

RECEIVED

By JKeyes at 8:12 am, Oct 19, 2015

APPROVED

By JKeyes at 8:12 am, Oct 19, 2015

Mr. Bill Dougherty
Field Supervisor
NADEL & GUSSMAN PERMIAN, LLC
2408 Freeman Avenue
Artesia, New Mexico 88210

Stipulation:
Ensure BLM concurrence/approval.

Janet Keyes

October 7, 2015

Ms. Shelly Tucker
Environmental Protection Specialist
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
Carlsbad Field Office
620 E. Greene Street
Carlsbad, New Mexico 88220 - 6292

Re: Pearsall 6 Federal No. 11 Corrective Action Plan/ Final Remediation Report
U/L P S6 T18S R32E 1660' FSL 990' FEL, Lea County, New Mexico
API No. 30-025-39487

Dear Ms. Tucker:

Nadel & Gussman Permian, LLC (NGP) herewith submits the Corrective Action Plan (CAP) and the Final Remediation Report (FRR) for the unauthorized hydrocarbon and produced water discharge of approximately 40bbls, which occurred on the Pearsall 6 Federal No. 11 location on or about 1200 on September 6, 2015 due to a hole in the fire tube on the heater treater. Depth to groundwater in the footprint area ranges from 200' to 400' across Section 6, with the deeper trending depths located within the footprint site. The incident was reported by the company at approximately 1230 on the same day to Mr. Jim Amos at the Bureau of Land Management (BLM), District 1 in Carlsbad, New Mexico and to Ms. Kellie Jones at the New Mexico Oil Conservation Division (NMOCD) in Lea County, New Mexico.

Following this, NGP called for a vacuum truck to begin sucking up the fluid which was for a time contained within the bermed area around the heater treater. However, since the liner had lost some of its integrity and the heater treater was established on a slight gradient trending toward the north, a down gradient flow developed allowing discharge to flow onto the pad where it impounded. No discharge ran off the pad during the release event because berms had been constructed around this side of the location. Subsequently, NGP has authorized the enhancement of the existing berm around the entire location, due to the proximity to leased ranchland and inhibiting potential, future occurrences from leaving the pad.

Vacuum truck reports show approximately 40bbls of oil and produced water were vacuumed up from location. The Pearsall Federal 6 No. 11 was sampled to delineate the existing contamination from the unauthorized discharge on the pad prior to excavation and final samples were taken at closure. The effected area, directly in front of the heater treater, was excavated down to approximately 2 or 3 feet depending on the saturation level of the contaminant. End dumps then trucked a total of 12 loads (144 yards) of contaminated material to R360 Disposal where the Chain of Custody (COC) was released to the disposal facility.

The excavated areas were backfilled to re-establish pad integrity and meet existing structure levels. These were then recapped with caliche, where applicable or in the case of the wellhead area, pea gravel was applied to the cellar. The areas adjacent to the heater treater (HT) were handled simultaneously with the rest of the remediated pad areas. Following excavation, the area inside the HT berm was first relined with a new 20ml HDPE liner on three sides and welded to the existing liner, ensuring the integrity of the liner in the event of future discharges.

BLM inspected the site on September 28th (Art Arias) and again on October 6th (Shelly Tucker) to ensure compliance with regulatory Performa. Enclosed with this transmittal are Initial (copy) and Final C-141's, sample location map, sample analyticals and remediation photographs for your reference.

Please call (432-425-7386) should you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Dougherty", with a long horizontal flourish extending to the right.

Bill Dougherty
Field Supervisor

Cc: Jim Amos, BLM; NMOCD: Kellie Jones, Jamie Keys

Enclosures: Initial and Final C-141's, Sample Location Map, Sample Analyticals, Remediation Photographs

PEARSALL 6 FEDERAL #11

NOT TO SCALE

SAMPLE DEPTHS RANGE
FROM 8" - 2'

Google earth

© 2015 Google

1996

Imagery Date: 2/13/2014 32°46'15.61" N 103°48'00.89" W elev 3826 ft eye alt 4131 ft

Summary Report

Bill Dougherty
Nadel & Gussman Permian LLC
601 N. Marienfeld
Suite 508
Midland, TX 79701

Report Date: September 28, 2015

Work Order: 15091708



Project Name: Pearsall 6 Fed. No. 11
Project Number: Unauthorized Discharge

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
404604	North Side	soil	2015-09-16	07:35	2015-09-17
404605	South Side	soil	2015-09-16	07:51	2015-09-17
404606	HT Area	soil	2015-09-16	08:21	2015-09-17
404607	West Side	soil	2015-09-16	08:37	2015-09-17
404608	East Side	soil	2015-09-16	08:45	2015-09-17
404609	Background	soil	2015-09-16	09:12	2015-09-17

Sample - Field Code	BTEX				TPH DRO	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
404604 - North Side	9.86	77.2	103	190	15000 _{Qr}	3620
404605 - South Side	51.2	384	239	314	25000 _{Je, Qr}	7620
404606 - HT Area	3.60	17.6	8.45	226	48600 _{Je, Qr}	2150
404607 - West Side	4.39	34.2	40.1	111	25100 _{Qr, Qs}	2050
404608 - East Side	21.3	138	111	210	19900 _{Qr}	4390
404609 - Background	<0.0200	<0.0200	<0.0200	<0.0200	<50.0 _{Qr}	<4.00 _{Qs}

Sample: 404604 - North Side

Param	Flag	Result	Units	RL
Chloride		96.0	mg/Kg	4

Sample: 404605 - South Side

Param	Flag	Result	Units	RL
Chloride		3750	mg/Kg	4

Sample: 404606 - HT Area

Param	Flag	Result	Units	RL
Chloride		2120	mg/Kg	4

Sample: 404607 - West Side

Param	Flag	Result	Units	RL
Chloride		9620	mg/Kg	4

Sample: 404608 - East Side

Param	Flag	Result	Units	RL
Chloride		4230	mg/Kg	4

Sample: 404609 - Background

Param	Flag	Result	Units	RL
Chloride		<20.0	mg/Kg	4

Summary Report

Bill Dougherty
Nadel & Gussman Permian LLC
601 N. Marienfeld
Suite 508
Midland, TX 79701

Report Date: September 28, 2015

Work Order: 15091810



Project Name: Pearsall 6 Fed. No. 11
Project Number: Unauthorized Discharge

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
404724	Heater Treater Area	soil	2015-09-17	13:30	2015-09-18
404725	West Side	soil	2015-09-17	13:47	2015-09-18
404726	North Side	soil	2015-09-17	14:10	2015-09-18
404727	East Side	soil	2015-09-17	13:59	2015-09-18
404728	Background	soil	2015-09-17	14:35	2015-09-18

Sample - Field Code	BTEX				TPH DRO	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
404724 - Heater Treater Area	<0.0200	<0.0200	<0.0200	<0.0200	<50.0	<4.00
404725 - West Side	<0.100 ¹	0.545	0.885	2.24	4730	23.8
404726 - North Side	0.0387	0.909	1.90	3.31	1910	68.7
404727 - East Side	0.955	8.85	12.8	20.9	3170	348
404728 - Background	<0.0200	<0.0200	<0.0200	<0.0200	<50.0	<4.00

Sample: 404724 - Heater Treater Area

Param	Flag	Result	Units	RL
Chloride		383	mg/Kg	4

Sample: 404725 - West Side

Param	Flag	Result	Units	RL
Chloride		287	mg/Kg	4

¹ dilution due to excessive hydrocarbons.

Sample: 404726 - North Side

Param	Flag	Result	Units	RL
Chloride		191	mg/Kg	4

Sample: 404727 - East Side

Param	Flag	Result	Units	RL
Chloride		766	mg/Kg	4

Sample: 404728 - Background

Param	Flag	Result	Units	RL
Chloride		95.0	mg/Kg	4

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: January 31, 2018

SUNDRY NOTICES AND REPORTS ON WELLS
**Do not use this form for proposals to drill or to re-enter an
abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No. NMNM 111242

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2

7. If Unit of CA/Agreement, Name and/or No.

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No. PEARSALL 6 FEDERAL #11

2. Name of Operator NADEL AND GUSSMAN PERMIAN, L.L.C.

9. API Well No. 30-025-39487

3a. Address 601 N. MARIENFLED, SUITE 508
MIDLAND, TX 79701

3b. Phone No. (include area code)
(432) 682-4429

10. Field and Pool or Exploratory Area
YOUNG; BONE SPRING NORTH

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
660' FSL & 990' FEL, SEC. 6-T18S-R32E

11. Country or Parish, State
LEA CO., NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Hydraulic Fracturing	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

The Pearsall Federal 6 No. 11 was sampled to delineate the existing contamination from the unauthorized discharge on the pad prior to closure. Following this, a total of approximately 144 yards was removed to disposal at R360. The excavated areas were backfilled to reestablish pad integrity and meet existing structure levels. These were then recapped with caliche where applicable or in the case of the wellhead area, pea gravel was applied to the excavation site. The areas adjacent to the heater treater (HT) were handled simultaneously with the rest of the remediated pad areas. Following excavation, the area inside the HT berm was first relined with a new 20ml HDPE liner on 3 sides and welded to the existing liner, ensuring the integrity of the liner in the event of future discharges. Samples were taken both pre and post remediation, verifying a now compliant status (attached). BLM (A. Arias) inspected the site on September 28th, stating they were satisfied.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

SARAH PRESLEY

REGULATORY ANALYST

Title

Signature



Date

10/02/2015

THE SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C Section 1001 and Title 43 U.S.C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

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: Nadel and Gussman Permian, LLC	Contact: Bill Dougherty	
Address: 601 N. Marienfeld, Suite 508, Midland, TX 79707	Telephone No. 325-998-7107	
Facility Name: Pearsall 6 Federal #1	Facility Type: Oil Well	
Surface Owner State of NM	Mineral Owner	API No. 30-025-39487

LOCATION OF RELEASE

Unit Letter P	Section 6	Township 18 S	Range 32 E	Feet from the 660	North/South Line SOUTH	Feet from the 990	East/West Line EAST	County LEA
------------------	--------------	------------------	---------------	----------------------	---------------------------	----------------------	------------------------	---------------

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Oil and Water	Volume of Release ~40 BBLS	Volume Recovered 38 BBLS
Source of Release Heater Treater Fire Tube Leak	Date and Hour of Occurrence Estimated to be 12 Noon, 9/6/2015	Date and Hour of Discovery 12:30 PM 9/6/2015
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Jim Amos of the BLM and Kellie Jones of the OCD	
By Whom? Bill Dougherty	Date and Hour 3:00 PM 9/7/2015	
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.*

A hole in the fire tube. Sucked up the oil and water on location.

Describe Area Affected and Cleanup Action Taken.*



10 BBLS of oil and water were released outside of the berm and 30 BBLS of oil and water were released inside the berm. No oil or water were released off location

Double R arrived on location at 1:00 PM. They sucked up 15 BBLS of oil and 15 BBLS of water inside the berm and 8 BBLS of oil and water outside of the berm. Double R took the 8 BBLS to the Loco Hills SWD.

Roadrunner arrived on location to clean after Double R sucked up the fluid. Roadrunner took approximately 2.5 loads = 30 cubic yards of soil to R360.

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: 	Approved by Environmental Specialist: 	
Printed Name: Sarah Presley	Approval Date: 09/09/2015	Expiration Date: 11/09/2015
Title: Regulatory Analyst	Conditions of Approval: Discrete site samples required. Delineate and remediate per NMOCD guidelines. Geotagged photos of remediation required. Ensure BLM Concurrence/approval.	
E-mail Address: spresley@naguss.com	Attached <input type="checkbox"/> 1RP 3846	
Date: 9/9/2015	Phone: 432-682-4429	

* Attach Additional Sheets If Necessary

pJXK1525249222
nJXK1525247959

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: Nadel and Gussman Permian, LLC	Contact: Bill Dougherty	
Address: 601 N. Marienfeld, Suite 508, Midland, TX 79707	Telephone No. 325-998-7107	
Facility Name: Pearsall 6 Federal #11	Facility Type: Oil Well	
Surface Owner	Mineral Owner	API No. 30-025-39487

LOCATION OF RELEASE

Unit Letter P	Section 6	Township 18 S	Range 32 E	Feet from the 660	North/South Line SOUTH	Feet from the 990	East/West Line EAST	County LEA
------------------	--------------	------------------	---------------	----------------------	---------------------------	----------------------	------------------------	---------------

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release Oil and Water	Volume of Release ~40 BBLs	Volume Recovered 38 BBLs
Source of Release Heater Treater Fire Tube Leak	Date and Hour of Occurrence Estimated to be 12 Noon, 9/6/2015	Date and Hour of Discovery 12:30 PM 9/6/2015
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Jim Amos of the BLM and Kellie Jones of the OCD	
By Whom? Bill Dougherty	Date and Hour 3:00 PM 9/7/2015	
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.*


A hole in the fire tube. Sucked up the oil and water on location.

Describe Area Affected and Cleanup Action Taken.*

10 BBLs of oil and water were released outside of the berm and 30 BBLs of oil and water were released inside the berm. No oil or water were released off location

The Pearsall Federal 6 No. 11 was sampled to delineate the existing contamination from the unauthorized discharge on the pad prior to closure. Following this, a total of approximately 144 yards was removed to disposal at R360. The excavated areas were backfilled to reestablish pad integrity and meet existing structure levels. These were then recapped with caliche where applicable or in the case of the wellhead area, pea gravel was applied to the excavation site. The areas adjacent to the heater treater (HT) were handled simultaneously with the rest of the remediated pad areas. Following excavation, the area inside the HT berm was first relined with a new 20ml HDPE liner on 3 sides and welded to the existing liner, ensuring the integrity of the liner in the event of future discharges. Samples were taken both pre and post remediation, verifying a now compliant status (attached). BLM inspected the site on September 28th, stating they were satisfied.

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: Bill Dougherty	Approved by Environmental Specialist:		
Title: New Mexico Field Superintendent	Approval Date:	Expiration Date:	
E-mail Address: spresley@naguss.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 10.2.2015	Phone: 432-682-4429		

* Attach Additional Sheets If Necessary







