Operator/Responsible Party,

The OCD has received the form C-141 you provided on _12/06/2016_ regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number __1R-_4560_ 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 _1_ office in __Hobbs____ on or before _02/13/2017_. 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; C_6 thru C_{36}), 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; C_6 thru C_{36}), 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

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 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 October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

OPERATOR

☑ Initial Report ☐ Final Report

Name of Company Cross Timbers Energy, LLC	Contact Jerry Parker
Address 972 NM hyway 238	Telephone No. 575-441-1628
Facility Name New Mexico BO St. Battery	Facility Type Production Battery

Surface Owner Fred Pearce	Mineral Owner CT Energy, LLC	Lease No. 312477

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	12	18S	34E		1980 FNL		660 FEL	Lea

Latitude 32.457494 N Longitude -103.304599 W

NATURE OF RELEASE

10 bbls wtr. 5 615. wtr

Type of Release oil	Volume of Release 70 oil	Volume Recovered 30 oil
Source of Release Fill line from Heater	Date and Hour of Occurrence 8:00	Date and Hour of Discovery 8:00 AM 11/30/2016
Was Immediate Notice Given? ☑ Yes ☐ No ☐ Not Required	If YES, To Whom? 11/30/2016	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☐ Yes ☑ No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

N/A

Describe Cause of Problem and Remedial Action Taken.*

3" Steel line - external corrosion

Fill line from Heater to oil Tank leaked - Replaced line - 25'

Describe Area Affected and Cleanup Action Taken.*

Grazing land - Vac trk Picked up 30 bls. oil - Backhoe - back drag -

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.

RECEIVED
By Olivia Yu at 1:51 pm, Jan 13, 2017

OIL CONSERVATION DIVISION

Signature: Jerry Parker

Printed Name: Jerry Parker

Title: Production Foreman

E-mail Address: JCparker@CTFieldSvcs.com

Date: 12/6/2016 Phone: 575-441-1628

Approved by District Supervisor:

Approval Date: 01/13/2017 Expiration Date:

Conditions of Approval: see attached directive

Attached ☑

* Attach Additional Sheets If Necessary

RP4560

nOY1701349940

pOY1701350192

API # 30-025-02318

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

January 11, 2017

JERRY PARKER

CROSS TIMBERS ENERGY, LLC

P. O. BOX 909

EUNICE, NM 88231

RE: NM BO STATE

Enclosed are the results of analyses for samples received by the laboratory on 01/04/17 9:20.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-16-8. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/qa/lab_accred_certif.html.

Cardinal Laboratories is accreditated through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

Celey D. Keene

Celey D. Keene

Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

CROSS TIMBERS ENERGY, LLC
JERRY PARKER
P. O. BOX 909
EUNICE NM, 88231
Fax To: (575) 396-6253

Received:	01/04/2017	Sampling Date:	01/04/2017
Reported:	01/11/2017	Sampling Type:	Soil
Project Name:	NM BO STATE	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: #1 (H700018-01)

Chloride, SM4500Cl-B **mg/kg** **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M **mg/kg** **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/04/2017	ND	206	103	200	3.11	
DRO >C10-C28	**185**	10.0	01/04/2017	ND	225	113	200	2.65	

Surrogate: 1-Chlorooctane	*94.0 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*110 %*	*28-171*

Sample ID: #2 (H700018-02)

Chloride, SM4500Cl-B **mg/kg** **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M **mg/kg** **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/04/2017	ND	206	103	200	3.11	
DRO >C10-C28	<10.0	10.0	01/04/2017	ND	225	113	200	2.65	

Surrogate: 1-Chlorooctane	*85.3 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*95.3 %*	*28-171*

Cardinal Laboratories *=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

CROSS TIMBERS ENERGY, LLC
JERRY PARKER
P. O. BOX 909
EUNICE NM, 88231
Fax To: (575) 396-6253

Received:	01/04/2017	Sampling Date:	01/04/2017
Reported:	01/11/2017	Sampling Type:	Soil
Project Name:	NM BO STATE	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: #3 (H700018-03)

Chloride, SM4500Cl-B **mg/kg** **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M **mg/kg** **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/06/2017	ND	183	91.7	200	0.659	QR-03
DRO >C10-C28	**27.0**	10.0	01/06/2017	ND	194	97.1	200	0.949	

Surrogate: 1-Chlorooctane	*83.7 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*95.1 %*	*28-171*

Sample ID: #4 (H700018-04)

Chloride, SM4500Cl-B **mg/kg** **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	**32.0**	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M **mg/kg** **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/06/2017	ND	183	91.7	200	0.659	
DRO >C10-C28	**250**	10.0	01/06/2017	ND	194	97.1	200	0.949	

Surrogate: 1-Chlorooctane	*93.3 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*92.2 %*	*28-171*

Cardinal Laboratories *=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

CROSS TIMBERS ENERGY, LLC
JERRY PARKER
P. O. BOX 909
EUNICE NM, 88231
Fax To: (575) 396-6253

Received:	01/04/2017	Sampling Date:	01/04/2017
Reported:	01/11/2017	Sampling Type:	Soil
Project Name:	NM BO STATE	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: #5 (H700018-05)

Chloride, SM4500Cl-B mg/kg **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	**16.0**	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M mg/kg **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/06/2017	ND	183	91.7	200	0.659	
DRO >C10-C28	**30.0**	10.0	01/06/2017	ND	194	97.1	200	0.949	

Surrogate: 1-Chlorooctane	*89.7 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*96.8 %*	*28-171*

Sample ID: #6 (H700018-06)

Chloride, SM4500Cl-B mg/kg **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M mg/kg **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/06/2017	ND	183	91.7	200	0.659	
DRO >C10-C28	**265**	10.0	01/06/2017	ND	194	97.1	200	0.949	

Surrogate: 1-Chlorooctane	*122 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*118 %*	*28-171*

Cardinal Laboratories *=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

CROSS TIMBERS ENERGY, LLC
JERRY PARKER
P. O. BOX 909
EUNICE NM, 88231
Fax To: (575) 396-6253

Received:	01/04/2017	Sampling Date:	01/04/2017
Reported:	01/11/2017	Sampling Type:	Soil
Project Name:	NM BO STATE	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: #7 (H700018-07)

Chloride, SM4500Cl-B mg/kg **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	**32.0**	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M mg/kg **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/06/2017	ND	183	91.7	200	0.659	
DRO >C10-C28	**35.5**	10.0	01/06/2017	ND	194	97.1	200	0.949	

Surrogate: 1-Chlorooctane	*97.4 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*102 %*	*28-171*

Sample ID: #8 (H700018-08)

Chloride, SM4500Cl-B mg/kg **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M mg/kg **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/06/2017	ND	183	91.7	200	0.659	
DRO >C10-C28	**815**	10.0	01/06/2017	ND	194	97.1	200	0.949	

Surrogate: 1-Chlorooctane	*107 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*115 %*	*28-171*

Cardinal Laboratories *=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Analytical Results For:

CROSS TIMBERS ENERGY, LLC
JERRY PARKER
P. O. BOX 909
EUNICE NM, 88231
Fax To: (575) 396-6253

Received:	01/04/2017	Sampling Date:	01/04/2017
Reported:	01/11/2017	Sampling Type:	Soil
Project Name:	NM BO STATE	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	LEA COUNTY, NM		

Sample ID: #9 (H700018-09)

Chloride, SM4500Cl-B **mg/kg** **Analyzed By: AC**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	**16.0**	16.0	01/05/2017	ND	432	108	400	3.77	

TPH 8015M **mg/kg** **Analyzed By: MS**

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	01/06/2017	ND	183	91.7	200	0.659	
DRO >C10-C28	**167**	10.0	01/06/2017	ND	194	97.1	200	0.949	

Surrogate: 1-Chlorooctane	*100 %*	*35-147*
Surrogate: 1-Chlorooctadecane	*94.4 %*	*28-171*

Cardinal Laboratories *=Accredited Analyte

Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

PHONE (575) 393-2326 ° 101 E. MARLAND ° HOBBS, NM 88240

Notes and Definitions

QR-03	The RPD value for the sample duplicate or MS/MSD was outside of QC acceptance limits due to matrix interference. QC batch accepted based on LCS and/or LCSD recovery and/or RPD values.
ND	Analyte NOT DETECTED at or above the reporting limit
RPD	Relative Percent Difference
**	Samples not received at proper temperature of 6°C or below.
***	Insufficient time to reach temperature.
-	Chloride by SM4500Cl-B does not require samples be received at or below 6°C
	Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

*=Accredited Analyte

Celey D. Keene

Celey D. Keene, Lab Director/Quality Manager

CARDINAL Laboratories

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

101 East Marland, Hobbs, NM 88240
(575) 393-2326 FAX (575) 393-2476

Company Name:	Cross Timbers Energy, LLC	**BILL TO**	
Project Manager:	Jerry Parker	P.O. #:	
Address:		Company:	
City:	State: Zip:	Attn:	
Phone #:	Fax #:	Address:	
Project #:	Project Owner:	City:	
Project Name:	NM BO State Battery	State: Zip:	
Project Location:		Phone #:	
Sampler Name:		Fax #:	

FOR LAB USE ONLY Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :	PRESERV.: ACID/BASE:	ICE / COOL	OTHER :	SAMPLING: DATE	TIME	ANALYSIS REQUEST: J	TPH
H700018																
1	#1	G	1			✓							11/4/17	8:15	✓	✓
2	#2		1			✓								8:15	✓	✓
3	#3		1			✓								8:20	✓	✓
4	#4		1			✓								8:20	✓	✓
5	#5		1			✓								8:20	✓	✓
6	#6		1			✓								8:30	✓	✓
7	#7		1			✓								8:30	✓	✓
8	#8		1			✓								8:30	✓	✓
9	#9		1											8:30	✓	✓

Relinquished By: Jerry Parker	Date: 11/4/17 Time: 9:20	Received By: Jodi Henson	Phone Result: ☐ Yes ☐ No Add'l Phone #:
Relinquished By:	Date: Time:	Received By:	Fax Result: ☐ Yes ☐ No Add'l Fax #:
Delivered By: (Circle One) Sampler - UPS - Bus - Other: #75 4.8°C	Sample Condition Cool: ☑ Yes ☐ No Intact: ☑ Yes ☐ No	CHECKED BY: (Initials) JH	REMARKS: jparker@ctfieldsvcs.com

† Cardinal cannot accept verbal changes. Please fax written changes to (575) 393-2326