

District I
1625 N. French Dr., Hobbs, NM 88241
District II
1301 W. Grand Avenue, Artesia, NM 88211
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

RECEIVED

OCT 03 2008

HOBBS (11)

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	Key Energy Services, Inc.	Contact	Sam Blevins
Address	2105 Ave O	Telephone No.	505-394-2581
Facility Name	Key Energy State "S" Brine and Water Station (BW-028)	Facility Type	Brine and Freshwater Station

Surface Owner	Millard Deck Trust	Mineral Owner	State of New Mexico	Lease No.	#1
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LOCATION OF RELEASE

API # 30-025-06586-00-00

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	15	21s	37e	See attached map				Lea

Latitude N32° 29' 02.2" Longitude W103° 09' 28.8"

NATURE OF RELEASE

Type of Release	Brine	Volume of Release	300bbls	Volume Recovered	275bbls
Source of Release	Load line valve left open by unidentified 3 rd party driver.	Date and Hour of Occurrence	11/24/07 09:00	Date and Hour of Discovery	11/24/07 09:00, Clarence Fyfe (Chevron)
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Pat Richards, OCD		
By Whom?	Edward (Ted) Philley, Key Energy Services	Date and Hour	11/26/07 10:25		
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.*

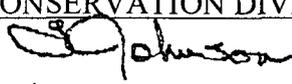
Describe Cause of Problem and Remedial Action Taken.*

Brine valve was left open at load line at east end of water station by 3rd party, line drained into diked area. Dike gave way and ran down lease road onto Chevron well location.

Describe Area Affected and Cleanup Action Taken.*

Affected lease road, Chevron State S #1 Unit D, Sec15-T21S-R37E well site and area surrounding. Recovered 275bbls with vacuum trucks. Terracon removed and disposed of 1762 cubic yards of brine affected soils on behalf of Key Energy Services. Excavated areas were backfilled with landowner provided top soil (1,010 cubic yards) and landowner provided caliche (300 cubic yards) to repair affected roads. Remedial actions documented in Terracon report dated February 20, 2008 (Attached). Disturbed topsoil will be reseeded at the landowner's direction with a landowner selected seed mix.

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:	<u>OIL CONSERVATION DIVISION</u> 		
Printed Name:	Approved by District Supervisor ENVIRONMENTAL ENGINEER		
Title:	Approval Date: <u>10.8.08</u>	Expiration Date: <u> </u>	
E-mail Address:	Conditions of Approval: <u> </u>		Attached <input type="checkbox"/> IRP # 1672
Date:	Phone:		

* Attach Additional Sheets If Necessary

FGRL 0828253117



Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Telephone: 432.620.0300
Facsimile: 432.571.7173
www.keyenergy.com

October 2, 2008

Mr. Wayne Price
State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED
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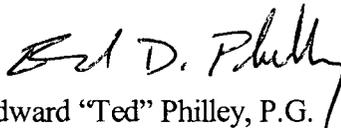
Re: Key Energy Services, Inc.
State S Brine Station

Dear Mr. Price:

Enclosed you will find documentation of the reseed activities at the State S Brine Station. I have included a copy of the C-141 form for your convenience along with the invoices from B&H Maintenance & Construction for the work at this site.

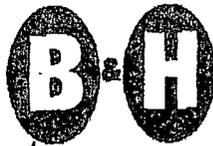
If you have any questions, please let me know.

Sincerely,


Edward "Ted" Philley, P.G.
Key Energy Services, Inc.

Enclosures

cc: Pat Richards
State of New Mexico
District 1
1625 N. French Drive
Hobbs, New Mexico 88240



Maintenance & Construction

PIPELINE CONTRACTORS

57450 .C

COMPANY Key

DATE 9-5-08

LEASE NAME Water Station North of Town

CONTRACT JOB COST PLUS JOB JOB # 11012062 COUNTY Lea STATE N.M.

EQUIPMENT	NO.	TYPE	RENTED	OWNER	HOURE BY 1/2"	DRUM	WHEEL	WHL	SET UP \$/HR	LAY	TAKE DOWN "	TRMS	CLEAN UP	RE. SIZE	TEST	AND OTHER	ROAD REPAIR	PAV	TOTAL HOURS	RATE	TOTAL AMOUNT
Truck & Lowboy																					
Truck & Flot																					
JetCo Chain Trencher																					
7337 JetCo	1	FRM	03											8					8		
Dozer																					
Backhoe																					
Slide Booms																					
Air Comp.																					
Pickups	1	PP												8					8		
	1	PK	255											8					8		
Welding Rigs																					
Foij Machines																					

EMPLOYEES	TYPE	PLA	FINISH	MOVE IN & OUT	ADJN	OTDR	WLD	SET UP \$/HR	LAY	TAKE DOWN "	TRMS	CLEAN UP	RE. SIZE	TEST	AND OTHER	ROAD REPAIR	PAV	TOTAL HOURS	RATE	AMOUNT
110553 Garcia T. F														8				8		
281581 Romo J. LH														8				8		
405088 Castillo J. L														8				8		
110570 Gonzalez C. L														8				8		

Complete

- PER-DIEM
- MATERIAL
- EQUIPMENT
- LABOR
- SUB-TOTAL
- TAX
- TOTAL

REMARKS: Reseed run disc broadcast seed run disc again

Company Representative

B & H Representative Tommy Garcia

577-284

B & H MAINTENANCE & CONSTRUCTION, INC.

INVOICE

PIPELINE AND PLANT CONSTRUCTION
ENVIRONMENTAL AND REMEDIATION SERVICES

KEY ENERGY
PO BOX 99

EUNICE, NM 88231

Invoice Number 426426
Invoice Date 9/23/2008
Customer 102336
Job Number 11017067
Key Energy- Re-seed
P/O Number
Terms Net 30 Days (Override)

Description:
RE-SEED WATER STATION NORTH OF TOWN
PO# 1219515

Pay Item Description

Date	Work Order #	Pay Item Description	Quantity	U/M	Billing Rate	Taxable Amount	Tax
9/23/2008		Contract Price				2,600.00	139.75
Total for Work Order #: Contract Price						2,600.00	139.75
Sub-total						2,600.00	
Less: Retainage							
Tax							139.75
Total Due							2,739.75

PO# 1219515

PLEASE INCLUDE CUSTOMER NUMBER AND INVOICE NUMBER WITH PAYMENT. THANK YOU!

Remit To: B & H Maintenance & Construction, P.O. Box 970, EUNICE, NM 88231

575-364-2588
1-800-782-2501
FAX 575-364-2299
P.O. BOX 870
EUNICE, NM 88231

575-867-8735
575-867-7931
FAX 575-867-0969
P.O. BOX 88
CARLSBAD, NM 88220

432-550-8210
FAX 432-358-4031
2259 STEVEN ROAD
WEST LOOP 338
ODESSA, TX 79769

505-834-0480
FAX 505-834-0482
P.O. BOX 185
245 HWY. 544
BLOOMFIELD, NM 87413

426426

Date: 9/23/08

JOB #: 11017067

Key Energy
P.O. Box 99
Eunice, N.M. 88231

PO# 1219515

RE: Re-seed water station north of town

Total \$ 2,600.00

Tax 139.75

TOTAL \$ 2,739.75