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 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 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

API # 30-031-20115

OPERATOR

☑ Initial Report ☐ Final Report

Name of Company Mountain States Petroleum Corp	Contact Denny Migl
Address 3001 Knox Street, Suite 403, Dallas, TX 75205	Telephone No. (817) 946-2423
Facility Name Hospah Sand Unit #58	Facility Type Injection Well

Surface Owner Unknown	Mineral Owner Unknown	Lease No. 001627

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
O	36	18N	9W	30'	South	2350'	East	McKinley

Latitude 35 44.375N **Longitude** -107 44.566W

NATURE OF RELEASE

Est December 2005

Type of Release oil & water	Volume of Release 15 Bbls oil	Volume Recovered 0 Bbls oil
Source of Release injection line at wellhead	Date and Hour of Occurrence *	Date and Hour of Discovery * see attachment
Was Immediate Notice Given? ☐ Yes ☑ No ☐ Not Required	If YES, To Whom? → 2/14/06 by Kelly Roberts, OCD. Denny Migl 2/8/06	
By Whom?	Date and Hour	
Was a Watercourse Reached? ☑ Yes ☐ No	If YES, Volume Impacting the Watercourse. 10 Bbls oil	

If a Watercourse was Impacted, Describe Fully.*

Approximately 15 Bbls of oil leaked from a flowline leak near the wellhead and ran down a small arroyo a distance of 523 yards in a south direction. Approximately 35 yards from the end of the main spill, another finger split out from the main spill. A small pool of oil formed at the end. The longest finger ends in a cattle stock tank located in T17N R9W Sec 1.

Describe Cause of Problem and Remedial Action Taken.*

Referenced well is classified as an injection well. A leak developed in the flowline near the wellhead. A 100' section of the injection line will be replaced at the wellhead.

Describe Area Affected and Cleanup Action Taken.*

See attached procedure as submitted by Mr. Jay Miller. Significant progress was made in the cleanup of referenced spill during Saturday and Sunday, 3/4-5/06.

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: Denny Migl	OIL CONSERVATION DIVISION
Printed Name: Denny Migl, P.E.	Approved by District Supervisor: Denny Foust for Charlie Perrin
Title: Senior Petroleum Engineer & Agent	Approval Date: 3/16/04 Expiration Date:
E-mail Address: denny.migl@cdxgas.com	Conditions of Approval: Clean up & Remediate file results ☐ Attached
Date: March 7, 2006 Phone: (817) 946-2423	

* Attach Additional Sheets If Necessary

nDGF 0607634279

MOUNTAIN STATES PETROLEUM CORPORATION
HOSPAH FIELD
MULTIPLE OIL SPILL CLEANUP PLAN

On March 1, 2005, Wayne McPherson (Apollo Resources), Denny Migl (contract petroleum engineer and agent for Mountain States Petroleum), Ray Benally (contract lease operator), Jay Miller (contract safety and environmental engineer) and Denny Foust (OCD, Aztec, NM) toured the Hospah Field, surveying oil spills and identified an action plan for each site. The plans are listed below.

- Tank Battery sites – All oil contaminated soils are to be removed and put in piles so that it may be treated with microbes and rotated periodically until the soil is clean.

- Oil spill coming from Hospah Sand Unit #28 – The ground is to be tilled and a solution of 6% Microblaze will be flowed through the arroyo and watered periodically.

- Oil spill coming from Hospah Sand Unit #58 – All oil contaminated soils at the top of the spill that are deeply saturated into the soil is to be removed and put in piles and treated with microbes and rotated and watered periodically. The oil at the bottom of the spill is to be treated with microbes.

- Oil spill coming from Hospah Sand Tank Battery – All oil contaminated soils, including soils in the arroyo are to be put in piles, treated with microbes, rotated and watered periodically.

We discovered a new spill just north of the Santa Fe RR tank battery that showed a hole that was dug into the ground by a backhoe in an attempt to repair a leak. The oil went down an arroyo for approximately 340 yds. A vacuum truck was immediately summoned to remove the freestanding oil. Dams will put up today, Thursday, 3/2/06, every 50 yards and additional oil picked up. The live oil on the surface will be sprayed with a Microblaze solution and remediated in place.

All of the actions to clean up all of the oil spills should be completed within the next two weeks. A call was made to Mr. Wayne Price with the OCD on Wednesday, 3/1/06 and he stated that I should work with Mr. Ed Martin to make application for an on-site Land Farm so that all of the contaminated soils could be remediated on site.

Jay T. Miller, CSP
March 2, 2006