

AUG 15 2008

District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

OCD-ARTESIA Form C-141  
Revised March 17, 1999

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>Kersey #1</i>	Contact <i>Ken Wade</i>
Address <i>P.O. Box 1248</i>	Telephone No. <i>830 992-9588</i>
Facility Name <i>Parry Federal #1</i>	Facility Type <i>Oil Well</i>
Surface Owner <i>BLM</i>	Mineral Owner <i>BLM</i>
Lease No. <i>LC067348A</i>	

#### LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
<i>J</i>	<i>28</i>	<i>185</i>	<i>29E</i>	<i>2310</i>		<i>2310</i>		<i>Eddy</i>

#### NATURE OF RELEASE

Type of Release <i>Oil</i>	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 type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	
If a Watercourse was Impacted, Describe Fully.*		
Describe Cause of Problem and Remedial Action Taken.*  <i>See attachment</i>		
Describe Area Affected and Cleanup Action Taken.*		

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>Kenneth R Wade</i>	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: <i>Kenneth R Wade</i>	Approved by District Supervisor: <i>TCumby SD</i>	
Title: <i>Manager</i>	Approval Date: <i>8-28-08</i>	Expiration Date:
Date: <i>8-11-08</i>	Phone: <i>830 992-9588</i>	Conditions o

\* Attach Additional Sheets If Necessary

SEE ATTACHED  
STIPULATIONS

Attached

*2 RP-177*

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**KERSEY AND COMPANY**  
**P.O. BOX 1248**  
**FREDERICKSBURG, TX 78624**  
**830-997-7519**

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August 11, 2008

Ref: PARRY FEDERAL #1 Remediation

Dear Sirs:

Before addressing the clean-up and remediation plan, I would like to state that this was a most regrettable incident, but certainly not one that was condoned by Company policy. We believe that the entire problem was due to a lack of action by our pumper, and we are at a loss to explain his actions, or rather lack of actions. The problem resulted from a leaking stuffing box, which could have been resolved by calling a roustabout crew to change the packing. The Pumper could not explain his lack of action, other than the fact that he did call the roustabout crew after I instructed him to do so. We obviously can not have an employee with complete disregard for the day to day operation of the leases, and consequently his employment has been terminated. That having been said, it is our intention to work with the O.C.D. to the fullest extent possible to resolve this problem.

On June 11 & 12 an area around the wellhead was excavated to a depth of about 12 feet, and a diameter of about 15 feet. This material was hauled to an approved land farm. On July 9<sup>th</sup>, further excavation was done to determine the extent of the spill, and samples were taken at a level that appeared to be clean and were analyzed by Cardinal labs (copy of results enclosed.) Also see diagram of excavation site.

According to "Guidelines for Remediation of Leaks, Spills, and Releases" the site must receive a ranking criteria, this site would be scored as follows:

	Ranking score
1. Depth to Ground Water	0
2. Wellhead protection Area	0
3. Distance to surface water body Greater than 1000 horizontal feet	0
<b>TOTAL SCORE</b>	<u>0</u>

The ranking score of 0 allows up to 5000 ppm of total petroleum hydrocarbons (TPH)

The excavation of the area around the well head - 15' x 15' by 12' deep still shows some contamination directly around the casing. We propose to fill this area to a depth of 12 inches with concrete ready mix. This would provide an impermeable cap around the well bore. Since there is no ground water, we feel there would be no further risk of environmental damage.

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The remaining area around the well bore from excavation site #2, 3, 4, and 5, would be excavated to a depth of two to three feet and the contaminated soil removed to an approved land farm. New samples would be taken from excavated areas.

The remaining hole would be filled with caliche, and a 2' dike would be built around the production tanks.

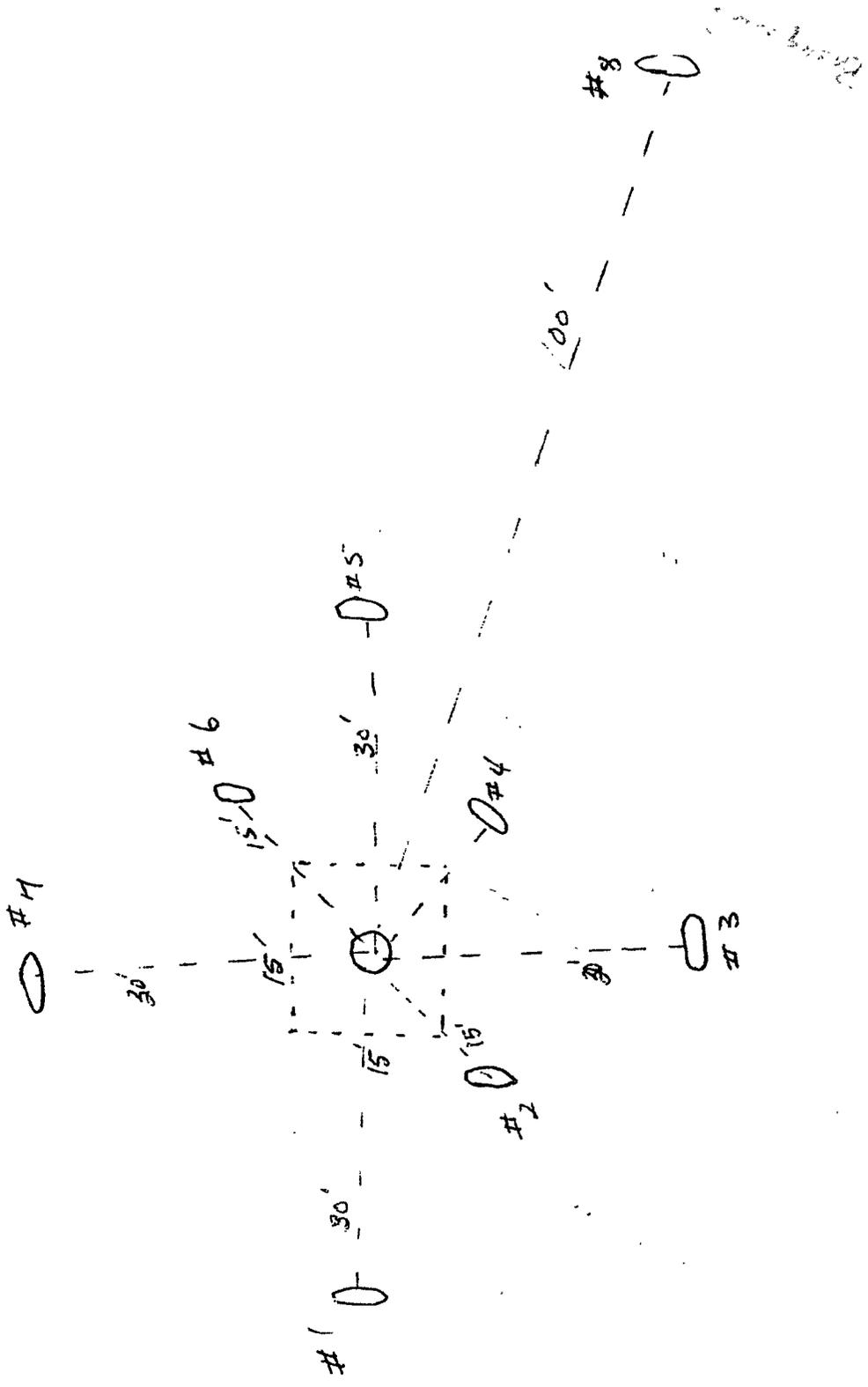
Sincerely,

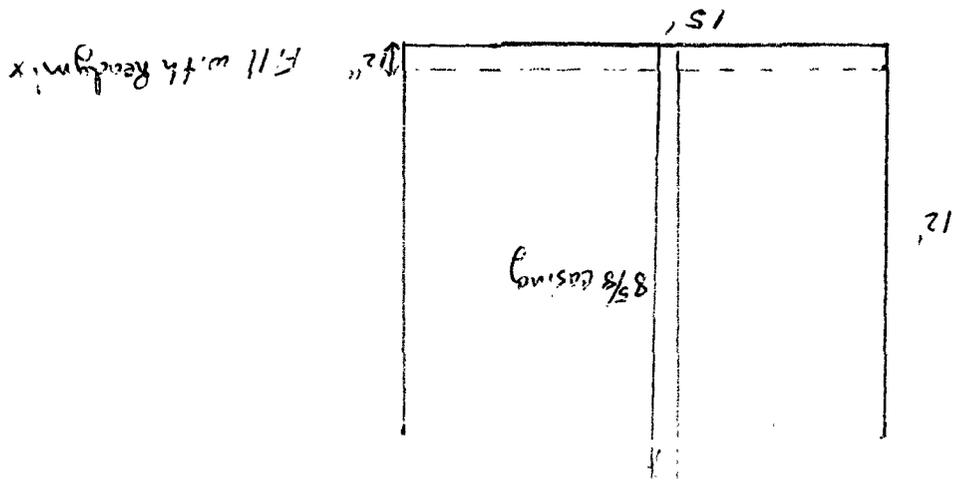
A handwritten signature in cursive script that reads "Ken Wade". The signature is written in black ink and is positioned below the word "Sincerely,".

Kenneth R. Wade  
Manager  
Kersey and Company

Parry Federal #1  
Excavation Site's

N





Party Federal #1



# ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR  
KERYSEY & CO.  
ATTN: KEN WADE  
P.O. BOX 1248  
FREDERICKSBURG, TX 78624  
FAX TO: (830) 997-7519

Receiving Date: 07/09/08  
Reporting Date: 07/16/08  
Project Owner: NOT GIVEN  
Project Name: PARRY FED #1  
Project Location: EDDY COUNTY, NM

Sampling Date: 07/09/08  
Sample Type: SOIL  
Sample Condition: COOL & INTACT  
Sample Received By: ML  
Analyzed By: AB/KS

LAB NUMBER SAMPLE ID	GRO (C <sub>6</sub> -C <sub>10</sub> ) (mg/kg)	DRO (>C <sub>10</sub> -C <sub>28</sub> ) (mg/kg)	CI* (mg/kg)
ANALYSIS DATE	07/16/08	07/16/08	07/10/08
H15134-1 #1 @ 1'	<10.0	<10.0	288
H15134-2 #2 @ 3'	<10.0	<10.0	400
H15134-3 #3 @ 2'	<10.0	<10.0	<16
H15134-4 #4 @ 2'	<10.0	<10.0	<16
H15134-5 #4 @ 4'	<10.0	<10.0	80
H15134-6 #5 @ 2'	<10.0	<10.0	16
H15134-7 #6 @ 1'	<10.0	<10.0	48
H15134-8 #7 @ 1'	<10.0	<10.0	96
H15134-9 #8 @ 1'	<10.0	<10.0	1,220
Quality Control	541	568	490
True Value QC	500	500	500
% Recovery	108	114	98.0
Relative Percent Difference	0.3	2.3	2.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Std. Methods 4500-CFB

\*Analyses performed on 1:4 w:v aqueous extracts.

  
\_\_\_\_\_  
Chemist

07-16-08  
\_\_\_\_\_  
Date

H15134TCL K&C

## **Bonham, Sherry, EMNRD**

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**From:** Bonham, Sherry, EMNRD  
**Sent:** Thursday, August 28, 2008 10:49 AM  
**To:** starbuck@awesomenet.net  
**Subject:** Parry Federal 1 30-015-03468 2RP-177

**Contacts:** Ken Wade

Ken,

Thank you for visiting with me regarding the work plan submitted for the above mentioned site. Per our conversation the work plan is approved with the following stipulations agreed upon:

- Stained soils to the east and south of pumping unit are to be excavated and hauled to an OCD approved disposal facility.
- Additional soils to be excavated at sample point 8 and hauled to disposal. Confirmation soil sample to be obtained and analytical report to be submitted for OCD review prior to backfilling. (Please provide 48 hour notification prior to obtaining sample.)
- Upon satisfactory completion of remediation activities, the Final Report C-141 and a copy of the manifests will be submitted to OCD.

Should you have questions/concerns, please don't hesitate to contact me. And should I not hear from you, I will assume you are in agreement with the above bulleted points of our conversation.

Remediation requirements may be subject to other federal, state, local laws and/or regulations. Additionally, please be advised that OCD approval does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to ground water, surface water, human health or the environment.

Thanks.

Sherry Bonham  
NMOCD District II  
1301 West Grand Avenue  
Artesia, NM 88210  
575.748.1283.ext 109