

RECEIVED

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 87102  
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 X Initial Report X 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 SITE 2	Facility Type: Produced Water & Oil Flowline
Surface Owner: Norman Hahn	Mineral Owner: State of New Mexico
Lease No.:	

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 battery.	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 9 July 2008 1215 Hours
Was Immediate Notice Given?  X 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 X No	If YES, Volume Impacting the Watercourse. N/A	

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

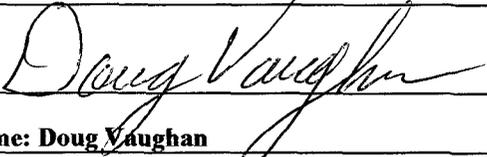
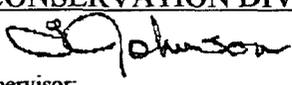
Describe Cause of Problem and Remedial Action Taken.\*

The well was shut in to cease the flow down the polyline 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, 4 other areas were found which had also leaked at one time. Consequently, the entire line will be replaced. These areas were also targeted for cleanup and removal of the contaminated soil to the pad area for transport to disposal at Gandy's Disposal in Lovington. However, later infield sampling demonstrated it would be possible to place these materials in the rancher's landfarm.

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 infield and laboratory results and the areas backfilled after authorization by NMOCD. Once the polyline was replaced, the well was returned to production. Remediation of all other sites continued simultaneously. All sites were fertilized, seeded and enhanced with topsoil due to the tremendously high concentration of rocks.

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: 	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Doug Vaughan	 Approved by District Supervisor <b>ENVIRONMENTAL ENGINEER</b>	
Title: Drilling/Production Superintendent	Approval Date: 10-3-08	Expiration Date: —
E-mail Address: dvaughan@crowquest.com	Conditions of Approval:	
Date: 22 September 2008 Phone: 432-818-0310	Attached <input type="checkbox"/> IRP # 1963	

\* Attach Additional Sheets If Necessary

## Summary Report

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

Report Date: August 14, 2008

Work Order: 8072201



Project Name: HM Huber State NCT #2

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
167703	Final Sample Composite Site 1 West Side	soil	2008-07-18	11:45	2008-07-22
167704	Final Sample Composite Site 1 East 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 - Final Sample Composite Site 1 West Side	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
167704 - Final Sample Composite Site 1 East Side	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00

**Sample: 167703 - Final Sample Composite Site 1 West Side**

Param	Flag	Result	Units	RL
Chloride		74.2	mg/Kg	3.25

**Sample: 167704 - Final Sample Composite Site 1 East Side**

Param	Flag	Result	Units	RL
Chloride		76.1	mg/Kg	3.25