

Mr. Zac Hernandez  
Operations Engineer  
NADEL AND GUSSMAN PERMIAN, LLC  
601 N. Marienfeld  
Suite 508  
Midland, TX 79701

HOBBS OCD

JUN 20 2011

RECEIVED

17 June 2011

COPY

Mr. Geoffrey Leking  
OIL CONSERVATION DIVISION  
1625 N. French Drive  
Hobbs, NM 88240

Re: B Lee State No. 7 P & A Drilling Pad & Road Closure  
U/L H S5 19S 35E 1980 FNL 660 FEL

API No.: 30-025-28434 ✓  
NMOCD 1RP No.: 06-11-2718

Dear Mr. Leking:

Nadel & Gussman Permian, LLC (NGP) herewith notifies the New Mexico Oil Conservation Division (NMOCD) that remediation of the B Lee State No. 7 well location, which was plugged and abandoned, has completed all site remediation pursuant to the New Mexico Administrative Code 19.15.29. NMOCD was notified of the closure and visited the site during the remediation of the pad and the access road. Photos of the final remediation are attached for your files.

Samples were taken prior to excavation activities to verify the presence and levels of hydrocarbon and/or soil chloride contaminants in excess of NMOCD standards. Those identified were found at the tank battery area (Initial and Final C-141 attached), removed and hauled to CRI for disposal. Analytical results are enclosed.

The nine power poles and their associated hardware were removed and disposed of as was designated by NGP and future interests for use.

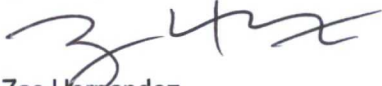
DCP was also contacted regarding the removal of the meter run and its associated housing unit. However, DCP chose not to remove the infrastructures from their right of way areas, which have been isolated and remain onsite.

Due to the significant presence of large amounts of native seed in the existing soil, no additional seed was introduced as approved by NMOCD, unless within the forthcoming 2012 season vegetative stands are not considered acceptable by the agency. Should this occur, NGP will then seed the location with the appropriate seed mixture.

Prior to commencement of final remediation activities, NMOCD was contacted to review operations to date. Following this, NGP proceeded with closure.

Should you have questions, please call 432-682-4429 (office).

Sincerely,

A handwritten signature in black ink, appearing to read 'Zac Hernandez', written over the printed name.

Zac Hernandez  
Operations Engineer

COPY

Enclosures: C-141 Initial/Final, C-103, Photos

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

HOBBS OCD  
JUN 20 2011  
RECEIVED

COPY

Form C-141  
October 10, 2003

**Release Notification and Corrective Action**

OPERATOR		X Initial Report	X Final Report
Name of Company: Nadel & Gussman Permian, LLC	Contact: Zac Hernandez		
Address: 600 N. Marienfeld St. Suite 508, Midland, TX 79701	Telephone No.: 432-682-4429	API No.: 30-025-28434	
Facility Name: B Lee State No. 7	Facility Type: Oil	IRP No.: 06-11-2718	
Surface Owner: State	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
H	5	19S	35E	1980	N	660	E	Lea

Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release: Hydrocarbon/produced water discharge	Volume of Release: Approximately 15 bbls.	Volume Recovered: Approximately 9 bbls.
Source of Release: Tank battery cleanup and location closure. Discharges occurred over the life of the battery located on the drilling pad.	Date and Hour of Occurrence Unknown	Date and Hour of Discovery: During closure operations.
Was Immediate Notice Given? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not Required	If YES, To Whom? Geoffrey Leking	
By Whom? Cheryl Winkler	Date and Hour: During closure operations.	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. NA	

If a Watercourse was Impacted, Describe Fully.\*

NA

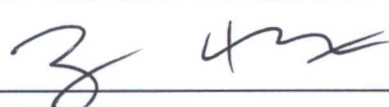
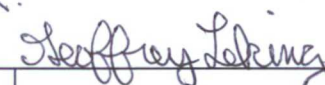
Describe Cause of Problem and Remedial Action Taken.\*

The point of discharge resulted from leakage from tanks in the battery during the life of the battery. Discharges over time did not exit containment area walls.

Describe Area Affected and Cleanup Action Taken.\*

The tanks were removed and soil contaminants excavated, removing them to disposal immediately during excavation operations. Samples were taken to confirm the NMOCD standards were met. Analytical results are attached.

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.

Signature: 		<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Zac Hernandez		Approved by <sup>ENV. ENGINEER</sup> District Supervisor: 	
Title: Operations Engineer		Approval Date: 06/20/11	Expiration Date: —
E-mail Address: zhernandez@naguss.com		Conditions of Approval:	
Date: 17 June 2011 Phone: 432-682-4429		Attached <input type="checkbox"/> IRP-06-11-2718	

\* Attach Additional Sheets If Necessary



HOBBS OCD

JUN 20 2011

RECEIVED

Report Date: April 5, 2011

Work Order: 11040115

Page Number: 1 of 3

## Summary Report

COPY

Cheryl Winkler  
Cheryl Winkler - Mosser Corp.  
Mosser Corporation  
P. O. Box 52607  
Midland, TX 79710

Report Date: April 5, 2011

Work Order: 11040115



Project Name: B Lee State No. 7  
Project Number: Drilling Pad Closure

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
262390	Background	soil	2011-03-31	11:00	2011-04-01
262391	North Pad Area	soil	2011-03-31	11:10	2011-04-01
262392	South Pad Area	soil	2011-03-31	11:25	2011-04-01
262393	West Pad Area	soil	2011-03-31	11:40	2011-04-01
262394	East Pad Area	soil	2011-03-31	11:55	2011-04-01
262395	Tank 1 @ 1'	soil	2011-03-31	12:15	2011-04-01
262396	Tank 1 @ 2'	soil	2011-03-31	12:30	2011-04-01
262397	Tank 2 @ 1'	soil	2011-03-31	12:45	2011-04-01
262398	Tank 2 @ 3'	soil	2011-03-31	12:55	2011-04-01
262399	Tank 3 @ 1'	soil	2011-03-31	13:00	2011-04-01
262400	Tank 3 @ 4'	soil	2011-03-31	13:20	2011-04-01
262401	Pad Middle	soil	2011-03-31	14:00	2011-04-01
262402	Tank 4 @ 1'	soil	2011-03-31	14:30	2011-04-01
262403	Tank 4 @ 5.5'	soil	2011-03-31	14:50	2011-04-01

Sample - Field Code	BTEX				MTBE	TPH DRO - NEW	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
262390 - Background	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
262391 - North Pad Area	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
262392 - South Pad Area	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
262393 - West Pad Area	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
262394 - East Pad Area	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
262395 - Tank 1 @ 1'	<0.100	0.154	11.4	12.4		1620	375
262396 - Tank 1 @ 2'	<0.0400	<0.0400	0.292	0.229		110	40.3
262397 - Tank 2 @ 1'	<0.200	1.73	11.9	4.48		660	422
262398 - Tank 2 @ 3'	<0.100	<0.100	0.190	0.269		353	34.5
262399 - Tank 3 @ 1'	<0.100	<0.100	<0.100	0.294		775	254
262400 - Tank 3 @ 4'	<0.100	<0.100	0.217	0.878		1070	490

continued ...

TraceAnalysis, Inc. • 6701 Aberdeen Ave., Suite 9 • Lubbock, TX 79424-1515 • (806) 794-1296

This is only a summary. Please, refer to the complete report package for quality control data.

# COPY

Report Date: April 5, 2011

Work Order: 11040115

Page Number: 2 of 3

... continued

Sample - Field Code	BTEX				MTBE MTBE (mg/Kg)	TPH DRO - NEW DRO (mg/Kg)	TPH GRO GRO (mg/Kg)
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)			
262401 - Pad Middle	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00
262402 - Tank 4 @ 1'	<0.100	<0.100	0.912	3.18		1490	354
262403 - Tank 4 @ 5.5'	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	2.17

**Sample: 262390 - Background**

Param	Flag	Result	Units	RL
Chloride		173	mg/Kg	2.50

**Sample: 262391 - North Pad Area**

Param	Flag	Result	Units	RL
Chloride		973	mg/Kg	2.50

**Sample: 262392 - South Pad Area**

Param	Flag	Result	Units	RL
Chloride		81.8	mg/Kg	2.50

**Sample: 262393 - West Pad Area**

Param	Flag	Result	Units	RL
Chloride		<25.0	mg/Kg	2.50

**Sample: 262394 - East Pad Area**

Param	Flag	Result	Units	RL
Chloride		<25.0	mg/Kg	2.50

**Sample: 262395 - Tank 1 @ 1'**

Param	Flag	Result	Units	RL
Chloride		3640	mg/Kg	2.50

**Sample: 262396 - Tank 1 @ 2'**

# COPY

Report Date: April 5, 2011

Work Order: 11040115

Page Number: 3 of 3

Param	Flag	Result	Units	RL
Chloride		209	mg/Kg	2.50

Sample: 262397 - Tank 2 @ 1'

Param	Flag	Result	Units	RL
Chloride		<25.0	mg/Kg	2.50

Sample: 262398 - Tank 2 @ 3'

Param	Flag	Result	Units	RL
Chloride		<25.0	mg/Kg	2.50

Sample: 262399 - Tank 3 @ 1'

Param	Flag	Result	Units	RL
Chloride		354	mg/Kg	2.50

Sample: 262400 - Tank 3 @ 4'

Param	Flag	Result	Units	RL
Chloride		91.3	mg/Kg	2.50

Sample: 262401 - Pad Middle

Param	Flag	Result	Units	RL
Chloride		82.2	mg/Kg	2.50

Sample: 262402 - Tank 4 @ 1'

Param	Flag	Result	Units	RL
Chloride		493	mg/Kg	2.50

Sample: 262403 - Tank 4 @ 5.5'

Param	Flag	Result	Units	RL
Chloride		82.2	mg/Kg	2.50

# COPY

Report Date: May 6, 2011

Work Order: 11050206

Page Number: 1 of 2

**HOBBS OCD**

JUN 20 2011

**RECEIVED**

## Summary Report

Zac Hernandez  
Nadel & Gussman Permian LLC  
600 N. Marienfeld  
Suite 508  
Midland, TX 79701

Report Date: May 6, 2011

Work Order: 11050206



Project Name: B Lee State No. 7  
Project Number: Drilling Pad Closure-Tank Battery Area

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
265301	Tank Battery Area East End Comp.	soil	2011-04-29	11:00	2011-04-30
265302	Tank Battery Area West End Comp.	soil	2011-04-29	11:30	2011-04-30
265303	Tank Battery Area Middle Area Comp.	soil	2011-04-29	12:10	2011-04-30

Sample - Field Code	BTEX				MTBE	TPH DRO - NEW	TPH GRC
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
265301 - Tank Battery Area East End Comp.	<0.0200	<0.0200	<0.0200	<0.0200		<50.0	<2.00 <sup>Qc</sup>
265302 - Tank Battery Area West End Comp.	<0.100 <sup>1</sup>	<0.100	<0.100	<0.100		<50.0	<10.0 <sup>2Qc</sup>
265303 - Tank Battery Area Middle Area Comp.	<0.100 <sup>3</sup>	<0.100	<0.100	0.281		<50.0	20.3 <sup>Qc</sup>

**Sample: 265301 - Tank Battery Area East End Comp.**

Param	Flag	Result	Units	RL
Chloride		<25.0	mg/Kg	2.5

**Sample: 265302 - Tank Battery Area West End Comp.**

Param	Flag	Result	Units	RL
Chloride		100	mg/Kg	2.5

**Sample: 265303 - Tank Battery Area Middle Area Comp.**<sup>1</sup>Dilution due to surfactants.<sup>2</sup>Dilution due to surfactants.<sup>3</sup>Dilution due to surfactants.

TraceAnalysis, Inc. • 6701 Aberdeen Ave., Suite 9 • Lubbock, TX 79424-1515 • (806) 794-1296  
*This is only a summary. Please, refer to the complete report package for quality control data.*



COPY

Report Date: May 6, 2011

Work Order: 11050206

Page Number: 2 of 2

---

Param	Flag	Result	Units	RL
Chloride		1320	mg/Kg	2.5

---





COPY