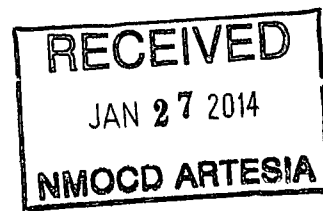




THE EASTLAND OIL COMPANY

P. O. DRAWER 3488 • MIDLAND, TEXAS 79702
TELEPHONE: (432) 683-6293 • FAX: (432) 683-6295

Mr. Garrett Donnelly
Development Officer
The Eastland Oil Company
Suite 1415
415 West Wall Street
Midland, Texas 79701



January 22, 2014

Mr. Mike Bratcher
New Mexico Oil Conservation Division
District 2
811 South First Street
Artesia, New Mexico 88210

Re: State 32 No. 4 *Initial C-141* and *Corrective Action Plan*
U/L F 32 22S 28E 1700 FSL 1750 FWL
Eddy County, New Mexico

API No.: 30-015-25428

Dear Mr. Bratcher:

The Eastland Oil Company, hereafter "Eastland", herewith submits the *Initial C-141* and the *Corrective Action Plan* for the State 32 No. 4 discharge event of approximately 100 barrels of hydrocarbon and produced water, which occurred on private property (Faulk) on January 18, 2014. Eastland notified the New Mexico Oil Conservation Division (NMOCD) as soon as the incident was discovered.

The point of discharge occurred through a poly flowline running along a two-track ranch road, which had cracked, due to either being run over and/or inclement weather conditions causing it to freeze and break. Upon discovery, a vacuum truck was called to begin sucking up the standing fluids in and along the ranch roadbed, such that horizontal and vertical saturation could be controlled, resulting in the recovery of approximately 90 barrels of water and 10 barrels of oil. The soil contaminated areas are in the process of being excavated for haul off to R360. Samples will be taken and the analytical results discussed with the NMOCD prior to closing the excavated area.

The rancher has requested that the footprint be backfilled immediately following excavation. He does not want the open area left on the ranch that will produce liability issues for him. Eastland will try to comply with this request.

Please call (432-683-6293) should you have questions.

Sincerely,

Garrett Donnelly

Enclosures: Initial C-141