

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 <i>Penroc Oil Corporation</i>	Contact <i>M. Y. (Merch) Merchant</i>
Address <i>1515 Calle Sur, Hobbs, NM 88240</i>	Telephone No. <i>(505) 492-1236</i>
Facility Name <i>Kinchloe 2 State</i>	Facility Type <i>Tank Battery</i>
Surface Owner	Mineral Owner <i>State of New Mexico</i> Lease No. <i>B-229-1</i>

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
<i>K</i>	<i>2</i>	<i>215</i>	<i>36E</i>	<i>1980</i>		<i>1980</i>		<i>Lea</i>

Latitude _____ Longitude _____

NATURE OF RELEASE

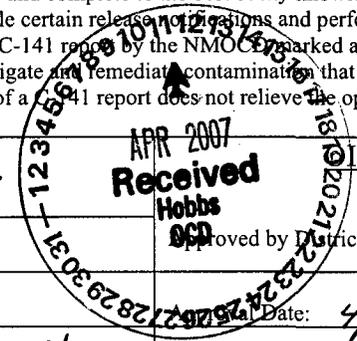
Type of Release <i>some oil & produced water</i>	Volume of Release <i>330</i>	Volume Recovered <i>0310</i>
Source of Release <i>Gun barrel leaked (hole)</i>	Date and Hour of Occurrence <i>4/6/07</i>	Date and Hour of Discovery <i>4/6/07 10 AM</i>
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? <i>Gary Wink</i>	
By Whom? <i>Jimmy Evans ?</i>	Date and Hour <i>10:30 AM 4/6/07</i>	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. <i>N/A</i>	

If a Watercourse was Impacted, Describe Fully.*
-

Describe Cause of Problem and Remedial Action Taken.*
Developed a hole in gun barrel. Cleaned out same. sand blasted & coating bottom & 10'.

Describe Area Affected and Cleanup Action Taken.*
Sandy low spot by the battery. Picked up 10 barrels of oil & 130 barrels of water. oil was returned to oil tank & water was disposed in commercial disposal. Cleaned up by Victory services - hauled load of det dirt.

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 releases 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>[Signature]</i>		OIL CONSERVATION DIVISION	
Printed Name: <i>M. Y. Merchant</i>		Approved by District Supervisor: <i>Chris Williams</i>	
Title: <i>President</i>	Date: <i>4/12/07</i>	Expiration Date:	
E-mail Address: <i>mymerch@penroc.oil.com</i>	Conditions of Approval: <i>Will submit remediation plan by 4/30/07.</i>		Attached <input type="checkbox"/>
Date: <i>4/10/07</i> Phone: <i>(505) 492-1236</i>			

* Attach Additional Sheets If Necessary

*facility - PAC0710231123
incident - PAC0710231294
application - PAC0710231382*

RPT#1284