

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

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Form C-141
Revised October 10, 2003

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

HOBBS OIL

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: Range Operating New Mexico, Inc. | Contact: Chris Garcia |
| Address: PO Box 1570, Eunice, NM 88231 | Telephone No.: 575-394-1485 |
| Facility Name: Elliott "B" Federal Battery | Facility Type: Oil & Gas |

| | | |
|--------------------------------------|---------------|----------------------|
| Surface Owner: Range Resources, Inc. | Mineral Owner | API No. 30-025-37773 |
|--------------------------------------|---------------|----------------------|

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| I | 6 | 22S | 37E | 1650' | FNL | 990' | FEL | Lea |
| | | | | | | | | |

Latitude _____ Longitude _____

NATURE OF RELEASE

| | | |
|---|--|--|
| Type of Release: Hydrocarbon (oil) | Volume Released: Appx. 360 bbls | Volume Recovered: 340 bbls |
| Source of Release: Sensor on the alarm system failed as recorded by the Wellkeeper. Therefore pumper was not notified that there was a problem with the level in the tanks. The alarm for tank No. 3 came 3 hours after the spill was reported. | Date and Hour of Occurrence: 9/27/08 @ 0500 Hours Approx. | Date and Hour of Discovery: 9/27/08 @ 0800 Hours |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Not Required | If YES, To Whom? Buddy Hill (NMOCD) / Trishia Bad Bear (BLM) on 10/1/08 | |
| By Whom? Cheryl Winkler (Michael Carrillo discovered spill.) | Date and Hour: 27 September 2008 Approx. 1130 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 spill was caused by failure of a sensor within the alarm system as recorded by the Wellkeeper. All discharged material was contained within the berm walls of the battery with the exception of an area which was slightly lower in elevation resulting in some of the oil being discharged to the outer edge area of the battery and across the road around the battery. Vacuum trucks were immediately called to location to suck up the discharged liquid resulting in 340 bbls. recovered out of 360 bbls. discharged. The removal of contaminated soil to disposal was initiated by calling haul trucks and either directly loading them or stockpiling the material on plastic until it could be loaded. This is still ongoing.

Describe Area Affected and Cleanup Action Taken.*

Will be reported in the Final C-141.

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

| | | |
|--|--|-----------------------------------|
| Signature: <i>Chris Garcia</i> | OIL CONSERVATION DIVISION | |
| Printed Name: Chris Garcia | <i>Johnson</i> Approved by District Supervisor ENVIRONMENTAL ENGINEER | |
| Title: Production Supervisor Eunice/Loving, NM | Approval Date: 10.1.08 | Expiration Date: 12.1.08 |
| E-mail Address: cgarcia@rangeresources.com | Conditions of Approval: | Attached <input type="checkbox"/> |
| Date: 1 October 2008 Phone: 575-394-1485 | Submit Final C. 141 | IRP# 1962 |

* Attach Additional Sheets If Necessary

w/ DOCUMENTATION BY 12.1.08

FOR INFORMATION ONLY

REPORT OF UNDESIRABLE EVENT CHECKLIST

DATE OF OCCURRENCE /DISCOVERY: 9-27-08 TIME OF OCCURRENCE 1000 Hrs.
DATE REPORTED TO BLM: 10-1-08 TIME REPORTED 1130 HRS. APPROX.
BLM OFFICE REPORTED TO (RESOURCE AREA/DISTRICT/OTHER): _____
LOCATION: 1/4 1/4 _____ SEC. _____ T. _____ S. _____ MERIDIAN _____
COUNTY: LEA STATE NM WELL NAME Elliott B Battery
OPERATOR: NAME RANGE OPERATING NM PHONE NO. _____
CONTACT PERSON'S NAME _____
SURFACE OWNER: RANGE MINERAL OWNER: FEDERAL
(FEDERAL/INDIAN/FEE/STATE)
LEASE NO: N/A Battery UNIT NAME/CA NO. _____
RIGHT-OF-WAY NO.: _____

TYPE OF EVENT, CIRCLE APPROPRIATE ITEM(S):
BLOWOUT, FIRE, FATALITY, INJURY, PROPERTY DAMAGE, OIL SPILL,
SALTWATER SPILL, OIL AND SALTWATER SPILL, TOXIC FLUID SPILL,
HAZARDOUS MATERIAL SPILL, UNCONTROLLED FLOW OF WELLBORE FLUIDS,
OTHER (SPECIFY): OIL SPILL FROM TANKS OVERFLOWING.

CAUSE OF EVENT: ALARM MALFUNCTION (WELL KEEPER)

HazMat Notified: (for spills) N/A
Law Enforcement Notified (for thefts) N/A

CAUSE AND EXTENT OF PERSONAL INJURIES/CAUSE OF DEATH(S):
Safety Officer Notified: N/A N/A

EFFECTS OF EVENT: CONTAINED

ACTION TAKEN TO CONTROL EVENT: Shut-in field (9 wells)

LENGTH OF TIME TO CONTROL EVENT: IMMEDIATE (WITHIN 30min)

SUBSEQUENT CLEAN-UP: Removal of contaminated material + vac trucks hauled out

VOLUMES DISCHARGED: OIL 360 bbls WATER N/A GAS N/A

OTHER AGENCIES NOTIFIED: 340 recovered NMOC

ACTION TAKEN OR TO BE TAKEN TO PREVENT RECURRENCE: Repair alarm system and recalibrate

FOR INFORMATION ONLY

FINAL REPORT OF UNDESIRABLE EVENT CHECKLIST

INVESTIGATION:

TEAM NAME(S) Cheryl Winkler

FIELD INSPECTION DATE 9-28-08

SUMMARY OF RESULTS OF INSPECTION 99% contained within battery walls (lined). Small area on back side ran over due to slightly lower elevations in this area. Called for tractor to remove this soil ASAP and began hauling to Sundance Landfill.

RESOURCE LOSS WAS (CIRCLE ITEM): AVOIDABLE UNAVOIDABLE

DATE OF MEMO NOTIFYING MMS THAT LOSS WAS AVOIDABLE: _____

DATE/TIME/PERSON NOTIFIED:

DISTRICT OFFICE Trishie Padgett Wednesday 11:30 Hr. Approx

STATE OFFICE Buddy Hill Sunday @ 1100 Hrs.

HEADQUARTERS _____

SUMMARY OF RESULTS OF RECLAMATION/CORRECTIVE ACTION:

Not yet available.

REMARKS: _____

SIGNATURE OF AUTHORIZED OFFICER: _____

DATE: _____ TITLE: _____

Mr. Chris Garcia
Area Production Supervisor, Eunice & Loving, NM
Range Resources Corporation
PO Box 1570
Eunice, NM 88231

1 October 2008

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

Re: Elliott B Federal Battery Spill *Corrective Action Plan*
(API No.: 30-025-37773) U/L I S6 T22S R37E, 1650' FNL and 990' FEL

Dear Mr. Johnson:

Range Operating Resources, Inc. (Range) herewith submits the following documents regarding the spill remediation on the Elliott B Federal Tank Battery that occurred on 27 September 2008 at approximately 0500 Hours and was discovered at 0800 Hours on same date whose facility is located at the above-cited area. New Mexico Oil Conservation Division (NMOCD) was notified at approximately 1130 Hours by calling Buddy Hill at Lea County NMOCD office emergency line. Subsequent to this action another message and conversation took place with Mr. Hill on Monday, 1 October 2008.

Range was in the process of adjusting the water dump on the free water knockout to handle the water production of the number of wells currently online. This adjustment was mandated because of the necessity to temporarily use an undersized vessel already located at the battery until the larger vessel ordered in April of 2008 now scheduled to arrive end of October 2008 would replace it. Thus, when the Elliott B Federal wells Nos. 11 and 19 were put back online, the free water knockout had sent more water to the heater treater than it could handle. Since the water dump on the heater could not keep up with the incoming volume, the excess water moved to the oil dump and into the oil tanks. Unfortunately, the sensor malfunction within the alarm system prevented notification of the actual infield condition, resulting in the uncontrolled discharge.

In-house estimates of the spilled hydrocarbon are that 360 barrels of oil were spilled with 340 barrels removed by vacuum trucks which can be explained in that the oil discharge accumulated within (1) the gravel lining the inside of the battery floor, (2) the discharge area outside of the battery along the west side and (3) on the sides of vessels, etc. still retained some of the discharge. Steam cleaning was initially used to recover the discharged hydrocarbon to (1) ensure a more efficient and successful removal of oil from the battery environment, (2) enhance safety measures and (3) maximize oil recovery for sales purposes. However, this system did not effectuate a sufficient removal of the hydrocarbon and was no

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longer pursued. Instead, all contaminated materials are in the process of being removed and hauled to Sundance disposal.

Therefore, due to the (1) successful containment of the majority of the spill within the bermed battery walls and (2) the fact there is no longer a definable danger to human health or the environment, Range herewith simultaneously submits this report constituting its *Corrective Action Plan* along with the Initial C-141 to satisfy NMOCD Regulatory Performance requirements at this point in the remediation activities. All details will be presented in the *Final Remediation Report* following the closure and approval of the cleanup by NMOCD and BLM.

Should you have questions please call the office (575-394-1485).

Sincerely,

A handwritten signature in cursive script, appearing to read "Chris Garcia".

Chris Garcia
Production Supervisor for Eunice/ Loving New Mexico

Enclosures: Initial C-141