

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

Received on
12/19/17
OCD District II
Artesia, NM

Form C-141
Revised April 3, 2017

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

Release Notification and Corrective Action

| | | | | |
|---|--|------------------------------|--|---------------------------------------|
| NAB1800932994 | | OPERATOR | <input checked="" type="checkbox"/> Initial Report | <input type="checkbox"/> Final Report |
| Name of Company Quatro Osos E&P, LLC | | 372241 | Contact Rory McMinn | |
| Address P.O. Box 1213 | | Telephone No. 575-626-7100 | | |
| Facility Name Frank P State #2 producing well | | Facility Type producing well | | |
| Surface Owner NM SLO | | Mineral Owner NM SLO | | API No. 30-005-62331 |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| I | 21 | 10S | 27E | 1650 | FSL | 330 | FEL | Chaves |

Latitude 32.429611 Longitude -104.1912994 NAD83

33.4285316 NATURE OF RELEASE 104.1912994

| | | |
|--|--|---|
| Type of Release Crude Oil | Volume of Release 6-9 Bbls | Volume Recovered |
| Source of Release Bullet holes in 2" Poly Flowline | Date and Hour of Occurrence Dec. 17 12:00 to Dec. 18 2:00 | Date and Hour of Discovery 2:00 PM December 18, 2017 |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Crystal Weaver, OCD District II | |
| By Whom? Rory McMinn | Date and Hour Dec 9:20 AM | |
| 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.*

Area has been crawling with hunters (Deer, Quail & Rabbits). This location is the highest well pad in the field and is frequented by beer drinkers and hunters.

Application of OTI-Nature's Bio and chopped alfalfa hay will take place this week.

Describe Area Affected and Cleanup Action Taken.*

Area is hard-packed and very rocky at highest point on surface structure. Loose crude oil swept as best as possible. Application of OTI-Nature's Bio and chopped alfalfa hay will take place this week.

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>[Signature]</u> | | OIL CONSERVATION DIVISION | |
| Printed Name: Rory McMinn | | Approved by Environmental Specialist: <u>[Signature]</u> | |
| Title: Managing Member | | Approval Date: <u>1/8/18</u> | Expiration Date: <u>N/A</u> |
| E-mail Address: rory@rmcminn.com | | Conditions of Approval: <u>see attached</u> | |
| Date: December 19, 2017 Phone: 575/626-7100 | | Attached: <u>[Signature]</u> <u>APP 454B</u> | |

1/8/18AB

Operator/Responsible Party,

The OCD has received the form C-141 you provided on **12/19/17** regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 2RP-4548 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 II office in Artesia on or before 1/19/18. 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

OCD Environmental Bureau Chief

1220 South St. Francis Drive

Santa Fe, New Mexico 87505

505-476-3465

jim.griswold@state.nm.us

Weaver, Crystal, EMNRD

From: Rory McMinn <rory@rmcminn.com>
Sent: Tuesday, January 2, 2018 4:02 PM
To: Weaver, Crystal, EMNRD; Mike Bratcher
Subject: GPS for bullet holes Quatro Osos

I am sending from my phone. My laptop is down hopefully only until tomorrow.

Coordinates of bullet holes is:

33.25'43" N
104.11'30"W at 3,860' ele. Section 21, 10S, 27E, Chaves County, NM.

When computer is up, will amend the submittal.

Rory McMinn
575/626-7100 Cell

Weaver, Crystal, EMNRD

From: Weaver, Crystal, EMNRD
Sent: Wednesday, December 20, 2017 12:56 PM
To: 'Rory McMinn'; Bratcher, Mike, EMNRD
Subject: RE: Spill on Quatro Osos E&P, LLC's Frank P State #2-Diablo San Andres Field

Rory,

Thank you for your submission of the Initial C-141 form for this spill. However, I will need GPS coordinates that indicate the location at which the ploy flow line is leaking. Coordinates are required in order to process the form. Please provide and we can thus proceed with processing this C-141 form.

Thank you,

Crystal Weaver

Environmental Specialist
OCD – Artesia District II
811 S. 1st Street
Artesia, NM 88210
Office: 575-748-1283 ext. 101
Cell: 575-840-5963
Fax: 575-748-9720

From: Rory McMinn [mailto:rory@rmcminn.com]
Sent: Tuesday, December 19, 2017 9:57 AM
To: Weaver, Crystal, EMNRD <Crystal.Weaver@state.nm.us>; Bratcher, Mike, EMNRD <mike.bratcher@state.nm.us>
Subject: Spill on Quatro Osos E&P, LLC's Frank P State #2-Diablo San Andres Field

Crystal & Mike,

Attached is the C-141 that may not be required for the volumes reported. Due to our limited cash flow, we are more concerned in over reporting and not receiving fines than in under reporting and exposing ourselves to fines.

We are not desiring to make work for you.

Merry Christmas & Happy New Year.

Regards,
Rory McMinn, Managing Member & President
Quatro Osos E&P, LLC
P.O. Box 1213
Roswell, NM 88202-1213
575/626-7100
rory@rmcminn.com