

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley
Director, Oil Conservation Division



October 15, 2018

Paul Thompson, President
Epic Energy, LLC
7415 East Main Street
Farmington, New Mexico 87402

Incident # NJSK 1534846034

SENT VIA CERTIFIED MAIL.
RETURN RECEIPT: 7018 0040 0000 3405 9858

RE: Release of Hydrocarbons at the Federal I 5, 8, and 9 Tank Battery Located in Unit B of Section 21 in Township 23 North, Range 7 West; NMPM; Sandoval County, New Mexico

Mr. Thompson,

A release of hydrocarbons was reported to the Oil Conservation Division (OCD) during December of 2015 at a tank battery servicing multiple wells including the Federal I #9 (API #30-043-20929). At the time of the reported release, the wells and battery were operated by Encana Oil & Gas (USA), Inc. Effective July 27, 2016; the well's operation transferred from Encana to Thompson Engineering & Production Corporation and then transferred from Thompson to Epic Energy, LLC on March 9th of this year. Despite Encana stating the impacts of the release had been properly addressed, subsequent information indicates otherwise.

OCD rules require the responsible party to remediate all releases. The term "responsible party" is the operator as defined in 19.15.2 NMAC which states "*Operator means a person who, duly authorized, manages a lease's development or a producing property's operation, or who manages a facility's operation.*" The OCD may consider other parties as responsible, however the Division's interest is in the remediation of a release's effects. We generally avoid arbitrating fault and do not inappropriately involve ourselves in business transactions between operators. As Epic is currently the operator, it is now responsible for remediation of the release.

In addition, effective August 14, 2018 OCD rules regarding releases have changed. These new rules provide standardized means for the characterization of environmental impacts, specific and attainable requirements for cleanup, as well as deadlines for addressing releases. Under the transitional provisions of the new rules (19.15.29.16 NMAC), operators with unresolved release cases which occurred prior to the rule's effective date that do not already have approved plans must submit a characterization or remediation plan with a proposed schedule no later than November 13, 2018.

October 15, 2018

Page 2

I have attached a copy of a letter sent today to Encana regarding this release. Please contact me with any questions in this regard. My direct number is (505) 476-3465 and my email address is jim.griswold@state.nm.us.

Respectfully,

A handwritten signature in dark ink, appearing to read "J. Griswold", with a stylized flourish at the end.

Jim Griswold
Environmental Bureau Chief