

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 June 10, 2003

Submit 2 Copies to appropriate  
District Office in accordance  
with Rule 116 on back  
side of form

Release Notification and Corrective Action

30 045 25216

OPERATOR

X Initial Report X Final Rep

|                 |                                  |               |                |
|-----------------|----------------------------------|---------------|----------------|
| Name of Company | Elm Ridge Resources              | Contact       | Terry Lindeman |
| Address         | PO Box 189, Farmington NM, 87499 | Telephone No. | 505-632-3476   |
| Facility Name   | S. Blanco 25 Tank Battery        | Facility Type | Tank Battery   |

|               |         |               |         |           |          |
|---------------|---------|---------------|---------|-----------|----------|
| Surface Owner | Federal | Mineral Owner | Federal | Lease No. | NM 12233 |
|---------------|---------|---------------|---------|-----------|----------|

LOCATION OF RELEASE

|             |         |          |       |               |                  |               |                |          |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|----------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County   |
| K           | 25      | 24N      | 8W    | 1660          | South            | 2310          | West           | San Juan |

NATURE OF RELEASE


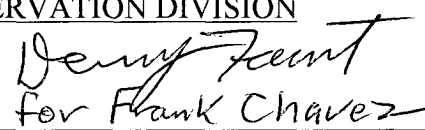
|                             |   |   |                           |                            |            |
|-----------------------------|---|---|---------------------------|----------------------------|------------|
| Type of Release             | Oil   | Volume of Release                         | 148 Bbls                  | Volume Recovered           | 20 bbls    |
| Source of Release           | Hole in line from separator to tank                                     | Date and Hour of Occurrence               | 7/16/03 PM                | Date and Hour of Discovery | 7/17/03 AM |
| Was Immediate Notice Given? | X Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required | If YES, To Whom?                          | Denny Foust, Aztec Office |                            |            |
| By Whom?                    | Terry Lindeman  | Date and Hour                             | 7/17/03 AM                |                            |            |
| Was a Watercourse Reached?  | <input type="checkbox"/> Yes X No                                       | If YES, Volume Impacting the Watercourse. |                           |                            |            |

If a Watercourse was Impacted, Describe Fully.\*  
N/A

Describe Cause of Problem and Remedial Action Taken.\* A hole in the line from the separator to the tank. Line was repaired and a check valve was placed at the inlet to the tank.

Describe Area Affected and Cleanup Action Taken.\* The spill was contained within the burned area surrounding the tank battery. As much soil as possible was removed around the tanks (approx. 120 yds) and replaced with fresh soil. The contaminated soil will be land farmed on site.

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:  |  | OIL CONSERVATION DIVISION  |                                   |
| Printed Name: Terry Lindeman   |  | Approved by District Supervisor: <br>for Frank Chavez |                                   |
| Title: District Superintendent   |  | Approval Date: 8/12/03   | Expiration Date:                  |
| E-mail Address: tlindeman@elmridge.net   |  | Conditions of Approval:  | Attached <input type="checkbox"/> |
| Date: 7/28/03 Phone: 505-632-3476  |  |  |                                   |

\* Attach Additional Sheets If Necessary

NDGF0319838 290