

RECEIVED

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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

Form C-141
Revised October 10, 2003

Oil Conservation Division

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

HOBBS OGD HOBBS OGD
Santa Fe, NM 87505

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company <i>Penroc Oil Corporation</i>	Contact <i>M. Y. (Merch) Merchant</i>
Address <i>1515 Calle Sur, Hobbs, NM 88240</i>	Telephone No. <i>(575) 492-1236</i>
Facility Name <i>Sapphire Federal #1</i>	Facility Type <i>Tank Battery</i>

Surface Owner <i>BLM</i>	Mineral Owner <i>MMS</i>	Lease No. <i>NMNM63763</i>
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LOCATION OF RELEASE

30 025-30510

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
<i>J</i>	<i>23</i>	<i>19S</i>	<i>33E</i>	<i>1600</i>	<i>FSL</i>	<i>1750</i>	<i>FEL</i>	<i>Lea</i>

Latitude _____ Longitude _____

NATURE OF RELEASE

WTR 120'

Type of Release <i>Produced water</i>	Volume of Release <i>566ls</i>	Volume Recovered <i>90%</i>
Source of Release <i>Injection pump</i>	Date and Hour of Occurrence	Date and Hour of Discovery <i>3/19/08 8 AM EST.</i>
Was Immediate Notice Given? <i>BLM - Simultaneous by pumpers</i> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>Trishia Bad Bear was by the location. Pumper arrived his regular time. BLM knew.</i>	
By Whom? <i>Phone call for Ms. Bad Bear</i>	Date and Hour <i>3/19/08 Midmorning</i>	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. <i>NO</i>	

If a Watercourse was Impacted, Describe Fully.*

NO

Describe Cause of Problem and Remedial Action Taken.* *Plunger in the injection pump broke releasing water and (oil was around injection pump) - spread in the low spot. Water picked up by Victory services. Original clean up was not satisfactory to Ms. Bad Bear.*

Describe Area Affected and Cleanup Action Taken.* *Pump (New) was ordered and had to wait over a month. On 5.3.08 Victory dug up and hauled contaminated soil to Sundance Services. New pump was installed. Samples taken to Cardinal. Analysis attached. BLM was not notified - Ms. Bear wait another piece of action per NMOCD guide lines & field work.*

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>[Signature]</i>	<u>OIL CONSERVATION DIVISION</u>	
Printed Name: <i>M. Y. Merchant</i>	<i>[Signature]</i> Approved by District Supervisor ENVIRONMENTAL ENGINEER	
Title: <i>President</i>	Approval Date: <i>8.1.08</i>	Expiration Date: <i>10.1.08</i>
E-mail Address: <i>mymerch@penrocoil.com</i>	Conditions of Approval:	Attached <input type="checkbox"/>
Date: <i>7/31/08</i> Phone: <i>(575) 492-1236</i>	<i>SUBMIT FINAL C. 141 w/ DOCUMENTATION BY</i>	

* Attach Additional Sheets If Necessary

IRP#1917

FGRL0821432606

Penroc Oil Corporation
Attachment to C-141
Sapphire Federal Lease
NMNM63763
Section 23, T-19-S, R-33-E
Lea County, New Mexico

Met with Ms. Tirishia Bad Bear and Mr. Steve Caffey of BLM on Wednesday, July 30, 2008. It was agreed to redo the cleanup including resampling.

Penroc plans to do the following:

1. Notify Ms. Bad Bear and get backhoe to the battery.
2. Dig up affected area (may need shovels to work around small areas by the pump and control panel) and either (a) haul contaminated dirt to Sundance Services, or (b) using 20 mil plastic liner, store dirt on location for in-place cleanup. To be decided after knowing the volume of dirt.
3. After reaching clean dirt (3 – 4') per NMOCD, take samples to Cardinal Labs for testing.
4. If tests okay, replace with clean dirt. If not okay, dig deeper and repeat Step 3.
5. Once Ms. Bad Bear and NMOCD satisfied, submit final report to BLM and NMOCD.



M. Y. (Merch) Merchant