

Wells B-1 Fed Well #4-I

(Located in SECTION 1, T25S, R36E of Lea County, NM)

(GPS Reading of 32°-09'-26.8"-N & 103°-12'-44.8"-W)

Spill Remediation Report

Presented to:

Prime Operating Company

***Tgaar Petroleum Center 3300 "A" Bldg. 1-238
Midland, Texas 79705***

Prepared by:

Phoenix Environmental, LLC.

***P.O. Box 1856
Hobbs, New Mexico 88240***



*Prime #18099
Incident - NPAC0604729547
application NPAC0604729876*



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 13, 2006

Prime Operating Co., (Prime)
Tgaar Petroleum Center 3300 "A" Bldg 1-238
Midland, TX 79705

Facility Name: Well B-1 Fed Well #4-I, Sec. 1-T25S-R36E

The New Mexico Oil Conservation Division, (NMOCD), environmental personnel have reviewed the closure plan submitted by Phoenix Environmental for Prime and referenced above. The plan is **hereby approved** according to the information provided.

Please be advised that OCD approval of this plan does not relieve Prime of liability should their operations fail to adequately investigate and remediate contaminants that threaten ground water, surface water, human health or the environment. In addition, OCD approval does not relieve Prime of responsibility for compliance with any other federal, state, or local laws and/or regulations.

If you have any questions or need assistance please contact: <mailto:psheeelev@state.nm.us>

Sincerely,

Paul Sheeley-Environmental Engineer

Cc:

Chris Williams - District I Supervisor
Larry Johnson - Environmental Engineer
Alan Hodge - Phoenix

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IMPORTANT NOTICE:

Phoenix Environmental, LLC, with offices at 2113 French Drive, Hobbs, New Mexico 88241 (the Company), has prepared this project report for remediation of the, Wells B-1 Fed Well #4-1 to the best of its ability. No warranty, expressed or implied, is made or intended. The report was prepared for Prime Operating Company, with offices at 3300 "A" Bldg. 1-238, Midland, Texas 79705, (the Client). All information disclosed in this plan is for internal purposes only and is considered confidential. By accepting this document, the recipient agrees to keep confidential the information contained herein. The recipient further agrees not to copy, reproduce or distribute to any third party this project plan in whole or in part, without express written permission from the Company or Client.





SECTION I

Project Overview

Phoenix Environmental, LLC. (Phoenix) was contracted by Mr. Donny Thompson with Prime Operating to consult and oversee the clean up and closure of a flow line leak/spill from the Wells B-1 Fed Well #4-I. The Wells B-1 Fed #4-I is located in Sec.1, T25S, R36E of Lea Co. New Mexico with a GPS Reading of 32°09'26.8"N & 103°12'44.8"W with an elevation of 3197' above sea level and belongs to Prime Operating, Inc. The land, in and around the site, is primarily used as pasture for cattle and the production of oil and gas. The leak/spill site is located in the pasture on the west side of the location.

The potential contaminates of concern were medium to high level concentrations of hydrocarbons and produced water that were lost from a small hole or leak in the flow line and absorbed by the surrounding near surface soils.

The ground water depth data that was available for this section from the State of New Mexico Engineers' office showed that the vertical depth to the top of water was in the 60-70 foot range below ground surface.

Pursuant to the NMOCD guidelines for clean up of leaks and spills, the clean up level for this site will be at <100 ppm for TPH (Total Petroleum Hydrocarbons) and <50 ppm for BTEX (Benzene, Toluene, Ethylbenzene, and Xylene). The NMOCD has also asked for CL (Chlorides) be returned back to <250 ppm.

Findings and Conclusion

There was 852 cubic yards of contaminated soils that were excavated from the spill site area. These impacted soils were transported off site and disposed of at an approved NMOCD permitted commercial disposal facility. (Please refer to the attached Certificate of Waste Status of this report).

The bottom of the excavation (approximately 4 feet) was tested for TPH, BTEX & Chlorides to make certain that the target limits had been met prior to backfilling and compaction for closure. The site cleaned up very well with vertical depth of impact, only going 4 feet in depth and not impacting groundwater. All of the final lab analyses were below the NMOCD guidelines for leaks and spills (refer to attached laboratory reports for actual levels).



Due to the fact that approval from the NMOCD and the landowner has not been granted for backfilling, the site has yet to be backfilled and compacted with clean backfill and contoured with a crown to prevent ponding on the area. Once this approval is granted the site will be backfilled and reseeded to revegetate the site.

Chronology of Operations

On or about April 1, 2005 there was a hole that came in the flow line for the Wells B-1 Fed Well #4-I with an unknown amount of fluids lost and absorbed by the near surface soils.

1. On 4-4-05: Phoenix met Mr. Donny Thompson on site to get paper work done for off site disposal. There was a backhoe on site to excavate the impacted soils from the spill. These impacted soils were loaded and transported off site for disposal at the Doom Land farm, a NMOCD licensed facility. There was 24cyds taken out on this date.
2. On 4-5-05: Prime is excavating impacted soils with a backhoe and loading trucks for off site disposal. On this date there was 24cyds of impacted soils that were transported off site for disposal.
3. On 4-6-05: Prime is excavating impacted soils with a backhoe and loading trucks for off site disposal. On this date there was 264cyds of impacted soils that were transported off site for disposal.
4. On 4-7-05: Prime is excavating impacted soils with a backhoe and loading trucks for off site disposal. On this date there was 144cyds of impacted soils that were transported off site for disposal. Phoenix was on site this date and noted that there was some hydrocarbon stains that were in the walls and that some additional excavation was needed to complete the removal of impacted soils.
5. On 4-8-05: Prime is excavating impacted soils with a backhoe and loading trucks for off site disposal. On this date there was 396cyds of impacted soils that were transported off site for disposal.



There was a total of 852cyds of impacted soils that were taken off site for disposal. Once all of the impacted soils had been removed, final bottom samples were taken and sent to a third party lab for analysis. These samples were tested for TPH, BTEX and CL.

A review of the lab analysis showed that the site was well below the standards of the NMOCD for site closure. (See lab analysis for actual levels)

At this point the site should pose very little if any future environmental threat and needs to be backfilled pending approval from the NMOCD and the Landowner.

Certification

The following Phoenix Environmental personnel have reviewed this report and verified that to the best of their knowledge the contents are true and correct.

Allen Hodge, REM
Senior Project Manager
Phoenix Environmental, LLC.

Signature: _____



Registered Environmental Manager #7096
National Registry of Environmental Professionals

approved: *Paul Hodge* 10-13-05





SECTION II

ASSAIGAI ANALYTICAL LABORATORIES, INC.

4301 Masthead NE • Albuquerque, New Mexico 87109 • (505) 345-8964 • FAX (505) 345-7259

3332 Wedgewood, Ste. N • El Paso, Texas 79925 • (915) 593-6000 • FAX (915) 593-7820
127 Eastgate Drive, 212-C • Los Alamos, New Mexico 87544 • (505) 662-2558

PHOENIX ENVIRONMENTAL, LLC
attn: ALLEN HODGE
PO BOX 1856
HOBBS NM 88241

Explanation of codes

B	Analyte Detected in Method Blank
E	Result is Estimated
H	Analyzed Out of Hold Time
N	Tentatively Identified Compound
S	Subcontracted
1-9	See Footnote

Assaigai Analytical Laboratories, Inc.

STANDARD

Certificate of Analysis

All samples are reported on an "as received" basis, unless otherwise noted (i.e. - Dry Weight).

PHOENIX ENVIRONMENTAL, LLC
PRIME/ JAL SPILL
0508111 PHO01 Receipt: 08-02-05

William P. Biava: President of Assaigai Analytical Laboratories, Inc.

COMP BOTTOM @ 4'
SOIL

Collected: 08-01-05 13:00:00 By: AH

Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
1A	SW846 5035B/8015B	GRO by GC/FID					By: TRS		
XG.2005.1195.9		Gasoline Range Organics	ND	mg / Kg	1	0.55		08-05-05	08-05-05
1A	SW846 5035B/8021B	Purgeable VOCs by GC/PID					By: TRS		
XG.2005.1240.8	71-43-2	Benzene	ND	mg / Kg	1	0.005		08-12-05	08-12-05
XG.2005.1240.8	100-41-4	Ethylbenzene	ND	mg / Kg	1	0.005		08-12-05	08-12-05
XG.2005.1240.8	95-47-6	o-Xylene	ND	mg / Kg	1	0.005		08-12-05	08-12-05
XG.2005.1240.8	108-38-3/106-42	p/m-Xylenes	ND	mg / Kg	1	0.01		08-12-05	08-12-05
XG.2005.1240.8	108-88-3	Toluene	ND	mg / Kg	1	0.005		08-12-05	08-12-05
1A	EPA 300.0	Anions by IC					By: JTK		
WC.2005.2181.7	16887-00-6	Chloride	55.8	mg / Kg	10	0.5		08-10-05	08-10-05
1A	SW846 8015B	Diesel Range Organics by GC/FID					By: JPM		
XG.2005.1226.9		Diesel Range Organics	ND	mg / Kg	1	25		08-10-05	08-11-05

Otherwise noted, all samples were received in acceptable condition and all sampling was performed by client or client representative. Sample result of ND indicates Not a result is less than the sample specific Detection Limit. Sample specific Detection Limit is determined by multiplying the sample Dilution Factor by the listed Reporting limit. All results relate only to the items tested. Any miscellaneous workorder information or footnotes will appear below.

Results are not corrected for method blank or field blank contamination.

Sample was received at 16.3 degrees Celsius.

SQL Coyote: Reports 160508081512

REPRODUCTION OF THIS REPORT IN LESS THAN FULL FORM REQUIRES THE WRITTEN CONSENT OF AAL.
THIS REPORT MAY NOT BE USED IN ANY MANNER BY THE CLIENT OR ANY OTHER THIRD PARTY TO CLAIM
PRODUCT ENDORSEMENT BY THE NATIONAL VOLUNTARY LABORATORY ACCREDITATION PROGRAM

Report Date 8/16/2005 8:46:03 AM

4301 MASSENOB N.E.
ALBUQUERQUE, NEW MEXICO 87109
(505) 345-8884

**3332 WEDGEWOOD
EL PASO, TEXAS 79925
(915) 593-6000**

**127 EASTGATE DRIVE, 212-C
LOS ALAMOS, NEW MEXICO 87544
(505) 862-2558**

Page 7 of 7

Page 1 of 1

Project Manager / Contact Allen Lodge

Telephone No. 505-391-9685

Fax No. 505-391-9687

Samplers: (signature) [Signature]

Contract / Purchase Order / Quote

COLLEGE OF BUSINESS

Received by: _____
Signature: _____
Printed: _____
Company: _____
Reason: _____

CARRIER



ASSAIGAI ANALYTICAL LABORATORIES, INC.

4301 Masthead NE • Albuquerque, New Mexico 87109 • (505) 345-8964 • FAX (505) 345-7259

3332 Wedgewood, Ste. N • El Paso, Texas 79925 • (915) 593-6000 • FAX (915) 593-7820

127 Eastgate Drive, 212-C • Los Alamos, New Mexico 87544 • (505) 662-2558

PHOENIX ENVIRONMENTAL, LLC

attn: ALLEN HODGE

PO BOX 1856

HOBBS

NM 88241

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1-9	See Footnote

Assaigai Analytical Laboratories, Inc.

STANDARD

Certificate of Analysis

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PHOENIX ENVIRONMENTAL, LLC

PRIME/ JAL SPILL

0508111

PHO01

Receipt: 08-02-05

P.C.

William P. Biava: President of Assaigai Analytical Laboratories, Inc.

COMP BOTTOM @ 4'

Collected: 08-01-05 13:00:00 By: AH

SOIL

Run Sequence	CAS #	Analyte	Result	Units	Dilution Factor	Detection Limit	Code	Prep Date	Run Date
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XG.2005.1240.8	95-47-6	o-Xylene	ND	mg / Kg	1	0.005		08-12-05	08-12-05
XG.2005.1240.8	108-38-3/106-42	p/m-Xylenes	ND	mg / Kg	1	0.01		08-12-05	08-12-05
XG.2005.1240.8	108-88-3	Toluene	ND	mg / Kg	1	0.005		08-12-05	08-12-05
01A	EPA 300.0	Anions by IC					By: JTK		
WC.2005.2181.7	16887-00-8	Chloride	55.8	mg / Kg	10	0.5		08-10-05	08-10-05
01A	SW846 8015B	Diesel Range Organics by GC/FID					By: JPM		
XG.2005.1226.9		Diesel Range Organics	ND	mg / Kg	1	25		08-10-05	08-11-05

otherwise noted, all samples were received in acceptable condition and all sampling was performed by client or client representative. Sample result of ND indicates Not Detected. Sample result is less than the sample specific Detection Limit. Sample specific Detection Limit is determined by multiplying the sample Dilution Factor by the listed Reporting Limit. All results relate only to the items tested. Any miscellaneous workorder information or footnotes will appear below.

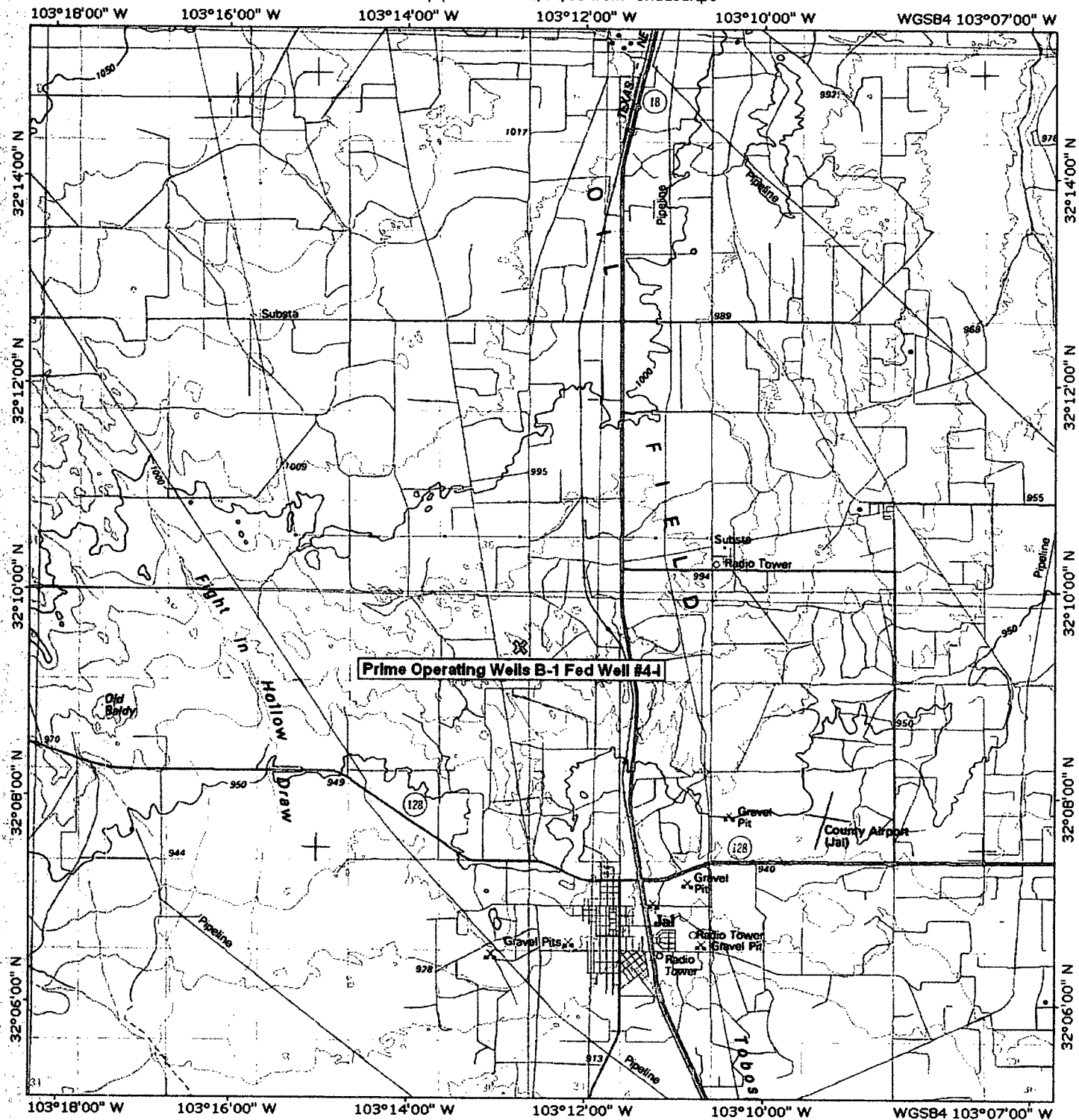
Results are not corrected for method blank or field blank contamination.

Sample was received at 16.3 degrees Celsius.



SECTION III

TOPOI map printed on 11/04/05 from "Untitled.tpo"

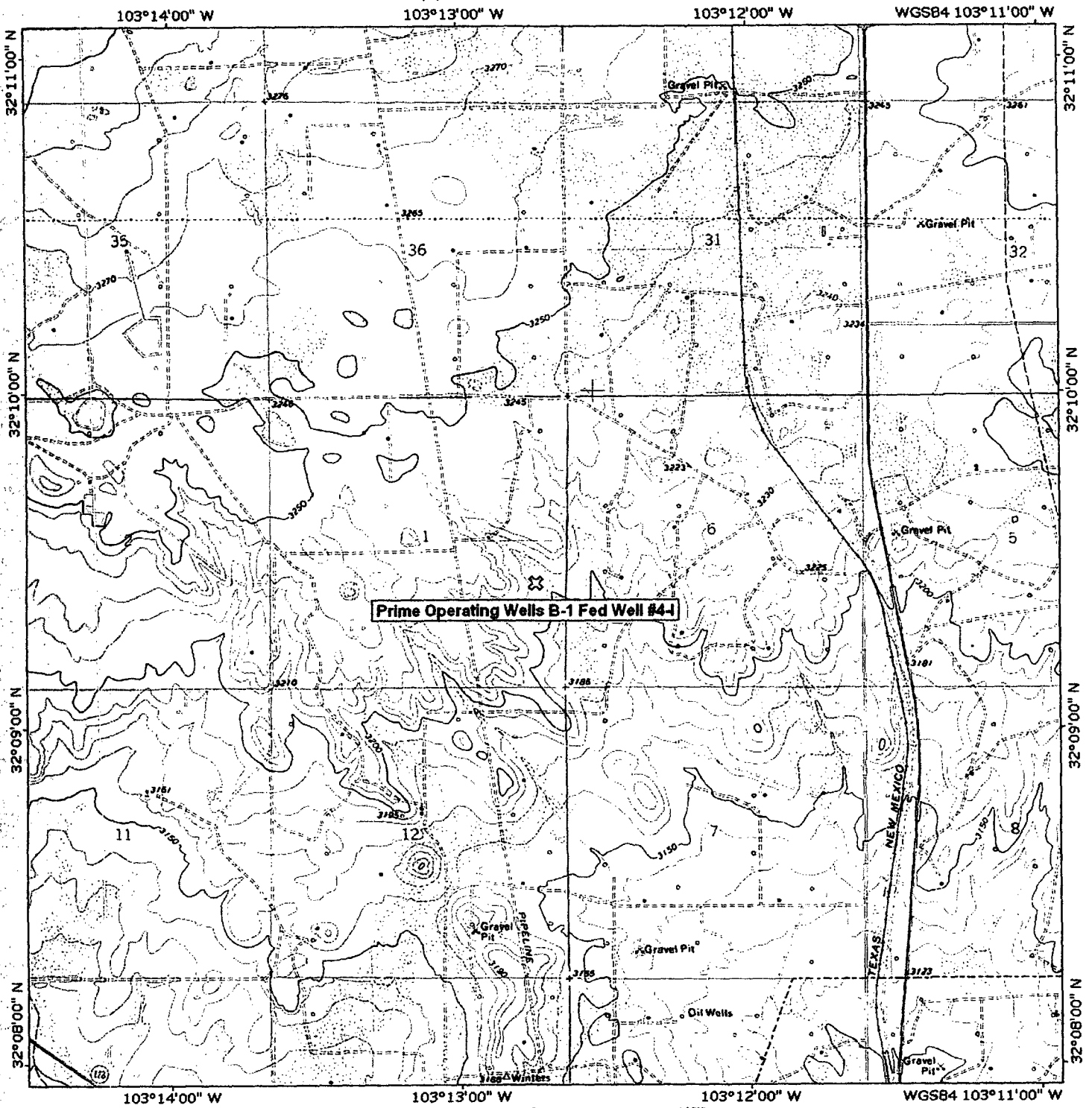


TN
MIN
8°

Map created with TOPOI® ©2003 National Geographic (www.nationalgeographic.com/topo)



TOPOI map printed on 11/04/05 from "Untitled.tpo"



TN
84°

0 1000 FEET 0 500 1000 METERS
Map created with TOPOI © 2003 National Geographic (www.nationalgeographic.com/topo)





SECTION IV



Photo #1 Looking Southwest

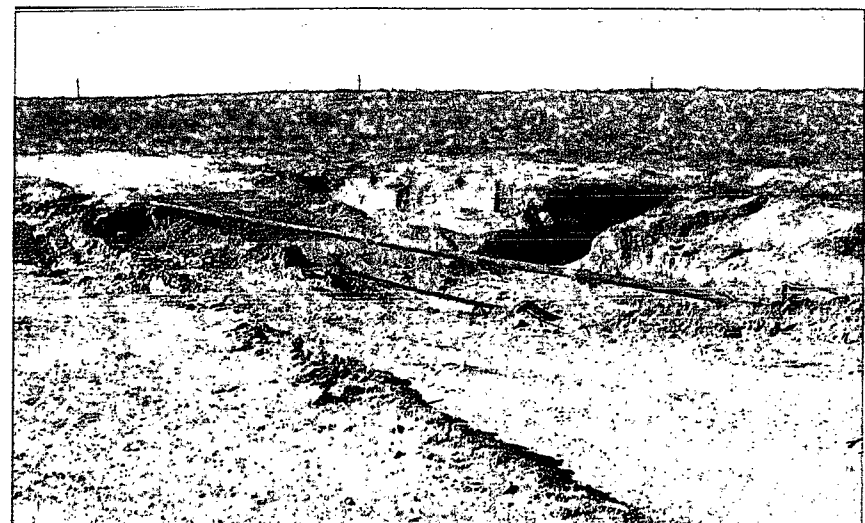


Photo #2 Looking Northwest



Photo #3 Looking Northeast

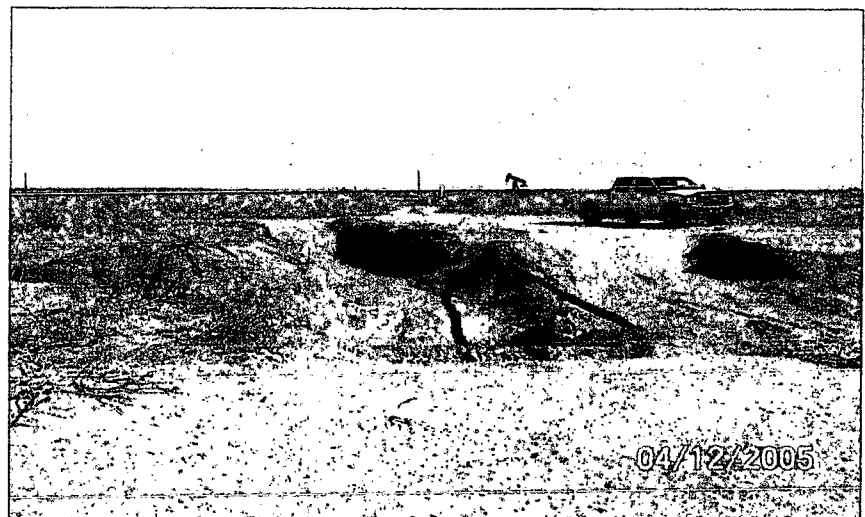


Photo #4 Looking Southeast



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 March 17, 1999

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	PRIME OPERATING CO.	Contact	DOUGIE THOMPSON
Address	3300 "A" BLVD 1-238 MIDLAND, TX 79705	Telephone No.	432-238-9763
Facility Name	WELLS B-1 F20 WELL #4-1	Facility Type	FLOW LINE LEAK

Surface Owner	CLAY OSBORN	Mineral Owner	F20	Lease No.	
---------------	-------------	---------------	-----	-----------	--

LOCATION OF RELEASE

API# 30025 255320000

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	1	255	36E					LEA

NATURE OF RELEASE

Type of Release	FLOW LINE LEAK	Volume of Release	NA	Volume Recovered	NONE
Source of Release	LINE LEAK	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

Describe Cause of Problem and Remedial Action Taken.*

LEAK IN FLOW LINE
852 CYOS OF IMPACTED SOILS TAKEN OFF SITE FOR DISPOSAL
@ DOON LAND FARM

Describe Area Affected and Cleanup Action Taken.*

LEAK WAS IN PASTURE, ALL IMPACTED SOILS WERE REMOVED

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:	<i>Candy Lyle</i>		
Printed Name:	CANDY LYLE		
Title:	Eng. Asst. / Production Analyst	Approval Date:	Expiration Date:
Date:	11/22/05	Phone:	423-682-5777
Conditions of Approval:		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary