

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

Form C-141
Revised April 3, 2017

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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 | AMTEX Energy, Inc. | Contact | William Savage |
| Address | PO Box 3418, Midland, TX 79702 | Telephone No. | (432) 686-0847 |
| Facility Name | Tomahawk SWD Facility | Facility Type | SWD Injection Well #1 |

| | | | | | |
|---------------|------------------------|---------------|---------------------|---------|--------------|
| Surface Owner | Merchant Livestock Co. | Mineral Owner | State of New Mexico | API No. | 30-025-33069 |
|---------------|------------------------|---------------|---------------------|---------|--------------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| L | 31 | T21S | R33E | 2011 | South | 660 | West | Lea |

Latitude 32.4336791944° Longitude -103.6179688099° NAD83

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|---------------------------------|----------------------------|--------------------------|
| Type of Release | Brine | Volume of Release | Unknown | Volume Recovered | 0 bbls |
| Source of Release | Valve tree gauge on wellhead | Date and Hour of Occurrence | Less than 14 hours of discovery | Date and Hour of Discovery | July 17, 2017 at 6:30 am |
| 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. | | | |

RECEIVED
By Olivia Yu at 4:16 pm, Aug 07, 2017

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
The injection pump partially failed, causing a vibration at the wellhead, which resulted in a pressure gauge on the valve tree to be broken off. The release was from the gauge needle valve. The pump was repaired and the gauge replaced. .

Describe Area Affected and Cleanup Action Taken.*
Because the ground was rain-saturated, brine from the release covered the west side of the well pad and flowed into the adjacent areas to the west and south, then along the edge of two lease roads. The brine killed some of the vegetation located in the deep soil on the west side of the well pad. Once the flow entered the roadway no additional vegetation was affected.

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: <i>William J. Savage</i> | OIL CONSERVATION DIVISION | |
| Printed Name: William Savage | Approved by Environmental Specialist: <i>[Signature]</i> | |
| Title: President, AMTEX Energy, Inc. | Approval Date: 8/7/2017 | Expiration Date: |
| E-mail Address: bsavage@amtenergy.com | Conditions of Approval: see attached directive | Attached <input checked="" type="checkbox"/> |
| Date: August 3, 2017 | Phone: (432) 686-0847 | |

* Attach Additional Sheets If Necessary

1RP-4778

nOY1721958769

pOY1721959089

Operator/Responsible Party,

The OCD has received the form C-141 you provided on 8/3/2017 regarding an unauthorized release. The information contained on that form has been entered into our incident database and remediation case number 1RP-4778 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 9/7/2017. 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; 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

From: Pair, Randal
To: [Yu, Olivia, EMNRD](#)
Cc: [Yolanda Jordan](#)
Subject: Re: FW: Tomahawk SWD
Date: Friday, August 25, 2017 1:03:53 PM

Ms Yu - BLM records also show Lot 3 of Sec 31, T21S R33E, to be fee land (privately owned). The whole section has been either private or state for a long time. None of the minerals in that section are federally owned.

Might you perhaps have been looking at Sec 31 of T21S R32E ?? It is easy when working on maps, and you are near the dividing line between townships, to look-up stuff in the wrong township. Sec 31 in R32E is federal surface and all minerals are federal.

Randal "Randy" Pair
Envir. Protection Specialist - Realty Compliance
office: 575.234.6240
cell: 575.361.0062
email: rpair@blm.gov

On Fri, Aug 25, 2017 at 9:02 AM, Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us> wrote:

Good morning Mr. Pair:

Could you please assist? According to NMOCD database for the PLSS, BLM is shown as the surface owner. I have attached the C-141 in question.

For future questions such as this, please direct me to the appropriate person and/or website for verification.

Thanks much,

Olivia

From: Jennie Mastin [mailto:jenniemastin@amtenergy.com]
Sent: Wednesday, August 23, 2017 1:46 PM
To: Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: Tomahawk SWD

Olivia,

Please find attached the Lea Co. Tax Office records. This should help clear up the “surface owner” on the C-141. Can you please send me a copy of the new C-141 that shows Merchant as the “surface” owner?

Thank you,

Jennie J. Mastin, CPL

Jennie J. Mastin, CPL

Amtex Energy, Inc.

P.O. Box 93983

Southlake, TX 76092

(817) 996-3738

From: [Yu, Olivia, EMNRD](#)
To: ["Jennie Mastin"](#)
Cc: ["Pair, Randal"](#)
Subject: RE: Tomahawk SWD
Date: Friday, August 25, 2017 1:22:00 PM
Attachments: revised_surface1RP4778.pdf

Ms. Mastin:

BLM has confirmed that the surface ownership is Fee. Please see the attachment for your records. All information remained the same except for the removal of the BLM annotation.

Olivia

From: Jennie Mastin [mailto:jenniemastin@amtenergy.com]
Sent: Wednesday, August 23, 2017 1:46 PM
To: Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Subject: Tomahawk SWD

Olivia,

Please find attached the Lea Co. Tax Office records. This should help clear up the "surface owner" on the C-141. Can you please send me a copy of the new C-141 that shows Merchant as the "surface" owner?

Thank you,

Jennie J. Mastin, CPL

Jennie J. Mastin, CPL
Amtex Energy, Inc.
P.O. Box 93983
Southlake, TX 76092
(817) 996-3738

From: [Yu, Olivia, EMNRD](#)
To: "Patrick"
Cc: "[Clabe Pearson](#)"; [Herrmann, Keith, EMNRD](#)
Subject: RE: 1RP-4778
Date: Friday, August 25, 2017 1:24:00 PM
Attachments: Amtex_OCD Permitting.pdf

Mr. McMahon:

NMOCD is not contesting surface ownership. NMOCD's database indicates BLM surface ownership, hence the notation. Please see the attachment as a record.

Regardless, I have inquired with BLM, and they have confirmed that this C-141 is indeed on Fee surface. Ms. Mastin with Amtex has the revised 1RP-4778.

Olivia

From: Patrick [mailto:hsncpbm@leaco.net]
Sent: Friday, August 25, 2017 11:28 AM
To: Yu, Olivia, EMNRD <Olivia.Yu@state.nm.us>
Cc: 'Clabe Pearson' <cjbj@leaco.net>; Herrmann, Keith, EMNRD <Keith.Herrmann@state.nm.us>
Subject: 1RP-4778

Dear Ms. Yu:

This firm represents Merchant Livestock Company, Inc. in regard to the above referenced matter. A copy of the Form C-141 is attached hereto for your review as well as a copy of a USGS map covering Township 21S, Range 33E, N.M.P.M.

My understanding of the NMOCD unit designations is that Unit L would be the NW/4 of the SW/4. A review of my client's property records and the USGS map shows that Unit L is located on deeded lands. Those deeded lands are owned by Merchant.

Would you please advise as to why the C-141 shows this surface as BLM and not Merchant? If you agree with my position that Unit L is deeded land owned by Merchant, would you please make the necessary corrections. I look forward to hearing from you.

Patrick B. McMahon
Heidel, Samberson, Cox & McMahon
311 North First
P.O. Drawer 1599
Lovington, New Mexico 88260

OCD Permitting

Home Land Searches Land Details

Section : 31-21S-33E

Wells Operator Data OCD Review OCD Only Administration

Type: Normal

Total Acres: 625.08

County: Lea (25)

| | | | |
|--|--|--|--|
| D (1) R * State 1 State 2 (25) 36.17 | C (C) R * State 1 State 2 (25) 40 | B (B) R * State 1 State 2 (25) 40 | A (A) R * State 1 State 2 (25) 40 |
| E (2) R * State 1 State 2 (25) 36.24 | F (F) R * State 1 State 2 (25) 40 | G (G) R * State 1 State 2 (25) 40 | H (H) R * State 1 State 2 (25) 40 |
| L (3) R * Federal 1 State 2 (25) 36.3 | K (K) R * Fee 1 State 2 (25) 40 | J (J) R * Fee 1 State 2 (25) 40 | I (I) R * Fee 1 State 2 (25) 40 |
| M (4) R * State 1 State 2 (25) 36.37 | N (N) R * State 1 State 2 (25) 40 | O (O) R * State 1 State 2 (25) 40 | P (P) State 1 State 2 (25) 40 |

Note * = Restriction Code(s)

Note 1 = Surface Owner Rights

Note 2 = Sub-Surface Mineral Rights

Land Restrictions

| | |
|------------------|---|
| 31-21S-33E A (A) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E B (B) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E C (C) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E D (1) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E E (2) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E F (F) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E G (G) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E H (H) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E I (I) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E J (J) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E K (K) | POT - Drilling Restricted Due to Potash |
| 31-21S-33E L (3) | POT - Drilling Restricted Due to Potash |



Lea County

GIS INTERNET REPORT



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Assessment Information

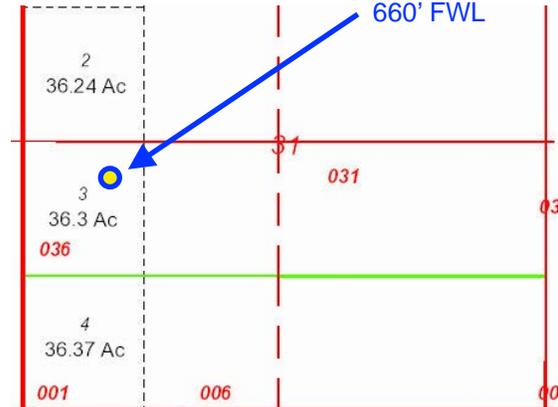
OWNER NUMBER: 50189
PARCEL NUMBER: 4000501890011

UPC CODE: 4000501890011 SWD Well
 2011' FSL
 660' FWL

| Owner Information | |
|--------------------------|-----------------------------|
| Owner: | MERCHANT LIVESTOCK |
| Mailing Address: | PO BOX 1105 EUNICE NM 88231 |
| Property Address: | |

| Subdivision Information | |
|-------------------------|--|
| Name: | |
| Unit: | |
| Block | |
| Lot: | |

| Legal Information |
|--------------------|
| 156.30 AC LOC N2S2 |



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Lea County

GIS INTERNET REPORT



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| Other Information | | | |
|---------------------------------|-------------|--------------------------|----------|
| Taxable Value: | \$5,571.00 | Deed Book: | |
| Exempt Value: | \$0.00 | Deed Page: | 0 |
| Net Value | \$5,571.00 | District: | 080 |
| Livestock Value: | \$0.00 | Section: | 31 |
| Manufactured Home Value: | \$0.00 | Township: | 21 |
| Personal Property: | \$0.00 | Range: | 33 |
| Land Value: | \$16,083.00 | Date Filed: | |
| Improvement Value: | \$630.00 | Most Current Tax: | \$188.56 |
| Full Value: | \$16,713.00 | Year Recorded: | |

Square Foot and Year Built listed only to be used for comparative purposes, NOT to be used for commerce.

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