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

RECEIVED
JAN 13 2009
HOBBSOCD

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: Don Rogers
Address: PO Box 53310, Midland, TX 79710	Telephone No.: 432-818-0300
Facility Name: New Mexico AN State No. 3	Facility Type: Tank Battery Oil & Gas

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

LOCATION OF RELEASE

API NO.: 30-025-01138

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
K	22	14S	33E	1980'	FSL	1978'	FWL	Lea

Latitude_____ **Longitude**_____

NATURE OF RELEASE

Type of Release: Produced Water, Oil, Gas	Volume of Release: Unknown	Volume Recovered: None
Source of Release: Old tanks in the battery needing to be removed and/or replaced in order to upgrade the battery.	Date and Hour of Occurrence: Unknown - over several years of time.	Date and Hour of Discovery: Upon purchase of lease.
Was Immediate Notice Given? Yes X No (not necessary)	If YES, To Whom? N/A	
By Whom? N/A Regulatory enactment of disposition.	Date and Hour: October/November 2008	
Was a Watercourse Reached? ☐ Yes No (Unknown)	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.*

CrownQuest purchased the lease with the intention of increasing the economic return of the associated wells utilizing the New Mexico AN State Battery. Subsequently, it has become necessary to implement infield repairs to the existing tanks or replace them altogether. Tanks were removed followed by excavation and sampling the contaminated soil of the area for an environmental assessment of the existing conditions. Once obtained, soil samples were taken and sent to Trace Analysis for analyticals. Removal of contaminated material shall be determined by (1) Operator's infield disposition for long term/short tem operations, (2) laboratory results and (3) NMOCD's concurrence with said plan.

Describe Area Affected and Cleanup Action Taken.

All excavated, contaminated soils were hauled to Gandy's disposal. NMOCD was contacted and laboratory analytical data considered for a risked closure. Ultimately, after several infield considerations, NMOCD agreed to a risked closure format for the AN Battery until the entire battery is reclaimed at P&A of all available wells discharging into this unit. The remainder of the battery was cleaned up.

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:

Printed Name: Don Rogers

Title: Drilling/Production Manager

E-mail Address: drogers@crownquest.com

Date: 17 December 2008 **Phone: 432-818-0300**

OIL CONSERVATION DIVISION

Approved by District ~~Supervisor~~: ENVIRO ENGR

Approval Date: 1·13·09 Expiration Date: –

Conditions of Approval:

NOTE: RISK BASED CLOSURE ENTRY REQUIRED IN DATA BASE

Attached ☐ 1RP-2084

* Attach Additional Sheets If Necessary

fGRL0901455336

Mr. Don Rogers
Drilling/Production Superintendent
CROWNQUEST OPERATING, LLC
PO Box 53310
Midland, TX 79710

RECEIVED
JAN 13 2009
HOBBSOCD

17 November 2008

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

Re: NM AN Battery Spill *Corrective Action Plan* and *Final Remediation Report*
(Reference API Well No.: 30-025-01138) U/L K Sec. 22 T14S R33E 1980' FSL, 1978' FWL

Dear Mr. Johnson:

CrownQuest Operating, LLC (CrownQuest) purchased this lease with the intention of increasing the economic return of the associated wells utilizing the New Mexico AN State Battery (AN Battery). Subsequently, it has become necessary to implement infield repairs to existing battery structures or replace them altogether. In the case of the AN Battery, removal of the tank left a substructure which demanded moderate restructuring in order to remain a functional part of the battery.

During the course of these remediation and upgrading initiatives, the tank on the above cited battery was removed and disposed of pursuant to New Mexico Oil Conservation Division (NMOCD) regulatory Performa. Following this action, CrownQuest sampled the affected battery area in an attempt to delineate the surficial extent of the soil contamination located there. However due to the length of time this battery has existed, CrownQuest is aware that this delineation may fall short of final cleanup plans when the battery is ultimately closed and the area remediated. CrownQuest intends to maintain this battery for current operations with no plans for closure in the foreseeable future.

Analytical results of the samples are attached substantiating current environmental operating conditions at the battery in order to establish a baseline for NMOCD regulatory Performa at the level of a risked closure. Conclusively therefore, CrownQuest's future operational actions at this battery shall be conducted within the current conditions until the Operator's infield disposition for short and long term goals are defined.

Should you have questions please call (432-818-0310). Thank you for your consideration.

Sincerely,

Don Rogers
Drilling/Production Manager

Summary Report

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

Report Date: November 14, 2008

Work Order: 8111313

Project Name: AN State Battery

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
179110	Cell #2 @ 14' N Side Comp.	soil	2008-11-11	11:45	2008-11-13
179111	Cell #2 @ 14' W Side Comp.	soil	2008-11-11	12:00	2008-11-13
179112	Cell #2 @ 14' E Side Comp.	soil	2008-11-11	12:10	2008-11-13
179113	Cell #2 @ 14' S Side Comp.	soil	2008-11-11	11:00	2008-11-13
179114	Cell #1 @ 9' W Side Comp.	soil	2008-11-11	13:00	2008-11-13
179115	Cell #1 @ 9' E Side Comp.	soil	2008-11-11	12:50	2008-11-13

	BTEX				MTBE	TPH DRO	TPH GRO
	Benzene	Toluene	Ethylbenzene	Xylene	MTBE	DRO	GRO
Sample - Field Code	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)
179110 - Cell #2 @ 14' N Side Comp.	<0.0500	<0.0500	**0.0758**	**0.296**		**3260**	**102**
179111 - Cell #2 @ 14' W Side Comp.	<0.100	<0.100	**5.90**	**13.5**		**4020**	**545**
179112 - Cell #2 @ 14' E Side Comp.	<0.0100	<0.0100	<0.0100	<0.0100		**68.7**	<1.00
179113 - Cell #2 @ 14' S Side Comp.	**0.607**	**0.651**	**21.6**	**42.0**		**7910**	**1640**
179114 - Cell #1 @ 9' W Side Comp.	<0.0100	<0.0100	<0.0100	<0.0100		**508**	**4.53**
179115 - Cell #1 @ 9' E Side Comp.	<0.0200	<0.0200	**0.360**	**0.945**		**1870**	**69.2**

Sample: 179110 - Cell #2 @ 14' N Side Comp.

Param	Flag	Result	Units	RL
Chloride		**1470**	mg/Kg	3.25

Sample: 179111 - Cell #2 @ 14' W Side Comp.

Param	Flag	Result	Units	RL
Chloride		**1530**	mg/Kg	3.25

Sample: 179112 - Cell #2 @ 14' E Side Comp.

Param	Flag	Result	Units	RL
Chloride		**3190**	mg/Kg	3.25

Sample: 179113 - Cell #2 @ 14' S Side Comp.

Param	Flag	Result	Units	RL
Chloride		**1790**	mg/Kg	3.25

Sample: 179114 - Cell #1 @ 9' W Side Comp.

Param	Flag	Result	Units	RL
Chloride		**677**	mg/Kg	3.25

Sample: 179115 - Cell #1 @ 9' E Side Comp.

Param	Flag	Result	Units	RL
Chloride		**1690**	mg/Kg	3.25

Summary Report

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

Report Date: November 7, 2008

Work Order: 8110606

Project Name: AN Battery

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
178425	Cell #1 @ Surface	soil	2008-11-05	10:40	2008-11-06
178426	Cell #1 @ Surface 4 ft.	soil	2008-11-05	11:00	2008-11-06
178427	Cell #2 @ Surface	soil	2008-11-05	09:45	2008-11-06
178428	Cell #2 @ Surface 4 ft.	soil	2008-11-05	09:50	2008-11-06
178429	Cell #2 @ Surface 12 ft.	soil	2008-11-05	10:00	2008-11-06

	BTEX				MTBE	TPH DRO	TPH GRO
	Benzene	Toluene	Ethylbenzene	Xylene	MTBE	DRO	GRO
Sample - Field Code	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)
178425 - Cell #1 @ Surface	<0.100	<0.100	**0.160**	**0.324**		**2650**	**91.8**
178426 - Cell #1 @ Surface 4 ft.	**0.561**	<0.100	**7.92**	**12.8**		**5370**	**638**
178427 - Cell #2 @ Surface	<0.0100	<0.0100	<0.0100	<0.0100		**54.2**	<1.00
178428 - Cell #2 @ Surface 4 ft.	<0.0100	<0.0100	<0.0100	<0.0100		**64.0**	<1.00
178429 - Cell #2 @ Surface 12 ft.	<0.0100	<0.0100	**0.0479**	**0.133**		**769**	**20.8**

Sample: 178425 - Cell #1 @ Surface

Param	Flag	Result	Units	RL
Chloride		**3210**	mg/Kg	3.25

Sample: 178426 - Cell #1 @ Surface 4 ft.

Param	Flag	Result	Units	RL
Chloride		**1690**	mg/Kg	3.25

Sample: 178427 - Cell #2 @ Surface

Param	Flag	Result	Units	RL
Chloride		**950**	mg/Kg	3.25

Sample: 178428 - Cell #2 @ Surface 4 ft.

Param	Flag	Result	Units	RL
Chloride		**856**	mg/Kg	3.25

Sample: 178429 - Cell #2 @ Surface 12 ft.

Param	Flag	Result	Units	RL
Chloride		**741**	mg/Kg	3.25

Summary Report

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

Report Date: November 26, 2008

Work Order: 8112415

Project Name: AN State Battery

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
180434	N side W end @ 5'	soil	2008-11-21	12:50	2008-11-24
180435	N side W end @ 15'	soil	2008-11-21	13:00	2008-11-24
180436	N side W end @ 20'	soil	2008-11-21	13:10	2008-11-24
180437	N side W end @ 25'	soil	2008-11-21	13:20	2008-11-24
180438	N side W end @ 30'	soil	2008-11-21	13:50	2008-11-24
180439	N side W end @ 35'	soil	2008-11-21	13:55	2008-11-24
180440	N side W end @ 40'	soil	2008-11-21	14:00	2008-11-24
180441	N side E end Comp. @ 15'-20'	soil	2008-11-21	15:50	2008-11-24
180442	N side E end Comp. @ 30'-40'	soil	2008-11-21	16:00	2008-11-24
180443	N side W end Comp. @ 42'	soil	2008-11-21	16:10	2008-11-24
180444	N side E end @ 15'	soil	2008-11-21	12:00	2008-11-24
180445	N side E end @ 20'	soil	2008-11-21	12:20	2008-11-24
180446	N side E end @ 25'	soil	2008-11-21	12:25	2008-11-24
180447	N side E end @ 30'	soil	2008-11-21	12:30	2008-11-24
180448	N side E end @ 35'	soil	2008-11-21	12:40	2008-11-24
180449	N side E end @ 40'	soil	2008-11-21	12:45	2008-11-24
180450	S side E end @ 5'	soil	2008-11-21	14:15	2008-11-24
180451	S side E end @ 15'	soil	2008-11-21	14:25	2008-11-24
180452	S side E end @ 30'	soil	2008-11-21	15:00	2008-11-24
180453	S side E end @ 35'	soil	2008-11-21	15:20	2008-11-24
180454	S side E end @ 40'	soil	2008-11-21	15:30	2008-11-24

	BTEX				MTBE	TPH DRO	TPH GRO
	Benzene	Toluene	Ethylbenzene	Xylene	MTBE	DRO	GRO
Sample - Field Code	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)	(mg/Kg)
180434 - N side W end @ 5'	<0.200	<0.200	<0.200	<0.200		**6230**	**29.0**
180435 - N side W end @ 15'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180436 - N side W end @ 20'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180437 - N side W end @ 25'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180438 - N side W end @ 30'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00

continued ...

... continued

Sample - Field Code	BTEX Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE MTBE (mg/Kg)	TPH DRO DRO (mg/Kg)	TPH GRO GRO (mg/Kg)
180439 - N side W end @ 35'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180440 - N side W end @ 40'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180441 - N side E end Comp. @ 15'-20'	<0.0200	<0.0200	<0.0200	<0.0200		**165**	<2.00
180442 - N side E end Comp. @ 30'-40'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180443 - N side W end Comp. @ 42'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180444 - N side E end @ 15'	<0.200	<0.200	<0.200	<0.200		**3090**	<20.0
180445 - N side E end @ 20'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180446 - N side E end @ 25'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180447 - N side E end @ 30'	<0.0100	<0.0100	<0.0100	<0.0100		**96.7**	<1.00
180448 - N side E end @ 35'	<0.0500	<0.0500	<0.0500	<0.0500		**1610**	**9.60**
180449 - N side E end @ 40'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180450 - S side E end @ 5'	**0.687**	**0.635**	**1.57**	**3.54**		**7170**	**147**
180451 - S side E end @ 15'	<0.0200	<0.0200	**0.112**	**0.230**		**401**	**22.2**
180452 - S side E end @ 30'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180453 - S side E end @ 35'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00
180454 - S side E end @ 40'	<0.0100	<0.0100	<0.0100	<0.0100		<50.0	<1.00

Sample: 180434 - N side W end @ 5'

Param	Flag	Result	Units	RL
Chloride		**12100**	mg/Kg	3.25

Sample: 180435 - N side W end @ 15'

Param	Flag	Result	Units	RL
Chloride		**1020**	mg/Kg	3.25

Sample: 180436 - N side W end @ 20'

Param	Flag	Result	Units	RL
Chloride		**314**	mg/Kg	3.25

Sample: 180437 - N side W end @ 25'

Param	Flag	Result	Units	RL
Chloride		**287**	mg/Kg	3.25

Sample: 180438 - N side W end @ 30'

Param	Flag	Result	Units	RL
Chloride		**232**	mg/Kg	3.25

Sample: 180439 - N side W end @ 35'

Param	Flag	Result	Units	RL
Chloride		**269**	mg/Kg	3.25

Sample: 180440 - N side W end @ 40'

Param	Flag	Result	Units	RL
Chloride		**246**	mg/Kg	3.25

Sample: 180441 - N side E end Comp. @ 15'-20'

Param	Flag	Result	Units	RL
Chloride		**1690**	mg/Kg	3.25

Sample: 180442 - N side E end Comp. @ 30'-40'

Param	Flag	Result	Units	RL
Chloride		**864**	mg/Kg	3.25

Sample: 180443 - N side W end Comp. @ 42'

Param	Flag	Result	Units	RL
Chloride		**235**	mg/Kg	3.25

Sample: 180444 - N side E end @ 15'

Param	Flag	Result	Units	RL
Chloride		**5890**	mg/Kg	3.25

Sample: 180445 - N side E end @ 20'

Param	Flag	Result	Units	RL
Chloride		**322**	mg/Kg	3.25

Sample: 180446 - N side E end @ 25'

Param	Flag	Result	Units	RL
Chloride		**243**	mg/Kg	3.25

Sample: 180447 - N side E end @ 30'

Param	Flag	Result	Units	RL
Chloride		**118**	mg/Kg	3.25

Sample: 180448 - N side E end @ 35'

Param	Flag	Result	Units	RL
Chloride		**1850**	mg/Kg	3.25

Sample: 180449 - N side E end @ 40'

Param	Flag	Result	Units	RL
Chloride		**377**	mg/Kg	3.25

Sample: 180450 - S side E end @ 5'

Param	Flag	Result	Units	RL
Chloride		**2520**	mg/Kg	3.25

Sample: 180451 - S side E end @ 15'

Param	Flag	Result	Units	RL
Chloride		**1180**	mg/Kg	3.25

Sample: 180452 - S side E end @ 30'

Param	Flag	Result	Units	RL
Chloride		**1380**	mg/Kg	3.25

Sample: 180453 - S side E end @ 35'

Param	Flag	Result	Units	RL
Chloride		**684**	mg/Kg	3.25

Sample: 180446 - N side E end @ 25'

Param	Flag	Result	Units	RL
Chloride		**243**	mg/Kg	3.25

Sample: 180447 - N side E end @ 30'

Param	Flag	Result	Units	RL
Chloride		**118**	mg/Kg	3.25

Sample: 180448 - N side E end @ 35'

Param	Flag	Result	Units	RL
Chloride		**1850**	mg/Kg	3.25

Sample: 180449 - N side E end @ 40'

Param	Flag	Result	Units	RL
Chloride		**377**	mg/Kg	3.25

Sample: 180450 - S side E end @ 5'

Param	Flag	Result	Units	RL
Chloride		**2520**	mg/Kg	3.25

Sample: 180451 - S side E end @ 15'

Param	Flag	Result	Units	RL
Chloride		**1180**	mg/Kg	3.25

Sample: 180452 - S side E end @ 30'

Param	Flag	Result	Units	RL
Chloride		**1380**	mg/Kg	3.25

Sample: 180453 - S side E end @ 35'

Param	Flag	Result	Units	RL
Chloride		**684**	mg/Kg	3.25

Sample: 180454 - S side E end @ 40'

Param	Flag	Result	Units	RL
Chloride		**836**	mg/Kg	3.25