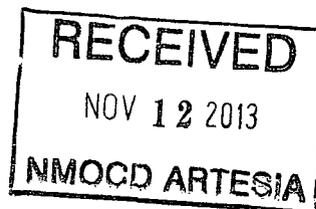


November 8, 2013

Mr. Mike Bratcher
NMOCD District 2
811 S. First Street
Artesia, New Mexico 88210



**RE: Spill Remediation Reports,
Primero Operating, Inc., Milano #1
Unit Letter H, Sec. 36, T24S, R28E
Eddy County, New Mexico
2RP -1867 and 2005 Spill (No RP #)**

Dear Mr. Bratcher:

Attached please find the Spill Remediation Reports and final C141s for the Primero Operating, Inc., Milano #1 spills (2005 and 2009).

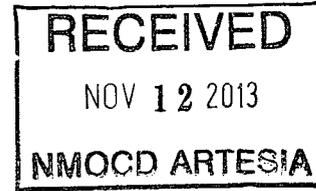
If you have any questions or need additional information, please do not hesitate to contact me at (575) 441-7244 or by email at Cindy.Crain@gmail.com.

Sincerely,
Crain Environmental

A handwritten signature in cursive script that reads "Cindy K. Crain".

Cindy K. Crain, P.G.

November 8, 2013



Mr. Mike Bratcher
Environmental Specialist
NMOCD District 2
811S. First Street
Artesia, New Mexico 88210

**Re: Spill Remediation Report, Primero Operating, Inc.,
Milano #1,
Unit Letter H (SE/4, NE/4), Section 36, Township 24 South, Range 28 East,
Eddy County, New Mexico
(Latitude: N 32.17471° / Longitude: W 104.03485°)**

Dear Mr. Bratcher:

Primero Operating, Inc. (Primero) has retained Crain Environmental (CE) to remediate impacts to soil from a historical produced water spill at the Milano #1 (Site). The Site is located in the southeast quarter (SE/4) of the northeast quarter (NE/4), Section 36, Township 24 South, Range 28 East, Eddy County, New Mexico. On March 7, 2005, Primero submitted an initial C-141 to the New Mexico Oil Conservation Division (NMOCD). A copy of the initial C-141 is included as Appendix A. Figure 1 shows the site location. No further action had been taken, and a second spill occurred within the Tank Battery in 2009 (2RP-1867).

Based on published literature (1961), well records of the New Mexico State Engineer, and well records of the United States Geological Survey, groundwater occurs at approximately 115 feet bgs in the well located nearest the Site. No domestic water wells are located within 1,000 feet of the site. The NMOCD has established recommended remediation action levels (RRALs) for benzene, total BTEX and TPH resulting from spills of natural gas liquids ("Guidelines for Remediation of Leaks, Spills and Releases, August 13, 1993"). Remediation levels for benzene, total BTEX and TPH were calculated using the following NMOCD criteria:

Criteria	Result	Ranking Score
Depth-to-Groundwater	>100 Feet	0
Wellhead Protection Area	No	0
Distance to Surface Water Body	>1000 Horizontal Feet	0
Total:		0

The following RRALs have been assigned based on NMOCD criteria:

Benzene **10 mg/kg**
Total BTEX **50 mg/kg**
TPH **5,000 mg/kg**

Mr. Mike Bratcher
Page 2
November 8, 2013

Investigation Activities

In order to determine the extent of necessary remediation within the Tank Battery (from the 2005 and 2009 spills), and in the spill pathway of the 2005 spill, soil samples were collected at the Site on August 27, 2013. Samples SP-1 and SP-2 were collected within the Tank Battery area, and samples SP-3 through SP-6 were collected along the 2005 spill pathway. Results of the tank battery remediation were reported in a separate Remediation Report for the 2009 spill (2RP-1867).

All samples collected with regard to the 2005 spill (SP-2, SP-3, SP-4, SP-5 and SP-6) were collected at a depth of 0-6 inches below ground surface and analyzed for chloride concentrations. The laboratory reported concentrations below the test method detection limit for all samples. The attached Figure shows the sample locations and laboratory reported chloride concentrations. Appendix B provides a copy of the laboratory reports and chain of custody documentation.

Primero respectfully requests that the Milano #1 Site be closed by the NMOCD. A final C141 form is included in Appendix C. If you have any questions or need additional information, please call Mr. Phelps White at (575) 626-7660, or myself at (575) 441-7244. We may also be reached by email at pwiv@zianet.com or Cindy.Crain@gmail.com.

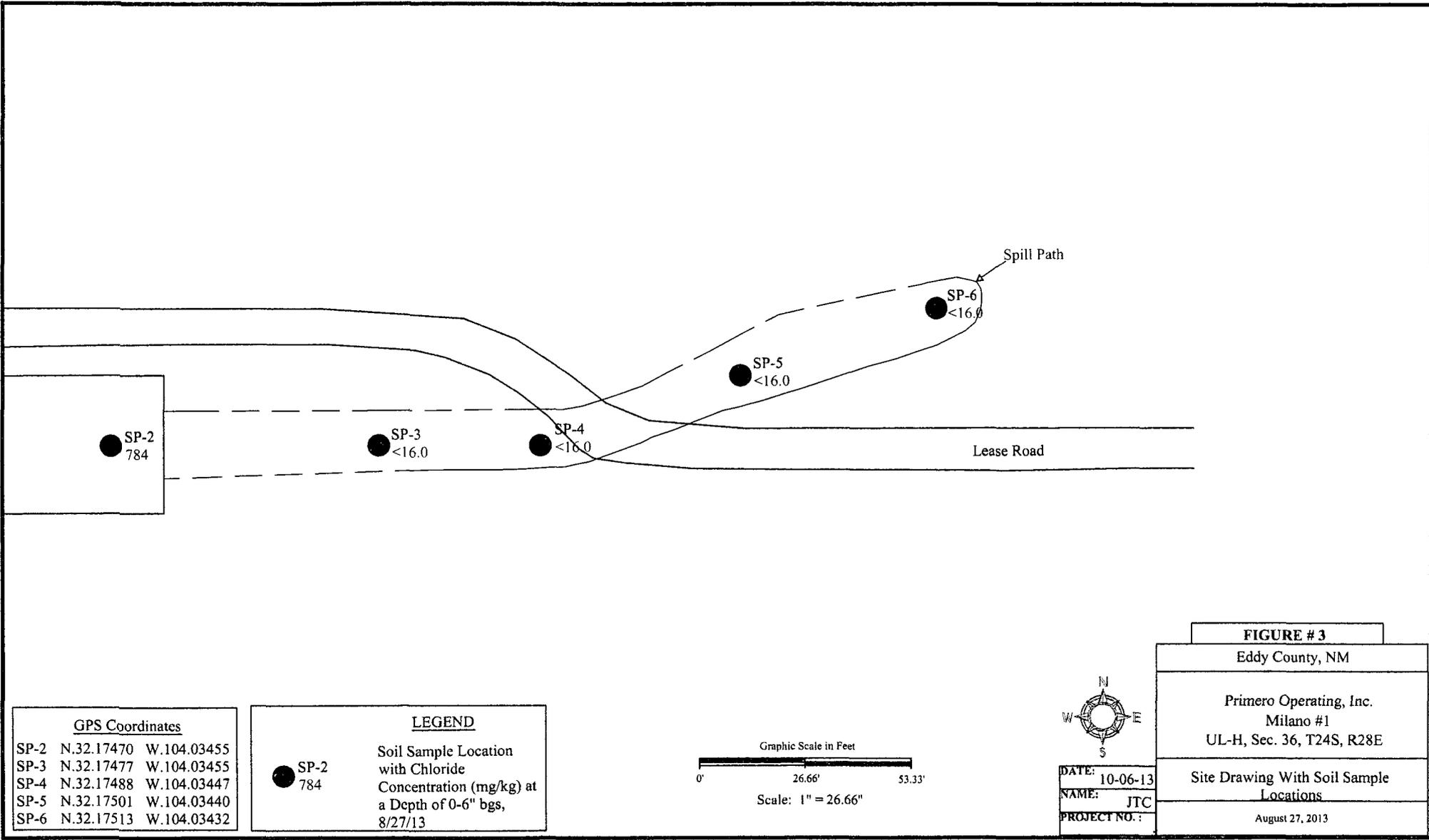
Sincerely,
Crain Environmental



Cindy K. Crain, P.G.

cc: Phelps White, Primero

FIGURE



APPENDIX A

INITIAL 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

30-015-27614

Release Notification and Corrective Action

MLB0507440274

OPERATOR

Initial Report Final Report

Name of Company Primero Operating, Inc.	Contact Phelps White
Address PO Box 1433, Roswell, NM 88202-1433	Telephone No. 505 622 1001
Facility Name Milano #1 Tank Battery	Facility Type Produced Salt Water holding tank

Surface Owner State of NM	Mineral Owner	Lease No. 1
----------------------------------	---------------	--------------------

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	36	24S	28E	2110	North	890	East	Eddy

Latitude N 32 10 Longitude W 104 2

NATURE OF RELEASE

Type of Release Produced Water	Volume of Release 500	Volume Recovered 400+
Source of Release Water Tank overflow	Date and Hour of Occurrence 3/6/05 unk. time	Date and Hour of Discovery 3/6/PM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? NMOCD Mike Bracher	
By Whom?	Date and Hour	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

RECEIVED
 NOV 12 2013
 NMOCD ARTESIA

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
 A lightning storm tripped the power supply to the transfer pump on our battery. Later, another battery which is connected to this battery and is operated by another operator began dumping water into our battery. Our battery filled and overflowed. So far, the remedial action taken was to us a vacuum truck to remove all removable water from the ground.

Describe Area Affected and Cleanup Action Taken.*
 The area affected was along the access road to the battery. The water and small amount of oil ran down east along the road approximately 200' then crossed the road and went south approximately 75' south into pasture. At this time, the only cleanup action is that mentioned above.

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:	OIL CONSERVATION DIVISION	
Printed Name: Phelps White	<i>T. Gum by Mike Bracher</i> Approved by District Supervisor:	
Title: President	Approval Date: 3/16/05	Expiration Date: N/A
E-mail Address: pwiv@zianet.com	Conditions of Approval:	Attached <input checked="" type="checkbox"/>
Date: 3/7/05	Phone: 505 622 1001	

* Attach Additional Sheets If Necessary

APPENDIX B

**ANALYTICAL DATA AND CHAIN OF CUSTODY
DOCUMENTATION**



PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

September 03, 2013

CINDY CRAIN
CRAIN ENVIRONMENTAL
2925 E. 17TH STREET
ODESSA, TX 79761

RE: MILANO #1

Enclosed are the results of analyses for samples received by the laboratory on 08/27/13 15:28.

Cardinal Laboratories is accredited through Texas NELAP under certificate number T104704398-11-3. Accreditation applies to drinking water, non-potable water and solid and chemical materials. All accredited analytes are denoted by an asterisk (*). For a complete list of accredited analytes and matrices visit the TCEQ website at www.tceq.texas.gov/field/ga/lab_accred_certif.html.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.4	Regulated VOCs (V1, V2, V3)

Accreditation applies to public drinking water matrices.

This report meets NELAP requirements and is made up of a cover page, analytical results, and a copy of the original chain-of-custody. If you have any questions concerning this report, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Celey D. Keene".

Celey D. Keene
Lab Director/Quality Manager

Analytical Results For:

 CRAIN ENVIRONMENTAL
 CINDY CRAIN
 2925 E. 17TH STREET
 ODESSA TX, 79761
 Fax To: (432) 272-0304

 Received: 08/27/2013
 Reported: 09/03/2013
 Project Name: MILANO #1
 Project Number: NONE GIVEN
 Project Location: EDDY COUNTY, NM

 Sampling Date: 08/27/2013
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: SP-1 (0-6") (H302066-01)

BTEX 8260B		mg/kg		Analyzed By: CK				S-04		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	08/30/2013	ND	2.31	116	2.00	1.37		
Toluene*	<0.050	0.050	08/30/2013	ND	2.21	111	2.00	1.96		
Ethylbenzene*	<0.050	0.050	08/30/2013	ND	2.11	106	2.00	3.06		
Total Xylenes*	0.483	0.150	08/30/2013	ND	6.33	106	6.00	1.84		
Total BTEX	0.483	0.300	08/30/2013	ND						

Surrogate: Dibromofluoromethane 99.8 % 61.3-142

Surrogate: Toluene-d8 112 % 71.3-129

Surrogate: 4-Bromofluorobenzene 288 % 65.7-141

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP				S-04		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	9200	16.0	08/30/2013	ND	400	100	400	3.92		

TPH 8015M		mg/kg		Analyzed By: AR/				S-04		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	369	200	08/31/2013	ND	195	97.4	200	0.475		
DRO >C10-C28	23300	200	08/31/2013	ND	192	96.0	200	0.588		

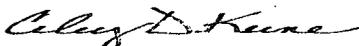
Surrogate: 1-Chlorooctane 106 % 65.2-140

Surrogate: 1-Chlorooctadecane 300 % 63.6-154

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 CRAIN ENVIRONMENTAL
 CINDY CRAIN
 2925 E. 17TH STREET
 ODESSA TX, 79761
 Fax To: (432) 272-0304

Received:	08/27/2013	Sampling Date:	08/27/2013
Reported:	09/03/2013	Sampling Type:	Soil
Project Name:	MILANO #1	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	EDDY COUNTY, NM		

Sample ID: SP-1 (1') (H302066-02)

BTEX 8260B		mg/kg		Analyzed By: CK				S-04		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	08/30/2013	ND	2.31	116	2.00	1.37		
Toluene*	<0.050	0.050	08/30/2013	ND	2.21	111	2.00	1.96		
Ethylbenzene*	<0.050	0.050	08/30/2013	ND	2.11	106	2.00	3.06		
Total Xylenes*	<0.150	0.150	08/30/2013	ND	6.33	106	6.00	1.84		
Total BTEX	<0.300	0.300	08/30/2013	ND						

Surrogate: Dibromofluoromethane 102 % 61.3-142

Surrogate: Toluene-d8 102 % 71.3-129

Surrogate: 4-Bromofluorobenzene 156 % 65.7-141

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP				S-04		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	4320	16.0	08/30/2013	ND	400	100	400	3.92		

TPH 8015M		mg/kg		Analyzed By: AR/				S-04		
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<100	100	08/31/2013	ND	195	97.4	200	0.475		
DRO >C10-C28	3490	100	08/31/2013	ND	192	96.0	200	0.588		

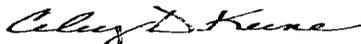
Surrogate: 1-Chlorooctane 85.7 % 65.2-140

Surrogate: 1-Chlorooctadecane 187 % 63.6-154

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 CRAIN ENVIRONMENTAL
 CINDY CRAIN
 2925 E. 17TH STREET
 ODESSA TX, 79761
 Fax To: (432) 272-0304

 Received: 08/27/2013
 Reported: 09/03/2013
 Project Name: MILANO #1
 Project Number: NONE GIVEN
 Project Location: EDDY COUNTY, NM

 Sampling Date: 08/27/2013
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: SP-1 (2') (H302066-03)

BTEX 8260B		mg/kg		Analyzed By: CK						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Benzene*	<0.050	0.050	08/30/2013	ND	2.31	116	2.00	1.37		
Toluene*	<0.050	0.050	08/30/2013	ND	2.21	111	2.00	1.96		
Ethylbenzene*	<0.050	0.050	08/30/2013	ND	2.11	106	2.00	3.06		
Total Xylenes*	<0.150	0.150	08/30/2013	ND	6.33	106	6.00	1.84		
Total BTEX	<0.300	0.300	08/30/2013	ND						

Surrogate: Dibromofluoromethane 105 % 61.3-142
 Surrogate: Toluene-d8 100 % 71.3-129
 Surrogate: 4-Bromofluorobenzene 103 % 65.7-141

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	4720	16.0	08/30/2013	ND	400	100	400	3.92		

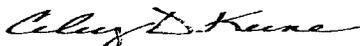
TPH 8015M		mg/kg		Analyzed By: AR/						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	<10.0	10.0	08/31/2013	ND	195	97.4	200	0.475		
DRO >C10-C28	<10.0	10.0	08/31/2013	ND	192	96.0	200	0.588		

Surrogate: 1-Chlorooctane 93.6 % 65.2-140
 Surrogate: 1-Chlorooctadecane 95.2 % 63.6-154

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*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 CRAIN ENVIRONMENTAL
 CINDY CRAIN
 2925 E. 17TH STREET
 ODESSA TX, 79761
 Fax To: (432) 272-0304

Received:	08/27/2013	Sampling Date:	08/27/2013
Reported:	09/03/2013	Sampling Type:	Soil
Project Name:	MILANO #1	Sampling Condition:	Cool & Intact
Project Number:	NONE GIVEN	Sample Received By:	Jodi Henson
Project Location:	EDDY COUNTY, NM		

Sample ID: SP-1 (3') (H302066-04)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	2840	16.0	08/30/2013	ND	400	100	400	3.92		

Sample ID: SP-2 (0-6") (H302066-05)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	784	16.0	08/30/2013	ND	400	100	400	3.92		

Sample ID: SP-3 (0-6") (H302066-06)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	08/30/2013	ND	400	100	400	3.92		

Sample ID: SP-4 (0-6") (H302066-07)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	08/30/2013	ND	400	100	400	3.92		

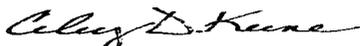
Sample ID: SP-5 (0-6") (H302066-08)

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	08/30/2013	ND	400	100	400	3.92		

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

Analytical Results For:

 CRAIN ENVIRONMENTAL
 CINDY CRAIN
 2925 E. 17TH STREET
 ODESSA TX, 79761
 Fax To: (432) 272-0304

 Received: 08/27/2013
 Reported: 09/03/2013
 Project Name: MILANO #1
 Project Number: NONE GIVEN
 Project Location: EDDY COUNTY, NM

 Sampling Date: 08/27/2013
 Sampling Type: Soil
 Sampling Condition: Cool & Intact
 Sample Received By: Jodi Henson

Sample ID: SP-6 (0-6") (H302066-09)

Chloride, SM4500Cl-B

mg/kg

Analyzed By: AP

Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	09/03/2013	ND	400	100	400	3.92	

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

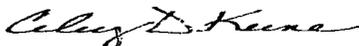
Notes and Definitions

- S-04 The surrogate recovery for this sample is outside of established control limits due to a sample matrix effect.
- QM-07 The spike recovery was outside acceptance limits for the MS and/or MSD. The batch was accepted based on acceptable LCS recovery.
- ND Analyte NOT DETECTED at or above the reporting limit
- RPD Relative Percent Difference
- ** Samples not received at proper temperature of 6°C or below.
- *** Insufficient time to reach temperature.
- Chloride by SM4500Cl-B does not require samples be received at or below 6°C
Samples reported on an as received basis (wet) unless otherwise noted on report

Cardinal Laboratories

*=Accredited Analyte

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Celey D. Keene, Lab Director/Quality Manager

APPENDIX C
FINAL C141 FORM

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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

Form C-141
Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 Copy to appropriate District Office in
accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

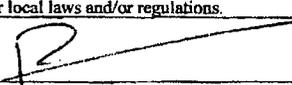
Name of Company	Primero Operating, Inc.	Contact	Phelps White
Address	P.O. Box 1433, Roswell, NM 88202	Telephone No.	(575) 626-7660
Facility Name	Milano State # 001	Facility Type	Tank Battery
Surface Owner	State of NM	Mineral Owner	Fee
			API No. 30-015-27614

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	36	24S	28E	2110	North	890	East	Eddy

Latitude N 32.17471° Longitude W 104.03485°

NATURE OF RELEASE

Type of Release	Produced Water	Volume of Release	500	Volume Recovered	400+
Source of Release	Water Tank	Date and Hour of Occurrence	3/6/05 Unknown time	Date and Hour of Discovery	3/6/05 pm
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not	If YES, To Whom?	NMOCD - Mike Bratcher		
Required					
By Whom?	Date and Hour				
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.* A lightning storm tripped the power supply to the transfer pump on our battery. Later, another battery which is connected to this battery and is operated by another operator began dumping water into our battery. Our battery filled and overflowed. A vacuum truck removed all removable water from the ground.					
Describe Area Affected and Cleanup Action Taken.* The water ran east along the access road approximately 80 feet and northward into the pasture approximately 123'. Soil samples were collected on August 27, 2013 from the spill pathway and analyzed for chlorides. The laboratory reported all chloride concentrations were non-detect. A Site Drawing showing the sample locations and the laboratory results and chain of custody documentation 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. 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: 		OIL CONSERVATION DIVISION			
Printed Name: Phelps White		Approved by Environmental Specialist:			
Title: President	Approval Date:	Expiration Date:			
E-mail Address: pwiv@zianet.com	Conditions of Approval:			Attached <input type="checkbox"/>	
Date: 11/6/13	Phone: (575) 626-7660				

* Attach Additional Sheets If Necessary

