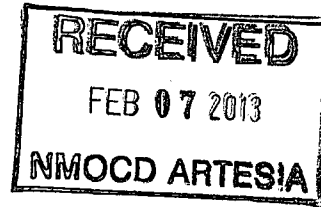


Mr. Kurt Hood  
Superintendent  
NADEL AND GUSSMAN PERMIAN, LLC  
600 N. Marienfeld Street  
Suite 500  
Midland, Texas 79701



January 16, 2013

Mr. Mike Bratcher  
NEW MEXICO OIL CONSERVATION DIVISION  
District 2  
811 South First Street  
Artesia, New Mexico 88210

Re: Valero State No. 1 *Final Remediation Report* Submittal  
U/L C Section 35 18S 28E 660 FNL 1980 FWL  
Eddy County, New Mexico

API No.: 30-015-31848

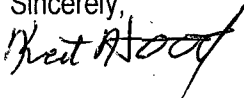
2RP No.: 1463

Dear Mr. Bratcher:

Nadel and Gussman Permian, LLC (NGP) herewith submits its Final Remediation Report (FRR) to the New Mexico Oil Conservation Division (NMOCD) for the Valero State No. 1 discharge clean up discovered on 10 December 2012 and reported it to the NMOCD as a reportable discharge of approximately 104 barrels of hydrocarbon and produced water in the C-141. NGP submitted its *Corrective Action Plan* for the Valero State No. 1 discharge on December 19, 2012.

The contaminated pea gravel and the soils beneath it contained within the berms were excavated down to a depth of approximately 1' and the contaminated berm walls were excavated and hauled to disposal at CRI, totaling approximately 60 yards of contaminated material. Following this, the contaminated area, which was initially sampled was resampled and found to be in compliance with NMOCD's *Recommended Remediation Action Levels* (RRAL's). The NMOCD was notified prior to backfilling the excavated areas within the berm which included berm restoration.

Please call (432-682-4429) should you have questions.

Sincerely,  


Kurt Hood  
Superintendent

Enclosures: Sample analyticals, Photos

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 October 10, 2003

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

**Release Notification and Corrective Action**

**OPERATOR**

Initial Report ☐ **Final Report** ☒

Name of Company: Nadel & Gussman Permian, LLC	Contact: Joel Martin
Address: 600 Marienfeld St., Suite 508, Midland, Texas 79701	Telephone No.: 432-682-4429
Facility Name: Valero State No. 1	Facility Type: Oil <b>API NO.: 30-015-31848</b>

Surface Owner: New Mexico	Mineral Owner: New Mexico	Lease No.: VO-6201
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**LOCATION OF RELEASE**

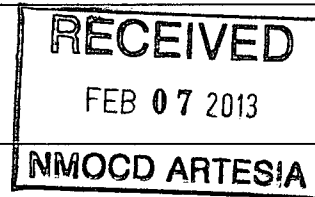
Unit Letter C	Section 35	Township 18S	Range 28E	Feet from the 660	North/South Line North	Feet from the 1980	East/West Line West	County Eddy
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Latitude \_\_\_\_\_ Longitude \_\_\_\_\_

**NATURE OF RELEASE**

Type of Release: Hydrocarbon and produced water.	Volume of Release: Approximately 104 bbls.	Volume Recovered: 50 bbls. of produced water and 50 bbls. of hydrocarbon
Source of Release: Oil tank release valve.	Date and Hour of Occurrence: Unknown	Date and Hour of Discovery: 12/10/12 1400
Was Immediate Notice Given? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Not immediately discovered but given to Mike Bratcher on Tuesday, 12/11/12	
By Whom: Kurt Hood	Date and Hour: Morning of 12/11/12.	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.\*

N/A

Describe Area Affected and Cleanup Action Taken.\*

The contaminated pea gravel within the bermed area and the berms were removed to disposal at CRI (60cyd). The area initially sampled and then resampled and established as compliant with NMOCD regulatory standards. The FRR was filed along with sample results and photos.

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>Kurt Hood</i>		<b>OIL CONSERVATION DIVISION</b>	
Printed Name: Kurt Hood		Approved by District Superintendent	
Title: Superintendent		Approval Date:	Expiration Date:
E-mail Address: kurth@naguss.com		Conditions of Approval:	
Date: 2/ 5/ 2013 Phone: 432-682-4429		Attached <input type="checkbox"/>	

\* Attach Additional Sheets If Necessary

**Analytical Results For:**

NADEL AND GUSSMAN HEYCO, LLC.  
 KEITH CANNON  
 500 N. MAIN ST., SUITE 1  
 ROSWELL NM, 88202  
 Fax To: (575) 624-5321

COPY

Received: 12/11/2012  
 Reported: 12/17/2012  
 Project Name: VALERO STATE NO 1  
 Project Number: NOT GIVEN  
 Project Location: NOT GIVEN

Sampling Date: 12/11/2012  
 Sampling Type: Soil  
 Sampling Condition: \*\* (See Notes)  
 Sample Received By: Amanda Ponce

**Sample ID: SPILL AREA (H202972-01)**

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP						
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
Chloride	<16.0	16.0	12/14/2012	ND	400	100	400	3.92		
TPH 8015M		mg/kg		Analyzed By: MS						S-04
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier	
GRO C6-C10	6000	10.0	12/12/2012	ND	176	87.8	200	4.15		
DRO >C10-C28	3840	10.0	12/12/2012	ND	190	95.1	200	4.50		
Surrogate: 1-Chlorooctane										
	383 %	65.2-140								
Surrogate: 1-Chlorooctadecane										
	99.8 %	63.6-154								


**Sample ID: BACKGROUND (H202972-02)**

Chloride, SM4500Cl-B		mg/kg		Analyzed By: AP					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
Chloride	<16.0	16.0	12/14/2012	ND	400	100	400	3.92	
TPH 8015M		mg/kg		Analyzed By: MS					
Analyte	Result	Reporting Limit	Analyzed	Method Blank	BS	% Recovery	True Value QC	RPD	Qualifier
GRO C6-C10	<10.0	10.0	12/12/2012	ND	176	87.8	200	4.15	
DRO >C10-C28	<10.0	10.0	12/12/2012	ND	190	95.1	200	4.50	
Surrogate: 1-Chlorooctane									
	82.4 %	65.2-140							
Surrogate: 1-Chlorooctadecane									
	89.8 %	63.6-154							

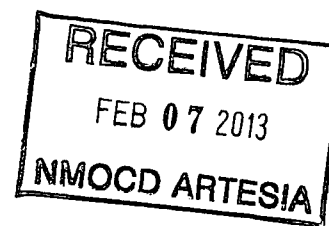
Cardinal Laboratories

\*=Accredited Analyte

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of the services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproduced except in full with written approval of Cardinal Laboratories.



Celey D. Keene, Lab Director/Quality Manager



Report Date: January 30, 2013

Work Order: 13012120

Page Number: 1 of 2

## Summary Report

COPY

Kurt Hood  
Nadel & Gussman Permian LLC  
600 N. Marienfeld  
Suite 508  
Midland, TX 79701

Report Date: January 30, 2013

Work Order: 13012120



Project Name: Valero State No. 1  
Project Number: Valero Pad & Battery

Sample	Description	Matrix	Date Taken	Time Taken	Date Received
318862	SW Side	soil	2013-01-16	15:17	2013-01-21
318863	SE Side	soil	2013-01-16	16:00	2013-01-21
318864	NW Side	soil	2013-01-16	16:20	2013-01-21
318865	Post-Excavation SW Side	soil	2013-01-18	13:55	2013-01-21
318866	Post-Excavation NW Side	soil	2013-01-18	13:10	2013-01-21
318867	Post-Excavation SE Side	soil	2013-01-18	13:40	2013-01-21

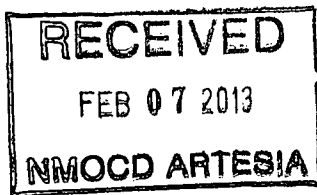
Sample - Field Code	BTEX				MTBE	TPH DRO - NEW	TPH GRO
	Benzene (mg/Kg)	Toluene (mg/Kg)	Ethylbenzene (mg/Kg)	Xylene (mg/Kg)	MTBE (mg/Kg)	DRO (mg/Kg)	GRO (mg/Kg)
318862 - SW Side	<0.0200	1.33	2.07	49.7 J <sub>o</sub>		280	1850 Q <sub>s</sub>
318863 - SE Side	<0.0200	<0.0200	<0.0200	14.2 J <sub>o</sub>		372	880 Q <sub>s</sub>
318864 - NW Side	0.215	45.1 J <sub>o</sub>	42.3 J <sub>o</sub>	406 J <sub>o</sub>		2300	8870 Q <sub>s</sub>
318865 - Post-Excavation SW Side						<50.0	<4.00 Q <sub>s</sub>
318866 - Post-Excavation NW Side						<50.0	<4.00 Q <sub>s</sub>
318867 - Post-Excavation SE Side						<50.0	<4.00 Q <sub>s</sub>

## Sample: 318862 - SW Side

Param	Flag	Result	Units	RL
Chloride		72.0	mg/Kg	5

## Sample: 318863 - SE Side

Param	Flag	Result	Units	RL
Chloride		72.0	mg/Kg	5



COPY

Report Date: January 30, 2013

Work Order: 13012120

Page Number: 2 of 2

**Sample: 318864 - NW Side**

Param	Flag	Result	Units	RL
Chloride		24.0	mg/Kg	5

**Sample: 318865 - Post-Excavation SW Side**

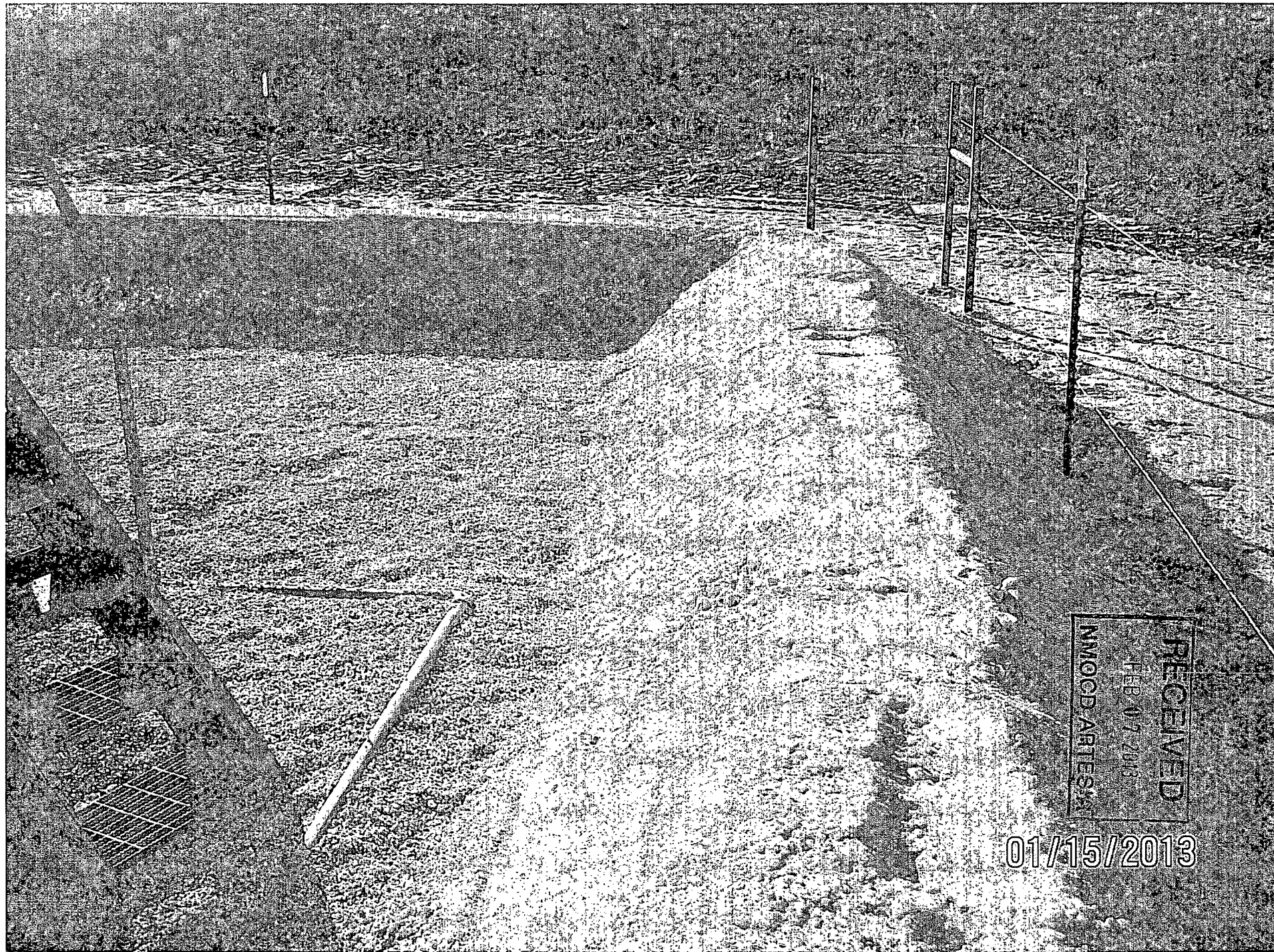
Param	Flag	Result	Units	RL
Chloride		144	mg/Kg	5

**Sample: 318866 - Post-Excavation NW Side**

Param	Flag	Result	Units	RL
Chloride		<250	mg/Kg	5

**Sample: 318867 - Post-Excavation SE Side**

Param	Flag	Result	Units	RL
Chloride		96.0	mg/Kg	5



RECEIVED  
FEB 07 2013  
NMOOD ARTESIA

01/15/2013





RECEIVED  
FEB 07 2013  
NMOCD ARTESIA

01/15/2013

RECEIVED  
FEB 07 2013  
NMOCD ARTESIA

01/15/2013