

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

RECEIVED

HOBBS OCD

AUG 18 2008

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company	McElvain Oil & Gas Properties, Inc.	Contact	E. Reed Fischer
Address	1050-17 th St, Ste. 1800 Denver, Colorado 80265	Telephone No.	(303) 893-0933
Facility Name	McElvain # 5	Facility Type	Tank Battery

Surface Owner	U.S.A.	Mineral Owner	U.S.A.	Lease No.	NM-0245247
---------------	--------	---------------	--------	-----------	------------

LOCATION OF RELEASE

API 3002529051

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	25	18S	33E	660 ft.	South	810 ft.	West	Lea County, New Mexico

Latitude 32.7130742 Longitude -103.621974

WTR 100'

NATURE OF RELEASE

Type of Release	Water & Oil Spill from Water Storage Tank	Volume of Release	160 bbls	Volume Recovered	55 bbls
Source of Release	Fiberglass Water Tank - Lightning Strike	Date and Hour of Occurrence	Estimate Late P.M Aug 11, 2008	Date and Hour of Discovery	1030 on August 12, 2008
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Chris Williams of New Mexico OCD District 1		
By Whom?	McElvain's Reed Fischer	Date and Hour	1155 on August 12, 2008		
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.* Lightning Strike on 400 barrel capacity fiberglass water tank some time in the late evening of August 11, 2008. All fluids contained in tank (8' 0" = 160 bbls) estimated at 145-155 Bbls of produced water and 5 - 15 bbls of oil were spilled and contained inside berm walls. Well SI. All fluids hauled to disposal by I&W truck & roustabouts contacted to remove contaminated soil and rebuild berms following installation of replacement water tank.

Describe Area Affected and Cleanup Action Taken.* Approx. 145 - 155 BW and Estimated 5 - 15 BO were spilled and contained inside tank berm. Please see attached SPCC diagram of tank berm dimensions. The well was shut-in & secured. I&W, Inc. trucks were dispatched to remove all free standing fluids, hauling all fluids to commercial disposal. Roustabouts scheduled to haul contaminated soil to disposal. The berms will be rebuilt once a replacement water tank is located and installed.

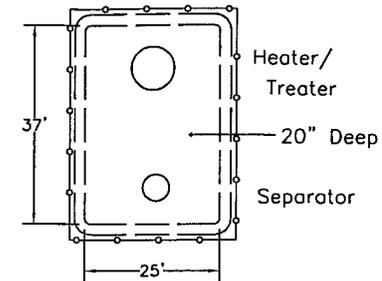
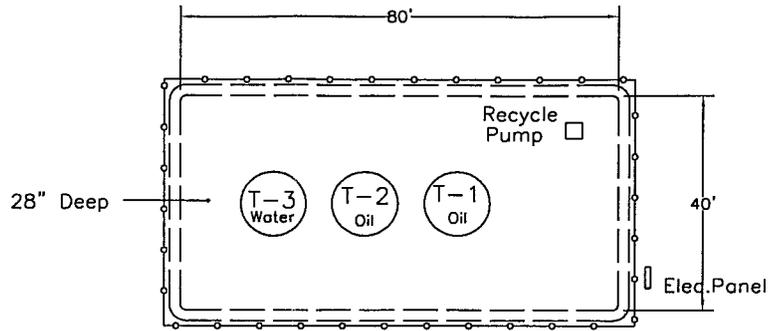
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger 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: E. Reed Fischer	Approved by District Supervisor	
Title: Senior Operations Engineer	Approval Date: 8.21.08	Expiration Date: 10.21.08
E-mail Address: reedf@mcelvain.com	ENVIRONMENTAL ENGINEER	
Date: Aug. 13, 2008 Phone: (303) 893-0933 xtn 330	Conditions of Approval:	Attached <input type="checkbox"/>
	SUBMIT FINAL C.141	IRP# 1931

W/DOCUMENTATION BY

* Attach Additional Sheets If Necessary

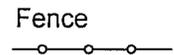
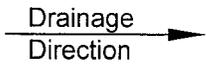
Note:
Meter is located off site at the
McElvain Fed. #4 location



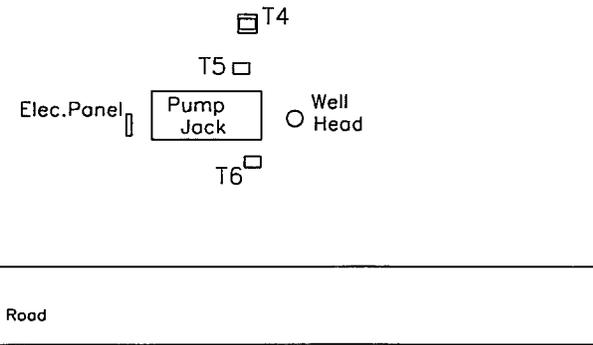
Note:
To meet SPCC Plan requirements the following
repairs or changes need to be made:
-Tanks T5 & T6 need to be removed from
the site.

Note:
T-4, 5 & 6 are 55 Gal Drums.
T4 has 38"x62"x9" plastic
secondary containment.
T5 & T6 are not being used.

KEY:



(Dimensions taken from top inside of berm)



GEOMAT Project No. 43-0100

SPCC PLAN
 Facility Layout & Surface Drainage
 Date of Inspection: 1-22-2008

Facility Description
 McElvain Lease Well No.5
 # NMNM 0245247
 SW SW, Sec. 25, T18S, R33E
 Lea County, New Mexico

**McElvain Oil & Gas
 Properties, Inc**

McElvain Oil & Gas Properties, Inc.

Spill Prevention, Control, and Countermeasure Plan

Potential spill sources at the facility are summarized in the following table:

Well: McElvain Lease Well #5

Oil Source	Associated Substance (Contents)	Potential Failure	Direction of Flow	Containment System(s)
Fixed Containers				
Oil Tank, #T1	Oil, 400 bbls	Leaks/Overflow/Tank Rupture/Corrosion	Southwest	Dike
Oil Tank, #T2	Oil, 400 bbls	Leaks/Overflow/Tank Rupture/Corrosion	Southwest	Dike
Water Tank, #T3	Produced Water, 400 bbls	Leaks/Overflow/Tank Rupture/Corrosion	Southwest	Dike
Mobil Containers				
Drum, #T4	Demulsifier, 55 gallons	Leaks/Overflow/Drum Rupture/Corrosion	Southwest	Plastic Drum
Empty Drum, #T5	Unknown	Leaks/Overflow/Drum Rupture/Corrosion	Southwest	None
Empty Drum, #T6	Unknown	Leaks/Overflow/Drum Rupture/Corrosion	Southwest	None
Operational Equipment				
Separator	Oil/Produced Water/Condensate	Leaks/Piping Rupture/Corrosion	Southwest	Dike
Heater/Treater	Oil/Produced Water/Condensate	Leaks/Piping Rupture/Corrosion	Southwest	Dike
Recycle Pump	Oil/Produced Water/Condensate	Leaks/Piping Rupture/Corrosion	Southwest	Dike
Pump Jack	Oil/Produced Water/Condensate	Leaks/Piping Rupture/Corrosion	Southwest	None
Two Electric Panels	N/A	N/A	N/A	N/A
Truck Loading/Unloading Areas				
Truck Loading	Oil/Produced Water	Leaks/Overflow/Tank or Piping Rupture/Corrosion	Southwest	Pipe Capped
Other Potential Spill Sources				
Wellhead/Flowlines	Oil/Produced Water	Leaks/Piping Rupture/Corrosion	Southwest	None

1) The material and construction of bulk storage containers are compatible with the material stored and the conditions of storage such as pressure and temperature

Yes No

2) All secondary containments are constructed so that the entire capacity of the largest single container and sufficient freeboard to contain precipitation volume is provided for.

Yes **Upon making repairs/changes noted on site plan.**

3) Berm areas are sufficiently impervious to prevent discharge of oil to navigable water. Secondary containment consists of native soil.

Yes No

4) Visible discharges, which result in loss of product from containers, will promptly be corrected and any accumulations returned to the system.

Yes No

Drums (generally >5 gallons) may be stored temporarily onsite and only in containment areas.