

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., 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

Form C-141
Revised August 8, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 1 Copy to appropriate District Office in accordance with 19.15.29 NMAC.

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

| | |
|---|-----------------------------------|
| Name of Company: ConocoPhillips Company | Contact: Ashley Maxwell |
| Address: 3401 E. 30th St., Farmington, NM 87402 | Telephone No. 505-324-5169 |
| Facility Name: Lucerne B 1 | Facility Type: Gas Well |

| | | |
|-------------------------------|-------------------------------|--|
| Surface Owner: Federal | Mineral Owner: Federal | API No.: 3004507450 Lease # NM-010063 |
|-------------------------------|-------------------------------|--|

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|-----------|------------|------------|---------------|------------------|---------------|----------------|-----------------|
| I | 17 | 28N | 11W | 1660' | South | 1090' | East | San Juan |

Latitude 36.659408 Longitude -108.02129

NATURE OF RELEASE

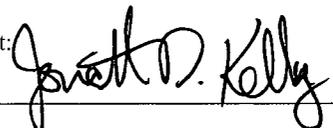
| | | |
|--|--|--|
| Type of Release: Produced Water | Volume of Release 17 BBL | Volume Recovered - 0- |
| Source of Release: Production Pit | Date and Hour of Occurrence: 6/7/2012 @ 10:40 AM | Date and Hour of Discovery: 6/8/2012 @ 9:00 AM |
| Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom? Brandon Powell - NMOCD Mark Kelly - BLM FFO | |
| By Whom? | Date and Hour: NMOCD - 6/11/2012 @ 6:21 AM BLM FFO - 6/11/2012 @ 6:23 AM | RCVD OCT 23 '12 OIL CONS. DIV. |
| Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, Volume Impacting the Watercourse. DIST. 3 | |

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
A hole in the production pit caused the release of 17 BBL produced water. The fluid was contained within the berm with 0 BBL recovered.

Describe Area Affected and Cleanup Action Taken.*
Production pit will be replaced. ConocoPhillips Company will assess the soil to determine further action, if needed.
Confirmation soil sampling has taken place. Analytical results for 8015, 8021 and chlorides are below the regulatory standards set forth in the NMOCD Guidelines for Remediation of Leaks, Spills and Release; therefore no further action is required.

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.

| | |
|--|---|
| OIL CONSERVATION DIVISION | |
| Signature:  | Approved by Environmental Specialist:  |
| Printed Name Ashley Maxwell | Approval Date: 1/8/2014 Expiration Date: |
| Title: Field Environmental Specialist | Conditions of Approval: |
| E-mail Address: ashley.p.wethington@conocophillips.com | Attached <input type="checkbox"/> |
| Date: October 22, 2012 Phone: 505-324-5169 | |

* Attach Additional Sheets If Necessary

nJK1400837675



Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87109
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

October 19, 2012

Debbie Watson

Animas Environmental Services
624 East Comanche
Farmington, NM 87401
TEL: (505) 486-4071
FAX

RE: Lucerene B #1

OrderNo.: 1210264

Dear Debbie Watson:

Hall Environmental Analysis Laboratory received 1 sample(s) on 10/3/2012 for the analyses presented in the following report.

These were analyzed according to EPA procedures or equivalent. To access our accredited tests please go to www.hallenvironmental.com or the state specific web sites. See the sample checklist and/or the Chain of Custody for information regarding the sample receipt temperature and preservation. Data qualifiers or a narrative will be provided if the sample analysis or analytical quality control parameters require a flag. All samples are reported as received unless otherwise indicated. Lab measurement of analytes considered field parameters that require analysis within 15 minutes of sampling such as pH and residual chlorine are qualified as being analyzed outside of the recommended holding time.

Please don't hesitate to contact HEAL for any additional information or clarifications.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andy Freeman', is written in a cursive style.

Andy Freeman
Laboratory Manager
4901 Hawkins NE
Albuquerque, NM 87109

Analytical Report

Lab Order 1210264

Date Reported: 10/19/2012

Hall Environmental Analysis Laboratory, Inc.

CLIENT: Animas Environmental Services

Client Sample ID: SC-1

Project: Lucerene B #1

Collection Date: 10/2/2012 1:30:00 PM

Lab ID: 1210264-001

Matrix: SOIL

Received Date: 10/3/2012 9:50:00 AM

| Analyses | Result | RL | Qual | Units | DF | Date Analyzed |
|--|--------|----------|------|-------|----|-----------------------|
| EPA METHOD 8015B: DIESEL RANGE ORGANICS | | | | | | Analyst: JMP |
| Diesel Range Organics (DRO) | ND | 10 | | mg/Kg | 1 | 10/5/2012 10:13:37 AM |
| Surr: DNOP | 105 | 77.6-140 | | %REC | 1 | 10/5/2012 10:13:37 AM |
| EPA METHOD 8015B: GASOLINE RANGE | | | | | | Analyst: NSB |
| Gasoline Range Organics (GRO) | ND | 4.8 | | mg/Kg | 1 | 10/6/2012 8:56:06 PM |
| Surr: BFB | 107 | 84-116 | | %REC | 1 | 10/6/2012 8:56:06 PM |
| EPA METHOD 8021B: VOLATILES | | | | | | Analyst: NSB |
| Benzene | ND | 0.048 | | mg/Kg | 1 | 10/6/2012 8:56:06 PM |
| Toluene | ND | 0.048 | | mg/Kg | 1 | 10/6/2012 8:56:06 PM |
| Ethylbenzene | ND | 0.048 | | mg/Kg | 1 | 10/6/2012 8:56:06 PM |
| Xylenes, Total | ND | 0.097 | | mg/Kg | 1 | 10/6/2012 8:56:06 PM |
| Surr: 4-Bromofluorobenzene | 106 | 80-120 | | %REC | 1 | 10/6/2012 8:56:06 PM |
| EPA METHOD 300.0: ANIONS | | | | | | Analyst: SRM |
| Chloride | 81 | 30 | | mg/Kg | 20 | 10/9/2012 8:34:40 PM |

Qualifiers: * Value exceeds Maximum Contaminant Level.
 E Value above quantitation range
 J Analyte detected below quantitation limits
 P Sample pH greater than 2
 RL Reporting Detection Limit

B Analyte detected in the associated Method Blank
 H Holding times for preparation or analysis exceeded
 ND Not Detected at the Reporting Limit
 R RPD outside accepted recovery limits
 S Spike Recovery outside accepted recovery limits

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1210264

19-Oct-12

Client: Animas Environmental Services

Project: Lucerene B #1

| | | | | | | | | | | |
|------------|----------------|----------------|-----------|-------------|--------------------------|----------|-----------|------|----------|------|
| Sample ID | 1210356-001AMS | SampType: | MS | TestCode: | EPA Method 300.0: Anions | | | | | |
| Client ID: | BatchQC | Batch ID: | 4204 | RunNo: | 6099 | | | | | |
| Prep Date: | 10/9/2012 | Analysis Date: | 10/9/2012 | SeqNo: | 175795 | Units: | mg/Kg | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Chloride | 15 | 7.5 | 15.00 | 4.533 | 67.0 | 64.4 | 117 | | | |

| | | | | | | | | | | |
|------------|-----------------|----------------|-----------|-------------|--------------------------|----------|-----------|-------|----------|------|
| Sample ID | 1210356-001AMSD | SampType: | MSD | TestCode: | EPA Method 300.0: Anions | | | | | |
| Client ID: | BatchQC | Batch ID: | 4204 | RunNo: | 6099 | | | | | |
| Prep Date: | 10/9/2012 | Analysis Date: | 10/9/2012 | SeqNo: | 175796 | Units: | mg/Kg | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Chloride | 15 | 7.5 | 15.00 | 4.533 | 66.6 | 64.4 | 117 | 0.453 | 20 | |

Qualifiers:

- | | |
|--|--|
| * Value exceeds Maximum Contaminant Level. | B Analyte detected in the associated Method Blank |
| E Value above quantitation range | H Holding times for preparation or analysis exceeded |
| J Analyte detected below quantitation limits | ND Not Detected at the Reporting Limit |
| P Sample pH greater than 2 | R RPD outside accepted recovery limits |

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1210264

19-Oct-12

Client: Animas Environmental Services

Project: Lucerene B #1

| Sample ID: MB-4114 | SampType: MBLK | TestCode: EPA Method 8015B: Diesel Range Organics | | | | | | | | |
|-----------------------------|---------------------------------|--|-----------|-------------|---------------------|----------|-----------|------|----------|------|
| Client ID: PBS | Batch ID: 4114 | RunNo: 5963 | | | | | | | | |
| Prep Date: 10/4/2012 | Analysis Date: 10/4/2012 | SeqNo: 172078 | | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Diesel Range Organics (DRO) | ND | 10 | | | | | | | | |
| Surr: DNOP | 9.8 | | 10.00 | | 97.8 | 77.6 | 140 | | | |

| Sample ID: LCS-4114 | SampType: LCS | TestCode: EPA Method 8015B: Diesel Range Organics | | | | | | | | |
|-----------------------------|---------------------------------|--|-----------|-------------|---------------------|----------|-----------|------|----------|------|
| Client ID: LCSS | Batch ID: 4114 | RunNo: 5963 | | | | | | | | |
| Prep Date: 10/4/2012 | Analysis Date: 10/4/2012 | SeqNo: 172079 | | | Units: mg/Kg | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Diesel Range Organics (DRO) | 52 | 10 | 50.00 | 0 | 105 | 52.6 | 130 | | | |
| Surr: DNOP | 4.1 | | 5.000 | | 81.3 | 77.6 | 140 | | | |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- P Sample pH greater than 2
- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- R RPD outside accepted recovery limits

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1210264
19-Oct-12

Client: Animas Environmental Services
Project: Lucerene B #1

| Sample ID: MB-4121 | SampType: MBLK | TestCode: EPA Method 8015B: Gasoline Range | | | | | | | | |
|-------------------------------|---------------------------------|---|---------------------|-------------|------|----------|-----------|------|----------|------|
| Client ID: PBS | Batch ID: 4121 | RunNo: 6045 | | | | | | | | |
| Prep Date: 10/4/2012 | Analysis Date: 10/6/2012 | SeqNo: 174149 | Units: mg/Kg | | | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Gasoline Range Organics (GRO) | ND | 5.0 | | | | | | | | |
| Surr: BFB | 1000 | | 1000 | | 101 | 84 | 116 | | | |

| Sample ID: LCS-4121 | SampType: LCS | TestCode: EPA Method 8015B: Gasoline Range | | | | | | | | |
|-------------------------------|---------------------------------|---|---------------------|-------------|------|----------|-----------|------|----------|------|
| Client ID: LCSS | Batch ID: 4121 | RunNo: 6045 | | | | | | | | |
| Prep Date: 10/4/2012 | Analysis Date: 10/6/2012 | SeqNo: 174150 | Units: mg/Kg | | | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Gasoline Range Organics (GRO) | 24 | 5.0 | 25.00 | 0 | 97.1 | 74 | 117 | | | |
| Surr: BFB | 1000 | | 1000 | | 102 | 84 | 116 | | | |

| Sample ID: 5ML RB | SampType: MBLK | TestCode: EPA Method 8015B: Gasoline Range | | | | | | | | |
|--------------------------|---------------------------------|---|--------------------|-------------|------|----------|-----------|------|----------|------|
| Client ID: PBS | Batch ID: R6073 | RunNo: 6073 | | | | | | | | |
| Prep Date: | Analysis Date: 10/8/2012 | SeqNo: 175096 | Units: %REC | | | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Surr: BFB | 1000 | | 1000 | | 101 | 84 | 116 | | | |

| Sample ID: 2.5UG GRO LCS | SampType: LCS | TestCode: EPA Method 8015B: Gasoline Range | | | | | | | | |
|---------------------------------|---------------------------------|---|--------------------|-------------|------|----------|-----------|------|----------|------|
| Client ID: LCSS | Batch ID: R6073 | RunNo: 6073 | | | | | | | | |
| Prep Date: | Analysis Date: 10/8/2012 | SeqNo: 175097 | Units: %REC | | | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Surr: BFB | 1100 | | 1000 | | 106 | 84 | 116 | | | |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- P Sample pH greater than 2
- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- R RPD outside accepted recovery limits

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1210264

19-Oct-12

Client: Animas Environmental Services

Project: Lucerene B #1

| Sample ID: MB-4121 | SampType: MBLK | TestCode: EPA Method 8021B: Volatiles | | | | | | | | |
|-----------------------------|---------------------------------|--|---------------------|-------------|------|----------|-----------|------|----------|------|
| Client ID: PBS | Batch ID: 4121 | RunNo: 6045 | | | | | | | | |
| Prep Date: 10/4/2012 | Analysis Date: 10/6/2012 | SeqNo: 174182 | Units: mg/Kg | | | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Benzene | ND | 0.050 | | | | | | | | |
| Toluene | ND | 0.050 | | | | | | | | |
| Ethylbenzene | ND | 0.050 | | | | | | | | |
| Xylenes, Total | ND | 0.10 | | | | | | | | |
| Surr: 4-Bromofluorobenzene | 1.1 | | 1.000 | | 110 | 80 | 120 | | | |

| Sample ID: LCS-4121 | SampType: LCS | TestCode: EPA Method 8021B: Volatiles | | | | | | | | |
|-----------------------------|---------------------------------|--|---------------------|-------------|------|----------|-----------|------|----------|------|
| Client ID: LCSS | Batch ID: 4121 | RunNo: 6045 | | | | | | | | |
| Prep Date: 10/4/2012 | Analysis Date: 10/6/2012 | SeqNo: 174183 | Units: mg/Kg | | | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Benzene | 1.1 | 0.050 | 1.000 | 0 | 107 | 76.3 | 117 | | | |
| Toluene | 1.1 | 0.050 | 1.000 | 0 | 105 | 80 | 120 | | | |
| Ethylbenzene | 1.1 | 0.050 | 1.000 | 0 | 106 | 77 | 116 | | | |
| Xylenes, Total | 3.2 | 0.10 | 3.000 | 0 | 107 | 76.7 | 117 | | | |
| Surr: 4-Bromofluorobenzene | 1.2 | | 1.000 | | 116 | 80 | 120 | | | |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- P Sample pH greater than 2
- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- R RPD outside accepted recovery limits

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

WO#: 1210264
19-Oct-12

Client: Animas Environmental Services
Project: Lucerene B #1

| Sample ID: 1210116-001ams | SampType: MS | TestCode: EPA Method 8260B: VOLATILES | | | | | | | | |
|-----------------------------|---------------------------|---------------------------------------|-------------|-------------|------|----------|-----------|------|----------|------|
| Client ID: BatchQC | Batch ID: 4121 | RunNo: 6255 | | | | | | | | |
| Prep Date: 10/4/2012 | Analysis Date: 10/15/2012 | SeqNo: 180313 | Units: %REC | | | | | | | |
| Analyte | Result | PQL | SPK value | SPK Ref Val | %REC | LowLimit | HighLimit | %RPD | RPDLimit | Qual |
| Surr: 1,2-Dichloroethane-d4 | 0.47 | | 0.4907 | | 95.3 | 70 | 130 | | | H |
| Surr: 4-Bromofluorobenzene | 0.48 | | 0.4907 | | 98.4 | 70 | 130 | | | H |
| Surr: Dibromofluoromethane | 0.45 | | 0.4907 | | 91.0 | 70 | 130 | | | H |
| Surr: Toluene-d8 | 0.46 | | 0.4907 | | 93.6 | 70 | 130 | | | H |

Qualifiers:

- * Value exceeds Maximum Contaminant Level.
- E Value above quantitation range
- J Analyte detected below quantitation limits
- P Sample pH greater than 2
- B Analyte detected in the associated Method Blank
- H Holding times for preparation or analysis exceeded
- ND Not Detected at the Reporting Limit
- R RPD outside accepted recovery limits

Sample Log-In Check List

Client Name: **Animas Environmental** Work Order Number: **1210264**
 Received by/date: AT 10/03/12 0950
 Logged By: **Anne Thorne** 10/3/2012 9:50:00 AM *Anne Thorne*
 Completed By: **Anne Thorne** 10/3/2012 *Anne Thorne*
 Reviewed By: EO 10/04/12

Chain of Custody

- 1. Were seals intact? Yes No Not Present
- 2. Is Chain of Custody complete? Yes No Not Present
- 3. How was the sample delivered? Courier

Log In

- 4. Coolers are present? (see 19. for cooler specific information) Yes No NA
- 5. Was an attempt made to cool the samples? Yes No NA
- 6. Were all samples received at a temperature of >0° C to 6.0°C Yes No NA
- 7. Sample(s) in proper container(s)? Yes No
- 8. Sufficient sample volume for indicated test(s)? Yes No
- 9. Are samples (except VOA and ONG) properly preserved? Yes No
- 10. Was preservative added to bottles? Yes No NA
- 11. VOA vials have zero headspace? Yes No No VOA Vials
- 12. Were any sample containers received broken? Yes No
- 13. Does paperwork match bottle labels? (Note discrepancies on chain of custody) Yes No
- 14. Are matrices correctly identified on Chain of Custody? Yes No
- 15. Is it clear what analyses were requested? Yes No
- 16. Were all holding times able to be met? (If no, notify customer for authorization.) Yes No

of preserved bottles checked for pH: _____
 (<2 or >12 unless noted)
 Adjusted? _____
 Checked by: _____

Special Handling (if applicable)

- 17. Was client notified of all discrepancies with this order? Yes No NA

Person Notified: _____ Date: _____
 By Whom: _____ Via: eMail Phone Fax In Person
 Regarding: _____
 Client Instructions: _____

18. Additional remarks:

19. Cooler Information

| Cooler No | Temp °C | Condition | Seal Intact | Seal No | Seal Date | Signed By |
|-----------|---------|-----------|-------------|---------|-----------|-----------|
| 1 | 1.0 | Good | Yes | | | |

