

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 - Phoenix Hydrocarbons	Contact - Billy Snead
Address P. O. Box 3638 Midland, TX 79702	Telephone No. 432-686-9869
Facility Name - LJU Waterflood	Facility Type LJU Injection Well #85
Surface Owner - Woolworth Estate	Mineral Owner
Lease No. LC-022511	

LOCATION OF RELEASE API# 30025114930000

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
P	8	25S	37E	660'	South	660'	East	Lea

Latitude 32.832N Longitude 103.10.69W Depth to BW 293'

NATURE OF RELEASE

Type of Release - Produced Water	Volume of Release - 50bbl	Volume Recovered -
Source of Release - pinhole in injection line	Date and Hour of Occurrence 9/28	Date and Hour of Discovery 9/28/AM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Pat in Hobbs office, left message	
By Whom? Alan Standfer	Date and Hour 10/2/06 at 10:00 AM	
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.* N/A

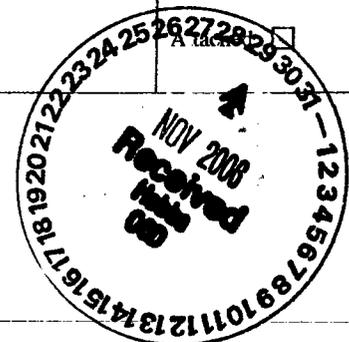
Describe Cause of Problem and Remedial Action Taken.* Pinhole leak in injection line. A crew was called out to replace the joint with the leak.

Describe Area Affected and Cleanup Action Taken.* Elke Environmental delineated the site, the plat map and analytical is attached. The top area (Red on plat map) will be excavated 3' deep and hauled to Sundance Disposal then a 20 mil impervious liner will be installed and 3' of fresh top soil will be backfilled. The bottom sloped area on the side of the hill (Blue on plat map) will be excavated 1' deep and hauled to Sundance disposal then backfilled with fresh top soil. A final closure report will be given at the end of the job. NMOCD will be given 48 hrs notice before any samples are taken.

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.

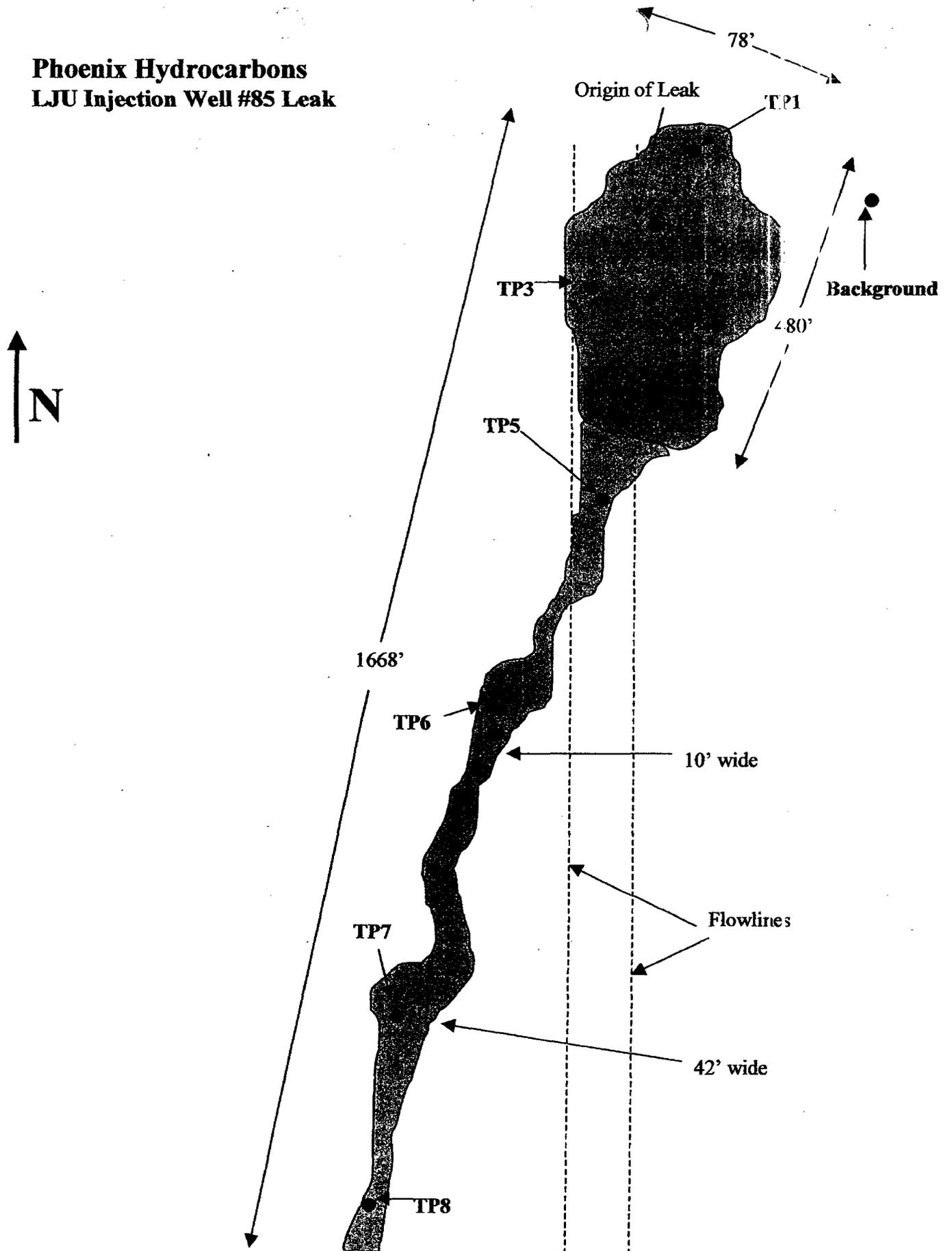
Signature: <i>Billy J. Snead</i>	OIL CONSERVATION DIVISION	
Printed Name: <i>Billy J. SNEED</i>	Approved by District Supervisor: <i>Chris Williams</i>	
Title: <i>ENGINEER</i>	Approval Date: <i>11/29/06</i>	Expiration Date
E-mail Address: <i>BSNEED@T3MID.COM</i>	Conditions of Approval:	
Date: <i>11/8/06</i> Phone: <i>432-686-9869</i>		

* Attach Additional Sheets If Necessary



Incident - n PAC0633340118
application - pPAC0633340252
RP# 1132

Phoenix Hydrocarbons LJU Injection Well #85 Leak



Elke Environmental, Inc.

P.O. Box 14167 Odessa, TX 79768

Field Analytical Report FormClient Phoenix HydrocarbonsAnalyst Logan Anderson/Kim BakerSite LJU Injection Well #85

Sample ID	Date	Depth	TPH / PPM	CI / PPM	PID / PPM	GPS
Background	11-1-06	3"		123		
TP1	11-1-06	6"		8,331		
TP2	11-2-06	2'		566		
TP2	11-2-06	4'		946		
TP2	11-2-06	5'		1,969		
TP2	11-2-06	6'		1,514		
TP2	11-2-06	9'		1,432		
TP3	11-1-06	1'		15,911		
TP4	11-2-06	2'		678		
TP4	11-2-06	4'		1,436		
TP4	11-2-06	6'		927		
TP5	11-2-06	2'		1,544		
TP5	11-2-06	4'		10		
TP6	11-1-06	3"		13,797		
TP6	11-2-06	2'		1,195		
TP6	11-2-06	4'		105		
TP7	11-1-06	1'		12,169		
TP8	11-1-06	1'		7,627		

Analyst Notes _____

Analyst Signature _____