

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

HOBBS OCD

Form C-141
Revised August 8, 2011

JUL 05 2012 Submit to appropriate District Office in accordance with 19.15.29 NMAC.

RECEIVED

Release Notification and Corrective Action

OPERATOR

x ☐ Initial Report ☐ Final Report

| | | |
|---|--|-----------------------|
| Name of Company- McElvain Energy | Contact - Tony Cooper | |
| Address - 1050 17 th Street Suite 2500 Denver Co 80265 | Telephone No. 303-893-0933 cell 303-501-0004 | |
| Facility Name - McElvain #5 Facility | Facility Type - Tank Battery | |
| Surface Owner - BLM USA | Mineral Owner - BLM USA | API No.- 30-025-29051 |

LOCATION OF RELEASE

| | | | | | | | | |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
| M | 25 | 18S | 33E | | 660 FSL | | 810 FWL | Lea |

Latitude 32.7131761435436 Longitude-103.622517463922

NATURE OF RELEASE

| | | |
|---|---|--|
| Type of Release - PRODUCED WATER RELEASE | Volume of Release - EST 158 - 160 BBLs | Volume Recovered - EST 158 BBLs |
| Source of Release - 400 BBL FIBERGLASS WATER TANK (above ground) | Date and Hour of Occurrence EST 7/3/2012 PM | Date and Hour of Discovery 7/4/2012 AM |
| Was Immediate Notice Given? Required X <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not | If YES, To Whom? Spoke with Geoffrey Lecking (NMOCD) at 11:50 am on 7/5/2012 and reported the release. Will follow up with a Form C-141 initial release notification report. | |
| By Whom? Tony Cooper EHS Coordinator McElvain Energy Denver CO | Date and Hour- 7/5/2012 11:50am | |
| Was a Watercourse Reached? <input type="checkbox"/> Yes x <input type="checkbox"/> No | If YES, Volume Impacting the Watercourse. NA | |

If a Watercourse was Impacted, Describe Fully.*
NA

GW @ 100'

Describe Cause of Problem and Remedial Action Taken.*

Lightning strike to above ground produced water tank

Describe Area Affected and Cleanup Action Taken.*

On 7/4/2012 a vacuum truck was called and recovered approximately 158 bbls of produced water contained within the tank containment area. The containment area was not breached by the release. The containment area was lined with a poly liner so the soil in the containment area is not expected to have been impacted by the release. Scheduling soil samples to be taken by local environmental contractor ASAP. Will test for THP BTEX and chlorides as per NMOCD requirements.

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: <i>Geoff Lecking</i> | | |
| Printed Name: | Approval Date: 07/06/12 | Expiration Date: 09/06/12 | |
| Title: | Conditions of Approval: SUBMIT FINAL | | |
| E-mail Address: | Attached <input type="checkbox"/> | | |
| Date: | Phone: | C-141 BY 09/06/12 | |
| | | IRP-7-12-2840 | |

* Attach Additional Sheets If Necessary

JUL 09 2012