

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

OPERATOR

☐ Initial Report ☒ Final Report

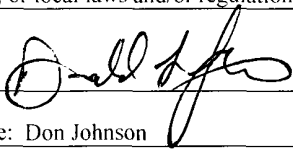
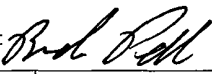
Name of Company Koch Exploration Company, LLC	Contact Don Johnson
Address PO Box 489, Aztec, NM 87410	Telephone No. 505-334-9111
Facility Name Dryden 2E	Facility Type Natural Gas Well
Surface Owner BLM	Mineral Owner BLM
Lease No. NM013861	

LOCATION OF RELEASE

Unit Letter I	Section 22	Township 28N	Range 8W	Feet from the 1610	North/South Line South	Feet from the 685	East/West Line East	County San Juan
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Latitude 36° 38' 38" N Longitude 107° 39' 41" W

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release Unknown	Volume Recovered N/A
Source of Release Below-grade Tank	Date and Hour of Occurrence Unknown	Date and Hour of Discovery 06/30/10
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD Aztec District Office, Brandon Powell	
By Whom? Jordan Radin, KEC	Date and Hour July 1, 2010 11:00 a.m.	
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.* When we removed the old below-grade pit tank for retro fit, the ground below the middle of the tank appeared to be stained. A five-point composite sample was taken and TPH exceeded 100mg/kg using EPA Test Methods 418.1 and 8015. BTEX and chlorides were below cleanup criteria.		
Describe Area Affected and Cleanup Action Taken.* As discussed above, the first samples taken near surface revealed TPH above criteria. Both BTEX and chlorides were below cleanup criteria. The July 18, 2010 lab report is attached. KEC mobilized a backhoe, and excavated the contaminated area and disposed at an NMOCD licensed facility (JFJ Landfarm c/o Industrial Ecosystems, Inc. Permit #NM 01-0010B). KEC obtained a five-point composite sample from the bottom and walls of the excavation and repeated tests for TPH and BTEX. The August 23, 2010 test results showing non-detect are attached.		
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: 	OIL CONSERVATION DIVISION	
Printed Name: Don Johnson	Approved by District Supervisor:  For: CP	
Title: Field Operations Manager	Approval Date: 9/21/10	Expiration Date:
E-mail Address: johnso4d@kochind.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 9/11/10	Phone: 505-334-9111	

* Attach Additional Sheets If Necessary

nBP1026438355

15



COVER LETTER

Thursday, July 08, 2010

Denny Foust
Souder, Miller and Associates
PO Box 248
Farmington, NM 87401
TEL: (505) 325-5667
FAX (505) 327-1496

RE: Koch Dryden #2E below grade tank pit closure

Order No.: 1007054

Dear Denny Foust:


Hall Environmental Analysis Laboratory, Inc. received 3 sample(s) on 7/2/2010 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent. Below is a list of our accreditations. To access our accredited tests please go to www.hallenvironmental.com or the state specific web sites.

Reporting limits are determined by EPA methodology.

Please do not hesitate to contact HEAL for any additional information or clarifications.

Sincerely,



Andy Freeman, Laboratory Manager

NM Lab # NM9425 NM0901
AZ license # AZ0682
ORELAP Lab # NM100001
Texas Lab# T104704424-08-TX



Hall Environmental Analysis Laboratory, Inc.

Date: 08-Jul-10

CLIENT: Souder, Miller and Associates

Client Sample ID: 6" 5 point composite

Lab Order: 1007054

Collection Date: 6/30/2010 1:30:00 PM

Project: Koch Dryden #2E below grade tank pit closure

Date Received: 7/2/2010

Lab ID: 1007054-01

Matrix: SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8021B: VOLATILES						Analyst: BDH
Methyl tert-butyl ether (MTBE)	ND	0.10		mg/Kg	1	7/7/2010 5:41:38 PM
Benzene	ND	0.050		mg/Kg	1	7/7/2010 5:41:38 PM
Toluene	ND	0.050		mg/Kg	1	7/7/2010 5:41:38 PM
Ethylbenzene	ND	0.050		mg/Kg	1	7/7/2010 5:41:38 PM
Xylenes, Total	ND	0.10		mg/Kg	1	7/7/2010 5:41:38 PM
Surr: 4-Bromofluorobenzene	108	64.7-120		%REC	1	7/7/2010 5:41:38 PM
EPA METHOD 418.1: TPH						Analyst: LRW
Petroleum Hydrocarbons, TR	3400	400		mg/Kg	20	7/6/2010

Qualifiers:

* Value exceeds Maximum Contaminant Level
E Estimated value
J Analyte detected below quantitation limits
NC Non-Chlorinated
PQL Practical Quantitation Limit

B Analyte detected in the associated Method Blank
H Holding times for preparation or analysis exceeded
MCL Maximum Contaminant Level
ND Not Detected at the Reporting Limit
S Spike recovery outside accepted recovery limits

Page 1 of 2

Hall Environmental Analysis Laboratory, Inc.

Date: 08-Jul-10

CLIENT: Souder, Miller and Associates

Client Sample ID: 18" 5 point composite

Lab Order: 1007054

Collection Date: 6/30/2010 1:45:00 PM

Project: Koch Dryden #2E below grade tank pit closure

Date Received: 7/2/2010

Lab ID: 1007054-02

Matrix: SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8021B: VOLATILES						Analyst: BDH
Methyl tert-butyl ether (MTBE)	ND	0.10		mg/Kg	1	7/7/2010 6:11:56 PM
Benzene	ND	0.050		mg/Kg	1	7/7/2010 6:11:56 PM
Toluene	ND	0.050		mg/Kg	1	7/7/2010 6:11:56 PM
Ethylbenzene	ND	0.050		mg/Kg	1	7/7/2010 6:11:56 PM
Xylenes, Total	ND	0.10		mg/Kg	1	7/7/2010 6:11:56 PM
Surr: 4-Bromofluorobenzene	126	64.7-120	S	%REC	1	7/7/2010 6:11:56 PM
EPA METHOD 418.1: TPH						Analyst: LRW
Petroleum Hydrocarbons, TR	660	20		mg/Kg	1	7/6/2010

Qualifiers:

* Value exceeds Maximum Contaminant Level
E Estimated value
J Analyte detected below quantitation limits
NC Non-Chlorinated
PQL Practical Quantitation Limit

B Analyte detected in the associated Method Blank
H Holding times for preparation or analysis exceeded
MCL Maximum Contaminant Level
ND Not Detected at the Reporting Limit
S Spike recovery outside accepted recovery limits

Page 2 of 2



12065 Lebanon Rd.
Mt. Juliet, TN 37122
(615) 758-5858
1-800-767-5859
Fax (615) 758-5859
Tax I.D. 62-0814289
Est. 1970

REPORT OF ANALYSIS

Anne Thorne
Hall Environmental Analysis Laborat
4901 Hawkins NE
Albuquerque, NM 87109

July 08, 2010

Date Received : July 03, 2010
Description : 1007054
Sample ID : 6IN 5 POINT COMPOSITE
Collected By :
Collection Date : 06/30/10 13:30

ESC Sample # : L467397-01

Site ID :

Project # : 1007054

Parameter	Result	Det. Limit	Units	Method	Date	Dil.
Chloride	39.	10.	mg/kg	9056	07/08/10	1

BDL ~ Below Detection Limit

Det. Limit - Practical Quantitation Limit(PQL)

Note:

The reported analytical results relate only to the sample submitted.

This report shall not be reproduced, except in full, without the written approval from ESC.

Reported: 07/08/10 12:22 Printed: 07/08/10 12:23



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REPORT OF ANALYSIS

Anne Thorne
Hall Environmental Analysis Laborat
4901 Hawkins NE
Albuquerque, NM 87109

July 08, 2010

Date Received : July 03, 2010
Description : 1007054
Sample ID : 18IN 5 POINT COMPOSITE
Collected By :
Collection Date : 06/30/10 13:45

ESC Sample # : L467397-02
Site ID :
Project # : 1007054

Parameter	Result	Det. Limit	Units	Method	Date	Dil.
Chloride	37.	10.	mg/kg	9056	07/08/10	1

BDL - Below Detection Limit
Det. Limit - Practical Quantitation Limit (PQL)
Note:
The reported analytical results relate only to the sample submitted.
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Reported: 07/08/10 12:22 Printed: 07/08/10 12:23



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Fax (615) 758-5859
Tax I.D. 62-0814289
Est. 1970

REPORT OF ANALYSIS

Anne Thorne
Hall Environmental Analysis Laborat
4901 Hawkins NE
Albuquerque, NM 87109

July 08, 2010

Date Received : July 03, 2010
Description : 1007054
Sample ID : CHLORIDE BACKGROUND GRAB SAMPLE
Collected By :
Collection Date : 06/30/10 14:30

ESC Sample # : L467397-03

Site ID :

Project # : 1007054

Parameter	Result	Det. Limit	Units	Method	Date	Dil.
Chloride	40.	10.	mg/kg	9056	07/08/10	1

BDL - Below Detection Limit

Det. Limit - Practical Quantitation Limit(PQL)

Note:

The reported analytical results relate only to the sample submitted.

This report shall not be reproduced, except in full, without the written approval from ESC.

Reported: 07/08/10 12:22 Printed: 07/08/10 12:23

QA/QC SUMMARY REPORT

Client: Souder, Miller and Associates
Project: Koch Dryden #2E below grade tank pit closure

Work Order: 1007054

Analyte	Result	Units	PQL	SPK Va	SPK ref	%Rec	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Method: EPA Method 418.1: TPH											
Sample ID: MB-22915		MBLK									
Petroleum Hydrocarbons, TR	ND	mg/Kg	20								
Sample ID: LCS-22915		LCS									
Petroleum Hydrocarbons, TR	105.2	mg/Kg	20	100	6.72	98.4	82	114			
Sample ID: LCSD-22915		LCSD									
Petroleum Hydrocarbons, TR	106.4	mg/Kg	20	100	6.72	99.7	82	114	1.17	20	
Method: EPA Method 8021B: Volatiles											
Sample ID: MB-22898		MBLK									
Methyl tert-butyl ether (MTBE)	ND	mg/Kg	0.10								
Benzene	ND	mg/Kg	0.050								
Toluene	ND	mg/Kg	0.050								
Ethylbenzene	ND	mg/Kg	0.050								
Xylenes, Total	ND	mg/Kg	0.10								
Sample ID: LCS-22898		LCS									
Methyl tert-butyl ether (MTBE)	1.739	mg/Kg	0.10	1	0	174	67.9	135			S
Benzene	0.9551	mg/Kg	0.050	1	0	95.5	78.8	132			
Toluene	0.9645	mg/Kg	0.050	1	0	96.5	78.9	112			
Ethylbenzene	0.9909	mg/Kg	0.050	1	0	99.1	69.3	125			
Xylenes, Total	3.031	mg/Kg	0.10	3	0	101	73	128			

Qualifiers:

E	Estimated value	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	NC	Non-Chlorinated
ND	Not Detected at the Reporting Limit	R	RPD outside accepted recovery limits

Hall Environmental Analysis Laboratory, Inc.

Sample Receipt Checklist

Client Name SMA-FARM

Date Received:

7/2/2010

Work Order Number 1007054

Received by: KMS

Checklist completed by:

Karen Stasinos

7/2/10

Sample ID labels checked by:

AT
Initials

Matrix:

Carrier name. UPS

Shipping container/cooler in good condition?

Yes ☒

No ☐

Not Present ☐

Custody seals intact on shipping container/cooler?

Yes ☒

No ☐

Not Present ☐

Not Shipped ☐

Custody seals intact on sample bottles?

Yes ☒

No ☐

N/A ☐

Chain of custody present?

Yes ☒

No ☐

Chain of custody signed when relinquished and received?

Yes ☒

No ☐

Chain of custody agrees with sample labels?

Yes ☒

No ☐

Samples in proper container/bottle?

Yes ☒

No ☐

Sample containers intact?

Yes ☒

No ☐

Sufficient sample volume for indicated test?

Yes ☒

No ☐

All samples received within holding time?

Yes ☒

No ☐

Number of preserved bottles checked for pH.

Water - VOA vials have zero headspace?

No VOA vials submitted ☐

Yes ☒

No ☐

Water - Preservation labels on bottle and cap match?

Yes ☒

No ☐

N/A ☐

Water - pH acceptable upon receipt?

Yes ☒

No ☐

N/A ☐

<2 >12 unless noted below.

Container/Temp Blank temperature?

5.3°

<6° C Acceptable

If given sufficient time to cool

COMMENTS:

Client contacted

Date contacted:

Person contacted

Contacted by:

Regarding:

Comments:

100 DF use Sample ID's on LOC/AT 7/2/10

Corrective Action

☐ EDD (Type)

Sample Temperature: 77 °C



Analysis Request

If necessary, samples submitted to Hall Environmental may be subcontracted to other accredited laboratories. This serves as notice of this possibility. Any sub-contracted data will be clearly notated on the analytical report.



COVER LETTER

Monday, August 23, 2010

Denny Foust
Souder, Miller and Associates
PO Box 248
Farmington, NM 87401

TEL: (505) 325-5667

FAX (505) 327-1496

RE: Koch Dryden 2E Below Grade Tank Pit Closure

Order No.: 1008751

Dear Denny Foust:

Hall Environmental Analysis Laboratory, Inc. received 1 sample(s) on 8/19/2010 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent. Below is a list of our accreditations. To access our accredited tests please go to www.hallenvironmental.com or the state specific web sites.

Reporting limits are determined by EPA methodology.

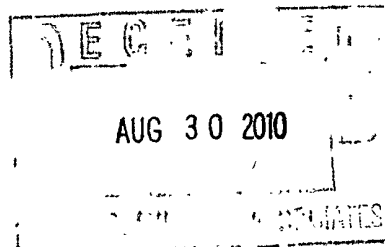
Please do not hesitate to contact HEAL for any additional information or clarifications.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andy Freeman', is written over a horizontal line.

Andy Freeman, Laboratory Manager

NM Lab # NM9425 NM0901
AZ license # AZ0682
ORELAP Lab # NM100001
Texas Lab# T104704424-08-TX



Hall Environmental Analysis Laboratory, Inc.

Date: 23-Aug-10

CLIENT:	Souder, Miller and Associates	Client Sample ID:	Tank Pit 11 Feet BGS
Lab Order:	1008751	Collection Date:	8/18/2010 10:00:00 AM
Project:	Koch Dryden 2E Below Grade Tank Pit Closure	Date Received:	8/19/2010
Lab ID:	1008751-01	Matrix:	SOIL

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: JB
Diesel Range Organics (DRO)	ND	10		mg/Kg	1	8/21/2010 9:16:33 AM
Motor Oil Range Organics (MRO)	ND	50		mg/Kg	1	8/21/2010 9:16:33 AM
Surr: DNOP	91.0	61.7-135		%REC	1	8/21/2010 9:16:33 AM
EPA METHOD 8015B: GASOLINE RANGE						Analyst: NSB
Gasoline Range Organics (GRO)	ND	5.0		mg/Kg	1	8/21/2010 12:10:34 AM
Surr: BFB	113	60.2-161		%REC	1	8/21/2010 12:10:34 AM
EPA METHOD 8021B: VOLATILES						Analyst: NSB
Methyl tert-butyl ether (MTBE)	ND	0.10		mg/Kg	1	8/21/2010 12:10:34 AM
Benzene	ND	0.050		mg/Kg	1	8/21/2010 12:10:34 AM
Toluene	ND	0.050		mg/Kg	1	8/21/2010 12:10:34 AM
Ethylbenzene	ND	0.050		mg/Kg	1	8/21/2010 12:10:34 AM
Xylenes, Total	ND	0.10		mg/Kg	1	8/21/2010 12:10:34 AM
Surr: 4-Bromofluorobenzene	106	88.9-151		%REC	1	8/21/2010 12:10:34 AM

Qualifiers:

* Value exceeds Maximum Contaminant Level	B Analyte detected in the associated Method Blank
E Estimated value	H Holding times for preparation or analysis exceeded
J Analyte detected below quantitation limits	MCL Maximum Contaminant Level
NC Non-Chlorinated	ND Not Detected at the Reporting Limit
PQL Practical Quantitation Limit	S Spike recovery outside accepted recovery limits

QA/QC SUMMARY REPORT

Client: Souder, Miller and Associates
 Project: Koch Dryden 2E Below Grade Tank Pit Closure

Work Order: 1008751

Analyte	Result	Units	PQL	SPK Va	SPK ref	%Rec	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Method: EPA Method 8015B: Diesel Range Organics											
Sample ID: MB-23464		MBLK									
				Batch ID:	23464	Analysis Date:	8/21/2010 3:00:58 AM				
Diesel Range Organics (DRO)	ND	mg/Kg	10								
Motor Oil Range Organics (MRO)	ND	mg/Kg	50								
Sample ID: LCS-23464		LCS									
				Batch ID:	23464	Analysis Date:	8/21/2010 3:35:05 AM				
Diesel Range Organics (DRO)	56.07	mg/Kg	10	50	0	112	64.6	116			
Sample ID: LCSD-23464		LCSD									
				Batch ID:	23464	Analysis Date:	8/21/2010 4:09:07 AM				
Diesel Range Organics (DRO)	57.34	mg/Kg	10	50	0	115	64.6	116	2.23	17.4	
Method: EPA Method 8015B: Gasoline Range											
Sample ID: MB-23450		MBLK									
				Batch ID:	23450	Analysis Date:	8/20/2010 9:09:14 PM				
Gasoline Range Organics (GRO)	ND	mg/Kg	5.0								
Sample ID: LCS-23450		LCS									
				Batch ID:	23450	Analysis Date:	8/20/2010 7:08:06 PM				
Gasoline Range Organics (GRO)	27.92	mg/Kg	5.0	25	0	112	74.2	136			
Method: EPA Method 8021B: Volatiles											
Sample ID: MB-23450		MBLK									
				Batch ID:	23450	Analysis Date:	8/20/2010 9:09:14 PM				
Methyl tert-butyl ether (MTBE)	ND	mg/Kg	0.10								
Benzene	ND	mg/Kg	0.050								
Toluene	ND	mg/Kg	0.050								
Ethylbenzene	ND	mg/Kg	0.050								
Xylenes, Total	ND	mg/Kg	0.10								
Sample ID: LCS-23450		LCS									
				Batch ID:	23450	Analysis Date:	8/20/2010 8:38:55 PM				
Methyl tert-butyl ether (MTBE)	1.455	mg/Kg	0.10	1	0.012	144	65.5	229			
Benzene	1.049	mg/Kg	0.050	1	0.0175	103	83.3	107			
Toluene	1.095	mg/Kg	0.050	1	0	109	74.3	115			
Ethylbenzene	1.220	mg/Kg	0.050	1	0.0126	121	80.9	122			
Xylenes, Total	3.606	mg/Kg	0.10	3	0	120	85.2	123			

Qualifiers:

E	Estimated value	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	NC	Non-Chlorinated
ND	Not Detected at the Reporting Limit	R	RPD outside accepted recovery limits

Hall Environmental Analysis Laboratory, Inc.

Sample Receipt Checklist

Client Name **SMA-FARM**

Date Received:

8/19/2010

Work Order Number **1008751**

Received by: **ARS**

Checklist completed by:

Ashley M. Galligan
Signature

8/19/10
Date

Sample ID labels checked by:

ARS
Initials

Matrix:

Carrier name: Greyhound

Shipping container/cooler in good condition?

Yes ☒

No ☐

Not Present ☐

Custody seals intact on shipping container/cooler?

Yes ☒

No ☐

Not Present ☐

Not Shipped ☐

Custody seals intact on sample bottles?

Yes ☐

No ☐

N/A ☒

Chain of custody present?

Yes ☒

No ☐

Chain of custody signed when relinquished and received?

Yes ☒

No ☐

Chain of custody agrees with sample labels?

Yes ☒

No ☐

Samples in proper container/bottle?

Yes ☒

No ☐

Sample containers intact?

Yes ☒

No ☐

Sufficient sample volume for indicated test?

Yes ☒

No ☐

All samples received within holding time?

Yes ☒

No ☐

Water - VOA vials have zero headspace?

No VOA vials submitted ☒

Yes ☐

No ☐

Water - Preservation labels on bottle and cap match?

Yes ☐

No ☐

N/A ☒

Water - pH acceptable upon receipt?

Yes ☐

No ☐

N/A ☒

Container/Temp Blank temperature?

1.4°

<6° C Acceptable

If given sufficient time to cool.

Number of preserved
bottles checked for
pH:

<2 >12 unless noted
below.

COMMENTS:

Client contacted _____ Date contacted: _____ Person contacted _____

Contacted by: _____ Regarding: _____

Comments: _____

Corrective Action _____

Chain-of-Custody Record

Client: Souder, Miller and Associates

Mailing Address: POB 248

Farmington, NM 87401

Phone #: 505-325-5667

email or Fax#: denny.forest@soudernmiller.com

QA/QC Package:

☐ Standard ☐ Level 4 (Full Validation)

Accreditation

☐ NELAP ☐ Other _____

☐ EDD (Type)

Turn-Around Time:

☐ Standard ☒ Rush

Project Name: Koch
Dryden 2E Below Grade Tank
Pit Closure

Project #:

5120367

Project Manager: Denny Foust

Sampler:

On Ice: ☒ Yes ☐ No

Sample Temperature:

HEAL NÔ:

1008751

Container Type and #	Material	Quantity	Remarks
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[illegible]

2	fair
02	Jars

NA

Date:	Time:	Relinquished by:
-------	-------	------------------

Received by:

Date	Time
------	------

Remarks:

Date:	Time:	Relinquished by:
-------	-------	------------------

Received by:

Date	Time
------	------

1

If necessary, samples submitted to Hall Environmental may be subcontracted to other accredited laboratories. This serves as notice of this possibility. Any sub-contracted data will be clearly notated on the analytical report.