

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

SEP 17 2008

OCD-ARTESIA

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

258462 OPERATOR

Initial Report Final Report

Name of Company	NADEL AND GUSSMAN HEYCO, LLC	Contact	Keith Cannon or Jen Serrano
Address	PO Box 1936, Roswell 88202-1936	Telephone No.	(505) 623-6601
Facility Name	CHOLLA 1 FEDERAL #2	Facility Type	

Surface Owner	BLM	Mineral Owner	BLM	Lease No.	NMNM106718
---------------	-----	---------------	-----	-----------	------------

30-015-32105

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
I	1	18S	31E	1980	S	560	E	EDDY

Latitude _____ Longitude _____

NATURE OF RELEASE

Type of Release	Oil Spill	Volume of Release	10 lbs	Volume Recovered	none
Source of Release		Date/Hour of Release	9/13/08 8:00p	Date/Hour Discovered	9/14/08 4:42PM
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Mike Bratcher		
By Whom?	Keith Cannon	Date and Hour	9/15/08 8:00 AM		
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.*
Stuffing box blew packing.

Describe Area Affected and Cleanup Action Taken.*
All fluids stayed on the caliche well pad. Remediation clean-up, sprayed w/800 gals of 3% micro-blaze.

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: Tammy Link	Approved by District Supervisor:	Remediation Actions to be completed and Final C-141 submitted with confirmation analyses/documentation on or before the Expiration Date.
Title: Engineering Tech	Approval Date: 10-15-08	Expiration Date: 12-15-08
E-mail Address: tlink@heycoenergy.com	Conditions of Approval: DELINEATION REQUIRED until contamination reaches background levels or a site specific acceptable level. As warranted, a work plan may be required	Attached <input checked="" type="checkbox"/>
Date: 9/15/08 Phone: (505)623-6601		2RP - 250

* Attach Additional Sheets If Necessary

Within 30 days, on or before 11-17-08, completion of a remediation work plan based on delineation should be finalized and submitted for approval to the Division summarizing all actions taken and/or to be taken to mitigate environmental damage.

Notify OCD 48 hours prior to obtaining samples where analyses are to be presented to OCD



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



CERTIFIED MAIL—RETURN RECEIPT REQUESTED
7007 2560 0002 2222 8186

October 15, 2008

Nadel and Gussman Heyco, LLC
PO Box 1936
Roswell, NM 88202-1936

RE: Cholla 1 Federal 002 30-015-32105
I-1-18S-31E Eddy County, New Mexico
2RP-250

Dear Operator:

This office is in receipt of your C-141 regarding the oil release at this facility.

NMOCD Rule 19.15.3.116 states in part, "...The responsible person must complete **division approved corrective action** for releases which endanger public health or the environment. Releases will be addressed in accordance with a **remediation plan** submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC."

Information and tools for proper corrective action may be found in the Environmental Handbook on our web site at the following link:
http://www.emnrd.state.nm.us/ocd/documents/7C_spill1.pdf

The following actions are **required** to be addressed in the **remediation plan**:

- Determine the horizontal and vertical delineation of the spill by sampling. Constituents of concern to include but not limited to TPH and BTEX are to be addressed in the delineation and the remediation plan.
- Prepare a sketch of the site indicating where and at what depths the samples were taken.
- Submit laboratory results of sampling and as warranted a proposed remediation work plan.



October 15, 2008

Page 2

Notify the OCD 48 hours prior to obtaining samples where analyses of samples obtained are to be submitted to the OCD. Notification is to include the date and the time of the sample event.

Remediation requirements may be subject to other federal, state, and local laws or regulations.

As warranted, within 30 days, **on or before November 17, 2008**, completion of a remediation work plan should be finalized and submitted to the Division summarizing all actions taken or to be taken to mitigate environmental damage related to the leak, spill or release for approval.

In the event that a satisfactory response is not received to this letter, further enforcement may occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe. Such a hearing may result in imposition of civil penalties for your violation of OCD rules.

Please be advised that NMOCD acceptance and/or approval of documents or work plans 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 and/or approval of documents or work plans do not relieve the operator of responsibility for compliance with any other federal, state, local laws and/or regulations.

If I may be of further assistance with this matter or should you have any questions, please feel free to contact me.

Sincerely,



Sherry Bonham
NMOCD District II, Artesia
(505) 748-1283 ext 109
E-mail: sherry.bonham@state.nm.us