

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

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company: Arena Resources, Inc.	Contact: Fred Holmes
Address: 2130 W. Bender	Telephone No.: 575-738-1739 - 432-563-2200
Facility Name: Phillip Lea Well No 5	Facility Type: Producing Oil Well

Surface Owner: State of New Mexico	Mineral Owner: State of New Mexico	Lease No.: 305484
------------------------------------	------------------------------------	-------------------

LOCATION OF RELEASE

Unit Letter 3	Section 31	Township 17S	Range 34E	Feet from the 2310	North/South Line SL	Feet from the 990	East/West Line WL	County Lea
------------------	---------------	-----------------	--------------	-----------------------	------------------------	----------------------	----------------------	---------------

Latitude: N32 47' 28.943" Longitude: W103 36' 2.194

NATURE OF RELEASE

Type of Release: Crude Oil	Volume of Release: 15 BBLs	Volume Recovered: 0 BBLs
Source of Release: Flowline Leak	Date and Hour of Occurrence: 08/15/2008-0300	Date and Hour of Discovery: 08/15/2008-0700
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Geoffrey Leking	
By Whom? Greg Holt	Date and Hour 08/15/2008-0730	
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.*: Rock wore hole in flowline. Flowline was patched and relocated.

Describe Area Affected and Cleanup Action Taken.* : Release was confined to an area approximately 4 feet wide by 300 feet long on the east side of the road. Impacted soils were excavated and blended until TPH level is 1000 mg/kg or less. Oil Gator (biological degradation additive) was blended to final mixture to further reduce hydrocarbon levels. Calcium Nitrate (a NaCl amendment) was added to the soil as well. Samples were collected from the bottom of the excavated material and analyzed. Following the results of analyses and with concurrence of the NMOCD, the remediated soil was then placed back into the excavated area. A summary report with photographs is attached.

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>Colleen Robinson</i>	OIL CONSERVATION DIVISION	
Printed Name: Colleen Robinson	Approved by District Supervisor: <i>Geoffrey Leking</i>	
Title: Regulatory Compliance Specialist	Approval Date: 12/11/08	Expiration Date: _____
E-mail Address: crobinson@arenaresourcesinc.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date: 12/10/2008	Phone: 575-738-1739	

* Attach Additional Sheets If Necessary

IRP-1974



Remediation Summary Report Form

General Information

This section provides general information about the operator and the site where the spill occurred.

Date: 12/10/2008

Client: Arena Resources, Inc.

Site Name: Phillip Lea #5 Flowline Spill

County: Lea

State: NM

Site Coordinates Latitude: 32° 47' 28.943"
Longitude: 103° 36' 2.194"

Property Owner: State of New Mexico

State Report No.: 1RP-1974

Release Description and Assessment

The information below is related to the spill (Date, Type, Cause and Quantity) and the area impacted.

Date of Spill: 8/15/2004

Type of Spill: Oil Produced Water Condensate Other (Specify):

Cause of Spill: Equipment Failure Valve Failure Line Rupture Leaking Tank Tank Overfill
 Other (List):

Other Contributing Factors or Comments:

Quantity Spilled: 15 bbls. Quantity Recovered: 0 bbls. Total Released: 15 bbls.

Method of Recovery: Vacuum Truck Other (Specify):

OCD Notified: Yes No C-141 Completed and Submitted: Yes No

Spill Area Impacted: Inside Firewall On Production Pad In Pasture In Cultivated Land
 Other (List): On county road ditch

Total Square Footage Impacted: 1200 Estimated Depth: .75 Volume (Cu. Yds): 33

Other Comments:

Remediation Activity Summary

The following summarizes the activities used to remediate the spill.

Release was confined to an area approximately 4 feet wide by 300 feet long on the east side of the road. Impacted soils were excavated and blended until TPH level is 1000 mg/kg or less. Oil Gator (biological degradation additive) was blended to final mixture to further reduce hydrocarbon levels. Calcium Nitrate (a NaCl amendment) was added to the soil as well. Samples were collected from the bottom of the excavated material and analyzed. Following the results of analyses and with concurrence of the NMOCD, the remediated soil was then placed back into the excavated area. A summary report with photographs is attached.

Analytical Summary

Results of analyses following remediation activities are as follows:

Summary of Remediation Sampling Analytical Results Total Petroleum Hydrocarbons - [TPH (mg/kg)] & Chlorides [Chl (mg/kg)]						
Sample #	Depth (ft)	Date	TPH C6-C10	TPH C10-C28	Total TPH	Chl
Bottom 1	.75'	11/12	<10.0	177	177	320
Bottom 2	.75'	11/12	<10.0	129	129	384
Bottom 3	.75'	11/12	<10.0	103	103	272
Bottom 4	1.5'	11/14	<10.0	<10.0	<10.0	160
Bottom 5	1.5'	11/14	<10.0	<10.0	<10.0	128
Bottom 6	1.5'	11/14	<10.0	<10.0	<10.0	160
Blended	Surface	11/21	<10.0	27.2	27.2	272

A review of the analytical data indicated the sample is within the Oil Conservation Division (OCD) regulatory threshold limits. Based upon this information it has been determined that remediation of the site is complete. Copies of analytical reports and photographs are attached.

Prepared by:



Fred Holmes
Etech Environmental & Safety Solutions, Inc.



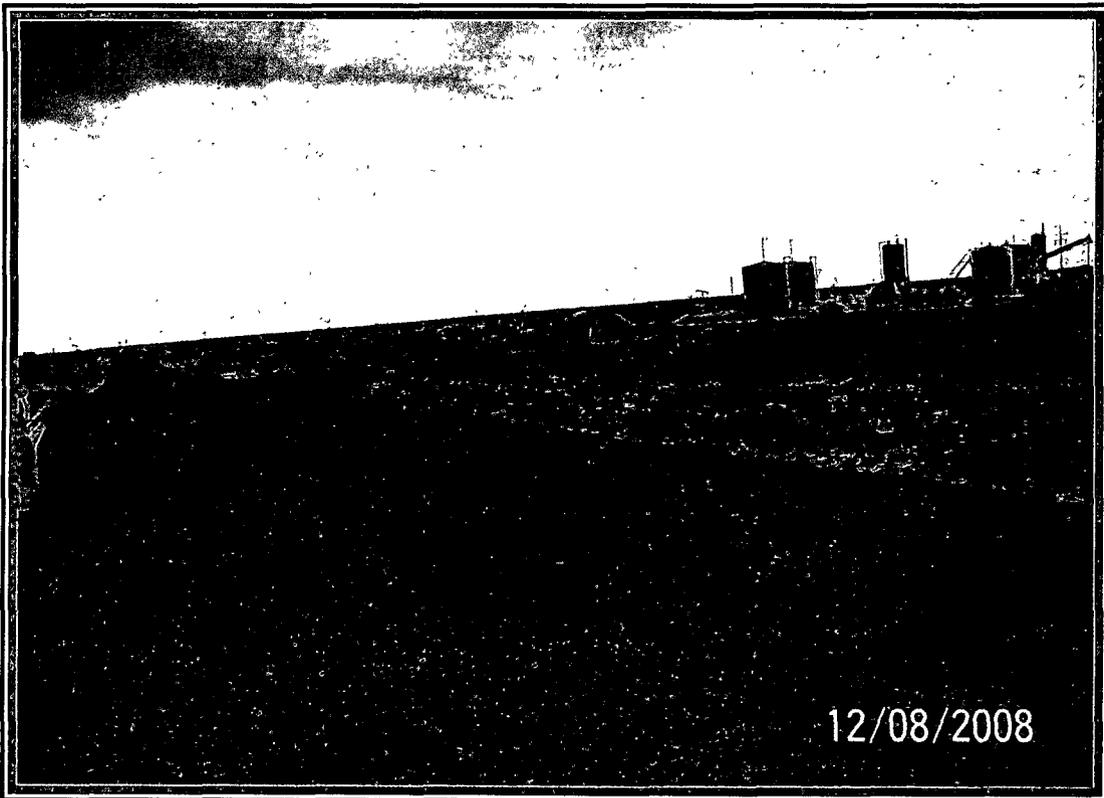
View of the spill area looking northeast.



View of the spill area looking southwest.



View of the spill area following remediation looking southwest.



View of the spill are following remediation looking east-northeast.



ANALYTICAL RESULTS FOR
 ETECH ENVIRONMENTAL & SAFETY SOLUTIONS, INC.
 ATTN: FRED HOLMES
 P.O. BOX 8469
 MIDLAND, TX 79708
 FAX TO: (432) 563-2213

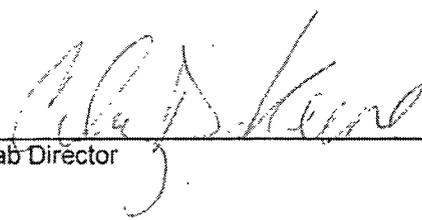
Receiving Date: 11/11/08
 Reporting Date: 11/12/08
 Project Number: 084-1861
 Project Name: PHILLIP LEA #5 F/L
 Project Location: LOCO HILLS, NM

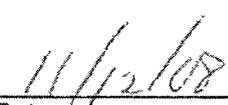
Sampling Date: 11/11/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: CK/HM

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	*Cl ⁻ (mg/kg)
ANALYSIS DATE		11/12/08	11/12/08	11/12/08
H16301-1	BOTTOM #1	<10.0	177	320
H16301-2	BOTTOM #2	<10.0	129	384
H16301-3	BOTTOM #3	<10.0	103	272
Quality Control		614	414	500
True Value QC		500	500	500
% Recovery		123	82.8	100
Relative Percent Difference		12.1	6.1	<0.1

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Cl⁻ : Standard Methods 4500-Cl-B.

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


 Lab Director


 Date

H16301TCL ETECH

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
 (575) 393-2326 Fax (575) 393-2476

Company Name: <u>Etech Environmental</u> Project Manager: <u>Fred Holms</u> Address: <u>12000 W. Hwy. 90 East</u> City: <u>Address A</u> State: <u>Tx.</u> Zip: <u>79708</u> Phone #: <u>432-563-2200</u> Fax #: <u>432-563-2213</u> Project #: <u>084-1861</u> Project Owner: <u>Arend</u> Project Name: <u>Phillip Lea #5 E2</u> Project Location: <u>1000 Hills</u> Sampler Name: <u>Troy Baker</u>				BILL TO				ANALYSIS REQUEST															
				P.O. #:				TPH. Chlorides															
				Company:																			
				Attn:																			
				Address:																			
				City:																			
				State: Zip:																			
				Phone #:																			
				Fax #:																			
FOR LAB USE ONLY																							
Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP.	# CONTAINERS	GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER	DATE	TIME									
H16301-1	bottom #1	G	1			✓							11/11	2:07:10	X	X							
-2	bottom #2	G	1			✓							11/11	2:20	X	X							
-3	bottom #3	G	1			✓							11/11	2:25	X	X							

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions: Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice and all costs of collections, including attorney's fees.

Sampler Relinquished By: <u>Troy Baker</u> Date: <u>11/11</u> Time: <u>3:00</u>	Received By: <u>[Signature]</u> Date: _____ Time: _____	Phone Result: <input type="checkbox"/> No Fax Result: <input type="checkbox"/> No Add'l Phone #: _____ Add'l Fax #: _____	REMARKS: _____	
Relinquished By: _____ Date: _____ Time: _____		Received By: _____ Date: _____ Time: _____		
Delivered By: (Circle One) _____ Sampler - UPS - Bus - Other: _____		Temp. _____	Sample Condition: Cool Intact <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	CHECKED BY: (Initials) <u>MCAB</u>

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



ANALYTICAL RESULTS FOR
 ETECH ENVIRONMENTAL & SAFETY SOLUTIONS, INC.
 ATTN: FRED HOLMES
 P.O. BOX 8469
 MIDLAND, TX 79708
 FAX TO: (432) 563-2213

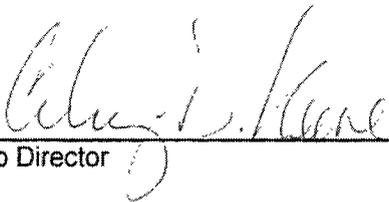
Receiving Date: 11/14/08
 Reporting Date: 11/17/08
 Project Owner: ARENA
 Project Name: PHILLIP LEA #5 F/L
 Project Location: LOCO HILLS, NM

Sampling Date: 11/14/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: AB/HM

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	*Cl ⁻ (mg/kg)
ANALYSIS DATE		11/15/08	11/15/08	11/14/08
H16330-1	BOTTOM #4	<10.0	<10.0	160
H16330-2	BOTTOM #5	<10.0	<10.0	128
H16330-3	BOTTOM #6	<10.0	<10.0	160
Quality Control		583	468	500
True Value QC		500	500	500
% Recovery		117	93.6	100
Relative Percent Difference		2.2	16.8	< 0.1

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Cl⁻: Standard Methods 4500-Cl-B.

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



 Lab Director

11/17/08

 Date

H16330 TCL ETECH

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analysis. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



ARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Page ___ of ___

Company Name: <u>PECO</u>				BILL TO				ANALYSIS REQUEST											
Project Manager: <u>EMILY HOBBS</u>				P.O. #:															
Address: <u>25 R. W. HARRIS RD.</u>				Company:															
City: <u>HOBBBS</u> State: <u>NM</u> Zip: <u>88240</u>				Attn:															
Phone #: <u>505-393-3000</u> Fax #: <u>505-393-2476</u>				Address:															
Project #: _____ Project Owner: <u>PECO</u>				City:															
Project Name: <u>PHILLIPS 66 #5 FA</u>				State: _____ Zip: _____															
Project Location: <u>HOBBBS, NM</u>				Phone #:															
Sampler Name: <u>TRACY BURTON</u>				Fax #:															
FOR LAB USE ONLY																			
Lab I.D.		Sample I.D.		(G)RAB OR (C)OMP	# CONTAINERS	MATRIX					PRESERV.		SAMPLING		DATE		TIME		
						GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE / COOL	OTHER					
H1143301		10/1/00 #14		C	2										10/1/00	12:00			
-2		10/1/00 #15		C	2										11/1/00	12:00			
-3		10/1/00 #16		C	2														

PLEASE NOTE: Liability and Damages: Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished:		Date: <u>10/1/00</u>	Received By: <u>[Signature]</u>	Phone Result: <input type="checkbox"/>	No	Add'l Phone #:
Relinquished By: <u>[Signature]</u>		Time: <u>1:00</u>		Fax Result: <input type="checkbox"/>	No	Add'l Fax #:
Date: _____		Date: _____	Received By: _____	REMARKS:		
Time: _____						
Delivered By: (Circle One)		Temp. _____	Sample Condition	CHECKED BY: <u>[Signature]</u>		
Sampler - UPS - Bus - Other:			Cool <input type="checkbox"/> Intact <input type="checkbox"/>	(Initials)		
			<input type="checkbox"/> Yes <input type="checkbox"/> No			
			<input type="checkbox"/> Yes <input type="checkbox"/> No			

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.



ANALYTICAL RESULTS FOR
 ETECH ENVIRONMENTAL & SAFETY SOLUTIONS, INC.
 ATTN: FRED HOLMES
 P.O. BOX 8469
 MIDLAND, TX 79708
 FAX TO: (432) 563-2213

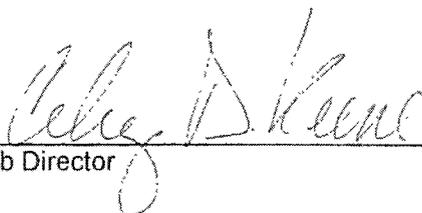
Receiving Date: 11/20/08
 Reporting Date: 11/24/08
 Project Owner: ARENA
 Project Name: PHILLIP LEA #5 F/L
 Project Location: LOCO HILLS, NM

Sampling Date: 11/20/08
 Sample Type: SOIL
 Sample Condition: INTACT
 Sample Received By: ML
 Analyzed By: AB/HM

LAB NUMBER	SAMPLE ID	GRO (C ₆ -C ₁₀) (mg/kg)	DRO (>C ₁₀ -C ₂₈) (mg/kg)	*Cl ⁻ (mg/kg)
ANALYSIS DATE		11/21/08	11/21/08	11/20/08
H16369-1	BLENDED	<10.0	27.2	272
Quality Control		586	517	500
True Value QC		500	500	500
% Recovery		117	103	100
Relative Percent Difference		10.9	0.1	<0.1

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Cl⁻ : Standard Methods 4500-Cl-B.

*Note: Analysis performed on a 1:4 w:v aqueous extract.


 Lab Director

11/24/08
 Date

H16369 TCL ETECH

PLEASE NOTE: **Liability and Damages.** Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Page ____ of ____

Company Name: <u>E-Tech</u>		BILL TO				ANALYSIS REQUEST															
Project Manager: <u>Fred Holms</u>		P.O. #:																			
Address: <u>12900 W. Hwy 80 East</u>		Company:																			
City: <u>Odessa</u> State: <u>TX</u> Zip: <u>77708</u>		Attn:																			
Phone #: <u>432-563-2200</u> Fax #: <u>432-563-2213</u>		Address:																			
Project #: _____ Project Owner: <u>Arend</u>		City:																			
Project Name: <u>Phillip Lea #5 F/L</u>		State: _____ Zip: _____																			
Project Location: <u>1000 hills</u>		Phone #:																			
Sampler Name: <u>Troy Baker</u>		Fax #:																			
FOR LAB USE ONLY				MATRIX		PRESERV.		SAMPLING													
Lab I.D.		# CONTAINERS		GROUNDWATER		ACID/BASE		DATE		TIME											
Sample I.D.		WASTEWATER		SOIL		ICE / COOL															
		OIL		SLUDGE		OTHER															
		OTHER																			
<u>T-116369-1</u>		<u>G 1</u>		<input checked="" type="checkbox"/>				<u>11/20</u>		<u>2:50</u>		<u>T.H.</u> <u>chlorides</u>									
<u>PHILLIP LEA #5</u> <u>blended</u>																					

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation business interruptions, loss of use, or loss of profit incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Sampler Relinquished By: <u>Troy Baker</u>		Date: <u>11/20</u>		Received By: <u>Christy LeBart</u>		Phone Result: <input type="checkbox"/> No		Add'l Phone #:	
Relinquished By:		Time: <u>3:00</u>		Received By:		Fax Result: <input type="checkbox"/> No		Add'l Fax #:	
		Date:				REMARKS:			
		Time:							
Delivered By: (Circle One)				Temp.		Sample Condition		CHECKED BY:	
Sampler - UPS - Bus - Other:						Cool Intact		(Initials)	
						<input type="checkbox"/> Yes <input type="checkbox"/> No		<u>MLB</u>	
						<input checked="" type="checkbox"/> No <input type="checkbox"/> No			

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.