



November 10, 2018

Attn: Bradford Billings
New Mexico Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico, 87505

201 S. 4th St
Artesia, NM 88210
main 575.748.4555
fax 575.208.7207
www.lucid-energy.com

Re: Agave Energy Company & Lucid Energy Group
1RP-4370 Closure

For US Mail
P.O. Box 158
Artesia, NM 88211-0158

Mr. Billings,

This letter and the accompanying documentation are being submitted in response to the notification I received on 11/5/2018, which indicated that 1RP-4370 was still being shown as Active in the NMOCD records.

The initial C-141 and work plan were received by NMOCD's District I office on 7/28/2016. J. Keyes approved the submission on 7/28/2016. A revised workplan was received by the District I office on 9/20/2016 and approved by J. Keyes. All remediation work was conducted in accordance with the approved work plan. A final C-141 was provided to K. Lynch (District I office) and closure was requested on 10/21/2016. Krysten Lynch approved the closure of 1RP-4370 via email on 10/21/2016.

Lucid considers this release closed and is requesting NMOCD to update their records to reflect the correct status of 1RP-4370.

If you have any questions, please do not hesitate to call me at 575-810-6021.

Sincerely,
Kerry Egan
Environmental Compliance Manager



201 South Fourth St.
Artesia, NM Office: (575) 810-6021 | Cell: (575) 513-8988
Kegan@lucid-energy.com | www.lucid-energy.com

Kerry Egan

From: Lynch, Kristen, EMNRD <Kristen.Lynch@state.nm.us>
Sent: Friday, October 21, 2016 11:40 AM
To: Kerry Egan
Subject: RE: Grace Leak Revised Remediation Plan

Good Afternoon,

Based upon documentation provided, NMOCD approves and gives clearance for closure.

Thank You,

Kristen D. Lynch
Environmental Specialist, District 1
Oil Conservation Division, EMNRD
(575) 393-6161 ext. 111
575-370-3180 (emergency-cell)

OCD approval does not relieve the operator of liability should their operations fail to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

From: Kerry Egan [mailto:KEgan@agaveenergy.com]
Sent: Friday, October 21, 2016 11:27 AM
To: Lynch, Kristen, EMNRD
Subject: RE: Grace Leak Revised Remediation Plan

Mrs. Lynch,

After our phone call this morning I went back and double checked the files to verify the depth to ground water in the area of the Grace Well leak. Office of the State Engineer records show that the average depth to ground water here is indeed 350 ft. I've attached a copy of the NMOSE records for your file on this location. As you said this morning, if the water table is greater than 100' in depth we will be cleared for closure. As such, I have attached the Final C141 form, and Agave Energy is requesting approval from the NMOCD District I office for closure of this release and the file for this location.

If you could please confirm that this release is cleared for closure.

Thanks,
Kerry Egan
EH&S Department



Agave Energy Company

326 W. Quay Ave.
Artesia, NM 88210
O: (575) 810-6021
C: (575) 513-8988

kegan@agaveenergy.com | www.agaveenergy.com

From: Kerry Egan
Sent: Thursday, October 20, 2016 3:35 PM
To: 'Lynch, Kristen, EMNRD' <Kristen.Lynch@state.nm.us>
Subject: RE: Grace Leak Revised Remediation Plan

Mrs. Lynch,

I wanted to reach out and touch base with you on the Grace Leak. I was wondering if you've had a chance to review the sampling data that I had sent to you? This one is still open and I wanted to make sure and get your approval for closure of the spill and file (granted there is not an excavation to close per se), before I go to the BLM and try to close it out with them. Please let me know what you think of the sampling results and how you would like me to proceed.

Thanks,
Kerry Egan
EH&S Department



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

From: Kerry Egan
Sent: Wednesday, October 12, 2016 2:53 PM
To: 'Lynch, Kristen, EMNRD' <Kristen.Lynch@state.nm.us>
Subject: RE: Grace Leak Revised Remediation Plan

Mrs. Lynch,

I just wanted to touch base with you and see if you'd had a chance to review the documentation I submitted last week regarding the Grace Leak? If you have, please let me know if you have any questions or concerns on this?

Thanks,
Kerry Egan
EH&S Department



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

From: Kerry Egan
Sent: Monday, October 03, 2016 2:20 PM
To: Lynch, Kristen, EMNRD <Kristen.Lynch@state.nm.us>
Subject: RE: Grace Leak Revised Remediation Plan

Mrs. Lynch,

After receiving your approval I proceeded to collect the additional soil samples that we discussed in person and mentioned in the plan. I've received the results and I wanted to forward them along to you.

This sampling focused on the three sampling points identified in the prior sampling set as having higher than acceptable levels of contamination. As a part of this most recent sampling set, I collected samples at the original sampling points #3, #5, and #11. I also collected samples 10' to the North, South, East, and West of each of these sampling points. I have attached an updated sampling diagram, sample summary, and data for the newest sample set. I've also attached a copy of the previous sampling data just to make sure you've got a digital copy.

As I had mentioned the area had experienced a significant amount of precipitation proceeding the prior sampling event. The rain has aided in the attenuation and dilution of soil contamination at the site. The sample results show that all of the locations are below the Action Levels for Benzene, BTEX and TPH based on the sites ranking criteria (provided in the site remediation plan). I realize that while there is no formal action level for chlorides as of the time of this email in the NMOCD guidance documents, the standard request of the NMOCD is to delineate to 250ppm Cl-. The BLM has set their action level for chlorides at 1000ppm. There were a couple of samples (specifically the #5-W samples) that exceeded the 250 ppm level, but were under the 1000 ppm limit imposed by the BLM. While these extremely localized concentrations of contaminants are higher than preferred, the overall sample set show concentrations to be well below the guidance limits.

As discussed in the remediation plan, Agave would like to avoid excavation at this location if at all possible. Again, the location is difficult to get to with equipment and excavation would cause greater damage to existing vegetation than the remaining contamination does. There is already abundant growth of new vegetation in the affected area, suggesting that what little contamination remains is not detrimental to plants and wildlife.

I would like to apply for closure at this location, but I wanted to give you a chance to look over the sampling data before I submitted the final C141. So if you'll review it as you get time, and let me know how you would like us to proceed I would appreciate it. As soon as I know how you want us to proceed, or if you'd accept closure of this location I'll ask for closure approval from the BLM.

Let me know if you have any questions.

Thanks,

Kerry Egan

EH&S Department



Agave Energy Company

326 W. Quay Ave.

Artesia, NM 88210

O: (575) 810-6021

C: (575) 513-8988

kegan@agaveenergy.com | www.agaveenergy.com

From: Lynch, Kristen, EMNRD [<mailto:Kristen.Lynch@state.nm.us>]
Sent: Tuesday, September 20, 2016 12:31 PM
To: Kerry Egan <KEgan@agaveenergy.com>; Tucker, Shelly (stucker@blm.gov) <stucker@blm.gov>
Subject: RE: Grace Leak Revised Remediation Plan

Good Afternoon,

NMOCD has reviewed your revised Remediation Plan and approves.

Thank You,

Kristen D. Lynch
Environmental Specialist, District 1
Oil Conservation Division, EMNRD
(575) 393-6161 ext. 111
575-370-3180 (emergency-cell)

OCD approval does not relieve the operator of liability should their operations fail to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment. In addition, OCD approval does not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

From: Kerry Egan [<mailto:KEgan@agaveenergy.com>]
Sent: Wednesday, September 14, 2016 5:29 PM
To: Keyes, Jamie, EMNRD; Lynch, Kristen, EMNRD
Subject: Grace Leak Revised Remediation Plan

Jamie and Kristen,

I apologize for the delay in getting you the email and the revised remediation plan. Unfortunately I've had to be away from the office since the Friday that we met to discuss Agave's plan for this location, so I'm just now able to make the changes and get them to you.

As we discussed in the office, Agave believes that the significant precipitation that the location received after the soil sampling was conducted may have diluted the chloride concentrations in those localized areas that were identified as having unacceptable levels. We are hopeful that the dilution was such that the chloride concentrations have been brought down to acceptable levels. If this is shown to be the case then Agave proposes to forego any soil excavation or disturbance, opting to apply soil amendment (i.e. MicroBlaze) to aid in the degradation of remaining hydrocarbon contamination.

We believe that the best strategy for this location would be one that requires as little disturbance to the existing vegetation as possible. The soil at this location is very sandy, with very little structure, and the vegetation is acting to stabilize the soil preventing it from blowing or washing away. If we remove the vegetation, or disturb the root structure, I don't think we would be successful in reestablishing growth, at least not for quite some time. I have attached several pictures, taken after the rains, showing that even those plants that were most heavily affected by the overspray have begun to show new growth. So while the leaves of the vegetation may have been lost, the root structure and the plant as a whole are still viable. This further indicates that the contamination within the soil is not to such a great extent as to negatively affect or inhibit plant growth.

Please review the amended portion of the remediation plan and let me know what you think. I will proceed with the soil sampling and return those results to you as soon as possible.

Thanks,
Kerry Egan
EH&S Department



Agave Energy Company
326 W. Quay Ave.
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.

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.

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 X Final Report

Name of Company	Agave Energy Company	Contact	Kerry Egan
Address	326 West Quay Artesia, NM 88210	Telephone No.	575 513-8988
Facility Name:	Grace Well 8" Poly Line	Facility Type:	Gas Gathering Line
Surface Owner:	BLM	Mineral Owner	
		API No.	

LOCATION OF RELEASE

Unit Letter	Section 20	Township 22S	Range 32E	Feet from the	North/South Line	Feet from the	East/West Line	County Lea
-------------	---------------	-----------------	--------------	---------------	------------------	---------------	----------------	---------------

Latitude 32.379139 Longitude -103.696727

NATURE OF RELEASE

Type of Release: Pipeline liquids, natural gas	Volume of Release: unknown volume of gas; approximately 5-10 bbls of condensate	Volume Recovered: None
Source of Release: Pipeline rupture.	Date and Hour of Occurrence: 7/16/16 10:00AM	Date and Hour of Discovery: 7/16/16 12:00PM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" 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.* Agave believes a gouge in the poly line, in combination with being exposed by the shifting sand dunes, and high line pressure caused the line to rupture. The line was shut in as soon as possible after discovery.

Describe Area Affected and Cleanup Action Taken.*

The affected area is approximately 450' x 200' at its largest extent. The contamination for a majority of this area is only on the surface, it does not appear that the condensate saturated the ground to any discernable depth. In the area immediately surrounding the point of rupture, liquids appeared to have penetrated 6"-12" into the soil. Sampling will be conducted to confirm the extent of contamination. There is no visible indication of chloride contamination, but sampling will verify its presence or absence.

No cleanup action has been taken as of yet. Agave is proposing to attempt remediation in place of those areas affected by hydrocarbon contamination. This will be done by spraying the affected area with MicroBlaze or similar product, and mulching the vegetation that has been covered with the condensate overspray to encourage aeration and decomposition of the hydrocarbons. In addition to these efforts it Agave may till or disc portions of the affected area experiencing higher concentrations of contamination to further increase volatilization of the contaminants.

Excavation of material at this location is inadvisable due to the nature and location of the release. The line is located in the sand dunes of Livingston Ridge, and the nearest lease road or well pad is 100 or 150 yards away. The affected area is inaccessible by any vehicle without tracks. Attempting to excavate contaminated material will result in damage to uncontaminated vegetation and soil. Excavation and removal of soil may be required if sampling shows chlorides present in levels above action levels.

Update 10-21-2016

Closure sampling has been submitted to the NMOCD District I office showing the effectiveness of *in-situ* remediation efforts. TPH, BTEX, and Chlorides have all been shown to be below the RRAL for this location. No further remediation work is proposed at this time for this location. Agave Energy Company is requesting approval for closure of the release and the file.

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: 	OIL CONSERVATION DIVISION
Printed Name: Kerry Egan	Approved by Environmental Specialist:

Title: Environmental Tech	Approval Date:	Expiration Date:
E-mail Address: KEgan@agaveenergy.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 10/21/16 Phone: 575 748-4555		

* Attach Additional Sheets If Necessary

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 207927

CONDITIONS

Operator: Lucid Artesia Company 201 S. Fourth Street Artesia, NM 88210	OGRID: 147831
	Action Number: 207927
	Action Type: [IM-SD] Incident File Support Doc (ENV) (IM-BNF)

CONDITIONS

Created By	Condition	Condition Date
bhall	Historical documentation upload	5/8/2023