

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

JUN 28 2018

Form C-141
Revised August 8, 2011

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

DISTRICT II ARTESIA OGD
Submit Copy to Appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

PAB1818432540
NAB1818434831

OPERATOR

X Initial Report

Final Report

Name of Company: Lucid Energy Delaware 3719460	Contact Kerry Egan
Address 201 South Fourth Street Artesia, NM 88210	Telephone No. 575 513-8988
Facility Name: Roadrunner Delivery Point	Facility Type: Pipeline Facility

Surface Owner: State of New Mexico	Mineral Owner	API No.
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LOCATION OF RELEASE

Unit Letter	Section 23	Township 24S	Range 27E	Feet from the	North/South Line	Feet from the	East/West Line	County Eddy
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Latitude 32.196740° Longitude -104.157593°

NATURE OF RELEASE

Type of Release: Condensate	Volume of Release: 100 bbls	Volume Recovered: 40 bbls
Source of Release: Storage Tank	Date and Hour of Occurrence: Prior to 6/19/2018 12:45PM	Date and Hour of Discovery: 6/19/2018 12:45PM
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Mike Bratcher, via email.	
By Whom? Kerry Egan	Date and Hour: 6/19/18, 3:39PM	
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.* It appears the release was caused by a hole in the tank near the load line. The tank was being used to store condensate from a nearby location. The tank was loaded several weeks ago, and had not been checked again until 6/19/18. On the morning of 6/19/18, Lucid personnel visited the site and discovered the release.

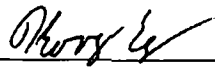

The material being stored was entirely condensate. Having been color-cut prior to transfer, we are certain that no produced water was released from the tanks. Being quite volatile, we suspect that the material not recovered flashed to the atmosphere.

Lucid personnel immediately isolated the tank and called in a vac truck to recover as much liquid as possible. The tank has been removed from service until the remediation work is completed, and it can be determined if the tank can be repaired successfully.

Describe Area Affected and Cleanup Action Taken.* All of the released liquid remained inside the lined berm, and there are no indications that the liner has any holes, or is otherwise compromised. Beyond the freestanding liquid already recovered, the contaminated material within the containment is being removed and disposed of properly. The liner will be inspected, to identify any potential damage which may have allowed liquid to escape. If there is any indication that the liner may not have held, it will be moved in order to inspect the soil underneath the containment.

Sampling will occur as necessary to determine if there is contamination detectable outside of the containment. If contamination is discovered outside, a work plan will be prepared and submitted.

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 Compliance Manager		Approval Date: 6/22/18	Expiration Date: N/A
E-mail Address: KEgan@lucid-energy.com		Conditions of Approval: See Attached	
Date: 6/26/2018	Phone: 575 810-6021	Attached 2 RP-4836	

* Attach Additional Sheets If Necessary

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 6/28/2018 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number IRP-4836 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 7/28/2018. 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; C₆ thru C₃₆), 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; C₆ thru C₃₆), 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

Bratcher, Mike, EMNRD

From: Kerry Egan <KEgan@lucid-energy.com>
Sent: Thursday, June 28, 2018 9:55 AM
To: Bratcher, Mike, EMNRD; Naranjo, Mark
Cc: Ruben Molina; Heather Patterson
Subject: RE: Lucid Energy Spill notification
Attachments: Lucid Energy_Roadrunner Delivery_C141 (Initial).pdf

Mike,

Attached is the Initial C141 form for the release mentioned below. Please review and let us know if you have any questions.

Thanks,
Kerry Egan
Environmental Compliance Manager



201 S. 4th Street
Artesia, NM Office: (575) 810-6021 | Cell: (575) 513-8988
Kegan@lucid-energy.com | www.lucid-energy.com

***Please note the updated email address and numbers.*

From: Kerry Egan
Sent: Tuesday, June 19, 2018 3:39 PM
To: Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>; Naranjo, Mark <MNaranjo@slo.state.nm.us>
Cc: Ruben Molina <RMolina@lucid-energy.com>
Subject: Lucid Energy Spill notification

Mike,

I'm writing to notify the District II office of a release at a Lucid Energy Delaware, L.L.C. location. The release was discovered today at our Roadrunner Delivery Point in Eddy county (Sec 23 – T24S – R27E; 32.196740°, -104.157593°).

We believe the release occurred from a hole in the tank wall, or a failed valve, but we haven't determined the ultimate cause. The total released volume appears to be over 25 bbls of condensate, with none of the liquid making it out of the lined containment. The released material is being recovered, and all pertinent information gathered. A C141 form will be submitted accordingly for this release, once I have all of the necessary information.

If you have any immediate questions please do not hesitate to call.

Thanks,
Kerry Egan
Environmental Compliance Manager

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***Please note the updated email address and numbers.*