

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 – Thompson Engineering & Production	Contact – Vern Andrews
Address – 7415 East Main St., Farmington, NM 87410	Telephone No. – 505-327-4892 or 505-320-1763 (cell)
Facility Name – Argo # 1E	Facility Type – Producing Natural Gas Well
Surface Owner - BLM	Mineral Owner - Federal
API No. – 30-045-24400	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
N	18	27N	10W					San Juan

Latitude N36.570201 Longitude W107.940135

NATURE OF RELEASE

Type of Release – Condensate	Volume of Release – 25.84 bbls	Volume Recovered - 0
Source of Release – Production Oil Tank	Date and Hour of Occurrence – 2/14 – 2/21/17	Date and Hour of Discovery 2/21/17 @ 1015 hrs
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD called Walsh Engineering office @ 1012 hrs on 2/21/17 Left voice message @ 1530 hrs on 2/22/17 at Farmington BLM office for Katrina Diemer – Environmental Specialist	
By Whom? Vern Andrews	Date and Hour – NMOCD – Jonathan Kelly notified Walsh @ 1012 hrs 2/21/17	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. NA	

OIL CONS. DIV DIST. 3
FEB 23 2017

If a Watercourse was Impacted, Describe Fully.*
NA – Watercourse was not impacted.

Describe Cause of Problem and Remedial Action Taken.*

2-21-17 - Sales valve on production oil tank failed due to crack in outlet side of valve. Valve was plugged, suspect ice froze and cracked vlv housing, then thawed out in warmer weather and the release occurred. Jonathan Kelly reported the release to Walsh Engineering's office on 2/22/17 @ appx. 10:12 am. Mike Coley (Production Foreman) was notified by the Walsh office staff and he responded to site. Mike found the sales valve sealed in the closed position with oil drained inside of the tank containment, affecting an area appx. 30' x 10', there was no standing oil on site inside the tank containment. No oil contamination was found outside of the containment. Tank level prior to leak was 3'-7.25" – 72.09 bbls in the single oil tank on the well. Post release gauge was 2'-3.75" – 46.25 bbls in a 300 bbl tank. The release was 25.84 bbls of produced condensate in the tank berm.
A separate top over of the below grade water pit tank was also discovered, with an unknown amount of produced water and condensate released in the area around the pit due to a leak where the dump line hole was cut thru the side of the tank below the top. Condensate and water was leaking out of the pit tank upon Mike's arrival. The last reported pit gauge by the lease operator was on 2/14/17 of 3'-8" in a 6'0" tall pit tank. Normal water production
2-22-17 We moved the pit tank and oil tank and began excavating the contaminated soil in the below grade tank area and hauled it to Envirotech's landfarm facility.

Describe Area Affected and Cleanup Action Taken.*

Area affected was inside the oil tank containment, an area 30 feet long by 10 feet wide, and the area inside of the below grade water tank containment, appx. 12'x 12'. See attached pictures.

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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.

OIL CONSERVATION DIVISION

Signature: *Vern O. Andrews*

Approved by Environmental Specialist: *[Signature]*

Printed Name: Vern O. Andrews

Title: Production Superintendent

Approval Date: *2/23/2017*

Expiration Date:

E-mail Address: vern@walsheng.net

Conditions of Approval:

Attached

Date: 2/22/17

Phone: 505-327-4892

NVF1705349202

* Attach Additional Sheets If Necessary

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 2/23/2017 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number NF170534920 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 14 office in 30 on or before 3/23/2017. 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; 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
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