

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: Jay Management Company	Contact: Jim Foster
Address: 2425 W Loop South, Ste. 810, Houston, Texas 77027	Telephone No.: 979-324-2139
Facility Name: Dolly No. 1	Facility Type: Tank Battery

Surface Owner: <b>BLM</b>	Mineral Owner: <b>BLM</b>	API No.: 30-025-22370
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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
J	17	11S	33E	1,980	South	1,980	East	Lea

Latitude 33.364521° N Longitude 103.633863° W NAD83

**NATURE OF RELEASE**

Type of Release: Produced Water	Volume of Release: 30-50 bbls	Volume Recovered: Approx. 99%
Source of Release: Faulty nipple along flowline	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
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.\*  
No watercourse was impacted.

**RECEIVED**  
By Olivia Yu at 10:07 am, May 18, 2017

Describe Cause of Problem and Remedial Action Taken.\*

A nipple failure occurred at the connection of the flowline and trunkline. Faulty nipple has been replaced.

Describe Area Affected and Cleanup Action Taken.\*

Release occurred approximately 120 feet north of the heater treater. Free liquids were vacuumed. Impacted soils have been excavated and stockpiled on locations.

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: 	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Jim Foster	Approved by Environmental Specialist: 	
Title: Environmental Consultant	Approval Date: <b>5/18/2017</b>	Expiration Date:
E-mail Address: <a href="mailto:jim@teamtiberwolf.com">jim@teamtiberwolf.com</a>	Conditions of Approval: <b>see attached directive</b>	Attached <input checked="" type="checkbox"/>
Date: 5/17/17 Phone: 979-324-2139		

\* Attach Additional Sheets If Necessary

**1RP-4704**

**nOY1713836844**

**pOY1713837364**

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 5/17/2017 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 1R-4704 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 6/18/2017. 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<sub>6</sub> thru C<sub>36</sub>), 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<sub>6</sub> thru C<sub>36</sub>), 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

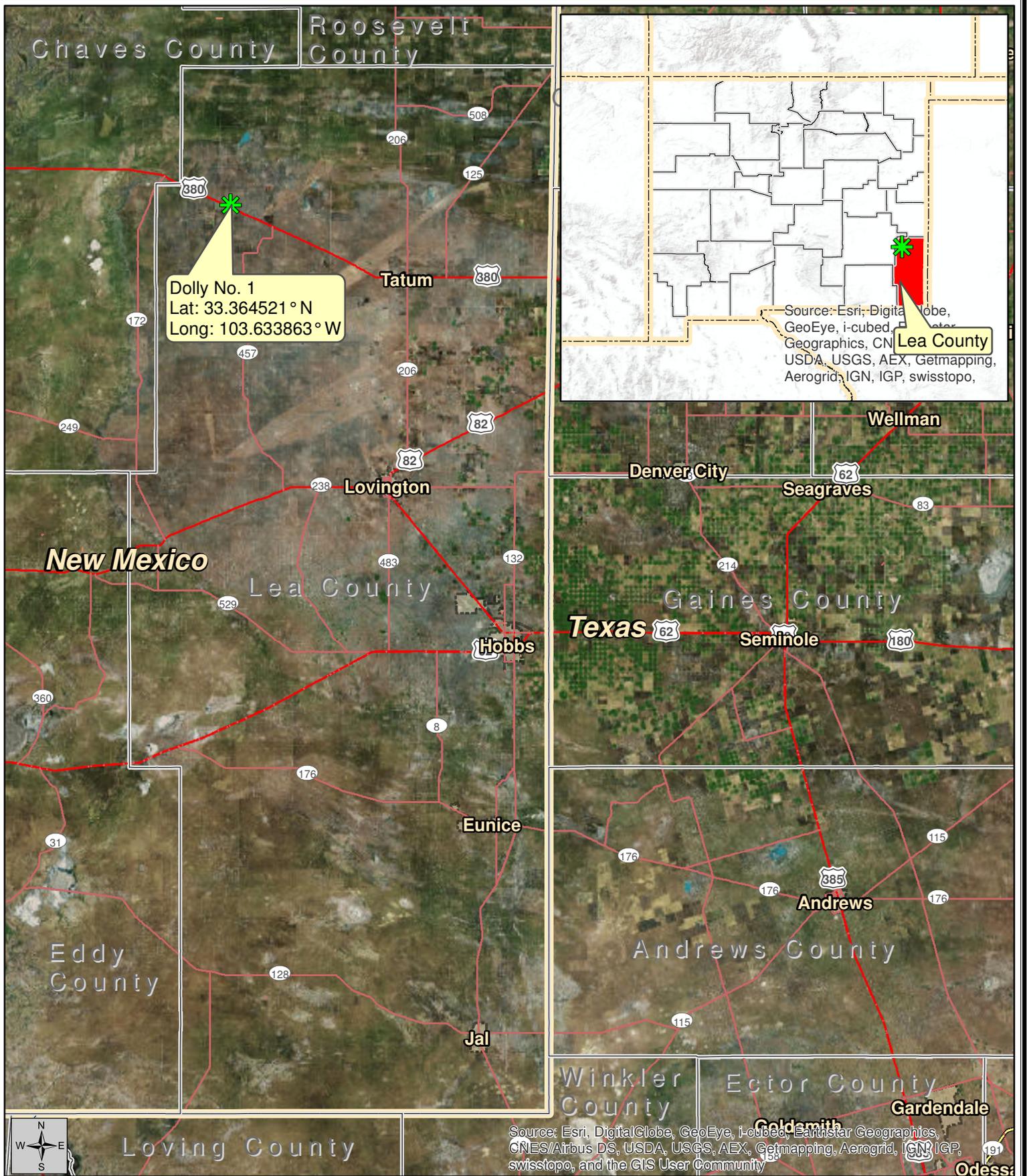
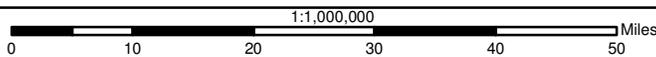


Figure 1  
Site Location Map

Dolly No. 1

May 15, 2017



Jay Management, LLC  
Bagley Field, Lea County, New Mexico

Created By:  
Austin Russell  
TE Project No.: ISR-170037

Datum: NAD83  
Imagery Source: ESRI  
Vector Source: TE & ESRI



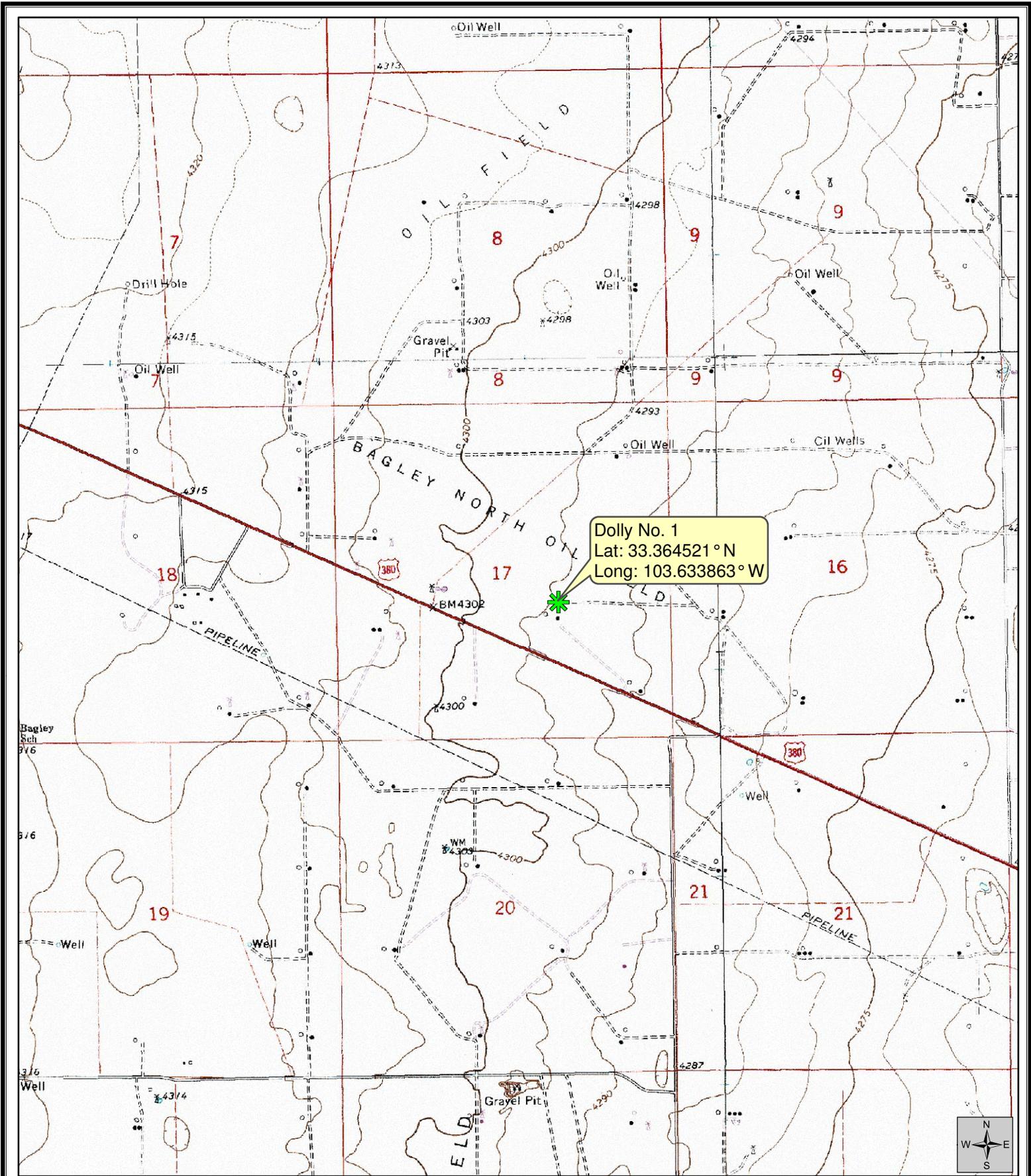


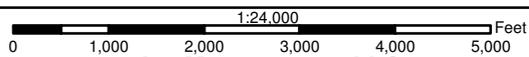
Figure 2  
Topographic Map

Dolly No. 1

May 15, 2017



Created By:  
Austin Russell  
TE Project No.: ISR-170050



Jay Management, LLC  
Bagley Field, Lea County, New Mexico

Datum: NAD83  
Imagery Source: USGS  
Quad: Soldier Hill  
Vector Source: TE

 Site

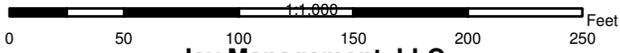


Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

**Figure 3**  
Dc]bhcZFYYuY

**Dolly No. 1**

May 15, 2017



Created By: Austin Russell  
 TE Project No.: ISR-170050  
**Jay Management, LLC**  
**Bagley Field, Lea County, New Mexico**  
 Datum: NAD83  
 Imagery Source: ESRI  
 Vector Source: TE

 Site