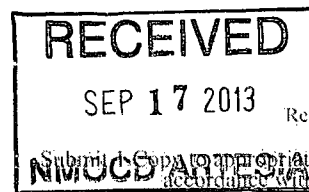


District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505



Form C-141
Revised August 8, 2011

Release Notification and Corrective Action

n JM 1326352687

| | | | |
|-----------------------------------------|---------------|----------------------------|------------------------------------------------------------------------------------------|
| Name of Company BOAZ Energy, LLC 291993 | | Contact Joel Hale | <input checked="" type="checkbox"/> Initial Report <input type="checkbox"/> Final Report |
| Address 2608 Loma, Midland TX, 79705 | | Telephone No. 432-253-7074 | Joel Hale 432-253-7074 |
| Facility Name Federal KLM | | Facility Type Tank Battery | T.Btry |
| Surface Owner Federal KLM | Mineral Owner | API No. 30-015-04411 | |

LOCATION OF RELEASE

| Unit Letter | Section | Township | Range | Feet from the | North/South Line | Feet from the | East/West Line | County |
|-------------|---------|----------|-------|---------------|------------------|---------------|----------------|--------|
| 31 | 17S | 30E | | | | | | Eddy |
| 31 | | 17S | 30E | Latitude | | Longitude | | |

NATURE OF RELEASE

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|
| Type of Release Oil Spill | Volume of Release 10 barrels | Volume Recovered 6 barrels |
| Source of Release Equipment Failure | Date and Hour of Occurrence July 27, 2013 - Unknown | Date and Hour of Discovery July 27, 2013 - 10AM |
| Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input 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.*

Describe Cause of Problem and Remedial Action Taken.*

Circulation line between separator and production tanks developed hole.
Circulation pump has been placed in containment and line has been replaced.
PCC has been installed on loading lines at production tanks.

Describe Area Affected and Cleanup Action Taken.*

Areas inside firewall around separator and ground area around circulation pump and down hillside to county road 217.
Standing fluids within firewall were vacuumed and Microblaze was sprayed on oil on ground outside firewall.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOC 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 NMOC 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, NMOC 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: Joel Hale | | Approved by Environmental Specialist: Signed By | |
| Title: Engineer | | Approval Date: SEP 20 2013 | Expiration Date: |
| E-mail Address: joelhale@gmail.com | | Conditions of Approval: | |
| Date: 9/13/13 Phone: 432-253-7074 | | Remediation per OCD Rule & Guidelines, & like approval by BLM. SUBMIT REMEDIATION PROPOSAL NO LATER THAN: October 20, 2013 | |
| | | Attached <input type="checkbox"/> | |

* Attach Additional Sheets If Necessary

2RP-1922

Bratcher, Mike, EMNRD

From: Joel Hale <JHale@boazenergy.com>
Sent: Tuesday, September 17, 2013 8:58 AM
To: MBurton@blm.gov; jamos@blm.gov
Cc: Bratcher, Mike, EMNRD; Emory Mann Sr.
Subject: Boaz Energy - Fed KLM Spill
Attachments: Boaz - KLM Notices 9-17-13.pdf

All,

Attached are the C-141 and Remediation plan for the Boaz spill at the Federal KLM battery.

Please let me know what else is needed and we start getting this cleanup underway.

Just to keep you in the loop, the old building on the location has been torn down and is in the process of being removed from the location.

Thanks,

.....
Joel Hale
.....



2608 Loma Dr.
Midland, Texas 79705

O: 432-253-7074
C: 903-985-0365
E: jhale@boazenergy.com

Bureau of Land Management
Carlsbad Field Office
620 E. Greene St.
Carlsbad, New Mexico 88220-6292

RE: Notice of Written Order
13MRB038W
Federal K-L-M Battery

This notice is to serve as the Remediation Plan for Federal KLM spill.

Boaz had an oil release at the KLM battery on the morning July 27, 2013. Based off Boaz tank gauges, 10 barrels of oil were released with 6 being recovered. KLM Battery is located 31-17S-30E in Eddy County.


Boaz intends to remove or approximately 2" of soil or dirt to a point that no staining is present. This will include areas within the firewall around the separator as well as areas across the lease road and the hillside across the lease road.

After removal of soil, Boaz will notify BLM representatives for soil sampling. Soil samples will be taken and tested to confirm acceptable concentrations before clean fill is applied.

The circulation pump onsite has already been placed within a containment to prevent future releases, and the firewall around the separator will be raised by 2" all around to provide additional capacity.

As mentioned within the Notice of Written Order, Boaz will remove the building on location, but leave the slab to allow for future construction. A firewall will also be built around the produced water tanks at the same location.

Regards,

 9/17/13
Joel Hale
Boaz Engineer

Bratcher, Mike, EMNRD

From: Burton, Michael <mburton@blm.gov>
Sent: Friday, September 13, 2013 12:41 PM
To: Joel Hale
Cc: Bratcher, Mike, EMNRD
Subject: Re: Boaz - Federal KLM Battery

Joel,

Thank you for your response in this matter. I do have a few points that need to be addressed and added to this plan before it can be approved.

1. When a spill occurs the operator must notify the BLM and the NMOCD. This is done with a C-141 state form. We have not received a C-141 for this spill. You can just email it to me or Jim Amos (575-361-2648) for the BLM. Mike Bratcher (575-748-1283) will be your contact with the NMOCD.
2. All clean up plans must be approved by the BLM and NMOCD.
3. Full delineation of the affected areas must be completed. This includes horizontal and vertical.
4. My largest concern is the area that is along the highway. I am not sure of the hoops and red tape that must be jumped and cut to excavate this area. I have been searching for a contact for you but with no luck yet.

If you have any questions feel free to ask. I am willing to meet on site if that will help.

Mike Burton
BLM-CFO
Environmental Protection Specialist
575-234-2226 office
575-361-3574 cell
mburton@blm.gov

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On Fri, Sep 13, 2013 at 9:14 AM, Joel Hale <JHale@boazenergy.com> wrote:

Mike,

I wanted to touch base with you about the spill at our KLM Battery NMLC028936D. It was on Written Order 13MRB038W.

I have mailed the Written Notice as well as the Remediation Plan to you as I could not find a way to do an electronic submission. I apologize if this is the incorrect way and would appreciate any help in the right direction if this is incorrect.

I have also attached the files for your review and comment until they reach you by mail.

Thanks,

.....

Joel Hale

.....

2608 Loma Dr.
Midland, Texas 79705

O: 432-253-7074
C: 903-985-0365
E: jhale@boazenergy.com

Bratcher, Mike, EMNRD

From: Burton, Michael <mburton@blm.gov>
Sent: Tuesday, September 17, 2013 9:26 AM
To: Joel Hale
Cc: Bratcher, Mike, EMNRD; James Amos; Solomon Hughes
Subject: Re: Boaz Energy - Fed KLM Spill

Joel,

The event number is: NU13142MB. This plan is approved with these stipulations.

Notification Stipulations:

- 1. A copy of the cleanup plan and conditions of approval must be given to the contractor or site work personnel and be present on the location during all cleanup operations.**

- 2. The authorized officer must be notified at the following phases of cleanup or conditions:**
 - a. Prior to moving equipment on location for cleanup
 - b. When the excavation is nearing completion and a BLM inspection of the excavation or witnessing of sampling is required by the cleanup plan COA's.
 - c. When the cleanup work is nearing completion and to schedule a final onsite prior to removal of equipment.
 - d. Any time that a variance of the approved plan or conditions of approval is required.
 - e. In the event that you encounter excavation difficulties, unexpected void areas, or archaeological artifacts the Authorized Officer must be contacted immediately. An onsite may be required to assess the situation.

3. The authorized officer on this undesirable event case is:
Mike Burton
BLM-CFO
Environmental Protection Specialist
575-234-2226 office
575-361-3574 cell
mburton@blm.gov

Pasture Impacted Areas:

1. The BLM requires horizontal cleanup of the spill impacted areas in addition to vertical cleanup/mitigation measures.

2. The BLM may wish to inspect the excavation once it reaches cleanup depth/width. Confirmation samples of excavation bottoms, sidewalls and any visibly affected areas outside of the excavation trench will be required; the BLM may witness the sampling. Contact the authorized officer to schedule.

3. Lab analysis of the confirmation sampling must be forwarded to the authorized officer for final approval before backfilling. Based on the sampling results, additional cleanup may be required or the site may be approved for closure.
4. Once final approval of cleanup is given, the excavation can be backfilled with clean soil to the level of the original native contour plus enough loft to accommodate the settling and compaction of unconsolidated fill soils.
5. The top _____ feet of the backfill material must be topsoil similar to that in the surrounding native terrain.
6. If pastures are not contaminated but are impacted by cleanup operations, the impacts to the pasture areas will be mitigated by re contouring the impacted areas and restoring the surface as listed in items 7 through 9 of this section.
7. Install erosion control measures in the pasture-affected areas to prevent the unconsolidated reclamation materials from washing or blowing away until reclaimed areas settle and begin to re vegetate.
8. Rip and seed reclaimed and equipment-impacted pasture areas with BLM seed mix #2 and #4, 50/50 or the BLM LPC mix.
9. Barricade entrance to reclaimed pasture areas with fencing or an earthen barrier sufficient to prevent vehicular access.
10. Continue to monitor spill reclamation area to ensure impacted pasture areas re vegetate and that erosion issues do not develop.

Other Stipulations:

1. At the time of the final onsite for this location, the production facilities, well pad, access road, and the surrounding pasture areas must be in a condition that will pass a routine inspection.
2. All household trash, debris, disconnected pipe and equipment must be removed from the area and the surrounding pasture and hauled to an authorized landfill. Do not bury cleanup trash, equipment debris, or household garbage in the cleanup excavation.

BLM approval of this proposal does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that may pose a threat to groundwater, surface water, human health, or the environment, or if the location fails to reclaim properly. In such an event that location does not re vegetate, or future issues with contaminants are encountered, the operator will be asked to address the issues until contaminant issues are fully mitigated and the location is successfully reclaimed. In addition, BLM approval does not relieve the operator of responsibility for compliance with any other federal, state, or local laws/regulations.

Thanks

Mike Burton
BLM-CFO
Environmental Protection Specialist
575-234-2226 office
575-361-3574 cell
mburton@blm.gov

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On Tue, Sep 17, 2013 at 8:57 AM, Joel Hale <JHale@boazenergy.com> wrote:

All,

Attached are the C-141 and Remediation plan for the Boaz spill at the Federal KLM battery.

Please let me know what else is needed and we start getting this cleanup underway.

Just to keep you in the loop, the old building on the location has been torn down and is in the process of being removed from the location.

Thanks,

.....

Joel Hale

.....



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