

XTO Energy, Inc.
Eunice Monument South Unit Satellite #4
Township 22 South, Range 36 East, Section 6
Lea County, New Mexico

Closure Report

May 24, 2011



Prepared for:

XTO Energy, Inc.
700 Lorraine, Suite 800
Midland, Texas 79701

Prepared by:

Safety & Environmental Solutions, Inc.
703 East Clinton Street
Hobbs, New Mexico 88240
(575) 397-0510

TABLE OF CONTENTS

| | |
|---------------------------------------|---|
| I. COMPANY CONTACTS | 1 |
| II. BACKGROUND | 1 |
| III. SURFACE AND GROUND WATER | 1 |
| IV. CHARACTERIZATION | 1 |
| V. WORK PERFORMED | 2 |
| VI. CONCLUSION | 3 |
| VII. FIGURES & APPENDICES..... | 3 |
| Figure 1 - Vicinity Map..... | 4 |
| Figure 2 - Site Map | 5 |
| Appendix A – Analytical Results | 6 |
| Appendix B – Site Photographs | 7 |
| Appendix C – C-141 | 8 |

I. Company Contacts

| Representative | Company | Telephone | E-mail |
|----------------|------------|--------------|--|
| Gene Hudson | XTO Energy | 575.441.1634 | Richard_Hudson@xtoenergy.com |
| Bob Allen | SESI | 575.390.7063 | ballen@sesi-nm.com |

II. Background

Safety and Environmental Solutions, Inc. (SESI) was engaged by XTO Energy, Inc. to perform clean-up services at the EMSU Satellite #6 release. According to the C-141 dated February 7, 2011, the release was due to a ruptured flowline releasing approximately 65 barrels of produced fluids, in which 61 barrels were recovered. New Mexico Oil Conservation Division (NMOCD) was notified.

III. Surface and Ground Water

The closest groundwater of record with the Office of the State Engineer is located 2.5 miles southeast of the location; in the section 10 of Township 21 South and Range 36 East, Lea County New Mexico. The depth of water in this well was 195' in January 1986.

IV. Characterization

The target cleanup levels are reached by the application of the "Guidelines for Remediation of Leaks, Spills and Releases New Mexico Oil Conservation Division (NMOCD) – August 13, 1993 to this site is 5,000 parts per million (ppm) Total Petroleum Hydrocarbons (TPH).

Application of the New Mexico Oil Conservation Division's ranking criteria for contaminated soils at this site is presented below:

| Total Ranking Score | | | |
|---------------------|-----|---------|-------|
| Score: | >19 | 10 - 19 | 0 - 9 |
| Benzene (ppm) | 10 | 10 | 10 |
| Total BTEX (ppm) | 50 | 50 | 50 |
| TPH (ppm) | 100 | 1,000 | 5,000 |

| Depth to Ground Water: | | | |
|--|-----------------------|-----------|----------|
| (Vertical distance from contaminants to seasonal high water elevation of groundwater) | Less than 50 feet | 20 points | |
| | 50 feet to 99 feet | 10 points | |
| | >100 feet | 0 points | X |
| Wellhead Protection Area: | | | |
| (Less than 200 feet from a private domestic water source; or less than 1000 feet from all other water sources) | Yes | 20 points | |
| | No | 0 points | X |
| Distance to Surface Water: | | | |
| (Horizontal distance to perennial lakes, ponds, rivers, streams, creeks, irrigation canals and ditches) | Less than 200 feet | 20 points | |
| | 200 feet to 1000 feet | 10 points | |
| | >1000 feet | 0 points | X |
| RANKING SCORE (TOTAL POINTS) | | | 0 |

V. Work Performed

On February 11, 2011, Safety and Environmental Solutions, Inc, met with Mr. Geoff Leking, NMOCD representative, and Mr. Gene Hudson, XTO representative, to assess the affected area. The release flowed off the pad, past the fence and pooled on lease road. Mr. Leking approved that the area will need to be excavated to a depth of six (6) inches below grade surface (bgs) utilizing hand shovel to determine vertical extent. Due to numerous buried lines in the location area the location the area will be backfilled after return Laboratory samples.

On February 22, 2011 SESI is on location with Mr. David Paschal, XTO representative, and Mr. Leking, NMOCD representative to obtain samples from inside release area. Samples were retrieved at depths ranging from 0-2' bgs and transported to Cardinal Laboratories in Hobbs, New Mexico to be analyzed for Total Petroleum Hydrocarbons (TPH EPA Method 418.1), Benzene, Toluene, Ethyl Benzene, Total Xylene (BTEX EPA Method 8021B), and Chlorides (EPA Method 4500B).

As per Mr. Leking, on May 9, 2011, SESI was onsite to further delineate sample point #5 to a depth of one (1) ft below grade surface to determine if the migration of Total Petroleum Hydrocarbon remained. The sample was retrieved and properly preserved and transported under chain of custody to Cardinal Laboratories, in Hobbs New Mexico to be analyzed for Total Petroleum Hydrocarbons (TPH EPA Method 418.1), Benzene, Toluene, Ethyl Benzene, Total Xylene (BTEX EPA Method 8021B), and Chlorides (EPA Method 4500B).

The results of the analytical results are as follows:

| Sample ID | Chlorides (mg/kg) | TPH 418.1 (mg/kg) | Benzene (mg/kg) | Toluene (mg/kg) | Ethyl Benzene (mg/kg) | Xylenes (mg/kg) |
|-----------------------|-------------------|-------------------|-----------------|-----------------|-----------------------|-----------------|
| Analysis Date: | 2/23/11 | 2/28/11 | 2/25/11 | 2/25/11 | 2/25/11 | 2/25/11 |
| SP #1 2'bgs | 176 | 243 | <0.200 | <0.200 | <0.200 | <0.600 |
| SP #2 Surface | 880 | 7,660 | <0.200 | <0.200 | 0.250 | 2.20 |
| SP #2 2'bgs | <16.0 | 229 | <0.200 | <0.200 | <0.200 | <0.600 |
| SP #3 1'bgs | 80.0 | 202 | <0.200 | <0.200 | <0.200 | <0.600 |
| SP #4 Surface | 368 | 130 | <0.200 | <0.200 | <0.200 | <0.600 |

| | | | | | | |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| SP #5 Surface | 176 | 1,070 | <0.200 | <0.200 | <0.200 | <0.600 |
| Analysis Date: | 05/11/11 | 05/11/11 | 05/11/11 | 05/11/11 | 05/11/11 | 05/11/11 |
| SP #5 1'bgs | <16.0 | <100 | <0.050 | <0.050 | <0.050 | <0.150 |

VI. Conclusion

As a result of the most recent delineation, the analysis indicated that levels of TPH, the contaminant of concern, were under guidelines set forth by NMOCD. It is requested that no further action be required at this time. The operator is aware that at such time the tank battery becomes inactive further action may be required.

VII. Figures & Appendices

Figure 1 – Vicinity Map
Figure 2 – Site Map
Appendix A – Analytical Results
Appendix B – Site Photographs
Appendix C – C-141

Figure 1

Vicinity Map

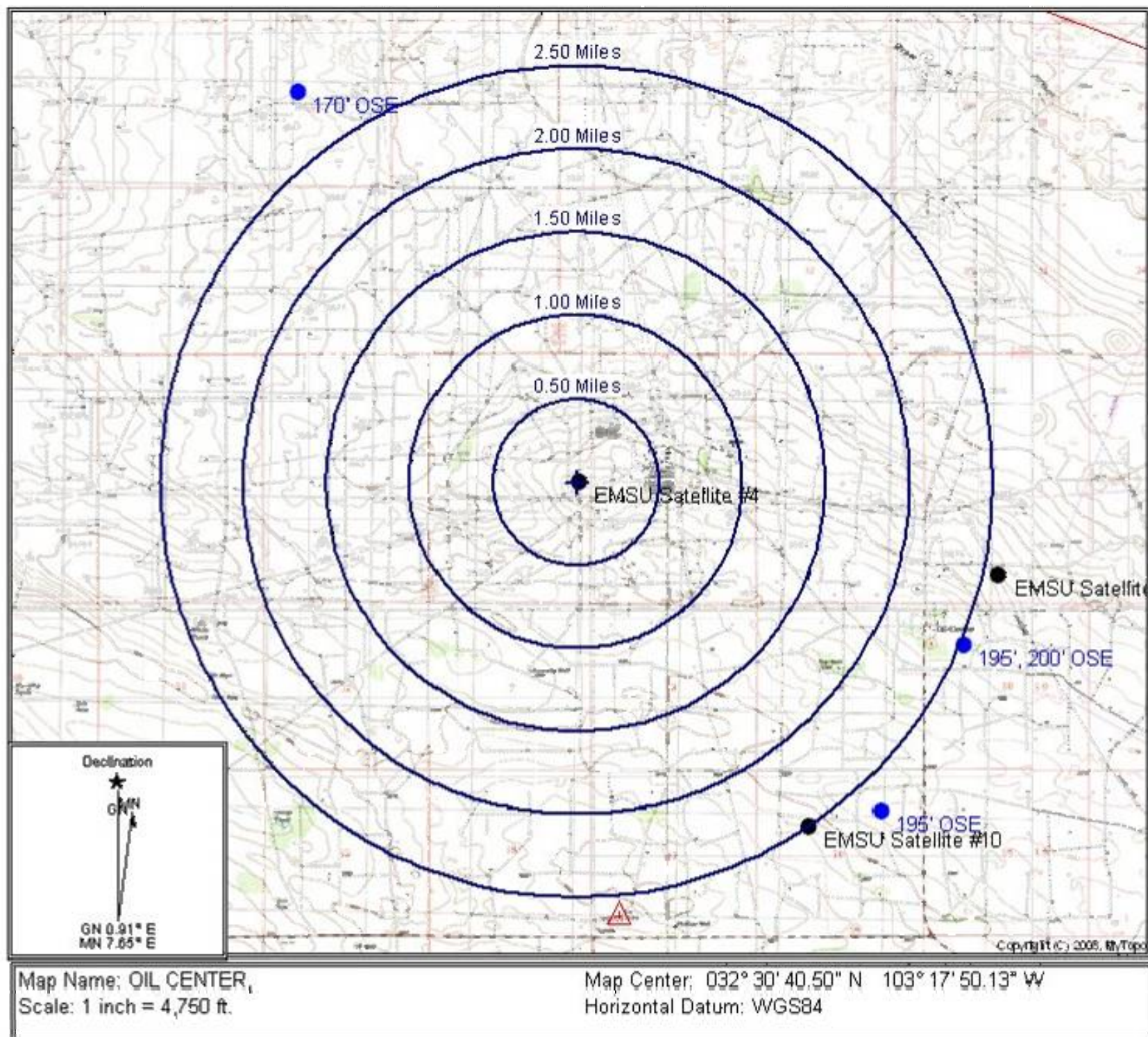
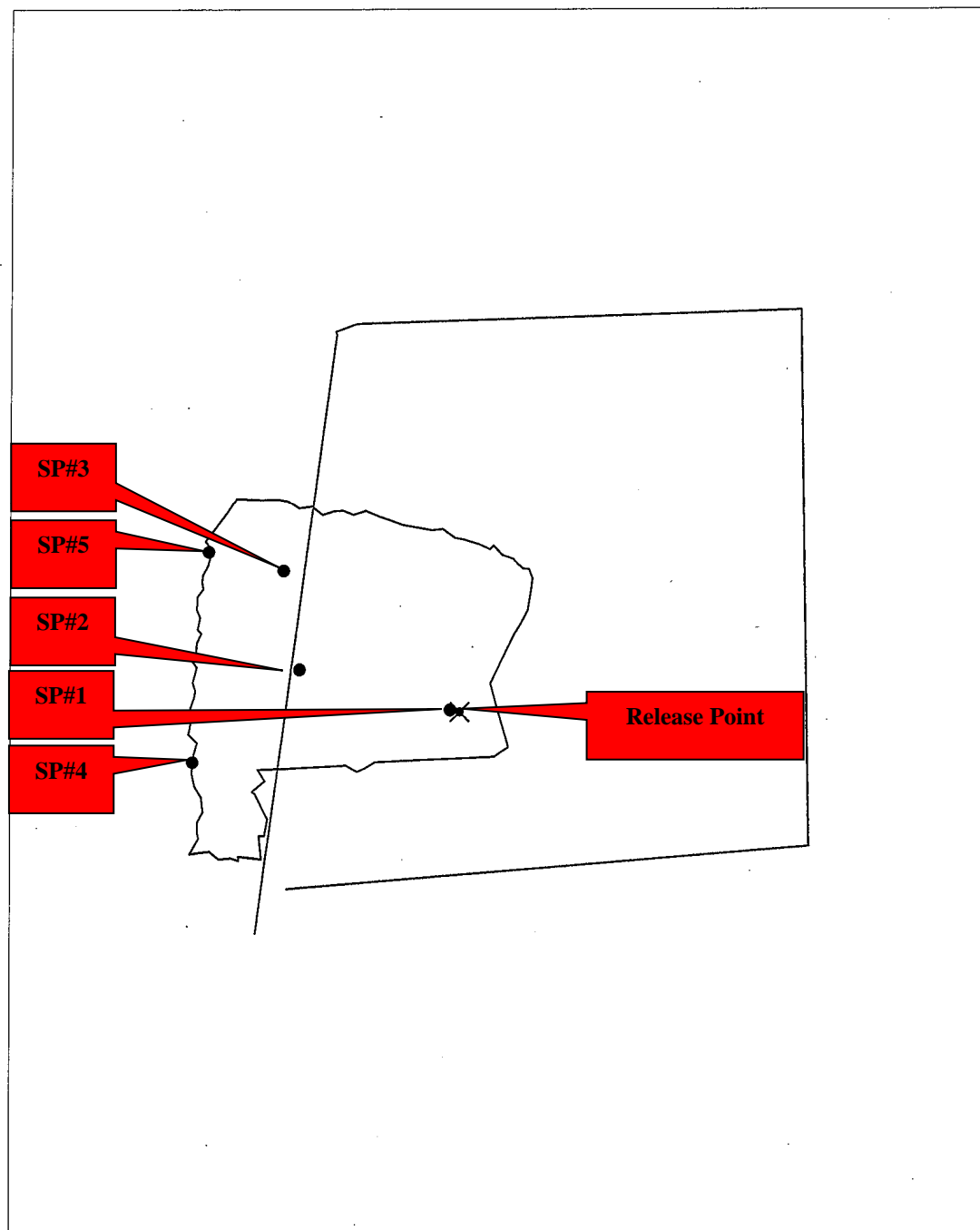


Figure 2

Site Map



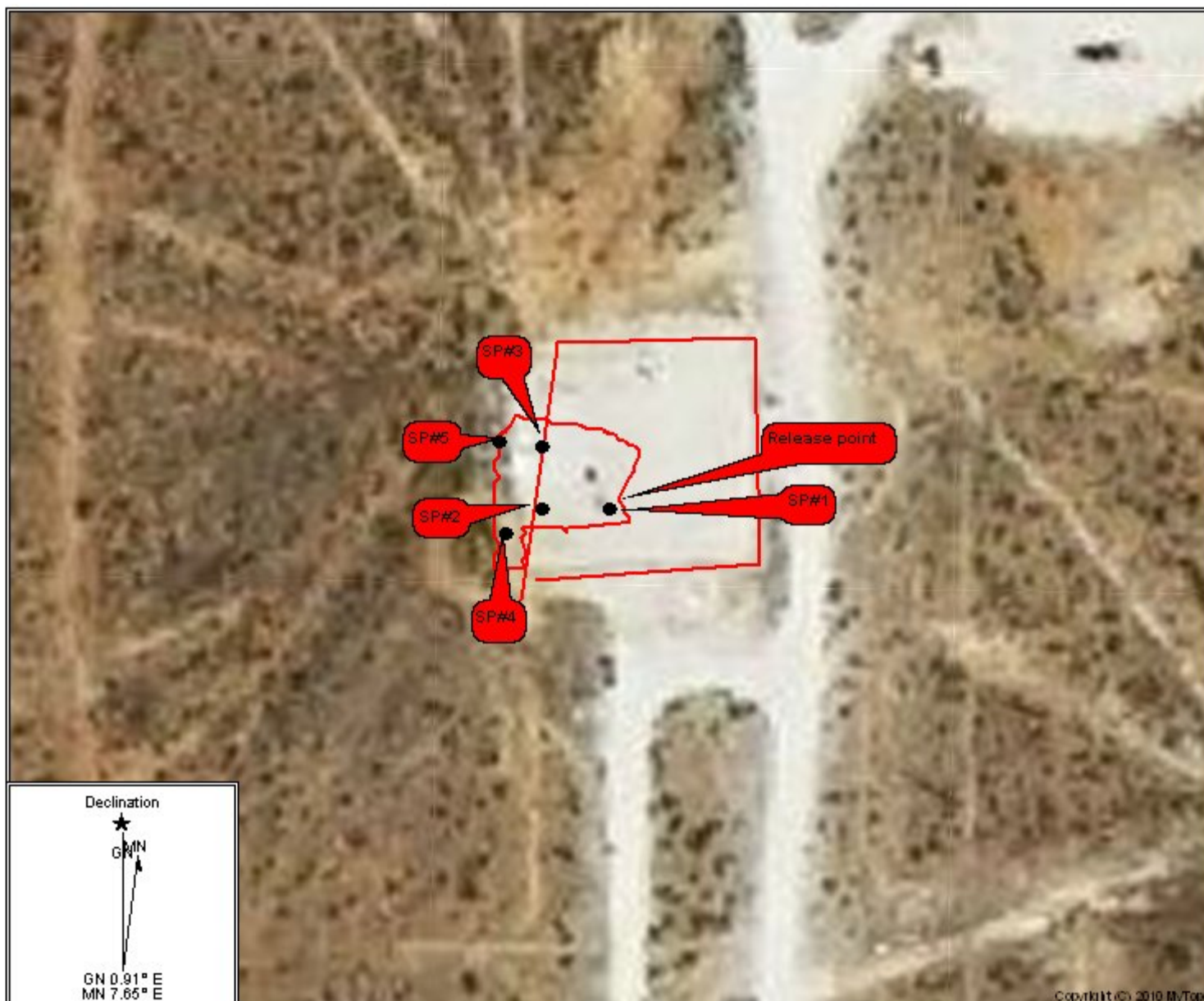
Lat/Long
WGS 1984



Scale 1 in : 50.0 ft
0 70.00
Feet

EMSU Sat #4 trimble site m

GPS Pathfinder® Office
Trimble™



Map Name: SE MONUMENT SOUTH, NM
Scale: 1 inch = 100 ft.

Map Center: 032° 30' 41.59" N 103° 17' 50.59" W
Horizontal Datum: WGS84

Appendix A

Analytical Results

Appendix B

Site Photographs

XTO EMSU Satellite #4 Site Photos 2-11-11



Well sign



Release point facing north



Release area facing east



Release area facing north



Release area facing north



Release area facing northwest



Release area facing south



Release area facing west



Well sign



Location area backfilled facing west



Location area backfilled facing north



Location area backfilled facing north



Location area backfilled facing north



Location area backfilled facing north



Location area backfilled facing east



Location area backfilled facing north



Location area backfilled facing north

Appendix C

C-141

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 | XTO Energy, Inc. | Contact | David Paschal |
| Address | 200 N. Lorraine Dr. Ste 800, Midland, TX 79701 | Telephone No. | 575-394-2089 |
| Facility Name | Gunice Monument So. Unit Sat #4 | Facility Type | Satellite Battery |

| | | |
|---------------|---------------|-----------|
| Surface Owner | Mineral Owner | Lease No. |
|---------------|---------------|-----------|

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| 3 | 5 | 21S | 36E | 653 | North | 1980 | West | Lea |

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|-------------------------------|----------------------------|---------------------|
| Type of Release | Fluids | Volume of Release | 5 bo 60 bw | Volume Recovered | 4 bo & 57 bw |
| Source of Release | Flow Line | Date and Hour of Occurrence | 2/3/11 | Date and Hour of Discovery | 2/3/11 @ 12:30 p.m. |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | 2/3/11 Mark Whitaker with OCD | | |
| By Whom? | Velma Gallardo | Date and Hour | 2/3/11 @ 4:03 p.m. | | |
| 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.*

No impact to waterways.

Describe Cause of Problem and Remedial Action Taken.*

Flow line leak at satellite, due to rupture of line resulted in the loss of 60 barrels of water and 5 barrels of oil.

Describe Area Affected and Cleanup Action Taken.*

Vacuum truck picked up fluids and hauled to disposal.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC 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 NMOC 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, NMOC 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.

OIL CONSERVATION DIVISION

| | | |
|--|----------------------------------|-----------------------------------|
| Signature: <i>Velma Gallardo</i> | Approved by District Supervisor: | |
| Printed Name: Velma Gallardo | Approval Date: | Expiration Date: |
| Title: Production Analyst | Conditions of Approval: | Attached <input type="checkbox"/> |
| E-mail Address: Velma.Gallardo@XTOEnergy.com | | |
| Date: 2/7/11 | Phone: 432-620-4315 | |

* Attach Additional Sheets If Necessary