

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 | Chevron USA Inc. | Contact | Wayne Minchew |
| Address | HCR 60 Box 423 Lovington, NM 88260 | Telephone No. | 505-396-4414 |
| Facility Name | Lovington Paddock | Facility Type | Injection Well # 59 |
| Surface Owner | | Mineral Owner | Lease No. |

API# 30025 03826 0000

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| G | 1 | 17S | 36E | | | | | LEA |

51' Latitude _____ Longitude _____

NATURE OF RELEASE

| | | | | | |
|-----------------------------|---|---|---------------|----------------------------|---------------|
| Type of Release | Produced Water | Volume of Release | 40 bbls | Volume Recovered | 10 bbls |
| Source of Release | Injection trunk line | Date and Hour of Occurrence | 06-04-06 1430 | Date and Hour of Discovery | 06-04-06 1430 |
| Was Immediate Notice Given? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? | Pat Capperton | | |
| By Whom? | Larry Ridenour | Date and Hour | 06-05-06 0820 | | |
| 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.*

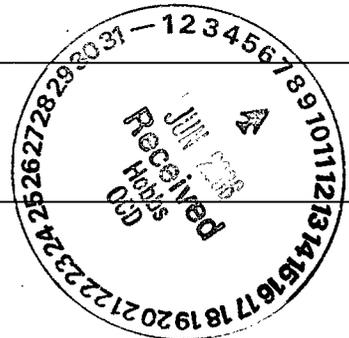
Describe Cause of Problem and Remedial Action Taken.*

Leak in pipe at valve box, where LPU #59 tees off 3" FG trunkline.

Describe Area Affected and Cleanup Action Taken.*

Along pipeline right of way in pasture.
Replaced nipple with stainless steel nipple.

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: <i>Larry Ridenour</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Larry Ridenour | Approved by District Supervisor: <i>Carl Minchew</i> | ENVIRONMENTAL ENGINEER |
| Title: Operations Representative | Approval Date: <i>6-12-06</i> | |
| E-mail Address: lridenour@chevron.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: <i>6/6/06</i> Phone: 505-396-4414 | <i>Delimitate CI, TPM, BTEX</i> | |

* Attach Additional Sheets If Necessary

*incident - nPAC0616540406
Application - pPAC0616540562*