

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

OCT 31 2008
OCD-ARTESIA 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 Walsh and Watts, Inc. 24558 | Contact Richard Jones |
| Address 1111 Seventh St., Wichita Falls, TX | Telephone No. (806) 215-0349 |
| Facility Name N. Square Lake Premier Unit | Facility Type Oil |
| Surface Owner Federal Mineral Owner X Lease No. NM0162 | |

30 015 04806

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| U M | 5 | 16S | 31E | 760 | South | 710 | West | Eddy |

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | |
|--|---|-------------------------------------|
| Type of Release oil | Volume of Release less than 1 bbl. | Volume Recovered 0 |
| Source of Release 2 flowline leaks | Date and Hour of Occurrence | Date and Hour of Discovery 10/21/08 |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | |
| By Whom? Sherry Bonham to Richard Jones | Date and Hour 10/21/2008 | time unknown |
| 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.*
Two flowline leaks between well and tank battery.

Describe Area Affected and Cleanup Action Taken.*
Confined to area around flowline.

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>Alfred B. Guinn</i> | Accepted for Release NMOCD | | * Remediation Actions to be completed and Final C-141 submitted with confirmation analyses/documentation on or before the Expiration Date. ↓ |
| Printed Name: Alfred B. Guinn | Approved by District Supervisor: | | |
| Title: Vice President | Approval Date: 11-12-08 | Expiration Date: * 01-12-2009 | |
| E-mail Address: billww@sbcglobal.net | Conditions of Approval: DELINEATION REQUIRED until contamination reaches background levels or a site specific acceptable level. As warranted, a work plan may be required. | | Attached <input checked="" type="checkbox"/> |
| Date: 10/28/2008 Phone: 940-723-2104 | | | 2RP - 266 |

* Attach Additional Sheets If Necessary

Accepted for record
NMOCD

Within 30 days, on or before 12-15-08, completion of a remediation work plan based on delineation should be finalized and submitted for approval to the Division summarizing all actions taken and/or to be taken to mitigate environmental damage

Notify OCD 48 hours prior to obtaining samples where analyses are to be presented to OCD



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 12, 2008

Walsh and Watts, Inc
1111 Seventh Street
Wichita Falls, TX 76301

RE: North Square Lake Premier Unit 016 30-015-04806
M-5-16S-31E Eddy County, New Mexico
2RP-266 and 2RP-267

Dear Operator:

Per operator compliance with LOV 2-08-159, NMOCD District II is in receipt of two initial report C-141s regarding oil and produced water releases. The releases are a result of two separate flow line leaks and a result of stuffing box leak related to the above mentioned facility.

NMOCD Rule 19.15.3.116 states in part, "...The responsible person must complete **division approved corrective action** for releases which endanger public health or the environment. Releases will be addressed in accordance with a **remediation plan** submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC."

A guide document intended to provide direction for remediation of soils and fresh waters contaminated as a result of leaks, spills, or releases of oilfield wastes and products is found on OCD's web site at the following link:

http://www.emnrd.state.nm.us/oed/documents/7C_spill1.pdf

The following actions are **required** to be addressed in the **remediation plan**:

- Horizontal and vertical delineation of the spill by soil sampling. Delineation is required until contamination reaches background levels or a site specific acceptable level. Any constituent(s) of concern—to include but not limited to TPH, BTEX, and chlorides—are to be addressed in the delineation and remediation plan.
- Prepare a sketch of the site indicating where and at what depths the samples were taken.



November 12, 2008

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- Submit laboratory results of sampling and the work plan proposal (plan) for remediation, removal and/or clean up of contaminants that may be present at the site.

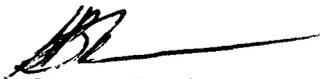
Notify the OCD 48 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD. Notification is to include date and time of sample event.

Within 30 days, **on or before December 15, 2008**, completion of a remediation work plan should be finalized and submitted to the Division summarizing all actions taken or to be taken to mitigate environmental damage related to *each* leak, spill or release for approval.

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further assistance with this matter or should you have any questions, please feel free to contact me.

Sincerely,



Sherry Bonham

NMOCD District II

(505) 748-1283 ext 109

E-mail: sherry.bonham@state.nm.us