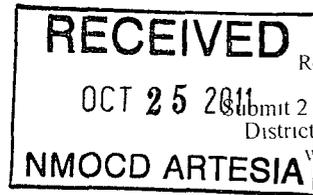


District I  
1625 N French Dr. Hobbs NM 88240  
District II  
1301 W Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec NM 87410  
District IV  
1220 S St Francis Dr, Santa Fe NM 87505

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

30-015-37860

**Release Notification and Corrective Action**

NMLB 1129950667

**OPERATOR**

Initial Report  Final Report

Name of Company : Holly Transportation LLC,	Contact: R B Simmons
Address: 1602 W Main Artesia, NM 88210	Telephone No. (575) 513-8314
Facility Name: 3 Palms 36 State I H	Facility Type: Well Lease

Surface Owner: Mewbourne Oil Co	Mineral Owner:	Lease No.
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Mewbourne OGRID # 14744

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	36	19S	29e					Eddy

Latitude N 32°37'35.3" Longitude W 104°01'24.3"

**NATURE OF RELEASE**

Type of Release: Crude oil spill	Volume of Release: 15 bbls	Volume Recovered: None
Source of Release Header Valve left open	Date and Hour of Occurrence Oct 16 2011 0700 hrs	Date and Hour of Discovery Oct 16 2011 0700hrs
Was Immediate Notice Given? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Randy Dade (via voice mail) Follow up call next Morning	
By Whom? R B Simmons	Date and Hour Oct 16 2011 Approximately 0900hrs	
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. Additional tanks were added to this lease with a new load line to the east. The (old) south load line is still in place but is not used by crude drivers due to it being next to the load line for produced water and causes trucks to wait. Crude driver pulled to east load line and began loading. Driver noticed crude oil running down the fence line behind him. He ran over to the south line and discovered it to be open. He then shut the valve. It is unknown how or why the south valve was open. We have contacted Mewbourne Oil and requested that the south valve be removed or locked so that it cannot be opened.

Describe Area Affected and Cleanup Action Taken. Area approximately 100 x 40' on a caliche packed well location. Madrin services was contacted and the affected soil removed. Soil samples were taken and sent to Cardinal Laboratories in Hobbs, NM for testing prior to filling in. Test results returned high chloride levels. Per Mike Bratcher additional samples will be taken approximately 8' deeper. Results pending.

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:	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: R B Simmons	Signed By Approved by District Supervisor	
Title: Regulatory Coordinator	Approval Date: <b>OCT 26 2011</b>	Expiration Date:
E-mail Address: roger.simmons@hollyfrontier.com	Conditions of Approval	Attached <input type="checkbox"/>
Date: 10/25/2011 Phone: (575)513-8314	Remediation per OCD Rules & Guidelines. <b>SUBMIT REMEDIATION PROPOSAL NOT LATER THAN: 11/26/2011</b>	

\* Attach Additional Sheets If Necessary

2RA-941