

**NM OIL CONSERVATION**  
ARTESIA DISTRICT

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

**JUN 01 2017**

Form C-141  
Revised April 3, 2017

**RECEIVED** appropriate District Office in accordance with 19.15.29 NMAC.

**Release Notification and Corrective Action**

(Nearburg) NAB 1715235749

**OPERATOR**

☒ Initial Report ☐ Final Report

Chisholm Energy Operating, LLC	Contact – Brad Grandstaff
801 Cherry St Suite 1200 Fort Worth TX 76102	Telephone No. – 972-977-9221
Neptune 31 Federal #1	Facility Type – Pumping Well

Surface Owner <u>BLM</u>	Mineral Owner <u>BLM</u>	API No. 30-015-30340
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**LOCATION OF RELEASE**

Unit Letter	Section 31	Township T18S	Range R29E	Feet from the 1650'	North/South Line FSL	Feet from the 767'	East/West Line FWL	County Eddy
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Latitude 32.701905 Longitude -104.119429 NAD83

**NATURE OF RELEASE**

Type of Release Water	Volume of Release 200 BBLS	Volume Recovered 150 BBLS
Source of Release Via the stuffing box of Pumping Unit	5/26/2017 @ 3:00 pm	5/26/2017 @ 3:00 pm
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? BLM Carlsbad and NMOCD in Artesia	
By Whom? Tim Green – 432-413-9747	5/26/2017 @ 5 PM	
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.\*

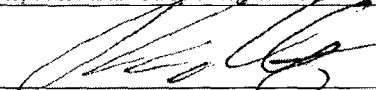
Describe Cause of Problem and Remedial Action Taken.\*

Mewbourne Oil Co was stimulating their Pavo Macho 31 B2LI Fed 1H well and was on their 2<sup>nd</sup> to last stage when they connected up with the Neptune 31 Federal 1 well. Water began leaking from the stuffing box of the pumping unit. Mewbourne contacted Chisholm immediately and we made arrangements to shut in the well that evening. Mewbourne finished their frac. Cleanup on location began that day and was finished the following day. There was some water that made it off of the location.

Describe Area Affected and Cleanup Action Taken.\*

Most of the water was contained by the berms. A Vac truck was used to remove that fluid and as much excess as we could get off the rest of the affected area. The surface was bladed and cleaned up further. There was a small stream that made it off location. We have made an appointment with the BLM to come and review this area.

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: 		<b>OIL CONSERVATION DIVISION</b>	
Printed Name: <u>BRAD GRANDSTAFF</u>		Signed By <u>Mike Brown</u> Approved by Environmental Specialist:	
Title: <u>VIC OPERATIONS</u>	Approval Date: <u>6/5/17</u>	Expiration Date: <u>N/A</u>	
E-mail Address: <u>bradgrandstaff@chisholmenergy.com</u>	Conditions of Approval: <u>See attached</u>	Attached <input checked="" type="checkbox"/>	
Date: <u>6/1/17</u>	Phone: <u>972-977-9221</u>		

JRP-4239

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 6/1/2017 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 20P4239 has been assigned. **Please refer to this case number in all future correspondence.**

It is the Division's obligation under both the Oil & Gas Act and Water Quality Act to provide for the protection of public health and the environment. Our regulations (19.15.29.11 NMAC) state the following,

*The responsible person shall complete division-approved corrective action for releases that endanger public health or the environment. The responsible person shall address releases in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with 19.15.30 NMAC. [emphasis added]*

Release characterization is the first phase of corrective action unless the release is ongoing or is of limited volume and all impacts can be immediately addressed. Proper and cost-effective remediation typically cannot occur without adequate characterization of the impacts of any release. Furthermore, the Division has the ability to impose reasonable conditions upon the efforts it oversees. **As such, the Division is requiring a workplan for the characterization of impacts associated with this release be submitted to the OCD District 2 office in ARTESIA on or before 7/1/2017. If and when the release characterization workplan is approved, there will be an associated deadline for submittal of the resultant investigation report. Modest extensions of time to these deadlines may be granted, but only with acceptable justification.**

The goals of a characterization effort are: 1) determination of the lateral and vertical extents along with the magnitude of soil contamination. 2) determine if groundwater or surface waters have been impacted. 3) If groundwater or surface waters have been impacted, what are the extents and magnitude of that impact. 4) The characterization of any other adverse impacts that may have occurred (examples: impacts on vegetation, impacts on wildlife, air quality, loss of use of property, etc.). To meet these goals as quickly as possible, the following items must, at a minimum, be addressed in the release characterization workplan and subsequent reporting:

- Horizontal delineation of soil impacts in each of the four cardinal compass directions. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C<sub>6</sub> thru C<sub>36</sub>), and for chloride by Method 300. This is not an exclusive list of potential contaminants. Analyzed parameters should be modified based on the nature of the released substance(s). Soil sampling must be both within the impacted area and beyond.
- Vertical delineation of soil impacts. Adsorbed soil contamination must be characterized for the following constituents using the associated laboratory methods: benzene, toluene, ethylbenzene, and total xylenes by either Method 8260 or 8021, total petroleum hydrocarbons by Method 8015 extended range (GRO+DRO+MRO; C<sub>6</sub> thru C<sub>36</sub>), and for chloride by Method 300. As above, this is not an exclusive list of potential contaminants and can be modified. Vertical characterization samples should be taken at depth intervals no greater than five feet apart. Lithologic description of encountered soils must also be provided. At least ten vertical feet of soils with contaminant concentrations at or below these values must be demonstrated as existing above the water table.
- Nominal detection limits for field and laboratory analyses must be provided.
- Composite sampling is not generally allowed.
- Field screening and assessment techniques are acceptable (headspace, titration, EC [include algorithm for validation purposes], EM, etc.), but the sampling and assay procedures must be clearly defined. Copies of field notes are highly desirable. A statistically significant set of split samples must be submitted for confirmatory laboratory analysis, including the laterally farthest and vertically deepest sets of soil samples. Make sure there are at least two soil samples submitted

for laboratory analysis from each borehole or test pit (highest observed contamination and deepest depth investigated). Copies of the actual laboratory results must be provided including chain of custody documentation.

- Probable depth to shallowest protectable groundwater and lateral distance to nearest surface water. If there is an estimate of groundwater depth, the information used to arrive at that estimate must be provided. If there is a reasonable assumption that the depth to protectable water is 50 feet or less, the responsible party should anticipate the need for at least one groundwater monitoring well to be installed in the area of likely maximum contamination.

- If groundwater contamination is encountered, an additional investigation workplan may be required to determine the extents of that contamination. Groundwater and/or surface water samples, if any, must be analyzed by a competent laboratory for volatile organic hydrocarbons (typically Method 8260 full list), total dissolved solids, pH, major anions and cations including chloride and sulfate, dissolved iron, and dissolved manganese. The investigation workplan must provide the groundwater sampling method(s) and sample handling protocols. To the fullest extent possible, aqueous analyses must be undertaken using nominal method detection limits. As with the soil analyses, copies of the actual laboratory results must be provided including chain of custody documentation.

- Accurately scaled and well-drafted site maps must be provided providing the location of borings, test pits, monitoring wells, potentially impacted areas, and significant surface features including roads and site infrastructure that might limit either the release characterization or remedial efforts. Field sketches may be included in subsequent reporting, but should not be considered stand-alone documentation of the site's layout. Digital photographic documentation of the location and fieldwork is recommended, especially if unusual circumstances are encountered.

**Nothing herein should be interpreted to preclude emergency response actions or to imply immediate remediation by removal cannot proceed as warranted. Nonetheless, characterization of impacts and confirmation of the effectiveness of remedial efforts must still be provided to the OCD before any release incident will be closed.**

**Jim Griswold**

OCD Environmental Bureau Chief

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

505-476-3465

[jim.griswold@state.nm.us](mailto:jim.griswold@state.nm.us)

## Bratcher, Mike, EMNRD

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**From:** Brad Grandstaff <bgrandstaff@chisholmenergy.com>  
**Sent:** Thursday, June 1, 2017 1:49 PM  
**To:** Tim Green; tgregsto@blm.gov; stucker@blm.gov; Bratcher, Mike, EMNRD  
**Cc:** Paul Martinez; Bettie Watson  
**Subject:** RE: Attached Image  
**Attachments:** Neptune 31 Federal #1 C 141.pdf

I greatly apologize, but please disregard my last email. I had a mistake in the well name and API. This attachment is correct.

Thanks

Brad Grandstaff  
Office: 817-953-3150  
Cell: 972-977-9221

Chisholm Energy Holdings, LLC



801 Cherry St Suite 1200 Unit 20  
Fort Worth TX, 76102

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**From:** Tim Green [mailto:tgreen@nearburg.com]  
**Sent:** Friday, May 26, 2017 5:44 PM  
**To:** tgregsto@blm.gov; stucker@blm.gov; mike.bratcher@state.nm.us  
**Cc:** Brad Grandstaff <bgrandstaff@chisholmenergy.com>; Paul Martinez <pmartinez@chisholmenergy.com>  
**Subject:** FW: Attached Image

Attached is a C-102 and 3160-4 for the Neptune 31 Fed # 1 well that I called in the spill for. My understanding is Mewbourne is fracking a well in the area that caused our leak at the Neptune battery as I explained over the phone. We are in the process of cleaning up the spill per our phone conversation. I will call the OCD in Artesia to report the spill. When I get the details we will file the C-141 and supply you a copy. I believe the Mewbourne well is named Pavo Macho 31. Not sure which well number. Thanks Tim Green 432-413-9747

PS: Mike I called Ray Padony and he told me to add you to the e-mail. Thanks Tim Green

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**From:** Canon ImageRunner  
**Sent:** Friday, May 26, 2017 5:17 PM  
**To:** Tim Green  
**Subject:** Attached Image