

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	Olsen Energy, Inc.	Contact	Rusty Olsen
Address	3512 Paesanos Parkway, Ste 102, San Antonio, TX	Telephone No.	(210) 496-2466
Facility Name	B. V. LYNCH "A" & "B" Federal Lease	Facility Type	Tank Battery
Surface Owner	Danny Berry	Mineral Owner	
		Lease No.	

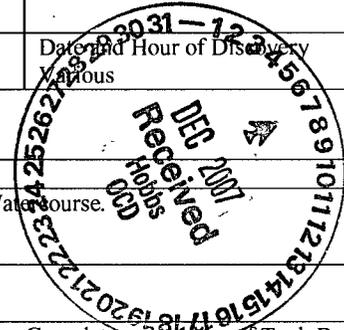
**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
J	34	20S	34E					Lea

Latitude 32° 31' 45.5" North Longitude 103° 32' 48.0" West

**NATURE OF RELEASE**

Type of Release	Crude Oil & Produced Water	Volume of Release	Unknown barrels	Volume Recovered	Unknown barrels
Source of Release	Tank Battery	Date and Hour of Occurrence	Various	Date and Hour of Discovery	Various
Was Immediate Notice Given?	XX Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	NMOCD (Various)		
By Whom?	Various	Date and Hour	Various		
Was a Watercourse Reached?	<input type="checkbox"/> Yes XX <input type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			



If a Watercourse was Impacted, Describe Fully.\*

Describe Cause of Problem and Remedial Action Taken.\* Internal corrosion of pipelines and tank overflows. Complete re-building of Tank Battery with new tanks, new flow lines, required piping and header system.

Describe Area Affected and Cleanup Action Taken.\* Per the approved NMOCD Olsen Energy, Inc., Work Plan dated 21 April 2005, and BLM approved work plan, dated August 2006, the impacted areas were excavated; the impacted soil transported to Lazy Ace Land Farm, confirmation soil samples were collected from the floor & walls of the excavation. Once the excavation confirmation soil samples were below NMOCD regulatory standards; the excavated areas were backfilled with caliche, clay or topsoil lay and contoured to the original rangeland topography.

**SEE ATTACHED BASIN REMEDIATION/CLOSURE REQUEST, DATED 03 OCTOBER 2007, WITH ATTACHMENTS FOR DETAILS OF REMEDIAL ACTIVITIES CONDUCTED.**

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>Rusty Olsen</i>	<b>OIL CONSERVATION DIVISION</b>	
Printed Name:	Rusty Olsen	Approved by District Supervisor:	<i>[Signature]</i> <b>ENVIRONMENTAL ENGINEER</b>
Title:	Olsen Energy Inc.	Approval Date:	12.7.07
E-mail Address:	rusty@olsenenergy.com	Expiration Date:	—
Date/Phone:	03 Dec 07 - (210) 496-2466	Conditions of Approval:	<u>IRP-1677</u>

\* Attach Additional Sheets If Necessary

# *Basin Environmental Service Technologies, LLC*

2800 Plains Highway  
P. O. Box 301  
Lovington, New Mexico 88260  
kdutton@basinenv.com  
Office: (505) 396-2378 Fax: (505) 396-1429



08 October 2007

Mr. Larry Johnson  
New Mexico Energy, Minerals and Natural Resources Department  
New Mexico Oil Conservation Division, District 1  
1625 N. French Drive  
Hobbs, New Mexico 88240



Re: Closure Request, B. V. Lynch "A" & "B" Federal Lease  
Olsen Energy, Inc. Remediation/Closure Plan, dated 26 September 2006  
Unit J (NW ¼, SE ¼) Section 34, Township 20 South, Range 34 East  
Lea County, New Mexico  
NMOCD File Number: 1RP- 16 77

Dear Mr. Johnson:

Basin Environmental Service Technologies, LLC (Basin), on behalf of Olsen Energy, Inc., (Olsen), is submitting this request for closure of the B. V. Lynch "A" & "B" Federal Lease remediation site at the above referenced location. Soil remediation activities were successfully accomplished as proposed in the New Mexico Oil Conservation Division (NMOCD) approved Preliminary Site Investigation Report and Remediation Plan, dated 21 April 2005 and the Bureau of Land Management (BLM) approved Work Plan, dated August 2006.

On 06 April 2005, Basin responded to a verbal request by Mr. Rusty Olsen, Olsen Energy, to visually inspect the operational tank battery and affected areas adjacent to the battery located on the B. V. Lynch "A" & "B" Federal Lease. Olsen Energy received a BLM Form 3160-18, Notice of Written Order, dated 28 March 2005, Number 05-PE-179 and 05-PE-180, initiating the visit by Basin to evaluate and recommend a remedial strategy to correct the discrepancies noted in the BLM Form 3160-18. The NMOCD ranking criteria for the B. V. Lynch "A" & "B" Federal Lease site was 10-19, which sets the soil remediation levels for benzene, toluene, ethylbenzene, and xylenes (BTEX), and total petroleum hydrocarbons – gasoline range organics/diesel range organics (TPH-GRO/DRO) at 50 mg/kg for total BTEX and 1000 mg/kg for TPH-GRO/DRO.

The following NMOCD approved remedial activities were accomplished at the B. V. Lynch "A" & "B" Federal Lease site:

- A Preliminary Site Investigation Report and Remediation Plan, dated 21 April 2005, was submitted to NMOCD Hobbs District I and BLM and subsequently approved. The approved plan included installation of delineation trenches to the west, north, east and along the flow path area, collecting confirmation soil samples from the delineation trenches at subsurface depths of approximately 5, 10 and 15 feet below ground surface (bgs).
- In May 2005, Basin installed ten (10) delineation trenches at the west, north, east and the flow path area. The selected soil samples were analyzed for constituent concentrations of BTEX, TPH-GRO/DRO and chlorides. Laboratory results indicated that constituent concentrations of BTEX and TPH-GRO/DRO were not detected above laboratory method detection limits for the 27 soil samples with the exception of delineation trench 10 at 2060 mg/kg TPH-GRO/DRO concentrations. Laboratory results indicated that constituent concentrations of chloride ranged from 70 mg/kg to 7760 mg/kg for the 27 soil samples.
- In June 2005, Basin drafted a Remedial Work Plan for Site Restoration which was reviewed by Olsen and the landowner, Mr. Danny Berry. Mr. Berry did not agree with all of the proposed remedial strategies. Attorneys for Olsen and Mr. Berry discussed the remediation of the site through August 2006. In August 2006, Mr. Rusty Olsen, Olsen Energy, after a meeting with Mr. Paul Evens, Carlsbad BLM, submitted a work plan which was subsequently approved by the BLM to remediate the site. The BLM approved work plan included a seven (7) phase time line to re-build the tank battery, remove existing fencing, flow lines and dismantle and remove equipment on-site not being utilized in oil production to facilitate the remediation of the impacted soil.
- In September 2006, implementation of the phased work plan was initiated by contract roustabout crews. Dismantling and removal of unused oil production equipment was accomplished. New tanks for oil and produced water were installed along with the required piping to operate the tank battery.
- In October 2006, Basin was contacted by the field supervisor that the previous header area had been excavated and was ready to sample prior to re-building a new header system. Mr. Paul Evans, Carlsbad BLM, was notified of the scheduled sampling and he requested that the analytical results be provided to him prior to re-building of the header system. Five (5) confirmation soil samples were collected and analyzed for constituent concentrations of BTEX, TPH-GRO/DRO and chlorides. Laboratory results indicated that constituent concentrations of BTEX were not detected above laboratory method detection limits for the five (5) soil samples and constituent concentrations of TPH-GRO/DRO ranged from 11 mg/kg to 1330 mg/kg for the five (5) soil samples. Laboratory results indicated

that chloride concentrations ranged from 2 mg/kg to 2100 mg/kg for the five (5) soil samples. The analytical results were provided to Mr. Evans and he approved the re-building of the new header system.

- In April 2007, Basin was contacted and informed the re-building and dismantling phases of the BLM approved work plan had been completed and the remediation phase of the site could be initiated. Excavation of the impacted areas was initiated with the impacted soil transported to the NMOCD certified Lazy Ace Landfarm, owned by the landowner, Mr. Danny Berry. Approximately 3192 cubic yards of impacted soil was transported to the Landfarm. Approximately 1450 cubic yards of caliche, 1548 cubic yards of clay and approximately 748 cubic yards of topsoil was obtained from the landowner and utilized as backfill to successfully complete the remediation phase of the restoration of the B. V. Lynch "A" & "B" Federal Lease.

The remediation activities were completed in accordance with the BLM approved Olsen Energy Work Plan, dated August 2006. Based on the results of the BLM approved remediation activities conducted at the B. V. Lynch "A" & "B" Federal Lease site, Basin, on behalf of Olsen, requests that the NMOCD consider the site eligible for closure under the *New Mexico Oil Conservation Division Guidelines for Remediation of Leaks, Spills and Releases (1993)*.

Should you have any questions or comments, please contact me at (505) 441-2124.

Sincerely,



Ken Dutton

Basin Environmental Services

Attachments: Table 1, Soil Chemistry Results  
Figure 2, Excavation Site Map  
Digital Photos  
NMOCD C-141 (Final)

cc: Mr. Paul Evans (BLM)

TABLE 1

SOIL CHEMISTRY RESULTS

OLSEN ENERGY CORPORATION  
 B. V. LYNCH A & B FEDERAL LEASE  
 LEA COUNTY, NEW MEXICO

SAMPLE LOCATION	SAMPLE DEPTH (Below normal surface grade)	SAMPLE DATE	METHOD: EPA SW 846-8021B, 5030				METHOD: 8015M		TOTAL TPH	CHLORIDES
			BENZENE	TOLUENE	ETHYL-BENZENE	TOTAL XYLENES	GRO	DRO		
			(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)		
T1 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1170
T1 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1650
T1 15'	15' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1230
T2 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1680
T2 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	2690
T2 15'	15' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	2350
T3 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	82.7
T3 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	242
T3 15'	15' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	457
T4 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	2360
T4 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1260
T4 15'	15' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1310
T5 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1430
T5 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	980
T6 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	183
T6 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1560
T6 12'	12' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	2640
T7 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	402
T7 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	487
T8 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	70.1
T8 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	74.4

TABLE 1 (cont)

## SOIL CHEMISTRY RESULTS

OLSEN ENERGY CORPORATION  
B. V. LYNCH A & B FEDERAL LEASE  
LEA COUNTY, NEW MEXICO

SAMPLE LOCATION	SAMPLE DEPTH (Below normal surface grade)	SAMPLE DATE	METHOD: EPA SW 846-8021B, 5030				METHOD: 8015M		TOTAL TPH	CHLORIDES
			BENZENE	TOLUENE	ETHYL-BENZENE	TOTAL XYLENES	GRO	DRO		
			(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	(mg/kg)	
T8 13'	13' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	80.1
T9 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	1900
T9 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	3640
T9 15'	15' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	<10	<10	7760
T10 5'	5' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	76.5	1990	2060	237
T10 10'	10' bgs	05/10/05	<0.025	<0.025	<0.025	<0.025	<10	231.0	231.0	308
HDR FLR	3' bgs	10/02/06	<0.025	<0.025	<0.025	<0.025	<10	234	234	2100
HDR W/W	3' bgs	10/02/06	<0.025	<0.025	<0.025	<0.025	<10	720	720	2.6
HDR N/W	3' bgs	10/02/06	<0.025	<0.025	<0.025	<0.025	<10	11.1	11.1	4
HDR E/W	1.5' bgs	10/02/06	<0.002	<0.002	<0.002	<0.006	<50	1330	<10.0	3.5
HDR S/W	3' bgs	10/02/06	<0.025	<0.025	<0.025	<0.025	<50	661	661	4.3
S FLR WEST	3' bgs	05/30/07	<0.002	<0.002	<0.002	<0.006	<10.0	38.5	38.5	112
N WALL EAST	1.5' bgs	05/30/07	<0.002	<0.002	<0.002	<0.006	<10.0	<10.0	<10.0	48
N WEST FLR	3' bgs	05/30/07	<0.002	<0.002	<0.002	<0.006	<10.0	17.7	17.7	704
W WALL SOUTH	1.5' bgs	05/30/07	<0.002	<0.002	0.016	<0.006	<10.0	<10.0	<10.0	1440
N WALL WEST	1.5' bgs	05/30/07	<0.002	<0.002	<0.002	<0.006	<10.0	<10.0	<10.0	96
N EAST FLR	3' bgs	05/30/07	<0.002	<0.002	<0.002	<0.006	<10.0	49.7	49.7	96
N FLR L	3' bgs	05/30/07	<0.002	<0.002	0.009	0.006	<10.0	179	179	544
S EAST FLR	3' bgs	05/30/07	<0.002	<0.002	<0.002	<0.006	<10.0	128	128	48







Plains All American  
Lynch Station

Plains Pipeline Fence

Berm

Excavated and  
Backfilled Area

Buried Giant  
Pipeline &  
Right-of-Way

Excavated and  
Backfilled Area

Excavated and  
Backfilled Area

Rebuilt Tank  
Battery Areas

Excavated and  
Backfilled Area

Excavated and  
Backfilled Area

Caliche Road

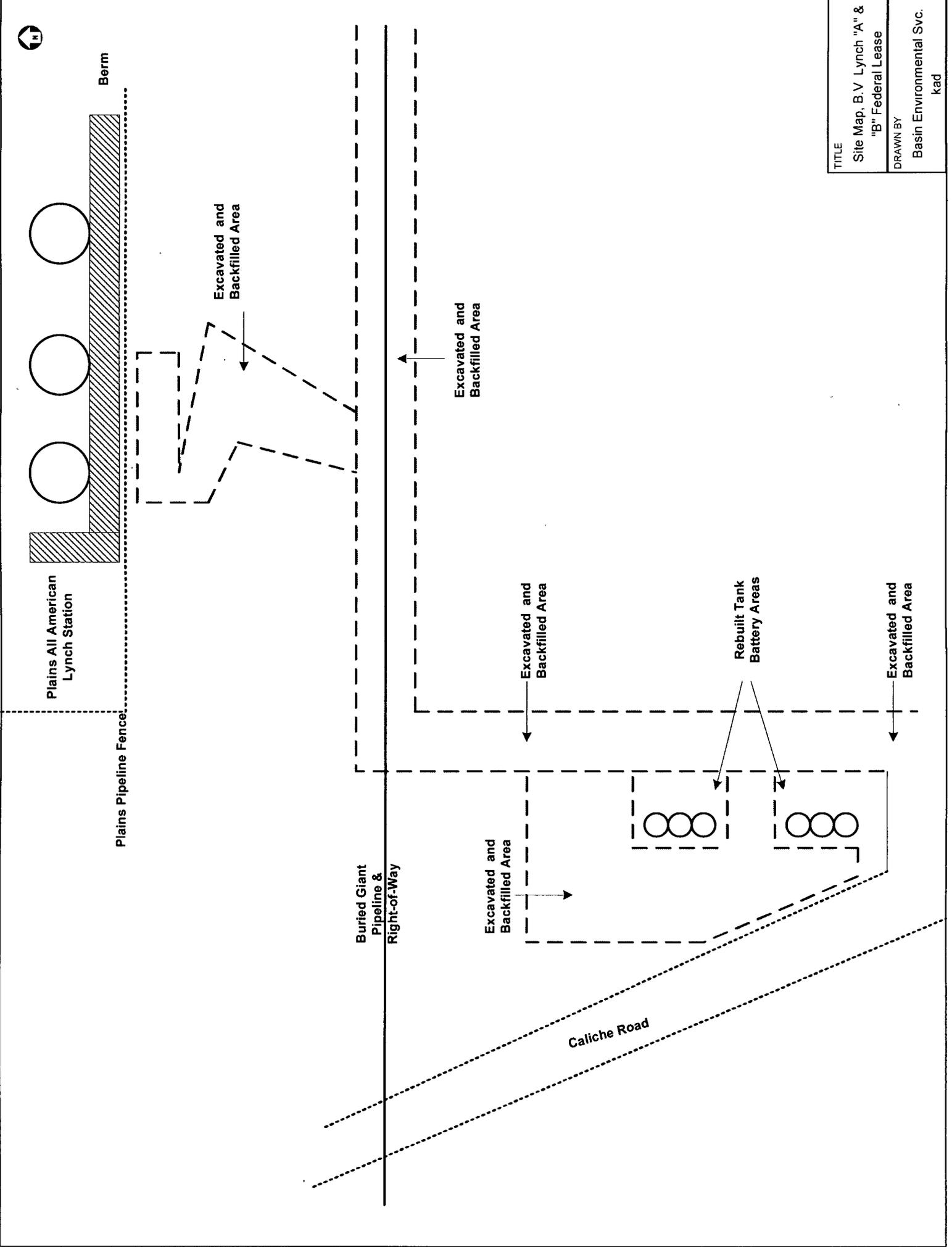
TITLE

Site Map, B.V. Lynch "A" &  
"B" Federal Lease

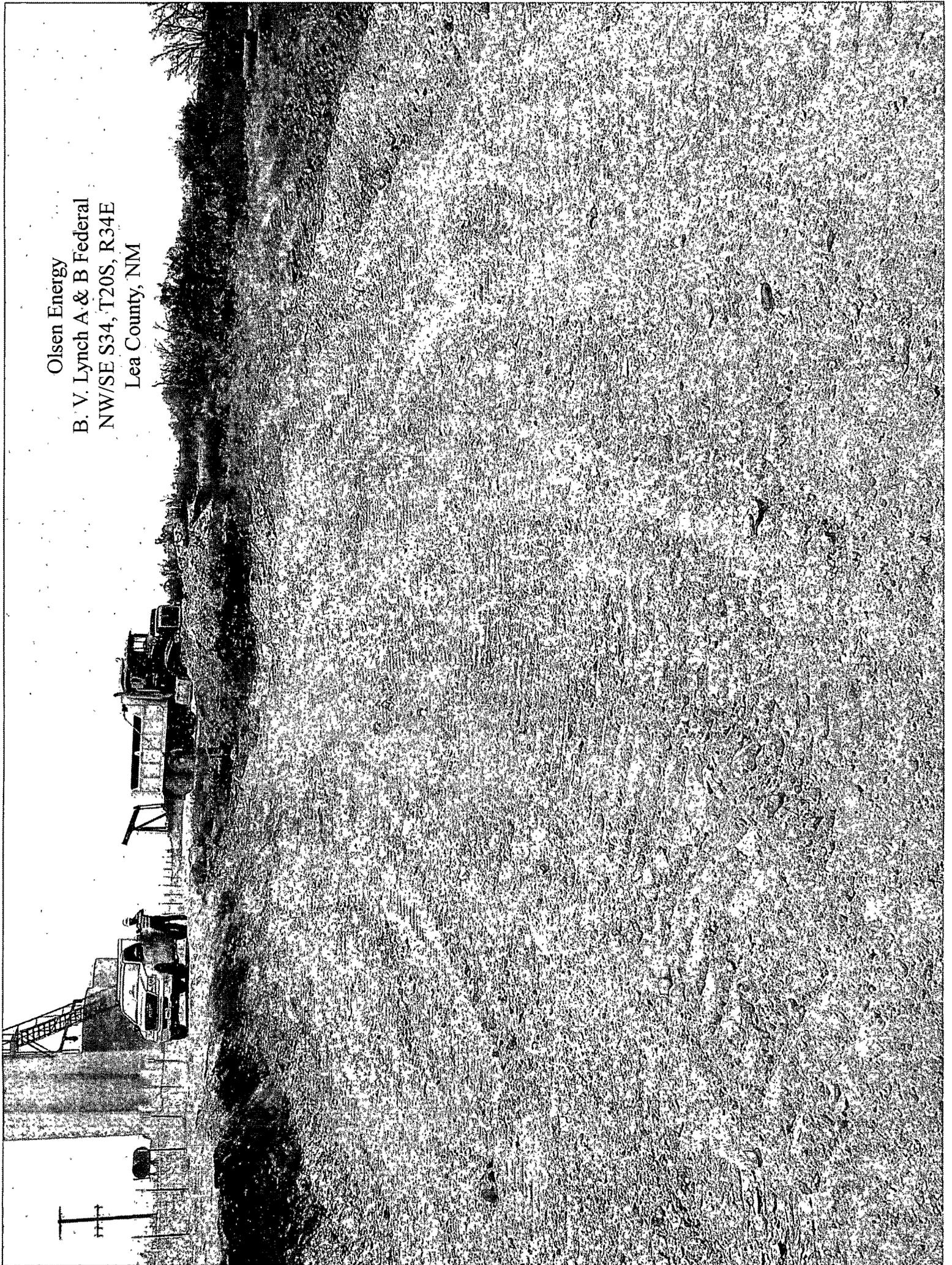
DRAWN BY

Basin Environmental Svc.

kad



Olsen Energy  
B. V. Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Lea County, NM



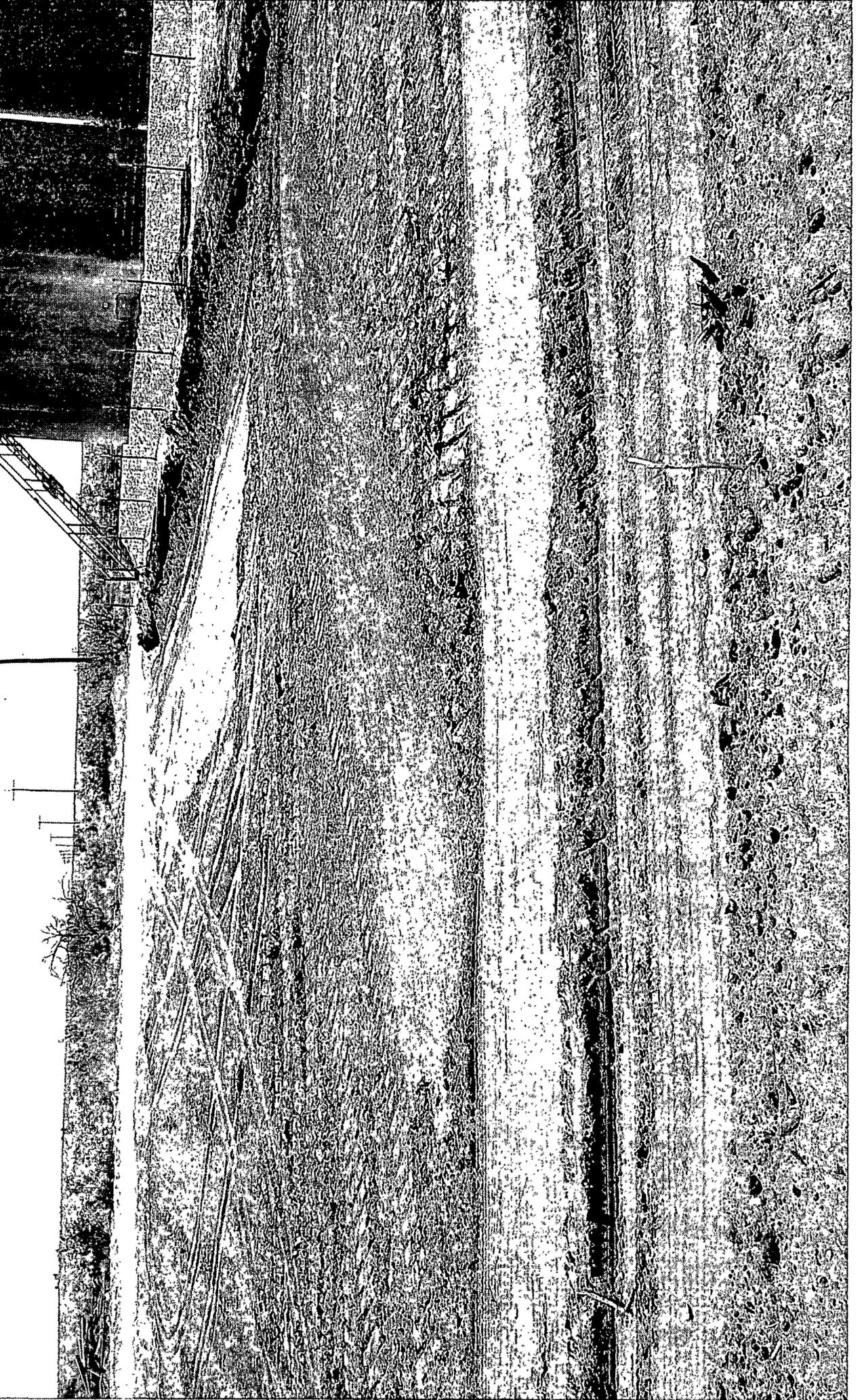
Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Lea County, NM

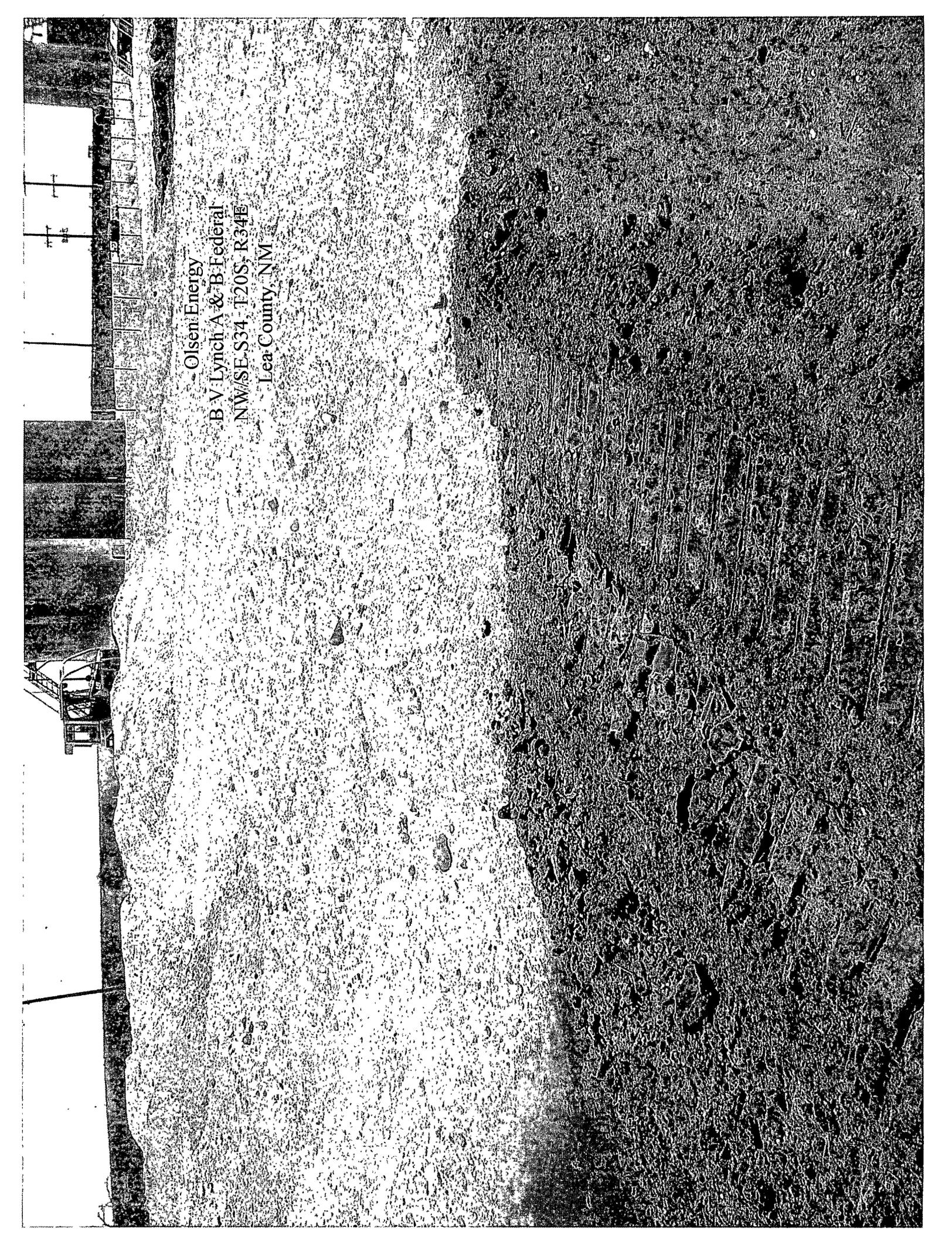


Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Lea County, NM



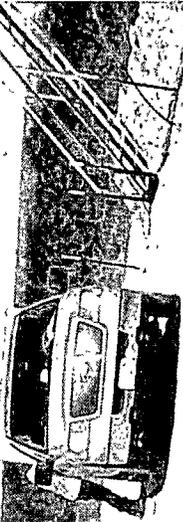
Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Lea County, NM





Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34 T20S R34E  
Lea County, NM

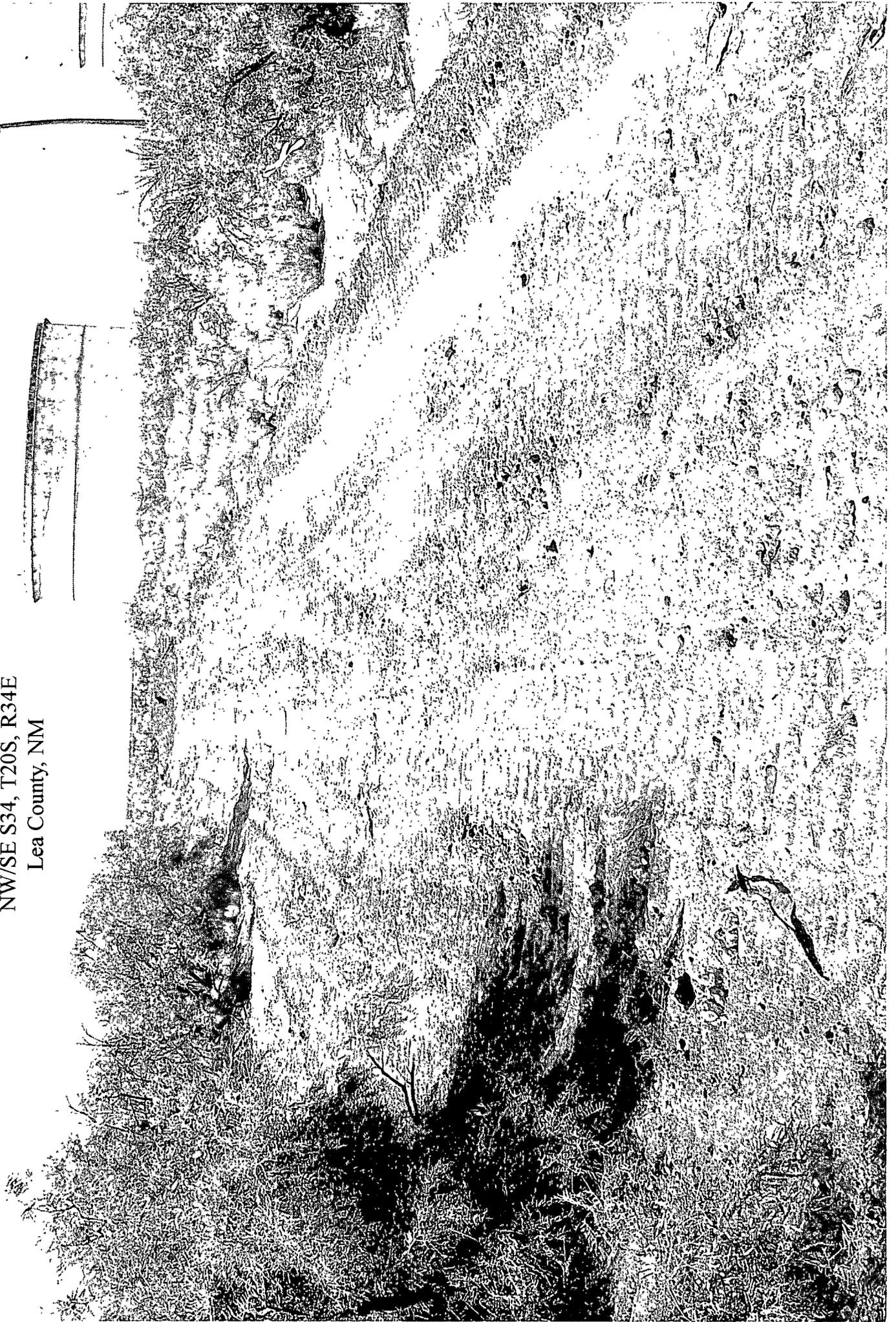
Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Lea County, NM



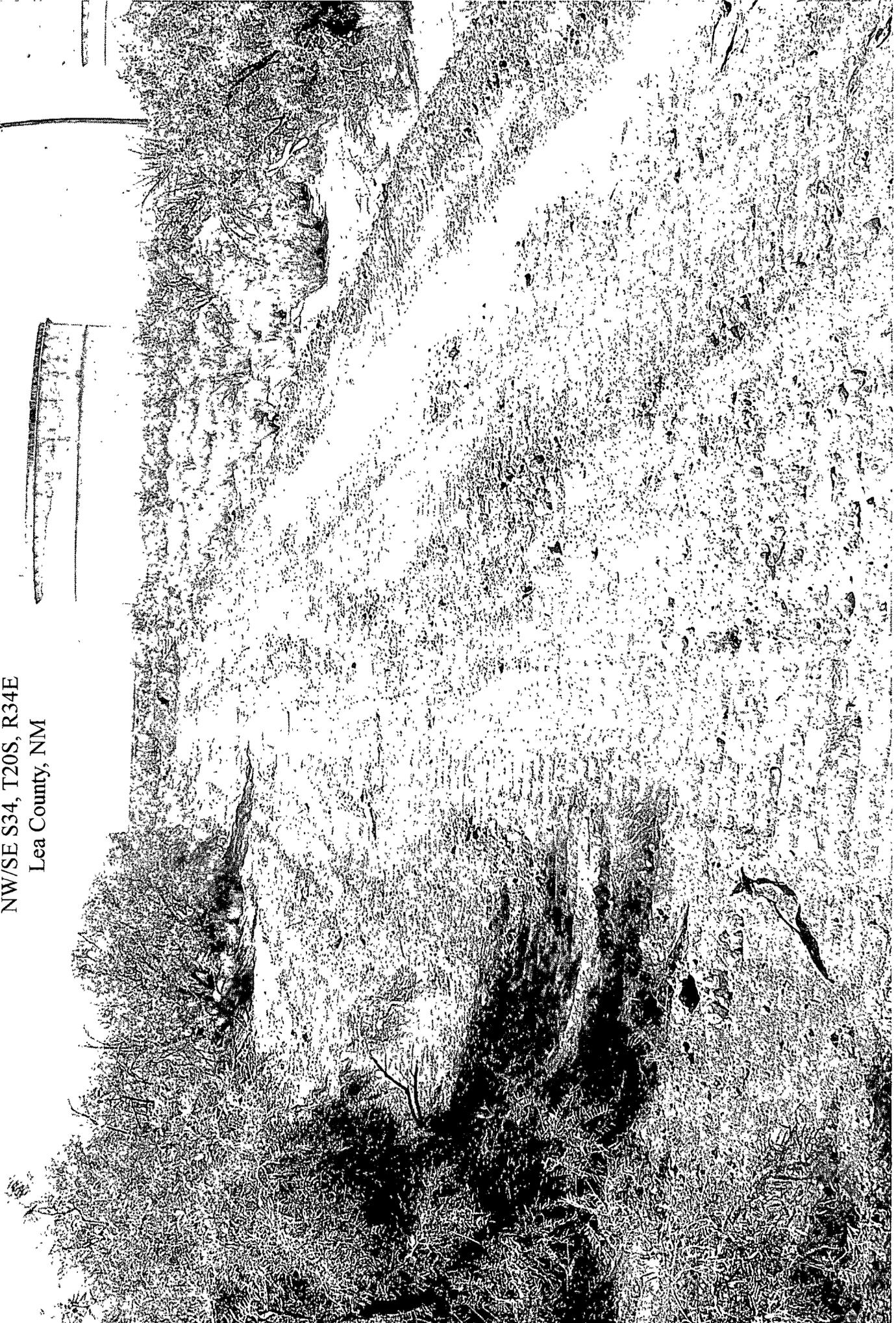
Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Iowa County, NM



Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Lea County, NM



Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, T20S, R34E  
Lea County, NM



Olsen Energy  
B V Lynch A & B Federal  
NW/SE S34, 520S, R34E  
Lea County, NM

