

District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88240
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S St Francis Dr, Santa Fe, NM 87505

RECEIVED

JAN 15 2009

HOBBSOCD

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: CML Exploration, LLC | Contact: Nolan von Roeder at CML, Katie Lee at RT Hicks |
| Address: PO Box 890 Snyder, Texas 79550 | Telephone No.: CML: 325-573-1938 RT Hicks: 505-266-5004 |
| Facility Name: Paddy 19 State #3 | Facility Type: Temporary Lined Drilling Pit |

| | | |
|----------------------------|---------------------------|------------------|
| Surface Owner: State of NM | Mineral Owner: Stae of NM | Lease No. 303999 |
|----------------------------|---------------------------|------------------|

LOCATION OF RELEASE

API# 30-025.38591.00.00

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| F | 19 | 17S | 33E | 2140 | North | 1650 | West | Lea |

Latitude 32.821 Longitude 103.707

NATURE OF RELEASE

| | | |
|--|---|---|
| Type of Release: produced water | Volume of Release: unknown | Volume Recovered: none |
| Source of Release: Lined Pit | Date and Hour of Occurrence: unknown | Date and Hour of Discovery: Mon, Jan 12, 2009, approx 16:00 |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Paul Kautz and Larry Johnson | |
| By Whom? Katie Lee | Date and Hour: Tuesday, January 13, 2009 approx 14:00 | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. WATER @ 150' | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

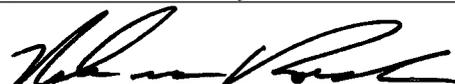
Leakage from lined pit was confirmed through field analysis of soil samples taken from bottom of pit below the liner after liner and cuttings were removed.

Describe Area Affected and Cleanup Action Taken.*

Evidence of chloride impact at five locations below the pit liner and in wall composites suggest the pit floor and walls are affected by a release of an unknown quantity of produced water from the pit. Cuttings have been removed. Upon laboratory analyses of soil samples, a timely written notification of release and further proposed characterization will be submitted to NMOCD for review.

Attached: table showing results of field analysis for chloride in 12 soil samples and map noting soil sample locations.

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: Nolan von Roeder | Approved by District Supervisor:  | |
| Title: Engineer | Approval Date: 01/20/09 | Expiration Date: 03/23/09 |
| E-mail Address: vonroedern@cmlexp.com | Conditions of Approval: DELINEATE/REMEDIATION TO CLEAN UP. SUBMIT FINAL C-141 BY 03/23/09 | Attached <input type="checkbox"/> IRP-2053 |
| Date: 1-14-09 Phone: 325-573-1938 | | |

* Attach Additional Sheets If Necessary

FGRL0902035031

Chloride Titration Results

$$C_{soil} (mg / kg) = (9997) \times \frac{Water (g)}{Soil (g)} \times \frac{AgNO_3 (ml)}{Solution (ml)}$$

Client: CML Exploration

Site: Paddy-19 No. 3 Reserve Pit Sampling

| Soil Boring (MW) | Sample Depth (feet) | 40 ml Vial Designation (A, B, etc.) | Soil Weight (grams) | Distilled Water Wt. (grams) | Extract Sol. Vol. (ml) | AgNO3 Volume (ml) | Chloride Concentration (mg/kg) | Remarks |
|------------------|---------------------|-------------------------------------|---------------------|-----------------------------|------------------------|-------------------|--------------------------------|---------|
| No. 1 | 4-6' | A | 12.3 | 24.0 | 10.0 | 2.69 | 5,247 | |
| No. 2 | 4-6' | B | 11.2 | 21.7 | 9.0 | 2.18 | 4,692 | |
| No. 3 | 4-6' | C | 9.2 | 27.5 | 10.0 | 1.88 | 5,618 | |
| No. 4 | 4-6' | D | 4.7 | 31.8 | 5.0 | 0.29 | 3,923 | |
| No. 5 | 4-6' | E | 7.4 | 25.8 | 10.0 | 2.16 | 7,529 | |
| Comp. | 0-2' | F | 9.4 | 25.1 | 10.0 | 3.30 | 8,809 | |
| No. 5 | 12' | G | 8.5 | 26.7 | 10.0 | 0.92 | 2,889 | |
| No. 5 | 22' | H | 7.6 | 27.7 | 10.0 | 0.06 | 219 | |
| North | Comp. | I | 10.3 | 26.8 | 10.0 | 1.83 | 4,760 | |
| South | Comp. | J | 7.4 | 25.2 | 10.0 | 1.00 | 3,404 | |
| East | Comp. | K | 13.3 | 26.4 | 10.0 | 0.36 | 714 | |
| West | Comp. | L | 9.7 | 28.2 | 10.0 | 3.55 | 10,318 | |
| | | | | | | | | |
| | | | | | | | | |

Plate 1
 Soil Sample Results
 CML Exploration
 Paddy 19 State No. 3
 Sec. 19, T-17-S, R-33-E
 Lea County, New Mexico
 API 30-25-38591

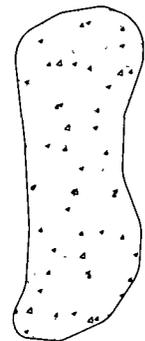
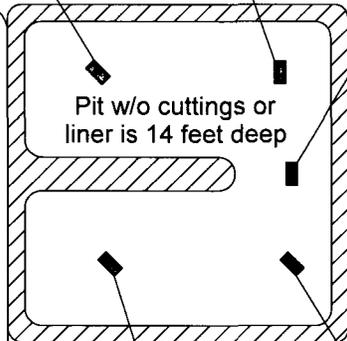
| Composite of all Trenches - January 12, 2009 | | | | | | | |
|--|------------------|----------------|-----------|-----------------|-------------|-----------------|--------------------|
| Depth (feet) | Field Cl (mg/kg) | Lab Cl (mg/kg) | PID (ppm) | Benzene (mg/kg) | BTX (mg/kg) | GRO+DRO (mg/kg) | TPH to C15 (mg/kg) |
| 14-16 | 8,809 | | 0 | | | | |

| Trench No 1 - January 12, 2009 | | | |
|--------------------------------|------------------|----------------|-----------|
| Depth (feet) | Field Cl (mg/kg) | Lab Cl (mg/kg) | PID (ppm) |
| 14-16 | -- | -- | 0 |
| 16-18 | -- | -- | 0 |
| 18-20 | 5,247 | | 0 |

| Trench No 2 - January 12, 2009 | | | |
|--------------------------------|------------------|----------------|-----------|
| Depth (feet) | Field Cl (mg/kg) | Lab Cl (mg/kg) | PID (ppm) |
| 14-16 | -- | -- | 10 |
| 16-18 | -- | -- | 0 |
| 18-20 | 4,692 | | 0 |

| Trench No 3 - January 12, 2009 | | | |
|--------------------------------|------------------|----------------|-----------|
| Depth (feet) | Field Cl (mg/kg) | Lab Cl (mg/kg) | PID (ppm) |
| 14-16 | -- | -- | 36 |
| 16-18 | -- | -- | 21 |
| 18-20 | 5,618 | | 0 |

| Composite Walls - January 12, 2009 | | | |
|------------------------------------|------------------|----------------|-----------|
| Location | Field Cl (mg/kg) | Lab Cl (mg/kg) | PID (ppm) |
| North | 4,760 | | 14 |
| South | 3,404 | | 0 |
| East | 714 | | 0 |
| West | 10,318 | | 138 |

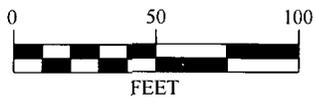


Soil Remove from Original Excavation

| Trench No 5 - January 12, 2009 | | | |
|--------------------------------|------------------|----------------|-----------|
| Depth (feet) | Field Cl (mg/kg) | Lab Cl (mg/kg) | PID (ppm) |
| 14-16 | -- | -- | 7 |
| 16-18 | -- | -- | 0 |
| 18-20 | 7,529 | | 0 |
| 23-26 | 2,889 | | 0 |
| 35-36 | 219 | | 0 |

| Trench No 4 - January 12, 2009 | | | | | | | |
|--------------------------------|------------------|----------------|-----------|-----------------|-------------|-----------------|--------------------|
| Depth (feet) | Field Cl (mg/kg) | Lab Cl (mg/kg) | PID (ppm) | Benzene (mg/kg) | BTX (mg/kg) | GRO+DRO (mg/kg) | TPH to C15 (mg/kg) |
| 14-16 | -- | -- | 499 | | | | |
| 16-18 | -- | -- | 7 | | -- | -- | -- |
| 18-20 | 3,923 | | 10 | | | | |

Lithology (14-36 feet) Sand, brown, medium grain, sub-rounded, well sorted, with very little clay or silt.



Paddy 19 State #3 Pumping Unit

Caliche Pad

Caliche Road