

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

RECEIVED

Form C-141
Revised October 10, 2003

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

SEP - 3 2008

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

HOBBS OCD

Release Notification and Corrective Action

OPERATOR

Initial Report **Final Report**

Name of Company: Crownquest Operating, LLC	Contact: Doug Vaughan
Address: PO Box 53310, Midland, TX 79710	Telephone No.: 432-818-0310
Facility Name: J.M. Huber State NCT 2 No. 1	Facility Type: Produced Water, Oil Flowline

Surface Owner: Norman Hahn	Mineral Owner: State of New Mexico	Lease No.:
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LOCATION OF RELEASE

API No.: 30-025-29915

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
O	11	14S	33E	660'	FSL	1980'	FEL	Lea

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release: Produced Water, Oil, Gas	Volume of Release: Unknown but estimated approx. 20 bbls.	Volume Recovered: 18 bbls.
Source of Release: Flowline which traverses the field fatigued from the well to the battery.	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 9 July 2008 1215 Hours
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	If YES, To Whom? Larry Johnson	
By Whom? C. Winkler	Date and Hour: 9 July 08 Approx. 1400 Hours	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse. N/A	

If a Watercourse was Impacted, Describe Fully.*
N/A

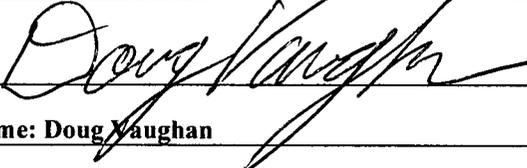
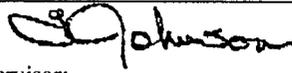
Describe Cause of Problem and Remedial Action Taken.*

The well was shut in to cease the flow down the steel line and vacuum trucks were called to the scene. At the time, it was estimated approximately 20 bbls. had been discharged onto the rancher's property. The rancher was notified at approximately 1420 Hrs. of the situation. His response was that he was glad to be notified and only wanted it cleaned up. Once the vacuum trucks arrived and the standing fluids were removed, a backhoe began to remove the contaminated soil placing it on HDPE liner on the pad. Upon inspection of the line, another area was found which had also begun to leak. Consequently, the entire line will be replaced. This area was also targeted for cleanup and removal of the contaminated soil to the pad area for transport to disposal at Gandy's Disposal in Lovington.

Describe Area Affected and Cleanup Action Taken.*

Soil samples were taken and sent to Trace Analysis for analyticals. Continued removal of contaminated material was determined by laboratory results that are attached. An additional foot of material was removed before the area could be cleared and approved for closure by NMOCD. All contaminated material was hauled to Gandy's Disposal in Lovington and clean fill and topsoil were brought in to replace the removed soils. The area is extremely rocky, showing very thin clay and sand soils. Consequently, the revised suspected spill was around 50 to 70 barrels since the contamination was found to be deeper than initially thought.

I hereby state the information given above is accurate 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.

Signature: 	OIL CONSERVATION DIVISION	
Printed Name: Doug Vaughan	 Approved by District Supervisor:	
Title: Drilling/Production Superintendent	ENVIRONMENTAL ENGINEER	
E-mail Address: dvaughan@crowquest.com	Approval Date: 9.3.08	Expiration Date: _____
Date: 13 August 2008 Phone: 432-818-0310	Conditions of Approval:	Attached <input type="checkbox"/> IRP # 1911

* Attach Additional Sheets If Necessary

Mr. Doug Vaughan
Drilling/Production Superintendent
CROWNQUEST OPERATING, LLC
303 Veterans Airpark Lane
Suite 5100
Midland, TX 79710

13 August 2008

Mr. Larry Johnson
OIL CONSERVATION DIVISION
1625 N. French Drive
Hobbs, NM 88240

Re: J.M. Huber State NCT 2 No. 1 *Final Remediation Report* and Final C-141
API No.: 30-025-29915

Dear Mr. Johnson:

Please find enclosed herewith, CrownQuest Operating, LLC's Final Form C-141 for information delineating cleanup process of the produced water and hydrocarbon release as described below.

On or about 9 July 2008, a Crownquest Operating, LLC (CrownQuest) representative discovered a fatigued steel flowline running from the J.M. Huber State NCT 2 No. 1 well located in U/L O S11 T14S R33E to its respective battery which traversed across a ranch property field. Upon discovering this initial area of fatigue, another minor discharge area was located closer to the battery and also cited for cleanup. The total discharge was estimated to be approximately 20 bbls. since exact numbers cannot be provided due to the discharge conditions. However, the depth of the contamination and the affected soil types now lead CrownQuest to assess the spill between 50 and 70 barrels.

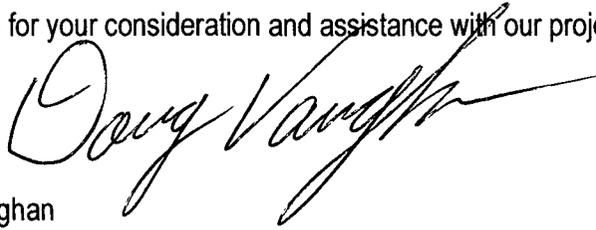
All contaminated soil (12 loads/ 144 yards) was disposed of at Gandy's Disposal. Samples were taken and sent to Trace Analysis for analytical evaluation of soil chlorides and TPH. The results are attached. NMOCD was contacted once a compliant concentration level had been reached and the request was made for closure of this area.

CrownQuest made the infield decision to replace the entire old steel line due to its condition and dispose of it pursuant to regulatory requirements. Also as a consequence of the deterioration of this line, 5 other spill areas were found. These areas are also currently under cleanup and shall be reported separately from this event.

Should you have questions please call 432-664-7172 (cell) or 432-818-0300 (office) or contact our infield environmental representative, Cheryl Winkler at 432-425-7386 (cell).

Thank you for your consideration and assistance with our project.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Vaughan". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Doug Vaughan

Enclosed: Laboratory analyticals, Final Form C-141

Summary Report

Doug Vaughan
 Crownquest Operating, LLC
 303 Veterans Airpark Lane, Ste. 5100
 P.O. Box 53310
 Midland, TX, 79710

Report Date: July 23, 2008

Work Order: 8072201



Project Name: HM Huber State NCT #2

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
167703	Background Samples: West Side	soil	2008-07-18	11:45	2008-07-22
167704	Background Samples: North Side	soil	2008-07-18	11:50	2008-07-22

Sample - Field Code	BTEX				MTBE	TPH DRO	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
167703 - Background Samples: West Side	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
167704 - Background Samples: North Side	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00

Sample: 167703 - Background Samples: West Side

Param	Flag	Result	Units	RL
Chloride		74.2	mg/Kg	3.25

Sample: 167704 - Background Samples: North Side

Param	Flag	Result	Units	RL
Chloride		76.1	mg/Kg	3.25