



EXPLORING WHAT'S POSSIBLE



APACHE CORPORATION

P.O.Box 1849
Eunice, NM 88231
Phone 575.394.3159

Lee Federal #041

Closure Report

2RP-1135

API 30-015-39611

Release Date: April 15, 2012

Unit Letter E, Section 20, Township 17S, Range 31E

Rice Environmental Consulting & Safety

P.O. Box 2948 Hobbs, NM 88241

Phone 575.393.2967

October 19, 2012

Mike Bratcher
New Mexico Energy, Minerals, & Natural Resources
Oil Conservation Division, Environmental Bureau – District 2
811 S. First St.
Artesia, NM 88210

**RE: TERMINATION REQUEST
Apache – Lee Federal #041 AD
UL/E sec. 20 T17S R31E
API No. 30-015-39611
2RP-1135**

Mr. Bratcher:

Apache Corporation has retained Rice Environmental Consulting and Safety (RECS) to address potential environmental concerns at the site referenced above.

Background and Previous Work

The site is an accidental discharge of drilling fluids associated with the Lee Federal #041. During drilling activities, holding bins in the southwest corner of the well pad overflowed and released fluids onto the well pad. An initial form C-141 was submitted by Apache Corporation on April 18, 2012 (Appendix A). The site is located in Loco Hills, in unit letter 'G' of section 20, T17S, R31E in Eddy County, New Mexico.

On April 16, 2012, RECS personnel initiated work at the Lee Federal #041 (Figure 1). Surface soil samples were collected from the southwest corner leak area. The samples were field tested for chloride. Headspace measurements were also taken in the field using a Photo Ionization Detector (PID).

The leak area was excavated to 6 inches below ground surface (bgs) (Figure 2). On August 15, 2012, RECS personnel collected and field tested representative wall grab samples and a composite bottom sample from the excavation. The samples were submitted to a laboratory for analysis and did not exceed 160 mg/kg chloride (Appendix C).

Excavated soils were removed to a NMOCD approved disposal facility. The excavation was backfilled with clean caliche and leveled. See Appendix B for photographs of field activities.

Conclusion

Due to the complete removal of impacted soils, Apache submits the final C-141 (Appendix D) and respectfully requests the closure of the regulatory file for this site.

Apache Corporation appreciates the opportunity to work with you on this project. Please call Hack Conder at (575) 631-6432 if you have any questions or comments.

Sincerely,



Lara Weinheimer
Project Scientist
RECS
(575) 441-0431

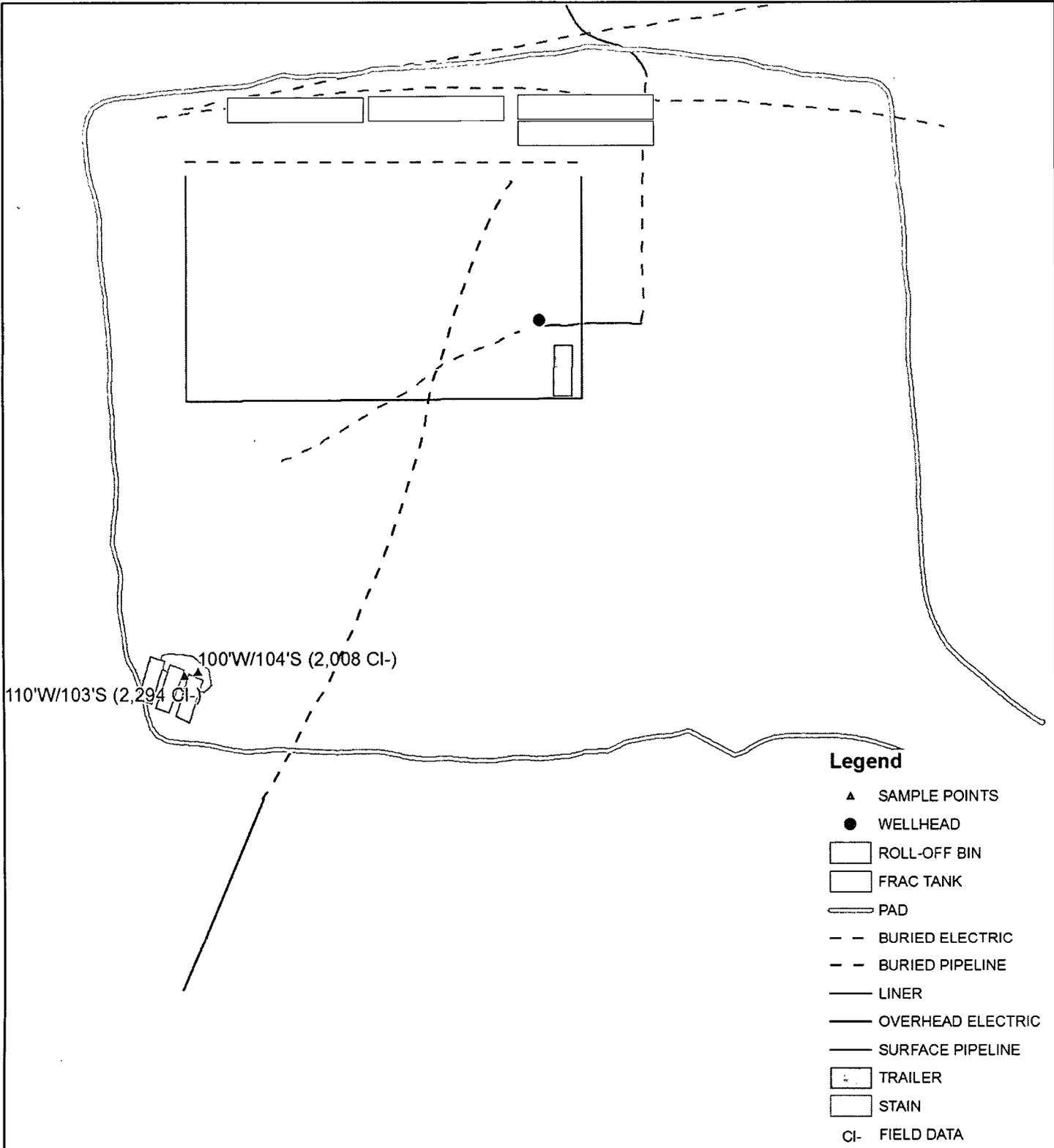
Attachments:

- Figure 1: Site Plat with Initial Lab Sampling Data
- Figure 2: Site Plat with Final Lab Sampling Data
- Appendix A: Initial Form C-141
- Appendix B: Site Photographs
- Appendix C: Laboratory Results
- Appendix D: Final Form C-141

Figures

RICE Environmental Consulting and Safety (RECS)
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Phone 575.393.2967

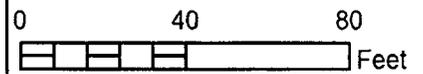
Site Plat



APACHE LEE FEDERAL #041

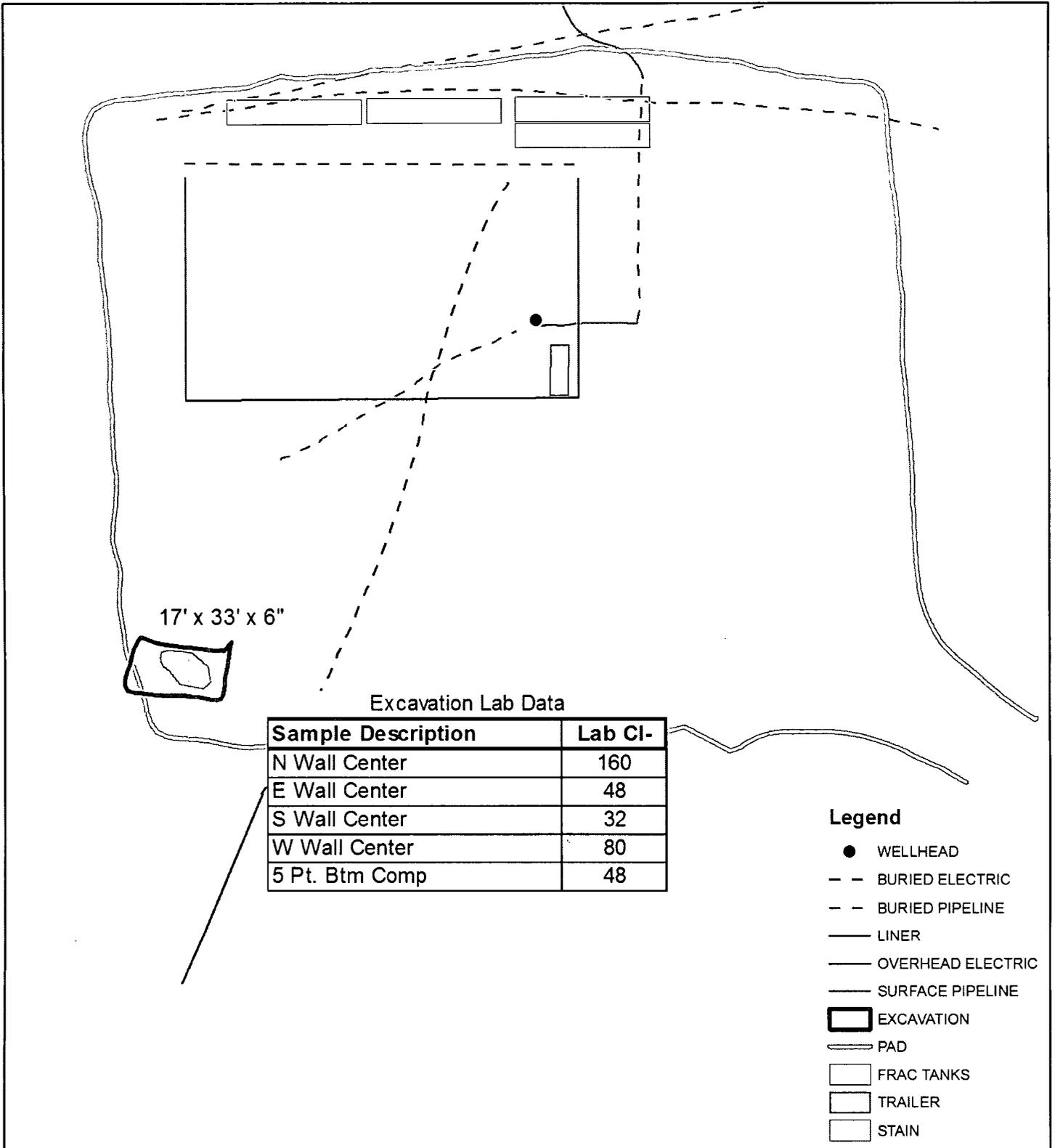
LEGALS: UL/E sec. 20
T-17-S R-31-S
EDDY COUNTY, NM

Figure 1



GPS date: 4/16/12 RP
Drawing date: 10/23/12
Drafted by: A.C. Ruth

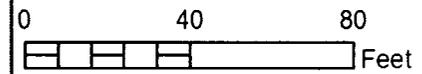
Site Plat



APACHE LEE FEDERAL #041

LEGALS: UL/E sec. 20
T-17-S R-31-S
EDDY COUNTY, NM

Figure 2



GPS date: 4/16/12 RP
Drawing date: 10/23/12
Drafted by: A.C. Ruth



Appendix A

Initial Form C-141

RICE Environmental Consulting and Safety (RECS)
P.O. Box 2948 Hobbs, NM 88241
Phone 575.393.2967

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

nMLB/12/505/611 OPERATOR Initial Report Final Report

Name of Company Apache Corporation 873	Contact Natalie Gladden
Address PO Box 1849 Eunice, NM 88231	Telephone No. 575-390-4186
Facility Name Lee Federal #41	Facility Type Production well
Surface Owner BLM	Mineral Owner BLM
API No. <i>015</i> 30-025-39611	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
E	20	17S	31E	1700'	FNL	460'	FWL	Eddy

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Drilling fluid	Volume of Release 30	Volume Recovered 0
Source of Release Overflow bins	Date and Hour of Occurrence 4/15/2012	Date and Hour of Discovery 4/15/2012
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input 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.*

RECEIVED
APR 30 2012
NMOCD ARTESIA

Describe Cause of Problem and Remedial Action Taken.*
While in the final stages of drilling this well, the Qmax man was not paying attention to his fluid levels, which caused the overflow bins to overflow.

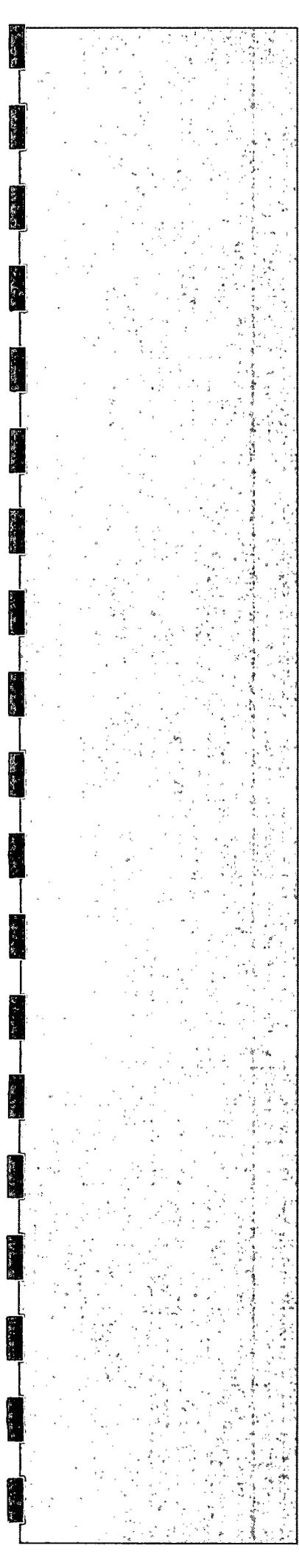
Describe Area Affected and Cleanup Action Taken.*
The contaminated area will be remediated along with the contamination left by the drilling rig, once the well is completed.

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: <i>Natalie Gladden</i>	OIL CONSERVATION DIVISION	
Printed Name: Natalie Gladden	Signed By <i>[Signature]</i> Approved by Environmental Specialist	
Title: EHS Environmental Tech	Approval Date: MAY 29 2012	Expiration Date:
E-mail Address: natalie.gladden@apachecorp.com	Conditions of Approval: Remediation per OCD Rules & Guidelines. SUBMIT REMEDIATION PROPOSAL NOT LATER THAN:	Attached <input type="checkbox"/>
Date: 4/18/12 Phone: 575-390-4186	<i>6/29/2012</i>	

* Attach Additional Sheets If Necessary

2RP-1135

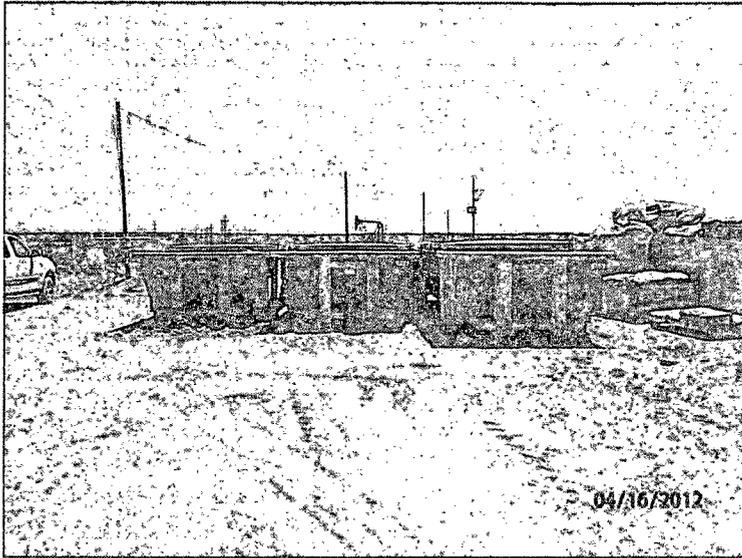


Appendix B

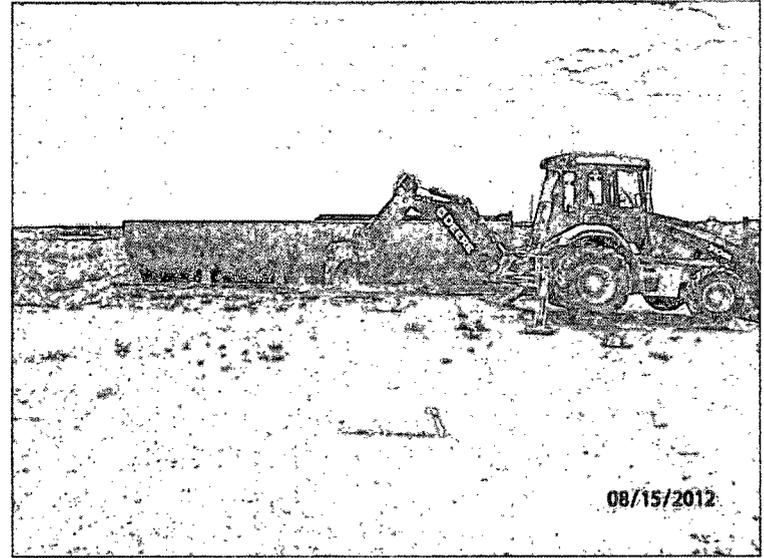
Site Photographs

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Phone 575.393.2967

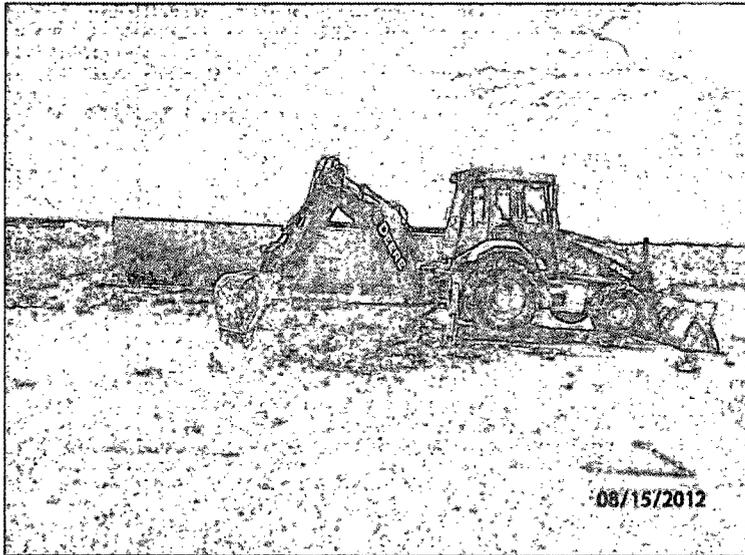
Lee Federal #041 AD
Unit Letter E, Section 20, T17S, R31E



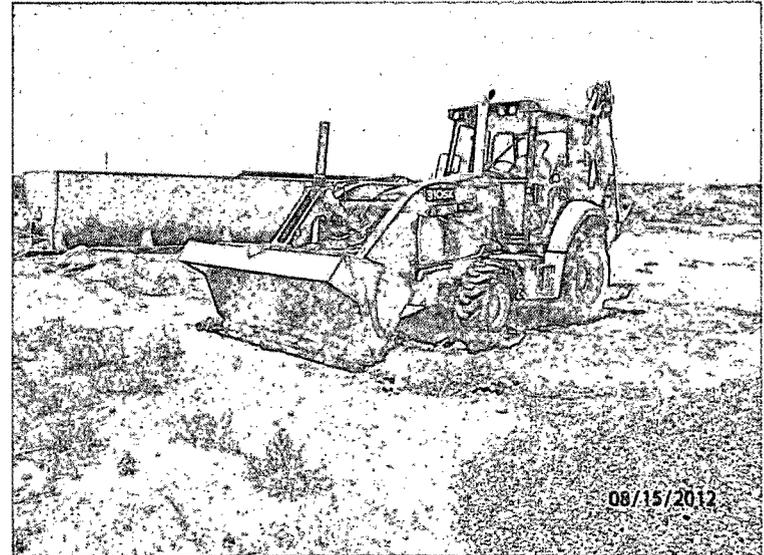
Roll-off bin release area, facing south 4/16/12



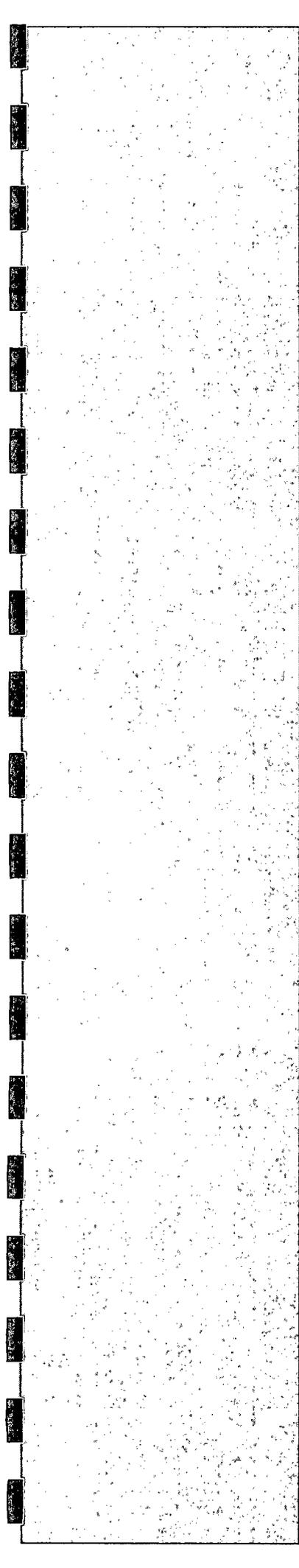
Beginning excavation, facing west 8/15/12



Excavating, facing west 8/15/12



Excavating, facing northwest 8/15/12



Appendix C

Laboratory Results

RICE Environmental Consulting and Safety (RECS)
P.O. Box 2948 Hobbs, NM 88241
Phone 575.393.2967

Analytical Results For:

 APACHE - EUNICE
 NATALIE GLADDEN
 P. O. BOX 1849
 EUNICE NM, 88231
 Fax To: 394-2425

 Received: 08/15/2012
 Reported: 08/21/2012
 Project Name: LEE FEDERAL #41
 Project Number: NONE GIVEN
 Project Location: LOCO HILLS, NEW MEXICO

 Sampling Date: 08/15/2012
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

Sample ID: N WALL CENTER-SW SCRAPE (H201912-01)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	160	16.0	08/20/2012	ND	416	104	400	3.92		

Sample ID: E WALL CENTER-SW SCRAPE (H201912-02)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	48.0	16.0	08/20/2012	ND	416	104	400	3.92		

Sample ID: S WALL CENTER-SW SCRAPE (H201912-03)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	32.0	16.0	08/20/2012	ND	416	104	400	3.92		

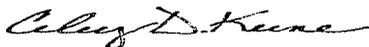
Sample ID: W WALL CENTER-SW SCRAPE (H201912-04)

Chloride, SM4500CI-B		mg/kg		Analyzed By: HM						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	80.0	16.0	08/20/2012	ND	416	104	400	3.92		

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* = Accredited Analyte

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Celest D. Keene, Lab Director/Quality Manager

Analytical Results For:

 APACHE - EUNICE
 NATALIE GLADDEN
 P. O. BOX 1849
 EUNICE NM, 88231
 Fax To: 394-2425

 Received: 08/15/2012
 Reported: 08/21/2012
 Project Name: LEE FEDERAL #41
 Project Number: NONE GIVEN
 Project Location: LOCO HILLS, NEW MEXICO

 Sampling Date: 08/15/2012
 Sampling Type: Soil
 Sampling Condition: ** (See Notes)
 Sample Received By: Jodi Henson

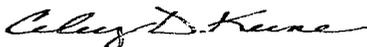
Sample ID: 5 PT BTM COMP-SW SCRAPE (H201912-05)

Chloride, SM4500Cl-B	mg/kg	Analyzed By: HM							
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	48.0	16.0	08/20/2012	ND	416	104	400	3.92	

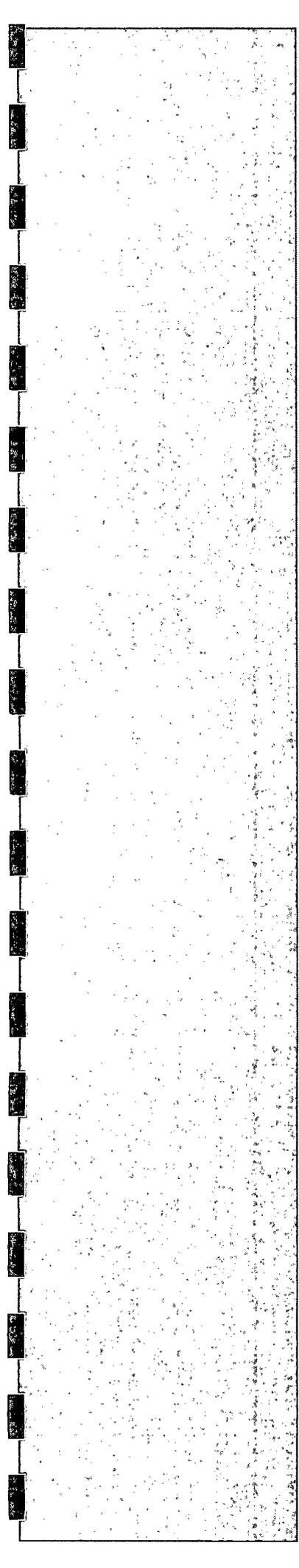
Cardinal Laboratories

* = Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager



Appendix D

Final Form C-141

RICE Environmental Consulting and Safety (RECS)
P.O. Box 2948 Hobbs, NM 88241
Phone 575.393.2967

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, 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 October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company	Apache Corporation	Contact	Bruce Baker
Address	PO BOX 1849, Eunice, NM 88231	Telephone No.	(575) 394-1503
Facility Name	Lee Federal #041	Facility Type	Production Well

Surface Owner	BLM	Mineral Owner	BLM	API No.	30-015-39611
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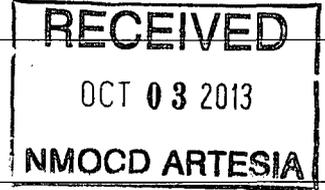
LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
E	20	17S	31E	1700	FNL	460	FWL	Eddy

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Drilling Fluid	Volume of Release	30 bbls	Volume Recovered	0 bbls
Source of Release	Overflow bins	Date and Hour of Occurrence	4/15/2012	Date and Hour of Discovery	4/15/2012
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?			
By Whom?	Natalie Gladden	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.*

While in final stages of drilling this well, the Qmax man was not paying attention to his fluid levels, which caused the overflow bins to overflow.

Describe Area Affected and Cleanup Action Taken.*

The leak affected 561 sq. ft. of well pad in the southwest corner of the location. The impacted area was excavated to 6 inches below ground surface. Samples were collected from the excavation, field tested, and sent to a commercial laboratory for chloride analyses. Impacted soils were removed to a NMOCD approved disposal facility. The excavation was backfilled with clean imported caliche and leveled.

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: <i>Bruce Baker</i>		OIL CONSERVATION DIVISION	
Printed Name: Bruce Baker		Approved by District Supervisor:	
Title: <i>environmental Tech.</i>	Approval Date:	Expiration Date:	
E-mail Address: <i>jarry.baker@apachecorp.com</i>	Conditions of Approval:		Attached <input type="checkbox"/>
Date: <i>8-30-13</i>	Phone: (575) 394-1503		

* Attach Additional Sheets If Necessary