

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

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

fAB15090055131

Release Notification and Corrective Action

nAB1509055438

OPERATOR

Initial Report X Final Report

Name of Company	Agave Energy Company	Contact	Mr. Kerry Egan
Address	105 South 4 th Street Artesia, NM 88210	Telephone No.	575 513-8988
Facility Name:	Palo Duro Gas Plant	Facility Type:	Gas Plant

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

Unit Letter	Section 35	Township 23S	Range 27E	Feet from the	North/South Line	Feet from the	East/West Line	County: Eddy
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Latitude: 32.260629 Longitude: -104.152847

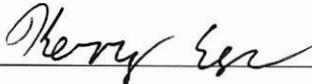
NATURE OF RELEASE

Type of Release : Amine and used amine	Volume of Release : <5bbls of Amine	Volume Recovered: N/A
Source of Release: Skid Drains and Sump	Date and Hour of Occurrence: Unknown (historic contamination)	Date and Hour of Discovery: 3/18/15 10:00AM
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? 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.*
A sump, that acts as the collection point for the amine skid drains, overflowed in the past releasing an unknown quantity of extremely diluted amine and used amine onto the surrounding ground. The overflow is believed to have been caused, at least in part, by precipitation. During rain events the skid fills up, sending water and any fluid contained in the skid to the sump. The sump itself sits in a relative depression, which allowed additional rain water to accumulate in and around it. All of this excess water was filling the sump faster than the current pump could drain it. The pad at the location is composed of extremely hard packed clay containing dirt, which prevented contamination from migrating vertically, but caused it to spread out horizontally. Subsequent precipitation brought the contamination back to the surface through the gravel in several spots.
Agave is currently looking at making changes to the sump, the skid drains, and installing additional pumps to keep from overflowing the sump. (Update 10/6/16) Agave has updated the skid drains at this location to eliminate the need for a sump, which has been removed.

Describe Area Affected and Cleanup Action Taken.*
Based on initial observations of the location, the maximum area potentially affected is approximately 30' by 40'. Initial digging at the location indicates contamination is deepest directly adjacent around the sump, but doesn't appear to be more than a foot in depth. At further distance, the contaminated water appears to have ran through the gravel, but only contaminated the top several inches of pad material. (Update 10/6/16) Agave scraped the surface of the area surrounding the sump until we reached clean caliche. We then removed the sump and excavated the caliche pad surrounding the sump to an ultimate area of approximately 7' wide x 10' long x 4' deep. Sampling results have shown that all but a minimal amount of contamination has been successfully removed. The excavated material was disposed of at an NMOCD approved landfill.

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: Kerry Egan	Approved by Environmental Specialist:		
Title: Engineering Tech	Approval Date: 10/13/16	Expiration Date: N/A	
E-mail Address: KEgan@agaveenergy.com	Conditions of Approval: N/A		Attached <input type="checkbox"/>
Date: 10/6/2016 Phone: 575 513-8988	FINAL		

* Attach Additional Sheets If Necessary

2RP-2927 2RP-2927