

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brzoz 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

NM OIL CONSERVATION  
ARTESIA DISTRICT Form C-141  
Revised August 8, 2011  
FEB 24 2016  
Submit Copy to appropriate District Office in  
accordance with 19.15.29 NMAC.  
**RECEIVED**

**FAB1606954699 Release Notification and Corrective Action**

**NAB1606954822**

**OPERATOR**

X Initial Report

Final Report

Name of Company: <b>AGAVE ENERGY</b> <b>147831</b>	Contact
Address	Telephone No.
Facility Name: <b>Dark Canyon</b>	Facility Type: <b>Gas Gathering System</b>

Surface Owner: <b>State of NM</b>	Mineral Owner	API No.
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**LOCATION OF RELEASE**

Unit Letter <b>K</b>	Section <b>32</b>	Township <b>23S</b>	Range <b>24E</b>	Feet from the	North/South Line	Feet from the	East/West Line	County <b>EDDY</b>
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Latitude **32.258381** Longitude **-104.524055**

**NATURE OF RELEASE**

Type of Release: <b>Produced water, a minimal amount of oil, and an unknown amount of natural gas.</b>	Volume of Release: <b>135-140 bbls produced water</b>	Volume Recovered: <b>130</b>
Source of Release: <b>Tank Overflow</b>	Date and Hour of Occurrence: <b>The morning of 2/12/16.</b>	Date and Hour of Discovery: <b>2/12/16 12:30PM</b>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <b>Left voicemail for Mike Bratcher (NMOCD)</b>	
By Whom? <b>Kerry Egan, Agave Energy Co.</b>	Date and Hour: <b>2/12/16 3:10 PM</b>	
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.\* **Agave believes that one of the producers in the area had a mechanical failure that resulted in excess of 250 bbl of water being sent directly to our compressor station. This large slug of liquid overwhelmed the inlet separator, whose dump valve got hung open and salted over by the produced water. The water overflowed the tank, releasing approximately 135 bbls of total liquids into the containment. A vac truck was dispatched immediately upon discovery, and was able to recover 130 bbls; the remaining liquid saturated the dirt berm.**

Describe Area Affected and Cleanup Action Taken.\*  
**The release was contained by the earthen containment. The total area of the containment, and affected by the release is approximately 50' x 40', the depth of contamination is unknown at this point.**

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: <i>Kerry Egan</i>	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: <b>Kerry Egan</b>	Signed By: <i>[Signature]</i> Approved by Environmental Specialist:	
Title: <b>Engineering Tech</b>	Approval Date: <b>3/9/16</b>	Expiration Date: <b>NIA</b>
E-mail Address: <b>KEgan@agaveenergy.com</b>	Conditions of Approval: <b>Remediation per O.C.D. Rules &amp; Guidelines</b> Attached <input type="checkbox"/>	
Date: <b>2/24/16</b>	Phone: <b>575 748-4555</b>	

\* Attach Additional Sheets If Necessary

**SUBMIT REMEDIATION PROPOSAL NO**  
**LATER THAN: 4/10/16**

**2RP-3605**

## Bratcher, Mike, EMNRD

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**From:** Kerry Egan <kegan@agaveenergy.com>  
**Sent:** Thursday, February 25, 2016 10:53 AM  
**To:** Bratcher, Mike, EMNRD  
**Subject:** Dark Canyon Documentation  
**Attachments:** 2016Feb24\_DarkCanyon\_C141(signed).pdf; 2016Feb24\_RemediationPlan.docx; WaterColumn23S24E.pdf; WaterRightSummary.pdf; Affected Area.jpg

Mike,

Here is the documentation for the Dark Canyon release that we discussed yesterday. Please review and let me know if you have any questions.

As soon as I have the sampling results I will pass them along to you.

Thanks,  
Kerry Egan  
Environmental, Health and Safety Department  
Agave Energy Company  
Office: (575) 748-4469  
Cell: (575) 513-8988  
KEgan@agaveenergy.com



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