

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

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MAY 17 2010
NMOCD ARTESIA

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with instructions on back side of form

Release Notification and Corrective Action

30-015-32877

OPERATOR

X Initial Report Final Report

Name of Company: Nadel & Gussman Permian, LLC	Contact: Kem McCready
Address: 601 N. Marienfeld St. Suite 508, Midland, TX 79701	Telephone No.: 432-682-4429
Facility Name: Jump Start No. 1	Facility Type: Gas

Surface Owner:	Mineral Owner:	Lease No.:
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LOCATION OF RELEASE

API No.: 30-015-~~32887~~³²⁸⁷⁷

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
D	36	17S	36E	660'	N	660'	W	Eddy

Latitude _____ Longitude _____

c141 DOC

NATURE OF RELEASE

Type of Release: Produced Water	Volume of Release: Approximately 85 bbls.	Volume Recovered: 15 bbls.
Source of Release: Lightning Strike	Date and Hour of Occurrence: Late night of 4/21/10	Date and Hour of Discovery: 2315 Hrs. 4/21/10
Was Immediate Notice Given? X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? OCD Artesia: Jason / Sherry	
By Whom? Lee Ledbetter	Date and Hour: 22 April 2010	
Was a Watercourse Reached? <input type="checkbox"/> Yes X No	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.*
Lightening strike hit the 210 bbl. water tank causing it to burn and vaporizing most of the liquid it contained. Atoka Fire Department notified NGP of the strike and immediately went to location to stop the burn from spreading. Atoka used a fire retardant gel on the burn quickly extinguishing it. Discharge of contaminated fluids occurred on a limited basis due to volatilization of the majority of the produced water with approximately 67 bbls. lost and 15 recovered.

Describe Area Affected and Cleanup Action Taken.*
See attached *Corrective Action Plan* to be followed up with the *Final Remediation Report* when cleanup is completed.

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. 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>Kem McCready</i>	OIL CONSERVATION DIVISION	
	Approved by District Supervisor <i>[Signature]</i>	
Printed Name: Kem McCready	Approval Date: MAY 20 2010	Expiration Date:
Title: Operations Manager	Conditions of Approval:	
E-mail Address: kemm@naguss.com	Attached <input type="checkbox"/>	
Date: 12 May 2010 Phone: 432-682-4429		

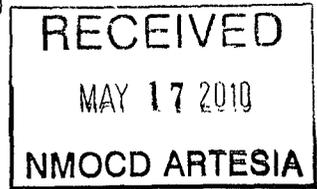
* Attach Additional Sheets If Necessary

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P MLB1014034862

REMEDATION per OCD Rules and Guidelines. SUBMIT REMEDIATION PROPOSAL BY: JUNE 20, 2010

2RP-411

[Signature] SBE Analytical Jan H. Hoobler



Mr. Kem McCready
Operations Manager
NADEL AND GUSSMAN PERMIAN, LLC
601 N. Marienfeld
Suite 508
Midland, TX 79701

12 May 2010

Mr. Mike Bratcher
OIL CONSERVATION DIVISION
1301 West Grand Avenue
Artesia, NM 88210

Re: Jump Start No. 1 Lightning Strike on Battery (API No. 30-015-32887) *Corrective Action Plan*

Dear Mr. Bratcher:

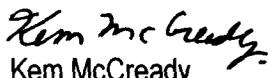
Please be advised that Nadel & Gussman Permian, LLC (NGP) experienced a lightning strike on the 210 bbl. water tank at the Jump Start No. 1 located in (U/L D S36 T17S R36E 660' FNL 660' FWL) Eddy County, New Mexico during late night hours of 22 April 2010.

The lightning strike hit the 210 bbl. tank causing it to burn, vaporizing most of the produced water it contained of which the remaining discharge of approximately 90% remained within the berms. Atoka Fire Department notified NGP of the strike and immediately went to location to stop the burn from spreading. Atoka used a fire retardant gel on the burn quickly extinguishing it. Discharge of the contaminated fluids occurred on a limited basis due to volatilization of the majority of the contents of the tank, even though NGP estimated approximately 67 barrels were lost with 15 recovered. All remaining discharge was contained within the existing berms.

Subsequently, NGP sampled the area to determine the type and extent of contamination. Due to the naturally occurring gypsum lensing in the area some of the salt levels are elevated. However, NGP will further determine salt contamination levels with future delineation and excavation within the battery berm. Also enclosed with this transmittal is the Initial C-141 document and preliminary sample analyticals.

Should you have questions, please call 432-682-4429 (office) or 432-425-6347 (cell).

Sincerely,


Kem McCready
Operations Manager

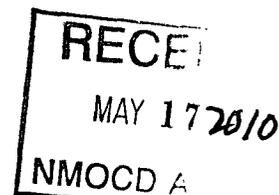
Enclosed: Initial C-141, Preliminary sample analyticals

COPY

Report Date: May 3, 2010

Work Order: 10043016

Page Number: 1 of 2



Summary Report

Cheryl Winkler
Nadel & Gussman Permian LLC
600 N. Marienfeld
Suite 508
Midland, TX 79701

Report Date: May 3, 2010

Work Order: 10043016



Project Name: Jump Start No. 1
Project Number: Discharge @ Battery Fire

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
230119	Battery Containment Comp. N Side	soil	2010-04-27	17:15	2010-04-30
230120	Battery Containment Comp. S Side	soil	2010-04-27	17:25	2010-04-30
230121	Battery Containment Comp. E Side	soil	2010-04-27	17:40	2010-04-30
230122	Battery Containment Comp. W Side	soil	2010-04-27	17:55	2010-04-30
230123	White Discharge Area W Comp.	soil	2010-04-27	18:00	2010-04-30

Sample - Field Code	BTEX				MTBE MTBE (mg/Kg)	TPH DRO - NEW DRO (mg/Kg)	TPH GRO GRO (mg/Kg)
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)			
230119 - Battery Containment Comp. N Side	<0.100	0.227	0.362	1.61		692	147
230120 - Battery Containment Comp. S Side	<0.100	0.185	2.18	8.40		6610	1650
230121 - Battery Containment Comp. E Side	<0.100	<0.100	0.415	1.54		5480	175
230122 - Battery Containment Comp. W Side	<0.0400	0.274	1.15	15.8		5080	636
230123 - White Discharge Area W Comp.	<0.0200	0.0423	0.0265	0.195		<50.0	3.74

Sample: 230119 - Battery Containment Comp. N Side

Param	Flag	Result	Units	RL
Chloride		24800	mg/Kg	3.25

Sample: 230120 - Battery Containment Comp. S Side

Param	Flag	Result	Units	RL
Chloride		12000	mg/Kg	3.25

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Sample: 230121 - Battery Containment Comp. E Side

Param	Flag	Result	Units	RL
Chloride		8590	mg/Kg	3.25

Sample: 230122 - Battery Containment Comp. W Side

Param	Flag	Result	Units	RL
Chloride		2080	mg/Kg	3.25

Sample: 230123 - White Discharge Area W Comp.

Param	Flag	Result	Units	RL
Chloride		53000	mg/Kg	3.25