:	Time:	Received By: (Signature) 0127 0739 3770	Ten
Relinquished By: (Signature)	Date:	Time:	Received for Lab by: (Signature)	Dat

Comments: 1-4m

* Sample ID will be the office and sampler-date-military time FARJM-MMDDYY-1200