

3302 122nd Street
Lubbock, Texas 79423
Mailing Address:
P.O. Box 53427
Lubbock, Texas 79453
Phone: 806-771-8033
Fax: 806-687-6926
www.bccccorp.com



April 27, 2017

Marshall & Winston, Inc.
Loco Dinero 36 State 2H
Produced Water Spill (Some Oil)
Affected Area – 92,310 sq. ft. / 2.12 acres
GPS Coordinates: N32.444077 W103.465883

**NMOCD approves
1RP-4526 for
closure. Like
approval from
NMSLO required.**

OCD Case Number 1R-4526

Summary of Remedial Activities

On December 6, 2016 BCC, Inc. inspected and documented a produced water release that originated from a ruptured flowline running from Marshall & Winston's Loco Dinero 36 State 2H well. There was a light skim of oil that was also released and barely visible near the origination point of this spill. A very small area of both road and pasture was affected by the hydrocarbon released. All of the affected areas were mapped and tracked by GPS with the square footage totaling 92,310 square feet, or 2.12 acres. After a thorough inspection of the affected spill areas and all surroundings, there did not appear to be any threat to wildlife or cattle due to the fact that there were no signs of any standing fluid and all of the affected areas were almost completely dry at the time of this assessment. The majority of this spill was contained in the surrounding roads with very little pasture being affected. According to the New Mexico Office of the State Engineer, the depth to ground water below land surface at this site is 136 feet. The horizontal distance from the nearest fresh water source or surface water body is >1,000 feet.

On February 7, 2017 BCC, Inc. pulled soil samples within the impacted spill areas and beyond for this release and had them laboratory analyzed by Trace Analysis Laboratories. Sample 2A-12 was pulled from the origination point of this spill at a depth of twelve inches and the report from Trace Analysis revealed that there were extremely low BTEX, TPH, and chloride levels present at this twelve inch depth. The surface samples pulled from both the affected road and pasture areas revealed an average chloride content of 8,400 mg/kg. There were virtually no BTEX or TPH levels present in these samples as well. With the directive and approval received from the OCD on February 23, 2017, BCC, Inc. consulted with and directed a third party excavation contractor on March 2nd to assist with an extensive vertical delineation of the affected areas. BCC, Inc. field tested the soil for chloride content utilizing Hach Chloride QuanTab titration test strips. After verifying the various vertical depths of contaminated soil that needed to be removed and meeting with the OCD on March 8th, Marshall & Winston, Inc. representatives consulted with and directed a third party dirt contractor on March 13th in

excavating and removing the affected soils. As excavation was being carried out at the release point and on the east and west pasture areas, on-site field testing was performed to verify the chloride content in the soil. Removal of the contaminated soils continued vertically until representative soil samples from the base of the excavation field tested at 250 ppm chloride or less. As requested by the OCD, split soil samples from the base of the excavation and at 10 feet below ground surface (bgs) were laboratory analyzed to confirm that the chloride content lab results were the same as the testing results received on-site. Laboratory analysis did confirm the 250 ppm or less chloride content results. Field testing of the soil continued as the excavation and removal was performed to ensure the remaining soils were revealing acceptable levels. The affected areas on DCP's right-of-ways were excavated by both hydrovac and by hand and the affected road areas were also excavated to the 4 inch depth that the OCD recommended on March 8th. As the excavation was continuing in the east pasture areas of this release, ongoing field testing was revealing a slightly higher chloride content result than previously received at midpoint. Previous field testing as well as laboratory analysis had already confirmed a <250 ppm chloride level at the 16 inch bgs depth and at the 10 foot bgs depth from a midpoint setting, however, various other base areas were now averaging 1,500 ppm chloride in the remaining soil that was available to be retrieved and field tested. The average depth of the soil that had been removed in this east affected pasture area was 18 inches bgs and the makeup of this 'bed' was approximately 90% rock and 10% soil. At this point in this east area, the dirt contractor was unable to penetrate the thick layer of rock that was present at this depth.

On March 29, 2017, representatives from both Marshall & Winston, Inc. and BCC, Inc. met with the OCD to discuss their directive on moving forward with completing the remedial activities for this release. Marshall & Winston, Inc. followed the instructions received that day from the OCD which included backfilling a layer of sand into the excavated areas of the affected east pasture, placing a 20 Mil plastic liner on top, backfilling all areas with clean soil, and contouring the soil to provide drainage away from the site. These tasks as well as hauling all of the excavated soils to an off-site OCD permitted facility were completed the week of April 10th. On April 17th, the OCD approved the revegetation and noxious weed management plan for this site and the seeding was done by mechanical broadcast on April 19th. Continuous monitoring of this site will take place to determine if any more seed needs to be applied, or if there has been any noxious weed invasions. If any noxious weeds were to emerge, chemical treatment will be used to eradicate the problem once the weed species has been identified. Continuous monitoring and any needed follow-up treatments will be maintained until the revegetation of this site is determined to be complete.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Porter", with a large, stylized flourish at the end.

Paul Porter
Vice President
BCC, Inc.

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 April 3, 2017

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	Marshall & Winston Inc.	Contact	Todd Passmore
Address	P.O. Box 50880, Midland, TX 79710-0880	Telephone No.	432-684-6373 (o) or 432-894-0165 (c)
Facility Name	Loco Dinero 36 State #2H	Facility Type	Well Location

Surface Owner	State of NM	Mineral Owner	State of NM	API No.	30-025-41856
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LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	27	21S	34E	531	South	660	W	Lea

Latitude 32.444002° N Longitude -103.463688° W NAD83

NATURE OF RELEASE

Type of Release	Water	Volume of Release	280 bbls	Volume Recovered	280 bbls
Source of Release	Pipeline	Date and Hour of Occurrence	12/31/16	Date and Hour of Discovery	08:30 12/31/16
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Mr Maxey Brown		
By Whom?	Todd Passmore	Date and Hour	12/5/16 09:35		
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.*

APPROVED


By Olivia Yu at 11:28 am, May 17, 2017

Describe Area Affected and Cleanup Action Taken.*

Please see attached files.

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:			
Printed Name:	Todd Passmore		
Title:	Operations Manager		
E-mail Address:	tpassmore@mar-win.com		
Date:	5/1/17	Phone:	432-684-6373
Approved by Environmental Specialist:		Approval Date:	5/17/2017
		Expiration Date:	xx/xx/xxxx
Conditions of Approval:		Attached <input type="checkbox"/>	
NMOCD approves 1RP-4526 for closure.			

* Attach Additional Sheets If Necessary