

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 16 2009

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 – EverQuest Energy Corporation	Contact – Terry Duffey
Address – 10 Desta Drive, Suite 300-E, Midland, TX 79705	Telephone No. – 432-686-9790
Facility Name – Schooner B # 3	Facility Type – Producing Well

Surface Owner – State of New Mexico	Mineral Owner	Lease No.
-------------------------------------	---------------	-----------

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
F	17	16S	32E					Lea

Latitude - 32.922506 N Longitude - 103.789272 W

**NATURE OF RELEASE**

Type of Release - Drilling Fluids	Volume of Release	Volume Recovered
Source of Release – Compromised Pit Liner	Date and Hour of Occurrence unknown	Date and Hour of Discovery 6/11/08 7:30 AM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
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.\*

6/12/08 – Initial delineation was conducted with a backhoe, samples were taken and sent to Cardinal Laboratories for analysis

Describe Area Affected and Cleanup Action Taken.\*

RP# 1883-

All impacted material was extracted to below acceptable MCL's; approximately 1540 cubic yards of impacted material was disposed of at CRI disposal ; A 12 ml liner was installed and original drilling pit material was buried in place, capped with a 20 ml liner, and covered with 3' of backfill material to grade.

7/29/08 – Remedial action was completed in accordance with NMOCD protocol

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: *J. Brian - Acting Agent on behalf of Ever Quest Energy*

**OIL CONSERVATION DIVISION**

Printed Name: *Jerry Brian*

Approved by District Supervisor: *ENDRE ENGE*

Title: *Authorized Agent*

Approval Date: *1-16-09* Expiration Date: *—*

E-mail Address: *jbrian@everquest.net*

Conditions of Approval: *—* Attached  IRP#1883  
API #30-025-37942

Date: *1/16/09* Phone: *390-6149*

# EVERQUEST ENERGY CORPORATION

## SITE INVESTIGATION AND CLOSURE PLAN

### Schooner #3

UL-F, SECTION 17, T16S - R32E

LATITUDE: N 32.92251° LONGITUDE: W 103.789272°

LEA COUNTY, NEW MEXICO

January 16, 2009

PREPARED FOR EVERQUEST ENERGY BY:

BRIAN ENVIRONMENTAL SERVICES, LLC

622 W. STILES RD.

HOBBS, NM 88242

PHONE: 575-390-6149; FAX: 575-392-0183

**RECEIVED**

JAN 16 2009 *GA*

**HOBBSOCD**

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Pages

Site Vicinity Map .....	
Site Photos .....	
Site Delineation Map .....	
Analyticals .....	
Final C-141 .....	

## **1.0 Introduction and Background**

Brian Environmental Services, LLC was engaged on the 6/5/08 to evaluate prior work that had already been performed by Tatum Backhoe Service, and to develop a Site Investigation and Closure Plan at a drilling pit on the Schooner #3 located at UL-F, Sec. 17, T16S-R32E, Lea County, NM.

On the 6/13/08, initial delineation was conducted with a backhoe to determine the vertical and horizontal extent of chloride/hydrocarbon impacts at the site.

This plan evaluates, identifies, and addresses the results of the information obtained from the initial and subsequent sub-surface delineation conducted at the proposed site.

A site vicinity map, groundwater contour map, initial and final site delineation map are included as Attachments.

### **CONTACT INFORMATION**

Everquest Energy Corporation:

Terry Duffey - President

Phone: 432.686.9790      email: EverQuest@nts-online.net

Mailing Address: 10 Desta Drive, Suite 300-E, Midland TX

Brian Environmental Services, LLC:

Jerry Brian, General Manager/Registered Environmental Manager

Phone: 575-390-6149      email: Jerry.R.Brian@gmail.com

Mailing Address: 622 W. Stiles Rd, Hobbs, NM 88242

## **2.0 Site Description**

### ***2.1 Geological Description***

The proposed site area located Northeast of Maljamar, NM is located in the Llano Estacado part of the High Plains section area in the western part of Lea County. The Llano Estacado is an isolated mesa. It is a depositional surface of low relief that slopes almost uniformly southeastward.

The Llano Estacado is underlain by the Ogallala formation, which is Tertiary in age and overlies older rocks of Cretaceous, Jurassic, Triassic, and Permian ages.

The Ogallala on the Llano Estacado is capped by a layer of dense caliche, which ranges in thickness from a few feet to as much as 60 feet. At the surface the caliche is well indurated and is almost completely calcium carbonate. Below the surface it is less well indurated and with increasing depth it is softer and more porous, and grades into the underlying sands.

The Ogallala formation ranges in thickness from a few inches to about 300 feet. It contains both coarse fluvial conglomerate and sandstone and fine grained eolian siltstone and clay. The grain size of the Ogallala Formation clastics is controlled by the topography of the underlying mid-Tertiary erosional surface. Coarse fluvial clastics were deposited in paleo-valleys, whereas finer eolian sediments covered upland areas. Eolian clastics also overlie the fluvial sediments in the

paleo-valleys as sand and loess sheets. The change from fluvial to eolian sedimentation probably resulted from the diversion of Ogallala streams.

During Ogallala time, depositional conditions varied rapidly: the sorting power of the streams which deposited the formation fluctuated, and well-sorted sediments are inter-bedded with poorly sorted sediments. It is chiefly calcareous, unconsolidated sand, but it contains clay, silt, and gravel. Some beds of well-consolidated, silica-cemented conglomeritic sandstone 1 to 3 feet thick also occur within the Ogallala.

## ***2.2 Soils Description***

The soils in this area are of the Kimbrough-Lea complex. This complex is about 50% Kimbrough gravelly loam and 25 % Lea loam, and in a few places about 40% Kimbrough and 40% Lea soils. It is 20 to 25% inclusions of Stegall, Arvana, Slaughter, and Sharvana soils. The Kimbrough soil is gently sloping and is on the tops and sides of low ridges. It is very shallow over a thick bed of indurated caliche. The Lea soil is nearly level and is in swales between the ridges. The Lea soil has a dark grayish-brown to brown surface layer and a grayish-brown to brown loam subsoil. Indurated caliche is at a depth of 20 to 40 inches. Slopes are 0 to 3 percent. The vegetation consists of mid and tall grasses and shrubs.

The soils in this complex are used as a range, wildlife habitat, and recreational areas. They are also a source of caliche for use in construction.

## ***2.3 Area Ground Water***

Based on the Chevron-Texaco ground water elevation contour map, depth to ground water is projected to be >150-feet below ground surface (bgs) (see Groundwater Contour Map)..

## ***2.4 Area Water Wells***

No water wells lie within 1000' of the site.

## ***2.5 Area Surface Water Features***

No surface water or drainage areas lie within 1000' of the site.

## **3.0 Work Performed**

On the 6/13/08, initial delineation began with the utilization of a backhoe to determine the vertical and horizontal extent of the suspected contaminants of concern (COC's), namely chloride and hydrocarbon concentration. These possible presence of these COC's are the results of a compromised liner which released the drilling fluids.

The pit area had only been partially excavated and this material had to be removed before the delineation could progress (see site photos). Once this material was removed and stockpiled, a 5- Point sampling event was conducted (see Initial Site Sampling Map).

Soil samples were extracted at SP #1, SP #2, SP #3, SP #4, SP #5, NSW, SSW, ESW, and WSW (see Site Sampling Map).

The soil samples were transported under Chain-of-Custody to Cardinal Laboratories for analysis. Analytical results for SP #1-6' bgs, SP #2-6' bgs, SP #3-6' bgs, SP #4-6' bgs, and SP #5-6' bgs were 25,000 ppm, 8,400 ppm, 2,120 ppm, 3,920 ppm, and 672 ppm respectively. Analytical results for the sidewalls (NSW, SSW, ESW, WSW) at 3' bgs were 9,600 ppm, 17,600 ppm, 736 ppm, and 8,200 ppm respectively (see analyticals).

The impacted material in the areas exceeding the acceptable chloride MCL of 5000 ppm in the bottom of the pit and the sidewalls was excavated and hauled off to CRI disposal facility. Approximately 1540 cubic yards of impacted material was transported to CRI.

The site was re-sampled and tested for chlorides, TPH, and BTEX after the excavation was conducted. The soil samples were transported under Chain-of-Custody to Cardinal Laboratories for analysis. Analytical results indicated that all sampling points were below the acceptable MCL's for chloride, TPH, and BTEX (see analyticals).

On the 7/8/08, a 12 ml liner was installed. All stockpiled material (including the impacted material below the unlined stockpiled area) was transferred into the burial pit.

A 5-Point sampling event was conducted in the stockpiled area after the material had been removed (see Site Sampling Map). Field chloride tests were conducted utilizing HACH Quantabs test strips to ensure that the chloride impacted material had been removed to below the acceptable MCL for chlorides (see attachment).

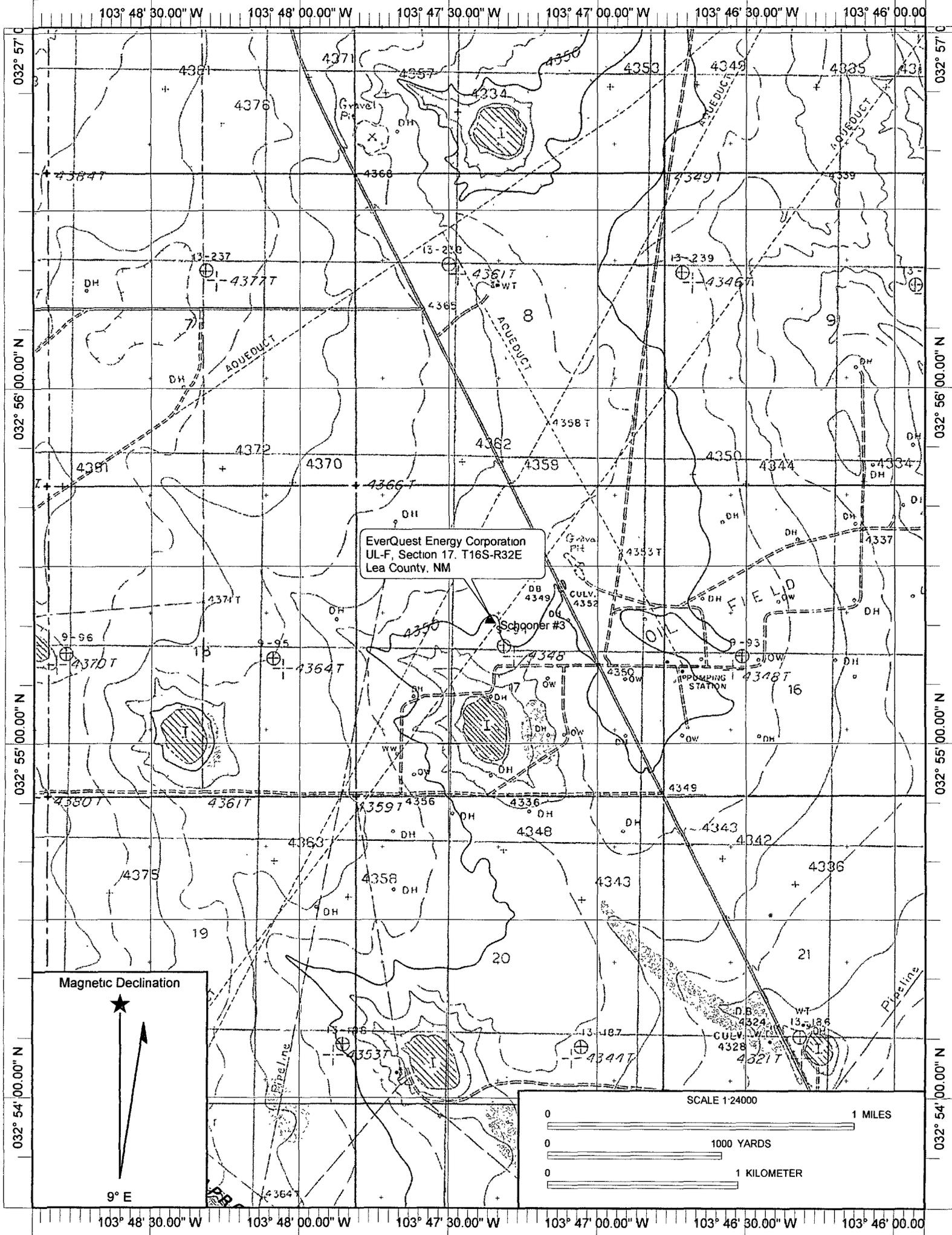
On the 7/9/08 a 20 ml cap was installed and 3' of clean backfill material was utilized to bring to grade (see site photos).

#### **4.0 Closure Justification**

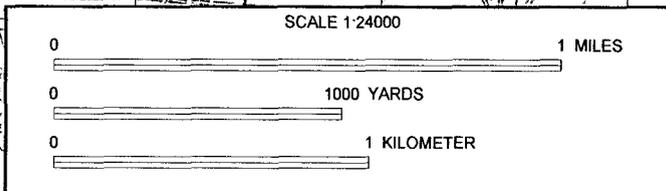
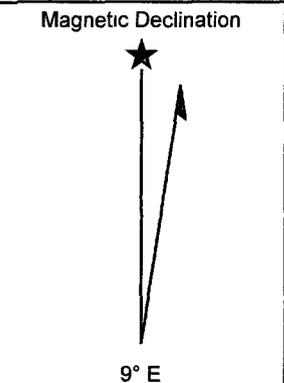
This report documents successful remediation of the EverQuest Schooner #3 release site. Impacted soils within the affected areas were excavated to below acceptable MCL levels.

All stockpiled pit contents were buried in a totally encapsulated burial trench as per NMOCD protocol. The pit was covered with 3' of clean topsoil to grade as per NMOCD requirements.

Based on the information and data presented in this report, Brian Environmental Services LLC, on behalf of EverQuest Corporation, requests that the New Mexico Oil Conservation Division require "NO FURTHER ACTION" at this site.

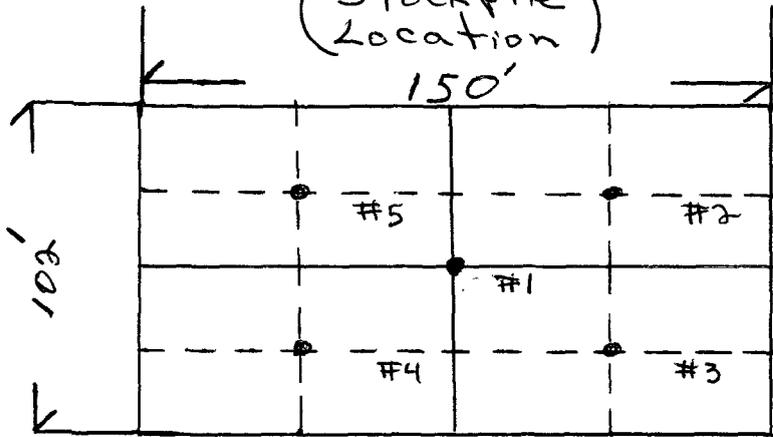


EverQuest Energy Corporation  
 UL-F, Section 17, T16S-R32E  
 Lea County, NM



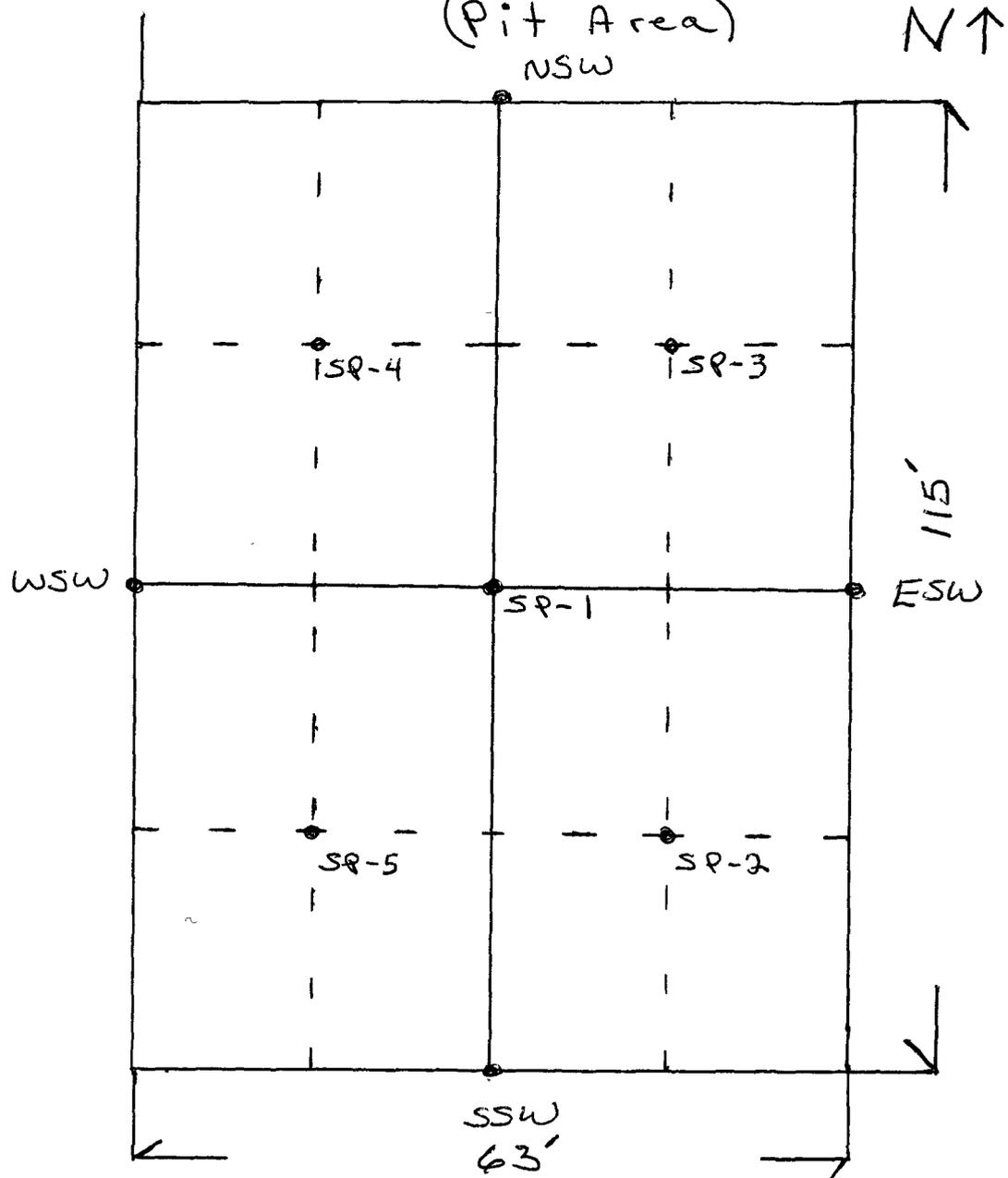
# Everquest - Schooner #3 - Site Sampling Map

(Stockpile Location)  
150'



(Wellhead) ⊗

(Pit Area)  
NSW



(Not to Scale)





# CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240  
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

## CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page \_\_\_\_ of \_\_\_\_

Company Name: <u>Brim Env. Services, LLC</u>	<b>BILL TO</b> PO #:
Project Manager: <u>J. Brim</u>	Company: <u>EverQuest Energy</u>
Address: <u>622 W. Stiles RD</u>	Attn: <u>Terry Duffey</u>
City: <u>Hobbs</u> State: <u>NM</u> Zip: <u>88242</u>	Address: <u>P.O. Box 10079</u>
Phone #: <u>575-370-6149</u>	City: <u>Midland</u>
Fax #:	State: <u>TX</u> Zip: <u>79702</u>
Project #:	Project Owner: <u>EverQuest</u>
Project Name: <u>Schooner B State # 3</u>	Phone #: <u>432-686-9790</u>
Project Location: <u>Lea County</u>	Fax #: <u>432-682-3821</u>

FOR LAB USE ONLY		ANALYSIS REQUEST												
LAB I.D.	Sample I.D.	# CONTAINERS	MATRIX					PRES.		SAMPLING		DATE	TIME	
			GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER:	ACID:	ICE / COOL	OTHER:			
H14984-1	SP#1-6' bgs	1			X							6/12/08	9:00 AM	X
-2	SP#2-6' bgs	1			X								9:15 AM	
-3	SP#3-6' bgs	1			X								9:30 AM	
-4	SP#4-6' bgs	1			X								10:00 AM	
-5	SP#5-6' bgs	1			X								10:30	
-6	NSW-3' bgs	1			X								10:45 AM	
-7	SSW-3' bgs	1			X								11:00	
-8	ESW-3' bgs	1			X								11:30	
-9	USW-3' bgs	1			X									

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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.

Relinquished By: <u>J. Brim</u>	Date: <u>6/12/08</u>	Received By: <u>Utey-DeBut</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Additional Fax #: _____
Relinquished By:	Date:	Received By: (Lab Staff)	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Delivered By: (Circle One)	Sample Condition	CHECKED BY: (Initials)	REMARKS: <u>Call JB when done</u>	
<input checked="" type="checkbox"/> Sampler <input type="checkbox"/> UPS <input type="checkbox"/> Bus <input type="checkbox"/> Other:	Cool: <input type="checkbox"/> Yes <input type="checkbox"/> No Intact: <input type="checkbox"/> Yes <input type="checkbox"/> No	<u>UCB</u>		

† Cardinal cannot accept verbal changes. Please fax written changes to 915-673-7020.



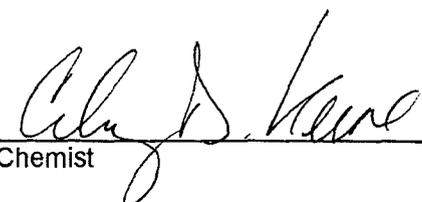
ANALYTICAL RESULTS FOR  
 BRIAN ENVIRONMENTAL SERVICES, LLC  
 ATTN: JERRY BRIAN/TERRY DUFFEY  
 622 W. STILES RD.  
 HOBBS, NM 88242  
 FAX TO : (432) 682-3821

Receiving Date: 07/17/08  
 Reporting Date: 07/21/08  
 Project Owner: EVER QUEST  
 Project Name: SCHOONER B #3  
 Project Location: LEA COUNTY, NM

Sampling Date: 07/09/08  
 Sample Type: SOIL  
 Sample Condition: INTACT  
 Sample Received By: AB  
 Analyzed By: AB/KS

LAB NUMBER	SAMPLE ID	GRO (C <sub>6</sub> -C <sub>10</sub> ) (mg/kg)	DRO (>C <sub>10</sub> -C <sub>28</sub> ) (mg/kg)	CI* (mg/kg)
ANALYSIS DATE		07/19/08	07/19/08	07/18/08
H15187-1	SP #1 - 10' BGS	<10.0	41.6	208
H15187-2	SP #2 - 13' BGS	<10.0	<10.0	2,560
H15187-3	SP #3 - 10' BGS	<10.0	<10.0	3,040
H15187-4	SP #4 - 10' BGS	<10.0	<10.0	3,200
H15187-5	SP #5 - 10' BGS	<10.0	<10.0	2,880
H15187-6	BACKFILL	<10.0	<10.0	400
H15187-7	WSW - 3' BGS	<10.0	<10.0	<16
H15187-8	ESW - 3' BGS	<10.0	<10.0	400
H15187-9	NSW - 3' BGS	<10.0	<10.0	768
H15187-10	SSW - 3' BGS	<10.0	<10.0	688
Quality Control		543	576	500
True Value QC		500	500	500
% Recovery		115	115	100
Relative Percent Difference		8.7	16.6	2.0

METHODS: TPH GRO & DRO: EPA SW-846 8015 M; Std. Methods 4500-CFB  
 \*Analyses performed on 1:4 w:v aqueous extracts.

  
 Chemist

07/22/08  
 Date

H15187TCL BE

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ANALYTICAL RESULTS FOR  
 BRIAN ENVIRONMENTAL SERVICES, LLC  
 ATTN: JERRY BRIAN/TERRY DUFFEY  
 622 W. STILES RD.  
 HOBBS, NM 88242  
 FAX TO: (432) 682-3821

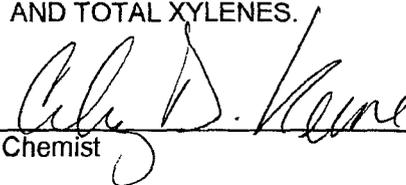
Receiving Date: 07/17/08  
 Reporting Date: 07/21/08  
 Project Owner: EVER QUEST  
 Project Name: SCHOONER B #3  
 Project Location: LEA COUNTY, NM

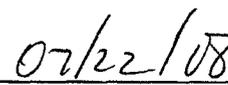
Sampling Date: 07/09/08  
 Sample Type: SOIL  
 Sample Condition: INTACT  
 Sample Received By: AB  
 Analyzed By: AB/KS

LAB NUMBER	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE		07/20/08	07/20/08	07/20/08	07/20/08
H15187-1	SP #1 - 10' BGS	<0.005	<0.005	<0.005	<0.015
H15187-2	SP #2 - 13' BGS	<0.005	<0.005	<0.005	<0.015
H15187-3	SP #3 - 10' BGS	<0.005	<0.005	<0.005	<0.015
H15187-4	SP #4 - 10' BGS	<0.005	<0.005	<0.005	<0.015
H15187-5	SP #5 - 10' BGS	<0.005	<0.005	<0.005	<0.015
H15187-6	BACKFILL	<0.005	<0.005	<0.005	<0.015
H15187-7	WSW - 3' BGS	<0.005	<0.005	<0.005	<0.015
H15187-8	ESW - 3' BGS	<0.005	<0.005	<0.005	<0.015
H15187-9	NSW - 3' BGS	<0.005	<0.005	<0.005	<0.015
H15187-10	SSW - 3' BGS	<0.005	<0.005	<0.005	<0.015
Quality Control		0.086	0.103	0.105	0.312
True Value QC		0.100	0.100	0.100	0.300
% Recovery		86.3	103	105	104
Relative Percent Difference		8.2	0.2	0.9	0.7

METHOD: EPA SW-846 8021B

TEXAS NELAP CERTIFICATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,  
 AND TOTAL XYLENES.

  
 Chemist

  
 Date



# CARDINAL LABORATORIES, INC.

2111 Beechwood, Abilene, TX 79603 101 East Marland, Hobbs, NM 88240  
(915) 673-7001 Fax (915) 673-7020 (505) 393-2326 Fax (505) 393-2476

## CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Page \_\_\_ of \_\_\_

Company Name: <u>Brian Env. Services, LLC</u>		<b>ANALYSIS REQUEST</b>	
Project Manager: <u>J. Brian</u>		<b>BILL TO</b>	PO #:
Address: <u>622 W Stiles RD</u>		Company: <u>Ever Quest</u>	
City: <u>Hobbs, NM</u> State: <u>NM</u> Zip: <u>88242</u>		Attn: <u>Terry Duffey</u>	
Phone #: <u>390-6149</u>		Address: <u>PO Box 01 Suite 320 E</u>	
Fax #:		City: <u>Midland</u>	
Project #: <u>SchoonB #3</u> Project Owner: <u>Ever Quest</u>		State: <u>TX</u> Zip: <u>79705</u>	
Project Name:		Phone #: <u>432-978-1126</u>	
Project Location: <u>Lea County</u>		Fax #: <u>432-682-3821</u>	

FOR LAB USE ONLY	LAB I.D.	Sample I.D.	(GRAB OR COMPI.) # CONTAINERS	MATRIX						PRES.			SAMPLING		DATE	TIME	TRH	CI	BTEX
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID	ICE / COOL	OTHER							
	H15187-1	SP#1 - 10' bgs	5			X									7/9/08	7:00 AM	X	X	X
	-2	SP#2 - 13' bgs	5			X									7/9/08	7:15 AM			
	-3	SP#3 - 10' bgs														7:30 AM			
	-4	SP#4 - 10' bgs														7:45 AM			
	-5	SP#5 - 10' bgs														8:00 AM			
	-6	Backfill														8:15 AM			
	-7	WSW - 3' bgs														8:20 AM			
	-8	ESW - 3' bgs														8:25 AM			
	-9	NSW - 3' bgs														8:30 AM			
	-10	SSW - 3' bgs														8:35 AM			

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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: <u>J. Brian</u>		Date: <u>7/9/08</u>	Received By: <u>ACB</u>	Phone Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	Additional Fax #: _____
Relinquished By:		Date:	Received By: (Lab Staff): <u>J</u>	Fax Result: <input type="checkbox"/> Yes <input type="checkbox"/> No	REMARKS: <u>Fax to Terry Duffey 432-682-3821</u> <u>Call J.B. 390-6149</u> <u>4/Results ACB 07/17/08</u>
Delivered By: (Circle One) Sampler - UPS - Bus - Other:		Date:	Sample Condition: Cool <input type="checkbox"/> Intact <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	CHECKED BY: (Initials) <u>ACB</u>	

† Cardinal cannot accept verbal changes. Please fax written changes to 915-673-7020.



Jerry Brian &lt;jerry.r.brian@gmail.com&gt;

---

## EverQuest Schooner #3 Field Chloride Tests

3 messages

---

**Jerry Brian** <jerry.r.brian@gmail.com>

Thu, Aug 28, 2008 at 8:50 AM

To: Larry Johnson &lt;larry.johnson@state.nm.us&gt;

Cc: Larry Johnson &lt;LWJ2177@hotmail.com&gt;

Bcc: everquest &lt;EverQuest@nts-online.net&gt;

Mr. Johnson,

I conducted a 5 point sampling event in the stockpiled area of the original pit contents after all of the pit contents and the underlying caliche pad were transferred into the burial pit, as requested by you.

Samples were taken at 1', 3' and 5' bgs at each sampling points 1, 2, 3, 4, and 5.

Field chloride tests were conducted utilizing HACH Quantabs test strips.

The results are as follows:

SP1 1' bgs - 180 ppm  
3' bgs - < 50 ppm  
5' bgs - < 100 ppm

SP2 1' bgs - <50 ppm  
3' bgs - <50 ppm  
5' bgs - 372 ppm

SP3 1' bgs - 1572 ppm  
3' bgs - 1180 ppm  
5' bgs - 120 ppm

SP4 1' bgs - 372 ppm  
3' bgs - <50 ppm  
5' bgs - <50 ppm

SP5 1' bgs - 372 ppm  
3' bgs - <50 ppm  
5' bgs - <50 ppm

Since the depth to ground water is >150 feet and our NMOCD approved chloride risk based closure MCL was 5000 ppm, is no further action acceptable to you at this area?

Please advise.

Thanks,  
JB

Brian Environmental Services, LLC  
622 W. Stiles Rd  
Hobbs, NM 88242  
575-390-6149

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**L W Johnson** <lwj2177@hotmail.com>

Thu, Aug 28, 2008 at 9:02 AM

To: Jerry Brian <jerry.r.brian@gmail.com>

Closure approved LJ

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Date: Thu, 28 Aug 2008 09:50:11 -0600  
From: [jerry.r.brian@gmail.com](mailto:jerry.r.brian@gmail.com)  
To: [larry.johnson@state.nm.us](mailto:larry.johnson@state.nm.us)  
Subject: EverQuest Schooner #3 Field Chloride Tests  
CC: [LWJ2177@hotmail.com](mailto:LWJ2177@hotmail.com)

[Quoted text hidden]

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**Jerry Brian** <[jerry.r.brian@gmail.com](mailto:jerry.r.brian@gmail.com)>  
To: everquest <[EverQuest@nts-online.net](mailto:EverQuest@nts-online.net)>

**Tue, Sep 2, 2008 at 5:28 AM**

Hi Terry,

I met with Larry Johnson on the 8/27/08 and discussed the Schooner #3 in depth.

I was able to obtain approval for closure without doing any additional work.

I am currently in the process of doing a closure document to be submitted to NMOCD.

I mailed my invoices to you a few days ago. You should be receiving them soon.

I will be sending you some pictures of the Schooner #3.

Thanks,  
JB

[Quoted text hidden]

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 – EverQuest Energy Corporation		Contact – Terry Duffey	
Address – 10 Desta Drive, Suite 300-E, Midland, TX 79705		Telephone No. – 432-686-9790	
Facility Name – Schooner B # 3		Facility Type – Producing Well	
Surface Owner – State of New Mexico	Mineral Owner	Lease No.	

**LOCATION OF RELEASE**

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
F	17	16S	32E					Lea

Latitude - 32.922506 N Longitude - 103.789272 W

**NATURE OF RELEASE**

Type of Release - Drilling Fluids	Volume of Release	Volume Recovered
Source of Release – Compromised Pit Liner	Date and Hour of Occurrence unknown	Date and Hour of Discovery 6/11/08 7:30 AM
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	
By Whom?	Date and Hour	
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.\*

6/10/08 - Equipment moved on location to finish removing pit contents from the pit area. Surface field chloride tests run in excavated pit area on bottom and sidewalls

Describe Area Affected and Cleanup Action Taken.\*

RP# 1883-  
6/12/08 - Excavated area beneath the liner was initially delineated with a backhoe, and samples taken to Cardinal Labs. A trackhoe will be utilized to finish vertical delineation. Impacted material will be removed to an agreed upon MCL for a risk based closure. Excavated impacted material will be hauled off to an NMOCD approved disposal facility.  
A 12 ml liner will be installed and original drilling pit material will be buried in place, capped with a 20 ml liner, and covered with 3' of backfill material to grade.

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>J. Brian</i>	<b>OIL CONSERVATION DIVISION</b>	
Printed Name: <i>Jerry Brian</i>	<i>J. Johnson</i> Approved by District Supervisor: <b>ENVIRONMENTAL ENGINEER</b>	
Title: <i>Authorized Agent</i>	Approval Date: <i>6.24.08</i>	Expiration Date: <i>8.24.08</i>
E-mail Address: <i>jrbrian@everquest.net</i>	Conditions of Approval:	
Date: <i>6/24/08</i> Phone: <i>390-6149</i>	Attached <input type="checkbox"/> <i>CLEAN TO &lt; 5K - SUBMIT</i> <i>1 RP# 1883</i>	

*FINAL w/ DOCUMENTATION BY*