

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 Department

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

Form C-141
Revised August 24, 2018
Submit to appropriate OCD District office

Incident ID	NRM2019531190
District RP	
Facility ID	
Application ID	

Release Notification

Responsible Party

Responsible Party	Lively Exploration Company	OGRID	013377
Contact Name	Adam B Lively	Contact Telephone	713-840-1905
Contact email	alively@livelyexp.com	Incident # (assigned by OCD)	
Contact mailing address	2450 Fondren Rd Ste 308, Houston, TX 77063		

Location of Release Source

Latitude 36.658180 Longitude 107.68142
(NAD 83 in decimal degrees to 5 decimal places)

Site Name	Lively No. 11	Site Type	Natural Gas Well
Date Release Discovered		API# (if applicable)	30 045 21195

Unit Letter	Section	Township	Range	County
I	16	28N	8W	San Juan

Surface Owner: ☐ State ☒ Federal ☐ Tribal ☐ Private (Name: _____)

Nature and Volume of Release

Material(s) Released (Select all that apply and attach calculations or specific justification for the volumes provided below)

<input type="checkbox"/> Crude Oil	Volume Released (bbls)	Volume Recovered (bbls)
<input checked="" type="checkbox"/> Produced Water	Volume Released (bbls) Unknown - See Cory/Photos	Volume Recovered (bbls) All contaminated soil
	Is the concentration of dissolved chloride in the produced water >10,000 mg/l?	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Condensate	Volume Released (bbls) Unknown - see Cory/Photos	Volume Recovered (bbls) All contaminated soil
<input type="checkbox"/> Natural Gas	Volume Released (Mcf)	Volume Recovered (Mcf)
<input type="checkbox"/> Other (describe)	Volume/Weight Released (provide units)	Volume/Weight Recovered (provide units)

Cause of Release

Note: Since the majority of containments appeared to be older we are unable to estimate the more recent volume released at the surface. Cory Smith estimated tank release, in total, at approximately 5 bbls.

Tank Release - small leak at elbow of riser on tank

Pit Release/spill - Faulty dump valve/flow pipe through berm had small leak

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Was this a major release as defined by 19.15.29.7(A) NMAC? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, for what reason(s) does the responsible party consider this a major release? Release appears to be within 200' of water course
If YES, was immediate notice given to the OCD? By whom? To whom? When and by what means (phone, email, etc)? Cory Smith defined this as a "major release" via email/phone with Lively Exploration Company (Adam Lively)	

Initial Response

The responsible party must undertake the following actions immediately unless they could create a safety hazard that would result in injury

<input checked="" type="checkbox"/> The source of the release has been stopped. <input checked="" type="checkbox"/> The impacted area has been secured to protect human health and the environment. <input checked="" type="checkbox"/> Released materials have been contained via the use of berms or dikes, absorbent pads, or other containment devices. <input checked="" type="checkbox"/> All free liquids and recoverable materials have been removed and managed appropriately.	
If all the actions described above have <u>not</u> been undertaken, explain why: 	
Per 19.15.29.8 B. (4) NMAC the responsible party may commence remediation immediately after discovery of a release. If remediation has begun, please attach a narrative of actions to date. If remedial efforts have been successfully completed or if the release occurred within a lined containment area (see 19.15.29.11(A)(5)(a) NMAC), please attach all information needed for closure evaluation.	
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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.	
Printed Name: <u>Adam B Lively</u>	Title: <u>President</u>
Signature: <u>Adam B. Lively</u>	Date: <u>7-2-20</u>
email: <u>alively@livelyexp.com</u>	Telephone: <u>713-840-1905</u>
<u>OCD Only</u>	
Received by: <u>Ramona Marcus</u>	Date: <u>7/13/2020</u>

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Site Assessment/Characterization

This information must be provided to the appropriate district office no later than 90 days after the release discovery date.

What is the shallowest depth to groundwater beneath the area affected by the release?

_____ (ft bgs)

Did this release impact groundwater or surface water?

☐ Yes ☒ No

Are the lateral extents of the release within 300 feet of a continuously flowing watercourse or any other significant watercourse?

☐ Yes ☒ No

Are the lateral extents of the release within 200 feet of any lakebed, sinkhole, or playa lake (measured from the ordinary high-water mark)?

☐ Yes ☒ No

Are the lateral extents of the release within 300 feet of an occupied permanent residence, school, hospital, institution, or church?

☐ Yes ☒ No

Are the lateral extents of the release within 500 horizontal feet of a spring or a private domestic fresh water well used by less than five households for domestic or stock watering purposes?

☐ Yes ☒ No

Are the lateral extents of the release within 1000 feet of any other fresh water well or spring?

☐ Yes ☒ No

Are the lateral extents of the release within incorporated municipal boundaries or within a defined municipal fresh water well field?

☐ Yes ☒ No

Are the lateral extents of the release within 300 feet of a wetland?

☐ Yes ☒ No

Are the lateral extents of the release overlying a subsurface mine?

☐ Yes ☒ No

Are the lateral extents of the release overlying an unstable area such as karst geology?

☐ Yes ☒ No

Are the lateral extents of the release within a 100-year floodplain?

☐ Yes ☒ No

Did the release impact areas **not** on an exploration, development, production, or storage site?

☐ Yes ☒ No

Attach a comprehensive report (electronic submittals in .pdf format are preferred) demonstrating the lateral and vertical extents of soil contamination associated with the release have been determined. Refer to 19.15.29.11 NMAC for specifics.

Characterization Report Checklist: *Each of the following items must be included in the report.*

- ☒ Scaled site map showing impacted area, surface features, subsurface features, delineation points, and monitoring wells.
- ☐ Field data
- ☐ Data table of soil contaminant concentration data
- ☐ Depth to water determination
- ☒ Determination of water sources and significant watercourses within 1/2-mile of the lateral extents of the release
- ☐ Boring or excavation logs
- ☒ Photographs including date and GIS information
- ☒ Topographic/Aerial maps
- ☐ Laboratory data including chain of custody

If the site characterization report does not include completed efforts at remediation of the release, the report must include a proposed remediation plan. That plan must include the estimated volume of material to be remediated, the proposed remediation technique, proposed sampling plan and methods, anticipated timelines for beginning and completing the remediation. The closure criteria for a release are contained in Table I of 19.15.29.12 NMAC, however, use of the table is modified by site- and release-specific parameters.

Form C-141

Page 4

State of New Mexico
Oil Conservation Division

Incident ID	NRM2019531190
District RP	
Facility ID	
Application ID	

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Printed Name: Adam B Lively Title: PresidentSignature: Adam B. Lively Date: 7-2-20email: alively@livelyexp.com Telephone: 713-840-1905**OCD Only**Received by: Ramona Marcus Date: 7/13/2020

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Remediation Plan

Remediation Plan Checklist: *Each of the following items must be included in the plan.*

- ☐ Detailed description of proposed remediation technique
- ☐ Scaled sitemap with GPS coordinates showing delineation points
- ☐ Estimated volume of material to be remediated
- ☐ Closure criteria is to Table 1 specifications subject to 19.15.29.12(C)(4) NMAC
- ☐ Proposed schedule for remediation (note if remediation plan timeline is more than 90 days OCD approval is required)

Deferral Requests Only: *Each of the following items must be confirmed as part of any request for deferral of remediation.*

- ☐ Contamination must be in areas immediately under or around production equipment where remediation could cause a major facility deconstruction.
- ☐ Extents of contamination must be fully delineated.
- ☐ Contamination does not cause an imminent risk to human health, the environment, or groundwater.

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Printed Name: Adam B Lively Title: President
Signature: Adam B. Lively Date: 7-2-20
email: alively@livelyexp.com Telephone: 713-840-1905

OCD Only

Received by: _____ Date: _____

☐ Approved ☐ Approved with Attached Conditions of Approval ☐ Denied ☐ Deferral Approved

Signature: _____ Date: _____

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Oil Conservation Division

Incident ID	NRM2019531190
District RP	
Facility ID	
Application ID	

Closure

The responsible party must attach information demonstrating they have complied with all applicable closure requirements and any conditions or directives of the OCD. This demonstration should be in the form of a comprehensive report (electronic submittals in .pdf format are preferred) including a scaled site map, sampling diagrams, relevant field notes, photographs of any excavation prior to backfilling, laboratory data including chain of custody documents of final sampling, and a narrative of the remedial activities. Refer to 19.15.29.12 NMAC.

Closure Report Attachment Checklist: *Each of the following items must be included in the closure report.*

- ☐ A scaled site and sampling diagram as described in 19.15.29.11 NMAC
- ☒ Photographs of the remediated site prior to backfill or photos of the liner integrity if applicable (Note: appropriate OCD District office must be notified 2 days prior to liner inspection)
- ☐ Laboratory analyses of final sampling (Note: appropriate ODC District office must be notified 2 days prior to final sampling)
- ☒ Description of remediation activities

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to OCD 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 OCD does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to groundwater, surface water, human health or the environment. In addition, OCD 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. The responsible party acknowledges they must substantially restore, reclaim, and re-vegetate the impacted surface area to the conditions that existed prior to the release or their final land use in accordance with 19.15.29.13 NMAC including notification to the OCD when reclamation and re-vegetation are complete.

Printed Name: Adam B Lively Title: President

Signature: Adam B. Lively Date: 7-2-20

email: alively@livelyexp.com Telephone: 713-840-1905

OCD Only

Received by: _____ Date: _____

Closure approval by the OCD does not relieve the responsible party of liability should their operations have failed to adequately investigate and remediate contamination that poses a threat to groundwater, surface water, human health, or the environment nor does not relieve the responsible party of compliance with any other federal, state, or local laws and/or regulations.

Closure Approved by: _____ Date: _____

Printed Name: _____ Title: _____

NRM2019531190

Lively Exploration Company
2450 Fondren Rd., Ste 308
Houston, Texas 77063

July 2, 2020

Jim Griswold
Cory Smith
Oil Conservation Division
Energy, Minerals, & Natural Resources
1000 Rio Brazos, Aztec, NM 87410
Via Email: cory.smith@state.nm.us

Re: Notice of Surface Release & Site Remediation

Well/Site Location:
Lively #11
T28-R8W-S16 S/W 4
San Juan County New Mexico
Lat: 36.658180 Lon: -107.68142

Dear Sirs,

Lively Exploration Company ("LEXCO") submits this Notification of Release to detail for you the remediation processes we undertook to fully remediate the subject site in good faith and as a prudent oil and gas operator. LEXCO is focused intently on preserving the environment while also working and functioning in this industry in the San Juan Basin. Our presence in the Basin has continued for nearly a half-century and LEXCO always strives to work within the regulations and under the guidance and oversight of each governing state and federal agency. In this particular case we have been notified that we did not follow the appropriate guidelines relating to laboratory soil testing. However, we believe it is clear that LEXCO worked diligently to otherwise remedy the problems and we trust that will be evident to you.

This remediation of the Lively 11 site was a costly project and although we understand that some further soil sampling may be necessary we hope that you will allow LEXCO to satisfy this requirement as cost effectively as possible. Like many in our industry these are hard times due to low Basin pricing coupled with the collateral adversity of the ongoing virus outbreak. We would greatly appreciate if these considerations were kept in mind as we move forward.

Release at or near Production Tank

This spill manifested as stained surface soil, not standing or puddled fluid. At that time it was believed this staining may have been from a minor surface spill that could have occurred during workover/repairs to the well in August/September 2019. A small leak was later identified to be at the elbow of the riser on the tank and it was repaired. The leak that originated at that point involved water and condensate of an unknown volume. Once excavation was underway it appeared that there may have been a legacy spill at some point unbeknownst to LEXCO.

Site Remediation

On or around May 26, 2020 the fence was removed and the tank was temporarily relocated. Soil within the boundary of the fence was excavated to a depth of approximately six feet (6'). All soil excavated was placed on a mat to avoid further contamination of surrounding soil. It should be noted that the eighty four (84) yards of soil

excavated also included a minimum of 2' of soil that was deemed to be hydrocarbon-free. For that reason LEXCO believes that to attempt to quantify the size of the spill based on the total eighty four (84) yards of soil excavated would not yield accurate results. All excavated soil, contaminated or otherwise, was hauled to a surface waste management facility called Industrial Ecosystems Incorporated ("IEI").

During the excavation process Mike Marshall with West States Contractors took soil samples at continuous levels and after the deepest soil samples were found to be hydrocarbon-free the hole was excavated to a minimum of 2' below that depth. All the soil excavated was placed on a mat to avoid further contamination and hauled to IEI. The hole was back-filled with non-contaminated soil purchased from IEI.

The entire flow line to the tank was inspected and any degraded (but not leaking) pipe segments were replaced. Tank was inspected and repositioned; production line to tank was hooked back up, and the surrounding berm was replaced/re-positioned, and fence was re-erected.

Spill at or near Pit

A faulty dump valve was thought to be the source of a surface stain at the pit (from spray) and it was summarily repaired. It was only during the recent remediation that we found that the pipe running through the berm had developed a small leak, as it had remained hidden by the berm. The fluid involved here would be mostly water combined with a far lesser amount of condensate of an unknown volume. Once excavation was underway it appeared that there may have been a legacy spill at some point unbeknownst to LEXCO.

Site Remediation

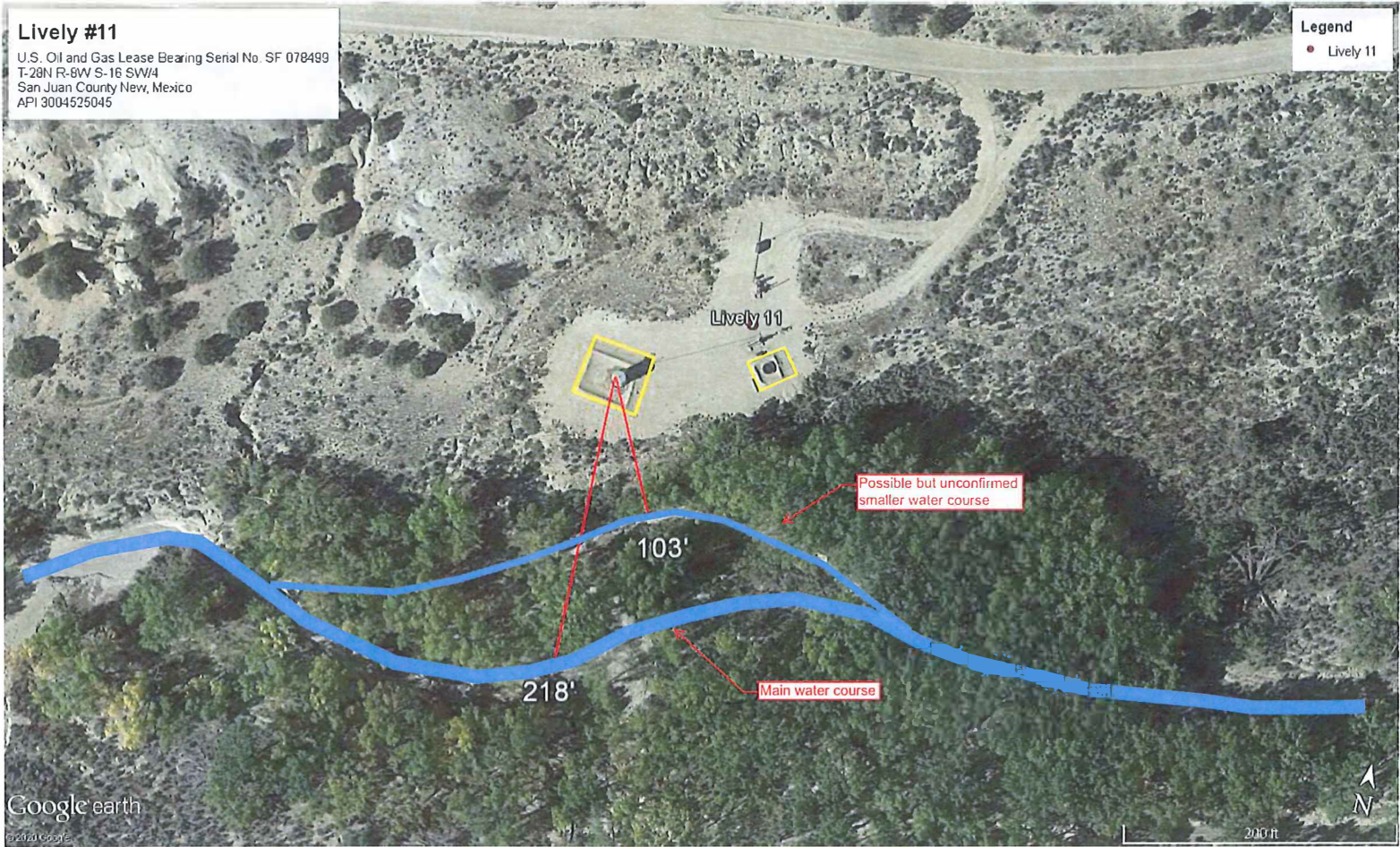
On or around May 22, 2020 the fence was removed and the pit was temporarily relocated. Soil within the fenced area was removed to a depth of approximately five feet (5') and placed on a mat to avoid further contamination. Soil began to be tested at the interval/depth where no visible hydrocarbons appeared to be present. This testing continued until West States Contractors and LEXCO's field supervisor concluded they were well-below the deepest contaminated soil level, based on the methods utilized by West States Contractors.

The total thirty six (36) yards of soil that was excavated included both contaminated and clean soil. Based on this, LEXCO believes to quantify the potential volume of the spill based on thirty six (36) yards of excavated soil would yield inaccurate results. All excavated soil was hauled to IEI. The excavated hole was then backfilled with newly purchased clean soil from IEI and the pit was then re-set, berm was replaced/re-established, fence was re-erected, and all plumbing was checked for leaks to insure all fluid would be contained from that point forward.

Respectfully,
Adam B. Lively
Adam B. Lively
President

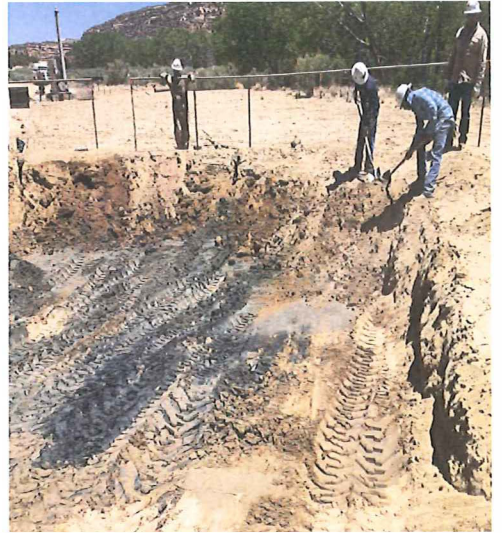
NRM2019531190



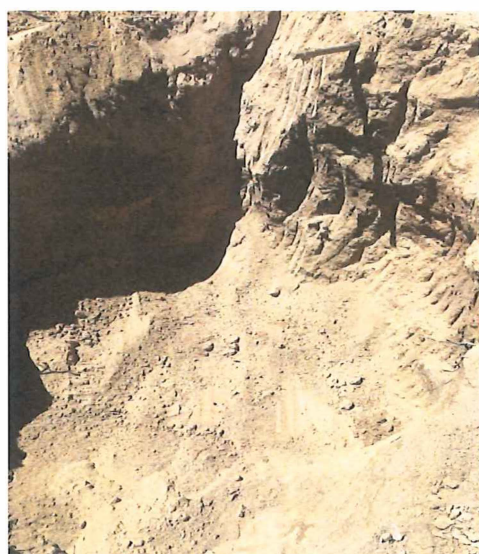


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