



May 06, 2022

Mr. Aaron Daniels

Kaiser-Francis Oil Company
6733 South Yale Avenue
Tulsa, Ok, 74136

RE: Containment Liner Inspection
Incident Number nAPP2211549633
Red Hills Federal #101H (Red Hills Facility Pad 1)
Lea County, New Mexico

Dear Mr. Daniels,

Wescom, Inc., hereafter referred to as Wescom, is pleased to present the following letter report to Kaiser-Francis Oil Company, hereafter referred to as KFOC, summarizing the response efforts and liner inspection associated with a crude oil release at the Red Hills Federal #101H (Red Hills Facility Pad 1) Site. On April 22, 2022, a valve between the heater treater and oil tanks was left open which allowed the release of oil to lined secondary containment during tank recirculation. Approximately 15 barrels (bbls) of crude oil was recovered from the containment and returned to the slop tank. KFOC reported the release to the New Mexico Oil Conservation Division (NMOCD) via email on April 22, 2022. NMOCD accepted the submitted notification of release and subsequently assigned Incident Number nAPP2211549633 to this spill.

On April 29, 2022, Wescom personnel competent in conducting inspections of on-site equipment and facilities, visited the Site to visually inspect the integrity of the liner. Prior to conducting the inspection, the NMOCD was provided with a 48-hour liner inspection notification on April 26, 2022 (Attachment C). Wescom personnel verified that there was no visual evidence of a breach in the containment liner. It was determined that the liner remains intact and had the ability to contain the leak in question. Photographs taken during the liner inspection are included in Attachment B.

If you have any questions or comments, please do not hesitate to contact Mrs. Ashley Giovengo at (505) 382-1211 or ashley.giovengo@wescominc.com

Sincerely,

Wescom, Inc.

Ashley Giovengo
Environmental Manager-Permian

cc: Aaron Daniels, Kaiser-Francis Oil Company
Andrew, Hutton, Kaiser-Francis Oil Company
Bradford Billings, NMOCD
Mike Bratcher, NMOCD
Robert Hamlet, NMOCD
Chad Hensley, NMOCD
Jennifer Nobui, NMOCD
Nelson Velez, NMOCD

REFERENCE MATERIALS

ATTACHMENTS

- ATTACHMENT A.** Signed C-141
- ATTACHMENT B.** Site Photos
- ATTACHMENT C.** 48-Hour Liner Inspection Notification Email



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ATTACHMENT A

Signed C-141



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Red Hills Federal #101H | Incident ID: nAPP2211549633

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 Department

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

Form C-141
Revised August 24, 2018
Submit to appropriate OCD District office

| | |
|----------------|----------------|
| Incident ID | nAPP2211549633 |
| District RP | |
| Facility ID | |
| Application ID | |

Release Notification

Responsible Party

| | |
|--|---|
| Responsible Party: Kaiser-Francis Oil Company | OGRID 12361 |
| Contact Name: Hutton Andrew | Contact Telephone: 918-491-4615 |
| Contact email: huttona@kfoc.net | Incident # (assigned by OCD) nAPP2211549633 |
| Contact mailing address: 6733 S. Yale, Tulsa, OK 74136 | |

Location of Release Source

Latitude 32.0858301 Longitude -103.6186257
(NAD 83 in decimal degrees to 5 decimal places)

| | |
|-------------------------------------|-----------------------------------|
| Site Name: Red Hills Facility Pad 1 | Site Type: Well Pad |
| Date Release Discovered: 04/22/2022 | API# (if applicable) 30-025-45383 |

| Unit Letter | Section | Township | Range | County |
|-------------|---------|----------|-------|--------|
| L | 31 | 25S | 33E | Lea |

Surface Owner: ☐ State ☒ Federal ☐ Tribal ☐ Private

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

| | | |
|---|--|--|
| <input checked="" type="checkbox"/> Crude Oil | Volume Released (bbls) 15 | Volume Recovered (bbls) 15 |
| <input type="checkbox"/> Produced Water | Volume Released (bbls) | Volume Recovered (bbls) |
| | Is the concentration of dissolved chloride in the produced water >10,000 mg/l? | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Condensate | Volume Released (bbls) | Volume Recovered (bbls) |
| <input type="checkbox"/> Natural Gas | Volume Released (Mcf) | Volume Recovered (Mcf) |
| <input type="checkbox"/> Other (describe) | Volume/Weight Released (provide units) | Volume/Weight Recovered (provide units) |

Cause of Release

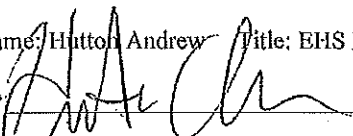
Valve had been left opened between heater treater and oil tanks that allowed the oil to spill into the containment while circulating oil into tanks.

State of New Mexico
Oil Conservation Division

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| | |
|--|---|
| <p>Was this a major release as defined by 19.15.29.7(A) NMAC?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> | <p>If YES, for what reason(s) does the responsible party consider this a major release?</p> |
| <p>If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)?</p> | |

Initial Response

| | |
|--|---------------------------|
| <input checked="" type="checkbox"/> The source of the release has been stopped. | |
| <input checked="" type="checkbox"/> The impacted area has been secured to protect human health and the environment. | |
| <input checked="" type="checkbox"/> Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices. | |
| <input checked="" type="checkbox"/> All free liquids and recoverable materials have been removed and managed appropriately. | |
| If all the actions described above have <u>not</u> been undertaken, explain why: | |
| Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation. | |
| I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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. | |
| Printed Name: Hutton Andrew | Title: EHS Representative |
| Signature:  | Date: 5/6/22 |
| email: huttona@kfoc.net | Telephone: 918-491-4615 |
| <u>OCD Only</u> | |
| Received by: _____ | Date: _____ |

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Oil Conservation Division

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Site Assessment/Characterization

This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

| | |
|---|---|
| What is the shallowest depth to groundwater beneath the area affected by the release? | 280 (ft bgs) |
| Did this release impact groundwater or surface water? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within 300 feet of a continuously flowing watercourse or any other significant watercourse? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within 300 feet of an occupied permanent residence, school, hospital, institution, or church? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within 500 horizontal feet of a spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within 1000 feet of any other fresh water well or spring? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within incorporated municipal boundaries or within a defined municipal fresh water well field? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within 300 feet of a wetland? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release overlying a subsurface mine? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release overlying an unstable area such as karst geology? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Are the lateral extents of the release within a 100-year floodplain? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Did the release impact areas not on an exploration, development, production, or storage site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Attach a comprehensive report (electronic submittals in .pdf format are preferred) demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined. Refer to 19.15.29.11 NMAC for specifics.

Characterization Report Checklist: *Each of the following items must be included in the report.*

- ☒ Scaled site map showing impacted area, surface features, subsurface features, delineation points, and monitoring wells.
- ☒ Field data
- ☒ Data table of soil contaminant concentration data
- ☒ Depth to water determination
- ☒ Determination of water sources and significant watercourses within ½-mile of the lateral extents of the release
- ☒ Boring or excavation logs
- ☒ Photographs including date and GIS information
- ☒ Topographic/Aerial maps
- ☒ Laboratory data including chain of custody

If the site characterization report does not include completed efforts at remediation of the release, the report must include a proposed remediation plan. That plan must include the estimated volume of material to be remediated, the proposed remediation technique, proposed sampling plan and methods, anticipated timelines for beginning and completing the remediation. The closure criteria for a release are contained in Table 1 of 19.15.29.12 NMAC, however, use of the table is modified by site- and release-specific parameters.

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I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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.

Printed Name: Hutton AndrewTitle: EHS RepresentativeSignature: Date: 05/06/2022email: huttona@kfoc.netTelephone: 918-491-4615**OCD Only**

Received by: _____ Date: _____

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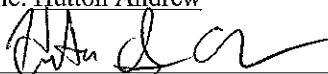
Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

Closure Report Attachment Checklist: Each of the following items must be included in the closure report.

- ☒ A scaled site and sampling diagram as described in 19.15.29.11 NMAC
- ☒ Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)
- ☒ Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)
- ☒ Description of remediation activities

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: Hutton AndrewTitle: EHS RepresentativeSignature: Date: 05/06/2022email: huttona@kfoc.netTelephone: 918-491-4615

OCD Only

Received by: _____

Date: _____

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

Closure Approved by: _____

Date: 05/27/2022Printed Name: Jennifer NobuiTitle: Environmental Specialist A

ATTACHMENT B

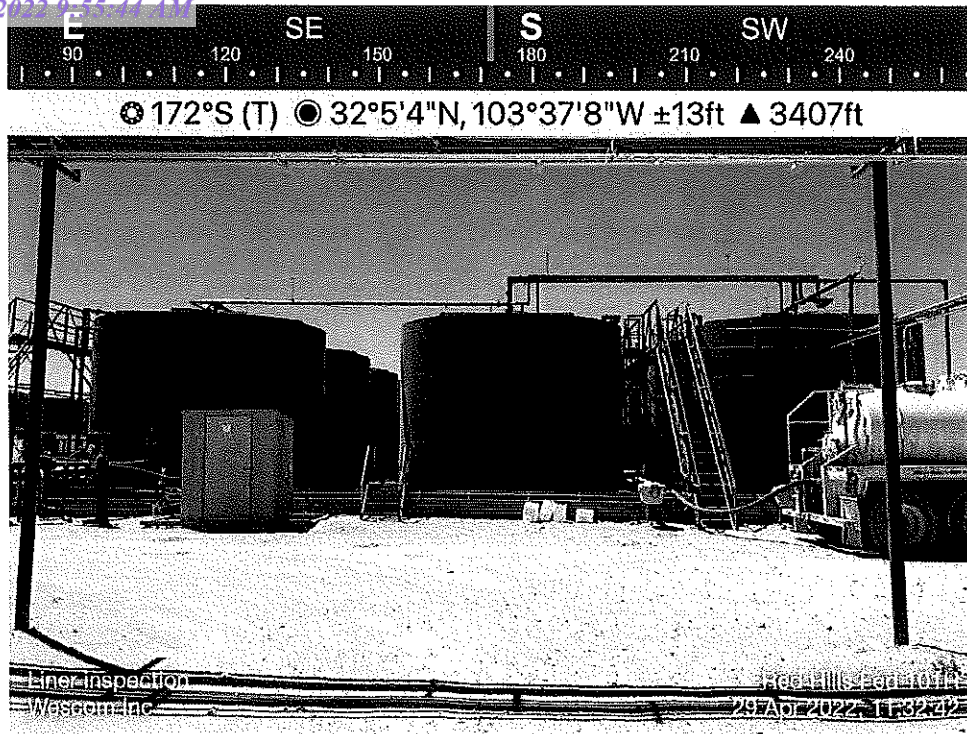
Site Photos



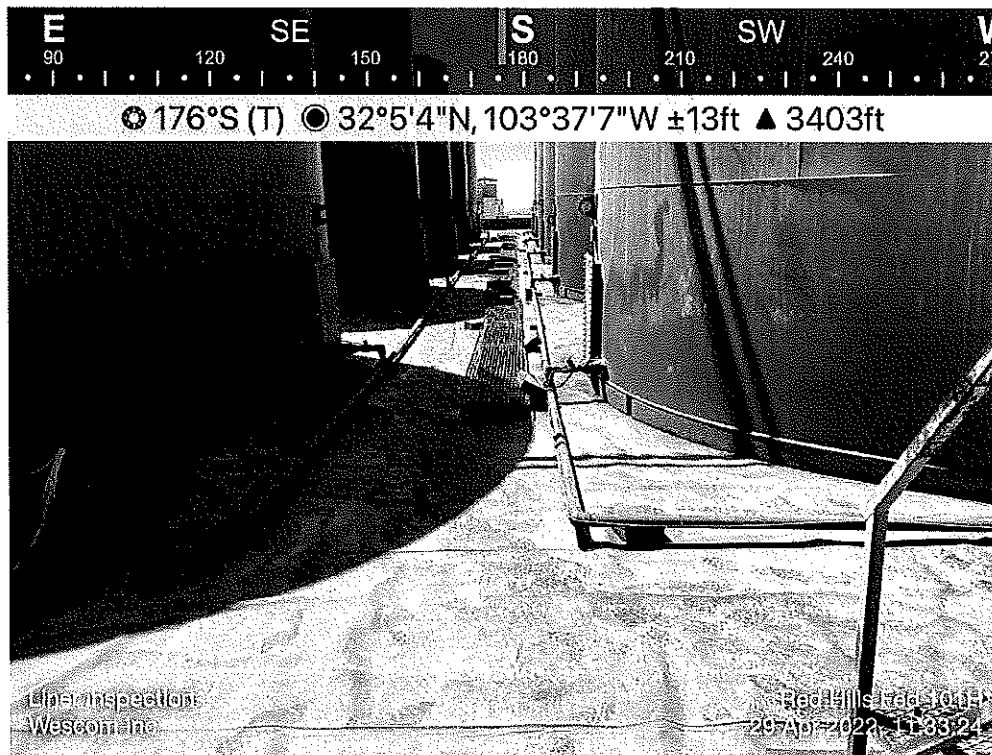
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Red Hills Federal #101H | Incident ID: nAPP2211549633



Tank Containment



Tank Containment Liner - Between Tanks





Tank Containment Liner - East Side



Tank Containment Liner - South Side



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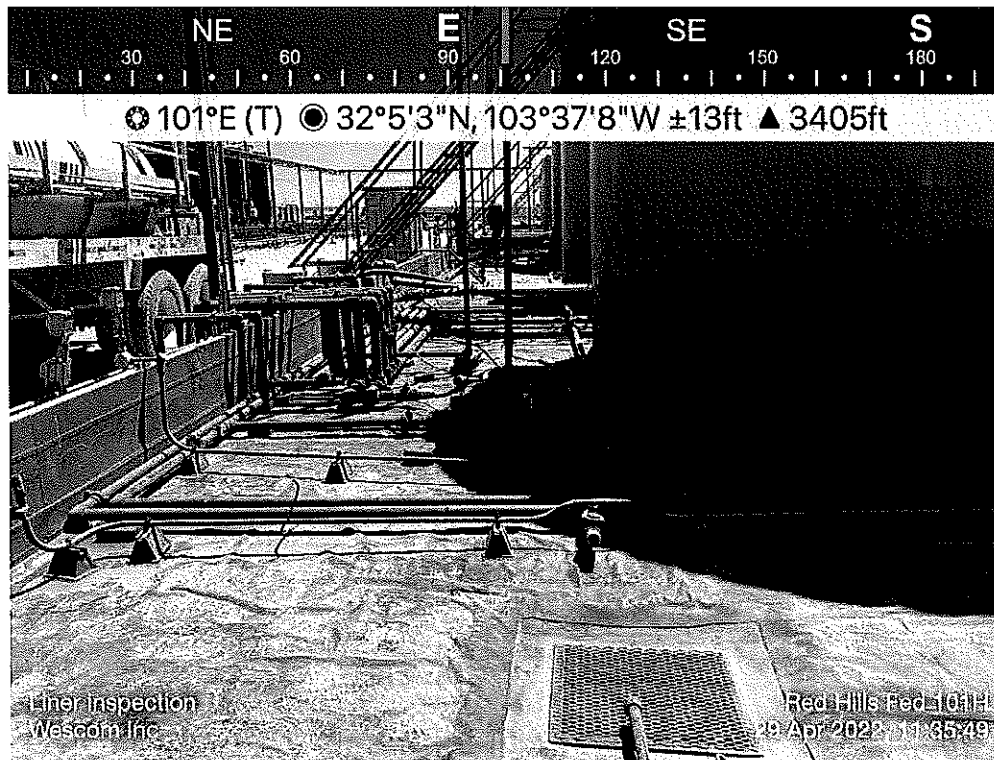
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Tank Containment Liner - West Side



Tank Containment Liner - North Side



ATTACHMENT C

48-Hour Liner Inspection Notification Email



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Red Hills Federal #101H | Incident ID: nAPP2211549633

From: cole.burton@wescominc.com
To: [Hamlet, Robert, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Nelson.Velez@state.nm.us](#); [Jennifer.Nobui@state.nm.us](#); [Bradford.Billings@state.nm.us](#); [Hensley, Chad, EMNRD](#)
Cc: [Ashley Giovengo](#); [Shar Harvester](#); [Aaron Daniels](#)
Subject: 48-hour Liner Inspection Notification - Red Hills Facility Pad 1 (nAPP2211549633)
Date: Tuesday, April 26, 2022 10:09:09 AM

Hello All,

This email is to notify the NMOCD that Wescom, Inc. will be at the Red Hills Facility Pad 1 (nAPP2211549633) to perform a liner inspection. Inspection will be conducted on Friday, April 29, 2022 (04/29/2022) at 0900 hours. Please let me know if you have any questions.

Thank you,

Cole Burton, Environmental Field Technician
O (218) 724-1322 | C (505) 205-0455
WescomInc.com | cole.burton@WescomInc.com
"I am in charge of my own safety."

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 107482

CONDITIONS

| | |
|--|---|
| Operator: KAISER-FRANCIS OIL CO PO Box 21468 Tulsa, OK 74121146 | OGRID: 12361 |
| | Action Number: 107482 |
| | Action Type: [C-141] Release Corrective Action (C-141) |

CONDITIONS

| | | |
|------------|--------------------------|----------------|
| Created By | Condition | Condition Date |
| jnobui | Closure Report Approved. | 5/27/2022 |