

RECEIVED

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

SEP 28 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	Kerns Petroleum, Inc.	Contact	Kerry Johnston
Address	1777 NE Loop 410, Ste 930	Telephone No.	210-829-7881
Facility Name	Knight water disposal line	Facility Type	steel water line
Surface Owner	Doom Ranches, Inc.	Mineral Owner	Fee (16 owners)
		Lease No.	N/A

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
M	22	24S	37E	1315	South	1315	West	Lea

Latitude _____ Longitude _____ NEARBY WELL KNIGHT 10 (#10)
API# 30-025-20351-00-00

NATURE OF RELEASE

Type of Release	Salt water	Volume of Release	< 25 bbl	Volume Recovered	none
Source of Release	leak in old steel water disposal line	Date and Hour of Occurrence	9/21/09	Date and Hour of Discovery	9/22/09
Was Immediate Notice Given?	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" 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.*

WATER @ 24'

Describe Cause of Problem and Remedial Action Taken.* Old steel water disposal line pipe that runs on the surface of the Knight property has reached the end of its useful life and is now leaking. We have scheduled the installation of new poly pipe to replace the steel line. We expect the poly line to be installed within a week or so.

Describe Area Affected and Cleanup Action Taken.* The affected area is open range land near the Knight 10 wellsite. There are no residences or other culture in proximity to the spot of the leak. The water has evaporated. No clean-up action has been taken.

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>Kerry Johnston</i>	OIL CONSERVATION DIVISION	
Printed Name:	Kerry Johnston	ENVIRONMENTAL ENGINEER; Approved by District Supervisor: <i>Joseph J. Solinsky</i>	
Title:	Vice President	Approval Date:	09/29/09
E-mail Address:	kjohnston@kernspetro.com	Expiration Date:	11/30/09
Date:	9/22/09	Phone:	210-829-7881
		Conditions of Approval:	DELIMITATE TO CLEAN UP AND REMEDIATE IF SAMPLES ARE >
		Attached	<input type="checkbox"/>
			IRP-09.10.2303

* Attach Additional Sheets If Necessary

AGRL0928747134

NMOCD LIMITS. GW IS SHALLOW AT THIS LOCATION SO IT IS ESPECIALLY IMPORTANT TO SAMPLE AND REMEDIATE IF NECESSARY.