

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

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company ENERGYQUEST	Contact Larry Davis
Address 4526 RESEARCH FOREST DRIVE, SUITE 200 THE WOODLANDS, TX 77381	Telephone No. 281-651-5201
Facility Name GRAYBURG JACKSON	Facility Type OIL

Surface Owner BLM	Mineral Owner	API No.
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LOCATION OF RELEASE

Unit Letter	Section	Township 17S	Range 30E	Feet from the	North/South Line	Feet from the	East/West Line	County
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Latitude 32-47-11 north Longitude 104-1-37 west

NATURE OF RELEASE

Type of Release OIL	Volume of Release >2 bbls	Volume Recovered 0
Source of Release DAMAGE TO FLOWLINES – THREE (3) LOCATIONS	Date and Hour of Occurrence 21-23 AUG 2014, EXACT TIME UNKNOWN	Date and Hour of Discovery 23 AUG 2014, 1500 HOURS
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? BLM via voice mail	
By Whom? GREG MCWILLIAMS, ENERGYQUEST	Date and Hour 23 AUGUST 2014, 1500 HOURS	
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.*

THREE (3) LOCATIONS OF DAMAGED FLOWLINES CAUSED BY VEHICLES USED BY DEAN'S ELECTRIC WHILE WORKING ON POWER LINES. FLOWLINES LOCATED ALONG THE SIDE OF THE FIELD ROAD; ONLY ONE PUMP WAS ACTIVE AT THE TIME, AND IT WAS SHUT-IN UPON DISCOVERY. SEE ATTACHED DESCRIPTION AND PHOTOS.

Describe Area Affected and Cleanup Action Taken.*

SURFACE SAND AND DAMAGED VEGETATION WERE REMOVED FROM THE RELEASE SITES VIA BACKHOE. POWER WILL NOT BE RESTORED UNTIL ALL DAMAGED FLOW LINES HAVE BEEN REPAIRED OR REPLACED AS NECESSARY.

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: 		<u>OIL CONSERVATION DIVISION</u>	
Printed Name: LARRY DAVIS		Approved by Environmental Specialist:	
Title: ENVIRONMENTAL QUALITY MANAGER		Approval Date:	Expiration Date:
E-mail Address: larry.davis@energyquest.us		Conditions of Approval:	
Date: <u>28 Aug 2014</u> Phone: 281-651-5201		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

Dean's Electric was contracted by Central Valley Electric to change out highline wires at the Grayburg Jackson Lease near Loco Hills, NM. While changing the wires, Dean's Electric caused damage to our flow lines in several different locations in the vicinity of the Grayburg Jackson Waterflood station. There were three releases as follows:

- Leak 1: West of the water station.
Leak #1 was caused when a Dean's Electric vehicle was stuck in the sand. The exhaust of the vehicle got caught on the flow line and burned a hole in the flow line. This was the biggest of the three leaks because it sprayed in the air and soaked the nearby vegetation. Dean's electric notified our pumper of a leak after their equipment was removed. Apparently this occurred around 5 p.m. on August 21, 2014, but the extent of the damage was not communicated to EnergyQuest.
- Leak 2: West of the water station, East of Leak #1
Leak #2 was caused by the steel tracks of the bulldozer used by Dean's Electric running over the flow line. Damage site is located about 500 ft. east of the first release point and before reaching the battery. Inspecting the flow lines where Dean's Electric was working revealed that the tracks from the bulldozer go up to and across the flow lines several times. This caused several large gashes that must be repaired. The damage appears to have been done on August 21, 2014, but was not reported to our pumper until 0100 hours August 22, 2014.
- Leak #3: East of the water station
Leak #3 also was caused by the steel tracks of the bulldozer used by Dean's Electric running over the flow line. Damage site is located about 1000 ft. east of the release point #2 and east of the battery; damage to the line resulted in a release of a fine mist into the air. This release was called in to the EnergyQuest's emergency number on Saturday, August 23, 2014.

Tracey Geschweneer, Line Supervisor at Dean's Electric, was notified of the situation. Geschweneer was aware of the leak caused by the exhaust, but he didn't realize that detailed information about the leak had not been reported. He was surprised to know that the only information we were given was that we had a leak. Geschweneer stated that Dean's Electric will take care of business.

Low volumes of liquid were released. Less than two barrels were released per leak. The power was off on the wells for Leak #1 and Leak #2; product release was only residual in the line. The power for the well was on for Leak #3. Upon discovery, power was shut-off, and pump unit was stopped.

Greg McWilliams, EnergyQuest, reported the leaks to the BLM on Saturday, August 23, 2014, at approximately 1500 hours by leaving a message on their answering machine. A backhoe has been hired to clean up the oil and to back drag the oily foliage. Other than the oily foliage, the leaks caused only minor surface damage. Flow lines will be surveyed on foot to locate damage, and damaged sections will be repaired or replaced as necessary.

8-25-14 10:27 AM New Mexico Time. Greg McWilliams talked to Tracey Geshwener with Deans Elect. He said he was meeting with Central Valley Elect. He said he knows our lines have been damaged and they will pay for repair.

Please see photos of the damage beginning on next page.



Release Point #1



Leak #1 caused by vehicle exhaust



Leak #1 looking east towards the battery



Leak # 1 – Clean up underway.



Leak #1 - Flowline section damaged by vehicle exhaust



Release Point #2 – Damage caused by dozer treads – only location of product release from damage line.



Leak 2 – Damage caused by bulldozer – **NOTE: no product release at this damage site**



Leak 2 – Damage caused by bulldozer – **NOTE: no product release at this damage site**



Release Site #3 – Only active line at time of incident. Pump shut down after photo taken



Site #3 after Clean up