

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	Energem Resources	Contact	Andy Cobb
Address	3300 North A. Blvd. 4 ste 100 Mid. Tx	Telephone No.	432-687-1155
Facility Name	W. Livingston Strawn Unit #237905	Facility Type	Flowline leak
Surface Owner	Dan Field	Mineral Owner	Energem
		Lease No.	27820

LOCATION OF RELEASE API # 30025378460000

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
O	34	15S	35E	660	S	2310	E	lea

Latitude 32° 58.021' Longitude 103° 23.261'

NATURE OF RELEASE

Type of Release	Oil & Produced water	Volume of Release	45	Volume Recovered	35
Source of Release	Flowline leak	Date and Hour of Occurrence	8-31-07	Date and Hour of Discovery	8-31-07 AM
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Larry Johnson @ 5:00 am		@ 8:15 AM
By Whom?	Andy Cobb	Date and Hour	8-31-07 @ 2:50 PM		
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.*

Chloride concentration of produced water is approx 55,000 ml/k

Describe Cause of Problem and Remedial Action Taken.* Hole in flowline caused by internal corrosion. Shut in wells producing into this flowline and began immediate excavation of affected area

Describe Area Affected and Cleanup Action Taken.* Affected area is 60' x 90' on surface; vertically Energem removed 8,460 yards of material to an average depth of 3' to a minimum of 10'. Samples of the affected area have been obtained and are included with this form. we are requesting OGD approval to close this area

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: Andrew H Cobb	OIL CONSERVATION DIVISION	
Printed Name: Andrew H. Cobb	Approved by District Supervisor:	Chris Williams
Title: Sr Safety & Environmental Spec.	Approval Date: 1/16/08	Expiration Date: 4/16/08
E-mail Address: andy.cobb@energem.com	Conditions of Approval: Can not close until sample information is received.	Attached <input type="checkbox"/>
Date: 10-8-07	Phone: 432-626-3599	

* Attach Additional Sheets If Necessary

AP# 1721