

**NGX COMPANY
100 N. PENNSYLVANIA
ROSWELL, NEW MEXICO 88203**

(505) 622-6713 OFFICE

(505) 622-9282 FAX

DEC 07 2007
OCD-ARTESIA

Via Federal Express

December 6, 2007

NM Oil Conservation Division
1301 W. Grand Ave.
Artesia, NM 88210

Attention: Mike Bratcher

RE: NGX McKee State No.1
Sec. 25, T24S, R28E
Eddy County, NM

Dear Mike:

As per our agreement, enclosed please find a C-141 form with the a description of the remediation done on the captioned well.

Should you have any questions, please contact me at (505) 350-2030.

Sincerely,



George L. Scott, III, Pres.

enclosures

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

Form C-141
Revised October 10, 2003

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

DEC 07 2007
OCD-ARTESIA

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	NGX Company	Contact	George L. Scott, III
Address	100 N. Pennsylvania, Roswell, NM 88203	Telephone No.	(505) 350-2030
Facility Name	McKee State #1	Facility Type	Oil Well
Surface Owner	State of NM	Mineral Owner	State of NM
		Lease No.	VO-5446-2

LOCATION OF RELEASE

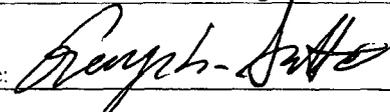
Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
O	25	24S	28E	990'	South	1650'	East	Eddy

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	See C-141 filed 9/4/2007 approved 9/5/2007	Volume of Release	Volume Recovered
Source of Release		Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
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.*			
Describe Area Affected and Cleanup Action Taken.* Scraped up 72 yards of contaminated soil and put on 15 ml plastic. Hauled contaminated soil to CRI on 10/4/07. Notified Gery Guy with OCD of sampling on 11/19/07. Sent samples to Hall Environmental. Back filled with top soil on 11/26/07. Attachments: Core Sample Report, wellpad diagram of samples, and contaminated dirt haul tickets. Spill area clean and ready for inspection.			

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: George L. Scott, III	Approved by District Supervisor:		
Title: President	Approval Date:	Expiration Date:	
E-mail Address: geoiexploration@aol.com	Conditions of Approval:		Attached <input type="checkbox"/>
Date: 12/5/2007	Phone: (505) 350-2030		

* Attach Additional Sheets If Necessary

Hall Environmental Analysis Laboratory, Inc.

Date: 04-Dec-07

CLIENT: NGX Company Inc.
Lab Order: 0711347
Project: McKee St. #1
Lab ID: 0711347-01

Client Sample ID: # 1
Collection Date: 11/19/2007 3:45:00 AM
Date Received: 11/21/2007
Matrix: SOLID

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: SCC
Diesel Range Organics (DRO)	ND	10		mg/Kg	1	11/27/2007 4:27:45 AM
Motor Oil Range Organics (MRO)	ND	50		mg/Kg	1	11/27/2007 4:27:45 AM
Surr. DNOP	69.8	61.7-135		%REC	1	11/27/2007 4:27:45 AM
EPA METHOD 9056A: ANIONS						Analyst: SMP
Chloride	ND	1.5		mg/Kg	5	12/3/2007 10:01:11 AM
EPA METHOD 6010B: SOIL METALS						Analyst: NMO
Sodium	36	25		mg/Kg	1	11/28/2007 10:40:26 AM

Qualifiers:

*	Value exceeds Maximum Contaminant Level	B	Analyte detected in the associated Method Blank
E	Value above quantitation range	H	Holding times for preparation or analysis exceeded
J	Analyte detected below quantitation limits	MCL	Maximum Contaminant Level
ND	Not Detected at the Reporting Limit	RL	Reporting Limit
S	Spike recovery outside accepted recovery limits		

Hall Environmental Analysis Laboratory, Inc.

Date: 04-Dec-07

CLIENT: NGX Company Inc.
Lab Order: 0711347
Project: McKee St. #1
Lab ID: 0711347-02

Client Sample ID: #2
Collection Date: 11/19/2007 3:45:00 PM
Date Received: 11/21/2007
Matrix: SOLID

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: SCC
Diesel Range Organics (DRO)	ND	10		mg/Kg	1	11/27/2007 4:58 10 AM
Motor Oil Range Organics (MRO)	ND	50		mg/Kg	1	11/27/2007 4:58 10 AM
Surr: DNOP	73.7	61.7-135		%REC	1	11/27/2007 4:58.10 AM
EPA METHOD 9056A: ANIONS						Analyst: SMP
Chloride	ND	1.5		mg/Kg	5	12/3/2007 10:18.36 AM
EPA METHOD 6010B: SOIL METALS						Analyst: NMO
Sodium	ND	25		mg/Kg	1	11/28/2007 10:44:08 AM

Qualifiers:

- * Value exceeds Maximum Contaminant Level
- E Value above quantitation range
- J Analyte detected below quantitation limits
- ND Not Detected at the Reporting Limit
- S Spike recovery outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- MCL Maximum Contaminant Level
- RL Reporting Limit

Hall Environmental Analysis Laboratory, Inc.

Date: 04-Dec-07

CLIENT: NGX Company Inc.
Lab Order: 0711347
Project: McKee St. #1
Lab ID: 0711347-03

Client Sample ID: #3
Collection Date: 11/19/2007 3:45:00 PM
Date Received: 11/21/2007
Matrix: SOLID

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: SCC
Diesel Range Organics (DRO)	ND	10		mg/Kg	1	11/27/2007 5:28:48 AM
Motor Oil Range Organics (MRO)	ND	50		mg/Kg	1	11/27/2007 5:28 48 AM
Surr. DNOP	68.1	61.7-135		%REC	1	11/27/2007 5:28 48 AM
EPA METHOD 9056A: ANIONS						Analyst: SMP
Chloride	1.5	1 5		mg/Kg	5	12/3/2007 10:36.01 AM
EPA METHOD 6010B: SOIL METALS						Analyst: NMO
Sodium	28	25		mg/Kg	1	11/28/2007 10.47 36 AM

Qualifiers:

- * Value exceeds Maximum Contaminant Level
- E Value above quantitation range
- J Analyte detected below quantitation limits
- ND Not Detected at the Reporting Limit
- S Spike recovery outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- MCL Maximum Contaminant Level
- RL Reporting Limit

Hall Environmental Analysis Laboratory, Inc.

Date: 04-Dec-07

CLIENT: NGX Company Inc.
Lab Order: 0711347
Project: McKee St. #1
Lab ID: 0711347-04

Client Sample ID: #4
Collection Date: 11/19/2007 3:45:00 PM
Date Received: 11/21/2007
Matrix: SOLID

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: SCC
Diesel Range Organics (DRO)	ND	10		mg/Kg	1	11/27/2007 5:59:30 AM
Motor Oil Range Organics (MRO)	ND	50		mg/Kg	1	11/27/2007 5:59:30 AM
Surr: DNOP	71.3	61.7-135		%REC	1	11/27/2007 5:59:30 AM
EPA METHOD 9056A: ANIONS						Analyst: SMP
Chloride	1300	60		mg/Kg	20	12/3/2007 1:30:05 PM
EPA METHOD 6010B: SOIL METALS						Analyst: NMO
Sodium	480	25		mg/Kg	1	11/28/2007 10:51:04 AM

Qualifiers:

- * Value exceeds Maximum Contaminant Level
- E Value above quantitation range
- J Analyte detected below quantitation limits
- ND Not Detected at the Reporting Limit
- S Spike recovery outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- MCL Maximum Contaminant Level
- RL Reporting Limit

Hall Environmental Analysis Laboratory, Inc.

Date: 04-Dec-07

CLIENT: NGX Company Inc.
Lab Order: 0711347
Project: McKee St. #1
Lab ID: 0711347-05

Client Sample ID: #5
Collection Date: 11/19/2007 3:45:00 PM
Date Received: 11/21/2007
Matrix: SOLID

Analyses	Result	PQL	Qual	Units	DF	Date Analyzed
EPA METHOD 8015B: DIESEL RANGE ORGANICS						Analyst: SCC
Diesel Range Organics (DRO)	ND	10		mg/Kg	1	11/27/2007 6:30:14 AM
Motor Oil Range Organics (MRO)	ND	50		mg/Kg	1	11/27/2007 6:30:14 AM
Surr: DNOP	67.3	61.7-135		%REC	1	11/27/2007 6:30:14 AM
EPA METHOD 9056A: ANIONS						Analyst: SMP
Chloride	410	1.5		mg/Kg	5	12/3/2007 11:10:50 AM
EPA METHOD 6010B: SOIL METALS						Analyst: NMO
Sodium	120	25		mg/Kg	1	11/28/2007 10:54:31 AM

Qualifiers:

- * Value exceeds Maximum Contaminant Level
- E Value above quantitation range
- J Analyte detected below quantitation limits
- ND Not Detected at the Reporting Limit
- S Spike recovery outside accepted recovery limits

- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- MCL Maximum Contaminant Level
- RL Reporting Limit

QA/QC SUMMARY REPORT

Client: NGX Company Inc.
 Project: McKee St. #1

Work Order: 0711347

Analyte	Result	Units	PQL	%Rec	LowLimit	HighLimit	%RPD	RPDLimit	Qual
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Method: EPA Method 9056A: Anions

Sample ID: MB-14538		MBLK							
Batch ID:	14538	Analysis Date:	12/3/2007 9:26:22 AM						
Chloride	ND	mg/Kg	0.30						
Sample ID: LCS-14538		LCS							
Batch ID:	14538	Analysis Date:	12/3/2007 9:43:47 AM						
Chloride	14.48	mg/Kg	0.30	96.5	90	110			

Method: EPA Method 8015B: Diesel Range Organics

Sample ID: MB-14474		MBLK							
Batch ID:	14474	Analysis Date:	11/26/2007 7:32:22 PM						
Diesel Range Organics (DRO)	ND	mg/Kg	10						
Motor Oil Range Organics (MRO)	ND	mg/Kg	50						
Sample ID: LCS-14474		LCS							
Batch ID:	14474	Analysis Date:	11/26/2007 8:06:47 PM						
Diesel Range Organics (DRO)	42.54	mg/Kg	10	85.1	64.6	116			
Sample ID: LCSD-14474		LCSD							
Batch ID:	14474	Analysis Date:	11/26/2007 8:41:11 PM						
Diesel Range Organics (DRO)	36.27	mg/Kg	10	72.5	64.6	116	15.9	17.4	

Method: EPA Method 6010B: Soil Metals

Sample ID: MB-14488		MBLK							
Batch ID:	14488	Analysis Date:	11/28/2007 8:17:20 AM						
Sodium	ND	mg/Kg	25						
Sample ID: LCS-14488		LCS							
Batch ID:	14488	Analysis Date:	11/28/2007 8:20:21 AM						
Sodium	2634	mg/Kg	25	105	80	120			

Qualifiers:

- E Value above quantitation range
- J Analyte detected below quantitation limits
- R RPD outside accepted recovery limits
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- S Spike recovery outside accepted recovery limits

Hall Environmental Analysis Laboratory, Inc.

Sample Receipt Checklist

Client Name NGX COMPANY INC

Date Received

11/21/2007

Work Order Number 0711347

Received by: AMF

Checklist completed by

[Handwritten Signature]
Signature

11/21/07
Date

Sample ID labels checked by

Initials

Matrix

Carrier name Client drop-off

- Shipping container/cooler in good condition? Yes No Not Present
- Custody seals intact on shipping container/cooler? Yes No Not Present Not Shipped
- Custody seals intact on sample bottles? Yes No N/A
- Chain of custody present? Yes No
- Chain of custody signed when relinquished and received? Yes No
- Chain of custody agrees with sample labels? Yes No
- Samples in proper container/bottle? Yes No
- Sample containers intact? Yes No
- Sufficient sample volume for indicated test? Yes No
- All samples received within holding time? Yes No
- Water - VOA vials have zero headspace? No VOA vials submitted Yes No
- Water - Preservation labels on bottle and cap match? Yes No N/A
- Water - pH acceptable upon receipt? Yes No N/A

Container/Temp Blank temperature?

21°

<6° C Acceptable

If given sufficient time to cool.

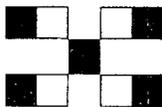
COMMENTS:

Client contacted _____ Date contacted: _____ Person contacted _____

Contacted by _____ Regarding _____

Comments *ped JS analyze the 5 samples on LOD /dc 11/24/07*

Corrective Action _____



HALL ENVIRONMENTAL ANALYSIS LABORATORY
 4901 Hawkins NE, Suite D
 Albuquerque, New Mexico 87109
 Tel. 505.345.3975 Fax 505.345.4107
 www.hallenvironmental.com

CHAIN-OF-CUSTODY RECORD

Client: ANG Company Inc
 Address: 100 N. Penn
PO Box 5
Roswell, NM
88201
 Phone #: 505 626 6879
 Fax #: 505 622 9282

QA/QC Package: Std Level 4
 Other: _____
 Project Name: McKee St. #1
 Project #: _____
 Project Manager: George Scott
 Sampler: Jim Schultz
 Sample Temperature: 22 degrees C

Date	Time	Matrix	Sample I.D. No.	Number/Volume	Preservative		HEAL No.
					HgCl ₂	HNO ₃	
<u>Nov 19</u>	<u>3:45</u>	<u>Soil</u>	<u>#1</u>				<u>D71B471</u>
"	"	"	<u>#2</u>				<u>-2</u>
"	"	"	<u>#3</u>				<u>-3</u>
"	"	"	<u>#4</u>				<u>-4</u>
"	"	"	<u>#5</u>				<u>-5</u>

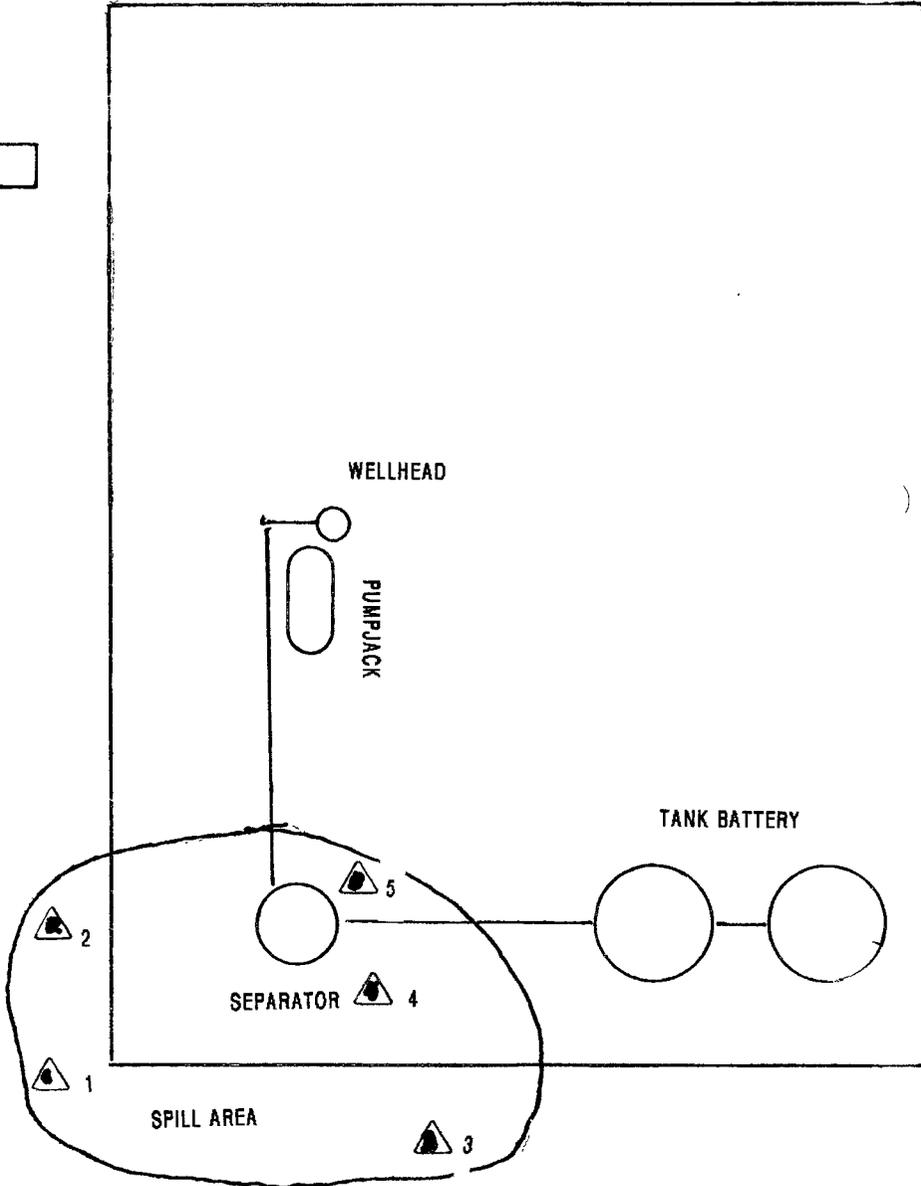
Date: 11/20 Time: 1:40
 Relinquished By: (Signature) [Signature]
 Relinquished By: (Signature) _____
 Received By: (Signature) [Signature]
 Received By: (Signature) _____

ANALYSIS REQUEST

BTEX + MTBE + TMB's (8021)	BTEX + MTBE + TPH (Gasoline Only)	TPH (Method 418.1)	EDB (Method 504.1)	EDC (Method 8021)	8310 (PNA or PAH)	PCRA 8 Metals	Anions (F, Cl, NO ₃ , NO ₂ , PO ₄ , SO ₄)	8081 Pesticides / PCB's (8082)	8260B (VOA)	8270 (Semi-VOA)	N ₂	Cl	Air Bubbles or Headspace (Y or N)
		X									X	X	
		X									X	X	
		X									X	X	
		X									X	X	
		X									X	X	

Remarks: Please fix results (5056229282)
and email:
geoexploration@col.com

McKee State #1
Unit 0, Sec. 25, T24S, R28E
Eddy County, NM



 SAMPLES

Roadrunner Environmental, Inc

P O Box 1238
Carlsbad, NM 88220

Invoice

Date	Invoice #
10/10/2007	42341

Bill To
NGX PO BOX 5 ROSWELL, NM 88202

Field Ticket No.	Location	Due Upon Receipt
MULTI	MCKEE ST #1	Due on receipt

Item	Description	Comp. Date	Qty	Rate	Amount
DUMP TRUC...	FT.#47579-DUMP TRUCK, BACKHOE, AND OPERATOR ON LOCATION TO LOAD SOIL INTO TRUCKS TO BE HAULED TO CRI FOR DISPOSAL. HAULED 1-12 YARD LOAD	10/4/2007	11	80.00	880.00T
FUEL DUMP TRUCK	F.T.#46250-BELLY DUMP TRUCK AND OPERATOR ON LOCATION TO BE LOADED WITH SOIL TO BE HAULED TO CRI FOR DISPOSAL. HAULED 1-20 YARD LOAD.	10/4/2007	6.5	10.00% 95.00	88.00T 617.50T
FUEL DUMP TRUCK	F.T.#46249-BELLY DUMP TRUCK AND OPERATOR ON LOCATION TO BE LOADED WITH SOIL TO BE HAULED TO CRI FOR DISPOSAL. HAULED 2-20 YARD LOADS.	10/4/2007	3.5	10.00% 95.00	61.75T 332.50T
FUEL DUMP TRUC...	F.T.#47581-DUMP TRUCK, BACKHOE, AND OPERATOR ON LOCATION TO LOAD SOIL AND HAUL TO CRI FOR DISPOSAL.	10/5/2007	2	10.00% 80.00	33.25T 160.00T
FUEL				10.00%	16.00T

Thank you for your business.

Subtotal	\$2,189.00
Sales Tax (5.625%)	\$123.13
Total	\$2,312.13