

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

HOBBSOCD

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 # 2	Facility Type – Producing Well

Surface Owner – State of New Mexico	Mineral Owner	Lease No.
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LOCATION OF RELEASE

UTR 7 150'

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

Latitude - 32.92260 N Longitude - 103.78150 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.*

6/9/08 – 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# 2051 -
API # 30-025-37921
All impacted material will be removed to below acceptable MCL's and disposed of at a 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. Brinn on behalf of EverQuest Energy</i>	OIL CONSERVATION DIVISION	
Printed Name: <i>Jerry Brinn</i>	Approved by District Supervisor: <i>[Signature]</i>	
Title: <i>Authorized Agent</i>	Approval Date: <i>1.16.09</i>	Expiration Date: <i>3.16.09</i>
E-mail Address: <i>jbrinn@everquest.net</i>	Conditions of Approval:	Attached <input type="checkbox"/>
Date: <i>1/16/09</i> Phone: <i>390-6149</i>	<i>CLEAN TO < 5K - SUBMIT</i>	<i>IRP# 2051</i>

FINAL C-141 w/ DOCUMENTATION BY 3.16.09

FGRL0902139096