

District I  
1623 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Avenue, Artesia, NM 88210  
District III  
1000 Rio Hondo 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	XERIC OIL & GAS CORP.	Contact	Nick Hood
Address	PO Box 552, Mullan, TN 37022	Telephone No.	615-683-3771
Facility Name	Crosby DESP "A"	Facility Type	WELL + BATTERY
Surface Owner	John Jay Mack Own	Mineral Owner	F&J
Lease No.			

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
G	33	25S	37E					LEA

Latitude 32°-05'-22.8" Longitude 103°-09'-57.6"

NATURE OF RELEASE

Type of Release	FINAL SITE CLEAN UP	Volume of Release	---	Volume Recovered	---
Source of Release	TANK BATTERY + BUNG	Date and Hour of Occurrence	---	Date and Hour of Discovery	---
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. ---			

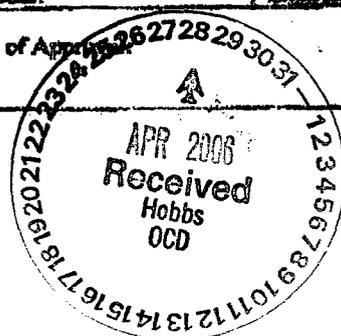
If a Watercourse was Impacted, Describe Fully. \*

Describe Cause of Problem and Remedial Action Taken. \*  
FINAL SITE CLEAN UP PLEASE SEE WORK PLAN

Describe Area Affected and Cleanup Action Taken. \*  
FINAL SEE WORK PLAN

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCED 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 NMOCED 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, NMOCED 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>Nick Hood</i>	OIL CONSERVATION DIVISION	
Printed Name:	Nick Hood	Approved by District Supervisor:	
Title:	ENGINEER	Approval Date:	Expiration Date:
E-mail Address:	nhood@xogoperating.com	Conditions of Approval:	Attached <input type="checkbox"/>
Date:	4-28-06	Phone:	252 683 3771



Attach Additional Sheets If Necessary

facility - PAC061254155  
incident - PAC061255012  
application - PAC061253083



# PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856

2113 French Dr.

Hobbs, NM 88241-1856

Office 505-391-9685

Fax 505-391-9687

April 27, 2006

*Plan APPROVED  
A.28.06*

Xeric Oil & Gas Corporation  
P. O. Box 352  
Midland, Texas 79702

Attn: Mr. Nick Hood

**RE: Work Plan to finish the Clean up @ the Crosby Deep "A" Located in UL-G Sec.33, T25S, R37E of Lea County., New Mexico with a GPS Reading of 32°-05'-22.8" N and 103°-09'-59.6" W**

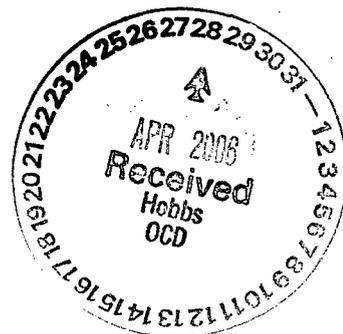
Dear Mr. Hood:

Phoenix Environmental, LLC (Phoenix) would like to take this time to thank you and Xeric Oil & Gas Corporation for the opportunity to provide our professional services on the above listed site closure.

If you have any questions and/or need more data in regards to this project please call at any time.

Sincerely,

Allen Hodge, REM  
VP Operations  
Phoenix Environmental LLC



## **Summary/Overview**

The Crosby Deep site should be completed and remediated in accordance with the standards of the New Mexico Oil Conservation Division (NMOCD) guidelines for cleanup. It is our understanding that any potential contamination from the site was a result of activities associated with the abandonment of an oil and gas facility.

The potential contaminants of concern are mid to high-level concentrations of hydrocarbons and produced water that were left after the abandonment operations were finished.

The NMOCD regulates the remediation and disposal of non-domestic wastes resulting from the Oil and Gas industry. In addition, the NMOCD administers all Water Quality Act regulations pertaining to surface and ground water except sewage for the oil and gas industry. This authority includes the disposition of non-domestic, non-hazardous wastes at Oil and Gas facilities.

The lands primary use is domestic pasture for ranching and the production of oil and gas.

The ground water depth data available for this area showed the depth to ground water to be in the 100' range +/-.

Pursuant to the standards of the NMOCD the clean up level for this site will be at <5,000ppm of TPH and <50ppm for BTEX. The NMOCD has also asked that the chlorides be <250ppm for clean-up.

The following scope of work that has been requested for the listed sites was based on data from our site visit and the requirements of the NMOCD for the site clean-up.

## **Scope of Work for Final Site Clean Up**

**NOTE:** Xeric has already started the site clean up but has not yet completed the remediation of the site. As of this date there has been an estimated 2,700cyds of impacted soils taken off site for disposal at the Sundance facility located in Eunice, NM. Phoenix has reviewed the lab analysis that Mr. Hood had from the other company, that started the project and it showed that there was still some impacted soils in the excavation that need to addressed for site closure.



Xeric has also received an additional NOV from the OCD for a spill located at the well head. Xeric is waiting on a plugging rig to plug the well. This small spill will be addressed once the well is plugged along with the remaining final site clean up for closure.

1. First Phoenix will call One-Call for line spot clearance before any excavation at the site is started.
2. Phoenix will mobilize to the site located south of Jal, NM in Sec. 33, T25S, R37E, equipment and personnel necessary to complete the site remediation as required, getting the site back into compliance.
3. First the site will be cleared of brush and debris and a staging area set up for site control and safety.
4. The excavated impacted soils from the site will be loaded and transported off site to a NMOCDC approved facility for disposal.
5. Phoenix will field screen the site during the excavation and once the TPH and CL has dropped below clean up requirements final samples will be taken and sent to a third party lab for analysis.
6. Once all of the remediation criteria have been met for site closure and compliance, the site will be backfilled with clean material. The site will be contoured with a slight crown to prevent the ponding of any water and reseeded.
7. Once all of the closure criteria have been met, a final closure report will be prepared by Phoenix. This report will include a summary of remediation operations, findings on-site and lab analysis, site maps and project photos.

If you have any questions and/or need more data in regards to this project please call 505-631-8314 at any time.

Sincerely,

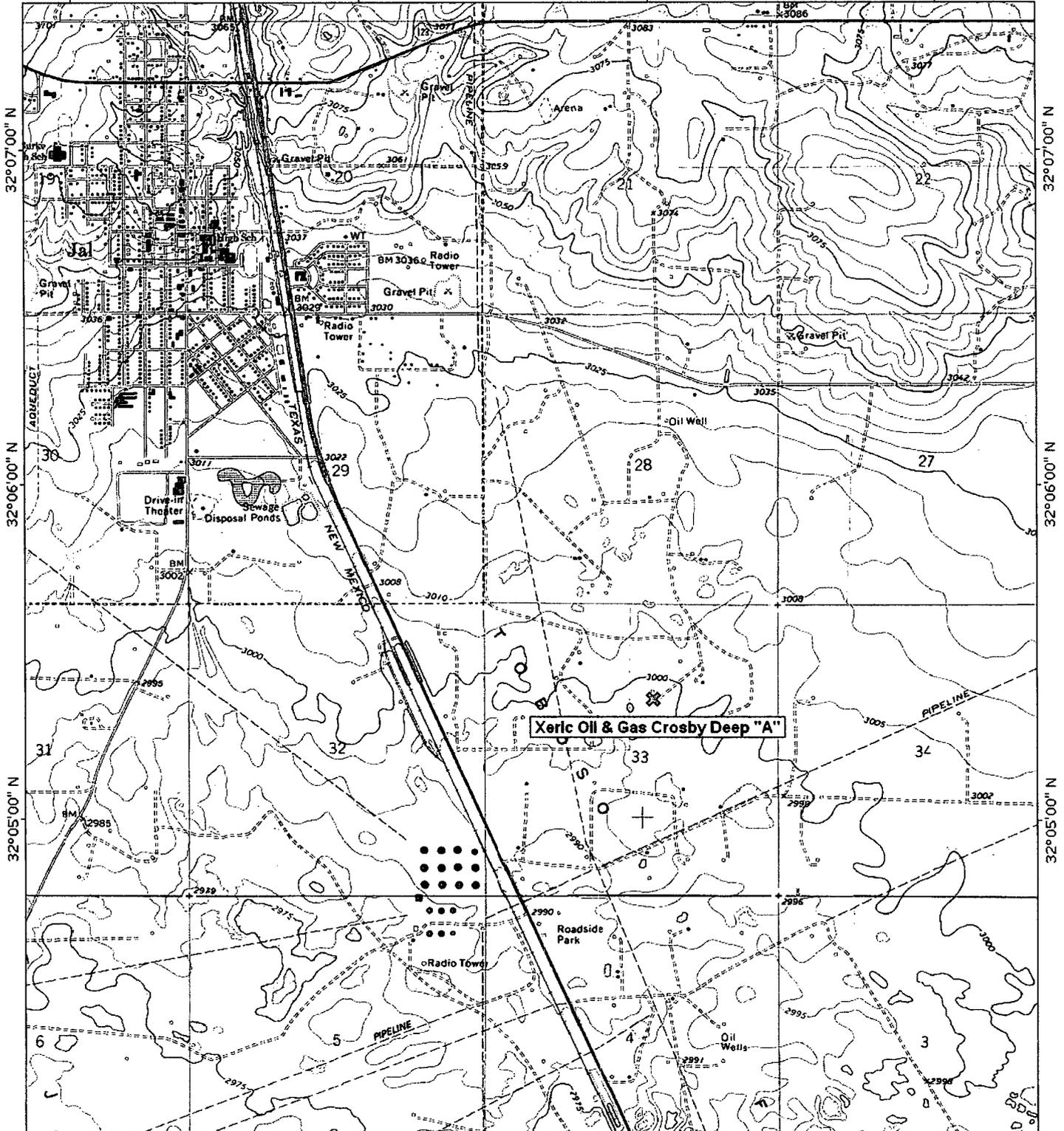


Allen Hodge, REM  
VP Operations  
Phoenix Environmental LLC



TOPOI map printed on 04/27/06 from "Untitled.tpo"

103°12'00" W      103°11'00" W      103°10'00" W      WGS84 103°09'00" W



103°12'00" W      103°11'00" W      103°10'00" W      WGS84 103°09'00" W

TN 8 1/2 MN



Map created with TOPOI © 2003 National Geographic (www.nationalgeographic.com/topo)

