District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III

State of New Mexico Energy Minerals and Natural Resources

JAN 27 2012

Form C-141 Revised March 17, 1999

Oil Conservation Division 1220 South St. Francis Dr. NMOCD ARTESTA t 2 Copies to appropriate trici Office in accordance

with Rule 116 on back

1000 Rio Brazos Road, Aztec. NM 87410 Santa Fe, NM 87505 District IV side of form 1220 S. St. Francis Dr., Santa Fe, NM 87505 Release Notification and Corrective Action 30-015-32595 nMLB1264438942 Initial-Report **OPERATOR** 4323 CHEVRON Contact David Pagano Name of Company Telephone No. Office: 575-396-4414 ext 275 Cellular: 505-787-9816 Address 56 Texas Camp Road, Lovington NM 88260 Facility Type: Producing Well Facility Name: Skelly Unit 936 Surface Owner: Federal Mineral Owner Lease No. NM-98122 LOCATION OF RELEASE-API # 30-015-32595 East/West Line Unit Letter Feet from the North/South Line County Section Township Range Feet from the Eddy D 21 17.0S 31E NATURE OF RELEASE Type of Release Crude Oil and produced Water Spill Volume of Release 8.6bbls fluid Volume Recovered Source of Release: Flow Line Date and Hour of Occurrence Date and Hour of Discovery 01/24/12 10:45 01/24/12 11:00 Was Immediate Notice Given? If YES, To Whom? Mr. Leking via voicemail Yes No Not Required By Whom? David Pagano Was a Watercourse Reached? If YES, Volume Impacting the Watercourse. ☐ Yes ⊠ No If a Watercourse was Impacted, Describe Fully.* Describe Cause of Problem and Remedial Action Taken * It appears someone drove around wellhead and snagged out poly gas line, causing 8.6bbl fluid spill, mostly oil with a small amount of produced water. Chemical rep notified pumper of spill to land at 10:45 and pumper immediately drove to well and shut well in to contain release. Well shut in at approx 11:00AM. Describe Area Affected and Cleanup Action Taken.* Approx 8.6bbls of fluid mostly oil spilled on pad and worked its way to the road as well as foot wide path that ran into the pasture. Vacuum truck vacuumed up standing liquid on pad and road. Chevron has received Archeological/wildlife clearance from BLM. Backhoe will excavate contaminated soil on pad and road and contaminated soil will be taker, offsite for disposal. Spray off of pad into the pasture will be remediated by knocking off fluids from vegetation using biodegradable soap and then we are looking at using micro blaze to remediated contaminated soil. Surface sample will be taken tomorrow to determine level of chlorides in order to evaluate potential effectiveness of micro blaze for pasture/off pad remediation 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/op/regulations. OIL CONSERVATION DIVISION Signed By Mile Brances Signature: Approved by District Supervisor. Printed Name: David Pagano Approval DatEB 1 3 2012 Title: Health & Environmental Specialist Expiration Date: Attached

* Attach Additional Sheets If Necessary

Phone. 505-787-9816

Date: 01/25/12

Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN:

3/13/2012

Conditions of Approval:

2RP-1010

Bratcher, Mike, EMNRD

From: Pagano, David (David.Pagano) [David.Pagano@chevron.com]

Sent: Friday, January 27, 2012 8:46 AM

To: Bratcher, Mike, EMNRD

Subject: FW: SKU 936 Spill to Land C-141 Attachments: 20120124 C-141 SKU 936 spill.pdf

Mr. Bratcher,

We had a spill at our Skelly 936 well on Wednesday and I incorrectly sent the C-141 to Mr. Leking. He just called and informed that that the OCD District 2 Office cover Eddy County. Here is the C141. Currently we have vacuumed up all the fluids and excavated all the visibly contaminated soil on the pad and the road. I had coordinated with Mr. Leking to go take confirmation samples this morning at around 9:00AM. Please let me know if you are ok with me taking the sample today.

Regards,

David A. Pagano

MCA Health & Environmental Specialist (Oil Area – Vacuum/Buckeye, Dollarhide & Sundown)

56 Texas Camp. Rd., Lovington, NM 88260

Phone: 575-396-4414 x275

2 Cell: 505-787-9816 ☐ Fax: 575-396-6913 dpgn@chevron.com

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From: Pagano, David (David.Pagano)
Sent: Thursday, January 26, 2012 7:28 AM

To: Pagano, David (David.Pagano); 'Leking, Geoffrey R, EMNRD'

Cc: DeLeon, Josepha; Moschetti, Nick (NMOS)

Subject: SKU 936 Spill to Land C-141

Geoffrey,

Here is the initial C-141 report for the SKU 936 spill to land that occurred on 12/24/12. I will provide you with the sample results once I have them and let you know if our local remediation was successful or if this will be turned over to Chevron EMC. Also, note that this is BLM land and we will work within their guidance on remediation for the contamination that occurred off the pad/road. Please let me know if you have any questions or need any additional information.

Regards,

David A. Pagano

MCA Health & Environmental Specialist (Oil Area – Vacuum/Buckeye, Dollarhide & Sundown)

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